



# **The Fiscal Survey of States**

**May 1998**

**National Governors' Association  
National Association of State Budget Officers**

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## Preface

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*The Fiscal Survey of States* is published twice annually by the National Association of State Budget Officers (NASBO) and the National Governors' Association (NGA). The series was started in 1977. The survey presents aggregate and individual data on the states' general fund receipts, expenditures, and balances. Although not the totality of state spending, these funds are used to finance most broad-based state services and are the most important elements in determining the fiscal health of the states. A separate survey that includes total state spending 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 through April 1998. The surveys were completed by Governors' state budget officers in forty-nine states and the commonwealth of Puerto Rico. Alaska is not included.

Each edition of *The Fiscal Survey of States* includes a feature on a state policy or budget issue. This edition includes a feature on welfare reform.

Fiscal 1997 data represent actual figures, fiscal 1998 figures are estimated, and fiscal 1999 data are figures contained in Governors' proposed budgets.

In forty-six states, the fiscal year begins in July and ends in June. The exceptions are Alabama and Michigan, with an October to September fiscal year; New York, with an April to March fiscal year; and Texas, with a September to August fiscal year. In addition, twenty states are on a biennial budget cycle.

*The Fiscal Survey of States* is a cooperative effort of the National Association of State Budget Officers and the National Governors' Association. NASBO staff Stacey Mazer and Kerry Wiersma compiled the data and prepared the text for the report. Editorial assistance was provided by Alicia Aebersold and Karen Glass in NGA's Office of Public Affairs. Edna Friedberg of NASBO assisted in production, and Susan Golonka of NGA provided assistance with the feature on welfare reform. Doty Esher of State Services Organization provided typesetting services.

## Executive Summary

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States are approaching fiscal 1999 in a strong financial position, largely because of the continuation of robust economic growth. However, unlike in previous periods of strong growth, states are continuing to hold the line on spending while approving moderate tax cuts and building up healthy balances. The trends of moderate spending, modest tax cutting, and maintaining healthy balances reflect states' interest in increasing efficiency in, rather than expanding the role of, government during this period of economic expansion. The cautious environment in states stems from still-painful memories of budget cutting during the recession in the early 1990s.

Key findings of this survey include the following.

### State Spending

States are recommending an increase in general fund spending of 3.8 percent for fiscal 1999 and are estimating an increase in general fund spending of 6.1 percent in fiscal 1998, averaging 5.0 percent for the two years. Given the strength of the national economy, these spending increases are moderate by historical standards and are well below the 6.9 percent average increase in general fund spending during the past nineteen years. Many states are making one-time expenditures in fiscal 1998 to invest in capital construction and infrastructure, establish endowment funds, and retire debt.

- Only one state has reduced its fiscal 1998 enacted budget. This number is considerably lower than the number of states that have been forced to reduce their enacted budgets in previous years.
- As part of the implementation of the Temporary Assistance for Needy Families (TANF) program, states are shifting resources from providing cash assistance to providing supportive services, especially child care. Although cash assistance is estimated to decline from 66 percent to 51 percent of total welfare spending from 1996 to 1998, welfare spending on child care is estimated to increase from 15 percent to 23 percent during this same period. For fiscal 1999, forty-two states would maintain the same cash assistance benefit levels that were in effect in fiscal 1998, while eight states would change their cash assistance benefit levels, mostly to increase benefit levels.

### State Revenue Actions

Recommended net tax and fee changes would decrease fiscal 1999 revenues by \$3.7 billion. These changes also reflect the impact of multiyear tax reductions, such as those in Georgia, Maryland, New York, and South Carolina. Fiscal 1999 is the fifth consecutive year that state actions would result in a net decrease in state revenues. In contrast, only twice during the 1980s did states have a net reduction in taxes.

The revenue proposals for fiscal 1999 come on the heels of four consecutive years of state tax reductions that have totaled \$15 billion. Although most of the proposed tax reductions are relatively modest, the cumulative action during the past four years confirms a major trend to reduce tax burdens.

The most significant tax reductions are once again to personal income taxes, including reducing rates, increasing deductions and exemptions, assisting the elderly, and providing education tax credits. In addition to tax reductions, some states have constitutional and statutory provisions to provide automatic refunds to citizens based on state revenue limits.

- Fiscal 1998 tax collections are about 1.8 percent higher than the estimates states used in adopting their budgets.
- Fiscal 1999 tax collections include an increase of 5.1 percent above fiscal 1998 tax collections. These tax collections represent collections from sales, personal income, and corporate income taxes.

### Year-End Balances

- Balances as a percentage of expenditures continue at healthy levels. Although many states are reducing taxes, they remain steadfast in their commitment to maintain adequate balances. Year-end balances at 6.0 percent and 4.9 percent in fiscal 1998 and fiscal 1999, respectively, are above the twenty-one-year average of 4.7 percent.



## State Expenditure Developments

### CHAPTER ONE

#### Budget Management in Fiscal 1998

Only one state—Hawaii—has reduced its fiscal 1998 enacted budget. This number contrasts sharply with the twenty or more states that reduced their enacted budgets during fiscal 1990 to fiscal 1993, the peak period for midyear budget adjustments. During the past five years, thirteen or fewer states had to reduce their enacted budgets (see Table 1 and Figure 1).

#### State Spending for Fiscal 1999

Recommended fiscal 1999 spending is estimated to be 3.8 percent above fiscal 1998 (see Table 2 and Figure 2). About one third of the states estimate expenditure growth below 5 percent in fiscal 1998, and one half of the states recommend expenditure growth below 5 percent in fiscal 1999 (see Table 3 and Appendix Table A-4).

**Temporary Assistance for Needy Families Program.** For fiscal 1999, forty-two states would maintain the same cash assistance benefit levels that were in effect in fiscal 1998. Of the eight states proposing adjustments to cash assistance benefit levels, almost

all actions would result in benefit increases (see Table 4). Most state welfare reform activity centers on restructuring the program rather than adjusting cash assistance payments.

**Medicaid.** State efforts to control the growth of Medicaid spending have contributed to budget stability. Unlike the period 1990 to 1995, when program spending rate increases were double-digit, the rate of growth in Medicaid spending has slowed considerably. The fiscal 1996 spending growth rate was 3.3 percent, one of the smallest increases since Medicaid was enacted in 1965. Federally mandated and state-initiated enrollment expansions, the recession of 1990 to 1991, and increased provider payment rates all contributed to the rapid rise in Medicaid spending during 1990 to 1995.

For 1997 and 2008, the Congressional Budget Office is projecting an average annual increase of 7.4 percent in Medicaid spending. Maintaining the moderate growth rate for Medicaid spending will continue to be a challenge for states.

TABLE 1

#### Budget Cuts Made After the Fiscal 1998 Budget Passed

State	Size of Cut (Millions)	Programs or Expenditures Exempted from Cuts
Hawaii	24.6	Elementary and secondary education and University of Hawaii instruction programs, debt service, employees' retirement system and health insurance, unemployment insurance, workers' compensation, correctional facilities, public welfare payments, mental health services for children and adults.
Total	\$24.6	---

SOURCE: National Association of State Budget Officers

TABLE 2

**State Nominal and Real Annual Budget Increases, Fiscal 1979 to Fiscal 1999**

Fiscal Year	State General Fund	
	Nominal Increase	Real Increase
1999*	3.8%	1.3%
1998*	6.1	3.8
1997	5.0	2.3
1996	4.5	1.6
1995	6.3	3.2
1994	5.0	2.3
1993	3.3	0.6
1992	5.1	1.9
1991	4.5	0.7
1990	6.4	2.1
1989	8.7	4.3
1988	7.0	2.9
1987	6.3	2.6
1986	8.9	3.7
1985	10.2	4.6
1984	8.0	3.3
1983	-0.7	-6.3
1982	6.4	-1.1
1981	16.3	6.1
1980	10.0	-0.6
1979	10.1	1.5
1979-1999 average	6.5%	1.9%

**NOTES:** The state and local government implicit price deflator and the consumer price index were used for state expenditures in determining real changes. Fiscal 1998 figures are based on the change from fiscal 1997 actuals to fiscal 1998 estimated. Fiscal 1999 figures are based on the change from fiscal 1998 estimated to fiscal 1999 recommended. Alaska is not represented in the totals for fiscal years 1998 and 1999.

**SOURCE:** National Association of State Budget Officers.

TABLE 3

**Annual State General Fund Expenditure Increases, Fiscal 1998 and Fiscal 1999**

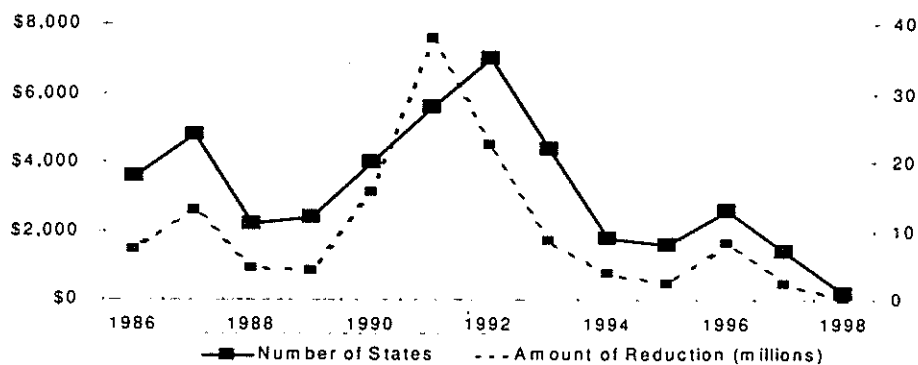
Spending Growth	Number of States	
	Fiscal 1998 (Estimated)	Fiscal 1999 (Recommended)
Negative growth	3	6
0.0% to 4.9%	16	20
5.0% to 9.9%	26	20
10% or more	4	3

**NOTE:** Average spending growth for fiscal 1998 (estimated) is 6.1 percent; average spending growth for fiscal 1999 (recommended) is 3.8 percent.

**SOURCE:** National Association of State Budget Officers.

FIGURE 1

**Budget Cuts Made After the Budget Passed, Fiscal 1986 to Fiscal 1998**



**NOTE:** \*Data for these years are estimated.

**SOURCE:** National Association of State Budget Officers.

TABLE 4

**Proposed Cost-of-Living Changes for Cash Assistance Benefit Levels Under the Temporary Assistance for Needy Families Program, Fiscal 1999**

<i>State</i>	<i>Percent Change</i>
Louisiana	11.0%
Maryland	2.9
Massachusetts	-8.8
Montana*	2.0
North Dakota	2.7
Oklahoma*	---
Utah	6.0
Wisconsin*	21.0

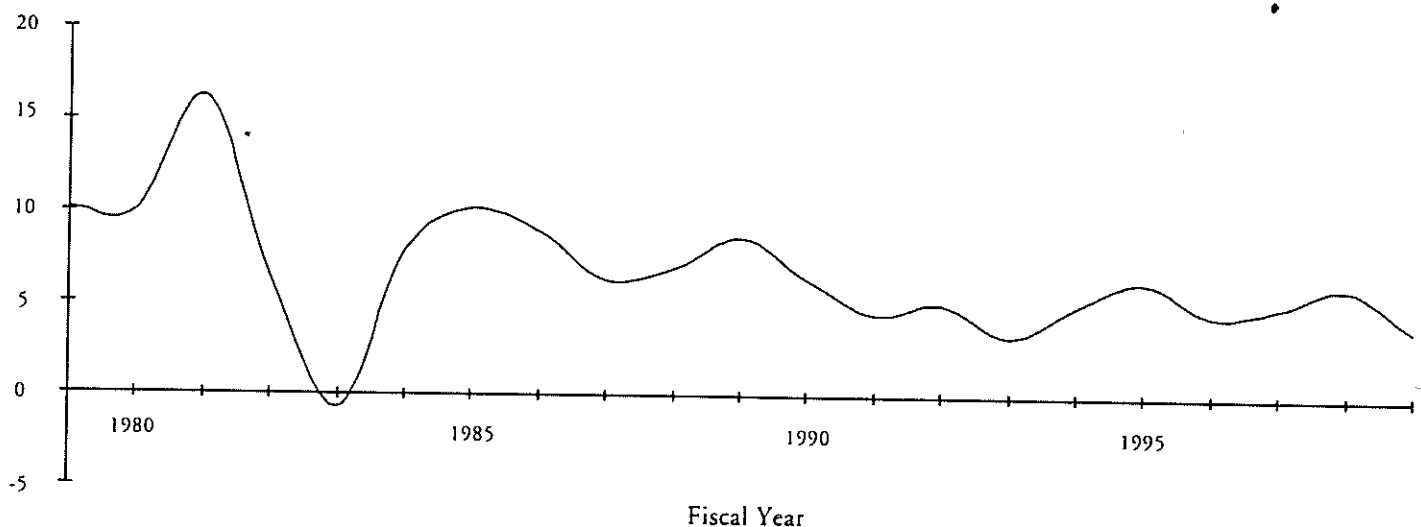
**NOTES:**

- Montana This increase is tied to growth in the federal poverty index.
- Oklahoma The Governor's budget includes a proposal to begin the year with cash payments at 125 percent of the current level and then decrease them by 5 percent each month until they are at 75 percent of the current level.
- Wisconsin Reflects restructuring of the program.

**SOURCE:** National Association of State Budget Officers.

FIGURE 2

**Annual Budget Increases, Fiscal 1979 to Fiscal 1999**



**NOTE:** \* Data for these years are estimated.

**SOURCE:** National Association of State Budget Officers.

## State Revenue Developments

### CHAPTER TWO

#### Overview

Proposed net tax and fee changes would decrease revenues by \$3.7 billion for fiscal 1999 (see Table 5). This is the fifth consecutive year that state actions would result in a decrease in new revenues (see Figure 3). Although the recommended state tax reductions are moderate, they continue the trend to reduce taxes in recent years. Net state tax reductions occurred only twice during the 1980s. Most of the proposed tax reductions focus on reducing the personal income tax.

Issues likely to affect state tax systems include the deregulation of the electric industry and the growth of sales over the Internet. The deregulation of the

electric industry is forcing states to examine new methods for taxing utilities and determine the impact of these changes on general revenues. As more and more transactions occur online and are exempt from sales taxes, the sales tax collections that states rely on for providing basic services will erode.

#### Revenue Collections in Fiscal 1998

Revenue collections for the sales tax, the personal income tax, and the corporate income tax for fiscal 1998 match or exceed projections in virtually every state (see Appendix Table A-5). In total, revenue collections are about 1.8 percent higher than the estimates states used in adopting their fiscal 1998 budgets.

#### Revenue Collections for Fiscal 1999

Projected fiscal 1999 tax collections include an increase of 5.1 percent above fiscal 1998 estimated tax collections. These tax collections represent collections for sales, personal income, and corporate income taxes (see Appendix Table A-6).

#### Revenue Changes for Fiscal 1999

Twenty-nine states are proposing net revenue changes for fiscal 1999 that would decrease revenues by \$3.7 billion (see Table 6). Fiscal 1999 actions are highlighted below and appear in Appendix Table A-7. In some cases, the revenue changes include incremental amounts for tax reductions that have been phased in over several years, such as those in Georgia, Maryland, New York, and South Carolina. Excluded from these amounts are refunds that states make based on constitutional and statutory revenue limits, such as those in Colorado and Missouri.

This survey differentiates between tax and fee increases and decreases (shown in Table 6 and Appendix Table A-7) and revenue measures (shown in Appendix Table A-8). Tax and fee changes reflect changes in current law that affect taxpayer liability. Revenue measures include deferrals of tax increases or decreases that do not affect taxpayer liability. An example of a revenue measure is the extension of a tax credit that occurs each year.

TABLE 5

#### Enacted State Revenue Changes, Fiscal 1979 to Fiscal 1998, and Proposed State Revenue Change, Fiscal 1999

Fiscal Year	Revenue Change (Billions)
1999*	-\$3.7
1998	-4.6
1997	-4.1
1996	-3.8
1995	-2.6
1994	3.0
1993	3.0
1992	15.0
1991	10.3
1990	4.9
1989	0.8
1988	6.0
1987	0.6
1986	-1.1
1985	0.9
1984	10.1
1983	3.5
1982	3.8
1981	0.4
1980	-2.0
1979	-2.3

NOTE: Alaska is not represented in the total for fiscal 1999.

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, 1993, 1994, 1995, 1996, 1997, 1998, and 1999 data provided by the National Association of State Budget Officers.

**Sales Taxes.** Ten states are proposing sales taxes changes for fiscal 1999, mostly to reduce the sales tax. The most significant changes include Georgia's final year phaseout of the sales tax on groceries and Ohio's ballot proposal to increase the sales tax by one cent to generate funds for financing education and providing property tax relief. This ballot proposal was not approved by voters on May 5, 1998.

**Personal Income Taxes.** Twenty-six states are proposing to reduce personal income taxes by reducing rates, increasing deductions and exemptions, lowering taxes for the elderly, and providing tax credits for higher education. Currently, nine states do not have broad-based personal income taxes—Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, and Wyoming.

**Corporate Income Taxes.** Twelve states are recommending corporate income tax changes. Initiatives

include Arizona's changes in apportionment and New York's phaseout of prior-year reductions.

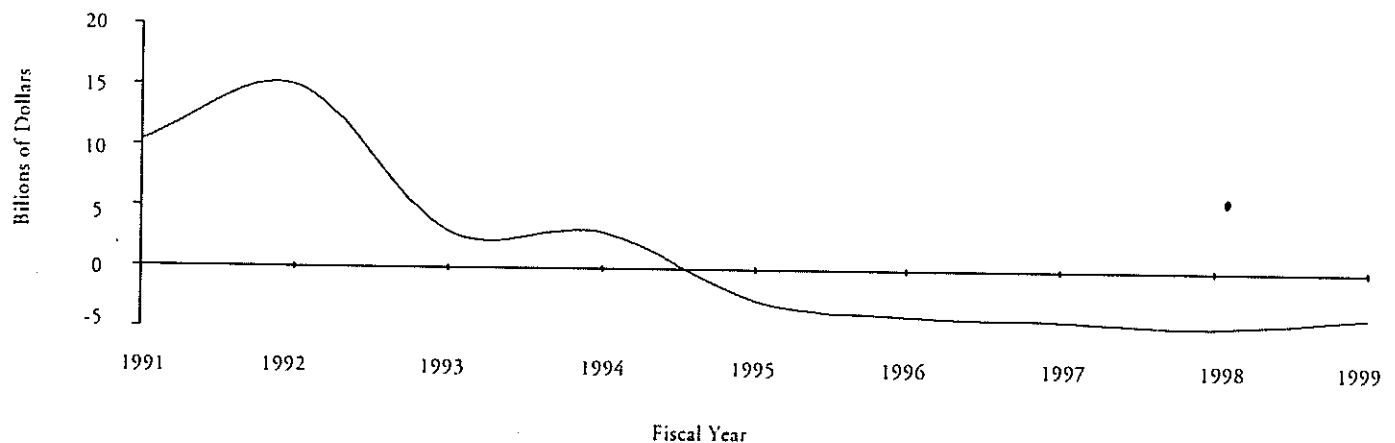
**Cigarette and Tobacco Taxes.** Often states seek increases in cigarette and tobacco taxes to discourage smoking and raise revenue for health-related programs. One state is proposing changes to cigarette taxes.

