Fiscal Survey of States

November 1996

National Governors' Association National Association of State Budget Officers

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National Governors' Association 444 North Capitol Street Suite 267 Washington, D.C. 20001-1512 (202) 624-5300

National Association of State Budget Officers 400 North Capitol Street Suite 299 Washington, D.C. 20001-1511 (202) 624-5382

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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 1996. The surveys were completed by Governors' state budget officers in the fifty states and the commonwealth of Puerto Rico.

Fiscal 1995 data represent actual figures, fiscal 1996 figures are preliminary actual, and fiscal 1997 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 in NGA's Office of Public Affairs, and Trinity Tomsic of NASBO assisted with production. Dotty Esher of State Services Organization provided typesetting services.

Executive Summary

The national economy continues to be resilient, with the majority of state economies fiscally sound. States continue to be cautious, coupling modest spending increases with relatively modest tax cuts.

The most dramatic social policy change since the last survey is the enactment of federal welfare reform legislation that converts welfare funding from an open-ended entitlement to a fixed block grant to states. The survey results highlighted in this report, however, were derived before passage of the Temporary Assistance for Needy Families (TANF) block grant. Although it is difficult to anticipate the fiscal impact of TANF on the states at this time, it is clear that the new law will significantly impact state policy and finance over the next several years.

The general trend for federal spending is for level funding to states. This is part of the goal to achieve a balanced budget over the next seven years. The prospect of frozen federal resources and the public's dislike of tax increases are spurring state capitals to place greater emphasis on management changes, ranging from consolidating departments to using more performance-based budgeting systems.

Key findings of this survey include the following.

State Spending

States estimate an increase in general fund spending of 4.5 percent in fiscal 1996 and 4.0 percent for fiscal 1997. Several states, including Alaska, Hawaii, New Jersey, New Hampshire, New York, Rhode Island, and Vermont, have enacted general fund spending growth below 3 percent for both fiscal 1996 and fiscal 1997.

- Most states did not have to make midyear adjustments to their budgets. Only thirteen states reduced their fiscal 1996 enacted budgets. These reductions total \$1.6 billion, or less than 1 percent of state general fund budgets. States are sometimes forced to make these midyear adjustments to comply with balanced budget requirements.
- The recently enacted federal welfare reform law gives states flexibility to set benefit levels and eligibility criteria for cash assistance. For fiscal 1997, welfare benefit levels under Aid to Families with Dependent Children (AFDC) and TANF are

likely to remain at the same levels as the previous year in nearly all states. Five states report that they are changing benefit levels for fiscal 1997—mostly to decrease benefits—while forty-five states are maintaining the fiscal 1996 benefit levels.

- Growth in Medicaid spending is continuing at modest levels after years of double-digit growth rates. Through September 1996, Medicaid spending had grown only 3.2 percent above last year's level, according to the U.S. Treasury Department. This lower growth rate can be attributed to a number of factors. Strong economic conditions have contributed to decreasing AFDC caseloads. Disproportionate share hospital spending has been controlled, medical inflation is no longer increasing as dramatically as it had in past years, and aggressive fraud and abuse control efforts have begun to protect against inappropriate expenditures. In addition, more states have begun to enroll Medicaid recipients in managed care programs, producing savings through capitation. During 1995, about two thirds of the states either applied for waivers or expanded existing waivers to enroll Medicaid recipients in managed care.
- Almost all states grant pay raises for fiscal 1997, with the increase averaging 3.7 percent. Often the increases are merit-based rather than across-the-board. States estimate a slight increase from fiscal 1996 to fiscal 1997 in the number of filled positions. Most of the states with significant reductions are in the New England and Mid-Atlantic regions, where the economy has been the most sluggish and the population growth the slowest.
- About half of the states enacted changes that will affect aid to local governments, with the majority of changes resulting in increased local aid. States are eliminating mandates in order to aid local governments. Some states are aiding localities by assuming local government functions or costs. For example, Connecticut is assuming local general assistance, New Jersey is shifting judicial costs from counties to the state, and Wisconsin is funding two thirds of local school costs beginning in fiscal 1997.

State Revenue Actions

Net tax and fee changes will decrease fiscal 1997 revenues by \$4.1 billion. This is the third consecutive year that state legislative actions have resulted in a net decrease in state revenues. Twenty-seven states enacted tax reductions, with the most significant reductions in personal income taxes. Tax reductions seek to improve business conditions, decrease income taxes on individuals, alleviate the burden of property taxes, and decrease the size of government.

- Fiscal 1996 revenue collections were about 2.2 percent higher than the estimates states originally used in adopting their budgets. Similar to the federal government, many states experienced a surge in tax collections in fiscal 1996, attributable to greater-than-expected capital gains revenue. In fact, in Massachusetts and Ohio, one-time tax reductions resulted from revenue surpluses generated in fiscal 1996.
- Fiscal 1997 budgets include an increase of 3.4 percent over fiscal 1996 tax collections. These tax collections represent collections from the sales, personal income, and corporate income taxes.

Year-End Balances

Balances as a percentage of expenditures for fiscal 1995 and fiscal 1996 are at the highest levels since 1980. Balances in twelve states are projected to exceed 10 percent of expenditures in fiscal 1996. With the outlook for frozen federal funding and a possibility of an economic downturn over the next several years, this provides a healthy cushion for economic and other uncertainties.

Regional Impacts

All regions are expected to experience steady growth through fiscal 1997, with the Rocky Mountain, Southeast, and Southwest regions once again leading the nation in economic growth. The New England and Mid-Atlantic regions continue to remain the most sluggish, while California's economy has rebounded. The resurgence of California's economy is expected to slow the outmigration to other nearby regions.

State Restructuring

The convergence of level federal revenue and the public's distaste for tax increases is providing the impetus for state management changes. The performance and reputation of government services is at stake. The most prevalent change is the move toward performance-based budgeting, either through a statewide effort or through more emphasis on outcomes during budget deliberations.

Other directions states are taking include reorganizing government through mergers and consolidations, privatizing certain services, strengthening budget analysis processes, instituting performance-based pay systems, and reviewing state operations through Governors' commissions.

These changes are not "quick fixes" or ones undertaken to secure immediate political victories, but rather are long-term approaches to improving the management of state government. The prospect of level federal funding over the coming years is providing further impetus for state restructuring initiatives.

Economic Background

CHAPTER ONE

Economic performance in the first half of 1996 exceeded expectations, with second-quarter economic growth registering a robust 4.7 percent. The outlook for the remainder of 1996 is for less rapid growth. Economic growth is anticipated to average 2.3 percent in 1996 and 1997, based on the most recent forecast of business economists.

The September 1996 Current Economic Conditions, a survey of the Federal Reserve districts, reveals a moderately expanding economy. Manufacturing activity is either expanding or holding steady in all regions and building activity remains strong in most regions.

The outlook for the second half of 1996 is for a slowdown in employment growth from the growth experienced in the first half of the year. Employment in construction, finance, insurance, real estate, and electric utilities will experience a decline from earlier in 1996. Despite the relative decline in the latter part of 1996, the labor force is expected to expand over the next several years. Reasons for this expansion include the availability of jobs, wage gains, the increase in the minimum wage, and policy changes such as those in welfare that will bring more people into the workforce.

State Expenditure Developments

CHAPTER TWO

Budget Management in Fiscal 1996

Since fiscal 1994, few states have been forced to reduce budgets midyear. Only thirteen states reduced their fiscal 1996 enacted budgets, totaling \$1.6 billion, or less than 1 percent of state general fund budgets (see Table 1). This compares with eight states in fiscal 1995; nine states in fiscal 1994; twenty-two states in fiscal 1993; and thirty-five states in fiscal 1992, the year that represented the peak in midyear budget adjustments.

The steady performance of the national economy has helped maintain stable state budgets. The strategies used by states with 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 1997 are estimated to be 4.0 percent above the previous fiscal year (see Table 2). This spending increase is the third lowest in the past nineteen years (see Figure 1). About two thirds of the states report expenditure growth below 5 percent in fiscal 1996 (see Table 3 and Appendix Table A-4). For fiscal 1997, about one half of the states estimate expenditure growth to be below 5 percent.

State Spending for Fiscal 1997

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 the states are responding to the improved economy.

Aid to Families with Dependent Children. For fiscal 1997, forty-five states maintain the same AFDC benefit levels that were in effect in fiscal 1996. Similar to the past several fiscal years, the majority of states are not making any annual adjustments to AFDC benefit levels. With the enactment of the Temporary Assistance for Needy Families block grant and the elimination of AFDC, more states are likely to recon-

TABLE 1

Budget Cuts Made After the Fiscal 1996 Budget Passed

State	Size of Cut (Millions)	Programs or Expenditures Exempted from Cuts
Connecticut	\$687.3	Debt service.
Hawaii	139.0	School-level programs, debt service, retirement system, health insurance, public welfare payments, unemployment insurance, and workers' compensation.
ldaho	13.0	Public schools and the legislative and judicial branches.
Maine	15.9	Constitutional offices, general purpose aid to local schools, and higher education institutions.
Maryland	39.0	Higher and lower education, local aid, and legislatively mandated programs.
Mississippi	0.6	Agency budget reduction (department of agriculture).
New Hampshire	10.0	Local aid.
New Jersey	508.0	State aid, school aid, and higher education.
New Mexico	34.8	Public defender and department of corrections.
New York	148.0	Mainly local aid programs.
Rhode Island	13.6	School aid, local aid, human services cash assistance, and medical programs.
South Dakota	10.0	Repeal of \$10 million special appropriation to property tax reduction fund.
Vermont	25.0	State educational aid.
Total	\$1,644.2	••••

SOURCE: National Association of State Budget Officers.

State Nominal and Real Annual Budget Increases, Fiscal 1979 to Fiscal 1997

State General Fund

Fiscal Year	Nominal Increase	Real Increase
1997*	4.0%*	1.4%*
1996*	4.5*	1.9*
1995	6.3	3.2
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
1979-1997 average	6.8%	1.8%
1980-1990 average	8.0%	2.0%

NOTES: The state and local government implicit price deflator was used for state expenditures in determining real changes. Fiscal 1996 figures are based on the change from fiscal 1995 actuals to fiscal 1996 preliminary actuals. Fiscal 1997 figures are based on the change from fiscal 1996 preliminary actuals to fiscal 1997 appropriated.

SOURCE: National Association of State Budget Officers.

sider changes to benefit levels in 1997 and subsequent years. Of the states enacting changes to benefit levels, Hawaii, Utah, Vermont, and West Virginia reduced fiscal 1997 levels from the previous year (see Table 4).

Medicaid. The growth in Medicaid spending has dramatically decreased in the recent past. Between 1988 and 1992, program costs grew at an average rate of 22.4 percent per year, as total Medicaid spending increased from \$51.3 billion to \$112.6 billion. Since then, however, spending patterns have begun to change significantly. Through September 1996, Medicaid spending had grown only 3.2 percent above last year's level, according to the U.S. Treasury Department. This follows a 4.5 percent Medicaid growth rate between 1995 and 1996. The Congressional Budget Office has not yet revised its estimates for growth in Medicaid spending for the next several years, but other respected program experts, including

TABLE 3

Annual State General Fund Expenditure Increases, Fiscal 1996 and Fiscal 1997

Number of States

Spending Growth	Fiscal 1996 (Preliminary Actual)	Fiscal 1997 (Appropriated)
Negative growth	6	4
0.0% to 4.9%	25	24
5.0% to 9.9%	16	19
10% or more	3	3

NOTE: Average spending growth for fiscal 1996 (preliminary actual) is 4.5 percent; average spending growth for fiscal 1997 (appropriated) is 4.0 percent.

SOURCE: National Association of State Budget Officers.

the Urban Institute, project growth rates of 7 percent through 2002.

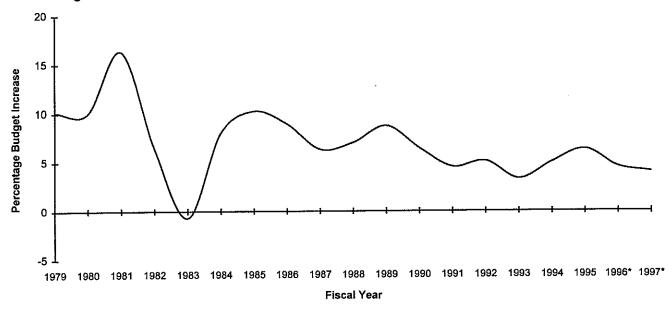
These lower growth rates can be attributed to a number of factors. Strong economic conditions have contributed to decreasing AFDC caseloads. More states have begun to enroll Medicaid recipients in managed care programs, producing savings through capitation. Disproportionate share hospital spending has been controlled, medical inflation is no longer increasing as dramatically as it had in past years, and aggressive fraud and abuse control efforts have begun to protect against inappropriate expenditures.

Fourteen states enacted Medicaid reductions for fiscal 1997 (see Appendix Table A-6).

State Employment. The number of filled full-time equivalent positions supported by all state funds is estimated to increase slightly from fiscal 1996 to fiscal 1997 (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. The most significant reductions for the period 1995 to 1997 are in Maine, Rhode Island, Connecticut, New York, Georgia, Vermont, South Dakota, and New Jersey, respectively. Maine has reduced positions significantly through a statewide productivity realization task force. Most of the states with significant reductions are in the New England and Mid-Atlantic regions, where the economy has been the most sluggish and the population growth the slowest.

Employee Compensation. Almost all states grant pay increases in their budgets for fiscal 1997, with the increase averaging 3.7 percent (see Appendix Table A-7). Several states, including Georgia and Maryland, are moving toward a pay-for-performance system or

Annual Budget Increases, Fiscal 1979 to Fiscal 1997



NOTE: *Data for these years are estimated.

SOURCE: National Association of State Budget Officers.

other alternatives to automatic cost-of-living adjustments. Georgia abolished its state merit system for new employees. Maryland enacted legislation to reform the state personnel management system with the goal of improving the caliber and productivity of the workforce. The reforms will streamline the grievance and disciplinary processes, strengthen the employee performance appraisal process, phase in pay for performance, and emphasize training and employee development.

TABLE 4

Enacted Cost-of-Living Changes to Aid to Families with Dependent Children, Fiscal 1997

State	Percent Change
Hawaii	-1.20%
Montana	3.00%
Utah	-16.50%
Vermont*	-3.04%
West Virginia	-8.0% to -10.00%

NOTE: Vermont's change in payment level represents a reduction from 56.0 percent to 54.3 percent of the needs standard.

SOURCE: National Association of State Budget Officers.

Employee Benefits. Benefit costs continue to decelerate, predominately reflected in lower health insurance costs. With benefit costs comprising approximately 30 percent of total employee compensation, the easing of the costs of benefits helps maintain moderate budget increases. The Segal Company's annual survey of state employee health benefit plans for 1995 found that the cost of the majority of indemnity plans increased less than the increase in the price for the medical component of the consumer price index. This is the first time in the last ten years that this has been the case.

As a means to limit personnel costs, several states are shifting additional costs to employees, mostly in the area of health benefits (see Appendix Table A-6). States continue to provide additional flexibility for employees in their benefit programs. Twenty-five states allow the portability of pension benefits between a state agency and other public retirement systems, such as local government and university systems, according to NASBO's March 1995 publication Workforce Policies.

Aid to Local Governments. About half of the states enacted changes affecting aid to local governments, with the majority of changes resulting in increased local aid (see Table 5). Some states are aiding

localities by eliminating mandates, while others are assuming local government functions or costs. For example, Connecticut is assuming local general assistance, New Jersey is shifting judicial costs from counties to the state, and Wisconsin is funding two thirds of local school costs beginning in fiscal 1997.

Pennsylvania is working to improve state-local relations by creating a center for local government services to provide a direct link between the state and local governments.

TABLE 5

Enacted Changes to Aid to Local Governments, Fiscal 1997

Alaska

Municipal assistance and revenue sharing received a percentage reduction in funding.

Arizona

The funding formula for elementary and secondary education was changed, which reduces the local property tax burden by \$60 million. The increased funding of elementary and secondary education by the state will come from the general fund.

Also, \$100 million was provided to school districts to assist with capital development. The legislation established a board to review district requests and award funds. Legislation also was enacted to provide \$24 million in additional highway funds for counties, which will be phased in over four years.

Arkansas

As a result of a Pulaski County court ruling that found the state's method of funding public schools unconstitutional, major changes in this funding process were enacted by Act 917 of 1995. This act is known as The Equitable School Finance System Act of 1995. It preserves the local governance of schools and provides equitable funding and simple distribution of funds for public school financing. The new distribution is effective for the 1996–97 year.

The eightieth 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. Therefore, Act 1256 of 1995 established a system of collecting and assessing court costs and filing fees to obtain data to determine the cost to the state of funding the judicial system. This information will be used at the next regular session of the general assembly.

California

The 1996 budget act provides \$100 million to California cities and counties for a citizens' option for public safety program. Of this, \$12.5 million will go for district attorney costs; \$12.5 million will go to sheriffs for operation of jails; and the remaining \$75 million will be distributed to cities and counties on a population basis for frontline law enforcement. This is an appropriation for one year.

Statutory changes allow counties to reduce their financial obligation for general assistance cash grant programs because of a finding of fiscal distress for three years, rather than the one year allowed under current law. Other statutory changes allow counties to make other changes to their general assistance programs, including the imposition of residency requirements, and the imposition of employment-related requirements, which, if not met, will be grounds for temporary dismissal of aid. These latter provisions were scheduled to sunset January 1, 1997, and have now been made permanent.

Colorado

House Bill 96-1267 exempts personal property tax from taxation, if the total value of the businesses' personal property is \$2,500 or less (assessed value of \$725). This bill would benefit small businesses, such as day care centers, rental properties, and home-based beauty salons. The school finance act requires the state to make up for school operating fund reductions. Schools would be reimbursed \$1.7 million for revenue losses, but this would only partially redress the overall loss of \$8.9 million in fiscal 1998.

Senate Bill 96-218 abolishes the taxation of some possessory interests in real and personal property. Local governments will lose property taxes of \$1.0 million in fiscal 1997, and school districts will lose nearly \$1.2 million. The state will only "backfill" the losses incurred by school districts.

House Bill 96-1129 changes the primary basis for valuing construction equipment (class F personal property, such as mobile homes or trailers, trucks, and cranes). For fiscal 1998, the state will expend \$133,858.

House Bill 96-1063 brings the property tax valuation process in line with TABOR (Article 10, Section 20, the revenue limitation measure adopted by voters in 1992). Section 5 of the bill saves county assessors \$916,000 every other year (in even-numbered years, when there is no change in value). Assessed value would be included in annual property tax notices, as is the practice now, and would fulfill the annual notification requirements of TABOR. This would accomplish two objectives with just one mailing.

House Bill 96-1064 is enabling legislation, allowing counties to raise taxes by one mill or establish a fund up to \$500,000, whichever is less in any one year. The current limit in statute is \$10,000, which is inadequate to fight a major fire such as the Glenwood Canyon fire of 1995.

Enacted Changes to Aid to Local Governments, Fiscal 1997

Connecticut

State formula aid grants to municipalities were increased by approximately \$20 million for fiscal 1997 (an increase of 1.3 percent). New bonding for urban problems was approved in the amount of \$78 million, an increase of \$66 million over the present \$12 million balance.

Police and fire heart and hypertension benefits for all new hires was eliminated after July 1, 1996. They will be covered by workers' compensation. This is estimated to save municipalities more than \$20 million a year (in 1996 dollars) in the long run, as new hires become the predominant number of employees in ten to twenty years. The beginning of the state's assumption of the general assistance (local welfare) program is April 1, 1997. By the time of the total takeover in July 1, 1998, the savings to municipalities will be from \$20 million to \$25 million a year (and up to \$40 million in particularly difficult economic times).

