THE FISCAL SURVEY OF STATES

FALL 2010

An Update of State Fiscal Conditions

A report by the National Governors Association and the National Association of State Budget Officers

National Association of State Budget Officers
444 North Capitol Street, NW, Suite 642
Washington, DC 20001-1511
Tel: (202) 624-5382 • Fax: (202) 624-7745
www.nasbo.org

Price: $25.00

THE NATIONAL GOVERNORS ASSOCIATION

Founded in 1908, the National Governors Association (NGA) is the instrument through which the nation's Governors collectively influence the development and implementation of national policy and apply creative leadership to state issues. The association's members are the Governors of the fifty states, the Commonwealths of the Northern Mariana Islands and Puerto Rico, and the territories of American Samoa, Guam, and the Virgin Islands. NGA has four standing committees on major issues—Economic Development and Commerce; Education, Early Childhood, and Workforce; Health and Human Services; and Natural Resources. The association serves as a vehicle for sharing knowledge of innovative programs among the states and provides technical assistance and consultant services to Governors on a wide range of management and policy issues.

2010-2011 Executive Committee

Governor Christine O. Gregoire, Washington, Chair

Governor Dave Heineman, Nebraska, Vice Chair

Governor Mitch Daniels, Indiana

Governor Deval Patrick, Massachusetts

Governor Haley Barbour, Mississippi

Governor Chris Christie, New Jersey

Governor Edward G. Rendell, Pennsylvania

Governor James H. Douglas, Vermont

Raymond C. Scheppach, Executive Director

THE NATIONAL ASSOCIATION OF STATE BUDGET OFFICERS

Founded in 1945, NASBO is the instrument through which the states collectively advance stage budget practices. The major functions of the organization consist of research, policy development, education, training, and technical assistance. These are achieved primarily thought NASBO's publications, membership meetings, and training sessions. Association membership is composed of the heads of state finance departments, the states' chief budget officers, and their deputies. All other state budget office staff are associate members. Association membership is organized into four standing committees—Health, Human Services, and Justice; Financial Management, Systems, and Data Reporting; Tax, Commerce, Physical Resources, and Transportation; and Training, Education, and Human Resources Management. NASBO is an independent professional and education association and is also an affiliate of the National Governors Association.

2010-2011 Executive Committee

John Nixon, Utah, President

John Hicks, Kentucky, President-Elect

Bill Newton, Alabama, Past President

Georgina Kawamura, Hawaii, Member-at-Large

David Treasure, Maryland, Member-at-Large

Ann Visalli, Delaware, Eastern Regional Director

Linda Luebbering, Missouri, Midwestern Regional Director

Lisa Esgar, Colorado, Western Regional Director

Mike Dedmon, Tennessee, Southern Regional Director

Kristin Dybdal, Minnesota, Chair, Health & Human Services Committee

David Schmiedicke, Wisconsin, Chair, Fiscal Management & Reporting Committee

J. Pari Sabety, Ohio, Chair, 2010-2011 Critical Issue Committee on Pension Reform

John Arnold, Arizona, Chair, Education Committee

Scott D. Pattison, Executive Director

ACKNOWLEDGMENTS

The Fiscal Survey was compiled and produced by Ben Husch with assistance from Lauren Cummings, Stacey Mazer, and Brian Sigritz. In addition, the report represents substantial work by state budget office staff throughout the United States. NASBO thanks these individuals for their assistance in providing state data for this report:

Ann Franklin, Alabama

Sarah Brinkley, Alaska

Duong Nguyen, Arizona

Josh Joyner, Arkansas

Carol Ritter, California

Monica Flowers, California

Alexis Senger, Colorado

Alison Newman, Connecticut

Bert Scoglietti, Delaware

Jeanine Pumphrey, Florida

Robert Giacomini, Georgia

Terri Ohta, Hawaii

Anita Hamman, Idaho

Jared Brunk, Illinois

Adam Horst, Indiana

Joel Lunde, Iowa

Elaine Frisbie, Kansas

Sandy Russel, Kansas

John Hicks, Kentucky

Mike Barbier, Louisiana

Tom Cusick, Maine

Amber Tetit, Maryland

Robert Dolan, Massachusetts

Colleen Gossman, Michigan

Nancy Rooney, Minnesota

Gerald Joyner, Mississippi

Marty Drewel, Missouri

Ryan Evans, Montana

Lyn Heaton, Nebraska

Reese Tietje, Nevada

Joe Bouchard, New Hampshire

Cathy Nonamaker, New Jersey

Greg Stankiewicz, New Jersey

Esther Varela-Lopez, New Mexico

James Kaufman, New York

Julie Mitchel, North Carolina

Sheila Peterson, North Dakota

Jeff Newman, Ohio

Shelly Paulk, Oklahoma

Brian DeForest, Oregon

Ann Bertolino, Pennsylvania

Colleen Newman, Puerto Rico

Colleen Villandry, Rhode Island

Brian Gaines, South Carolina

Jim Terwilliger, South Dakota

Charles Brown, Tennessee

Jonathan Hurst, Texas

Nicole Sherwood, Utah

Otto Trautz, Vermont

Manju Robertson, Virginia

Pam Davidson, Washington

Tammy Scruggs, West Virginia

Kristen Grinde, Wisconsin

Folbert Ware, Jr., Wyoming

TABLE OF CONTENTS

PREFACE

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

The field survey on which this report is based was conducted by NASBO from August through October 2010. The surveys were completed by Governors' state budget officers in all 50 states. This survey also includes Puerto Rico; however, their data is not included in the 50 state totals.

Fiscal 2009 data represent actual figures, fiscal 2010 figures are preliminary actual, and fiscal 2011 data reflect state enacted budgets.

Forty-six states begin their fiscal years in July and end them in June. The exceptions are New York, with an April to March fiscal year; Texas, with a September to August fiscal year; and Alabama and Michigan, with October to September fiscal years. Additionally, 21 states operate on a biennial budget cycle.

NASBO staff member Ben Husch compiled the data and prepared the text for the report.

EXECUTIVE SUMMARY

After two of the most challenging years for state budgets, fiscal 2011 will present a slight improvement over fiscal 2010. However, even an improvement over one of the worst time periods in state fiscal conditions since the Great Depression states still forecast considerable fiscal stress. Additionally, in fiscal 2012 a significant amount of state funding made available by the *American Recovery and Reinvestment Act of 2009* will no longer be available. The significant wind down of this support will result in a continuation of extremely tight fiscal conditions for states and could lead to further state spending cuts.

The severe national recession which ended in the second half of calendar year 2009 has drastically reduced state tax revenues from every revenue source. Additionally, as state revenue collections historically lag behind any national economic recovery, which itself has been slow to develop, state revenues are forecast to remain well below their pre-recession 2008 levels. State general fund expenditures have been so negatively affected by this recession that both fiscal 2009 and fiscal 2010 saw nominal declines in state spending. These back to back declines, only the second and third time that state general fund spending has declined in the history of this report, also marks the first time in which states have had consecutive years of lower general fund spending.

Highlighting the slight improvement in fiscal 2011 is that 35 states enacted budgets with higher general fund spending compared to fiscal 2010. However, 36 states still forecast lower general fund spending in fiscal 2011 compared to fiscal 2008. Fiscal 2010 general fund expenditures were $612.6 billion compared to $660.9 billion in fiscal 2009, a 7.3 percent decline. Fiscal 2011 state enacted budgets call for $645.1 billion in general fund spending, a 5.3 percent increase. In comparison to fiscal 2011, general fund spending in fiscal 2008 was $687.3 billion which was $74.7 billion greater than spending in fiscal 2010 and $42.2 billion greater than general fund expenditures in fiscal 2011.

This reduction in general fund spending is the result of significant declines in sales, personal income, and corporate income tax collections, which make up approximately 80 percent of general fund revenue. Total general fund tax revenues in 2010 were $609.7 billion compared to $680.2 billion in fiscal 2008, a decline of 10.4 percent. However, as was the case with general fund expenditures, revenues are also forecast to increase in fiscal 2011 based on states' enacted budgets. Total general fund revenues are forecast to be $636.3 billion, a 4.4 percent increase from fiscal 2010 levels, although still 6.5 percent below fiscal 2008. States have also experienced the decline of tens of billions of dollars in fees and other taxes.

The significant reduction of state revenue collections along with an increased demand for state services during the national recession, such as Medicaid, is reflected in the fact that states have already closed nearly $230 billion in budget gaps between fiscal year 2009 and fiscal year 2011. However, the slower than anticipated recovery of state revenues and increasing spending demands continue to result in significant gaps between spending and revenue collections. Although nearly every state is required to enact a balanced budget, 11 states are reporting nearly $10 billion in budget gaps that must be closed by the end of fiscal 2011. However, fiscal 2012 and fiscal 2013 also represent significant challenges for states as revenues remain well below their 2008 levels and emergency funding provided by the American Recovery and Reinvestment Act of 2009 will no longer be available. Although not all state budget offices have completed forecasts, thus far 23 states are reporting $40.5 billion in budget gaps for fiscal 2012 and 17 states are reporting $40.9 billion in budget gaps for fiscal 2013.

In order to help close state budget gaps, 39 states made $18.3 billion in mid-year budget cuts to their fiscal 2010 budgets while 14 states have already made $4.0 billion in cuts to their fiscal 2011 enacted budget. The dramatic speed at which general fund revenue declined is also highlighted by the 42 states which made mid-year budget cuts of $41.6 billion in fiscal 2009.

Budget cuts were not the only method employed by states to help offset this dramatic decrease in general fund revenues. In fiscal 2010, states enacted $23.9 billion in increased taxes and fees along with an additional increase of $7.5 billion in revenue measures. To further bolster revenue collections, states enacted $6.2 billion in increased taxes and fees for fiscal 2011 with an additional $2.9 billion in other revenue measures.

States have also relied on balance levels, including budget stabilization funds, which had been built up during the middle of the decade in order to help offset the effects of decreased revenues. After reaching a peak of $69 billion or 11.5 percent of general fund expenditures in fiscal 2006, total balance levels fell to $39.2 billion or 6.4 percent of expenditures at the end of fiscal 2010. Based on states' enacted budgets balances are forecast to decrease slightly in fiscal 2011 to $36.2 billion or 5.6 percent of general fund expenditures. However, it is important to note that the balance levels of Texas and Alaska make up 53 percent of total state balance levels in fiscal 2011. Without these two states, the remaining 48 states have balance levels that represent only 2.8 percent of general fund expenditures.

The final key pillar of support that states were able to use in order to help eliminate state budget gaps was the $151 billion in flexible emergency funding that was provided through the *American Recovery and Reinvestment Act of 2009* (ARRA). Through these funds, the federal government helped states avoid draconian cuts to state services. In order to meet balanced requirements states reduced general fund expenditures by $48.3 billion in fiscal 2010 compared to fiscal 2009. However, states were able to make use of $58.3 billion in additional federal funds. These flexible ARRA funds helped avoid severe cuts in state services as well as provide further economic stimulus for the national economy. Additionally, for fiscal 2011 states forecast that they will make use of just over $43.2 billion in Recovery Act funds. However, fiscal 2012 presents a very difficult situation with the end of these funds. Recovery Act funds have increased the federal share of total state budgets to 34.7 percent in fiscal 2010 from 26.3 percent in 2008. The removal of these funds, when combined with an extremely slow recovery in state revenue collections, could result in severe cuts to state programs and services.

State Spending

Fiscal 2010 general fund expenditures were $612.6 billion compared to $660.9 billion in fiscal 2009, a decline of 7.3 percent. States' enacted budgets for fiscal 2011 forecast total general fund expenditures of $645.1 billion, a 5.3 percent increase over fiscal 2010.

Thirty-nine states made mid-year budget cuts to their fiscal 2010 budgets totaling $18.3 billion. Thus far, 14 states have cut their fiscal 2011 budgets by $4.0 billion. Forty-two states made mid-year budget cuts of $41.6 billion in fiscal 2009.

Thirty-five states enacted budgets with increased general fund expenditures for fiscal 2011, compared to fiscal 2010, although 34 states forecast lower general fund spending in fiscal 2011 compared to fiscal 2008. Forty-five states had lower general fund expenditures in fiscal 2010 compared to fiscal 2009.

One state enacted an increase to their fiscal 2011 cash assistance levels under the Temporary Assistance for Needy Families (TANF) program, while one state enacted a decrease.

State Revenue Actions

Enacted tax and fee changes are expected to result in $6.2 billion in additional revenue for fiscal 2011 budgets. States also enacted $2.9 billion in additional revenue measure increases. Specifically, 23 states enacted net increases while 6 states enacted net decreases. In fiscal 2010, 38 states enacted $23.9 billion tax and fee increases, as 29 states enacted net increases while nine states recommended net decreases.

In fiscal 2010, revenues from all sources which include sales, personal income, corporate income and all other taxes and fees were below expectations in 36 states, were on target in 2 states, and were above expectations in 12 states. Thus far in fiscal 2011, 14 states are exceeding revenue collection estimates, 20 states are on target, while 13 states are below expectations. In fiscal 2009, 41 states reported that revenue collections were below their forecasts.

For fiscal 2011, states are projecting a rise of 5.0 percent in sales, personal income, and corporate income tax collections. Compared to fiscal 2010 collections, states' enacted budgets for fiscal 2011 reflect a 4.5 percent increase in sales tax revenue, a 4.8 percent increase in personal income tax revenue, and a 8.5 percent increase in corporate income tax revenue. For fiscal 2010, collections were 2.7 percent lower than fiscal 2009 collections. Sales tax collections were 0.6 percent lower while personal income tax collections were 3.8 percent lower. Corporate income tax collections were 6.9 percent lower relative to fiscal 2009 collections. Within state budgets, about 40 percent of general fund revenue is from personal income tax, 33 percent is from sales tax, and seven percent is from corporate tax, with the rest from various other sources.

Year-End Balances

Total balances—ending balances and the amounts in budget stabilization "rainy day" funds—are a crucial tool that states heavily rely on during fiscal downturns and budget shortfalls.

After reaching a peak in fiscal 2006 at $69 billion or 11.5 percent of general fund expenditures, the difficult fiscal conditions in fiscal 2009 and the severe deterioration in state fiscal conditions during fiscal 2010 resulted in balance levels falling to $39.2 billion, representing 6.4 percent of expenditures. Balance levels are forecast to fall slightly in fiscal 2011 to $36.2 billion, 5.6 percent of general fund expenditures. However, removing Alaska and Texas from these totals reveals that total balance levels for the remaining 48 states have fallen much further. From a high of 10.6 percent in fiscal 2006, balances for these 48 states are projected to equal 2.8 percent of general fund expenditures in fiscal 2011. Because states recognize that that current economic conditions may last at least into 2012 many are reluctant to deplete balances.

This edition of The Fiscal Survey of States reflects actual fiscal 2009, preliminary actual fiscal 2010, and enacted 2011 figures. The data were collected during fall 2010.

STATE EXPENDITURE DEVELOPMENTS

CHAPTER ONE

Overview

Fiscal 2009 and fiscal 2010 represented two of the most difficult years for state fiscal conditions since the Great Depression. While general fund spending is forecast to rise slightly during fiscal 2011, states still face very tight fiscal conditions and will be forced to make numerous difficult spending decisions. Additionally, the combination of a loss of Recovery Act funds and the continuation of depressed levels of tax collections are likely to result in the perpetuation of challenging fiscal conditions for fiscal 2012 and beyond.

State Spending from All Sources

This report captures only state general fund spending. General fund spending represents the primary component of discretionary expenditures of revenue derived from general sources which have not been earmarked for specific items. According to the most recent edition of NASBO's State Expenditure Report, which provides data on total state spending, estimated fiscal 2010 spending from all sources (general funds, federal funds, other state funds and bonds) is approximately $1.6 trillion with the general fund representing 38.1 percent of the total. However, as recently as fiscal 2008, general fund spending accounted for 45.6 percent of total state spending, while federal funds accounted for 26.3 percent, federal funds now account for 34.7 percent of total state spending. This decrease in the general fund's impact on total state spending is evidence of the gap that Recovery Act funds have helped to fill. The components of total state spending for estimated fiscal 2010 are: Medicaid, 21.8 percent; elementary and secondary education, 20.8 percent; higher education, 10.1 percent; transportation, 8.1 percent; corrections, 3.1 percent; public assistance, 1.7 percent; and all other expenditures, 34.4 percent.

For estimated fiscal 2010, components of state spending within the general fund are elementary and secondary education, 35.7 percent; Medicaid, 15.4 percent; higher education, 12.1 percent; corrections, 7.2 percent; public assistance, 1.9 percent; transportation, 0.8 percent; and all other expenditures, 27.0 percent.

State General Fund Spending

State general fund spending is forecast to be $645.1 billion based on states' enacted budgets for fiscal 2011. This represents an increase of 5.3 percent above the $612.6 billion spent in fiscal 2010. This spending increase will be the first year-over-year increase in general fund expenditures since fiscal 2008. However, the steep declines seen in state general fund spending during fiscal 2009 and fiscal 2010, 3.8 and 7.3 respectively, mean that even the 5.3 percent increase in fiscal 2011 will still leave state general fund expenditures $74.7 billion, 6.2 percent, below the $687.3 billion spent in fiscal 2008. Fiscal 2010 general fund spending, which declined by 7.3 percent compared to fiscal 2009, was the largest decline in state spending in the history of this report. *(See Table 1, Figure 1, and Tables 3 - 5.)*

For fiscal 2010, 45 states had general fund expenditures below fiscal 2009 levels, while 3 states had general fund expenditure growth between 0 and 4.9 percent, and 2 states had general fund spending growth greater than 5 percent. The slight increase in state general fund spending in fiscal 2011, as compared to fiscal 2010, is evident in the 35 states which enacted a fiscal 2011 budget with general fund spending levels above those of fiscal 2010. However, there are still 36 states which enacted a fiscal 2011 budget with general fund spending levels below fiscal 2008. This highlights that a significant number of states still face an uphill path to full recovery. *(See Table 2 and Table 6)*

TABLE 1

State Nominal and Real Annual Budget Changes, Fiscal 1979 to Fiscal 2011

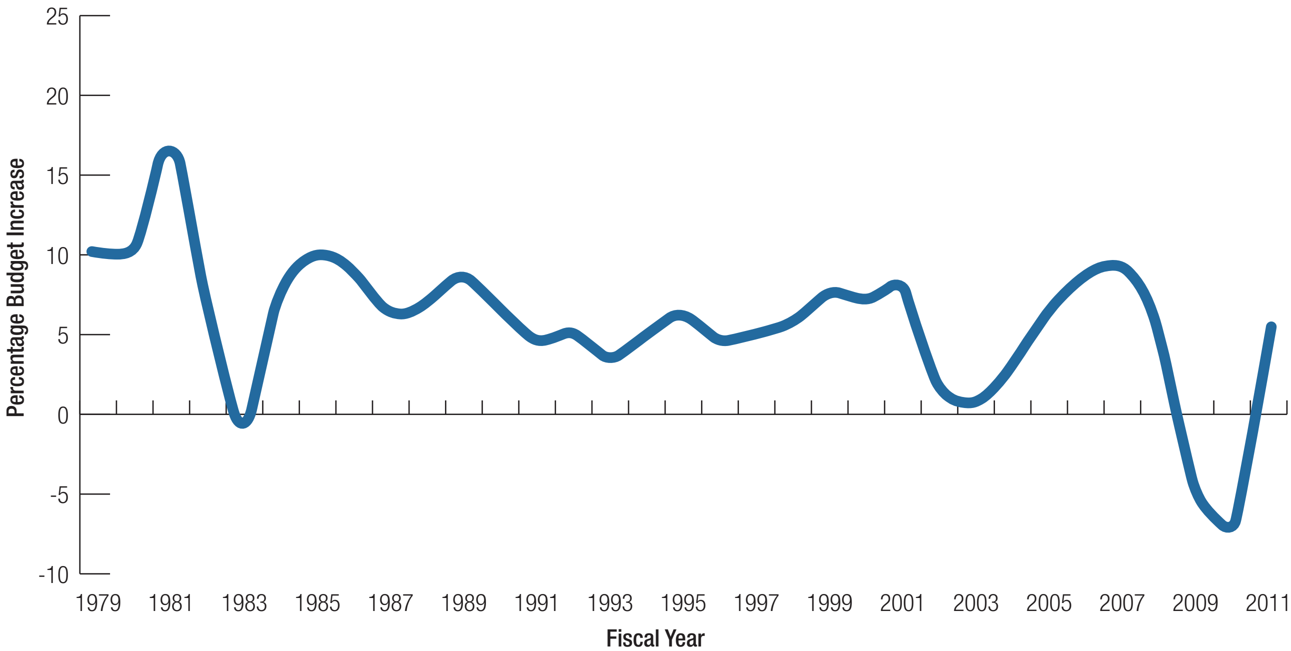
	State General Fund	
Fiscal Year	Nominal Change	Real Change
2011	5.3%	
2010	-7.3	-9.0
2009	-3.8	-3.4
2008	4.9	-0.7
2007	9.4	3.9
2006	8.7	3.4
2005	6.5	0.2
2004	3.0	-1.0
2003	0.6	-3.6
2002	1.3	-1.4
2001	8.3	4.0
2000	7.2	4.0
1999	7.7	5.2
1998	5.7	3.9
1997	5.0	2.3
1996	4.5	1.6
1995	6.3	3.2
1994	5.0	2.3
1993	3.3	0.6
1992	5.1	1.9
1991	4.5	0.7
1990	6.4	2.1
1989	8.7	4.3
1988	7.0	2.9
1987	6.3	2.6
1986	8.9	3.7
1985	10.2	4.6
1984	8.0	3.3
1983	-0.7	-6.3
1982	6.4	-1.1
1981	16.3	6.1
1980	10.0	-0.6
1979	10.1	1.5
1979-2011 average	5.7%	1.3%

*Notes: *The state and local government implicit price deflator cited by the Bureau of Economic Analysis in October 2010 is used for state expenditures in determining real changes. Fiscal 2010 figures are based on the change from fiscal 2009 actuals to fiscal 2010 preliminary actual. Fiscal 2011 figures are based on the change from fiscal 2010 preliminary actual to fiscal 2011 appropriated.*

SOURCE: National Association of State Budget Officers.

FIGURE 1:

Annual Percentage Budget Increases, Fiscal 1979 to Fiscal 2011



SOURCE: National Association of State Budget Officers.

TABLE 2

State General Fund Expenditure Growth, Fiscal 2010 and 2011

	Number of States	
Spending Growth	Fiscal 2010 (Preliminary Actual)	Fiscal 2011 (Appropriated)
Negative growth	45	15
0.0% to 4.9%	3	18
5.0% to 9.9%	2	11
10% or more	0	6

NOTE: Average spending growth for fiscal 2010 (preliminary actual) is -7.3 percent average spending growth for fiscal 2011 (enacted) is 5.3 percent. See Table 6 for state-by-state data.
SOURCE: National Association of State Budget Officers.

TABLE 3

Fiscal 2009 General Fund, Actual (Millions)

State	Beginning Balance	Revenues	Adjustments	Total Resources	Expenditures	Adjustments	Ending Balance	Rainy Day Fund Balance
Alabama**	219	6,753	529	7,501	7,735	-340	105	179
Alaska**	0	5,858	-401	5,457	5,732	1,175	-1,451	8,898
Arizona**	1	6,966	1,307	8,274	8,754	0	-481	3
Arkansas	0	4,435	0	4,435	4,435	0	0	0
California*	2,314	82,772	0	85,086	90,940	0	-5,855	0
Colorado* **	284	6,743	803	7,830	7,386	0	444	444
Connecticut**	0	15,701	179	15,880	16,806	0	-926	1,382
Delaware*	526	3,148	0	3,674	3,296	0	379	186
Florida	321	23,971	0	24,292	23,661	0	631	274
Georgia* **	2,217	16,767	251	19,235	17,497	0	1,738	217
Hawaii	330	5,008	0	5,338	5,375	0	-37	60
Idaho**	240	2,466	15	2,721	2,959	-239	0	128
Illinois**	141	27,551	1,593	29,285	26,797	2,208	280	276
Indiana**	1,050	13,063	0	14,113	13,019	130	964	365
Iowa**	0	5,889	45	5,934	5,934	0	0	519
Kansas	527	5,587	0	6,114	6,064	0	50	0
Kentucky**	86	8,553	625	9,263	9,158	66	40	7
Louisiana**	866	9,386	119	10,370	9,382	912	76	854
Maine**	1	2,855	244	3,100	3,018	30	52	0
Maryland**	487	12,901	1,008	14,396	14,309	0	87	692
Massachusetts**	2,406	31,181	0	33,587	32,570	0	1,017	841
Michigan**	458	7,161	1,014	8,633	8,456	0	177	2
Minnesota**	1,920	15,388	0	17,308	16,861	0	447	0
Mississippi	36	4,955	0	4,991	4,984	0	7	334
Missouri**	836	7,451	425	8,712	8,449	0	263	260
Montana**	434	1,808	8	2,250	1,858	-1	393	0
Nebraska**	584	3,351	-182	3,752	3,329	0	424	576
Nevada	316	3,673	0	3,989	3,777	0	212	1
New Hampshire	17	1,375	0	1,393	1,418	-25	0	9
New Jersey* **	1,304	29,061	562	30,926	30,312	0	614	0
New Mexico* **	735	5,748	264	6,747	6,046	313	389	389
New York* **	2,754	53,801	0	56,555	54,607	0	1,948	1,206
North Carolina	599	19,146	0	19,745	19,653	0	92	150
North Dakota**	453	1,354	0	1,807	1,237	208	362	325
Ohio**	1,682	26,685	0	28,367	27,632	0	735	0
Oklahoma**	291	6,147	131	6,568	6,542	0	26	597
Oregon**	5	5,836	48	5,889	5,889	0	0	113
Pennsylvania**	583	24,305	166	25,054	27,084	0	-2,030	755
Rhode Island**	-41	3,025	-45	2,939	3,001	0	-61	80
South Carolina*	324	5,544	0	5,869	5,748	0	121	0
South Dakota**	0	1,141	13	1,154	1,153	0	0	107
Tennessee**	348	9,881	612	10,841	10,675	89	77	557
Texas**	6,815	38,817	-870	44,763	42,411	-75	2,427	6,276
Utah**	0	4,567	470	5,037	4,817	200	21	419
Vermont**	0	1,103	66	1,168	1,146	22	0	60
Virginia	313	15,791	0	16,104	15,943	0	161	575
Washington**	790	13,089	928	14,807	14,617	0	189	21
West Virginia**	550	3,902	27	4,479	3,980	18	481	473
Wisconsin**	131	12,113	573	12,817	12,744	-17	90	0
Wyoming**	10	1,745	0	1,755	1,750	0	5	398
TERRITORY								
Puerto Rico**	0	7,761	3,490	11,250	11,250	0	0	0
Total* **	**$34,260**	**$625,514**		**$670,301**	**$660,946**		**$4,682**	**$29,006**

*NOTES: NA Indicates data are not available. *In these states, the ending balance includes the balance in the budget stabilization fund. **See Notes to Table 3.*
SOURCE: National Association of State Budget Officers.

