



# THE FISCAL SURVEY OF STATES

SPRING 2013

AN UPDATE OF STATE FISCAL CONDITIONS

A REPORT BY THE NATIONAL GOVERNORS ASSOCIATION AND  
THE NATIONAL ASSOCIATION OF STATE BUDGET OFFICERS

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

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**Hunter Meriwether**, Alabama

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**Crystal Singleton**, Arkansas

**Genna Dong**, California

**Alexis Senger**, Colorado

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**Stephanie Beck**, Georgia

**Terri Ohta**, Hawaii

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**Monica Brar**, Illinois

**Zachary Jackson**, Indiana

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**Mike Meyer**, Texas

**Tenielle Young**, Utah

**Matt Riven**, Vermont

**Mike Barton**, Virginia

**Pam Davidson**, Washington

**Tammy Scruggs**, West Virginia

**Dan Subach**, Wisconsin

**Folbert Ware, Jr.**, Wyoming



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# PREFACE

*The Fiscal Survey of States* is published twice annually by the National Association of State Budget Officers (NASBO) and the National Governors Association (NGA). The series was started in 1979. The survey presents aggregate and individual data on the states' general fund receipts, expenditures, and balances. Although not the totality of state spending, these funds are raised from state's 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*, also is conducted annually.

The field survey on which this report is based was conducted by NASBO from February through April 2013. The surveys were completed by Governors' state budget officers in all 50 states.

This survey also includes Puerto Rico; however, their data is not included in the 50 state totals.

Fiscal 2012 data represent actual figures, fiscal 2013 figures are estimated, and fiscal 2014 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, 21 states operate on a biennial budget cycle.

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





# EXECUTIVE SUMMARY

After several years of slow recovery in the national economy, fiscal distress is finally beginning to subside for most states. However, the unemployment rate continues to remain high and the economic recovery is relatively weak compared to other post-recessionary periods. Thus, state operating budgets likely will be constrained by elevated expenditure pressures and slow revenue growth in the upcoming fiscal year. Additionally, states are challenged with providing resources for critical areas that were cutback in the recession, declining federal funds for state programs subject to sequestration, and continued spending demands in areas directly impacted by the sluggish economy, such as Medicaid, higher education and corrections. In response to these challenges and other factors, governors' recommended budgets indicate that most states will moderately increase spending in fiscal 2014.

Modest state fiscal advancements are widespread with 42 governors recommending higher spending levels in fiscal 2014 compared to fiscal 2013. Governors' spending plans show that fiscal 2014 will likely be the fourth consecutive year of budget growth for many states, although aggregate general fund spending and revenue remain below historical growth trends. Revised revenue estimates for fiscal 2013 indicate that states are in better fiscal position to increase spending for some program areas in fiscal 2014, particularly K-12 education, which experienced significant reductions during the recession. However, additional budget dollars remain scarce and new spending priorities are likely to be curtailed by health care related expenditures and future health care spending demands. With the economy improving, states are better able to plan for the challenges ahead than they were in fiscal 2011 and 2012. However, tough budgetary choices remain for many states in fiscal 2014. And over the longer term, the costs for pensions and health care for state employees will provide additional budgetary demands on many, if not most, states.<sup>1</sup>

## State Spending

In fiscal 2014, general fund expenditures are projected to increase by 4.1 percent, less than the historical average, but in line with the estimated 4.0 percent increase in fiscal 2013. Gov-

ernors' recommended budgets show general fund spending increasing to \$728.0 billion in fiscal 2014, compared to \$699.2 billion in fiscal 2013. Aggregate general fund spending in fiscal 2013 is estimated to increase by 4.0 percent over the \$672.4 billion in general fund spending in fiscal 2012.

However, governors' fiscal 2014 recommended budgets in 19 states still have nominal general fund expenditure levels below pre-recession highs, reflecting an economic recovery that remains uneven across the country. Additionally, state spending in fiscal 2013 for the 50 states combined is still below the fiscal 2008 pre-recession peak after accounting for inflation. Lower real spending levels in fiscal 2013 than in fiscal 2008 indicate that state budgets are not growing quickly enough to make up for recession induced declines and inflation. Aggregate spending levels would need to be at \$757 billion, or 8.3 percent higher than the \$699.2 billion currently estimated for fiscal 2013, to remain equivalent with real 2008 spending levels.<sup>2</sup> Nevertheless, aggregate mid-year budget increases are expected to bring nominal expenditures above pre-recession levels for the first time in fiscal 2013.

## Budget Gaps and Mid-Year Budget Actions

State revenue improvement and spending controls have helped to significantly reduce budget gaps in fiscal 2013. Eighteen states reported closing \$33.3 billion in budget gaps in fiscal 2013, and two states have a combined \$538 million in remaining gaps that must be closed by the end of the fiscal year. This compares with 27 states reporting \$68.1 billion in budget gaps in fiscal 2012, and 31 states with \$78.2 billion in budget gaps in fiscal 2011. The rise in demand for state services and spending over the previous two fiscal years, which led to the combined \$146.3 billion in budget gaps in fiscal 2011 and 2012, has begun to decline in fiscal 2013. Because of rising revenue collections and decreased spending demands compared to the post-recession period, budget gaps are expected to decline further in fiscal 2014 with 13 states projecting \$6.8 billion in budget gaps. Although not all state budget offices have completed official forecasts, 13 states are projecting \$10.9 billion in budget gaps for fiscal 2015.

<sup>1</sup> To provide better information on the longer term budget demands that states face, in the future NGA and NASBO will also be surveying states longer-term budget projections.

<sup>2</sup> 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 26, 2013. Line 21, state and local price index, is used for determining changes in real purchases. Fiscal year inflation rates determined through quarterly averages. Fiscal 2013 only includes the first three quarters of the fiscal year.

State budget gaps that arise during the fiscal year are primarily solved through a reduction in previously appropriated spending. Similar to fiscal 2012, mid-year budget cuts were minimal in fiscal 2013 compared to fiscal 2010 and 2011. To date, 11 states enacted net mid-year budget cuts totaling \$1.3 billion in fiscal 2013. This compares with eight states enacting \$1.7 billion in net mid-year budget cuts in fiscal 2012, 19 states enacting \$7.4 billion in mid-year budget cuts in fiscal 2011, and 39 states enacting \$18.3 billion in cuts in fiscal 2010. In contrast to mid-year budget cuts in fiscal 2013, 16 states enacted mid-year spending increases of \$9.9 billion with Minnesota and Texas accounting for the majority of the additional spending. In addition, California enacted a mid-year corporate income tax increase of \$440 million, and Georgia replaced the automotive sales tax with an increased title tax, resulting in an additional \$72 million in fiscal 2013.

## State Revenues

Fiscal 2014 budgets project a softening of revenue collections. General fund revenues are projected to increase by 2.8 percent in fiscal 2014 a slower growth rate than the estimated 4.2 percent gain in fiscal 2013. Revenue collections have outpaced projections so far in fiscal 2013, helping many states relieve some spending pressures. States continue to experience strong gains in personal income tax collections, which are estimated to have increased by 6.2 percent in fiscal 2013, and are projected to increase by 3.7 percent in fiscal 2014. Some of the increase in state revenues in fiscal 2013 is likely because of a one-time gain for states as taxpayers shifted capital gains, dividends and personal income to calendar year 2012 to avoid potentially higher federal taxes that were set to begin on January 1, 2013. At the beginning of this year, Congress passed the American Taxpayer Relief Act of 2012 (ATRA), providing states with greater certainty of federal tax rates going forward.

Governors' proposals forecast total general fund tax revenues of \$723.4 billion in fiscal 2014, compared to the estimated \$703.4 billion that will be collected in fiscal 2013. States estimate they will end fiscal 2013 with total general fund revenues up \$28.4 billion or 4.2 percent above the \$675.0 billion collected in fiscal 2012. Total general fund revenues in fiscal 2013

will surpass the pre-recession highs of fiscal 2008 by \$23.2 billion or 3.4 percent. However, recommended fiscal 2014 budgets forecast that collectively general fund revenues will still be below fiscal 2008 levels after accounting for inflation. State revenues have remained constrained because collections from sales taxes have not rebounded as rapidly since the end of the recession, increasing by 0.9 percent in fiscal 2012. Sales tax collections are estimated to increase by 3.9 percent in fiscal 2014, but online retail sales are still not contributing to tax revenues as much as those transactions could because in many instances the sales tax goes uncollected.

Fiscal 2013 general fund revenues from all sources, including sales, personal income, corporate income and all other taxes and fees, are exceeding original forecasts in 30 states, on target in 10 states and below forecasts in 10 states. When comparing current revenue collections to more updated forecasts, 18 states are above projections, 25 states are on target and five states are below. This suggests a number of states could finish fiscal 2013 with modest surpluses. Improved revenue collections are a positive sign, but surpluses in fiscal 2013 are also the result of one-time revenue gains, prior budget cutbacks and conservative revenue forecasts.

## State Revenue Actions

Governors are proposing \$2.9 billion in new net taxes and fees for fiscal 2014. Fourteen governors are proposing tax increases and 13 are proposing tax decreases. States with the largest proposed tax increases include Massachusetts, Michigan and Minnesota. States with governors proposing the largest tax decreases include Indiana, Ohio and Texas. Governors have also proposed \$772 million in new revenue measures in fiscal 2014. In fiscal 2013, states enacted \$6.9 billion in new net taxes and fees with California and New York accounting for the majority of the increases. In response to severe revenue declines during and after the recession, states enacted a combined \$31.6 billion in increased taxes and fees along with \$17.2 billion in new revenue measures from fiscal 2009 to fiscal 2011. Because of the expiration of temporary tax and fee increases, fiscal 2012 was the only year since the beginning of the recession that states' newly enacted net revenues declined.

## Year-End Balances

Total balances include ending balances and the amounts in budget stabilization “rainy day” funds and are a crucial tool that states heavily rely on during fiscal downturns and budget shortfalls. Balances reflect the surplus funds that states may use to respond to unforeseen circumstances, helping to offset potential revenue declines and increased spending demands. States have made progress rebuilding budgetary reserves since revenues precipitously declined in fiscal 2009 and 2010. Total balance levels fell to \$32.5 billion or 5.2 percent of expenditures by the end of fiscal 2010. By fiscal 2012, states’ budgetary reserves had increased to \$55.7 billion or 8.3 percent of expenditures. Total balances have remained relatively stable in fiscal 2013 at \$57.7 billion or 8.3 percent of expenditures. Governors recommended slightly decreasing total balance levels in fiscal 2014 to \$54.1 billion or 7.4 percent of general fund expenditures. However, the balance levels of Alaska and Texas make up 44.3 percent of total state balance levels in fiscal 2013 and 47.8 percent in fiscal 2014. The remaining 48 states have balance levels that represent only 5.0 percent of general fund expenditures for fiscal 2013 and 4.2 percent for fiscal 2014.

## Medicaid Costs and Enrollment

Medicaid represents the single largest portion of total state spending, estimated to account for 23.9 percent of total spending in fiscal 2012, the last year for which data is available. In fiscal 2012, Medicaid comprised 19.6 percent of general fund spending, making it the second largest general fund spending category after K-12 education at 34.7 percent.

State spending on Medicaid increased substantially in fiscal 2012; however total Medicaid spending decreased by 0.1 percent because federal spending rapidly declined due to the expiration of the enhanced federal matching rates temporarily authorized by ARRA. In fiscal 2013, total spending on Medicaid increased by 9.6 percent, although large spending increases in several states reflect payments for services provided in prior years, and thus the fiscal 2013 spending increases do not necessarily reflect a surge in ongoing spending. Overall, governors’ proposed budgets for fiscal 2014 project a slower rate of growth in state Medicaid spending at


3.2 percent or less than the overall growth rate of general fund expenditures. However, total Medicaid spending is projected to increase by 5.9 percent in fiscal 2014.

Medicaid enrollment increased by 2.9 percent during fiscal 2012 and is estimated to increase by 3.2 percent in fiscal 2013. Enrollment is projected to increase by 6.3 percent in fiscal 2014, reflecting some states’ decisions to expand Medicaid under the provisions of the Affordable Care Act (ACA) beginning in January 1, 2014. The implementation of the ACA will greatly increase the individuals served in the Medicaid program in 2014 and thereafter. States have undertaken numerous actions to contain Medicaid costs, including reducing provider payments, cutting prescription drug benefits costs, limiting benefits, reforming delivery systems, expanding managed care, and enhancing program integrity efforts.

## Federal Fiscal Policy and the States

Despite the increased certainty provided by ATRA, states have concerns regarding future federal actions. In particular, the net impact on states from continued fiscal tightening remains unclear. Federal funds flowing to states declined for many programs in accordance with sequestration, the automatic across-the-board federal budget cuts that went into effect on March 1, 2013. Although most major federal grant programs that provide funds to states, such as Medicaid, are exempt from the automatic budget cuts, the lower caps on federal spending in place for federal fiscal year 2014 and beyond could significantly impact a number of state grant programs; in most instances, states will not have the resources to compensate for fewer federal dollars. Of additional concern to states is how the cuts in federal spending and recent increases in both payroll and income tax rates will impact the fragile economic recovery.

States also faced difficult budgetary choices in fiscal 2013 partly because of the expiration of substantial federal support from the American Recovery and Reinvestment Act of 2009 (ARRA). The expiration of funds left states with only \$900 million in flexible emergency funding in fiscal 2013, compared to nearly \$6.0 billion in fiscal 2012. Spending from these flexible funds peaked in fiscal 2010 at \$61.2 billion and then fell slightly to \$51.6 billion in fiscal 2011. Fiscal 2012 marked the



first time since fiscal 2009 that states implemented spending plans without enhanced Medicaid matching rates or substantial support from ARRA's State Fiscal Stabilization Fund. Improved revenue collections, along with successful cost controls, have helped states acclimate to the expiration of ARRA funds.

State general fund spending is expected to increase for a fourth consecutive year in fiscal 2014, although at a slower pace than the historical average. In fiscal 2013, states were able to successfully maintain budgetary realignments that occurred in fiscal 2012 to adjust for the declining share of federal dollars. As cur-

rent federal law requires large reductions in the levels of federal spending in 2014, a number of state programs will encounter budgetary challenges and governors' recommended spending plans may not be sufficient to adjust for additional declines in federal funds.

This edition of *The Fiscal Survey of States* reflects actual fiscal 2012, estimated fiscal 2013, and recommended fiscal 2014 figures. The data were collected in the spring of 2013.



# STATE EXPENDITURE DEVELOPMENTS

## CHAPTER ONE

### Overview

State budgets are projected to continue their trajectory of moderate growth in fiscal 2014 for the fourth consecutive year according to governors' recommended budgets. General fund spending increased by 4.0 percent in fiscal 2013, more than previously estimated, but still below the historical average. Budget growth over the past three years has helped states move beyond the fiscal crisis years of fiscal 2009 and 2010, however, many states still have nominal spending levels below pre-recession highs. Sluggish growth in the national economy and high unemployment continue to pose fiscal challenges for state budgets. Many states are expected to end fiscal 2013 with a budget surplus due to improved revenue collections, but the growth in revenue collections is expected to slow in fiscal 2014. Additionally, states are now challenged with increased spending demands for program areas cutback or put on hold during the recession, such as higher education and infrastructure. Slower revenue growth along with these added expenditure pressures indicates that many states will confront tough budgetary choices in fiscal 2014 and beyond.

### State Spending from All Sources

This report captures only state general fund spending. General fund spending represents the primary component of discretionary expenditures of revenue derived from general sources which have not been earmarked for specific items. According to the most recent edition of NASBO's *State Expenditure Report*, estimated fiscal 2012 spending from all sources (general funds, federal funds, other state funds and bonds) is approximately \$1.7 trillion with the general fund representing 39.8 percent of the total. However, as recently as fiscal 2008, general fund spending accounted for 45.9 percent of total state spending. This decrease in spending from general funds is attributable to ARRA. In fiscal 2013, general funds are expected to once again make up a larger component of total state spending due to the rapid decline in ARRA funds. The components of total state spending for estimated fiscal 2012 are: Medicaid, 23.9 percent; elementary and secondary education, 19.8 percent; higher education, 9.9 percent; transportation, 8.1 percent; corrections, 3.2 percent; public assistance, 1.4 percent; and all other expenditures, 33.7 percent.

For estimated fiscal 2012, components of general fund spending are elementary and secondary education, 34.7 percent; Medicaid, 19.6 percent; higher education, 10.0 percent; corrections, 7.0 percent; public assistance, 1.5 percent; transportation, 0.5 percent; and all other expenditures, 26.6 percent.

### State General Fund Spending

State general fund spending is projected to be \$728.0 billion in fiscal 2014 according to governors' recommended budgets. This represents a 4.1 percent increase from the \$699.2 billion spent in fiscal 2013. 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 real spending levels are still below the pre-recession high. Aggregate general fund spending would need to be at \$757 billion, or 8.3 percent higher than the \$699.2 billion currently estimated for fiscal 2013, to remain equivalent with real 2008 spending levels.

Increased general fund spending is projected to be widespread in fiscal 2014, with 42 states proposing a fiscal 2014 budget greater than enacted fiscal 2013 spending plans. However, 19 states have fiscal 2014 recommended budgets with nominal general fund expenditure levels below pre-recession highs, reflecting an uneven economic recovery. Aggregate general fund spending is estimated to increase by 4.0 percent in fiscal 2013 compared to fiscal 2012, and 42 states estimate they will end fiscal 2013 with greater general fund spending than in fiscal 2012. (See Table 1, Figure 1, and Tables 3 - 5). For fiscal 2013, eight states estimate general fund expenditures below fiscal 2012 levels, 19 states had general fund expenditure growth between 0 and 4.9 percent, 21 states had general fund spending growth between 5.0 and 9.9 percent and 2 states experienced budget growth greater than 10.0 percent. The number of states projecting budget growth between 5.0 and 9.9 percent drops to 16 in fiscal 2014, bringing the number of states projecting a 0 to 4.9 increase up to 24. Eight states are projecting negative budget growth, and two states are projecting budget growth greater than 10.0 percent in fiscal 2014. (See Table 2 and Table 6).



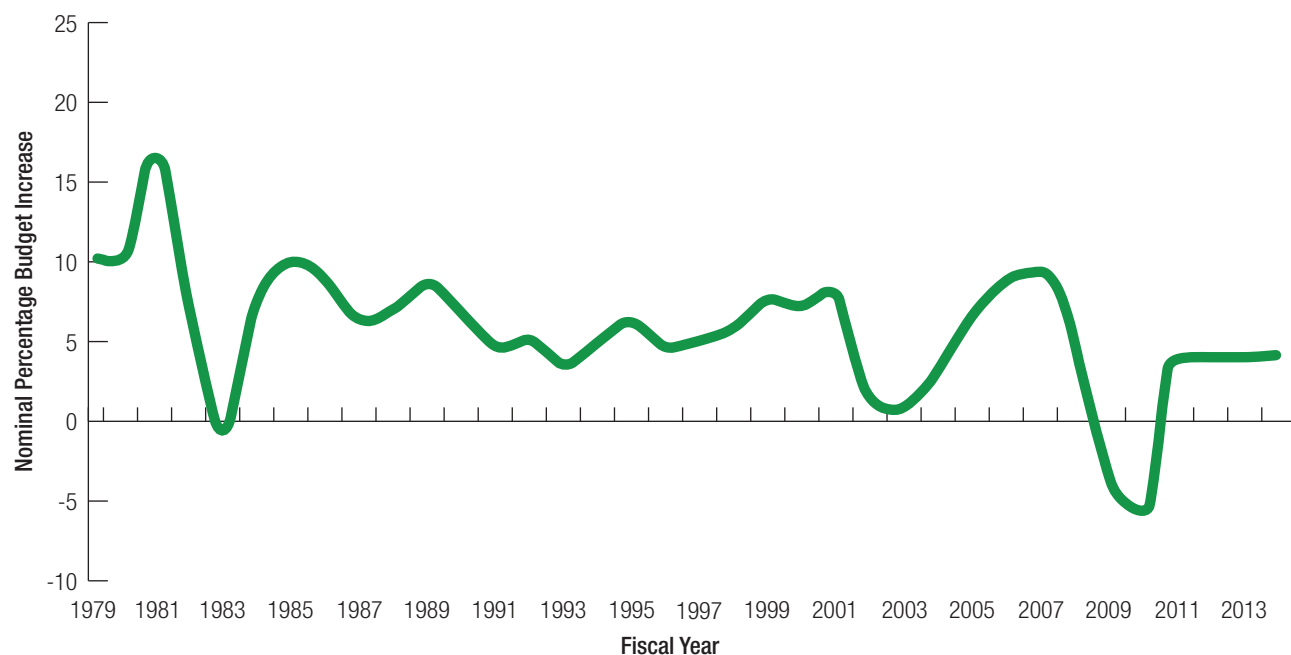
**TABLE 1****State Nominal and Real Annual Budget Increases,  
Fiscal 1979 to Fiscal 2014**

Fiscal Year	State General Fund	
	Nominal Increase	Real Increase
2014	4.1%	
2013	4.0	2.7%
2012	4.2	1.2
2011	3.8	0.6
2010	-5.7	-6.1
2009	-3.8	-6.3
2008	4.9	-1.1
2007	9.4	4.4
2006	8.7	2.5
2005	6.5	0.9
2004	3.0	-0.4
2003	0.6	-3.1
2002	1.3	-0.6
2001	8.3	4.3
2000	7.2	2.9
1999	7.7	5.4
1998	5.7	4.1
1997	5.0	3.0
1996	4.5	2.2
1995	6.3	3.3
1994	5.0	2.7
1993	3.3	0.8
1992	5.1	2.9
1991	4.5	0.0
1990	6.4	2.5
1989	8.7	5.6
1988	7.0	3.2
1987	6.3	2.7
1986	8.9	5.6
1985	10.2	6.1
1984	8.0	3.8
1983	-0.7	-6.3
1982	6.4	-1.1
1981	16.3	5.1
1980	10.0	-0.8
1979	10.1	3.2
<b>1979-2013 average</b>	<b>5.5%</b>	<b>1.6%</b>

Notes: \*The state and local government implicit price deflator cited by the Bureau of Economic Analysis in May 2013 is used for state expenditures in determining real changes. Fiscal 2012 figures are based on the change from fiscal 2011 actuals to fiscal 2012 actuals. Fiscal 2013 figures are based on the change from fiscal 2012 actuals to fiscal 2013 estimated. Fiscal 2014 figures are based on the change from fiscal 2013 estimated figures to fiscal 2014 recommended.

**FIGURE 1:**

**Annual Percentage Budget Increases, Fiscal 1979 to Fiscal 2014**



**TABLE 2**

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

Spending Growth	Number of States	
	Fiscal 2013 (Estimated)	Fiscal 2014 (Recommended)
Negative growth	8	8
0.0% to 4.9%	19	24
5.0% to 9.9%	21	16
10% or more	2	2

*NOTE: Average spending growth for fiscal 2013 (estimated) is 4.0 percent; average spending growth for fiscal 2014 (recommended) is 4.1 percent. See Table 6 for state-by-state data.*

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

State	Beginning Balance	Revenues	Adjustments	Total Resources	Expenditures	Adjustments	Ending Balance	Rainy Day Fund Balance
Alabama**	51	7,092	296	7,439	7,552	-173	60	14
Alaska**	0	9,485	47	9,532	7,013	239	2,280	15,880
Arizona**	3	7,804	1,260	9,067	8,420	250	397	253
Arkansas	0	4,606	0	4,606	4,606	0	0	0
California* **	-3,079	87,071	1,156	85,148	86,404	359	-1,615	-2,233
Colorado* **	157	7,736	137	8,030	7,212	-37	855	281
Connecticut**	0	18,562	144	18,705	18,705	0	0	93
Delaware*	798	3,359	0	4,157	3,592	0	565	186
Florida	746	24,039	0	24,786	23,277	0	1,509	494
Georgia* **	527	17,270	114	17,910	17,336	0	575	378
Hawaii	126	5,661	0	5,787	5,511	0	275	24
Idaho**	69	2,588	-8	2,648	2,549	0	100	24
Illinois**	469	34,072	0	34,541	34,501	0	40	0
Indiana**	1,124	14,331	-74	15,382	13,590	-11	1,803	352
Iowa**	0	6,311	381	6,693	6,004	0	688	601
Kansas**	188	6,413	0	6,601	6,098	0	503	0
Kentucky**	290	9,176	217	9,683	9,435	157	90	122
Louisiana* **	-14	7,987	374	8,348	8,234	0	113	443
Maine**	24	2,995	171	3,191	3,130	18	42	45
Maryland**	990	14,258	239	15,487	14,935	0	551	672
Massachusetts* **	1,901	32,547	0	34,447	32,458	0	1,990	1,652
Michigan**	554	8,165	507	9,226	8,246	0	979	365
Minnesota* **	1,289	17,086	0	18,375	16,580	0	1,795	658
Mississippi	51	4,871	0	4,921	4,868	0	53	100
Missouri**	377	7,341	427	8,145	7,938	0	207	251
Montana**	342	1,871	9	2,222	1,775	-6	453	0
Nebraska**	502	3,691	-249	3,944	3,446	0	499	429
Nevada**	324	3,126	0	3,450	3,068	47	336	39
New Hampshire* **	27	1,377	0	1,404	1,241	140	23	9
New Jersey**	870	29,619	528	31,017	30,573	0	444	0
New Mexico* **	505	5,847	-59	6,293	5,580	0	713	713
New York* **	1,376	56,900	0	58,276	56,489	0	1,787	1,306
North Carolina	582	19,534	434	20,551	20,157	0	394	419
North Dakota**	997	2,225	295	3,517	2,223	0	1,294	386
Ohio**	845	27,186	0	28,030	27,057	0	974	247
Oklahoma**	93	6,199	-35	6,257	5,822	328	107	578
Oregon**	35	6,940	-35	6,940	6,925	0	15	46
Pennsylvania**	1,073	26,403	214	27,690	27,031	0	659	0
Rhode Island**	64	3,271	-89	3,246	3,110	21	115	153
South Carolina* **	712	5,858	11	6,581	5,517	108	956	288
South Dakota**	0	1,236	47	1,282	1,207	28	48	135
Tennessee**	595	11,667	-20	12,242	11,169	255	819	306
Texas**	1,136	44,880	-1,517	44,498	44,577	0	-78	6,133
Utah	60	4,845	0	4,905	4,859	0	46	277
Vermont**	0	1,244	6	1,250	1,250	0	0	58
Virginia	841	16,185	0	17,027	16,351	0	675	304
Washington**	-92	14,874	117	14,899	15,279	0	-380	130
West Virginia**	793	4,103	5	4,902	4,140	151	611	851
Wisconsin**	86	13,515	328	13,928	13,751	-165	342	0
Wyoming**	0	1,580	0	1,580	1,580	0	0	765
TERRITORIES								
Puerto Rico* **	0	8,650	610	9,260	9,257	0	3	0
<b>Total***</b>	<b>\$18,405</b>	<b>\$674,999</b>		<b>\$698,782</b>	<b>\$672,367</b>		<b>\$24,706</b>	<b>\$34,226</b>

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 2013 State General Fund, Estimated (Millions)

State	Beginning Balance	Revenues	Adjustments	Resources	Expenditures	Adjustments	Ending Balance	Rainy Day Fund Balance
Alabama* **	60	7,108	94	7,261	7,158	0	104	118
Alaska**	0	7,476	104	7,580	7,591	97	-108	16,234
Arizona**	397	7,981	1,064	9,442	8,517	200	725	453
Arkansas	0	4,728	0	4,728	4,728	0	0	0
California*	-1,615	95,394	0	93,779	92,994	0	785	167
Colorado* **	796	8,284	-4	9,076	7,768	935	373	373
Connecticut**	0	18,973	0	18,973	19,007	0	-34	78
Delaware* **	565	3,737	0	4,301	3,640	0	662	199
Florida	1,509	25,782	0	27,291	24,999	0	2,292	709
Georgia* **	575	18,303	0	18,878	18,303	0	575	378
Hawaii	275	5,873	0	6,149	5,756	0	392	24
Idaho**	100	2,658	-25	2,733	2,674	0	58	50
Illinois	40	34,924	0	34,964	34,431	493	40	0
Indiana**	1,803	14,604	32	16,439	14,169	0	2,271	355
Iowa**	0	6,517	572	7,089	6,221	46	822	622
Kansas**	503	6,230	0	6,732	6,199	0	534	0
Kentucky	90	9,400	266	9,756	9,546	157	52	122
Louisiana**	0	7,974	169	8,143	8,279	-136	0	443
Maine**	42	3,008	113	3,163	3,046	117	1	5
Maryland**	551	14,749	11	15,312	14,698	0	614	701
Massachusetts* **	1,990	33,376	0	35,366	34,068	0	1,298	1,270
Michigan**	979	8,321	-38	9,262	8,977	0	285	505
Minnesota* **	1,795	18,075	0	19,870	18,862	0	1,008	657
Mississippi	53	4,940	-100	4,894	4,751	95	47	NA
Missouri**	207	7,692	202	8,101	7,993	0	108	262
Montana**	453	1,995	-2	2,446	1,997	0	449	0
Nebraska**	499	3,825	-142	4,182	3,634	263	285	384
Nevada**	336	3,203	0	3,539	3,268	56	215	85
New Hampshire* **	23	1,385	30	1,438	1,274	155	9	9
New Jersey**	444	31,036	765	32,244	31,871	0	374	0
New Mexico* **	713	5,754	1	6,468	5,839	0	629	629
New York* **	1,787	59,062	0	60,849	59,375	0	1,474	1,306
North Carolina	394	20,004	513	20,911	20,697	0	213	419
North Dakota**	1,294	2,068	305	3,668	2,152	1,447	69	455
Ohio**	974	29,214	0	30,188	28,480	0	1,708	482
Oklahoma**	107	6,328	-33	6,402	6,276	0	126	N/A
Oregon	15	7,170	0	7,185	6,803	0	382	62
Pennsylvania**	659	27,522	114	28,295	27,761	-10	544	0
Rhode Island**	115	3,331	-83	3,363	3,268	16	79	173
South Carolina* **	956	6,287	0	7,243	5,974	549	720	394
South Dakota**	0	1,263	39	1,301	1,300	1	0	135
Tennessee**	819	11,971	-36	12,754	11,832	292	630	356
Texas**	-78	47,281	-2,410	44,792	43,398	0	1,395	8,065
Utah	46	5,105	0	5,151	5,151	0	0	288
Vermont**	0	1,306	0	1,306	1,303	3	0	63
Virginia	675	16,927	0	17,603	17,176	0	427	436
Washington**	-380	15,662	235	15,517	15,407	0	110	268
West Virginia**	611	4,150	1	4,761	4,276	28	457	900
Wisconsin**	342	13,799	643	14,784	14,683	-386	488	0
Wyoming**	0	1,664	0	1,664	1,664	0	0	884
TERRITORIES								
Puerto Rico* **	0	8,750	333	9,083	9,083	0	0	0
<b>Total</b>	<b>\$21,518</b>	<b>\$703,417</b>		<b>\$727,335</b>	<b>\$699,230</b>		<b>\$23,686</b>	<b>\$39,518</b>

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 2014 State General Fund, Recommended (Millions)**

State	Beginning Balance	Revenues	Adjustments	Resources	Expenditures	Adjustments	Ending Balance	Rainy Day Fund Balance
Alabama**	0	7,372	196	7,567	7,567	0	0	218
Alaska**	0	6,713	0	6,713	6,524	-49	238	17,179
Arizona**	725	8,427	69	9,221	8,907	0	313	453
Arkansas	0	4,947	0	4,947	4,947	0	0	0
California*	785	98,501	0	99,286	97,650	0	1,636	1,018
Colorado* **	373	8,449	8	8,830	8,424	0	406	398
Connecticut**	0	20,117	0	20,117	20,111	0	7	85
Delaware* **	662	3,716	0	4,377	3,816	0	562	201
Florida	2,292	26,230	0	28,522	27,326	0	1,196	925
Georgia*	575	18,808	0	19,382	18,808	0	575	378
Hawaii	392	6,022	0	6,414	6,246	0	168	32
Idaho**	58	2,799	-58	2,800	2,786	0	13	85
Illinois**	40	35,630	0	35,670	35,621	9	40	0
Indiana**	1,544	14,886	-189	16,241	14,418	0	1,823	358
Iowa**	0	6,740	673	7,413	6,539	0	874	674
Kansas**	534	6,005	0	6,539	6,083	0	456	0
Kentucky	52	9,615	229	9,896	9,812	83	0	73
Louisiana**	0	8,226	0	8,226	8,226	0	0	443
Maine**	1	3,097	73	3,170	3,164	6	0	5
Maryland**	614	15,442	184	16,239	16,003	0	236	921
Massachusetts* **	1,285	36,233	0	37,518	36,455	0	1,063	1,063
Michigan**	285	8,681	93	9,059	9,037	0	22	580
Minnesota* **	1,008	18,628	0	19,636	18,557	0	1,079	657
Mississippi	47	4,983	-101	4,930	4,930	49	49	NA
Missouri**	108	7,929	255	8,292	8,192	0	100	266
Montana**	450	2,090	-50	2,489	2,173	0	316	0
Nebraska**	285	3,922	-134	4,073	3,818	5	250	395
Nevada**	215	3,169	85	3,468	3,211	42	215	31
New Hampshire* **	9	1,417	0	1,426	1,316	98	12	9
New Jersey**	374	32,356	-9	32,720	32,420	0	300	0
New Mexico* **	629	5,983	-67	6,545	5,940	0	605	605
New York* **	1,474	61,055	0	62,529	60,888	0	1,641	1,306
North Carolina	213	20,344	175	20,732	20,602	0	131	619
North Dakota	69	2,423	0	2,492	2,345	0	147	455
Ohio**	1,708	30,678	0	32,386	32,225	0	160	1,461
Oklahoma**	126	6,407	0	6,533	6,407	0	126	N/A
Oregon**	382	7,345	-137	7,589	7,496	0	93	246
Pennsylvania**	544	27,926	0	28,470	28,440	7	23	8
Rhode Island**	79	3,426	-105	3,401	3,399	0	1	175
South Carolina* **	720	6,345	11	7,076	6,182	160	734	410
South Dakota**	0	1,321	9	1,329	1,328	0	2	136
Tennessee**	630	12,350	-100	12,880	12,542	338	0	456
Texas**	1,395	46,663	-1,469	46,588	45,385	0	1,203	7,268
Utah	0	5,457	0	5,457	5,457	0	0	288
Vermont**	0	1,389	0	1,389	1,377	12	0	65
Virginia	427	17,466	0	17,893	17,882	0	11	681
Washington**	110	15,892	297	16,299	16,230	0	69	133
West Virginia**	457	4,141	0	4,598	4,141	9	448	920
Wisconsin**	488	13,991	590	15,068	14,978	-197	287	0
Wyoming**	0	1,663	0	1,663	1,663	0	0	883
TERRITORIES								
Puerto Rico*	0	9,635	200	9,835	9,835	0	0	0
<b>Total</b>	<b>\$22,162</b>	<b>\$723,410</b>		<b>\$746,097</b>	<b>\$727,994</b>		<b>\$17,629</b>	<b>\$42,560</b>

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 28.



