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Preface

The Fiscal Survey of States is published twice annually by the National Association of State Budget Officers (NASBO) and the National Governors Association (NGA). The series was started in 1977. The survey presents aggregate and individual data on the states' general fund receipts, expenditures and balances. 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 January through June 2001. The surveys were completed by governors' state budget officers in the 50 states.

Each edition of *The Fiscal Survey of States* features a state policy or budget issue. This edition features states' Medicaid expenditures and governors' recommended measures to contain Medicaid program costs.

Fiscal 2000 data represent actual figures, fiscal 2001 figures are estimates and fiscal 2002 data reflect recommended budgets.

Forty-six states begin their fiscal years in July and end them 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. Additionally, 20 states operate on a biennial budget cycle.

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

Executive Summary

The current recession is severely and negatively impacting the fiscal situation in the states. Nearly every state is facing revenues that have fallen far below original estimates, resulting in net budget shortfalls estimated to be as high as $38 billion. This figure represents more than three-quarters of what states earlier predicted their fiscal 2002 ending balances would be. The widening gap between revenues and expenditures is forcing states to make serious fiscal adjustments by cutting enacted budgets, delaying expenditures, lowering revenue projections, utilizing rainy day funds, and, in some cases, increasing taxes.

Simultaneously, rapid growth in Medicaid and health care costs continue to place heavy pressure on state budgets. According to the National Association of State Budget Officers' (NASBO) *2000 State Expenditure Report*, Medicaid expenditures are about 20 percent of total state expenditures. Similarly, NASBO's *State Health Care Expenditure Report* found that total state health care spending is 27 percent of all state expenditures.

This edition of *The Fiscal Survey of States* reflects actual fiscal 2000, preliminary actual fiscal 2001, and appropriated fiscal 2002 figures. The data show tightening fiscal conditions in the states during this time period. Data were collected during summer 2001; they do not reflect the aftermath of the September 11 terrorist attacks.

State Spending

Enacted increases in states' fiscal 2001 general fund spending were 8.3 percent, but are expected to be only 2.8 percent in fiscal 2002. This includes one-time spending from surplus funds, transfers into budget stabilization funds and other reserve funds, and payments to local governments to reduce property taxes. Highlights were:

- Nineteen states reduced fiscal 2001 enacted budgets by approximately $1.9 billion after they were passed—18 states more than the previous year.
- Of states where revenues and expenditures were out of balance, 10 states tried to close that budget gap through a strategy of across-the-board cuts, four states used their rainy day funds, one state laid off employees, one state used early retirement, one state reorganized programs, and 12 states used a variety of other methods.
- States continued to provide supportive services for families to achieve self-sufficiency. Eight states increased cash assistance benefit levels in the Temporary Assistance for Needy Families (TANF) program in fiscal 2002.
- Fewer than half of the states enacted changes affecting aid to local governments. Such aid 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 is approximately $2.9 billion in fiscal 2002 budgets. Most increases in aid reflect revenue sharing, social services, public safety, libraries, education, and property tax relief.
- Many states granted increases in employee compensation in fiscal 2002, with an average across-the-board increase of approximately 3.2 percent. Eligible employees received additional monies for merit pay, movements along pay scales, and other forms of compensation.

State Revenue Actions

Enacted net tax and fee changes will increase fiscal 2002 revenues by $303.8 million. Fiscal 2002 ended seven consecutive years of net tax reductions that began during the surge in economic growth during the '90s. The small net tax increase reflects states' recognition of the anemic economy and its effect on state budgets as well as state efforts to avoid service cuts. Most of the enacted fiscal 2002 increases bolster the corporate income tax. Simultaneously, states increased their sales taxes and decreased personal income taxes. Findings include the following:

- Current estimates of fiscal 2001 tax collections are 0.6 percent lower than the estimates originally used in adopting state budgets.
- Based on the original estimates in their enacted budgets, 24 states report that their sales, personal income, and corporate income taxes are lower than original estimates; 18 said they are higher; and only six say they are on target.

Year-End Balances

Year-end balances in fiscal 2000, fiscal 2001, and fiscal 2002 are at 10.4 percent, 7.7 percent, and 5.8 percent, respectively. Although balances are at healthy levels historically, the balance for fiscal 2002 cuts nearly in half the 10.4 percent balance states experienced only two years earlier, at the height of state balances.

An economic downturn can reduce state balances dramatically, so states develop fiscal plans with projected reserves. These reserves may be a budget stabilization fund, a required ending balance, a rainy day fund, or any combination thereof. During the past several years, states have built up rainy day fund balances and ending balances to help prevent major disruptions in services to citizens if the economy slows. Because of the recent slowdown in the national economy and the high number of states experiencing significant budget shortfalls, these balances will almost certainly shrink further as states run out of budget balancing options.

State Spending on Information Technology

As information technology (IT) spending for states continues to grow and chief information officers begin to assume management responsibilities for IT investments across state agencies, states are beginning to track overall IT spending in their budgets. For the second year, states were asked to provide information on total budget outlays for information technology. Thirty-three states provided appropriated figures for fiscal 2002 indicating average annual expenditures of $185 million, ranging from a low of $2 million to a high of nearly $1.3 billion.

Current State Fiscal Conditions: Waning in the Fall, Struggling After September 11

CHAPTER ONE

Several states announced budget shortfalls in the spring and late summer as the slowing economy began to take hold. The recession and the additional economic fallout of the September 11 attacks now have affected every state. Current severe economic conditions mean that state revenues have fallen far below original estimates, leading to budget shortfalls or significant fiscal woes in nearly every state. A preliminary review conducted by NASBO of projected state budget shortfalls for fiscal year 2002 indicates net state budget shortfalls of $38 billion.

These shortfalls represent more than three-quarters of what states earlier estimated their year-end fiscal 2002 balances would be. By comparison, when states experienced large revenue shortfalls in 1991, they had to cut their budgets by $7.6 billion.

More directly related to the September 11 attacks, layoffs (mostly in the airline and tourism industries) have led to a decline in personal income tax revenues as wage withholding has dropped. The layoffs also have stressed state unemployment insurance funds. While retail sales have shown signs of strength recently, they dropped rapidly after the attacks and sales tax revenues suffered. Corporate income taxes, already ailing amidst lackluster corporate profits throughout the summer, also have fallen. State employee pension funds, many invested heavily in the stock market, have been hard hit as well.

The September 11 attacks, continuing concerns about bioterrorism, and the ongoing military response have had substantial short-term economic effects on the states and raise significant concerns about what the long-term impact will be. Indeed, according to the Bureau of Economic Analysis, in the year ending with the second quarter of 2001, state and local tax revenue growth was slightly more than 4 percent—the slowest growth rate since it began keeping track in the late 1950s.

Economic Growth

According to Economy.com, the lost economic output due to the attacks is a remarkable $50 billion. That figure equals a one-percentage point drop in real gross domestic product (GDP) in the third quarter of 2001. While third-quarter growth before the attack was estimated at 0.8 percent, it is now expected to decline by that amount, representing the first decline in GDP since the first quarter of 1993.

Consumer Confidence

Consumer confidence generally reflects economic conditions rather than influences them. Changes in unemployment, inflation, stock and housing values usually help explain changes in confidence. This is not true during times of crisis when steep declines in confidence signal a retrenchment of consumer spending, invariably leading to recession.

The short-term indicators of the economy's weakened condition are dramatic. The University of Michigan and Conference Board surveys of consumer confidence fell between 10 percent and 15 percent in September compared to August. As of November 27, the Conference Board's consumer confidence index had fallen to its lowest reading since early 1994. Since the September 11 attacks, there have been at least 250,000 corporate layoffs. Small businesses anticipate sales will be down dramatically, which will force them to scale back hiring and capital spending.

Post-Attack Economic Forecasts

The buoyancy of the long-term economic outlook depends on several factors, including any future terrorist attacks, the success of the military response, changes in interest rates, levels of any federal stimulus package, and oil prices. Furthermore, it will depend on the level of military and domestic security spending. It likely will be some time before recently predicted federal budget surpluses materialize.

Before September 11, economic tightening generally was limited to industrial states. While the attacks likely will push those states into deeper recession, Economy.com's analysis indicates the greatest effect of the attacks was to significantly undermine the regional economies that were the strongest before September 11. The fallout in travel—devastating the airline, hotel, and restaurant industries—will be felt harshly in tourist-heavy regions. Disrupted cross-border trade is affecting the nation's border states' economies. Exceptions are economies invested heavily in military activity, which will benefit from increased production of weapons and equipment. However, regional differences in economic performance will be less pronounced during this recession than they were during the last one 10 years ago.

State Tax Revenues

Total state tax revenues are expected to be flat in the current fiscal year compared to the last fiscal year, significantly off from the 6.5 percent revenue growth of fiscal 2001 and 8 percent growth of fiscal 2000.

Sales tax revenues have been affected strongly by the September 11 events. Retail sales plunged in the weeks immediately after the attacks. Although they stabilized in October, it was due largely to price-cutting, particularly by automakers, airlines, and hotels. While retail volumes are holding up, sales dollars are not. Retail Christmas sales this year may fall below last year's—the first decline since Christmas 1953 in the wake of the Korean War.

Personal income will grow only approximately 3 percent during fiscal 2002 compared to 5 percent in fiscal 2001 and more than 7 percent in fiscal 2000. Capital gains realizations peaked in 2000 at nearly $700 billion and are projected to fall nearly half to just more than $400 billion in 2001 and $350 billion in 2002. Because of the lag between when capital gains are realized and when they affect tax receipts, their greatest impact on personal income tax collections will be in the current fiscal 2002 year.

State Expenditure Developments

CHAPTER TWO

Budget Management in Fiscal 2001

The economic slowdown has forced many states to face serious revenue shortfalls and ever-increasing expenditure pressures. Nineteen states were forced to reduce their fiscal 2001 enacted budgets by a total of approximately $1.9 billion (see Table 1). The last time such a high number of states had to cut their enacted budgets this way was between fiscal 1990 and fiscal 1993, the peak years for midyear budget adjustments. In 1996, 13 states made cuts to their enacted budgets totaling only $1.6 billion. Between then and fiscal 2001, states making midyear budget adjustments have numbered in the single digits.

Many states forced to make midyear adjustments this time exempted certain programs or expenditures from budget cuts. These included K-12 education, higher education, debt service, Medicaid, public safety, and aid to towns and cities. Typically the only programs exempt from cuts are entitlement programs (e.g., Medicaid); programs most governors consider high priority; or those set by predetermined formulas, such as school aid. However, the severe current economic conditions mean that even these may be considered for cutting.

To resolve the budget gap caused by the imbalance between revenues and expenditures in fiscal 2001, 10 states used across-the-board cuts, four states used rainy day funds, one state laid off employees, one state offered early retirement, one state reorganized programs, and 12 states implemented a variety of other methods (see Appendix Table A-5). Other

TABLE 1

Budget Cuts Made After the Fiscal 2001 Budget Passed

State	*Size of Cut (Millions)*	*Programs or Expenditures Exempted from Cuts*
Alabama	$263.8	Debt service, certain federal court ordered amounts, Department of Youth Services (for care of children in custody).
Arkansas	8.0	----
Connecticut	50.0	----
Delaware	14.2	Debt service and non-cabinet agencies.
Kentucky	NA	K-12 education, postsecondary education, capital projects.
Iowa	3.9	----
Louisiana	29.5	Attorney general, lieutenant governor, public service commission, insurance, public safety, wildlife and fisheries, higher education.
Michigan	135.0	School aid, debt service, TANF maintenance of effort, local aid.
Mississippi	119.2	Homestead exemption, Medicaid, debt service.
Missouri	76.0	Foundation formula for K-12 education, higher education, Medicaid, and public debt.
New Hampshire	20.0	Local aid to cities, towns and school districts.
North Carolina	604.6	----
Ohio	181.4	The Department of Education, the Ohio Schools for the Blind and the Deaf, the School Facilities Commission, the SchoolNet Commission, judicial branch agencies, the Expositions Commission, state student financial aid appropriations, TANF, day care, CHIP, Medicaid, adoption assistance, property tax allocation appropriations, tangible tax exemption appropriations, appropriations for debt service (including lease rental payments), building and office rent appropriations, and pension system payments made by the state treasurer.
Oregon	NA	No exemptions.
South Carolina	48.1	Debt service and local government fund.
Tennessee	25.0	Higher education and K-12.
Utah	56.6	All programs were exempt. Only capital projects were impacted by the administrative budget holdbacks.
Virginia	273.7	----
West Virginia	23.9	Debt service, public and higher education, legislative and judicial.
Total	**$1,932.9**	---

SOURCE: National Association of State Budget Officers.

budget-cutting methods included putting capital projects on hold, targeting reductions, transferring funds, adjusting expenditure estimates, and using available reserves (see Notes to Appendix Table A-5).

State Spending for Fiscal 2002

This report captures only state general fund spending. General fund spending is primarily discretionary spending of revenues derived from general sources and not earmarked for a specific item. According to the 2000 edition of NASBO's *State Expenditure Report*, fiscal 2001 state spending from all sources is estimated to be $1 trillion, with the general fund representing 48.1 percent of the total. The components of total state spending are: elementary and secondary education, 22.5 percent; Medicaid, 19.5 percent; higher education, 10.9 percent; transportation, 8.8 percent; corrections, 3.8 percent; public assistance, 2.4 percent; and all other expenditures, 32.1 percent (numbers may not add due to rounding).

Components of state spending in the general fund are elementary and secondary education, 35.7 percent; Medicaid, 14.4 percent; higher education, 12.2 percent; corrections, 7.0 percent; public assistance, 2.5 percent; transportation, 0.9 percent; and all other expenditures, 27.3 percent (numbers may not add due to rounding). Although elementary and secondary education dominate state spending, since fiscal 1993, Medicaid has been the second largest component of state spending—both from state general funds and from all spending sources.

States are being considerably more cautious in their spending to address the increasing budget shortfalls caused by the national economic slowdown. Enacted increases in states' general fund spending for fiscal 2002 are only 2.8 percent above fiscal 2001 levels, the smallest increase in state general fund spending since 1983. Since 1983, state spending has increased at an average of 6.4 percent. State spending in fiscal 2001 is 8.3 percent above fiscal 2000 (see Table 2 and Figure 1).

In two-thirds of the states, expenditure growth is more than 5 percent in both fiscal 2000 and 2001. Conversely, in fiscal 2001 and 2002, approximately two-thirds of the states reported appropriated increases below 5 percent. Six states experienced negative growth during the same period (see Table 3 and Appendix Table A-4).

TABLE 2

State Nominal and Real Annual Budget Increases, Fiscal 1979 to Fiscal 2002

	State General Fund	
Fiscal Year	*Nominal Increase*	*Real Increase*
2002*	2.8%	1.3%
2001*	8.3	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
1979–2002 average	**6.8%**	**2.3%**

NOTE: The state and local government implicit price deflator, as cited by the Bureau of Economic Analysis on October, 2001, is used for state expenditures in determining real changes. Fiscal 2001 figures are based on the change from fiscal 2000 actuals to fiscal 2001 preliminary actuals. Fiscal 2002 figures are based on the change from fiscal 2001 preliminary actuals to fiscal 2002 appropriated.

SOURCE: National Association of State Budget Officers.

Cash Assistance Under the Temporary Assistance for Needy Families Program. Although Temporary Assistance for Needy Families (TANF) caseloads declined significantly after enactment of the 1996 welfare reform law, they have started to rise, reflecting the deterioration of the national economy. While national caseload totals declined by 3 percent from September 2000 through March 2001, reflecting the weakening national economy, the number of families receiving assistance during the same time period rose in 18 states.

Since welfare reform, states have provided supportive services to families to achieve self-sufficiency rather than providing cash assistance. Forty-two states maintain the same cash assistance benefit levels

FIGURE 1

Annual Percentage Budget Increases, Fiscal 1979 to Fiscal 2002

SOURCE: National Association of State Budget Officers.

for fiscal 2002 that were in effect in fiscal 2001. Eight states increased cash assistance benefit levels ranging between 3 percent and 9 percent (see Table 4).

The composition of TANF spending illustrates the importance of supportive services. Based on fiscal 2000, states spent about one-third of TANF funds on basic assistance and about one-fifth of TANF funds on child care.

Between August 1996—when welfare reform began—and June 2000, welfare rolls dropped 53 percent nationwide. The percentage of the U.S. population receiving TANF assistance was 2.1 percent in June 2000, a decline of nearly 59 percent from fiscal 1994. At the same time, the block grant nature of the TANF program guarantees relatively constant levels of federal funding. As the need for cash assistance expenditures declines, states can use TANF funds for other services to assist families in making the transition from welfare to work and to assist low-income families in general. The recent deterioration in state finances and the additional needs of people requiring

TABLE 3

Annual State General Fund Expenditure Increases, Fiscal 2001 and Fiscal 2002

	Number of States	
Spending Growth	*Fiscal 2001 (Estimated)*	*Fiscal 2002 (Recommended)*
Negative growth	3	6
0.0% to 4.9%	12	29
5.0% to 9.9%	24	13
10% or more	11	2

NOTE: Average spending growth for fiscal 2001 (preliminary actual) is 8.3 percent; average spending growth for fiscal 2002 (appropriated) is 2.8 percent.

SOURCE: National Association of State Budget Officers.