**Motor Fuels Taxes.** Recommendations include a proposed decrease in the gas tax in Connecticut and proposed increases in motor fuel taxes in Michigan and Washington.

**Other Taxes and Fees.** Revenues generated from these taxes and fees usually cover the costs for licensing and regulation, promote environmental conservation, and generate revenues for health care. Fee increases are often for motor vehicles and other types of user fees. The most significant fee change is South Carolina's proposal to ban video poker.

FIGURE 3

Enacted State Revenue Changes, Fiscal 1991 to Fiscal 1998, and Proposed State Revenue Change, Fiscal 1999



NOTE: \*Data for these years are estimated.

SOURCE: National Association of State Budget Officers.

TABLE 6

## Proposed Fiscal 1999 Revenue Actions by Type of Revenue and Net Increase or Decrease\* (Millions)

State	Sales	Personal Income	Corporate Income	Cigarettes/ Tobacco	Motor Fuels	Other Taxes	Fees	Total
Alabama								\$ 0.0
Alaska								0.0
Arizona		\$ -60.0	\$ -35.0			\$ -115.0		-210.0
Arkansas		-96.8				-1.3		-98.1
California								0.0
Colorado								0.0
Connecticut		-75.0	-4.0		\$ -13.3	\$ -4.5		-96.8
Delaware		-51.1				-2.3		-53.4
Florida	\$ -6.9						\$13.8	6.9
Georgia	-147.0	-205.0						-352.0
Hawaii	111.0	-149.0	-12.0					-50.0
Idaho								0.0
Illinois								0.0
Indiana								0.0
Iowa	-4.0	-46.3						-50.3
Kansas	-10.0	-49.0	-24.0			-242.0		-325.0
Kentucky		-5.0	-2.5					-7.5
Louisiana		-1.0				-6.0		-7.0
Maine								0.0
Maryland		-127.3						-127.3
Massachusetts		-245.0	-165.0					-410.0
Michigan		-180.8	27.4	\$26.0	31.0	-100.0		-196.4
Minnesota		-770.0	1.0			-17.4		-786.4
Mississippi								0.0
Missouri		-120.0						-120.0
Montana								0.0
Nebraska		-42.1						-42.1
Nevada								0.0
New Hampshire								0.0
New Jersey	-24.0	-10.0					11.3	-22.7
New Mexico		-20.0						-20.0
New York	-38.3	-943.0	-102.0			-32.8	-103.3	-1,219.4
North Carolina								0.0
North Dakota								0.0
Ohio**	1,004.0	-25.5	-53.4					925.1
Oklahoma	-7.5	-34.9						-42.4
Oregon								0.0
Pennsylvania		-54.1	-17.8			-56.2		-128.1
Rhode Island		-12.9						-12.9
South Carolina		-3.0				-4.6	-61.0	-68.6
South Dakota								0.0
Tennessee								0.0
Texas								0.0
Utah	-11.2							-11.2
Vermont								0.0
Virginia		-2.5	-2.5			-2.5		-7.5
Washington					96.7	-102.2		-5.5
West Virginia								0.0
Wisconsin		-101.0				-64.0		-165.0
Wyoming								0.0
Puerto Rico								0.0
Total	\$866.1	\$-3,430.3	\$-389.8	\$26.0	\$114.4	\$-750.8	\$-139.2	\$-3,704

NOTES: \* See Appendix Table A-7 for details on specific revenue changes.  
 \*\* The ballot proposal to increase the sales tax was not approved by voters on May 5, 1998.

SOURCE: National Association of State Budget Officers.

## Total Balances

### CHAPTER THREE

The steady growth of the economy has enabled states to build their reserves. From fiscal 1994 until fiscal 1998, balances have exceeded 5 percent of expenditures annually.

Balances as a percentage of expenditures for fiscal 1997 and fiscal 1998 are among the highest levels in the past twenty years (see Figure 4). Total balances reflect the funds states have to respond to unforeseen circumstances. Both ending balances and the balances of budget stabilization funds are included in total balance figures (see Appendix Tables A-1, A-2, A-3, and A-9).

Recommended balances for fiscal 1999 are \$20.9 billion, or 4.9 percent of expenditures (see Table 7). About one half of the states estimate balances as a percentage of expenditures to be 5 percent or more in fiscal 1999 (see Table 8 and Figure 5). Balances in fourteen states are estimated to exceed 10 percent of expenditures in fiscal 1998, a healthy cushion for economic and other uncertainties.

Almost all states have some type of budget stabilization fund. States often use formulas to determine fund limits and the methods of deposit and withdrawal for budget stabilization or rainy day funds. Access to budget stabilization funds is often tied to specific formulas, such as when actual revenues fall below the forecasted amounts, or is based on a statutory formula, such as a decline in state personal income. Cyclical problems, especially if they are not too severe, are often addressed through the use of budget stabilization or rainy day funds. States also require balances for cash-flow purposes.

Reserves are often used to address short-term imbalances between revenues and expenditures. Strategies that states use for long-term solutions include multiyear forecasting, spending affordability limits, and expenditure controls.

In addition to legislated tax reductions, some states grant automatic refunds to taxpayers in accordance with constitutional and statutory revenue limits. For example, Colorado, Florida, Louisiana, Massachusetts, Michigan, and Missouri limit revenues to the growth in state population or state personal income. Other states, such as Oregon, limit revenue growth to the forecasted amount.

In the past fiscal year, four of these seven states have reached their revenue limits. Colorado, Massachusetts, Missouri, and Oregon have returned or plan to return revenues in excess of their limits through income tax cuts or tax credits. Minnesota and Ohio have enacted legislation to return surpluses to state taxpayers.

Many appropriation limits, rather than limit growth, serve as a safeguard for when revenues fall below expectations. By appropriating less than 100 percent of estimated revenues, as occurs in Delaware, Iowa, Mississippi, Oklahoma, and Rhode Island, states give themselves a cushion for revenue shortfalls. This is preferable to the alternative, which is often to reduce enacted budgets midyear because of decreased revenue.

FIGURE 4

### Total Year-End Balances, Fiscal 1979 to Fiscal 1999

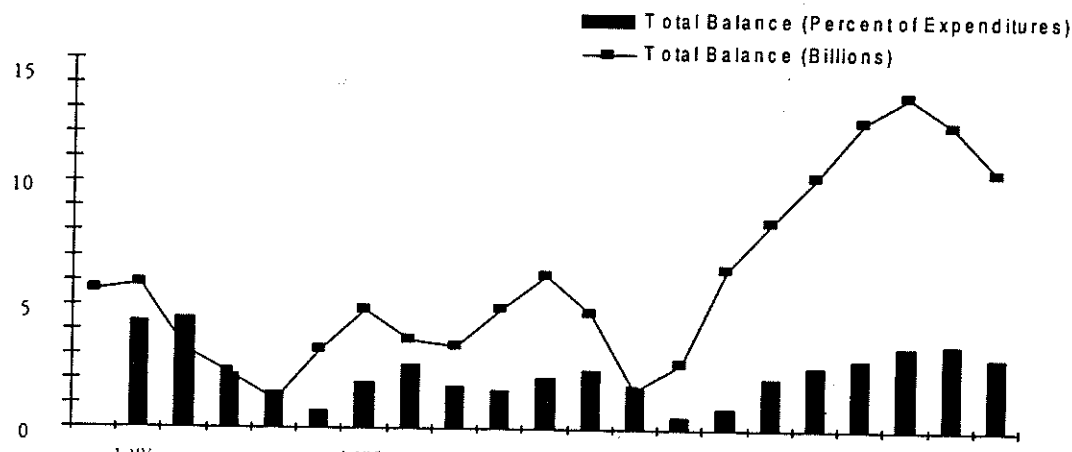


TABLE 7

**Total Year-End Balances, Fiscal 1979 to Fiscal 1999**

<i>Fiscal Year</i>	<i>Total Balance (Billions)</i>	<i>Total Balance (Percentage of Expenditures)</i>
1999*	\$20.9	4.9%
1998*	24.7	6.0
1997*	27.1	7.0
1996	25.1	6.8
1995	20.6	5.8
1994	16.9	5.1
1993	13.0	4.2
1992	5.3	1.8
1991	3.1	1.1
1990	9.4	3.4
1989	12.5	4.8
1988	9.8	4.2
1987	6.7	3.1
1986	7.2	3.5
1985	9.7	5.2
1984	6.4	3.8
1983	2.3	1.5
1982	4.5	2.9
1981	6.5	4.4
1980	11.8	9.0
1979	11.2	8.7

**NOTES:** \*Figures for fiscal 1998 are estimates, and figures for fiscal 1999 are recommendations. Alaska is not represented in the totals for fiscal years 1997, 1998, and 1999.

**SOURCE:** National Association of State Budget Officers.

TABLE 8

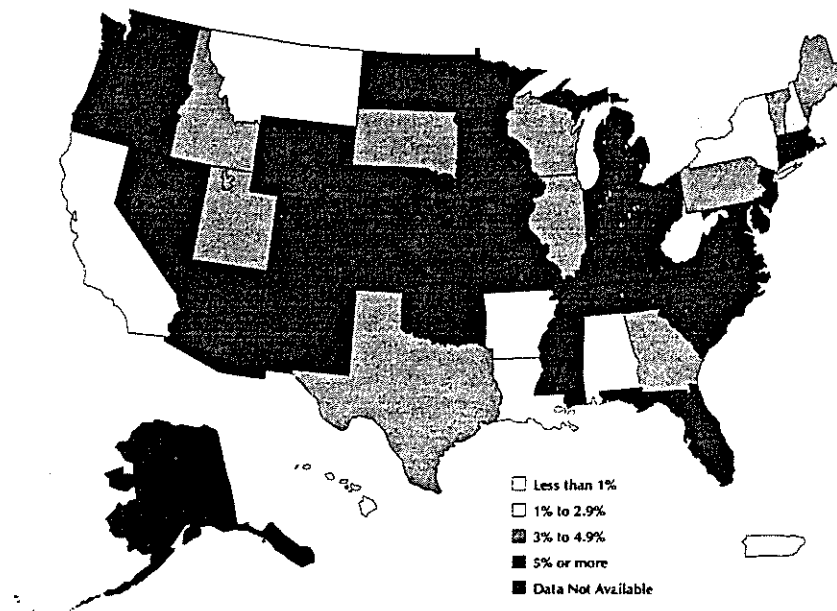
**Total Year-End Balances as a Percentage of Expenditures, Fiscal 1997 to Fiscal 1999**

<i>Percentage of Expenditures</i>	<i>Number of States</i>		
	<i>Fiscal 1997 (Actual)</i>	<i>Fiscal 1998 (Estimated)</i>	<i>Fiscal 1999 (Recommended)</i>
Less than 1.0%	2	2	3
1.0% to 2.9%	6	7	10
3.0% to 4.9%	9	11	16
5% or more	32	29	20

**NOTE:** The average for fiscal 1997 (actual) was 7.0 percent; the average for fiscal 1998 (estimated) is 6.0 percent; and the average for fiscal 1999 (recommended) is 4.9 percent.

**SOURCE:** National Association of State Budget Officers.

Figure 5

**Total Year-End Balances as a Percentage of Expenditures, Fiscal 1998**



## Regional Fiscal Outlook

### CHAPTER FOUR

Regional disparities in the rate of economic growth are lessening, and all regions now have a positive fiscal outlook. Reasons include the impact of technology on location decisions and the diversification of regional economies that had been resource-based.

Population trends differ significantly across regions (see Table 9). States in the Mid-Atlantic, New England, and Great Lakes regions experienced the slowest population growth at 0.2 percent, 0.4 percent, and 0.4 percent, respectively, between July 1996 and July 1997. States in the Southwestern and Rocky Mountain regions continue to experience the greatest influx of people, with an annual growth rate of 1.8 percent and 1.7 percent, respectively, between

July 1996 and July 1997. The fastest-growing states will continue to be in the Rocky Mountain, Far West, Southwest, and Southeast regions, according to the U.S. Department of Commerce's Bureau of Economic Analysis.

Unemployment rates continue at record lows. The Plains states experienced the lowest average unemployment rate in January 1998 at 3.2 percent, while states in the Far West had the highest average unemployment rate at 5.9 percent. Low levels of unemployment have led to labor shortages in some regions.

TABLE 9

### Regional Budget and Economic Indicators

Region	Weighted Unemployment Rate*	Average Annual Percentage Change in Personal Income**	Annual Percentage Change in Population***	Fiscal 1998 Total Balances as a Percentage of Expenditures	Recommended 1999 General Fund Budget Growth (Percent)	Number of States in Region
New England	4.1%	6.2%	0.4%	5.4%	3.5%	6
Mid-Atlantic	5.5	4.9	0.2	4.4	3.7	5
Great Lakes	4.0	4.5	0.4	7.9	4.1	5
Plains	3.2	5.1	0.6	16.1	6.7	7
Southeast	5.0	5.5	1.2	5.0	3.0	12
Southwest	5.3	6.8	1.8	7.0	1.4	4
Rocky Mountain	4.7	6.5	1.8	5.3	7.1	5
Far West	5.9	5.2	1.5	3.4	4.5	6
<b>Average</b>	<b>4.7%</b>	<b>5.6%</b>	<b>0.9%</b>	<b>6.0%</b>	<b>3.8%</b>	<b>---</b>

SOURCES: \* U.S. Department of Labor, Bureau of Labor Statistics, March, 1998.  
 \*\* U.S. Department of Commerce, Bureau of Economic Analysis, February 1998.  
 \*\*\* U.S. Department of Commerce, Bureau of the Census, December 1997.

## Strategic Directions of States

### CHAPTER FIVE

States are restructuring services, merging departments and functions, and implementing performance-based budgeting to improve service delivery. Restructuring is most prominent in welfare reform as states reorient programs from providing cash assistance to promoting self-sufficiency. The other widespread change is the continued movement toward managed care in Medicaid. Several states are assuming the costs for court systems that were previously funded by local governments. Examples of restructuring include:

- restructuring Aid to Families with Dependent Children, Greater Avenues to Independence, and welfare-linked child care and replacing them with a welfare-to-work program; and restructuring trial court funding by capping the counties' contribution and having the state assume full responsibility for funding trial courts in California;
- expanding the move away from cash assistance toward more supportive assistance in Connecticut;
- consolidating three departments into two departments for accounting, budgeting, and personnel; and consolidating efforts to develop and regulate business in Hawaii;
- proposing to restructure Medicaid to reduce the rate of growth through managed care in Kentucky;
- expanding Medicaid managed care to other areas of the state in Missouri;
- adopting a major increase in health care infrastructure in Nebraska;
- proposing to eliminate the commerce department by converting it to a semiautonomous commission; consolidating all historic and cultural programs in the department of state; and consolidating back office operations of labor-related income maintenance programs into the department of treasury in New Jersey; and
- proposing to begin state funding of the existing county court system in Pennsylvania.

Several states are pursuing privatization to achieve cost savings, primarily through contracting out for services. Some significant areas in which privatization options are being considered include mental health services under Medicaid, prison operations, and in-

formation technology services. Recent examples of privatization include:

- instituting pilot privatization of food service operations in corrections programs and of some department of transportation programs, such as right-of-way assessment and heating ventilation and air conditioning operations, at department headquarters in New Jersey; and
- privatizing university hospitals in January 1998 in Oklahoma.

To reduce personnel costs, many states have reduced the number of positions or have offered early retirement incentives. Examples of recent state changes in workforce policies include:

- continuing the phase-in of the forty-hour work week for a number of employees; and converting an early retirement program to permanent reductions in Connecticut;
- endorsing collective bargaining for public employees in Kentucky; and
- capping the number of full-time-equivalent positions and salary increases in Texas.

States are conducting statewide reviews of expenditures and revenues as part of an effort to maintain long-term balance in their budgets. These efforts may take the form of a statewide commission to review overall operations. Other activities focus on improving capital budgeting systems and developing methods to ensure structurally balanced budgets. Examples include:

- reviewing specific programs and functions that could be reduced, abolished, consolidated, or otherwise restructured in Hawaii;
- endorsing a statutory change to require a structurally balanced budget in Kentucky;
- proposing to require supermajority approval in the legislature to raise taxes in New Jersey;
- reviewing and implementing recommendations from a commission report on improving efficiency of state operations, led by the lieutenant governor, through a process of deciding to privatize, retain, innovate, modify, and eliminate (PRIME) opera-

tions; and seeking changes to the state's procurement code in Pennsylvania; and

- reviewing the tax system during the legislative interim; and developing a capital budget plan for the subsequent fiscal biennium in Texas.

Performance-based budgeting continues to be the most significant trend in state budgeting. States often proceed incrementally by establishing a strategic plan, assessing goals and objectives for agencies and programs, and developing performance measures. Many states have been working on some type of performance budgeting for several years, recognizing that systemic change requires a multiyear commitment. Examples include:

- conducting performance budgeting in four pilot departments in California;
- implementing a budget for results program in Iowa;
- proposing to change quarterly allotments and budgeting rules for state agencies in Maine;
- implementing "managing for results" statewide in July 1997, with mission, vision, and key goals for all state agencies in fiscal 1999 and detailed performance data for all programs by fiscal 2001 in Maryland;
- identifying twenty-three outcomes desired by the Governor and called "show-me results" to focus the budget and legislation; and implementing a new financial management system in Missouri;
- implementing a performance-based pilot project in New Hampshire;
- instituting reforms in education funding, including adding accountability measures for school districts, revising the funding formula for schools, and recommending that voters approve a one-cent increase in the sales tax to be used equally for education reforms and property tax relief, in Ohio; and
- implementing a new financial management system, including integrated accounting and budgeting capability, to be phased in beginning in fiscal 2000 in Vermont.

## Special Feature: Welfare Reform

In capitals across the nation, state officials are in the second year of implementing the Temporary Assistance for Needy Families (TANF) program. Bolstered by greater flexibility and a strong economy, states have launched reform initiatives to provide families with the necessary supports, such as child care and jobs, to achieve economic independence.

