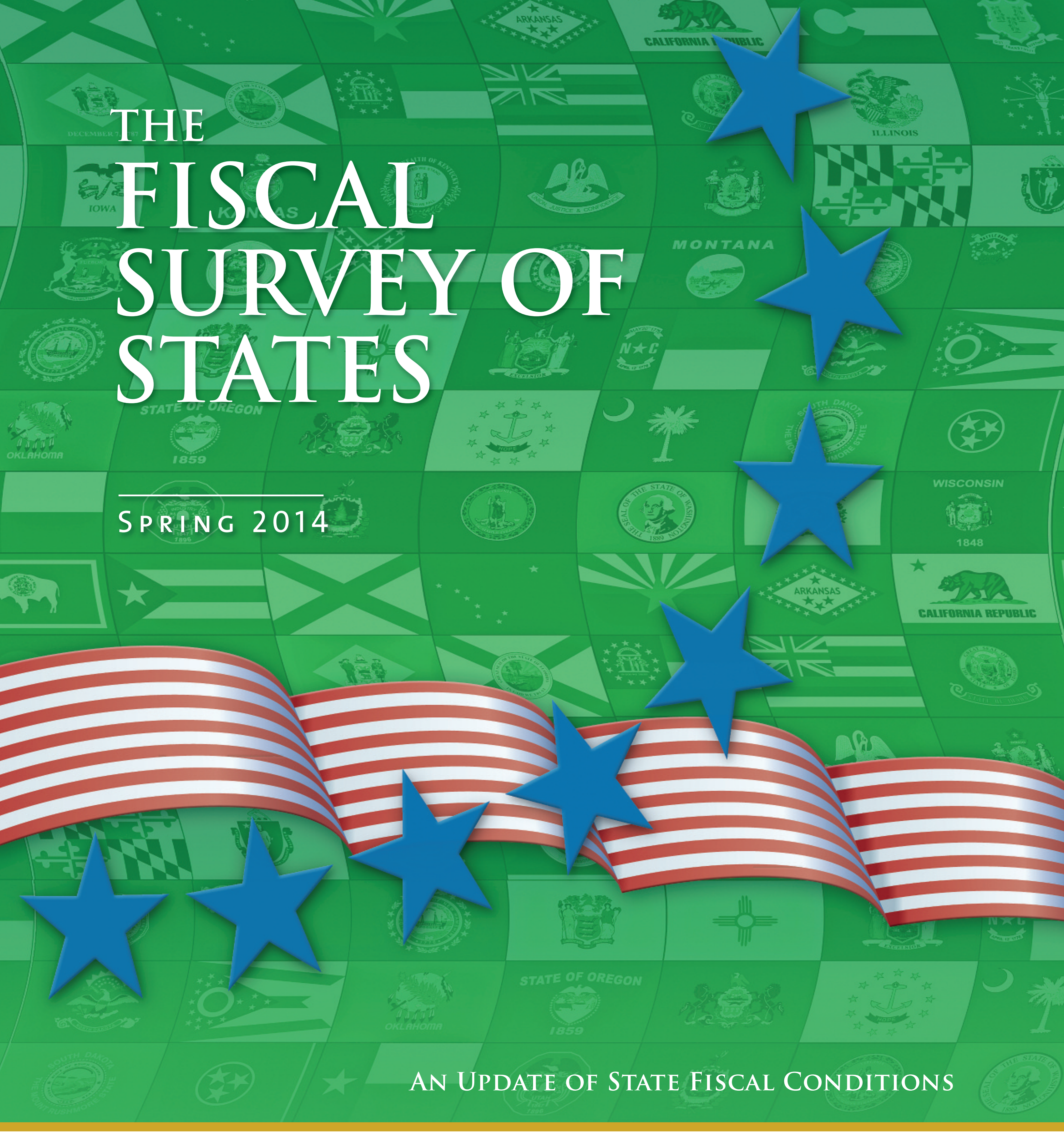

The Fiscal Survey of States

Spring 2014

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 stage 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.

2013-2014 Executive Committee

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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 February through April 2014. The surveys were completed by executive state budget officers in all 50 states.

Fiscal 2013 data represent actual figures, fiscal 2014 figures are estimated, and fiscal 2015 data reflect governors' recommended budgets.

Forty-six states begin their fiscal years in July and end them in June. The exceptions are Alabama and Michigan, with October to September fiscal years; New York, with an April to March fiscal year; and Texas, with a September to August fiscal year. Additionally, 20 states operate on a biennial budget cycle.

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

EXECUTIVE SUMMARY

State budgets continue to improve at a moderate pace after several years of slow recovery in the national economy. Although the recovery has been relatively weak by historical standards, the economic expansion has helped states achieve budget stability. The past several years have been a period of fiscal rebuilding for states, with steady improvements alleviating the most difficult budget woes caused by the recession. However, progress is slow and structural challenges remain. States are weighing long-term issues concerning areas such as infrastructure and pensions, as well as rising costs for health care and education. And in some states, problems persist from budget cutbacks in the years during and following the recession. With modest revenue gains projected for fiscal 2015, governors' recommended budgets indicate there will be few additional dollars available to meet all the competing demands.

Modest state fiscal advancements are widespread with 42 executive budgets recommending higher spending levels in fiscal 2015 compared to fiscal 2014. Aggregate spending and revenue are projected to remain below historical growth trends, but inflation is also minimal, hovering near 1.0 percent.[1] For many states, this has presented an opportunity to accelerate fiscal progress as budget growth outpaces inflation. Governors in most states are proposing to increase spending in fiscal 2015 by more than the current rate of inflation, bolstering core services such as K-12 education and higher education.

Revenues are projected to grow at a faster rate in fiscal 2015, after collections slowed in fiscal 2014 resulting in only slight gains. Mid-year budget cuts have been minimal, evidence that most states planned accordingly for the revenue slowdown. Despite a softening in personal income tax collections, sales tax collections performed reasonably well in fiscal 2014 and are projected to do so again in fiscal 2015. However, growth in personal income tax collections in fiscal 2015 may be hampered by stagnant wages. Spending proposals have been put forth with caution and additional spending will likely be modest unless states see impressive gains in revenue. As the economy continues along a trajectory of relatively slow growth, many states will continue to face difficult budgetary choices in fiscal 2015 and beyond, since revenue growth may not be sufficient to cover increased spending in many areas.

State Spending

In fiscal 2015, general fund expenditures are projected to increase by 2.9 percent, a slower rate of growth than the estimated 5.0 percent increase in fiscal 2014. Executive budgets show general fund spending increasing to $750.5 billion in fiscal 2015, compared to $729.1 billion in fiscal 2014. General fund spending in fiscal 2013 reached $694.1 billion, a 4.1 percent increase over general fund spending in fiscal 2012.

Aggregate general fund expenditures exceeded pre-recession levels in fiscal 2013, but some states have yet to surpass their pre-recession spending peak. Governors' recommended budgets for fiscal 2015 show that 10 states still have nominal general fund expenditure levels below pre-recession highs. Additionally, state spending in fiscal 2014 for the 50 states combined is still below the fiscal 2008 pre-recession peak after accounting for inflation. Lower real spending levels in fiscal 2014 than in fiscal 2008 indicate that state budgets have not fully recovered from the recession. Aggregate spending levels would need to be at $761 billion, or 4.4 percent higher than the $729.1 billion currently estimated for fiscal 2014, to remain equivalent with real 2008 spending levels.[2]

Budget Gaps, Mid-Year Budget Actions and Recommended Budget Adjustments

State revenue improvement and spending controls have helped to significantly reduce budget gaps in fiscal 2014. Thirteen states reported closing $4.0 billion in budget gaps, and six states have a combined $2.9 billion in remaining gaps that must be closed by the end of the fiscal year. This compares with 18 states reporting $33.3 billion in budget gaps in fiscal 2013, and

[1] Change in the Consumer Price Index (CPI) from March 2014 to April 2013 was 1.5 percent. See U.S. Bureau of Labor Statistics Consumer Price Index Summary: Economic News Release April 15, 2014. Current rate of inflation for state and local governments is 0.7 percent for the first nine months of fiscal 2014. 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 April 30, 2014. Line 33, state and local price index, is used for determining changes in real purchases. Fiscal year inflation rates determined through quarterly averages. Fiscal 2014 only includes the first three quarters of the fiscal year.

[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 April 30, 2014. Line 33, state and local price index, is used for determining changes in real purchases. Fiscal year inflation rates determined through quarterly averages. Fiscal 2014 only includes the first three quarters of the fiscal year.

27 states reporting $68.1 billion in budget gaps in fiscal 2012. Strong revenue performance in fiscal 2013 has helped alleviate budget gaps in fiscal 2014, more so than at any point since the start of the recovery period. However, with limited revenue growth and continued spending pressures for out-years, budget gaps are expected to increase in fiscal 2015 with 14 states projecting $8.6 billion in budget gaps.

State budget gaps that arise during the fiscal year are primarily solved through a reduction in previously appropriated spending. Similar to fiscal 2012 and 2013, mid-year budget cuts have been minimal in fiscal 2014. At the time of data collection, February through April, eight states enacted net mid-year budget cuts totaling $1.0 billion in fiscal 2014. This compares with 11 states enacting $1.3 billion in net mid-year budget cuts in fiscal 2013, and eight states enacting $1.7 billion in net mid-year budget cuts in fiscal 2012. Eighteen states enacted mid-year spending increases in fiscal 2014 totaling $2.3 billion. Additionally, six states enacted mid-year tax decreases, and one state enacted a mid-year tax increase resulting in a net revenue reduction of $184 million in fiscal 2014.

Governors recommended that additional budget dollars for fiscal 2015 most heavily target K-12 education and Medicaid, which total $10.9 billion and $4.9 billion respectively. Governors in 39 states recommended spending increases for K-12 education. Recommended program area spending increases also include higher education at $3.5 billion, corrections at $1.5 billion and transportation with $1.1 billion in additional spending in fiscal 2015.

State Revenues

Aggregate general fund revenues are projected to modestly increase in fiscal 2015. Governors' recommended budgets show collections are projected to increase by 3.2 percent in fiscal 2015—a faster rate of growth than the estimated 1.2 percent gain in fiscal 2014. However, the growth rate is much slower than fiscal 2013, in which revenues increased by 7.1 percent. Substantial revenue increases in fiscal 2013 were attributable in large part to a one-time gain for states as high income taxpayers shifted capital gains, dividends and personal income to calendar year 2012 to avoid higher federal tax rates that were set to begin on January 1, 2013. States planned for the revenue slowdown in fiscal 2014 accordingly, but collections may not meet expectations in some states. Revenue shortfalls in fiscal 2014 are more likely a consequence of unanticipated volatility tied to tax law changes that were part of the federal "fiscal cliff" and individual taxpayer behavior, rather than underlying changes in the economy.

Governors' budget proposals forecast total general fund tax revenues of $749.2 billion in fiscal 2015, compared to the estimated $725.6 billion collected in fiscal 2014. States expect fiscal 2014 revenues will rise only slightly, surpassing fiscal 2013 collections by a total of $8.7 billion, or 1.2 percent. However, the small gains in fiscal 2014 arrive after collections increased by $47.8 billion in fiscal 2013. Total general fund revenues in fiscal 2013 reached $716.9 billion and surpassed the pre-recession highs of fiscal 2008 by $41.2 billion or 6.1 percent. Yet, aggregate revenues are still 3.8 percent below fiscal 2008 levels after accounting for inflation. Fiscal 2014 revenues would have needed to reach $753 billion, rather than the estimated $725.6 billion, to be equivalent with inflation adjusted 2008 levels.[3]

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 26 states, on target in 13 states and below forecasts in 11 states. When comparing current revenue collections to more updated forecasts, 11 states are above projections, 27 states are on target and 9 states are below updated projections. Some states are not expected to meet projections once the final numbers from April are determined. Furthermore, many states met projections in fiscal 2014 because revenue forecasts were conservative from the outset.

[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 April 30, 2014. Line 33, state and local price index, is used for determining changes in real revenues. Fiscal year inflation rates determined through quarterly averages. Fiscal 2014 only includes the first three quarters of the fiscal year.

State Revenue Actions

Governors are proposing to reduce net taxes and fees by $2.5 billion in fiscal 2015, although most tax change proposals are modest. Eight governors are proposing tax increases and 15 are proposing tax decreases. Governors in 32 states either proposed no tax changes or changes resulting in less than $5 million. States with the largest proposed tax decreases include Florida, Minnesota, New York and Ohio. States with governors proposing the largest tax increases include Delaware, Massachusetts and New Jersey, which took efforts to close corporate tax loopholes. Governors have also proposed $440 million in new revenue measures in fiscal 2015. State legislatures enacted net tax cuts in fiscal 2014; however, fiscal 2015 is the first time since the onset of the recession that governors put forth *recommendations* to reduce rather than increase net taxes and fees. In fiscal 2014, states cut taxes and fees by $2.1 billion, after raising taxes and fees by $6.9 billion in fiscal 2013.

Year-End Balances

Total balances include ending balances and the amounts in budget stabilization or "rainy day" funds, and are a crucial tool that states heavily rely on during fiscal downturns and budget shortfalls. Balances reflect the surplus funds and reserves that states may use to respond to unforeseen circumstances, helping to offset potential revenue declines and increased spending demands. In fiscal 2013, total balances reached $73.5 billion, or 10.6 percent of general fund expenditures. This marked an all-time high for states in terms of actual dollars, though not as a percent of expenditures. Budget reserves increased substantially in fiscal 2013 as one-time revenues attributable to the federal fiscal cliff resulted in collections higher than projections. This led to budget surpluses in many states and greater than anticipated ending balances by the close of fiscal 2013. However, total balances declined in fiscal 2014 as states utilized ending balances from fiscal 2013 to acclimate budgets to the slowdown in revenue collections. Total balances are estimated to be $63 billion or 8.6 percent of expenditures in fiscal 2014. And governors recommended decreasing total balance levels in fiscal 2015 to $55.4 billion or 7.4 percent of general fund expenditures. In addition, two states have a disproportionate share of states' budget reserves. The balance levels of Alaska and Texas are estimated to make up 37 percent of total state balance levels in fiscal 2014 and 37.7 percent in fiscal 2015. The remaining 48 states have balance levels that represent only 3.5 percent of general fund expenditures for fiscal 2014 and 3.0 percent for fiscal 2015.

Medicaid Costs and Enrollment

Medicaid is estimated to account for about 24.4 percent of total state spending from all fund sources in fiscal 2013, the single largest portion of total state expenditures and 19.0 percent of general fund expenditures according to NASBO's 2013 *State Expenditure Report*. According to the *Fiscal Survey*, total Medicaid spending increased by 4.2 percent in fiscal 2013 with state funds growing by 4.6 percent and federal funds growing by 4.2 percent. For fiscal 2014, total Medicaid spending is estimated to grow by 13.0 percent with state funds increasing by 5.9 percent and federal funds increasing by 18.3 percent.

Executive budgets for fiscal 2015 assume an increase in Medicaid spending of 7.6 percent in total funds with state funds increasing by 5.8 percent and federal funds increasing by 10.2 percent. The projected growth rates in fiscal 2014 and in fiscal 2015 reflect both the *Affordable Care Act's* Medicaid expansion option that began on January 1, 2014, in addition to ongoing program spending. The rate of growth in federal funds exceeds the state fund growth rates since costs for those newly eligible for coverage are fully federally funded in calendar years 2014, 2015, and 2016 with federal financing phasing down to 90 percent by 2020.

Medicaid enrollment increased by 2.1 percent during fiscal 2013 and is estimated to increase by 6.9 percent in fiscal 2014. In governors' recommended budgets for fiscal 2015, Medicaid enrollment would rise by an additional 8.9 percent. This reflects both the impact from the *Affordable Care Act* including increased enrollment in states that have implemented the Medicaid expansion that began in January 1, 2014, as well as increased participation among those currently eligible in both states that did and did not implement the expansion. Medicaid enrollment is estimated to grow by 18.9 percent over the fiscal 2013 through fiscal 2015 period.

The implementation of the *Affordable Care Act* will greatly increase the individuals served in the Medicaid program in 2014 and thereafter. According to the Centers for Medicare and Medicaid Services' Office of the Actuary, the *Affordable Care Act's* Medicaid eligibility expansion option will add an estimated 5.8 million individuals in fiscal 2014 and approximately 18.4 million individuals by 2022.

This edition of *The Fiscal Survey of States* reflects actual fiscal 2013, estimated fiscal 2014, and recommended fiscal 2015 figures. The data were collected in the spring of 2014.

STATE EXPENDITURE DEVELOPMENTS

CHAPTER ONE

Overview

State budgets are projected to continue their trajectory of moderate growth in fiscal 2015 for the fifth consecutive year according to governors' recommended budgets. Consistent year-over-year growth has helped states achieve relative budget stability with little need for unanticipated cuts. General fund spending increased by 5.0 percent in fiscal 2014, more than previously estimated, and well above the rate of inflation near 1.0 percent. Yet, fiscal rebuilding remains slow for many states. Budgetary challenges linger from a long recovery in the national economy, unemployment rates higher than policy makers want and stagnant wages. In some states nominal spending levels are still below pre-recession highs set back in fiscal 2008. Although with each passing year of slow improvement, more and more states are moving beyond recession induced declines and returning to more normal patterns of growth. Additional spending in fiscal 2015 is projected to be limited, but governors have proposed to increase funds for core services such as K-12 education and higher education. Despite a slowdown in health care costs relative to decades past, Medicaid spending is still projected to outpace the overall growth in state general fund budgets. With these challenges and more, fiscal progress is likely to remain slow and steady in fiscal 2015.

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 $1.72 trillion with the general fund representing 40.3 percent of the total. The components of total state spending for estimated fiscal 2013 are: Medicaid, 24.4 percent; elementary and secondary education, 19.8 percent; higher education, 10.3 percent; transportation, 7.9 percent; corrections, 3.1 percent; public assistance, 1.4 percent; and all other expenditures, 33.1 percent.

For estimated fiscal 2013, components of general fund spending are elementary and secondary education, 35.1 percent; Medicaid, 19.0 percent; higher education, 9.9 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 projected to be $750.5 billion in fiscal 2015 according to governors' recommended budgets. This represents a 2.9 percent increase from the estimated $729.1 billion spent in fiscal 2014. For the first time, general fund spending in fiscal 2013 surpassed pre-recession highs—the fiscal 2008 spending level of $687.3 billion. However, after accounting for inflation, aggregate fiscal 2014 spending levels are still below the pre-recession high. Aggregate general fund spending would need to be at $761 billion, or 4.4 percent higher than the $729.1 billion currently estimated for fiscal 2014, to remain equivalent with real 2008 spending levels.[4]

Increased general fund spending is projected to be widespread in fiscal 2015, as governors in 42 states proposed a larger budget in fiscal 2015 compared to fiscal 2014. The recovery has accelerated with more states expected to surpass pre-recession spending levels in fiscal 2015. Ten states have fiscal 2015 recommended budgets that have yet to surpass pre-recession highs in nominal dollars, compared to 19 states last year. Aggregate general fund spending is estimated to increase by 5.0 percent in fiscal 2014 compared to fiscal 2013, and 44 states estimate they will end fiscal 2014 with greater general fund spending than in fiscal 2013. *(See Table 1, Figure 1, and Tables 3-5)*

For fiscal 2014, six states estimate general fund expenditures below fiscal 2013 levels, 26 states had general fund expenditure growth between 0 and 4.9 percent, 8 states had general fund spending growth between 5.0 and 9.9 percent and 10 states experienced budget growth greater than 10.0 percent. For fiscal 2015, eight states project negative budget growth, 30 states project budget growth between 0 to 4.9 percent, 12 states budget growth between 5.0 and 9.9, and no state expects budget growth greater than 10.0 percent. *(See Table 2 and Table 6)*

[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 April 30, 2014. Line 33, state and local price index, is used for determining changes in real purchases. Fiscal year inflation rates determined through quarterly averages. Fiscal 2014 only includes the first three quarters of the fiscal year.

TABLE 1

State Nominal and Real Annual Budget Increases, Fiscal 1979 to Fiscal 2015

	State General Fund	
Fiscal Year	Nominal Increase	Real Increase
2015	2.9%	
2014	5.0	4.3%
2013	4.1	3.2
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
1979-2015 average	**5.5%**	**1.5%**

*Notes: *The state and local government implicit price deflator cited by the Bureau of Economic Analysis in May 2014 is used for state expenditures in determining real changes. Fiscal 2013 figures are based on the change from fiscal 2012 actuals to fiscal 2013 actuals. Fiscal 2014 figures are based on the change from fiscal 2013 actuals to fiscal 2014 estimated. Fiscal 2015 figures are based on the change from fiscal 2014 estimated figures to fiscal 2015 recommended.*

FIGURE 1:
Annual Percentage Budget Increases, Fiscal 1979 to Fiscal 2015

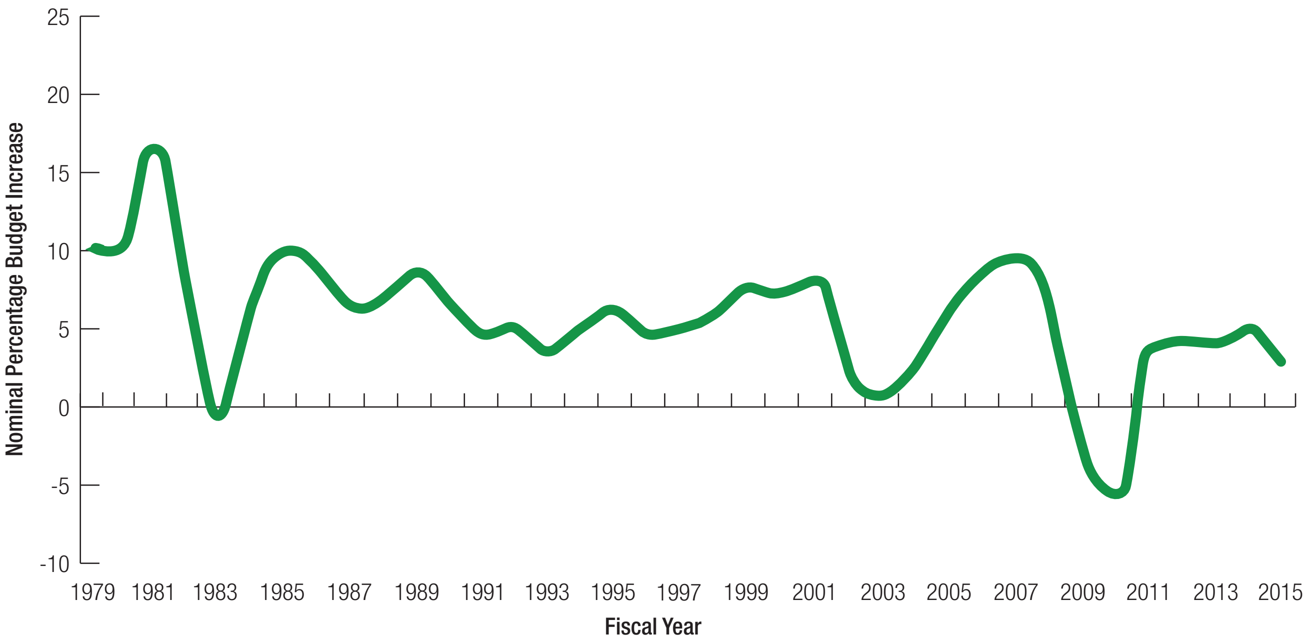


TABLE 2
State General Fund Expenditure Growth, Fiscal 2014 and 2015

Spending Growth	Number of States: Fiscal 2014 (Estimated)	Number of States: Fiscal 2015 (Recommended)
Negative growth	6	8
0.0% to 4.9%	26	30
5.0% to 9.9%	8	12
10% or more	10	0

NOTE: Total average spending growth for fiscal 2014 (estimated) is 5.0 percent; Total average spending growth for fiscal 2015 (recommended) is 2.9 percent. See Table 6 for state-by-state data.

