Preface

The Fiscal Survey of States is published twice annually by the National Association of State Budget Officers (NASBO) and the National Governors Association (NGA). The series was started in 1977. The survey presents aggregate and individual data on the states' general-fund receipts, expenditures, and balances. 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 NASBO in August through November 2000. The surveys were completed by governors' state budget officers in the fifty states and Puerto Rico.

Each edition of *The Fiscal Survey of States* features a state policy and/or budget issue. This edition features information technology expenditures in the New Economy.

Fiscal 1999 data represent actual figures, fiscal 2000 figures are preliminary actual, and fiscal 2001 data reflect 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, 20 states are on a biennial budget cycle.

NASBO staff members Greg Von Behren and Nick Samuels compiled the data and prepared the text for the report. NGA staff member Kathy Skidmore-Williams provided production and editorial assistance. Dotty Esher of State Services Organization provided typesetting services.

In Memorium

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1951-2000

Executive Summary

Although the national economy remains relatively strong, signs on the horizon indicate that the state budget outlook may deteriorate during the next few years. Specifically, a moderate slowdown in state revenue growth and escalating state health care costs will cause many state budgets to tighten. With state health care spending accounting for 27 percent of all state expenditures, the resurgence of health care cost pressures significantly affect states' fiscal health.

This edition of *The Fiscal Survey of States* reflects actual fiscal 1999, preliminary actual fiscal 2000 and enacted fiscal 2001 figures. While the data show positive fiscal health for states during this time period, the tightening of budgets will become more apparent when governors present their fiscal 2002 and fiscal 2003 budget recommendations over the next months.

State Spending

General fund spending increases are 7.2 percent for fiscal 2001 and 7.2 percent for fiscal 2000. These figures include one-time spending from surplus funds, transfers into budget stabilization funds and other reserve funds, and payments to local governments to reduce property taxes.

Only one state reduced its fiscal 2000 enacted budget, by a total of $65.5 million—two states less than the previous year. This number is anticipated to increase as more states are forced to make adjustments to their fiscal 2001 budgets.

Within the framework of the Temporary Assistance for Needy Families program, states are focusing on providing supportive services for families to achieve self-sufficiency. Most states are not adjusting benefit levels, but states that are adjusting cash assistance payments are, for the most part, increasing benefits, carrying over the trend from the past three years. For example, nine of the ten states that adjusted cash assistance payments for fiscal 2001 increased benefit levels. In the previous two years, all seven states making changes increased benefit levels in fiscal 2000 and six out of seven states making changes for fiscal 1999 increased benefit levels.

Over one-half of the states enacted changes affecting local governments. Aid to local governments takes many forms, such as direct aid, substitution of state revenues for local revenues and assumption of local services. State aid to reduce local property taxes totals approximately $1.9 billion in fiscal 2001 budgets. Increases in aid to local governments are concentrated in the areas of revenue sharing, social services, public safety, libraries, education, and property tax relief.

Almost all states granted employee compensation increases for fiscal 2001, with an average across-the-board increase of approximately 3.1 percent. In addition, eligible employees received additional amounts for merit pay, movements along pay scales, and other forms of compensation. Some states also are reclassifying certain positions and/or using bonuses for recruiting positions that are in short supply.

State Revenue Actions

Net tax and fee changes will decrease fiscal 2001 revenues by $5.8 billion. Fiscal 2001 represents the seventh consecutive year that states reduced taxes and fees, totaling $33 billion over the seven-year period. Most of the fiscal 2001 tax reductions focus on reducing the sales, personal income and corporate income taxes.

After states enacted a $7-billion tax reduction in fiscal 1999, more recent decreases have been more modest; the amount for fiscal 2001 is only slightly larger than the $5.2-billion tax cut enacted in fiscal 2000. The change may be because states have been on a tax-cutting trend since fiscal 1995 and investment in areas such as education and infrastructure may be viewed as a significant use of dollars that had been used for tax cuts in previous years. Other findings include the following:

Fiscal 2000 net tax collections are 3.9 percent higher than the estimates originally used in adopting state budgets.

For fiscal 2001, sales, personal income, and corporate income tax collections are projected to be nearly 3.4 percent above last year's collections.

Year-End Balances

Year-end balances are at 8.4 percent, 8.3 percent, and 6.2 percent in fiscal 1999, fiscal 2000, and fiscal 2001, respectively. Although balances are at healthy levels, the amount for fiscal 2001 represents a one-third reduction from the 9.2 percent that states experienced in fiscal 1998, the height of recent state balances.

States recognize that an economic downturn can reduce balances dramatically, so they normally develop their fiscal plans with projected reserves. These reserves may be in the form of a budget stabilization fund, a required ending balance, a rainy day fund or any combination thereof. During the past several years, states have been building up rainy day fund balances and ending balances that will help prevent major disruptions in services to citizens to the extent that the economy slows from its current rapid pace of economic growth.

Recent Fiscal Deterioration

Since this comprehensive survey of state fiscal profiles was completed, anectodal evidence has emerged that actual revenues are coming in below forecasts for an increasing number of states. To determine the extent of the revenue shortfall, NASBO conducted an ad-hoc survey of state budget officers to determine the extent of the change. Twenty-nine states responded and findings of this survey show:

Revenue growth for the next fiscal year is likely to fall below current-year levels for about one-half of the states with an average reduction of about 1 percent.

Medicaid growth, which represents about 20 percent of the average state budget, is exceeding current-year budgets in more than half of the states. Medicaid expenditures may well experience double-digit growth in the future.

The combination of these two trends will reduce the ability of governors to meet their high-priority needs while continuing to balance their budgets. About eight to ten states are reporting that they will be forced to reduce their previously enacted appropriations for 2001.

Chapter four contains more detail on this emerging downturn.

State Spending on Information Technology (IT)

As IT spending continues to grow in state budgets and chief information officers begin to assume management responsibilities for IT investments across IT agencies, states are beginning to track overall IT spending. For the first time, states were asked to provide information on total budget outlays for information technology (IT). Thirty states provided figures indicating average per state expenditures of $185 million annually, ranging from an average low of $2.8 million to an average high of $621 million.

State Expenditure Developments

CHAPTER ONE

Budget Management in Fiscal 2000

Only one state—Kansas—reduced its fiscal 2000 enacted budget, by a total of $65.5 million (see Table 1). This number contrasts sharply with the 20 or more states that reduced their enacted budgets during fiscal 1990 to fiscal 1993, the peak period for midyear budget adjustments. During the past five years, 13 or fewer states had to reduce their enacted budgets.

State Spending for Fiscal 2001

Although this report captures only state general fund spending, NASBO's annual *State Expenditure Report* encompasses spending from all funding sources and provides details on the components of state spending. According to the June 2000 edition, total state spending is estimated at $962 billion for fiscal 2000, with the general fund accounting for approximately 47 percent of the total. The components of total state spending are as follows: elementary and secondary education at 22.1 percent, Medicaid at 19.6 percent, higher education at 10.4 percent, transportation at 8.7 percent, corrections at 3.7 percent, public assistance at 2.5 percent, and all other expenditures at 33.1 percent (numbers may not add due to rounding).

Within the general fund, the components of state spending are elementary and secondary education at 34.9 percent, Medicaid at 14.6 percent, higher education at 13.1 percent, corrections at 6.8 percent, public assistance at 2.7 percent, transportation at 0.7 percent, and all other expenditures at 27.1 percent (numbers may not add due to rounding). Although elementary and secondary education continues to dominate state spending, Medicaid since fiscal 1993 has become the second largest component of state spending both from state general funds and from all spending sources. In addition to Medicaid, state spending on other health services accounts for another 6.1 percent of general fund spending. As health costs spiral upward, this large component of state spending will increase pressure on state budgets.

The increase in states' general fund spending for fiscal 2001 is 7.2 percent above fiscal 2000. Even with a strong economy, states have been relatively cautious in their spending, averaging 6.6 percent over the last five years. The most significant spending increase occurred in elementary and secondary education, growing by about 7.3 percent over the past five years.

State spending in fiscal 2000 is 7.2 percent above fiscal 1999 (see Table 2 and Figure 1). In more than half of the states, expenditure growth is above 5 percent in fiscal 2000 and 2001 (see Table 3 and Appendix Table A-4).

Cash Assistance Under the Temporary Assistance for Needy Families Program (TANF). For fiscal 2001, 40 states maintain the same cash assistance benefit levels that were in effect in fiscal 2000. Of the 10 states that adjusted cash assistance benefit levels, all but one increased benefit levels (see Table 4). Most state welfare reform centers on restructuring the program rather than adjusting cash assistance payments. Since enactment of the 1996 welfare reform law, caseloads have declined substantially in nearly every state.

Between August 1996, when welfare reform began, and December 1999, welfare rolls dropped 49 percent nationwide, with 36 states experiencing caseload declines of more than 40 percent. The percentage of the

TABLE 1

Budget Cuts Made After the Fiscal 2000 Budget Passed

State	*Size of Cut (Millions)*	*Programs or Expenditures Exempted from Cuts*
Kansas	65.5	K-12 school payments, juvenile justice systemwide, health care policy home- and community-based services (HCBS) frail elderly nursing home payments, government ethics and social service medical.
Total	**$65.5**	---

SOURCE: National Association of State Budget Officers.

TABLE 2

State Nominal and Real Annual Budget Increases, Fiscal 1979 to Fiscal 2001

	State General Fund	
Fiscal Year	*Nominal Increase*	*Real Increase*
2001*	7.2%	4.0%
2000*	7.2	4.0
1999	7.7	5.2
1998	5.7	3.9
1997	5.0	2.3
1996	4.5	1.6
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--2001 average	**6.9%**	**2.3%**

NOTE: The state and local government implicit price deflator as cited by the Bureau of Economic Analysis on October 30, 2000, is used for state expenditures in determining real changes. Fiscal 2000 figures are based on the change from fiscal 1999 actuals to fiscal 2000 preliminary actuals. Fiscal 2001 figures are based on the change from fiscal 2000 preliminary actuals to fiscal 2001 appropriated.

SOURCE: National Association of State Budget Officers.

TABLE 3

Annual State General Fund Expenditure Increases, Fiscal 2000 and Fiscal 2001

	Number of States	
Spending Growth	*Fiscal 2000 (Preliminary Actual)*	*Fiscal 2001 (Appropriated)*
Negative growth	4	3
0.0% to 4.9%	18	19
5.0% to 9.9%	22	20
10% or more	7	7

NOTE: Average spending growth for fiscal 2000 (preliminary actual) is 7.2 percent; average spending growth for fiscal 2001 (appropriated) is 7.2 percent.

SOURCE: National Association of State Budget Officers.

U.S. population receiving TANF was 2.3 percent in December 1999, a decline of more than 55 percent from the number receiving welfare in fiscal 1994. Funding levels, however, remain relatively constant because the block grant nature of the TANF program guarantees certain levels of federal funding. As the need for cash assistance expenditures declines, states are free to use the TANF funds for other services to assist families in making the transition from welfare to work and assist low-income families in general.

Medicaid. Between 1990 and 1992, state Medicaid spending increased at a 27.1-percent annual growth rate, with expenditures rising from $73.7 billion to $119.9 billion in just two years; it slowed to 9.7 percent per year on average between 1993 and 1996. Between 1997 and 1998, it averaged only 4 percent. Growth has escalated more recently, with Medicaid spending increasing by 6.5 percent in 1999 and 9.1 percent in fiscal 2000. The Congressional Budget Office (CBO) is projecting further increases, averaging 8.7 percent a year through 2010. According to Moody's Investor Service, primary cost drivers in states' Medicaid expenditures include increased spending on prescription drugs—the fastest growing component of health care spending in general—and noninstitutional long-term care. Increased usage combined with rising prices will lead to increased spending. CBO suggests that several factors could maintain spending above 8 percent in the long run. Cost containment efforts for the Medicare program could result in new Medicaid spending and the number of disabled people receiving long-term care services may increase due to judicial interpretations of the Americans with Disabilities Act. To keep managed care plans in the Medicaid market, states may feel pressured to increase their capitation rates, thus diminishing the savings accrued by managed care. Also, outreach efforts for State Children's Health Insurance Program resulted in higher Medicaid use among children.

Aid to Local Governments. More than half the states' budget changes affected local governments. Most of these changes increased aid to education and provided property tax relief (see Table 5).

Aid to local governments takes many forms, such as direct aid, substitution of state revenues for local revenues, and assumption of local services. For example, Montana increased aid to local government by $42 million to offset the effects of statewide property tax reductions in fiscal 2001; South Dakota is moving to fund property tax relief at 30 percent of the total

TABLE 4

Enacted Cost-of-Living Changes for Cash Assistance Benefit Levels under the Temporary Assistance for Needy Families Block Grant, Fiscal 2001

State	*Percent Change*
California	3.0%
Colorado	*
Louisiana	26.3
Maine	5.0
Maryland	4.5
Massachusetts	10.0
Michigan*	3.0
New Hamshire	3.0
New Mexico	*
Ohio	3.0
South Dakota	-3.4
Texas*	7.0
West Virginia	*

NOTE: *See Notes to Table 4.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE 4

Colorado	The cash benefit level is set by each county, within state guidelines.
Michigan	The 3-percent increase only applies to cases where families are not expected to work due to disability, age or other crisis. Additionally, grants were increased by approximately $78 per month (a 39-percent increase) for the approximately 6,000 kinship care cases in which care for children is being provided by extended family members. In addition to the TANF increase, Family Independence Program annual clothing allowance is increased from $50 per child in fiscal 2000 to $75 per child in fiscal 2001.
New Mexico	There has been no cost-of-living adjustment actually enacted by the legislature. However, the structure of the appropriation has adversely affected the cash assistance funding. The funding has been effectively reduced by 24.3 percent from fiscal 2000 to fiscal 2001.
Ohio	There was no grant increase for state fiscal 2001, but there was a 3-percent increase the previous year, effective January 1, 2000.
Texas	In 1999 the legislature provided for a 7-percent increase in the TANF cash benefit for a family of three (i.e., caretaker and two dependents), effective in fiscal 2000 and continuing through fiscal 2001 and beyond.
West Virginia	The Department of Health and Human Resources is in the process of increasing cash assistance payments in all categories by $100 (not a percentage) over a 17-month period. The dates and amount of increase are as follows: February 1999: $25.00; July 1999: $25; December 1999: $25; and July 2000: $25.

FIGURE 1

Annual Percentage Budget Increases, Fiscal 1979 to Fiscal 2001

SOURCE: National Association of State Budget Officers.

TABLE 5

Enacted Changes in Aid to Local Governments, Fiscal 2001

Alaska	An endowment to help equalize power rates between urban and rural communities was created. Also, new three-year labor contracts with bargaining units were negotiated.
Arkansas	Act 1044 of 1999 requires counties to pay one-twelth of 80 percent salary/matching for deputy prosecuting attorneys from state funds. Act 1185 of 1999 requires counties to appraise all market value real estate once every three years using turnback funds designated for a specific purpose.
California	The state will grant a total of $212 million in discretionary funding to local governments in fiscal 2000-2001. In fiscal 1999-2000, $150 million was provided. Mandate funding in local government financing in budget act of 2000 of $7.1 million. The final legislative changes are not complete as of September 5, 2000, therefore legislative effects are unknown at this time.
Colorado	Over the last two years the severance tax exemptions on oil, gas, coal and metals have been increased through legislation, but revenues to the Energy/Mineral Impact program have so far not been negatively affected due to increasing levels of production and commodity prices. Eventually business cycles will affect revenues, which are dominated by oil and gas. The gaming commission reduced tax rates, but revenues to the program have actually increased somewhat. Similarly, waste tire revenues have not been affected even though the surrender charge was reduced from $1.00 to 75 cents in the last session because 50 cents of the charge still comes to the program that the Department of Local Affairs administers. The personal property tax exemption was increased by the legislature, but the state is backfilling local government losses.
Connecticut	The state has increased aid to municipalities by $116 million, a 5.5-percent increase. This includes a one-time state surplus distribution of $34 million. Enacted changes at the state level for fiscal 2001 that affect local governments' financial operations are minimal. Three small mandates were adopted that will have a slight effect on the spending of local governments and four minor mandates were reduced or eliminated.
Florida	The source of county revenue sharing was changed from the intangible tax to the sales tax. In addition, the dollar amount was reduced by $43.3 million, a 12.4-percent reduction. In addition to the revenue sharing reduction, local governments are expected to lose $7 million due to various sales tax exemptions.
Georgia	The state reimbursed local governments $166 million for the amount of homeowners' tax relief given when the homestead expemption was increased to $4,000. This change contributed to the state's total spending increase.
Kansas	Local government aid was reduced by $6.2 million (6.5 percent); mental health grants by $2.3 million (7.2 percent); and K-12 education by $44 million (2 percent). Community college assistance was increased to $43.2 million (70.2 percent).
Kentucky	The 2000-2002 biennial budget allocated nearly $157 million for water projects throughout the state, with $50 million devoted to a new "2020 Account," so named after the Governor's goal of delivering potable water to all Kentuckians by 2020. A total of $293 million was budgeted for community development projects throughout all 120 counties. The increase in aid to local governments is capital in nature. Beyond the initial capital investment, the increase in the operating budget is due to the new debt service associated with the bonded portion of the projects.
Louisiana	The tobacco tax distribution was cut by $12 million. Miscellaneous aid to local governments was cut by $3 million.
Maine	Appropriation of $3.6 million to offset the impact of disproportionate tax burden. Funds to be distributed through the current municipal revenue sharing system.
Maryland	The Governor's Teacher Salary Challenge Program establishes a two-year program of teacher salary grants equal to 1 percent of salaries, contingent on local school systems providing a 4-percent cost-of-living increase to teachers. The estimated cost is $35 million in fiscal 2001 and $71.6 million in fiscal 2002. Also provided is a two-year grant for intervention strategies to improve outcomes for students who are not performing at grade level. The fiscal 2001 grant is $12 million, with $19.5 million mandated for fiscal 2002. The state provided an $8-million grant to Baltimore City to partially fund elements of the city's Remedy Plan----a 16-percent increase over fiscal 2000. In fiscal 2002, $8 million is mandated. Other increased grants include $5.6 million for technology in public schools and the Maryland Technology Academy, $3 million for school readiness and $4.5 million for teacher professional development ($2.5 million to expand mentoring programs and $2 million for a teacher certification accreditation system). Funding more than doubled for the Regional Library Resource Centers from $1.70 per resident for fiscal 2001 to $3.50 per resident in fiscal 2002, with additional 50 cent increases per resident for each of fiscal 2003 ($4.00) and 2004 ($4.50). The funding remains at $4.50 thereafter. A one-time grant of $1.3 million to Baltimore City was made for the State's Attorney's Office and $200,000 to local law enforcement agencies for domestic violence units. A one-time grant of $500,000 was also made to Baltimore City for lead paint abatement. Ten counties and Baltimore City received $15.3 million to offset lost local revenues resulting from the electric and gas utility tax reform enacted at the 1999 legislative session. The grant doubles to $30.6 million for fiscal 2002 and thereafter.

