Fiscal Survey Of States

October 1995

National Governors' Association
National Association of State Budget Officers

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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. Although not the totality of state spending, these funds are used to finance most broad-based state services and are the most important elements in determining the fiscal health of the states. A separate survey that includes total state spending 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 1995. The surveys were completed by Governors' state budget officers in the fifty states and the commonwealth of Puerto Rico.

Fiscal 1994 data represent actual figures, fiscal 1995 figures are preliminary actual, and fiscal 1996 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. In addition, twenty states are on a biennial budget cycle.

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 assistance was provided by Alicia Aebersold and Karen Glass of NGA's Office of Public Affairs, and Stacey Himes of NASBO assisted with production. Dotty Esher of State Services Organization provided typesetting services.

Executive Summary

States completed fiscal 1995 with revenues above projected levels, the same scenario as the prior two years. Reacting to moderate economic growth and policy goals to downsize government, about half of the states enacted tax cuts, often in personal income and corporate income taxes. Although a sizable number of states lowered taxes, the reduction in state revenues was only about 1 percent of state general fund revenues.

Fiscal 1996 may be a transition year for state finances. The economy is growing slowly, but major structural changes in federal welfare, Medicaid, and employment and training programs are on the horizon. These pending federal initiatives would grant states greater flexibility to tailor programs but would substantially reduce federal aid. With federal funds accounting for approximately one quarter of total state spending, changes in the level of support would have an important impact on state finances.

Key findings of this survey include the following.

State Spending

States estimate an increase in general fund spending of 6.3 percent in fiscal 1995 and 3.9 percent for fiscal 1996. Several states, including New York, have enacted general fund spending below fiscal 1995 levels.

- Continuing a trend from fiscal 1994, few states were forced to reduce their budgets midyear. Only eight states reduced fiscal 1995 enacted budgets, totaling less than \$0.5 billion, or less than 1 percent of state general fund budgets. This is a marked improvement compared with the twenty-two and thirty-five states that were forced to reduce their enacted budgets in fiscal 1993 and fiscal 1992, respectively.
- Welfare reform continues at both the national and state levels. Proposed federal changes include changing the major welfare program, Aid to Families with Dependent Children (AFDC), from an entitlement program to a component of a block grant. Potential changes include providing additional work incentives and limiting the time recipients may collect benefits. Similar to the past two years, AFDC benefits for fiscal 1996 remain at the same level as the previous year in nearly all states. For fiscal 1996, only seven states changed benefit levels, while forty-three states maintained the fiscal 1995 benefit levels.

- Medicaid spending, projected to grow by approximately 10 percent in fiscal 1996 under current law, exceeds the majority of states' revenue projections as well as the spending caps contained in the congressional budget resolution. The resolution incorporates congressional spending limits set at 7.2 percent for fiscal 1996, 6.8 percent for fiscal 1997, and 4 percent thereafter.
- Almost all states granted pay raises for fiscal 1996, with the increase averaging 3.5 percent. Often, increases are based on merit rather than years of service or cost of living.
- About half of the states enacted changes affecting aid to local governments, with property tax relief and increased school aid the most common forms of increased local aid. After seeking relief from federal mandates, several states reduced mandates on local governments. Other forms of aid include absorbing the costs of funding local court systems and providing sentencing relief.

State Revenue Actions

Net tax and fee changes will decrease fiscal 1996 revenues by \$3.8 billion. Twenty-eight states lowered taxes, with the most significant reductions in personal income and corporate taxes. Tax cuts are attributable to factors such as the improved fiscal condition, policy goals to reduce the size of government, and a desire to improve competitiveness in business location and expansion. In seven states and the commonwealth of Puerto Rico, the reductions are more than 3 percent of the general fund revenues for fiscal 1996.

Fiscal 1996 adopted budgets include an increase of 3.4 percent over fiscal 1995 tax collections. These tax collections represent collections from the sales tax, the personal income tax, and the corporate income tax.

Year-End Balances

■ Year-end balances for fiscal 1994 through fiscal 1996, ranging from 4.4 percent to 5.7 percent, are at the highest levels since 1989. Balances help states to ease transitions during economic downturns. In addition to balances, states rely on other mecha-

nisms to maintain a stable budget, including appropriation controls, spending affordability limits, and multiyear forecasting.

Regional Outlook

Most regions are expected to continue a steady rate of growth through 1995, though at a slower rate than they experienced during 1994. The regions that have experienced the most rapid growth—the Rocky Mountain, the Southeast, and the Southwest—should continue to outpace the nation, but the gap among regions is expected to narrow.

State Restructuring

The outlook for slower economic growth and the anticipated increase in state responsibilities as a result of block grants are causing states to focus further on streamlining and consolidating operations.

States are continuing to use Governors' commissions to review all state operations. They are undertaking studies to address both the likelihood of structural imbalances between future spending commitments and available resources as well as a decrease in federal aid. States also are privatizing certain services and restructuring and merging state functions. Examples include the following.

- States are eliminating services, commissions, and boards to limit the size of state government and control spending.
- States are restructuring and merging major state functions, such as economic development, natural resources, education, health care, and administration, to achieve efficiencies.
- States are privatizing state government operations, including mental health services, custodial services, and state liquor stores.
- States are reviewing statewide operations through gubernatorially appointed task forces, often to limit future spending growth.

States are achieving stronger budget processes through an emphasis on performance outcomes, selective zero-based analysis, and strategic planning.

The continuation of management reforms will help position states for the likely increase in responsibilities as a result of changes in federal/state relations. These changes, combined with slow but steady economic growth, will require states to place a premium on the efficiency and effectiveness of public services and functions.

Federal Aid

In the coming months, congressional action will continue to focus on appropriations, Medicaid reform, welfare reform, and the block granting of major employment and training programs. These changes are part of the plan to achieve a balanced federal budget by the year 2002.

Federal budget decisions that will affect federal aid in fiscal 1996 through fiscal 2002 may have a fundamental impact on state finances and management. Often, the impact of federal proposals are most pronounced in the outyears. For example, in the congressional budget resolution that establishes overall spending targets, Medicaid spending is capped at 7.2 percent in fiscal 1996 and 6.8 percent in fiscal 1997 and then decreases to 4 percent for each of the next five years, a decline from the current average growth rate of between 9 percent and 10 percent.

With congressional budget actions not expected to be finalized until December, or perhaps even January or February, states face an uncertain fiscal environment. Although there are greater opportunities for program efficiencies in this transition to a greater state role, the decline in federal program dollars may initially present some short-term dislocations.

Some states have developed strategies to address the likely changes in federal aid, such as the use of reserves to ease the transition. Regardless of the amount of reserves, lower expenditure levels or higher revenues will be required for state budgets to remain in balance over time.

Economic Background

CHAPTER ONE

The economy continues its slow but steady rate of growth, with no recession forecast for the near future. The rate of growth is expected to average about 2.9 percent for 1995. Although this growth rate is below the inflation-adjusted economic growth rate of 4.1 percent for 1994, it still is a healthy pace. Recent surveys of the National Association of Business Economists and the Blue Chip Economic Indicators project economic growth at 2.9 percent during 1995 and 2.4 percent during 1996.

The September 1995 Current Economic Conditions, a survey of the Federal Reserve districts, reports that the economy continues to expand. Housing gains have been positive the last several months because of the decline in interest rates. The growing sectors of the

economy continue to be business equipment investment, especially computers, and investment in business structures.

Along with slow and steady growth, most forecasters are projecting a continuation of a low rate of inflation of about 3 percent. The acceleration of growth during 1994 did not overheat the economy to cause a surge in inflation.

Although the economy has produced strong job growth, layoffs continue. These job losses often are the result of mergers and acquisitions within industries and among companies and reflect the quest to control costs through personnel reductions and operational efficiencies.

State Expenditure Developments

CHAPTER TWO

Budget Management in Fiscal 1995

Consistent with the trend in fiscal 1994, few states were forced to reduce budgets midyear. Only eight states reduced their fiscal 1995 enacted budgets, totaling less than \$0.5 billion, or less than 1 percent of state general fund budgets (see Table 1). This compares with nine states in fiscal 1994; twenty-two states in fiscal 1993; and thirty-five states in fiscal 1992, the peak year in midyear budget adjustments. Since fiscal 1989, when twelve states reduced their enacted budgets, the number of states with midyear budget reductions had been twenty or more.

Some of the strategies states used to make midyear budget cuts are across-the-board reductions, layoffs, program reorganizations, program eliminations, and privatization (see Appendix Table A-5).

General Fund Spending in Recent Years

General fund budgets for fiscal 1996 are estimated to be 3.9 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). About one third of the states reported expenditure growth below 5 percent in fiscal 1995 (see Table 3 and Appendix Table A-4). In fiscal 1996, more than half of the states estimate expenditure growth to be below 5 percent.

Shifts in Total State Spending

Medicaid and corrections are two components of state budgets that have experienced above-average growth rates. Medicaid soared from 10 percent of state budgets in fiscal 1987 to 19 percent in fiscal 1994. Although the rate of growth in Medicaid has stabilized in recent years, it still exceeds state revenue growth. Moreover, a lower growth rate may be needed to stay within proposed federal caps. The growth rate for corrections was 13.4 percent in fiscal 1994, substantially more than the 7.8 percent average growth in state spending in fiscal 1994. Corrections is now holding steady at about 3 percent of state budgets. However, spending for corrections will most likely increase over time because of mandatory sentencing and new parole restrictions that increase prison operating costs.

State Spending for Fiscal 1996

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 improved economy.

Aid to Families with Dependent Children. For fiscal 1996, forty-three states would maintain the same AFDC benefit levels that were in effect in fiscal 1995. Similar to the past four fiscal years, the majority of

TABLE 1

Budget Cuts Made After the Fiscal 1995 Budget Passed

State	Size of Cut (Millions)	Programs or Expenditures Exempted from Cuts
Connecticut	\$ 35.0	Expenditures required by contract or statute.
Hawaii	63.8	School-level programs, debt service, retirement system, public welfare payments, unemployment insurance, workers' compensation.
Louisiana	10.6	Cuts are from risk management and judicial/indigent defender fund.
New Hampshire	14.0	Local aid.
Montana	39.0	No exemptions; reflects reductions from 1993-95 biennium.
New Jersey	226.6	The cuts were targeted to nonessential services and included freezes on spending for equipment, capital, and other operating costs.
South Dakota	28.4	Cuts were targeted.
Tennessee	25.0	Elementary and secondary education, corrections, mental health and mental retardation, children's services.
Total	\$442.4	

SOURCE: National Association of State Budget Officers.

State Nominal and Real Annual Budget Increases, Fiscal 1979 to Fiscal 1996

State General Fund

Fiscal Year	Nominal Increase	Real Increase			
1996	3.9%*	0.4%*			
1995	6.3*	2.8*			
1994	5.0	2.3			
1993	3.3	0.6			
1992	5.1	1.9			
1991	4.5	0.7			
1990	6.4	2.1			
1989	8.7	4.3			
1988	7.0	2.9			
1987	6.3	2.6			
1986	8.9	3.7			
1985	10.2	4.6			
1984	8.0	3.3			
1983	-0.7	-6.3			
1982	6.4	-1.1			
1981	16.3	6.1			
1980	10.0	-0.6			
1979	10.1	1.5			
1979-1996 average	7.0%	1.8%			
1980-1990 average	8.0%	2.0%			

NOTE: The state and local government implicit price deflator was used for state expenditures in determining real changes. Fiscal 1995 figures are based on the change from fiscal 1994 actuals to fiscal 1995 preliminary actuals. Fiscal 1996 figures are based on the change from fiscal 1995 preliminary actuals to fiscal 1996 appropriated.

SOURCE: National Association of State Budget Officers.

states are not making any annual adjustments to AFDC benefit levels. Most of the activity is focused on restructuring the program to change the incentives for working and obtaining employment. Of the states changing benefit levels, California, Connecticut, Massachusetts, and Oklahoma reduced fiscal 1996 levels from the previous year (see Table 4).

While welfare legislation is being debated in Congress, states are moving ahead with their own experiments. They are doing so by requesting federal waivers of the rules governing the current entitlement program.

Through a "fast-track" process, the Clinton administration has promised to take action within thirty days on any state waiver request in the following five areas: setting tougher work requirements; setting time limits followed by a work requirement; requiring noncustodial parents to pay child support; requiring teen mothers to live at home and stay in school; and converting AFDC and food stamp benefits to wage subsidies.

TABLE 3

Annual State General Fund Expenditure Increases, Fiscal 1995 and Fiscal 1996

Number of States

Spending Growth	Fiscal 1995 (Preliminary Actual)	Fiscal 1996 (Appropriated)
Negative growth	2	7
0.0% to 4.9%	. 14	20
5.0% to 9.9%	26	20
10% or more	8	2

NOTE: Average spending growth for fiscal 1995 (preliminary actual) is 6.3 percent; average spending growth for fiscal 1996 (appropriated) is 3.9 percent.

SOURCE: National Association of State Budget Officers.

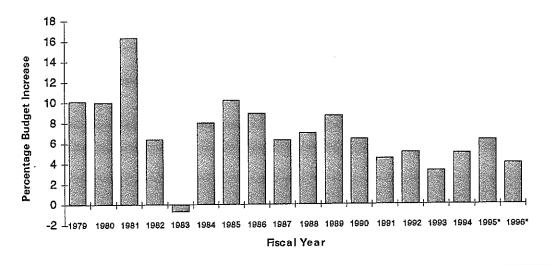
Waivers have been approved in thirty-two states. About thirty states have received waivers to reduce welfare benefits for dollars earned or to relax asset limits. About one third of the states have been granted waivers to impose time limits on the receipt of benefits. Other waivers cover changes to institute stringent work requirements and expand child care and Medicaid services. The myriad state experiments are evidence of the significant degree of change that is occurring in welfare prior to a federal overhaul of the program.

Instituting work requirements and limiting the amount of time on welfare are common elements of both federal proposals and state waivers. All of the major congressional welfare proposals include work requirements that would require 50 percent of the caseload to work at least twenty hours or more per week. At issue is how much flexibility states will be given and what the level of federal support will be in the program.

Ohio's welfare reform plan, which reflects a number of changes states are implementing, includes a self-sufficiency contract, a suspension of marriage disincentives, an education requirement, and a time limit on the receipt of benefits of three years in any five-year period. The proportion of individuals who will work in order to receive assistance is estimated to rise to 60 percent of the caseload. The plan also allows recipients to retain more of their earnings to provide a greater incentive to work. Employment opportunities are expected to increase through the use of a statewide pool for on-the-job training and subsidized employment programs.

Medicaid. Moderation of the rate of growth in Medicaid costs has helped state budgets. Although the growth rate has slowed, it is still projected to be approximately 10 percent for fiscal 1996. Expenditure growth for Medicaid will continue to exceed most other

Annual Budget Increases, Fiscal 1979 to Fiscal 1996



NOTE: Data for these years are estimated.

SOURCE: National Association of State Budget Officers.

expenditures in state government as well as state revenue growth.

The shift in relative share—from 10 percent to 19 percent of total state spending from fiscal 1987 to fiscal 1994—has been dramatic during the period of out-of-control growth in state Medicaid programs. This growth has limited states' ability to invest in other programs such as elementary and secondary education.

Fifteen states included Medicaid reductions in their budgets for fiscal 1996 (see Appendix Table A-6). In fiscal 1994, forty-seven states reported using some type of cost containment measure to curb Medicaid costs. Strategies included using managed care entities such as health maintenance organizations, modifying provider payments, and eliminating or limiting services.

State Employment. The number of filled full-time equivalent positions supported by all state funds is projected to increase by less than 1 percent from fiscal 1995 to fiscal 1996 (see Appendix Table A-8). The number of state employees reflects those positions supported by all state, federal, and trust funds, rather than only state general funds. Thirteen states are reporting that positions will decline between fiscal 1995 and fiscal 1996. New York, North Dakota, and Maine will register the most significant declines of approximately 5.1 percent, 3.8 percent, and 3.0 percent, respectively, from fiscal 1995 to fiscal 1996.

Employee Compensation. Almost all states included pay increases in their budgets for fiscal 1996, with the increase averaging 3.5 percent (see Appendix Table A-7). Several states are moving to a pay-for-performance system or to alternatives other than automatic cost-of-living adjustments. Some states, including Kentucky, plan to downsize their workforces by contracting out services.

Employee Benefits. The rate of increase in employee benefit costs continues to decelerate, primarily as a result of lower health insurance costs. Because benefit costs comprise approximately 30 percent of total employee compensation, this should drive moderate budget increases. To reduce compensation costs, several states are instituting employee contributions to health and pension benefits (see Appendix Table A-6). Michigan plans to switch from a traditional defined benefit plan to a defined contribution plan and to return health insurance savings to encourage employees' judicious use of health care benefits. New Jersey is proposing to require contributions from employees toward the cost of traditional health benefit coverage as an incentive to move to managed care providers.

States continue to provide additional flexibility for employees in their benefit programs. Twenty-five states provide portability of pension benefits between a state agency and other public retirement systems such as local government and university systems, according to the National Association of State Budget Officers' publication Workforce Policies.

Enacted Cost-of-Living Changes for Aid to Families with Dependent Children, Fiscal 1996

State	Percent Change
California	-4.9%*
Connecticut	*
Florida	*
Hawaii	11.0
Massachusetts	-2.75*
Montana	2.2
New Mexico	3.0
Oklahoma	-5.0*

NOTES: There is an additional 4.9 percent reduction in low cost-of-living areas of California.

Benefits in Connecticut were reduced by 16.2 percent for families in subsidized housing and by 7 percent for families in unsubsidized housing.

Florida's AFDC payment level did not change, but legislation was enacted that reduces cash benefits as follows: benefits are equal to 50 percent of the maximum allowable amount for the first child conceived while on AFDC, and no cash benefits are available for a second or subsequent child conceived by an AFDC recipient while on AFDC.

Massachusetts' decrease is for 45 percent of the caseload contingent upon federal waiver approval.

The decrease in Oklahoma may be reduced by another 2.5 percent on January 1, 1996, if necessary.

SOURCE: National Association of State Budget Officers.

Aid to Local Governments. About half of the states enacted changes affecting aid to local governments, with property tax relief and increased school aid being the most common forms of increased local aid (see Table 5). Other forms of aid include absorbing the costs of funding local court systems and providing sentencing relief.

After seeking relief from federal mandates, several states reduced mandates on local governments. Ohio is now funding previously unfunded mandates on counties, while Wisconsin eliminated county mandates to provide fiscal relief.

Idaho, South Carolina, and South Dakota enacted property tax relief. Idaho permanently reduced the school district property tax levy from 0.4 percent to 0.3 percent of assessed valuation and replaced the loss in revenue with state sales tax revenues. South Carolina provided local property tax relief through reimbursements to local governments. South Dakota reduced property taxes and assumed the costs at the state level.

Wisconsin is moving toward funding two thirds of elementary and secondary school costs by fiscal 1997, which will ease pressure on local property taxes. New Jersey consolidated some \$890 million in local aid programs to increase efficiency and provide predictable funding. Thirteen programs were consolidated.

Enacted Changes in Aid to Local Governments, Fiscal 1996

Alaska

Legislation was passed that broadens municipalities' ability to exempt personal property from taxation, eliminates the requirement that the state prepare habitat tax credit regulations for the Kenai River, and gives the state the ability to convey tide and submerged land to qualified municipalities.

Arkansas

As a result of a Pulaski County court ruling that found the state's method of funding public schools unconstitutional, major changes in the funding process were enacted under Act 917, "The Equitable School Finance System Act of 1995." The act preserves local governance of schools and provides equitable funding and a simple distribution of funds for public school financing. The current funding formula will continue for the 1995-96 school year, with the new distribution effective for the 1996-97 school year.

The 80th general assembly determined that the current system of funding the state judicial system created inequities in the level of services being provided to Arkansas citizens. Act 1256 of 1995 eliminated the current system of collecting and assessing court costs and filing fees and replaced it with a uniform statewide fees and costs system. This act also established a system to obtain data to determine the state's cost of funding the judicial system. This information will be used at the next regular session of the legislature.

