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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 the National Association of State Budget Officers in January through May 1999. The surveys were completed by Governors' state budget officers in the fifty states and the commonwealth of Puerto Rico.

Each edition of *The Fiscal Survey of States* features a state policy and/or budget issue. This edition highlights Governors' initiatives in elementary and secondary education and Governors' recommendations for the use of tobacco settlement funds.

Fiscal 1998 data represent actual figures, fiscal 1999 figures are estimated, and fiscal 2000 data are figures contained in Governors' recommended budgets.

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

The Fiscal Survey of States is a cooperative effort of the National Association of State Budget Officers and the National Governors' Association. NASBO staff member Stacey Mazer compiled the data and prepared the text for the report under the overall direction of Gloria Timmer, NASBO executive director. Mary Dingrando, Patrick Casados, and Lezlee Thaeler of the NASBO staff contributed to the text. Nick Samuels, also of NASBO, provided technical and analytical support. Editorial assistance was provided by Karen Glass, of NGA's Office of Public Affairs, and Mark Miller, a consulting editor. Dotty Esher of the State Services Organization provided typesetting services.

Executive Summary

Governors' recommended budgets for fiscal 2000 reflect the continuation of the strong economy, with proposals for moderate spending and moderate tax cuts. Although the rate of economic growth continues to be strong this year, states are assuming a slightly lower rate of growth for fiscal 2000 budgets.

This edition of *The Fiscal Survey of States* also includes features on Governors' initiatives in elementary and secondary education and Governors' recommendations for the use of tobacco settlement funds.

Key findings of this survey include the following.

Governors' Initiatives in Elementary and Secondary Education

Education is at the forefront of Governors' priorities. Elementary and secondary education accounts for slightly more than one-third of state general-fund spending and about one-quarter of state spending from all funding sources.

Education is primarily a state responsibility, and Governors in virtually all states are proposing major initiatives in elementary and secondary education in their fiscal 2000 budgets. The most common initiatives involve accountability measures, technology, teacher training, reading initiatives, and literacy programs. Although states are addressing each of these issues differently, they share the common goal of improving student achievement.

Other significant initiatives include reductions in classroom size, construction and repairs of schools, comprehensive school reform, charter schools, school safety programs, and programs aimed at at-risk children. Many states cite early childhood programs as a significant component of Governors' elementary and secondary education initiatives, though these programs are not traditionally included in this area.

Governors' Recommendations for the Use Of Tobacco Settlement Funds

In Governors' recommendations for fiscal 2000, the most common plans for the use of tobacco settlement funds involve health and smoking-cessation programs.

- Governors in twenty-five states are proposing to use funds for health programs.
- Governors in twenty-three states are proposing to use funds for children's health programs.
- Governors in twenty-one states are proposing to use funds for smoking-cessation programs.
- Governors in twelve states are proposing to use funds for education programs.

Other proposals include creating budget stabilization funds and initiating capital spending. Most of the proposals for construction spending are health-related, such as constructing rural health centers and converting hospitals to other health uses.

In more than one-half of the states, Governors are recommending that tobacco settlement funds be segregated in separate funds. Examples of separate funds include trust funds, nonprofit corporations, and earmarked funds for medical research.

In about one-fifth of the states, the Governor's budget does not include any proposed use of the tobacco settlement funds because of the uncertainty of the timing of the actual receipt of these funds.

State Expenditure Developments

Governors are proposing an increase in general-fund spending of 4.2 percent for fiscal 2000. They estimate an increase of 5.8 percent for fiscal 1999, below the average increase of 6.5 percent during the past twenty-one years. These figures incorporate one-time spending from surplus funds, transfers into budget stabilization funds and other reserve funds, and payments to local governments to reduce property taxes.

- In addition to elementary and secondary education, other top priorities for states include tax cuts and property tax relief; health programs, including programs for children; higher education; environmental programs, including open space preservation; economic development; early childhood development; public safety; transportation and infrastructure; and workforce development.
- Only two states plan to reduce their fiscal 1999 enacted budgets. This number is considerably lower than the number of states that have been

forced to reduce their enacted budgets in previous years.

- As part of the implementation of the Temporary Assistance for Needy Families (TANF) program, states are moving in new directions to provide support services to families to help them achieve self-sufficiency. Six states are recommending changes to cash assistance payments for fiscal 2000 that would increase benefit levels.

About one-half of the states are proposing changes that affect local governments. Aid to local governments takes many forms, such as direct aid, substitution of state revenues for local revenues, and assumption of local services. State aid to reduce local property taxes and assume services previously funded by local governments total approximately $2.6 billion in Governors' recommended fiscal 2000 budgets. The major recommendations for aid to local governments include funding local trial courts, assuming the local costs of a mental health system, reimbursing local governments for the phase-out of a car tax, and implementing a new school tax relief program to offset local property taxes.

Almost all states are recommending an increase in state employee compensation for fiscal 2000. The average across-the-board recommended increase is approximately 3.1 percent. In addition, eligible employees could receive additional amounts for merit or movements on pay scales and other forms of compensation.

State Revenue Actions

Net tax and fee changes would decrease fiscal 2000 revenues by nearly $3.8 billion. Reflecting the general fiscal health of the states, the proposed tax reductions continue the trend to reduce taxes in recent years. Fiscal 2000 represents the sixth consecutive year that states would reduce taxes and fees, totaling $25.9 billion during the six-year period. In contrast, net state tax reductions occurred only twice during the 1980s, totaling slightly more than $3 billion. Most of the proposed fiscal 2000 tax reductions focus on reducing personal and corporate income, sales, and property taxes.

- Fiscal 1999 tax collections are 0.7 percent higher than the estimates states used when adopting their budgets.
- For fiscal 2000, personal income and sales tax collections are projected to be nearly 6.7 percent and 5.8 percent, respectively, above last year's collections. Corporate income tax collections are expected to exceed last year's collections by 2.1 percent.

State Balances

Balances as a percentage of expenditures continue at healthy levels. Year-end balances are at 9.4 percent, 7.4 percent, and 6.3 percent in fiscal 1998, fiscal 1999, and fiscal 2000, respectively. States recognize that an economic downturn can reduce balances dramatically. Therefore, states normally develop their fiscal plans with projected reserves. Depending on the state, these reserves may take the form of a budget stabilization fund, a required ending balance, a rainy day fund, or a combination of these budgeting strategies. During the past several years, states have been building up rainy day fund balances and ending balances that will help prevent major disruptions in services to citizens in the event the economy slows from its current rapid pace of growth.

States experienced the rapid fall of balances during an economic downturn in both the early 1980s and the early 1990s. In 1980 states' healthy balances of 9 percent of expenditures diminished rapidly. For example, balances declined from 9 percent to 4.4 percent in the one-year period from fiscal 1980 to fiscal 1981.

State Government Restructuring

In about one-third of the states, Governors are proposing major government restructuring for fiscal 2000. The restructuring proposals include creating a department of veterans' affairs, changing the departmental-level status of several agencies, streamlining civil service requirements, privatizing executive branch information technology functions, reorganizing workforce development efforts, contracting out services, instituting collective bargaining for classified employees, and eliminating boards and commissions.

State Expenditure Developments

CHAPTER ONE

Budget Management in Fiscal 1999

Only two states—Alaska and Nevada—reduced their fiscal 1999 enacted budgets (see Table 1). This number contrasts sharply with the twenty or more states that reduced their enacted budgets during fiscal 1990 to fiscal 1993, the peak period for midyear budget adjustments. During the past five years, thirteen or fewer states had to reduce their enacted budgets.

State Spending for Fiscal 2000

Governors' recommended general-fund increase for fiscal 2000 is 4.2 percent above that for fiscal 1999. This recommended increase is well below the average increase of 6.5 percent during the past twenty-one years. State spending in fiscal 1999 is estimated to be 5.8 percent above state spending in fiscal 1998 (see Table 2 and Figure 1). About one-third of the states estimate expenditure growth below 5 percent in fiscal 1999, and about three-quarters of the states are anticipating expenditure growth below 5 percent for fiscal 2000 (see Table 3 and Appendix Table A-4).

Governors' Priorities in Recommended Fiscal 2000 Budgets

Elementary and secondary education tops the list of Governors' priorities, with the majority of states indicating that investment in education, especially elementary and secondary education, is at the forefront of Governors' agendas. Many of the proposed initiatives focus on school construction and repair, technology, consolidation incentives, teacher training, and reduction of class size. Other top priorities for states include tax cuts and property tax relief; health programs, including programs for children; higher education; environmental programs, including open space preservation; economic development; early childhood development; public safety; transportation and infrastructure; and workforce development (see Table 4).

Assistance under the Temporary Assistance for Needy Families Program. For fiscal 2000, forty-four states would maintain the same cash assistance benefit levels that were in effect in fiscal 1999. In the six states that are recommending adjustments to cash assistance benefit levels, all actions would result in benefit increases (see Table 5). Most state welfare reform activity centers on restructuring the program, rather than adjusting cash assistance payments. Since the enactment of the 1996 welfare reform law, caseloads have declined substantially in nearly every state.

Between August 1996, when welfare reform went into effect, and September 1998, welfare rolls dropped 35 percent nationwide, with twenty-one states experiencing caseload declines of more than 40 percent. The welfare reform law requires states to spend at least 75 percent to 80 percent of their 1994 Aid to Families with Dependent Children (AFDC) spending amount on TANF maintenance of effort. In federal fiscal 1998, states spent or committed to spend 84 percent of their federal TANF funds, and nineteen states spent 100 percent of their federal block grant. State spending for child care increased

TABLE 1

Budget Cuts Made After the Fiscal 1999 Budget Passed

State	*Size of Cut (Millions)*	*Programs or Expenditures Exempted from Cuts*
Alaska	$6.8	Targeted cuts.
Nevada	109.7	University system, elementary and secondary education, and aid to local governments.
Total	**$116.5**	**---**

SOURCE: National Association of State Budget Officers.

TABLE 2

State Nominal and Real Annual Budget Increases, Fiscal 1979 to Fiscal 2000

	State General Fund	
Fiscal Year	*Nominal Increase*	*Real Increase*
2000*	4.2%	1.5%
1999*	5.8	3.9
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
1979–00 average	**6.5%**	**1.8%**

NOTES: *The state and local government implicit price deflator and the consumer price index were used for state expenditures in determining real changes. Fiscal 1999 figures are based on the change from fiscal 1998 actuals to fiscal 1999 estimated. Fiscal 2000 figures are based on the change from fiscal 1999 estimated to fiscal 2000 recommended.

SOURCE: National Association of State Budget Officers.

TABLE 3

Annual State General-Fund Expenditure Increases, Fiscal 1999 and Fiscal 2000*

	Number of States	
Spending Growth	*Fiscal 1999 (Estimated)*	*Fiscal 2000 (Recommended)*
Negative growth	5	7
0.0% to 4.9%	12	29
5.0% to 9.9%	21	11
10% or more	12	3

NOTE: *Average spending growth for fiscal 1999 (estimated) is 5.8 percent, and average spending growth for fiscal 2000 (recommended) is 4.2 percent.

SOURCE: National Association of State Budget Officers.

more than three-fold from federal fiscal 1997 to federal fiscal 1998, with states transferring $652 million in TANF funds to the child care block grant and spending more than $1 billion of their own funds for child care. States spent $1.2 billion in state and federal funds on work activities. In addition, states spent $6.8 billion on cash assistance and work-based assistance and $2.4 billion on other program expenditures, including emergency assistance, domestic violence services, child welfare services, staff training, and fraud control.

States are spending at higher levels per case because of the maintenance-of-effort requirement and because nationally caseloads today are only 55 percent of the 1994 caseloads. In particular, states must now reach the harder-to-serve recipients. To meet this challenge, states are using some of the resources avail-

FIGURE 1

Annual Percentage Budget Increases, Fiscal 1979 to Fiscal 2000

SOURCE: National Association of State Budget Officers.

TABLE 4

Priorities in Selected Governors' Recommended Fiscal 2000 Budgets

NEW ENGLAND	
Connecticut	Workforce development, information technology privatization, tax rebate, education reform, and assisted living.
Maine	Elementary and secondary education, higher education, and research and development (through university system).
Massachusetts	Education, reduction of personal income taxes, affordable health care, and fiscal restraint and stability.
New Hampshire	Elementary and secondary education, higher education, infrastructure, and maintenance of the state's commitment to cities and towns.
Rhode Island	Increased local education aid, increased local aid for property tax relief, increased local aid for higher education, child care, and debt reduction.
Vermont	Higher education, child care, and maintenance of moderate growth in state spending.
MID-ATLANTIC	
Delaware	Public education funding, environmental protection, targeting of economic development funds, and funding to open new correctional facilities.
Maryland	Higher education, public school construction, and primary and secondary education.
New Jersey	Property tax relief, open space preservation, elder care, public safety, school improvments, and antismoking efforts.
New York	Tax cuts, spending control, and reduction of state debt.
Pennsylvania	Basic education, workforce development, economic development, technology, and environmental stewardship.
GREAT LAKES	
Illinois	Education, job training, public safety, and acquisition and preservation of open lands.
Indiana	Tax cuts, elementary and secondary education, public safety, and early childhood development.
Michigan	Education, tax relief, job training, and welfare reform.
Wisconsin	Tax relief, especially income tax relief; education reforms, such as smaller class sizes, graduation tests, and improved teacher training; long-term care; health insurance for low-income families; and reauthorization of the Stewardship Program for acquisition and development of state natural resources.
PLAINS	
Iowa	Elementary and secondary education, particularly class size reduction and infrastructure; worker training and development; health care for children; methamphetamine abuse; and property tax relief.
Kansas	Health and education programs for children, a new comprehensive transportation plan, and tax reductions to the extent that revenues allow.
Minnesota	Tax relief, elementary and secondary education, and higher education.
Missouri	Tax cut of $191 million, full funding for elementary and secondary school foundation formula, increase in funding for higher education institutions and financial aid, early childhood development, workforce development, and health insurance for uninsured children.
Nebraska	Creation of a property tax relief trust fund that will provide for direct state payments to owners of Nebraska commercial, residential, and agricultural property equal to an estimated 11 percent of their real property taxes. Funding will be through excess state tax receipts and savings through government efficiencies.
	The Governor also proposes setting targets for spending at no more than 3 percent of growth per year and budget planning for five years.
North Dakota	Education, public safety, and workforce development.
South Dakota	Technology in elementary and secondary education (K–12) and higher education, K–12 school consolidation incentives, and training for K–12 teachers and university faculty in classroom use of technology.
	Health care coverage, expanded foster care and group and residential treatment, child care subsidies for Temporary Assistance for Needy Families recipients who are now working, and early child care development.
	State highways and public broadcasting upgrade from analog to digital.
SOUTHEAST	
Alabama	Enactment of a state lottery, with proceeds to be used for new education programs. Funding for children's programs.
Arkansas	Education, transportation, financial management system, criminal justice and law enforcement, health care, tax reform, government efficiency, economic development, and performance-based budgeting.
Florida	Education, limits on the growth of government, reserve increases, and tax cuts.
Georgia	Local tax relief, environmental and transportation issues, public safety, and education.