TABLE 6

### General Fund Nominal Percentage Expenditure Change, Fiscal 2013 and Fiscal 2014\*

State	Fiscal 2013	Fiscal 2014
Alabama	-5.2%	5.7%
Alaska	8.2	-14.1
Arizona	1.1	4.6
Arkansas	2.6	4.6
California	7.6	5.0
Colorado	7.7	8.5
Connecticut	1.6	5.8
Delaware	1.3	4.8
Florida	7.4	9.3
Georgia	5.6	2.8
Hawaii	4.4	8.5
Idaho	4.9	4.2
Illinois	-0.2	3.5
Indiana	4.3	1.8
Iowa	3.6	5.1
Kansas	1.6	-1.9
Kentucky	1.2	2.8
Louisiana	0.5	-0.6
Maine	-2.7	3.9
Maryland	-1.6	8.9
Massachusetts	5.0	7.0
Michigan	8.9	0.7
Minnesota	13.8	-1.6
Mississippi	-2.4	3.8
Missouri	0.7	2.5
Montana	12.5	8.8
Nebraska	5.5	5.0
Nevada	6.5	-1.7
New Hampshire	2.7	3.4
New Jersey	4.2	1.7
New Mexico	4.6	1.7
New York	5.1	2.5
North Carolina	2.7	-0.5
North Dakota	-3.2	9.0
Ohio	5.3	13.1
Oklahoma	7.8	2.1
Oregon	-1.8	10.2
Pennsylvania	2.7	2.4
Rhode Island	5.1	4.0
South Carolina	8.3	3.5
South Dakota	7.8	2.1
Tennessee	5.9	6.0
Texas	-2.6	4.6
Utah	6.0	5.9
Vermont	4.3	5.6
Virginia	5.0	4.1
Washington	0.8	5.3
West Virginia	3.3	-3.2
Wisconsin	6.8	2.0
Wyoming	5.3	-0.1
TERRITORIES		
Puerto Rico	-1.9	8.3
<b>Average</b>	<b>4.0%</b>	<b>4.1%</b>

\* Fiscal 2013 reflects changes from fiscal 2012 expenditures (actual) to fiscal 2013 expenditures (estimated). Fiscal 2014 reflects changes from fiscal 2013 expenditures (estimated) to fiscal 2014 expenditures (recommended).

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

Mid-year 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. (See [Tables 8 and 10](#)). Fiscal 2013 mid-year budget adjustments resulted in \$8.6 billion in additional spending. The program areas that received the greatest mid-year spending increases were Medicaid, K-12 education and corrections. Program areas that received mid-year spending reductions include public assistance, higher education and the all other category. Ten states made mid-year budget cuts to Medicaid, and nine states reported a spending increase, resulting in a general fund spending increase totaling \$5.0 billion for Medicaid in fiscal 2013. Nine states reported mid-year general fund spending increases for K-12 education, and eight states enacted mid-year budget cuts for K-12 education. Mid-year budget adjustments resulted in an additional \$3.7 billion in spending for K-12 education purposes. A supplemental appropriation of \$4.4 billion for Medicaid and \$2.1 billion for K-12 education in Texas along with \$1.6 billion in additional K-12 spending in Minnesota accounted for the majority of mid-year general fund spending increases. Twelve states enacted mid-year budget cuts to the all other spending category, reducing spending for the all other category by \$316 million. Additionally, seven states enacted mid-year program area cuts for higher education, and eight states enacted cuts to public assistance in fiscal 2013.

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. Eleven states enacted net mid-year budget cuts in fiscal 2013 totaling \$1.3 billion, slightly less than the \$1.7 billion in mid-year budget cuts made in fiscal 2012. However, fewer states, only eight, enacted net mid-year budget cuts in fiscal 2012 compared to 2013. (See [Table 7 and Figure 2](#)). In fiscal 2011, 23 states made mid-year budget cuts totaling \$7.8 billion. In fiscal 2010, 39 states made mid-year budget cuts totaling \$18.3 billion, and in fiscal 2009, 41 states made mid-year budget cuts, totaling \$31.3 billion. In sharp contrast to fiscal 2009 and fiscal 2010, minimal mid-year cuts in fiscal 2013 indicate that states'

fiscal situations are stabilizing, and budgets are successfully adapting to the current economic environment.

In addition to reduced spending, legislatively approved increases in taxes and fees can also be used to solve budget gaps, differences between enacted levels of spending and anticipated revenue collections. States enacted \$0.5 billion in new mid-year taxes and fees in fiscal 2013. Specifically, two states, California and Georgia, enacted mid-year tax increases, and one state, Minnesota, enacted a mid-year tax decrease. (See [Table 12](#)).

States can also implement strategies to close budget gaps prior to the start of the fiscal year. Previously closed budget gaps for fiscal 2013 totaled \$33.3 billion, significantly less than the \$68 billion in previously closed budget gaps that states reported for fiscal 2012. Thirteen states are forecasting \$6.8 billion in budget gaps for fiscal 2014 that will need to be closed before the end of that fiscal year. Declining budget gaps in fiscal 2013 and even smaller projected budget gaps for fiscal 2014 indicate that state fiscal conditions are further stabilizing from fiscal 2011 and fiscal 2012. Constrained revenues and heightened spending demands in fiscal 2011 and fiscal 2012 left states to solve \$146.3 billion in budget gaps over the two year time period. State revenue collections have improved more than previously estimated in fiscal 2013, helping to minimize gaps between spending and revenue in both fiscal 2013 and 2014. Although not all states have reported official forecasts, budget gaps in fiscal 2015 are projected to slightly increase to \$10.9 billion in fiscal 2015.

In order to eliminate budget gaps in fiscal 2014, states are planning to use a number of strategies. Sixteen states have used or plan to use targeted cuts to reduce expenditures in fiscal 2014, down from the number of states (21) that reported targeted cuts in fiscal 2013. Additionally, six states expect to reorganize agencies, four states plan to use across-the-board percentage cuts, four states intend to increase user fees, four states expect to raise higher education related fees, and four states plan to make cuts to state employee benefits to help close budget gaps in fiscal 2014. Seven states expect targeted cuts to be part of the solution to close budget gaps in fiscal 2015. (See [Tables 13, 14, and 15](#)).

TABLE 7

### States with Net Mid-Year Budget Cuts Made After the Fiscal 2013 Budget Passed\*\*

State	FY 2013 Size of Cuts (\$ in Millions)	Programs or Expenditures Exempted from Cuts
Connecticut	\$391.9	
Georgia	158.8	K-12 Instruction
Louisiana	135.4	Minimum Foundation Program
Maine	35.5	
Missouri	44.5	K-12 Foundation Formula & Corrections.
New Jersey	256.9	
Ohio	23.5	
Rhode Island	28.2	
Vermont	1.8	
Virginia	164.6	Legislative, Judicial agencies, constitutional officers, Standards of Quality testing in K-12, Direct aid-to-localities for K-12, all institutions of Higher Education, Financial aid for Tuition Assistance Grants, Dept of Medical Assistance Services non-administrative programs, Inmate medical services, and others.
West Virginia	28.0	Legislative and Judicial branches of government, Debt Service, Medicaid, Corrections, 4 year Higher Ed, other misc programs.
Puerto Rico	32.0	Education.
<b>Total</b>	<b>\$1,269.1</b>	—

Notes: \*\*Budget Cuts for Fiscal 2013 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 2013 Mid-Year Program Area Cuts

State	K-12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other
Alabama							
Alaska							
Arizona							
Arkansas							
California							
Colorado*				X			
Connecticut	X	X	X	X	X	X	X
Delaware							
Florida							
Georgia		X	X		X		X
Hawaii							
Idaho							
Illinois							
Indiana							
Iowa							
Kansas				X			
Kentucky							
Louisiana		X		X	X		X
Maine	X	X					X
Maryland							
Massachusetts	X		X	X		X	
Michigan			X	X			
Minnesota							
Mississippi							
Missouri		X					X
Montana							
Nebraska							X
Nevada							
New Hampshire							
New Jersey	X	X	X			X	X
New Mexico							
New York							X
North Carolina							
North Dakota							
Ohio			X				X
Oklahoma							
Oregon							
Pennsylvania							
Rhode Island	X			X			X
South Carolina							
South Dakota				X			
Tennessee							
Texas							
Utah							
Vermont				X			
Virginia	X		X	X			X
Washington	X		X				
West Virginia	X	X				X	X
Wisconsin							
Wyoming							
TERRITORIES							
Puerto Rico							X
<b>Total</b>	<b>8</b>	<b>7</b>	<b>8</b>	<b>10</b>	<b>3</b>	<b>4</b>	<b>12</b>

NOTE: See Table 10 for state-by-state values. \* See Notes to Table 8 on page 29.

TABLE 9

## Fiscal 2014 Recommended Program Area Cuts

State	K-12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other
Alabama							
Alaska							X
Arizona				X			
Arkansas							
California					X	X	
Colorado							
Connecticut			X			X	
Delaware			X				
Florida						X	
Georgia							
Hawaii							
Idaho							
Illinois						X	
Indiana			X	X	X		X
Iowa	X						
Kansas	X		X	X			
Kentucky							
Louisiana		X				X	X
Maine							
Maryland				X			
Massachusetts							
Michigan			X	X		X	
Minnesota	X				X		
Mississippi	X		X				X
Missouri							
Montana							
Nebraska							
Nevada							X
New Hampshire							
New Jersey			X		X		X
New Mexico							
New York			X				
North Carolina							
North Dakota							
Ohio			X				
Oklahoma							
Oregon							
Pennsylvania*						X	
Rhode Island							
South Carolina							X
South Dakota							
Tennessee						X	
Texas							
Utah			X	X			
Vermont				X			
Virginia			X		X		
Washington			x				
West Virginia		X			X	X	X
Wisconsin							
Wyoming	X	X			X	X	X
TERRITORIES							
Puerto Rico							
<b>Total</b>	<b>5</b>	<b>3</b>	<b>12</b>	<b>7</b>	<b>7</b>	<b>10</b>	<b>9</b>

NOTE: See Table 11 for state-by-state values. \* See Notes to Table 9 on page 29.



TABLE 10

## Fiscal 2013 Mid-Year Program Area Adjustments (Millions)

State	K-12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other	Total
Alabama	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$82.3	\$82.3
Alaska								
Arizona*			14.8					14.8
Arkansas								
California								
Colorado*		9.3		-9.4	3.5		17.4	20.8
Connecticut	-19.9	-26.5	-82.0	-109.4	-9.9	-7.4	-136.8	-391.9
Delaware								
Florida								
Georgia	157.1	-95.5	-33.4	221.3	-9.8	68.8	-467.3	-158.8
Hawaii								
Idaho								
Illinois	9.0		37.0				557.3	603.3
Indiana							10.4	10.4
Iowa				42.3			3.5	45.8
Kansas	25.9	11.6		-21.5	9.6		11.8	37.4
Kentucky								
Louisiana	20.5	-22.8		-47.7	-17.0		-68.4	-135.4
Maine	-47.7	-3.5		82.0			-66.3	-35.5
Maryland								
Massachusetts	-16.0	35.4	-0.6	-127.7	16.8	-4.9	155.9	58.9
Michigan*		12.5	-14.3	-63.0			64.9	0.1
Minnesota*	1,612.0						72.9	1,684.9
Mississippi								
Missouri		-0.3					-44.2	-44.5
Montana								
Nebraska	1.5				5.1		-4.6	2.0
Nevada								
New Hampshire								
New Jersey	-19.0	-4.3	-31.5	188.9	5.4	-87.9	-308.5	-256.9
New Mexico								
New York*	2.0	30.0	10.0	449.0	340.0	36.0	-360.0	507.0
North Carolina								
North Dakota								
Ohio			-2.1	1.8			-23.2	-23.5
Oklahoma								
Oregon								
Pennsylvania								
Rhode Island	-5.2	0.2		-24.3	1.2		-0.1	-28.2
South Carolina								
South Dakota	11.9	9.4	4.9	-1.0	3.1	1.8	24.2	54.3
Tennessee				0.3	46.3		103.4	150.0
Texas*	2,067.0			4,447.9			71.7	6,586.6
Utah								
Vermont*			6.9	-12.9			4.2	-1.8
Virginia	-64.1		-5.0	-91.2			-4.3	-164.6
Washington*	-48.0	5.0	-33.0	88.0	8.0	10.0	12.0	42.0
West Virginia	-0.9	-1.5				-0.5	-25.1	-28.0
Wisconsin								
Wyoming								
TERRITORIES								
Puerto Rico							-32.0	-32.0
<b>Total</b>	<b>\$3,686.1</b>	<b>-\$41.0</b>	<b>-\$128.3</b>	<b>\$5,013.4</b>	<b>\$402.2</b>	<b>\$15.9</b>	<b>-\$316.9</b>	<b>\$8,631.4</b>

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

TABLE 11

## Fiscal 2014 Recommended Program Area Adjustments (Millions)

State	K-12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other	Total
Alabama	\$112.7	\$40.7	\$0.0	\$0.0	\$27.6	\$0.0	\$153.7	\$334.7
Alaska	11.7	10.6	3.9	11.0	16.2	8.9	-30.7	31.6
Arizona	120.6	59.3	71.9	-69.0	0.0	0.0	67.0	249.8
Arkansas	52.3	11.0	12.1	90.0	21.8	0.0	32.7	219.8
California*	3,122.2	1,676.9	366.2	916.2	-81.5	-35.1	347.1	6,312.0
Colorado	84.9	29.9	0.0	215.2	11.0	0.0	192.4	533.4
Connecticut	47.0	1.7	-2.6	366.2	50.7	-67.5	348.1	743.5
Delaware	41.2	9.2	-0.9	33.0	5.0	N/A	37.8	125.3
Florida	959.6	430.0	0.0	166.7	82.7	-4.0	740.0	2,375.0
Georgia	239.7	28.5	15.7	168.2	12.2	15.6	38.6	518.5
Hawaii*	73.0	12.0	19.0	63.0	14.4	0.0	321.6	503.0
Idaho	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Illinois	439.2	27.4	0.0	0.0	106.2	-22.2	0.0	550.5
Indiana	249.8	61.4	-2.5	-27.3	-2.3	0.0	-52.8	226.2
Iowa	-1.4	46.3	0.0	75.1	6.4	0.0	144.8	271.2
Kansas	-112.9	3.4	-10.0	-28.4	0.0	0.0	32.4	-115.5
Kentucky	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Louisiana*	64.5	-709.0	0.0	586.8	19.4	-0.1	-11.5	-49.9
Maine	37.9	3.4	1.2	19.1	10.9	0.0	45.8	118.3
Maryland*	194.8	94.5	55.5	-130.5	38.1	0.0	727.8	980.1
Massachusetts	366.8	245.7	9.0	1,302.4	25.6	235.9	130.9	2,316.3
Michigan*	0.0	73.2	-15.7	-124.8	45.8	-23.0	111.3	66.8
Minnesota	-1,281.9	104.7	415.8	1.1	-23.2	15.3	463.5	-304.7
Mississippi	-6.1	8.2	-3.3	245.7	0.0	0.0	-16.5	228.0
Missouri	26.1	6.5	0.0	74.1	22.7	3.8	140.1	273.3
Montana	54.7	15.3	1.2	14.9	12.6	0.0	26.3	125.0
Nebraska	51.7	24.7	4.6	74.2	9.8	0.0	20.3	185.3
Nevada	8.8	3.1	11.7	33.0	8.7	0.0	-38.5	26.8
New Hampshire	0.0	30.0	0.0	0.0	3.0	0.0	0.0	33.0
New Jersey	677.7	36.4	-28.3	38.2	-0.4	35.6	-209.5	549.7
New Mexico	101.8	24.0	1.0	27.8	5.6	0.0	71.7	231.9
New York	262.0	102.0	-115.0	635.0	164.0	131.0	841.0	2,020.0
North Carolina	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
North Dakota*	0.0	123.0	0.0	46.0	10.0	2.0	178.0	359.0
Ohio*	354.2	15.0	-110.0	779.0	10.9	0.0	268.0	1,317.1
Oklahoma	13.5	0.0	0.0	40.0	3.5	2.1	61.2	120.3
Oregon*	218.3	46.6	13.8	34.4	66.9	0.8	312.1	692.9
Pennsylvania*	337.9	0.2	4.4	87.9	75.6	-5.7	178.5	678.8
Rhode Island	29.2	8.4	0.0	0.0	2.6	0.0	63.2	103.4
South Carolina	79.1	24.1	9.1	75.6	26.0	0.2	-2.2	211.9
South Dakota	13.1	7.1	15.1	22.4	4.7	1.0	18.0	81.4
Tennessee	182.0	116.2	0.0	251.6	28.9	-4.5	114.4	688.6
Texas*	0.0	0.0	0.0	0.0	0.0	650.0	515.0	1,165.0
Utah	129.4	59.2	-1.1	-7.6	11.8	0.0	78.7	270.4
Vermont*	15.3	2.5	9.6	-18.6	5.7	N/A	56.7	71.2
Virginia	43.2	0.0	-6.0	21.6	-28.5	0.0	345.7	376.0
Washington	450.0	364.0	-29.0	283.0	71.0	4.0	801.0	1,944.0
West Virginia	14.9	-32.3	9.0	142.0	-2.6	-0.5	-10.1	120.4
Wisconsin	73.5	80.5	13.7	0.0	15.7	20.5	28.3	232.2
Wyoming	-1.0	-17.0	0.0	0.0	-11.0	-2.0	-43.0	-74.0
TERRITORIES								
Puerto Rico*	120.0	77.0	0.0	0.0	0.0	0.0	556.0	753.0
<b>Total</b>	<b>\$7,950.9</b>	<b>\$3,308.5</b>	<b>\$739.1</b>	<b>\$6,534.2</b>	<b>\$904.1</b>	<b>\$962.0</b>	<b>\$7,638.7</b>	<b>\$28,037.4</b>

NOTE: Dollar values are in millions. \* See Notes to Table 11 on page 30.

TABLE 12

# Enacted Mid-Year Fiscal 2013 Revenue Actions by Type of Revenue and Net Increase or Decrease\* (Millions)

State	Sales	Personal Income	Corporate Income	Cigarettes/ Tobacco	Motor Fuels	Alcohol	Other Taxes	Fees	Total
Alabama									
Alaska									
Arizona									
Arkansas									
California			440.0						440.0
Colorado									
Connecticut									
Delaware									
Florida									
Georgia	-192.0						264.0		72.0
Hawaii									
Idaho									
Illinois									
Indiana									
Iowa									
Kansas									
Kentucky									
Louisiana									
Maine									
Maryland									
Massachusetts									
Michigan									
Minnesota		-15.5	-3.0						-18.5
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									
TERRITORIES									
Puerto Rico									
<b>Total</b>	<b>-\$192.0</b>	<b>-\$15.5</b>	<b>\$437.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$264.0</b>	<b>\$0.0</b>	<b>\$493.5</b>

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

**FIGURE 2:**

**Budget Cuts Made After the Budget Passed, Fiscal 1990 to Fiscal 2013 (Millions)**

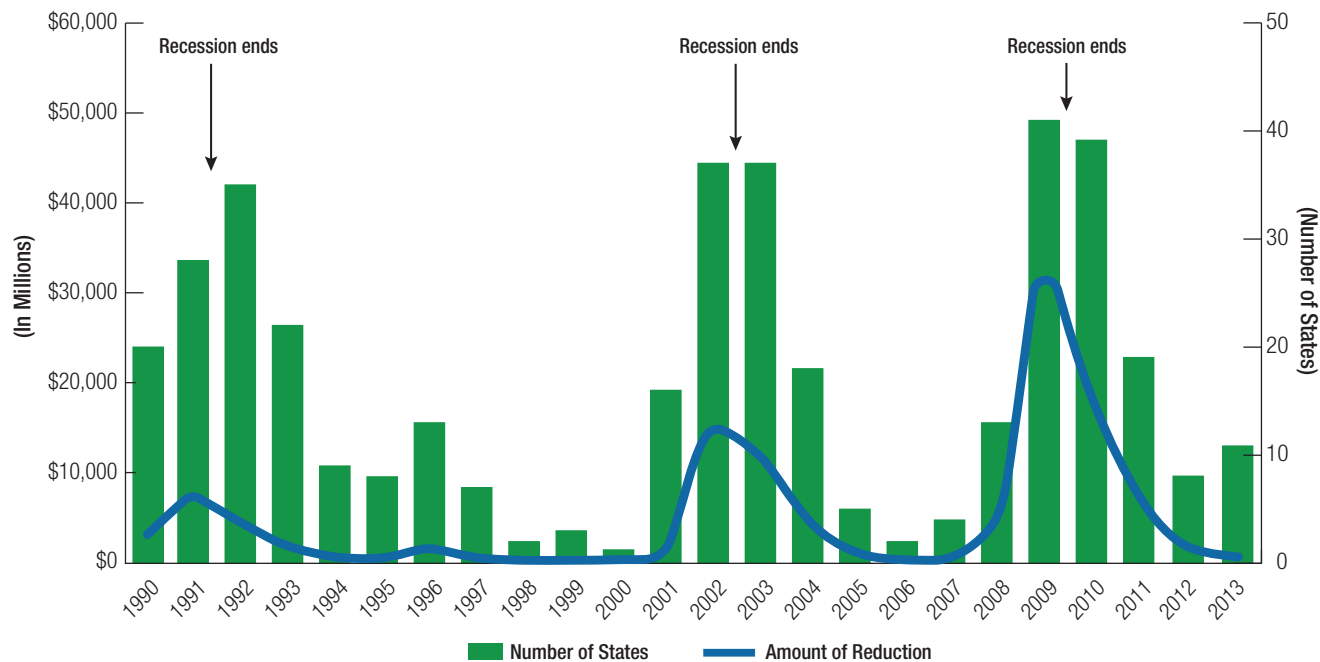


TABLE 13

## Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2013

State	User Fees	Higher Education Related Fees	Court Related Fees	Transportation/Motor Vehicle Related Fees	Business Related Fees	Layoffs	Furloughs	Early Retirement	Salary Reductions
Alabama									
Alaska									
Arizona									
Arkansas									
California									
Colorado									
Connecticut*		X		X					
Delaware									
Florida						X			
Georgia									
Hawaii									
Idaho									
Illinois						X			
Indiana									
Iowa									
Kansas			X						
Kentucky									
Louisiana		X		X		X		X	
Maine*									
Maryland*	X								
Massachusetts*									
Michigan									
Minnesota									
Mississippi									
Missouri									
Montana									
Nebraska									
Nevada				X			X		X
New Hampshire*									
New Jersey									
New Mexico									
New York*									
North Carolina									
North Dakota									
Ohio						X			
Oklahoma									
Oregon*	X	X	X		X	X	X		X
Pennsylvania									
Rhode Island	X	X			X				
South Carolina									
South Dakota									
Tennessee*									
Texas*									
Utah									
Vermont*	X			X	X				
Virginia									
Washington									
West Virginia*									
Wisconsin									
Wyoming									
TERRITORIES									
Puerto Rico*								X	
<b>Total</b>	<b>4</b>	<b>4</b>	<b>2</b>	<b>4</b>	<b>3</b>	<b>5</b>	<b>2</b>	<b>1</b>	<b>2</b>

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 2013

State	Cuts to State Employee Benefits	Across-the-Board Percent Cuts	Targeted Cuts	Reduce Local Aid	Reorganize Agencies	Privatization	Rainy Day Fund	Lottery Expansion	Gaming/Gambling Expansion	Other (Specify)
Alabama										
Alaska							X			
Arizona										
Arkansas										
California										
Colorado										
Connecticut*	X		X		X		X			X
Delaware										
Florida			X			X		X		
Georgia		X	X							
Hawaii		X	X							
Idaho										
Illinois		X	X							
Indiana										
Iowa										
Kansas			X		X					
Kentucky										
Louisiana			X		X	X				
Maine*	X		X				X			X
Maryland*	X	X	X	X				X	X	X
Massachusetts*		X	X				X			X
Michigan										
Minnesota										
Mississippi										
Missouri		X	X			X		X		
Montana										
Nebraska										
Nevada	X						X			X
New Hampshire*										X
New Jersey										
New Mexico										
New York*		X	X	X	X					X
North Carolina		X	X	X	X					X
North Dakota										
Ohio			X	X	X	X				
Oklahoma										
Oregon*	X	X	X	X						X
Pennsylvania		X	X							
Rhode Island	X		X							
South Carolina										
South Dakota										
Tennessee*										X
Texas*			X		X					X
Utah										
Vermont*			X							
Virginia										
Washington			X							
West Virginia*			X							X
Wisconsin										
Wyoming										
TERRITORIES										
Puerto Rico*		X								X
<b>Total</b>	<b>6</b>	<b>10</b>	<b>21</b>	<b>5</b>	<b>7</b>	<b>4</b>	<b>5</b>	<b>3</b>	<b>1</b>	<b>12</b>

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

TABLE 14

## Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2014

State	User Fees	Higher Education Related Fees	Court Related Fees	Transportation/Motor Vehicle Related Fees	Business Related Fees	Layoffs	Furloughs	Early Retirement	Salary Reductions
Alabama									
Alaska									
Arizona									
Arkansas									
California									
Colorado									
Connecticut*		X							
Delaware*									
Florida									
Georgia									
Hawaii*	X	X	X						
Idaho									
Illinois									
Indiana									
Iowa									
Kansas									
Kentucky									
Louisiana		X		X		X		X	
Maine*									
Maryland									
Massachusetts									
Michigan									
Minnesota	X				X				
Mississippi									
Missouri									
Montana									
Nebraska*									
Nevada*				X			X		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									
TERRITORIES									
Puerto Rico*									
<b>Total</b>	<b>4</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>

NOTE: \*See Notes to Table 14 on page 33.

Table 14 continues on next page.

TABLE 14 (CONTINUED)

## Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2014

State	Cuts to State Employee Benefits	Across-the-Board Percent Cuts	Targeted Cuts	Reduce Local Aid	Reorganize Agencies	Privatization	Rainy Day Fund	Lottery Expansion	Gaming/Gambling Expansion	Other (Specify)
Alabama										
Alaska										
Arizona										
Arkansas										
California										
Colorado										
Connecticut*			X		X					X
Delaware*			X							X
Florida										
Georgia		X	X							
Hawaii*										X
Idaho										
Illinois		X	X							
Indiana										
Iowa										
Kansas			X		X					
Kentucky										
Louisiana			X	X	X	X				
Maine*	X		X	X			X			X
Maryland		X	X							X
Massachusetts										
Michigan										
Minnesota			X					X		
Mississippi										
Missouri										
Montana										
Nebraska*										
Nevada*	X						X			X
New Hampshire										
New Jersey										
New Mexico										
New York*			X	X	X			X		X
North Carolina			X	X	X			X		X
North Dakota										
Ohio										
Oklahoma										
Oregon	X	X	X		X					
Pennsylvania	X					X				
Rhode Island			X						X	
South Carolina										
South Dakota										
Tennessee*										X
Texas										
Utah										
Vermont*			X							X
Virginia										
Washington			X				X			
West Virginia*			X							X
Wisconsin										
Wyoming										
TERRITORIES										
Puerto Rico*								X		X
<b>Total</b>	<b>4</b>	<b>4</b>	<b>16</b>	<b>4</b>	<b>6</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>11</b>

NOTE: \*See Notes to Table 14 on page 33.

TABLE 15

## Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2015

State	User Fees	Higher Education Related Fees	Court Related Fees	Transportation/Motor Vehicle Related Fees	Business Related Fees	Layoffs	Furloughs	Early Retirement	Salary Reductions
Alabama									
Alaska									
Arizona									
Arkansas									
California									
Colorado									
Connecticut		X							
Delaware									
Florida									
Georgia									
Hawaii*	X	X	X						
Idaho									
Illinois									
Indiana									
Iowa									
Kansas									
Kentucky									
Louisiana									
Maine*									
Maryland									
Massachusetts									
Michigan									
Minnesota	X				X				
Mississippi									
Missouri									
Montana									
Nebraska									
Nevada*				X					X
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	X	X	X						
West Virginia*									
Wisconsin									
Wyoming									
TERRITORIES									
Puerto Rico									
<b>Total</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

NOTE: \*See Notes to Table 15 on page 34.

Table 15 continues on next page.

TABLE 15 (CONTINUED)

## Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2015

State	Cuts to State Employee Benefits	Across-the-Board Percent Cuts	Targeted Cuts	Reduce Local Aid	Reorganize Agencies	Privatization	Rainy Day Fund	Lottery Expansion	Gaming/Gambling Expansion	Other (Specify)
Alabama										
Alaska										
Arizona										
Arkansas										
California										
Colorado										
Connecticut			X		X					
Delaware										
Florida										
Georgia										
Hawaii*										X
Idaho										
Illinois										
Indiana										
Iowa										
Kansas			X							
Kentucky										
Louisiana										
Maine*	X		X	X			X			X
Maryland										
Massachusetts										
Michigan										
Minnesota			X					X		
Mississippi										
Missouri										
Montana										
Nebraska										
Nevada*	X						X			X
New Hampshire										
New Jersey										
New Mexico										
New York										
North Carolina										
North Dakota										
Ohio										
Oklahoma										
Oregon	X	X	X		X					
Pennsylvania										
Rhode Island										
South Carolina										
South Dakota										
Tennessee*										X
Texas										
Utah										
Vermont										
Virginia										
Washington			X							
West Virginia*			X							X
Wisconsin										
Wyoming										
TERRITORIES										
Puerto Rico										
<b>Total</b>	<b>3</b>	<b>1</b>	<b>7</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>5</b>

NOTE: \*See Notes to Table 15 on page 34.

