

October 1993

National Governors' Association
National Association of State Budget Officers

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- * The
- * Fiscal
- * Survey
- **★** Of
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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 1977. The survey presents aggregate and individual data on the states' general fund receipts, expenditures, and balances. While not the totality of state spending, these funds are used to finance most broad-based state services and are the most important elements in determining the fiscal health of the states. A separate survey that includes total state spending also is conducted annually.

The field survey on which this report is based was conducted by the National Association of State Budget Officers in July through October 1993. The surveys were completed by Governors' state budget officers in the fifty states.

Fiscal 1992 data represent actual figures, fiscal 1993 figures are preliminary actuals, and fiscal 1994 data are figures contained in enacted budgets.

In forty-six states, the fiscal year begins in July and ends in June. The exceptions are Alabama and Michigan, with an October to September fiscal year; New York, with an April to March fiscal year; and Texas, with a September to August fiscal year.

The Fiscal Survey of States is a cooperative effort of the National Association of State Budget Officers and the National Governors' Association. Stacey Mazer of NASBO compiled data for the report and prepared the text. Editorial and production assistance were provided by Alicia Aebersold of NGA's Office of Public Affairs. Noel Carman of NASBO assisted with production, and Dotty Esher provided typesetting.

Executive Summary

Although the nation officially entered a recovery period more than two and one-half years ago, the weakness of the recovery continues to affect state finances. Economic growth proceeds unevenly and is less than robust in most states. Accordingly, states are reacting cautiously to the slow economic growth. In addition, the long-range prospects of both health care reform and limits on federal expenditures will likely exert additional pressures on state budgets over the next several years.

Despite the modest economic progress, states have maintained greater budget stability this past year, with midyear revenue and budget shortfalls no longer a severe problem. This stability often has been achieved by cutting budgets for nonmandatory items and foregoing major reforms and investments. Key findings of this survey include the following.

- States limited their general fund budget growth to only 3.3 percent in fiscal 1993 and plan to limit budget growth to 4.6 percent for fiscal 1994. These increases are about one-half of the 8.0 percent average annual increase during the 1980s.
- Twenty-two states were forced to reduce their fiscal 1993 enacted budgets by a total of \$1.8 billion. This is substantially fewer than the thirty-five that had to reduce their fiscal 1992 enacted budgets.
- Rather than adjusting benefit payments, most state activity in Aid to Families with Dependent Children (AFDC) focused on restructuring the program to provide greater incentives for recipients to find employment and attend school or training. In their enacted budgets for fiscal 1994, only fourteen states changed benefit levels, while thirty-six states will maintain the levels in effect in fiscal 1993. Of the fourteen states enacting changes, four states lowered benefit payments.
- Medicaid spending continues to grow at a rapid rate and is the most significant budget problem in most states. Projected Medicaid spending is 11.2 percent for fiscal 1994, after increases of 14 percent in fiscal 1993, 31 percent in fiscal 1992, and 28 percent in fiscal 1991. National health care reform could place additional burdens on state health care budgets.
- About three-quarters of the states granted pay raises for fiscal 1994, with the increase averaging 3.6 percent. The modest salary changes approved for

fiscal 1994 come after several years of wage restraints. Seventeen states will have instituted pay freezes in at least one year during the fiscal 1990 to fiscal 1994 period, while five of these states will have enacted pay freezes for more than one year during this same time frame.

- States' general fund revenue growth is 4.7 percent in fiscal 1993 and is expected to be 2.5 percent for fiscal 1994.
- New taxes and fees total \$3.0 billion for fiscal 1994. Several states are extending temporary tax increases but few are enacting major new taxes.
- Year-end balances in fiscal 1993 and anticipated for fiscal 1994—at 3.0 percent and 2.5 percent, respectively—are an improvement over the fiscal 1992 level.

The slow economic growth nationwide is affecting regions differently. California, New England, and the Mid-Atlantic states are struggling the most, while states in the Plains, Rocky Mountain, and Southeast regions are experiencing more rapid economic growth. The economic diversity among regions helps explain the unevenness in the national economic recovery.

States are responding to continued budget pressures by making fundamental changes in the organization, operation, and management of state government and in the way services are delivered. These changes are intended to elevate the quality of decisionmaking, not to substitute for tough resource allocation choices. Examples include the following.

- States are restructuring some major state functions, including social services, corrections, and environmental programs, in order to improve the management and efficiency of state government. Other restructuring focuses on changes in service delivery, such as contracting with the private sector to provide government services.
- States are making tough decisions to eliminate programs and operations, including abolishing boards and commissions.
- States are embarking on total quality management efforts to improve the quality and efficiency of government services. Several states have had positive results from their initiatives. They recognize that

across-the-board budget cuts, though necessary to maintain balanced budgets, are not a long-term solution for managing public resources.

States are changing budget procedures to implement performance-based budgeting; initiating new means of communicating budget information statewide; and establishing productivity incentives. States also are developing systems to link budget decisions to specific goals and outcomes as a way of managing scarce resources.

Budget cuts and slow revenue growth have exerted a toll on state budgets with the result that significant shifts in state spending have occurred over the last few years. Most significantly, Medicaid's rapid growth has in-

creased its share of state spending from 10 percent in fiscal 1987 to 17 percent in fiscal 1992. Medicaid surpassed higher education as the second largest component of state spending in fiscal 1990 and continues to exact resources at the expense of all other state programs.

States have adjusted to the fiscal conditions of the last several years by dramatically reducing their revenue and spending projections as well as by making major changes in long-term spending priorities and restructuring state government. States now recognize that the slow growth of the 1990s will be quite different from the high growth of the 1980s and that major structural change is required.

Economic Background

CHAPTER ONE

Since March 1991, when the recession that began in July 1990 ended, economic growth has failed to meet expectations. This lackluster performance of the economy places pressure on state budgets. Although inflation and interest rates are historically low, these low interest rates are not yielding the expected economic payoff. Interest rates are the lowest they have been in twenty-five years, but the anticipated surge in the economy from these low rates has yet to materialize because of the lack of consumer confidence and the continued restructuring in major corporations.

According to the Congressional Budget Office's August forecast, economic growth is estimated at 2.3 percent in 1993 and 2.7 percent for 1994, slightly below the Clinton administration's forecast of 3.0 percent for 1994. This recovery represents only about one-half to two-thirds of the 5 percent to 6 percent average growth after previous recessions. Personal income growth in the first eight quarters of the recovery tells a similar story. In the last three recoveries, personal income growth averaged 9.8 percent annually; for this recovery, personal income has grown at an average annual rate of 4.6 percent.

The economic data released in August 1993 portend the continuation of sluggish growth. Consumer confidence has been holding steady since it came down from a high in December 1992, and it has barely budged from a year ago. Additional reports from bankers, business leaders, and economists compiled by the Federal Reserve's Current Economic Conditions characterize the economic landscape over the past two months as one of slow to moderate growth.

Although there have been some positive signs in the economy in the past several months, such as growth in the sales of new and existing homes, higher retail sales, and a slowdown of workers filing unemployment insurance claims, concerns about jobs and income continue to be the major obstacle to sustained economic growth. The most recent analysis of the economy by the Federal Reserve districts notes that "continued corporate restructuring is taking the bloom off employment growth." Several manufacturers report that curbing labor costs is the preferred approach to dealing with uncertain sales. Moreover, the well-publicized job losses at IBM, Sears, Boeing, and other major corporations lend uncertainty to the economic outlook.

Both the fits and starts of the national economy and the undetermined elements of national health care reform create uncertainty for states. The unveiling of the Clinton administration's health plan in September provides some insight into the range of costs in store for the health care system. In addition, the effort to control federal spending may shift some costs to states. The composition of federal budget cuts and spending limits could have a considerable impact on states' budgets.

State Expenditure Developments

CHAPTER TWO

Budget Management in Fiscal 1993

Unlike in previous years, fewer states were forced to make major reductions in their enacted budgets. Twenty-two states were forced to reduce their fiscal 1993 enacted budgets by a total of \$1.8 billion (see Table 1). This compares with the thirty-five states that reduced their enacted budgets in fiscal 1992, which represented the peak in midyear budget adjustments. The fact that fewer states had to react midyear is attributable to the low expectations for revenue growth upon which they based their fiscal 1993 budgets.

Many of the states that were forced to make midyear adjustments exempted certain programs from the budget cuts, including education, Aid to Families with Dependent Children (AFDC), Medicaid, local aid programs, public safety, constitutional mandates, and debt service. The exempted programs typically were entitlements, such as AFDC and Medicaid, or those set by predetermined formulas, such as school aid. The largest percentage reductions occurred in Maryland, Montana, Nevada, Ohio, and South Carolina, which all had budget cuts exceeding 3 percent of fiscal 1993 general fund expenditures.

TABLE 1

Budget Cuts Made After the Fiscal 1993 Budget Passed

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Size of Cut State (Millions)		Programs or Expanditures Exampted from Cuts		
Alabama	\$ 24.3	Debt service.		
Georgia	12 3	Education.		
Hawsii	75.1	Elementary and secondary education, debt service, contributions to the employee retirement system, unemployment insurance.		
Idaho	6.0	Public schools, community colleges.		
Indiana	86.9	Targeted reductions.		
Kentucky	70.0	Local school aid, local prosecutors, public defenders.		
Louisiana	92.0	Constitutional and other mandates.		
Maine	28.5	Debt service.		
Maryland	224.7	Appropriations for the legislative and judiciary branches of government, public debt, aid for K-12 education.		
Michigan	202.8	Higher education, school aid, public assistance.		
Missouri	33.0	Debt service, schools, colleges, entitlements.		
Montana	31.3	K-12 education, major portion in income maintenance programs.		
Nebraska	29.2	Local aid programs.		
Nevada	120.9	No exemptions.		
North Dakota	4.0	No general fund programs are exempt.		
Ohio	414.0	Primary and secondary education, Medicaid, AFDC, general assistance.		
South Carolina	202.5	Debt service, general elections, state museum rent.		
Vermont	18.6	Reductions were \$17 million to the general fund and \$1.6 million to the transportation fund. Reductions were both across-the-board and discretionary.		
Virginia	101.6	\$101.6 million in reductions were approved by the general assembly in the amendments to the 1992-94 biennium budget. The reductions amounted to one-third of the \$306.1 million in approved new spending. Generally, the reductions resulted from actions to make service delivery more efficient; to reduce local jail inmate costs by opening new state prisons earlier than planned; and to take advantage of lower inflation and interest rates.		
Washington	10.0	Determined on a case-by-case basis.		
West Virginia	47.6	Debt service.		
Wyoming	1.1	State employment cuts.		
Total	\$1,836.4	*****		

SOURCE: National Association of State Budget Officers.

The strategies some states used to balance their fiscal 1993 budgets included eliminating programs and restructuring government functions (see Appendix Table A-5). Relative to the previous year, fewer states eliminated or restructured programs to address midyear budget shortfalls. Instead, states incorporated changes in fiscal 1993 budgets or in fiscal 1994 budgets to achieve longer term solutions to the imbalance between revenues and expenditures. Once again, the lack of midyear adjustments is attributable to more conservative assumptions about the economy.

General Fund Spending in Recent Years

General fund budgets for fiscal 1994 are 4.6 percent above the previous fiscal year (see Table 2). This spending increase is well below the average of 8 percent during the 1980s (see Figure 1). More than half of the states reported expenditure growth below 5 percent in fiscal 1993 (see Table 3 and Appendix Table A-4). Fiscal

TABLE 2 State Nominal and Real Annual Budget Increases, Fiscal 1979 to Fiscal 1994

	State General Fund			
Fiscal Year	Nominal Increase	Real Increase		
1994	4.6%*	1.1%*		
1993	3.3*	-0.2*		
1992	5.1	1.5		
1991	4.5	-0.1		
1990	6.4	1.7		
1989	8.7	3.5		
1988	7.0	2.9		
1987	6.3	2.6		
1986	8.9	3.7		
1985	10.2	4.6		
1984	8.0	3.3		
1983	-0.7	-6.3		
1982	6.4	-1.1		
1981	16.3	6.1		
1980	10.0	-0.6		
1979	10.1	1.5		
1979-1994 average	7.2%	1.5%		
1980-1990 average	8.0%	1.9%		

NOTE: The state and local government implicit price deflator was used for state expenditures in determining real changes. Figures for fiscal 1993 and 1994 are estimates.

SOURCE: National Association of State Budget Officers.

TABLE 3

Annual State General Fund Expenditure Increases, Fiscal 1993 and Fiscal 1994

Number	of	States
--------	----	--------

Spending Growth	Fiscal 1993 (Preliminary Actual)	Fiscal 1994 (Appropriated)	
Negative Growth	5	8	
0.0% to 4.9%	26	15	
5.0% to 9.9%	12	21	
10% or More	7	6	

NOTE: Average spending growth for fiscal 1993 (preliminary actual) was 3.3 percent; average spending growth for fiscal 1994 (appropriated) is 4.6 percent.

SOURCE: National Association of State Budget Officers.

1994 budgets range from negative growth to 5 percent growth in about half the states. In eight states, the average increase in fiscal 1993 and anticipated for fiscal 1994 is less than 2 percent, a decline of more than 1 percent each year when the impact of inflation is factored in.

Shifts in Total State Spending

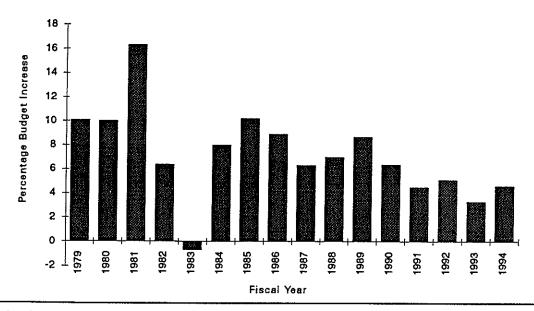
The modest growth in overall general fund budgets masks many shifts occurring in total state spending from all funds. For example, Medicaid continues to absorb a larger share of state spending each year, increasing from 10 percent to 17 percent of total state spending from fiscal 1987 to fiscal 1992. In contrast, the share for elementary and secondary education decreased from 23 percent of total state spending in fiscal 1987 to 21 percent in fiscal 1992.

Higher education also has been affected by the shifts in state spending, dropping from the second largest function in state spending in fiscal 1989 to the third in fiscal 1992. Expenditures for higher education remained relatively steady at 12 percent of state spending in fiscal 1987 to 11.5 percent in fiscal 1992, though this is most likely attributable to tuition increases that are included in state spending figures in thirty-eight states.

Tuition and fees for undergraduate residents of public four-year colleges and universities increased 10.4 percent in the 1992-93 school year, according to an annual survey conducted by the American Association of State Colleges and Universities. Tuition increases will continue, with thirty-two states including tuition hikes in their fiscal 1994 budgets, Other states indicate

FIGURE 1

Annual Budget Increases, Fiscal 1979 to Fiscal 1994



SOURCE: National Association of State Budget Officers.

that tuition may increase, but that this decision is under the purview of each board of trustees. For those states raising tuition, increases range from 3 percent to 30 percent, with an average increase of about 7.4 percent.

State Spending for Fiscal 1994

Although not inclusive of all state spending, the key areas discussed in this section-AFDC, Medicaid, employee compensation and benefits, and aid to local governments-provide information on trends and indicate how states are responding to the sluggish economy.

Aid to Families with Dependent Children. Most activity in AFDC focused on restructuring the program to provide greater incentives for recipients to obtain and keep a job and attend school or training. In their budgets for fiscal 1994, thirty-six states maintained the same AFDC benefit levels that were in effect in fiscal 1993. Fourteen states changed benefit levels (see Table 4). while five states made changes to restrict eligibility for AFDC (see Appendix Table A-6). Several states— Alaska, California, Maine, and Vermont-decreased benefit levels from the previous year.

Although most states are not changing benefit levels, they are continuing to plan and implement welfare reform initiatives. A common theme is to encourage selfsufficiency by linking benefits to school attendance

and/or participation in a training program. Examples include California's enactment of a reform initiative that will provide welfare recipients with further incentives to work and will use cash incentives and sanctions to encourage pregnant teens to stay in school and graduate.

In Iowa a welfare reform proposal would replace AFDC, increase incentives to work, and extend child care from twelve to twenty-four months. In Virginia a new pilot program will provide a job training stipend in place of AFDC and food stamps. Further efforts to reorient welfare programs and increase work incentives are expected at both the federal and state levels.

Medicaid. Twelve states included Medicaid reductions in their fiscal 1994 budgets in the continuing quest to control escalating program costs. Medicaid continues to absorb a larger share of state spending each year, increasing from 10 percent to 17 percent of total state spending from fiscal 1987 to fiscal 1992. By fiscal 1995, Medicaid is projected to absorb 25 percent of state spending. Although Medicaid spending has increased substantially, this does not mean that states are not instituting cost control measures. In fiscal 1993, fortythree states reported using some type of cost containment measure to curb Medicaid costs. Strategies included using managed care or health maintenance organizations (HMOs), modifying provider payments, and eliminating or limiting services. With the administration embarking on an overhaul of the health care

TABLE 4

Enacted Cost-of-Living Changes for Aid to Families with Dependent Children, Fiscal 1994

State	Percent Change
Alaska	-4.5
California	-2.7
Hawaii	3.0
Illinois	•
Maine	-4.0*
Maryland	2.0
New Hampshire	6.2
New Mexico	*
North Carolina	5.3
North Dakota	2.0
South Dakota	3.0
Vermont	-2.4*
West Virginia	*
Wyoming	*

NOTES: Illinois' increase is a \$10 increase for two-person (3.7 percent) and three-person (2.7 percent) families.

Maine's change is a decrease per grant (per AFDC family).

New Mexico increased the need standard and benefit levels for AFDC to 36 percent of the federal poverty level, or an average of a 10.4 percent increase for each family.

Vermont's reduction is 2 percent, but because the rules change procedure will delay implementation to October 1, 1993, the effective reduction is 2.4 percent.

West Virginia's standard of need will increase to 100 percent of the federal poverty guidelines, effective October 1, 1993. Some of the monthly payments, especially in smaller families, will increase. The maximum will remain at \$477 a

Wyoming's AFDC grant calculation will be based on a payment standard that is equal to 87.5 percent of the AFDC standard of need.

system, states undoubtedly will be affected by changes in the Medicaid program.

State Employment. The number of full-time equivalent positions supported by states' general funds is projected to decrease slightly by about 0.2 percent from fiscal 1993 to fiscal 1994 (see Appendix Table A-8). Twenty states are reporting that positions will decline between fiscal 1992 and fiscal 1994. Maine, California, and Oklahoma will register the most significant declines of 8.2 percent, 6.1 percent, and 4.9 percent, respectively, from fiscal 1992 to fiscal 1994.