Idaho

The school district property tax levy was cut from 0.4 percent to 0.3 percent of assessed valuation and replaced with \$40 million in sales tax revenues. A total of \$7 million in general fund appropriations was added to finance catastrophic health care costs. Both changes are permanent and became effective July 1, 1995. They could result in about an 8 percent reduction in property taxes.

Illinois

Current statute provides for an increased share of income tax revenues to be channeled to local governments. In fiscal 1994, the share was 1/12; in fiscal 1995, it is 1/11; and in fiscal 1996, it will be 1/10.

Property tax caps for nonhome rule units of government within Cook County were passed by the general assembly and signed by the Governor. The city of Chicago is excluded.

Indiana

Enacted changes include an appropriation of \$30 million to local road and streets from lottery and riverboat gaming revenues.

The state also reduced motor vehicle excise taxes by up to 50 percent over a six-year period, beginning in calendar year 1996. Lottery and riverboat gaming revenue was dedicated to replace the majority of the revenue reduction from the excise tax cuts. It was the intent of the legislation to allow local units to receive increases in revenue from the motor vehicle excise tax and lottery and gaming revenue, but the revenue would not increase as fast as it would have without the excise tax cuts.

lowa

Legislation was enacted in 1995 that created a state property tax relief fund to reduce the local property tax burden resulting from county mental health expenditures. For fiscal 1996, \$54.4 million was appropriated to the property tax relief fund, and the state appropriation increases to \$78 million in fiscal 1997 and to \$95 million in fiscal 1998. These appropriations equal approximately 28.6 percent, 41 percent, and 50 percent, respectively, of the total county property taxes levied for mental health, mental retardation, and developmental services in fiscal 1994. Allocation of these funds to the counties is based on a formula that gives equal weight to population, property valuation, and historical expenditures.

Legislation also was enacted that created the industrial machinery, equipment, and computers property tax replacement fund. This fund has a standing unlimited appropriation and will be used to reimburse local governments for lost property tax revenue because of the phased repeal of the property tax on machinery and equipment.

Counties must be eligible to receive money from the state property tax relief fund and must reduce property taxes by the amount of money received from the state for property tax relief. The legislation specifies certain requirements a county must meet in order to qualify for funding from the property tax relief fund. One of these requirements is implementation of a managed care system for mental health, mental retardation, and developmental services. A county's expenditures for these services will be limited.

Kansas

The motor vehicle tax was reduced by 50 percent over 5 years (\$160.1 million). This will require an increase in state aid to schools of \$87.1 million to offset the loss to districts. The aggregate local tax dollar limitation for cities and counties was extended for one year.

Louisiana

The state expanded state sales tax dedications to local governments for tourism promotion. Dedications will be in effect until repealed by the legislature. New dedications total approximately \$6.2 million, a 138 percent increase in dedications.

Maine

Changes include a 3 percent increase over fiscal 1995, totaling approximately \$15.5 million.

A commission was established to analyze the increase in local teacher retirement and to identify ways of reducing future increases.

Massachusetts

The state enacted a \$51 million increase in local aid comprised of a \$19 million phase-out of the fiscal 1995 lottery cap on fiscal 1995 profits and \$32 million for distribution of future growth in lottery profits, as well as a \$232 million increase in funding for education reform.

Michigan

Section 30 of Article IX of the state constitution enacted in 1978 requires that a minimum percentage of the total state spending from state resources be earmarked for local units of government. This requirement has been in effect since fiscal 1979.

Enacted Changes in Aid to Local Governments, Fiscal 1996

Minnesota

Although no adjustments were made to fiscal 1996 local aid programs, several initiatives changed local aid in subsequent fiscal years. The 1995 legislature enacted a one-time cut of \$16 million in Homestead and Agricultural Credit Aid (HACA) effective fiscal 1997, to be allocated based on each county's adjusted revenue base (1995 levies plus state aids). Also, \$10 million of HACA was converted to criminal justice aid beginning in fiscal 1997. The conversion has no net fiscal impact; aid is continued as criminal justice aid instead of HACA. This adjustment is permanent and will continue in the fiscal 1998-99 biennium.

Beginning in fiscal 1998, class rate decreases in cabin property will result in additional local aid payments. The class rate decrease (from 2.0 percent to 1.8 percent by 1998) for noncommercial seasonal residential recreational property (cabins) is paid for by increases in HACA of \$2.9 million in fiscal 1998 and \$5.9 million in fiscal 1999. This increase in HACA effectively holds other property classifications harmless with respect to property tax increases.

Beginning in mid-fiscal 1997, the state will assume the collection of child support billing and collection. This assumption of current county responsibility will cost the state \$334,000 in fiscal 1997 and \$660,000 annually in fiscal years 1989 to 1999. This assumption enables the state to bill and collect payments centrally, without duplication of efforts by local governments or reporting businesses.

Missouri

An increase of \$2.6 million (13.9 percent) in state payments to local governments for a per diem increase for holding state prisoners was enacted.

Nebraska

The expenditure growth rate for property taxes in subdivisions is reduced from 5 percent to 4 percent.

New Hampshire

Seventy-five percent of any increase in room and meals tax revenue was returned to cities and towns.

New Jersey

Thirteen local aid programs were consolidated into a single program to provide more flexibility to local governments. Aid increased by \$33 million over the fiscal 1995 level. A new per-capita municipal block grant program was passed by the legislature and signed by the Governor.

The state continued the takeover of the county courts. The cost to the state in fiscal 1996 is \$110 million. In fiscal 1999, when the takeover is complete, the annual cost to the state will be in excess of \$350 million.

State aid for schools was increased by \$344 million, including a \$192 million increase in formula aid for local school districts and a \$149 million increase in pension and social security. These increases will move the state's poor urban school districts closer to equal spending with the state's more affluent districts.

New Mexico

Local government road fund support was reduced by \$4.5 million, or 15 percent.

New York

The fiscal 1996 budget closed a projected deficit of nearly \$5 billion. Although some local aid programs such as highway funding were reduced, local governments received net savings of more than \$1 billion through entitlement reductions and mandate relief. In Medicaid, state actions yielded local match savings of \$490 million; in welfare, localities saved a net amount of approximately \$5 million.

The state expanded the flexibility of local governments to control special education spending by enacting a package of mandate relief that is valued at \$118 million in fiscal 1996 and that will increase in later years.

North Carolina

Local governments will begin receiving earmarked revenues from franchise taxes (\$130.5 million) and alcoholic beverage taxes (\$21 million), which were formerly provided as a general fund appropriation. The state earmarked the revenues to replace lost tax revenue from the intangibles tax of \$124.4 million.

Ohio

Fiscal 1996 appropriations include state funding for previously unfunded mandates on counties for advertising statewide ballot issues, for testing for suspected cases of tuberculosis, and for prosecuting homicides committed at state correctional facilities.

Also, the general assembly enacted a comprehensive sentencing reform package that will have the effect of diverting certain low-level offenders to local community corrections programs. This local impact was funded with general revenue funds of \$6.7 million in fiscal 1996 and \$20.4 million in fiscal 1997.

Oregon

State support of local school districts is increased by 38 percent, to \$3,550 million. Responsibility for incarceration, parole, probation, and technical violations of twelve months or less is transferred to the counties, and general fund support is increased to \$94.5 million.

Pennsylvania

The enacted fiscal 1996 budget includes an initiative to improve juvenile probation services that will save \$1.5 million in state funds and secure \$50 million in federal funds to offset existing county probation costs.

The budget eliminated \$200,000 for the regional councils program, which funded intergovernmental cooperation at the local level.

Rhode Island

The legislature enacted an increase in education aid to local governments of \$18.5 million.

TABLE 5 (continued)

Enacted Changes in Aid to Local Governments, Fiscal 1996

South Carolina

Using state general fund revenues, the 1995 general assembly provided \$195 million in local property tax relief through reimbursements to local governments. Local property taxes will be reduced for owner-occupied residences by the amount of taxes assessed for school operations, excluding payments for bonded indebtedness and lease-purchase agreements for capital construction.

The principal amount of a lease-purchase or financing agreement entered into after December 31, 1995, is subject to the 8 percent constitutional debt limit for political subdivisions unless approved by voters through a referendum. This may affect a local government's financing ability.

The property tax relief fund funds a homestead exemption from property taxes paid by residential property owners for school operating purposes and related provisions as follows: the amount of the exemption is determined by the department of revenue based on the amount available in the fund; local governments are to be reimbursed in a sum equal to the amount of taxes not collected as a result of the exemption, with 90 percent of the reimbursement in the last quarter of the calendar year; reassessment is required every fourth year and increases in the millage resulting from reassessment are limited to the rate of inflation; counties are allowed to set up quarterly installment payments of property taxes; standard information on tax bills is provided for; new homeowners are allowed to qualify for filling the 4 percent assessment ratio in the first year of ownership; the deadline for filling for agricultural use property owned as of December 31, 1993, is extended to January 15, 1996.

For fiscal 1995-96, the amount available in the fund is \$195 million. The exact amount of the homestead exemption will not be determined until mid-August, but it is estimated to be \$100,000. For elderly persons, this exemption is in addition to the \$20,000 they currently receive. School districts should not notice any significant difference in their funding because the state will reimburse them for the exact amount of property taxes they do not collect from homeowners as a result of the exemption.

South Dakota

The Governor introduced and the legislature passed a plan to reduce property taxes, by 20 percent, on single-family, owner-occupied dwellings and on land, which is estimated to cost the state \$80 million on an annual basis (calendar year 1996). Property taxes for calendar year 1996 are frozen at the calendar year 1995 level.

Texas

The state funded its share of an expected 3 percent (121,000) enrollment increase and increased state aid per "weighted" student by \$113 (or 7 percent) to \$1,783 per year. The state raised the guaranteed property tax yield to \$21.00 per penny of local tax effort from \$20.55 and added \$170 million in new state money in low-wealth districts' facilities aid (on a biennial basis). The state added \$300 million in new state aid to pay for an increase in the mandated minimum teacher salary chart.

Vermont

As part of the 1995 session, state aid to local governments increases in three areas. The most significant change is a \$7.7 million (18 percent) increase in local highway aid. State aid to school districts, including general bond funds for school construction, increases by \$15 million (6 percent). Also, the legislature expanded the state's Payment in Lieu of Taxes (PILOT) program to include all municipalities with state buildings. PILOT includes a \$1 million (103 percent increase) in new funding, but the expanded program will sunset at the end of fiscal 1996 without legislative intervention.

Washington

Legislation was passed that allows King County to increase taxes to support a new baseball stadium, subject to council approval and voter ratification.

West Virginia

Sales tax receipts of \$12 million are earmarked for school construction in fiscal 1996 and \$22 million thereafter through 2005, an amount equal to 1/2 percent to 1 percent of general revenue, resulting in an increase in state aid for local education facilities.

Wisconsin

School aid increased \$248 million (10 percent) for fiscal 1996. (School aid is scheduled to increase an additional \$964 million in fiscal 1997 for the state to cover two thirds of elementary and secondary school costs.) Undesignated aid to counties and municipalities increased \$40 million (4.2 percent) for fiscal 1996.

Other changes included eliminating mandates on counties to provide general relief and increasing state grants to support circuit courts. School revenue limits, which would have expired after fiscal 1998, were made permanent. The continuation of mediation/arbitration for local governments, which would have expired July 1, 1996, requires arbitrators to give the "greatest weight" to limits on local government spending or revenues when making decisions regarding public employee contracts.

SOURCE: National Association of State Budget Officers.

State Revenue Developments

CHAPTER THREE

Overview

Revenue changes for fiscal 1996 will decrease revenues by \$3.8 billion (see Table 6). Tax reductions were mostly focused on lowering personal income taxes by increasing personal exemption and deductions and by decreasing marginal rates. The targets for tax relief are often working families. In some states, corporate tax reductions are intended to improve the state's ability to attract businesses. In seven states and Puerto Rico, tax reductions exceed 3 percent of the general fund revenue amount for fiscal 1996.

Several states are in the midst of multiyear plans to reduce taxes. Connecticut reduced its corporate income tax over four years. New Jersey enacted the final installment of a tax cut that reduced personal income taxes by 30 percent over three years for the lowest income bracket. New York enacted its final phase of a tax cut

TABLE 6

Enacted State Revenue Changes, Fiscal 1979 to Fiscal 1996

Fiscal Year	Revenue Change (Billions)
1996	\$-3.8
1995	-2.6
1994	3.0
1993	3.0
1992	15.0
1991	10.3
1990	4.9
1989	0.8
1988	6.0
1987	0.6
1986	-1.1
1985	0.9
1984	10.1
1983	3.5
1982	3.8
1981	0.4
1980	-2.0
1979	-2.3

SOURCES: Advisory Commission on Intergovernmental Relations, *Significant Features of Fiscal Federalism*, 1985-86 edition, page 77, based on data from the Tax Foundation and the National Conference of State Legislatures. Fiscal 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, and 1996 data provided by the National Association of State Budget Officers.

started in 1987 as well as additional personal income tax relief.

In many states, the strong economy has yielded additional revenues that are available for tax reduction. In other states, the economy has improved but is not yet booming. In states with less robust economies, significant program reductions and restructuring were needed to accompany the tax cuts in order to maintain a balanced budget.

The types of tax cuts enacted fall into several categories. Personal income reductions lead the list followed by reductions in corporate taxes and reductions in sales taxes. Many states have used the opportunity of improved economic performance to propose tax reductions, especially for lower income families. After net increases in new taxes and fees in fiscal 1991 through fiscal 1994, taxes and fees are decreasing in both fiscal 1995 and fiscal 1996 (see Figure 2).

Revenue Collections in Fiscal 1995

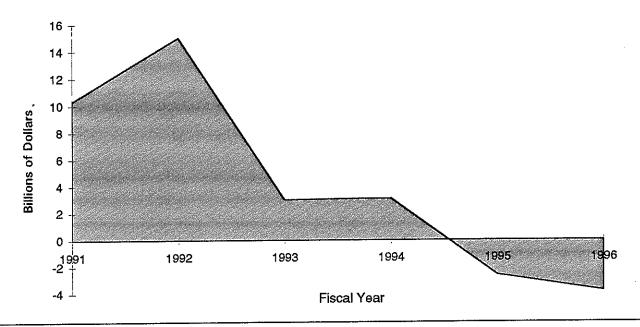
Revenue collections for the sales tax, the personal income tax, and the corporate income tax in fiscal 1995 matched or exceeded projections in almost all states (see Appendix Table A-9). Economic growth in fiscal 1995 turned out to be much stronger than most forecasters had projected, so revenue collections were about 2 percent higher than the estimates states used in adopting fiscal 1995 budgets. After resorting to midyear budget adjustments over the period 1990 to 1993, states used relatively conservative revenue projections to support their budgets.

Revenue Collections for Fiscal 1996

Fiscal 1996 budgets include an increase of 3.4 percent over fiscal 1995 preliminary actual tax collections. Projected fiscal 1996 tax collections represent collections for the sales tax, the personal income tax, and the corporate income tax (see Appendix Table A-10).

Although the economy is growing, state tax systems often fail to respond to this growth. For instance, the change from a manufacturing-based economy to a service-based economy, the growth of global industries, and changes in technology have made state tax systems less

Enacted State Revenue Changes, Fiscal 1991 to Fiscal 1996



SOURCE: National Association of State Budget Officers.

responsive to overall economic growth. States are examining their tax structures to look at responsiveness and equity issues from the perspective of all taxpayers. Some of the issues states are examining include the types of services covered by the sales tax, interstate competition, and the application of the corporate tax to multistate corporations.

Revenue Changes for Fiscal 1996

Thirty-six states and Puerto Rico enacted net revenue changes for fiscal 1996, which will decrease revenues by \$3.8 billion (see Table 7). This compares with modest net increases of \$3.0 billion in both fiscal 1993 and fiscal 1994 and a modest decrease of \$2.6 billion in fiscal 1995. Fiscal 1996 actions are highlighted below and appear in Appendix Table A-11.

This survey differentiates between revenue changes (shown in Tables 7 and Appendix Table A-11) and revenue measures (shown in Appendix Table A-12). Tax and fee changes reflect a change in current law that affects taxpayer liability. Revenue measures include deferrals of tax increases or decreases that do not affect taxpayer liability. Another revenue measure is the extension of a tax credit that occurs each year.

Sales Taxes. Fifteen states enacted sales tax changes for fiscal 1996. The majority of changes increase exemptions to the sales tax. Kansas provided various sales tax exemptions, with the largest being for original construction, and Washington exempted manufacturing equipment from the sales tax.

Personal Income Taxes. Seventeen states and Puerto Rico enacted changes to personal income taxes. Of these seventeen states, sixteen enacted personal income tax reductions. Both the strengthened economy and policy goals to reduce taxes resulted in the majority of changes to decrease personal income taxes. The changes to the personal income tax reflect efforts to increase exemptions and deductions, especially for lowand middle-income families.

Examples include California's reduction in its upper bracket and Arizona's decrease in all tax rates, primarily concentrated in the lower income levels. Connecticut instituted a new 3 percent rate that will be applied to certain levels of taxable income and instituted a new income tax credit that will offset local property taxes. Michigan raised its personal exemption and increased the higher education tax credit.

TABLE 7

Enacted Fiscal 1996 Revenue Actions by Type of Revenue and Net Increase or Decrease* (Millions)

State	Sales	Personal Income	Corporate Income	Cigarettes/ Tobacco	Motor Fuels	Alcohol	Other Taxes	Fees	Total
Alabama									\$ 0.0
Alaska	······································	·							0.0
Arizona		\$-197.8							-197.8
Arkansas		Ψ 157.0					\$-18.0	\$1.4	-16.6
California		-325.0					Ψ 10.0	Ψ17	-325.0
Colorado		020.0	•						0.0
Connecticut		-202.0	\$-10.3						-212.3
Delaware		-18.4	4 1515				-0.2		-18.6
Florida							5.1	-71.0	-65.9
Georgia				MV					0.0
Hawaii		52.0							52.0
ldaho	\$-40.0								-40.0
Illinois	•								0.0
Indiana									0.0
lowa		-45.6					-2.0		-47.6
Kansas	-31.9			·			-150.3		-182.2
Kentucky		-27.1					-6.9		-34.0
Louisiana									0.0
Maine									0.0
Maryland	-5.7						-2.5		-8.2
Massachusetts	-0.5	-13.3					-1.7		-15.5
Michigan		-85.3	-102.4				-45.0		-232.7
Minnesota	-5.0		1.4				9.6	-22.2	-16.2
Mississippi									0.0
Missouri	-2.0								-2.0
Montana		-26.0					-12.0	2.0	-36.0
Nebraska	-0.8	-0.8	-1.1						-2.7
Nevada									0.0
New Hampshire							<u> </u>		0.0
New Jersey	-9.0	-247.0							-256.0
New Mexico					\$-14.8				-14.8
New York		-515.0	-415.0		-5.0	\$-2.0	-43.0	169.7	-810.3
North Carolina		-235.0	<u></u>				-124.4		-359.4
North Dakota					,				0.0
Ohio		-6.6				***	-11.0	2.7	-14.9
Oklahoma								2.5	2.5
Oregon		-328.3	-183.2	\$25.4					-486.1
Pennsylvania	-2.0		-212.8				-68.1		-282.9
Puerto Rico		-173.0	-108.0	20.0	31.0	32.0	16.0		-182.0
Rhode Island				4.5			3.2	49.1	56.8
South Carolina		-10.0						-1 <i>.</i> 6	-11.6
South Dakota	20.7			6.3			2.5	23.0	52.5
Tennessee				······································					0.0
Texas	1.0						1.5	2.0	4.5
<u>Utah</u>	-3.4	,	9.4				-90.0		-84.0
Vermont				11.9					11.9
Virginia	-1.0	***************************************	-1.4					28.3	25.9
Washington	-75.0		12.0	53.0		6,0	-27.0		-31.0
West Virginia		w					-1.2		-1.2
Wisconsin	7.5			18.6					26.1
Wyoming								4465	0.0
Total	\$-147.1	\$-2,404.2	\$-1,011.4	\$139.7	\$11.2	\$36.0	\$-565.5	\$185.9	\$-3,755.4

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

SOURCE: National Association of State Budget Officers.