Florida

A 2.9 million reduction in sales tax primarily due to sales tax rate reductions on vending machine sales and various sales tax exemptions to attract new industry was enacted. This is less than a 1 percent impact on aid to local government.

Illinois

Legislation was approved allowing county boards to submit the question of property tax caps to the voters via binding referendum.

Indiana

An increase in the homestead credit from 4 percent to 8 percent in calendar year 1996 and from 4 percent to 6 percent in calendar year 1997 was enacted. This reduces property taxes paid by homeowners by \$42.70 in fiscal 1997. The state replaces the revenue to local governments.

An accelerated, previously enacted 50 percent motor vehicle excise tax cut to be completely effective in calendar year 1996 was also enacted. The cost to the state general fund will be \$100.4 million in fiscal 1997.

Kansas

State aid to cities and counties was limited to 1.8 percent growth. This mirrored the growth for all spending in the Governor's initial recommendation. Total growth was \$1.3 million. A one-year extension of the aggregate dollar property tax limitation was passed.

Louisiana

Changes include \$700,000 for a new program, victims' assistance coordinators in district attorneys' offices, and an increase in parish road maintenance and mass transit aid to local governments of 55 percent (\$23.7 million). In addition, an 11 percent (\$5 million) increase in supplemental pay to local law enforcement personnel was enacted.

Maine

Changes include a 2.6 percent increase over fiscal 1996, totaling \$14.0 million. A commission will be established to analyze the possible consolidation and clustering of local school administrative units and functions.

Maryland

Community college aid increased by 3 percent (\$4.2 million). The new programs are as follows: education modernization initiative (\$1.2 million), school performance awards (\$2.8 million), programs to address the problem of disruptive students (\$100,000), and school reconstitution funds (\$12.4 million).

Missouri

A 17.6 percent rate increase for per-diem costs for holding prisoners was enacted.

New Hampshire

Increases in the room and meals tax will be distributed to local governments.

New Jersey

The fiscal 1997 appropriations act provides \$4.8 billion for aid to or on behalf of local school districts, an increase in \$54.7 million, or 1.2 percent, over 1996; and \$1.5 billion in unrestricted aid to municipalities, a decrease of \$8.3 million, or 0.5 percent, below fiscal 1996. A new school aid program was added, which is a \$10 million grant program to be distributed to all school districts on a per-pupil basis for the acquisition of computer technology or for the upgrade of facilities for this type of technology.

A constitutional amendment was enacted in November 1995, taking effect in 1996, establishing a state mandate/state pay policy. Laws or regulations increasing local government costs may constitute unfunded mandates, and if declared so by a council on local mandates upon petition of affected local governments, cease to be mandatory in effect and expire. Unfunded mandates may be imposed if enacted by a three fourths vote of both houses of the legislature. Laws and regulations that impose new local costs without providing resources to offset those costs do not constitute unfunded mandates if they: are required to comply with federal laws or rules or to meet eligibility standards for federal entitlements; impose costs on both local governments and nongovernmental entities in the same or substantially similar circumstances; repeal, revise, or ease existing mandates or reapportion costs of activities among boards of education, counties, and municipalities; stem from failure to comply with previously enacted mandates; or implement the provisions of the state constitution.

The scheduled incremental shift of judicial costs from the counties to the state continues in fiscal 1997. All court staff formerly employed by the several counties became state employees on January 1, 1995, and judicial costs formerly budgeted and funded by the counties are now budgeted and funded by the state. Counties appropriate a declining percentage of base-year (1993) costs as aid payments to the state to support the costs of the judicial system. In fiscal 1997, the state will receive \$119.3 million from counties, compared with \$240 million in base-year county costs. County payments to support costs will cease in fiscal 1999.

Enacted Changes to Aid to Local Governments, Fiscal 1997

New York

Overall, the adopted budget for fiscal 1997 will result in net savings for local governments totaling \$754 million. There were modest reductions in some specific local aid programs, but cost containment in major-entitlement programs, particularly Medicaid, will result in net local savings. Medicaid cost containment alone will provide net local savings of \$275 million; welfare actions will net \$86 million in savings. A new \$49 million appropriation is available for specific cities experiencing fiscal distress.

There were no new unfunded mandates included in the fiscal 1997 adopted budget. Local governments were granted the authority to raise certain fees, including the adoption of sliding-scale fees for small claims courts and the establishment of equity in the fees charged for services rendered pursuant to the Uniform Commercial Code. The city of New York was granted the authority to increase the percentage of its investments in equities, in order to yield higher investment earnings. Counties and the city of New York are now able to recover all operations and maintenance costs associated with their emergency 911 systems, including costs incurred for personnel training and compensation. Local governments have also been authorized to accept credit card payments for fines, civil penalties, taxes, charges, or other amounts, including penalties, special assessments, and interest.

Ohio

Two bills were passed that provide procedures for instances of fiscal emergency in counties and school districts. Ohio already had a law that creates a financial planning and oversight commission in cases when municipalities or townships find themselves in a fiscal emergency situation. These two bills create similar mechanisms for school districts and counties. The commissions are given special authority to help entities out of such fiscal emergency situations.

Oregon

In its January 1996 special session, the legislature approved \$94.2 million in proceeds from certificates of participation to be used by counties for local prison construction under the community corrections program. This program gives counties, rather than the state, responsibility for convicted criminals whose sentences are less than twelve months or whose parole has been revoked.

Pennsylvania

A new three-year, \$120 million technology initiative would distribute funds annually to school districts (\$33.3 million) and to higher educational institutions (\$7 million) for computers and related technology. Funds distributed under several existing law enforcement programs, including probation and parole, will be increased. With the elimination of medical assistance for a portion of the general assistance population, \$52 million was provided to grants to counties for behavioral health services that counties may need to provide to some of those people.

Rhode Island

Education aid has been increased by \$11.7 million, or 2.6 percent. The formula has been amended to allow for level funding of aid to communities with increased funding of \$10.4 million to be distributed on the basis of students eligible for free or reduced lunches.

Texas

The state will cover its cost share of an expected 3 percent (126,000) enrollment increase.

Vermont

The state-funded use valuation program is partially shifted to municipalities by requiring municipalities to assess enrolled land at a prescribed use valuation. Also, the state component of the payment-in-lieu-of taxes program was eliminated.

Virginia

The general assembly approved full funding of the additional costs associated with the Virginia Omnibus Education Act of 1995, which increased the number and scope of programs available to at-risk four-year-olds. An additional \$9 million each year was included in fiscal 1997 and fiscal 1998 for these programs.

Wisconsin

As recommended by the Governor and adopted as part of the 1995-97 budget, the state will increase to two thirds its share of school revenues beginning in fiscal 1997. This commitment will increase state school aid by \$828 million in fiscal 1997, a 36 percent increase over fiscal 1996.

School cost controls were made permanent, the mandate that counties provide general relief was removed, more state funding for courts will offset 90 percent of court costs currently funded by the property tax, and mediation-arbitration reforms will require arbitrators to give greatest weight to spending limits.

Wyoming

A 172 percent increase (\$0.3 million) in Indian license plate rebate will remain indefinitely.

SOURCE: National Association of State Budget Officers.

State Revenue Developments

CHAPTER THREE

Overview

Legislative actions will decrease revenues by \$4.1 billion for fiscal 1997 (see Table 6). This is the third consecutive year that state actions will result in a decrease in new revenues (see Figure 2). The majority of tax reductions are concentrated in reducing the personal income tax.

New technologies are posing additional challenges for states in crafting tax policies that are equitable. Computer technology, for example, enables a business to start up without any physical infrastructure. State systems that date back to the manufacturing economies of the 1930s and 1940s have difficulty addressing the less tangible assets of today's businesses.

TABLE 6

Enacted State Revenue Changes, Fiscal 1979 to Fiscal 1997

Fiscal Year	Revenue Change (Billions)
1997	\$-4.1
1996	-3.8
1995	-2.6
1994	3.0
1993	3.0
1992	15.0
1991	10.3
1990	4.9
1989	0.8
1988	6.0
1987	0.6
1986	-1.1
1985	0.9
1984	10.1
1983	3.5
1982	3.8
1981	0.4
1980	-2.0
1979	-2.3

SOURCES: Advisory Commission on Intergovernmental Relations, Significant Features of Fiscal Federalism, 1985-86 edition, page 77, based on data from the Tax Foundation and the National Conference of State Legislatures. Data for fiscal 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, and 1997 provided by the National Association of State Budget Officers.

Federal tax proposals, such as replacing the federal income tax with a national sales tax, would have a significant impact on state revenue collections, although no such proposals are on the immediate horizon. Proposals for federal tax cuts, however, are more likely and would have important implications for state revenue systems.

Revenue Collections in Fiscal 1996

Revenue collections for the sales, personal income, and corporate income taxes in fiscal 1996 matched or exceeded projections in the majority of states (see Appendix Table A-9). In total, revenue collections were about 2.2 percent higher than the estimates states used in adopting fiscal 1996 budgets. Similar to the federal government, many states experienced a surge in tax collections in fiscal 1996 attributable to greater-than-expected capital gains revenue. In fact, in Massachusetts and Ohio, one-time tax reductions resulted from revenue surpluses generated in fiscal 1996.

Revenue Collections for Fiscal 1997

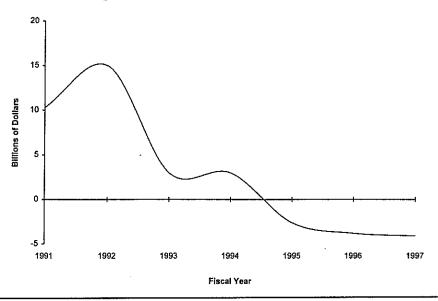
Fiscal 1997 budgets include an increase of 3.4 percent over fiscal 1996 estimated tax collections. Projected fiscal 1997 tax collections represent collections for the sales, personal income, and corporate income taxes (see Appendix Table A-10).

Revenue Changes for Fiscal 1997

Thirty-five states enacted net revenue changes for fiscal 1997 that will decrease revenues by \$4.1 billion (see Table 7). Fiscal 1997 actions are highlighted below and appear in Appendix Table A-11.

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

Enacted State Revenue Changes, Fiscal 1991 to Fiscal 1997



SOURCE: National Association of State Budget Officers.

Sales Taxes. Sixteen states changed sales taxes for fiscal 1997, mostly to reduce the sales tax. The most significant reduction is Georgia's elimination of the sales tax on food. Other changes increase exemptions to the sales tax for manufacturing equipment.

Personal Income Taxes. Nineteen states made changes, mostly reductions, to personal income taxes for fiscal 1997. Examples include Connecticut's rate reduction, Massachusetts' increase in personal exemption in 1996 as a result of a revenue fund surplus, New York's rate reduction, and Ohio's one-time reduction as a result of a general revenue fund surplus. 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. Eleven states reduced their corporate income taxes for fiscal 1997. California is reducing its bank and corporation tax rate by 5 percent, while Washington is reducing its tax rate for service industries.

Cigarette and Tobacco Taxes. During the past three years, twenty-three states and the commonwealth of Puerto Rico have increased cigarette and tobacco taxes, in some cases to generate additional funds for health care. Massachusetts increased its tax on cigarettes by twenty-five cents per package.

Motor Fuels Taxes. Florida is expanding its application of fuel taxes; North Dakota is increasing the gas tax trigger, reflecting actions of the 1995 legislature.

Other Taxes and Fees. Revenues generated from these taxes and fees usually cover costs for licensing and regulation, promote environmental conservation, and generate revenues for health care.

The most significant reductions in this category include reducing property taxes by \$140 million in Arizona, decreasing motor vehicle excise taxes in Indiana, and reducing unemployment insurance taxes on businesses in Kansas. Low unemployment rates have enabled some states to reduce unemployment taxes, providing a savings for employers.

Fee increases include those for licensing fees and occupational licenses.

TABLE 7

Enacted Fiscal 1997 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
									\$ 0.0
Alabama									0.0
Alaska Arizona							\$-140.0		-140.0
Arkansas									0.0
California			\$-85.0						-85.0
Colorado	\$ -7.0	\$ -7.9	Ψ 00.0				-2.3		-17.2
Connecticut	-1.2	-200.0	-2.0				-36.3		-239.5
Delaware	-1.6.	-10.0					-4.8		-14.8
Florida	-27.0	, 0, 0	-1.5		\$ 7.4		-119.1	\$106.3	-33.9
Georgia	-175.0						-		-175.0
Hawaii									0.0
ldaho	-1.0	· 1.0							0.0
Illinois		-					52.0		52.0
Indiana							<u>-\$143.1</u>	-5.1	-148.2
lowa		-5.0							-5.0
Kansas			-1.0				-162.0		-163.0
Kentucky	-1.5	-4.2					-12.5		-18.2
Louisiana	-5.0	-15.0							-20.0_
Maine							-1 1 .5		-11.5
Maryland								3.1	3.1
Massachusetts		-234.0	-10.0	\$74.0					-170.0
Michigan								-	0.0
Minnesota	-1.6	2.0					-2.5		-2.1
Mississippi									0.0
Missouri		-1.0	-1.0_					7.0	5.0_
Montana		-3.0					-6.0		-9.0
Nebraska	-2.3								-2.3_
Nevada									0.0
New Hampshire									0.0
New Jersey		-100.0							-100.0
New Mexico									0.0
New York	-20.0	-1,871.0	-329.0				-193 <u>.4</u>	192.7	-2,220.7
North Carolina	-48.4	12.4	-13.7						-49.7
North Dakota	1.0_				2.6				3.6
Ohio		-400.8	-2.0						-402.8
Oklahoma		-2.0							-2.0
Oregon									0.0
Pennsylvania	-4.5								-4.5
Puerto Rico							34.0	6.0	40.0
Rhode Island							-8.3	37.5	29.2
South Carolina		-10.0					-4.6		-14.6
South Dakota									0.0
Tennessee									0.0
Texas									0.0
Utah	-1.5	-45.0	-4.8				-30.0		-81.3
Vermont	.,,,,,							1.4	1.4
Virginia									0.0
Washington	-39.6		-101.2						-140.8
Washington West Virginia	50.0	-12.8	· · · · · · · · · · · · · · · · · · ·				-1.7		-14.5
Wisconsin	-2.9	12.0					31.2	15.7	44.0
Wyoming	-2.3								0.0
Total	\$-337.5	\$-2,906.3	\$-551.2	\$74.0	\$10.0	\$0.0	\$-760.9	\$364.6	\$-4,107
เกเลา	φ-331.3	φ-2,300.3	ψ-001.2	Ψ	+	T			

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

SOURCE: National Association of State Budget Officers.

Total Balances

CHAPTER FOUR

Balances as a percentage of expenditures in fiscal 1995 and fiscal 1996 are at the highest levels since 1980 (see Figure 3). Total balances reflect the funds states have that are 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 in fiscal 1996 are estimated at \$21.2 billion, or 5.7 percent of expenditures (see Table 8). More than two thirds of the states estimate balances as a percent of expenditures to be 3 percent or more in fiscal 1996 (see Table 9 and Figure 4). Balances in twelve states are projected to exceed 10 percent of expenditures in fiscal 1996. With the outlook for level federal funding and the possibility of a tax cut and an economic downturn over the next several years, this provides states with a healthy cushion for economic and other uncertainties.

The use of ending balances and budget stabilization funds is one of several mechanisms that states have available to address the imbalance between revenues and expenditures. Many states rely on budget stabilization funds to ease the adjustments during economic downturns. States often use formulas to determine the requirements for 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.

Reserves are often used to correct short-term imbalance between revenue and expenditures. Strategies that states use for long-term solutions include instituting multiyear forecasting, setting spending affordability limits, and controlling expenditures.

States set spending affordability limits on their budgets both formally and informally. More than half of the states have formal tax or expenditure limits. In Colorado, for example, voters passed a constitutional amendment requiring public approval of proposed tax increases or rate changes. The amendment also restricts state spending growth to a percentage of state population growth and an inflation factor. A state revenue growth cap passed by Florida voters in 1994 limits revenue growth to the growth rate of personal income for the prior five-year period.

With respect to expenditures, the limits are often linked to the state's personal income growth. Minnesota, for example, limits the spending growth of government by establishing a revenue target that is based on personal income growth and that applies to both state and local governments. 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. For example, in Delaware, Oklahoma, Rhode Island, and South Carolina, less than 100 percent of estimated revenues is appropriated. These controls provide a cushion for uncontrollable events.

TABLE 8

Total Year-End Balances, Fiscal 1979 to Fiscal 1997

Fiscal Year	Total Balance (Billions)	Total Balance (Percent of Expenditures)
1997*	\$18.3*	4.8%*
1996*	21.2*	5.7*
1995	20.6	5.8
1994	16.9	5.1
1993	13.0	4.2
1992	5.3	1.8
1991	3.1	1.1
1990	9.4	3.4
1989	12.5	4.8
1988	9.8	4.2
1987	6.7	3.1
1986	7.2	3.5
1985	9.7	5.2
1984	6.4	3.8
1983	2.3	1.5
1982	4.5	2.9
1981	6.5	4.4
1980	11.8	9.0
1979	11.2	8.7

NOTE: *Figures for fiscal 1996 are based on preliminary actuals, and figures for fiscal 1997 are based on appropriations.

SOURCE: National Association of State Budget Officers.

TABLE 9

Total Year-End Balances as a Percentage of Expenditures, Fiscal 1995 to Fiscal 1997

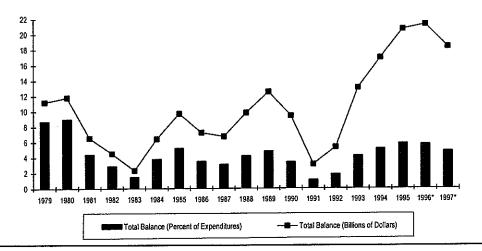
	Number of States					
Percentage	Fiscal 1995 (Actual)	Fiscal 1996 (Preliminary Actual)	Fiscal 1997 (Appropriated)			
Less than 1.0%	4	7	7			
1.0% to 2.9%	12	7	9			
3.0% to 4.9%	5	7	11			
5% or more	29	29	23			

NOTE: The average for fiscal 1995 (actual) was 5.8 percent; the average for fiscal 1996 (preliminary actual) is 5.7 percent; and the average for fiscal 1997 (appropriated) is 4.8 percent.

SOURCE: National Association of State Budget Officers.

FIGURE 3

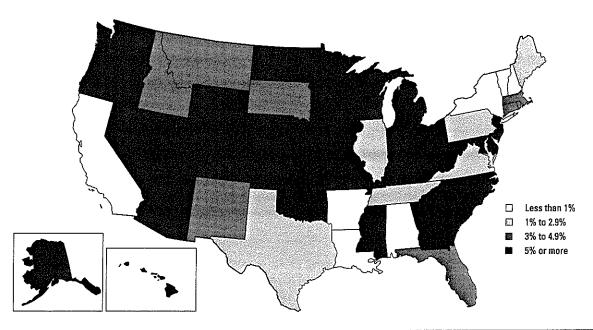
Total Year-End Balances, Fiscal 1979 to Fiscal 1997



NOTE: *Data for these years are estimated.

SOURCE: National Association of State Budget Officers.

Total Year-End Balances as a Percentage of Expenditures, Fiscal 1996



SOURCE: National Association of State Budget Officers.

Regional Fiscal Outlook

CHAPTER FIVE

Overview

Job growth in the regions for the immediate future is expected to be steady, with the New England and Mid-Atlantic regions continuing to experience the most sluggish growth. California continues with a resurgence of job growth; this affects other states in the region in a variety of ways, such as slowing the outmigration of workers to neighboring states.

Personal income increased nationwide by 4.8 percent from the first quarter of 1995 to the first quarter of 1996. States in the Rocky Mountain and Southwestern regions experienced the most rapid growth, at 7.1 percent and 6.7 percent, respectively. The slowest growth region was the Great Lakes, with an increase of only 3.1 percent (see Table 10).

