
BUDGET PROCESSES IN THE STATES

OCTOBER 1999
NATIONAL ASSOCIATION OF STATE BUDGET OFFICERS

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CONTENTS

| | |
|--|----|
| PREFACE | V |
| BUDGET TIMELINE AND PARTICIPANTS | 1 |
| Table A: Budget Calendar | 4 |
| Table B: Budget Agency Functions | 6 |
| Table C: The Budget Director | 10 |
| Table D: Budget Agency Personnel | 12 |
| Table E: Location of Executive Budget Office | 14 |
| Table F: Economic Advisors | 16 |
| Table G: Revenue Estimates in the Governor's Budget | 17 |
| Table H: State-Federal Liaison | 20 |
| REQUIREMENTS, AUTHORITIES, AND LIMITATIONS | 23 |
| Table I: Gubernatorial Budget Authority and Responsibility | 25 |
| Table J: Gubernatorial Veto Authority | 29 |
| Table K: Balanced Budget Requirements | 32 |
| Table L: Debt Limits | 34 |
| Table M: Tax and Expenditure Limitations | 39 |
| BUDGETING TOOLS AND TECHNIQUES | 43 |
| Table N: Budgeting Procedures | 45 |
| Table O: Performance Measures | 48 |
| Table P: Program Evaluation | 51 |
| Table Q: Budget Stabilization or Rainy Day Fund | 53 |
| Table R: Contingency/Emergency Funds | 57 |
| Table S: Intergovernmental Mandates | 61 |
| Table T: Budget Office Technology | 63 |
| THE BUDGET DOCUMENT | 69 |
| Table U: The Capital Budget | 70 |
| Table V: Budget Formats | 72 |
| Table W: Budget Document Content | 74 |
| MONITORING THE BUDGET | 77 |
| Table X: Allotment and Expenditure Monitoring | 78 |
| Table Y: Transfer of Appropriations | 80 |
| Table Z: Operating Expenditure Forecast | 84 |

PREFACE

Overview

The budget process is the arena in which a state determines public priorities by allocating financial resources among competing claims. The process used to develop the state budget has important implications on the final outcome. The authorities and restrictions on budget players influences each state's ability to achieve policy and funding objectives within the budget. *Budget Processes in the States* highlights key budget issues, demonstrating the diversity in state budgeting practices.

Budget Processes in the States is organized into five chapters. The chapters are organized around particular topical areas: the budget cycle, budget requirements, budgeting tools, the budget document, and monitoring. Each chapter begins with a brief summary of the tables.

This publication is updated periodically in an effort to keep abreast of changes states make in their budget processes and differences in how they implement and interpret budgeting conventions over time. This edition of the report updates the 1997 edition.

The 1999 edition of *Budget Processes in the States* is also available at the NASBO homepage www.nasbo.org. The electronic version of the report contains links to state statutes, constitutions, reports, budgets, and data sources as applicable to each table.

Acknowledgments

This report would not have been possible without the time and care of state budget officers and their staffs.

Paul Korfonta prepared this update with assistance from Nick Samuels.

Budget Timeline and Participants

Introduction

It is within the budget process that spending policies for public programs are articulated and debated between the governor, the legislature, and state agencies. This section outlines how the budget cycle unfolds and the role of its major participants. States generally have two different types of budgets: operating budgets and capital budgets. The operating budget is the budget established for operation of a state agency or program. The capital budget is the budget associated with acquisition or construction of major capital items, including land, buildings, structures, and equipment. Funds for these projects are usually appropriated from surpluses, earmarked revenues, or from bond sales. Unless otherwise noted, the budget cycle discussed in this document refers to operating budgets.

The Budget Cycle

Over half of the states operate on an annual budget cycle, which means that the budget provides appropriations for one fiscal year. The typical budget cycle is represented in the chart on the following page. Twenty-three states use a biennial budget cycle, including two that employ a combination of biennial and annual cycles. For these states, the budget is developed for the upcoming two fiscal years. Of the 23 biennial budget states, including most recently Arizona, 13 have legislatures that meet every year. In these states, the legislature may, and often does open the budget for review and revision in the non-budget year.

The Budget Office

The budget office is responsible for analysis of agency submissions by consolidating the requests into a statewide budget proposal for the governor's approval. As demonstrated in Table A, the budget cycle typically begins when the state budget office provides guidance to agencies within state government to submit budget requests. That guidance typically includes financial assumptions such as spending targets and inflation, and policy guidance on the governor's priorities. Guidelines generally are distributed to agencies in the summer months.

In most states, agencies submit requests to the governor in the fall. At this point the budget office staff begins reviewing the budget requests. The review may include program and management evaluations, economic and revenue analysis, as well as examination of caseload and demographic data to determine need. Budget office staff may also analyze national and state economic data to develop predictions of state business activity and state revenues. Across states there are varying degrees of collaboration between the budget office and the legislature with regard to determining caseload projections and revenue projections. In some states these projections are done separately by the budget office and the legislature whereas in other states there is consensus between the budget office and the legislature on the projections.

Throughout the review process the budget office staff will typically meet with the agency staff and advocates for clarification of the agency request. The meetings may be formal as in the case of agency budget hearings or the communication may be informal. In some states agencies are given the opportunity to

review the budget office's recommendations prior to completion of the budget proposal. Tables B describes the various functions of the budget office from program evaluation to economic analysis and cash and debt management. Tables C, D and E describe certain aspects of the budget director, budget staff and the executive budget office.

Governor Review and Final Recommendations

After review and analysis on the agencies' budget requests, the budget office staff make recommendations to the governor on the overall budget proposal. The governor reviews the recommendations and often provides additional direction on the recommendations that are incorporated into the budget proposal. The governor then typically presents the budget to the legislature, stressing particular priorities during a state-of-the-state message. The governor's budget is then considered by the legislature.

Legislative Review

The agencies' budget requests, in the context of the governor's budget proposal, are reviewed by the legislature in committee hearings throughout the winter and early spring. Typically, each chamber of the legislature approves its own version of the budget with a conference committee appointed to resolve the differences between the two versions.

Adoption of the Budget

Adoption of the budget occurs in the spring before the beginning of the state fiscal year. Fiscal years for all but four states -- Alabama, Michigan, New York, and Texas -- begin on July 1. The budget may be adopted with vetoes by the governor, depending on the governor's veto powers.

The State Budget Cycle

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN |
|---|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Budget Guidelines Sent to Agencies | █ | | | | | | | | | | | |
| Agency Requests Submitted to Governor | | | █ | | | | | | | | | |
| Agency Requests Reviewed by the Budget Office and Agency Hearings Field | | | █ | | | | | | | | | |
| Governor Finalizes Budget Recommendations | | | | | █ | | | | | | | |
| Governor Submits Budget to Legislature | | | | | | | █ | | | | | |
| Agency Hearings Held by the Legislature | | | | | | | | █ | | | | |
| Legislature Adopts Budget | | | | | | | | | █ | | | |

Monitoring and Oversight of the Budget

Throughout the entire budget cycle, the state budget officer and the budget office staff play a critical role by assisting in the planning, evaluation, and implementation of the budget. Once approved, the budget office implements the budget. Implementation may take the form of accounting, auditing, approving contracts, or managing state debt and cash flow.

Assessing the Federal Impact

Currently, 34 states have state offices in Washington, DC. The federal liaisons work with Congress, federal agencies, and state associations to address specific state concerns. In addition, state representatives assist in tracking federal legislation. The Washington representatives also aid the budget office and the governor's office in estimating the fiscal impact of federal legislation on the states. (See table H)

Timing and Role of Revenue Estimates

Before the beginning of the budget cycle, states develop revenue estimates and forecasts. The forecast projects the amount of revenue that will be available based on current law and also the amount that will be available to support operating costs and capital outlays in the current and future fiscal years.

In 29 states, a council of economic advisors provides the assumptions for the revenue estimate to be included in the governors' budget. The councils may consist solely of the budget office, but may also include representatives from private corporations, state revenue departments, labor departments, tax offices, or private forecasting firms (See Table F).

The agency responsible for applying the assumptions and producing the actual forecast differs across states (See Table G). In over half of the states, revenue forecasting is the responsibility of the executive branch, either the budget office (15) or the revenue office (4), or both (8). In 14 states, a separate forecasting board or commission conducts revenue estimating. The remaining states employ a combination of individuals to develop forecasts.

States may revise revenue estimates prior to finalizing the governor's budget recommendations. This is typically done to provide more up-to-date information and greater accuracy to the governor's revenue and expenditure projections. Upon release of the governor's budget proposal, the legislature may also develop revenue estimates that may be revised and updated throughout the legislative process.

Table A
Budget Calendar

| <i>State</i> | <i>Budget Guide- lines Sent to Agencies</i> | <i>Agency Requests Submitted to Governor</i> | <i>Agency Hearings Held</i> | <i>Governor Submits Budget To Legislature</i> | <i>Legislature Adopts Budget</i> | <i>Fiscal Year Begins</i> | <i>Frequency of Legislative Cycle</i> | <i>Frequency of Budget Cycle</i> |
|-----------------|---|--|-------------------------------------|---|--|-----------------------------------|---|--|
| Alabama | September | November | January | February | Feb./May | Oct. | A | A |
| Alaska | July | October | November | December | May | July | A | A |
| Arizona | June 1 | September 1 | Nov./Dec. | January | Jan./April | July | A | B |
| Arkansas | March | July | August | Sept./Dec. | Jan./April | July | B | B |
| California | April-Nov. | September | Sept.-Nov. | January 10 | June 15 | July | B | A |
| Colorado | June | 15-Aug | Aug./Sept. | November 1 | May | July | A | A |
| Connecticut | July | September | February | February | June/May | July | A | B |
| Delaware | August | Oct./Nov. | Oct./Nov. | January | June 30 | July | A | A |
| Florida | June | September | November | January | April/May | July | A | A |
| Georgia | June | September | Nov./Dec. | January | March | July | A | A |
| Hawaii | July/August | September | November | December | April | July | A | B |
| Idaho | June | September | - | January | March | July | A | A |
| Illinois | September | Oct./Nov. | Nov./Dec. | February | May | July | A | A |
| Indiana | May | August | Sept./Nov. | January | April | July | A | B |
| Iowa | June | October 1 | Nov./Dec. | January | April/May | July | A | A |
| Kansas | June | September | November | January | May | July | A | A,B* |
| Kentucky | July | October | Nov./Dec. | January | April | July | B | B |
| Louisiana | September | November | February | February | June | July | A | A |
| Maine | July | September | Oct./Dec. | January | June | July | B | B |
| Maryland | June | August 31 | Oct./Nov. | January | April | July | A | A |
| Massachusetts | August | October | October | January | June | July | A | A |
| Michigan | August | November | December | * | June/July | Oct. | A | A |
| Minnesota | May/June | October 15 | Sept./Dec. | Jan.(4th Tues.) | May | July | A | B |
| Mississippi | June | August | - | Nov./Jan. | - | July | A | A |
| Missouri | July | October | - | January | April/May | July | A | A,B* |
| Montana* | Jan.31/Aug. 1 | May/Sept. 1 | May-June/Sept.-Oct. | January | April | July | B | B |
| Nebraska | July | September | Jan./Feb. | January | April | July | A | B |
| Nevada | January | August | Sept./Dec. | January | May | July | B | B |
| New Hampshire | August | Oct.1 | November | Feb.15 | May | July | A | B |
| New Jersey | July/August | October | - | January | June | July | A | A |
| New Mexico | July | September | Sept./Dec. | January | Feb./March | July | A | A |
| New York | July | September | Oct./Nov. | January | March | April | A | A |
| North Carolina* | January | August | Sept./Nov. | February | June | July | B | B |
| North Dakota | March | June/July | July/Oct. | December | Jan./April | July | B | B |
| Ohio | July | Sept./Oct. | Oct./Nov. | February* | June | July | A | B |
| Oklahoma | July | October | Oct./Dec. | Feb.(1st Mon.) | May(last Fri.) | July | A | A |
| Oregon | Jan./July | September | Sept./Nov. | January | Jan./June | July | B | B |
| Pennsylvania | August | October | Dec./Jan. | February* | May/June | July | A | A |
| Rhode Island | July | October | Nov./Dec. | February | June | July | A | A |
| South Carolina | August | October | - | January | June | July | A | A |
| South Dakota | June/July | September | Sept./Oct. | December | March | July | A | A |
| Tennessee | August | October | November | Feb.1* | April/May | July | A | A |
| Texas | March | July/November | July/Sept. | January | May | Sept. | B | B |
| Utah | July | September | Oct./Nov. | December | February | July | A | A |
| Vermont | October | November | Nov./Dec. | January | May | July | A* | A |
| Virginia | April/August | June/October | Sept./Oct. | December | March/April | July | A | B |
| Washington | April | September | - | December | April/May | July | A | B |
| West Virginia | July | September | Oct./Nov. | January | March | July | A | A |
| Wisconsin | June | September | N/A | January | June/July | July | B | B |
| Wyoming | May 15 | September | by Nov. 20 | December | March | July | A | B |
| Puerto Rico | March | Sept./Dec. | Aug-Sept/Dec-Jan | February | June | July | A | A |

Codes: A....Annual
B....Biennial

Notes to Table A

Florida: Agency hearings on legislative budget requests must be prior to the governor's recommendations. Historically these hearings occur in November. In his or her first year of office a new governor may request, subject to approval of the President of the Senate and Speaker of the House of Representatives, that his or her recommended balanced budget be submitted at a later time prior to the governor's first session.

Kansas: Nineteen agencies are on a biennial budget cycle. The rest are on an annual cycle.

Michigan: The governor must present the budget to the legislature within 30 days after the legislature convenes in regular session, except in a year in which a newly elected governor is inaugurated into office, when 60 days are allowed.

Mississippi: The executive budget is submitted in January during the first year of a governor's term.

Missouri: There is constitutional authority to do annual and biennial budgeting. Beginning in FY 1994, the operating budget has been on an annual basis while the capital budget has been on a biennial basis.

Montana: Montana uses an Executive Planning Process (EPP) for proposals to provide new services, add FTE, change program services, or alter funding sources. The earlier dates reflect this process which is linked with the regular budget in the September 1 submittal.

North Carolina: The constitution requires the preparation of a biennial budget, the General Assembly routinely conducts a short session for adjustments to the second year of the biennium.

Ohio: Budget submission delayed to mid-March for new governors.

Pennsylvania: The budget is submitted in March when the governor has been elected for his/her first term of office.

Tennessee: Budget may be submitted by March 1 during the first year of a governor's term.

Vermont: The state constitution prescribes a biennial legislature; in practice, legislature meets annually, in regular and adjourned sessions.

Table B
Budget Agency Functions

| <i>State</i> | <i>Revenue Estimating</i> | <i>Fiscal Notes</i> | <i>Review Legislation</i> | <i>Accounting</i> | <i>Pre- Audit</i> | <i>Management Analysis</i> | <i>Contract Approval</i> |
|-----------------|-------------------------------|-------------------------|-------------------------------|-------------------|-----------------------|--------------------------------|------------------------------|
| Alabama | X | X | X | - | - | X | - |
| Alaska | - | X* | X | - | - | X | - |
| Arizona | X | - | X | - | - | X | - |
| Arkansas | - | X | X | - | - | X | - |
| California | X | X | X | X* | X | X | - |
| Colorado | X | - | X | - | - | X | - |
| Connecticut | X | X | X | - | - | X | X |
| Delaware | - | X | X | X | - | X | - |
| Florida | X | X | X | - | - | X | - |
| Georgia | X | X | X | - | - | X | X |
| Hawaii | - | * | X | - | - | X | X** |
| Idaho | X | X | X | - | - | X | - |
| Illinois | X | X | X | - | - | X | - |
| Indiana | X | X | X | - | - | X | X |
| Iowa | X | - | X | - | - | X | - |
| Kansas | X | X | X | - | - | X | - |
| Kentucky | - | X | X | X | - | X | - |
| Louisiana | X | - | X | - | X | X | X |
| Maine | X | X | X | - | - | X | X |
| Maryland | X | X* | X | - | - | X | X |
| Massachusetts | X | X | X | X | - | X | - |
| Michigan | - | - | X | X | - | X | X |
| Minnesota | X | X | X | X | X | - | - |
| Mississippi | X | X | X | X | X | X | - |
| Missouri | X | X* | X | - | - | X | - |
| Montana | X | X | X | - | - | X | - |
| Nebraska | - | X | X | - | - | X | - |
| Nevada | X | X | X | - | X | X | X |
| New Hampshire | X | X | X | - | - | X | X |
| New Jersey | X | X | X | X | X | X | - |
| New Mexico | - | X | X | - | - | X | - |
| New York | X | X | X | - | - | X | X |
| North Carolina* | X | X | X | - | - | X | X |
| North Dakota | X | X* | X | X | X | X | - |
| Ohio | X | X | X | X | X | X | X |
| Oklahoma | X | X | X | X | X | * | - |
| Oregon | - | - | X | - | - | X | - |
| Pennsylvania | X | X | X | X | X | - | X |
| Rhode Island | X | X | X | - | - | X | - |
| South Carolina | - | X | X | X | - | X | - |
| South Dakota | X | X | - | X | - | X | - |
| Tennessee | X | - | X | - | - | - | X |
| Texas | - | - | X | - | - | X | X |
| Utah* | X | X | X | - | - | X | - |
| Vermont | X | X | X | X | X | X | X |
| Virginia | X* | X | X | - | - | - | - |
| Washington | X* | X | X | X | - | X | X |
| West Virginia | X | X | X | - | X | X | - |
| Wisconsin | - | X | X | X | X | X | X |
| Wyoming | - | X | X | - | X | X | - |
| Puerto Rico | - | - | X | - | - | X | X |
| TOTAL | 37 | 41 | 50 | 17 | 15 | 46 | 20 |

Table B
Budget Agency Functions

| <i>State</i> | <i>Data Processing</i> | <i>Planning</i> | <i>Program Evaluation</i> | <i>Tax Expenditure Report Preparation</i> | <i>Debt Management</i> | <i>Cash Management</i> | <i>Economic Analysis</i> | <i>Demographic Analysis</i> |
|----------------|------------------------|-----------------|---------------------------|---|------------------------|------------------------|--------------------------|-----------------------------|
| Alabama | - | X | X | - | X | X | X | X |
| Alaska | - | X | X | - | - | - | X | - |
| Arizona | - | X | X | X | - | - | X | X |
| Arkansas | - | - | - | - | - | - | - | - |
| California | X | X | X | X | X | X | X | X |
| Colorado | - | X | X | - | X | X | X | X |
| Connecticut | - | X | X | X | - | - | X | X |
| Delaware | - | X | X | - | - | * | - | - |
| Florida | X* | X | X | - | - | - | X | X |
| Georgia | - | X | X | - | X | X | X | X |
| Hawaii | - | X*** | X | - | X | X | X | - |
| Idaho | - | X | X | X | - | X | X | - |
| Illinois | X | X | X | - | X | X | X | - |
| Indiana | - | X | X | - | X | X | X | - |
| Iowa | - | X | X | - | - | - | X | X |
| Kansas | X | X | X | - | - | X | X | X |
| Kentucky | - | X | - | - | - | - | - | - |
| Louisiana | - | X | X | - | - | - | X | X |
| Maine | - | - | X | - | - | - | - | - |
| Maryland | X** | X | X | X | X*** | - | X | X |
| Massachusetts | X | X | X | - | X | X | X | - |
| Michigan | X | X | X | - | - | - | - | X |
| Minnesota | - | X | X | - | X | X | X | - |
| Mississippi | X | X | X | - | - | - | X | - |
| Missouri | - | X | X | X | ** | ** | X | X |
| Montana | - | X | - | - | - | - | X | - |
| Nebraska | - | - | X | - | - | - | - | - |
| Nevada | - | X | X | - | - | - | X | X |
| New Hampshire | X | - | - | * | X | X | X | ** |
| New Jersey | X | X | X | - | - | X | - | - |
| New Mexico | - | X | X | - | - | - | X | - |
| New York | X* | X | X | X | X | X | X | X |
| North Carolina | X | - | X | - | - | - | X | - |
| North Dakota | - | X | X | - | X | X | X | - |
| Ohio | X | X | - | X* | X | X | X | - |
| Oklahoma | X | X | X | - | - | - | X | - |
| Oregon | X | X | X | X* | - | - | - | - |
| Pennsylvania | - | - | X | X* | X* | X* | - | - |
| Rhode Island | - | X | X | - | X | - | X | - |
| South Carolina | - | X | X | - | - | - | - | - |
| South Dakota | - | - | - | - | - | X | X | - |
| Tennessee | - | - | X | X | - | - | - | - |
| Texas | - | X | - | - | X | - | X | X |
| Utah | X | X | X | X | X | - | X | X |
| Vermont | - | - | X | - | X* | X* | X | X |
| Virginia | - | X | X | - | - | - | X | X |
| Washington | X | X | X | - | - | X** | X | X |
| West Virginia | - | X | X | - | - | X | - | - |
| Wisconsin | X | X | X | X | X | X | - | X |
| Wyoming | - | - | X | - | - | - | - | - |
| Puerto Rico | X | X | X | - | X | - | - | - |
| TOTAL | 20 | 41 | 45 | 13 | 22 | 21 | 36 | 22 |

Notes to Table B

Alaska: Review only - prepare only those that affect the budget agency.