# CHAPTER 1 NOTES

## Notes to Table 3: Fiscal 2012 State General Fund, Actual

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

<b>Alabama</b>	Revenue Adjustments include one-time revenues of \$296.4M. Expenditure Adjustments include a reduction due to across the board percentage cuts of \$188.3M and a Rainy Day Account repayment of \$14.4M.
<b>Alaska</b>	Revenues: 2013 Spring Revenue Forecast. Revenue Adjustments: 5/14/12 anticipated reappropriations and carryforward. Expenditures: FY2012 Authorized plus Supplementals 5/14/2012. Expenditure adjustments: Transfers and savings net of SBR at Authorized plus Supplemental 5/14/2012. Ending balance: SBR undesignated savings plus post transfer balance at Authorized plus Supplemental 5/14/2012 adjusted by 2013 Spring Revenue Forecast. Rainy Day: FY2012 CAFR.
<b>Arizona</b>	Adjustments to revenue include revenues from the temporary 1% sales tax increase, enacted agency budget transfers and county transfers. Adjustments to expenditure includes the transfer of revenue into the rainy day fund.
<b>California</b>	Represents adjustments to the beginning fund balance and consists primarily of adjustments made to major taxes and K-12 spending.
<b>Colorado</b>	Adjustment of -\$36.9M reflects reversions and accounting adjustments in FY 2011-12. Table 3 reflects OSPB March 2013 Forecast.
<b>Connecticut</b>	Revenue adjustments include transfer of \$143.5 million from Budget Reserve Fund. Connecticut gross budgets Medicaid.
<b>Georgia</b>	Agency Surplus Returned.
<b>Idaho</b>	Adjustments include transfers into the General Fund of \$21.9 million from the Non-endowed Millennium Fund, \$8 million from the Liquor Division, \$7 million from the Permanent Building Fund, \$1.5 from other dedicated funds. Transfers out include \$23.6 to the Budget Stabilization Fund, \$21.5 to the Public Education Stabilization Fund, \$2 million to the Disaster Recovery Fund, and \$0.5 million to the Consumer Protection Fund.
<b>Illinois</b>	Revenue Adjustments include: Transfers In, Interfund Borrowing Proceeds, Short-term Borrowing Proceeds, Pension Obligation Bond Proceeds, Tobacco Revenue Securitization Proceeds. Expenditure Adjustments include: Transfers Out, Increase/Paydown of Accounts Payable, Repayment of Short-term Borrowing.
<b>Indiana</b>	Revenue Adjustments = Local Option Income Tax Adjustment, Corporate E check Revenue, and Transfer to Rainy Day Fund. Expenditure Adjustments = PTRC and Homestead Credit Adjustments.
<b>Iowa</b>	Revenue adjustments include \$381.4 million of residual funds transferred to the General fund after the Reserve Funds were filled to their statutorily set maximum amounts. Ending Balance of General Fund is transferred from the current year to the Reserve Funds in the subsequent fiscal year. After the Reserve Funds hit their statutorily set maximum amounts, the remainder of the funds are transferred back to the General Fund in that subsequent fiscal year.
<b>Kansas</b>	Kansas does not have a "Rainy Day" fund. However, the balanced budget provision of the constitution requires revenues to finance the approved budget.
<b>Kentucky</b>	Revenue includes \$101.8 million in Tobacco Settlement funds. Adjustment for Revenues includes \$57.5 million that represents appropriation balances carried over from the prior fiscal year, and \$159.3 million from fund transfers into the General Fund. Adjustment to Expenditures represents appropriation balances forwarded and to the next fiscal year and budgeted balances to be expended in the next fiscal year.
<b>Louisiana</b>	Revenues Adjustments—Includes Carryforward balances \$16.6; Transfer of \$38.1 from various Funds. Per statute, the FY10-11 deficit was presented to the Joint Legislative Committee Budget on December 16, 2011. Per R.S. 39:75, the Governor issued an Executive Order calling for an adjustment to appropriated SGF expenditures in FY 2011-2012 of (\$251.2). Actual State General Fund collections were more than official projections adopted by the Revenue Estimating Conference (REC) on April 24, 2012 in the amount of \$113.2.

<b>Maine</b>	Revenue and Expenditure adjustments reflect Legislatively authorized transfers.
<b>Maryland</b>	Revenue adjustments include a \$5.1 million reimbursement from the reserve for Sustainable Communities Tax Credits, \$8.1 million reimbursement from the reserve for Biotechnology Tax Credits, and transfers of \$225.4 million from other special funds.
<b>Massachusetts</b>	Includes balances in all budgeted funds included in the state's definition of fiscal balance, Chapter 29 of the Massachusetts General Laws.
<b>Michigan</b>	<p>Fiscal 2012 revenue adjustments include the impact of federal and state law changes (\$1,100.6 million); revenue sharing payments to local government units (-\$340.0 million); deposits from state restricted funds (\$109.3 million); and deposit to the rainy day fund (-\$362.7 million).</p> <p>Fiscal 2012 actual expenditures, fiscal 2013 estimated expenditures, and FY 2014 recommended spending include one-time spending financed from one-time revenues in the following amounts: \$107.1 million; \$410.7 million, and \$185.8 million, respectively. Deposits to the rainy day fund are not included.</p>
<b>Minnesota</b>	Ending balance includes cash flow account of \$350 million, budget reserve account of \$657.6 million, and appropriations carried forward of \$146.7 million.
<b>Missouri</b>	Revenue adjustments include transfers from other funds into the general revenue fund, including \$67.4M from enhanced FMAP authorized in the American Recovery and Reinvestment Act of 2009 and 209.9M from the enhanced FMAP authorized in the Education Jobs and Medicaid Assistance Act.
<b>Montana</b>	Revenue adjustments and Expenditure adjustments reflect prior year activity.
<b>Nebraska</b>	Revenue adjustments are transfers between the General Fund and other funds. Per Nebraska law, includes a transfer of \$145 million to the Cash Reserve Fund (Rainy Day Fund) of the amount the prior year's net General Fund receipts exceeded the official forecast. Among others, also includes a \$110 million transfer from the General Fund to the Property Tax Credit Cash Fund as well as a \$37 million transfer to the General Fund from the Cash Reserve Fund (Rainy Day Fund) for budget stabilization. Revenue adjustments also include a \$25 million transfer from the General Fund for the University of Nebraska Innovation Campus to jump-start significant new investment in research infrastructure.
<b>Nevada</b>	Expenditure adjustment is mainly a transfer to the Rainy Day Fund.
<b>New Hampshire</b>	Expenditure Adjustments: + \$140.0 million was moved to the Education Trust Fund.
<b>New Jersey</b>	Transfers to other funds and budget vs. GAAP adjustments.
<b>New Mexico</b>	Adjustment includes transfer for solvency of \$11.4 million, and contingent liability for potential cash reconciliation charges of \$70.0 million.
<b>New York</b>	The ending balance includes \$1.3 billion in rainy day reserve funds, \$283 million reserved to cover costs of potential retroactive labor settlements with certain unions, \$102 million in a community projects fund, \$13 million reserved for debt reduction, \$21 million reserved for litigation risks and \$62 million in additional fund balance.
<b>North Dakota</b>	Revenue adjustments are a \$295.0 million transfer from the property tax relief fund into the general fund.
<b>Ohio</b>	While the ending balance does not include rainy day fund balance for FY 12, a portion of the ending balance from that year is transferred to the rainy day fund in the succeeding fiscal year. Thus, \$235 million of the FY 12 ending balance is transferred to the rainy day fund in FY 13 and is thus reflected in the FY 13 expenditure amounts.
<b>Oklahoma</b>	FY-2012 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.
<b>Oregon</b>	Revenue adjustment transfers prior biennium ending GF balance to Rainy Day Fund (which can be up to 1% of total budgeted appropriation).



# CHAPTER 1 NOTES (CONTINUED)

<b>Pennsylvania</b>	Revenue adjustments include a \$19.7 million adjustment to the beginning balance and \$194 million in prior year lapses. The year-end transfer to the Rainy Day Fund (25% of the ending balance) was suspended for FY 2012.
<b>Puerto Rico</b>	Debt financing.
<b>Rhode Island</b>	Adjustments to revenues reflect a transfer to the Budget Reserve Fund of \$93.4 million plus reappropriations of \$4.5 million. Expenditure adjustments of \$20.6 million include a transfer to the Retirement Fund of \$12.9 million and reappropriations of \$7.7 million.
<b>South Carolina</b>	(1) Ending Balance = 3.5% General Reserve (\$183.5) + 2% Capital Reserve (\$104.8) + Surplus Contingency Reserve (\$501.9) + Agency Appropriation Balances Carried Forward Next FY (\$165.8); Expenditures include FY10-11 Capital Reserve Fund. Rainy Day Fund Balance now only reflects funds available in the General Reserve Fund and the Capital Reserve Fund. These are the legally mandated funds available to central state government to address shortfalls in General Fund revenue.
<b>South Dakota</b>	Adjustments in Revenues: \$26.3 million addition to revenue is from one-time receipts; \$20.2 million addition to revenue is a transfer from budget reserves to pay for emergency expenses. Adjustments to Expenditures: \$27.8 million is obligated cash that will be carried forward to pay for FY2013 expenses. The ending balance of \$47.9 million is cash that is obligated to the Budget Reserve fund the following fiscal year. This \$47.9 million is included in the total rainy day fund balance of \$134.7 million.
<b>Tennessee</b>	Adjustments (Revenues) \$100.6 million transfer from debt service fund unexpended appropriations. -\$22.4 million transfer to Rainy Day Fund. -\$98.2 million transfer to dedicated revenue reserves. Total -\$20.0 million Adjustments (Expenditures) \$123.3 million transfer to capital outlay projects fund. \$13.1 million transfer to state office buildings and support facilities fund. \$3.6 million transfer to debt service fund. \$114.8 million transfer to reserves for unexpended appropriations. Total \$254.8 million. Ending Balance \$426.1 million reserve for appropriations 2012-2013. \$392.3 million unappropriated budget surplus at June 30, 2012. \$0.1 million undesignated balance. Ending balance \$818.5 million.
<b>Texas</b>	Adjustment is net of set aside for transfer to Rainy Day Fund (-\$1,879.0m) and Comptroller adjustment to general fund dedicated account balances (+\$362.0m).
<b>Vermont</b>	Adjustments = net transfer effect into General Fund.
<b>Washington</b>	Fund transfers between General Fund and other accounts, and balancing to the final audited ending balance.
<b>West Virginia</b>	Fiscal Year 2012 Beginning balance includes \$425.5 million in Reappropriations, Unappropriated Surplus Balance of \$338.8 million, and FY 2011 13th month expenditures of \$28.6 million. Expenditures include Regular, Surplus and Reappropriated funds and \$28.6 million of 31 day prior year expenditures. Revenue adjustments are prior year redeposits. Expenditure adjustment represents the amount transferred to the Rainy Day Fund. The ending balance is mostly the historically carried forward reappropriation amounts that will remain and be reappropriated to the next fiscal year, the 13th month expenditures & unappropriated surplus balance.
<b>Wisconsin</b>	Revenue adjustments include Designated Balance, \$8.2; Tribal Gaming, \$24.3; and Other Revenue, \$295.4. Expenditure adjustments include Transfers In- General Fund, -\$237.4; and Designation for continuing balances, \$72.4.
<b>Wyoming</b>	WY budgets on a biennial basis. To arrive at annual figures certain assumptions and estimates were required.

## Notes to Table 4: Fiscal 2013 State General Fund, 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.

<b>Alabama</b>	Revenue Adjustments include a one-time transfer in of \$145.8M and a gross sales tax transfer out of \$52M. Per Code Section 29-9-4, the ending balance of the ETF shall be used to repay the Rainy Day Account.
<b>Alaska</b>	Revenues: 2013 Spring Revenue Forecast. Revenue adjustments: 2/12/13 anticipated \$48.9 prior year recovery (Carlson case) + \$55.0 reappropriations and carryforward; Expenditure adjustments: Transfers and savings net of SBR anticipated 2/12/13. Ending Balance: SBR undesignated savings plus post transfer balance anticipated 2/12/13 adjusted by 2013 Spring Revenue Forecast. Rainy Day: FY2014 10-Year Plan as of 1/22/13.
<b>Arizona</b>	Adjustments to revenue include revenues from the temporary 1% sales tax increase and budget transfers. Adjustments to expenditure includes the transfer of revenue into the rainy day fund.
<b>Colorado</b>	Adjustment of \$935.1M (shown here as an expenditure) reflects the transfer of excess General Fund reserve to the State Education Fund per HB12-1338. This sum is based on the end of the year excess. As such, it is shown as an anticipated expenditure in this reporting, to mirror page 1 of the SB13-230 JBC Long Bill Narrative as of 03/26/13. Table 4 reflects JBC overview, proposed budget package March 2013.
<b>Connecticut</b>	Connecticut gross budgets Medicaid.
<b>Delaware</b>	Reflects estimates presented in Governor's FY 2014 Recommended Budget.
<b>Georgia</b>	General Fund Revenues include \$172.7 million for the Mid Year Adjustment Reserve for Education.
<b>Idaho</b>	Adjustments include transfers out of the General Fund which include \$25.9 to the Budget Stabilization fund, \$0.7 to other dedicated funds. Other adjustments include prior year reversions in the amount of \$1.8 million.
<b>Illinois</b>	Revenue Adjustments include: Transfers In, Interfund Borrowing Proceeds, Short-term Borrowing Proceeds, Pension Obligation Bond Proceeds, Tobacco Revenue Securitization Proceeds. Expenditure Adjustments include: Transfers Out, Increase/Paydown of Accounts Payable, Repayment of Short-term Borrowing.
<b>Indiana</b>	Revenue Adjustments = Prior Year Revenues. Expenditure Adjustment = PTRC and Homestead Credit Adjustments.
<b>Iowa</b>	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 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 are transferred back to the General Fund in that subsequent fiscal year.
<b>Kansas</b>	Kansas does not have a "Rainy Day" fund. However, the balanced budget provision of the constitution requires revenues to finance the approved budget.
<b>Kentucky</b>	Revenue includes \$92.1 million in Tobacco Settlement funds. Adjustment for Revenues includes \$157.3 million that represents appropriation balances carried over from the prior fiscal year, and \$108.2 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.
<b>Louisiana</b>	Revenues Adjustments—Includes Carryforward balances \$13.7; Transfer of \$155.4 from various Funds. Expenditure Adjustments—Per statute, the FY12-13 deficit was presented to the Joint Legislative Committee Budget on December 20, 2012. Per R.S. 39:75, the Governor issued an Executive Order calling for an adjustment to appropriated SGF expenditures in FY 2012-2013 of (\$165.5). Additional funding requirements included Minimum Foundation Program \$30 and the Taylor Opportunity Program for Students \$11.4. Preamble Adjustments of (\$11.8).

# CHAPTER 1 NOTES (CONTINUED)

<b>Maine</b>	Revenue and Expenditure adjustments reflect Legislatively authorized transfers.
<b>Maryland</b>	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 will be deposited in a special fund known as the Budget Restoration Fund. Therefore, the FY 2013 General Fund figures noted above are artificially low. Revenue will be directed to the General Fund beginning n FY 2014. Revenue adjustments include a \$3.3 million reimbursement from the reserve for Sustainable Community Tax Credits and \$8.0 million reimbursement from the reserve for Biotechnology Tax Credits.
<b>Massachusetts</b>	Includes balances in all budgeted funds included in the state's definition of fiscal balance, Chapter 29 of the Massachusetts General Laws.
<b>Michigan</b>	<p>Fiscal 2013 revenue adjustments include the impact of federal and state law changes (\$471.6 million); revenue sharing payments to local government units (-\$370.6 million); deposits from state restricted funds (\$1.2 million); and deposit to the rainy day fund (-\$140.0 million).</p> <p>Fiscal 2012 actual expenditures, fiscal 2013 estimated expenditures, and FY 2014 recommended spending include one-time spending financed from one-time revenues in the following amounts: \$107.1 million; \$410.7 million, and \$185.8 million, respectively. Deposits to the rainy day fund are not included.</p>
<b>Minnesota</b>	Ending balance includes cash flow account of \$350 million, budget reserve account of \$656.5 million, and a stadium reserve of \$1.3 million.
<b>Mississippi</b>	State statute requires 2% of the revenue estimate be set aside prior to legislative appropriations, unless a law overriding this requirement is passed. At fiscal year close, the 2% is recombined with any remaining revenue balance and distributed as required by the statute, including an amount equal to 1% of the appropriations retained in the General Fund for cash flow. Rainy day fund is yet to be determined.
<b>Missouri</b>	Revenue adjustments include transfers from other funds into the general revenue fund, including, \$19.2M from improved collection initiatives and \$40M from the national mortgage foreclosure settlement.
<b>Montana</b>	Adjustments to revenues reflects legislation proposed to the 2013 legislature.
<b>Nebraska</b>	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. Expenditure adjustments are reappropriations (\$262.8 million) of the unexpended balance of appropriations from the prior fiscal year.
<b>Nevada</b>	Expenditure adjustments are transfers.
<b>New Hampshire</b>	Expenditure Adjustments: + \$13.4 in GAAP adjustments are anticipated (+5.0 increase for Medicaid accrual associated with Medicaid Management Information System (MMIS) implementation and +8.4 associated with unbudgeted operating warrant expenses). Additionally + \$141.5 million is anticipated to be moved to the Education Trust Fund from the General Fund at year end.
<b>New Jersey</b>	Balances targeted to be lapsed and transfers to other funds.
<b>New Mexico</b>	Adjustment includes tax reform initiatives included in the Governor's FY14 budget recommendation.
<b>New York</b>	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, \$57 million in a community projects fund, \$13 million reserved for debt reduction and \$21 million reserved for litigation risks.
<b>North Dakota</b>	Revenue adjustments are a \$305.0 million transfer from the strategic investment and improvements fund to the general fund. Expenditure adjustments are one-time transfers to various special funds.

<b>Ohio</b>	While the ending balance does not include rainy day fund balance for FY 13, a portion of the estimated ending balance from that year is projected to be transferred to the rainy day fund in the succeeding fiscal year. Thus, \$978.7 of the FY 13 ending balance is transferred to the rainy day fund in FY 14 and is thus reflected in the FY 14 expenditure amounts.
<b>Oklahoma</b>	FY-2013 Revenue adjustment is the difference in cash flow. Expenditure adjustments cannot be estimated at this time, nor can Rainy Day Fund balance.
<b>Pennsylvania</b>	Revenue adjustments include a \$13.5 million adjustment to the beginning balance and \$100 million in prior year lapses. Expenditure adjustment reflects \$10 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 2013.
<b>Puerto Rico</b>	Debt financing.
<b>Rhode Island</b>	Adjustments to revenues reflect transfer to the Budget Reserve Fund of \$103.8 million less other adjustments of \$20.6 million. Expenditures adjustments of \$16.3 million reflect transfers to the Information Technology Investment Fund and State Fleet Revolving Loan Fund.
<b>South Carolina</b>	(1) Ending Balance = 5% General Reserve (\$281.6) + 2% Capital Reserve (\$112.6) + Surplus Contingency Reserve (\$159.8) + Agency Appropriation Balances Carried Forward Next FY (\$165.8); Expenditures Includes FY11-12 Capital Reserve Fund and Supplemental Appropriations. Rainy Day Fund Balance now only reflects funds available in the General Reserve Fund and the Capital Reserve Fund. These are the legally mandated funds available to central state government to address shortfalls in General Fund revenue.
<b>South Dakota</b>	Adjustments in Revenues: \$10.8 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.
<b>Tennessee</b>	Adjustments (Revenues) \$70.5 million transfer from debt service fund unexpended appropriations. \$2.7 million transfer from Mental Health Trust Fund. -\$58.7 million transfer to TennCare Reserve. -\$50.0 million transfer to Rainy Day Fund. Total -\$35.5 million. Adjustments (Expenditures) \$145.9 million transfer to capital outlay projects fund. \$141.2 million transfer to state office buildings and support facilities fund. \$4.2 million transfer to debt service fund. \$1.0 million transfer to reserves for dedicated revenue appropriations. Total \$292.3 million. Ending Balance \$629.9 million unappropriated budget surplus at June 30, 2013. \$0.5 million undesignated balance. Ending balance \$630.4 million.
<b>Texas</b>	Adjustment is net of set aside for transfer to Rainy Day Fund (-\$1,690.5m), Comptroller adjustment to general fund dedicated account balances (+\$144.7m), and impact of revenue measures undoing previously enacted acceleration of tax collections (-\$864.3m).
<b>Vermont</b>	Adjustments = net transfer effect out of General Fund.
<b>Washington</b>	Fund transfers between General Fund and other accounts.
<b>West Virginia</b>	Fiscal Year 2013 Beginning balance includes \$476.9 million in Reappropriations, Unappropriated Surplus Balance of \$101.9 million, and FY 2012 13th month expenditures of \$31.9M. Revenues are FY 13's Official General Revenue Estimate. Expenditures include FY 13 Regular General Revenue, 13th month expenditures & FY 13 Surplus Appropriations. The ending balance is mostly the historically carried forward reappropriation amounts that will remain and be reappropriated to the next fiscal year, unappropriated balance, & unappropriated surplus balance.
<b>Wisconsin</b>	Revenue adjustments include Tribal Gaming, \$24.7; and Other Revenue, \$618.4. Expenditure adjustments include Compensation Reserves, \$61.9; Transfers, \$147.6; Biennial Appropriation Spend Ahead, -\$10.5; Act 9 DWD, \$0.2; and Estimated lapses, -\$584.9.
<b>Wyoming</b>	WY budgets on a biennial basis. To arrive at annual figures certain assumptions and estimates were required.

# CHAPTER 1 NOTES (CONTINUED)

## Notes to Table 5: Fiscal 2014 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.

<b>Alabama</b>	Revenue Adjustments include a one-time transfer in of \$145.8M and a settlement transfer in of \$50M. \$100M repayment made to the Rainy Day Account from gross revenues.
<b>Alaska</b>	Revenues: 2013 Spring Revenue Forecast. Expenditure adjustments: Transfers and savings net of SBR anticipated 2/12/13. Ending Balance: SBR undesignated savings plus post transfer balance anticipated 2/12/13 adjusted by 2013 Spring Revenue Forecast. Rainy Day: FY2014 10-Year Plan as of 1/22/13.
<b>Arizona</b>	Adjustments to revenue include revenues from the temporary 1% sales tax increase and budget transfers.
<b>Colorado</b>	The FY 2013-14 revenue includes \$6.9M as part of the JBC budget package (03/25/13). Table 5 reflects JBC overview, proposed budget package March 2013.
<b>Connecticut</b>	Ending balance of \$6.7 million to be transferred to the Budget Reserve Fund. Connecticut gross budgets Medicaid.
<b>Delaware</b>	Reflects estimates presented in Governor's FY 2014 Recommended Budget.
<b>Idaho</b>	Recommended adjustments include transfers from the General Fund to the Budget Stabilization Fund for \$35 million and \$3 million transfer to the Department of Commerce for the Business Job Development Fund.
<b>Illinois</b>	Revenue Adjustments include: Transfers In, Interfund Borrowing Proceeds, Short-term Borrowing Proceeds, Pension Obligation Bond Proceeds, Tobacco Revenue Securitization Proceeds. Expenditure Adjustments include: Transfers Out, Increase/Paydown of Accounts Payable, Repayment of Short-term Borrowing.
<b>Indiana</b>	Revenue Adjustments = Redirection of Portion of Racino and Cigarette Tax Revenues, Individual Income Tax Reduction
<b>Iowa</b>	Revenue adjustments include \$675.1 million of estimated 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 year to the Reserve Funds in the subsequent fiscal year.
<b>Kansas</b>	Kansas does not have a "Rainy Day" fund. However, the balanced budget provision of the constitution requires revenues to finance the approved budget.
<b>Kentucky</b>	Revenue includes \$90.8 million in Tobacco Settlement funds. Adjustment for Revenues includes \$132.5 million that represents appropriation balances carried over from the prior fiscal year, and \$96.3 million from fund transfers into the General Fund. Adjustment to Expenditures represents appropriation balances forwarded and to the next fiscal year and budgeted balances to be expended in the next fiscal year.
<b>Louisiana</b>	Revenues—State General Fund.
<b>Maine</b>	Revenue and Expenditure adjustments reflect Legislatively authorized transfers.
<b>Maryland</b>	Revenue adjustments include a \$7.1 million reimbursement from the reserve for Sustainable Communities Tax Credits, \$10 million reimbursement from the reserve for Biotechnology Tax Credits, \$166 million transfer from the Rainy Day Fund, and \$1.0 million from the State Insurance Trust Fund.
<b>Massachusetts</b>	Includes balances in all budgeted funds included in the state's definition of fiscal balance, Chapter 29 of the Massachusetts General Laws.

<b>Michigan</b>	<p>Fiscal 2014 revenue adjustments include the impact of federal and state law changes (\$583.7 million); revenue sharing payments to local government units (-\$380.6 million); deposits from state restricted funds (\$68.0 million); and proposed deposits to the rainy day fund (-\$75.0 million) and to the Michigan health savings fund (-\$103.0 million).</p> <p>Fiscal 2012 actual expenditures, fiscal 2013 estimated expenditures, and FY 2014 recommended spending include one-time spending financed from one-time revenues in the following amounts: \$107.1 million; \$410.7 million, and \$185.8 million, respectively. Deposits to the rainy day fund are not included.</p>
<b>Minnesota</b>	Ending balance includes cash flow account of \$350 million and budget reserve account of \$656.5 million.
<b>Mississippi</b>	<p>State statute requires 2% of the revenue estimate be set aside prior to legislative appropriations, unless a law overriding this requirement is passed. At fiscal year close, the 2% is recombined with any remaining revenue balance and distributed as required by the statute, including an amount equal to 1% of the appropriations retained in the General Fund for cash flow.</p> <p>Rainy day fund is yet to be determined.</p>
<b>Missouri</b>	Revenue adjustments include transfers from other funds into the general revenue fund; \$108.1M of collection initiatives, including a tax amnesty program, and \$15.5M increased withholding and sales taxes resulting from the expansion of Medicaid.
<b>Montana</b>	Adjustments to revenues reflects legislation proposed to the 2013 legislature.
<b>Nebraska</b>	Revenue adjustments are transfers between the General Fund and other funds. Per Nebraska law, includes a transfer of \$57.9 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 adjustment equals a small amount (\$5 million) reserved for deficit/supplemental appropriations.
<b>Nevada</b>	Revenue adjustment is a transfer from the Rainy Day Fund. Expenditure adjustments are transfers, mainly to the Rainy Day Fund.
<b>New Hampshire</b>	Expenditure Adjustments: + \$97.9 million will be moved to the Education Trust Fund.
<b>New Jersey</b>	Transfers to other funds.
<b>New Mexico</b>	Adjustment includes tax reform initiatives included in the Governor's FY14 budget recommendation estimated at \$47.4 million and a "new jobs" tax credit estimated at \$20 million.
<b>New York</b>	The ending balance includes \$1.3 billion in rainy day reserve funds, \$51 million reserved to cover costs of potential retroactive labor settlements with certain unions, \$263 million reserved for debt reduction and \$21 million reserved for litigation risks.
<b>Ohio</b>	See note to Table 4.
<b>Oklahoma</b>	No FY-2014 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.
<b>Oregon</b>	Revenue adjustment transfers prior biennium ending GF balance to Rainy Day Fund (which can be up to 1% of total budgeted appropriation). Expenditures represents 48% of the 2013-15 (Biennium) Governor's Recommended Budget.
<b>Pennsylvania</b>	Expenditure adjustment reflects a projected transfer of \$7.5 million (25% of the ending balance) to the Rainy Day Fund.
<b>Puerto Rico</b>	Debt financing.
<b>Rhode Island</b>	Adjustments to revenues reflect transfer to the Budget Reserve Fund of \$105.2 million.
<b>South Carolina</b>	(1) Ending Balance = 5% General Reserve (\$292.8) + 2% Capital Reserve (\$117.1) + Surplus Contingency Reserve (\$158.7) + Agency Appropriation Balances Carried Forward Next FY (\$165.8); Expenditures Includes FY11-12 Capital Reserve Fund and Supplemental Appropriations. Rainy Day Fund Balance now only reflects funds available in the General Reserve Fund and the Capital Reserve Fund. These are the legally mandated funds available to central state government to address shortfalls in General Fund revenue.

# CHAPTER 1 NOTES (CONTINUED)

<b>South Dakota</b>	Adjustments in Revenues: \$7.6 million addition to revenue is from one-time receipts; \$1.0 million addition to revenue is obligated cash carried forward from FY2013 for FY2014 expenses. The ending balance of \$1.0 million is cash that is obligated to the Budget Reserve fund the following fiscal year. The \$1.0 million of projected unobligated cash is included in the projected rainy day fund balance total of \$136 million.
<b>Tennessee</b>	Adjustments (Revenues) -\$100.0 million transfer to Rainy Day Fund. Total -\$100.0 million. Adjustments (Expenditures) \$160.8 million transfer to capital outlay projects fund. \$168.6 million transfer to state office buildings and support facilities fund. \$3.8 million transfer to debt service fund. \$5.2 million transfer to reserves for dedicated revenue appropriations. Total \$338.4 million. Ending Balance \$0.3 million undesignated balance.
<b>Texas</b>	Adjustment is net of set aside for transfer to Rainy Day Fund (-\$1,757.3m), general fund portion of revenue loss through proposed tax relief (-\$480.0m), and impact of revenue measures undoing previously enacted acceleration of tax collections (+\$767.9m). The Texas Comptroller of Public Accounts projects a FY 2014 ending Rainy Day Fund balance of \$9,830.8 million. The amount listed is reflective of the Governor's proposed use of a portion of the fund for a one-time capitalization of water and transportation infrastructure programs, and to reimburse certain state agencies for the costs of fighting wildfires.
<b>Vermont</b>	Adjustments = net transfer effect out of General Fund.
<b>Washington</b>	Fund transfers between General Fund and other accounts.
<b>West Virginia</b>	Revenues are FY 2014 Official Estimate. Expenditures are the Governor's FY 2014 General Revenue Fund appropriation recommendations included in the FY 2014 Governor's Budget Bill.
<b>Wisconsin</b>	Revenue adjustments include Tribal Gaming, \$26.0; and Other Revenue, \$563.5. Expenditure adjustments include Compensation Reserves, \$46.4; Transfers, \$63.4; Act 9 DWD, \$9.2; and Estimated lapses, -\$316.
<b>Wyoming</b>	WY budgets on a biennial basis. To arrive at annual figures certain assumptions and estimates were required.

## Notes to Table 8: Fiscal 2013 Mid-Year Program Area Cuts

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<b>Colorado</b>	Medicaid—Caseload and other forecasted adjustments.
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## Notes to Table 9: Fiscal 2014 Recommended Program Area Cuts

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<b>Pennsylvania</b>	Transportation reduction reflects a transfer in funding from the General Fund to the Multimodal Transportation Fund.
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## Notes to Table 10: Fiscal 2013 Mid-Year Program Area Adjustments (Millions)

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<b>Arizona</b>	Public Assistance—CPS staffing and children support services.
<b>Colorado</b>	Medicaid—Caseload and other forecasted adjustments. All other—Includes \$10M for Controlled Maintenance (page 13, JBC SB13-230 LB Narrative). Total—Reflects JBC proposed budget as of 03/26/13 per LB Narrative as compared to original GA appropriation (enacted 2012) - total GF, operating budget only.