TABLE 4

Fiscal 2010 State General Fund, Preliminary Actual (Millions)

State	Beginning Balance	Revenues	Adjustments	Resources	Expenditures	Adjustments	Ending Balance	Rainy Day Fund Balance
Alabama**	105	6,513	124	6,742	7,275	-533	0	55
Alaska**	0	5,597	18	5,615	4,606	60	950	10,497
Arizona**	-481	6,316	2,009	7,844	7,852	0	-7	0
Arkansas	0	4,323	0	4,323	4,323	0	0	0
California*	-5,375	86,920	0	81,545	86,349	0	-4,804	0
Colorado* **	444	6,455	-48	6,851	6,705	0	146	146
Connecticut	0	17,687	0	17,687	17,238	0	449	103
Delaware*	379	3,235	0	3,614	3,077	0	537	186
Florida	631	22,133	0	22,765	21,581	0	1,183	275
Georgia** *	1,738	15,216	156	17,110	15,971	0	1,138	193
Hawaii	-37	4,854	0	4,817	4,838	0	-21	63
Idaho**	0	2,286	156	2,442	2,507	-65	1	31
Illinois**	280	25,254	1,836	27,370	22,675	4,565	130	276
Indiana**	964	12,321	371	13,656	12,877	-52	831	0
Iowa**	0	5,634	0	5,634	5,298	0	336	419
Kansas	50	5,291	0	5,341	5,408	0	-67	0
Kentucky**	40	8,331	234	8,604	8,452	72	80	0
Louisiana* **	0	7,175	1,401	8,576	7,951	732	-107	644
Maine**	26	2,693	202	2,921	2,849	71	0	0
Maryland**	87	12,891	795	13,773	13,429	0	344	612
Massachusetts**	1,017	31,428	0	32,444	31,693	0	752	657
Michigan**	177	6,740	855	7,772	7,772	0	0	2
Minnesota**	447	14,694	0	15,141	14,799	0	342	0
Mississippi**	7	4,432	0	4,439	4,899	-467	7	250
Missouri**	263	6,774	670	7,707	7,522	0	185	252
Montana**	393	1,627	6	2,026	1,716	0	310	0
Nebraska**	424	3,207	-21	3,610	3,313	0	297	467
Nevada	212	3,206	0	3,418	3,250	0	167	0
New Hampshire	0	1,410	25	1,435	1,408	-43	70	9
New Jersey* **	614	27,382	871	28,867	28,362	0	505	0
New Mexico* **	389	5,312	260	5,960	5,471	236	253	253
New York* **	1,948	52,556	0	54,504	54,262	-2,060	2,302	1,206
North Carolina	92	18,657	0	18,750	18,513	0	237	150
North Dakota	362	1,536	0	1,898	1,316	0	582	325
Ohio	735	24,950	0	25,685	25,174	0	510	0
Oklahoma**	26	5,166	-30	5,163	5,119	2	42	373
Oregon**	0	5,956	49	6,004	6,431	0	-427	16
Pennsylvania**	-2,030	26,523	155	24,648	25,138	-196	-294	1
Rhode Island**	-61	3,016	-71	2,883	2,862	0	21	112
South Carolina*	121	5,242	0	5,363	5,117	0	245	111
South Dakota**	0	1,110	22	1,132	1,132	0	0	107
Tennessee**	77	9,784	210	10,071	9,738	58	276	453
Texas**	2,427	36,668	-256	38,838	32,734	-118	6,223	7,736
Utah**	22	4,220	221	4,462	4,441	22	0	209
Vermont**	0	1,038	52	1,090	1,088	2	0	57
Virginia	161	14,758	0	14,919	14,787	0	132	295
Washington**	189	13,575	730	14,494	15,036	0	-542	95
West Virginia**	481	3,758	1	4,240	3,677	11	552	556
Wisconsin**	90	12,132	742	12,963	12,824	68	71	0
Wyoming**	5	1,745	0	1,750	1,750	0	0	398
TERRITORY								
Puerto Rico**	0	7,670	2,500	10,170	10,170	0	0	0
Total	**$7,437**	**$609,723**	**-**	**$628,901**	**$612,600**	**-**	**$13,936**	**$27,589**

*NOTES: NA Indicates data are not available. *In these states, the ending balance includes the balance in the budget stabilization fund. **See Notes to Table 4.*
SOURCE: National Association of State Budget Officers.

TABLE 5

Fiscal 2011 State General Fund, Appropriated (Millions)

State	Beginning Balance	Revenues	Adjustments	Resources	Expenditures	Adjustments	Ending Balance	Rainy Day Fund Balance
Alabama**	0	6,943	79	7,022	7,022	0	0	0
Alaska**	0	5,292	180	5,472	5,722	17	-267	11,334
Arizona**	48	6,790	1,720	8,559	8,495	0	63	0
Arkansas	0	4,479	0	4,479	4,479	0	0	0
California*	-4,804	94,230	0	89,426	86,552	0	2,874	0
Colorado* **	146	6,810	90	7,046	7,168	-257	136	136
Connecticut	0	17,667	0	17,667	17,667	0	0	0
Delaware*	537	3,338	0	3,875	3,316	0	464	186
Florida	1,183	23,416	0	24,599	24,137	0	462	276
Georgia*	1,138	16,535	0	17,673	16,535	0	1,138	193
Hawaii	-21	5,075	0	5,054	5,016	0	38	46
Idaho**	1	2,305	80	2,385	2,384	0	2	0
Illinois**	130	25,939	1,716	27,785	29,097	-1,441	130	276
Indiana**	831	12,911	0	13,741	13,559	1	182	7
Iowa**	0	5,758	0	5,758	5,277	0	480	434
Kansas	-67	5,767	0	5,700	5,627	0	73	0
Kentucky**	50	8,682	148	8,880	8,554	326	0	0
Louisiana**	-107	7,719	4	7,616	7,723	0	-107	644
Maine**	0	2,774	26	2,801	2,705	95	1	25
Maryland**	344	13,128	153	13,625	13,094	0	531	631
Massachusetts**	780	31,086	0	31,866	31,329	0	537	657
Michigan**	0	7,163	1,088	8,251	8,251	0	0	2
Minnesota**	342	15,844	0	16,186	15,914	0	272	0
Mississippi	7	4,484	0	4,491	4,491	0	0	156
Missouri**	185	6,932	732	7,849	7,751	0	99	257
Montana**	310	1,829	0	2,139	1,860	-30	309	0
Nebraska**	297	3,422	33	3,752	3,405	213	134	322
Nevada	167	3,379	0	3,547	3,372	0	174	0
New Hampshire	70	1,434	60	1,564	1,344	219	0	97
New Jersey*	505	27,826	0	28,330	28,028	0	303	0
New Mexico* **	253	5,256	154	5,663	5,424	194	45	45
New York* **	2,302	54,676	0	56,978	53,533	2,060	1,385	1,206
North Carolina	237	18,978	0	19,215	18,959	0	256	150
North Dakota	582	1,394	0	1,976	1,933	0	43	325
Ohio	510	26,834	0	27,345	27,191	0	154	0
Oklahoma	42	5,442	0	5,484	5,309	0	175	0
Oregon**	-427	6,352	116	6,040	6,995	-955	0	110
Pennsylvania**	-294	25,587	0	25,293	25,289	1	3	1
Rhode Island**	21	3,020	-79	2,962	2,942	-3	24	127
South Carolina* **	245	5,171	0	5,416	5,033	0	383	277
South Dakota**	0	1,155	10	1,165	1,165	0	0	107
Tennessee**	276	10,324	376	10,976	10,598	153	225	257
Texas**	6,223	39,552	-922	44,852	44,891	-122	84	8,156
Utah**	0	4,361	432	4,793	4,769	14	10	209
Vermont**	0	1,088	54	1,142	1,081	61	0	54
Virginia	132	15,251	0	15,384	15,377	0	7	298
Washington**	-542	14,937	514	14,910	15,430	0	-520	4
West Virginia**	552	3,742	0	4,294	3,773	51	469	631
Wisconsin**	71	12,787	837	13,695	14,109	-471	57	0
Wyoming**	0	1,438	0	1,438	1,433	0	5	402
TERRITORY								
Puerto Rico**	0	8,134	1,000	9,134	9,134	0	0	0
Total	**$12,254**	**$636,299**		**$656,155**	**$645,103**		**$10,831**	**$28,037**

*NOTES: NA Indicates data are not available. *In these states, the ending balance includes the balance in the budget stabilization fund. **See Notes to Table 5.*
SOURCE: National Association of State Budget Officers.

TABLE 6

General Fund Nominal Percentage Expenditure Change, Fiscal 2010 and Fiscal 2011**

State	Fiscal 2010	Fiscal 2011
Alabama	-5.9%	-3.5%
Alaska	-19.7	24.2
Arizona	-10.3	8.2
Arkansas	-2.5	3.6
California	-5.0	0.2
Colorado	-9.2	6.9
Connecticut	2.6	2.5
Delaware	-6.6	7.8
Florida	-8.8	11.8
Georgia	-8.7	3.5
Hawaii	-10.0	3.7
Idaho	-15.3	-4.9
Illinois	-15.4	28.3
Indiana	-1.1	5.3
Iowa	-10.7	-0.4
Kansas	-10.8	4.0
Kentucky	-7.7	1.2
Louisiana	-15.3	-2.9
Maine	-5.6	-5.1
Maryland	-6.2	-2.5
Massachusetts	-2.7	-1.1
Michigan	-8.1	6.2
Minnesota	-12.2	7.5
Mississippi	-1.7	-8.3
Missouri	-11.0	3.0
Montana	-7.6	8.4
Nebraska	-0.5	2.8
Nevada	-13.9	3.8
New Hampshire	-0.7	-4.5
New Jersey	-6.4	-1.2
New Mexico	-9.5	-0.9
New York	-0.6	-1.3
North Carolina	-5.8	2.4
North Dakota	6.4	46.9
Ohio	-8.9	8.0
Oklahoma	-21.7	3.7
Oregon	9.2	8.8
Pennsylvania	-7.2	0.6
Rhode Island	-4.6	2.8
South Carolina	-11.0	-1.6
South Dakota	-1.9	2.9
Tennessee	-8.8	8.8
Texas	-22.8	37.1
Utah	-7.8	7.4
Vermont	-5.1	-0.6
Virginia	-7.3	4.0
Washington	2.9	2.6
West Virginia	-7.6	2.6
Wisconsin	0.6	10.0
Wyoming	0.0	-18.1
TERRITORY		
Puerto Rico	-9.6	-10.2
Average	**-7.3%**	**5.3%**

*NOTES: *See Notes to Table 6. **Fiscal 2010 reflects changes from fiscal 2009 expenditures (actual) to fiscal 2010 expenditures (preliminary actual). Fiscal 2011 reflects changes from fiscal 2010 expenditures (preliminary actual) to fiscal 2011 expenditures (appropriated).*
SOURCE: National Association of State Budget Officers.

Budget Cuts, Budget Gaps, and the Recovery Act

One of the clearest signs of state fiscal stress is mid-year budget cuts, as it is evidence that states will not be able to meet previously set revenue collections forecasts due to both a reduction in collections and increasing spending demands such as Medicaid. In fiscal 2010, 39 states made mid-year budget cuts totaling $18.3 billion. In 2009, 41 states made mid-year budget cuts, further exemplifying how difficult fiscal 2009 and fiscal 2010 were for states. For fiscal 2011, 14 states have already made $4.0 billion in mid-year cuts. *(See Table 7)*. At the depth of the previous state fiscal crisis, more than a year after the end of the national recession, 37 states in both fiscal 2002 and fiscal 2003 made mid-year budget cuts totaling nearly $14 billion and $12 billion, respectively.

For those states which made mid-year cuts in fiscal 2010, nearly every state enacted cuts to K-12 and higher education general fund expenditures. Out of the 39 states that made mid-year cuts, 35 states reduced K-12 education, and 32 states cut higher education. Mid-year cuts to Medicaid and corrections were other program areas that were cut by a majority of states. Transportation drew the smallest number of cuts from states, which is not surprising given the current economic conditions. Cuts in fiscal 2011 have thus far mirrored those of fiscal 2010 as 13 states have reduced K-12 education, while 10 states have cut higher education spending. *(See Tables 7 - 11)*. One of the primary causes of the large number of states engaging in mid-year cuts was the dramatic decrease in revenue collections. This substantial decrease in revenue created significant shortfalls, or budget gaps, between the amount of revenue a state was collecting and its previously enacted levels of spending. Therefore, in order to comply with balanced budget requirements, states were forced to make mid-year budget cuts.

Highlighting the degree to which state revenue collections fell, states have already faced nearly $230 billion in budget gaps between fiscal year 2009 and fiscal year 2011. However, the slower than anticipated recovery of state revenues continues to result in significant gaps between spending and revenue collections. As such, 11 states are reporting nearly $10 billion in budget gaps that must be closed by the end of fiscal 2011. However, fiscal 2012 and fiscal 2013 also represent significant challenges for states as revenues remain well below their 2008 levels and emergency funding provided by the American Recovery and Reinvestment Act of 2009 will no longer be available. Although not all state budget offices have completed forecasts, thus far 23 states are reporting $40.5 billion in budget gaps for fiscal 2012 and 17 states are reporting $40.9 billion in budget gaps for fiscal 2013.

In order to eliminate the gap between enacted levels of spending and revenue collections, states engaged in a number of actions in both fiscal 2010 and 2011. In fiscal 2010, the actions taken most consistently were targeted cuts, which were put in place by 33 states, as well as across the board cuts, which were utilized by 26 states. Twenty states enacted both targeted and across the board cuts. Also, 23 states addressed their budget gap by making use of their rainy day fund. States also reduced their workforce in order to help solve their budget gaps as 25 states employed layoffs and 22 states instituted furlough programs. To eliminate fiscal 2011 budget gaps, 35 states are using specific, targeted cuts, while 25 states have employed across the board cuts. Another method being used by 19 states is to reduce aid to localities while 13 states made use of their rainy day funds. Additionally, a significant number of states looked to their workforce levels to help reduce their budget gaps as 24 states recommended layoffs while 16 have implemented furlough programs. *(See Tables 12 and 13)*.

TABLE 7

Budget Cuts Made After the Fiscal 2010 and Fiscal 2011 Budgets Passed**

State	FY 2010 Size of Cuts ($ in Millions)	Programs or Expenditures Exempted from Cuts	FY 2011 Size of Cuts ($ in Millions)	Programs or Expenditures Exempted from Cuts
Alabama	611.0	Debt Service and Federal Court Decrees		
Arizona*	439.0			
Arkansas	246.9			
Colorado*	489.4		6.2	
Connecticut	149.5			
Georgia*	1,598.4			
Hawaii	312.1			
Idaho	187.7	K-12 Education was held harmless by using Public Education Stabilizations Funds, federal stimulus funds and Budget Stabilization Funds in place of General Funds.		
Illinois	382.9	Debt service and programs where GRF was used for federal match.		
Indiana	458.0	Student Financial Aid, Transportation, Public Assistance	547.0	Student Financial Aid, Transportation, Public Assistance
Iowa	564.4	No General Fund Programs		
Kansas	330.0	Debt Service		
Kentucky	1,110.5	K-12 Primary Funding Formula, Medicaid (by way of enhanced FMAP), Mental Health, Corrections, Student Financial Aid, Parks, Prosecutors, Revenue Department		
Louisiana	777.0	Minimum Foundation Program (MFP) for K-12 Education	106.7	Constitutionally protected budgets
Maine	72.0		207.0	
Maryland	565.0	Mandated K-12 & Debt Service		
Massachusetts	228.0			
Minnesota	1,456.3	Veterans Affairs and Military Affairs		
Mississippi	411.8	Debt Service		
Missouri	807.7	K-12 Foundation Formula	233.7	K-12 Foundation Formula
Montana	11.4	Exempt from reductions are payment of interest and principal on state debt; the legislative branch; the judicial branch; the school BASE funding program, including special education; salaries of elected officials during their terms of office; and the Montana school for the deaf and blind.	28.4	Exempt from reductions are payment of interest and principal on state debt; the legislative branch; the judicial branch; the school BASE funding program, including special education; salaries of elected officials during their terms of office; and the Montana school for the deaf and blind.
Nebraska*	61.2		153.0	
Nevada	262.9		22.2	
New Hampshire	38.0	Adequate Education, University System, Community College	80.0	Adequate Education, University System
New Jersey	1,910.0			
New Mexico*	368.9		150.9	
New York*	1,083.0			
North Carolina	510.1	Debt Service, Medicaid, CHIPS		
Oklahoma	249.0			
Oregon*			954.6	Debt service, non-GF programs, non-Executive Branch programs

*Notes: *See Notes Table 7. **Budget Cuts for Fiscal 2011 are currently ongoing. See Tables 10 & 11 for state-by-state data.*
SOURCE: National Association of State Budget Officers.

Table 7 continues on next page.

TABLE 7 (CONTINUED)

Budget Cuts Made After the Fiscal 2010 and Fiscal 2011 Budgets Passed**

State	FY 2010 Size of Cuts ($ in Millions)	Programs or Expenditures Exempted from Cuts	FY 2011 Size of Cuts ($ in Millions)	Programs or Expenditures Exempted from Cuts
Pennsylvania	195.5	After budget enactment, the Governor does not have the authority to reduce appropriations to the Attorney General, Auditor General, Treasurer (which are independently elected) the legislature and judiciary.	212.0	After budget enactment, the Governor does not have the authority to reduce appropriations to the Attorney General, Auditor General, Treasurer (which are independently elected) the legislature and judiciary. However, the Governor has requested these entities to reduce their expenditures by 1.9 percent which is the same reduction as agencies under the Governor's jurisdiction.
Rhode Island	113.6			
South Carolina	566.5	Higher Education Scholarships and Tuition Grants; Southern Regional Education Board Professional Scholarship Programs and Fees; Debt Service; Aid to Fire Districts; First Responder Interoperability; National Guard Pension Fund; Compensation of County Registration Board Members & County Election Commissioners; Commission on Indigent Defense Legal Services Corporation Clemson University Public Service Activities Boll Weevil Eradication Program; Department of Revenue; Homestead Exemption Fund		
South Dakota	5.5			
Texas	436.9	Medicaid entitlement, Children's Health Insurance Program and foster care programs, no reductions in eligibility staffing, Foundation School Program, Social Security contributions, teacher and employee retirement contributions, Higher Education Fund contributions and financial aid for higher education and, debt service for currently outstanding bonds.	813.2	Medicaid entitlement, Children's Health Insurance Program and foster care programs, no reductions in eligibility staffing, Foundation School Program, Social Security contributions, teacher and employee retirement contributions, Higher Education Fund contributions and financial aid for higher education and, debt service for currently outstanding bonds.
Utah	57.3			
Vermont	28.0	Tax Department and the Military Department		
Virginia	1,044.0			
Washington	81.0	Basic education, debt service, and pensions	520.0	Basic education, debt service, and pensions
West Virginia	119.3	Debt Service Public Defender Services Education-Increased Enrollment, School Nurse Funding Special Education for Counties, Vocational Aid and Adult Basic Education Corrections-Inmate Medical Expenses and Payments to Federal, County and/or Regional Jails State Police-Trooper Retirement Higher Ed-PROMISE Scholarships and Higher Education Grant Program		
Total	**$18,339.7**	—	**$4,034.9**	—

*Notes: *See Notes Table 7. **Budget Cuts for Fiscal 2011 are currently ongoing. See Tables 10 & 11 for state-by-state data.*
SOURCE: National Association of State Budget Officers.

TABLE 8

Fiscal 2010 Mid-Year Program Area Cuts

State	K-12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other
Alabama	x	x		x	x		x
Alaska							
Arizona	x		x	x	x		x
Arkansas							
California							
Colorado	x	x		x	x		x
Connecticut	x	x		x			x
Delaware							
Florida							
Georgia	x	x	x	x	x	x	x
Hawaii	x	x			x		x
Idaho	x	x		x	x		x
Illinois	x	x	x	x		x	x
Indiana	x	x			x		x
Iowa	x	x	x	x	x		x
Kansas	x	x	x	x	x	x	x
Kentucky	x	x		x			x
Louisiana		x	x	x			x
Maine	x	x	x	x			x
Maryland	x	x	x	x	x	x	x
Massachusetts							
Michigan							
Minnesota*	x		x	x	x	x	x
Mississippi*	x	x		x	x		x
Missouri	x	x	x	x	x	x	x
Montana	x	x			x	x	x
Nebraska	x	x		x	x		x
Nevada	x	x			x		x
New Hampshire	x		x		x		x
New Jersey	x	x		x	x	x	x
New Mexico	x	x		x	x		x
New York	x	x	x	x	x	x	x
North Carolina	x	x	x		x		x
North Dakota							
Ohio							
Oklahoma	x	x			x	x	x
Oregon							
Pennsylvania	x	x		x	x	x	x
Rhode Island	x	x		x	x		x
South Carolina	x	x	x	x	x	x	x
South Dakota		x	x	x	x		x
Tennessee							
Texas	x	x	x		x		x
Utah	x	x		x	x		x
Vermont	x		x	x			x
Virginia	x	x	x		x	x	x
Washington	x		x	x	x	x	x
West Virginia	x	x	x	x	x	x	x
Wisconsin							
Wyoming							
TERRITORY							
Puerto Rico							
Total	**35**	**32**	**20**	**28**	**31**	**15**	**37**

*NOTE: *See Notes to Table 8. See Table 10 for state-by-state values*
SOURCE: National Association of State Budget Officers.

TABLE 9

Fiscal 2011 Mid-Year Program Area Cuts

State	K-12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other
Alabama							
Alaska							
Arizona							
Arkansas							
California							
Colorado					x		x
Connecticut							
Delaware							
Florida							
Georgia							
Hawaii							
Idaho	x	x		x	x		x
Illinois							
Indiana	x	x			x		x
Iowa							
Kansas							
Kentucky							
Louisiana	x	x		x	x		x
Maine	x		x	x			x
Maryland							
Massachusetts							
Michigan							
Minnesota							
Mississippi							
Missouri	x	x		x		x	x
Montana	x	x		x	x		x
Nebraska	x	x	x	x	x		x
Nevada	x						x
New Hampshire	x		x		x		x
New Jersey							
New Mexico		x			x		x
New York							
North Carolina							
North Dakota							
Ohio							
Oklahoma							
Oregon	x	x	x	x	x	x	x
Pennsylvania	x		x	x	x		x
Rhode Island							
South Carolina							
South Dakota							
Tennessee							
Texas	x	x	x		x		x
Utah							
Vermont							
Virginia							
Washington	x	x	x	x	x	x	x
West Virginia							
Wisconsin							
Wyoming							
TERRITORY							
Puerto Rico							
Total	**13**	**10**	**7**	**9**	**12**	**3**	**15**

*NOTE: *See Notes to Table 9. See Table 11 for state-by-state values*
SOURCE: National Association of State Budget Officers.

TABLE 10

Fiscal 2010 Mid-Year Program Area Cuts By Value

State	K-12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other
Alabama	$297.0	$117.2	$0.0	$42.0	$36.8	$0.0	$118.0
Alaska	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Arizona*	154.0	0.0	194.0	51.0	9.5	0.0	30.5
Arkansas	0.0	0.0	0.0	0.0	0.0	0.0	0.0
California	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Colorado	0.4	231.8	0.0	92.1	112.5	0.0	52.5
Connecticut	3.5	0.4	0.0	68.0	0.0	0.0	77.6
Delaware	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Florida	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Georgia*	789.9	420.0	4.5	109.3	34.0	11.0	177.1
Hawaii	131.5	52.1	0.0	0.0	14.1	0.0	114.4
Idaho	86.6	31.8	0.0	3.4	13.1	0.0	52.7
Illinois	85.2	6.8	41.1	140.0	0.0	1.7	108.2
Indiana	166.2	142.0	0.0	0.0	24.4	0.0	125.4
Iowa	238.5	59.8	1.9	71.9	35.7	0.0	156.6
Kansas	102.0	18.0	1.0	23.0	2.0	143.0	41.0
Kentucky*	276.0	110.0	0.0	425.0	0.0	0.0	200.0
Louisiana	0.0	108.9	20.7	231.0	0.0	0.0	416.4
Maine	38.0	8.0	1.0	10.0	0.0	0.0	15.0
Maryland	16.6	66.0	15.2	126.7	27.8	0.0	312.7
Massachusetts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Michigan	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minnesota*	1,057.6	0.0	68.3	0.0	4.4	1.6	324.4
Mississippi	202.4	77.7	0.0	24.0	24.9	0.0	82.8
Missouri	44.6	29.2	0.2	115.8	12.3	5.9	599.7
Montana	1.3	1.5	0.0	0.0	2.6	0.3	5.7
Nebraska	0.4	21.3	0.0	19.4	0.8	0.0	19.4
Nevada	29.0	92.4	0.0	0.0	63.4	0.0	78.2
New Hampshire	1.3	0.0	3.1	0.0	2.4	0.0	31.2
New Jersey	548.1	64.7	0.0	38.4	54.4	36.7	1,167.7
New Mexico*	97.2	35.3	0.0	6.6	12.3	0.0	76.8
New York	40.0	160.0	23.0	140.0	70.0	186.0	464.0
North Carolina	37.3	202.5	3.3	0.0	52.6	0.0	214.4
North Dakota	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ohio	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Oklahoma	75.5	33.0	0.0	0.0	26.8	15.7	98.0
Oregon	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pennsylvania	27.4	0.8	0.0	23.9	19.4	0.5	123.5
Rhode Island	50.7	12.1	0.0	4.7	6.3	0.0	39.8
South Carolina	186.9	53.0	11.5	70.5	29.2	0.1	215.3
South Dakota	0.0	0.7	0.4	3.6	0.7	0.0	0.1
Tennessee	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Texas	34.9	123.3	90.0	0.0	20.0	0.0	168.7
Utah	1.6	0.3	0.0	6.9	11.1	0.0	37.4
Vermont	0.2	0.0	1.0	1.2	0.0	0.0	25.6
Virginia	550.0	214.1	110.5	0.0	68.5	14.3	86.6
Washington	2.0	0.0	10.0	43.0	10.0	2.0	14.0
West Virginia*	60.0	12.3	0.0	15.0	3.9	0.3	27.8
Wisconsin	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Wyoming	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TERRITORY							
Puerto Rico	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**$5,433.7**	**$2,506.9**	**$600.7**	**$1,906.5**	**$805.9**	**$419.1**	**$5,899.3**

*NOTE: *See Notes to Table 10. Dollar values are in millions*
SOURCE: National Association of State Budget Officers.

TABLE 11

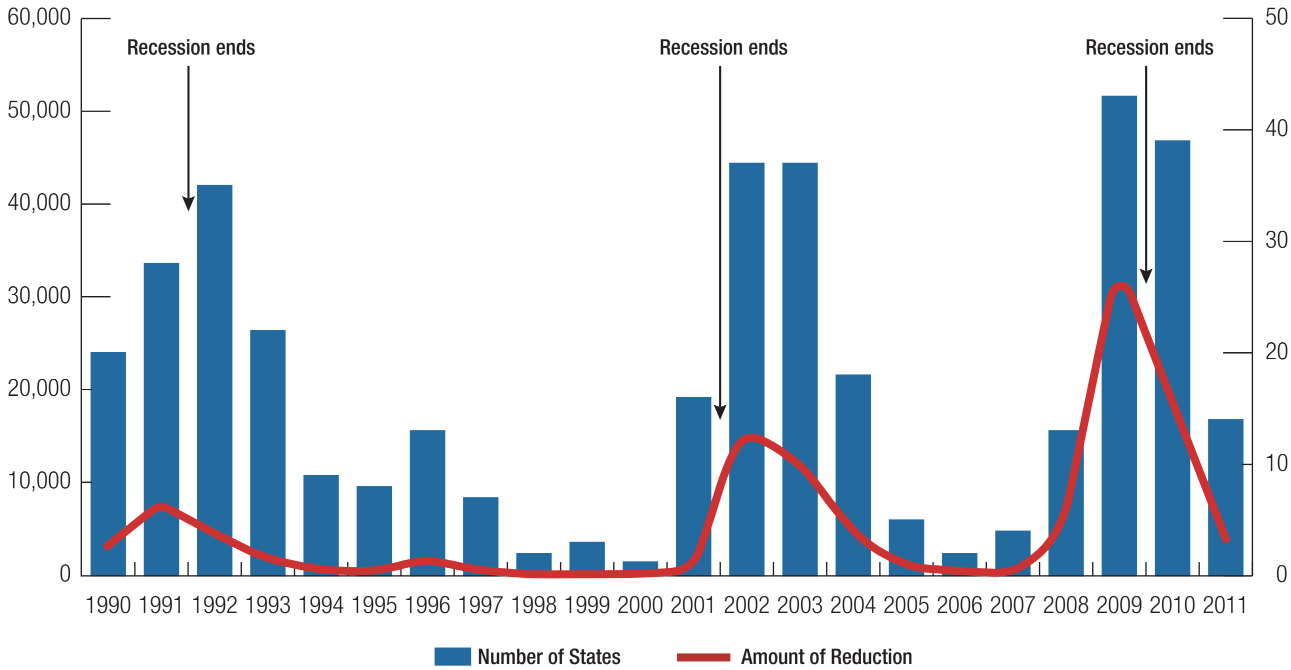
Fiscal 2011 Mid-Year Program Area Cuts By Value

State	K-12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other
Alabama	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Alaska	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Arizona	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Arkansas	0.0	0.0	0.0	0.0	0.0	0.0	0.0
California	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Colorado	0.0	0.0	0.0	0.0	3.3	0.0	2.9
Connecticut	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delaware	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Florida	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Georgia	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hawaii	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Idaho	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Illinois	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Indiana	148.5	13.7	0.0	0.0	35.0	0.0	349.8
Iowa	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Kansas	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Kentucky	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Louisiana	6.3	12.5	0.0	3.4	13.0	0.0	71.5
Maine	9.0	0.0	1.0	161.0	0.0	0.0	36.0
Maryland	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Massachusetts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Michigan	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minnesota	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mississippi	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Missouri	76.8	61.4	0.0	27.8	0.0	6.0	61.7
Montana	2.6	5.4	0.0	4.8	4.2	0.0	11.4
Nebraska	31.8	20.1	1.9	49.2	1.6	0.0	48.5
Nevada	123.1	0.0	0.0	0.0	0.0	0.0	142.0
New Hampshire	10.0	0.0	0.0	0.0	2.0	0.0	68.0
New Jersey	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Mexico*	78.0	24.3	0.0	0.0	8.8	0.0	39.8
New York	0.0	0.0	0.0	0.0	0.0	0.0	0.0
North Carolina	0.0	0.0	0.0	0.0	0.0	0.0	0.0
North Dakota	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ohio	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Oklahoma	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Oregon	401.9	94.4	40.9	178.1	105.4	0.8	133.1
Pennsylvania	67.6	0.0	11.0	19.3	32.2	0.0	81.9
Rhode Island	0.0	0.0	0.0	0.0	0.0	0.0	0.0
South Carolina	0.0	0.0	0.0	0.0	0.0	0.0	0.0
South Dakota	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tennessee	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Texas	102.0	395.1	115.0	0.0	62.0	0.0	139.1
Utah	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Vermont	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Virginia	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Washington	36.0	85.0	37.0	112.0	53.0	2.0	195.0
West Virginia	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Wisconsin	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Wyoming	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TERRITORY							
Puerto Rico	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**$1,093.6**	**$711.9**	**$206.8**	**$555.6**	**$320.4**	**$8.8**	**$1,380.7**

*NOTE: *See Notes to Table 11. Dollar values are in millions.*
SOURCE: National Association of State Budget Officers.