New Jersey enacted the third year of its 30 percent reduction in the lowest income tax brackets, with a 9 percent reduction in the highest tax bracket. New York made several reductions in personal income taxes, include completing the tax cut that began in 1987 and increasing the standard deduction. North Carolina increased its personal exemption and established a child credit. Nine states currently do not have broad-based personal income taxes—Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, and Wyoming.

Corporate Income Taxes. Ten states and Puerto Rico changed corporate income taxes. Connecticut lowered its corporate income tax rate from 10.75 percent to 7.5 percent over four years. Michigan changed its base; and Pennsylvania reduced its rate from 11.99 percent to 9.99 percent, increased the net operating loss deduction, and double-weighted the sales factor.

Cigarette and Tobacco Taxes. Six states and Puerto Rico increased tobacco taxes. Over the past three years, twenty-one states and Puerto Rico increased these taxes, in some cases to generate additional funds for health care.

Motor Fuels Taxes. New Mexico and New York reduced taxes on gasoline.

Alcohol Taxes. New York, Puerto Rico, and Washington changed their alcohol taxes.

Other Taxes and Fees. Revenues generated from these taxes and fees usually cover the costs for licensing and regulation, promote environmental conservation, and generate revenues for health care. Significant tax reductions include a moratorium on contributions for unemployment in Kansas; and the phasing in of exemptions on private pension income and an individual retirement account exemption and inheritance beneficiary exclusion in Kentucky.

Other examples include increasing exemptions and reducing the rate for intangibles in Michigan; eliminating the tax on intangible personal property in North Carolina; exempting spousal transfers from the inheritance tax, repealing the 2 percent tax on annuities, and increasing the basic exemption for the capital stock tax in Pennsylvania; and reducing the minimum school mill levy and increasing residential exemption in Utah. Fee increases include those for licensing.

CHAPTER FOUR

Balances for fiscal 1994 through fiscal 1996 are at the highest levels since 1989 (see Figure 3). Total balances reflect the funds states have available for unforeseen circumstances. Both ending balances and the balances of budget stabilization funds are included in total balance figures (see Appendix Tables A-1, A-2, A-3, and A-13).

Balances for fiscal 1996 are estimated at \$15.9 billion, or 4.4 percent of expenditures (see Table 8). Six states in fiscal 1995 and eight states in fiscal 1996 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 3 percent or more in fiscal 1995.

States use ending balances and budget stabilization funds to address the imbalance between revenues and expenditures. Many states rely on budget stabilization funds to ease the difficult adjustments that are necessary during economic downturns. States often use formulas to determine the method of deposit, withdrawal, and fund limits for budget stabilization or rainy day funds. Cyclical problems, especially if they are not too

severe, are often addressed through the use of budget stabilization or rainy day funds.

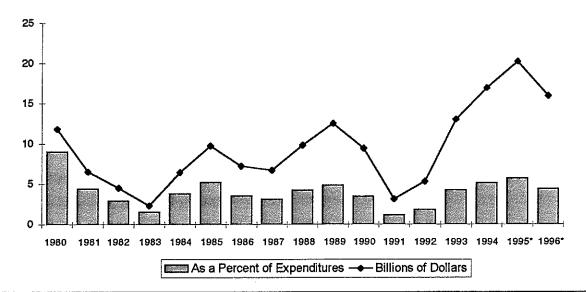
In addition to formal reserves, such as budget stabilization funds, informal reserves also play an important role in maintaining a stable budget. These methods include increasing the portion of pay-as-you-go capital, issuing debt for shorter periods, and shortening the span of time for bill payments.

States often use reserves to address a short-term imbalance between revenue and expenditures. Long-term strategies include multiyear forecasting, spending affordability limits, and expenditure controls.

States set spending affordability limits on their budgets through formal and informal means. More than half of the states have formal tax or expenditure limits. Voters in Colorado passed a constitutional amendment requiring that proposed tax increases or rate changes be voted on by the public. The amendment also ties state spending growth to the percent of state population growth and an inflation factor. In Florida a state revenue growth cap passed by voters in 1994 limits revenue

FIGURE 3

Total Year-End Balances, Fiscal 1980 to Fiscal 1996



NOTE: *Data for these years are estimated.

SOURCE: National Association of State Budget Officers.

Total Year-End Balances, Fiscal 1979 to Fiscal 1996

Fiscal Year	Total Balance (Billions)	Total Balance (Percent of Expenditures)
1996	\$15.9*	4.4%*
1995	20.2*	5.7*
1994	16.9	5.1
1993	13.0	4.2
1992	5.3	1.8
1991	3.1	1.1
1990	9.4	3.4
1989	12.5	4.8
1988	9.8	4.2
1987	6.7	3.1
1986	7.2	3.5
1985	9.7	5.2
1984	6.4	3.8
1983	2.3	1.5
1982	4.5	2.9
1981	6.5	4.4
1980	11.8	9.0
1979	11.2	8.7

NOTE: *Figures for fiscal 1995 are based on preliminary actuals and figures for fiscal 1996 are based on appropriations.

SOURCE; National Association of State Budget Officers.

TABLE 9

5% or more

Total Year-End Balances as a Percent of Expenditures, Fiscal 1994 to Fiscal 1996

Number of States Fiscal 1995 Fiscal 1994 (Preliminary Fiscal 1996 (Actual) Actual) (Appropriated) Percentage 4 6 Less than 1.0% 11 11 1.0% to 2.9% 4 7 9 16 3.0% to 4.9%

NOTE: The average for fiscal 1994 (actual) was 5.1 percent; the average for fiscal 1995 (preliminary actual) is 5.7 percent; and the average for fiscal 1996 (appropriated) is 4.4 percent.

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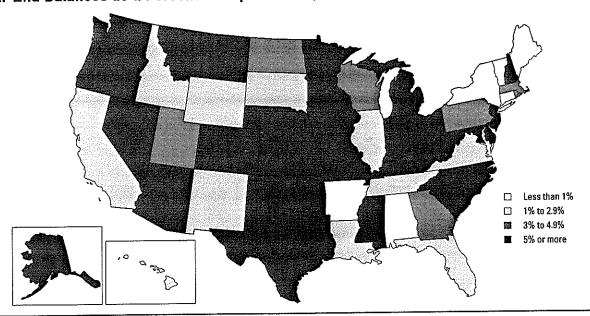
21

SOURCE: National Association of State Budget Officers.

26

FIGURE 4

Total Year-End Balances as a Percent of Expenditures, Fiscal 1995



SOURCE: National Association of State Budget Officers.

growth to growth in the personal income rate for the prior five-year period.

With respect to expenditures, the limits are often linked to the state's personal income growth. Minnesota's recent law limits the spending growth of both state and local governments by establishing a revenue target based on personal income growth. Maryland uses a spending affordability process that reviews the estimated growth in the state economy in establishing a limit for state appropriations.

Some states achieve stability on the expenditure side of the budget through appropriation controls. Examples include Delaware, Oklahoma, Rhode Island, and South Carolina, where less than 100 percent of estimated revenues are appropriated. These controls provide a cushion for unexpected events.

Regional Fiscal Outlook

CHAPTER FIVE

Overview

Most regions are expected to enjoy a steady rate of growth through 1995, though at a slower rate than they experienced during 1994. The regions that have experienced the most rapid growth—the Rocky Mountain, the Southeast, and the Southwest—should continue to outpace the nation, but the gap among regions is expected to narrow.

The steady growth of the economy over the past several years has narrowed the gap in the rate of personal income growth across regions. Personal income increased nationwide by 6.7 percent from the first quarter of 1994 to the first quarter of 1995. States in the Far West and Rocky Mountain regions experienced the most rapid growth at 7.6 percent and 7.5 percent, respectively. The slowest-growing regions were the Mid-Atlantic and New England regions, with increases of 5.4 percent and 5.5 percent, respectively (see Table 10).

Population trends differ significantly across regions. States in the New England and Mid-Atlantic regions experienced the slowest population growth at 0.3 percent between July 1993 and July 1994. The Rocky Mountain region experienced the greatest influx of peo-

ple, with an annual growth rate of 2.5 percent, followed by the Southwest region at 2.0 percent annual growth.

Population projections by the U.S. Bureau of Economic Analysis suggest that, on average, the population will increase by 0.9 percent each year from 1993 through 2005. The fastest-growing states will continue to be those in the Rocky Mountain, Far West, Southwest, and Southeast regions.

Although population projections for 1993 to 2005 differ among regions, the projected per capita personal income estimates show a convergence among states. On average, per capita personal income is projected to rise 1.2 percent annually from 1993 to 2005, with a narrow range among regions—a low of 1.1 percent in the Mid-Atlantic and Far West regions to a high of 1.3 percent in the Plains, Southeast, and Southwest regions. This differs from the period 1983 to 1993 during which per capita personal income ranged from a low of 0.7 percent in the Far West and Southwest regions to a high of 1.9 percent in the New England and Mid-Atlantic regions.

Employment growth also differs across regions. From July 1994 to July 1995, states with the fastest growth in employment generally were in the Southwest

TABLE 10

Regional Budget and Economic Indicators

Region	Weighted Unemployment Rate*	Average Annual Percentage Change in Personal Income**	Annual Percentage Change in Population***	Fiscal 1995 Total Balances as a Percent of Expenditures	Appropriated 1996 General Fund Budget Growth (Percent)	Number of States in Region
New England	5.5%	5.5%	0.3%	2.9%	3.2%	4
Mid-Atlantic	5.9	5.4	0.3	3.3	1.4	5
Great Lakes	4.8	6.5	0.5	7.4	7.2	5
Plains	4.0	6.7	0.7	9.4	4.2	7
Southeast	5.2	7.4	1.4	4.9	4.1	12
Southwest	5.8	7.1	2.0	8.5	4.8	4
Rocky Mountain	4.2	7.5	2.5	7.4	6.4	5
Far West	7.3	7.6	1.0	6.5	3.3	6
Average	5.7%	6.7%	1.0%	5.7%	3.9%	**

SOURCES: *

- U.S. Department of Labor, Bureau of Labor Statistics, July 1995.
- ** U.S. Department of Commerce, Bureau of Economic Analysis, July 1995.
- *** U.S. Department of Commerce, Bureau of the Census, July 1995.

and Rocky Mountain regions, while states with the slowest employment growth tended to be in the New England and the Mid-Atlantic regions. States with the most rapid growth in employment were Utah, Nevada, Arizona, New Mexico, and Georgia, while states with the least rapid growth in employment were Mississippi, Rhode Island, Hawaii, Connecticut, and Pennsylvania.

The regional outlook information presented below is based primarily on reports from the Federal Reserve Banks and the Bureau of National Affairs. Additional data come from state government forecasts, from regional forecasts, and from the U.S. Department of Commerce and the Bureau of Labor Statistics.

New England

The economy continues to expand but has slowed from the previous year. The continued restructuring in the health care industry and possible Medicare cuts will disproportionately affect states in this region, especially Massachusetts. This region also continues to be affected by defense downsizing. Unlike most of the nation, New England has regained only one third of its jobs from its employment peak in 1989 and continues to create jobs at a rate below the national rate. Connecticut and Rhode Island have experienced the greatest job losses in the region. Services have been a source of economic strength in this region, particularly software, consulting, and engineering. Tourism also has boosted this region's growth.

Personal income growth for this region from the first quarter of 1994 to the first quarter of 1995 averaged 5.5 percent annually, below the national average of 6.7 percent. States ranged from a low of 3.9 percent in Connecticut to 7.2 percent in New Hampshire. Unemployment rates in July 1995 ranged from 3.9 percent in New Hampshire to 7.2 percent in Rhode Island.

Mid-Atlantic

Most states in this region should experience modest growth over the next year, though manufacturing continues to be weak in this region. Impediments to economic growth include corporate restructuring, slow population growth, and a surplus of vacant office space. New York's largest gains have come in the service sector. Although growth has been steady in New York, anticipated government cutbacks and downsizing in the finance, insurance, and real estate sectors will dampen growth over the next year. Maryland may be affected by the loss of federal jobs.

Unemployment rates in July 1995 ranged from a high of 6.8 percent in New Jersey to a low of 4.0 percent. in Delaware. Personal income growth from the first quarter of 1994 through the first quarter of 1995 averaged 5.4 percent, with all states in the region below the national average of 6.7 percent.

Great Lakes

Growth in this region should continue at a steady pace, with automobile sales and capital spending slowing down from their rapid growth over the past two years. Unemployment rates in July 1995 ranged from 3.3 percent in Wisconsin to 5.1 percent in Michigan and Illinois, all below the national average of 5.4 percent. Annual personal income growth from the first quarter of 1994 through the first quarter of 1995 was 6.5 percent, with Michigan and Wisconsin both above the national average of 6.7 percent.

Plains

States in this region are experiencing growth in manufacturing jobs, which is helping diversify their agriculture-based economies. Unemployment rates are among the lowest in the nation, with Nebraska and South Dakota at 2.5 percent and 2.7 percent, respectively, while the highest unemployment rate in the region is Missouri at 5.2 percent. At 6.7 percent, annual personal income growth from the first quarter of 1994 through the first quarter of 1995 was at the national average. Minnesota, Missouri, and Nebraska had personal income growth exceeding the national average.

Southeast

Growth is expected to be steady but slower than the rapid growth experienced in 1994. The slower growth is reflected in the manufacturing, textiles, and apparel industries. Florida is still experiencing significant inmigration, which will boost its growth. This region's strengths include construction, high-technology manufacturing, automobiles, lumber, business travel, and tourism. The low vacancy rates for commercial space have helped revive construction. Preparations for next summer's Olympic Games in Atlanta also are boosting growth in the region.

Unemployment rates in July 1995 ranged from a low of 4.0 percent in North Carolina to a high of 8.3 percent in West Virginia. Annual personal income growth from the first quarter of 1994 through the first quarter of 1995 was 7.4 percent for the region, above the national average of 6.7 percent. Personal income growth ranged from 8.5 percent in Florida to 5.5 percent in Louisiana.

Southwest

This region is expected to outperform the rest of the nation, led by the growth in high-technology and export trade. Relatively low costs in this region have attracted businesses, especially high-technology companies. Arizona and New Mexico were among the states with the fastest-growing rates of employment this past year. Oklahoma's diversification away from a dependence on oil and gas has helped balance its growth.

Unemployment rates in July 1995 ranged from a high of 6.0 percent in Texas to a low of 4.8 percent in Oklahoma. Personal income grew 7.1 percent annually from the first quarter of 1994 to the first quarter of 1995, above the national average of 6.7 percent. Increases ranged from 4.6 percent in Oklahoma to 8.8 percent in Arizona.

Rocky Mountain

This region is projected to continue growing at a rate above the national average, helped by the expansion of technologically advanced industries. The Denver metropolitan area is expected to play an increasing role as a regional trade and service center. The population growth in Colorado has helped boost the trade and service sectors. Business and information services continue to be strong sources of job growth in this region.

Regional unemployment rates in July 1995 in the region ranged from 5.3 percent in Idaho and Montana to 3.3 percent in Utah. Personal income grew 7.5 percent annually from the first quarter of 1994 to the first quarter of 1995, above the national average of 6.7 percent. Increases ranged from 4.7 percent in Montana to 8.4 percent in Utah.

Far West

The outlook for this region has improved, especially in California. Hawaii should benefit from the improved economies in California and Japan. The growth in finance, insurance, and real estate reflects the role of this region as a financial services center for U.S. trade with Asia. California continues to experience growth in the health and social services sectors and in the entertainment industry. The strong demand for computers is expected to boost the economies of the Pacific Northwest.

Unemployment rates in July 1995 ranged from a high of 7.9 percent in California to a low of 4.6 percent in Oregon. Personal income growth from the first quarter of 1994 to the first quarter of 1995 was 7.6 percent annually, above the 6.7 percent national average, ranging from 4.2 percent in Hawaii to 10.8 percent in Nevada.

Strategic Directions of States

CHAPTER SIX

States are continuing to implement management reforms. These reforms are in response to the prospect of slow growth, policy goals to reduce the size of government, and the likelihood of increased state responsibilities through block grants. States also are increasing their use of outcome or performance measures in reporting and reviewing budget requests.

Other strategic directions of states are merging or eliminating functions or departments, privatizing certain services, strengthening budget analysis processes, instituting performance-based pay systems, and reviewing state operations through Governors' commissions.

Examples include:

- eliminating state meat inspection, elementary language arts, the central office of affirmative action, marine patrol, school vision and hearing screening services, and litter control in Hawaii;
- eliminating nonfederally mandated dental and other practitioner Medicaid services for adults and aid to aged, blind, and disabled interim assistance programs by changing interim Supplemental Security Income standards to federal disability standards and limiting eligibility criteria for transitional assistance in Illinois;
- eliminating the work readiness program as part of a total welfare reform package in Minnesota;
- eliminating more than thirty boards and commissions in Missouri;
- eliminating the state energy office in New York;
- eliminating the general assistance program in Ohio;
- eliminating several minor boards and commissions in Pennsylvania;
- eliminating the state-operated school lunch program in Rhode Island; and
- eliminating the cost containment commission, the privacy council, and the sentencing commission in Wisconsin.

The restructuring of government functions may include consolidating programs and merging services to avoid duplication. Streamlining is occurring in economic development, natural resources, education, and administration. Major restructuring in states is also occurring in welfare programs and health programs. Examples of restructuring include:

- combining the department of administration and the department of personnel in Colorado;
- merging various departments, including economic development and housing, into the department of economic and community development and merging mental health and substance abuse services in the department of mental health and addiction services in Connecticut;
- consolidating two state departments, two councils, and a state division into a new department of natural resources in Illinois;
- restructuring substance abuse services to managed care in Iowa;
- establishing a jobs commission and dividing the department of natural resources into two agencies in Michigan;
- establishing a new department of children, families, and learning to improve coordination of the major education, health, and welfare programs and to provide greater flexibility to local governments in delivering services to children and families in Minnesota;
- seeking major federal waivers in health care, implementing welfare reform, and restructuring children's programs through Caring Communities and Community Partnerships in Missouri;
- restructuring higher education, health and human services, and natural resources and the environment in Montana;
- restructuring the department of health and human services in New Hampshire;
- consolidating the division of motor vehicles within the department of transportation and other program consolidations in New Jersey;
- restructuring public education in North Carolina;
- changing the governance structure of the bureau of workers' compensation and the state board of education, consolidating public safety functions, restructuring the state's department of administrative services, and adopting a comprehensive welfare re-

form package primarily affecting the AFDC program in Ohio;

- transferring functions of the energy department to the department of consumer and business affairs, reorganizing juvenile corrections programs, transferring certain responsibilities for adult corrections to counties, and converting the Oregon Health Services Corporation to a public corporation in Oregon;
- restructuring economic development and dividing environmental resources into conservation and natural resources and environmental protection in Pennsylvania;
- consolidating some agencies and creating umbrella departments in Puerto Rico;
- merging the department of substance abuse into the health department, eliminating the department of economic development, and creating a quasi-public economic development corporation in Rhode Island;
- consolidating training, employment, and welfare programs; merging various business development services; combining all financial regulatory agencies; consolidating consumer protection programs; and integrating juvenile corrections programs and youth services in Wisconsin.

In a review of service delivery and efficiency, states may opt to privatize services that were performed by state employees. About ten states have established a competitive-bidding process for the delivery of services under which government agencies must bid against their counterparts in the private sector. Recent examples of privatization include:

- privatizing some mental health services in Missouri;
- reviewing government operations, such as motor vehicles, institutional food services, custodial operations, and security, to determine whether the private sector can deliver the services at a lower cost for the same or better quality in New Jersey;
- privatizing state-owned liquor stores in Ohio; and
- privatizing health care facilities in Puerto Rico.

