

THE FISCAL SURVEY OF STATES

FALL 2013

AN UPDATE OF STATE FISCAL CONDITIONS

A REPORT BY THE NATIONAL ASSOCIATION OF STATE BUDGET OFFICERS

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THE NATIONAL ASSOCIATION OF STATE BUDGET OFFICERS

Founded in 1945, NASBO is the instrument through which the states collectively advance state budget practices. The major functions of the organization consist of research, policy development, education, training, and technical assistance. These are achieved primarily through 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 and Human Services; Financial Management and Reporting; Education; and a Critical Issue Committee. NASBO is an independent professional and education association and is also an affiliate of the National Governors Association.

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PREFACE

The Fiscal Survey of States is published twice annually by the National Association of State Budget Officers (NASBO). 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 raised from states' own taxes and fees, such as state income and sales taxes. These general 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 2013. The surveys were completed by Executive state budget officers in all 50 states.

Fiscal 2012 data represent actual figures, fiscal 2013 figures are preliminary actual, and fiscal 2014 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, 20 states operate on a biennial budget cycle.

NASBO staff member Michael Streepey compiled the data and prepared the text for the report.



EXECUTIVE SUMMARY

State fiscal conditions are modestly improving in fiscal 2014 with spending and revenues projected to rise above fiscal 2013 levels. Signs of fiscal distress continue to subside, and most states expect revenue and spending growth in fiscal 2014. Tax collections outperformed projections in fiscal 2013, and revenues experienced steady gains in most states. Although revenues are expected to increase in fiscal 2014, states are not projecting a rise in tax collections comparable to the gains in fiscal 2013. Revenues increased by 5.7 percent in fiscal 2013, while states project revenues to rise by only 0.8 percent in fiscal 2014. This potential softening in revenue collections may pose budgetary pressures for states in areas directly impacted by sluggish growth in the economy such as health care, higher education, and aid to local governments. Fiscal challenges from the modest economic recovery are likely to linger, but these setbacks are not expected to cause significant budget volatility for states in fiscal 2014. Overall, state fiscal trends indicate continued modest growth and stability.

This report shows that modest state fiscal improvements are widespread across the country. Forty-three states enacted higher spending levels in fiscal 2014 compared to fiscal 2013. Aggregate spending levels are also expected to rise in fiscal 2014, although less than the historical average. This means that for most states, spending growth will be very limited and there will be few additional budget dollars available. Many states ended fiscal 2013 with a budget surplus, helping to provide some cushion from potentially slower revenue growth this fiscal year. Fiscal 2014 revenues are not projected to rise by growth rates comparable to fiscal 2013 partly because states experienced a one-time gain last fiscal year as some taxpayers took actions to avoid higher federal tax rates that were set to begin on January 1, 2013. A similar occurrence is not likely as Congress passed the *American Taxpayer Relief Act of 2012* (ATRA), providing greater certainty of federal tax rates going forward.

After several years of economic recovery, there are measurable improvements in the state budget environment that are shown in this report. Enacted budget cuts and budget gaps have substantially declined, states have enacted net tax cuts in two of the last three fiscal years, and revenue collections have outpaced projections. Yet, fiscal rebuilding for many states remains slow and

somewhat precarious. The lingering effects of the recession are still present, as a number of states have yet to surpass pre-recession revenue and spending levels in nominal terms. For many states, operating budgets also face pressures from spending needs in areas such as transportation and infrastructure, as well as pensions and retiree health care. Therefore, uncertainty and significant disruptions from the economy or the federal government can have profound impacts on current state finances. States are building on the fiscal improvements made over the last several years, but sluggish economic growth, federal actions and looming long-term issues continue to have implications for state operating budgets that are slowly on the mend.

State Spending

Enacted fiscal 2014 budgets show aggregate general fund expenditures reaching \$721.8 billion, an increase of \$26.3 billion or 3.8 percent over fiscal 2013. Budget growth in fiscal 2014 is projected to slow from a 4.3 percent increase in fiscal 2013. Fiscal 2014 and fiscal 2013 spending increases both remain below the historical average growth rate of 5.6 percent. Forty-three states enacted higher spending levels in fiscal 2014 than fiscal 2013. Fiscal 2013 spending surpassed pre-recession highs for the first time reaching \$695.5 billion, and 45 states increased spending in fiscal 2013 compared to fiscal 2012. State general fund spending totaled \$666.8 billion in fiscal 2012. State budgets have increased by \$55 billion or 8.2 percent over the two year period from fiscal 2012 to fiscal 2014.

Despite aggregate budget increases over the last two years, protracted fiscal growth has led some states to enact fiscal 2014 spending plans below their pre-recession peak in nominal terms. In addition, state spending in fiscal 2013 for the 50 states combined was still below the fiscal 2008 pre-recession peak after accounting for inflation. To be equivalent with real 2008 spending levels, aggregate spending levels would need to be at \$755 billion, or 8.6 percent higher than the \$695.5 billion estimated for fiscal 2013.¹ However, inflation has slowed in fiscal 2013, and most states enacted fiscal 2014 budgets with real spending increases, or increases more than the current rate of inflation.

¹ See the U.S. Bureau of Economic Analysis National Income and Product Account Tables. Table 3.9.4 Price Indexes for Government Consumption Expenditures and Gross Investment last revised on November 7, 2013. Line 33, state and local price index, is used for determining changes in real purchases. Fiscal year inflation rates determined through quarterly averages.

Enacted Budget Adjustments by Program Area

Examining enacted budget adjustments by program area can help to identify changing spending patterns across states. Additionally, spending changes across categories provide insight on policy priorities driving budgetary decision-making. General fund spending increases in fiscal 2014 continued to be most heavily targeted towards K-12 education and Medicaid, which received the majority of additional budget dollars. Forty-two states enacted general fund spending increases for K-12 education for a net increase of \$8.8 billion. Thirty-five states increased spending for Medicaid for a net increase of \$6.8 billion. However, Connecticut made changes to their Medicaid reporting practices. Excluding Connecticut's reporting change, enacted spending increases for Medicaid reached \$9.1 billion in fiscal 2014. Higher education, transportation and corrections also experienced enacted spending increases in fiscal 2014. Forty-three states enacted spending increases for higher education, 39 states increased spending for corrections and 18 states enacted increases for transportation.

While most program areas received net spending increases, five states enacted budget cuts to K-12 education, six states made cuts to higher education, eight states cut spending for Medicaid, eight states enacted budget cuts for corrections and seven states cut transportation. Nine states made general fund budget cuts to public assistance resulting in net declines of \$326 million. Public assistance was the only major program area that received net budget cuts in fiscal 2014.

Budget Gaps and Mid-Year Budget Adjustments

State budget gaps and mid-year budget cuts have subsided compared to the years during and immediately following the recession when states had to make substantial cuts and take other actions—such as the use of rainy day funds to balance their budgets. Improved revenue collections and spending controls have significantly reduced the number of states with budget gaps in fiscal 2014. Sixteen states reported closing \$6.4 billion in budget gaps prior to the start of fiscal 2014, and five states have a combined \$572 million in remaining budget gaps that must be closed by the end of the fiscal year. By compari-

son, during this same period in fiscal 2013 and fiscal 2012, states reported closing \$37 billion and \$71.7 billion in budget gaps respectively. Although not all state budget offices have completed official forecasts, 10 states are projecting \$4.4 billion in budget gaps for fiscal 2015.

State budget gaps that arise during the fiscal year are primarily solved through a reduction in previously appropriated spending. At the time of data collection, most states had not determined whether or not mid-year budget cuts would be made to fiscal 2014 spending plans. A clearer picture of fiscal 2014 mid-year spending cuts will be captured in the Spring 2014 Fiscal Survey of States. Mid-year budget cuts were minimal in fiscal 2013. Eleven states enacted net mid-year budget cuts totaling \$1.3 billion. This compares with eight states enacting \$1.7 billion in net mid-year budget cuts in fiscal 2012, 19 states enacting \$7.4 billion in mid-year budget cuts in fiscal 2011, and 39 states enacting \$18.3 billion in cuts in fiscal 2010.

State Revenues

While state revenues are still growing in fiscal 2014 over fiscal 2013, enacted fiscal 2014 budgets project a significant slowdown in the growth rate of revenue collections. General fund revenues are projected to increase by 0.8 percent in fiscal 2014, a much slower growth rate than the estimated 5.7 percent gain in fiscal 2013. Despite a potential softening of revenue collections, 36 states enacted fiscal 2014 budgets with general fund revenues higher than collected in fiscal 2013. Additionally, revenue collections in 14 states have outpaced projections so far in fiscal 2014, 23 states report that revenue collections are on target and seven states are below target. Enacted fiscal 2014 budgets forecast total general fund revenues of \$712.7 billion, compared to an estimated \$707.0 billion collected in fiscal 2013 and \$669.1 billion collected in fiscal 2012. State revenues have increased by \$43.6 billion or 6.5 percent over the two-year period from fiscal 2012 to fiscal 2014. However, 14 states enacted budgets with lower nominal general fund revenues in fiscal 2014 than in fiscal 2008, the last year before the recession. Aggregate revenues are also still 5.6 percent below pre-recession highs after accounting for inflation. Fiscal 2013 revenues would have needed to reach \$747 billion, rather than the estimated \$707.0 billion, to be equivalent with inflation adjusted fiscal 2008 levels.²

² See the U.S. Bureau of Economic Analysis National Income and Product Account Tables. Table 3.9.4 Price Indexes for Government Consumption Expenditures and Gross Investment last revised on November 7, 2013. Line 33, state and local price index, is used for determining changes in real purchases. Fiscal year inflation rates determined through quarterly averages.

Personal income tax collections are projected to decline by 0.3 percent in fiscal 2014, representing the first annual decline in personal income tax collections since fiscal 2010. States experienced strong gains in personal income tax collections in fiscal 2013, which are estimated to have increased by 9.6 percent. However, similar revenue gains are not expected in fiscal 2014 partly because states will not likely benefit from one-time gains as was the case in fiscal 2013 as some taxpayers shifted capital gains, dividends and personal income to calendar year 2012 to avoid potentially higher federal taxes that were set to begin on January 1, 2013. Congress passed the *American Taxpayer Relief Act of 2012* (ATRA), providing more certainty for federal tax rates going forward.

Collections from sales taxes have not rebounded as rapidly as collections from income taxes since the end of the recession, and this has contributed to constrained overall revenue growth in some states. In fiscal 2012 and fiscal 2013, sales taxes increased by 0.7 percent and 3.9 percent respectively. The economic recovery that has occurred in the service sector is generally not reflected in sales tax collections because many services are not subject to the sales tax. Additionally, some on-line retail sales are still not contributing to tax revenues since the sales tax on some on-line purchases are not collected. Despite a continued narrowing of the sales tax base, sales tax collections are projected to increase by 4.5 percent in fiscal 2014 as households benefit from lower debt burdens and consumer purchasing picks up.

Fiscal 2014 general fund revenues from all sources, including sales, personal income, corporate income and all other taxes and fees, are exceeding original forecasts in 14 states, on target in 23 states and below forecasts in seven states. Six states were not able to report fiscal 2014 collections compared to projections at the time of data collection. For fiscal 2013, 37 states exceeded original forecasts, six states were on target and seven states ended fiscal 2013 below the original revenue estimate. This suggests a number of states finished fiscal 2013 with budget surpluses. Improved revenue collections are a positive sign, but surpluses in fiscal 2013 may also be the result of


one-time revenue gains, prior budget cutbacks and conservative revenue forecasts.

State Revenue Actions

States cut taxes and fees by \$2.1 billion in fiscal 2014. Ohio and Wisconsin enacted personal income tax cuts of \$1.6 billion and \$320 million respectively. Arizona's temporary 1.0 percent sales tax expired, reducing sales taxes by \$962 million. Other states with sizeable enacted tax cuts include Alaska, Texas and Pennsylvania. Minnesota raised taxes and fees by \$1.4 billion, including a \$598 million personal income tax increase and a \$404 million increase for cigarettes and tobacco products. States enacted net tax and fee increases for corporate income, cigarettes and tobacco, alcohol, and fees. Newly enacted revenue measures also reduced general fund revenues by \$203 million in fiscal 2014. In fiscal 2013, states increased tax and fees by \$6.9 billion and enacted \$2.5 billion in new revenue measures. Newly enacted net revenues declined in fiscal 2012 by \$600 million, however, most of the fiscal 2012 tax decrease was attributable to the expiration of temporary tax and fee increases in California and North Carolina.

Total Balances

Total balances include ending balances and the amounts in budget stabilization "rainy day" funds and are a crucial tool that states heavily rely on during fiscal downturns and budget shortfalls. Balances reflect the surplus funds that states may use to respond to unforeseen circumstances, helping to offset potential revenue declines and increased spending demands. States have made progress rebuilding budgetary reserves since revenues precipitously declined in fiscal 2009 and 2010. By the end of fiscal 2010, total balance levels had fallen to \$32.5 billion, or 5.2 percent of expenditures, from a peak of \$69.0 billion, or 11.5 percent of expenditures in fiscal 2006. By fiscal 2012, states' budgetary reserves had increased to \$55.8 billion or 8.4 percent of expenditures. In fiscal 2013, revenues outpaced projections, resulting in a sizeable increase in ending balances and thus bringing total balances to \$67 billion or 9.6 percent of general fund expenditures. Enacted fiscal 2014 budgets show total



balances declining to \$56.7 billion or 8.2 percent of expenditures. In addition, the number of states with balances greater than 5.0 percent of expenditures is likely to fall to 27 in fiscal 2014, from 34 in fiscal 2013. Alaska and Texas also account for \$24.8 billion or 43.8 percent of states reported total balances in fiscal 2014. The remaining states have balance levels that represent 5.0 percent of general fund expenditures for fiscal 2014.

This edition of *The Fiscal Survey of States* reflects actual fiscal 2012, preliminary actual fiscal 2013, and appropriated fiscal 2014 figures. The data were collected in the fall of 2013.



STATE EXPENDITURE DEVELOPMENTS

CHAPTER ONE

Overview

State budgets are expected to continue their trend of moderate improvement, making fiscal 2014 the fourth consecutive year of general fund spending growth. In contrast to the dramatic state budget declines during and immediately following the Great Recession, budgets have stabilized and significant fiscal distress is finally beginning to subside for most states. In fiscal 2013, a number of states made mid-year budget increases, helping budgets grow at the fastest pace since fiscal 2008. For most states, fiscal 2013 budgets increased more than the rate of inflation, which means real state purchasing power is rising. Many states also ended fiscal 2013 with a budget surplus due to improved revenue collections. However, the growth in revenue collections is expected to substantially slow in fiscal 2014, and the national economic recovery remains relatively weak. The unemployment rate is high in many states, and economic expansion is slow. This means that states still face continued spending demands in critical areas directly impacted by the sluggish economy such as Medicaid, higher education, corrections and aid to local governments. Additionally, states are challenged by funding needs for capital projects and other programs that were cut back or put on hold during the recession. Although state finances improved in fiscal 2013, new spending initiatives will be mitigated by constrained revenue growth, prior budget cutbacks and uncertainty surrounding the federal budget in fiscal 2014.

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, estimated fiscal 2013 spending from all sources (general funds, federal funds, other state funds and bonds) is approximately \$1.71 trillion. General funds represent the largest amount of *total* state spending at 40.5 percent, followed by federal funds at 30.9 percent, other state funds at 26.1 percent, and bonds at 2.5 percent. The components of total state spending for estimated fiscal 2013 are:

Medicaid, 24.5 percent; elementary and secondary education, 20.0 percent; higher education, 10.0 percent; transportation, 8.0 percent; corrections, 3.1 percent; public assistance, 1.4 percent; and all other expenditures, 33.0 percent.

For estimated fiscal 2013, components of general fund spending are elementary and secondary education, 35.2 percent; Medicaid, 19.0 percent; higher education, 9.7 percent; corrections, 6.8 percent; public assistance, 1.5 percent; transportation, 0.6 percent; and all other expenditures, 27.2 percent.

State General Fund Spending

State general fund spending is forecast to be \$721.8 billion in fiscal 2014 according to enacted budgets. This represents a 3.8 percent increase from the \$695.5 billion spent in fiscal 2013. The fiscal 2014 spending increase will be the fourth consecutive yearly increase in general fund expenditures following back-to-back declines in general fund spending in fiscal 2009 and fiscal 2010, in which spending decreased by 3.8 percent and 5.7 percent respectively. (See Table 1, Figure 1) Nominal spending in fiscal 2013 surpassed the pre-recession peak—\$687.3 billion in fiscal 2008—by \$8.2 billion. Fiscal 2013 general fund spending increased by 4.3 percent, the largest increase in state spending since fiscal 2008. However, aggregate spending levels in fiscal 2013 remained below the pre-recession peak, after accounting for inflation. Fiscal 2013 general fund spending would have needed to reach \$755 billion, or 8.6 percent higher than the estimated \$695.5 billion, to remain equivalent with real 2008 spending levels.³

Forty-three states enacted fiscal 2014 budgets with greater general fund spending than in fiscal 2013. (See Tables 3-5) However, there are still 19 states that enacted a fiscal 2014 budget with general fund spending levels below fiscal 2008, indicating that many places across the country still face an uphill path to full recovery. For fiscal 2014, seven states enacted general fund expenditures below fiscal 2013 levels, 26 states had general fund expenditure growth between 0 and 4.9 percent, and 17 states had general fund spending growth greater than 5.0 percent. (See Tables 2 and 6)

³ See the U.S. Bureau of Economic Analysis National Income and Product Account Tables. Table 3.9.4 Price Indexes for Government Consumption Expenditures and Gross Investment last revised on November 7, 2013. Line 33, state and local price index, is used for determining changes in real purchases. Fiscal year inflation rates determined through quarterly averages.

TABLE 1
State Nominal and Real Annual Budget Increases,
Fiscal 1979 to Fiscal 2014

Fiscal Year	State General Fund	
	Nominal Increase	Real Increase
2014	3.8%	
2013	4.3	3.4%
2012	3.4	1.1
2011	3.8	0.4
2010	-5.7	-6.5
2009	-3.8	-6.3
2008	4.9	-0.4
2007	9.4	4.4
2006	8.7	3.2
2005	6.5	0.5
2004	3.0	-0.7
2003	0.6	-2.4
2002	1.3	-0.9
2001	8.3	3.9
2000	7.2	2.4
1999	7.7	4.9
1998	5.7	3.7
1997	5.0	2.7
1996	4.5	2.2
1995	6.3	3.3
1994	5.0	2.8
1993	3.3	-0.1
1992	5.1	1.8
1991	4.5	0.0
1990	6.4	1.5
1989	8.7	4.8
1988	7.0	2.9
1987	6.3	2.6
1986	8.9	5.4
1985	10.2	6.0
1984	8.0	3.9
1983	-0.7	-6.2
1982	6.4	-0.9
1981	16.3	5.2
1980	10.0	-0.5
1979	10.1	3.2
1979-2014 average	5.6%	1.4%

NOTES: *The state and local government implicit price deflator cited by the Bureau of Economic Analysis National Income and Product Account Tables, Table 3.9.4, in November 2013 is used for state expenditures in determining real changes. Fiscal 2012 figures are based on the change from fiscal 2011 actuals to fiscal 2012 actuals. Fiscal 2013 figures are based on the change from fiscal 2012 actuals to fiscal 2013 estimated. Fiscal 2014 figures are based on the change from fiscal 2013 estimated figures to fiscal 2014 enacted.

FIGURE 1:

Annual Percentage Budget Increases, Fiscal 1979 to Fiscal 2014

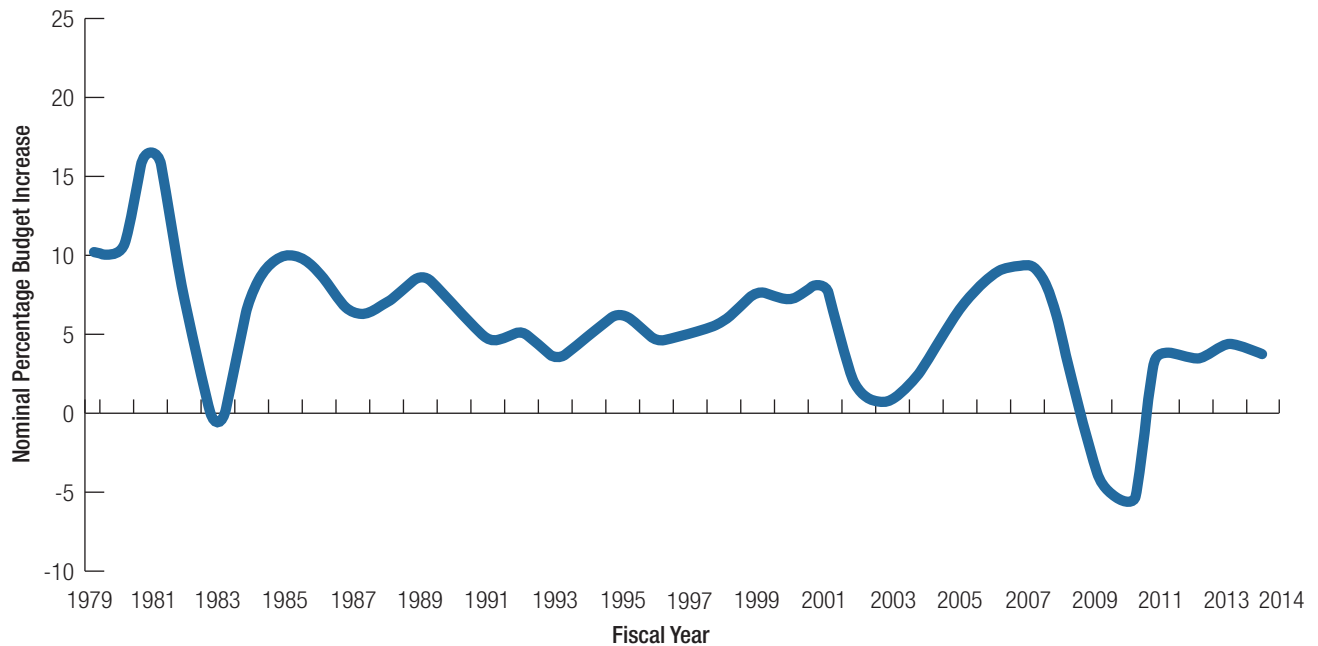


TABLE 2

**State General Fund Expenditure Growth,
Fiscal 2013 and 2014**

Spending Growth	Number of States	
	Fiscal 2013 (Preliminary Actual)	Fiscal 2014 (Appropriated)
Negative growth	5	7
0.0% to 4.9%	26	26
5.0% to 9.9%	14	11
10% or more	5	6

NOTES: Average spending growth for fiscal 2013 (preliminary actual) is 4.3 percent; average spending growth for fiscal 2014 (enacted) is 3.8 percent. See Table 6 for state-by-state data.

TABLE 3
Fiscal 2012 State General Fund, Actual (Millions)

State	Beginning Balance	Revenues	Adjustments	Total Resources	Expenditures	Adjustments	Ending Balance	Rainy Day Fund Balance
Alabama**	\$51	\$7,092	\$296	\$7,439	\$7,596	\$-217	\$60	\$14
Alaska**	0	9,485	47	9,532	7,013	239	2,280	15,880
Arizona**	3	7,804	1,260	9,067	8,420	250	397	253
Arkansas	0	4,606	0	4,606	4,606	0	0	0
California* **	-3,079	87,071	1,156	85,148	86,404	359	-1,615	-2,233
Colorado* **	157	7,736	137	8,030	7,212	-37	855	281
Connecticut**	0	18,562	0	18,562	18,711	-6	-144	93
Delaware*	798	3,359	0	4,157	3,592	0	565	186
Florida	746	24,039	0	24,786	23,277	0	1,509	494
Georgia* **	472	17,270	114	17,856	17,336	0	521	378
Hawaii	126	5,661	0	5,787	5,511	0	275	24
Idaho**	69	2,588	-8	2,648	2,529	20	100	24
Illinois**	469	28,250	5,822	34,541	29,282	5,219	40	0
Indiana**	1,124	14,306	-48	15,382	13,734	-155	1,803	352
Iowa**	0	6,311	381	6,693	6,004	0	688	601
Kansas**	188	6,413	0	6,601	6,098	0	503	0
Kentucky**	290	9,193	200	9,683	9,435	157	90	122
Louisiana* **	-14	7,987	374	8,348	8,234	0	113	443
Maine**	24	2,995	171	3,191	3,130	18	42	45
Maryland**	990	14,258	239	15,487	14,935	0	551	672
Massachusetts*	1,901	32,547	0	34,447	32,458	0	1,990	1,652
Michigan**	554	8,165	507	9,226	8,246	0	979	365
Minnesota* **	1,289	17,086	0	18,375	16,580	0	1,795	658
Mississippi**	50	4,806	0	4,856	4,803	0	53	100
Missouri**	377	7,341	424	8,142	7,938	0	204	251
Montana**	342	1,871	9	2,222	1,775	-5	452	0
Nebraska**	502	3,691	-249	3,944	3,446	0	499	429
Nevada**	324	3,126	0	3,450	3,068	47	336	39
New Hampshire* **	27	1,377	0	1,404	1,241	140	23	9
New Jersey**	870	29,619	528	31,017	30,573	0	444	0
New Mexico* **	505	5,859	-70	6,293	5,580	0	713	713
New York* **	1,376	56,900	0	58,276	56,489	0	1,787	1,306
North Carolina	582	19,534	0	20,116	19,576	146	394	419
North Dakota**	997	2,225	295	3,517	2,223	0	1,294	386
Ohio**	845	27,186	0	28,030	27,057	0	974	247
Oklahoma**	93	6,199	-35	6,257	5,822	328	107	578
Oregon**	72	6,941	-39	6,973	6,925	0	48	128
Pennsylvania**	1,073	26,403	214	27,690	27,186	-155	659	0
Rhode Island**	64	3,271	-102	3,233	3,110	8	115	153
South Carolina* **	712	5,858	11	6,581	5,517	108	956	288
South Dakota**	0	1,236	47	1,282	1,207	28	48	135
Tennessee**	595	11,667	-20	12,242	11,169	255	819	306
Texas**	1,136	44,880	-1,517	44,498	44,577	0	-78	6,133
Utah**	60	4,859	-14	4,905	4,832	27	46	277
Vermont**	0	1,244	6	1,250	1,250	0	0	58
Virginia**	841	16,186	0	17,027	16,351	0	675	303
Washington**	-92	14,874	117	14,899	15,279	0	-380	130
West Virginia**	793	4,103	5	4,902	4,140	151	611	851
Wisconsin**	86	13,515	328	13,928	13,751	-165	342	0
Wyoming**	0	1,580	0	1,580	1,580	0	0	765
Total	\$18,387	\$669,130		\$698,103	\$666,805		\$24,537	\$34,308

NOTES: *In these states, the ending balance includes the balance in the budget stabilization fund. **See Notes to Table 3 on page 28.