TABLE 4 (continued)

Kentucky	The legislature will not meet during calendar year 1999. The general assembly adopted the fiscal 1999–00 budget in April 1998.
Louisiana	Education infrastructure and economic development.
Mississippi	10-percent individual income tax rebate.
North Carolina	Supporting Smart Start, raising public school teacher pay to the national average, raising teaching faculty salaries at universities and community colleges, and improving the quality of day care. Environment, juvenile justice, care for the elderly, funding for the teachers' and state employees' health plans, pay raises for all other employees, economic development and department of transportation highway maintenance, construction, and mass transit.
South Carolina	Education—promoting early childhood education, getting children ready to succeed, reducing class size, and focusing on early development.
Tennessee	Ensuring tax relief and fairness; creating a more effective, efficient, and focused state government; offering every child a safe, healthy start; promoting excellence in education; creating a climate for good, high-paying jobs; and protecting public health, public safety, and the environment.
Virginia	Tax relief, education, law enforcement, environmental protection, and state mental health system revamping.
West Virginia	Funding for the second year of the three-year pay increase for state and public education employees and funding of the retirement system's unfunded liabilities on an actuarial basis.
SOUTHWEST	
Arizona	Elementary and secondary education improvements focused on enhancing reading skills in kindergarten through grade three, health and welfare of children, and reductions in the vehicle license tax.
New Mexico	Public schools, highway construction and maintenance, water resources, and public safety.
Oklahoma	Tax cuts, privatization, personnel reform, operating cost reduction, and purchasing reform.
Texas	Meet basic needs, improve public education funding, cut school property taxes, and cut state taxes.
ROCKY MOUNTAIN	
Idaho	Early childhood development, including funding for child development grants, demonstration projects, increased immunizations, and various medical assistance components.
	Methamphetamine initiative providing additional investigators, criminologists, and laboratory facilities to strengthen casework related to drug trafficking. Funding also is recommended for additional officer training for all levels of law enforcement, including initial training and remedial training.
	Early education efforts are strengthened, especially an early literacy effort so all students are reading at grade level by the end of the third grade. Funding also is recommended for technology initiatives, improved teacher performance, and a facilities review study.
	Excellence in higher education is addressed through a challenge grant concept for critical teaching professions. Student financial aid programs are enhanced.
	Natural resource recommendations include improved efforts on noxious weeds, water quality issues, and species' protection plans.
	Other initiatives involve economic development expansion, rural school arts program improvements, and increased historical holding preservation and display.
Montana	Economic development and elementary and secondary education.
Utah	Education, safe communities, and quality jobs.
Wyoming	Increases in employee salaries and state contribution for state employee health insurance, year 2000 problems, community mental health, elementary and secondary education, and methamphetamine treatment.
FAR WEST	
California	Improving the performance of elementary and secondary schools, protecting a modest reserve, and funding an overdue pay raise for state workers.
Hawaii	Education, children's mental health, and economic development.
Nevada	State employee pay raises, expansion of tax rebates for low-income senior citizens, establishment of juvenile bootcamps, year 2000 compliance, offsets for employee share of committee on benefits' shortfall, and commission to address domestic violence, teen pregnancy, and elder abuse.
Oregon	Education, juvenile crime prevention, and growth management and quality of life.
Washington	Education, economic vitality, public safety, salmon restoration, healthy families and communities, and transportation.
TERRITORIES	
Puerto Rico	Health reform, laptop computers for all 43,000 public school teachers, environment, higher education, and salary increases for state employees.

SOURCE: National Association of State Budget Officers.

TABLE 5

Proposed Cost-of-Living Changes for Cash Assistance Benefit Levels under the Temporary Assistance for Needy Families Program, Fiscal 2000

State	*Percent Change*
California	2.1%
Maryland	3.0
Michigan*	2.5
Mississippi	42.0
Montana	2.0
Oregon	2.0

NOTE: *Represents an increase for selected clients in Michigan.

SOURCE: National Association of State Budget Officers.

able because of declining welfare caseloads to expand existing programs and/or are developing new and innovative programs.

Medicaid. The growth in state Medicaid costs ranged from 3 percent to 4 percent per year in 1996 and 1997; however, consistent with expectations of renewed growth in the program, Medicaid spending increased by almost 6 percent in 1998. The Congressional Budget Office (CBO) is projecting an increase of 7 percent in fiscal 1999, with an average increase of more than 8 percent per year through fiscal 2008. By 2009, the growth rate could increase by as much as 9 percent annually. According to CBO, this renewed rate of growth in Medicaid may be a result of increased spending on pharmaceutical products and noninstitutional long-term care and because states finished implementing cost-containment measures. CBO cites several factors that could push program growth above 8 percent over the longer term. For example, cost-containment efforts for the Medicare program could result in new Medicaid spending. Moreover, the number of disabled people receiving long-term care services may increase because of recent judicial interpretations of the Americans with Disabilities Act. To keep managed care plans in the Medicaid market, states may face pressure to increase their capitation rates, thus diminishing further the savings that have come from using managed care.

Aid to Local Governments. About one-half of the Governors propose budget changes that would affect local governments. The majority of these changes increase aid to education and provide property tax relief (see Table 6).

Aid to local governments takes many forms, such as direct aid, substitution of state revenues for local revenues, and assumption of local services. The major recommendations for aid to local governments include funding local trial courts, assuming the local costs of a mental health system, reimbursing local governments for the phase-out of a car tax, and implementing a new school tax relief program to offset local property taxes.

In six states, state funding to reduce local property taxes is a significant feature of state aid to local government, totaling approximately $2.5 billion for fiscal 2000, while assuming the costs of previously funded local services totals $140 million. These amounts range from less than 1 percent to 30 percent of the total general-fund increase recommended in the Governor's budget.

Employee Compensation. Almost all states are recommending employee compensation increases for fiscal 2000. The average proposed increase is approximately 3.1 percent. In addition, eligible employees may receive additional amounts for merit pay or movements on pay scales and other forms of compensation (see Table A-5).

TABLE 6

Proposed Changes in Aid to Local Governments, Fiscal 2000

Alaska	The mandated exemption for senior and disabled citizen property taxes has been eliminated, becoming a local option.
California	The Governor has proposed $48.3 million of local government relief through state trial court funding. This assistance is to be permanent and reduce the counties' collective general-fund obligation to state trial court funding by approximately 8.5 percent in fiscal 2000. In the area of fine and penalty collections, county obligations have been reduced approximately $2 million because of technical maintenance-of-effort corrections. These corrections are permanent and represent a 0.8-percent decrease in county obligations. Of this correction, $500,000 became effective in fiscal 1999 and $0.5 million became effective in fiscal 2000. The Citizens' Option for Public Safety (COPS) program is continued at its $100-million funding level, and the Governor proposes to remove the program's June 30, 2000, sunset date. Changes in fund distribution and usage are under consideration, but no specific proposal has been made. The budget would continue the $67.8 million in funding ($40 million from the general fund) as an emergency augmentation for child welfare services (CWS) without requiring any new county match. This emergency funding is to continue until a statutorily required workload and caseload study of CWS is completed.
Connecticut	The Governor proposes making $100 million of "temporary" grants to municipalities permanent as of fiscal 2000. In addition, formula grants to municipalities are proposed to increase by $63 million.
Hawaii	Beginning in July 1999, 50 percent of uncontested traffic fines and forfeitures will be distributed to counties. Beginning in January 2000, a new *ad valorem* tax on motor vehicles will be created, with 20 percent of the revenues distributed to counties.
Iowa	The budget assumes additional costs of the mental health system, estimated at $20 million in fiscal 2000.
Kansas	Elementary and secondary education aid is increased by 5.9 percent and local revenue sharing is increased by 3.4 percent. The car tax is phased out from 2001 to 2005, with the state reimbursing local governments. Aid to local governments increases $22.5 million in fiscal 2001, $56.9 million in fiscal 2002, and $64.9 million in fiscal 2003.
Kentucky	The budget increased the percentage of coal severance tax proceeds returned to local units of government under the severance tax-dedicated programs from 31 percent in fiscal 1998 to 35 percent in fiscal 1999 and to 38 percent in fiscal 2000. This resulted in the $54.7 million returned in fiscal 1998, increasing to $58.1 million in fiscal 1999 and to $64.4 million in fiscal 2000.
Maryland	The Governor proposes a $2-million special grant for public safety and a 33-percent increase in aid for fire, rescue, and ambulance systems for local governments.
Massachusetts	Proposals include increases over fiscal 1999 levels of $34 million, or 5 percent, in the distribution of lottery proceeds to cities and towns and of $155 million, or 6 percent, for elementary and secondary education as part of ongoing education reform. The abolition of governments of two or more of Massachusetts' fourteen counties is proposed in the fiscal 2000 budget recommendation. (The governments of seven counties already have been or are scheduled to be abolished.) The state is assuming these counties' functions, assets, debts, and obligations.
Michigan	Michigan has a state revenue-sharing plan that distributes state-collected sales tax as unrestricted revenue to local governments. The fiscal 2000 budget recommendation is $1.428 billion, an increase of 3.4 percent, or $48 million above fiscal 1999.
Minnesota	The Governor proposed delaying $20 million in family preservation aid previously scheduled for fiscal 2000. This delays a planned increase for one year to provide more time to review the program. The proposal impacts state aid to counties. The aid would have been used to pay increased child protection, child welfare, and family preservation costs for counties. These costs will have to be covered by property taxes in 2000, at a dollar-per-dollar rate.
Missouri	Some juvenile officers previously paid by counties will become state employees.
Montana	The Governor has proposed a 3.5-percent increase in the state allocation to public schools.
Nebraska	The Governor proposes changes in the Homestead Exemption Program that will increase payments to local governments by $7.6 million in fiscal 2000. The Governor is proposing a property tax relief rebate program of $150 million in fiscal 2000, of which $25 million would come from the general fund.
Nevada	The Governor proposes increasing the state's commission from collecting local sales taxes from .5 percent to .75 percent.
New Hampshire	Changes in state funding for elementary and secondary education will increase the state share by 60 percent.
New Jersey	Changes in aid to local governments include an increase in school aid of $317 million per the current school funding mechanism; an increase in municipal aid of $16.5 million, the majority of which is an inflation adjustment added to the largest state aid program for municipal governments, which would increase their aid by $11.5 million and would be directed toward lowering local tax burdens, rather than toward added local spending; $35 million for new programs geared to foster consolidation of services in municipalities and local school districts; and $14.5 million in increased aid to county colleges. A new direct school tax relief program will provide $1 billion over five years ($200 million in fiscal 2000) for direct relief to local taxpayers for school district tax levies. A $23.7-million increase in spending on a direct tax subsidy for low-income senior and disabled residents will freeze their property tax bills at the prior year's level. This program is designed to be an indirect state subsidy of local government operations to the extent that the state will be providing the funds for a portion of these residents' property tax bills.

TABLE 6 (continued)

New York	The fiscal 2000 executive budget will result in net benefits of approximately $600 million for all classes of local governments (counties, cities, towns, villages, and school districts). Under this plan, counties (including New York City) will realize savings of $458 million. School districts (excluding New York City) will gain $120 million in additional aid. Cities (excluding New York City), towns, and villages will receive a net benefit of $21 million. Welfare and children and family services and Medicaid cost containment are the program areas providing the greatest benefits for localities. The fiscal 2000 executive budget continues a state-funded multiyear cut in local school property taxes and the New York City personal income tax. In 1999–00, more than 3 million taxpayers will realize $1 billion in school property tax savings. New York City residents will receive more than $200 million in local income tax relief.
Oregon	The 1999–01 Governor's recommended budget contains $8.8 billion for aid to local government. Of this total, $5.4 billion, or about 61 percent, comes from the general fund. This represents a 13-percent increase in general funds from 1997–99 estimated expenditures. Total funds increased by about 6.6 percent.
Ohio	Ohio's major aid to local governments is the distribution of a percentage of state income, sales, corporate, and public utility excise tax receipts. Proposed tax changes are estimated to reduce distributions to local governments by approximately $7 million per year.
Pennsylvania	Funding to local libraries would increase by $17 million (56 percent). The current formula would be revised to direct the increased funding to two of the seven existing funding categories. As an incentive under one category, the state would provide sixty-six cents for each dollar per capita in local expenditures between $5.00 and $7.50 per capita. As part of the Growing Greener Initiative, the budget proposes discontinuing the state's program that reimburses local sewage treatment plant operations and redirects the monies to the establishment of an environmental stewardship fund that will provide incentives to communities to adopt sound land-use planning practices, preserve open spaces, clean up and protect watersheds, reclaim abandoned mines and wells, make investments in water and sewage systems, and solve problems on public lands. Selected local jurisdictions would be required to reimburse the state police for providing local law enforcement services to localities that do not provide local police protection.
Rhode Island	The fiscal 2000 budget includes increases in several categories of state aid to local communities. The primary increases are a result of legislation passed by the 1998 general assembly to reduce local property and inventory taxes. The state is committed to reimbursing the cities and towns for lost revenues as a result of these reductions. First, the locally assessed motor vehicle excise tax will be phased out over a seven-year period beginning in fiscal 2000. The fiscal 1999 cost is $25.3 million; the fiscal 2000 cost is $48.2 million. The Governor and general assembly also enacted a ten-year program to phase out retail, wholesale, and auto dealers' inventory taxes. The fiscal 1999 cost is $5.0 million; the fiscal 2000 cost is $11.2 million. A third component of aid to local governments is the state's reimbursement for certain tax-exempt properties to those localities where eligible properties exist.
South Carolina	A transfer of $376.7 million, an increase of $22.4 million over fiscal 1999, from the general fund to the trust fund for tax relief is recommended. Reimbursements to local governments included in the trust fund are $250 million to maintain the homestead exemption for residential school property taxes at $100,000, $53.2 million for a $20,000 residential homestead exemption provided to homeowners sixty-five years of age or older, $40.6 million for the business inventory tax exemption, and $33 million for the final year of a three-year phase-in to reduce the floor for calculating the manufacturing machinery and equipment depreciation from 20 percent to 10 percent. An appropriation of $218.1 million, an increase of $11.6 million above the fiscal 1999 appropriation, to fully fund the local government fund is recommended. South Carolina statute requires appropriation of not less than 4.5 percent of the latest completed fiscal year's general-fund revenue to the local government fund.
South Dakota	Property tax relief is paid through state aid to education. The state currently is moving from 20 percent to 25 percent in calendar year 1999. This will increase the state's commitment by $10.2 million in fiscal 1999 and $20.4 million in fiscal 2000, for a total commitment of $102 million.
Texas	State aid to local school districts will be increased by $3.1 billion (15.5 percent) during the next biennium. Proposed exemptions to the sales tax base would reduce state revenue by $300 million and local sales tax collections by up to $100 million.
Virginia	The Governor's budget recommends providing more than $365 million to local communities for pressing local needs in law enforcement, education, or other priorities. The Governor also proposes dedicating lottery revenues directly for local public education and raising the pay of local deputy sheriffs by 9.3 percent.

SOURCE: National Association of State Budget Officers.

State Revenue Actions

CHAPTER TWO

Overview

Proposed net tax and fee changes would decrease revenues by nearly $3.8 billion for fiscal 2000 (see Table 7). If these changes are enacted, this would be the sixth consecutive year that state actions would result in a decrease in new revenues (see Figure 2). Reflecting the general fiscal health of the states, the proposed tax reductions continue the trend to reduce taxes in recent years. In contrast, net state tax reductions occurred only twice in the 1980s, totaling $3.1 billion. Most of the proposed fiscal 2000 tax reductions focus on reducing the personal and corporate income, sales, and property taxes.

Collections in Fiscal 1999

The continuation of stronger-than-anticipated economic growth has affected state revenue collections. This is reflected in the number of states for which actual tax collections met or exceeded expectations in nearly every tax category (see Appendix Table A-7). The exception was in corporate income taxes, which were adjusted downward slightly.

Projected Collections for Fiscal 2000

For fiscal 2000, personal income and sales tax collections are projected to be nearly 6.7 percent and 5.8 percent above last year's collections, respectively (see Appendix Table A-8). Corporate income tax collections are expected to exceed last year's collections by 2.1 percent.

Proposed Revenue Changes for Fiscal 2000

Thirty-seven states are proposing net revenue changes for fiscal 2000 that would decrease revenues by $3.8 billion. Nearly one-third of the proposed cuts are reflected in Florida's local property tax reduction and one-time residential utility rebates. Fiscal 2000 actions are highlighted below and appear in Appendix Table A-9. In some cases, the revenue changes include phased-in tax changes, such as in Illinois, New York, and South Carolina. Excluded from these amounts are refunds that states make based on constitutional and statutory revenue limits, such as in Colorado and Missouri.