FIGURE 2:

Budget Cuts Made After the Budget Passed, Fiscal 1990 to Fiscal 2011 ($ millions)



SOURCE: National Association of State Budget Officers December 2010 Fiscal Survey of States

TABLE 12

Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2010

State	User Fees	Higher Education Related Fees	Court Related Fees	Transportation/ Motor Vehicle Related Fees	Business Related Fees	Layoffs	Furloughs	Early Retirement	Salary Reductions
Alabama*						x			
Alaska*									
Arizona*	x	x	x	x	x	x	x		x
Arkansas									
California*		x	x	x		x	x		
Colorado*						x	x		
Connecticut*							x	x	
Delaware									
Florida	x	x	x	x		x			
Georgia		x	x	x		x	x		
Hawaii*						x	x		x
Idaho			x			x	x		
Illinois	x	x	x	x	x	x	x		
Indiana						x			
Iowa						x	x	x	
Kansas		x	x	x					
Kentucky*									
Louisiana						x	x	x	
Maine*	x					x	x	x	
Maryland*						x	x		x
Massachusetts	x					x	x		x
Michigan*									
Minnesota*									
Mississippi									
Missouri*						x			
Montana									
Nebraska*						x			
Nevada	x	x			x	x	x		x
New Hampshire						x	x		
New Jersey*		x		x			x		
New Mexico*		x					x		
New York*									
North Carolina									
North Dakota									
Ohio*									
Oklahoma								x	
Oregon	x	x	x	x	x	x	x		x
Pennsylvania*			x			x			
Rhode Island*	x	x			x				x
South Carolina						x	x	x	
South Dakota	x			x	x				
Tennessee*									
Texas									
Utah	x								
Vermont	x				x	x			
Virginia	x	x	x	x	x		x		
Washington*		x				x	x	x	
West Virginia									
Wisconsin*	x	x	x	x	x	x	x		
Wyoming									
TERRITORY									
Puerto Rico*				x		x			
Total	**13**	**14**	**11**	**11**	**9**	**25**	**22**	**7**	**7**

*NOTE: *See Notes to Table 12.*
SOURCE: National Association of State Budget Officers.

Table 12 continues on next page.

TABLE 12 (CONTINUED)

Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2010

State	Cuts to State Employee Benefits	Across-the-Board Percent Cuts	Targeted Cuts	Reduce Local Aid	Reorganize Agencies	Privatization	Rainy Day Fund	Lottery Expansion	Gaming/ Gambling Expansion	Other (Specify)
Alabama*		x					x			
Alaska*										x
Arizana*		x	x	x			x	x		x
Arkansas		x					x			
California*			x	x						x
Colorado*	x		x	x			x			x
Connecticut*		x	x				x			x
Delaware										
Florida			x		x		x			
Georgia	x	x	x				x			
Hawaii*	x									x
Idaho							x			
Illinois			x	x					x	
Indiana	x	x	x		x	x	x			
Iowa		x			x		x			
Kansas		x	x	x						
Kentucky*		x	x				x			x
Louisiana							x			
Maine*	x		x	x						x
Maryland*	x	x	x	x	x		x			x
Massachusetts		x	x	x	x		x			
Michigan*										x
Minnesota*		x	x	x						x
Mississippi		x					x			
Missouri*		x	x	x	x	x				
Montana										
Nebraska*		x	x	x			x			x
Nevada	x	x	x	x	x					
New Hampshire			x							x
New Jersey*			x	x				x		x
New Mexico*	x	x	x	x			x			x
New York*		x	x	x	x					x
North Carolina		x								
North Dakota										
Ohio*										x
Oklahoma			x				x			
Oregon		x	x	x						
Pennsylvania*			x		x		x		x	x
Rhode Island*	x		x	x						x
South Carolina		x	x	x			x			
South Dakota			x							x
Tennessee*							x			x
Texas										
Utah		x	x				x			x
Vermont			x							x
Virginia	x	x	x	x						
Washington*		x	x		x		x			
West Virginia		x	x							
Wisconsin*		x	x	x	x					
Wyoming										
TERRITORY										
Puerto Rico*	x						x			x
Total	**10**	**26**	**33**	**20**	**11**	**2**	**23**	**2**	**2**	**23**

*NOTE: *See Notes to Table 12.*
SOURCE: National Association of State Budget Officers.

TABLE 13

Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2011

State	User Fees	Higher Education Related Fees	Court Related Fees	Transportation/ Motor Vehicle Related Fees	Business Related Fees	Layoffs	Furloughs	Early Retirement	Salary Reductions
Alabama*						x			
Alaska									
Arizona	x	x	x	x	x	x	x		x
Arkansas									
California*		x	x			x	x		
Colorado*						x			x
Connecticut									
Delaware									
Florida				x					
Georgia	x	x	x	x	x	x			
Hawaii*							x		x
Idaho						x	x		
Illinois	x	x	x	x	x	x	x		
Indiana						x			
Iowa									
Kansas		x	x	x					
Kentucky*							x		
Louisiana						x		x	
Maine*	x					x	x		
Maryland*						x	x		x
Massachusetts*	x					x	x		x
Michigan*	x				x	x		x	
Minnesota*									
Mississippi									
Missouri*	x					x			
Montana									
Nebraska*						x	x		
Nevada	x	x			x	x	x		x
New Hampshire						x	x		
New Jersey*	x	x		x		x			
New Mexico*	x								
New York*	x		x		x			x	
North Carolina		x				x			
North Dakota									
Ohio*									
Oklahoma	x							x	
Oregon	x	x	x	x	x	x	x		x
Pennsylvania*						x			
Rhode Island*	x	x		x	x				x
South Carolina						x	x	x	
South Dakota	x								
Tennessee									
Texas									
Utah	x								
Vermont	x				x				x
Virginia	x	x	x	x	x				
Washington*		x				x	x	x	
West Virginia									
Wisconsin*	x	x	x	x	x	x	x		
Wyoming									
TERRITORY									
Puerto Rico*									
Total	**19**	**13**	**9**	**10**	**11**	**24**	**16**	**6**	**9**

*NOTE: *See Notes to Table 13.*
SOURCE: National Association of State Budget Officers.

Table 13 continues on next page.

TABLE 13 (CONTINUED)

Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2011

State	Cuts to State Employee Benefits	Across-the-Board Percent Cuts	Targeted Cuts	Reduce Local Aid	Reorganize Agencies	Privatization	Rainy Day Fund	Lottery Expansion	Gaming/ Gambling Expansion	Other (Specify)
Alabama*										
Alaska*										
Arizana*			x	x		x		x		x
Arkansas										
California*	x	x	x	x						x
Colorado*		x	x	x			x			x
Connecticut*										
Delaware			x						x	
Florida	x		x						x	
Georgia	x	x	x							
Hawaii*	x									x
Idaho					x		x			
Illinois			x	x					x	
Indiana	x	x	x		x	x				
Iowa					x		x			
Kansas		x	x	x						
Kentucky*		x	x				x			x
Louisiana		x				x				
Maine*	x		x	x				x		x
Maryland*	x	x	x	x	x					x
Massachusetts		x	x	x	x		x			x
Michigan*	x	x	x		x			x		x
Minnesota*		x	x	x						x
Mississippi										
Missouri*	x	x	x	x	x					
Montana										
Nebraska*		x	x	x			x			x
Nevada	x	x	x	x	x					
New Hampshire			x							x
New Jersey*			x	x	x	x		x		x
New Mexico*	x	x	x				x			
New York*		x	x	x	x			x		x
North Carolina		x	x		x					
North Dakota										
Ohio*										x
Oklahoma			x				x			
Oregon		x	x	x			x			
Pennsylvania*		x	x							x
Rhode Island*	x		x	x	x					x
South Carolina		x	x	x			x			
South Dakota			x							x
Tennessee*							x			x
Texas										
Utah		x	x				x			x
Vermont			x							x
Virginia	x	x	x	x						
Washington*		x	x		x		x			
West Virginia		x	x							
Wisconsin*		x	x	x	x					
Wyoming										
TERRITORY										
Puerto Rico*					x		x			x
Total	**13**	**25**	**35**	**19**	**14**	**4**	**13**	**5**	**3**	**21**

*NOTE: *See Notes to Table 13.*
SOURCE: National Association of State Budget Officers.

State Employment Changes

The difficult fiscal conditions over the past few years have also had a noticeable impact on state employment levels and actions relating to current state employees. In fiscal 2010, 31 states reported that they had reduced the number of full time equivalent positions compared to 2009. Similarly, in fiscal 2011, 27 states reported reducing the number of full time positions. Additionally, 25 states in fiscal 2010 reported that they had engaged in layoffs and the 22 states utilized furloughs as part of their budget gap reduction strategy. In fiscal 2011, 24 states reported that they would be laying off state personnel. Of these 24 states, 22 had also reduced the number of full time positions in 2010.

Another aspect of state employment that has been negatively affected by the very difficult state fiscal conditions over the past few years is state employee compensation. For fiscal 2011, a number of states reported declines in employee salary as part of furloughing, while other states reported that they were forgoing any cost of living or merit based increases. Also, while some states were able to provide across the board increases that appear to be somewhat large, they noted that these increases were in response to forgoing pay increases in fiscal 2010. *(See Tables 14 and 15)*.

TABLE 14

Number of Filled Full-Time Equivalent Positions at the End of Fiscal 2009 to Fiscal 2011

State	Fiscal 2009	Fiscal 2010	Fiscal 2011	Percent Change, 2009-2010	Percent Change, 2010–2011	Includes Higher Education Faculty	State-Administered Welfare System
Alabama	39,027	39,294	39,294	0.68%	0.00%		x
Alaska	20,610	21,016	21,623	1.97	2.89		x
Arizona*	41,089	38,519	37,350	-6.25	-3.03		x
Arkansas	31,658	31,798	34,727	0.44	9.21		x
California	350,609	357,474	348,213	1.96	-2.59	x	x
Colorado	30,829	30,794	31,510	-0.11	2.33		
Connecticut*	45,666	43,615	46,566	-4.49	6.77	x	x
Delaware	31,693	30,823	31,027	-2.75	0.66	x	x
Florida	114,061	128,131	126,729	12.34	-1.09		x
Georgia	72,083	69,622	68,500	-3.41	-1.61		x
Hawaii*	46,535	46,048	45,241	-1.05	-1.75	x	x
Idaho	18,037	18,222	17,997	1.03	-1.23	x	x
Illinois	53,227	52,446	52,000	-1.47	-0.85		x
Indiana	30,648	29,389	28,750	-4.11	-2.17		x
Iowa	44,656	41,572	41,928	-6.91	0.86	x	x
Kansas	42,955	43,089	43,006	0.31	-0.19	x	x
Kentucky	32,800	33,200	33,000	1.22	-0.60		
Louisiana*	45,120	43,830	40,834	-2.86	-6.84	x	
Maine	14,007	13,836	13,745	-1.22	-0.65		
Maryland	77,031	75,748	75,580	-1.66	-0.22	x	x
Massachusetts	83,053	84,584	84,401	1.84	-0.22	x	x
Michigan	49,061	47,729	45,300	-2.71	-5.09		x
Minnesota	35,436	34,231	N/A	-3.40	N/A		
Mississippi	32,247	32,800	36,899	1.71	12.50		x
Missouri	58,989	57,336	57,647	-2.80	0.54		x
Montana*	13,118	13,342	13,365	1.71	0.17		x
Nebraska*	15,923	16,125	N/A	1.27	N/A		x
Nevada	25,980	24,913	24,917	-4.11	0.02		x
New Hampshire	11,297	10,836	10,836	-4.08	0.00		x
New Jersey	75,514	72,999	73,844	-3.33	1.16		
New Mexico*	24,723	23,888	26,423	-3.38	10.61		x
New York	199,900	195,800	192,000	-2.05	-1.94	x	
North Carolina	288,000	291,000	316,000	1.04	8.59	x	
North Dakota	7,586	7,733	8,195	1.94	5.97		
Ohio	60,150	59,045	59,000	-1.84	-0.08		
Oklahoma	39,099	38,154	36,393	-2.42	-4.62		x
Oregon	49,442	51,747	51,482	4.66	-0.51	x	x
Pennsylvania*	83,887	82,183	81,351	-2.03	-1.01		x
Rhode Island	13,690	13,653	14,043	-0.27	2.85		x
South Carolina	61,197	59,277	59,183	-3.14	-0.16	x	x
South Dakota	13,781	14,153	13,612	2.70	-3.82	x	x
Tennessee	44,563	43,810	43,800	-1.69	-0.02		x
Texas	233,066	238,404	238,490	2.29	0.04	x	x
Utah	22,151	21,454	21,078	-3.15	-1.75		x
Vermont	7,873	7,665	7,705	-2.64	0.52		
Virginia	114,724	113,672	114,101	-0.92	0.38	x	x
Washington	112,546	109,970	108,485	-2.29	-1.35	x	x
West Virginia	36,358	36,887	37,080	1.45	0.52	x	x
Wisconsin*	61,984	62,495	62,521	0.82	0.04	x	
Wyoming	7,158	7,158	7,699	0.00	7.56	x	x
TERRITORY						x	x
Puerto Rico	213,502	201,629	194,065	-5.56	-3.75		
Total* **	**3,013,478**	**3,011,152**	**3,023,470**				

*NOTES: NA indicates data are not available. *See Notes to Table 14. **Unless otherwise noted, fiscal 2009 reflects actual figures, fiscal 2010 reflects preliminary actuals and fiscal 2011 reflects appropriated figures. ***Totals exclude states that were not able to provide data for all three years.*
SOURCE: National Association of State Budget Officers.

TABLE 15

State Employee Compensation Changes, Fiscal 2011

State	Across-the-Board (percent)	Merit (percent)	Other (percent)	Notes
Alabama		5		Annual merit raises have been frozen since January 1, 2009 and are currently projected to resume January 1, 2011.
Alaska		3.5 - 3.75	1.0 -2.0	
Arizona	-5.0			For all state agencies, a 2.75 percent pay reduction along with 6 furlough days which equate 2.3 percent pay reductions. For non-gubernatorial elected officials, 5 percent personnel expense reduction through pay cuts, furloughs and/or vacancy savings.
Arkansas				For fiscal year 2011 the State of Arkansas has suspended all cost of living and merit increases.
California			2-9.6	The 2010-11 budget includes a 2-5 percent pension contribution increase employees with a corresponding reduction for the state and 12 mandatory personal leave program (PLP) days in unions that have contracts. Contracts have been legislatively ratified for 15 of the 21 bargaining units and generally implement the increased pension contributions and 12 PLP days. Certain individual contracts also include prefunding of other post employment benefits and an increased vesting period for retiree health benefits.
Colorado			-2.5	SB 10-146 reduced the State's contribution to PERA and increased the employee portion commensurately (2.5 percent). This saved the State $37.2 million TF ($20.4 million GF) — source: JBC Approp Report page 611 FY 2010-2011. So while it didn't "technically" reduce the employee's pay it reduced the employee's take home pay. Hence it is classified as a reduction.
Connecticut	2.7			Only unionized employees are receiving across-the-board pay increase. 13 of the 38 total bargaining units are scheduled to receive an annual adjustment.
Delaware	2.5			The FY 2011 salary policy restores the 2.5 percent employee salary reduction that was enacted in FY 2010
Florida			3.0	The 3 percent increase applied to sworn law enforcement officers in the Florida Wildlife Conservation Commission agency. A one-time salary bonus of $500 plus applicable taxes was awarded to eligible employees in the Automated Community Connection to Economic — Sufficiency Program in the Department of Children and Families.
Georgia				
Hawaii				The majority of employees continued two-days per month furlough amounting to a 9.23 percent reduction implemented during FY10 with some 24/7 employees continuing a 5 percent across-the-board reduction.
Idaho				There was no compensation package for state employees for FY 2011. Most agencies are having state employees take furlough days, which varies by each agency.
Massachusetts	1.0			1.0 percent — Unionized employees only. Managers do not have a merit pool in FY 2011.
Illinois			*	A 0.00 percent increase for non-bargaining unit employees (approximately 2,000). The majority of bargaining unit employees receive a 2.00 percent increase effective 7/1/2010 1.00 percent general increase effective 1/1/2011 1.00 percent general increase effective 6/1/2011 (approximately 45,700). Approximately, 18,280 bargaining unit employees will receive an approximate 3.77 percent step/anniversary increase on their anniversary date which on average equates to approximately 6.5 months of the fiscal year.
Indiana				Employee compensation package for FY 2011 has not yet been determined. State employees did not receive pay increases in FY 2010.
Iowa	2.5	4.5		AFSCME and IUP employees received a 2 percent ATB on June25, 2010 and a 1 percent ATB on December 24, 2010. Members not at the top of their pay scale also were eligible to receive up to a 4.5 percent step increase. SPOC received a 1 percent ATB on June 25, 2010 and a 1 percent ATB on December 24, 2010. SPOC members not at the top of their pay scale were eligible for a 3.5 percent step increase. Noncontract employees received no ATB or step increase in FY2011.

Table 15 continues on next page.

TABLE 15 (CONTINUED)

State Employee Compensation Changes, Fiscal 2011

State	Across-the-Board (percent)	Merit (percent)	Other (percent)	Notes
Kansas			2.5 - 15	Certain classified employees were given "under market" pay adjustments, depending on the market rate of pay.
Kentucky				
Louisiana				Individual employees may have received promotions or training series increase
Maine				Union members agreed to 0 percent wage increase for FY 2011
Maryland			Varied	State Employees will receive salary reductions of approximately 1-4 percent based on their salary level as a result of salary reductions associated with closing State government for 5 days and furloughs of 3-5 days.
Michigan	Varies			3 percent for most classified employees represented by bargaining groups 1 percent for enlisted state police personnel with cost offset by health benefit changes (plan design changes and increased employee premium share) no increase for all other classified employees. existing classified employees pay 10 percent of annual health plan premium amounts, and increased deductibles, prescription, and office visit co-pay amounts. Effective 4/1/2010, newly hired state employees pay 20 percent of annual health plan premium amounts with higher co-pays and a co-insurance requirement, paying more for a skinnier package when compared to existing classified employees. Some classified employees will receive step increases pay adjustments for satisfactory performance in the amounts and at intervals provided for in the compensation schedule for the employee's classification level. Other employees may be eligible for promotion to a higher classification grade and pay level. Career employees receive an annual longevity payment following completion of 6 years of continuous full-time service. The amount of the longevity payment varies depending on the number of years of full-time service and is increased in four-year increments.
Minnesota				No across the board, merit, or other changes in employee compensation packages.
Missouri				Employees will have higher out of pocket expenses related to employer provided health care plans. New employees hired after 12/31/2010 will be required to contribute 4 percent to their retirement plan.
Montana				Although there was no across-the-board, merit, or other pay plan, the State (employer) increased it's contribution towards health care insurance. This increase was approximately 8 percent in FY 2010 and 8.5 in FY 2011.
Nebraska				Across-the-board: Most employees covered by the NAPE/AFSCME collective bargaining contract received a 2.5 percent increase effective 7/1/2010 law enforcement employees covered by the SLEBC collective bargaining contract received an average 5 percent increase effective 7/1/2010 employees covered by the Engineering, Science, and Resources Unit of NAPE/AFSCME received an average 2 percent increase effective 7/1/2010. Employees of the Courts received a 1.5 percent increase effective 7/1/2010. Employees of the Dept. of Education received a 2.5 percent increase effective 7/1/2010. Supervisory and Management (non-contract) staff of most agencies received no salary increases for FY 2011. Employees of the Legislature received no salary increase for FY 2011. Other: In addition to the across-the-board increase, employees covered by the Engineering unit received a 1.5 percent service anniversary date increase.
Nevada	-4.8			Reduction through furloughs
New Hampshire				Employees receive step increases only based on years of service.
New Jersey	7.0		2.0	The Across the Board increase includes a deferred 3.5 percent across the board increase effective January, 2011. The "other" increase is annual increments. Most employees will receive across the board increases. About 5,600 employees will not receive across the board increases. About 9,000 employees will receive a 3 percent across the board effective January 2011. Collective bargaining negotiations continue with about 3,000 employees.
New Mexico				Due to declining revenues, no employee compensation package was given.

Table 15 continues on next page.

TABLE 15 (CONTINUED)

State Employee Compensation Changes, Fiscal 2011

State	Across-the-Board (percent)	Merit (percent)	Other (percent)	Notes
New York	4.0			The State's most recent labor contracts with most of the State employee labor unions run from 2007 through 2011. There are a series of step increases within each pay grade until reaching the maximum salary for the grade. Approximately 33 percent of the workforce is eligible to receive such increases (i.e., employees who have not reached the job rate). As part of the 2010-11 Executive Budget, Management/Confidential (M/C) employees were administratively withheld their annual salary increase for the 2010-11 fiscal year, the second consecutive year in which M/C employees did not receive a salary increase. M/C employees did receive a step increase in 2010-11. Other compensation changes are driven by personnel transactions, such as reallocations and reclassifications. An additional employee compensation amount is usually pro-rated to agencies with M/C employees, allowing those agencies to give merit awards at their discretion. No M/C employee can receive more than 5 percent of their annual salary in the form of merit awards and the agency allocation cannot be divided equally amongst all M/C employees. The awards are lump sums and are not added to base salary.
North Carolina				
North Dakota	`		5.0	$100 per month minimum salary increases are to be given on the basis of merit and equity and are not to be given across-the-board.
Ohio				The adopted compensation package included no raises and freezes in step increases. Additionally, all state employees are required to take ten days of unpaid leave.
Oklahoma				Oklahoma State employees receive a longevity payment based on years of service. Agencies have discretion to grant merit pay, with OPM approval and within certain guidelines.
Oregon		4.8	-2.8	Annual step increases for represented staff only, if eligible. Unrepresented, management and executive staff remain under a pay freeze through June 2011. "Other" represents furlough days.
Pennsylvania	Varies		2.3	Across-the-board: Non-management employees will receive a 4 percent increase effective either July 1, 2010 or October 1, 2010 depending on the bargaining agreement. Management employees will receive a 1 percent increase effective October 1, 2010. Other: Non-management employees will receive a 2.25 percent service increment in January 2011.
Rhode Island	3.0		1.7	"Across-the-board" increase of 3.0 percent begins on January 1, 2011. "Other" represents historical average growth due to step and longevity increases.
South Carolina				
South Dakota				
Tennessee				
Texas				
Utah				
Vermont	-3.0			
Virginia	3.0			The 2010 General Assembly agreed upon a one-time, 3 percent December bonus to full-time State Employees pending a revenue surplus in FY2010. The surplus has been achieved.
Washington				Salary increases continue to be suspended. A hiring freeze is in effect, and 10 furlough days are required of nonessential employees during FY 2011.
West Virginia				Every eligible employee with a total of three (3) or more years of service as of July 1 of each year receives an annual salary increment equal to $60 times the employee's years of service.
Wisconsin				
Wyoming				
TERRITORY				
Puerto Rico				All economic benefits to public employees are frozen until the end of FY 2011.

SOURCE: National Association of State Budget Officers.

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

The Temporary Assistance for Needy Families (TANF) program was reauthorized under the *Deficit Reduction Act* in February 2006. The TANF block grant is funded at $16.6 billion each year through 2010 and is currently authorized under a continuing resolution. The TANF Emergency Fund, authorized under ARRA, provided up to $5 billion to states, tribes, and territories through September 30, 2010.

The reauthorized program includes specific definitions of work, work verification requirements, and penalties if states do not meet the requirements. As a result of these changes, most states have to significantly increase work participation rates. Under the Recovery Act, however, the workload reduction credit was modified for two years as well as rules governing unspent TANF funds that are carried forth.

TABLE 16

Enacted Cost-of-Living Changes for Cash Assistance Benefit Levels Under the Temporary Assistance For Needy Families Block Grant, Fiscal 2011

State	Percent Change
Arizona*	
Delaware*	
Florida	-2.7%
Nebraska*	
New York	10.0%
Vermont*	
West Virginia*	

*NOTE: *See Notes to Table 16.*
SOURCE: National Association of State Budget Officers.

Since welfare reform was initially passed in 1996, states have focused on providing supportive services for families to achieve self-sufficiency rather than cash assistance. Since 1996, caseloads have declined significantly. The average monthly number of recipients fell from 12.8 million prior to the enactment of TANF to 4.3 million by March 2010, a decrease of over two-thirds.

This report has information only on the changes in the cash assistance benefit levels within the program which represents approximately 41 percent of total program costs. For fiscal 2011, 48 states maintained the same cash assistance benefit levels that were in effect in fiscal 2010. One state enacted an increase in cash assistance benefit levels while one state enacted a decrease in cash assistance benefit levels *(See Table 16 and Notes to Table 16)*.

Medicaid, Enrollment, Cost Containment and National Health Care Reform

Medicaid is a means-tested entitlement program financed by the states and the federal government that provides comprehensive and long-term medical care for more than 60 million low-income individuals. Even before expansions under the new health care reform law, Medicaid spending and enrollment growth were accelerating in response to the severe economic downturn in states.

Medicaid spending for fiscal 2010 is estimated at $353.8 billion, an increase of 8.2 percent over fiscal 2009, according to NASBO's *2009 State Expenditure Report*. State funds decreased by 1.0 percent while federal funds increased by 14.4 percent over fiscal 2009 amounts. In fiscal 2010, Medicaid is estimated to account for 21.8 percent of total spending, the single largest portion of total state spending which would exceed elementary and secondary education as a percent of total state spending.

The large increase in federal funds is attributable to the enactment of the *American Recovery and Reinvestment Act of 2009 (ARRA)* which provides a temporary increase in the Federal Medicaid Assistance Percentage (FMAP) in order to allow individuals to maintain health care services during the recession. Under ARRA, all states receive a temporary increase in their FMAP as well as additional amounts for those states facing the highest unemployment rates. In order to receive the federal funds, maintenance of effort requirements (MOE) include not having more restrictive standards, methodologies and procedures in place than were in place July 1, 2008.

The downturn in the economy has resulted in significant increases in Medicaid enrollment as it has in previous economic slowdowns. Enrollment growth averaged 8.5 percent in fiscal 2010 with states projecting Medicaid enrollment to grow by 6.1 percent in fiscal 2011, according to the Kaiser Commission on Medicaid and the Uninsured.

Nearly every state implemented at least one new Medicaid policy to control spending in fiscal 2010 and fiscal 2011 with more states turning to provider cuts more than any other area, according to the Kaiser Commission on Medicaid and the Uninsured's 2010 annual survey. Provider rates are linked to economic conditions and under budget pressure states are often forced to reduce rates until economic conditions improve. Based on the Kaiser Commission survey, 39 states in fiscal 2010 implemented a provider rate cut or freeze compared to 33 states in fiscal 2009. In fiscal 2011, 37 states have planned provider rate restrictions. In addition, 14 states have planned benefit restrictions in fiscal 2011 which include the elimination of covered benefits as well as the application of utilization controls or limits for existing benefits.

Medicaid spending, similar to the health care spending is projected to increase faster than the economy as a whole. Projections over the rest of the decade are projected to rise at an average annual rate of almost 8 percent due to a growing aging population as well as changes made in the recent health care legislation. With Medicaid comprising over 21 percent of state budgets, these long-term growth rates will continue to strain state budgets.

Under the *Affordable Care Act*, enacted in March 2010, Medicaid programs will be expanded to cover non-pregnant, nonelderly individuals with income up to 133 percent federal poverty level beginning in January 1, 2014. The cost for those newly eligible for coverage will be fully federally funded in calendar years 2014, 2015, and 2016 with federal financing phasing down to 90 percent by 2020.

The *Affordable Care Act* imposes a maintenance of effort (MOE) requirement on eligibility standards, methodologies, and procedures for adults until an exchange is fully operational in 2014 and for children in Medicaid and CHIP through 2019. There is a limited exception during the period January 1, 2011 through December 31, 2013 for a state that certifies it has a budget deficit on or after December 31, 2010.