TABLE 4

Enacted Changes for Cash Assistance Benefit Levels under the TANF Block Grant, Fiscal 2002

State	*Percent Change*
California	5.3%
Florida	3.9
Maine	5.0
Montana	3.0
New Hampshire	*
North Dakota	4.0
South Dakota	9.0
Texas	3.4
Utah	5.0

*See Note to Table 4.

SOURCE: National Association of State Budget Officers.

NOTE TO TABLE 4

New Hampshire The change reflects a $25 shelter allowance.

assistance under TANF are additional challenges for states with strapped resources.

Medicaid Trends. Growth in Medicaid expenditures continues to strain many state budgets. Medicaid is a means-tested entitlement program financed by the states and the federal government that provides medical care for about 40 million low-income individuals. Medicaid spending, approximately $200 billion in fiscal 2001, accounts for nearly 20 percent of all state spending.

Medicaid is projected to grow at an average annual rate of 8.3 percent from 2002 through 2010, according to the Congressional Budget Office (CBO). This follows 11 percent growth in 2001, 9 percent growth in 2000, and 6.7 percent growth in 1999—the year Medicaid costs began to surge. According to CBO, factors affecting the program's growth include the cost and use of medical services, most notably prescription drugs. States also have seen greatly increased child enrollment in Medicaid due to the extensive outreach campaigns conducted by the State Children's Health Insurance Program (S-CHIP).

According to a recent report on Medicaid budgets released by the Kaiser Commission on Medicaid and the Uninsured, Medicaid budgets are severely stressed. In fiscal 2001, for instance, spending exceeded budgeted amounts in 37 states. Driving that spending are increased costs for pharmaceuticals—growing 18 percent annually—as well as increased demand by and costs for elderly and disabled populations. Due to the entitlement nature of Medicaid, cost savings are more limited than for discretionary programs. As of the beginning of fiscal 2002, 20 states indicate that Medicaid spending exceeds budgeted amounts.

Under Medicaid, coverage of prescription drugs is an optional service that all states have elected to provide. Prescription drug prices have risen nationwide. According to the National Institute of Health Care Management, escalating sales from 23 relatively new medications accounted for about half of the spending increase in prescription drugs in 2000. The Centers for Medicare and Medicaid Services estimate prescription drug spending will increase by 17.4 percent and 16 percent in fiscal 2001 and 2002, respectively, almost double the rate of the Medicaid program.

States have proposed several cost-containment measures. These include providing home- and community-based alternatives to institutional long-term care; procuring private pharmacy contracts to manage drug utilization; reducing reimbursements for prescription drugs and nursing homes; promoting managed care, anti-fraud, and abuse efforts; freezing or reducing provider payments; imposing copayments; and eliminating coverage of optional services.

Other options for states are discounts from manufacturers to purchase prescription drugs and reductions in reimbursement rates from some health care providers, such as nursing homes and hospitals. States also are using buying pools to help lower prices.

Medicaid spending increases are felt throughout state governments and affect resources allocated for other key services.

State spending on health services other than Medicaid accounts for another 8.3 percent of general fund spending. As health care costs continue spiraling upward, cost containment measures are necessary to lesson pressure on state budgets.

Aid to Local Governments. Less 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, Georgia increased the state homestead exemption to provide property tax relief at a cost of $249 million in fiscal 2002; New Jersey's Saver Program, which reimburses a portion of local school taxes to taxpayers, increased in funding by replace with $270 million or 44 percent over the fiscal 2001 amount; and Wisconsin will provide a $150 million increase in state aid to public schools to maintain its commitment to fund two-thirds of school costs.

In eight states, funding to reduce local property taxes totals $2.9 billion for fiscal 2002. The amounts in these states range from less than 1 percent to more than 20 percent of a state's total general fund increase.

Employee Compensation. Many states granted employee compensation increases for fiscal 2002, with an average across-the-board increase of approximately 3.2 percent. Eligible employees may receive additional amounts for merit pay, movement along pay scales, and other forms of compensation (see Table A-5).

TABLE 5

Enacted Changes in Aid to Local Governments, Fiscal 2002

California	Mandate funding included in local government financing in the Budget Act of 2000 is $7.3 million. Final legislative changes are not complete as of September 6, 2001, therefore legislative impacts are unknown at the time this report was completed.
Colorado	In the November 2000 election, Colorado voters approved an amendment to the Colorado Constitution requiring the following: (a) that per pupil funding for public schools and total state funding for special purpose education programs increase by at least the rate of inflation plus one percentage point for fiscal 2001 through fiscal 2010, and by at least the rate of inflation thereafter; (b) that a portion of the state's annual income tax revenue be diverted to the newly created "State Education Fund"; and (c) that monies from the State Education Fund be used to meet the amendment's funding requirements and for certain other prescribed purposes, including accountable education reform. Since the growth of the local government share of per pupil funding for pubic schools is limited to inflation plus student enrollment growth by the Taxpayer's Bill of Rights (TABOR) amendment to the Colorado Constitution, any additional funding required pursuant to the November 2000 amendment will have to be provided by the state. The amount of the state's annual income tax revenue diverted to the State Education Fund was $164.3 million in fiscal 2000 and is anticipated to be $330.3 million, $352.0 million, $374.2 million, $398.3 million, $423.8 million, and $450.4 million, respectively, in fiscal years 2001 through 2006. The Colorado General Assembly appropriated $121.3 million from the State Education Fund for fiscal 2001.
Connecticut	State formula aid to municipalities increased by $87 million, or 4 percent, in fiscal 2002. The state legislature lowered reimbursements to towns from 100 percent to 80 percent for revenue loss due to new manufacturing machinery and equipment granted by the state.
Georgia	Increased the state homestead exemption to provide property tax relief. The state homestead exemption for property tax will increase from $6,000 to $8,000 in fiscal 2002 at a total cost of $249 million. The state will provide $249 million to local governments to offset any loss in local revenue.
Hawaii	Public service company tax revenues are shared with counties that establish an exemption from real property tax for public service companies. The estimated annual loss of state general funds is $32 million beginning in fiscal 2002.
Indiana	Delaying distributions to local governments of $154.1 million for the state share of local property taxes and $289.3 million for the state share of K-12 school funding. The total of $443.4 million is 4.6 percent of total general fund spending.
Kansas	Statewide spending for aid to local governments from all funding sources increased by 2.85 percent from $3.24 billion in fiscal 2001 to $3.33 billion in fiscal 2002. As approved by the legislature, demand and revenue transfers will account for 5.8 percent or $260 million of total state general fund expenditures ($4.4 billion) for fiscal 2002. For fiscal 2001 the percentage equals 4.4 ($195.2 million of $4.4 billion). Several transfers are tied to the amount of sales tax revenue credited to the general fund. The largest demand transfer is to the State Highway Fund and is currently 9.5 percent of total sales tax revenues. For fiscal 2002, the transfer will be $121.1 million and for fiscal 2001 the transfer will be $51.7 million. To fund the new Comprehensive Transportation Program, the State Highway Fund demand transfer will increase significantly in future years. Beginning with fiscal 2002, the transfer will be 9.5 percent of the sales tax revenue to the state general fund, minus the reductions mentioned above. The State Highway Fund transfer will then grow to 11.0 percent in fiscal 2003 and to 11.25 percent in fiscal 2004. In fiscal 2005, the State Highway Fund transfer is to reach 12.0 percent and remain at that level. The Local Ad Valorem Tax Reduction Fund (LAVTR) and the County and City Revenue Sharing Fund (CCRS) are also funded from sales tax revenues. The LAVTR is to receive 3.6 percent ($54.7 million) of sales and use tax receipts. The CCRS is to receive 2.8 percent ($34.9 million) of sales and use tax receipts. Both are distributed to local governments for property tax relief. For fiscal 2002, the approved transfers are 1 percent greater than the fiscal 2001 transfer amounts. In addition, these transfers, rather than expenditures, will be treated as revenue transfers in fiscal 2002. The Special City and County Highway Fund was established in 1979 to prevent the deterioration of city streets and county roads. Each year this fund receives an amount equal to the state property tax levied on motor carriers. The approved transfer amount for fiscal 2002 is $10.4 million and represents the fiscal 2001 transfer plus 1 percent. This transfer also will be treated as a revenue transfer in fiscal 2002.
Kentucky	The fiscal 2000-2002 biennial budget allocated nearly $157 million for water projects throughout the state, with $50 million devoted to a "2020 Account," so named after the governor's goal of delivering potable water to all citizens of Kentucky by 2020. A total of $293 million was included in the budget 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 new debt service associated with the bonded portion of the community development projects.
Michigan	Fiscal 2002 is the fourth year of a 10-year phase-in of a new formula to distribute aid to local governments. Funding shifts from formulas primarily based upon local millages to formulas based primarily upon taxable values. Aid to local governments distributed via the revenue sharing program will decrease by 2 percent in fiscal 2002 to $1.5 billion.
Minnesota	In the 2001 legislative session, a major tax reform bill passed that makes substantial changes in the financial relationships among the state, local schools, and local governments. The state will assume greater direct financial responsibility for public school funding and assume more responsibility for several formerly locally financed services, such as local transit, court costs, and out-of-home placement. In general, all of these actions will reduce local property taxes. These property tax changes were accompanied by several large changes in local government aid payments, including expansion of the state's general education formula, elimination of some older aid programs (e.g., city homestead agricultural credit aid and town local government aid), and creation of some new aid programs (e.g., new market-value credit aid). Most of these changes begin with tax year (calendar) 2002 and don't show up as state budget changes until fiscal 2003. In fiscal 2003, the enacted changes will increase state spending for local governments, excluding schools, by approximately $340 million or 11 percent. Local property tax collections will be reduced by approximately the same dollar amount, reflecting a 7.6 percent reduction in local property tax collections. Changes are permanent and will continue into fiscal 2004 and fiscal 2005.

TABLE 5 (continued)

Montana	To simplify revenue distributions, the state replaced allocations of motor vehicle taxes, video gaming taxes, corporate income taxes, and several other minor taxes to local governments with entitlement grants. These grants are indexed to growth in tax collections and population. The entitlement grants are set to replace the revenue allocations that will be held by the state, and are adjusted to have a fiscally neutral effect on local governments and the state. The state will assume all county welfare costs in fiscal 2002 and in fiscal 2003 will assume costs of district courts. The costs are estimated at $14.1 million for welfare assumption and $22.5 million for district court assumption.
Nebraska	A program that had previously provided $30 million per year in state funds for technical community colleges was discontinued; it will be financed by local property taxes that had been reduced when the state program was created. State funding for K-12 education was increased by $90 million to offset a mandatory limit on property tax levels.
New Jersey	The business personal property tax depreciation adjustment was reduced by $17.1 million for fiscal 2002, representing 51 percent of the fiscal 2001 appropriation of $33 million. New Jersey's fiscal 2002 budget includes a sizeable increase in funding for local property tax buydowns, however, they are represented in the form of direct assistance to taxpayers rather than the municipalities in which they live. Specifically, the NJ Saver Program, which reimburses a portion of local school taxes to taxpayers, was accelerated significantly, with a funding increase of $270 million or 44 percent over the fiscal 2001 amount. In addition, the homestead rebate program, which provides property tax relief through direct payments to individual households, realized a fiscal 2002 increase of $147.5 million (44 percent).
New York	The fiscal 2002 enacted budget, prior to any supplemental appropriations, will result in net benefits of $79.3 million for all classes of local governments (counties, cities, towns, villages, and school districts). While counties (including New York City) will incur costs of nearly $120 million, school districts (excluding New York City) will gain $187 million in additional aid. Cities (excluding New York City), towns, and villages will receive a net benefit of $2 million. The enacted budget includes no unfunded mandates for local governments. The budget continues a state-funded multiyear tax cut in local school property taxes and the New York City personal income tax. In fiscal 2002, more than 2.9 million taxpayers will realize an estimated $2 billion in school property tax savings, and New York City residents will receive approximately $560 million in local income tax relief.
Ohio	The fiscal 2002-2003 budget temporarily replaces the statutory funding mechanism and the county allocation formula for the Local Government Fund and the Local Government Revenue Assistance Fund. Instead of receiving 4.2 percent and 0.6 percent of collections, respectively, from the major state tax sources during each month of the July 2001-May 2002 period and the July 2002-May 2003 period, the funds will receive the same amount they received during the corresponding month of the July 2000-May 2001 period. In addition, during June 2002 and June 2003, the funds will receive the same amount they received in June 2000. This will provide an additional $42.8 million in fiscal 2002 and $117.7 million in fiscal 2003 to the state general revenue fund.
Oregon	There were no significant changes that impacted the state's spending for local governments. The majority of aid to local government is for education. There is a statutory requirement that prohibits the state from creating mandates for local governments without providing funding.
Rhode Island	There was a $45.8 million or 32.4 percent increase in direct state aid from enacted fiscal 2001 to enacted fiscal 2002. A total of $22.4 million of this increase will enable local governments to increase the motor vehicle excise tax phase-out exemptions from $3,500 to $5,000.
South Carolina	Effective January 2002, the assessment ratio on vehicles will begin a six-year phase-in of reductions. The rate will be decreased from 10.5 percent to 6 percent by fiscal 2007. The annual reduction in vehicle property taxes will be approximately $30 million or 8 percent statewide.
South Dakota	Property tax relief is paid through state aid to education. The state will complete its commitment to move to 30 percent property tax relief in calendar year 2001. The final $10.2 million installment of the cost of this $122.4 million annual ongoing program will be realized in fiscal 2002.
Utah	The legislature approved a 5.5 percent weighted pupil unit increase in state funding for public education, providing $89.6 million in new funds for local school districts. Another $10 million was provided to pay teachers for two extra planning days, and $17.5 million was appropriated for other school district programs and services. One-time funding of $24.8 million also was provided to districts for technology, equipment, library books, staff development, and incentives for highly qualified math/science teachers. A $10 million grant was appropriated for the Utah Transit Authority to purchase rights-of-way. The legislature appropriated $3.7 million for local economic development projects, plus $1 million for trails grants, $800,000 for mapping historic transportation route roads and other property, and $50,000 for sidewalk programs. An additional $500,000 was appropriated to reimburse counties that house prisoners sentenced to county jails as a condition of parole. The legislature restored $100,000 of the $118,000 cut in fiscal 2001 for local health department grants. An additional $964,000 was appropriated for a 3 percent cost-of-living adjustment (COLA) for these local government providers, plus new funds of $17.8 million ongoing and $1.7 million one-time were appropriated for health and human services, including Medicaid.
West Virginia	Coal-based synfuel tax collections in excess of $4 million will be allocated to local governments each year. Local governments also will be allowed to establish rainy day funds up to 30 percent of the most recent general fund budget.
Wisconsin	The state will provide a $150 million increase in state aid to public schools to maintain its commitment to fund two-thirds of school costs.

State Revenue Developments

CHAPTER THREE

Overview

Enacted fiscal 2002 tax and fee changes will result in a net increase to state revenues of $303.8 million. This ends seven consecutive years of net tax reductions that began during the surge in economic growth in the '90s. This net tax increase also reflects states' recognition of the anemic economy and its effect on state budgets (see Tables 5 and 6 and Figure 2).

Fiscal 2002 enacted net tax and fee changes reflect states' efforts to avoid service cuts by increasing corporate income taxes ($381.6 million) and sales taxes ($186.1 million) and by raising fees ($182.2 million), other taxes ($126.4), and cigarette and tobacco taxes ($98.7 million). The sole net tax decrease is in personal income ($671.2 million). North Carolina enacted the largest net tax increase ($652.8 million), including raising the sales tax by one-half cent. New Jersey's net increase ($377.8 million) includes closing a loophole for limited liability corporations. Minnesota also raised taxes ($301.5 million) in part by adding a levy on business and cabins to the statewide property tax. The largest net tax decreases were in Massachusetts ($719 mllion), Pennsylvania ($242.7 million), Connecticut ($116.9), Idaho ($111.3 million) and Florida ($108.1 million).

TABLE 6

Enacted State Revenue Changes, Fiscal 1979 to Fiscal 2001, and Proposed State Revenue Change, Fiscal 2002

State	*Revenue Change (Billions)*
2002	$-0.3
2001	-5.8
2000	-5.2
1999	-7.0
1998	-4.6
1997	-4.1
1996	-3.8
1995	-2.6
1994	3.0
1993	3.0
1992	15.0
1991	10.3
1990	4.9
1989	0.8
1988	6.0
1987	0.6
1986	-1.1
1985	0.9
1984	10.1
1983	3.5
1982	3.8
1981	0.4
1980	-2.0
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 1988–2002 data provided by the National Association of State Budget Officers.

Collections in Fiscal 2001

The national economy began to deflate in early 2001, evidenced by fiscal 2001 state tax collections. States' perceptions of their revenues have become bleaker since June 2001, when this report examined governors' proposed budgets. As recently as this past spring, most states' examinations of their fiscal 2001 revenue collections concluded that they either exceeded estimates or were on target. That picture now is quite different: 24 states indicate that their sales, personal income, and corporate income taxes were lower than their original estimates; 18 indicate they were higher; and only 6 say they were on target.

Overall, states' current estimates of their sales, personal income, and corporate income tax collections are slightly lower than their original estimates. Original fiscal 2001 sales tax estimates are 0.4 percent higher than current calculations. Current estimates of personal income tax collections are 0.6 percent higher than original estimates. Corporate income tax collections are 7.2 percent below original projections (see Appendix Table A-7).