TABLE 4

Fiscal 2013 State General Fund, Preliminary Actual (Millions)

State	Beginning Balance	Revenues	Adjustments	Total Resources	Expenditures	Adjustments	Ending Balance	Rainy Day Fund Balance
Alabama**	\$60	\$7,253	\$146	\$7,459	\$7,206	\$0	\$253	\$14
Alaska**	0	7,476	109	7,586	7,783	-63	-134	17,067
Arizona**	397	8,153	1,008	9,558	8,463	200	896	454
Arkansas	0	4,728	0	4,728	4,728	0	0	0
California* **	-1,615	98,195	-255	96,325	95,665	-212	872	254
Colorado* **	796	8,592	-4	9,383	7,901	0	1,483	373
Connecticut**	0	19,406	0	19,406	19,008	-1	399	271
Delaware*	565	3,730	0	4,294	3,659	0	636	199
Florida	1,509	26,060	0	27,570	25,076	0	2,494	709
Georgia* **	521	18,398	73	18,991	18,312	0	680	N/A
Hawaii	275	6,234	0	6,510	5,666	0	844	24
Idaho**	100	2,658	9	2,767	2,702	5	60	50
Illinois**	40	30,221	6,382	36,643	30,785	5,704	154	0
Indiana**	1,803	14,756	19	16,579	14,247	903	1,428	370
Iowa**	0	6,662	547	7,209	6,226	204	779	622
Kansas	503	6,250	0	6,753	6,166	0	588	0
Kentucky**	90	9,450	267	9,807	9,527	156	123	122
Louisiana**	0	8,103	162	8,265	8,264	0	0	443
Maine**	42	3,048	116	3,206	3,082	117	8	60
Maryland**	551	14,894	171	15,616	15,105	0	511	700
Massachusetts*	1,990	33,850	0	35,840	33,966	0	1,874	1,557
Michigan**	979	8,783	-103	9,659	9,006	0	653	505
Minnesota* **	1,795	18,075	0	19,870	18,862	0	1,008	657
Mississippi**	53	4,940	-100	4,894	4,744	95	54	32
Missouri**	204	8,083	185	8,472	8,025	0	446	277
Montana**	452	2,078	3	2,533	1,997	-2	537	0
Nebraska**	499	4,047	-142	4,404	3,589	0	815	384
Nevada**	336	3,219	0	3,554	3,260	56	238	85
New Hampshire* **	23	1,442	0	1,465	1,266	113	86	9
New Jersey**	444	30,922	493	31,858	31,393	0	465	0
New Mexico* **	713	5,706	0	6,418	5,847	0	571	571
New York* **	1,787	58,783	0	60,570	58,960	0	1,610	1,306
North Carolina	394	20,541	0	20,935	20,202	383	351	651
North Dakota**	1,294	2,331	305	3,930	2,353	181	1,396	584
Ohio**	974	29,559	0	30,532	28,254	0	2,278	482
Oklahoma**	107	6,330	-27	6,410	6,275	3	133	535
Oregon**	48	7,221	-33	7,237	6,764	0	473	69
Pennsylvania**	659	27,397	202	28,258	27,731	-13	541	0
Rhode Island**	115	3,316	-112	3,320	3,215	7	97	172
South Carolina* **	956	6,390	0	7,346	6,200	100	1,046	394
South Dakota**	0	1,258	58	1,316	1,291	1	24	159
Tennessee**	819	11,983	-36	12,766	11,777	292	696	356
Texas**	-78	47,469	-2,366	45,025	41,553	0	3,472	6,128
Utah**	46	5,093	-12	5,127	5,099	28	0	284
Vermont**	0	1,345	0	1,345	1,323	22	0	63
Virginia**	675	16,966	0	17,642	17,136	0	505	440
Washington**	-380	15,772	236	15,628	15,539	0	89	268
West Virginia**	611	4,104	96	4,811	4,271	28	512	915
Wisconsin**	342	14,086	465	14,892	14,333	-200	759	0
Wyoming**	0	1,664	0	1,664	1,664	0	0	884
Total	\$21,492	\$707,016		\$736,370	\$695,461		\$32,801	\$39,497

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 on page 30.

TABLE 5
Fiscal 2014 State General Fund, Appropriated (Millions)

State	Beginning Balance	Revenues	Adjustments	Total Resources	Expenditures	Adjustments	Ending Balance	Rainy Day Fund Balance
Alabama**	\$253	\$7,344	\$193	\$7,790	\$7,480	\$281	\$29	\$295
Alaska**	0	6,713	-550	6,163	7,122	-292	-668	17,179
Arizona**	896	8,263	77	9,236	8,786	0	450	454
Arkansas	0	4,944	0	4,944	4,944	0	0	0
California*	872	97,098	0	97,970	96,281	0	1,689	1,071
Colorado**	373	8,663	-21	9,015	8,435	0	580	398
Connecticut**	0	17,193	0	17,193	17,189	0	4	276
Delaware**	636	3,741	0	4,376	3,815	0	561	202
Florida	2,494	26,695	0	29,188	27,295	0	1,894	923
Georgia**	680	18,808	0	19,487	18,808	0	N/A	N/A
Hawaii**	844	6,250	0	7,094	6,396	0	698	82
Idaho**	60	2,799	-24	2,835	2,781	3	51	50
Illinois**	154	29,331	6,390	35,875	30,619	5,102	154	0
Indiana**	1,428	14,792	10	16,230	14,642	484	1,105	373
Iowa**	0	6,906	297	7,203	6,478	0	725	650
Kansas	588	5,886	0	6,473	5,964	0	510	0
Kentucky**	52	9,615	229	9,896	9,812	83	0	98
Louisiana**	0	8,351	64	8,414	8,411	0	3	443
Maine**	8	3,062	104	3,173	3,174	2	-2	60
Maryland**	511	15,394	17	15,922	15,675	0	247	767
Massachusetts*	1,874	35,469	0	37,343	35,791	0	1,552	1,326
Michigan	653	8,910	48	9,611	9,606	0	5	580
Minnesota**	1,008	18,955	0	19,963	18,803	0	1,160	657
Mississippi**	54	5,098	-103	5,050	5,050	0	0	N/A
Missouri**	446	7,929	156	8,531	8,472	0	59	266
Montana	537	2,056	0	2,594	2,200	0	393	0
Nebraska**	815	4,021	-460	4,376	3,838	280	258	679
Nevada**	238	3,257	0	3,495	3,278	49	169	38
New Hampshire**	66	1,403	0	1,469	1,328	106	36	9
New Jersey**	465	32,375	-9	32,831	32,528	0	303	0
New Mexico**	571	5,830	0	6,401	5,950	0	451	451
New York**	1,610	61,256	0	62,866	61,157	0	1,709	1,306
North Carolina**	351	20,603	0	20,954	20,631	0	324	651
North Dakota**	1,392	2,337	342	4,071	3,363	0	708	584
Ohio**	2,278	29,470	0	31,748	31,467	0	281	1,478
Oklahoma**	133	6,645	0	6,777	6,417	0	360	N/A
Oregon**	473	7,506	-137	7,841	7,727	0	115	292
Pennsylvania**	541	27,841	2	28,383	28,376	2	6	2
Rhode Island**	93	3,381	-114	3,360	3,360	0	0	174
South Carolina**	1,046	6,379	27	7,452	6,259	336	857	410
South Dakota**	0	1,321	9	1,329	1,328	0	2	161
Tennessee**	696	12,358	-100	12,954	12,586	343	25	456
Texas**	3,472	46,604	-1,757	48,319	46,553	0	1,766	6,541
Utah**	0	5,238	229	5,466	5,448	19	0	284
Vermont**	0	1,371	0	1,371	1,356	15	0	66
Virginia**	506	17,492	0	17,998	17,986	0	12	688
Washington**	89	15,953	-26	16,016	16,016	0	0	409
West Virginia**	512	4,136	0	4,648	4,186	6	456	925
Wisconsin**	759	14,014	616	15,389	14,977	-141	553	0
Wyoming	0	1,663	0	1,663	1,663	0	0	883
Total	\$30,526	\$712,715		\$748,749	\$721,805		\$19,588	\$42,634

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 on page 33.

TABLE 6

General Fund Nominal Percentage Expenditure Change, Fiscal 2013 and Fiscal 2014

State	Fiscal 2013	Fiscal 2014
Alabama	-5.1%	3.8%
Alaska	11.0	-8.5
Arizona	0.5	3.8
Arkansas	2.6	4.6
California	10.7	0.6
Colorado	9.6	6.8
Connecticut	1.6	-9.6
Delaware	1.8	4.3
Florida	7.7	8.8
Georgia	5.6	2.7
Hawaii	2.8	12.9
Idaho	6.8	2.9
Illinois	5.1	-0.5
Indiana	3.7	2.8
Iowa	3.7	4.1
Kansas	1.1	-3.3
Kentucky	1.0	3.0
Louisiana	0.4	1.8
Maine	-1.5	3.0
Maryland	1.1	3.8
Massachusetts	4.6	5.4
Michigan	9.2	6.7
Minnesota	13.8	-0.3
Mississippi	-1.2	6.4
Missouri	1.1	5.6
Montana	12.5	10.2
Nebraska	4.2	6.9
Nevada	6.3	0.5
New Hampshire	2.0	4.9
New Jersey	2.7	3.6
New Mexico	4.8	1.8
New York	4.4	3.7
North Carolina	3.2	2.1
North Dakota	5.9	42.9
Ohio	4.4	11.4
Oklahoma	7.8	2.3
Oregon	-2.3	14.2
Pennsylvania	2.0	2.3
Rhode Island	3.4	4.5
South Carolina	12.4	1.0
South Dakota	7.0	2.9
Tennessee	5.4	6.9
Texas	-6.8	12.0
Utah	5.5	6.8
Vermont	5.9	2.5
Virginia	4.8	5.0
Washington	1.7	3.1
West Virginia	3.2	-2.0
Wisconsin	4.2	4.5
Wyoming	5.3	-0.1
Average	4.3%	3.8%

NOTES: Fiscal 2013 reflects changes from fiscal 2012 expenditures (actual) to fiscal 2013 expenditures (preliminary actual). Fiscal 2014 reflects changes from fiscal 2013 expenditures (preliminary actual) to fiscal 2014 expenditures (appropriated).

Mid-Year Budget Adjustments, Enacted Budget Adjustments by Program Area and Budget Gaps

One of the clearest signs of state fiscal stress is net mid-year budget cuts, as these actions are evidence that states will not be able to meet previously set revenue collections forecasts. With fiscal 2014 just underway at the time of data collection, few states reported mid-year budget cuts for the current fiscal year. (See [Tables 7-9](#)) However, in fiscal 2012 and fiscal 2013, eight states made \$1.7 billion in mid-year cuts and 11 states made \$1.3 billion in mid-year budget cuts respectively. (See [Figure 2](#)) In fiscal 2011, 23 states made mid-year budget cuts totaling \$7.8 billion. In fiscal 2010, 39 states made mid-year budget cuts totaling \$18.3 billion, and in fiscal 2009, 41 states made mid-year budget cuts, totaling \$31.3 billion. In sharp contrast to fiscal 2009 and fiscal 2010, minimal mid-year cuts in fiscal 2012 and fiscal 2013 indicate that states' fiscal situations are stabilizing, and budgets are successfully adapting to the current economic environment.

In addition to mid-year budget cuts, enacted budget adjustments by program area help identify changing spending patterns within the general fund. (See [Tables 10-12](#)) Forty-two states increased funding for K-12 education, while only five states enacted cuts to K-12 education, resulting in a net spending increase of \$8.8 billion in fiscal 2014. Thirty-five states enacted general fund spending increases for Medicaid, and aggregate spending levels are expected to increase by \$6.8 billion. However, Connecticut's change to their Medicaid reporting practices reduced net Medicaid spending by \$2.4 billion. Excluding Connecticut's reporting change, enacted spending increases for Medicaid reached \$9.1 billion in fiscal 2014. All major program areas experienced enacted spending increases in fiscal 2014 with the exception of public assistance, which received a net spending decrease of \$326 million.

Mid-year budget cuts are one mechanism by which states can close current year budget gaps, differences between enacted levels of spending and anticipated revenue collections. States can also implement strategies to close budget gaps prior to the

start of the fiscal year. Previously closed budget gaps for fiscal 2014 totaled \$6.4 billion, significantly less than the \$37 billion in previously closed budget gaps for fiscal 2013. Although projected budget gaps for fiscal 2015 are preliminary, the number of states forecasting budget gaps has fallen from 16 in fiscal 2014 to 10 in fiscal 2015. Declining budget gaps in fiscal 2014 indicate that state fiscal conditions are further stabilizing from fiscal 2013 and fiscal 2012. Constrained revenues and heightened spending demands in fiscal 2011 and fiscal 2012 left states to solve \$146.3 billion in budget gaps over the two-year period. State revenue collections improved in fiscal 2013, helping states reduce projected budget gaps for fiscal 2014. However, revenue growth rates are expected to slow in fiscal 2014, which may result in additional budget gaps later in the fiscal year.

In order to eliminate budget gaps and control spending in fiscal 2014 and fiscal 2015, states are planning to use a number of strategies. In fiscal 2014, 17 states reported that targeted cuts have been used to reduce expenditures, and six states plan to achieve savings from agency reorganization. Four states intend to close budget gaps by making use of their "rainy day" fund in fiscal 2014. In contrast to the prior few fiscal years, a very limited number of states reported solving budget gaps by implementing employee layoffs, furloughs or cutting state employee benefits. While few states were able to project how budget gaps will be addressed in fiscal 2015, seven expect targeted cuts will be part of the solution. (See [Tables 13-15](#))

TABLE 7
Fiscal 2014 Net Mid-Year Budget Cuts

State	FY 2014 Size of Cuts (\$ in Millions)	Programs or Expenditures Exempted from Cuts
Indiana	\$83.5	Distributions to K-12, higher education, and Medicaid.
Missouri	185.1	Payments to K-12 schools, payments to higher education institutions.
Total	\$268.6	—

NOTES: **Budget Cuts for Fiscal 2014 are currently ongoing. See [Tables 8 & 9](#) for state-by-state data on programs and dollar values.

TABLE 8

Fiscal 2014 Mid-Year Program Area Cuts

State	K-12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other
Alabama							
Alaska							
Arizona							
Arkansas							
California							
Colorado							
Connecticut							
Delaware							
Florida							
Georgia							
Hawaii							
Idaho							
Illinois							
Indiana	X		X		X	X	X
Iowa							
Kansas							
Kentucky							
Louisiana							
Maine							
Maryland							
Massachusetts							
Michigan							
Minnesota							
Mississippi							
Missouri					X		X
Montana							
Nebraska							
Nevada							
New Hampshire							
New Jersey							
New Mexico							
New York							
North Carolina							
North Dakota							
Ohio							
Oklahoma							
Oregon							
Pennsylvania							
Rhode Island							
South Carolina							
South Dakota							
Tennessee							
Texas							
Utah							
Vermont							
Virginia							
Washington							
West Virginia							
Wisconsin							
Wyoming							
Total	1	0	1	0	2	1	2

NOTE: See Table 9 for state-by-state values.

TABLE 9

Fiscal 2014 Mid-Year Program Area Adjustments by Dollar Value (Millions)

State	K-12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other	Total
Alabama								
Alaska								
Arizona								
Arkansas								
California								
Colorado								
Connecticut								
Delaware								
Florida								
Georgia								
Hawaii								
Idaho								
Illinois								
Indiana	-1.3	0.0	-3.4	0.0	-5.9	-1.3	-71.6	-83.5
Iowa								
Kansas								
Kentucky								
Louisiana								
Maine*								
Maryland								
Massachusetts								
Michigan								
Minnesota								
Mississippi								
Missouri*	0.0	0.0	0.0	0.0	-1.5	0.0	-183.6	-185.1
Montana								
Nebraska								
Nevada								
New Hampshire								
New Jersey								
New Mexico								
New York								
North Carolina								
North Dakota								
Ohio								
Oklahoma								
Oregon								
Pennsylvania								
Rhode Island								
South Carolina								
South Dakota								
Tennessee								
Texas								
Utah								
Vermont								
Virginia								
Washington*								
West Virginia								
Wisconsin	40.0	0.0	0.0	0.0	0.0	0.0	0.0	40.0
Wyoming								
Total	\$38.7	-\$0.0	-\$3.4	\$0.0	-\$7.4	-\$1.3	-\$255.2	-\$228.6

NOTE: *See Notes to Table 9 on page 36.

TABLE 10
Fiscal 2014 Enacted Program Area Cuts

State	K-12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other
Alabama							
Alaska		X					X
Arizona				X			
Arkansas			X		X		
California							
Colorado							
Connecticut*				X			
Delaware*			X				
Florida						X	
Georgia							
Hawaii							
Idaho							
Illinois						X	
Indiana				X	X		
Iowa							
Kansas	X	X			X		X
Kentucky							
Louisiana		X	X			X	
Maine				X			
Maryland				X			
Massachusetts			X				X
Michigan			X				
Minnesota	X						
Mississippi							
Missouri	X						
Montana							X
Nebraska							
Nevada					X		X
New Hampshire							
New Jersey				X			
New Mexico							
New York			X		X		
North Carolina							
North Dakota							
Ohio			X				
Oklahoma							
Oregon							
Pennsylvania			X			X	
Rhode Island							
South Carolina							X
South Dakota							
Tennessee						X	
Texas							
Utah							
Vermont				X			
Virginia					X		
Washington						X	X
West Virginia	X	X	X	X	X		X
Wisconsin		X					X
Wyoming	X	X			X	X	X
Total	5	6	9	8	8	7	10

NOTES: *See Notes to Table 10 on page 36. See Table 12 for state-by-state dollar values.

TABLE 11
Fiscal 2014 Enacted Budget Increases by Program Area

State	K-12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other
Alabama	X	X			X		X
Alaska	X		X		X	X	
Arizona	X	X	X		X		X
Arkansas	X	X		X			X
California	X	X		X	X		X
Colorado	X	X		X	X		X
Connecticut	X	X	X		X	X	X
Delaware	X	X		X	X		X
Florida	X	X		X	X		X
Georgia	X	X	X	X	X	X	X
Hawaii	X	X		X	X		X
Idaho	X	X		X	X		X
Illinois	X	X			X		
Indiana	X	X					X
Iowa	X	X	X	X	X		X
Kansas				X			
Kentucky	X	X		X			X
Louisiana	X			X	X		X
Maine	X	X	X		X		X
Maryland	X	X	X		X		X
Massachusetts	X	X		X	X	X	
Michigan		X		X	X	X	X
Minnesota		X	X	X	X	X	X
Mississippi	X	X		X	X		X
Missouri		X		X	X	X	X
Montana	X	X	X	X	X		
Nebraska	X	X	X	X	X		X
Nevada	X	X	X	X			
New Hampshire		X			X		
New Jersey	X	X	X		X	X	X
New Mexico	X	X		X	X		X
New York	X	X		X		X	X
North Carolina							
North Dakota	X	X		X	X	X	X
Ohio	X	X		X	X		X
Oklahoma	X	X			X	X	X
Oregon	X	X	X	X	X	X	X
Pennsylvania	X	X		X	X		X
Rhode Island	X	X		X			X
South Carolina	X	X	X	X	X	X	
South Dakota	X	X	X	X	X	X	X
Tennessee	X	X		X	X		X
Texas	X	X		X	X	X	X
Utah	X	X		X	X	X	X
Vermont	X	X	X		X		X
Virginia	X	X	X	X			X
Washington	X	X	X	X	X		
West Virginia						X	
Wisconsin	X			X	X	X	
Wyoming							
Total	42	43	18	35	39	18	37

NOTE: See Table 12 for state-by-state dollar values.

TABLE 12

Fiscal 2014 Enacted Program Area Adjustments by Dollar Value (Millions)

State	K-12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other	Total
Alabama	\$242.7	\$1.1	\$0.0	\$0.0	\$16.7	\$0.0	\$84.3	\$344.8
Alaska	23.0	-146.0	3.0	0.0	23.0	499.9	-1,063.5	-660.6
Arizona*	121.1	28.8	53.3	-56.4	11.5	0.0	92.9	251.2
Arkansas	48.3	49.1	-31.0	9.6	-16.4	0.0	150.0	209.6
California*	1,836.8	1,628.1	-341.4	1,526.0	45.9	0.0	248.0	4,943.4
Colorado	85.1	30.5	0.0	215.6	9.5	0.0	163.0	503.6
Connecticut*	130.5	19.9	5.4	-2,370.8	51.5	0.5	212.3	-1,950.7
Delaware	49.1	11.1	-0.4	29.8	7.4	0.0	34.4	131.4
Florida	893.6	508.1	0.0	313.5	42.9	-4.8	188.9	1,942.2
Georgia	239.7	28.5	15.7	168.2	12.2	15.6	38.6	518.5
Hawaii	55.8	9.3	0.0	54.6	7.5	0.0	310.6	437.8
Idaho	28.5	11.0	0.0	3.3	12.7	0.0	23.4	78.9
Illinois	137.2	11.5	0.0	0.0	45.4	-16.5	0.0	177.6
Indiana*	296.9	120.0	0.0	-48.5	-0.3	0.0	472.5	840.6
Iowa	75.2	27.8	1.0	73.4	12.9	0.0	75.4	265.7
Kansas	-146.0	-23.0	0.0	21.0	-9.0	0.0	-45.0	-202.0
Kentucky	75.0	4.0	0.0	175.0	0.0	0.0	46.0	300.0
Louisiana	155.3	-468.9	-20.2	439.7	18.4	-0.1	11.4	135.6
Maine*	60.3	4.5	2.5	-24.7	8.4	0.0	28.4	79.4
Maryland	187.2	86.0	54.4	-149.9	33.1	0.0	441.1	651.8
Massachusetts	152.8	141.7	-1.4	1,122.6	47.0	236.5	-144.9	1,554.3
Michigan*	0.0	60.7	-26.2	114.0	41.0	328.3	121.5	639.3
Minnesota*	-1,196.3	98.9	18.9	402.5	12.7	70.4	533.9	-59.0
Mississippi	46.1	45.2	0.0	175.2	22.8	0.0	34.4	323.7
Missouri	-19.7	13.6	0.0	91.9	17.2	4.3	132.7	240.0
Montana	24.1	22.0	0.8	24.5	3.3	0.0	-8.6	66.2
Nebraska	64.6	29.9	8.6	65.7	7.5	0.0	41.5	217.8
Nevada	33.9	7.2	6.4	35.7	-3.2	0.0	-20.4	59.6
New Hampshire	0.0	30.0	0.0	0.0	3.0	0.0	0.0	33.0
New Jersey	716.5	122.5	8.9	-46.5	6.6	142.6	184.4	1,135.0
New Mexico	112.2	38.3	0.0	13.9	4.9	0.0	74.1	243.4
New York	342.0	141.0	-112.0	762.0	-21.0	138.0	1,037.0	2,287.0
North Carolina	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
North Dakota	229.9	122.4	0.0	94.0	10.7	729.1	126.8	1,312.9
Ohio	307.7	23.1	-37.7	2,027.7	19.0	0.0	268.0	2,607.8
Oklahoma	74.6	36.3	0.0	0.0	0.9	2.3	133.3	247.4
Oregon	346.9	68.4	30.9	140.1	23.5	0.1	350.1	960.0
Pennsylvania	265.8	7.7	-5.0	111.3	84.3	-5.8	187.0	645.3
Rhode Island	36.0	7.0	0.0	60.0	0.0	0.0	23.0	126.0
South Carolina	182.3	28.7	1.9	1.3	25.4	50.1	-0.6	289.1
South Dakota	13.1	7.1	15.1	22.4	4.7	1.0	18.0	81.4
Tennessee	182.0	116.2	0.0	251.6	28.9	-4.5	114.4	688.6
Texas	1,324.4	300.3	0.0	300.1	52.0	32.7	1,104.3	3,113.8
Utah	125.6	50.5	0.0	34.8	17.5	0.1	123.4	351.9
Vermont*	15.4	4.0	3.7	-5.0	6.1	0.0	28.1	52.3
Virginia	170.3	61.5	9.0	302.9	-7.7	0.0	334.0	870.0
Washington	502.0	182.0	16.0	62.0	43.0	-7.0	-311.0	487.0
West Virginia	-15.0	-34.1	-6.6	-40.7	-15.3	0.1	-71.2	-182.8
Wisconsin	125.6	-59.7	0.0	283.5	70.2	19.9	-215.6	223.9
Wyoming	-1.0	-17.0	0.0	0.0	-11.0	-2.0	-43.0	-74.0
Total	\$8,757.0	\$3,596.7	-\$326.4	\$6,787.0	\$827.3	\$2,230.8	\$5,667.2	\$27,539.6

NOTES: *See Notes to Table 12 on page 36. Value of changes are in reference to funding levels of FY 2013 enacted budgets.

TABLE 13

Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2013

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									
Alaska									
Arizona									
Arkansas									
California									
Colorado									
Connecticut*									
Delaware									
Florida									
Georgia									
Hawaii*									
Idaho									
Illinois	X			X		X			
Indiana									
Iowa									
Kansas									
Kentucky									
Louisiana		X		X		X			
Maine									
Maryland*	X								
Massachusetts									
Michigan									
Minnesota									
Mississippi									
Missouri									
Montana									
Nebraska									
Nevada									
New Hampshire									
New Jersey									
New Mexico									
New York									
North Carolina									
North Dakota									
Ohio									
Oklahoma									
Oregon	X	X	X		X	X	X		X
Pennsylvania									
Rhode Island	X			X	X	X	X		
South Carolina									
South Dakota									
Tennessee*									
Texas									
Utah									
Vermont*	X			X	X				
Virginia									
Washington									
West Virginia									
Wisconsin									
Wyoming									
Total	5	2	1	4	3	4	2	0	1

NOTE: *See Notes to Table 13 on page 37.

Table 13 continues on next page.

TABLE 13 (CONTINUED)

Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2013

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							X			
Arizona										
Arkansas										
California										
Colorado										
Connecticut*			X							X
Delaware										
Florida										
Georgia			X							
Hawaii*		X	X							X
Idaho										
Illinois		X	X						X	
Indiana										
Iowa										
Kansas			X		X					
Kentucky										
Louisiana			X		X	X				
Maine	X		X		X		X			X
Maryland*	X	X	X	X				X	X	X
Massachusetts		X	X	X			X			X
Michigan										
Minnesota										
Mississippi										
Missouri		X	X			X		X		
Montana										
Nebraska										
Nevada										
New Hampshire										
New Jersey										
New Mexico										
New York										
North Carolina										
North Dakota										
Ohio										
Oklahoma										
Oregon	X	X	X	X			X			
Pennsylvania										
Rhode Island	X		X							
South Carolina										
South Dakota										
Tennessee*										X
Texas										
Utah										
Vermont*			X							
Virginia										
Washington			X							
West Virginia			X							
Wisconsin										
Wyoming										
Total	4	6	15	3	3	2	4	2	2	6

NOTE: *See Notes to Table 13 on page 37.

TABLE 14

Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2014

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									
Alaska									
Arizona									
Arkansas									
California									
Colorado									
Connecticut									
Delaware*									
Florida									
Georgia									
Hawaii*	X	X							
Idaho									
Illinois									
Indiana									
Iowa									
Kansas									
Kentucky									
Louisiana		X		X		X			
Maine*									
Maryland*									
Massachusetts									
Michigan									
Minnesota									
Mississippi									
Missouri									
Montana									
Nebraska									
Nevada				X			X		
New Hampshire									
New Jersey									
New Mexico									
New York*									
North Carolina									
North Dakota									
Ohio									
Oklahoma									
Oregon		X			X				
Pennsylvania					X				
Rhode Island									
South Carolina									
South Dakota									
Tennessee*									
Texas									
Utah*									
Vermont*	X			X	X				
Virginia									
Washington	X	X	X						
West Virginia*									
Wisconsin									
Wyoming									
Total	3	4	1	3	3	1	1	0	0

NOTE: *See Notes to Table 14 on page 37.

Table 14 continues on next page.

TABLE 14 (CONTINUED)

Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2014

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							X			
Arizona										
Arkansas										
California										
Colorado										
Connecticut										
Delaware*			X							X
Florida										
Georgia										
Hawaii*		X	X							X
Idaho										
Illinois			X							
Indiana										
Iowa										
Kansas			X		X					
Kentucky			X				X			X
Louisiana			X		X	X				
Maine*	X		X	X	X					X
Maryland*		X	X							X
Massachusetts										
Michigan										
Minnesota										
Mississippi										
Missouri		X	X							
Montana										
Nebraska										
Nevada	X						X			X
New Hampshire										
New Jersey										
New Mexico							X			
New York*			X	X	X					X
North Carolina										
North Dakota										
Ohio										
Oklahoma										
Oregon		X	X		X					
Pennsylvania			X		X				X	
Rhode Island			X						X	
South Carolina										
South Dakota										
Tennessee*										X
Texas										
Utah*										X
Vermont*			X							
Virginia										
Washington			X	X						
West Virginia*			X							X
Wisconsin										
Wyoming			X							
Total	2	4	17	3	6	1	4	0	2	10

NOTE: *See Notes to Table 14 on page 37.

TABLE 15

Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2015

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									
Alaska									
Arizona									
Arkansas									
California									
Colorado									
Connecticut									
Delaware									
Florida									
Georgia									
Hawaii*	X	X							
Idaho									
Illinois									
Indiana									
Iowa									
Kansas									
Kentucky									
Louisiana									
Maine									
Maryland									
Massachusetts									
Michigan									
Minnesota									
Mississippi									
Missouri									
Montana									
Nebraska									
Nevada									
New Hampshire									
New Jersey									
New Mexico									
New York									
North Carolina									
North Dakota									
Ohio									
Oklahoma									
Oregon		X			X				
Pennsylvania									
Rhode Island									
South Carolina									
South Dakota									
Tennessee*									
Texas									
Utah									
Vermont									
Virginia									
Washington	X	X	X						
West Virginia*									
Wisconsin									
Wyoming									
Total	2	3	1	0	1	0	0	0	0

NOTE: *See Notes to Table 15 on page 38.

Table 15 continues on next page.