### A New Framework

Since the enactment of major welfare reform legislation in 1996, welfare caseloads have declined in nearly every state. According to the latest U.S. Department of Health and Human Services figures, since January 1996, welfare rolls have dropped 27 percent nationwide (see Figure 6). Further, in eight states, caseloads

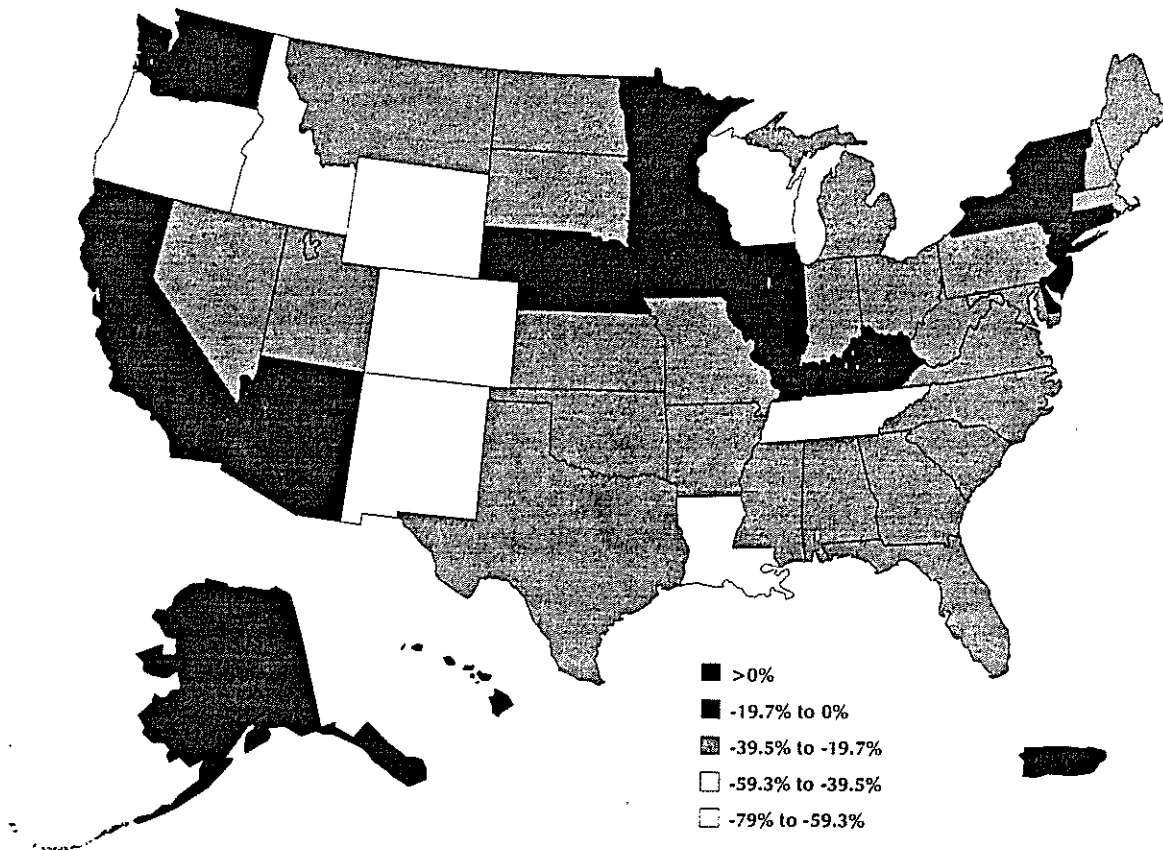
have declined by more than 40 percent during the past year.

The strong economy has contributed significantly to caseload declines. In most regions, jobs are plentiful and employers are finding it difficult to find sufficient numbers of qualified workers. National unemployment rates are at record lows, with the March 1998 figure at 4.7 percent. Welfare recipients are taking advantage of these increased job opportunities, while states are using newly legislated flexibility to restructure welfare programs so they can provide incentives and supports for work.

In 1996 Congress granted states unprecedented authority over public welfare programs under the Personal Responsibility and Work Opportunities

FIGURE 6

### Percentage Change in Welfare Caseload, 1996 to 1997



SOURCE: Administration for Children and Families, Department of Health and Human Services.

Reconciliation Act. The new law shifted state reimbursement from a system based on strict federal rules of eligibility and entitlement to a single state block grant based on historical funding levels. To receive the federal block grant, states must maintain a level of support but are given greater flexibility in program design. Within limitations, states now have the authority to decide how to best serve the needs and improve the employment prospects of their needy citizens.

### Support for the Working Poor

States are meeting federal spending requirements while using their flexibility to shift priorities. Most states have appropriated funds for fiscal 1998 well above required maintenance-of-effort levels. Although the funding available for each family is higher because of the decreased caseloads, states will need to spend more per family as they help harder-to-serve recipients meet work requirements and move toward self-sufficiency. Based on state-reported expenditure data for TANF and the Child Care Development Fund (CCDF), states are spending less on direct cash assistance while investing more resources in supportive services (see Tables 10 to 15 and Comments on Expenditure Data).

In 1996 states spent, on average, 66.2 percent of total welfare spending on direct cash assistance to welfare recipients. In 1998, with declining caseloads, states estimate that expenditures for cash assistance will consume slightly more than half (50.5 percent) of total welfare spending.

States are concentrating expenditures on programs that provide families with the necessary supports to become employed, remain in the workplace, and ultimately achieve independence. Between 1996 and 1998, child care funding as a percentage of total welfare spending increased. In 1996 states spent, on average, 14.7 percent of total welfare expenditures on child care; this percentage will increase to 23.0 percent in 1998. State innovations include the following.

- Indiana has reinvested funds once used for cash assistance to support child care initiatives. This has enabled the state to subsidize child care for TANF families and those transitioning off of public assistance as well as support statewide quality child care initiatives.
- The reform initiative in Massachusetts emphasizes work first, aggressively placing TANF recipients in work and training programs while providing them with child care. The state has transferred the maxi-

mum amount of TANF funds available to CCDF and has increased state support for child care. In addition, the state has expanded the number of child care subsidies to the working poor (i.e., those with incomes at 50 percent of the state median income).

- Minnesota families with incomes below 75 percent of the state median income are eligible to receive subsidies for child care, to the extent resources are available. State expenditures for child care have nearly doubled since 1996 to address the high demand and meet the state's commitment.

Further, states are helping welfare recipients obtain necessary job skills through job placement and readiness activities, subsidized employment, and education programs. Spending commitments in this area have increased from 4.8 percent to 7.4 percent of total welfare expenditures between 1996 and 1998. State strategies include the following.

- Under the Transitional Opportunity Program in Hawaii, private employers accept welfare clients as full-time workers for a six-month training period. The clients receive their welfare benefits as pay, and the number of hours they work is calculated by dividing their grant by the minimum wage.
- In the Wichita Area Office in Kansas, training is offered in basic competencies, remedial math and English, and life-work skills. Local companies provide internships and community work experience or donate staff to aid in simulating the work environment.
- In Wisconsin all recipients receive case management, child care, transportation, and other assistance, as needed, to help them meet their work requirements. If a TANF recipient is unable to secure unsubsidized employment, one of three types of subsidized employment is provided that can include a certain amount of education and training.

To sustain family independence, states are providing assistance to the low-income working poor. A few states are implementing new state-financed programs to benefit individuals not eligible for the federal TANF program (see Table 10). States have created programs to serve legal immigrants and young children, as well as provide educational opportunities to TANF recipients. In addition, states have used new flexibility to redirect block grant funds to provide supportive services to child and families with incomes below 200 percent of the federal poverty level.

State expenditure commitments demonstrate that the original predictions of a "race to the bottom" were largely unfounded. Although nationwide caseloads have decreased by nearly one-third, overall state

penditures have decreased by less than 10 percent. This decrease in state expenditures has not come at the expense of supportive services. State expenditures for child care have increased by more than one half; expenditures for work activities have increased by more than one third (see Table 11). There has been a fundamental shift in state policy for welfare. States have shifted from direct cash assistance to a commitment to providing the necessary supports for full employment through training, education, or child care resources.

### Plans for the Future

Under the law, federal funding will remain constant through fiscal 2002. States will assume any future expenditure growth. Caseload levels are largely dependent on the health of the economy, so future costs are highly unpredictable. States are planning for this uncertainty by creating rainy day funds (see Table 12). Although these funds would not likely offset total welfare spending increases if the economy falters, they would provide a short-term cushion to give states time to adjust their policies to new economic realities.

Long-term welfare policy issues will be examined further as states approach fiscal 1999. States' strong financial positions will help them maintain commitments to provide supportive services as well as plan for future uncertainties.

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### Comments on Expenditure Data

*Fiscal 1997 data are not comparable to the data released by the U.S. Department of Health and Human Services in February 1998. According to federal law, state implementation of the TANF program could begin at any point during fiscal 1997. Consequently, the expenditures in this transition year could reflect expenditures from Aid to Families with Dependent Children (AFDC) and TANF, depending on state implementation dates. The HHS report only includes expenditures under the TANF program; AFDC-related expenditures are not reflected. To present a full picture of spending for welfare in fiscal 1997, this report includes data on AFDC-related expenditures and TANF expenditures. In addition, this report captures expenditures under the Child Care Development Fund.*

*The state-reported expenditure data in these tables reflect substantial work by the staff in state budget offices. NASBO and NGA would like to thank these individuals, without whom this project could not have been completed. Alaska was unable to provide data.*

TABLE 10

## Examples of New State-Only Assistance Programs

<i>State</i>	<i>Description</i>
California	Offers food stamps for legal immigrant children and seniors.
Florida	Provides support for two-parent families.
Indiana	Provides services on a voluntary basis for children from age zero to age four.
Maine	Two programs. Parents as Scholars allows parents to attend two- to four-year-degree schools. The second program provides benefits through state funding to noncitizens who would have qualified for the AFDC program but who are not eligible for TANF.
Maryland	Provides food stamps for legal alien children and TANF for legal noncitizens.
Massachusetts	Provides food stamps for noncitizens who no longer qualify under the new law.
Minnesota	Provides TANF benefits for noncitizens.
New Mexico	Provides cash assistance to legal aliens and provides noncash TANF benefits to those at or below 100 percent of the poverty level.
Rhode Island	Provides an income disregard and weatherization cash supplement.
Tennessee	Provides benefits to certain legal alien families with children who previously qualified under AFDC eligibility standards but who do not qualify under TANF standards.
Virginia	Pending legislation would allow a combination of either the Earned Income Tax Credit or the Child Tax Credit.
Wisconsin	Provides services for minor parents and legal aliens. Approval is pending to allow use of state tax expenditures for the state's Earned Income Tax Credit and Homestead Tax Credit.
Wyoming	Offers recipients the opportunity to attend college.

TABLE 11

## Percentage Change in State Expenditures, 1996 to 1998

	<i>Percent Change</i>
Total	-9.2%
Cash Assistance	-26.5
Work Activities	33.6
Child Care	54.8
Caseload Reduction	-27.0

TABLE 12

## State Rainy Day Funds for Welfare Contingencies, 1998 (millions)

<i>State</i>	<i>Balance</i>
Arizona	\$5.1
Delaware	4.2
Maryland	15.7
Minnesota	6.2
Nevada	0.6
North Carolina	36.0
Ohio	100.0

TABLE 13

## TANF and CCDF—State and Federal Cash Assistance Expenditures, 1996–98 (millions)

State	Federal			State			Total		
	1996# Actual	1997# Actual	1998 Estimated	1996# Actual	1997# Actual	1998# Estimated	1996# Actual	1997# Actual	1998 Estimated
Alabama	NA	\$ 35.2	\$ 37.0	NA	\$ 17.5	\$18.5	NA	\$ 52.7	\$ 55.5
Alaska	NA	NA	NA	NA	NA	NA	NA	NA	NA
Arizona	\$ 157.4	149.4	155.9	\$ 95.8	51.4	45.7	\$ 253.2	200.8	201.6
Arkansas^	36.5	33.8	30.2	13.1	12.2	10.1	49.6	46.0	40.3
California	2,969.3	2,709.6	2,556.9	2,868.2	2,554.5	1,732.1	5,837.5	5,264.1	4,289.0
Colorado	99.7	79.8	62.4	93.4	65.6	25.2	193.1	145.4	87.6
Connecticut	165.0	136.0	194.0	165.0	185.0	100.0	330.0	321.0	294.0
Delaware	24.3	20.3	20.6	24.3	20.3	10.1	48.6	40.6	30.7
Florida^	NA	258.3	76.8	NA	279.9	329.9	NA	538.2	406.7
Georgia	237.0	208.3	215.9	168.6	114.2	83.1	405.6	322.5	299.0
Hawaii	83.1	77.4	85.9	82.6	86.3	86.6	165.7	163.7	172.5
Idaho	24.3	16.5	5.0	13.0	9.9	3.0	37.3	26.4	8.0
Illinois^	485.0	421.0	485.0	485.0	421.0	238.0	970.0	842.0	723.0
Indiana	98.5	58.9	56.6	59.8	68.3	43.9	158.3	127.2	100.5
Iowa	86.1	87.1	94.8	50.6	39.5	27.1	136.7	126.6	121.9
Kansas	58.3	43.8	15.4	40.4	37.6	43.6	98.7	81.4	59.0
Kentucky	137.5	126.4	112.0	59.5	54.8	48.0	197.0	181.2	160.0
Louisiana	101.2	65.3	37.4	43.0	46.5	53.9	144.2	111.8	91.3
Maine	NA	56.5	44.9	NA	34.7	30.2	NA	91.2	75.1
Maryland^	145.4	116.2	125.9	159.3	135.1	92.1	304.7	251.3	218.0
Massachusetts^	273.3	258.1	262.6	385.2	284.4	243.4	658.5	542.5	506.0
Michigan	456.4	435.7	370.7	395.2	304.5	304.5	851.6	740.2	675.2
Minnesota^	164.6	148.8	187.8	139.8	128.0	140.0	304.4	276.8	327.8
Mississippi	53.1	45.2	28.6	14.9	15.1	9.5	68.0	60.3	38.1
Missouri	155.6	127.8	153.0	104.6	101.1	64.0	260.2	228.9	217.0
Montana	33.4	23.8	21.3	15.8	9.8	11.6	49.2	33.6	32.9
Nebraska	44.1	35.4	34.6	30.1	21.9	29.6	74.2	57.3	64.2
Nevada	25.0	19.8	29.6	25.0	19.8	6.9	50.0	39.6	36.5
New Hampshire	27.8	25.0	30.0	27.7	18.6	20.0	55.5	43.6	50.0
New Jersey	221.8	242.3	258.4	204.7	149.7	127.9	426.5	392.0	386.3
New Mexico	126.3	103.8	103.5	52.8	41.6	40.6	179.1	145.4	144.1
New York	1,407.0	1,538.0	1,415.0	1,522.0	1,112.0	1,170.0	2,929.0	2,650.0	2,585.0
North Carolina*	244.9	293.6	293.6	198.1	190.4	190.4	443.0	484.0	484.0
North Dakota	21.0	23.0	21.1	13.0	12.0	6.9	34.0	35.0	28.0
Ohio	415.1	367.4	289.5	367.4	329.6	322.1	782.5	697.0	611.6
Oklahoma	83.2	60.0	47.8	58.6	35.2	35.2	141.8	95.2	83.0
Oregon	91.8	115.5	113.4	78.1	59.4	46.2	169.9	174.9	159.6
Pennsylvania*	238.6	412.2	349.4	245.3	144.2	140.3	483.9	556.4	489.7
Rhode Island	76.7	70.6	79.9	55.8	50.1	48.8	132.5	120.7	128.7
South Carolina	NA	45.2	42.9	NA	19.0	18.1	NA	64.2	61.0
South Dakota	14.4	9.2	8.3	7.2	8.6	6.9	21.6	17.8	15.2
Tennessee*	126.6	103.1	91.5	63.2	26.9	47.8	189.8	130.0	139.3
Texas	300.8	253.3	240.4	180.7	151.7	134.2	481.5	405.0	374.6
Utah	46.1	44.8	32.3	20.5	16.7	16.7	66.6	61.5	49.0
Vermont	36.0	30.7	32.3	24.0	22.5	22.5	60.0	53.2	54.8
Virginia	103.4	84.5	63.3	97.9	85.1	68.8	201.3	169.6	132.1
Washington	256.7	287.5	275.9	257.5	303.4	352.8	514.2	590.9	628.7
West Virginia	77.5	58.2	62.1	30.3	27.2	29.2	107.8	85.4	91.3
Wisconsin*	177.3	90.0	134.4	150.5	105.5	69.3	327.8	195.5	203.7
Wyoming	11.1	5.2	5.2	7.8	7.3	7.3	18.9	12.5	12.5
Puerto Rico	60.9	57.7	65.0	20.3	19.2	21.9	81.2	76.9	86.9
Total	\$10,279.1	\$10,115.2	\$9,556.0	\$9,215.6	\$8,054.8	\$6,774.5	\$19,494.7	\$18,170.0	\$16,330.5

NOTES: # Expenditures in 1996 and a portion of 1997, depending upon the date the state TANF plan went into effect, include AFDC cash payments and Emergency Assistance.

^ Denotes expenditures reported on a state fiscal year.

\*See notes to Table 13.



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**NOTES TO TABLE 13:**

Connecticut:	Connecticut began TANF on October 1, 1996 (three quarters of the state fiscal year was under TANF and one quarter was under AFDC).
North Carolina:	Administration, management information systems, and transitional services are included in cash assistance expenditures. Federal fiscal 1997 cash assistance includes \$27.7 million in unspent 1996 funds.
Pennsylvania:	Emergency assistance expenditures for all years are recorded separately because expenditures are primarily for child-only cases.
Tennessee:	Expenditures in fiscal 1996 do not include \$48.9 million in emergency assistance expenditures because this program was not continued in the TANF program. The emergency assistance program was transferred to other funding sources in the Tennessee Department of Children's Services.
Wisconsin:	Cash includes AFDC, W-2 subsidized employment benefits at levels established in W-2 contracts, emergency assistance, and payments under two new programs, Caretaker Supplement and NLRR/Kinship Care Benefits, that serve former AFDC recipients. Expenditures were reported on a federal fiscal year basis in 1996 and 1997 and a state fiscal year basis in 1998. Expenditures for 1998 are based on budgeted numbers; projected actuals are lower.