Projected Collections for Fiscal 2002

When enacting their fiscal 2002 budgets, states estimated that revenues would exceed fiscal 2001 estimates by 4.6 percent. Based on the revenue estimates used when adopting fiscal 2002 budgets, states estimated that sales tax collections will exceed fiscal 2001 amounts by 5 percent, personal income tax receipts by 4.4 percent, and corporate income tax revenues by 3.4 percent.

It should be noted that all but four states employ a July-to-June fiscal year, thus the estimates used

FIGURE 2

Enacted State Revenue Changes, Fiscal 1991 to Fiscal 2002

SOURCE: National Association of State Budget Officers.

were developed earlier in 2001. Before examining these estimates closely, readers should consider that the national economy was slowing throughout that period. Moreover, the attacks of September 11 generated a new set of economic uncertainties. In particular, weakening consumer confidence drove sales tax collections down. Monthly calculations of personal income tax collections are sensitive to wage withholding and to estimated payments, both of which had been falling during the summer but even more so after the attacks. Corporate profits—and thus corporate income taxes—had been low throughout the year. The long-term effects of the attacks, particularly to the travel and hospitality industries, may mean that corporate income tax collections will continue to diminish.

Revenue Changes for Fiscal 2002

Twenty-nine states enacted net tax and fee changes for fiscal 2002 that will increase revenue by $303.8 million (see Table 7). Fiscal 2002 revenue changes are described in Table A-9. In some cases, revenue actions reflect one-time modifications, such as sales tax holidays. In other states, they include phased-in multiyear tax cuts, such as Pennsylvania's phase-out of the capital stock tax.

This report differentiates between tax and fee increases and decreases (illustrated in Table 7 and Table A-9) and revenue measures (displayed in Table A-10). Tax and fee changes reflect revisions in current laws 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 extending a tax credit that occurs each year.

Sales Taxes. Twelve states enacted sales tax changes for fiscal 2002, resulting in a net decrease of $186.1 million. Of the two largest sales tax changes, one was a revenue increase and the other a decrease. North Carolina, faced with a severely constrained budget, raised its sales tax by one-half cent for a $293 million revenue boost. Connecticut suspended its hospital sales tax for two years, decreasing revenues by $110 million.

Personal Income Taxes. Fifteen states enacted changes to their personal income taxes, producing a net revenue decrease of $671.2 million in fiscal 2002.

Idaho lowered its personal income tax rate by 0.4 percent, lowering revenues by $58.4 million. Missouri exempted advance refunds on federal personal income taxes from state taxes, decreasing state revenues by $33.6 million.

Nine states (Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington and Wyoming) have no broad-based personal income taxes.

TABLE 7

Enacted Fiscal 2002 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		$-15.0							-15.0
Arkansas							$ -2.3		-2.3
California	$-46.9								-46.9
Colorado	-0.3	-1.5					-5.0		-6.8
Connecticut	-110.0						-4.0	$-2.9	-116.9
Delaware									0.0
Florida	-32.7						-149.5	74.1	-108.1
Georgia									0.0
Hawaii	-2.2	-1.0							-3.2
Idaho		-86.8	$-24.5						-111.3
Illinois									0.0
Indiana	-5.2	-0.7							-5.9
Iowa									0.0
Kansas			6.5				5.6	16.0	28.1
Kentucky									0.0
Louisiana									0.0
Maine				$14.4			8.8		23.2
Maryland		-4							-4.0
Massachusetts		-700.0	-9.0				-10.0		-719.0
Michigan									0.0
Minnesota	31.1	0.2	-33.2				281.0	22.4	301.5
Mississippi									0.0
Missouri		-33.6						9.1	-24.5
Montana									0.0
Nebraska									0.0
Nevada							8.0	14.0	22.0
New Hampshire			5.0				59.0		64.0
New Jersey		-6.2	384.0						377.8
New Mexico									0.0
New York									0.0
North Carolina	293.0	204.4	50.1				105.3		652.8
North Dakota								4.8	4.8
Ohio	-1.5		34.4						32.9
Oklahoma		-9.8	-1.5						-11.3
Oregon		18.6	-4.7						13.9
Pennsylvania	-18.1	-17.8	-33.0				-173.8		-242.7
Puerto Rico									0.0
Rhode Island	1.8			23.4			-2.4	1.0	23.8
South Carolina	77.1								77.1
South Dakota									0.0
Tennessee									0.0
Texas									0.0
Utah		-18.0					1.7	8.0	-8.3
Vermont									0.0
Virginia									0.0
Washington									0.0
West Virginia							1.7	7.3	9.0
Wisconsin			7.5	60.9			2.3	28.4	99.1
Wyoming									0.0
Total	**$186.1**	**$-671.2**	**$381.6**	**$98.7**	**$0.0**	**$0.0**	**$126.4**	**$182.2**	**$303.8**

NOTE: *See Appendix Table A-10 for details on specific revenue changes.

SOURCE: National Association of State Budget Officers.

Corporate Income Taxes. Twelve states enacted corporate income tax modifications, for a net revenue increase of $381.6 million. Nearly all of New Jersey's $377.8 million net increase reflects closure of a tax loophole beneficial to limited liability corporations. Ohio increased corporate income tax collection by delaying for two years the tax credit for job training expenses. Various new tax credits and filing changes in Pennsylvania will lessen corporate income tax collections by $33 million.

Cigarette, Tobacco and Alcohol Taxes. Three states raised taxes on cigarettes for a $98.7 million net increase. Maine increased its cigarette taxes twice, resulting in a net benefit of $14.4 million. Rhode Island raised its cigarette tax by 29 cents per pack, for a $23.4 million increase. Wisconsin enhanced cigarette tax revenues by $60.9 million by raising the tax per pack to 77 cents.

Other Taxes and Fees. Revenues generated from other taxes, including personal property taxes, motor vehicles, and other types of licensing usually cover the costs for license and regulation enforcement, promote environmental conservation, and generate revenues for health care.

Minnesota created a new tax on businesses and cabins that would add $296 million to state coffers. Florida enacted an increase in the exemption level of its intangibles tax, which will result in a $149.5 million decrease. Nevada raised incorporation filing fees, for a $14 million net increase. Wisconsin created a vehicle environmental impact fee, resulting in $12.1 million in additional revenue.

Total Balances

CHAPTER FOUR

The strong economic growth of the past several years allowed states to bolster their reserve funds. As a result, fiscal 2002 is the ninth consecutive year that states' ending balances exceed 5 percent of their expenditures. These balances mirror the recent economic expansion and underscore the need for states to strengthen their reserves during healthy economic times. However, changes in states' fiscal health during the past two years are notable: between fiscal 2000 and fiscal 2002, balances have declined by nearly 40 percent.

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-12). For fiscal 2001, states estimated total balances as a percentage of expenditures at 7.7 percent. While that amount is healthy, it is markedly smaller than preceding years when states benefited substantially from a robust economy (see Figure 3 and Table 8). Based on preliminary actual fiscal 2001 total balances of $38.9 billion, two-thirds of the states calculate balances as a percentage of expenditures to be 5 percent or more. Twelve of those states have total balances of 10 percent or more. However, that figure is just more than half the number of states with balances meeting that standard in fiscal 2000 (see Table 9, Figure 4, and Table A-12).

Fiscal 2002 total balances are $30.1 billion, or 5.8 percent of expenditures, based on enacted budgets—amounts that seem to indicate fiscal health. However, fiscal 2002 balances as a percentage of expenditures are lower than they have been in the past eight years, falling to just more than half of fiscal 2000 levels, the apex of state balances. These calculations are based on data provided by states during the summer and do not reflect additional economic deterioration on state budgets since then or after the September 11 attacks.

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. For example, during the one-year period from 1980 to 1981, balances plunged from 9 percent

FIGURE 3

Total Year-End Balances and Total Year-End Balances as a Percentage of Expenditures, Fiscal 1979 to Fiscal 2002

SOURCE: National Association of State Budget Officers.

TABLE 8

Total Year-End Balances, Fiscal 1979 to Fiscal 2002

Fiscal Year	*Total Balance (Billions)*	*Total Balance (Percentage of Expenditures)*
2002*	$30.1	5.8%
2001*	39.0	7.7
2000	48.8	10.4
1999	39.3	8.4
1998	35.4	9.2
1997	30.7	7.9
1996	25.1	6.8
1995	20.6	5.8
1994	16.9	5.1
1993	13.0	4.2
1992	5.3	1.8
1991	3.1	1.1
1990	9.4	3.4
1989	12.5	4.8
1988	9.8	4.2
1987	6.7	3.1
1986	7.2	3.5
1985	9.7	5.2
1984	6.4	3.8
1983	2.3	1.5
1982	4.5	2.9
1981	6.5	4.4
1980	11.8	9.0
1979	11.2	8.7

NOTE: Figures for fiscal 2001 are preliminary actuals; figures for fiscal 2002 are based on appropriations.

SOURCE: National Association of State Budget Officers.

of expenditures to 4.4 percent. This forced states to cut budgets and raise taxes. During the early 1990s, states lacked adequate balances 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 budgets. The following year, 23 states were obliged to take that action again, causing uncertainty both for citizens receiving services and for the governments delivering them. To stem those 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 reached a 22-year high in fiscal 2000, at 10.4 percent. Balances have declined since then because of recent tax cuts, increases in state service obligations (particularly for education and health care), and the slowing economy. Based on enacted budgets, appropriated fiscal 2002 year-end fund balances as a percentage of expenditures are the lowest since fiscal 1994. Similarly, while expenditure growth in fiscal 2001 was 8.3 percent greater than fiscal 2000 levels, growth in fiscal 2002 is estimated to be only 2.8 percent greater than the previous year.

Forty-seven states have budget stabilization funds. These 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.

TABLE 9

Total Year-End Balances as a Percentage of Expenditures, Fiscal 2000 to Fiscal 2002

	Number of States		
Percentage of Expenditures	*Fiscal 2000 (Actual)*	*Fiscal 2001 (Preliminary Actual)*	*Fiscal 2002 (Appropriated)*
Less than 1.0%	3	2	1
1.0% to 2.9%	2	6	8
3.0% to 4.9%	5	5	15
5.0% or more	40	37	26

NOTE: The average for fiscal 2000 (actual) was 10.4 percent; the average for fiscal 2001 (preliminary actual) is 7.7 percent; and the average for fiscal 2002 (appropriated) is 5.8 percent.

SOURCE: National Association of State Budget Officers.

FIGURE 4

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

SOURCE: National Association of State Budget Officers.

TABLE 10

Proposed Changes to Budgeting and Financial Management Practices

NEW ENGLAND	
Maine	Statewide strategic planning and performance budgeting were implemented for the first time for the fiscal 2002 biennium. This effort included goals, objectives, program strategies, and performance measures for departments and agencies.
New Hampshire	Youth Development Services was moved to the Department of Health and Human Services. Two departments have implemented performance-based budgeting on a pilot basis.
Vermont	The state continued planning and implementing a new financial management system, including an integrated accounting and performance budgeting capability and implementing financials for fiscal 2002.
MID-ATLANTIC	
New Jersey	The Parole Board and Department of Corrections, Division of Parole, have merged. The pension service factor has been reduced by five years. A review of statewide expenditures found a significant increase in lapsed general fund appropriations, totaling $610 million in fiscal 2001. A performance data pilot program has been launched, covering 12 programs in seven agencies. The use of Access databases for budget applications has been expanded, and an automated veto message format added.
GREAT LAKES	
Michigan	Two new cabinet-level departments have been created. The Department of History, Arts and Libraries merges state funding and administration of Michigan historical, arts and cultural programs and the Library of Michigan. The Department of Information Technology is designed to improve the quality and delivery of information technology services by consolidating all information technology functions and personnel within a single state department.
Wisconsin	Reporting of projected structural deficits (if they exist) is now required.
PLAINS	
Kansas	The Department of Revenue authorized additional funding and positions to accelerate the collection of taxes owed to the state. This accounts receivable acceleration is estimated to increase tax collections by $45 million in fiscal 2002. The legislature changed several demand transfers from the state general fund into revenue transfers. This turns expenditures into revenue events to meet the 7.5 percent ending balance. In addition, the state's homestead property tax refund program's financing has changed. Refunds now are paid through the income tax refund fund. Refunds were paid previously through supplemental appropriations.
Minnesota	In the 2001 legislative session, a major tax reform bill passed that makes substantial changes in the financial relationships among the state, local schools and local governments. The state will assume greater direct financial responsibility for public school funding and assume more responsibility for several formerly locally financed services such as local transit, court costs and out-of-home placement. In addition, a new statewide property tax on business and seasonal recreation property was created. All of these actions will reduce overall property taxes and greatly reduce local property taxes for public schools. These property tax changes were accompanied by several large changes in local government aid payments, including expansion of the state's general education formula, elimination of some older aid programs (e.g., city homestead agricultural credit aid and town local government aid), and creation of some new aid programs (e.g., new market-value credit aid).
North Dakota	The Department of Economic Development and Finance, Division of Community Services, and Tourism Department were combined to form the Department of Commerce.
SOUTHEAST	
Arkansas	Created an Executive Chief Information Officer and CIO Council and implemented a performance budgeting and accountability system.
Georgia	Implemented a review process for hiring of personnel as a precaution in case of declining revenues.
North Carolina	The planning division within the Office of State Budget, Planning and Management was abolished.
SOUTHWEST	
Arizona	To increase the fiscal 2002 general fund beginning balance, a hiring freeze was imposed by Governor Jane Hull in the latter months of fiscal 2001. In light of declining fiscal 2001 revenues, original revenue projections for fiscal 2002 and fiscal 2003 were significantly adjusted during the legislative session. Accordingly, proposed expenditures were either modified prior to adoption by the full legislature or vetoed by Governor Hull to maintain a balanced budget. Beginning in the fiscal 2001 legislative session, the legislature began incorporating performance measures into the General Appropriations Act.
New Mexico	In fiscal 2001 the state began to phase in performance budgeting, with all cabinet agencies on board in fiscal 2002, judicial and higher education in fiscal 2003, and full implementation in fiscal 2004.
Oklahoma	The legislature recognized the need for an updated accounting system with a $5 million appropriation of initial funding to acquire new software. The estimated total requirement is $30 million. For the fiscal year ending June 30, 2001, the Oklahoma Comprehensive Annual Financial Report (CAFR) will conform to Governmental Accounting Standards Board (GASB) Statements 34 and 35, implementing these requirements one year before the required date.
ROCKY MOUNTAIN	
Montana	The Office of Economic Development was established within the governor's office. The Department of Commerce was reorganized to focus on economic development initiatives.
FAR WEST	
Oregon	Implemented an appropriation cap that is tied to income growth.

TABLE 11

State Information Technology Appropriations (Millions)

State	Fiscal 2000 (Actual)	Fiscal 2001 (Preliminary Actual)	Fiscal 2002 (Appropriated)
Alabama*	$ 0.0	$ 0.0	$ 2.0
Alaska	29.9	29.7	38.4
Arizona	NA	NA	NA
Arkansas	116.5	153.6	154.2
California	1,216.1	1,316.3	1,264.8
Colorado	225.7	228.1	NA
Connecticut	3.3	3.1	7.7
Delaware	139.9	141.9	144.0
District of Columbia		,	
Florida*	NA	NA	NA
Georgia*	NA	NA	NA
Hawaii	23.0	24.7	23.9
Idaho	NA	NA	NA
Illinois	NA	NA	NA
Indiana	179.2	169.0	NA
Iowa		4.7	3.5
Kansas		3.9	2.6
Kentucky		,	
Louisiana*	189.0	232.0	NA
Maine*	61.3	74.8	77.3
Maryland	432.0	476.0	506.0
Massachusetts	178.5	160.9	147.0
Michigan	335.1	402.2	460.6
Minnesota	NA	NA	47.0
Mississippi*	31.1	33.8	32.1
Missouri*	46.6	45.7	49.1
Montana	NA	NA	NA
Nebraska*	16.0	24.7	0.0
Nevada*	50.9	49.2	42.4
New Hampshire	48.0	31.0	48.4
New Jersey*	188.0	265.0	282.0
New Mexico	34.4	27.5	59.8
New York	300.0	300.0	300.0
North Carolina		,	
North Dakota	26.0	32.0	47.4
Ohio	327.9	300.7	594.9
Oklahoma		,	
Oregon	104.0	103.2	111.8
Pennsylvania*	151.6	252.1	324.4
Puerto Rico		,	
Rhode Island	25.4	23.4	27.2
South Carolina	NA	NA	NA
South Dakota	56.1	56.3	57.0
Tennessee	NA	NA	NA
Texas	1,046.0	999.9	1,008.1
Utah*	110.6	98.0	105.5
Vermont*	37.3	39.2	51.7
Virginia*	19.3	19.8	22.1
Washington*		,	
West Virginia	50.8	44.2	80.7
Wisconsin*	82.3	75.3	NA
Wyoming		,	
Total	**$5,881.8**	**$6,241.9**	**$6,123.6**

NOTES: NA indicates data not available.
*See Notes to Table 11.