California: Involves development and maintenance of the California Statewide Accounting and Reporting System (CALSTARS), and establishing accounting policies for the state.

Delaware: The Budget Office does not oversee statewide cash management policy, but does oversee compliance with requirements mandated by the Cash Management Improvement Act of 1990.

Florida: Data processing for budget functions only.

Hawaii: 1) As part of review function, not formal submission requirement. 2) Review contracts costing \$25,000 or more, including certain professional services. 3) The Office of Planning carries out long-term, strategic planning.

Maryland: 1) Selective preparation and review. The legislative staff is responsible for preparing a fiscal note on each bill. 2) The Department of Budget and Management has planning and coordinating responsibility for all state information technology. 3) The Department of Budget and Management has responsibility for monitoring, reporting, and coordinating the issuance and levels of debt for certain state agencies.

Missouri: 1) Not responsible for all fiscal notes, but just those related to the budget. 2) Assistance and advisory role.

New Hampshire: 1) Tax expenditure reports prepared by the Department of Revenue. 2) Demographic analysis prepared by State Planning.

New York: Data processing for budget functions only.

North Carolina: Debt management is a primary duty of the State Treasurer. Cash management is a primary duty of the Office of the State Controller. The Budget Office is responsible for compliance of the constitutional requirement of a balanced budget. The Office of State Planning is primarily responsible for strategic planning and performance and demographic analysis.

North Dakota: Not responsible for all fiscal notes, but just those directly related to the budget recommendation or OMB functions.

Ohio: A tax expenditure report is prepared by the Department of Taxation every two years and published with the governor's executive budget.

Oklahoma: The budget office has statutory authority to perform management analyses, however this is not the current practice.

Oregon: The Department of Revenue prepares the tax expenditure report with the assistance of the Budget and Management Division. The report is published with the governor's biennial recommended budget.

Notes to Table B

Pennsylvania: The tax expenditure report is prepared by the Department of Revenue and included in the governor's annual recommended budget which is published by the Office of the Budget. The Budget Office also prepares cash flow estimates for the state treasurer and directs issuance of tax anticipation notes.

Utah: The Governor's Office of Planning and Budget (GOPB) is not responsible for developing fiscal notes. It reviews fiscal notes for accuracy. GOPB is consulted on tax measures and legislation directly impacting the office. The GOPB is not responsible for management audits or analysis. It does, however, analyze management practices when asked to by the governor. The GOPB evaluates programs at the request of the governor or legislature. The state treasurer's office is primarily responsible for debt management. However, GOPB works closely with the treasurer in fulfilling his responsibility.

Vermont: Debt management and cash management are primarily duties of the state treasurer, to which the budget agency contributes.

Virginia: For non-general funds only.

Washington: 1) The Office of Financial Management contributes to revenue estimating performed by the Economic and Revenue Forecasting Council and other agencies. 2) Daily cash management of treasury funds is the responsibility of the state treasurer.

Table C
The Budget Director

| State | Title | Appointed By | Term of Office | FY 1999 | Director is Cabinet Member |
|----------------|--|-----------------|-------------------|------------------|-------------------------------|
| | | | | Salary Range | |
| Alabama | State Budget Officer | DG | P | \$72,784-110,973 | - |
| Alaska | Director, OMB | G | P | 90,000 | X |
| Arizona | Director, Office of Strategic Planning & Budgeting | G | P | 105,000 | X |
| Arkansas | Administrator, Office of Budget | D | NS | 83,000 | - |
| California | Director of Finance | GS | P | 115,083 | X |
| Colorado | Director, Office of State Planning and Budgeting | G | P | 75,000-82,000 | X |
| Connecticut | Secretary, Office of Policy & Mgmt. | G | P | 102,000-129,000 | X |
| Delaware | Budget Director | G | P | 99,600 | X |
| Florida | Director | G | P | 67,789-138,270 | - |
| Georgia | Director, Office of Planning & Budget | G | P | 90,000-120,000 | - |
| Hawaii | Director of Finance | GS | P | 85,302 | X |
| Idaho | Administrator | G | P | 71,000-104,400 | X |
| Illinois | Budget Director | G | P | 95,000 | X |
| Indiana | Budget Director | G | P | 80,000-90,000 | X |
| Iowa | Director, Dept. of Management | G | P | 76,700-115,400 | X |
| Kansas | Director of the Budget | G | P | 78,000 | - |
| Kentucky | State Budget Director | G | NS | 95,525 | X |
| Louisiana | State Director of Planning and Budget | D | NS | 63,456-104,808 | - |
| Maine | State Budget Officer | D | P | 50,274-73,445 | - |
| Maryland | Secretary of Budget and Management | GS | P | 104,470-129,421 | X |
| Massachusetts | Budget Director | DG | P | 87,000 | - |
| Michigan | State Budget Director | GS | P | 107,991 | X |
| Minnesota | Assistant Commissioner - State Budget Director | DG | P | 62,953-89-763 | - |
| Mississippi | Director, Office of Budget & Fund Mgmt. | G | NS | 55,993-83,585 | X |
| Missouri | Deputy Commis. for Budget & Planning | DG | P | 68,484-100,584 | - |
| Montana | Director, Office of Budget & Program Planning | G | NS | 72,000 | X |
| Nebraska | State Budget Administrator | DG | P | 81,420 | X |
| Nevada | Director of Administration | G | P | 92,914 | X |
| New Hampshire | Budget Officer, Assistant Commissioner | DG | 4 yrs. | 56,044-72,206 | - |
| New Jersey | Director, OMB and Comptroller | GS | P | 97,000 | - |
| New Mexico | Director, State Budget Division | D* | P | 65,000-73,300 | - |
| New York | Director, Division of the Budget | G | P | 147,490 | X |
| North Carolina | State Budget Officer | G | P | 117,291 | X |
| North Dakota | Director, Office of Mgmt. & Budget | G | P | 78,132 | X |
| Ohio | Director of Budget and Management | GS | P | 80,558-113,173 | X |
| Oklahoma | Director of State Finance | GS | P* | 90,000 | X |
| Oregon | Administrator, Budget and Management Division* | D | P | 67,944-100,380 | - |
| Pennsylvania | Secretary of the Budget | G | P | 99,376 | X |
| Rhode Island | Executive Director/State Budget Officer | DG | NS | 88,861-98,515 | - |
| South Carolina | State Budget Director | BC | P | 80,000-90,000 | - |
| South Dakota | Commissioner | G | P | 74,681 | X |
| Tennessee | Commissioner of Finance and Administration | G | P | 120,000 | X |
| Texas | Director of the Governor's Budget Office | G | P | 75,000-99,000 | - |
| Utah | Director, Office of Planning & Budget | G | P | 68,600-92,600 * | ** |
| Vermont | Commissioner of Finance & Management | GS* | P** | 61,810-92,715 | - |
| Virginia | Director, Dept. of Planning & Budget | G | P | 106,631-113,295 | - |
| Washington | Director, Office of Financial Mgmt. | G | P | 122,877 | X |
| West Virginia | Secretary of Administration | GS | P | 70,000 | X |
| Wisconsin | Administrator, Div. of Exec. Budget & Planning | DG | P | 55,991-89,300 | - |
| Wyoming | Administrator | DG | P | 40,000-85,000 | - |
| Puerto Rico | Director of Management & Budget | G | P | 115,000 | X |
| TOTAL | | | | | 29 |

Codes: BC....Budget & Control Board
D....Department Head
G....Governor
NS....Not Specified
DG.... Dept. Head w/ Governor's Approval
GS....Governor w/ advice & consent of Senate
P....At pleasure of appointing officer

Notes to Table C

New Mexico: In practice, the governor's concurrence is received.

Oklahoma: The finance director can serve until the successor is appointed and confirmed.

Oregon: The budget director also serves as the deputy director of the Department of Administrative Services.

Utah: The budget director is not a formal cabinet member. The director regularly attends cabinet meetings and is a member of the larger cabinet council.

Vermont: 1) The budget director is appointed by the agency secretary and the governor. 2) Term of office is concurrent with agency secretary or governor.

Table D
Budget Agency Personnel

| State | Total Positions in: | | Number of: | | | FY 1999 Salary Range For Analysts | Appointment Through Civil Service |
|----------------|---------------------|--------------------|--------------------|-------------------|------------------|---|---|
| | Agency | Budget Function | Budget Analysts | Tech/ Computer | Support Staff | | |
| Alabama | 9 | 9 | 6 | 1 | 1 | \$24,645-71,013 | X |
| Alaska | 55 | 13 | 8 | 2 | 2 | 43,644-67,800 | - |
| Arizona | 24* | 22** | 15*** | 2 | 2 | 34,000-82,000 | - |
| Arkansas | 289 | 16 | 12 | 2 | 1 | 28,289-54,465 | - |
| California | 351 | 158 | 100 | 29** | 16** | 36,144-77,388 | X |
| Colorado | 19 | 13 | 12 | - | 2 | 28,000-60,000 | - |
| Connecticut | 207 | 40 | 34 | 3 | 3 | 46,528-90,932 | X |
| Delaware | 38 | 32 | 11 | 3 | 5 | 35,825-75,375 | X |
| Florida | 145 | 100 | 55 | 41 | 21 | 27,110-93,587 | - |
| Georgia | 75 | 31 | 22 | 1 | 11 | 31,000-62,000 | - |
| Hawaii | 267 | 35 | 23 | - | 12 | 37,464-67,656 | X |
| Idaho | 25 | 8 | 7 | 1 | 3 | 42,600-62,600 | - |
| Illinois | 53 | 53 | 35 | 2 | 9 | 31,000-60,000 | - |
| Indiana | 35 | 35 | 19 | 2 | 6 | 34,000-65,000 | - |
| Iowa | 31 | 12 | 11 | - | 5 | 39,375-63,840 | X |
| Kansas | 889 | 22 | 16 | - | 3 | 30,098-65,707 | X |
| Kentucky | 35 | 35 | 15 | 4 | 10 | 26,544-69,684 | X |
| Louisiana | 44 | 34 | 27 | 1 | 5 | 28,176-74,724 | X |
| Maine | 11 | 9 | 7 | - | 1 | 32,261-56,410 | X |
| Maryland | 412 | 42* | 29 | 2 | 6 | 28,172-70,509 | X** |
| Massachusetts | 38 | 28 | 14 | 9 | 3 | 40,000-50,000 | - |
| Michigan | 206* | 40 | 27 | 1 | 7 | 32,552-58,136 | X |
| Minnesota | 189 | 33 | 20 | 3* | 13 | 34,874-72,495 | X |
| Mississippi | 367 | 7 | 5 | - | 1 | 25,839-51,338 | X |
| Missouri | 33 | 22 | 12 | - | 5 | 27,468-56,040 | X |
| Montana | 17 | 16 | 8 | 3 | 1 | 27,128-39,578 | - |
| Nebraska | 510 | 12 | 8 | - | 2 | 38,274-64,777 | - |
| Nevada | 83 | 22 | 12 | 7 | 4 | 35,728-53,361 | X |
| New Hampshire | 170 | 9 | 6 | - | 1 | 47,521-57,213 | X |
| New Jersey | 218 | 82 | 47* | 8* | 16 | 44,884-77,005 * | X |
| New Mexico | 151 | 20 | 18 | 1 | 3 | 40,000-55,000 | X |
| New York | 354 | 354 | 230 | 27 | 92 | 27,145-116,247 | X* |
| North Carolina | 55 | 34 | 19 | 3 | 12 | 34,273-75,544 * | - |
| North Dakota | 179 | 5 | 4 | * | ** | 34,200-55,750 | X |
| Ohio | 116 | 23 | 18 | - | 3 | 37,690-72,530 | X |
| Oklahoma | 140 | 13 | 10 | - | 1 | 27,233-54,343 | X |
| Oregon* | 39 | 30 | 13 | 7 | 5 | 48,288-67,944 | X |
| Pennsylvania | 1086* | 26 | 18 | 2 | 3 | 33,858-76,499 | X |
| Rhode Island | 27 | 27 | 22 | 1 | 4 | 37,132-63,129 | X |
| South Carolina | 26 | 26 | 14 | 2 | 6 | 37,540-55,307 | X |
| South Dakota | 26.5 | 9 | 6 | 1 | 2 | 30,721-46,072 | - |
| Tennessee | 26 | 26 | 18 | 2 | 2 | 21,912-66,252 | - |
| Texas | 30 | 26 | 18 | - | 5 | 26,000-65,000 | - |
| Utah | 49 | 14 | 11 | 3 | 2 | 34,410-60,782 | - |
| Vermont | 29 | 11 | 5 | 0 | 2 | 37,336-59,312 | - |
| Virginia | 74 | 40 | 32 | 6 | 5 | 32,510-72,486 | - |
| Washington | 207 | 33 | 31 | - | 2 | 45,360-76,385 * | - |
| West Virginia | 55 | 10 | 3 | 1 | 1 | 19,764-42,204 | X |
| Wisconsin | 1117 | 34 | 26 | 1 | 3 | 32,000-64,155 | X |
| Wyoming | 400 | 9 | 8 | - | 1 | 29,220-59,688 | X |
| Puerto Rico | 312 | 100 | 66 | 40 | 42 | 18,492-36,228 | X |
| TOTAL | | | | | | | 30 |

Notes to Table D

Arizona: 1) Agency personnel include two strategic planning positions. 2) Includes two economist positions. 3) Includes all supervisory staff except the director and deputy director.

California: 1) Budget analysts include first level supervisors. 2) Tech/computer and support staff in budget and budget supporting units only.

Maryland: 1) Includes both operating and capital budget positions. 2) Certain supervisory budget positions serve at the pleasure of the Secretary of Budget and Management.

Michigan: In January 1998 the Department of Management and Budget was restructured and the governor appointed a separate State Budget Director. The State Budget Office employees include statewide support for budget development and implementation, accounting and payroll –functions, the state’s financial management system, geographic data mapping, and demographic data functions.

Minnesota: Tech/computer data processing is only for budgeting functions – excludes accounting and payroll systems. Support staff is not clerical, but works on budget functions such as fiscal notes, forecasting, and communications.

New Jersey: Includes first level supervisors.

New York: Includes all supervisory staff except the director and four-deputy directors.

North Carolina: Budget analyst only.

North Dakota: 1) Computer staff is shared with other divisions of OMB. 2) Support staff is shared with the director of OMB.

Oregon: Data processing and systems support only for budgetary functions. Office of Economic Analysis which is also located in the Department of Administrative Services is responsible for economic and revenue forecasting and demographic analysis. Also excludes capital investment section staff, which are linked to capital budgeting but do not carry agency budget assignments.

Pennsylvania: Agency employees include comptroller operations (accounting function).

Tennessee: Salary range reflects budget analysts and first-line supervisors.

Washington: Salary range reflects both operating and capital budget analysts and first level supervisors.

Table E
Location of Executive Budget Office

| <i>State</i> | <i>Freestanding Agency</i> | <i>Governor's Office</i> | <i>Agency Within a Department</i> |
|----------------|--------------------------------|------------------------------|---------------------------------------|
| Alabama | - | - | F |
| Alaska | - | X | - |
| Arizona | - | X | - |
| Arkansas | - | - | F |
| California | X* | - | - |
| Colorado | - | X | - |
| Connecticut | - | - | MB |
| Delaware | - | - | * |
| Florida | - | X | - |
| Georgia | - | X | - |
| Hawaii | - | - | MB |
| Idaho | - | X | - |
| Illinois | - | X | - |
| Indiana | X | - | - |
| Iowa | X | - | MB |
| Kansas | - | - | A* |
| Kentucky | X* | - | - |
| Louisiana | - | - | A |
| Maine | - | - | F* |
| Maryland | - | - | MB |
| Massachusetts | - | - | F* |
| Michigan | - | - | MB* |
| Minnesota | - | - | F |
| Mississippi | - | - | F |
| Missouri | - | - | A |
| Montana | - | X | - |
| Nebraska | - | - | MB |
| Nevada | - | - | A |
| New Hampshire | - | - | A |
| New Jersey | - | - | F* |
| New Mexico | - | - | F |
| New York | X* | - | - |
| North Carolina | - | X | - |
| North Dakota | - | - | MB |
| Ohio | X | - | - |
| Oklahoma | - | - | F |
| Oregon | - | - | A |
| Pennsylvania | X | - | - |
| Rhode Island | - | - | A |
| South Carolina | - | - | MB |
| South Dakota | X | - | - |
| Tennessee | - | - | F |
| Texas | - | X | - |
| Utah | - | X | - |
| Vermont | - | - | A* |
| Virginia | X | - | - |
| Washington | - | - | F* |
| West Virginia | - | - | F |
| Wisconsin | - | - | A |
| Wyoming | - | - | A |
| Puerto Rico | - | X | - |
| TOTAL | 9 | 12 | |

Codes: A...Administration MB... Mgmt/Budget
 F...Finance

Notes to Table E

California: The Department of Finance is a freestanding agency within the executive branch, which is headed by the governor.

Delaware: The Office of Budget is a division within the Executive Department.

Kansas: The Budget Division is located in the Department of Administration for budgetary purposes only. The budget director reports directly to the governor.

Kentucky: The Governor's Office for Policy and Management is a freestanding agency within the Executive Office of the Governor.

Maine: Department of Administrative and Financial Service.

Massachusetts: The Budget Bureau is within the Executive Office of Administration and Finance.

Michigan: The State Budget Office reports directly to the governor and is an autonomous agency within the Department of Management and Budget.

New Jersey: The Office of Management and Budget is a division within the Department of Treasury.

New York: The Division of the Budget is a freestanding agency within the executive department, which is headed by the governor.

Vermont: The Budget and Management Division is in the Department of Finance and Management which is in the Agency of Administration.

Washington: The executive budget function is a division within the Office of Financial Management (OFM). OFM also has policy development, accounting and forecasting responsibilities.

Table F
Economic Advisors

| <i>State</i> | <i>Council of Economic Advisors</i> | <i>Source of Authority</i> | <i>Official/Agency Providing Assumptions Going Into Executive Budget</i> |
|----------------|---|--------------------------------|---|
| Alabama | X | I | Executive Budget Office |
| Alaska | X | AO | Office of Management and Budget, Department of Revenue, Dept. of Labor |
| Arizona | - | - | Office of Strategic Planning & Budgeting |
| Arkansas | X | I | Fiscal Officer; Budget Office; Economic Analysis; Tax Research |
| California | - | I | Department of Finance |
| Colorado | X | S | Governor's Revenue Estimating Advisory Committee |
| Connecticut | X | S | Office of Policy and Management |
| Delaware | X | EO | Delaware Economic and Financial Advisory Council |
| Florida | - | S | Consensus Revenue Estimating Conference |
| Georgia | - | - | Office of Planning and Budget |
| Hawaii | - | - | Council on Revenues; State Economist |
| Idaho | - | - | Division of Financial Management |
| Illinois | - | - | Budget Agency |
| Indiana | X | EO | Budget Agency |
| Iowa | X | - | Department of Management |
| Kansas | X | I | Budget Office; Revenue Department; Legislative Research Department |
| Kentucky | - | - | Finance Secretary, Legislative Research Commission |
| Louisiana | X | C,S | Governor, Legislature, Revenue Estimating Conference |
| Maine | X | - | State Budget Officer; Consensus Economic Forecasting Commission |
| Maryland | X | I | Expenditures-Department of Budget and Management; Revenues-Board of Revenue Estimates |
| Massachusetts | X | I | Revenue Department/Budget Bureau |
| Michigan | - | - | Office of Revenue and Tax Analysis - Department of Treasury |
| Minnesota | X | EO | Department of Finance |
| Mississippi | - | S | Office of Budget and Fund Management |
| Missouri | - | - | Budget Office |
| Montana | - | - | Contract with forecasting firm - Wharton Economic Forecasting Assoc. |
| Nebraska | X | S | Revenue Department and Economic Forecasting Advisory Board |
| Nevada | X | S | Economic Forum |
| New Hampshire | - | - | Budget Office & Department of Revenue Administration |
| New Jersey | X | S | New Jersey Council of Economic Advisors |
| New Mexico | - | S | Economic Analysis Bureau; Department of Finance & Administration |
| New York | - | - | Division of the Budget |
| North Carolina | - | - | Office of State Budget and Management |
| North Dakota | X | EO | OMB contracts with econometrics forecasting firm |
| Ohio | X | I | Office of Budget and Management |
| Oklahoma | - | - | Oklahoma Tax Commission; Office of State Finance |
| Oregon | X | EO | Office of Economic Analysis within the Department of Administrative Services |
| Pennsylvania | - | - | Budget Office and Revenue Department |
| Rhode Island | - | - | Revenue Estimating Conference |
| South Carolina | X | S, Proviso | Board of Economic Advisors |
| South Dakota | X | EO | Bureau of Finance & Management |
| Tennessee | X | S | Center of Business & Economic Research - University of Tennessee |
| Texas | - | - | Comptroller's Office |
| Utah | X | S | Office of Planning and Budget and Tax Commission |
| Vermont | X | I | Department of Finance & Management |
| Virginia | X | S | Department of Taxation |
| Washington | X | EO | Economic and Revenue Forecast Council |
| West Virginia | - | - | Department of Tax and Revenue |
| Wisconsin | - | - | Department of Revenue |
| Wyoming | X | S | Economic Analysis Division |
| Puerto Rico | X | EO | Planning Board; Government Development Bank |
| TOTAL | 29 | | |

