The Fiscal Survey of States

December 2004

National Governors Association
National Association of State Budget Officers

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Preface

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

The field survey on which this report is based was conducted by NASBO in August through November 2004. The surveys were completed by Governors' state budget officers in the 50 states.

Fiscal 2003 data represent actual figures, fiscal 2004 figures are preliminary actual, and fiscal 2005 data reflect appropriations.

Forty-six states begin their fiscal years in July and end them 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. Additionally, 20 states operate on a biennial budget cycle.

NASBO staff members Nick Samuels and Greg Von Behren compiled the data and prepared the text for the report. Dotty Esher of State Services Organization provided typesetting services.

Executive Summary

After the most severe fiscal downturn in 60 years, state finances have improved somewhat, although they are still below long-term national averages. Overall, revenues are exceeding projections and expenditure growth is occurring although balances continue to remain below adequate levels and states still face significant spending pressures.

This edition of *The Fiscal Survey of States* reflects actual fiscal 2003, preliminary actual fiscal 2004, and appropriated fiscal 2005 figures. Data were collected during fall 2004.

State Spending

After two years of unprecedented, almost flat growth, fiscal 2004 general fund spending increased by 3 percent above fiscal 2003 levels. Based on fiscal 2005 appropriations, spending will increase by 4.5 percent over prior year levels. Expenditures include one-time spending from surplus funds, transfers into budget stabilization funds and other reserve funds, and payments to local governments to reduce property taxes. Findings include the following:

Fifteen states reduced their enacted budgets in fiscal 2004 by nearly $2.2 billion, an improvement from previous years in terms of the number of states and dollar amount of the cuts. In fiscal 2003, 40 states cut previously enacted budgets by $11.8 billion.

Medicaid spending continues to hound state budgets. States estimate fiscal 2005 growth rates of 12.1 percent in state funds and 3.9 percent in federal funds. The large discrepancy between the rates of growth is a result of the temporary FMAP increase as part of the state fiscal relief package. Medicaid is a significant cost pressure for states. Even with extensive cost continament and fiscal relief, Medicaid expenditures have exceeded the amount that had been originally budgeted for the program. Twenty-three states experienced Medicaid shortfalls in fiscal 2003 and 18 states anticipated shortfalls in fiscal 2004. The shortfalls as a percentage of the total Medicaid program in fiscal 2003 ranged from less than 1 percent to 16.4 percent of the program costs, averaging 4.6 percent. The combined amount of the shortfalls in fiscal 2003 and fiscal 2004 totaled nearly $7 billion.

State expenditures have begun to increase slightly but remains below the 27 year average. In fiscal 2004 and fiscal 2005, state expenditures grew by 3 percent and 4.5 percent, respectively.

Three states report negative growth budgets in fiscal 2005—down from 2003 when 21 states enacted negative growth budgets.

States continue to provide Temporary Assistance for Needy Families (TANF) to achieve self-sufficiency. In fiscal 2005, five states have increased their cash assistance benefit levels ranging from 0.6 percent to 2.8 percent. Only one state is decreasing cash benefit levels.

State Revenue Actions

After several years of failing to meet expectations, revenue collections in fiscal 2004 narrowly exceeded budgeted estimates in nearly every state. In fiscal 2005, 24 states enacted tax and fee changes totaling a net increase of $3.5 billion. In addition, they enacted other measures that enhance general fund revenue but that do not affect taxpayer liability totaling $3.4 billion.

In fiscal 2005, the largest tax and fee increases occurred in cigarette and tobacco taxes ($888.4 million), sales taxes ($710.6 million), and other taxes ($707.7 million).

Thirty-five states reported that revenues exceeded budgeted amounts in fiscal 2004. Ten states reported revenues to be on target and five states reported revenues below original projections.

Collections of sales, personal income, and corporate income taxes are projected to increase by 7.1 percent over prior year tax collections in fiscal 2005, based on enacted budgets.

Year-End Balances

Year-end balances—which include both ending balances and the balances in budget stabilization funds, unless noted otherwise—play a critical role in providing states with necessary resources to deal with unforeseen fiscal downturns. Total balances in the years covered in this report remain below what are generally considered an adequate financial cushion.

Total balances were $16.4 billion or 3.2 percent of expenditures in fiscal 2003, $25.3 billion or 4.8 percent of expenditures in fiscal 2004, and $18.6 billion or 3.4 percent of expenditures in fiscal 2005.

State Expenditure Developments

CHAPTER ONE

Budget Management in Fiscal 2004

Amid a slowly recovering economy, many states realized slight revenue gains in fiscal 2004. As a result, many states have been able to increase spending and fewer have been forced to cut their already enacted budgets, and the cuts that did occur were smaller than in previous years. This is relative to the last three years of fiscal stress. In fiscal 2004, 15 states made cuts to enacted budgets, totaling nearly $2.2 billion. Four states have cut their current fiscal 2005 budgets by $1.3 billion. By comparison, 38 states cut their budgets by nearly $13.7 billion in fiscal 2002 and 40 states cut their enacted budgets by $11.8 billion in fiscal 2003, the highest dollar amount and number of cuts since this report began, respectively. The trend of exempting programs such as K-12 education, Medicaid, and debt service has continued.

In addition to cutting enacted budgets, states use an assortment of strategies to keep their budgets balanced throughout the fiscal year. In fiscal 2004, six states enacted across-the-board spending cuts, four states drew from rainy day funds, three states laid off employees, and several states reduced aid to local governments, reorganized programs, increased fees, and furloughed employees. In addition, 17 states took a variety of other measures to reduce or eliminate budget gaps (see Appendix Table A-5).

These other methods include fund shifts, loans, transfers, allotment rescissions, debt service restructuring, closing tax loopholes, targeted cuts, and hiring freezes. Highlighting improved fiscal conditions, the number of states taking measures to deal with budget imbalances as a whole has declined significantly across all categories (see Notes to Appendix Table A-5).

State Spending for Fiscal 2005

This report captures only state general fund spending, the primarily discretionary expenditure of revenues derived from general sources not earmarked for specific items. According to the most recent edition of NASBO's *State Expenditure Report*, estimated fiscal 2004 state spending from all sources is estimated to be nearly $1.2 trillion, with the general fund representing 43 percent of the total. The components of total state spending are: Medicaid, 21.9 percent; elementary and secondary education, 21.5 percent; higher education, 10.5 percent; transportation, 7.9 percent; corrections, 3.4 percent; public assistance, 2.1 percent; and all other expenditures, 32.6 percent.

Components of state spending within the general fund specifically are elementary and secondary education, 35.2 percent; Medicaid, 16.5 percent; higher education, 11.5 percent; corrections, 7 percent; public assistance, 2.3 percent; transportation, 0.7 percent; and all other expenditures, 26.8 percent. Elementary and secondary education has dominated state spending since fiscal 1993, while Medicaid has been the second largest and fastest growing component of state spending—both from state general funds and from all spending sources.

In nominal terms, general fund expenditures in fiscal 2004 and fiscal 2005 have grown but are still well below the 27 year average. In fiscal 2004, state general fund expenditures were approximately $523.5 billion, an increase of 3 percent from prior year levels. Based on fiscal 2005 appropriations, states will increase spending above fiscal 2004 levels by 4.5 percent, to $547.3 billion. Since 1979, nominal state spending has increased at an average of 6.3 percent (see Table 2 and Figure 1).

Even though the overall fiscal situation seems to be getting better in many states, most are still keeping expenditures reigned in, especially considering pent-up demand that resulted from the recent fiscal crisis. Fiscal 2004 data show that expenditures grew less than 5 percent in nearly two-thirds of the states, and that nine states experienced negative budget growth during the same period. In fiscal 2005, nearly half the states appropriated expenditures of less than 5 percent above prior year levels; 15 states will increase expenditures ranging from 5 to 10 percent, eight states will increase expenditures by more than 10 percent, and three states will have negative growth budgets. This is a dramatic improvement from fiscal 2003 when 21 states reported negative expenditure growth—the highest number of states since the first edition of this report (see Table 3 and Appendix Table A-4).

TABLE 1

Budget Cuts Made After the Fiscal 2004 and Fiscal 2005 Budgets Passed

State	*FY 2004 Size of Cuts ($ in Millions)*	*FY 2005 Size of Cuts ($ in Millions)*	*Programs or Expenditures Exempted from Cuts*
California	$690.9		Legislative Branch.
Georgia	308.8	$661.8	The Homeowner Property Tax Relief Grant program ($380 million), Debt Service, Motor Fuel Funds, Lottery Funds and Tobacco Settlement Funds are exempt from reductions in fiscal 2004 and fiscal 2005.
Hawaii	28.9		---
Illinois	N/A	N/A	Grades K through 12 and Social Services Programs.
Iowa	74.2		Under current law, agencies designated as Charter agencies, the Legislative Branch and the Judicial Branch are exempt from a Governor initiated across the board reduction.
Kentucky	147.4		Elementary and Secondary Education was exempted with the exception of capturing excess funds appropriated resulting from overestimates of the number of students and the cost of school districts' health insurance.
Maine	109.0		General Purpose Aid, Corrections Department, Debt Service, Teacher Retirement, and Inland Fish & Wildlife.
Michigan	398.0	522.4	In fiscal 2004, Medicaid eligibility and covered services; mental health services and provider rates; benefits for needy families and disabled adults; day care benefits; college student scholarships; payment rates for foster care and child caring agencies; local public health operations; veterans' services; environmental protection programs; and economic development programs. In the recently enacted fiscal 2005 budget, Medicaid eligibility; mental health services and provider rates; benefits for needy families and disabled adults; day care benefits; payment rates for foster care and child caring agencies; local public health operations; veterans' services; environmental protection programs; arts and cultural grants; higher education funding contingent upon tuition restraint; library funding; revenue sharing to cities, villages, and townships; special education funding; and Welfare-to-Work programs.
Nebraska	105.0		
New Hampshire	20.0	25.0	Local aid to cities & towns.
New Jersey	83.0		State Aid, State Institutions, Debt Service.
Ohio	86.5	116.4	Debt service, including lease rental contracts and all state office building rent, pension payments made by the Treasurer of State, property tax rollback, homestead exemption and tangible personal property tax exemptions as well as the state's primary job-creation programs; basic aid to primary and secondary education; higher education basic aid and student financial aid; and, the PASSPORT program, which provides in-home care for seniors, and other selected programs in fiscal 2004 and fiscal 2005.
South Carolina	43.0		Debt Service, Scholarships, Local Government Fund, National Guard Pension Fund.
Virginia	53.8		State Aid to K-12 Education; Special Education; Medicaid; Public Assistance programs; Child Protective Services; State operated facilities for the mentally ill, veterans, developmentally disabled; aging services; bioterrorism preparedness.
West Virginia	19.5		Legislature, judicial, debt service, Lease Rental Payments, Public Defender Services, CHIP's, Public Education, Medicaid, Corrections and State Police.
Total	$2,168.0	**$1,325.6**	**—**

SOURCE: National Association of State Budget Officers.

State Cash Assistance Increased Under the Temporary Assistance for Needy Families Program

Since welfare reform was passed in 1996, states have focused on providing supportive services for families to achieve self-sufficiency rather than cash assistance. For fiscal 2005, 44 states maintain the same cash assistance benefit levels that were in effect in fiscal 2004. Five states have increased cash assistance benefit levels—ranging from 0.6 percent to 2.8 percent—and one state has decreased cash assistance benefit levels (see Table 4 and Notes to Table 4).

The Temporary Assistance for Needy Families (TANF) program had an original expiration date of September 30, 2002. The program has been extended since the authorization expired. The current extension continues the TANF program through March 31, 2005 at fiscal 2002 levels until the program is reauthorized.

Medicaid Pressure on State Budgets

Medicaid is a means-tested entitlement program financed by the states and the federal government that provides medical care for more than 50 million low-income individuals. Medicaid expenditures are approximately 22 percent of all state spending, while spending on all health care functions constitutes approximately 31 percent of state spending.

Growth in Medicaid Spending. For governors' proposed fiscal 2005 budgets (reported in the spring 2004 edition of the *Fiscal Survey of States*), states estimated Medicaid growth rates of 12.1 percent in state funds and 3.9 percent in federal funds. The large variance in rates of growth for the federal and state shares are attributable to the temporary increase of 2.95 percent in the Federal Medical Assistance Percentage (FMAP) that was in effect from April 2003 through June 2004 as part of state fiscal relief.

Even with extensive cost containment and fiscal relief, Medicaid expenditures have exceeded the amount that had been originally budgeted for the program. Twenty-three states experienced Medicaid shortfalls in fiscal 2003 and 18 states anticipated shortfalls in fiscal 2004. The shortfalls as a percentage of the total Medicaid program in fiscal 2003 ranged from less than 1 percent to 16.4 percent of the program costs, averaging 4.6 percent. The combined amount of the shortfalls in fiscal 2003 and fiscal 2004 totaled nearly $7 billion.

Medicaid Cost Containment Actions. States have been able to maintain a growth rate below private insurance levels due to the cost containment efforts used by all 50 states. For instance, every state implemented at least one new Medicaid cost containment strategy in fiscal 2004 according to the Kaiser Commission on Medicaid and the Uninsured. During the past four years, states have taken aggressive actions to control Medicaid costs. Even so, 39 states faced increased pressure and 12 states faced constant pressure to control Medicaid costs, the Kaiser report said.

States are faced with the same cost pressures affecting private insurance, such as double-digit increases in prescription drug costs and rising medical services. Enrollment increases also played a major role in the growth of Medicaid spending. Enrollment increased 5.2 percent in fiscal 2004 and an additional 4.7 percent estimated for fiscal 2005, according to the Kaiser Commission on Medicaid and the Uninsured.

The Jobs and Growth Tax Relief Reconciliation Act 2003, which included state fiscal relief, helped states by providing a temporary increase in the federal Medicaid matching rate, which provided $10 billion in fiscal relief to states during fiscal 2003 and fiscal 2004. The funds were used in a variety of ways to assist in Medicaid programs. About three-fourths of the states used the funds to avoid, minimize, or postpone Medicaid cost containment measures and/or to resolve a shortfall in the Medicaid budget. The remainder of states held the funds in reserve, have yet to make a decision on some or all of the funds, or increased programs.

States continue to feel pressure in funding Medicaid. The extensive cost containment efforts of states

FIGURE 1

Annual Percentage Budget Increases, Fiscal 1979 to Fiscal 2005

See Page 47

SOURCE: National Association of State Budget Officers.

TABLE 2

State Nominal and Real Annual Budget Increases, Fiscal 1979 to Fiscal 2005

	State General Fund	
Fiscal Year	*Nominal Increase*	*Real Increase*
2005*	4.5%	1.8%
2004*	3.0	0.3
2003	0.6	-2.4
2002	1.3	-1.4
2001	8.3	4.0
2000	7.2	4.0
1999	7.7	5.2
1998	5.7	3.9
1997	5.0	2.3
1996	4.5	1.6
1995	6.3	3.2
1994	5.0	2.3
1993	3.3	0.6
1992	5.1	1.9
1991	4.5	0.7
1990	6.4	2.1
1989	8.7	4.3
1988	7.0	2.9
1987	6.3	2.6
1986	8.9	3.7
1985	10.2	4.6
1984	8.0	3.3
1983	-0.7	-6.3
1982	6.4	-1.1
1981	16.3	6.1
1980	10.0	-0.6
1979	10.1	1.5
1979--2005 average	**6.3%**	**1.9%**

NOTE: *The state and local government implicit price deflator, as cited by the Bureau of Economic Analysis in November 2004, is used for state expenditures in determining real changes. Fiscal 2004 figures are based on the change from fiscal 2003 actuals to fiscal 2004 preliminary actuals. Fiscal 2005 figures are based on the change from fiscal 2004 preliminary actuals to fiscal 2005 appropriated.

SOURCE: National Association of State Budget Officers.

combined with the state fiscal relief provided by the federal government largely helped states avoid further cuts to Medicaid services in fiscal 2004. However, long run projections of Medicaid spending growth by both the Congressional Budget Office and the Office of Management and Budget range from 8 to 9 percent. Even after state budgets begin to recover fully, Medicaid cost increases will far outstrip the growth in state revenues into the future.

TABLE 3

Annual State General Fund Expenditure Increases, Fiscal 2004 and Fiscal 2005

	Number of States	
Spending Growth	*Fiscal 2004 (Preliminary Actual)*	*Fiscal 2005 (Appropriated)*
Negative growth	9	3
0.0% to 4.9%	29	24
5.0% to 9.9%	9	15
10% or more	3	8

NOTE: Average spending growth for fiscal 2004 (preliminary actual) is 3.0 percent; average spending growth for fiscal 2005 (appropriated) is 4.5 percent.

SOURCE: National Association of State Budget Officers.

Aid to Local Governments

Twenty-five states made changes affecting aid to local governments in fiscal 2005 (see Table 5). Aid to local governments takes many forms, including direct aid, substitution of state revenues for local revenues, and assumption of local services. For example, New York provided $1.6 billion in net benefits for all classes of local government (counties, cities, towns, villages, and school districts); New Jersey provided $32 million in aid to help municipalities offset costs associated with homeland security; and Nebraska reimbursed counties under the state's homestead exemption programs totaling $ 2.2 million.

Employee Compensation

Approximately 39 states enhanced employee compensation in fiscal 2005, with an average across-the-board increase of approximately 2.7 percent. By comparison, across-the-board increases averaged 3.3 percent in fiscal 2003 and 2.1 percent in fiscal 2004. Eligible employees may receive additional amounts for merit pay, movement along pay scales, and other forms of compensation (see Appendix Table A-8).

TABLE 4

Enacted Changes for Cash Assistance Benefit Levels Under the TANF Block Grant, Fiscal 2005

State	*Percent Change*
California*	2.8%
Illinois	0.7
Michigan*	0.6
South Dakota	1.6
Texas	2.8
West Virginia	-25.0

*See Notes to Table 4.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE 4

California	Effective for nine months in fiscal 2004-2005.
Michigan	The fiscal 2005 enacted budget includes a clothing allowance increase for all children. Currently, school-aged children (ages 4 to 18) receive a clothing allowance of $40 per child. Funding within the enacted budget will provide a $44 clothing allowance to all children, from birth through age 18, representing an average benefit level increase of 0.6 percent.