NOTES TO TABLE 11

Alabama	Figures reflect first-time appropriation to the board of education to connect local schools to the Internet.
Florida	Florida currently does not have a mechanism for tracking information technology (IT) expenditures. However, the legislature recently passed a bill 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, Florida will be in a position to more accurately identify and monitor all information technology expenditures during the coming year.
Georgia	The state created the Georgia Technology Authority (GTA) to oversee technology purchases, coordination, etc. However, GTA is not fully functional and IT expenditures are included throughout state agency budgets. The total for IT expenditures cannot be clearly identified at this point.
Louisiana	The amount listed for fiscal 2000 is appropriated. The amount listed for fiscal 2001 is requested.
Maine	The percent change from fiscal 2000 to fiscal 2001 is partially due to better classification and reporting of IT expenditures.
Massachusetts	IT expenditures do not include the following amounts that are spent from bond funded accounts: Fiscal 2000 ($50.3 million), fiscal 2001 ($54.4 million), and fiscal 2002 ($85 million).
Mississippi	Figures are for the Information Technology Services Agency only and are not inclusive of IT appropriations within other agency budgets.
Missouri	Fiscal 2000 and 2001 include funds for MoreNet in the Department of Higher Education because it serves a statewide function for state government, K-12, libraries, and higher education. Figures also include funding for libraries in the Secretary of State's office as well as funds for technology and video grants in the Department of Elementary and Secondary Education. Fiscal 2002 includes funds for the above-mentioned items as well as funds for Missouri's e-Government initiative.
Nebraska	Figures reflect general fund appropriations only.
Nevada	Figures reflect total appropriations and authorizations for the IT category for all budgets, and excludes one-time amounts. Fiscal 2001 reflects budgeted amounts.
New Jersey	IT figures reported in this survey are substantially lower compared to those reported last fall. This reduction reflects a change from appropriation-based estimates for all years surveyed to actual data.
Oregon	Used line items for Data Processing, Hardware and Software purchases. Oregon is a biennial state. Calculated fiscal 2000 and 2002 at 52 percent of biennial budgeted amounts. Fiscal 2001 is calculated at 48 percent of biennial budgeted amounts.
Pennsylvania	Figures include only those appropriations that are exclusively expended on IT. The figures do not include funds budgeted for IT within general agency operating appropriations.
Utah	By including only identifiable line-item appropriations considered IT, the amounts shown understate actual IT expenditures for Utah.
Vermont	Due to federal tax law changes, the state has decided to effectively decouple. The state has created its own charts based on freezing its piggy-back rate to the IRS 2001 tax rates. Taxable income is now the operative number instead of federal tax liability. IT numbers do not include salaries.
Virginia	The amounts shown represent the appropriations approved for the five agencies within Office of Technology under control of the Secretary of Technology.
Washington	Washington does not make line-item appropriations, nor does its budget contain object level information.
Wisconsin	Figures include only general-purpose revenue expenses. Wisconsin does not break out IT separately in the budget.

Appendix

TABLE A-1

Fiscal 2000 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	$11,214	$ 0	$11,214	$10,913	$ 0	$ 300	$ 564
Maine**	229	2,395	-15	2,610	2,317	-8	301	144
Massachusetts	215	21,110	0	21,326	20,838	191	297	1,608
New Hampshire	0	1,034	-2	1,032	1,028	0	4	20
Rhode Island**	98	2,246	0	2,344	2,231	22	92	71
Vermont	0	886	20	905	855	51	0	41
MID-ATLANTIC								
Delaware*	305	2,279	0	2,584	2,246	0	338	114
Maryland**	583	9,215	160	9,958	9,022	0	936	582
New Jersey*	1,267	19,880	0	21,147	19,459	405	1,284	698
New York* **	942	37,395	0	38,337	37,170	0	1,167	547
Pennsylvania**	448	19,442	124	20,014	19,295	108	611	1,097
GREAT LAKES								
Illinois	1,351	23,250	0	24,600	23,084	0	1,517	0
Indiana**	1,211	9,215	0	10,426	8,967	626	833	540
Michigan**	0	9,832	-44	9,788	9,576	0	212	1,264
Ohio**	221	20,051	0	20,272	19,244	832	196	1,003
Wisconsin* **	701	11,323	142	12,166	11,271	-60	836	0
PLAINS								
Iowa	268	4,671	0	4,939	4,763	0	176	444
Kansas**	541	4,203	2	4,746	4,368	0	378	0
Minnesota* **	1,921	11,681	0	13,602	11,476	0	2,125	1,380
Missouri	309	7,211	0	7,520	7,350	0	170	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	5,245	0	5,317	5,215	0	101	3
Arkansas	0	3,177	0	3,177	3,177	0	0	0
Florida	366	18,678	0	19,044	18,554	0	490	1,666
Georgia* **	1,799	13,782	0	15,581	13,782	-709	2,509	551
Kentucky**	64	6,621	456	7,141	6,549	417	175	279
Louisiana**	-27	5,858	36	5,868	5,811	138	-81	59
Mississippi**	124	3,433	0	3,557	3,515	0	42	232
North Carolina	297	13,136	667	14,100	13,854	246	0	38
South Carolina*	723	5,007	0	5,730	5,156	0	573	145
Tennessee**	28	6,805	-151	6,682	6,593	38	52	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	6,012	0	203	408
New Mexico	189	3,421	3	3,614	3,390	32	192	0
Oklahoma**	234	4,713	-121	4,825	4,545	0	280	158
Texas	4,327	26,932	0	31,259	27,493	0	3,766	85
ROCKY MOUNTAIN								
Colorado* **	679	6,304	-191	6,791	5,992	0	798	583
Idaho**	47	1,821	-4	1,863	1,681	0	182	36
Montana**	110	1,162	9	1,281	1,105	0	176	0
Utah**	7	3,505	-35	3,477	3,364	0	113	110
Wyoming**	72	616	45	733	518	0	215	39
FAR WEST								
Alaska* **	0	2,082	180	2,262	2,262	0	0	2,734
California* **	3,930	71,931	0	75,861	66,494	228	9,139	8,666
Hawaii	189	3,284	0	3,473	3,201	0	272	6
Nevada**	97	1,647	0	1,744	1,608	-32	168	136
Oregon**	338	4,884	0	5,222	4,849	0	373	0
Washington**	462	10,433	-190	10,705	10,220	0	485	754
Total	**$25,988**	**$477,010**	**-**	**$504,076**	**$468,216**	**-**	**$33,172**	**$27,389**

NOTES: N/A 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 a constitutional budget reserve draw.
California	Expenditure adjustments reflect changes made to the beginning balance.
Colorado	Revenue adjustments reflect transfers to the Highway Users Tax Fund. Expenditures include the refund to Colorado taxpayers per the Taxpayer's Bill of Rights (TABOR) amendment.
Connecticut	Figures include federal reimbursements such as Medicaid.
Georgia	The General Assembly authorized an additional 1 percent of the budget for the revenue shortfall reserve at the discretion of the Governor. Expenditure adjustments reflect a transfer of $-709.3 million.
Kansas	Revenues are adjusted for released encumbrances. The state 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	Revenues include $142.2 million in tobacco settlement funds. Revenue adjustments include fund transfers of $97.6 million and a reserve for continuing appropriations of $358.2 million that also reflects the rainy day fund. Expenditures include $55.4 million in expenditures from the prior year's ending balance for a surplus expenditure plan. Expenditure adjustments include a reserve for continued appropriations.
Idaho	Revenue adjustments include transfers of $2.5 million to the Permanent Building Fund, $1.8 million to the Fire Suppression Fund, and $0.4 million to three other funds.
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, and contingencies for the year.
Louisiana	The comprehensive annual financial report (CAFR) reconciliation amount is $-121 million. Revenue adjustments reflect carry-forward balances.
Maine	Revenue adjustments reflect $-14.8 million in legislative and statutory authorized transfers. Expenditure adjustments reflect $-8.4 million in prior year transactions and balances.
Maryland	Revenue adjustments reflect a transfer 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 like most states, which typically have far fewer dedicated, minor funds and use just their general fund. "Undesignated [general fund] 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 adjusted for lapsed and continued appropriations and for certain statutorily required year-end transfers.
Michigan	Expenditures include $100 million transferred to the rainy day fund.
Minnesota	Revenue adjustments reflect $633.8 million in sales tax rebates that have been subtracted from revenues. The ending balance includes a cash flow account of $350 million, a budget reserve of $622 million, other reserves of $137.7 million, and appropriations of $270 million carried forward.
Mississippi	Fifty percent of the ending balance was transferred to the Education Enhancement Fund.
Nebraska	Revenue adjustments are transfers between the general fund and other funds. Expenditure adjustments are carryovers from prior years.
New York	The ending balance includes $547 million in the tax stabilization reserve fund (rainy day fund), $107 million in reserve funds for litigation risks and $500 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.
Nevada	Expenditure adjustments reflect reversions and adjustments to fund balances.
North Dakota	Contingency funds of $40 million are available from Bank of North Dakota should a revenue shortfall occur during the 1999-01 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 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 income tax reduction fund of $610.5 million, a transfer to the budget stabilization fund of $49.2 million, and other miscellaneous transfers-out, totaling $58.1 million. These transfers-out are adjusted for a net change in encumbrances from fiscal 1999 levels of $114.6 million.
Oklahoma	Revenue adjustments reflect $83 million to the rainy day fund and $39 million to the general revenue cash-flow reserve fund.
Oregon	Includes payment of 1997-1999 revenue refund to taxpayers. Medicaid upper payment limit (MUPL) funds are removed from revenue totals. The state operates on a biennial budget and biennial expenditures were calculated at 48 percent for first fiscal year.
Pennsylvania	Revenue adjustments reflect lapses from prior-year appropriations. Expenditure adjustments reflect the year-end transfer to the budget stabilization (rainy day) fund that occurred subsequent to the close of the fiscal year.
Rhode Island	The general fund reflects general revenue receipts only. Total revenues are net of transfers to the budget reserve and stabilization fund.

NOTES TO TABLE A-1 (continued)

Tennessee	Revenue adjustments reflect a $61.4 million reserve for 1999-2000 appropriations, a $35.7 million transfer from debt service fund unexpended appropriations, and a $248.5 million reduction in unexpended revenues reserved for future appropriations. Expenditure adjustments reflect a $38.1 million transfer to the rainy day fund.
Utah	Revenue adjustments reflect a $-29.2 million net budget carry-forward, $1.1 million in transfers, a $-9.1 million transfer to rainy day funds, and $1.9 million in other transfers.
Vermont	Revenue adjustments reflect $8.7 million in direct applications and transfers in. Expenditure adjustments reflect $0.6 million transfer to the Medicaid Reimbursement Administrative Fund, a $2 million transfer to the Vermont Health Access Plan (VHAP) trust fund, $1.3 million to the budget stabilization reserve, a $6.2 million transfer to the human services caseload reserve, and $40.6 million reserved in the general fund surplus reserve.
Washington	Revenue adjustments represent the amount of revenue above the spending limit that was shifted from the general fund to the emergency reserve account.
West Virginia	The beginning balance reflects $103.4 million in reappropriations, $14.6 million in surplus appropriations, and an unappropriated surplus balance of $38 million. Revenue adjustments reflect a transfer of special revenue of $7.2 million and $0.2 million in prior year redeposits. Expenditures reflect $2.5 billion in regular appropriations, $47.7 million in reappropriations, $11.8 million in surplus appropriations, and $31.1 million in 31-day (prior year) expenditures.
Wisconsin	Revenue adjustments include a transfer from the computer escrow fund ($64 million), a residual equity transfer ($66.1 million) and designated balances carried forward ($11.5 million). Expenditure adjustments include a transfer to the Tobacco Control Fund ($23.5 million) and a designation for continuing balances ($36.6 million).
Wyoming	The state budgets on a biennial basis. To complete the survey using annual figures, certain assumptions and estimates were required. Caution is advised when drawing conclusions or making projections using this information.

TABLE A-2

Fiscal 2001 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	$11,986	$ 0	$11,986	$11,955	$ 0	$ 31	$ 595
Maine**	301	2,358	25	2,684	2,645	0	39	144
Massachusetts	297	21,725	0	22,022	21,939	0	84	2,295
New Hampshire	4	1,143	-84	1,063	1,063	0	0	55
Rhode Island**	92	2,532	0	2,624	2,485	11	128	80
Vermont	0	896	22	917	881	37	0	43
MID-ATLANTIC								
Delaware*	243	2,329	0	2,572	2,429	0	143	120
Maryland**	936	9,802	30	10,768	10,230	0	538	888
New Jersey*	1,284	20,551	0	21,834	20,756	11	1,068	720
New York* **	917	39,883	0	40,800	39,702	0	1,098	627
Pennsylvania**	611	19,443	144	20,197	19,981	-119	335	1,127
GREAT LAKES								
Illinois	1,517	24,106	0	25,623	24,497	0	1,126	225
Indiana**	833	9,273	0	10,105	9,623	464	19	526
Michigan**	212	9,449	61	9,722	9,722	0	0	1,031
Ohio**	196	21,309	0	21,505	21,144	155	206	1,011
Wisconsin* **	836	10,290	169	11,295	11,078	-10	208	0
PLAINS								
Iowa	172	4,702	0	4,874	4,874	0	0	462
Kansas**	378	4,415	2	4,795	4,430	0	365	0
Minnesota* **	2,125	12,099	0	14,224	13,115	0	1,109	1,109
Missouri	170	7,669	0	7,839	7,730	0	109	151
Nebraska**	316	2,457	-59	2,714	2,478	0	236	170
North Dakota**	60	824	0	884	822	0	62	0
South Dakota	0	814	11	825	803	22	0	38
SOUTHEAST								
Alabama**	101	5,167	0	5,268	5,248	0	20	8
Arkansas	0	3,259	0	3,259	3,259	0	0	0
Florida	490	19,758	0	20,248	20,033	0	214	1,187
Georgia* **	2,509	14,604	166	17,279	14,770	1,381	1,128	579
Kentucky**	175	6,760	499	7,434	7,041	393	0	240
Louisiana**	-81	6,288	100	6,307	6,306	0	0	150
Mississippi**	21	3,444	62	3,527	3,512	-1	15	189
North Carolina**	0	13,391	61	13,452	13,446	6	0	158
South Carolina* **	573	5,080	0	5,654	5,520	0	134	61
Tennessee**	52	6,961	233	7,246	7,233	13	0	178
Virginia	653	11,647	0	12,300	12,238	0	62	678
West Virginia* **	148	2,718	8	2,874	2,707	6	161	79
SOUTHWEST								
Arizona	203	6,181	0	6,385	6,370	0	15	374
New Mexico**	192	3,993	4	4,188	3,827	4	357	0
Oklahoma**	280	5,095	-296	5,080	4,819	0	261	340
Texas**	3,766	28,325	-516	31,575	28,641	0	2,934	198
ROCKY MOUNTAIN								
Colorado* **	803	6,701	-365	7,139	6,670	0	469	256
Idaho**	182	1,985	-153	2,014	1,829	1	185	53
Montana**	176	1,269	-12	1,433	1,260	0	174	0
Utah**	113	3,624	-14	3,724	3,711	0	12	120
Wyoming**	215	652	46	913	630	0	283	65
FAR WEST								
Alaska* **	0	2,288	-2	2,287	2,287	0	0	3,078
California*	9,139	78,003	0	87,142	80,087	0	7,055	6,348
Hawaii	272	3,458	0	3,730	3,381	0	349	21
Nevada**	168	1,734	0	1,902	1,838	-66	130	136
Oregon**	373	5,238	0	5,611	5,253	0	359	0
Washington**	485	10,852	89	11,426	10,826	0	600	463
Total	**$32,506**	**$498,529**	**-**	**$531,268**	**$507,118**	**-**	**$21,821**	**$26,372**

NOTES: N/A 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.

Alabama	Expenditure adjustments reflect an across-the-board 6.2 percent cut in the Education Trust Fund.
Alaska	Revenue adjustments reflect a surplus.
Colorado	Revenue adjustments reflect a transfer to the Highway Users Tax Fund, a $164 million transfer to the State Education Fund and a $3 million transfer to the Older Coloradoans Act. Expenditures include the refund to Colorado taxpayers per the TABOR amendment.
Connecticut	Figures include federal reimbursements such as Medicaid.
Kansas	Revenues are adjusted for released encumbrances. The state 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	Revenues include $105.7 million in tobacco settlement funds. Revenue adjustments include fund transfers of $82.1 million and a reserve for continuing appropriations of $416.7 million that also includes the rainy day fund. Expenditures include $136 million from the prior year's ending balance for a surplus expenditure plan. Expenditure adjustments include a reserve for continued appropriations.
Idaho	Revenue adjustments include transfers of $100.2 million to the Permanent Building Fund, $32.0 million to the Capital Endowment Fund, $10 million to the School Safety and Health Revolving Loan Fund, $9.5 million to the Fire Suppression Fund, and $1.3 million to six other funds. The expenditure adjustment is for a reversion not reflected by year's end.
Indiana	Expenditure adjustments reflect one-time expenditures for pensions, highway, street, road construction and repair, funding of local auto excise tax and property tax cuts, some capital projects, and contingencies for the year.
Louisiana	Revenue adjustments reflect carry-forward balances and a $76 million comprehensive annual financial report (CAFR) adjustment due to tax refunds.
Maine	Revenue adjustments reflect $25 million in legislative and statutory authorized transfers.
Maryland	Revenue adjustments reflect a transfer from the rainy day fund.
Massachusetts	"General fund" is the aggregate of the general, highway, and local aid funds. Massachusetts uses its three major funds like most states, which typically have far fewer dedicated, minor funds and use just their general fund. "Undesignated [general fund] balance" is statutorily defined as the carry forward of 0.5 percent of the preceding fiscal year's tax revenues to the current fiscal year. Expenditures adjusted for lapsed and continued appropriations and for certain statutorily required year-end transfers.
Michigan	Revenue adjustments include tax law changes for fiscal 2000 and prior years ($-416 million), a rainy day fund withdrawal ($232.7 million) and deposits from state restricted funds ($244.2 million).
Minnesota	Revenue adjustments reflect $789.8 million in sales tax rebates that have been subtracted from revenues. The ending balance includes a cash flow account of $350 million, a budget reserve of $622 million, and other reserves of $137.4 million.
Mississippi	Revenue adjustments reflect a $50 million transfer from the rainy day fund and $12.3 million in other transfers. Expenditure adjustments reflect a $1 million transfer to the rainy day fund.
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 fund balances.
New Mexico	The ending balance includes a tax stabilization reserve of $93 million.
New York	The ending balance includes $627 million in the tax stabilization reserve fund (rainy day fund), $150 million in reserve funds for litigation risks and $250 million in debt reduction reserve funds. In addition to general fund reserves, $1.2 billion was reserved for the Governor's statewide property tax relief program.
North Carolina	The $60.5 million adjustments to revenues include transfers to general fund availability per session law 2000-67, House Bill 1840. The $6.3 million adjustment to expenditures is the remaining fund balance that was transferred to the Disaster Relief Reserve.
North Dakota	Contingency funds of $40 million are available from Bank of North Dakota should a revenue shortfall occur during the 1999-01 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 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 $13.1 million and miscellaneous transfers-out of $194.5 million. These transfers-out are adjusted for a net change in encumbrances from fiscal 2000 levels of $-52.7 million.
Oklahoma	Revenue adjustments reflect $261.3 million to the rainy day fund and $34.7 million to the general revenue cash-flow reserve fund.
Oregon	Medicaid upper payment limit (MUPL) funds removed from revenue totals. The state operates on a biennial budget and biennial expenditures were calculated at 52 percent for second fiscal year.