TABLE 3

Fiscal 2013 State General Fund, Actual (Millions)

State	Beginning Balance	Revenues	Adjustments	Total Resources	Expenditures	Adjustments	Ending Balance	Rainy Day Fund Balance
Alabama* **	$60	$7,263	$146	$7,468	$7,164	$0	$304	$14
Alaska**	0	7,476	109	7,586	7,783	-63	-134	16,332
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	99,915	499	98,800	96,562	-290	2,528	1,573
Colorado* **	796	8,555	0	9,351	7,912	-7	1,446	373
Connecticut	0	19,405	0	19,405	19,007	0	398	271
Delaware*	565	3,730	0	4,294	3,659	0	636	199
Florida	1,509	26,095	0	27,604	24,712	0	2,892	709
Georgia* **	576	18,296	195	19,067	18,305	0	761	717
Hawaii	275	6,234	0	6,510	5,666	0	844	24
Idaho**	100	2,750	-68	2,782	2,703	0	80	135
Illinois**	40	34,376	1,987	36,403	30,292	5,957	154	0
Indiana**	1,803	14,756	34	16,593	14,247	918	1,428	515
Iowa**	0	6,769	572	7,341	6,413	0	928	611
Kansas**	503	6,341	0	6,844	6,135	0	709	0
Kentucky**	90	9,450	267	9,807	9,528	156	123	122
Louisiana**	0	8,277	253	8,530	8,369	0	161	444
Maine**	42	3,048	116	3,206	3,082	117	8	60
Maryland**	551	14,885	171	15,607	15,105	0	502	700
Massachusetts*	1,990	33,779	0	35,769	33,894	0	1,874	1,557
Michigan**	979	9,958	-899	10,038	8,851	0	1,187	505
Minnesota* **	1,795	18,657	0	20,451	18,740	0	1,712	657
Mississippi**	53	5,119	-100	5,072	4,740	278	54	48
Missouri**	204	8,083	182	8,468	8,021	0	447	252
Montana**	452	2,078	0	2,530	1,998	-6	538	0
Nebraska**	499	4,047	-142	4,404	3,589	0	815	384
Nevada**	336	3,301	0	3,636	3,289	47	300	85
New Hampshire* **	23	1,437	0	1,460	1,257	121	82	9
New Jersey**	444	31,432	-110	31,765	31,455	0	310	0
New Mexico* **	713	5,784	0	6,497	5,826	20	651	651
New York* **	1,787	58,783	0	60,570	58,960	0	1,610	1,306
North Carolina	394	20,541	453	21,388	20,202	835	351	651
North Dakota**	1,294	2,331	305	3,930	2,353	181	1,396	584
Ohio**	974	29,559	0	30,532	27,893	0	2,639	482
Oklahoma**	107	6,331	-27	6,411	6,276	3	132	535
Oregon**	15	7,225	-12	7,228	6,766	-8	470	69
Pennsylvania**	659	27,397	202	28,258	27,717	0	541	0
Rhode Island**	115	3,324	-96	3,344	3,216	24	104	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	135
Tennessee**	819	12,034	-44	12,809	11,458	551	800	356
Texas**	-78	48,572	-2,172	46,322	40,816	0	5,506	6,170
Utah	46	5,203	0	5,249	5,127	0	122	400
Vermont**	0	1,345	0	1,345	1,323	22	0	74
Virginia	1,350	16,666	0	18,016	17,136	0	880	440
Washington**	-380	15,783	244	15,647	15,479	0	168	270
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	1,788	0	1,788	1,788	0	0	927
Total	**$22,190**	**$716,892**		**$742,774**	**$694,098**		**$39,693**	**$41,282**

*NOTES: *In these states, the ending balance includes the balance in the budget stabilization fund. **See Notes to Table 3 on page 22.*

TABLE 4

Fiscal 2014 State General Fund, Estimated (Millions)

State	Beginning Balance	Revenues	Adjustments	Total Resources	Expenditures	Adjustments	Ending Balance	Rainy Day Fund Balance
Alabama**	$304	$7,431	$204	$7,940	$7,516	$395	$29	$410
Alaska**	0	4,930	35	4,965	7,356	-292	-2,099	15,033
Arizona**	896	8,461	127	9,484	8,808	0	676	456
Arkansas	0	4,944	0	4,944	4,944	0	0	0
California* **	2,528	100,147	0	102,675	98,463	0	4,212	3,257
Colorado* **	373	8,833	0	9,206	8,724	0	482	421
Connecticut**	0	17,614	0	17,614	17,109	0	505	776
Delaware* **	636	3,730	0	4,366	3,795	0	571	202
Florida	2,892	26,690	0	29,582	27,377	0	2,206	925
Georgia**	761	19,121	0	19,883	19,121	0	761	NA
Hawaii	844	6,134	0	6,978	6,392	0	586	83
Idaho**	80	2,808	-89	2,799	2,799	0	0	138
Illinois**	154	34,447	2,278	36,879	31,412	5,313	154	0
Indiana**	1,428	14,630	10	16,068	14,511	458	1,098	918
Iowa**	0	6,682	678	7,360	6,478	0	882	650
Kansas**	709	5,847	0	6,556	6,026	0	531	0
Kentucky**	123	9,598	246	9,967	9,765	133	70	98
Louisiana**	0	8,337	64	8,401	8,401	0	0	444
Maine**	8	3,075	132	3,214	3,200	2	13	60
Maryland**	502	15,245	22	15,769	15,684	0	85	763
Massachusetts*	1,874	35,859	0	37,733	36,311	0	1,422	1,388
Michigan**	1,187	9,994	-1,160	10,020	9,542	0	478	580
Minnesota* **	1,712	19,349	0	21,061	19,483	0	1,578	661
Mississippi**	54	5,099	-103	5,050	5,050	-50	50	32
Missouri**	447	8,311	135	8,893	8,657	0	236	277
Montana	538	2,056	0	2,594	2,208	0	386	0
Nebraska**	815	4,067	-460	4,422	3,837	260	325	674
Nevada**	300	3,257	0	3,557	3,280	9	268	28
New Hampshire* **	82	1,403	0	1,485	1,328	105	51	9
New Jersey**	310	32,247	557	33,114	32,814	0	301	0
New Mexico* **	651	5,896	0	6,547	5,994	138	415	415
New York* **	1,610	61,653	0	63,263	61,460	0	1,803	1,306
North Carolina	351	20,603	835	21,790	20,631	835	324	651
North Dakota**	1,396	2,457	342	4,195	3,363	0	833	584
Ohio**	2,639	29,328	0	31,967	31,680	0	287	1,478
Oklahoma**	132	6,657	3	6,792	6,565	0	227	NA
Oregon**	470	7,618	-172	7,916	7,602	8	306	211
Pennsylvania**	541	27,841	257	28,638	28,492	-70	216	0
Rhode Island**	104	3,431	-104	3,431	3,352	-10	69	177
South Carolina* **	1,046	6,463	21	7,530	6,259	285	986	410
South Dakota**	24	1,348	101	1,474	1,449	24	0	139
Tennessee**	800	12,277	121	13,198	12,600	341	256	456
Texas**	5,505	49,232	-3,413	51,325	47,649	0	3,676	6,656
Utah	122	5,298	0	5,420	5,420	0	0	400
Vermont**	0	1,374	3	1,377	1,374	3	0	75
Virginia	880	17,394	0	18,274	17,737	0	537	689
Washington**	168	16,260	-67	16,361	16,089	0	272	413
West Virginia**	512	4,136	33	4,681	4,219	6	457	922
Wisconsin**	759	14,229	601	15,589	15,014	-149	724	0
Wyoming**	0	1,787	0	1,787	1,787	0	0	926
Total	**$37,267**	**$725,628**		**$764,132**	**$729,124**		**$27,242**	**$44,188**

*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 24.*

TABLE 5
Fiscal 2015 State General Fund, Recommended (Millions)

State	Beginning Balance	Revenues	Adjustments	Total Resources	Expenditures	Adjustments	Ending Balance	Rainy Day Fund Balance
Alabama**	$29	$7,729	$166	$7,923	$7,786	$28	$109	$437
Alaska**	0	4,532	0	4,532	5,599	70	-1,137	11,371
Arizona**	676	8,926	3	9,605	9,311	50	244	510
Arkansas	0	5,041	0	5,041	5,041	0	0	0
California* **	4,212	104,503	0	108,715	106,793	0	1,922	2,558
Colorado* **	424	9,473	-93	9,804	9,168	0	636	561
Connecticut	0	17,519	0	17,519	17,496	0	22	798
Delaware* **	571	3,879	0	4,450	3,958	0	492	209
Florida	2,206	27,780	0	29,986	27,920	0	2,066	1,139
Georgia**	761	19,744	0	20,506	19,744	0	761	NA
Hawaii	586	6,354	0	6,940	6,799	0	141	141
Idaho**	0	2,988	-53	2,935	2,885	0	50	173
Illinois**	154	33,039	1,895	35,088	29,373	5,561	154	0
Indiana**	1,098	15,098	0	16,196	14,921	467	808	1,071
Iowa**	0	6,983	736	7,719	6,996	0	723	697
Kansas**	531	5,922	0	6,452	6,205	0	248	0
Kentucky**	70	9,901	365	10,336	10,154	112	69	98
Louisiana	0	8,618	0	8,618	8,618	0	0	469
Maine**	13	3,246	50	3,309	3,183	125	1	60
Maryland**	85	16,098	279	16,462	16,425	0	37	800
Massachusetts*	1,422	36,309	0	37,731	36,374	0	1,358	1,322
Michigan**	478	10,485	-1,226	9,737	9,737	0	0	822
Minnesota* **	1,578	19,612	0	21,190	19,700	0	1,490	661
Mississippi**	50	5,397	-108	5,339	5,339	-53	53	171
Missouri**	236	8,739	211	9,186	9,086	0	100	278
Montana	385	2,137	0	2,523	2,169	0	354	0
Nebraska**	325	4,175	-156	4,344	4,050	5	289	720
Nevada**	268	3,341	0	3,610	3,339	9	262	0
New Hampshire* **	36	1,430	0	1,466	1,358	99	9	9
New Jersey	301	34,076	0	34,376	34,064	0	312	0
New Mexico* **	415	6,236	0	6,651	6,202	0	449	449
New York* **	1,803	63,515	0	65,318	63,575	0	1,743	1,306
North Carolina	324	21,154	835	22,313	20,999	835	479	651
North Dakota**	833	2,275	520	3,627	3,170	0	457	584
Ohio**	287	31,640	0	31,927	31,736	0	191	1,478
Oklahoma**	227	6,596	0	6,823	6,303	0	520	NA
Oregon**	306	8,164	-38	8,432	8,313	0	119	387
Pennsylvania**	216	29,230	0	29,446	29,419	7	20	7
Rhode Island**	69	3,495	-107	3,457	3,456	0	0	178
South Carolina* **	986	6,641	-27	7,600	6,460	309	831	447
South Dakota*	0	1,392	0	1,392	1,392	0	0	139
Tennessee**	256	12,611	-40	12,827	12,686	141	1	496
Texas**	3,676	50,208	-2,660	51,225	48,661	0	2,564	8,070
Utah	0	5,682	0	5,682	5,675	0	7	401
Vermont**	0	1,452	9	1,461	1,444	16	0	77
Virginia	537	18,318	0	18,855	18,811	0	43	949
Washington**	272	16,753	-67	16,958	16,642	0	316	582
West Virginia**	457	4,254	0	4,711	4,284	0	427	822
Wisconsin**	724	14,725	559	16,008	15,883	-41	165	0
Wyoming**	0	1,765	0	1,765	1,765	0	0	890
Total	**$27,88**	**$749,177**		**$778,110**	**$750,466**		**$19,905**	**$42,991**

*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 27.*

TABLE 6

General Fund Nominal Percentage Expenditure Change, Fiscal 2014 and Fiscal 2015

State	Fiscal 2014	Fiscal 2015
Alabama	4.9%	3.6%
Alaska	-5.5	-23.9
Arizona	4.1	5.7
Arkansas	4.6	2.0
California	2.0	8.5
Colorado	10.3	5.1
Connecticut	-10.0	2.3
Delaware	3.7	4.3
Florida	10.8	2.0
Georgia	4.5	3.3
Hawaii	12.8	6.4
Idaho	3.6	3.1
Illinois	3.7	-6.5
Indiana	1.9	2.8
Iowa	1.0	8.0
Kansas	-1.8	3.0
Kentucky	2.5	4.0
Louisiana	0.4	2.6
Maine	3.8	-0.5
Maryland	3.8	4.7
Massachusetts	7.1	0.2
Michigan	7.8	2.0
Minnesota	4.0	1.1
Mississippi	6.5	5.7
Missouri	7.9	5.0
Montana	10.5	-1.8
Nebraska	6.9	5.5
Nevada	-0.3	1.8
New Hampshire	5.6	2.2
New Jersey	4.3	3.8
New Mexico	2.9	3.5
New York	4.2	3.4
North Carolina	2.1	1.8
North Dakota	42.9	-5.7
Ohio	13.6	0.2
Oklahoma	4.6	-4.0
Oregon	12.4	9.3
Pennsylvania	2.8	3.3
Rhode Island	4.2	3.1
South Carolina	1.0	3.2
South Dakota	12.3	-4.0
Tennessee	10.0	0.7
Texas	16.7	2.1
Utah	5.7	4.7
Vermont	3.8	5.1
Virginia	3.5	6.1
Washington	3.9	3.4
West Virginia	-1.2	1.6
Wisconsin	4.7	5.8
Wyoming	-0.1	-1.2
Average Total Change	**5.0%**	**2.9%**

NOTE: Fiscal 2014 reflects changes from fiscal 2013 expenditures (actual) to fiscal 2014 expenditures (estimated). Fiscal 2015 reflects changes from fiscal 2014 expenditures (estimated) to fiscal 2015 expenditures (recommended).

Mid-Year Budget Adjustments, Recommended Budget Adjustments, Budget Cuts and Budget Gaps

Budget adjustments help identify changing spending patterns within the general fund. The degree of competition for state resources can be analyzed by highlighting program area cuts and spending increases across program areas. Governors have recommended that additional budget dollars in fiscal 2015 most heavily target K-12 education and Medicaid, which total $10.9 billion and $4.9 billion respectively. Recommended program area spending increases also include higher education at $3.5 billion, corrections at $1.5 billion, and transportation with $1.1 billion in proposed additional spending in fiscal 2015. Governors recommended net reductions to public assistance, although much of the reported decrease is attributable to a shift in costs from the general fund to special funds in California. *(See Table 11)*

Fiscal 2014 mid-year budget adjustments resulted in $1.3 billion in additional spending. The program areas that received the greatest mid-year spending increases were corrections, due primarily to a $341 million increase in California, and the Other category. Public assistance was the only program area that received net mid-year spending reductions. States with the largest mid-year spending increases in fiscal 2014 include California, Colorado, Georgia, Missouri, New York, and Oregon. *(See Tables 8 and 10)*

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. Eight states have enacted net mid-year budget cuts in fiscal 2014 totaling $1.0 billion, slightly less than the $1.3 billion in mid-year budget cuts made by 11 states in fiscal 2013. Budget stability is widespread in fiscal 2014 with few states enacting a relatively small amount of net mid-year budget cuts. However, states enacted less mid-year spending increases in fiscal 2014 compared to fiscal 2013, suggesting a degree of caution. *(See Table 7 and Figure 2)* For most states, the fiscal situation is stable entering into fiscal 2015, although for some it will depend on the final tally of spring tax collections.

In addition to reduced spending, legislatively approved changes in taxes and fees can also be implemented in the middle of the fiscal year. States enacted net mid-year tax cuts of $184 million in fiscal 2014. Only a handful of states enacted mid-year tax changes, with Massachusetts and Minnesota accounting for the largest decreases. *(See Table 12)*

State revenues have improved substantially over the last two fiscal years, helping to minimize the gaps between projected spending needs and revenues. Previously closed budget gaps for fiscal 2014 totaled $4.4 billion, significantly less than fiscal 2013 and fiscal 2012 whereby states closed $33.3 billion and $68 billion in budget gaps prior to the start of the fiscal year. At the time of data collection, seven states reported $2.9 billion in ongoing budget gaps to be closed before the end of fiscal 2014. And 14 states are projecting $8.6 billion in budget gaps for fiscal 2015. Substantial declines in budget gaps in fiscal 2014 and fiscal 2015 indicate that state fiscal conditions are further stabilizing from prior years. 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 time period. Although not all states have reported official forecasts, budget gaps for fiscal 2016 are projected to be $6.5 billion.

In order to eliminate budget gaps and increase efficiencies in fiscal 2015, states are planning to use a number of strategies. Nineteen states have used or plan to use targeted cuts to reduce expenditures in fiscal 2015, slightly more than the number of states reporting targeted cuts in fiscal 2014. Additionally, six states expect to reorganize agencies, four states plan to expand gaming, four states intend to increase user fees, three states expect to raise higher education related fees, and four states plan to tap their rainy day fund to help close budget gaps in fiscal 2015. Four states expect targeted cuts to be part of the solution to close budget gaps in fiscal 2016. *(See Tables 13, 14, and 15)*

TABLE 7

States with Net Mid-Year Budget Cuts Made After the Fiscal 2014 Budget Passed**

State	FY 2014 Size of Cuts ($ in Millions)	Programs or Expenditures Exempted from Cuts
Hawaii*	$53.2	
Indiana	224.0	Distributions to K-12 school corporations.
Louisiana	10.1	Non-discretionary programs.
New Jersey*	408.4	
Pennsylvania	38.0	After budget enactment, the Governor does not have the authority to reduce appropriations to the Attorney General, Auditor General, Treasurer (all independently elected), the legislature and the judiciary.
Rhode Island	8.0	
Virginia	249.1	
West Virginia	33.0	Legislative and Judicial branches of government, Local School Aid, Debt Service, Medicaid, other misc programs.
Total	**$1,023.8**	—

*Notes: *See Notes to Table 7 on page 29. **Budget Cuts for Fiscal 2014 are currently ongoing. Only states with net mid-year budget cuts are included in Table 7. See Table 10 for state-by-state data on mid-year program adjustments.*

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*			X		X		
Hawaii							X
Idaho							
Illinois							
Indiana	X	X	X	X	X	X	X
Iowa							
Kansas							X
Kentucky							
Louisiana				X			
Maine					X		X
Maryland							
Massachusetts							
Michigan			X	X	X		
Minnesota							
Mississippi							
Missouri							
Montana							
Nebraska							
Nevada							
New Hampshire							
New Jersey	X	X	X	X	X		X
New Mexico							
New York	x	x	x			X	
North Carolina							
North Dakota							
Ohio							
Oklahoma							
Oregon							
Pennsylvania	X		X		X		X
Rhode Island	X	X		X			X
South Carolina							
South Dakota	X			X			
Tennessee							
Texas							
Utah							
Vermont							
Virginia	X			X			X
Washington	X		X				
West Virginia	X	X			X	X	X
Wisconsin							
Wyoming							
Total	**9**	**5**	**7**	**7**	**7**	**3**	**9**

*NOTE: *See Notes to Table 8 on page 30. See Table 10 for state-by-state dollar values.*

TABLE 9

Fiscal 2015 Recommended Program Area Cuts

State	K-12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other
Alabama							
Alaska	X		X			X	X
Arizona				X			
Arkansas							
California						X	
Colorado							
Connecticut			X	X			
Delaware			X				
Florida			X				
Georgia							
Hawaii							
Idaho							
Illinois	X	X	X		X	X	X
Indiana							X
Iowa			X				
Kansas				X			
Kentucky		X			X		
Louisiana			X	X			X
Maine				X	X		
Maryland							
Massachusetts			X	X			
Michigan							
Minnesota							
Mississippi			X				X
Missouri							
Montana							
Nebraska							X
Nevada*	X				X		
New Hampshire							
New Jersey			X		X		
New Mexico				X			
New York							
North Carolina							
North Dakota							
Ohio							
Oklahoma		X				X	X
Oregon							
Pennsylvania							
Rhode Island				X			
South Carolina							
South Dakota						X	X
Tennessee			X		X		
Texas							
Utah							X
Vermont							
Virginia			X		X		
Washington		X	X			X	
West Virginia		X				X	
Wisconsin							
Wyoming							
Total	**3**	**5**	**13**	**8**	**7**	**7**	**9**

*NOTE: * See notes to Table 9 on page 30. See Table 11 for state-by-state values.*

TABLE 10

Fiscal 2014 Mid-Year Program Area Adjustments (Millions)

State	K-12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other	Total
Alabama	$0.0	$1.0	$0.0	$0.0	$6.8	$0.0	$31.3	$39.1
Alaska								
Arizona			15.3				1.2	16.5
Arkansas								
California*					340.6		0.5	341.1
Colorado*	53.3			4.2	18.9		165.8	242.3
Connecticut								
Delaware								
Florida								
Georgia*	135.6	8.7	-3.1	25.3	-0.7	26.9	120.9	313.6
Hawaii*							-53.2	-53.2
Idaho								
Illinois							1.0	1.0
Indiana	-1.3	-31.1	-7.9	-30.0	-5.6	-26.3	-121.8	-224.0
Iowa								
Kansas	15.0	5.0		15.0	3.0		-7.0	31.0
Kentucky								
Louisiana*	0.2	0.2		-31.6	0.6	0.1	20.5	-10.1
Maine				29.6	-1.3		-3.2	25.1
Maryland*								
Massachusetts								
Michigan*	4.9		-12.3	-52.5	-9.6	215.3	13.7	159.5
Minnesota							25.1	25.1
Mississippi								
Missouri	62.6			97.5	0.5		54.1	214.7
Montana								
Nebraska								
Nevada								
New Hampshire								
New Jersey*	-223.2	-2.0	-43.8	-87.5	-11.3	6.4	-47.0	-408.4
New Mexico								
New York	-61.0	-1.0	-55.0	263.0	15.0	-150.0	283.0	294.0
North Carolina								
North Dakota								
Ohio								
Oklahoma								
Oregon*	100.0	40.0			57.9	9.0	99.1	306.0
Pennsylvania*	-0.1		-15.8		-5.1		-17.0	-38.0
Rhode Island	-3.6	-0.9		-1.0	0.7		-3.2	-8.0
South Carolina								
South Dakota	-4.5	12.6	3.7	-19.3	3.8	7.7	117.7	121.7
Tennessee							23.2	23.2
Texas								
Utah								
Vermont			4.1	7.4	1.9		4.6	18.0
Virginia	-89.1	11.9	3.4	-175.4	4.5		-4.4	-249.1
Washington*	-24.0		-31.0	14.0	14.0	1.0	98.0	72.0
West Virginia	-3.3	-3.8			-4.8	-0.1	-21.0	-33.0
Wisconsin	40.0						7.9	47.9
Wyoming								
Total	**$1.5**	**$40.6**	**-$142.4**	**$58.7**	**$429.8**	**$90.0**	**$789.8**	**$1,268.0**

*NOTE: *See Notes to Table 10 on page 30. Dollar values are in millions.*

TABLE 11

Fiscal 2015 Recommended Program Area Adjustments (Millions)

State	K-12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other	Total
Alabama	$155.2	$58.3	$1.6	$70.0	$0.0	$0.0	$11.7	$296.8
Alaska	-55.6	5.1	-0.1	16.6	3.2	-70.3	-1,172.6	-1,273.7
Arizona	251.0	40.2	114.6	-17.5	25.9	0.0	79.8	494.0
Arkansas	65.4	5.2	13.5	13.3	3.2	0.0	100.3	200.9
California*	5,458.2	1,472.5	-600.0	882.9	656.9	-0.4	2,641.9	10,512.0
Colorado	145.6	101.8	0.0	171.2	54.0	0.0	210.6	683.3
Connecticut	97.7	52.6	-1.7	-209.5	14.4	0.0	354.0	307.5
Delaware	51.9	2.3	-4.2	26.3	4.7	0.0	30.6	111.6
Florida	48.7	9.0	-4.9	353.9	179.1	0.0	96.1	681.9
Georgia	542.4	93.1	52.1	187.2	26.0	20.2	15.9	936.9
Hawaii	12.6	35.6	2.6	64.0	4.1	0.0	168.2	287.1
Idaho	36.9	23.6	8.3	15.5	18.0	0.0	1.8	104.1
Illinois	-633.0	-153.4	-400.7	96.5	-238.9	-1.0	-234.8	-1,565.3
Indiana	0.0	0.0	0.0	0.0	0.0	0.0	-38.7	-38.7
Iowa	209.8	29.2	-2.4	80.9	1.0	0.0	190.2	508.7
Kansas	33.0	27.0	0.0	-2.0	363.0	0.0	9.0	430.0
Kentucky	215.0	-18.0	68.0	66.0	-5.0	0.0	7.0	333.0
Louisiana	6.5	375.4	-8.7	-61.6	33.6	0.0	-138.6	206.6
Maine	0.7	0.0	0.0	-10.1	-4.0	0.0	24.1	10.7
Maryland*	89.2	141.0	2.2	138.1	66.0	0.0	334.6	771.1
Massachusetts	49.6	3.0	-28.9	-61.1	40.9	63.6	429.2	496.3
Michigan*	0.0	117.4	8.6	154.8	32.1	132.7	259.1	704.7
Minnesota	1.1	22.0	0.0	64.3	30.1	0.0	21.9	139.4
Mississippi	5.3	24.3	-3.3	246.7	0.0	0.0	-1.3	271.7
Missouri	451.6	115.5	0.0	49.1	50.0	1.9	133.3	801.4
Montana	29.0	11.1	0.9	12.8	4.4	0.0	23.2	81.4
Nebraska	0.0	0.0	1.8	2.5	12.2	0.0	-7.8	8.7
Nevada*	-24.4	12.1	1.1	41.3	-0.8	0.0	11.5	40.8
New Hampshire	0.0	17.0	0.0	0.0	3.0	0.0	12.0	32.0
New Jersey*	495.1	160.4	-7.7	347.7	-10.6	1.3	264.4	1,250.6
New Mexico	100.0	17.0	0.0	-10.0	5.0	0.0	67.0	179.0
New York*	973.0	51.0	192.0	430.0	14.0	184.0	574.0	2,418.0
North Carolina	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
North Dakota*	229.8	122.4	0.0	46.7	10.7	729.1	174.3	1,313.0
Ohio*	394.3	26.4	NA	913.3	1.0	NA	100.4	1,435.4
Oklahoma	50.0	-49.4	0.0	0.0	2.4	-2.1	-92.9	-92.0
Oregon	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pennsylvania	365.2	24.0	4.8	185.5	98.1	0.0	249.2	926.8
Rhode Island	42.5	11.7	0.0	-42.7	3.3	0.0	81.5	96.3
South Carolina	130.0	15.0	9.0	56.0	4.0	0.0	25.0	239.0
South Dakota	10.4	15.5	3.8	29.4	7.2	-1.0	-1.2	64.1
Tennessee	36.5	12.2	-2.8	110.4	-13.7	0.0	99.0	241.6
Texas	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Utah	106.9	60.8	8.0	15.8	6.6	0.0	-10.6	187.5
Vermont*	16.1	0.8	1.9	39.0	8.4	0.0	22.2	88.5
Virginia	285.5	0.0	-3.0	265.0	-17.8	0.0	292.6	822.3
Washington	349.0	-19.0	-28.0	31.0	12.0	-1.0	283.0	627.0
West Virginia	19.8	-11.4	22.8	47.9	4.5	-0.4	16.5	99.7
Wisconsin	63.0	406.0	0.0	0.0	0.0	0.0	11.4	480.4
Wyoming	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**$10,910.5**	**$3,466.4**	**-$578.8**	**$4,857.1**	**$1,512.1**	**$1,056.7**	**$5,728.0**	**$26,952.1**

*NOTE: NA indicates data are not available. *See Notes to Table 11 on page 31. Dollar values are in millions.*

TABLE 12

Enacted Mid-Year 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	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Alaska									
Arizona									
Arkansas									
California									
Colorado									
Connecticut									
Delaware									
Florida									
Georgia									
Hawaii									
Idaho	-20.0	-2.6							-22.6
Illinois									
Indiana	-4.9								-4.9
Iowa		-1.3							-1.3
Kansas									
Kentucky									
Louisiana									
Maine									
Maryland									
Massachusetts	-161.0	-65.0							-226.0
Michigan									
Minnesota	-31.4	-52.7	-4.0				-5.6		-93.7
Mississippi									
Missouri									
Montana									
Nebraska									
Nevada									
New Hampshire									
New Jersey									
New Mexico									
New York									
North Carolina									
North Dakota									
Ohio									
Oklahoma									
Oregon*		86.0	76.0	6.0					168.0
Pennsylvania									
Rhode Island									
South Carolina									
South Dakota									
Tennessee									
Texas									
Utah									
Vermont									
Virginia									
Washington									
West Virginia									
Wisconsin	-0.6	-3.1							-3.7
Wyoming									
Total	**-$217.9**	**-$38.7**	**$72.0**	**$6.0**	**$0.0**	**$0.0**	**-$5.6**	**$0.0**	**-$184.2**

*NOTE: *See Appendix Table A-1 for details on specific revenue changes. **See Notes to Table 12 on page 31.*

FIGURE 2:
Budget Cuts Made After the Budget Passed, Fiscal 1990 to Fiscal 2014 (Millions)

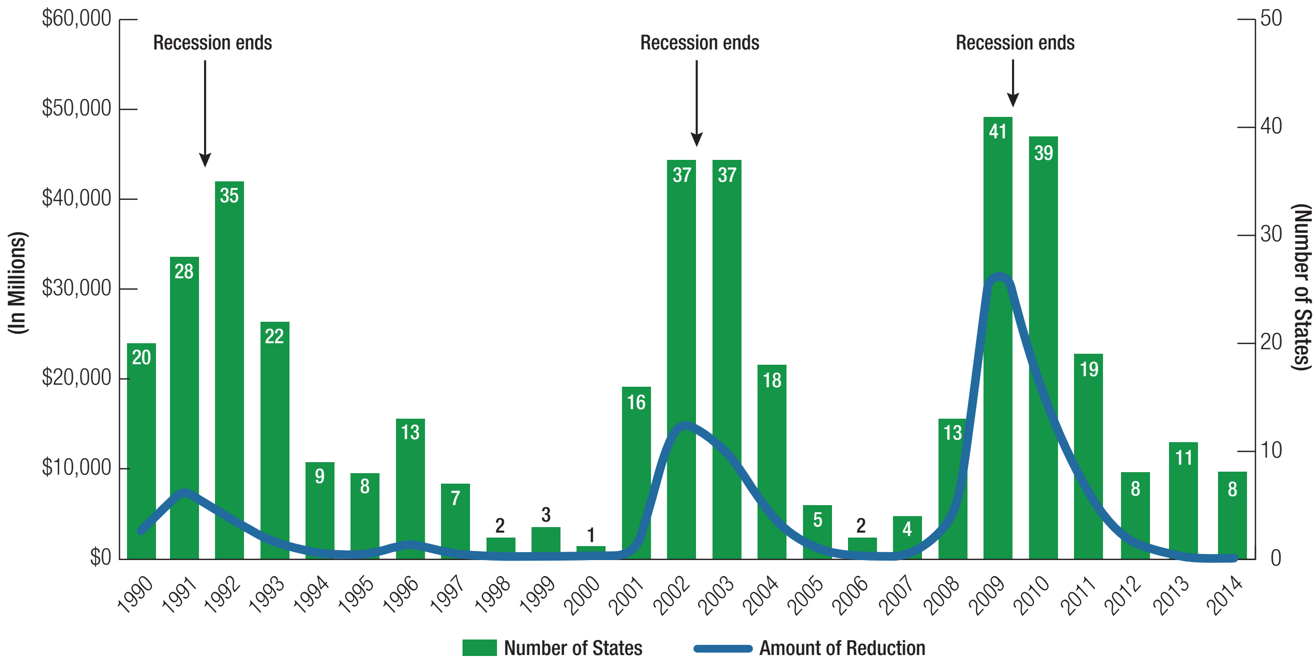


TABLE 13
Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2014

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

*NOTE: *See Notes to Table 13 on page 31.*

Table 13 continues on next page.