Employee Compensation. About three-quarters of the states will grant pay increases for fiscal 1994. Among the states instituting pay raises, the increase averages 3.6 percent (see Appendix Table A-7). In states such as

Florida and Wyoming, the fiscal 1994 raise comes after a pay freeze of at least one year. Although California state employees are scheduled to receive a 5 percent raise in January 1994, the pay hike follows a salary reduction in fiscal 1993 and increased employee payments for health insurance premiums. Several states are basing pay increases on salary levels. In Kentucky, Nebraska, and Wyoming, employees above a certain salary level—usually \$50,000—will receive no increase or a much smaller one than employees below that level.

Seventeen states will have had pay freezes in at least one year during the fiscal 1990 to fiscal 1994 period. Five states will have had pay freezes for more than one year during this same time frame. In fiscal 1992, which had the bleakest fiscal outlook for states, twelve states did not grant pay increases to employees.

The modest salary changes approved for fiscal 1994 come after several years of wage restraints. Negotiated wage changes in state governments in 1992 were the smallest wage changes ever recorded, according to a recent analysis by the U.S. Bureau of Labor Statistics. As a result of the economic conditions in 1992, many negotiated agreements included salary freezes for the first part of the contract term. The 1992 average wage and compensation rate change was 2 percent for state employees, which is substantially less than the 4.5 percent average over the 1984 to 1991 period.

Employee Benefits. Employees of nineteen states will have to shoulder additional burdens for health and/or pension benefits (see Appendix Table A-6). Cost shifting is the most common strategy for holding down employer health benefit costs. According to a recent analysis of 1992 compensation changes by the Bureau of Labor Statistics, many labor agreements for state employees included higher employee premium payments, deductibles, and copayments for health care coverage. Based on the most recent survey of state employee benefit plans by the Segal Company, the average cost of the basic indemnity plan increased by about 9.5 percent in 1992—the smallest increase since 1987. Although the rate of growth has slowed from previous years, the increase is still more than double states' annual revenue growth.

Employee benefit costs are rising faster than wages and are more difficult for employers to control. According to the Bureau of Labor Statistics, this trend began in 1987 primarily because of rapid increases in health insurance and workers' compensation. While wages for all workers rose 3.6 percent annually from 1987 to 1992, benefit costs grew 5.3 percent annually during this same time period. The continuation of low inflation has helped limit wage costs. Total compensation costs

from June 1992 to June 1993 increased 3.6 percent, the same level as the previous year. Once again, benefit cost increases of 5.5 percent exceeded wage increases of 2.8 percent during the June 1992 to June 1993 period.

Aid to Local Governments. Twenty-six states enacted changes in aid to local governments for fiscal 1994 (see Table 5). Of these, nine states reduced funding to localities. For example, California shifted revenues from local governments to school districts. To mitigate the impact, California also repealed some mandates on local governments to provide flexibility in the use of

available resources. Washington also provided additional local flexibility while reducing programs that would affect local governments. Other changes involved restructuring local aid, as in the case of New York's change to its school aid formula. The most significant change occurred in Michigan: beginning December 31, 1993, all property in the state is exempt from property taxes that fund the operating costs for local schools. This results in an average property tax reduction of about 65 percent. Other changes involved earmarking revenues for local governments, as occurred in Louisiana and Rhode Island.

TABLE 5

Enacted Changes in Aid to Local Governments, Fiscal 1994

Alaska

A 7 percent reduction in funding passed through to local governments was enacted.

California

There were a variety of changes in aid to local government. State support for schools was reduced by \$2.6 billion, which was fully offset by a shift of property tax revenue to schools from other sectors of local government. To mitigate the effect of the property tax shift, various state mandates on locals were repealed and a temporary 0.5 cent sales tax was extended for six months, with a permanent extension to be addressed in a statewide election.

Connecticut

Changes enacted include reducing educational grants to towns; lowering cash assistance for employables and increasing the town share of general assistance; and eliminating cost-of-living increases for assistance recipients.

Florida

Changes include reforming the local option sales tax provisions to apply to certain services, revising situs rules, and removing time limits. Also a new local option gas tax of one cent to five cents per gallon for transportation infrastructure was created.

Illinois

The income tax surcharge was made permanent. During fiscal 1993, localities received about 63 percent of the net surcharge after property tax relief. In fiscal 1994, localities will receive 25 percent of the net surcharge after property tax relief, along with one-twelfth of the net receipts from the income tax. In fiscal 1995, 100 percent of the surcharge will remain with the state, but the transfer to localities from net receipts will increase to one-eleventh. In fiscal 1996, and thereafter, the transfer will be one-tenth.

Louisiana

Various dedications to local governments from the state hotel/motel sales tax for tourism promotion were enacted.

Maine

Enacted changes included reducing the Maine Property Tax Relief Program by restricting eligibility, level funding the General Purpose Aid to Local Schools for the biennium, and reducing the state's general assistance program by half.

Marviand

Permanently eliminated the state subsidy for the employer's share of social security on the salaries of local teachers, local librarians, and community college employees (\$150 million). Did not appropriate the full statutory consumer price index increase for the state's contribution to K-12 pupil transportation (\$4 million). Did not appropriate the full mandated increase in the basic current expense aid for K-12 education (\$20 million). Did not appropriate the full mandated amount for state aid for police protection (\$8 million).

Massachusetts

Local aid has been increased by approximately \$185 million from fiscal 1993 to fiscal 1994, primarily reflecting increased funding for elementary and secondary education required by school reform legislation passed in June 1993.

Michigan

Section 30 of Article IX of the Michigan Constitution requires that a minimum percentage of the total state spending from state resources must go to local units of government. This requirement has been in effect since fiscal 1979.

Minnesota

The 1993 legislative session resulted in few changes to the state's property tax and local government aid system. The more significant changes include adopting new definitions of "need" and "revenue capacity" for the city aid formula; ensuring that city equalization and disparity reduction aid are folded into the basic aid formula; increasing total city aid funding by \$8.75 million (approximately 2.5 percent); providing additional property tax relief to farms; and limiting property market value growth to 10 percent per year.

Montana

Enacted changes include a \$2.75 million increase in motor fuels taxes returned to local governments per year, a \$1.5 million decrease in reimbursement revenues returned to localities, and a \$4.35 million increase in local government welfare payments (current program).

Nebraska

The enacted budget includes a 1.5 percent across-the-board reduction in state aid to cities, aid to counties, and aid to natural resource districts.

New Hampshire

An additional \$10 million will be distributed on an equalization basis.

TABLE 5 (continued)

Utah

Enacted Changes in Aid to Local Governments, Fiscal 1994

School aid was increased by \$231 million. All other state aid programs reflect a net increase of \$29 New Jersey

million.

The fiscal 1994 Executive Budget proposal called for major structural changes to achieve a more equitable distribution of school aid. The budget enacted by the legislature followed the general aim of New York the Governor's proposal by consolidating seven school aid formulas into one comprehensive operating aid formula, which also includes a new extraordinary needs aid formula to generate additional funds to schools for at-risk pupils. This new school aid program will provide an increase in aid for the 1993-94 school year of approximately \$358 million, or 4.1 percent, within the General Support for Public Schools

appropriation.

North Dakota The enacted budget includes a 10 percent reduction from current levels in aid to local governments.

The percentage of taxes earmarked for state local government funds was reduced beginning January Ohio

1, 1994.

Pennsylvania Enacted changes include an increase from 90 percent to 95 percent in the state share of county child welfare costs and implementation of expanded needs-based budgeting for county child welfare, community mental retardation, and community mental health programs.

Rhode Island Beginning in fiscal 1994, 1 percent of total state tax revenues are earmarked for general state aid to

cities and towns. A \$6 million appropriation has been made to the Rhode island Solid Waste Management Corporation for solid waste and recycling programs.

The state will compensate counties for the cost of incarcerating felons serving probation in county

iails.

Vermont Enacted appropriations for aid to local governments generally were either level funded from fiscal 1993

levels or marginally decreased. There was no major restructuring of aid programs.

Local governments will feel some impact of the major budget cuts in social services, natural resources, Washington

and general government. However, the budget also provides additional flexibility in the use of state funds and expands local governments' authority to issue fees. The budget also continues a pass-through

to local governments for funding criminal justice assistance.

West Virginia A local property tax rate rollback was suspended for one year. The rollback mechanism was intended

to restrict total revenue growth to no more than 1 percent per year. The state is in the middle of a

massive property tax reappraisal program at this time.

Wisconsin

Changes enacted will restrict school district revenue growth to the greater of \$190 per pupil (adjusted for inflation) or consumer price index-urban per pupil for the 1993-94 to 1997-98 school years. Other changes will freeze county mill rates at 1992-93 levels; increase direct state aid to K-12 schools by \$142 million (6.9 percent) in fiscal 1994 and by another \$97.4 million (4.5 percent) in fiscal 1995; increase funding to the municipal expenditure restraint program by \$17 million (68 percent) in fiscal 1995; provide \$10 million for the small municipalities shared revenue program in fiscal 1995; provide \$4.7 million for county mandate relief in fiscal 1995; and transfer \$24.8 million in court costs from

counties to the state over the 1993-95 biennium.

Wvomina The sales and use tax was increased by 1 percent. The local share was reduced from 35 percent to 28

percent. Basically, revenue is neutral at the local level. Farm implements are exempt.

State Revenue Developments

CHAPTER THREE

Overview

New taxes and fees for fiscal 1994 budgets total \$3.0 billion (see Table 6). This amount of new revenues represents less than 1 percent of state general fund budgets. After a combined total of \$25 billion in new revenues in fiscal 1991 and fiscal 1992, fiscal 1993 budgets included \$3.0 billion in new taxes and fees and fiscal 1994 will follow suit with \$3.0 billion in new taxes and fees (see Figure 2).

The sluggish economy and growing complexity of state finances have made the calculation of a single national figure on "new" taxes and fees increasingly subject to interpretation. Specifically, several states made decisions to extend tax increases that otherwise were slated to expire. Also, several states have extended their tax increases on a year-to-year basis. Examples are the six-month extension of the 0.5 percent sales tax in California and the extension of the 1 percent sales tax increase in Maine (see Appendix Table A-11). Although

TABLE 6

Enacted State Revenue Increases, Fiscal 1979 to Fiscal 1994

Fiscal Year	Revenue Increase (Billions)
1994	\$ 3.0
1993	3.0
1992	15.0
1991	10.3
1990	4.9
1989	0.8
1988	6.0
1987	0.6
1986	-1.1
1985	0.9
1984	10.1
1983	3.5
1982	3.8
1981	0.4
1980	-2.0
1979	-2.3

SOURCES: Advisory Commission on Intergovernmental Relations, Significant Features of Fiscal Federalism, 1985-86 Edition, page 77, based on data from the Tax Foundation and the National Conference of State Legislatures. Fiscal 1988, 1989, 1990, 1991, 1992, 1993, and 1994 data provided by the National Association of State Budget Officers.

these changes required amending existing state laws, from the taxpayers' perspective, no change occurred. Other states have made decisions on a year-to-year basis on whether to postpone rate reductions (e.g., New York), or to make a temporary tax permanent (e.g., Illinois and Tennessee). Once again, from the taxpayers' perspective, no change occurred during the current year.

The revenue actions reported in Table 7 are based on state reporting of what constitutes a revenue action. States vary in how they interpret a revenue action; some define it as a strict change from a current law base, while others use a change from the prior year's revenues as the base. NASBO has formed a work group to recommend a methodology for assessing revenue actions, which will help clarify issues such as distinguishing current revenue actions from permanent changes.

Revenue Collections in Fiscal 1993

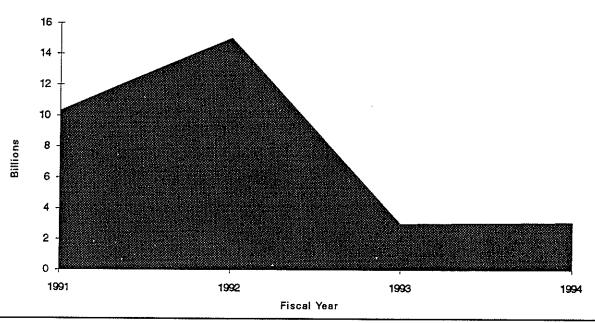
Unlike in previous years, revenue collections matched or even exceeded projections in thirty-eight states in fiscal 1993 (see Appendix Table A-9). There is virtually no difference between the original and the most recent revenue estimates for fiscal 1993. Revenue shortfalls of the past few years are less frequent, reflecting the use of conservative revenue estimates for fiscal 1993 rather than any significant improvement in state fiscal conditions.

Revenue Collections for Fiscal 1994

Enacted state fiscal 1994 budgets assume an increase of 4.2 percent over fiscal 1993 tax collections. Projected 1994 tax collections assume about a 3.6 percent increase for the sales tax, a 5.2 percent increase for the personal income tax, and a 2.8 percent increase for the corporate income tax (see Appendix Table A-10). In states such as Maine, Texas, and Vermont, projected fiscal 1994 revenues reflect the phasing out of scheduled tax decreases. These averages are understated for most states because they include decreases that California is assuming in sales tax collections for fiscal 1993 and fiscal 1994. Excluding California from the totals results in projected revenue collection increases of 5.3 percent in sales taxes for fiscal 1994. These projected revenue increases are still relatively modest given the double-digit growth in Medicaid expenditures and other demands for state services.

FIGURE 2

Enacted State Revenue Increases, Fiscal 1991 to Fiscal 1994



SOURCE: National Association of State Budget Officers.

Revenue Changes for Fiscal 1994

Twenty-nine states enacted net revenue increases and nine states enacted net revenue decreases for fiscal 1994 (see Table 7). The total change of \$3.0 billion is one-fifth of the \$15 billion that was raised in fiscal 1992. Many of the changes are in other taxes and fees. Fiscal 1994 revenue changes are described in Appendix Table A-11.

Sales Taxes. Seventeen states enacted sales tax changes for fiscal 1994. For example, Arizona began a five-year phase out of the tax on commercial leases. Louisiana repealed some exemptions, including those for food and utilities. Maryland instituted several research and development tax credits as well as credits for small businesses. Ohio and Washington extended the sales tax to cover more services. Wyoming increased its rate from 3 percent to 4 percent.

The shift in economic activity from goods to services has led many states to gradually broaden their sales tax bases to include additional services. According to the Federation of Tax Administrators, since 1990, twentyseven states added taxes on personal services such as health clubs, while twenty-eight states added taxes on business services such as janitorial services. No state made the decision to enact a sales tax, though voters in

Oregon-currently one of five states without a sales tax-will consider one in the November 1993 election.

Several states enacted tax increases during the recession that were slated to expire when the economy rebounded. With the sluggish economy continuing, particularly in the New England states and California, some states have decided to continue the extensions rather than to further slash services. Changes include the extension of sales taxes that were scheduled to expire, such as the extension of an additional 1 percent sales tax in Maine and the six-month extension of an additional 0.5 percent in sales and use tax in California. Other changes include a phase out of a tax on manufacturing equipment in Texas.

Personal Income Taxes. Fourteen states made changes in the personal income tax. Reductions in the personal income tax were enacted in Arizona and Rhode Island. Other changes include capping federal income tax deductions in Missouri, eliminating itemized deductions in Montana, and adding an income tax bracket in Ohio. Nine states currently do not have broad-based personal income taxes (Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, and Wyoming).

Fiscal 1994 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		Total
Alabama		, , , , , , , , , , , , , , , , , , , ,						7000	·
Alaska					······································			\$ 21.5	\$ 0.0
<u>Arizona</u>	\$-11.4	\$-10.6					\$-7.		
Arkansas*				\$ 28.6					-29.5
California	744.0	440.0	\$ 70.0	<u> </u>			41.	3 21.8	
Colorado									1,254.0
Connecticut	-3.6	4.6	-1.9	3.8		\$-0.1			0.0
Delaware					\$ 10.5	9-0.1	5.5		9.1
Florida	-4.7				<u>v 10.5</u>			11.8	22.3
Georgia							6.1	22.3	23,7
Hawaii				7.2					0,0
ldaho			-2.0	7.2	-		33,9		41.1
Illinois			2.0	105.0					-2.0
Indiana			120.0	103.0			10.0	-159.0	-44.0
lowa			120.0						120.0
Kansas								5.5	5.5
Kentucky							·		0.0
Louisiana	96.0		22.0						0.0
Maine	81.5	-42.3	23.0						119.0
Maryland	-5.6		-5.5			0.8	17.8	6.4	58.7
Massachusetts	-5,6	-4.5						<u>1</u> 3.5	3.4
Michigan			-2.0	107.2			-24.8	-28.0	52.4
Minnesota	4.9						-10,0		-10.0
Mississippi	4.5	3.4	2.0	2.8			46.0	49.0	108.1
Vissouri		70.4							0.0
Montana		76.4	29.3	20.8	70.0				196.5
Vebraska		30.2	3.2		18.8		-1.1		51.1
Vevada				6.8	····		-1.1	9.0	14.7
lew Hampshire							34.3		34.3
lew Jersey	· · · · · · · · · · · · · · · · · · ·		10.0				-8.0	-4.0	-2.0
lew Mexico									0.0
lew York*	-2.2	20,3	1.3	6.3	43.3	20,1	17.7	5.4	112.2
lorth Carolina	5.0		31.0	144.0	· · · · · · · · · · · · · · · · · · ·		-25.0	5.0	160.0
			·					5.9	5.9
lorth Dakota				7.6			8.4		16.0
Phio	221.7	66.8	7.8	66.5	55.0	12.8	66.5	43.0	540.1
klahoma								7.3	7.3
regon		4.9	-1.0	15.0					18.9
ennsylvania									0.0
hode Island	-2.0	-8.4	-5.7	5.7	7.8			1.3	-1.3
outh Carolina						****		1.3	
outh Dakota									·0.0
nnessee							-210.0		0.0
exas *	-292.0		-318.0		*	*	-10.0	2.0	-210.0
tah						1004	-10.0	2.0	<u>-618.0</u>
ermont*	25.0	-29.5					1 E		0.0
rginia							-4.5		-9.0
ashington	43.0		240.0	107.0	*******	120	F1 A	4.5.5.	0.0
est Virginia	10.0	1.3	3.0		50.0	12.0	51.0	125.0	578.0
isconsin			- 		20.0		28.2	101.7	194.2
yoming	55.9							26.7	26.7
tal	\$965.5	\$552.6	\$204.5	\$634.3	¢255 ¢	445 =		2.5	58.4
			テルママ・ジ	v034.3	\$255.4	\$45.7	\$64.7	\$296.4	\$3,019.0

TABLE 7 (continued)

NOTE: See Appendix Table A-11 for details on specific revenue changes.