NOTES TO TABLE A-2 (continued)

Pennsylvania	Revenues reflect the impact of a one-time Homeowners Property Tax Rebate. Revenue adjustments reflect lapses from prior-year appropriations. Total expenditures reflect the total amount appropriated and expenditure adjustments reflect current-year lapses. The year-end transfer to the budget stabilization (rainy day) fund was suspended for fiscal 2001.
Rhode Island	The general fund reflects general revenue receipts only. Total revenues are net of transfers to the budget reserve and stabilization fund.
South Carolina	Figures do not include tobacco settlement funds.
Tennessee	Revenue adjustments reflect a $147.5 million reserve for 2000-2001 appropriations, $34.3 million in other revenue and reserves, a $39.2 million transfer from debt service fund unexpended revenues, and an additional $12.4 million adjustment. Expenditure adjustments reflect a $12.9 million transfer to the rainy day fund.
Texas	Fiscal 2001 revenue and expenditure information are based on estimated data released in January 2001. The cost of the emergency appropriations bill passed in May of this year is not included.
Utah	Revenue adjustments reflect a $-40 million net budget carry forward, $8.3 million in transfers, a $-9.1 million transfer to rainy day funds, $22.1 million in lapsing balances, and $-0.4 million in other transfers.
Vermont	Revenue adjustments reflect $9.9 million in direct applications and transfers in and $11.6 million for appropriations from the prior year's surplus reserve. Expenditure adjustments reflect $5.5 million to the transportation fund, $0.6 million to the transportation stabilization reserve, $1 million to the housing and conservation trust fund, $10 million to the Vermont Health Access Plan (VHAP) trust fund, $1.7 million to the budget stabilization reserve, $1.5 million to the human services caseload reserve, $12 million reserved for transfer-to-debt service, and $4.3 million reserved in the general fund surplus reserve.
Washington	Revenue adjustments represent the amount of revenue above the spending limit that was shifted from the general fund to the emergency reserve account, as well as a shift of $121 million into the general fund from the health services account. The drop in the rainy day fund balance between fiscal 2000 and fiscal 2001 reflects a statutory requirement that a fund balance above 5 percent of current revenues be shifted to the state's education construction account.
West Virginia	The beginning balance reflects $110.2 million in reappropriations, $4 million in surplus appropriations, and an unappropriated surplus balance of $33.9 million. Revenue adjustments reflect a transfer of special revenue of $7.2 million and $0.2 million in prior year redeposits. Expenditures reflect $2.6 billion in regular appropriations, $51.3 million in reappropriations, $10.3 million in surplus appropriations, and $26.2 million in 31-day (prior year) expenditures.
Wisconsin	Revenue adjustments include the tobacco settlement ($124.4 million), a residual equity transfer ($8 million) and designated balances carried forward ($36.6 million). Expenditure adjustments include a designation for continuing balances ($9.9 million).
Wyoming	The state budgets on a biennial basis. To complete the survey using annual figures, certain assumptions and estimates were required. Caution is advised when drawing conclusions or making projections using this information.

TABLE A-3

Fiscal 2002 State General Fund, Appropriated (Millions)

Region and State	*Beginning Balance*	*Revenues*	*Adjustments*	*Resources*	*Expenditures*	*Adjustments*	*Ending Balance*	*Budget Stabilization Fund*
NEW ENGLAND								
Connecticut**	$ 0	$11,894	$ 0	$11,894	$11,894	$ 0	$ 0	$ 595
Maine**	39	2,509	68	2,616	2,593	0	23	123
Massachusetts**	84	22,532	0	22,616	22,616	0	0	1,715
New Hampshire	0	1,175	0	1,175	1,151	0	24	55
Rhode Island**	131	2,520	0	2,651	2,651	-3	0	81
Vermont	0	907	10	917	893	22	1	44
MID-ATLANTIC								
Delaware* **	168	2,359	5	2,532	2,457	0	75	126
Maryland**	538	9,909	533	10,980	10,789	0	191	563
New Jersey*	1,068	22,449	0	23,516	22,489	9	1,019	720
New York* **	1,098	43,608	0	44,706	41,993	0	2,713	627
Pennsylvania**	335	20,361	0	20,697	20,690	1	6	1,223
GREAT LAKES								
Illinois	1,126	24,650	0	25,776	24,876	0	900	230
Indiana**	19	9,289	0	9,308	9,598	3	-292	526
Michigan**	0	9,565	-259	9,306	9,306	0	0	500
Ohio**	206	21,931	0	22,138	22,138	-164	163	1,011
Wisconsin* **	208	10,889	606	11,702	11,383	-34	285	0
PLAINS								
Iowa	0	4,862	0	4,862	4,848	0	14	463
Kansas**	365	4,449	0	4,815	4,509	0	306	0
Minnesota* **	1,109	13,453	0	14,563	12,940	0	1,623	1,140
Missouri	109	7,800	0	7,909	7,820	0	89	156
Nebraska**	236	2,620	65	2,921	2,660	109	152	110
North Dakota**	62	825	0	886	847	0	39	0
South Dakota	0	851	11	862	851	11	0	40
SOUTHEAST								
Alabama**	20	5,335	0	5,355	5,286	0	70	13
Arkansas	0	3,392	0	3,392	3,392	0	0	0
Florida	215	19,811	0	20,025	20,290	0	-265	941
Georgia* **	1,128	14,607	166	15,901	14,773	104	1,024	618
Kentucky**	0	7,299	296	7,594	7,332	262	0	239
Louisiana**	0	6,411	1	6,412	6,412	1	0	150
Mississippi**	15	3,478	-32	3,460	3,552	-92	0	192
North Carolina**	0	14,669	42	14,711	14,528	181	2	339
South Carolina* **	134	5,585	0	5,719	5,552	0	167	63
Tennessee**	0	7,125	427	7,551	7,551	0	0	178
Virginia	62	12,301	0	12,363	12,306	0	57	865
West Virginia* **	161	2,800	31	2,993	2,974	16	3	63
SOUTHWEST								
Arizona	15	6,564	0	6,579	6,546	0	33	266
New Mexico**	357	4,061	0	4,418	3,896	2	519	0
Oklahoma**	261	5,222	-30	5,453	5,206	0	248	170
Texas**	2,934	28,743	0	31,678	31,171	0	507	550
ROCKY MOUNTAIN								
Colorado* **	469	6,821	-89	7,201	6,976	0	225	0
Idaho**	185	1,936	-20	2,100	2,044	0	56	73
Montana	174	1,406	0	1,579	1,420	0	159	0
Utah**	0	3,814	81	3,895	3,890	0	5	125
Wyoming**	283	603	46	932	630	292	10	130
FAR WEST								
Alaska* **	0	1,758	655	2,413	2,413	0	0	2,857
California*	7,055	75,105	0	82,161	78,763	0	3,397	2,596
Hawaii	349	3,454	0	3,803	3,651	0	152	54
Nevada**	130	1,786	0	1,916	1,847	-39	108	136
Oregon**	359	5,264	0	5,623	5,458	0	165	0
Washington**	600	10,800	200	11,599	11,217	0	382	421
Total	**$21,806**	**$511,556**	**-**	**$536,174**	**$521,066**	**-**	**$14,355**	**$21,087**

NOTES: N/A 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.

Alabama	Expenditures do not include proposed additional appropriations to be enacted during a special session.
Alaska	Revenue adjustments reflect a constitutional budget reserve draw.
Colorado	Revenue adjustments reflect a $330 million transfer to the State Education Fund, a $3 million transfer to the Older Coloradoans Act, and a $244 million transfer from the Controlled Maintenance Trust Fund. Expenditures include the refund to Colorado taxpayers per the Taxpayer Bill of Rights (TABOR) amendment.
Connecticut	Figures include federal reimbursements such as Medicaid.
Delaware	Revenue measures reflect miscellaneous balance transfers.
Kansas	The state 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	Revenues include $121.6 million in tobacco settlement funds. Revenue adjustments include fund transfers of $33.2 million and a reserve for continuing appropriations of $262.3 million that also include the rainy day fund. Expenditure adjustments include a reserve for continued appropriations.
Idaho	Revenue adjustments include transfers of $20.0 million to the budget stabilization fund and $0.4 million to two other funds.
Indiana	Expenditure adjustments reflect one-time expenditures for pensions, highway, street, road construction and repair, funding of local auto excise tax and property tax cuts, some capital projects, and contingencies for the year.
Louisiana	Revenue and expenditure adjustments are due to contingent items.
Maine	Revenue adjustments reflect $68 million in legislative and statutory authorized transfers.
Maryland	Revenue adjustments reflect a transfer from the rainy day fund.
Massachusetts	Fiscal 2002 appropriated expenditures assume the budget just received from the legislature, minus all of the governor's vetoes ($271 million), plus the supplemental funding ($594 million) requested. "General fund" is the aggregate of the general, highway, and local aid funds. Massachusetts uses its three major funds like most states, which typically have far fewer dedicated, minor funds and use just their general fund. "Undesignated [general fund] balance" is statutorily defined as the carry forward of 0.5 percent of the preceding fiscal year's tax revenues to the current fiscal year. Expenditures adjusted for lapsed and continued appropriations and for certain statutorily required year-end transfers.
Michigan	Revenue adjustments include tax law changes for fiscal 2000 and prior years ($-756.9 million) and fiscal 2001 tax law changes ($15.5 million); a rainy day fund withdrawal ($155 million); and deposits from state restricted funds ($327.6 million).
Minnesota	The ending balance includes a cash flow account of $350 million, a budget reserve of $653 million, and other reserves of $137.4 million.
Mississippi	Revenue adjustments reflect a $32.2 million transfer to the budget contingency fund. Expenditure adjustments reflect $91.5 million in budget revisions.
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.
Nevada	Expenditure adjustments reflect reversions and adjustments to fund balances. Revenue projections are as of May 1, 2001, and do not include changes made by the 2001 legislature.
New Mexico	The ending balance includes a tax stabilization reserve of $234 million ($141 million transfer).
New York	The ending balance includes $627 million in the tax stabilization reserve fund (rainy day fund) and $151 million in reserve funds for litigation risks. In addition to general fund reserves, $1.8 billion was reserved to guard against economic uncertainties and to fund other needs. The current projections do not reflect the financial impact of the World Trade Center attacks.
North Carolina	The $42.4 million adjustments to revenues include transfers to general fund availability per session law 2001-424, Senate Bill 1005. The $181 million adjustments to revenues include transfers to rainy day fund per session law 2001-424, Senate Bill 1005.
North Dakota	Contingency funds of $25 million are available from Bank of North Dakota should a revenue shortfall occur during the 2001-03 biennium.
Ohio	Federal reimbursements for Medicaid and other human services programs (excluding 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. Expenditures for fiscal 2002 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 miscellaneous transfers-out of $15.4 million. These transfers-out are adjusted for an anticipated net change in encumbrances from fiscal 2001 levels of $-179.1 million. In October 2001, the Office of Budget and Management announced revised revenue estimates for fiscal 2002. The revised estimates are being reviewed by the Ohio General Assembly to determine further action.
Oklahoma	Revenue adjustments reflect $30 million to the general revenue cash flow reserve fund.
Oregon	Includes payment of 1999-2001 revenue refund to taxpayers. Biennial expenditures were estimated assuming that a special session of the legislature would address revenue shortfall issues. Revenue forecasts from close of session have been reduced considerably.
Pennsylvania	Expenditure adjustments reflect the projected year-end transfer to the budget stabilization (rainy day) fund.
Rhode Island	Fiscal 2002 includes an expenditure adjustment of $3.3 million that is required to balance the budget due to a lower opening surplus.

NOTES TO TABLE A-3 (continued)

South Carolina	Figures do not include funds associated with securitization of the tobacco settlement.
Tennessee	Revenue adjustments reflect $243.8 million from the tobacco funds reserve on June 30, 2001; $188.9 million from the tobacco fund revenues in fiscal 2002; and a $6.2 million reduction adjustment.
Utah	Revenue adjustments reflect a $99.6 million net budget carry-forward, $-20 million in reserve for student population growth, $1 million in transfers, and $0.8 million in other transfers.
Vermont	Revenue adjustments reflect $6 million in direct applications and transfers-in and $4.3 million for appropriations from the prior year's surplus reserve. Expenditure adjustments reflect $15.8 million to the transportation fund, $6.5 million to the education fund, and $1 million to the budget stabilization reserve.
Washington	Revenue adjustments represent a shift of $130 million into the general fund from the health services account, and $70 million from the multi-modal account.
West Virginia	The beginning balance reflects $104.7 million in reappropriations, $15.8 million in surplus appropriations, and an unappropriated surplus balance of $40.9 million. Revenue adjustments reflect a transfer of special revenue of $31.2 million. Expenditures reflect $2.7 billion in regular appropriations, $104.7 million in reappropriations, $46.9 million in surplus appropriations, and $25.2 million in 31-day (prior year) expenditures.
Wisconsin	Revenue adjustments include the tobacco settlement ($155.5 million) and securitization of future tobacco settlement amounts ($450.0 million). Expenditure adjustments included a transfer to the tobacco control fund ($6.0 million) and compensation reserves ($27.9 million).
Wyoming	The state budgets on a biennial basis. To complete the survey using annual figures, certain assumptions and estimates were required. Caution is advised when drawing conclusions or making projections using this information.

TABLE A-4

General Fund Nominal Percentage Expenditure Change, Fiscal 2001 and Fiscal 2002*

Region and State	*Fiscal 2001*	*Fiscal 2002*
NEW ENGLAND		
Connecticut	5.7%	4.4%
Maine	14.2	-2.0
Massachusetts	5.3	3.1
New Hampshire	3.4	8.3
Rhode Island	11.4	6.7
Vermont	3.1	1.4
MID-ATLANTIC		
Delaware	8.1	1.2
Maryland	13.4	5.5
New Jersey	6.7	8.3
New York	6.8	5.8
Pennsylvania	3.6	3.5
GREAT LAKES		
Illinois	6.1	1.5
Indiana	7.3	-0.3
Michigan	1.5	-4.3
Ohio	9.9	4.7
Wisconsin	-1.7	2.8
PLAINS		
Iowa	2.3	-0.5
Kansas	1.4	1.8
Minnesota	14.3	-1.3
Missouri	5.2	1.2
Nebraska	5.7	7.3
North Dakota	6.3	3.0
South Dakota	4.2	6.0
SOUTHEAST		
Alabama	0.6	0.7
Arkansas	2.6	4.1
Florida	8.0	1.3
Georgia	7.2	0.0
Kentucky	7.5	4.1
Louisiana	8.5	1.7
Mississippi	-0.1	1.2
North Carolina	-2.9	8.1
South Carolina	7.1	0.6
Tennessee	9.7	4.4
Virginia	8.5	0.6
West Virginia	2.6	9.9
SOUTHWEST		
Arizona	6.0	2.8
New Mexico	12.9	1.8
Oklahoma	6.0	8.0
Texas	4.2	8.8
ROCKY MOUNTAIN		
Colorado**	11.3	4.6
Idaho	8.8	11.8
Montana	14.0	12.7
Utah	10.3	4.8
Wyoming	21.6	0.0
FAR WEST		
Alaska	1.1	5.5
California	20.4	-1.7
Hawaii	5.6	8.0
Nevada	14.3	0.5
Oregon	8.3	3.9
Washington	5.9	3.6
Average	**8.3%**	**2.8%**

NOTES: *Fiscal 2001 reflects changes from fiscal 2000 expenditures (actual) to fiscal 2001 expenditures (preliminary actual). Fiscal 2002 reflects changes from fiscal 2001 expenditures (preliminary actual) to fiscal 2002 expenditures (appropriated). **See Note to Table A-4.

NOTE TO TABLE A-4

Colorado	The 11.3 percent increase is due to the large refund to taxpayers per the Taxpayer's Bill of Rights (TABOR).