TABLE 5

Enacted Changes in Aid to Local Governments, Fiscal 2005

California	A $1.3 billion shift of local revenues to the State in 2004-05 and 2005-06. The State will be largely precluded from similar shifts after 2005-06. A total of $273.6 million (100 percent) of mandates were not funded.
Colorado	SB 04-176, signed by the Governor on June 4, 2004, gave the Division of Local Government the authority to promulgate rules, establish guidance and monitor and enforce the provisions of C.R.S. 29-21-101 and 102 for the Conservation Trust Fund (CTF) program. One of the provisions of the Act was the prohibition of eligible entities commingling other funds with their CTF as well as restricting the use of interest earned on CTF to CTF eligible activities only. Eligible entities now have to create a separate CTF fund and interest tracking mechanism. Also, the long bill was adjusted to include an appropriation from the CTF for one FTE to be used for monitoring and compliance at an annual cost of $50,001. This FTE has been hired.
	SB04-198, signed by the Governor on May 27, 2004, transferred the responsibility of administering the state contribution to assist in providing certain benefits to volunteer firefighters from the Fire and Police Pension Association (FPPA) to the Department of Local Affairs. The state contribution to assist volunteer firefighters under this bill is twofold. First, the state will match local property tax contributions to volunteer pension funds and second, the state will purchase a death and disability insurance policy for all volunteer firefighters. The Department will request the State Treasurer's Office to transfer moneys no later than October 31 of each year in an amount that will equal the state's contribution based on the statutorily defined calculation. There are two contribution calculations based on the benefit level paid or expected to be paid by the pension fund (a monthly benefit that is less than or equal to $300 or greater than $300). The amount cannot be conclusively predicted because it depends on the benefit level and the amount of the local contribution. In 2003, the state contribution equaled $3,591,955. We are attempting to get historic data to determine if a possible year-to-year increase trend exists. Additionally, the 2004-05 state budget ("Long Bill") authorizes $30,000 to pay the insurance policy premium. This same amount has been appropriated for many years, with no change. It is possible, at some point, that the required policy may not be purchasable without an increase to the premium amount.
	For the second straight year, the General Assembly failed to provide funding for the Colorado Heritage Planning Grant (CHPG) program in the Office of Smart Growth. This grant program, established in 2000, has awarded almost $1.6 million to local governments working cooperatively around the state to address the impacts of growth and development. Moreover, legislation (HB 04-1417) was passed during the 2004 session that redirected all unencumbered funds in the CHPG Program back into the General Fund effective July 1, 2004. In previous years, the CHPG Program made awards to projects addressing wildfire mitigation, preservation of agricultural land, impact fee studies, landscape codes incorporating water efficiency, transportation planning and the social and economic effects of second homes. Without these grant funds, assistance to local communities attempting to implement growth management policies and plans will be limited.
	In the FY2005 state budget ("Long Bill") process, the General Assembly eliminated the department's line item for cash-funded workshops. These workshops were used to train local governments in budgeting, GASB, and other governmental financial requirements. This amounted to a loss of $35,000 in spending authority to enable the department to recover the costs of training local government staff.
Connecticut	The total approved appropriation for the state programs providing formula aid to municipalities increased by $97.2 million in fiscal 2005 (4.5 percent) over the amount distributed to municipalities in fiscal year 2004.
	Public Act 04-2 of the May Special Session extends from 4 to 5 years the frequency of revaluation and decreases the physical inspection process from once every 12 years to once every 10 years. It also allows certain towns to delay the next revaluation date until not later than 2006.
Delaware	The funding of the County Paramedic programs is shared by the County and State. Until fiscal 2004, the state was responsible for 60 percent of the funding for this program. Legislation passed in fiscal 2003 changed this percentage to 50 percent for fiscal 2004. Subsequent legislation passed in fiscal 2004 changed this percentage to 40 percent.
Florida	Instituted a sales tax holiday for 9 days in July ($5.7 million).
Iowa	Aid to local governments was frozen at the fiscal 2004 levels. Also, for fiscal 2005, aid to local governments is being paid for from the state's reserve funds.
Louisiana	Tax Increment Financing (TIF) was expanded state-wide to assist local governments in attracting new business entities. Local governments have the ability to pledge a portion of the increase in tax revenue (the increment) generated by the new business.
Maine	Delays the increase of municipal revenue sharing from 5.1 percent to 5.2 percent until July 1, 2005. Fiscal 2005 impact is $2.2 million.
Massachusetts	Education aid to cities and towns increased by $75 million in fiscal 2005 over fiscal 2004. This money was distributed according to formula set forth in state statute (Chapter 70 foundation budgets, which set a minimum level of per-pupil spending each district must meet).
Maryland	Aid for K-12 education: Grant programs were reduced by $29.7 million. $6.4 million was a one-time reduction in the state share of the cost of non-public placements of special education students (state grant for fiscal 2005 is $108.8 million, net of reduction); $2.4 million was a one-time reduction in grants for extended elementary education (state grant for fiscal 2005 is $16.9 million, net of reduction); and $20.9 million was a reduction that eliminates a grant program for which fiscal 2005 was to be the final year of the grant. Total fiscal year 2005 aid for K-12 education is $3.6 billion, including state contributions to the state retirement system on behalf of local schoolteachers.
	Aid for Program Open Space: An additional portion of transfer tax revenues was diverted to the General Fund; however, some of the loss to local governments was made up with authorizations of $15 million in general obligation bonds for local program open space projects; the net new reduction to the subdivisions was $13.5 million for fiscal year 2005.

TABLE 5 (continued)

	Highway User Revenues: An additional $51.2 million in highway user revenues that otherwise would have gone to the subdivisions will be transferred instead to the General Fund (in addition to the $51.2 million planned fiscal 2005 transfer to the General Fund from revenues otherwise going to the subdivisions that was enacted by the 2003 General Assembly Session - a total reduction in fiscal 2005 of $102.4 million). This reduction was offset by legislation increasing various transportation revenues that are shared with the local subdivisions, estimated to result in an increase in the grant of $44.4 million in fiscal year 2005. The total net estimated fiscal 2005 grant to the subdivisions for Highway User Revenues is $426.6 million (net of reductions and reflecting the estimated increase in revenues). Accelerated Disbursement of Unclaimed Local Income Taxes from Prior Tax Years. There will be a one-time only accelerated transfer of $81 million to the local subdivisions from a reserve for unclaimed local income taxes. A like amount will also be transferred to the General Fund in fiscal 2005.
Michigan	Fiscal 2005 is the seventh year of a 10-year phase-in of a new formula to distribute aid to local governments. Funding is shifted from formulas primarily based upon local millages to formulas based primarily upon taxable value. The new formula was suspended in fiscal 2003 and again in fiscal 2004 to ensure funding reductions to local governments would be uniformly distributed. For fiscal 2005, the enacted budget maintains the fiscal 2004 spending level for revenue sharing payments to cities, villages, and townships. However, revenue sharing payments to counties are suspended, yielding more than $180 million to help balance the fiscal 2005 general fund budget. In related action, changes to the Property Tax Act allow counties to adjust the collection period for property taxes over a three-year period. Early tax collection provides a one-time revenue increase, a portion of which is set aside in a revenue sharing reserve fund for each county. The county is allowed to annually expend an amount of its reserve fund equivalent to its state revenue sharing payment. State county revenue sharing payments are suspended until a county's reserve fund is depleted. Beginning in fiscal 2005, suspending county revenue sharing payments reduces state spending by over $180 million. It is estimated a similar savings will occur each year through 2008; thereafter, savings will begin to decline as county revenue sharing payments are resumed.
Montana	No significant change overall. Funding for schools was switched from the retirement fund to the general fund and some block grants were converted to entitlement funding, but little net change in overall school funding. School districts are no longer permitted to charge federally funded employee retirement and SSI costs to the retirement fund. This reduction was more than offset with increases in general operating entitlements.
Nebraska	A number of General Fund local government aid programs were included in a 1 percent across-the-board reduction for fiscal 2005 during the 2004 session. The total reduction related to this across-the-board cut was only about $98,000. The General Fund appropriation for reimbursement to counties under the State's Homestead Exemption program was increased $2.2 million, a 4.8 percent increase.
New Jersey	Introduced the Municipal Homeland Security Assistance Aid program at $32 million. This aid will help municipalities offset growing and sudden costs associated with homeland security in the absence of federal aid. This funding will be allocated to municipalities that spend more than $300,000 in police costs and aid will be based on population. Introduced the Highlands Protection Fund at $12 million for property tax stabilization aid, watershed moratorium offset aid, and planning grants. This funding was added per the Highlands Water Protection and Planning Act, passed by the New Jersey Legislature on June 10, 2004. This funding will compensate municipalities in the Highlands region for the loss of the developable value of their land due to new Highlands environment protections, provide compensation for Pinelands municipalities, and provide financial assistance for revising municipal plans. Specifically, the $12 million will provide: $2.65 million in incentive planning grants to municipalities in the planning area that want to accept growth as receiving areas; $1.75 million in grants to enable towns in the preservation area to bring their municipal plans into compliance with the Highlands Regional Master Plan; $2.2 million in municipal Watershed Moratorium Offset Aid; $3.6 million in property tax stabilization aid to Highlands municipalities; and $1.8 million in back property tax stabilization aid to Pinelands municipalities. Introduced the Taxpayer Hero Grants program at $2.5 million, which will reward local governments that keep costs and taxes under control while demonstrating a commitment to efficient and cost-effective municipal operations. A criterion for receiving Taxpayer Hero Grants requires that the 2004 municipal tax rate remain flat or decrease compared to 2003. Increased distribution of Energy Tax Receipts by $25 million (3 percent) to provide additional formula funding to municipalities. Municipalities receive energy tax funding in accordance with the provisions of P.L.1999, c. 168 that distribute certain funds from the taxation by the State of New Jersey of gas and electric public utilities and certain telecommunications companies, and of sales of electricity, natural gas and energy transportation service. Increased funding for Extraordinary Aid program by $6 million (17 percent) to $41 million and Special Municipal Aid program by $1 million (3.5 percent) to $29.3 million. Extraordinary Aid allocates funds to municipalities experiencing extraordinary circumstances which would cause increases in local purpose tax or reduction in services without special State Aid. Special Municipal Aid assists municipalities facing the most severe fiscal conditions in recovering from fiscal distress and improving management and financial practices. The FY 2005 budget provides increased funding of $3.2 million to regionalize services. Funding for Regional Efficiency Development Incentive (REDI) Grant Program increased from $2 million to $4.2 million (110 percent) and funding for Regional Efficiency Aid Program (REAP) increased from $9.9 million to $10.9 million (10 percent). REDI provides grants or loans to study regional service or consolidation opportunities and fund one-time start-up costs of regional or consolidated services to a local unit that plans to study or implement a regional service agreement. REAP provides property tax relief in those local government units that entered new shared service agreements after July 1, 1997. REAP provides direct property tax relief by reducing property taxes owed by homeowners and landlords. The amount of the aid is based on the types of shared services, the population of the municipality, and the degree of fiscal stress experienced by the municipality. Increased funding for the South Jersey Port Corporation (SJPC) Property Tax Reserve Fund to provide payments-in-lieu-of-taxes (PILOTs) to Salem City ($23,000) and Camden County ($419,000) to compensate the county and the municipality for their loss of tax revenue due to acquisition of property by the corporation. A recent law authorized the establishment of the 32nd urban enterprise zone (UEZ) in New Brunswick City in Middlesex County. UEZ designation means that a municipality retains a portion of the State sales tax collected in the zone for municipal purposes. The Division of Taxation in the Department of the Treasury estimates that implementation of this bill will result in a benefit to New Brunswick of approximately $3 million annually. Overall, urban enterprise zones are expected to provide $57.5 million in municipal assistance in fiscal 2005. New legislation was enacted to establish lower limits for yearly increases in municipal and county appropriations. The intent of this legislation is to freeze, with certain limited exceptions, the amount of annual increase in municipal and county appropriations at 2.5 percent of the previous year's final appropriations, or at the cost-of-living adjustment, whichever is less.

TABLE 5 (continued)

New York	The 2004-05 Enacted State Budget will result in net benefits of approximately $1.6 billion for all classes of local government (counties, cities, towns, villages, and school districts) on a State Fiscal Year basis. New York City will realize net savings and benefits totaling over $370 million, while county governments and cities, towns and villages outside New York City can anticipate net benefits of approximately $420 million and $340 million respectively. School districts outside New York City will gain approximately $465 million. The 2004-05 Enacted State Budget includes no new unfunded mandates on its local governments. As part of this year's budget, the State will continue to suppress the year-round sales tax exemption on clothing and footwear and, in place, provide two one-week, tax-free periods which are expected to generate an additional $330 million in local tax revenue statewide. In addition, this budget will begin phasing in a State takeover of the counties and New York City's local costs of the popular Family Health Plus (FHP) medical assistance program, saving these governments over $340 million over the next two State Fiscal Years. Further, recent State actions on pension reform will help all local governments outside New York City save close to $800 million in future pension contribution requirements.
Ohio	Like the fiscal 2002-2003 budget, the fiscal 2004-2005 budget temporarily replaces the statutory funding mechanism and the county allocation formula for the Local Government Fund and the Local Government Revenue Assistance Fund. Funding will be limited to the lesser of the amount they received last year, or the amount they would receive using the codified distribution percentages in permanent law. This will provide an additional $187.8 million in fiscal 2005 to the state General Revenue Fund.
Oklahoma	Appropriation of $17.3 million to Dept. of Education for distribution to school districts to replace decreased ad valorem tax revenue resulting from a state economic development incentive.
Oregon	Children & Families prevention programs were reduced approximately 6 percent. Community corrections funding was reduced nearly 1 percent. Juvenile Crime Prevention was reduced about 54 percent. Coomunity College support was reduced about 3 percent. Programs serving people with developmental disabilities grew by 14 percent. Local revenue from the Oregon Department of Transportation to cities and counties increased about 20 percent.
Pennsylvania	No impact in 2004-05. Enacted in 2004, Gaming and property tax reform legislation are expected to reduce local reliance on increased property taxes in future years.
Rhode Island	Aid to local governments through the general revenue sharing program was originally planned to increase from 2.7 percent to 3 percent of state tax revenues from fiscal 2004 to fiscal 2005. The increased allocation is delayed by one year. Total fiscal 2005 appropriation is $52.4 m increasing by $1 million over the fiscal 2004 level. State aid for local libraries increases $0.5 m (7 percent) to total of $8.1 million. Library construction aid increases $0.4m (22 percent) to $2.6 million. Motor vehicle excise tax phase-out is enacted at fiscal 2004 level of $4,500 exemption, diminishes amount of state aid available to locals. Payment in lieu of taxes increases by $1 million (5 percent) to $22 million; distressed community aid increases by $1 million (13 percent) to $8.5 million for five communities.
Texas	State funding for the public school employee health insurance program annual supplement was cut in half, saving about $400 million in fiscal 2005. School districts will receive an additional $600 million in fiscal 2005 from a new $110 per weighted student allocation.
Utah	The legislature passed the following appropriations which impact local government revenues. $0.6 million 6.6 percent increase in jail reimbursement to local county jails, $0.6 million 3.08 percent increase to mental health centers, $0.1 million 0.8 percent increase to substance abuse agencies, and $0.5 m 6.6 percent increase to Area Agencies on Aging. All impacts outlined above took affect when the 2005 fiscal year began, July 1, 2004.
Virginia	The General Assembly capped the Commonwealth's reimbursement to localities for the Personal Property Tax Relief Program at 70 percent. ($950 million for fiscal 2005). Additional 1/8 cent sales tax based on local school age population. From the Public Education SOQ/Real Estate Property Tax Relief Fund, the remaining half of the 1/4 cent sales tax revenue $83.5 million general fund the first year (fiscal 2005) and $105.5 million general fund the second year (fiscal 2006) will be distributed to localities based on their school age population. Consistent with the existing one cent sales tax for public education. The $77.3 million general fund is included to address the U.S. Supreme Court's Olmstead decision by increasing and strengthening community-based services for mentally disabled persons, for example, $31.7 million for community based mental retardation (MR) waiver services to 700 individuals on the "urgent care" waiting list. $9.0 million to discharge 77 long-term mentally disabled patients from state facilities and provide them with specialized treatment services; $6.7 million to provide community-based MR waiver services to 160 individuals who are ready for discharge from the state's MR training centers. In total, 16 Olmstead initiatives were funded in the 2004-2006 budget.
West Virginia	Municipalities were given the option of enacting a local sales and use tax in lieu of their current municipal occupation taxes. In addition, Huntington, WV may impose both a 1 percent sales and use tax and a 1 percent wage tax to fund pension obligations beginning in July 2005. Impact is unknown.
Wisconsin	While still increasing total state aids to school districts over prior year amounts, the state dropped its earlier commitment (that was in effect from fiscal 1997 to fiscal 2003) to fund 2/3rds of K-12 school costs. The general school aid appropriation, in conjunction with this change, was modified from a sum-sufficient to a fixed annual appropriation. Undesignated state aid to municipalities was also decreased by $50 million. These changes began in fiscal 2004 and continued into fiscal 2005.

State Revenue Developments

CHAPTER TWO

Overview

Fiscal 2004 revenue collections exceeded budgeted estimates in nearly every state, but not by much. After several years during which collections failed to meet targets, seemingly no matter how low states set their sights, a measure of revenue stability has returned. As economic recovery continues, state tax collections have become more robust. However, from a budget perspective the margin of revenue security is narrow, even more so considering the spending pressures states are under, and states still face fundamental challenges regarding how they collect taxes and on what.

Fiscal 2005 enacted net tax and fee changes total $3.5 billion. Additionally, states adopted $3.4 billion of other measures that enhance general fund revenue but that do not affect taxpayer liability.

Collections in Fiscal 2004

Collections of sales, personal income and corporate income taxes exceeded originally budgeted amounts in 35 states and were on target in 10 in fiscal 2004, while five states reported collections below budgeted expectations. While noting that fiscal 2004 revenue estimates had been ratcheted down considerably, the figures compare starkly to fiscal 2002, when 42 states collected less revenue than projected in their budgets. Overall fiscal 2004 revenue collections were 1.6 percent higher than the amounts reflected in enacted budgets. Specifically, sales taxes were 0.5 percent higher, personal income taxes were 1.7 percent higher, and corporate income taxes were 7.8 percent above original estimates (see Table A-8).

Projected Collections for Fiscal 2005

Fiscal 2005 enacted budgets indicate that states expect revenue collections to outpace fiscal 2004 amounts substantially. Based on the estimates used when adopting fiscal 2005 budgets, states anticipate revenues 7.1 percent higher than the previous years' collections (see Table A-9).

TABLE 6

Enacted State Revenue Changes, Fiscal 1979 to Fiscal 2005

Fiscal Year	*Revenue Change (Billions)*
2005	$3.5
2004	9.6
2003	8.3
2002	0.3
2001	-5.8
2000	-5.2
1999	-7.0
1998	-4.6
1997	-4.1
1996	-3.8
1995	-2.6
1994	3.0
1993	3.0
1992	15.0
1991	10.3
1990	4.9
1989	0.8
1988	6.0
1987	0.6
1986	-1.1
1985	0.9
1984	10.1
1983	3.5
1982	3.8
1981	0.4
1980	-2.0
1979	-$2.3

SOURCES: Advisory Commission on Intergovernmental Relations, *Significant Features of Fiscal Federalism*, 1985-86 edition, page 77, based on data from the Tax Foundation and the National Conference of State Legislatures. Fiscal 1988--2005 data provided by the National Association of State Budget Officers.

Revenue Changes for Fiscal 2005

Net tax and fee changes in fiscal 2005 total $3.5 billion. Twenty-four states increased taxes and fees, while 11 states enacted decreases. With broad-based tax increases largely politically impossible, most of the enacted fiscal 2005 increase is in cigarette and tobacco taxes ($888.4 million), an area many states have turned to in recent years. Other large increases were in sales taxes ($710.6 million) and other taxes ($707.7 million).

The Fiscal Survey distinguishes between tax and fee increases or decreases (detailed in Table 7 and Table A-10) and revenue measures (listed in Table

TABLE 7

Enacted Fiscal 2005 Revenue Actions by Type of Revenue and Net Increase or Decrease* (Millions)

State	*Sales*	*Personal Income*	*Corporate Income*	*Cigarettes/ Tobacco*	*Motor Fuels*	*Alcohol*	*Other Taxes*	*Fees*	*Total*
Alabama	$18.7			$87.0			$55.9	$10.5	$172.1
Alaska				6.3				3.5	9.8
Arizona		$ 74.2							74.2
Arkansas				54.8					54.8
California	25.9	220.3						-52.5	193.7
Colorado									0.0
Connecticut	-3.3	8.0					-1.2		3.5
Delaware									0.0
Florida	-29.7		$-124.8					-10.5	-165.0
Georgia									0.0
Hawaii								5.5	5.5
Idaho		-0.7	-1.1				-1.3		-3.1
Illinois	6.0	70.0	75.0					35.0	186.0
Indiana									0.0
Iowa	-63.4								-63.4
Kansas	-5.2	-0.2					5.3		-0.1
Kentucky									0.0
Louisiana	-9.3								-9.3
Maine								10.1	10.1
Maryland		38.6	28.0					187.8	254.4
Massachusetts		49.6	79.0						128.6
Michigan	-5.1			313.7			49.1		357.7
Minnesota								3.6	3.6
Mississippi									0.0
Missouri									0.0
Montana		-15.8							-15.8
Nebraska	-1.0						1.4		0.4
Nevada				65.8		$14.6	231.8	55.8	368.0
New Hampshire									0.0
New Jersey			137.5	105.0			309.2		551.7
New Mexico	6.7	12.5					34.2		53.4
New York	483.0	-26.0	40.1	6.7	$1.2	2.0		231.1	738.1
North Carolina	-5.2	-2.6	-4.5			-2.1			-14.4
North Dakota									0.0
Ohio									0.0
Oklahoma	-15.6	-19.8		100.1			-0.5		64.2
Oregon									0.0
Pennsylvania	-70.2	-13.9					-91.3		-175.4
Puerto Rico									0.0
Rhode Island	1.4	3.1	8.8	35.2				1.4	49.9
South Carolina									0.0
South Dakota	-3								-3.0
Tennessee									0.0
Texas								21.1	21.1
Utah									0.0
Vermont								6.3	6.3
Virginia	395.9	33.3	34.0	113.8		10.5	105.1		692.6
Washington	-13.8								-13.8
West Virginia	-2.2						10.0		7.8
Wisconsin		-2.1							-2.1
Wyoming									0.0
Total	**$710.6**	$428.5	**$272.0**	**$888.4**	**$1.2**	**$25.0**	**$707.7**	**$508.7**	**$3,542.1**

NOTES: *See Appendix Table A-10 for details on specific revenue changes.