Changes in workforce policies include a focus on quality management efforts to improve the quality and efficiency of government services. In an effort to reduce personnel costs, many states have reduced the number of positions or have offered early retirement incentives. States also are instituting pay for performance as a means to reward performance. In Workforce Policies,

the National Association of State Budget Officers indicates that ten states have instituted statewide pay for performance in the past three years and that thirty-nine states have initiated total quality management. Thirty-one states have established a statewide commission or process to review productivity or quality issues. Examples of recent state changes in workforce policies include:

- eliminating filled positions in Hawaii;
- reporting all state employees in the budget in Kansas;
- instituting a major downsizing of the permanent full-time workforce through outsourcing and privatization in Kentucky;
- recommending a shift from a defined benefit retirement system to a defined contribution retirement system in Michigan;
- proposing that employees be required to contribute toward the cost of traditional health benefit coverage in New Jersey;
- eliminating 2,300 full-time equivalent positions over the next four years in New Mexico;
- offering an early retirement incentive to achieve a permanent reduction in the workforce in New York;
- revising public employee collective bargaining to modify negotiation procedures and timelines, limit issues subject to mandatory bargaining, and change the definition of overtime; and creating a defined contribution retirement plan for certain employees in Oregon;
- conducting a study of the state personnel system in Rhode Island;
- eliminating 450 positions in Vermont;
- enacting a transitional severance benefit package to eligible employees who voluntarily resign or select early retirement in Virginia; and
- instituting an early retirement program in Wyoming.

States are conducting statewide reviews of expenditures and revenues to address the structural imbalance they anticipate between the rate of growth in their revenues compared with the rate of growth in their expenditures. These efforts are being undertaken to maintain long-term balance in state budgets. Examples include:

 implementing zero-based budget formulation for two major departments in Colorado;

- requiring agencies to identify 5 percent of their budget for redirection/elimination as part of a continuing review of all expenditures and the goal of restraining future spending growth in Georgia;
- developing zero-based program reviews by agencies in Idaho;
- reviewing the entire state revenue structure through a Governor's Commission on Tax Policy in Kentucky;
- establishing a productivity realization task force to look for efficiencies in state government in Maine;
- reviewing and proposing substantive program and spending changes to address the imbalance between projected state revenue and the demand for state services over the next decade as well as structural changes required by reduced federal funding in Minnesota;
- implementing the recommendations of the Commission on Management and Productivity and undertaking a detailed review of base budgets in Missouri;
- eliminating the appropriation of proprietary funds in Montana;
- reviewing state expenditures and revenues and identifying \$231 million in budget savings through the Government That Works Task Force in New Jersey;
- examining programs that can be eliminated or streamlined in order to remain within available revenues in New Mexico:
- reviewing programs and recommending changes through a gubernatorially appointed council in Oklahoma;
- reviewing state operations through a commission in Pennsylvania;
- controlling the growth in government in Puerto Rico:
- continuing the Texas Performance Review and abolishing dedicated funds in Texas; and
- implementing a sunset process for 144 boards, councils, and commissions in Wisconsin.

To manage effectively, many states are changing their financial systems to integrate budget, accounting, and other systems. Moreover, under performance-based systems, the linking of budget, cost, and performance data is facilitated by up-to-date financial and accounting systems. Other states are formalizing their budget stabilization funds to address future budget imbalances. Examples include:

- expanding the program budget review and strategic planning to include the subprogram level and defining the legislative review process for the next several fiscal years in Arizona;
- reviewing state funding of federal mandates in Colorado:
- upgrading and integrating budgeting and financial management systems in Delaware;
- allowing 50 percent of operating savings to carry forward to the next fiscal year and creating a \$1 million innovation fund in Iowa;
- authorizing a permanent budget stabilization fund and process for generating fund revenues and using fund proceeds in Kentucky;
- instituting performance budgeting statewide in Maine;
- reducing the accounts payable period by one month to facilitate the closing of the fiscal year in Massachusetts;
- implementing a biennial budget beginning in fiscal years 1997 and 1998 in Michigan;
- seeking voter approval for constitutional amendments to establish a maintenance and repair reserve fund and to limit tax increases without voter approval and reviewing the new financial management system in Missouri;
- implementing selective performance reviews, which would be required for a program to be considered for continued funding, in Ohio;
- initiating efforts to identify programs, goals, and performance measures in Oklahoma;
- requiring legislative approval for new or increased fees proposed by agencies and implementing a statewide accounting system in Oregon;
- automating the budget system to facilitate report presentation and changing to performance budgeting in Puerto Rico;
- converting 239 restricted dedicated accounts to general revenue accounts in Rhode Island;
- requiring agencies to submit zero-growth budget requests in Texas;

- fully integrating strategic planning, performance measurement, and performance budgeting in all agencies and major programs in Virginia;
- revising the budget process to link policy goals and performance measures to recommendations and appropriations and to include capital budget information in the executive budget for fiscal 1997 in West Virginia;
- increasing the use of performance measures in Wisconsin; and
- adopting a strategic planning process in Wyoming.

Through mergers, consolidations, and restructurings, states are positioning themselves for the increased responsibilities that will likely accompany federal block grants. The changes in federal/state fiscal relations and the slow but steady economic growth will place a premium on the efficiency and effectiveness of public services and management.

Appendix

TABLE A-1

Fiscal 1994 State General Fund, Actual (Millions)

	Beginning			•			F.,	Budget
Region/State	Balance	Revenues	Adjustments	Resources	Expenditures	Adjustments	Ending Balance	Stabilization Fund
NEW ENGLAND						,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		
Connecticut*	\$0	\$7,914		\$7,914	\$7,895		\$20	\$0
Maine*	4	1,624	\$22	1,650	1,596	\$50	4	17
Massachusetts*	133	15,033		15,166	14,977		125	383
New Hampshire	31_	897		928	817		12	119
Rhode Island* Vermont*	9 -46	1,526		1,534	1,531		4	43
MID-ATLANTIC	-40	682	21	657	656	1	0	11
Delaware*	210	1,449		1,659	1,345		313	*
Maryland	11	6,652	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	6,663	6.603		60	162
New Jersey*	1,112	14,745	. ,	15,857	14,617	THE CONTRACTOR OF THE CONTRACT	1,240	*
New York*	67	32,698	-469	32,296	31,897		399	*
Pennsylvania*	218	14,996	56	15,270	14,935	33	302	30
GREAT LAKES								
Illinois*	172	15,587		15,759	15,529		230	0
Indiana* Michigan*	10 26	6,712 8,291	8	6,730	6,640	500	90	370
Ohio*	90	14,929		8,317 15,019	7,719 14,433	598 286	<u>0</u> 300	776 281
Wisconsin*	168	7,435		7,603	7,353	200	249	<u> </u>
PLAINS		7,400		7,000	7,000		243	
_lowa*	0	3,626	-63	3,563	3,472		91	38
Kansas*	385	3,176	4	3,565	3,111		454	72
Minnesota*	876	8,164		9,040	8,136		904	*
Missouri	226	4,709		4,935	4,660		275	37
Nebraska*	123	1,654	-12	1,764	1,612		152	28
North Dakota* South Dakota*	20 0	619 626		639	611		28	0
SOUTHEAST		020		626	626		0	22
Alabama	130	3,857		3,987	3,860		128	o
Arkansas	0	2,270		2,270	2,270		0	0
Florida	381	13,161		13,542	13,344		198	296
Georgia*	99	8,906		9,005	8,741	144	120	267
Kentucky*	39	4,830		4,869	4,646	125	98	90
Louisiana*	101	4,348		4,449	4,389	153	213	0
Mississippi	88	2,393		2,481	2,149		332	195
North Carolina* South Carolina*	579	9,312		9,891	9,004		888	*
Tennessee*	159 266	4,025 4,705	27	4,184 4,998	3,776 4,825		407 173	*
Virginia*	169	6,907		7,076	6,742		334	*
West Virginia*	71	2,118		2,189	2,100	21	69	21
SOUTHWEST				2,,00	2,100			
Arizona*	86	4,078		4,164	3,935		229	42
New Mexico	224	2,557		2,557	2,625		156	0
Oklahoma	105	3,315		3,420	3,302		118	45
_Texas*	1,330	19,798		21,129	19,200		1,929	29
ROCKY MOUNTAIN								
Colorado*	327	3,725		4,052	3,647		405	*
Montana*	11 52	1,174 893	-39 9	1,146	1,108		38	33
Utah*	11	2,172	9	955 2,183	904 2,119	**	50 64	NA 43
Wyoming*	43	489	,	532	500	1	31	18
FAR WEST						<u> </u>		
Alaska	0	3,148		3,148	3,148		0	727
California*	803	39,959	-1,600	39,162	39,130		32	*
Hawaii*	264	2,975	112	3,350	3,059		291	0
Nevada*	79	1,077	17	1,094	1,043	11	129	18
Oregon*	366	3,146		3,512	3,073		439	*
Washington*	242	8,092	-25	8,309	8,011		298	125
TERRITORIES	4	4 000		4 004	4.000		055	
Puerto Rico Total	\$9,868	4,863 \$337,173		4,864 \$347,043	4,609 \$331,419		255	41
NOTE: NA indicates de				4341,U43	Φ331,419		\$12,420	\$4,327

NOTE: NA indicates data are not available.

^{*}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.

The rainy day balance only includes deposits and does not include any interest earnings that it may accrue. Arizona

Revenue adjustments reflect an eighteen-month deficit retirement plan. Ending balance includes a budget California

stabilization fund of \$-545 million.

Ending balance includes a constitutional emergency reserve fund of \$36.0 million and a budget stabilization fund of \$369.1 million, which includes a statutory 4 percent reserve of \$135.1 million. Colorado

Connecticut Figures include federal reimbursements such as Medicaid.

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

Georgia Expenditure adjustments reflect a transfer to the rainy day fund.

Revenue adjustments reflect a transfer of protested insurance premium taxes from a special escrow account. Hawaii

Revenue adjustments include one-time transfers to other funds. idaho

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

Revenue adjustment reflects a transfer to the rainy day fund. Indiana

Revenue adjustments include \$63.3 million in one-time tax refunds. Fiscal 1994 ending balance includes \$31.2 million lowa

to be deposited in the cash reserve fund and \$59.7 million to reduce certain state expenditures to comply with generally

accepted accounting principles.

Kansas Revenue adjustments reflect released encumbrances.

Expenditure adjustment figure includes carryover continuing appropriations, including the budget reserve trust fund. Kentucky

Expenditure adjustments figure reflects comprehensive annual financial report reconciliation. Louisiana

Revenue adjustments are appropriation balances carried forward. Expenditure adjustments reflect increases in the Maine

rainy day fund and working capital.

In fiscal 1994, \$64 million was transferred to the rainy day fund. Massachusetts

Expenditure adjustments include a transfer to the budget stabilization fund of \$460.2 million and changes in capital Michigan

outlay, prior-period adjustments, fund sources, and other miscellaneous changes totaling \$137.4 million.

Minnesota Ending balance includes a budget stabilization fund of \$500 million.

Figures reflect discontinued earmarking of funds for public schools. Montana

Revenue adjustments are transfers between the general fund and the rainy day fund. Nebraska

Nevada Revenue adjustments represent reversions of prior-year appropriations. Expenditures include a transfer to the budget

stabilization fund of \$18 million.

New Jersey Ending balance includes a budget stabilization fund of \$158.9 million.

> Net deposits, including those funded by Local Government Assistance Corporation (LGAC) bond proceeds, into the personal income tax refund reserve reduce the receipts by a like amount. These resources are available to pay refunds in the following year. Net reductions in the reserve increase receipts in that year.

Revenue adjustments include a current-year surplus of \$-1,026 million, prior-year surplus of \$671 million, and LGAC

bond proceeds of \$-114 million for a total of \$-469 million.

The state established a contingency reserve fund (CRF) to enable it to meet the expenses associated with various court actions. In fiscal 1995, \$265 million was disbursed for several litigation cases. Included in the fiscal 1996 enacted budget is a deposit of \$40 million to the CRF to cover potential costs associated with litigation against the

state.

New York

Ohio

The tax stabilization reserve fund was established in 1946 with the goal of helping stabilize the state's tax structure when revenues fall short of projections. The fund is designed such that it is funded from any surplus in the state's general fund, and it is used as a funding source to cover any general fund deficit that develops on a cash basis. In the event this fund is used, funds are provided on a temporary loan basis and must be repaid within six years. The

total assets of the fund are \$201 million.

Ending balance includes a contingency reserve fund of \$265 million and a tax stabilization reserve fund of \$134 million

for a total of \$399 million.

North Carolina Ending balance includes a budget stabilization fund of \$210.6 million.

North 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.

Ohio includes federal reimbursements for Medicaid, ADC, and several other human services programs in its general fund. Beginning balances are undesignated, unreserved fund balances. The actual cash balance would be higher by the amount reserved for encumbrances and transfers to the rainy day fund in each year. Expenditures for fiscal 1994 and fiscal 1995 do not include encumbrances outstanding at the end of the year. Ohio reports expenditures based on disbursements from the general fund. Fiscal 1996 expenditures reflect appropriated amounts. Fiscal 1994 expenditure adjustments equal a transfer made to the rainy day fund of \$260.3 million plus other "transfers out" of \$26.3 million, minus a "net change in encumbrances" over the year of \$1.0 million.

Oregon Ending balance includes a budget stabilization fund of \$69 million.

NOTES TO TABLE A-1 (continued)

Revenue adjustments include adjustments to the beginning balance and lapses from prior-year appropriations. Expenditure adjustments represent the transfer to the rainy day fund, which actually occurs in the subsequent fiscal Pennsylvania

Utah

Total resources are net of transfers to the budget reserve fund and other financing uses. General fund reflects only Rhode Island

general revenue receipts and appropriations.

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

Cash balance reflects unobligated cash balance. Expenditures include transfers to other funds and obligations against cash. Revenue includes prior-year cash carried forward to meet obligations. South Dakota

Ending balance includes a budget stabilization fund of \$101 million. Tennessee

Revenues include a transfer of \$58 million from the rainy day fund. Texas Fiscal 1994 includes a \$24.9 million transfer to the rainy day fund.

Revenue adjustment includes \$21.4 million transferred from the state transportation fund. Expenditure adjustment Vermont

includes \$1.0 million transferred to the rainy day fund.

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

For fiscal 1994, \$25 million was transferred to the budget stabilization fund and earmarked for pensions. Washington

Beginning balance includes thirty-one-day expenditures of \$29.7 million, reappropriations of \$20.7 million, surplus appropriations of \$10.0 million, and appropriated surplus of \$10.6 million for a total of \$71.0 million. Expenditure adjustment is a transfer to the rainy day fund. West Virginia

Ending balance includes a budget stabilization fund of \$73.5 million. Wisconsin

Adjustment to convert to generally accepted accounting principles. Wyoming

TABLE A-2

Fiscal 1995 State General Fund, Preliminary Actual (Millions)

	Beginning		f division and	December	Evenonditurno	A divertmente	Ending Balance	Budget Stabilization Fund
Region/State	Balance	Revenues	Adjustments	Resources	Expenditures	Aajustments	balance	runa
NEW ENGLAND	•	An 477		00.477	CO 400		67 5	*
Connecticut*	\$0 4	\$8,477 1,665	\$29	\$8,477 1,698	\$8,402 1,686	\$7	\$75 5	\$6
Maine* Massachusetts*	125	15,909	\$29	16,035	15,859	Ψ1.	175	425
New Hampshire	12	939		951	951		0	119
Rhode Island*	4	1,640		1,644	1,638	www.	6	45
Vermont*	0	673	3	675	690		-15	0
MID-ATLANTIC					· W.			
Delaware*	313	1,602		1,915	1,541		374	*
Maryland	60	7,068		7,128	6,996		132	286
New Jersey*	1,240	14,864		16,104	15,140		964	****
New York*	399	32,296	862	33,557	33,399		158	*
Pennsylvania*	302	15,765	148	16,215	15,675	111	429	66
GREAT LAKES								_
Illinois*	230	17,002		17,232	16,901		331	
Indiana*	90	7,307	-30	7,367	6,332	356	679	419
Michigan*	0	8,801	-682	8,119	7,994	125	0	1,130
Ohio*	300	15,711		16,011	14,979	962	70	828
Wisconsin*	249	7,907		8,156	7,818		337	-
PLAINS	_			0.075	0.000		0.40	0.4
lowa*	0	3,875		3,875	3,632		243 358	84 5
Kansas*	454	3,244	2	3,700	3,342		921	*
Minnesota*	904	8,706		9,610 5,734	8,689 5,345		389	21
Missouri	275	5,459	1		1,683		176	21
Nebraska*	152	1,706 632	I	1,859 660	629		31	0
North Dakota* South Dakota*	28 0	622		622	622		0	11
SOUTHEAST		022		022	<u> </u>			
Alabama	128	3,995		4,123	4,123		0	0
Arkansas	0	2,453		2,453	2,453		0	0
Florida	198	14,146		14,344	14,323		21	252
Georgia*	120	9,509		9,629	9,506	20	123	287
Kentucky*	98	5,313		5,411	5,006	144	261	100
Louisiana*	213	4,686	-106	4,793	4,686	107	106	0
Mississippi	166	2,624		2,790	2,602		188	201
North Carolina*	888	9,972		10,860	10,034		892	•
South Carolina*	407	4,234		4,641	4,051	·············	589	#
Tennessee*	173	5,072	98	5,343	5,195		148	*
Virginia*	334	7,173		7,535	7,410		125	*
West Virginia*	69	2,309	3	2,380	2,210	43	127	64
SOUTHWEST								
Arizona*	229	4,468		4,697	4,426		271	223
New Mexico*	156	2,631	3	2,791	2,714	18	59	0
Oklahoma	118	3,513		3,631	3,436		195	45
Texas*	1,929	20,563		22,492	20,640		1,852	9
ROCKY MOUNTAIN						_		
Colorado*	405	3,930		4,335	3,906	2	427	
Idaho*	38	1,288	-55	1,271	1,268		3	33
Montana*	50	938	7	995	948		47	NA_
Utah*	64	2,329		2,393	2,338		55	60
Wyoming	31	490		520	520	www.	0	13
FAR WEST	•	6 F76	•	0.530	0.570		^	1 070
Alaska	0	2,572	4 = 5	2,572	2,572		678	1,873
California*	32	42,553	-175	42,410	41,732		678 90	0
Hawaii	291	2,969	100	3,259	3,169		93	100
Nevada*	129	1,254	108	1,362	1,398		499	*
Oregon*	439	3,390	93	3,829	3,330 8,301		499 585	0
Washington*	298	8,495	30	8,886	0,301		300	
TERRITORIES Puerto Rico	255	5,229		5,484	5,355		129	78
Total	\$12,143	\$354,736		\$366,880	\$352,241		\$13,273	\$6,726
10tal	912,140	φυυ 4, / ου		\$505,000	#VVE,E7 1		¥10,£10	40,120

NOTE: NA indicates data are not available.

^{*}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.

Arizona The rainy day balance only includes deposits and does not include any interest earnings that it may accrue.

Revenue adjustments include \$1,025 million for a twenty-two month deficit elimination plan and \$-1,200 million for an California

eighteen-month deficit elimination plan. Ending balance includes a budget stabilization fund of \$396 million.

Expenditure adjustments represent the transfers for natural disasters. Ending balance includes a constitutional emergency reserve fund of \$77.1 million and a budget stabilization fund of \$349.9 million, which includes a statutory Colorado

4 percent reserve of \$145.1 million.

Figures include federal reimbursements such as Medicaid. Ending balance includes a budget stabilization fund of Connecticut

\$74.5 million.

Delaware Ending balance includes a budget stabilization fund of \$79.2 million.

Expenditure adjustments reflect a transfer to the rainy day fund. Georgia

Idaho Revenue adjustments include one-time transfers to other funds.