<b>Michigan</b>	Fiscal 2013 budget adjustments include a reduction of \$77.3 million due to declining caseload projections.
<b>Minnesota</b>	K-12 Education—Current law automatically allocated forecast balances to K-12 shift buyback. Other—Disaster relief.
<b>New York</b>	FY 2013 spending adjusted upward following budget enactment to account for retroactive payments pursuant to labor settlements and higher Medicaid spending due to a financing swap between the General Fund and a special revenue health care fund.
<b>Texas</b>	The Legislature may make additional appropriations affecting FY 2013.
<b>Vermont</b>	Public Assistance—Reach Up caseload; General Assistance housing. Medicaid—GC trend lower.
<b>Washington</b>	Programs Exempt from Cuts—Basic Education, Debt Service, and Retirement payments.

### Notes to Table 11: Fiscal 2014 Recommended Program Area Adjustments (Millions)

<b>California</b>	The increase in the General Fund contribution provided in 2013-14 for K-12 schools is partially due to a reduction in one-time Redevelopment Agency (RDA) cash assets and a carryover of on-going RDA property tax pass-throughs utilized in 2012-13.
<b>Hawaii</b>	All Other—Includes \$231 million of increases for retirement and health insurance benefits and debt service.
<b>Louisiana</b>	There was a means of financing substitutions replacing State General Fund within higher education. The substitutions include Statutory Dedications and includes Fees and Self-generated Revenues associated with tuition increases.  There was a means of financing substitution replacing Statutory Dedications and restoring State General Fund in Medicaid along with a State General Fund increase as a direct result of an FMAP rate change.
<b>Maryland</b>	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 will be deposited in a special fund known as the Budget Restoration Fund. The Budget Restoration Fund is supporting certain appropriations that would normally be supported with General Funds, particularly K-12, Higher Education, and Medicaid. Therefore, excluding the Budget Restoration Fund appropriations results in an artificially high level of growth in FY 2014. Table 11 data includes the Budget Restoration Funds in FY 2013 and therefore, provides a more accurate picture of growth in FY 2014.
<b>Michigan</b>	Fiscal 2014 general fund budget adjustments for K-12 education are not reported since general fund and restricted School Aid Fund revenues are used interchangeably. Reporting only general fund budget adjustments would fail to recognize the combined effect of general fund and School Aid Fund budget adjustments for K-12 education. Fiscal 2014 Medicaid adjustments include proposed Medicaid expansion, replacing \$205.9 million general fund with federal funds. Fiscal 2014 transportation adjustment eliminates one-time general fund spending discontinued for fiscal 2014.
<b>North Dakota</b>	North Dakota's budget is based on a biennial period. This adjustment amount is half of the recommended biennial increase for the 2013-15 biennium.  K-12 Education—Total funding for elementary and secondary education increased by \$617.0 million. However, funding source changes between general fund and special funds resulted in a slight decrease in the general fund appropriation.
<b>Ohio</b>	Medicaid—Federal reimbursement is deposited into the state GRF. Growth in the federal match is estimated to be \$1.6 billion in fiscal 2014.
<b>Oregon</b>	Oregon budgets on a biennial basis. Adjustments represent an approximate single fiscal year change.
<b>Puerto Rico</b>	All Other—Includes public debt repayments and retirement system.
<b>Pennsylvania</b>	Transportation reduction reflects a transfer in funding from the General Fund to the Multimodal Transportation Fund.

# CHAPTER 1 NOTES (CONTINUED)

<b>Texas</b>	Amounts are reflective of the Governor's primary initiatives affecting appropriations for FY 2014, and are exclusive of other changes to baseline spending, technical adjustments, and any further changes to FY 2013 appropriations.
<b>Vermont</b>	K-12 Education—Increase in K-12 funding formula; teacher pensions & retiree health; DOE personnel costs. Higher Education—Governor's initiative to control tuition costs (excludes \$1.5M neutral transaction). Public Assistance—Includes DCF-GA (\$1.6M); DCF-ReachUp (\$2.0M); LIHEAP (\$6M). Medicaid—Reduced Medicaid trend. Caseload growth, personnel cost growth, operational cost growth. Transportation activities covered by transportation fund revenue. Other—Includes \$17M child care; personnel costs (\$9.8M excl DOC); Judiciary (\$3.4M); debt service (\$6.9M); thermal efficiency initiative (\$6M); other (\$13.6M).

## Notes to Table 13: Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2013

<b>Connecticut</b>	Other—Hiring limitations, wage freeze.
<b>Maine</b>	Cuts to State Employee Benefits—Eliminate merit increases and longevity payments. Caps state paid health insurance premiums.  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.
<b>Maryland</b>	Other—Transfer of balance and interest from special funds to the general fund.
<b>Massachusetts</b>	Other—\$20 million in savings in state borrowing and health care reform costs is dedicated towards closing the budget gap.
<b>New Hampshire</b>	The Governor's Recommended Budget for FY 2014 includes language which allows for the selective lapsing of Dedicated Funds to the General Fund to balance any recognized shortfall in FY 2013.
<b>New York</b>	In December 2011, prior to the submission of the Executive Budget, the State enacted legislation to reform the structure of the personal income tax code, providing a net impact, after accounting for investments associated with tax relief to small business operators within the Metropolitan Commuter Transportation District and other economic development initiatives included in the legislation, of approximately \$1.5 billion in additional tax revenue to the State that was counted towards closing the FY 2013 budget gap. Other savings counted toward closing the FY 2013 budget gap reflect administrative efficiencies related to the Governor's ongoing agency redesign effort, the net impact of various forecast revisions and other measures.
<b>Oregon</b>	Other—Education Stability Fund (Lottery).
<b>Puerto Rico</b>	Other—Tax amnesty and debt financing.
<b>Tennessee</b>	Other—FY 2013 Base budget reductions.
<b>Texas</b>	Other—Supplemental appropriations made after original enactment of FY12-13 budget.
<b>Vermont</b>	User fees—Health Care provider assessment. Motor vehicle registration fees. Business related fees—Health Care provider assessment. Various targeted cuts.
<b>West Virginia</b>	Other—Use onetime surplus from General Revenue & Lottery Funds from previous fiscal years. Also use onetime excess cash in various Special Revenue accounts.

## Notes to Table 14: Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2014 Proposed

<b>Connecticut</b>	Other—Hiring limitations.
<b>Delaware</b>	Other—The Governor has recommended lifting sunsets on revenue increases enacted in 2009.
<b>Hawaii</b>	Other—Diversion of special fund revenues to the general fund; more significantly, revenue picture has improved due to increased economic activity.
<b>Maine</b>	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.
<b>Nebraska</b>	The projected variance from the 3% minimum reserve requirement calculated by the Legislative Fiscal Office for the 2013-2015 biennium, ending June 30, 2015, as of November 2012 was \$195 million. This projected variance was based on a series of expenditure growth assumptions announced publicly by the Legislative Fiscal Office. The Executive Budget Office did not project a shortfall as the actual level of appropriations for the 2013-2015 budget biennium were yet to be considered by the Governor and enacted by the Legislature.
<b>Nevada</b>	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.
<b>New York</b>	The Executive Budget proposes extending a number of expiring laws that affect the financial plan. Extenders are proposed for, among other things, the existing limits on charitable deductions for taxpayers with incomes above \$10 million; the 18-a public utility surcharge; the Medicaid nursing home provider assessment; the waste tire fee; the Historical Commercial Rehabilitation Properties credit; and the New York Film Production credit.
<b>Puerto Rico</b>	Other—Debt financing.
<b>Tennessee</b>	Other—FY 2014 Base budget reductions.
<b>Vermont</b>	User and business related fees Includes: \$970K Secy of State; \$458K Crime Victim Svcs; \$363K Agriculture; \$542K Liquor Control; and other. 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. Other—Break-open tickets.
<b>West Virginia</b>	Other—Use onetime surplus from General Revenue & Lottery Funds from previous fiscal years. Also use onetime excess cash in various Special Revenue accounts.

# CHAPTER 1 NOTES (CONTINUED)

## Notes to Table 15:

### Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2015 Proposed

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<b>Hawaii</b>	Other—Diversion of special fund revenues to the general fund; more significantly, revenue picture has improved due to increased economic activity.
<b>Maine</b>	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.
<b>Nevada</b>	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.
<b>Tennessee</b>	Other—FY 2015 Base budget reductions.
<b>West Virginia</b>	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 2014, marking a fourth consecutive annual increase. State revenue collections typically lag the economic cycle, sometimes taking several years to fully recover from a recession. The recent downturn was particularly severe and the economic recovery has been prolonged by the high unemployment rate. Despite slow economic growth, aggregate general fund revenues are estimated to surpass pre-recession highs for the first time in fiscal 2013. Revenue collections have improved more than previously forecasted in fiscal 2013, rising by 4.2 percent from fiscal 2012 levels. However, some of the increase in state revenues in fiscal 2013 is likely due to a one-time gain for states as taxpayers shifted capital gains, dividends and personal income to the 2012 calendar year to avoid potentially higher federal taxes that were set to automatically begin on January 1, 2013. Additionally, the growth rate in general fund revenues is projected to slow to 2.8 percent in fiscal 2014, a slower rate of increase for states than in fiscal 2013. Sales taxes are projected to account for a greater portion of the increase in fiscal 2014, compared to the prior two fiscal years in which the rise in general fund revenues was mostly attributable to higher personal income tax collections.

### Revenues

Aggregate general fund revenues are projected to reach \$723.4 billion in fiscal 2014, \$20 billion or 2.8 percent greater than the estimated \$703.4 billion collected in fiscal 2013. Revenue collections have been revised upward in fiscal 2013 from the projections used to enact fiscal 2013 budgets. Previously in the Fall 2012 *Fiscal Survey of States*, general fund revenues were projected to be \$692.8 billion in fiscal 2013 but general fund revenue projections are now estimated to reach \$703.4 billion by the end of the fiscal year. This upward revision by \$10.6 billion, or 1.5 percent, is helping stabilize state spending for the remainder of fiscal 2013 and fiscal 2014. Fiscal 2013 general fund revenues are estimated to end the fiscal year up \$28.4 billion or 4.2 percent from the \$675 billion collected by states in fiscal 2012.

According to the Rockefeller Institute of Government, total state revenue collections have increased for 12 consecutive quarters or three calendar years. The growth rate in tax collections increased in the fourth quarter of calendar year (CY) 2012 by 5.2 percent compared to the same quarter of CY 2011. However, similar to this Fiscal Survey report, the Rockefeller Institute notes that state tax revenues were lifted by one-time gains from year-end actions by taxpayers to minimize potential increases in federal taxes on January 1, 2013. Rockefeller's revenue data from the fourth quarter of CY 2012 show's personal income tax collections increased by 10.8 percent while sales tax collections increased by only 2.7 percent.

In the wake of the last recession, general fund revenues dropped to \$609.9 billion in fiscal 2010. In fiscal 2013, three fiscal years later, general fund revenues are estimated to end the fiscal year up \$93.5 billion or 15.3 percent. While states have enacted tax increases since fiscal 2010, most of the increase is due to improved collections. General fund revenue collections increased by an estimated 4.2 percent in fiscal 2013, 3.8 percent in fiscal 2012 and 6.6 percent in fiscal 2011.

### Estimated Collections in Fiscal 2013

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 stabilize budgets in fiscal 2013, with 40 states meeting or exceeding original revenue forecasts or those forecasts used to enact the budget. Thirty states reported that fiscal 2013 revenue collections were higher than originally forecasted, and 10 states reported that collections were on target. Eighteen states reported that fiscal 2013 revenues are greater than revised forecasts. By comparison, in the spring of 2012, 37 states reported that revenue collections were meeting or exceeding original revenue forecasts or those forecasts used to enact the budget. Despite widespread revenue growth, 10 states reported that fiscal 2013 collections were below original forecasts, and five states reported collections below revised revenue forecasts. With rising tax collections, a number of states will likely end fiscal 2013 with budget

# STATE REVENUE DEVELOPMENTS

surpluses, and while surpluses are a positive sign, such surpluses likely resulted from conservative revenue forecasts and prior spending cutbacks. (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 \$562.7 billion in fiscal 2013, or 5.2 percent above 2012 levels. Specifically, fiscal 2013 personal income tax collections are estimated to be 6.2 percent higher than fiscal 2012 collections, sales tax collections are projected to be 4.3 percent higher and corporate income tax collections are expected to be 2.6 percent higher. (See Tables 18 and 19).

## Forecasted Collections in Fiscal 2014

States' proposed budgets for fiscal 2014 depict an increase in sales, personal and corporate income taxes. Combined collections from these three sources revenue are forecasted to be \$585.1 billion in fiscal 2014, a 4.0 percent increase compared to fiscal 2013 and a 9.3 percent increase from fiscal 2012. (See Tables 18 and 19) Specifically, fiscal 2014 personal income tax collections are forecasted to be 3.7 percent higher than fiscal 2013 collections, sales tax collections are projected to be 3.9 percent higher and corporate income tax collections are expected to increase by 6.2 percent. (See Table 19).

**TABLE 16**  
**Number of States With Revenues Higher, Lower, or On Target with Projections\***

	Original Fiscal 2013	Most Recent Fiscal 2013
Lower	10	5
On Target	10	25
Higher	30	18

*\*Original Fiscal 2013 reflects whether revenues from all sources thus far have come in higher, lower, or on target with original projections. Most Recent Fiscal 2013 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 2013 Tax Collections Compared With Projections Used in Adopting Fiscal 2013 Budgets (Millions)\*\***

Region/State	Sales Tax		Personal Income Tax		Corporate Income Tax		Revenue Collection***
	Original Estimate	Current Estimate	Original Estimate	Current Estimate	Original Estimate	Current Estimate	
Alabama	\$2,085	\$2,051	\$2,881	\$2,976	\$401	\$414	T
Alaska	N/A	N/A	N/A	N/A	783	605	L
Arizona	3,785	3,823	3,230	3,289	677	688	H
Arkansas	2,174	2,154	2,888	2,954	407	443	H
California	20,605	20,714	60,268	60,647	8,488	7,580	L
Colorado*	2,086	2,190	4,880	5,336	454	619	H
Connecticut	4,046	3,886	8,544	8,544	793	716	L
Delaware	N/A	N/A	1,086	1,125	176	188	H
Florida	19,101	18,302	NA	NA	2,159	2,233	H
Georgia	5,561	5,226	8,605	8,486	735	706	L
Hawaii	2,851	2,962	1,529	1,612	59	57	H
Idaho	1,083	1,083	1,295	1,244	183	184	T
Illinois	7,335	7,335	15,273	15,666	2,550	2,656	H
Indiana	6,796	6,864	5,051	4,847	692	934	T
Iowa	2,536	2,582	3,739	3,824	485	593	H
Kansas	2,575	2,570	2,871	2,810	270	340	H
Kentucky	3,075	3,072	3,564	3,647	360	401	T
Louisiana	2,768	2,594	2,627	2,578	156	340	L
Maine	1,061	1,061	1,414	1,414	186	186	H
Maryland	4,126	4,075	7,553	7,686	741	873	H
Massachusetts	5,310	5,176	12,721	12,464	1,734	1,661	L
Michigan	9,194	7,135	7,908	7,738	287	322	T
Minnesota	4,738	4,817	8,385	8,649	853	1,165	H
Mississippi	1,887	1,892	1,480	1,554	463	463	H
Missouri	1,891	1,888	5,072	5,148	392	345	H
Montana	62	65	860	984	128	151	H
Nebraska	1,485	1,480	1,870	1,915	230	240	H
Nevada	826	891	N/A	N/A	N/A	N/A	T
New Hampshire	N/A	N/A	N/A	N/A	324	314	L
New Jersey	8,820	8,575	11,767	12,173	2,831	2,460	L
New Mexico	2,459	2,490	1,115	1,167	375	280	T
New York	11,414	11,239	40,256	40,126	6,038	6,038	H
North Carolina	5,456	5,332	10,518	10,652	1,075	1,113	H
North Dakota	1,198	1,234	443	453	178	173	H
Ohio	8,616	8,540	9,242	9,599	230	180	H
Oklahoma	1,924	1,947	2,057	2,156	321	416	H
Oregon	NA	NA	6,196	6,180	446	467	T
Pennsylvania	9,219	8,968	11,286	11,472	2,205	2,492	H
Rhode Island	888	879	1,081	1,079	133	136	H
South Carolina	2,466	2,448	2,732	2,796	190	265	H
South Dakota	763	774	N/A	N/A	N/A	N/A	H
Tennessee	7,049	7,052	215	194	1,733	2,029	H
Texas	21,944	26,040	NA	NA	NA	NA	H
Utah	1,611	1,632	2,596	2,624	257	287	H
Vermont	353	349	642	625	81	94	L
Virginia	3,153	3,249	10,902	11,092	878	821	T
Washington	8,265	7,619	NA	NA	NA	NA	T
West Virginia	1,197	1,197	1,722	1,722	249	249	L
Wisconsin	4,387	4,380	7,222	7,280	877	890	H
Wyoming	490	499	N/A	N/A	N/A	N/A	H
TERRITORIES							
Puerto Rico	691	552	2,107	2,017	1,623	1,300	L
<b>Total****</b>	<b>\$220,712</b>	<b>\$220,330</b>	<b>\$295,583</b>	<b>\$298,523</b>	<b>\$43,260</b>	<b>\$43,805</b>	<b>-</b>

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 2013 budget was adopted, and current estimates reflect preliminary actual tax collections. \*\*\*Refers to whether FY 2013 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 2013.



TABLE 18

## Comparison of Tax Collections in Fiscal 2012, Fiscal 2013, and Recommended Fiscal 2014\*\*

Region/State	Sales Tax			Personal Income Tax			Corporate Income Tax		
	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2012	Fiscal 2013	Fiscal 2014
Alabama	\$2,018	\$2,051	\$2,108	\$2,919	\$2,976	\$3,074	\$379	\$414	\$399
Alaska	N/A	N/A	N/A	N/A	N/A	N/A	667	605	644
Arizona	3,655	3,823	4,029	3,092	3,289	3,531	648	688	715
Arkansas	2,211	2,154	2,224	2,895	2,954	3,054	435	443	450
California	18,652	20,714	23,264	53,836	60,647	61,747	7,949	7,580	9,130
Colorado	2,093	2,190	2,255	5,012	5,336	5,381	487	619	657
Connecticut	3,830	3,886	4,106	8,311	8,544	8,949	717	716	721
Delaware	N/A	NA	NA	1,042	1,125	1,135	119	188	203
Florida	17,422	18,302	19,205	N/A	NA	NA	2,011	2,233	2,285
Georgia	5,304	5,226	5,094	8,142	8,486	8,896	591	706	775
Hawaii	2,698	2,962	3,127	1,541	1,612	1,767	73	57	82
Idaho	1,027	1,083	1,152	1,206	1,244	1,313	187	184	194
Illinois	7,226	7,335	7,385	15,512	15,666	16,073	2,461	2,656	2,897
Indiana	6,622	6,864	7,145	4,766	4,847	5,012	959	934	902
Iowa	2,505	2,582	2,665	3,634	3,824	3,947	521	593	625
Kansas	2,462	2,570	2,255	2,908	2,810	2,385	285	340	360
Kentucky	3,052	3,072	3,173	3,512	3,647	3,689	374	401	365
Louisiana	2,581	2,594	2,711	2,486	2,578	2,657	374	340	340
Maine	1,030	1,061	1,100	1,434	1,414	1,386	232	186	207
Maryland	4,039	4,075	4,224	7,115	7,686	7,961	646	873	845
Massachusetts	5,059	5,176	4,883	11,911	12,464	14,218	1,771	1,661	1,795
Michigan	6,955	7,135	7,366	6,921	7,738	8,080	1,322	322	375
Minnesota	4,678	4,817	4,962	7,973	8,649	8,595	1,044	1,165	1,043
Mississippi	1,855	1,892	1,911	1,489	1,554	1,588	505	463	480
Missouri	1,845	1,888	1,931	4,914	5,148	5,390	341	345	342
Montana	60	65	68	899	984	1,039	128	151	154
Nebraska	1,437	1,480	1,490	1,823	1,915	2,010	234	240	255
Nevada	843	891	935	N/A	N/A	N/A	N/A	N/A	NA
New Hampshire	N/A	N/A	N/A	N/A	N/A	N/A	312	314	336
New Jersey	8,100	8,575	8,990	11,128	12,173	12,969	2,143	2,460	2,668
New Mexico	2,428	2,490	2,571	1,151	1,167	1,217	281	280	342
New York	11,126	11,239	11,736	38,767	40,126	42,420	5,760	6,038	6,244
North Carolina	5,258	5,332	5,491	10,272	10,652	11,211	1,133	1,113	1,099
North Dakota	1,154	1,234	1,312	430	453	454	199	173	181
Ohio	8,266	8,540	8,960	9,034	9,599	9,720	117	180	0
Oklahoma	1,830	1,947	2,031	2,044	2,156	2,212	343	416	482
Oregon	N/A	NA	NA	5,853	6,180	6,412	431	467	455
Pennsylvania	8,772	8,968	9,373	10,801	11,472	11,765	2,022	2,492	2,568
Rhode Island	851	879	904	1,061	1,079	1,131	123	136	135
South Carolina	2,355	2,448	2,512	2,592	2,796	2,854	212	265	245
South Dakota	744	774	805	N/A	N/A	N/A	N/A	N/A	N/A
Tennessee*	6,900	7,052	7,303	185	194	204	1,865	2,029	2,135
Texas	24,100	26,040	26,659	N/A	N/A	N/A	N/A	N/A	N/A
Utah	1,583	1,632	1,698	2,459	2,624	2,758	269	287	299
Vermont	342	349	360	597	625	668	86	94	96
Virginia	3,122	3,249	3,304	10,613	11,092	11,611	860	821	840
Washington	7,225	7,619	7,986	N/A	N/A	N/A	N/A	N/A	N/A
West Virginia	1,216	1,197	1,204	1,689	1,722	1,770	188	249	231
Wisconsin	4,289	4,380	4,499	7,042	7,280	7,326	907	890	907
Wyoming	498	499	508	N/A	N/A	N/A	N/A	N/A	N/A
TERRITORIES	0			0			0		
Puerto Rico	543	552	1,557	2,143	2,017	2,071	1,441	1,300	1,439
<b>Total***</b>	<b>\$211,315</b>	<b>\$220,330</b>	<b>\$228,970</b>	<b>\$281,009</b>	<b>\$298,523</b>	<b>\$309,579</b>	<b>\$42,711</b>	<b>\$43,805</b>	<b>\$46,501</b>

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 2012 figures reflect actual tax collections, 2013 figures reflect estimated tax collections and fiscal 2014 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 2012, Fiscal 2013, and Recommended Fiscal 2014\*\*

State	Sales Tax			Personal Income Tax			Corporate Income Tax		
	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2012	Fiscal 2013	Fiscal 2014
Alabama	4.69%	1.63%	2.76%	4.61%	1.97%	3.30%	30.43%	9.10%	-3.67%
Alaska	N/A	N/A	N/A	N/A	N/A	N/A	-4.64	-9.34	6.45
Arizona	5.43	4.59	5.40	7.99	6.35	7.38	15.64	6.17	3.94
Arkansas	7.53	-2.59	3.25	27.52	2.01	3.39	24.09	1.77	1.63
California	-30.87	11.06	12.31	8.88	12.65	1.81	-17.32	-4.64	20.45
Colorado	2.43	4.61	3.01	11.47	6.47	0.83	23.51	27.21	6.08
Connecticut	14.22	1.46	5.66	14.69	2.81	4.74	-9.81	-0.04	0.60
Delaware	N/A	N/A	N/A	4.49	7.94	0.88	-29.23	57.93	8.13
Florida	4.71	5.05	4.93	N/A	N/A	N/A	7.27	11.03	2.33
Georgia	4.38	-1.46	-2.52	6.31	4.22	4.83	-11.89	19.57	9.77
Hawaii	8.1	9.8	5.6	25.1	4.6	9.6	45.7	-22.5	44.7
Idaho	5.6	5.4	6.4	4.7	3.1	5.6	10.7	-1.7	5.5
Illinois	5.8	1.5	0.7	38.2	1.0	2.6	33.0	7.9	9.1
Indiana	6.5	3.7	4.1	3.9	1.7	3.4	36.0	-2.6	-3.4
Iowa*	29.4	3.1	3.2	27.7	5.2	3.2	110.3	13.9	5.4
Kansas	9.3	4.4	-12.3	7.3	-3.4	-15.1	26.4	19.5	5.9
Kentucky	5.4	0.7	3.3	2.8	3.9	1.2	24.4	7.2	-9.0
Louisiana	-1.1	0.5	4.5	3.4	3.7	3.1	42.6	-9.1	0.0
Maine	5.9	3.0	3.7	3.0	-1.4	-1.9	20.3	-19.9	11.3
Maryland	10.5	0.9	3.7	7.1	8.0	3.6	13.2	35.0	-3.2
Massachusetts	3.1	2.3	-5.7	2.9	4.6	14.1	-9.2	-6.2	8.1
Michigan	3.6	2.6	3.2	7.8	11.8	4.4	-37.0	-75.7	16.5
Minnesota	6.2	3.0	3.0	5.9	8.5	-0.6	12.9	11.6	-10.5
Mississippi	3.6	2.0	1.0	7.7	4.3	2.2	12.8	-8.4	3.7
Missouri	4.9	2.3	2.3	5.9	4.8	4.7	-11.6	1.3	-0.9
Montana	-7.2	7.6	4.6	10.1	9.5	5.6	7.4	17.9	2.3
Nebraska	4.7	3.0	0.7	5.1	5.1	5.0	51.2	2.4	6.3
Nevada	2.0	5.8	4.8	N/A	N/A	N/A	N/A	N/A	N/A
New Hampshire	N/A	N/A	N/A	N/A	N/A	N/A	25.5	0.7	7.0
New Jersey	-0.6	5.9	4.8	4.8	9.4	6.5	-13.0	14.8	8.5
New Mexico	4.1	2.6	3.2	8.4	1.4	4.3	22.3	-0.4	22.1
New York	3.2	1.0	4.4	7.1	3.5	5.7	9.1	4.8	3.4
North Carolina	-10.5	1.4	3.0	5.5	3.7	5.2	11.7	-1.8	-1.2
North Dakota	47.5	6.9	6.4	42.6	5.4	0.2	35.6	-12.7	4.4
Ohio*	9.1	3.3	4.9	11.2	6.3	1.3	-50.5	53.7	-100.0
Oklahoma	9.7	6.4	4.3	11.6	5.5	2.6	25.2	21.3	15.7
Oregon	N/A	N/A	N/A	6.0	5.6	3.8	-8.0	8.4	-2.7
Pennsylvania	2.1	2.2	4.5	3.5	6.2	2.6	-5.1	23.2	3.0
Rhode Island	4.7	3.3	2.8	3.8	1.7	4.8	45.7	10.4	-0.6
South Carolina	4.9	4.0	2.6	8.2	7.9	2.0	16.3	25.0	-7.7
South Dakota	4.8	4.0	4.0	N/A	N/A	N/A	N/A	N/A	N/A
Tennessee	6.3	2.2	3.6	0.6	5.0	5.0	18.0	8.8	5.2
Texas	12.6	8.1	2.4	N/A	N/A	N/A	N/A	N/A	N/A
Utah	-1.2	3.1	4.1	7.0	6.7	5.1	3.1	6.8	4.0
Vermont	5.0	2.2	3.0	7.9	4.6	6.9	-4.2	9.5	2.3
Virginia	3.6	4.1	1.7	6.7	4.5	4.7	4.6	-4.5	2.3
Washington	1.0	5.5	4.8	N/A	N/A	N/A	N/A	N/A	N/A
West Virginia	0.5	-1.6	0.6	0.0	1.9	2.8	-38.8	32.2	-7.0
Wisconsin	4.4	2.1	2.7	5.1	3.4	0.6	6.3	-1.8	1.9
Wyoming	5.7	0.2	1.8	N/A	N/A	N/A	N/A	N/A	N/A
TERRITORIES									
Puerto Rico	2.1	1.7	182.1	-2.0	-5.9	2.7	-14.1	-9.8	10.7
<b>Total***</b>	<b>0.9%</b>	<b>4.3%</b>	<b>3.9%</b>	<b>8.9%</b>	<b>6.2%</b>	<b>3.7%</b>	<b>-0.1%</b>	<b>2.6%</b>	<b>6.2%</b>

NOTES: NA indicates data are not available because, in most cases, these states do not have that type of tax. \*See Notes to Table 19 on Page 44. \*\*Unless otherwise noted, fiscal 2012 figures reflect actual tax collections, 2013 figures reflect estimated tax collections and fiscal 2014 figures reflect the estimates used in recommended budgets. \*\*\*Totals include only those states with data for all years.

## Recommended Fiscal 2014 Revenue Changes

With revenue conditions improving, governors' recommended fewer revenue increases in fiscal 2014 compared to fiscal 2013. Governors' recommended \$2.9 billion in net new taxes and fees for fiscal 2014. The number of states with governors recommending a tax and fee increase, 14 states, was nearly equivalent to the number of states with governors recommending a tax and fee decrease, 13 states. States with the largest recommended tax and fee increases for fiscal 2014 include Kansas, Massachusetts, Michigan, Minnesota, Pennsylvania, and Washington. States with the largest recommended tax and fee decreases for fiscal 2014 include Indiana, Ohio, Texas and Wisconsin. (See [Tables 20 and 21](#), [Figure 3](#) and [Appendix A-3](#)). In addition to these tax and fee changes, states also proposed \$0.8 billion 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 2013, states enacted \$6.9 billion in net tax and fee increases, with the majority share of increases occurring in California and New York. In fiscal 2013, 11 states enacted a net increase, and 20 states enacted net decreases in revenues. States also enacted \$2.5 billion in new revenue measures in fiscal 2013. In fiscal 2012, states enacted \$600 million in net tax and fee decreases, due to the expiration of temporary taxes that were enacted to increase revenues during the fiscal years immediately following the recession.

The largest portion of proposed net changes in fiscal 2014 is attributable to motor fuel taxes (\$1.4 billion), followed by sales taxes (\$1.2 billion), and then by corporate income and fee increases, both at (\$0.3 billion). Additional, proposed tax and fee increases include \$0.3 billion in new cigarette and tobacco taxes, and \$63 million in new alcohol taxes. Personal income

and other taxes have proposed decreases of \$0.2 billion and \$0.3 billion respectively.

**Sales Taxes**—Five states recommended sales tax increases and five proposed decreases in their fiscal 2014 budgets. The result is a net revenue increase of \$1.2 billion. Much of this change is due to the proposed sales tax increase in Ohio.

**Personal Income Taxes**—Eight states proposed personal income tax increases while seven recommended decreases for a net decrease of \$0.2 billion. Ohio proposed a major tax decrease and Massachusetts proposed a substantial increase to the personal income tax.

**Corporate Income Taxes**—Four states recommended corporate income tax increases while five proposed decreases in their fiscal 2014 budgets for a net increase of \$0.3 billion. Proposed increases to corporate taxes in Massachusetts and Minnesota were mostly responsible for the net increase.

**Cigarette and Tobacco Taxes**—Three states proposed a cigarette tax increase for a net change of \$0.3 billion.

**Motor Fuel Taxes**—Four states recommended increases to the motor fuel tax for a net increase of \$1.4 billion. Increased motor fuel taxes in Michigan and Pennsylvania accounted for the majority of the net increase.

**Alcohol Taxes**—One state, Washington, proposed a \$63 million increase to the state's alcohol tax.

**Other Taxes**—Nine states recommended other tax increases while four states proposed decreases in their fiscal 2014 budgets for a net decrease of \$0.3 billion.

**Fees**—Five states proposed fee increases in their fiscal 2014 budgets and one state proposed a decrease for a net increase of \$0.3 billion. Proposals to increase fees in Michigan and Pennsylvania were mostly responsible for the net increase.