SOURCE: National Association of State Budget Officers.

A-11). Tax and fee changes are revisions in current law that affect taxpayer liability and that in some instances reflect one-time actions such as sales tax holidays. Revenue measures refer to actions that do not affect taxpayer liability, such as the deferral of a tax increase or decrease or the extension of a tax credit that occurs each year.

Sales Taxes. States enacted $710.6 million in sales tax increases for fiscal 2005. Seven states increased taxes, including Virginia, where the sales tax rate was raised by 0.5 percent and an exemption was eliminated, a $395.9 million increase. Thirteen states enacted sales tax cuts, including the creation of an exemption for call centers and certain telecommunications equipment in Pennsylvania (-$70.2 million) and the elimination of the sales tax on residential utilities in Iowa (-$63.4 million).

Personal Income Taxes. Changes to personal income taxes for fiscal 2005 total a net increase of $428.5 million. Nine states adopted increases. California suspended its teacher tax credit resulting in a $220.3 million increase, while Illinois closed a variety of loopholes, a $70 million increase. Among the eight states enacting decreases, Montana restructured its tax brackets and made others changes that total $15.8 million.

Corporate Income Taxes. Net changes to corporate income taxes in fiscal 2005 reflect an increase of $272 million. Seven states enacted corporate income tax increases, including New Jersey, which changed the way net operating losses are treated, a $137.5 million increase. Three states decreased corporate income taxes.

Cigarette, Tobacco and Alcohol Taxes. Ten states increased cigarette and tobacco taxes, a net increase of $888.4 million. Michigan increased its cigarette tax by 75 cents per pack and the tax on other tobacco products to 32 percent, a $313.7 million increase. Resulting in a total increase of $113.8 million, Virginia increased its cigarette tax by 17.5 cents and the tax on other tobacco products by 10 percent. Four states made changes to their alcoholic beverages taxes. These include Nevada, which raised its tax by 75 percent, resulting in a $14.6 million increase, and Virginia, which raised prices at state-owned stores by 3 percent, a $10.5 million increase.

Motor Fuels Taxes. One state, New York, enacted a change to its motor fuels taxes, making various regulatory changes that reflect a $1.2 million increase.

Other Taxes and Fees. Thirteen states adopted changes in other taxes for fiscal 2005, a $707.7 million increase. Fourteen states enacted fee changes that reflect a $508.7 million increase. Revenue from other taxes, such as personal property taxes, provider taxes and levies on hotels and rental cars usually cover the costs for license and regulation enforcement, promote environmental conservation, and generate revenues for health care. Fees frequently are associated with motor vehicle and other types of licensing.

FIGURE 2

Enacted State Revenue Changes, Fiscal 1991 to Fiscal 2005

See Page 48

SOURCE: National Association of State Budget Officers.

Total Balances

CHAPTER THREE

Total balances include both ending balances and the amounts in states' budget stabilization funds, and reflect the funds states may use to respond to unforeseen circumstances after budget obligations have been met. Indeed, total balances have played a crucial role in navigating the fiscal rapids recently faced by states. While the booming economy of the late 1990s allowed states to build their financial reserves to a peak in fiscal 2000 of $48.8 billion (or 10.4 percent of expenditures), just two years later they had fallen by nearly two-thirds (see Table 8). Total balances now are stable, but at levels lower than those generally considered to provide an adequate fiscal cushion. For fiscal 2003, balances were $16.4 billion or 3.2 percent of expenditures; they are $25.3 billion or 4.8 percent of expenditures in fiscal 2004; and appropriated fiscal 2005 total balances are $18.6 billion or 3.4 percent of expenditures. The upwards bump in fiscal 2004 figures is due to the large ending balances that states realized, the result of higher-than-anticipated revenue and several large revenue adjustments. For fiscal 2004, total balances are greater than 5 percent in 23 states, they are between 1 percent and 4.9 percent in 21 states, and are less than 1 percent in six states (see Table 9 and Tables A-1, A-2, A-3, and A-12).

After the recession of the early 1990s, states worked hard to build their rainy day fund balances and ending balances to safeguard against disruption of services should economic growth slow. The fiscal downturn during those years and during a similar period in the early 1980s caused state balances to fall rapidly. During the one-year period from 1980 to 1981, for example, balances plunged from 9 percent of expenditures to 4.4 percent, forcing states to cut budgets and raise taxes. During the early 1990s, states found themselves lacking balances adequate to manage a fiscal slowdown once again. Before the economy slowed in 1989, state balances equaled 4.8 percent of expenditures. Within two years, balances hit bottom, totaling only 1.1 percent of expenditures in 1991. In fiscal 1992, 35 states were forced to cut current-year budgets. The following year, 23 states were obliged to take that action again, causing uncertainty both for citizens receiving necessary services and for the governments delivering them. To stem these losses, states raised $25 billion in new revenues during the same two-year period. Remembering how swiftly that economic decline transpired, states prepared themselves cautiously to handle the next slowdown, and indeed, would be even more hamstringed to deal with the current fiscal situation had they not done so.

Forty-seven states have budget stabilization funds, which may be budget reserve funds, revenue-shortfall accounts or cash-flow accounts. About three-fifths of the states have limits on the size of their budget reserve funds, ranging from 3 percent to 10 percent of appropriations. Ordinarily, funds above those limits remain in a state's ending balance.

TABLE 8

Total Year-End Balances, Fiscal 1979 to Fiscal 2005

Fiscal Year	*Total Balance (Billions)*	*Total Balance (Percentage of Expenditures)*
2005*	$18.6	3.4%
2004*	25.3	4.8
2003	16.4	3.2
2002	18.3	3.7
2001	37.8	7.8
2000	48.8	10.4
1999	39.3	8.4
1998	35.4	9.2
1997	30.7	7.9
1996	25.1	6.8
1995	20.6	5.8
1994	16.9	5.1
1993	13.0	4.2
1992	5.3	1.8
1991	3.1	1.1
1990	9.4	3.4
1989	12.5	4.8
1988	9.8	4.2
1987	6.7	3.1
1986	7.2	3.5
1985	9.7	5.2
1984	6.4	3.8
1983	2.3	1.5
1982	4.5	2.9
1981	6.5	4.4
1980	11.8	9.0
1979	11.2	8.7

NOTE: Figures for fiscal 2004 are preliminary actuals; figures for fiscal 2005 are based on appropriations.

SOURCE: National Association of State Budget Officers.

TABLE 9

Total Year-End Balances as a Percentage of Expenditures, Fiscal 2003 to Fiscal 2005

	Number of States		
Percentage of Expenditures	*Fiscal 2003 (Actual)*	*Fiscal 2004 (Preliminary Actual)*	*Fiscal 2005 (Appropriated)*
Less than 1.0%	9	6	8
1.0% to 2.9%	19	10	15
3.0% to 4.9%	10	11	14
5.0% or more	12	23	13

NOTE: The average for fiscal 2003 (actual) was 3.2 percent; the average for fiscal 2004 (preliminary actual) is 4.8 percent; and the average for fiscal 2005 (appropriated) is 3.4 percent.

SOURCE: National Association of State Budget Officers.

TABLE 10

Enacted Changes to Budgeting and Financial Management Practices

NEW ENGLAND	
Maine	The Department of Human Services and the Department of Behavioral and Developmental Services were merged into the Department of Health and Human Services.
Rhode Island	Assignment of a Human Services Secretariat, to examine opportunities for efficiencies in H.S. agency functions. Continuing discussions of employee contributions for healthcare for certain state employees. Continuation of Governor's 'Fiscal Fitness' program to review all aspects of government service delivery and spending. Legislative action resulting in removal of judicial branch from budget office analysis beginning in fiscal 2005. Legislative action resulting in earlier submission of Governor's Budget to the General Assembly. For each agency, encumbrance of full year's payroll at fiscal year start; accounting system freezes if overspending occurs. Authorized red balances must be requested and justified and are approved on a case by case basis.
MID-ATLANTIC	
Delaware	Currently developing an ERP Financial system.
Maryland	Did make significant changes to budgeting and/or financial management practices, but did not elaborate.
GREAT LAKES	
Illinois	The state has a work force severance plan.
Michigan	Human Resources Optimization - the Department of Civil Service has worked with state departments to identify human resource transaction processes that can be centralized or standardized. In addition, human resource services are being shared between departments, where appropriate; some services are being centralized; employees are increasing their use of the self-service features of the Human Resources Management Network - a statewide, integrated payroll, personnel, and benefits transaction system for approximately 55,000 employees in all branches of state government. A Human Resource Service Center will be the central information source for individual personnel questions and statewide polices. The Service Center allows for reductions in Human Resource offices throughout the state beginning in fiscal 2005. In order to preserve the 3 percent base pay increase for fiscal 2004 and to make possible a 4 percent pay increase scheduled for fiscal 2005, state employees are being asked to identify budgetary savings of $148 million. Efforts are underway to reduce the cost of outside contracting. In addition, wage and benefit adjustments implemented in fiscal 2004, including banked leave time, and increased medical co-pays might be extended into fiscal 2005.
Wisconsin	The 2003-2005 biennial budget bill decreased authorized state positions by 2,300 (excluding certain university activities). This reduction includes 665 positions funded by the general fund. 2. All state employees began paying a portion of their health insurance costs. 3. State employee pay increases generally were 0 percent in fiscal 2004 and 1 percent in fiscal 2005. Required general fund balances were reduced to $35.0 million in fiscal 2004 and $40.0 million in fiscal 2005. The required balances for these fiscal years, prior to enactment of the 2003-2005 biennial budget, been set at 1.6 percent for fiscal 2004 and 1.8 percent for fiscal 2005 of general fund appropriations.
PLAINS	
Missouri	Review of agency budgets to reduce administrative and program expenses. Review of tax loopholes to increase revenues.

TABLE 10 (continued)

SOUTHEAST	
Alabama	Implementation of statewide strategic planning with performance measurements into the budget request process for fiscal 2005 to fiscal 2006.
Arkansas	Amended Performance Budgeting & Accountability System (Act 1463 of 2003) to incorporate Key Performance Measures in appropriation acts.
Georgia	Georgia has adopted a program-based performance budgeting process to better identify strengths and weaknesses of various programs within the state budget. The new process enhances the results-based budgeting process adopted in Georgia several years ago. Georgia is currently developing a budget database to assist in the budget development process and maintain historical budget information.
Kentucky	Major reorganization of the Executive branch of government.
Louisiana	Added a new department for Veterans Affairs and separated juvenile corrections budgets from adult corrections budgets.
North Carolina	Senate Bill 991 was approved in the 2004 Short Session and will improve state government Information Technology planning, adopt standards, make project development more efficient, reduce cost overruns, provide assistance to state agencies, and increase accountability.
Virginia	The General Assembly amended the º2.2-1503.1 of the Code of Virginia requiring the Governor to submit a six year financial plan to the General Assembly to include revenue and appropriation data recommended in the biennial budget as well as anticipated revenue and spending for the next four years. See http://dpb.virginia.gov/budget/04-06/SixYearPlan1-14-04.pdf.
ROCKY MOUNTAIN	
Colorado	Enacted legislation (Senate Bills 04-189 and 04-252) allows Colorado institutions of higher education to apply for enterprise status; provided that, such institutions meet the definition of “enterprise” under the Taxpayer’s Bill of Rights (TABOR). If granted, all tuition and fees collected from the institutions will not count toward the TABOR revenue limit.
FAR WEST	
Alaska	Human resources and central mail services consolidation.
California	The State enacted a pension reform package that will have all new Miscellaneous and Industrial employees enrolled in a defined contribution plan for their first two years of service to the state. The State will not contribute to the defined benefit plan for those first two years. Employees will have the option of withdrawing their contributions, purchasing the service credit, or rolling their contributions into a personal retirement account after 48 months. California will be joining a handful of other states that provide budget information through an interactive website. Beginning in January 2005, the Governor’s Budget will be available to millions of Californians in a citizen-friendly format on the World Wide Web. The interactive website will provide both summary level information and detailed department information, allowing a viewer to choose the level of detail desired. This effort is intended to generate more interest in the budget process by the average citizen and to make the publication of the budget more efficient thereby reducing the ongoing cost to the state.

FIGURE 3

Total Year-End Balances and Total Year-End Balances as a Percentage of Expenditures, Fiscal 1979 to Fiscal 2005

See Page 49

SOURCE: National Association of State Budget Officers.

FIGURE 4

Total Year-End Balances as a Percentage of Expenditures, Fiscal 2004

See Page 50

SOURCE: National Association of State Budget Officers.

Appendix

TABLE A-1

Fiscal 2003 State General Fund, Actual (Millions)

Region and State	*Beginning Balance*	*Revenues*	*Adjustments*	*Total Resources*	*Expenditures*	*Adjustments*	*Ending Balance*	*Budget Stabilization Fund*
NEW ENGLAND								
Connecticut**	$ 0	$12,023	$ 0	$12,023	$12,120	$ 0	$ -97	$ 0
Maine	0	2,395	192	2,586	2,533	24	29	0
Massachusetts* **	1,388	21,988	0	23,376	22,439	184	752	641
New Hampshire	-38	1,207	91	1,260	1,260	0	0	17
Rhode Island**	39	2,758	-56	2,741	2,691	7	43	84
Vermont	0	863	19	882	888	-6	0	24
MID-ATLANTIC								
Delaware*	482	2,436	0	2,918	2,454	0	464	129
Maryland**	309	9,410	750	10,469	10,347	0	123	490
New Jersey*	292	23,506	143	23,941	23,568	0	373	0
New York* **	1,032	37,396	1,900	40,328	37,613	1,900	815	710
Pennsylvania**	143	20,385	152	20,679	20,400	70	209	70
GREAT LAKES								
Illinois	256	21,103	3,802	25,161	21,893	2,951	317	226
Indiana**	305	9,945	500	10,751	10,309	0	442	279
Michigan**	115	7,945	850	8,909	8,735	0	174	0
Ohio**	108	22,450	0	22,558	22,653	-148	53	181
Wisconsin*	87	10,685	0	10,772	11,054	0	-282	0
PLAINS								
Iowa**	0	4,484	0	4,484	4,531	-2	-46	0
Kansas**	12	4,246	3	4,260	4,138	0	123	0
Minnesota* **	1,130	13,133	0	14,263	13,894	0	369	104
Missouri**	165	6,433	0	6,598	6,382	0	216	231
Nebraska**	56	2,456	109	2,622	2,619	0	3	59
North Dakota**	0	856	19	875	860	0	15	6
South Dakota**	0	875	17	891	884	8	0	107
SOUTHEAST								
Alabama**	19	5,296	270	5,585	5,473	0	113	68
Arkansas	0	3,251	0	3,251	3,251	0	0	0
Florida	984	20,212	0	21,196	20,514	0	682	959
Georgia* **	2,554	14,738	0	17,292	16,025	0	1,268	185
Kentucky**	24	6,914	506	7,444	7,179	102	163	5
Louisiana	0	6,403	259	6,662	6,457	182	23	0
Mississippi**	12	3,443	43	3,498	3,458	0	41	23
North Carolina**	25	14,109	137	14,271	13,856	165	251	150
South Carolina**	50	4,968	22	5,040	4,995	0	46	0
Tennessee**	12	8,078	-41	8,049	7,914	71	64	178
Virginia	70	12,134	0	12,204	12,118	0	86	0
West Virginia**	197	2,917	24	3,139	2,933	10	196	58
SOUTHWEST								
Arizona	1	5,801	416	6,218	6,026	0	192	14
New Mexico*	380	3,948	11	4,339	4,051	43	245	0
Oklahoma	75	4,581	31	4,687	4,653	0	34	0
Texas**	2,426	28,770	-92	31,105	30,656	361	88	561
ROCKY MOUNTAIN								
Colorado**	139	5,665	334	6,138	5,913	0	225	0
Idaho**	1	1,764	176	1,941	1,926	0	16	0
Montana	82	1,245	0	1,327	1,283	0	43	0
Utah**	1	3,494	56	3,552	3,536	0	16	27
Wyoming**	20	754	18	792	788	0	4	247
FAR WEST								
Alaska**	0	1,947	549	2,496	2,496	0	0	2,093
California*	-1,474	80,564	0	79,089	77,482	0	1,607	0
Hawaii	134	3,789	0	3,923	3,806	0	117	0
Nevada**	90	1,830	226	2,146	2,037	1	108	1
Oregon	-1,080	5,038	0	3,958	3,865	0	93	0
Washington**	437	10,690	612	11,739	11,334	0	405	0
Total	**$11,062**	**$501,319**	**-**	**$524,428**	**$508,285**	**-**	**10,219**	**7,923**

NOTES: N/A indicates data are not available. *In these states, the ending balance includes the balance in the budget stabilization fund. **See Notes to Table A-1.

SOURCE: National Association of State Budget Officers.

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.

Alabama	Revenue adjustments reflect a $180 million transfer from the Education Trust Fund Rainy Day Fund, a $12.8 million transfer from the State General Fund Proration Prevention Fund, $75.6 million in the Federal Fiscal Relief Fund, and $1.9 million of land sale proceeds.
Alaska	Revenue adjustments reflect a constitutional budget reserve (CBR) draw.
Arizona	Revenue adjustments represent fund transfers and federal cash assistance.
Colorado	Revenue adjustments include diversions to the State Education Fund and the Older Coloradan's program, as well as transfers to the General Fund to mitigate revenue declines. The ending balance was $8.3 million above the statutory reserve requirement. Current law requires monies in excess of the statutory reserve to be credited to the Highway User's Tax Fund and the Capital Construction Fund.
Connecticut	Short-term notes were issued to cover the year-ending deficit of 96.6 million.
Georgia	A tobacco tax increase effective April 1, 2003 provided an additional $48 million in revenue.
Idaho	Revenue adjustments include $194.3 million in transfers from other funds and $18.3 million in transfers to other funds.
Illinois	Revenue adjustments include $1,675 million received from short-term borrowing proceeds, transfers of $1,827 million into general funds, and $300 million of pension obligation reimbursement transfers-in. Expenditure adjustments include $710 million to repay short-term borrowing that came due in fiscal year 2003, an accounts payable pay-down of $210 million, and transfers-out of $2,031 million.
Indiana	Revenue adjustments reflect one-time transfers from dedicated funds, and the federal Jobs & Growth Tax Relief Reconciliation Act of 2003.
Iowa	The fiscal 2003 ending balance was eliminated by a transfer from the Cash Reserve Fund to the General Fund.
Kansas	Revenue adjustments reflect released encumbrances.
Kentucky	Revenue includes $130.8 million in Tobacco Settlement funds. Revenue adjustments include $107.2 million that represents appropriation balances carried over from the prior fiscal year, $329.8 million from fund transfers into the General Fund, and $68.7 in Federal Fiscal Relief funds. Expenditure adjustments represent appropriation balances forwarded to the next fiscal year.
Louisiana	Revenue adjustments include $19.98 million in carry-forwards, $86.4 million from the Rainy Day Fund, $1 million from fund balances and $151.2 million from prior years' surpluses. Expenditure adjustments include $21.3 million in carry-forwards, $131.6 million for capital outlays and $29 million for bond defeasance.
Maine	Revenue adjustments reflect $191.7 million in legislative and statutory authorized transfers, which include $25 million from the Federal Relief Fund Reserve, $48.7 million from transfers of unencumbered balances and lapsed balances, $38.5 million transferred from the Rainy Day Fund, $14.6 million transferred from the Maine Learning Technology Endowment, $38.3 million transferred from the Fund for a Healthy Maine (Tobacco Settlement Payments), $10 million from Operating Capital and $16.6 million from the Highway Fund.
Maryland	Revenue adjustments reflect transfers from other funds, including $249 million from the Rainy Day Fund. Expenditures include appropriations to the Rainy Day Fund of $181 million.
Massachusetts	Transferred several funds with balances totaling $184.2 million "off-budget" at the close of fiscal 2003.
Michigan	Fiscal 2003 revenue adjustments include federal and state tax law changes ($14.1 million); a Rainy Day Fund withdrawal ($124.1 million); unrestricted federal aid ($169 million); a revenue sharing accounting adjustment ($181 million); a revenue sharing freeze ($146.2 million); and deposits from state restricted funds ($215.3 million).
Minnesota	The ending balance includes budget reserve of $103.7 million.
Mississippi	Revenue adjustments include transfers to the general fund to supplement the revenue stream.
Missouri	Revenues are net of refunds. Refunds for fiscal 2003 totaled $1,166.3 million. Revenues include the following: $267.7 million transferred to the General Revenue Fund, $150 million from bond proceeds for capital improvement projects, and $95.1 million of Federal Fiscal Relief pursuant to the Jobs and Growth Tax Relief Reconciliation Act of 2003.
Nebraska	Revenue adjustments are transfers between the General Fund and other funds.
Nevada	The fiscal 2002 ending balance and fiscal 2003 beginning balance differ due to rounding. Revenue adjustments reflect a $135 million transfer from the Rainy Day Fund and $49 million in budget cuts.
New Hampshire	Dollars transferred from Health Care Fund $33.9 million, Rainy Day Fund $35.7 million and Education Trust Fund $21.6 million.
New York	The ending balance includes $710 million in the tax stabilization reserve fund (rainy day fund), $85 million in the Community Projects Fund and $20 million in reserve funds for litigation risks. Revenue and expenditure adjustments reflect $1.9 billion in deferred spending from fiscal 2002-2003 to fiscal 2003-2004 due to the timing of the state's tobacco securitization transaction.
North Carolina	Revenue adjustments include $136.9 million of Federal Fiscal Relief. Expenditure adjustments include $150 million transferred to the Rainy Day Fund and $15 million transferred to the Repair and Renovation Reserve.
North Dakota	Revenue adjustments reflect a transfer from Bank of North Dakota profits, which serves as the state's rainy day fund.