TABLE A-5

Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2001

Region and State	Fees	Layoffs	Furloughs	Early Retirement	Across-the-Board Percentage Cuts	Reduce Local Aid	Programs Reorganized	Privatization	Rainy Day Fund	Other
NEW ENGLAND										
Connecticut*										x
Maine										
Massachusetts										
New Hampshire					x					
Rhode Island										
Vermont										
MID-ATLANTIC										
Delaware					x					
Maryland										
New Jersey*										x
New York*										
Pennsylvania										
GREAT LAKES										
Illinois										
Indiana										
Michigan*					x				x	x
Ohio		x		x	x					
Wisconsin										
PLAINS										
Iowa*										x
Kansas*										
Minnesota										
Missouri					x					
Nebraska*										x
North Dakota										
South Dakota										
SOUTHEAST										
Alabama*					x					
Arkansas*										x
Florida										
Georgia										
Kentucky*									x	x
Louisiana*										x
Mississippi					x				x	
North Carolina*					x					x
South Carolina					x				x	
Tennessee										
Virginia*										x
West Virginia*					x					
SOUTHWEST										
Arizona*										x
New Mexico										
Oklahoma										
Texas*							x			
ROCKY MOUNTAIN										
Colorado										
Idaho										
Montana										
Utah*										
Wyoming										
FAR WEST										
Alaska										
California										
Hawaii										
Nevada										
Oregon*										x
Washington										
Total	**0**	**1**	**0**	**1**	**10**	**0**	**1**	**0**	**4**	**12**

NOTES: *See Notes to Table A-5.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE A-5

Alabama	Reflects a 6.2 percent cut in the education trust fund.
Arizona	The budget gap, the result of the state's alternative fuel program, was addressed through a loan from the budget stabilization fund. The fund will be reimbursed $16 million a year until the loan is paid off.
Arkansas	Funding is categorized in a revenue stabilization law. Funding reductions are applied based on each agency's proportion of the funding category being reduced.
Connecticut	Through allotment rescissions and spend-down of lapses.
Iowa	Selective appropriation reductions were used to address the fiscal 2001 budget gap.
Kansas	Revenue estimates were down from the November estimates, but there were few changes from the governor's recommended budget.
Kentucky	Specified general fund appropriation reductions and fund transfers to the general fund.
Louisiana	Specific cuts were implemented by an executive order dated February 21, 2001.
Michigan	Other strategies include using prior-year surplus, canceling prior-year spending, and shifting spending to non-state general fund revenue sources.
Nebraska	The shortfall in revenues was covered by the state's required 3 percent budget reserve.
New Jersey	The budget gap for fiscal 2001 in New Jersey was purely attributable to a shortfall in projected revenue, not overspending. "Other" represents lapses in the general fund.
New York	Currently, the state is carefully assessing the economic and fiscal implications of the terrorist attack that occurred in New York City on September 11, 2001. The Division of the Budget (DOB) expects the attack will depress, at least temporarily, the normal growth in state tax receipts and increase the state's operating costs. A preliminary assessment by DOB suggests that the loss of receipts will be in the range of $1 billion to $3 billion in the current fiscal year (which ends on March 31, 2002) and in the range of $2 billion to $6 billion next fiscal year as a result of disruptions to business activity and tax payment processes. The state expects to revise its current spending and revenue estimates as the fiscal impact of the attack becomes clearer.
North Carolina	The governor invoked constitutional authority by declaring a state of emergency. Spending controls were initiated, employer contributions to the employee retirement system were suspended for the five months remaining in the fiscal year, local government reimbursements on a one-time basis will be suspended, and cash balances available in all other governmental fund types will be transferred to general fund availability.
Oregon	Currently, the state is still addressing this issue. The governor has started the process by having agencies unschedule 2 percent of their biennial general fund expenditures. A special session of the legislature is expected in early 2002 to make the expenditure cuts necessary to balance the deficit. The governor and legislative leadership are working together to craft the rebalance plan.
Texas	$725 million in budget shortfalls were identified in fiscal 2001, primarily due to higher than expected Medicaid expenditures. Texas had surplus funds available to cover this shortfall, but had to be careful not to exceed the constitutional spending cap (which is set every two years). Once the spending cap issues were resolved, an emergency appropriations bill was passed in May 2001 to cover $615 million of the shortfall. The remaining $110 million was covered by funding transfers between health agencies and human service agencies.
Utah	The governor put $56.6 million in capital projects on administrative hold. These projects were all approved as supplemental during the 2001 general session of the legislature, so construction had not yet started. These holdbacks reduced spending authority for fiscal 2001 by $56.6 million.
Virginia	The General Assembly adjourned the fiscal 2001 regular session without enacting an appropriation bill amending the fiscal 2000 Appropriation Act to bring appropriations and estimated revenues into balance. Therefore, the 2000 Appropriations Act remains the appropriations law of Virginia for the fiscal 2000-02 biennium. The Constitution and statutory responsibility falls to the governor to reduce expenditures and balance the state budget. The governor took actions to reduce general fund appropriations by $64.4 million and deferred construction on $209.3 million in capital projects.
West Virginia	Across-the-board cuts exclude debt service, public and higher education, legislative, and judicial.

TABLE A-6

Number of Filled Full-Time Equivalent Positions at the End of Fiscal 2000 to Fiscal 2002, in All Funds**

Region and State	*Fiscal 2000*	*Fiscal 2001*	*Fiscal 2002*	*Percent Change, 2000-2001*	*Percent Change, 2001-2002*	*Includes Higher Education Faculty*	*State-Administered Welfare System*
NEW ENGLAND							
Connecticut	40,447	40,241	42,738	-0.51%	6.21%		X
Maine	12,917	13,228	13,191	2.41%	-0.28%		X
Massachusetts	0	0	0	---	---		
New Hampshire	12,375	12,423	12,527	0.39%	0.84%		
Rhode Island	15,612	15,298	15,856	-2.01%	3.65%	X	X
Vermont	7,342	7,524	7,582	2.48%	0.77%		X
MID-ATLANTIC							
Delaware*	22,585	22,878	23,076	1.30%	0.87%		X
Maryland	72,555	74,609	76,296	2.83%	2.26%	X	X
New Jersey*	70,939	73,479	75,806	3.58%	3.17%		
New York*	229,200	231,750	227,950	1.11%	-1.64%	X	X
Pennsylvania*	85,401	85,546	86,142	0.17%	0.70%		X
GREAT LAKES							
Illinois	80,600	80,775	80,885	0.22%	0.14%		X
Indiana	37,862	37,531	37,658	-0.87%	0.34%		X
Michigan	57,823	56,894	55,756	-1.61%	-2.00%		X
Ohio	60,266	60,580	60,134	0.52%	-0.74%		
Wisconsin*	74,635	77,377	67,657	3.67%	-12.56%	X	
PLAINS							
Iowa	24,321	24,803	25,032	1.98%	0.92%		X
Kansas	40,662	40,636	40,883	-0.06%	0.61%	X	X
Minnesota	33,981	34,404	34,404	1.24%	0.00%		
Missouri	61,636	62,846	62,848	1.96%	0.00%		X
Nebraska	16,032	16,083	NA	0.32%	NA		X
North Dakota	11,461	11,461	11,617	0.00%	1.36%	X	X
South Dakota	12,555	12,700	13,061	1.16%	2.84%	X	X
SOUTHEAST							
Alabama	36,255	37,257	37,257	2.76%	0.00%		X
Arkansas*	28,730	29,542	35,577	2.83%	20.43%		X
Florida	126,685	125,082	121,772	-1.27%	-2.65%		
Georgia*	103,493	102,587	104,001	-0.88%	1.38%	X	X
Kentucky	40,433	40,796	40,776	0.90%	-0.05%		
Louisiana	58,962	57,105	47,395	-3.15%	-17.00%		X
Mississippi*	32,538	32,249	37,967	-0.89%	17.73%		X
North Carolina	257,823	260,225	255,885	0.93%	1.67%	X	
South Carolina	69,651	65,424	65,424	-6.07%	0.00%	X	X
Tennessee	40,568	40,568	40,568	0.00%	0.00%		X
Virginia	111,215	112,685	109,221	1.32%	-3.07%	X	
West Virginia*	32,210	32,728	32,885	1.61%	0.48%	X	X
SOUTHWEST							
Arizona	49,491	50,207	50,363	1.45%	0.31%	X	X
New Mexico	19,056	19,056	NA	0.00%	NA		X
Oklahoma	37,541	37,372	37,905	-0.45%	1.43%		X
Texas*	222,685	229,313	230,093	2.98%	0.34%	X	X
ROCKY MOUNTAIN							
Colorado	43,520	45,487	46,326	4.52%	1.85%	X	
Idaho	17,138	17,449	17,602	1.81%	0.88%	X	X
Montana	10,427	10,427	10,874	0.00%	4.29%		X
Utah	19,969	20,399	20,303	2.15%	-0.47%		X
Wyoming	0	0	0	---	---		
FAR WEST							
Alaska	17,825	18,054	18,481	---	---	X	X
California	296,076	316,368	316,271	6.85%	-0.03%		X
Hawaii	42,385	43,218	43,703	1.97%	1.12%	X	X
Nevada*	13,913	14,295	14,450	2.75%	1.08%		X
Oregon	34,954	35,035	31,978	---	---		X
Washington	99,929	102,074	102,332	2.15%	0.25%	X	X
TERRITORIES							
Puerto Rico	0	0	0	---	---		
Total	**3,017,105**	**3,061,593**	**3,011,009**	**1.5%**	**-0.5%**		

NOTES: N/A indicates data are not available. *See Notes to Table A-6. **Unless otherwise noted, fiscal 2000 relfects actual figures, fiscal 2001 reflects preliminary actuals and fiscal 2002 reflects appropriated figures.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE A-6

Arkansas	The total number of positions in fiscal 2002 is authorized, but not anticipated to be filled.
Delaware	Totals include 697 Delaware Technical and Community College positions.
Georgia	The governor's Office of Planning and Budget (OPB) is aware of downturns in revenue in other states. Accordingly, OPB is preparing for the possibility of a downturn or slowing of revenue growth. The governor and OPB have implemented a review process for all hiring by state agencies. Nonessential hires will be delayed or denied.
Nevada	Fiscal 2000 and 2001 are June 1. Fiscal 2002 uses average vacancy rate of 9 percent applied to positions authorized for fiscal 2002, including new positions authorized to start October 1, 2001. All figures exclude seasonal and temporary positions.
New Jersey	Figures reflect full-time employees, not equivalents, and include county courts. Welfare system is administered at the county level but the New Jersey Division of Family Development oversees and supervises the welfare system.
New York	Full-time equivalent (FTE) figures reflect end-of-year counts for annual and non-annual salaried FTE employees in the executive, legislative, and judicial branches. The state's welfare system is state-supervised but locally administered.
Pennsylvania	Figures reflect total authorized salaried positions on a FTE basis.
Texas	The totals represent appropriated FTE positions only.
West Virginia	Fiscal 2000 totals are from June 30, 2000. Fiscal 2001 totals are from June 30, 2001; and fiscal 2002 totals are from July 1, 2001.
Wisconsin	The amounts shown for fiscal 2000 and 2001 are actual head counts. Fiscal 2002 amounts are for authorized FTE positions.

TABLE A-7

State Employment Compensation Changes, Fiscal 2002

Region/State	Across-the-Board	Merit	Other	Notes
NEW ENGLAND				
Connecticut	3.0	---	---	Step increases are also included.
Maine	2.0	1.0	---	Normal merit increases to employees lower than step eight.
Massachusetts	2.7	2.3	5.6	The calculation for across-the-board (ATB) increases factors in the entire state workforce at the start of the year. However, only union employees are given a standard increase every year. All employees receive step increases if they have not reached the maximum step in their salary chart. The step (traditionally 2 percent) is in addition to the ATB. Approximately 15,670 individuals will be eligible for merit increases, for an average of 2.28 percent. Approximately 17,471 individuals will see other increases worth 5.56 percent. These increases are mainly due to union contracts that adjust the salaries of the lowest paid workers, such as social workers, to bring them in line with market rates. There are also increases in some correctional facilities for bonus incentives to enhance productivity. When all three items are factored together, the total average increase for all 73,656 employees is 4.42 percent, exclusive of step increases.
New Hampshire	4.25	---	---	Step increase for first five years. Added two steps.
Rhode Island	4.0	---	1.0	“Other” reflects step and longevity increases that are both based on length of service.
Vermont	3.0	---	2.0	Across-the-board increases of $.50 cents/hour and $.25 cents/hour are effective in July 2001 and January 2002, respectively, corresponding to a roughly 3 percent total increase. Also, per the state employee contract, about 56 percent of employees receive annual step increases, worth in aggregate about 2 percent of statewide salary costs.
MID-ATLANTIC				
Delaware	2.0	---	---	Employees received the greater of $650 or 2 percent of base salary.
District of Columbia				
Maryland	4.0	---	---	Employees performing up to standards receive a 2 percent or 4 percent increment on anniversary date depending on time in grade. Effective January 1, 2002, $500 pay-for-performance bonuses are available on a case-by-case basis.
New Jersey	---	---	---	Most unionized employees received a 2 percent across-the-board increase. Troopers were an exception; they received a 4 percent across-the-board increase. In addition to the above increases, employees are also eligible for incremental step and anniversary increases ranging up to approximately 5 percent of base salary, depending on step in the range for eight years, up to a maximum of the range. Bonus calculations depend upon union and current salary range. These bonuses are capped at a certain amount according to each contract.
New York				
Pennsylvania	3.5	---	2.2	Most employees receive a 2.2 percent longevity (step) increment in January 2002. Employees in the last step of the pay scale receive a lump sum payment in lieu of the percentage increase.
GREAT LAKES				
Illinois	---	---	---	Nonunion employees received $1,500 per year and a merit increase between zero and 4 percent while union employees received the greater of $100 per month or 3.75 percent and a step increase, which on average is equal to 3.75 percent.
Indiana				
Michigan	2.0	---	---	In addition to the 2 percent base pay increase, a one-time lump sum payment of $375 per person was made in October 2001.
Ohio	3.5	*	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. For merit increases, the state added a step to exempt pay ranges that is to be used for exemplary performance. However, very few agencies have implemented this step.
Wisconsin	1.0	---	---	Nonrepresented only.

TABLE A-7 (continued)

State Employment Compensation Changes, Fiscal 2002

Region/State	*Across-the-Board*	*Merit*	*Other*	*Notes*
PLAINS				
Iowa	3.0	1.0	---	
Kansas	3.0	---	---	Across-the-board increases of 1.5 percent at beginning of fiscal year and another 1.5 percent halfway through fiscal year.
Minnesota	---	---	---	State employee compensation packages for fiscal 2002 have not yet been agreed on. Agencies used 3 percent for budgeting purposes.
Missouri	---	---	---	State employees did not receive a pay increase.
Nebraska	---	---	---	Depending upon their placement in the salary schedule, most employees covered by collective bargaining received an increase of either 1.5 percent or 2 percent on July 1, 2001, and will receive an additional 2.5 percent on January 1, 2002. Employees in law enforcement and higher education received increases of about 5.5 percent on July 1, 2001.
North Dakota	*	---	---	Thirty-five dollars across-the-board for both years. Three percent is provided in fiscal 2002 and 2 percent is provided in fiscal 2003 with any amounts over $35 allocated based on merit.
South Dakota	3.0	---	2.5	“Other” represents the movement to job worth for employees who are under the midpoint of their job classifications.

TABLE A-7 (continued)

State Employment Compensation Changes, Fiscal 2002

Region/State	*Across-the-Board*	*Merit*	*Other*	*Notes*
SOUTHEAST				
Alabama	2.0	5.0	*	Merit raises are based on employee performance whether employee status in classification permits such raises and may range from 0 percent to 5 percent based on evaluation. “Other” includes longevity pay ranging from $300 to $600 per employee based on the number of years of state service.
Arkansas	2.6	---	8.0	“Other” represents a career ladder incentive program with an 8 percent maximum for each eligible employee meeting probation or bonus criteria.
Florida	2.5	---	*	Pay package issues for 2001-2002 include competitive pay adjustments for assistant state attorneys, assistant public defenders, capital collateral regional counsels and deputy court administrators; department of law enforcement performance-based compensation plan and on-call fees for special agents; pay increases for state university system (SUS) and SUS graduate assistants.
Georgia	---	3.5	---	State patrol officers, state investigators, and child protective service workers receive a special increase in addition to the 3.5 percent merit increase. The special increases are approximately 4 percent.
Kentucky	5.0	---	*	In addition to the 5 percent annual across-the-board salary increase, a plan raises compensation of lower paid employees to a more equitable and competitive level. By executive order 2001-852, effective July 1, 2001, the entry-level wage of all grades shall be increased by 6.67 percent, and the midpoint wage of all grades shall be increased by 1.67 percent.
Louisiana				
Mississippi	---	---	---	Not inclusive of reclassifications, realignments or educational benchmarks.
North Carolina	---	---	*	State agency personnel received a $625 increase.
South Carolina	1.5	1.0	---	Across-the-board effective July 1, 2001. Merit increases effective on employee performance review date.
Tennessee	2.5	---	1.0	Other represents minimum and maximum salary range increases of 1 percent, totaling $17.4 million. Specific classes upgraded.
Virginia	---	---	---	The amended budget included a 3.5 percent pay-for-performance increase but it was not enacted due to a budget impasse in the general assembly.
West Virginia	*	---	---	Effective July 1, 2001, uniformed correctional officers will receive an annual increase of $2,000, nonuniformed correctional officers will receive a $1,250 annual increase, and all other correctional staff and state police will receive a $756 annual increase. All other state employees will receive a $756 annual increase effective October 1, 2001.
SOUTHWEST				
Arizona	5.0	---	---	A general salary adjustment of no less than $1,500 and no more than 5 percent was appropriated by the legislature and signed by Governor Hull.
New Mexico	---	5.0	---	Average salary increase.
Oklahoma	---	---	*	Pay increases were targeted to professions with below-market wages, especially to those professions where employee turnover and vacancies were high. New law mandates salary increases ranging from $1,300 to $4,000 effective July 1, 2001, for specified employee classes in the following agencies: Corrections, Department of Human Services, Mental Health, Department of Transportation, JD McCarty, Office of Juvenile Affairs, Pardon and Parole, Health Department, and Department of Rehabilitation. Increase in percentage of dependent health insurance paid by state from one-half of average cost to three-quarters of average cost.
Texas	4.0	---	---	State employees with at least 1 year of state experience received a 4 percent across-the-board increase ($100 minimum). Target pay raises also were given to prison guards and financial examiners. In addition, changes were made in longevity so that it accrues every 3 years instead of every 5.