TABLE 5 (continued)

Massachusetts	Funding increased in fiscal 2001 from fiscal 2000 levels for: an education reform initiative, first enacted in fiscal 1993, to improve the quality of K-12 education, by $187 million (6.8 percent); K-12 school building assistance by $50.2 million (19 percent); a program to reimburse communities that encompasses certain state-owned tax-exempt properties for forgone tax revenues by $3 million (20 percent); regional school transportation reimbursement by $8.1 million (20 percent); and police career incentives (to encourage the pursuit of college degrees) by $4.5 million (19 percent). The fiscal 2001 "excess" lottery distribution to cities and towns is budgeted at $60 million, or 9 percent more than was budgeted for fiscal 2000, although the actual distribution will be determined after the close of the fiscal year. The lottery distribution generally is estimated conservatively in the annual general appropriations act. If net lottery revenue at fiscal year end exceeds the preliminary estimate, the excess is also distributed to the cities and towns. For fiscal 2000, the additional year-end distribution was $85.5 million, or 11.3 percent of the fiscal year's total distribution. A new program in fiscal 2001 to reduce class size in grades K-3 was funded at $18 million. Local property tax exemptions for severely disabled veterans, which are locally granted and state reimbursable, have been extended to surviving spouses.
Michigan	New population estimates from the U.S. 2000 Census will affect the distribution of the state's $1.6-billion revenue sharing program to more than 1,800 local units. A portion of revenue sharing is distributed on a per capita basis. In addition, an 8-percent cap on funding increases will be lifted for local units with a population change greater than 10 percent. Fiscal 2001 is also the third year of a ten-year phase-in formula shift. Funding shifts from formulas primarily based upon local millages to formulas based primarily upon taxable values.
Missouri	The reimbursement for county juvenile personnel costs was increased by $6 million, or 112 percent. The state has also begun to reimburse local election authorities for certain costs pertaining to local elections, totalling $1.1 million in fiscal 2001.
Minnesota	Increased agricultural education credit aid $10.3 million (20 percent) in fiscal 2002 and $11.6 million (25 percent) in fiscal 2003. Increased the payment to counties in lieu of property taxes for public lands $2.6 million (40 percent) in fiscal 2002 and $2.9 million (42 percent) in fiscal 2003. Legislation passed in 2000 requires counties to restructure how they make payments for child support and maintenance. It also increased county responsibilities in sex offender registration. The costs are under study.
Montana	State payments to local governments increased by $42 million to offset the effects of statewide property tax reductions in fiscal 2001. State aid to schools increased by $10 million to reduce the local cost of basic entitlements. Additionally, the state reimbursed local governments $80.1 million to cover the costs of state tax reductions leading to local revenue losses from property taxes and vehicle fees.
Nebraska	As a property tax reduction item, general fund support for community colleges was increased by $30 million. General fund aid to school districts was reduced by $29 million due to increases in other funding sources.
New Jersey	Consolidated municipal property tax relief aid (CMPTRA) increased by $19.2 million or 2.5 percent. Growth was tied to growth in cap on municipal spending. $17.5 million, which was allocated for the regional efficiency aid program, was disbursed to municipalities that entered into share service agreements with other towns. These funds provide for a guaranteed reduction in local tax levies. Since no funds were expended for this purpose in fiscal 2000, this represents a 100-percent increase.
New Hampshire	The state assumed the cost of an adequate education from local governments by decision of the state supreme court. The state increased taxes to fund $400 million for local education as well as $400 million in statewide property taxes.
New Mexico	Enacted changes to the local property tax structure may affect the revenue flow to local governments. Effective January 1, 2001, New Mexico residential properties may not increase in valuation more than 3 percent per year and in some cases no more than 5 percent on an annual basis. A low-income elderly property tax freeze will take effect January 1, 2001. A Grenada veteran's property tax exemption, certain disabled veterans' property tax exemptions and a one-time disabled veterans property tax rebate were created. A gross receipts tax deduction for sales of tangible personal property to state-chartered credit unions was created. The negative effect to local governments is approximately $53 million. Enacted changes to the Law Enforcement Protection Fund provides for an increase in the distribution to those local governments that operate a police/sheriff's department, effective July 1, 2000. For fiscal 2001, this results in a $1.4-million increase in revenue to local governments.
New York	The fiscal 2001 enacted budget will result in net benefits of nearly $1.3 billion for all classes of local governments (counties, cities, towns, villages and school districts) compared to fiscal 2000. Under this plan, counties (inlcuding New York City) will realize savings of $673 million. School districts (excluding New York City), towns and villages will receive a net benefit of $96 million. Welfare reform and children and family services actions will generate $318 million in savings for local governments. Unrestricted aid to counties, cities, towns and villages totals $927.7 million----a 12-percent increase over the prior year. The enacted budget does not inlcude any unfunded mandates for local governments. The fiscal 2001 enacted budget also continues a state-funded multiyear cut in local school property taxes and the New York City personal income tax. In fiscal 2001, more than 3 million taxpayers will realize an estimated $1.6 billion in school property tax savings. New York City residents will receive approximately $380 million in local income tax relief.
Oregon	The legislature provided an additional $5 million in general funds directly to counties to aid in the assessment and taxation of property. The legislature also changed the taxation method of forestlands. This will have a net positive effect on local governments (including schools) of approximately $4 million during the 1999-2001 biennium.

TABLE 5 (continued)

Pennsylvania	The Education Empowerment Act provided $25 million to 11 empowerment districts for development of education improvement plans to increase school district performance. Within three years, if performance is not improved, the state may appoint a control board to govern the school district.
Rhode Island	Total aid to local governments increased 25.8 percent from enacted fiscal 2000 to enacted fiscal 2001. State law requires local governments to perform property revaluations on a specified schedule. The state will reimburse communities for a portion of the cost of these revaluations. The fiscal 2001 budget included an increase in the level of state reimbursement. The fiscal 2000 budget also included a plan to eliminate local property taxes on motor vehicles by fiscal 2005, with the state reimbursing local communities for the lost local property tax revenue. The fiscal 2002 budget extended this timeframe to fiscal 2007 and revised the annual exemption amounts.
South Carolina	The homestead exemption for homeowners more than 65 years old was increased from $20,000 to $50,000. State appropriated $37.5 million to reimburse counties for this exemption.
South Dakota	Property tax relief is paid through state aid to education. The state will move from 25-percent to 30-percent property tax relief in calendar year 2001. This will increase the state's commitment by $10.2 million in fiscal 2001 and $20.4 million in fiscal 2002 for a total yearly commitment of $122.4 million.
Texas	The state provided school districts $1.35 billion in additional biennial funds to be used for local property tax relief. The state also budgeted $496 million in biennial sales and franchise tax reduction measures (including exemptions for over-the-counter drugs and Internet access, and partial exemptions for data processing and information services). Legislation also provided for a sales tax holiday prior to the beginning of the school year. The exemptions are mandatory for local units of government (totaling $67.7 million in reduced local sales tax revenue), although the application of the tax holiday to local sales tax add-ons is optional.
Utah	Funding for planning grants to local governments was cut by $35,000, or 12 percent. An additional $3.5 million or 18 percent was appropriated to pay counties to house state prisoners. These funds will provide for additional services and an increase in the number of state inmates housed at county jails. The legislature approved a 5.5-percent weighted pupil unit increase in state funding allocated to school districts. This provided an additional $86.9 million for public education. An additional $10.4 million was provided for textbooks and supplies, plus another $5.9 million for other school district programs. The legislature appropriated $300,000 to provide nurse practitioners in local children's justice centers, $75,000 for a special investigator to help rural communities deal with difficult cases that protect children, and $1.2 million for legal research and litigation to resolve ownership for small backways and byways in rural areas. An additional $100,000 in one-time funds were appropriated for rural growth management. Funding for state health grants to counties was reduced by $118,100, or 2.4 percent.
Washington	$80 million in state funding was provided for public transportation systems to assist in the continuation of services following the passage of voter-approved Initiative 695, which repealed the motor vehicle excise tax (a primary fund source for this activity at the local level). $90.5 million was provided for cities and counties to backfill funding lost as a result of the initiative to continue funding for public health and safety programs.
Wisconsin	An $18.1-million increase in general purpose aid to local governments inlcudes funding for personal property exemptions for computer equipment, general local support and payments for municipal services to state facilities.

cost from the current 25 percent amount, and Washington provided $80 million in state funding for public transportation systems following the passage of a voter-approved initiative that repealed the motor vehicle excise tax, which is a local primary fund source for this activity.

In seven states, funding to reduce local property taxes is a significant feature of state aid to local government, totaling approximately $1.9 billion for fiscal 2001. The amounts in these states range from less than 1 percent to more than 20 percent of the total general fund increase in the state budgets.

Employee Compensation. Most states granted employee compensation increases for fiscal 2001, with an average across-the-board increase of approximately 3.1 percent. Eligible employees may receive additional amounts for merit pay, movement along pay scales, and other forms of compensation (see Table A-5).

State Revenue Developments

CHAPTER TWO

Overview

Enacted fiscal 2001 tax and fee changes will result in net decreases to state revenues of $5.8 billion, the seventh consecutive year of net tax reductions (see Tables 6 and 7 and Figure 2). Signaling the continued general fiscal health of the states, these decreases continue the recent trend of tax reduction, although they are only slightly larger than states' tax cuts in fiscal 2000. In contrast, net state tax reductions occurred only twice in the 1980s, totaling $3.1 billion.

Fiscal 2001 enacted tax reductions occurred in personal income ($2.6 billion), other taxes ($1.4 billion), sales ($934.2 million), corporate income ($708.9 million), motor fuels ($104.1 million), fees ($56.1 million), and alcohol taxes ($41.3 million). Minnesota enacted the largest net tax reduction in fiscal 2001 ($922 million), followed by New York ($898.7), Pennsylvania ($758 million), Ohio ($639.7 million), California ($501 million) and Florida ($449.6 million).

States' net increases to cigarette and tobacco taxes total $41.6 million.

TABLE 6

Enacted State Revenue Changes, Fiscal 1979 to Fiscal 2001

State	*Revenue Change (Billions)*
2001	$-5.8
2000	-5.2
1999	-7.0
1998	-4.6
1997	-4.1
1996	-3.8
1995	-2.6
1994	3.0
1993	3.0
1992	15.0
1991	10.3
1990	4.9
1989	0.8
1988	6.0
1987	0.6
1986	-1.1
1985	0.9
1984	10.1
1983	3.5
1982	3.8
1981	0.4
1980	-2.0
1979	-2.3

SOURCES: Advisory Commission on Intergovernmental Relations, *Significant Features of Fiscal Federalism*, 1985-86 edition, page 77, based on data from the Tax Foundation and the National Conference of State Legislatures. Fiscal 1988--2001 data provided by the National Association of State Budget Officers.

Collections in Fiscal 2000

State tax collections continue to reflect sustained economic growth. Indeed, only four states report lower-than-projected sales, personal income and corporate income tax collections, which represent more than half of state general fund revenues. The strongest growth continues to be in personal income taxes: in fiscal 2000, collections surpassed states' original expectations by 5.4 percent. Sales tax collections were 2.7 percent larger than original estimates (see Appendix Table A-7). The exception continues to be corporate income tax collections. Although net fiscal 2000 collections are 1.9 percent higher than original estimates, 18 states made downward adjustments to their original calculations.

Projected Collections for Fiscal 2001

Fiscal 2001 sales, personal income and corporate income net tax collections are projected to top fiscal 2000 amounts by 3.4 percent (see Appendix Table A-8). Sales tax receipts are estimated to increase by 2.9 percent and personal income taxes by 4.8 percent over fiscal 2000 levels. By contrast, corporate income tax collections are predicted to decrease by 2.8 percent. Twenty states adopted fiscal 2001 budgets anticipating a decline in corporate income tax collections from the previous year, compared with four states in which fiscal 2001 sales tax collections are expected to decline and six states where personal income tax collections are anticipated to shrink.

Revenue Changes for Fiscal 2001

Thirty-six states and Puerto Rico enacted net revenue changes for fiscal 2001 that will decrease revenues by $5.8 billion (see Table 7).

Fiscal 2001 revenue actions are highlighted below and are detailed in Appendix Table A-9. In some states, these changes include phased-in tax cuts, such as in Illinois, Massachusetts, New York, and South Carolina. In other states, revenue actions reflect one-time changes, such as a sales tax rebate in Minnesota and a statutorily mandated use of surplus funds to reduce personal income taxes in Ohio.

This survey differentiates between tax and fee increases and decreases (shown in Table 7 and Appendix Table A-9) and revenue measures (shown in Appendix Table A-10). Tax and fee changes reflect revisions in 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.

Sales Taxes. Sixteen states enacted sales tax changes for fiscal 2001, resulting in a net decrease of $934.2 million. Most of this amount reflects one-time actions that will not affect revenues in future years, including Minnesota's sales tax rebate of $637.7 million, and a six-month suspension of the sales tax on motor fuels in Illinois, totaling $150 million.

Two states enacted sales tax increases. Louisiana established a 1-percent tax on food and utilities resulting in a net increase of nearly $110 million. Kentucky extended its sales tax to interstate long distance charges, realizing a net gain of almost $24 million.

Personal Income Taxes. Twenty-one states enacted changes to personal income taxes, resulting in a net revenue decrease of over $2.6 billion in fiscal 2001. Just less than one-quarter of this figure reflects Ohio's statutorily required use of surplus funds for a one-time rate reduction, leading to a net decrease of $610.4 million. States currently without broad-based personal income taxes are Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington and Wyoming.

California enacted the most significant personal income tax cuts, creating credits for child care, teachers, providers of long-term care to the elderly and employer-provided graduate study expenses, leading to a net reduction of $465 million. Massachusetts has begun a three-year phase-in of a reduction in personal income tax rates that, combined with other changes, will lead to a net reduction of $327 million in fiscal 2001. Minnesota also lowered rates and expanded a series of credits; its fiscal 2001 net personal income tax reduction totals $237 million. An expansion of the school property tax and rent credits will lead to a $319 million reduction in Wisconsin. Illinois' final year phase-in of an increase in the personal exemption and a tuition tax credit totals a $190-million net decrease.

Three states enacted net personal income tax increases. These include Louisiana (which suspended the education credit and limited itemized deductions, resulting in an $85.2 million increase), Ken-

FIGURE 2

Enacted State Revenue Changes, Fiscal 1991 to Fiscal 2001

SOURCE: National Association of State Budget Officers.

TABLE 7

Enacted Fiscal 2001 Revenue Actions by Type of Revenue and Net Increase or Decrease* (Millions)

State	*Sales*	*Personal Income*	*Corporate Income*	*Cigarettes/ Tobacco*	*Motor Fuels*	*Alcohol*	*Other Taxes*	*Fees*	*Total*
Alabama									$0.0
Alaska									0.0
Arizona							$-2.2		-2.2
Arkansas		$-15.0							-15.0
California	$-5.0	-465.0	$-31.0						-501.0
Colorado	-40.2	-115.7	-15.0						-170.9
Connecticut	-36.5				$-99.0		-85.5		-221.0
Delaware									0.0
District of Columbia									0.0
Florida	-75.6					-$40.3	-295.6	-$38.1	-449.6
Georgia									0.0
Hawaii	-2.0		-24.8						-26.8
Idaho		-26.9	-2.1						-29.0
Illinois	-150.0	-190.0	-40.0						-380.0
Indiana									0.0
Iowa	-3.0	-8.4							-11.4
Kansas	-4.4						1.5		-2.9
Kentucky	23.6	1.0			-5.1		1.8		21.3
Louisiana	109.9	85.2		$14.7					209.8
Maine	-7.5	-23.1							-30.6
Maryland		-24.9					-10.9	-2.8	-38.6
Massachusetts**		-327.0							-327.0
Michigan	-24.2	-85.9	-52.5				-7.3		-169.9
Minnesota	-640.5	-237.0	-0.2				-3.1	-41.2	-922.0
Mississippi									0.0
Missouri								4.0	4.0
Montana							-18.4		-18.4
Nebraska									0.0
Nevada									0.0
New Hampshire			22.0	28.0			36.0		86.0
New Jersey									0.0
New Mexico								1.7	1.7
New York	-23.2	-69.0	-549.3			-1.0	-261.0	4.8	-898.7
North Carolina								10.3	10.3
North Dakota									0.0
Ohio		-610.4	-15.0				-14.3		-639.7
Oklahoma							-10.1		-10.1
Oregon		-12.1	-1.0	-1.1					-14.2
Pennsylvania	-27.4	-16.2					-730.1		-773.7
Puerto Rico		-141.0							-141.0
Rhode Island							2.4		2.4
South Carolina	-28.2	2.8							-25.4
South Dakota									0.0
Tennessee									0.0
Texas**									0.0
Utah							-26.5	6.7	-19.8
Vermont							-3.5		-3.5
Virginia		-19.9							-19.9
Washington									0.0
West Virginia							5.2		5.2
Wisconsin		-319.0							-319.0
Wyoming							-5.3	-1.5	-6.8
Total	$-934.2	$-2,617.5	$-708.9	$41.6	$-104.1	$-41.3	$-1,426.9	$-56.1	$-5,847.4

NOTE: *See Appendix Table A-9 for details on specific revenue changes.
**See Notes to Table A-7.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE 7

Massachusetts	Although Massachusetts operates under an annual budget and the fiscal year extends from July 1 through June 30, the 2000 legislative session generally encompasses calendar years 1999 and 2000. All but one of the tax changes were approved in the fiscal 2000 budget adopted November 1999. A deduction for charitable contributions was approved in the fiscal 2001 budget adopted July 2000.
Texas	Texas operates under a biennial budget, enacted into law in odd numbered years. Texas' last session was in 1999. There is no session in 2000.

tucky ($1 million) and South Carolina ($2.8 million).

Corporate Income Taxes. Eleven states enacted corporate income tax changes, resulting in a net decrease of $708.9 million. In the course of utility deregulation, New York cut its corporate franchise, corporation and utilities taxes by $549.3 million. Investment, brownfields and high-tech tax credits in Michigan will result in a net decrease of $52.5 million. California established credits for research and for land donated for conservation resulting in a net reduction of $31 million. Illinois continues a phase-in of a single sales factor allocation and created an insurance tax offset, lowering corporate income tax collections by $40 million. Hawaii enacted a credit for hotel construction and remodeling leading to a $24.8-million decrease. New Hampshire raised corporate income tax rates from 7 percent to 8 percent, resulting in a $22-million increase.