NOTES TO TABLE A-1 (continued)

Ohio	Federal reimbursements for Medicaid and other human services programs are included in the general revenue fund. Beginning balances are undesignated, unreserved fund balances. The actual cash balances would be higher by the amount reserved for encumbrances and designated transfers from the general revenue fund. Expenditures for fiscal 2003 do not include encumbrances outstanding at the end of the year. Ohio reports expenditures based on disbursements for the general revenue fund. Expenditure adjustments reflect miscellaneous transfers-out of $18.9 million. These transfers-out are adjusted for an anticipated net change in encumbrances from fiscal 2002 levels of -$166.7 million.
Oklahoma	Revenue adjustments reflect a decrease in the General Revenue Fund cash-flow reserve that increased available revenue by $31.3 million.
Pennsylvania	Revenue adjustments include $151.8 million in prior year lapses and a -$.3 million adjustment to beginning balance. Expenditure adjustments reflect a transfer of 25 percent of the ending balance to the budget stabilization (rainy day) fund.
Rhode Island	Expenditure adjustments include reappropriated general revenue. Revenue adjustments reflect a contribution to budget stabilization fund.
South Carolina	Revenue adjustments reflect $22 million from the state's General Deposit Account used for closing fiscal 2003.
South Dakota	Revenue adjustments reflect $10.5 million transferred from the Property Tax Reduction Fund to cover the budget shortfall, and $6.2 million of obligated cash carried forward from fiscal 2002. Expenditure adjustments reflect $6.2 million transferred to the Budget Reserve Fund from the prior year's obligated cash, and $1.4 million of obligated cash to the Budget Reserve Fund.
Tennessee	Tennessee's ending balance is committed to fund one-time appropriations in the next fiscal year. It is not an uncommitted balance. Revenue adjustments reflect -$120.9 million reserved for dedicated revenue appropriations, a $30 million transfer from the highway fund, and a $50 million transfer from the reserve for federal contingent liabilities. Expenditure adjustments reflect a $22.8 million transfer to the Transportation Equity Fund, a $27.9 million transfer to the capital outlay projects fund, and $20 million for dedicated revenue appropriations.
Texas	Revenue information is from the Comptroller of Public Accounts. Revenue adjustments reflect dedicated account balances. Total expenditures are 2003 budgeted amounts, as reported by the Legislative Budget Board. Total expenditures include $449.5 million in appropriations from the Rainy Day Fund. Expenditure adjustments include a $353 million reserve transferred to the Rainy Day Fund and other adjustments to reconcile the actual ending balance reported by the Comptroller.
Utah	Revenue adjustments include: a $44.4 million transfer from tobacco settlement funds; $35 million of bonding for capital projects which originally received a general fund appropriation; $19.4 million of transfers from various restricted accounts; $3.4 million from other miscellaneous sources; a $2 million reserve from the previous fiscal year; -$40.8 million reserved for the following fiscal year; and a -$7.3 million transfer to the rainy day fund per statute.
Vermont	Revenue adjustments reflect -$1.9 million from Vermont Economic Development Authority debt forgiveness, $18.1 million from direct applications and transfers in, and $2.7 million from additional property transfer tax to the general fund. Expenditure adjustments reflect -$6.5 million from the transportation fund, -$9.2 million from the tobacco settlement, -$.2 million from the general bond fund, $15.1 million to the budget stabilization reserve, -$.8 million from the human services caseload reserve, -$4.4 million from the general fund surplus reserve.
Washington	Revenue adjustments represent transfers from other accounts to the General Fund.
West Virginia	The beginning balance reflects $150.7 million of reappropriations, $6.2 million of surplus appropriations, and a $40.4 million unappropriated surplus balance. Revenue adjustments reflect a $24.2 million transfer from special revenue, and $0.2 million in prior year re-deposits. Expenditures reflect $2,805.8 million of regular appropriations, $68 million of reappropriations, $32 million of surplus appropriations, and $26.8 million of 31-day (prior year) expenditures. Expenditure adjustments reflect a $9.9 million transfer to the rainy day fund and a $0.2 million transfer to special revenue.
Wyoming	The state budgets on a biennial basis. To complete the survey using annual figures, certain assumptions and estimates were required. Caution is advised when making projections using this information.

TABLE A-2

Fiscal 2004 State General Fund, Preliminary Actual (Millions)

Region and State	*Beginning Balance*	*Revenues*	*Adjustments*	*Resources*	*Expenditures*	*Adjustments*	*Ending Balance*	*Budget Stabilization Fund*
NEW ENGLAND								
Connecticut**	$ 0	$12,881	$ 0	$12,881	$12,678	$ 0	$ 202	$ 202
Maine	37	2,621	0	2,658	2,643	0	15	0
Massachusetts*	752	23,196	0	23,949	22,470	0	1,479	872
New Hampshire	0	1,321	0	1,321	1,305	0	16	0
Rhode Island**	50	2,841	-58	2,834	2,790	0	44	87
Vermont	0	922	51	973	915	58	0	45
MID-ATLANTIC								
Delaware*	464	2,736	0	3,200	2,554	0	646	137
Maryland**	123	9,994	376	10,493	10,262	0	230	497
New Jersey*	373	24,383	6	24,761	23,939	0	822	288
New York* **	815	42,327	-1,900	41,242	42,065	-1,900	1,077	794
Pennsylvania**	209	21,813	130	22,152	21,926	150	77	260
GREAT LAKES								
Illinois	317	23,081	3,598	26,996	22,632	4,182	182	276
Indiana**	442	10,684	409	11,535	11,244	0	291	242
Michigan**	174	8,076	457	8,707	8,695	0	12	0
Ohio**	52	24,031	0	24,083	23,839	87	157	181
Wisconsin* **	-282	11,041	0	10,759	10,654	0	105	0
PLAINS								
Iowa**	0	4,513	0	4,513	4,561	-73	26	0
Kansas**	123	4,519	3	4,644	4,317	0	327	0
Minnesota* **	369	14,289	0	14,658	13,734	0	924	410
Missouri**	216	6,934	0	7,150	6,662	0	488	222
Nebraska**	3	2,720	30	2,752	2,576	0	177	87
North Dakota	15	956	0	971	894	0	77	9
South Dakota**	0	852	40	892	889	3	0	158
SOUTHEAST								
Alabama**	113	5,560	120	5,792	5,491	40	261	104
Arkansas	0	3,526	0	3,526	3,526	0	0	0
Florida	682	23,170	0	23,852	21,542	0	2,310	966
Georgia* **	1,268	16,080	0	17,348	16,265	0	1,083	0
Kentucky**	163	7,087	371	7,620	7,294	77	250	51
Louisiana**	0	6,765	61	6,826	6,743	38	45	0
Mississippi**	41	3,582	-29	3,594	3,591	0	3	43
North Carolina**	251	14,691	246	15,187	14,704	195	287	267
South Carolina* **	46	5,116	0	5,162	4,865	243	55	25
Tennessee**	64	8,688	15	8,767	8,357	61	349	217
Virginia	328	12,333	0	12,660	12,387	0	274	0
West Virginia**	196	3,083	40	3,319	3,019	10	291	54
SOUTHWEST								
Arizona	192	6,467	225	6,884	6,517	0	368	14
New Mexico*	245	4,647	133	5,025	4,383	162	480	0
Oklahoma	34	5,124	-223	4,936	4,833	0	102	209
Texas**	88	29,465	234	29,787	29,434	-628	981	366
ROCKY MOUNTAIN								
Colorado**	217	6,045	-227	6,035	5,689	0	346	0
Idaho**	16	2,098	-26	2,087	1,987	0	100	0
Montana	43	1,376	0	1,419	1,287	0	132	0
Utah**	16	3,685	-33	3,668	3,569	46	53	67
Wyoming**	4	790	-2	792	788	0	4	246
FAR WEST								
Alaska**	0	2,023	278	2,301	2,301	0	0	2,109
California* **	1,607	76,582	2,571	80,760	77,634	0	3,127	0
Hawaii	117	3,908	0	4,025	3,840	0	185	0
Nevada**	108	2,305	49	2,461	2,320	0	141	1
Oregon	93	4,908	0	5,001	5,479	0	-478	0
Washington**	405	11,345	208	11,958	11,452	0	506	0
Total	**$10,587**	**$527,177**	**-**	**$544,912**	**$523,539**	**-**	**$18,625**	**$9,503**

NOTES: N/A indicates data are not available. *In these states, the ending balance includes the balance in the budget stabilization fund. **See Notes to Table A-2.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE A-2

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

Alabama	Revenue adjustments reflect a $75.6 million transfer from the Federal Fiscal Relief Fund, $19.7 million of SWAP agreements, $14.5 million from the cigarette tax, $3.2 million from the removal of the contractor's sales tax exemption, and $6.9 million from civil court cost increases. Expenditure adjustments reflect $39.8 million from the Medicaid Supplemental State General Fund appropriation.
Alaska	Revenue adjustments reflect a constitutional budget reserve (CBR) draw.
Arizona	Revenue adjustments represent fund transfers, federal cash assistance, a judicial collections program, a tax amnesty program and settlement monies from a lawsuit.
California	The revenue adjustment is a prior year revenue adjustment of $2,570.7 million.
Colorado	Revenue adjustments include diversions to the State Education Fund and the Older Coloradan's program, as well as transfers to the General Fund to mitigate revenue declines. Ending balance is $122.7 million above the statutory reserve requirement. Current law requires monies in excess of the statutory reserve to be credited to the Highway User's Tax Fund and the Capital Construction Fund.
Connecticut	A portion of the fiscal 2004 general fund surplus was transferred to balance the general fund in fiscal 2005. In fiscal 2004, the state ended the year with an ending balance of $202.2 million. This amount is included in the budget stabilization fund.
Georgia	The tobacco tax increase provided $180 million in additional revenue.
Idaho	Revenue adjustments include $0.4 million in transfers from other funds and $26.2 million in transfers to other funds.
Illinois	Revenue adjustments include $2,109 million of transfers into general funds and $1,489 million of pension obligation reimbursement transfers-in. Expenditure adjustments include an accounts payable pay-down of $673 million, $1,416 million to repay short-term borrowing that came due in fiscal year 2004, and transfers-out of $2,093 million.
Indiana	Revenue adjustments reflect one-time transfers from dedicated funds, the federal Jobs & Growth Tax Relief Reconciliation Act of 2003 and the Rainy Day Fund.
Iowa	In October 2003, Governor Vilsack initiated a 2.5 percent across-the-board cut in allotments, for a total reduction of $82.5 million, to bring the General Fund into balance after the October 10, 2003 Revenue Estimating Conference meeting. In June 2004, Governor Vilsack rescinded 10 percent of the cut, or $8.3 million, resulting in a net across-the-board cut of 2.25 percent, or $74.2 million, for fiscal 2004. A supplemental appropriation also was passed during the 2004 legislative session, totaling $1 million.
Kansas	Revenue adjustments reflect released encumbrances.
Kentucky	Revenue includes $109.5 million in Tobacco Settlement funds. Revenue adjustments include $102.2 million that represents appropriation balances carried over from the prior fiscal year, $199.9 million from fund transfers into the General Fund, and $68.7 in Federal Fiscal Relief funds. Expenditure adjustments represent appropriation balances forwarded to the next fiscal year.
Louisiana	Revenue adjustments include $19.2 million in carry-forwards, $4 million in non-recurring funds, the use of $7.5 million of fund balances and $29 million from premiums generated on bond sales. Expenditure adjustments include $35.2 million in carry-forwards.
Maryland	Revenue adjustments reflect transfers from other funds.
Michigan	Fiscal 2004 revenue adjustments include federal and state tax law changes (-$209.6 million); unrestricted federal aid ($169 million); a revenue sharing freeze ($278.5 million); prior year work projects ($35.1 million); drivers license fees and fines ($50.1 million); delinquent tax enforcement ($55.1 million); escheats law change ($15 million); casino tax increase ($3.6 million); other revenue adjustments (-$34.5 million); deposits from state restricted funds ($84.2 million); and pending legislative action to repeal a pharmaceutical tax credit ($10 million). The estimated ending balance will likely be expended by fiscal year end close.
Minnesota	The ending balance includes budget reserve of $409.7 million.
Mississippi	Revenue adjustments include a fiscal 2003 year-end transfer of $29.1 million to the Working Cash Stabilization Reserve Fund.
Missouri	Revenues are net of refunds. Refunds for fiscal 2004 totaled $1,075.3 million. Revenues include the following: $229.9 million transferred to the General Revenue Fund, $84.7 million from bond proceeds for capital improvement projects, and $274.1 million of Federal Fiscal Relief pursuant to the Jobs and Growth Tax Relief Reconciliation Act of 2003.
Nebraska	Revenue adjustments are transfers between the General Fund and other funds.
Nevada	The fiscal 2003 ending balance and fiscal 2004 beginning balance differ due to rounding. Fiscal 2004 figures reflect legislatively approved amounts.
New York	The ending balance includes $794 million in the tax stabilization reserve fund (rainy day fund), $262 million in the Community Projects Fund and $21 million in reserve funds for litigation risks. Revenue and expenditure adjustments reflect $1.9 billion in deferred spending from fiscal 2002-2003 to fiscal 2003-2004 due to the timing of the state's tobacco securitization transaction.
North Carolina	Revenue adjustments include $136.9 million of Federal Fiscal Relief and $108.8 million of funds originally appropriated for Hurricane Floyd recovery. Expenditure adjustments include a $116.7 million transfer to the Rainy Day Fund and a $78.8 transfer to the Repair and Renovation Reserve.

NOTES TO TABLE A-2 (continued)

Ohio	Federal reimbursements for Medicaid and other human services programs are included in the general revenue fund. Beginning balances are undesignated, unreserved fund balances. The actual cash balances would be higher by the amount reserved for encumbrances and designated transfers from the general revenue fund. Expenditures for fiscal 2004 do not include encumbrances outstanding at the end of the year. Ohio reports expenditures based on disbursements for the general revenue fund. Expenditure adjustments reflect miscellaneous transfers-out of $55.3 million. These transfers-out are adjusted for an anticipated net change in encumbrances from fiscal 2003 levels of $31.4 million.
Oklahoma	Revenue adjustments reflect a rainy day fund deposit of $208.8 million and an increase to the General Revenue Fund cash-flow reserve of $14.2 million.
Pennsylvania	Revenue adjustments include $142.5 million in prior year lapses and a -$13 million adjustment to the beginning balance. Total expenditures reflect the total amount appropriated plus supplemental appropriations. Expenditure adjustments reflect projected current year lapses and the statutory transfer of $190 million to the budget stabilization (rainy day) fund.
Rhode Island	Revenue adjustments reflect a contribution to budget stabilization fund.
South Carolina	Expenditure adjustments reflect funds applied to the fiscal 2003 and fiscal 2002 deficits.
South Dakota	Revenue adjustments reflect $22.8 million of one-time receipts, $16 million transferred from the Property Tax Reduction Fund to cover the budget shortfall, and $1.4 million of obligated cash carried forward from fiscal 2003. Expenditure adjustments reflect $1.4 million transferred to the Budget Reserve Fund from the prior year's obligated cash, and $1.2 million of obligated cash to the Budget Reserve Fund.
Tennessee	Tennessee's ending balance is committed to fund one-time appropriations in the next fiscal year. It is not an uncommitted balance. Revenue adjustments reflect a $28 million transfer from the debt service fund reserve, a $25.5 million transfer from debt service fund unexpended appropriations, and a -$39 million transfer to the rainy day fund. Expenditure adjustments reflect a $21 million transfer to the Transportation Equity Fund, a $27.5 million transfer to the capital outlay projects fund, and $12.2 million for dedicated revenue appropriations.
Texas	Revenue information is from the Comptroller's December 2003 certification revenue estimate, updated to reflect the Comptroller's April 2004 revised revenue estimate. Revenue adjustments reflect dedicated account balances. Total expenditures are 2004 appropriated, as reported by the Legislative Budget Board. Total expenditures include $543 million in appropriations from the Rainy Day Fund. Expenditure adjustments include $345 million held in reserve for transfer to the Rainy Day Fund and other adjustments to reconcile the actual ending balance reported by the Comptroller.
Utah	Revenue adjustments include: $35.6m reserve from prior fiscal year, $14.0m lapsing balances from agencies, $9.8m transfer from tobacco settlement funds, $10.2m transfers from various restricted accounts, $5.2m industrial assistance fund reserve from previous fiscal year, $3.4m from other misc. revenue sources, ($4.3)m transfer to the rainy day fund per statute, and ($107.2)m Reserve for following fiscal year. Year-end revenues were $94.5m higher than estimated largely due to better than anticipated sales and income tax receipts. $34.8m of these surplus revenues were transferred to the rainy day fund per statute. The remaining $11.0m of expenditure adjustments were various minor year-end closing entries.
Vermont	Revenue adjustments reflect a $28.9 million 2003 Act 68 sales tax implementation, -$1.3 million Vermont Economic Development Authority debt forgiveness, $17.3 million direct applications and transfers in, $5.9 million additional property transfer tax to the general fund. Expenditure adjustments include $1.3 million (net) to the human services caseload reserve, $4.5 million to the transportation fund, $1.7 million to the general bond fund, $2 million to the health access trust fund, $10.5 million to internal service funds, $1 million to miscellaneous other funds, $20.9 million to the budget stabilization reserve, and $15.6 million to the general fund surplus reserve.
Washington	Revenue adjustments represent transfers from other accounts to the General Fund.
West Virginia	The beginning balance reflects $146.4 million of reappropriations, $8.3 million of surplus appropriations, and a $41.3 million unappropriated surplus balance. Revenue adjustments reflect a $39.8 million transfer from special revenue, and $0.1 million in prior year redeposits. Expenditures reflect $2,898.8 million of regular appropriations, $74 million of reappropriations, $14.7 million of surplus appropriations, and $30 million of 31-day (prior year) expenditures. Expenditure adjustments reflect a $9.8 million transfer to the rainy day fund.
Wisconsin	The general fund balance improved by $387.4 million during fiscal 2004. The fiscal 2004 ending balance includes a required statutory balance of $35 million.
Wyoming	The state budgets on a biennial basis. To complete the survey using annual figures, certain assumptions and estimates were required. Caution is advised when making projections using this information.