Population trends differ significantly across regions. States in the Mid-Atlantic and New England regions experienced the slowest population growth, at 0.2 percent and 0.4 percent, respectively, between July 1994 and July 1995. The Rocky Mountain region continues to experience the greatest influx of people, with an annual growth rate of 2.2 percent, followed by the Southwest region, with an annual growth rate of 1.8 percent.

The U.S. Department of Commerce's Bureau of Economic Analysis estimates that the population will increase an average of 0.9 percent each year from 1993 through 2005. The fastest-growing states will continue to be in the Rocky Mountain, Far West, Southwest, and Southeast regions.

Information on the outlook by region presented below is based primarily on reports from the Federal Reserve Banks and the Bureau of National Affairs. Additional information comes from state government forecasts, regional forecasts, the U.S. Department of Commerce, and the U.S. Department of Labor's Bureau of Labor Statistics.

New England

The economy continues to rebound in New England, with employment gains coming primarily from the business services sector, especially software engineering. The rate of growth is expected to be slower in 1996 than in the previous two years. New Hampshire continues to be the fastest-growing economy in the region, with Connecticut and Rhode Island experiencing the weakest economies.

TABLE 10

Regional Budget and Economic Indicators

Region	_Weighted Unemployment Rate*	Average Annual Percentage Change in Personal Income**	Annual Percentage Change in Population***	Fiscal 1996 Total Balances as a Percentage of Expenditures	Appropriated 1997 General Fund Budget Growth (Percent)	Number of States in Region
New England	4.7%	5.7%	0.4%	3.7%	3.7%	6
Mid-Atlantic	5.9	3.7	0.2	3.2	1.3	5
Great Lakes	4.7	3.1	0.6	7.9	5.6	5
Plains	4.5	5.7	0.7	10.0	4.6	7
Southeast	5.0	5.5	1.3	5.2	5.5	12
Southwest	5.5	6.7	1.8	5.2	3.6	4
Rocky Mountain	4.4	7.1	2.2	7.2	5.5	5
Far West	6.5	5.1	0.9	6.7	3.9	6
Average	5.4%	4.8%	0.9%	5.7%	4.0%	-

SOURCES: *

- U.S. Department of Labor, Bureau of Labor Statistics, July 1996.
- U.S. Department of Commerce, Bureau of Economic Analysis, July 1996.
- U.S. Department of Commerce, Bureau of the Census, January 1996.

Personal income growth for this region from the first quarter of 1995 to the first quarter of 1996 averaged 5.7 percent annually, above the national average of 4.8 percent. Unemployment rates in July 1996 averaged 4.7 percent, below the national average of 5.4 percent.

Mid-Atlantic

Employment growth is expected to be minimal in the Mid-Atlantic region during 1996. Manufacturing job losses are offset by increases in business services, health services, and retail and wholesale trade.

Unemployment rates in July 1996, averaging 5.9 percent, exceeded the national average of 5.4 percent. Personal income growth from the first quarter of 1995 through the first quarter of 1996 averaged 3.7 percent, below the national average of 4.8 percent.

Great Lakes

The economy in the Great Lakes region has been strong, stemming from its position as a fast-growing exporter of manufactured goods and its improvements in manufacturing productivity. The July 1996 unemployment rate averaged 4.7 percent, slightly less than the national average of 5.4 percent. Annual personal income growth from the first quarter of 1995 through the first quarter of 1996 was 3.1 percent, below the national average of 4.8 percent.

Plains

The Plains region is experiencing good crop conditions and favorable economic conditions, with construction and manufacturing remaining strong. The manufacturing and service sectors are expected to provide employment opportunities over the next year. Diversification to respond to the shift from agricultural-based economies to manufacturing-based economies has also helped this region. Unemployment rates for states in this region are among the lowest in the nation, with North Dakota and Nebraska at 2.8 percent and 2.9 percent, respectively. At 5.7 percent, annual personal income growth from the first quarter of 1995 through the first quarter of 1996 exceeded the national average of 4.8 percent.

Southeast

Growth in the Southeast region is expected to exceed the national rate in 1996, driven mainly by ongoing population growth, exports, services, trade, the auto industry, and tourism. The low vacancy rates for commercial space have helped to revive construction. Louisiana's energy sector also is showing signs of health.

The July 1996 unemployment rate for this region, at 5.0 percent, was close to the national average of 5.4 percent. Annual personal income growth from the first quarter of 1995 through the first quarter of 1996 was 5.5 percent, above the national average of 4.8 percent.

Southwest

The Southwest region is expected to outperform the nation, though the rapid growth of the past two years should subside. The influx of high-technology companies is contributing to its growth. Arizona will benefit from an upswing in commercial construction, while New Mexico's and Texas' strengths lie in high-technology industries. Oklahoma's services and trade sectors should help sustain its growth through 1996.

Personal income grew 6.7 percent annually from the first quarter of 1995 to the first quarter of 1996, well above the national average of 4.8 percent. The unemployment rate for this region averaged 5.5 percent, above the national average of 5.4 percent.

Rocky Mountain

The Rocky Mountain region continues to outpace the nation in economic growth, helped by investment in high-technology manufacturing. The rapid rate of growth in the past year is expected to subside, but the region's outlook remains positive. Colorado, Idaho, and Utah have strengthened their economies through an emphasis on high-technology industries.

Personal income grew 7.1 percent annually from the first quarter of 1995 to the first quarter of 1996, well above the national average of 4.8 percent. The unemployment rate for this region averaged 4.4 percent, below the national average of 5.4 percent.

Far West

California's job growth in 1996 has exceeded that of the nation, reversing the trend of the past five years. Nevada is experiencing the most rapid employment growth in the nation, at between 7 percent and 8 percent in 1996. Nevada has benefited from Californians leaving their state, although the outmigration may be ending with California's recent surge in growth. Oregon has also experienced strong job growth. Alaska expects slow job growth in 1996, with oil production declining. Hawaii experienced employment losses

over the past year, with reductions in jobs in government, construction, and services. The region's unemployment rate averaged 6.5 percent, above the national average of 5.4 percent.

Personal income growth for this region from the first quarter of 1995 to the first quarter of 1996 was 5.1 percent annually, close to the 4.8 percent national average.

Strategic Directions of States

CHAPTER SIX

The convergence of frozen federal revenue and the public's distaste for tax increases provides the impetus for change in state management. The most prevalent change is the move toward performance-based budgering, either through a statewide effort or through more emphasis on outcomes during budget deliberations.

Federal changes, especially in welfare, have led to many reorganizations in state government. Some of the restructuring is focused on likely changes to federal aid, particularly in human services. Several states are either proposing or have implemented changes to integrate job training and welfare functions.

Other directions states are taking include merging functions, privatizing certain services, strengthening budget analysis processes, instituting performancebased pay systems, and reviewing state operations through Governors' commissions.

Several states are eliminating government functions and departments in order to downsize state government. Examples include:

- eliminating state-owned warehouses in Connecticut;
- eliminating state meat inspection, elementary language arts, the central office of affirmative action, marine patrol, school vision and hearing services, and litter control in Hawaii;
- eliminating the health care finance commission in
- eliminating five of eleven cabinet secretariats in Massachusetts; and
- eliminating medical assistance for general assistance clients between the ages of twenty-one and fifty-nine who are not disabled and who work less than 100 hours per month, and eliminating cash benefits for clients who were not complying with criminal fines and penalties in Pennsylvania.

States also are consolidating departments to achieve efficiencies. Often these consolidations affect administrative or central government services, such as personnel, or affect health, human services, and job training functions. For administrative consolidations, the focus is on improving internal management and eliminating duplication. The focus in the health and human services areas is on integrating services and

improving case management. Examples of state restructuring include:

- restructuring personnel and facilities management in Alaska;
- combining the department of administration and the department of personnel in fiscal 1996 in Colorado:
- consolidating three state mental hospitals into one and restructuring welfare services in Connecticut;
- merging two financial regulatory agencies (in the fiscal 1997 budget) and merging three departments and similar functional divisions from three other departments into one department for human services (effective fiscal 1998) in Illinois;
- consolidating all international trade, commerce, and business development programs in Maine;
- eliminating the department of personnel and merging personnel and telecommunications functions into a new department of budget and management in Maryland;
- consolidating twenty-one former departments under the executive office for administration and finance to seventeen departments, and moving all central administrative functions of these seventeen departments into a single central business office in Massachusetts:
- transferring programs previously administered by the department of civil service—health screening, the group insurance plan, deferred compensation programs, employee benefits programs, and disability management coordination programs—to other departments in Michigan;
- expanding Medicaid managed care to other areas of the state in Missouri:
- restructuring health and human services agencies, consolidating building maintenance personnel, and creating a one-stop shop for commercial transportation permits in Nebraska;
- combining the departments of banking and insurance, and consolidating senior services into a new department of health and senior services in New Jersey;

- reorganizing Medicaid administration, continuing the expansion of managed care, and moving to a market-driven Medicaid hospital reimbursement system in New York;
- merging the department of liquor control into the department of commerce effective July 1, 1997; and pursuing reengineering to fundamentally change Medicaid, welfare reform, employment and training, information technology, and school technology in Ohio;
- consolidating the department of community affairs and the department of commerce to create a new department of community and economic development; creating a center for local government services to provide a direct link between the state and local governments; and transferring control of the school for veterans' children from the department of education to the department of military and veterans' affairs in Pennsylvania;
- reorganizing government through the 1993-94 government reorganization plan in Puerto Rico;
- merging the department of employment and training and the department of labor into a new department of labor and training; and merging the department of library services into the department of administration as part of the libraries and information management program in Rhode Island; and
- creating a department of buildings and support services and consolidating offices within larger agencies in Vermont.

Several states are pursuing privatization to achieve cost savings, primarily through contracting out for services. Although still in its initial stages, the recently enacted welfare reform law allows privatization of welfare eligibility, service delivery, and client tracking services. Approximately ten states have established a competitive bidding process for service delivery under which government agencies must bid against their counterparts in the private sector. Recent examples of privatization include:

- privatizing some mental health and corrections activities, and transferring a state rehabilitation hospital under the control of the University of Missouri in Missouri:
- privatizing three state health care centers during a one-year pilot study, and considering privatizing several secure treatment units at youth development centers in Pennsylvania; and

privatizing services throughout the majority of agencies in Virginia.

In an effort to reduce personnel costs, many states have reduced the number of positions or have offered early retirement incentives. States are also instituting pay for performance to reward performance. According to the National Association of State Budget Officers' publication Workforce Policies, ten states have instituted statewide pay for performance in the past several years, while thirty-nine states have initiated total quality management. Thirty-one states have established a statewide commission or a process to review productivity or quality issues. Examples of recent state changes to workforce policies include:

- implementing an early retirement program in Alaska:
- eliminating additional funding for salary and benefits in California;
- continuing to increase work hours to forty hours per week for certain employees, and converting a statewide hiring freeze into permanent reductions in agency personnel in Connecticut;
- abolishing the state merit system for new employees on July 1, 1996, and implementing a new pay-for-performance system on October 1, 1996, in Georgia;
- eliminating some vacant and filled positions in Hawaii;
- eliminating 1,352 authorized full-time equivalent positions as part of the Productivity Realization Task Force in Maine:
- enacting legislation to reform the state personnel management system, with the goal of improving the caliber and productivity of the workforce by streamlining the grievance and disciplinary processes, strengthening the employee performance appraisal process, phasing in pay for performance, and emphasizing training and employee development in Maryland;
- freezing full-time equivalent positions for agencies under the Governor's control in Nebraska;
- instituting a strict hiring freeze since January 1995 in New York;
- controlling employment growth through executive order in Puerto Rico;

- reforming the personnel system by eliminating statutory status for new employees and transferring nonunion employees to any department or agency at the discretion of the director of administration in Rhode Island;
- instituting a cap on full-time equivalent positions in Texas agencies;
- reducing positions and offering early retirement incentives in Vermont; and
- providing a transitional severance benefits package to eligible employees who voluntarily resign from state employment or elect early retirement, and providing a permanent provision for a severance benefits package for employees involuntarily separated in Virginia.

States are conducting statewide reviews of expenditures and revenues as part of an effort to maintain long-term balance in their budgets. These efforts address a structural imbalance that states are anticipating between the rate of growth in their revenues and the rate of growth in their expenditures. Examples include:

- developing a long-range financial plan with the administration and legislature in Alaska;
- instituting mandate and maintenance-of-effort relief for various programs; continuing dynamic revenue modeling; and reforming the procurement and regulatory processes in California;
- reviewing state funding of federal mandates in Colorado;
- requiring agencies to identify 5 percent of their budget for redirection and/or program elimination as part of a continuing review of all expenditures and the goal of restraining future spending growth in Georgia;
- allowing the lapse of excess balances in nongeneral funds in Hawaii;
- enacting an infrastructure fund in Iowa;
- changing capital equipment from purchases exceeding \$1,000 to \$3,000 in Maine;
- continuing a detailed review of base budgets in Missouri;
- eliminating the appropriation of most proprietary funds in Montana;

- adopting the Governor's recommendation to speed up transfers to the cash reserve fund in Nebraska;
- conducting management review plans of all programs in December 1995; requiring a process for revenue-consensus forecasting; and reformatting budget bills to be more user-friendly in New York;
- assessing recommendations from a commission on improving the efficiency of state operations; seeking changes to the state's procurement code; and proposing amendments to those portions of the administrative code that govern the encumbrance, expenditure, and return of unspent funds in Pennsylvania; and
- continuing the Texas Performance Review and abolishing dedicated funds in Texas.

Performance-based budgeting is the most significant trend in state budgeting. States often proceed incrementally by establishing a strategic plan, assessing goals and objectives for agencies and programs, and developing performance measures. Most of the states that are undertaking performance-based budgeting recognize that it is a multiyear effort that requires considerable investment by the top leadership as well as by people at all levels of state government. Moreover, with the growth of performance-based budgeting systems, the data requirements to link budget and cost data with performance data create an even greater demand for up-to-date financial systems. Examples include:

- automating the budget process in Alaska;
- examining fifteen programs to decide whether to retain, eliminate, or modify funding and statutory references in Arizona;
- implementing zero-based budget formulation for two major departments in Colorado;
- upgrading the budgeting system and integrating it with the state's financial management system in Delaware;
- establishing strategic plans for each department and agency by August 1996 and enacting pilot performance budgets in the next biennium to coincide with strategic plans in Maine;
- linking strategic planning to budgeting and performance measures; selecting a vendor for a new financial management system; appointing a federal fiscal impact commission; and implementing a voter-approved constitutional amendment to limit

tax increases without taxpayers' approval in Missouri;

- increasing the emphasis on results-oriented budgeting and performance measurement, and requiring individual agency technology plans in Nebraska;
- implementing selective performance reviews, which would be required for a program to be considered for continued funding, in Ohio;
- requiring greater detail of factors generating "current service level" budgets, such as inflation or program phase-ins or phase-outs, for the 1997-99 biennium in Oregon;
- integrating performance budgeting as part of automating the budget process in Puerto Rico;
- requiring agencies to submit zero-growth budget requests in Texas;
- placing a greater emphasis on a performance budgeting model for the fiscal 1998 budget process in Vermont;

- fully integrating strategic planning, performance measurement, and performance budgeting in all agencies and major programs in Virginia;
- requiring six-year strategic plans in agency budget submittals and focusing more on performance measurement in Washington; and
- 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.

States are continuing to make management changes, including reorganizing government through mergers and consolidations, using performance measure in budgeting, and selectively increasing private sector involvement in government. These changes are not "quick fixes," but rather long-term approaches to improve the management of state government.

Appendix

TABLE A-1

Fiscal 1995 State General Fund, Actual (Millions)

D:	Beginning	Barranaa	A -11:	Bassurasa	Evacadituras	Adiustments	Ending Palance	Budget Stabilization Fund
Region/State	Balance	Revenues	Adjustments	Resources	Expenditures	Adjustments	Balance	runa
NEW ENGLAND							0.04	•
Connecticut*	\$ 0	\$ 8,480		\$ 8,480	\$ 8,399	* 00	\$ 81	e 40
<u>Maine</u>	4	1,672	\$ 37	1,712	1,687	\$ 26	4 4 70	\$ 10
Massachusetts*	125	15,798		15,923	15,705		179	425 20
New Hampshire*	12	847		859	854	*****	<u>4</u> 5	45
Rhode Island* Vermont*	<u>4</u> 0	1,643	3	1,646 675	1,641 690		-15	0
MID-ATLANTIC	<u> </u>	673	<u> </u>	6/3	030		-13	
	313	1,602		1,915	1,541	•	374	
<u>Delaware*</u> Maryland	65	7,068		7,133	7,000	·	133	286
	1,240	14,898	-260	15,878	14,947	-20	952	200
New Jersey* New York*	399	33,158	*200	33,557	33,399	-20	158	•
	302	15,765	148	16,215	15,732	-54	429	66
Pennsylvania* GREAT LAKES	302	15,765	140	10,213	15,152		720	
Illinois*	230	17,302	-300	17,232	17,201	-300	331	0
	<u>230</u> 90	7,302	-300	7,367	7,019	-531	679	419
Indiana*	90	7,307 7,842	-30	7,367	7,019	-001	0/9	1,003
Michigan Ohio*	300	15,711		16,011	14,979	962	70	828
Wisconsin*	282	7,946		8,228	7,827	JUZ	401	*
PLAINS	202	7,540		0,220	1,021			
	0	2 007		3,907	3,616		292	116
lowa* Kansas*	454	3,907 3,219	4	3,907	3,310		367	5
	904	8,720	4	9,624	8,603		1,021	*
Minnesota*				5,734	5,261		473	24
Missouri Nebraska*	275	5,459 1,706	1	1,858	1,683		176	21
· · · · · · · · · · · · · · · · · · ·	152 28		<u> </u>	660	629		31	0
North Dakota*		632 580	41	622	589	33	<u> </u>	11
South Dakota*	0	360	41	022	303			11
SOUTHEAST	128	4,078		4,206	4,151		54	0
Alabama			52	2,453	2,453		0	0
Arkansas*	0	2,400	5∠	14,377			129	282
Florida	198	14,179		9,745	14,248		224	288
<u>Georgia</u>	120	9,625	159	5,411	9,500 5,006	144	261	100
Kentucky*	98 213	5,154	10	5,007	4,729	132	146	0
Louisiana*		4,784	10	2,786	2,602	-69	115	204
Mississippi*	166	2,620 9,972	-399	10,123	9,510	321	293	424
North Carolina*	<u>550</u>		-399	4,641	4,051	321	589	*
South Carolina*	407	4,234	90	5,339	5,174	27	138	*
Tennessee*	173	5,076	90	7,507	7,490		17	80
Virginia*	334 69	7,174 2,309	3	2,380	2.210	43	127	64
West Virginia*	69	2,309	აა	2,300	2,210	40		<u> </u>
SOUTHWEST	229	4.400		4 COE	4,425		270	223
Arizona	156	4,466 2,692	-60	4,695 2,788	2,714	15	0	59
New Mexico*	118	3,513	-00	3,631	3,436		195	45
Oklahoma Toyan*	1,929			22,492	20,640		1,852	9
Texas* ROCKY MOUNTAIN	1,929	20,563		66,436	<u> </u>		1,002	<u></u>
	ADE	2 000		4,401	3,913		489	•
Colorado*	405	3,996	-55	4,401 1,271	1,268		3	33
Idaho*	38	1,288	- <u>-55</u> 7		948		47	NA _
Montana*	50	938		995 2,402	2,341		61	66
Utah Myamina*	37	2,365	35	<u>2,402</u> 502	<u>2,341</u> 476		26	55
Wyoming*	22	445		502	4/0		20	
FAR WEST		0.400	00	0.570	0.570		0	2,136
Alaska*	0	2,489	83	2,572 42,644	2,572		683	د انان
California*	109	42,710	-175		41,961		90	0
Hawaii ***	291	2,969	400	3,259	3,169	00	102	100
Nevada*	129	1,206	165	1,500	1,317	82	496	39
Oregon*	439	3,390	407	3,830	3,333			0
Washington*	402	8,534	107	9,043	8,484		559	<u> </u>
TERRITORIES		F 0.4		F 400	5.040		126	46
Puerto Rico	255	5,211		5,466	5,340		\$13,109	\$7,485
Total	\$11,990	\$355,100		\$366,754	\$352,275		\$13,EUS	\$1,400

NOTE: NA indicates data are not available.