Codes: S...Statutory I...Informal
 C...Constitutional AO...Administrative Order
 EO...Executive Order

Table G
Revenue Estimates in the Governor's Budget

| <i>State</i> | <i>Who Prepares Estimate</i> | <i>Consensus Forecast</i> | <i>Who Revises</i> | <i>Revision is Binding</i> | <i>Statutory Requirement to Publish Revenue Estimates</i> | <i>How Often</i> |
|----------------|------------------------------|---------------------------|--------------------|----------------------------|---|------------------|
| Alabama | B | X | G,L | - | X | A |
| Alaska | R | NA | - | - | X | S* |
| Arizona | B,R | * | G,L | - | X | A |
| Arkansas | B,C | - | G | X | X | A |
| California | B | - | B,G | - | X | S |
| Colorado | B | - | L | - | X | Q |
| Connecticut | B | - | L | - | X | M |
| Delaware | C | X | L | X | X | Q,M* |
| Florida | C | X* | C | X | X | S |
| Georgia | B | - | G | X | X | A |
| Hawaii | C | - | C | X* | X | Q |
| Idaho | B | - | B,L | - | - | S |
| Illinois | B | - | G | - | X | A |
| Indiana | B,C | X | B,C | X | X | A |
| Iowa | C | X | C | X | X | Q |
| Kansas | C | X | C | - | - | S |
| Kentucky | C | X* | C | X | X | BA |
| Louisiana | C | X | C | X | X | Q |
| Maine | C | X | C | X | X | S |
| Maryland | C | X | C | - | X | A* |
| Massachusetts | B,R | - | G,L | X | X | Q* |
| Michigan | B,R,L* | X | B,R,L | X | X | S |
| Minnesota | B | - | B | X | X | S* |
| Mississippi | G,L | X | G,L | X | - | - |
| Missouri | B | X* | G | - | X | A |
| Montana | B,R | - | B,R | - | X | BA |
| Nebraska | C | - | C | X | X | S |
| Nevada | C | NA | C | X | X | BA |
| New Hampshire | B | - | L | X | X | A |
| New Jersey | B,R | - | G | X | X | S |
| New Mexico | B,R,L | X* | G | - | X | A |
| New York | B | X | G* | X | X | Q |
| North Carolina | B,G,L | X | B,G,L | X | X | A |
| North Dakota | B,R | X | B,R | X | X | BA |
| Ohio | B | - | B,L | - | X | BA,M* |
| Oklahoma | B,R,C | - | B,R,C* | X | X | S* |
| Oregon | B* | - | B | X | X | Q |
| Pennsylvania | B,R | - | B,R | X | X | A* |
| Rhode Island | C | X | C | X | X | Q* |
| South Carolina | C | X | C | - | X | S |
| South Dakota | B | - | L | X | X | A |
| Tennessee | B | X | G | - | X | S |
| Texas | R | - | R | X | X | BA |
| Utah | B,R | X* | R | X | X | A |
| Vermont | B*,L | X | B*,L | - | X | S |
| Virginia | B,R,C | - | G* | X | X | S |
| Washington | B,C | - | C | - | X | Q |
| West Virginia | B,R | - | G | X | X | M |
| Wisconsin | R | - | L | - | X | A |
| Wyoming | C | X | C | - | - | - |
| Puerto Rico | R | - | G,L | X | X | A |
| TOTAL | | 23 | | 31 | 47 | |
| Codes: | B...Budget Agency | | A....Annually | | Q....Quarterly | L....Legislature |
| | R...Revenue Agency | | BA....Biennially | | S....Semi-annually | NA...Not Avail. |
| | C...Board/Commission | | G....Governor | | M....Monthly | |

Notes to Table G

Alaska: Revenue estimates must be published annually but traditionally are published semi-annually.

Arizona: A consensus forecast is not required, but recent practice has resulted in a consensus revenue forecast being published in the executive and legislative budget recommendations.

Delaware: Quarterly estimates are done for the September, December, and March; monthly estimates are done for April, May, and June.

Florida: Florida utilizes a Consensus Revenue Forecasting Conference for estimating revenue. The Conference is comprised of representatives from the Governor's Office of Planning and Budgeting, House and Senate Finance and Tax Committees, the Florida Department of Revenue and the Legislative Division of Economic and Demographic Research. The Consensus Estimate of Revenue Collections is based on current tax laws and current administrative procedures.

Hawaii: Statutes require that estimates "shall be considered;" differing revenue estimates by the governor or legislature may be used if "fact and reasons" are made public.

Kentucky: Revenue estimating is performed by a consensus-forecasting group jointly selected by the Finance and Administration Secretary and the Legislative Research Commission. Preliminary estimates are required October 15 of each odd-numbered year – prior to January's legislative session – with a revised/final estimate due by the fifteenth legislative day. If the consensus-forecasting group cannot agree on an estimate, the Finance and Administration Cabinet perform the official revenue estimate.

Maryland: The statute requires the Board of Revenue Estimates to provide the governor with an annual estimate. In practice, the official estimate is provided in December and updated in March. Informal estimates are provided throughout the year.

Massachusetts: Department of Revenue publishes estimates three times a year. Secretary for Administration and Finance and the legislature agree on revenue estimates in the spring for the fiscal year beginning in July. For FY 1998, the consensus was reached in March.

Michigan: Consensus revenue forecasting procedure involves the budget and revenue agencies as well as the legislature.

Minnesota: Five-year revenue estimates are formally published twice a year in November and February.

Missouri: Consensus revenue forecast with the legislature has been recent practice but is not required by statute.

New Mexico: Consensus revenue forecasting procedure involves the finance and revenue agencies as well as the legislature.

New York: The governor revises estimates to reflect actions of the legislature. Per statute, joint executive-legislative consensus forecasting is required by March 10th. In the absence of consensus, the governor's estimate is official.

Ohio: The governor must publish revenue estimates in the biennial executive budget submitted to the general assembly. A monthly financial report prepared for the governor by the Office of Budget and Management contains revenue estimates for the current fiscal year and reflects any revisions to those estimates that are made during the fiscal year.

Oklahoma: Revenue estimates are made by various state agencies, including the State Tax Commission. Economic information is provided by various private and public entities. The State Finance Office reviews, consolidates, and presents the estimates to the State Equalization Board late in December and again in mid-February. The Board certifies an official estimate that is only revised afterward if laws affecting the revenue are passed by the state legislature.

Oregon: The Office of Economic Analysis in the Department of Administrative Services prepares the estimate.

Pennsylvania: Revenue estimates are updated when new legislation affects current year revenues.

Rhode Island: Per state statute, a Consensus Revenue Estimating Conference must be held within the first ten days of November and May.

Utah: Revenue estimates are informally reviewed with the Legislative Fiscal Analysts Office. Any major differences are researched and resolved.

Vermont: The Emergency Board, composed of four legislative members, chaired by the governor, determines revenue estimates based on separate estimates by executive and legislative branches.

Virginia: The governor revises as required by law, during fiscal year. Revenue estimates are published annually.

Table H
State-Federal Liaison

| <i>State</i> | <i>Budget Office Analyzes Federal Legislation</i> | <i>Representative in Washington, D.C.</i> | <i>Official/Agency to Whom D.C. Office Reports</i> |
|----------------|---|---|--|
| Alabama | X | X | Governor |
| Alaska | - | X | Governor |
| Arizona | X* | - | - |
| Arkansas | - | - | - |
| California | - | X | Governor |
| Colorado | - | - | - |
| Connecticut | X | - | Governor |
| Delaware | X | X | Budget Director |
| Florida | X | X | Governor and Legislature |
| Georgia | X | X | Governor |
| Hawaii | X | X | Governor |
| Idaho | - | X | Governor |
| Illinois | X | X | Governor |
| Indiana | X | X | Governor |
| Iowa | X | X | Governor |
| Kansas | X | - | - |
| Kentucky | X | - | Governor's Office |
| Louisiana | X | - | - |
| Maine | X | - | - |
| Maryland | X | X | Governor |
| Massachusetts | X | X | Governor |
| Michigan | X | X | Governor |
| Minnesota | X* | X | Governor's Office |
| Mississippi | X | - | - |
| Missouri | X | X | Budget Director |
| Montana | X | - | - |
| Nebraska | X | - | Lt. Governor |
| Nevada | X | X | Governor |
| New Hampshire | - | - | - |
| New Jersey | X | X | Governor |
| New Mexico | X | - | - |
| New York | X | X | Governor |
| North Carolina | X | X | Governor's Chief of Staff |
| North Dakota | X* | X | Governor |
| Ohio | X | X | Governor |
| Oklahoma | X* | - | - |
| Oregon | X | - | - |
| Pennsylvania | X | X | Governor |
| Rhode Island | X | X | Governor's Office |
| South Carolina | - | X | Governor |
| South Dakota | X | X | Governor |
| Tennessee | X* | - | - |
| Texas | X | X | Governor |
| Utah | X | X | Governor's Chief of Staff |
| Vermont | X* | - | - |
| Virginia | X | X | Governor |
| Washington | X | X | Governor |
| West Virginia | X | X | Governor |
| Wisconsin | X | X | Administration Secretary |
| Wyoming | X | - | - |
| Puerto Rico | X | X | Governor's Office |
| TOTAL | 44 | 34 | |

Notes to Table H

Arizona: The analysis of federal legislation is primarily conducted by the affected state agency. However, the budget office does monitor and analyze federal legislation that has a significant state fiscal impact (e.g. welfare reform, Medicaid reform, highway construction, etc.)

Minnesota: The analysis of federal legislation is primarily conducted by the state agencies; the budget office monitors selected issues.

North Dakota: The analysis of federal legislation is primarily conducted by the state agencies; the budget office monitors selected issues.

Oklahoma: The analysis of federal legislation is primarily conducted by the state agencies, not the budget office.

Tennessee: The analysis of federal legislation is primarily conducted by the state agencies, not the budget office.

Vermont: The analysis of federal legislation is primarily conducted by the state agencies, not the budget office.

Requirements, Authorities, and Limitations

Introduction

This chapter focuses on four particular areas of state law with regard to budgeting; the balance of power between the governor and the legislature, balanced budget requirements, debt financing, and tax and expenditure limitations.

Balance of Power – Governor and Legislature

The extent of a governor's authority over budget issues varies among the states. Tables I and J focus on the authority governors possess in comparison to those of the legislature. The governor may, without approval of the legislature; reorganize departments in 24 states, spend unanticipated federal funds in 31 states, and reduce the budget in 37 states. A key tool available to the governor is the line item veto.

Forty-two states and Puerto Rico have line item veto authority. This is a provision that allows a governor to veto components of the legislative budget on a line-by-line basis. Forty states and Puerto Rico have provisions that allow the governor to reject particular items in a piece of legislation such as a sentence, paragraph, or part of a sentence, known as item veto. Of the 41 with appropriation item veto authority, 14 allow for a veto of selected words, with 3 allowing the veto to change the meaning of the words. (See Table J)

Maintaining Fiscal Balance

Governors are often limited in how much they can spend. Most state governments are precluded from deficit spending. As a result, comparisons are often made to the states by advocates for a federal balanced budget. Balanced budget advocates argue that with a balanced budget amendment, the federal government would function with the same fiscal discipline as state governments.

Although state balanced budget provisions do have consequences and force budget writers to think in balanced budget terms, the provisions do not preclude a state from running small, short-term deficits. Most states have some type of balanced budget provision; however, the degree to which the provisions require actual revenues to equal expenditures in a given fiscal period varies. Some balanced budget provisions simply require the governor to present a balanced budget, while 40 states and Puerto Rico require the legislature to pass a balanced budget, and with the recent addition of California and Illinois, 34 states and Puerto Rico require the governor to sign a balanced budget. (See Table K)

Debt Finance

State debt is issued in order to finance large capital projects that will serve to benefit taxpayers over a series of years. Mainly, states borrow money by issuing two types of bonds, a general obligation bond or a revenue bond. A general obligation bond pledges to the lender the full-faith and credit of the state as security. Thus all government funds are available to repay the debt, and if necessary, taxes would be raised to repay the debt. For a revenue bond, the lender is promised repayment on a particular revenue source. Inherently, the revenue bond involves a bit more risk, since if the revenue source may, in the future, become in-

sufficient to repay the lender.

According to Moody's Investors Service, all but 10 mostly Midwest states have general obligation bonds. Of the states that allow general obligation debt, 9 states do not limit the amount of general obligation debt. The remaining states and Puerto Rico have established general obligation debt limits. The limits are typically based on a formula that considers state general revenues or appropriations. Some general obligation debt limits are capped at a specific dollar amount.

Fourteen states allow for a referendum or a supermajority vote to override a general obligation debt.

Tax and Expenditure Limitations

Table M shows the states that have tax and expenditure limitations (TEs), and what the limitations are. Of the 27 states with TEs, 21 limit appropriation growth to an index of inflation.

Tax and expenditure limitations have been increasingly imposed as a method to stem the growth of the public sector. Studies, however, indicate that TEs have been somewhat unsuccessful in constraining the rate of tax increases. Some would argue that laws requiring a supermajority (12 states) or voter approval (3 states) for revenue increases have placed especially restrictive limits on states' ability to raise taxes and increase expenditures.

Table I
Gubernatorial Budget Authority and Responsibility

| <i>State</i> | <i>Give Agencies Funding Level Request Targets</i> | <i>Publish Agency Requests Executive Budget</i> | <i>Reorganize Departments w/o Leg. Approval</i> | <i>Spend Unanticipated Federal Funds w/o Leg. Approval</i> | <i>Reduce Budget without Leg. Approval</i> | <i>Restrictions on Budget Reductions</i> |
|----------------|--|---|---|--|--|--|
| Alabama | - | X | - | - | X | ATB |
| Alaska | X | - | X | - | - | - |
| Arizona | X | X | X* | X** | - | - |
| Arkansas | - | X | X* | X** | X*** | ATB |
| California | - | - | X | - | - | - |
| Colorado | X | X | - | X | X | - |
| Connecticut | - | X | - | X | X | MR |
| Delaware | X | X | - | - | - | X |
| Florida | * | X | ** | X | X*** | MR |
| Georgia | X | X | X | X | X | X* |
| Hawaii | X | X | * | partial* | X* | - |
| Idaho | X | - | - | X | X* | X* |
| Illinois | X | - | X* | X** | - | - |
| Indiana | X | X | X | X | X | - |
| Iowa | X | X | - | X | X | ATB |
| Kansas | X | X | - | X | - | ATB |
| Kentucky | X | X | X | X | - | - |
| Louisiana | X | X | - | - | X | MR |
| Maine | X | X | - | X | X | ATB |
| Maryland | X | - | X | X | X* | X** |
| Massachusetts | X | - | X | * | X | - |
| Michigan | X | * | X* | ** | - | *** |
| Minnesota | X* | X | X** | - | X | - |
| Mississippi | X | X | - | X | X | ATB |
| Missouri | - | X | - | * | X | - |
| Montana | - | * | X | X | X | MR** |
| Nebraska | - | X | X | X | - | X |
| Nevada | - | X | X | * | X | MR |
| New Hampshire | X | - | - | X | - | - |
| New Jersey | X | X | - | - | X | - |
| New Mexico | X | X | - | X | - | - |
| New York | - | - | - | X | X* | ** |
| North Carolina | - | X | X | X | X* | ** |
| North Dakota | X | X | X* | ** | X | ATB |
| Ohio | - | X* | - | - | X | X |
| Oklahoma | X | - | X* | X** | X* | X |
| Oregon | X | X | - | - | X | MR |
| Pennsylvania | - | * | X** | *** | X**** | X**** |
| Rhode Island | X | - | X | - | X | X |
| South Carolina | X | X | - | - | X* | X |
| South Dakota | - | X | - | - | - | X |
| Tennessee | X | - | X | - | - | - |
| Texas | X | - | - | X | X | - |
| Utah | X | * | - | X | X | ATB** |
| Vermont | X | - | X* | X | X** | X** |
| Virginia | X | X | - | X | X* | MR |
| Washington | - | - | - | X | X | ATB |
| West Virginia | X | X | - | X | X* | X** |
| Wisconsin | X | X | X | X | * | - |
| Wyoming | - | X | - | X | X | - |
| Puerto Rico | X | - | X | X | X | - |
| TOTAL | 35 | 32 | 24 | 31 | 37 | |

Codes: ATB....Across-the-board cuts only
MR....Maximum reduction dictated

Notes to Table I

Arizona: 1) Unless otherwise restricted by statute, the governor has the authority to reorganize agencies that have directors the governor has appointed. 2) Expenditure of unanticipated federal funds is only allowable in cases where the legislature doesn't have appropriation authority over the federal fund source.

Arkansas: 1) The governor has authority to reorganize, expand, and reduce budgets only pursuant to existing statutes. 2) A legislative subcommittee reviews agency requests for federal appropriation when the legislature is not in regular session. 3) The governor and chief fiscal officer of the state have the authority to reduce general revenue funding to agencies should shortfalls occur in revenue collections.

Florida: 1) All agency heads are required by law to develop budget requests based upon their independent judgments of agency needs. However, the governor may ask agencies to submit additional budgets according to established targets. 2) The Governor's Office of Planning and Budgeting may approve minor reorganizations (bureau level and below) without legislative approval. 3) The elected cabinet (Administration Commission) for the Executive Branch and the Chief Justice of the Supreme Court for the Judicial Branch are authorized to resolve deficits under \$300 million. Deficits over \$300 million shall be resolved by the legislature.

Georgia: The governor, during the first six months of a fiscal year in which the current revenue estimate on which appropriations are based is expected to exceed actual revenues, is authorized to require state agencies to reserve such appropriations as specified by the governor for budget reductions to be recommended to the general assembly at its next regular session.

Hawaii: The governor's authority to reorganize, expand and reduce budgets can be done only pursuant to existing statutes.

Idaho: The governor's authority to reduce budgets is temporary. The State Board of Examiners (governor, attorney general, and secretary of state) has permanent appropriation reduction authority.

Illinois: 1) Pursuant to the constitution and statute, the governor may, by executive order, reorganize executive agencies. If such reorganization contravenes a statute, the legislature must consider the executive order. The executive order shall not be effective if, within 60 days, either house disapproves by majority vote. 2) The governor and executive agencies can, with the approval of the state comptroller, establish non-appropriated accounts to spend federal or any other type of funds.

Maryland: 1) With the approval of the Board of Public Works, the governor may reduce by not more than 25% any appropriation that the gov-

error considers unnecessary. 2) The governor may not, however, reduce an appropriation to the legislative or judicial branches of government; for the payment of principal and interest on state debt; the funding for public schools (K-12); or the salary of a public officer during the term of office.

Massachusetts: Spending of new federal grant funds requires approval by joint legislative committee. Unanticipated funds from old grants can be spent without legislative approval.

Michigan: 1) The Executive Budget is published. Agency requests are published to the extent that the requests are included in the Executive Budgets. 2) The governor has executive order reorganization authority not subject to legislative review. However, the governor's executive order reorganization may be forestalled if disapproved by both houses of the legislature within 60 days of issuance. 3) Only if the appropriations bill allows for spending unanticipated federal funds up to a pre-established spending level. 4) There are both statutory and constitutional restrictions on executive branch authority to make budget reductions, involving approval by both House and Senate Appropriations Committees.

Minnesota: 1) All agency heads are directed by budget guidelines to develop realistic agency budget plans within base level targets. 2) In statute, the commissioner of administration has authority to transfer personnel, power or duties from one state agency that has been in existence for at least one year to improve efficiency and avoid duplication. The transfer must have prior approval of the governor. The commissioner of administration shall no later than January 15 of each year submit to the legislature a bill making all statutory changes required by the reorganization order.

Missouri: Except if department appropriations bills allow for spending unanticipated federal funds up to a pre-established spending level.

Montana: 1) Legislative agency and judicial branch requests are contained in the executive budget. 2) Additional restrictions on budget reductions exclude principle and interest on state debt, legislative and judicial branches, school equalization aid and salaries of elected officials.

Nevada: The governor can accept grants up to \$100,000. However, any grant funding new personnel must be approved by the Legislature or the Interim Finance Committee when the Legislature is not in session.

New York: 1) May reduce budget without approval for state operations. 2) Only restriction is that reductions in aid to localities cannot be made without legislative approval.

North Carolina: Except for certain block grants. The governor is required to maintain a balanced budget for the fiscal period and has the authority through the Constitution and General Statutes to make reductions to insure there is no overdraft or deficit.

Notes to Table I

North Dakota: 1) The governor has some flexibility to reorganize within or among departments that have directors appointed by the governor. Must act within statutory authority, however. 2) The Emergency Commission (comprised of the governor, secretary of state, chairman of the House and Senate Appropriations Committees, and the chairman of the Legislative Council) can authorize spending of unanticipated federal funds and special funds without legislative approval.

Ohio: Ohio's executive budget only contains agency request information at a summary level.

Oklahoma: 1) Would require agreement of agency governing boards and/or CEO. 2) Only in agencies that do not have a legislated federal fund limit.