Cigarette, Tobacco, and Alcohol Taxes. As states continue to receive payments from the Tobacco Master Settlement Agreement, three have enacted changes to cigarette and other tobacco taxes in fiscal 2001. New Hampshire increased its per pack tax on cigarettes by 15 cents, resulting in a $28-million increase. Louisiana raised its tax by 4 cents per pack and extended its tax on smokeless tobacco to 20 percent. The net revenue increase is $14.7 million. Oregon prolonged its sunset on the cigarette tax, resulting in a revenue decrease of $1.1 million.

Only one state enacted changes to alcoholic beverage taxes. Florida reduced its alcoholic beverage surcharge by half and established an exemption for charitable organizations, resulting in a $40.3-million decrease.

Motor Fuel Taxes. While high petroleum prices during the summer led several states to suspend the assorted taxes placed on motor fuels, only two have enacted changes that will affect fiscal 2001 revenues. Connecticut reduced its gas tax from 32 cents to 25 cents per gallon. The net tax reduction is $104.1 million. Kentucky exempted certain special fuels used for nonhighway purposes, resulting in a $5.1-million decrease.

Other Taxes and Fees. Revenues generated from other taxes, including personal property taxes, usually cover the costs for licensing and regulation enforcement, promote environmental conservation, and generate revenues for health care. Fees are often associated with motor vehicles and other types of licensing. Oklahoma adjusted how its motor vehicles excise tax is calculated and changed the basis on which vehicle registration fees are assessed, resulting in a $10.1-million net tax decrease.

Pennsylvania enacted a substantial homeowner's property tax rebate in fiscal 2001, resulting in a $330-million revenue decrease. It also lowered capital stock and franchise taxes by $303.4 million and reduced the inheritance tax, a $78-million decrease. Florida continued to reduce the millage for its intangibles tax, leading to a fiscal 2001 tax decrease of $210.2 million. The state also eliminated auto emissions testing, accounting for a $51.9-million reduction.

Total Balances

CHAPTER THREE

Sustained levels of economic growth have allowed states to increase their reserves. As a result, fiscal 2001 is the eighth consecutive year that ending balances exceed 5 percent of states' annual expenditures. These balances for fiscal 2001 are $29.4 billion, or 6.2 percent of expenditures (see Table 8). Compared to similar figures from ten years ago, states are fiscally healthy, although fiscal 2001 balances as a percentage of expenditures are lower than they have been in the past six years. In fact, the figure of 6.2 percent for fiscal 2001 represents a decline of one-third from the peak of state balances, which was 9.2 percent of expenditures in fiscal 1998. These balances reflect the persistence of the economic expansion and emphasize the need for states to accumulate balances during healthy economic times.

Balances as a percentage of expenditures in fiscal 1999 and fiscal 2000 are among the strongest in the past 22 years (see Figure 3). Total balances reflect the funds states may use to respond to unforeseen circumstances after budget obligations have been met. Both ending balances and the amounts in budget stabilization funds are included in total balance figures (see Appendix Tables A-1, A-2, A-3, and A-11). Based on fiscal 2000 total balances of $41.3 billion, two-thirds of the states estimate balances as a percentage of expenditures to be 5 percent or more; the average is 8.3 percent. Eighteen of those states estimate total balances to be 10 percent or greater—a healthy buffer in case of an economic downturn or other uncertainties (see Table 8, 9, A-11, and Figure 4).

Since the recession of the early 1990s, states have worked to build their rainy day fund balances and ending balances to safeguard against disruption of services should economic growth slow. The fiscal downturn during those years and during a similar period in the early 1980s caused state balances to fall rapidly. During the one-year period from 1980 to 1981, for example, balances plunged from 9 percent of expenditures to 4.4 percent, forcing states to cut budgets and raise taxes. During the early 1990s, states found themselves lacking balances adequate to manage a fiscal slowdown once again. Before the economy slowed in 1989, state balances equaled 4.8 percent of expenditures. Within two years, balances hit bottom, totaling only 1.1 percent of expenditures in 1991. In fiscal 1992, 35 states were forced to cut current-year

TABLE 8

Total Year-End Balances, Fiscal 1979 to Fiscal 2001

Fiscal Year	*Total Balance (Billions)*	*Total Balance (Percentage of Expenditures)*
2001*	$29.4	6.2%
2000*	41.3	8.3
1999	39.3	8.4
1998	35.4	9.2
1997	30.7	7.9
1996	25.1	6.8
1995	20.6	5.8
1994	16.9	5.1
1993	13.0	4.2
1992	5.3	1.8
1991	3.1	1.1
1990	9.4	3.4
1989	12.5	4.8
1988	9.8	4.2
1987	6.7	3.1
1986	7.2	3.5
1985	9.7	5.2
1984	6.4	3.8
1983	2.3	1.5
1982	4.5	2.9
1981	6.5	4.4
1980	11.8	9.0
1979	11.2	8.7

NOTE: Figures for fiscal 2000 are preliminary actuals; figures for fiscal 2001 are based on appropriations.

SOURCE: National Association of State Budget Officers.

TABLE 9

Total Year-End Balances as a Percentage of Expenditures, Fiscal 1999 to Fiscal 2001

	Number of States		
Percentage of Expenditures	*Fiscal 1999 (Actual)*	*Fiscal 2000 (Preliminary Actual)*	*Fiscal 2001 (Appropriated)*
Less than 1.0%	1	1	1
1.0% to 2.9%	4	5	8
3.0% to 4.9%	6	7	10
5.0% or more	40	36	29

NOTE: The average for fiscal 1999 (actual) was 8.4 percent; the average for fiscal 2000 (preliminary actual) is 8.3 percent; and the average for fiscal 2001 (appropriated) is 6.2 percent.

SOURCE: National Association of State Budget Officers.

FIGURE 3

Total Year-End Balances and Total Year-End Balances as a Percentage of Expenditures, Fiscal 1979 to Fiscal 2001

SOURCE: National Association of State Budget Officers.

FIGURE 4

Total Year-End Balances as a Percentage of Expenditures, Fiscal 2000

SOURCE: National Association of State Budget Officers.

budgets. The following year, 23 states were obliged to take that action again, causing uncertainty both for citizens receiving necessary services and for the governments delivering them. To stem these losses, states raised $25 billion in new revenues during the same two-year period. Remembering how swiftly that economic decline transpired, states have prepared themselves cautiously to handle the next slowdown.

State balances peaked in fiscal 1998, at 9.2 percent of expenditures. Balances have begun to decline gradually since then, the result of recent tax cuts, increases in state service obligations (particularly for education and health care), and an overall leveling-off of the economy. Demonstrating the combined effect of those factors, fiscal 2001 year-end fund balances as a percentage of expenditures are the lowest since fiscal 1994. Although expenditure growth from fiscal 2000 to fiscal 2001 remained steady, it is still high at 7.2 percent. Indeed, spending increases in fiscal years 1999, 2000 and 2001 outpace every fiscal year in the last 12. For more detail on state expenditures and the factors driving them, see Chapter One.

All but four states have budget stabilization funds, which may be budget reserve funds, revenue-shortfall accounts or cash-flow accounts. About three-fifths of the states have limits on the size of their budget reserve funds, ranging from 3 percent to 10 percent of appropriations. Ordinarily, funds above those limits remain in a state's ending balance.

Changes to Budgeting and Financial Management Practices

States continued to make changes to their budgeting and financial management systems in the 2000 legislative session. Among the most common was implementation of integrated financial management systems that track accounting, payroll and human resources functions. More states also are initiating performance or program budgeting systems, continuing the trend of "managing for results." One state, Illinois, used tobacco settlement proceeds to establish a budget stabilization fund. For details on these changes, see Table 10.

TABLE 10

Changes to Budgeting and Financial Management Practices

NEW ENGLAND	
Connecticut	Initiated a hiring freeze statewide. Excludes refill of positions critical to public health, welfare and safety or essential to the management of state responsibilities. As an enhancement to program measures, historically required in the budget document, for the fiscal year 2001-2003 biennium, each agency will be required to have at least one performance measure. Earmarked $7.5 million in surplus dollars to finance the replacement of core financial and human resources systems targeted under Phase I of the project.
Maine	Full implementation of performance budgeting for fiscal years 2002-2003 biennium based on the prototype submitted to the legislature.
Massachusetts	Financing of the authority that operates mass transit facilities in eastern Massachusetts, the Massachusetts Bay Transportation Authority (MBTA), has materially changed. Historically, the Commonwealth provided debt-service guarantees, substantial contract assistance on MBTA's outstanding bonds and payment of its net cost of service in arrears. Effective fiscal 2001, the Commonwealth's obligation is generally limited to 1 percentage point of the state's 5-percent sales tax, which is dedicated to funding MBTA operations under a trust fund mechanism.
New Hampshire	The state is piloting a performance-based budgeting system.
Vermont	Continued planning and implementation of a new financial management system, including an integrated accounting/performance budgeting capability; implementing financials for fiscal 2002; and budgeting for the preparation of the fiscal 2003 budget.
MID-ATLANTIC	
Maryland	The state continues implementation of the Managing for Results program and of new software for an automated budget system.
New Jersey	Although no changes have been made, New Jersey released a request for proposals in August 2000 for an integrated financial and administrative suite that will integrate human resources, payroll and financial systems.
Pennsylvania	Acquisition of a new integrated management system for accounting, budgeting, payroll, personnel and procurement.
GREAT LAKES	
Illinois	All proposed new initiatives in the upcoming budget must first be presented to and approved by the Office of Performance Review within the Governor's Office. Also, a Budget Stabilization Fund was created using tobacco settlement funds.
Ohio	The Department of Human Services and the Bureau of Employment Services merged into a new agency, the Department of Job and Family Services, on July 1, 2000.
PLAINS	
Kansas	Kansas is conducting a needs assessment and fit analysis.
Missouri	As part of the change to the new human resources system, state employees will be paid on a bimonthly lag payroll rather than on a once-a-month anticipatory payroll.
Nebraska	A $1-million appropriation from the state general fund and a $1.5-million appropriation from cigarette tax receipts for the next phase of the new financial management system.
SOUTHEAST	
Alabama	Phasing in performance-based budgeting.
Arkansas	The state is beginning a phase-in of a performance-based accountability system. It is also implementing an integrated information system to include activities-based costing with expenditures tied to measurable performance outputs.
Florida	Legislation passed creating a State Technology Office (STO) and chief information officer, centralizing the management of information technology (IT) resources for state agencies. The STO responsibilities include advising and assisting state agencies in the integration of IT systems and services; oversight of state agency IT purchases to ensure suitable agency integration; ensuring fiscal responsibility and accountability relating to IT resources; and facilitation of IT education and training. Legislation also passed creating a new public-private partnership known as Workforce Florida, Inc., which will be responsible for developing and overseeing the implementation of consolidated workforce policy and planning strategies at the state and local levels. The legislature passed a bill that will require all state agencies to develop zero-based budgets at least once every eight years. Statutory revisions were made to eliminate the strategic planning process and to replace it with a long-range program planning process. The changes also increased flexibility for agencies in managing their budgets and created a new process for zero-based budgeting. The legislature authorized the implementation of the first phase of an integrated financial management system to improve interoperability of the state's accounting, payroll, personnel and budgeting systems. The overall goal of the integrated financial management system initiative is to use integrated state-of-the-art technology to reduce government's inefficiency in this area by replacing the old legacy systems. A reserve policy has been established in the state's pension fund, the vesting period for retirement has been lowered and a defined contribution (DC) plan has been authorized. The defined benefit (DB) plan remains in effect with employees having a choice between DC and DB plans. Certain other benefits were also improved. The DC plan goes into effect July 1, 2002.

TABLE 10 (continued)

Georgia	The state has created a technology authority. There continues to be an ongoing external performance audit of state agencies. All state agencies now use PeopleSoft.
Kentucky	During the 2000 regular session, the Kentucky General Assembly directed the executive branch to develop a more formal process of managing for results. Direction is provided to the Office of the State Budget Director to implement a statewide strategic planning process resulting in four-year strategic plans for each cabinet agency. These plans are to be submitted with agency budget requests for the 2002-2004 biennium. In addition, the Office of the State Budget Director is directed to develop a pilot performance budgeting process in which three to six agencies will be required to submit budget requests under the existing budget framework as well as under the pilot performance budgeting framework. The state just completed its first year of implementation of a new integrated financial, procurement and materials management system. One component of that implementation was a new budget system. All agencies, the Kentucky Office of State Budget Director and the legislative branch during the 2000-2002 biennial budget process used the budget system.
SOUTHWEST	
Arizona	Arizona has just completed phase two of a three-phase, six-year migration to program budgeting. The automated budgeting system was modified to reflect this.
New Mexico	Beginning in fiscal 2001, the state expanded its revenue chart of accounts. The biggest changes in budget processes result from the implementation of the Accountability in Government Act (AGA). This act provides for performance-based program budgeting. Appropriations and budgets will change from an incremental system of budgeting by categories within divisions of agencies to one based on outcome measures----setting and achieving targets to meet program purposes. The intent is that budgets will be established with fewer categories and more flexibility relative to the authority to transfer budget between programs and/or categories.
ROCKY MOUNTAIN	
Montana	The Department of Administration is developing an alternative state employee pay and classification system for selected groups of employees. The state also implemented an automated budgeting system in 1998. New financial and human resource systems were implemented in fiscal 2000.
Wyoming	The executive and legislative branches conducted a joint interim study of expenditures/revenues.
FAR WEST	
California	The Department of Child Support Services was established to administer the child support enforcement program, previously administered by the Department of Social Services. As a related matter, the Franchise Tax Board took over development of the statewide automated child support system from the Health and Human Services Agency Data Center. California has implemented the requirements of the federal Workforce Investment Act (WIA) of 1998, which repealed the Job Training Partnership Act (JTPA) and established new requirements for employment and training programs for adults, disadvantaged youth and dislocated workers. As required under WIA, the Governor has established the California Workforce Investment Board (CWIB) to replace the State Job Training Coordinating Council, which gave policy direction for the JTPA program. The CWIB will provide policy guidance for the state's implementation of WIA and work closely with the Local Workforce Investment Areas, which the CWIB has designated, in statewide implementation of WIA. State transportation finance was augmented by a $6.9 billion-diversion of funds from the general fund: $5.4 billion for specific projects (will leverage other state, local, federal and private funds) and $1.5 billion to augment public transit, formula allocations for state and local capital projects, and local streets and roads maintenance. The plan is funded over six years.
Nevada	An initiative of the Governor, a long-range revenue and expenditure forecast was done after the close of the legislative session. Agencies did much of the input of their budget requests into the budget system in summer 2000, more than a year after the legislative session.
Oregon	Legislation passed that requires the Governor to present 10-percent reductions in all funds based upon cost benefits.
TERRITORY	
Puerto Rico	An early retirement window for state employees was created.

SOURCE: National Association of State Budget Officers.

Recent Fiscal Deterioration

CHAPTER FOUR

Though strong economic times have allowed states to build up balances, cut taxes, and make significant investments in education and infrastructure, recent indicators reflect a major turning point. The state fiscal outlook has become more clouded due to slowing revenue growth and the resurgence of Medicaid growth. Overall, this economic slowdown could be cause for concern, as it will restrict governors from using budgets to pursue their top policy priorities.

Findings in an ad-hoc survey just completed by NASBO show weakening in the fiscal outlook for both the current and next fiscal year for most states. Though states have experienced strong revenue growth over the last several years with budgets not affected by universal cost drivers, the moderate slowdown in state revenue growth and escalating state Medicaid costs will force many states to adjust budgets.

NASBO found the following trends for fiscal 2001 and 2002:

About one-half of the states assume general fund revenue growth for fiscal 2002 will be lower than current year estimates. On average, the decline in estimated revenue is approximately 1 percent, although several states indicate a much steeper decline from fiscal 2001 to fiscal 2002.

Revenue sources most likely to generate lower revenue in fiscal 2002 include individual income taxes, corporate income taxes and sales taxes.

About one-half of the states estimate that Medicaid spending will exceed current projections. The most cited reasons for this are renewed caseload growth, significant increases in prescription drug costs, long-term care, and a general increase in medical costs.

A modest number of states are being forced to reduce current year appropriations and make other adjustments to maintain balanced budgets.

The strong economy of the past several years has allowed states to invest more in areas such as elementary and secondary education. Spending in these areas grew by 9.1 percent from fiscal 1999 to fiscal 2000. Elementary, secondary, and higher education investments consumed close to one-third of spending from all funding sources and almost one-half of general fund spending. States not only increased investments in education and general infrastructure, but they cut taxes by $27.3 billion from fiscal 1995 to fiscal 2000.

Growth in Medicaid Spending. The NASBO survey results found that Medicaid expenditures are, once again, absorbing greater amounts of state resources. Overall total state health care spending accounts for about 27 percent of total state spending. Of this, Medicaid itself accounts for nearly 20 percent of total state spending. Factors affecting Medicaid and total state health care spending include:

increases in pharmaceutical prices and utilization;

increases in enrollment due to outreach efforts in states' children's health insurance programs (SCHIP);

federal law requirements requiring standardization of reporting;

court decisions affecting the costs for the disabled population.

Other Major Trends. While the economy is expected to continue to witness real economic growth of about 3 percent, this is a significant reduction from the recent past growth of more than 5 percent.

Fiscal 2000 net tax collections were 3.2 percent higher than the estimates originally used in adopting state budgets. For fiscal 2001, sales, personal, and corporate income tax collections were projected to be nearly 4.2 percent above last year's collections. However, this estimate may be too optimistic. Less stock market capital gains, slower growth in corporate profits, and a pullback by consumers will all impact state revenues as the economy slows. These will likely impact all state revenue sources—sales taxes, personal income taxes, and corporate profit taxes.

States have built balances including rainy-day funds and ending balances during the strong economic times. Balances grew from 1.1 percent of expenditures in fiscal 1991 to 9.2 percent in fiscal 1998. Projections show balances will be 6.2 percent in fiscal 2001.

Special Feature: State Spending on Information Technology (IT)

State uses of information technology have been rapidly increasing over the past five years across a broad range of applications that allow states to automate processing systems and provide information and services via the Internet. Information technology (IT) spending has risen rapidly as a percentage of state budgets represented primarily through agency appropriations. As IT spending continues to grow in state budgets and chief information officers begin to assume management responsibilities for IT investments across state agencies, states are beginning to track overall IT spending.

For the first time, states were asked to provide information on total budget outlays for IT (see Table 11). Thirty states provided figures indicating average per state expenditures of $185 million annually, ranging from an average low of $2.8 million to an average high of $621 million.