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

Revenue adjustment reflects a transfer to the rainy day fund. Indiana

Fiscal 1995 ending balance includes \$124.0 million to be deposited in the cash reserve fund, \$50 million to be set aside in a special fund for infrastructure improvements, and \$69.1 million to be set aside in a economic emergency lowa

Revenue adjustments reflect released encumbrances. Kansas

Expenditure adjustment figure includes carryover continuing appropriations, including the budget reserve trust fund. Kentucky

General fund balance is not available to finance general fund operating expenditures. Expenditure adjustments reflect Louisiana

use of general fund balance to retire debt.

Revenue adjustments are appropriation balances carried forward. Revenues were adjusted for the change to a modified accrual basis. Expenditure adjustments reflect increases in the rainy day fund and working capital. Maine

In fiscal 1995, \$43 million was contributed to the rainy day fund. Massachusetts

Revenue adjustments include a revenue sharing freeze (\$67.0 million), a liquor mark-up increase (\$32.7 million), single business tax reductions (\$-87.2 million), income tax and pension reductions (\$-70.0 million), school finance reform (\$-456.2 million), the Governor's recommended intangibles tax cut (\$-43.1 million), the Governor's recommended single business tax cut (\$-74.0 million), and miscellaneous adjustments (\$2.8 million). Michigan

and miscellaneous adjustments (\$2.8 million)

Expenditure adjustments include an appropriated transfer to the budget stabilization fund (\$100.9 million) and an increased transfer to the budget stabilization fund in compliance with constitutional requirements (\$24.1 million).

Ending balance includes a budget stabilization fund of \$500 million. Minnesota

Figures reflect discontinued earmarking of funds for public schools. Montana

Revenue adjustments are transfers between the general fund and the rainy day fund. Nebraska

Nevada

Revenues include one-time revenues of \$88 million. Revenue adjustments represent reversions of prior-year appropriations. Expenditures include one-time expenditures of \$186 million and a transfer to the budget stabilization fund of \$82 million.

Ending balance includes a budget stabilization fund of \$246.2 million. **New Jersey**

Net deposits, including those funded by Local Government Assistance Corporation (LGAC) bond proceeds, into the personal income tax refund reserve reduce the receipts by a like amount. These resources are available to pay refunds in the following year. Net reductions in the reserve increase receipts in that year. New York

Revenue adjustments include a current-year surplus of \$-7 million, prior-year surplus of \$1,026 million, LGAC bond proceeds of \$-136 million, and other changes of \$-21 million for a total of \$862 million.

The state established a contingency reserve fund (CRF) to enable it to meet the expenses associated with various court actions. In fiscal 1995, \$265 million was disbursed for several litigation cases. Included in the fiscal 1996 enacted budget is a deposit of \$40 million to the CRF to cover potential costs associated with litigation against the state.

The tax stabilization reserve fund was established in 1946 with the goal of helping stabilize the state's tax structure when revenues fall short of projections. The fund is designed such that it is funded from any surplus in the state's general fund, and it is used as a funding source to cover any general fund deficit that develops on a cash basis. In the event this fund is used, funds are provided on a temporary loan basis and must be repaid within six years. The total assets of the fund are \$201 million.

Ending balance includes a contingency reserve fund of \$1 million and a tax stabilization reserve fund of \$157 million for a total of \$158 million.

New Mexico Adjustments are transfers from reserves.

Ending balance includes a budget stabilization fund of \$423.6 million. North Carolina

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

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

Ohio includes federal reimbursements for Medicaid, ADC, and several other human services programs in its general fund. Beginning balances are undesignated, unreserved fund balances. The actual cash balance would be higher by the amount reserved for encumbrances and transfers to the rainy day fund in each year. Expenditures for fiscal 1994 Ohio

and fiscal 1995 do not include encumbrances outstanding at the end of the year. Ohio reports expenditures based on disbursements from the general fund. Fiscal 1996 expenditures reflect appropriated amounts. Fiscal 1995 expenditure adjustments equal a transfer made to the rainy day fund of \$535.2 million plus other "transfers out" of \$324.2 million, plus a "net change in encumbrances" over the year of \$102.5 million.

Ending balance includes a budget stabilization fund of \$39 million. Oregon

Pennsylvania

Revenue adjustments include the adjustments to the beginning balance and lapses from prior-year appropriations. Expenditure adjustments represent the transfer to the rainy day fund, which actually occurs in the subsequent fiscal year. The fiscal 1996 budget proposed that the transfer to the rainy day fund be increased from 10 percent to 15 percent of the general fund closing balance effective with the transfer based on the June 30, 1995, closing balance. Also under consideration is an additional \$30 million contribution above the 15 percent from the June 30, 1995, closing balance. These amounts are shown, as reserves, on the financial statement pending action by the general assembly.

Rhode Island Total resources are net of transfers to budget reserve fund and other financing uses. General fund reflects only general

revenue receipts and appropriations.

Fiscal 1995 ending balance includes revenue set-aside of \$54.6 million to be expended in fiscal 1996 and a budget South Carolina

stabilization fund of \$110.2 million.

Cash bajance reflects unobligated cash balance. Expenditures include transfers to other funds and obligations against South Dakota

cash. Revenue includes prior-year cash carried forward to meet obligations.

Tennessee Ending balance includes a budget stabilization fund of \$101 million.

Revenues include transfer of \$21 million from the rainy day fund. Texas

Utah Fiscal 1995 includes a \$15 million transfer to the rainy day fund and a \$25 million transfer to a new transportation

infrastructure account.

Vermont Revenue adjusment includes \$1.0 million transferred from the rainy day fund and \$1.5 million transferred from the

transportation fund.

Virginia Ending balance includes a budget stabilization fund of \$107.7 million and is appropriated in fiscal 1995.

In fiscal 1995, there was a \$-7.4 million adjustment to the fund balance and reserves. In addition, \$100 million was Washington

transferred back from the budget stabilization fund when it was abolished June 30, 1995.

West Virginia

Preliminary actual beginning balance for fiscal 1995 includes thirty-one-day expenditures of \$21.2 million, reappropriations of \$26.7 million, surplus appropriations of \$6.0 million, appropriated surplus of \$7.9 million, and unappropriated surplus of \$7.0 million. Preliminary actual revenues for fiscal 1995 include the official revenue estimate of \$2,227.1 million and collections over official estimate of \$81.6 million. Total expenditures include regular appropriations of \$2,170.1 million, reappropriations of \$12.6 million, surplus appropriations of \$6.4 million, and thirty-one day expenditures of \$21.2 million for a total of \$2,210.3 million. Revenue adjustments are expirations from

special revenue into the general fund. Expenditure adjustments are a transfer to the rainy day fund.

Wisconsin Ending balance includes a budget stabilization fund of \$78.8 million.

TABLE A-3

Fiscal 1996 State General Fund, Appropriated (Millions)

Danis (Okala	Beginning	Bayanyaa	A divato anta	Pagaurage	Expenditures	Adjustments	Ending Balance	Budget Stabilization Fund
Region/State	Balance	Revenues	Adjustments	Resources		Aujustinents	Dalance	rana
NEW ENGLAND							•	675
Connecticut*	\$0	\$8,837		\$8,837	\$8,837		\$0_	\$75
Maine*	5	1,733		1,738	1,732		6	NA 116
Massachusetts*	175	16,250		16,425	16,376		49	446
New Hampshire	0	836		836	844	A 50	-8	119
Rhode Island*	6	1,650	\$57	1,712	1,654	\$56	2_	52 0
Vermont*	-15	705	9	699	730	-24	-6	<u> </u>
MID-ATLANTIC		4 000		4.000	4 704		262	*
Delaware*	374	1,622		1,996	1,734		34	512
Maryland	132	7,336	··········	7,468	7,434		545	312
New Jersey*	964	15,225	000	16,189	15,644 32,804		213	*
New York*	158	33,139	-280_	33,017		8	16	179
Pennsylvania*	429	15,749	8	16,186	16,162		10	119
GREAT LAKES		477740		40.044	17.704		250	0
Illinois*	331	17,713		18,044	17,794		684	419
Indiana	679	7,184	700	7,863	7,179		17	1,197
Michigan*	0	9,232	-792	8,440	8,423	7	162	828
Ohio*	70	16,334		16,404	16,235		442	020
Wisconsin*	337	8,360		8,697	8,255		442	
PLAINS	_			4 000	6 700	64	474	301
lowa*	0	4,051	-48	4,003	3,768	61	174	0
Kansas	358	3,394		3,752	3,469	<u></u>	283 845	<u> </u>
Minnesota*	921	8,835		9,756	8,911	# ··· ·		25
Missouri	389	5,482	4.0	5,871	5,725		146 125	NA
Nebraska*	176	1,834	12	2,022	1,810			0
North Dakota*	31	618		. 649	620		29 0	20
South Dakota*	0	638		638	638			20
SOUTHEAST					ALA.		NA	NA
Alabama*	NA NA	NA NA		NA NA	NA NA		0	0
Arkansas	0	2,503		2,503	2,503	Marie III	0	268
Florida	21	14,779		14,800	14,800	*******	103	287
Georgia*	103	10,134		10,237	10,134	244	34	200
Kentucky*	261	5,352		5,613	5,335	244	-3 4	0
Louisiana*	106	4,830	106	4,830	4,833			201
Mississippi	115	2,681		2,796	2,722		630	
North Carolina	892	9,769		10,662	10,032		356	*
South Carolina*	589	4,171	46	4,760	4,404		101	*
Tennessee*	148	5,373	16	5,537	5,436		113	*
Virginia*	125	7,651	3	7,779	7,666		0	64
West Virginia*	127	2,283		2,410	2,410			- 04
SOUTHWEST				4.000	4 505		4.40	223
_ Arizona*	271	4,412		4,683	4,535	13	148 11	223
New Mexico*	59	2,745	1	2,805	2,781	13		45
Oklahoma	195	3,640		3,835	3,547		288	45 9
Texas	1,852	20,528		22,379	21,836		543	<u> </u>
ROCKY MOUNTAIN					,		400	
_ Colorado*	427	4,127		4,554	4,151		403	
Idaho*	1	1,389	-41	1,349	1,349		0	33 NA
Montana*	47	967	7	1,021	999		22	
Utah	55	2,531		2,586	2,586		0	62
Wyoming	0	479		479	471		8	9
FAR WEST							_	4 700
_ Alaska	0	2,476		2,476	2,476		0	1,700
_ California*	678	44,057	-1,025	43,710	43,421		289	
Hawaii	90	3,101		3,191	3,137		54	0
Nevada*	93	1,230	17	1,247	1,233		107	100
Oregon*	499	3,355		3,854	3,539		315	
Washington	585	8,551		9,136	8,674		462	0
TERRITORIES	· · · · · · · · · · · · · · · · · · ·							
Puerto Rico	129	5,046		5,175	5,166		10	90
Total	\$12,859	\$359,869		\$372,729	\$361,788		\$8,329	\$7,374

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

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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 Fiscal 1996 appropriations have not yet passed the 1995 regular legislative session.

Arizona The rainy day balance only includes deposits and does not include any interest earnings that it may accrue.

California Revenues adjustments are for a twenty-two month deficit elimination plan. Ending balance includes a budget

stabilization fund of \$28 million.

Colorado Ending balance includes a constitutional emergency reserve fund of \$176.9 million and a budget stabilization fund of

\$226.8 million, which includes a statutory 4 percent reserve of \$154.3 million.

Connecticut Figures include federal reimbursements such as Medicaid. Ending balance includes a budget stabilization fund of

\$74.7 million.

Delaware Ending balance includes a budget stabilization fund of \$87.2 million.

The surplus is to be used for a mid-year adjustment for education. The Governor continues to adopt a conservative Georgia

revenue estimate. The rainy day fund should be at its limit in fiscal 1996 at approximately \$305 million.

Idaho Fiscal 1996 beginning balance does not balance to fiscal 1995 ending balance because the fiscal 1996 budget

anticipated an ending balance of \$1 million. The revenue adjustments figure represents a combination of a \$1 million one-time transfer to a dedicated fund and a \$40 million permanent reallocation of state sales tax revenue to public schools to replace a \$40 million permanent cut in property taxes.

Illinois Excludes \$200 million in short-term borrowing.

lowa Revenue adjustments include \$47.6 million in income tax reductions for dependents and retirees. Expenditure

adjustments include \$61.0 million in additional property tax relief. Fiscal 1996 ending balance includes \$8.0 million to be deposited in the cash reserve fund and \$165.8 million to be set aside in an economic emergency fund under

Kentucky Expenditure adjustment figure includes carryover continuing appropriations, including the budget reserve trust fund.

Louisiana General fund balance is not available to finance general fund operating expenditures.

Revenue adjustments are appropriation balances carried forward. Revenues were adjusted for the change to a Maine

modified accrual basis. Expenditure adjustments reflect increases in the rainy day fund and working capital.

Massachusetts In fiscal 1996, the increase in the rainy day fund balance due to interest is projected to be \$21 million.

Michigan

Revenue adjustments include a liquor price mark-up (\$32.7 million), a single business tax reduction (\$-91.6 million), pension tax reform (\$-70.7 million), 3.6 percent limit on revenue sharing (\$81.3 million), general fund impact of school reform (\$-521.9 million), intangibles tax change (\$-45.0 million), income tax change-general fund effect (\$-71.4 million), a single business tax reduction (\$-102.4 million), and miscellaneous adjustments (\$-2.5 million).

Ending balance includes a budget stabilization fund of \$504 million, which includes a cash flow account of \$350 million and a budget reserve of \$204 million.

Revenues include \$23 million of fiscal 1995 year-end balance, which will be returned to payers of income tax in the

Montana fall of 1995.

Minnesota

New York

Nebraska Revenue adjustments are transfers between the general fund and the rainy day fund.

Nevada Revenue adjustments represent reversions of prior-year appropriations.

New Jersey Ending balance includes a budget stabilization fund of \$396.2 million.

Net deposits, including those funded by Local Government Assistance Corporation (LGAC) bond proceeds, into the personal income tax refund reserve reduce the receipts by a like amount. These resources are available to pay refunds

in the following year. Net reductions in the reserve increase receipts in that year.

Revenue adjustments include a prior-year surplus of \$7 million, LGAC bond proceeds of \$-271 million, and other changes of \$-16 million for a total of \$-280 million.

The state established a contingency reserve fund (CRF) to enable it to meet the expenses associated with various court actions. In fiscal 1995, \$265 million was disbursed for several litigation cases. Included in the fiscal 1996 enacted budget is a deposit of \$40 million to the CRF to cover potential costs associated with litigation against the state.

The tax stabilization reserve fund was established in 1946 with the goal of helping stabilize the state's tax structure when revenues fall short of projections. The fund is designed such that it is funded from any surplus in the state's general fund, and it is used as a funding source to cover any general fund deficit that develops on a cash basis. In the event this fund is used, funds are provided on a temporary loan basis and must be repaid within six years. The total assets of the fund are \$201 million.

Ending balance includes a contingency reserve fund of \$41 million and a tax stabilization reserve fund of \$172 million for a total of \$213 million.

New Mexico Adjustments are transfers from reserves.

NOTES TO TABLE A-3 (continued)

Ohio

North Carolina Ending balance includes a budget stabilization fund of \$469.5 million (estimated).

North 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.

Ohio includes federal reimbursements for Medicaid, ADC, and several other human services programs in its general fund. Beginning balances are undesignated, unreserved fund balances. The actual cash balance would be higher by the amount reserved for encumbrances and transfers to the rainy day fund in each year. Ohio reports expenditures based on disbursements from the general fund. Fiscal 1996 appropriated expenditures reflect fiscal 1996

appropriations as included in the budget act.

Oregon Ending balance includes a budget stabilization fund of \$149 million.

Revenue adjustments include adjustments to the beginning balance and lapses from prior-year appropriations. Expenditure adjustments represent the transfer to the rainy day fund, which actually occurs in the subsequent fiscal year. This amount reflects the proposed increase (from 10 percent to 15 percent of the general fund closing balance) Pennsylvania

in the transfer to the rainy day fund.

Total resources are net of transfers to the budget reserve fund and other financing uses. General fund reflects only general revenue receipts and appropriations. Adjustments reflect conversion of restricted funds to general revenue funds. Rhode Island

South Carolina Fiscal 1996 ending balance includes revenue set-aside of \$64.2 million and a budget stabilization fund of

\$120.7 million.

Cash balance reflects unobligated cash balance. Expenditures include transfers to other funds and obligations against cash. Revenue includes prior-year cash carried forward to meet obligations. South Dakota

Tennessee Ending balance includes a budget stabilization fund of \$101 million.

Revenue adjustment includes a \$0.9 million fee increase and a \$4.0 million transfer from the health care fund. Expenditure adjustments reflect a legislatively authorized rescission of \$1.6 million and a gubernatorial allotment of Vermont

Virginia Ending balance includes a budget stabilization fund of \$107.7 million. Revenue adjustments are transfers to the

West Virginia

Appropriated beginning balance for fiscal 1996 includes thirty-one day expenditures of \$22.1 million, reappropriations of \$61.6 million, and surplus appropriations of \$43.1 million, totaling \$126.8 million. Preliminary total expenditures for fiscal 1996 include a regular recommendation of \$2,282.9 million, reappropriations of \$61.6 million, surplus appropriations of \$43.1 million, and thirty-one-day expenditures of \$22.1 million, totaling \$2,409.7 million. Expenditure

adjustments are a transfer to the rainy day fund.

Wisconsin Ending balance includes a budget stabilization fund of \$82.9 million.

Nominal Percentage Expenditure Change, Fiscal 1995 and Fiscal 1996**

	Fiscal	Fiscal
Region/State	1995	1996
NEW ENGLAND	*****	····
Connecticut	6.4%	5.2%
Maine Massachusetts	5.7	2.7
New Hampshire	5.9 16.4	3.3 -11.3
Rhode Island	7.0	1.0
Vermont	5.1	5.8
MID-ATLANTIC		
<u>Delaware</u>	14.5	12.5
Maryland New Jersey	6.0	6.3
New York	3.6 4.7	3.3 -1.8
Pennsylvania	5.0	3.1
GREAT LAKES	***	
Illinois	8.8	5.3
Indiana	0.7	7.3
Michigan Ohio*	3.6	5.4
Wisconsin	3.8 6.3	8.4 5.6
PLAINS	0.5	5.6
lowa	4.6	3.7
Kansas	7.4	3.8
Minnesota	6.8	2.6
Missouri Nebraska	14.7	7.1
North Dakota	<u>4.4</u> 2.9	<u>7.6</u> -1.4
South Dakota	-0.6	2.6
SOUTHEAST	<u> </u>	
Alabama	6.8	NA
Arkansas	8.0	2.0
Florida Georgia	7.3 8.8	3.3
Kentucky	7.8	6.6 6.6
Louisiana	6.8	3.1
Mississippi	21.1	4.6
North Carolina	11.4	0.0
South Carolina Tennessee	7.3	8.7
Virginia	7.7 9.9	4.6 3.5
West Virginia	5.3	9.0
SOUTHWEST	****	
Arizona	12.5	2.5
New Mexico	3.4	2.5
Oklahoma Texas	4.1 7.5	3.2 5.8
ROCKY MOUNTAIN	7.5	5.6
Colorado	7.1	6.3
Idaho	14.4	6.4
Montana	4.9	5.4
Utah Wyoming	10.3 4.1	10.6
FAR WEST	4.1	-9.4
Alaska	18.3	-3.7
California	6.6	4.0
Hawaii	3.6	-1.0
Nevada*	8.3	9.1
Oregon Washington	8.4	6.3
TERRITORIES	3.6	4.5
Puerto Rico	16.2	-3.5
Average	6.3%	3.9%

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

^{**}Fiscal 1995 reflects change from fiscal 1994 expenditures (actual) to fiscal 1995 expenditures (preliminary actual). Fiscal 1996 reflects change from fiscal 1995 expenditures (preliminary actual) to fiscal 1996 (appropriated).

Nevada

Excludes one-time expenditures in fiscal 1995.

Ohio

Both the fiscal 1995 and fiscal 1996 growth rates reflect actual fiscal 1995 spending, which was substantially below budgeted levels.