TABLE 20

**Enacted State Revenue Changes,  
Fiscal 1980 to Fiscal 2013 and Proposed  
State Revenue Actions, Fiscal 2014**

Fiscal Year	Revenue Change (Billions)
2014	\$2.9
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 1988–2014 data provided by the National Association of State Budget Officers.*

**FIGURE 3:**

**Enacted State Revenue Changes, Fiscal 1979 to Fiscal 2013 and Proposed State Revenue Actions, Fiscal 2014 (Billions)**

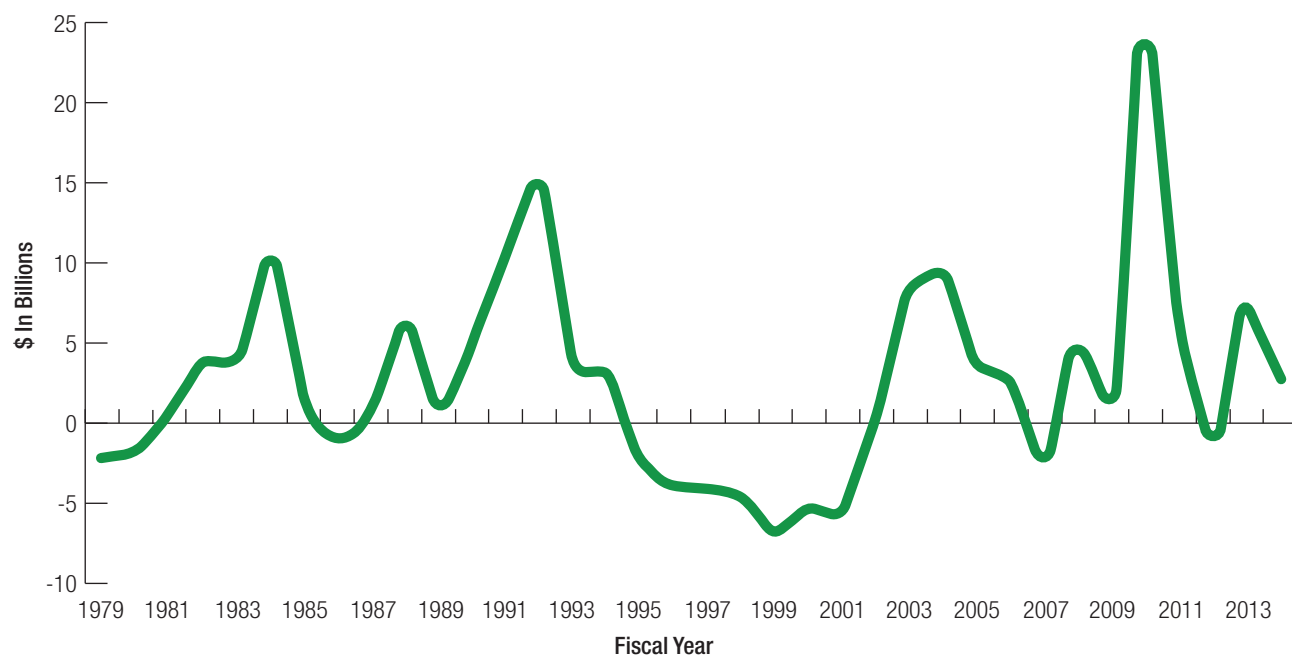


TABLE 21

## Recommended Fiscal 2014 Revenue Actions by Type of Revenue and Net Increase or Decrease\* (Millions)

State	Sales	Personal Income	Corporate Income	Cigarettes/ Tobacco	Motor Fuels	Alcohol	Other Taxes	Fees	Total
Alabama									0.0
Alaska*									0.0
Arizona									0.0
Arkansas									0.0
California									0.0
Colorado									0.0
Connecticut			44.4						44.4
Delaware		24.7					3.0		27.7
Florida	-57.7		-8.4						-66.1
Georgia									0.0
Hawaii							41.6		41.6
Idaho	-20.0								-20.0
Illinois									0.0
Indiana		-250.6							-250.6
Iowa									0.0
Kansas	262.3	162.5							424.8
Kentucky									0.0
Louisiana									0.0
Maine	2.6	1.9					34.8	2.3	41.6
Maryland		-3.0	-21.5		81.0		6.0		62.5
Massachusetts	-510.0	1104.0	116.0	69.0	13.0				792.0
Michigan					728.2		508.3	89.5	1,326.0
Minnesota	11.6	587.8	181.8	184.2				-4.5	960.9
Mississippi									0.0
Missouri									0.0
Montana									0.0
Nebraska*									0.0
Nevada*							-11.7		-11.7
New Hampshire				20.0					20.0
New Jersey									0.0
New Mexico*									0.0
New York		70.0					7.0		77.0
North Carolina							-52.0		-52.0
North Dakota		-50.0	-12.5						-62.5
Ohio	1322.8	-1657.7					45.0		-289.9
Oklahoma		-40.7							-40.7
Oregon							-82.1		-82.1
Pennsylvania		2.6	-4.4		533.8		-229.4	205.0	507.6
Rhode Island			-5.3						-5.3
South Carolina									0.0
South Dakota									0.0
Tennessee	-13.4	-2.2	1.0						-14.6
Texas							-900.0		-900.0
Utah									0.0
Vermont*	-1.5	16.3					17	2.4	34.2
Virginia									0.0
Washington	153.5					63.4	335.3	4.5	556.7
West Virginia									0.0
Wisconsin		-172.6							-172.6
Wyoming									0.0
TERRITORIES									
Puerto Rico	866.0	-36.0	-184.0	43.0			206.0		895.0
<b>Total</b>	<b>\$1,150.2</b>	<b>-\$207.0</b>	<b>\$291.1</b>	<b>\$273.2</b>	<b>\$1,356.0</b>	<b>\$63.4</b>	<b>-\$277.2</b>	<b>\$299.2</b>	<b>\$2,948.9</b>

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

**Colorado** The current projection for FY 2012-13 (March 2013) is higher now than was projected originally in March 2012 for FY 2012-13. The most recent projection (March 2013) for FY 2012-13 is recent and is still on-target, pending the June 2013 forecast or other legislative measures.

## Notes to Table 18

### Comparison of Tax Collections in Fiscal 2012, Fiscal 2013, and Recommended Fiscal 2014

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

## Notes to Table 19

### Percentage Changes Comparison of Tax Collections in Fiscal 2012, 2013 and Recommended Fiscal 2014

**Iowa** The percentage increases for fiscal 2012 collections from sales, personal and corporate income were impacted by changes to the reporting methodology.

**Ohio** Corporate income tax is estimated to be \$0 due to the proposed elimination of the tax effective in fiscal year 2014.

## Notes to Table 21

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

**Alaska** Other—Oil Production Tax-indeterminate; legislation includes both tax and revenue measures.

**Nebraska** The Governor's recommendations for the 2013 legislative session included two measures for the Legislature's consideration relative to tax policy reform. LB 405 proposed to eliminate the personal income tax and the corporate income tax and be offset with the elimination of certain sales tax exemptions. As an alternative, LB 406 proposed to eliminate the corporate income tax and exempt from taxation the first \$12,000 of retirement income for married couples and the first \$6,000 of retirement income for other filers. This alternative bill also proposed to be offset by eliminating certain sales tax exemptions. The Governor's intent was to enact tax reform in a budget neutral manner.

**Nevada** Nevada recommended extending most tax increases that otherwise were set to sunset. This includes sales tax rate increase and most of the Modified Business [payroll] tax increase first passed in 2009 and first extended in 2011.

**New Mexico** Adjustments for these taxes expected, but not yet determined; revisions to the High Wage Jobs Tax Credit, manufacturing deduction of inputs, distributions to local govts, CIT rate decreases, single-sales factor election for manufacturers, mandatory combined reporting for big box retailers and film credit rate increase for certain expenditures.

**Vermont** Cloud computing and wood mfr may affect personal and corporate tax.

# TOTAL BALANCES

## CHAPTER THREE

### Overview

Maintaining adequate balance levels helps states to mitigate disruptions to state services during an economic downturn. Total balances include both ending balances and the amounts in states' budget stabilization funds (rainy day funds) and reflect the funds that states may use to respond to unforeseen circumstances. Additionally, rainy day funds are needed to ensure that budgets can be balanced when revenues do not meet expectations in the latter part of the fiscal year when budget cuts and revenue increases do not have enough time to take effect. Though budget experts' views vary, an informal rule-of-thumb used to be that balances should be built to a level that equals at least five percent of total expenditures to provide a relatively adequate fiscal cushion. However, in the wake of the recent financial crises, there have been calls by some organizations and academics to increase the standard size above five percent, in some cases much higher than five percent. State officials often try to avoid drawing down balance levels at the beginning of a downturn, and may also be prohibited from draining all rainy day funds immediately. In total, 48 states have budget stabilization funds, which may be budget reserve funds, revenue-shortfall accounts, or cash flow accounts. About three-fifths of the states have limits on the size of their budget reserve funds, ranging from 3 to 10 percent of appropriations.

### Total Balances

Prior to the start of the recession, states built up fairly significant balance levels. By 2006, total balances reached a peak at \$69 billion or 11.5 percent of general fund expenditures. However, the severe deterioration in state revenues and rising expenditure pressures in fiscal 2009 and 2010 resulted in balance levels falling to 5.2 percent of expenditures by the end of fiscal 2010.

States have made significant progress rebuilding budget reserves over the past three fiscal years. (See Figures 6, 7, and 8). By fiscal 2012, balance levels were greatly increased from fiscal 2010, bringing total balances to 8.3 percent of expenditures. Balance levels as a percent of general fund expenditures have remained relatively flat in fiscal 2013 at 8.3 percent of general fund expenditures or \$57.7 billion. In fiscal 2014, states project balances to decrease to \$54.1 billion or 7.4 percent of general fund expenditures (See Tables 23, 24, and 25).

Total balance levels at \$54.1 billion or 7.4 percent of general fund expenditures in fiscal 2014 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 2014, the balance levels for Alaska and Texas are projected to be \$17.4 billion and \$8.5 billion respectively. Combined, the two states are projected to account for 47.8 percent of total state balances in fiscal 2014. The concentration of total budget reserves being disproportionately held by two states means that the average balance level as a percent of expenditures is much lower for the other 48 states. If you remove Texas and Alaska from total balance levels, the remaining 48 states have average balance levels representing only 4.2 percent of expenditures.

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 2014, eight states estimate balance levels below one percent of expenditures and 18 states estimate balance levels greater than one percent, but less than five percent. (See Table 24). 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 2014

Fiscal Year	Total Balance (Billions)	Total Balance (Percentage of Expenditures)
2014*	\$54.1	7.4%
2013*	57.7	8.3
2012	55.7	8.3
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
<b>Average</b>	<b>—</b>	<b>6.0%</b>

NOTE: \*Figures for fiscal 2013 are estimated; figures for fiscal 2014 are based on recommended budgets.

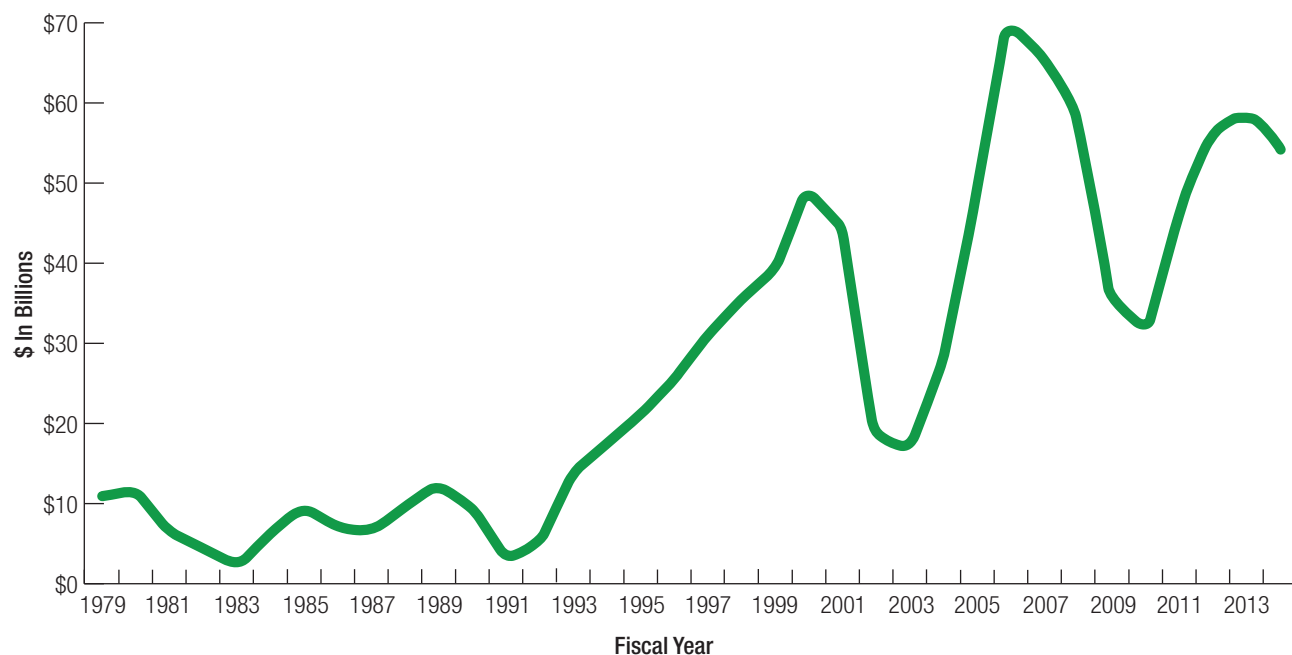
**TABLE 23****Total Year-End Balances as a Percentage of Expenditures, Fiscal 2012 to Fiscal 2014**

Percentage	Number of States		
	Fiscal 2012 (Actual)	Fiscal 2013 (Estimated)	Fiscal 2014 (Recommended)
Less than 1.0%	7	7	8
1.0% to 4.9%	13	15	18
5.0% to 9.9%	11	13	11
10% or more	19	15	13

*NOTE: The average for fiscal 2012 (actual) was 8.3 percent; the average for fiscal 2013 (estimated) is 8.3 percent; and the average for fiscal 2014 (recommended) is 7.4 percent.*

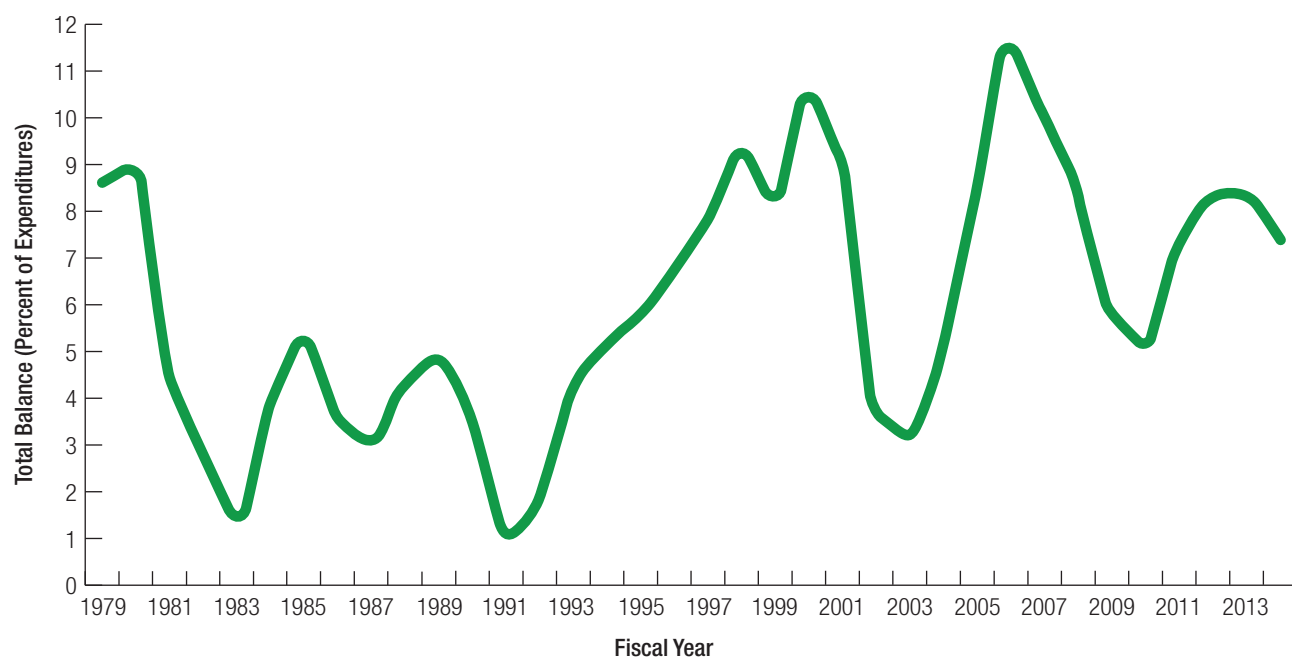
**FIGURE 4:**

**Total Year-End Balances Fiscal 1979 to Fiscal 2014 (Billions)**

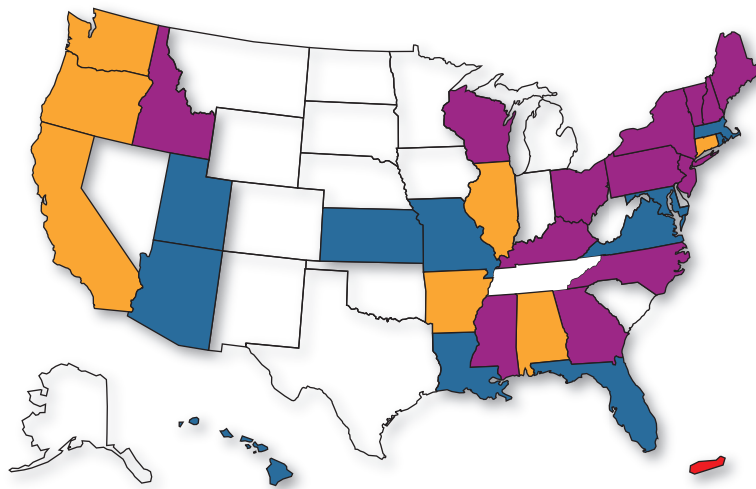


**FIGURE 5:**

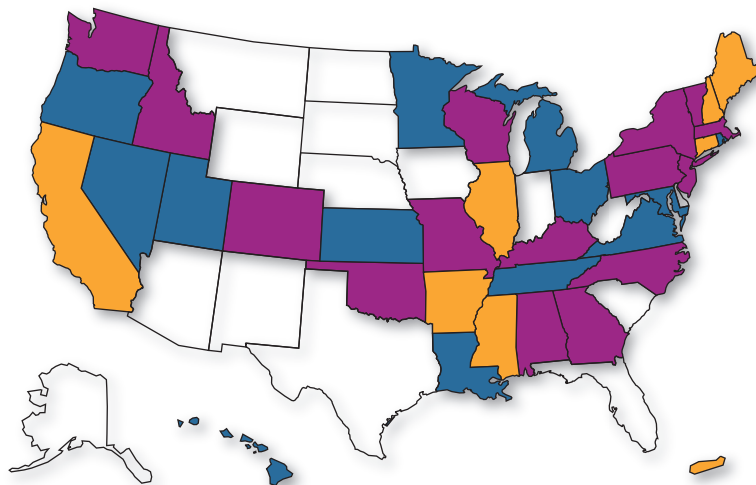
**Total Year-End Balances as a Percentage of Expenditures Fiscal 1979 to Fiscal 2014**



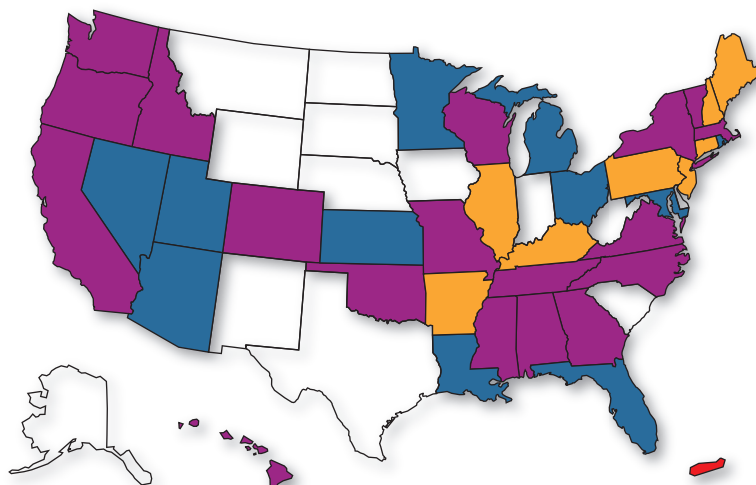
## Changing Balance Levels 2012, 2013, 2014



**FIGURE 6:**  
**Total State Balance Levels 2012**



**FIGURE 7:**  
**Total State Balance Levels 2013**



**FIGURE 8:**  
**Total State Balance Levels 2014**

TABLE 24

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

State	Total Balances (\$ in Millions)**			Total Balances as a Percent of Expenditures		
	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2012	Fiscal 2013	Fiscal 2014
Alabama	\$74	\$104	\$218	1.0%	3.1%	2.9%
Alaska	18,160	16,126	17,417	259.0	212.4	267.0
Arizona	649	1,178	766	7.7	13.8	8.6
Arkansas	0	0	0	0.0	0.0	0.0
California***	-1,615	785	1,636	-1.9	0.8	1.7
Colorado***	855	373	406	11.9	4.8	4.8
Connecticut	93	45	92	0.0	0.2	0.5
Delaware***	565	662	562	15.7	18.2	14.7
Florida	2,003	3,001	2,121	8.6	12.0	7.8
Georgia***	575	575	575	3.3	3.1	3.1
Hawaii	300	416	200	5.4	7.2	3.2
Idaho	123	108	98	4.8	4.0	3.5
Illinois***	40	40	40	0.1	0.1	0.1
Indiana	2,155	2,626	2,181	15.9	18.5	15.1
Iowa	1,289	1,444	1,548	21.5	23.2	23.7
Kansas	503	534	456	8.2	8.6	7.5
Kentucky	212	174	73	2.2	1.8	0.7
Louisiana	556	443	443	6.8	5.3	5.4
Maine	87	6	5	2.8	0.2	0.2
Maryland	1,223	1,315	1,157	8.2	8.9	7.2
Massachusetts***	1,990	1,298	1,063	6.1	3.8	2.9
Michigan	1,344	790	603	16.3	8.8	6.7
Minnesota***	1,795	1,008	1,079	10.8	5.3	5.8
Mississippi*	153	47	49	3.1	1.0	1.0
Missouri	458	371	366	5.8	4.6	4.5
Montana	453	449	316	25.5	22.5	14.5
Nebraska	927	669	645	26.9	18.4	16.9
Nevada	375	300	246	12.2	9.2	7.7
New Hampshire***	23	9	12	1.9	0.7	0.9
New Jersey	444	374	300	1.5	1.2	0.9
New Mexico***	713	629	605	12.8	10.8	10.2
New York***	1,787	1,474	1,641	3.2	2.5	2.7
North Carolina	813	632	750	4.0	3.1	3.6
North Dakota	1,681	524	602	75.6	24.3	25.7
Ohio	1,220	2,190	1,621	4.5	7.7	5.0
Oklahoma	684	126	126	11.8	2.0	2.0
Oregon	61	444	340	0.9	6.5	4.5
Pennsylvania	659	544	30	2.4	2.0	0.1
Rhode Island	269	252	177	8.6	7.7	5.2
South Carolina***	956	720	734	17.3	12.0	11.9
South Dakota	183	135	138	15.1	10.4	10.4
Tennessee	1,125	986	456	10.1	8.3	3.6
Texas	6,055	9,460	8,471	13.6	21.8	18.7
Utah	324	288	288	6.7	5.6	5.3
Vermont	58	63	65	4.6	4.8	4.7
Virginia	979	863	692	6.0	5.0	3.9
Washington	-250	378	202	-1.6	2.5	1.2
West Virginia	1,462	1,357	1,368	35.3	31.7	33.0
Wisconsin	342	488	287	2.5	3.3	1.9
Wyoming	765	884	883	48.4	53.1	53.1
TERRITORIES						
Puerto Rico	3	0	0	0.0	0.0	0.0
<b>Total* **</b>	<b>\$55,694</b>	<b>\$57,704</b>	<b>\$54,145</b>	<b>8.3%</b>	<b>8.3%</b>	<b>7.4%</b>

NOTES: NA indicates data not available. \*Fiscal 2012 are actual figures, fiscal 2013 are estimated figures, and fiscal 2014 are recommended figures. \*\*Total balances include both the ending balance and Rainy Day Funds. \*\*\*Ending Balance includes Rainy Day Fund.

TABLE 25

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

State	Rainy Day Fund Balances (\$ in Millions)**			Rainy Day Fund Balances as a Percent of Expenditures		
	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2012	Fiscal 2013	Fiscal 2014
Alabama	\$14	\$118	\$218	0.2%	1.6%	2.9%
Alaska	15,880	16,234	17,179	226.4	213.9	263.3
Arizona	253	453	453	3.0	5.3	5.1
Arkansas	0	0	0	0.0	0.0	0.0
California	-2,233	167	1,018	-2.6	0.2	1.0
Colorado	281	373	398	3.9	4.8	4.7
Connecticut	93	78	85	0.5	0.4	0.4
Delaware	186	199	201	5.2	5.5	5.3
Florida	494	709	925	2.1	2.8	3.4
Georgia	378	378	378	2.2	2.1	2.0
Hawaii	24	24	32	0.4	0.4	0.5
Idaho	24	50	85	0.9	1.9	3.0
Illinois	0	0	0	0.0	0.0	0.0
Indiana	352	355	358	2.6	2.5	2.5
Iowa	601	622	674	10.0	10.0	10.3
Kansas**	0	0	0	0.0	0.0	0.0
Kentucky	122	122	73	1.3	1.3	0.7
Louisiana	443	443	443	5.4	5.3	5.4
Maine	45	5	5	1.4	0.2	0.1
Maryland	672	701	921	4.5	4.8	5.8
Massachusetts	1,652	1,270	1,063	5.1	3.7	2.9
Michigan	365	505	580	4.4	5.6	6.4
Minnesota	658	657	657	4.0	3.5	3.5
Mississippi	100	N/A	N/A	2.0	N/A	N/A
Missouri**	251	262	266	3.2	3.3	3.2
Montana	0	0	0	0.0	0.0	0.0
Nebraska	429	384	395	12.4	10.6	10.3
Nevada	39	85	31	1.3	2.6	1.0
New Hampshire	9	9	9	0.7	0.7	0.7
New Jersey	0	0	0	0.0	0.0	0.0
New Mexico	713	629	605	12.8	10.8	10.2
New York	1,306	1,306	1,306	2.3	2.2	2.1
North Carolina	419	419	619	2.1	2.0	3.0
North Dakota	386	455	455	17.4	21.1	19.4
Ohio	247	482	1,461	0.9	1.7	4.5
Oklahoma*	578	N/A	N/A	9.9	N/A	N/A
Oregon	46	62	246	0.7	0.9	3.3
Pennsylvania	0	0	8	0.0	0.0	0.0
Rhode Island	153	173	175	4.9	5.3	5.2
South Carolina**	288	394	410	5.2	6.6	6.6
South Dakota	135	135	136	11.2	10.4	10.3
Tennessee	306	356	456	2.7	3.0	3.6
Texas	6,133	8,065	7,268	13.8	18.6	16.0
Utah	277	288	288	5.7	5.6	5.3
Vermont	58	63	65	4.6	4.8	4.7
Virginia	304	436	681	1.9	2.5	3.8
Washington	130	268	133	0.9	1.7	0.8
West Virginia	851	900	920	20.6	21.0	22.2
Wisconsin	0	0	0	0.0	0.0	0.0
Wyoming	765	884	883	48.4	53.1	53.1
TERRITORIES						
Puerto Rico	0	0	0	0.0	0.0	0.0
<b>Total***</b>	<b>\$34,226</b>	<b>\$39,518</b>	<b>\$42,560</b>	<b>5.1%</b>	<b>5.7%</b>	<b>5.9%</b>

NOTES: NA indicates data not available. \*Fiscal 2012 are actual figures, fiscal 2013 are estimated figures, and fiscal 2014 are recommended figures. \*\*See Notes to Table 25 on page 52. \*\*\*Total rainy day fund balances as a percent of expenditures only includes states that have available data.

# CHAPTER 3 NOTES

## Notes to Table 25

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

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<b>Kansas</b>	Kansas does not have a “Rainy Day” fund. However, the balanced budget provision of the constitution requires revenues to finance the approved budget.
<b>Missouri</b>	Rainy Day Fund amounts reflect 1/2 of cash balance. Constitutional provisions allow 1/2 of the budget reserve fund to be used for rainy day purposes.
<b>Oklahoma</b>	Rainy Day Fund balance for fiscal 2013 and 2014 cannot be estimated at this time.
<b>South Carolina</b>	Rainy Day Fund Balance now only reflects funds available in the General Reserve Fund and the Capital Reserve Fund. These are the legally mandated funds available to central state government to address shortfalls in General Fund revenue.

# 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 62 million low-income individuals. Medicaid is estimated to account for about 23.9 percent of total state spending from all fund sources in fiscal 2012, the single largest portion of total state expenditures and 19.6 percent of general fund expenditures according to NASBO's 2011 *State Expenditure Report*. The following sections look at Medicaid spending and enrollment, cost containment and investment proposals, changes to delivery systems for dual eligible individuals, and changes attributable to the *Affordable Care Act*.

### Medicaid Growth Rates

Total Medicaid spending decreased by 0.1 percent in fiscal 2012 with state funds growing by 20.2 percent and federal funds declining by 10.4 percent. The significant increase in state spending and the significant decrease in federal funding reflect the end of the enhanced Medicaid match rate from the Recovery Act that was in effect from October 2008 through June 2011. For fiscal 2013, total Medicaid spending is estimated to grow by 9.6 percent with state funds increasing by 8.9 percent and federal funds increasing by 10.1 percent. Although this increase in spending in fiscal 2013 is well above the fiscal 2012 level, some of the spending reflects payments for activities incurred from prior years and is not necessarily reflecting a significant surge in ongoing spending.

Governors' recommended budgets for fiscal 2014 assume an increase in Medicaid spending of 5.9 percent in total funds with state funds increasing by 3.2 percent and federal funds increasing by 7.8 (See Table 26). This projected growth rate reflects plans for some states to implement Medicaid expansion under the provisions of the *Affordable Care Act* that begins on January 1, 2014, generally the midpoint of most states' fiscal years.

### Medicaid Enrollment

Medicaid enrollment increased by 2.9 percent during fiscal 2012 and is estimated to increase by 3.2 percent in fiscal 2013.

In governors' recommended budgets for fiscal 2014, Medicaid enrollment would rise by an additional 6.3 percent, as shown in Table 27. This reflects both the implementation of the *Affordable Care Act* including increased enrollment in states implementing the Medicaid expansion beginning in January 1, 2014 as well as increased participation among those currently eligible in states that do not implement the expansion. Medicaid enrollment is estimated to grow by 12.9 percent over the fiscal 2012 through fiscal 2014 period. The implementation of the *Affordable Care Act* will greatly increase the individuals served in the Medicaid program in 2014 and thereafter. In March 2013, the Centers for Medicare and Medicaid Services' Office of the Actuary estimated the *Affordable Care Act*'s Medicaid eligibility expansion option will add 8.7 million individuals in fiscal 2014 and approximately 18.3 million individuals by 2021.

### Medicaid Cost Containment

States continue to address cost containment though strategies differ somewhat from prior years. Fourteen states reduced provider payments in fiscal 2013 and 14 states plan to reduce payments in governors' proposals for fiscal 2014, all well below the peak that occurred in the recession when the majority of states were decreasing payments to providers. The most common cost containment strategy for fiscal 2013 is new or enhanced program integrity efforts to control Medicaid costs currently underway in 25 states. Other strategies used in fiscal 2013 to contain Medicaid costs include reducing costs and imposing limits for prescription drugs (18 states), limiting benefits (14 states), and freezing provider rates (12 states). Plans to contain Medicaid costs in governors' proposed fiscal 2014 budgets include freezing provider rates (9 states), enhancing program integrity efforts (21 states), reducing costs and imposing limits for prescription drugs (14 states), and limiting benefits (6 states). Medicaid cost containment proposals are shown in Tables 28 and 29.