Arkansas' revenues were enacted during a special session in 1992.

New York also adopted legislation deferring scheduled tax reductions affecting personal and corporate income taxpayers with a fiscal 1994 value of approximately \$1.1 billion and extended certain temporary medical provider assessments with a fiscal 1994 value of \$269 million.

Texas' sales tax and corporate income tax changes were already in current law but are becoming effective in fiscal 1994.

Vermont's 1993 special session of the legislature increased the sales tax from 4 percent to 5 percent effective September 1, 1993. The sales tax rate had previously sunset from 5 percent to 4 percent on July 1, 1993.

SOURCE: National Association of State Budget Officers.

Corporate Income Taxes. Nineteen states made changes in corporate income taxes. For example, Louisiana reclassified dividends, interest, and capital gains. Missouri limited federal income tax deductions, while New York redefined investment and accelerated deposits of estimated taxes. Washington increased its business and occupation tax from 1.5 percent to 2.5 percent. Other changes include a credit for a previously paid sales tax on manufacturing equipment in Texas.

Cigarette and Tobacco Taxes. Fifteen states increased tobacco taxes. Rate increases for cigarettes range from two cents per pack in Connecticut to twenty-five cents per pack in Massachusetts. Oregon's increase also earmarks the revenues to cover health-related expenditures.

In many states the reluctance to increase taxes has not applied to cigarette taxes. Many states are justifying increased tobacco taxes by linking the use of tobacco with increased health expenditures. Earmarking cigarette tax increases to generate revenues for health care is part of the Clinton administration's reform proposal.

Motor Fuels Taxes. Seven states increased gasoline taxes. Increases range from one cent per gallon in Ohio to six cents per gallon in New Mexico.

Alcohol Taxes. Five states increased alcohol taxes. Alcohol taxes are being debated at the federal level as a funding source for health care.

Other Taxes and Fees. This category includes fees and taxes that states use to charge those using state services in order to help balance their budget. Although more changes occurred in these taxes and fees than in any other category, the revenue yield is not as great as from the sales tax, the personal income tax, and the cigarette and tobacco taxes. Thirty-two states made changes in this category, totaling \$361 million in new revenues or about 12 percent of all new revenues for fiscal 1994.

Revenues generated from these taxes tend to be dedicated to environmental or health care efforts. Examples of environmental taxes and fees are the solid waste disposal and hazardous waste taxes in Minnesota and the increase in petroleum inspection fees in Wisconsin. Examples of health care taxes and fees are a tax on long-term and acute health care facilities in Hawaii, a gross receipts tax on nursing homes in Maine, a health care provider tax in Minnesota, an expansion of health provider assessments in New York, and a new Medicaid tax in West Virginia. Other fee increases included drivers' licenses, tags and titles, occupational licenses, pollution penalties, and court fees.

Year-End Balances

CHAPTER FOUR

Year-end balances refer to the funds states have in reserve that are available for unforeseen circumstances. Fiscal 1993 and fiscal 1994 balances are 3.0 percent and 2.5 percent of expenditures, respectively, an improvement over the 1.8 percent balance in fiscal 1992 (see Figure 3). Appendix Tables A-1 through A-3 display the beginning and ending balances for states in fiscal 1992 through fiscal 1994. As shown in these tables, total balances appear in the ending balance column as well as in the budget stabilization or reserve fund column. In twenty-seven states, balances are expected to improve over the fiscal 1992 to fiscal 1994 period (see Appendix Table A-12).

Balances for fiscal 1994 are estimated at \$8.1 billion, or 2.5 percent of expenditures (see Table 8). Seven states in fiscal 1993 and fourteen states in fiscal 1994 project balances at less than 1 percent of expenditures (see Table 9 and Figure 4). More than half of the states estimate balances as a percent of expenditures to be 2.9 percent or less in fiscal 1994.

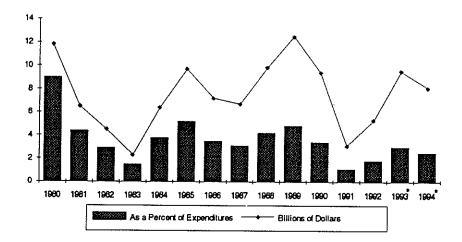
Some states have more authority to retain appropriations by holding a set percentage in escrow. For these states, such as Arkansas, Indiana, and Missouri, the level of reserves may not be as significant. Factors affecting balances include the degree of uncertainty over revenues or spending as well as the controls in place to reduce appropriations.

Recently, several states have taken measures to build up their reserves. Colorado created a Control Maintenance Trust Fund, using revenues from the general fund, to provide for statewide facility and equipment repairs. Maryland specifically earmarked revenues from a temporary personal income tax increase to build the reserves in its budget stabilization fund. After the tax rate increase expires at the end of calendar 1994, an established minimum amount of funds are to be appropriated to maintain the reserve.

Florida, Kansas, New Jersey, and Virginia have all passed legislation or constitutional amendments requiring the creation of a "rainy day" reserve fund. The Kansas fund is in addition to statutorily required ending balances of 7.5 percent of total expenditures. North Carolina is establishing a "savings reserve" account to which 25 percent of the year-end general fund credit balance will be deposited until the account reaches 5 percent of the general fund operating budget. Rhode Island voters amended the state constitution to limit expenditures to 98 percent of revenues with the other 2 percent dedicated to a budget stabilization fund. When the fund contains 3 percent of expenditures, the excess must be used for debt reduction, debt service, or capital projects.

FIGURE 3

Total Year-End Balances, Fiscal 1980 to Fiscal 1994



NOTE: Data for these years are estimated.

SOURCE: National Association of State Budget Officers.

TABLE 8

Total Year-End Balances, Fiscal 1979 to Fiscal

Fiscal Year	Total Balanca (Billions)	Total Balance (Percent of Expenditures)
1994	\$ 8.1 *	2.5%*
1993	9.5*	3.0*
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

NOTE: Figures for fiscal 1993 and fiscal 1994 are estimates.

SOURCE: National Association of State Budget Officers.

TABLE 9

Total Year-End Balances as a Percent of Expenditures, Fiscal 1992 to Fiscal 1994

Number of States

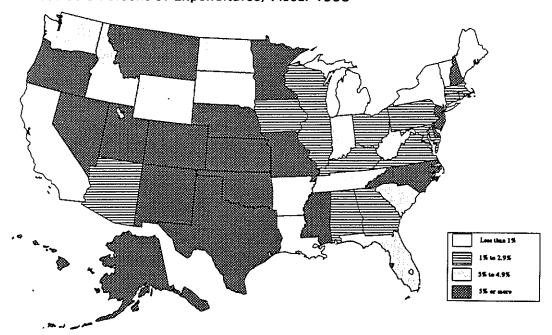
Percentage	Fiscal 1992 (Actual)	Fiscal 1993 (Preliminary Actual)	Fiscal 1994 (Appropriated)
Less than 1.0%	16	7	14
1.0% to 2.9%	10	14	15
3.0% to 4.9%	11	10	6
5% or More	13	19	15

NOTE: The average for fiscal 1992 (actual) was 1.8 percent; the average for fiscal 1993 (preliminary actual) was 3.0 percent; the average for fiscal 1994 (appropriated) is 2.5 percent.

SOURCE: National Association of State Budget Officers.

FIGURE 4

Total Year-End Balances as a Percent of Expenditures, Fiscal 1993



SOURCE: National Association of State Budget Officers.

Regional Fiscal Outlook

CHAPTER FIVE

Overview

The slow economic growth nationwide is affecting regions differently (see Table 10). The Conference Board, in its latest report, Regional Economies and Markets, Second Quarter 1993, found that states in the Mid-Atlantic, New England, and Far West regions remain in an economic slump, whereas the economies of states in the Rocky Mountain and Plains regions are growing at a steady pace. The board's analysis relied on examining employment statistics, help-wanted advertising, housing permits, and retail sales information, as well as consumer confidence indicators. Since 1985, there has been a weakening in the influence of national economic policies; instead, regional patterns are determining national performance.

Further, national policies affect regions differently. The increase in personal income taxes at the federal level will affect states with high-income households, most particularly Connecticut, Maryland, Massachusetts, New Jersey, and New York—all states that are struggling in this postrecession era. Ratification of the North American Free Trade Agreement (NAFTA) may give a boost to states in the Southwest, especially Texas. Health care reform will have a regional impact-states with a high concentration of major medical centers, such as California, Illinois, Massachusetts, and Pennsylvania, will feel a greater impact of consolidations in the health care industry.

Defense cutbacks and military base closings have affected employment levels, and these retrenchments will continue to affect some states more than others. The most recent recommended base closings and consolidations are estimated to affect 125,000 jobs. Charleston, South Carolina, and the San Francisco Bay area in California will be hit particularly hard by military base closings.

Population trends also differ significantly across regions. Between 1991 and 1992, states in the New England region experienced the most sluggish population growth at 0.04 percent, followed by the Mideast states at 0.7 percent. The Rocky Mountain region experienced the greatest influx of people, with an annual growth rate of 2.5 percent. The Great Lakes and Plains regions were below the national average, while the Southeast, Southwest, and Far West regions exceeded the national average.

TABLE 10

Regional Budget and Economic Indicators

Region	Weighted Unemployment Rate*	Average Annual Percentage Change in Personal Income**	Annual Percentage Change in Population***	Fiscal 1993 Total Balances as a Percent of Expenditures	Appropriated 1994 General Fund Budget Growth (Percent)	Number of States in Region
New England	6.4%	3.5%	0.04%	2.0%	3.6%	6
Mideast	7.2	3.9	0.7	2.1	5.1	5
Great Lakes	6.5	4.9	0.8	1.8	5.9	5
Plains	4.8	6.1	0.8	7.2	7.9	7
Southeast	6.2	5.0	1.4	3.9	8.9	12
Southwest	6.9	5.6	1.8	6.7	5.9	4
Rocky Mountain	5.3	6.1	2.5	7.2	6.1	5
Far West	9.2	3.8	1.8	0.8	-3.1	6
Average	6.8%	4.6%	1.2%	3.0%	4.6%	50

SOURCES:

- U.S. Department of Labor, Bureau of Labor Statistics, Unemployment in States, July 1993.
- U.S. Department of Commerce, Bureau of Economic Analysis, July 1993.
- *** U.S. Department of Commerce, Bureau of the Census, 1992.

Personal income from the first quarter of 1991 through the first quarter of 1993 increased 4.6 percent on average annually, with wide regional variations. The five states with the fastest personal income growth were North Dakota, Nebraska, Idaho, Iowa, and Kentucky, while the five states with the slowest personal income growth were Connecticut, California, Massachusetts, Delaware, and New York. In general, the states in the Plains, Rocky Mountain, Southeast, and Southwest regions experienced the greatest growth, whereas states in the New England and Mideast regions and California experienced the most sluggish personal income growth.

New England

This region has been in an economic slump for more than four years. Employment in the region peaked in 1989 and then declined steadily until it stabilized in 1992. The July 1993 unemployment rate of 6.4 percent dropped from the previous year and is below the July national average of 6.8 percent. Unlike in the previous year, New England's unemployment rates are no longer among the highest, signifying greater stability than in the previous two years.

Personal income growth for this region from the first quarter of 1991 to the first quarter of 1993 averaged 3.5 percent annually, well below the national average of 4.6 percent. New England states are highly dependent upon defense spending, and they will continue to feel the impact of defense cutbacks. The New England states are starting to grow again, with the northern states of Maine, New Hampshire, and Vermont-with lower costs-doing better than the southern states in the region. The region's highly skilled workforce bodes well for its economic future.

Mideast

Next to New England, the Mideast region was the region most affected by the recession. Even as the "recovery" began in 1992, employment continued to fall. The region's unemployment rate of 7.2 percent in July 1993 is above the July national average of 6.8 percent. New York and Pennsylvania led the region in unemployment rates at 7.5 percent and 7.3 percent, respectively, in July 1993. On a positive note, the final recommendations for military base closings will have little impact on this region. However, the change in the federal top personal income tax rate will affect the Mideast region more than other states because of its high proportion of high-income families. Annual personal income growth from the first quarter of 1991 through the first quarter of 1993

averaged 3.9 percent, with all states in the region below the national average of 4.6 percent.

Maryland, New Jersey, and New York continue to experience job losses and their economies are going through massive restructuring, according to an analysis by Regional Financial Associates. Residential construction is improving, even though commercial construction is still declining. Delaware, with employment growth near the national average, is performing better than the other states in this region. Restructuring in the computer industry and the beginning of restructuring in the health care and pharmaceutical sectors will further burden states in this region.

Great Lakes

The outlook is mixed in this region. Michigan had the highest unemployment rate at 7.3 percent in July 1993, while Wisconsin's rate was among the lowest at 4.8 percent. Wisconsin projects strong job gains in the retail, construction, and service sectors. Annual personal income growth from the first quarter of 1991 through the first quarter of 1993 was 4.9 percent, with Illinois the only state in the region showing growth below the national average of 4.6 percent. The strength of the auto industry helps states in this region, particularly Michigan. Increases in capital spending from the sale of machine tools and computer equipment also will help this region. The growth in exports, the demand for durable goods, and the lack of major impacts from defense cutbacks are factors leading to steady, though slow, growth in the region.

Plains

This region continues to outperform the national economy. In July 1993 the average unemployment rate was 4.8 percent, and all states in this region had unemployment rates well below the national average of 6.8 percent, ranging from a low of 2.7 percent in Nebraska and South Dakota to a high of 6.0 percent in Missouri. At 6.1 percent, annual personal income growth from the first quarter of 1991 through the first quarter of 1993 exceeded the national average in all Plains states. Construction is strong in this region, with publicly awarded construction contracts in Minnesota, North Dakota, and South Dakota increasing 30 percent from July 1992 to July 1993. Although the cause of much personal hardship, the recent flooding should not cause any longrange damage to economic growth in this region.

Southeast

With twelve states, the Southeast is the largest region. Growth in most of the Southeast is projected to be above the national average, primarily because of comparative advantages in the household textiles, furniture, and lumber industries. Construction in Florida has increased due partly to the rebuilding after Hurricane Andrew; however the surge in job growth associated with the rebuilding has not materialized to the extent projected by the Florida Economic Estimating Conference. Mississippi is experiencing job gains from operating casinos in the state. Annual personal income growth from the first quarter of 1991 through the first quarter of 1993 was 5.0 percent, above the national average of 4.6 percent, with Florida's below-average 3.8 percent reflecting the impact of Hurricane Andrew. Virginia, at 3.9 percent, and South Carolina, at 4.3 percent, were the other states in this region that had personal income growth rates below the national average.

Regional unemployment rates in July 1993 were below the nation at 6.2 percent, though they range from a high of 10.0 percent in West Virginia to a low of 4.5 percent in North Carolina. Housing, manufacturing, health services, and retail sales all have shown positive signs. Defense cutbacks will disproportionately affect South Carolina and Virginia, as well as other states in the region. Because of both cheaper housing and available jobs, the states in the Southeast are experiencing an influx in their populations from the New England and Mideast states. Any cuts in Medicare could have an impact on Florida because of its concentration of elderly people.

Southwest

According to an analysis by the Federal Reserve Bank in Dallas, the relatively low cost of living and cost of doing business in the Southwest region is helping its growth. The major factors contributing to this growth are the increase in construction and growth in exports to Mexico. Unemployment rates of 6.9 percent in July 1993 were close to the national jobless rate of 6.8 percent, ranging from a high of 7.2 percent in Texas to a low of 5.5 percent in Arizona. Personal income grew 5.6 percent annually from the first quarter of 1991 to the first quarter of 1993, above the national average of 4.6 percent. Increases ranged from 4.7 percent in Arizona to 6.0 percent in New Mexico. According to analysts, the fate of NAFTA is the largest determining factor for the economies of states in this region.

Rocky Mountain

This region is among the strongest economically, with per capita personal income growth above the national average and unemployment rates below the national average. The region's July 1993 unemployment rate of 5.3 percent was well below the national average of 6.8 percent, with these states' jobless rates ranging from a low of 3.9 percent in Utah to a high of 6.4 percent in Wyoming. Personal income grew 6.1 percent annually from the first quarter of 1991 to the first quarter of 1993, well above the national average of 4.6 percent, making this the strongest region, along with the Plains, during this period. All states except for Wyoming had personal income growth rates above the national average. The Rocky Mountain states did not experience the growth of the New England and Mideast states in the 1980s. Regional strengths include residential construction, high-technology manufacturing, in-migration from California, and health care. Utah exhibits the nation's strongest economy.

Far West

California dominates the Far West, accounting for more than two-thirds of this region's population. Between the employment peak of March 1989 and May 1993, California lost more than 564,000 jobs. Unlike the other states, California's 9.8 percent unemployment rate in July 1993 was higher than its July 1992 rate of 9.1 percent; this rate is among the highest in the nation. Washington, at 8.6 percent, Alaska, at 7.9 percent, and Oregon, at 7.8 percent, also had unemployment rates above the national average. Since February 1993, Washington has lost 21,000 jobs. With the impact from Boeing cutbacks, it will be facing a total loss of 32,600 jobs in the aerospace industry. This will place Washington in its weakest economic position in the last ten years. The economy in Oregon continues to be strong.

Personal income growth from the third quarter of 1991 to the third quarter of 1992 was 3.8 percent annually, about three-quarters of the 4.6 percent national average. Hawaii continues to be affected by Hurricane Iniki and by the economic slowdown in Japan. All the states in this region except for California and Hawaii had personal income growth exceeding the national average during this time period.

Strategic Directions of States

CHAPTER SIX

With the past four years of budget cutbacks, reduced services, and depleted reserves, states are seeking new approaches to managing state government. Although midyear adjustments are not the dominant theme in state finances, states continue to experience budget problems as a result of limited revenue growth and increased demands for services. Similar to other sectors of the economy, states are embarking on restructuring and modifying practices during this time of slow economic growth. These changes include increased efforts to use performance or outcome measures as part of state budgeting, eliminating and restructuring major government functions, and initiating quality management programs to improve state management.

In the survey, states were asked whether a "strategic direction" had been agreed upon for the next three years and beyond with respect to government operations. A majority of states reported having established a new strategy to carry them through the next several years.

In response to slow economic growth, states have eliminated programs, reorganized major state functions, consolidated agencies, privatized services, and embarked on measures to improve budget accountability. To focus on results and improve accountability, states are developing alternative systems for measuring and managing the performance of state government agencies and personnel.