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TABLE 14

## TANF and CCDF—State and Federal Work Activities Expenditures, 1996–98

State	Federal			State			Total		
	1996# Actual	1997# Actual	1998 Estimated	1996# Actual	1997# Actual	1998# Estimated	1996# Actual	1997# Actual	1998 Estimated
Alabama	NA	\$ 4.3	\$ 5.0	NA	\$ 2.1	\$ 3.0	NA	\$ 6.4	\$ 8.0
Alaska	NA	NA	NA	NA	NA	NA	NA	NA	NA
Arizona	\$ 7.6	8.4	13.8	\$ 4.8	4.9	5.6	\$ 12.4	13.3	19.4
Arkansas^	0.2	0.2	1.2	0.2	0.2	2.7	0.4	0.4	3.9
California	168.2	145.7	466.5	84.2	102.8	204.3	252.4	248.5	670.8
Colorado	9.3	7.8	2.1	5.3	3.9	0.9	14.6	11.7	3.0
Connecticut	4.0	11.7	19.5	5.0	2.5	0.0	9.0	14.2	19.5
Delaware*	2.0	2.8	5.3	1.5	2.2	5.1	3.5	5.0	10.4
Florida^	NA	30.6	165.1	NA	2.8	0.5	NA	33.4	165.6
Georgia	24.5	16.9	24.1	21.0	10.9	15.8	45.5	27.8	39.9
Hawaii	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Idaho	2.6	2.1	2.7	1.6	1.2	1.1	4.2	3.3	3.8
Illinois^	51.0	39.0	38.0	36.0	25.0	0.0	87.0	64.0	38.0
Indiana	3.8	5.7	33.4	3.8	13.3	15.2	7.6	19.0	48.6
Iowa	8.2	9.1	15.7	4.7	9.4	7.9	12.9	18.5	23.6
Kansas	6.8	1.4	3.6	4.3	3.3	0.0	11.1	4.7	3.6
Kentucky*	13.8	3.3	3.8	9.4	1.9	2.2	23.2	5.2	6.0
Louisiana	8.2	12.6	13.1	7.6	3.2	0.0	15.8	15.8	13.1
Maine	NA	4.9	14.4	NA	1.7	10.0	NA	6.6	24.4
Maryland^	9.3	16.7	75.8	5.6	18.9	62.9	14.9	35.6	138.7
Massachusetts^	14.1	34.1	6.2	11.1	2.6	18.7	25.2	36.7	24.9
Michigan*	56.2	40.2	60.2	64.2	32.2	32.2	120.4	72.4	92.4
Minnesota^	14.0	13.0	23.6	8.0	8.0	9.8	22.0	21.0	33.4
Mississippi	0.0	8.8	23.1	0.0	1.3	0.0	0.0	10.1	23.1
Missouri	12.8	7.7	14.4	7.6	17.7	42.7	20.4	25.4	57.1
Montana	2.5	3.5	2.5	1.2	0.6	0.7	3.7	4.1	3.2
Nebraska	3.2	4.7	6.7	2.1	1.0	0.0	5.3	5.7	6.7
Nevada	0.3	0.3	0.9	0.3	0.3	0.8	0.6	0.6	1.7
New Hampshire	2.6	1.2	3.3	2.2	0.9	3.3	4.8	2.1	6.6
New Jersey	22.4	19.5	28.4	29.3	44.5	50.2	51.7	64.0	78.6
New Mexico	2.1	1.6	1.5	1.1	0.8	0.8	3.2	2.4	2.3
New York	86.0	80.0	93.0	60.0	57.0	69.0	146.0	137.0	162.0
North Carolina	23.1	35.2	35.2	14.8	22.5	22.5	37.9	57.7	57.7
North Dakota	1.0	0.3	2.1	0.3	0.0	0.3	1.3	0.3	2.4
Ohio*	47.1	2.4	0.0	38.0	8.9	0.0	85.1	11.3	0.0
Oklahoma	9.0	10.7	10.8	4.6	6.3	6.3	13.6	17.0	17.1
Oregon	10.1	28.8	31.3	12.7	16.9	15.5	22.8	45.7	46.8
Pennsylvania	43.0	75.8	84.6	29.1	57.9	58.1	72.1	133.7	142.7
Rhode Island	3.3	3.5	7.4	2.0	2.0	1.8	5.3	5.5	9.2
South Carolina	NA	9.2	10.9	NA	3.9	7.3	NA	13.1	18.2
South Dakota	0.9	0.8	1.9	0.8	0.8	1.6	1.7	1.6	3.5
Tennessee	14.3	22.8	30.0	8.1	15.2	17.0	22.4	38.0	47.0
Texas	23.8	27.4	76.2	23.4	19.8	0.5	47.2	47.2	76.7
Utah	4.3	0.0	0.0	0.0	0.0	0.0	4.3	0.0	0.0
Vermont	3.0	0.1	0.1	1.7	0.1	0.1	4.7	0.2	0.2
Virginia	11.0	14.2	20.6	7.1	13.3	16.8	18.1	27.5	37.4
Washington	28.9	22.5	54.4	19.1	10.7	0.0	48.0	33.2	54.4
West Virginia	8.5	4.7	5.2	3.9	1.6	1.8	12.4	6.3	7.0
Wisconsin*	17.1	52.7	53.2	9.7	22.1	27.4	26.8	74.8	80.6
Wyoming	1.0	0.3	0.3	0.7	1.5	1.5	1.7	1.8	1.8
Puerto Rico	5.0	6.9	13.3	1.7	2.3	3.9	6.7	9.2	17.2
Total	\$790.1	\$856.1	\$1,604.4	\$559.8	\$582.9	\$747.8	\$1,349.9	\$1,439.0	\$2,352.2

NOTES: ^ Denotes expenditures reported on a state fiscal year.

# Expenditures in 1996 and a portion of 1997, depending upon the date the state TANF plan went into effect, includes JOBS.

\*See notes to Table 14.

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**NOTES TO TABLE 14:**

Delaware:	Transitional services are included with work activities expenditures.
Kentucky:	Fiscal 1996 work activity expenditures include administrative costs associated with the Job Opportunities and Basic Skills (JOBS) training program. In fiscal 1997 and fiscal 1998, administrative costs are recorded separately.
Michigan:	Because of structural changes that occurred in fiscal 1997, some expenditures reported in the work activities category in fiscal 1996 are reported elsewhere in fiscal 1997 and fiscal 1998.
Ohio:	In fiscal 1997 and later years, work activity expenditures are included in the "other" category, along with county administration, rather than being listed separately. Ohio has a county-administered/state-supervised welfare system and has attempted to pass on to counties the flexibility that was given to the state. Each county will enter into a contractual arrangement with the state specifying the expectations of county performance and detailing the state's commitment of support to county government. Once this partnership agreement is signed, the county will receive greater flexibility in its administrative and work activity funding and could earn financial incentives based on performance measures. The partnership agreements will allow each county to determine the types and levels of services that need to be provided to recipients in order to meet the county's performance goals.
Wisconsin:	Subsidized employment benefits are included with cash assistance expenditures; this includes JOBS funding, W-2 ancillary benefits, financial and employment planner staff, and long-term/refugee supplements. Expenditures were reported on a federal fiscal year basis in 1996 and 1997 and a state fiscal year basis in 1998. Expenditures for 1998 are based on budgeted numbers; projected actuals are lower.

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TABLE 15

## TANF and CCDF—State and Federal Child Care Expenditures, 1996–98 (millions)

State	Federal			State			Total		
	1996# Actual	1997# Actual	1998 Estimated	1996# Actual	1997# Actual	1998# Estimated	1996# Actual	1997# Actual	1998 Estimated
Alabama*	NA	\$22.6	\$ 35.0	NA	\$ 6.9	\$ 7.3	NA	\$ 29.5	\$ 42.3
Alaska	NA	NA	NA	NA	NA	NA	NA	NA	NA
Arizona	\$ 22.6	35.6	52.0	\$ 14.7	17.8	17.9	\$ 37.3	53.4	69.9
Arkansas^	11.1	20.3	29.5	1.3	1.8	1.8	12.4	22.1	31.3
California	204.0	129.4	461.0	487.1	543.4	733.2	691.1	672.8	1,194.2
Colorado	14.9	8.1	17.9	9.5	9.3	9.3	24.4	17.4	27.2
Connecticut*	18.6	65.6	60.6	18.6	0.0	50.0	37.2	65.6	110.6
Delaware	6.3	9.2	9.3	16.7	12.6	17.9	23.0	21.8	27.2
Florida^	NA	80.0	231.3	NA	61.3	68.1	NA	141.3	299.4
Georgia*	84.3	99.0	100.8	31.4	112.9	80.7	115.7	211.9	181.5
Hawaii	NA	8.5	12.4	NA	8.5	8.8	NA	17.0	21.2
Idaho	4.7	6.9	11.9	1.2	1.4	2.9	5.9	8.3	14.8
Illinois^	121.0	170.0	168.0	91.0	98.0	183.0	212.0	268.0	351.0
Indiana*	46.4	90.8	120.7	16.2	24.3	26.6	62.6	115.1	147.3
Iowa*	16.4	16.8	20.9	6.2	8.3	12.7	22.6	25.1	33.6
Kansas	18.5	22.2	27.0	8.3	11.1	13.1	26.8	33.3	40.1
Kentucky*	31.9	41.1	77.8	6.0	8.4	15.5	37.9	49.5	93.3
Louisiana	25.0	27.9	41.9	5.4	4.4	10.0	30.4	32.3	51.9
Maine*	NA	12.7	15.5	NA	1.9	1.7	NA	14.6	17.2
Maryland^	32.3	28.6	40.2	38.8	39.9	38.6	71.1	68.5	78.8
Massachusetts**	48.1	157.5	166.6	44.2	101.0	107.0	92.3	258.5	273.6
Michigan*	65.3	102.6	138.2	64.2	79.2	79.2	129.5	181.8	217.4
Minnesota^	37.6	36.9	55.9	42.3	42.6	70.6	79.9	79.5	126.5
Mississippi	18.1	5.6	15.6	1.9	2.9	4.4	20.0	8.4	20.0
Missouri*	37.8	45.3	64.3	20.0	22.3	35.2	57.8	67.6	99.5
Montana*	6.3	6.0	13.1	1.5	2.0	2.4	7.8	8.0	15.5
Nebraska	13.5	16.0	21.1	12.7	8.5	9.4	26.2	24.5	30.5
Nevada	4.2	3.4	9.8	0.5	0.8	5.7	4.7	4.2	15.5
New Hampshire*	6.8	7.9	8.1	4.4	8.1	9.0	11.2	16.0	17.1
New Jersey*	56.8	69.7	67.1	20.0	27.7	26.4	76.8	97.4	93.5
New Mexico	12.8	14.2	22.0	7.4	6.4	7.7	20.2	20.6	29.7
New York	121.0	278.0	298.0	186.0	186.0	179.0	307.0	464.0	477.0
North Carolina	101.9	157.6	157.6	77.3	88.2	88.2	179.2	245.8	245.8
North Dakota	4.1	4.3	6.8	0.9	1.8	1.8	5.0	6.1	8.6
Ohio*	102.4	126.4	165.7	47.6	110.6	127.0	150.0	237.0	292.7
Oklahoma	26.6	29.9	24.9	12.0	10.7	10.6	38.6	40.6	35.5
Oregon	15.7	27.1	34.5	6.9	16.2	17.8	22.6	43.3	52.3
Pennsylvania*	140.3	166.3	259.5	91.4	108.5	89.3	231.7	274.8	348.8
Rhode Island	9.1	11.8	9.5	5.8	6.3	12.3	14.9	18.1	21.8
South Carolina	NA	39.8	47.8	NA	9.2	11.8	NA	49.0	59.6
South Dakota	5.4	4.8	5.5	0.9	2.1	4.3	6.3	6.9	9.8
Tennessee*	55.1	82.5	127.1	21.6	25.8	28.4	76.7	108.3	155.5
Texas	171.0	161.8	246.4	56.6	58.3	73.5	227.6	220.1	319.9
Utah	25.5	21.1	31.2	6.5	7.9	7.4	32.0	29.0	38.6
Vermont*	5.4	11.3	12.4	5.1	7.4	7.4	10.5	18.7	19.8
Virginia*	39.5	39.4	57.9	22.2	23.5	32.7	61.7	62.9	90.6
Washington*	54.9	64.3	128.7	42.6	42.5	56.6	97.5	106.8	185.3
West Virginia	11.2	12.0	15.8	3.6	7.2	5.8	14.8	19.2	21.6
Wisconsin*	37.4	37.0	135.2	16.6	16.5	26.3	54.0	53.5	161.5
Wyoming	3.6	3.4	3.4	1.5	2.3	2.3	5.1	5.7	5.7
Puerto Rico	23.9	23.5	24.9	0.1	0.1	1.5	24.0	23.6	26.4
Total	\$1,919.3	\$2,662.7	\$3,908.3	\$1,576.7	\$2,004.7	\$2,440.1	\$3,496.0	\$4,667.4	\$6,348.4

NOTES: # Expenditures in 1996 and a portion of 1997, depending upon the date the state TANF plan went into effect, include CCDBG At-Risk, Transitional, and Guaranteed Child Care.

^ Denotes expenditures reported on a state fiscal year.

\*See notes to Table 15.

**NOTES TO TABLE 15:**


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Alabama:	Includes a transfer of \$10 million in federal fiscal 1998 from TANF to CCDF.
Connecticut:	Includes a transfer of \$31.1 million in fiscal 1997 and a transfer of \$25 million in fiscal 1998 from TANF to CCDF.
Georgia:	Includes a transfer of \$10 million in federal fiscal 1998 from TANF to CCDF.
Indiana:	Includes a transfer of \$42 million in fiscal 1997 and a transfer of \$56 million in fiscal 1998 from TANF to CCDF.
Iowa:	Includes a transfer of \$1.2 million in fiscal 1998 from TANF to CCDF.
Kentucky:	Includes a transfer of \$7 million in fiscal 1997 and a transfer of \$18.1 million in fiscal 1998 from TANF to CCDF.
Maine:	Includes a transfer of \$3.2 million in fiscal 1997 and a transfer of \$6 million in fiscal 1998 from TANF to CCDF.
Massachusetts:	Includes a transfer of \$91.9 million in fiscal 1998 from TANF to CCDF.
Michigan:	Includes a transfer of \$26.7 million in fiscal 1997 and fiscal 1998 from TANF to CCDF.
Missouri:	Includes a transfer of \$8.5 million in fiscal 1998 from TANF to CCDF.
Montana:	Includes a transfer of \$100,000 in fiscal 1997 from TANF to CCDF.
New Hampshire:	Includes a transfer of \$7.8 million in fiscal 1997 and a transfer of \$8.2 million in fiscal 1998 from TANF to CCDF.
New Jersey:	Includes child care expenditures under the Social Services Block Grant (SSBG).
Ohio:	Work activities expenditures largely included in "other" category.
Pennsylvania:	Includes a transfer of \$96.4 million in fiscal 1998 from TANF to CCDF.
Tennessee:	Includes a transfer of \$12.7 million in fiscal 1997 and a transfer of \$52.7 million in fiscal 1998 from TANF to CCDF.
Vermont:	Includes a transfer of \$3.5 million in fiscal 1997 and a transfer of \$3.1 million in fiscal 1998 from TANF to CCDF.
Virginia:	Includes a transfer of \$10.4 million in fiscal 1998 from TANF to CCDF.
Washington:	Includes a transfer in fiscal 1998 from TANF to CCDF.
Wisconsin:	Includes a transfer of \$63.6 million in fiscal 1998 from TANF to CCDF. Expenditures were reported on a federal fiscal year basis in 1996 and 1997 and a state fiscal year basis in 1998. Expenditures for 1998 are based on budgeted numbers; projected actuals are lower.

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TABLE 16

TANF and CCDF—State and Federal Other<sup>#</sup> Expenditures, 1996–98 (millions)

State	Federal			State			Total		
	1996 <sup>#</sup> Actual	1997 <sup>#</sup> Actual	1998 Estimated	1996 <sup>#</sup> Actual	1997 <sup>#</sup> Actual	1998 <sup>#</sup> Estimated	1996 <sup>#</sup> Actual	1997 <sup>#</sup> Actual	1998 Estimated
Alabama	NA	\$ 20.6	\$ 15.1	NA	\$ 10.2	\$ 13.0	NA	\$ 30.8	\$ 28.1
Alaska	NA	NA	NA	NA	NA	NA	NA	NA	NA
Arizona	\$ 27.9	31.0	42.4	\$ 23.0	34.9	39.9	\$ 50.9	65.9	82.3
Arkansas <sup>*</sup>	15.7	16.3	15.1	13.8	14.2	12.4	29.5	30.5	27.5
California	379.4	346.9	547.9	241.8	281.7	554.4	621.2	628.6	1,102.3
Colorado	28.3	29.8	33.6	28.3	31.7	40.4	56.6	61.5	74.0
Connecticut <sup>*</sup>	13.0	26.0	63.0	13.0	0.0	46.5	26.0	26.0	109.5
Delaware	6.0	8.3	6.4	6.0	4.7	6.0	12.0	13.0	12.4
Florida <sup>^</sup>	NA	66.6	158.2	NA	84.4	71.5	NA	151.0	229.7
Georgia <sup>*</sup>	27.1	38.5	48.2	17.0	32.8	34.0	44.1	71.3	82.2
Hawaii	0.0	0.0	12.6	0.0	0.0	13.8	0.0	0.0	26.4
Idaho	4.4	3.3	25.1	4.4	4.3	9.3	8.8	7.6	34.4
Illinois <sup>^</sup>	95.0	91.0	47.0	95.0	91.0	48.0	190.0	182.0	95.0
Indiana <sup>*</sup>	22.5	39.4	49.1	19.4	16.6	46.6	41.9	56.0	95.7
Iowa <sup>*</sup>	12.3	14.4	16.5	12.2	19.7	18.4	24.5	34.1	34.9
Kansas	22.9	25.8	29.9	22.0	31.0	24.2	44.9	56.8	54.1
Kentucky <sup>*</sup>	15.7	29.5	22.9	15.7	18.7	31.6	31.4	48.2	54.5
Louisiana	24.9	36.4	27.3	19.0	10.3	19.7	43.9	46.7	47.0
Maine <sup>*</sup>	NA	8.0	12.8	NA	3.2	0.0	NA	11.2	12.8
Maryland <sup>^</sup>	53.8	30.5	23.6	53.7	44.2	27.0	107.5	74.7	50.6
Massachusetts <sup>^^</sup>	44.3	61.0	98.7	61.6	30.5	65.6	105.9	91.5	164.3
Michigan <sup>*</sup>	94.9	183.9	220.4	82.7	88.9	57.6	177.6	272.8	278.0
Minnesota <sup>^^</sup>	29.1	29.1	29.1	7.1	28.8	28.8	36.2	57.9	57.9
Mississippi	7.9	13.7	22.8	7.9	4.5	9.7	15.8	18.2	32.5
Missouri <sup>*</sup>	32.9	40.9	47.0	32.9	29.1	31.2	65.8	70.0	78.2
Montana	3.2	4.1	3.8	3.2	3.0	2.6	6.4	7.1	6.4
Nebraska	10.6	12.3	18.6	10.6	10.1	13.0	21.2	22.4	31.6
Nevada	9.4	12.4	17.8	9.1	8.4	19.7	18.5	20.8	37.5
New Hampshire <sup>*</sup>	6.0	10.4	5.3	6.0	8.1	5.2	12.0	18.5	10.5
New Jersey <sup>*</sup>	69.0	85.1	80.3	76.7	81.7	99.6	145.7	166.8	179.9
New Mexico	7.2	9.9	9.0	7.3	9.9	9.0	14.5	19.8	18.0
New York <sup>*</sup>	866.0	702.0	713.0	879.0	663.0	518.0	1,745.0	1,365.0	1,231.0
North Carolina <sup>*</sup>	0.0	1.5	1.5	0.0	0.0	0.0	0.0	1.5	1.5
North Dakota	2.6	3.1	3.2	2.6	3.1	1.5	5.2	6.2	4.7
Ohio <sup>*</sup>	42.8	89.4	213.5	42.6	56.8	6.9	85.4	146.2	220.4
Oklahoma	2.3	15.5	15.5	2.3	9.2	9.2	4.6	24.7	24.7
Oregon	46.4	30.3	33.8	40.6	11.4	23.8	87.0	41.7	57.6
Pennsylvania	191.3	188.9	198.2	142.0	185.7	189.2	333.3	374.6	387.4
Rhode Island	11.2	11.8	12.1	9.4	9.2	9.7	20.6	21.0	21.8
South Carolina	NA	22.0	23.0	NA	14.7	15.4	NA	36.7	38.4
South Dakota <sup>*</sup>	4.4	5.6	6.4	4.4	2.4	2.0	8.8	8.0	8.4
Tennessee	17.3	25.7	18.9	17.3	27.2	16.7	34.6	52.9	35.6
Texas <sup>*</sup>	35.2	111.4	64.0	35.1	79.1	38.5	70.3	190.5	102.5
Utah	21.4	23.9	28.1	7.0	4.0	4.1	28.4	27.9	32.2
Vermont <sup>*</sup>	2.7	7.0	5.6	2.7	1.6	1.6	5.4	8.6	7.2
Virginia <sup>*</sup>	20.6	20.6	24.0	20.6	20.6	21.3	41.2	41.2	45.3
Washington	50.2	40.8	41.8	50.2	55.0	32.4	100.4	95.8	74.2
West Virginia <sup>*</sup>	5.3	8.7	25.7	5.3	7.4	9.0	10.6	16.1	34.7
Wisconsin <sup>*</sup>	46.3	49.6	113.3	46.3	14.4	34.7	92.6	64.0	148.0
Wyoming	1.8	1.5	1.5	1.8	1.0	1.0	3.6	2.5	2.5
Puerto Rico	13.1	13.8	27.4	11.4	11.1	17.2	24.5	24.9	44.6
Total	\$2,444.3	\$2,698.2	\$3,320.0	\$2,210.0	\$2,213.5	\$2,350.9	\$4,654.3	\$4,911.6	\$5,670.8

NOTES: # Includes AFDC/TANF Administration, MIS, Transitional, and SSBG Transfers.