TABLE 13 (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*					X					X
Colorado										
Connecticut										
Delaware			X							
Florida			X			X				
Georgia										
Hawaii*										X
Idaho										
Illinois	X		X							
Indiana		X	X							
Iowa										
Kansas			X							
Kentucky										
Louisiana			X		X	X				
Maine*										X
Maryland*		X	X							X
Massachusetts							X		X	
Michigan										
Minnesota										
Mississippi										
Missouri			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*			X		X					X
Oklahoma										
Oregon		X	X		X					
Pennsylvania					X					
Rhode Island			X						X	
South Carolina										
South Dakota										
Tennessee*										X
Texas										
Utah										
Vermont*		X	X							
Virginia*			X							X
Washington			X	X						
West Virginia*			X							X
Wisconsin										
Wyoming										
Total	**2**	**4**	**16**	**2**	**6**	**2**	**4**	**0**	**3**	**9**

*NOTE: *See Notes to Table 13 on page 31.*

TABLE 14

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*	X				X	X			
Colorado									
Connecticut									
Delaware					X				
Florida						X			
Georgia									
Hawaii*									
Idaho									
Illinois									
Indiana									
Iowa									
Kansas			X						
Kentucky									
Louisiana		X							
Maine*			X						
Maryland*									
Massachusetts				X					
Michigan									
Minnesota									
Mississippi									
Missouri									
Montana									
Nebraska									
Nevada		X							
New Hampshire									
New Jersey*	X								
New Mexico									
New York*									
North Carolina									
North Dakota									
Ohio*									
Oklahoma*									
Oregon									
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	4	3	4	2	3	2	0	0	0

*NOTE: *See Notes to Table 14 on page 32.*

Table 14 continues on next page.

TABLE 14 (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				X			
Arizona										
Arkansas										
California*										X
Colorado										
Connecticut										
Delaware			X							
Florida			X					X		
Georgia										
Hawaii*			X							X
Idaho										
Illinois										
Indiana										
Iowa										
Kansas			X							
Kentucky			X							X
Louisiana			X		X					
Maine*			X							X
Maryland*			X							X
Massachusetts							X		X	
Michigan										
Minnesota										
Mississippi										
Missouri			X							
Montana										
Nebraska										
Nevada							X			
New Hampshire									X	
New Jersey*			X			X				X
New Mexico										
New York*			X	X	X				X	X
North Carolina										
North Dakota										
Ohio*			X		X					X
Oklahoma*			X		X					X
Oregon		X	X		X					
Pennsylvania	X				X				X	
Rhode Island			X							
South Carolina										X
South Dakota*										X
Tennessee*										
Texas										
Utah										
Vermont*										
Virginia*			X							X
Washington	X		X	X						
West Virginia*			X				X			X
Wisconsin										
Wyoming										
Total	**2**	**1**	**19**	**2**	**6**	**1**	**4**	**1**	**4**	**13**

*NOTE: *See Notes to Table 14 on page 32.*

TABLE 15

Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2016

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*	X				X	X			
Colorado									
Connecticut									
Delaware									
Florida									
Georgia									
Hawaii									
Idaho									
Illinois									
Indiana									
Iowa									
Kansas									
Kentucky									
Louisiana									
Maine			X						
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	1	0	1	0	1	1	0	0	0

*NOTE: *See Notes to Table 15 on page 33.*

Table 15 continues on next page.

TABLE 15 (CONTINUED)

Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2016

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

*NOTE: *See Notes to Table 15 on page 33.*

CHAPTER 1 NOTES

Notes to Table 3: Fiscal 2013 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 $145.8M.

Alaska Revenues, Expenditures, Adjustments: Fall 2013 Survey, derived from 2013 Spring Revenue Forecast and 5/21/13 Fiscal Summary. Rainy Day Fund: 6/30/13 CAFR.

Arizona Adjustments to revenue include temporary sale tax increase and budget fund transfers. Adjustments to expenditure include transfer to the rainy day fund.

California Represents adjustments to the Beginning Fund Balance. This consists primarily of adjustments made to K-12 and Health and Human Services spending, and major taxes. Total balance includes the Special Fund for Economic Uncertainties (SFEU) and the Budget Stabilization Account (BSA).

Colorado Excess above 4.0% required statutory General Fund reserve is transferred to the State Education Fund ($1,073.5 million).

Georgia Adjustments to revenues include agency surplus returned and the National Mortgage Settlement Agreement.

Idaho Transfer out include: $111,269,300 to the Budget Stabilization Fund, $500,000 to the Constitutional Defense Fund, and $200,000 to the Legal Defense Fund. Transfers in include: $3,033,300 from the Catastrophic Health Care Fund and $2,014,900 from the Consumer Protection Fund. Other adjustments include $1,816,100 cash transfers from other agency and $37,632,000 prior year reappropriation from Health and Welfare.

Illinois Revenue adjustments include statutory transfers in. Expenditure adjustments include statutory transfers out, including but not limited to debt service payments, and pay-down of accounts payable during fiscal year.

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.

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. 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 is 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 $101.7 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 and to the next fiscal year and budgeted balances to be expended in the next fiscal year.

Louisiana Revenues Adjustments—Includes Carryforward balances $13.7; Transfer of $239.3 from various Funds.

Maine Revenue and Expenditure adjustments reflect Legislatively authorized transfers.

Maryland The Maryland General Assembly passed a revenue package during the 2012 Special Session. For FY 2013 only, the majority of revenue generated through this legislation was deposited in a special fund known as the Budget Restoration Fund. These numbers include the Budget Restoration Fund. Revenue adjustments include $12.8 million in transfers from tax credit reserves, a $157.0 million transfer from the Budget Restoration Fund, and a $1.0 million transfer from other funds.

Michigan	Fiscal 2013 revenue adjustments include the impact of federal and state law changes (-$394.9 million); revenue sharing payments to local government units (-$370.6 million); deposits from state restricted funds ($6.7 million); and deposit to the rainy day fund (-$140.0 million). Fiscal 2013 actual expenditures include one-time spending financed from one-time revenues in the amount of $442.6 million. Deposits to the rainy day fund, the Roads and Risks Reserve Fund, and the Michigan Health Savings sub-fund are not included in this amount.
Minnesota	Ending balance includes cash flow account of $350 million and budget reserve account of $656.5 million.
Mississippi	State statute requires 2% of the revenue estimate plus beginning cash (excluding reappropriated amounts) be set aside prior to legislative appropriations. At fiscal year close, the 2% is recombined with any remaining revenue balance and distributed to other funds as required by statute, leaving 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 $11.2M from improved collection initiatives. The Rainy Day Fund amount reflects 1/2 of cash balance. Constitutional provisions allow 1/2 of the budget reserve fund to be used for rainy day purposes.
Montana	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: $121.3 million was moved to the Education Trust Fund. Total Expenditures: Includes $9.3 million of GAAP and Other adjustments
New Jersey	Budget vs. GAAP entries; transfers to other funds.
New Mexico	$20 million contingent liability for special education funding Maintenance of Effort.
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, $113 million reserved for debt reduction, and $21 million reserved for litigation risks.
North Dakota	Revenue adjustments are a $305.0 million transfer from the property tax relief fund into the general fund. Expenditure adjustments include $181.0 million transfer from the general fund into the budget stabilization fund and miscellaneous adjustments/transfers.
Ohio	FY 2013 expenditures include 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	FY-2013 Revenue adjustment is the difference in cash flow. The Expenditure adjustment refers to the deposit made into the Rainy Day Fund at the end of the fiscal year.
Oregon	Revenue adjustment is a statutory transfer to local governments for local property tax relief where income taxes from new jobs exceeds amount of local property tax relief. Expenditure adjustment is unspent GF appropriation carried forward to following biennium, statutory provision for Legislative and Judicial branches. RDF Balance is traditional RDF (primarily GF) and Education Stability Fund (primarily Lottery Funds).
Pennsylvania	Revenue adjustments include a $13.5 million adjustment to the beginning balance and $188.7 million in prior 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 of $103.2 million to the Budget Reserve Fund plus a reappropriation of $7.7 million. Expenditure adjustments of $23.6 million reflects transfers to the retirement fund, the Information Technology Investment Fund, and the State Fleet Revolving Loan Fund totaling $16.5 million and reappropriations of $7.1 million.
South Carolina	Expenditure adjustment for FY11-12 Capital Reserve Fund appropriations transferred to State agencies.
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 not included in the total rainy day fund balance of $134.7 million.
Tennessee	Adjustments Revenues: $70.5 million transfer from debt service fund unexpended appropriations. -$50.0 million transfer to Rainy Day Fund. -$64.3 million transfer to dedicated revenue reserves. Total -$43.8 million. Adjustments Expenditures: $183.3 million transfer to capital outlay projects fund. $141.2 million transfer to state office buildings and support facilities fund. $4.1 million transfer to debt service fund. $222.3 million transfer to reserves for unexpended appropriations. Total $550.9 million. Ending Balance: $679.4 million reserve for appropriations 2013-2014. $119.8 million unappropriated budget surplus at June 30, 2013. $0.5 million undesignated balance. Total $799.7 million.
Texas	Adjustment is net of set aside for transfer to Rainy Day Fund (-$2,514.823m). In addition, the Comptroller adjustment to general fund dedicated account balances (+$343.0m).
Vermont	Adjustments equal net transfer effect out of General Fund.
Washington	Fund transfers between General Fund and other accounts, and balancing to the final audited ending balance.
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 $31.9 million. Expenditures include Regular, Surplus and Reappropriated funds and $31.9 million of 31 day prior year expenditures. Revenue adjustments are prior year redeposits and special revenue expirations. 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, $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, $18.8.
Wyoming	The State of Wyoming budgets on a biennial basis. Certain assumptions and estimates were utilized to calculate annual figures.

Notes to Table 4:
Fiscal 2014 State General Fund, Estimated

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, a tobacco settlement of $46.4M, and an insurance settlement of $12M. Expenditure Adjustments include Rainy Day payments of $260.4M, $35M, and $100M. Per Code Section 29-9-4, the ending balance of the ETF shall be used to repay the Rainy Day Account.
Alaska	Revenues: 2/18/14 Fiscal Summary. Revenue Adjustments: 2/18/14 Carryforward. Expenditures: 2/18/14 Pre-transfer Authorization. Expenditure Adjustments: Fund Transfers. Rainy Day Fund: 12/12/13 10-Year Plan Option 1.
Arizona	Adjustments to revenue include budget fund transfers.

California	Total balance includes the Special Fund for Economic Uncertainties (SFEU).
Colorado	Reflects excess GF balance beyond the 5% statutory GF reserve requirement. Of the excess beyond the required $410.3M (JBC introduced package of 3/24/14) this sum $30.0M is transferred to the CWCB, $31.1M (equal to 75% of the remainder after the $30M) is transferred to the State Education Fund, and $10.3M remains as excess GF that can be added to the ending fund balance (beginning fund balance in FY 2014-15).
Connecticut	Beginning in FY2014, Connecticut began budgeting only the state share of Medicaid expenditures. Prior to this change, total expenditure needs were appropriated with federal reimbursement shown as revenue.
Delaware	Reflects estimates presented in Governor's FY 2015 Recommended Budget.
Georgia	General Fund Revenues include $183 million for the Mid-Year Adjustment Reserve for Education. Georgia is required by its constitution to maintain a balanced budget. The fund balances for both FY 2014 and FY 2015 reflect the Governor's balanced budget. Georgia does not project future Rainy Day fund balances, but expects the reserve to continue to grow in future years.
Idaho	Transfer out include: $37,375,800 to the Budget Stabilization Fund, $3,000,000 to the Business Job Development Fund, $15,000,000 to the Permanent Building Fund, $29,346,700 to the Public Education Stabilization Fund, and $7,336,700 to the Higher Education Stabilization Fund. Other adjustments include $2,832,000 for prior year reversions.
Illinois	Revenue adjustments include statutory transfers in. Expenditure adjustments include statutory transfers out, including but not limited to debt service payments, and pay-down of accounts payable during fiscal year.
Indiana	Revenue adjustments include a one-time transfer from the Mine Subsidence Fund. Expense adjustments include reversions from distributions, capital, and reconciliations; HEA 1072 loan repayments; state agency and university capital spending; transfer of $200M to a transportation fund; transfer of $150M to the Tuition Reserve Fund; and the funding of a one-time 13th check for pension recipients.
Iowa	Revenue adjustments include $679.1 million of residual funds transferred to the General Fund after the Reserve Funds were filled to their statutorily set maximum amounts. Ending balance of the General Fund is transferred to 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 is transferred back to the General Fund in that subsequent fiscal year. Also included is a negative adjustment of $1.3 million for the Governor's proposed exemption of military pension from state taxation.
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 $45.4 million in Tobacco Settlement funds. Adjustment for Revenues includes $156.4 million that represents appropriation balances carried over from the prior fiscal year, and $89.6 million from fund transfers into the General Fund. Adjustment to Expenditures represents appropriation balances forwarded and to the next fiscal year and budgeted balances to be expended in the next fiscal year.
Louisiana	Revenues Adjustments—Includes Transfer of $63.5 from various Funds.
Maine	Revenue and Expenditure adjustments reflect Legislatively authorized transfers.
Maryland	Revenue adjustments include $18.0 million in transfers from tax credit reserves, a $2.4 million transfer from the Chesapeake Bay Trust Fund, and $1.8 million in transfers from other funds.
Michigan	Fiscal 2014 revenue adjustments include the impact of federal and state law changes (-$460.9 million); revenue sharing payments to local government units (-$396.6 million); deposits from state restricted funds ($2.5 million); deposit to the rainy day fund (-$75.0 million); and deposit to the Roads and Risks Reserve Fund (-$230.0 million). Fiscal 2014 estimated expenditures include one-time spending financed from one-time revenues in the amount of $487.2 million. Deposits to the rainy day fund, the Roads and Risks Reserve Fund, and the Michigan Health Savings sub-fund are not included in this amount.
Minnesota	Ending balance includes cash flow account of $350 million and budget reserve account of $661.0 million.

Mississippi	State statute requires 2% of the revenue estimate plus beginning cash (excluding reappropriated amounts) be set aside prior to legislative appropriations. At fiscal year close, the 2% is recombined with any remaining revenue balance and distributed to other funds as required by statute, leaving 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 $33.2M from improved collection initiatives. The Rainy Day Fund amount reflects 1/2 of cash balance. Constitutional provisions allow 1/2 of the budget reserve fund to be used for rainy day purposes.
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 and an additional $53 million transferred from the General Fund the Cash Reserve Fund to set aside a portion of the amount the FY 2014 revenue projection was increased during the 2013 legislative session. Among others, also includes a $113 million transfer from the General Fund to the Property Tax Credit Cash Fund. Expenditure adjustments are reappropriations ($259.9 million) of a portion of the unexpended balance of appropriations from the prior year.
Nevada	Expenditure adjustments are restricted transfers.
New Hampshire	Revenue Adjustments: $105.4 million is estimated to be moved to the Education Trust Fund.
New Jersey	Lapses and transfers to other funds.
New Mexico	$16 million contingent liability for special education funding Maintenance of Effort, $31.7 million contingent liability for cash reconciliation, $60.2 million contingent liability for Medicaid receivables, and $30 million for settlement of union lawsuit liability.
New York	The ending balance includes $1.3 billion in rainy day reserve funds, $45 million reserved to cover costs of potential retroactive labor settlements with certain unions, $68 million in a community projects fund, $363 million reserved for debt reduction, and $21 million reserved for litigation risks.
North Dakota	Revenue adjustments are a $341.8.0 million transfer from the property tax relief fund into the general fund.
Ohio	FY 2014 expenditures include a $995.9 million transfer to the Budget Stabilization Fund. FY 2014 expenditures are based on HB 59 (biennial budget) disbursement estimates and authorized transfers out of the General Revenue Fund.
Oklahoma	FY-2014 Revenue adjustment is the difference in cash flow. Expenditure adjustments cannot be estimated at this time, nor can Rainy Day Fund balance.
Oregon	Revenue adjustment transfers prior biennium ending GF balance to Rainy Day Fund (which can be up to 1% of total biennial budget appropriation), estimated cost of Tax Anticipation Notes, statutory dedication of some corp. taxes to RDF, plus statutory transfer to local governments for local property tax relief. Expenditures represent 48% of the 2013-15 (Biennium) Legislatively Approved Budget less reserves held in the Emergency Fund. Expenditure adjustment is unspent GF appropriation carried forward from previous biennium; a statutory provision for Legislative and Judicial branches.
Pennsylvania	Revenue adjustments include a $5 million adjustment to the beginning balance and $251.5 million in prior year lapses. Expenditure adjustment reflects $70 million in current year lapses. The year-end transfer to the Rainy Day Fund (25% of the ending balance) is proposed to be suspended for FY 2014.
Rhode Island	Adjustments to revenues reflect a transfer of $105.9 million to the Budget Reserve Fund plus a reappropriation of $7.1 million and an audit adjustment of $5.6 million. Expenditure adjustments of $10.0 million reflects transfers to the Accelerated Depreciation Fund.
South Carolina	Expenditure adjustment for FY12-13 Capital Reserve Fund appropriations transferred to State agencies and FY12-13 Surplus Supplemental Appropriations.
South Dakota	The beginning balance of $24.2 million and adjustment to expenditures reflects the prior year's ending balance that is transferred to the rainy day fund. Adjustments to revenue of $101.1 million is from one-time receipts. The ending balance of $0.1 million is cash that is obligated to the Budget Reserve fund the following fiscal year. This $0.1 million is not included in the total rainy day fund balance of $139.3 million.

Tennessee	Adjustments Revenues: $82.0 million transfer from debt service fund unexpended appropriations. $41.7 million transfer from Strategic Health-Care Programs Reserves. $12.0 million transfer from Tobacco MSA Settlement Reserve. $80.0 million transfer from Agency Reserves. $0.6 million transfer from System Development Fund. $5.0 million transfer from TennCare Maintenance of Trust Fund. -$100.0 million transfer to Rainy Day Fund. Total $121.3 million. Adjustments Expenditures: $164.9 million transfer to capital outlay projects fund. $170.8 million transfer to state office buildings and support facilities fund. $3.8 million transfer to debt service fund. $1.9 million transfer to reserves for dedicated revenue appropriations. Total $341.4 million. Ending Balance: $256.2 million unappropriated budget surplus at June 30, 2014. Total $256.2 million.
Texas	Adjustment is net of set aside for transfer to Rainy Day Fund (-$1,383.5m) and the State Highway Fund 6 (-$1,383.4m). In addition, the Comptroller adjustment to general fund dedicated account balances (-$646.1m).
Vermont	Adjustments equal net transfer effect in/out of General Fund.
Washington	Fund transfers between General Fund and other accounts, and changes made by the 2014 Legislature.
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 $44.1 million. Expenditures include Regular, Surplus and Reappropriated funds and $44.1 million of 31 day prior year expenditures. Revenue adjustments are prior year redeposits and special revenue expirations. 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 Tribal Gaming, $23.7; and Other Revenue, $576.9. Expenditure adjustments include Compensation Reserves, $78.8; Transfers, $66.2; and Estimated lapses, -$293.7.
Wyoming	The State of Wyoming budgets on a biennial basis. Certain assumptions and estimates were utilized to calculate annual figures.

Notes to Table 5: Fiscal 2015 State General Fund, Recommended

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 transfer of $20M. Expenditure Adjustments include a Rainy Day payment of $27.6M.
Alaska	Revenues: 2/18/14 Fiscal Summary. Expenditures: 2/18/14 Fiscal Summary. Expenditure Adjustments: Fund Transfers. Rainy Day Fund: 12/12/13 10-Year Plan Option 1.
Arizona	Adjustments to revenue include proposed tax changes and fund transfer. Adjustments to expenditure include transfer to the rainy day fund.
California	Total balance includes the Special Fund for Economic Uncertainties (SFEU).
Colorado	Reflects the Governor's budget package as of March 2014. Includes a 6.5% General Fund statutory reserve. Table 5 fiscal data is separate from Table 4 which shows the FY 2013-14 appropriation package as introduced by the JBC on March 24th. As such, the beginning fund balance in FY 2014-15 does not equal the ending fund balance in FY 2013-14.
Delaware	Reflects estimates presented in Governor's FY 2015 Recommended Budget.
Georgia	Georgia is required by its constitution to maintain a balanced budget. The fund balances for both FY 2014 and FY 2015 reflect the Governor's balanced budget. Georgia does not project future Rainy Day fund balances, but expects the reserve to continue to grow in future years.

Idaho	Recommend transfer out include: $2,000,000 for the Wolf Control Fund, $15,000,000 for the Water Resources Board, $101,200 to the Permanent Building Fund for the parking structure, and $1,000,000 for the Constitutional Defense Fund. Other adjustments include $30 million for tax relief and $4,737,000 for the removal of the Cigarette Tax from the General Fund to the Health Care Fund.
Illinois	Revenue adjustments include statutory transfers in. Expenditure adjustments include statutory transfers out, including but not limited to debt service payments, and pay-down of accounts payable during fiscal year.
Indiana	Expense adjustments include a transfer of state agency and university capital spending; $200M to a transportation fund; and a transfer of $150M to the Tuition Reserve Fund.
Iowa	Revenue adjustments include $745.9 million of residual funds transferred to the General Fund after the Reserve Funds were filled to their statutorily set maximum amounts. Ending balance of the General Fund is transferred to 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 is transferred back to the General Fund in that subsequent fiscal year. Also included is a negative adjustment of $10.0 million for the Governor's proposed exemption of military pension from state taxation.
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 $99.7 million in Tobacco Settlement funds. Adjustment for Revenues includes $112.1 million that represents appropriation balances carried over from the prior fiscal year, and $253.4 million from fund transfers into the General Fund. Adjustment to Expenditures represents appropriation balances forwarded and to the next fiscal year and budgeted balances to be expended in the next fiscal year.
Maine	Revenue and Expenditure adjustments reflect Legislatively authorized transfers.
Maryland	Revenue adjustments include a $204.5 million transfer from the Rainy Day Fund, $29.6 million in transfers from tax credit reserves, a $25.8 million transfer from the University System of Maryland, and a $19.1 million transfer from the Sustainable Communities Tax Credit.
Michigan	Fiscal 2015 revenue adjustments include the impact of federal and state law changes (-$499.8 million); revenue sharing payments to local government units (-$488.0 million); deposits from state restricted funds ($4.0 million); deposit to the rainy day fund (-$120.0 million); and deposit to the Michigan Health Savings Subfund (-$122.0 million). Fiscal 2015 recommended spending includes one-time spending financed from one-time revenues in the amount of $394.5 million. Deposits to the rainy day fund, the Roads and Risks Reserve Fund, and the Michigan Health Savings sub-fund are not included in this amount.
Minnesota	Ending balance includes cash flow account of $350 million and budget reserve account of $661.0 million.
Mississippi	State statute requires 2% of the revenue estimate plus beginning cash (excluding reappropriated amounts) be set aside prior to legislative appropriations. At fiscal year close, the 2% is recombined with any remaining revenue balance and distributed to other funds as required by statute, leaving 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; $93.3M of collection initiatives, including a tax amnesty program, and $16.9M increased withholding and sales taxes resulting from the expansion of Medicaid. The Rainy Day Fund amount reflects 1/2 of cash balance. Constitutional provisions allow 1/2 of the budget reserve fund to be used for rainy day purposes.
Nebraska	Revenue adjustments are transfers between the General Fund and other funds. Per Nebraska law, includes a transfer of $46.3 million to the Cash Reserve Fund (Rainy Day Fund) of the amount the prior year's net General Fund receipts are estimated to exceed 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 a small amount ($5 million) reserved for deficit/supplemental appropriations.
Nevada	Expenditure adjustments are restricted transfers.
New Hampshire	Revenue Adjustments: $99.2 million is estimated to be moved to the Education Trust Fund.