Eliminating government functions is a strategy some states are using to limit government obligations in times of tight budgets. Through reviews of state operations, some states have made the tough decisions to eliminate programs. Many states relied on budget-cutting during fiscal 1992 and fiscal 1993, with states reducing enacted budgets by \$6.3 billion in fiscal 1992 and fiscal 1993. Nineteen states indicated that they eliminated programs in response to budget shortfalls during fiscal 1992. Some recent examples of programs that they have eliminated include:

- the Office of Public Counsel in Illinois:
- the Science and Technology Commission, the Development Foundation, and the Public Broadcasting Network in Maine;
- the Consumers' Council in Rhode Island;

- programs in mental health, social and health services, community development, and agriculture in Washington; and
- optional Medicaid services in seven states.

The restructuring of government functions may include consolidating programs, merging functions, and changing service delivery, such as through privatization. Those states that are pursuing privatization are using the effort to identify better ways to provide services and programs, rather than as a means to transfer programs and operations to the private sector. Examples of restructuring and privatization include:

- restructuring social services, Medicaid, and institutions and creating a new department of health care policy and financing in Colorado;
- merging human services agencies into a single agency and privatizing off-track betting facilities in Connecticut;
- combining two environmental agencies into one and merging two regulatory agencies into one in Florida;
- restructuring mental health services and welfare and privatizing the operation of a new veterans' home in Illinois;
- combining the Department of Human Services with the Department of Mental Health and Retardation and restructuring the Department of Education in Maine;
- merging the Department of Personnel and the Department of Risk Management into a Department of Administration in Nebraska:
- restructuring the executive branch in Nevada;
- restructuring the Bureau of Workers' Compensation and juvenile corrections in Ohio;
- restructuring the intermediate punishment program. the general public assistance program, and the Department of Transportation in Rhode Island;
- strengthening the executive branch by creating seventeen executive departments to replace boards and commissions in South Carolina; and

States are reviewing their workforce policies related to management levels, civil service, automatic salary raises, and merit-based pay. Issues for states include recruitment, hiring, career paths, training, and firing. In addition, states are embarking on total quality management efforts to improve the quality and efficiency of government services. Several states have had positive results from their initiatives. They recognize that across-the-board budget cuts, although necessary to maintain balanced budgets, are not a long-term solution for managing public resources. Examples of recent state changes in workforce policies include:

- simplifying the civil service system in Illinois;
- initiating an organizational change project and total quality management in Iowa;
- training all employees in total quality management principles in Ohio;
- making a significant investment in workforce training and development in Oregon; and
- providing more flexibility in hiring and dismissal through civil service reform in Washington.

States are conducting statewide reviews of expenditures and revenues as part of an effort to maintain long-term balance in their budgets. Some of these efforts involve commissions to evaluate programs and delivery systems. Other reviews focus on funding formulas and the revenue structure used to finance state government. Examples include:

- reviewing the state tax structure and funding formulas in Arizona;
- examining state government through a commission of government reorganization and effectiveness in Delaware;
- reviewing the revenue structure in Georgia;
- continuing an ad hoc spending review committee in Iowa;
- reviewing information systems, asset management, human service delivery, and the budget process through a reinventing government initiative in Kansas;
- initiating a study of the state's economy and tax structure in Ohio;

- reviewing the tax structure in Rhode Island; and
- conducting a performance review of all programs in Texas.

States are implementing changes to their budget practices in order to achieve greater stability and improve decisionmaking processes. The changes center around improving revenue and expenditure forecasting methods; refining measures such as performance-based budgeting and program budgeting to orient decisionmakers to an outcome-based analysis of state budgets; and emphasizing the long-range impact of decisions through strategic planning and other long-term planning exercises.

These process changes are intended to elevate the quality of decisionmaking, not to substitute for tough resource allocation choices. Examples include:

- adopting budget reform legislation that requires budget review and strategic planning by program in Arizona;
- limiting all expenditures and revenues in accordance with the constitutional amendment adopted on November 3, 1992, in Colorado;
- imposing a statewide spending cap and switching to a biennial budget with a three-year forecast in Connecticut;
- extending the forecasting horizon to the current year plus four-year projections in Delaware;
- focusing on program evaluation and more in-depth analysis of the budget in Georgia;
- analyzing and assigning fixed costs and instituting lump-sum budgeting for the Department of Education and the University in Hawaii;
- establishing a performance audit function and developing five-year strategic plans in Idaho;
- establishing an advisory panel to incorporate performance measures into the budget in Illinois;
- reviewing the budget process in Iowa;
- allowing each department to keep a percentage of its year-end balances to promote efficiency and cost savings and developing an annual program outcome and budget implementation plan to link program objectives with budgeted resources in Maine;
- initiating baseline budgeting, implementing performance budgeting, instituting spending caps for future years, and enacting capital budget reform in Minnesota;

- balancing ongoing revenues and expenditures and establishing targets to address deficits in Montana;
- initiating several strategic budget and efficiency programs as well as forming a legislative program review section in Nebraska;
- reviewing a statewide performance audit that could have a wide impact on state government in North Carolina:
- including special funds and indirect cost recoveries in the budget in Rhode Island;
- requiring certification of all revenue enhancements by a board of economic advisors in South Carolina;
- implementing a five-year plan to fund the Basic Education Program, the proposed managed care initiative (TennCare), and other major budgetary requirements in Tennessee; and

instituting a strategic planning and budgeting system to achieve an outcome-based budgeting system in Texas.

All across the nation, states are seeking to modify and restructure state government functions. The impetus for change stems from the realization that economic growth during the 1990s will not be at the levels experienced during the 1980s. Moreover, public frustration with government performance at all levels provides further impetus for change. Many states are changing the way state government is organized, operated, and managed, and the way services are delivered. Such reforms will help ensure that limited resources are spent on efficient and effective programs deemed to be critical priorities, that government is customer-driven, and that government is clearly accountable for results.

TABLE A-1

Fiscal 1992 State General Fund, Actual (Millions)

	Beginning					Budget
Region/State	Balance	Revenues	Resources	Expenditures	Ending Balance	Stabilization Fund
NEW ENGLAND						
Connecticut*	\$ 0	\$ 7,022	\$ 7,022	\$ 6,912	\$ 110	\$ O
Maine *	0	1,578	1,577	1,563	13	1
Massachusetts	151	13,392	13,543	13,104	268	230
New Hampshire	-25	748	724	705	19	0
Rhode Island*	3	1,717	1,720	1,720	0	8
Vermont	-57	649	592	657	-65	0
MIDEAST						
Delaware*	114	1,269	1,383	1,230	153	•
Maryland	0	6,177	6,177	6,233	-56	0
New Jersey*	1	15,467	15,468	14,707	761	0
New York*	0	30,392	29,842	29,842	0	0
Pennsylvania	-454	14,220	13,766	13,757	9	2
GREAT LAKES						· · · · · · · · · · · · · · · · · · ·
filinois*	100	11,797	11,897	11,766	131	0
Indiana	109	5,785	5,894	5,755	139	329
Michigan *	-169	7,580	7,411	7,406	0	20
Ohio	327	10,108	10,434	10,344	91	0
Wisconsin	114	6,578	6,692	6,618	74	0
PLAINS						
lowa*	11	3,170	3,181	3,179	2	
Kansas	166	2,466	2,632	2,491	141	0
Minnesota*	555	7,065	7,620	7,171	449	·
Missouri	40	4,307	4,347	4,287	60	17
Nebraska	251	1,495	1,746	1,545	201	27
North Dakota	105	522	627	542	85	23
South Dakota*	11	563	574	568	6	20
SOUTHEAST						
Alabama	1	3,432	3,433	3,407	26	0
Arkansas	0	1,935	1,935	1,935	0	0
Florida	142	11,027	11,169	11,047	123	
Georgia	59	7,356	7,415	7,354	61	62 0
Kentucky	170	4,418	4,588	4,539	49	
Louisiana	418	4,020	4,438	4,521	-83	24
Mississippi	4	1,969	1,972	1,945	27	0
North Carolina*	0	7,975	7,975	7,810	165	47
South Carolina	62	3,342	3,404	3,396	8	
Tennessee*	7	4,088	4,095	3,396	***************************************	0
Virginia	0	6,211	6,211	****	159	
West Virginia	89	1,927	2,016	6,143 1,959	<u>68</u> 57	0
SOUTHWEST		1,027	2,010	1,333	5/	0
Arizona	45	3,561	3,606	3,601	-	_
New Mexico	79	2,078	2,093		5	0
Oklahoma	179	3,148		2,055	116	0
Texas*	729	16,438	3,327	3,160	167	135
ROCKY MOUNTAIN	323	10,436	17,167	16,787	379	163
Colorado *	16	2 022	2 222			
Idaho	34	3,023	3,039	2,906	<u> 133</u>	•
Montana	59	957	991	991	0	30
Utah	62	489	<u>548</u>	523	24	0
Wyoming		1,819	1,809	1,852	29	58
AR WEST	46	390	436	383	53	25
Alaska*	0	0.000			_	
California*	-920	2,886	2,886	2,886	<u> </u>	1,007
Hawaii	-920 347	42,027	41,107	43,327	-2,220	B
Nevada*		2,669	3,016	2,642	374	<u> </u>
Oregon	64	986	1,050	1,016	33	0
Washington*	484	2,604	3,088	2,688	400	0
vasnington - lotal	468	7,298	7,766	7,515	251	100
VIBI	\$3,995	\$302,136	\$305,443	\$302,425	\$2,993	\$2,329

^{*}See Notes to Table A-1.

NOTES TO TABLE A-1

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.

Alaska Ending balance includes statutory and constitutional reserve funds and mental health trust account. Revenues

include funds from statutory budget reserve.

California Beginning balance includes an off-budget eighteen-month payoff of prior year deficit. Ending balance includes a

budget stabilization fund of \$-2,962.4 million.

Colorado Ending balance includes a budget stabilization fund of \$133.3 million.

Connecticut Fiscal 1992 figures exclude \$367.3 million in reimbursements for psychiatric facilities that participate in the

Medicaid program and serve a disproportionate share of low-income individuals.

Delaware Ending balance includes a budget stabilization fund of \$67.7 million.

Illinois Excludes \$185 million in short-term borrowing.

Indiana \$4.9 million transferred back to a budget stabilization fund.

lowa Ending balance includes a budget stabilization fund of \$1.8 million that is pledged to cash reserve and retirement

of the Generally Accepted Accounting Principles (GAAP) deficit.

Maine The beginning balanced reflects adjustments from prior-year transactions.

Michigan The \$4.9 million in the ending balance was transferred to the budget stabilization fund.

Minnesota If the commissioner of finance determines on November 30, 1993, that revenues and expenditures are inadequate to fund the budget reserve and cash flow account at \$400 million, the commissioner shall, with the concurrence

of the legislative commission on planning and fiscal policy, unallot up to 1.0 percent of total biennial appropriations to maintain the account at \$400 million. Ending balance includes a budget stabilization fund of

\$400 million.

Nevada Includes \$52.0 million in reverted funds from budget reductions in fiscal 1992 and \$116 million in reverted funds

from budget reductions in fiscal 1993.

New Jersey Reflects both the general fund and the Property Tax Relief Fund.

Resources equal revenues after repayment of \$1,081 million in fiscal 1991 deficit notes and issuance of \$531 New York

million in fiscal 1992 deficit notes.

North Carolina Revenues and expanditures include \$157.5 million in bond proceeds and \$157.5 million in capital bond

expenditures. Ending balance includes a budget stabilization fund of \$41.6 million.

State law allows 99.5 percent of revenues to be expended; balance must be deposited in the budget stabilization Rhode Island

South Dakota The beginning and ending balances represent the unobligated cash balance. Revenues include obligated cash

carried forward from the prior year. Expenditures include obligations against cash and transfers out of the general

fund.

Tennessee Ending balance includes a budget stabilization fund of \$76.0 million.

Texas Expenditures include a transfer of \$156 million to the rainy day fund in 1992 and \$31 million more for 1994.

\$78.8 million is appropriated from the rainy day fund for 1994.

Revenue estimates are preliminary. Washington

Fiscal 1993 State General Fund, Preliminary Actual (Millions)

Region/State	Beginning Balance	Revenues	Resources	Expenditures	Ending Balance	Budget Stabilization Fun
NEW ENGLAND						
Connecticut	\$ 0	\$ 7,535	\$ 7,535	\$ 7,458	\$ 76	\$ 0
Maine	41	1,565	1,607	1,607	0	12
Massachusetts	268	14,213	14,481	14,332	129	250
New Hampshire	19	800	819	752	47	20
Rhode Island*	0	1,584	1,585	1,578	7	23
Vermont	-65	662	597	643	-46	0
MIDEAST						
Delaware *	153	1,317	1,470	1,260	210	
Maryland	-56	6,451	6,395	6,384	11	50
New Jersey*	761	14,528	15,289	14,440	848	•
New York*	. 0	31,427	30,896	30,896	0	67
Pennsylvania	9	14,169	14,178	13,960	218	5
GREAT LAKES						
Illinois*	131	12,104	12,235	12,063	172	0
Indiana	139	6,180	6,319	6,309	10	301
Michigan *	0	7,773	7,773	7,771	21	21
Ohio	340	10,338	10,678	10,567	111	0
Wisconsin	74	6.970	7,043	6,891	153	0
PLAINS			.,,,,,,	<u> </u>		
lowa*	0	3,482	3,482	3,444	38	•
Kansas*	143	2,932	3,482	2,690	385	75
Minnesota*	449	7,652	8,101	7,444	657	
Missouri	60	4,464	4,524	4,318	206	25
Nebraska*	201	1,536	1,737	1,614	123	<u>25</u> 17
North Dakota*	85	588	673	653	20	0
South Dakota*	6	579	585	585	0	21
SOUTHEAST			303			<u> </u>
Alabama*	26	3,617	3,643	3,562	81	0
Arkansas	0	2,077	2,077	2,077	0	0
Florida	123	12,248	12,371	11,990	381	162
Georgia*	61	8,279	8,340	8,160	105	75
Kentucky	49	4,542	4,591	4,564	27	
Louisiana	-83					29
	13	4,309	4,226	4,214	12	0
Mississippi		2,147	2,160	1,985	175	160
North Carolina*	165	8,293	8,458	7,879	579	*
South Carolina*	8	3,673	3,680	3,521	159	
Tennessee*	159	4,713	4,872	4,656	216	•
Virginia*	68	6,533	6,601	6,432	169	• • • • • • • • • • • • • • • • • • •
West Virginia	57	2,043	2,100	2,029	71	0
SOUTHWEST	_					
Arizona	. 5	3,799	3,804	3,737	67	0
New Mexico	116	2,268	2,265	2,168	213	0
Oklahoma	167	3,256	3,423	3,318	105	91
Texas*	379	19,428	19,807	18,477	1,330	52
ROCKY MOUNTAIN						
Colorado*	133	3,462	3,596	3,276	320	•
ldaho	0	1,044	1,044	1,033	11	29
Montana	24	549	573	· 527	46	0
<u>Utah</u>	29	1,934	1,963	1,963	39	62
Wyoming *	53	367	420	432	-12	25
FAR WEST						
Alaska*	0	3,355	3,355	2,759	527	1,204
California*	-2,166	41,040	38,874	41,107	-2,233	*
Hawaii	374	2,952	3,326	3,063	263	0
Nevada *	33	1,103	1,136	1,077	59	•
Oregon	400	2,871	3,271	2,912	360	0
Washington*	251	7,661	7,912	7,723	189	100

^{*}See Notes to Table A-2.

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

Alabama Expenditures reflect a 3.2 percent proration in the general fund for fiscal 1993. Alabama's 1993 fiscal year ends

on September 30, 1993.

Alaska Ending balance includes statutory and constitutional reserve funds and mental health trust account. Revenues

include funds from a statutory budget reserve.

California Beginning balance includes an off-budget eighteen-month payoff of prior-year deficit. Ending balance includes a budget stabilization fund of \$-2,753.2 million.

Colorado Ending balance includes a budget stabilization fund of \$319.8 million.

Delaware Ending balance includes budget stabilization fund of \$68.1 million.

Georgia Under state law, a total year-end surplus of \$180 million was divided as follows: \$23 million for surplus motor

fuel tax revenue to the state Department of Transportation, \$82 million into a midyear adjustment reserve used

primarily for education funding tied to enrollment growth, and \$75 million into the rainy day fund.

Illinois Excludes \$300 million in short-term borrowing.

Indiana Project MAIN capital outlay expenditure.

Ending balance includes a budget stabilization fund of \$39.6 million. The budget stabilization fund includes lowa

amounts required to retire the Generally Accepted Accounting Principles (GAAP) deficit.

Kansas The beginning balance is adjusted for released encumbrances from prior years. Revenues and expenditures in

fiscal 1993 reflect \$265 million as a result of school finance reform that was previously raised through local

property taxes and spent by local school districts.

Michigan The ending balance includes capital expenditures for the Michigan Automated Information Network (MAIN).

Minnesota If the commissioner of finance determines on November 30, 1993, that revenues and expenditures are inadequate

to fund the budget reserve and cash flow account at \$400 million, the commissioner shall, with the concurrence of the legislative commission on planning and fiscal policy, unallot up to 1.0 percent of total biennial appropriations to maintain the account at \$400 million. Ending balance includes a budget stabilization fund of

\$360 million.

Nebraska Expenditures do not include \$45.5 million of encumbrances and reappropriations.

Nevada Includes \$52.0 million in reverted funds from budget reductions in fiscal 1992 and \$116 million in reverted funds

from budget reductions in fiscal 1993. Ending balance includes a budget stabilization fund of \$50 million.

New Jersey Reflects both the general fund and the Property Tax Relief Fund. Ending balance includes a budget stabilization

fund of \$67.0 million.

New York Resources equal revenues after repayment of \$531 million in fiscal 1992 deficit notes. Absent extraordinary

actions taken by the state at the close of fiscal 1993, the general fund would have had a surplus of \$671 million. Because any general fund surplus is automatically deposited to the state's Tax Stabilization Reserve Fund (which cannot be accessed on a planned basis, but rather only in the case of a deficit), the state chose instead to deposit the excess monies into the personal income tax refund reserve account. Amounts in the account were then available to pay refunds during fiscal 1994. As a result, tax revenues in fiscal 1993 were reduced by \$671

million; conversely, projected tax revenues for fiscal 1994 are artificially inflated by \$671 million.

North Carolina Medicaid receipts for disproportionate share in fiscal 1993 reduced general fund expenditures by \$158.7 million. Ending balance includes a budget stabilization fund of \$175.9 million and \$57 million in the reserve for repairs

and renovations.

The budget stabilization fund balance was transferred to the general fund in fiscal 1993. Revenues include North Dakota obligated cash carried forward from the prior year. Expenditures include obligations against cash and transfers

out of the general fund.