Pennsylvania: 1) Agency budget requests are provided separately to the appropriations committees at the same time the governor's recommended budget is released. 2) The governor may reorganize within agencies only. 3) The governor may spend federal funds without legislative approval for natural disasters, civil disobedience, or in an emergency situation to avoid substantial human suffering. 4) The governor may reduce budgets selectively; he must provide 10-day prior notice and the reasons for so doing before lapsing current year grant and subsidy money.

South Carolina: The Budget and Control Board can authorize an across-the-board agency reduction when there is a revenue shortfall. When in session, the General Assembly has five statewide session days to take action to prevent the reduction.

Utah: Statutorily required to include requests from legislature and courts. Also include requests from other elected officials.

Vermont: 1) If executive order reorganization contravenes current law, it becomes law unless disapproved by the Legislature within 90 days. 2) Reductions based on revenue shortfalls of greater than 1% require legislative approval.

Virginia: Cannot reduce appropriations, but can withhold allotments.

West Virginia: 1) The governor can reduce expenditures but not appropriations. 2) Public education has priority.

Wisconsin: Cannot reduce appropriations, but can withhold allotments.

Table J
Gubernatorial Veto Authority

| <i>State</i> | <i>No Veto Power</i> | <i>Line Item Veto</i> | <i>Item Veto of Appropriations</i> | <i>Item Veto of Selected Words</i> | <i>Item Veto to Change Meaning of Words</i> |
|-----------------|----------------------|-----------------------|------------------------------------|------------------------------------|---|
| Alabama* | - | - | - | - | - |
| Alaska | - | X | X | - | - |
| Arizona | - | X | X* | - | - |
| Arkansas | - | X | X | X | - |
| California | - | X | X | X* | - |
| Colorado | - | X | X | X | - |
| Connecticut | - | X | X | - | - |
| Delaware | - | X | X | - | - |
| Florida | - | X | X | - | - |
| Georgia | - | X | X | X | - |
| Hawaii | - | X | X* | - | - |
| Idaho | - | X | X | - | - |
| Illinois* | - | X | X | X | X |
| Indiana | - | - | - | - | - |
| Iowa | - | X | X | - | - |
| Kansas | - | X | X | - | - |
| Kentucky | - | X | X | * | * |
| Louisiana | - | X | X | - | - |
| Maine | - | X | X | - | - |
| Maryland | * | - | - | - | - |
| Massachusetts | - | X | X | X | - |
| Michigan | - | X | X | * | - |
| Minnesota | - | X | X | - | - |
| Mississippi | - | X | X | - | - |
| Missouri | - | X | X | X* | - |
| Montana | - | X | X | - | - |
| Nebraska | - | X | X | - | - |
| Nevada | - | - | - | - | - |
| New Hampshire | - | - | - | - | - |
| New Jersey | - | X | X | X | X |
| New Mexico | - | X | X* | X* | - |
| New York | - | X* | X | - | - |
| North Carolina* | X | - | - | - | - |
| North Dakota | - | X | X* | - | - |
| Ohio | - | X* | X | X** | - |
| Oklahoma | - | X | X | - | - |
| Oregon | - | X | X | - | - |
| Pennsylvania | - | X | X | X* | - |
| Rhode Island | - | - | - | - | - |
| South Carolina | - | X | X | - | - |
| South Dakota | - | X | X | - | - |
| Tennessee | - | X | X | - | - |
| Texas | - | X | X | - | - |
| Utah | - | X | - | - | - |
| Vermont | - | - | - | - | - |
| Virginia | - | X* | - | - | - |
| Washington | - | X | X | - | - |
| West Virginia | - | X | X | X | - |
| Wisconsin | - | X | X | X | - |
| Wyoming | - | X | X | X | X |
| Puerto Rico | - | X | X | - | - |
| TOTAL | 1 | 43 | 41 | 14 | 3 |

Notes to Table J

Alabama: The governor may return a bill without limit for recommended amendments for amount and language, as long as the legislature is still in session.

Arizona: The governor cannot veto an item of appropriation unless it is in legislation that contains more than one appropriation. If the legislation contains only one appropriation, then the governor must veto the entire legislation.

California: Only in extenuating circumstances, such as an issue involving separation of powers in the branches of government.

Hawaii: Governor may veto judicial and legislative appropriation bills only in their entirety.

Illinois: The governor can veto appropriation items entirely (Item Veto) or merely reduce an item of appropriation to a lesser amount (Reduction Veto). If the governor reduces an item of appropriation, the remaining items in the bill are not affected and can become law immediately. The governor can also veto substantive or appropriation bills entirely (Veto) or merely make changes to them (Amendatory Veto). Changes can include removing selected words or changing the meaning of words. If the governor makes amendatory language changes to an appropriation bill, the entire bill including all other appropriation items are held up until the legislature considers the governor's changes. The legislature can add explanatory or limiting language to appropriations without violating the constitutional distinction between substantive and appropriation bills. The governor has occasionally changed language in an appropriation bill without rising to the level of an amendatory veto. For instance, the governor once changed the fund from which the appropriation was being made.

Kentucky: Constitutional authority is unclear because neither of the issues have been litigated.

Maryland: The budget bill, when and as passed by both houses, shall be law immediately without further action by the governor. The governor, however, may veto supplementary appropriation bills.

Michigan: Michigan Constitution provides "the governor may disapprove any distinct item or items appropriating moneys in any appropriations bill." Under our Attorney General's Opinion No. 6399, dated November 13, 1986, an item of appropriation may be contained in language sections of appropriations bills, "(i)f the amount and subject of appropriations are stated."

Missouri: Governor can veto unconstitutional language and language that establishes purpose of moneys vetoed. Governor cannot veto language to change purpose of appropriation.

New Mexico: Governor can veto selected lines and items in any bill

Notes to Table J

carrying an appropriation. The governor cannot partially veto non-appropriation legislation, but must sign, veto, or pocket veto the entire bill.

New York: Any appropriation added to the governor's budget by the legislature is subject to line item veto.

North Carolina: Bills are subject to veto by the governor except for bills addressing amendments to the state or U.S. Constitution, joint resolutions, bills containing general assembly appointments to public office, revising senate or representative districts and certain local bills. If the governor returns a bill it is to be accompanied with objections and a veto message stating the reasons for the objections.

North Dakota: The governor can execute an item veto of appropriations if the item veto is in a separate and distinct line item.

Ohio: 1) Line item veto in appropriation act only. 2) Item veto of selected words is only available to the governor in appropriations acts.

Pennsylvania: The governor may only remove language directly related to an appropriation.

Virginia: Governor may return bill without limit for recommended amendments for amount and language. For purposes of a veto, a line item is defined as an indivisible sum of money that may or may not coincide with the way in which items are displayed in an appropriation act.

Table K
Balanced Budget Requirements

| <i>State</i> | <i>Governor Must Submit Balanced Budget</i> | <i>Nature of Requirement</i> | <i>Legislature Must Pass Balanced Budget</i> | <i>Nature of Requirement</i> | <i>Governor Must Sign Balanced Budget</i> | <i>Nature of Requirement</i> |
|----------------|---|----------------------------------|--|----------------------------------|---|----------------------------------|
| Alabama | x | C,S | X | S | - | - |
| Alaska | X | S | X | S | X | S |
| Arizona | X | C,S | X | C,S | X | C,S |
| Arkansas | X | S | X | S | X | S |
| California | X | C | - | - | X | S |
| Colorado | X | C | X | C | X | C |
| Connecticut | X | S | X | C,S | X | C |
| Delaware | X | C,S | X | C,S | X | C,S |
| Florida | X | C,S | X | C,S | X | C,S |
| Georgia | X | C | X | C | X | C |
| Hawaii | X | C,S | - | - | X | C,S |
| Idaho | * | - | X* | C | - | - |
| Illinois | X | C,S | X | C | X | S |
| Indiana | - | - | - | - | - | - |
| Iowa | X | C,S | X | S | - | - |
| Kansas | X | S | X | C,S | - | - |
| Kentucky | X | C,S | X | C,S | X | C,S |
| Louisiana | X | C,S | X | C,S | X | C,S |
| Maine | X | C,S | X | C | X | C,S |
| Maryland | X | C | X | C | * | C* |
| Massachusetts | X | C,S | X | C,S | X | C,S |
| Michigan | X | C,S | X | C | X | C,S |
| Minnesota | X* | C,S | X* | C,S | X* | C,S |
| Mississippi | X | S | X | S | - | - |
| Missouri | X | C | - | - | X | C |
| Montana | X | S | X | C | - | - |
| Nebraska | X | C | X | S | - | - |
| Nevada | X | S | X | C | X | C |
| New Hampshire | X | S | - | - | - | - |
| New Jersey | X | C | X | C | X | C |
| New Mexico | X | C | X | C | X | C |
| New York | X | C | - | - | * | - |
| North Carolina | X | C,S | X | S | - | - |
| North Dakota | X | C | X | C | X | C |
| Ohio | X | C | X | C | X | C |
| Oklahoma | X | S | X* | C | X* | C |
| Oregon | X | C | X | C | X | C |
| Pennsylvania | X | C,S | - | - | X | C,S |
| Rhode Island | X | C | X | C | X | S |
| South Carolina | X | C | X | C | X | C |
| South Dakota | X | C | X | C | X | C |
| Tennessee | X | C | X | C | X | C |
| Texas | - | - | X | C,S | X | C |
| Utah | X | S | X | C,S | X* | - |
| Vermont | - | - | - | - | - | - |
| Virginia | * | - | * | - | * | C |
| Washington | X | S | - | - | - | - |
| West Virginia | - | - | X | C | X | C |
| Wisconsin | X | C | X | C | X | C,S |
| Wyoming | X | C | X | C | - | - |
| Puerto Rico | X | C | X | C | X | C |
| TOTAL | 45 | | 41 | | 35 | |

Codes: C...Constitutional
S...Statutory

Notes to Table K

Idaho: The governor is not required to submit a balanced budget. The constitution requires that the legislature pass a balanced budget. The governor, as the chief budget officer of the state, has always insured that expenditures do not exceed revenues.

Maryland: The budget bill when and as passed by both houses, shall be a law immediately without further action by the governor.

Minnesota: The state constitution limits the use of public debt. The construction of this limit implicitly requires the state to have a balanced operating budget.

New York: The governor is not technically required to sign a balanced budget, but the governor, legislative leaders, and the comptroller must certify the budget is in balance in order to meet borrowing requirements.

North Carolina: The governor is not required to sign a bill for the bill to become law. This includes a bill which requires an appropriation. During the session any bill which has not been returned within 10 days with the governor's signature after it is presented to the governor shall become law in like manner. If the General Assembly has adjourned the bill shall become a law within 30 days after adjournment.

Oklahoma: Legislature could pass and the governor could sign a budget where appropriations exceed cash and estimated revenues, but constitutional and statutory provisions reduce the appropriations so that the budget is balanced.

Utah: Governor may allow balanced budget to go into law without signature.

Virginia: Requirement applies only to budget execution. The governor is required to insure that actual expenditures do not exceed actual revenues by the end of the appropriation period.

Notes to Table L

Arizona: The state may contract debts to supply the casual deficits or failures in revenue, or to meet expenses not otherwise provided for; however, the aggregate amount of such debt shall not exceed \$350,000.

Arkansas: Amount of general obligation debt limit represents the maximum allowed for the biennial period.

Colorado: Certificates of Participation. Applies to long-term general obligation debt.

Connecticut: Bond Anticipation Notes are included under general obligation debt limit.

Delaware: The state has a three-part debt limit. 1) Yearly authorization cannot exceed 5% of estimated net General Fund revenue for that fiscal year. 2) Aggregate maximum annual debt service payments on outstanding debt cannot exceed 15% of estimated aggregate annual revenue. 3) No general obligation debt may be incurred if the maximum annual debt service payable in any fiscal year will exceed the estimated cumulative cash balance.

Hawaii: 1) Total amount of principal and interest payment on general obligation debt cannot exceed 18.5% of the average of the general fund revenues of the state in the three fiscal years immediately preceding the issuance of the bonds. 2) Emergency condition declared by governor and concurred to by 2/3 vote of legislature.

Idaho: The state's aggregate general obligation debt may not exceed \$2,000,000 except in cases of war or insurrection. The legislature may approve individual bond projects as long as they are paid off within 20 years and have been approved by a majority of the voters at a general election. In 1974, the legislature created a quasi-state entity called the Idaho State Building Authority, which is empowered to issue bonds for individual projects authorized by the legislature.

Illinois: Dollar amount set by 3/5 vote of legislature.

Louisiana: Annual debt obligation may not exceed 10% of the average annual revenues of the Bond Security and Redemption Fund for the last 3 fiscal years. As of June 30, 1998, the annual general obligation debt represented 45.29% of the debt issuance limitation. General obligation debt may not exceed an amount equal to two times the annual revenues of the Bond Security and Redemption Fund for the last three fiscal years. As of June 30, 1998, the amount of total general obligation bonds authorized was 12.89% of the bond authorization limit. The constitution requires that general obligation debt limit be no more than 6% of the official revenue estimate by Fiscal 2003-2004. The statutes provide reduction targets for each year prior to Fiscal 2003-2004.

Maine: 10% of General Fund and Highway Fund revenue.

Maryland: 1) State policy for over a decade has been that outstanding debt shall not exceed 3.2% of state personal income and that debt service shall not exceed 8% of the revenue source to pay that debt service. 2) State law establishes a Capital Debt Affordability Committee that makes annual recommendations to the governor and general assembly.

Massachusetts: Debt is limited to 105% of previous year's limit, or \$9.113 billion in FY 1997, but general obligation debt service appropriations cannot exceed 10% of total appropriations. Commercial paper is capped at \$600 million and must be repaid in the fiscal year in which it was issued. Transit notes are authorized as needed but must mature in current or next succeeding fiscal year.

Michigan: 1) Long-term debt limit is authorized by the legislature. 2) Short-term debt limited to 15% of prior year undedicated general fund - general purpose revenues.

Minnesota: 1) Appropriations for bonded projects are authorized by a 3/5 vote of the legislature. An executive guideline has limited the amount of the debt service transfers from the general fund in any biennium to 3% of the estimated General Fund Net Non-Dedicated Revenues for the biennium. New bonds to be sold are limited to the excess of dollars from the 3% of Net Non-Dedicated Revenues and the dollars required for the debt service on existing bonds currently outstanding.

Missouri: Voters may authorize additional amounts. Current authorization include \$250 million for corrections, higher education, and youth services facilities, \$725 million for water pollution control and \$200 million for storm water control.

Nevada: G.O. bonds involving natural resources including water and sewer are exempt from the 2% debt limit. This allows the state to operate a Municipal Bond Bank for the benefit of local governments.

New Hampshire: The legislature shall not authorize any additional tax supported debt if projected debt service exceeds 10% of prior year unrestricted revenue. The limit can be exceeded by 3/5 vote.

New Jersey: Short-term borrowing to cover cash flow needs, provided such borrowing is repaid within the same fiscal year, is not prohibited by the state constitution, and is authorized in the annual appropriations act.

New Mexico: One percent of the total property valuation subject to taxation.

New York: All general obligation debt is subject to the approval of the voters for purpose and amount. Short-term debt may be issued as bond anticipation notes (BANs) and tax and revenue anticipation notes (TRANS). Either may be issued in the form of flexible notes or short-term series notes, and are limited to no more than \$500 million in each form. BANs are limited to the amount of general obligation debt authorized by the voters, but not yet issued. TRANS may only be issued if the governor and legislative leaders have certified to the need for such additional bor-

rowing and its planned retirement.

North Dakota: Override provision if backed by real estate mortgage.

Ohio: General obligation debt is authorized by separate sections of the state's constitution. Up to \$100 million in coal development bonds can be outstanding at any one time. Up to \$1.2 billion in highway bonds can be outstanding at any one time, but no more than \$220 million can be issued in any year. Up to \$200 million in parks and natural resources bonds can be outstanding at any one time, but no more than \$50 million can be issued in any year. Up to \$2.4 billion in local infrastructure bonds can be issued, but no more than \$120 million can be issued in any year.

Oklahoma: General obligation debt must be approved by a vote of the people.

Oregon: General obligation debt must be authorized in the constitution. Borrowing authority as of January 1, 1998, property true cash value was \$34.9 billion. Short-term debts (i.e. other than authorized general obligation or revenue bonds or certificates of participation) are limited to \$50,000.

Pennsylvania: General obligation debt for capital budget not approved by the voters is limited to 1.75 percent of five-year average tax revenues.

Puerto Rico: The annual installments of general obligation debt limit do not exceed 15% of the annual tax revenues raised during the two preceding fiscal years.

Rhode Island: 1) Additional general obligation long-term borrowing may occur if approved by voters. 2) Short-term borrowing limit is set constitutionally by formula and is further limited to \$150 million by statute.

South Carolina: Annual debt service is limited to 5% of the actual General Fund revenue of the latest completed fiscal year.

Tennessee: Pledged revenues must be 150% of debt service requirements.

Utah: The state also has a constitutional limit of 1.5% of the value of taxable property in state.

Vermont: 1) The Debt Affordability Committee recommends to the governor and legislature the size of the annual bond issuance. 2) The short-term debt limit is appropriated annually.

West Virginia: Constitution allows short term debt; statute sets debt limit.

Washington: The current statutory debt limit (7%) is less than the constitutional debt limit (9%).

Wisconsin: The constitution requires general obligation debt to be the lesser of $\frac{3}{4}$ of 1% of statewide assessed property value, or 5% of the as-

Notes to Table L

essed value less the aggregate state public debt as of January 1 of that calendar year. Short-term debt amounts cannot be greater than 10% of general fund appropriations in a year.

Table M
Tax and Expenditure Limitations

| <i>State</i> | <i>Tax and Expenditure Limitation</i> | <i>Nature</i> | <i>Where Does Tax Increase Originate</i> | <i>Votes Required to Pass Revenue Increase</i> |
|----------------|--|---------------|--|--|
| Alabama | - | | L | majority |
| Alaska | Appropriation limited to growth of population and inflation. | C | L,U | majority |
| Arizona | Appropriations limited to 7.41% of personal income | C | L,U | 2/3 elected |
| Arkansas | - | | L,U | 3/4 elected |
| California | Appropriation limited to personal income growth and population | C | L,U | 2/3 elected |
| Colorado | Appropriation growth limited to 6% of prior year's appropriation | S | L | majority* |
| | General & Capital Fund revenues limited to growth of population and inflation | C | | |
| Connecticut | Appropriations limited to greater of personal income growth or inflation | C | L,U | majority |
| Delaware | Appropriations limited to 98% of estimated revenue | C | L | 3/5 elected |
| Florida | Revenue limited to 5 year average of personal income growth | C | L,U | 2/3 elected |
| Georgia | - | | L | majority |
| Hawaii | Appropriation limited to 3 year average of personal income growth | C | L,U | majority* |
| Idaho | Appropriations limited to 5.33 percent of personal income | S | L | majority |
| Illinois | - | | L,U | majority |
| Indiana | - | | L | majority |
| Iowa | Appropriations limited to 99% of adjusted general fund receipts | S | L,U | majority |
| Kansas | - | | L,U | majority |
| Kentucky | - | | L | 2/5 elected |
| Louisiana | Appropriation limited to per capita personal income growth | C | L | 2/3 elected |
| | Revenue limited to a ratio of personal income in 1979 | S | | |
| Maine | - | | L,U | majority |
| Maryland | - | | L,U | majority |
| Massachusetts | Revenue limited to growth in wages and salaries | S | L,U | majority |
| Michigan | Revenue limited to 9.49% of prior year's personal income | C | L,U | majority |
| Minnesota | - | | L | majority |
| Mississippi | Appropriations limited to 98% of projected revenue | S | L,U | 3/5 elected |
| Missouri | Revenue limited to 5.64% of prior years personal income | C | L,U | majority |
| Montana | Appropriations limited to personal income growth | S | L,U | majority |
| Nebraska | - | | Unicameral | majority |
| Nevada | Expenditures limited to growth of population and inflation | S | L,U | 3/5 elected |
| New Hampshire | - | | L | majority |
| New Jersey | Appropriations limited to personal income growth | S | L | majority |
| New Mexico | - | | L,U | majority |
| New York | - | | L,U | majority |
| North Carolina | Appropriations limited to 7% of state personal income | S | L,U | majority |
| North Dakota | - | | L,U | majority |
| Ohio | - | | L,U | majority |
| Oklahoma | Appropriations limited to 95% of certified revenue* | C | L | 3/4 elected |
| Oregon | Appropriations limited to personal income growth | S | L | 2/3 elected |
| Pennsylvania | - | | L | majority elected |
| Rhode Island | Appropriations limited to 98% of projected revenue | C | L,U | majority |
| South Carolina | Appropriations limited to personal income growth | C | L,U | majority |
| South Dakota | - | | L,U | 2/3 elected |
| Tennessee | Appropriations limited to personal income growth | C | L,U | majority |
| Texas | Appropriations limited to personal income growth | C | L | majority |
| Utah | Appropriations limited to growth in population, inflation, and personal income | S | L,U | majority |
| Vermont | - | | L | majority |
| Virginia | - | | L,U | majority* |
| Washington | State general fund expenditures limited to growth in population and inflation | S | L,U | majority |
| West Virginia | - | | L,U | majority |
| Wisconsin | - | | L,U | majority |
| Wyoming | - | | L | majority |
| Puerto Rico | - | | L | majority |

Codes: C...Constitutional L...Lower
 S...Statutory U...Upper

Notes to Table M

Colorado: All tax increases must be approved by a vote of the people.