This survey differentiates between tax and fee increases and decreases (shown in Table 8 and Appendix Table A-9) and revenue measures (shown in Appendix

FIGURE 2

Enacted State Revenue Changes, Fiscal 1991 to Fiscal 1999, and Proposed State Revenue Change, FIscal 2000

SOURCE: National Association of State Budget Officers.

TABLE 7

Enacted State Revenue Changes, Fiscal 1979 to Fiscal 1999, and Proposed State Revenue Change, Fiscal 2000

Fiscal Year	*Revenue Change (Billions)*
2000	$-3.8
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 through fiscal 2000 data provided by the National Association of State Budget Officers.

Table A-10). Tax and fee changes reflect changes in current law that affect taxpayer liability. Revenue measures include deferrals of tax increases or decreases that do not affect taxpayer liability. An example of a revenue measure is the extension of a tax credit that occurs each year.

Sales Taxes. Nine states are proposing or implementing sales tax changes for fiscal 2000. The most significant changes are Texas' proposed sales tax exemption of over-the-counter medicines, Internet access, and diapers (estimated at $330 million); Tennessee's proposed exemption of groceries ($200 million); and Connecticut's proposed tax reduction on hospital-related services ($9.1 million). Utah is proposing to continue its sales tax exemption on pollution control equipment and increase the exemption for manufacturing equipment, with a combined estimated fiscal impact of $11.6 million. For all states, proposed sales tax reductions could total $547 million. Sales tax increases include Hawaii's proposed 4-percent tax on used car sales by unlicensed dealers, with an estimated impact of $8 million.

Personal Income Taxes. Twenty-four states are proposing to reduce personal income taxes by reducing the top marginal rates, increasing deductions and exemptions, lowering taxes for families, and providing tax credits for higher education. Nine states that currently do not have a broad-based personal income tax are Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, and Wyoming. Nationally, proposed or phased-in personal income tax reductions could total more than $1.8 billion. States with the largest phase-out or proposed personal income tax reductions include Minnesota ($706 million), Massachusetts ($226 million), Illinois ($211 million), Michigan ($159 million), and Missouri ($158 million).

Corporate Income Taxes. Twelve states are recommending corporate income tax reductions. Tennessee is proposing an extension of its excise and franchise tax, with an estimated revenue impact of $858 million. Other significant proposals are New York's continued phase-out of corporate income taxes, with an estimated impact of $126 million; and Illinois' proposed formula change for appropriating income for multistate companies, with an estimated impact of $42 million.

Cigarette and Tobacco Taxes. Often states seek increases in cigarette and tobacco taxes to discourage smoking and raise revenue for health-related programs. This year, with states awaiting initial payments from the tobacco settlement agreement, only two states are considering an increase in cigarette taxes—Maryland (a fifty-cent-per-pack increase for an estimated tax increase of $155 million) and Michigan (estimated impact of $31 million). Oregon is considering extending its ten-cents-per-pack tax on cigarettes to January 2000.

Motor Fuel Taxes, Other Taxes, and Fees. Revenues generated from these taxes and fees usually cover the costs for licensing and regulation, promote environmental conservation, and generate revenues for health care. Fee increases often are for motor vehicles and other types of user fees. The most significant proposed fee changes are in Florida. Florida's proposed local property tax reduction ($480 million), one-time rebate on residential utility accounts (with an estimated cost to the state of $376 million), and proposed one-time rate cut ($182 million) total more than $1.03 billion. Other significant tax cuts include Pennsylvania, with a total of $198 million in proposed reductions in franchise fees and gross receipt taxes on natural gas companies. Alaska and Maine are proposing increases in fuel taxes, which could result in a combined increase of more than $54 million.

TABLE 8

Proposed Fiscal 2000 Revenue Actions by Type of Revenue and Net Increase or Decrease* (Millions)

State	*Sales*	*Personal Income*	*Corporate Income*	*Cigarettes and Tobacco*	*Motor Fuels*	*Other Taxes*	*Fees*	*Total*
Alabama								$ 0.0
Alaska		$175.0			$26.5			201.5
Arizona						$ -13.4		-13.4
Arkansas		-15.7				-5.7		-21.4
California								0.0
Colorado								0.0
Connecticut	$-9.1	-16.0				-6.4		-31.5
Delaware		-11.3				-2.0		-13.3
Florida						-1,235.5		-1,235.5
Georgia								0.0
Hawaii	8.0	-8.2	$-27.0			37.5		10.3
Idaho		-1.3						-1.3
Illinois		-211.0	-42.0					-253.0
Indiana		-82.4						-82.4
Iowa								0.0
Kansas		-8.0				-4.0		-12.0
Kentucky			-6.0			-1.0		-7.0
Louisiana								0.0
Maine					27.9			27.9
Maryland				$155.0				155.0
Massachusetts		-226.0						-226.0
Michigan		-159.1	-30.9	31.0		-25.3		-184.3
Minnesota	-1.0	-706.4	5.8			-95.7	$-12.1	-809.4
Mississippi		-50.5						-50.5
Missouri		-158.0	-7.0					-165.0
Montana						-35.0		-35.0
Nebraska								0.0
Nevada								0.0
New Hampshire								0.0
New Jersey		-23.0					-4.0	-27.0
New Mexico								0.0
New York	-4.8	-51.0	-178.0			-1.0	-200.0	-434.8
North Carolina								0.0
North Dakota								0.0
Ohio		-66.4					2.2	-64.2
Oklahoma		-21.0				-47.0		-68.0
Oregon			2.5	-0.5				2.0
Pennsylvania		-7.5	-67.0			-198.5		-273.0
Puerto Rico		-64.0						-64.0
Rhode Island		-16.0				1.7		-14.3
South Carolina		-53.7				-4.6		-58.3
South Dakota								0.0
Tennessee	-200.0		858.0				72.0	730.0
Texas	-330.0		-337.0					-667.0
Utah	-11.6							-11.6
Vermont		-35.5						-35.5
Virginia	-26.3	-4.7	-7.2					-38.2
Washington						2.3		2.3
West Virginia						7.1		7.1
Wisconsin	1.2							1.2
Wyoming								0.0
Total	**$-573.6**	**$-1,821.8**	**$164.2**	**$185.5**	**$54.4**	**$-1,626.5**	**$-141.9**	**$-3,760**

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

SOURCE: National Association of State Budget Officers.

State Balances

CHAPTER THREE

The steady growth of the economy has enabled states to build their reserves. Fiscal 2000 would be the seventh consecutive year that balances have exceeded 5 percent of expenditures annually. These balances reflect the continuation of the economic expansion and underscore that during healthy economic times, states need to accumulate balances for the inevitable downturn.

Balances as a percentage of expenditures for fiscal 1998, fiscal 1999, and fiscal 2000 are among the highest levels recorded in the past twenty years (see Figure 3). Total balances reflect the funds states may use to respond to unforeseen circumstances. Both ending balances and the balances of budget stabilization funds are included in total balance figures (see Appendix Tables A-1, A-2, A-3, and A-11).

The balances recommended for fiscal 2000 are $28.6 billion, or 6.3 percent of expenditures (see Table 9). About two-thirds of the states estimate balances as a percentage of expenditures to be 5 percent or more in fiscal 1999 (see Table 10 and Figure 4). Balances in fourteen states are estimated to exceed 10 percent of expenditures in fiscal 1999, a healthy cushion for economic and other uncertainties.

During the past several years, states have been building up rainy day fund balances and ending balances. These balances will help prevent major disruptions in services to citizens in the event the economy slows from its current rapid pace of growth. States experienced the rapid fall of balances during an economic downturn in both the early 1980s and the early 1990s. States had developed healthy balances in 1980, at 9 percent of expenditures, only to see the balances diminish rapidly. For example, balances declined from 9 percent to 4.4 percent in the one-year period from fiscal 1980 to fiscal 1981.

The experience of the rapid decline of balances during the early 1980s, as well as the budget cutting and tax increases required to maintain balanced budgets during the early 1990s, have led states to cautiously position themselves to manage the next economic downturn with less disruption to the services that citizens expect from government.

During the early 1990s, states did not have adequate balances to weather the fiscal storm. Balances were at 4.8 percent of expenditures in fiscal 1989 before the economic decline. However, these balances fell to a low of 1.1 percent by fiscal 1991. Because of the lack of resources, states had to reduce current-year

FIGURE 3

Total Year-End Balances and Total Year-End Balances as a Percentage of Expenditures, Fiscal 1979 to Fiscal 2000

NOTE: Figures for fiscal 1999 are estimates, and figures for fiscal 2000 are recommendations.

SOURCE: National Association of State Budget Officers.

TABLE 9

Total Year-End Balances, Fiscal 1979 to Fiscal 2000

Fiscal Year	*Total Balance (Billions)*	*Total Balance (Percentage of Expenditures)*
2000*	$28.6	6.3%
1999*	32.1	7.4
1998	38.7	9.4
1997	30.7	7.9
1996	25.1	6.8
1995	20.6	5.8
1994	16.9	5.1
1993	13.0	4.2
1992	5.3	1.8
1991	3.1	1.1
1990	9.4	3.4
1989	12.5	4.8
1988	9.8	4.2
1987	6.7	3.1
1986	7.2	3.5
1985	9.7	5.2
1984	6.4	3.8
1983	2.3	1.5
1982	4.5	2.9
1981	6.5	4.4
1980	11.8	9.0
1979	11.2	8.7

NOTE: *Figures for fiscal 2000 are recommendations, and figures for fiscal 1999 are estimates.

SOURCE: National Association of State Budget Officers.

TABLE 10

Total Year-End Balances as a Percentage of Expenditures, Fiscal 1998 to Fiscal 2000*

	Number of States		
Percentage of Expenditures	*Fiscal 1998 (Actual)*	*Fiscal 1999 (Estimated)*	*Fiscal 2000 (Recommended)*
Less than 1.0%	0	1	1
1.0% to 2.9%	4	6	8
3.0% to 4.9%	5	8	16
5.0% or more	42	35	26

NOTE: *The average for fiscal 1998 (actual) was 9.4 percent, the average for fiscal 1999 (estimated) is 7.4 percent, and the average for fiscal 2000 (recommended) is 6.3 percent.

SOURCE: National Association of State Budget Officers.

budgets, which caused a great deal of uncertainty for those receiving and delivering necessary state services. In fiscal 1992 and 1993, respectively, thirty-five states and twenty-three states were forced to reduce current-year budgets because of the serious economic decline. At the same time, states sharply increased taxes, raising $25 billion of new revenue in a two-year period.

With the additional responsibilities that states have under the TANF program, states will need more flexibility in using their resources when the economy slows down and the most disadvantaged recipients need assistance.

Almost all states have some type of budget stabilization fund. These funds may be budget reserve funds, revenue-shortfall accounts, and cash-flow accounts. About three-fifth of the states have a limit on the size of the budget reserve fund, with limits ranging from 3 percent to 10 percent of appropriations. The most common limit is 5 percent of appropriations. Typically, funds above the budget stabilization fund limit would remain in the state's ending balance.

States often use formulas to determine fund limits and the method of deposit and withdrawal for budget stabilization or rainy day funds. Access to budget stabilization funds often is tied to specific formulas, such as when actual revenues fall below the forecasted amounts. Or, access may be based on a statutory indicator, such as a decline in state personal income. Cyclical problems, especially if they are not too severe, often are addressed through the use of budget stabilization or rainy day funds. States must also use their balances for cash-flow purposes.

Reserves often are used to address short-term imbalances between revenues and expenditures. Strategies that states use for long-term solutions include multiyear forecasting, spending affordability limits, and expenditure controls.

Some states have appropriation limits that, rather than limiting growth, can serve as a safeguard for when revenues fall below expectations. By appropriating less than 100 percent of estimated revenues, as occurs in Delaware, Iowa, Mississippi, Oklahoma, and Rhode Island, states give themselves a cushion for revenue shortfalls. This is preferable to the alternative, which is often to reduce enacted budgets midyear because of decreased revenue.

FIGURE 4

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

SOURCE: National Association of State Budget Officers.

State Government Restructuring

CHAPTER FOUR

In about one-third of the states, Governors propose major government restructuring for fiscal 2000 (see Table 11). The restructuring proposals include creating a department of veterans' affairs, changing the departmental-level status of several agencies, streamlining civil service requirements, privatizing executive branch information technology functions, reorganizing workforce development efforts, contracting out services, instituting collective bargaining for classified employees, and eliminating boards and commissions.

A few states are restructuring their financial operations, mostly by implementing new financial management systems. Other budgetary restructuring includes instituting a two-year budget in Arizona.

TABLE 11

Selected State Government Restructuring Proposals

NEW ENGLAND	
Connecticut	Privatization of all executive branch information technology functions.
Massachusetts	The state is continuing the process of abolishing county governments and absorbing their functions. The governments of seven of the commonwealth's fourteen counties already have been abolished or are scheduled to be, and the fiscal 2000 budget includes a proposal to absorb all or many of the functions of two additional counties.
Rhode Island	Consolidation of workers' compensation program.
MID-ATLANTIC	
Maryland	Creation of a new department of veterans' affairs (proposed legislation).
Pennsylvania	Creation of the Pennsylvania Technology Investment Authority and Growing Greener/Environmental Stewardship Initiative, transfer of correctional education from education to corrections, and transfer of blind and visual services from public welfare to labor and industry.
GREAT LAKES	
Illinois	There is no significant restructuring, though the Governor has proposed the review of some state agencies, boards, and commissions to determine whether any reorganization is warranted.
Michigan	All economic development programs have been transferred from the Michigan Jobs Commission to the Michigan Strategic Fund, all workforce development functions have been transferred to the department of career development, and the Michigan Jobs Commission has been abolished.
Wisconsin	The Governor's budget proposes eliminating the Minnesota-Wisconsin Boundary Commission, eliminating the Educational Approval Board, and creating the Youth Apprenticeship Board to administer school-to-work programs.
PLAINS	
Iowa	The Governor's Alliance on Substance Abuse has been moved to the department of public safety, and the office of the state medical examiner has been moved from the department of public safety to the department of public health.
Missouri	The fiscal 2000 budget will completely reorganize workforce development efforts. A new division of workforce development will be created in the department of economic development to administer workforce development programs and replace the current division of job development and training. This merger of programs from the department of labor and industrial relations and the department of economic development will increase efficiency and improve service delivery.
Nebraska	The Governor's office and cabinet have been restructured, resulting in a savings of nearly $500,000.

TABLE 11 (continued)

SOUTHEAST	
Florida	The Governor recommends that the Florida Marine Resources, Marine Patrol, and Marine Fisheries Commission be transferred from the department of environmental protection to the Florida Game and Fresh Water Fish Commission, to be consistent with a constitutional amendment approved by the voters last November.
Georgia	The Governor recommends the establishment of a department of community health, which consolidates the department of medical assistance, the state health planning agency, and the state employees' health insurance plan. (The plan provides coverage to state employees and elementary and secondary education teachers.) The recommendation also allows the higher education agency to contract with the new department for health insurance coverage.
Tennessee	The budget proposes positions to manage several cabinet working groups to oversee related state agencies. Legislation has been filed to create an integrated, coordinated, collaborative, and focused workforce development system that uses federal, state, and local resources. The legislation will create the department of labor and workforce development by combining the current departments of labor and employment security. The new department will administer employment security programs; the federal Workforce Investment, Wagner-Peyser, and Job Training Partnership Act programs; and other programs now in the departments of labor and employment security. The new department will also administer the adult basic education program, now in the department of education, and the Food Stamp employment and training program, now in the department of human services. The department of labor and workforce development will also coordinate the activities and functions of other departments and state agencies to reduce duplication among employment-related training activities in the state and to maximize Tennessee's efforts to increase the skills of its workforce and foster economic growth through job placement and training services.
Virginia	The Governor's budget funds the newly created office of the secretary of technology, under which the commonwealth's technology agencies will be realigned. The Governor also proposes to establish an independent Virginia Tourism Authority.
SOUTHWEST	
Oklahoma	Consolidation of two museum boards, consolidation of the Mining Board and Liquified Petroleum Gas Board into the Corporation Commission, downsizing and privatization of several hospitals, and sale of four state lodges and golf courses.
Texas	No restructuring is included in the budget, but the restructuring of health and human services is supported through the sunset review process.
ROCKY MOUNTAIN	
Idaho	The Governor recommends bringing the staff function of human resources within the Governor's office. At the appropriate time, and with the appropriate consultation, the Governor will move to elevate the division of environmental quality to department status.
Utah	The Governor is recommending that the legislature consolidate appropriation line items. The consolidation would give state agencies the flexibility they need to meet any upcoming budget challenges.
FAR WEST	
California	The Governor is committed to overhauling the regulation of managed care in California.
Nevada	Privatization of prison medical care.
Washington	Initiatives to streamline civil service requirements, authorize contracting of services, institute collective bargaining for classified employees, eliminate thirty-six boards and commissions, and expand and restructure the current elementary and secondary learning assistance program.