New Mexico	FY15 figures reflect the FY15 budget appropriation as passed during the 2014 Legislative Session.
New York	The ending balance includes $1.3 billion in rainy day reserve funds, $53 million reserved to cover costs of potential retroactive labor settlements with certain unions, $363 million reserved for debt reduction, and $21 million reserved for litigation risks.
North Dakota	Revenue adjustments are a $520.0 million transfer from the strategic investment and improvements fund to the general fund.
Ohio	FY 2015 expenditures are based in appropriation levels for HB 59 (biennial budget).
Oklahoma	No FY-2015 expenditures have been authorized by the Legislature at this time. The estimate assumes that all available revenue will be appropriated. Adjustments and Rainy Day Fund balance cannot be calculated at this time.
Oregon	Revenue adjustment is estimated cost of Tax Anticipation Notes, a constitutional transfer to Education Stability Fund, and statutory transfer to local governments for local property tax relief. Expenditures represent 52% of the 2013-15 (Biennium) Legislatively Approved Budget plus reserves held in the Emergency Fund.
Pennsylvania	Expenditure adjustment reflects a projected transfer of $6.7 million (25% of the ending balance) to the Rainy Day Fund in FY 2015.
Rhode Island	Adjustments to revenues reflect a transfer of $106.9 million to the Budget Reserve Fund.
South Dakota	The beginning balance of $0.1 million and adjustment to expenditures reflects the prior year's ending balance which is transferred to the rainy day fund.
South Carolina	Revenue adjustment: Governor's Executive Budget recommends a reduction in the Individual Income Tax Bracket from 6% to 5% beginning in tax year 2014. Expenditure adjustment: FY13-14 Capital Reserve Fund appropriations to be transferred to State agencies and FY13-14 estimated Surplus Supplemental Appropriations.
Tennessee	Adjustments Revenues: -$40.3 million transfer to Rainy Day Fund. Total -$40.3 million. Adjustments Expenditures: $122.8 million transfer to capital outlay projects fund. $13.1 million transfer to state office buildings and support facilities fund. $3.8 million transfer to debt service fund. $1.0 million transfer to reserves for dedicated revenue appropriations. Total $140.7 million. Ending Balance: $0.5 million undesignated balance. Total $0.5 million.
Texas	Adjustment is net of set aside for transfer to Rainy Day Fund (-$1,327m) and State Highway Fund 6 (-$1,326.9m). In addition, the Comptroller adjustment to general fund dedicated account balances (+$5.6m).
Vermont	Adjustments equal net transfer effect in/out of General Fund.
Washington	Fund transfers between General Fund and other accounts, and changes made by the 2014 Legislature.
West Virginia	Revenues are FY 2015 Official Estimate. Expenditures are the Governor's FY 2015 General Revenue Fund anticipated total appropriations plus estimated 13th month expenditures of FY14 appropriations.
Wisconsin	Revenue adjustments include Tribal Gaming, $23.5; and Other Revenue, $535.2. Expenditure adjustments include Compensation Reserves, $133.1; Transfers, $143.8; Sum Sufficient Restimates, and Estimated lapses, -$317.7.
Wyoming	The State of Wyoming budgets on a biennial basis. Certain assumptions and estimates were utilized to calculate annual figures.

Notes to Table 7:
States with Net Mid-Year Budget Cuts Made After the Fiscal 2014 Budget Passed

Hawaii	Adjustments were due to lower costs for employees' retirement and health insurance benefits.
New Jersey	The net budget adjustment reported in Table 7 reflects recommended fiscal 2014 adjustments as of February 25, 2014.

Notes to Table 8:
Fiscal 2014 Mid-Year Program Area Cuts

Georgia No programs were required to provide budgetary cuts for the mid-year.

Notes to Table 9:
Fiscal 2015 Recommended Program Area Cuts

Nevada Nevada has a biennial budget. Fiscal 2015 budget adjustments have been legislatively-approved.

Notes to Table 10:
Fiscal 2014 Mid-Year Program Area Adjustments by Value

California Corrections—Includes $315 million appropriated in Chapter 310, Statutes of 2013 (SB 105), which was passed subsequent to the 2013 Budget Act and $25.6 million authorized for academy. Total mid-year budget adjustment represents changes made through the 2014-15 Governor's Budget.

Colorado Table 10 fiscal data compares the FY 13-14 enacted appropriation to the FY 13-14 supplemental package (JBC). Reported mid-year adjustments to Medicaid reflect the entire department of HCPF which houses the Medicaid program (but also CBHP etc.).

Georgia No programs were required to provide budgetary cuts for the mid-year.

Hawaii Adjustments were due to lower costs for employees' retirement and health insurance benefits.

Louisiana Medicaid—MOF substitution.

Maryland $47 million in mid-year reductions were submitted to the General Assembly with the FY 2015 Budget. Approval of these reductions is expected in April 2014.

Michigan Fiscal 2014 budget adjustments include a reduction of $87.9 million, reflecting the implementation of the Healthy Michigan Plan.

New Jersey The net budget adjustment reported in Table 10 reflects recommended fiscal 2014 adjustments as of February 25, 2014.

Oregon Mid-year adjustments are for the entire 2013-15 biennium and not limited to a single fiscal year.

Pennsylvania After 2013-14 enactment, during the re-budget (spending plan approval) process, $38 million in approved vacancy funding was "frozen" so that agencies could not spend these funds. Public Assistance—This $15.8 million in Department of Public Welfare personnel vacancy funding is included in operating appropriations and should not be considered as Public Assistance or Medicaid services reductions.

Washington Programs exempt from budget cuts include K-12 Basic Education, Pensions, and Debt Service.

Notes to Table 11:
Fiscal 2015 Recommended Program Area Adjustments by Value

California	Public Assistance—The Public Assistance adjustment is related to a shift of costs to special funds that are not reflected in the table.
Maryland	All Other—Includes $173 million increase in appropriation to the Rainy Day Fund.
Michigan	Fiscal 2015 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.
Nevada	Nevada has a biennial budget. Fiscal 2015 budget adjustments have been legislatively-approved.
New Jersey	The net budget adjustment reported for Table 11 reflects the fiscal 2015 recommended budget vs. the fiscal 2014 adjusted appropriations as of February 25, 2014.
New York	Changes to cash projections have been used to illustrate changes in spending levels and changes in projected receipts.
North Dakota	North Dakota's budget is based on a biennial period. This adjustment amount is half of the approved biennial increase for the 2013-15 biennium.
Ohio	Ohio is a biennial budget state and the budget for FYs 2014 and 2015 were enacted in June of 2013. FY 2016-17 budget is in planning stages. Figures reported in Table 11 are enacted.
Vermont	K-12 Education—Increase in K-12 funding formula; teacher pensions & retiree health. Higher Education—2% increase effective January 2015. Public Assistance—Includes DCF child development increases, AABD caseload increase, GA increases, reach up caseload reductions. Medicaid—Medicaid trend and backfill one-times used in FY14. Transportation—Transportation activities covered by transportation fund revenue. All Other—Includes general gov't, protection, natural resources, commerce & community dev., other AHS.

Notes to Table 12:
Enacted Mid-year Fiscal 2014 Revenue Actions by Type of Revenue and Net Increase or Decrease

Oregon	Mid-year revenue actions are for the entire 2013-15 biennium and not limited to a single fiscal year.

Notes to Table 13:
Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2014

California	Other—Zero based budgeting.
Hawaii	Other—Diversion of special fund revenues to the general fund.
Maine	Other—One day borrowing.
Maryland	Other—Transfers from Special Funds to the General Fund.
Ohio	Reorganize Agencies—Merger of DMH and ADA, Creation Medicaid. Other—As part of a multi-year net tax reduction certain tax sources were adjusted to generate sufficient revenue and savings.

Tennessee	Other—Agency Reserves, Carryforwards, and Over-appropriation Increase.
Vermont	Increased user fees—Includes: $970K Secy of State; $458K Crime Victim Svcs; $363K Agriculture; $542K Liquor Control; and other. Across-the-board-percentage cuts—$2.5 million reduction across state government for personnel related costs such as overtime, temps and travel. Targeted cuts—Reach Up: 3yr/5yr time limit; new mother 12 mo limit. GA housing policy. Dev Services: managed reductions thru System of Care plan.
Virginia	Other—Technical adjustments.
West Virginia	Other—Use one time surplus from General Revenue & Lottery Funds from previous fiscal years. Also use of one-time excess cash in various Special Revenue accounts.

Notes to Table 14: Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2015 Proposed

California	Other—Zero based budgeting.
Hawaii	Other—Diversion of special fund revenues to the general fund.
Maine	Other—One day borrowing.
Maryland	Other—Transfers from Special Funds to the General Fund. Reduced pension reinvestment spending.
New Jersey	Other—Closing tax loopholes.
New York	The Executive Budget for FY 2015 proposes limiting annual growth in State spending consistent with the spending benchmark adopted in 2012. The budgetary projections for FY 2016 reflect savings estimated to occur if the Governor continues to propose, and the legislature continues to enact, a balanced budget in future years.
Ohio	Reorganize Agencies—Merger of DMH and ADA, Creation Medicaid. Other—As part of a multi-year net tax reduction certain tax sources were adjusted to generate sufficient revenue and savings.
Oklahoma	Other—Remove one-time funding from previous year; Reconciliation and transfer of 10% of agency non-restricted revolving fund balances.
South Dakota	Other—One-time funds were appropriated to pay off existing debt, which lowered general fund expenses by $6.3 million beginning in FY2015 by eliminating bond payments.
Tennessee	Other—Base budget reductions.
Vermont	Increased user fees—Includes $60K for the Tax Department, $1,200 for Lottery, $84K for the Agency of Commerce & Community Development, $629K for the Secretary of State's office. Increased court related fees—$35K for Judiciary.
Virginia	Other—Technical adjustments.
West Virginia	Other—Use one time surplus from General Revenue & Lottery Funds from previous fiscal years. Also use of one-time excess cash in various Special Revenue accounts.

Notes to Table 15:
Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2016 Proposed

Hawaii	Other—Diversion of special fund revenues to the general fund; more significantly, revenue picture has improved due to increased economic activity.
Maine	Cuts to State Employee Benefits—Eliminate merit increases and longevity payments. Caps state paid health insurance premiums.
	Reduced Local Aid—Suspension of revenue sharing for 2014-2015.
	Other—Reductions in higher education, GPA, Medicaid and debt service; transfers from budget stabilization fund, general fund reserves, and other funds; one-day interfund borrowing; other miscellaneous savings.
Nevada	Closing budget gap, other and business fees: Nevada recommended extending most tax increases that otherwise were set to sunset. Business Related Fees is the Modified Business [payroll] Tax, scheduled to sunset but mostly recommended to continue.
Tennessee	Other—FY 2015 Base budget reductions.
West Virginia	Other—Use onetime surplus from General Revenue & Lottery Funds from previous fiscal years. Also use onetime excess cash in various Special Revenue accounts.

STATE REVENUE DEVELOPMENTS

CHAPTER TWO

Overview

States forecast that general fund revenue collections will increase again in fiscal 2015, marking a fifth consecutive annual increase. The growth rate of general fund revenues is projected to accelerate in fiscal 2015 compared to a relatively small increase in fiscal 2014. However, gains are expected to be curtailed by constrained economic growth and general weakness in the labor market. High unemployment and stagnant wages are likely to limit strong upward momentum in general fund revenues in fiscal 2015. Revenue collections have increased by 8.4 percent, or $56.5 billion, over the previous two fiscal years. Although some of the increase in state revenues in fiscal 2013 was due to a one-time gain for states as taxpayers shifted capital gains, dividends and personal income to the 2012 calendar year to avoid higher federal taxes that were set to automatically begin on January 1, 2013. The growth rate in general fund revenues slowed substantially in fiscal 2014, but most states planned accordingly for the slowdown. Revenue from sales taxes accounted for a greater portion of the rise in overall collections in fiscal 2014, compared to the prior two years whereby total gains were driven by higher personal income tax collections.

Revenues

Aggregate general fund revenues are projected to reach $749.2 billion in fiscal 2015, $23.5 billion or 3.2 percent greater than the estimated $725.6 billion collected in fiscal 2014. Revenue collections have been revised slightly upward in fiscal 2014 from the projections used to enact fiscal 2014 budgets. Although for some states, budget stability will depend on collections in the final months of the fiscal year. Fiscal 2014 general fund revenues are estimated to end the fiscal year up $8.7 billion or 1.2 percent from the $716.9 billion collected by states in fiscal 2013.

According to the Rockefeller Institute of Government at SUNY-Albany, total state revenue collections have increased for 16 consecutive quarters or four calendar years. The growth rate in tax collections slowed in the fourth quarter of calendar year (CY) 2013, to 3.5 percent compared to a 5.1 percent increase in the same quarter of CY 2012. Similar to this Fiscal Survey report, the Rockefeller Institute notes that state tax revenues have softened in fiscal 2014, after states experienced one-time gains in fiscal 2013 as taxpayers took actions to avert higher federal tax rates. Rockefeller's revenue data from the fourth quarter of CY 2013 shows personal income tax collections increased by only 0.4 percent and sales tax collections increased by 5.6 percent.[5]

In the wake of the last recession, general fund revenues dropped to $609.9 billion in fiscal 2010 from $680.2 billion in fiscal 2008. After four years of improvement, general fund revenues are estimated to end fiscal 2014 up $115.7 billion, or 19 percent, over collections in fiscal 2010. While states have enacted some tax increases, most of the revenue gains are due to improved collections. General fund revenue collections increased by an estimated 7.1 percent in fiscal 2013, 3.8 percent in fiscal 2012 and 6.6 percent in fiscal 2011.

Estimated Collections in Fiscal 2014

Continued revenue growth from all sources, which includes sales, personal income, corporate income and all other taxes and fees, has led to collections greater than projections in many states. State revenue growth is helping to further stabilize budgets in fiscal 2014, with 39 states meeting or exceeding original revenue forecasts or those forecasts used to enact the budget. Twenty-six states reported that fiscal 2014 revenue collections were higher than originally forecasted, and 13 states reported that collections were on target. By comparison, in the spring of 2013, 40 states reported that revenue collections were meeting or exceeding original revenue forecasts or those forecasts used to enact the budget. Despite widespread revenue growth, 11 states reported that fiscal 2014 collections were below original forecasts, and nine states reported collections below revised

[5] The Nelson A. Rockefeller Institute of Government. April 2014. "*Personal Income Tax Revenues Show Significant Softening in the Fourth Quarter of 2013.*" Pg. 6.

revenue forecasts. Additionally, some states may not meet fiscal 2014 projections due to weaker than expected tax collections for the month of April; however, that data is not captured in this report. *(See Tables 16 and 17)*

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 $588.1 billion in fiscal 2014, or 2.4 percent above 2013 levels. Specifically, fiscal 2014 personal income tax collections are estimated to be 1.0 percent higher than fiscal 2013 collections, sales tax collections are projected to be 4.6 percent higher and corporate income tax collections are expected to be 1.5 percent higher. *(See Tables 18 and 19)*

Forecasted Collections in Fiscal 2015

States' proposed budgets for fiscal 2015 depict an increase in sales, personal and corporate income taxes. Combined collections from these three sources of revenue are forecasted to be $615.1 billion in fiscal 2015, a 4.6 percent increase compared to fiscal 2014 and a 7.1 percent increase from fiscal 2013. *(See Tables 18 and 19)* Specifically, fiscal 2015 personal income tax collections are forecasted to be 5.1 percent higher than fiscal 2014 collections, sales tax collections are projected to be 4.5 percent higher and corporate income tax collections are expected to increase by 1.6 percent. *(See Table 19)*

TABLE 16

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

	Original Fiscal 2014	Most Recent Fiscal 2014
Lower	11	9
On Target	13	27
Higher	26	11

NOTE: Original Fiscal 2014 reflects whether revenues from all sources thus far have come in higher, lower, or on target with orginal projections. Most Recent Fiscal 2014 reflects whether revenues from all sources thus far have been coming in higher, lower, or on target with a state's most recent projection.

TABLE 17

Fiscal 2014 Tax Collections Compared With Projections Used in Adopting Fiscal 2014 Budgets (Millions)**

	Sales Tax		Personal Income Tax		Corporate Income Tax		
Region/State	Original Estimate	Current Estimate	Original Estimate	Current Estimate	Original Estimate	Current Estimate	Revenue Collection***
Alabama	$2,108	$2,068	$3,155	$3,183	$359	$376	T
Alaska	NA	NA	NA	NA	644	552	L
Arizona	3,998	4,055	3,447	3,611	683	598	T
Arkansas	2,224	2,184	3,054	3,077	450	442	T
California	22,983	22,920	60,827	64,287	8,508	7,971	H
Colorado*	2,255	2,351	5,381	5,633	657	718	H
Connecticut	4,044	4,132	8,809	9,022	724	815	H
Delaware	NA	NA	1,173	1,173	203	193	T
Florida	19,205	19,682	NA	NA	2,285	2,128	H
Georgia	5,094	5,053	8,896	9,005	775	817	H
Hawaii	3,142	2,916	1,790	1,802	82	65	L
Idaho	1,152	1,148	1,313	1,320	194	194	T
Illinois	7,385	7,610	16,073	16,301	2,897	3,317	H
Indiana	7,088	6,909	5,163	5,021	900	938	L
Iowa	2,665	2,655	3,947	4,006	625	551	H
Kansas	2,408	2,442	2,525	2,500	370	360	H
Kentucky	3,173	3,099	3,689	3,812	365	461	H
Louisiana	2,657	2,610	2,786	2,812	340	280	T
Maine	1,073	1,157	1,393	1,435	186	170	H
Maryland	4,224	4,123	7,959	7,943	823	717	L
Massachusetts	5,494	5,501	12,949	13,211	1,843	2,035	H
Michigan	7,331	7,349	8,269	8,441	407	350	H
Minnesota	5,036	5,079	9,193	9,518	1,275	1,341	H
Mississippi	1,946	1,970	1,668	1,668	465	646	H
Missouri	1,931	1,933	5,390	5,644	342	465	H
Montana	68	68	1,039	1,039	154	154	T
Nebraska	1,500	1,510	2,039	2,085	265	255	H
Nevada	970	970	NA	NA	NA	NA	T
New Hampshire	NA	NA	NA	NA	336	336	T
New Jersey	8,929	8,912	13,039	12,928	2,663	2,640	L
New Mexico	2,581	2,487	1,219	1,212	335	279	T
New York	11,733	11,780	42,543	42,828	6,375	5,988	H
North Carolina*	5,444	5,444	10,997	10,997	1,249	1,249	T
North Dakota	1,149	1,161	383	467	185	215	H
Ohio	9,197	9,197	7,850	7,850	812	812	H
Oklahoma	2,031	1,955	2,160	2,181	482	308	L
Oregon	NA	NA	6,535	6,650	488	463	H
Pennsylvania	9,229	9,194	11,728	11,717	2,482	2,572	L
Rhode Island	887	904	1,109	1,121	141	136	H
South Carolina	2,473	2,498	2,846	2,898	248	285	H
South Dakota	805	819	NA	NA	NA	NA	H
Tennessee	6,868	6,854	131	169	1,877	1,741	L
Texas	26,659	26,755	NA	NA	NA	NA	H
Utah	1,683	1,656	2,749	2,763	285	292	T
Vermont	360	356	668	693	96	89	T
Virginia	3,261	3,079	11,452	11,667	905	770	L
Washington	8,003	8,146	NA	NA	NA	NA	H
West Virginia	1,271	1,246	1,862	1,797	230	234	L
Wisconsin	4,498	4,639	7,295	7,240	962	1,065	H
Wyoming	490	505	NA	NA	NA	NA	L
Total	**$228,704**	**$229,083**	**$306,492**	**$312,725**	**$46,972**	**$46,381**	**-**

*NOTES: NA indicates data are not available because, in most cases, these states do not have that type of tax. *See Notes to Table 17 on page 44. **Unless otherwise noted, original estimates reflect the figures used when the fiscal 2014 budget was adopted, and current estimates reflect preliminary actual tax collections. ***Refers to whether fiscal 2014 revenues from all sources (includes sales, personal income, corporate income, excise, and motor vehicle and all other taxes and fees 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 2014.*

TABLE 18

Comparison of Tax Collections in Fiscal 2013, Fiscal 2014, and Recommended Fiscal 2015**

	Sales Tax			Personal Income Tax			Corporate Income Tax		
Region/State	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2013	Fiscal 2014	Fiscal 2015
Alabama	$2,022	$2,068	$2,120	$3,103	$3,183	$3,294	$349	$376	$387
Alaska	NA	NA	NA	NA	NA	NA	547	552	591
Arizona	3,842	4,055	4,291	3,398	3,611	3,878	662	598	574
Arkansas	2,125	2,184	2,208	3,144	3,077	3,173	431	442	450
California	20,482	22,920	24,071	65,332	64,287	69,764	7,462	7,971	8,682
Colorado	2,212	2,351	2,475	5,596	5,633	6,113	636	718	775
Connecticut	3,897	4,132	4,177	8,719	9,022	9,488	743	815	755
Delaware	NA	NA	NA	1,140	1,173	1,224	188	193	156
Florida	18,418	19,682	20,681	NA	NA	NA	2,081	2,128	2,264
Georgia	5,277	5,053	5,259	8,772	9,005	9,537	797	817	847
Hawaii	2,945	2,916	3,109	1,736	1,802	1,876	101	65	69
Idaho	1,110	1,148	1,233	1,284	1,320	1,403	199	194	207
Illinois	7,354	7,610	7,810	16,539	16,301	14,844	3,177	3,317	3,071
Indiana	6,796	6,909	7,243	4,978	5,021	5,280	968	938	921
Iowa	2,548	2,655	2,770	4,084	4,006	4,272	555	551	564
Kansas	2,525	2,442	2,515	2,931	2,500	2,525	371	360	380
Kentucky	3,022	3,099	3,150	3,723	3,812	3,977	401	461	463
Louisiana	2,582	2,610	2,646	2,754	2,812	2,932	336	280	268
Maine	1,037	1,157	1,238	1,522	1,435	1,454	172	170	179
Maryland*	4,068	4,123	4,344	7,691	7,943	8,470	818	717	783
Massachusetts	5,164	5,501	5,820	12,831	13,211	14,021	1,822	2,035	2,000
Michigan	7,154	7,349	7,615	8,270	8,441	8,781	660	350	440
Minnesota	4,760	5,079	5,282	9,013	9,518	10,041	1,281	1,341	1,372
Mississippi	1,911	1,970	2,045	1,650	1,668	1,736	524	646	666
Missouri	1,872	1,933	2,034	5,489	5,644	5,991	416	465	442
Montana	62	68	70	1,048	1,039	1,105	178	154	155
Nebraska*	1,475	1,510	1,560	2,102	2,085	2,152	276	255	263
Nevada	923	970	1,023	NA	NA	NA	NA	NA	NA
New Hampshire	NA	NA	NA	NA	NA	NA	345	336	342
New Jersey	8,455	8,912	9,456	12,109	12,928	13,988	2,536	2,640	2,828
New Mexico	2,398	2,487	2,662	1,241	1,212	1,280	267	279	289
New York	11,232	11,780	12,138	40,227	42,828	44,131	6,253	5,988	5,612
North Carolina*	5,294	5,444	6,111	10,953	10,997	11,255	1,192	1,249	1,072
North Dakota	1,166	1,161	1,324	616	467	415	187	215	193
Ohio	8,445	9,197	9,914	9,508	7,850	8,717	790	812	833
Oklahoma	1,901	1,955	2,034	2,114	2,181	2,186	452	308	375
Oregon	NA	NA	NA	6,268	6,650	7,122	453	463	543
Pennsylvania	8,894	9,194	9,505	11,371	11,717	12,366	2,423	2,572	2,562
Rhode Island	879	904	938	1,086	1,121	1,158	132	136	134
South Carolina	2,448	2,498	2,581	2,844	2,898	3,012	351	285	296
South Dakota	776	819	851	NA	NA	NA	NA	NA	NA
Tennessee*	6,608	6,854	7,097	170	169	171	1,766	1,741	1,818
Texas	25,842	26,755	27,638	NA	NA	NA	NA	NA	NA
Utah	1,616	1,656	1,715	2,852	2,763	2,876	338	292	305
Vermont	347	356	367	661	693	739	95	89	93
Virginia	3,220	3,079	3,176	11,340	11,667	12,359	797	770	817
Washington	7,687	8,146	8,535	NA	NA	NA	NA	NA	NA
West Virginia	1,255	1,246	1,320	1,796	1,797	1,905	242	234	202
Wisconsin	4,410	4,639	4,811	7,497	7,240	7,515	925	1,065	1,100
Wyoming	481	505	521	NA	NA	NA	NA	NA	NA
Total* **	**$218,934**	**$229,083**	**$239,479**	**$309,500**	**$312,725**	**$328,525**	**$45,696**	**$46,381**	**$47,134**

*NOTES: NA indicates data are not available because, in most cases, these states do not have that type of tax. *See Notes to Table 18. on page 44. **Unless otherwise noted, fiscal 2013 figures reflect actual tax collections, 2014 figures reflect estimated tax collections estimates, and fiscal 2015 figures reflect the estimates used in recommended budgets. ***Totals include only those states with data for all years.*

TABLE 19

Percentage Changes Comparison of Tax Collections in Fiscal 2013, Fiscal 2014, and Recommended Fiscal 2015**