While the major expansions to cover the uninsured will not be taking place until January 1, 2014, other changes under national health care reform are affecting health care in states more immediately including: the maintenance of effort provisions for Medicaid and CHIP, a new option to cover childless adults in Medicaid using the regular Medicaid match, changes to drug rebates under the Medicaid program, new long-term care options for community based care, the establishment of temporary high risk pools in each state until the exchanges are operational, and changes in the insurance markets in every state.

CHAPTER 1 NOTES

Notes to Table 3: Fiscal 2009 State General Fund, Actual

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

Alabama	Revenue adjustments include Privilege Tax Escrow, Education Proration Prevention Account, and Education Rainy Day Fund Transfers. Expenditure adjustments include reversions, savings due to the Governor's Deficit Prevention Plan, and FMAP savings.
Alaska	Revenue adjustments: $14.0 million reappropriate & carry forward, ($450.0) million + $35.0 million oil & gas tax credit fund. Expenditure adjustments: $1,000.0 million CBR savings deposit, $175.3 million PEF savings.
Arizona	Revenue adjustments include $150 million transfer from the Rainy Day Fund, $813 million agency fund transfers, and $344 million proceed from prior-year school lease purchase financing.
Colorado	Revenue adjustments in this year are significant as it includes $458.1 million in transfers that were fully restored on the first day of the following fiscal year.
Connecticut	Statutory transfer from restricted accounts.
Georgia	Agency surplus returned.
Idaho	Specific transfers include: $20 million to the Water Resources Aquifer Study; $1 million to Health and Welfare Community Health Center Grant; $10 million to Opportunity Scholarship Fund, and $1.8 million to the Water Resource Board Revolving Development Fund. Transfers from include: $12 million from the Water Resources aquifer study, $5 million from Capitol Commission, $12.4 million from the Budget Stabilization Fund, $11,950,00 from the Permanent Building Fund, and $11.7 million from the Public School Stabilization Fund. Deficiency warrants include: $58,300 for Military Division Hazardous Materials and $511,500 for Potato Cyst Nematode in the Dept. of Agriculture.
Illinois	If our proposed pension borrowing passes ($4.157 billion), then our GRF spending will increase by 10 percent and an anticipated $6.6 billion backlog in bills will be paid off. If you take a/p out of the calculation, the passing of our pension borrowing proposal will reflect a decrease in GRF spending by 2 percent. Revenue adjustments are accounted for by statutory transfers in. Expenditure adjustments are accounted for by the sum of (legislatively required transfers plus pension obligation bond debt service plus debt service transfers for capital projects) subtracting the sum of (short term borrowing proceeds minus repayment short-term borrowing).
Indiana	Expenditure adjustments: Local Option Income Tax Distributions, Reversal of Payment Delays, PTRF Adjust for Abstracts.
Iowa	Revenue adjustments are for the $45.3 million transfer from the Economic Emergency Fund to the General Fund per Executive Order 18. An additional $56 million was appropriated from the Economic Emergency Fund to pay for disaster related expenses relating to the 2008 flood/storm disaster.
Kentucky	Revenue includes $126.5 million in Tobacco Settlement funds. Adjustment for Revenues includes $280.2 million that represents appropriation balances carried over from the prior fiscal year, and $344.5 million from fund transfers into the General Fund. Adjustment to Expenditures represents appropriation balances forwarded to the next fiscal year.
Louisiana	Actuals (FY 2008-2009) reflect the Legislative Auditors reviewed revenues and expenditures made per the fiscal status summary presented to the Joint Legislative Committee on the Budget (JLCB) on January 15, 2010, as required by Louisiana Revised Statue 39:75 A.(3)(a)—REVENUE—$88.9 and $3.3 million carry-forward of mid-year adjustments; $24.4 million transfer of statutory dedication funds to the State General Fund approved by JLCB on January 9, 2009; $1.9 million carry-forward of capitol outlay re-appropriated.—EXPENDITURES—$15 million of FY 2007-2008 ending balance for debt service per Act 122 of the 2009 Regular Legislative Session (RLS); $67.4 million of FY 2007-2008 ending balance transferred to the Budget Stabilization Fund; $782.3 million of FY 2007-2008 ending balance to be utilized for FY 2009-2010 expenditures per Act 20 of the 2009 RLS; $3.5, $9.7, and $34.4 million of carry-forward expenditures—$76 million Ending Balance was recognized as surplus, transferred to the Coastal Fund, and therefore not usable as SGF.
Maine	Revenue & Expenditure adjustments reflect legislatively authorized transfers.

Maryland	Revenue adjustments reflect a $13.2 million reimbursement from the reserve for Heritage Tax Credits, $6 million reimbursement from the reserve for Biotechnology Tax Credits, transfer of $170 million from the State Reserve Fund, transfer of $380.2 million from Accounting Reserves, and transfers of $439.0 million from other special funds.
Massachusetts	Includes Budgeted Fund balances.
Michigan	FY 2009 revenue adjustments include the impact of federal and state law changes ($205.3 million); revenue sharing law changes ($530.7 million); and deposits from state restricted revenues (278.0 million).
Minnesota	Ending balance includes cash flow account of $350 million and appropriations carried forward of $44.8 million.
Missouri	Revenue adjustments are transfers from other funds into the general revenue fund, including $250 million from the enhanced FMAP authorized in the American Recovery and Reinvestment Act of 2009.
Montana	Adjustments to revenues reflects prior year revenues which were collected in FY 2009. Adjustments to expenditures reflect CAFR adjustments.
Nebraska	Revenue adjustments are transfers between the General Fund and other funds. This includes a $115 million transfer from the General Fund to the Property Tax Credit Cash Fund. Also includes, per Nebraska law, a transfer of $117.0 million to the Cash Reserve Fund (Rainy Day Fund) of the amount the prior year's net General Fund receipts exceeded the official certified forecast.
New Hampshire	$79.7 million transfer in from rainy day fund; ($52.9 million) transfer out to Education Fund; ($1.8 million) transfer out to Highway Fund.
New Jersey	Transfers from other funds and budget vs. GAAP adjustments.
New Mexico	All adjustments are transfers between reserve accounts, except for $48.9 million transferred out from Tobacco Settlement Permanent Fund, a reserve account to the Tobacco Settlement Program Fund, a nonreserve account.
New York	The ending balance includes $1.2 billion in rainy day reserve funds, $503 million reserved for timing-related changes and other risks, $145 million in a community projects fund, $73 million reserved for debt reduction and $21 million in a reserve for litigation risks.
North Dakota	Expenditure adjustments are $77.0 million of expenditure authority carried over to the 2009-2011 biennium, obligating an equal amount of the general fund balance. The balance shown is the unobligated balance after subtracting all expenditures and obligations. Also included in the adjustments are a $125.0 million transfer to the budget stabilization fund and $6.0 million of other transfers from the general fund.
Ohio	FY 2009 required the use of state budget stabilization (rainy day) fund. At the end of the year the balance of the fund was exhausted.
Oklahoma	Adjusted revenues for FY 2009 represents the difference in cash flow amounts.
Oregon	Revenue adjustment transfers prior biennium ending GF balance to Rainy Day Fund (which can be up to 1 percent of total budgeted appropriation) plus other administrative actions. Rainy Day Fund balance includes normal RDF plus an Education Stability Fund. Balances in RDF & ESF may include donations and Lottery Funds.
Puerto Rico	Revenues adjusted due to economic conditions.
Pennsylvania	Revenue adjustment includes a $2.5 million adjustment to the beginning balance and $163.8 million in prior year lapses.
Rhode Island	Opening balance includes a deficit of $43.0 million and re-appropriations of $1.7 million from the prior year. Adjustments to revenues represents (net) transfers to the Budget Stabilization (Rainy Day) Fund, including a transfer-in of $66.1 million and an appropriation from the fund of $22.0 million.
South Dakota	Adjustments in Revenues: $12.8 million was from one-time receipts and $0.2 million was obligated cash carried forward from FY2008. Adjustments in Expenditures: $0.2 million was transferred to the Budget Reserve Fund from the prior year's unobligated cash.
Tennessee	Adjustments (Revenues) include $127.2 million transfer from debt service fund unexpended appropriations,$81.5 million transfer from TennCare reserve, $190.2 million transfer from capital outlay projects fund, $20.0 million transfer from other agency reserves, and $193.5 million transfer from Rainy Day Fund. Adjustments (Expenditures) include $70.5 million transfer to capital outlay projects fund and $18.3 million transfer to reserves for dedicated revenue appropriations.

Texas Revenue Adjustments represent transfers to the Economic Stabilization Fund (Rainy Day Fund) pursuant to Texas Constitution, Article III, Section 49-g. Expenditure Adjustments are related to adjustments to dedicated account balances.Utah includes transfers from previous year balance, to/from Rainy Day Fund, and special revenue funds.

Vermont FY 2009 adjustments (revenues) include $39.0 million direct applications and transfers in, $6.5 other bills/other revenue, $1.3 additional property transfer tax to GF, and $19.1 from the General Fund Surplus Reserve. Adjustments (expenditures) include ($1.0) from the Human Services Caseload Reserve, ($3.7) from the Tobacco Settlement Fund, ($2.0) from the General Bond Fund, $0.7 to the Education Fund, $3.3 to the unreserved/undesignated balance, $3.1 to Internal Service Funds, $7.3 to the Next Generation Fund, ($3.9) from other assorted funds, $2.2 to the Budget Stabilization Reserve, $1.2 reserved in the GF for bond issuance premium, and $14.9 reserved in the Revenue Shortfall/other reserves.

Washington Fund transfers between General Fund and other accounts, and balancing to the final audited ending balance.

West Virginia Rainy Day Fund data as of 6/30/2009. Fiscal Year 2009 Beginning balance includes $409.6 million in Reappropriations, Unappropriated Surplus Balance of $35.3 million, and FY 2008 13th month expenditures of $105.5 million. Expenditures include Regular, Surplus and Reappropriated and $105.5 million of 31 day prior year expenditures. Revenue adjustment is from prior year redeposit and expirations from Rainy Day Fund for Flood Relief. Expenditure adjustment represents the amount transferred to the Rainy Day Fund.

Wisconsin Adjustments to Revenues include Tribal Gaming ($93.9 million), transfers-in, general fund ($151.7 million), and other departmental revenues ($327.6 million). Adjustments to Expenditures include designation for continuing balances ($10.6 million) and unreserved designated balance (-$27.4 million).

Wyoming Wyoming budgets on a biennial basis to arrive at annual figures assumptions and estimates were required.

Notes to Table 4: Fiscal 2010 State General Fund, Preliminary Actual

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

Alabama Revenue adjustments include a General Fund Rainy Day Transfer. Expenditure adjustments include reversions and appropriation reductions (proration).

Alaska Revenue adjustment: $17.8 million reappropriate & carry forward. Expenditure adjustments: net of ($1,057.4) million PEF draw and $1,117.0 million PEF forward funding = $59.6 million.

Arizona FY 2010 ending balance is preliminary and subject to change. Revenue adjustments include $359 million fund transfers, $123 million from revenue measures, $22 million transfer from local government, $19 million from lottery redirect, $1,035 million asset lease purchase financing, and $450 lottery revenue bond.

Colorado Revenue adjustments in this year included the repayment of the $458.1 million in transfers from the previous fiscal year, resulting in a net negative transfer to the GF of $47.6M million.

Georgia Agency surplus returned.

Idaho Specific transfers include: $54,993,300 from the Budget Stabilization Fund; $1,680,000 from Div. of Human Resources cash on hand; $1,000,000 from the Dept. of Agriculture; $446,900 from Dept. of Labor—Rural Broadband; $661,900 from dedicated agencies for Attorney General; $10 million from Permanent Building Fund; $7,782,400 from the Eli Lily and Co. lawsuit; $781,600 Public Utilities Civil Penalties Fund; and $20 million from Economic Recovery; $33,505,000 from the Budget Stabilization Fund; and $1,105,000 from dedicated funds.

Illinois Revenue adjustments are accounted for by statutory transfers in. Expenditure adjustments are accounted for by the sum of (legislatively required transfers plus pension obligation bond debt service plus debt service transfers for capital projects) adding the sum of (short term borrowing proceeds minus repayment short-term borrowing).

Indiana	Revenue adjustments: Transfer from Rainy Day Fund to General Fund; Expenditure adjustments: Local Option Income Tax Distributions, PTRF Adjust for Abstracts.
Iowa	FY 2010 preliminary actual figures are as reported by Governor Culver on September 30, 2010.
Kentucky	Revenue includes $105.5 million in Tobacco Settlement funds. Adjustment for Revenues includes $66.2 million that represents appropriation balances carried over from the prior fiscal year, and $167.4 million from fund transfers into the General Fund. Adjustment to Expenditures represents appropriation balances forwarded to the next fiscal year.
Louisiana	Revenue—State General Fund (SGF) revenues estimated to be $7,174.8 million; Act 122 of 2009 allowed the use of $86.2 million of Budget Stabilization Fund (BSF); Act 51 of 2010 used $198.4 million of BSF; Act 20 used $782.3 million of the Fiscal Year 2007-2008 surplus; Act 633 of 2010 transferred $83.4 million from various funds to the SGF; Act 226 of 2009 transferred $13.5 million from the Rapid Response Fund, $75.6 million from the Insure Louisiana Program Fund, and $3.9 million from the Incentive Fund to the SGF; $42.8 million was carried forward from prior years SGF appropriations to FY 2010-11; and Act 51 of 2010 appropriated $115 million from the Amnesty Fund.
Maine	Revenue & Expenditure adjustments reflect legislatively authorized transfers.
Maryland	Revenue adjustments reflect a $13.0 million reimbursement from the reserve for Heritage Tax Credits, $6 million reimbursement from the reserve for Biotechnology Tax Credits, and transfers of $775.6 million from other special funds.
Massachusetts	Includes Budgeted Fund balances.
Michigan	FY 2010 revenue adjustments include the impact of federal and state law changes (-$84.6 million); revenue sharing law changes ($520.8 million); and deposits from state restricted revenues ($419.1 million).
Minnesota	Ending balance includes cash flow account of $266 million.
Mississippi	Expenditures adjustment reflects FY 2010 budget cuts.
Missouri	Revenue adjustments are transfers from other funds into the general revenue fund, including $371 million from the enhanced FMAP authorized in the American Recovery and Reinvestment Act of 2009.
Montana	Adjustments to revenues reflects prior year revenues which were collected in FY 2010.
Nebraska	Revenue adjustments are transfers between the General Fund and other funds. Among others, this includes a $112 million transfer from the General Fund to the Property Tax Credit Cash Fund as well as a $105 million transfer to the General Fund from the Cash Reserve Fund (Rainy Day Fund).
New Hampshire	Revenue Adjustments: $25 million payment from University System / Expenditure Adjustments: $36.6 million transfer in from Education Trust Fund; $6.5 million transfer in from Highway Fund
New Jersey	Balances targeted to be lapsed.
New Mexico	All adjustments are transfers between reserve accounts, except for (1) $40.9 million transferred out from Tobacco Settlement Permanent Fund, a reserve account to the Tobacco Settlement Program Fund, a nonreserve account; (2) $25 million transferred from the appropriation account to the Appropriation Contingency Fund; and (3) $40 million transferred from the appropriation account to the separate account of the Appropriation Contingency Fund for the purpose of implementing and maintaining educational reforms.
New York	Total expenditures are adjusted to reflect the impact of delaying the end-of-year school aid payment ($2.06 billion) from March 2010 to the statutory deadline of June 1, 2010, which was done to carry forward the 2009-2010 budget shortfall into 2010-2011. The ending balance includes $1.2 billion in rainy day reserve funds, $85 million in a community projects fund, $73 million reserved for debt reduction and $21 million reserved for litigation risks. The ending balance also includes a reserve of $906 million for deferred payments, a result of deferring more payments than were needed to carry forward the 2009-2010 budget shortfall, which was used when the deferred payments were made during the first quarter of 2010-2011.

Oklahoma	Adjusted revenues for FY 2010 represents the difference in cash flow amounts. The FY 2010 Adjusted expenditure amount of $1.6 million is interest paid on funds borrowed for cash management until action was taken by the legislature on the budget shortfall.
Oregon	Oregon budgets on a biennial basis. The constitution requires the state to be balanced at the end of each biennium (June 30, 2011), so a negative balance at the end of the first fiscal year does not necessarily translate into a budget gap. Revenue adjustments from legislative action to sweep other funds into GF plus other administrative actions.
Pennsylvania	Revenues include $755 million transferred from the Rainy Day fund. Revenue adjustment includes a $5 million adjustment to the beginning balance and $150.4 million in prior year lapses. Expenditure adjustment includes $195.5 million in current year lapses.
Puerto Rico	The General Fund Budget includes an allocation of $1 billion to facilitate the orderly implementation of certain expense reduction measures adopted by the Government of Puerto Rico pursuant to Act 7 of March 8, 2009. This allocation will cover the cost of transitioning public employees to non-governmental sectors by providing re-training vouchers, self employment opportunities, relocation and salary subsidies alternatives. On the other hand, the General Fund Budget also includes an allocation from the State Stabilization Fund of $1.5 billion to cover payroll and operating expenses that are expected to be reduced through fiscal year 2010, but whose savings will not be realized in such fiscal year. The State Stabilization Fund is funded with proceeds from the bonds issued by the Sales Tax Financing Corporation.
Rhode Island	Opening balance includes a deficit of $62.3 million and re-appropriations of $1.0 million from the prior year. Adjustments to revenues reflect a transfer to the Budget Stabilization Fund.
South Dakota	Adjustments in Revenues: $21.8 million was from one-time receipts.
Tennessee	Adjustments (Revenues) include $107.0 million transfer from debt service fund unexpended appropriations and $103.4 million transfer from Rainy Day Fund. Adjustments (Expenditures) include $40.1 million transfer to capital outlay projects fund and $17.7 million transfer to reserves for dedicated revenue appropriations.
Texas	Revenue Adjustments represent transfers to the Economic Stabilization Fund (Rainy Day Fund) pursuant to Texas Constitution, Article III, Section 49-g. Expenditure Adjustments are related to adjustments to dedicated account balances.
Utah	Includes transfers from previous year balance, to/from Rainy Day Fund, and special revenue funds.
Vermont	FY 2010 adjustments (revenues) include $20.5 direct applications and transfers in, $9.8 other bills/other revenue, $6.5 additional property transfer tax to GF, and $14.8 from the Revenue Shortfall Reserve. Adjustments (expenditures) include ($16.2) from the Human Services Caseload Reserve, ($1.7) from the Transportation Fund, ($2.6) from the General Bond Fund, $6.9 to the Education Fund, ($3.3) from the unreserved/undesignated balance, $3.3 to the Next Generation Fund, $2.0 to other assorted funds, ($2.7) from the Budget Stabilization Reserve, $1.5 reserved in the GF for bond issuance premium, and $15.2 reserved in the Revenue Shortfall/other reserves.
Washington	Fund transfers between General Fund and other accounts.
West Virginia	Rainy Day Fund data as of 6/30/2010. Fiscal Year 2010 Beginning balance includes $432.6 million in Reappropriations, Unappropriated Surplus Balance of $22.2 million, and FY 2009 13th month expenditures of $26.0 million. Expenditures include Regular, Surplus and Reappropriated and $26.0 million of 31 day prior year expenditures. Revenue adjustment is for prior year redeposits. Expenditure adjustment represents the amount transferred to the Rainy Day Fund. The ending balance is mostly the historically carried forward reappropriation amounts that will remain and be reappropriated to the next fiscal year.
Wisconsin	Adjustment to Revenues include Tribal Gaming ($25.1 million); transfers-in, general fund ($418.8 million); and other departmental revenues ($297.8 million). Adjustments to Expenditures include designation for continuing balances ($78.5 million) and unreserved designated balance (-$10.6 million).
Wyoming	Wyoming budgets on a biennial basis to arrive at annual figures assumptions and estimates were required.

Notes to Table 5: Fiscal 2011 State General Fund, Appropriated

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

Alabama Revenue adjustments include estimated unrealized capital gains.

Alaska Revenue adjustments: $180.0 million oil & gas tax credits. Expenditure adjustments: net of ($1,114.3) million PEF draw and $1,131.0 million PEF forward funding = $16.7 million.

Arizona The estimated balance forward for FY11 from the enacted budget was $48 million. However, the preliminary ending balance for FY 2010 right now stands at -$7 million. Revenue adjustments include $195 million agency fund transfers, $509 million fund transfer subject to voters' approval, $98.2 million from revenue generation plan and from lottery, $34.6 million transfer from local governments and $918 million from temporary 1 cent sale tax increase.

Colorado All entries include the August 23, 2010 budget balancing proposals by the Governor, addressing a June 2010 projected GF shortfall. Based on an updated revenue forecast released September 20, 2010, an additional $256.9M shortfall is anticipated, but has not yet been addressed.

Idaho Specific transfers include: $30,134,600 from the Budget Stabilization Fund and $48,846,700 from the Economic Recovery Reserve Fund.

Illinois Revenue adjustments are accounted for by statutory transfers in. Expenditure adjustments are accounted for by the sum of (legislatively required transfers plus pension obligation bond debt service plus debt service transfers for capital projects minus reduced transfer to local government distributive fund) subtracting the sum of voucher payments notes.

Indiana Expenditure adjustments: PTRF Adjust for Abstracts.

Iowa FY 2011 General Fund revenues are updated for the October 10, 2010 Revenue Estimating Conference.

Kentucky Revenue includes $111.3 million in Tobacco Settlement funds. Adjustment for Revenues includes $44.7 million that represents appropriation balances carried over from the prior fiscal year, and $102.8 million from fund transfers into the General Fund. Adjustment to Expenditures represents appropriation balances forwarded and to the next fiscal year and budgeted balances to be expended in the next fiscal year.

Louisiana State General Fund beginning balance deficit recognized by the Joint Legislative Committee on the Budget on October 22, 2010. Executive Order issued to reduce state general fund expenditures accordingly.

Maine Revenue & Expenditure adjustments reflect legislatively authorized transfers.

Maryland Revenue adjustments reflect a $12.9 million reimbursement from the reserve for Heritage Tax Credits, $6 million reimbursement from the reserve for Biotechnology Tax Credits, and transfers of $134.0 million from other special funds.

Massachusetts Includes Budgeted Fund balances.

Michigan FY 2011 revenue adjustments include the impact of federal and state law changes (-$66.3 million); revenue sharing law changes ($477.8 million); deposits from state restricted revenues ($413.4 million); and pending revenue options ($263.0 million).

Minnesota Ending balance includes cash flow account of $266 million.

Missouri Revenue adjustments are transfers from other funds into the general revenue fund, including $572 million from the enhanced FMAP authorized in the American Recovery and Reinvestment Act of 2009. In addition, $8.7 million due to administrative efficiencies related to collection efforts.

Montana Adjustments to Expenditures: Section 17-7-140, MCA, directs the governor to reduce general fund spending when the projected ending general fund balance for the biennium drops below a specified level—in this case 1 percent of estimated general fund expenditures for the biennium. This state statute acts as a "safety trigger" to maintain appropriate levels of fund balance, but at no time has the state operated with an estimated budget gap. In March 2010, it was forecast that fund balance may drop below the "trigger" and therefore, budget reductions were implemented.

Nebraska	Revenue adjustments are transfers between the General Fund and other funds. Among others, this includes a $112 million transfer from the General Fund to the Property Tax Credit Cash Fund as well as a $154 million transfer to the General Fund from the Cash Reserve Fund (Rainy Day Fund). Expenditure adjustments are reappropriations ($207.9 million) of the unexpended balance of appropriations from the prior fiscal year and a small amount ($5 million) reserved for supplemental/deficit appropriations.
New Hampshire	Revenue adjustments: $60 million Asset Monitization / Expenditure adjustments: ($87.5 million) transfer out to rainy day fund; ($131.9 million) transfer out to Education Fund
New Mexico	All adjustments are transfers between reserve accounts, except for $40.0 million transferred out from Tobacco Settlement Permanent Fund, a reserve account to the Tobacco Settlement Program Fund, a nonreserve account.
New York	Total expenditures are adjusted to reflect the impact of delaying the end-of-year school aid payment ($2.06 billion) from March 2010 to the statutory deadline of June 1, 2010, which was done to carry forward the 2009-2010 budget shortfall into 2010-11. The ending balance includes $1.2 billion in rainy day reserve funds, $85 million in a community projects fund, $73 million reserved for debt reduction and $21 million reserved for litigation risks.
Oregon	Revenue adjustment is a transfer from the Education Stability Fund to General Fund. Expenditure adjustment is Executive allotment reductions to end biennium with $0 GF ending balance. Legislative action may be required to fully implement (or avoid) some allotment reductions.
Pennsylvania	Revenues include $1 million transferred from the Rainy Day fund. Expenditure adjustment includes transfer of 25 percent of the ending balance to the Budget Stabilization Reserve (Rainy Day) fund.
Puerto Rico	Includes $1.0 billion from the State Stabilization Fund to cover payroll expenses expected to be reduced through the fiscal year 2011.
Rhode Island	Opening balance includes a surplus of $17.7 million and re-appropriations of $3.4 million from the prior year. Adjustments to revenues reflect a transfer to the Budget Stabilization Fund and the adjustments to expenditures are the appropriations from FY 2010.
South Carolina	Rainy day fund balance includes General Reserve and Capital Reserve Funds.
South Dakota	Adjustments in Revenues: $9.9 million was from one-time receipts.
Tennessee	Adjustments (Revenues) include $195.7 million transfer from Rainy Day Fund, $170.0 million transfer from TennCare reserve, and $10.3 million transfer from other agency reserves. Adjustments (Expenditures) include $135.4 million transfer to capital outlay projects fund, and $17.7 million transfer to reserves for dedicated revenue appropriations.
Texas	Revenue Adjustments represent transfers to the Economic Stabilization Fund (Rainy Day Fund) pursuant to Texas Constitution, Article III, Section 49-g. Expenditure Adjustments are related to adjustments to dedicated account balances.
Utah	Includes transfers from previous year balance, to/from Rainy Day Fund, and special revenue funds.
Vermont	FY 2011 adjustments (revenues) include $25.8 direct applications and transfers in, $6.8 other bills/other revenue, $5.9 additional property transfer tax to GF, and $15.2 from the Revenue Shortfall Reserve. Adjustments (expenditures) include $62.3 to the Human Services Caseload Reserve, ($1.5) from the General Bond Fund, $0.3 to Internal Service Funds, $4.8 to the Next Generation Fund, ($3.3) from the Budget Stabilization Reserve, and ($1.5) from the Revenue Shortfall/other reserves.
Washington	Fund transfers between General Fund and other accounts.
West Virginia	Rainy Day Fund data as of 10/22/2010. Fiscal Year 2011 Beginning balance includes $418.7 million in Reappropriations, Unappropriated Surplus Balance of $102.6 million, and FY 2010 13th month expenditures of $30.6 million. Expenditures include Regular appropriations $3,740.3 million and surplus appropriations of $2.5 million and $30.6 million of 31 day prior year expenditures. Ending Balance includes the amount that is available for appropriation (From FY 2011 revenue estimate ~$1.4~ and from surplus ~$48.9~ {previous year} general revenue) and anticipated reappropriations (estimated at $418.7) carried forward from FY 2012. Historically carried forward reappropriation amounts will remain consistent and be reappropriated to the next fiscal year.

Wisconsin	The figures for revenues and expenditures are updated projections completed by the Legislative Fiscal Bureau on July 6, 2010, after completion of the 2009 Legislative Session. The revenue adjustments include departmental revenue ($815 million) and tribal gaming ($22.3 million). Adjustments to expenditures include compensation reserves ($96 million), lapses (-$323.8 million) and FY 2010 biennial adjustments (-$242.7 million).
Wyoming	Wyoming budgets on a biennial basis to arrive at annual figures assumptions and estimates were required.

Notes to Table 7: Budget Cuts Made After the Fiscal 2010 and Fiscal 2011 Budgets Passed

Arizona	This does not include $450 million K-12 and Universities rollover. Including those, cuts would total $889 million.
Colorado	FY 2010 cuts represents tally of legislative action, not executive request. The total balancing plan for FY 2010-2011 (as of the Governor's August 23, 2010 submission) contained balancing items greater than just the cuts—$6.2 million GF were cuts—as noted above.
Georgia	K-12 reduction includes a cut of $130.9 million in health care contributions. An additional $200 million was offset by ARRA funds. The net reduction in funds for education is $459 million.
Nebraska	A 2009 special session and 2010 regular session included cuts to the fiscal 2010 enacted budget as well as to the fiscal 2011 enacted budget compared to FY 2010. The reduction amounts resulting from the two sessions are shown. When the 2010 and 2011 biennial budget was originally enacted, the FY 2011 budget exceeded the original enacted fiscal 2010 budget so no amount is shown pursuant to survey instructions. The cut amounts shown are General Funds only and do not take into consideration other fund types or the availability of federal Recovery Act funds.
New Mexico	FY 2010 mid-year budget cuts include 139.0 million in operating budgets; 1.2 million in special appropriations; 87.6 million in Executive Order reductions; $141.1 million in capital projects. $45.5 million of the operating budget reduction was replaced with federal Education Stabilization funds and $4.0 million of reductions was offset from tobacco settlement program funds.
New York	Includes spending reductions in other State funds that reduce General Fund costs through transfers from the accounts where savings are realized.
Oregon	The amount represents the entire 2009-11 biennium. Phase 1 of reductions (July 2010) = $577.1 million. Phase 2 (October 2010) = $377.5 million. Most reductions backfilled by FMAP and Education Jobs dollars.