Other responding states indicated a broad range of IT priorities and approaches to investing.

Twenty-nine states are partnering with the private sector through a series of agreements and mechanisms that leverage state investments in infrastructure and IT services, particularly those that focus on improved citizen access and service.

Thirty-one states are providing postsecondary distance learning opportunities including accredited college courses via the Internet or other interactive venues.

Thirty states have implemented information technology solutions for streamlining business permitting, licensing, regulation and reporting that include online transactions, integrated one-stop business assistance and access to supportive resources.

TABLE 11

State Information Technology Appropriations (Millions)

State	*Fiscal 1999 (Actual)*	*Fiscal 2000 (Preliminary Actual)*	*Fiscal 2001 Appropriated*
Alabama			
Alaska	3.2	5.1	7.3
Arizona	*	*	*
Arkansas	172.1	200.9	219.2
California*	1,283.4	1,319.7	1,174.3
Colorado	147.1	225.7	228.1
Connecticut			
Delaware			
Florida	*	*	*
Georgia			
Hawaii			
Idaho*	104.4	104.8	NA
Illinois*	480.8	554.0	603.9
Indiana	120.2	142.2	136.4
Iowa	63.0	81.0	93.0
Kansas	12.7	8.1	0.1
Kentucky			
Louisiana	253.0	278.4	NA
Maine	62.2	64.5	67.2
Maryland	490.0	495.0	569.0
Massachusetts	328.6	323.3	339.5
Michigan	318.6	409.6	425.2
Minnesota*		50.0	50.0
Mississippi			
Missouri	242.9	278.1	312.0
Montana			
Nebraska			
Nevada			
New Hampshire	65.7	83.2	83.2
New Jersey	344.0	373.0	416.0
New Mexico			
New York	*	*	*
North Carolina			
North Dakota	24.4	26.2	23.5
Ohio	354.3	638.6	545.5
Oklahoma	134.4	161.2	205.7
Oregon			
Pennsylvania	145.3	151.6	257.9
Puerto Rico			
Rhode Island*	28.4	26.5	21.7
South Carolina	35.5	72.6	71.7
South Dakota			
Tennessee			
Texas	570.6	679.2	613.0
Utah			
Vermont			
Virginia	231.0	357.7	348.5
Washington*	123.6	105.1	NA
West Virginia*			
Wisconsin	269.0	292.0	292.0
Wyoming	24.9	24.9	16.3
Total	**$6,433.3**	**$7,532.2**	**$7,420.2**

NOTE: *See Notes to Table 11.

NOTES TO TABLE 11

Arizona	The manner in which the Arizona legislature appropriates funds does not allow for the identification of all dollars designated for information technology (IT).
California	These figures are from an annual survey conducted in January and February 2000 of state departments and do not include telecommunications expenses related to IT. Figures also exclude IT expenses for certain state departments that did not respond to the survey. At least 90 percent of the departments that make significant investments in IT are included in the totals.
Florida	Florida currently does not have a mechanism for tracking IT expenditures. However, the Florida legislature recently passed a bill (Chapter 2000-164, Laws of Florida) that implemented the "Uniform Electronic Transaction Act." This bill created the State Technology Office (STO) to be headed by a chief information officer appointed by the Governor, centralizing the management of IT resources for state agencies. The STO will coordinate the purchase, lease, and use of all IT services for state agencies; will be responsible for integrating the IT systems and services of state agencies; and will be responsible for the inventory, purchasing, and fiscal accountability for all state agency IT resources. As a result of this act, Florida will be able to more accurately identify and monitor all IT expenditures during the coming year.
Idaho	Numbers represent actual expenditures for the categories of operating expenditures and capital outlay. State does not collect personnel cost data for IT staff. Idaho does not appropriate at this level of detail, so no numbers are available for fiscal 2001 for any expenditure category.
Illinois	The stated amounts are from a new annual survey conducted by the Illinois Technology Office begun in April 2000. The amounts include IT services, hardware, software, IT training, telecom costs associated with data transfer only, and IT professional services/consultants. These amounts do not include education.
Montana	Approximately $50 million per year in 2000 and 2001 for new initiatives. Doesn’t include base budget spending.
New York	At this time, New York does not have an accurate accounting of its IT expenditures. The state budget and state comptroller’s accounting system are not set up to track specific IT-related expenditures. However, the Office for Technology has been given a statutory mandate to conduct a statewide technology inventory and will be conducting this inventory over the coming months.
Rhode Island	These figures include only appropriations that are specifically identifiable as IT-related expenses. They include expenditures for hardware, software, telecommunications, computer supplies and agency expenditures for the state’s central IT rotary (enterprise) fund. These figures do not include expenditures for direct staff assigned to IT, except for the central IT rotary personnel, nor for contractors or consultants hired for specific IT projects. These expenses are not easily segregated from the overall expenditures for these categories so they have not been included.
Washington	Data processing costs only.
West Virginia	IT is embedded in each state agency’s appropriations so this information is not available.

Appendix

TABLE A-1

Fiscal 1999 State General Fund, Actual (Millions)

Region and State	*Beginning Balance*	*Revenues*	*Adjustments*	*Total Resources*	*Expenditures*	*Adjustments*	*Ending Balance*	*Budget Stabilization Fund*
NEW ENGLAND								
Connecticut**	$ 0	$10,616	$ 0	$10,616	$10,545	$ 0	$ 72	$ 529
Maine**	98	2,237	-59	2,277	2,154	-106	229	132
Massachusetts**	70	19,075	0	19,145	18,370	703	71	1,389
New Hampshire**	41	1,024	-130	935	935	0	0	20
Rhode Island**	132	2,019	0	2,151	2,036	16	98	65
Vermont**	0	841	-1	841	825	16	0	40
MID-ATLANTIC								
Delaware* **	315	2,191	0	2,506	2,153	0	305	114
Maryland**	420	8,513	185	9,118	8,535	0	583	635
New Jersey*	1,257	18,164	0	19,422	18,070	85	1,267	627
New York* **	638	36,741	0	37,379	36,487	0	892	473
Pennsylvania**	265	18,583	118	18,966	18,368	151	447	941
GREAT LAKES								
Illinois	1,202	21,675	0	22,876	21,525	0	1,351	0
Indiana**	1,574	8,940	0	10,514	8,489	559	1,466	525
Michigan**	55	9,561	50	9,667	9,422	244	0	1,223
Ohio**	139	19,065	0	19,204	18,017	966	221	953
Wisconsin* **	552	10,114	56	10,722	10,009	11	701	0
PLAINS								
Iowa	411	4,538	-139	4,810	4,526	0	284	444
Kansas**	754	3,978	5	4,737	4,196	0	541	0
Minnesota* **	2,527	10,374	0	12,902	10,981	0	1,921	1,542
Missouri	348	7,072	0	7,421	7,063	0	358	135
Nebraska**	431	2,124	-30	2,526	2,233	0	293	146
North Dakota**	97	740	0	837	758	17	62	0
South Dakota**	0	751	16	767	734	33	0	35
SOUTHEAST								
Alabama	51	4,940	0	4,991	4,919	0	72	0
Arkansas	0	3,050	0	3,050	3,009	0	40	0
Florida	401	17,917	0	18,318	17,952	0	366	1,328
Georgia	790	13,384	0	14,174	13,013	0	1,161	381
Kentucky**	356	6,237	366	6,959	6,537	358	64	230
Louisiana**	94	5,831	22	5,946	5,934	39	-27	24
Mississippi	101	3,217	0	3,319	3,100	0	218	225
North Carolina**	515	12,734	228	13,477	12,962	218	297	523
South Carolina*	517	4,931	0	5,447	4,724	0	723	138
Tennessee**	248	6,251	-105	6,394	6,278	26	90	127
Virginia	971	9,708	0	10,679	10,194	0	485	362
West Virginia**	125	2,618	24	2,767	2,606	5	156	65
SOUTHWEST								
Arizona	506	5,635	0	6,142	5,886	0	255	387
New Mexico	225	2,946	0	3,172	3,199	0	-27	185
Oklahoma**	174	4,506	14	4,694	4,460	0	234	150
Texas	3,447	53,405	0	56,852	53,373	0	3,479	80
ROCKY MOUNTAIN								
Colorado**	901	5,794	-170	6,525	5,839	0	686	217
Idaho**	36	1,625	-3	1,657	1,611	0	47	36
Montana	44	1,106	0	1,150	1,044	-4	110	0
Utah**	44	3,191	21	3,256	3,248	0	7	95
Wyoming* **	40	500	35	575	502	0	73	13
FAR WEST								
Alaska* **	0	1,291	1,002	2,294	2,294	0	0	2,628
California*	2,920	58,615	0	61,535	57,827	0	3,708	3,116
Hawaii	154	3,286	0	3,440	3,251	0	189	0
Nevada**	83	1,526	5	1,614	1,624	-102	93	129
Oregon	127	4,328	0	4,454	4,125	0	329	28
Washington**	530	9,977	-219	10,288	9,826	0	462	536
TERRITORIES								
Puerto Rico	92	6,775	0	6,866	6,714	0	153	30
Total	**$24,727**	**$467,484**	**-**	**$493,501**	**$465,767**	**-**	**$24,452**	**$20,969**

NOTES: NA indicates data are not available. *In these states, the ending balance includes the balance in the budget stabilization fund. **See Notes to Table A-1.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE A-1

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

Alaska	Revenue adjustments reflect constitutional budget reserve draw.
Colorado	Revenue adjustments reflect a transfer to the highway users tax fund. These monies can be diverted for general fund appropriations if necessary.
Connecticut	Figures include federal reimbursements such as Medicaid.
Delaware	Ending balance does not include continuing appropriations or encumbrances.
Idaho	Revenue adjustments include a $2-million transfer to the Permanent Building Fund, $805,000 to the Fire Suppression Fund, and $281,900 in other fund transfers.
Indiana	The beginning balance includes the amount (in this year, $240 million) set aside from the general fund into the tuition reserve account to cover the first distribution of K-12 funding in the new fiscal year. Expenditure adjustments reflect one-time expenditures for pensions; highway, street and road construction and repair; funding of local auto excise tax and property tax cuts; some capital projects; and contingencies for the Year 2000 computer hardware and software upgrade and replacement effort.
Kansas	Revenues are adjusted for released encumbrances. Kansas does not have a separate rainy day fund. However, state statute requires that the Governor's recommended budget and the final approved budget maintain an ending balance of at least 7.5 percent of expenditures.
Kentucky	Revenue adjustments represent appropriation balances carried over from the prior fiscal year. Expenditure adjustments represent appropriation balances forwarded to the next fiscal year.
Louisiana	Revenue adjustments reflect carry-forward balances. The Lottery Proceeds Fund is included in the general fund for reporting purposes because those funds are available for general purposes.
Maine	Revenue adjustments reflect $-59.0 million in legislative and statutorily authorized transfers. Expenditure adjustments reflect $-106.3 million in prior year transactions and balances.
Maryland	Revenue adjustments reflect transfers from the rainy day fund.
Massachusetts	"General fund" is the aggregate of the general, highway and local aid funds. Massachusetts uses its three major funds in the manner most states (which typically have far fewer dedicated, minor funds) use just their general fund. "Undesignated balance" is statutorily defined as the carry-forward of 0.5 percent of the preceding fiscal year's tax revenues to the current fiscal year. Expenditures are adjusted for lapsed and continued appropriations and for certain statutorily required year-end transfers.
Michigan	Revenue adjustments reflect transfers and restatements to the beginning fund balance. Expenditure adjustments reflect the statutorily mandated transfer of the unreserved fund balance to the rainy day fund.
Minnesota	Revenues reflect a $1.29-billion sales tax rebate subtracted from revenues. Ending balances reflect a cash flow account of $350 million, a budget reserve of $622 million, a property tax reform account of $328 million and other reserves of $242.4 million.
Nebraska	Revenue adjustments are transfers between the general fund and other funds. Expenditure adjustments are carryovers from prior years.
Nevada	Revenue adjustments reflect bond refinancing. Expenditure adjustments reflect reversions and adjustment to the fund balance.
New Hampshire	Revenue adjustments reflect a $124.8-million transfer to the local education betterment fund and a $5.3-million transfer to the health care transitions fund.
New York	The ending balance includes $473 million in tax stabilization reserve funds (rainy day funds) and $107 million in reserve funds for litigation risks. In addition to general fund reserves, $1.8 billion was reserved for the Governor's statewide property tax relief program.
North Carolina	Revenue adjustments reflect reserves authorized for repairs and renovations of $145 million, clean water management of $47.4 million and the disproportionate share reserve of $35.4 million. Expenditure adjustments reflect $150 million for the repairs and renovations reserve, $31 million for clean water management and $37 million for capital improvement.
North Dakota	The expenditure adjustment of $17 million reflects money transferred to the budget stabilization fund in the 1997-1999 biennium and subsequently transferred to the Bank of North Dakota. Contingency funds of $40 million are available from the Bank of North Dakota should a revenue shortfall occur in the 1999-2001 biennium.
Ohio	Federal reimbursements for Medicaid and other human services programs and TANF federal block grant funds are included in the general revenue fund. Beginning balances are undesignated, unreserved funds. The actual cash balances would be higher by the amount reserved for encumbrances and designated transfers from the general revenue fund, including transfers to the budget stabilization fund. Expenditures for fiscal 1999 do not include encumbrances outstanding at the end of the year. Ohio reports expenditures based on disbursements for the general revenue fund. Expenditure adjustments reflect a transfer to the income tax reduction fund of $293.3 million, a transfer to the budget stabilization fund of $46.4 million, a transfer to the school building assistance fund of $325.7 million, a transfer to SchoolNet Plus of $85.4 million, a transfer for Interactive Video Distance Learning of $4.6 million and other miscellaneous transfers-out, totaling $239.3 million. These transfers-out are adjusted for a net change in encumbrances from fiscal 1998 levels of $-28.9 million.
Oklahoma	Revenue adjustments are transfers to or from the general revenue cash-flow reserve fund.
Oregon	Due to differences in the accrual versus cash methods of accounting, the beginning balance has been adjusted to agree with the September 1999 revenue forecast.

NOTES TO TABLE A-1 (continued)

Pennsylvania	Revenue adjustments include changes to the beginning balance of $65,000 and lapses from prior-year appropriations of $118.2 million. Expenditures reflect the total amount appropriated. Expenditure adjustments include the addition of current-year lapses of $104.2 million and the transfer to the rainy day fund of $255.4 million, which actually occurs in the following year. The rainy day fund equals a year-end balance of $685.5 million plus that year's transfer of $255.4 million from the general fund, which actually occurs during the following year.
Rhode Island	The general fund reflects general revenue receipts and expenditures only. Total revenues are net of transfers to the budget reserve fund.
South Dakota	Revenue adjustments include transfers from the budget reserve fund and obligated cash carried forward. Expenditure adjustments include transfers to the budget reserve fund, property tax reduction fund and other funds. Expenditures also include future obligations of cash.
Tennessee	The beginning balance includes $203.5 million reserved to fund appropriations and $44 million unreserved. Revenue adjustments reflect a $51.6-million transfer from the debt service fund for unexpended appropriations and a $156.9-million reduction in unexpended revenues reserved for future dedicated expenditures. Expenditure adjustments reflect a $25.6-million transfer to the rainy day fund. The ending balance includes $61.4 million reserved to fund appropriations and $28.1 million unreserved.
Utah	Revenue adjustments reflect a net budget carry-forward of $16.5 million, transfers of $4.8 million, a transfer to the rainy day fund of $-0.7 million and other adjustments of $0.1 million.
Vermont	Revenue adjustments reflect direct applications and transfers in and property tax transfers out. Expenditure adjustments reflect transfers to the budget stabilization reserve, education fund reserve, debt service reserve, general fund surplus reserve and human services caseload reserve. Expenditure adjustments also reflect transfers from the GAAP deficit offset reserve and the transportation fund. Numbers may not add due to rounding.
Washington	Revenue adjustments reflect dollars above the I-601 Expenditure Limit that are transferred to the Emergency Reserve Account.
West Virginia	The beginning balance reflects $92.5 million in reappropriations, $3.2 million in surplus appropriations and a $29.5-million unappropriated surplus balance. Revenue adjustments reflect $0.2 million in prior-year redeposits, a $7.5-million transfer from the rainy day fund, a $14.5-million transfer from the income tax refund reserve and a $1.3-million transfer from special revenue. Expenditures reflect $2.5 billion in regular appropriations, $50.8 million in reappropriations, $11.5 million in surplus appropriations and $23.7 million in prior-year expenditures. Expenditure adjustments reflect a transfer to the rainy day fund.
Wisconsin	Revenue adjustments include designated balances carried forward from fiscal 1998 of $55.8 million. Expenditure adjustments include designations for continuing balances for fiscal 2000 totaling $11.1 million.
Wyoming	Revenue adjustments reflect interfund transfers from the budget reserve account, the legislative royalty account, and the statutory reserve account.