	Sales Tax			Personal Income Tax			Corporate Income Tax		
State	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2013	Fiscal 2014	Fiscal 2015
Alabama	0.2%	2.2%	2.5%	6.3%	2.6%	3.5%	-7.9%	7.5%	3.1%
Alaska	NA	NA	NA	NA	NA	NA	-18.0	0.8	7.1
Arizona	5.1	5.5	5.8	9.9	6.3	7.4	2.2	-9.6	-4.1
Arkansas	0.6	2.8	1.1	8.6	-2.1	3.1	-1.0	2.6	1.8
California	9.8	11.9	5.0	20.4	-1.6	8.5	3.2	6.8	8.9
Colorado	5.7	6.3	5.3	11.7	0.7	8.5	30.8	12.9	7.9
Connecticut	1.7	6.0	1.1	4.9	3.5	5.2	3.6	9.8	-7.4
Delaware	NA	NA	NA	9.4	2.9	4.4	57.8	2.9	-19.5
Florida	5.7	6.9	5.1	NA	NA	NA	3.5	2.3	6.4
Georgia	-0.5	-4.2	4.1	7.7	2.7	5.9	35.0	2.4	3.7
Hawaii	9.1	-1.0	6.6	12.7	3.8	4.1	38.4	-35.9	6.5
Idaho	8.1	3.4	7.4	6.5	2.8	6.3	6.3	-2.5	6.6
Illinois	1.8	3.5	2.6	6.6	-1.4	-8.9	29.1	4.4	-7.4
Indiana	2.6	1.7	4.8	4.4	0.9	5.1	1.0	-3.2	-1.8
Iowa	1.7	4.2	4.3	12.4	-1.9	6.7	6.6	-0.8	2.3
Kansas	2.5	-3.3	3.0	0.8	-14.7	1.0	30.7	-3.0	5.6
Kentucky	-1.0	2.6	1.6	6.0	2.4	4.3	7.2	14.9	0.6
Louisiana	0.1	1.1	1.4	10.8	2.1	4.3	-10.1	-16.9	-4.0
Maine	0.7	11.6	7.0	6.1	-5.7	1.3	-25.9	-1.2	5.5
Maryland	0.7	1.4	5.4	8.1	3.3	6.6	26.6	-12.4	9.3
Massachusetts	2.1	6.5	5.8	7.7	3.0	6.1	2.9	11.7	-1.7
Michigan	2.9	2.7	3.6	19.5	2.1	4.0	-50.0	-47.0	25.7
Minnesota	1.8	6.7	4.0	13.0	5.6	5.5	22.6	4.7	2.3
Mississippi	3.0	3.1	3.8	10.8	1.1	4.1	3.7	23.2	3.2
Missouri	1.4	3.3	5.2	11.7	2.8	6.2	22.0	11.9	-4.9
Montana	3.3	9.7	2.9	16.6	-0.9	6.4	39.1	-13.5	0.6
Nebraska	2.6	2.4	3.3	15.3	-0.8	3.2	17.6	-7.5	3.1
Nevada	5.4	5.0	5.5	NA	NA	NA	NA	NA	NA
New Hampshire	NA	NA	NA	NA	NA	NA	10.8	-2.7	1.6
New Jersey	4.4	5.4	6.1	8.8	6.8	8.2	18.3	4.1	7.1
New Mexico	-1.2	3.7	7.0	7.9	-2.4	5.7	-4.9	4.4	3.6
New York	1.0	4.9	3.0	3.8	6.5	3.0	8.6	-4.2	-6.3
North Carolina	0.7	2.8	12.2	6.6	0.4	2.3	5.2	4.8	-14.2
North Dakota	1.0	-0.4	14.0	43.3	-24.2	-11.2	-5.8	14.9	-10.4
Ohio	4.4	8.9	7.8	12.7	-17.4	11.0	89.4	2.8	2.5
Oklahoma	3.9	2.8	4.0	6.7	3.2	0.2	31.5	-31.9	21.9
Oregon	NA	NA	NA	7.1	6.1	7.1	5.1	2.2	17.4
Pennsylvania	1.4	3.4	3.4	5.3	3.0	5.5	19.8	6.1	-0.4
Rhode Island	3.3	2.9	3.7	2.4	3.2	3.4	7.1	3.2	-1.5
South Carolina	4.0	2.0	3.3	9.7	1.9	3.9	65.4	-18.8	3.6
South Dakota	4.3	5.5	3.9	NA	NA	NA	NA	NA	NA
Tennessee	-4.2	3.7	3.5	-8.0	-1.0	1.5	-5.3	-1.4	4.4
Texas	7.2	3.5	3.3	NA	NA	NA	NA	NA	NA
Utah	2.1	2.5	3.6	16.0	-3.1	4.1	25.8	-13.8	4.5
Vermont	1.5	2.7	3.1	10.7	4.9	6.5	10.6	-6.1	3.8
Virginia	3.1	-4.4	3.1	6.9	2.9	5.9	-7.3	-3.4	6.1
Washington	6.4	6.0	4.8	NA	NA	NA	NA	NA	NA
West Virginia	3.2	-0.7	5.9	6.3	0.1	6.0	28.9	-3.6	-13.8
Wisconsin	2.8	5.2	3.7	6.5	-3.4	3.8	2.1	15.1	3.3
Wyoming	-3.4	5.0	3.2	NA	NA	NA	NA	NA	NA
Total*	**3.7%**	**4.6%**	**4.5%**	**10.2%**	**1.0%**	**5.1%**	**8.0%**	**1.5%**	**1.6%**

*NOTES: NA indicates data are not available because, in most cases, these states do not have that type of tax. ** Unless otherwise noted, fiscal 2013 figures reflect actual tax collections, 2014 figures reflect estimated tax collections estimates, and fiscal 2015 figures reflect the estimates used in recommended budgets. ***Totals include only those states with data for all years*

Recommended Fiscal 2015 Revenue Changes

With revenue conditions improving, governors recommended cutting taxes by $2.5 billion in fiscal 2015. Some tax cuts and increases were already enacted, particularly for states with biennial budgets for fiscal 2014 and 2015, with the revenue impact taking effect in fiscal 2015. Governors in eight states proposed net tax and fee increases, while governors in 15 states proposed net tax and fee decreases. States with the largest recommended tax and fee increases for fiscal 2015 include Delaware, Massachusetts and New Jersey, which took efforts to close corporate tax loopholes. States with the largest recommended (or recently enacted) tax and fee decreases for fiscal 2015 include Florida, Minnesota, New York, Ohio and Wisconsin. *(See Tables 20 and 21, Figure 3 and Appendix A-3)*

In addition to these tax and fee changes, states also proposed $440 million in new revenue measures. These measures enhance general fund revenue but do not affect taxpayer liability and may rely on enforcement of existing laws, additional audits and compliance efforts, and increasing fines for late filings. *(See Appendix A-4)*

In fiscal 2014, states enacted $2.1 billion in net tax and fee decreases, with the majority share of decreases occurring in Alaska, Arizona, Ohio and Texas. In fiscal 2014, 12 states enacted a net increase, and 23 states enacted net decreases in revenues. States also enacted a net decrease of $203 million in new revenue measures in fiscal 2014.

The largest portions of proposed net changes in fiscal 2015 are attributable to the personal income tax (-$2.4 billion), followed by fees (-$512 million). Governors proposed tax and fee increases for sales taxes ($190 million), corporate income ($130 million), cigarettes ($41 million), and motor fuel ($50 million).

Sales Taxes—Four states recommended sales tax increases and eight proposed decreases in their fiscal 2015 budgets. The result is a net revenue increase of $190 million. Much of this change is due to an increase in the sales tax rate in Ohio.

Personal Income Taxes—Two states proposed a personal income tax increase, while 12 states recommended decreases for a net decrease of $2.4 billion. Ohio phased in various tax decreases and Minnesota's proposed personal income tax reductions are tied to federal conformity.

Corporate Income Taxes—Five states recommended corporate income tax increases, while three proposed decreases in their fiscal 2015 budgets for a net increase of $130 million. Increases to corporate taxes in New Jersey, mostly through closing loopholes, and New York accounted for the majority of the net increase.

Cigarette and Tobacco Taxes—Three states, New Jersey, Ohio and Rhode Island proposed a cigarette tax increase for a net change of $41 million.

Motor Fuel Taxes—One state, Delaware, proposed an increase to the motor fuel tax for a net gain of $50 million. The proposal to increase the motor fuel tax also includes a provision to link the tax to inflation.

Other Taxes—Four states recommended other tax increases, while eight states proposed decreases in their fiscal 2015 budgets for a net decrease of $3.4 million. Increases in Ohio and Delaware accounted for a large share of the total increase and reductions in Minnesota and New York accounted for the decrease.

Fees—One state proposed a fee increase in their fiscal 2015 budget, and three states proposed a decrease for a net decrease of $512 million. A proposal by Florida's governor to decrease automobile fees and New York's governor to reduce a utility assessment represented the majority of the net decrease in state fees.

TABLE 20

Enacted State Revenue Changes, Fiscal 1980 to Fiscal 2013 and Proposed State Revenue Actions, Fiscal 2015

Fiscal Year	Revenue Change (Billions)
2015	-$2.5
2014	-2.1
2013	6.9
2012	-0.6
2011	6.2
2010	23.9
2009	1.5
2008	4.5
2007	-2.1
2006	2.5
2005	3.5
2004	9.6
2003	8.3
2002	0.3
2001	-5.8
2000	-5.2
1999	-7.0
1998	-4.6
1997	-4.1
1996	-3.8
1995	-2.6
1994	3.0
1993	3.0
1992	15.0
1991	10.3
1990	4.9
1989	0.8
1988	6.0
1987	0.6
1986	-1.1
1985	0.9
1984	10.1
1983	3.5
1982	3.8
1981	0.4
1980	-2.0

SOURCES: Advisory Commission on Intergovernmental Relations, Significant Features of Fiscal Federalism,1985-86 edition, page 77, based on data from the Tax Foundation and the National Conference of State Legislatures. Fiscal 1988–2015 data provided by the National Association of State Budget Officers.

FIGURE 3:

Annual Enacted State Revenue Changes, Fiscal 1980 to Fiscal 2014 and Proposed State Revenue Actions, Fiscal 2015 (Billions)

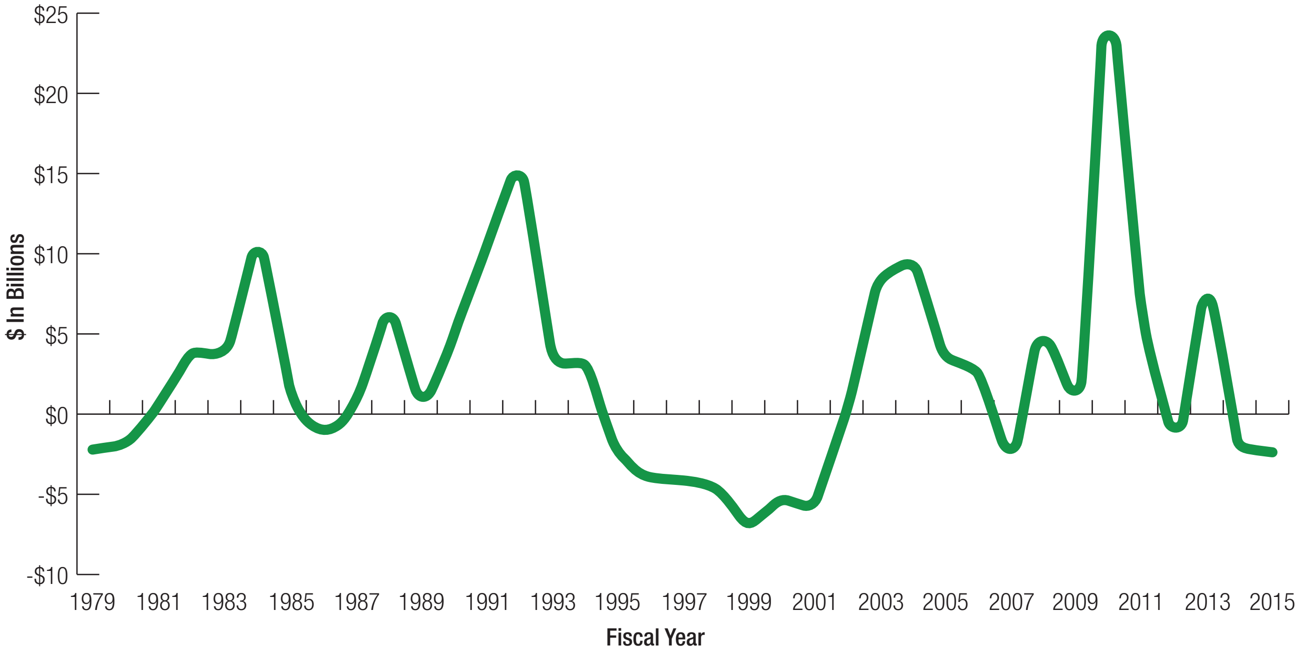


TABLE 21

Recommended Fiscal 2015 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	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Alaska									0.0
Arizona	-17.0								-17.0
Arkansas	-25.5	-55.7					-4.0		-85.2
California									0.0
Colorado									0.0
Connecticut	-16.5	-26.1					-8.7	-0.2	-51.5
Delaware					50.0		51.0		101.0
Florida	-164.9		-8.8				-29.8	-312.5	-516.0
Georgia									0.0
Hawaii									0.0
Idaho							-30.0		-30.0
Illinois									0.0
Indiana*	12.7	-79.7	-9.9						-76.9
Iowa		-10.0							-10.0
Kansas									0.0
Kentucky									0.0
Louisiana									0.0
Maine		2.7	1.1						3.8
Maryland							-6.5		-6.5
Massachusetts	67.8		29.4				10.7		107.9
Michigan									0.0
Minnesota	-225.0	-258.9					-37.1		-521.0
Mississippi									0.0
Missouri									0.0
Montana									0.0
Nebraska									0.0
Nevada									0.0
New Hampshire									0.0
New Jersey	98.0	18.0	89.0	35.0					240.0
New Mexico									0.0
New York	-2.0	-325.0	53.0				-33.0	-200.0	-507.0
North Carolina									0.0
North Dakota	-2.4	-103.5	-25.0				-1.5		-132.4
Ohio	469.0	-1396.3		5.0			82.5		-839.8
Oklahoma		-47.4							-47.4
Oregon									0.0
Pennsylvania									0.0
Rhode Island				0.8					0.8
South Carolina		-26.7							-26.7
South Dakota									0.0
Tennessee									0.0
Texas									0.0
Utah									0.0
Vermont		-0.3						0.9	0.6
Virginia									0.0
Washington							3.0		3.0
West Virginia			1.0						1.0
Wisconsin	-4.4	-100.3							-104.7
Wyoming									0.0
Total	**$189.8**	**-$2,409.2**	**$129.8**	**$40.8**	**$50.0**	**$0.0**	**-$3.4**	**-$511.8**	**-$2,514.0**

*NOTE: **See Appendix Table A-3 for details on specific revenue changes. *See Notes to Table 21 on page 44.*

CHAPTER 2 NOTES

Notes to Table 17:
Fiscal 2014 Tax Collections Compared With Projections Used in Adopting Fiscal 2014 Budgets

Colorado The current projection for FY 2013-14 (March 2014) is higher now than it was projected originally in the March 2013 OSPB forecast. The most recent projection (March 2014) for FY 2013-14 is still on-target, pending the June 2014 forecast or other legislative measures.

North Carolina Formal revised estimates will be in Governor's Recommended Budget in mid-May.

Notes to Table 18
Comparison of Tax Collections in Fiscal 2013, Fiscal 2014, and Recommended Fiscal 2015

Maryland Actual collections in fiscal 2013 includes Budget Restoration Funds.

Nebraska General Fund tax receipts growth rates are impacted in FY 2014 by two factors resulting in slower nominal growth than would otherwise occur. First, about $60 million of sales tax revenue (the amount of revenue equivalent to 1/4 of 1% of the sales tax rate) is redirected from the General Fund to a separate fund to be used for highway construction projects pursuant to passage of a bill during the 2012 legislative session. Second, FY 2013 included an extraordinary one-time increase in personal income tax revenue due to taxpayers choosing to push capital gains income into the 2012 tax year to avoid a possible federal capital gains tax rate increase.

North Carolina Reported fiscal 2015 figures were estimated at the time the FY13-15 Biennial Budget was adopted.

Tennessee Sales tax, personal income tax, and corporate income tax are shared with local governments. Corporate income tax includes franchise tax.

Notes to Table 21
Recommended Fiscal 2015 Revenue Actions by Type of Revenue and Net Increase or Decrease

Indiana The 3% individual income tax reduction and Financial Institutions Tax reduction were passed by the Indiana General Assembly in 2013 but not effective until 1/1/2015.

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 reserves) 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 when revenues do not meet expectations in the latter part of the fiscal year when budget cuts and revenue increases do not have enough time to take effect. In the wake of the financial crises, there have been calls by some organizations and academics to increase the standard size of budget reserves. 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. About three-fifths of the states have limits on the size of their budget reserve funds, ranging from 3 to 10 percent of appropriations.

Budget reserves reached a recent low in fiscal 2010 due to the severe decline in revenues and rise in expenditure demands tied to the recession. Since that time, states have made significant progress rebuilding budget reserves. In fiscal 2013, revenues far outpaced projections, leading to large ending balances at the end of the fiscal year. Total balances reached $73.5 billion, or 10.6 percent of general fund expenditures. This marked an all-time high for states in terms of actual dollars, though not as a percent of expenditures. Specifically, the number of states with total balances above 10.0 percent of expenditures increased from 19 in fiscal 2012 to 24 in fiscal 2013. By fiscal 2014, the number of states with balance levels above 10.0 percent declined, but states with balances between 5.0 and 9.9 percent increased. *(See Tables 23 and Figures 6, 7, and 8)* Total balance levels have also declined in fiscal 2014 at $63 billion, or 8.6 percent of general fund expenditures. And states project balances to decrease further in fiscal 2015 to $55.4 billion or 7.4 percent of general fund expenditures *(See Tables 24 and 25)*

Total Balances

Total balance levels at $55.4 billion or 7.4 percent of general fund expenditures in fiscal 2015 appears to reflect that budget reserves are fairly sufficient across states, but the totals are misleading. The balance levels for Alaska and Texas generally account for a large share of total state balances. In fiscal 2015, the balance levels for Alaska and Texas are projected to be $10.2 billion and $10.6 billion respectively. Combined, the two states are projected to account for 37.7 percent of total state balances in fiscal 2015. 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 other 48 states. If you remove Texas and Alaska from total balance levels, the remaining 48 states have average balance levels representing only 3.5 percent of expenditures for fiscal 2014 and 3.0 percent for fiscal 2015.

The view that total balance levels across all states are inflated due to the robust levels in two states is reinforced by the fact that in fiscal 2015, five states recommend balance levels below one percent of expenditures and 13 states estimate balance levels greater than one percent, but less than five percent. *(See Table 25)* 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 22

Total Year-End Balances, Fiscal 1979 to Fiscal 2015

Fiscal Year	Total Balance (Billions)	Total Balance (Percentage of Expenditures)
2015*	$55.4	7.4%
2014	63.0	8.6
2013	73.5	10.6
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**

*NOTE: *Figures for fiscal 2014 are estimated; figures for fiscal 2015 are based on recommended budgets.*

TABLE 23

Total Year-End Balances as a Percentage of Expenditures, Fiscal 2013 to Fiscal 2015

	Number of States		
Percentage	Fiscal 2013 (Actual)	Fiscal 2014 (Estimated)	Fiscal 2015 (Recommended)
Less than 1.0%	3	5	5
1.0% to 4.9%	11	13	13
5.0% to 9.9%	12	17	19
10% or more	24	15	13

NOTE: The total average for fiscal 2013 (actual) was 10.6 percent; the total average for fiscal 2014 (estimated) is 8.6 percent; and the total average for fiscal 2015 (recommended) is 7.4 percent.

FIGURE 4:
Total Year-End Balances Fiscal 1979 to Fiscal 2015 (Billions)

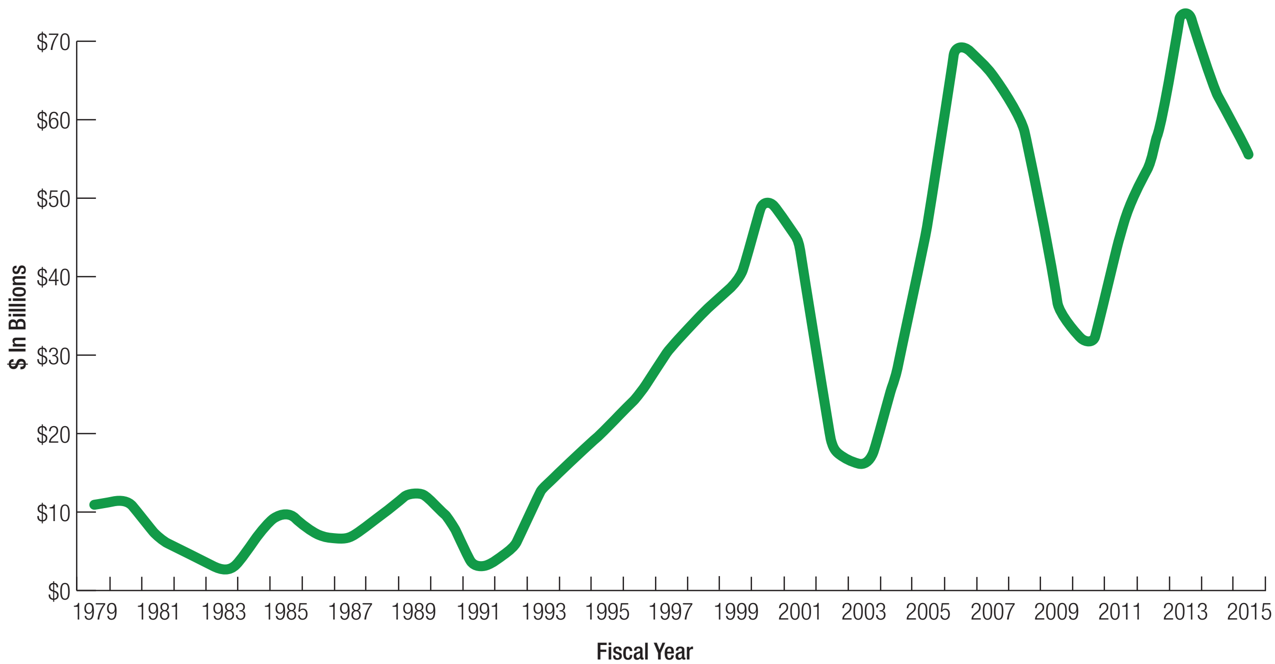
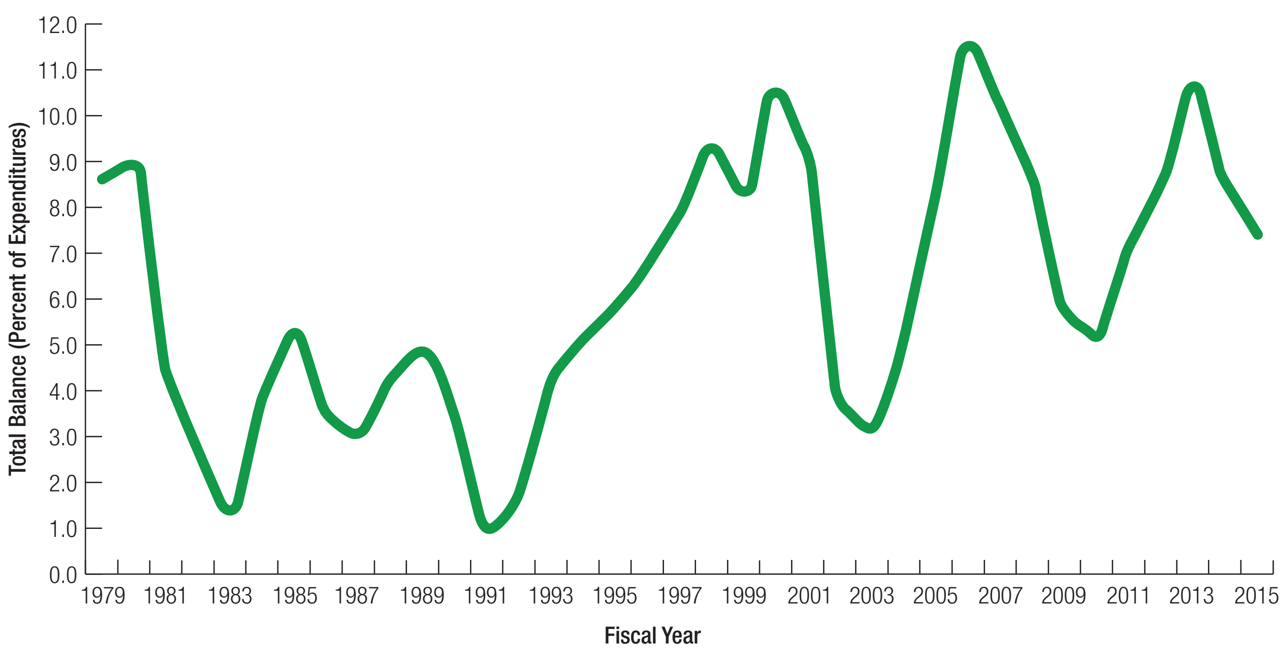


FIGURE 5:
Total Year-End Balances as a Percentage of Expenditures Fiscal 1979 to Fiscal 2015



Changing Balance Levels 2013, 2014, 2015

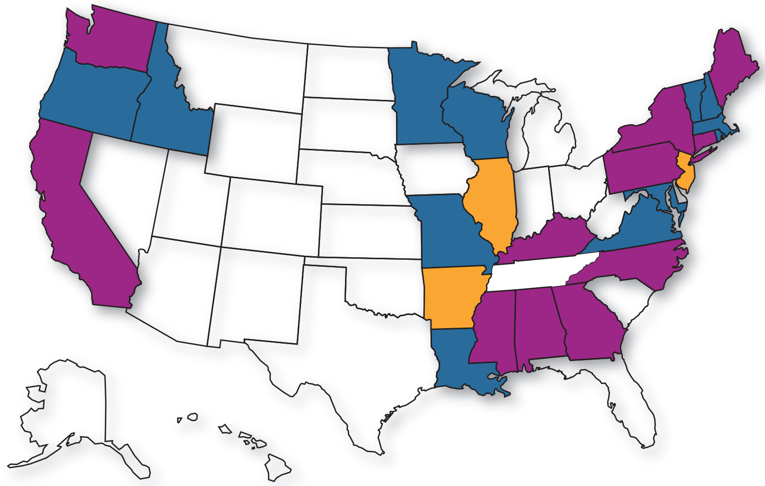


FIGURE 6:
Total State Balance Levels 2013

- Less than 1 percent (3)
- Greater than 1 percent but less than 5 percent (11)
- Greater than 5 percent but less than 10 percent (12)
- Greater than 10 percent (24)

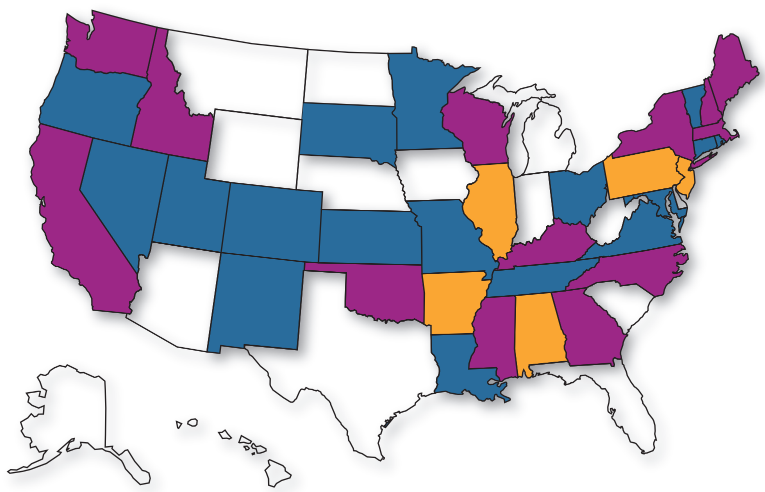


FIGURE 7:
Total State Balance Levels 2014

- Less than 1 percent (5)
- Greater than 1 percent but less than 5 percent (13)
- Greater than 5 percent but less than 10 percent (17)
- Greater than 10 percent (15)