Notes to Table 8: Fiscal 2010 Mid-Year Program Area Cuts

Minnesota	K-12 education cuts included payment shifts and delays. Medicaid cuts are contained within cuts to Public Assistance.
Mississippi	These figures reflect general fund budget cuts only; special funds cuts are not inclusive.

Notes to Table 10: Fiscal 2010 Mid-Year Program Area Cuts by Value

Arizona	K-12 cuts include $137m soft-capital, $17m in non-formula program reduction not including $100 payment deferral. Higher education cuts include a reduction in DES. Public Assistance cuts include reduction in AHCCCS. Almost all of Transportation funding are non General Fund.
Georgia	K-12 reduction includes a cut of $130.9 million in health care contributions. An additional $200 million was offset by ARRA funds. The net reduction in funds for education is $459 million.
Kentucky	All $425 million of cuts to Medicaid covered by enhanced FMAP.

Minnesota K-12 education cuts included payment shifts and delays. Medicaid cuts are contained within cuts to Public Assistance.

New Mexico K-12 cuts include $45.5 of reduction replaced with federal Education Stabilization Funds. Medicaid cuts include General Fund reduction of $22.6, partial offset by $16.0 million from Tobacco Settlement Fees. Transportation funded from the Road Fund not the General Fund. Road Fund has also experienced significant reductions. Other cuts come from General Fund operating budget reductions.

West Virginia K-12 education cuts were backfilled with $57.6 of Education Stabilization funds. Higher education cuts were backfilled with $12.1 of Education Stabilization funds. Corrections does not include Juvenile Services.

Notes to Table 11: Fiscal 2011 Mid-Year Program Area Cuts by Value

New Mexico K-12 cuts are to be offset with funding from Jobs Bill. Transportation is not funded from the General Fund.

Notes to Table 12: Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2010

Alabama Only two agencies engaged in layoffs.

Alaska Public Education Fund Draw.

Arizona Other actions include lease-purchase financing, temporary revenue increase, lottery revenue bonds, First Things First fund redirect.

California Other actions include suspended mandates and fund shifts

Colorado Salary reductions include furloughs. Local aid reduction via reductions in Severance Tax grant funds to locals. Other actions included Revenue generation for General Fund including elimination of tax incentives and CF transfers to the General Fund.

Connecticut Other actions include travel ban, rescissions, hiring freeze, transfers from other funds.

Hawaii Federal stimulus, transfers from specific non-general funds, delay processing of Tax Year 2010 refunds, restrict general funded CIP.

Kentucky Other actions include stimulus funds-State Fiscal Stabilization Funds.

Maine Other actions include hiring freeze, tax collection enhancement, transfers from other funds.

Maryland Other actions include transfer of balance and interest from special funds to the general fund and transfer of fund balance from public higher education institutions.

Michigan FY 2010 strategies include one-time use of $208.4 million from School Aid Fund revenue to support Community College operations with a corresponding one-time reduction in general fund revenue support. An additional general fund reduction of $94.3 million reflects federal funds received through the application of an enhanced federal Medicaid matching rate in calculating the state's payment under the Medicare Part D prescription drug program.

Minnesota Other actions include use of cash flow account, transfers from other funds, and payments shifts and delays.

Missouri In the initial stages of budget development. Governor and General Assembly will work together in identifying strategies.

Nebraska The Governor and Legislature have previously closed a budget gap for the FY 2010 and FY 2011 biennium during a November 2009 special session and then further during the 2010 legislative session. The strategies used to reduce appropriations during these two sessions are included in this response for FY2010 and FY2011. The designation of "Other" represents reductions to reappropriations carried over into FY2010 from the prior biennium. It also represents transfers to the General Fund during each of FY2010 and FY2011 from agency cash funds.

New Hampshire	Other actions include debt refunding/ restructuring to include University System of NH; Moved $80 million SFSF from FY 2011 into FY 2010
New Jersey	Other actions include one year extension of 4 percent Corporate Business Tax surcharge
New Mexico	Shifted 1.5 percent of the employer retirement contribution to employees for 2 years. Net effect is reduction in benefits. Reserves reduced to 4.7 percent from 6.4 percent. Also, transferred unobligated balances in state agency accounts to the general fund; and deauthorized unobligated prior year capital outlay projects.
New York	Early Retirement—A severance program was instituted during FY 2009-10 for certain represented and non-represented employees, which included a separation payment of $20,000 per employee, to further reduce current-year costs associated with the workforce. Acceptance of this voluntary severance option, which was subject to DOB-approved agency plans, had no impact on an employees' eligibility for retirement benefits upon separation from service, and was available only during a specific time period within FY 2010. Other—Accelerated use of available ARRA funds; additional sweeps to fund balances.
Ohio	Delay of 4.25 percent cut in income tax generated sufficient revenue to close the gap created by a court ordered delay in implementing video lottery terminals
Pennsylvania	Other actions include $2.7 billion in Federal ARRA funds as well as maintain management salary freeze through FY 2010 and enactment of various one-time revenues and non-broad-based tax increases/revenue measures.
Puerto Rico	Property, Alcohol, cigarettes, & Income Taxes.
Rhode Island	User fees include increasing hospital licensing fees to 5.314 percent on 2008 Base Year. Salary reductions include eight pay reduction days achieved through labor negotiations. Changes in employee benefits include a change in COLA provisions for future retirees. Changes in local aid include a reduction of $58.6 million of local aid from the FY 2010 enacted budget (including $40.4 million in Education Aid). Other actions include transfer from Automobile Replacement Fund.
Tennessee	Other actions include transfer from Debt Service Fund, transfer from TennCare Reserve, and reversion of Agency Appropriations.
Washington	There were no cuts to state employee benefits, but co-payments were increased.
Wisconsin	Cuts to the FY 2010 and FY 2011 budget passed under 2009 Act 28 (the biennial budget) included reductions to agency requests; employee furloughs and rollbacks of previously approved pay increases; cuts of direct school aid and shared revenue; across-the-board reductions; Department of Corrections and University of Wisconsin System cuts; agency cuts; and unallocated cuts and savings from Medicaid assessments and efficiencies. The total of these cuts for the biennium was $3,058 million.

Notes to Table 13: Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2011

Alabama	Only one agency engaged in layoffs.
Colorado	Salary reductions include PERA swap in FY 2011. Across the board cuts include 1 percent personal services line item GF cut. Local aid reduction via reductions in Severance Tax grant funds to locals. Other actions included Revenue generation for General Fund including elimination of tax incentives and CF transfers to the General Fund.
California	Other actions include suspended mandates and sale leaseback of state office buildings.
Hawaii	Other actions include Federal stimulus, transfers from specific non-general funds, enhanced FMAP extension.
Kentucky	Other actions include stimulus funds-State Fiscal Stabilization Funds.
Maine	Other actions include hiring freeze, tax collection enhancement, transfers from other funds.
Maryland	Other actions include transfer of balance and interest from special funds to the general fund and transfer of fund balance from public higher education institutions.

Massachusetts	Other actions include debt Restructuring and sale of surplus land.
Michigan	FY 2011 strategies include state employee pension reforms, a tax amnesty program, unclaimed property reforms (escheats), liquor reforms, debt restructuring, reductions in university operations; and an increased Federal Medical Assistance Percentage (FMAP) rate through June 2011.
Minnesota	Other actions include use of cash flow account, transfers from other funds, and payments shifts and delays.
Missouri	In the initial stages of budget development. Governor and General Assembly will work together in identifying strategies.
Nebraska	The Governor and Legislature have previously closed a budget gap for the FY 2010 and FY 2011 biennium during a November 2009 special session and then further during the 2010 legislative session. The strategies used to reduce appropriations during these two sessions are included in this response for FY2010 and FY2011. The designation of "Other" represents reductions to reappropriations carried over into FY2010 from the prior biennium. It also represents transfers to the General Fund during each of FY2010 and FY2011 from agency cash funds.
New Hampshire	Other actions include debt refunding/ restructuring; FMAP two quarter extension $48 million; Asset Monitization $60 milion; ($80 million) SFSF moved into FY 2010 From FY 2011.
New Jersey	Other actions include change in available tax credits.
New Mexico	User fees included increased cigarette tax, gross receipts and compensating taxes. We also shifted 1.5 percent of the employer retirement contribution to employees for 2 years. Net effect is reduction in benefits. Reserves reduced to an estimated 0.8 percent.
New York	Early Retirement—The Enacted Budget includes workforce savings of $250 million, to be achieved through an optional time-limited early retirement incentive offered to employees that meet certain age and service requirements, which is subject to DOB-approved agency plans, and other workforce savings initiatives. Reduce Local Aid—The 2010-11 Enacted Budget includes, in addition to specifically allocated local assistance reductions, an FMAP Contingency Plan requiring a mid-year local assistance reduction, uniformly allocated across all State funded local assistance appropriations (excluding constitutional exemptions), in order to close the difference between the assumed value of the FMAP extension at the time the Budget was enacted, and the actual benefit received upon passage by the Federal government. Other—The State will benefit from a six-month FMAP extension authorized by Congress and signed into law by the President in August 2010; additional revenue actions which include modifications to personal income taxes and a reduced dormancy period for abandoned property; audit and overpayment recoveries; additional sweeps to available fund balances.
Ohio	Delay of 4.25 percent cut in income tax generated sufficient revenue to close the gap created by a court ordered delay in implementing video lottery terminals.
Pennsylvania	Other actions include $2.7 billion in Federal ARRA funds and various one-time revenues.
Puerto Rico	Property, Alcohol, cigarettes, & Income Taxes.
Rhode Island	User fees include reinstituting hospital licensing fees to 5.465 percent on 2009 Base Year and increasing accident report fees. Salary reductions include four pay reduction days and a six month delay of the 3 percent cost of living increase achieved through labor negotiations. Change in employee benefits includes a change in COLA provisions for future retirees. Changes in local aid include a reduction of $137.2 million of local aid from the FY 2010 enacted budget (including $8.0 million in Education Aid). Changes to agencies include eliminating funding for the Rhode Island Commission on Women.
Tennessee	Other actions include transfer from TennCare Reserve, transfer from 6/30/10 Closing Reserves, annual coverage assessment on hospitals of 3.52 percent, changes in corporate income tax and sales tax, and reallocation of privilege taxes.
Washington	There were no cuts to state employee benefits, but co-payments were increased.
Wisconsin	Cuts to the FY 2010 and FY 2011 budget passed under 2009 Act 28 (the biennial budget) included reductions to agency requests; employee furloughs and rollbacks of previously approved pay increases; cuts of direct school aid and shared revenue; across-the-board reductions; Department of Corrections and University of Wisconsin System cuts; agency cuts; and unallocated cuts and savings from Medicaid assessments and efficiencies. The total of these cuts for the biennium was $3,058 million.

Notes to Table 14: Number of Filled Full-Time Equivalent Positions at the End of Fiscal 2009 to Fiscal 2011, in All Funds

Arizona	In the past Arizona has only provided the appropriated FTE count from the Appropriations Book. The new numbers are head-counts of active employees.
Connecticut	General Fund and Special Transportation Fund only.
Hawaii	Data reflects appropriated permanent positions.
Louisiana	Actual total is 82,208 FTE as Louisiana reestablished Higher Education and LSU Health Science Center—Health Care Services Division positions in authorized table of organization count (34,159 for Higher Education & 7,215 for Health Care). However, in order to accurately compare to FY 2010 and FY 2009, figure included is actual total not including Higher Education and LSU Health Science Center.
Montana	The FTE numbers reflected in this survey response correspond with the total number of authorized positions for each respective year.
Nebraska	Appropriations bills do not limit authorized FTE to a specific number.
New Hampshire	Anticipate FY 2011 FTE equal to FY 2010; Budget law funded 12,157; however, positions will be held vacant to meet budget reduction requirements.
New Mexico	The State administers federal programs and supplies maintenance of efforts requirements as necessary.
Pennsylvania	Figures reflect total authorized positions on a full-time equivalent basis.
Wisconsin	Filled positions for final pay period of FY 2009 and FY 2010 as reported to the Legislative Audit Bureau and final FY 2009 and FY 2010 University of Wisconsin System vacancy report. Total authorized positions for FY 2011 is 71,063.

Notes to Table 16: Enacted Cost-of-Living Changes for Cash Assistance Benefit Levels Under the Temporary Assistance For Needy Families Block Grant, Fiscal 2100

Arizona	We did not reduce benefit levels in FY 2011. We did shorten the lifetime limit of benefits from 60 months to 36 months, but the actually monthly benefit level did not change.
Delaware	Recovery Act funds were used to provide a temporary increase that will be phased out by 9/30/10. Benefits will then return to 2009 levels.
Nebraska	No increase in the maximum grant an individual may receive has been enacted for FY 2011. Per State Statute (Sec. 43-513), Nebraska will not increase the maximum “standard of need” in FY 2011. The next “standard of need” increase is due July 1, 2011.
Vermont	A one-time summer food increase is not considered a base benefit increase.
West Virginia	West Virginia paid a one-time 200 percent increase (equates to one month increase in benefit).

STATE REVENUE DEVELOPMENTS

CHAPTER TWO

Overview

The substantial decline in state revenue collections during 2009 and 2010 was the primary contributing factor that led to declines in state general fund expenditures. The recession, which started in December 2007 and ended in the summer of 2009, has been described as the longest and most severe recession since the Great Depression in the 1930s. Gross Domestic Product (GDP) declined significantly during the first two quarters of 2009 and while there was some recovery in the second half of the year and first half of 2010, the economic recovery has been much more muted than anticipated, with GDP growth in the second quarter of 2010 at around two percent. Additionally, the unemployment rate is currently just below 10 percent, a significant drag on state tax revenue, which heavily relies on income tax collections. This lack of economic expansion along with significant job losses has resulted in decreasing sales, personal income, and corporate income tax collections during fiscal 2010. State finances can take many months and sometimes years to recover from recessions, as was the case from 2002-2004, when state spending experienced three consecutive years of real declines.

Revenues

According to the Rockefeller Institute of Government, total state revenues declined for five consecutive quarters from 2008-2009. Specifically, they declined 4.0 percent in the last quarter of calendar year 2008, 12.2, 16.8, 11.5 and 4.0 percent in the four quarters of 2009, respectively[1]. While total revenue collections have increased in the first two quarters of CY 2010, at 2.5 and 2.3 percent respectively, total collection levels remain well below their 2008 levels.

Within state general fund revenue collections, a similar pattern emerges. Total general fund tax revenues in 2010 were $609.7 billion compared to $680.2 billion in fiscal 2008, a decline of 10.4 percent. General fund revenues are also forecast to increase in fiscal 2011 based on states' enacted budgets. Total general fund revenues are forecast to be $636.3 billion, a 4.4 percent increase from fiscal 2010 levels, although still 6.5 percent below fiscal 2008.

Revenue collections of sales, personal income, and corporate income tax collections, which make up approximately 80 percent of general fund revenue were $475.9 billion in fiscal 2010, 2.7 percent below 2009 levels. States' enacted budgets for fiscal 2011 show a slight increase in these revenues with collections of $499.5 billion, a 5.0 percent rise compared to fiscal 2010. However, when compared to fiscal 2008 collections of sales, personal income, and corporate income taxes, they represent a 7.8 percent decline. *(See Tables 19 and 20)*.

The increase in total state revenue collections during the first two quarters of calendar year 2010, as reported by the Rockefeller Institute is evident when reviewing how actual fiscal 2010 state revenue collections compared to earlier estimates. In the spring of 2010, 46 states reported that their revenue collections were below their original forecast, while two states were on target and two states were above previous estimates. At the same time, nine states reported that their total collections were outpacing their most recent revenue forecast. Following the end of fiscal 2010, 12 states reported that their collections had come in higher than anticipated based on revised revenue estimates. While these states may have finished the fiscal year with more than anticipated, this surplus was only possible after significant levels of cuts and other actions to reduce the gap between expenditures and revenue collections. In fiscal 2009 total revenue collections were below estimates for 41 states, on target in four states and exceeded projections in four states. *(See Tables 17 & 18)*.

Revenue collections are expected to continue to stabilize in fiscal 2011. However, as the unemployment rate remains just

[1] Dadayan, Lucy and Boyd, Donald J. State Revenue Report. The Nelson A. Rockefeller Institute of Government. October 2010. http://bit.ly/cJ4yJ5

under 10 percent, personal income tax collections, the largest source of tax revenue for many states, will continue to be well below their 2008 peak. Additionally, as unemployment remains elevated, consumers have less to spend, yielding lower sales tax collections. As the recovery has been slower than many expected, analysts do not forecast unemployment to significantly fall for the foreseeable future.

Collections in Fiscal 2010

Collections of sales, personal income, and corporate income taxes during fiscal 2010 were 2.7 percent lower than fiscal 2009 collections. Specifically, sales tax collections were 0.6 percent lower and personal income tax collections were 3.8 percent lower than collections in fiscal 2009. Corporate income tax collections declined by 6.9 percent relative to actual fiscal 2009 collections. *(See Table 20)*.

Projected Collections in Fiscal 2011

Based on state enacted budgets for fiscal 2011, states are projecting a 5.0 percent increase in sales, personal income, and corporate income tax collections relative to fiscal 2010. Specifically, sales tax collections are expected to increase by 4.5 percent, while personal income tax collections are forecast to increase by 4.8 percent. Corporate income tax collections are projected to increase 8.5 percent.

TABLE 17

Number of States With Revenues Higher, Lower and On Target with Projections*

	Fiscal 2010	Fiscal 2011
Lower	36	13
On Target	2	20
Higher	12	14

**Fiscal 2010 relects whether revenues from all sources came in higher, lower, or on target with final projections. Fiscal 2011 reflect whether Fiscal 2011 collections thus far have been coming in higher, lower, or on target with projections.*
SOURCE: National Association of State Budget Officers.

TABLE 18

Fiscal 2010 Tax Collections Compared With Projections Used in Adopting Fiscal 2010 Budgets (Millions)**

	Sales Tax		Personal Income Tax		Corporate Income Tax		
State	Original Estimate	Current Estimate	Original Estimate	Current Estimate	Original Estimate	Current Estimate	Revenue Collection***
Alabama	$1,959	$1,851	$2,883	$2,609	$347	$402	L
Alaska	NA	NA	NA	NA	650	557	H
Arizona*	3,481	3,382	2,306	2,416	426	413	L
Arkansas	2,139	1,966	2,189	2,091	233	362	L
California	27,609	26,618	48,868	44,820	8,799	9,275	L
Colorado	2,020	1,825	4,341	4,084	319	372	L
Connecticut	3,167	3,204	6,631	6,586	722	667	H
Delaware	NA	NA	936	853	47	88	H
Florida	15,902	16,015	NA	NA	1,508	1,790	H
Georgia	5,213	4,865	8,338	7,017	543	685	L
Hawaii*	2,279	2,316	1,352	1,528	60	59	L
Idaho	1,026	950	1,212	1,125	162	131	L
Illinois	6,394	6,308	9,206	8,510	1,133	1,360	L
Indiana	6,132	5,915	4,289	3,876	800	592	L
Iowa	2,398	2,293	3,309	3,236	376	389	H
Kansas	1,845	1,858	2,510	2,418	250	225	L
Kentucky	3,067	2,794	3,630	3,154	506	238	L
Louisiana	2,866	2,612	2,557	2,281	517	208	L
Maine	939	954	1,291	1,298	148	175	H
Maryland	3,605	3,523	6,602	6,178	556	689	H
Massachusetts	4,501	4,612	10,241	10,110	1,501	1,600	H
Michigan	6,067	6,167	5,354	5,381	2,214	1,861	H
Minnesota	4,157	4,197	7,043	6,548	448	672	L
Mississippi	1,924	1,781	1,535	1,340	379	403	L
Missouri	1,861	1,732	5,122	4,434	410	288	L
Montana	58	66	867	718	160	88	L
Nebraska	1,320	1,290	1,585	1,515	165	154	L
Nevada	831	758	NA	NA	NA	NA	L
New Hampshire	NA	NA	NA	NA	321	328	L
New Jersey	8,579	7,871	10,393	10,243	2,440	2,289	L
New Mexico	2,428	2,081	1,237	945	273	120	L
New York	10,389	9,872	37,238	34,751	5,495	5,371	L
North Carolina	5,629	5,565	9,514	9,048	990	1,198	L
North Dakota	598	610	321	302	120	88	L
Ohio	7,077	6,995	7,247	7,479	142	100	L
Oklahoma	1,754	1,516	2,044	1,709	307	168	L
Oregon	NA	NA	5,242	4,943	279	354	L
Pennsylvania	8,391	8,029	10,277	9,969	1,878	1,791	L
Rhode Island*	815	803	963	898	113	144	L
South Carolina	2,192	2,191	2,469	2,171	129	110	H
South Dakota	659	643	NA	NA	NA	NA	L
Tennessee*	6,414	6,189	188	172	1,340	1,424	L
Texas*	21,100	21,100	NA	NA	NA	NA	L
Utah	1,473	1,430	2,260	2,229	274	217	L
Vermont	211	207	502	498	48	63	H
Virginia	3,022	3,043	8,947	8,960	705	731	H
Washington	7,551	7,031	NA	NA	NA	NA	L
West Virginia*	1,194	1,143	1,617	1,542	235	237	L
Wisconsin	4,089	3,944	6,231	6,089	717	835	T
Wyoming	485	433	NA	NA	NA	NA	T
TERRITORY							
Puerto Rico	606	545	2,614	2,614	1,541	1,556	T
Total	**$206,808**	**$200,546**	**$250,886**	**$236,073**	**$39,183**	**$39,310**	**-**

*NOTES: NA indicates data are not available because, in most cases, these states do not have that type of tax. *See Notes to Table 18. **Unless otherwise noted, original estimates reflect the figures used when the fiscal 2010 budget was adopted, and current estimates reflect preliminary actual tax collections. ***Refers to whether preliminary actual fiscal 2010 collections of Sales, Personal Income and Corporate Taxes were higher than, lower than, or on target with original estimates. Key: L=Revenues lower than estimates. H=Revenues higher than estimates. T=Revenues on target. ****Totals include only those states with data for both original and current estimates for fiscal 2010.*

SOURCE: National Association of State Budget Officers.

TABLE 19

Comparison of Tax Collections in Fiscal 2009, Fiscal 2010, and Enacted Fiscal 2011**

	Sales Tax			Personal Income Tax			Corporate Income Tax		
State	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2009	Fiscal 2010	Fiscal 2011
Alabama	$1,823	$1,851	$1,869	$2,681	$2,609	$2,691	$447	$402	$531
Alaska	NA	NA	NA	NA	NA	NA	613	557	669
Arizona	3,756	3,382	3,601	2,568	2,416	2,470	592	413	446
Arkansas	2,081	1,966	2,087	2,239	2,091	2,203	323	362	344
California	23,753	26,618	27,044	43,376	44,820	47,127	9,536	9,275	10,897
Colorado	1,931	1,825	2,010	4,333	4,084	4,609	293	372	342
Connecticut	3,319	3,204	3,165	6,386	6,586	6,683	616	667	663
Delaware	NA	NA	NA	911	853	849	127	88	79
Florida	16,531	16,015	16,824	NA	NA	NA	1,833	1,790	2,180
Georgia	5,307	4,865	5,254	7,815	7,017	7,282	695	685	602
Hawaii*	2,418	2,316	2,496	1,339	1,528	1,349	54	59	37
Idaho	1,022	950	989	1,168	1,125	1,171	141	131	133
Illinois	6,773	6,308	6,290	9,223	8,510	8,686	1,710	1,360	1,570
Indiana	6,153	5,915	6,438	4,314	3,876	4,547	839	592	819
Iowa	2,327	2,293	2,228	3,331	3,236	3,226	417	389	341
Kansas	1,925	1,858	2,242	2,682	2,418	2,577	240	225	255
Kentucky	2,858	2,794	2,919	3,315	3,154	3,300	268	238	235
Louisiana	3,071	2,612	2,669	2,966	2,281	2,466	825	208	372
Maine*	975	954	963	1,243	1,298	1,316	143	175	156
Maryland*	3,620	3,523	3,667	6,477	6,178	6,292	551	689	514
Massachusetts	3,869	4,612	4,897	10,584	10,110	10,704	1,549	1,600	1,397
Michigan*	6,089	6,167	6,261	5,856	5,381	5,538	2,285	1,861	2,191
Minnesota	4,344	4,197	4,492	6,988	6,548	7,342	708	672	799
Mississippi	1,922	1,781	1,765	1,475	1,340	1,353	422	403	393
Missouri	1,813	1,732	1,746	4,876	4,434	4,522	358	288	310
Montana	57	66	59	815	718	853	166	88	121
Nebraska*	1,326	1,290	1,365	1,600	1,515	1,630	199	154	185
Nevada	860	758	733	NA	NA	NA	NA	NA	NA
New Hampshire	NA	NA	NA	NA	NA	NA	252	328	325
New Jersey	8,264	7,871	8,353	10,476	10,243	9,855	2,810	2,289	2,455
New Mexico	2,307	2,081	2,234	959	945	1,057	163	120	200
New York	10,274	9,872	10,775	36,840	34,751	36,897	5,556	5,371	5,714
North Carolina	4,678	5,565	5,695	9,470	9,048	9,588	836	1,198	1,003
North Dakota	622	610	599	375	302	334	99	88	119
Ohio	7,113	6,995	7,267	7,628	7,479	7,568	521	100	132
Oklahoma	1,647	1,516	1,584	1,960	1,709	1,703	266	168	172
Oregon	NA	NA	NA	5,117	4,943	5,781	244	354	331
Pennsylvania	8,136	8,029	8,337	10,199	9,969	10,125	1,980	1,791	1,847
Rhode Island	808	803	787	941	898	938	104	144	119
South Carolina	2,248	2,191	2,137	2,327	2,171	2,046	207	110	120
South Dakota	659	643	671	NA	NA	NA	NA	NA	NA
Tennessee	6,321	6,189	6,249	220	172	186	1,362	1,424	1,476
Texas*	20,900	21,100	22,500	NA	NA	NA	NA	NA	NA
Utah	1,547	1,430	1,462	2,339	2,229	2,264	269	217	265
Vermont	214	207	214	530	498	527	66	63	66
Virginia	2,903	3,043	2,881	9,481	8,960	9,588	648	731	793
Washington	7,330	7,031	7,768	NA	NA	NA	NA	NA	NA
West Virginia	1,159	1,143	1,173	1,653	1,542	1,586	285	237	214
Wisconsin*	4,084	3,944	4,321	6,223	6,089	6,432	630	835	808
Wyoming	492	433	433	NA	NA	NA	NA	NA	NA
TERRITORY									
Puerto Rico*	895	545	604	2,614	2,614	2,812	1,364	1,556	1,667
Total* **	**$201,627**	**$200,546**	**$209,513**	**$245,297**	**$236,073**	**$247,258**	**$42,244**	**$39,310**	**$42,739**

*NOTES: NA indicates data are not available because, in most cases, these states do not have that type of tax. *See Notes to Table 19. ** Unless otherwise noted, fiscal 2009 figures reflect actual tax collections, 2010 figures reflect preliminary actual tax collections estimates, and fiscal 2011 figures reflect the estimates used in enacted budgets. ***Totals include only those states with data for all years.*
SOURCE: National Association of State Budget Officers.