TABLE A-3

Fiscal 2005 State General Fund, Appropriated (Millions)

Region and State	*Beginning Balance*	*Revenues*	*Adjustments*	*Resources*	*Expenditures*	*Adjustments*	*Ending Balance*	*Budget Stabilization Fund*
NEW ENGLAND								
Connecticut**	$ 0	$13,310	$ 0	$13,310	$13,226	$ 0	$ 84	$286
Maine	15	2,652	54	2,721	2,710	0	11	0
Massachusetts* **	1,479	23,521	0	25,000	24,351	0	649	624
New Hampshire	16	1,260	0	1,276	1,326	0	-50	17
Rhode Island**	44	2,954	-60	2,938	2,938	0	1	90
Vermont	0	950	36	986	956	30	0	46
MID-ATLANTIC								
Delaware*	646	2,777	0	3,423	2,846	0	578	148
Maryland**	230	10,542	475	11,247	11,159	0	87	520
New Jersey*	822	27,059	0	27,881	27,478	5	398	288
New York* **	1,077	42,655	0	43,732	43,039	-434	1,127	794
Pennsylvania**	77	22,806	0	22,883	22,876	2	5	267
GREAT LAKES								
Illinois	182	23,217	2,385	25,784	23,004	2,598	182	276
Indiana**	291	11,093	286	11,669	11,378	0	291	46
Michigan**	0	8,417	341	8,758	8,757	0	1	0
Ohio**	157	24,862	0	25,020	24,933	-33	120	181
Wisconsin* **	105	11,650	0	11,755	11,745	0	11	0
PLAINS								
Iowa**	0	4,603	-63	4,540	4,452	0	88	0
Kansas**	327	4,542	0	4,869	4,658	0	210	0
Minnesota* **	924	13,929	0	14,853	14,221	0	632	631
Missouri**	488	6,708	0	7,197	7,171	0	26	232
Nebraska**	177	2,776	-84	2,868	2,758	101	8	177
North Dakota**	77	942	0	1,019	910	0	109	9
South Dakota**	0	953	27	980	980	0	0	139
SOUTHEAST								
Alabama**	261	5,763	0	6,025	5,924	36	65	140
Arkansas	0	3,630	0	3,630	3,630	0	0	0
Florida	2,310	22,606	0	24,916	24,049	0	868	999
Georgia* **	1,145	16,376	0	17,521	16,376	0	1,145	0
Kentucky**	223	7,363	153	7,738	7,587	152	0	117
Louisiana**	0	6,820	42	6,861	6,861	0	0	0
Mississippi**	3	3,695	0	3,698	3,698	0	0	43
North Carolina**	287	15,645	0	15,933	15,916	0	16	267
South Carolina* **	55	5,223	0	5,277	5,073	55	149	75
Tennessee**	349	8,922	-58	9,213	9,116	96	1	275
Virginia	274	13,159	0	13,433	13,402	0	31	0
West Virginia**	291	3,072	0	3,362	3,320	32	11	85
SOUTHWEST								
Arizona	368	6,877	238	7,483	7,474	0	8	25
New Mexico*	480	4,622	4	5,106	4,384	14	708	0
Oklahoma	102	4,906	-12	4,997	4,764	0	232	209
Texas**	981	29,659	56	30,696	29,460	508	728	458
ROCKY MOUNTAIN								
Colorado**	224	6,259	-266	6,217	5,971	0	246	0
Idaho**	100	2,085	-22	2,164	2,087	0	77	21
Montana	132	1,335	0	1,466	1,326	0	140	0
Utah**	0	3,692	119	3,812	3,809	0	3	67
Wyoming**	4	992	33	1,028	1,023	0	5	35
FAR WEST								
Alaska**	0	1,972	361	2,333	2,333	0	0	2,059
California*	3,127	77,251	0	80,378	78,681	0	1,697	0
Hawaii	185	4,220	0	4,405	4,112	0	292	0
Nevada**	141	2,505	58	2,704	2,545	0	160	1
Oregon	-478	5,304	0	4,826	4,710	0	116	0
Washington**	506	11,652	102	12,259	11,794	0	465	0
Total	**$18,201**	**$539,780**	**-**	**$562,186**	**$547,297**	**-**	**$11,728**	**$9,647**

NOTES: N/A indicates data are not available. *In these states, the ending balance includes the balance in the budget stabilization fund. **See Notes to Table A-3.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE A-3

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

Alabama	Expenditure adjustments reflect a $36 million transfer to the Education Trust Fund Rainy Day Fund.
Alaska	Revenue adjustments reflect a constitutional budget reserve (CBR) draw.
Arizona	Revenue adjustments represent fund transfers, a withholding adjustment to compensate for federal withholding changes, and a judicial collections program.
Colorado	Revenue adjustments include diversions to the State Education Fund and the Older Coloradan's program, as well as transfers to the General Fund to mitigate revenue declines. Ending balance is projected to be $13.9 million above the statutory reserve requirement. Current law requires monies in excess of the statutory reserve to be credited to the Highway User's Tax Fund and the Capital Construction Fund.
Connecticut	In fiscal 2005, the state projects ending the year with an ending balance of $86.7 million. This amount is included in the budget stabilization fund.
Georgia	The Federal Flexible Assistance grants provide an additional $278.4 million for expenditure.
Idaho	Revenue adjustments include $21.5 million in transfers to other funds. The largest of these transfers is $21 million to the Budget Stabilization Fund.
Illinois	Revenue adjustments include $2,385 million of transfers into general funds. Expenditure adjustments include $495 million to repay pension obligation bond debt service, and transfers-out of $2,103 million.
Indiana	Revenue adjustments reflect one-time transfers from dedicated funds and the Rainy Day Fund.
Iowa	Revenue adjustments reflect a reduction of $63.4 million to restore the phase-out of the sales tax on residential utilities, which was eliminated inadvertently through an unrelated item veto during the 2003 legislative session.
Kentucky	Kentucky is operating in fiscal year 2004-2005 without an enacted Executive branch appropriations bill. The Governor has issued an Executive Order to establish a quarterly Public Services Continuation Plan, and the Executive branch is operating under it. The General Assembly enacted appropriations bills for the Judicial and Legislative branches. Revenue includes $108.8 million in Tobacco Settlement funds. Revenue adjustments include $85.1 million that represents appropriation balances carried over from the prior fiscal year, and $67.6 million from fund transfers into the General Fund. Expenditure adjustments represent appropriation balances forwarded to the next fiscal year.
Louisiana	Revenue adjustments include $17.3 million in non-recurring revenue from the fiscal 2003 surplus, the use of $2.7 million of fund balances and $21.7 million carried-forward.
Maine	Revenue adjustments reflect $54 million in legislative and statutory authorized transfers, which include repayment of a -$10 million Retiree Health Insurance Fund General Fund loan and a $39.6 million transfer from the Retiree Health Insurance Fund to the General Fund by converting back to a pay-as-you-go basis, $11.4 million from the Highway Fund unallocated surplus, $3 million transferred from the Highway Fund, $3.5 million from lapsed funds, $3.3 million from hospital rate adjustments and various adjustments netting to $3.2 million.
Maryland	Revenue adjustments reflect transfers from other funds, including $91 million from the Rainy Day Fund. Expenditures include appropriations to the Rainy Day Fund of $103.7 million.
Massachusetts	The fiscal 2005 revenue figure is based on a tax estimate agreed upon by the Executive Office for Administration and Finance and the Legislature on January 14, 2004. This figure has not been adjusted to reflect actual tax collections exceeding benchmarks set in January.
Michigan	Fiscal 2005 revenue adjustments include anticipated federal and state law changes (-$560.9 million); drivers license fees and fines ($98.1 million); a casino tax increase ($42.9 million); increased tax audits ($85.1 million); escheats law change ($15 million); deposits from state restricted funds ($7 million); suspension of county revenue sharing payments ($182.3 million); a revenue sharing freeze ($339.4 million); other revenue adjustments (-$11.7 million); a freeze on interfund borrowing rates ($20 million); and several pending actions including the sale of properties ($83.4 million); repeal of the pharmaceutical tax credit ($10 million); tax law changes ($15 million); and deposits of restricted revenue sources to the general fund (15.5 million).
Minnesota	The ending balance includes budget reserve of $631.4 million.
Missouri	Revenues are net of refunds. Estimated refunds for fiscal 2005 total $1,219.6 million. Revenues include $214.6 million transferred to the General Revenue Fund.
Montana	Total appropriated expenditures include $6 million of anticipated supplemental appropriations.
Nebraska	Revenue adjustments are transfers between the General Fund and other funds. Per Nebraska law, this includes a transfer to the Cash Reserve Fund (Rainy Day Fund) of the amount the prior year's net General Fund receipts exceeded the official forecast. Expenditure adjustments are carryover appropriations from the prior fiscal year and a small amount reserved for supplemental/deficit appropriations.
Nevada	The fiscal 2004 ending balance and the fiscal 2005 beginning balance differ due to rounding. Fiscal 2005 figures reflect legislatively approved amounts.
New York	The ending balance includes $794 million in the tax stabilization reserve fund (rainy day fund), $312 million in the Community Projects Fund and $21 million in reserve funds for litigation risks.

NOTES TO TABLE A-3 (continued)

Ohio	Federal reimbursements for Medicaid and other human services programs are included in the general revenue fund. Beginning balances are undesignated, unreserved fund balances. The actual cash balances would be higher by the amount reserved for encumbrances and designated transfers from the general revenue fund. Expenditures for fiscal 2005 do not include encumbrances outstanding at the end of the year. Ohio reports expenditures based on disbursements for the general revenue fund. Expenditure adjustments reflect projected miscellaneous transfers-out of $17.6 million. These transfers-out are adjusted for an anticipated net change in encumbrances from fiscal 2004 levels of -$50.6 million. Ohio budgets on a biennial basis. The fiscal year 2005 budget was enacted in July 2003. The figures in the table reflect the enacted fiscal year 2005 budget including the July 2004 revenue revisions and executive order reductions for 2005.
Oklahoma	Revenue adjustments reflect an increase to the General Revenue Fund cash-flow reserve of $12 million.
Pennsylvania	Expenditure adjustments reflect a transfer of 25 percent of the ending balance to the budget stabilization (rainy day) fund.
Rhode Island	Revenue adjustments reflect a contribution to budget stabilization fund.
South Carolina	Expenditure adjustments reflect agencies' carryforward dollars.
South Dakota	Revenue adjustments reflect $7.6 million from one-time receipts and $19.4 million transferred from the Property Tax Reduction Fund to cover the anticipated budget shortfall.
Tennessee	Tennessee's ending balance is committed to fund one-time appropriations in the next fiscal year. It is not an uncommitted balance. Revenue adjustments reflect a -$58.4 million transfer to the rainy day fund. Expenditure adjustments reflect a $21.6 million transfer to the Transportation Equity Fund, a $58.6 million transfer to the capital outlay projects fund, and $16.2 million for dedicated revenue appropriations.
Texas	Revenue information is from the Comptroller's December 2003 certification revenue estimate, updated to reflect the Comptroller's April 2004 revised revenue estimate. Revenue adjustments reflect dedicated account balances. Total expenditures are 2005 appropriated, as reported by the Legislative Budget Board. Total expenditures include $258 million in appropriations from the Rainy Day Fund. Expenditure adjustments include $104 million held in reserve for transfer to the Rainy Day Fund and other adjustments to reconcile the actual ending balance reported by the Comptroller.
Utah	Revenue adjustments include a $107.2 million reserve from the prior fiscal year, $7 million of increased accounts receivable collections, and $5.1 million of transfers from various restricted accounts. The beginning balance does not match the fiscal 2004 ending balance due to a surplus in fiscal 2004.
Vermont	Revenue adjustments reflect $12.5 million in direct applications and transfers in, $7.9 million increase in property transfer tax revenue estimate, and $15.6 million from general fund surplus reserve. Expenditure adjustments include $1.1 million to the budget stabilization reserve and $28.6 million to the general fund surplus reserve.
Washington	Revenue adjustments represent transfers from other accounts to the General Fund.
West Virginia	The beginning balance reflects $203.3 million of reappropriations, $21.2 million of surplus appropriations, and a $66 million unappropriated surplus balance. Expenditures reflect $3,071.8 million of regular appropriations, $203.3 million of reappropriations, $21.2 million of surplus appropriations, and $23.8 million of 31-day (prior year) expenditures. Expenditure adjustments reflect a $31.7 million transfer to the rainy day fund.
Wisconsin	Although the fiscal 2004 balance increase was substantial, it was less than anticipated by final legislative action. Consequently, this minor shortfall in fiscal 2004 lowers the expected fiscal 2005 ending balance below a required statutory balance for fiscal 2005 of $40 million. Because the projected fiscal 2005 ending balance remains positive, however, it is not deemed a budget gap requiring correction prior to the next biennial budget.
Wyoming	The state budgets on a biennial basis. To complete the survey using annual figures, certain assumptions and estimates were required. Caution is advised when making projections using this information.

TABLE A-4

General Fund Nominal Percentage Expenditure Change, Fiscal 2004 and Fiscal 2005*

Region and State	*Fiscal 2004*	*Fiscal 2005*
NEW ENGLAND		
Connecticut	4.6%	4.3%
Maine	4.3	2.5
Massachusetts	0.1	8.4
New Hampshire	3.5	1.6
Rhode Island	3.7	5.3
Vermont	3.1	4.5
MID-ATLANTIC		
Delaware	4.1	11.4
Maryland	-0.8	8.7
New Jersey	1.6	14.8
New York	11.8	2.3
Pennsylvania	7.5	4.3
GREAT LAKES		
Illinois	3.4	1.6
Indiana*	9.1	1.2
Michigan	-0.5	0.7
Ohio	5.2	4.6
Wisconsin	-3.6	10.2
PLAINS		
Iowa	0.7	-2.4
Kansas	4.3	7.9
Minnesota	-1.2	3.5
Missouri	4.4	7.6
Nebraska	-1.7	7.1
North Dakota	4.0	1.8
South Dakota	0.6	10.2
SOUTHEAST		
Alabama	0.3	7.9
Arkansas	8.5	2.9
Florida	5.0	11.6
Georgia	1.5	0.7
Kentucky	1.6	4.0
Louisiana	4.4	1.7
Mississippi	3.9	3.0
North Carolina	6.1	8.2
South Carolina	-2.6	4.3
Tennessee	5.6	9.1
Virginia	2.2	8.2
West Virginia	2.9	10.0
SOUTHWEST		
Arizona	8.1	14.7
New Mexico	8.2	0.0
Oklahoma	3.9	-1.4
Texas	-4.0	0.1
ROCKY MOUNTAIN		
Colorado	-3.8	5.0
Idaho	3.2	5.0
Montana**	0.3	3.0
Utah	0.9	6.7
Wyoming	0.0	29.8
FAR WEST		
Alaska	-7.8	1.4
California	0.2	1.3
Hawaii	0.9	7.1
Nevada	13.9	9.7
Oregon	41.8	-14.0
Washington	1.0	3.0
Average	**3.0%**	**4.5%**

NOTES: NA indicates data not available.

*Fiscal 2004 reflects changes from fiscal 2003 expenditures (actual) to fiscal 2004 expenditures (preliminary actual). Fiscal 2005 reflects changes from fiscal 2004 expenditures (preliminary actual) to fiscal 2005 expenditures (appropriated).

**See Note to Table A-4.

NOTE TO TABLE A-4

Indiana

In 2002, there was a major restructuring of the tax system in Indiana that increased the sales tax by 1 percent, the cigarette tax by 40 cents a pack and corporate income taxes. Revenue also was enhanced through an increase in the tax imposed on riverboats.

In all, a total of $1.4 billion in taxes was estimated to be raised, and an estimated $1.1 billion was earmarked for property tax relief. In response, lawmakers reduced schools' reliance on local property taxes. With the restructuring, 67 percent of the property taxes levied for a school's general fund will be paid through a state property tax replacement credit. This will result in the state being responsible for 85 percent of the funding of the school general fund.

Therefore, a majority of the increase in expenditures of 9.1 percent for fiscal 2004 over fiscal 2003 was for property tax relief.

TABLE A-5

Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2004

Region and State	*Fees*	*Layoffs*	*Furloughs*	*Early Retirement*	*Across-the Board Percentage Cuts*	*Reduce Local Aid*	*Programs Reorganized*	*Privatization*	*Rainy Day Fund*	*Other*
NEW ENGLAND										
Connecticut										
Maine*										x
Massachusetts										
New Hampshire*										x
Rhode Island*										x
Vermont										
MID-ATLANTIC										
Delaware										
Maryland										
New Jersey										
New York*										x
Pennsylvania										
GREAT LAKES										
Illinois*	x				x		x		x	x
Indiana*										
Michigan*	x		x			x				x
Ohio*		x		x						x
Wisconsin*										x
PLAINS										
Iowa					x					
Kansas*										x
Minnesota*										x
Missouri										
Nebraska*		x			x					x
North Dakota										
South Dakota									x	
SOUTHEAST										
Alabama										
Arkansas										
Florida										
Georgia*		x	x		x	x	x		x	x
Kentucky*					x				x	x
Louisiana										
Mississippi										
North Carolina										
South Carolina*					x					
Tennessee										
Virginia										
West Virginia*										
SOUTHWEST										
Arizona										
New Mexico*										x
Oklahoma										
Texas										
ROCKY MOUNTAIN										
Colorado										
Idaho										
Montana										
Utah										
Wyoming										
FAR WEST										
Alaska										
California*										x
Hawaii										x
Nevada*										x
Oregon										
Washington										
Total	**2**	**3**	**2**	**1**	**6**	**2**	**2**	**0**	**4**	**17**

NOTES: *See Notes to Table A-5.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE A-5

California	Issued Economic Recovery Bonds, reversions, transfers and reductions.
Georgia	Utilized $278.4 million of Federal Flexible Assistance.
Hawaii	Debt service restructuring; carry-over balance.
Illinois	Strategy includes a severance plan.
Indiana	Indiana's ongoing difference between revenue and expenditures has been addressed by the Legislature through increased fees, reduced local aid, use of the Rainy Day Fund and the transfer of dedicated funds. The structural deficit for fiscal 2004 was $846.7 million and is estimated to be $826.5 million for fiscal 2005. To ensure sufficient cash balances at year-end, the Executive Branch instituted an across-the-board cut of 5 percent for both fiscal 2004 and fiscal 2005. In addition, capital expenditures were reduced by an average of 50 percent. These across-the-board cuts resulted in a savings of $41.2 million in fiscal 2004 and an estimated $280 million for fiscal 2005.
Kansas	The 2003 Legislature gave the Governor two tools to make sure the state's budget was balanced. One, which was not used, would have allowed the Governor to delay payment of up to $50.0 million in tax refunds. The other accelerated payment of a portion of property tax revenues by one month to reduce state expenditures for aid to school districts by $158.8 million. The Governor implemented this "property tax accelerator" authorized by the 2003 Legislature to ensure the fiscal 2004 budget was balanced.
Kentucky	Transfer of excess, unappropriated funds into the General Fund, savings from refinanced debt.
Maine	Targeted cuts and surplus balances: includes program reductions, cost savings, and allotment reserves (34 million); Federal Fiscal Relief Reserve Fund (29 million); Medicare Prescription Drug, Improvement and Modernization Act-Related Program adjustments (15 million); General Fund Unappropriated Surplus (13 million); TANF and Child Support Incentive-Surplus funds (11 million); Medicaid Program Adjustments (7 million).
Michigan	Other strategies to address the fiscal 2004 budget gap include: banked leave time and increased co-pays for state employees, suspending performance pay awards, creating a deferred retirement option plan for command and enlisted State Police officers, refinancing debt, federal Medicaid waivers, higher education reductions, information technology reductions, early implementation of cigarette tax and casino tax increases, state agency lapses, retirement rate changes, and payroll processing changes.
Minnesota	The February 2004 forecast projected a budget gap of $159.5 million in fiscal 2005 but no gap in fiscal 2004. The 2004 legislature adjourned without passing legislation to resolve the fiscal 2005 budget gap. The governor then took executive actions to close the gap. Those actions included across-the-board cuts in agency operating budgets, a reduction in the general fund transfer to the Health Care Access fund, and the delaying of a general obligation bond sale that resulted in debt service savings in fiscal 2005.
Missouri	After the enactment of the fiscal 2004 budget, it was estimated that a budget gap existed. Since the State of Missouri is required to have a balanced budget, the Governor exercised his withholding power to ensure a balance budget at the end of the fiscal year. During the fiscal year as net revenue collections and expenditures were evaluated, the budget gap decreased allowing the Governor to release the withholdings. By the fourth quarter of the fiscal year a budget gap did not exist.
Nebraska	Targeted cuts and Federal flexible relief grant.
Nevada	The 2003 Legislature enacted tax increases due to budget shortfalls.
New Hampshire	Hiring, Equipment, and Out-Of-State Travel Freeze.
New Mexico	New Mexico has a constitutional prohibition against deficit spending.
New York	The $900 million gap in fiscal 2004 was closed by the receipt of one-time Federal revenue sharing payments, savings from the Federal FMAP increase, and other actions.
Ohio	Selective cuts were imposed with different rates applying to different agencies based on state priorities.
Rhode Island	Revenue enhancements proposed $15.7 million; adopted $12.5 million.
South Carolina	The State did an across the board 1 percent and used both the General Reserve and Capital Reserve to offset deficit of 2004. With these actions and increased revenue collections, the State ended the year with a surplus of $242.6 million.
West Virginia	A budget gap of $20 million was anticipated in December 2003 and across-the-board cuts of 2.9 percent and 1.4 percent for higher education were put into place (Legislature, judicial, debt service, Lease Rental Payments, Public Defender Services, CHIP's, Public Education, Medicaid, Corrections and State Police were excluded from the cuts). At the end of the year, the state actually did not have a budget gap and was $41.5 million over the revenue estimate. However, the across-the-board spending reduction was not lifted.
Wisconsin	Restructured general obligations bonds to produce one-time savings in fiscal 2004 to reduce deficit in Medical Assistance Trust Fund.