Rhode Island Reflects estimated revenues and expenditures. Preliminary actuals are not yet available. State law allows 99.0

percent of revenues to be expended; balance must be deposited in the budget stabilization fund.

South Carolina Ending balance includes a budget stabilization fund of \$66.8 million.

South Dakota The beginning and ending balances represent the unobligated cash balance. Revenues include obligated cash carried forward from the prior year. Expenditures include obligations against cash and transfers out of the general

fund.

Tennessee Ending balance includes a budget stabilization fund of \$100.0 million.

Texas Expenditures include a transfer of \$156 million to the rainy day fund in 1992 and \$31 million more for 1994.

\$78.8 million is appropriated from the rainy day fund for 1994.

Virginia Ending balance includes a budget stabilization fund of \$79.9 million.

Washington Revenue estimates are preliminary.

Wyoming Revenues include \$49.0 million from the budget reserve account.

Fiscal 1994 State General Fund, Appropriated (Millions)

Region/State	Beginning Balance	Revenues	Resources	Expenditures	Fodios Balanca	Budget Stabilization Fun
	Balance	nevenues	Nesources	Expenditures	Ending Balance	Stabilization Fun
NEW ENGLAND						
Connecticut	<u> </u>	\$ 7,695	\$ 7,695	\$ 7,690	\$ 5	\$ 0
<u>Maine</u>	0	1,584	1,584	1,584	00	0
Massachusetts	129	14,971	15,100	15,026	74	250
New Hampshire	<u>47</u> 7	858	905	879	26	20
Rhode Island*		1,486	1,493	1,492	1	42
Vermont MIDEAST	-46	690	644	638	6	0
Delaware *	210	1,342	1,552	1 200	100	
Maryland*	11		······································	1,386	<u>166</u>	
New Jersey*	848	6,574 14,524	6,585 15,372	6,507	78	96
New York*	0	32,367	32,367	15,106 32,367	<u>266</u> 0	124
Pennsylvania*	218	14,810	15,028		<u>0</u>	134
GREAT LAKES	210	14,810	13,026	15,003	23	27
Illinois*	172	12,793	12,965	12,765	200	0
Indiana	10	6,646	6,656	6,656	200	
Michigan *	26	7,830	7,856	7,853	3	205 22
Ohio	394	11,218	11,611	11,490	121	21
Wisconsin	153	7,340	7,493	7,393	100	0
PLAINS	100	7,070	7,730	1,000	100	
lows*	0	3,592	3,592	3,540	52	•
Kansas *	385	3,036	3,421	3,150	271	75
Minnesota*	657	7,975	8,632	8,058	574	
Missouri	206	4,704	4,910	4,801	109	28
Nebraska	123	1,655	1,778	1,622	156	25
North Dakota*	20	610	630	616	14	0
South Dakota*	0	600	600	600	0	25
SOUTHEAST						£-5
Alabama *	81	3,713	3,794	3,784	10	0
Arkansas	0	2,216	2,216	2,216	0	0
Florida	0	13,272	13,272	13,272	0	276
Georgia	0	8,703	8,703	8,703	0	75
Kentucky	27	4,889	4,916	4,907	9	34
Louisiana	12	4,349	4,361	4,346	15	0
Mississippi	88	2,134	2,221	2,138	84	160
North Carolina*	579	8,859	9,438	9,379	59	*
South Carolina*	159	3,828	3,987	3,827	160	•
Tennessee *	216	4,796	5,012	4,912	100	
Virginia*	169	6,823	6,992	6,852	140	
West Virginia	71	2,107	2,178	2,166	11	0
SOUTHWEST						
Arizona*	67	3,843	3,910	3,792	118	*
New Mexico	213	2,475	2,441	2,380	274	0
Oklahoma	105	3,388	3,493	3,302	191	91
Texas *	1,330	18,193	19,523	19,862	-339	6
ROCKY MOUNTAIN						
Colorado *	320	3,467	3,787	3,503	284	
Idaho	11	1,082	1,093	1,085	. 8	29
Montana	46	494	540	493	47	0
Utah	39	2,065	2,105	2,079	26	64
Wyoming *	-12	564	552	515	37	20
FAR WEST						
Alaska*	527	2,636	3,163	3,163	0	1,147
California*	-1,080	40,623	39,543	38,520	1,022	•
<u>Hawaii</u>	263	3,050	3,313	3,048	265	0
Nevada*	59	1,028	1,087	1,023	64	*
Oregon	360	2,970	3,329	3,080	249	0
Washington	189	7,892	8,081	7,975	106	125
Total	\$7,406	\$324,359	9,001	,,,,,	106	120

^{*}See Notes to Table A-3.

NOTES TO TABLE A-3

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

Alabama Expenditures adjusted by \$27.4 million to balance the budget.

Alaska Ending balance includes statutory and constitutional reserve funds and mental health trust account. Revenues include funds from the statutory budget reserve.

Arizona Ending balance includes a budget stabilization fund of \$33 million. Ending balance reflects revised revenue estimates after the fiscal 1994 budget was approved in March 1993.

California Beginning balance includes an off-budget eighteen-month payoff of prior year deficit. Ending balance includes a budget stabilization fund of \$612.3 million.

Colorado Ending balance includes a budget stabilization fund of \$284 million.

Delaware Ending balance includes a budget stabilization fund of \$71.7 million.

Illinois Excludes \$600 million in short-term borrowing.

Indiana All appropriations are not yet enacted. Michigan's 1994 fiscal year begins October 1, 1993.

Ending balance includes a budget stabilization fund of \$91.6 million. The budget stabilization fund includes amounts required to retire the Generally Accepted Accounting Principles (GAAP) deficit. lowa

No expenditures can be made from the rainy day fund balance without legislative approval. Expenditures reflect state assumption of \$325.9 million of local school spending as a result of school finance reform. Kansas

Maryland Legislation enacted during the 1993 session requires the Governor's fiscal 1995 budget allowance to include fiscal 1994 deficiency allowance of \$50 million for the rainy day fund. This will lower the ending balance by \$50 million to \$28.4 million and increase the rainy day fund balance from \$96.1 million to \$146.1 million.

Michigan All of the budget for fiscal 1994 has not been enacted. Expenditures are based on a legislative-executive

leadership agreement.

If the commissioner of finance determines on November 30, 1993, that revenues and expenditures are inadequate to fund the budget reserve and cash flow account at \$400 million, the commissioner shall, with the concurrence of the legislative commission on planning and fiscal policy, unallot up to 1.0 percent of total biennial appropriations to maintain the account at \$400 million. Ending balance includes a budget stabilization fund of Minnesota

Nevada Ending balance includes budget stabilization fund of \$50 million.

New Jersey Reflects both the general fund and the Property Tax Relief Fund. Ending balance includes a budget stabilization fund of \$155.5 million.

Absent extraordinary actions taken by the state at the close of fiscal 1993, the general fund would have had a surplus of \$671 million. Because any general fund surplus is automatically deposited to the state's Tax Stabilization Reserve Fund (which cannot be accessed on a plante basis, but rather only in the case of a deficit), the state shoes instant to denote the accessed on a plante basis, but rather only in the case of a deficit). New York

the state chose instead to deposit the excess monies into the personal income tax refund reserve account. Amounts in the account were then available to pay refunds during fiscal 1994. As a result, tax revenues in fiscal 1993 were reduced by \$671 million; conversely, projected tax revenues for fiscal 1994 are artificially inflated by \$671 million.

The General Assembly authorized \$93.2 million of Medicaid disproportionate share receipts. Revenues and expenditures include \$87.5 million in bond proceeds and \$87.5 million in capital bond expenditures. The projected ending balance includes a budget stabilization fund of \$56 million and \$0.9 million in the reserve for repairs and North Carolina

North Dakota Revenues include obligated cash carried forward from the prior year. Expenditures include obligations against cash and transfers out of the general fund.

Pennsylvania The budget stabilization fund includes \$24 million from fiscal 1993 closing.

The state constitution allows 98 percent of revenues to be expended; the balance must be deposited in a budget stabilization fund. When the fund reaches 3 percent of expenditures, the balance of 2 percent that may not be utilized for the operating budget must be deposited in a capital account for capital projects, debt reduction, Rhode Island

and/or debt service.

South Carolina Ending balance includes a budget stabilization fund of \$100.2 million.

The beginning and ending balances represent the unobligated cash balance. Revenues include obligated cash carried forward from the prior year. Expenditures include obligations against cash and transfers out of the general South Dakota

Tennessee Ending balance includes a budget stabilization fund of \$100.0 million. Figures are not adjusted for the TennCare

program.

Expenditures include a transfer of \$156 million to the rainy day fund in 1992 and \$31 million more for 1994. \$78.8 million is appropriated from the rainy day fund for 1994. Texas is on a biennial budget. The general fund will close with a positive near-zero balance in fiscal 1995 of about \$46 million. Taxas

Virginia Ending balance includes a budget stabilization fund of \$79.9 million.

Revenues include \$50.9 million from a budget reserve account. Wyoming is in the process of converting to GAAP accounting. Also, \$95 million of the general fund was provided to the School Foundation Program because of Wyoming earmarked revenue decline.

Nominal Percentage Expenditure Change, Fiscal 1993 and Fiscal 1994

	Fiscal	Fiscal
Region/State	1993	1994
NEW ENGLAND		
Connecticut	7.9%	3.1%
Maine	2.8	-1.4
Massachusetts*	9.4	4.8
New Hampshire*	6.6	16.8
Rhode Island*	-8.2	-5.4
Vermont	2.1	-0.7
MIDEAST		
Delaware	2.5	10.0
Maryland New Jersey	2.4 -1.8	1.9
New York	3.5	4.6 4.8
Pennsylvania	1.5	7.5
GREAT LAKES		
Illinois	2.5	5.8
Indiana	9.6	5.5
Michigan	4.9	1.1
<u>Ohio</u>	2.2	8.7
Wisconsin	4.1	7.3
PLAINS		
lowa	8.3	2.8
Kenses*	8.0	17.1
Minnesota	3.8	8.2
<u>Missouri</u>	0.7	11.2
Nebraska North Delrete	4.5	0.5
North Dakota South Dakota	20.5 3.0	-5.7
SOUTHEAST	3.0	2.6
Alabama	4.6	6.2
Arkansas	7.3	6.7
Florida	8.5	10.7
Georgia	11.0	6.7
Kentucky	0.6	7.5
Louisiana	-6.8	3.1
Mississippi	2.1	7.7
North Carolina	0.9	19.0
South Carolina	3.7	8.7
Tennessee	18.3	5.5
Virginia West Virginia	4.7	6.5
SOUTHWEST	3.6	6.8
Arizona	3.8	1 5
New Mexico	5,5	9.7
Oklahoma	5.0	-0.5
Texas	10.1	7.5
ROCKY MOUNTAIN		
Colorado	12.7	6.9
Idaho	4.2	5.0
Montana	0.8	-6.5
<u>Utah</u>	6.0	5.9
Wyoming	12.9	19.2
FAR WEST		
Alaska California	-4.4 F 1	14.7
Hawaii	-5.1	-6.3
Nevada	15.9 6.0	<u>-0.5</u> -5.0
Oragon	8.3	5.8
Washington	2.8	3.3
Average	3.3%	4.6%
	/-	,

^{*}See Notes to Table A-4.

Kansas Excluding school finance reform, which shifted significant responsibility from local school spending to state spending, the percentage growth for fiscal 1993 is 1.2 percent and for fiscal 1994 is 2.7 percent.

Massachusetts Fiscal 1994 expenditures include \$127.4 million that was off budget in fiscal 1993. When adjusted for this, the projected increase in expenditures from fiscal 1993 to fiscal 1994 is 3.9 percent.

New Hampshire Fiscal 1994 expenditure estimates reflect accounting changes to fully reflect matching funds for Medicaid that were not included in the previous budget for fiscal 1993.

Rhode Island Fiscal 1993 and fiscal 1994 expenditures for Rhode Island reflect several accounting changes to portray expenditures more accurately. Fiscal 1993 enacted expenditures increased 3.7 percent when adjusted for common accounting practices. Fiscal 1994 expenditures are approximately level.

Strategies	Used	to	Red	uce	or	Eliminate	Budget	Gaps,	Fiscal	1993
						Eliminate				Early
Region/State		F	ees	Taxe	s	Programs	Lavoffs	Furloud	ihs R	etiremen

Bi (04-4-	F	T	Eliminate	l marella	Combanata	Early	Reduce	Reorganize	D efends of
Region/State	rees	Taxes	Programs	Layoffs	Furloughs	Retirement	Local Aid	Programs	Privatization
NEW ENGLAND Connecticut									
Maine			X	X	X	X	X	X	X
Massachusetts			X	X		Х		X	X
New Hampshire									
Rhode Island									
Vermont			X				Х	×	
MIDEAST						-			,
Delaware	·····								
Maryland	X		X	X			Х	Х	X
New Jersey									
New York									
Pennsylvania GREAT LAKES									
Illinois									
Indiana									
Michigan									
Ohio		Х		Х			~		
Wisconsin				^		X	Х		
PLAINS									
lowa									
Kansas			·		***************************************				
Minnesota	***************************************	1 40							
Missouri			,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,						
Nebraska			X					Х	
North Dakota	*****							^	X
South Dakota							2		
SOUTHEAST						V # TANKA			
Alabama									
Arkansas									
Florida						***************************************			
Georgia						***************************************	***************************************	***************************************	
Kentucky			*****					***********	
Louisiana					www.				
Mississippi									
North Carolina			W. E						
South Carolina							···		
Tennessee					,				
Virginia							77-27-11	7 VML12 II	
West Virginia									
SOUTHWEST	***************************************				······	******	Х		
Arizona									
New Mexico	Х	Х							
Oklahoma									
Texas									
ROCKY MOUNTAIN									
Colorado									
Idaho					7-3-7-0-M		W		
Montana	X	Х	×	X					
Utah			nersin i						
Wyoming	Х	Х							
FAR WEST									
Alaska									
California	X	Х	X		<u>u.</u>		X		
Hawaii			, , , , , , , , , , , , , , , , , , , ,						
Nevada	X		×		X				
Oregon		******						-	•
Washington	X		X			X		Х	
Total	7	5	9	5	2	4	6	6	4
					_	-	<u> </u>	0	4

Changes Contained in Fiscal 1994 Budgets

State	Increase Higher Education Tuition	AFDC Eligibility Restrictions	Medicaid Reductions	Increased Employee Share: Health	Increased Employee Share: Pension
Alabama				X	
Alaska	X			x	
Arizona	X				
Arkansas	X			X	
California	X		×	X	
Colorado	X		^	X	
Connecticut	X				
Delaware					
Florida	X		,		
Georgia		X			
Hawaii	X			X	
Idaho			X		
Illinois			X		
Indiana *		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			
lowa	X	X		X	X
Kensas	X		X	X	
Kentucky	<u>X</u>			X	
Louisiana	X		X	X	
Maine			X		X
Maryland	X			X	
Massachusetts	X	X		X	
Michigan					
Minnesota	X				
Mississippi					
Missouri	30.074 NH-944				
Montana	X		X		
<u>Nebraska</u>	X		x	,	
Nevada	X			Х	······································
New Hampshire					
New Jersey	X		,		
New Mexico	×			X	
New York			Х	<u> </u>	
North Carolina	X		<u> </u>		
North Dakota	X	X			
Ohio	X	X			
Oklahoma	X	<u> </u>	×		
Oregon	X		^x		
Pennsylvania*			<u> </u>	X	
Rhode Island	X				
South Carolina			X		
South Dakota	X				
Tennessee					
Texas	X				
Jtah_	<u> </u>				,, <u>,</u> ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Vermont	X				
				X	X
Virginia Maria				X	
<u>Washington</u>	X			X	
West Virginia	X				
<u> Wisconsin</u>	X				
Wyoming					
otal	32	5	12	18	3

^{*}See Notes to Table A-6.

Indiana

The tuition for state universities is established by the board of trustees for each university. However, the state support to universities was predicated on a 1.5 percent fee increase for fiscal 1994; most universities have actually increased tuition by 6 percent to 8 percent since the budget was passed.

Pennsylvania

The Governor of Pennsylvania and, therefore, the budget, does not establish tuition. This is done by the State System of Higher Education (SSHE). However, the budget does include \$31.7 million in Tuition Challenge grant funds to encourage SSHE and state-related universities to keep tuition increases at the consumer price index rate of growth or lower.

TABLE A-7

State Employment Compensation Changes, Fiscal 1994

Damin = /04=4	Across-the			
Region/State	Board	Merit	Other	Notes
NEW ENGLAND				
Connecticut		***		No across-the-board increases have been negotiated for fiscal 1994. The majority of collective bargaining units have contracts with wag reopeners for fiscal 1994; step increases, where eligible, have been negotiated for those units.
Maine	***	2.0%	**-	Merit increases reflect the weighted average increase. Employees who have reached the top step in their range do not receive a merit increase
Massachusetts ,	•	•	•	The second stage of a 13.7 percent pay raise for most collective bargaining units went into effect during the last week of fiscal 1993 State managers received a 5 percent increase effective October 1, 1993 and are eligible for performance bonuses from a pool totaling 2 percent of managers' salaries. Collective bargaining agreements have been signed for state police and correction officers.
New Hampshire	3.5%			
Rhode Island	4.5%			The 4.5 percent represents the cost-of-living adjustment contained in most negotiated contracts. Employees may also receive step increases and longevity increases. This is the first adjustment since fiscal 1990.
Vermont	2.5%		1.9%	The 1.9 percent increase reflects step increases for eligible employees.
MIDEAST		····		
Delaware	2.0%			The guaranteed minimum raise is \$600.00. Increased state minimum salary.
Maryland		1.25%		Employees entitled to a step increment (merit) will receive 2 or 6 percent, depending on the step. It is estimated that one-half of the work force is already at the top step and thus not eligible for an increment.
New Jersey	3.7%		•••	Unionized employees receive across-the-board increases of 5 percent effective October 1, 1993, but there is no policy decision regarding increases for employees who are union-exempt or management. Union employees at or below step 7 receive an annual anniversary increase averaging approximately 3 percent. About one-third of union employees will not qualify for an anniversary increase. Policy for management and union-exempt employees has not been determined.
Vew York	4.0%	0.9%		The merit increase, or performance advance, reflects the cost of increases as a percentage of total payroll. Only certain eligible employees receive annual performance advances.
Pennsylvania	3.0%		0.76%	There has been an increase in the co-pay for the prescription drug program for selected employees. Also, those employees participating in HMOs have experienced an increase in their contribution rate. The across-the-board increase is effective July 1, 1993. The "other" increase is a new pay plan effective January 1, 1994.
REAT LAKES				
línois	•	•		Includes a 5 percent cost-of-living adjustment and a 1.8 percent step increase for union employees. Also includes a 5 percent merit compensation increase.
ndiana	***	***	•••	No increase in employee health insurance contributions since July, 1990.
lichigan			0.25%	Based on the median number of employees by a bargaining unit, increases result from redirecting savings from health care benefits collectively bargained to be returned to employees.
hio	5.0%		2.0%	Annual step increases are approximately 4 percent, but approximately 50 percent of state employees are in their top step and no longer receive step increases.
/isconsin	1.5%	0.5%		The 1.5 percent is effective at the beginning of the fiscal year. The 0.5 percent is effective mid-fiscal year on January 9, 1994. This is for nonrepresented employees.