Hawaii: Two-thirds of elected members are required if the general fund expenditure ceiling is exceeded; otherwise, a majority of elected members is required.

Oklahoma: Growth in appropriations also limited to 12% above the previous year's appropriations, adjusted for inflation and adjusted for funds not previously appropriated.

Virginia: Two-thirds of members present includes a majority of the members elected.

Budgeting Tools and Techniques

Introduction

The tables in this chapter provide a wide variety of information on budgeting tools and techniques. The first three tables provide information on state methods and techniques to analyze program efficiency and effectiveness. Tables Q and R provide information on stabilization and contingency funds, tools states use to budget for the unexpected. The final table in this chapter demonstrates how technology has become a tool in budgeting, enhancing the ability to analyze vast amounts of information and rendering a method to provide information to the public.

Methods to Analyze Budget Need

The budget has evolved from being strictly a financial document, to becoming a policy and financial plan. States use combinations of line item budgeting, program budgeting, zero-based or modified zero-based budgeting, and performance budgeting to develop the budget. Line item budgets allow budget practitioners to examine incremental changes in budgets and identify appropriation trends. Program budgeting forces an examination of program goals and objectives and in some cases clarifies program performance and outcomes. Through zero-base budgeting, the very essence of an agency, program, division, or department is examined to determine its worth and value. Finally, in performance budgeting, measurable performance objectives are used to make budget related decisions.

As seen in the first column of Table N most states use a combination of these budgeting techniques. Incremental and program budgeting are the most widely used. Table P examines state policies regarding program evaluation in more depth, providing information on frequency, nature, and responsibility of the evaluation. Table O provides detailed information on state performance measures. In comparing the column for Table N and Table O, one can see that while most states have developed performance measures, they have not fully incorporated the use of performance measures into the budget process. Although 49 states – most recently Massachusetts and Tennessee -- and Puerto Rico have developed performance measures, only 14 states have formally included these in their budget system.

Budgeting in a Recession or for an Emergency

A tool states increasingly use to deal with unanticipated deficits caused by a turn in the economy or an emergency is budget stabilization and contingency funds. (See tables Q and R)

Budget stabilization funds, also referred to as rainy day funds, allow states to maintain spending during recessions without having raise and lower taxes. Simply stated, the rainy day funds act as a state saving account, allowing the state to save money when the economy is healthy, for use during an economic downturn. While stabilization funds are rarely able to meet the costs associated with an economic downturn; they serve as a cushion in the short term while larger structural reforms can be debated and implemented.

All but 5 states have budget stabilization funds now that Hawaii has recently implemented such a fund. Thirty-six states have capped the size of the budget stabilization fund through a formula. While some states specify a dollar amount, most states cap the fund at a certain percentage of estimated general fund revenues. Across the states, withdrawals from the funds typically require a vote of the legislature.

In addition to budget stabilization funds, most states have contingency funds set aside to provide for unforeseen expenditures or for anticipated purposes of uncertain amounts. The contingency fund, typically established through an appropriation, is generally available for expenditure with the governor's authorization. Contingency funds are largely used for disaster relief. All but 2 states have contingency funds, ranging from \$14,031 to \$501,000,000.

Using Technology in the Budget Process

The dramatic advancements made in computer technology have profoundly influenced state budget offices. Agency budget requests are largely submitted on-line and the requests are compiled into budget documents from multiple databases. Budget offices have access to important budgeting information across the state including auditor offices, personnel departments, revenue agencies, and the legislature. The challenge for state budget offices lies in developing an electronic financial system that tracks accounting, payroll, personnel, and the budget across state government agencies in a comprehensive and meaningful manner.

States are at various stages of developing integrated financial management systems. As shown in the second page of Table T, integration of vital budget information across state agencies is a developing trend.

States also are using technology to increase citizen awareness and access to government information. At last count, all but 4 state budget offices have web sites. Most of the web sites provide either summaries of the budget or the budget document itself.

Table N
Budgeting Procedures

| <i>State</i> | <i>Budget Approach</i> | <i>State Appropriates Federal Funds</i> | <i>State Appropriates All Non-Federal Funds</i> | <i>State Has Permanent/Continuous Appropriations</i> | <i>Budget Reflects GAAP</i> | <i>State has Late Budget Provision</i> |
|----------------|------------------------|---|---|--|-----------------------------|--|
| Alabama | P,I | X | X* | X** | - | - |
| Alaska | I | X | X | NA | X | NA |
| Arizona | P,I | X* | - | X** | - | - |
| Arkansas | P,I | X | X | - | X | - |
| California | Z,P,I,PF* | X | X | X** | X*** | - |
| Colorado | Z,PF | X* | X | X | X | - |
| Connecticut | P,I | - | - | - | * | - |
| Delaware | Z,P,I | - | - | - | - | - |
| Florida | P,I,PF | X | X | - | - | - |
| Georgia | Z | X | X | - | X | - |
| Hawaii | P,I,PF | X | - | - | - | - |
| Idaho | P | X | - | X | - | - |
| Illinois | P | X | - | X | - | - |
| Indiana | I | X | - | X | - | - |
| Iowa | Z,P | X | X | - | X | - |
| Kansas | P,I | X | X | - | - | - |
| Kentucky | P,I | X | X | - | - | - |
| Louisiana | P | X | X | - | - | - |
| Maine | P | X | X | - | - | - |
| Maryland | P | X | X | - | - | X* |
| Massachusetts | P | X | - | - | - | - |
| Michigan | Z,P,I | X | X* | - | X | - |
| Minnesota | P,I,PF | X* | X* | X* | - | - |
| Mississippi | P,I | X | X | - | X | - |
| Missouri | Z,I,PF | X | X | * | - | ** |
| Montana | Z,P,I,PF | X | - | X | X | - |
| Nebraska | P,I,PF* | X | X | - | - | - |
| Nevada | P | X | X | * | - | - |
| New Hampshire | I | X | X | - | - | - |
| New Jersey | P* | X | - | - | X | - |
| New Mexico | PF*,I | - | X | - | - | - |
| New York | I | X | X | - | X | - |
| North Carolina | I,P,PF* | X | - | - | - | - |
| North Dakota | Z,P,I | X | X | X* | - | - |
| Ohio | Z,P* | X | - | - | ** | - |
| Oklahoma | Z,P,I | - | X | X* | - | - |
| Oregon | Z,P,PF* | X | X | - | - | - |
| Pennsylvania | P | X | X | * | ** | - |
| Rhode Island | P,I | X | X | - | X | X |
| South Carolina | P,I | X | - | - | - | - |
| South Dakota | P,I | X | X | - | - | - |
| Tennessee | P,I | X | X | - | * | - |
| Texas | P*,PF | X | X | - | - | - |
| Utah | P,I | X* | X | - | X | - |
| Vermont | P,I | X | X | - | - | - |
| Virginia | Z,P,PF | X | X | - | - | - |
| Washington | I,PF | X | - | - | X | - |
| West Virginia | P,I,PF | X | - | - | - | - |
| Wisconsin | P,I,PF | X | X | X | - | X* |
| Wyoming | P,I,PF | X | X | - | X | - |
| Puerto Rico | Z,P,I | - | - | - | - | - |
| TOTAL | | 45 | 34 | 11 | 15 | 3 |

Codes: I...Incremental P...Program Z...Zero or Modified Zero Based PF...Performance Budgeting NA...Not Available

Relevant Links: http://_____

Notes to Table N

Alabama: 1) There are several restricted revolving funds (e.g. liquor purchase) and trust funds (e.g. pension trust funds) which are not appropriated. The state does not appropriate tuition, fees, or other revenues of higher education institutions. 2) There is some continuous appropriation authority that has been granted in the enabling legislation.

Arizona: 1) TANF, CCDF, and Work Incentive Act federal funds are subject to legislative appropriation. Title XIX federal funds are restricted by legislative expenditure authority. All other material federal fund expenditures are not subject to legislative appropriation. 2) All state funds are subject to legislative appropriation. Some funds are subject to annual/biennial appropriation by the legislature, while others are based on continuing appropriation authority that has been granted in the enabling legislation. Additionally, there are a limited number of appropriations that are based on permanent statutory provisions.

California: 1) The state is operating a pilot project consisting of three departments to assess performance budgeting techniques. As yet, these portions of the state's budget are not fully reflective of performance budgeting. 2) The state appropriates funds predominately through the annual budget bill but has selected permanent/continuous appropriations. 3) The state prepares the annual budget on a legal basis. These budgeted amounts, on a summary level, are then converted to reflect a GAAP basis.

Colorado: State appropriates federal funds if there is a general fund matching requirement.

Connecticut: Effective with the 2003-2005 budget, GAAP will be reflected.

Georgia: Effective with the 2003-2005 budget, GAAP will be reflected.

Maryland: The Maryland Constitution provides that, if the budget bill has not been finally acted upon by the legislature seven days before the expiration of the regular session, the governor shall issue a proclamation extending the session for some further period as may in the governor's judgment be necessary for the passage of the bill. No matter other than the budget bill shall be considered during such extended sessions.

Michigan: There are several restricted revolving funds (e.g., liquor purchase, prison industries) and trust funds (e.g., pension trust funds) which are not appropriated.

Minnesota: The state constitution requires that "no money be paid out of the treasury...except in pursuance of an appropriation by law." Amounts collected in Federal and certain dedicated funds are appropriated via general statutory provisions, rather than by direct items of appropriation. Continuing appropriations are used for capital projects and certain other appropriations that are available until expended.

Missouri: 1) The state does not appropriate tuition, fees, or other revenues of higher education institutions. 2) The governor can call a special session to pass appropriations if the regular session fails to pass all, or part, of the budget.

Nebraska: Budget approach utilized by executive branch is strategic and places increasing emphasis on performance measures and results. Legislature utilizes incremental approach.

Nevada: Continuous allowed for Capital Improvement Program; however, even these allocations are limited to a 4 to 6 year limit.

New Jersey: Budget approach includes long range and strategic planning goals and target based analysis. While all non-federal funds are not appropriated, all of the funds are displayed in the budget.

New Mexico: Recent budget laws gives a four year time span to submit performance based budgets.

North Carolina: North Carolina has fully integrated both program and performance budgeting. All funds have been programmatically sorted by purpose and outcome. Each fund has an objective (expected result) and performance strategy (expected output) developed.

North Dakota: There are a limited number of non-general and federal funds that have continuous appropriation. Examples include agriculture commodity fees used to promote the commodity.

Ohio: 1) Modified zero-based and program budgeting; working to incorporate performance measures into budgeting. 2) Separate GAAP financial statements are published annually.

Oklahoma: All funds are appropriated by constitutional requirement. Some are annually appropriated by the legislature, and some are based on "continuing" appropriations authority enacted by the legislature.

Oregon: The budget office uses modified zero based and program budgeting; working to incorporate performance measures into budgeting.

Pennsylvania: 1) No permanent appropriations for executive branch agencies; occasionally there are appropriations which have a two or three year life other than the normal one year appropriation. Appropriations for the legislative branch continue until the funds are expended or lapsed. 2) Uses program budgets; separate GAAP financial statements are published annually but not in the budget.

Tennessee: Separate GAAP financial statements are published annually.

Texas: The state has a goal-based budget approach.

Utah: Legislature appropriates federal funds as an estimate only.

Wisconsin: Agencies are authorized to continue to spend at previously authorized levels for the new fiscal year until new budget authority is signed by the governor.

Table O
Performance Measures

| State | Functional Area(s) Performance | | Measurements Monitored | Implications of | |
|----------------|-----------------------------------|-----------------------|---------------------------|----------------------------|----------------------|
| | Performance Measures | Measures Developed | | Performance Measurement | Results Published |
| Alabama | X | - | X | P | X |
| Alaska | X | NA | NA | P,GP | NA |
| Arizona | X | All* | X | P,GP,B | X** |
| Arkansas | X | - | X | B | - |
| California | X* | A | X | P,GP,B | X |
| Colorado | X | All | X | P,B | X* |
| Connecticut | X | All | - | P,GP | - |
| Delaware | X | All | X | P,B | X |
| Florida | X | HHS,PS,T,E | X | P,GP,B | X |
| Georgia | X | All | X | P,GP,B | X |
| Hawaii | X | All | X | B | X |
| Idaho | X | All | X | P,GB,B | X |
| Illinois | X | All | X | P,GP | X |
| Indiana | X | All | X | B | - |
| Iowa | X | All | * | * | * |
| Kansas | X | - | X | B | - |
| Kentucky | X | E | X | P | X |
| Louisiana | X | All | X | P,GP,B | X |
| Maine | X | * | * | * | * |
| Maryland | X* | * | * | * | X* |
| Massachusetts | X | X | X | B | - |
| Michigan | X | All | * | * | * |
| Minnesota | X | All | X* | P,GP,B | X |
| Mississippi | X | All | X | P,GP,B | X |
| Missouri | X | All | X | P,GP,B | X |
| Montana | X | NR,HHS,PS,E,A | X | P | X |
| Nebraska | X | - | X | P,GP,B | X |
| Nevada | X | All | X | P,GP,B | X |
| New Hampshire | X | All | - | - | - |
| New Jersey | X | All | Selectively | B,GP | X |
| New Mexico | X | NR,HHS,ED,PS,T,A | X | B,GP | X |
| New York | X | NA | NA | NA | NA |
| North Carolina | X | All | X | P,GP,B | X |
| North Dakota | - | - | - | - | - |
| Ohio | X | NR,HHS,T,E* | X | P,GP,B | X |
| Oklahoma | X* | All* | X* | P,B* | X* |
| Oregon | X | - | X | * | X |
| Pennsylvania | X | All | X | P,GP,B | X |
| Rhode Island | X | NR,HHS,PS,T,E,A | X* | P,GP,B* | * |
| South Carolina | X | - | - | P | X |
| South Dakota | X | - | - | - | - |
| Tennessee | X* | - | - | B | - |
| Texas | X | All | X | P,GP,B | X |
| Utah | X | All | X | P,GP,B | X |
| Vermont | X | All | X | - | X |
| Virginia | X | All | X | P,GP | X |
| Washington | X | All | X | P,GP,B | X |
| West Virginia | X | All | X | GP,P | X |
| Wisconsin | X | NR,HHS,PS,T | - | P,GP,B | X |
| Wyoming | X | All | X* | P,GP,B | X |
| Puerto Rico | X | All | X | P,GP,B | X |
| TOTAL | 50 | | 38 | | 35 |

Codes: NR...Natural Resources/Environment T...Transportation P...Public Accountability
HHS...Health/Human Services E... Education GP...Goal/Priority Building
ED...Economic Development A...Administration B...Budgeting Decisions
PS...Public Safety
All...All functions listed NA...Not Available

Notes to Table O

Arizona: 1) All agencies must provide performance measurement data for the Master List of State Government Programs. The most important outputs are designated as caseload/budget drivers. These include such measures as number of students enrolled, number of prisoners incarcerated, and the number of AHCCCS (Medicaid) clients served. These key outputs are monitored constantly by the agency and OSPB. For other measures, prior year targets are compared with actual performance as part of the budget and program authorization reviews. 2) Performance results are published in the Master List of State Government Programs. Key agency performance measures are published in the executive budget document. Conclusions about a program's performance measures and results are also published in the Strategic Program Area Review reports.

California: The state is operating a pilot project consisting of three departments to assess performance budgeting techniques. As yet, these portions of the state's budget are not fully reflective of performance budgeting.

Colorado: A state-wide performance report card will be published in the next year.

Iowa: Iowa is in the process of developing a system to monitor and report performance measures.

Maine: Maine is in the process of developing a system to monitor and report performance measures.

Maryland: Some agencies have developed performance measures, however, the state is currently in the process of implementing a state-wide program including monitoring and measurement.

Michigan: All agencies are required to identify performance measures on achievement of program outcomes consistent with the agency mission. Twelve agencies were part of a pilot program in FY 1997 working with the legislature to define and report measurement mechanisms and to correlate these measurements to program outcomes and mission achievement. These 12 agencies refined and updated their program outcomes and measurements as a result of this pilot program.

Minnesota: Measurements monitored selectively in the budget process.

Ohio: Performance measures have been developed for some programs in each of the functional areas indicated.

Oklahoma: In the early stages of performance measure development. Most agencies have been reporting inputs and outputs for years. Some now monitor outcome and efficiency measures and more agencies are doing so each year. At this stage, measures that are available are used for budgeting decisions and some results are published in agency annual reports. For FY 2000, the Legislature has required several agencies to

Notes to Table O

prepare outcome based performance measures.

Oregon: Performance measures are in use and published as part of the budget process. Measures are generally used for management tools rather than budget decisions.

Rhode Island: Fiscal Year 1998 was the first full year for performance measurement monitoring and evaluation. The state's goal is to insure that the measures are established with public accountability as the primary goal, and that evaluation of each measurement will have a direct relationship to both goal/priority building and decision making. Performance measures are published in budget documents.

Tennessee: Performance measurement data is presented by agencies with their budget requests. Usually, the agencies report input, output, and caseload data. The information is used for analysis, but is not published in the Budget Document.

Table P
Program Evaluation

| <i>State</i> | <i>State Has Program Evaluation Function</i> | <i>Location of Function</i> | <i>Frequency of Evaluation</i> | <i>Nature of Evaluation</i> |
|----------------|--|---------------------------------|------------------------------------|---------------------------------|
| Alabama | X | B,S,L | A,R | AF,IB,IO |
| Alaska | X | B | R | AF |
| Arizona | X | B,E,L | A,R,O | AF,IB,IO |
| Arkansas | X | B | R | IB |
| California | X | B | R,O | AF,IB,IO |
| Colorado | X | B,L | R | AF,IB |
| Connecticut | X | B,L | A,R | AF,IB |
| Delaware | X | B,L | A | IB |
| Florida | X | B,L | R | AF,IB |
| Georgia | X | B,E | O | IB |
| Hawaii | X | B,E | R,O | IB |
| Idaho | X | B,L | A | AF,IB |
| Illinois | X | B,E | R | IB,IO |
| Indiana | X | B,L | A,R | IB,IO |
| Iowa | X | B | A,R | IB,R |
| Kansas | X | B | A,R | IB,IO |
| Kentucky | X | E,L | R,O | AF,IO |
| Louisiana | X | AF,B,L | A | IB |
| Maine | X | B | A,R | IB,IO |
| Maryland | X | S,L | A,R*,O | IB,IO,O |
| Massachusetts | X | B,IB,E,L | R | A,IB |
| Michigan | X | B,AF | R | IB,AF |
| Minnesota | X | L | R | AF |
| Mississippi | X | IB,E,L | R | AF,IO |
| Missouri | X | B,E,L | R | AF,IB,IO |
| Montana | X | L | R | AF |
| Nebraska | X | L | R | IO |
| Nevada | X | B | Biannual | IB,AF |
| New Hampshire | AF | L | O,R | IO |
| New Jersey | X | B,L | A,R | AF,IB,IO |
| New Mexico | X | B,L | A | IB |
| New York | X | B,E,L | A,R,O | AF,IB,IO |
| North Carolina | X* | B | R,O | IB |
| North Dakota | X | E* | R | AF |
| Ohio | X (Education only) | L | R | IO |
| Oklahoma | X | B,E,L | R | IB,IO |
| Oregon | X | B,E,L | R | AF,S |
| Pennsylvania | X | B,E,L | A,R | AF,IB |
| Rhode Island | X | B,E,L | A,R | AF,IB |
| South Carolina | X | B | A | IO |
| South Dakota | X | B | A | IB |
| Tennessee | X | L | O | AF |
| Texas | X | L | O | IB,AF |
| Utah | X | L | R | IB |
| Vermont | X | B | A | IB |
| Virginia | X | B,L | R,O | IB,IO |
| Washington | X | L | R | IO |
| West Virginia | X | B,L | A | AF,IB |
| Wisconsin | X | B,L | R | AF,IB, IO, |
| Wyoming | X | B,L | R | AF,IB, IO, |
| Puerto Rico | X | B | R | AF,IB,S |
| TOTAL | 50 | | | |

Codes: AF....Part of Audit Function
 IB....Incorporated into Budget Process
 IO....Informational Only
 S....Subset of Budget Agency
 O....Other
 A....Annual
 E....Other Executive Agency
 L....Legislative Agency
 R....As Requested
 B....Budget Agency

Notes to Table P

Maryland: Executive branch evaluations are done as required/requested. Legislative branch evaluations are done as part of the bi-annual audit function. In addition, the legislative branch conducts sunset reviews of certain boards and commissions on a scheduled basis.

North Carolina: Program evaluations are conducted as a part of the budget process, as a special requirement by legislation or at the request of a department.

North Dakota: Elected official - state auditor.