SOURCE: National Association of State Budget Officers.

Special Feature: Governors' Initiatives in Elementary and Secondary Education

Education is at the forefront of Governors' priorities. Elementary and secondary education accounts for slightly more than one-third of state general-fund spending and about one-quarter of state spending from all funding sources. Elementary and secondary education has been the largest state expenditure category, with almost $182 billion in total expenditures in 1998. Its growth has outpaced the growth in total state expenditures, with overall state expenditures increasing by 6.0 percent between 1997 and 1998 and elementary and secondary education spending increasing by 7.2 percent.

Governors continue to focus on elementary and secondary education, with recommendations for increased efforts to ensure accountability, provide teacher training, reduce classroom size, and provide more technology training. States also are grappling with the need to provide adequate funds for school construction and renovation and with the relative roles of state and local governments in providing the funds needed for school repairs.

Many states' efforts to improve elementary and secondary education are focusing on:

- establishing standards, assessments, and accountability measures to set clear expectations for learning;
- creating or revising school financial structures, often to provide funding for facilities;
- providing some opportunities for public school choice, often through intra-district enrollment and charter schools;
- improving teacher quality through professional development; and
- expanding the technology available for schools.

In Governors' recommended budgets for fiscal 2000, the average proposed increase for elementary and secondary education is 4.8 percent, about 24 percent higher than the increase in general-fund spending (see Table 12). Although this figure provides some indication of the resources being devoted to elementary and secondary education, cross-state comparisons are not possible. States were asked to provide the percentage increase in elementary and secondary education funding, which, depending on the state, may involve different funding sources. Also, unlike the summary percentages in this report, these increases are not weighted averages but represent only average increases. The largest percentage increases are in Puerto Rico, Texas, Wyoming, and Hawaii. In many cases, investment in education is a multiyear effort, as recent trends in education spending indicate. Figures for an individual year, though providing some indication of the level of investment, do not take into account significant initiatives and funding that may have occurred in prior years.

In virtually all states, Governors are proposing major initiatives in elementary and secondary education in their fiscal 2000 budgets (see Table 13). The state-level initiatives most frequently involve accountability measures, technology, teacher training, reading initiatives, and literacy programs. In more than one-half of the states, proposals to address school finance issues also are included in Governors' recommended budgets.

Other significant initiatives include reductions in classroom size, construction and repairs of schools, comprehensive school reform, charter schools, school safety programs, and programs aimed at at-risk children. Many states cite early childhood programs as a significant component of Governors' elementary and secondary education initiatives, though these programs are not traditionally included in this area (see Table 14).

TABLE 12

Selected Governors' Recommended Increases for Elementary and Secondary Education and Postsecondary Education, Fiscal 2000

Region and State	*Elementary and Secondary Education Percentage Increase*	*Postsecondary Education Percentage Increase*
NEW ENGLAND		
Connecticut[1]	3.8%	5.5%
Maine	4.3	3.5
Massachusetts	8.0	2.0
New Hampshire	5.0	5.5
Rhode Island	5.4	1.7
Vermont	1.8	5.0
MID-ATLANTIC		
Delaware[2]	4.9	4.6
Maryland	4.0	11.0
New Jersey	6.3	4.6
New York	3.7	-4.3
Pennsylvania	3.4	4.2
GREAT LAKES		
Illinois	6.6	6.2
Indiana	5.0	7.0
Michigan	4.6	4.2
Wisconsin	5.7	2.1
PLAINS		
Iowa	3.8	1.8
Kansas	3.9	1.3
Minnesota	4.2	1.2
Missouri	6.2	7.4
Nebraska	0.0	4.0
North Dakota[1]	3.1	9.8
South Dakota	1.8	3.0
SOUTHEAST		
Alabama	6.2	5.8
Arkansas	6.4	4.0
Florida	6.1	5.3
Georgia	6.4	4.5
Kentucky	4.6	7.4
Louisiana[1]	2.0	4.7
Mississippi	4.7	2.7
North Carolina	6.5	3.2
South Carolina	6.9	1.1
Tennessee	3.2	2.4
Virginia	3.3	8.7
SOUTHWEST		
Arizona	4.9	2.0
New Mexico	4.5	3.0
Oklahoma[3]	1.0	3.6
Texas	15.5	3.0
ROCKY MOUNTAIN		
Idaho[4]	3.6	4.7
Montana	1.6	10.4
Utah	3.4	3.1
Wyoming	14.1	4.1
FAR WEST		
Alaska	1.5	3.4
California	6.9	3.7
Hawaii	13.7	5.8
Nevada	8.7	6.6
Oregon	4.4	15.0
Washington	2.4	6.9
TERRITORIES		
Guam	2.2	0.0
Puerto Rico	16.0	4.0
Average Percentage Increase[5]	**4.8%**	**4.3%**

NOTES:
1. In Connecticut, Louisiana, and North Dakota, represents the general fund.
2. In Delaware represents operating funds.
3. Recommended fiscal 2000 increase in Oklahoma reflects tuition increases and efficiencies from privatization as well as appropriation increases.
4. Recommended fiscal 2000 increase in Idaho reflects colleges and universities only.
5. This average percentage increase is not a weighted average as is reflected in other percentage increases included in this report.

SOURCE: National Association of State Budget Officers.

TABLE 13

Selected Governors' Recommended Major Elementary and Secondary Education Initiatives, Fiscal 2000

Region and State	*Account-ability*	*Teacher Training*	*Literacy*	*Reading Initiatives*	*School Finance*	*Classroom Size Reduction*	*School Construction*	*Technology*	*Compre-hensive School Reform*	*Charter Schools*	*School Safety*	*Other*
NEW ENGLAND												
Connecticut	X	X	X	X	X	X	X	X	X	X	X	X
Maine	X	X		X	X		X	X		X	X	
Massachusetts	X	X	X	X	X	X	X	X		X	X	X
New Hampshire	X	X	X	X	X	X	X	X	X		X	
Rhode Island	X	X	X	X		X	X			X		
Vermont	X	X	X	X	X	X	X	X	X			
MID-ATLANTIC												
Delaware	X	X				X	X	X			X	X
Maryland	X	X	X	X	X		X	X	X		X	X
New Jersey	X	X	X	X	X	X	X	X	X	X	X	
New York	X		X	X	X		X	X		X		X
Pennsylvania	X	X	X	X			X	X		X	X	X
GREAT LAKES												
Illinois	X	X	X	X	X	X	X	X			X	X
Indiana	X			X				X	X		X	X
Michigan	X		X	X	X	X		X	X	X		X
Wisconsin	X	X	X			X		X		X		X
PLAINS												
Iowa						X	X					
Kansas		X			X	X						
Minnesota					X	X						X
Missouri	X	X	X	X	X			X			X	X
North Dakota		X			X			X				
South Dakota	X	X	X			X		X				
SOUTHEAST												
Alabama		X		X			X	X			X	X
Arkansas	X	X		X	X			X		X		X
Florida	X	X		X		X	X		X	X	X	X
Georgia	X	X	X	X	X		X	X		X		X
Kentucky	X	X	X		X		X	X	X		X	
Louisiana	X	X	X	X	X	X		X	X	X		X
Mississippi	X				X		X					X
North Carolina	X	X		X	X	X	X	X	X	X	X	
South Carolina	X		X	X		X	X	X	X			
Tennessee	X				X	X						
Virginia	X	X	X	X		X	X	X	X	X	X	
SOUTHWEST												
Arizona	X	X	X	X			X	X		X	X	
New Mexico	X						X	X		X		X
Oklahoma		X		X	X				X	X		X
Texas	X	X	X	X	X		X	X		X	X	
ROCKY MOUNTAIN												
Idaho	X		X	X								
Montana	X	X			X							
Utah	X	X	X	X	X	X		X	X		X	
Wyoming	X				X	X	X	X				
FAR WEST												
Alaska	X											
California	X	X	X	X		X		X	X			X
Hawaii			X				X	X	X	X	X	X
Nevada	X	X	X	X		X						
Oregon					X			X				X
Washington	X	X		X	X	X	X	X	X		X	X
TERRITORIES												
Guam	X	X	X	X			X	X	X		X	X
Puerto Rico		X						X	X		X	
Total	**39**	**34**	**27**	**31**	**28**	**25**	**28**	**36**	**20**	**20**	**23**	**25**

SOURCE: National Association of State Budget Officers.

TABLE 14

Selected Governors' Recommendations for Other Major Elementary and Secondary Education Initiatives, Fiscal 2000

Alabama	Additional teachers.
Arkansas	Early childhood initiatives.
California	Teacher peer review programs and scholarships to assist teacher aids in becoming certified teachers.
Connecticut	School choice and early childhood and school readiness.
Delaware	Teacher compensation review.
Florida	Program to offer opportunity scholarships (vouchers) to students in failing schools.
Georgia	Alternative schools.
Guam	Interscholastic activities and student support services.
Hawaii	$112.4 million in general funds for special education and $25.8 million in general funds for new facility operating costs.
Illinois	The state budget commits 51 percent of new general-fund revenues to education and provides funding for new teachers.
Indiana	Kindergarten and early school readiness.
Louisiana	Remediation and summer school and preschool for at-risk children.
Maryland	Character education.
Massachusetts	Early education care and school nutrition programs.
Michigan	Detroit public school system reform effort, as well as an at-risk children program, preschool education, special education, career preparation system, and adult education.
Minnesota	An increase of $31 million for special education.
Mississippi	Geographic areas with critical teacher shortages.
Missouri	Transportation, special education, teacher professional development, vocational education, early childhood education, gifted program, and incentive programs for students to attend postsecondary education institutions.
New Hampshire	Best Schools initiative.
New Jersey	Budget includes up to $35 million for school district consolidation and/or shared service initiatives.
New Mexico	Pilot voucher program for certain high-risk dropout areas at poverty level.
New York	Textbook aid, Advantage afterschool program, and educational improvement block grant.
North Carolina	Increases in public school teachers' salaries to bring them to the national average.
Oklahoma	Funding to reverse a critical shortage of math and science teachers.
Oregon	Includes funds to be distributed to schools experiencing multiple barriers to student achievement, such as concentrations of low socioeconomic families and multiple language differences; districts with very old physical plants; and districts with fewer than 600 students. In addition, the Governor has proposed a $100-million school improvement fund. The money can be used for accountability, assessment and standards issues, teacher training, reduction of classroom size, technology improvement, and comprehensive school reform.
Pennsylvania	Educational opportunity grants will be provided to families on an income means-tested basis to provide parents the opportunity to choose the type of school best suited for their children.
Rhode Island	Early childhood and professional development.
Virginia	Remedial education programs, programs for at-risk children, and lottery funding.
Wisconsin	Authorization to school boards to close low-performing schools, reassign staff without regard to seniority, reopen closed schools with staff reassigned to the reopened schools without regard for seniority, and contract with private nonprofit organizations to provide educational programs.

SOURCE: National Association of State Budget Officers.

Special Feature: Governors' Recommendations for the Use of Tobacco Settlement Funds

To reduce youth smoking, secure public disclosure of tobacco documents, and recover appropriate financial remuneration for the states, states began filing broad lawsuits against the tobacco industry in 1994. The suits were filed on claims involving consumer protection, fraud, racketeering, antitrust violations, and health care costs.

On November 23, 1998, the attorneys general of forty-six states, the District of Columbia, and five commonwealths and territories entered into a settlement agreement with six tobacco manufacturers—Brown & Williamson Tobacco Corporation, Commonwealth Brands, Inc., the Liggett Group, Lorillard Tobacco Company, Philip Morris Incorporated, and R.J. Reynolds Tobacco Company. Another fifteen companies have since signed the agreement. Four states—Florida, Minnesota, Mississippi, and Texas—successfully settled their own lawsuits, worth $40 billion, with the tobacco industry prior to the multistate settlement.

The settlement is worth $206 billion through 2025. Of this amount, $195.9 billion is to be divided among the states based on a formula derived by the attorneys general and is subject to a number of reductions, adjustments, and offsets. The remaining funds will be used for various items, including the National Public Education Fund, the Attorney General Enforcement Fund, and payments to the National Association of Attorneys General.

State Requirements

For states to access their portion of the tobacco settlement funds, they must take specific actions by certain dates.

- State-Specific Finality—State-specific finality is achieved in a state or territory when a state court approves the settlement and consent decree and appeal time has run out, or, if there is an appeal, when the appeal has been decided favorably. This date vests the state for financial recovery. If a state fails to meet the requirement for state-specific finality by December 31, 2001, the state's participation in the settlement is terminated and it becomes a nonsettling state.
- Final Approval—Final approval is the earlier of June 30, 2000, or the date when 80 percent of the settling states reach state-specific finality and states with 80 percent of the financial allocation reach state-specific finality. Final approval must be reached in order for settlement funds to be disbursed to the states.
- Model Statute—The Model Statute, which must be enacted exactly as drafted in the Master Settlement Agreement, establishes a level playing field between participating manufacturers and nonparticipating manufacturers by creating a reserve fund for nonparticipating manufacturers to pay future claims. If a state does not enact the Model Statute, its payment could be reduced by 100 percent. If a state enacts the Model Statute and a court overturns the statute, the state's portion of the agreement allocation may be reduced by no more than 65 percent.

Financial Payments to States

Financial payments to states include the following.

- Upfront Payments—Beginning in December 1998, tobacco companies made the first of five upfront payments that will continue through 2003. The payments are $2.400 billion in 1998, $2.472 billion in 2000, $2.546 billion in 2001, $2.623 billion in 2002, and $2.701 billion in 2003—for a total of $12.742 billion in upfront payments.
- Escrow Funds—Because funds from the settlement cannot be obtained by the states until the final approval date, or July 1, 2000, the upfront payments will be placed in an escrow account. The funds remain in the escrow account until the state has achieved state-specific finality, at which time the state's allotment is transferred to a state-specific escrow account where it will accrue interest until the final approval date.
- Annual Payments—All states are participating in the settlement agreement; therefore, the tobacco industry will begin making annual payments on April 15, 2000. The total annual payments to states are listed in the schedule on page twenty-one.

As mentioned earlier, adjustments to the settlement payment are possible and could be made for several reasons. These include an inflation adjustment, a volume adjustment, a reduction for previously settled states, a reduction for nonsettling states, an adjustment for nonparticipating manufacturers, offsets for miscalculated or disputed payments, offsets for federal tobacco litigation, and offsets for litigating released parties.

Schedule of Annual Tobacco Settlement Payments

Year	*Annual Payments (Before Reduction for Previously Settled States Is Taken)*	*Annual Payments (After Reduction for Previously Settled States Is Taken)*
2000	$4,500,000,000	$3,939,750,000
2001	$5,000,000,000	$4,377,500,000
2002–2003	$6,500,000,000	$5,690,750,000
2004–2007	$8,000,000,000	$7,004,000,000
2008–2017	$8,139,000,000	$7,143,000,000
After 2018	$9,000,000,000	$8,003,999,997
Total through 2025	**$207,890,000,000**	**$183,176,749,975**

Because the amount of the reduction for previously settled states is predetermined and automatic, the third column of the schedule is a more accurate reflection of the actual payment amounts than is the second column. (The upfront payments are not included in these figures.)