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

NOTES TO TABLE A-1

lowa

Nevada

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.

Revenue adjustments are transfers from the budget reserve fund. Alaska

Revenue adjustments reflect a transfer made to reserve funds for services and capital infrastructure. Arkansas

Revenue adjustments include \$1,025 million of the deficit elimination plan and \$-1,200 million of the loan repayments as part of a twenty-two-month payoff of the 1993-94 deficit. Ending balance includes a budget stabilization fund of \$313 million. California

Ending balance includes a constitutional emergency reserve of \$80.5 million and a budget stabilization fund of \$408 Colorado

million, which includes a statutory 4 percent reserve.

Figures include federal reimbursements such as Medicaid. The rainy day fund balance prior to the end of the 1995 Connecticut

fiscal year was \$0. Ending balance includes a budget stabilization fund of \$81 million.

Ending balance includes a budget stabilization fund of \$79.1 million. Delaware

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

Revenue and expenditure adjustments reflect cash flow borrowing amounts for the general funds; fiscal 1995 is \$300 Illinois million.

Revenue adjustments reflect a transfer to the rainy day fund. Expenditure adjustments reflect an acceleration of a previously delayed distribution to local governments and one-time adjustments to prior year expenditures. Indiana

Ending balance includes \$117.1 million to be deposited in the cash reserve fund; \$50.0 million to be set aside in a special fund for infrastructure improvements, and \$124.4 million to be set aside in an economic emergency fund.

Revenue adjustments are adjusted for released encumbrances. Kansas

Revenue adjustments include continuing appropriations and fund transfers; expenditure adjustments include the Kentucky

reserve for continued appropriation, including the budget reserve trust fund.

Revenue adjustment is a carry-forward balance. Expenditure adjustment is a comprehensive annual financial report Louisiana

Revenue adjustments reflect prior-year transactions and balances carried forward. Revenue figures were adjusted Maine

for the change to a modified accrual basis.

In fiscal 1995, \$44.3 million was transferred to the budget stabilization fund, of which \$14.6 million was from interest. Massachusetts

The rainy day fund balance includes \$500 million from the cash flow account. Minnesota

Fifty percent of the ending balance is carried forward into the next fiscal year. In addition, the beginning balance includes lapses. Revenue adjustments reflect the 98 percent rule, and expenditure adjustments reflect the net transfer Mississippi

from the general fund.

Revenue adjustments primarily represent residual equity transfers. Fiscal 1995 figures were adjusted to reflect discontinued earmarking of funds for public schools consistent with fiscal 1996 and fiscal 1997. Montana

Revenue adjustments are transfers between the general fund and other funds. Expenditure adjustments are Nebraska

carryovers and mid-biennium changes.

Revenue adjustments are primarily reversions to the general fund, including a \$139.4 million reversion from the distributive school account attributable to robust sales tax collections and GASB-22 (Governmental Accounting Standards Board Number 22). Revenues include a thirteenth month, \$37.6 million, figure for sales tax and \$2.5 million for casino entertainment tax to comply with GASB-22. Expenditure adjustment was an \$81.9 million deposit to the budget stabilization fund

budget stabilization fund.

New Hampshire In fiscal 1995, there was a balance of \$103.5 million in the health care transition fund.

Ending balance includes a budget stabilization fund of \$263.3 million. **New Jersey**

Revenue adjustments include transfers from risk management accounts to newly created risk reserve funds. **New Mexico**

Expenditure adjustments include appropriations from reserved disaster allotments.

Ending balance includes a budget stabilization fund of \$157 million. New York

North Carolina

The beginning balance includes a \$340.3 million unreserved balance and a disproportionate share receipts transfer to availability of \$209.9 million. Revenue adjustments are for a disproportionate share receipts overcollection of \$1.6 million. Expenditure adjustments are transfers of ending cash balance to reserves, including \$146.3 million to savings reserve, \$146.3 million to repair and renovation reserves, and \$28.1 million for tax relief. Availability and expenditures are adjusted as follows: \$-235.8 million for the local government, \$-60 million for repairs and renovations, \$-42 million for school technology, and \$-120 million for public school payroll.

NOTES TO TABLE A-1 (continued)

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

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

Oregon

Because Oregon has a biennial budget, these numbers are interpolated to approximate known beginning and ending biennial figures. As a result, modest differences between this and official biennial ending balances may exist.

Pennsylvania

Revenue adjustments include lapses from prior-year appropriations. Expenditures reflect total amount appropriated. Expenditure adjustments include the current-year lapses (\$57 million) and the transfer to the rainy day fund (\$111 million), which actually occurred in the following fiscal year. The statutory transfer to the rainy day fund was 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, fiscal 1995 reflects an additional one-time \$30 million contribution above the 15 percent (\$81 million) from the June 30, 1995, closing balance.

Rhode Island

The general fund reflects only general revenue receipts and appropriations. Total resources are net of transfers to the budget reserve fund and other financing uses.

South Carolina

Ending balance includes a budget stabilization fund of \$110.2 million.

South Dakota

Revenue adjustments include transfers from the budget reserve fund and obligation cash carried forward. Expenditure adjustments include transfers to the budget reserve fund and other funds. Also included in expenditures are future obligations against cash.

Tennessee

Revenue adjustments include a \$90 million transfer to the general fund from the debt service fund and reserve balances. Expenditure adjustments include \$27 million in transfers from the general fund to the capital projects fund. Ending balance includes a budget stabilization fund of \$101 million.

Texas

Revenues include a transfer of \$21 million from the rainy day fund for 1995.

Vermont

Revenue adjustments include a \$1.5 million transfer from the transportation fund and a \$1.0 million transfer from the budget stabilization trust.

Virginia

The rainy day fund was appropriated in fiscal 1995.

Washington

At the end of fiscal 1995, \$100 million was transferred into the general fund from the abolished budget stabilization account, \$12.3 million was added to the reserves, and all other adjustments increase the fund balance by \$19.1 million, for a net increase of \$106.8 million.

West Virginia

Fiscal 1995 revenue adjustments are expirations from special revenue into the general fund. Beginning balance 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, totaling \$68.8 million. Revenue adjustments reflect expiration from special revenue into the general fund. Expenditure adjustments are transfers to the rainy day fund.

Wisconsin

The rainy day fund balance includes 1 percent of gross appropriations and compensation reserves. Ending balance includes a budget stabilization fund of \$78.2 million.

Wyoming

Revenue adjustments represent budgeted interfund transfers.

TABLE A-2

Fiscal 1996 State General Fund, Preliminary Actual (Millions)

Region/State	Beginning Balance	Revenues	Adjustments	Resources	Expenditures	Adjustments	Ending Balance	Budget Stabilization Fund
NEW ENGLAND	Daramoo		,					
Connecticut*	\$ 0	\$9,090		\$9,090	\$8,865		\$225	•
Maine*	4	1,766	\$ -48	1,723	1,677	\$ 35	11	\$ 37
Massachusetts*	179	16,611		16,790	16,285		247	543
New Hampshire*	4	823		827	873		-46	20
Rhode Island*	5	1,667	57	1,729	1,646	56	27	53
Vermont*	-15	715	7	707	703	5	0	5
MID-ATLANTIC							070	
Delaware*	374	1,656		2,030	1,651		379	401
Maryland*	133	7,211	56	7,400	7,387		13	461
New Jersey*	952	15,242	27	16,220	15,365 32,679		855 286	
New York*	158	32,807 15,822	96	32,965 16,347	16,279	88	156	184
Pennsylvania*	429	15,822	90	10,347	10,273	00	130	104
GREAT LAKES	331	18,136	-200	18,267	18,041	-200	426	0
Illinois* Indiana*	679	7,570	- <u>-200</u>	8,249	7,202	22	1,025	440
Michigan*	0/3	8,374	68	8,442	8,422	20	0	1,058
Ohio*	70	16,575		16,645	15,858	537	251	828
Wisconsin*	401	8,380	***************************************	8,780	8,222		558	•
PLAINS								
lowa*	0	4,127	-44	4,083	3,786	61	237	358
Kansas*	367	3,409	3	3,779	3,473		306	0
Minnesota*	1,021	9,237		10,258	9,364		894	•
Missouri	473	5,813		6,285	5,882		403	29
Nebraska*	176	1,837	-7	2,005	1,758		248	18
North Dakota*	31	668		699	651		48	0
South Dakota*	0	605_	25	631	616	15	0	18
SOUTHEAST	_						00	0
Alabama	54	4,224		4,278	4,240		38_ 0	<u>0</u>
Arkansas*	, 0	2,533	99	2,632	2,632 14,798		304	312
<u>Florida</u>	129	14,973		15,101 10,598	10,358		215	313
<u>Georgia</u>	224 261	10,374 5,337	191	5,789	5,286	280	223	200
Kentucky* Louisiana*	146	4,971	19	5,136	5,133	200	3	0
Mississippi*	66	2,681	-55	2,692	2,681		11	204
North Carolina*	321	10,090	-33	10,411	9,685	320	406	501
South Carolina*	589	4,346		4,935	4,336		599	*
Tennessee*	138	5,361	40	5,539	5,409	. 5	125	*
Virginia	17	7,742		7,759	7,654		105	85
West Virginia*	127	2,334	35	2,496	2,338	34	124	70
SOUTHWEST		1			:			
Arizona	270	4,643		4,912	4,533		379	234
New Mexico*	59	2,745	117	2,921	2,773	16	0	132
Oklahoma	195	3,640		3,835	3,547		288	114
Texas*	1,852	20,528		22,379	21,836		543	9
ROCKY MOUNTAIN							0.7	*
Colorado*	489	4,240		4,728	4,413		315	
ldaho*	3_	1,351	-5	1,349	1,337		12	32
Montana*	47	963	7	1,017	985	2	30	NA 60
<u>Utah</u>	61	2,733		2,794	2,606		1 <u>88</u> 53	69 4
Wyoming*	26	437	50	512	459		ეკ	4
FAR WEST	^	0.016	000	2,513	2,513		0	2,539
Alaska*	0	2,215	298 -1,025	2,513 45,660	45,441		219	<u> </u>
California*	548	46,137	-1,025	3,285	3,124		161	0
Hawaii	90 102	3,194 1,288	17	1,407	1,233	17	156	117
Nevada* Oregon*	496	3,546		4,042	3,543	1 f	499	106
Washington	559	8,571		9,130	8,603		527	0
TERRITORIES	333	0,071		0,100	5,500			
Puerto Rico	126	5,269		5,395	5,395		0	95
Total	\$12,641	\$369,336		\$381,801	\$368,178		\$12,071	\$9,091
	+ · →, v · ·	+						

NOTE: NA indicates data are not available.

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

NOTES TO TABLE A-2

Idaho

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.

Revenue adjustments are transfers from the budget reserve fund. Alaska

Revenue adjustments reflect a transfer made to reserve funds for services and capital infrastructure. Arkansas

Beginning balance includes a \$-135 million prior-year adjustment made after January 10, 1996, to reconcile with the state controller's year-end annual report. Revenue adjustments include loan repayments of \$-1,025 million as part of the twenty-two-month payoff of the 1993-94 deficit. Ending balance includes a budget stabilization fund of -\$87 million. California

Ending balance includes a constitutional emergency reserve of \$182.6 million and a budget stabilization fund of \$132.6 million, which includes a statutory 4 percent reserve. Colorado

Figures include federal reimbursements such as Medicaid. Per Special Act No. 98-6, up to \$89.5 million of the fiscal 1996 surplus shall be deemed to be appropriated for the fiscal 1997 economic recovery notes payment. Ending balance includes a budget stabilization fund of \$216 million. Connecticut

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

Revenue adjustments include one-time transfers to other funds. Revenue and expenditure adjustments reflect cash flow borrowing amounts for the general funds; fiscal 1996 is \$200 Illinois

Indiana

Revenue adjustments reflect a transfer to the rainy day fund. Expenditure adjustments reflect the net of adjustments that reduced appropriated expenditures and appropriations by the 1996 General Assembly to fund an automobile excise tax cut and an increase in the homestead credit, which reduced the property tax paid by homeowners.

Revenue adjustments include \$44.0 million in gaming revenues diverted to the Rebuild lowa Infrastructure fund. Expenditure adjustments include \$61.0 million in additional property tax relief. Ending balance includes \$5.5 million to be deposited in the cash reserve fund, \$56.3 million to be set aside in an economic emergency fund under current law, and \$174.8 million to be returned to the general fund in fiscal 1997. Iowa

Revenue adjustments are adjusted for released encumbrances. Kansas

Revenue adjustments include continuing appropriations and fund transfers; expenditure adjustments include the reserve for continued appropriation, including the budget reserve trust fund. Kentucky

Revenue adjustment is a carry-forward balance. Louisiana

Revenue adjustments reflect prior-year transactions and balances carried forward. Maine

Revenue adjustments reflect a transfer from the rainy day fund of \$77 million. Maryland

In fiscal 1996, \$95.4 million, plus an additional \$22.0 million for interest earned, is projected to be transferred to the stabilization fund. An additional \$234.0 million is projected to be transferred to the tax reduction fund to reduce Massachusetts

personal income taxes.

Michigan

Revenue adjustments include a revenue-sharing freeze of \$81.4 million, a tuition tax credit of \$-12.6 million, and various sales tax exemptions of \$0.8 million, totaling \$68 million. Expenditure adjustments include supplementals of \$58.0 million, a projected Medicaid lapse of \$-73.3 million, and other adjustments of \$35.4 million, totaling \$20.1

The rainy day fund balance includes \$350 million from the cash flow account and \$220 million from the budget reserve. Minnesota

Fifty percent of the ending balance is carried forward into the next fiscal year. In addition, the beginning balance includes lapses. Revenue adjustments reflect the 98 percent rule, and expenditure adjustments reflect the net transfer Mississippi

from the general fund.

Revenue adjustments primarily represent residual equity transfers. Expenditures include \$22 million in income tax Montana

Revenue adjustments are transfers between the general fund and other funds. Expenditure adjustments are Nebraska

carryovers and mid-biennium changes.

Expenditures include one-time appropriations. Expenditure adjustment was a preliminary \$17 million transfer to the Nevada

budget stabilization fund. Revenue figure is preliminary. Revenue adjustment reflects forecasted reversions.

In fiscal 1996, the health care transition fund had a balance of \$88.2 million. New Hampshire

Ending balance includes a budget stabilization fund of \$263.3 million. New Jersey

NOTES TO TABLE A-2 (continued)

Texas

Tennessee

Vermont

West Virginia

Wisconsin

New Mexico Revenue adjustments include transfers from risk management accounts to newly created risk reserve funds. Expenditure adjustments include appropriations from reserved disaster allotments.

New York Ending balance includes a budget stabilization fund of \$237 million.

North Carolina

Beginning balance includes an unreserved balance of \$292.6 and a \$28.1 authorized tax relief reserve transfer to availability, totaling \$320.7 million. Availability and expenditures are adjusted for \$125 million in repair and renovation funds. Expenditures are adjusted for the \$320.4 million transfer of ending cash balance to reserves including \$77.3 million to the savings reserve, \$130 million to repair and renovations, \$47.1 million to clean water management, and \$66 million to other accounts. All reserves are authorized to be spent except the savings reserve and the library

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 1995 and fiscal 1996 do not include encumbrances outstanding at the end of the year. Ohio reports expenditures based on disbursements from the general fund. Fiscal 1996 adjustments equal a transfer to the income tax reduction fund of \$400.8 million, a transfer to the state infrastructure bank fund of \$30 million, a transfer to the schoolnet plus fund of \$100 million, and other miscellaneous transfers out, totaling \$32.7 million. These transfers out are adjusted for a net change in encumbrances for fiscal 1995 levels of \$27.0 million.

Oregon

Because Oregon has a biennial budget, these numbers are interpolated to approximate known beginning and ending biennial figures. As a result, modest differences between this and official biennial ending balances may exist.

Pennsylvania

Revenue adjustments include adjustments to the beginning balance and lapses from prior-year appropriations.

Expenditures reflect total amount appropriated. Expenditure adjustments include the current-year lapses (\$116 million) and the transfer to the rainy day fund (\$28 million), which actually occurred in the following fiscal year.

Rhode Island Adjustments reflect the conversion of 239 restricted or dedicated accounts to general revenue accounts. The general fund reflects only general revenue receipts and appropriations. Total resources are net of transfers to the budget reserve fund and other financing uses.

South Carolina Ending balance includes a budget stabilization fund of \$120.7 million.

South Dakota Revenue adjustments include transfers from the budget reserve fund and obligation cash carried forward. Expenditure adjustments include transfers to the budget reserve fund and other funds. Also included in expenditures are future obligations against cash.

Texas does not close its books until August 31, so what appears as "preliminary actual figures for 1996" is the same as reported in the spring 1996 edition of *The Fiscal Survey of States* as "estimated figures for 1996". More complete data will not be available until later in 1996.

Revenue adjustments include a \$40 million transfer to the general fund from the debt service fund, the capital projects fund, and reserve balances. Expenditure adjustments include \$5 million in transfers from the general fund to the capital projects fund. Ending balance includes a budget stabilization fund of \$101 million.

Revenue adjustments include a \$6.7 million transfer from the transportation fund. Expenditure adjustments include a \$4.8 million transfer to the budget stabilization trust.

Beginning balance includes thirty-one-day expenditures of \$22.1 million, reappropriations of \$61.6 million, and surplus reappropriations of \$43.1 million, totaling \$126.8 million. Total expenditures include regular appropriations of \$2,243.7 million, reappropriations of \$18.1 million, surplus appropriations of \$54.2 million, thirty-one-day expenditures of \$22.1 million, totaling \$2,338.1 million. Revenue adjustments are prior-year deposits of \$0.2 million and a \$34.8 million transfer from the rainy day fund. Expenditure adjustments are transfers to the rainy day fund.

The rainy day fund balance includes 1 percent of gross appropriations and compensation reserves. Ending balance includes a budget stabilization fund of \$82.2 million.

Wyoming Revenue adjustments represent budgeted interfund transfers.