TABLE A-7 (continued)

State Employment Compensation Changes, Fiscal 2002

Region/State	*Across-the-Board*	*Merit*	*Other*	*Notes*
ROCKY MOUNTAIN				
Colorado	5.2	5.0	---	The 5.2 percent salary increase included a one-time statutory increase for troopers of approximately 18 percent. The average salary (across-the-board) increase, excluding troopers, was 4.9 percent. All classified state employees are eligible for a step and anniversary (merit) increase for fiscal 2002.
Idaho	---	3.5	1.0	The 1 percent shown under “other” is money used to address agency-specific compensation issues.
Montana	4.0	---	---	The pay increase is effective on the anniversery date of each employee. November 1 is the average effective date. Employees who have reached the maximum in their pay grade will only receive a 3.4 percent increase. In addition, state contribution to health insurance is increased $30 per month.
Utah	---	2.5	1.5	In addition to the salary increases shown, the state also funded 55 percent of the cost of market salary adjustments and insurance premium cost increases. These higher costs were offset by a reduction in retirement rates, bringing the total cost of the market adjustments and net benefits to only .03 percent. The 1.5 percent shown as “other” includes bonuses and discretionary pay raises.
FAR WEST				
Alaska	2.0	3.0	11.0	“Other” represents health insurance.
California	*	---	---	The state is currently conducting negotiations with employees for 2001-2002 and 2002-2003. 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	4.0	---	4.0	“Other” represents a continuation of step movement plans in which employees receive a step increase if they have served the required one, two, or three years at current step.
Nevada	4.0	2.5	2.5	About half the employees are eligible for merit step increases, which average 5 percent. The state added a 9th step, which added about 5 percent for staff who had topped out for at least a year. Unclassified employees, who do not get step increases, got the 4 percent across-the-board plus 5 percent. Merit increases comes on the hiring anniversary and others were effective July 1, 2001.
Oregon	2.0	*	---	The state uses a salary range system with a fixed number of steps. Employees can potentially receive a merit increase of 4.5 percent to 5 percent. If an employee is at the top step of the range then no merit increase is given. Across-the-board implementation and amounts vary by bargaining group.
Washington	3.7	---	10.0	Merit increments from 2.5 percent to 5 percent are provided to classified staff who have not reached the top of their salary range. Most agencies must fund these increases from vacancy savings. The raise provided under “other” represents a small subset of classifications that were provided increases ranging from 5 percent to 20 percent by the legislature because agencies are experiencing difficulty with recruitment and/or retention in these areas. Examples of these classifications are psychiatrists, psychologists, IT classifications, forensic scientists and social workers.
TERRITORIES				
Puerto Rico				

TABLE A-8

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

	Sales Tax		*Personal Income Tax*		*Corporate Income Tax*		*Total*
Region and State	*Original Estimate*	*Current Estimate*	*Original Estimate*	*Current Estimate*	*Original Estimate*	*Current Estimate*	*Revenue Collection****
NEW ENGLAND							
Connecticut	$3,117	$3,125	$4,218	$4,744	$ 513	$ 551	T
Maine	823	818	1,122	1,168	114	96	H
Massachusetts	3,636	3,756	9,048	9,903	1,640	1,534	L
New Hampshire	N/A	N/A	N/A	N/A	175	179	H
Rhode Island	658	711	825	914	63	61	L
Vermont	221	229	437	450	41	51	H
MID-ATLANTIC							
Delaware	N/A	N/A	736	722	104	58	L
Maryland	2,592	2,627	4,485	5,134	336	374	H
New Jersey	6,023	5,779	7,738	7,970	1,622	1,486	T
New York*	7,913	8,363	24,334	23,566	2,150	2,335	H
Pennsylvania	7,291	7,204	7,358	7,492	1,947	1,603	H
GREAT LAKES							
Illinois	6,180	5,958	8,000	7,996	1,120	1,036	L
Indiana	3,770	3,687	4,160	3,780	1,142	855	L
Michigan*	126	81	5,350	4,818	2,158	2,049	L
Ohio	5,915	5,936	7,576	7,263	1,050	915	L
Wisconsin	3,710	3,610	5,161	5,157	655	537	L
PLAINS							
Iowa	1,497	1,442	2,490	2,427	318	285	L
Kansas	1,320	1,425	1,636	1,981	186	215	L
Minnesota*	3,850	3,102	5,583	5,884	740	812	T
Missouri	1,774	1,758	3,986	3,976	278	227	L
Nebraska	940	905	1,230	1,233	141	138	L
North Dakota	389	367	194	212	55	52	H
South Dakota	451	452	NA	NA	NA	NA	H
SOUTHEAST							
Alabama	1,412	1,297	2,116	2,069	243	95	L
Arkansas	1,714	1,678	1,529	1,556	204	186	L
Florida	13,945	13,952	NA	NA	1,609	1,345	T
Georgia	4,541	4,795	7,023	7,415	N/A	N/A	T
Kentucky	2,351	2,249	2,832	2,779	325	290	L
Louisiana	2,203	2,434	1,800	1,770	190	282	H
Mississippi	1,416	1,384	1,059	1,034	282	274	L
North Carolina	3,613	3,436	7,651	7,391	782	460	L
South Carolina	2,093	2,000	2,284	2,127	199	180	L
Tennessee	4,885	4,643	186	199	1,050	1,112	L
Virginia	2,312	2,273	7,420	7,226	462	364	L
West Virginia	873	853	996	1,021	153	113	T
SOUTHWEST							
Arizona	2,871	2,984	2,473	2,301	512	541	L
New Mexico	1,479	1,536	910	906	165	220	H
Oklahoma	1,436	1,446	2,231	2,279	206	167	H
Texas	13,338	14,554	NA	NA	NA	NA	H
ROCKY MOUNTAIN							
Colorado	1,787	1,811	3,953	4,018	312	330	H
Idaho	639	647	916	1,024	99	142	H
Montana	N/A	N/A	497	556	66	104	H
Utah	1,422	1,432	1,767	1,711	211	181	L
Wyoming							
FAR WEST							
Alaska					235	275	H
California	21,318	N/A	41,339	N/A	6,800	N/A	L
Hawaii	1,539	1,640	1,138	1,105	53	61	L
Nevada	626	646	N/A	N/A	N/A	N/A	T
Oregon*	N/A	N/A	4,422	4,540	406	373	H
Washington	5,333	5,537	N/A	N/A	N/A	N/A	H
Total	**$134,024**	**$134,566**	**$158,869**	**$159,813**	**$24,301**	**$22,542**	-

NOTES: N/A indicates data are not available because, in most cases, these states do not have this type of tax.
*See Notes to Table A-8.
**Unless otherwise noted, original estimates reflect the figures used when the fiscal 2001 budget was adopted, and current estimates reflect the 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-8

Michigan	The original budget has been modified for fiscal 2001 and is based on the May 2001 consensus estimates and is net of all enacted tax law changes. Tax estimates are for the general fund/general purpose portions of taxes only. Sales tax collections are for the Michigan sales tax only and do not include collections from Michigan use tax. Michigan does not have a corporate income tax. Estimates are for Michigan's single business tax.
	The fiscal 2001 revenues are coming in on target with the May 2001 consensus revenue estimates but are lower than the estimates used when the fiscal 2001 budget was enacted.
Minnesota	Fiscal 2001 sales tax collections include a $789.8 million reduction for sales tax rebates.
New York	Currently, the state is carefully assessing the economic and fiscal implications of the terrorist attack that occurred in New York City on September 11, 2001. The Division of the Budget (DOB) expects the attack will depress, at least temporarily, the normal growth in state tax receipts and increase the state's operating costs. A preliminary assessment by DOB suggests that the loss of receipts will be in the range of $1 billion to $3 billion in the current fiscal year (which ends on March 31, 2002) and in the range of $2 billion to $6 billion next fiscal year as a result of disruptions to business activity and tax payment processes. The state expects to revise its current spending and revenue estimates as the fiscal impact of the attack becomes clearer.
Oregon	Oregon has a "kicker" law that requires the state to refund all revenues that are greater than 2 percent above the biennial forecasted amount. Even though the revenues for fiscal 2001 are above forecast, they are returned to taxpayers since overall revenues exceeded the 2 percent threshold.

TABLE A-9

Fiscal 2001 Tax Collections Compared with Projections Used in Adopting Fiscal 2002 Budgets (Millions)**

	Sales Tax		*Personal Income Tax*		*Corporate Income Tax*	
Region and State	*Fiscal 2001*	*Fiscal 2002*	*Fiscal 2001*	*Fiscal 2002*	*Fiscal 2001*	*Fiscal 2002*
NEW ENGLAND						
Connecticut	$3,125	$3,194	$4,744	$4,841	$ 551	$ 501
Maine	818	860	1,168	1,212	96	118
Massachusetts	3,756	3,885	9,903	9,411	1,534	1,509
New Hampshire	N/A	N/A	N/A	N/A	179	239
Rhode Island	711	732	914	941	61	64
Vermont	229	230	450	456	51	48
MID-ATLANTIC						
Delaware	N/A	N/A	722	740	58	55
Maryland	2,627	2,776	5,134	5,283	374	341
New Jersey	5,779	6,137	7,970	8,545	1,486	1,921
New York*	8,363	8,201	23,566	24,000	2,335	2,000
Pennsylvania	7,204	7,352	7,492	7,877	1,603	1,636
GREAT LAKES						
Illinois	5,958	6,400	7,996	8,350	1,036	1,055
Indiana	3,687	3,885	3,780	4,037	855	918
Michigan*	81	98	4,818	4,749	2,049	1,951
Ohio	5,936	6,243	7,263	8,215	915	1,007
Wisconsin	3,610	3,745	5,157	5,445	537	586
PLAINS						
Iowa	1,442	1,500	2,427	2,565	285	323
Kansas	1,425	1,488	1,981	2,082	215	220
Minnesota*	3,102	4,076	5,884	6,289	812	788
Missouri	1,758	1,878	3,976	4,218	227	270
Nebraska	905	963	1,233	1,340	138	150
North Dakota	367	359	212	219	52	52
South Dakota	452	477	NA	NA	NA	NA
SOUTHEAST						
Alabama	1,297	1,316	2,069	2,118	95	152
Arkansas	1,678	1,743	1,556	1,624	186	221
Florida	13,952	14,776	NA	NA	1,345	1,475
Georgia	4,795	4,920	7,415	7,625	N/A	N/A
Kentucky	2,249	2,484	2,779	2,996	290	327
Louisiana	2,434	2,460	1,770	1,781	282	219
Mississippi	1,384	1,473	1,034	1,131	274	293
North Carolina	3,436	3,885	7,391	8,158	460	582
South Carolina	2,000	2,178	2,127	2,354	180	177
Tennessee	4,643	4,786	199	205	1,112	1,150
Virginia	2,273	2,448	7,226	7,793	364	515
West Virginia	853	878	1,021	1,049	113	115
SOUTHWEST						
Arizona	2,984	3,217	2,301	2,553	541	538
New Mexico	1,536	1,586	906	1,030	220	200
Oklahoma	1,446	1,476	2,279	2,343	167	193
Texas	14,554	15,001	NA	NA	NA	NA
ROCKY MOUNTAIN						
Colorado	1,811	1,901	4,018	4,314	330	320
Idaho	647	696	1,024	1,009	142	111
Montana	N/A	N/A	556	575	104	82
Utah	1,432	1,498	1,711	1,842	181	206
Wyoming						
FAR WEST						
Alaska					275	200
California	N/A	21,949	N/A	42,144	N/A	5,938
Hawaii	1,640	1,752	1,105	1,125	61	68
Nevada	646	681	N/A	N/A	N/A	N/A
Oregon*	N/A	N/A	4,540	4,420	373	409
Washington	5,537	5,733	N/A	N/A	N/A	N/A
Total	**$134,556**	**$141,365**	**$159,813**	**$166,860**	**$22,542**	**$23,304**

NOTES: N/A indicates data are not available since, in most cases, these states do not have this type of tax.
*See Notes to Table A-9.
**Unless otherwise noted, fiscal 2001 figures reflect preliminary actual tax collection estimates as shown in Table A-8, and fiscal 2002 figures reflect the estimates used in enacted budgets.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE A-9

Michigan	The original budget has been modified for fiscal 2002 and is based on the October 2001 consensus estimates and is net of all enacted tax law changes. Tax estimates are for the general fund/general purpose portions of taxes only. Sales tax collections are for the Michigan sales tax only and do not include collections from Michigan use tax. Michigan does not have a corporate income tax. Estimates are for Michigan's single business tax.
Minnesota	Fiscal 2001 sales tax collections include a $789.8 million reduction for sales tax rebates.
New York	Currently, the state is carefully assessing the economic and fiscal implications of the terrorist attack that occurred in New York City on September 11, 2001. The Division of the Budget (DOB) expects the attack will depress, at least temporarily, the normal growth in state tax receipts and increase the state's operating costs. A preliminary assessment by DOB suggests that the loss of receipts will be in the range of $1 billion to $3 billion in the current fiscal year (which ends on March 31, 2002) and in the range of $2 billion to $6 billion next fiscal year as a result of disruptions to business activity and tax payment processes. The state expects to revise its current spending and revenue estimates as the fiscal impact of the attack becomes clearer. The fiscal 2002 estimate for personal income tax collections excludes income tax receipts from fiscal 2001 that were made available in fiscal 2002 through the refund reserve transaction. When these receipts are counted, personal income taxes are projected to total $28.18 billion in fiscal 2002.
Oregon	Oregon has a "kicker" law that requires the state to refund all revenues that are greater than 2 percent above the biennial forecasted amount. Even though the revenues for fiscal 2001 are above forecast, they are returned to taxpayers since overall revenues exceeded the 2 percent threshold.