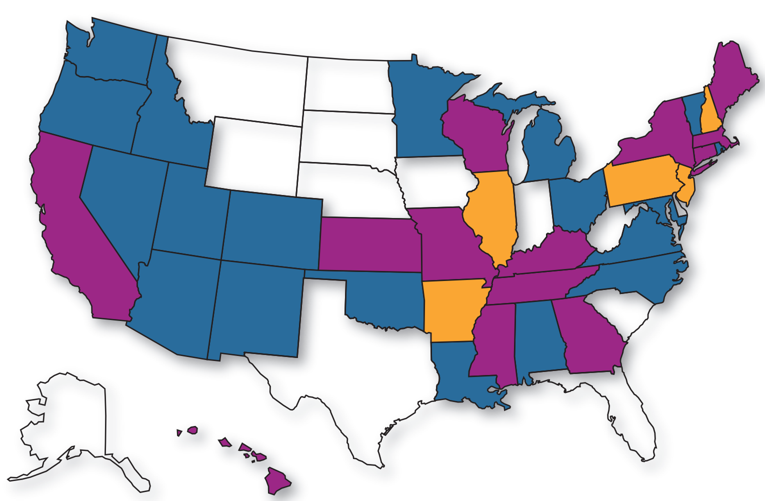


FIGURE 8:
Total State Balance Levels 2015

- Less than 1 percent (5)
- Greater than 1 percent but less than 5 percent (13)
- Greater than 5 percent but less than 10 percent (19)
- Greater than 10 percent (13)

TABLE 24

Total Balances and Total Balances as a Percentage of Expenditures, Fiscal 2013 to Fiscal 2015

	Total Balances ($ in Millions)**			Total Balances as a Percent of Expenditures		
State	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2013	Fiscal 2014	Fiscal 2015
Alabama*	$304	$29	$546	4.2%	0.4%	7.0%
Alaska	16,198	12,933	10,234	208.1	175.8	182.8
Arizona	1,350	1,132	754	15.9	12.9	8.1
Arkansas	0	0	0	0.0	0.0	0.0
California***	2,528	4,212	1,922	2.6	4.3	1.8
Colorado***	1,446	482	636	18.3	5.5	6.9
Connecticut	669	1,281	820	3.5	7.5	4.7
Delaware***	636	571	492	17.4	15.1	12.4
Florida	3,601	3,130	3,205	14.6	11.4	11.5
Georgia	761	761	761	4.2	4.0	3.9
Hawaii	868	669	282	15.3	10.5	4.1
Idaho	215	138	222	8.0	4.9	7.7
Illinois	154	154	154	0.5	0.5	0.5
Indiana	1,943	2,016	1,879	13.6	13.9	12.6
Iowa	1,539	1,532	1,421	24.0	23.6	20.3
Kansas	709	531	248	11.6	8.8	4.0
Kentucky	244	168	168	2.6	1.7	1.7
Louisiana	605	444	469	7.2	5.3	5.4
Maine	68	72	61	2.2	2.3	1.9
Maryland	1,202	848	837	8.0	5.4	5.1
Massachusetts***	1,874	1,422	1,358	5.5	3.9	3.7
Michigan	1,692	1,058	822	19.1	11.1	8.4
Minnesota***	1,712	1,578	1,490	9.1	8.1	7.6
Mississippi	102	82	225	2.2	1.6	4.2
Missouri	699	513	378	8.7	5.9	4.2
Montana	538	386	354	26.9	17.5	16.3
Nebraska	1,199	999	1,009	33.4	26.0	24.9
Nevada	385	296	262	11.7	9.0	7.8
New Hampshire***	82	51	9	6.5	3.9	0.7
New Jersey	310	301	312	1.0	0.9	0.9
New Mexico***	651	415	449	11.2	6.9	7.2
New York***	1,610	1,803	1,743	2.7	2.9	2.7
North Carolina	1,002	975	1,130	5.0	4.7	5.4
North Dakota	1,980	1,416	1,041	84.1	42.1	32.8
Ohio	3,121	1,765	1,669	11.2	5.6	5.3
Oklahoma	667	227	520	10.6	3.5	8.3
Oregon	540	517	506	8.0	6.8	6.1
Pennsylvania	541	216	27	2.0	0.8	0.1
Rhode Island	276	245	179	8.6	7.3	5.2
South Carolina***	1,046	986	831	16.9	15.7	12.9
South Dakota	159	139	139	12.3	9.6	10.0
Tennessee	1,156	712	497	10.1	5.7	3.9
Texas	11,676	10,332	10,634	28.6	21.7	21.9
Utah	522	400	408	10.2	7.4	7.2
Vermont	74	75	77	5.6	5.4	5.3
Virginia	1,320	1,226	992	7.7	6.9	5.3
Washington	438	685	898	2.8	4.3	5.4
West Virginia	1,427	1,379	1,249	33.4	32.7	29.1
Wisconsin	759	724	165	5.3	4.8	1.0
Wyoming	927	926	890	51.8	51.8	50.4
Total **	**$73,524**	**$62,951**	**$55,373**	**10.6%**	**8.6%**	**7.4%**

*NOTES: NA indicates data not available. Fiscal 2013 are actual figures, fiscal 2014 are estimated figures, and fiscal 2015 are recommended figures. *See Notes to Table 24 on page 52. **Total balances include both the ending balance and Rainy Day Funds. ***In these states, ending balance includes Rainy Day Fund.*

TABLE 25

Rainy Day Fund Balances and Rainy Day Fund Balances as a Percentage of Expenditures, Fiscal 2013 to Fiscal 2015

	Rainy Day Fund Balances ($ in Millions)**			Rainy Day Fund Balances as a Percent of Expenditures		
State	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2013	Fiscal 2014	Fiscal 2015
Alabama	$14	$410	$437	0.2%	5.5%	5.6%
Alaska	16,332	15,033	11,371	209.9	204.4	203.1
Arizona	454	456	510	5.4	5.2	5.5
Arkansas	0	0	0	0.0	0.0	0.0
California	1,573	3,257	2,558	1.6	3.3	2.4
Colorado	373	421	561	4.7	4.8	6.1
Connecticut	271	776	798	1.4	4.5	4.6
Delaware	199	202	209	5.4	5.3	5.3
Florida	709	925	1,139	2.9	3.4	4.1
Georgia*	717	NA	NA	3.9	NA	NA
Hawaii	24	83	141	0.4	1.3	2.1
Idaho	135	138	173	5.0	4.9	6.0
Illinois	0	0	0	0.0	0.0	0.0
Indiana*	515	918	1,071	3.6	6.3	7.2
Iowa	611	650	697	9.5	10.0	10.0
Kansas*	0	0	0	0.0	0.0	0.0
Kentucky	122	98	98	1.3	1.0	1.0
Louisiana	444	444	469	5.3	5.3	5.4
Maine	60	60	60	1.9	1.9	1.9
Maryland	700	763	800	4.6	4.9	4.9
Massachusetts	1,557	1,388	1,322	4.6	3.8	3.6
Michigan	505	580	822	5.7	6.1	8.4
Minnesota	657	661	661	3.5	3.4	3.4
Mississippi	48	32	171	1.0	0.6	3.2
Missouri	252	277	278	3.1	3.2	3.1
Montana	0	0	0	0.0	0.0	0.0
Nebraska	384	674	720	10.7	17.6	17.8
Nevada	85	28	0	2.6	0.9	0.0
New Hampshire	9	9	9	0.7	0.7	0.7
New Jersey	0	0	0	0.0	0.0	0.0
New Mexico	651	415	449	11.2	6.9	7.2
New York	1,306	1,306	1,306	2.2	2.1	2.1
North Carolina	651	651	651	3.2	3.2	3.1
North Dakota	584	584	584	24.8	17.4	18.4
Ohio	482	1,478	1,478	1.7	4.7	4.7
Oklahoma*	535	NA	NA	8.5	NA	NA
Oregon	69	211	387	1.0	2.8	4.7
Pennsylvania	0	0	7	0.0	0.0	0.0
Rhode Island	172	177	178	5.3	5.3	5.2
South Carolina	394	410	447	6.4	6.6	6.9
South Dakota	135	139	139	10.4	9.6	10.0
Tennessee	356	456	496	3.1	3.6	3.9
Texas	6,170	6,656	8,070	15.1	14.0	16.6
Utah	400	400	401	7.8	7.4	7.1
Vermont	74	75	77	5.6	5.4	5.3
Virginia	440	689	949	2.6	3.9	5.0
Washington	270	413	582	1.7	2.6	3.5
West Virginia	915	922	822	21.4	21.9	19.2
Wisconsin	0	0	0	0.0	0.0	0.0
Wyoming	927	926	890	51.8	51.8	50.4
Total	**$41,282**	**$44,188**	**$42,991**	**5.9%**	**6.1%**	**5.7%**

*NOTES: NA indicates data not available. Fiscal 2013 are actual figures, fiscal 2014 are estimated figures, and fiscal 2015 are recommended figures. *See Notes to Table 25 on page 52.*

CHAPTER 3 NOTES

Notes to Table 24
Total Balances and Total Balances as a Percentage of Expenditures, Fiscal 2013 to Fiscal 2015

Alabama Fiscal 2013 total balance includes the rainy day fund.

Notes to Table 25
Rainy Day Fund Balances and Rainy Day Fund Balances as a Percentage of Expenditures, Fiscal 2013 to Fiscal 2015

Georgia Georgia does not project future Rainy Day fund balances, but expects the reserve to continue to grow in future years.

Indiana The FY13 Rainy Day Fund balance reflects $370.1M in the Counter-Cyclical Revenue and Economic Stabilization Fund and $145M in the Medicaid Contingency and Reserve Account. The FY14 Rainy Day Fund balance reflects $373.1M in the Counter-Cyclical Revenue and Economic Stabilization Fund, $395M in the Medicaid Contingency and Reserve Account, and $150M in the State Tuition Reserve Fund. The FY15 Rainy Day Fund balance reflects $376.1M in the Counter-Cyclical Revenue and Economic Stabilization Fund, $395M in the Medicaid Contingency and Reserve Account, and $300M in the State Tuition Reserve Fund.

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

MEDICAID OUTLOOK

CHAPTER FOUR

Overview

Medicaid, a means-tested entitlement program financed by the states and the federal government, provides comprehensive and long-term medical care for over 65 million low-income individuals. Medicaid is estimated to account for about 24.4 percent of total state spending from all fund sources in fiscal 2013, the single largest portion of total state expenditures and 19.0 percent of general fund expenditures according to NASBO's 2013 *State Expenditure Report*. The following sections look at Medicaid spending and enrollment, cost containment and investment proposals, and changes attributable to the *Affordable Care Act*.

Affordable Care Act. The Supreme Court's ruling in June 2012 upheld the constitutionality of the Affordable Care Act and affected states by making the expansion of Medicaid effectively a state option. The Supreme 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. Beginning January 1, 2014, state Medicaid programs had the option to expand to cover non-pregnant, non-elderly individuals with incomes up to 138 percent federal of the poverty level. The cost for those newly eligible for coverage are fully federally funded in calendar years 2014, 2015, and 2016 with federal financing phasing down to 90 percent by 2020 and beyond. As of March 2014, 26 states and the District of Columbia have expanded Medicaid and a number of other states are debating the issue.

Medicaid Growth Rates

Total Medicaid spending increased by 4.2 percent in fiscal 2013 with state funds growing by 4.6 percent and federal funds growing by 4.2 percent. For fiscal 2014, total Medicaid spending is estimated to grow by 13.0 percent with state funds increasing by 5.9 percent and federal funds increasing by 18.3 percent.

Governors' recommended budgets for fiscal 2015 assume an increase in Medicaid spending of 7.6 percent in total funds with state funds increasing by 5.8 percent and federal funds increasing by 10.2 percent. *(See Table 26)* The projected growth rates in fiscal 2014 and in fiscal 2015 reflect both the *Affordable Care Act*'s Medicaid expansion option that began on January 1, 2014, in addition to ongoing program spending. The rate of growth in federal funds exceeds the state fund growth rates since costs for those newly eligible for coverage are fully federally funded in calendar years 2014, 2015, and 2016 with federal financing phasing down to 90 percent by 2020 and beyond. Increased participation among those currently eligible is funded at a state's regular Medicaid matching rate.

Medicaid Enrollment

Medicaid enrollment increased by 2.1 percent during fiscal 2013 and is estimated to increase by 6.9 percent in fiscal 2014. In executive budgets for fiscal 2015, Medicaid enrollment would rise by an additional 8.9 percent, as shown in *Table 27*. This reflects both the impact from the *Affordable Care Act* including increased enrollment in states that have implemented the Medicaid expansion that began in January 1, 2014, as well as increased participation among those currently eligible in both states that did and did not implement the expansion. Medicaid enrollment is estimated to grow by 18.9 percent over the fiscal 2013 through fiscal 2015 period.

Among states expanding Medicaid, enrollment in Medicaid and the Children's Health Insurance Program grew 12.9 percent since the July-September 2013 baseline period, according to the Centers for Medicare and Medicaid Services (CMS) May 2014 enrollment report. States not expanding Medicaid reported a 2.6 percent increase over the same period. The implementation of the *Affordable Care Act* will greatly increase the individuals served in the Medicaid program in 2014 and thereafter. According to the Centers for Medicare and Medicaid Services' Office of the Actuary, the *Affordable Care Act*'s Medicaid eligibility expansion option will add an estimated 5.8 million individuals in fiscal 2014 and approximately 18.4 million individuals by 2022.

Medicaid Actions

Trends in state actions in Medicaid varied with 26 states increasing payments to providers in fiscal 2014. More states either increased provider reimbursement rates than reduced or froze rates in fiscal 2014. Similarly for governors' proposed budgets in fiscal 2015, 22 states propose increasing rates while seven states propose reducing rates and five states propose freezing rates. *(See Tables 28 and 29)* This is a reflection of an improved economy as well as policies to increase reimbursement rates for certain primary care providers.

The expansion of managed care in 20 states followed by instituting new or enhanced program integrity efforts in 19 states are other significant trends in fiscal 2014. Other Medicaid actions in fiscal 2014 include expanding home and community based care (15 states), restoring or expanding benefits (14 states), and reducing costs of prescription drugs (11 states).

In governors' proposed budgets for fiscal 2015, similar trends occur with 23 states expanding home and community based care, 22 states expanding managed care, 15 states expanding or restoring benefits, and 15 states increasing the use of program integrity efforts. In contrast to previous years and especially with the end of the enhanced match, state actions are aimed at controlling costs, selectively increasing payments and benefits, and changing delivery methods to improve care. The proportion of Medicaid benefits through a managed care plan is expected to increase with both the coverage of newly eligible enrollees and the expanded use of managed care to cover aged and disabled enrollees and long-term care services. States have also been moving more in the direction of home- and community-based care away from institutional care settings, a trend that is expected to continue in the future.

Additional Resources for Medicaid. Some states have increased or plan to increase resources for Medicaid mostly from provider taxes or fees as shown in *Tables 30 and 31*. For fiscal 2014, eight states have raised or plan to raise provider taxes or fees while two states have plans to raise provider taxes or fees in governors' proposed budgets for fiscal 2015. Additionally, some states are anticipating additional resources for Medicaid through various means including participation in federal programs such as the balancing incentive program and community choice, carry- forward funds, an increase in claims assessments, and intergovernmental transfers.

Challenges and Opportunities of the Affordable Care Act. There are many challenges and opportunities ahead as states move forward with implementation of the *Affordable Care Act*. Some of the most significant challenges for states include upgrading current Medicaid eligibility systems and integrating with health insurance exchanges, and accommodating the significant number of new enrollees under Medicaid. Opportunities include the increased federal match for Medicaid eligibility systems, reducing the numbers of uninsured individuals, reducing premiums for individuals and small businesses, lowering uncompensated care costs, modernizing business processes, and new options for payment and delivery of health care.

Long-Term Health Care Spending. Medicaid spending, similar to health care spending, has historically increased faster than the economy as a whole. The Centers for Medicare and Medicaid Services' (CMS) Office of the Actuary (OACT) released the *2013 Actuarial Report on the Financial Outlook for Medicaid*. The projected annual average growth rate of Medicaid expenditures from 2013 to 2022 is projected to be 7.1 percent, notably faster than the projection of average annual GDP growth of 5.1 percent, according to the analysis.

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

The Temporary Assistance for Needy Families (TANF) program was reauthorized under the *Deficit Reduction Act* in February 2006. The TANF block grant is funded at $16.6 billion each year and is currently funded under a continuing resolution through September 30, 2014. 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.

Since welfare reform was initially passed in 1996, states have focused on providing supportive services for families to achieve self-sufficiency rather than cash assistance. States have wide flexibility under TANF to determine their own eligibility criteria, benefit levels, and the type of services and benefits available to TANF recipients. Since 1996, caseloads have declined significantly. The average monthly number of recipients fell from 12.8 million prior to the enactment of TANF to 4 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 programs. Cash assistance payments under TANF comprise approximately 29 percent of total TANF spending. For governors' recommended budgets for fiscal 2015, 45 states would maintain the same cash assistance benefit levels that were in effect in fiscal 2014. Five states propose increasing cash assistance benefit levels, ranging from 1.5 to 3.2 percent. *(See Table 32)*

TABLE 26

Annual Percentage Change in Medicaid Spending

State	Fiscal 2013 (Actual) State Funds	Fiscal 2013 (Actual) Federal Funds	Fiscal 2013 (Actual) Total Funds	Fiscal 2014 (Estimated) State Funds	Fiscal 2014 (Estimated) Federal Funds	Fiscal 2014 (Estimated) Total Funds	Fiscal 2015 (Recommended) State Funds	Fiscal 2015 (Recommended) Federal Funds	Fiscal 2015 (Recommended) Total Funds
Alabama	0.2	0.7	0.6	5.1	3.4	3.9	1.7	6.2	4.8
Alaska	7.9	4.3	5.8	9.9	-12.3	-2.9	4.4	30.4	17.9
Arizona	0.8	-0.4	-0.1	11.9	15.3	4.4	20.1	25.3	7.6
Arkansas	9.8	5.9	7.1	4.1	21.0	16.0	-5.9	22.9	15.3
California	7.0	8.0	8.0	9.0	54.0	36.0	8.0	5.0	6.0
Colorado	7.6	6.3	6.9	6.6	32.0	19.3	6.6	23.3	15.8
Connecticut	5.4	5.4	5.4	0.6	13.9	7.3	-12.9	11.2	-0.1
Delaware	1.4	8.0	4.9	5.4	14.6	10.3	2.0	11.0	7.0
Florida	-0.8	6.8	3.7	2.0	12.2	9.4	6.2	1.7	1.0
Georgia	4.8	5.2	5.0	4.5	-3.6	-0.9	3.4	6.6	5.5
Hawaii	1.3	4.4	2.9	6.9	14.6	11.0	7.5	6.8	7.1
Idaho	19.5	16.4	10.3	0.0	2.3	2.6	4.5	5.5	3.8
Illinois	18.4	23.1	20.7	3.6	26.5	15.2	-6.1	11.0	3.4
Indiana*	37.8	35.9	36.6	-11.0	0.2	-3.6	6.0	9.3	8.3
Iowa	29.0	3.0	4.0	4.0	11.0	2.0	5.0	20.0	0.0
Kansas	-1.7	-5.6	-4.0	12.3	16.6	14.8	1.1	-0.4	0.2
Kentucky	0.6	-3.9	-2.6	10.7	19.8	20.5	5.2	16.7	13.5
Louisiana	12.4	4.1	6.4	24.0	3.1	9.4	7.6	2.3	4.1
Maine	1.0	4.0	3.0	1.0	35.0	22.0	-3.0	-16.0	-12.0
Maryland	5.0	7.7	6.4	4.4	21.6	13.3	8.1	14.3	11.5
Massachusetts*	5.3	1.3	3.4	7.8	17.7	12.5	7.6	15.1	11.3
Michigan	1.3	0.7	0.5	-3.2	22.6	15.7	1.9	14.5	10.8
Minnesota	-2.0	-2.0	-2.0	11.0	22.0	16.0	5.0	20.0	13.0
Mississippi	4.5	0.2	1.3	9.8	6.5	7.4	5.8	3.4	4.0
Missouri	0.5	-0.2	0.2	6.7	11.5	9.2	-0.1	43.3	23.3
Montana	4.2	4.8	4.6	7.4	11.3	10.1	7.9	7.8	7.9
Nebraska	12.7	12.3	12.5	7.4	7.4	7.4	8.8	6.1	7.1
Nevada	-2.8	13.0	6.3	-2.9	29.2	16.7	9.1	24.8	19.7
New Hampshire	7.4	12.9	12.2	6.2	8.5	7.4	-1.6	-2.4	-2.1
New Jersey	2.2	4.5	3.4	1.4	38.1	20.4	11.2	19.0	15.8
New Mexico	1.8	0.7	1.0	2.3	12.4	9.4	0.3	22.4	16.3
New York	-1.6	-4.3	-2.2	3.9	6.4	5.0	3.2	9.0	4.9
North Carolina	8.7	-1.1	-12.6	-1.6	6.1	3.4	4.2	3.2	3.1
North Dakota	10.5	-1.1	3.8	14.1	12.7	13.4	7.5	31.0	20.2
Ohio	3.0	2.0	2.3	13.1	20.1	17.9	6.1	5.2	5.5
Oklahoma	9.7	3.5	4.6	-6.2	15.2	5.9	4.5	1.4	2.6
Oregon	12.0	-24.0	12.0	17.0	21.0	20.0	18.0	16.0	17.0
Pennsylvania	0.7	0.9	3.1	4.8	6.5	5.7	5.9	14.5	10.5
Rhode Island	1.8	-0.3	0.7	6.8	11.6	9.3	0.9	18.9	10.6
South Carolina	2.8	2.7	2.4	6.0	6.0	6.0	3.8	6.9	6.6
South Dakota	10.2	2.6	5.4	2.8	11.9	8.4	12.0	2.1	5.7
Tennessee	-0.4	1.9	0.7	16.3	7.0	7.2	3.4	0.7	1.9
Texas	-3.3	5.5	1.9	7.4	6.4	6.8	12.2	7.0	9.1
Utah	6.0	6.4	6.3	-4.4	-3.5	0.8	6.6	3.8	4.7
Vermont	14.2	7.5	10.3	-3.0	7.1	2.8	6.1	8.0	7.2
Virginia	8.7	8.7	8.7	4.2	7.6	5.9	8.1	4.6	6.3
Washington	-7.4	0.0	-3.6	2.6	36.7	21.0	-1.0	23.1	13.7
West Virginia	11.1	8.1	8.9	5.7	21.0	16.7	1.9	4.3	3.7
Wisconsin	2.6	0.7	1.5	14.1	2.4	11.5	23.2	9.0	18.2
Wyoming	5.9	4.0	5.0	-0.6	4.5	2.1	5.5	6.8	6.2
Average**	**4.6**	**4.2**	**4.2**	**5.9**	**18.3**	**13.0**	**5.8**	**10.2**	**7.6**

*NOTES: NA indicates data not available *See Notes to Table 26 on page 63. **Average percent changes are weighted averages.*

TABLE 27

Percentage Change in Medicaid Enrollment

State	FY 2013 Actual	FY 2014 Estimated	FY 2015 Recomended
Alabama	-1.4	4.1	4.5
Alaska	0.5	1.1	2.5
Arizona	-4.9	15.4	16.3
Arkansas	0.3	17.0	6.0
California	3.4	16.2	10.2
Colorado	10.2	22.8	18.9
Connecticut	5.1	8.0	8.0
Delaware	2.7	4.8	13.6
Florida	5.5	3.3	6.0
Georgia	3.0	0.5	8.7
Hawaii	1.6	3.6	3.6
Idaho	3.2	2.6	2.4
Illinois*	-0.1	6.3	9.1
Indiana	1.9	7.2	12.3
Iowa	2.0	1.0	1.0
Kansas	2.4	1.7	2.4
Kentucky	0.2	20.2	2.0
Louisiana	1.4	0.9	0.9
Maine	-4.5	-4.3	NA
Maryland	5.6	5.6	7.8
Massachusetts*	3.9	9.0	9.9
Michigan	-1.1	1.0	1.3
Minnesota	1.0	9.0	24.0
Mississippi	0.4	3.8	4.0
Missouri	-1.6	0.4	31.0
Montana	4.7	3.8	3.0
Nebraska	1.3	3.7	3.7
Nevada	3.6	20.0	25.7
New Hampshire	0.0	1.7	0.0
New Jersey	1.2	3.9	24.0
New Mexico	1.3	15.4	5.8
New York	4.2	5.2	6.3
North Carolina	3.2	2.3	3.0
North Dakota	-0.4	9.7	22.7
Ohio	7.5	6.1	4.3
Oklahoma	3.3	3.1	4.1
Oregon	2.3	17.0	20.1
Pennsylvania	-2.6	2.4	3.9
Rhode Island	1.2	3.4	1.1
South Carolina	8.2	6.6	8.3
South Dakota	0.0	0.0	1.5
Tennessee	-1.1	0.0	5.8
Texas	0.0	4.2	15.8
Utah	4.5	6.4	14.3
Vermont	0.9	0.8	0.8
Virginia	3.8	-0.2	-0.9
Washington	0.7	7.3	13.4
West Virginia	-1.0	22.5	4.5
Wisconsin	1.2	-0.5	0.2
Wyoming	0.0	2.0	10.0
Average**	**2.1**	**6.9**	**8.9**

*NOTES: NA indicates data not available *See Notes to Table 27 on page 63. ** Average percent changes are weighted averages.*

TABLE 28
Fiscal 2014 Budget Actions in Medicaid

State	Reduce Provider Payments	Freeze Provider Payments	Increase Provider Payments	Eliminate Benefits	Limit Benefits	Expand or Restore Benefits	Limit Prescription Drugs	Other Efforts to Cut Costs for Prescription Drugs	Expand Managed Care
Alabama	X					X	X	X	
Alaska			X						
Arizona		X							
Arkansas*									
California	X	X	X			X			X
Colorado*			X			X		X	X
Connecticut	X		X					X	
Delaware		X						X	
Florida	X			X	X				X
Georgia	X		X		X	X	X	X	X
Hawaii									
Idaho			X						
Illinois			X			X			X
Indiana			X						
Iowa			X						X
Kansas						X			X
Kentucky									
Louisiana*	X		X			X			X
Maine*									
Maryland*		X	X		X		X	X	
Massachusetts			X			X			X
Michigan									
Minnesota*	X			X			X		
Mississippi			X						
Missouri			X						
Montana*			X			X			X
Nebraska*			X						
Nevada			X						X
New Hampshire									X
New Jersey									
New Mexico*									X
New York									
North Carolina	X	X			X			X	
North Dakota									
Ohio*	X		X					X	X
Oklahoma			X						
Oregon			X						X
Pennsylvania			X						
Rhode Island*									
South Carolina						X			X
South Dakota			X						
Tennessee*							X		
Texas	X		X		X	X		X	X
Utah			X			X			X
Vermont			X						
Virginia									
Washington*			X			X		X	X
West Virginia*									
Wisconsin						X		X	X
Wyoming									
Total	**10**	**5**	**26**	**2**	**5**	**14**	**5**	**11**	**20**

*NOTES: *See Notes to Table 28 on page 63.*

Table 28 continues on next page.