TABLE 15 (CONTINUED)

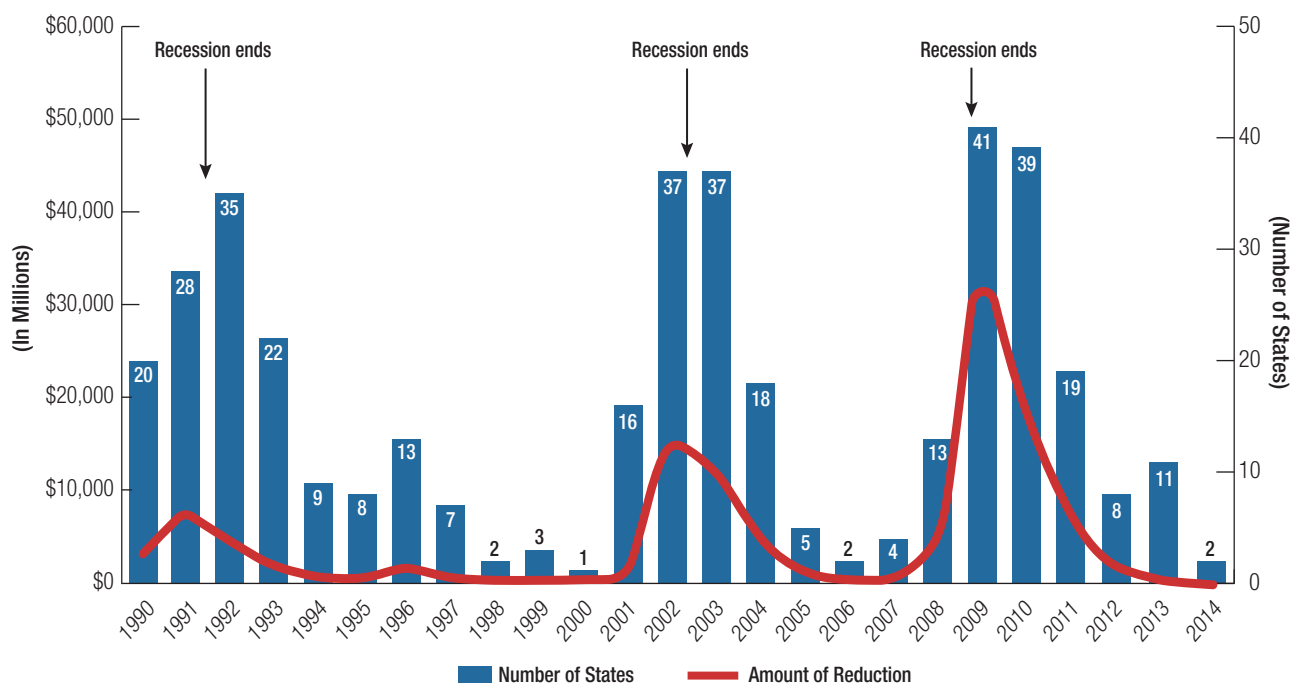
Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2015

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							X			
Arizona										
Arkansas										
California										
Colorado										
Connecticut										
Delaware										
Florida										
Georgia										
Hawaii*										X
Idaho										
Illinois										
Indiana										
Iowa										
Kansas			X							
Kentucky										
Louisiana										
Maine	X		X	X	X	X				X
Maryland			X							
Massachusetts										
Michigan										
Minnesota										
Mississippi										
Missouri										
Montana										
Nebraska										
Nevada										
New Hampshire										
New Jersey										
New Mexico										
New York										
North Carolina										
North Dakota										
Ohio										
Oklahoma										
Oregon		X	X							
Pennsylvania										
Rhode Island			X							
South Carolina										
South Dakota										
Tennessee*										X
Texas										
Utah										
Vermont										
Virginia										
Washington			X	X						
West Virginia*		X	X							X
Wisconsin										
Wyoming										
Total	1	2	7	2	1	1	1	0	0	4

NOTE: *See Notes to Table 15 on page 38.

FIGURE 2:

Budget Cuts Made After the Budget Passed, Fiscal 1990 to Fiscal 2014 (\$ Millions)



State Employment Changes

The state employment outlook slightly deteriorated in fiscal 2013, and states plan to reduce the number of full-time employees again in fiscal 2014. The number of full-time state employees declined by 0.19 percent in fiscal 2013, with 19 states cutting the number of full-time equivalent positions in fiscal 2013. Twelve states are expected to reduce the number of full-time employees in fiscal 2014, and four states expect no change. Thirty states enacted fiscal 2014 spending plans with a greater number of appropriated full-time employee positions. Based on enacted budgets, the total number of full time employees is projected to decrease by 1.87 percent in fiscal 2014. (See Tables 16) Although state fiscal conditions have improved since fiscal 2009 and fiscal 2010, flexible Recovery Act dollars have declined. This significant decline in federal funds, in conjunction with slow economic growth, may help explain the slight

decline in the number of full-time employees over the last several fiscal years. Reporting and classification changes may also have contributed to the reported decline in the number of full-time equivalent positions.

State employee compensation has also been widely affected by the recession and slow economic recovery. Since fiscal 2010, there has been considerable variation among states' changes to employee compensation, but many states have foregone salary increases, reduced benefits, and in select cases implemented salary cuts. However, 25 states authorized across-the-board salary increases for employees in fiscal 2014, and fourteen states enacted broad-based merit increases. Other modifications to employee compensation in fiscal 2014 included one-time bonuses, longevity payments, changes to health and retirement benefit packages, and additional pay for performance. (See Tables 17)

TABLE 16

Number of Filled Full-Time Equivalent Positions Fiscal 2012 to Fiscal 2014, in All Funds

State	Fiscal 2012	Fiscal 2013	Fiscal 2014	Percent Change 2012-2013	Percent Change 2013-2014	Includes Higher Education Faculty	State-Administered Welfare System
Alabama	32,053	30,686	30,686	-4.26%	0.00%		X
Alaska	21,898	21,843	22,171	-0.25	1.50	X	X
Arizona	38,536	39,309	N/A	2.01	N/A		X
Arkansas	31,753	31,574	34,820	-0.56	10.28		X
California	356,808	346,321	348,804	-2.94	0.72	X	X
Colorado*	52,148	52,077	53,630	-0.14	2.98	X	
Connecticut	41,483	42,572	45,011	2.63	5.73	X	X
Delaware*	31,188	31,347	31,542	0.51	0.62	X	X
Florida	121,150	117,497	114,189	-3.02	-2.82		X
Georgia*	70,324	68,696	N/A	-2.31	N/A		
Hawaii*	44,747	44,975	45,145	0.51	0.38	X	X
Idaho	17,748	18,014	18,025	1.50	0.06		X
Illinois	50,095	47,971	52,397	-4.24	9.23		
Indiana	27,866	28,081	28,100	0.77	0.07		X
Iowa	42,852	41,441	41,441	-3.29	0.00	X	X
Kansas	40,713	40,361	40,049	-0.86	-0.77	X	X
Kentucky	32,048	31,869	32,000	-0.56	0.41		X
Louisiana*	72,677	66,259	54,189	-8.83	-18.22	X	X
Maine	13,355	13,324	13,264	-0.23	-0.45		X
Maryland	75,260	75,553	75,842	0.39	0.38	X	X
Massachusetts*	86,113	86,913	86,823	0.93	-0.10	X	X
Michigan	45,289	45,331	45,400	0.09	0.15		X
Minnesota	31,554	32,365	N/A	2.57	N/A		
Mississippi	31,514	31,459	35,602	-0.17	13.17		X
Missouri	54,406	53,943	55,339	-0.85	2.59		X
Montana	14,140	14,225	14,133	0.60	-0.65		X
Nebraska	15,808	15,901	N/A	0.59	N/A		X
Nevada	16,844	16,977	17,303	0.79	1.92		X
New Hampshire	9,620	9,541	10,525	-0.82	10.31		X
New Jersey	70,019	69,426	69,611	-0.85	0.27		
New Mexico	21,709	22,239	22,513	2.44	1.23		X
New York	184,141	185,354	185,885	0.66	0.29	X	
North Carolina	322,591	324,805	263,777	0.69	-18.79	X	X
North Dakota	7,696	7,863	8,507	2.17	8.19		
Ohio	51,362	50,288	50,288	-2.09	0.00		
Oklahoma	35,547	35,605	36,748	0.16	3.21		
Oregon*	40,405	40,595	40,270	0.47	-0.80		X
Pennsylvania	80,583	79,920	79,614	-0.82	-0.38		X
Rhode Island	13,674	13,828	15,118	1.13	9.33	X	X
South Carolina	55,876	56,393	66,312	0.92	17.59	X	
South Dakota	12,952	13,154	13,823	1.56	5.09	X	
Tennessee	42,399	43,113	43,100	1.68	-0.03		X
Texas*	225,090	232,795	218,318	3.42	-6.22		X
Utah	20,127	20,191	20,760	0.32	2.82		X
Vermont	7,692	7,909	8,010	2.82	1.28		X
Virginia	114,569	117,002	117,483	2.12	0.41	X	X
Washington	105,920	107,514	106,700	1.50	-0.76	X	X
West Virginia*	37,703	37,785	37,812	0.22	0.07	X	X
Wisconsin	62,181	62,888	63,783	1.14	1.42	X	
Wyoming	7,258	8,959	8,959	23.44	0.00	X	X
Total***	2,883,262	2,877,779	2,823,821	-0.19%	-1.87%		

NOTES: NA indicates data are not available. *See Notes to Table 16 on page 38. **Unless otherwise noted, fiscal 2012 reflects actual figures, fiscal 2013 reflects preliminary actuals and fiscal 2014 reflects appropriated figures. ***Totals exclude states that were not able to provide data for all three years.

TABLE 17
State Employee Compensation Changes, Fiscal 2014

State	Across-the-Board (percent)	Merit (percent)	Other (percent)	Notes
Alabama		5.0		Merit Raises will not be frozen for the 2014 calendar year.
Alaska	1.0	3.5		COLA ranges from 1%—2% per bargaining unit agreement merit increases may be given and average 3.5% health insurance +/-
Arizona				Make permanent the Oct 2012 retention pay bonus for uncovered employees.
Arkansas	2.0			Governor may award merit bonuses of up to 4.5% before the close of the FY14 based on available funding.
California	2.0 - 5.0		4.0	Across-the-board percentage reflects a top step increase adjustment for employees at max salary for 12 months. Other percentage reflects a general salary increase for the California Highway Patrol (CHP). Merit depends on individual eligibility.
Colorado	2.0	1.5		For merit, funding rewards performance but it also gives greater percentage increases to employees at the lower end of the pay scale. The 1.5% average is based on the total salary base average, not the average per state employee.
Connecticut	3.0	3.0		3% Merit increase applies to Managers only bargaining unit employees review step increase which depends on bargaining unit and step.
Delaware	0.0			
Florida				Across-the-Board : Pay increases are \$1,400 for eligible employees with a base rate of pay of \$40,000 or less per year and \$1,000 for eligible employees with a base rate of pay of \$40,000 or more. Other : 1- One-time bonuses of \$600 are available to eligible permanent employees but limited to 35% of an agency's authorized positions. 2- Each eligible law enforcement employee with less than 5 years of state service shall receive a 3% increase to their June 30, 2013 base rate of pay, Each eligible law enforcement employee with 5 or more years of state service shall receive a 5% increase to their June 20, 2013 base rate of pay.
Hawaii	2.0	1.4		Units 9 and 11 are unsettled and pending arbitration (reflected as zero for this survey). Units 1, 2, and 13 will receive only ATB increases for FY 13. Units 3 and 4 will receive only step movements (or lump sum if not on step schedule). Unit 10 will receive a step movement plus a 0.3% ATB.
Idaho	0.0	0.0	0.0	Agencies were encouraged to use salary savings to provide either a one-time or ongoing merit increase for deserving employees and target employees who are below policy compensation.
Indiana				This has not yet been determined for FY 2014. State employees received performance-based pay increases in FY 2013 averaging 3.1%.
Iowa	0.0	4.5		Merit increase only to eligible employees, of which 45% of AFSCME covered employees, 47% of IUP covered employees, 55% of SPOC covered employees and 55% of noncontract covered employees are eligible. A non-recurring 1% July 1 and additional 1% on January 1 for SPOC covered and noncontract employees.
Kansas			5.0	KS Highway Patrol troopers received a 5.0% increase.
Kentucky	0.0			
Louisiana	0.0	4.0	0.0	
Maine	1.0	4.0		Across-the-board Cost of Living Increase for all employees Merit increases for eligible employees based on performance reviews.
Maryland	3.0	1.8 - 3.8		COLA increases go into effect 1/1/14 and merit increases go into effect on 4/1/14. Merit increases depend on length of service and range from about 1.8% to 3.8%.
Massachusetts	1.5	2.0	3.0	Across the board and Merit indicates average increases for managers. Other indicates the average collective bargaining increase.

Table 17 continues on next page.

TABLE 17 (CONTINUED)

State Employee Compensation Changes, Fiscal 2014

State	Across-the-Board (percent)	Merit (percent)	Other (percent)	Notes
Michigan	1.0	N/A		1.0 percent base wage increase for non-exclusively represented employees 1 percent lump sum pay increase for all other employees. Some classified employees will receive step increases pay adjustments for satisfactory performance in 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	3.0	3.0		Proposed contracts not yet ratified by the legislature. The total percentage reflects a 3% across-the-board effective 07/01/13, anticipated 4.66% increase in employer insurance costs, and a step/merit increase averaging 3.0%. Across bargaining units, the average step size/merit is from 2.7% to 4.0% with most employees receiving 2.7% (AFSCME) or 3.5% (MAPE). The law enforcement plan (MLEA) does not contain any merit based pay provisions. Employees at the top of their range do not receive step/merit increases. Other Specific (not all) plan employees may receive performance increases of up to 3.5%.
Mississippi				No compensation package was adopted.
Missouri				Most state employees received a \$500 annual pay increase effective January 1. Corrections Officers I and II received a \$150 annual pay increase effective July 1. Job Classes related to Direct Care received a 4% pay increase effective on July 1.
Montana	3.0			
Nebraska				Employees covered by collective bargaining contracts as follows: NAPE/AFSCME contract: 2.25%. State Law Enforcement (SLEBC) contract: 3.4% average, though increases vary. State Education Dept. contract employees: 2.25%. Non-contract employees as follows: Employees of the Judicial Branch: 2.25% additional \$322 annual for county court employees. Employees of the Legislative Branch: 2.25%. Supervisory and Management (non-contract) staff of most other agencies received a 2.25% increase.
Nevada	2.5		-1.0	2.5% restoration of earlier pay cuts, less 1% increase in employee retirement contribution.
New Hampshire	1.5			The 1.5% increase for classified employees, earmarked to be effective July 9, 2013, is predicated upon the State reaching successful agreements on collective bargaining contracts with each of the represented unions. As of October 21, 2013, contracts have been ratified with six of the seven unions. Negotiations continue with the state's largest union.
New Jersey	1.0		1.5	Other represents step increase. Most employees received a contractual 1% across-the-board (ATB) increase and employees at the top of their salary guide received a one-time \$450 bonus, which was not be added to base salaries. Public safety employees at the top of their salary guide received a 1.75% ATB. Approximately 6% of the state workforce is not subject to collective bargaining agreements and did not receive any ATBs. Collective bargaining negotiations continue with approximately 20% (7% Executive & 13% Judiciary) of the state workforce.

Table 17 continues on next page.

TABLE 17 (CONTINUED)

State Employee Compensation Changes, Fiscal 2014

State	Across-the-Board (percent)	Merit (percent)	Other (percent)	Notes
New Mexico	1.0			
New York				The State has labor contracts with its three largest employee units, CSEA, PEF, and UUP, as well as NYSPBA (representing the APSU bargaining unit, formerly ALES), NYSCOPBA, and Council 82. The State has labor contracts with approximately 90 percent of unionized State employees. Generally, the contracts provide for no across-the-board salary increases for FY 2012 through FY 2014, increases to employee health insurance contributions, and a temporary reduction in employee compensation through a DRP. Employees will receive a 2 percent salary increase in both FY 2015 and FY 2016, and, at the end of their contract term, the value of FY 2013 deficit reduction adjustments. The PEF and NYSPBA contracts generally mirror the provisions for the other unions, but cover a four-year period, whereas the others cover a five-year period. PEF and NYSPBA-represented employees will receive a 2 percent salary increase in FY 2015. PEF-represented employees will be repaid all DRP adjustments at the end of their contract in lieu of the \$1,000 lump sum payment. Employees represented by the UUP ratified their agreement with the State on June 4, 2013. The agreement contains no general salary increases until 2014 and 2015 when there will be 2 percent general salary increases awarded in each year, payments to be awarded to the Chancellor, and performance incentive lump sum payment awarded to campus presidents. UUP-represented employees will also have a DRP. Employees in the unions that have reached settlements with the State received contingent layoff protection through FY 2013 and continued protection for the remaining term of the agreements. Reductions in force due to management decisions to close or restructure facilities authorized by legislation, SAGE Commission determinations, or material or unanticipated changes in the State's fiscal circumstances are not covered by this protection.
North Carolina	0.0	0.0	0.0	40 hours of bonus leave in lieu of pay.
North Dakota			4.0	Up to 2% for classified employees below the established market amount for their position and an average of 4% for performance-based increases.
Ohio			4.5	Approximately one-third of employees get step increases for each year of service in a specific pay range, up to six steps. 'Other' is longevity increases, which are received by almost half of state employees each year.
Oklahoma	0.0	0.0	0.0	
Oregon	0.9	4.5 if applicable	2.7	A 1.5% COLA effective Dec. 2014 is included in the two major CBA's currently settled. Not all CBA's have been settled. A management package has not been announced. Merit increases are granted to employees that are below the top step of their salary range. The merit (longevity) increase is granted on the employee's "salary eligibility date", aka anniversary date, which is roughly based on an employee's hire date into their current position. The date varies by employee and can occur anytime during the fiscal year. Furlough days, up to 7 annual unpaid days, are discontinued in FY 2014 resulting in approx. 2.7% annual compensation increase over FY 2013. No increase is anticipated in health care coverages costs to the state or employees for fiscal year 2014.
Pennsylvania	1.0		2.3	Across-the-board: Most state employees received a 0.5% increase effective July 1, 2013 and will receive another 0.5% increase effective January 1, 2014. Other: Most state employees will receive a 2.25% service increment in April 2014.
Rhode Island	0.0	0.0	0.0	No changes to state employee compensation packages.

Table 17 continues on next page.

TABLE 17 (CONTINUED)

State Employee Compensation Changes, Fiscal 2014

State	Across-the-Board (percent)	Merit (percent)	Other (percent)	Notes
South Dakota	3.0		0.0 - 4.5	The movement towards job worth for select groups of employees received a percentage increase based on where they were currently within that career family. For employees not included in that component they received up to a 3.5% movement towards job worth if they were below the mid-point level.
Tennessee	1.5			In addition to a 1.5% across-the-board salary increase, the 2013 Appropriations Act, 2013 Public Chapter 453, appropriated \$57.9 million to fund a salary market adjustment for employees in selected position classifications.
Texas	1.0			State employees received a 1% across-the-board pay raise. Salary increases for law enforcement officers at Department of Public Safety, Texas Department of Criminal Justice, Texas Alcoholic Beverage Commission, and game wardens at Texas Parks and Wildlife Department were increased to equivalent to one-half of equity adjustment plus a 5 percent raise in FY 2014. Judges and those statutorily linked to state district judge pay received a 12% pay increase. In addition correctional officers and juvenile correctional officers received a 5% increase. Also certain employees State Supported Living Center, State Hospitals, and workers and supervisor at the Department of Family and Protective Services received an increase.
Utah	1.0			State Employees received a 1% salary increase. This does not include increases to health or retirement benefits.
Vermont	2.0	1.7		Merit reflects average state-wide impact of granting step increases on classified pay schedule.
Virginia	2.0			Employees w/five years of service up to thirty years of service receive \$65/year of service as a salary compression adjustment. State Police troopers to get \$70/year.
Washington		2.5		Classified staff who have been at the top step of their range for at least 6 years move to a new top step, the equivalent of a 2.5% increase.
Wisconsin	1.0			The general state employee will contribute 0.35% more towards retirement. This will be matched by the state.

Medicaid Outlook: Medicaid Spending, Enrollment, Cost Containment Proposals, and the *Affordable Care Act*

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 62 million low-income individuals. Medicaid is estimated to account for about 24.5 percent of total spending in fiscal 2013, the single largest portion of *total* state expenditures, and 19.0 percent of general fund expenditures.

Total Medicaid spending for fiscal 2012 declined by 2.0 percent over fiscal 2011, with state funds increasing by 13.9 percent and federal funds decreasing by 11.3 percent. The growth rate in total Medicaid spending for fiscal 2012 was below historical trends and reflects many factors, including extensive state cost containment actions and a slowdown in overall health care costs. For fiscal 2013, total Medicaid spending is estimated to increase by 7.6 percent over fiscal 2012. Although the increase in spending in fiscal 2013 is well above the fiscal 2012 level, some of the spending reflects payments for activities incurred from prior years. (*See NASBO State Expenditure Report Fiscal 2011 – 2013 Data*)

In fiscal 2012, state spending for Medicaid significantly increased and federal funding substantially declined, primarily because the enhanced Medicaid match rate authorized by the *American Recovery and Reinvestment Act of 2009* (ARRA) had expired. Under ARRA, all states received a temporary increase in their Federal Medical Assistance Percentage (FMAP), and those states facing the highest unemployment rates received additional amounts from the federal government. ARRA was estimated to provide approximately \$100 billion to states through the temporary increase in FMAP payments beginning in October 2008 and ending in June 2011.

Medicaid enrollment growth averaged 3.2 percent in fiscal 2012 and grew by an additional 2.5 percent in fiscal 2013, according to the Kaiser Commission on Medicaid and the Uninsured. For fiscal 2014, enrollment growth is projected to average 8.8 percent across all states. This enrollment estimate takes into account those states planning to expand Medicaid under the *Affordable Care Act* as well as enrollment increases in states that do not intend to expand Medicaid. The implementation of

the *Affordable Care Act* is expected to greatly increase the number of individuals served by Medicaid in 2014 and thereafter. According to the Centers for Medicare and Medicaid Services' (CMS) Office of the Actuary, the *Affordable Care Act*'s Medicaid eligibility expansion option will add approximately 18.3 million individuals by 2021.

While the Kaiser Commission on Medicaid and the Uninsured's annual budget report notes that improvements in the economy have enabled states in some instances to implement program restorations and increase provider rates and benefits, states also continue to adopt policies to control costs and enhance program integrity. As in previous years, efforts to manage prescription drug costs are ongoing. States are implementing an array of new program integrity initiatives, including the use of advanced data analytics and predictive modeling, enhanced provider screening, and data sharing initiatives.

Challenges and Opportunities in Implementing the *Affordable Care Act*. The *Affordable Care Act*, enacted in March 2010, will have a significant impact on states and especially their Medicaid programs. In the Supreme Court's ruling to uphold the constitutionality of the *Affordable Care Act*, the Court ruled that the Medicaid expansion is constitutional though the federal government could not withhold existing Medicaid funding for states that opted not to participate in the expansion. As a result of this ruling, beginning January 1, 2014, state Medicaid programs will have the option to expand to cover non-pregnant, non-elderly individuals with incomes up to 133 percent federal of the poverty level. 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. States are required to apply a five percent income disregard when determining Medicaid eligibility, effectively bringing the new Medicaid minimum eligibility level to 138 percent of the federal poverty level. As of October 2013, 25 states and the District of Columbia plan on expanding Medicaid under the provisions of the *Affordable Care Act*. There are many challenges ahead as states move forward with implementation of the *Affordable Care Act* as well as opportunities. Some of the most significant challenges cited by states include upgrading current Medicaid eligibility systems and integrating them with health insurance exchanges, estimating the number of new Medicaid enrollees, and the sheer number of initiatives that will be imple-

mented in a tight timeframe with reduced workforce capacity. Opportunities cited by states include increasing the federal match for Medicaid eligibility systems, reducing the number of uninsured individuals, reducing premiums for individuals and small businesses, lowering uncompensated care costs, modernizing business processes, and evolving options for payment and delivery of health care.

Long-Term Spending in Medicaid. Medicaid spending, similar to other health care spending, has historically increased faster than the economy as a whole. In the CMS Office of the Actuary *2012 Actuarial Report on the Financial Outlook for Medicaid*, the annual average growth rate of Medicaid expenditures from 2012 to 2021 is projected to be 6.4 percent, notably faster than the 5.0 percent average annual increase that is projected for the nation's gross domestic product (GDP). The report also notes that the unusually slow growth rate of Medicaid expenditures in 2012 does not necessarily contradict recent trends in health care spending generally. According to the analysis, slower projected growth in Medicaid expenditures is partly the result of broader health care market forces as well as state efforts to limit spending growth in light of the expiration of the temporary federal matching rate increases.

Temporary Assistance for Needy Families Program

State cash assistance for eligible low-income individuals is generally provided through the Temporary Assistance for Needy Families (TANF) program. In February 2006, the TANF program was reauthorized under the Deficit Reduction Act and is currently authorized under a continuing resolution (CR). Under the CR, Congress has provided \$16.6 billion annually for the TANF block grant to states. The 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 in order to obtain federal funds through the TANF block grant.

Since welfare reform was initially passed in 1996, states have generally focused on providing supportive services for families to achieve self-sufficiency rather than cash assistance. As a result, caseloads have significantly declined in most states since 1996. States have been given wide flexibility under TANF to determine their own eligibility criteria, benefit levels, and the type of services and benefits available to TANF recipients. The average monthly number of recipients fell from 12.8 million prior to the enactment of TANF to 4 million on average in 2012, a decrease of over two-thirds.

This report has information only on the changes in the cash assistance benefit levels within the program. However, cash assistance payments under TANF only comprise approximately 29 percent of total TANF spending. The majority of TANF spending is reserved for services and programs other than direct cash assistance. For fiscal 2014, 41 states maintained the same cash assistance benefit levels that were in effect in fiscal 2013. Seven states increased cash assistance benefit levels, ranging from 1.1 to 10 percent, and two states decreased cash assistance benefit levels by 4 percent and 14 percent. ([See Table 18 and Notes to Table 18](#))

TABLE 18
Enacted Cost-of-Living Changes for Cash Assistance Benefit Levels Under the Temporary Assistance For Needy Families Block Grant, Fiscal 2014

State	Percent Change
California*	5.0
Connecticut	2.1
Florida	-4.0
Maryland	4.3
Michigan*	
Missouri	1.1
Nebraska*	
New Hampshire	-14.0
Ohio	2.1
South Carolina	10.0
South Dakota	3.0

NOTE: *See Notes to Table 18 on page 39.

CHAPTER 1 NOTES

Notes to Table 3

Fiscal 2012 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 one-time revenues of \$296.4M. Expenditure adjustments include a reduction due to across the board percentage cuts of \$187M, reversions of \$44.6M and a Rainy Day Account repayment of \$14.4M.
Alaska	Revenues: 2013 Spring Revenue Forecast. Revenue adjustments: 5/14/12 anticipated reappropriations and carryforward. Expenditures: FY2012 Authorized plus Supplementals 5/14/2012. Expenditure adjustments: Transfers and savings net of SBR at Authorized plus Supplemental 5/14/2012. Ending balance: SBR undesignated savings plus post transfer balance at Authorized plus Supplemental 5/14/2012 adjusted by 2013 Spring Revenue Forecast. Rainy Day: FY2012 CAFR.
Arizona	Adjustments to revenue include revenues from the temporary 1% sales tax increase, enacted agency budget transfers and county transfers. Adjustments to expenditure includes the transfer of revenue into the rainy day fund.
California	Represents adjustments to the beginning fund balance. This consists primarily of adjustments made to major taxes and K-12 spending.
Colorado	Per HB12-1338, \$59M of the FY 11-12 excess GF reserve is transferred to the State Education Fund. The remainder of the FY 11-12 excess GF reserve after this transfer became part of the beginning fund balance for FY 12-13.
Connecticut	The ending balance for FY 2012 reflects redirection of the funds reserved to retire FY 2009 Economic Recovery Notes. Instead, the funds were used to resolve the FY 2012 deficit, and the \$93.4 million remainder was deposited to the Budget Reserve Fund.
Georgia	Adjustments to revenues includes surplus from state agencies.
Idaho	Transfers in include: \$21.9 mil. from the Non-endowed Millennium Fund; \$8 mil. from the Liquor Control Fund; \$276,500 from ISTARS Tech. Fund; \$7 mil. from the Permanent Bldg. Fund; \$282,500 from the Jobs Development Fund; \$486,700 from the Hazardous Waste Fund; and \$13.3 mil. from the Mortgage Foreclosure Settlement from the Attorney General's Office. Transfer to include: \$23,641,300 to the Budget Stabilization Fund; \$21,452,600 to the Public Education Stabilization Fund; \$500,000 to the Consumer Protection Fund; and \$2 million to the Disaster Recovery Fund. Deficiency warrants include: \$62,600 Agriculture Pest Control, \$4,093,300 to the Fire Suppression Fund, and \$69,800 for Military Division Hazardous Materials.
Illinois	Revenue Adjustments include: Transfers In and Federal Sources. Expenditure Adjustments include: Transfers Out, Prior Year Adjustments, Vouchers Payable Adjustment.
Indiana	Revenue Adjustments include prior year corporate e-check revenue; prior year LOIT adjustment; SEA 501 actuarial funding; and transfers to the Rainy Day Fund. Expense Adjustments include PTRC and homestead credit adjustments; reversions from distributions, capital, and reconciliations; and 2012 appropriations.
Iowa	Revenue adjustments include \$381.4 million of residual funds transferred to the General fund after the Reserve Funds were filled to their statutorily set maximum amounts. The Ending Balance of General Fund is transferred from the current fiscal year to the Reserve Funds in the subsequent fiscal year. After the Reserve Funds hit their statutorily set maximum amounts, the remainder of the funds are transferred back to the General Fund in that subsequent fiscal year.
Kansas	Kansas does not have a "Rainy Day" fund. However, the balanced budget provision of the constitution requires revenues to finance the approved budget.
Kentucky	Revenue includes \$101.8 million in Tobacco Settlement funds. Adjustment for Revenues includes \$57.5 million that represents appropriation balances carried over from the prior fiscal year, and \$159.3 million from fund transfers into the General Fund. Adjustment to Expenditures represents appropriation balances forwarded to the next fiscal year.
Louisiana	Revenues Adjustments—Includes Carryforward balances \$16.6; Transfer of \$16.2 from various Funds. Act 597 of 2012 RLS—Transfers \$136.6 from various funds, Act 53 of RLS—Transfers \$204.7 from the Budget Stabilization Fund.