TABLE A-6

Number of Filled Full-Time Equivalent Positions at the End of Fiscal 2003 to Fiscal 2005, in All Funds**

Region and State	*Fiscal 2003*	*Fiscal 2004*	*Fiscal 2005*	*Percent Change, 2003-2004*	*Percent Change, 2004-2005*	*Includes Higher Education Faculty*	*State-Administered Welfare System*
NEW ENGLAND							
Connecticut	N/A	49,294	49,432	N/A	0.28%		X
Maine	14,603	14,427	14,391	-1.21%	-0.25%		
Massachusetts	66,024	62,012	0	-6.08%	N/A	X	X
New Hampshire	11,678	10,997	11,680	-5.83%	6.21%		X
Rhode Island*	14,914	14,925	16,227	0.07%	8.73%	X	X
Vermont	7,738	7,953	7,998	2.78%	0.57%		X
MID-ATLANTIC							
Delaware	17,788	17,601	17,713	-1.05%	0.64%	X	X
Maryland	80,800	78,125	77,942	-3.31%	-0.23%	X	X
New Jersey	71,277	74,798	79,720	4.94%	6.58%		
New York*	190,800	187,900	187,900	-1.52%	0.00%	X	
Pennsylvania*	86,130	84,604	83,972	-1.77%	-0.75%		X
GREAT LAKES							
Illinois	59,332	59,247	58,743	-0.14%	-0.85%		X
Indiana	36,259	37,194	37,039	2.58%	-0.42%		X
Michigan	51,203	51,147	51,150	-0.11%	0.01%		X
Ohio*	57,425	57,048	57,048	-0.66%	0.00%		
Wisconsin*	68,665	68,076	66,720	-0.86%	-1.99%	X	
PLAINS							
Iowa	59,574	60,464	60,464	1.49%	0.00%	X	X
Kansas	40,855	40,941	40,921	0.21%	-0.05%	X	X
Minnesota*	33,808	33,279	0	-1.56%	N/A		
Missouri*	62,173	62,523	61,255	0.56%	-2.03%		X
Nebraska*	16,436	16,504	N/A	0.41%	N/A		X
North Dakota	7,341	7,336	7,675	-0.07%	4.62%		
South Dakota	13,012	13,126	13,537	0.88%	3.13%	X	
SOUTHEAST							
Alabama	38,353	36,899	36,500	-3.79%	-1.08%		X
Arkansas	29,661	29,571	29,925	-0.30%	1.20%		X
Florida	117,934	116,241	116,266	-1.44%	0.02%		X
Georgia	100,902	97,759	96,160	-3.11%	-1.64%	X	X
Kentucky	37,700	36,000	37,000	-4.51%	2.78%		
Louisiana	86,948	88,692	88,189	2.01%	-0.57%	X	X
Mississippi	32,750	32,438	38,236	-0.95%	17.87%		X
North Carolina	264,613	N/A	N/A	N/A	N/A	X	
South Carolina	61,719	60,618	60,366	-1.78%	-0.42%	X	X
Tennessee	43,100	43,900	44,000	1.86%	0.23%		X
Virginia	109,670	109,495	111,819	-0.16%	2.12%	X	
West Virginia	33,894	34,149	35,477	0.75%	3.89%	X	X
SOUTHWEST							
Arizona*	49,147	49,323	49,958	0.36%	1.29%	X	X
New Mexico	18,897	19,025	19,143	0.68%	0.62%		X
Oklahoma	37,676	37,603	N/A	-0.19%	N/A		X
Texas*	230,774	226,512	225,907	-1.85%	-0.27%	X	X
ROCKY MOUNTAIN							
Colorado	22,245	21,644	24,602	-2.70%	13.67%		
Idaho	17,195	17,307	17,377	0.65%	0.40%	X	X
Montana*	12,296	12,250	11,830	-0.37%	-3.42%		X
Utah*	20,361	20,779	20,716	2.05%	-0.30%		X
Wyoming	6,585	6,585	6,883	0.00%	4.53%		X
FAR WEST							
Alaska	19,343	19,348	19,189	0.03%	-0.82%	X	X
California	321,394	317,773	317,983	-1.13%	0.07%	X	X
Hawaii	43,620	44,403	44,383	1.80%	-0.05%	X	X
Nevada*	14,187	14,928	15,320	5.22%	2.63%		X
Oregon	47,067	47,141	47,185	0.16%	0.09%	X	X
Washington	104,263	104,952	103,955	0.66%	-0.95%	X	X
Total**	2,522,299	**2,554,367**	**2,531,707**	**1.3%**	**-0.9%**		

NOTES: N/A indicates data are not available. *See Notes to Table A-6. **Unless otherwise noted, fiscal 2003 reflects actual figures, fiscal 2004 reflects preliminary actuals and fiscal 2005 reflects appropriated figures.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE A-6

Arizona	All FTE numbers are appropriated numbers, not actual.
Minnesota	Totals do not include the Legislature nor higher education institutions. Minnesota does not have complement control in fiscal 2005.
Missouri	Amounts are the authorized full-time equivalent positions.
Montana	Note that the fiscal 2005 numbers do not include FTE that are added through budget amendments and are not fully comparable to the fiscal 2003 and fiscal 2004 numbers.
Nebraska	Full-time equivalent positions are not "appropriated".
Nevada	FTE count of employees excludes non-classified, Board/Commission, seasonal, temporary, University, the Courts, intermittent, special project, trade union, expired and elected positions. For fiscal 2005 Appropriated, we do not have information on positions that have not been entered into the Human Resources Data Warehouse System (e.g., new positions effective October 1, January 1, etc.).
New York	State employees are counted as full-time equivalent employees funded from All Funds including part-time and temporary employees but excluding seasonal, legislative and judicial employees.
Ohio	Fiscal 2005 appropriated FTEs is the same as fiscal 2004. However, because of actual budget amounts to agencies, the exact number of employees will very likely be less than fiscal 2004 amounts. At this time, it is too early to know by how many.
Pennsylvania	Figures reflect total authorized salaried positions on a full-time equivalent basis.
Rhode Island	The fiscal 2003 enacted FTE cap was 15,249.2 and did not include sponsored research positions at higher education institutions. The fiscal 2004 enacted FTE cap was 15,289.4, and did not include sponsored research positions at higher education institutions. The fiscal 2005 appropriated FTE allotment includes 865.6 higher education positions previously exempt or not included in cap, but always counted in actual filled.
Texas	Represents appropriated FTEs only.
Utah	FTE counts for fiscal 2003 and fiscal 2004 are actual based on total hours worked within each agency divided by the total hours per FTE each year (fiscal 2003 = 2,088 hours, fiscal 2004 = 2,096 hours). Fiscal 2005 is an estimate based on 20,190 FTE outlined in budget submissions to the Governor's Office of Planning and Budget, and 526 FTE due to overtime and additional hours worked consistent with the fiscal 2004 budget to actual ratio.
Wisconsin	For fiscal 2003, data reflects quarterly report to Joint Finance for positions on June 30, 2003. For fiscal 2004, data reflects preliminary figure for quarterly report to Joint Finance for positions on June 30, 2004. Data for fiscal 2005 is per Act 33 summary table. The University of Wisconsin System had 29,634 positions in fiscal 2003 (adjusted base). The state has a state supervised but county administered welfare system. The state position total includes approximately 70 positions involved in the state's role.

TABLE A-7

State Employment Compensation Changes, Fiscal 2005

Region/State	*Across-the-Board*	*Merit*	*Other*	*Notes*
NEW ENGLAND				
Connecticut	3.0	---	---	Employees with approved contracts will also receive an annual increase (except for the corrections and protective services units that have no increase in fiscal 2005). The administration's position is that unsettled units will have their wages frozen for fiscal 2005. Approximately 15 percent of the unions (excluding education units) are unsettled for fiscal 2005.
Maine	---	3.5 to 5.0	---	Only includes merit increases for employees not at the top of their scale.
Massachusetts				
New Hampshire	---	---	---	State Still Paying Entire Cost of Employee Health Insurance.
Rhode Island	---	---	2.0	There is generally a 2 percent growth due to steps and longevities. The Administration will implement an across the board 2 percent salary increase is for non-unionized state employees, in part to offset an expected 3-5 percent contribution for healthcare premium costs (depending on base salary amount), proposed to begin in fiscal 2005. This proposal is subject to negotiation for unionized employees and requires approval by certain other agencies in state government.
Vermont	2.5	---	2.0	A 2.5 percent cost of living adjustment (COLA). Also, per the state employee contract, about 56 percent of employees receive annual step increases worth approximately 2 percent in aggregate of statewide salary costs.
MID-ATLANTIC				
Delaware	*	---	---	General Increase was a 3 percent general increase plus an additional raise of $600 to $1000 depending upon an employee's salary.
Maryland				
Maryland	1.6*	2 to 4**	---	*The increase is a flat $752 per employee. This averages 1.6 percent for the whole workforce. **All employees receive a merit step if performance meets standards. These are awarded either July 1 or January 1 depending on the employee's anniversary.
New Jersey	2.9	---	2.0	Increases for contracted unions only (CWA, IFPTE, AFSCME = 75 percent of positions)
New York	2.5	---	---	There are a series of step increases within each pay grade until reaching a salary threshold.
Pennsylvania	---	---	2.3	Most employees receive a 2.25 percent longevity (step) increment on July 1, 2004. Employees in the last step of the payroll receive lump sum payments in lieu of the percentage increase.
GREAT LAKES				
Illinois	1.0	0.0	-1.0	Union employees received a 1 percent increase to their overall salaries, but were required to contribute 1 percent to cover their health benefits, thus zeroing out the increase.
Indiana	---	---	---	Indiana provides general salary adjustments effective January 1st. At this time the January 1, 2005 general salary adjustment is unknown.
Michigan	4.0	NA	NA	In order to preserve the 4 percent pay increase for fiscal 2005, employee concessions are under negotiation. The performance pay program is being reactivated for fiscal 2005 with limitations. Some classified employees will receive step increases. Other employees may be eligible for promotion to a higher classification grade and pay level. Career employees receive an annual longevity payment following completion of 6 years of continuous full-time service. The amount of the longevity payment varies depending on the number of years of full-time service and is increased in four-year increments.
Ohio	0.0	---	---	The state will extend a 2 percent payment in December to those staff who were employed in March 2003 and remain employed in November 2004. This 2 percent payment is a lump sum payment and it is based on the top step of the employee's pay range.
Wisconsin	1.0	0.0	0.0	In addition, to the 1 percent across-the-board increase, the fiscal 2005 package also included a $200 lump sum, a 10 cent an hour increase and market adjustments for certain positions.

TABLE A-7 (continued)

State Employment Compensation Changes, Fiscal 2005

Region/State	*Across-the-Board*	*Merit*	*Other*	*Notes*
PLAINS				
Iowa	2.0	4.5	6.5	Across-the-board starts January 1, 2005. An additional 2 percent is added to top on AFSCME and non-contract pay plans, however the person must be maxed out on merit increases to qualify.
Kansas	3.0	---	---	---
Minnesota	0.0	3.3	*	Merit increase is an average. Sixty percent of employees are eligible for merit increases because they are not at the top of their salary range. Merit increases include progression increases for represented employees and performance increases for non-represented employees. *Other includes lump sum achievement awards averaging $1,000 for 10 percent of the population.
Missouri	---	---	---	State employees, except Elected Officials and Judges, received a $1,200 annual increase.
Nebraska	2.0	---	---	Salary increase effective July 1, 2004.
North Dakota	2.0	---	---	The increase is unfunded and will be provided only to the extent possible with savings generated by state agency actions to permanently eliminate state employee positions.
South Dakota	3.0	---	2.5	Other represents the movement to job worth for employees who are under the midpoint of their job classification.
SOUTHEAST				
Alabama	0.0	5*	**	*Merit Raises will be reinstated in fiscal 2005. Merit Raises are based on employee performance evaluation and status in classification whether an employee receives such raise that could range from 0 percent to 5 percent. **Longevity pay ranges from $300 to $600 per year based on the number of years of state service.
Arkansas	1.5 to 3.0	Up to 8*	---	*Law allows up to 8 percent bonus upon recommendation of supervisor/director.
Florida				
Florida	---	---	---	A 5% increase (annualized total of $54,619,206) was provided for employees in special risk positions (mainly law enforcement), effective January 1, 2005. All other state employees were provided a one-time lump sum bonus payment of $1,000 which includes applicable taxes and withholding, effective December 1, 2004.
Georgia	---	2.0	---	Funding provided for a 2 percent salary increase effective January 1, 2005 for most employees. Funding also provided for an additional 3 percent salary increase for veteran teachers with 21 or more years of experience.
Kentucky	3.0	---	---	Of the 3 percent salary increase, 1 percent will be universally applied as of January 1, 2005. The remaining 2 percent is applied in accordance with each employee's anniversary date.
Louisiana	0.0	4.0	0.0	Civil service employees may be granted a 4 percent merit increase each year on their anniversary date if the employing authority determines that the performance of the employee merits the increase.
Mississippi				
North Carolina	2.5 or $1,000	---	---	All employees receive the greater of either a 2.5 percent or $1,000 increase in salary.
South Carolina	3.0	---	3.0	---
Tennessee	3.0	---	---	One-time bonus of $210 to $1,750 equals 2.7 percent. Selected classes adjusted equals 1 percent.
Virginia	3.0	---	---	Base salary adjustment, effective November 25, 2005.
West Virginia	---	---	---	---

TABLE A-7 (continued)

State Employment Compensation Changes, Fiscal 2005

Region/State	*Across-the-Board*	*Merit*	*Other*	*Notes*
SOUTHWEST				
Arizona	---	---	---	The majority of state employees were provided a $1000 across-the-board increase for FY2005. However, certain employee classifications or agencies were provided alternative pay packages to address special needs such as high turnover rates or other extenuating circumstances. Alternative pay packages were provided to nurses and DPS sworn officers, and the Board of Regents were provided lump sum pay package funding to distribute to the Universities.
New Mexico	2.0	---	---	---
Oklahoma	*	---	---	Across the board increases to employees of $1,400 annually beginning January 1, 2005. An additional increase of $700 annually beginning July 1, 2005. Agency directors' salary increases varied.
ROCKY MOUNTAIN				
Colorado	2.0	---	1.1	---
Idaho	---	2.0	1.0	The 1 percent "other" increase was contingent upon the fiscal 2004 General Fund unspent, unencumbered balance exceeding $77.22 million. Since the balance was $100.2 million, this increase will be provided. It is a one-time increase that is funded with a one-time appropriation.
Montana	0.8	---	---	The increase is $0.25/hour per employee plus $50 per month per employee increased contribution to health care package. We also have increases built into salaries for additional "longevity" or additional percentages for each 5 additional years of state service. I have only included the estimate for the increase as a result of the $0.25/hour increase in the above figures.
Utah	1.0	---	1.0	The category of other represents a one-time employee bonus to be distributed in December 2004. The legislature provided each state agency funding equivalent to a 1 percent COLA, however, employer costs such as FICA, retirement, workers compensation, etc. will be deducted from agency funding prior to calculating the bonus. The final gross bonus for each full-time employee will be less than 1 percent. The legislature also funded 5.5 percent increase in Health Insurance premiums with several modifications to the benefit plan, 4.3 percent increase in dental insurance premiums, and a weighted average increase of 13.8 percent for retirement contribution rates. (Equivalent funding was provided to public and higher education for comparable adjustments.)
FAR WEST				
Alaska	---	3.0	---	Most state employees receive merit increase on their anniversary date.
California	5.0	0.0	7.9	Approximately 10 percent of the workforce received no increase in salary. Seventy-three percent of the workforce received a 5 percent salary increase and 17 percent of the workforce received an average 7.85 percent salary increase The full year cost of the 5 percent increases is $464 million.
Nevada	---	2.0	---	Longevity payments for employees with over 15 years of service.
Oregon	0.0	0.0	---	Oregon did not provide for any cost-of-living adjustments or merit increases for the fiscal 2003-2005 biennium.