- Other Payments—In addition to the annual settlement payments to states, payments are included for a public education fund, a national foundation, administration, and enforcement. During the next ten years, $250 million will be paid to a charitable foundation to study programs to reduce teen smoking and substance abuse as well as focus on the prevention of diseases associated with tobacco use. During the next five years, at least $1.45 billion must be paid by the industry to support a National Public Education Fund. The purpose of the fund is to carry out a nationwide sustained advertising and education program to counter youth tobacco use and educate consumers about tobacco-related diseases.

Proposed Uses of Tobacco Settlement Funds

In Governors' recommendations for fiscal 2000, the most common plans for the use of tobacco settlement funds involve health and smoking-cessation programs.

- Governors in twenty-five states are proposing to use funds for health programs.
- Governors in twenty-three states are proposing to use funds for children's health programs.
- Governors in twenty-one states are proposing to use funds for smoking-cessation programs.
- Governors in twelve states are proposing to use funds for education programs.

Other proposals include creating budget stabilization funds and initiating capital spending. Most of the proposals for construction spending are health-related, such as constructing rural health centers and converting hospitals to other health uses (see Table 15 and Table 16).

In more than one-half of the states, Governors are recommending that tobacco settlement funds be segregated in separate funds, rather than deposited in the state's general fund (see Table 17). Examples of separate funds include trust funds, nonprofit corporations, and earmarked funds for medical research.

In about one-fifth of the states, the Governor's budget does not include any proposed use of the tobacco settlement funds because of the uncertainty of the timing of the actual receipt of these funds.

TABLE 15

Selected Governors' Recommended Uses of Tobacco Settlement Funds

Region and State	*Smoking Cessation*	*Health*	*Children's Health*	*Education*	*Tax Reductions*	*Budget Stabilization*	*Capital Spending*	*Other*
NEW ENGLAND								
Connecticut	X	X	X	X				X
Massachusetts		X	X					X
Rhode Island	X	X	X	X				X
Vermont	X	X	X					
MID-ATLANTIC								
Delaware	X	X	X	X			X	
Maryland	X	X	X	X				X
New Jersey	X	X						
New York		X						X
GREAT LAKES								
Indiana								X
Michigan				X				
Wisconsin	X	X	X		X			
PLAINS								
Iowa	X	X						
Kansas	X	X	X	X				
Minnesota	X	X	X	X	X	X	X	X
Nebraska	X	X	X				X	X
North Dakota		X		X				X
SOUTHEAST								
Alabama	X	X	X	X				
Florida		X	X					X
Mississippi								X
North Carolina		X						X
Virginia	X		X					X
West Virginia	X	X	X	X				
SOUTHWEST								
Arizona	X	X	X					
New Mexico			X				X	X
Texas	X	X	X					
ROCKY MOUNTAIN								
Idaho						X		
Montana	X	X	X	X				
Utah	X	X	X	X				X
FAR WEST								
Alaska	X	X	X					
California								X
Hawaii	X	X	X			X		X
Nevada								X
Washington	X	X	X					
TERRITORIES								
Puerto Rico			X					
Total	**21**	**25**	**23**	**12**	**2**	**3**	**4**	**18**

SOURCE: National Association of State Budget Officers.

TABLE 16

Selected Governors' Recommendations for Other Uses of Tobacco Settlement Funds

Arizona	County block grants. Capital investments in rural community health centers and construction of a state health laboratory and a state behavioral health hospital.
California	Any general-fund use, unscheduled.
Connecticut	Local aid in the form of relief for local education expenses.
Florida	Endowment fund.
Hawaii	Proposed rainy day fund.
Indiana	State Children's Health Insurance Program.
Louisiana	The Governor's 1999–00 executive budget recommends spending a portion on health and education.
Maryland	Substance abuse treatment programs, cancer research, and programs to assist tobacco growers.
Massachusetts	The state is maintaining a reserve for future health-related contingencies.
Minnesota	Minnesota's settlement includes a series of upfront, one-time payments and ongoing annual payments. The Governor has proposed that the one-time payments be deposited in a separate account for the purpose of funding endowments. Four endowments will support public health, medical education, graduate medical education, and a nonprofit foundation to encourage self-sufficiency. The Governor also is proposing that the ongoing, annual payments be deposited in the general fund, as are other state revenues.
Mississippi	Earnings are appropriated by the legislature annually.
Montana	State Children's Health Insurance Program, tobacco cessation, major medical, youth training, and general fund (revenue stabilization fund).
Nebraska	Grants and loan guarantees to convert nursing homes to assisted-living facilities; grants for conversions of rural hospitals; grants for recruitment, education, and retention of medical and mental health personnel in underserved areas; grants for development and expansion of community-based aging services; and grants for a variety of public health services.
Nevada	Half to university scholarship fund.
New York	Debt reduction.
North Carolina	Economic development assistance to tobacco producers, tobacco settlement holders, or tobacco-related businesses.
North Dakota	Repayment of bonds for major water projects.
Oklahoma	Funding to reverse a critical shortage of math and science teachers.
Oregon	Tobacco settlement proceeds are not included in the Governor's recommended budget for 1999–01. Plans are being developed to use these proceeds to create a budget stabilization fund.
Rhode Island	Deposited as general revenues to fund expenditures for settlement fund allocations.
Utah	Substance abuse.
Virginia	Fifty percent of the settlement funds will be deposited in the Virginia Tobacco Indemnification and Community Revitalization Fund to be used for payments to tobacco farmers for the decline and elimination of tobacco quota and promote economic growth in tobacco-dependent communities to reduce their dependency on tobacco. Ten percent of the Virginia Tobacco Settlement Fund is to be used to discourage, eliminate, or prevent the use of tobacco products by minors. The remainder of the settlement funds are to be deposited in the general fund.
West Virginia	Fifty percent of all revenues received will be deposited in the West Virginia Tobacco Settlement Medical Trust Fund, which will be an interest-bearing account. The principal may not be spent for any purpose, but the interest and return on investments may be spent as follows: reserve funds for the continued support of the programs offered by the public employees' insurance agency; funding for the expansion of the federal-state Medicaid program, as authorized by the legislature or mandated by the federal government; funding for public health programs, services, and agencies; and funding for any state-owned or state-operated health facilities. Fifty percent of all revenues received will be deposited in the West Virginia Tobacco Settlement Fund, which will also be an interest-bearing account. All of these funds, both principal and interest and investment earnings, may be spent in the same manner as funds in the medical trust fund. The only exception is that for fiscal 2000, the first $5 million received in the tobacco settlement fund will be transferred to the public employees' insurance agency to support insurance programs.

SOURCE: National Association of State Budget Officers.

TABLE 17

Selected Governors' Recommendations for Tobacco Settlement Funds

Region and State[1]	*General Fund*	*Separate Fund*
NEW ENGLAND		
Connecticut		X
Maine		X
Massachusetts		X
Rhode Island	X	
Vermont		X
MID-ATLANTIC		
Delaware		X
Maryland	X	
New Jersey		X
GREAT LAKES		
Indiana[2]	X	
Michigan		X
Wisconsin	X	
PLAINS		
Iowa		X
Kansas	X	X
Minnesota	X	X
Missouri		X
Nebraska		X
North Dakota		X
SOUTHEAST		
Alabama		X
Florida		X
Louisiana		X
Mississippi		X
North Carolina		X
South Carolina	X	
Virginia	X	X
West Virginia		X
SOUTHWEST		
Texas	X	X
ROCKY MOUNTAIN		
Idaho		X
Montana	X	X
Utah		X
FAR WEST		
Alaska	X	
California	X	
Hawaii		X
Oregon[3]		X
Washington		X
TERRITORIES		
Puerto Rico		X
Total	**12**	**28**

NOTES:

1. Kentucky has no regular session of its general assembly in calendar year 1999. The Governor will make a recommendation regarding tobacco settlement funds as part of his 2000–02 executive budget, which will be introduced in January 2000.
2. Indiana is taking a conservative approach to the tobacco settlement. The state intends to incorporate these funds into the general fund and appropriate them as part of the budget process. Smoking-cessation, prevention, and health-related programs will be included as part of the overall appropriations process.
3. Tobacco settlement proceeds are not included in the Oregon Governor's recommended budget for 1999–01. Plans are being developed to use these proceeds to create a budget stabilization fund.

SOURCE: National Association of State Budget Officers.

Appendix

TABLE A-1

Fiscal 1998 State General Fund, Actual (Millions)

Region and State	*Beginning Balance*	*Revenues*	*Adjustments*	*Resources*	*Expenditures*	*Adjustments*	*Ending Balance*	*Budget Stabilization Fund*
NEW ENGLAND								
Connecticut*	$ 0	$10,142		$10,142	$9,829		$313	$499
Maine	17	2,112	$16	2,145	1,898	$148	98	92
Massachusetts*	212	18,011	0	18,223	17,285	684	254	1,160
New Hampshire*	-1	964	-4	959	918	0	41	20
Rhode Island*	46	1,963	0	2,009	1,876	0	132	61
Vermont*	0	876	-52	824	876	-52	0	36
MID-ATLANTIC								
Delaware*	393	2,046		2,439	1,900		539	*
Maryland	207	8,029		8,236	7,816		420	618
New Jersey*	1,108	17,041		18,149	16,753	139	1,257	*
New York*	433	34,552		34,985	34,347		638	*
Pennsylvania*	403	17,213	102	17,718	17,289	164	265	655
GREAT LAKES								
Illinois	806	19,984		20,790	19,588		1,202	NA
Indiana*	1,138	8,480	0	9,618	7,894	404	1,320	466
Michigan*	53	8,811	-46	8,818	8,647	115	55	1,000
Ohio*	149	18,138		18,287	17,087	1,061	139	907
Wisconsin*	338	9,701	262	10,300	9,695	51	554	*
PLAINS								
Iowa*	340	4,430		4,769	4,359	-5	415	439
Kansas*	528	4,024	4	4,556	3,799		757	0
Minnesota*	1,995	10,744	0	12,739	10,212	0	2,527	1,847
Missouri	278	6,649		6,927	6,657		270	128
Nebraska*	355	2,106	-98	2,363	1,932		431	133
North Dakota*	82	743		825	728		97	*
South Dakota*	0	718	6	723	702	21	0	30
SOUTHEAST								
Alabama	23	4,715		4,739	4,688		51	0
Arkansas	0	2,903	0	2,903	2,844	0	59	0
Florida	689	16,790		17,479	17,078		401	1,042
Georgia*	1,197	12,479	-70	13,606	12,403	0	1,203	*
Kentucky*	284	6,012	393	6,689	5,958	375	356	200
Louisiana*	135	5,788	19	5,942	5,771	77	94	0
Mississippi*	94	3,042		3,136	2,933	101	101	213
North Carolina*	319	11,727	259	12,305	11,436	754	115	523
South Carolina*	574	4,846		5,420	4,904		517	*
Tennessee*	276	5,997	-14	6,259	5,816	94	349	*
Virginia	495	8,811	0	9,306	8,335	0	971	224
West Virginia*	149	2,503	26	2,678	2,543	10	125	68
SOUTHWEST								
Arizona	516	5,229		5,745	5,219		526	290
New Mexico*	81	3,206		3,287	3,061	-1	227	*
Oklahoma*	225	4,341	-193	4,373	4,200		174	297
Texas	2,379	27,379	0	29,758	26,733	0	3,025	58
ROCKY MOUNTAIN								
Colorado*	514	5,401	-155	5,761	4,721	139	901	177
Idaho*	13	1,482	-13	1,482	1,446		36	36
Montana*	30	1,034	2	1,067	1,023		44	NA
Utah	65	3,063		3,128	3,042		86	88
Wyoming*	52	506	26	584	518	26	40	*
FAR WEST								
Alaska*	0	1,826	27	1,852	2,359	-507	0	3,559
California*	976	54,973		55,949	52,874		3,075	*
Hawaii	136	3,232	0	3,368	3,214	0	154	0
Nevada	107	1,412		1,519	1,451	-18	86	129
Oregon	800	4,006		4,806	4,333		473	38
Washington*	513	9,649		10,162	9,330		832	*
TERRITORIES								
Puerto Rico	18	6,127	0	6,145	6,053	0	92	34
Total	**$19,522**	**$419,826**	**--**	**$439,845**	**$410,320**	**--**	**$25,744**	**$15,031**

NOTES: NA indicates data are not available. *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	Expenditure adjustments draw from the constitutional budget reserve.
California	The ending balance reflects a budget stabilization fund of $2.595 billion.
Colorado	Revenue adjustments reflect transfers to the highway fund. Expenditure adjustments reflect refunds to taxpayers.
Connecticut	Figures include federal reimbursements, such as Medicaid.
Delaware	The ending balance reflects a budget stabilization fund of $100.9 million.
Georgia	The ending balance reflects a budget stabilization fund of $352 million.
Idaho	Revenue adjustments reflect an $8.5-million transfer to the budget stabilization fund, a $3.5-million transfer to the disaster emergency fund, and a $1.0-million transfer to the natural restoration fund.
Indiana	Expenditure adjustments include those for year 2000 projects, auto excise tax distribution, and property tax replacement.
Iowa	Expenditure adjustments reflect reversions.
Kansas	Revenue is adjusted for released encumbrances.
Kentucky	Revenue adjustments include continued appropriations carried forward from the previous fiscal years and fund transfers. Expenditure adjustments include continued appropriations, surplus expenditure plan appropriations, and necessary government expenses to date.
Louisiana	Revenue adjustments reflect carry-forward adjustments. The reconciliation to the comprehensive annual financial report general-fund balance of June 30, 1998, is $77 million.
Massachusetts	“General fund” encompasses Massachusetts’ three major funds—general, highway, and local aid funds. Massachusetts uses all three in the same manner as most states use just their general fund. Expenditure adjustments are for unspent, lapsed appropriations, appropriations continued into the next fiscal year, and $279 million in statutorily required transfers to the budget stabilization and capital projects funds.
Michigan	Revenue adjustment reflects an insurance refund. Expenditure adjustment reflects contingency appropriations and projected lapses.
Minnesota	The ending balance includes a cash-flow account of $350 million, a budget reserve of $513 million, a property tax reserve account of $551 million, and other reserves of $433 million.
Mississippi	Fifty percent of the ending balance is diverted to the education enhancement fund.
Montana	Revenue adjustments reflect residual equity transfers.
Nebraska	Revenue adjustments reflect transfers between the general fund and other funds.
New Hampshire	The balance in the health care fund is $38.2 million.
New Jersey	The ending balance reflects a budget stabilization fund of $534.1 million.
New Mexico	The ending balance reflects a budget stabilization fund of $150 million.
New York	The ending balance reflects a budget stabilization fund of $400 million.
North Carolina	Revenue adjustments reflect adjustments of availability of $174.3 million for reserves for repairs and renovations, $49.3 million for the clean water management trust fund, $35.4 million for 1997–98 receipts transferred to the reserve for disproportionate-share receipts, and $300,000 for the reserve for cultural resources. Total expenditures include a transfer of $19.4 million to the reserve for “work first.” Expenditure adjustments reflect transfers to statutory reserves of $145.0 million for repairs and renovations, $21.6 million for the reserves for budget stabilization, $47.4 million for the clean water management trust fund, $35.4 million for the reserve for disproportionate share, authorized use of unexpended 1997–98 appropriation of $55 million, authorized use of 1997–98 surplus revenue collections of $400 million, and an authorized expenditure of clean water management trust funds of $49.4 million.
North Dakota	The ending balance reflects $17 million that was transferred to the budget stabilization fund and subsequently transferred to the Bank of North Dakota to become part of the bank’s profits. Contingency funds of $23 million are available from the Bank of North Dakota if a revenue shortfall occurs.
Ohio	Federal reimbursements for Medicaid and other human services programs and Temporary Assistance for Needy Families 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 1998 do not include encumbrances outstanding at the end of the year. Ohio reports expenditures based on disbursements from the general revenue fund. Expenditure adjustments reflect a transfer to the income tax reduction fund of $701.4 million, a transfer to the budget stabilization fund of $44.2 million, a transfer to the school building assistance fund of $170.0 million, a transfer to the school district solvency assistance fund of $30.0 million, and other miscellaneous transfers-out, totaling $83.7 million. These transfers-out are adjusted for an estimated net change in encumbrances from fiscal 1997 levels of $31.8 million.
Oklahoma	Revenue adjustments reflect rainy day and cash-flow reserve funds.