TABLE A-2

Fiscal 2000 State General Fund, Preliminary Actual (Millions)

Region and State	*Beginning Balance*	*Revenues*	*Adjustments*	*Resources*	*Expenditures*	*Adjustments*	*Ending Balance*	*Budget Stabilization Fund*
NEW ENGLAND								
Connecticut**	$ 0	$11,214	$ 0	$11,214	10,913	$ 0	$ 300	$ 564
Maine**	229	2,395	-15	2,610	2,317	-8	301	144
Massachusetts**	72	20,437	0	20,508	19,674	756	79	1,608
New Hampshire	0	1,034	-2	1,032	1,028	0	4	20
Rhode Island**	98	2,243	0	2,341	2,227	22	92	71
Vermont**	0	886	9	894	855	40	0	41
MID-ATLANTIC								
Delaware*	305	2,279	0	2,584	2,246	0	243	120
Maryland**	583	9,215	160	9,958	9,022	0	936	582
New Jersey*	1,267	19,393	0	20,660	19,490	0	1,170	650
New York* **	942	37,395	0	38,337	37,170	0	1,167	547
Pennsylvania**	448	19,442	124	20,014	19,426	-23	611	1,097
GREAT LAKES								
Illinois	1,351	23,250	0	24,600	23,084	0	1,517	0
Indiana**	1,466	9,215	0	10,681	8,957	626	1,098	540
Michigan**	0	10,035	-382	9,653	9,267	386	0	1,264
Ohio**	221	20,051	0	20,272	19,244	832	196	1,003
Wisconsin* **	701	11,401	64	12,166	11,294	37	836	0
PLAINS								
Iowa	268	4,734	-89	4,912	4,763	0	149	460
Kansas**	541	4,202	2	4,745	4,367	0	378	0
Minnesota* **	1,921	11,424	0	13,344	11,811	0	1,533	1,117
Missouri	358	7,180	0	7,538	7,343	0	195	143
Nebraska**	293	2,404	-37	2,660	2,344	0	316	142
North Dakota	62	771	0	833	773	0	60	0
South Dakota**	0	782	18	800	771	30	0	37
SOUTHEAST								
Alabama	72	5,235	0	5,307	5,242	0	65	3
Arkansas	0	3,177	0	3,177	3,177	0	0	0
Florida	366	18,593	0	18,960	18,830	0	130	1,666
Georgia	1,161	13,208	0	14,369	14,203	0	166	379
Kentucky**	64	6,718	358	7,141	6,549	417	175	239
Louisiana**	-27	5,930	36	5,940	5,917	0	22	57
Mississippi**	109	3,433	0	3,543	3,491	0	51	238
North Carolina**	297	13,136	667	14,100	13,854	246	0	38
South Carolina*	723	4,999	0	5,722	5,156	0	566	145
Tennessee**	90	6,764	50	6,904	6,718	38	147	165
Virginia	485	11,450	0	11,935	11,282	0	653	575
West Virginia**	156	2,639	7	2,802	2,639	15	148	73
SOUTHWEST								
Arizona	255	5,960	0	6,216	6,015	0	201	408
New Mexico	185	3,232	0	3,417	3,390	0	27	187
Oklahoma**	234	4,713	-121	4,825	4,545	0	280	158
Texas	3,479	55,674	0	59,153	57,676	0	1,423	183
ROCKY MOUNTAIN								
Colorado**	686	6,304	-189	6,801	6,003	0	797	227
Idaho**	47	1,708	-15	1,739	1,683	0	56	19
Montana**	110	1,167	-4	1,273	1,105	-4	172	0
Utah**	7	3,505	-35	3,477	3,364	0	113	110
Wyoming* **	73	543	45	661	566	0	95	10
FAR WEST								
Alaska* **	0	1,984	316	2,300	2,300	0	0	2,889
California* **	3,708	71,162	143	75,013	67,186	0	7,828	7,236
Hawaii	189	3,284	0	3,473	3,201	0	272	0
Nevada**	93	1,647	0	1,740	1,610	-33	163	129
Oregon	329	4,949	0	5,278	5,183	0	95	42
Washington**	462	10,431	-195	10,699	10,219	0	480	759
TERRITORIES								
Puerto Rico	153	7,075	0	7,228	7,128	0	100	65
Total	**$24,478**	**$502,922**	**-**	**$528,318**	**$499,489**	**-**	**$25,306**	**$26,083**

NOTES: NA indicates data are not available. *In these states, the ending balance includes the balance in the budget stabilization fund. **See Notes to Table A-2.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE A-2

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

Alaska	Revenue adjustments reflect constitutional budget reserve draw.
Colorado	Revenue adjustments reflect a transfer to the highway users tax fund. These monies can be diverted for general fund appropriations if necessary.
Connecticut	Figures include federal reimbursements such as Medicaid.
Delaware	Ending balance does not include continuing appropriations or encumbrances.
Idaho	Revenue adjustments include a $10-million transfer to the School Safety and Health Revolving Loan Fund, $2.5 million to the Permanent Building Fund, $1.8 million to the Fire Suppression Fund and $594,500 in other fund transfers.
Indiana	Expenditure adjustments reflect one-time expenditures for pensions; highway, street and road construction and repair; funding of local auto excise tax and property tax cuts; some capital projects; contingencies for the Year 2000 computer hardware and software upgrade and replacement effort; and extraordinary funding for higher education information technology.
Kansas	Revenues are adjusted for released encumbrances. Kansas does not have a separate rainy day fund. However, state statute requires that the Governor's recommended budget and the final approved budget maintain an ending balance of at least 7.5 percent of expenditures.
Kentucky	Revenue adjustments represent appropriation balances carried over from the prior fiscal year. Revenues include $142.2 million in tobacco settlement phase-one payments. Expenditure adjustments represent appropriation balances forwarded to the next fiscal year.
Louisiana	Revenue adjustments reflect carry-forward balances. The Lottery Proceeds Fund is included in the general fund for reporting purposes because lottery proceeds funds are available for general purposes.
Maine	Revenue adjustments reflect $-14.8 million in legislative and statutorily authorized transfers. Expenditure adjustments reflect $-8.4 million in prior year transactions and balances.
Maryland	Revenue adjustments reflect transfers from the rainy day fund.
Massachusetts	"General fund" is the aggregate of the general, highway and local aid funds. Massachusetts uses its three major funds in the manner most states (which typically have far fewer dedicated minor funds) use just their general fund. "Undesignated balance" is statutorily defined as the carry-forward of 0.5 percent of the preceding fiscal year's tax revenues to the current fiscal year. Expenditures are adjusted for lapsed and continued appropriations and for certain statutorily required year-end transfers.
Michigan	Revenue adjustments include decreases reflected in tax law changes in fiscal 1999 and prior years, tax law and recommended changes in fiscal 2000, and increases reflected in other adjustments. Expenditure adjustments reflect enacted supplemental appropriations and the statutorily mandated transfer of the unreserved fund balance to the rainy day fund.
Minnesota	Revenues include a $647.4-million sales tax rebate subtracted from revenues. Ending balances reflect a cash flow account of $350 million, a budget reserve of $622 million and other reserves of $144.7 million.
Mississippi	Fifty percent of the prior-year ending balance is directed by statute to the education enhancement fund.
Montana	Revenue adjustments represent residual equity transfers and adjustments made after the close of books for fiscal 2000 to correct recording errors. Expenditure adjustments represent changes in reserves for long-term advances and encumbrances.
Nebraska	Revenue adjustments are transfers between the general fund and other funds. Expenditure adjustments are carryovers from prior years.
Nevada	Expenditure adjustments reflect reversions and adjustments to the fund balance.
New York	The ending balance includes $547 million in tax stabilization reserve funds (rainy day funds), $107 million in reserve funds for litigation risks, and $250 million in debt reduction reserve funds. In addition to general fund reserves, $1.8 billion was reserved for the Governor's statewide property tax relief program.
North Carolina	Revenue adjustments include a reserved fund balance of $150 million for repairs and renovations, $31.1 million for the clean water management trust fund, $286 million transferred from the rainy day fund for Hurricane Floyd disaster relief and $200 million for intangible tax settlement. Expenditure adjustments include $1 million allocated to the rainy day fund and $2.9 million allocated to the repairs and renovations reserve from the end-of-year unreserved credit balance, $240 million allocated to an intangible tax reserve, $1.2 million allocated to disproportionate share receipt reserve and $1.1 million remaining in the clean water management trust fund reserve.
Ohio	Federal reimbursements for Medicaid and other human services programs and TANF federal block grant funds are included in the general revenue fund. Beginning balances are undesignated, unreserved fund balances. The actual cash balances would be higher by the amount reserved for encumbrances and designated transfers from the general revenue fund, including transfers to the budget stabilization fund. Expenditures for fiscal 2000 do not include encumbrances outstanding at the end of the year. Ohio reports expenditures based on disbursements for the general revenue fund. Expenditure adjustments reflect a transfer to the budget stabilization fund of $49.2 million, miscellaneous transfers-out of $58.1 million and a $610.5-million transfer to the income tax reduction fund. These transfers-out are adjusted for a net change in encumbrances from fiscal 1999 levels of $-114.6 million.
Oklahoma	Revenue adjustments are transfers to or from the general revenue cash-flow reserve fund and transfers to the rainy day fund.
Oregon	Expenditures includes preliminary actual paid amounts.

NOTES TO TABLE A-2 (continued)

Pennsylvania	Revenue adjustments include lapses from prior-year appropriations of $124.3 million. Expenditures reflect the total amount appropriated. Expenditure adjustments include the addition of current-year lapses of $131 million and the transfer to the rainy day fund of $107.7 million, which actually occurs in the following year. The rainy day fund equals the year-end balance of $989.7 million plus that year's transfer of $107.7 million from the general fund, which actually occurs during the following year.
Rhode Island	The general fund reflects general revenue receipts and expenditures only. Total revenues are net of transfers to the budget reserve fund.
South Dakota	Revenue adjustments include transfers from the budget reserve fund and obligated cash carried forward. Expenditure adjustments include transfers to the budget reserve fund, property tax reduction fund and other funds. Expenditures also include future obligations of cash.
Tennessee	Revenue adjustments reflect a $35-million transfer from the debt service fund for unexpended appropriations and a $15-million transfer from Tennessee Housing Development Agency earmarked tax revenue. Expenditure adjustments reflect a $38.1-million transfer to the rainy day fund. The ending balance is reserved to fund appropriations.
Utah	Revenue adjustments reflect a net budget carry-forward of $-29.0 million, transfers of $0.9 million, a transfer to the rainy day fund of $-9.2 million and other transfers of $2 million.
Vermont	Revenue adjustments reflect direct applications and transfers in. Expenditure adjustments reflect transfers to the budget stabilization reserve, general fund surplus reserve, Medicaid reimbursement administrative fund, Vermont Health Access Plan trust fund, human services caseload reserve and transfers from the general fund surplus reserve for school construction.
Washington	Revenue adjustments reflect dollars above the Initiative 601 expenditure limit that are transferred to the emergency reserve account.
West Virginia	The beginning balance reflects $103.4 million in reappropriations, $14.6 million in surplus appropriations and a $38-million unappropriated surplus balance. Revenue adjustments reflect $0.2 million in prior-year redeposits and a $7.2-million transfer from special revenue. Expenditures reflect $2.5 billion in regular appropriations, $47.7 million in reappropriations, $11.8 million in surplus appropriations and $23 million in prior-year expenditures. Expenditure adjustments reflect a transfer to the rainy day fund.
Wisconsin	Revenue adjustments include $64-million from the computer escrow fund, $66.1 million from other funds and $11.5 million from prior-year designation of continuing balances. Expenditure adjustments include $36.6 million in designations for biennial appropriations not spent but carried forward to fiscal 2001.
Wyoming	Revenue adjustments reflect interfund transfers from the budget reserve account, the legislative royalty account and the statutory reserve account.

TABLE A-3

Fiscal 2001 State General Fund, Appropriated (Millions)

Region and State	*Beginning Balance*	*Revenues*	*Adjustments*	*Resources*	*Expenditures*	*Adjustments*	*Ending Balance*	*Budget Stabilization Fund*
NEW ENGLAND								
Connecticut**	0	11,281	0	11,281	11,280	0	1	565
Maine**	301	2,346	-2	2,645	2,639	0	6	144
Massachusetts**	79	20,207	0	20,286	20,204	5	77	1,641
New Hampshire	4	1,079	0	1,083	1,060	0	24	20
Rhode Island**	74	2,340	0	2,414	2,414	0	0	74
Vermont**	0	886	6	892	866	25	0	43
MID-ATLANTIC								
Delaware*	243	2,343	0	2,586	2,779	0	179	126
Maryland	936	9,325	0	10,261	10,110	0	151	916
New Jersey*	1,170	20,714	0	21,884	21,016	3	865	650
New York* **	917	39,717	0	40,634	39,549	0	1,085	547
Pennsylvania**	611	19,315	0	19,925	19,911	2	12	1,162
GREAT LAKES								
Illinois	1,517	24,060	0	25,577	24,327	0	1,250	225
Indiana**	1,098	9,699	0	10,797	9,680	464	653	567
Michigan**	0	10,499	-753	9,746	9,740	0	5	1,345
Ohio**	196	20,931	0	21,128	20,634	307	187	1,047
Wisconsin* **	836	10,597	0	11,433	11,072	0	361	0
PLAINS								
Iowa	122	4,890	-14	4,998	4,871	0	127	488
Kansas**	378	4,421	0	4,799	4,406	0	393	0
Minnesota* **	1,533	12,422	0	13,955	12,829	0	1,126	1,117
Missouri	195	7,426	0	7,621	7,599	0	22	152
Nebraska**	316	2,479	-57	2,738	2,464	121	153	170
North Dakota**	60	814	0	874	821	-8	61	0
South Dakota**	0	797	11	808	797	11	0	0
SOUTHEAST								
Alabama	65	5,459	0	5,524	5,500	0	24	5
Arkansas	0	3,261	0	3,261	3,261	0	0	0
Florida	130	19,967	0	20,097	20,097	0	0	1,309
Georgia	166	14,306	0	14,472	14,472	0	0	408
Kentucky**	0	6,949	356	7,305	7,018	287	0	279
Louisiana**	22	6,208	0	6,230	6,208	0	22	88
Mississippi**	26	3,597	0	3,623	3,620	0	2	247
North Carolina	0	13,981	314	14,295	14,050	245	0	158
South Carolina* **	566	5,317	0	5,883	5,636	0	247	148
Tennessee**	148	7,037	0	7,185	7,171	13	0	178
Virginia	653	11,827	0	12,480	12,465	0	15	678
West Virginia**	148	2,710	0	2,858	2,851	6	2	79
SOUTHWEST								
Arizona	201	6,110	0	6,311	6,156	0	155	423
New Mexico	187	3,342	0	3,529	3,487	0	42	222
Oklahoma**	280	4,844	-19	5,106	4,819	0	287	158
Texas**	NA	NA	NA	NA	NA	NA	NA	NA
ROCKY MOUNTAIN								
Colorado**	797	6,695	-199	7,293	6,672	0	621	239
Idaho**	56	1,768	-17	1,807	1,804	0	3	36
Montana**	172	1,139	2	1,313	1,195	0	118	0
Utah**	0	3,495	64	3,558	3,558	0	0	116
Wyoming* **	95	518	46	659	633	0	26	8
FAR WEST								
Alaska* **	0	1,854	374	2,228	2,228	0	0	2,905
California*	7,828	73,862	0	81,689	78,816	0	2,874	1,782
Hawaii	272	3,409	0	3,681	3,388	0	293	0
Nevada**	163	1,623	5	1,790	1,657	-35	169	129
Oregon	95	5,280	0	5,375	4,944	0	431	8
Washington	480	10,699	0	11,179	10,632	0	547	535
TERRITORIES								
Puerto Rico	100	7,505	0	7,605	7,604	0	1	71
Total	**$23,133**	**$463,846**	**-**	**$487,095**	**$473,403**	**-**	**$12,618**	**$21,134**

NOTES: NA indicates data are not available. *In these states, the ending balance includes the balance in the budget stabilization fund. **See Notes to Table A-3.

SOURCE: National Association of State Budget Officers.

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 reflect constitutional budget reserve draw.
Colorado	Revenue adjustments reflect a transfer to the highway users tax fund. These monies can be diverted for general fund appropriations if necessary.
Connecticut	Figures include federal reimbursements such as Medicaid.
Delaware	Ending balance does not include continuing appropriations or encumbrances.
Idaho	Revenue adjustments include a $17.1-million transfer to the budget stabilization fund.
Indiana	Expenditure adjustments reflect one-time expenditures for pensions; highway, street and road construction and repair; funding of local auto excise tax and property tax cuts; some capital projects; contingencies for the Year 2000 computer hardware and software upgrade and replacement effort; and extraordinary funding for higher education information technology.
Kansas	Kansas does not have a separate rainy day fund. However, state statute requires that the Governor's recommended budget and the final approved budget maintain an ending balance of at least 7.5 percent of expenditures.
Kentucky	Revenue adjustments represent appropriation balances carried over from the prior fiscal year. Revenues include $101.1 million in tobacco settlement phase-one payments. Expenditure adjustments represent appropriation balances forwarded to the next fiscal year.
Louisiana	Lottery Proceeds Fund is included in the general fund for reporting purposes because lottery proceeds funds are available for general purposes.
Maine	Revenue adjustments reflect $-1.9 million in legislative and statutorily authorized transfers.
Massachusetts	"General fund" is the aggregate of the general, highway and local aid funds. Massachusetts uses its three major funds in the manner most states (which typically have far fewer dedicated minor funds) use just their general fund. "Undesignated balance" is statutorily defined as the carry-forward of 0.5 percent of the preceding fiscal year's tax revenues to the current fiscal year. Expenditures are adjusted for estimated lapsed appropriations.
Michigan	Revenue adjustments include decreases reflected in tax law changes in fiscal 1999 and prior years, tax law and recommended changes in fiscal 2000 and increases reflected in other adjustments.
Minnesota	Ending balances reflect a cash flow account of $350 million, a budget reserve of $622 million and other reserves of $145.3 million.
Mississippi	Fifty percent of the prior-year ending balance is directed by statute to the education enhancement fund.
Montana	Amounts are based on legislative actions after the May 2000 special legislative session. Revenue adjustments represent residual equity transfers.
Nebraska	Revenue adjustments are transfers between the general fund and other funds. Expenditure adjustments are carryovers from prior years and a small estimate of deficit needs ($5 million).
Nevada	Revenue adjustments reflect changes in sales tax commissions and the repeal of the permanent net proceeds fund. Expenditure adjustments reflect anticipated reversions.
New York	Revenue adjustments reflect the planned deposit of an additional $75 million into the state's tax stabilization reserve fund (rainy day fund). The ending balance includes $547 million in tax stabilization reserve funds (rainy day funds) and $150 million in reserve funds for litigation risks. In addition to general fund reserves, $1.2 billion is reserved for the Governor's statewide property tax relief program and $250 million for debt reduction in fiscal 2002.
North Dakota	The expenditure adjustment includes emergency spending appropriated in the 1999-2001 biennium, but actually expended in the 1997-1999 biennium, and a contingency appropriation that will not be spent.
Ohio	Federal reimbursements for Medicaid and other human services programs and TANF federal block grant funds are included in the general revenue fund. Beginning balances are undesignated, unreserved fund balances. The actual cash balances would be higher by the amount reserved for encumbrances and designated transfers from the general revenue fund, including transfers to the budget stabilization fund. Expenditures for fiscal 2001 do not include encumbrances outstanding at the end of the year. Ohio reports expenditures based on disbursements for the general revenue fund. Expenditure adjustments reflect a transfer to the budget stabilization fund of $44.1 million, miscellaneous transfers-out of $97.2 million and a transfer of $166.1 million to the income tax reduction fund.
Oklahoma	Revenue adjustments are transfers to or from the general revenue cash-flow reserve fund.
Oregon	Expenditures are calculated using the budget adjustments report through June 2000. Some fund estimates are through June 2000 actions.
Pennsylvania	Expenditures reflect the total amounts appropriated. Expenditure adjustments include the projected transfer to the rainy day fund of $2.2 million, which actually occurs in the following year. The rainy day fund equals year-end balance of $1.097 billion, plus this year's transfer of $2.2 million from the general fund, which actually occurs during the following fiscal year.
Rhode Island	The general fund reflects general revenue receipts and expenditures only. Total revenues are net of transfers to the budget reserve fund. Figures also include reappropriations recommended by the Governor.
South Carolina	Figures do not include tobacco settlement funds. Supplemental appropriation bills are pending the Governor's signature.
South Dakota	Revenue adjustments include transfers from the budget reserve fund and obligated cash carried forward. Expenditure adjustments include transfers to the budget reserve fund, property tax reduction fund and other funds. Expenditures also include future obligations of cash.