TABLE A-8

Fiscal 2004 Tax Collections Compared with Projections Used in Adopting Fiscal 2004 Budgets (Millions)**

	Sales Tax		*Personal Income Tax*		*Corporate Income Tax*		*Total*
Region and State	*Original Estimate*	*Current Estimate*	*Original Estimate*	*Current Estimate*	*Original Estimate*	*Current Estimate*	*Revenue Collection****
NEW ENGLAND							
Connecticut	$3,092	$3,132	$4,476	$4,910	$608	$505	H
Maine	906	917	1,131	1,157	104	112	H
Massachusetts	3,729	3,749	8,019	8,830	628	998	H
New Hampshire	N/A	N/A	N/A	N/A	188	192	T
Rhode Island*	812	N/A	853	N/A	65	N/A	T
Vermont	228	256	426	430	28	45	H
MID-ATLANTIC							
Delaware	N/A	N/A	740	781	66	81	H
Maryland	2,827	2,922	5,003	5,078	330	329	H
New Jersey	6,165	6,270	7,130	7,445	2,186	2,643	H
New York	9,562	9,508	24,301	24,672	1,450	1,482	H
Pennsylvania	7,701	7,729	7,616	7,734	1,476	1,678	H
GREAT LAKES							
Illinois	6,359	6,331	7,298	7,272	872	937	T
Indiana	4,883	4,721	3,839	3,808	559	645	T
Michigan	6,833	6,501	6,024	5,862	2,013	1,824	T
Ohio	7,634	7,531	7,602	7,697	793	809	L
Wisconsin	3,915	3,899	5,406	5,277	540	651	T
PLAINS							
Iowa	1,690	1,704	2,529	2,534	241	194	H
Kansas	1,832	1,827	1,830	1,888	125	141	H
Minnesota	4,083	4,103	5,527	5,727	646	629	H
Missouri	1,853	1,842	3,835	3,809	200	304	H
Nebraska	1,111	1,114	1,196	1,250	143	167	H
North Dakota	383	403	213	213	46	40	H
South Dakota	492	508	N/A	N/A	N/A	N/A	H
SOUTHEAST							
Alabama	1,601	1,674	2,079	2,036	155	236	T
Arkansas	1,787	1,803	1,658	1,713	189	182	T
Florida	15,288	15,748	N/A	N/A	1,293	1,345	H
Georgia	4,767	5,002	7,854	7,262	N/A	N/A	L
Kentucky	2,473	2,448	2,983	2,796	274	303	L
Louisiana	2,406	2,445	2,188	2,192	373	418	H
Mississippi	1,523	1,493	1,032	1,062	305	316	T
North Carolina	4,057	4,222	7,427	7,510	712	777	H
South Carolina	2,170	2,181	1,965	1,974	107	149	H
Tennessee	5,620	5,807	121	140	1,069	1,182	H
Virginia	2,460	2,563	7,212	7,385	316	426	H
West Virginia	937	928	1,091	1,068	168	182	H
SOUTHWEST							
Arizona	3,237	3,295	2,213	2,306	475	472	H
New Mexico	1,376	1,410	1,036	1,007	136	138	H
Oklahoma	1,440	1,497	2,286	2,315	111	133	H
Texas	14,736	14,959	N/A	N/A	N/A	N/A	H
ROCKY MOUNTAIN							
Colorado	1,792	1,771	3,510	3,450	172	235	L
Idaho	858	886	934	902	92	103	H
Montana	11	12	558	602	65	67	H
Utah	1,469	1,504	1,643	1,700	161	155	H
Wyoming	302	325	N/A	N/A	N/A	N/A	H
FAR WEST							
Alaska	N/A	N/A	N/A	N/A	250	285	H
California	23,518	23,720	33,596	36,000	7,035	7,280	H
Hawaii	1,831	1,900	1,153	1,169	19	57	H
Nevada	715	770	N/A	N/A	N/A	N/A	H
Oregon	N/A	N/A	4,490	4,269	248	318	L
Washington	6,188	6,197	N/A	N/A	N/A	N/A	T
Total	**$178,648**	**$179,525**	$192,021	**$195,231**	**$27,031**	**$29,161**	-

NOTES: N/A indicates data are not available because, in most cases, these states do not have this type of tax.
*See Notes to Table A-8.
**Unless otherwise noted, original estimates reflect the figures used when the fiscal 2004 budget was adopted, and current estimates reflect preliminary actual tax collections.
***KEY: L=Revenues lower than estimates. H=Revenues higher than estimates. T=Revenues on target.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE A-8

Michigan	The original fiscal 2004 budget has been modified and is based on the May 2004 consensus estimates and is net of all enacted tax changes. Tax estimates represent total tax collections. Sales tax collections are for the Michigan sales tax only and do not include collections from Michigan use tax. Michigan does not have a Corporate Income Tax; estimates are for Michigan's Single Business Tax. The fiscal 2004 revenues are on target with the May 2004 consensus revenue estimates; final revenue figures will be available when the State of Michigan Comprehensive Annual Financial Report is published in December 2004. The fiscal 2005 Executive Budget has been modified and is based on the May 2004 consensus estimates and is net of all enacted tax changes. Tax estimates represent total tax collections. Sales tax collections are for the Michigan sales tax only and do not include collections from Michigan use tax. Michigan does not have a Corporate Income Tax; estimates are for Michigan's Single Business Tax. The fiscal 2005 revenues are on target with the May 2004 consensus revenue estimates; updated fiscal 2005 revenue figures will be released at the next regularly scheduled consensus revenue conference in January 2005.
New York	Reported personal income tax collections include dedicated personal income tax receipts that flow through the revenue bond tax fund. Reported sales tax collections include dedicated sales tax receipts that flow through the Local Government Assistance Corporation.
Rhode Island	Rhode Island corporate income tax collections include both business corporation taxes and franchise taxes.

TABLE A-9

Fiscal 2004 Tax Collections Compared with Projections Used in Adopting Fiscal 2005 Budgets (Millions)**

	Sales Tax		*Personal Income Tax*		*Corporate Income Tax*	
Region and State	*Fiscal 2004*	*Fiscal 2005*	*Fiscal 2004*	*Fiscal 2005*	*Fiscal 2004*	*Fiscal 2005*
NEW ENGLAND						
Connecticut	$3,132	$3,320	$4,910	$5,131	$505	$502
Maine	917	896	1,157	1,166	112	104
Massachusetts	3,749	3,846	8,830	8,583	998	1,144
New Hampshire	N/A	N/A	N/A	N/A	192	193
Rhode Island*	N/A	858	N/A	926	N/A	91
Vermont	256	195	430	448	45	41
MID-ATLANTIC						
Delaware	N/A	N/A	781	775	81	78
Maryland	2,922	2,954	5,078	5,292	329	339
New Jersey	6,270	6,600	7,445	8,855	2,643	2,632
New York*	9,508	10,492	24,672	26,738	1,482	1,751
Pennsylvania	7,729	7,951	7,734	8,522	1,678	1,816
GREAT LAKES						
Illinois	6,331	6,431	7,272	7,565	937	858
Indiana	4,721	5,122	3,808	4,033	645	578
Michigan	6,501	6,801	5,862	6,022	1,824	1,918
Ohio	7,531	7,866	7,697	8,103	809	900
Wisconsin	3,899	4,107	5,277	5,796	651	554
PLAINS						
Iowa	1,704	1,767	2,534	2,620	194	185
Kansas	1,827	1,900	1,888	1,900	141	130
Minnesota	4,103	4,231	5,727	5,930	629	740
Missouri	1,842	1,922	3,809	4,016	304	261
Nebraska	1,114	1,173	1,250	1,263	167	149
North Dakota	403	418	213	223	40	46
South Dakota	508	534	N/A	N/A	N/A	N/A
SOUTHEAST						
Alabama	1,674	1,745	2,036	2,100	236	250
Arkansas	1,803	1,886	1,713	1,726	182	180
Florida	15,748	16,491	N/A	N/A	1,345	1,435
Georgia	5,002	5,286	7,262	7,686	N/A	N/A
Kentucky	2,448	2,565	2,796	2,930	303	299
Louisiana	2,445	2,466	2,192	2,307	418	405
Mississippi	1,493	1,544	1,062	1,100	316	321
North Carolina	4,222	4,359	7,510	8,106	777	881
South Carolina	2,181	2,250	1,974	1,979	149	120
Tennessee	5,807	6,097	140	142	1,182	1,146
Virginia	2,563	7,852	7,385	7,774	426	408
West Virginia	928	952	1,068	1,099	182	175
SOUTHWEST						
Arizona	3,295	3,501	2,306	2,456	472	525
New Mexico	1,410	1,477	1,007	1,023	138	123
Oklahoma	1,497	1,561	2,315	2,290	133	134
Texas	14,959	15,432	N/A	N/A	N/A	N/A
ROCKY MOUNTAIN						
Colorado	1,771	1,862	3,450	3,553	235	251
Idaho	886	903	902	955	103	116
Montana	12	12	602	578	67	69
Utah	1,504	1,497	1,700	1,713	155	184
Wyoming	325	330	N/A	N/A	N/A	N/A
FAR WEST						
Alaska	N/A	N/A	N/A	N/A	$285	250
California	23,720	25,146	36,000	38,974	7,280	7,573
Hawaii	1,900	1,950	1,169	1,233	57	35
Nevada	770	755	N/A	N/A	N/A	N/A
Oregon	N/A	N/A	4,269	4,906	318	292
Washington	6,197	6,577	N/A	N/A	N/A	N/A
Total* **	**$171,797**	**$185,926**	**$187,497**	**$200,016**	**$27,483**	**$28,368**

NOTES: N/A indicates data are not available since, in most cases, these states do not have this type of tax.

*See Note to Table A-9. **Unless otherwise noted, fiscal 2004 figures reflect preliminary actual tax collection estimates as shown in Table A-9, and fiscal 2005 figures reflect the estimates used in enacted budgets.

SOURCE: National Association of State Budget Officers.

NOTE TO TABLE A-9

New York	Reported personal income tax collections include dedicated personal income tax receipts that flow through the revenue bond tax fund. Reported sales tax collections include dedicated sales tax receipts that flow through the Local Government Assistance Corporation.
Ohio	Revenue estimates for fiscal 2005 were revised in July 2004. Ohio operates on a biennial budget cycle. The current budget was enacted in July 2003.
Rhode Island	Rhode Island corporate income tax collections include both business corporation taxes and franchise taxes.

TABLE A-10

Enacted Revenue Changes by Type of Revenue, Fiscal 2005

State	*Tax Change Description*	*Effective Date*	*Fiscal 2005 Revenue Changes ($ in Millions)*
	SALES TAXES		
Alabama	Removes the contractor's sales tax exemption.	7/04	18.7
California	Reflects the boat and plane use tax exemption.	8/04	25.9
Connecticut	Reinstates the sales tax free week for the third week of August for items of clothing and footwear costing less than $300.	7/04	-3.3
Florida	Reflects a sales tax holiday on clothing, school supplies and books.	7/04	-29.7
Illinois	Closes tax loopholes.	7/04	6
Iowa	Reflects a reduction of $63.4 million to restore the phase-out of sales tax on residential utilities which was eliminated inadvertently through an unrelated item veto during the 2003 legislative session.		-63.4
Kansas	Sets the base for computing the motor vehicle sales tax, expands various sales tax exemptions, and increases the threshold for filing quarterly sales tax reports.	1/05	-5.2
Louisiana	Phases-out the sales tax on the manufacture of machinery and equipment; and exempts butane and propane used for residential use.	7/04	-9.3
Michigan	Enacts streamlined sales tax legislation.	9/04	-5.1
Nebraska	Reflects changes in the definition of contracted labor subject to sales tax.	7/04	-1
New Mexico	Enhances audits.	7/04	4
	Repeals the tax on food and medical services.	1/05	2.7
New York	Reflects a clothing sales tax exemption for two one-week periods.	6/04	483.0
North Carolina	Reflects various changes made regarding refunds and exemptions.	7/04	-5.2
Oklahoma	Exempts cigarettes and tobacco.	12/04	-15.6
Pennsylvania	Reflects a sales tax exemption on call centers and certain telecommunications equipment.	7/04	-70.2
Rhode Island	Reflects additional sales tax revenue due to the higher cigarette tax.		1.4
South Dakota	Exempts certain transportation services from the sales and use tax.	7/04	-3
Virginia	Increases the sales tax rate by 0.5 percent and eliminates the sales tax exemption for public service corporations.	9/04	395.9
Washington	Includes reductions to the taxation of boarding homes, American beef, and streamlining sales tax corrections.		-13.8
West Virginia	Reflects a three-day sales tax holiday on clothing, school supplies, computer accessories and computers.	8/04	-2.2
Total Revenue Changes—Sales Taxes			**$710.6**

TABLE A-10 (continued)

Enacted Revenue Changes by Type of Revenue, Fiscal 2005

State	*Tax Change Description*	*Effective Date*	*Fiscal 2005 Revenue Changes ($ in Millions)*
	PERSONAL INCOME TAXES		
Arizona	Reflects Internal Revenue Code conformity and adjustments to withholding rates.	9/04 & 1/05	$74.2
Arkansas	Reflects a temporary 3 percent surcharge on tax liabilities, and adopted Federal changes including retirement provisions (-$3.0 million), income tax technical corrections (-$1.1 million, repeal of the state income tax credit (working taxpayer credit) ($18.6 million).	01/02 & 01/03	51.3
California	Suspends the Teacher Tax Credit.	8/04	210.0
	Reflects Wildlife Heritage Tax Credit.	8/04	10.3
Connecticut	Tightens filing requirements for nonresidents who receive income from pass-through entities that do business in or derive income from sources in Connecticut.	7/04	8.0
Idaho	Reflects conformity with the Internal Revenue Code.	1/04	-0.7
Illinois	Closes tax loopholes.	7/04	70.0
Kansas	Changes made relating to estimated tax penalties and Homestead Property Tax refunds.	1/05	-0.2
Maryland	Increases rates on nonresidents.	1/04	38.6
Massachusetts	Taxes lottery prizes.	7/04	11.0
Montana	Effective January 1, 2005, the Montana income tax rate structure is changed by: 1) reducing the graduated income tax rates from a high of 11 percent to seven rates with a high of 6.9 percent; 2) substantially narrowing the income tax brackets for each rate so that the highest rate bracket is obtained with taxable income of $13,901; 2) limiting federal deductibility to $5,000 ($10,000 if married and filing jointly); 3) creating a new income tax credit equal to 1 percent of net capital gains income; and 4) eliminating the reporting of federal tax refunds as income for that portion of the refund above the amount capped. 1/05	-15.8	
New Mexico	Enhances audits.	7/04	12.5
New York	Taxes non-resident gains from sales of co-op stock.		5.0
	Exempts federal military pay.		-1.0
	Creates a new credit to provide an incentive for filmmakers to film on soundstages in New York State.		-12.0
	Doubles the long-term care credit.		-18.0
North Carolina	Reflects conformity with the Military Family Relief Act of 2003.	7/04	-2.6
Oklahoma	Increases the retirement exclusion.	12/04	-13.8
	Reflects a capital gains exemption.	12/04	-6
Pennsylvania	Expands tax forgiveness by increasing the income limit.	1/04	-13.9
Rhode Island	Reduces the enterprise-zone wage tax credit, and repeals enterprise zone donations and the interest income tax credit, ISO certifications, and Small Business Administration loan guaranty fee tax credits.	1/04	3.1
Virginia	Increases the standard deduction and the filing threshold, and reflects changes to the income adjusted age deduction and pass through entities.	1/04	33.3
Wisconsin	Expands the exemption of income received by military personnel from the federal government to include additional forms of active duty (including partial mobilization, selective reserve call-up and homeland security assignments). Previously, the exemption was limited to income related to periods of service in a combat zone.	1/04	-2.1
Total Revenue Changes—Personal Income Taxes			**$441.2**

TABLE A-10 (continued)

Enacted Revenue Changes by Type of Revenue, Fiscal 2005

State	*Tax Change Description*	*Effective Date*	*Fiscal 2005 Revenue Changes ($ in Millions)*
	CORPORATE INCOME TAXES		
Arkansas	Reflects a temporary 3 percent surcharge on tax liability.	1/03	3.2
Florida	Piggybacks on the federal corporate income tax code.	7/04	-124.8
Idaho	Reflects conformity with the Internal Revenue Code.	1/04	-$1.1
Maryland	Regarding Delaware holding companies, adds back deductions between related parties.	1/04	28.0
Massachusetts	Closes various loopholes.		79.0
New Jersey	Limits net operating losses to 50 percent of taxable income for tax years 2004 and 2005.	7/04	137.5
New York	Implemented a fixed dollar minimum requirement increases revenue.	1/04	40.0
	Instituted a low-income housing credit.	11/04	-2.0
	Implemented a petroleum business tax regulatory change.	4/05	2.1
North Carolina	Reflects research and development credits.	5/05	-4.5
Rhode Island	Increases corporate minimum and franchise taxes.	7/04	8.8
Virginia	Changes the tax treatment of Delaware holding companies.	9/04	34
Total Revenue Changes—Corporate Income Taxes			**$275.2**
	CIGARETTE AND TOBACCO TAXES		
Alabama	Increases the cigarette tax by 26 cents per pack.	6/04	87
Alaska	Increases the cigarette tax by 60 cents per pack.	1/05	6.3
Arkansas	Increase of $0.25/pack and 7 percent additional excise tax.	6/03	54.8
Michigan	Increases the cigarette tax by 75 cents per pack, and the tax on other tobacco products from 20 percent to 32 percent.	7/04	313.7
Nevada	Increases the tax by 45 cents per pack.	7/03	65.8
New Jersey	Increases the cigarette tax by 35 cents per pack.	7/04	105
New York	Reflects regulatory changes.		6.7
Oklahoma	Increases the cigarette tax by 80 cents per pack and on other tobacco products by varying amounts.	12/04	77.3
	Reflects tribal tax collections.	12/04	22.8
Rhode Island	Increases the cigarette tax by 75 cents per pack.	7/04	35.2
Virginia	Increases the cigarette tax by 17.5 cents, and the tax on other tobacco products by 10 percent.	9/04	113.8
Total Revenue Changes—Cigarette and Tobacco Taxes			**$888.4**
	ALCOHOLIC BEVERAGES		
Nevada	Raises taxes by 75 percent.	8/03	14.6
New York	Reflects seven day sales in liquor stores.		2.0
North Carolina	Discontinues the distributor discount.	7/04	-2.1
Virginia	Reflects a 3 percent increase in Department of Alcoholic Beverage Control prices.	9/04	10.5
Total Revenue Changes—Alcoholic Beverages			**$25.0**
	MOTOR FUELS TAXES		
New York	Reflects regulatory changes.		1.2
Total Revenue Changes—Motor Fuel Taxes			**$1.2**

TABLE A-10 (continued)

Enacted Revenue Changes by Type of Revenue, Fiscal 2005

State	*Tax Change Description*	*Effective Date*	*Fiscal 2005 Revenue Changes ($ in Millions)*
	OTHER TAXES		
Alabama	Increases the nursing home tax by $700 per bed.	6/04	45.4
	Reflects a 1 percent offshore increase and 5 percent onshore increase in the Oil and Gas Production Tax.	6/04	10.5
Connecticut	Exempts employee relocations sales from the Real Estate Conveyance Tax.	7/04	-1.2
Idaho	Reflects the phase-in of a single Insurance Premium Tax rate.	7/04	-1.3
Kansas	Transfers collection and administration of the corporate franchise tax to the Department of Revenue; reduces the corporate franchise tax rate to $1.25 per $1,000 of a business' net worth for businesses with assets in excess of $100,000, limits the annual payment to $20,000, and exempts non-profit corporations; creates various filing requirements; and establishes various franchise fees.	1/05	5.3
Michigan	Increases the casino wagering tax from 18 percent to 24 percent. The increases is divided between the City of Detroit (2 percent) and the state general fund (4 percent).	9/04	49.1
Nebraska	Reflects the provider tax for Intermediate Care Facilities for the Mentally Retarded.	10/04	1.4
Nevada	Imposes 0.7 percent tax on gross wages paid, lowering to 0.65 percent on 7/1/04, with a deduction for employers who offer health insurance.	7/03	139.7
	Repeals and replaces the quarterly business tax of $25 per employee ($100/year).	10/03	-60.9
	Imposes a 2 percent tax on gross wages paid by financial institutions with a deduction for employers offering health insurance, plus a $7,000 annual excise tax for each bank branch office in Nevada in excess of one.	10/1/03 &1/04	16.8
	Increases the gross gaming revenue tax rate by 0.5 percent for non-restricted licenses.	8/03	41.0
	Increases the fee for operation of slot machines in restricted locations by 33 percent.	7/03	2.3
	Regarding the Live Entertainment Tax, if maximum seating is less than 7,500: imposes a 10 percent tax on admission charges plus a 10 percent tax on food, refreshments and merchandise. If maximum seating 7,500 or more, imposes a 5 percent tax on admission charges only.	10/04	41.5
	Imposes a state tax of $1.30 per $500 of value on transfer of real property.	10/03	51.4
New Jersey	Imposes a 1 percent general purpose fee on buyers when residential property purchases exceed $1 million.	7/04	24.0
	Imposes a 90 cents per month fee on wireless and regular telephones.	7/04	118.0
	Imposes a tiered general purpose fee on sellers of residential property when the value is more than $350,000.	7/04	74.0
	Establishes a 6 percent gross receipts assessment on certain cosmetic surgery procedures.	7/04	26.0
	Enacts a new tire surcharge of $1.50 on the sale of new tires.	7/04	12.3
	Increases a tax on the transfer of hazardous substances.	7/04	9.9
	Imposes a $250 surcharge for unsafe driving convictions.	7/04	33.0
	Increases the motor vehicle surcharge for drivers with six or more points by $50.	7/04	6.0
	Imposes an annual surcharge of $10 per pound for Category 4 toxic substances released; $1 per pound for Category 3 toxic substances and 10 cents per pound for Category 2 toxic substances.	7/04	6.0
New Mexico	Reflects Medicaid revenue enhancements, a bed surtax and health insurance premium surtax.	7/04	36.8
	Reflects a nursing tax credit.	7/04	-2.6
Oklahoma	Exempts veterans organizations from the bingo tax.	7/04	-0.5
Pennsylvania	Continues phase-out of capital stock tax.	1/04	-66.3
	Expands the Research and Development Tax credit.	7/04	-15.0
	Expands education improvement tax credit.	7/04	-10.0
Virginia	Reflects a 10 cent increase in the recordation tax.	9/04	105.1
West Virginia	Reduces the capital company tax credit allotment.		10.0
Total Revenue Changes—Other Taxes			**$707.7**