NOTES TO TABLE A-1 (continued)

Pennsylvania	Revenue adjustments reflect adjustments to the beginning balance and lapses from prior-year appropriations. Expenditures reflect the total amount appropriated. Expenditure adjustments include the addition of current-year lapses and the transfer to the rainy day fund, which actually occurs the following fiscal year.
Rhode Island	The general fund reflects general-revenue receipts and expenditures only. Total revenues are net of transfers from the budget reserve fund.
South Carolina	The ending balance reflects a budget stabilization fund of $130.4 million.
South Dakota	Revenue adjustments include transfers from the budget reserve fund. Expenditure adjustments include transfers to the budget reserve fund, property tax reduction fund, and other funds. Also included in expenditures are future obligations against cash.
Tennessee	Revenue adjustments reflect a $43-million transfer to the general fund from the Tennessee Housing Development Authority reserves and earmarked tax revenue, a $36-million transfer to the general fund from debt service fund unexpended appropriations, and a $93-million reduction in unexpended revenues for future dedicated expenditure. Expenditure adjustments reflect $94 million in expenditures from beginning balance reserves. The ending balance reflects a budget stabilization fund of $101 million.
Vermont	Revenue adjustments reflect education reform revenues that offset a concomitant amount of expenditures, both of which are reflected in the education fund in fiscal 1999. Expenditures include a $900,000 transfer to the general-fund budget stabilization reserve, a $1.9-million transfer to the transportation fund, a $59.1-million transfer to the education-fund budget stabilization reserve, a $13.0-million transfer to a debt service reserve, and a $7.4-million transfer to the human services caseload management reserve.
Washington	The ending balance reflects a balance stabilization fund of $300 million.
West Virginia	Revenues reflect $200,000 in prior-year redeposits, a $20-million transfer from the income tax refund reserve, and a $5.4-million transfer from special revenue.
Wisconsin	Revenue adjustments reflect transfers from the recycling and property tax relief funds. Expenditure adjustments reflect changes in reserves for encumbrances, continuing balances, and residual equity transfers.
Wyoming	Revenue adjustments reflect interfund transfers from the budget reserve account, legislative impact reserve, and statutory reserve account. The ending balance reflects a budget stabilization fund of $22.3 million.

TABLE A-2

Fiscal 1999 State General Fund, Estimated (Millions)

Region and State	*Beginning Balance*	*Revenues*	*Adjustments*	*Resources*	*Expenditures*	*Adjustments*	*Ending Balance*	*Budget Stabilization Fund*
NEW ENGLAND								
Connecticut*	$ 0	$10,513		$10,513	$10,484		$ 29	$ 527
Maine	98	2,130	$159	2,387	2,202	$ 0	186	99
Massachusetts*	254	18,668	0	18,922	18,507	319	96	1,335
New Hampshire*	41	1,011	-62	990	970	0	20	20
Rhode Island*	132	2,006	0	2,138	2,062	0	76	65
Vermont*	0	831	0	831	831	0	0	38
MID-ATLANTIC								
Delaware*	539	2,134		2,673	2,196		477	*
Maryland*	420	8,174	185	8,779	8,530		249	636
New Jersey*	1,257	17,577		18,834	17,784		1,050	*
New York*	638	36,775		37,413	36,614		799	*
Pennsylvania*	265	18,094	50	18,409	18,098	4	307	742
GREAT LAKES								
Illinois	1,202	21,314		22,516	21,416		1,100	NA
Indiana*	1,319	8,883	53	10,255	8,395	494	1,366	527
Michigan*	55	9,068	-137	8,986	8,811	148	27	1,031
Ohio*	139	18,870		19,009	18,158	635	216	944
Wisconsin*	554	9,986	0	10,540	9,989	0	551	*
PLAINS								
Iowa*	411	4,438		4,849	4,526	-8	331	444
Kansas*	757	4,078		4,835	4,223		612	0
Minnesota*	2,527	10,009		12,536	11,042	0	1,494	1,494
Missouri	270	6,942		7,212	7,056		156	136
Nebraska*	431	2,124	-26	2,529	2,231	-137	166	146
North Dakota*	97	733		830	761		69	*
South Dakota*	0	735	16	751	734	15	2	35
SOUTHEAST								
Alabama	51	4,889		4,940	4,906		34	0
Arkansas*	0	2,992	54	3,046	3,009	0	37	0
Florida	401	17,784		18,185	18,185		0	1,298
Georgia*	1,203	12,529	-83	13,649	13,064	0	585	*
Kentucky*	356	6,217	21	6,594	6,181	381	33	231
Louisiana*	94	5,814	18	5,926	5,819		107	0
Mississippi*	101	3,217		3,319	3,127	96	96	225
North Carolina*	115	12,607	628	13,350	13,037	0	313	523
South Carolina*	517	4,721	-17	5,221	4,782		439	*
Tennessee*	349	6,170	54	6,573	6,421	0	152	*
Virginia	971	9,615	0	10,585	10,195	0	391	348
West Virginia*	125	2,587	15	2,728	2,723	5	1	65
SOUTHWEST								
Arizona	526	5,435		5,960	5,900		61	385
New Mexico*	225	3,212		3,437	3,227	17	193	*
Oklahoma*	174	4,534	-8	4,700	4,460		240	176
Texas	3,003	22,457	0	25,460	22,124	0	3,337	80
ROCKY MOUNTAIN								
Colorado*	901	5,793	-171	6,523	5,293	563	667	188
Idaho*	36	1,596	-3	1,629	1,612		17	45
Montana*	44	1,045	3	1,091	1,048		43	0
Utah	86	3,200		3,286	3,245		41	94
Wyoming*	40	485	45	570	518	0	52	*
FAR WEST								
Alaska*	0	1,338	-48	1,291	2,324	-1,034	0	2,729
California*	3,075	56,293		59,368	58,271		1,097	*
Hawaii	154	3,270	0	3,424	3,244	0	180	0
Nevada	83	1,473	-3	1,554	1,534	-59	79	129
Oregon*	473	4,287	31	4,790	4,430	1	361	24
Washington*	832	9,891		10,723	9,827		896	*
TERRITORIES								
Puerto Rico	92	6,621	0	6,713	6,713	0	0	32
Total	**$25,342**	**$428,543**	**--**	**$454,658**	**$434,124**	**--**	**$18,827**	**$14,756**

NOTES: NA indicates data are not available. *See Notes to Table A-2.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE A-2

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

Alaska	Expenditure adjustments draw from the constitutional budget reserve.
Arkansas	Revenue adjustments reflect a balanced budget reserve fund that was created by the 81st general assembly and consists of one-time surplus monies for agency operations.
California	The ending balance reflects a budget stabilization fund of $617 million.
Colorado	Revenue adjustments reflect transfers to the highway fund. Expenditure adjustments reflect refunds to taxpayers.
Connecticut	Figures include federal reimbursements, such as Medicaid. In accordance with the state constitution, at the close of fiscal 1999, the budget reserve fund balance will be maintained at its statutory limit of 5 percent of net general-fund appropriations.
Delaware	The ending balance reflects a budget stabilization fund of $114.1 million.
Georgia	The ending balance reflects a budget stabilization fund of $376 million.
Idaho	Revenue adjustments reflect a $2-million transfer to the permanent building fund, an $800,000 transfer to the fire suppression fund, and $300,000 in transfers to three other funds. The rainy day or budget stabilization fund balance reflects the Governor’s proposal to place Idaho’s first tobacco settlement payment of $8.7 million in this fund.
Indiana	Expenditure adjustments include those for year 2000 projects, auto excise tax distribution, and property tax replacement.
Iowa	Expenditure adjustments reflect reversions.
Kansas	Revenue is adjusted for released encumbrances.
Kentucky	Revenue adjustments include continued appropriations carried forward from the previous fiscal years and fund transfers. Expenditure adjustments include continued appropriations, surplus expenditure plan appropriations, and necessary government expenses to date.
Louisiana	Revenue adjustments reflect carry-forward balances.
Maryland	Adjustments reflect transfers from the budget stabilization fund.
Massachusetts	“General fund” encompasses Massachusetts’ three major funds—general, highway, and local aid funds. Massachusetts uses all three in the same manner as most states use just their general fund. Expenditures are adjusted for unspent, lapsed appropriations and for the statutorily required transfer of an estimated $206 million to the budget stabilization and capital projects funds.
Michigan	Revenue adjustments reflect a reduction in personal income tax collections from an additional child exemption of $-29.4 million, a phase-out of the intangibles tax of $-45.0 million, apportionment changes to the single business tax of $-57.3 million, and various other adjustments, totaling $-137.3 million. Expenditure adjustments reflect recommended supplemental appropriations of $102.7 million and projected lapses of $45.6 million.
Minnesota	The ending balance reflects a cash-flow account of $350 million, a budget reserve of $622 million, a property tax reserve account of $330 million, and other reserves of $192 million. A one-time sales tax rebate of $1.321 billion is included as a reduction to revenues.
Mississippi	Fifty percent of the ending balance is diverted to the education enhancement fund.
Montana	Revenue adjustments reflect residual equity transfers.
Nebraska	Revenue adjustments reflect transfers between the general fund and other funds. Expenditure adjustments are carryovers.
New Hampshire	Revenue adjustments reflect a $62-million transfer to the local education betterment fund. The balance in the health care fund is $38.2 million.
New Jersey	The ending balance reflects a budget stabilization fund of $634.2 million.
New Mexico	The ending balance reflects a budget stabilization fund of $161 million. Expenditure adjustments reflect contingency appropriations.
New York	The ending balance reflects a budget stabilization fund of $473 million.

NOTES TO TABLE A-2 (continued)

North Carolina	Revenue adjustments reflect reserves authorized for expenditure, repair, and renovations of $145 million, clean water management trust fund of $47.4 million, refunds to state and federal retirees per consent order of $400 million, and disproportionate-share reserve of $35.4 million. The ending balance reflects authorized expenditures of reserves, including repair and renovations of $145 million, clean water management trust fund of $47.4 million, refunds to state and federal retirees per consent order of $400 million, and public instruction of $55 million. The unreserved ending balance remains unadjusted for statutory reserves on June 30. The amounts that could be transferred to statutory reserves are as follows: $40.4 million from the reserve for budget stabilization, $30.0 million from the reserve for clean water management, and $150.0 million from the reserve for repair and renovations. The Governor will present a proposal on funding nonrecurring issues from the unreserved balance once the details of the intangible tax court settlement are available. The following nonrecurring issues are pending recommendations by the Governor: $399 million from the Bailey/Emory/Patton court settlement, $354 million from the intangible tax settlement, and $140 million from public school ABC incentive payments.
North Dakota	The ending balance reflects $17 million that was transferred to the budget stabilization fund and subsequently transferred to the Bank of North Dakota to become part of the bank's profits. Contingency funds of $23 million are available from the Bank of North Dakota if a revenue shortfall occurs.
Ohio	Federal reimbursements for Medicaid and other human services programs and Temporary Assistance for Needy Families 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 1999 do not include encumbrances outstanding at the end of the year. Ohio reports expenditures based on disbursements from the general revenue fund. Expenditure adjustments reflect a transfer to the income tax reduction fund of $415.7 million, a transfer to the budget stabilization fund of $36.6 million, a transfer to the school building assistance fund of $139.0 million, and other miscellaneous transfers-out, totaling $92.3 million. These transfers-out are adjusted for an estimated net change in encumbrances from fiscal 1998 levels of $-48.4 million.
Oklahoma	Revenue adjustments reflect rainy day and cash-flow reserve funds. A decrease in gross production taxes was enacted during a special legislative session that began in January 1999. This required a decrease in the fiscal 1999 revenue estimate effective January 1, 1999. Appropriations were decreased to balance revenue and expenditures.
Oregon	Fiscal 1999 revenues reflect the December 1998 forecast. Revenue adjustments reflect estimated general-fund reversions, based on agency estimates of lower expenditures. One expenditure adjustment is made for fiscal 1999 based on a legislative transfer of general funds from the prior biennium. Budget stabilization fund balances reflect the general-purpose emergency fund at the start of the fiscal year and the estimated reversion at the end of fiscal 1999. The fiscal 2000 figure represents the recommended balance at the beginning of the 1999–01 biennial budget cycle.
Pennsylvania	Revenue adjustments include lapses from prior-year appropriations. Expenditures reflect total amounts appropriated to date, plus supplemental appropriations recommended in the budget. Expenditure adjustments include current-year lapses and the transfer to the rainy day fund, which actually occurs in the following fiscal year.
Rhode Island	The general fund reflects general-revenue receipts and expenditures only. Total revenues are net of transfers from the budget reserve fund. Fiscal 1999 includes reappropriations recommended by the Governor from fiscal 1998.
South Carolina	The ending balance reflects a budget stabilization fund of $137.6 million. A total of $16.6 million was transferred from fiscal 1998 surplus revenue to fully fund the trust fund for tax relief.
South Dakota	Revenue adjustments include transfers from the budget reserve fund. Expenditure adjustments include transfers to the budget reserve fund, the property tax reduction fund, and other funds. Also included in expenditures are future obligations against cash.
Tennessee	Revenue adjustments reflect a $51-million transfer to the general fund from debt service unexpended appropriations and a $3-million transfer to the general fund from reserves. The ending balance reflects a budget stabilization fund of $127 million.
Vermont	Expenditures reflect a $1.7-million transfer to the general-fund budget stabilization reserve, a $1.0-million transfer to the education-fund budget stabilization reserve, and a $2.0-million transfer to a debt service reserve. Also included is $66 million in proposed one-time expenditures that do not recur in fiscal 2000.
Washington	The ending balance reflects a balance stabilization fund of $368 million.
West Virginia	Revenues reflect $100,000 in prior-year redeposits, a $7.5-million transfer from the rainy day fund, and a $7.5-million transfer from the income tax refund reserve.
Wisconsin	The ending balance reflects a budget stabilization fund of $99.4 million.
Wyoming	Revenue adjustments reflect interfund transfers from the budget reserve account, legislative impact reserve, and statutory reserve account. The ending balance reflects a budget stabilization fund of $13.1 million.