•		duce of	E1111111111	ite Dauge	t Gaps, Fiscal 1	333			
D	F	Eliminate	Lavaffa	Eurloughs	Across-the-Board Percentage Cuts	Early Retirement	Reduce	Reorganize Programs	Privatizatio
Region/State	rees	rivyiailis	Layons	runougns	reiceillage Culs	- Temement	LUULIAIG	7 rograms	777402400
NEW ENGLAND			x		x				х
Connecticut* Maine*			^		^		1.04		
Massachusetts								www.	1.2 *****
New Hampshire*									
Rhode Island*									
Vermont*									
MID-ATLANTIC									
Delaware									
Maryland New Jersey*	x	X	X	X				×	X
New York*		$\frac{\hat{x}}{x}$					· · · · · · · · · · · · · · · · · · ·		
Pennsylvania									
GREAT LAKES									
Illinois									
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North Dakota South Dakota*									
SOUTHEAST									
Alabama									
Arkansas		******							
Florida	X	X						X	X
Georgia									
Kentucky Louisiana*									
Mississippi									
North Carolina									
South Carolina									
Tennessee					X				
Virginia									·····
West Virginia SOUTHWEST				w					
Arizona									
New Mexico*	······································	Х							
Oklahoma									
Texas						X			
ROCKY MOUNTAIN									
Colorado									
Idaho* Montana*	X				X				
Utah	^_				Α				
Wyoming		***************************************							
AR WEST									
Alaska					*****		X		
California									
Hawaii		X			X	X			
Nevada									
Oregon Washington									
ERRITORIES									
Puerto Rico Total		5				2	1	2	3

^{*}See Notes to Table A-5.

Other strategies included allotment reductions. Connecticut

A \$50 million transfer to the capital budget was reduced by \$4 million. Idaho

An executive order reduced the general fund by \$10.6 million. Louisiana

An executive order froze miscellaneous "all other" and "capital expenditures" in the fourth quarter of fiscal 1995. Maine

Funding switches, fund balance transfers, and targeted reductions were other strategies used. Montana

Other strategies included a hiring freeze. Nebraska

Other strategies included a hiring freeze and selected budget cuts. New Hampshire

Other strategies included consolidations. **New Jersey**

Programs eliminated included the Liberty Scholarship Program. Other strategies included a freeze on hiring and nonessential capital spending. **New York**

The state closed the developmentally disabled facility, which was phased out by the end of fiscal 1995. **New Mexico**

Other strategies included \$19.8 million in general revenue appropriation reductions due to efficiencies and \$8.6 million Rhode Island

in general revenue appropriation reductions as a result of shifts to other funds.

In June 1994, the South Dakota Supreme Court found video lottery unconstitutional and issued a writ shutting down South Dakota

video lottery on August 12. To offset the loss of revenue, the legislature reduced appropriations by \$28.4 million during

a special session in September 1994.

Other strategies included targeted expenditure reductions leading to reversions at the end of fiscal 1995. Vermont

Changes Contained in Enacted Fiscal 1996 Budgets

Region/State	Medicaid Reductions	Increased Employee Share: Health	Increased Employee Share: Pension
NEW ENGLAND			· · · · · · · · · · · · · · · · · · ·
Connecticut	X		
Maine			
Massachusetts			
New Hampshire			
Rhode Island*			X
Vermont			
MID-ATLANTIC			
Delaware			
Maryland		PARTICULAR DE LA CONTRACTOR DE LA CONTRA	
New Jersey*	X	X	X
New York		X	
Pennsylvania*	X		
GREAT LAKES			
_ Illinois*	<u> </u>	X	
<u>Indiana</u>	X		
_ Michigan			
Ohio			
Wisconsin	X	·	
PLAINS			
lowa Kansas			
	<u>x</u>	·	
<u>Minnesota</u> Missouri	X		
Nebraska*	X		
North Dakota		A MARIAN SALES AND A SALES AND	· were a control
South Dakota			
SOUTHEAST			
Alabama*		X	
Arkansas		X X	PERSONAL PROPERTY OF THE PROPE
Florida*	X		
Georgia			
Kentucky			
Louisiana	X	X	•
Mississippi			
North Carolina			
South Carolina		 	
Tennessee			
Virginia*	· · · · · · · · · · · · · · · · · · ·	**************************************	
West Virginia	***	The state of the s	
SOUTHWEST			
Arizona*			X
New Mexico		X	_ X
Oklahoma*	X		
Texas*	X		
ROCKY MOUNTAIN			
Colorado			
Idaho			
Montana*			
Utah*		-	
Wyoming			
FAR WEST			
Alaska			
California	X		
<u>Hawaii</u>	W. W		
<u>Nevada</u>			
Oregon*	X		
Washington*	X	X	
TERRITORIES			
Puerto Rico			
Total	15	8	4

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

Dependent health coverage will increase by 15.24 percent. Alabama

Employees' share of retirement pretax contribution increased from 3.75 percent to 3.95 percent of gross wages. Arizona

Medicaid reductions total \$247 million for state and trust funds. Among the most significant reductions are implementing age band rates for health maintenance organizations, reducing hospital inpatient reimbursements, and Florida

reducing community mental health services.

Health insurance costs will increase \$10 per month per employee. Illinois

Due to a large balance in employee insurance funds, the state contribution to insurance is reduced \$120 per employee Montana

without an offsetting increase to employees.

A managed care plan is required for Medicaid clients in designated geographical areas. Nebraska

Medicaid payments to hospitals and nursing homes were reduced by 20 percent and 3.6 percent, respectively. Prior to fiscal 1995, employees received a subsidy of 2 percent on their pension payments. For example, if the employee's share was 5 percent of the gross wages, the employee only paid 3 percent up to the FICA wage limit and the state paid the other 2 percent. Effective July 1, 1994, new enrollees do not receive the subsidy. Effective July 1, 1995, this subsidy is phased out over two years for members who island prior to July 1, 1994. **New Jersey**

subsidy is phased out over two years for members who joined prior to July 1, 1994.

Reductions were made in Medicaid coverage of eighteen-, nineteen-, and twenty-year-olds. Oklahoma

The Oregon Health Plan is a five-year Medicaid expansion demonstration program that provides health care services to Oregonians with incomes at or below the federal poverty level. Services are based on a priority list of medical conditions and treatments/procedures according to the amount of funding approved by the legislature. The 1995 legislature approved program reductions, including basing eligibility on three months of income rather than one month of income, establishing an asset limit for new applicants, eliminating eligibility for some college students, slowing the phase-in of expanded mental health services, reducing the number of covered treatments, and implementing premiums and copayments for some clients and services. These changes are subject to federal approval under the Medicaid demonstration waiver. Oregon

The fiscal 1996 enacted budget eliminates nonemergency use of emergency rooms and limits inpatient detoxification to medically necessary situations for Medicaid recipients. Pennsylvania

The fiscal 1996 enacted budget includes an additional 1 percent contribution to be paid by state employees to fund Rhode Island

pension costs. Employer rate contributions were reduced by 1 percent.

Medicaid reductions are due to the frail/elderly waiver. Texas

The legislature expanded Medicaid coverage to 4,000 aged and disabled Utahans with incomes below 100 percent Utah

of the federal poverty level.

were granted a "health insurance premium holiday" in fiscal 1995, which excused them from paying a premium in June 1995. Employee and employer health insurance premiums were reduced by 8 percent for fiscal 1996. In addition, employees Virginia

Washington

Currently, state employees do not contribute to the cost of their health insurance benefits but they do have copayments. Effective January 1, 1996, employees will have increased copayments for office visits (from \$5 to \$10) and for prescription drugs (from \$5 to \$10 for generic drugs and from \$15 to \$20 for brand names). Also, seven of the twenty-one plans that the state offers will require an employee contribution, ranging from less than 1 percent to about 18 percent of the plan's cost, depending on the specific plan and family composition.

Region/State	Across- the-Board	Merit	Other	Notes
NEW ENGLAND				
Connecticut				Less than half of the bargaining units have settled contracts for fiscal 1996.
				Of the settled bargaining units, four will receive a 3 percent general wage increase, one will receive a 1.5 percent general wage increase, and two will receive no general wage increase.
				Three units, including the two with no wage increase, will receive compensation for additional hours worked as the state moves incrementally to a forty-hour work week.
				Eligible employees in all units will receive step increments, though some increments are deferred until later in the fiscal year than is customary.
Maine		2.0%	***	Employees who have reached the top step in their range do not receive a merit increase. This is a weighted increase.
Massachusetts		***	***	Fiscal 1996 classified employee compensation package is currently under negotiation. One union, representing about 40 percent of the noneducation classified workforce, has received a 2.5 percent across-the-board increase.
				Most classified employees are potentially eligible for annual step increases, which are tied to performance evaluation.
New Hampshire				Employees retained fully paid health insurance.
Rhode Island			****	The 5.0 percent increase, effective January 1, 1995, represents the cost- of-living adjustment contained in most negotiated contracts. Employees may also receive step increases and longevity increases.
Vermont	3.0%			An across-the-board increase of 3 percent is effective January 1996. Per the contract, there are also step increases of about 3 percent and paid each year to about 60 percent of employees.
MID-ATLANTIC				
Delaware	3.0%		****	Individuals at or above the maximum for their grade will receive 1.5 percent. Individuals below the maximum will receive the lesser of 3 percent or the amount to reach maximum, but not less than 1.5 percent.
Maryland	2.0%	1.3%		The merit increase is a composite average. The range is from 0 percent to 6 percent, depending on the step. It is estimated that 54 percent of the classified workforce is at the top step and will receive no merit increment.
				The fiscal 1996 general fund appropriation was reduced \$6.6 million to reflect the delay in employee increments for four months.
New Jersey	en.iii 41-	1.5%		Fiscal 1996 employee union contracts are currently under negotiation. Contracts for two unions that have settled include no across-the-board increases in fiscal 1996.
				Annual merit increases for union workers range from 3 percent to 5 percent depending upon the step in the range, which stop after nine years in a given salary range.
				Because a substantial number of employees are at the ninth step, the average increase is 1.5 percent per union employee.
New York		1.0%		For unions that have reached agreement, there is no general salary increase provided in fiscal 1996.
Pennsylvania	3.5%		2.2%	Effective July 1, 1995, employees received an increase of 3.5 percent or \$0.45 per hour, whichever was greater. Effective January 1,1996, those employees not at the maximum pay step will receive a 2.2 percent longevity increase.

Region/State	Across- the-Board	Merit	Other	Notes
GREAT LAKES				
Illinois			***	Includes a 3 percent cost-of-living adjustment for bargaining unit employees and an average increase of 3 percent for merit employees. Additionally, about one third of bargaining unit employees will receive an average 3.9 percent on their anniversaries.
Indiana	4.0%		***	Changes are on a calendar-year basis.
Michigan	* ***	Harp.	3.0%	"Other" increases averaging 3 percent occur because management and the state employee union are working together to reduce health care costs. A proportion of these savings are returned to employees as incentive payments.
Ohio	4.0%	***	2.0%	"Other" represents the average step increase for state employees. Steps are usually 4 percent, but only about 50 percent of the state's workforce is estimated to be eligible for step increases.
Wisconsin			1.0%	Union contracts have not been settled. Pay package for nonrepresented employees provides for approximately a 1 percent increase in fiscal 1996. For the majority of nonrepresented employees, there is a one-grid step movement effective January 7, 1996.
				For those not on a grid, there is an approximate 1 percent, nonbase-building, lump-sum payment. Senior managers and university faculty and academic staff received a 1 percent increase in July 1995.
PLAINS				
lowa	3.0%	0.9%		,
Kansas	1.0%		2.5%	The 2.5 percent for "other" is for step movement on the pay matrix.
Minnesota				All labor contracts are currently in negotiation; therefore, no fiscal 1996 information is available.
Missouri	2.0%		1.8%	"Other" is within-grade salary increases given to successful employees who have been with state government at least eighteen months and who are not at the top of their pay grid.
Nebraska	4.0%	***		Collective bargaining agreement with main employee unit includes a 4 percent across-the-board salary increase effective July 1, 1995.
North Dakota	2.0%			
South Dakota	3.0%		2.5%	"Other" is for employees who are below the midpoint of their job class.

Region/State	Across- the-Board	Merit	Other	Notes
SOUTHEAST				
Alabama	at 49-14	5.0%	*	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 based on number of years of state service.
Arkansas	2.8%	5.5%	2.0%	Act 992 of 1995 provides a 2.8 percent increase for all employees on July 1. It further provides an additional 2 percent increase during the 1995-97 biennium should the chief fiscal officer determine that sufficient general revenues are available.
				In addition, employees who are rated under the evaluation system are eligible for merit increases of between 0 percent and 5.5 percent if a rating of "exceed standards" or "exceptional" is received.
				However, agencies, institutions, constitutional officers, and boards and commissions are limited to a maximum of 1.5 percent of their total regular salary appropriation for merit increases.
Florida	3.0%		***	
Georgia		5.0%		Increase on employee anniversary date based on evaluation.
Kentucky	5.0%			
Louisiana		4.0%	•	No across-the-board pay raise. Classified employees receive an annual 4 percent merit increase unless they have reached the maximum step in their particular pay grade.
				State police employees received 6 percent across the board and an expanded pay grade of 10 percent.
Mississippi	***		***	Realignment of certain positions—per state personnel board policies—or \$700 across the board, whichever is greater.
North Carolina	2.0%			Public school employees at the top of the pay range receive a 2 percent bonus.
South Carolina	2.5%	w++ &	1.0%	"Other" is a base-pay increase based on length of service in current position, ranging from 0.5 percent to 1.5 percent for an overall average of 1.0 percent.
Tennessee				
Virginia	2.25%		***	The pay raise that is effective December 1, 1995, will result in an annualized increase for fiscal 1996 of 1.31 percent.
West Virginia				Higher education only—third year of a three-year salary increase. Average of \$2,000 for faculty and \$1,500 for nonfaculty.
SOUTHWEST				
Arizona		2.0%	0.5%	Special pay packages for correctional service officers, youth correction officers, state police sergeants, and teachers at the state schools for the deaf and the blind.
				The merit pay is funded January 1, 1996, for all employees, even those in the special packages. "Other" is for review of employment classifications that are not being compensated at market rates, funded January 1, 1996.
New Mexico	3.0%			Executive agency employees receive 3 percent of salary-range midpoint on anniversary date of employment or promotion. School teachers received funding for an average 3.5 percent salary increase.
Oklahoma				
Texas		*		Merit raises are not available.

Region/State	Across- the-Board	Merit	Other	Notes
ROCKY MOUNTAIN				
Colorado	1.8%	5.0%		Only about one third of classified employees are eligible for merit raises.
Idaho		5.0%		
Montana			2.5%	Fiscal 1996 pay package is targeted to below-"market" pay grades plus increase in longevity pay. Market adjustments are based on target-marked ratios for years of service subject to a 5 percent annual cap increase.
				Generally, the most significant raises will be provided to technical and managerial employees.
Utah		2.9%	1.1%	Represents statewide funding of compensation package, "Merit" employees with a satisfactory or better performance evaluation receive 2.75 percent increase.
				Employees with an outstanding performance evaluation receive an additional increase in the form of a bonus or ongoing increase. "Other" represents health insurance increase, retirement rate increases, and market adjustments for certain positions.
Wyoming			1.0%	The increase authorized was developed by a State Employee Compensation Commission in order to solve compression problems. Overall, the increase is less than 1 percent.
FAR WEST				
Álaska		3.5%		Most state employees are eligible for merit increases. Union agreements reached with the previous administration were not approved by the legislature.
				Since the legislative session, two settlements have been reached. The one for the general government unit calls for one half of consumer price index in fiscal 1997 (no effect in fiscal 1996).
California	•	•	*	The 1995-96 compensation package is currently being negotiated with employee representatives. The state has not proposed any new funding for this purpose in the fiscal 1996 budget.
Hawaii		***	***	Clerical employees, clerical supervisors, and professional scientific employees will receive a step increase in fiscal 1996.
Nevada	5.0%			Highway patrol officers also received an additional special pay adjustment of approximately 10 percent.
Oregon				A ballot measure approved in November 1994 shifted the employee share of retirement from a state-paid pickup (as an earlier bargained benefit) to an employee-paid pickup, resulting in a 6 percent decrease in actual employee pretax earnings.
				However, a state circuit court ruled the ballot measure unconstitutional in June 1995, and the state has continued the 6 percent pickup.
				Funding to continue the pickup is expected to come from an emergency fund reserve established for benefit or salary payment and from achieved salary or program reductions in agency budgets.
				Approximately 17.8 percent of employees receive annual merit step increases of an estimated 4.75 percent per step (shown as a percentage of salary and benefits).
Washington	4.0%		•	State patrol officers, communication officers, and commercial vehicle enforcement officers received 5 percent in July 1995 and will receive an additional 4 percent in July 1996.
				State employees and elementary and secondary school employees not at the top step of the salary range are eligible for step increases of up to 5 percent.
TERRITORIES		A. 20.1		
Puerto Rico	n- 10 - 10			Fiscal 1996 is one of significant compensation changes within different governmental units. Appropriations of \$14 million were assigned to benefit approximately 25,000 public employees.
				Approximately \$23.5 million was assigned to benefit more than 14,600 police officers and \$18 million to benefit approximately 5,500 corrections officers.
				Another \$1.5 million was assigned to cover salary increases for the district attorneys and ombudsmen of the department of justice (approximately 300 employees).
				Salary increases with a fiscal impact of approximately \$600,000 were assigned to property registrar directors of the department of justice.
				Salary increases were assigned to approximately 36,233 teachers in the department of education with a fiscal impact of nearly \$60 million.