NOTES TO TABLE A-3 (continued)

Tennessee	Expenditure adjustments reflect a $12.9-million transfer to the rainy day fund. The ending balance is unreserved.
Texas	Operates under a biennial budget. Revenue and spending are projected for a two-year period.
Utah	Revenue adjustments reflect a net budget carry-forward of $57.9 million, transfers of $3.8 million and other minor transfers of $2.1 million.
Vermont	Revenue adjustments reflect direct applications and transfers in. Expenditure adjustments reflect transfers to the budget stabilization reserve, school construction reserve, general fund surplus reserve, housing and conservation trust fund and transfers from the general fund surplus reserve for school construction.
West Virginia	The beginning balance reflects $110.2 million in reappropriations, $4 million in surplus appropriations and a $33.9-million unappropriated surplus balance. Revenue adjustments reflect $0.2 million in prior year redeposits. Expenditures reflect $2.7 billion in regular appropriations, $110.2 million in reappropriations, $4 million in surplus appropriations and $26.2 million in prior-year expenditures. Expenditure adjustments reflect a transfer to the rainy day fund.
Wyoming	Revenue adjustments reflect interfund transfers from the budget reserve account, the legislative royalty account, and the local government capital construction account.

TABLE A-4

General Fund Nominal Percentage Expenditure Change, Fiscal 2000 and Fiscal 2001*

Region and State	*Fiscal 2000*	*Fiscal 2001*
NEW ENGLAND		
Connecticut	3.5%	3.4%
Maine	7.6	13.9
Massachusetts	7.1	2.7
New Hampshire	10.0	3.1
Rhode Island	9.4	8.4
Vermont	3.6	1.4
MID-ATLANTIC		
Delaware	4.3	23.7
Maryland	5.7	12.1
New Jersey	7.9	7.8
New York	1.9	6.4
Pennsylvania	5.8	2.5
GREAT LAKES		
Illinois	7.2	5.4
Indiana	5.5	8.1
Michigan**	-1.6	5.1
Ohio	6.8	7.2
Wisconsin	12.8	-2.0
PLAINS		
Iowa	5.2	2.3
Kansas	4.1	0.9
Minnesota	7.6	8.6
Missouri	4.0	3.5
Nebraska	5.0	5.1
North Dakota	2.0	6.2
South Dakota	5.0	3.4
SOUTHEAST		
Alabama	6.5	4.9
Arkansas	5.6	2.7
Florida	4.9	6.7
Georgia	9.1	1.9
Kentucky	0.2	7.2
Louisiana	-0.3	4.9
Mississippi	12.6	3.7
North Carolina	6.9	1.4
South Carolina	9.1	9.3
Tennessee	7.0	6.7
Virginia	10.7	10.5
West Virginia	1.3	8.0
SOUTHWEST		
Arizona	2.2	2.3
New Mexico	6.0	2.9
Oklahoma	1.9	6.0
Texas	8.1	NA
ROCKY MOUNTAIN		
Colorado	2.8	11.1
Idaho	4.5	7.2
Montana	5.8	8.2
Utah	3.5	5.8
Wyoming	12.9	11.7
FAR WEST		
Alaska	0.3	-3.2
California	16.2	17.3
Hawaii	-1.5	5.8
Nevada	-0.9	2.9
Oregon	25.7	-4.6
Washington	4.0	4.0
TERRITORIES		
Puerto Rico	6.2	6.7
Average	**7.2%**	**7.2%**

NOTES: *Fiscal 2000 reflects changes from fiscal 1999 expenditures (actual) to fiscal 2000 expenditures (preliminary actual). Fiscal 2001 reflects changes from fiscal 2000 expenditures (preliminary actual) to fiscal 2001 expenditures (appropriated). **See Notes to Table A-4.

NOTES TO TABLE A-4

Michigan	The general fund percentage changes for each year do not include the expenditure adjustments reported on Tables A-1 and A-2. Those include enacted supplemental appropriations and deposits to the rainy day fund. With these added expenditures, fiscal 1999 total spending is $9,666 million and fiscal 2000 total spending is $9,653 million, resulting in expenditure changes from fiscal 1999 and fiscal 2000 of -0.1 percent and 0.9 percent, respectively.

TABLE A-5

State Employment Compensation Changes, Fiscal 2001

Region and State	*Across-the-Board*	*Merit*	*Other*	*Notes*
NEW ENGLAND				
Connecticut	3.5%	---	---	The wage pattern includes a 3.5-percent general wage increase plus an annual increment for applicable employees.
Maine	---	1.4%	6.0%	The 6 percent for other consists of 2 percent for the whole year and a 4 percent step increase for half of the year. Merit is a weighted average. Employees who reach the top step do not receive further merit increases.
Massachusetts	---	---	*	Collective bargaining agreements covering more than 90 percent of classified employees, excluding those in higher education, provide for fiscal 2001 across-the-board increases of 2.5 percent to 3 percent in addition to various bonuses and other economic benefits. Most classified employees are eligible for annual step increases that are tied to performance evaluations.
New Hampshire	3.0%	---	---	
Rhode Island	---	---	1.7%	A cost-of-living adjustment is presently under negotiation. "Other" reflects an increase from revised fiscal 2000 figures and primarily represents step and longevity increases on salary costs, as prescribed by the state's classification system.
Vermont	3.0%	---	2.0%	An across-the-board increase of 3 percent is effective July 2000. Per the state employee contract, annually about 56 percent of employees receive step increases, in aggregate worth about 2 percent of statewide salary costs.
MID-ATLANTIC				
Delaware	3.0%	---	---	Employees are eligible for a state match of up to $10 per pay period for employee contributions to the deferred compensation program after six months of participation, effective January 1, 2001.
Maryland	4.0%	---	---	All employees who perform up to standards receive a 2-percent or 4-percent increase on anniversary date depending on time in grade. Pay-for-performance bonuses are available on a case-by-case basis: $1,000 for outstanding performance and $500 for exceeding standards.
New Jersey	3.5%	1.5%	---	A 3.5-percent across-the-board increase was given to members of the Communications Workers of America, the largest state employees union. Union employees are also eligible for incremental step or anniversary increases ranging from 3.7 percent to 5 percent of salary, depending on the step in the range, for eight years in a given range, up to a maximum of that range. Because not all employees receive increments, the aggregate effect is 1.5 percent.
New York	3.0%	---	---	The next across-the-board salary increase of 3.5 percent is scheduled for April 1, 2001.
Pennsylvania	3.0%	---	2.2%	Most employees receive a 3-percent across-the-board increase effective July 1, 2000. Those employees not at the maximum step will receive a 2.2-percent longevity increase in January 2001.
GREAT LAKES				
Illinois	---	---	---	Non-union employees received a merit increase, which on average is expected to total 4 percent. Union employees received a step increase that equates to an average increase of 0.5 percent and a cost-of-living adjustment increase equal to the greater of $100 per month or 3.5 percent.
Indiana	5.0%	---	---	
Michigan	2.0%	---	---	In addition to the 2-percent base pay increase, a one-time lump sum payment of $375 per employee was made in October 2000.
Ohio	3.0%	---	2.5%	About one-half of all employees will receive a step increase of 4 percent to 5 percent. Employees with five or more years of service will receive an additional 0.5 percent times the number of years in service, up to a maximum of 20 years.
Wisconsin	3.7%	---	2.9%	Compensation increases vary by bargaining unit. Generally, the approved fiscal 2001 across-the-board increases equal 3.7 percent. "Other" reflects market adjustments awarded to select classifications. In fiscal 2001, market adjustments affect about 30 percent of the non-faculty/academic workforce, or about 16,000 employees. The percentage shown is for the total state workforce.

TABLE A-5 (continued)

State Employment Compensation Changes, Fiscal 2001

Region/State	*Across-the-Board*	*Merit*	*Other*	*Notes*
PLAINS				
Iowa	3.0%	1.2%	---	
Kansas	---	---	2.5%	The 2.5-percent increase reflected in ôOtherö is for step movement on the pay matrix.
Minnesota	3.0%	3.5%	3.3%	Across-the-board increases average 3 percent; the merit increase applies to only 4 percent of workforce. “Other” is an annual step increase that employees receive according to bargaining unit and contract agreements. The step increases average 3.25 percent and apply to only two-thirds of employees who are not at the top of their range. Total is 5 percent when all factors are averaged in.
Missouri	---	---	2.0%	The compensation increase was given on a flat-dollar basis. The plan provides a $50 per month increase beginning July 1, 2000. An additional $35 per month increase is scheduled to take place January 1, 2001. “Other” reflects a one-step (average 2-percent) increase given on July 1, 2000. An additional roughly 2-percent increase was given July 1, 2000, for selected classes of social service workers, some nursing assistants in veterans homes and the state water patrol. The highway patrol received a substantial repositioning targeting entry-level troopers for an increase of about 15 percent and other ranks at between 6 percent and 8 percent.
Nebraska	---	---	---	Collective bargaining unit members received 2 percent on July 1, 2000, and movement to the next step on January 1, 2001. Nonmembers received 2 percent on July 1, 2000, and between 0 percent and 4 percent on January 1, 2001, based on performance.
North Dakota	3.0%	---	---	Across-the-board reflects a $35 increase with the remainder based on merit and equity.
South Dakota	3.0%	---	2.5%	The 2.5-percent increase in “Other” represents the movement to job worth for employees who are under the midpoint of their job classifications.
SOUTHEAST				
Alabama	2.0%	5.0%		Merit raises are based on employee performance whether employee status in classification permits such raise and may range from 0 percent to 5 percent based on evaluation. “Other” consists of longevity pay ranges from $300 to $600 per employee based on number of years of state service.
Arkansas	2.8%	---	5.5%	“Other” reflects a career ladder incentive program with a 5.5 percent maximum for each eligible employee meeting competency-based criteria.
Florida	2.5%	*	*	The legislature provided an overall 2.5-percent across-the-board salary increase for state employees, and a 2-percent merit increase for law enforcement positions. Other special salary increases were provided for various employee groups, including attorneys, professional health care workers, and correctional officers.
Georgia	---	3.2%	---	Also improved salaries for selected classes.
Kentucky	5.0%	---	---	In addition to a 5-percent per year across-the-board increase, the Governor plans to raise the compensation of lower-paid state employees to a more equitable and competitive level. The plan raises the minimum pay for those jobs most out of line with the market. It creates a new salary schedule with a 10-percent difference in the entry-level wage of each pay grade. The plan also raises the entry-level wage of all pay grades an average of 7.4 percent for both years of the biennium.
Louisiana	---	4.0%	---	Classified employees receive an annual 4-percent merit increase, if warranted, until they reach their maximum salary level for their classification. Approximately 20 percent of the classified employees are at their maximum salary.
North Carolina	2.2%	2.0%	---	A $500 lump-sum bonus will be awarded to state employees who were in service as of April 1, 2000, and who continue employment through October 1, 2000.
South Carolina	2.5%	1.0%	---	An across-the-board increase is effective July 1, 2000. Merit increases are effective on an employee’s performance review date.
Tennessee	3.5%	---	1.8%	“Other” reflects the $24.8-million total appropriation. Minimum and maximum salary rates increased by 1 percent at a cost of $4 million. Specific classes upgraded at cost of $20.8 million.
Virginia	---	3.3%	---	Employees receiving a “meets expectations” on their latest performance evaluations received a 3.25-percent increase on November 25, 2000.
West Virginia	*	---	---	Across-the-board reflects a $756 increase for all state employees.

TABLE A-5 (continued)

State Employment Compensation Changes, Fiscal 2001

Region/State	*Across-the-Board*	*Merit*	*Other*	*Notes*
SOUTHWEST				
Arizona	---	2.0%	*	The legislature appropriated $3.659 million for special market adjustments. The purpose of the funding is to address job classifications that show significant disparity from the equivalent classification in the market.
New Mexico	1.8%	1.3%	---	The across-the-board increase reflects restructuring of pay ranges.
Oklahoma	*	---	---	All state employees will receive an annual $2,000 pay raise on October 1, 2000.
Texas	4.2%	*	*	Texas provided all state employees a $100 per month salary increase effective September 1, 1999 (i.e., fiscal 2000). This produced an estimated average increase of 4.24 percent, based on the average salary of a state employee. A separate increase was not provided for in fiscal 2001, although the fiscal 2000 increase continued through fiscal 2001. Statewide merit increases for fiscal 2001 are not available on a prospective basis. Finally, Texas provided a $3,000 recruitment/retention bonus for IT workers; however, statewide figures for fiscal 2001 are not available on a prospective basis.
ROCKY MOUNTAIN				
Colorado	3.8%	---	---	Classified employees receive a 5-percent anniversary increase, while 2.2 percent is budgeted for exempt employees. Anniversary increases are salary increases based on the advancement of permanent employees to the next salary step in the salary classification system. There are seven steps for each salary greade. Employees advance through these steps each year on the anniversary of their hire date. Employees can only move from step six to step seven after five years. Once in step seven, an employee will not receive an anniversary increase. The 3.8-percent across-the-board increase is the statewide average salary survey. The salary survey is the amount needed to cover the cost of salary increases based on a survey of job and wage classifications. Employees actually receive a percentage based on their classification.
Idaho	---	3.5%	---	
Montana	3.0%	---	---	The state contribution for employee health insurance increases to $15 per employee per month effective January 1, 2000, and by another $10 per employee per month effective January 1, 2001.
Utah	4.0%	---	1.1%	Health and dental cost increases were offset by retirement rate decreases and by requiring most employees to pay 5 percent of health premiums. The net impact of these benefit changes reduces the total compensation package for employees across-the-board by 0.12 percent, to 3.88 percent. Selective salary increases for positions more than 11 percent below market with more than 11 percent turnover was equivalent to a 0.75-percent compensation package increase, and selective salary adjustments for corrections officer salaries was equivalent to a 0.42-percent compensation package increase. The net impact of benefit changes and selective salary adjustments is 1.1 percent.
Wyoming	---	---	*	$2.6 million in general funds were appropriated for a $25 increase in the employer contribution to employees' health insurance. $18.2 million in general funds were appropriated for market pay increases. About 50 percent of employees received raises. The legislature authorized a $10 increase in longevity payments, which were $30 per month for each five years of service.

TABLE A-5 (continued)

State Employment Compensation Changes, Fiscal 2001

Region/State	*Across-the-Board*	*Merit*	*Other*	*Notes*
FAR WEST				
Alaska	---	3.0%	3.0%	The agreement covers classified and exempt executive branch employees, most of whom will receive merit increases. All employees receive one-time lump sum payments of $1,200 prorated based on their 12-month full-time equivalent status, and all receive health insurance increase. The total of lump sum and health insurance is 3 percent of all personal services excluding the legislature, court system, and university.
California	4.0%	---	---	The state reached two-year agreements with all 21 bargaining units, representing approximately 164,000 state employees. The agreements, which will expire June 2001, provided a 4-percent general salary increase on July 1, 1999, special salary adjustments to various classifications, and an additional 4-percent general salary increase on August 31, 2000. Approximately 35,000 excluded (nonrepresented) employees also received a 4-percent general salary increase on July 1, 1999, and an additional 4-percent general salary increase on August 31, 2000. Merit salary increases of 5 percent are available to employees performing successfully and within an established salary range. Once an employee reaches the maximum within an established salary range for a position, additional merit adjustments are not possible.
Hawaii	*	---	---	For some bargaining units, an arbitration decision was no increase in fiscal 2001. Negotiations are continuing for other bargaining units.
Nevada	2.0%	2.0%	---	A 4-percent increase for merit was allocated, awarded to approximatly 50 percent of all employees. The average increase was 2 percent.
Oregon	2.0%	*	---	Merit increases average about 5 percent. About one-half of the state workforce is expected to receive merit increases.
Washington	3.0%	---	---	
TERRITORIES				
Puerto Rico	*	---	---	A salary raise of $100 for state government employees and $125 for all state police officers is effective January 1, 2001. Under the new teaching profession's law, the Department of Education will receive $54 million for raises for teachers who fulfill the requirements it establishes.

SOURCE: National Association of State Budget Officers.