Maine	Revenue and Expenditures reflect legislatively authorized transfers.
Maryland	Revenue adjustments include \$13.2 million for reimbursements from reserve for tax credits and transfers of \$225.4 million from other special funds.
Michigan	Fiscal 2012 revenue adjustments include the impact of federal and state law changes (\$1,100.6 million); revenue sharing payments to local government units (-\$340.0 million); deposits from state restricted funds (\$109.3 million); and deposit to the rainy day fund (-\$362.7 million). Total expenditures include one-time spending financed from one-time revenues: \$107.1 million (FY 2012).
Minnesota	Ending balance includes cash flow account of \$350 million and budget reserve account of \$657.6 million.
Mississippi	Legislation was passed to override the statutory 2% set aside of revenue estimate prior to legislative appropriations.
Missouri	Revenue adjustments include transfers from other funds into the general revenue fund, including \$67.4M from enhanced FMAP authorized in the American Recovery and Reinvestment Act of 2009 and \$209.9M from the enhanced FMAP authorized in the Education Jobs and Medicaid Assistance Act.
Montana	Revenue adjustments include prior year revenue collected in the current fiscal year. Expenditure adjustments include prior year expenditures which impact fund balance for the current year and/or direct entries to fund balance.
Nebraska	Revenue adjustments are transfers between the General Fund and other funds. Per Nebraska law, includes a transfer of \$145 million to the Cash Reserve Fund (Rainy Day Fund) of the amount the prior year's net General Fund receipts exceeded the official forecast. Among others, also includes a \$110 million transfer from the General Fund to the Property Tax Credit Cash Fund as well as a \$37 million transfer to the General Fund from the Cash Reserve Fund (Rainy Day Fund) for budget stabilization. Revenue adjustments also include a \$25 million transfer from the General Fund for the University of Nebraska Innovation Campus to jump-start significant new investment in research infrastructure.
Nevada	Expenditure adjustments are restricted transfers.
New Hampshire	Revenue Adjustments: \$140 million was moved to the Education Trust Fund at year end.
New Jersey	Transfers to other funds and budget vs. GAAP adjustments.
New Mexico	Reflects \$70 million contingent liability established by the FY12 General Fund Audit for potential charges related to unreconciled cash transactions.
New York	The ending balance includes \$1.3 billion in rainy day reserve funds, \$283 million reserved to cover costs of potential retroactive labor settlements with certain unions, \$102 million in a community projects fund, \$13 million reserved for debt reduction, \$21 million reserved for litigation risks and \$62 million in undesignated fund balance to be used for gap-closing purposes in FY 2013.
North Dakota	Revenue adjustments are a \$295.0 million transfer from the property tax relief fund to the general fund.
Ohio	FY 2012 expenditures includes a \$246.9 million transfer to the Budget Stabilization Fund (Rainy Day Fund) from the FY 2011 surplus ending balance. FY 2012 expenditures include both transfers out of the General Revenue Fund and encumbrances (obligations) in place at the end of FY 2012.
Oklahoma	Revenue adjustment represents the difference in cash flow. \$328.3 million expenditure adjustment is amount deposited into the Rainy Day fund from surplus revenues.
Oregon	Rainy Day Fund balance includes normal RDF (primarily General Fund) plus an Education Stability Fund (primarily Lottery Funds). Balances in RDF & ESF may include donations. The ESF was drawn down during the 2011-13 biennium through legislative action.
Pennsylvania	Revenue adjustments include a \$19.7 million adjustment to the beginning balance and \$194 million in prior year lapses. Expenditure adjustment reflects \$155.1 million in current year lapses. The year-end transfer to the Rainy Day Fund (25% of the ending balance) was suspended for FY 2012.

Rhode Island	Adjustments to revenues reflect a transfer to the Budget Stabilization Fund, transfer of surplus FY 12 revenue to the State Employees Retirement Fund, offset by reappropriations from FY 2011. Adjustments to expenditures reflect reappropriations carried over to FY 2013.
South Carolina	Ending Balance equals 3.5% General Reserve (\$183.5) + 2% Capital Reserve (\$104.8) + Surplus Contingency Reserve (\$501.9) + Agency Appropriation Balances Carried Forward Next FY (\$165.8); Expenditure Adjustments include FY10-11 Capital Reserve Fund.
South Dakota	Adjustments in Revenues: \$26.3 million addition to revenue is from one-time receipts; \$20.2 million addition to revenue is a transfer from budget reserves to pay for emergency expenses. Adjustments to Expenditures: \$27.8 million is obligated cash that will be carried forward to pay for FY2013 expenses. The ending balance of \$47.9 million is cash that is obligated to the Budget Reserve fund the following fiscal year. This \$47.9 million is included in the total rainy day fund balance of \$134.7 million.
Tennessee	Revenue Adjustments: \$100.6 million transfer from debt service fund unexpended appropriations; -\$22.4 million transfer to Rainy Day Fund; -\$98.2 million transfer to dedicated revenue reserves; Total -\$20.0 million. Expenditure Adjustments: \$123.3 million transfer to capital outlay projects fund; \$13.1 million transfer to state office buildings and support facilities fund; \$3.6 million transfer to debt service fund; \$114.8 million transfer to reserves for unexpended appropriations; Total \$254.8 million. Ending Balance: \$426.1 million reserve for appropriations 2012-2013; \$392.3 million unappropriated budget surplus at June 30, 2012; \$0.1 million undesignated balance; Total \$818.5 million.
Texas	Adjustment is net of set aside for transfer to Rainy Day Fund (-\$1,879.0m) and Comptroller adjustment to general fund dedicated account balances (+\$362.0m).
Utah	Includes transfers from previous year balance, to/from Rainy Day Fund, and special revenue funds.
Vermont	Adjustments to revenues reflects net transfers to GF from other funds. Ending balance always assumes statutory Budget Stabilization Reserve is met.
Virginia	SOF Aug 2013 Revenues.
Washington	Fund transfers between General Fund and other accounts, and balancing to the final audited ending balance.
West Virginia	Fiscal Year 2012 Beginning balance includes \$425.5 million in Reappropriations, Unappropriated Surplus Balance of \$338.8 million, and FY 2011 13th month expenditures of \$28.6 million. Expenditures include Regular, Surplus and Reappropriated funds and \$28.6 million of 31 day prior year expenditures. Revenue adjustments are 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, the 13th month expenditures & unappropriated surplus balance.
Wisconsin	Revenue adjustments include Designated Balance, \$8.2; Tribal Gaming, \$24.3; and Other Revenue, \$295.4. Expenditure adjustments include Transfers In—General Fund, -\$237.4; and Designation for continuing balances, \$72.4.
Wyoming	Wyoming budgets on a biennial basis. To arrive at annual figures certain assumptions and estimates were required.

Notes to Table 4

Fiscal 2013 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 one-time revenues of \$145.8M.
Alaska	Revenues: 2013 Spring Revenue Forecast. Revenue Adjustments: 5/21/13 \$48.9 prior year recovery (Carlson case) + \$60.2 anticipated reappropriations and carryforward. Expenditure adjustments: Transfers and savings net of SBR anticipated 5/21/13. Ending balance: SBR undesignated savings plus post transfer balance anticipated 5/21/13. Rainy Day: OMB Economist' Snapshot as of 5/8/13.

Arizona	Adjustments to revenue include revenues from the temporary 1% sales tax increase and budget transfers. Adjustments to expenditure includes the transfer of revenue into the rainy day fund.
California	Represents adjustments to the beginning fund balance. This consists primarily of adjustments made to major taxes and K-12 spending.
Colorado	Per SB13-237, in FY 2012-13 and on-going, the statutory General Fund reserve was changed from 4.0% to 5.0% of GF appropriations subject to Section 24-75-201.1, C.R.S. Per HB12-1338, all of the FY 12-13 excess GF reserve is transferred to the State Education Fund.
Connecticut	Connecticut gross budgets Medicaid.
Georgia	Figures are preliminary and are subject to change pending final audit. Rainy Day Fund balance will not be available until after current year surplus from agencies is finalized.
Idaho	Transfers \$25,877,100 to the Budget Stabilization Fund; \$500,000 to the Constitutional Defense Fund; \$200,000 to the Legislative Legal Defense Fund; and transfer in of \$2,014,900 from the Consumer Protection Fund. Deficiency warrants include: \$349,400 Agriculture Pest Control, \$28,100 Military Division Hazardous Materials Fund, and \$6,013,200 to the Fire Suppression Fund.
Illinois	Revenue Adjustments include: Transfers In and Federal Sources. Expenditure Adjustments include: Transfers Out, Prior Year Adjustments, Vouchers Payable Adjustment.
Indiana	Revenue adjustments include prior year adjustments; transfer to the Rainy Day Fund; and PTRC and homestead credit adjustments. Expense adjustments include reversions from distributions, capital, and reconciliations; 2012 appropriations; HEA 1072 loans; payback of loans for charter schools; bond defeasance; IPS and Gary tuition support settlement; transfer to the Preneed Consumer Settlement Fund; and distributions to pensions funds and the automatic taxpayer refund. Indiana closed FY13 with \$1,943.1 million in General Fund reserves. This included \$1,428 million in the General Fund, \$145 million in the Medicaid Reserve, and \$370.1 million in the Rainy Day Fund.
Iowa	Revenue adjustments include \$572.1 million of residual funds transferred to the General Fund after the Reserve Funds were filled to their statutorily set maximum amounts. The Ending balance of the General Fund is transferred in the current fiscal year to the Reserve Funds in the subsequent fiscal year. After the Reserve Funds are at their statutorily set maximum amounts, the remainder of the funds are transferred back to the General Fund in that subsequent fiscal year. Also included are revenue adjustments of \$25.3 million for tax law changes passed during the 2013 Legislative session which impacted FY2013. Expenditure adjustments include \$61 million for Medicaid, \$1 million for adoption, \$57 million one-time funding for schools to be distributed in FY2014, and \$85 million in one-time appropriations for various projects.
Kentucky	Revenue includes \$101.7 million in Tobacco Settlement funds. Adjustment for Revenues includes \$157.3 million that represents appropriation balances carried over from the prior fiscal year, and \$109.2 million from fund transfers into the General Fund. Adjustment to Expenditures represents appropriation balances forwarded to the next fiscal year.
Louisiana	Revenues Adjustments—Includes Carryforward balances \$13.7; Transfer of \$148.4 from various Funds.
Maine	Revenue and Expenditures reflect legislatively authorized transfers.
Maryland	Revenue adjustments include \$12.8 million for reimbursements from reserve for tax credits and transfers of \$157.8 million from other special funds.
Michigan	Fiscal 2013 revenue adjustments include the impact of federal and state law changes (\$406.2 million); revenue sharing payments to local government units (-\$370.6 million); deposits from state restricted funds (\$1.2 million); and deposit to the rainy day fund (-\$140.0 million). Total expenditures include one-time spending financed from one-time revenues: \$442.6 million (FY 2013).
Minnesota	Ending balance includes cash flow account of \$350 million, budget reserve account of \$656.5 million, and stadium reserve of \$1.3 million.

Mississippi	State statute requires 2% of the revenue estimate be set aside prior to legislative appropriations. At fiscal year close, the 2% is recombined with any remaining revenue balance and distributed as required by statute, including an amount equal to 1% of the appropriations retained in the General Fund.
Missouri	Revenues include \$40M from the national mortgage foreclosure settlement and \$19.2M from increased collection initiatives; revenue adjustments include transfers from other funds into the general revenue fund.
Montana	Revenue adjustments include prior year revenue collected in the current fiscal year. Expenditure adjustments include prior year expenditures which impact fund balance for the current year and/or direct entries to fund balance.
Nebraska	Revenue adjustments are transfers between the General Fund and other funds. Per Nebraska law, includes a transfer of \$104.8 million to the Cash Reserve Fund (Rainy Day Fund) of the amount the prior year's net General Fund receipts exceeded the official forecast. Among others, also includes a \$110 million transfer from the General Fund to the Property Tax Credit Cash Fund as well as a \$78 million transfer to the General Fund from the Cash Reserve Fund (Rainy Day Fund) for budget stabilization.
Nevada	Expenditure adjustments are restricted transfers.
New Hampshire	Revenue Adjustments: \$119 million is to be moved to the Education Trust Fund as part of final year end closing actions. Expenditure Adjustments: Total expenditures include \$5.6 million in GAAP and Other Adjustments.
New Jersey	Balances targeted to be lapsed and transfers to other funds.
New Mexico	Difference between Ending Balance and Rainy Day Fund Balance due to rounding.
New York	The ending balance includes \$1.3 billion in rainy day reserve funds, \$77 million reserved to cover costs of potential retroactive labor settlements with certain unions, \$93 million in a community projects fund, \$13 million reserved for debt reduction, \$21 million reserved for litigation risks and \$100 million in undesignated fund balance to be used for gap-closing purposes in FY 2014.
North Dakota	Revenue adjustments are a \$305.0 million transfer from the strategic investment and improvements fund to the general fund. Expenditure adjustments are a \$181.1 million transfer to the budget stabilization fund and other miscellaneous transfers and adjustments to the ending balance.
Ohio	FY 2013 expenditures includes a \$235 million transfer to the Budget Stabilization Fund (Rainy Day Fund) from the FY 2012 surplus ending balance. FY 2013 expenditures include both transfers out of the General Revenue Fund and encumbrances (obligations) in place at the end of FY 2013.
Oklahoma	Revenue amounts are based upon reconciled, but yet uncertified, FY-2013 collections; Revenue adjustment represents the difference in cash flow for the year; Expenditure adjustment of \$2.7 million is the amount deposited into the Rainy Day Fund from surplus revenues; Before the year-end deposit was made, the Legislature appropriated \$45 million to fund emergency tornado recovery/relief from the Rainy Day Fund.
Oregon	Revenue adjustment transfers prior biennium ending GF balance to Rainy Day Fund (which can be up to 1% of total budgeted appropriation), less statutorily authorized carry-forward amounts.
Pennsylvania	Revenue adjustments include a \$13.5 million adjustment to the beginning balance and \$188.7 million in prior year lapses. Expenditure adjustment reflects \$13.3 million in current year lapses. The year-end transfer to the Rainy Day Fund (25% of the ending balance) was suspended for FY 2013.
Rhode Island	Adjustments to revenues reflect a transfer to the Budget Stabilization Fund, a transfer to the IT Investment Fund, a transfer to the State Fleet Revolving Loan Fund, offset by reappropriations from FY 2012. Adjustments to expenditures reflect reappropriations carried over to FY 2014.
South Carolina	Ending Balance equals 5% General Reserve (\$281.6) + 2% Capital Reserve (\$112.7) + Surplus Contingency Reserve (\$270.6) + Agency Appropriation Balances Carried Forward Next FY (\$381.1); Expenditure Adjustments includes FY11-12 Capital Reserve Fund.

South Dakota	Adjustments in Revenues: \$29.9 million addition to revenue is from one-time receipts; \$27.8 million addition to revenue is obligated cash carried forward from FY2012 for FY2013 expenses. Adjustments to Expenditures: \$1.0 million is obligated cash that will be carried forward to for FY2014 expenses. The ending balance of \$24.2million is cash that is obligated to the Budget Reserve fund the following fiscal year. This \$24.2 million is included in the total rainy day fund balance of \$159.0 million.
Tennessee	Revenue Adjustments: \$70.5 million transfer from debt service fund unexpended appropriations; \$2.7 million transfer from Mental Health Trust Fund; -\$58.7 million transfer to TennCare Reserve; -\$50.0 million transfer to Rainy Day Fund; Total -\$35.5 million. Expenditure Adjustments: \$145.9 million transfer to capital outlay projects fund; \$141.2 million transfer to state office buildings and support facilities fund; \$4.2 million transfer to debt service fund; \$1.0 million transfer to reserves for dedicated revenue appropriations; Total \$292.3 million. Ending Balance: \$629.9 million unappropriated budget surplus at June 30, 2013; \$34.8 million reserve for appropriation 2013-2014; \$23.1 million for reserve for appropriation 2014-2015; \$8.0 million reserve for E-Health; \$0.5 million undesignated balance; Total \$696.3 million.
Texas	Adjustment is net of set aside for transfer to Rainy Day Fund (-\$2,366m). One-time payment of \$1.75 billion to Public Education funding.
Utah	Includes transfers from previous year balance, to/from Rainy Day Fund, and special revenue funds.
Vermont	Adjustments to expenditures reflects net transfers from GF to other funds. Ending balance always assumes statutory Budget Stabilization Reserve is met.
Virginia	SOF Aug 2013 Revenues.
Washington	Fund transfers between General Fund and other accounts.
West Virginia	Fiscal Year 2013 Beginning balance includes \$476.9 million in Reappropriations, Unappropriated Surplus Balance of \$101.9 million, and FY 2012 13th month expenditures of \$31.9M. Revenues are FY 13's Actual General Revenue Collections. Expenditures include FY 13 Regular General Revenue, 13th month expenditures, FY13 Reappropriation expenditures & FY 13 Surplus Appropriations expenditures. The ending balance is mostly the historically carried forward reappropriation amounts that will remain and be reappropriated to the next fiscal year, unappropriated balance, & unappropriated surplus balance.
Wisconsin	Revenue adjustments include Designated Balance, \$72.4; Tribal Gaming, \$25.9; and Other Revenue, \$366.4. Expenditure adjustments include Transfers In—General Fund, -\$218.5; and Designation for continuing balances, \$18.7.
Wyoming	Wyoming budgets on a biennial basis. To arrive at annual figures certain assumptions and estimates were required.

Notes to Table 5

Fiscal 2014 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 one-time revenues of \$145.8M and a one-time Tobacco Settlement transfer of \$47.4M. Expenditure Adjustments include a Rainy Day Account repayment of \$245.6M. Per Code Section 29-9-4, the ending balance of the ETF shall be used to repay the Rainy Day Account. \$35M repayment made to the Rainy Day Account from gross revenues.
Alaska	Revenues: 2013 Spring Revenue Forecast. Revenue adjustments: SB21 Oil Tax Reform. Expenditure adjustments: Transfers and savings net of SBR anticipated 5/21/13. Ending balance: SBR undesignated savings plus post transfer balance anticipated 5/21/13. Rainy Day: FY2014 10-Year Plan as of 1/22/13.
Arizona	Adjustments to revenue include revenues from the budget transfers.

Colorado	Pursuant to SB13-236, up to \$30M of the excess GF reserve in FY 13-14 GF reserve is transferred to the Colorado Water Conservation Board Construction Fund and 75% of the remaining excess is transferred to the State Education Fund per SB13-260. The remaining sum is added to the 5% General Fund statutory reserve beginning fund balance.
Connecticut	In a departure from budgets enacted in previous years, the adopted budget “net appropriates” the Medicaid account in the Dept. of Social Services. This change in practice makes CT’s budget treatment of Medicaid consistent with the budgets of other states.
Delaware	Figures based on enacted FY 2014 General Fund appropriations and revenue estimates contained in HJR 12 of the 147th General Assembly. Revenue adjustments include an \$8 million increase to the General Fund by adjusting the Farmland Preservation and Open Space programs annual funding from \$10 million to \$6 million each. An additional \$1.6 million increase by adjusting the Energy Efficiency Investment Fund earmark from \$5.0 million to \$3.4 million. General Fund revenues will be reduced by \$9.7 million through a change in Medicaid billing for certain vendors providing services to clients in the Department of Health and Social Services.
Georgia	Georgia does not project future fund balances.
Idaho	Transferred \$3 million to the Idaho Opportunity Fund within the Department of Commerce.
Illinois	Revenue Adjustments include: Transfers In and Federal Sources. Expenditure Adjustments include: Transfers Out, Prior Year Adjustments, Vouchers Payable Adjustment.
Indiana	Revenue adjustment includes a transfer from the Mine Subsidence fund and the pay back of the HEA 1072 loans. Expense adjustments include state agency and university cash funded capital projects; transfers to the Major Moves 2020 Trust Fund and the Tuition Reserve Fund; and the costs of a 13th check for pension members.
Iowa	Revenue adjustments include an estimated \$539.9 million of residual funds transferred to the General Fund after the Reserve Funds are filled to their statutorily set maximum amounts. The Ending balance of the General Fund is transferred in the current fiscal year to the Reserve Funds in the subsequent fiscal year. After the Reserve Funds are at their statutorily set maximum amounts, the remainder of the funds are transferred back to the General Fund in that subsequent fiscal year. Also included is \$258.2 million of negative revenue adjustments for tax law changes passed during the 2013 legislative session which impact FY2014. The largest impacts were the removal of the remaining \$112 million in cigarette and tobacco tax from the General Fund to the Health Care Trust Fund to pay for Medicaid and removal of \$66 million of gaming revenue from the General Fund to a new fund for economic development.
Kentucky	Revenue includes \$90.8 million in Tobacco Settlement funds. Adjustment for Revenues includes \$132.5 million that represents appropriation balances carried over from the prior fiscal year, and \$96.3 million from fund transfers into the General Fund. Adjustment to Expenditures represents appropriation balances forwarded to the next fiscal year.
Louisiana	Revenues Adjustments—Includes Transfer of \$63.5 million from various Funds.
Maine	Revenue and Expenditures reflect legislatively authorized transfers.
Maryland	Revenue adjustments include \$17.1 million for reimbursements from reserve for tax credits.
Michigan	Fiscal 2014 revenue adjustments include the impact of federal and state law changes (\$536.0 million); revenue sharing payments to local government units (-\$396.6 million); deposits from state restricted funds (\$4.0 million); deposit to the rainy day fund (-\$75.0 million), and pending revenue options (-\$20.0 million). Total expenditures include one-time spending financed from one-time revenues: \$560.9 million (FY 2014).
Minnesota	Ending balance includes cash flow account of \$350 million, budget reserve account of \$656.5 million, and stadium reserve of \$27.8 million.
Mississippi	State statute requires 2% of the revenue estimate be set aside prior to legislative appropriations. At fiscal year close, the 2% is recombined with any remaining revenue balance and distributed as required by statute, including an amount equal to 1% of the appropriations retained in the General Fund.

Missouri	Revenue adjustments include transfers from other funds into the general revenue fund and \$54.2M of collection initiatives.
Nebraska	Revenue adjustments are transfers between the General Fund and other funds. Per Nebraska law, includes a transfer of \$285.3 million to the Cash Reserve Fund (Rainy Day Fund) of the amount the prior year's net General Fund receipts exceeded the official forecast. Among others, also includes a \$113 million transfer from the General Fund to the Property Tax Credit Cash Fund. Expenditure adjustments are reappropriations (\$274.7 million) of a portion of the unexpended balance of appropriations from the prior year plus a small amount (\$5 million) reserved for deficit/supplemental appropriations.
Nevada	Expenditure adjustments are restricted transfers.
New Hampshire	Revenue Adjustments: \$105.5 million is planned to be moved to the Education Trust Fund at year end.
New Jersey	Transfer to other funds.
New York	The ending balance includes \$1.3 billion in rainy day reserve funds, \$51 million reserved to cover costs of potential retroactive labor settlements with certain unions, \$68 million in a community projects fund, \$263 million reserved for debt reduction, and \$21 million reserved for litigation risks.
North Carolina	Repair and renovation.
North Dakota	Revenue adjustments are a \$341.8 million transfer from the property tax relief fund to the general fund.
Ohio	FY 2014 expenditures includes a \$995.9 million transfer to the Budget Stabilization Fund. FY 2014 expenditures are based on HB 59 (biennial budget) appropriations and authorized transfers out of the General Revenue Fund.
Oklahoma	Revenue and expenditure adjustments cannot be calculated at this time; nor can we calculate the final balance of the Rainy Day Fund at year-end.
Oregon	Starting with 2013-15, projected corporate income taxes above the rate of 6.6% for the biennium are deposited on or before June 30 of each odd-numbered year.
Pennsylvania	Revenue adjustment reflects a prior year lapse of \$1.5 million. Expenditure adjustment reflects a transfer of \$1.8 million (25% of ending balance) to the Rainy Day Fund.
Rhode Island	Adjustments to revenues reflect a transfer to the Budget Stabilization Fund and a transfer to the Accelerated Depreciation Fund.
South Carolina	Ending Balance equals 5% General Reserve (\$292.9) + 2% Capital Reserve (\$117.2) + Surplus Contingency Reserve (\$66.3) + Agency Appropriation Balances Carried Forward Next FY (\$381.1); Expenditure Adjustments includes FY12-13 Capital Reserve Fund and Supplemental Appropriations.
South Dakota	Adjustments in Revenues: \$7.6 million addition to revenue is from one-time receipts; \$1.0 million addition to revenue is obligated cash carried forward from FY2013 for FY2014 expenses. The ending balance of \$1.7 million is cash that is obligated to the Budget Reserve fund the following fiscal year. The \$1.7 million of projected unobligated cash is included in the projected rainy day fund balance total of \$160.7 million.
Tennessee	Revenue Adjustments: -\$100.0 million transfer to Rainy Day Fund; Total -\$100.0 million. Expenditure Adjustments: \$163.3 million transfer to capital outlay projects fund; \$170.7 million transfer to state office buildings and support facilities fund; \$3.8 million transfer to debt service fund; \$5.2 million transfer to reserves for dedicated revenue appropriations; Total \$343.0 million. Ending Balance: \$23.1 million reserve for appropriations 2014-2015; \$2.1 million undesignated balance; Total \$25.2 million.
Texas	Adjustment is net of set aside for transfer to Rainy Day Fund (-\$1,757.3m). \$2 billion from the Rainy Day Fund to finance water projects, contingent on voter approval in November 2013.
Utah	Includes transfers from previous year balance, to/from Rainy Day Fund, and special revenue funds.
Vermont	Adjustments to expenditures reflects net transfers from GF to other funds. Ending balance always assumes statutory Budget Stabilization Reserve is met.

Virginia	SOF Aug 2013 Revenues.
Washington	Fund transfers between General Fund and other accounts.
West Virginia	Fiscal Year 2014 Beginning balance includes \$456.2 million in Reappropriations, Unappropriated Surplus Balance of \$11.8 million, and FY 2013 13th month expenditures of \$44.1M. Revenues are FY 13's Official General Revenue Estimate. Expenditures include FY 14 Regular General Revenue, 13th month expenditures & FY 14 Surplus Appropriations. The ending balance is mostly the historically carried forward reappropriation amounts that will remain and be reappropriated to the next fiscal year, unappropriated balance, & unappropriated surplus balance.
Wisconsin	Revenue adjustments include Tribal Gaming, \$26.3; and Other Revenue, \$590.1. Expenditure adjustments include Transfers in—General Fund, \$66.2; Act 9, \$9.2; Lapses -295.3 and Compensation Reserves, \$78.8.
Wyoming	Wyoming budgets on a biennial basis. To arrive at annual figures certain assumptions and estimates were required.