Table Q
Budget Stabilization or "Rainy Day" Fund

| State | Fund Name | Determination of Fund Size** | Procedure for Expenditure |
|---------------|--|---|---|
| Alabama | Education Trust Fund - Proration Prevention Account | 20% of ETF from preced.FY as beginning bal.in current FY, up to \$75 million. | 1)Extent nec.to avoid proration by cert.of Gov 2) 2/3 vote of Leg. (each chamber) |
| Alaska | Budget Reserve Account | Unexpended balance and appropriations | appropriation |
| Arizona | Constitutional Budget Reserve Fund | Oil and Gas litigation/disputes settlements * | 3/4 vote of legislature |
| | Budget Stabilization Fund | | 1) By formula with majority legislative appropriation; 2) Non-formula with 2/3 legislative approval |
| | Medical Services Stabilization Fund | No limit. \$15M is transferred each yr. from the Medically Needy Account of the Tobacco Tax and Health Care Fund. | Upon notice of a deficiency, the Joint Leg. Budget Committee may recommend that a withdrawal be made. |
| | Temporary Assistance Stabilization Fund | No limit. Monies are appropriated by the legislature. | Appropriation by legislature |
| Arkansas | - | - | - |
| California | Special Fund/Reserve for Economic Uncertainties | Appropriation by Legislature | Appropriation by Legislature |
| Colorado | Tabor Reserve | Constitutional 4% of revenues | Procedure has not been tried thus far |
| Connecticut | Budget Reserve Fund | 5% of net General Fund appropriations of the fiscal year in progress | Fund deficit after the books have been closed. |
| Delaware | Budget Reserve Account | Excess unencumbered funds, no greater than 5% of Gross General Fund Revenues | 3/5 vote of legislature for unanticipated deficit or revenue reduction resulting from leg.action |
| Florida | Working Capital Fund | Appropriations Act | Gov. declared emergency/Leg. Approps. |
| | Budget Stabilization Fund | 1% of General Fund in Fiscal 1995, building to 5% by Fiscal 1999 | Legislative appropriations to cover revenue shortfalls |
| Georgia | Revenue Shortfall Reserve | 3% of prior year net revenue | Revenue shortfall during current year. |
| Hawaii | Emergency & Budget Reserve Fund | No limit. Receives 40% of tobacco settle. | 2/3's vote of Legislature |
| Idaho | Budget Stabilization Fund | If GF grew more than 4% previous FY, 1% is transferred to BSF. BSF cap at 5% of GF | Leg. Action. Board of Ex.may take money at end of FY if insuff. Rev.to cover appropriations |
| Illinois | - | - | - |
| Indiana | Counter-Cyclical Revenue | Cap is 7% of state revenue | Statutory formula |
| Iowa | Cash Reserve Fund | 5% of net General Fund Revenue | 40%fund - maj.of GA. 60%fund - 3/5of GA |
| | Economic Emergency Fund | 5% of net General Fund Revenue | Simple majority of General Assembly |
| Kansas | * | - | - |
| Kentucky | Budget Reserve Trust Fund | 5% of General Fund Budget | In sess.-approp.by Leg. Out sess.-Bud Red.Plan |
| Louisiana | Revenue Stabilization/Mineral Trust Fund | Rev.exceed. 750mil from prod./explor.of minerals & 25% of nonrec.Rev.,include GF | 1/3 of fund with legislative approval |
| Maine | Rainy Day Fund | 6% of GF in immediately preceding FY | Legislation |
| Maryland | Revenue Stabilization Fund | Statutory-5% of estimated General Fund revenues for that fiscal year. | Act of the General Assembly or authorized specifically in Budget Bill |
| Massachusetts | Commonwealth Stabilization Fund | * | Appropriation |
| Michigan | Countercyclical Budget and Economic Stabilization Fund | Cap set at 10% combined GF/GP and School Aid Fund year-end balance. | Statutory formula |
| Minnesota | Budget Reserve | Set in Statute at \$622 million. | Commissioner of Finance with the approval of the Governor and after consulting Legislative Advisory Commission |
| | Cash Flow Account | Set in statute at \$350 million. | Used if needed to meet cash flow deficiencies resulting from uneven distribution of revenue collections and required expenditures during a fiscal year. |
| Mississippi | Working Cash Stabilization Reserve Fund | 7 1/2% of the GF Appropriations,* 1/4 of excess revenues to funds until equal to 5% of GF revenues from previous year | Appropriation |
| Missouri | Budget Stabilization Fund | Capped at 5% of net General Fund collections from previous year. | Governor determines shortfall, subject to legislative disapproval |
| Montana | - | - | - |

*Please specify formula.

Table Q
Budget Stabilization or "Rainy Day" Fund

| State | Fund Name | Determination of Fund Size** | Procedure for Expenditure |
|----------------|---|--|--|
| Nebraska | Cash Reserve Fund | Statute | Statute |
| Nevada | Budget Stabilization Designation | By comptroller for account. purposes when reporting financial portion of fund balance; 40% of excess fund balance. Max 10% of G.F. | Statute |
| New Hampshire | Revenue Stabilization | 5%, Statute | Statute |
| New Jersey | Surplus Revenue Fund | 50% of amount by which actual revenue exceeds anticipated revenues added to fund. Cap set at 5% of anticipated revenues. | Gov. certifies to Leg. that revenues are estimated to be less than certified. Leg appropriates funds. Also, if Gov. declares emergency and Leg approves. |
| New Mexico | Operating Reserve Risk Reserve Fund | * ** | Legislative appropriation. Legislative appropriation. |
| New York | Tax Stabilization Reserve Fund | State finance law | Can be used when a deficit is incurred and for temporary loans. |
| North Carolina | Savings Reserve Account | 1/4 Cred. Balance, max 5% of amt. appropriated the preceding yr. For GF operating budget. | Legislative approval. |
| North Dakota | Budget Stabilization Fund | Any amount over \$40 million at end of biennium goes into fund.* | Actual revenues must be 2 1/2% below forecast before Gov. can access funds. |
| Ohio | Budget Stabilization Fund | By statute the stated intent is to have an amt. in the fund that is approx. 5% of the GR fund revenues for the preceding fiscal year. | Legislative action necessary. |
| | Human Services Stabilization Fund | By statute the fund consists of moneys transferred into it by the General Assembly | The Budget Director in accordance with statutory guidelines. |
| Oklahoma | Constitutional Reserve Fund | Max of 10% of preceding year's general revenue. Revenues accrue when actual general revenue collections exceed 100% of the certified estimate. | Up to 1/2 if revenue certification is below previous yr.; 1/2 can be used upon declaration of Gov. and 2/3 vote of Leg., or by legislative declaration of emergency and 3/4 legislative vote |
| Oregon | - | - | - |
| Pennsylvania | Tax Stabilization Reserve | Goal of 3% of GF rev. estimates. Receives revenue from sale of assets and annual transfer of 15% of the GF year-end surplus plus occasional non-recurring transfers. | 2/3 legislative vote w/gov. request |
| Rhode Island | Budget Reserve and Cash Stabilization Account | 3.0% of resources | Used to cover deficit caused by general revenue shortfall |
| South Carolina | Capital Reserve Fund | 2% of General Fund Revenue of last FY | Use when year-end deficit is projected. |
| | General Reserve Fund | 3% of General Fund Revenue of last FY | Shortfall must be identified & CRF depleted. |
| South Dakota | Budget Reserve Fund | 5% of General Funds in prior year's General Appropriations Act. | Legislative appropriation. |
| Tennessee | Reserve for Revenue Fluctuations | By appropriation | Revenue shortfall |
| Texas | Economic Stabilization Fund | Capped at 10% of general revenue fund deposits (excluding interest & investment income) during the preceding biennium. | 3/5 vote of each house of Leg. to remedy deficits after budget adoption. Other approps. from this fund require a 2/3 vote. |
| Utah | Budget Reserve Account Medicaid Transition Account | * ** | Governor must declare fiscal emergency and 2/3 maj. of both houses must confirm |
| Vermont | Budget Stabilization Trust Fund | Capped at 5% of prior year appropriations. | Automatic when deficit occurs at year end |
| Virginia | Revenue Stabilization Fund | Capped at 10% of average annual tax revenues on income and retail sales for the 3 years immediately preceding. | Legislative Appropriation |
| Washington | Emergency Reserve Fund | State general fund revenues in excess of expenditure limit are transferred to Emergency Reserve Fund by Treasurer | Legislative appropriation |
| West Virginia | Revenue Shortfall Reserve Fund | Capped at 5% of the GF Appropriation | Legislative Appropriation |
| Wisconsin | Budget Stabilization Fund | Appropriation | Revenue shortfall |
| Wyoming | Budget Reserve Account | Approp. of unexpended appropriated balance | Legislative appropriation |
| Puerto Rico | Rainy Day Fund | 1.0% of net revenue from previous fiscal yr. | Budget Director determines shortfall, authorizes transfer to GF; Gov. issues exec. order to fund unappropriated activities. |

*Please specify formula.

Notes to Table Q

Arizona: Capped at 5.634% of General Fund revenue for FY 1998, 6.333% for FY 1999, and 7.0% for FY 2000 and thereafter. Based on formula, withdrawals can occur only when annual adjusted income growth is both below 2% and below the 7 year average trend. The difference between the seven-year growth rate is multiplied times the current year actual revenue to determine the amount to appropriate to, or withdraw from the fund.

Kansas: Although Kansas has no separate "rainy day" fund as commonly defined, there is a statutory requirement for the ending balance in the general fund to be at least 7.5 percent of total expenditures for the forthcoming fiscal year. This balance requirement has served the same purpose as a rainy day fund and has been sufficient to ensure the state's financial solvency and maintain fiscal responsibility.

Kentucky: Funds from the budget reserve trust fund may be appropriated by the general assembly in either a regular or special session. Funds may also be utilized in instances where actual general fund revenue receipts are insufficient to meet appropriation levels authorized by the general assembly; in such instances, the Finance and Administration Secretary must formally notify the Interim Joint Committee on Appropriations and Revenue.

Massachusetts: Of fiscal year-end surpluses, an amount equal to 0.5% of the tax revenues in the fiscal year just ended are retained by the major operating funds as revenue in the current fiscal year. Of the amount in excess of the carry-forward, 40%, to a maximum of \$200 million, is deposited in a separate capital expenditures account for capital projects if the state's capital funds are in deficit. The remaining surplus (60-100%) is deposited in the Commonwealth Stabilization Fund, up to 5% of total budgeted revenues. Any excess of the 5% figure flows into the Tax Reduction Fund.

Mississippi: The executive director of Finance and Administration may transfer funds to alleviate deficits. Maximum transfer of \$50 million per fiscal year from working cash/stabilization fund.

New Mexico: The Operating Reserve size is determined by the accumulation of general fund surpluses. 2) The Risk Reserve consists of any surpluses transferred from self-insurance funds; thereafter balances are available only for general operating purposes by legislative appropriation.

North Dakota: During the 1997-99 biennium, an additional \$23 million was available from the Bank of North Dakota if revenues fell below projections. An additional \$40 million is available during the 1999-01 biennium if revenues fall below projections.

Utah: 1) Twenty-five percent of the year end General Fund surplus shall be transferred to the Budget Reserve Account, except that the amount in

Notes to Table Q

the Budget Reserve Account may not exceed 8% of the General Fund appropriation amount for the fiscal year in which the surplus occurred.
2) There is no cap for the Medicaid Transition Account.

Table R
Contingency/Emergency Funds[^]

| <i>State</i> | <i>Fund Name</i> | <i>FY 1999 Amount</i> | <i>Official/Agency Authorized to Allocate Funds</i> | <i>Purposes for Which Funds May Be Used</i> | <i>Unexpended Funds May be Carried Forward</i> |
|---------------|--|---------------------------|---|---|--|
| Alabama | Departmental Emergency Fund | \$1,000,000 | Finance Director | ND,U,A,S,D | - |
| Alaska | Disaster Relief Fund | 9,800,000 | Governor | ND | X |
| | Governor's Contingency Fund | 500,000 | Governor | U,A | - |
| Arizona | Gov.'s Cont. and Emerg. Fund | 4,000,000 | Governor | ND,S,A | * |
| | Wild Land Fire Emergency Fund | 3,000,000 | Emergency Council | ND,S,A | * |
| Arkansas | Governor's Emergency Fund | 500,000 | Governor | D,A,S,U,O | - |
| | Disaster Assistance Fund | 9,500,000 | Governor | ND | - |
| California | Augmentation for Contingencies and Emerg.* | 5,000,000 | Department of Finance | D,A,S,U,ND | X |
| Colorado | Emergency Fund | 3.5 million * | Governor | ND,S | X |
| Connecticut | Governor's Contingency | 18,000 | Governor | A,U,ND,S | - |
| Delaware | Contingency Funds | 17,541,000 | Budget Director | U,A | X* |
| Florida | Deficiency Fund | 400,000 | Cabinet | U,D | - |
| | Emergency Fund | 250,000 | Governor | ND,S | - |
| Georgia | Governor's Emergency Fund | 22,862,000* | Governor | ND,U,A,S | - |
| Hawaii | Governor's Contingency Fund | 14,031 | Governor | U | - |
| | Major Disaster Fund | 600,000 | Governor | ND | - |
| Idaho | Governor's Emergency Fund | 192,000 | Governor | ND,S | X |
| | Disaster Emergency Fund* | 794,600 | Governor | ND,S | X |
| Illinois | General Revenue Fund | 501,000,000 | Governor, Legislative Leaders | ND | - |
| Indiana | Personal Services Contingency Fund | 30,500,000 | Governor | A,U,D | * |
| | Dept. & Institutional Contingency | 5,000,000 | | | |
| Iowa | Performance of Duty | 2,356,420 | Executive Council | A,ND,U | X |
| Kansas | State Emergency Fund | 2,000,000 | State Finance Council | ND,S,O* | - |
| Kentucky | Surplus Account | * | Governor | ND,S,O* | - |
| Louisiana* | Interim Emergency Board Fund | 11,000,000 | Interim Emergency Board | ND,U,S,O* | - |
| Maine | State Contingent Account | 300,000 | Governor | N,D,U | X |
| Maryland | Contingent Fund | 750,000 | Board of Public Works* | Any | - |
| | Catastrophic Event Fund | 3,001,000 | Governor, with Legislative Policy Comm. approval | ND | X |
| Massachusetts | Welfare Mitigation Fund | 128,000,000 | - | - | X |
| Michigan | - | - | - | - | - |
| Minnesota | General Contingency | 250,000 | Gov., Legis. Advisory Comm. | ND,D,U | X* |
| Mississippi | - | - | - | - | - |
| Missouri | Government Emergency Fund | 150,000 | Committee | U | - |
| | Missouri Disaster Fund | 66,264 | Public Safety | ND | - |
| | Medicaid Supplemental | 53,600,000 | Social Services | A | - |
| | Corrections growth pool | 28,850,002 | Corrections | A | - |
| | Work First pool | 42,527,000 | Social Services | A | - |
| Montana | General Fund | 12,000,000 * | Governor | ND,S | - |
| Nebraska | Governor's Emergency Fund | 4,485,667 | Governor | ND,S | - |
| Nevada | Statutory Contingency Fund | 1,000,000 | Board of Examiners | A | - |
| | Emergency Fund | 900,000 | Board of Examiners | - | - |
| | Interim Finance Contingency Fund | 7,000,000 | Interim Leg. Finance Com. | U,O(Emerg.) | - |
| New Hampshire | Emergency Fund/Budget Contingency | 25,000 | Governor, Executive Council | ND,U | - |
| New Jersey | Emergency Funds | 2,000,000 | Governor | D,S,U,ND | - |
| | Contingency Fund | 1,500,000 | Budget Director | U | - |
| Codes: | ND....Natural Disaster | S....Public Safety | | | |
| | U....Unexpected Expenditures | D....Deficiencies | | | |
| | A....Authorized Programs | O....Other (Specify) | | | |

[^]Does not refer to budget stabilization funds or rainy day funds.

Notes to Table R

Arizona: Unallocated funds may not be carried forward. However, once an emergency is declared the amount specified may be carried forward if not entirely spent in one year.

California: The Augmentation for Contingencies or Emergencies is an appropriation, not a fund.

Delaware: Contingency Funds amount will vary year-to-year. Appropriations may be carried forward if approved in the next annual budget act. These appropriations are for specific purposes.

Georgia: The FY 1999 amount includes \$19,231,789 state match for federal relief funds.

Idaho: The governor is authorized to declare a state of disaster emergency and upon doing so the governor is empowered to use all the resources (personnel, physical, and financial) of all state agencies to address the disaster. This includes using the cash available in all state funds to pay obligations and expenses.

Indiana: Only in case of biennial appropriations.

Kansas: Other purposes for which funds may be used include rewards for wanted criminals.

Kentucky: The June 30, 1996 balance was approximately \$223 million. These funds can be used for the purposes identified and to the extent that funds accrue as a result of a revenue overage. A certain portion of those funds as identified in the appropriation bill may be spent pursuant to the provisions of the surplus expenditure plan.

Louisiana: Interim Emergency Board may appropriate funds from the state general fund but funding shall not exceed .1% of total state revenue receipts for the previous fiscal year. It may also authorize deficit spending.

Maryland: Membership includes the governor, the treasurer and the comptroller.

Minnesota: Unexpended funds maybe carried forward within a bien-nium.

Montana: A maximum of \$12 million for disasters declared by the governor.

New Mexico: The Appropriation Contingency Fund is periodically replenished with legislative appropriations.

New York: 1) The governor's authority to spend against this appropriation is set out in state finance law. 2) This fund - created in legislation accompanying the 1993-94 budget - is intended, primarily, to provide a reserve to fund extraordinary needs arising from litigation actions against the state. To the extent fund moneys are not needed for this purpose, it

Notes to Table R

may also be used for natural or physical disasters or to enhance the state's economy.

Ohio: 1) Members are the director of budget and management and six members of the general assembly, three each from the house and senate. 2) Funds may be transferred only between fiscal years in a biennium.

Oregon: General Purpose Emergency Fund appropriation as of July 1, 1999 for the 1999-2001 biennium. Excludes employee compensation and other special purpose appropriations or reservations.

Pennsylvania: For a declared disaster emergency, the governor has authority to transfer up to \$10 million of unused monies in the General Fund. Unused authority may not be carried from one year to the next, due to a \$10 million maximum per year. However, funds allocated for a specific disaster continue until spent or no longer needed.

Rhode Island: This fund is appropriated within the annual appropriation act.

South Dakota: Provisions exist for a contingency fund, but no funds have been appropriated in recent years.

Utah: Fund cannot be used for activities denied funding by the legislature.

Vermont: Authority to carry-forward unexpended funds is annually conferred by the legislature.

Virginia: Unexpended funds may be carried over only within the biennium.

Washington: 1) The Governor's Emergency Fund's annual appropriation is not carried forward. 2) The Disaster Response Account balance is carried forward, subject to legislative appropriation in the next biennium.

Wisconsin: Appropriation may be re-estimated by the secretary of administration, as needed.

Table S
Intergovernmental Mandates

| <i>State</i> | <i>Estimate State Cost of Federal Mandates</i> | <i>Estimate Local Cost of State Mandates</i> | <i>Attach Fiscal Notes for Local Governments</i> | <i>Reimburse Local Governments for Mandate Costs</i> | <i>Type of Mandate Reimbursement Requirement</i> |
|----------------|--|--|--|--|--|
| Alabama | X | - | - | - | - |
| Alaska | - | - | X | - | - |
| Arizona | - | - | - | - | - |
| Arkansas | - | - | - | - | - |
| California | X | X | X | X | S,C |
| Colorado | X | - | X | X | - |
| Connecticut | X | X | X | - | - |
| Delaware | X | - | - | - | - |
| Florida | X | X* | X* | X | C |
| Georgia | - | X | X | - | - |
| Hawaii | X* | X | - | X | C |
| Idaho | - | - | - | - | - |
| Illinois | X | X | X | X* | S |
| Indiana | X | X | - | - | - |
| Iowa | X | X | X | - | - |
| Kansas | X | X | X | X | S |
| Kentucky | X | X | X | - | - |
| Louisiana | X | - | - | X | S,C |
| Maine | - | X | X | X | S |
| Maryland | X* | X** | - | *** | *** |
| Massachusetts | - | X | - | X | S |
| Michigan | X | X | - | X | C |
| Minnesota | X | X | X | - | - |
| Mississippi | X | X | - | - | - |
| Missouri | X | X | X | X | C |
| Montana | X | X | X | X | S |
| Nebraska | X | X | X | X | - |
| Nevada | X | - | X | - | - |
| New Hampshire | - | - | - | X | S |
| New Jersey | - | X | X | X | C* |
| New Mexico | X | - | - | - | - |
| New York | - | - | X* | - | - |
| North Carolina | X | X | X | X | S |
| North Dakota | X | X* | X | - | - |
| Ohio | X | - | X* | X** | - |
| Oklahoma | X | X | - | X* | - |
| Oregon | X | - | X | X | C |
| Pennsylvania | X | X | X | - | - |
| Rhode Island | - | X* | X* | - | - |
| South Carolina | - | X | - | - | - |
| South Dakota | X | X | X | - | - |
| Tennessee | X | X | X | X | S,C |
| Texas | - | X | X | - | - |
| Utah | X | X | X | X* | - |
| Vermont | X* | X* | - | - | - |
| Virginia | X | X | X | X | S |
| Washington | X | X | X | X | S |
| West Virginia | X* | X* | - | - | - |
| Wisconsin | X | X | X | X | S |
| Wyoming | - | X | X | - | - |
| Puerto Rico | X | X | X | X | S |
| TOTAL | 37 | 37 | 32 | 25 | |

Codes: S....Statutory
C....Constitutional

Notes to Table S

Florida: The Governor's Office of Planning and Budgeting performs this function for only the proposed changes in the governor's recommended budget and the governor's proposed legislation.