TABLE 28 (CONTINUED)

Fiscal 2014 Budget Actions in Medicaid

State	Institute New or Higher Copayments	Reduce or Eliminate Copayments	Expand Home and Community-based Long-term Care	Expand Institutional	Restrict Institutional	Enhanced Program Integrity Efforts	Change Eligibility (Outside of Medicaid Expansion)	Other
Alabama	X					X		
Alaska						X		
Arizona								
Arkansas*								X
California						X		
Colorado*			X				X	
Connecticut			X			X		
Delaware								
Florida								
Georgia			X			X		
Hawaii								
Idaho						X		
Illinois			X			X		
Indiana								
Iowa						X		
Kansas			X					
Kentucky								
Louisiana*							X	X
Maine*								X
Maryland*			X			X		X
Massachusetts			X			X		
Michigan								
Minnesota*		X		X	X	X		
Mississippi			X					
Missouri						X		
Montana*			X				X	
Nebraska*							X	
Nevada								
New Hampshire								
New Jersey								
New Mexico*	X		X					X
New York								
North Carolina	X							
North Dakota								
Ohio*						X		
Oklahoma						X		
Oregon			X			X		
Pennsylvania			X			X		
Rhode Island*								X
South Carolina								
South Dakota								
Tennessee*	X					X		X
Texas						X		
Utah		X	X				X	
Vermont		X						
Virginia								
Washington*			X					
West Virginia*	X		X					
Wisconsin		X				X	X	
Wyoming								
Total	**5**	**4**	**15**	**1**	**1**	**19**	**6**	**7**

*NOTES: *See Notes to Table 28 on page 63.*

TABLE 29

Proposed Fiscal 2015 Budget Actions in Medicaid

State	Reduce Provider Payments	Freeze Provider Payments	Increase Provider Payments	Eliminate Benefits	Limit Benefits	Expand or Restore Benefits	Limit Prescription Drugs	Other Efforts to Cut Costs for Prescription Drugs	Expand Managed Care
Alabama			X			X	X	X	X
Alaska									
Arizona		X							
Arkansas*									
California	X	X	X	X	X	X		X	X
Colorado*			X			X		X	X
Connecticut			X						
Delaware									
Florida									X
Georgia			X						X
Hawaii						X			X
Idaho			X			X			
Illinois						X			X
Indiana									
Iowa									
Kansas						X			
Kentucky									
Louisiana*	X		X					X	X
Maine*			X						
Maryland*		X	X			X	X		
Massachusetts			X			X			X
Michigan*	X		X						
Minnesota*	X								X
Mississippi									
Missouri			X						
Montana*			X			X			X
Nebraska			X						
Nevada									
New Hampshire									X
New Jersey									X
New Mexico*			X						X
New York*								X	X
North Carolina									
North Dakota									
Ohio*									X
Oklahoma	X				X		X	X	X
Oregon			X						X
Pennsylvania*			X		X	X			
Rhode Island		X						X	X
South Carolina						X			
South Dakota			X						
Tennessee*	X		X		X			X	
Texas						X			
Utah			X						
Vermont			X						
Virginia	X	X							X
Washington*			X			X		X	X
West Virginia*									
Wisconsin						X			X
Wyoming*									
Total	**7**	**5**	**22**	**1**	**4**	**15**	**3**	**9**	**22**

*NOTES: *See Notes to Table 29 on page 64.*

Table 29 continues on next page.

TABLE 29 (CONTINUED)

Proposed Fiscal 2015 Budget Actions in Medicaid

State	Institute New or Higher Copayments	Reduce or Eliminate Copayments	Expand Home and Community-based Long-term Care	Expand Institutional	Restrict Institutional	Enhanced Program Integrity Efforts	Change Eligibility (Outside of Medicaid Expansion)	Other
Alabama	X					X		
Alaska								
Arizona								
Arkansas*								X
California						X	X	
Colorado*			X				X	
Connecticut			X			X		
Delaware			X					
Florida							X	
Georgia			X			X		
Hawaii			X			X		
Idaho								
Illinois			X					
Indiana			X					
Iowa								
Kansas			X					
Kentucky								
Louisiana*								X
Maine*						X		X
Maryland*			X			X		X
Massachusetts			X			X		
Michigan*								
Minnesota*				X				
Mississippi			X					
Missouri	X		X			X		
Montana*			X				X	
Nebraska								
Nevada								
New Hampshire								
New Jersey			X					
New Mexico*	X		X					X
New York*			X			X		X
North Carolina								
North Dakota								
Ohio*								
Oklahoma	X				X			
Oregon						X		
Pennsylvania*	X	X	X				X	X
Rhode Island	X					X		
South Carolina								
South Dakota								
Tennessee*	X					X	X	X
Texas			X					
Utah			X					
Vermont								
Virginia			X			X		
Washington*			X					
West Virginia*			X					
Wisconsin						X	X	
Wyoming*			X					
Total	**7**	**1**	**23**	**1**	**1**	**15**	**7**	**8**

*NOTES: *See Notes to Table 29 on page 64.*

TABLE 30

Fiscal 2014 Changes to Generate Additional Resources for Medicaid

State	Provider Tax/Fee	Tobacco Tax	Other
Alabama*			X
Arizona	X		
Arkansas*			X
California	X		
Illinois*	X		
Maryland	X		
Massachusetts*			X
Nebraska*			X
North Carolina*	X		
Oklahoma	X		
Pennsylvania*	X		
Texas*			X
Vermont*			X
Washington*	X		
Total	**8**	**0**	**6**

*NOTES: *See Notes to Table 30 on page 65.*

TABLE 31

Proposed Changes for Fiscal 2015 to Generate Additional Resources for Medicaid

State	Provider Tax/Fee	Tobacco Tax	Other
Alabama	X		
Alabama*			X
Arkansas*			X
Louisiana	X		
Massachusetts*			X
Minnesota*			
Nebraska*			X
New York*			X
Pennsylvania*			X
Utah*			X
Vermont*			X
Washington*	X		
Total	**2**	**0**	**8**

*NOTES: *See Notes to Table 31 on page 66.*

TABLE 32

Proposed Cost-of-Living Changes for Cash Assistance Benefit Levels Under the Temporary Assistance For Needy Families Block Grant, Fiscal 2015

	Provider Tax
Connecticut	1.5
Florida	3.2
Maryland	2.5
Nebraska*	
Ohio	2.1
South Dakota	3.0

*NOTES: *See Notes to Table 32 on page 66.*

CHAPTER 4 NOTES

Notes to Table 26
Annual Percentage Change in Medicaid Spending

Indiana The large increase seen for FY13 is the result of the implementation of the hospital assessment fee program that was used to increase reimbursement for hospitals.

Massachusetts FY14 and FY15 spending growth is primarily driven by expanded eligibility under ACA beginning January 1, 2014. Federal revenue growth in these fiscal years reflects the enhanced FMAP on the ACA expansion population.

Notes to Table 27:
Percentage Change in Medicaid Enrollment

Illinois Assumes ACA-related enrollment (newly eligible and current eligible) in FY14 and FY15. Absent that enrollment, Illinois' Medicaid population is estimated to remain relatively flat.

Massachusetts The FY14 and FY15 increases are primarily driven by expanded eligibility under ACA beginning January 1, 2014. Enrollment is measured in average member months. Average FY14 enrollment growth accounts for the fact that there is a half year of lower pre-ACA enrollment and a half year of higher post-ACA enrollment.

Notes to Table 28:
Fiscal 2014 Budget Actions in Medicaid

Arkansas Other—Payment Improvement Initiative/PCMH.

Colorado Change eligibility (outside of Medicaid expansion)—Continuous eligibility.

Louisiana Reduce provider payments—ACA primary care services rate: 01-01-13 to 12-31-14 - plan to remove enhance rate when it ends; Eliminate Hospital inpatient high Medicaid claims pool and UCC Community Hospital Psych Pool. Increase provider payments—Rural Hospitals (in accord with RH Preservation Act), Rebased Nursing Homes; FQHC/RHC MEI increase; FY14 ABA services, Therapies. Expand or restore benefits—Applied behavior analysis. Expand managed care—LaCHIP V to Managed Care; Dental Pre-paid Ambulatory Health Plan. Change eligibility outside Medicaid expansion—Eliminated Disability Medicaid; Reduced income eligibility/reduced asset limit/expanded definition of countable assets for Medicaid Purchase Plan; added Provisional Medicaid (similar to but more restrictive than Disability Medicaid). Realigned optional programs (Medicaid Purchase Plan, Disability Medicaid, Pregnant Women), but restored some of these like PW and heard that may have to restore Disability Medicaid too. Other—Nursing Home bed hold policy—pay 10% of per diem regardless of occupancy rate. LT-PCS savings from Electronic Visit Verification.

Maine Other—Change the timing of MaineCare payments, reduces MaineCare for health care savings, and reduces the wait list for developmental disability waivers.

Maryland Freeze provider payments—Provider increases have been limited.

Minnesota Reduce provider payments—Net rates increased so the reduced APS NF payments are inconsequential. Increase provider payments—4% HCBS. Expand or restore benefits—MNCARE inpatient cap, Doula. Reduce or eliminate copayments—MNCARE hospital copayments; significantly reduced premiums; Gov.= MA EPD.

Montana Increase provider payments—Provider rate increases. Expand or restore benefits—HIFA major depression. Expand managed care—Increase in passport providers. Expand home and community-based long-term care—Money follows the person and Community First Choice. Change eligibility (outside of Medicaid expansion)—HIFA major depression.

Nebraska	Change eligibility (outside of Medicaid expansion)—1/1/2014 change to modified adjusted gross income (MAGI) eligibility determination method.
New Mexico	Other—Implemented a Section 1115A demonstration waiver (2014-2018), known as Centennial Care, to integrate health care services (behavioral health, physical health and long term care services), develop robust care coordination, and reduce administrative complexity. Approved by CMS in July 2013.
Rhode Island	Other—50 percent reduction to appropriations for the special "ACA Transition Fund".
Tennessee	Other—Implementing policies and pricing strategies to reduce unnecessary and excessive costs.
Washington	Increase provider payments—Temp increase Primary Care Physician (PCP) rate. Expand or restore benefits—Shingles vaccine, Adult Dental, Mental Health Parity, Screening and Brief Interventional Treatment (SBIRT), Applied Behavioral Analysis. Expand manage care—Foster Children, Newly Eligible Adults. Expand home and community-based long-term care—ACA expansion will minimally increase caseloads using home and community-based long-term care.

Notes to Table 29: Proposed Fiscal 2015 Budget Actions in Medicaid

Arkansas	Other—Payment Improvement Initiative/PCMH.
Colorado	Change eligibility (outside of Medicaid expansion)—Continuous eligibility.
Louisiana	Reduce provider payments—NICU savings from elimination of <39 weeks deliveries; inpatient hospital savings from Nursing Home sub-acute rates; Hospital outpatient savings from triage rate for non-emergent use of emergency rooms. Increase provider payments—Increase Managed Care Per Member, Per Month for ACA Health Insurer Excise Tax 2.5%. Other efforts to cut costs for prescription drugs—Implementation of case management for high cost drugs. Expand managed care—Hospice. Other—LT-PCS savings from Electronic Visit Verification; change from prospective to retrospective managed care payments.
Maine	Other—Change the timing of MaineCare payments, reduces MaineCare for health care savings, and reduces the wait list for developmental disability waivers.
Maryland	Freeze provider payments—Provider increases are to be limited.
Michigan	Reduce provider payments—Eliminated one-time graduate education payment and rural access hospital payment. Increase provider payments—Affordable Care Act primary care rate increase. Restrict home and community-based long-term care—Home and community based waiver wait list investment.
Minnesota	Increase provider payments—4% HCBS. Reduce or eliminate copayments—MNCARE hospital copayments; significantly reduced premiums; Gov.= MA EPD.
Montana	Increase provider payments—Provider rate increases. Expand or restore benefits—HIFA major depression. Expand managed care—Increase in passport providers. Expand home and community-based long-term care—Money follows the person and Community First Choice. Change eligibility (outside of Medicaid expansion)—HIFA major depression.
New Mexico	Other—Implemented a Section 1115A demonstration waiver (2014-2018), known as Centennial Care, to integrate health care services (behavioral health, physical health and long term care services), develop robust care coordination, and reduce administrative complexity. Approved by CMS in July 2013.
New York	Other—Other proposed changes impacting the Medicaid program include: Vital Access Provider funding for long-term home health care providers, Authorization of supportive housing for high-cost, high-need Medicaid recipients, Efforts to help provider groups develop plans to reduce liabilities owed to the State, Elimination of the ability of non-applying spouses to refuse to contribute toward the cost of care for applicant spouses, Support for regional health planning, Support for the building and maintenance of an All Payer Database, and additional health-related initiatives.

Ohio Ohio budgets biennially. Therefore, All FY15 changes were proposed and enacted along with FY14 changes. Reduce provider payments—various. Mainly hospitals and managed care. Increase provider payments—Adult day svcs, PASSPORT rate, ICF waiver increase. Other efforts to cut costs for prescription drugs—E-prescribing. Expand managed care—ICDS. Enhanced program integrity efforts—Increased audits, including recovery.

Pennsylvania Change eligibility (outside of Medicaid expansion)—Healthy PA Medicaid Waiver for ACA—increase eligibility to 133% FPL, CHIP, and elimination of MAWD program. Other—Pennsylvania submitted the Healthy PA Medicaid Waiver to HHS on February 19, 2014. Delay MA MCO payments but keep prudent pay requirements.

Tennessee Other—Implementing policies and pricing strategies to reduce unnecessary and excessive costs.

Washington Increase provider payments—Temp increase Primary Care Physician (PCP) rate. Expand or restore benefits—Shingles vaccine, Adult Dental, Mental Health Parity, Screening and Brief Interventional Treatment (SBIRT), Applied Behavioral Analysis. Expand manage care—Foster Children, Newly Eligible Adults. Expand home and community-based long-term care—ACA expansion will minimally increase caseloads using home and community-based long-term care.

Wyoming Expand home and community-based long-term care—Reduce waiting list. Adopt/implement the Medicaid expansion under the Affordable Care Act (ACA)—Mandatory child expansion.

Notes to Table 30: Changes During Fiscal 2014 to Generate Additional Resources for Medicaid

Alabama Other—Effective October 1, 2013 converted from a Certified Public Expenditures funding model to an Intergovernmental Transfers funding methodology for public hospitals.

Arkansas Other—Private Option, Payment Improvement Initiative.

Illinois Provider tax/fee—Hospital outpatient assessment approved by federal CMS retroactive to June 2012.

Massachusetts Other—Balancing Incentive Program (BIP) - Massachusetts was designated as a BIP state in March 2014, which enables us to claim 2% enhanced FMAP on certain categories of LTSS spending. We are in the process of determining how these funds will be allocated, although all funds will go towards the purpose of expanding our LTSS system.

Nebraska Other—Supplemental Upper Payment Limit (UPL) for University of Nebraska Medical Center.

North Carolina Provider tax/fee—Hospital Provider Assessment modified the State's retention at 25.9% on the total assessment paid by hospitals.

Ohio Most financial effects for the ICDS will be felt in FY15.

Pennsylvania Provider tax/fee—Increased PA's share of Statewide Hospital assessment.

Texas Other—Added an IGT funded NF UPL program for non-state government owned NFs.

Vermont Other—Use of carryforward funds and an increase in the claims assessment.

Washington Provider tax/fee—Hospitals are charged an assessment based on non-Medicare inpatient days.

West Virginia Institute new or higher copayments—Expansion population co-payments. Expand home and community-based long-term care—MFP; waiver slot increases. Medicaid expansion on 1/1/2014.

Notes to Table 31:
Proposed Changes for Fiscal 2015 to Generate Additional Resources for Medicaid

Alabama Other—Effective October 1, 2013 converted from a Certified Public Expenditures funding model to an Intergovernmental Transfers funding methodology for public hospitals.

Arkansas Other—Private Option, Payment Improvement Initiative.

Massachusetts Other—Balancing Incentive Program (BIP)—Massachusetts was designated as a BIP state in March 2014, which enables us to claim 2% enhanced FMAP on certain categories of LTSS spending. We are in the process of determining how these funds will be allocated, although all funds will go towards the purpose of expanding our LTSS system.

Minnesota Enacted in the 2013 session and effective in FY15, MN elected into a community choice program available through the ACA that generated additional federal match on community-based long-term supports.

Nebraska Other—Supplemental Upper Payment Limit (UPL) for University of Nebraska Medical Center.

New York Other—The Children's Health Insurance Program Reauthorization Act of 2009 established performance bonuses to give States an incentive to support enrollment and retention of eligible children in Medicaid and to help defray the costs of associated with increasing enrollment of the lowest income children.

Pennsylvania Other—Assumes savings from Balancing Incentive Program through ACA; Assumes increase in Lottery Funds through legalizing KENO.

Utah Other—Proposed Medicaid expansion would provide additional federal resources.

Vermont Other—Use of carryforward funds and an increase in the claims assessment.

Washington Provider tax/fee—Hospitals are charged an assessment based on non-Medicare inpatient days.

West Virginia Expand home and community-based long-term care—MFP; waiver slot increases.

Notes to Table 32:
Proposed Cost-of-Living Changes for Cash Assistance Benefits Levels Under the Temporary Assistance for Needy Families Block Grant, Fiscal 2015

Nebraska No increase in the maximum grant an individual may receive has been enacted for FY2015. Per State Statute (sec. 43-513), Nebraska will not increase the maximum "standard of need" in FY2015. The next "standard of need" increase is due July 1, 2015 (FY2016).

OTHER STATE BUDGETING CHANGES

CHAPTER FIVE

Recommended Changes in State Aid to Local Governments, Fiscal 2015

Twenty-one states reported that recommended budgets contain changes in state aid to local governments in fiscal 2015. Recommended spending increases for local governments in fiscal 2015 target specific programs generally run by local governments including K-12 education, community and technical colleges, and infrastructure. A number of states are also considering proposals to increase state aid through changes in revenue sharing formulas or through property tax reform. Compared to prior years, fewer states have local government funding proposals tied to performance incentives or performance grants. Several states are also recommending increases in state dollars for local infrastructure, transportation or capital improvement programs. Although state aid to local governments is projected to increase in many states in fiscal 2015, local governments still face fiscal challenges. Revenues for local governments have not recovered to the same extent as state revenues, in part because property tax collections have not rebounded. Despite the recent rise in property valuations and widespread improvement in the housing market, property tax collections have yet to catch up with market advancements due to the lag time in assessments and payments. According to the National League of Cities, property tax collections were projected to slightly decline again in calendar year 2013 by 0.2 percent. For many local governments, finances are no longer deteriorating but progress is slow and expenditure pressures in areas such as employee health and retirement benefits continue to strain budgets. *(See Table 33)*

TABLE 33
Recommended Changes in Aid to Local Governments, Fiscal 2015

Alaska	A $1.726 billion direct appropriation to school district employers' and cities/boroughs/municipal employers' retirement systems. HB278 increases the base student allocation (BSA) in each of the next 3 year. The BSA is one of the variables in calculating the amount of state funding a school district receives. FY2015 BSA increases $85 = $21,063.6 million; FY2016 BSA increases another $58 = $14,365.8 million and FY2017 BSA increases another $58 = $14,365.8 million.
Colorado	For FY 2013-14, the General Assembly approved an additional distribution of $4.3 million to local governments to offset prior year reductions in the federal mineral lease allocations. For FY 2014-15 the Department of Local Affairs estimates that its funding for assistance to local governments will increase by $54,000. This increase includes $4,000 received from the Office of Economic Development and International Trade (OEDIT) to provide community assessments, and $50,000 cash funds to provide Geothermal Energy Impact grants to local governments impacted by the geothermal resource industry activity occurring in their respective communities. The Department also anticipates distributing up to $2.2 million of grant funding in FY 2014-15 for economic development infrastructure in Colorado's rural communiities. The Department of Local Affairs does not expect any financial impact to local government financial operations in FY 2015 due to state level changes.
California	The Governor's Budget proposes a one-time increase of $100 million for cities and counties to maintain local streets and roads. Chapter 24, Statutes of 2013 (AB 85), captures and redirects savings counties will experience from the implementation of federal health care reform effective January 1, 2014. Savings are estimated to be $300 million in 2013-14 and $900 million in 2014-15. The savings will be used to offset General Fund costs in the state's TANF program. Beginning January 1, 2014 and through June 30, 2014, counties will redirect a pro rata portion of their realignment funds up to $300 million. The Governor's proposed budget provides $6.2 billion to local school districts and community college districts to fully pay down cash deferrals in the 2014-15 fiscal year. This represents 100 percent of the total outstanding deferral balance in the 2013-14 enacted Budget. The Administration is proposing $7.5 million per year for a three-year pilot program to provide state funds to county assessors so they can more expeditiously enroll newly constructed property and property ownership changes, and thereby generate additional property tax revenue for affected taxing entities, including schools.
Connecticut	On an all appropriated funds basis, the Governor's recommended FY 15 budget increases aid to local government from FY 14 estimated expenditures by $73.8 million, or 2.4%. Among the most significant increases in local aid from FY 14 estimated expenditures to FY 15 recommended is a $58.0 million, or 2.2%, increase in education related municipal aid; an $8.8 million, or 11%, increase in early education funding; and an $8 million, or 7.0%, increase, in reimbursement to municipalities for tax exempt private college and hospital owned property. The FY 15 recommended budget provides local property tax relief by allowing municipalities that are scheduled to implement a revaluation in FY 15 to delay for up to two years. Additionally, the recommended budget repeals the 1.75 percent tax municipalities pay to the state on the health insurance policies they purchase, resulting in an estimated $9 million statewide savings that can be used to provide local services or property tax relief. Additionally, the recommended budget contains other mandate relief that will ease the burdens on local governments.

Table 33 continues on next page.

Iowa	Legislation passed in 2013 impacts the taxation of commercial property. Starting for FY2015, commercial property is rolled back to 95% of assessment, with the state backfilling that amount to local governments ($70.5 million in FY2015). Also a business property tax credit goes into effect in FY2015 at a cost to the State of $50 million for FY2015. Both amounts are included in the Governor's budget recommendations for FY2015.
Maine	Restores municiple revenue sharing of $40M for fiscal year 2014-15.
Maryland	The fiscal year 2015 budget includes $7.1 billion in aid to local governments. This is $183 million, or 2.6%, over the fiscal year 2014 appropriation. The increases include an additional $135.6 million for K-12 education, $13.6 million for community colleges, $8.0 million for disparity grants, and $6.4 million in transportation grants.
Massachusetts	Governor Patrick's FY15 budget maintains the Patrick Administration's unprecedented commitment to building strong partnerships with cities and towns and supporting their efforts to operate more effectively and efficiently. Governor Patrick continues support in FY15 for programs, such as the Community Innovation Challenge Grant Program, that cities and towns are using to change the way local government does business at an unprecedented pace, with the overarching goal of preserving local services for residents and taxpayers. In January, the Patrick Administration released the Municipal Grant Finder, a new one-stop website which lists state grant programs for municipalities. Aid to cities and towns, or local aid, represents approximately 15% of the Commonwealth's annual budget. In FY15, local aid programs account for $5.57 B. In FY15, Chapter 70 is funded at $4.4 B, the highest level of funding in history and a $100 M increase over FY14. Unrestricted General Government Aid (UGGA) will be preserved at $920 M, maintaining last year's $21 M increase. Also, on April 9, 2014, the Commonwealth's Secretary for Transportation announced that the state transportation department was making $30m available to municipalities to fix potholes in roads ravaged by the harsh winter.
Michigan	Effective for fiscal 2015, beginning October 1, 2014: $5 million for competitive grants to local governmental units to help with costs of merging government operations; and $101.4 million in increased funding for revenue sharing and incentive based programs, with a portion distributed to high-performing and high-need communities. Constitutionally-required revenue sharing payments to cities, villages, and townships are increased by $19.4 million, a 3% increase, based on estimated sales tax collections.
Minnesota	Expansion of the local government sales tax exemption to joint powers, special districts, and instrumentalities. The current sales tax exemption for cities and counties added in the 2013 legislative session included cities, counties or townships and did not include these local government entities. $24.7 million in FY 2015, unknown percentage impact. Provision would be permanent.
Missouri	$300,000 increase for local libraries for the next fiscal year. This is an increase over $800,000 appropriated this fiscal year. $1.8M for a $1 increase to the per diem for reimbursement of county jails. This is an increase over the $38.1M appropriated this fiscal year.
New Jersey	Increase in Transitional Aid to Localities of $27 million (28.6%). This discretionary aid program provides support for local units experiencing fiscal distress, and the increase is attributable to expanding program eligibility to local units that had signifant ratable losses due to Super Storm Sandy. Reduction in Meadownlands Adjustment Payments Aid of $6 million (100%). This program provided support to seven municipalities that are required to contribute funds to an intermunicipal tax-sharing account. The program is not funded in FY15. Increase in Consolidation Implementation of $5.3 million (165.6%). This program supports non-recurring costs associated with local unit consolidations and adoption of shared services agreements. Increase in Open Space Payments in Lieu of Taxes (PILOT) of $5.9 million (983.3%). This program provides payments to mu-

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nicipalities that have lands set aside for recreation or conservation purposes. In FY14, there was a one-time change in timing of when payments are anticipated in municipal budgets; in FY15, the appropriation is being fully restored to the FY13 level. Increases in other Local Aid programs including County College Aid ($5.9 million or 2.7%), Employee Benefits on behalf of Local Governments ($30.7 million or 22.8%), and Essex County —County Jail Substance Abuse Program ($2.0 million or 11.1%); introduction of new Local Aid program Essex Crime Prevention ($2 million).