TABLE 20

Percentage Change Comparison of Tax Collections in Fiscal 2009, Fiscal 2010, and Enacted Fiscal 2011**

	Sales Tax			Personal Income Tax			Corporate Income Tax		
State	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2009	Fiscal 2010	Fiscal 2011
Alabama	-11.8%	1.5%	1.0%	-9.8%	-2.7%	3.1%	-10.7%	-10.1%	32.1%
Alaska	NA	NA	NA	NA	NA	NA	-22.2	-9.2	20.2
Arizona	-13.7	-10.0	6.5	-24.6	-5.9	2.2	-24.5	-30.2	8.0
Arkansas	-1.4	-5.5	6.1	-4.5	-6.6	5.3	1.6	12.0	-4.8
California	-10.7	12.1	1.6	-19.9	3.3	5.1	-19.5	-2.7	17.5
Colorado	-9.2	-5.5	10.1	-12.9	-5.8	12.8	-42.4	27.2	-8.2
Connecticut	-7.4	-3.5	-1.2	-15.0	3.1	1.5	-16.1	8.3	-0.6
Delaware	NA	NA	NA	-9.6	-6.3	-0.5	-29.1	-30.5	-10.7
Florida	-10.3	-3.1	5.1	NA	NA	NA	-17.3	-2.4	21.8
Georgia	-8.5	-8.3	8.0	-11.5	-10.2	3.8	-26.3	-1.4	-12.1
Hawaii	-7.7	-4.2	7.8	-13.3	14.1	-11.7	-37.1	10.7	-38.0
Idaho	-10.5	-7.1	4.1	-18.3	-3.7	4.1	-25.7	-7.3	1.5
Illinois	-6.1	-6.9	-0.3	-10.6	-7.7	2.1	-8.1	-20.5	15.4
Indiana	8.2	-3.9	8.9	-10.8	-10.2	17.3	-7.8	-29.4	38.3
Iowa	16.4	-1.5	-2.8	-0.9	-2.8	-0.3	-13.9	-6.5	-12.4
Kansas	-1.7	-3.5	20.7	-7.4	-9.8	6.6	-44.4	-6.4	13.4
Kentucky	-0.7	-2.2	4.5	-4.8	-4.9	4.6	-38.4	-11.2	-1.3
Louisiana	7.2	-15.0	2.2	-6.4	-23.1	8.1	-12.2	-74.8	78.7
Maine*	-5.8	-2.1	0.9	-13.9	4.5	1.4	-22.4	22.5	-11.1
Maryland*	-1.5	-2.7	4.1	-6.7	-4.6	1.8	-0.2	25.2	-25.5
Massachusetts	-5.3	19.2	6.2	-15.2	-4.5	5.9	2.4	3.3	-12.7
Michigan	-10.1	1.3	1.5	-19.0	-8.1	2.9	-7.3	-18.5	17.7
Minnesota	-5.0	-3.4	7.0	-9.9	-6.3	12.1	-30.6	-5.1	19.0
Mississippi	-1.3	-7.3	-0.9	-4.4	-9.1	1.0	-15.7	-4.5	-2.4
Missouri	-6.1	-4.5	0.8	-6.4	-9.1	2.0	-22.0	-19.6	7.7
Montana	245.7	15.3	-11.3	-5.9	-11.9	18.8	3.7	-47.2	38.1
Nebraska*	0.3	-2.7	5.8	-7.3	-5.3	7.6	-14.8	-22.3	19.9
Nevada	-12.8	-11.8	-3.3	NA	NA	NA	NA	NA	NA
New Hampshire	NA	NA	NA	NA	NA	NA	-20.5	30.3	-0.9
New Jersey	-7.3	-4.8	6.1	-16.9	-2.2	-3.8	-10.3	-18.5	7.3
New Mexico	-0.7	-9.8	7.4	-21.0	-1.4	11.9	-54.2	-26.2	66.7
New York	-3.0	-3.9	9.1	0.8	-5.7	6.2	-7.7	-3.3	6.4
North Carolina	-6.1	19.0	2.3	-13.1	-4.5	6.0	-24.8	43.4	-16.3
North Dakota	12.1	-1.9	-1.8	22.1	-19.5	10.6	-29.8	-11.1	35.2
Ohio	-6.6	-1.7	3.9	-16.3	-2.0	1.2	-30.8	-80.8	32.0
Oklahoma	2.2	-7.9	4.5	-12.5	-12.8	-0.3	-4.8	-36.9	2.7
Oregon	NA	NA	NA	2.9	-3.4	17.0	-44.7	45.0	-6.4
Pennsylvania	-4.2	-1.3	3.8	-6.5	-2.3	1.6	-18.1	-9.5	3.1
Rhode Island	-4.3	-0.6	-2.0	-12.4	-4.5	4.4	-30.6	37.5	-17.2
South Carolina	-8.7	-2.5	-2.5	-18.8	-6.7	-5.7	-22.9	-46.9	9.1
South Dakota	2.2	-2.4	4.4	NA	NA	NA	NA	NA	NA
Tennessee	-7.7	-2.1	1.0	-24.5	-22.1	8.3	-15.9	4.5	3.7
Texas*	-3.3	1.0	6.6	NA	NA	NA	NA	NA	NA
Utah	-11.0	-7.6	2.2	-10.5	-4.7	1.6	-35.3	-19.3	22.1
Vermont	-5.1	-3.1	3.2	-14.8	-6.1	5.8	-11.3	-5.1	4.6
Virginia	-5.6	4.8	-5.3	-6.3	-5.5	7.0	-19.8	12.8	8.5
Washington	-10.8	-4.1	10.5	NA	NA	NA	NA	NA	NA
West Virginia	0.3	-1.3	2.6	2.4	-6.7	2.9	-28.9	-16.7	-9.8
Wisconsin*	-4.3	-3.4	9.5	-7.3	-2.1	5.6	-24.9	32.6	-3.1
Wyoming	-2.6	-12.0	0.0	NA	NA	NA	NA	NA	NA
TERRITORY									
Puerto Rico*	-1.8	-39.1	10.8	-6.4	0.0	7.6	-12.9	14.1	7.1
Total* **	**-5.9%**	**-0.6%**	**4.5%**	**-11.2%**	**-3.8%**	**4.8%**	**-16.9%**	**-6.9%**	**8.5%**

*NOTES: NA indicates data are not available because, in most cases, these states do not have that type of tax. *See Notes to Table 20. ** Unless otherwise noted, fiscal 2009 figures reflect actual tax collections, 2010 figures reflect preliminary actual tax collections estimates, and fiscal 2011 figures reflect the estimates used in enacted budgets. ***Totals include only those states with data for all years.*
SOURCE: National Association of State Budget Officers.

Enacted Fiscal 2011 Revenue Changes

In reaction to the significant reductions in revenue, states enacted $23.9 billion in tax and fee changes in fiscal 2010 along with $7.7 billion in other revenue measures. For fiscal 2011, states continued this theme, albeit at a lower level, enacting $6.2 billion in tax and fee changes. Specifically, 23 states enacted net increases while 6 states enacted net decreases. In addition to these increases, states enacted an additional $2.9 billion in revenue measures. These measures enhance general fund revenue but do not affect taxpayer liability and may rely on enforcement of existing laws, additional audits and compliance efforts, and increasing fines for late filings. *(See Table 21)*.

The largest change will occur in motor fuel taxes ($2.5 billion). Of this, $2.5 billion is accounted for in changes enacted in California. Other tax and fee increases enacted include increases of $1.1 billion in fees, $1.1 billion in corporate income taxes, $1.1 billion in other taxes, $472 million in cigarette taxes, $423 million in personal income taxes, while enacted sales taxes are expected to decrease $613 million and enacted alcohol tax charges are projected to decline by $33 million.

Sales Taxes—Nine states enacted sales tax increases while six enacted decreases in their fiscal 2011 budgets. The result is a net revenue decrease of $613 million. Much of this change is due to the elimination of sales tax on motor fuel in California.

Personal Income Taxes—Eight states enacted personal income tax increases while four enacted decreases for a net increase of $424 million. Much of this change is accounted for in New York, which increased personal income taxes by $233 million.

Corporate Income Taxes—Seven states enacted corporate income tax increases while three enacted decreases in their fiscal 2011 budgets for a net increase of $1.1 billion. Much of this increase is due to changes made in California.

Cigarette and Tobacco Taxes. Seven states enacted cigarette tax increases for a net change of $472 million. Rate increases in New York increased revenue by $290 million.

Motor Fuel Taxes—Five states enacted a motor fuel tax increase for a net change of $2.5 billion. Changes in California were responsible for nearly all of this change.

Alcohol Taxes—No states enacted alcohol tax increases, while two enacted decreases in their fiscal 2011 budgets for a net decrease of $33 million.

Other Taxes—Ten states enacted other tax increases while four states enacted decreases in their fiscal 2011 budgets for a net change of $1.1 billion. Numerous changes in Washington raised nearly $500 million.

Fees—Seventeen states enacted fee increases in their fiscal 2011 budgets for a net change of $ 1.1 billion. Increases in Georgia, Colorado, and California accounted for the majority of the increases.

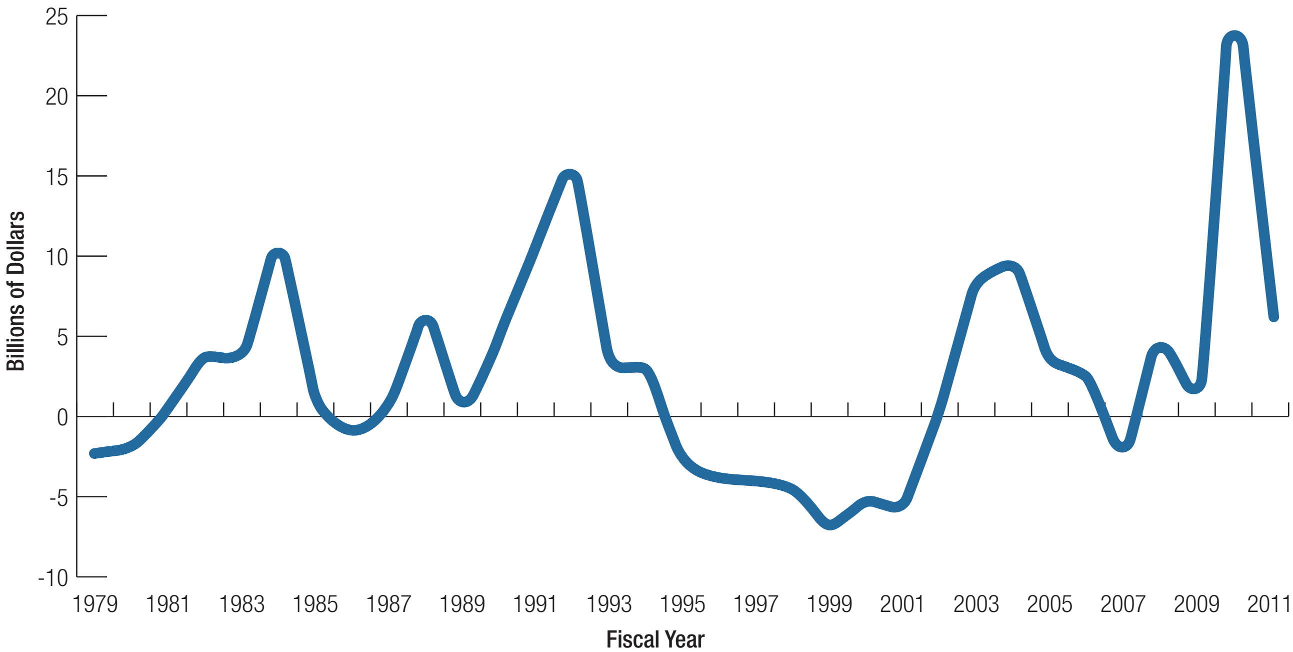
TABLE 21
Enacted State Revenue Changes, Fiscal 1980 to Fiscal 2011

Fiscal Year	Revenue Change (Billions)
2011	$6.2
2010	23.9
2009	1.5
2008	4.5
2007	-2.1
2006	2.5
2005	3.5
2004	9.6
2003	8.3
2002	0.3
2001	-5.8
2000	-5.2
1999	-7.0
1998	-4.6
1997	-4.1
1996	-3.8
1995	-2.6
1994	3.0
1993	3.0
1992	15.0
1991	10.3
1990	4.9
1989	0.8
1988	6.0
1987	0.6
1986	-1.1
1985	0.9
1984	10.1
1983	3.5
1982	3.8
1981	0.4
1980	-2.0

SOURCES: Advisory Commission on Intergovernmental Relations, Significant Features of Fiscal Federalism,1985-86 edition, page 77, based on data from the Tax Foundation and the National Conference of State Legislatures. Fiscal 1988–2011 data provided by the National Association of State Budget Officers.

FIGURE 3:

Enacted State Revenue Changes, Fiscal 1979 to Fiscal 2011



SOURCE: National Association of State Budget Officers.

TABLE 22

Enacted Fiscal 2011 Revenue Actions by Type of Revenue and Net Increase or Decrease* (Millions)

State	Sales	Personal Income	Corporate Income	Cigarettes/ Tobacco	Motor Fuels	Alcohol	Other Taxes	Fees	Total
Alabama									0.0
Alaska									0.0
Arizona	918.0	13.0	-10.0					12.0	933.0
Arkansas									0.0
California	-2525.0	137.0	949.4	0.0	2516.0	0.0	0.0	119.2	1196.6
Colorado								200.0	200.0
Connecticut	-7.0				1.7	-1.9			-7.2
Delaware									0.0
Florida	4.6		70.0			-31.0	164.7	45.7	254.0
Georgia	55.2	21.8					68.0	348.4	493.4
Hawaii				10.8	13.2		8.2		32.2
Idaho									0.0
Illinois									0.0
Indiana		-3.3							-3.3
Iowa									0.0
Kansas	339.1								339.1
Kentucky									0.0
Louisiana									0.0
Maine	0.1	11.0	10.4	1.8			21.1	2.2	46.5
Maryland								2.1	2.1
Massachusetts							51.0		51.0
Michigan									0.0
Minnesota		9.5	-9.9				26.9	9.6	36.1
Mississippi								8.5	8.5
Missouri	-1.9							1.5	-0.4
Montana									0.0
Nebraska									0.0
Nevada									0.0
New Hampshire							2.6		2.6
New Jersey		45.1	45.0		18.0			0.5	108.6
New Mexico	71.8			35.8					107.6
New York	349.0	239.0		290.0				44.1	922.1
North Carolina	-5.3						-39.1	13.9	-30.5
North Dakota	-4.6	-48.6	-5.0				-5.6		-63.8
Ohio									0.0
Oklahoma									0.0
Oregon**			55.0						55.0
Pennsylvania									0.0
Rhode Island**		-6.0			1.0		1.3	141.5	143.9
South Carolina									0.0
South Dakota									0.0
Tennessee	-20.0		16.0				310.0		306.0
Texas									0.0
Utah				43.2					43.2
Vermont				1.1			-3.0	2.7	0.8
Virginia	49.1	0.1	22.2					15.2	86.6
Washington	164.0			88.8			498.8	182.0	933.6
West Virginia		-1.0			13.0		-15.0		-3.0
Wisconsin**									0.0
Wyoming									0.0
TERRITORY									
Puerto Rico									0.0
Total	**-$612.9**	**$423.5**	**$1,143.1**	**$471.5**	**$2,544.9**	**-$32.9**	**$1,089.9**	**$1,149.1**	**$6,194.3**

*NOTE: *See Appendix Table A-1 for details on specific revenue changes **See Notes to Table 22.*
SOURCE: National Association of State Budget Officers.

CHAPTER 2 NOTES

Notes to Table 18: Fiscal 2010 Tax Collections Compared with Projections Used in Adopting Fiscal 2010 Budgets

Arizona None of the estimated Disproportionate Share amount was deposited in the General Fund by the end of FY 2010. If it were, we would have made our forecast.

Hawaii Dollar values represent totals from June 2010 Fiscal Survey. Total collections were lower due to delayed processing of tax refunds for tax year 2009.

Rhode Island Final total FY 2010 General Fund Revenues are not available yet. Designation is based on preliminary Final Total General Fund Revenues which are subject to further revisions.

Tennessee FY 2010 revenues "Lower than projected" estimates used when budget adopted FY 2010. FY 2010 revenues "lower than projected" with revised estimates made when budget adopted FY 2011. FY 2011 revenues "more than projected" for two months.

Texas Preliminary actual data for 2010 is based off data submitted in the spring of 2010. An updated estimate is expected in January 2011.

Notes to Table 19: Comparison of Tax Collections in Fiscal 2009, Fiscal 2010, and Enacted Fiscal 2011

Hawaii Dollar values represent totals from June 2010 Fiscal Survey

Maine FY 2010 and 2011 estimates amounts come from the RFC on 3/10/10.

Maryland Corporate Income Tax totals includes $129.0 million of extraordinary income from the sale of Constellation Energy. Excluding extraordinary income, corporate income taxes increased 1.7 percent in FY 2010 and fell 8.3 percent in FY 2011.

Michigan The fiscal 2011 enacted budget is based on the May 2010 consensus estimates and is net of all enacted tax changes. Tax estimates represent total tax collections. Sales tax collections are for the Michigan sales tax only and do not include collections from Michigan use tax. Michigan does not have a Corporate Income tax; estimates are for the Michigan Business Tax that replaced Michigan's Single Business Tax effective December 2007. The fiscal 2010 revenues appear to be higher than May 2010 consensus revenue estimates which may translate into higher fiscal 2011 revenues; updated fiscal 2011 revenue figures will be released at the next regularly scheduled consensus revenue conference in January 2011.

Nebraska Fiscal 2011 amounts represent revenue estimates at the conclusion of the most recent legislative session.

Puerto Rico For FY 2010 the amount of sales tax collections going into the General Fund was reduced by 0.75 percent to provide funding for the Sales Tax Financing Corporation debt service requirements, as mandated by Law.

Wisconsin FY 2009 Actuals from Exhibit A-1 of Wisconsin's Annual Fiscal Report. Preliminary FY 2010 Actuals from September 3, 2010 Legislative Fiscal Bureau Memo, Preliminary 2009-10 General Fund Tax Collections. Tax collection estimates used to budget for FY 2010 and FY 2011 from Legislative Fiscal Bureau, Comparative Summary of Budget Recommendations, 2009 Act 28.

Texas Preliminary actual data for 2010 is based off data submitted in the spring of 2010. An updated estimate is expected in January 2011.

Notes to Table 22: Enacted Fiscal 2011 Revenue Actions by Type of Revenue and Net Increase or Decrease

Oregon	Oregon operates on a full-biennium basis. The listed change in part a) was made during a special legislative session. Tax/fee increases/decreases and revenue measures affecting FY 2011 were made during the 2009 regular session and have been previously reported.
Rhode Island	Foregone revenue amount is not included in the enacted FY 2011 total general revenues.
Wisconsin	Wisconsin operates on a biennial basis. Tax and fee increases or decreases, and revenue measures affecting FY 2011 were made during the 2009 legislative session and have been previously reported.

TOTAL BALANCES

CHAPTER THREE

Maintaining adequate balance levels helps states to mitigate the disruption to state services during an economic downturn. Total balances include both ending balances and the amounts in states' budget stabilization funds (rainy day funds) and reflect the funds that states may use to respond to unforeseen circumstances after budget obligations have been met. Additionally, rainy day funds are needed to ensure that budgets can be balanced when revenues do not meet expectations in the latter part of the fiscal year when budget cuts and revenue increases do not have enough time to take effect. Though budget experts' views vary, the informal rule-of-thumb has previously been to build up total budget reserve balances to a level that equals at least five percent of total expenditures to provide a relatively adequate fiscal cushion. State officials often try and avoid drawing down balance levels at the beginning of a downturn, and may also be legislatively prohibited from draining all rainy day funds immediately. In total, 48 states have budget stabilization funds which may be budget reserve funds, revenue-shortfall accounts, or cash-flow accounts. About three-fifths of the states have limits on the size of their budget stabilization funds, ranging from 3 to 10 percent of appropriations. Ordinarily, funds above those limits remain in a state's ending balances.

Prior to the start of this most recent recession and the recession in 2001, states built up fairly significant balance levels. In fiscal 2000, balances reached 10.4 percent of expenditures. However, by 2003 balance levels had fallen to 3.2 percent of expenditures. Due to strong revenue growth experienced by nearly every state during the middle part of the decade, most states were able to rebuild their balances to substantial levels. By 2006, total balances reached a peak at $69 billion or 11.5 percent of general fund expenditures. However, the difficult fiscal conditions in fiscal 2009 and the severe deterioration in state fiscal conditions during fiscal 2010 resulted in balance levels falling to 6.4 percent of expenditures in fiscal 2010 (*See Figures 6, 7, and 8)*. Balance levels are forecast to fall slightly in fiscal 2011 to $36.2 billion, 5.6 percent of general fund expenditures *(See Tables 23, 25, and 26)*.

Although total balance levels representing 6.4 percent of general fund expenditures may seem like a reasonable cushion given the difficulties experienced by states over the past few years, when examining balance levels for fiscal 2010 a bit further, a starker picture emerges. For fiscal 2010, total balance levels were $39.2 billion. However, the balance levels for Texas and Alaska, at $14.0 billion and $11.4 billion respectively, combine to represent 64.7 percent of total balance levels. When these two states are removed from total balance levels, then fiscal 2010 balance levels represent only 2.4 percent of expenditures, well below the 5 percent level.

Additionally, the view that total balance levels across all states are inflated due to the robust levels in two states is reinforced by the fact that in fiscal 2010, 13 states had balance levels below one percent and 15 states had balance levels greater than one percent, but less than five percent. Based on states' enacted budgets, a similar theme has continued into fiscal 2011, as 13 states forecast balance levels below one percent and 19 states predict balance levels greater than one percent, but below 5 percent *(See Table 24)*. These states with lower balance levels impede their ability to respond to events that occur during the fiscal year, including unanticipated budget gaps that appear towards the end of the fiscal year.

TABLE 23

Total Year-End Balances, Fiscal 1979 to Fiscal 2011

Fiscal Year	Total Balance (Billions)	Total Balance (Percentage of Expenditures)
2011*	$36.2	5.6%
2010*	39.2	6.4
2009	30.6	4.6
2008	59.1	8.6
2007	65.9	10.1
2006	69.0	11.5
2005	46.6	8.4
2004	27.5	4.6
2003	16.4	3.2
2002	18.3	3.7
2001	44.1	9.1
2000	48.8	10.4
1999	39.3	8.4
1998	35.4	9.2
1997	30.7	7.9
1996	25.1	6.8
1995	20.6	5.8
1994	16.9	5.1
1993	13.0	4.2
1992	5.3	1.8
1991	3.1	1.1
1990	9.4	3.4
1989	12.5	4.8
1988	9.8	4.2
1987	6.7	3.1
1986	7.2	3.5
1985	9.7	5.2
1984	6.4	3.8
1983	2.3	1.5
1982	4.5	2.9
1981	6.5	4.4
1980	11.8	9.0
1979	11.2	8.7
Average	**—**	**5.8%**

*NOTE: *Figures for fiscal 2010 are preliminary actual figures for fiscal 2011 are based on appropriated data.*
SOURCE: National Association of State Budget Officers.

TABLE 24

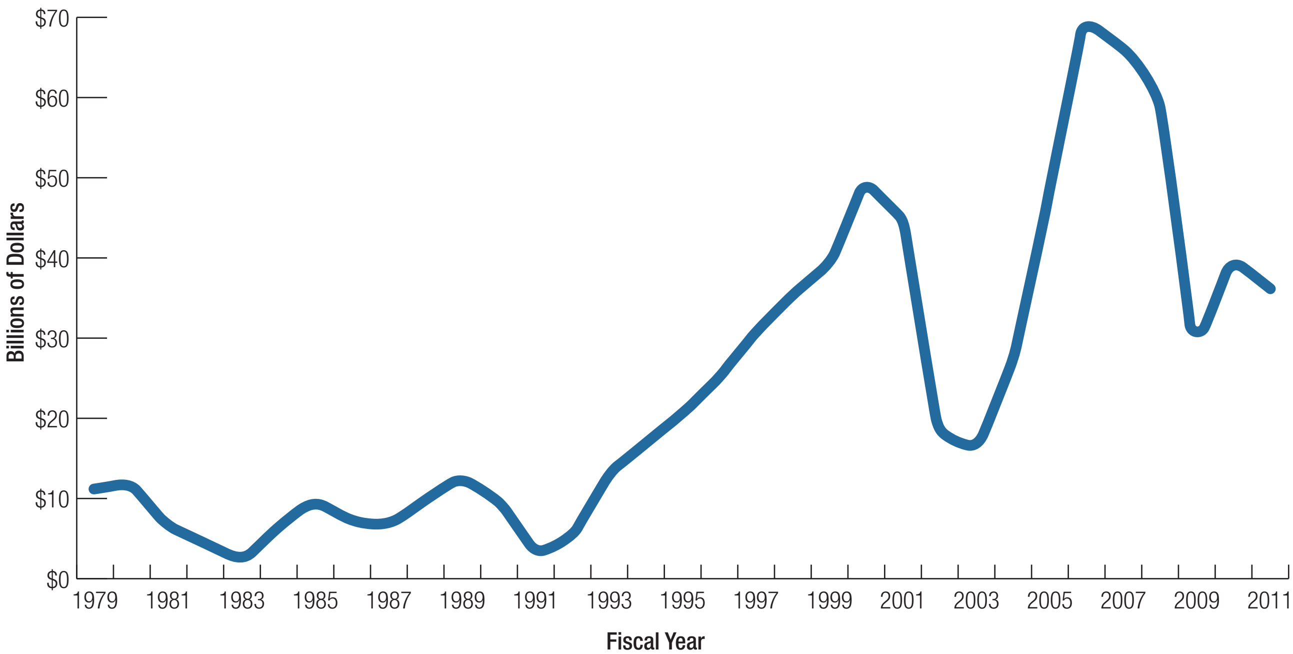
Total Year-End Balances as a Percentage of Expenditures, Fiscal 2009 to Fiscal 2011

	Number of States		
Percentage	Fiscal 2009 (Actual)	Fiscal 2010 (Preliminary Actual)	Fiscal 2011 (Appropriated)
Less than 1.0%	9	13	13
1.0% to 4.9%	17	15	19
5.0% to 9.9%	14	12	8
10% or more	10	10	10

NOTE: The average for fiscal 2009 (actual) was 4.6 percent the average for fiscal 2010 (prelinary actual) is 6.4 percent and the average for fiscal 2011 (appropriated) is 5.6 percent.
SOURCE: National Association of State Budget Officers.

FIGURE 4:

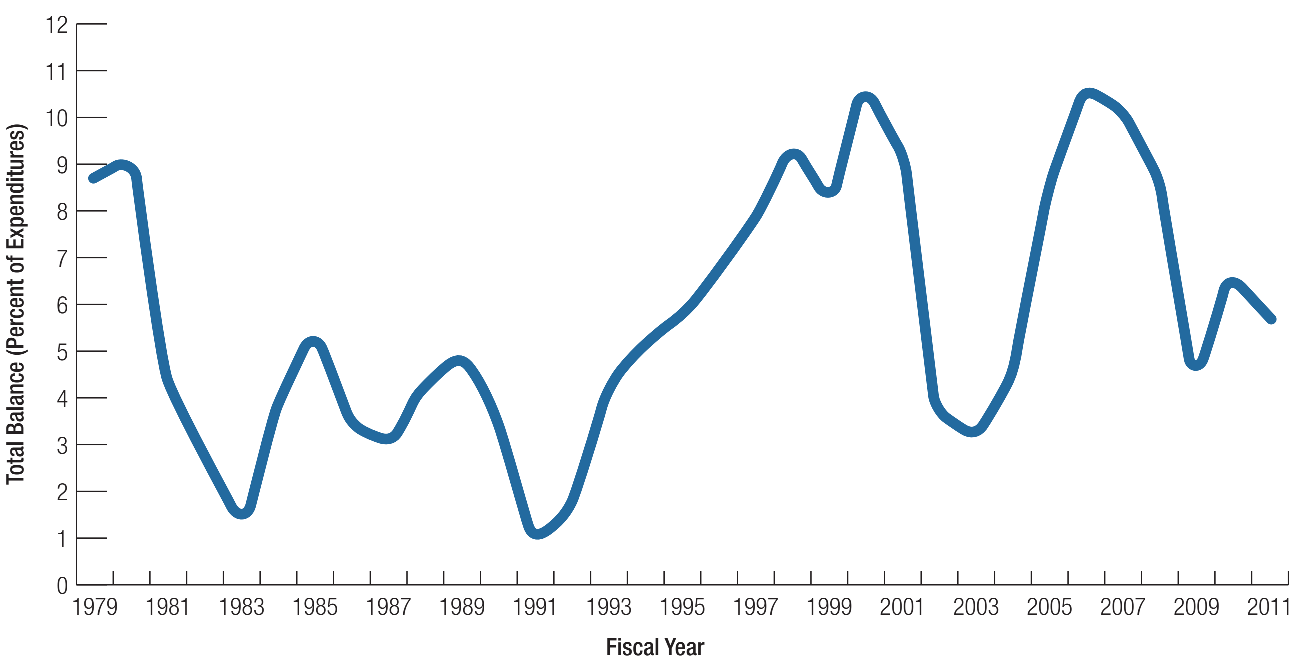
Total Year-End Balances Fiscal 1979 to Fiscal 2011



SOURCE: National Association of State Budget Officers.