### Medicaid Increases Outside of the Affordable Care Act.

While a number of states have been reducing provider payments over the past several years, slightly more states have been increasing provider payments with 17 states increasing provider payments in fiscal 2013 and 18 states proposing to



increase provider payments in fiscal 2014. The most frequent expansion outside of the *Affordable Care Act* is the continued movement to community-based long-term care rather than institutional based care with 14 states moving in this direction in fiscal 2013 and 14 states doing so in fiscal 2014 proposed governors' budgets. A number of states have also expanded eligibility. (See [Tables 30 and 31 and accompanying notes](#)).

#### **States Plans for Payment and Delivery System Changes.**

States are planning to make changes in the payment and delivery aspects of their health care systems to control costs, improve outcomes across Medicaid populations, and to position themselves for the significant number of new Medicaid enrollees resulting from the *Affordable Care Act*. Dual eligible individuals, those who are eligible for both Medicare and Medicaid, are a particular focus for these efforts with many states moving ahead with plans to improve services and coordination for these individuals. Over nine million Americans receive benefits from both Medicare and Medicaid costing over \$315 billion in health care services in the two programs combined. Those who are dually eligible account for 15 percent of the Medicaid population and almost 40 percent of all Medicaid expenditures for medical services. States were asked about changes related to improved care for those who are dually eligible for Medicare and Medicaid. Nineteen states are moving to use managed care for those dually eligible in fiscal 2013 and 17 states are proposing to do so in fiscal 2014. About one half of the states are making some change to delivery systems for dual eligible individuals in fiscal 2013 and in proposed fiscal 2014 budgets. (See [Tables 32 and 33 and accompanying notes for further description of changes](#)).

**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 34 and 35. For fiscal 2013, 8 states have raised or plan to raise provider taxes or fees while 11 states have plans to raise provider taxes or fees in governors' proposed budgets for fiscal 2014. Additionally, three states raised or planned on raising tobacco taxes in fiscal 2013 and three states plan on increasing tobacco taxes for additional resources for Medicaid in fiscal 2014.

**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 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 will have 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 will be fully federally funded in calendar years 2014, 2015, and 2016 with federal financing phasing down to 90 percent by 2020. Governors and legislators are in the process of assessing decisions regarding Medicaid expansion as they propose and deliberate fiscal 2014 and future budgets.

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. Regardless of decisions about expanding Medicaid under the *Affordable Care Act*, all states are required to move to a modified adjusted gross income basis for eligibility.

**Options under the Affordable Care Act.** States were asked about the likelihood of using various options under the *Affordable Care Act* or those related to the Act. These may range from additional funds to move towards home and community-based long-term care options or 90 percent matching funds for changes to Medicaid eligibility systems. Almost all states are using the 90 percent match to make changes to Medicaid eligibility systems. Additionally, about half of the states plan on using the health home option care coordination grants and about one-third of states plan on using the long-term care options. (See [Table 36](#)).

**Medicaid Expansion under the Affordable Care Act.** States were asked about decisions to expand Medicaid under the provisions of the *Affordable Care Act* at the point in time when governors released proposed fiscal 2014 budgets. This

is a dynamic situation with changing decisions through legislative deliberations and additional executive decision-making. At the point when governors were proposing budgets for fiscal 2014, generally early in calendar year 2013, 25 states planned to expand, 16 states did not plan on expanding, and 9 states were uncertain as shown in Table 37. Although calendar year 2014 is the first year of the Medicaid expansion, states are able to expand Medicaid at later dates though the one hundred percent of federal financing for those characterized as newly eligible is only available under statute in calendar years 2014 through 2016. After that, federal matching funds decline each year to 90 percent of federal financing by 2020.

**Long-Term Health Care Spending.** Medicaid spending, similar to overall 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 *2012 Actuarial Report on the Financial Outlook for Medicaid*. The projected annual average growth rate of Medicaid expenditures from 2012 to 2021 is projected to be 6.4 percent, notably faster than the projection of average annual GDP growth of 5.0 percent, according to the analysis. The report notes how the unusually slow rate of growth of Medicaid expenditures in 2012 does not necessarily contradict recent trends in health care spending generally. According to the analysis, the relatively slower projected growth in Medicaid expenditures is in part the result of states' efforts to limit growth in light of their budget constraints after the expiration of the temporary federal matching rate increases.

TABLE 26

## Annual Percentage Change in Medicaid Spending

State	Fiscal 2012 (Actual)			Fiscal 2013 (Estimated)			Fiscal 2014 (Recommended)		
	State Funds	Federal Funds	Total Funds	State Funds	Federal Funds	Total Funds	State Funds	Federal Funds	Total Funds
Alabama	15.97	0.05	5.04	-7.56	9.9	3.86	3.66	-0.57	0.73
Alaska	21.1	-13.1	0.5	7.7	6.6	6.9	6.0	6.6	6.3
Arizona	8.7	-20.8	-13.4	7.8	6.2	6.7	2.7	10.5	8.0
Arkansas*	44.9	-5.9	4.7	10.4	8.5	9.0	-0.8	3.5	2.2
California*	-19.0	-14.0	-16.0	42.0	43.0	42.0	5.0	-3.0	1.0
Colorado	31.1	-9.3	7.4	9.7	9.8	9.8	-8.6	12.7	1.9
Connecticut*	2.1	N/A	2.1	4.1	N/A	4.1	2.6	N/A	2.6
Delaware	30.2	9.1	18.0	1.9	8.6	5.5	7.0	6.9	7.0
Florida	26.5	-12.2	1.5	-0.3	8.7	5.5	4.2	7.5	6.5
Georgia	31.8	-3.1	6.4	9.4	-0.3	3.0	-0.9	0.0	-0.3
Hawaii	29.7	-29.1	-9.5	1.3	4.3	2.9	6.9	15.1	11.9
Idaho	32.5	-17.8	-10.9	18.6	17.6	11.1	0.8	4.8	4.2
Illinois	-7.9	-31.3	-21.2	24.0	37.8	30.8	11.3	27.8	19.4
Indiana*	41.6	-5.3	6.6	32.4	48.3	43.0	-8.1	-4.2	-5.4
Iowa	34.0	0.2	4.3	5.1	3.8	4.3	4.1	-1.5	0.8
Kansas	31.6	-14.4	0.6	7.7	3.4	5.2	3.8	5.4	4.7
Kentucky	31.8	-9.4	-0.7	0.2	-4.2	-2.9	7.8	6.9	7.2
Louisiana	38.0	-6.0	5.0	23.0	-1.0	7.0	-11.0	4.0	-1.0
Maine	35.0	-3.0	32.0	-2.0	15.0	13.0	9.0	-1.0	8.0
Maryland	35.8	-10.9	7.8	-3.0	5.8	4.5	-1.7	10.6	3.2
Massachusetts*	30.7	-18.7	1.4	5.3	2.5	4.0	8.7	18.7	13.4
Michigan	19.5	-4.1	2.6	-0.5	5.2	3.5	-2.9	19.2	12.4
Minnesota	24.0	-7.1	9.4	-0.3	-1.3	-3.0	11.2	20.2	16.0
Mississippi	56.6	-7.0	3.9	0.0	-3.6	-2.7	12.3	9.6	10.3
Missouri	7.9	5.7	6.7	3.0	6.5	4.8	3.4	25.5	15.3
Montana	-1.0	-2.3	-1.9	5.0	0.1	6.2	3.1	5.2	4.6
Nebraska	0.7	1.7	1.3	10.0	14.0	12.5	11.3	7.0	8.6
Nevada	30.2	-5.2	7.6	-9.1	14.7	4.3	1.8	24.5	15.9
New Hampshire	0.8	-23.4	-13.4	2.8	2.8	2.8	4.5	4.5	4.5
New Jersey	23.0	-18.6	-2.5	5.6	10.1	7.9	1.8	26.7	14.8
New Mexico	35.0	-12.0	-2.0	3.0	3.0	3.0	7.0	19.0	15.0
New York	20.5	-10.1	4.2	3.8	-4.1	-0.8	-0.9	7.1	4.3
North Carolina	41.5	9.1	19.4	-15.5	2.0	-4.6	-2.8	13.7	8.3
North Dakota	40.1	-12.8	4.0	18.3	9.8	13.4	7.0	2.9	4.7
Ohio	27.5	-7.2	2.9	0.0	0.1	0.1	0.1	0.2	0.1
Oklahoma	62.5	-13.1	7.8	-0.3	13.0	7.5	3.0	2.6	2.7
Oregon	23.2	-9.2	0.6	9.3	9.3	9.3	4.4	87.0	55.0
Pennsylvania	27.8	-13.7	1.0	5.6	2.2	3.7	3.6	0.1	1.7
Rhode Island	15.1	-17.8	-5.1	2.0	-0.9	0.6	5.1	1.8	3.2
South Carolina	5.2	4.0	5.2	-1.0	-11.0	5.0	14.0	9.0	7.0
South Dakota	23.3	-14.2	-3.3	8.9	19.1	15.4	10.2	-0.4	3.3
Tennessee*	48.2	-6.0	3.6	5.2	1.1	-0.7	9.1	5.0	6.5
Texas*	27.0	-11.0	1.7	-1.5	4.1	1.8	7.4	4.7	5.8
Utah	22.9	-3.5	4.0	3.0	-2.5	-0.7	1.7	3.4	2.8
Vermont	33.5	-13.2	1.4	12.3	8.8	10.2	-2.5	4.1	1.3
Virginia	19.3	-17.2	-2.5	8.3	8.3	8.3	5.0	6.1	5.6
Washington	20.0	-15.0	-2.0	8.8	4.7	7.1	4.2	1.3	-0.1
West Virginia	43.7	-9.5	0.7	13.0	12.3	12.5	2.4	-1.6	-0.5
Wisconsin	16.1	-20.0	-9.1	7.6	7.4	7.5	5.4	0.3	2.3
Wyoming	22.2	-13.9	3.7	2.7	2.0	2.3	2.3	2.5	2.4
TERRITORIES									
Puerto Rico	-22.7	100.2	19.4	1.7	-2.4	-0.6	0.3	2.9	1.5
<b>Average**</b>	<b>20.2</b>	<b>-10.4</b>	<b>-0.1</b>	<b>8.9</b>	<b>10.1</b>	<b>9.6</b>	<b>3.2</b>	<b>7.8</b>	<b>5.9</b>

NOTES: NA indicates data not available \*See Notes to Table 26 on page 74. \*\*Average percent changes are weighted averages.

TABLE 27

## Percentage Change in Medicaid Enrollment

State	FY 2012 Actual	FYI 2013 Estimated	FY 2014 Recommended
Alabama	-0.4	0.0	2.2
Alaska	3.3	2.5	2.4
Arizona	-4.6	-1.9	10.6
Arkansas*	1.3	1.5	2.0
California	1.0	7.0	6.0
Colorado	10.6	8.6	5.6
Connecticut	4.4	6.3	7.1
Delaware	6.9	3.0	8.9
Florida	7.1	5.6	3.8
Georgia	2.7	3.2	2.4
Hawaii	6.0	3.0	4.0
Idaho	3.5	2.5	1.9
Illinois*	2.6	0.6	4.1
Indiana	1.1	2.8	4.6
Iowa	3.4	1.6	1.2
Kansas	6.1	5.8	5.5
Kentucky	1.3	0.7	0.7
Louisiana	2.6	2.7	-1.2
Maine	-3.8	-1.3	1.1
Maryland*	6.3	3.0	15.2
Massachusetts*	3.1	3.8	2.8
Michigan	-1.2	1.1	18.7
Minnesota	5.2	0.6	5.0
Mississippi	0.5	2.3	1.4
Missouri	0.0	0.0	29.4
Montana	2.0	3.4	2.0
Nebraska	0.9	3.7	3.7
Nevada	8.9	3.6	12.7
New Hampshire	0.2	0.0	0.0
New Jersey	0.5	1.4	9.5
New Mexico	2.0	2.0	23.0
New York*	3.4	5.1	7.3
North Carolina	5.1	3.0	2.3
North Dakota	0.3	-0.5	21.3
Ohio	7.0	6.2	11.0
Oklahoma	4.0	3.5	0.0
Oregon	7.8	3.3	8.8
Pennsylvania	4.2	1.4	2.9
Rhode Island*	2.2	1.0	1.9
South Carolina	11.9	3.2	13.9
South Dakota	1.1	0.3	1.8
Tennessee	-0.4	-0.8	2.9
Texas*	3.1	0.3	8.9
Utah	5.3	2.3	1.4
Vermont	1.3	1.5	-1.8
Virginia	5.4	3.7	2.1
Washington	0.6	1.1	2.3
West Virginia	-0.6	-0.5	0.0
Wisconsin	1.4	-1.1	-2.0
Wyoming	0.1	0.1	15.0
TERRITORIES			
Puerto Rico	3.2	3.2	3.0
Average**	2.9	3.2	6.3

NOTES: \*See Notes to Table 27 on page 74. \*\*Average percent changes are weighted averages.

TABLE 28

## Fiscal 2013 Budgetary Actions Aimed at Containing Medicaid Costs

State	Reduce Provider Payments	Freeze Provider Payments	Eliminate Benefits	Limit Benefits	Limit Prescription Drugs	Other Efforts to Cut Costs for Prescription Drugs
Alabama	X			X	X	X
Alaska					X	
Arizona						
Arkansas*						
California*						
Colorado*						
Connecticut	X			X		X
Delaware		X				
Florida	X			X		
Georgia				X	X	X
Hawaii*		X				
Idaho*		X				
Illinois*	X	X	X	X	X	X
Indiana						
Iowa	X					X
Kansas*						
Kentucky						
Louisiana	X		X			X
Maine	X			X		
Maryland*				X	X	X
Massachusetts	X			X		
Michigan						
Minnesota						
Mississippi	X	X				
Missouri*		X				X
Montana						
Nebraska*						
Nevada						
New Hampshire						
New Jersey		X				X
New Mexico						
New York*			X	X		X
North Carolina*				X		X
North Dakota						
Ohio*	X					
Oklahoma						
Oregon	X					
Pennsylvania*		X				
Rhode Island	X			X		
South Carolina						
South Dakota				X		
Tennessee*	X					X
Texas	X	X		X		X
Utah						X
Vermont*		X		X		X
Virginia		X				X
Washington*					X	X
West Virginia*						
Wisconsin		X				X
Wyoming						
TERRITORIES						
Puerto Rico						
<b>Total</b>	<b>14</b>	<b>12</b>	<b>3</b>	<b>14</b>	<b>6</b>	<b>18</b>

NOTES: \*See Notes to Table 28 on page 75.

Table 28 continues on next page.

TABLE 28 (CONTINUED)

## Fiscal 2013 Budgetary Actions Aimed at Containing Medicaid Costs

State	Institute New or Higher Copayments	Restrict Community-based Long-term Care	Restrict Institutional Long-term Care	Enhanced Program Integrity Efforts	Other (Please Describe)
Alabama	X			X	
Alaska					
Arizona					
Arkansas*					X
California*					X
Colorado*				X	X
Connecticut				X	
Delaware					
Florida				X	
Georgia				X	
Hawaii*				X	X
Idaho*				X	
Illinois*	X			X	X
Indiana					
Iowa				X	
Kansas*					X
Kentucky					
Louisiana					
Maine					X
Maryland*			X	X	X
Massachusetts				X	
Michigan					
Minnesota					
Mississippi				X	
Missouri*				X	X
Montana					
Nebraska*					X
Nevada					
New Hampshire					
New Jersey				X	
New Mexico					
New York*				X	X
North Carolina*					X
North Dakota					
Ohio*				X	X
Oklahoma				X	
Oregon					
Pennsylvania*				X	X
Rhode Island				X	
South Carolina					
South Dakota	X				
Tennessee*					X
Texas				X	
Utah				X	X
Vermont*	X			X	X
Virginia				X	
Washington*				X	
West Virginia*					X
Wisconsin	X			X	
Wyoming					
TERRITORIES					
Puerto Rico					
<b>Total</b>	<b>5</b>	<b>0</b>	<b>1</b>	<b>25</b>	<b>18</b>

NOTES: \*See Notes to Table 28 on page 75.

TABLE 29

## Proposed Fiscal 2014 Budgetary Actions Aimed at Containing Medicaid Costs

State	Reduce Provider Payments	Freeze Provider Payments	Eliminate Benefits	Limit Benefits	Limit Prescription Drugs	Other Efforts to Cut Costs for Prescription Drugs
Alabama	X			X	X	X
Alaska*					X	
Arizona						
Arkansas*	X	X				
California*						
Colorado*						
Connecticut	X	X	X	X		X
Delaware		X				
Florida	X					
Georgia	X			X	X	X
Hawaii*		X				
Idaho*		X				
Illinois*						
Indiana	X					
Iowa			X	X		X
Kansas*						
Kentucky						
Louisiana*			X			X
Maine	X		X	X		X
Maryland*			X	X	X	X
Massachusetts	X	X				
Michigan	X					
Minnesota*						
Mississippi						
Missouri*						X
Montana						
Nebraska*						
Nevada						
New Hampshire						
New Jersey						
New Mexico*						
New York*			X		X	X
North Carolina	X					
North Dakota						
Ohio*	X					X
Oklahoma						
Oregon*						
Pennsylvania*						
Rhode Island	X	X				
South Carolina						
South Dakota						
Tennessee*						
Texas*	X	X				X
Utah						X
Vermont						
Virginia		X				X
Washington*					X	X
West Virginia*						
Wisconsin						
Wyoming	X					
TERRITORIES						
Puerto Rico						
<b>Total</b>	<b>14</b>	<b>9</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>14</b>

NOTES: \*See Notes to Table 29 on page 76.

Table 29 continues on next page.

TABLE 29 (CONTINUED)

## Proposed Fiscal 2014 Budgetary Actions Aimed at Containing Medicaid Costs

State	Institute New or Higher Copayments	Restrict Community-based Long-term Care	Restrict Institutional Long-term Care	Enhanced Program Integrity Efforts	Other (Please Describe)
Alabama	X			X	
Alaska*					X
Arizona					
Arkansas*					X
California*					X
Colorado*				X	X
Connecticut				X	
Delaware					
Florida					
Georgia				X	
Hawaii*				X	X
Idaho*					
Illinois*					X
Indiana					
Iowa			X	X	
Kansas*					X
Kentucky					
Louisiana*				X	X
Maine					X
Maryland*				X	X
Massachusetts				X	
Michigan					
Minnesota*				X	X
Mississippi					
Missouri*					X
Montana					
Nebraska*					X
Nevada	X				
New Hampshire					
New Jersey				X	
New Mexico*					X
New York*				X	X
North Carolina	X				
North Dakota					
Ohio*	X			X	X
Oklahoma				X	X
Oregon*					X
Pennsylvania*				X	X
Rhode Island				X	
South Carolina					
South Dakota					
Tennessee*	X			X	X
Texas*				X	
Utah				X	X
Vermont					
Virginia					
Washington*				X	
West Virginia*					X
Wisconsin				X	
Wyoming					
TERRITORIES					
Puerto Rico				X	
<b>Total</b>	<b>5</b>	<b>0</b>	<b>1</b>	<b>21</b>	<b>22</b>

NOTES: \*See Notes to Table 29 on page 76.



TABLE 30

**Medicaid Expansion or Investment Efforts Made During Fiscal 2013***(Table 30 refers to efforts independent from any expansion or investments related to Medicaid under the Affordable Care Act)*

State	Increase Provider Payments	Expand Eligibility (Outside of ACA Expansion)	Simplify Enrollment Procedures (Beyond ACA Requirements)	Reduce or Eliminate Premiums	Restore Benefits	Expand Benefits
Alabama						
Alaska						
Arizona						
Arkansas*						
California						
Colorado*		X				
Connecticut						
Delaware						
Florida						
Georgia	X					
Hawaii						
Idaho*	X				X	
Illinois*						
Indiana						
Iowa	X					
Kansas						
Kentucky						
Louisiana						
Maine	X					
Maryland	X					
Massachusetts*	X					
Michigan		X				
Minnesota						
Mississippi						
Missouri						
Montana			X			
Nebraska	X	X				
Nevada						
New Hampshire						
New Jersey						
New Mexico						
New York	X		X			
North Carolina						
North Dakota						
Ohio*	X	X				
Oklahoma	X		X			
Oregon						
Pennsylvania	X					
Rhode Island						
South Carolina						
South Dakota	X					
Tennessee						
Texas						
Utah	X		X			
Vermont*	X	X				
Virginia	X					
Washington*	X					X
West Virginia						
Wisconsin	X					
Wyoming						
TERRITORIES						
Puerto Rico						
<b>Total</b>	<b>17</b>	<b>5</b>	<b>4</b>	<b>0</b>	<b>1</b>	<b>1</b>

NOTES: \*See Notes to Table 30 on page 77.

Table 30 continues on next page.

TABLE 30 (CONTINUED)

**Medicaid Expansion or Investment Efforts Made During Fiscal 2013***(Table 30 refers to efforts independent from any expansion or investments related to Medicaid under the Affordable Care Act)*

State	Expand Access to Prescription Drugs	Reduce or Eliminate Copayments	Expand Community-based Long-term Care	Expand Institutional Long-term Care	Other (Please Describe)
Alabama					
Alaska					
Arizona					
Arkansas*					X
California					
Colorado*			X		X
Connecticut					
Delaware					
Florida					
Georgia			X		
Hawaii					
Idaho*			X		
Illinois*					X
Indiana					
Iowa			X		
Kansas					
Kentucky					
Louisiana					
Maine					
Maryland			X		
Massachusetts*			X		
Michigan			X		
Minnesota					
Mississippi					
Missouri			X		
Montana			X		
Nebraska					
Nevada					
New Hampshire					
New Jersey					
New Mexico					
New York	X				
North Carolina					
North Dakota					
Ohio*	X		X		
Oklahoma				X	
Oregon					
Pennsylvania			X		
Rhode Island					
South Carolina					
South Dakota					
Tennessee					
Texas					
Utah			X		
Vermont*					
Virginia			X		
Washington*					
West Virginia					
Wisconsin			X		
Wyoming					
TERRITORIES					
Puerto Rico					
<b>Total</b>	<b>2</b>	<b>0</b>	<b>14</b>	<b>1</b>	<b>3</b>

NOTES: \*See Notes to Table 30 on page 77.

TABLE 31

**Proposed Fiscal 2014 Medicaid Expansion or Investment Efforts***(Table 31 refers to efforts independent from any expansion or investments related to Medicaid under the Affordable Care Act)*

State	Increase Provider Payments	Expand Eligibility (Outside of ACA Expansion)	Simplify Enrollment Procedures (Beyond ACA Requirements)	Reduce or Eliminate Premiums	Restore Benefits	Expand Benefits
Alabama						
Alaska						
Arizona						
Arkansas*						
California						
Colorado*	X					X
Connecticut						
Delaware						
Florida						
Georgia						
Hawaii						
Idaho*	X					
Illinois*						
Indiana						
Iowa	X					
Kansas						
Kentucky						
Louisiana						
Maine						
Maryland	X					
Massachusetts*	X	X	X		X	X
Michigan		X				
Minnesota	X					X
Mississippi						
Missouri	X					
Montana	X					
Nebraska	X					
Nevada						
New Hampshire						
New Jersey						
New Mexico						
New York*	X					
North Carolina						
North Dakota						
Ohio*	X					
Oklahoma	X		X		X	X
Oregon*	X					
Pennsylvania	X					
Rhode Island						
South Carolina						
South Dakota	X					
Tennessee						
Texas						
Utah			X		X	
Vermont*	X			X		
Virginia						
Washington*	X					X
West Virginia						
Wisconsin	X					
Wyoming						
TERRITORIES						
Puerto Rico						
<b>Total</b>	<b>18</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>3</b>	<b>5</b>

NOTES: \*See Notes to Table 31 on page 77.

Table 31 continues on next page.

TABLE 31 (CONTINUED)

**Proposed Fiscal 2014 Medicaid Expansion or Investment Efforts***(Table 31 refers to efforts independent from any expansion or investments related to Medicaid under the Affordable Care Act)*

State	Expand Access to Prescription Drugs	Reduce or Eliminate Copayments	Expand Community-Based Long-term Care	Expand Institutional Long-term Care	Other (Please Describe)
Alabama					
Alaska					
Arizona					
Arkansas*					X
California					
Colorado*	X		X		X
Connecticut					
Delaware					
Florida					
Georgia			X		
Hawaii					
Idaho*			X		
Illinois*			X		X
Indiana					
Iowa					
Kansas					
Kentucky					
Louisiana					
Maine					
Maryland			X		
Massachusetts*			X		
Michigan					
Minnesota					
Mississippi					
Missouri			X		
Montana			X		
Nebraska					
Nevada			X		
New Hampshire					
New Jersey			X		
New Mexico					
New York*					X
North Carolina					
North Dakota					
Ohio*			X		X
Oklahoma	X				
Oregon*					X
Pennsylvania			X		
Rhode Island					
South Carolina					
South Dakota					
Tennessee					
Texas					
Utah			X		
Vermont*		X			
Virginia					
Washington*					
West Virginia					
Wisconsin			X		
Wyoming					
TERRITORIES					
Puerto Rico					
<b>Total</b>	<b>2</b>	<b>1</b>	<b>14</b>	<b>0</b>	<b>6</b>

NOTES: \*See Notes to Table 31 on page 77.

TABLE 32

### Fiscal 2013 Changes Related to Managed Care, Delivery System Reform or Care for Dual Eligible Beneficiaries

State	Managed Care	Delivery System Reform	Care for Dual Eligible Beneficiaries	Other Changes to Payment or Delivery
Alabama		X		
Arkansas*		X		X
Colorado	X	X		
Delaware	X			
Florida*	X			
Idaho	X			
Illinois*	X			X
Indiana		X		
Kansas*	X	X		X
Louisiana	X	X		
Massachusetts		X		
Michigan			X	
Mississippi	X			
Missouri*		X	X	X
Nebraska	X			
New Hampshire	X			
New York	X	X		
Ohio	X		X	
Pennsylvania	X	X		
Texas*	X	X	X	X
Utah	X			
Vermont*		X		X
Virginia	X			
Washington*	X	X		
West Virginia*	X			
Wisconsin	X	X	X	
<b>Total</b>	<b>19</b>	<b>14</b>	<b>5</b>	<b>6</b>

NOTES: \*See Notes to Table 32 on page 78.

TABLE 33

### Proposed Changes for Fiscal 2014 Related to Managed Care, Delivery System Reform or Care for Dual Eligible Beneficiaries

State	Managed Care	Delivery System Reform	Care for Dual Eligible Beneficiaries	Other Changes to Payment or Delivery
Alabama*		X		X
Alaska*				
Arkansas*		X		X
Colorado	X	X	X	
Connecticut*		X		X
Delaware*		X		X
Florida*	X			
Georgia	X			
Idaho	X		X	
Illinois*	X	X	X	X
Iowa*				X
Kansas*	X	X		
Kentucky*				
Louisiana	X	X		
Maryland*	X	X		X
Massachusetts*		X	X	X
Michigan			X	
Minnesota*				X
Missouri*		X	X	X
Montana	X	X		
Nebraska	X			
Nevada*				X
New Hampshire	X			
New Jersey*	X	X	X	X
New Mexico*	X	X	X	X
New York*	X	X	X	X
Ohio	X		X	
Rhode Island*			X	X
Tennessee*		X		
Vermont*		X		
Virginia*		X	X	
Washington*	X	X	X	
West Virginia*	X			
Wisconsin	X	X	X	
<b>Total</b>	<b>17</b>	<b>19</b>	<b>13</b>	<b>15</b>

NOTES: \*See Notes to Table 33 on page 78

TABLE 34

### Fiscal 2013 Changes to Generate Additional Resources for Medicaid

State	Provider Tax/Fee	Tobacco Tax	Other
Alabama	X		
Alaska		X	
Delaware	X		
Hawaii	X		
Illinois	X	X	
Maine*	X		
Maryland*	X		X
Massachusetts		X	
Missouri*			X
Oklahoma*			X
Vermont*	X		X
Washington	X		
<b>Total</b>	<b>8</b>	<b>3</b>	<b>4</b>

NOTES: \*See Notes to Table 34 on page 80.

TABLE 35

### Proposed Changes for Fiscal 2014 to Generate Additional Resources for Medicaid

State	Provider Tax/Fee	Tobacco Tax	Other
Alabama	X		
Alaska		X	
Arizona	X		
California*	X		X
Colorado	X		
Georgia*	X		
Hawaii	X		
Indiana	X		
Louisiana*			X
Maine*	X		
Massachusetts*		X	X
Minnesota		X	
North Carolina			X
Ohio*			X
Oklahoma*			X
Oregon	X		
Pennsylvania*	X		X
South Carolina*			X
Vermont*			X
Washington	X		
<b>Total</b>	<b>11</b>	<b>3</b>	<b>9</b>

NOTES: \*See Notes to Table 35 on page 81.



TABLE 36

## Proposed Fiscal 2014 Options Under the Affordable Care Act

State	90% match for Medicaid eligibility systems	Health home option/care coordination	Long-term care option (Community First Choice Option, State Balancing Incentives Program)
Alabama	X	?	?
Alaska	X	X	0
Arizona	X	?	?
Arkansas	X	X	X
California	X	?	X
Colorado	X	X	X
Connecticut	X	X	X
Delaware	X	X	
Florida	X	?	?
Georgia	X	0	X
Hawaii	X	?	0
Idaho	X	X	X
Illinois	X	?	X
Indiana	X	?	X
Iowa	X	X	X
Kansas	X	X	0
Kentucky	X	?	?
Louisiana	X	0	0
Maine	X	?	?
Maryland	X	X	X
Massachusetts	X	X	?
Michigan	X	X	0
Minnesota*	X	X	?
Mississippi	X	?	X
Missouri	X	X	X
Montana	X	X	X
Nebraska	X	?	?
Nevada	X	?	0
New Hampshire	?	?	X
New Jersey	X	X	X
New Mexico	X	X	0
New York	X	X	X
North Carolina	X	X	?
North Dakota	X	0	?
Ohio	X	X	X
Oklahoma	X	X	0
Oregon	X		X
Pennsylvania	X	0	0
Rhode Island	X	X	?
South Carolina			
South Dakota	X	X	0
Tennessee	X	0	0
Texas	X	?	X
Utah	X	0	?
Vermont*	X	X	0
Virginia	X	?	?
Washington	X	X	
West Virginia	X	X	?
Wisconsin	X	X	X
Wyoming	X	X	0
TERRITORIES			
Puerto Rico	X	X	X
<b>Total</b>	<b>48</b>	<b>27</b>	<b>20</b>

NOTES: \*See Notes to Table 36 on page 81. Key: X=Yes, 0=NO, and ?=Uncertain

TABLE 37

### Governor Proposes to Expand Medicaid Under the Provisions of the Affordable Care Act in Fiscal 2014

State	Yes	No	Uncertain
Alabama		X	
Alaska			X
Arizona	X		
Arkansas*	X		
California	X		
Colorado	X		
Connecticut	X		
Delaware	X		
Florida*	X		
Georgia		X	
Hawaii*		X	
Idaho		X	
Illinois	X		
Indiana		X	
Iowa		X	
Kansas			X
Kentucky			X
Louisiana		X	
Maine			X
Maryland	X		
Massachusetts	X		
Michigan	X		
Minnesota	X		
Mississippi		X	
Missouri	X		
Montana	X		
Nebraska*		X	
Nevada	X		
New Hampshire	X		
New Jersey	X		
New Mexico	X		
New York	X		
North Carolina		X	
North Dakota	X		
Ohio	X		
Oklahoma		X	
Oregon	X		
Pennsylvania			X
Rhode Island	X		
South Carolina		X	
South Dakota		X	
Tennessee			X
Texas		X	
Utah			X
Vermont	X		
Virginia		X	
Washington	X		
West Virginia			X
Wisconsin		X	
Wyoming			X
TERRITORIES			
Puerto Rico			X
<b>Total</b>	<b>25</b>	<b>16</b>	<b>9</b>

NOTES: \*See Notes to Table 37 on page 81. \*\*Governors' positions may have changed since data collection.