TABLE A-6

Number of Filled Full-Time-Equivalent Positions at the End of Fiscal 1999 to Fiscal 2001, in All Funds**

Region and State	*Fiscal 1999*	*Fiscal 2000*	*Fiscal 2001*	*Percent Change, 1999 to 2000*	*Percent Change, 2000 to 2001*	*Includes Higher Education Faculty*	*State-Administered Welfare System*
NEW ENGLAND							
Connecticut	39,289	40,447	42,471	2.95%	5.00%		X
Maine	14,091	14,234	14,381	1.01%	1.03%		X
Massachusetts*	70,792	72,571	73,247	2.51%	0.93%	X	X
New Hampshire*	11,525	11,614	11,618	0.77%	0.03%	X	X
Rhode Island	15,529	15,612	15,756	0.54%	0.92%	X	X
Vermont	7,313	7,696	7,910	5.24%	2.78%		X
MID-ATLANTIC							
Delaware	22,070	22,585	22,868	2.34%	1.25%	X	X
Maryland	70,285	71,851	73,033	2.23%	1.65%	X	X
New Jersey*	69,310	70,939	71,589	2.35%	0.92%		
New York*	229,200	229,200	231,000	0.00%	0.79%	X	
Pennsylvania*	84,947	85,401	84,571	0.53%	-0.97%		X
GREAT LAKES							
Illinois	76,905	77,875	79,975	1.26%	2.70%		X
Indiana	37,043	37,862	38,166	2.21%	0.80%		X
Michigan	56,363	57,424	58,019	1.88%	1.04%		X
Ohio	60,258	60,266	62,511	0.01%	3.73%		
Wisconsin	64,069	64,927	66,604	1.34%	2.58%	X	
PLAINS							
Iowa	24,414	24,351	25,507	-0.26%	4.75%		X
Kansas	42,262	40,778	40,662	-3.51%	-0.28%	X	X
Minnesota	33,749	33,981	33,981	0.69%	0.00%		
Missouri	59,223	61,636	62,765	4.07%	1.83%		X
Nebraska	16,082	16,032	N/A	-0.31%	N/A		X
North Dakota	11,384	11,457	11,457	0.64%	0.00%	X	X
South Dakota	12,408	12,555	12,964	1.19%	3.26%	X	X
SOUTHEAST							
Alabama	38,019	39,720	39,720	4.47%	0.00%		X
Arkansas	28,448	28,730	29,467	0.99%	2.57%		X
Florida	127,331	126,685	125,082	-0.51%	-1.27%		
Georgia	92,989	93,816	94,128	0.89%	0.33%	X	
Kentucky	39,617	39,422	40,445	-0.49%	2.59%		
Louisiana	57,665	59,471	56,875	3.13%	-4.37%		X
Mississippi	31,139	31,853	34,013	2.29%	6.78%		X
North Carolina	218,298	226,034	235,840	3.54%	4.34%	X	X
South Carolina	68,972	69,651	69,651	0.98%	0.00%	X	X
Tennessee	40,483	40,568	40,568	0.21%	0.00%		X
Virginia	110,200	111,216	112,685	0.92%	1.32%	X	
West Virginia	31,882	32,210	32,528	1.03%	0.99%	X	X
SOUTHWEST							
Arizona*	48,241	49,643	49,973	2.91%	0.66%	X	X
New Mexico	23,126	23,450	22,216	1.40%	-5.26%		X
Oklahoma	37,832	37,540	37,140	-0.77%	-1.07%		X
Texas	277,533	279,036	278,878	0.54%	-0.06%	X	X
ROCKY MOUNTAIN							
Colorado	43,175	44,604	45,563	3.31%	2.15%	X	
Idaho	16,880	17,145	17,303	1.57%	0.92%	X	X
Montana	10,235	10,338	10,427	1.01%	0.86%		X
Utah	19,642	19,969	20,062	1.66%	0.47%		X
Wyoming	9,272	8,311	8,237	-10.36%	-0.89%		X
FAR WEST							
Alaska	17,572	17,791	17,754	1.25%	-0.21%	X	X
California	282,860	299,034	304,467	5.72%	1.82%	X	
Hawaii	41,588	42,385	43,218	1.92%	1.97%	X	X
Nevada	15,815	15,401	15,602	-2.62%	1.31%		X
Oregon	43,863	45,779	45,779	4.37%	0.00%	X	X
Washington	97,907	99,929	100,037	2.07%	0.11%	X	X
TERRITORIES							
Puerto Rico	229,447	209,571	215,088	-8.66%	2.63%	X	X
Total	**2,999,093**	**3,051,024**	**3,068,713**	**1.7%**	**0.6%**	**25**	**40**

NOTES: NA indicates data are not available.
*See Notes to Table A-6.
**Unless otherwise noted, fiscal 1999 reflects actual figures, fiscal 2000 reflects preliminary actual figures, and fiscal 2001 reflects appropriated figures.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE A-6

Arizona	All figures are appropriated.
Delaware	All figures are appropriated.
Massachusetts	Figures reflect budgeted funds only. They are exclusive of an approximate average of 13,200 full-time equivalent (FTEs) funded from capital projects funds, various direct federal grants, expendable trusts and other nonappropriated funds, of which more than half are employed in public higher education and of 500-2,000 seasonal FTEs.
Nevada	Fiscal 2000 figures reflect the authorized amount and the state's industrial insurance system. Fiscal 2001 figures are authorized.
New Hampshire	Figures include higher education faculty for vocational schools only.
New Jersey	Figures reflect full-time employees, not equivalents and include county courts. Approximately 650 employees will be added in fiscal 2001 primarily for the state police, juvenile services and corrections. The welfare system is administered at the county level, but the New Jersey Division of Family Development oversees and supervises the welfare system.
New York	Figures reflect end-of-year counts for annual and nonannual FTEs in the executive, legislative and judicial branches. New York's welfare system is state-supervised but locally administered.
Pennsylvania	Rather than filled positions, the number represents the total authorized salaried complement on a FTE basis. The 2000-2001 complement represents the authorization of 85,480 at the beginning of the current fiscal year, less reductions in state mental hospitals of 255 and in state mental retardation centers of 654 anticipated by June 30, 2001.

TABLE A-7

Fiscal 2000 Tax Collections Compared with Projections Used in Adopting Fiscal 2000 Budgets (Millions)**

Region and State	Sales Tax: Original Estimate	Sales Tax: Current Estimate	Personal Income Tax: Original Estimate	Personal Income Tax: Current Estimate	Corporate Income Tax: Original Estimate	Corporate Income Tax: Current Estimate	Total Revenue Collection***
NEW ENGLAND							
Connecticut	3,029	3,097	3,975	4,238	573	588	H
Maine	814	847	982	1,075	134	150	H
Massachusetts	3,422	3,565	8,172	9,042	1,085	1,132	H
New Hampshire	NA	NA	NA	NA	NA	NA	T
Rhode Island	594	631	788	817	63	69	H
Vermont	200	216	390	432	45	41	H
MID-ATLANTIC							
Delaware	NA	NA	742	733	97	106	H
Maryland	2,349	2,479	4,336	4,746	265	319	H
New Jersey	5,333	5,575	6,820	7,208	1,494	1,440	H
New York*	7,948	8,187	22,952	20,337	1,939	1,939	H
Pennsylvania	6,805	7,018	6,886	7,066	1,590	1,860	H
GREAT LAKES							
Illinois	5,860	6,027	7,550	7,686	1,100	1,237	H
Indiana	3,591	3,651	3,907	3,753	1,095	985	T
Michigan*	1,593	1,643	5,054	5,161	2,648	2,203	H
Ohio	5,705	5,914	6,917	7,232	1,074	969	H
Wisconsin	3,443	3,502	5,547	5,962	653	645	H
PLAINS							
Iowa	1,412	1,417	2,482	2,376	284	326	T
Kansas	1,455	1,440	1,820	1,855	230	250	H
Minnesota	3,601	3,714	5,018	5,447	702	742	H
Missouri	1,719	1,715	3,695	3,658	285	254	L
Nebraska	890	900	1,150	1,180	137	140	H
North Dakota	354	355	188	197	54	48	H
South Dakota	426	432	NA	NA	NA	NA	H
SOUTHEAST							
Alabama	1,409	1,379	1,967	1,981	226	228	T
Arkansas	1,617	1,632	1,961	1,465	309	221	H
Florida	13,214	13,767	NA	NA	1,477	1,407	H
Georgia	4,142	4,155	6,690	6,495	NA	NA	H
Kentucky	2,174	2,171	2,625	2,702	356	306	T
Louisiana	2,130	2,060	1,654	1,616	291	216	H
Mississippi	1,389	1,371	1,050	1,005	293	296	L
North Carolina	3,374	3,355	7,121	7,080	829	903	L
South Carolina	1,967	1,981	2,067	2,099	206	174	H
Tennessee	4,512	4,608	166	180	1,139	1,074	H
Virginia	2,206	2,202	6,868	6,829	482	566	H
West Virginia	844	846	940	966	153	117	L
SOUTHWEST							
Arizona	2,719	2,829	2,297	2,289	490	523	H
New Mexico	1,472	1,415	861	870	166	161	H
Oklahoma	1,308	1,356	2,094	2,014	182	185	H
Texas*	32,478	33,337	NA	NA	3,954	3,954	H
ROCKY MOUNTAIN							
Colorado	1,742	1,887	3,449	3,718	268	289	H
Idaho	603	618	861	892	113	99	H
Montana	NA	NA	476	516	95	91	H
Utah	1,360	1,370	1,560	1,651	191	192	H
Wyoming	241	243	NA	NA	NA	NA	H
FAR WEST							
Alaska					220	224	H
California	19,960	20,884	32,914	39,136	5,751	6,655	H
Hawaii	1,498	1,529	947	1,064	50	68	H
Nevada	598	599	NA	NA	NA	NA	H
Oregon	NA	NA	4,007	4,197	394	405	H
Washington	10,099	10,431	NA	NA	NA	NA	H
TERRITORIES							
Puerto Rico	520	529	2,310	2,506	1,545	1,753	T
Total	**$173,595**	**$178,351**	**$181,947**	**$188,967**	**$33,183**	**$33,798**	-

NOTES: NA indicates data are not available because, in most cases, these states do not have this type of tax.
*See Notes to Table A-7.
**Unless otherwise noted, original estimates reflect the figures used when the fiscal 2000 budget was adopted, and current estimates reflect preliminary actual tax collections.
***KEY: L=Revenues lower than estimates. H=Revenues higher than estimates. T=Revenues on target.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE A-7

Michigan	Michigan does not have a corporate income tax but instead uses a value-added type tax known as the single business tax. Michigan voted to cut the rate of the single business tax after the May 2000 Consensus Revenue Estimating Conference.
Texas	Texas operates under a biennial budget. Revenue and spending are projected for a two-year period. Figures reflect the two-year estimate of tax revenue at the time the General Appropriations Act was certified. Sales tax collections include general and limited sales and use taxes as well as motor vehicle sales and rental taxes. Texas does not have a personal income tax. Franchise taxes comprise tax collections shown under corporate income taxes. Current estimates reflect the biennial amount adjusted for higher-than-anticipated sales tax revenue realized during fiscal 2000.

TABLE A-8

Fiscal 2000 Tax Collections Compared with Projections Used in Adopting Fiscal 2001 Budgets (Millions)**

	Sales Tax		*Personal Income Tax*		*Corporate Income Tax*	
Region and State	*Fiscal 2000*	*Fiscal 2001*	*Fiscal 2000*	*Fiscal 2001*	*Fiscal 2000*	*Fiscal 2001*
NEW ENGLAND						
Connecticut	$3,097	$3,117	$4,238	$4,218	$ 588	$ 513
Maine	847	815	1,075	1,134	150	113
Massachusetts*	3,565	3,673	9,042	8,916	1,132	1,194
New Hampshire	NA	NA	NA	NA	NA	NA
Rhode Island	631	658	817	825	69	63
Vermont	216	216	432	408	41	40
MID-ATLANTIC						
Delaware	NA	NA	733	736	106	104
Maryland	2,479	2,592	4,746	4,885	319	336
New Jersey	5,575	6,023	7,208	7,738	1,440	1,622
New York	8,187	7,913	20,337	24,334	1,939	2,150
Pennsylvania	7,018	7,291	7,066	7,358	1,860	1,947
GREAT LAKES						
Illinois	6,027	6,180	7,686	8,000	1,237	1,120
Indiana	3,651	3,770	3,753	4,160	985	1,142
Michigan*	1,643	1,736	5,161	5,351	2,203	2,158
Ohio	5,914	5,915	7,232	7,576	969	1,050
Wisconsin	3,502	3,500	5,962	5,825	645	660
PLAINS						
Iowa	1,417	1,497	2,376	2,490	326	318
Kansas	1,440	1,510	1,855	1,920	250	225
Minnesota	3,714	3,850	5,447	5,583	742	740
Missouri	1,715	1,774	3,658	3,983	254	278
Nebraska	900	941	1,180	1,230	140	141
North Dakota	355	389	197	194	48	52
South Dakota	432	451	NA	NA	NA	NA
SOUTHEAST						
Alabama	1,379	1,480	1,981	2,116	228	243
Arkansas	1,632	1,714	1,465	1,529	221	204
Florida	13,767	13,945	NA	NA	1,407	1,609
Georgia	4,155	4,500	6,495	7,110	NA	NA
Kentucky	2,171	2,375	2,702	2,832	306	324
Louisiana	2,060	2,203	1,616	1,800	216	190
Mississippi	1,371	1,458	1,005	1,120	296	322
North Carolina	3,355	3,613	7,080	7,651	903	782
South Carolina	1,981	2,093	2,099	2,284	174	199
Tennessee	4,608	4,885	180	186	1,074	1,050
Virginia	2,202	2,313	6,829	7,416	566	462
West Virginia	846	873	966	996	117	153
SOUTHWEST						
Arizona	2,829	2,948	2,289	2,494	523	513
New Mexico	1,415	1,486	870	913	161	165
Oklahoma	1,356	1,406	2,014	2,130	185	196
Texas*	33,337	NA	NA	NA	3,954	NA
ROCKY MOUNTAIN						
Colorado	1,887	1,944	3,718	3,688	289	276
Idaho	618	639	892	916	99	99
Montana	NA	NA	516	497	91	66
Utah	1,370	1,400	1,651	1,692	192	172
Wyoming	243	252	NA	NA	NA	NA
FAR WEST						
Alaska	NA		NA		NA	235
California	20,884	21,318	39,136	41,336	6,655	6,800
Hawaii	1,529	1,559	1,064	1,138	68	53
Nevada	599	626	NA	NA	NA	NA
Oregon	NA	NA	4,197	4,420	405	408
Washington	10,431	10,321	NA	NA	NA	NA
TERRITORIES						
Puerto Rico	529	599	2,506	2,729	1,753	1,767
Total	**145,014**	**149,163**	**188,967**	**201,128**	**31,373**	**30,487**

NOTES: NA indicates data are not available since, in most cases, these states do not have this type of tax.
*See Notes to Table A-8.
**Unless otherwise noted, fiscal 2000 figures reflect preliminary actual tax collection estimates as shown in Table A-7, and fiscal 2001 figures reflect the estimates used in enacted budgets.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE A-8

Massachusetts	Effective in fiscal 2001, one percentage point, or 20 percent, of most sales taxes are dedicated to support the operations of the authority that finances and operates mass transit facilities in eastern Massachusetts. Although these revenues are not budgetary receipts, the estimated $645 million for fiscal 2001 is included here to facilitate comparison across fiscal years.
Michigan	Michigan does not have a corporate income tax but instead uses a value-added type tax known as the single business tax. Michigan voted to cut the rate of the single business tax after the May 2000 Consensus Revenue Estimating Conference.
Texas	Texas operates under a biennial budget. Revenue and spending are projected for a two-year period. Figures reflect the biennial amount adjusted for higher-than-anticipated sales tax revenue realized during fiscal 2000. Sales tax collections include general and limited sales and use taxes as well as motor vehicle sales and rental taxes. Texas does not have a personal income tax. Franchise taxes comprise tax collections shown under corporate income taxes. Projections reflect the biennial amount adjusted for higher-than-anticipated sales tax revenue realized during fiscal 2000.

TABLE A-9

Enacted Revenue Changes by Type of Revenue, Fiscal 2001

State	*Tax Change Description*	*Effective Date*	*Fiscal 2001 Revenue Changes ($ in Millions)*
	SALES TAXES		
California	Creates a sales tax exemption for rural investment.	1/01	-5.0
Colorado	Reduces rates from 3 percent to 2.9 percent.	1/01	-37.2
	Exempts agricultural items from the sales and use tax.	7/00	-3.0
Connecticut	Increases the clothing exemption from $50 to $75.	7/00	-31.0
	Exempts college text books.	7/00	-3.5
	Establishes a sales tax holiday for items costing less than $300.	7/00	-2.0
Florida	Creates a one-time sales tax holiday on clothing items costing less than $100.	7/00	-41.2
	Creates exemptions related to entertainment facilities.	7/00	-12.7
	Creates an exemption for motion picture and video equipment.	7/00	-1.7
	Reduces the tax rate by 0.5 percent on selected agricultural equipment.	1/01	-1.7
	Creates a 25-percent exemption for research and development for defense and space technology.	7/00	-1.9
	Creates an exemption for 501(c)(3) organizations.	1/01	-10.1
	Creates miscellaneous exemptions with less than $1 million in effect each.	7/00	-6.3
Hawaii	Provides pyramiding relief to amusement services and from the public services company tax.	1/00	-2.0
Illinois	Suspends the state sales tax on motor fuel for six months.	7/00	-150.0
Iowa	Establishes a sales tax holiday.	7/00	-3.0
Kansas	Exempts all sales of machinery and equipment used in the state as “integral or essential part of an integrated production operation by a manufacturing or processing plant or facility.” Sales of installation, maintenance, and repair services performed on such machinery and equipment, including repair and replacement parts, are exempt.	7/00	-4.4
Kentucky	Extends the sales tax to interstate long distance.	1/01	23.6
Louisiana	Creates a 1-percent tax on food and utilities.	7/00	109.9
Maine	Repeal of the tax on snack foods.	1/01	-7.5
Maryland	Creates a tax-free week for sales of clothing and footwear items with taxable prices under $100 in August 2001. The cost in fiscal 2002 is expected to be $6.7 million.		
Michigan	Cuts the electricity tax rate.	6/00	-5.0
	Creates an airplane and parts exemption.	6/00	-2.4
	Eliminates end user line charges.	7/00	-16.8
Minnesota	Sales tax rebate for fiscal 2000.	6/00	-637.7
	Miscellaneous exemptions.	various	-2.8
New York	Creates various exemptions.	9/00	-23.2
Pennsylvania	Exempts the tax on fertilizer processing.	7/00	-2.7
	Exempts the tax on building maintenance.	7/00	-3.1
	Exempts the tax on pre-built housing.	7/00	-5.2
	Exempts the tax on home sewing patterns and fabric.		-0.2
	Allow bad debt credit.		-7.9
	Creates a sales tax holiday on computers.	8/00	-8.3
South Carolina	Creates a sales tax holiday.	8/00	-3.6
	Phases-in the elimination of the sales tax on food.	1/01	-24.6
Total Revenue Changes—Sales Taxes			**$-934.2**

TABLE A-9 (continued)