^ Denotes expenditures reported on a state fiscal year.

\*See notes to Table 16.

**NOTES TO TABLE 16:**


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Connecticut:	Includes a transfer of \$24 million in federal funds in fiscal 1998 from TANF to SSBG. In fiscal 1998, includes \$46.5 million in state expenditures on other social services, the Connecticut Department of Children and Families, and education programs.
Georgia:	Includes a transfer of \$2.2 million in federal fiscal 1998 from TANF to SSBG.
Indiana:	Includes a transfer of \$20 million in fiscal 1997 and a transfer of \$6 million in fiscal 1998 from TANF to SSBG.
Iowa:	Includes a transfer of \$5.2 million in fiscal 1998 from TANF to SSBG.
Kentucky:	Includes a transfer of \$3.8 million in fiscal 1997 and a transfer of \$9.1 million in fiscal 1998 from TANF to SSBG.
Maine:	Includes a transfer of \$2.2 million in fiscal 1997 and a transfer of \$3 million in fiscal 1998 from TANF to SSBG.
Massachusetts:	Includes a transfer of \$45.9 million in fiscal 1998 from TANF to SSBG.
Michigan:	Includes a transfer of \$76.8 million in federal fiscal 1997 and fiscal 1998 from TANF to SSBG.
Minnesota:	Federal amounts in fiscal 1997 and fiscal 1998 include \$21.7 million in county administration expenditures. These expenditures are used to meet TANF maintenance-of-effort requirements.
Missouri:	Includes a transfer of \$4.4 million in fiscal 1998 from TANF to SSBG.
New Hampshire:	Includes a transfer of \$3.4 million in fiscal 1997 and a transfer of \$0.7 million in fiscal 1998 from TANF to SSBG.
New Jersey:	Includes \$39 million in county expenditures for administration and a transfer of \$7 million in fiscal 1998 from TANF to SSBG.
New York:	Includes a transfer of \$99 million in fiscal 1996 and \$137 million in fiscal 1998 from TANF to SSBG.
North Carolina:	Includes a transfer of \$1.5 million in fiscal 1997 and fiscal 1998 from TANF to SSBG.
Ohio:	Includes certain county costs, work activities, and prevention and retention expenditures. In fiscal 1997 and later years, work activity expenditures are included in the "other" category along with county administration, rather than being listed separately (see the note in Table 14).
South Dakota:	Includes expenditures authorized under the former Title IV-A Emergency Assistance Program for foster care, foster care services, and social worker costs. Also includes a transfer of \$0.3 million in fiscal 1998 from TANF to SSBG.
Texas:	Includes a transfer of \$20.1 million in fiscal 1998 from TANF to SSBG.
Vermont:	Includes a transfer of \$0.3 million in fiscal 1998 from TANF to SSBG.
Virginia:	Includes a transfer of \$4.8 million in fiscal 1998 from TANF to SSBG.
West Virginia:	Includes a transfer of \$3.6 million in fiscal 1998 from TANF to SSBG.
Wisconsin:	Includes a portion of the planned \$31.8 million transfer in fiscal 1997 from TANF to SSBG and the full amount in state fiscal 1998. Expenditures were reported on a federal fiscal year basis in 1996 and 1997 and a state fiscal year basis in 1998. Expenditures for 1998 are based on budgeted numbers; projected actuals are lower.

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TABLE 17

## TANF and CCDF—Total State and Federal Expenditures, 1996–98

State	Federal			State			Total		
	1996# Actual	1997# Actual	1998 Estimated	1996# Actual	1997# Actual	1998# Estimated	1996# Actual	1997# Actual	1998 Estimated
Alabama	NA	\$ 82.7	\$ 92.1	NA	\$ 36.7	\$ 41.8	NA	\$ 119.4	\$ 133.9
Alaska	NA	NA	NA	NA	NA	NA	NA	NA	NA
Arizona	\$ 215.5	224.4	264.1	\$ 138.3	109.0	109.1	\$ 353.8	333.4	373.2
Arkansas^	63.5	70.6	76.0	28.4	28.4	27.0	91.9	99.0	103.0
California	3,720.9	3,331.6	4,032.3	3,681.3	3,482.4	3,224.0	7,402.2	6,814.0	7,256.3
Colorado	152.2	125.5	116.0	136.5	110.5	75.8	288.7	236.0	191.8
Connecticut	200.6	239.3	337.1	201.6	187.5	196.5	402.2	426.8	533.6
Delaware	38.6	40.6	41.6	48.5	39.8	39.1	87.1	80.4	80.7
Florida^	NA	435.5	631.4	NA	428.4	470.0	NA	863.9	1,101.4
Georgia	372.9	362.7	389.0	238.0	270.8	213.6	610.9	633.5	602.6
Hawaii	83.1	85.9	110.9	82.6	94.8	109.2	165.7	180.7	220.1
Idaho	36.0	28.8	44.7	20.2	16.8	16.3	56.2	45.6	61.0
Illinois^	752.0	721.0	738.0	707.0	635.0	469.0	1,459.0	1,356.0	1,207.0
Indiana	171.2	194.8	259.8	99.2	122.5	132.3	270.4	317.3	392.1
Iowa	123.0	127.4	147.9	73.7	76.9	66.1	196.7	204.3	214.0
Kansas	106.5	93.2	75.9	75.0	83.0	80.9	181.5	176.2	156.8
Kentucky	198.9	200.3	216.5	90.6	83.8	97.3	289.5	284.1	313.8
Louisiana	159.3	142.2	119.7	75.0	64.4	83.6	234.3	206.6	203.3
Maine	NA	82.1	87.6	NA	41.5	41.9	NA	123.6	129.5
Maryland^	240.8	192.0	265.5	257.4	238.1	220.6	498.2	430.1	486.1
Massachusetts^	379.8	510.7	534.1	502.1	418.5	434.7	881.9	929.2	968.8
Michigan	672.8	762.4	789.5	606.3	504.8	473.5	1,279.1	1,267.2	1,263.0
Minnesota^	245.3	227.8	296.4	197.2	207.4	249.2	442.5	435.2	545.6
Mississippi	79.1	73.3	90.1	24.7	23.7	23.6	103.8	97.0	113.7
Missouri	239.1	221.7	278.7	165.1	170.2	173.1	404.2	391.9	451.8
Montana	45.4	37.4	40.7	21.7	15.4	17.3	67.1	52.8	58.0
Nebraska	71.4	68.4	81.0	55.5	41.5	52.0	126.9	109.9	133.0
Nevada	38.9	35.9	58.1	34.9	29.3	33.1	73.8	65.2	91.2
New Hampshire	43.2	44.5	46.7	40.3	35.7	37.5	83.5	80.2	84.2
New Jersey	370.0	416.6	434.2	330.7	303.6	304.1	700.7	720.2	738.3
New Mexico	148.4	129.5	136.0	68.6	58.7	58.1	217.0	188.2	194.1
New York	2,480.0	2,598.0	2,519.0	2,647.0	2,018.0	1,936.0	5,127.0	4,616.0	4,455.0
North Carolina	369.9	487.9	487.9	290.2	301.1	301.1	660.1	789.0	789.0
North Dakota	28.7	30.7	33.2	16.8	16.9	10.5	45.5	47.6	43.7
Ohio	607.4	585.6	668.7	495.6	505.9	456.0	1,103.0	1,091.5	1,124.7
Oklahoma	121.1	116.1	99.0	77.5	61.4	61.3	198.6	177.5	160.3
Oregon	164.0	201.7	213.0	138.3	103.9	103.3	302.3	305.6	316.3
Pennsylvania	613.2	843.2	891.7	507.8	496.3	476.9	1,121.0	1,339.5	1,368.6
Rhode Island	100.3	97.7	108.9	73.0	67.6	72.6	173.3	165.3	181.5
South Carolina	NA	116.2	124.6	NA	46.8	52.6	NA	163.0	177.2
South Dakota	25.1	20.4	22.1	13.3	13.9	14.8	38.4	34.3	36.9
Tennessee	213.3	234.1	267.5	110.2	95.1	109.9	323.5	329.2	377.4
Texas	530.8	553.9	627.0	295.8	308.9	246.7	826.6	862.8	873.7
Utah	97.3	89.8	91.6	34.0	28.6	28.2	131.3	118.4	119.8
Vermont	47.1	49.1	50.4	33.5	31.6	31.6	80.6	80.7	82.0
Virginia	174.5	158.7	165.8	147.8	142.5	139.6	322.3	301.2	305.4
Washington	390.7	415.1	500.8	369.4	411.6	441.8	760.1	826.7	942.6
West Virginia	102.5	83.6	108.8	43.1	43.4	45.8	145.6	127.0	154.6
Wisconsin	278.1	229.3	436.1	223.1	158.5	157.7	501.2	387.8	593.8
Wyoming	17.5	10.4	10.4	11.8	12.1	12.1	29.3	22.4	22.4
Puerto Rico	102.9	101.9	130.6	33.5	32.7	44.5	136.4	134.6	175.1
Total	\$15,432.8	\$16,332.1	\$18,388.6	\$13,562.1	\$12,855.9	\$12,313.3	\$28,949.9	\$29,188.0	\$30,701.4

NOTES: ^ Expenditures reported on a state fiscal year.



## Appendix

TABLE A-1

## Fiscal 1997 State General Fund, Actual (Millions)

Region/State	Beginning Balance	Revenues	Adjustments	Resources	Expenditures	Adjustments	Ending Balance	Budget Stabilization Fund
<b>NEW ENGLAND</b>								
Connecticut*	\$ 0	\$ 9,582		\$ 9,582	\$ 9,320		\$263	\$337
Maine*	13	1,863	\$-60	1,816	1,769	\$-32	16	46
Massachusetts*	246	18,017		18,263	18,064		199	799
New Hampshire*	-44	854	39	893	848		-1	20
Rhode Island*	0	1,817		1,817	1,772		46	55
Vermont*	0	771		771	771	0	0	35
<b>MID-ATLANTIC</b>								
Delaware*	379	1,779		2,159	1,766		393	*
Maryland	13	7,568		7,581	7,374		207	490
New Jersey*	867	16,072		16,939	15,858	-27	1,108	*
New York*	287	33,043		33,330	32,897		433	*
Pennsylvania*	156	16,781	121	17,058	16,548	-107	403	411
<b>GREAT LAKES</b>								
Illinois	426	18,854		19,280	18,474		806	0
Indiana*	1,025	8,045		9,069	7,538	393	1,138	466
Michigan	0	8,366	0	8,366	8,313	0	53	1,152
Ohio*	251	17,254		17,504	16,404	951	149	863
Wisconsin*	582	8,955	71	9,608	9,284	3	321	0
<b>PLAINS</b>								
Iowa*	181	4,370	-79	4,471	4,014	109	349	430
Kansas*	379	3,684	3	4,066	3,538		528	0
Minnesota*	1,343	10,203		11,546	9,551		1,995	*
Missouri	464	6,252		6,716	6,482		234	121
Nebraska*	248	2,010	-32	2,226	1,870		355	41
North Dakota*	48	719		767	685		82	*
South Dakota*	0	645	4	649	639	10	0	25
<b>SOUTHEAST</b>								
Alabama	58	4,440		4,498	4,475		23	0
Arkansas*	0	2,685	87	2,772	2,772		0	0
Florida	287	15,850		16,136	15,447		689	603
Georgia	464	11,312		11,776	11,043		733	334
Kentucky*	223	5,664	300	6,187	5,649	254	284	200
Louisiana*	318	5,659	16	5,993	5,838	20	135	0
Mississippi*	86	2,856		2,942	2,755	94	94	213
North Carolina*	291	10,934	2	11,226	10,467	441	319	501
South Carolina*	599	4,588		5,187	4,613		574	*
Tennessee*	125	5,623	48	5,796	5,500	20	276	*
Virginia	104	8,334		8,438	8,183		255	157
West Virginia*	157	2,425	57	2,640	2,457	34	149	70
<b>SOUTHWEST</b>								
Arizona	400	5,013		5,413	4,897		516	245
New Mexico*	22	3,033		3,054	2,975	-1	81	*
Oklahoma*	289	4,093	-277	4,105	3,880		225	309
Texas	2,046	25,069		27,115	24,736		2,379	8
<b>ROCKY MOUNTAIN</b>								
Colorado*	369	4,679	1	5,049	4,534	139	375	*
Idaho*	12	1,392	1	1,405	1,392		13	28
Montana*	30	992	6	1,028	993	5	30	NA
Utah	197	2,849		3,046	2,981		65	79
Wyoming*	53	461	37	551	499		52	*
<b>FAR WEST</b>								
Alaska	NA	NA		NA	NA		NA	NA
California*	774	49,220		49,994	49,088		906	*
Hawaii	161	3,161		3,322	3,186		136	0
Nevada	159	1,501		1,660	1,552		108	129
Oregon*	461	4,167		4,628	3,900	-66	794	18
Washington	556	9,070		9,626	9,113		513	0
<b>TERRITORIES</b>								
Puerto Rico	17	5,679		5,696	5,681		15	80
<b>Total</b>	<b>\$15,103</b>	<b>\$392,573</b>	<b>--</b>	<b>\$408,065</b>	<b>\$386,702</b>	<b>--</b>	<b>\$18,800</b>	<b>\$8,184</b>

NOTE: NA indicates data are not available.

\*See Notes to Table A-1.

## 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.**

Arkansas	Revenue adjustments reflect a transfer made to the reserve fund for services and capital infrastructure.
California	The ending balance includes a budget stabilization fund of \$461 million.
Colorado	Revenue adjustments reflect a reversion of funds because of underexpenditure. Expenditure adjustments include an automatic tax refund. The ending balance includes a budget stabilization fund of \$166.7 million.
Connecticut	Figures include federal reimbursements, such as Medicaid.
Delaware	The ending balance includes a budget stabilization fund of \$92.9 million.
Idaho	Revenue adjustments include one-time transfers to or from other funds.
Indiana	Expenditure adjustments include those for "Year 2000" projects, auto excise tax distribution, and pensions.
Iowa	The ending balance includes \$4.6 million to be deposited in the cash reserve fund, \$4.6 million to be deposited in an economic emergency fund, and \$339.5 million to be returned to the general fund in fiscal 1998. Revenue adjustments include \$69.6 million in gaming revenues diverted to the Rebuild Iowa Infrastructure Fund, \$7 million to reduce personal income tax rates, and \$2.2 million in other changes. Expenditure adjustments include \$108.9 million in property tax relief and \$15 million in technology assistance for local schools.
Kansas	Revenues are adjusted for released encumbrances.
Kentucky	Revenue adjustments include continuing appropriations and fund transfers. Expenditure adjustments include a reserve for continuing appropriations.
Louisiana	Revenue adjustments are a carry-forward balance. Expenditure adjustments reflect the comprehensive annual financial report reconciliation.
Maine	Revenue adjustments reflect prior-year transactions and balances carried forward. Revenue figures were adjusted for the change to a modified accrual basis.
Massachusetts	These figures incorporate data for Massachusetts' three major funds—the general fund, the highway fund, and the local aid fund. Massachusetts uses all three funds, whereas most states, which typically have far fewer dedicated funds, use just their general fund.
Minnesota	The rainy day fund balance includes \$350 million from the cash-flow account and \$234 million from the budget reserve, totaling \$584 million.
Mississippi	Expenditure adjustments reflect a 50 percent transfer to the Education Enhancement Fund statute.
Montana	Revenue adjustments primarily represent residual equity transfers. Expenditure adjustments reflect advances to other funds.
Nebraska	Revenue adjustments are transfers among the general fund and other funds.
New Hampshire	The balance in the health care transition fund was \$50.9 million.
New Jersey	The ending balance includes a budget stabilization fund of \$388.4 million.
New Mexico	Expenditure adjustments reflect transfers to the operating reserve. The ending balance includes a budget stabilization fund of \$80.8 million.
New York	The ending balance includes a budget stabilization fund of \$317 million.
North Carolina	Revenue adjustments reflect the general assembly's authorization of the \$1.6 million transfer from the reserve for disproportionate-share receipts to availability. Expenditure adjustments are authorized transfers to reserves from the unexpended cash balance, including \$156 million to the intangible tax refund reserve, \$174.3 million to the repair and renovation reserve, \$49.4 million to the clean water management trust fund, and \$61 million to the railroad purchase reserve.
North Dakota	The ending balance includes a budget stabilization fund of \$17 million.
Ohio	The general fund includes federal reimbursements for Medicaid, Temporary Assistance for Needy Families, and several other human services programs. The beginning balance is undesignated, unreserved fund balances. The actual cash balance would be higher by the amount reserved for encumbrances and transfers to the rainy day fund in each year. Expenditures do not include encumbrances outstanding at the end of the year. Ohio reports expenditures based on disbursements from the general fund. Expenditure adjustments reflect transfers of \$262.9 million to the income tax reduction fund, \$34.4 million to the budget stabilization fund, \$94.4 million to the SchoolNet Plus fund, \$250 million to the school building assistance fund, \$35 million to the instructional education materials fund, \$9.2 million to the distance learning fund, and \$89.8 million in other miscellaneous transfers-out. These transfers-out are adjusted for an estimated net change in encumbrances from fiscal 1996 levels of \$175.6 million.
Oklahoma	Revenue adjustments are for a transfer to the rainy day fund and the cash-flow reserve fund.
Oregon	The beginning balance is estimated for the end of the fiscal year, based on biennial starting and ending points. The biennial budget estimation for total expenditures is assumed to be 48 percent for the first year and 52 percent for the second year. The rainy day fund balance reflects the figures at the beginning of the fiscal year. The fund balance is also included in the total expenditures figure. Expenditure adjustments reflect estimated general fund reversions (funds budgeted but unspent).