Fiscal 1997 State General Fund, Appropriated (Millions)

Region/State Balance Revenues Adjustments Resources Expenditures Adjustments Ending File					•				Dudas
Regions/State Belance Revenues Adjustments Resources Expenditures Adjustments Belance Function Revenues Revenu		Beginning						Ending	Budget Stabilization
Connecticut	Region/State		Revenues	Adjustments	Resources	Expenditures	Adjustments	_	Fund
Maine'	NEW ENGLAND								
Massachusetts* 246 16.838		\$ 0	\$ 9,050		\$ 9,050	\$ 9,049		\$ 0	\$216
New Hampshire* -46			1,789			1,797			NA
Ribode Island*									541
Vermont									20
MID-ATLANTIC Delaware* 379 1,724 2,103 1,802 301 Delaware* 379 1,724 2,103 1,802 301 Delaware* 855 15,277 16,133 15,581 2 550 New York* 287 33,173 33,460 33,123 33,37 Pennsylvania* 156 16,225 16,181 16,376 1 4 4 4 4 4 4 4 4 4				57			\$ 56		53
Delaware* 379		<u> </u>	722		722	722		<u> </u>	5
Marvland		970	1 704		0.400	4 000		204	
New York'							·		489
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Pennsylvania* 156									*
BREAT LAKES							1		220
Illinois			, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		, 0,00.	10,010			
Indiana* 1,025 7,839 -1 8,863 7,512 393 957		426	18,660		19,086	18,686		400	0
Ohio	Indiana*		7,839		8,863	7,512	393	957	461
Wisconsin' 558			8,867	-578	8,290	8,215			1,117
PLAINS 175							72		828
Iowa*		558	8,880		9,438	9,346		92	· · · · · · · · · · · · · · · · · · ·
Kansas 306 3,515 3,821 3,536 285									
Minesota'				-57			123		419
Missouri									0
Nebraska* 248									116
North Dakota* 48 694 742 694 48 South Dakota* 0 644 5 648 644 5 0 SOUTHEAST				21			110		41
South Dakota'			1,910	-31			119		0
Alabama 38				5			<u> </u>		23
Alabama 38 4,395 4,433 4,433 0 Arkansas* 0 2,685 16 2,701 2,701 0 Florida 304 15,392 15,696 15,577 119 1 Georgia 215 10,629 10,844 10,729 110 1 Kentucky* 223 5,475 293 5,991 5,626 280 86 Louisiana* 3 5,110 150 5,263 5,110 149 4 Mississippi* 45 2,783 -57 2,771 2,770 1 2 North Carolina* 408 10,396 10,804 10,603 201 5 South Carolina* 599 4,430 5,029 4,765 264 1 Tennessee* 125 5,658 5,783 5,681 1 101 10 10 142 2 145 145 145 145 145 145 145 1			077	<u> </u>	040_	044			
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Florida			2,685	16		2,701		0	0
Georgia 215 10,629 10,844 10,729 110 3 Kentucky* 223 5,475 293 5,991 5,626 280 86 2 Louisiana* 3 5,110 150 5,626 5,110 149 4 Mississippi* 45 2,783 -57 2,771 2,770 1 7 North Carolina* 498 10,396 10,804 10,603 201 5 South Carolina* 599 4,430 5,029 4,765 264 Tennessee* 125 5,658 5,783 5,681 1 101 Virginia 105 8,201 8,306 8,162 145 1 West Virginia* 124 2,355 18 2,497 2,496 0 SOUTHWEST 4,102 3,006 8,162 145 1 Arizona 379 4,663 5,042 4,900 142 2 New Mexico* <t< td=""><td></td><td>304</td><td></td><td></td><td></td><td></td><td></td><td>119</td><td>512</td></t<>		304						119	512
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Mississippi* 45 2,783 -57 2,771 2,770 1 7 North Carolina* 408 10,396 10,804 10,603 201 \$ South Carolina* 599 4,430 5,029 4,765 264 Tennessee* 125 5,658 5,783 5,681 1 101 Virginia 105 8,201 8,306 8,162 145 1 West Virginia* 124 2,355 18 2,497 2,496 0 SOUTHWEST Arizona 379 4,663 5,042 4,900 142 2 New Mexico* 132 2,955 4 3,090 2,883 3 0 2 Oklahoma 288 3,822 4,110 3,850 260 1 Texas 543 21,700 22,243 22,242 1 ROCKY MOUNTAIN Colorado* 315 4,502 4,817 4,422 396		223	5,475		5,991			86	200
North Carolina* 408 10,396 10,804 10,603 201 5							149	*****	0
South Carolina* 599				-57					204
Tennessee* 125 5,658 5,783 5,681 1 101 Virginia 105 8,201 8,306 8,162 145 1 West Virginia* 124 2,355 18 2,497 2,496 0 SOUTHWEST Arizona 379 4,663 5,042 4,900 142 2 New Mexico* 132 2,955 4 3,090 2,883 3 0 2 New Mexico* 132 2,955 4 3,090 2,883 3 0 2 New Mexico* 132 2,955 4 3,090 2,883 3 0 2 New Mexico* 132 2,955 4 3,090 2,883 3 0 2 New Mexico* 132 2,955 4 3,090 2,883 3 0 2 ROCKY MOUNTAIN 1442 2,418 2,442 2 396 1 1 1									501
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West Virginia* 124 2,355 18 2,497 2,496 0 SOUTHWEST Arizona 379 4,663 5,042 4,900 142 2 New Mexico* 132 2,955 4 3,090 2,883 3 0 2 Oklahoma 288 3,822 4,110 3,850 260 1 Texas 543 21,700 22,243 22,242 1 ROCKY MOUNTAIN Colorado* 315 4,502 4,817 4,422 396 Idaho 12 1,411 1 1,424 1,413 11 Montana* 30 986 2 1,018 988 30 Utah 188 2,817 3,005 3,005 1 Wyoming* 53 456 63 572 516 56 FAR WEST Alaska* 0 1,992 426 2,418 2,418 0 2,5							1		152
SOUTHWEST Arizona 379 4,663 5,042 4,900 142 2 New Mexico* 132 2,955 4 3,090 2,883 3 0 2 Oklahoma 288 3,822 4,110 3,850 260 1 Texas 543 21,700 22,243 22,242 1 ROCKY MOUNTAIN Colorado* 315 4,502 4,817 4,422 396 Idaho 12 1,411 1 1,424 1,413 11 Montana* 30 986 2 1,018 988 30 Utah 188 2,817 3,005 3,005 1 Wyoming* 53 456 63 572 516 56 FAR WEST 3 456 63 572 516 56 California* 219 47,643 47,862 47,251 611 Hawaii 161 3,156									70
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New Mexico* 132 2,955 4 3,090 2,883 3 0 2 Oklahoma 288 3,822 4,110 3,850 260 1 Texas 543 21,700 22,243 22,242 1 ROCKY MOUNTAIN Colorado* 315 4,502 4,817 4,422 396 Idaho 12 1,411 1 1,424 1,413 11 Montana* 30 986 2 1,018 988 30 Utah 188 2,817 3,005 3,005 1 Wyoming* 53 456 63 572 516 56 FAR WEST Alaska* 0 1,992 426 2,418 2,418 0 2,5 California* 219 47,643 47,862 47,251 611 413 123 123 123 123 123 123 139 1 123 139 1		379	4 663		5.042	4 900		142	244
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ROCKY MOUNTAIN Colorado* 315 4,502 4,817 4,422 396 Idaho 12 1,411 1 1,424 1,413 11 Montana* 30 986 2 1,018 988 30 Utah 188 2,817 3,005 3,005 1 Wyoming* 53 456 63 572 516 56 FAR WEST 5 426 2,418 2,418 0 2,5 Alaska* 0 1,992 426 2,418 2,418 0 2,5 California* 219 47,643 47,862 47,251 611 1 123 Nevada* 156 1,293 18 1,467 1,328 139 1 Oregon* 499 3,747 4,246 3,839 408 Washington 527 8,922 9,449 8,963 486 TERRITORIES Puerto Rico </td <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>10</td>									10
Colorado* 315 4,502 4,817 4,422 396 Idaho 12 1,411 1 1,424 1,413 11 Montana* 30 986 2 1,018 988 30 Utah 188 2,817 3,005 3,005 1 Wyoming* 53 456 63 572 516 56 FAR WEST Alaska* 0 1,992 426 2,418 2,418 0 2,5 California* 219 47,643 47,862 47,251 611 41,24						,			
Montana* 30 986 2 1,018 988 30 Utah 188 2,817 3,005 3,005 1 Wyoming* 53 456 63 572 516 56 FAR WEST Alaska* 0 1,992 426 2,418 2,418 0 2,5 California* 219 47,643 47,862 47,251 611 611 44		315	4,502		4,817	4,422		396	*
Utah 188 2,817 3,005 3,005 1 Wyoming* 53 456 63 572 516 56 FAR WEST Alaska* 0 1,992 426 2,418 2,418 0 2,5 California* 219 47,643 47,862 47,251 611 Hawaii 161 3,156 3,317 3,194 123 Nevada* 156 1,293 18 1,467 1,328 139 1 Oregon* 499 3,747 4,246 3,839 408 Washington 527 8,922 9,449 8,963 486 TERRITORIES Puerto Rico 0 5,543 5,543 5,543 0	ldaho	12	1,411		1,424	1,413		11	32
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Alaska* 0 1,992 426 2,418 2,418 0 2,5 California* 219 47,643 47,862 47,251 611 Hawaii 161 3,156 3,317 3,194 123 Nevada* 156 1,293 18 1,467 1,328 139 1 Oregon* 499 3,747 4,246 3,839 408 Washington 527 8,922 9,449 8,963 486 TERRITORIES Puerto Rico 0 5,543 5,543 5,543 0		53	456	63	572	516		56	4
California* 219 47,643 47,862 47,251 611 Hawaii 161 3,156 3,317 3,194 123 Nevada* 156 1,293 18 1,467 1,328 139 1 Oregon* 499 3,747 4,246 3,839 408 Washington 527 8,922 9,449 8,963 486 TERRITORIES Puerto Rico 0 5,543 5,543 5,543 0									
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Nevada* 156 1,293 18 1,467 1,328 139 1 Oregon* 499 3,747 4,246 3,839 408 Washington 527 8,922 9,449 8,963 486 TERRITORIES Puerto Rico 0 5,543 5,543 5,543 0						47,251			
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TERRITORIES Puerto Rico 0 5,543 5,543 5,543 0									0
Puerto Rico 0 5,543 5,543 0		. 321	0,322		5,445	0,303		700	<u> </u>
		n	5 543		5 543	5 543		n	80
Attion Annito Annuiti Annuiton									\$10,319
		Ţjoozi	7000,.00		+,	7,000		+-,	

NOTE: NA indicates data are not available.

^{*}See 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.

Alaska Revenue adjustments are transfers from the budget reserve funds.

Revenue adjustments reflect a transfer made to reserve funds for services and capital infrastructure. Arkansas

California Ending balance includes a budget stabilization fund of \$305 million.

Colorado Ending balance includes a constitutional emergency reserve of \$191.8 million and a budget stabilization fund of

\$203.8 million, which includes a statutory 4 percent reserve.

Connecticut Figures include federal reimbursements such as Medicaid.

Ending balance includes a budget stabilization fund of \$92.9 million. Delaware

Indiana

Revenue adjustments reflect a transfer from the rainy day fund. Expenditure adjustments reflect appropriations by the 1996 General Assembly to fund an automobile excise tax cut; an increase in the homestead credit, which reduced the property tax paid by homeowners; and one-time contributions to teachers' pension funds and local police and fire

personnel pension funds.

lowa Fiscal 1997 revenue adjustments include \$46.3 million in gaming revenues diverted to the Rebuild lowa Infrastructure

Fund, \$5.0 million to index personal income tax rates, and \$5.9 million in miscellaneous revenue changes. Fiscal 1997 expenditure adjustments include \$107.7 million in property tax relief, in addition to the property tax relief for fiscal 1996. Also, \$15.0 million was approved for technology assistance for local schools. Ending balance includes \$7.4 million to be deposited in the cash reserve fund, \$7.4 million to be set aside in an economic emergency fund under current law, and \$235.2 million to be returned to the general fund in fiscal 1998. Beginning balance represents

the excess balances in the economic emergency fund over the 5 percent required by current law.

Revenue adjustments include continuing appropriations and fund transfers; the expenditure adjustments include the reserve for continued appropriation, including the budget reserve trust fund. Kentucky

Louisiana Revenue and expenditure adjustments are contingent upon the expiration of Louisiana Recovery District, which is

expected to expire in September 1996.

Maine Revenue figures were adjusted for the change to modified accrual basis.

In fiscal 1997, the increase in the stabilization fund balance from interest is projected to be \$21 million. The interest earned on the stabilization fund balance will push the fund over the statutory ceiling (\$541 million in fiscal 1997); the excess of \$22.8 million will be transferred to the tax reduction fund as required by statute. Massachusetts

Revenue adjustments include a reduction in the general fund for the school aid fund earmarking of \$.582.7 million, Michigan

intangibles tax reductions of \$-33.7 million, revenue-sharing (prior-year payment basis) of \$67.2 million, and other adjustments, totaling \$-577.7 million. Expenditure adjustments include net lock box amounts of \$72 million and

retirements savings of \$-8 million, totaling \$64 million.

The rainy day fund balance includes \$350 million from the cash flow account and \$270 million from the budget reserve. Minnesota

Fifty percent of the ending balance is carried forward into the next fiscal year. In addition, the beginning balance Mississippi

includes lapses. Revenue adjustments reflect the 98 percent rule, and expenditure adjustments reflect the net transfer

from the general fund.

Montana Revenue adjustments primarily represent residual equity transfers.

Revenue adjustments are transfers between the general fund and other funds. Expenditure adjustments are Nebraska

carryovers and mid-biennium changes.

Nevada Revenue adjustment is forecasted reversions.

New Hampshire Fiscal 1997 figures include the revenue maximization project and a \$74 million balance in the health care transition

Ending balance includes a budget stabilization fund of \$263.3 million. New Jersey

Revenue adjustments include transfers from risk management accounts to newly created risk reserve funds. New Mexico

Expenditure adjustments include appropriations from reserved disaster allotments.

New York Ending balance includes a budget stabilization fund of \$252 million.

Beginning balance includes an unreserved balance of \$406.1 million and a \$1.6 million disproportionate share receipts North Carolina

transfer to availability, totaling \$407.7 million.

NOTES TO TABLE A-3 (continued)

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

The state of Ohio budgets biennially. Fiscal 1997 information is based on the biennial budget enacted at the end of June 1995. Ohio includes tederal 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 1997 adjustments equal estimated transfers out of \$4.4 million, a reserve for anticipated fiscal 1998 revenue reductions due to income tax rate decreases of \$55.5 million, and an adjustment for a net change in encumbrances from fiscal 1996 levels of \$12.2 million.

Oregon

Because Oregon has a biennial budget, these numbers are interpolated to approximate known beginning and ending biennial figures. As a result, modest differences between this and official biennial ending balances may exist.

Pennsylvania

Expenditure adjustments include a transfer to the rainy day fund (\$1 million), which is expected to occur in the following fiscal year. The 1996-97 budget was enacted June 29, 1996.

Rhode Island

Adjustments reflect the conversion of 239 restricted or dedicated accounts to general revenue accounts. The general fund reflects only general revenue receipts and appropriations. Total resources are net of transfers to the budget reserve fund and other financing uses. Fiscal 1997 includes all reappropriations recommended by the Governor.

South Carolina

Ending balance includes a budget stabilization fund of \$127.0 million.

South Dakota

Revenue adjustments include transfers from the budget reserve fund and obligation cash carried forward. Expenditure adjustments include transfers to the budget reserve and other funds. Also included in expenditures are future obligations against cash.

Tennessee

Expenditure adjustments include a \$1 million transfer from the general fund to the capital projects fund. Ending balance includes a budget stabilization fund of \$101 million.

West Virginia

Beginning balance includes thirty-one-day expenditures of \$27.5 million, reappropriations of \$89.2 million, and surplus reappropriations of \$7.2 million, totaling \$123.9 million. Total expenditures include regular appropriations of \$2,354.5 million, reappropriations of \$89.2 million, surplus appropriations of \$25.2 million, thirty-one-day expenditures of \$27.5 million, totaling \$2,496.4 million. Revenue adjustments are transfers from the rainy day fund. Expenditure adjustments are transfers to the rainy day fund. are transfers to the rainy day fund.

Wisconsin

The rainy day fund balance includes 1 percent of gross appropriations and compensation reserves. Ending balance includes a budget stabilization fund of \$91.9 million.

Wyoming

Revenue adjustments represent budgeted interfund transfers.

Nominal Percentage Expenditure Change, Fiscal 1996 and Fiscal 1997**

_	Fiscal	Fiscal
Region/State	1996	1997
NEW ENGLAND		
Connecticut	5.5%	2.1%
<u>Maine</u>	-0.6	7.2
Massachusetts	3.7 2.2	4.6 -0.8
New Hampshire Rhode Island	0.3	2.7
Vermont	1.9	2.7
MID-ATLANTIC		
<u>Delaware</u>	<u>7.1</u>	9.2
<u>Maryland</u>	5.5 2.8	0.3
New Jersey	2.8	1.4
New York Pennsylvania	-2.2 3.5	1.4 0.6
GREAT LAKES	3.3	0.0
Illinois	4.9	3.6
Indiana	2.6	4.3
Michigan	7.4	-2.5
Ohio*	5.9	8.6
Wisconsin	5.0	13.7
PLAINS		
lowa	<u>4.7</u>	5.6
<u>Kansas</u>	4.9	1.8
Minnesota	8.8 11.8	1.3 9.8
Missouri Nebraska	4.4	7.3
North Dakota	3.5	6.6
South Dakota	4.6	4.5
SOUTHEAST		
Alabama	2.1	4.6
Arkansas	7.3	2.6
<u>Florida</u>	3.9	5.3
<u>Georgia</u>	9.0 5.6	3.6
Kentucky	5.6	6.4
Louisiana	8.5 2.9	-0.4 3.3
Mississippi North Carolina	2.9	9.5
South Carolina	7.0	9.9
Tennessee	4.5	5.0
Virginia	4.5 2.2	6.6
West Virginia	5.8	6.8
SOUTHWEST		
Arizona	2.4 2.2	8.1
New Mexico	2.2	4.0
<u>Oklahoma</u>	3.2	8.5
Texas ROCKY MOUNTAIN	5.8	1.9
Colorado	12.8	0.2
Idaho	5.4	5.7
Montana	3.9	0.3
Utah*	11.3	15.3
Wyoming	-3.5	12.3
FAR WEST		
Alaska	-2.3	-3.8
California	8.3	4.0
<u>Hawaii</u>	-1.4	2.2 7.7
Nevada*	-6.4	
Oregon Washington	6.3	8.3 4.2
Washington TERRITORIES	1.4	4.2
Puerto Rico	1.0	2.7
Average	4.5%	4.0%
	1.0 / 0	

NOTES: See Notes to Table A-4.

**Fiscal 1996 reflects changes from fiscal 1995 expenditures (actual) to fiscal 1996 expenditures (preliminary actual). Fiscal 1997 reflects changes from fiscal 1996 expenditures (preliminary actual) to fiscal 1997 (appropriated).

Operating appropriations increased 8 percent from fiscal 1995 to fiscal 1996, excluding supplemental, one-time, and capital improvement appropriations. Nevada

Both the fiscal 1996 and fiscal 1997 growth rates reflect actual fiscal 1996 spending levels substantially below budgeted levels. The original budgeted growth rate for fiscal 1997 was 6.3 percent. Ohio

When adjusted for property tax cuts and investments in highway and building construction, the fiscal 1996 increase is 7.4 percent and the fiscal 1997 increase is 8.0 percent. Utah

Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 1996

Across-the-Board Programs Percentage Early Reduce Programs Region/State Fees Eliminated Layoffs Furloughs Cuts Retirement Local Aid Reorganized Privatization **NEW ENGLAND** Connecticut Maine Massachusetts New Hampshire Rhode Island* <u>Vermont</u> MID-ATLANTIC Delaware Maryland* New Jersey New York* Х Pennsylvania **GREAT LAKES** Illingis Indiana <u>Michigan</u> Ohio Wisconsin PLAINS lowa Kansas Minnesota Missouri Nebraska North Dakota South Dakota SOUTHEAST Alabama <u>Arkansas</u> Florida Georgia Kentucky Louisiana Mississippi North Carolina South Carolina Tennessee Virginia West Virginia
SOUTHWEST Arizona New Mexico* Oklahoma Texas ROCKY MOUNTAIN Colorado Idaho Montana
Utah
Wyoming*
FAR WEST Alaska California* Hawaii Nevada Oregon*
Washington
TERRITORIES Puerto Rico Total 4 4 0 7 5 1 8 4

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

Other strategies include various health and welfare reductions and federal reimbursement for incarceration for immigrants. California

Maryland Other strategies include position eliminations and transfers from the rainy day fund.