Enacted Revenue Changes by Type of Revenue, Fiscal 2001

State	*Tax Change Description*	*Effective Date*	*Fiscal 2001 Revenue Changes ($ in Millions)*
	PERSONAL INCOME TAXES		
Arkansas	Creates a 30-percent exclusion of capital gains realizations.	1/99	-15.0
California	Creates a refundable child care credit.	1/00	-195.0
	Creates a personal income tax credit for teachers.	1/00	-218.0
	Creates a credit for long-term care providers for the elderly and disabled.	11/00	-43.0
	Creates an exclusion for employer-provided graduate student expenses.	1/00	-9.0
Colorado	Reduces rates from 4.75 percent to 4.63 percent.	1/00	-114.0
	Creates a tax exclusion for prepaid tuition payments.	1/01	-0.6
	Refunds the conservation easement credit.	1/00	-0.6
	Creates an exclusion from resident individual personal income taxes Coloradoans absent for active military duty outside the U.S.	1/01	-0.5
Idaho	Initiates a one-year, 0.1-percent cut in the tax rate, eliminates the marriage tax penalty, adjusts tax brackets for inflation and increases the health insurance deduction for the self-employed.	1/00	-26.9
Illinois	Creates a final phase-in of the personal exemption increase and a tuition tax credit.		-190.0
Iowa	Creates a credit for historic preservation, research and career education.	7/00	-8.4
Louisiana	Limits itemized deductions and suspends the education credit.	1/00	85.2
Kentucky	Conforms with the Internal Revenue Code.	7/01	1.0
Maine	A $6,000 exemption on public and private pensions, an earned income tax credit, and an increase in personal exemption (1/99).	1/00	-23.1
Maryland	Accelerates the refundable earned income credit percentage from 12.5 percent to 15 percent.	1/00	-13.0
	Liberalizes the child/dependent care tax credit.	1/01	-2.9
	Creates a tax credit for premiums paid for long-term care insurance.	1/00	-3.0
	Creates a research and development tax credit.	1/00	-6.0
Massachusetts	Begins a three-year phase-in of income tax deductions from 5.9 percent to 5.75 percent.	1/00	-166.0
	Allows short- and long-term capital loss offsets against capital gains and interest and dividend income retroactively to fiscal 1996.	1/00	-48.0
	Creates a refundable state tax credit against property taxes for qualified seniors.	1/01	-10.0
	Increases the higher education student loan deduction.	1/01	-3.0
	Increases the rental deduction from $2,500 to $3,000.	1/01	-3.0
	Increases the amount of and expands eligibility for the “dependent under 12” deduction.	1/01	-15.0
	Increases the child/dependent care expense deduction.	1/01	-2.0
	Creates a deduction for charitable contributions.	1/01	-80.0
Michigan	Creates college savings accounts.	10/00	-7.7
	Accelerates rate cuts.	1/00	-46.9
	Increases the child exemption.	1/00	-26.5
	Increases disabled homestead property tax credit.	1/00	-4.8
Minnesota	Reduces tax rates. Income tax rates were permanently reduced for 2000 and thereafter, moving from 5.5 percent to 5.35 percent for the lowest bracket; from 7.25 percent to 7.05 percent for the middle bracket; and from 8 percent to 7.85 percent for the top bracket.	1/00	-224.4
	Increases working family credit.	1/00	-11.8
	Offsets from lower tab deduction.	7/00	2.4
	Reflects federal conformity.	1/00	-1.5
	Increases marriage penalty credit.	1/00	-1.7
New York	Reflects current-year phase-in of prior tax cuts.		-64.0
	Expands the child care credit.	1/00	-5.0
Ohio	Transfers $610.4 million of the budget surplus to the income tax reduction fund, enabling a one-time tax cut of 6.9 percent.	7/00	-610.4

TABLE A-9 (continued)

Enacted Revenue Changes by Type of Revenue, Fiscal 2001

State	*Tax Change Description*	*Effective Date*	*Fiscal 2001 Revenue Changes ($ in Millions)*
	PERSONAL INCOME TAXES (continued)		
Oregon	Modifies the definition of an Oregon resident.	7/99	-3.1
	Changes the political contribution tax credit.	7/99	-1.0
	Reopens tax years currently closed for taxpayers claiming refunds on federal pensions.	7/99	-8.0
Pennsylvania	Expands low-income tax forgiveness.	1/00	-16.2
Puerto Rico	Reduces the income tax.	1/00	-141
South Carolina	Reflects federal conformity.	7/00	2.8
Virginia	Creates a low-income tax credit.	7/00	-19.9
Wisconsin	Restores and expands the school property tax/rent credit against income taxes.		-319.0
Total Revenue Changes—Personal Income Taxes			**$-2,617.5**
	CORPORATE INCOME TAXES		
California	Increases the research credit.	1/00	-20
	Increases the amount of losses that can be carried forward.	1/00	-1
	Creates a credit for land donated for conservation.	1/00	-10
Colorado	Reduces rates from 4.75 percent to 4.63 percent.	1/00	-11.3
	Creates a low-income housing owner tax credit.	1/01	-1.3
	Creates brownfield redevelopment incentives.	1/01	-2.3
	Creates alternative fuels incentives.	7/00	-0.1
Connecticut	Initiates single-factor apportionment for manufacturers and broadcasters (effect occurring beginning fiscal 2002).	1/00	0.0
Hawaii	Creates tax credits for hotel construction and remodeling.	1/99	-24.8
Idaho	Raises the investment tax credit from 45 percent to 50 percent.	1/00	-2.1
Illinois	Phases in a single sales factor allocation and creates an insurance tax offset.		-40.0
Michigan	Changes the investment tax credit.	6/00	-16.7
	Creates a brownfields credit.	6/00	-25.3
	Creates Michigan Economic Growth Authority (MEGA) job retention.	6/00	-8.0
	Creates a MEGA high-tech tax credit.	6/00	-2.5
Minnesota	Reflects federal conformity.	1/00	1.1
	Reflects transit pass employer credit.	1/00	-1.3
New Hampshire	Increases the corporate income tax rate from 7 percent to 8 percent.	7/99	22.0
New York	Initiates utility deregulation affecting the corporate franchise tax. General fund decrease totals $-218 million, special revenues decrease totals $-27.2 million.	various	-245.2
	Initiates utility deregulation affecting corporation and utilities taxes. General fund decrease totals $-256 million, special revenues decrease totals $-31.7 million.	various	-287.7
	Reflects current-year phase-in of prior-year tax cuts.		-14.2
	Creates a low-income housing credit.	1/00	-2.2
Ohio	Creates a job training tax credit.	1/01	-15.0
Oregon	Increases the low-income housing credit.	7/99	-1.0
Total Revenue Changes—Corporate Income Taxes			**$-708.9**

TABLE A-9 (continued)

Enacted Revenue Changes by Type of Revenue, Fiscal 2001

State	*Tax Change Description*	*Effective Date*	*Fiscal 2001 Revenue Changes ($ in Millions)*
	CIGARETTE AND TOBACCO TAXES		
Louisiana	Raises the tax to 4 cents per pack on cigarettes and to 20 percent tax on smokeless tobacco.	8/00	14.7
New Hampshire	Increases the cigarette tax by 15 cents per pack.	7/99	28.0
Oregon	Extends the cigarette tax sunset date.	7/99	-1.1
Total Revenue Changes—Cigarette and Tobacco Taxes			**$41.6**
	MOTOR FUEL TAXES		
Connecticut	Reduces the gas tax from 32 cents to 25 cents.	7/00	-99.0
Kentucky	Exempts special fuels for nonhighway purposes.	7/00	-5.1
Total Revenue Changes—Motor Fuel Taxes			**$-104.1**
	ALCOHOLIC BEVERAGES		
Florida	Reduces the alcoholic beverage surcharge by half.	7/00	-38.7
	Creates an exemption for 501(c)(3) organizations.	7/00	-1.6
New York	Creates an exemption for small brewers.	1/00	-1.0
Total Revenue Changes—Alcoholic Beverages			**$-41.3**
	OTHER TAXES		
Arizona	Modifies how property taxes are assessed on utilities, resulting in a decrease in revenues.	7/02	-2.2
Connecticut	Establishes a tax credit for HMOs providing medical coverage through Healthcare for Uninsured Kids and Youth (HUSKY) Part A or B.	1/00	-10.5
	Eliminates the gross earnings tax on hospitals.	4/00	-75.0
Florida	Reduces the intangibles tax millage by 0.5 mills.	1/01	-210.2
	Repeals the tax on accounts receivable.	1/01	-18.5
	Exempts trust and non-bank fiduciaries.	1/01	-13.8
	Creates miscellaneous intangible tax reductions.	1/01	-1.2
	Reduces assessments for outpatient services.	7/00	-28.3
	Reduces the rates on parimutuel wagering.	7/00	-23.2
	Reflects miscellaneous reductions.	7/00	-0.4
Hawaii	Provides a refundable ethanol investment tax credit to encourage the development of qualifying ethanol production facilities.		
Kansas	Revises the bingo tax.	7/00	1.5
Kentucky	Creates minor changes to parimutuel, coal severance, property and corporate license taxes.	1/01	1.8
Maryland	Exempts property passed to direct beneficiaries (spouse, child, grandchild, parent) or siblings.	7/00	-10.9
Michigan	Creates brownfields changes.	6/00	-2.7
	Reflects telecommunications reform.	7/00	-4.6
Minnesota	Reduces lawful gambling rates.	7/00	-3.1
Montana	Phases in statewide reappraisal of residential and commercial property over four years. Tax rate lowered annually for four years for residential, commercial, agricultural land and timberland; new homestead and comstead exemptions phased in over four-year period.	1/99	-8.5
	Exempts business equipment valued at less than $5,000 from property tax; reduces the tax on business equipment from 6 percent to 3 percent.	1/99	-10.6
	Reduces the tax on light vehicles from 2 percent to 1.4 percent.	1/00	-11.4
	Eliminates the telephone company license tax; establishes a telephone excise tax; reduces the property tax rate on telecommunications from 12 percent to 6 percent.	1/00	14.8
	Reduces the property tax rate on electrical generation property from 12 percent to 6 percent; establishes a wholesale energy transaction tax.	1/00	-2.7
New Hampshire	Increases the real estate transfer tax by $2.50.	7/99	36.0
New York	Reflects current-year phase-in of prior year tax cuts.		-261.0

TABLE A-9 (continued)

Enacted Revenue Changes by Type of Revenue, Fiscal 2001

State	*Tax Change Description*	*Effective Date*	*Fiscal 2001 Revenue Changes ($ in Millions)*
	OTHER TAXES (continued)		
Ohio	Modifies the gross receipts tax on electric and rural companies, lowers the tangible personal perperty assessment valuation for nondistribution and transmission of property, creates a kilowatt-hour tax based on electricity usage of the end-user and a self-assessor option tax for large consumers of electricity and subjects electric companies to the corporate franchise tax.	1/01	-14.3
Oklahoma	Changes motor vehicle registration fees from an ad valorem basis to a flat fee per vehicle based on vehicle age.	8/00	-110
	Changes motor vehicle excise fees from 3.25 percent of total delivered price, depreciated 35 percent for each year, to 3.25 percent of actual purchase price over $1,000 plus $20.		99.9
Pennsylvania	Exempts telecommunications from the gross receipts tax.	1/00	-8.0
	Reduces the capital stock and franchise tax rate.	1/00	-303.2
	Creates a homeowner's property tax rebate.	7/00	-330.0
	Reduces public utility realty tax.	1/98	-3.1
	Increases and broadens exemptions to the inheritance tax.	7/00	-78.0
	Provide tax credits for insurance premiums tax.	1/00	-7.8
Rhode Island	Increases the hotel tax from 5 percent to 6 percent.	7/00	2.4
Utah	Reduces the unemployment insurance social rate.	7/00	-26.5
Vermont	Raises the state earned income tax credit (EITC) from 25 percent to 32 percent of the federal EITC.	1/01	-3.5
West Virginia	Repeals the insurance premium tax credit	7/00	5.2
Wyoming	Repeals incentives on oil and methane gas.		-5.3
Total Revenue Changes—Other Taxes			**$-1,426.9**
	FEES		
Florida	Increases community college tuition.	7/00	11
	Increases state university tuition.	7/00	18.7
	Eliminates auto emissions testing.	7/00	-51.9
	Eliminates the sales tax registration fee.	7/00	-7.7
	Creates a fee holiday for selected professions.	7/00	-8.2
Maryland	Exempts vehicles when lessee purchases vehicle at end of lease period.	7/01	-2.8
Minnesota	Reduces county corrections fees.	7/00	-3.4
	Increases game and fish license fees.	3/01	1.2
	Increases Board of Electricity fees.	7/00	1.6
	Reflects an assigned risk plan assessment rate reduction.	7/00	-40.6
Missouri	Creates various hazardous waste and water pollution control fees.	8/00	4.0
New Mexico	Increases in various fees.	7/00	1.7
New York	Increases various mandatory surcharges.	4/00	4.8
North Carolina	Increases court fees.	7/00	6.4
	Increases uniform commercial code fees.	7/00	3.9
Utah	Increases higher education tuition by 4 percent.	7/00	6.7
Wyoming	Creates various insurance fees.		-1.5
Total Revenue Changes—Fees			**$-56.1**

NOTE: NA indicates data are not available.

SOURCE: National Association of State Budget Officers.

TABLE A-10

Enacted Revenue Measures, Fiscal 2001

State	*Description*	*Effective Date*	*Recommended Changes (Millions)*
Arkansas	A 30-percent exclusion of capital gains realizations.	1/99	15.0
Delaware	Earmarked one-eighth of the 8-percent rate on public accommodations to a beach preservation fund, one-eighth to each county's visitor's bureau, and one-eighth to the Delaware Tourism Office. The remaining five-eighths goes to the general fund.	7/00	-1.8
	Delinquent tax collections from the general fund used for information systems enhancements.	7/00	-1.7
Florida	Changes the distribution to the International Game and Fish Association.	7/00	-1.0
	Changes the distribution to spring training facilities.	7/00	-0.4
Hawaii	Allows contractors to report general excise tax on a cash basis.	1/01	-9.0
Illinois	One-time property tax rebate of $280 million. First year of three-year earned income tax credit program totalled $35 million.		315.0
Massachusetts	Dedicates 20 percent of the state's 5-percent sales tax to major transit authority operations.	7/00	-645.0
Minnesota	Lottery sales dedicated to natural resources and environment.	7/00	-24.6
	Dedicated to highway user fund to replace reduced revenues from lower motor vehicle registration tax.	7/00	-149.8
	Delay premiums tax on HMOs and home health services corporations (HHSCs) for two years.	1/01	-16.2
	Transfer from TANF for working family credit and child support payments.	7/00	20.3
	Transfer from TANF for low-income housing.	7/00	30.0
	General fund transfer from assigned risk.	7/00	110.0
	General fund transfer from assigned risk to subsidize the state-created Minnesota Comprehensive Health Association, which offers a health insurance plan that insures people with high medical costs who were rejected by private plans.		15.0
	Workers' compensation fund transfer from assigned risk to settle second injury and supplementary benefit claims and reduce the assessment on insurers and self-insured employers by 30 percent.		325.0
New York	Reissuance of license plates.	10/00	9.1
	Implementation of eight-year motor vehicle license renewals.	4/00	4.9
Pennsylvania	Reflects prepaid calling cards.	7/00	1.8
Ohio	Expands and increases the credit granted to electric utilities for Ohio coal burned.	1/00	-12.5
Rhode Island	Shifts the value of one-quarter of 1 cent of gas tax revenues from the general fund to the Rhode Island Public Transit Authority.	7/00	-1.2
	Transfers a portion of retained earnings of the Rhode Island Resource Recovery Corporation to the general fund.	7/00	3.1
	Changes the lottery payout and allocation percentages.	7/00	12.8
	Changes the hospital licensing fee ($58.7 million); redirects emissions inspections revenues from restricted to general revenue ($6.5 million); redirects emergency 911 surcharge from restricted to general revenue ($3.8 million); reflects health care financing education ($16.5 million).	7/00	85.5
Virginia	Reflects natural gas deregulation.	7/00	1.8
West Virginia	Makes adjustment for military retirement.	1/00	-1.0
	Dedicates $5 of automobile title fees toward waste tire cleanup.	7/00	3.6

SOURCE: National Association of State Budget Officers.

TABLE A-11

Total Balances and Balances as a Percentage of Expenditures, Fiscal 1999 to Fiscal 2001*

	*Total Balances (Millions)***			*Balances as a Percentage of Expenditures*		
Region and State	*Fiscal 1999*	*Fiscal 2000*	*Fiscal 2001*	*Fiscal 1999*	*Fiscal 2000*	*Fiscal 2001*
NEW ENGLAND						
Connecticut	$ 529	$ 564	$ 565	5.0%	5.0%	5.0%
Maine	361	445	150	16.8	19.2	5.7
Massachusetts	1460	1687	1718	7.9	8.6	8.5
New Hampshire	20	24	44	2.1	2.3	4.1
Rhode Island	164	164	74	8.0	7.3	3.1
Vermont	40	41	43	4.8	4.8	5.0
MID-ATLANTIC						
Delaware	305	243	179	14.2	10.8	6.4
Maryland	1218	1518	1067	14.3	16.8	10.6
New Jersey	1267	1170	865	7.0	6.0	4.1
New York	892	1167	1085	2.4	3.1	2.7
Pennsylvania	1388	1708	1174	7.6	8.8	5.9
GREAT LAKES						
Illinois	1351	1517	1475	6.3	6.6	6.1
Indiana	1991	1638	1221	23.5	18.3	12.6
Michigan	1223	1264	1345	13.0	13.6	13.8
Ohio	1175	1199	1233	6.5	6.2	6.0
Wisconsin	701	836	361	7.0	7.4	3.3
PLAINS						
Iowa	728	609	615	16.1	12.8	12.6
Kansas	541	378	393	12.9	8.7	8.9
Minnesota	1921	1533	1126	17.5	13.0	8.8
Missouri	493	338	174	7.0	4.6	2.3
Nebraska	439	458	323	19.6	19.5	13.1
North Dakota	62	60	61	8.2	7.8	7.4
South Dakota	35	37	NA	4.8	4.8	NA
SOUTHEAST						
Alabama	72	68	29	1.5	1.3	0.5
Arkansas	40	NA	NA	1.3	NA	NA
Florida	1694	1795	1309	9.4	9.5	6.5
Georgia	1542	545	408	11.8	3.8	2.8
Kentucky	294	415	279	4.5	6.3	4.0
Louisiana	-3	79	110	0.0	1.3	1.8
Mississippi	444	290	249	14.3	8.3	6.9
North Carolina	819	38	158	6.3	0.3	1.1
South Carolina	723	566	247	15.3	11.0	4.4
Tennessee	217	313	178	3.4	4.7	2.5
Virginia	847	1228	693	8.3	10.9	5.6
West Virginia	221	221	81	8.5	8.4	2.8
SOUTHWEST						
Arizona	642	609	578	10.9	10.1	9.4
New Mexico	158	214	264	4.9	6.3	7.6
Oklahoma	383	438	444	8.6	9.6	9.2
Texas***	3559	1606	NA	6.7	2.8	NA
ROCKY MOUNTAIN						
Colorado	903	1024	860	15.5	17.1	12.9
Idaho	83	75	39	5.1	4.5	2.2
Montana	110	172	118	10.5	15.6	9.9
Utah	102	223	116	3.1	6.6	3.3
Wyoming	73	95	26	14.6	16.7	4.1
FAR WEST						
Alaska	2628	2889	2905	114.6	125.6	130.4
California	3708	7828	2874	6.4	11.7	3.6
Hawaii	189	272	293	5.8	8.5	8.7
Nevada	222	292	298	13.7	18.1	18.0
Oregon	357	137	439	8.7	2.6	8.9
Washington	997	1239	1082	10.2	12.1	10.2
TERRITORIES						
Puerto Rico	183	165	72	2.7	2.3	0.9
Total	**$39,326**	**$41,264**	**$29,368**	**8.4%**	**8.3%**	**6.2%**

NOTES: NA indicates data are not available.
*Fiscal 1999 are actual figures, fiscal 2000 are preliminary actual figures, and fiscal 2001 are appropriated figures.
**Total balances include both the ending balance and balances in budget stabilization funds.
***See notes to table A-11.

SOURCE: National Association of State Budget Officers.