Notes to Table 9

Fiscal 2014 Mid-Year Program Area Adjustments By Dollar Value

Maine	Mid-Year budget adjustments begin in late fall.
Missouri	-\$185.1M includes \$175M for Capital Improvement Projects.
Washington	There certainly will be mid-year budget adjustments, but the Governor's budget process does not begin until early October, so those adjustments won't be known until early December.

Notes to Table 10

Fiscal 2014 Enacted Program Area Cuts

Connecticut	FY 2014 Medicaid adjustment reflects a change in budget practice. Beginning July 1, 2013, the Department of Social Services' Medicaid account is net budgeted and reflects only the state's share of expenditures. Prior to this, it had included both the state's obligation as well as the reimbursable federal funds. Expenditures in the Department of Mental Health and Addiction Services related to the Medicaid expansion for the newly eligible effective January 1, 2014, will also be net budgeted. For comparative purposes, net (state-share) Medicaid funding in FY 2014 was reduced by \$21.8 million as compared to FY 2013.
Delaware	Public Assistance includes TANF Cash Assistance, Child Care, Emergency Assistance, Employment and Training, and General Assistance funds in the Division of Social Services.

Notes to Table 12

Fiscal 2014 Enacted Program Area Adjustments By Dollar Value

Arizona	Medicaid— -\$131.7M formula adjustment; \$74M fed healthcare expansion, \$17M dd Medicaid and capitation rate change for DES. Public Assistance—\$41.1M CPS.
California	All debt service expenditures shown under the "All Other" section. The Public Assistance adjustment is related to a shift of costs to special funds that are not reflected in the table.

Connecticut	FY 2014 Medicaid adjustment reflects a change in budget practice. Beginning July 1, 2013, the Department of Social Services' Medicaid account is net budgeted and reflects only the state's share of expenditures. Prior to this, it had included both the state's obligation as well as the reimbursable federal funds. Expenditures in the Department of Mental Health and Addiction Services related to the Medicaid expansion for the newly eligible effective January 1, 2014, will also be net budgeted. For comparative purposes, net (state-share) Medicaid funding in FY 2014 was reduced by \$21.8 million as compared to FY 2013.
Indiana	While the increase in General Fund appropriations between FY13 and FY14 is \$840.6 million, \$343 million is for non-recurring obligations.
Maine	A portion of the increase for K-12 education is due to the deferral of a June 2013 subsidy payment of \$18.5M to July 2013.
Michigan	Fiscal 2014 general fund budget adjustments for K-12 education are not reported since general fund and restricted School Aid Fund revenues are used interchangeably. Reporting only general fund budget adjustments would fail to recognize the combined effect of general fund and School Aid Fund budget adjustments for K-12 education.
Minnesota	In FY13, bought back \$1.5 billion in school shift which distorts the FY13/FY14 appropriation change for K-12 education.
Vermont	K-12 Education—Includes: Ed Fund formula (\$6.6M); teacher retirement (\$8.2M), Gov initiatives (\$400K); other minor. Higher Education—Includes: Governor's policy initiative (\$2.5M); technical change (\$1.5M); other minor. Public Assistance—Includes: LIHEAP \$6M base pressure due to fed decrease; caseload pressure in RU and GA less policy savings. Medicaid—Includes: caseload and utilization trend; less net use of 1-time funds and additional federal matching. Corrections—Includes: caseload trend and annualization of FY13 salary increase, less anticipated savings from detainee initiative and carry-forward. All Other—Includes: FY 14 "Pay Act" increase (\$8.25M); annualization of FY13 Pay Act (excl DOC) (\$1.5M); Protection excl salary impact (net \$3.7M); subsidized child care (\$3.5M); natural resources excl salary impact (\$2.43M); debt service (\$6.9M); other minor.

Notes to Table 13

Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2013

Connecticut	Other—Hiring controls, one-time revenue measures.
Hawaii	Other—Diversion of special fund revenues to the general fund; more significantly, revenue picture has improved due to increased economic activity.
Maryland	Other—Transfer of balance from special funds to general fund.
Tennessee	Other—Base budget reductions.
Vermont	User Fees—Health Care provider assessment. Transportation/ Motor Vehicle Related Fees—MV registration fees. Business related fees—Health Care provider assessment. Includes: \$970K Secy of State; \$458K Crime Victim Svcs; \$363K Agriculture; \$542K Liquor Control; and other. Targeted Cuts—Various.

Notes to Table 14

Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2014

Delaware	Other—Legislation was enacted lifting sunsets on revenue increases originally enacted in 2009.
Hawaii	Other—Diversion of special fund revenues to the general fund; more significantly, revenue picture has improved due to increased economic activity.
Maine	Other—One day borrowing.

Maryland	Other—Transfer of balance from special funds to general fund.
New York	Other gap-closing measures in FY 2014 included the extension of a number of expiring laws that affect the financial plan. Extenders have been authorized for, among other things, existing personal income tax brackets and rates, existing limits on charitable deductions for taxpayers with incomes above \$10 million; the 18-a utility assessment, with a phase-out planned over the plan period; the Medicaid nursing home provider assessment; the waste tire fee; the Historic Commercial and Residential Rehabilitation Properties credits; and the New York Film Production credit.
Tennessee	Other—Base budget reductions.
Utah	Other—Revenue Growth.
Vermont	User Fees—Includes: \$970K Secy of State; \$458K Crime Victim Svcs; \$363K Agriculture; \$542K Liquor Control; and other. Transportation/ Motor Vehicle Related Fees—Gas tax increase. Business related fees—Includes: \$970K Secy of State; \$458K Crime Victim Svcs; \$363K Agriculture; \$542K Liquor Control; and other. Targeted Cuts—Reach Up restructuring including max time limits. GA housing policy. Dev Services: managed reductions via workgroup to revise system of care.
West Virginia	Other—Use onetime surplus from General Revenue, Special Funds & Lottery Funds from previous fiscal years.

Notes to Table 15

Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2015

Hawaii	Other—Diversion of special fund revenues to the general fund; more significantly, revenue picture has improved due to increased economic activity.
Tennessee	Other—Base budget reductions.
West Virginia	Other—Use onetime surplus from General Revenue, Special Funds & Lottery Funds from previous fiscal years.

Notes to Table 16

Number of Filled Full-Time Equivalent Positions Fiscal 2012 to Fiscal 2014, in All Funds

Colorado	Reported full-time equivalent positions are those included in appropriations.
Delaware	Reported full-time equivalent positions include Delaware Technical and Community College, but not Delaware State University or University of Delaware.
Georgia	Count does not include University System employees but does include Technical College System of Georgia employees.
Hawaii	All numbers reflect appropriation.
Louisiana	Filled Authorized Table of Organization Positions.
Massachusetts	Reported figures include Operating Budget, Federal Grant, Trust and Capital Funded FTEs.
Oregon	The Oregon University System (higher education) counts had been included in prior survey reports, but are no longer included in the biennial budget.
Texas	The FTE decrease is associated with the removal of patient income as a method-of-finance in the appropriations bill.
West Virginia	Reported full-time equivalent positions as of 7/31/2013.

Notes to Table 18

Enacted Cost-of-Living Changes for Cash Assistance Benefit Levels Under the Temporary Assistance For Needy Families Block Grant, Fiscal 2014

California	The enacted FY 2014 state budget requires a 5-percent increase to TANF grant levels, effective March 1, 2014. The increase will be funded with local revenue funds (sales tax and vehicle license fees) previously expended by counties on health and social services program.
Michigan	The enacted fiscal 2014 budget does not include an increase or decrease for TANF cash assistance benefit levels.
Nebraska	No increase in the maximum grant an individual may receive has been recommended for FY2014. Effective July 1, 2013 Nebraska increased the maximum "standard of need" for TANF cash assistance from \$740 to \$775 per month (family of three). This increase is based on a 3% CPI increase in CY 2011 and 1.7% CPI increase in CY 2012.

STATE REVENUE DEVELOPMENTS

CHAPTER TWO

Overview

States forecast that general fund revenue collections will increase again in fiscal 2014, although at a much slower pace compared to fiscal 2013. General fund revenue collections in fiscal 2013 easily outpaced projections, ending the fiscal year at \$707.0 billion, or \$14.2 billion above the \$692.8 billion in states' enacted budgets. Also in fiscal 2013, states surpassed pre-recession highs for the first time with revenues \$26.8 billion above fiscal 2008 levels. However, aggregate revenues are still 5.6 percent below fiscal 2008 levels after adjusting for inflation. Fiscal 2013 revenues would have needed to reach \$747 billion to remain equivalent with fiscal 2008 levels.⁴ State revenue collections typically lag the economic cycle, sometimes taking several years to fully recover from a recession. The recent Great Recession was particularly severe and prolonged, which is why aggregate state general fund revenues did not surpass nominal fiscal 2008 peak levels until fiscal 2013. If aggregate general fund revenue collections meet projections in fiscal 2014, it will be the fourth consecutive annual increase. However, revenue growth rates are projected to slow considerably from a 5.7 percent increase in fiscal 2013 to a projected 0.8 percent increase in fiscal 2014. Personal income tax collections are projected to decline in fiscal 2014 for the first time since the onset of the recession after rising by 9.6 percent in fiscal 2013, partly from one-time gains attributable to the federal fiscal cliff. Most of the increase in general fund revenues in fiscal 2014 is expected to come from higher sales tax collections, which have not performed as well as income tax collections since the fiscal recovery began in fiscal 2011.

Revenues

According to the Rockefeller Institute of Government, total state revenue collections have increased for 14 consecutive quarters or for three and a half calendar years. Tax collections substantially increased in the second quarter of calendar year (CY) 2013,

putting state tax revenues 11.0 percent higher in the second quarter of CY 2013 than in the same quarter in CY 2012. Furthermore, preliminary estimates by the Rockefeller Institute show that personal income tax collections increased by 20.3 percent in the second quarter of CY 2013 compared to the second quarter in CY 2012. However, the Rockefeller Institute notes that the large increase in the second quarter of CY 2013 is largely due to one-time gains as taxpayers shifted income into CY 2012 to avoid potentially higher federal tax rates and the idiosyncratic timing of tax increases in California. For these reasons, the Rockefeller Institute notes that the strong quarterly gains in collections in the last quarter of CY 2012 and the first two quarters of CY 2013 are not an indication of rapid improvement in the underlying economy.

This Fiscal Survey of States report finds that general fund revenues are forecast to increase in fiscal 2014 to \$712.7 billion, a 0.8 percent increase from fiscal 2013 levels. General fund collections in fiscal 2013 reached \$707.0 billion, an increase of \$37.9 billion or 5.7 percent from the \$669.1 billion collected in fiscal 2012. State revenues have increased by \$43.6 billion or 6.5 percent over the two-year period from fiscal 2012 to fiscal 2014. Revenues in fiscal 2012 increased by \$19.0 billion or 2.9 percent from fiscal 2011 levels.

Continued revenue growth from all sources, which includes sales, personal income, corporate income and all other taxes and fees, have produced collections greater than projections in many states. In fiscal 2013, 37 states reported that revenue collections were higher than originally forecasted, six states were on target and seven states ended the fiscal 2013 with revenues below collections. In fiscal 2014, 14 states reported that revenues are currently greater than forecasts used to enact fiscal 2014 budgets, 23 states are on target and seven states are currently below forecast. In the fall of 2012, nearly an equivalent

⁴ See the U.S. Bureau of Economic Analysis National Income and Product Account Tables. Table 3.9.4 Price Indexes for Government Consumption Expenditures and Gross Investment last revised on November 7, 2013. Line 33, state and local price index, is used for determining changes in real purchases. Fiscal year inflation rates determined through quarterly averages.

number of states reported higher revenue collections for fiscal 2013 and fiscal 2012, indicating that state budgets are remaining relatively stable. With rising tax collections, many states ended fiscal 2013 with budget surpluses, and while surpluses are a positive sign, such surpluses likely resulted from one-time revenue gains and spending restraint over the prior few fiscal years. (See Tables 19 and 20)

Estimated Collections in Fiscal 2014 and Projected Collections in Fiscal 2013

Revenue collections of sales, personal income, and corporate income tax collections, which make up approximately 80 percent of general fund revenue, are projected to be \$583.2 billion in fiscal 2014, 1.8 percent above fiscal 2013 levels. Specifically, sales tax collections and corporate income collections are pro-

jected to be 4.5 percent and 3.1 percent higher in fiscal 2014 compared to fiscal 2013. Personal income tax collections are projected to decline by 0.3 percent in fiscal 2014, marking the first decline in personal income tax collections since the beginning of the recovery period. Collections from sales, personal and corporate income taxes rose by 7.3 percent in fiscal 2013 compared to fiscal 2012. (See Tables 21 and 22)

Collections in Fiscal 2012

Collections of sales, personal income, and corporate income taxes in fiscal 2012 were 4.2 percent above fiscal 2011 collections. Specifically, personal income tax collections in fiscal 2012 were 8.8 percent higher than collections in fiscal 2011, while sales tax collections and corporate income tax collections were little changed. (See Table 19)

TABLE 19
Number of States With Revenues Higher, Lower, and On Target with Projections

	Fiscal 2013	Fiscal 2014
Lower	7	7
On Target	6	23
Higher	37	14

NOTES: Fiscal 2013 reflects whether revenues from all sources came in higher, lower, or on target with final projections. Fiscal 2014 reflects whether Fiscal 2014 collections thus far have been coming in higher, lower, or on target with projections. See Notes to Table 19 on page 50.

TABLE 20

Fiscal 2013 Tax Collections Compared With Projections Used in Adopting Fiscal 2013 Budgets (Millions)**

State	Sales Tax		Personal Income Tax		Corporate Income Tax		Revenue Collection***
	Original Estimate	Current Estimate	Original Estimate	Current Estimate	Original Estimate	Current Estimate	
Alabama	\$2,085	\$2,023	\$2,881	\$3,170	\$401	\$372	H
Alaska	NA	NA	NA	NA	783	605	T
Arizona	3,785	3,842	3,230	3,398	677	662	H
Arkansas	2,174	2,125	2,381	3,144	362	431	H
California*	20,605	20,240	60,268	63,901	8,488	7,509	H
Colorado*	2,086	2,186	4,880	5,642	454	640	H
Connecticut	4,046	3,897	8,554	8,719	793	743	H
Delaware	NA	NA	1,086	1,140	176	188	H
Florida	18,101	18,418	NA	NA	2,159	2,081	T
Georgia	5,226	5,277	8,486	8,772	706	797	H
Hawaii	2,851	2,945	1,529	1,736	59	101	H
Idaho	1,083	1,109	1,243	1,284	184	199	H
Illinois	7,335	7,355	15,273	16,538	2,550	3,177	H
Indiana	6,796	6,796	5,051	4,978	692	968	H
Iowa	2,536	2,586	3,739	3,957	485	555	H
Kansas	2,525	2,525	2,862	2,931	360	371	L
Kentucky	3,075	3,022	3,564	3,723	360	401	T
Louisiana	2,768	2,563	2,627	2,685	156	340	T
Maine	1,034	1,037	1,495	1,522	171	172	H
Maryland	4,126	4,068	7,553	7,691	741	818	H
Massachusetts	5,211	5,164	12,761	12,831	1,882	1,822	H
Michigan	7,194	7,101	7,908	8,172	287	430	H
Minnesota	4,738	4,774	8,385	9,013	853	1,281	H
Mississippi	1,887	1,911	1,480	1,650	463	524	H
Missouri*	1,891	1,872	5,072	5,489	352	416	H
Montana	65	62	984	1,048	151	178	H
Nebraska	1,485	1,475	1,870	2,102	230	276	H
Nevada	858	923	NA	NA	NA	NA	H
New Hampshire	NA	NA	NA	NA	322	348	H
New Jersey	8,820	8,460	11,767	12,193	2,831	2,454	L
New Mexico	2,459	2,395	1,115	1,210	375	260	L
New York	11,414	11,232	40,256	40,227	6,038	6,253	L
North Carolina	5,456	5,294	10,518	10,953	1,075	1,192	H
North Dakota	809	1,296	279	616	65	187	H
Ohio	8,425	8,445	8,970	9,508	850	790	H
Oklahoma	1,924	1,901	2,000	2,114	321	452	H
Oregon	NA	NA	6,283	6,300	442	484	T
Pennsylvania	9,219	8,894	11,286	11,371	2,205	2,423	H
Rhode Island	887	879	1,081	1,086	133	132	L
South Carolina	2,466	2,448	2,732	2,844	190	351	H
South Dakota	763	776	NA	NA	NA	NA	H
Tennessee	7,049	7,026	215	263	1,733	2,026	H
Texas	21,944	26,040	NA	NA	NA	NA	H
Utah	1,611	1,633	2,596	2,652	257	313	H
Vermont	349	347	625	661	94	95	H
Virginia	3,208	3,220	10,902	11,340	886	797	T
Washington	8,265	7,657	NA	NA	NA	NA	L
West Virginia	1,197	1,193	1,722	1,701	249	238	L
Wisconsin	4,380	4,410	7,280	7,497	890	925	H
Wyoming	490	499	NA	NA	NA	NA	H
Total	\$216,700	\$219,340	\$294,788	\$307,768	\$43,930	\$45,774	—

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 on page 50. **Unless otherwise noted, original estimates reflect the figures used when the fiscal 2013 budget was adopted, and current estimates reflect preliminary actual tax collections. ***Refers to whether preliminary actual fiscal 2013 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 2013.

TABLE 21

Comparison of Tax Collections in Fiscal 2012, Fiscal 2013, and Enacted Fiscal 2014 (Millions)**

State	Sales Tax			Personal Income Tax			Corporate Income Tax		
	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2012	Fiscal 2013	Fiscal 2014
Alabama	\$2,018	\$2,023	\$2,108	\$2,919	\$3,170	\$3,155	\$379	\$372	\$374
Alaska	N/A	NA	NA	N/A	NA	NA	667	605	644
Arizona	3,655	3,842	3,998	3,092	3,398	3,447	648	662	683
Arkansas	2,111	2,125	2,208	2,895	3,144	3,101	435	431	429
California	18,658	20,240	22,983	54,261	63,901	60,827	7,233	7,509	8,508
Colorado*	2,093	2,186	2,255	5,012	5,642	5,381	487	640	657
Connecticut	3,830	3,897	4,044	8,311	8,719	8,809	717	743	724
Delaware	N/A	NA	NA	1,042	1,140	1,173	119	188	203
Florida	17,422	18,418	19,205	N/A	NA	NA	2,011	2,081	2,285
Georgia	5,304	5,277	5,094	8,142	8,772	8,896	591	797	775
Hawaii	2,698	2,945	3,142	1,541	1,736	1,790	73	101	82
Idaho	1,027	1,109	1,152	1,206	1,284	1,313	187	199	194
Illinois	7,226	7,355	7,348	15,512	16,538	16,030	2,461	3,177	2,937
Indiana	6,622	6,796	7,088	4,766	4,978	5,163	959	968	900
Iowa	2,505	2,586	2,676	3,634	3,957	4,134	521	555	557
Kansas	2,462	2,525	2,408	2,908	2,931	2,525	284	371	370
Kentucky	3,052	3,022	3,173	3,512	3,723	3,689	374	401	365
Louisiana	2,581	2,563	2,657	2,486	2,685	2,786	374	340	340
Maine	1,030	1,037	1,149	1,434	1,522	1,370	232	172	180
Maryland	4,039	4,068	4,224	7,115	7,691	7,959	646	818	823
Massachusetts	5,059	5,164	5,494	11,911	12,831	12,949	1,771	1,822	1,843
Michigan*	6,955	7,101	7,331	6,922	8,172	8,269	1,322	430	407
Minnesota	4,678	4,774	5,036	7,973	9,013	9,193	1,044	1,281	1,275
Mississippi	1,855	1,911	1,946	1,489	1,650	1,668	505	524	465
Missouri	1,845	1,872	1,931	4,914	5,489	5,390	341	416	342
Montana	60	62	68	899	1,048	1,039	128	178	154
Nebraska	1,437	1,475	1,500	1,823	2,102	2,039	234	276	265
Nevada	876	923	970	N/A	NA	NA	N/A	NA	NA
New Hampshire	N/A	NA	NA	N/A	NA	NA	312	348	336
New Jersey*	8,100	8,460	8,929	11,128	12,193	13,039	2,143	2,454	2,663
New Mexico	2,428	2,395	2,571	1,151	1,210	1,217	281	260	342
New York	11,125	11,232	11,734	38,768	40,227	42,544	5,760	6,253	6,375
North Carolina	5,258	5,294	5,444	10,272	10,953	10,997	1,133	1,192	1,249
North Dakota	1,154	1,296	1,305	430	616	383	199	187	182
Ohio	8,087	8,445	9,197	8,433	9,508	7,850	417	790	812
Oklahoma	1,830	1,901	2,031	1,981	2,114	2,103	343	452	482
Oregon	N/A	NA	NA	5,853	6,300	6,516	431	484	500
Pennsylvania	8,772	8,894	9,229	10,801	11,371	11,728	2,022	2,423	2,482
Rhode Island	851	879	887	1,061	1,086	1,109	123	132	141
South Carolina	2,355	2,448	2,473	2,592	2,844	2,846	212	351	248
South Dakota	744	776	805	N/A	NA	NA	N/A	NA	NA
Tennessee*	6,900	7,026	7,288	185	263	202	1,865	2,026	2,136
Texas	24,100	26,040	26,659	N/A	NA	NA	N/A	NA	NA
Utah	1,583	1,633	1,683	2,459	2,652	2,749	269	313	285
Vermont	342	347	357	597	661	686	86	95	92
Virginia	3,122	3,220	3,234	10,613	11,340	11,625	860	797	907
Washington	7,225	7,657	8,003	N/A	NA	NA	N/A	NA	NA
West Virginia	1,216	1,193	1,204	1,689	1,701	1,767	188	238	230
Wisconsin	4,289	4,410	4,498	7,042	7,497	7,295	907	925	962
Wyoming	498	499	508	N/A	NA	NA	N/A	NA	NA
Total***	\$211,074	\$219,340	\$229,226	\$280,772	\$307,768	\$306,749	\$42,294	\$45,774	\$47,204

NOTES: NA indicates data are not available because, in most cases, these states do not have that type of tax. *See Notes to Table 21 on page 50. ** Unless otherwise noted, fiscal 2012 figures reflect actual tax collections, fiscal 2013 figures reflect preliminary actual tax collections estimates, and fiscal 2014 figures reflect the estimates used in enacted budgets. ***Totals include only those states with data for all years.

TABLE 22

Percentage Changes in Tax Collections in Fiscal 2012, Fiscal 2013, and Enacted Fiscal 2014**

State	Sales Tax			Personal Income Tax			Corporate Income Tax		
	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2012	Fiscal 2013	Fiscal 2014
Alabama	4.7%	0.2%	4.2%	4.6%	8.6%	-0.5%	30.4%	-2.0%	0.5%
Alaska	NA	NA	NA	NA	NA	NA	-4.6	-9.3%	6.4%
Arizona	5.4	5.1	4.1	8.0	9.9	1.5	15.6	2.2	3.2
Arkansas	2.7	0.6	3.9	27.5	8.6	-1.4	24.1	-1.0	-0.5
California	-30.9	8.5	13.6	9.7	17.8	-4.8	-24.8	3.8	13.3
Colorado	2.4	4.5	3.2	11.5	12.6	-4.6	23.5	31.6	2.6
Connecticut	14.2	1.7	3.8	14.7	4.9	1.0	-9.8	3.6	-2.6
Delaware	NA	NA	NA	4.5	9.4	2.9	-29.2	57.8	8.2
Florida	4.7	5.7	4.3	NA	NA	NA	7.3	3.5	9.8
Georgia	4.4	-0.5	-3.5	6.3	7.7	1.4	-11.9	35.0	-2.8
Hawaii	8.1	9.1	6.7	25.1	12.7	3.1	45.7	38.4	-18.5
Idaho	5.6	8.0	3.9	4.6	6.5	2.3	10.7	6.4	-2.5
Illinois	5.8	1.8	-0.1	38.2	6.6	-3.1	33.0	29.1	-7.6
Indiana	6.5	2.6	4.3	3.9	4.4	3.7	36.0	1.0	-7.0
Iowa	29.4	3.2	3.5	27.7	8.9	4.5	110.3	6.5	0.3
Kansas	9.3	2.6	-4.6	7.3	0.8	-13.9	26.2	30.6	-0.3
Kentucky	5.4	-1.0	5.0	2.8	6.0	-0.9	24.3	7.2	-9.0
Louisiana	-1.1	-0.7	3.6	3.4	8.0	3.8	42.6	-9.1	0.0
Maine	5.9	0.7	10.8	3.0	6.1	-10.0	20.3	-25.9	4.6
Maryland	10.5	0.7	3.8	7.1	8.1	3.5	13.2	26.6	0.5
Massachusetts	3.1	2.1	6.4	2.9	7.7	0.9	-9.2	2.9	1.1
Michigan*	3.6	2.1	3.2	7.9	18.0	1.2	-37.0	-67.5	-5.3
Minnesota	6.2	2.1	5.5	5.9	13.0	2.0	12.9	22.6	-0.4
Mississippi	3.6	3.0	1.8	7.7	10.8	1.1	12.8	3.7	-11.4
Missouri	4.9	1.4	3.2	5.9	11.7	-1.8	-11.6	22.0	-17.7
Montana	-7.4	3.3	9.7	10.2	16.6	-0.9	7.6	39.1	-13.5
Nebraska	4.7	2.7	1.7	5.1	15.3	-3.0	51.2	17.6	-3.8
Nevada	6.0	5.4	5.0	NA	NA	NA	NA	NA	NA
New Hampshire	NA	NA	NA	NA	NA	NA	25.5	11.4	-3.3
New Jersey	-0.6	4.4	5.5	4.8	9.6	6.9	-13.0	14.5	8.5
New Mexico	4.1	-1.4	7.3	8.4	5.2	0.6	22.3	-7.5	31.5
New York	3.2	1.0	4.5	7.1	3.8	5.8	9.1	8.5	2.0
North Carolina	-10.5	0.7	2.8	5.5	6.6	0.4	11.7	5.2	4.8
North Dakota	47.5	12.4	0.7	42.6	43.3	-37.9	35.6	-5.8	-2.7
Ohio	6.7	4.4	8.9	3.8	12.7	-17.4	76.3	89.4	2.8
Oklahoma	9.7	3.9	6.8	8.1	6.7	-0.5	25.2	31.5	6.7
Oregon	NA	NA	NA	6.0	7.6	3.4	-8.0	12.2	3.5
Pennsylvania	2.1	1.4	3.8	3.5	5.3	3.1	-5.1	19.8	2.4
Rhode Island	4.7	3.3	0.9	3.8	2.4	2.2	45.7	7.1	7.2
South Carolina	4.9	4.0	1.0	8.2	9.7	0.1	16.3	65.4	-29.3
South Dakota	4.8	4.3	3.8	NA	NA	NA	NA	NA	NA
Tennessee	6.3	1.8	3.7	0.6	42.1	-23.3	18.0	8.6	5.4
Texas	12.6	8.1	2.4	NA	NA	NA	NA	NA	NA
Utah	-1.2	3.2	3.1	7.0	7.8	3.6	3.1	16.3	-8.7
Vermont	5.0	1.5	3.0	7.9	10.7	3.9	-4.2	10.6	-3.4
Virginia	3.6	3.1	0.4	6.7	6.9	2.5	4.6	-7.3	13.9
Washington	1.0	6.0	4.5	NA	NA	NA	NA	NA	NA
West Virginia	0.5	-1.9	0.9	0.0	0.7%	3.9	-38.8	26.6	-3.5
Wisconsin	4.4	2.8	2.0	5.1	6.5%	-2.7	6.3	2.1	3.9
Wyoming	5.7	0.2	1.8	NA	NA	NA	NA	NA	NA
Total***	0.7%	3.9	4.5%	8.8%	9.6%	-0.3%	-1.1%	8.2%	3.1%

NOTES: NA indicates data are not available because, in most cases, these states do not have that type of tax. *See Notes to Table 22 on page 50. ** Unless otherwise noted, fiscal 2012 figures reflect actual tax collections, fiscal 2013 figures reflect preliminary actual tax collections estimates, and fiscal 2014 figures reflect the estimates used in enacted budgets. ***Totals include only those states with data for all years.