Agencies had the option to design a reduction plan that in most cases netted 2.5 percent. Some agencies were exempted; some sustained a higher percentage reduction. **New Mexico**

New York These actions were taken as part of the fiscal 1997 budget.

Oregon Other strategies include program reductions.

Rhode Island Total cuts equal \$13.6 million, including a \$4.1 million technical reduction for disproportionate share payments.

South Dakota Other strategies include the transfer of one-time money into the general fund to cover shortfalls.

Wyoming Privatized printing operations and supply warehouse instigated an early retirement program.

Changes Contained in Enacted Fiscal 1997 Budgets

Region/State	Medicaid Reductions	Increased Employee Share: Health	Increased Employee Share: Pension
NEW ENGLAND		The state of the s	
Connecticut			
Maine	X		
Massachusetts*			X
New Hampshire			
Rhode Island*		X	
Vermont	X		
MID-ATLANTIC			
Delaware			
Maryland*			
New Jersey			
New York	X		
Pennsylvania*	<u> </u>		
GREAT LAKES			
Illingis Indiana			
Michigan		X	
Ohio			
Wisconsin	X		
PLAINS			
lowa			
Kansas			
Minnesota			
Missouri			
Nebraska*	X		
North Dakota			
South Dakota			
SOUTHEAST			
Alabama			
Arkansas			
Florida*	X		
Georgia			
<u>Kentucky</u>			
Louisiana	X		
Mississippi North Carolina			
South Carolina			
Tennessee			
Virginia			
West Virginia	X	X	
SOUTHWEST			
Arizona			
New Mexico			
Oklahoma	X		X
Texas			
ROCKY MOUNTAIN			· · · · · · · · · · · · · · · · · · ·
Colorado			
Idaho			
Montana			
Utah*	X	X	
Wyoming*	X		
FAR WEST			
Alaska	X		
<u>California</u>			
<u>Hawaii</u>	X		
<u>Nevada</u>		V	X
Oregon*	X	X	
Washington*		X	
TERRITORIES			
Puerto Rico	1/	6	3
Total	14		<u> </u>
*Son Notes to Table A-6			

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

Medicaid reductions total \$194.8 million for state and trust funds. Among the most significant reductions are community mental health and inpatient psychiatric reforms, competitive bidding and mandatory assignment of health maintenance organizations, and reforms of intermediate care facilities for the developmentally disabled. Florida

Maryland Current plans will expand mandated managed care.

Beginning in fiscal 1997, state employee contributions to the pension system will increase to 9 percent and state police contributions will increase to 12 percent from the current contribution level of 8 percent. Massachusetts

Nebraska A managed care plan is in effect for designated geographical areas.

Overall medical and dental plan costs increased about 8 percent. Some employees experienced no resulting increase in employee share because the union used plan reserves to cover the increased costs. For other employees, plan design changes such as increased deductibles, copayments, and adjustments in co-insurance levels, partial offset the increased costs; the monthly premiums to those employees will increase about 4.8 percent for all medical and Oregon

dental plans.

There was no reduction in Medicaid funding overall. Increasing costs, primarily because of higher-than-expected use of a fee for service system, were offset by elimination of some covered services, management actions to increase managed care enrollment, and a 5 percent reduction in most fee-for-service reimbursement rates.

Medical assistance was eliminated for able-bodied people between twenty-one and fifty-nine who do not work a minimum of 100 hours a month. A deductible of \$150 was imposed for the remaining general assistance clients. Pennsylvania

Cost-of-living adjustment costs will be partially offset through savings in medical coverage, achieved by switching to Rhode Island

less costly coverage.

Employees selecting the traditional health care plan will pay the entire fiscal 1997 premium increase, which is 10 percent. This could impact approximately 617 employees if they elect to stay with traditional care. The state has Utah

historically picked up 90 percent of any premium increase.

Washington Health insurance costs increased by up to \$82 dollars and took effect in January 1996 with corresponding changes

in coverage and plan options.

No reduction in funding; optional services will be eliminated; services will be restricted. Wyoming

TABLE A-7

Region/State	Across- the-Board	Merit	Other	Notes
NEW ENGLAND				
Connecticut	*		•	The negotiated compensation package includes an increase in the work week (toward a forty-hour week); a delayed step increase; and in some cases, a 2 percent COLA delayed until December 1996. Approximately 16,000 employees are on this pattern.
				Approximately 13,000 employees have approved contracts resulting from arbitration awards with different patterns; 10,000 employees have contracts that remain unsettled.
Maine		2.0%		This figure represents a weighted average. Employees who have reached the top step in their range do not receive a merit increase.
Massachusetts	***	***	***	
New Hampshire				No pay raise was granted. The state continues to pay 100 percent of employees' health insurance.
Rhode Island	3.0%	***		
Vermont				A 2 percent cost-of-living-adjustment increase will be effective January 1, 1997. There also will be a continuation of step increases, worth about 3 percent and paid each year to 60 percent of employees.
MID-ATLANTIC				
Delaware		2.0%	***	Individuals at or above the maximum for their grade will receive 1 percent. Individuals near the maximum will receive the greater of the amount to reach the maximum or 1 percent.
Maryland		1.25%		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.
New Jersey			•	"Other" represents a \$250 bonus. Union employees are eligible for incremental step or anniversary increases ranging from 3.7 percent to 5 percent of their salary, depending upon step in the range, for up to eight years in a given range.
New York		1.0%	٠	For most unions that have reached agreements, there is no general salary increase provided in fiscal 1997. Instead, most employees receive a lump-sum payment of \$550. Merit increases are provided only to eligible employees.
Pennsylvania	2.0%		2.2%	In July 1996, most employees received a 2 percent across-the-board increase. In January 1997, 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 50 percent of bargaining unit employees will receive an average step increase of 3.97 percent on their anniversaries.
Indiana			*	Increase will vary by employee depending on where the employee is in the pay range for his or her position. If the employee is in the lowest one third of pay for that position, the increase is 4.5 percent; if in the middle one third, the increase is 4.0 percent; if in the top one third, the increase is 3.0 percent. If an employee is currently over the maximum for the position, he or she will receive a 2.0 percent increase.
Michigan	1.8%		*	"Other" represents a lump-sum payment from \$0 to \$900 per employee based on bargaining unit agreement and step increases for employees without seniority.
				These percentage increases do not include figures for the state troopers and sergeants, who have not completed bargaining for fiscal 1997.
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			2.0%	Compensation increases vary by employee classification and bargaining unit. Nonrepresented and represented employees on grids received a step increase equal to approximately 2 percent.
				Employees not on grids received a 2 percent nonbase building lump sum. University faculty and senior managers received a 2 percent increase in fiscal 1997.
PLAINS		<u></u>		
Iowa	2.5%	0.9%		Employees at or above the maximum of their pay grade receive a \$300 cash bonus.
Kansas		•	2.5%	The 2.5 percent under "other" is for step movement on the pay matrix for classified employees.
Minnesota	2.25%	0.75%	1.25%	Merit raises apply only to managers, but contracts provide achievement for most employee unions. Most employees will be eligible for step increases unless they are at the top of the pay range. A new, higher step is approved in some labor contracts, increasing the number of eligible employees.
Missouri	2.0%	-1-	3.8%	"Other" is the marketplace within-grade increase given to successful employees who have been with the state government at least eighteen months and who are not at the top of the range. Individuals who are two or more pay steps away from marketplace step will get two steps, averaging 2 percent per state. Individuals one step below, at, or above the marketplace will get a one-step increase.
Nebraska	,			A collective bargaining agreement with the main employee unit includes a 3.5 percent across-the-board salary increase on July 1, 1996. Appropriations of an equivalent amount were made on behalf of the other employees.
North Dakota	2.0%	1.0%		
South Dakota			2.5%	"Other" is 2.5 percent for employees who are below the midpoint of their job class.

Region/State	Across- the-Board	Merit	Other	Notes
SOUTHEAST				
Alabama		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%	***	Act 992 of 1995 provides a 2.8 percent increase for all employees on July 1.
				In addition, employees who are rated with the evaluation system are eligible for merit increases of between 0 percent and 5.5 percent if a rating of "exceeds 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%			There is a \$1,000 minimum guarantee for all employees, subject to negotiations with collective bargaining units.
Georgia		4.0%		Increase is effective October 1, 1996, based on a satisfactory evaluation of the employee.
Kentucky	5.0%			
Louisiana		4.0%		All classified state employees are eligible to receive an annual merit increase of 4 percent if such an increase is warranted. Approximately 31 percent of state employees are at the top end of the pay scale and will not qualify for further raises.
Mississippi				
North Carolina	*			Public school administrative staff and all noncertified employees, permanent community college SPA employees, and employees of the judicial department received a 4.5 percent across-the-board increase.
				Teachers increases to individual EPA faculty employees of the university system received an increase of 4.5 percent, to be made in accordance with rules adopted by the board of governors.
				Community college SPA employees, SPA employees of the University of North Carolina system, administrative staff of the North Carolina School of Science and Mathematics, and other employees who are classified as SPA received an across-the-board increase of 2.5 percent and a career growth recognition increase of 2.0 percent.
				Teachers and principals received salary increases to raise their salary schedule an average of 5.5 percent.
				All salary increases effective September 1, 1996.
South Carolina	3.4%*			Effective October 1, 1996.
Tennessee	3.0%		0.3%	A recommendation was made to raise the salary ranges 2 percent and adjust employees who were below the new entrance salary ranges to the new entrance salary.
Virginia	4.35%			Beginning January 17, 1997, the commonwealth will begin a change in payroll administration to effect a one-pay-period delay by the end of 1997. During this transition period, payrolls will be delayed one day per period until they are ultimately delayed by one full pay period. Beginning in September 1997, payroll will again be paid on the 1st and 16th of each month, with one semimonthly paycheck owed to the employee.
West Virginia	*		•	The salary increases and bonuses are as follows: public school teachers, \$500; school service personnel and public employees, \$300; magistrates, \$1,000; correctional officers and counselors, \$2,000; and state troopers, 16 percent average.
	А			Some increases for higher education employees are based on current salary vs. average salary (not across-the-board).

Region/State	Across- the-Board	Merit	Other	Notes
SOUTHWEST				
Arizona	1.0%	•	*	The legislature authorized a \$500 bonus and 1 percent increase per full-time equivalent position starting on April 1, 1997, for fiscal 1997.
New Mexico	2.0%			State employees received 2 percent of the salary range midpoint pending satisfactory performance, effective the first full pay period after the incumbent's anniversary date.
				Public school and higher education employees received the equivalent of a 2 percent cost-of-living adjustment.
Oklahoma				Statewide pay plan was \$1,200 per year for almost all employees.
Texas		*		Merit pay figure is not available.
ROCKY MOUNTAIN				
Colorado	2.1%	5.0%		Only about one third of classified employees are eligible for merit raises.
Idaho		3.0%		
Montana	2.0%	***	1.2%	The fiscal 1997 pay package is targeted to below-market positions. Adjustment is based on target ratios to market linked to years of service. Increases are unique to each employee but subject to a 6 percent cap.
				Generally, the most significant increases go to technical and managerial employees. A 2 percent increase in market pay levels is effective for all grades.
Utah	3.9%	***	1.2%	"Other" represents market adjustments for certain positions. Only 4 percent was actually funded by the legislature. Agencies must come up with funding to cover the remainder of the compensation package.
Wyoming				

Region/State	Across- the-Board	Merit	Other	Notes
FAR WEST				
Alaska	1.4%	***	E = W	The employment compensation change for fiscal 1997 is 1.4 percent.
California				Collective bargaining was reached with one of the state's twenty-one bargaining units. Specifically, agreement was reached between the state and the California Association of Highway Patrolmen in 1995. The contract included education and seniority incentive pay increases that only apply to highway patrol personnel.
				The state and the remaining twenty bargaining units continue negotiations for the latest contracts that expired on June 30, 1995.
				Until an agreement is reached, the terms and conditions of employment that were in effect prior to the expiration of the latest contracts will remain in effect.
Hawaii			•	Clerical workers, clerical supervisors, and professional scientific employees will receive a step increase in fiscal 1997, depending on their length of service at the current step. Firefighters will receive a 4.9 percent increase.
Nevada	3.0%	2.25%	***	Merit increases are granted to most classified state workers who are below step fifteen. Most workers advance two steps per year, receiving a raise of from 3 percent to 5 percent. About one half of all employees received merit raises.
Oregon		5.0%		No across-the-board cost-of-living increase. A \$52 million distribution was made in January 1996 for the 1995–97 biennium, to cover employee retirement plan contributions not funded by the 1995 legislature pending court action on Ballot Measure 8.
				The measure prohibited employers from "picking up" the employees' contribution. If implemented, this would have resulted in a net income reduction for employees. The court found the measure to be unconstitutional so the distribution restored funding for the employers' payments and maintained employee salary and benefits.
				Annual merit increases of approximately 5 percent are funded for workers with satisfactory performance who are below the top step of their pay range. About half of all employees receive merit raises.
				Selected classifications receive increases through collective bargaining agreements and/or arbitration. In most cases, agencies must fund these changes within existing budgets.
Washington				
TERRITORIES				
Puerto Rico				Increases are granted on a productivity basis. Approximately \$18.1 million was recommended to benefit more than 18,000 police officers and \$1.9 million for 1,295 officers in the fire department. In addition, \$17.8 million was recommended for health officials.

NOTE: NA indicates data are not available.

Number of Filled Full-Time Equivalent Positions at the End of Fiscal 1995 to Fiscal 1997, in All Funds**

	Fiscal	Fiscal	Fiscal	Percent Change,	Percent Change,	Includes Higher	State-Administered
Region/State	1995	1996	1997	1995-1997	1996-1997	Education Faculty	Welfare System
NEW ENGLAND							
Connecticut	42,049	38,127	38,777	-7.78%	1.7%		X
Maine	15,534	14,109	13.877	-10.67%	-1.65%		X
Massachusetts	64,612	64,541	NA	NA	NA	X	X
New Hampshire	NA	NA	NA	NA	NA		
Rhode Island*	16,692	16,538	15,375	-7.89%	-7.03%	Х	X
Vermont	7,442	7,286	7,025	-5.6%	-3.58%		X
MID-ATLANTIC							
<u>Delaware</u>	24,500	24,916	25,247	3.05%	1.33%	X	X
Maryland*	72,496	72,412	72,303	-0.27%	-0.15%	X	X
New Jersey	71,262	69,363	67,500	-5.28%	-2.69%		
New York*	245,800	233,000	228,000	-7.24%	-2.15%	X	
Pennsylvania*	86,853	86,656	85,554	-1.5%	-1.27%		X
GREAT LAKES							
Illinois	67,252	NA_	NA	NA NA	<u>NA</u>		X
Indiana	37,899	37,610	37,610	-0.76%	0.%		X
Michigan	60,321	60,056	64,950	7.67%	8.15%		
Ohio*	63,217	62,336	62,250	-1.53%	-0.14%		
Wisconsin	64,054	63,863	61,951	-3.28%	-2.99%	X	
PLAINS							
lowa	22,304	22,396	23,591	5.77%	5.34%		X
<u>Kansas</u>	43,589	44,151	43,562	-0.06%	-1.33%	X	<u> </u>
<u> Minnesota</u>	32,850	32,611	33,333	1.47%	2.21%		
Missouri*	55,569	55,692	55,656	0.16%	-0.06%		X
<u>Nebraska</u>	15,519	15,777	NA NA	NA	NA		X
North Dakota	12,164	11,703	11,703	-3.79%	0.%	X	
South Dakota*	13,991	13,972	13,217	-5.53%	-5.41%	X	Χ
SOUTHEAST							
Alabama	41,102	42,439	42,500	3.4%	0.14%		<u> </u>
Arkansas	26,640	27,323	27,323	2.56%	0.%		X
<u>Florida</u>	121,648	124,145	125.478	3.15%	1.07%		X
Georgia	58,304	55,907	54,328	-6.82%	-2.82%		X
<u>Kentucky</u>	NA NA	NA NA	35,576	NA NA	NA 0.0504		
<u>Louisiana*</u>	47,992	58,423	58,216	21.3%	-0.35%		X
<u>Mississippi</u>	30,094	30,279	31,947	6.16%	5.51%		X
North Carolina*	228,628	233,347	238,478	4.31%	2.2%	<u>X</u>	V
South Carolina	67,784	67,787	67,787	0.%	0.%	X	X
<u>Tennessee</u>	41,300	41,300	41,300	0.%	0.%		Χ
Virginia*	93,282	93,068	93,000	-0.3%	-0.07%	X	
West Virginia*	30,961	31,302	31,367	1.31%	0.21%	X	X
SOUTHWEST	E0 E00	00 500	E0 740	0.000/	+ 440/	V	V
Arizona*	59,590	60,592	59,719	0.22%	-1.44%	Χ	<u>X</u>
New Mexico	22,832	23,824	NA NA	NA 0.148/	NA NA	· · · · · · · · · · · · · · · · · · ·	<u>X</u>
Oklahoma*	63,087	63,225	63,000	-0.14%	-0.36%	X	X
Texas	263,754	265,560	NA NA	NA	NA NA	X	
ROCKY MOUNTAIN	45.040	45 400	45 400	0.700/	0.070/		
Colorado	<u>45,046</u>	45,100	45,400	0.79%	0.67%		
<u>Idaho</u>	16,379	16,291	16,390	0.07%	0.61%	X	X
Montana	10,768	10,509	10,463	-2.83%	-0.44%		X
Utah*	27,974	28,730	29,008	3.7%	0.97%	X	X
Wyoming	12,743	12,642	12,507	-1.85%	-1.07%	X	X
FAR WEST	47.544	47.500	47.000	0.000/	0.050/	V	V
Alaska	17,544	17,506	17,393	-0.86%	<u>-0.65%</u>	X	X
California	269,004	273,624	274,559	2.07%	0.34%	X	X
Hawaii*	38,858	40,589	40,744	4.85%	0.38%	Х	X
Nevada*	12,100	12,960	13,300	9.92%	2.62%	V	X
Oregon*	45,996	41,222	41,730	-9.28%	1.23%	X	X
Washington	91,963	91,088	92,076	0.12%	1.08%	X	X
TERRITORIES	000 500	000 044	005 000	0.450/	4 000	V	
Puerto Rico	232,539	228,011	225,208	-3.15%	-1.23%	X	20
Total	2,921,341	2,855,896	2,525,069	0.1%	0.1%	25	38

NOTES: NA indicates data are not available.

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

^{**}Unless otherwise noted, fiscal 1995 reflects actual figures, fiscal 1996 reflects preliminary actual figures, and fiscal 1997 reflects appropriated figures.

Arizona Figures reflect all funds.

Fiscal 1996 and fiscal 1997 figures are budgeted. Hawaii

Figures reflect appropriated positions. The large increase from 1995 to 1996 is attributable to the fact that 10,381 positions in the charity hospitals were not included in the appropriated totals for 1995. Louisiana

Maryland Figures reflect funded position.

Figures reflect authorized full-time equivalent appropriations. Missouri

Fiscal 1995 figures are an approximation. All figures exclude higher education, court, legislative, temporary, and Nevada

seasonal positions.

Figures reflect end-of-year counts for annual and nonannual salaried full-time equivalent employees in the executive, legislative, and judicial branches. New York's welfare system is state-supervised but locally administered. New York

North Carolina Figures do not include the actions of the 1996 General Assembly.

Ohio does not appropriate full-time equivalent positions. The amounts provided for fiscal 1996 and fiscal 1997 are Ohio

estimates for the end of each year.

Oklahoma Figures for fiscal 1996 are actuals.

Oregon

All numbers are budgeted by full-time equivalent (FTE) employees. Fiscal 1995 is 1993–95 legislatively adopted biennial budget; fiscal 1996 is 1995–97 legislatively adopted biennial budget; fiscal 1997 is as of August 23, 1996. Oregon Health Sciences University was established as a public corporation beginning in the 1995–97 biennium; that

entity's 5,824.3 FTE positions are not included in the fiscal 1996 and fiscal 1997 numbers.