## NOTES TO TABLE A-1 (continued)

Pennsylvania	Revenue adjustments include adjustments to the beginning balance (\$2 million) and lapses from prior-year appropriations (\$119 million). Expenditures reflect the total amount appropriated. Expenditure adjustments include the current-year lapses (\$82 million) and the transfer to the rainy day fund (\$189 million), which actually occurred in the following fiscal year.
Rhode Island	Total resources are net of transfers to the budget reserve fund and include other financing uses. Fiscal 1997 figures are actual and have been audited.
South Carolina	The ending balance includes a budget stabilization fund of \$127 million.
South Dakota	Revenue adjustments include transfers from the budget reserve fund and obligated cash carried forward. Expenditure adjustments include transfers to the budget reserve fund and other funds. Also included in expenditures are future obligations against cash.
Tennessee	Revenue adjustments include a \$42 million transfer to the general fund from debt service fund unexpended appropriations and a \$6 million transfer from revenues. Expenditure adjustments reflect a \$20 million transfer to the capital projects fund from general fund revenues. The ending balance includes a budget stabilization fund of \$101 million.
Vermont	Expenditures include transfers of \$35.1 million to the general fund budget stabilization reserve, \$4.9 million to the transportation fund, \$7 million to the education fund reserve, and \$2.9 million to a debt service reserve to offset a part of the fiscal 1998 bond issue.
West Virginia *	The beginning balance includes reappropriations of \$89.1 million, surplus appropriations of \$25.2 million, and an unappropriated surplus of \$43.1 million, totaling \$157.4 million. Revenue adjustments include \$0.2 million in prior-year redeposits, a \$3.1 million transfer from special revenue, and a \$54 million transfer from the budget stabilization fund. Total expenditures include regular appropriations of \$2,333.8 million, reappropriations of \$50.1 million, surplus appropriations of \$45.3 million, and thirty-one-day prior-year expenditures of \$27.5 million, totaling \$2,456.7 million.
Wisconsin	Revenue adjustments reflect a prior-year balance designation. Expenditure adjustments include a \$13.7 million residual equity transfer and a \$-10.7 million continuing balance designation.
Wyoming	The ending balance includes a budget stabilization fund of \$9.6 million. Revenue adjustments represent budgeted interfund transfers.

TABLE A-2

## Fiscal 1998 State General Fund, Estimated (Millions)

Region/State	Beginning Balance	Revenues	Adjustments	Resources	Expenditures	Adjustments	Ending Balance	Budget Stabilization Fund
<b>NEW ENGLAND</b>								
Connecticut*	\$ 0	\$ 9,715		\$ 9,715	\$ 9,536		\$180	\$391
Maine*	16	1,882		1,897	1,830		68	NA
Massachusetts*	200	17,472		17,672	17,529		143	856
New Hampshire*	-1	920	\$ 8	927	927		0	20
Rhode Island*	46	1,885		1,931	1,879		53	59
Vermont*	0	836	-51	785	836	\$-51	0	36
<b>MID-ATLANTIC</b>								
Delaware*	393	1,941		2,334	1,941		392	*
Maryland	207	7,877		8,084	7,801		283	554
New Jersey*	1,108	16,488		17,596	16,648	-74	1,021	*
New York*	433	35,242		35,675	35,210		465	*
Pennsylvania*	403	17,007	70	17,480	17,269	-70	281	483
<b>GREAT LAKES</b>								
Illinois	806	19,831		20,637	19,862		775	0
Indiana*	1,138	8,354	-48	9,444	8,035	404	1,005	487
Michigan*	53	8,705	-121	8,637	8,606	31	0	1,038
Ohio*	149	17,758		17,907	17,617	55	235	888
Wisconsin*	331	9,769		10,100	9,738		363	*
<b>PLAINS</b>								
Iowa*	340	4,567	-175	4,732	4,319	45	367	439
Kansas	528	3,904		4,432	3,837		595	0
Minnesota*	1,995	10,365		12,360	10,129		2,231	*
Missouri	234	6,580		6,814	6,542		272	128
Nebraska*	355	2,068	-100	2,323	1,979	-84	260	133
North Dakota*	82	725		807	714		93	*
South Dakota*	0	715	6	721	706	15	0	30
<b>SOUTHEAST</b>								
Alabama	23	4,636		4,659	4,659		0	0
Arkansas*	0	2,847	8	2,855	2,855		0	0
Florida	689	16,428		17,117	17,114		3	1,034
Georgia*	733	11,489	-222	12,000	11,930		70	337
Kentucky*	284	5,894	370	6,549	6,065	254	230	200
Louisiana*	135	5,563	15	5,713	5,574		139	0
Mississippi*	94	2,973		3,067	2,954	56	56	223
North Carolina*	319	11,194	175	11,687	11,565		121	501
South Carolina*	574	4,740		5,314	5,036		279	*
Tennessee*	276	5,895	64	6,235	5,914		321	*
Virginia	255	8,999		9,254	8,822		432	215
West Virginia*	149	2,499	0	2,648	2,638	10	0	68
<b>SOUTHWEST</b>								
Arizona	516	5,256		5,772	5,275		497	290
New Mexico*	81	3,115		3,196	3,043	1	152	*
Oklahoma*	225	4,290	-45	4,470	4,200		270	343
Texas	2,379	25,663	318	28,360	27,152		1,208	8
<b>ROCKY MOUNTAIN</b>								
Colorado*	375	5,179		5,554	4,869	360	325	*
Idaho*	13	1,464	-13	1,464	1,450		14	36
Montana*	30	1,002	13	1,045	1,017	1	27	NA
Utah*	65	2,976		3,041	2,995		45	84
Wyoming*	52	472	26	550	506		44	*
<b>FAR WEST</b>								
Alaska	NA	NA		NA	NA		NA	NA
California*	906	52,890		53,796	53,022		774	*
Hawaii	136	3,153		3,289	3,246		43	0
Nevada	108	1,456		1,564	1,451		113	129
Oregon*	794	3,912		4,706	4,170		536	38
Washington*	513	9,576		10,089	9,381		708	*
<b>TERRITORIES</b>								
Puerto Rico	15	6,080		6,095	6,095		0	27
<b>Total</b>	<b>\$18,538</b>	<b>\$408,166</b>	<b>--</b>	<b>\$427,003</b>	<b>\$410,393</b>	<b>--</b>	<b>\$15,488</b>	<b>\$9,047</b>

NOTE: NA indicates data are not available.

\*See Notes to Table A-2.

## 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.**

Arkansas	A balanced budget reserve fund was created by the eighty-first general assembly and consists of one-time surplus monies for agency operations.
California	The ending balance includes a budget stabilization fund of \$329 million.
Colorado	Expenditure adjustments include an automatic tax refund. The ending balance includes a budget stabilization fund of \$177 million.
Connecticut	Figures include federal reimbursements, such as Medicaid. The Governor's midterm budget proposes setting aside \$125 million of the fiscal 1998 surplus in a Taxpayers' Relief Fund to give rebates to income taxpayers who are eligible for the current property tax credit.
Delaware	The ending balance includes a budget stabilization fund of \$100.9 million.
Georgia	Revenue adjustments reflect a phaseout of the sales tax on groceries, effective October 1, 1996.
Idaho	Revenue adjustments reflect one-time transfers to or from other funds. In fiscal 1998, the Governor has recommended an \$8.5 million transfer to the budget reserve fund.
Indiana	Expenditure adjustments include those for "Year 2000" projects, auto excise tax distribution, local property tax relief, and pensions.
Iowa	The ending balance includes \$1.2 million to be deposited to the cash reserve and economic emergency funds and \$366.1 million to be returned to the general fund in fiscal 1999. Revenue adjustments include \$72.6 million in gaming revenues diverted to the Rebuild Iowa Infrastructure Fund, \$94 million to reduce personal income tax rates, \$47.1 million in additional revenue because of federal tax legislation, and \$10.7 million to reduce the inheritance tax. Revenue adjustments also include a \$4 million sales tax reduction on machinery and equipment, a \$33.4 million reduction for mental health institution funding changes, a \$2.8 million reduction to conform to federal changes, and \$4.1 million in other tax reductions. In addition to the property tax relief enacted in fiscal 1997, expenditure adjustments include an additional \$45.3 million in property tax relief enacted for fiscal 1998.
Kentucky	Revenue adjustments include continuing appropriations reserve, fund transfers, and bond proceeds. Expenditure adjustments include a reserve for continuing appropriations.
Louisiana	Revenue adjustment is a carry-forward balance.
Maine	Revenue figures were adjusted for the change to a modified accrual basis.
Massachusetts	These figures incorporate data for Massachusetts' three major funds—the general fund, the highway fund, and the local aid fund. Massachusetts uses all three funds, whereas most states, which typically have far fewer dedicated funds, use just their general fund.
Michigan	Revenue adjustments include the \$-57.8 million impact of the income tax indexed exemption increase and an increase in the transportation package, \$-24.4 million exclusion of senior citizen dividend and interest income from the income tax, and \$-46 million from the scheduled phaseout of the intangibles tax. Expenditure adjustments include \$-40.4 million in vetoes in the grant to school aid, an \$18.6 million appropriation to the budget stabilization fund in general government, \$39.3 million for school aid veto restorations and supplementals, and a \$16.9 million deposit of the ending balance in the budget stabilization fund.
Minnesota	The rainy day fund balance includes \$350 million from the cash-flow account, \$582 million from the budget reserve account, and \$830 million from the property tax reserve account, totaling \$1,762 billion.
Mississippi	Expenditure adjustments reflect a 50 percent transfer to the Education Enhancement Fund statute.
Montana	Revenue adjustments primarily represent residual equity transfers. Expenditure adjustments reflect advances to other funds.
Nebraska	Revenue adjustments are transfers among the general fund and other funds. Expenditure adjustments are carryovers.
New Hampshire	Revenue adjustments include the Revenue Max Project. The balance in the health care transition fund is \$50.9 million.
New Jersey	The ending balance includes a budget stabilization fund of \$504.5 million.
New Mexico	Expenditure adjustments reflect transfers from operating reserves. The ending balance includes a budget stabilization fund of \$161.2 million.
New York	The ending balance includes a budget stabilization fund of \$400 million. Note that these estimates were prepared at the time of the Governor's Thirty-Day Amendments to the 1998–99 Executive Budget.
North Carolina	Data represent the current authorized expenditure and revenue for the 1997–99 biennium. The Governor will present revised estimates for fiscal 1998 and a revised recommendation for fiscal 1999 at the May 1998 session of the general assembly. Revenue adjustments reflect general assembly authorization of \$0.3 million from the library grant reserve and \$174.3 million to the repair and renovation reserve to availability. Adjustments are authorized to reserves from the June 30 unreserved credit balance as follows: the saving reserve account—25 percent of any unreserved credit balance or an amount equal to 5 percent of the amount appropriated the preceding year for the general fund operating budget, including local government tax-sharing funds, that was directly appropriated (\$21.4 million for June 30, 1998); repair and renovations reserve—3 percent of the replacement value of all state buildings supported from the general fund (\$140 million); clean water management trust funds—6.5 percent of any unreserved credit balance or \$30 million, whichever is greater; and work first reserve—25 percent of any unexpended appropriation, up to \$50 million.

## NOTES TO TABLE A-2 (continued)

North Dakota	The ending balance includes a budget stabilization fund of \$17 million.
Ohio	The general fund includes federal reimbursements for Medicaid, Temporary Assistance for Needy Families, and several other human services programs. The beginning balance is undesignated, unreserved fund balances. The actual cash balance would be higher by the amount reserved for encumbrances and transfers to the rainy day fund in each year. Expenditures do not include encumbrances outstanding at the end of the year. Ohio reports expenditures based on disbursements from the general fund. Expenditure adjustments reflect a transfer of \$25.2 million to the budget stabilization fund and other miscellaneous transfers-out of \$30.2 million.
Oklahoma	Revenue adjustments are for transfers to the rainy day fund and the cash-flow reserve fund.
Oregon	The biennial budget estimation for total expenditures is assumed to be 48 percent for the first year and 52 percent for the second year. The rainy day fund balance reflects the figures at the beginning of the fiscal year. The fund balance is also included in the total expenditures figure.
Pennsylvania	Revenue adjustments include adjustments to the beginning balance (\$-400,000) and lapses from prior-year appropriations (\$70 million). Expenditures reflect the total amounts appropriated. Expenditure adjustments include the current-year lapses (\$120 million) and the transfer to the rainy day fund (\$50 million), which actually occurs in the following fiscal year.
Rhode Island	Total resources are net of transfers to the budget reserve fund and include other financing uses.
South Carolina	The ending balance includes a budget stabilization fund of \$130.4 million.
South Dakota	Revenue adjustments include transfers from the budget reserve fund and obligated cash carried forward. Expenditure adjustments include transfers to the budget reserve fund and other funds. Also included in expenditures are future obligations against cash.
Tennessee	Revenue adjustments include a \$43 million transfer from the Tennessee Housing Development Authority reserves and earmarked tax revenue and a \$21 million transfer to the general fund from debt service fund unexpended appropriations. The ending balance includes a budget stabilization fund of \$101 million.
Utah	The 1998 legislature adopted the following amounts for fiscal 1998: a beginning balance of \$64.8 million, revenues of \$2,976.8 million, total resources of \$3,041.6 million, total expenditures of \$2,999.7 million, and an ending balance of \$41.9 million.
Vermont	Expenditures include a \$0.9 million transfer to the general fund budget stabilization reserve, a \$1.9 million transfer to the transportation fund, and a \$32.5 million transfer to the education fund reserve. Adjustments reflect education reform revenues that offset corresponding expenditures, both of which will be reflected in the newly created education fund in fiscal 1999.
Washington	The ending balance includes a budget stabilization fund of \$193.8 million.
West Virginia	The beginning balance includes reappropriations of \$100.5 million, surplus appropriations of \$8.2 million, and an unappropriated surplus of \$40.6 million, totaling \$149.3 million. Revenue adjustments include \$0.1 million in prior-year redeposits. Total expenditures include regular appropriations of \$2,449.9 million, reappropriations of \$100.5 million, surplus appropriations of \$8.2 million, thirty-one-day prior-year expenditures of \$28.4 million, recommended surplus appropriations of \$2.1 million, and recommended supplemental appropriations of \$48.4 million, totaling \$2,637.5 million. Expenditure adjustments reflect a transfer to the budget stabilization fund. The ending balance assumes all appropriations will be spent in the budget year. Actual expenditures will be less.
Wisconsin	The ending balance includes a budget stabilization fund of \$97.9 million.
Wyoming	The ending balance includes a budget stabilization fund of \$4.7 million. Revenue adjustments represent budgeted interfund transfers.

TABLE A-3

## Fiscal 1999 State General Fund, Recommended (Millions)

Region/State	Beginning Balance	Revenues	Adjustments	Resources	Expenditures	Adjustments	Ending Balance	Budget Stabilization Fund
<b>NEW ENGLAND</b>								
Connecticut*	\$ 0	\$ 9,902		\$ 9,902	\$ 9,901		\$ 1	\$392
Maine*	68	1,940		2,008	1,989		19	NA
Massachusetts*	86	18,092		18,178	18,144		34	878
New Hampshire*	0	956	\$ 10	967	954		13	20
Rhode Island*	53	1,889		1,942	1,941		1	59
Vermont*	0	765		765	757		9	38
<b>MID-ATLANTIC</b>								
Delaware*	392	1,985		2,378	2,043		335	.
Maryland	283	8,095		8,378	8,377		1	696
New Jersey*	1,021	17,153		18,174	17,526		648	.
New York*	465	36,174		36,639	36,089		550	.
Pennsylvania*	281	17,517		17,798	17,787	\$ 2	9	507
<b>GREAT LAKES</b>								
Illinois	775	20,898		21,673	20,923		750	0
Indiana*	1,005	8,775	-69	9,711	8,379	446	886	511
Michigan*	0	9,037	-263	8,774	8,773	1	0	1,020
Ohio*	235	18,442		18,677	18,513	67	97	922
Wisconsin*	363	9,928		10,291	9,871		420	.
<b>PLAINS</b>								
Iowa*	366	4,724	-320	4,770	4,537	7	226	440
Kansas	595	3,880		4,475	4,082		393	0
Minnesota*	2,231	10,334		12,565	10,938		1,627	.
Missouri	272	6,665		6,937	6,882		55	135
Nebraska*	260	2,204	-149	2,315	2,180		135	157
North Dakota*	93	737		830	775		55	.
South Dakota*	0	738	1	739	734	5	0	35
<b>SOUTHEAST</b>								
Alabama	0	4,802		4,802	4,802		0	0
Arkansas*	0	2,955	54	3,009	3,009		0	0
Florida	0	17,672		17,672	17,672		0	874
Georgia*	70	12,350	-352	12,068	11,998		70	360
Kentucky*	0	6,169	194	6,363	6,163	200	0	200
Louisiana*	139	5,389	340	5,868	5,728		139	0
Mississippi*	56	3,104	-63	3,097	3,097		0	233
North Carolina*	0	11,859		11,859	11,532		327	501
South Carolina*	279	4,923		5,202	4,972		230	.
Tennessee*	321	6,128		6,449	6,215	13	221	.
Virginia	432	9,514		9,946	9,923		22	339
West Virginia	0	2,593		2,594	2,593	0	0	68
<b>SOUTHWEST</b>								
Arizona*	497	5,243		5,740	5,720		20	390
New Mexico*	161	3,118		3,279	3,127	7	145	.
Oklahoma*	270	4,535	-30	4,775	4,462		313	335
Texas	1,208	26,078	585	27,871	26,906		965	58
<b>ROCKY MOUNTAIN</b>								
Colorado*	325	5,375		5,700	5,217	295	188	.
Idaho	14	1,549		1,563	1,561		2	36
Montana*	27	1,028	14	1,069	1,038		31	NA
Utah*	45	3,203		3,248	3,248		0	89
Wyoming*	44	481	49	574	539		36	.
<b>FAR WEST</b>								
Alaska	NA	NA		NA	NA		NA	NA
California*	774	55,383		56,157	55,416		741	.
Hawaii	43	3,206		3,249	3,208		41	0
Nevada	113	1,557		1,670	1,546		124	129
Oregon*	536	4,565		5,101	4,593		508	20
Washington*	708	9,856		10,564	9,704		861	.
<b>TERRITORIES</b>								
Puerto Rico	0	6,552		6,552	6,552		0	26
<b>Total</b>	<b>\$14,906</b>	<b>\$423,466</b>	<b>--</b>	<b>\$438,372</b>	<b>\$426,083</b>	<b>--</b>	<b>\$11,246</b>	<b>\$9,441</b>

NOTE: NA indicates data are not available.

\*See Notes to Table A-3.