Enacted Fiscal 2014 Revenue Changes

States enacted \$2.1 billion in net revenue decreases for fiscal 2014. States with the largest tax cuts include Ohio, Arizona, Texas, Alaska, Pennsylvania and Wisconsin. In all, 23 states enacted a net decrease, and 12 states enacted net increases in revenue. In addition to these tax and fee changes, states also enacted a net decrease of \$203 million in new revenue measures. These measures can enhance or reduce general fund revenue but do not affect taxpayer liability. Generally states enact revenue measures to increase general fund revenues and may rely on enforcement of existing laws, additional audits and compliance efforts, and increasing fines for late filings. However, states can reduce general fund revenues by increasing fund transfers for purposes other than the general fund, such as capital projects, aid to local governments, or a designated health care trust fund. (See Table A-2) In fiscal 2013, states enacted \$6.9 billion in net tax and fee increases, with 11 states enacting net increases and 20 states enacting net decreases. States also enacted an additional \$2.5 billion in revenue measures in fiscal 2013. With revenue conditions improving, states have cut taxes and fees in two of the last three fiscal years, a substantial change from fiscal 2010, when states enacted \$23.9 billion in net tax and fee increases along with \$7.7 billion in other revenue measures.

The largest portion of enacted tax decreases in fiscal 2014 is attributable to personal income taxes (\$1.3 billion), closely followed by other taxes (\$1.3 billion). Sales taxes and motor fuel taxes were also reduced in fiscal 2014. States increased cigarette and tobacco taxes by \$515 million, corporate income taxes by \$181 million, fees by \$30.8 million and taxes on alcohol by \$6 million in fiscal 2014. California, repealed parts of the state's economic development plan and enacted new hiring tax incentives, resulting in a net fiscal 2014 mid-year tax increase of \$162 million. (See Table 25 and A-3)

Sales Taxes—Nine states enacted sales tax increases and 15 enacted decreases. The result is a net revenue decrease of

\$161 million. Much of this net decrease is due to the expiration of Arizona's temporary sales tax, which sunset at the end of fiscal 2013.

Personal Income Taxes—Nine states enacted personal income tax increases while 13 enacted decreases for a net decrease of \$1.3 billion. The majority of the enacted net decrease is attributable to a reduction of marginal rates for personal income taxes and an increase in the small business deduction in Ohio. Wisconsin and North Carolina also enacted personal income tax cuts, and Minnesota increased personal income taxes in fiscal 2014.

Corporate Income Taxes—Four states enacted corporate income tax increases while 14 enacted decreases for a net increase of \$181 million. Various corporate income tax increases in Minnesota and Massachusetts accounted for the majority of the net increase.

Cigarette and Tobacco Taxes—Three states enacted a cigarette tax increase and one state enacted a tobacco tax decrease for a net increase of \$515 million. Increases in Minnesota accounted for \$403 million of the total.

Motor Fuel Taxes—Two states enacted a motor fuel tax increase and one state enacted a decrease, resulting in a net decrease of \$49 million. Maryland and Massachusetts increased motor fuel taxes, while Virginia reduced the excise tax on motor fuels and raised the wholesale tax as part of the state's transportation funding overhaul.

Alcohol Taxes—Rhode Island enacted an increase of the state's alcohol tax for a net increase of \$6.0 million.

Other Taxes—Four states enacted increases for various other taxes, while nine states enacted decreases for a net decrease of \$1.3 billion.

Fees—Nine states enacted fee increases, and three states decreased fees for a net increase of \$30.8 million.

TABLE 23
Enacted State Revenue Changes,
Fiscal 1979 to Fiscal 2014

Fiscal Year	Revenue Change (Billions)
2014	-\$2.1
2013	6.9
2012	-0.7
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
1979	-2.3

SOURCES: Advisory Commission on Intergovernmental Relations, Significant Features of Fiscal Federalism, 1985-86 edition, page 77, based on data from the Tax Foundation and the National Conference of State Legislatures. Fiscal 1988–2014 data provided by the National Association of State Budget Officers.

FIGURE 3:
Enacted State Revenue Changes, Fiscal 1979 to Fiscal 2014

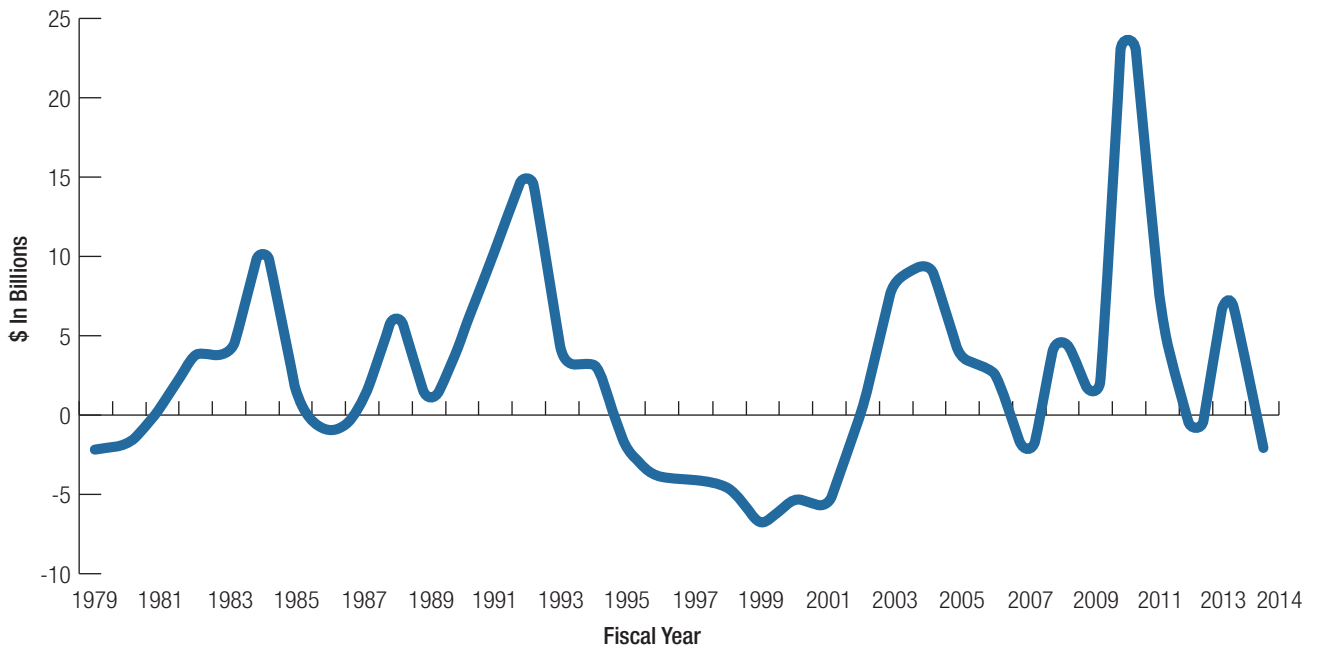


TABLE 24

Enacted Fiscal 2014 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							-550.0		-550.0
Arizona	-962.0	-14.8							-976.8
Arkansas	-3.2	-6.1		-0.1			-0.7		-10.1
California									0.0
Colorado									0.0
Connecticut									0.0
Delaware		24.7					3.0		27.7
Florida	-45.8		-1.2					-0.4	-47.4
Georgia							-106.9		-106.9
Hawaii	-37.6	-12.4							-50.0
Idaho	-20.0	-2.6	-0.4						-23.0
Illinois									0.0
Indiana			-2.4				-97.6		-100.0
Iowa	-9.5	-33.4	-0.6						-43.5
Kansas	193.2	114.7							307.9
Kentucky									0.0
Louisiana									0.0
Maine	71.8	29.3					4.0	2.2	107.3
Maryland		-3.0	-21.5		116.1			22.7	114.3
Massachusetts*	19.9	9.4	93.6	106.2	79.4				308.5
Michigan								79.6	79.6
Minnesota	73.8	598.2	232.7	403.5			68.1	19.5	1395.8
Mississippi									0.0
Missouri			-29.0						-29.0
Montana							-1.3	1.3	0.0
Nebraska	-1.9	-27.1	-1.3						-30.3
Nevada*	1.2								1.2
New Hampshire									0.0
New Jersey									0.0
New Mexico	12.0	2.5	-7.2						7.3
New York		70.0						25.0	95.0
North Carolina	39.3	-108.3	-50.1						-119.1
North Dakota	-2.4	-53.5	-12.5				-3.6		-72.0
Ohio	330.0	-1615.5		5.0			80.5		-1200.0
Oklahoma									0.0
Oregon			-1.4				-53.2	14.3	-40.3
Pennsylvania	-3.7	1.5	-4.4				-336.2		-342.8
Rhode Island	-8.0					6.0		-0.4	-2.4
South Carolina	-42.8	-2.3							-45.1
South Dakota									0.0
Tennessee	-14.2	-1.3	1.0						-14.5
Texas							-445.3	-142.0	-587.3
Utah	-1.1								-1.1
Vermont			-0.4					2.5	2.1
Virginia	265.8				-244.8		184.0	6.5	211.5
Washington									0.0
West Virginia	-15.0	6.0	-15.0						-24.0
Wisconsin	-1.0	-319.9	1.3						-319.6
Wyoming									0.0
Total	-\$161.2	-\$1,343.9	\$181.2	\$514.6	-\$49.3	\$6.0	-\$1,255.2	\$30.8	-\$2,077.0

NOTES: *See Notes to Table 24 on page 50. See Appendix Table A-1 for details on specific revenue changes.

TABLE 25

Fiscal 2014 Mid-Year 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									
Alaska									
Arizona									
Arkansas									
California		72.0	90.0						162.0
Colorado									
Connecticut									
Delaware									
Florida									
Georgia									
Hawaii									
Idaho									
Illinois									
Indiana									
Iowa									
Kansas									
Kentucky									
Louisiana									
Maine									
Maryland									
Massachusetts									
Michigan									
Minnesota									
Mississippi									
Missouri									
Montana									
Nebraska									
Nevada									
New Hampshire									
New Jersey									
New Mexico									
New York									
North Carolina									
North Dakota									
Ohio									
Oklahoma									
Oregon									
Pennsylvania									
Rhode Island									
South Carolina									
South Dakota									
Tennessee									
Texas									
Utah									
Vermont									
Virginia									
Washington									
West Virginia									
Wisconsin									
Wyoming									
Total	\$0.0	\$72.0	\$90.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$162.0

NOTE: See Appendix Table A-1 for details on specific revenue changes.

CHAPTER 2 NOTES

Notes to Table 19

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

Georgia	Fiscal 2014 – N/A.
Michigan	Fiscal 2014 – N/A, Fiscal 2014 begins 10/1/2013.

Notes to Table 20

Fiscal 2013 Tax Collections Compared With Projections Used in Adopting Fiscal 2013 Budgets

California	Total general fund revenue collections in fiscal 2013 were higher compared to revenue projections at the 2012 Budget Act.
Colorado	OSPB forecasts from March 2012 and June 2013.

Notes to Table 21

Comparison of Tax Collections in Fiscal 2012, Fiscal 2013, and Enacted Fiscal 2014

Colorado	OSPB forecasts (Table 2, lines 1, 7, 8) from the following dates: Fiscal 2012—June 2013, Fiscal 2013—June 2013, Fiscal 2014 at the time of budget enactment—March 2013.
Michigan	Revenue decline for corporate income tax collections reflects the enacted business tax reduction that replaced the Michigan Business Tax with a Corporate Income Tax.
New Jersey	Corporate income tax collections includes Corporation Business Tax and Corporation Banks and Financial Institutions tax.
Tennessee	Sales tax, personal income tax, and corporate income tax are shared with local governments. Corporate income tax includes franchise tax.

Notes to Table 22

Percentage Changes in Tax Collections in Fiscal 2012, Fiscal 2013 and Enacted Fiscal 2014

Michigan	Revenue decline for corporate income tax collections reflects the enacted business tax reduction that replaced the Michigan Business Tax with a Corporate Income Tax.
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Notes to Table 24

Enacted Fiscal 2014 Revenue Actions by Type of Revenue and Net Increase or Decrease

Massachusetts	Figures are FY14 revenue impact estimates and are not FY14 incremental revenue impact estimates. As an example, the Commonwealth held a sales tax holiday in FY13 in addition to FY14. The FY14 incremental impact of the holiday is estimated to be \$.096 million. We are showing the full FY14 cost of the holiday, \$24.3 million.
Nevada	The 2009 Legislative session increased several tax rates. All were scheduled to sunset at the end of FY 11. The 2011 Legislative session extended the increases for another two years. The 2013 session extended the increases through FY 15, while expanding the number of small businesses exempt from the Modified Business (payroll) Tax. So no tax rates increased since FY 10.

TOTAL BALANCES

CHAPTER THREE

Overview

Maintaining adequate balance levels helps states to mitigate disruptions 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. Additionally, rainy day funds are needed to ensure that budgets can be balanced in cases where 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, an informal rule-of-thumb used to be that balances should be built to a level equivalent to at least five percent of total expenditures to provide a relatively adequate fiscal cushion. However, in the wake of the recent financial crises, there have been calls by some organizations and academics to significantly increase the standard size above five percent. State officials often try to avoid drawing down balance levels at the beginning of a downturn, and may also be 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. The majority of states have limits on the size of their budget reserve funds, ranging from three to 10 percent of appropriations. Voters in Georgia, Oklahoma and Virginia have all recently raised the cap on the amount the state is allowed to hold in reserves from 10.0 percent to 15.0 percent of revenues.

Total Balances

Prior to the start of the recession, states built up fairly significant balance levels. By 2006, total balances reached a peak at \$69 billion or 11.5 percent of general fund expenditures. However,

the severe deterioration in state revenues and rising expenditure pressures in fiscal 2009 and 2010 resulted in balance levels falling to 5.2 percent of expenditures by the end of fiscal 2010. [\(See Table 26\)](#) States have made significant progress rebuilding budget reserves since their decline at the end of the recession. [\(See Table 27 and Figures 6, 7, and 8\)](#) Balance levels greatly increased in fiscal 2013 as revenues outpaced projections in many states, leading to budget surpluses and bringing total balances to \$67 billion or 9.6 percent of expenditures. However, total balance levels are projected to decline in fiscal 2014 to \$56.7 billion or 8.2 percent of general fund expenditures, while rainy day fund balances are projected to slightly increase in fiscal 2014 to \$42.6 billion or 6.2 percent of expenditures. [\(See Tables 28 and 29\)](#)

Total balance levels at \$56.7 billion or 8.2 percent of general fund expenditures appear to indicate that budget reserves are fairly sufficient across states, but the totals can be misleading. The combined balance levels for Alaska and Texas, at \$16.5 billion and \$8.3 billion respectively, account for \$24.8 billion or 43.8 percent of states reported total balances in fiscal 2014. The concentration of total budget reserves being disproportionately held by two states means that the average balance level as a percent of expenditures is much lower for the remaining states. The remaining states have balance levels that represent only 5.0 percent of general fund expenditures for fiscal 2014.

In fiscal 2014, four states estimate balance levels below one percent of expenditures and 16 states estimate balance levels greater than one percent, but less than five percent. [\(See Table 27\)](#) States with low balance levels may be impeded in their ability to respond to events that occur during the fiscal year, including unanticipated budget gaps that may arise towards the end of the fiscal year.

TABLE 26
Total Year-End Balances,
Fiscal 1979 to Fiscal 2014

Fiscal Year	Total Balance (Billions)	Total Balance (Percentage of Expenditures)
2014**	\$56.7	8.2%
2013*	67.0	9.6
2012	55.8	8.4
2011	45.7	7.1
2010	32.5	5.2
2009	36.2	5.7
2008	59.1	8.6
2007	65.9	10.1
2006	69.0	11.5
2005	46.6	8.4
2004	26.7	5.1
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	—	6.1%

NOTES: *Figures for fiscal 2013 are estimated; **Figures for fiscal 2014 are based on enacted budgets.

TABLE 27**Total Year-End Balances as a Percentage of Expenditures, Fiscal 2012 to Fiscal 2014**

Percentage	Number of States		
	Fiscal 2012 (Actual)	Fiscal 2013 (Preliminary Actual)	Fiscal 2014 (Appropriated)
Less than 1.0%	6	3	4
1.0% to 4.9%	15	13	16
5.0% to 9.9%	10	16	12
10% or more	19	18	15

NOTE: The average for fiscal 2012 (actual) was 8.4 percent; the average for fiscal 2013 (preliminary actual) is 9.6 percent; and the average for fiscal 2014 (appropriated) is 8.2 percent.

FIGURE 4:
Total Year-End Balances, Fiscal 1979 to Fiscal 2014

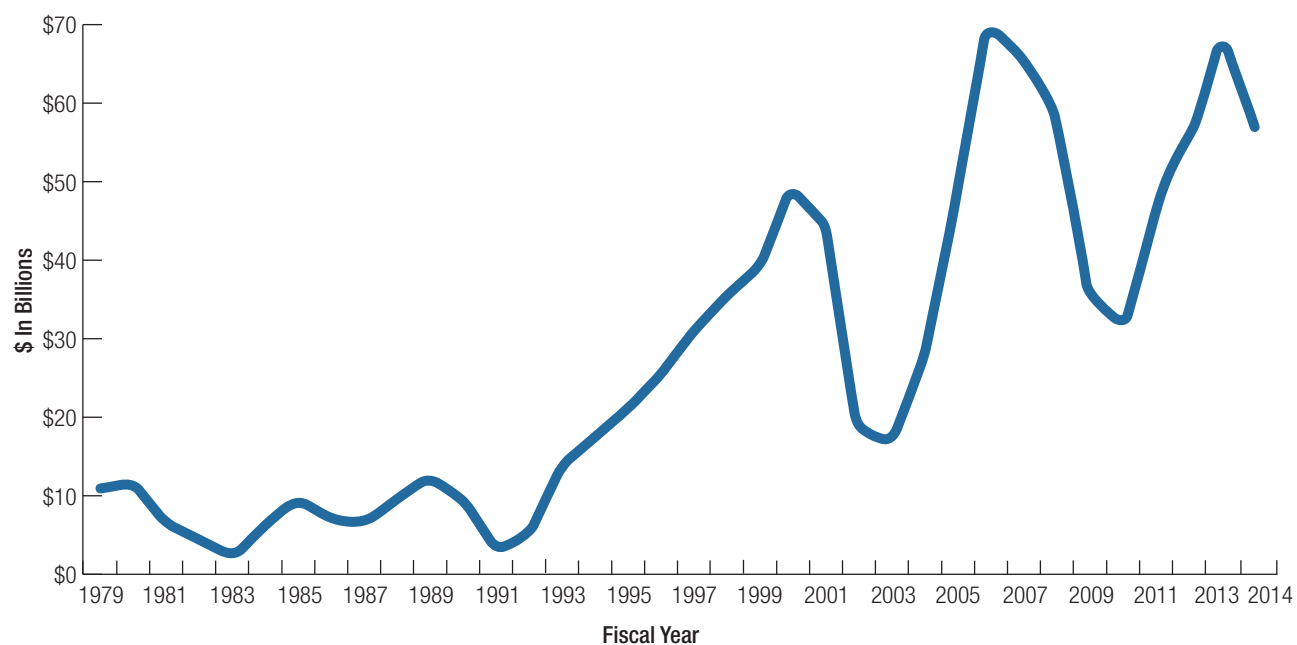
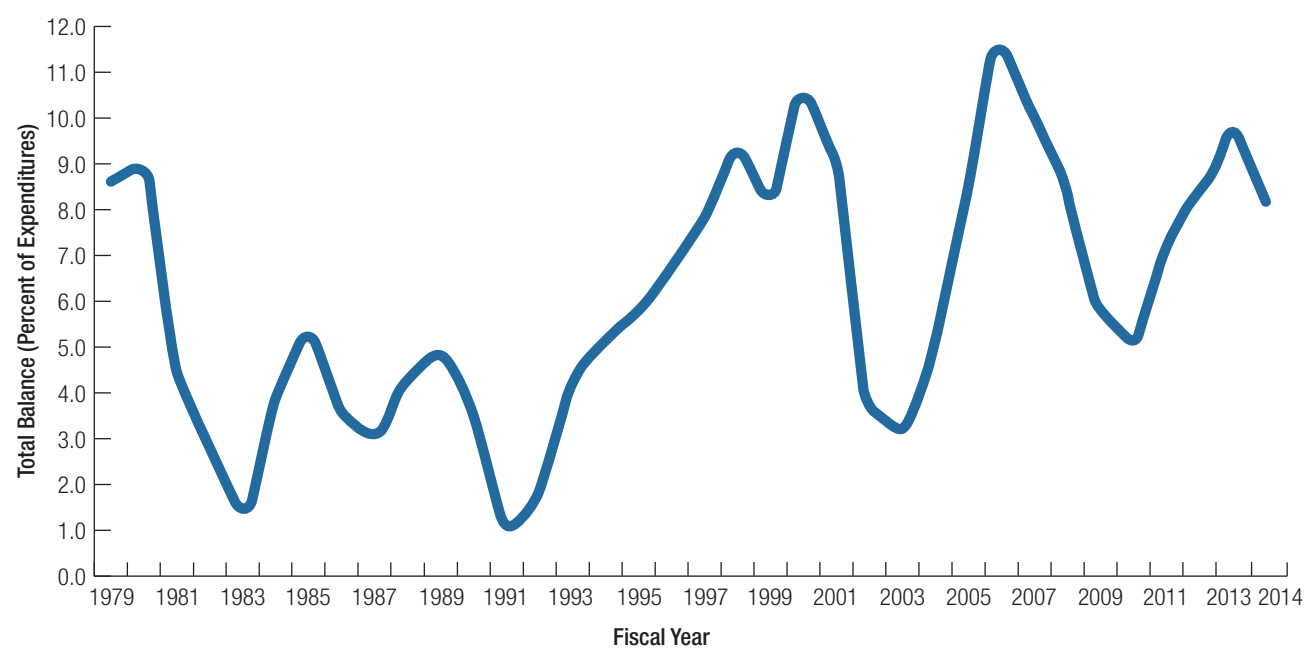


FIGURE 5:
Total Year-End Balances as a Percentage of Expenditures, Fiscal 1979 to Fiscal 2014



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FIGURE 6:
Total State Balance Levels Fiscal 2012

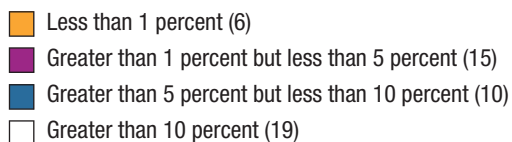


FIGURE 7:
Total State Balance Levels Fiscal 2013

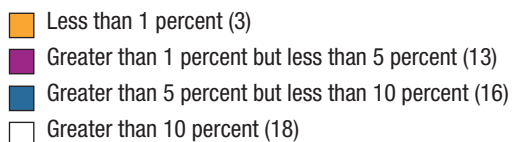


FIGURE 8:
Total State Balance Levels Fiscal 2014

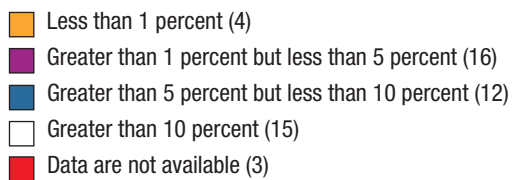


TABLE 28

Total Balances and Total Balances as a Percentage of Expenditures, Fiscal 2012 to Fiscal 2014

State	Total Balance (\$ in Millions)**			Total Balances as a Percent of Expenditures		
	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2012	Fiscal 2013	Fiscal 2014
Alabama	\$74	\$268	\$324	1.0%	3.7%	4.3%
Alaska	18,160	16,933	16,511	259.0	217.6	231.8
Arizona	649	1,350	904	7.7	15.9	10.3
Arkansas	0	0	0	0.0	0.0	0.0
California***	-1,615	872	1,689	-1.9	0.9	1.8
Colorado***	855	1,483	580	11.9	18.8	6.9
Connecticut	-50	670	280	-0.3	3.5	1.6
Delaware***	565	636	561	15.7	17.4	14.7
Florida	2,003	3,203	2,817	8.6	12.8	10.3
Georgia***	521	680	N/A	3.0	3.7	N/A
Hawaii	300	868	780	5.4	15.3	12.2
Idaho	124	110	101	4.9	4.1	3.6
Illinois***	40	154	154	0.1	0.5	0.5
Indiana	2,155	1,798	1,478	15.7	12.6	10.1
Iowa	1,289	1,401	1,375	21.5	22.5	21.2
Kansas	503	\$588	510	8.2	9.5	8.5
Kentucky	212	244	98	2.2	2.6	1.0
Louisiana	113	443	446	1.4	5.4	5.3
Maine	87	67	58	2.8	2.2	1.8
Maryland	1,223	1,211	1,014	8.2	8.0	6.5
Massachusetts***	1,990	1,874	1,552	6.1	5.5	4.3
Michigan	1,344	1,158	585	16.3	12.9	6.1
Minnesota***	2,453	1,008	1,816	14.8	5.3	9.7
Mississippi	153	86	N/A	3.2	1.8	N/A
Missouri	455	723	325	5.7	9.0	3.8
Montana	452	537	393	25.5	26.9	17.9
Nebraska	927	1,199	937	26.9	33.4	24.4
Nevada	375	323	206	12.2	9.9	6.3
New Hampshire***	23	86	36	1.9	6.8	2.7
New Jersey	444	465	303	1.5	1.5	0.9
New Mexico***	713	571	451	12.8	9.8	7.6
New York***	1,787	1,610	1,709	3.2	2.7	2.8
North Carolina	813	1,002	975	4.2	5.0	4.7
North Dakota	1,681	1,980	1,291	75.6	84.1	38.4
Ohio	1,220	2,760	1,759	4.5	9.8	5.6
Oklahoma	684	668	N/A	11.8	10.6	N/A
Oregon	176	542	406	2.5	8.0	5.3
Pennsylvania	659	541	\$8	2.4	2.0	0.0
Rhode Island	269	269	174	8.6	8.4	5.2
South Carolina***	956	1,046	857	17.3	16.9	13.7
South Dakota	183	183	162	15.1	14.2	12.2
Tennessee	1,125	1,052	481	10.1	8.9	3.8
Texas	6,055	9,599	8,306	13.6	23.1	17.8
Utah	323	284	284	6.7	5.6	5.2
Vermont	58	63	66	4.6	4.7	4.9
Virginia	978	945	699	6.0	5.5	3.9
Washington	-250	357	409	-1.6	2.3	2.6
West Virginia	1,462	1,427	1,381	35.3	33.4	33.0
Wisconsin	342	759	553	2.5	5.3	3.7
Wyoming	765	884	883	48.4	53.1	53.1
Total**	\$55,821	\$66,979	\$56,689	8.4%	9.6%	8.2%

NOTES: NA indicates data are not available. Total balances as a percentage of expenditures calculation only includes those states with reported data. *Fiscal 2012 are actual figures, fiscal 2013 are preliminary actual figures, and fiscal 2014 are appropriated figures. **Total balances include both the ending balance and rainy day funds. ***In these states, the ending balance includes the rainy day fund balance.

TABLE 29

Rainy Day Fund Balances and Rainy Day Fund Balances as a Percentage of Expenditures, Fiscal 2012 to Fiscal 2014

State	Rainy Day Fund Balance (\$ in Millions)**			Rainy Day Fund Balance as a Percent of Expenditures		
	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2012	Fiscal 2013	Fiscal 2014
Alabama	\$14	\$14	\$295	0.2%	0.2%	3.9%
Alaska	15,880	17,067	17,179	226.4	219.3	241.2
Arizona	253	454	454	3.0	5.4	5.2
Arkansas	0	0	0	0.0	0.0	0.0
California	-2,233	254	1,071	-2.6	0.3	1.1
Colorado	281	373	398	3.9	4.7	4.7
Connecticut	93	271	276	0.5	1.4	1.6
Delaware	186	199	202	5.2	5.4	5.3
Florida	494	709	923	2.1	2.8	3.4
Georgia	378	N/A	N/A	2.2	N/A	N/A
Hawaii	24	24	82	0.4	0.4	1.3
Idaho	24	50	50	0.9	1.8	1.8
Illinois	0	0	0	0.0	0.0	0.0
Indiana	352	370	373	2.6	2.6	2.5
Iowa	601	622	650	10.0	10.0	10.0
Kansas*	0	0	0	0.0	0.0	0.0
Kentucky	122	122	98	1.3	1.3	1.0
Louisiana	443	443	443	5.4	5.4	5.3
Maine	45	60	60	1.4	1.9	1.9
Maryland	672	700	767	4.5	4.6	4.9
Massachusetts	1,652	1,557	1,326	5.1	4.6	3.7
Michigan	365	505	580	4.4	5.6	6.0
Minnesota	658	657	657	4.0	3.5	3.5
Mississippi	100	32	N/A	2.1	0.7	N/A
Missouri	251	277	266	3.2	3.5	3.1
Montana	0	0	0	0.0	0.0	0.0
Nebraska	429	384	679	12.4	10.7	17.7
Nevada	39	85	38	1.3	2.6	1.2
New Hampshire	9	9	9	0.7	0.7	0.7
New Jersey	0	0	0	0.0	0.0	0.0
New Mexico	713	571	451	12.8	9.8	7.6
New York	1,306	1,306	1,306	2.3	2.2	2.1
North Carolina	419	651	651	2.1	3.2	3.2
North Dakota	386	584	584	17.4	24.8	17.4
Ohio	247	482	1,478	0.9	1.7	4.7
Oklahoma	578	535	N/A	9.9	8.5	N/A
Oregon	128	69	292	1.9	1.0	3.8
Pennsylvania	0	0	2	0.0	0.0	0.0
Rhode Island	153	172	174	4.9	5.3	5.2
South Carolina	288	394	410	5.2	6.4	6.6
South Dakota	135	159	161	11.2	12.3	12.1
Tennessee	306	356	456	2.7	3.0	3.6
Texas	6,133	6,128	6,541	13.8	14.7	14.0
Utah	277	284	284	5.7	5.6	5.2
Vermont	58	63	66	4.6	4.7	4.9
Virginia	303	440	688	1.9	2.6	3.8
Washington	130	268	409	0.9	1.7	2.6
West Virginia	851	915	925	20.6	21.4	22.1
Wisconsin	0	0	0	0.0	0.0	0.0
Wyoming	765	884	883	48.4	53.1	53.1
Total**	\$34,308	\$39,497	\$42,634	5.1%	5.8%	6.2%

NOTES: NA indicates data are not available. Total rainy day fund balances as a percentage of expenditures only includes states with reported data. *See Notes to Table 29 on page 58.