Figures reflect positions authorized rather than filled. Pennsylvania

Figures reflect authorized position cap. For fiscal 1997, the cap is for the final pay period in the fiscal year. Rhode Island

Figures reflect budgeted numbers. South Dakota Utah Figures reflect funded positions.

The statewide hiring freeze is still in effect. Virginia's welfare system is state-supervised but locally administered. Virginia

Fiscal 1995 actual figure is as of June 30, 1995; fiscal 1996 actual figure is as of June 30, 1996; and fiscal 1997 West Virginia

appropriated figure is as of July 1, 1996.

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

	Sale	es Tax	Personal	Income Tax	Corporate	Income Tax	Total
D 1 10 1	Original	Current	Original	Current	Original	Current	Revenue
Region/State	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Collection***
NEW ENGLAND	00.404	***	40.000				
Connecticut	\$2,494	\$2,460	\$2,697	\$2,868	\$689	\$737	<u> </u>
Maine Massachusetts	637 2,602	646 2,610	640	663	65	87	<u>H</u>
New Hampshire		<u>2,610</u> NA	6,382 NA	6,707 NA	895 NA	876 NA	<u> </u>
Rhode Island	469	463	545	576	66	63	Н
Vermont	183	183	265	281	43	42	H
MID-ATLANTIC						72	
Delaware	NA	NA	623	631	87	75	Н
Maryland	2,043	2,000	3,593	3.484	230	252	Ĺ
New Jersey	4,356	4,268	4,580	4,713	1,215	1,272	Н
New York	6,752	6,661	17,285	16,998	1,870	1,821	Н
<u>Pennsylvania</u>	5,699	5,682	5,285	5,374	1,516	1,626	T
GREAT LAKES							
<u>Illinois</u>	4,865	4,798	5,576	5,669	934	978	<u>H</u>
Indiana	2,851	2,942	2,809	2,966	903	982	T
Michigan*	1,335	1,332	4,410 5,100	4,561	2,140	2,200	<u>H</u>
Ohio Wisconsin	4,710 2,737	4,740 2,705	5.186	5,263 4,170	1,051	1,114	<u> </u>
PLAINS	2.131	2,705	4,160	4,170	611	636	<u> </u>
lowa	1,194	1,213	1,926	2,001	239	278	н
Kansas	1,180	1,180	1,370	1,392	210	219	H
Minnesota	2,763	2,873	3,873	3,986	650	680	H
Missouri	1,588	1,624	2,970	3,114	420	476	H
Nebraska	732	711	825	847	120	127	H
North Dakota	287	290	147	152	44	49	H
South Dakota	336	341	NA	NA	NA	NA	H
SOUTHEAST							
Alabama	1,171	1,170	1,478	1,548	209	182	T
<u>Arkansas</u>	1,296	1,369	1,214	1,319	200	224	Н
Florida	11,285	11,357	NA	NA.	1,126	1,163	<u>H</u>
<u>Georgia</u>	3,830	3,832	4,087	4,244	616	744	<u>H</u>
Kentucky	1,704	1.784	2,028	2,075	265	285	Н
Louisiana	1.850	1,892	1,110	1,145	230	290	<u> </u>
Mississippi*	1,084	1,078	745	741	260	<u> 262</u>	<u>H</u>
North Carolina South Carolina	2,918 1,519	2,958 1,545	4,624 1,701	4,800 1,814	626 217	674 234	<u>н</u> Н
Tennessee*	3,706	3,674	1,701	1,014	552		
Virginia*	1,746	1,722	4,312	4,348	327	402	H
West Virginia	761	746	739	751	125	156	H
SOUTHWEST	, , , , , , , , , , , , , , , , , , , ,		700	7,01	120	100	
Arizona	2,054	2,101	1,470	1,494	300	448	Н
New Mexico	1,283	1,230	648	635	165	163	
Oklahoma*	1,139	1,136	1,454	1,516	173	168	Н
Texas	10,713	10,713	NA	NA	1,503	1,503	Τ
ROCKY MOUNTAIN							
_ Colorado*	1,141	1,205	2,077	2,308	174	202	<u>H</u>
<u>Idaho</u>	479	463	667	651	123	152	T
<u> Montana</u>	NA NA	NA NA	390	383	79	<u>76</u>	
_ Utah	1,124	1,158	1.089	1,136	126	177	
Wyoming	206	206	NA	NA	NA_	NA	T
FAR WEST	NI A	NI A	214	21.6	405	005	L1
<u>Alaska</u> California*	NA 15,675	NA 15,857	NA 19,915	NA 20,870	125 5,056	225 5,890	<u> </u>
Hawaii	1,405	1,433	989	1,000	5.056 37	5.890	H
Nevada	433	1,433 458	NA	NA		NA	H
Oregon*	NA NA	NA	2,836	2,902	206	300	H
Washington	4,201	4,196	NA	NA	1,656	1,595	T T
TERRITORIES	11001				1,000		
Puerto Rico	393	393	1,447	1,589	1,197	1,370	<u>H</u>
Total	\$122,534	\$123,001	\$128,827	\$132,206	\$28,473	\$30,694	-

NOTES: NA indicates data are not available since, in most cases, these states do not have that type of tax.

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

[&]quot;*Unless otherwise noted, original estimates reflect the figures used when the fiscal 1996 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.

Sales tax collections exclude local revenue. For original fiscal 1996 sales tax collection estimates, \$15,509 million is from the general fund and \$166 million is from the special fund. Current fiscal 1996 sales tax collection estimates include \$15,690 million in the general fund and \$167 million in the special fund. Original fiscal 1996 corporate income tax collections include \$5,055 million in the general fund and \$1 million in the special fund. California

Figures for original fiscal 1996 were estimated in March 1995. Figures for fiscal 1997 were estimated in March 1996. Colorado

Figures for sales tax collections are lower than in previous surveys because prior numbers included nongeneral fund Michigan

Total revenue collections are within 1 percent of the year-to-date estimate as of February 29, 1996. Mississippi

Oklahoma Figures for fiscal 1996 are actuals.

Oregon does not have a sales tax. Because of biennial budget, these figures are interpolated in some cases. Oregon

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

Figures for original fiscal 1996 were estimated in July 1995. Virginia

TABLE A-10

Fiscal 1996 Tax Collections Compared With Projections Used in Adopting Fiscal 1997 Budgets (Millions)**

NEW ENGLAND S2,460 \$2,560 \$2,868 \$2,849 \$737	\$682 64 927 NA 61 47 82 224
New EngLand \$2,460 \$2,560 \$2,868 \$2,849 \$737 Maine	64 927 NA 61 47
Connecticut \$2,460 \$2,560 \$2,868 \$2,849 \$737 Maine 646 663 663 676 87 Massachusetts 2,610 2,745 6,707 6,513 876 New Hampshire NA NA NA NA NA NA Rhode Island 463 473 576 582 63 98 Vermont 183 191 281 280 42 280 MID-ATLANTIC Delaware NA NA NA 631 654 75 56 Maryland 2,000 2,045 3,484 3,641 252	64 927 NA 61 47
Massachusetts 2,610 2,745 6,707 6,513 876 New Hampshire NA 1280 42	927 NA 61 47
New Hampshire NA	NA 61 47 82
Rhode Island 463 473 576 582 63 Vermont 183 191 281 280 42 MID-ATLANTIC Delaware NA	61 47 82
Vermont 183 191 281 280 42 MID-ATLANTIC Delaware NA NA 631 654 75 Maryland 2,000 2,045 3,484 3,641 252 New Jersey 4,268 4,325 4,713 4,510 1,272 New York 6,661 6,896 16,998 17,101 1,821 Pennsylvania 5,682 5,851 5,374 5,509 1,626 GREAT LAKES Illinois 4,798 4,973 5,669 5,907 978 Indiana 2,942 3,036 2,966 3,040 982 Michigan* 1,332 1,395 4,561 4,820 2,200 Ohio 4,740 4,925 5,263 5,465 1,114 Wisconsin 2,705 2,892 4,170 4,417 636 PLAINS 1,213 1,250 2,001 2,059 278 Kansas 1,180 1,234 1,392	47 82
Well-ATLANTIC Delaware NA NA 631 654 75 Maryland 2,000 2,045 3,484 3,641 252 New Jersey 4,268 4,325 4,713 4,510 1,272 New York 6,661 6,896 16,998 17,101 1,821 Pennsylvania 5,682 5,851 5,374 5,509 1,626 GREAT LAKES Illinois 4,798 4,973 5,669 5,907 978 Indiana 2,942 3,036 2,966 3,040 982 Michigan* 1,332 1,395 4,561 4,820 2,200 Ohio 4,740 4,925 5,263 5,465 1,114 Wisconsin 2,705 2,892 4,170 4,417 636 PLAINS 1 1,213 1,250 2,001 2,059 278 Kansas 1,180 1,234 1,392 1,410 219 Minnesota	82
Delaware NA NA 631 654 75 Maryland 2,000 2,045 3,484 3,641 252 New Jersey 4,268 4,325 4,713 4,510 1,272 New York 6,661 6,896 16,998 17,101 1,821 Pennsylvania 5,682 5,851 5,374 5,509 1,626 GREAT LAKES Illinois 4,798 4,973 5,669 5,907 978 Indiana 2,942 3,036 2,966 3,040 982 Michigan* 1,332 1,395 4,561 4,820 2,200 Ohio 4,740 4,925 5,263 5,465 1,114 Wisconsin 2,705 2,892 4,170 4,417 636 PLAINS 1 1,213 1,250 2,001 2,059 278 Kansas 1,180 1,234 1,392 1,410 219 Minnesota 2,873 2,977 3,986<	
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New Jersey 4,268 4,325 4,713 4,510 1,272 New York 6,661 6,896 16,998 17,101 1,821 Pennsylvania 5,682 5,851 5,374 5,509 1,626 GREAT LAKES Illinois 4,798 4,973 5,669 5,907 978 Indiana 2,942 3,036 2,966 3,040 982 Michigan* 1,332 1,395 4,561 4,820 2,200 Ohio 4,740 4,925 5,263 5,465 1,114 Wisconsin 2,705 2,892 4,170 4,417 636 PLAINS 10wa 1,213 1,250 2,001 2,059 278 Kansas 1,180 1,234 1,392 1,410 219 Minnesota 2,873 2,977 3,986 4,099 680 Missouri 1,624 1,685 3,114 3,247 476	
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Pennsylvania 5,682 5,851 5,374 5,509 1,626 GREAT LAKES Illinois 4,798 4,973 5,669 5,907 978 Indiana 2,942 3,036 2,966 3,040 982 Michigan* 1,332 1,395 4,561 4,820 2,200 Ohio 4,740 4,925 5,263 5,465 1,114 Wisconsin 2,705 2,892 4,170 4,417 636 PLAINS 10wa 1,213 1,250 2,001 2,059 278 Kansas 1,180 1,234 1,392 1,410 219 Minnesota 2,873 2,977 3,986 4,099 680 Missouri 1,624 1,685 3,114 3,247 476	1,754
GREAT LAKES Illinois 4,798 4,973 5,669 5,907 978 Indiana 2,942 3,036 2,966 3,040 982 Michigan* 1,332 1,395 4,561 4,820 2,200 Ohio 4,740 4,925 5,263 5,465 1,114 Wisconsin 2,705 2,892 4,170 4,417 636 PLAINS 10wa 1,213 1,250 2,001 2,059 278 Kansas 1,180 1,234 1,392 1,410 219 Minnesota 2,873 2,977 3,986 4,099 680 Missouri 1,624 1,685 3,114 3,247 476	1,677
Indiana 2,942 3,036 2,966 3,040 982	4 000
Michigan* 1,332 1,395 4,561 4,820 2,200 Ohio 4,740 4,925 5,263 5,465 1,114 Wisconsin 2,705 2,892 4,170 4,417 636 PLAINS Iowa 1,213 1,250 2,001 2,059 278 Kansas 1,180 1,234 1,392 1,410 219 Minnesota 2,873 2,977 3,986 4,099 680 Missouri 1,624 1,685 3,114 3,247 476	1,006
Ohio 4,740 4,925 5,263 5,465 1,114 Wisconsin 2,705 2,892 4,170 4,417 636 PLAINS lowa 1,213 1,250 2,001 2,059 278 Kansas 1,180 1,234 1,392 1,410 219 Minnesota 2,873 2,977 3,986 4,099 680 Missouri 1,624 1,685 3,114 3,247 476	1,122 2,369
Wisconsin 2,705 2,892 4,170 4,417 636 PLAINS Iowa 1,213 1,250 2,001 2,059 278 Kansas 1,180 1,234 1,392 1,410 219 Minnesota 2,873 2,977 3,986 4,099 680 Missouri 1,624 1,685 3,114 3,247 476	1,109
Nation PLAINS Iowa 1,213 1,250 2,001 2,059 278 Kansas 1,180 1,234 1,392 1,410 219 Minnesota 2,873 2,977 3,986 4,099 680 Missouri 1,624 1,685 3,114 3,247 476	623
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Kansas 1,180 1,234 1,392 1,410 219 Minnesota 2,873 2,977 3,986 4,099 680 Missouri 1,624 1,685 3,114 3,247 476	273
Minnesota 2,873 2,977 3,986 4,099 680 Missouri 1,624 1,685 3,114 3,247 476	215
Missouri 1,624 1,685 3,114 3,247 476	645
	498
	131
North Dakota 290 317 152 152 49	44
South Dakota 341 366 NA NA NA	NA
SOUTHEAST	
Alabama 1,170 1,210 1,548 1,624 182	191
Arkansas 1,369 1,422 1,319 1,375 224 Florida 11,357 11,953 NA NA 1,163	217 1,169
110000 11,000	787
Georgia 0,002 0,000	304
iterationly 1170	290
Eddibiting 200	280
Mississippi 1,078 1,123 741 7/2 262 North Carolina 2,958 3,090 4,800 4,965 674	664
South Carolina 1,545 1,605 1,814 1,836 234	256
Tennessee* 3.674 3.913 114 112 541	591
Virginia* 1,722 1,807 4,348 4,492 402	408
West Virginia 746 779 751 775 156	145
SOUTHWEST	400
Arizona 2,101 2,210 1,494 1,548 448	430
New Mexico 1,230 1,336 635 685 163	190 179
Oklahoma* 1,136 1,168 1,516 1,566 168 Tevas 10,713 11,341 NA NA 1,503	1,572
10/40	1,0/2
ROCKY MOUNTAIN Colorado* 1,205 1,279 2,308 2,442 202	213
C0101400 1,203 1,273 2,000 2,000	175
<u>Idaho 463 485 651 673 152</u> Montana NA NA 383 404 76	84
Utah 1,158 1,241 1,136 1,196 177	175
Wyoming 206 215 NA NA NA	NA
FAR WEST	
Alaska NA NA NA 225	210
California* 15,857 16,670 20,870 22,218 5,890	5,862
Hawaii 1,433 1,455 1,000 1,011 48	<u>38</u>
Nevada 458 461 NA NA NA	<u>NA</u>
Oregon* NA NA 2,902 3,072 300	222
Washington 4,196 4,389 NA NA 1,595	223
TERRITORIES Puerto Rico 393 420 1.589 1.744 1.370	223 1,654
Fuerto Files	1,654
Total \$123,001 \$128,404 \$132,207 \$136,217 \$30,694 \$	

NOTES: NA indicates data are not available since, in most cases, these states do not have that type of tax.

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

^{**}Unless otherwise noted, fiscal 1996 figures reflect the preliminary actual tax collection estimates as shown in Table A-9, and fiscal 1997 figures reflect the estimates used in the enacted budgets.

Sales tax collections exclude local revenue. Current fiscal 1996 sales tax collection estimates include \$15,690 million in the general fund and \$167 million in the special fund. Fiscal 1997 sales tax estimates include \$16,486 million in the general fund and \$184 million in the special fund. California

Figures for fiscal 1997 were estimated in March 1996. Colorado

Figures for sales tax collections are lower than in previous surveys because prior numbers included nongeneral fund Michigan

Oklahoma Figures for fiscal 1996 are actuals.

Oregon does not have a sales tax. Because of biennial budget, these figures are interpolated in some cases. Oregon

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

Virginia Figures for fiscal 1997 were estimated in March 1996.

State	Tax Change Description	Effective Date	Fiscal 1997 Revenue Changes (Millions)
	SALES TAX	·	
Colorado	Broadens sales and use tax exemptions for machinery tools used in manufacturing.	6/96	\$ -7.0
Connecticut	Eliminates tax on transportation services.	1/96	-1.2
Florida	Exempts certain sales by private schools, retroactively.	7/96	-4.6
	Reduces local option sales tax rates on vending machines.	7/96	-1.2
	Expands exemption for manufacturing machinery and equipment.	7/96	-6.8
	Exempts newspaper and magazine subscriptions delivered by mail.	3/97	-1.5
	Exempts machinery and equipment for certain types of printing and publishing.	7/96	-5.2
	Exempts electricity used in manufacturing.	7/96	-6.1
	Expands enterprise zone credits.	7/96	-1.6
Georgia*	Removes sales tax from food.	10/96	-175.0
Idaho	Exempts telecommunications equipment.	1/96	-1.0
Kentucky	Exempts industrial supplies to intermediate processors.	7/96	-1.5
Louisiana	Excludes from sales tax any amount paid to a dealer by a manufacturer.	7/96	-5.0
Maryland*	Repeals the tax on salted snack foods.	7/97	0.0
Minnesota	Exempts used farm machinery.	7/96	-1.6
Nebraska	Eliminates veterinary sales tax.	7/96	-2.3
New York	Authorizes one-week exemption of sales tax on the sales of clothing.	1/97	-20.0
North Carolina	Reduces sales tax on food consumed at home from 4 percent to 3 percent.	1/97	-36.7
	Reduces sales tax on piped natural gas and electricity to certain industries.	8/96	-5.0
	Exempts cellular phones sold in bundled transactions.	1/96	-6.7
	Repeals sales tax on donated items. Fiscal 1998 impact is \$0.6 million.	8/96	0.0
Pennsylvania	Exempts commercial horse-racing activities.	7/96	-4.5
Utah	Exempts coin-operated laundromats.	7/96	-0.3
	Exempts coin-operated cars.	7/96	-0.4
	Exempts certain amusement devices.	7/96	-0.4
	Exempts taxicab amendments.	7/96	-0.1
	Exempts skiing.	7/96	-0.3
Washington	Exempts research and development for machinery and equipment.	6/96	-12.7
	Exempts repair and replacement of manufacturing equipment.	6/96	-20.0
	Exempts guided tours and charters (Jefferson Lines).	4/96	-1.0
	Exempts wind and solar-energy electric generating facilities.	7/96	-1.6
	Exempts carbon used in producing aluminum.	7/96	-1.6
	Exempts LIGWO materials (used for a gravitational measuring device).	3/96	-2.7
Wisconsin	Modifies retailers discount for the sales and use tax.	5/96	-4.8
	Repeals tax exemption on coin-operated phones.	8/96	1.9

-12.8

0.0

7/96

1/96

West Virginia*

Wisconsin

State	Tax Change Description `	Effective Date	Fiscal 1997 Revenue Changes (Millions)
	PERSONAL INCOME TAX		
Colorado	Reinstates income tax credit for child care expenses for families with income up to \$60,000.	6/96	\$ -7.9
Connecticut	Institutes a new 3 percent rate that will be applied to certain levels of taxable income. These levels will be expanded in 1996-97. The revenue loss is \$200 million in fiscal 1997.	1/96	-200.0
Delaware	Restructures rates.	1/97	-10.0
ldaho	Changes state filing requirements.	1/96	1.0
lowa	Indexation of rates.	NA	-5.0
Kentucky	Increases the standard deduction by \$1,000 over a four-year period.	1/96	-4.2
Louisiana	Institutes an education tax credit of \$25 per child in elementary and secondary school.	7/96	-15.0
Massachusetts	Allows a deduction for the amount of college tuition paid that exceeds 25 percent of adjusted gross income.	1/97	0.0
	Increases personal exemptions for tax year 1996 as a result of a revenue surplus in fiscal 1996.	1/96	-234.0
Minnesota	Enhances audit presence.	3/96	2.0
Missouri	Expands definition of those qualifying for disabled tax credit to include those who were not gainfully employed prior to becoming disabled. Also, changes residency requirement timetable for eligibility under senior citizens circuit breaker law.	8/96	-1.0
Montana	Exempts medical savings accounts.	7/96	-3.0
New Jersey	Reduces property taxes.	Calendar 1996	-100.0
New York	Implements phase two of the 1995 tax cut.	Various	-1,871.0
North Carolina	Exempts first \$35,000 of certain severance pay.	1/96	-3.6
	Repeals individual income tax credit for North Carolina dividends.	1/96	16.0
	Allows certain charitable deductions for taxpayers who do not itemize. Fiscal 1998 impact is \$-4.9 million.	1/97	0.0
	Modifies qualified business income tax credit.	1/97	0.0
Ohio*	Increases personal exemption for tax years 1998 and 1999.	7/96	0.0
	Provides one-time rate reduction for tax year 1996 as a result of a general revenue fund surplus.	7/96	-400.8
Oklahoma	Exempts part of private-sector retirement from state income tax.	1/97	-2.0
South Carolina	Provides a double tax exemption for children below six years of age (the third step of four-year phase-in).	1/96	-10.0
Utah	Reduces tax rate and exempts self-employed health insurance premiums.	1/96	-45.0

Exempts taxpayers with both earned income and federal adjusted gross income below \$10,000.