Hawaii: As requested.

Illinois: The Illinois State Mandate Act requires the state to reimburse most types of mandates at 100% unless specifically exempted in the Act. If a mandate is not reimbursed or exempted, the mandate is not effective and can be ignored.

Maryland: 1) Agency estimates are considered and validated during the budget process. 2) On an incremental or legislative change basis only. 3) Local Governments are not reimbursed unless specifically required by statute.

New Jersey: In the November 1995 general election, the voters approved a constitutional amendment that provided in certain cases, new statutes and new administrative rules and regulations promulgated by State agencies, could not impose unfunded mandates on counties, municipalities, or school districts. The amendment directed the legislature to create a Council on Local Mandates to resolve disputes regarding whether a law, rule, or regulation is an unfunded mandate. The State Council on Local Mandates is a bi-partisan appointed body serving two to five year terms.

New York: Fiscal notes are attached for local governments, except for budget bills.

North Dakota: Estimate local cost of state measures through fiscal note process only.

Ohio: 1) The Legislative Budget Office is required to prepare fiscal notes on the impact of pending legislation on local governments. 2) Limited reimbursement is provided for some mandates.

Oklahoma: Reimburse for local mandates when required by statute.

Oregon: With some exceptions, if costs for performing a service or activity mandated after January 1, 1997 is not allocated to local governments, local government compliance is not required.

Rhode Island: Fiscal notes for local government impact are prepared by the Department of Administration, Office of Municipal Affairs.

Utah: No statutory or constitutional requirement to reimburse local government. The legislature has chosen to reimburse most mandates to some degree.

Vermont: Estimates are prepared for some programs only, as needed.

West Virginia: Cost estimates are done at the agency level.

Table T
Budget Office Technology

| <i>State</i> | <i>Connectivity</i> | <i>Client</i> | <i>DBMS</i> | <i>Internet Access</i> | <i>Written policy on:</i> |
|----------------|---------------------|---------------|-------------|------------------------|---------------------------|
| Alabama | M,L,CS,P | W | O | A | I |
| Alaska | M,L,CS,PC | W | O (IBM/UDB) | A | NA |
| Arizona | M,L | W | O | A | I,AU |
| Arkansas | M,L,CS,P | W,D | N | A | I,AU |
| California | M,L,CS,P | W | O | A | I,AU,P |
| Colorado | L,P,CS | W | - | A | F,P,I,AU |
| Connecticut | M,L,CS,P | W,V | O | A | I,AU |
| Delaware | L | W | OR | A | - |
| Florida | M,CS,L,PC | W | O | A | I |
| Georgia | L,CS | W | O (SQL) | A | I,AU |
| Hawaii | M,P,L | D,W | N | S | F |
| Idaho | L | W | O | A | I |
| Illinois | M,L,CS,P | D,W | N | A | I,AU |
| Indiana | M,L,CS,P | V,W | O | A | F,P,I,AU |
| Iowa | M,L,P | W | O | A | I,AU |
| Kansas | M,L,CS,P | W,VMS | - | A | I,AU |
| Kentucky | M,L,P | W | O | A | - |
| Louisiana | M,L,CS,P | W | SY,O | A | F,P,I,AU |
| Maine | L,P,CS | W,U | OR | A | - |
| Maryland | M,L,P,O | D,W,O | O | A | F,P,O |
| Massachusetts | M,L,CS,P | D,W | O | A | I,AU |
| Michigan | L,CS,P,M | W | OR,O | A | F,P,I,AU |
| Minnesota | M,L,CS,P | W,U,V | OR,O | A | F,P,I,AU |
| Mississippi | M,L,CS,P | D,W,O | O | A | I,AU |
| Missouri | M,L,P,CS | W | O | A | I |
| Montana | M,L,CS,P,O | D,W | OR,O | A | I,AU |
| Nebraska | M,CS,P | W,V | O | A | I,AU |
| Nevada | M,L,CS,PC | W | OR | A | NA |
| New Hampshire | M,L,PC | W | - | S | AU |
| New Jersey | M,L,P,O,CS | U,W,V | O,OR | A | I,AU |
| New Mexico | M,L,P | W,O | O | S | - |
| New York | M,L,CS,P | O* | OR,O | A | F,I,AU |
| North Carolina | L,CS,P,M | W | O | A | F,I,AU |
| North Dakota | L,CS,P | W,OS | OR | A | I, AU |
| Ohio | M,L,CS,P | D,W,O | O | S | I,AU,O |
| Oklahoma | M,L,CS,P,O | OS,W | OR,O | A | AU,I |
| Oregon | M,L,CS,PC | W | O | S | F,P,I,AU |
| Pennsylvania | P,L,CS | W | OR | A | I,AU |
| Rhode Island | M,L,P,CS | U,W,D,O | I,SY,OR* | A | AU |
| South Carolina | M,L,P | W | N | A | F,I,AU* |
| South Dakota | M,L,CS,P | D,W,O | O | A | AU,O |
| Tennessee | M,L,CS,P,O | W | O,OR | A | AU,I |
| Texas | M,L,CS,P | D,W | O | A | I,AU,P,F |
| Utah | M,L,P,CS | W | SY,O | A | F*,PY**,I,AU |
| Vermont | M,L,P | D,W | O | A | - |
| Virginia | M,L,CS,P | W | O | A | AU |
| Washington | M,L,CS,P,O | D,W,V | O | A | F,P,I,AU,O |
| West Virginia | M,L,P | W | O | A | - |
| Wisconsin | M,L,CS,O | W | O | A | F,I |
| Wyoming | M,L,P | D,W | - | A | I,AU |
| Puerto Rico | L,P | O,W | O | M,S | I,O,AU |

| | | | | |
|--------------------|-------------|--------------|--------------------|----------------------------|
| M...Mainframe | D...Dos | OR...Oracle | A...All Staff | F...Freedom of Information |
| L...LAN | OS...OS/2 | I...Informix | M...Management | P...Privacy |
| CS...Client/Server | U...Unix | SY...Sybase | S...Selected Staff | I...Internet |
| P...PCs | W...Windows | O...Other | N....None | AU...Appropriate Use |
| O...Other | V...VMS | N...None | | O...Other |
| | O...Other | | | |

NA...Not Available

Table T
Budget Office Technology

| <i>State</i> | <i>Agency Budgets Submitted On-Line</i> | <i>Integrated Financial Management Sys.</i> | <i>Integrated Financial Mgmt. Sys. Includes:</i> | <i>Access to Integrated Financial Mgmt. Sys.</i> | <i>Approves IT requests</i> |
|----------------|---|---|--|--|-----------------------------|
| Alabama | S | X | AC,PY,O | G,BA,T,AU,A | C |
| Alaska | NA | NA | NA | NA | NA |
| Arizona | A | X | AC,PY | G,BA,L,T,A,O | C,BA |
| Arkansas | S | X | AC,PY,P,B | G,BA,L,T,AU,A | O* |
| California | N | X | AC | A | BA,C |
| Colorado | N | X | AC,PY | G,BA,T,AU,A | BA,O,G |
| Connecticut | A | - | - | - | C |
| Delaware | S | - | - | - | C,BA |
| Florida | A | N | - | - | O |
| Georgia | - | X | AC,PY,P,L | BA,L,AU,A | C |
| Hawaii | S | - | - | - | BA,C,O |
| Idaho | S | X | AC,PY,P,L,B,FN | G,BA,L,T,AU,A | BA,C |
| Illinois | N | - | - | - | C |
| Indiana | A | - | AC,PY,O | G,BA,L,T,AU,A,O | BA,O |
| Iowa | A | X | AC,PY,L,P,B | G,BA,T,AU,A | C |
| Kansas | N | - | - | - | C,O |
| Kentucky | A | X | AC,PY,P,B,O,L,FN,F | BA,G,A,T,AU,L | BA,C,O |
| Louisiana | N | X | AC,PY | G,BA,L,T,AU,A | BA,O |
| Maine | A | X | AC,PY,P,B | A,AU,L,BA,G | C,BA |
| Maryland | S | X | AC,O | G,BA,L,T,AU,A | BA,C* |
| Massachusetts | A | X | AC,PY,P,F,L,B | G,BA,L,T,AU,A,O | BA |
| Michigan | N | X | AC,PY,P,O | G,BA,L,T,AU,A | C,BA,O |
| Minnesota | A | X | AC,PY,P,O | G,BA,L,T,AU,A | BA,C |
| Mississippi | N | X | AC,PY,P,L | BA,L,T,AU | C |
| Missouri | N | X | AC,PY,P,B | G,BA,L,T,AU,A,O | BA,C |
| Montana | A | * | - | - | O |
| Nebraska | A | - | - | - | BA,C |
| Nevada | NA | X | AC,PY,P,B,FN | BA,T,A | C,BA,O |
| New Hampshire | A | X | AC,PY,P,L,B | G,BA,L,T,AU,A | C |
| New Jersey | N | * | - | - | BA,C |
| New Mexico | S | X | AC,PY,B | A | BA,C |
| New York | N | ** | AC,PY,B*** | BA,A | BA,C |
| North Carolina | A | X | AC,PY,B | G,BA,L,T,AU,A,O | O |
| North Dakota | A | X | AC,PY,B,L | G,BA,L,T,AU,A,O | BA,C |
| Ohio | A | N | - | - | BA,C* |
| Oklahoma | A* | X | AC,PY,B | G,BA,L,T,AU,A | C |
| Oregon | S | X | AC | BA,A | O |
| Pennsylvania | A | X | AC,PY,P | G,BA,L,AU,A | BA,C* |
| Rhode Island | S* | ** | AC,PY,P,B*** | **** | BA |
| South Carolina | S** | X | AC,PY | G,BA,L,T,AU,A | BA,C |
| South Dakota | A | X | AC,PY,P,B,O | BA,A,G,T,AU | BA,C |
| Tennessee | N | X | AC,PY,P,B | BA,L,T,AU,A | BA,C |
| Texas | A | X | AC,PY,P | G,BA,L,AU,A | C |
| Utah | S | X | AC,PY,P,B | G,BA,L,T,AU,A | BA |
| Vermont | N | X | AC,PY | G,BA,L,T,AU,A | BA,C |
| Virginia | A | - | - | - | BA |
| Washington | S | X | AC,PY,P | G,BA,L,T,AU,A | BA,C,O |
| West Virginia | N | X | AC | G,BA,AU,T,A,L | O |
| Wisconsin | S | X | AC,PY | BA | BA,C |
| Wyoming | N | X | AC,PY,B,O | AU | C,BA |
| Puerto Rico | A | X | B,F,AC,PY,P | G,BA,A | BA |

| | | | |
|--------------|-------------------|-----------------------|--------------------|
| A...All | AC...Accounting | G...Governor's Office | BA...Budget Agency |
| S...Selected | PY...Payroll | BA...Budget Agency | C...Central IT |
| N...None | P...Personnel | L...Legislature | O...Other |
| | F...Forecasting | T...Treasurer | |
| | L...Legislative | AU...Auditor | |
| | B...Budget | A...Agencies | |
| | FN...Fiscal Notes | O...Other | |
| | O...Other | | |

NA...Not Available

Notes to Table T

Arkansas: The legislature provides appropriation to agencies. The Department of Information Services reviews and approves data processing equipment and information system needs.

Kansas: In addition to the Chief Information Technology Officer, IT projects are approved by the Information Technology Executive Council of the Executive Branch and the Joint Committee on Information Technology of the Kansas Legislature.

Kentucky: All agency biennial budgets will be submitted on-line beginning in fiscal year 2000. As part of the state EMPOWER project, Kentucky is implementing a statewide Management Administrative and Reporting System (MARS) to tie together financial, travel, procurement, budget and management reporting to improve operations.

Maryland: The central information technology function is a sub-unit of the Department of Budget and Management.

Montana: Integrated system has been partially implemented.

New Jersey: The state is in the process of establishing an integrated financial management system.

New York: 1) Use a Novell Network client and an Oracle client. 2) Provide reporting only on statewide accounting and payroll data (accounting and payroll functions performed by another agency). 3) Budget systems track and maintain cash disbursement, appropriation, and related workforce and local impact data.

Ohio: Agencies prepare IT plans and submit them to the Department of Administration Services (DAS) for review. The Office of Budget and Management makes funding recommendations for IT projects based on agency's budget requests and consults with DAS as necessary.

Oklahoma: All agencies are required to submit a budget to the Finance Office on-line. A few agencies submit paper budgets that are entered by the Finance Office. A few entities, such as the legislature and most trusts or authorities are not required to submit a budget

Pennsylvania: The Office for Information Technology, Office of Administration reviews all IT requests and makes recommendations for major IT acquisitions. The Office of the Budget approves funding for all IT purchases.

Rhode Island: 1) Most agency budgets are submitted on-line. Smaller agencies can still submit their budgets on paper. 2) The state is in the process of establishing an integrated financial management system, which is slated for use in FY 2000. 3) Once the statewide system is in place, the system will include the functions listed; and 4) The list of entities who will have access to the statewide system is still under consideration.

Notes to Table T

South Carolina: 1) Written policy is currently being developed and reviewed. 2) Almost all agency budgets are submitted on-line via the mainframe.

Utah: 1) The budget office uses the state Government and Records Access and Management Act for the basis of its policy on freedom of information. 2) The office follows the state Information Technology Security Rule.

The Budget Document

Introduction

States produce a variety of documents to plan, evaluate, and monitor the state budget. These documents include budget guidelines, agency requests, various budget bills, and accounting and personnel records. However, the most visible public document is the final budget document for the operating (and capital) budget. This chapter provides information on state methods to display the complex and voluminous fiscal data contained within the final budget document.

The Capital Budget

Typically, each state budgets separately for current operating costs and for capital expenditures. While this report focuses primarily on operating budgets, Table U provides basic information on state capital budgets. The capital budget provides for the state's major long-term capital investments, and funding for capital projects. The capital budget can simply cover the period of the current budget, or may provide fiscal information for a number of years beyond the current budget. On average, state capital budgets forecast expenditures four years beyond the current budget.

Typically, state agencies provide estimates of capital expenditures to the budget offices for consolidation into a budget document. In 31 states and Puerto Rico, another agency provides additional analysis in preparing the capital budget. The capital budget may be included within the executive document or may be published separately.

Presentation of Budget Materials

Budget documents contain complex fiscal data and narratives. Designing an effective method to present the information is challenging. How the budget document is communicated and presented has an impact on how successfully it is received into the legislative approval process and how the public understands it.

Table V compares how states summarize information within agency requests, the executive budget, the appropriations bill and in accounting records. Table W shows what information, such as revenue estimates, narratives, and caseload data, states include within the budget document.

Table U
The Capital Budget

| State | Years Beyond Budget [^] | Estimates Originated By Agencies | Forecast | Capital Budget Analysis | | |
|----------------|----------------------------------|----------------------------------|---|-------------------------|---|--|
| | | | Operating Expenditures for Capital Projects | Executive Budget Agency | Name of Other Agency Involved in Analysis | Name of Capital Budget Document |
| Alabama | 1 | X | - | X | - | Executive Budget Document |
| Alaska | 5 | X | X | X | OMB Budget Review | Capital Appropriations Bill |
| Arizona | 4 | X | X | X | Department of Administration | Executive Budget/Capital Improvement Plan |
| Arkansas | 2 | X | X | X | State Building Services | Request for Capital Improvement Projects |
| California | 0* | X | X | X | Department of General Services | Capital Outlay Budget Change Proposals |
| Colorado | 5 | X | - | X | State Buildings Program | Governor's Budget |
| Connecticut | 3 | X | X | X | Debt of Public Works | Governor's Recommended Budget |
| Delaware | 2 | X | X | X | - | Bond and Capital Improvement Act |
| Florida | 4 | X | X | X | Dept. of Management Services | Capital Improvement Program |
| Georgia | 4 | X | X | X | - | Budget Report |
| Hawaii | 4 | X | X | X | Office of Planning | Executive Budget |
| Idaho | 6 | X | X | X | Division of Public Works | Executive Budget |
| Illinois | 5 | - | X | X | Capital Dvlpmt. Brd.; Dept. of Transportation | Executive Budget |
| Indiana | 2 | X | X | X | - | Governor's Budget |
| Iowa | 5 | X | X | X | - | Capital Project Budget |
| Kansas | 5 | X | X | X | Architectural Services | Governor's Budget Report |
| Kentucky | 4 | X | X | X | Capital Planning Advisory Board | Executive Budget |
| Louisiana | 4 | X | X | X | Joint Legislative Capital Outlay Comm. | Executive Budget |
| Maine | 0 | X | X | - | Bureau of Public Improvements | Executive Budget |
| Maryland | 4 | X | X | X | - | Capital Budget |
| Massachusetts | 5 | X | X | X | Exec. Office for Admin. and Finance | Executive Budget |
| Michigan | 5 | * | X | X | ** | Executive Budget |
| Minnesota | 4 | X | X | X | Department of Administration | Strategic Capital Budget Plan |
| Mississippi | 4 | X | - | X | Bur. of Bldg., Grounds & Real Prop. Mgmt. | Capital Improvement Report |
| Missouri | 4 | X | X | X | Division of Design & Construction | Executive Budget |
| Montana | 4 | - | X | - | Department of Administration | Long-Range Building Program |
| Nebraska | 2 | X | X | X | Bldg. Div. of Dept. of Admin. Services | Executive Budget |
| Nevada | 5 | - | X | - | Public Works Board | Executive Budget/Capital Improvement |
| New Hampshire | 4 | X | X | X | Public Works | Capital Budget |
| New Jersey | 6 | X | X | X | Comm. on Cap. Bdgtn. and Plng. | Capital Construction Budget |
| New Mexico | * | X | X | X | State Budget Division | Capital Budget |
| New York | 5 | X | * | X | - | Capital Program and Financing Plan |
| North Carolina | 4 | X | X | X | State Construction Office | Capital Budget |
| North Dakota | 4 | X | X | X | - | Executive Budget Recommendations |
| Ohio | 4 | X | X | X | - | Capital Improvement Report |
| Oklahoma | 5 | X | X | X | Long-Range Capital Planning Comm. | Capital Budget |
| Oregon | 4 | X | X | X | Capitol Planning Commission, ORS 276.030 | Governor's Recommended Budget |
| Pennsylvania | 4 | X | X* | X | - | Governor's Executive Budget |
| Rhode Island | 4 | X | X | X | Capital Dvlpmt. Plng. & Oversight Comm. | Capital Budget |
| South Carolina | 1 | X | X | X | Joint Bond Review Committee | Annual Permanent Improvement Plan |
| South Dakota | 3 | X | X | X | - | Governor's Budget |
| Tennessee | 0 | X | X | X | - | Executive Budget |
| Texas | 4 | X | X | X | Legislative Budget Board | Six-Year Capital Improvement Plan |
| Utah | 4 | X | X | X | Div. of Facilities and Construction | Five Year Building Program |
| Vermont | 5 | X | X | X | Buildings and General Services Department | Capital Budget |
| Virginia | 6 | X | X | X | Department of General Services | 6 Year Capital Plan |
| Washington | 8* | X | X | X | - | State Facilities and Ten Year Capital Plan |
| West Virginia | 0* | X | X | X | - | Incorporated in Budget Document |
| Wisconsin | 4 | X | X | X | - | 6 Year Capital Plan |
| Wyoming | 0 | X | X | X | - | Capital Budget |
| Puerto Rico | 3 | X | X | X | Planning Board | Incorporated in Budget Document |
| TOTAL | | 47 | 47 | 48 | | |

Codes: U....Unlimited

[^] Refers to number of years beyond current budget cycle for which capital budget outlays are prepared.

Notes to Table U

California: A ten-year capital plan is prepared by state agencies and submitted to the Department of Finance; however, this information is not incorporated into the capital budget, which is a one-year budget.

Michigan: 1) Estimates are originated by Higher Education institutions and State agencies for the purposes of Capital Outlay to the extent they have the information available. Professional estimates of physical plant needs are preferred. 2) State Budget Offices, State Building Authority, Office of Design and Construction (within the Dept. of Management and Budget), Legislature.

New Mexico: The number of years beyond the current budget cycle for which capital budget outlays are prepared varies. A four-year capital plan is prepared by state agencies and submitted to the state Budget Division, however, this information is used for analysis but typically not incorporated into the capital budget that is a one-year budget.

New York: Capital projects are recommended in conjunction with operating budgets.

Pennsylvania: As capital projects are completed and come on-line.

Washington: The executive prepares a non-binding ten-year plan.

West Virginia: Capital project information is provided to the budget office with projections four years into the future. However, only the budget year information is included in the budget document.

Notes to Table V

New Jersey: Requests and accounting records are at minor object detail; budget and appropriations bill are at major object detail.

Rhode Island: The governor's budget document, with few exceptions, is presented by program within each department and is consistent with the line items in the appropriations bill. Object code data are not reflected in the documents or appropriations act.

Texas: The state has a goals-based budget approach.