TABLE A-7 (continued)

State Employment Compensation Changes, Fiscal 1994

	Across-the-			
Region/State	Board	Merit	Other	Nates
PLAINS				
lowa	***	0.67%	•	includes a \$650 one-time bonus for most full-time employees.
Kansas	0.5%	***	2.5%	The 2.5 percent increase is for step movement on the pay matrix.
Minnesota				There are no across-the-board or merit increases, but step increases will continue as usual.
Missouri	3.0%			All employees will receive a 1 percent increase plus \$400 for an average increase of 3 percent.
Nebraska			•	Employees with salary less than \$45,000 will receive \$300 on January 1, 1994. Employees with 10 years of service will receive \$100 on their anniversary date.
North Dakota	•			Flat payment of \$60 per month per employee across-the-board.
South Dakota	3.0%		2.5%	Includes a 2.5 percent increase under "other" as an adjustment to "job worth."
SOUTHEAST				
Alabama	•	5.0%	*	Includes a 6.5 percent cost-of-living adjustment to certain public education employees and a one-time \$1,250 cost-of-living bonus to certain state employees. Merit raises are based on employee performance and may range from 0 percent to 5 percent based on actual evaluation. Longevity pay ranges from \$300 to \$600 per employee per year are based on years of state service.
Arkansas		2.5%		No overall increase was provided to state employees. Employees are eligible for a 2.5 percent merit increase on their anniversary date.
Florida		3.0%		
Georgia		2.5%		Merit increase on anniversary date is based on a satisfactory evaluation.
Kentucky	3.0%			For employees making more than \$50,000, the salary policy is a 1 percent increase across-the-board.
Louisiana			•••	Specific funding for fiscal 1994 merit increases was not provided. However, state agencies may provide merit increases if they determine funding is available in their budget. Merit increases average 2 percent on a statewide basis for those employees who have not reached their maximum salary level.
Mississippi			•	Increases are for realignment/realiocation; at \$1,500 per year, or 5 percent, whichever is greater.
North Carolina	2.0%		1.0%	The 2 percent increase reflects an across-the-board increase, while the 1 percent increase reflects bonuses that are not part of base salaries. The teacher salary schedule was fully funded with an average increase of 3 percent.
South Carolina			1.0%	includes a one-time bonus for employees earning under \$35,000.
Tennessee	2.0%		4.0%	There is a 2 percent increase effective July 1, 1993, and a contingency salary increase plan of up to 4 percent effective January 1, 1994.
Virginia	2.0%	4.7%		The across-the-board and merit increases are effective December 1, 1993.
West Virginia			***	No increase given.
SOUTHWEST				
Arizona			•	Fiscal 1994 funding annualized pay increases effective April 1, 1993. Those increases were \$1,000 for each employee (prorated for part-timers). This increase was approximately 3 percent across the whole range of employees, with three-fourths of the total increased cost borne in fiscal 1994.
New Mexico		3.0%		Employees receive 3 percent of salary range midpoint on anniversary date of employment or promotion. Judicial employees average 3.5 percent of midpoint on anniversary date. State police vary according to their salary plan.
Oklahoma				
lexas				•

State Employment Compensation Changes, Fiscal 1994

	Across-the	· -		
Region/State	Board	Merit	Other	Notes
ROCKY MOUNTAIN				
Colorado	3.2%	5.0%	# *	Only about 36 percent to 40 percent of employees are eligible for merit step increases. The across-the-board increase does not take effect until May 1, 1994.
ldaho	2.0%			About 0.7 percent of the salary increase will be used to pay the employee's share of the second phase of a four phase enhancement in retirement benefits. The state provided agencies with a comparable increase to pay the employer's share of the enhancement.
Montana			•	There is a \$240 per year increase in state contribution to health insurance plans in each year of the fiscal 1994-95 biennium.
Utah	•	2.75%		One step increase for employees with a performance rating of "successful" or above.
Wyoming	***		•	increases range from \$100 to \$1,000 annually depending on base salary. For base salaries less than \$25,000, the increase is \$1,000, while for base salaries greater than \$45,000, the increase is \$100. Health benefit increase of \$20 per month for all employees. The entire package is effective January 1, 1994.
FAR WEST		····		general dunderly 1, 1334.
Alaska		3.5%	-	Monetary terms for three contracts were approved; fiscal 1994 cost- of-living adjustments were not included. Health benefit costs for all employees increased and in some instances, services covered were reduced.
California	2.5%			The across-the-board increase of 5.0 percent will be effective January 1, 1994. Only those employees below the top step of the salary range receive merit increases and these are funded within existing resources. Merit increases average 5 percent.
Hawaii	•		***	Blue collar supervisors, nurses, and firefighters receive a 2 percent across-the-board increase. For other employees (other than employees of schools and educational institutions), contracts are still being negotiated.
Nevada	•••		•	All employees who are not at the top of their grade are entitled to a 5 percent merit increase annually upon achievement of standard performance. This annualizes out to a 2.5 percent in costs.
Oregon		1.5%	1.3%	Across-the-board increase for insurance benefits (no salary increases). Step (merit) increases are used for a portion of the work force.
Washington		.	#	Approximately 40 percent of state employees will receive step increases ranging from 2.5 percent to 5 percent in fiscal 1994. However, the legislature placed a salary freeze on employees whose salaries are higher than \$45,000 annually.

Number of Authorized Full-Time Equivalent Positions in the General Fund, Fiscal 1992 to Fiscal 1994**

				Percent	Percent	to stool of the bas	State-Administered
_	Fiscal	Fiscal 1993	Fiscal 1994	Change, 1992-1994	Change, 1993-1994	Includes Higher Education Faculty	Welfare System
State	1992					Ladoution	X
Alabama	33,153	33,845	34,000	2.55%	<u>0.46%</u> -1.86	X	×
Alaska	18,522	18,185	17,846	-3.65		x	×
Arizona*	31,538	29,355	29,276	-7.17	-0.27		×
Arkansas	17,070	17,070	17,668	3.50	3,50		x
California	132,000	129,000	124,000	-6.06	-3.88	X	
Colorado*	42,057	42,492	44,131	4.93	3.86		
Connecticut	32,494	31,847	32,156	-1.04	0.97		X
Delaware *	19,774	19,544	19,637	-0.69	0.48	<u> </u>	X
Florida	134,321	137,818	141,371	5.25	2.58	X	X
Georgia	81,882	82,458	84,585	3.30	2.58	X	<u>X</u>
Hawaii	30,664	32,371	33,164	8.15	2.45	X	<u>X</u>
Idaho	8,212	8,328	8,508	3.60	2.16	X	X
Illinois "	53,700	52,000	52,600	-2.05	1.15		<u> </u>
Indiana	22,207	22,649	22,669	2.08	0.09		<u>X</u>
lowa	33,314	32,719	33,993	2.04	3.89		
Kansas*	42,328	43,002	43,090	1.80	0.20	X	X
Kentucky	35,850	35,447	37,490	4.57	5.76		X
Louisiana*	50,836	55,396	46,443	-8.64	-16,16		X
Maine	7,508	7,283	6,892	-8.21	-5.37		X
Maryland *	75,965	74,050	73,387	-3.39	-0,90	X	Χ
Massachusetts*	62,988	65,193	64,670	2.67	-0.80	<u> </u>	X
Michigan	59,955	59,104	NA	NA NA	NA NA		X
Minnesota	16,629	16,812	16,398	-1.39	-2.46		
Mississippi	45,958	46,477	46,877	2.00	0.86	X	X
Missouri	27,726	28,603	28,583	3.09	-0.07		X
Montana	15,144	15,127	14,661	3.09	-3.07	X	X
Nebraska	NA	NA	NA	NA .	NA NA		
Nevada	NA	12,685	12,989	NA	2.40		X
New Hampshire	NA	NA	NA	NA	NA		
New Jersey	66,493	65,548	63,949	-3.83	-2.44		
New Mexico*	20,581	20,906	21,335	3,66	2.05		X
New York*	193,800	191,600	189,200	-2.37	-1.25	Χ	
North Carolina	195,616	201,438	202,575	3.56	0.56	X	X
North Dakota*	12,141	12,141	12,165	0.20	0.20	X	
Ohio *	64,543	64,479	64,500	-0.07	0.03		X
Oklahoma	41,020	40,292	39,000	-4.92	-3.21		X
Oregon*	46,999	47,073	45,971	-2.19	-2.34	X	X
Pennsylvania	82,307	83,390	86,290	4.84	3.48		X
Rhode Island*	17,671	17,555	17,022	-3.67	-3.04	Х	X
South Carolina	41,699	41,363	42,415	1.72	2.54	X	X
South Dakota*	12,944	13,349	13,937	7.67	4.40	X	X
Tennessee	38,300	37,800	37,500	-2.09	-0.79		X
Texas	132,338	145,953	NA	NA NA	NA NA		X
Utah	132,338 NA	NA	NA NA	NA NA	NA NA		-,
Vermont*	7,571	7,566	7,560	-0,15	-0.08		X
Virginia	52,733	50,930	51,180	-2.95	0.49	X	7 1
Washington	41,533	41,000	40,000	-3.69	-2.44	X	X
West Virginia	16,179	16,183	16,041	-0.85	-0.88	X	X
Wisconsin	31,416	31,547	32,049	2.02	1,59	x	
Wyoming	8,399	8,320	8,227	-2.05	-1.12		
<u>vvyoming</u> Total	2,256,077	2,287,291	2,077,999	0.06%	-0.22%	. <u> </u>	
10191	Z,Z30,U1/	2,201,231	2,017,333	U.UU70	-0.2270		

NOTES: NA indicates data are not available.

^{*}See Notes to Table A-8.

^{*} The figures on total percent change exclude states without comparable estimates for all three fiscal years.

The decrease from fiscal 1992 to fiscal 1993 is attributable to a change in treatment of university positions. Arizona

Colorado Reflects all budgetary funds.

Delaware includes public school employees.

Illinois Figures adjusted from earlier survey to reflect general funds only.

Kansas Reflects all budgetary funds.

The fiscal 1994 figures exclude Louisiana Health Care Authority positions. Louisiana

Maryland Reflects all budgetary funds. Massachusetts Reflects all budgetary funds.

New Mexico Reflects all budgetary funds.

Figures reflect end-of-year counts for annual and nonannual salaried full-time equivalent employees in the New York

executive, legislative, and judicial branches.

North Dakota Reflects all budgetary funds.

Ohio Reflects all budgetary funds. Oregon Reflects all budgetary funds.

Rhode Island Reflects all budgetary funds.

The state does not differentiate between positions funded from the general fund and total positions. South Dakota

Vermont Reflects all budgetary funds.

TABLE A-9

Fiscal 1993 Tax Collections Compared With Projections Used in Fiscal 1993 Budgets (Millions)

	Sale	s Tax	Personal .	Income Tax	Corporate	Income Tax	Tota/
	Original	Current	Original	Current	Original	Current	Revenue
Region/State	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Collection *
NEW ENGLAND			A 0.000	* 2222	\$ 542	\$ 710	н
Connecticut	\$ 2,023	\$ 2,034	\$ 2,263	\$ 2,382 586	49	72	<u>''</u>
Maine	600	596	661 5,320	5,375	630	737	H
Massachusetts*	2,160	2,124	5,320 NA	5,375 NA	80	120	H
New Hampshire	NA 103	NA	517	500	65	61	NA NA
Rhode Island*	407	415	309	292	28	35	<u> </u>
Vermont	171	166	303	232	<u> 70</u>		
MIDEAST		81 A	488	513	47	41	н
Delaware*	NA 1 701	NA 1 710	3,290	3,079	159	129	
Maryland	1,781	1,718	4,250	4,355	1,022	1,070	H
New Jersey	3,647	3,647	15,284	15,319	3,148	3,235	Н
New York	4,470	4,487	4,841	4,790	1,532	1,456	T
Pennsylvania	4,799	4,829	4,041	4,730	1,332	1,750	•
GREAT LAKES	4 000	4.004	4,647	4,665	599	631	н
Illinois	4,089	4,094		2,413	725	722	-
Indiana	2,449	2,369	2,364	<u></u>	1,819	1,774	<u>`</u>
Michigan	2,970	2,883	3,883	3,711	904	801	<u> </u>
Ohio	3,858	3,774	4,311 3,390	4,227 3,446	460	492	H
Wisconsin	2,245	2,261	3,390.	3,446	400	432	п
PLAINS	0.1.1	1 010	1 657	1,699	254	224	т
lowa	844	1,013	1,657			169	<u> </u>
Kansas	1,151	1,131	1,112	1,144	183	496	H
Minnesota	2,337	2,408	3,030	3,390	427	238	<u></u>
Missouri	1,339	1,340	2,313	2,319	269	103	<u>'</u>
Nebraska	608	586	688	690	105	43	<u> </u>
North Dakota	238	249	129	125	44		
South Dakota	277	279	NA	NA	NA	NA NA	Τ
SOUTHEAST					470	154	-
Alabama	875	908	1,228	1,244	152	154	<u> </u>
Arkansas	1,079	1,118	1,039	1,048	158	161	
Florida	9,066	9,426	NA	NA	835	847	Н Н
Georgia	2,909	2,987	3,317	3,390	479	490	Н
Kentucky	1,413	1,514	1,798	1,733	289	246	L
Louisiana	1,523	1,528	940	919	235	247	Н
Mississippi	861	903	513	565	185	210	H
North Carolina	2,326	2,344	3,797	3,992	443	430	H
South Carolina	1,251	1,251	1,568	1,495	146	158	Н
Tennessee*	2,742	2,899	102	95	285	365	H
Virginia	1,435	1,442	3,488	3,585	300	372	H
West Virginia	636	652	640	621	132	107	L
SOUTHWEST							
Arizona	1,606	1.625	1,330	1,363	205	239	Н
New Mexico	801	826	457	491	73	90	H
Oklahoma	971	958	1,342	1,299	165	132	L L
Texas	9,236	9,064	NA	NA	1,248	1,193	L
ROCKY MOUNTAIN							
Colorado	859	919	1,707	1,786	116	136	Н
Idaho	369	403	500	508	57	70	Н
Montana	N/A	N/A	324	328	44	77	Н
Utah	870	882	838	842	78	84	Н
Wyoming FAR WEST	126	126	NA	NA	NA	NA	T
Alaska*	NA	NA	NA	NA	158	249	т
California	16,145	15,050	17,745	17,210	5,210	4,680	L
Hawaii	1,304	1,303	880	923	42	29	H
Nevada	337	315	NA NA	NA NA	NA	NA NA	<u> </u>
	, NA	NA NA	2,345	2,383	185	200	Н
		110	£,573	2,000	100	200	• • •
Oregon Washington*	3,600	3,663	NA	NA	1,260	1,263	Н

NOTES: NA indicates data are not available.

^{*}See Notes to Table A-9.

^{**}Key: L=Revenues lower than estimates. H=Revenues higher than estimates, T=Revenues on target.

Alaska Corporate income tax collections include settlement of outstanding taxes of \$114.9 million.

Delaware Figures represent collections net of refunds.

Massachusetts Figures represent collections net of refunds.

New York Sales tax collections are before the deposit to the Local Government Assistance Tax Fund.

Rhode Island Corporate taxes for fiscal 1994 reflect tax reductions.

Tennessee Sales tax collections include services tax on nonmedical services.

Washington Corporate income tax figures are for the corporate business and occupations tax.