**Fiscal 2012 are actual figures, fiscal 2013 are preliminary actual figures, and fiscal 2014 are appropriated figures.

CHAPTER 3 NOTES

Notes to Table 29

Rainy Day Fund Balances and Rainy Day Fund Balances as a Percentage of Expenditures, Fiscal 2012 to Fiscal 2014

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

Enacted Changes to Budgeting and Financial Management Practices

For fiscal 2014, a number of states enacted changes to their budgeting and financial management practices to increase efficiency and improve performance of government agencies and programs. The most commonly cited changes were additional emphasis on performance budgeting, IT budgeting system upgrades, and consolidation and reorganization. Six states reported changes to increase performance budgeting efforts. Several states also noted the implementation of new IT budgeting systems to better integrate and streamline budget and accounting functions. Several states also reported changes to move towards enterprise wide planning systems that integrate budgeting, accounting, procurement, administrative functions and other cash management processes under a single financial management system. State efforts to achieve cost and efficiency savings continue to drive state fiscal administration reform. (See Table 30)

Enacted Changes in Aid to Local Governments, Fiscal 2014

In contrast to the years immediately following the recession when many states cut aid to local governments, states increased aid for local governments in fiscal 2014. A greater number of states also reported increased aid to local governments in fiscal 2014 compared to fiscal 2013. Twenty-five

states reported that enacted budgets contained changes in state aid to local governments in fiscal 2014. Seventeen states reported that aid to local governments will increase in fiscal 2014, two states reported a net decrease, and six states reported various other changes to intergovernmental administrative practices. Enacted changes in state aid to local governments varied considerably, but most states reported that increased aid came in the form of additional funds for K-12 education. States also reported that enacted fiscal 2014 budgets included additional aid for road maintenance, human services, community colleges, and enhanced revenue sharing formulas.

Like the states, local governments faced severe fiscal pressures in the years immediately following the recession. Local governments confronted a sharp rise in service demands, declining tax revenues as well as cuts in state aid. Currently, budget challenges persist for many local governments due to constrained revenues and employee-related costs for health care and pensions.⁵ Although housing markets across the country have improved, property taxes, which remain the primary source of local government revenue,⁶ continue to be impacted by severe declines in the housing market in years prior. According to the National League of Cities, property tax collections declined by 0.4 percent in calendar year (CY) 2012 and are projected to decline slightly by 0.2 percent in (CY) 2013.⁷ Increased state aid in fiscal 2014 will likely provide some relief, but in many cases local government fiscal challenges remain. (See Table 31)

⁵ The National League of Cities. October 2013. "City Fiscal Conditions in 2013."

⁶ According to the United States Census Bureau, collections from property taxes in (CY) 2011 represented 37.9 percent of total local government revenues from taxes and intergovernmental transfers, and 74.2 percent of local own-source tax revenue. U.S. Census Bureau. July 2013. "Summary of State and Local Finances Summary: 2011." Government Division Briefs.

⁷ The National League of Cities. October 2013. "City Fiscal Conditions in 2013."

TABLE 30**Enacted Changes to Budgeting and Financial Management Practices**

Alabama	Majority of law enforcement functions consolidated under one agency.
Arizona	The budget includes \$18.4M General Fund for information technology project, including replace the state's financial and accounting system.
California	<p>Governor's Reorganization Plan (GRP) #2, effective July 1, 2013, reorganized the agencies and Secretaries that form California's executive branch.</p> <p>Pension Reform, AB 340 (Ch. 296, Stats. 2012) was signed into law September 12, 2012 and is known as the Public Employees' Pension Reform Act of 2013 (PEPRA). PEPRA implements lower defined-benefit formulas with higher retirement ages for new employees hired on or after January 1, 2013 and includes provisions to increase current employee contributions. PEPRA excludes judges, the University of California, and charter cities with independent pension systems from the new retirement plans; however, newly elected or appointed judges would be subject to the new cost-sharing provisions.</p> <p>Department of Consumer Affairs—Performance Based Budgeting—Began collecting information on processing investigations and enforcing complaints against licensees such as actual processing times and target processing times. In subsequent budgets, we plan to expand these efforts to review resources levels and to include licensing application processing.</p> <p>The Financial Information System for California (FI\$Cal) is a project to transform California's budgeting, accounting, procurement, and cash management processes into an integrated financial management system. The pre-wave phase of FI\$Cal was put into operation on July 1, 2013 and implemented portions of the system's procurement process, including requisitions, purchase orders, receiving, and vendor management files, to seven state departments.</p>
Colorado	The Lean Program received funding to continue the program through FY 2013-14. Legislation passed in the 2013 Session (HB13-1299) revised and strengthened department performance evaluations and performance plans and provided for greater review of departmental outcomes. Colorado is building CORE, a new performance and budgeting system. This new budget system will contain a performance measurement module that will simplify reporting. Colorado is developing with planned implementation to begin July 1, 2014.
Indiana	Executive Order 13-02 requires a procedural and operational audit of state government agencies and programs called Program Assessment Comprehensive Evaluation (PACE). Executive Order 13-02 requires the development of a plan for performance-based budgeting for the FY 2016-2017 biennial budget process.
Kansas	The Governor proposed a biennial budget for every agency. Legislature concurred.
Maine	The recently enacted biennial budget requires the Office of Policy and Management to conduct a study of government in order to save \$11.25M in FY14 and \$22.50M in FY15. It also created the Expenditure Review Task Force to recommend changes to save \$40M, and the Non-profit Tax Review Force to determine the feasibility and desirability of assessments to generate revenue.
Massachusetts	In 2013, the Commonwealth Legislature enacted a multiyear transportation finance bill that will provide over \$805 million by FY2018 to support an additional ten year \$8.5 billion investment in transportation infrastructure. This finance plan included a 3-cent increase to the gas tax, indexing the gas tax to inflation dedicating the sales tax on motor vehicles to transportation and highway toll, transit fare and motor vehicle registry fee increases.

Table 30 continues on next page.

TABLE 30 (CONTINUED)

Enacted Changes to Budgeting and Financial Management Practices

Michigan	Regulation of insurance and financial services industries is elevated to a cabinet-level agency under Executive Order 2013-1. The new, Department of Insurance and Financial Services becomes a focal point of consumer protection in areas such as health insurance accessibility and digital banking. Effective for fiscal 2014, state agencies are required to develop spending plans in spreadsheet-compatible format for public accessibility on the State Budget Office website. Under Public Act 536 of 2012 (Michigan Compiled Laws 18.1373), each line item appropriation is classified into three spending categories (core services, support services, and work projects) and further divided into nine expenditure subcategories. The Department of Technology, Management and Budget is developing a Request for Proposal (RFP) bid for an Enterprise Resource Planning (ERP) system. The system is intended to replace the current Michigan Administrative Information Network with a system capable of linking budget, accounting, and other enterprise-wide administrative systems. Expected release date for RFP, October 2013.
Nebraska	A Tax Modernization Committee, a special committee of senators formed by the Legislature, was created pursuant to Legislative Resolution 155. The committee is currently conducting a study of tax policy with the objective of making recommendations of any changes prior to the 2014 legislative session.
Nevada	Legislative committee and budget office will work on performance budgeting in the interim between biennial sessions. To accommodate performance budgeting, funding was included for application benchmarking and a replacement study for the state's accounting system.
New York	Beginning on April 1st, 2012, the State implemented use of the new Statewide Financial System (SFS), which is a single source accounting system to streamline government financial transactions, increase operational efficiency, and facilitate better financial analysis and decision-making.
North Carolina	NC Integrated Budget Information System (IBIS) was implemented 07-01-2013.
Ohio	A new cabinet level Department of Medicaid that is no longer an office within the Department of Job and Family Services. The new department continues to be the central state agency and will strengthen coordination of Medicaid services among the other agencies with Medicaid functions. The former Department of Alcohol and Drug Addiction Services and the Department of Mental Health were merged and are now the Department of Mental Health and Addiction Services. The Ohio Cultural Facilities Commission was abolished and its functions merged with the Ohio Facilities Construction Commission.
Oklahoma	<p>Oklahoma is continuing to implement the Governor's initiative to flatten and "right-size" government services. This legislative session, appropriations were held to 3.6% growth and specific effort was made to reduce use of one-time monies in the budget, resulting in a significant reduction in use of these sources as compared with the prior year budget. Additional legislation was enacted to further support state-wide consolidation of IT services, implementation of performance management processes, a major workers' compensation system overhaul, as well as other on-going consolidation efforts. In keeping with the Governor's goals, our Budget division has purchased and is in the process of implementing the Oracle Hyperion budgeting, financial and data management system to more fully and efficiently integrate all elements of the budget and performance management process for savings of time and money.</p> <p>At the Governor's request, the HCM division of the Office of Management and Enterprise Services (in conjunction with national consultants and a working group of officials from the Governor's Office, Legislature, state agencies and the Oklahoma Public Employees Association) is conducting a statewide comprehensive remuneration study to determine appropriate levels of compensation for an estimated 33,000 state employees. The study will also recommend newer, smarter strategies for the public service sector of Oklahoma to compete for and retain high quality employee talent.</p>

Table 30 continues on next page.

TABLE 30 (CONTINUED)

Enacted Changes to Budgeting and Financial Management Practices

	<p>In keeping with the Governor's initiative to bring more high-paying, high-quality jobs to Oklahoma, legislation was signed into law to provide meaningful income tax relief for Oklahoma taxpayers in up-coming tax years, transition the workers' compensation court-based system to an administrative system, provide additional funding for the Governor's Quick Action Closing Fund, and implement tort reform.</p>
Oregon	<p>The 2013-15 Legislatively Adopted Budget included a "supplemental ending balance" similar to the previous biennium. This ending balance was created by holding back 2.0% of the General and Lottery Fund budgets from agency budgets. The change for 2013-15 is an exclusion for K-12 payments and debt service obligations. The supplemental ending balance will be held until the February 2014 session following the results of a General Fund revenue forecast.</p>
Tennessee	<p>The Accountability Act of 2013 amended the Accountability Act of 2002 to no longer require performance measures for each agency program (allotment code), reducing the number of performance measures to an agency's top 5 initiatives. The act also removed the requirement of publishing a State Taxpayer's Budget; however, the budget request process will still collect information on dedicated tax revenues and expenditures.</p>
Utah	<p>The name of the office changed from Governor's Office of Planning and Budget to Governor's Office of Management and Budget. The Governor has challenged all state agencies to achieve a 25% increase in efficiency by 2017.</p>
Vermont	<p>Governor's strategic plan developed and distributed. Legislative requirements implemented regarding development of "current services" budget and public input during executive budget development. A new automated budget system was implemented for FY 2014 budget development, allowing for pilot program for performance budgeting beginning in FY 2015.</p>

TABLE 31

Enacted Changes in Aid to Local Governments, Fiscal 2014

Arizona	The budget includes \$7.5 million to aid local governments.
California	<ul style="list-style-type: none"> • The FY 2014 Budget includes an additional \$7.5 million grant for cities due to poor economic conditions that has resulted in cuts to police services. • The FY 2014 Budget includes an additional \$60 million to Trial Court operations. • The passage of Proposition 39 increased state General Fund revenues by approximately \$900 million. Of that amount, \$558 million General Fund (approximately 1.4 percent of the total Proposition 98 General Fund for K-12 and community college) was provided to K-12 schools and community colleges, most of which is to be used to support energy efficiency projects. • California provided \$30.8 million (\$15.4 million General Fund) to local governments for a Cost of Living Adjustment (COLA) for county staff who perform Medi-Cal eligibility functions in FY 2014 . California also provided local governments with an additional \$143.8 million (\$71.9 million General Fund) for administrative costs associated with implementing federal health care reform. The additional funding represents an increase of approximately 4.4 percent for local government administration budgets for FY 2014. • Local Assistance grants under the Resources Agency decreased by approximately \$913.3 million, a decrease of 63.4% between FY 2013 and FY 2014 . Roughly \$700 million of this reduction is due to legislative reductions to the Department of Water Resources local assistance program; Local Assistance funding under the Environmental Protection Agency decreased by roughly -\$12.3 million, a decrease of -3.3%. This decrease is simply a net decrease consisting of a number of minor increases and decreases in various programs. • The enacted 2013-14 Budget provides \$272 million to local school districts and community colleges to pay back deferrals in the 2013-14 fiscal year (3.3 percent of the total K-12 and community college deferrals as of the 2012-13 enacted Budget). • The implementation of federal health care reform will also result in decreased county costs of up to \$300 million in FY 2014. Counties previously expended these funds on indigent care. The recipients that would have been covered under the county indigent care program will be covered by Medi-Cal beginning January 1, 2014, which will shift the costs to the state and federal government. The county indigent care saving will be redirected to offset state General Fund costs in the TANF program, thereby increasing the counties' share of grant costs.
Colorado	The FY 2013-14 appropriation contains an increase of \$3.0 million GF for assistance to rural communities, to grow and diversity rural economies that are dependent upon a single employer such as a state prison. Pursuant to SB 13-133, local governments will receive an additional \$1.2 million in net total funds from limited gaming revenue. Senate Bill 13-210 requires the Department of Local Affairs to establish a supportive residential community at the Fort Lyon campus in Bent County for people who are homeless, and adds \$2.8 million GF for this purpose. Finally, the FY 2013-14 appropriation adds \$2.0 million GF for additional affordable housing units and \$0.5 million GF for housing voucher related costs for behavioral health clients.
Connecticut	Overall, aid to local governments increased by 6.7%, or \$295.6 million from the FY 13 enacted budget to FY 14 enacted budget. This includes appropriated funds, revenue intercept and bond funds. Legislation enacted in the 2014 session requires the governor's budget office to develop a uniform chart of accounts for municipalities and mandates that the municipalities implement the chart of accounts by FY 2015.

Table 31 continues on next page.

TABLE 31 (CONTINUED)

Enacted Changes in Aid to Local Governments, Fiscal 2014

Florida	Legislation passed by the 2013 legislature changes the formula for calculating the counties' contribution to state Medicaid expenditures and reduces the counties' contributions effective FY 2014/15.
Hawaii	Act 161, SLH 2013, permanently set the allotment to the counties at \$93M.
Indiana	Effective 7/1/2013, the funding source for the Bureau of Motor Vehicles, State Police, and a few other small agencies was changed from the Motor Vehicle Highway Fund (MVH) to the General Fund. This was an annual shift of \$140M. In addition, 1% of sales tax is being diverted from the General Fund to the MVH. This is worth another \$70M. Local governments are distributed 47% of the funding in the MVH, so these changes increase their funding for roads by about \$100M annually.
Maine	Reductions to state-municipal revenue sharing. \$73.3 in FY2014; \$86.0 in FY2015. Established a work group to identify the financial impact of state mandates on municipal budgets. No state fiscal impact.
Maryland	<p>The FY 2014 Budget provides \$7.0 billion in aid to local governments, an additional \$298.7 million, or 4.5%, over 2013. The increases include an additional \$110.3 million for direct K-12 education aid, \$106.6 million for teacher and librarian retirement, \$22.6 million for Police Aid, \$22.5 million in Transportation grants, and \$8.1 million for Community Colleges.</p> <p>Legislation enacted during the 2013 Session changes the allocation of the State Fire and Rescue grants so that volunteer fire companies receive at least 51% of the State grants awarded to counties. Enacted legislation requires State education aid formulas that include a local wealth component to be calculated twice, once using a net taxable income (NTI) amount for each county based on tax returns filed by September 1 and once using an NTI amount based on tax returns filed by November 1. Each local school system then receives the greater State aid amount of the results from the two calculations. The increase in State aid will be phased in over 5 years.</p>
Massachusetts	Regarding municipal finance, local aid distributions were changed from quarterly to a monthly frequency which mean better cash flow & invest income, etc. Chapter 165, section 116 of the Acts of 2012, requires that cities and towns receive the vast majority of their local aid distributions on a monthly basis rather than the current quarterly schedule. The positive impact on local and regional school finances, especially those that receive a significant portion of their budget from local aid, appears through improved cash flow. With improved cash flow, there will be less need to borrow in anticipation of revenue, greater balances maintained in bank accounts and the prospect for improved investment earnings when interest rates increase. Unrestricted general government local aid increased by \$21.3 million, 2.36 percent; PILOT (state owned land) increased by \$0.5 million, 1.9 percent; Veteran's benefits increased by \$5.4 million, 12.6 percent; Chapter 70 payments to cities and towns increased by \$130.1 million, 3.1 percent; Direct local aid increased by \$157.3 million, 3.1 percent.
Michigan	Effective for fiscal 2014, beginning October 1, 2013: incentive payments to school districts that meet student performance standards or best practices criteria (\$126.4 million); technology infrastructure payments to school districts (\$50 million); incentive-based funding for intermediate school districts meeting 5 of 6 best practices criteria (\$2 million); foundation allowance equity payment (\$36 million); state preschool programming for eligible 4-year olds (\$185.5 million); consolidation innovation grants for districts or intermediate school districts (\$5 million); competitive grants to local governmental units to help with costs of merging government operations (\$15 million); incentive-based funding (\$265 million) and revenue sharing payments for cities, villages, townships, and counties (\$853.9 million).

Table 31 continues on next page.

TABLE 31 (CONTINUED)

Enacted Changes in Aid to Local Governments, Fiscal 2014

Nebraska	<p>TEEOSA (formula) State Aid to Schools: \$48 million, 5.7% increase for FY2014,</p> <p>Special Education Aid: \$9.7 million, 5% increase for FY2014,</p> <p>Community College Aid: \$3.5 million, 4% increase for FY2014,</p> <p>County Juvenile Justice Aid: \$1.5 million, 103% increase for FY2014,</p> <p>Library Development Aid: \$0.2 million, 15.2% increase for FY2014.</p>
New Jersey	<p>Municipal Aid—Increase in Consolidated Municipal Property Tax Relief Aid by \$22.2 million (2%) to \$575.9 million. This program provides general State Aid to municipalities. This reflects a reallocation of funds from the main discretionary aid program, Transitional Aid to Localities. Reduction in Transitional Aid to Localities program funding by \$2.3 million (2%) to \$94.5 million as municipalities successfully reduce their reliance on discretionary aid and transition out of the program. This program provides assistance to municipalities facing fiscal distress, primarily aiding the state's large urban centers. Reduction in Open Space Payments in Lieu of Taxes of \$6.5 million (99%) as a one-time change in timing of when payments are anticipated in municipal budgets. A small amount of funding is preserved for certain municipalities with budget cycles already aligned to the State Fiscal Year. Budget language ensures municipalities are not harmed by this change. Other local aid—Increases in various other Local Aid programs, including Transportation Trust Fund—Local Project Aid (increase of \$94.5 million or 50%), Employee Benefits on Behalf of Local Governments (increase of \$31.2 million or 30%), and other programs (totaling \$10.2 million or 1% of total other Local Aid).</p>
New Mexico	<p>Distribution formula to small cities and counties revised to allow larger distributions beginning in FY14. The larger distributions were necessary to offset revenue declines due to the antipyridding legislation enacted in FY13. The effect is estimated to increase distributions to small cities by \$5 million annually and to small counties by \$1 million annually. Phase out of "hold harmless" distributions, which compensate local governments for lost revenue due to the food and medical gross receipts tax deduction, scheduled to begin in FY15. The phase out will only affect counties with populations greater than 48,000 and munies with populations greater than 10,000 . An additional 0.375% local option gross receipts was made available to compensate for reduction in hold harmless distributions.</p>
New York	<p>The 2013-14 Enacted Budget will have an estimated \$1.2 billion positive impact on municipalities in local fiscal years ending in 2014—the first full-annual local fiscal year affected in the Budget.</p> <p>Major Budget program changes and one-year impact for local fiscal years ending in 2014 are as follows:</p> <ul style="list-style-type: none"> • Increased school aid funding for the 2013-14 school year (\$937 million) • Increased CHIPS assistance to support local highway, road, and bridge repair projects (\$75 million) • State of the State initiatives funding to school districts (\$75 million) • Competitive performance grants to school districts (\$50 million) • Additional revenue from various sales and personal income tax initiatives (\$27 million) • Increased transit assistance for downstate county transit systems (\$21 million) • Additional General Public Health Works state funding (\$2 million) • Additional funding for youth services (\$2 million) • Established Village Per Capita Aid Program (\$2 million)

Table 31 continues on next page.

TABLE 31 (CONTINUED)

Enacted Changes in Aid to Local Governments, Fiscal 2014

The 2013-14 Enacted Budget will have an estimated \$1.2 billion positive impact on municipalities in local fiscal years ending in 2014—the first full-annual local fiscal year affected by changes in the Budget. School districts outside of New York City will realize a \$574 million positive impact for their 2013-14 school year, almost exclusively from a \$573 million school aid increase, exclusive of potential funding from State of the State Initiatives and Performance Grants, to be distributed at a later point. New York City will realize an estimated \$404 million positive impact for the 2013-14 city fiscal year, primarily due to \$364 million in additional aid for New York City schools, exclusive of potential funding from State of the State Initiatives and Performance Grants to be distributed at a later point. Revenue proposals total \$19.6 million, including \$8.3 million additional revenue through the enforcement of past-due tax liabilities by suspending driver's licenses of taxpayers who owe taxes in excess of \$10,000, \$7.5 million in addition revenue by extending the charitable itemized deduction limitation, and an additional \$3.8 million from other various sales and personal income tax initiatives. New York City would also benefit from an additional \$10.5 million in increased CHIPS assistance and \$9.4 million in increased transit assistance for NYCDOT and Staten Island Ferry. County governments will realize an estimated \$43 million positive impact in 2014, including \$22.5 million in increased CHIPS assistance, \$12 million in increased transit assistance for downstate county transit systems, \$5 million from various sales tax initiatives, \$1 million in increased funding for youth services, and \$1 million in additional General Public Health Work state funding. Other cities, towns and villages will realize a positive \$49 million in local fiscal years ending in 2014 attributed primarily to a \$42 million increase in CHIPS funding. Other increases include a \$2.5 million advance of Tribal State Compact revenues for the City of Salamanca, a new \$1.5 million Per Capita Aid Program for villages, and an additional \$1 million in Miscellaneous Financial Assistance for Madison and Oneida Counties. The Budget also included an option for local governments and school districts to "lock in" long-term, stable pension contributions.

North Dakota

The state school aid program was increased by \$482.9 million, or 38%, for the 2013-15 biennium, to provide for the state assumption of a larger share of K-12 education cost. The state aid distribution fund, which provides for a percentage of sales taxes to be allocated to cities and counties, is expected to increase by \$45.5 million, or 22%. Transportation grants to cities, counties and townships were increased by \$190 million, or 100%, for the biennium. Oil tax allocations to political subdivisions are projected to increase by \$329.5 million, or 129%, for the 2013-15 biennium.

Ohio

Tax exemption for real property held or occupied by fraternal organizations that meet specific qualifications could result in \$4.8 million in lost revenue to school districts and other units of local government. Ohio's intention to gain full membership in Streamlined Sales Tax by January 2014 could increase sales tax revenue for county governments and transit authorities by an estimated \$2.0 million in FY14. Extension of the sales tax base to include digital goods and magazine subscription could also increase sales tax revenue for county governments and transit authorities by \$5.8 million per year.

Oregon

Total state funding for K-12 schools increased by \$774 million (13.4%) for the 2013-15 biennium compared to the previous biennium, all fund types. GF/LF funding for K-12 was increased by \$835 million, or 15%. Also included is GF/LF backfill to replace \$182.2 million in Education Stability Fund (Lottery Fund reserves) used in the 2011-13 biennium. State support for community colleges was increased by \$55 million (13.9%). Local community college districts will determine how the funds are expended.

Pennsylvania

The FY 13-14 Budget for the Department of Public Welfare includes an increase in the number of counties in the human services block grant pilot program which was implemented in FY 12-13. The pilot is available to up to 30 counties, an increase of 10 counties from FY 12-13. The pilot allows the counties the flexibility to combine funding streams for a number of human services programs and use the funds outside of their strict categorical purposes while still providing needed services under a locally designed plan. Counties will also benefit from streamlined reporting requirements for programs included in the block grant.

Table 31 continues on next page.

TABLE 31 (CONTINUED)**Enacted Changes in Aid to Local Governments, Fiscal 2014**

Rhode Island	The State increased education aid to local units of governments by \$21.4 million, or 3.1%; formula aid to local units of government by \$5.0 million, or 7.9%; and payments in lieu of tax exempt properties by \$2.0 million, or 6%. The additional formula aid to local units of government is provide through a new Muncipal Incentive Aid program which encourages municipalities to improve the sustainability of their retirement plans by reducing unfunded liabilities.
South Carolina	Full funding of local government fund was suspended (4.5% of Most Recent Closed FY Revenue Required by Statute). Funded at \$210,619,411. Required by Statute: \$263,600,787.
Texas	\$225 million funding increase for county transportation projects in FY2014-15. In addition, increase of \$7.5 million for local parks grants to large and small communities.
Virginia	Restored Aid-to-Locality reductions in FY2014 = \$45.0 million.
Washington	\$12.7 million in shared liquor excise taxes were shifted from local government to state government.
West Virginia	As of July 1, 2013, the amount of state coal severance tax shared with local producing county governments rises from 1% to 2%.
Wisconsin	Increase of 1% or \$42.9 million in general school aids in Act 20, plus \$40 million in Act 46 for a total increase of 1.9%. Also, \$65.5 million in a new categorical aid program, \$5 million for high cost pupil transportation and \$250K for STEM grants. Repealed county mill rate limits while retaining existing county levy limit provisions. Increase of \$75 per pupil revenue limit for school districts.