Conforms earned income tax credit to federal law.

State	Tax Change Description	Effective Date	Fiscal 1997 Revenue Changes (Millions)
	CORPORATE INCOME TAX		
California	Reduces by 5 percent the bank and corporation tax rate (from 9.30 percent to 8.84 percent).	1/97	\$ -85.0
Connecticut	Eliminates the taxation of S corporations.	1/97	-2.0
Florida	Expands enterprise zone job credits.	7/96	-1.5
Kansas	Provides tax relief for one firm-single allocation formula.	7/96	-1.0
Massachusetts	Institutes a harbor maintenance tax credit and credit against corporate excise for federal harbor maintenance taxes paid by shippers of goods through Massachusetts' ports.	1/96	0.0
	Institutes apportionment reform for mutual fund companies. For the purpose of calculating the corporate excise, mutual fund service providers will source sales to the state of their customers effective January 1997.	1/97	-10.0
Missouri	Changes taxation of interstate transactions.	8/96	-1.0
New York	Implements phase three of the 1994 tax cut, including additional business tax reductions.	Various	-329.0
North Carolina	Reduces corporate income tax rate from 7.75 percent to 7.0 percent in 1997. The tax rate will gradually decrease to 6.9 percent by 2000.	1/97	-14.2
•	Repeals corporate income tax deduction for North Carolina dividends.	1/96	2.9
	Provides income tax and franchise tax credit for selected business property.	8/96	-2.2
	Expands job tax credit. Fiscal 1998 impact is \$-0.7 million.	8/96	0.0
•	Provides tax credit for worker training. Fiscal 1998 impact is \$-0.5 million.	7/97	0.0
	Provides tax credit for selected investments. Fiscal 1998 impact is \$-3.1 million.	8/96	0.0
	Provides tax credit for selected research and development. Fiscal 1998 impact is \$-8.1 million.	1/96	0.0
	Broadens income tax credit for using state ports.	1/96	-0.2
	Repeals income tax credit for distributing North Carolina wine.	1/96	0.0
Ohio	Provides a voluntary environmental cleanup tax credit.	·7/96	-1.0
	Provides a technology investment tax credit.	7/96	-1.0
Tennessee	Modifies the apportionment formula for corporate franchise and excise taxes from the traditional three-factor formula to the double weighing sales four-factor formula. When phased in over two years, the estimated tax decrease is \$10 million.	12/97	0.0
Utah	Reduces gross receipts tax rate.	1/96	-4.8
Washington	Reduces tax rate for service industries and increases tax credits in distressed areas.	1/96	-99.1
***************************************	Changes tax classification for firms cleaning radioactive waste.	7/96	-2.1
	CIGARETTE AND TOBACCO TAXES		
Massachusetts	Increases tax by twenty-five cents per package of cigarettes. This increase was enacted over the Governor's veto.	10/96	\$ 74.0
	MOTOR FUEL TAXES		
Florida	Expands application of fuel taxes.	7/96	\$ 7.4
North Dakota	Increases gas tax trigger.	1/96	2.6
Oklahoma*	Changes motor fuel tax laws.	1/97	0.0

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Enacted Revenue	Changes b	y iype oi	nevellue,	FISCAL 1997

State	Tax Change Description	Effective Date	Fiscal 1997 Revenue Changes (Millions)
	OTHER TAXES		
Arizona	Reduces property taxes.	7/96	\$ -140.0
Colorado	Reduces insurance premium tax rates gradually from 2.25 percent to 2.0 percent by 2000.	6/96	-2.3
Connecticut	Reduces the hospital gross receipt tax rate from 11.0 percent to 6.25 percent by October 1, 1999.	10/96	-26.3
	Reinstates the credit for electronic data processing equipment against the insurance premiums tax and public service companies tax.	7/96	-10.0
Delaware	Reduces public utilities tax rate on cable television communications to 2.125 percent from 4.25 percent.	10/96	-1.1
	Reduces business and occupational gross receipts tax rates by an average of 4 percent across the board and creates a category and graduated set of gross receipts tax rates for grocery supermarket retailers.	1/97	-2.7
	Reduces alcoholic beverage tax on spirits based on percent of ethyl alcohol; spirits containing 25 percent or less reduced to \$2.50 per gallon from \$3.64 per gallon; and spirits containing more than 25 percent reduced to \$3.75 per gallon from \$5.46 per gallon.	1/97	-1.0
Florida	Exempts solvent mixtures from pollutants tax.	7/96	-1.8
	Special disability trust fund assessment, freeze rate.	7/96	-100.2
	Provides a recurring credit for certain guarantee association assessments.	7/96	-6.0
	Extends a variety of credits and exemptions, primarily for greyhound racing.	7/96	-11,1
Illinois	Eliminates the hospital provider tax.	4/97	52.0
Indiana	Reduces motor vehicle excise tax rates.	NA	-100.4
	Increases homestead credit on property tax.	NA	-42.7
Kansas	Reduces insurance premium taxes through credits.	7/96	-1.0
	Extends the moratorium on contributions for employers with positive balances in the unemployment insurance contribution trust fund.	1/97	-161.0
Kentucky	Phases out the Medicaid provider tax on physicians.	1/96	-12.5
Maine	Repeals the gross receipts tax.	1/97	-11.5
Minnesota	Provides refunds for unsold pulltabs.	7/96	-2.5
Montana	Reduces the business property tax.	7/96	-6.0
New York	Authorizes the repeal of the real property gains tax.	6/96	-60.0
	Phases in tax cuts enacted in 1994 and 1995.	Various	-133.4
North Carolina	Phases out soft drink tax over three years. Fiscal 1998 impact is \$-9.9 million.	7/97	0.0
	Eliminates most privilege license taxes. Fiscal 1998 impact is \$-11.1 million.	1/97	0.0
	Increases Class A inheritance tax credit. Fiscal 1998 impact is \$-3.5 million.	1/97	0.0
	Increases homestead exemptions. Fiscal 1998 impact is \$-6.0 million.	7/97	0.0
	Exempts drinks made with milk from the soft drink tax.	1/97	0.0
Puerto Rico	Provides changes from the 1994 Tax Reform.	7/96	34.0
Rhode Island	Phases out the telecommunications rate (previously enacted).	NA	-2.6
	Phases out the manufacturing energy tax (previously enacted).	NA	-2.0
	Phases out the bank deposits tax (previously enacted).	NA	-3.7
South Carolina	Phases out soft drinks tax (first step of a six-year phase out).	Fiscal 1997	-4.6
Utah	Reduces property tax rate.	1/96	-30.0
West Virginia*	Provides an annual tax credit of \$1,000 per employee.	10/96	-1.7
Wisconsin*	Imposes a utility tax rather than a local property tax on wholesale electric companies.	1/96	1.2
	Shifts the telecommunications tax from gross revenue to property tax.	6/96	30.0

Wisconsin

State	Tax Change Description	Effective Date	Fiscal 1997 Revenue Changes (Millions)	
	FEES			
Florida	Reduces corporate filing fees (recurring).	7/96	\$ -3.4	
	Modifies semitrailer registration and disabled parking permitting.	7/96	6.6	
	Modifies provisions relating to disposition of abandoned property.	7/96	97.4	
	Increases prices at prison canteens.	7/96	1.4	
	Increases swimming pool regulation fees.	7/96	1.2	
	Increases security dealer registration fees.	7/96	3.1	
Indiana	Reduces administrative fees.	7/96	-5.1	
Maryland	Raises district court fees (increased fees will provide funds for additional local police aid).	7/96	3.1	
Missouri	Expands eligible subscribers of telecommunications services for the disabled. Allows Public Service Commission (PSC) to establish surcharge sufficient to fund program. (Estimate of revenue from PSC.)	8/96	5.0	
	Extends drinking water fee structure that was to expire on September 1997 to September 2002.	9/97	2.0	
New York	Imposes for one year the assessments on health facility providers on facilities for the office of mental retardation and developmental disabilities.	4/96	0.08	
	Imposes for ten months additional assessments on residential nursing homes.	5/96	110.0	
	Increases various court fees.	7/96	2.7	
Puerto Rico	Adjusts fees.	7/96	6.0	
Rhode Island	Extends the hospital license fee at the current rate of 2.2 percent.	NA	37 <i>.</i> 5	
Vermont	Judicial court fees.	3/96	1.4	
Wisconsin	Increases court support services tees on small and large claims and civil actions.	10/95	11.7	
	Increases forfeiture judgments.	10/95	2.5	
	Charges to counties for state centers for the developmentally disabled.	7/95	1.5	

NOTES:	NA indicates da	ata are not available.
	Georgia	The sales tax on food is cut from 4 percent to 2 percent on October 1, 1996; to 1 percent on October 1, 1997; and to 0 percent on October 1, 1998. The revenue loss is \$152 million in fiscal 1998, \$129 million in fiscal 1999, and \$44 million in fiscal 2000. The total cut comes to \$500 million.
	Maryland	Repeal on salted snack foods effective with fiscal 1998.
	Ohio	Legislation passed in 1996 modified the personal exemption to the state income tax for a taxpayer and the taxpayer's spouse. The exemption is increased to \$950 for tax year 1998 and \$1,050 in tax year 1999. (The exemption had already been increased in legislation enacted in 1995 from \$650 for tax year 1995 to \$750 for tax year 1996 and \$850 for tax year 1997. The personal exemption for dependents had already been raised in 1995 from \$650 for tax year 1995 to \$850 for tax year 1996 and to \$1,050 for tax year 1997.)
	Oklahoma	Most of Oklahoma's tax or revenue proposals have an effective date of January 1, 1997. Because of lags, most of the revenue/tax impact will not be felt until fiscal 1998; one (private-sector retirement) has a five-year phase-in. The annualized impact of the tax cuts is \$50 million.
	West Virginia	Taxpayers with a federal adjusted gross income of less than \$10,000 (\$5,000 if married filing separately) may exclude up to \$10,000 in earned income from taxation as of July 1, 1996. This provision generally raises the filing threshold to \$10,000 (\$5,000 for filers who are married filing separately).

Gas Storage Tax—\$1,000 tax credit per employee applies against the gas storage tax.

The increases to other taxes are temporary. State revenues will decrease by approximately \$60 million per year beginning in the 1999-2001 biennium.

TABLE A-12

Enacted Revenue Measures, Fiscal 1997

State	Description	Effective Date	Fiscal 1997 Changes (Millions)
Arizona	Shifts \$6.0 million from the general fund to the highway fund because of a formula change.	NA	\$ 0.0
Connecticut	Restructures the lottery function into a quasi-public authority.	NA	-2.3
Florida	Shifts general revenue to trust to pay additional debt service on environmental bonds.	7/96	-5.0
	Includes health maintenance organization enrollees in reimbursement formulas.	7/96	15.1
	Expands distribution of sales taxes out of general revenue to certain professional sports franchise facilities.	7/96	-1.0
Georgia	Refunds pension settlements to federal retirees.	NA	-27.0
Kansas	Changes the timing of property tax collection through the Real Estate Settlement Procedures Act, which impacts general fund school finance.	5/96	-4.0
Maine	Establishes a MAXIMUS fund that maximizes federal funds. Transferred to general fund.	4/96	1.4
	Acquires tax anticipation note.	4/96	8.5
	Reimburses human services for targeted case management.	5/96	1.5
Missourí	Expands petroleum storage tank insurance program to include cleanups of releases of contamination prior to August 28, 1989. Will increase number of tanks qualifying for fund and thus amount of fees collected.	8/96	2.0
New Jersey	Provides a tax amnesty, which yielded \$351 million in additional revenues in fiscal 1996.	3/96–6/96	0.0
New Mexico	Increases speed limits, which will most likely reduce fines.	NA	-2.0
	Changes from annual payments to quarterly payments (\$11 million recurring and \$60 million nonrecurring).	NA	71.0
New York	Authorizes tax amnesty for sales, personal income, corporate income, and other taxes.	11/96	110.0
	Adds enforcement agents and increases penalties on cigarette retailers and wholesalers.	9/96	11.0
	Requires electronic fund transfer for large vendors of alcoholic beverages.	12/96	6.0
	Extends for one year assessments on health facilities.	4/96	405.0
	Imposes a more rigorous system of collecting estate-tax surrogate fees.	7/96	14.0
North Carolina	Provides refunds to federal retirees over three years.	7/96	-35.5
Oklahoma*	Changes motor fuel tax laws.	1/97	3.6
Pennsylvania	Provides a job creation tax credit of \$1,000 for each new job created.	7/96	-15.0
Rhode Island	Changes timing for general issuance of reflective plates.	NA	4.3
South Dakota	Repeals several sales tax exemptions.	7/96	5.4
/ermont	Maintain sales and use tax at 5 percent, which was due to sunset July 1996 to 4 percent.	7/96	35.6
Decision .	Maintain motor vehicle purchase and use tax at 5 percent, which was due to sunset July 1996 to 4 percent.	7/96	8.7
/irginia	Defers nonprescription drug sales tax exemption.	7/96	13.2
	Defers the additional withholding allowance.	7/96	22.2
	Defers corporate and personal housing development tax credit. Collects delinquent taxes through third party collectors	7/96	2.0
	Collects delinquent taxes through third-party collectors working for the tax department.	7/96	6.7
	Defers the neighborhood assistance credit.	7/96 7/96	2.8
	Increases traffic fines and fees.	7/96	1.4
	Trigon settlement payout. Keeps nongeneral fund interest.	7/96 7/96	175.0 16.9

NOTES: NA indicates data are not available. *See Note to Table A-12.

Oklahoma

Oklahoma's motor fuel tax laws (1996) will not affect the liability of the consumer. An agreement was drafted and signed that will share motor fuel tax revenue with the Indian tribal governments in exchange for the tribal governments collecting state motor fuel taxes at tribal-owned stations. Also, the point of collection was changed from the wholesaler to the rack or refinery level, which is expected to result in increased compliance. The percentage of taxes collected that is retained by the collector/vender/wholesaler has been decreased.

Total Balances and Balances as a Percentage of Expenditures, Fiscal 1995 to Fiscal 1997*

	Total Balances (Millions)**			Balances a	s a Percent of Ex	penditures
Region/State	Fiscal 1995	Fiscal 1996	Fiscal 1997	Fiscal 1995	Fiscal 1996	Fiscal 1997
NEW ENGLAND						7 10001 7007
Connecticut	\$ 81	\$ 225	\$ 216	1.0%	0.50/	0.40/
Maine	14	48	3	0.8	2.5% 2.9	2.4% 0.2
Massachusetts	604	790	582	3.8	4.9	3,4
New Hampshire	24	-26	22	2.8	-3.0	2.6
Rhode Island	50	80	63	3.1	4.8	3.7
Vermont	15	5	5	-2.1	0.7	0.7
MID-ATLANTIC	074	070				
Delaware Marvland	374	<u>379</u>	301	24.3	23.0	16,7
New Jersey	419 952	474 855	502	6.0	6.4	6.8
New York	158	286	550 337	6,4 0,5	5.6	3.5
Pennsylvania	495	340	224	<u> </u>	0.9 2.1	1.0
GREAT LAKES	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	<u> </u>		٥,١		1.4
Illinois	331	426	400	1.9	2.4	2.1
Indiana	1.098	1.464	1.418	15.6	20.3	18.9
<u>Michigan</u>	1.003	1,058	1.127	12.8	12.6	13.7
Ohio	898	1,079	1,001	6.0	6.8	5.8
Wisconsin	401	558	92	5.1	6.8	1.0
PLAINS lowa	408	E04	000			
Kansas	372	594 306	669 285	11.3	15.7	16.8
Minnesota	1.021	894	621	11.2	8.8	8.1
Missouri	497	432	198	11.9 9.4	9.5 7.3	6.5
Nebraska	196	266	171	11.7	15.1	3.1 9.1
North Dakota	31	48	48	4.9	7.4	6.9
South Dakota	11	18	23	1.9	3.0	3.5
SOUTHEAST						
Alabama	54	38	Q	1,3	0.9	0.0
Arkansas Florida	0	0	0	0,0	0.0	0.0
Georgia	411 512	616 528	631	2.9	4.2	4.1
Kentucky	361	423	428 286	5.4 7.2	5.1	4.0
Louisiana	146	3	4	3.1	8.0 0.1	5,1
Mississippi	319	215	204	12.2	8.0	0.1 7.4
North Carolina	716	907	702	7.5	9.4	6.6
South Carolina	589	599	264	14.5	13.8	5.5
<u>Tennessee</u>	138	125	101	2.7	2.3	1.8
Virginia Wash Vissisis	97	190	296	1.3	2.5	3.6
West Virginia SOUTHWEST	191	194	70	8.6	8.3	2.8
Arizona	493	640	000			
New Mexico	59	613 132	386 204	11.1	13.5	<u> </u>
Oklahoma	240	402	374	2,2 7.0	4.8	7.1
Texas	1.860	552	11	9.0	11.3 2.5	9.7 0.0
ROCKY MOUNTAIN	•			<u> </u>	<u></u>	<u> </u>
<u>Colorado</u>	489	315	396	12.5	7.1	8.9
_ldaho	<u> 36</u>	44	43	2.8	3.3	3.0
Montana	47	30	<u>30</u>	5.0	3.0	3.0
Utah Wyoming	127	257	73	5,4	9.9	2.4
FAR WEST	81	56	60	17.0	12.3	11.6
Alaska	2.136	2 530	2.949	83.0	101.0	100.0
California	683	2,539 219	611	83.0 1.6	101.0 0.5	122.0 1.3
_Hawaii	90	1.61	123	2.8	5.2	3.9
Nevada	202	273	257	15.3	22.1	19.4
Oregon	535	604	476	16.1	17.1	12.4
Washington	559	527	486	6.6	6.1	5.4
FERRITOŘIES	٥٥٦	400				
Puerto Rico	255	126	0	4.8	2.3	0.0
Total	\$20,594	\$21,163	\$18,324	5.8%	5.7%	4.8%

NOTES: NA indicates data are not available.

^{*}Fiscal 1995 are actual figures, fiscal 1996 are preliminary actual figures, and fiscal 1997 are appropriated figures.
**Total balances include both the ending balance and balances in budget stabilization funds.