## 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.

Arizona	Revenues reflect a proposed tax reduction of \$210 million.
Arkansas	A balanced budget reserve fund was created by the Eighty-First General Assembly and consists of one-time surplus monies for agency operations.
California	The ending balance includes a budget stabilization fund of \$296 million.
Colorado	Expenditure adjustments include an automatic tax refund. The ending balance includes a budget stabilization fund of \$187.8 million.
Connecticut	Figures include federal reimbursements, such as Medicaid.
Delaware	The ending balance includes a budget stabilization fund of \$107.7 million.
Georgia	Revenue adjustments reflect a phaseout of the sales tax on groceries, effective October 1, 1996.
Indiana	Expenditure adjustments include those for "Year 2000" projects, auto excise tax distribution, local property tax relief, and pensions.
Iowa	Revenue adjustments include \$52.9 million in gaming revenues diverted to the Rebuild Iowa Infrastructure Fund, \$126.6 million to reduce personal income tax rates, \$58.7 million in recommended reductions in personal income taxes, and a \$34.3 million reduction of inheritance taxes. Revenue adjustments also reflect a \$26.1 million reduction for mental health institution funding changes, an \$18.5 million reduction in revenue because of federal tax legislation, a \$4 million reduction in sales tax to exempt the Internet, and \$0.9 million in other tax additions. In addition to the tax relief for fiscal 1997 and fiscal 1998, the Governor recommends an additional \$7.4 million for fiscal 1999.
Kentucky	Revenue adjustments include revenue losses from several tax cut initiatives, a continuing appropriations reserve, and fund transfers. Expenditure adjustments include a reserve for continuing appropriations.
Louisiana	Revenue adjustments will occur if sales tax exemptions are suspended (i.e., if the current sales tax base is continued into fiscal 1998-99).
Maine	Revenue figures were adjusted for the change to a modified accrual basis.
Massachusetts	These figures incorporate data for Massachusetts' three major funds—the general fund, the highway fund, and the local aid fund—because Massachusetts uses all three funds, whereas most states, which typically have far fewer dedicated funds, use just their general fund.
Michigan	Revenue adjustments include \$-46.2 million for the income tax exemption increase, \$-33 million for the income tax senior citizens dividend and interest exclusion, \$-100 million in intangibles tax reductions, \$-54.2 million in single business tax apportionment/CAD, and \$43.2 million in school aid payment schedule change interest savings. Expenditure adjustments reflect a \$0.9 million deposit of the ending balance in the budget stabilization fund.
Minnesota	The rainy day fund balance includes \$350 million from the cash-flow account, \$582 million from the budget reserve account, \$365 million from the property tax reserve account, and \$230 million from the income tax reduction account, totaling \$1,527 million.
Mississippi	Revenue adjustments reflect a 2 percent budget reduction statute.
Montana	Revenue adjustments primarily represent residual equity transfers. Expenditure adjustments reflect advances to other funds.
Nebraska	Revenue adjustments are transfers among the general fund and other funds.
New Hampshire	Revenue adjustments include the Revenue Max Project. The balance in the health care transition fund is \$50.9 million.
New Jersey	The ending balance includes a budget stabilization fund of \$504.5 million.
New Mexico	Expenditure adjustments reflect transfers from operating reserves. The ending balance includes a budget stabilization fund of \$163.2 million.
New York	The ending balance includes a budget stabilization fund of \$400 million. Note that these estimates were prepared at the time of the Governor's Thirty-Day Amendments to the 1998-99 Executive Budget.
North Carolina	Data represent the current authorized expenditure and revenue for the 1997-99 biennium. The Governor will present revised estimates for fiscal 1998 and a revised recommendation for fiscal 1999 at the May 1998 session of the general assembly.
North Dakota	The ending balance includes a budget stabilization fund of \$17 million.
Ohio	The general fund includes federal reimbursements for Medicaid, Temporary Assistance for Needy Families, and several other human services programs. The beginning balance is undesignated, unreserved fund balances. The actual cash balance would be higher by the amount reserved for encumbrances and transfers to the rainy day fund in each year. Ohio reports expenditures based on disbursements from the general fund. Because Ohio budgets biennially, fiscal 1999 expenditures reflect already-appropriated amounts, not recommendations. Expenditure adjustments include an estimated transfer of \$34.2 million to the budget stabilization fund and other miscellaneous transfers-out of \$32.8 million.
Oklahoma	Revenue adjustments are for a transfer to the rainy day fund and the cash-flow reserve fund.

## NOTES TO TABLE A-3 (continued)

Oregon	The beginning balance is estimated for the end of the fiscal year, based on biennial starting and ending points. The biennial budget estimation for total expenditures is assumed to be 48 percent for the first year and 52 percent for the second year, adjusted for a \$75 million lottery bond fund payment. The rainy day fund balance reflects the figures at the beginning of the fiscal year. The fund balance is also included in the total expenditures figure.
Pennsylvania	Expenditures reflect the total amount appropriated. Expenditure adjustments include a transfer to the rainy day fund (\$2 million) that is expected to occur in the following fiscal year.
Rhode Island	Total resources are net of transfers to the budget reserve fund and include other financing uses.
South Carolina	The ending balance includes a budget stabilization fund of \$137.6 million.
South Dakota	Revenue adjustments include transfers from the budget reserve fund and obligated cash carried forward. Expenditure adjustments include transfers to the budget reserve fund and other funds. Also included in expenditures are future obligations against cash.
Tennessee	Expenditure adjustments reflect a \$13 million transfer to the capital projects fund from general fund revenues. The ending balance includes a budget stabilization fund of \$127 million.
Utah	The 1998 legislature adopted the following amounts for fiscal 1999: a beginning balance of \$41.9 million, revenues of \$3,195.5 million, total resources of \$3,237.4 million, total expenditures of \$3,237.1 million, and an ending balance of \$0.3 million.
Vermont	Expenditures include a \$1.7 million transfer to the general fund budget stabilization reserve and a \$1.1 million transfer to the transportation fund.
Washington	The ending balance includes a budget stabilization fund of \$193.8 million.
Wisconsin	The ending balance includes a budget stabilization fund of \$99.4 million.
Wyoming	The ending balance includes a budget stabilization fund of \$4.8 million. Revenue adjustments represent budgeted interfund transfers.

TABLE A-4

**Nominal Percentage Expenditure Change,  
Fiscal 1998 and Fiscal 1999\*\***

<i>Region/State</i>	<i>Fiscal 1998</i>	<i>Fiscal 1999</i>
<b>NEW ENGLAND</b>		
Connecticut	2.3%	3.8%
Maine	3.5	8.7
Massachusetts	-3.0	3.5
New Hampshire	9.4	2.9
Rhode Island	6.0	3.3
Vermont*	8.4	-9.5
<b>MID-ATLANTIC</b>		
Delaware	10.0	5.2
Maryland	5.8	7.4
New Jersey	5.0	5.3
New York	7.0	2.5
Pennsylvania	4.4	3.0
<b>GREAT LAKES</b>		
Illinois	7.5	5.3
Indiana	6.6	4.3
Michigan	3.5	1.9
Ohio	7.4	5.1
Wisconsin	4.9	1.4
<b>PLAINS</b>		
Iowa*	5.8	4.1
Kansas	8.5	6.4
Minnesota	6.1	8.0
Missouri	0.9	5.2
Nebraska	5.8	10.1
North Dakota	4.2	8.5
South Dakota	10.4	4.1
<b>SOUTHEAST</b>		
Alabama	4.1	3.1
Arkansas	3.0	5.4
Florida	10.8	3.3
Georgia	8.0	0.6
Kentucky	7.4	1.6
Louisiana	-4.5	2.8
Mississippi	7.2	4.8
North Carolina	10.5	-0.3
South Carolina	9.2	-1.3
Tennessee	7.5	5.1
Virginia	7.8	12.5
West Virginia	7.4	-1.7
<b>SOUTHWEST</b>		
Arizona	7.7	8.4
New Mexico	2.3	2.8
Oklahoma	8.2	6.2
Texas	9.8	-0.9
<b>ROCKY MOUNTAIN</b>		
Colorado	7.4	7.2
Idaho	4.2	7.7
Montana	2.4	2.1
Utah	0.5	8.4
Wyoming	1.4	6.4
<b>FAR WEST</b>		
Alaska	NA	NA
California	8.0	4.5
Hawaii	1.9	-1.2
Nevada	-6.5	6.5
Oregon	6.9	10.1
Washington	2.9	3.4
<b>TERRITORIES</b>		
Puerto Rico	7.3	7.5
<b>Average</b>	<b>6.1%</b>	<b>3.8%</b>

NOTES: See Notes to Table A-4.

\*\*Fiscal 1998 reflects changes from fiscal 1997 expenditures (actual) to fiscal 1998 expenditures (estimated). Fiscal 1999 reflects changes from fiscal 1998 expenditures (estimated) to fiscal 1999 expenditures (recommended).

**NOTES TO TABLE A-4**

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Iowa	These percentage change figures reflect expenditures as adjusted.
Vermont	These percentage change figures are based on fiscal 1998 expenditures that include a \$32 million transfer to the education fund and other general fund appropriations that will become a separate education fund in fiscal 1999.

TABLE A-5

## Fiscal 1998 Tax Collections Compared With Projections Used in Adopting Fiscal 1998 Budgets (Millions)\*

Region/State	Sales Tax		Personal Income Tax		Corporate Income Tax		Total Revenue Collection**
	Original Estimate	Current Estimate	Original Estimate	Current Estimate	Original Estimate	Current Estimate	
NEW ENGLAND							
Connecticut	\$2,695	\$2,755	\$3,135	\$3,396	\$626	\$623	H
Maine	739	739	724	724	90	102	H
Massachusetts	2,875	2,868	7,162	7,512	900	992	H
New Hampshire	0	0	0	0	188	190	H
Rhode Island	504	516	635	676	63	66	H
Vermont	194	198	324	342	46	52	T
MID-ATLANTIC							
Delaware	NA	NA	708	730	93	93	H
Maryland	2,171	2,167	3,798	4,002	251	245	H
New Jersey	4,550	4,720	5,036	5,340	1,382	1,375	H
New York	7,238	7,271	18,865	18,502	1,972	1,978	H
Pennsylvania	6,146	6,104	5,819	6,034	1,658	1,658	H
GREAT LAKES							
Illinois	5,140	5,240	6,375	6,575	1,100	1,125	T
Indiana	3,200	3,263	3,277	3,362	1,040	1,040	H
Michigan	1,465	1,463	4,541	4,550	2,390	2,352	T
Ohio	5,170	5,170	5,645	5,645	1,160	1,160	H
Wisconsin	3,015	3,000	4,810	4,920	646	645	H
PLAINS							
Iowa	1,320	1,300	2,145	2,233	295	300	T
Kansas	1,290	1,500	1,520	1,645	230	295	H
Minnesota	3,199	3,216	4,160	4,525	697	782	H
Missouri	1,577	1,635	3,531	3,670	510	475	H
Nebraska	793	798	895	963	133	135	H
North Dakota	321	324	163	173	45	54	H
South Dakota	386	390	NA	NA	NA	NA	H
SOUTHEAST							
Alabama	1,270	1,232	1,691	1,735	209	214	T
Arkansas	1,452	1,452	1,496	1,496	238	238	H
Florida	12,808	12,839	NA	NA	1,286	1,394	H
Georgia	4,102	3,915	4,619	4,806	725	752	T
Kentucky	1,976	1,954	2,208	2,345	309	337	H
Louisiana	1,959	1,952	1,338	1,372	381	351	H
Mississippi	1,183	1,186	841	843	284	286	H
North Carolina	3,249	3,277	5,547	5,742	680	695	H
South Carolina	1,706	1,721	2,019	2,068	225	185	H
Tennessee	4,057	4,085	128	133	577	524	H
Virginia	1,903	1,934	4,811	5,206	395	449	T
West Virginia	802	802	814	843	153	153	H
SOUTHWEST							
Arizona	2,250	2,303	1,629	1,804	502	670	H
New Mexico	1,344	1,340	723	722	160	190	H
Oklahoma	1,194	1,250	1,669	1,835	224	201	H
Texas	11,802	11,802	NA	NA	1,832	1,832	T
ROCKY MOUNTAIN							
Colorado	1,459	1,523	2,734	2,870	208	262	H
Idaho	514	498	732	750	123	126	H
Montana	NA	NA	420	420	70	70	T
Utah	1,280	1,250	1,323	1,346	179	188	H
Wyoming	224	225	NA	NA	NA	NA	H
FAR WEST							
Alaska	NA	NA	NA	NA	NA	NA	NA
California	17,330	17,545	25,522	25,980	6,028	5,835	H
Hawaii	1,489	1,454	1,047	1,001	55	59	L
Nevada	546	NA	NA	NA	NA	NA	L
Oregon	NA	NA	3,235	3,279	322	338	H
Washington	4,596	4,710	NA	NA	NA	NA	H
TERRITORIES							
Puerto Rico	469	479	1,995	2,020	1,402	1,506	H
Total	\$134,481	\$134,883	\$147,815	\$152,113	\$30,679	\$31,085	--

NOTES: NA indicates data are not available because, in most cases, these states do not have this type of tax.

\*Original estimates reflect the figures used when the fiscal 1998 budget was adopted, and current estimates reflect the most recent figures.

\*\*KEY: L=Revenues lower than estimates. H=Revenues higher than estimates. T=Revenues on target.

TABLE A-6

## Fiscal 1998 Tax Collections Compared With Projections Used in Proposed Fiscal 1999 Budgets (Millions)\*

Region/State	Sales Tax		Personal Income Tax		Corporate Income Tax	
	Fiscal 1998	Fiscal 1999	Fiscal 1998	Fiscal 1999	Fiscal 1998	Fiscal 1999
<b>NEW ENGLAND</b>						
Connecticut	\$2,755	\$2,895	\$3,396	\$3,315	\$ 623	\$ 568
Maine	739	769	724	759	102	99
Massachusetts	2,868	3,085	7,512	7,821	992	1,038
New Hampshire	0	0	0	0	190	201
Rhode Island	516	532	676	698	66	65
Vermont	198	207	342	344	52	48
<b>MID-ATLANTIC</b>						
Delaware	NA	NA	730	780	93	101
Maryland	2,167	2,245	4,002	4,115	245	249
New Jersey*	4,720	4,928	5,340	5,860	1,375	1,510
New York	7,271	7,602	18,502	19,821	1,978	2,012
Pennsylvania	6,104	6,310	6,034	6,216	1,658	1,687
<b>GREAT LAKES</b>						
Illinois *	5,240	5,480	6,575	6,930	1,125	1,160
Indiana	3,263	3,419	3,362	3,545	1,040	1,078
Michigan	1,463	1,532	4,550	4,740	2,352	2,431
Ohio*	5,170	5,407	5,645	6,210	1,160	1,112
Wisconsin	3,000	3,135	4,920	5,165	645	655
<b>PLAINS</b>						
Iowa	1,300	1,372	2,233	2,234	300	315
Kansas	1,500	1,565	1,645	1,617	295	235
Minnesota	3,216	3,385	4,525	4,413	782	771
Missouri	1,635	1,625	3,670	3,840	475	505
Nebraska	798	843	963	1,052	135	135
North Dakota	324	353	173	169	54	46
South Dakota	390	414	NA	NA	NA	NA
<b>SOUTHEAST</b>						
Alabama	1,232	1,278	1,735	1,823	214	225
Arkansas	1,452	1,511	1,496	1,569	238	244
Florida	12,839	13,658	NA	NA	1,394	1,416
Georgia	3,915	4,141	4,806	5,263	752	797
Kentucky	1,954	2,054	2,345	2,482	337	345
Louisiana*	1,952	1,998	1,372	1,478	351	355
Mississippi	1,186	1,255	843	889	286	308
North Carolina	3,277	3,381	5,742	6,179	695	678
South Carolina	1,721	1,806	2,068	2,225	185	185
Tennessee	4,085	4,269	133	138	524	555
Virginia	1,934	2,037	5,206	5,541	449	443
West Virginia	802	828	843	892	153	170
<b>SOUTHWEST</b>						
Arizona	2,303	2,428	1,804	1,878	670	700
New Mexico	1,340	1,393	722	758	190	185
Oklahoma	1,250	1,308	1,835	1,989	201	210
Texas	11,802	12,276	NA	NA	1,832	1,902
<b>ROCKY MOUNTAIN</b>						
Colorado	1,523	1,613	2,870	3,104	262	260
Idaho	498	525	750	795	126	134
Montana	NA	NA	420	440	70	70
Utah	1,250	1,301	1,346	1,478	188	190
Wyoming	225	231	NA	NA	NA	NA
<b>FAR WEST</b>						
Alaska	NA	NA	NA	NA	NA	NA
California	17,545	18,290	25,980	27,640	5,835	6,175
Hawaii	1,454	1,463	1,001	1,010	59	60
Nevada	NA	594	NA	NA	NA	NA
Oregon	NA	NA	3,279	3,895	338	376
Washington	4,710	4,929	NA	NA	NA	NA
<b>TERRITORIES</b>						
Puerto Rico	479	517	2,020	2,280	1,506	1,671
<b>Total</b>	<b>\$134,883</b>	<b>\$141,669</b>	<b>\$152,113</b>	<b>\$161,106</b>	<b>\$31,085</b>	<b>\$32,004</b>

NOTES: NA indicates data are not available because, in most cases, these states do not have this type of tax.

\*See Notes to Table A-6. Unless otherwise noted, fiscal 1998 figures reflect the most recent tax collection estimates as shown in Table A-5 and fiscal 1999 figures reflect the estimates used in the proposed budgets.

**NOTES TO TABLE A-6**

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Louisiana	The sales tax collection figures reflect the continued suspension of sales tax exemptions.
New Jersey	Corporate income tax figures include amounts from corporate banks and financial institutions.
Ohio	The fiscal 1999 projections were used to write the final budget act in June 1998. No formal reprojections have been done.