TABLE A-10

Enacted Revenue Changes by Type of Revenue, Fiscal 2002

State	*Tax Change Description*	*Effective Date*	*Fiscal 2002 Revenue Changes ($ in Millions)*
	SALES TAXES		
California	Creates an exemption for liquefied petroleum gas, farm and forestry equipment, thoroughbred racing stock, and diesel fuel used in agriculture.	9/01	$-46.9
Colorado	Creates a sales and use tax exemption for bingo and dairy equipment.		-0.3
Connecticut	Suspends the hospital sales tax for two years.	7/01	-110
Florida	Creates a one-time sales tax holiday on clothing items costing less than $50.	6/01	-27.9
	Creates a one-time sales tax holiday on school supplies costing less than $10.	6/01	-2.2
	Creates various enterprise zone credits.	7/01	-2.6
Hawaii	Exempts inter-island airlines from general excise and use taxes on the lease or purchase of aircraft or aircraft engines.	7/01	-2.2
Indiana	Creates a capital investment tax credit, oil re-refining tax credit, and gross income tax exemptions.		-5.2
Minnesota	Initiates telecommunications reform.	8/01	23.4
	Reflects changes from streamlined sales tax.	1/02	9.3
	Creates border city tax credits.	8/01	-1.6
North Carolina	Increases the sales tax by one-half cent.		246.3
	Creates a 5 percent tax on satellite television service.		9.8
	Increases the liquor sales tax.		11.9
	Accelerates the collection schedule.		25
Ohio	Exempts from the sales tax local telephone calls made from coin-operated telephones and paid for with coin.	7/01	-1.5
Pennsylvania	Creates a computer sales tax holiday and miscellaneous exemptions.	7/01	-18.1
Rhode Island	Reflects the increase of the cigarette tax by 29 cents per pack.	7/01	1.8
South Carolina	Discontinues elimination of sales tax on food purchases.	7/01	77.1
Total Revenue Changes—Sales Taxes			**$186.1**

TABLE A-10 (continued)

Enacted Revenue Changes by Type of Revenue, Fiscal 2002

State	*Tax Change Description*	*Effective Date*	*Fiscal 2002 Revenue Changes ($ in Millions)*
	PERSONAL INCOME TAXES		
Arizona	Increases the standard deduction.	1/02	$-15.0
Colorado	Creates an expansion of the tax credit for donation of a perpetual conservation easement.		-1.5
Hawaii	Creates a $1 general income tax credit for tax year 2001.	5/01	-1.0
Idaho	Reduces all tax rates by 0.4 percent.	1/01	-58.4
	Increases the grocery tax credit by $5 per person.	1/01	-5.6
	Creates an income tax credit for health care costs.	1/01	-4.5
	Exempts agricultural machinery from the personal property tax.	1/01	-12.4
	Increases the capital gains exclusion from 60 percent to 80 percent.	1/01	-4.4
	Expands the jobs credit.	1/01	-1.5
Indiana	Reflects creation of an enterprise zone.		-0.7
Maryland	Increases the refundable percentage of the earned income credit.	1/01	-4.0
Massachusetts	Reduces tax rate on ordinary income from 5.6 percent to 5.3 percent.	1/01	-700.0
	Reduces tax rate on capital gains from assets held more than 6 years from 1 percent to 0 percent.		
	Creates charitable deduction, over-65 property tax credit, and low-income housing credit.		
	Increases child care and child deductions, rental deduction, earned-income tax credit, and higher education interest deduction.		
Minnesota	Reflects federal conformity.	8/01	-16.7
	Creates a military pay subtraction.	1/01	-4.4
	Reflects full federal conformity for S-corporation banks.	1/02	21.3
Missouri	Reflects the state’s refusal to accept additional taxes due as result of federal $300/$600 tax rebate.	1/01	-33.6
New Jersey	Excludes certain military pension payments and survivor’s benefits from the gross income tax.	1/01	-6.2
North Carolina	Increases the marginal income tax rate to 8.25 percent.		125.5
	Increases the standard deduction.		-9.7
	Repeals the Children’s Health Insurance Program tax credit.		18.9
	Accelerates withholding.		69.7
Oklahoma	Decreases the maximum rate from 6.75 percent to 6.65 percent.	1/02	-9.8
Oregon	Changes in tax credits.	7/01	18.6
Pennsylvania	Expands tax forgiveness by increasing the income limit.	1/01	-17.8
Utah	Indexes tax brackets for inflation.	1/01	-18.0
Total Revenue Changes—Personal Income Taxes			**$-671.2**

TABLE A-10 (continued)

Enacted Revenue Changes by Type of Revenue, Fiscal 2002

State	*Tax Change Description*	*Effective Date*	*Fiscal 2002 Revenue Changes ($ in Millions)*
	CORPORATE INCOME TAXES		
Idaho	Reduces the tax rate from 8 percent to 7.6 percent.	1/01	$-6.8
	Creates research and development tax credits.	1/01	-7.0
	Creates a broadband investment tax credit.	1/01	-3.5
	Creates a county incentive investment tax credit.	1/01	-7.2
Kansas	Reenacts the research and development tax credit.	7/01	6.5
Massachusetts	Single sales factor apportionment for manufacturing corporations and insurance tax cuts.	1/01	-9.0
Minnesota	Repeals the corporate tax on insurance companies.	1/01	-10.0
	Reflects federal conformity.	8/01	-2.8
	Reflects full federal conformity for S-corporation banks.	1/02	-26.6
	Adopts the federal deduction for charitable contributions.	1/01	6.2
New Hampshire	Increases the rate from 8 percent to 8.5 percent.	7/01	5.0
New Jersey	Eliminates the taxation of certain S corporations under the corporate business tax.	1/01	-36.0
	Closes the limited liability corporation loophole.	1/01	420.0
North Carolina	Closes the royalty expense loophole.		20.0
	Closes the subsidiary dividend loophole.		30.8
	Repeals the ports credit sunset.		-0.7
Oregon	Changes in tax credits.	7/01	-4.7
Ohio	Delays the claiming of the tax credit for job training expenses for two years.	7/01	20.0
	Delays commencement of the corporation franchise tax credit for qualified research expenses until tax year 2004, but allows corporations with taxable years that end prior to July 1, 2001, to claim the credit for tax year 2002.	7/01	17.0
	Revises the procedures for transferring monies into the Recycling and Litter Prevention Fund from certain proceeds of corporate franchise taxes and surcharges.	7/01	-2.6
Oklahoma	Creates a 95-cents-per-ton credit for mining coal.	1/02	-1.5
Pennsylvania	Creates various tax credits and tax filing changes.		-33.0
Wisconsin	Taxes state income paid to nonresident partners.	1/01	7.5
Total Revenue Changes—Corporate Income Taxes			**$381.6**

TABLE A-10 (continued)

Enacted Revenue Changes by Type of Revenue, Fiscal 2002

State	*Tax Change Description*	*Effective Date*	*Fiscal 2002 Revenue Changes ($ in Millions)*
	CIGARETTE AND TOBACCO TAXES		
Maine	Reflects two increases in the cigarette tax.	10/01	
Rhode Island	Increases the tax per pack by 29 cents.		
Wisconsin	Increases the tax per pack from 59 cents to 77 cents.	10/01	60.9
Total Revenue Changes—Cigarette and Tobacco Taxes			**$98.7**
	OTHER TAXES		
Arkansas	Creates a reduction in the tax rate for dog racing in August 2001 and horse racing in January 2002.	8/01	$-2.3
Colorado	Creates a tax credit for insurance companies that invest in certified capital companies.		-5.0
Connecticut	Increases the credit for HMOs providing medical coverage for HUSKY parts A and B (children).	1/01	-4.0
Florida	Increases exemption level for the intangibles tax.	1/02	-149.5
Kansas	Alters insurance premiums taxes.		5.6
Maine	Reflects the meals tax.		8.6
	Reflects the technology tax credit.		1.0
	Reflects repeal of the child care credit, retirement income deduction, and American Legion sales.		-0.8
Massachusetts	Sunsets of unemployment insurance tax surcharge and other small changes.		-10.0
Minnesota	Creates a new tax on businesses and cabins.	1/02	296.0
	Switches legal incidence of the statewide property tax from mortgagee to mortgagor and removes the exemption for fraternals.	8/01	2.2
	Maintains the MnCare Provider tax at 1.5 percent until January 2004.	7/01	-19.7
	Reduces the petroleum tax 3 percent shrinkage allowance to 2.5 percent.	7/01	2.5
New Hampshire	Increases the business enterprise tax rate from 0.5 percent to 0.75 percent and the communication tax rate from 5.5 percent to 7 percent.	7/01	59.0
North Carolina	Creates a 6 percent franchise tax on interstate telecommunications.		34.4
	Accelerates franchise taxes.		14.5
	Reduces the liquor excise tax.		-3.5
	Extends the franchise tax to limited liability corporations.		10.5
	Initiates a tax enforcement effort (impacts personal income, corporate income, sales, and franchise tax collections).		50.0
	Reflects an update with the Internal Revenue Code.		-3.4
	Reflects changes in investment income.		2.8
Pennsylvania	Continues the previously adopted phase-out of the capital stock tax.		-172.3
	Repeals minor nuisance taxes.		-1.5
Rhode Island	Repeals the sixth percentage point of the hotel tax.	2/01	-2.4
Utah	Creates a new hazardous waste tax on radioactive waste.	4/01	1.7
West Virginia	Reflects the first year of a 10-year phase-out of health care provider taxes on individuals.	7/01	-4.5
	Creates a 7 percent tax on the wholesale price of tobacco products.	1/02	1.0
Wisconsin	Increases the tobacco product tax from 20 percent to 25 percent of the manufacturer's price.	10/01	2.3
Total Revenue Changes—Other Taxes			**$121.2**

TABLE A-10 (continued)

Enacted Revenue Changes by Type of Revenue, Fiscal 2001

State	*Tax Change Description*	*Effective Date*	*Fiscal 2001 Revenue Changes ($ in Millions)*
	FEES		
Connecticut	Moves the pretrial drug and alcohol program offline.	7/01	$-2.9
Florida	Increases nursing home and long-term care license fees.	5/01	4.6
	Increases the phosphogypsum stack management fee.	7/01	1.7
	Increases the health care examination and license fee.	7/01	16.0
	Increases tuition.	7/01	40.6
	Dissolves the marriage fee.	7/01	9.8
	Creates a mobile home relocation trust fund.	7/01	1.4
Kansas	Increases fines for traffic infractions.		16.0
Minnesota	Creates an unemployment insurance set-aside.	1/02	5.0
	Reflects a court-ordered mental health fee.	7/01	4.7
	Increases health care facility fees.	7/01	3.3
	Increases the traffic offense surcharge.	7/01	5.0
	Creates an electronic real estate recording fee.	8/01	1.2
	Makes the utility trailer registration fee permanent.	7/01	4.9
	Initiates a fee for racial profiling data collection.	7/01	2.1
	Extends the reduction of the charge to counties for the Red Wing correctional facility.	7/01	-3.8
Missouri	Reflects $4.3 million for the petroleum storage tank insurance fund (effective August 2001); $1.5 million in various court fees (effective August 2001); and $3.3 million for enrollment fees in the new elderly prescription drug program (effective October 2001).	8/01	9.1
Nevada	Increases secretary of state fees for incorporation filings.	8/01	14.0
North Dakota	Increases motor vehicles fees by $7.	7/01	4.8
Rhode Island	Expands health department fees.	7/01	1.0
Utah	Increases higher education tuition.	4/01	14.8
	Reduces financial institution fees.	6/01	-2.1
	Eliminates the nursing facility assessment fee.	6/01	-4.7
West Virginia	Increases the surface mine reclamation fee from 3 cents a ton to 14 cents a ton.	1/02	7.3
Wisconsin	Increases the probate, guardianship, and conservatorship fees.	7/01	2.9
	Increases the agricultural producer security program fee.	7/01	1.5
	Increases the snowmobile registration fee.	7/01	1.2
	Creates a vehicle environmental impact fee.	7/01	12.1
	Increases the recycling tipping fee.	7/01	4.7
	Changes fees for initial and renewal credentials.	7/01	2.2
	Increases the driver's license and vehicle registration abstract fees.	7/01	2.3
	Increases the child support garnishment administrative fee.	7/01	1.5
Total Revenue Changes—Fees			**$182.2**

NOTE: N/A indicates data are not available.

SOURCE: National Association of State Budget Officers.

TABLE A-11

Enacted Revenue Measures, Fiscal 2002

State	*Description*	*Effective Date*	*Enacted Changes (Millions)*
Arizona	Makes a one-time payment of an insurance bankruptcy judgment.	7/01	$-20.0
Arkansas	Delays expiration of timber equipment tax exemption.	3/01	-1
Connecticut	Intercepts oil company taxes for the emergency spill response fund.	7/01	-8
	Institutes six-year driver's license fee replacing four-year fee totaling $3.3 million. Raises the clean air fee from $4 to $10, totaling $8 million.		11.3
Florida	Increases counties' share of Medicaid costs.	7/00	10.1
Hawaii	Reflects excess of 4 percent of public service company taxes received by the state shared with counties.	7/01	-32
Kansas	Changes the local ad valorem tax, the city/county revenue sharing fund, and the state and county highway fund demand transfers to revenues.	7/01	-94.9
Minnesota	Creates a sales tax nonfiler initiative.	8/01	7.1
	Creates a personal income tax nonfiler initiative.	8/01	9
	Creates a corporate income tax nonfiler initiative.	8/01	4.2
	Dedicates to the highway user fund to replace reduced revenues from lower motor vehicle registration fee.	7/01	167.7
Montana	Allocates the local government share of corporate income tax allocated to the state.	7/01	7.5
	Allocates the local government share of alcoholic beverages tax allocated to the state.	7/01	4.5
	Allocates the local government share of video tax allocated to the state.	7/01	27.6
	Allocates the local government share of vehicle taxes allocated to the state.	7/01	88.8
Nebraska	Creates a tax credit for child care services.	1/01	-1.6
Nevada	Accelerates the change in car rental fee payments from annually to quarterly.		4
New Mexico	Distributes sales tax proceeds to a building acquisition fund that was previously received by the general fund.	7/01	-6
	Allows deferment of fiscal 2001 personal income tax liabilities to fiscal 2002 based upon the hardship caused by the Cerrro Grande fire.	4/00	40
	Reflects fees generated from tribal gaming compacts.		20
New York	Extends motor vehicle mandatory surcharges.	11/01	-25
North Carolina	Changes earmarking of state bar fees.		-1
	Repeals the $1,500 open highway trust transfers.		1.7
	Reflects North Carolina Railroad transfer.		19
Oklahoma	Reflects acceleration of sales tax remittances.	7/01	9.7
	Reflects the federal refund offset program.	1/02	1.6
	Reflects a change in withholding for oil and gas royalties.	1/02	1.8
Oregon	Transfers tobacco settlement fund to general fund.	7/01	99.2
Pennsylvania	Amends the definition of business and nonbusiness income.	6/01	6
Rhode Island	Reflects federal tax conversion.	7/01	-3.6
	Reflects hotel licensing fees.	7/01	85.8
Vermont	Due to federal tax law changes, Vermont has decided to effectively decouple. The state has frozen its piggy-back rate to the Internal Revenue Service 2001 tax rates. State taxes will be based on taxable income, not federal taxable liability.	1/01	-2.2
Washington	Passes three measures providing tax credits or deferrals for rural economic development, for energy supply and demand, and for the use of animal health products.	8/01	-5.1
West Virginia	Expands video lottery.	7/01	123.5
Wisconsin	Continues the implementation of an integrated tax collection system to improve efficiency and effectiveness of the tax collection system, affecting sales, personal income, and corporate income tax collections.	7/01	10.9
Total			**$378.7**

SOURCE: National Association of State Budget Officers.

TABLE A-12

Total Balances and Balances as a Percentage of Expenditures, Fiscal 2000 to Fiscal 2002*

	*Total Balances (Millions)***			*Balances as a Percentage of Expenditures*		
Region and State	*Fiscal 2000*	*Fiscal 2001*	*Fiscal 2002*	*Fiscal 2000*	*Fiscal 2001*	*Fiscal 2002*
NEW ENGLAND						
Connecticut	$ 564	$ 595	$ 595	5.0%	5.0%	5.0%
Maine	445	183	146	19.2	6.9	5.6
Massachusetts	1,905	2,379	1,715	9.1	10.8	7.6
New Hampshire	24	55	79	2.3	5.2	6.9
Rhode Island	163	207	81	7.3	8.3	3.1
Vermont	41	43	45	4.8	4.9	5.0
MID-ATLANTIC						
Delaware	338	143	75	15.0	5.9	3.1
Maryland	1,518	1,426	754	16.8	13.9	7.0
New Jersey	1,982	1,788	1,739	10.2	8.6	7.7
New York	1,167	1,098	2,713	3.1	2.8	6.5
Pennsylvania	1,708	1,462	1,229	8.9	7.3	5.9
GREAT LAKES						
Illinois	1,517	1,351	1,130	6.6	5.5	4.5
Indiana	1373	545	234	15.3	5.7	2.4
Michigan	1,476	1,031	500	15.4	10.6	5.4
Ohio	1,199	1,217	1,174	6.2	5.8	5.3
Wisconsin	836	208	285	7.4	1.9	2.5
PLAINS						
Iowa	619	462	477	13.0	9.5	9.8
Kansas	378	365	306	8.7	8.2	6.8
Minnesota	2,125	1,109	1,623	18.5	8.5	12.5
Missouri	313	260	245	4.3	3.4	3.1
Nebraska	458	406	262	19.5	16.4	9.9
North Dakota	60	62	39	7.8	7.5	4.6
South Dakota	37	38	40	4.8	4.8	4.7
SOUTHEAST						
Alabama	104	28	82	2.0	0.5	1.6
Arkansas	0	0	0	0.0	0.0	0.0
Florida	2,156	1,402	676	11.6	7.0	3.3
Georgia	2,509	1,128	1,024	18.2	7.6	6.9
Kentucky	454	240	239	6.9	3.4	3.3
Louisiana	-22	150	150	-0.4	2.4	2.3
Mississippi	274	204	192	7.8	5.8	5.4
North Carolina	38	158	340	0.3	1.2	2.3
South Carolina	573	134	167	11.1	2.4	3.0
Tennessee	217	178	178	3.3	2.5	2.4
Virginia	1,228	740	923	10.9	6.0	7.5
West Virginia	221	241	66	8.4	8.9	2.2
SOUTHWEST						
Arizona	611	388	299	10.2	6.1	4.6
New Mexico	192	357	519	5.6	9.3	13.3
Oklahoma	438	601	418	9.6	12.5	8.0
Texas	3,851	3,132	1,057	14.0	10.9	3.4
ROCKY MOUNTAIN						
Colorado	798	469	225	13.3	7.0	3.2
Idaho	218	238	129	13.0	13.0	6.3
Montana	176	174	159	15.9	13.8	11.2
Utah	223	132	130	6.6	3.6	3.3
Wyoming	215	283	10	41.4	44.9	1.6
FAR WEST						
Alaska	2,734	3,078	2,857	120.9	134.6	118.4
California	9,139	7,055	3,397	13.7	8.8	4.3
Hawaii	278	370	206	8.7	11.0	5.6
Nevada	305	266	244	18.9	14.5	13.2
Oregon	373	359	165	7.7	6.8	3.0
Washington	1,239	1,062	803	12.1	9.8	7.2
Total	**$48,785**	**$38,998**	**$30,142**	**10.4%**	**7.7%**	**5.8%**

NOTES: N/A indicates data are not available.
*Fiscal 2000 are actual figures, fiscal 2001 are preliminary actual figures, and fiscal 2002 are appropriated figures.
**Total balances include both the ending balance and balances in budget stabilization funds.

SOURCE: National Association of State Budget Officers.