Table W
Budget Document Content

| State | Narrative | | | Numerical Supporting Data | | | | Special Analyses | | |
|----------------|-------------------|-------------------|-------------------|---------------------------|-----------|------------------|----------------------|--------------------|----------------|----------------|
| | Economic Analysis | Revenue Estimates | Program Descript. | Justification | Case-Load | No. of Employees | Performance Measures | Personnel Position | Budget Summary | Capital Budget |
| Alabama | - | X | X | X | - | X | - | NP | I | I |
| Alaska | - | X | X | X | X | X | X | I | I | I |
| Arizona | X | X | PS | X | X | X | X | NP | I | I |
| Arkansas | X | X | X | X | X | X | X | I | I | PS |
| California | X | X | X | X | X | X | X* | I,PS | I,PS | I |
| Colorado | X | X | X | X | X | X | X | I | I | PS |
| Connecticut | X | X | X | - | X | X | X | I | I,PS | I |
| Delaware | - | X | X | X | X | X | X | PS | PS | PS |
| Florida | X | X | X | X | X | X | PS/I | NP | PS | I |
| Georgia | X | X | X | X | X | X | X | I | I | I |
| Hawaii | X | X | X | X | X | X | X | I | I | I |
| Idaho | X | X | X | X | NP | X | PS | I | PS | I |
| Illinois | X | X | X | X | X | X | X | I | I | I |
| Indiana | X | I | X | I | - | PS | X | NP | I | I |
| Iowa | X | X | X | X | X | X | X | NP | PS | I |
| Kansas | X | X | X | X | X | X | X | I | I | I |
| Kentucky | X | X | X | X | X | X | X | I | I | I |
| Louisiana | X | X | X | X | X | X | X | NP | I | I |
| Maine | - | - | X | X | X | X | X | I | I | I |
| Maryland | X | X | X | X | X | X | X | I | I | I |
| Massachusetts | X | X | X | X | X | X | X | NP | I | I,PS |
| Michigan | X | X | - | X | X | X | X | I | I | I |
| Minnesota | X | X | X | X | X | X | X | I* | PS | PS |
| Mississippi | X | X | X | X | X | X | X | NP | I | I |
| Missouri | X | X | X | X | X | X | X | NP | I | I |
| Montana | X | X | X | X | X | X | X | I | PS | PS |
| Nebraska | X | X | X | - | - | - | X | - | I | I |
| Nevada | X | X | X | X | X | X | X | I | PS | I,PS |
| New Hampshire | - | X | X | X | X | X | X | PS | I | PS |
| New Jersey | X | X | X | - | X | X | X | I | I | PS* |
| New Mexico | X | X | X | - | X | X | X | I | I,PS* | I,PS* |
| New York | X | X | X | X | X | X | - | I | I | I |
| North Carolina | X | X | X | X | X | X | - | NP | PS | PS |
| North Dakota | X | X | X | X | X | X | - | I | I | I |
| Ohio | X | X | PS | - | NP | X | X* | NP | PS | PS |
| Oklahoma | X | X | X | X | X | X | * | I | I | I |
| Oregon | X | X | X | X | X | X | X | I | I | I |
| Pennsylvania | X | X | X | X | X | X | X | I,PS | PS | I |
| Rhode Island | X | X | X | X | X | X | X | PS | I | PS |
| South Carolina | X | X | PS | - | - | X | PS | PS | PS | PS |
| South Dakota | X | X | X | - | X | X | X | NP | PS | I |
| Tennessee | X | X | X | - | - | X | - | I | I | I |
| Texas | - | - | X* | X | X | X | X | I | I | I |
| Utah | X | X | X | X | - | X | X | NP | I | I |
| Vermont | - | X | X | X | X | X | X | - | X | X |
| Virginia | X | X | - | - | - | X | X | - | I | I |
| Washington | X | X | X | X | X | X | X | PS | I | PS |
| West Virginia | X | X | X | X | X | X | X | I | I | I |
| Wisconsin | X | X | X | X | X | X | X | I | I | PS |
| Wyoming | - | X | X | X | X | X | X | I | I | PS |
| Puerto Rico | X | X | X | X | X | X | X | I | I | I |
| TOTAL | 41 | 49 | 45 | 40 | 42 | 48 | 43 | | | |

Codes: PS....Published Separately
NP....Not Published

I....Incorporated into Budget Document

Notes to Table W

California: The state is operating a pilot project consisting of three departments to assess performance budgeting techniques. As yet, these portions of the state's budget are not fully reflective of performance budgeting.

Minnesota: Personnel positions now reported as full-time equivalents (FTEs) in the budget document. Quarterly reports showing change from prior year are available to the legislature.

New Jersey: Summary of capital project requests and recommendations is included in budget document.

New Mexico: The budget summary and capital budget are presented to the legislature at the same time as the governor's operating budget recommendations, but as separate documents.

Ohio: Performance measures are included for selected programs.

Oklahoma: A new initiative has been implemented to develop performance measures.

Texas: The program description includes goal, objective and strategy.

Monitoring the Budget

Introduction

Following enactment of the budget, state agencies implement programs making expenditures that follow the intent of the budget bill. As implementation occurs, the budget office will assist agencies in managing program expenditures. This final chapter includes information on state policies to control and regulate state expenditures.

Controlling Expenditures

In many states, allotment schedules serve to monitor and control the timing of expenditures. An allotment is part of an appropriation that may be expended or encumbered during a given period. In most states, appropriations are not available for expenditure until an allotment has been made.

As seen in Table X, twenty-one states allot agencies funds on a quarterly basis. The allotment structure allows governors additional control over appropriations. The executive has the added discretion to commit resources to an agency based on the need of the agency while weighing the needs of the state.

The appropriations within the budget dictate the legislatures' intent for policy and spending in the state. States must fund services within the boundaries set forth in the budget. However, there are times when the appropriations need to be transferred. State rules vary in allowing transfers. As seen in Table Y, all states allow transfers from an object class within a program with approval. Forty-five states and Puerto Rico allow transfers of programs or units within a department, and about half of the states allow transfers between separate departments. In a number of states the transfers are limited to a specific dollar amount or a percentage.

Expenditure Forecast

To monitor current expenditures, as well as to predict future costs, 30 state budget offices conduct multi-year expenditure forecasts. The forecasts cover one to ten years.

Notes to Table X

Alabama: Revisions are made when necessary.

Arizona: Revisions are made as needed.

California: Individual departments issue interim reports.

Massachusetts: Allotments are made at the Budget Bureau's discretion in units of months. In FY 1998, allotments generally were made at year beginning, at two months, then one month and quarterly thereafter for the balance of the year.

Michigan: The legislature and judicial branches are exempt from allotment requirements.

New Mexico: Allotments of 1/12 the operating budget is made automatically every month. Variances from this process can be requested by agencies as needed.

New York: Or as needed due to changing conditions.

Pennsylvania: The central Office of the Budget has delegated allotments of minor objects to agencies.

Tennessee: Revisions are made when necessary.

Virginia: With few exceptions, all appropriations are allotted on July 1, the start of the fiscal year.

Notes to Table Y

Arizona: Executive may not move funds to or from personal services and employee related expenditures without legislative approval. Department of Administration must get legislative approval to move its own funds.

California: No transfers between departments in different funds may occur unless specifically authorized in the appropriation language.

Connecticut: The governor may approve transfers between an agency's appropriations up to \$50,000 or 10% of any appropriations involved in the transfer, whichever is less. Transfers above this restriction must be approved by the Finance Advisory Committee, which is made up of executive and legislative members.

Delaware: Agencies may request a transfer within the department but the transfer is subject to approval by the Executive Budget Agency and legislature.

Florida: Transfers may be approved by the governor and the elected cabinet (Administration Commission) to implement agency reorganizations or when specifically authorized by special legislation.

Hawaii: Transfers must be authorized in an appropriation act and/or by general statute.

Idaho: Cannot transfer object class into personnel costs or out of capital outlay.

Iowa: Transfers in separate departments that are not entitlements (indigent defense, foster care, state supplementary assistance, medical assistance, and the family investment program) may not be made while the Legislature is in session and may not exceed 50% of the original appropriation. Entitlements are exempt from both of these restrictions.

Maryland: Transfers of appropriations between departments or programs in separate departments is not authorized unless permitted in the budget bill or by separate legislation.

Michigan: The governor has constitutional authority to make departmental changes he considers necessary for efficient administration. Where these changes require the force of law, they are set forth in executive orders and submitted to the legislature. The transfer of a program between departments also results in the transfer of the related appropriations. Where an executive order is not needed, additional appropriations are accomplished via the supplemental process and approved by the legislature.

Minnesota: Transfers between agencies are not allowed except pursuant to a reorganization order issued by the Commissioner of Administration. Agencies may transfer operational money between programs with Department of Finance review and reporting to legislature.

Notes to Table Y

Montana: Transfers within a department or agency require Legislative Finance Committee Review (but not approval) prior to budget office approval if they exceed \$1 million or 25% of approved budget and greater than \$25,000.

New Hampshire: May transfer with governor and council and fiscal committee approval only.

New Jersey: 1) If a function or program is transferred by executive order or legislation, then transfers of appropriations are permitted for the transferred program. 2) Transfers of \$300,000 or more require approval by the Legislature's Office of Legislative Services.

New Mexico: Divisions within a department may transfer up to 5 % of their budgets to another division; more if it is an emergency or necessary for efficiencies. All transfers are subject to agency specific authorization by the legislature.

New York: 1) No transfers between departments may occur unless specifically authorized in the appropriation language. 2) Transfers of appropriations within a department are limited to 5% of program appropriation for the first \$5 million, 4% for the second \$5 million, 3% in excess of \$10 million.

North Carolina: If the total of all over expenditures of a line item approved by the director of the budget for a fiscal year for certain purposes exceeds 10% of the amount in the budget enacted by the general assembly, a report must be prepared to explain the reasons for the over expenditure.

North Dakota: In agencies with line item budgets, the Emergency Commission has authority to transfer funds between line items.

Ohio: 1) The legislature occasionally delegates limited authority to do this to the Controlling Board or the budget director. 2) The Controlling Board may delegate this authority to the budget director. Currently, the Director may transfer appropriation authority within a fiscal year between operating items in amounts not to exceed 10% of the appropriation from which the transfer is made, or \$25,000, whichever is less.

Oklahoma: Transfers up to 25% may be approved by the Director of State Finance if not disapproved by a Joint Legislative Committee on Budget and Program Oversight. Transfers up to 40% may be approved by the Contingency Review Board (Governor, Speaker, Pro Tem) if not disapproved by the joint committee.

Pennsylvania: An agency may transfer funds between minor objects within a major object category within an appropriation. Transfers between major objects require Budget Office approval.

Rhode Island: If a function or program is transferred by executive order or legislation, then transfers of appropriations are permitted for the transferred program.

South Carolina: Transfers from personal service to other operating and

Notes to Table Y

from other operating to personal service must have approval from the Budget and Control Board. Transfers between departments are rare but would be based on the transfer of job duties and responsibilities agreed upon by both agencies.

Vermont: 1) Transfers between agencies require approval of the Emergency Board. 2) Amounts over \$50,000 may be transferred with the approval of the Emergency Board.

West Virginia: All transfers require executive budget agency approval with the exception of those directed by the Legislature.

Wyoming: For 1999-2000 biennium the governor was appropriated \$1.5 million general fund transfer to agencies from the governor's budget as needed.

Table Z
Operating Expenditure Forecast

| <i>State</i> | <i>Multi-Year Expenditure Forecast</i> | <i>Years Beyond Current Budget Cycle[^]</i> | <i>Estimates Originated in Agencies</i> | <i>Estimates Include All Programs</i> | <i>Are Projected Operating Expenses Published</i> |
|----------------|--|--|---|---|---|
| Alabama | X | 1 | X | X | B |
| Alaska | - | - | - | - | NP |
| Arizona | - | - | - | - | - |
| Arkansas | - | - | - | - | - |
| California | - | - | X | X | B |
| Colorado | - | - | - | - | B |
| Connecticut | X | 3 | X | X | PS |
| Delaware | X | 5 | - | X | NP |
| Florida | - | - | - | - | B* |
| Georgia | X | 1 | X | X | B |
| Hawaii | X | 4 | X | X | B |
| Idaho | - | - | - | - | - |
| Illinois | X | 1 | - | X | NP |
| Indiana | - | - | - | - | - |
| Iowa | X | 4 | X | X | B |
| Kansas | X | 3 | X | - | B |
| Kentucky | X | 4 | - | - | NP |
| Louisiana | X | 4 | X | X | PS |
| Maine | X | 2 | X | X | PS |
| Maryland | X | 3 | * | ** | B |
| Massachusetts | X | 1 | X | X | B |
| Michigan | X | 1 | X | X | B |
| Minnesota | X | 4 | X | X | PS |
| Mississippi | - | - | X | X | B |
| Missouri | X | 4 | - | X | B |
| Montana | - | - | - | - | - |
| Nebraska | X | 2 | - | X | PS |
| Nevada | X | 4-10 | - | - | PS |
| New Hampshire | - | - | X | X | B |
| New Jersey | X | 2 | X | X | NP |
| New Mexico | - | - | X | - | NP |
| New York | X | 2 | * | X | NP |
| North Carolina | X | 4 | - | X* | NP |
| North Dakota | - | - | X | X | B |
| Ohio | - | - | X | - | NP |
| Oklahoma | X | 2 | - | X | NP |
| Oregon | X | 2 | - | - | PS |
| Pennsylvania | X | 4 | X | X | X |
| Rhode Island | X | 4 | - | X | B |
| South Carolina | - | - | - | X | B |
| South Dakota | X | 3 | - | - | NP |
| Tennessee | - | - | X | X | B |
| Texas | - | - | X | X | B |
| Utah | X | 5 | - | - | NP |
| Vermont | - | - | - | - | - |
| Virginia | X | 4 | X | X | B |
| Washington | X | 8 | - | - | NP |
| West Virginia | X | 4 | - | X* | NP |
| Wisconsin | - | - | - | - | - |
| Wyoming | - | - | - | - | NP |
| Puerto Rico | - | - | - | - | NP |
| TOTAL | 30 | | 22 | 29 | |

Codes: B....Published in the Budget NP....Not Published
PS....Published Separately

[^]Refers to the number of years beyond the current budget year or biennium for which estimates are made.

Notes to Table Z

Florida: Current year estimated expenditures are published in the budget.

Maryland: 1) The General Fund expenditure forecast is prepared by the Department of Budget and Management. The Transportation Trust Fund and Higher Education Fund forecasts are prepared, respectively, by the Department of Transportation and the higher education governing boards and coordinated by the Department of Budget and Management. 2) The forecast includes expenditures for General Funds, Transportation Trust Funds, and Higher Education Funds. These three expenditures comprise 73% of the total budget.

Nevada: New Long Range Economic Policy and Fiscal Analysis Program effective July 1, 1999.

New York: Estimates originate in the Division of Budget, with the cooperation of the agencies.

North Carolina: The expenditure forecast is prepared for the general fund programs or for impact to the general fund from receipt of federal or private grants.

West Virginia: Includes only those programs funded from general revenue and lottery funds.

GLOSSARY

Allotment: Part of an appropriation that may be expended or encumbered during a given period.

Base: The base is the component of a budget request or recommendation which reflects previous fiscal year appropriations. It may include inflation for an agency's ongoing programs.

Bond Rating: A judgement of credit quality based on detailed analysis of specific data given to a state by a rating agency such as Moody's Investors Service, Standard and Poor's Corporation, and Fitch's Investors Service. Factors that are evaluated in determining bond ratings include a state's ability to raise taxes, sovereignty, and the relative size and diversity of a state's economic base.

Budget: A budget is a plan for the expenditure of funds to support an agency, program, or project.

Capital Budget: The capital budget is the budget associated with acquisition or construction of major capital items, including land, buildings, structures, and equipment. Funds for these projects are usually appropriated from surpluses, earmarked revenues, or from bond sales.

Consensus Forecast: A revenue projection developed in agreement through an official forecasting group representing both the executive and legislative branches.

Contingency Fund: A fund set apart to provide for unforeseen expenditures or for anticipated purposes of uncertain amounts.

Current Services: Current services is a budget recommendation or request that encompasses the base budget plus allowances for addressing demand such as caseload growth or phased-in statutory responsibilities.

Debt Management: Negotiate and manage issuance of bonds and re-funding.

Earmarked Revenues: Earmarked revenues are the designation of certain sources of revenue for support of specific programs or agencies by statutory or constitutional provision.

Economic Analysis: Analysis of the national and state economy to develop predictions on level of state business activity and personal income.

Expansion/Program Change: Expansion or program change is the component of a budget request or recommendation which includes programs or purposes not previously funded by the legislature (for example, new programs, additional positions, or expansion of existing programs beyond the scope for which they were initially authorized).

FY: Refers to the state fiscal year. The number following FY is the year the fiscal year ends.

GF: General Fund. General fund refers to revenues accruing to the state

from taxes, fees, interest earnings, and other sources which can be used for the general operation of state government. General fund revenues are not specifically required in statute or in the constitution to support particular programs or agencies.

Incremental Budgeting: An approach to budgeting that requires that only additions or deletions to current budgeted expenditures be explained and justified. Funding decisions are made on the margin, based on the justification for the increased costs of operating agencies or programs. This process can be used in conjunction with either line-item budgeting and/or program budgeting.

Indirect Measures: Type of performance measure that relies on indirect analyses such as the amount of highway construction dollars available.

Item Veto: Veto power that allows the governor to reject particular items in a piece of legislation such as a sentence, paragraph, or part of a sentence (syntax).

Legislative Review: Review bills introduced into the legislature to inform the governor's office of program impact, compliance with policy, etc.

Line-Item Budgeting: Line-item budgeting refers to objects or lines of expenditures (for example, personnel, supplies, contractual services, capital outlay) that are the focus of development, analysis, authorization and control of the budget.

Line Item Veto: A provision that allows a governor to veto components of the legislative budget on a line-by-line basis.

Lump Sum Appropriations: Made for a state purpose, or for a named department, without specifying further the amounts that may be spent for particular objects of expenditure. An example is an appropriation for the corrections department that does not specify the amounts to be spent for salaries and wages, travel, equipment, and so forth.

Mandate: A law, policy, program or provision that is passed by one level of government but applies to another. i.e. federal standards for state and local ozone levels.

Nonrecurring/One-Time Appropriation: An appropriation made for one-time items or projects. Examples include capital or major equipment purchases, special studies, and information technology upgrades.

Object Classification: Analysis of obligations and expenditures according to the types of services, articles, or other items involved, e.g., personal services, supplies, materials, or equipment, as distinguished from the purpose for which such obligations are incurred.

Ongoing Appropriation: This type of appropriation is made for ongoing programs for which future appropriations will have to be made.

Operating Budget: The budget established for operation of a state agency or program, typically based on legislative appropriation.

Organizational Unit: A budget format that assigns expenditures by de-

partment level, without specification as to what the funding level is for specific programs.

Organization and Management Analysis: Studies and assistance to agencies on organization procedures and systems.

Outcome Measures: Outcome measures are tools or indicators to assess the actual impact of an agency's actions. An outcome measure is a means for qualified comparison between the actual result and the intended result.

Output: An output is the good or service produced by an agency.

Personnel Position Analysis: A report that examines the status of the state public employment, with emphasis on staffing levels, funded, unfunded, vacant, and filled positions.

Performance Budgeting: Performance budgeting is similar to program budgeting. Performance budgets are constructed by program but focus on program goals and objectives; measured by short-term outputs, projected longer term outcomes, and cost/benefits analysis. Appropriations are not only linked with programs, but also with expected results specified by these performance criteria.

Program Budget: Program budgeting refers to budgets that are formulated and appropriations that are made on the basis of expected results of services to be carried out by programs. The focus on outcomes is usually over multiple years. The budget material is arranged in such a way as to aid the executive and legislature in understanding the broader policy implications of their decisions.

Program Evaluation: Preparation of reports with detailed analytical back up to determine to what degree programs are effective and are accomplishing their objectives. Emphasis is on analyzing proposed activities.

Relational Measures: Type of performance measure that uses comparisons to other states. For example, reduced transportation costs, relative to other states.

Revenue Estimating: The process used by a state to project available revenues for the support operating costs and capital outlays in the current and future fiscal years.

Structural Deficit: Structural deficits occur when growth in spending needed to maintain current services and growth in revenues from current taxes and other revenue sources are inconsistent.

Supplemental Appropriation: A supplemental appropriation is an appropriation made to an agency or program during the current operating fiscal year to cover unforeseen events, projected over expenditures, or to replace revenue shortfalls.

Tax Expenditure: Revenue foregone because of special tax exemptions, deductions, exclusions, credits, preferential tax rates, or deferrals.

Trust Funds: Amounts received or appropriated and held in trust in ac-

Glossary

cordance with an agreement or legislative act which may be expended only in accordance with the terms of such trusts or act.

Zero Base Budgeting: Zero based budgeting subjects all programs, activities and expenditures to justification (in contrast to incremental budgeting). Funding requests, recommendations and allocations for existing and new programs are usually ranked in priority order on the basis of alternative service levels, which are lower, equal to and higher than current levels. This process can be used in conjunction with either line-item budgeting and/or program budgeting.