TABLE A-3

Fiscal 2000 State General Fund, Recommended (Millions)

Region and State	*Beginning Balance*	*Revenues*	*Adjustments*	*Resources*	*Expenditures*	*Adjustments*	*Ending Balance*	*Budget Stabilization Fund*
NEW ENGLAND								
Connecticut*	$ 0	$10,542		$10,542	$10,542		$ 0	$ 527
Maine	186	2,148	$ 12	2,346	2,219	$ 0	127	99
Massachusetts*	96	18,951	0	19,047	18,963	30	54	1,390
New Hampshire	20	1,026	0	1,046	1,024	0	22	20
Rhode Island*	76	2,092	0	2,167	2,167	0	0	66
Vermont*	0	795	0	795	795	0	0	38
MID-ATLANTIC								
Delaware*	477	2,165		2,642	2,246		396	*
Maryland*	249	8,635	160	9,044	9,035		9	730
New Jersey*	1,050	18,473		19,523	18,776		747	*
New York*	799	38,809		39,608	37,142		2,466	*
Pennsylvania*	307	18,340		18,647	18,625	3	19	786
GREAT LAKES								
Illinois	1,100	22,155		23,255	22,255		1,000	NA
Indiana*	1,366	9,209	51	10,626	8,938	153	1,535	545
Michigan*	0	9,359	-287	9,072	9,072	0	0	1,059
Ohio*	216	19,527		19,743	19,472	33	238	976
Wisconsin*	551	10,480	0	11,030	10,485	0	545	*
PLAINS								
Iowa*	317	4,637	-60	4,894	4,693	-10	211	458
Kansas	612	4,230		4,842	4,419		423	0
Minnesota*	1,494	11,168	0	12,662	11,470	0	1,192	1,189
Missouri	156	7,038		7,194	7,132		62	143
Nebraska*	166	2,302	-55	2,414	2,286		127	71
North Dakota*	52	761	0	813	781	0	32	*
South Dakota*	0	754		754	753		0	37
SOUTHEAST								
Alabama	34	5,082		5,116	4,906		211	0
Arkansas	0	3,164	0	3,164	3,164	0	0	0
Florida	0	18,278		18,278	18,278		0	1,051
Georgia*	584	13,291	0	13,875	13,291	0	584	*
Kentucky*	0	6,494	19	6,512	6,491		22	231
Louisiana	107	5,879		5,986	5,879		107	0
Mississippi*	96	3,310		3,406	3,406	0	0	238
North Carolina	313	13,068		13,381	13,061	313	7	523
South Carolina*	439	4,826		5,265	5,023		242	*
Tennessee*	152	6,731	8	6,891	6,708	0	183	*
Virginia	391	10,568	0	10,959	10,949	0	10	542
West Virginia*	1	2,657	6	2,664	2,661	2	2	66
SOUTHWEST								
Arizona*	61	5,724	-13	5,772	5,745		27	405
New Mexico*	194	3,287		3,481	3,299	4	178	*
Oklahoma*	240	4,649	-21	4,868	4,532		336	176
Texas*	3,337	25,648	-637	28,347	26,894	0	1,453	551
ROCKY MOUNTAIN								
Colorado*	667	6,087	-181	6,573	5,286	697	591	199
Idaho*	17	1,657	2	1,676	1,670		6	68
Montana*	43	1,089	2	1,135	1,082		53	0
Utah	41	3,339		3,379	3,380		0	99
Wyoming*	52	495	45	591	581	0	10	*
FAR WEST								
Alaska*	0	1,365	-64	1,301	2,284	-984	0	2,012
California*	1,097	60,272		61,369	60,475		894	*
Hawaii	179	3,115	0	3,294	3,229	0	65	0
Nevada	82	1,532	4	1,618	1,557	-21	82	129
Oregon*	361	4,802		5,163	4,887		276	96
Washington*	896	9,918		10,814	10,135		679	*
TERRITORIES								
Puerto Rico	0	6,787	0	6,787	6,783	0	4	63
Total	**$18,670**	**$449,923**	**--**	**$467,583**	**$452,142**	**--**	**$15,222**	**$14,520**

NOTES: NA indicates data are not available. *See Notes to Table A-3.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE A-3

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

Alaska	Expenditure adjustments draw from the constitutional budget reserve.
Arizona	Revenue adjustments reflect a tax reduction.
California	The ending balance reflects a budget stabilization fund of $415 million.
Colorado	Revenue adjustments reflect transfers to the highway fund. Expenditure adjustments reflect refunds to taxpayers.
Connecticut	Figures include federal reimbursements, such as Medicaid.
Delaware	The ending balance reflects a budget stabilization fund of $117.3 million.
Georgia	The ending balance reflects a budget stabilization fund of $399 million.
Idaho	Revenue adjustments reflect the loss of $1.3 million to reflect the first phase of eliminating the marriage penalty in the state income tax and the transfer in of $3.2 million from three dedicated funds. The rainy day or budget stabilization fund balance reflects the Governor’s proposal to place Idaho’s second tobacco settlement payment of $23.3 million in this fund.
Indiana	Expenditure adjustments include those for year 2000 projects, auto excise tax distribution, and property tax replacement.
Iowa	Revenue adjustments reflect a $60-million transfer of gaming revenues to the infrastructure fund. Expenditure adjustments reflect reversions.
Kentucky	Revenue adjustments include continued appropriations carried forward from the previous fiscal years and fund transfers. Expenditure adjustments include continued appropriations, surplus expenditure plan appropriations, and necessary government expenses to date.
Maryland	Adjustments reflect transfers from the budget stabilization fund.
Massachusetts	“General fund” encompasses Massachusetts’ three major funds—general, highway, and local aid funds. Massachusetts uses all three in the same manner as most states use just their general fund. Expenditures are adjusted for estimated lapsed appropriations.
Michigan	Revenue adjustments reflect a phase-out of the intangibles tax of $-50.0 million, apportionment changes to the single business tax of $-78.8 million, a proposed income tax cut of $-126.0 million, and various other adjustments, totaling $-287.0 million.
Minnesota	The ending balance reflects a cash-flow account of $350 million, a budget reserve of $667 million, and other reserves of $172 million.
Mississippi	Fifty percent of the ending balance is diverted to the education enhancement fund.
Montana	Revenue adjustments reflect residual equity transfers.
Nebraska	Revenue adjustments reflect transfers between the general fund and other funds.
New Jersey	The ending balance reflects a budget stabilization fund of $634.2 million.
New Mexico	The ending balance reflects a budget stabilization fund of $165 million. Expenditure adjustments reflect operating contingencies.
New York	The ending balance reflects a budget stabilization fund of $473 million.
North Dakota	The beginning balance has been reduced by the $17 million that was transferred to the budget stabilization fund in the 1997–99 biennium and was subsequently transferred to the Bank of North Dakota to become part of the bank’s profits. Contingency funds of $40 million are available from the Bank of North Dakota if a revenue shortfall occurs.

NOTES TO TABLE A-3 (continued)

Ohio	Federal reimbursements for Medicaid and other human services programs and Temporary Assistance for Needy Families 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. Expenditure adjustments reflect a projected transfer to the budget stabilization fund of $32.9 million.
Oregon	Fiscal 2000 revenues reflect the December 1998 forecast. Revenue adjustments reflect estimated general-fund reversions, based on agency estimates of lower expenditures. Total expenditures for fiscal 2000 are based on a biennial budget, prorated 48 percent the first year. Budget stabilization fund balances reflect the general-purpose emergency fund at the start of the fiscal year and the estimated reversion at the end of fiscal 1999. The fiscal 2000 figure represents the recommended balance at the beginning of the 1999–01 biennial budget cycle.
Pennsylvania	Expenditures reflect total amounts appropriated. Expenditure adjustments include the projected transfer to the rainy day fund, which actually occurs in the following fiscal year.
Rhode Island	The general fund reflects general-revenue receipts and expenditures only. Total revenues are net of transfers from the budget reserve fund.
South Carolina	The ending balance reflects a budget stabilization fund of $145.4 million.
South Dakota	Revenue adjustments include transfers from the budget reserve fund. Expenditure adjustments include transfers to the budget reserve fund, the property tax reduction fund, and other funds. Also included in expenditures are future obligations against cash.
Tennessee	The ending balance reflects a budget stabilization fund of $183 million. Revenue adjustments reflect an $8-million transfer to the general fund from reserves.
Texas	Revenue adjustments reflect proposed state tax cuts. Figures for expenditures and revenues are based on a biennial budget, assuming equal amounts for each year of the biennium.
Vermont	Revenue adjustments reflect a revenue reduction of $35.5 million that reflects the Governor’s proposed personal income tax reduction. Expenditures reflect a $300,000 transfer to the general-fund budget stabilization reserve. Also included is $12 million in proposed one-time expenditures.
Washington	The ending balance reflects a budget stabilization fund of $383 million.
West Virginia	Revenues reflect a $6.2-million transfer from special revenue accounts. Expenditures reflect a transfer to the rainy day fund.
Wisconsin	The ending balance reflects a budget stabilization fund of $105.5 million.
Wyoming	Revenue adjustments reflect interfund transfers from the budget reserve account, legislative impact reserve, and statutory reserve account. The ending balance reflects a budget stabilization fund of $12.8 million.

TABLE A-4

Nominal Percentage Expenditure Change, Fiscal 1999 and Fiscal 2000**

Region and State	*Fiscal 1999*	*Fiscal 2000*
NEW ENGLAND		
Connecticut	6.7%	0.6%
Maine	16.0	0.8
Massachusetts	7.1	2.5
New Hampshire	5.8	5.6
Rhode Island	9.9	5.1
Vermont*	-5.0	-4.4
MID-ATLANTIC		
Delaware	15.6	2.3
Maryland	9.1	5.9
New Jersey	6.2	5.6
New York	6.6	1.4
Pennsylvania	4.7	2.9
GREAT LAKES		
Illinois	9.3	3.9
Indiana	6.3	6.5
Michigan	1.9	3.0
Ohio*	6.3	7.2
Wisconsin	3.0	5.5
PLAINS		
Iowa	5.8	4.1
Kansas	11.2	4.6
Minnesota	8.1	3.9
Missouri	6.0	1.1
Nebraska	15.5	2.5
North Dakota	4.5	2.6
South Dakota	4.6	2.6
SOUTHEAST		
Alabama	4.6	0.0
Arkansas	5.8	5.1
Florida	6.5	0.5
Georgia	5.3	1.7
Kentucky	3.7	5.0
Louisiana	0.8	1.0
Mississippi	6.6	8.9
North Carolina	14.0	0.2
South Carolina	-2.5	5.0
Tennessee	10.4	4.5
Virginia*	22.3	7.4
West Virginia	7.1	-2.3
SOUTHWEST		
Arizona	13.0	-2.6
New Mexico	5.4	2.2
Oklahoma	6.2	1.6
Texas*	-17.2	21.6
ROCKY MOUNTAIN		
Colorado	12.1	-0.1
Idaho	11.5	3.6
Montana	2.4	3.3
Utah	6.7	4.1
Wyoming	0.0	12.2
FAR WEST		
Alaska	-1.5	-1.7
California	10.2	3.8
Hawaii	0.9	-0.5
Nevada	5.7	1.5
Oregon	2.2	10.3
Washington	5.3	3.1
TERRITORIES		
Puerto Rico	10.9	1.0
Average	**5.8%**	**4.2%**

NOTES: *See Notes to Table A-4.
**Fiscal 1999 reflects changes from fiscal 1998 expenditures (actual) to fiscal 1999 expenditures (estimated). Fiscal 2000 reflects changes from fiscal 1999 expenditures (estimated) to fiscal 2000 expenditures (recommended).

NOTES TO TABLE A-4

Texas	Figures for fiscal 2000 expenditures and revenues are based on a biennial budget, assuming equal amounts for each year of the biennium.
Vermont	Fiscal 1998, fiscal 1999, and fiscal 2000 expenditures include various transfers and one-time expenditures that distort these percentage change figures. See notes for Vermont in Tables A-1 to A-3.
Virginia	Figures include an additional deposit to the rainy day fund in fiscal 1999.

TABLE A-5

Recommended State Employment Compensation Changes, Fiscal 2000

Region and State	*Across-the-Board*	*Merit*	*Other*	*Notes*
NEW ENGLAND				
Connecticut	2.0%	---	---	A general wage increase of 2 percent and payments for annual increments are proposed.
Maine	---	1.4%	---	Collective bargaining negotiations are still in progress. Merit increase is a weighted average. Employees who reach the top step in the pay range do not receive further merit increases.
Rhode Island	3.5%	---	1.8%	Includes classified and unclassified positions. Nonclassified positions (mainly higher education faculty and school employees) are not included.
Vermont	3.0%	---	---	An across-the-board increase of 3 percent takes effect in July 1999. Per the contract, annually about 60 percent of employees receive step increases in aggregate worth about 1.8 percent of statewide salary costs.
MID-ATLANTIC				
Delaware	2.0%	---	*	Salaries will increase by 2 percent or $1,250, whichever is greater, unless the salary is near or exceeds the maximum of the assigned pay grade. A salary at or above the maximum will increase by 1 percent or $625, whichever is greater. If the increase amount causes the salary to exceed the maximum, the amount exceeding the maximum is reduced by one-half.
Maryland	3.0%	---	---	Cost-of-living adjustment equals a flat $1,275 increase in the pay plan per employee, implemented in two equal stages—half on July 1, 1999, and half on January 1, 2000. The proposed new pay plan allows 2-percent increments to all employees whose performance meets standards.
New Jersey	*	---	---	Current contracts expire on June 30, 1999, for the major state employee unions. The only union contracts in effect through fiscal 2000 are judicial employees and state police, together representing approximately one-sixth of total union employees.
New York	---	---	---	Virtually all collective bargaining units are involved in negotiations, with prospective compensation increases not yet finalized.
Pennsylvania	3.0%	---	2.2%	Most employees will receive a 3-percent across-the-board increase effective July 1, 1999. Those employees not at the maximum pay step receive a 2.2-percent longevity increase effective January 1, 2000.
GREAT LAKES				
Illinois	*	*	*	Compensation changes include a 3-percent cost-of-living adjustment for bargaining unit employees and an average increase of 3 percent for merit employees. Eligible bargaining unit employees (approximately 40 percent) will receive an average step increase of 4 percent.
Michigan	3.0%	---	---	Effective January 1, 2000, major public deductibles for some groups will be doubled. Retail and mail-order drug plans will have the same copayments for generic and name-brand drugs.
Ohio	3.0%	---	2.5%	About one-half of all employees will receive a step increase of 4 percent to 5 percent. Employees with five or more years of service will receive an additional 0.5 percent times the number of years of service, up to a maximum of twenty years.
PLAINS				
Iowa				Changes are being negotiated.
Kansas	1.0%	---	2.5%	The 2.5 percent comprising “other” is for step movement on the pay matrix.
Minnesota	---	---	---	The state is currently in salary negotiations. The Governor’s budget funds a 3-percent increase in total compensation per year.
Missouri	1.0%	---	3.0%	“Other” is a marketplace, within-grade increase given to successful employees with at least eighteen months of service who are not at the top of the pay range. Individuals who are two steps or more below marketplace get two steps (averaging 2 percent per step). Individuals one step below, at, or above the marketplace get one step.
Nebraska	2.0%	---	*	The collective bargaining agreement includes an increase of 2 percent for the fiscal year that begins July 1, 1999. In addition, on January 1, 2000, employees in the bargaining unit will be placed on a step plan. Step adjustments will be made in each following January.
North Dakota	*	---	---	Average of 2-percent increase with a $35 minimum across-the-board increase and the remaining amount to be used for merit and equity.
South Dakota	3.0%	---	2.5%	“Other” represents movement for employees who are below the midpoint of their job class. The other salary enhancements are available only to exempt and career service employees.

TABLE A-5 (continued)

Recommended State Employment Compensation Changes, Fiscal 2000

Region/State	*Across-the-Board*	*Merit*	*Other*	*Notes*
SOUTHEAST				
Alabama	8.0%	5.0%	*	Merit increases are based on employee performance and whether employees' classification status permits such a raise and may increase from 0 percent to 5 percent based on evaluation. Merit increases are longevity pay raises from $300 to $600 per employee per year based on the number of years of state service.
Arkansas	2.8%	---	2.0%	A 2.8-percent across-the-board increase for all state employees is effective July 1, 1999. An additional 2-percent increase also is available during fiscal 2000 should the chief fiscal officer of the state certify that sufficient general revenues are available. However, none of these increases may cause an employee's salary to exceed pay level IV of an assigned grade.
Florida	2.6%	---	---	The Governor's recommended budget includes funds for a 2.6-percent across-the-board increase effective July 1, 1999.
Georgia	---	6.0%	4.0%	Pay for performance (0 percent, 3 percent, 4.5 percent, and 6 percent) for the executive branch. Public school teachers receive 4 percent, university system employees 4 percent, technical institute teachers 4 percent, and legislative and judicial branch employees 3 percent.
Kentucky	5.0%	---	---	
Louisiana	---	4.0%	---	All eligible employees can receive an annual merit increase of 4 percent if such an increase is warranted. Approximately 0.4 percent of the classified employees have reached their maximum salary and are no longer eligible for merit increases.
Mississippi	3.0%	---	2.2%	"Other" is composed of position realignments to bring state employees nearer the regional average for their positions.
North Carolina	1.0%	2.0%	0.5%	
South Carolina	2.0%	---	---	
Tennessee	1.7%	---	2.5%	The 1.7-percent across-the-board increase is effective January 1, 2000. The "other" increase of 2.45 percent is for salary compression adjustments and selected class upgrades, effective July 1, 1999.
Virginia	4.0%	2.3%	---	Employees who received a rating of "meets expectations" or higher on their most recent performance evaluation received the one-step increase (2.25 percent).
West Virginia	---	---	---	Most state employees will receive a $756 across-the-board increase; state police will receive $2,000 and civilian employees of the state police wil receive $1,000. The department of health and human resources (DHHR) is planning to implement a pay equity adjustment for all classifications in the department. After a study of DHHR employee salaries and the relation to other agencies and industry averages, it was determined that the department was not competitive and therefore could not attract and retain quality employees. The proposed increases will be distributed to most classifications in a method to create a competitive base, rather than a flat or percentage increase for all employees.
SOUTHWEST				
Arizona	---	2.5%	---	A 2.5-percent increase as of January 1, 2000. The executive recommendation also provides for 0.25 percent or $4 million from the general fund for targeted market adjustments.
New Mexico	---	2.5%	---	Average 2.5-percent increase based on performance.
ROCKY MOUNTAIN				
Idaho	---	3.0%	---	
Montana	3.0%	---	---	Employees with twenty or twenty-five years of service will also receive a 0.5-percent increase in their longevity pay.
Utah	---	2.5%	---	
Wyoming	---	---	*	The compensation package includes a $25 increase in the state health insurance contribution and a $1.6-million appropriation for below-market increases.