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

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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, 2013. 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. Since 1996, case-loads 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 2014, forty-five states would maintain the same cash assistance benefit levels that were in effect in fiscal 2013. Five states propose increasing cash assistance benefit levels, ranging from 1.1 to 6.1 percent. ([See Table 38](#)).

**TABLE 38****Proposed Cost-of-Living Changes for Cash Assistance Benefits  
Levels Under the Temporary Assistance for Needy Families  
Block Grant, Fiscal 2014**

State	Percent Change
Maryland	6.1
Michigan*	6.1
Montana	1.1
Nebraska*	
Ohio	2.1
South Dakota	3.0

NOTES: \*See Notes to Table 38 on page 82.

# CHAPTER 4 NOTES

## Notes to Table 26

### Annual Percentage Change in Medicaid Spending

---

<b>Arkansas</b>	Program dollars only, excludes Administration, contracts and clawback.
<b>California</b>	There are various reasons for the large increase in this fiscal year including the following: 1.) California's Medi-Cal program operates on a cash basis of accounting, which is the main reason why large fluctuations occur within the program. Because the Department of Health Care Services is paying bills from the current and prior fiscal years, in 2012-13, this causes a spike in 2012-13 expenditures due to the cash basis accounting system. This problem is exasperated when payments are delayed, mainly delayed due to pending CMS approval. 2.) New expenditure items for FY 2012-13. Some of the new expenditures for the department in the current year include the Healthy Families shift to Medi-Cal, ACA payments to Primary Care Physicians, and the Community First Choice Option. 3.) Normal Medi-Cal growth.
<b>Connecticut</b>	Medicaid Appropriation is "gross funded"—Federal funds are deposited directly to the State Treasury.
<b>Indiana</b>	During FY 2013, Indiana made payments under the Hospital Assessment Fee and Quality Assessment Fee that would have normally been paid out in FY12. Also in FY13, DSH payments were made that would normally be paid in FY10 and FY11.
<b>Massachusetts</b>	For FY14, state and federal spending reflect funding and enhanced federal revenues due to ACA eligibility expansion. If you look at the federal vs. state distribution of only the incremental increase in spending from FY13 (\$1.4 billion), the distribution is 65.6% federal and 34.4% state due to the enhanced federal financial participation (FFP) on the newly eligible population. The growth in MassHealth spending is partially offset by the decrease in spending at the Commonwealth Health Connector of \$259 million.
<b>Tennessee</b>	The FY2012 State Funds increase is largely due to the end of increased federal participation from ARRA funds which had to be replaced by state dollars.
<b>Texas</b>	Percentages calculated using client services and administrative funds and exclude clawback, DSH, UPL, uncompensated care, and DSRIP funds. The source is the 11/15/2012 Texas Medicaid History Report.

## Notes to Table 27:

### Percentage Change in Medicaid Enrollment

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<b>Arkansas</b>	Final determination on Medicaid Expansion has not been made by Arkansas Legislature, therefore the FY 2014 proposed is based on existing program.
<b>Illinois</b>	Fiscal 2014 reported enrollment change includes ACA. Without ACA the percentage change in enrollment is projected to be 0.4 percent.
<b>Maryland</b>	Large increase in FY14 is mainly due to ACA implementation.
<b>Massachusetts</b>	16.2 percent growth due to expanded eligibility under ACA for the second half of the fiscal year, beginning January 1, 2014.
<b>New York</b>	Includes Family Health Plus enrollment.
<b>Rhode Island</b>	Fiscal 2014—Excludes the effect of the ACA-based enrollment expansion.
<b>Texas</b>	FY 2014 includes caseload impact from Affordable Care Act policies, excluding Medicaid expansion.

## Notes to Table 28:

### Fiscal 2013 Budgetary Actions Aimed at Containing Medicaid Costs

<b>Arkansas</b>	Other—Payment Improvement Initiative.
<b>California</b>	Other—This includes provider taxes and extension of provider fees (Hospital Quality Assurance Fee).
<b>Colorado</b>	Colorado is implementing a wide array of cost containment strategies. Expansion of the State's Accountable Care Collaborative, payment reform, managed care pilots, benefit redesign, health information developments, etc.
<b>Hawaii</b>	Other—Reduced Eligibility from 200% to 133%.
<b>Idaho</b>	Only some rates were frozen.
<b>Illinois</b>	Other—Full year of continued FY13 strategies, Coordinated Care, Long Term Care, rebalancing, modernize hospital and nursing home reimbursement systems.
<b>Kansas</b>	Other—Managed Care
<b>Maryland</b>	Other—Provider rate increases have been limited in FY 2013 and FY 2014.
<b>Missouri</b>	Other—Better care coordination and copayments.
<b>Nebraska</b>	Other—Nebraska implemented statewide physical health managed care in 2013, and will implement behavioral health managed care in 2014.
<b>New York</b>	Other cost containment actions include the use of a limited network of contractors for certain medical supplies and streamlining of the approval process for certain medical devices.
<b>North Carolina</b>	Other—Enhanced fraud, waste and abuse detection through two information technology efforts to detect provider and recipient fraud waste or abuse.
<b>Ohio</b>	Other—National Correct coding initiative, selective contracting, enhanced third party liability recovery and waste/fraud/abuse efforts, reduce hospital re-admissions.
<b>Pennsylvania</b>	Other—Implement Good Cause regulation in the Medical Assistance for Worker's with Disabilities program.
<b>Tennessee</b>	Other—Redirecting some less acute cases from institutional care to home and community based care. Implementing policies and pricing structures to reduce unnecessary and excessive costs.
<b>Vermont</b>	Freeze provider payments—Most providers had no increase in rates. Limit benefits—Restructuring of reimb. rates for ultrasounds. Limit Rx fills to 15 day supply. Prior authorization for out-of-state outpatient office visits. Other efforts to cut prescription drug costs—Limit Rx fills to 15 day supply. Pay & Chase receipts. Institute new or higher copayments—Co-pay restructuring. Enhanced program integrity efforts—LOS concurrent reviews. Transportation quality assurance and coordination. Other—Managing high risk pregnancies and substance abuse services. Expansion of VCCI. Concurrent review and discharge planning for MH hospitalization.
<b>Washington</b>	Limit prescription drugs—Seeking CMS approval for a Medicaid formulary. Other efforts to cut prescription drug costs—Ongoing efforts to increase generic utilization.
<b>West Virginia</b>	Other—Add Pharmacy Benefit in Managed Care Benefits.

# CHAPTER 4 NOTES (CONTINUED)

## Notes to Table 29:

### Proposed Fiscal 2014 Budgetary Actions Aimed at Containing Medicaid Costs

<b>Alaska</b>	Other—MAGI Eligibility.
<b>Arkansas</b>	Other—Payment Improvement Initiative.
<b>California</b>	Other—This includes provider taxes and extension of provider fees (Hospital Quality Assurance Fee).
<b>Colorado</b>	Colorado is implementing a wide array of cost containment strategies. Expansion of the State's Accountable Care Collaborative, payment reform, managed care pilots, benefit redesign, health information developments, etc.
<b>Hawaii</b>	Other—Reduced Eligibility from 200% to 133%.
<b>Idaho</b>	Only some rates were frozen.
<b>Illinois</b>	Other—Full year of continued FY13 strategies, Coordinated Care, Long Term Care, rebalancing, modernize hospital and nursing home reimbursement systems.
<b>Kansas</b>	Other—Managed Care.
<b>Louisiana</b>	<p>Other—Reducing optional coverage of Pregnant Woman back to 133% FPL and reducing coverage of the optional TWWIIA Basic Coverage Group to 100% FPL, these individuals will be eligible through the Exchange.</p> <p>Other—Reducing administrative cost by eliminating duplicative SSI-like coverage group under 42 CFR 435.210 and referring them on to Social Security for an SSI decision.</p> <p>The Greater New Orleans Community Health Connection demonstration waiver will expire on 12/31/2013.</p>
<b>Maryland</b>	Other—Provider rate increases have been limited in FY 2013 and FY 2014.
<b>Minnesota</b>	Other—The Governor's FY 2014-15 biennial budget included proposals negotiating lower managed care MA payment rates; implementing bulk purchasing; implementing a variety of programs that allow seniors and the disabled to stay in their homes and reduce institutional costs; and reducing unnecessary hospital admissions for individuals with certain behavioral health conditions.
<b>Missouri</b>	Other—Better care coordination and copayments.
<b>Nebraska</b>	Other—Nebraska implemented statewide physical health managed care in 2013, and will implement behavioral health managed care in 2014.
<b>New Mexico</b>	Other—Section 1115 Waiver: Care Coordination Model.
<b>New York</b>	Other cost containment actions include the use of a limited network of contractors for certain medical supplies and streamlining of the approval process for certain medical devices.
<b>Ohio</b>	Other efforts to cut prescription drug costs—Specialty pharmacy. Other—National Correct coding initiative, selective contracting, enhanced third party liability recovery and waste/fraud/abuse efforts, reduce hospital re-admissions.
<b>Oregon</b>	Other—K Option.
<b>Pennsylvania</b>	Other—Implement a cost sharing requirement for families with children enrolled in the Medicaid Special Needs program (where parent's income, support or Social Security benefits received by the child are not included in determining medical assistance eligibility).
<b>Tennessee</b>	Other—Redirecting some less acute cases from institutional care to home and community based care. Implementing policies and pricing structures to reduce unnecessary and excessive costs.

<b>Texas</b>	Reduce provider payments—The FY 2014 provider payments and benefit limitations being considered are targeted and not across the board reductions.
<b>Washington</b>	Limit prescription drugs—Seeking CMS approval for a Medicaid formulary. Other efforts to cut prescription drug costs—Ongoing efforts to increase generic utilization.
<b>West Virginia</b>	Other—Enroll SSI population into managed care.

### Notes to Table 30: Medicaid Expansion or Investment Efforts Made During Fiscal 2013

<b>Arkansas</b>	Other—Payment Improvement Initiative.
<b>Colorado</b>	The State's primary investment in Medicaid is the Accountable Care Collaborative. Prospective PMPM payments are made for enhanced care coordination activities with the intent to increase utilization of preventive services and decrease utilization of inpatient hospital and emergency room services. The State is currently in the process of expanding the program to the majority of clients enrolled in Medicaid.
<b>Idaho</b>	Only some rates were increased.
<b>Illinois</b>	Other—Coordinated Care.
<b>Massachusetts</b>	Expand community-based long-term care—Money follows the person.
<b>Ohio</b>	Increase provider payments—ACA Physicians, Adult Day, home health. Expand eligibility—Presumptive Eligibility. Expand/improve access to prescription drugs—Unified preferred RXs in MCOs, e-prescribe. Expand community-based long-term care—Emphasize HCBS.
<b>Vermont</b>	Increase provider payments—Hospital, NH, primary care, HH rate increases.  Expand eligibility—Lifting dental cap post-partum women.
<b>Washington</b>	Increase provider payments—Temp increase PCP rate. Expand benefits—HCA submitted funding for Autism due to litigation.

### Notes to Table 31: Proposed Fiscal 2014 Medicaid Expansion or Investment Efforts

<b>Arkansas</b>	Other—Payment Improvement Initiative.
<b>Colorado</b>	The State's primary investment in Medicaid is the Accountable Care Collaborative. Prospective PMPM payments are made for enhanced care coordination activities with the intent to increase utilization of preventive services and decrease utilization of inpatient hospital and emergency room services. The State is currently in the process of expanding the program to the majority of clients enrolled in Medicaid.
<b>Idaho</b>	Only some rates were increased.
<b>Illinois</b>	Other—Coordinated Care.
<b>Massachusetts</b>	Expand community-based long-term care—Money follows the person.
<b>New York</b>	Other—Increased investment in support of affordable, supportive housing.



## CHAPTER 4 NOTES (CONTINUED)

<b>Ohio</b>	Increase provider payments—ACA Physicians, Adult Day, home health. Expand community-based long-term care—Emphasize HCBS. Other—Ohio is pursuing enhanced match to replace eligibility IT systems.
<b>Oregon</b>	Other—K Option.
<b>Vermont</b>	Increase provider payments—Medicaid approx 3% increase toward cost shift, PC Physician rate increases, NH increases, enhance ACCS rate, ADAP. Reduce premiums—State to reduce premiums for participants in ACA exchange.
<b>Washington</b>	Increase provider payments—Temp increase PCP rate. Expand benefits—HCA submitted funding for Autism due to litigation.

### Notes to Table 32:

#### Fiscal 2013 Changes Related to Managed Care, Delivery System Reform or Care for Dual Eligible Beneficiaries

<b>Arkansas</b>	Other—Arkansas Health Care Innovation-Payment Improvement Initiatives.
<b>Florida</b>	Managed care—As indicated above, in 2011, the Florida Legislature created Part IV of Chapter 409, Florida Statutes, (F.S.), directing the Agency to create the Statewide Medicaid Managed Care (SMMC) program. The SMMC program has two key components: the Managed Medical Assistance (MMA) program and the Long-term Care (LTC) Managed Care program. There are specific legislated timelines for implementation of the SMMC program with full implementation of the LTC program by October 2013 and the MMA program by October of 2014.
<b>Illinois</b>	Other—Further expansion of Coordinated Care—state statutory requirement to have 50% of clients enrolled by January 2015.
<b>Kansas</b>	Other—1115 waiver effective 1/1/2013.
<b>Missouri</b>	Other—Missouri continually evaluates ways to ensure health care is received in the best way. This includes ensuring services are delivered by the most effective providers, managing high cost users, and ensuring facilities deliver the most appropriate type of care.
<b>Texas</b>	Texas will continue implementation of the CMS 1115 transformation waiver approved in Dec. 2011 that allows regional improvements and the ability to leverage local funds in the Medicaid program.
<b>Vermont</b>	Integrated Fam Svcs initiative. The Vermont legislature passed statutory language that will move us toward a single payer health care system which includes significant payment, administrative and system delivery reforms.
<b>Washington</b>	Managed care—Moved SSI population to managed care on July 1, 2012.
<b>West Virginia</b>	Managed care—Add Pharmacy Benefit in Managed Care Benefits.

### Notes to Table 33:

#### Proposed Changes for Fiscal 2014 Related to Managed Care, Delivery System Reform or Care for Dual Eligible Beneficiaries

<b>Alabama</b>	Other—Considering conversion to Regional Care Networks.
<b>Alaska</b>	Looking at equity rates for waivers and behavioral health.
<b>Arkansas</b>	Other—Arkansas Health Care Innovation-Payment Improvement Initiatives.
<b>Connecticut</b>	Other—DSS has submitted a demonstration application to improve care for the dually eligible, particularly those with complex health conditions. By providing a fully integrated system of care and enhanced services, aligning financial incentives across

payers and providers and focusing on quality and outcomes, the state expects to improve the quality, cost-effectiveness and experience of care for individuals served under this demonstration.

Related to a recent State Innovation Model award from CMMI, Connecticut is developing a plan to transform the state's health care delivery system by: promoting integrated care models; using the Health Insurance Exchange to inform and connect consumers to coverage; expanding the supply of primary care physicians and other professionals; and increasing engagement among regulators, providers and consumers. The resulting payment and delivery system model will advance greater alignment across multiple payers on contracting and payment strategies that promote value over volume, greater consistency in quality and other performance metrics, and expanded primary care.

The Governor's budget includes funding to support the development of a Health Home initiative in the Department of Mental Health and Addiction Services to better coordinate behavioral and physical health care for individuals with serious and persistent mental illness. This new funding, combined with in-kind, state-operated and privately provided services, will be eligible for a 90% federal match available under the ACA, while improving the quality and availability of mental health services.

<b>Delaware</b>	Delaware will use ACA grant funding to develop a comprehensive State Health Care Innovation Plan. The Plan will transform Delaware's health system by developing new payment and service delivery models that improve health and health care and reduce costs.
<b>Florida</b>	Managed care expansion—As indicated above, in 2011, the Florida Legislature created Part IV of Chapter 409, Florida Statutes, (F.S.), directing the Agency to create the Statewide Medicaid Managed Care (SMMC) program. The SMMC program has two key components: the Managed Medical Assistance (MMA) program and the Long-term Care (LTC) Managed Care program. There are specific legislated timelines for implementation of the SMMC program with full implementation of the LTC program by October 2013 and the MMA program by October of 2014.
<b>Illinois</b>	Other—Further expansion of Coordinated Care - state statutory requirement to have 50% of clients enrolled by January 2015.
<b>Iowa</b>	The Governor's recommendations include an extension of the current IowaCare Program.
<b>Kentucky</b>	Managed Care—To be determined.
<b>Maryland</b>	We are in the planning process of implementing a behavioral health integration that would put behavioral healthcare (mental health care and substance abuse) under one administrative service organization to better address co-occurring disorders.
<b>Massachusetts</b>	Other—Massachusetts's 1115 waiver extends through June 30, 2014. The waiver includes spending authority to support alternative payment models and integrated care through various programs such as the multi-payer Patient Centered Medical Home Initiative, a bundled payment pilot program for children with asthma, and Delivery System Transformation Initiative (DSTI) incentive payments to eligible safety net hospitals. DSTI funds will support safety net hospitals' investments to fundamentally change the delivery of care, with the ultimate goal of transitioning away from fee-for-service payments toward alternative payment methodologies that reward high-quality, efficient and integrated care systems. The proposed fiscal 2014 budget makes investments in enhanced care coordination for Primary Care Payment Reform (PCPR), MassHealth's innovative accountable care model. The goal of PCPR is to promote delivery system transformation by improving accountability for health care quality, cost, and access, and providing incentives for enhanced care coordination and behavioral health integration through patient-centered medical homes. MassHealth will implement an innovative payment system that combines a Comprehensive Primary Care Payment with a shared savings/risk arrangement and quality incentives. MassHealth expects to have 25% of Primary Care Clinician Plan members and Managed Care Organizations participating by July 2013, with participation rates increasing to 50% by July 2014 and 80% by July 2015. The Patient-Centered Medical Home (PCMH) model is designed to promote coordinated, patient-centered care delivered by teams of primary care providers, including physicians. The Executive Office of Health and Human Services set an ambitious goal for all primary care practices in Massachusetts to become PCMHs by the year 2015. Providers that currently participate in the PCMH model will be encouraged to transition to the more comprehensive PCPR Initiative described above.
<b>Minnesota</b>	The Governor's FY 2014-15 proposed budget includes a proposal that will make changes to the state's MinnesotaCare program, which provides healthcare to certain individuals with incomes up to 275% FPG, to comply with requirements for Basic Health Plan (BHP) funding under the ACA. Under the proposal, in CY 2014, MinnesotaCare will continue under a one-year

## CHAPTER 4 NOTES (CONTINUED)

extension of the state's current PMAP Plus federal waiver by one year and will receive a 50% federal match for health care coverage provided to enrollees. Beginning in CY 2015, Minnesota will receive BHP funding for MinnesotaCare as provided in the ACA.

<b>Missouri</b>	Other—Missouri continually evaluates ways to ensure health care is received in the best way. This includes ensuring services are delivered by the most effective providers, managing high cost users, and ensuring facilities deliver the most appropriate type of care.
<b>Nevada</b>	Other—Nevada has applied for a comprehensive care waiver that would provide care management for Medicaid recipients with chronic conditions who are not enrolled in a managed care organization. This waiver, if approved by CMS, will also allow for care management of pregnant women who are not enrolled in traditional managed care.
<b>New Jersey</b>	Other—Comprehensive Medicaid Waiver was approved Oct. 1, 2012 by CMS. Under the Comprehensive Medicaid Waiver, NJ will expand managed care programs to include managed long-term services and supports (MLTSS) and expand home and community-based services. Additionally, the Waiver combines several existing waiver programs under a single demonstration and establishes a new hospital funding pool to promote health delivery system transformation.
<b>New Mexico</b>	Other—Section 1115 Waiver: Implement new care coordination model to improve quality and lower cost growth.
<b>New York</b>	Other changes that New York is planning to implement include a Medicaid Redesign Waiver, moving populations into Managed Care from fee for service, as well as implementing a Fully Integrated Duals Advantage Program (FIDA) and Developmental Disabilities Individual Services and Care Coordination Organizations (DISCOs), as a means of coordinating care and services.
<b>Rhode Island</b>	Other—Rhode Island's Medical Assistance Program currently operates under a comprehensive demonstration waiver, the "Global Consumer Choice Compact Section 1115 Demonstration", which expires on December 31, 2013. The Governor's FY 2014 Appropriations Act contains legislation authorizing the Executive Office of Health and Human Services (EOHHS) to pursue the extension and/or renewal of this waiver.
<b>Tennessee</b>	TennCare received a State Innovation Model Initiative: Model Design grant from CMS to design a model of alternative payment methodology. TennCare intends to pursue further avenues to align payment methodologies to quality outcomes.
<b>Vermont</b>	Medicaid provider rate increase for inpatient/outpatient services will be tied to quality outcomes, IFS initiative.
<b>Virginia</b>	Virginia is currently in a process of reviewing and considering a variety of potential reforms that may lead to a possible waiver request, but it is still too early in the process to predict the outcome.
<b>Washington</b>	Managed care—Moved SSI population to managed care on July 1, 2012. Dual Eligible Beneficiaries Initiative—Healthpath Washington.
<b>West Virginia</b>	Managed care—Enroll SSI population into managed care.

### Notes to Table 34:

#### Fiscal 2013 Changes to Generate Additional Resources for Medicaid

<b>Maine</b>	Changes the base year for hospital tax.
<b>Maryland</b>	Other—Tiering of outpatient rates
<b>Missouri</b>	Other—Long-term Care upper payment limit.
<b>Oklahoma</b>	Other—Nursing Home Quality of Care Fee Increase; Change in Assessment rate for Supplemental Hospital Offset Payment Program.
<b>Vermont</b>	Provider tax—0.1% increase in hosp. provider assessments. Other—Use of carryforward funds.

## Notes to Table 35:

### Proposed Changes for Fiscal 2014 to Generate Additional Resources for Medicaid

California	This includes an extension of the Hospital Quality Assurance Fee.
Georgia	Reauthorization of Existing Hospital Provider Fee.
Louisiana	UPL/Public-Private Partnerships.
Maine	Changes the base year for hospital tax.
Massachusetts	Other—The proposed fiscal 2014 budget includes significant investments in MassHealth hospital rates and program operations that would generate additional resources for the program. The proposed 2014 budget also supports 2.8% growth in caseload under current eligibility criteria as well as additional caseload growth due to the expansion of MassHealth eligibility under ACA. The additional resources that result from these investments are contingent upon their inclusion in the Commonwealth's final 2014 budget.
Ohio	Other—Third party liability recoveries.
Oklahoma	Other—Nursing Home Quality of Care Fee Increase; Change in Assessment rate for Supplemental Hospital Offset Payment Program.
Pennsylvania	Other—Public private collaboration to increase federal revenues through use of the existing room in the upper payment limit.
South Carolina	Other—Tobacco settlement funds.
Vermont	Other—Carryforward from previous FY, projected additional employer assessments due to health care reform migration analysis.

## Notes to Table 36:

### Proposed Fiscal 2014 Options Under the Affordable Care Act

Minnesota	Health home option/care coordination—Minnesota is uncertain of the timeframe in which we will participate in the program, but we do plan to participate in the future.
Vermont	The health home option is the ADAP Hub and Spoke initiative.

## Notes to Table 37:

### Governor Proposes to Expand Medicaid Under the Provisions of the Affordable Care Act

Arkansas	Governor has proposed Expansion but needs 75% of Legislative Body approval to enact.
Florida	The Governor included the following areas in the fiscal 2014 budget related to the Affordable Care Act: physician fee increase, health insurance tax, currently eligible but not enrolled (wood work).
Hawaii	Already covers expansion population.
Nebraska	Yes—required provisions only. No—optional expansion population.
Vermont	VT already covers individuals up 300% of FPL prior to ACA. However, VT elected to be an expansion state and was not compelled to do so per the Supreme Court's ruling.

## CHAPTER 4 NOTES (CONTINUED)

### Notes to Table 38:

#### Proposed Cost-of-Living Changes for Cash Assistance Benefits Levels Under the Temporary Assistance for Needy Families Block Grant, Fiscal 2014

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<b>Michigan</b>	The recommended fiscal 2014 budget does not include an increase or decrease for TANF cash assistance benefit levels. In addition, an annual clothing allowance is limited to "child only" cases, such as adopted children and those in foster care.
<b>Nebraska</b>	No increase in the maximum grant an individual may receive has been recommended for FY2014. Effective July 1, 2013 Nebraska is increasing the maximum "standard of need" for TANF cash assistance from \$740 to \$775 per month (family of three). This increase is based on a 3% CPI increase in CY 2011 and 1.7% CPI increase in CY 2012.

# OTHER STATE BUDGETING CHANGES

## CHAPTER FIVE

### **Recommended Changes in State Aid to Local Governments, Fiscal 2014**

Twenty-seven states reported that recommended budgets contained changes in state aid to local governments in fiscal 2014, and the overwhelming majority of states with proposed changes are recommending increases in state aid for local governments. Recommended spending increases for local governments in fiscal 2014 target specific programs generally run by local governments including K-12 education, community and technical colleges, and infrastructure. Some states propose to increase K-12 education spending through performance incentives, performance grants or through changes to funding formulas that are more favorable for localities. Several states are also recommending increases in state dollars for local infrastructure, trans-

portation or capital improvement programs. Although state aid to local governments is projected to increase in many states in fiscal 2014, many local governments will likely continue to face fiscal challenges because of federal budget cuts under sequestration and the continued historic decline in property tax collections. Property taxes remain the primary source of revenue for local governments. Additional funds provided by some states will likely not be enough to compensate for falling property taxes, which are estimated to have decreased by 2.1 percent in calendar year 2012 according to the National League of Cities. 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 in part to the lag time in assessments and payments. (*See Table 39*).

TABLE 39

**Recommended Changes in Aid to Local Governments, Fiscal 2014**

<b>Arizona</b>	Community Revenue Sharing Fund reduced by \$25.0 million (29%) for FY2014 (from \$85.0 to \$60.0). The direct appropriation to retirement accounts in FY2014 for municipalities and school districts (PRS and TRS) is a \$16.0M increase (4%), to \$413.3 from FY2013.
<b>California</b>	<p>Of the General Fund revenues raised by Proposition 39, \$520 million is proposed to be used to fund local school districts and community college districts in the 2013-14 fiscal year (approximately 1.3% of the total General Fund provided for K-12 and community colleges direct instruction, Proposition 98). The 2014 Budget includes an additional \$7.5 million grant for cities due to poor economic conditions that has resulted in cuts to police services.</p> <p>The proposed budget provides \$2.0 billion to local school districts and community college districts to pay back deferrals in the 2013-14 fiscal year (23.8% of total K-12 and community college deferrals as of the 2012-13 enacted Budget). As of the 2013-14 Governor's Budget, delayed mandate payments in fiscal year 2013-14 would result in approximately \$103.8 million for the newly identified mandate programs that have adopted statewide cost estimates. As of the 2012 Budget Act, Chapter 32, Statutes of 2012 continued the delayed payments of \$828.3 million of suspended/deferred/expired mandate programs in 2013-14.</p>
<b>Colorado</b>	The budget as introduced by the Colorado Joint Budget Committee includes the following increases -\$3.0M General Fund for the administration of a new grant program to grow and diversify the economies of rural communities that depend on a single large employer such as a state prison. It adds \$2.0M General Fund to provide additional affordable housing units for workforce needs and lower income families. It adds \$1.1M total funds (including a reduction of \$1.0M General Fund and an increase of \$2.1M Cash Funds) to the Local Government Limited Gaming Impact Grants line item, pursuant to SB13-133.
<b>Connecticut</b>	Local governments will be held harmless against any changes in state aid in FY 14. Funding for Education Cost Sharing Grant and the Local Capital Improvement Program will increase. Overall, aid to local governments will increase \$14.2 million, or 0.6%, in FY 14. Eliminate property tax on vehicles up to \$20,000 of assessed value.
<b>Hawaii</b>	Act 103, SLH 2011, limited the amount of transient accommodations taxes distributed to the counties to \$93 million per fiscal year from FY 2012 to FY 2015.
<b>Idaho</b>	The Governor recommends replacing up to \$20 million to local governments to offset the personal property tax reduction.
<b>Indiana</b>	The Governor's recommended budget directed half of the state's reserves in excess of 12.5% of the amount needed to cover the following years' appropriation to a transportation and infrastructure fund for the state and locals. This is worth about \$115M annually.
<b>Kansas</b>	Suspend local property tax reduction program saving \$27.0 million for the State General Fund. Suspend local government payments for a trust fund for future lower oil & gas property valuations.
<b>Louisiana</b>	Reduced State Aid to Non-Public Textbook Administration by \$6,868 (.027%) and Casino Support Services to Orleans Parish \$3.6 (100%).
<b>Maine</b>	<p>Suspends municipal revenue sharing by \$138.3M in fiscal year 2013-14.</p> <p>General Assistance Savings—Reduce reimbursement rate from 90% to 50% for expenditures in excess of the threshold, \$2.5M; Reduce maximum benefit level allowed to recipients by 10%, \$.6M; limit housing to a maximum of 270 days per calendar year, with exceptions allowed, \$.3M; Exclude TANF 60 month case closures and sanctioned cases from eligibility, \$.2M; exclude fugitives from justice from eligibility, \$.02M.</p>

Table 39 continues on next page.

TABLE 39 (CONTINUED)

**Recommended Changes in Aid to Local Governments, Fiscal 2014**

<b>Maryland</b>	<p>The 2014 Budget provides \$7.0 billion in aid to local governments, an additional \$289.8 million, or 4.3%, over 2013. The increases include an additional \$206 million for K-12 education aid, \$22.5 in Transportation grants, \$22.1 million for Police Aid and Protection, and \$14.3 million for community colleges. Legislation is introduced requiring local school systems to reimburse the state for a portion of the cost of educating youth in State-run juvenile detention facilities. Current estimates indicate the impact on local school systems will be \$1.5 million.</p>
<b>Massachusetts</b>	<p>The Patrick-Murray Administration's FY14 budget provides a \$31 million increase in unrestricted general government aid, the first increase in four years. This \$31 million will be distributed through a new formula, "Annual Formula Local Aid". All communities will receive an increase in local aid through the new "Annual Formula Local Aid" program. The new formula provides a simple and transparent formula using a combined measure of property wealth (equalized valuation aka "EQV") and income per capita to calculate each community's annual local aid to be used to support essential municipal services.</p> <ul style="list-style-type: none"> <li>• The components of the new "Annual Formula Local Aid" (property value, income, and population) will be updated annually to ensure that the formula consistently reflects each city and town's current circumstances.</li> <li>• Each year the total amount of "Annual Formula Local Aid" aid will be recalculated and distributed using the updated components.</li> <li>• Under old formulas, communities that were property wealthy did not receive very much aid. By including in the new formula the income of the residents, we add an element that recognizes that some property wealthy communities have relatively income-poor residents. At the same time, this new formula also recognizes the needs of our poorer cities to a greater extent than old formulas.</li> <li>• Massachusetts' education aid for local public education program, "Chapter 70 education aid" uses in its calculation of municipalities' ability to pay for local public education an aggregate wealth model that also uses a combination of property wealth and income.</li> <li>• The new formula allows unrestricted local aid distributions to both provide predictability and at the same time be update to reflect each city and town's current circumstances.</li> <li>• Because the new formula components (property value, income, and population) will be updated annually, this new formula distribution will recognize shifts in property wealth and income on an annual basis. With the formula components updated on an annual basis, the distributions should change very minimally from year-to-year.</li> </ul> <p>The Governor's FY2014 budget expands the Hotel and Motel Room Occupancy Excise to provide new local revenues and to bring equity to this tax base. Currently, properties such as rental vacation homes, corporate executive temporary apartments, time shares, and rented vacation condominiums are not subject to the state or local hotel/motel room occupancy excise. Our proposal would expand the state and local option tax base to include these so-called transient accommodations and eliminate the existing statutory exemption for small bed and breakfast establishments with three bedrooms or less. This expansion of the existing room occupancy excise base could generate more than \$3.8 M annually for the 176 municipalities (50 percent) that have opted to enact the local option room occupancy excise to date, and will benefit municipalities that choose to adopt the local option room occupancy excise in the future.</p>

Table 39 continues on next page.