TABLE A-7

## Recommended Revenue Changes by Type of Revenue, Fiscal 1999

State	Tax Change Description	Effective Date	Fiscal 1999 Revenue Changes (Millions)
<b>SALES TAXES</b>			
Florida	Expands the types of farming and other activities for which power-driven farm equipment can be used to qualify for the 3 percent tax rate.	7/98	\$-2.7
	Exempts replacement parts used to repair aircraft with a takeoff weight of 20,000 pounds or more. Exempts sale or lease of aircraft with a takeoff weight of 20,000 pounds or more.	7/98	-4.2
Georgia	Removes sales tax on groceries (final year of a three-year phaseout).	NA	-147.0
Hawaii	Increases general excise tax from 4.0 percent to 4.75 percent.	1/99	111.0
Iowa	Provides Internet exemption.	7/98	-4.0
Kansas	Provides exemptions for organizations.	7/98	-2.0
	Adds tax simplicity measures.	7/98	-8.0
New Jersey	Eliminates the sales tax on long-distance telephone calls within the state.	7/98	-24.0
New York	Authorizes a two-week exemption of sales tax on clothing and footwear.	various	-32
	Reflects current-year phase-in of prior tax cuts.	various	-6.3
Ohio	Represents the amount of sales tax revenue that would be generated if the ballot issue submitted to the voters is approved in May 1998. (This measure was not approved.) The general assembly and the Governor proposed this increase to the people for their approval. If approved, the sales tax would increase by one cent, with 50 percent for the education trust fund and 50 percent for property tax relief.	7/98	1,004.0
Oklahoma	Decreases sales tax on food from 4.5 percent to 0.5 percent in increments of one half of one percent per year for eight years.	1/99	-7.5
Utah	Provides for third phase of the implementation of the manufacturing equipment sales tax exemption.	7/98	-11.2
<b>Total—Sales Taxes</b>			<b>\$866.1</b>
<b>PERSONAL INCOME TAXES</b>			
Arizona	Increases dependent exemption from \$2,300 to \$3,000; creates a deduction of up to \$10,000 for elderly dependent care in the home; and decreases rates.	1/98	\$-60.0
Arkansas	Initiates Act 1—deductions.	1/98	-3.3
	Implements Act 328—income tax package.	1/98	-90.6
	Implements Act 1075—income tax deduction for postsecondary education.	1/98	-2.9
Connecticut	Increases the levels of taxable income subject to the lower 3 percent rate. These levels will be expanded further on or after January 1, 1999.	1/98	-75.0
Delaware	Reduces all rates, including a reduction in the top rate from 6.9 percent to 6.7 percent.	1/98	-51.1
Georgia	Raises exemption for filers and dependents to \$2,700 and raises exemption for those age sixty-five and older to \$1,300.	NA	-205
Hawaii	Lowers the top rate to 8.5 percent.	1/99	-149.0
Iowa	Reflects capital gains.	1/98	-18.0
	Provides pension exemption.	1/98	-24.5
	Provides tuition tax credit.	1/98	-3.8
Kansas	Increases standard deduction.	7/98	-16.0
	Increases personal exemption.	7/98	-14.0
	Reflects earned income credit.	7/98	-13.0
	Provides education savings account.	7/98	-1.0
	Provides food sales rebate.	7/98	-5.0
Kentucky	Provides health insurance tax deduction for individuals who do not receive tax benefits from an employer health plan.	NA	-5.0
Louisiana	Requires a state return to be filed only if a federal return is required to be filed.	7/98	-1.0
Maryland	Reflects current-year phase-in of prior-year tax cuts.	various	-127.3



TABLE A-7 (continued)

## Recommended Revenue Changes by Type of Revenue, Fiscal 1999

State	Tax Change Description	Effective Date	Fiscal 1999 Revenue Changes (Millions)
Massachusetts	Lowers the tax rate on earned income (i.e., taxable income that is not dividends, capital gains, or interest earned from non-Massachusetts banks) from 5.95 percent to 5.0 percent over three tax years.	1/99	-206.0
	Reduces the tax rate on unearned (i.e., investment) income from 12 percent to 5 percent over five tax years.	1/99	-30.0
	Provides a \$5,000 exemption for taxpayers who provide more than one half of the support for a relative older than seventy years old who resides with the taxpayer more than eight months of the year.	1/99	-4.0
	Provides an exemption for earnings and distributions from state-approved, managed higher education investment plans, and exempts distributions from education individual retirement accounts (IRAs).	1/99	-0.4
	Provides a tax credit for investing in a state-approved, managed, higher education investment plan or in an education IRA.	1/99	-2.6
	Provides an exclusion for sale of principal residence to conform to federal rules enacted in the Tax Reduction Act of 1997, which allow a simple exclusion of \$250,000 for single filers and \$500,000 for joint filers.	1/99	-2.0
Michigan	Increases personal exemption indexed to inflation.	NA	-90.0
	Increases senior citizen dividend and interest deduction; indexed to inflation beginning in fiscal 1998.	NA	-42.9
	Provides credit for percentage of tuition and fees paid to an institution of higher learning.	NA	-18.5
	Adds additional deduction for a dependent child.	NA	-29.4
Minnesota	Provides an income tax rebate, based on 1998 property tax liability.	NA	-750.0
	Reflects federal update.	various	-9.7
	Reflects expenses for tax-exempt income.	1/98	1.5
	Reflects bank S corporation dividend deduction.	1/98	-5.3
Missouri	Reflects education tax credit.	1/98	-6.5
	Provides a refundable homestead property tax credit of \$70 for all combined taxpayers and \$35 for single taxpayers with an adjusted gross income of up to \$100,000.	1/98	-100.0
	Expands senior citizen and disabled circuit breaker property tax credit. Raises income threshold to \$25,000 for single filers and \$27,000 for combined filers. Expands the number of eligibles, increases the number eligible for maximum credit, and increases the amount for current eligibles.	1/98	-20.0
Nebraska	The Governor's recommendation includes the continuation of a 5 percent income tax reduction that was due to expire.	1/98	-24.0
	The Governor's recommendation includes an additional 2 percent income tax reduction.	1/98	-18.1
New Jersey	Amends state law to conform to recent federal changes governing treatment of capital gains derived from the sale of a principal residence.	5/97	-10.0
New Mexico	Decreases the personal income tax.	NA	-20.0
New York	Reflects current-year phase-in of prior tax cuts.	various	-216.0
	Authorizes acceleration of farmer's tax credit.	1/98	-3.0
	Implements state-funded local school residential property tax reductions.	7/98	-724.0
Ohio	Based on current revenue and expenditure trends, Ohio will likely have a fiscal 1999 income tax decrease based on fiscal 1998 surpluses. This amount will not be known until July 1998.	NA	NA
	Legislation passed in both 1995 and 1996 modified the personal exemption to the state income tax on a phased-in basis. This amount represents the incremental reduction in income taxes due to the phase-in process.	varies	-25.5
Oklahoma	Decreases top marginal tax bracket by 3.5 percent in increments of 0.5 percent for seven years.	1/99	-34.9
Pennsylvania	Raises the eligibility limit on income to qualify for full or partial forgiveness.	1/98	-54.1
Rhode Island	Reduces rate from 27.0 percent to 26.5 percent of federal income tax liability (previously enacted).	1/99	-12.9
South Carolina	Provides a deduction of \$13,000 for taxpayers sixty-five years of age and older.	1998 tax year	-3.0
Virginia	Reflects higher education tuition trust fund tax credit.	7/98	-2.5
Wisconsin	Creates an elementary and secondary education tax credit and deduction and a higher education deduction.	1/98	-101.0
<b>Total—Personal Income Taxes</b>			<b>\$-3,430.3</b>

TABLE A-7 (continued)

## Recommended Revenue Changes by Type of Revenue, Fiscal 1999

State	Tax Change Description	Effective Date	Fiscal 1999 Revenue Changes (Millions)
<b>CORPORATE TAXES</b>			
Arizona	Changes apportionment formula from 25:25:50 (payroll:property:sales) to 25:15:60. Reduces tax rate from 9.0 percent to 8.5 percent. Excludes out-of-state sales from apportionment formula.	1/98	\$-35.0
Connecticut	Eliminates the application of the corporate business tax on private water companies.	1/98	-4.0
Hawaii	Provides a 30 percent reduction.	1/99	-12.0
Kansas	Provides credit on purchase of business machinery.	7/98	-24.0
Kentucky	Provides a tax credit to companies for up to 50 percent of their approved training expenses, limited to \$500 per employee, not to exceed \$100,000 per company.	NA	-2.5
Massachusetts	Lowers bank tax rate over five tax years.	1/95	-32.0
	Modifies research credit for defense manufacturers, phased in over five years.	1/96	-133.0
Michigan	Changes single business tax apportionment formula for 1997 and tax years after 1998.	NA	54.2
	Increases small business income limit beginning in 1998.	NA	-21.6
	Provides credit for expenses paid to or for the benefit of an apprentice, sixteen to twenty years old, without a high school diploma.	NA	-5.2
Minnesota	Reflects federal update.	various	1.0
New York	Reflects current-year phase-in of prior tax cuts.	various	-102.0
Ohio	Changes the corporate franchise tax to reduce the net worth component and close loopholes regarding flow-through entities.	1/99	-26.0
	Changes financial institutions' taxation via the corporate franchise tax. This involves a reduction in the millage rate applied to net assets.	1/99	-15.2
	Over five years, phases in changes to insurance company taxation, eliminating domestic preference provisions and reducing the millage rate applied to net worth.	1/99	-12.2
Pennsylvania	Expands period of time for recovery of net operating losses from three years to ten years.	1/98	-17.8
Virginia	Increases enterprise zone pool size.	7/98	-2.5
<b>Total—Corporate Taxes</b>			<b>\$-389.8</b>
<b>CIGARETTE AND TOBACCO TAXES</b>			
Michigan	Requires a tax stamp to be affixed to all cigarette packs to identify taxes paid.	8/98	\$26.0
<b>Total—Cigarette and Tobacco Taxes</b>			<b>\$26.0</b>
<b>MOTOR FUEL TAXES</b>			
Connecticut	Accelerates the implementation of the three-cent reduction from July 1, 1998, to April 1, 1998, and enhances the reduction by one cent, for a total reduction of four cents.	4/98	\$-13.3
Michigan	Increases the tax per gallon for diesel fuel by four cents.	NA	31.0
Washington	Increases the gas tax by five cents per gallon (three cents to state, two cents to localities).	NA	96.7
<b>Total—Motor Fuel Taxes</b>			<b>\$114.4</b>

TABLE A-7 (continued)

## Recommended Revenue Changes by Type of Revenue, Fiscal 1999

State	Tax Change Description	Effective Date	Fiscal 1999 Revenue Changes (Millions)
<b>OTHER TAXES</b>			
Arizona	Reduces vehicle license tax rate by 15 percent. The general fund absorbs the entire decrease. All other benefiting funds and jurisdictions are to be held harmless.	7/98	\$-100.0
	Extends the current \$50,000 exemption on personal property to each location for those businesses with multiple locations.	8/98	-15.0
Arkansas	Reflects dividend exclusion.	8/97	-1.3
Connecticut	Eliminates the application of the insurance premiums tax on premiums received from policies written for Medicaid managed care plans and health care for uninsured kids and youth plans.	4/98	-4.5
Delaware	Reduces the business and occupational gross receipts tax.	7/98	-2.3
Kansas	Changes inheritance tax to pick up estate tax.	7/98	-23.0
	Extends unemployment contribution moratorium for another year.	7/98	-217.0
	Provides oil production exemption.	7/98	-2.0
Louisiana	Reflects initial year of an eight-year phaseout of the state inheritance tax.	7/98	-6.0
Michigan	Phases out tax by reducing taxpayer liability.	NA	-100.0
Minnesota	Reflects federal update of estate tax.	1/98	-0.9
	Adjusts health maintenance organization surcharge on health care provider tax.	8/97	-1.8
	Reflects medical research tax credit.	1/98	-14.7
New York	Reflects current-year phase-in of prior tax cuts.	various	-29.8
	Authorizes conformity with federal estate tax law.	immediately	-3.0
Oklahoma	Reduces state estate tax by 12.5 percent per year for eight years. Estate tax will become a "pickup" state tax by 2006.	1/99	0.0
Pennsylvania	Reduces capital stock and franchise tax rate by 0.5 mills for tax years beginning on or after January 1, 1998.	1/98	-46.2
	Increases maximum for job creation tax credits.	7/98	-5.0
	Provides tax-free development zones.	7/98	-5.0
Puerto Rico	Transfers special excise tax on certain petroleum products to the Road and Transportation Authority (Act 34 of 1997).	NA	0.0
	Creates a slot machine tax.	NA	0.0
South Carolina	Phases out soft drink tax. (Fiscal 1999 is the third step of a six-year phase-out.)	7/96	-4.6
Virginia	Reflects retaliatory tax credit on insurance premiums tax.	7/98	-2.5
Washington	Reduces motor vehicle excise tax.	NA	-102.2
Wisconsin	Exempts computers and related equipment from the personal property tax. Specifies that computers owned by utilities would continue to be subject to state taxation. Creates an aid payment to be paid each May beginning in 2000 to offset the loss of tax base caused by the computer exemption.	1/99	-64.0
<b>Total—Other Taxes</b>			<b>\$-750.8</b>

TABLE A-7 (continued)

## Recommended Revenue Changes by Type of Revenue, Fiscal 1999

State	Tax Change Description	Effective Date	Fiscal 1999 Revenue Changes (Millions)
<b>FEES</b>			
Florida	Enacts a forty cent per month cell phone surcharge per account charge.	7/98	\$12.7
	Increases the annual registration fee on personal watercraft from \$3.50 to \$18.50.	7/98	1.1
New Jersey	Increases feed, fertilizer, and lime fees, last changed in 1970.	7/98	0.2
	Increases certificate of registration fees, last changed in 1970.	7/98	0.5
	Increases boarding home owner/operator license fees, last changed in 1983.	7/98	0.1
	Increases fee for education background checks, to cover costs.	7/98	0.4
	Increases fee for freshwater wetlands, to help cover costs.	7/98	0.2
	Increases fee for stream encroachment, to help cover costs.	7/98	0.1
	Increases fee for treatment works approval, last changed in 1989.	7/98	0.1
	Increases hazardous waste fees.	7/98	0.2
	Increases parks management fees, to help cover costs.	7/98	0.3
	Increases fee for New Jersey pollutant discharge elimination system.	7/98	0.2
	Increases police and fire application fees.	7/98	1.2
	Increases notaries public fees, last changed in 1987.	7/98	0.8
	Increases change-of-agent fee, last changed in 1988.	7/98	0.2
	Increases certificate-of-authority fee, last changed in 1988.	7/98	0.3
	Reduces fee for personalized license plates.	7/98	0.2
	Establishes fee for high-rise vehicle inspection.	7/98	0.2
	Increases fee for boat registration, last changed in 1972.	7/98	1.1
	Establishes fee to support in-terminal school bus inspections.	7/98	1.5
	Increases auto dealer fees, last changed in 1968.	7/98	3.5
New York	Reflects current-year phase-in of rate cuts of assessments on medical facility providers.	various	-56.3
	Authorizes a 25 percent reduction in passenger vehicle registration fees.	7/98	-47.0
South Carolina	Bans video poker machines.	6/99	-61.0
<b>Total—Fees</b>			<b>\$-139.2</b>

NOTES: NA indicates data are not available.

TABLE A-8

## Recommended Revenue Measures, Fiscal 1999

<i>State</i>	<i>Description</i>	<i>Effective Date</i>	<i>Proposed Changes (Millions)</i>
Colorado	Provides for cash funding of disproportionate share of hospital contributions and transfers.	7/98	\$-63.0
Iowa	Conforms to federal changes.	NA	-11.7
Kansas	Accelerates single/married rate equity.	7/98	-31.0
New Jersey	Establishes an assessment on intermediate care facilities/mental retardation beds.	7/98	10.0
New York	Authorizes extension of parimutuel tax cut.	7/98	-3.0
	Authorizes increase of fees on stationary sources of air pollution.	1/98	4.4
Rhode Island	Transfers to the general fund excess sales tax funds dedicated to, but not required for, debt service.	7/98	15.0
	Transfers the value of an additional one cent of the motor fuels tax to the department of transportation (previously enacted).	7/98	4.4
	Transfers the value of an additional one half cent of the motor fuels tax to the department of transportation.	7/98	2.2
	Transfers the value of an additional one cent of the motor fuels tax to the Rhode Island Public Transit Authority.	7/98	4.4
	Extends hospital licensing fee at the current rate of 2 percent.	7/98	37.4
	Transfers a portion of retained earnings of the Rhode Island Resource Recovery Corporation to the general fund.	7/98	4.0
Texas	Provides for a two-month delay in the transfer of fuels tax to the highway fund.	6/99	319.9
Washington	Increases credit on sales/use tax for rural community infrastructure investment.	NA	-9.9
	Establishes various credits and exemptions to business and occupations taxes.	NA	-94.9

NOTE: NA indicates data are not available.

TABLE A-9

## Total Balances and Balances as a Percentage of Expenditures, Fiscal 1997 to Fiscal 1999\*

Region/State	Total Balances (Millions)**			Balances as a Percent of Expenditures		
	Fiscal 1997	Fiscal 1998	Fiscal 1999	Fiscal 1997	Fiscal 1998	Fiscal 1999
<b>NEW ENGLAND</b>						
Connecticut	\$504	\$516	\$392	5.4%	5.4%	4.0%
Maine	62	68	19	3.5	3.7	1.0
Massachusetts	998	999	912	5.5	5.7	5.0
New Hampshire	19	20	33	2.2	2.2	3.4
Rhode Island	101	111	60	5.7	5.9	3.1
Vermont	35	36	46	4.6	4.3	6.1
<b>MID-ATLANTIC</b>						
Delaware	393	392	335	22.2	20.2	16.4
Maryland	697	837	697	9.5	10.7	8.3
New Jersey	1,108	1,021	648	7.0	6.1	3.7
New York	433	465	550	1.3	1.3	1.5
Pennsylvania	814	764	516	4.9	4.4	2.9
<b>GREAT LAKES</b>						
Illinois	806	775	750	4.4	3.9	3.6
Indiana***	1,844	1,731	1,636	23.2	20.5	18.5
Michigan	1,205	1,038	1,020	14.5	12.1	11.6
Ohio	1,012	1,123	1,019	6.2	6.4	5.5
Wisconsin	321	363	420	3.5	3.7	4.3
<b>PLAINS</b>						
Iowa	779	807	666	19.4	18.7	14.7
Kansas	528	595	393	14.9	15.5	9.6
Minnesota	1,995	2,231	1,627	20.9	22.0	14.9
Missouri	355	400	190	5.5	6.1	2.8
Nebraska	396	393	292	21.2	19.8	13.4
North Dakota	82	93	55	12.0	13.0	7.1
South Dakota	25	30	35	3.9	4.2	4.8
<b>SOUTHEAST</b>						
Alabama	23	0	0	0.5	0.0	0.0
Arkansas	0	0	0	0.0	0.0	0.0
Florida	1,292	1,037	874	8.4	6.1	4.9
Georgia	1,067	407	430	9.7	3.4	3.6
Kentucky	484	430	200	8.6	7.1	3.2
Louisiana	135	139	140	2.3	2.5	2.4
Mississippi	306	279	233	11.1	9.5	7.5
North Carolina	819	622	828	7.8	5.4	7.2
South Carolina	574	279	230	12.4	5.5	4.6
Tennessee	276	321	221	5.0	5.4	3.6
Virginia	411	647	361	5.0	7.3	3.6
West Virginia	220	68	68	8.9	2.6	2.6
<b>SOUTHWEST</b>						
Arizona	761	787	410	15.5	14.9	7.2
New Mexico	81	152	145	2.7	5.0	4.6
Oklahoma	534	613	648	13.8	14.6	14.5
Texas	2,387	1,216	1,023	9.6	4.5	3.8
<b>ROCKY MOUNTAIN</b>						
Colorado	375	325	188	8.3	6.7	3.6
Idaho	41	50	38	2.9	3.4	2.4
Montana	30	27	31	3.0	2.7	3.0
Utah	144	129	89	4.8	4.3	2.7
Wyoming	52	44	36	10.4	8.7	6.6
<b>FAR WEST</b>						
Alaska	NA	NA	NA	NA	NA	NA
California	906	774	741	1.8	1.5	1.3
Hawaii	136	43	41	4.3	1.3	1.3
Nevada	237	242	253	15.3	16.6	16.4
Oregon	812	574	528	20.8	13.8	11.5
Washington	513	708	861	5.6	7.5	8.9
<b>TERRITORIES</b>						
Puerto Rico	80	27	26	1.4	0.4	0.4
<b>Total</b>	<b>\$27,128</b>	<b>\$24,719</b>	<b>\$20,927</b>	<b>7.0%</b>	<b>6.0%</b>	<b>4.9%</b>

NOTES: NA indicates data are not available.

\*Fiscal 1997 are actual figures, fiscal 1998 are estimated figures, and fiscal 1999 are recommended figures.

\*\*Total balances include both the ending balance and balances in budget stabilization funds.

\*\*\*For Indiana, total balance includes \$240 million of tuition reserve. Tuition reserve is the amount from general fund reserved for the July tuition support distribution to local elementary and secondary schools.