APPENDIX

TABLE A-1

Enacted Revenue Changes by Type of Revenue, Fiscal 2014

State	Tax Change Description	Effective Date	Fiscal 2014 Revenue Changes (\$ in Millions)
SALES TAXES			
Arizona	Temporary 1% sales tax increase expired after 3 years of effect.	06-13	-\$962.0
Arkansas	Tax cuts on pollution control equip., farm machinery, and agri structures/aqua/horticulture equip.	07-13	-3.2
California	Part of economic development plan that repealed the current state EZ program. New program includes a sales tax exemption for qualified manufacturing and R&D, as specified. Impact in FY 2014-15 is -\$486 million.	07-14	
Florida	3 Day Sales tax Holiday. Elimination of Sales Tax on Machinery and Equipment Purchases.	07-13 & 04-14	-45.8
Hawaii	Eliminates the general excise tax exemption for liquor, tobacco, and food sold to common carriers (Act 160/13).	12-13	2.7
	Makes permanent the general excise tax exemptions for condominium common expenses paid by managers, submanagers, and suboperators and for hotel employee expenses paid by hotel operators and timeshare projects. Eliminates the aggregate cap of \$400,000 for taxpayers eligible for the exemptions. (Act 163/13).	12-12	-19.5
	Amends film production tax credit from 15% to 20% for Oahu, 20% to 25% for neighbor islands, increases cap from \$8M to \$15M, and extends expiration date from 1-1-16 to 1-1-19 (Act 89/13).	07-13	-20.8
Idaho	Personal property tax relief—provides an exemption for the first \$100,000 valuation of personal property tax.	07-13	-20.0
Iowa	Misc tax law changes.	01-13	-9.5
Kansas	Sales and use tax rate increase and increased share of revenue that is distributed to SGF.	07-13	193.2
Maine	Increase sales tax and meals and lodging tax for the period of 10/01/13 to 06/30/15. Publications Tax, effective on sales on or after 10/01/13.		71.8
Massachusetts	This figure is a result of, primarily, a two-day sales tax holiday (-\$24.3m) additional revenue from Amazon collecting state sales tax (+\$36.7m), and various tax enhancements-administrative and technical provisions (+\$7.5m).	08-13 & 11-13	19.9
Minnesota	Affiliate Nexus.	07-13	4.3
	Electronic & Commercial Equip Repair/Maintenance.	07-13	70.7
	Warehouse & Storage Services.	07-13	13.0
	Telecommunications Equipment.	07-13	30.4
	Sales & Use Tax Exemption (Cities & Counties).	07-13	-49.9
	Other Tax Changes.	07-13	-1.4
	Motor Vehicle Rental.	07-13	6.7
Nebraska	Sales and use tax exemption for certain data centers.		-1.9
Nevada	Commission from Local School Support Tax increase.	07-13	1.2
New Mexico	Narrower definition of manufacturing process "consumable" for purposes of the gross receipts deduction.	07-13	10.5
	Locomotive Fuel gross receipts tax deduction.	07-13	-3.9
	Tighter definitions for purposes of High Wage Jobs Tax Credit.	06-13	5.4

Table A-1 continues on next page.

TABLE A-1 (CONTINUED)

Enacted Revenue Changes by Type of Revenue, Fiscal 2014

State	Tax Change Description	Effective Date	Fiscal 2014 Revenue Changes (\$ in Millions)
SALES TAXES (continued)			
North Carolina	Repeal gross receipts tax on live entertainment and movies, puts in sales.	01-14	\$6.2
	Repeal exemption for certain sales of newspapers.	01-14	2.5
	Repeal food sold in dining rooms operated by Education Institutions.	01-14	14.2
	Expand sales tax to include service contracts.	01-14	12.2
	Manufactured Homes at the State rate.	01-14	3.0
	Modular Homes at the State rate.	01-14	1.2
North Dakota	SB 2142 provides a sales tax exemption for telecommunications infrastructure.	07-13	-2.4
Ohio	Increase in state rate by 0.25%	07-13	295.0
	Streamlined Sales Tax full membership.	01-14	9.0
	Explicitly subject digital goods & services to sales tax.	01-14	15.0
	Repeal exemption for magazine subscriptions.	01-14	11.0
Pennsylvania	Exempt the sale at retail or use of aircraft parts, services to aircraft and aircraft components.	10-13	-3.7
Rhode Island	Enact Sales Tax Exemption for Art.	12-13	-0.8
	Repeal Sales Tax on Sale of Wine and Spirits by Class A Licensees.	12-13 to 03-15	-7.2
South Carolina	Transferred half of GF Car Sales Tax to Dept of Transportation for Roads and provided tax credit to private school teachers for purchasing supplies.	07-13	-42.8
Tennessee	Reduce sales tax on grocery food from 5.25% to 5%.	07-13	-23.0
	Enforce sales tax on certain internet sales (6 months revenue).	01-14	8.8
Utah	Sales and Use Tax Exemption for Short-term Lodging Consumables.	07-13	-1.1
Virginia	Increase the retail sales tax rate by 0.3% and dedicate revenues to transportation.	07-13	265.8
West Virginia	(1) Elimination of remaining 1% sales tax on groceries for home consumption & (2) Requiring members of controlled group with physical presence in WV to begin collecting sales tax.	07-13 & 01-14	-15.0
Wisconsin	Exemptions for printing industry.	10-13	-1.0
Total Revenue Changes—Sales Tax			-\$161.2
PERSONAL INCOME TAXES			
Arizona	Reduces tax for long term capital gains from asset acquired after 2011.	01-14	-\$14.8
Arkansas	Credit for service pay of active duty armed service members;	07-13	-6.1
	Amends income tax rates and brackets over 3 years.		
Delaware	Eliminate sunset of rates originally enacted in 2009 and partially lowered in 2012. After the sunset is removed, the top marginal rate would be lowered from 6.75% to 6.6%.	01-14	24.7
Hawaii	Exempts charitable income tax deductions from the itemized deduction caps. (Act 256/13).	07-13	-12.4
Idaho	Tax conformity—makes state tax law conform with the IRS.	07-13	-2.6
Iowa	Increase of the Earned Income Tax Credit to 14% of federal tax credit plus other misc changes.	01-13	-33.4
Kansas	Itemized and standard deductions reduced, rate reduced in tax year 2014.	01-13	114.7

Table A-1 continues on next page.

TABLE A-1 (CONTINUED)

Enacted Revenue Changes by Type of Revenue, Fiscal 2014

State	Tax Change Description	Effective Date	Fiscal 2014 Revenue Changes (\$ in Millions)
PERSONAL INCOME TAXES (continued)			
Maine	Adds property tax fairness credit and terminates Circuitbreaker program and updates references to tax code. Suspends inflation adjustment and uses Chained Consumer Price Index.		\$29.3
Maryland	Creates Cyber security Investment Tax Credit.	07-13	-3.0
Massachusetts	A result of various tax enhancements-administrative and technical provisions.		9.4
Minnesota	New Bracket on Top Two Percent.	01-13	592.5
	AMT Increase.	01-13	2.7
	Border City Enterprise Zone Allocations.	01-13	-1.5
	Nonrefundable R&D Credit.	01-13	2.5
	Federal Conformity.	01-13	2.0
Nebraska	Reduce rates and adjust brackets to lower income tax liability; change certain tax calculation provisions to an apportionment method.		-27.1
New Mexico	Limit tax credit paid to another state.	07-13	1.4
	Tighter definitions for purposes of High Wage Jobs Tax Credit.	06-13	1.1
New York	High Income 25% Charitable Contribution Limit.	01-13	70.0
North Carolina	Individual Income tax reform (replace graduated rate schedule with flat).	01-14	-108.3
North Dakota	SB 2156 provides a rate reduction for individual income tax payers.	01-13	-50.0
	SB 2325 reduces tax rates for capital gain and dividend income.	01-13	-3.5
Ohio	Freeze indexing of brackets—3 years.	01-13	37.0
	Partially eliminate \$20 exemption credit—retain credit for taxpayers with taxable income below \$30,000.	01-13	125.0
	Gambling loss deduction.	01-13	30.0
	Freeze personal exemption 3 years.	01-13	17.0
	Small business tax relief: 50% deduction up to \$250,000.	01-13	-533.5
	Income tax rate reductions for all 9 brackets: 8.5%, 9%, 10%.	01-13	-863.0
	Income tax rate reductions for all 9 brackets: 8.5%, 9%, 10% withholding impact (cuts after Jul-2013, on July 2014, Jan 2015).	09-13	-361.0
	Ohio EITC: 5% of federal EITC (limited to 50% of liability for OTI above \$200,000).	01-13	-67.0
Pennsylvania	Limit the Resident Credit to states and U.S. territories only. Estimated \$11.4 million revenue increase in 2015.	01-14	0.0
	Allow pass-through business entities to deduct \$5,000 in personal income tax in the year of start-up. Estimated \$4.3 million revenue reduction in 2015.	01-14	0.0
	Allows the option to expense one-third of intangible drilling costs and amortize the remainder over 10 years instead of amortizing the entire amount.	01-14	-1.1
	Requires partnerships and S-corps to submit information returns to partners and shareholders. Allows Department of Revenue to assess the partnership for misstatements of income exceeding \$1 million. Requires withholding on nonresident beneficiaries of trusts.	01-13	2.6
South Carolina	Provided tax deduction for citizens who purchase alternative identity theft protection.	07-13	-2.3
Tennessee	Increase exemption for age 65 and over.	07-13	-1.3
West Virginia	Eliminate alternative fuel motor tax credits for hybrid, electric and flex fuel vehicles.	04-13	6.0

Table A-1 continues on next page.

TABLE A-1 (CONTINUED)

Enacted Revenue Changes by Type of Revenue, Fiscal 2014

State	Tax Change Description	Effective Date	Fiscal 2014 Revenue Changes (\$ in Millions)
PERSONAL INCOME TAXES (continued)			
Wisconsin	Reduce individual income tax rates across all brackets, collapse fourth bracket into third bracket.	01-13	-\$327.8
	For net operating losses under the individual income tax, allow longer carryforward period for up to 20 years from the current 15 and allowing carrybacks for two years.	01-14	-1.7
	Extended research credits to pass-through entities.	01-14	-1.9
	Internal Revenue Code update.	01-13	13.2
	Increase in percentage of historic rehabilitation credit from 5% to 10%.	01-13	-1.7
Total Revenue Changes—Personal Income Taxes			-\$1,343.9
CORPORATE INCOME TAXES			
Florida	Expansion of enterprise zone.		-\$1.2
Idaho	Tax conformity—makes state tax law confirm with the IRS.	07-13	-0.4
Iowa	Misc tax law changes.		-0.6
Indiana	Reduction of Financial Institution tax rate from 8.5% to 6.5% in 0.5% increments over 4 years.	01-14	-2.4
Maryland	Increase of the film production tax credit.	04-13	-17.5
	Biotechnology tax credit for biotechnology investment.	07-13	-2.0
	Qualified research and development tax credit, and applies to credits certified after 12/15/2013.	06-13	-2.0
Massachusetts	Mostly driven primarily from the elimination of the utility tax category, these entities would now file under the corporate tax (\$28.8 million) and the delay of FAS 109 deductions (\$45.86 million), etc.	01-14 & 07-13	93.6
Minnesota	Foreign Source Royalty Repeal & Ptnrshps.	01-13	145.4
	Historic Structure Rehab Credit.	01-13	-4.0
	Index Min Fee Brackets.	01-13	9.3
	Nonrefundable R&D Credit.	01-13	52.7
	Measurement of MN Sales/Unity Sales.	01-13	26.0
	Levy change Interactions.	01-13	1.0
	Federal Conformity.	01-13	2.3
Missouri	Alternate method to allocate corporate income based on where sales occur.	08-13	-29.0
Nebraska	Change certain tax calculation provisions to an apportionment method.		-1.3
New Mexico	Phased in rate reductions reducing top rate to 5.9% and single sales factor option for manufacturing.	01-14	-8.4
	Mandatory combined reporting for certain retailers.	07-13	1.2
North Carolina	Reduce corporate income tax rate from 6.9% in 2014 and 5.0% in 2015.	01-14	-50.1
North Dakota	SB 2156 provides a rate reduction for corporate income tax payers.	01-13	-12.5
Oregon	Fire Insurance Premium Tax.	07-13	-1.4
Pennsylvania	Increases the Net Operating Loss from \$3 million or 20% to \$4 million or 25%.	01-14	-11.4
	Changes the sourcing of sales for calculating the apportionment of income to the location of the customer.	01-14	7.0
	Requires corporations to add back to net income for intangible expenses with affiliates. Estimated \$9.5 million revenue increase in 2015.	01-15	0.0

Table A-1 continues on next page.

TABLE A-1 (CONTINUED)

Enacted Revenue Changes by Type of Revenue, Fiscal 2014

State	Tax Change Description	Effective Date	Fiscal 2014 Revenue Changes (\$ in Millions)
CORPORATE INCOME TAXES (continued)			
Tennessee	Film incentive tax credit eliminated.	07-13	\$1.0
Vermont	Wood products tax credit	07-13	-0.4
West Virginia	(1) Reduce Corporation Net Income Tax rate from 7.0% to 6.5% and reduce Business Franchise Tax rate from 0.2% to 0.1%. (2) Add additional qualifying investment to 50% Coal Mine Safety Equipment Tax Credit.	01-14 & 07-13	-15.0
Wisconsin	Internal Revenue Code update.	01-13	2.3
	Adopt most federal provisions for depreciation, depletion and Section 179 expensing starting in 2014.	01-14	-1.2
	Increase economic development tax credit allocation limits.	07-13	-3.7
	Sunset Relocated Businesses Credit.	01-14	1.5
	Sunset Dairy and Livestock Investment Credit.	01-14	2.4
Total Revenue Changes—Corporate Income Taxes			\$181.2
ALCOHOLIC BEVERAGES			
Rhode Island	Increase Alcohol Excise Tax on Spirit, Wine, and Malt Beverages.	12-13 to 03-15	\$6.0
Total Revenue Changes—Alcoholic Beverages			\$6.0
CIGARETTE AND TOBACCO TAXES			
Arkansas	Limit tax of \$.50 per Cigar.	07-13	-\$0.1
Massachusetts	Cigarette rate increased by \$1, cigar and smoking tobacco rate increased from 30% to 40%, smokeless tobacco rate increased from 90% to 210%. (\$106.2m for the budget in addition non-budgetary part will also get (\$28.5m).	07-13	106.2
Minnesota	Increase Cigarette and Tobacco Products Excise Tax.	07-13	403.5
Ohio	Equalize rate in small cigars with cigarette tax rate as a percent of price.	10-13	5.0
Total Revenue Changes—Cigarette and Tobacco Taxes			\$514.6
MOTOR FUELS TAXES			
Maryland	Indexes motor fuel tax rate to inflation imposes 1% sales and use tax on motor fuel beginning in FY 2014 and increases to 3% beginning in FY 2016 and directs a 4% share of the State's sales and use tax revenue to the Transportation Trust Fund contingent on the passage of the federal Marketplace Equity Act. The proposal also provides for an additional 1% sales and use tax equivalent on motor fuel purchases beginning on 1/1/16 and 2% beginning in FY 2017 in the event the federal legislation does not pass by December 1, 2015.	06-13	\$116.1
Massachusetts	Gas and special fuels tax increased from 21 cents to 24 cents per gallon. This tax was also indexed to inflation, effective 1/1/2015.	07-13	79.4

Table A-1 continues on next page.

TABLE A-1 (CONTINUED)

Enacted Revenue Changes by Type of Revenue, Fiscal 2014

State	Tax Change Description	Effective Date	Fiscal 2014 Revenue Changes (\$ in Millions)
MOTOR FUELS TAXES (continued)			
Virginia	Replace Excise Tax on Motor Fuels with a sales tax on motor fuels.	07-13	-\$244.8
Total Revenue Changes—Motor Fuel Taxes			-\$49.3
OTHER TAXES			
Alaska	Oil production tax bill changes include multiple tax provisions.		-\$550.0
Arkansas	Adopt IRS code section 1314—Claim of Right Capital Gains tax.	07-13	-0.7
Delaware	Eliminates current sunset of estate tax originally enacted in 2009.	07-13	3.0
Georgia	Title Fee (\$34) Gaming Tax (\$6.3) Credits for Private School Scholarships (\$5.6) IRS Code (\$61).	07-13	-106.9
Indiana	Elimination of inheritance tax (retroactive).	01-13	-64.3
	Increase of racino wagering taxes.	07-13	10.3
	Various gaming tax reductions.	07-13	-16.1
	Recoupling/updating references to the Internal Revenue Code.	Various	-27.5
Maine	BETR/BETE reductions in reimbursement.		4.0
Minnesota	MA Surcharge—ICF/DD Surcharge.	07-13	4.5
	MA Surcharge—HMO Surcharge Reform.	07-13	36.5
	Estate Tax—Modify Qualified Farm & Small Business Provisions.	07-13	9.2
	Estate Tax—Imposes Gift Tax & Include Certain Gifts in Estate.	07-13	13.5
	Estate Tax—Nonres Property Held in a Pass-Through Entity.	07-13	5.4
	Reduce Taconite Occupation Tax (Gen Fund Portion).	07-13	-1.0
Montana	Property Tax Reduction on Business Equip.		-1.3
North Dakota	SB 2163 reduces gaming tax rates.	01-13	-3.6
Ohio	Change minimum tax due on first \$1M in gross receipts depending on total gross receipts of company.	01-14	86.0
	Grain handlers' exemption.	07-13	-5.5
Oregon	Extending various tax credits that otherwise would sunset.	07-13	-53.2
Pennsylvania	Continued phase-out of the Capital Stock and Franchise Tax.	01-14	-345.6
	Exempt small businesses from the inheritance tax.	07-13	-3.8
	Expands circumstances in which the sale of a "Real estate company" is subject to the Realty Transfer Tax.	01-14	4.3
	City Revitalization and Improvement Zones. Creates one pilot zone and 9 city zones where 50% of the 2013-14 baseline revenues can be used for bond collateral by the zone for up to 7 years. Anticipate a \$16.7 million revenue reduction in 2015.	07-13	0.0
	Imposes a tax on pari-mutual wagering by all non-licensed corporations. All revenue is deposited into a restricted account and does not increase General Fund revenues.	07-13	8.9
Texas	Several bills combined provide tax relief, including a franchise tax rate reduction exemptions and credits related to research and development equipment, telecomm equipment, and data centers.	09-13	-445.3
Virginia	Increase the Motor Vehicle Sales Tax by 1%.	07-13	184.0
Total Revenue Changes—Other Taxes			-\$1,255.2

Table A-1 continues on next page.

TABLE A-1 (CONTINUED)

Enacted Revenue Changes by Type of Revenue, Fiscal 2014

State	Tax Change Description	Effective Date	Fiscal 2014 Revenue Changes (\$ in Millions)
FEES			
Florida	Motor Vehicle Dealer Fees, Vessel Registration Fees, Environmental Fees.	Various	-\$0.4
Maine	Caps amount of real estate transfer tax transferred to Maine State Housing Authority.		2.2
Maryland	Establishes a \$50 handgun qualification license fee and \$15 new resident registration fee.	10-13	3.4
	Penalty increase for child restraint and seat belt violations.	10-13	2.6
	Increases vehicle registrations surcharge by \$3.50.	06-13	16.7
Michigan	Fee increases in the following areas: vital records, emergency medical services, hunting/fishing licenses, off-road vehicle licenses, and vehicle record look-up. New fees support off-road vehicle state trails and the low-income energy assistance fund, replacing a customer fee on utility bills.		79.6
Minnesota	Misc agency fee changes and transfers-in.	07-13	19.5
Montana	Allow Reg of Vehicles by certain non-residents.		1.3
New York	Traffic Ticket Plea Bargaining—Establishes a new \$25 State surcharge that will be applied to the series of stopping/standing/parking violations, which are commonly used when speeding tickets are pled down to lesser charges, and increase the State surcharge on most other Vehicle and Traffic Law offenses by \$8.		16.0
	Extend Waste Tire Fee—Extends for three years the \$2.50 per new tire fee for waste management.		9.0
Oregon	Extending a bottle surcharge that otherwise would sunset.	07-13	14.3
Rhode Island	Judiciary: Mandate Use of Universal Summons for Photo Enforcement of Red Light Violations.	07-13	0.3
	DLT: Elimination of Hazardous Substances Right to Know Fee.	07-13	-0.4
	DOR: Eliminate Redundant Division of Motor Vehicles Required Accident Report.	07-13	-0.3
Texas	Reduction and elimination of certain broad based fees.	09-13	-142.0
Vermont	Business regulation (\$969K) Victim Compensation (\$458K) property tax current use fees (\$36K) Agriculture fees (\$329K) Liquor license fees (\$534K) workers compensation fee reduction (\$-169K) Attorney General registration fees (\$60K) and state forest land sale (\$275K).	07-13	2.5
Virginia	\$64 license fee on alternative fuel vehicles.	07-13	6.5
Total Revenue Changes—Fees			\$30.9

TABLE A-2
Enacted Revenue Measures, Fiscal 2014

State	Description	Effective Date	Fiscal 2014 Recommended Changes (\$ in Millions)
Alaska	Other—Oil production tax bill tax credit changes eliminates requirement that credits be taken over two years, shifting tax liability from future years to FY2014.		-\$150.0
Florida	Other—Redirection of Motor Vehicle License Tax.	10-13	1.1
	Surcharge		
	Fees—Redirection of Court Filing Fees to Clerk of Courts Adjustment of Red Light Cameras Violations.	07-13	-82.2
Georgia	Fees—Fees previously retained by Department of Revenue now remitted to the General Fund.	07-13	31.0
Hawaii	Other—Makes permanent the Transient Accommodations Tax (TAT) rate of 9.25% and caps TAT allocations to the counties at \$93M.		-11.0
	Fees—Exempts the Deposit Beverage Container Special Fund from the 5% central service expenses assessment (Act 228/13).		-2.6
Indiana	Sales—Diversion of 1% of sales tax to the Motor Vehicle Highway Account.	07-13	-70.9
	Cigarette—Increases the distribution from 54.5% to 56.24% as less revenue is needed for retirement medical benefits accounts.	07-13	7.6
Iowa	Cigarette—Remaining Cigarette and Tobacco Tax was removed from the General Fund and is deposited into the Health Care Trust Fund.	07-13	-112.0
	Other—Gaming tax was removed from the General Fund and deposited into a fund for economic development.	07-13	-66.0
	Fees—Misc one-time transfers to the General Fund.	07-13	13.8
Kansas	Sales—Share of individual income tax receipts that go to the Job Creation Pension Fund was reduced to allow more SGF to be retained.	07-13	10.0
	Other—Local share of severance taxes were reduced and retained in the SGF.	07-13	7.6
Kentucky	Other—Enhanced collection and compliance efforts.	Fall 2012	43.0
Maine	Recognizes revenue from the suspension of revenue sharing for the 2014-2015 biennium.		73.3
Michigan	Maintains revenue by delaying sunsets in fee legislation for environmental pollution prevention fund and solid waste surcharge.		6.5
Minnesota	Misc agency fee changes and transfers-in.	07-13	-147.5
Missouri	Sales—Nexus.	08-13	7.0
Nebraska	Sales—Reallocate/dedicate revenue from 0.25% of sales tax rate from General Fund directly to road construction fund Delay deduction of municipal local option sales and use taxes related to business incentives.		-60.8
New York	Sales—Driver's License Suspension Program—A new enforcement tool in which a taxpayer's driver's license may be suspended if the taxpayer owes more than \$10,000 in tax liabilities (unless the taxpayer pays in full or enters into a payment plan).	04-13	11.0
	Sales—IDA Reform—Places restrictions on certain retail projects, increases the current reporting requirements and requires clawback language in project agreements.	04-13	7.0
	Sales Tax—Modernization.	04-13	2.0
	Personal Income—Tax Modernization.	01-13	4.0
	Personal Income—Driver's License Suspension Program.	04-13	15.0
	Personal Income—Warrantless Wage Garnishment.	04-13	10.0
	Cigarette—Increased the penalty for the possession of unstamped or unlawfully stamped cigarettes from \$150 to \$600 per carton.	06-13	9.0

Table A-2 continues on next page.

TABLE A-2 (CONTINUED)

Enacted Revenue Measures, Fiscal 2014

State	Description	Effective Date	Fiscal 2014 Recommended Changes (\$ in Millions)
North Carolina	Other—Repeal certain Real Estate Conveyance Tax Earmarks.	07-13	\$37.4
	Other—Repeal certain Scrap Tire Disposal Tax Earmarks.	07-13	3.5
	Other—Repeal certain White Goods Management Tax Earmarks.	07-13	1.2
	Other—Direct portion of Solid Waste Disposal Tax to General Fund.	07-13	2.3
	Other—Adjust Gross Premiums Tax for Volunteer Safety Worker's.	07-13	-3.0
	Other—Reserve for Repeal of Education Expenses Credit (HB 269).	07-13	0.0
	Other—Extend Aviation Fuel Tax Refunds.	07-13	-3.2
	Other—Increase Lobbyist Fees.	07-13	0.4
North Dakota	Sales—SB 2325 increases the percentage of sales tax revenue allocated to cities and counties.	07-13	-5.8
	Personal Income—HB 1198 provides for income tax withholding on oil royalty payments to nonresidents.	01-13	2.1
	Corporate Income—SB 2325 replaces the financial institution tax with a corporate income tax.	01-13	11.3
	Other—HB 1145 increases the portion of insurance premium taxes allocated to fire protection districts.	07-13	-3.9
	Other—SB 2325 repeals the financial institutions tax.	01-13	-3.6
	Commercial Activity Tax revenue attributable to selling motor vehicle fuel used on public highways was segregated from other CAT revenue based on taxpayers' reports. Motor fuel-related revenue is now credited to a separate fund, resulting in a revenue decrease for the GRF.	07-13	-105.0
Oklahoma	Personal Income—Redirects this amount, for fiscal years 2014 and 2015, of personal income tax collections from the General Revenue Fund to the Oklahoma State Capitol Building Repair and Restoration Fund.	07-13	-48.8
	Other—Redirects this amount of Insurance Premium Tax collections from the General Revenue Fund to the Firefighters Pension Fund.	11-13	-2.7
Oregon	Personal Income—Increasing tax enforcement and federal reconnect.	07-13	33.2
	Corporate Income—Increasing tax enforcement and collection efforts.	07-13	19.2
	Fees—Several fund sweeps and reappropriation of funds.	07-13	34.1
Pennsylvania	Other Redirect certain Motor License Fund fines and penalties to the General Fund.		29.5
Rhode Island	Sales—Creation of Special Investigation Tax Unit.	07-13	0.2
	Corporate Income—Suspend Nursing Home COLA.	10-13	-0.4
	Corporate Income—Health/HMO: Affordable Care Act Medicaid Expansion.	01-14	1.1
	Personal Income—Finals: Out of State Collection Agencies.	07-13	0.75
	Personal Income—Finals: Increase Cap on Contributions to Scholarship Organizations Tax Credit.	07-13	-0.4
	Other—Transfer of Bond Premiums from Rhode Island Capital Plan Fund (RICAP).	07-13	3.0
	Other—Treasurer: Recognition of Gross Investment Earnings to Comply with Auditor General's Finding.	07-13	0.3
	Other—Attorney General: Indirect Cost Recovery on National Mortgage Settlement.	07-13	0.9
	Other—Enhance NTI share for Newport Grand by 2.25 Percentage Points.	07-13	-1.0
	Fees—DHS: Reinstitute Hospital Licensing Fee at 5.246 Percent on FY 2012 Net Patient Revenues.	07-13	141.3

Table A-2 continues on next page.

TABLE A-2 (CONTINUED)

Enacted Revenue Measures, Fiscal 2014

State	Description	Effective Date	Fiscal 2014 Recommended Changes (\$ in Millions)
Vermont	Increased tax revenue collections via enhanced enforcement strategies. May cover multiple tax sources.	07-13	\$1.5
Virginia	Insurance: Repeal open enrollment requirement.	07-13	7.0
Washington	Tax exemption is eliminated for specific local telephone, coin-operated, and mobile phone users.	07-13	51.0
West Virginia	Corporate Income—Eliminate dedication of revenue to Port Authority Fund for one year.	07-13	4.3
	Other—(1) Increase sharing of State coal severance tax collections with local governments from 1% to 2%. (2) Decrease amount dedicated to Infrastructure Bond Fund from \$24 million to \$23 million. (3) Eliminate dedication of nearly \$1.5 million in Insurance Premium Tax collections to Rainy Day Fund B.	07-13	-0.5
Wisconsin	Personal Income—Various anti-fraud efforts including greater resources for processing federal audit reports, additional personnel to create permanent staffing for intensive collection efforts, and a targeted program at reducing fraudulent refunds.	07-13	27.8
	Personal Income—Reduction in interest rate on refunds owed to taxpayers from 9% to 3%.	07-13	5.2
	Cigarette—Modify definition of cigarette manufacturer to include roll-your-own machines (except for personal use).	09-13	1.2
Total-Revenue Measures			-\$202.7

TABLE A-3

Enacted Mid-Year Revenue Changes by Type of Revenue, Fiscal 2014

State	Tax Change Description	Effective Date	Fiscal 2014 Recommended Changes (\$ in Millions)
SALES TAXES			
California	Part of economic development plan that repealed the current state EZ program. New program includes a sales tax exemption for qualified manufacturing and R&D, as specified. Impact in FY 2014-15 is -\$486 million.	07-14	
Total Revenue Changes—Sales Tax			\$0.0
PERSONAL INCOME TAXES			
California	As part of economic development plan, repealed EZ program and related tax incentives (including job credit) and replaced with new hiring credit.	01-14	\$72.0
Total Revenue Changes—Personal Income Taxes			\$72.0
CORPORATE INCOME TAXES			
California	As part of economic development plan, repealed EZ program and related tax incentives (including job credit) and replaced with new hiring credit.	01-14	\$90.0
Total Revenue Changes—Corporate Income Taxes			\$90.00



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