TABLE A-10 (continued)

Enacted Revenue Changes by Type of Revenue, Fiscal 2005

State	*Tax Change Description*	*Effective Date*	*Fiscal 2005 Revenue Changes ($ in Millions)*
	FEES		
Alabama	Increases civil court fees.	6/04	$10.5
Alaska	Reflects small increases to various fees.	1/05	3.5
California	Reduces State Responsibility Area fees.	8/04	-52.5
Florida	Reduces court fees.	7/04	-10.5
Hawaii	Reflects a surcharge of 66 cents for all wireless connections.	7/04	5.5
Illinois	Increases nonconsumer user fees.	7/04	35.0
Maine	Increases registration and fees for inland fish and wildlife licenses.	1/04	3.1
	Adjusts judicial fine waivers.	7/03	6.0
	Reflects criminal background check fees.	7/03	1.0
Maryland	Reflects a community health licensing fee to cover administrative costs.	7/04	1.0
	Increases the administrative hearing fee for Motor Vehicle Administration cases from $15 to $125.	7/04	3.1
	Reflects a 6 percent assessment on the income of intermediate care facilities for the mentally retarded.	7/04	5.7
	Increases registration fees for vehicles less than 3,700 pounds from $54 to $101 biennially, and for vehicles greater than 3,700 pounds from $81 to $153 biennially.	7/04	148.0
	Reflects a "flush tax" of $2.50 per year for sewer users and $30 per year for septic users not receiving a water bill. The funds are dedicated to Chesapeake Bay cleanup.	7/04	30.0
Minnesota	Reflects hazardous material license endorsement background checks.	5/04	2.1
	Reflects insurance fraud prevention.	5/04	1.5
Nevada	Creates $100 annual license fee for businesses.	7/03	22.1
	Increases or creates various fees payable to the Secretary of State by businesses and other persons.	11/03	18.9
	Reduces collection discounts granted to retailers and wholesalers to offset the costs of collection of certain taxes and increases fees for certain tax permits.	7/2003 & 8/2003	14.8
New York	Reflects vehicle and traffic local prosecution program.	11/04	22.8
	Reflects Department of Motor Vehicle driver responsibility program.		8.5
	Reflects parks and recreations snowmobile fee.		3.6
	Reflects banking fees.	4/04	2.0
	Reflects DOCS Federal bed capacity contracts.	4/04	15.0
	Reflects DOT divisible load permit and fines.	4/04	1.5
	Reflects ENCON stormwater fees:	4/04	2.1
	Reflects nursing home assessments.	4/04	164.6
	Reflects ORPS real property transfer filing fee.	4/04	11.0
Rhode Island	Increases Department of Labor and Training licensing exam fees, environmental fees, business regulation fees, tobacco dealers license fees, and child care facility licensing fees.	7/04	1.4
Texas	Imposes a $200 fee increase for various professionals (landscape architects, interior designers, land surveyors, and property tax consultants). Also increases fees for doctors and private security companies.	9/03	21.1
Vermont	Reflects a hospital provider tax.	7/04	3.3
	Reflects various fees for special funds.	7/04	1.1
	Reflects judiciary filing fees and Secretary of State corporation registration fees.	7/04	1.9
Total Revenue Changes—Fees			**$508.7**

SOURCE: National Association of State Budget Officers.

TABLE A-11

Enacted Revenue Measures, Fiscal 2005

State	*Description*	*Effective Date*	*Fiscal 2005 Enacted Changes (Millions)*
Alabama	Offsets income tax refunds with delinquent court costs.	6/04	$5.3
	Reduces the time for reorganized insurance companies to release abandoned property.	6/04	$10.0
Arkansas	Transfer of $25 million from Property Tax Relief Fund to General Revenue in fiscal 2005.	---	$25.0
California	Reflects a personal income tax non-filer compliance program.	8/04	$12.0
	Reflects abusive corporate income tax shelter audit activities.	8/04	$67.0
	Reflects Tobacco Smart Stamps.	9/04	$7.8
Connecticut	Appropriates formerly off-budget tourism funding with corresponding match on the revenue side of ledger.	7/04	$20.0
	Reflects the one time sale of unclaimed property ($50 million), transfers the fiscal 2004 surplus to balance the general fund ($125.3 million), securitizes future unclaimed property revenue ($40 million), reflects new enforcement provisions for Tobacco Settlement Funds ($3.1 million), and eliminates securitization of tobacco revenues (-$300 million).	7/04	-$81.6
Delaware	Reflects changes in the accounting for Medicaid revenues received for services provided by state facilities. Budgetary appropriations also have been reduced by an equal amount.		-$27.3
	Reflects increased collection efforts by the Department of Finance.		$1.5
Florida	Reflects redistribution of alcoholic beverages trust funds for specific appropriations.	7/04	-$30.0
	Eliminates trust funds and shifts funding to the general fund.	7/04	$70.6
Hawaii	Conforms Hawaii's income tax withholding remittance date to the federal remittance date.	1/05	$40.0
Illinois	Reflects personal income tax redistribution due to the lower refund rate.	7/04	$140.0
	Reflects corporate income tax redistribution due to the lower refund rate.		$32.0
	Reflects the sale of state assets.		$25.0
	Reflects one-time fund transfers.		$260.0
	Reflects ongoing fund transfers.	7/04	$80.0
	Reflects an administrative chargeback.		$84.0
	Shifts amount in alcoholic beverages tax lawsuit-related protest fund to the general fund.	7/04	$24.0
Kansas	Reflects E-911 fees.	7/04	$7.8
Maine	Delays the personal income tax deduction for educational expenses.	1/03	$3.1
	Adds annuity considerations for insurance tax purposes.	1/03	$5.8
	Delays recognition of federal estate tax changes for deaths occurring in 2003 and 2004.	1/03	$22.4
Maryland	Decouples from federal tax laws.		$22.6
	Decouples from federal SUV depreciation rules.		$13.5
	Decouples from the federal estate tax.	1/04	$9.1
Minnesota	Reflects additional tax revenues due to increased compliance activities.	7/04	$7.9
Nebraska	Reflects a sales tax amnesty program.	8/04	$3.5
	Reflects a personal income tax amnesty program.	8/04	$2.6
	Reflects a corporate income tax amnesty program.	8/04	$0.3

TABLE A-11 (continued)

Enacted Revenue Measures, Fiscal 2005

State	*Description*	*Effective Date*	*Fiscal 2005 Enacted Changes (Millions)*
New Jersey	Provides that the current outdoor advertising fee of 6 percent be extended thorough June 30, 2006.	7/04	$10.7
	Establishes a four year registration period for new passenger cars.	7/04	$68.0
	Reflects improvements in revenue collection.	7/04	$25.0
	Freezes the Transitional Energy Facilities Assessment at calendar year 2004 rates for two years.	7/04	$59.0
	Securitizes the new 35 cents per pack cigarette tax increase and 30 cents per pack of existing tax as payment against new bonds.	7/04	$1,200.0
	Securitizes the increased motor vehicle surcharges as payment for the issuance of new bonds.	7/04	$740.0
New York	Reflects an alternative fuels vehicle credit.	1/04	-$10.0
	Reflects reversal of the Meyer's decision.	1/04	$50.0
	Reflects Department of Corrections fee increase.	4/04	$2.1
Oklahoma	Increases sales tax enforcement.	7/04	$11.7
	Increases personal income tax enforcement.	7/04	$3.9
	Increases corporate income tax enforcement.	7/04	$3.4
	Increases cigarette tax enforcement.	7/04	$5.3
	Increases alcoholic beverages tax enforcement.	7/04	$0.2
	Enhances collections of unclaimed property.	7/04	$2.5
Rhode Island	Requires withholding for non-resident shareholders, and requires tax clearance for state issued licenses and vehicle registrations.	7/04	$8.5
	Reflects a transfer from the Rhode Island Public Transit Authority to the general fund.	3/04	$2.9
	Allows Sunday liquor sales.	7/04	$1.0
	Creates a child support parent distribution entitlement.	7/04	$1.7
	Intercepts income tax refunds for court fines owed.	7/04	$4.0
	Reinstitutes hospital licensing fees.	7/04	$58.6
	Transfers a portion of the retained earnings from the Rhode Island Resource Recovery solid waste utility.	7/04	$4.3
	Changes the video lottery terminal revenue sharing formula.	7/04	$4.4
	Changes the schedule for the state receipt of unclaimed stock holding proceeds.	7/04	$1.9
Texas	Closes various tax loopholes ($47.7 million). Improves tax compliance with additional enforcement and audit coverage ($61.2 million).	9/03	$108.9
	Extends existing Telecommunications Infrastructure Fund assessment through 2005.	9/03	$208.8
Virginia	Allows Sunday sales at certain Department of Alcoholic Beverage Control locations.	9/04	$1.6
Total			$3,442.3

SOURCE: National Association of State Budget Officers.

TABLE A-12

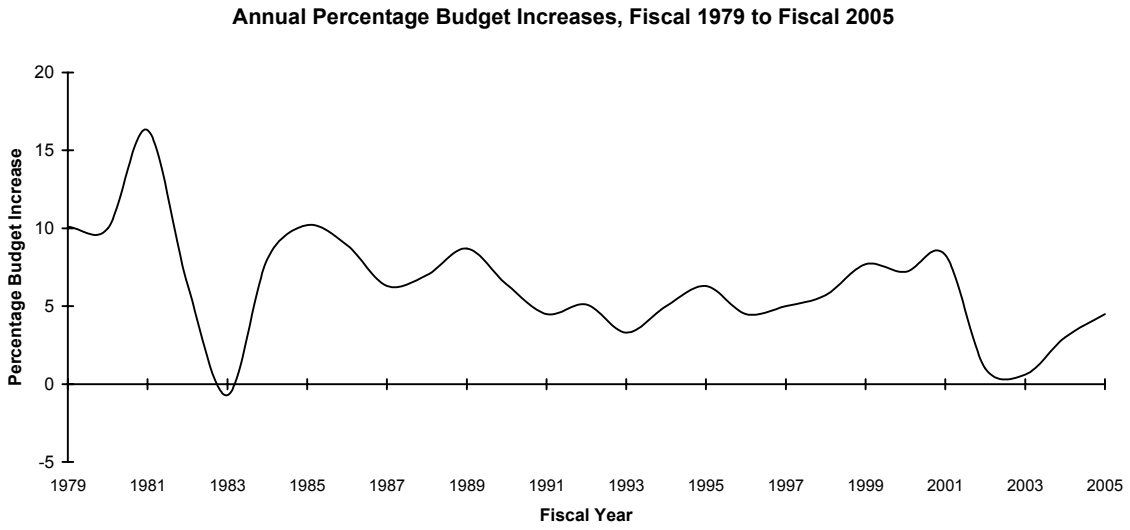
Total Balances and Balances as a Percentage of Expenditures, Fiscal 2003 to Fiscal 2005*

	*Total Balances (Millions)***			*Balances as a Percentage of Expenditures*		
Region and State	*Fiscal 2003*	*Fiscal 2004*	*Fiscal 2005*	*Fiscal 2003*	*Fiscal 2004*	*Fiscal 2005*
NEW ENGLAND						
Connecticut	$ 0	$ 202	$ 286	0.0%	1.6%	2.2%
Maine	29	15	11	1.1	0.6	0.4
Massachusetts	752	1,479	649	3.4	6.6	2.7
New Hampshire	17	16	-33	1.4	1.2	-2.5
Rhode Island	127	130	90	4.7	4.7	3.1
Vermont	24	45	46	2.7	4.9	4.8
MID-ATLANTIC						
Delaware	464	646	578	18.9	25.3	20.3
Maryland	613	727	607	5.9	7.1	5.4
New Jersey	373	822	398	1.6	3.4	1.4
New York	815	1,077	1,127	2.2	2.6	2.6
Pennsylvania	279	337	272	1.4	1.5	1.2
GREAT LAKES						
Illinois	543	458	458	2.5	2.0	2.0
Indiana	720	533	337	7.0	4.7	3.0
Michigan	174	12	1	2.0	0.1	0.0
Ohio	233	338	301	1.0	1.4	1.2
Wisconsin	-282	105	11	-2.6	1.0	0.1
PLAINS						
Iowa	-46	26	88	-1.0	0.6	2.0
Kansas	123	327	210	3.0	7.6	4.5
Minnesota	369	924	632	2.7	6.7	4.4
Missouri	447	711	257	7.0	10.7	3.6
Nebraska	62	264	186	2.4	10.2	6.7
North Dakota	21	86	118	2.4	9.6	13.0
South Dakota	107	158	139	12.1	17.8	14.1
SOUTHEAST						
Alabama	181	365	205	3.3	6.6	3.5
Arkansas	0	0	0	0.0	0.0	0.0
Florida	1,641	3,276	1,867	8.0	15.2	7.8
Georgia	1,268	1,083	1,145	7.9	6.7	7.0
Kentucky	168	300	117	2.3	4.1	1.5
Louisiana	23	45	0	0.4	0.7	0.0
Mississippi	64	46	43	1.8	1.3	1.2
North Carolina	401	554	283	2.9	3.8	1.8
South Carolina	46	80	225	0.9	1.6	4.4
Tennessee	242	566	276	3.1	6.8	3.0
Virginia	86	274	31	.7	2.2	0.2
West Virginia	254	344	96	8.7	11.4	2.9
SOUTHWEST						
Arizona	206	381	33	3.4	5.8	0.4
New Mexico	245	480	708	6.0	11.0	16.1
Oklahoma	34	311	441	0.7	6.4	9.3
Texas	648	1,346	1,186	2.1	4.6	4.0
ROCKY MOUNTAIN						
Colorado	225	346	246	3.8	6.1	4.1
Idaho	16	100	98	0.8	5.0	4.7
Montana	43	132	140	3.4	10.2	10.6
Utah	43	119	70	1.2	3.3	1.8
Wyoming	251	250	40	31.8	31.7	3.9
FAR WEST						
Alaska	2,093	2,109	2,059	83.8	91.7	88.3
California	1,607	3,127	1,697	2.1	4.0	2.2
Hawaii	117	185	292	3.1	4.8	7.1
Nevada	109	142	161	5.4	6.1	6.3
Oregon	93	-478	116	2.4	-8.7	2.5
Washington	405	506	465	3.6	4.4	3.9
Total	**$16,424**	**$25,346**	**$18,581**	**3.2%**	**4.8%**	**3.4%**

NOTES: *Fiscal 2003 are actual figures, fiscal 2004 are preliminary actual figures, and fiscal 2005 are appropriated figures.
**Total balances include both the ending balance and balances in budget stabilization funds.

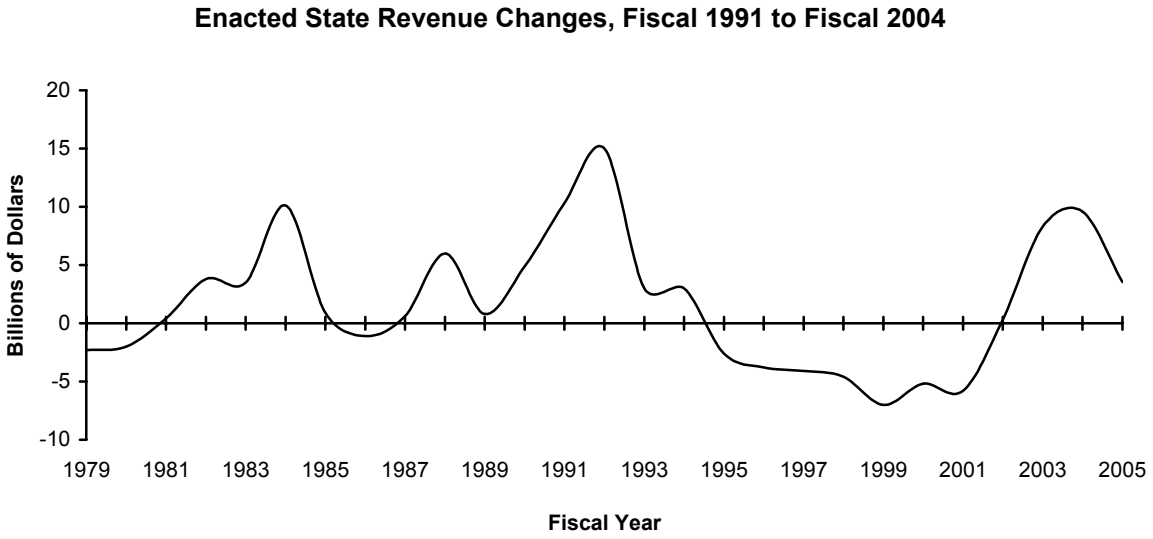
SOURCE: National Association of State Budget Officers.

FIGURE 1



SOURCE: National Association of State Budget Officers.

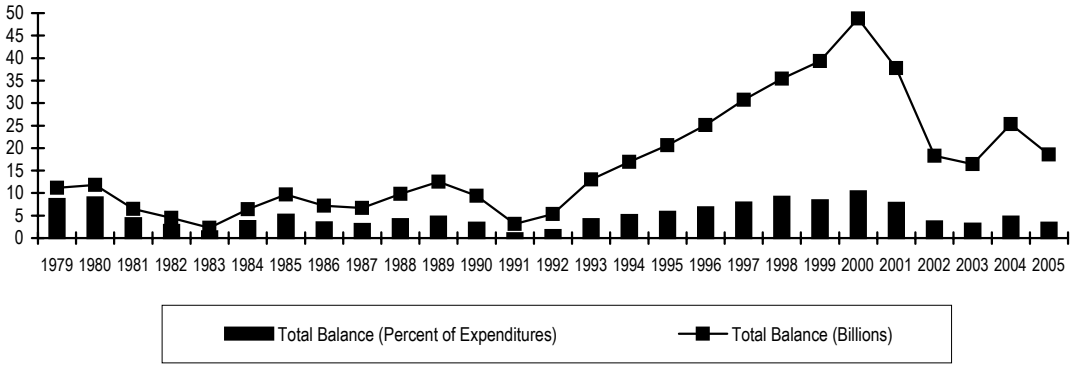
Figure 2



SOURCE: National Association of State Budget Officers.

FIGURE 3

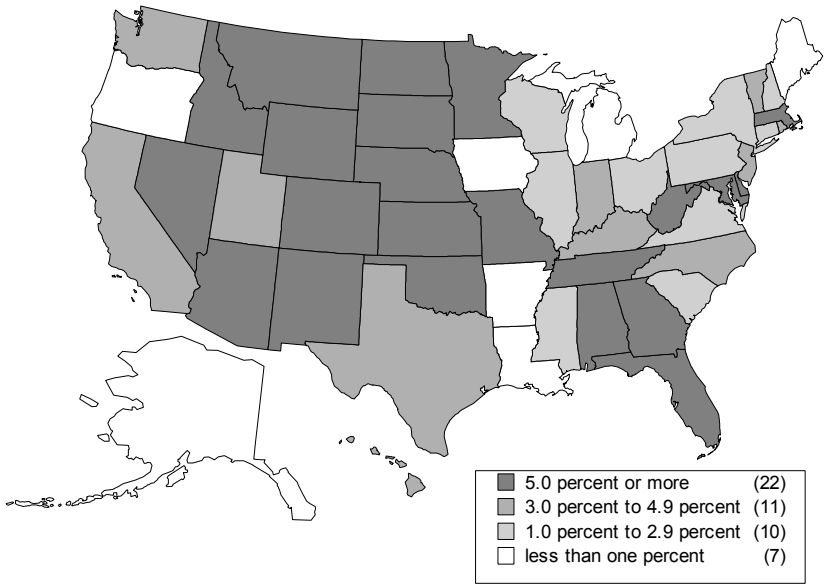
Total Year-End Balances and Total Year-End Balances as a Percentage of Expenditures, Fiscal 1979 to Fiscal 2005



SOURCE: National Association of State Budget Officers.

FIGURE 4

Total Year-End Balances as a Percentage of Expenditures, Fiscal 2004



SOURCE: National Associatiion of State Budget Officers.

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