Number of Filled Full-Time Equivalent Positions at the End of Fiscal 1994 to Fiscal 1996, in All Funds**

Bogies/State	Fiscal 1994	Fiscal 1995	Fiscal 1996	Percent Change, 1994-1996	Percent Change, 1995-1996	Includes Higher Education Faculty	State-Administered Welfare System
Region/State	1994	1995	1990	1334-1330	1990-1990	Ludeanon racuity	Wenare System
NEW ENGLAND	44 475	42,049	42,680	3.66%	1.5%		v
Connecticut Maine	41,175 15,664	15,534	15,076	-3.76%	-2.95%		X
Massachusetts*	65,033	66,002	66,346	2.02%	0.52%	X	X
New Hampshire		NA	00,340 NA	NA NA	NA		X
Rhode Island	17,215	16,692	16,519	-4.04%	-1.03%	X	X
Vermont	7,271	7,442	7,300	0.4%	-1.91%		X
MID-ATLANTIC		1,772	1,000	<u> </u>	,,,,,,,,		
Delaware	23,549	24,500	24,916	5.8%	1.7%	X	Χ
Maryland*	71,241	72,496	72,449	1.7%	-0.06%	X	X
New Jersev*	64,741	63,766	63,000	-2.69%	-1.2%		
New York*	208,500	209,200	198,500	-4.8%	-5.11%	X	
Pennsylvania	81,512	81,418	NA	NA	NA		X
GREAT LAKES							*
Illinois	66,702	67,205	NA	NA	NA		Χ
Indiana	38,619	39,233	38,600	-0.05%	-1.61%		X
Michigan*	59,781	60,284	61,970	3.66%	2.8%		X
Ohio*	61,896	63,217	64,750	4.61%	2.42%		
Wisconsin	63,157	64,055	63,769	0.97%	-0.45%	X	
PLAINS							
lowa	22,094	23,147	23,542	6.55%	1.71%		X
Kansas	44,322	44,590	44,817	1.12%	0.51%	X	X
Minnesota	31,639	32,850	33,186	4.89%	1.02%	server	
Missouri*	53,587	55,569	55,692	3.93%	0.22%		<u> </u>
Nebraska	15,872	15,867	NA NA	NA NA	NA NA		X
North Dakota*	12,164	12,164	11,703	-3.79%	-3.79%	X	
South Dakota*	13,950	13,990	13,919	-0.22%	-0.51%	<u> </u>	X
SOUTHEAST							.,
Alabama*	39,083	40,000	NA	NA NA	NA NA		X
Arkansas	17,668	17,668	17,519	-0.84%	-0.84%		<u>X</u>
_ Florida*	141,371	121,793	123,434	-12.69%	1.35%		X
Georgia	54,596	55,252	55,600	1.84%	0.63%		<u> </u>
Kentucky	34,668	34,677	36,515	5.33%	5.3%		X
Louisiana*	47,728	47,992	58,217	21.98% 7.93%	21.31%		<u>^</u>
Mississippi	27,461	28,613	29,638		3.58% 1.31%	X	X
North Carolina*	217,170	227,741	230,735 67,784	6.25% 0.91%	0.%		
South Carolina	67,175	67,784			0.05%	^	- X
Tennessee Virginia*	40,626 98,640	41,279 93,282	41,300 93,282	1.66% -5.43%	0.05%	X	
West Virginia	30,536	30,961	31,115	1.9%	0.5%	X	X
SOUTHWEST	30,550	30,901	31,113	1.576	0.076	<u></u>	
Arizona	38,047	40,005	40,908	7.52%	2.26%	X	X
New Mexico*	21,775	22,832	23,389	7.41%	2.44%		· X
Oklahoma	65,166	64,617	64,254	-1.4%	-0.56%	X	X
Texas	252,500	264,263	NA NA	NA	NA	X	X
ROCKY MOUNTAIN			na na	1373	1473	**	
Colorado	43,882	45,046	45.100	2.78%	0.12%		
Idaho	16,248	16,455	16,577	2.02%	0.74%	X	Χ
Montana*	10,441	10,768	10,104	-3.23%	-6.17%	· •	X
Utah*	16,655	27,902	28,472	70.95%	2.05%	X	X
Wyoming	12,800	12,532	12,576	-1.75%	0.35%	X	X
FAR WEST	i			*************************************			
Alaska	18,554	18,755	18,889	1.81%	0.71%	X	Χ
California	265,035	270,143	273,748	3.29%	1.33%	X	X
Hawaii*	41,954	39,300	41,569	-0.92%	5.77%	X	Х
Nevada	12,878	13,178	14,239	10.57%	8.05%		
Oregon*	46,707	46,215	41,245	-11.69%	-10.75%	X	X
Washington	89,640	91,920	90,998	1.51%	-1.%	X	X
TERRITORIES							
Puerto Rico*	226,103	230,792	226,144	0.02%	-2.01%	X	X
Total	2,848,688	2,882,241	2,425,939	1.4%	0.5%	25	41
	<u></u> _			· · · · · · · · · · · · · · · · · · ·			

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

^{**}Unless otherwise noted, fiscal 1994 reflects actual figures, fiscal 1995 reflects preliminary actual figures, and fiscal 1996 reflects appropriated figures.

Virginia

Figures prior to 1994 for full-time equivalent positions did not include legislative and judicial branches of government. Alabama

Fiscal 1996 appropriations have not yet passed the 1995 regular legislative session.

Higher education positions are no longer included in the full-time equivalent count. Florida

Fiscal 1994 figures reflect budgeted amounts. Hawaii

Figures do not reflect higher education employees, except those that work for the management boards (ninety-six for Louisiana

fiscal 1996).

Figures reflect appropriated positions. Maryland

Figures reflect budgeted amounts. Includes higher education positions in budgeted funds. Massachusetts

Fiscal 1996 is the employment cap. Appropriated full-time equivalents are 64,459.7. Michigan

Figures reflect authorized full-time equivalent positions by appropriation. Missouri

Fiscal 1996 figure excludes 705 internal service fund employees that were moved off budget. Montana

Figures reflect full-time employees rather than equivalents. Fiscal 1995 and fiscal 1996 figures exclude approximately 7,500 court employees shifted from the county to the state on January 1, 1995. New Jersey

Figures reflect end-of-year counts for annual salaried employees in the executive branch. New York's welfare system New York

is state-supervised but locally administered.

Figures include public school teachers and employees. North Carolina

Filled full-time equivalent position count is not available. Figures are legislatively authorized positions. North Dakota

Figures represent authorized full-time equivalent positions with an average of 2,200 vacancies. **New Mexico**

Ohio does not appropriate full-time equivalent positions. The amount provided for fiscal 1996 is an estimate provided Ohio

for the end of the year.

Fiscal 1994 and fiscal 1995 figures represent the biennial count of total full-time equivalent positions for 1993-95. Fiscal 1996 represents biennial count of total full-time equivalent positions for 1995-97. Employees of the Oregon Health Sciences University are not included in the fiscal 1996 totals; the university was changed from part of the state sustain of higher education to a public expectation by the 1995 legislature. Oregon

system of higher education to a public corporation by the 1995 legislature.

Figures are for all three branches of state government. Figures or positions for which the Governor has direct responsibility are 213,857 for fiscal 1994, 215,317 for fiscal 1995, and 212,791 for fiscal 1996. Puerto Rico

Fiscal 1994 reflects authorized full-time equivalent positions, not actual filled full-time equivalent positions. Rhode Island

Figures reflect budgeted full-time equivalent positions. South Dakota

Figures reflect funded positions, not filled positions. Fiscal 1994 figure does not include higher education. Utah

Fiscal 1996 appropriated figure reflects hiring freeze initiated on December 1, 1994. The Governor signed into law the Workforce Transition Act of 1995, which provides a transitional severance benefit to eligible state employees who voluntarily resign from state employment or select early retirement. Included in the legislation is a permanent provision for a severance benefit package should an employee be involuntarily separated from state employment. More than

5,000 state employees accepted the offer to voluntarily leave state service.

The welfare system is state-supervised but locally administered.

TABLE A-9

Fiscal 1995 Tax Collections Compared With Projections Used in Adopted Fiscal 1995 Budgets (Millions)**

	Sale	es Tax	Personal	Income Tax	Corporate	Income Tax	Total
Region/State	Original Estimate	Current Estimate	Original Estimate	Current Estimate	Original Estimate	Current Estimate	Revenue Collection**
NEW ENGLAND	Lommate	Lomate	Lounate	Loumate	Loumate	Lommate	Conection
Connecticut	\$2,374	\$2,372	\$2,677	\$2,580	\$669	\$720	ı
Maine*	608	609	615	603	54	66	Ť
Massachusetts	2,450	2,481	6,203	5,974	854	911	<u> </u>
New Hampshire	NA	NA	NA	NA	131	NA	Ť
Rhode Island	439	455	565	530	70	61	Н
Vermont	176	174	275	250	38	45	L
MID-ATLANTIC							-
Delaware	NA_	NA	578	589	56	87	<u> </u>
Maryland*	1,914	1,951	3,414	3,399	165	193	T
New Jersey*	3,980	4,133	4,582	4,539	915	1,054	<u>H</u>
_ New York	6,390	6,525	18,556	17,590	1,875	2,012	
Pennsylvania	5,398	5,527	5,078	5,083	1,529	1,906	Н
GREAT LAKES	4 565	4.650	E 061	E 000	700	200	11
Illinois Indiana	4,565 2,612	4,650 2,786	5,261 2,644	5,333 2,768	796 790	<u>898</u> 950	<u>н</u> Н
Michigan	2,612 4,960	4,900	4,132	2,768 4,464	1,981	2,210	<u> </u>
Ohio*	4,960	4,900 4,512	4,132	4,464	931	1.044	<u> Н</u>
Wisconsin	2,594	2,570	3,919	3,933	541	632	 T
PLAINS	2,004	2,010	<u> </u>		 		
lowa	1,153	1,147	1,844	1,875	238	269	Н
Kansas	1,275	1,309	1,285	1,245	198	229	Ľ
Minnesota	2,652	2,697	3,701	3,737	628	674	Н
Missouri	1,505	1,548	2,795	2,867	348	422	Н
Nebraska	675	684	783	747	118	124	L
North Dakota	272	289	131	142	45	44	H
South Dakota	319	320	NA	NA	NA	NA	T
SOUTHEAST	4 070						
Alabama	1,070	1,095	1,409	1,431	157	159	<u></u>
Arkansas	1,245	1,296	1,191	1,214	178	200	H
<u>Florida</u> Georgia	10,760 3,463	10,666 3,674	NA 3 004	NA 2 PAT	1,081 494	1,058 612	<u>_</u>
Kentucky	1,611	1,681	3,904 1,929	3,841 1,965	263	341	<u>п</u>
Louisiana	1,742	1,785	1,060	1,050	220	235	H
Mississippi	1,002	1,064	638	684	251	265	H
North Carolina	2,761	2,782	4,593	4,666	511	649	H
South Carolina	1,385	1,443	1,620	1,656	177	232	H
Tennessee*	3,298	3,479	104	101	478	512	Ť
Virginia	1,664	1,658	4,093	4,028	314	376	NA
West Virginia	726	744	707	710	127	145	H
SOUTHWEST							
Arizona	1,868	1,969	1,503	1,479	261	417	<u>H</u>
New Mexico	1,211	1,202	602	589	110	150	<u>T</u>
Oklahoma	1,074	1,077	1,440	1,406	150	164	Ţ
Texas ROCKY MOUNTAIN	9,697	10,289	NA NA	NA NA	1,360	1,252	Н
Colorado	1.000	1 100	0.040	2 446	150	475	ш
ldaho	1,099 483	1,133 482	2,042 627	2,116 596	152 79	175	<u>H</u> H
Montana	483 NA	482 NA	345	372	79 71	132 76	<u>п</u>
Utah	1,026	1,050	996	1,000	103	127	H
Wyoming	196	180	NA.	NA NA	NA	NA	Ť
FAR WEST							
_ Alaska	NA	NA	NA	NA.	128	125	Н
_ California*	14,608	14,632	18,356	18,429	4,858	5,871	H
Hawaii	1,388	1,359	986	925	29	30	L
Nevada*	344	405	NA	NA	NA	NA	Н
Oregon	NA	NA	2,688	2,770	211	304	Н
Washington*	4,010	4,112	NA NA	NA	1,623	1,593	Н
TERRITORIES							
Puerto Rico	NA NA	NA NA	1,605	1,660	1,217	1,305	<u>H</u>
Total	\$118,365	\$120,894	\$124,788	\$124,154	\$26,354	\$29,750	

NA indicates data are not available. NOTES:

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

^{**}Unless otherwise noted, original estimates reflect the figures used when the fiscal 1995 budget was adopted and current estimates reflect preliminary actual figures.

KEY: L=Revenues lower than estimates. H=Revenues higher than estimates. T=Revenues on target.

Approximately 75 percent of growth was due to economic recovery. The balance was "one-time" money from an audit California

settlement.

Preliminary actual 1995 figures reflect adjustments for the change to a modified accrual basis. Maine

Corporate income figures represent the general fund portion. Maryland

Excludes one-time accounting adjustment in fiscal 1995 of \$38 million. Nevada

Fiscal 1995 revenues were on target when the budget for fiscal 1996 was adopted but higher than projected when the **New Jersey**

fiscal 1995 budget was adopted.

Ohio

Because Ohio's general revenue fund (GRF) includes certain federal reimbursements, total GRF revenue was actually below the estimate by \$90.4 million (0.6 percent) due to spending in these areas being significantly below estimated levels. However, considering only tax receipts into the GRF, Ohio's tax revenues exceeded estimates by \$332.7 million

(2.9 percent).

Sales tax collections and personal income tax collections are shared with local governments. Tennessee

Corporate income tax collections represent corporate business and occupation (gross receipts) tax. Fiscal 1996 Washington

figures represent estimates based on legislative action and gubernatorial vetoes.

Fiscal 1995 Tax Collections Compared With Projections Used in Adopted Fiscal 1996 Budgets (Millions)**

	Sales	s Tax	Personal l	ncome Tax	Corporate l	тсоте <i>Тах</i>	
Region/State	Fiscal 1995	Fiscal 1996	Fiscal 1995	Fiscal 1996	Fiscal 1995	Fiscal 1996	
NEW ENGLAND							
Connecticut	\$2,372	\$2,490	\$2,580	\$2,697	\$720	\$639	
Maine*	609	637	603	640	66	65	
<u>Massachusetts</u>	2,481	2,592	5,974	6,354	911	871	
New Hampshire	NA	NA 100	NA TOO	NA	NA NA	NA 22	
Rhode Island	455	469	530	545	61	66	
Vermont	174	156	250	297	45	39	
MID-ATLANTIC	N1.6	51 A	700	600	07	0.7	
Delaware	NA NA	NA NA	589	623	87	87	
Maryland*	1,951	2,043	3,399	3,593	193	230	
New Jersey	4,133	4,360	4,539	4,580	1,054	1,145	
New York	6,525	6,762	17,590	17,285	2,012	1,870	
Pennsylvania	5,527	5,699	5,083	5,285	1,906	1,516	
GREAT LAKES	4.050	4 OCE	5,333	5,576	898	934	
Illinois	4,650	4,865	2,768	2,809	950	903	
Indiana Michigan	2,786 4,900	2,851 5 147			2,210	2,334	
Michigan Ohio	4,512	5,147 4,710	<u>4,464</u> 4,881	4,716 5,186	1,044	1,051	
Wisconsin	2,570	2,737	3,933	4,160	632	610	
PLAINS	2,310	<u> </u>	3,533	4,100	032	010	
lowa	1,147	1,189	1,875	1,892	269	270	
Kansas	1,309	1,337	1,245	1,363	229	205	
Minnesota	2,697	2,763	3,737	3,873	674	650	
Missouri	1,548	1,588	2,867	2,970	422	420	
Nebraska	684	732	747	825	124	120	
North Dakota	289	287	142	147	44	44	
South Dakota	320	361	NA	NA	NA	NA	
SOUTHEAST		······································	······································				
Alabama	1,095	NA	1,431	NA	159	NA	
Arkansas	1,296	1,354	1,214	1,273	200	197	
Florida	10,666	NA	NA	NA	1,058	NA	
Georgia	3,674	3,830	3,841	4,087	612	616	
Kentucky	1,681	1,704	1,965	2,028	341	265	
Louisiana	1,785	1,850	1,050	1,110	235	230	
Mississippi	1,064	1,080	684	743	265	269	
North Carolina*	2,782	2,918	4,666	4,624	649	626	
South Carolina	1,443	1,519	1,656	1,701	232	217	
Tennessee*	3,479	3,706	101	107	512	552	
Virginia	1,658	1,746	4,028	4,340	376	327	
West Virginia	744	761	710	739	145	125	
SOUTHWEST							
Arizona	1,969	2,045	1,479	1,671	417	296	
New Mexico	1,202	1,283	589	648	150	165	
Oklahoma	1,077	1,140	1,406	1,454	164	173	
Texas	10,289	10,695	NA NA	NA NA	1,252	1,386	
ROCKY MOUNTAIN	4.400	4.007	0.440	0.400	475	470	
Colorado	1,133	1,207	2,116	2,183	175	178	
Idano	482	479	596	667	132	123	
Montana Utob	NA 1 OF O	NA 1 101	372	390	76	79	
Utah Wyoming	1,050 180	1,121	1,000 NA	1,080 NA	127 NA	120 NA	
FAR WEST	100	204	INA	NA	IVA	IVA	
Alaska	NA	NA	NA	NA	125	125	
California*	14,632	15,509	18,429	19,915	5,871	5,055	
Hawaii	1,359	1,438	925	1,015	30	41	
Nevada*	405	433	NA NA	NA NA	NA NA	NA NA	
Oregon	NA	NA NA	2,770	2,797	304	271	
Washington*	4,112	4,197	2,770 NA	NA NA	1,593	1,634	
TERRITORIES	7,114	7,131	11/1	ii.u	1,000	1,004	
Puerto Rico	NA	NA	1,660	1,487	1,305	1,197	
	\$120,894	\$113,993	\$124,155	\$127,987	\$29,751	\$27,140	

^{*}See Notes to Table A-10.

^{**}Unless otherwise noted, fiscal 1995 figures reflect the preliminary actual tax collection estimates as shown in Table A-9 and fiscal 1996 figures reflect the estimates used when the fiscal 1996 budget was adopted.

Approximately 75 percent of growth was due to economic recovery. The balance was "one-time" money from an audit settlement. California

Figures show adjustment for the change to a modified accrual basis. Maine

Maryland Corporate income figures represent the general fund portion.

Excludes one-time accounting adjustment in fiscal 1995 of \$38 million. Nevada

Personal income tax reflects the tax reductions estimated at \$235 million in fiscal 1996. The personal exemption was increased from \$2,000 to \$2,250 and a \$60 per child tax credit was enacted beginning in tax year 1995. North Carolina

Sales tax collections and personal income tax collections are shared with local governments. Tennessee

Corporate income tax collections represent corporate business and occupation (gross receipts) tax. Fiscal 1996 figures represent estimates based on legislative action and gubernatorial vetoes. Washington

1/95

-0.8

Nebraska

Enacted Rev	venue Changes by Type of Revenue, Fiscal 1996	Effective	Fiscal 1996
State	Tax Change Description	Enecuve Date	Revenue Change (Millions)
	SALES TAX		
Idaho	Replaces cut in school district property tax levy.	7/95	\$-40.0
Kansas	Provides various sales tax exemptions with the largest being for original construction services.	6/95	-31.9
Maryland	Exempts long-term auto leases.	7/95	-4.6
	Exempts computer software maintenance contracts.	7/95	-1.1
Massachusetts	Restores the sales and use tax exemptions for radio and television broadcasting equipment; sales tax exemption for direct mail.	7/95	-0.5
Minnesota	Reflects various sales tax exemptions.	7/95	-5.0
Missouri	Exempts sale of court documents, farm machinery and equipment attached to real property of a vehicle, sale of nondomestic game birds sold for sport hunting, and crop duster aircraft.	8/95	-2.0
Nebraska	Exempts mill rolls in cement/steel production; exempts dies and molds in fabrication.	10/95	-0.8
New Jersey	Eliminates sales tax on yellow-page advertising.	4/96	-9.0
Pennsylvania	Adds various minor exclusions from tax.	7/95	-2.0
South Dakota	Repeals several sales tax exemptions.	7/95	20.7
Texas	Changes tax on prisoners' purchases.	10/95	1.0
Utah	Exempts sales of construction material to governmental units (\$2.0 million); exempts mobile home sales (\$1.4 million).	7/95	-3.4
Virginia .	Exempts nonprofit agencies.	7/95	-1.0
Washington	Exempts manufacturing equipment.	7/95	-73.0
	Exempts utility line clearing.	7/95	-2.0
Wisconsin	Removes exemption for central office equipment of telephone companies.	9/95	7.5
Arizona	PERSONAL INCOME TAX Decreases all tay rates increases standard deduction, and establishes a	1/05	A 107.0
	Decreases all tax rates, increases standard deduction, and establishes a family income tax credit based on family size and income level.	1/95	\$-197.8
California	Reduces upper bracket (from 11 percent and 10 percent to 9.3 percent and 8.5 percent).	1/96	-325.0
Connecticut	Institutes a new 3 percent rate applied to certain levels of taxable income. These levels will be expanded in 1996-97.	1/96	-202.0
	A new income tax credit, limited to no more than \$100 per filer, has been added to offset the burden of local property taxes.		
Delaware	Restructures rates and changes personal exemption to personal credit.	1/96	-18.4
ławali	Repeals medical services excise tax credit and the excise tax credit; reduces food tax credit from \$55 to \$27 per exemption.	7/95	52.0
owa	Changes dependent care credit.	NA	-19.0
	Changes pension tax.	NA	-26.6
Centucky	Phases in the exclusion of private pension and individual retirement account exemption.	1/95	-27.1
Maryland	Provides \$3,000 subtraction modification (deduction) for qualifying volunteer fire and rescue personnel. Revenue impact begins in fiscal 1997, a loss of \$1.1 million.	1/96	0.0
fassachusetts	Increases no-tax status threshold.	1/95	-13.3
	Modifies capital gains tax by phasing out the tax for assets held longer than six years (expected to have a minor effect on fiscal 1996 tax revenues).	1/96	•
lichigan _.	Raises personal exemption.	NA	-72.2
	Increases higher education tax credit.	NA	-13.1
Iontana	Provides for refunds to the extent that the fiscal 1995 year-end balance exceeds \$24.4 million.	NA	-23.0
	Expands credit for homeowners/renters.	NA	-1.0
	Includes an insurance premium deduction.	NA	-2.0
ahraaka	Dhagan and sharitable sociality that deduce the second		

Phases out charitable contribution deduction repeal.