TABLE A-10

Fiscal 1993 Tax Collections Compared With Projections Used in Fiscal 1994 Budgets (Millions)

Region/State			Sale	s Tax	Personal	Income Tax	Corporate	ncome Tax	
Connecticut 3 2,034 5 2,132 5 2,4894 5 710 5 607	Region/State	Fiscal	1993	Fiscal 1994	Fiscal 1993	Fiscal 1994	Fiscal 1993	Fiscal 1994	
Connected September Connected Conn	NEW ENGLAND			1.00 0.00					
Maine 2,000 2,000 3,00	Connecticut	\$ 2,0	334						
Mary Hampshire	Maine		596						
New Hampshire NA NA NA NA NA NA NA N	Massachusetts*	2,	124	2,323					
Minde Selent 166			NA	NA_					
Vermont*	Rhode Island*		415	431					
Delaware* NA NA S13 528 41 49			166	145	292	296_	35	38	
Delaware	MIDEAST								
Maryland	Delaware*		NA						
New York		1,	718	1,795			· · · · · · · · · · · · · · · · · · ·		
New York		3,	647	3,920					
Pennsylvania 4,829 5,043 4,790 4,947 1,456 1,613 GRRAT LAKES Illinois* 4,094 4,323 4,665 4,960 631 731		4,	487	4,608	15,319				
GREAT LAKES				5,043	4,790	4,947	1,456	1,613	
Illinois* 4,094 4,323 4,665 4,960 631 73									
Indiane		4.	094	4.323	4,665	4,960			
Michigen 2,883					2,413	2,536	722	769	
Ohio							1,774		
Wisconsin 2,261 2,280 3,446 3,450 492 485 PLAINS 1,013 1,062 1,599 1,786 224 234 Lowe 1,131 1,196 1,144 1,158 169 195 Kensas 1,131 1,196 1,144 1,158 169 195 Kensas 1,131 1,196 1,144 1,158 169 195 Misnosota 2,408 2,555 3,390 3,442 496 556 Missouri 1,340 1,380 2,319 2,440 238 289 Mobraska 586 567 690 738 103 110 North Dakota 249 249 125 125 43 46 South Dakota 279 303 NA NA NA NA NA SOUTHEAST 3,000 3,52 1,244 1,304 154 161 Arkensas 1,118 1,156 1,048 1,109 161 166 Florida 9,426 10,457 NA NA 847 884 Georgia 2,987 3,191 3,390 3,624 490 480 Kentucky 1,514 1,486 1,733 1,916 246 316 Kentucky 1,514 1,486 1,733 1,91 2,46 316 Kentucky 1,514 1,486 1,733 3,191 2,46 316 Louisiana 1,528 1,660 319 960 247 273 Mississippi 903 897 565 544 210 180 North Carolina 2,344 2,456 3,992 4,124 430 512 South Carolina 1,251 1,250 1,495 1,546 158 139 Virginia 1,442 1,518 3,585 3,799 372 306 West Virginia 652 686 621 686 107 120 SOUTHWEST 1,625 1,700 1,363 1,400 239 205 New Mexico 826 853 491 511 90 83 Oklahoma 958 1,013 1,299 1,370 132 147 Texas' 9,064 9,321 0 0 1,193 913 ROCKY MOUNTAIN 126 182 NA NA NA NA NA FAR WEST NA NA NA 328 248 77 61 Utah 882 910 842 905 84 88 Wyoming 126 182 NA NA NA NA NA NA NA N							801	875	
PIAINS							492	485	
Lowe				2,200					
Name		1	012	1.062	1 699	1.786	224	234	
Name								195	
Minimisor 1,340 1,380 2,319 2,440 238 269 Nebraske 586 667 690 738 103 110 North Dakota 249 249 125 125 43 46 South Dakota 279 303 NA NA NA NA NA South Dakota 352 1,244 1,304 154 161 Arkansas 1,118 1,156 1,048 1,109 161 166 Arkansas 1,118 1,156 1,048 1,109 161 166 Arkansas 1,118 1,156 1,048 1,109 161 166 Georgia 2,987 3,191 3,390 3,624 490 480 Georgia 2,987 3,191 3,390 3,624 490 480 Louisiana 1,528 1,660 919 960 247 273 Mississippi 903 897 565 544 210 180 North Carolina 2,344 2,456 3,992 4,124 430 512 South Carolina 1,251 1,250 1,495 1,546 158 139 Tennasse 2,889 2,968 95 100 365 392 Virginia 1,442 1,518 3,585 3,799 372 306 West Virginia 652 686 621 660 107 120 SOUTHWEST Arizona 1,625 1,700 1,363 1,400 239 205 Arizona 1,625 1,700 1,363 1,400 239 205 New Mexico 826 853 491 511 90 83 Arizona 1,625 1,700 1,363 1,400 239 205 New Mexico 826 853 491 511 90 83 Oklahoma 958 1,013 1,299 1,370 132 147 Texas* 9,064 9,321 0 0 1,193 913 ROCKY MOUNTAIN Colorado 919 917 1,786 1,795 136 125 Idaho 403 421 508 532 70 59 Montana NA NA NA 328 248 77 61 Utah 882 910 842 905 84 88 Wyoming 126 182 NA NA NA NA NA FAR WEST NA NA NA NA NA NA NA N								556	
Nebraske 586 667 690 738 103 110 North Dakota 249 249 125 125 43 46 South Dakota 279 303 NA NA NA NA NA SOUTHEAST 308 352 1.244 1.304 154 161 Arkanses 1.118 1.156 1.048 1.109 161 166 Floride 9.426 10.457 NA NA 847 884 Kentucky 1.514 1.486 1.733 1.916 246 316 Kentucky 1.514 1.486 1.733 1.916 246 316 Kontucky 1.514 1.486 1.733 1.916 246 316 Mississippi 903 897 565 544 210 180 North Caroline 2.344 2.456 3.992 4.124 430 512 South Caroline 1.251 1.250 1.495 1.546 158 139 Tennessee* 2.899 2.968 95 100 365 392 Virginie 1.442 1.518 3.585 3.799 3.72 306 West Virginis 655 686 621 660 107 120 SOUTHWEST Arizone 1.625 1.700 1.363 1.400 239 205 New Mexico 826 853 491 511 90 83 ROCKY MOUNTAIN Colorado 919 917 1.786 1.795 136 125 Idaho 403 421 508 532 70 59 Montana NA NA 328 248 77 61 Utah 882 910 842 905 84 88 Wyoming 126 182 NA NA NA NA NA FAR WEST NA NA NA NA NA NA NA FAR WEST NA NA NA NA NA NA NA N									
North Dakota 249 249 125 125 43 46						···			
North Dakota 279 303									
SOUTH BEAST Alabama 908 352 1,244 1,304 154 161 166									
Alabama 908 352 1,244 1,304 154 161 166 Arkansas 1,118 1,156 1,048 1,109 161 166 166 166 9,426 10,457 NA			2/9	303	NA NA	IVA.			
Arkansas 1,118 1,156 1,048 1,109 161 166 Florida 9,426 10,457 NA NA NA 847 884 Florida 9,426 10,457 NA NA NA 847 884 Georgia 2,987 3,191 3,390 3,624 490 480 Kentucky 1,514 1,486 1,733 1,916 246 316 Louisiana 1,528 1,660 919 960 247 273 Mississippi 903 897 565 544 210 180 North Carolina 2,344 2,456 3,992 4,124 430 512 South Carolina 1,251 1,250 1,495 1,546 158 139 Tennessee* 2,899 2,968 95 100 365 392 Virginia 1,442 1,518 3,585 3,799 372 306 West Virginia 652 686 621 660 107 120 SOUTHWEST Arizone 1,625 1,700 1,363 1,400 239 New Mexico 826 853 491 511 90 83 New Mexico 826 853 491 518 90 848 Notician 919 917 1,786 1,795 136 125 Idaho 403 421 508 532 70 59 Montana NA NA NA 328 248 77 61 Utah 882 910 942 905 84 88 Wyoming 126 182 NA N					1 044	1 204	154	161	
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North Carolina 1,528 1,660 919 960 247 273									
Mississippi 903 897 565 544 210 180 North Carolina 2,344 2,456 3,992 4,124 430 512 South Carolina 1,251 1,250 1,495 1,546 158 139 Tennessee* 2,899 2,968 95 100 365 392 Virginia 1,442 1,518 3,585 3,799 372 306 West Virginia 652 686 621 660 107 120 SOUTHWEST Arizona 1,625 1,700 1,363 1,400 239 205 New Mexico 826 853 491 511 90 83 Oklahoma 958 1,013 1,299 1,370 132 147 Texas* 9,064 9,321 0 0 1,193 913 Colorado 919 917 1,786 1,795 136 125 Idaho 403	Kentucky								
North Carolina 2,344 2,456 3,992 4,124 430 512	Louisiana								
South Carolina	Mississippi					·······			
Tennessee	North Carolina	2,	344						
Virginia 1,442 1,518 3,585 3,799 372 306 West Virginia 652 686 621 660 107 120 SOUTHWEST Arizone 1,625 1,700 1,363 1,400 239 205 New Mexico 826 853 491 511 90 83 Oklahoma 958 1,013 1,299 1,370 132 147 Texas* 9,064 9,321 0 0 0 1,193 913 ROCKY MOUNTAIN Colorado 919 917 1,786 1,795 136 125 Idaho 403 421 508 532 70 59 Montana NA NA 328 248 77 61 Utah 882 910 842 905 84 88 Wyoming 126 182 NA NA NA NA NA	South Carolina	1,	251	1,250					
West Virginia 652 686 621 660 107 120 SOUTHWEST Arizona 1,625 1,700 1,363 1,400 239 205 New Mexico 826 853 491 511 90 83 Oklahoma 958 1,013 1,299 1,370 132 147 Texas* 9,064 9,321 0 0 0 1,193 913 ROCKY MOUNTAIN Coloredo 919 917 1,786 1,795 136 125 Idaho 403 421 508 532 70 59 Montana NA NA 328 248 77 61 Utah 882 910 842 905 84 88 Wyoming 126 182 NA NA NA NA Alaska* NA NA NA NA NA 249 168 Calif	Tennessee *	2,	899	2,968	95				
West Virginia 652 686 621 660 107 120 SOUTHWEST Arizona 1,625 1,700 1,363 1,400 239 205 New Mexico 826 853 491 511 90 83 Oklahoma 958 1,013 1,299 1,370 132 147 Texas* 9,064 9,321 0 0 0 1,193 913 ROCKY MOUNTAIN Colorado 919 917 1,786 1,795 136 125 Idaho 403 421 508 532 70 59 Montana NA NA 328 248 77 61 Utah 882 910 842 905 84 88 Wyoming 126 182 NA NA NA NA Alaska* NA NA NA NA NA 249 168 Calif	Virginie	1,	442	1,518	3,585	3,799			
SOUTHWEST Arizone 1,625 1,700 1,363 1,400 239 205 New Mexico 826 853 491 511 90 83 Oklahoma 958 1,013 1,299 1,370 132 147 Texas* 9,064 9,321 0 0 1,193 913 ROCKY MOUNTAIN Colorado 919 917 1,786 1,795 136 125 Idaho 403 421 508 532 70 59 Montana NA NA 328 248 77 61 Utah 882 910 842 905 84 88 Wyoming 126 182 NA NA NA NA FAR WEST NA NA NA NA 249 168 California 15,050 14,180 17,210 17,686 4,680 4,762 Hawaii 1,303<			652	686	621	660	107	120	
Arizona 1,625 1,700 1,363 1,400 239 205 New Mexico 826 853 491 511 90 83 Oklahoma 958 1,013 1,299 1,370 132 147 Texas* 9,064 9,321 0 0 1,193 913 ROCKY MOUNTAIN Colorado 919 917 1,786 1,795 136 125 Idaho 403 421 508 532 70 59 Montana NA NA 328 248 77 61 Utah 882 910 842 905 84 88 Wyoming 126 182 NA NA NA NA NA FAR WEST Alaska* NA NA NA NA 249 168 Celifornia 15,050 14,180 17,210 17,686 4,680 4,762 Hawaii 1,303									
New Mexico 826 853 491 511 90 83 Oklahoma 958 1,013 1,299 1,370 132 147 Texas* 9,064 9,321 0 0 0 1,193 913 ROCKY MOUNTAIN Colorado 919 917 1,786 1,795 136 125 Idaho 403 421 508 532 70 59 Montana NA NA 328 248 77 61 Utah 882 910 842 905 84 88 Wyoming 126 182 NA NA NA NA NA FAR WEST Alaska* NA NA NA NA NA 249 168 California 15,050 14,180 17,210 17,686 4,680 4,762 Hawaii 1,303 1,376 923 892 29 42 Nevada		1.	625	1,700	1,363	1,400	239	205	
Oklahoma 958 1,013 1,299 1,370 132 147 Texas* 9,064 9,321 0 0 1,193 913 ROCKY MOUNTAIN Colorado 919 917 1,786 1,795 136 125 Idaho 403 421 508 532 70 59 Montana NA NA 328 248 77 61 Utah 882 910 842 905 84 88 Wyoming 126 182 NA NA NA NA NA FAR WEST Alaska* NA NA NA NA NA 249 168 California 15,050 14,180 17,210 17,686 4,680 4,762 Hawaii 1,303 1,376 923 892 29 42 Nevada 315 327 NA NA NA NA Oregon			826	853	491	511	90		
Texas* 9,064 9,321 0 0 1,193 913 ROCKY MOUNTAIN Colorado 919 917 1,786 1,795 136 125 Idaho 403 421 508 532 70 59 Montana NA NA 328 248 77 61 Utah 882 910 842 905 84 88 Wyoming 126 182 NA NA NA NA NA NA FAR WEST Alaska* NA NA NA NA NA 249 168 California 15,050 14,180 17,210 17,686 4,680 4,762 Hawaii 1,303 1,376 923 892 29 42 Nevada 315 327 NA NA NA NA NA Oregon NA NA 2,383 2,505 200 199				1.013	1,299	1,370	132	147	
ROCKY MOUNTAIN Colorado 919 917 1,786 1,795 136 125 Idaho 403 421 508 532 70 59 Montana NA NA 328 248 77 61 Utah 882 910 842 905 84 88 Wyoming 126 182 NA NA NA NA NA NA FAR WEST Alaska* NA NA NA NA NA 249 168 California 15,050 14,180 17,210 17,686 4,680 4,762 Hawaii 1,303 1,376 923 892 29 42 Nevada 315 327 NA NA NA NA Oregon NA NA 2,383 2,505 200 199 Washington* 3,663 3,816 NA NA NA 1,263 1,504 <							1,193	913	
Colorado 919 917 1,786 1,795 136 125 Idaho 403 421 508 532 70 59 Montana NA NA 328 248 77 61 Utah 882 910 842 905 84 88 Wyoming 126 182 NA 168 4,680 4,762 4,680 4,762 4,680 4,762 4,680 4,762 4,880 1,303 1,376 923 892 29 42 1,004 1,004 1,004 1,004 1,004 1,004 1,004 1,004 1,004 1,004 1,004 1,004 1,004 1,004 1,004 1,004 1,004 1,004 1,004				- / + - :					
Idaho 403 421 508 532 70 59 Montana NA NA NA 328 248 77 61 Utah 882 910 842 905 84 88 Wyoming 126 182 NA NA <td< td=""><td></td><td></td><td>919</td><td>917</td><td>1.786</td><td>1.795</td><td>136</td><td>125</td></td<>			919	917	1.786	1.795	136	125	
Montana NA NA 328 248 77 61 Utah 882 910 842 905 84 88 Wyoming 126 182 NA NA <td></td> <td>···</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>		···							
Utah 882 910 842 905 84 88 Wyoming 126 182 NA 168 California 15,050 14,180 17,210 17,686 4,680 4,762 Hawaii 1,303 1,376 923 892 29 42 Na 1,263 1,504									
Wyoming 126 182 NA NA NA NA NA FAR WEST Alaska* NA NA NA NA NA 249 168 Celifornia 15,050 14,180 17,210 17,686 4,680 4,762 Hawaii 1,303 1,376 923 892 29 42 Nevada 315 327 NA NA NA NA Oregon NA NA 2,383 2,505 200 199 Washington* 3,663 3,816 NA NA NA 1,263 1,504									
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Alaska* NA NA NA NA 249 168 California 15,050 14,180 17,210 17,686 4,680 4,762 Hawaii 1,303 1,376 923 892 29 42 Nevada 315 327 NA NA NA NA Oregon NA NA 2,383 2,505 200 199 Washington* 3,663 3,816 NA NA NA 1,263 1,504			120	104	<u> NA</u>	NA NA			
California 15,050 14,180 17,210 17,686 4,680 4,762 Hawaii 1,303 1,376 923 892 29 42 Nevada 315 327 NA NA NA NA Oregon NA NA 2,383 2,505 200 199 Washington* 3,663 3,816 NA NA NA 1,263 1,504			AI A	A1 A	A.F.A.	A I A	249	162	
Hawaii 1,303 1,376 923 892 29 42 Nevada 315 327 NA NA NA NA Oregon NA NA 2,383 2,505 200 199 Washington* 3,663 3,816 NA NA NA 1,263 1,504						· · · · · · · · · · · · · · · · · · ·	<u> </u>		
Nevade 315 327 NA NA NA NA Oregon NA NA NA 2,383 2,505 200 199 Washington* 3,663 3,816 NA NA NA 1,263 1,504									
Oregon NA NA 2,383 2,505 200 199 Washington* 3,663 3,816 NA NA 1,263 1,504					·······		—····		
Washington* 3,663 3,816 NA NA 1,263 1,504									
Westington 0,000 0,010		•							
Total \$104,506 \$105,311 \$110,838 \$112,653 \$25,586 \$24,472	***************************************								
	Total	\$104,	506	\$105,311	\$110,838	\$132,653	\$25,586	\$24,472	

NOTES: NA indicates data are not available.

^{*}See Notes to Table A-10. The fiscal 1993 figures reflect the latest tax collection estimates as shown in Table A-9. The total percentage change from fiscal 1993 to fiscal 1994 for all sources is 4.2 percent.

Alaska Corporate income tax collections include settlement of outstanding taxes of \$114.9 million.

Delaware Figures represent collections net of refunds.

Illinois Fiscal 1994 projections are affected by different annual diversion rates.

Massachusetts Figures represent collections net of refunds.

New York Sales tax collections are before the deposit to the local government assistance tax fund.

Rhode Island Corporate taxes for fiscal 1994 reflect tax reductions.

Tennessee Sales tax collections include services tax on nonmedical services.

Corporate income tax collections for fiscal 1994 reflect the decrease from the credit for previous sales tax paid Texas on manufacturing equipment. Sales tax collections in fiscal 1994 reflect the phase out of the tax on

manufacturing equipment.

Vermont Fiscal 1994 revenues reflect the decrease in revenues as a result of the expiration of temporary tax increases passed in 1991. The sales tax decreased from 5 percent to 4 percent from July 1993 to September 1993 and then was restored to 5 percent. The meals and rooms tax decreased from 8 percent to 7 percent on July 1,

1993. The personal income tax decreased from 28 percent to a flat 25 percent effective January 1, 1994. However, by act of the special legislative session the sales tax was increased from 4 percent to 5 percent effective September 1, 1993, and is due to sunset to 4 percent on July 1, 1995.

Washington Corporate income tax figures are for the corporate business and occupations tax.