In the Budget Address, the Governor recommended several reforms which would affect local governments' financial operations.—Enact the remainder of the Governor's "Property Tax Toolkit" that would help municipalities limit property tax growth. The Toolkit contains a series of reforms, only some of which have been adopted.—Assist municipalities in sharing/consolidation of services.—Further reform of the pension system.

New York

The 2014-15 Executive Budget will have an estimated $634 million positive impact on municipalities in local fiscal years ending in 2015—the first full-annual local fiscal year affected in the Executive Budget. Major Executive Budget program changes and one-year impact for local fiscal years ending in 2015 are as follows:

- Increased school aid funding for the 2014-15 school year ($608 million);
- Additional revenue from various sales and personal income tax initiatives ($47 million);
- Savings from Preschool Special Education reforms ($5 million);
- Increased transit assistance for downstate county transit systems ($5 million).

School districts outside of New York City will realize a $377 million positive impact for their 2014-15 school year, entirely from a school aid increase, exclusive of potential of funding from the Smart Schools Bond Act, when approved by voters in November 2014.

New York City will realize an estimated $246 million positive impact for the 2014-15 city fiscal year, primarily due to $231 million in additional aid for New York City schools, exclusive of potential of funding from the Smart Schools Bond Act, when approved by voters in November 2014. Revenue proposals total $37.6 million, including $37.5 million in additional personal income tax revenue through closing the resident trust loophole, $0.3 million by replacing the boxing and wrestling tax with the sales tax on admissions, and $0.5 million in personal income tax revenue from requiring tax clearances to obtain professional or business licenses. This new revenue would be partially offset by a loss of sales tax from a two-year extension of the alternative fuels tax exemption ($1.2 million). New York City would also benefit from $2.8 million in savings generated from preschool special education reforms, and an additional $2.2 million in increased transit assistance for NYCDOT and Staten Island Ferry. This overall positive impact will be partially offset by new legislation that would provide a rent cap for low-income New Yorkers living with HIV/AIDS ($17 million) and the implementation of a fair hearings chargeback ($10 million).

County governments will realize an estimated $12.5 million net increase in financial support from the Executive Budget in 2015, primarily due to $12 million from revenue generated from allowing Nassau and Suffolk counties to establish a demonstration program implementing speed violation monitoring systems in school speed zones. Countines will also benefit from $2.8 million in increased transit assistance for downstate county transit systems and reforms to preschool special education that will also generate $2.3 million in savings. These im-

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pacts will be mostly offset by the elimination of miscellaneous financial assistance to Madison & Oneida counties ($3.0 million) if payments commence from the new Oneida Indian Nation gaming compact during the State's 2014-15 fiscal year, and by an estimated $1.6 million reduction in sales tax revenues primarily due to the two year extension of the alternative fuels tax exemption.

Other cities, towns and villages will realize an overall $1.9 million negative impact in local fiscal years ending in 2015, mostly due to the $1.5 million elimination of village per capita aid; as well as $0.3 million less in sales tax revenues because of a two year extension of the alternative fuels tax exemption and the elimination of miscellaneous financial assistance to four newly created villages ($0.1 million).

The Executive Budget also included several proposals affecting local governments and school districts, including:

- A two-year freeze on property taxes for homeowners in school districts and local governments that stay within the property tax cap;
- A $2 billion Smart Schools bond act that will fund enhanced education technology in schools and enable long-term investments in full-day pre-kindergarten through the construction of new pre-kindergarten classroom space;
- A New York State Protection Cloud that the State will invest in over the next three years to allow computing and collaboration tools used by State agencies to be offered to local governments; and The Division of Homeland Security and Emergency Services (DHSES) is assisting counties in developing a single public safety communications network that will allow all of the State's emergency responders to seamlessly communicate with each other.

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 costs. State aid distribution fund allocations to cities and counties, which are based on a percentage of sales, use, and motor vehicle excise tax collections, are estimated to increase by $45.5 million, or 22%, during the 2013-15 biennium. Oil tax allocation formula changes and production increases are projected to distribute an additional $329.5 million to cities, counties and tribes, an increase of approximately 129% during the 2013-15 biennium. Transportation grants to cities, counties and townships were increased by $190 million, or 100%, for the biennium.

Ohio The expansion of Medicaid benefits will have a local sales tax impact, currently estimated at $5.3 million in FY 2014 and $23.0 million in FY 2015. This is based on an average 1.3% statewide average piggyback amount. Additionally state net tax rate reductions resulted in revenue reductions to local governments.

Pennsylvania The net impact of uncapping the Oil and Gas Franchise Tax and reducing the Liquid Fuels Tax is approximately $119 million in additional 2014-15 funding for road and bridge improvements provided to municipalities through appropriations in the Department of Transportation.

Rhode Island The Governor's recommended budget for FY 2015 eliminates expenditures for Textbook Expansion ($240,000) and School Breakfast Administration ($270,000) under the Non-Distributed Aid category of Education Aid to local units of government. This totals $0.5 million in savings compared to the FY 2014 Enacted Budget.

South Carolina Full Funding of the local government fund required by statute (4.5% of most recent closed FY revenue) is suspended for the 6th consecutive year. Funding recommended 212.6 vs full funding at 287.5.

Texas	Texas' FY15 budget has already been enacted via the General Appropriations Act for the 2014-2015 Biennium. No changes to FY2015 appropriations or tax policies are cuurently recommended.
Washington	$12.1 million in shared liquor excise taxes were shifted from local government to state government.
West Virginia	School Aid Formula adjustment to local property tax support calculation reduced the allowance for bad debts and exonerations from 5% to 4% with the value of the adjustment at roughly $3 million in FY2015.
Wisconsin	General transporation aids to counties and muncipalities increased by $7 million (2%). Increase general school aids by $74.4 million or 1.7%, over FY14 in Act 20 plus $60 million in Act 46 for a total increase of 2.2% over FY14. Also, $127 million in per pupil aid and $5 million high cost pupil transportation aid provided in FY15. Increase of $5.0 million or 6% in general aid for the Wisconsin Technical College System (WTCS) in FY15. Also, funding for technical college wait list reduction in Act 139 in an amount to be determined by Dept. of Workforce Development. Repealed county mill rate limits while retaining existing county levy limit provisions. Increase of $75 per pupil revenue limit for school districts. Provide $406 million to the WTCS, and prohibit colleges from raising more revenue from the combination of general aid and property tax than in FY14, effectively reducing WTCS property taxes by $406 million and replacing the taxes with state aid.

APPENDIX

TABLE A-1

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

State	Tax Change Description	Effective Date	Fiscal 2014 Revenue Changes ($ in Millions)
	SALES TAXES		
Idaho	Personal Property Tax Relief.	07-13	-$20.0
Indiana	Sales tax exemption for some propane sales.	01-14	-4.9
Massachusetts	On September 27, 2013, the Governor signed a bill that repealed the expansion of the sales tax to computer software and systems design services that had been enacted by the Legislature on July 24, 2013, retroactive to its effective date. The tax had been expected to raise $181 million annually by fiscal 2018. The fiscal 2014 budget had included $161 million in expected revenue from the tax.	09-13	-161.0
Minnesota	Reducing Taxes for MN Businesses—commercial repair and maintenance services, warehousing and storage services, and sales tax on telecommunications equipment.	04-14	-31.4
Wisconsin	Exempt aircraft parts & maintenance (-$2.9 million annual impact, effective 4/14). Exempt equipment for feed milling, grain drying & fertilizer blending (-$1.5m annual impact, effective 6/14).	04-14 and 06-14	-0.6
Total Revenue Changes—Sales Tax			**-$217.9**

State	Tax Change Description	Effective Date	Fiscal 2014 Revenue Changes ($ in Millions)
	PERSONAL INCOME TAXES		
Idaho	IRS Tax Conformity.	07-13	-$2.6
Iowa	Governor recommended exempting military pensions from state taxation to start in tax years 2014.	01-14	-1.3
Massachusetts	Under current law, the state personal income tax rate on most classes of taxable income is scheduled to be gradually reduced to 5.0%, contingent upon "baseline" state tax revenue growth (i.e., revenue growth after factoring out the impact of tax law and administrative processing changes) growing by 2.5% more than the rate of inflation as measured by the consumer price index for all urban consumers in Boston. Because the growth in fiscal 2013 inflation-adjusted baseline revenues, as defined in the law, over fiscal 2012 exceeded 2.5%, and because, for each consecutive three-month period starting in August and ending in November, 2013, there was positive inflation-adjusted baseline revenue growth as compared to the same consecutive three-month period in calendar 2012, on December 4, 2013, the Commissioner of Revenue certified that the state income tax rate on most classes of taxable income would be reduced from 5.25 % to 5.20%, effective January 1, 2014. The Department of Revenue estimates that the revenue impact of this rate reduction for fiscal 2014 will be between $60 million and $70 million (with a mid-point of $65 million).	12-13	-65.0
Minnesota	Federal Conformity—marriage penalty relief, working family credit, child and dependent care credit, employer paid transit, education, and adoption assistance.	01-13	-52.7
Oregon	Eliminates personal exemption credit for high income taxpayers modifies senior medical deduction increases earned income tax credit and provides lower income tax rates for certain pass through income.	01-14	86.0
Wisconsin	Reduce lowest rate from 4.4% to 4.0% beginning TY14 (full effect of $96.5 million in FY15). Increase historic rehabiliation credits beginning TY14 (full efffect of $3.8 million in FY15).	01-14	-3.1
Total Revenue Changes—Personal Income Taxes			**-$38.7**

Table A-1 continues on next page.

TABLE A-1 (CONTINUED

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

State	Tax Change Description	Effective Date	Fiscal 2014 Revenue Changes ($ in Millions)
	CORPORATE INCOME TAXES		
Minnesota	Federal Conformity—phase-out of itemized deductions, and other provisions.	01-13	-$4.0
Oregon	Increases corporate income taxes for certain corporations imposes 2.5% tax on IC-DISCs and allows subtraction for dividends.	01-14	76.0
Total Revenue Changes—Corporate Income Taxes			**$72.00**

	CIGARETTE AND TOBACCO TAXES		
Oregon	Increases cigarette tax and dedicates portion to mental health programs.	01-14	$6.0
Total Revenue Changes—Cigarette and Tobacco Taxes			**$6.0**

	OTHER TAXES		
Minnesota	Eliminate Gift Tax.	07-13	-$5.6
Total Revenue Changes—Other Taxes			**-$5.6**

TABLE A-2
Enacted Mid-Year Revenue Measures, Fiscal 2014

State	Description	Effective Date	Fiscal 2014 Enacted Mid-Year Changes ($ in Millions)
Kansas	Other—Legislature to consider increasing the share of severance taxes that are distributed to counties.		-$7.5
Maine	Other—Increase the amount of revenue from Housing Opportunities for Maine Fund's share of the real estate transfer tax that must be credited to the General fund in fiscal year 2013-14.	06-14	0.2
Massachusetts	Fees—At the time the fiscal 2014 budget was enacted, it was assumed that two Category 1 licenses and one Category 2 license would be awarded by June 30, 2014 and that $83 million of licensing revenues would be available for state budgetary purposes during fiscal 2014. The Executive Office for Administration and Finance is now assuming that the fees related to one of the Category 1 licenses will be collected in fiscal 2015 rather than fiscal 2014. To the extent that licensing fee revenues are not available by the end of fiscal 2014 to support the $83 million in budgeted expenditures (the shortfall is currently estimated by the Executive Office for Administration and Finance to be $53.5 million), those expenditures will instead be supported by other state budgetary resources, with the state expecting to be reimbursed for such costs in fiscal 2015 when the second Category 1 license fee is collected.		-53.0
Oregon	Fees—Reappropriation of corporate filing fees.		2.2
Wisconsin	Personal Income—Withholding reduction eff. 4-1-14 (for tax cuts beginning TY13, TY14 & other)—1-time impacts.	04-14	-156.5
Total			**-$214.6**

TABLE A-3
Proposed Revenue Changes by Type of Revenue, Fiscal 2015

State	Tax Change Description	Effective Date	Fiscal 2015 Revenue Changes ($ in Millions)
	SALES TAXES		
Arizona	Exempt TPT for utilities used by manufacturing.	01-15	-$17.0
Arkansas	Tax cuts on farm marchinery, timber harvesting, and repair/replacement of machinery.		-25.5
Connecticut	Exempt non-prescription drugs from the sales tax.	07-14	-16.5
Florida	Sales Tax Holidays for school supplies and hurricane preparedness items, reduction of sales tax rate applicable to commercial rentals.	07-14	-164.9
Indiana	Expanding the state's capture on sales tax for motor vehicles sold to out of state buyers ($13.8M) and sales tax exemption for aircraft repair (-$1.1M).	07-14	12.7
Massachusetts	Would apply sales tax on candy and soda purchases, and using the associated revenue to fund the Commonwealth Health and Prevention Fund, which will support public health programs.		67.8
Minnesota	Reducing Taxes for MN Businesses—commercial repair and maintenance services, warehousing and storage services, and sales tax on telecommunications equipment.	04-14	-200.3
	Exemption for certain local governments from sales tax.	07-14	-24.7
New Jersey	Various changes to close tax loopholes, remove inconsistencies, and modernize enforcement.	07-14	98.0
New York	Extends alternative fuels exemption for two years.	09-14	-2.0
North Dakota	SB2142 provides a sales tax exemption for telecommunications infrastructure.	01-13	-2.4
Ohio	Increase in state rate by 0.25%.	07-13	419.0
	Streamlined Sales Tax full membership.	01-14	24.0
	Explicitly subject digital goods & services to sales tax.	01-14	15.0
	Repeal exemption for magazine subscriptions.	01-14	11
Wisconsin	Exempt aircraft parts & maintenance (-$2.9 million annual impact, effective 4/14). Exempt equipment for feed milling, grain drying & fertilizer blending (-$1.5m annual impact, effective 6/14).	04-14 and 06-14	-4.4
Total Revenue Changes—Sales Tax			**$189.8**

Table A-3 continues on next page.

TABLE A-3 (CONTINUED)
Proposed Revenue Changes by Type of Revenue, Fiscal 2015

State	Tax Change Description	Effective Date	Fiscal 2015 Revenue Changes ($ in Millions)
	PERSONAL INCOME TAXES		
Arkansas	Tax cuts for active duty armed services, amendments to income tax rates/brackets and changes to Capital Gains tax.		-$55.7
Connecticut	Phase-in exemption of Teachers' Pension (25% in the first year), Extend Angel investor credit.	01-14 and 07-14	-26.1
Indiana	3% individual income tax reduction takes effect per HEA 1001-2013.	01-15	-79.7
Iowa	Governor recommended exempting military pensions from state taxation to start in tax years 2014.	01-14	-10.0
Maine	Enhanced collections Amends income tax super credit.		2.7
Minnesota	Federal Conformity—marriage penalty relief, working family credit, child and dependent care credit, employer paid transit, education, and adoption assistance.	01-13	-243.9
	Investing in Innovation and Jobs—Angel Tax Credit.	01-13	-15.0
New Jersey	Various changes to close tax loopholes, remove inconsistencies, and modernize enforcement.	07-14	18.0
New York	Close Resident Trust Loophole—Closes loophole that allows incomplete gift, non-grantor trusts set up by New York residents to completely avoid taxation. Also taxes accumulation distributions to resident beneficiaries of nonresident and exempt resident trusts.	01-14	75.0
	Real Property Tax Freeze Credit—Creates a refundable personal income tax credit for homeowners which would effectively hold property taxes on their primary residences constant for two years.	01-14	-400.0
North Dakota	SB2156 provides a rate reduction for individual income tax payers ($100.0 million) SB2325 reduces tax rates for capital gain and dividend income ($3.5 million).	01-13	-103.5
Ohio	Freeze indexing of brackets—3 years.	01-13	90.0
	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	34.0
	Small business tax relief: 50% deduction up to $250,000.	01-13	-556.3
	Income tax rate reductions for all 9 brackets: 8.5%, 9%, 10%.	01-13	-985.0
	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	-67.0
	Ohio EITC: 5% of federal EITC (limited to 50% of liability for OTI above $200,000).	01-13	-67.0
Oklahoma	Governor Fallin's budget recommends a .25 percent personal income tax reduction that lowers Oklahoma's top individual income tax rate from 5.25 percent to 5.0 percent beginning January 1, 2015.	01-15	-47.4
South Carolina	Individual Income Tax Reduction: Reduce the Current 6% bracket to 5%.	01-14	-26.7
Vermont	Dowtown tax credit, insufficient funds check charge.	07-14	-0.3
Wisconsin	Reduce lowest rate from 4.4% to 4.0% beginning TY14 (full effect of $96.5 million in FY15). Increase historic rehabiliation credits beginning TY14 (full efffect of $3.8 million in FY15).	01-14	-100.3
Total Revenue Changes—Personal Income Taxes			**-$2,409.2**

Table A-3 continues on next page.

TABLE A-3 (CONTINUED)

Proposed Revenue Changes by Type of Revenue, Fiscal 2015

State	Tax Change Description	Effective Date	Fiscal 2015 Revenue Changes ($ in Millions)
	CORPORATE INCOME TAXES		
Florida	Increase in exemption from $50k to $75k.	01-15	-$8.8
Indiana	7/1/14—New EDGE credit (-$2.5M) and allowance of the existing Industrial Recovery Tax Credit to be assignable (-$1.4M). 1/1/15—Financial Institutions Tax reduction (-$6M).	Various	-9.9
Maine	Amends income tax super credit		1.1
Massachusetts	Would apply the corporate tax rate to pass-through entities owned by insurance companies and security corporations.		29.4
New Jersey	Various changes to close tax loopholes, remove inconsistencies, and modernize enforcement.	07-14	89.0
New York	Zero percent ENI base tax rate for upstate manufacturers (-$42) reform the investment tax credit (+$65) repeal the financial services investment tax credit (+$30).	01-14	53.0
North Dakota	SB2156 provides a rate reduction for corporate income tax payers ($-25.0 million).	01-13	-25.0
Rhode Island	If the Marketplace Fairness Act is passed, the corporate tax will be lowered from 9.0% to 6.0%. Loss of revenues from lowered Corporate tax will be offset by Marketplace Fairness Act revenues.		NA
West Virginia	Repeal Strategic Research and Development Tax Credit.	01-15	1.0
Total Revenue Changes—Corporate Income Taxes			**$129.8**

State	Tax Change Description	Effective Date	Fiscal 2015 Revenue Changes ($ in Millions)
	CIGARETTE AND TOBACCO TAXES		
New Jersey	Tobacco Products Wholesale: Tax e-cigarettes at the current rate for regular cigarettes ($2.70 per pack)	07-14	$35.0
Ohio	Equalize rate in small cigars with cigarette tax rate as % of price.	10-14	5.0
Rhode Island	Tax E-Cigarettes as Other Tobacco Product.		
Total Revenue Changes—Cigarette and Tobacco Taxes			**$40.8**

State	Tax Change Description	Effective Date	Fiscal 2015 Revenue Changes ($ in Millions)
	MOTOR FUELS TAXES		
Delaware	Increase of $0.10/gallon, indexed to inflation in ensuing fiscal years, revenues dedicated to Transportation Trust Fund.		$50.0
Total Revenue Changes—Motor Fuel Taxes			**$50.0**

Table A-3 continues on next page.

TABLE A-3 (CONTINUED)

Proposed Revenue Changes by Type of Revenue, Fiscal 2015

State	Tax Change Description	Effective Date	Fiscal 2015 Revenue Changes ($ in Millions)
	OTHER TAXES		
Arkansas	Tax cuts on utilities, pollution control equipment,and volunteer firefighters.		-$4.0
Connecticut	Exempt Municipalities' employee health care coverage.	07-14	-8.7
Delaware	Increase annual tax on Limited Liability Companies, Limited Partnerships and General Partnerships from $250 to $300, Increase minimum annual Corporation Franchise Tax from $75 to $175.		51.0
Florida	Decrease in corporate filing fees and adjustment of associated penalties for late filings.	01-15	-29.8
Idaho	No specific tax relief was given by the Governor. It was left up to the Legislators to decide on what type of tax relief to provide.	07-14	-30.0
Maryland	Increase the following credits: Cybersecurity Investment Incentive Tax Credit ($-1.0 million), Biotechnology Investment Incentive Tax Credit ($-2.0 million) and Film Production Tax Credit (-$3.5 million).	07-14	-6.5
Massachusetts	Would impose the room occupancy tax on the mark-up that room resellers like online travel websites, as well as on transient rentals.		10.7
Minnesota	Eliminate Gift Tax.	07-13	-12.1
	Simplifying Estate Tax.	01-13	-25.0
New York	Estate Tax Relief—Raises exclusion threshold of the Estate Tax to conform with Federal standards.	01-14	-33.0
North Dakota	SB2163 reduces gaming tax rates.	01-13	-1.5
Ohio	Change minimum tax due on first $1M in gross receipts depending on total gross receipts of company.	01-14	88.0
	Grain handlers' exemption.	07-13	-5.5
Washington	SB 6505—Marijuana Tax Preferences.		3.0
Total Revenue Changes—Other Taxes			**-$3.4**

Table A-3 continues on next page.

TABLE A-3 (CONTINUED)

Proposed Revenue Changes by Type of Revenue, Fiscal 2015

State	Tax Change Description	Effective Date	Fiscal 2015 Revenue Changes ($ in Millions)
	FEES		
Connecticut	A two-day free park weekend.	07-14	-$0.2
Florida	Partial rollback of 2009 motor vehicle fee increases.	09-14	-312.5
New Jersey	Various fee increases are recommended across multiple program areas.		TBD
New York	Reduces temporary utility assessment. Industrial customers will be exempt and residential and commercial customers will receive reductions until $200 million in reductions is achieved.		-200.0
Vermont	Includes $60K for the Tax Department, $1,200 for Lottery, $84K for the Agency of Commerce & Community Development, $629K for the Secretary of State's office and other	07-14	0.9
Total Revenue Changes—Fees			**-$511.8**

TABLE A-4
Recommended Revenue Measures, Fiscal 2015

State	Tax Change Description	Effective Date	Fiscal 2015 Recommended Changes ($ in Millions)
Connecticut	Other—Reserve revenue for use by the Board of Regents and redirect FY 2013 surplus to the Budget Reserve Fund.		-$90.0
	Fees—Deposit Immunization Revenue to Insurance Fund & divert additional newborn screening fees.	07-14	-32.1
Florida	Other—Shift of surplus lines insurance tax receipts from trust to general revenue	07-14	30.3
Hawaii	Other—Decreases general fund share of State environmental response, energy and food security tax.	12-14	-3.0
Kansas	Other—Reduce the share of severance taxes that are distributed to counties.	07-14	2.9
Massachusetts	Corporate Income—Would delay the implementation of a corporate tax expenditure, known as FAS 109.		45.6
	Fees—Consumers will be required to pay an additional $0.05 cents on water, flavored waters, iced teas, coffee based drinks and sports drinks. The amounts paid for deposits for expanded beverages will be returned to consumers if they return the empty bottles for recycling. The Governor's FY 2015 budget assumes that by adopting these changes, the state will collect at least $24 M in additional revenues next year, allowing for $4 M in investments in state recycling coordination and redemption efforts.		24.0
Minnesota	Fees—Misc agency fee changes.	07-14	2.4
Missouri	Sales—Temporary Tax Amnesty, reciprocal agreements with other states, integrated tax reporting system, nexus laws, joining SSTA, expanding Medicaid.	09-14	36.8
	Personal income—Temporary Tax Amnesty, reciprocal agreements with other states, integrated tax reporting system, tax credit reform, admin. garnishments, expanding Medicaid.	09-14	37.0
	Corporate Income—Temporary tax amnesty, integrated tax reporting system, tax credit reform, reciprocal agreements with other states.	09-14	31.5
New Mexico	Sales—The following measures were passed during the 2014 Legislative Session: GRT deduction for sales of commercial aircraft and aircraft repair and maintenance services, GRT deduction for dialysis services reimbursed through Medicare, GRT deduction for durable medical equipment sold or rented from certain providers.		2.4
North Dakota	Sales—SB2325 increases the percentage of sales tax revenue allocated to cities and counties.	07-13	-4.9
	Personal income—HB1198 provides for income tax withholding on oil royalty payments to nonresidents.	01-13	2.1
	Corporate Income—SB2325 replaces the financial institution tax with a corporate income tax.	01-13	11.3
	Other—HB1145 increases the portion of insurance premium taxes allocated to fire protection districts ($4.2 million) SB2325 repeals the financial institutions tax ($3.6 million).	07-13 and 01-13	-7.8
Pennsylvania	Other—Shortening the holding period for unclaimed property from 5 to 3 years.	07-14	150.0
	Other—Transfer from the Oil and Gas Lease Fund to the General Fund.	07-14	75.0
	Other—Transfer all remaining private equity investments and cash reserves from the Tobacco Settlement Fund and the Health Venture Investment Account to the Public School Employees' Retirement System to supplement the School Employees' Retirement General Fund appropriation.	07-14	225.0

Table A-4 continues on next page.

TABLE A-4 (CONTINUED)
Recommended Revenue Measures, Fiscal 2015

State	Tax Change Description	Effective Date	Fiscal 2015 Recommended Changes ($ in Millions)
Rhode Island	Sales—Safe harbor for use tax, expand sales and use tax to hotel resellers and to bed and breakfasts and timeshares, and anti-zapper legislation.	07-14	$6.9
	Personal income—Enhance revenue collections, statewide taskforce to combat employee misclassification, state employee compliance project, and registration block.	07-14	4.4
	Corporate Income—10 new Revenue Officer Positions in the Department of Taxation.	07-14	0.7
	Other—Fines and penalties.	07-14	3.3
Virginia	Personal income—Compliance initiative.	01-14	10.0
West Virginia	Sales—Accelerate 50% of June liability from July due date to June for Taxpayers with monthly tax above $100,000.	06-15	20.0
	Personal Income—Accelerate 50% of June wage withholding tax liability from July due date to June for Taxpayers with monthly tax above $100,000.	06-15	10.0
	Fees—State Treasurer to transfer excess funds from Abandoned & Unclaimed Property Account.	07-14	12.0
Wisconsin	Personal Income—Withholding reduction eff. 4-1-14 (for tax cuts beginning TY13, TY14 & other)—1-time impacts.	04-14	-166.1
Total			**$439.7**

NASBO
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The National Association of State Budget Officers