FIGURE 5:

Total Year-End Balances as a Percentage of Expenditures Fiscal 1979 to Fiscal 2011



SOURCE: National Association of State Budget Officers.

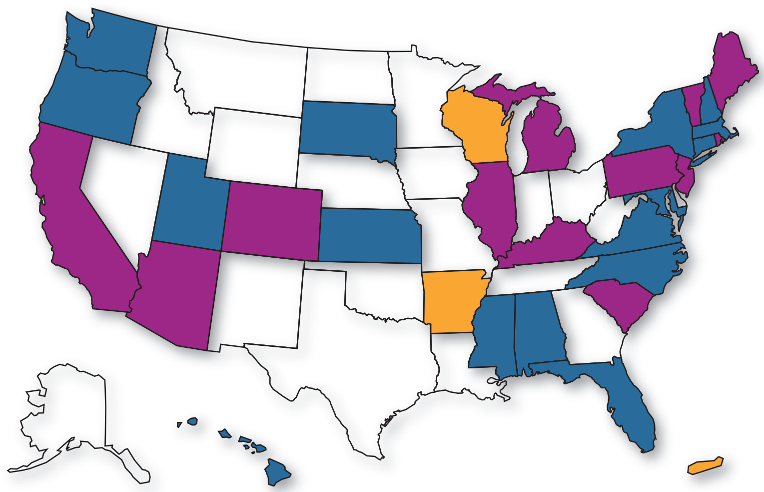


FIGURE 6:
State Total Balance Levels 2008

- Less than 1 percent (3)
- Greater than 1 percent but less than 5 percent (12)
- Greater than 5 percent but less than 10 percent (16)
- Greate than 10 percent (20)

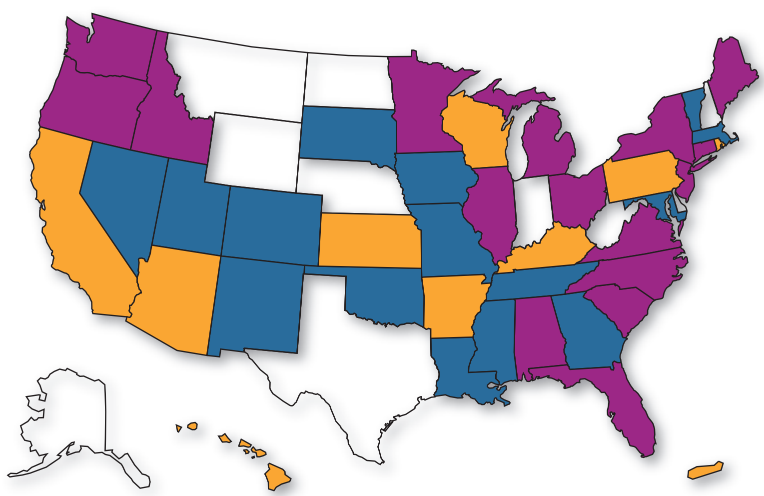


FIGURE 7:
State Total Balance Levels 2009

- Less than 1 percent (10)
- Greater than 1 percent but less than 5 percent (17)
- Greater than 5 percent but less than 10 percent (14)
- Greate than 10 percent (10)

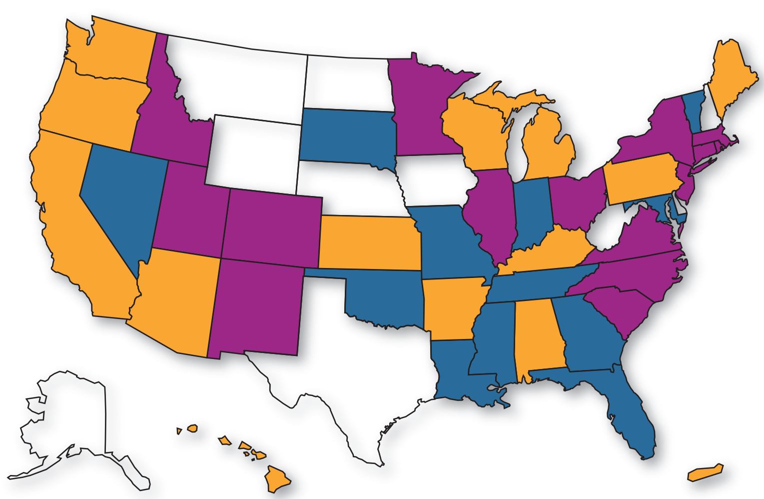


FIGURE 8:
State Total Balance Levels 2010

- Less than 1 percent (14)
- Greater than 1 percent but less than 5 percent (15)
- Greater than 5 percent but less than 10 percent (12)
- Greate than 10 percent (10)

TABLE 25

Total Balances and Balances as a Percentage of Expenditures, Fiscal 2009 to Fiscal 2011

State	Total Balance ($ in Millions)** Fiscal 2009	Fiscal 2010	Fiscal 2011	Balances as a Percent of Expenditures Fiscal 2009	Fiscal 2010	Fiscal 2011
Alabama	$284	$55	$0	3.7%	0.8%	0.0%
Alaska	$7,447	$11,447	$11,067	129.9	248.5	193.4
Arizona	-$478	-$7	$63	-5.5	-0.1	0.7
Arkansas	$0	$0	$0	0.0	0.0	0.0
California***	-$5,855	-$4,804	$2,874	-6.4	-5.6	3.3
Colorado***	$444	$146	$136	6.0	2.2	1.9
Connecticut	$456	$553	$0	2.7	3.2	0.0
Delaware***	$379	$724	$464	11.5	23.5	14.0
Florida	$905	$1,458	$738	3.8	6.8	3.1
Georgia***	$1,738	$1,331	$1,138	9.9	8.3	6.9
Hawaii	$24	$41	$84	0.4	0.9	1.7
Idaho	$128	$31	$2	4.3	1.2	0.1
Illinois	$556	$406	$406	2.1	1.8	1.4
Indiana	$1,329	$831	$188	10.2	6.5	1.4
Iowa	$519	$755	$914	8.7	14.2	17.3
Kansas	$50	-$67	$73	0.8	-1.2	1.3
Kentucky	$47	$80	$0	0.5	0.9	0.0
Louisiana	$930	$537	$537	9.9	6.8	7.0
Maine	$52	$0	$27	1.7	0.0	1.0
Maryland	$779	$956	$1,161	5.4	7.1	8.9
Massachusetts***	$1,017	$752	$537	3.1	2.4	1.7
Michigan	$179	$2	$2	2.1	0.0	0.0
Minnesota	$447	$342	$272	2.7	2.3	1.7
Mississippi	$341	$257	$156	6.8	5.2	3.5
Missouri	$523	$436	$356	6.2	5.8	4.6
Montana	$393	$310	$309	21.1	18.1	16.6
Nebraska	$1,000	$764	$456	30.0	23.1	13.4
Nevada	$212	$167	$174	5.6	5.1	5.2
New Hampshire	$212	$167	$174	15.0	11.9	13.0
New Jersey	$614	$505	$303	2.0	1.8	1.1
New Mexico***	$389	$253	$45	6.4	4.6	0.8
New York***	$1,948	$2,302	$1,385	3.6	4.2	2.6
North Carolina	$242	$387	$406	1.2	2.1	2.1
North Dakota	$687	$907	$368	55.5	68.9	19.0
Ohio	$735	$510	$154	2.7	2.0	0.6
Oklahoma	$623	$414	$175	9.5	8.1	3.3
Oregon	$113	-$411	$110	1.9	-6.4	1.6
Pennsylvania	-$1,275	-$293	$4	-4.7	-1.2	0.0
Rhode Island	$19	$133	$151	0.6	4.7	5.1
South Carolina***	$121	$245	$383	2.1	4.8	7.6
South Dakota	$107	$107	$107	9.3	9.5	9.2
Tennessee	$634	$729	$482	5.9	7.5	4.5
Texas	$8,703	$13,958	$8,240	20.5	42.6	18.4
Utah	$440	$209	$219	9.1	4.7	4.6
Vermont	$60	$57	$54	5.2	5.3	5.0
Virginia	$736	$428	$305	4.6	2.9	2.0
Washington	$211	-$447	-$516	1.4	-3.0	-3.3
West Virginia	$953	$1,108	$1,100	24.0	30.1	29.1
Wisconsin	$90	$71	$57	0.7	0.6	0.4
Wyoming	$403	$398	$407	23.0	22.7	28.4
TERRITORY						
Puerto Rico	$0	$0	$0	0.0	0.0	0.0
Total**	**$30,608**	**$39,240**	**$36,246**	**4.6%**	**6.4%**	**5.6%**

*NOTES: NA indicates data not available. *Fiscal 2009 are actual figures, fiscal 2010 are preliminary actual figures, and fiscal 2011 are appropriated figures. **Total balances include both the ending balance and Rainy Day Funds. ***Ending Balance includes Rainy Day Fund.*
SOURCE: National Association of State Budget Officers.

TABLE 26

Rainy Day Fund Balances and Rainy Day Fund Balances as a Percentage of Expenditures, Fiscal 2009 to Fiscal 2011

State	Rainy Day Fund Total Balance ($ in Millions)**			Rainy Day Fund Balances as a Percent of Expenditures		
	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2009	Fiscal 2010	Fiscal 2011
Alabama	$179	$55	$0	2.3%	0.8%	0.0%
Alaska	$8,898	$10,497	$11,334	155.2	227.9	198.1
Arizona	$3	$0	$0	0.0	0.0	0.0
Arkansas	$0	$0	$0	0.0	0.0	0.0
California	$0	$0	$0	0.0	0.0	0.0
Colorado	$444	$146	$136	6.0	2.2	1.9
Connecticut	$1,382	$103	$0	8.2	0.6	0.0
Delaware	$186	$186	$186	5.7	6.1	5.6
Florida	$274	$275	$276	1.2	1.3	1.1
Georgia	$217	$193	$193	1.2	1.2	1.2
Hawaii	$60	$63	$46	1.1	1.3	0.9
Idaho	$128	$31	$0	4.3	1.2	0.0
Illinois	$276	$276	$276	1.0	1.2	0.9
Indiana	$365	$0	$7	2.8	0.0	0.0
Iowa	$519	$419	$434	8.7	7.9	8.2
Kansas*	$0	$0	$0	0.0	0.0	0.0
Kentucky	$7	$0	$0	0.1	0.0	0.0
Louisiana	$854	$644	$644	9.1	8.1	8.3
Maine	$0	$0	$25	0.0	0.0	0.9
Maryland	$692	$612	$631	4.8	4.6	4.8
Massachusetts	$841	$657	$657	2.6	2.1	2.1
Michigan	$2	$2	$2	0.0	0.0	0.0
Minnesota	$0	$0	$0	0.0	0.0	0.0
Mississippi	$334	$250	$156	6.7	5.1	3.5
Missouri	$260	$252	$257	3.1	3.3	3.3
Montana	$0	$0	$0	0.0	0.0	0.0
Nebraska	$576	$467	$322	17.3	14.1	9.5
Nevada	$1	$0	$0	0.0	0.0	0.0
New Hampshire	$9	$9	$97	0.7	0.7	7.2
New Jersey	$0	$0	$0	0.0	0.0	0.0
New Mexico	$389	$253	$45	6.4	4.6	0.8
New York	$1,206	$1,206	$1,206	2.2	2.2	2.3
North Carolina	$150	$150	$150	0.8	0.8	0.8
North Dakota	$325	$325	$325	26.3	24.7	16.8
Ohio	$0	$0	$0	0.0	0.0	0.0
Oklahoma	$597	$373	$0	9.1	7.3	0.0
Oregon	$113	$16	$110	1.9	0.2	1.6
Pennsylvania	$755	$1	$1	2.8	0.0	0.0
Rhode Island	$80	$112	$127	2.7	3.9	4.3
South Carolina	$0	$111	$277	0.0	2.2	5.5
South Dakota	$107	$107	$107	9.3	9.5	9.2
Tennessee	$557	$453	$257	5.2	4.7	2.4
Texas	$6,276	$7,736	$8,156	14.8	23.6	18.2
Utah	$419	$209	$209	8.7	4.7	4.4
Vermont	$60	$57	$54	5.2	5.3	5.0
Virginia	$575	$295	$298	3.6	2.0	1.9
Washington	$21	$95	$4	0.1	0.6	0.0
West Virginia	$473	$556	$631	11.9	15.1	16.7
Wisconsin	$0	$0	$0	0.0	0.0	0.0
Wyoming	$398	$398	$402	22.7	22.7	28.1
TERRITORY						
Puerto Rico	$0	$0	$0	0.0	0.0	0.0
Total**	**$29,006**	**$27,589**	**$28,037**	**4.4%**	**4.5%**	**4.3%**

*NOTES: *See Notes to Table 26. NA indicates data not available. **Fiscal 2009 are actual figures, fiscal 2010 are preliminary actual figures, and fiscal 2011 are appropriated figures. Rainy Day Fund Balances do not include ending balances.*
SOURCE: National Association of State Budget Officers.

CHAPTER 3 NOTES

Notes to Table 26: Rainy Day Fund Balances and Rainy Day Fund Balances as a Percentage of Expenditures, Fiscal 2009 to Fiscal 2011

Kansas	Kansas does not have a "Rainy Day" fund. However, the balanced budget provision of the constitution requires revenues to finance the approved budget.

OTHER STATE BUDGETING CHANGES

CHAPTER FOUR

Changes to State Budgeting and/or Financial Management Practices

For fiscal 2011, a number of states enacted changes to their financial management practices ranging from the development and implementation of new state budgeting systems to reorganizing state government agencies in an effort to reduce costs. The most common change was that of pension and benefit reform. Nearly all states making pension and benefit changes required state employees to contribute a higher proportion of their salary, although some states put these increases towards retirement pension costs, whereas other states required employees to contribute to a healthcare fund. Additionally, a few states noted that while they did not enact any pension or benefit changes for fiscal 2011, they did set up a review committee to research possible changes that would reduce long-term costs. A few states reported that they began implementation of new budgeting systems, along with other states that are providing funds to begin the process of building a new system. A few states reported reorganizing and combining state agencies to improve efficiencies and reduce costs. *(See Table 27)*.

Changes in State Aid to Local Governments

A large number of states reported reducing aid to local governments for fiscal 2011, with some instances of significant reductions. While the manner in which states reduced aid may have differed, the overall effect was largely the same; redirecting monies to state general funds in order to make up for reduced tax revenue collections. Some of the more common methods employed by states, included straight reductions in aid given to localities, via a reduction in "local government funds." Another common method of reducing aid to localities was to reduce funds for specific programs which are run by local governments including K-12 education, road maintenance, as well as property tax relief. Finally, some states reduced revenue sharing agreements with local governments. *(See Table 28)*.

TABLE 27

Enacted Changes to Budgeting and Financial Management Practices

Alaska	Changes include a reclassification of certain “other” fund sources to “designated GF.”
Colorado	HB 10-1119 provides for a feasibility study to look at electronic budgeting. Since the bill does not provide for the new system and since the new system would not be built or operative, it is not classified as a significant change to the budgeting system.
Connecticut	Some changes in budget processes include Public Act 10-173 which establishes the “GAAP Salary Reserve Account”, a non-lapsing account within the General Fund used to set aside funds for the 27th payroll (occurs every 11 years due to the bi-weekly pay schedule). Beginning in FY 2013, and each fiscal year thereafter, one-tenth of the amount needed to fund the next 27th payroll will be deposited into the fund. Public Act 10-179 establishes that all budgetary reductions made to the legislative branch and the judicial branch be proposed by said branches. Any reductions proposed by the Governor may be vetoed by a two-thirds majority vote by the ranking members of the relative joint standing committee.
Delaware	The state is implementing a new legacy financial system and new budget system.
Illinois	Governor Quinn worked with Illinois General Assembly to pass pension reform. Governor Quinn has issued an executive order outlining cost saving measures and review of surplus property and contracts. The Illinois General Assembly has given Governor Quinn Emergency Budget Act powers. These powers include the right to reserve spending out of certain other state funds, borrow from other state funds in order to improve general funds liquidity, and implement other cost saving measures. In order to improve Illinois’ fiscal management and properly evaluate what the state is funding, Governor Quinn has required that each agency complete a specific set performance metrics.
Indiana	HEA 1205 (2010) merged the director and administrative functions of the Public Employees Retirement Fund and Teachers Retirement Fund to the greatest extent practicable. This did not include merging the funds. Also, the state had a successful implementation of new statewide financial management and accounting system in September 2009 and successfully closed the books on new system in July 2010.
Louisiana	An Executive Order was issued that eliminated merit options for unclassified employees statewide for one year. The State Civil Service Commissioner adopted a measure that would suspend merit increase authority for eligible classified employees.
Maryland	Legislation enacted in the 2010 Session creates a Public Employees’ and Retirees’ Benefit Sustainability Commission charged with the review and evaluation of all aspects of State funded benefits and pensions provided to State and public education employees and retirees. The Commission is to produce a report with specific and actionable recommendations on December 15, 2010.
Massachusetts	In 2010, the Massachusetts Legislature adopted several of the Governor’s proposal to consolidate and streamline government activities, including: merging our small business office into the agency responsible for procurement oversight and state purchasing, consolidating information technology services further, such as GIS mapping programs, and continued efforts to consolidate administrative appeals and review functions into one agency. The FY 2011 budget adopted the Governor’s reform efforts to modernize HR functions across the Executive branch to consolidate personnel and activities and standardize practices. Annually, the state revenue consensus and executive budget development process provide for an assessment and review of expenditures and revenues. The administration has restarted efforts to build off previous performance management accomplishments. A large project is well underway to develop a new statewide budgeting tool for all state agencies and for A&F’s use in developing the annual executive budget recommendation.

Table 27 continues on next page.

TABLE 27 (CONTINUED)

Enacted Changes to Budgeting and Financial Management Practices

Michigan	Effective November 2010, all state employees will begin contributing 3 percent of their compensation to the retiree health care fund. Contributions are scheduled to end on September 30, 2013. (Public Act 185 of 2010)
Missouri	Major restructuring includes combining Highway Patrol and Water Patrol, streamlines information technology purchases. Pension system changes for new employees hired on or after 1/1/2011—requires 4 percent employee contributions, higher retirement age, elimination of backdrop provisions. A statewide review of expenditures included a comprehensive review of the Medicaid program.
New Hampshire	Citizens Task Force to Study State Revenues & Expenditures created—RSA 21-I:92.
Pennsylvania	In July 2010, the General Assembly passed and the Governor signed legislation creating the Department of Drug and Alcohol Programs. Act 50 transfers all powers and duties of the Bureau of Drug and Alcohol Programs from the Department of Health to this new department. The new department will be responsible for both drug and alcohol use prevention and addiction treatment programs. For planning, budgeting and transition purposes, the new department will begin operation July 1, 2011.
Rhode Island	Major changes include pension reform, with a change in cost of living adjustment (COLA) provisions for future retirees.
South Carolina	A temporary Tax Realignment Commission, comprised of entirely non-legislators, was created to assess the effectiveness of the state's current tax structure and, in doing so, make recommendations to the General Assembly regarding necessary changes, if any, to that structure by November 2010. Additionally, the state is in the final implementation stages of a statewide Enterprise financial accounting system.
Vermont	Changes include the Challenges for Change Legislation, which targeted savings associated with improved results.
Virginia	The Commonwealth of VA went live with a new Performance Budgeting System as of September 20, 2010.
West Virginia	Funds were appropriated to begin the process of integrating the State's Financial Management System to a new Enterprise Resource Planning System.
Wisconsin	Replaced a mainframe, hierarchical database system with a Web-based, relational database system. The new system allows agencies to directly input budget request information, and provides increased flexibility and additional reporting options.

TABLE 28

Enacted Changes in Aid to Local Governments, Fiscal 2011

Arizona	Changes include requiring Maricopa and Pima counties to transfer a total of $34.6 million into General Fund in FY 2011. Redirect lottery money that would have otherwise go in to County Assistance Fund, Local Transportation Assistance Fund and State Parks Heritage Fund to General Fund (about $49 million in FY 2011). Eliminate Counties Hold Harmless in AHCCCS's payments to counties, $4 million.
California	Pursuant to authorization provided in the 2009 Budget Act (2009-2010 Fiscal Year), the state is shifting $350 million in property tax from redevelopment agencies in 2010-11, on a one-time basis. The monies will support programs previously supported with state General Fund. Also, temporary Vehicle License Fee expire June 30, 2011, which will eliiminate $442 million in funds passed through the local governments for various public safety programs. The suspended/deferred mandate payments in FY 2010-2011 resulted in approximately $365 million or 82 percent of reimbursement payments deferred to future years.
Colorado	FY 2010-2011 Cash Fund Transfers totaling (10,000,000) from the Local Government Severance Tax Cash Fund. Additionally, House Bill 10-1057 addresses fees charged by county sheriffs for the service of processing in noncriminal actions. No new state appropriations are required in FY 2010-2011. County sheriffs retain revenue for the service of processing addressed in the act. House Bill 1387 permanently diverts a portion of drivers' license fees from HUTF to drivers' license offices, impacting approximately $20 million of state and local transportation project money.
Connecticut	In FY 2011, the State of Connecticut provided a total of $2,781,860,448 in State Aid to local governments, a .42 percent increase from what was provided in FY 2010. Additional changes include incentivized land acquisition, job creation, construction and development in specific areas of the State through tax exemptions and corporation tax credits; Regionalized services (i.e. school transportation, providing health care benefits to employees) through a shared service agreement; Extended expiration date for municipal real estate conveyance tax rate until July 1, 2011.
Kansas	Eliminated a $10.1 million transfer to the Special County/City Highway Fund and eliminated a $44.0 million transfer to reduce local property taxes—Business Machinery & Equipment Slider.
Illinois	Due to declining revenues in the state's General Revenue Fund, we were forced to cut aid to local governments. The local government stipends and salary reimbursements were decreased by 60 percent (approximately $16 million) in FY 2011.
Maine	Adjustments to Local Government Funds will bring in an additional $32.7 million in revenue.
Maryland	Many programs were funded at FY 2010 levels including (amount reduced in parenthesis) Police Aid (-$19 million), Local Health (-$4 million), Community Colleges (-$23 million). The inflator for Transportation Aid to local school systems was reduced from 3 percent to 1 percent (-$4 million). A portion of aid to local governments for transportation was permanently diverted to the general fund (-$363 million).
Massachusetts	The fiscal 2011 budget provides $4.825 billion in state-funded local aid to municipalities. The budget includes state funding for chapter 70 education aid of $3.851 billion and also includes $75.3 million of federal State Fiscal Stabilization Funds, provided for through the American Recovery and Reinvestment Act, for Chapter 70 education aid. The $3.926 billion in state and federal funds for Chapter 70 brings all school districts to the foundation level called for by 1993 education reform legislation, and is an increase of $116 million over the fiscal 2010 amount of $4.042 billion. The fiscal 2010 budget also includes $899 million for unrestricted general government aid, $37 million lower than the fiscal 2010 amount.

Table 28 continues on next page.

TABLE 28 (CONTINUED)

Enacted Changes in Aid to Local Governments, Fiscal 2011

Michigan The fiscal 2011 budget freezes payments to cities, villages, and townships at the level each unit received in fiscal 2010. The fiscal 2011 budget also continues to suspend revenue sharing to counties under tax law changes effective for fiscal 2005 and subsequent fiscal years. Counties expend the equivalent of revenue sharing payments from individual revenue sharing reserve funds established with early collection of county-allocated property taxes. Suspending county revenue sharing payments reduces state spending by over $180 million annually through fiscal 2008. Thereafter, savings decline as county revenue sharing reserve funds are depleted and state payments are resumed. In fiscal 2011, state payments for eligible counties are fully funded.

Minnesota Aid to cities and counties were reduced for FY 2011 by $354 million (35 percent). Cuts of $149 million (14 percent) were extended into FY 2012-2013. Local pension contributions were increased 0.5 percent, split .25 percent employee and .25 percent employer. State restrictions on local economic development funding were reduced. Local government performance management requirements were increased.

Missouri Reduced reimbursements to counties for criminal costs—$5 million; 11 percent; FY 2011. Reduced reimbursements to counties for assessment maintenance—$6.5 million; 34 percent; FY 2011.

Nebraska Changes include cuts from the state General Fund only and include the following: Homestead Exemption Reimbursement Program: $-0.9 million (-1.3 percent) reduction vs. FY 2010; K-12 Education Aid: $-29.9 million (-2.9 percent) reduction vs. FY 2010; Aid to Municipalities: $-0.5 million (-4.5 percent) reduction vs. FY 2010; General County Aid programs: $-0.5 million (-4.9 percent) reduction vs. FY 2010. 8. The reduction amount shown for K-12 education are General Funds only and do not take into consideration other fund types or the availability of federal Recovery Act funds.

New Jersey New Jersey undertook multiple actions regarding changes to local aid, including:

Municipal Aid

- Reduced combined Consolidated Municipal Property Tax Relief Aid (CMPTRA) and Energy Tax Receipts (ETR) municipal aid by $271.4 million (17 percent) to $1.294 billion. Taken together, CMPTRA and ETR provide the vast majority of State Aid to municipalities.
- Eliminated Special Municipal Aid ($161.4 million), Extraordinary Aid ($24.5 million), and Trenton Capital City Aid ($34.9 million) and replaced them with a new Transitional Aid to Localities program funded at $159 million (net reduction of $61.8 million or 28 percent). These discretionary aid programs all provide additional assistance to municipalities facing fiscal distress.
- Suspended Urban Enterprise Zone (UEZ) local revenue sharing ($91.7 million). This program allocates part of the sales tax revenue collected within UEZs back to them for economic development projects and local administrative costs.
- Eliminated the Consolidation Fund program ($8 million). This discretionary aid program provided financial and technical assistance to encourage consolidation and shared services among local units of government.
- Reduced Highlands Protection Fund Aid by $7.6 million (63 percent) to $4.4 million. This program provides property tax relief to municipalities impacted by State environmental development restrictions and provides planning assistance to conform local master plans to those restrictions.
- Eliminated the Regional Efficiency Aid Program ($6 million). This program provided ongoing aid to 14 municipalities as an incentive for entering into shared services agreements.
- Reduced Open Space Payments in lieu of Taxes by $3.5 million (35 percent) to $6.5 million. This program supports payments in lieu of taxes to municipalities for land acquired by the State or nonprofit organizations for conservation and recreation purposes.

Table 28 continues on next page.

TABLE 28 (CONTINUED)

Enacted Changes in Aid to Local Governments, Fiscal 2011

	Other Local Aid • Increased Aid to County Psychiatric Hospitals by $3.1 million (2 percent) to $144.8 million. This program supports patients in county psychiatric hospitals by reimbursing allowable costs incurred by counties. • Reduced Local Transportation Project Aid by $50 million (20 percent) to $200 million. This program supports transportation improvements on municipal and county roads. • Reduced County College Aid by $19.4 million (9 percent) to $207.3 million. This program provides aid to the county college system, including funding for operating aid, fringe benefits, and debt service funding. • Eliminated Housing and Neighborhood Assistance grants ($13.9 million). This program supported local efforts to create affordable housing opportunities. • Reduced Library Aid by $4.7 million (29 percent) to $11.7 million. This program supports operations and improvements at public libraries. • Reduced County Prosecutor aid by $4 million ($50 percent) to $4 million. This program partially offset the operating costs of four county prosecutors' offices. Additionally, New Jersey also enacted changes that affect local governments' financial operations: P.L.2010, c.1 This law made various pension system changes concerning eligibility, retirement allowance formula, compensation definition, positions eligible for service credit, etc. It primarily affects new State and local employees. It will reduce local governments' future actuarially required contribution to the State-administered retirement systems. P.L.2010, c.2 This law made various changes to State health benefits program concerning eligibility, cost sharing, plan choice, etc. It requires contributions toward health care benefits by public employees. It affects new State and local employees and current employees after their current contract expires. It will reduce local governments' health benefits costs. P.L.2010, c.3 This law limits local government payments to future employees for accumulated unused sick leave at $15,000 and at the time of retirement. It also limits vacation leave carry forward to 1 year for future local government employees. This will reduce future local costs for such payments. P.L.2010, c.44 This law reduced the school district, county, and municipal property tax levy cap from 4 percent to 2 percent and permits unused school district, county, and municipal increases to be banked for 3 succeeding years. However, this change will not take effect until next year's local budgets, which correspond to the State's FY 2012.
New York	The 2010-11 Enacted State Budget will have an estimated $1.45 billion negative impact on municipalities in local fiscal years ending in 2011—the first full-annual local fiscal year affected by changes in the Enacted Budget. In addition, over $1.1 billion in additional aid for local governments recently approved by the Federal government, of which more than $600 million will offset Enacted Budget reductions in School Aid and an FMAP extension will provide over $500 million in fiscal relief to counties and New York City. Major Enacted State Budget program changes include the following: • Reduced funding for School Districts in the 2010-11 school year ($1.1 billion). • Elimination of Aid and Incentives for Municipalities (AIM) funding for New York City ($302 million); and reduced AIM funding for other local governments ($16 million). • Reduced funding for certain human services programs ($117 million). • Sales tax collection initiatives expected to generate additional revenue for local governments ($48 million). • Increased funding for local government public safety communications systems ($37 Million).