TABLE A-11

Enacted	Revenue	Changes	hv	Type	οf	Revenue,	Fiscal	1994
	IICTCIIGC	Olluliges	~ 7	: T P ~	•	itorciido,	1 10001	

State	Tax Change Description	Effective Date	Fiscal 1994 Revenue Change (Millions)
	SALES TAX		· · · · · · · · · · · · · · · · · · ·
Arizona	Phase-out of sales tax on commercial leases over five years.	7/93	-8.1
	Exempt certain end user common charges and carrier access charges from sales taxation (retroactive).	1/84	-1.0
	Exempt nursing care institutions from commercial lease tax (retroactive).	1/86	-1.0
	Exempt non-profit residential care homes from sales taxes on purchases for operations (retroactive).	1/82	-1.3
California	Extends 0.5 percent sales tax for six months (to December 31, 1993).	7/93	744.0
Connecticut	Exemption for miscellaneous goods and services.	7/93	-3.6
Florida	Retroactive exemption for certain promotional materials.	5/93	-4.7
Louisiana	Suspend exemptions (large items are food and utilities).	7/94	96.0
Maine	Maintaining the 6 percent sales tax and not returning it to 5 percent.	7/93	81.5
Maryland	Exemptions for sales of certain research and development equipment, testing equipment and computer programs, and fuel rate adjustment charges in condominiums; liberalizes the use of resale certificates; extends sales tax due date by six days.	7/93	-5.6
Minnesota	Changes collections and compliance.	7/93	4.9
New Mexico	Miscellaneous base changes.	7/93	-2.2
New York	5 percent excise tax on information and entertainment services sold via telephone.	9/93	5.0
Ohio	Extend sales tax to more services. Collect tax from federal contractors.	1/93 and 7/93	221.7
Oregon	Sales tax on goods subject to voter approval in November 1993 would raise an estimated \$170 million and be effective May 1994.	***	
Rhode Island	Restore exemption for sales of patient medicines.	7/93	-2.0
Texas	Phase-out of tax on manufacturing equipment.	10/93	-292.0
Vermont	Effective September 1, 1993, the sales tax increased from 4 percent to 5 percent.	9/1/93	25.0
Washington	Extension of sales tax to selected services and miscellaneous other charges.	7/93	43.0
West Virginia	Elimination of indirect use exemption for those subject to business and occupation, severance, or telecommunications taxes.	6/93	10.0
Wyoming	A 1 cent increase in sales tax (from 3 percent to 4 percent).	7/93	55.9
	PERSONAL INCOME TAX		
Arizona	increase exemption for those 65 and older.	1/93	-2.7
	Increase exemption for dependents.	1/93	-5.6
	Lower income threshold for which filers can take deductions for medical expenses.	1/93	-2.3
California	Suspends renters' tax credit for 1993 and 1994 (\$390 million) and repeals small employer health care tax credit.	1/93 and 1/94	440.0
Connecticut	Conform to federal IRS code on estimated payments; pay higher of Connecticut tax or 23 percent of Federal Alternative Minimum Tax.	1/93	4.6
Illinois	Permanent extension of temporary rate.	7/93	0.0
Maine	Sunset of the personal income tax surcharge.	7/13/93	-42.3
Maryland	includes revised minor adjustments. Principal item is change of subtraction modification for two-income households from "two earners" subtraction modification to "two income" subtraction modification.	1/93	-4.5
Minnesota	Working family credit.	1/93	-6.1
	Adopt federal withholding schedule.	Various	9.6
	Labor contract tax loss.	7/93	-5.0
	Collections and compliance.	7/93	4.9

TABLE A-11 (continued)

State	Tax Change Description	Effective Date	Fiscal 1994 Revenue Change (Millions)
Missouri	Cap federal income tax deduction at \$5,000 on a single taxpayers return, \$10,000 on combined return.	1/94	76.4
Montana	Complete revision of tax (eliminates itemized deductions).		30.2
New Mexico	Eliminate rebates to low income taxpayers coupled with increased AFDC and other social service spending.	1/93	20.3
North Carolina	Increases child care credit by 4.25 million in fiscal 1995 and 4.55 million in fiscal 1996.	1/94	0.0
Ohio	Add new tax bracket for incomes over \$200,000. Cap contributions to local government fund.	1/93 and 7/93	66.8
Oregon	Net effect of tax credits reconnect to Federal Code.	Various	4.9
Rhode island	Allow surtax on upper income taxpayers to sunset.	12/93	-8.4
Vermont	Personal income tax sunsets from 28 percent (plus tiers) to 25 percent (no tiers).	1/94	-29.5
West Virginia	Lottery winnings are not subject to tax.	1/93	1.3
Wisconsin	Create head-of-household standard deduction. Increase health insurance deduction for self employed.	1/94	0.0
	CORPORATE TAXES		
California	Repeals small employer health care tax credit.	1/94	70.0
Connecticut	Reduce rate from 11.5 percent to 10.0 percent by January 1, 1998; eliminate tax on Mutual Funds and Real Estate Investment Trusts (REITS). Reduce interest rate from 20 percent to 15 percent.	1/93	-1.9
daho	Unitary group tax change.	1/93	-2.0
Ilinois	Permanent extension of temporary rate.	7/93	0.0
ndiana	Change of filing date.	.,	120.0
ouisiana_	Reclassify dividends, interest, and capital gains.	1/93	23.0
Maine	Sunset of the Corporate Income Tax surcharge.	7/13/93	-5.5
Massachusetts	Investment tax credit increased from 1 percent to 3 percent.	1/93	-2.0
Minnesota	Update to internal revenue code.	1/94	2.0
Missouri	Limit federal income tax deduction to 50 percent of tax paid and income tax rate to 6.25 percent.	9/93	29.3
/ontana	Graduated rate imposed with increase in minimum tax.		3.2
lew Hampshire	Rate decreased from 8 percent to 7.5 percent and business enterprise tax enacted. Together they were revenue neutral.	7/93	-14.0
	Tax on wages, interest, and dividends at 0.25 percent.	7/93	24.0
lew Mexico	Surcharge to recover losses due to the Kreft decision.	1/93	1.3
lew York	Uncoupled from section 847 of Internal Revenue Code; accelerate deposit of estimated taxes; redefine investment.	1/93	31.0
lorth Carolina	increases number of counties that qualify for the jobs creating tax credit by 1 million in fiscal 1995 and by 1.5 million in fiscal 1996.	1/1/94	0.0
hio	Tax railroads under the corporate tax.	1/93 and 7/93	7.8
regon	Net effect of tax credits and reconnect to Federal Code.	7/93	-1.0
hode Island	Elimination of 11 percent corporate surtax.	1/94	-3.8
	Increase existing investment credit from 2 percent to 4 percent.	1/94	-1.9
exas	Credit for previously paid sales tax on manufacturing equipment.	1/94	-318.0
/ashington	Increase business and occupation tax from 1.5 percent to 2.5 percent.	7/93	240.0
est Virginia	Net operating loss carrybacks limited to \$300,000 for all years.	1/93	3.0

State	Tax Change Description	Effective Date	Fiscal 1994 Revenue Change (Millions)	
	CIGARETTE AND TOBACCO TAXES			
Arkansas	Increase of 12.5 cents per pack in fiscal 1993 and 9.5 cents per pack in fiscal 1994. Increase tax on tobacco products by 9 percent in fiscal 1993 and 7 percent in fiscal 1994.	Various	28.6	
Connecticut	increase tax by two cents per pack.	7/93	3.8	
Hawaii	Changed tax from 40.0 percent ad valorum to three cents per cigarette.	7/93	7.2	
Illinois	Increase tax by fourteen cents per pack	10/93	105.0	
Massachusetts	Rate increased from twenty-six cents per pack to fifty-one cents per pack.	1/93	107.2	
Minnesote	Cigarette, tobacco, and liquor excise tax liability remittance change.	1/94	2.8	
Missouri	Additional two mills tax.	10/93	18.3	
	New tax upon first sale of tobacco products, other than cigarettes, 10 percent of manufacturer invoice before discount deals.	10/93	2.5	
Nebraska	Increase rate from twenty-seven cents to thirty-two cents.	7/93	6.8	
New Mexico	Six cent cigarette tax increase; 0.5 cent de-earmarking.	7/93	6.3	
New York	increase tax by seventeen cents per pack.	6/93	144.0	
North Dakota	Increase tax by fifteen cents per pack from twenty-nine cents to forty-four cents.	7/93	7.6	
Ohio	Increase tax by six cents per pack and tax other tobacco products.	1/93	66.5	
Oregon	increase tax by ten cents per pack, sunsets July 1, 1995.		15.0	
Rhode Island	Increase tax by seven cents per pack.	7/93 .	5.7	
Washington	Tax rate increases from thirty-four cents per pack as of July 1993 to seventy-five cents per pack as of July 1996 to support health care reform.	7/93	107.0	
	MOTOR FUEL TAXES			
Delaware	Three cents per gellon increase.	9/93	10.5	
	One cent per gallon increase effective January 1995.	1/95	0.0	
	Three cents per gallon increase on special fuel effective January 1995.	1/95	0.0	
Missouri	increase of two cents per gallon.	4/94	70.0	
Montana	Four cent increase in motor fuel taxes (another three cents in fiscal 1995).	NA	18.8	
New Mexico	Six cent gasoline tax increase; one cent special fuel increase.	7/93	43.3	
Ohio	One cent per gallon increase.	7/93	55.0	
Rhode Island	Two cents per gallon increase.	7/93	7.8	
West Virginia	Five cents per gallon increase for gasoline tax from 15.5 cents to 20.5 cents per gallon.	5/93	50.0	
	ALCOHOLIC BEVERAGES			
Connecticut	Rate reduction for small wineries.	7/93	-0.05	
Maine	Increase liquor licenses.	7/93	0.8	
New Mexico	Raise taxes on wine, beer, and spirits (\$11.0 million) and de-earmarks funds from detoxification fund (\$9.0 million).	7/93	20.1	
Dhio	Increase tax on alcoholic beverages and liquor.	1/93	12.8	
Washington	Tax rate per 750 mm bottle increases from twenty-seven cents in July 1993 to fifty-four cents in July 1996 to support health care reform.	7/93	12.0	

TABLE A-11 (continued)

			Fiscal 1994
State	Tax Change Description	Effective Date	Revenue Change (Millions)
	OTHER TAXES		
Alabama	Equalize Insurance Premium Tax on in-state and out-of-state insurance companies resulting in a \$28.2 million revenue increase in fiscal 1993.	5/93	0.0
Arizona	Reduced tax rate on Workers' Compensation premiums.	7/93	-7.5
Arkansas	1 percent gross receipts tax in fiscal 1993, 2.8 percent and 4.78 percent in fiscal 1994 on home services, and intermediate care facilities.	2/93	14.0
	4.5 percent gross receipts tax on luxury services previously exempted.	3/93	6.9
	Two cents per 12-ounce excise tax on soft drinks.	3/93	15.0
	Limits the discount retailers receive for collecting sales taxes at 2 percent of gross receipts or \$1,000 a month, whichever is less.	2/93	5.4
Connecticut	Two dollar tax on auto tires.	7/93	5.5
Florida	Reduce perimutual tax rates.	5/93	-6.6
	Insurance policy surcharge.	7/93	12.7
Hawaii	Raised conveyance tax rates from \$.05/\$100 to \$.10/\$100.	7/93	4.0
•	Established tax on long-term and acute health care facilities.	7/93	29.9
Illinois	Increased tobacco products tax excluding cigarettes.	7/93	10.0
Maine	Gross receipts tax on nursing homes.	7/13/93	17.8
Massachusetts	Estate taxes move to "sponge tax" over five years.	1/93 - 7/97	-24.8
Michigan	Repeal inheritance tax.	1/94	-10.0
Minnesota	Health care provider tax.	7/93	35.5
	Hazardous waste tax.	1/94	2.0
	Solid waste disposal tax.	7/93	7.0
	Special fuel tax.	7/93	1.5
Montana	Numerous miscellaneous changes in minor sources.		-1.1
Nebraska	Reduce parimutual tax.	9/93	-1.1
Nevada	Rate of business privilege tax equalized at \$25 per quarter.	7/93	4.3
	Insurance premium tax based on estimates of current premium year.	1/95	30.0
New Hampshire	Real estate transfer tax rate decreased from \$5.25 to \$5.00/\$1,000.	7/93	-2.0
	Communications tax rate decreased from 6 percent to 5.5 percent.	7/93	-2.0
	Savings bank tax repealed.	7/93	-4.0
New Mexico	Raise tax on natural gas by 0.85 percent (\$12.6 million); leased vehicle surcharge (\$5.1 million).		17.7
New York	Various redefinitions in real property gains tax provisions.	Various	-25.0
North Carolina	Increases scrap tire disposal tax by 3.6 million in fiscal 1995 and 3.8 million in fiscal 1996.	1/94	0.0
North Dakota	Increased excise tax on winnings from pull-tab gambling tickets from 2 percent to 4.5 percent.	7/93	4.0
	Highway contractor tax. Adds a 5 percent sales tax to all state highway construction projects.	7/93	4.4
Ohio 	Excise tax on soft drinks and nonalcoholic beverages. Exempt gifts to charity.	1/93	66.5
Tennessee	Medical services tax repealed January 1, 1994, subject to Medicaid waiver approval.	1/94	-210.0
Texas	Repeal of bingo tax.		-10.0
/ermont	Meals and room tax rate sunsets from 8 percent to 7 percent.	7/93	-4.5
Vashington	Surtax on services (temporary).	7/93	51.0
Vest Virginia	Raise the minimum coal severance tax rate to \$0.75.	5/93	5.0
	Eliminate investment credit applications against sales and use tax.	5/93	1.7
	Deferral of 20 percent of super credit for three more years.	5/93	15.0
	Alternative appointment super credit applications.	5/93	3.5
	Reduction in capital company credit authorizations to \$5 million per year.	7/93	3.0
Visconsin	Increase recycling surcharge. Gross receipts exclusion.	1/94	0.0

TABLE A-11 (continued)

State	Tax Change Description	Effective Date	Fiscal 1994 Revenue Change	
	FEES	Date	(Millions)	
Alaska	Increase fees for motor vehicle registrations, permit applications, and occupational licenses.	Various	21.5	
Arkansas	Various user fees to replace agency general revenues.	NA	21.8	
Connecticut	Imposition of fees on adoption and X ray.	7/93	0.8	
Delaware	Increase in criminal court costs.	7/93	1.8	
	Increase in stationary source pollution penalty fees due to Clean Air Act Amendments.	NA	3.5	
	Increase motor vehicle document fee.	9/93	6.5	
Florida	Revision of administrative provisions for container disposal fees.	10/93	6.7	
	Wastewater treatment fees.	7/93	2.9	
	University and community college tuition increase.	7/93	12.7	
Illinois	Title fee increase for library grants and organ donor awareness.	7/93	3.0	
	Bed licensing fees.	7/93	55.0	
	Eliminated bed tax for long-term care facilities provider assessments fees.	7/93	-217.0	
lowa	Court fees.	7/93	5.5	
Maine	Delay sunset of insurance company tax advance payments.	7/13/93	6.4	
Maryland	Insurance accreditation.	Varies	4.8	
	Lab fees.	Varies	3.0	
	District courts fees.	Varies	1.8	
	Miscellaneous.	Varies	3.9	
Massachusetts	Reduce motor vehicle license fees by \$10.	8/93	-28.0	
Minnesota	Various fee increases including health licensing, inspections, motor vehicle, environmental, and court fees.	Various	48.7	
Nebraska	increase in selected motor vehicle user fees and covet fees.	7/93	9.0	
New Hampshire	Corporation filing fees reduced.	7/93	-4.0	
New Mexico	Raise corporation fees (\$2.5 million); liquor licenses (\$1.0 million); miscellaneous.	7/93	5.4	
New York	Increase in nonresident hunting and fishing licenses; certain exhibitors licenses.		5.0	
North Carolina	Increase in court fees.	1/1/93	5.9	
Ohio	Franchise fee on nursing home beds.	7/93	43.0	
Oklahoma	Increase in traffic record summary report fees.		5.5	
	Increase in size and weight fees issued by the Department of Public Safety.		1.8	
Rhode Island	includes various general revenues and restricted fee increases.	7/93	1.3	
Texas	Charge a \$50 driver's license reinstatement fee for driving-while- intoxicated (DWI) offenders.		2.0	
Washington	Miscellaneous budget driver revenue.	7/93	125.0	
West Virginia	New bingo and charitable raffle fees and 6 percent tipboard tax.	7/93	1.7	
	New Medicaid tax.	6/93	100.0	
Visconsin	Increase petroleum inspection fee for environmental cleanup.	1/94	26.7	
Vyoming	Increase in various fees.	7/93	2.5	

NOTE: NA indicates data are not available.

Total Balances and Balances as a Percent of Expenditures, Fiscal 1992 to Fiscal 1994

	Total Balances (Millions)*			Balances as a Percent of Expenditures		
Region/State	Fiscal 1992	Fiscal 1993	Fiscal 1994	Fiscal 1992	Fiscal 1993	Fiscal 1994
NEW ENGLAND						
Connecticut	\$ 110	\$ 76	\$ 5	1.6%	1.0%	0.1%
Maine	14	12	0	0.9	0.7	0.0
Massachusetts	498	382	324	3.8	2.7	2.2
New Hampshire	19	67	46	2.6	8.9	5.3
Rhode Island	9	30	43	0.5	1.9	2.9
Vermont	-65	-46	6	-9.9	-7.1	0.9
MIDEAST		,				<u> </u>
Delaware	153	210	166	. 12.4	16.6	12.0
Maryland	-56	61	175	-0.9	1.0	2.7
New Jersey	761	848	266	5.2	5.9	1.8
New York	0	67	134	0.0	0.2	0.4
Pennsylvania	11	223	52	0.1	1.6	0.3
GREAT LAKES						0.3
Illinois	131	172	200	1.1	1.4	1.6
Indiana	468	310	205	8.1	4.9	3.1
<u>Michigan</u>	20	42	25	0.3	0.5	0.3
Ohio	91	111	142	0.9	1.1	1.2
Wisconsin	74	153	100	1.1	2.2	1.3
PLAINS						
lowa	2	38	52	0.1	1.1	1.5
Kansas	141	385	271	5.6	14.3	8.6
<u>Minnesota</u>	449	657	574	6.3	8.8	7.1
Missouri	77	231	137	1.8	5.3	2.9
Nebraska	228	140	180	14.8	8'.7	11.1
North Dakota	108	20	14	19.9	3.1	2.3
South Dakota	26	21	25	4.6	3,6	4.1
SOUTHEAST						
Alabama	26	81	10	0,8	2.3	0.3
Arkansas	0	0	0	0.0	0.0	0.0
Florida	185	544	276	1.7	4.5	2.1
Georgia	61	180	75	0.8	2.2	0.9
Kentucky	73	56	43	1.6	1.2	0.9
Louisiana	-83	12	15	-1.8	0.3	0.3
Mississippi	74	336	244	3.8	16.9	11.4
North Carolina	165	579	59	2.1	7.3	0,6
South Carolina	8	159	160	0.2	4.5	4.2
Tennessee	159	216	100	4.0	4.6	2.0
Virginia	68	169	140	1.1	2.6	2.0
West Virginia	57	71	11	2.9	3.5	0.5
SOUTHWEST						0.5
Arizona	5	67	118	0.1	1.8	3.1
New Mexico	116	213	274	5.6	9.8	11.5
Okiahoma	302	196	282	9.6	5.9	8.5
Texas	543	1,382	-333	3.2	7.5	-1.7
ROCKY MOUNTAIN				<u> </u>	7.5	-1./
Colorado	133	320	284	4.6	9.8	8.1
ldaho	30	40	37	3.0	3.9	
Montana	24	46	47	4.7	8.7	3.4 9.5
Utah	87	102	90	4.7	5.2	4.3
Wyoming	78	13	57	20.4	3.0	
FAR WEST				49.7	3.0	11.1
Alaska	1,007	1,731	1,147	34.9	62.8	26.2
California	-2,220	-2,233	1,022	-5.1	-5.4	36.3
Hawaii	374	263	265	14.2	8.6	2.7
Nevada	33	59	64	3.3	<u>8.6</u> 5.5	8.7
Oregon	400	360	249	14.9	12.4	6.2
Washington	351	289	231	4.7	3.7	8.1 2.9
Total	\$5,321	\$9,459	\$8,110	1.8%	3.0%	
		· · · · · · · · · · · · · · · · · · ·		1.0%	J. U /0	2.5%

^{*}Total balances include both the ending balance and balances in budget stabilization funds.