9/95

18.6

Enacted Re	venue Changes by Type of Revenue, Fiscal 1996		
State	Tax Change Description	Effective Date	Fiscal 1996 Revenue Change (Millions)
	PERSONAL INCOME TAX, continued		(manono)
New Jersey	Increases tax cut from 15 percent to 30 percent for lowest tax bracket, from 7.5 percent to 15 percent for middle tax bracket, and from 6 percent to 9 percent for highest tax bracket.	1/96	\$-247.0
New York	Reduces top rate from 7.875 percent to 7.59375 percent in 1995 and to 7.125 percent in 1996.	9/95	-515.0
North Carolina	Increases personal exemption from \$2,000 to \$2,250 on January 1, 1995, and to \$2,500 on January 1, 1996. Establishes a \$60 credit per child.	1/96	-235.0
Ohio	Authorizes increase in personal exemption: from \$650 to \$750 for taxpayer/spouse and from \$650 to \$850 for dependents. No impact until fiscal 1997 (\$69 million).	1/96	*
	Adds a personal income tax credit for certain political campaign contributions of up to \$50 for single filers and \$100 for joint filers.	8/95	-6.6
Oregon	Refunds one-time revenues received in excess of 102 percent of 1993 close of biennial legislative session revenue estimate.	Fiscal 1996	-314.0
	Extends tax credits.	Fiscal 1996	-2.8
	Reconnects state tax code to federal tax code.	Fiscal 1996	-11.5
Puerto Rico	Reduces revenues from the tax reform of 1994.	7/95	-173.0
South Carolina	Reflects double tax exemption for children below age six (second step of four-year phase-in).	1/95	-10.0
	CORPORATE INCOME TAXES		
Connecticut	Phases down the rate from 10.75 percent to 7.5 percent by January 1, 2000.	1/96	\$-10.3
Massachusetts	Creates employer tax incentives for employing persons receiving AFDC.	11/95	NA
Michigan	Reflects changes in base.	NA	-102.4
Minnesota	Reflects federal update.	7/95 [°]	1.4
Nebraska	Eliminates throwback sales over two years.	1/95	-1.1
New Jersey	Double-weights sales receipts when computing corporation business tax. No impact until fiscal 1997. Reduces corporation business tax from 9 percent to 7.5 percent for small businesses. No impact until fiscal 1997.	7/96	0.0
New York	Reflects phase-in of reductions authorized in 1994.	Fiscal 1996	-415.0
Oregon	Refunds one-time revenues received in excess of 102 percent of 1993 close of biennial legislative session revenue estimate.	Fiscal 1996	-158.4
	Extends tax credits.	Fiscal 1996	-1.0
	Reconnects state tax code to federal tax code.	Fiscal 1996	-23.8
Pennsylvania	Reduces rate from 11.99 percent to 9.99 percent; increases net operating loss deduction to \$1 million; provides for double-weighting in income apportionment sales factor; and increases neighborhood assistance tax credit.	1/95	-212.8
Puerto Rico	Reflects tax reforms.	7/95	-108.0
Jtah	Increases tax on electric utility companies' gross receipts to offset property tax decrease.	7/95	9.4
/irginia	Expands enterprise zone.	7/95	-1.4
Nashington	Reduces rate for insurance agents.	7/95	-6.0
	Reduces rate for international investment firms.	7/95	-2.0
	Increases business and occupational tax rate for hospitals from .75 percent to 1.5 percent (enacted in 1993).	7/95	20.0
	CIGARETTE AND TOBACCO TAXES		
Oregon	Continues excise tax of ten cents per pack beyond scheduled sunset.	NA .	\$25.4
uerto Rico	Eliminates the excise tax exemption for cigarettes sold in all military post exchange stores in Puerto Rico.	7/95	20.0
Rhode Island	Increases cigarette tax by five cents per pack in fiscal 1996.	7/95	4.5
South Dakota	Increases cigarette tax by ten cents per pack and imposes a 10 percent wholesale tax on all tobacco products.	7/95	6.3
/ermont	Increases the per pack tax by twenty-four cents.	7/95	11.9
Vashington	Increases cigarette tax by seventeen cents per pack (scheduled increase enacted in 1993).	7/95	53.0

Increases rate from thirty-eight cents to forty-four cents.

Wisconsin

TABLE A-11 (continued)

State	Tax Change Description	Effective Date	Fiscal 1996 Revenue Chang (Millions)
_	MOTOR FUEL TAXES		-
New Mexico	Permanently repeals five cents per gallon gas tax and reduces gas tax another seven cents upon redemption or defeasance of highway debentures issued in 1993.	NA	\$-14.8
New York	Reduces excise tax on diesel fuel by two cents per gallon; holds harmless other funds.	1/96	-5.0
Puerto Rico	Represents the excise taxes for motor vehicles and accessories. Affected by two events: the increase in the price of new vehicles, especially Japanese, and the increase in imports of used vehicles.	7/95	31.0
	ALCOHOLIC BEVERAGE TAXES		
New York	Reduces excise tax on beer from twenty-one cents to sixteen cents per gallon.	1/96	\$-2.0
Puerto Rico	Act No. 127 of 1994.	7/95	32.0
Washington	Increases beer tax by \$1.43 per barrel (enacted in 1993).	7/95	3.0
	Increases liquor excise tax by 1.5 percent and ten cents per liter (enacted in 1993).	7/95	3.0
	OTHER TAXES		
Arkansas	Repeals the home health and personal care services tax.	6/95	\$-14.5
	Reduces Southland Racing Track tax from 7 percent to 3 percent on pari- mutuel betting handle.	2/95	-3.5
Connecticut	Phases out the succession tax for remaining transfer categories by January 1, 2005.	1/97	0.0
Delaware	Extends exemption of public utility tax to certain manufacturers.	7/95	-0.2
Florida	Repeals insurance tax exemption on premiums of Joint Underwriting Association.	5/95	5.1
lowa	Changes franchise tax.	NA	-2.0
Kansa s	Institutes moratorium on contributions for unemployment. (Unemployment Security Trust Fund.)	5/95	-150.3
Kentucky	Phases in inheritance beneficiary exclusion.	7/95	-6.9
Maryland	Exempts portion of income from U.S. government obligations from franchise tax on net income; shifts financial institutions to corporate income tax beginning in 1998; and repeals exemptions from personal property tax for certain financial institutions effective for fiscal 1997.		-2.5
Massachusetts	Reduces rate from 12.54 percent to 10.50 percent over five years (Bank Tax Reform). Allows apportionment of income based on receipts, payroll, and property in Massachusetts.	1/96	-1.7
Michigan	Increases exemption and rate cut for intangibles.	NA	-45.0
/linnesota	Raises gross premium tax.	1/95	7.9
	Ethanol blenders credit.	7/95	1.7
/lontana	Increases property tax rebate for valuation more than 15 percent.	NA	-7.0
	Reduces business property tax.	NA	-4.0
	Reduces oil and gas severance tax.	NA	-1.0
lew York	Reduces rate from two cents to one cent per container.	12/95	-6.0
	Allows deduction for equity in decedent's principal residence.	9/95	-12.0
	Reduces the flat tax rate for the New York Racing Association.	9/95	-8.0
	Reduces rate of aviation fuels from 13.87 cents per gallon to 5.59 cents; saves harmless the dedicated highway fund.	9/95	-17.0
lorth Carolina	Eliminates intangibles tax.	1/95	-124.4
hio*	Property tax exemption.	1/96	-11.0
'ennsylvania	Exempts spousal transfers from inheritance tax; repeals 2 percent tax on annuities; increases basic exemption for capital stock tax; and repeals gross receipts tax on railroads.	various	-68.1

Enacted Revenue Changes by Type of Revenue, Fiscal 1996

State	Tax Change Description	Effective Date	Fiscal 1996 Revenue Chang (Millions)
	OTHER TAXES, continued		
Puerto Rico	Act 127 of 1994.	7/95	\$16.0
Rhode Island	Increases bank income tax and bank deposits tax in fiscal 1996 (phase-out in later years).		3.2
South Dakota	Imposes one-cent sales tax on hotels, car rentals, amusements, and marinas and dedicates the revenues to tourism promotion.	7/95	2.5
Texas	Reduces hotel tax exemptions.	9/95	1.5
Utah	Reduces minimum school program mill levy and increases residential exemption. Action also avoided a pending \$50 million increase in property taxes. Total effect equals \$140 million.	7/95	-90.0
Washington	Reflects a one-time property tax reduction.	7/95	-30.0
	Expands Medicaid tax (\$3.9 million in fiscal 1995).	5/95	0.0
	Imposes use tax on out-of-state advertising.	7/95	3.0
West Virginia	Freezes business and occupation tax levels on electric power and gas storage at average 1991-94 level; authorizes special reduced rate at desulfurization units as of January 31, 1996.	6/95	-1.2
	FEES		
Arkansas	Increases the wheat board assessment on wheat from one-half cent to one cent per bushel.	7/95	\$1.4
Florida	Rewrites the Uniform Partnership Act to generate more registration fees.	7/95	1.2
	Creates registered limited liability partnerships to generate registration fees.	7/95	1.8
	Increases mortgage brokers' licensure fees (trust funds).	7/95	1.2
	Increases fees charged for postnatal infant testing (trust funds).	7/95	3.2
	Freezes assessment rate for Workers' Compensation Special Disabilities Trust Fund.	7/95	-78.4
Minnesota	Downsizes regional treatment center.	7/95	-18.0
	Health Care Facility License.	7/95	-2.8
	Harassment Case Fee.	7/95	1.2
	Motor Vehicle Emission.	1/96	-4.1
	Vulnerable Adults Act.	7/95	1.5
Nontana	Changes various fees.	NA	2.0
lew York	Eliminates waiver of mandatory surcharges.	7/95	5.0
	Reflects one-year additional assessment on health facility providers.	4/95	164.7
Ohio	Increases franchise fee for intermediate care facilities for the mentally retarded (\$1.25 million), watercraft registration fee (\$0.72 million), and real estate negotiation fee (\$0.65 million).	7/95	2.7
Oklahoma	Increases judicial/court filing fees and fines.	7/95	1.3
	increases probation and parole fees.	7/95	1.2
thode Island	Hospital license fee.	NA	37.5
	Driver record abstracts.	NA	2.4
	Nursing home tax extension.	10/95	11.0
	Phases out energy tax on manufacturers that was enacted prior to the 1995 session.	NA	-1.8
outh Carolina	Repeals vehicle inspection law.	NA	-1.6
outh Dakota	Increases the state's share from 37 percent to 50 percent of net machine income and dedicates \$60 to the property tax reduction fund.	7/95	23.0
exas	Authorizes fees to fund telecommunications reform bill.	9/95	2.0
'irginia	Increases various statutory sheriffs' fees.	7/95	28.3

^{*}In Ohio the income level that determines eligibility for the property tax homestead exemption directed toward elderly and disabled homeowners was increased. This affects local tax revenues. The state reimburses local taxing districts for the loss. This is not technically a negative impact on the state's revenue picture as much as an additional spending obligation on the expenditure side.

TABLE A-12

Enacted Revenue Measures, Fiscal 1996

State	Description	Effective Date	Fiscal 1996 Changes (Millions)
Alaska	Allows sale of state timber that will lose substantial economic value because of insects, disease, or fire.	7/95	\$1.0
	Allows cruise ships to conduct casino gambling in offshore waters of Alaska for fiscal 1996.	5/95	0.5
	Reduces royalties to promote development of oil fields that would not otherwise be produced. Revenues to be generated are unknown and would be in outyears.	7/95	0.0
Connecticut	Reflects multistate lottery game,	1/96	10.6
	Reflects tax amnesty program.	1/96	31.0
	Delays the repeal of a \$2 per tire surcharge.	1/97	4.8
Illinois	The hospital provider tax was reduced by 33 percent in the fiscal 1996 budget.	NA	-102.5
lowa	Changes withholding table.	NA	-37.8
Florida	Speeds up collection of vessel registration taxes.	7/95	4.2
Georgia	Reflects settlement of federal employees' suit on taxation of pensions. (Additional amounts in fiscal years 1997, 1998, and 1999.)	10/95	-27.0
Maine	Upgrades positions in bureau of taxation to increase revenues.	7/95	2.3
	Establishes Maine Outdoor Heritage Fund (lottery game).	7/95	-1.4
	Reestablishes milk handling tax to enhance milk industry.	7/95	3.6
	Transfers balances of dedicated accounts to general fund undedicated revenue.	5/95	5.8
	Reflects undedicated balance of solid waste management fund.	7/95	1.5
	Changes ratio of real estate transfer tax revenues going to Maine State Housing Authority.	7/95	2.4
	Charges federal fund accounts for costs associated with mandated single-state audit.	7/95	3.8
Minnesota*	Cambridge Bank Judgment.	*	5.5
	Health care provider tax.	7/95	1.6
Missouri	Extends sunset date of waste tire fee from January 1, 1996, to January 1, 2001, plus deletes some exemptions from fee.	1/96	1.0
Montana	Reflects one-time acceleration in local government oil and gas severance taxes.	NA	5.0
New Jersey	Expands audit staff for sales tax.	NA	50.0
	Clarifies tax statutes on wrapping supplies, casual sale of airplanes, and off-the-shelf software. (Now pending in the legislature.)	NA	14.0
	Uses an expanded taxation unit to register nonauthorized or nonfiling corporations on the tax rolls.	7/95	30.0
	Tightens up on issuance of auto dealer plates.	NA	5.0
	Withholds payments to vendors that owe the state money.	NA	10.0
New York	Provides for prepayment of sales tax on cigarettes.	9/95	9.0
	Extends Metropolitan Transportation Authority surcharge.	Tax year 1995	508.0
	Expands program of electronic funds transfer.	12/95	45.0
	Requires some counties to remit real estate tax monies to state twice a month.	1/96	5.0
	Reduces the tax rate on regular, multiple, and exotic bets.	9/95	-10.0
North Carolina	Earmarks a portion to local governments.	7/95	-21.0
	Earmarks a portion to local governments.	7/95	-130.5

Enacted Revenue Measures, Fiscal 1996

State	Description	Effective Date	Fiscal 1996 Changes (Millions)
Ohio	Extends temporary Environmental Protection Agency fees.	7/95 ·	17.0
Pennsylvania	Institutes tax amnesty program for a ninety-day period.	10/95	67.0
Rhode Island	Converts 239 restricted receipt amounts to general revenues. Increase to general revenues of \$56.5 million; no net increase.	7/95	0.0
Tennessee	Changes insurance premium tax filing date. Increase of \$10 million in fiscal 1995; no change in fiscal 1996.	6/95	0.0
Texas	Authorizes unclaimed lottery prizes to go to general revenue.	9/95	48.0
Washington	Provides for a deferral for horse racing.	7/95	-4.0
	Diverts insurance premium tax on health maintenance organization/health care service contractor diverted to health services account (enacted in 1993).	4/96	0.0
	Diverts driver's license fee to dedicated fund.	7/95	-4.0
	Diverts interest income to transportation fund.	7/95	-14.0
	Changes transfers to and from general fund.	7/95	8.0

^{*}Reflects change in the payment method and personnel used for corporate tax refunds based on the final judgment of a lawsuit by financial institutions against the state of Minnesota beginning in fiscal 1996. In addition, these payments will be made from a special revenue fund from revenues previously deposited in the general fund. Changes in fund balance reporting will be reflected in November 1995 fund statements.

TABLE A-13

Total Balances and Balances as a Percent of Expenditures, Fiscal 1994 to Fiscal 1996*

	Total Balances (Millions)**			Balances a	Balances as a Percent of Expenditures		
Region/State	Fiscal 1994	Fiscal 1995	Fișcal 1996	Fiscal 1994	Fiscal 1995	Fiscal 1996	
NEW ENGLAND				**************************************			
Connecticut	\$ 20	\$ 75	\$ 75	0.2%	0.9%	0.9%	
Maine	21	11	6	1.3	0.7	0.3	
Massachusetts	508	600	495	3.4	3.8	3.0	
New Hampshire	131	119	111	16.0	12.5	13.2	
Rhode Island	47	51	54	3.1	3.1	3.3	
Vermont MID-ATLANTIC	<u> </u>	-15	-6	0.2	-2.1	-0.9	
Delaware	313	374	262	23.3	24.3	15,1	
Maryland	222	418	546	3.4	6.0	7.3	
New Jersey	1,240	964	545	8.5	6.4	3.5	
New York	399	158	213	1.3	0.5	0.6	
Pennsylvania	332	495	195	2.2	3.2	1.2	
GREAT LAKES							
Illinois	230	331	250	1.5	2.0	1.4	
indiana***	650	1,299	1,303	9.7	18,5	18.1	
Michigan	776	1,130	1,215	10.0	14.1	14.4	
Ohio	<u>581</u>	898	991	4.0	6.0	6.1	
Wisconsin	249	337	442	3.4	4.3	5.4	
PLAINS lowa	129	327	475	3.7	9.0	40.6	
Kansas	526	363	283	3.7 16.9	10.9	12.6 8.2	
Minnesota	904	921	203 845	11.1	10.6	9.5	
Missouri	312	410	171	6.7	7.7	3.0	
Nebraska	180	196	125	11.2	11.7	6.9	
North Dakota	28	31	29	4.6	4.9	4.7	
South Dakota	22	11	20	3.5	1.8	3.1	
SOUTHEAST							
Alabama	128	0	0	3.3	0.0	NA	
Arkansas	0	00	0	0.0	0.0	0.0	
Florida	494	273	268	3.7	1.9	1.8	
Georgia	387	410	390	4.4	4.3	3.8	
Kentucky	188	361	234	4.1	7.2	4.4	
Louisiana	213 526	106	-3	4.9	2.3	-0.1	
Mississippi North Carolina	888	389 892	274	24.5 9.9	15.0	10.1	
South Carolina	407	589	630 356	10.8	8.9 14.5	6.3 8.1	
Tennessee	173	148	101	3.6	2.8	1.9	
Virginia	334	125	113	5.0	1.7	1.5	
West Virginia	89	191	64	4.3	8.6	2.7	
SOUTHWEST					0 12 101		
<u>Arizona</u>	271	494	371	6.9	11.2	8.2	
New Mexico	156	59	11	5,9	2.2	0.4	
Oklahoma	163	240	333	4.9	7.0	9.4	
Texas	1,958	1,860	552	10.2	9.0	2.5	
ROCKY MOUNTAIN	405	40.00	400				
Colorado	405	427	403	11.1	10.9	9.7	
Idaho Montana	71 50	36 47	33	6.4	2.8	2.4	
Utah	107	115	22 62	5.5 5.1	5.0 4.9	2.2	
Wyoming	49	13	17	9.8	2.6	3.7	
FAR WEST	70			3.0	۲.0	3.1	
Alaska	727	1,873	1,700	23.1	72.8	68.6	
California	32	678	289	0.1	1.6	0.7	
Hawaii	291	90	54	9.5	2.8	1.7	
Nevada	147	193	207	14.1	13.8	16.8	
Oregon	439	499	315	14.3	15.0	8.9	
Washington	423	585	462	5.3	7.0	5.3	
TERRITORIES			· · · · · · · · · · · · · · · · · · ·				
Puerto Rico	296	207	100	6.4	4.0	2.0	
Total	\$16,937	\$20,200	\$15,903	5.1%	5.7%	4.4%	
						 	

^{*}Fiscal 1994 are actual figures, fiscal 1995 are preliminary actual figures, and fiscal 1996 are appropriated figures.

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

^{***}In Indiana balances include the general fund tuition reserve.