Table 28 continues on next page.

TABLE 28 (CONTINUED)

Enacted Changes in Aid to Local Governments, Fiscal 2011

	In addition, the Enacted Budget continues more than $2.0 billion in fiscal relief for counties and New York City under the State's cap on local Medicaid expenditures and takeover of the Family Health Plus program. Counting this assistance, the total fiscal impact on local governments in 2010 is a positive $611 million. The 2010-2011 Enacted State Budget will have an estimated $1.45 billion negative impact on municipalities in local fiscal years ending in 2011—the first full-annual local fiscal year affected by changes in the Enacted Budget. School districts outside of New York City will experience a $711 million reduction in School Aid for the 2010-2011 school year. New York City will experience a $778 million negative impact in CFY 2010-2011. In addition to a $418 million reduction in School Aid; $302 million in Aid and Incentives for Municipalities (AIM) funding is eliminated for the 2010-2011 State fiscal year. Other reductions in aid and revenue include: $74 million for human services programs; $19 million in lost cigarette tax revenue as a result of the State's cigarette tax increase; $6 million for certain optional public health programs; and $4 million each for criminal justice programs and transit assistance. These reductions are partially offset by: $32 million in additional sales tax collections and reduced income tax deductions for high income earners; $7 million each for the expanded Crimes Against Revenue Program and Early Intervention program reforms; and $4 million in additional aid for public safety communications systems. Counties are projected to experience a $22 million net positive impact, most attributable to: $33 million in public safety grant systems funding; $24 million in additional sales tax revenues; $10 million in pension amortization savings; and $9 million in savings from Early Intervention program reforms. These increases are partially offset by reductions in other program areas, the largest of which include: $43 million for human services programs; $8 million for criminal justice programs; and $5 million each for county transit systems and certain optional public health programs. Cities, towns and villages outside of New York City will realize a $4 million net positive impact, mostly attributable to $13 million in pension amortization savings and $6 million in new sales tax revenues. These increases are partially offset by approximately $15 million in reductions in AIM funding and approximately $500,000 in Video Lottery Terminal aid. The Enacted Budget continues more than $2.0 billion in fiscal relief for counties and New York City under the State's cap on local Medicaid expenditures and takeover of the Family Health Plus program. Counting this assistance, the total fiscal impact on local governments in 2010 is a positive $611 million. In addition, over $1.1 billion in additional aid for local governments recently approved by the Federal government, of which more than $600 million will offset Enacted Budget reductions in School Aid and an FMAP extension will provide over $500 million in fiscal relief to counties and New York City.
North Dakota	North Dakota's biennial budget includes fiscal years 2010 and 2011. For the 2010-2011 biennium, an additional $109.9 million, or 14.1 percent was appropriated from state funds for the K-12 school funding formula. In addition, $295.0 million was appropriated for a new property tax relief program to provide grants to school districts that lowered mill levies by a required amount.
Ohio	In FY 2011 Ohio will continue a temporary reduction in payments to public libraries. Under Ohio law, public libraries are supposed to receive 2.22 percent of General Revenue Fund tax revenue. Under the provisions of the current budget, that percentage is temporarily reduced to 1.97 percent. This generates an annual savings of approximately $41 million.
Oregon	Total state funding for K-12 schools declined by $350 million (5.7 percent) for the 2009-2011 biennium compared to the previous biennium. Another $226 million of ARRA funding was used to prevent further reductions. State support for community colleges was reduced by $50.9 million (10.1 percent). Local community college districts will determine how the funds are expended. Funding for community corrections decreased $2.1 million between 2007-09 and 2009-11, or 1.0 percent. Funding for Alcohol & Drug Prevention was reduced $3.0 million; this removes all General Fund and represents an overall reduction of 23 percent. Funding for Gambling Addiction, Treatment, and Prevention was reduced $2.0 million, or a 15 percent reduction.

Table 28 continues on next page.

TABLE 28 (CONTINUED)

Enacted Changes in Aid to Local Governments, Fiscal 2011

Rhode Island	Beginning in FY 2010, the state reduced the Motor Vehicle Exemption from $6,000 to $500 in order to allow the local cities/towns to determine their own exemption amount. The Education Aid Formula was enacted for implementation in FY 2012.
South Carolina	Local Government Fund was reduced by $27.6 million.
Texas	State aid to local school districts increased and more than $2 Billion was distributed to local governments and school districts for hurricane relief.
Virginia	Certain programs within the Aid to Localities FY 2011 budget was reduced by a total of $60 million dispersed across localities.
Wisconsin	Funding for school aids (general and categorical aids) increased in FY 2011 by $9.7 million (0.2 percent) compared to FY 2010 level (FY 2011 amount is a reduction of $137 million (2.5 percent) compared to the FY 2009 level). Funding for county and municipal aids for CY 2010 was reduced by $29,877,400, a 3.5 percent reduction. Also, a county and municipal levy limit of 3 percent for 2010-2011 property taxes was imposed, which is the same as the limit for 2009-2010 property taxes. For municipalities, the expenditure restraint program budget test was modified, which will affect eligibility.

APPENDIX

TABLE A-1

Enacted Revenue Changes by Type of Revenue, Fiscal 2011

State	Tax Change Description	Effective Date	Fiscal 2011 Revenue Changes ($ in Millions)
	SALES TAXES		
Arizona	1 percent statewide sale tax increase	06-10	$918.0
California	Exemption for Alternative Energy mfg equip	03-10	-16.0
	Exemption for Gasoline (Special Fund Loss)	07-10	-2509.0
Connecticut	Small business and vocation rehab—job creation credit	01-10	-7.0
Florida	3 day sales tax holiday for school supplies and clothes, various exemptions, tax amnesty	07-10	4.6
Georgia	Eliminate Exemptions	07-10	31.7
	Streamline Sales Tax		23.5
Kansas	Retail sales & compensating use tax rate increased from 5.3 percent to 6.3 percent. Rate drops to 5.7 percent on 7/1/13 & a larger share of the revenues are diverted to the State Highway Fund.	07-10	339.1
Maine	Changes on tax smokeless tobacco products		0.1
Missouri	Cooperative Association sales tax exemption.		-1.9
New Mexico	Increase state gross receipts and compensating tax rate by 0.125 percent and eliminate compensating tax loophole.	07-10	71.8
New York	Repeal clothing and footwear exemption from 10/10 to 4/11	10-10	330.0
	Clarify that room remarketers are required to collect sales and New York City occupancy taxes	09-10	10.0
	Repeal private label credit card law	07-10	17.0
	Narrow the affiliate nexus provisions	06-09	-5.0
	Exclude certain NYC livery service from collecting SUT	06-09	-3.0
North Carolina	Increase Sales Tax Prepayment Threshold: Modernize Sales Tax on Accommodations		-5.3
North Dakota	Sales and use tax exemption for expanding or construction telecommunications infrastructure		-2.4
	Exemption for motor vehicle manufacturers incentives and discounts		-2.2
Tennessee	One-time refund of sales tax on certain items of tangible personal property purchased between 5/1/10 and 9/30/10 by persons receiving disaster assistance from FEMA for May flood relief		-20.0
Virginia	Eliminate the dealer discount	06-10	49.1
Washington	Suspend sales tax exemption for livestock nutrient management	07-10	1.3
	Tax on Bottled Water Sales at 1 cent per ounce	07-10	134.7
	Impose Sales Tax on Candy and Gum	07-10	28.0
Total Revenue Changes—Sales Tax			**-$612.9**

Table A-1 continues on next page.

TABLE A-1 (CONTINUED)

Enacted Revenue Changes by Type of Revenue, Fiscal 2011

State	Tax Change Description	Effective Date	Fiscal 2011 Revenue Changes ($ in Millions)
	PERSONAL INCOME TAXES		
Arizona	Requires non-resident filers prorate their standard deduction	07-10	$22.0
	Adjusting the School Tuition Organization tax credit	07-10	-9.0
California	Conformity, Home Credit, and Net Operating Loss Suspension	01-10, 05-10, 01-10	137.0
Georgia	Eliminate Low Income Tax Credit Refundability	07-10	21.8
Indiana	New Business Tax Credit new Community Revitalization Enhancement District	03-10	-3.3
Maine	Change method of indexing individual Income Tax brackets		10.0
	Limits Maine Res Prop Tax benefit for non elderly households		-0.4
	Disallow Fed NOL carryforwd & eliminate recapture of disallowed NOL carrybacks for Maine on Individual and Corporate tax elderly households to 80 percent of previous eligibility		1.4
Minnesota	Repeal low income motor fuels credit.	01-10	30.1
	Research & development credit.	01-10	-1.1
	Collection payment plan fees.	07-10	1.3
	Angel Investment Credit. A new tax credit to stimulate the formation of early-stage capital in new and emerging businesses.	01-10	-17.0
	Historic structure rehabilitation credit.	01-10	-3.8
New Jersey	Reduced EITC from 25 percent to 20 percent of Federal Benefit	1/10	45.1
New York	Treat S-Corp Gains and Installment Income as Taxable for Non-Residents	01-10	20.0
	Reduce Charitable Deduction from 50 percent to 25 percent for incomes above $10 million	01-10	100.0
	Expand Historic Properties Credit	01-10	-1.0
	Limited NYC STAR reductions for incomes below $500,000 by restructuring NYC PIT tax rate.	01-10	120.0
North Dakota	Income tax rate reduction		-45.0
	Credit for renaissance zone investments		-1.3
	Tax reduction for qualified dividends		-2.3
Rhode Island	Complete restructuring of the state's personal income tax system including changes in taxable income brackets, marginal tax rates, allowable deductions and credits.	01-11	-6.0
Virginia	Adjust withholding for military spouses	01-10	-9.9
	Disallow Section 199 deductions	01-10	10.0
West Virginia	Repeal State AMT	01-10	-1.0
Total Revenue Changes—Personal Income Taxes			**$423.5**

Table A-1 continues on next page.

TABLE A-1 (CONTINUED)

Enacted Revenue Changes by Type of Revenue, Fiscal 2011

State	Tax Change Description	Effective Date	Fiscal 2011 Revenue Changes ($ in Millions)
	CORPORATE INCOME TAXES		
Arizona	Make the R&D tax credit refundable for small businesses	07-10	-$5.0
	Solar tax credit	07-10	-5.0
California	Conformity, Net Operating Loss Suspension, and apportionment rule change	01-10, 01-10, 01-11	949.4
Florida	Tax amnesty		70.0
Maine	Removes sales of a multistate business from the apportionment formula if the sales are delivered to a state where the taxpayer is not taxed.		1.8
	Disallow Fed NOL carry forward & eliminate recapture of disallowed NOL carrybacks for Maine on Individual and Corporate tax elderly households to 80 percent of previous eligibility		5.7
	Adopts new process for calculating sales apportionment factor for C Corps		2.9
Minnesota	Research & development credit.	01-10	-9.9
New Jersey	Change in available tax credits	07-10	45.0
North Dakota	Corporate income tax rate reduction		-5.0
Oregon	Revised Business Energy Tax Credit programs	07-10	55.0
Tennessee	Change definition of "net earnings" as it applies to REITs		17.0
	Various adjustments		-1.0
Virginia	Job tax credit	07-10	-1.3
	Removal of equity/subordinated debt cap	07-10	-1.0
	Section 108 conformity	01-10	24.5
Total Revenue Changes—Corporate Income Taxes			**$1,143.1**

State	Tax Change Description	Effective Date	Fiscal 2011 Revenue Changes ($ in Millions)
	CIGARETTE AND TOBACCO TAXES		
Hawaii	Increases the tax on cigarettes and little cigars by 1 cent for sale after June 30, 2010	07-10	$10.8
Maine	Changes on tax smokeless tobacco products		1.8
New Mexico	Increase Cigarette Tax by $0.75 per pack	07-10	35.8
New York	Increased the Cigarette tax by $1.60 per pack, to $4.35 per pack	07-10	260.0
	Increased the Tobacco Products tax from 46 to 75 percent of the wholesale price and increased the tax on snuff to $2.00 per ounce from $0.96.	08-10	30.0
Utah	A tobacco tax increase of $1.005 per pack placed into effect July 1, 2010	07-10	43.2
Vermont	Increased tax on snuff, smokeless tobacco and cigars	07-10	1.1
Washington	Cigarette Tax from $2.025 to $3.025/pack and OTP at cigarette rate	07-10	88.8
Total Revenue Changes—Cigarette and Tobacco Taxes			**$471.5**

Table A-1 continues on next page.

TABLE A-1 (CONTINUED)

Enacted Revenue Changes by Type of Revenue, Fiscal 2011

State	Tax Change Description	Effective Date	Fiscal 2011 Revenue Changes ($ in Millions)
	MOTOR FUELS TAXES		
California	Excise Tax on Gas increase of 17.3 cents to 35.3 cents/gallon (Special Fund Gain)	07-10	$2,516.0
Connecticut	Foreclosure and short sale exemption	10-10	1.7
Hawaii	Temporarily increases environmental response tax from $0.05/barrel to $1.05/barrel for the period 7/1/2010 through 6/30/2015. Sixty cents of the tax collected per barrel will be deposited into the general fund.	07-10	13.2
Rhode Island	1) DMV: Increase dealers license fee from $100 to $300. 2) DMV: Increase in Motor Vehicle Manufacturers, Distributors and factory representatives fees from $200 to $300. 3) DMV: Increase in School Bus Registration Fee from $3 to $25. 4) DMV: Establish a flashing light permit fee of $25. 5) Public Safety: Increase in the Accident Report from $10 to $15. 6) DMV: Establishment of a $25 road test fee. 7) DMV: Increase in State Identification Card Fee from $15 to $25.	07-10	1.0
West Virginia	Raised the minimum floor price for variable 5 percent wholesale sales tax from 97 cents per gallon to $2.34 per gallon an limited any future change in calculated price to no more than 10 percent in any single year.	01-10	13.0
Total Revenue Changes—Motor Fuel Taxes			**$2,544.9**

State	Tax Change Description	Effective Date	Fiscal 2011 Revenue Changes ($ in Millions)
	ALCOHOLIC BEVERAGES		
Connecticut	Reduction in DEP fees and increase in DMV fines		-$1.9
Florida	Scholarship Tax Credits	07-10	-31.0
Total Revenue Changes—Alcoholic Beverages			**-$32.9**

Table A-1 continues on next page.

TABLE A-1 (CONTINUED)

Enacted Revenue Changes by Type of Revenue, Fiscal 2011

State	Tax Change Description	Effective Date	Fiscal 2011 Revenue Changes ($ in Millions)
	OTHER TAXES		
Florida	Indian Gaming Compact, tax amnesty	07-10	$164.7
Georgia	Insurance Premium Tax	07-10	68.0
Hawaii	Inheritance and Estate Taxes—retains the State's ability to "pick-up" the state death tax credit as it existed in the Internal Revenue Code on 12/31/2009. Applies to property interests of persons who die after 4/30/10.	04-10	8.2
Maine	Changes to tax rate on telecommunications personal property tax		1.5
	Limits allowable benefit under BETR program		6.0
	Excludes telecommunications tower with antenna from BETE program		0.5
	One-time hospital assessment FY 2011		4.2
	Limits Maine Residential Prop Tax benefit for non elderly households		8.9
Massachusetts	Miscellaneous tax collection enforcement provisions as well as a $5 million reduction to the Life Science Tax Incentive Program (previously was $25 million, was reduced to $20 million).		51.0
Minnesota	Tax Compliance	07-10	26.9
New Hampshire	Increase Other Tobacco Product tax from 48.59 percent to 65.03 percent of wholesale sales price	07-10	2.6
North Carolina	Extend Sunset on Various Tax Incentives: Unemployment Insurance Refundable Tax Credit Reduce Franchise Tax Burden on Construction Companies	07-10	-39.1
North Dakota	Credit against coal conversion taxes for qualifying facilities		-3.7
	Reduction in gaming excise taxes		-1.9
Rhode Island	1) Insurance Companies Gross Premiums Tax: Increased tax rate on surplus line brokers from 3.0 to 4.0 percent. 2) Implementation of a tax on medical malpractice joint underwriters association of 2.0 percent	01-10	1.3
Tennessee	Annual coverage assessment on hospitals of 3.52 percent of a covered hospital's annual coverage assessment base		310.0
Vermont	VT capital gains business exclusion	01-11	-3.0
Washington	Economic Nexus	07-10	$73.1
	Addressing Loopholes & Abusive Tax Avoidance Transactions	07-10	11.6
	HomeStreet Bank Court Case (first mortgage interest B&O deduction)	07-10	8.6
	Repeal B&O tax exemption for direct sellers (DOT Foods related)	07-10	3.7
	Agrilink Court Case (B&O preferential rate for processing meat)	07-10	4.1
	Clarify taxation of corporate boards of directors' fees	07-10	2.1
	Repeal the B&O Tax Credit for Syrup Tax Paid	07-10	7.7
	MTCA/Hazardous Substance Tax - Rate Increase to 2.0 percent	07-10	148.0
	Service B&O tax rate increase from 1.5 percent to 2.0 percent with a $1 million threshold (effective Jan. 1, 2011)	07-10	146.4
	Carbonated Beverages—5 cents per 12 ounces at wholesale	07-10	93.6
West Virginia	Reduce Business Franchise Tax rate from 0.48 percent to 0.41 percent on 1/1/10 and reduce Business Franchise Tax rate from 0.41 percent to 0.34 percent effective 1/1/11	01-10	-15.0
Total Revenue Changes—Other Taxes			**$1,089.9**

Table A-1 continues on next page.

TABLE A-1 (CONTINUED)

Enacted Revenue Changes by Type of Revenue, Fiscal 2011

State	Tax Change Description	Effective Date	Fiscal 2011 Revenue Changes ($ in Millions)
	FEES		
Arizona	Increase fees for abandoned vehicles from $50 to $200 depending on the location of abandonment	07-10	$12.0
California	Enactment of a tax of Managed Care Plans that is used for plan rate increases	01-09	119.2
Colorado	Transportation—Additional surcharge on vehicle registrations and licensing—cash funds (not GF)	07-09	200.0
Florida	Traffic Infraction Detectors, Highway Safety Fees, Corporate Filing Late Fees	07-10	45.7
Georgia	Hospital Provider Fee	07-10	229
	User Fees	07-10	119.4
Maine	Increased hunting/fishing/trapping license fees		1.6
	Increase in boat registration fees		0.6
Maryland	Collection of Debts Owed to the State	06-10	2.1
Minnesota	Health Department—birth record surcharge	07-10	2.5
	Human Services Department—restructure state operated services fees	07-10	5.9
	Construction permit surcharge.	07-10	1.2
Mississippi	Vehicle Title Fees	07-10	8.5
Missouri	Agricultural related fees		1.5
New Jersey	Soldiers Homes—Increase in daily care rate	01-11	0.5
New York	Establishes new and increased fees to fund civil legal services, indigent defense, and costs of court operations.	08-10	41.0
	Amends Environmental Conservation Law to consolidate two separate sliding-scale fees paid by hazardous waste generators into a single fee of $130 per ton.	08-10	2.1
	Establishes a statewide electronic equipment reuse and recycling program.	04-11	1.0
North Carolina	Increase Justice & Public Safety Fees	07-10	13.9
Rhode Island	Reinstatement of Hospital License Fee at a higher rate of 5.465 percent on a new hospital base year of 2009.	06-10	141.5
Vermont	Fire prevention and building inspection program. Other, small fee increases include such areas as agriculture, banking and insurance, health, and environmental conservation	07-10	2.7
Virginia	Miscellaneous fees and adjustments	07-10	15.2
Washington	General Fund-Adult Family Homes Licensing Fee	07-10	3.5
	Other Funds—Hydraulic Permit Fee	07-10	1.5
	Other Funds—Hospital Assessment Fee	07-10	177.0
Total Revenue Changes—Fees			**$1,149.1**

SOURCE: National Association of State Budget Officers.

TABLE A-2

Enacted Revenue Measures, Fiscal 2011

State	Description	Effective Date	Fiscal 2011 Recommended Changes ($ in Millions)
California	Sales Taxes—Compliance	11-10	$12.2
	Sales—Use tax reporting	01-10	6.7
	Corporate Income—Compliance: Penalties	01-10	-117.0
	Alcohol—Compliance	11-10	1.4
	Fees—Enactment of a hospital fee	09-10	980.0
Colorado	Sales Tax—Suspend Cigarette Sales Tax Exemption	07-09	28.8
	Sales Tax—Suspend Vendor Administrative Fee Allowance	07-09	64.1
	Sales Tax—Eliminate Exemption for Direct Mail Advertising	03-10	0.8
	Sales Tax—Suspend Exemption for Industrial and Manufacturing Energy Use	03-10	37.6
	Sales Tax—Eliminate Exemption for Candy and Soft Drinks	03-10	18.0
	Sales Tax—Eliminate Software Exemption	03-10	23.7
	Sales Tax—Enforce Sales Tax Collections for Online Purchases	03-10	3.9
	Sales Tax—Eliminate Exemption for Non-Essential Food Containers	03-10	2.0
	Sales Tax—Eliminate Exemption for Agricultural Compounds and Bull Semen Eliminate Exemption for Pesticides	03-10	4.6
	Personal Income Tax—Establishing Tax Credit for Water Rights	01-09	-1.0
	Personal Income Tax—Revise Incentives for Efficient Vehicles	01-10	2.6
	Personal Income Tax—Eliminate Capital Gains Exemption	01-10	7.9
	Personal Income Tax—Third Party Collection Agency Fees	03-10	1.5
	Personal Income Tax—Revise Alternative Fuel Vehicle Credits	01-11	2.7
	Personal Income Tax—Limit Gross Conservation Easement Credits	01-11	18.5
	Corporate Income Tax—Job Creation Incentives	01-09	-4.3
	Corporate Income Tax—Prohibiting Interest Payments on Corporate Income Tax Overpayments	07-09	0.6
	Corporate Income Tax—Limit Net Operating Loss to $250,000	01-11	16.5
	Corporate Income Tax—Limit Corporate Enterprise Zone Investment Tax Credit to $250,000	01-11	8.0
Florida	Other Taxes—Communication Services Tax Redirect	07-10	-16.5
	Fees—Court Fees Redirect	07-10	3.8
Georgia	Other Taxes—DOR Compliance Efforts	07-10	37.3
Hawaii	Other Taxes—Amends the due dates for miscellaneous taxes from the last day of the calendar month to the 20th day of the calendar month. For Insurance taxes, Act 22, SLH 2010, amends the due date for filing and payment of periodic insurance premiums taxes from quarterly to monthly.	07-10	$20.4
Iowa	Sales Taxes—Exemption for blood labs		-0.2
	Personal Income—Lower gaming setoffs, additional revenue agents		8.6
	Corporate Income—Additional revenue agents		3.2
	Other Taxes		12.0
	Fees—Deposited into a separate fund, anticipated sale of state assets, increase in various judicial fines		
Kansas	Sales—Tax Amnesty Program	9/1/10-10/15/10	1.6
	Personal Income—Tax Amnesty Program	9/1/10-10/15/10	6.4
	Personal Income—Expanded food sales tax rebate program & expanded income tax credits program	07-10	-15.0

Table A-2 continues on next page.

TABLE A-2 (CONTINUED)

Enacted Revenue Measures, Fiscal 2011

State	Description	Effective Date	Fiscal 2011 Recommended Changes ($ in Millions)
Kentucky	Corporate Income Taxes		7.3
	Other Taxes		17.1
Maine	Sales—Enhanced Revenue Collection		3.0
	Personal Income—Enhanced Revenue Collection		24.9
	Other Taxes—Eliminate $2 million transfer to clean election fund		2.0
	Other Taxes—Local Government Fund Adjustments		32.7
	Other Taxes—Maine Milk Pool Funds		7.1
	Other Taxes—Sale of State owned buildings		1.5
	Other Taxes—Implements Mega Million Lottery Game		1.5
Maryland	Sales Taxes—Diverts a portion of revenue from the Chesapeake Bay 2010 Fund to the General Fund	06-10	17.1
	Corporate Income—Job Creation Tax Credit (some could be claimed under Personal Income Tax)	03-10	-18.7
	Motor Fuel—Diverts a portion of revenue from the Chesapeake Bay 2011 Fund to the General Fund	06-10	5.0
	Other Taxes—Credits all interest earned on special funds of the State to the general fund, except for special funds and accounts that are specifically identified and exempted from the requirement.	06-10	11.0
	Other Taxes—Diverts revenue from bingo tax from Cultural Arts Special Fund to General Fund	06-10	2.4
Massachusetts	Miscellaneous departmental revenue measures		37.0
Michigan	Sales Taxes—Tax amnesty	05-11	$9.8
	Personal Income—Tax amnesty	05-11	20.4
	Corporate Income—Tax amnesty	05-11	18.1
	Cigarette—Tax amnesty	05-11	0.2
	Alcoholic Beverage—Liquor reforms	10-10	9.1
	Other Taxes—Tax amnesty	05-11	13.3
	Other Taxes—Unclaimed Property reform	07-11	166.0
Minnesota	Sales—Sales tax refund delays.	07-10	111.0
	Corporate Income—Sales tax refund delays.	07-10	41.0
New Jersey	Motor Fuel—Change in the point of tax collection on diesel	10-10	18.0
New Mexico	Sales—Temporary Tax Amnesty	03-10	1.7
	Personal Income—Reduce income tax deduction by amount of state and local income allowed in federal return.	01-10	66.0
	Other Taxes—Temporary Tax Amnesty	03-10	1.0
New York	Sales—Eliminate vendor credit for monthly filers	06-10	17.0
	Corporate Taxes—Allows $2 million in aggregate credit at the taxpayer level for tax years 2010, 2011, and 2012.	08-10	100.0
	Cigarette—Requires all cigarettes sold by wholesale dealers to Indian nations and tribes and reservation cigarette sellers to be affixed with a tax stamp and provides a mechanism to sell stamped tax-exempt cigarettes to an Indian nation or tribe or a reservation cigarette seller for the consumption by members of the nation or tribe.	09-10	150.0
	Other—Reduces the dormancy period for receipts from unclaimed goods from five to three years and non-bank money orders seven to five years.	08-10	35.0

Table A-2 continues on next page.

TABLE A-2 (CONTINUED)

Enacted Revenue Measures, Fiscal 2011

State	Description	Effective Date	Fiscal 2011 Recommended Changes ($ in Millions)
North Carolina	Other Taxes—Loss of Estate Tax Revenue for FY 2010-2011	07-10	-85.0
Ohio	FY 2010-2011 budget contained final phase out of corporate franchise tax on most tax payers.	07-09	-389.0
Oklahoma	Sales—Enhanced Sales Tax Collection Initiative	07-10	$30.9
	Sales—Equalize Sales Tax Vendor Discounts	07-10	10.0
	Sales—Modify Tax Credit for specific fuel efficient vehicles	07-10	4.3
	Personal Income—Decouple from ARRA Debt Forgiveness	06-10	9.9
	Personal Income—Tax Credit Moratoriums	01-10	25.7
	Corporate—Tax Credit Moratoriums	06-10	15.0
	Cigarette—Savings from Building Bond Debt Refinancing	07-10	23.5
	Other Taxes—Delay Motor Vehicle Apportionment change Deferral of Gross Production Tax Rebates Enhanced Electronic Ticketing Revenue	07-10	153.9
	Fees—Increase Vending Machine Decal Fees	06-10	6.0
	Fees—Increased Fee for Copy of Driving Record	07-10	12.0
	Fees—Increased fees for several load and size moving permits	07-10	17.4
Pennsylvania	Sales—Accelerated remittance of sales tax from monthly to semi-monthly for licensee's whose previous year's third quarter total tax reported exceeded $25,000.	05-11	217.5
	Other Taxes—Transfer from Tobacco Settlement Fund to the General Fund.	07-10	250.0
	Other Taxes—Transfer from Oil & Gas Lease Fund to the General Fund.	07-10	180.0
	Other Taxes—Transfer from Tobacco Endowment for Long-Term Hope to Public School Employees' Retirement Contribution restricted account.	07-10	121.0
	Other Taxes—Transfers from various other special funds to the General Fund.	07-10	29.6
Puerto Rico	Other Taxes—Property Taxes	07-10	110.0
South Dakota	Sales—Reduced refund due to statute change		8.7
	Other Taxes—Reduced refund due to statute change		5.8
Utah	Other Taxes—Transportation sales tax earmark of 8.3 percent was reduced for 2011 only to 1.93 percent, effectively increasing GF revenue by $113 million	07-10	113.0
Total			**$2,870.1**

NASBO
Founded 1945

National Governors Association