TABLE 39 (CONTINUED)

**Recommended Changes in Aid to Local Governments, Fiscal 2014**

<b>Michigan</b>	Effective for fiscal 2014, beginning October 1, 2013: Incentive payments (\$55 million) to school districts that meet student performance standards or best practices criteria; technology infrastructure payments (\$13.5 million) to school districts; incentive-based funding (\$2.0 million) for intermediate school districts meeting 5 of 6 best practices criteria; competitive grants (\$15 million) to local governmental units to help with costs of merging government operations, with 50% earmarked for public safety operations; incentive-based funding (\$253.1 million) and revenue sharing payments (\$855.1 million) for cities, villages, townships, and counties; investment in urban and rural roads and bridges (\$1.2 billion) through increased motor fuel and registration taxes with a local option to raise additional revenue for specific local transportation needs.
<b>Missouri</b>	\$700,000 increase for local libraries for the next fiscal year. This is an increase over \$100,000 appropriated this fiscal year.
<b>Nebraska</b>	TEEOSA State Aid to Schools: \$41.8 million, 5% increase for FY2014. Special Education Aid: \$9.7 million, 5% increase for FY2014. Community College Aid: \$3.5 million, 4% increase for FY2014.
<b>New Jersey</b>	<p>Increase in Consolidated Municipal Property Tax Relief Aid (CMPTRA)/Energy Tax Receipts Aid (main formula aid programs) of \$22.2 million (1.7%). This reflects a reallocation of funds from the main discretionary aid program, Transitional Aid to Localities. Reduction in Transitional Aid to Localities of \$14.2 million (13.1%) as municipalities successfully reduce their reliance on discretionary aid and transition out of the program. Reduction in Open Space Payments in Lieu of Taxes of \$6.5 million (99%) as a one-time change in timing of when payments are anticipated in municipal budgets. A small amount of funding is preserved for certain municipalities with budget cycles already aligned to the State Fiscal Year. Budget language is proposed to ensure municipalities are not harmed by this change. Changes to other Local Aid programs, including Transportation Trust Fund - Local Project Aid (increase of \$94 million or 49.4%), County College Aid (reduction of \$1.3 million or 0.6%), Employee Benefits on Behalf of Local Governments (increase of \$31.2 million or 30.2%), and General Assistance Administration (reduction of \$2 million or 6.7%).</p> <p>In the Budget Address, the Governor recommended several reforms which would affect local governments' financial operations.</p> <ul style="list-style-type: none"> <li>– Proposal to prevent towns and counties from imposing user fees to circumvent the 2% Property Tax Cap.</li> <li>– 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.</li> <li>– Assist municipalities in sharing/consolidation of services.</li> <li>– Limit cash payouts for retiring municipal officials for accumulated sick time.</li> </ul>
<b>New Mexico</b>	Distribution formula to small cities and counties revised to allow larger distributions beginning in FY14. The larger distributions were necessary to offset revenue declines due to the antipyridding legislation. The effect is estimated to increase distributions to small cities by \$5 million annually and to small counties by \$1 million annually.

Table 39 continues on next page.

TABLE 39 (CONTINUED)

**Recommended Changes in Aid to Local Governments, Fiscal 2014****New York**

The 2013-14 Executive Budget will have an estimated \$944 million positive impact on municipalities in local fiscal years ending in 2014—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 2014 are as follows:

- Increased school aid funding for the 2013-14 school year (\$561 million).
- Fiscal stabilization funding to school districts (\$203 million).
- State of the State initiatives funding to school districts (\$75 million).
- Competitive performance grants to school districts (\$50 million).
- Additional revenue from various sales and personal income tax initiatives (\$27 million).
- Increased transit assistance for downstate county transit systems (\$21 million).
- Savings from Early Intervention program reforms (\$4 million).
- Additional General Public Health Works state funding (\$2 million).

School districts outside of New York City will realize a \$337 million positive impact for their 2013-14 school year, resulting from a \$337 million school aid increase, exclusive of potential funding the Fiscal Stabilization Funds, State of the State Initiatives, and Performance Grants, to be distributed at a later point. New York City will realize an estimated \$258 million positive impact for the 2013-14 city fiscal year, primarily due to \$224 million in additional aid for New York City schools, exclusive of potential funding from Fiscal Stabilization Funds, State of the State Initiatives and Performance Grants to be distributed at a later point. Revenue proposals total \$21.6 million, including \$8.3 million additional revenue through the enforcement of past-due tax liabilities by suspending driver's licenses of taxpayers who owe taxes in excess of \$10,000, \$7.5 million in addition revenue by extending the charitable itemized deduction limitation, and an additional \$5.8 million from other various sales and personal income tax initiatives. New York City would also benefit from an additional \$9.4 million in increased transit assistance for NYCDOT and Staten Island Ferry and \$2 million in savings from Early Intervention program reforms. County governments will realize an estimated \$20 million positive impact in 2014, including \$12 million in increased transit assistance for downstate county transit systems, \$5 million from various sales tax initiatives, \$2 million in savings from Early Intervention program reforms, \$1 million in additional General Public Health Work state funding and a net \$300,000 in savings from expanding the Juvenile Justice Close to Home Initiative. Other cities, towns and villages will realize a positive \$1 million in local fiscal years ending in 2014 attributed to various sales tax initiatives. The Executive Budget also included several proposals to assist local governments and school districts, including: An option for local governments and school districts to "lock in" long-term, stable pension contributions. A limit on binding arbitration awards in fiscally distressed local governments. A proposal to simplify county sales tax authority renewal, requiring only a bi-annual county legislature vote. Reforms to improve county capacity for fiscal oversight of preschool special education programs. The removal of unnecessary local government and school district reporting requirements via the State's Mandate Relief Council.

**North Dakota**

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 from \$207.6 million during the 2011-13 biennium to \$246.5 million during the 2013-15 biennium, an increase of 19%. Oil tax allocation formula changes and production increases are projected to distribute an additional \$412.0 million to cities, counties and tribes, an increase of over 180% during the 2013-15 biennium.

Table 39 continues on next page.

TABLE 39 (CONTINUED)

**Recommended Changes in Aid to Local Governments, Fiscal 2014**

<b>Ohio</b>	<p>Counties and transit authorities that do not experience at least ten percent growth in their recalibrated sales tax collections will receive payments from the state for the difference. The estimated amounts of these additional payments to counties and transit authorities are \$60 million in FY 14 and \$100 million in FY 15.</p> <p>Due to an expansion in the state sales and use tax base of 21.7% in FY14 and 28.6% in FY15, local permissive sales tax rates will be recalibrated over a 3 year period to guarantee at least 10% growth for each county. The new county rates will be based on the previous 2-year average growth rate, and counties that average less than 10% growth over the period will receive payments from the state to reach the 10% growth amount. During the three year recalibration of the local sales tax rates, counties and transit authorities are prohibited from seeking a change in tax rates. Once the recalibration process is complete they will again have the authority to adjust local sales tax rates.</p>
<b>Oregon</b>	Total state funding for K-12 schools increases by \$436 million (7.6%) for the 2013-15 biennium compared to the previous biennium. State support for community colleges increases by \$32.8 million (8.2%). Local community college districts will determine how the funds are expended. The recommended budget increases State funding for community corrections by \$32 million for the 2013-15 biennium to provide for front end services that reduce victimization and incentivize counties to maintain prison populations at 2011-13 levels.
<b>Pennsylvania</b>	The net impact of beginning to uncap the Oil and Gas Franchise Tax and reducing the Liquid Fuels Tax in July 2013 is approximately \$57 million in additional funding for road and bridge improvements provided to municipalities through appropriations in the Department of Transportation in FY2014.
<b>Rhode Island</b>	The Governor's FY 2014 recommended budget would increase aid to distressed communities by \$5.0 million. The Governor also recommends appropriating \$10.0 million per year for a new Municipal Incentive Aid program to encourage municipalities to improve the sustainability of their retirement plans and reduce unfunded liabilities.
<b>South Carolina</b>	Full funding of local government fund was suspended (4.5% of Most Recent Closed FY Revenue Required by Statute). Funded at \$210,619,411. Required by Statute: \$263,600,787.
<b>Virginia</b>	Restored Aid-to-Locality reductions in FY2014 = \$45.0 million.
<b>West Virginia</b>	Share of State coal severance tax to coal producing counties scheduled to increase from 1% in FY2013 to 2% in FY2014 (Net additional transfer of nearly \$4 million).
<b>Wisconsin</b>	Fully fund the school levy tax credit with general purpose revenue and eliminate the lottery's portion of the payment, which will be allocated to the lottery and gaming credit in an equal amount (\$14.8). Added a biogas energy systems property tax exemption; renewed the supermajority vote requirement for utilization of unused county and municipal levy limit authority; renewed levy limits on tech college districts, requiring a maximum growth factor as the greater of 0 percent or the change in equalized value with the technical college district due to net new construction; permit allowing technical college districts to utilize unused carryover levy limit authority of up to 0.5 of the prior levy subject to a supermajority vote by the board; repealed operating rate limits for counties and technical colleges; and modified expenditure restraint program to exclude expenditures provided from one unit to another via a contract to be excluded from the budget growth test.

# APPENDIX

TABLE A-1

## Enacted Mid-Year Revenue Changes by Type of Revenue, Fiscal 2013

State	Tax Change Description	Effective Date	Fiscal 2013 Revenue Changes (\$ in Millions)
<b>SALES TAXES</b>			
Georgia	Eliminate Sales Tax for Vehicle Purchases.	03-13	-\$192.0
<b>Total Revenue Changes—Sales Tax</b>			<b>-\$192.0</b>
<b>PERSONAL INCOME TAXES</b>			
Minnesota	Federal Conformity.	01-13	-\$15.5
<b>Total Revenue Changes—Personal Income Taxes</b>			<b>-\$15.5</b>
<b>CORPORATE INCOME TAXES</b>			
California	Passage of Proposition 39 by voters on November 6, 2012.	01-13	\$440.0
Minnesota	Federal Conformity.	01-13	-3.0
<b>Total Revenue Changes—Corporate Income Taxes</b>			<b>\$437.0</b>
<b>OTHER TAXES</b>			
Georgia	Includes Adjustment for Car Title Tax.	03-13	\$264.0
<b>Total Revenue Changes—Other Taxes</b>			<b>\$264.0</b>

TABLE A-2

## Enacted Mid-Year Revenue Measures, Fiscal 2013

State	Description	Effective Date	Fiscal 2013 Enacted Mid-Year Changes (\$ in Millions)
Connecticut	Other—Revenue measures and one-time fund sweeps included in deficit mitigation plan.	12-12	\$23.4
Georgia	Sales—Sales Tax Holiday.	08-13	-39.0
Iowa	Personal Income—Recommended expanding the Endow Iowa Tax Credit and the School Tuition Organization Tax Credit.	01-13	-1.2
	Corporate Income—Recommended increases in the Tax Credit Cap on tax credits issued by the Economic Development Authority to \$185 million.	07-13	-1.0
Maine	Other—\$7M estate tax revenue due the state receivable, -\$20M liquor contract payment to the state by the awarded entity repealed.	02-13	-13.0
Puerto Rico	Other—Investment SWAP transaction.	04-13	107.0
	Other—Personal, corporate and sales tax amensty.	05-13	200.0
Texas	Sales—Legislative action to undo previous acceleration of collections is pending.		TBD
	Motor Fuel—Legislative action to undo previous enactment of acceleration of collections and delay of transfer from the general fund is pending.		TBD
	Alcohol—Legislative action to undo previous acceleration of collections is pending.		TBD
	Fees—Legislative action to undo previous acceleration of transfer to the general fund is pending.		TBD
<b>Total</b>			<b>-\$30.8</b>

TABLE A-3

**Proposed Revenue Changes by Type of Revenue, Fiscal 2014**

State	Tax Change Description	Effective Date	Fiscal 2014 Revenue Changes (\$ in Millions)
<b>SALES TAXES</b>			
Florida	Elimination of sales taxes on purchase of industrial machinery and equipment.	01-14	-\$57.7
Idaho	Personal Property Tax replacement to local government.	07-13	-20.0
Kansas	Maintain sales tax rate at 6.3% instead of allowing to decrease to 5.7%.	07-13	262.3
Maine	Recognizes revenue from the repeal of the sales tax exemption for publications issued at intervals not exceeding three months.	10-13	2.6
Massachusetts	Decrease the sales tax rate from 6.25% to 4.5%, repeal the exemption on candy and soda, and tax custom modifications of canned software and related computer services.	01-14	-510.0
Minnesota	Motor Vehicle Rental.	07-13	7.3
	Affiliate Nexus.	07-13	4.3
Ohio	Reduce sales tax rate from 5.5% to 5.0%.	07-13	-621.0
	Expand the sales tax base to include all services, with the exception of those for essential services such as health care, education, and shelter.	07-13	1,943.8
Puerto Rico	Elimination of exemptions	07-13	866.0
Tennessee	Reduce sales tax on grocery food from 5.25% to 5%.	07-13	-22.2
	Enforce nexus on certain internet sales (6 months revenue).	01-14	8.8
Vermont	Exempt cloud computing.	07-13	-1.5
Washington	Repeal sales tax exemption for local residential telephone svc (HB 1971).	07-13	29.8
	Extend sales tax to custom computer software.	07-13	24.4
	Repeal sales tax exemption for local residential telephone svc (HB 1971).	07-13	39.8
	Extend sales tax to custom computer software.	07-13	36.8
	Repeal use tax exemption for extracted fuel, except hog fuel.	07-13	20.1
	Repeal sales tax exemption for farm auctions.	07-13	2.6
<b>Total Revenue Changes—Sales Tax</b>			<b>\$1,150.2</b>

Table A-3 continues on next page.

TABLE A-3 (CONTINUED)

## Proposed Revenue Changes by Type of Revenue, Fiscal 2014

State	Tax Change Description	Effective Date	Fiscal 2014 Revenue Changes (\$ in Millions)
<b>PERSONAL INCOME TAXES</b>			
Delaware	Eliminate scheduled sunset of current rates. After the sunset is removed, the top marginal rate would be lowered from 6.75% to 6.6%.	01-14	\$24.7
Indiana	Phasing in of 10% income tax reduction (5% reduction in FY 2014).	07-13	-250.6
Kansas	Eliminate mortgage deduction for tax year 2103.	01-13	162.5
Maine	Recognizes revenue from the suspension of the inflation adjustment for tax years beginning in 2014 and 2015.	04-14	1.9
Maryland	Creates Cyber security Investment Tax Credit.	07-13	-3.0
Massachusetts	Increase the income tax rate from 5.25% to 6.25%, double the personal exemption, and remove several exemptions, deductions, and credits.	01-14	1104.0
Minnesota	New Bracket on Top Two Percent.	01-13	592.5
	Part Year Residents.	01-13	15.0
	Federal Conformity.	01-13	-19.7
New York	High Income 25% Charitable Contribution Limit—Extend the high income charitable contribution itemized deduction limitation for 3 years.	01-13	70.0
North Dakota	Reduced tax rates.	07-13	-50.0
Ohio	Phase one of a three year 20% income tax rate reduction. First year reduction is proposed to be 7.5%, followed by another 7.5% in 2015 and 5.0% in 2016. Also provide a deduction of 50% on up to \$750,000 of business income for pass through entities.	07-13	-1657.7
Oklahoma	0.25% Individual Income Tax Rate Reduction.	01-14	-40.7
Pennsylvania	Additional filing requirements and enforcement initiatives to apply to certain pass through businesses, including estates and trusts.	07-13	2.6
Puerto Rico	Higher tax rate for self-employed individuals contrasted by aggressive initial (FY2013) estimates.	07-13	-36
Tennessee	Increase exemption for age 65 and over.	07-13	-2.2
Vermont	Reduced Earned Income Tax Credit.	07-13	16.7
	Wood mfr tax credit.	07-13	-0.4
Wisconsin	Reduce individual income tax rates for the first 3 brackets (4.6% to 4.5 6.15 to 5.94 6.5 to 6.36).	01-13	-172.6
<b>Total Revenue Changes—Personal Income Taxes</b>			<b>-\$207.0</b>

Table A-3 continues on next page.

TABLE A-3 (CONTINUED)

**Proposed Revenue Changes by Type of Revenue, Fiscal 2014**

State	Tax Change Description	Effective Date	Fiscal 2014 Revenue Changes (\$ in Millions)
<b>CORPORATE INCOME TAXES</b>			
Connecticut	Maintain current 20% surcharge for FY 14 and 15.	07-13	\$44.4
Florida	Increase of exemption from \$50,000 to \$75,000.	01-14	-8.4
Maryland	Film Tax Credit.	Upon Enactment	-17.5
	Biotechnology Tax Credit.	07-13	-2.0
	Qualified Research and Development Expense Tax Credit.	06-13 and 12-13	-2.0
Massachusetts	Eliminate various exemptions, deductions, and credits specific to corporations, while holding the corporate tax rate constant.	01-14	116.0
Minnesota	Corp Tax Reform.	01-13	172.5
	Index Min Fee Brackets.	01-13	9.3
North Dakota	Reduced tax rates.	07-13	-12.5
Pennsylvania	Change the sourcing of sales for calculating the apportionment of income so that the sales of services is sourced at the location of the customer.	07-13	7.0
	Increase the net operating loss deduction cap from \$3 million/20% of taxable income to \$4 million/25% of taxable income in 2014 and to \$5 million/30% of taxable income in 2015.	01-14	-11.4
Puerto Rico	Decrease of floor amount subject to additional tax contrasted by aggressive initial (FY2013) estimates.	07-13	-184.0
Rhode Island	Reduce Business Corp Tax Rate from 9% to 8%	01-14	-5.3
Tennessee	Film incentive tax credit eliminated.	07-13	1.0
<b>Total Revenue Changes—Corporate Income Taxes</b>			<b>\$291.1</b>

Table A-3 continues on next page.



TABLE A-3 (CONTINUED)

**Proposed Revenue Changes by Type of Revenue, Fiscal 2014**

State	Tax Change Description	Effective Date	Fiscal 2014 Revenue Changes (\$ in Millions)
<b>CIGARETTE AND TOBACCO TAXES</b>			
Massachusetts	Increase the tax on cigarettes by \$1 and tax cigars and smokeless tobacco at the same rate.	01-14	\$69.0
Minnesota	Increase Cigarette and Tobacco Products Excise Tax.	07-13	184.2
New Hampshire	Proposed increase of cigarette tax by \$.20 per package from \$1.78 per pack to \$1.98 per pack effective July 1, 2013.	07-13	20.0
Puerto Rico	Increase of excise tax.	07-13	43.0
<b>Total Revenue Changes—Cigarette and Tobacco Taxes</b>			<b>\$273.2</b>
<b>ALCOHOLIC BEVERAGE TAXES</b>			
Washington	50 cent beer tax.	07-13	\$63.4
<b>Total Revenue Changes—Alcoholic Beverage Taxes</b>			<b>\$63.4</b>

Table A-3 continues on next page.

TABLE A-3 (CONTINUED)

**Proposed Revenue Changes by Type of Revenue, Fiscal 2014**

State	Tax Change Description	Effective Date	Fiscal 2014 Revenue Changes (\$ in Millions)
<b>MOTOR FUEL TAXES</b>			
Maryland	Reduces the tax rate for gasoline and gasoline-equivalent clean-burning fuels from 23.5 cents per gallon to 18.5 cents per gallon increases the cents per gallon rate for motor fuel by the change in the Consumer Price Index phases-in a sales and use tax equivalent rate assessed on motor fuel purchases starting at 2% in FY 2014 and increasing to 4% in FY2015 and directs a 4% share of the State's sales and use tax revenue to the Department of Transportation contingent on the passage of the federal Marketplace Equity Act. The proposal also provides for an additional 2% sales and use tax equivalent on motor fuel purchases in the event the federal legislation does not pass by June 1, 2015.	06-13	\$81.0
Massachusetts	Index the motor-fuels tax to inflation, increasing the rate from \$0.21 per gallon to \$0.2142 per gallon.	01-14	13.0
Michigan	Gas tax increase from \$0.19/gal to \$0.33/gal and diesel tax increase from \$0.15/gal to \$0.33/gal.	10-13	728.2
Pennsylvania	Proposal includes a one cent reduction in the Liquid Fuels Tax assessed at the pump in 2013-14 to 11 cents per gallon and another one cent reduction in 2014-15 to 10 cents per gallon. This revenue goes to the Motor License Fund.	07-13	-57.9
	Proposal reflects phasing in the uncapping of the average wholesale price (currently capped at \$1.25 per gallon) used to calculate the Oil Company Franchise Tax over five years. The cap would be raised by \$0.62 on July 1, 2013, \$0.62 on January 1, 2015 and and eliminated on January 1, 2017. These revenues go to the Motor License Fund for highway and bridge improvement, transit services and intermodal transportation.	07-13	591.7
<b>Total Revenue Changes—Motor Fuel Taxes</b>			<b>\$1,356.0</b>

Table A-3 continues on next page.

TABLE A-3 (CONTINUED)

## Proposed Revenue Changes by Type of Revenue, Fiscal 2014

State	Tax Change Description	Effective Date	Fiscal 2014 Revenue Changes (\$ in Millions)
<b>OTHER TAXES</b>			
Delaware	Eliminates current sunset of estate tax originally enacted in 2009.	07-13	\$3.0
Hawaii	Increase transient accommodations tax (TAT) by 1%.	07-13	41.6
Maine	Recognizes revenue from the amendment of the current Maine Residents Property Tax Refund program.		34.8
Maryland	Repeals \$3/ton Mined Coal Tax Credit.	07-13	6.0
Michigan	Increase vehicle registration tax by 60% for passenger vehicles and by 25% for other vehicles.	10-13	508.3
Nevada	Increase Modified Business Tax exemption for non-financial firms to payrolls up to \$85,000 threshold per quarter from \$62,500	07-13	-11.7
New York	Industrial Development Authority Reform—Require IDAs to reimburse the State when a recapture is triggered, and require IDA projects to receive approval for exemptions from Empire State Development Corp.	09-13	7.0
North Carolina	Repeal estate tax.	01-13	-52.0
Ohio	Enact a tax on horizontal oil and gas wells of 1.5% for the first year of operation and 4.0% thereafter.	07-13	45.0
Oregon	Extending and/or enhancing various tax credits that otherwise would sunset.	Various	-82.1
Pennsylvania	Expand the circumstances in which the transfer of interests in a real estate company is subject to the Realty Transfer Tax.	07-13	4.3
	Repeal the following tax credits: Call Center, Organ and Bone Marrow Donation, Alternative Energy Production, and Coal Waste Removal and Ultraclean Fuels.	07-13	0.5
	Continued phase-out of the Capital Stock and Franchise Tax. Eliminated for tax years beginning on or after January 1, 2014.	01-14	-233.5
	Repeal the corporate loans tax effective tax year 2014.	01-14	-0.7
Puerto Rico	Increase of excise tax on purchases from entities outside the island.	07-13	206.0
Texas	Proposed total general fund and other tax relief, to be accomplished in a manner currently under negotiation.	09-13	-900.0
Vermont	10% tax on "break open" tickets.	07-13	17.0
Washington	Tradable R&D tax credits.	07-13	-10.0
	Tax credits to businesses hiring veterans (SB 5812).	07-13	-5.0
	New businesses in high growth areas (HB 1693).	07-13	-2.0
	Aviation Services Sector (HB 1707/SB 5622).	07-13	-0.6
	Trim preferential B&O tax rate for most industries by 25%.	07-13	30.9
	Eliminate preferential tax rate for resellers of prescription drugs.	07-13	13.4
	Repeal B&O tax exemption for long-term rental of commercial real estate.	07-13	8.6
	Narrow B&O tax exemption for import commerce.	07-13	7.4
	Limit trade-in exemption to first \$10,000 of value .	07-13	44.6
	0.3% B&O Tax increase.	07-13	248.0
<b>Total Revenue Changes—Other Taxes</b>			<b>-\$277.2</b>

Table A-3 continues on next page.

TABLE A-3 (CONTINUED)

**Proposed Revenue Changes by Type of Revenue, Fiscal 2014**

State	Tax Change Description	Effective Date	Fiscal 2014 Revenue Changes (\$ in Millions)
<b>FEES</b>			
Maine	Recognizes revenue from additional transfers from the Real Estate Transfer Tax.		\$2.3
Michigan	Fee increases in the following areas: vital records, emergency medical services, hazardous waste management, hunting/fishing licenses, off-road vehicle licenses, and vehicle record look-up. New fees are proposed for off-road vehicle state trails and the low-income energy assistance fund, replacing a customer fee on utility bills.	10-13	89.5
Minnesota	Misc agency fee changes and transfers-in.	07-13	-4.5
Pennsylvania	Fully divest the Pennsylvania Liquor Control Board of its retail and wholesale functions in a two-step process taking not more than four years. The divestiture will provide \$1 billion in new revenue that would not go to the General Fund but will be used to fund the Passport for Learning block grant that will be distributed to public schools over four years.	07-13	200.0
	Proposal to pay a fee in lieu of license suspension for driving without insurance with the proceeds deposited in the Motor License Fund for highway and bridge improvements.	07-13	5.0
Vermont	Includes: \$970K Secy of State \$458K Crime Victim Svcs \$363K Agriculture \$542K Liquor Control and other.	07-13	2.4
Washington	Judicial Stabilization Account fee renewal.	07-13	4.5
<b>Total Revenue Changes—Fees</b>			<b>\$299.2</b>

TABLE A-4

## Recommended Revenue Measures, Fiscal 2014

State	Tax Change Description	Effective Date	Fiscal 2014 Recommended Changes (\$ in Millions)
Alaska	Other—Oil Production Tax-indeterminate legislation includes both tax and revenue measures.		
Connecticut	Sale—Eliminate Transfer to Municipal Revenue Sharing Account Eliminate Minimum Bottle Pricing Enhanced Collections.	07-13	\$69.0
	Sales—Tax Amnesty.	07-13	9.0
	Personal Income—Tax Amnesty.	07-13	8.5
	Corporate Income—Tax Amnesty.	07-13	7.5
	Alcohol—Eliminate Minimum Bottle Pricing.	07-13	1.5
	Other—Eliminate Transfer of Real Estate Conveyance Tax to Municipal Revenue Sharing Account Impact of recommended expenditure changes to federal grants Auction of Standard Offer Transfer from Connecticut Resources Recovery Authority Increase Transfer of Oil Companies Tax to Transportation Fund Reduce Transfer to Special Transportation Fund Transfer from Public, Education & Gov't Account Transfer from Special Transportation Fund Reduce Mashantucket Pequot and Mohegan Fund Transfer Transfer from Tobacco Settlement.	07-13	205.4
Hawaii	Personal Income—(1) exempts charitable contributions from the itemized deduction caps (-12.4M) changes administrative rules for photovoltaic solar tax credit (+80M).	12-12	67.6
	Other—(1) resort fee taxed as part of the transient accommodations tax (TAT) (+4.0M) (2) changes distribution of the environmental response, energy, and food security tax (-15.8M).	07-13	-11.8
Indiana	Cigarette—Redirecting a portion of the cigarette tax revenue from a dedicated fund to the General Fund.	07-13	7.6
	Other—Redirecting a portion of racino revenues that go towards breed development and purses to the General Fund.	07-13	54.0
Kansas	Other—Eliminate severance tax collections that go to local governments for lower oil & gas property valuations.	07-13	14.7
Maine	Other—Suspension of Municipal Revenue Sharing.		138.3
	Other—Recognizes the additional revenue transfer from the Lottery Operations Fund based on re-bidding the contract in order to increase General Fund revenue.		3.2
Michigan	Fees—Maintains revenue by delaying sunsets in fee legislation for environmental pollution prevention fund (6 fees) and solid waste surcharge.	10-13	5.3
Minnesota	Fees—Misc agency fee changes and transfers-in.	07-13	-39.2
Missouri	Sales—Temporary tax amnesty, reciprocal agreements with other states, integrated tax reporting system, nexus laws, joining SSTA, expanding Medicaid.	09-13	48.9
	Personal Income—Temporary tax amnesty, reciprocal agreements with other states, integrated tax reporting system, tax credit reform, admin. garnishments, expanding Medicaid	09-13	40.6
	Corporate Income—Temporary tax amnesty, integrated tax reporting system, tax credit reform, reciprocal agreements with other states.	09-13	34.1
Montana	Other—Redirect Coal, Bentonite, and Lottery Proceeds to other state funds.	07-13	-50.2
Nevada	Other—Allow various diversions to the General Fund to sunset as scheduled. Nevada recommended extending some of the diversions to the General Fund that were scheduled to expired at the end of FY 2013.	07-13	-44.7

Table A-4 continues on next page.

TABLE A-4

## Recommended Revenue Measures, Fiscal 2014

State	Tax Change Description	Effective Date	Fiscal 2014 Recommended Changes (\$ in Millions)
New Hampshire	Fees—Proposed recognition of gaming licensing fees from one regulated casino.	07-13	40.0
New York	Warrantless Wage Garnishment—Allows garnishment of delinquent taxpayers without filing a warrant with the Dept of State or County Clerks.	04-13	10.0
	Driver's License Suspension Program—DMV would revoke driver's license of taxpayers that are \$10,000+ delinquent.	04-13	15.0
	Tax Modernization—Make permanent tax modernization provisions included in the previous Enacted Budget.	01-14	4.0
	Unstamped Cigarette Penalty Increase—Increase the penalty for possession of unstamped cigarettes from \$150 to \$600 per carton.	04-13	2.0
	Driver's License Suspension Program—DMV could revoke driver's license of taxpayers that are \$10,000+ delinquent if they fail to enter a payment agreement.	04-13	10.0
	Tax Modernization—Make permanent tax modernization provisions included in the previous Enacted Budget.	01-14	2.0
Pennsylvania	Other—Redirect certain fines from the Motor License Fund to the General Fund.	07-13	29.5
	Other—Transfer from the Race Horse Development Fund to the General Fund.	07-13	15.0
South Carolina	Personal Income—Remits State Film Incentives to the General Fund.	07-13	10.0
Texas	Sales—Legislative action to undo previous acceleration of collections is pending.		TBD
	Motor Fuel—Legislative action to undo previous enactment of acceleration of collections and delay of transfer from the general fund is pending.		TBD
	Alcohol—Legislative action to undo previous acceleration of collections is pending.		TBD
	Fees—Legislative action to undo previous acceleration of transfer to the general fund is pending.		TBD
Washington	Other—Prohibit delinquent taxpayers from renewing liquor licenses.	07-13	1.0
West Virginia	Sales—Require affiliates of unitary groups to collect West Virginia sales and use tax.	07-13	10.0
	Personal Income—restrict alternative fuel motor vehicles tax credits enacted in 2011 to just natural gas & reduce film tax credit allocation by \$5 million.	01-13	15.0
Wisconsin	Personal Income—IRC updates adopted at the state level relating to provisions of the Affordable Care Act of 2010, and several minor provisions (\$15.5) and EITC and Homestead Credit reductions due to Tax Fraud Enforcement (\$3.0).	01-13	18.5
	Cigarette—Require defining organizations that operate roll-your-own cigarette rolling machines for public use as cigarette manufacturers, making them subject to cigarette tax.	07-13	1.2
	Other—Property tax credit expansion for veterans and surviving spouses (-\$8.6)		19.2
	Tax Fraud Enforcement Expansion (all taxes), (\$14)		
	Debt Collection Efficiencies (all taxes) (\$6.8) and federal audit reports enforcement (all taxes) (\$7).		
<b>Total</b>			<b>\$771.7</b>