TABLE A-5 (continued)

Recommended State Employment Compensation Changes, Fiscal 2000

Region/State	*Across-the-Board*	*Merit*	*Other*	*Notes*
FAR WEST				
Alaska	---	---	---	Employee contracts are being negotiated; no increases are anticipated. Departments absorb merit increases.
California	---	---	---	Of the twenty-one bargaining units for represented state employees, 1998–99 agreements for five bargaining units representing approximately 40,000 employees have been ratified by union membership and approved by the legislature. Two of the bargaining units representing approximately 5,000 employees received general salary increases of 3 percent, the possibility of an additional merit increase of either 5 percent or 10 percent, and other benefit adjustments in 1998–99. Two bargaining units, representing approximately 29,000 employees received a general salary increase of 5 percent, an employer contribution of 2 percent of salary in a defined contribution plan, and other benefit adjustments in 1998–99. Approximately 6,000 employees in another bargaining unit will receive general salary increases totaling 7 percent in addition to other benefit adjustments. Approximately 35,000 excluded (nonrepresented) employees received a general salary increase of 3 percent in 1998–99. As of March 5, 1999, the new administration reached agreement with an additional thirteen bargaining units representing approximately 109,000 employees. These agreements, which have not yet been ratified by union membership or approved by the legislature, provide a 5.5-percent general salary increase as well as other benefit adjustments. The administration is continuing negotiations with the remaining three bargaining units representing approximately 14,000 employees. 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. Except for the 5,000 employees identified above, and specific program areas, additional merit salary adjustments for all other employees will not be separately funded in 1998–99.
Nevada	---	2.3%	---	Merit increases are granted to most classified employees who are below step 15, who get a 4-percent to 5-percent increase. About one-half of all employees get a merit increase.
Oregon	2.0%	1.3%	---	Effective January 1, 2000, the increase applies to all state employees. In addition, step (“merit”) increases are funded in agency budgets. About half of all state employees are expected to be eligible for merit increases of an average 5 percent per year. The merit increase takes effect on an individual employee’s salary eligibility date, which means the actual statewide increase for a given year is approximately 1.25 percent.
Washington	2.0%	---	---	Additional increases will be provided for selected employee classifications in which there are problems with recruitment and retention and in which classifications are more than 30 percent behind market salaries.
TERRITORIES				
Puerto Rico	*	---	---	Salary increase of $100 for all state government employees effective January 1, 2000.

SOURCE: National Association of State Budget Officers.

TABLE A-6

Number of Filled Full-Time-Equivalent Positions at the End of Fiscal 1998 to Fiscal 2000, in All Funds**

Region and State	*Fiscal 1998*	*Fiscal 1999*	*Fiscal 2000*	*Percent Change, 1998 to 2000*	*Percent Change, 1999 to 2000*	*Includes Higher Education Faculty*	*State-Administered Welfare System*
NEW ENGLAND							
Connecticut	38,367	41,141	41,862	9.11%	1.75%		X
Maine	13,953	14,091	14,078	0.89%	-0.10%		X
Massachusetts*	67,013	70,406	NA	NA	NA	X	X
New Hampshire							X
Rhode Island*	15,312	15,490	15,561	1.63%	0.46%	X	X
Vermont*	7,158	7,299	7,712	7.74%	5.66%		X
MID-ATLANTIC							
Delaware	25,922	26,746	27,292	5.29%	2.04%	X	X
Maryland	65,491	69,826	71,919	9.82%	3.00%	X	X
New Jersey	69,434	69,300	69,400	-0.05%	0.14%		
New York*	228,700	229,600	229,200	0.22%	-0.17%	X	
Pennsylvania*	85,520	84,940	84,044	-1.73%	-1.05%		X
GREAT LAKES							
Illinois	67,291	NA	NA	NA	NA		X
Indiana	37,786	37,840	37,866	0.21%	0.07%		X
Michigan	55,769	55,798	57,616	3.31%	3.26%		X
Ohio	61,847	61,624	62,010	0.26%	0.63%		
Wisconsin	63,204	64,170	64,356	1.82%	0.29%	X	
PLAINS							
Iowa	39,056	40,889	41,562	6.42%	1.65%	X	X
Kansas	42,629	42,116	40,275	-5.52%	-4.37%	X	X
Minnesota*	33,244	33,500	33,685	1.33%	0.55%		
Missouri	57,296	59,223	61,515	7.36%	3.87%		X
Nebraska	15,802	NA	NA	NA	NA		X
North Dakota	11,706	11,382	11,685	-0.18%	2.66%	X	
South Dakota	12,954	12,842	12,932	-0.17%	0.70%	X	X
SOUTHEAST							
Alabama	33,358	32,624	32,624	-2.20%	0.00%		X
Arkansas	26,968	26,968	27,019	0.19%	0.19%		
Florida	125,407	127,394	127,272	1.49%	-0.10%		X
Georgia	92,486	91,590	93,561	1.16%	2.15%	X	X
Kentucky	38,299	38,299	38,299	0.00%	0.00%		X
Louisiana	58,776	59,594	60,046	2.16%	0.76%		X
Mississippi	31,063	32,867	33,158	6.74%	0.89%		X
North Carolina	245,958	254,758	NA	NA	NA	X	X
South Carolina	68,872	69,148	69,278	0.59%	0.19%	X	X
Tennessee	39,983	39,983	39,983	0.00%	0.00%		X
Virginia	96,900	99,300	100,460	3.67%	1.17%	X	
West Virginia	30,912	30,260	30,204	-2.29%	-0.19%	X	X
SOUTHWEST							
Arizona	44,642	47,197	48,328	8.26%	2.40%	X	X
New Mexico	23,012	22,948	22,977	-0.15%	0.13%		X
Oklahoma	38,163	36,969	34,966	-8.38%	-5.42%		X
Texas	223,146	227,961	228,018	2.18%	0.03%	X	X
ROCKY MOUNTAIN							
Idaho	16,523	16,827	16,925	2.43%	0.58%	X	X
Montana	10,274	10,235	10,334	0.58%	0.97%		X
Utah	19,416	19,625	19,700	1.46%	0.38%		X
Wyoming	12,511	12,503	12,519	0.06%	0.13%	X	X
FAR WEST							
Alaska	17,318	17,470	18,072	4.35%	3.45%	X	X
California	264,551	279,720	282,079	6.63%	0.84%	X	
Hawaii	41,603	41,588	42,411	1.94%	1.98%	X	X
Nevada	20,198	15,815	16,154	-20.02%	2.14%		X
Oregon*	43,920	43,949	46,355	5.54%	5.47%	X	X
Washington	95,029	95,545	100,718	5.99%	5.41%	X	X
TERRITORIES							
Puerto Rico	235,594	229,447	215,175	-8.67%	-4.13%	X	X
Total	**2,874,741**	**2,839,360**	**2,536,029**	**-9.40%**	**-10.90%**	**25**	**41**

NOTES: NA indicates data are not available.
*See Notes to Table A-6.
**Unless otherwise noted, fiscal 1998 reflects actual figures, fiscal 1999 reflects estimated figures, and fiscal 2000 reflects recommended figures.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE A-6

Massachusetts	Figures reflect budgetary funds only. Fiscal 1998 figure is the actual level as of June 27, 1998. Fiscal 1999 figure is the actual level as of May 1, 1999, and includes an additional 1,610 full-time-equivalent positions as a result of the state's assumption of the functions of certain county governments.
Minnesota	Actual fiscal 1998 figure is adjusted for historical society employees.
New York	Full-time-equivalent figures reflect end-of-year counts for annual and nonannual salaried full-time-equivalent employees in the executive, legislative, and judicial branches. New York's welfare system is state-supervised but locally administered.
Oregon	The fiscal 2000 estimate of full-time-equivalent positions is the Governor's recommendation for the 1999–01 biennial budget cycle.
Pennsylvania	Rather than filled positions, the complement number represents the total authorized salaried complement on a full-time-equivalent basis.
Rhode Island	Fiscal 1998 reflects the filled positions as of January 3, 1998. Fiscal 1999 reflects filled positions as of January 1, 1999. Fiscal 2000 reflects a 4-percent turnover rate from the recommended position cap.
Vermont	Positions include those from the executive, judicial, and legislative branches.

TABLE A-7

Fiscal 1999 Tax Collections Compared with Projections Used in Adopting Fiscal 1999 Budgets (Millions)**

	Sales Tax		*Personal Income Tax*		*Corporate Income Tax*		
Region and State	*Original Estimate*	*Current Estimate*	*Original Estimate*	*Current Estimate*	*Original Estimate*	*Current Estimate*	*Total Revenue Collection****
NEW ENGLAND							
Connecticut	$2,879	$2,919	$3,400	$3,828	$586	$616	H
Maine	769	802	759	963	99	102	H
Massachusetts	3,091	3,234	7,598	7,600	1,025	1,095	H
New Hampshire	NA	NA	NA	NA	168	168	H
Rhode Island	548	565	731	760	66	70	H
Vermont	196	200	344	390	41	45	T
MID-ATLANTIC							
Delaware	NA	NA	823	762	101	84	T
Maryland	2,245	2,260	4,001	4,106	249	283	H
New Jersey	5,005	5,015	5,933	6,065	1,423	1,525	H
New York*	7,531	7,601	21,242	20,107	2,040	1,986	H
Pennsylvania	6,275	6,491	6,384	6,513	1,793	1,720	H
GREAT LAKES							
Illinois	5,480	5,520	7,075	7,180	1,140	1,100	T
Indiana	3,623	3,436	3,362	3,721	1,040	1,056	H
Michigan	1,505	1,520	4,879	4,827	2,370	2,395	H
Ohio*	5,407	5,470	6,210	6,275	1,112	1,110	H
Wisconsin*	3,135	3,265	5,165	5,082	655	608	T
PLAINS							
Iowa	1,593	1,606	2,349	2,352	310	285	T
Kansas	1,402	1,400	1,684	1,780	223	225	L
Minnesota*	3,379	2,093	4,699	5,139	771	782	H
Missouri	1,625	1,665	3,840	4,025	505	390	H
Nebraska	764	767	1,028	1,053	138	142	L
North Dakota	353	345	169	182	46	50	H
South Dakota	414	405	NA	NA	NA	NA	L
SOUTHEAST							
Alabama	1,492	1,511	1,820	1,843	228	231	H
Arkansas	1,556	1,531	1,620	1,635	271	284	H
Florida	13,813	13,863	NA	NA	1,411	1,427	H
Georgia	4,141	3,964	5,284	5,381	776	823	T
Kentucky	2,071	2,071	2,505	2,505	345	345	T
Louisiana	2,080	2,069	1,496	1,560	363	302	L
Mississippi	1,255	1,300	889	952	308	306	H
North Carolina	3,350	3,351	6,358	6,521	743	785	H
South Carolina	1,806	1,828	1,903	2,261	184	196	H
Tennessee*	4,279	4,279	155	170	1,004	900	H
Virginia	2,032	2,022	5,605	5,943	454	457	H
West Virginia	828	828	892	892	170	170	T
SOUTHWEST							
Arizona	2,439	2,549	1,879	2,055	688	475	H
New Mexico	1,183	1,172	758	805	185	160	T
Oklahoma	1,172	1,158	1,815	1,886	187	170	T
Texas	24,022	25,369	NA	NA	3,733	3,947	H
ROCKY MOUNTAIN							
Colorado	NA	1,568	NA	3,315	NA	294	H
Idaho	586	578	797	819	136	110	L
Montana	NA	NA	440	472	70	67	H
Utah	1,301	1,305	1,478	1,478	190	185	H
Wyoming	231	242	NA	NA	NA	NA	T
FAR WEST							
Alaska	0	0	0	0	217	220	H
California*	18,739	18,620	28,963	28,526	6,100	5,926	H
Hawaii	1,463	1,461	1,010	1,089	60	48	L
Nevada	580	548	NA	NA	NA	NA	L
Oregon	0	0	3,735	3,686	336	306	L
Washington	4,927	4,949	0	0	0	0	T
TERRITORIES							
Puerto Rico	468	538	2,207	2,206	1,527	1,563	T
Total	**$152,564**	**$154,715**	**$161,075**	**$166,502**	**$34,062**	**$33,960**	**-**

NOTES: NA indicates data are not available because, in most cases, these states do not have this type of tax.
*See Notes to Table A-7.
**Unless otherwise noted, original estimates reflect the figures used when the fiscal 1999 budget was adopted, and current estimates reflect the most recent figures.
***KEY: L=Revenues lower than estimates. H=Revenues higher than estimates. T=Revenues on target.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE A-7

California	Tax collections are for the general fund only.
Minnesota	The current fiscal 1999 estimate of sales tax collections includes a recommended sales tax rebate of $1.321 billion.
New York	Fiscal 1999 estimates of personal income tax collections exclude a surplus of $1.79 billion.
Tennessee	All three taxes are shared with local governments. Corporate income tax figures include the corporate franchise tax.
Ohio	The fiscal 1999 budget was adopted in June 1997. Fiscal 1999 current estimates are those that were developed during preparation of the executive budget in February 1999. Personal income tax receipts have been reduced by temporary income tax reductions provided through the state's income tax reduction fund surplus rebate mechanism. Because of different rate reductions in different years, a comparison of this information does not accurately reflect the growth rate for the personal income tax baseline.
Wisconsin	Current estimates of personal income tax collections include $125 million in income tax cuts.

TABLE A-8

Fiscal 1999 Tax Collections Compared with Projections Used in Recommended Fiscal 2000 Budgets (Millions)**

	Sales Tax		*Personal Income Tax*		*Corporate Income Tax*	
Region and State	*Fiscal 1999*	*Fiscal 2000*	*Fiscal 1999*	*Fiscal 2000*	*Fiscal 1999*	*Fiscal 2000*
NEW ENGLAND						
Connecticut	$2,919	$3,018	$3,828	$3,879	$616	$550
Maine	802	815	963	981	102	103
Massachusetts	3,234	3,326	7,600	7,952	1,095	1,083
New Hampshire	NA	NA	NA	NA	168	174
Rhode Island	565	588	760	781	70	71
Vermont	200	207	390	388	45	40
MID-ATLANTIC						
Delaware	NA	NA	762	755	84	89
Maryland	2,260	2,349	4,106	4,336	283	264
New Jersey	5,015	5,258	6,065	6,477	1,525	1,606
New York*	7,601	7,740	20,107	22,879	1,986	2,163
Pennsylvania	6,491	6,632	6,513	6,702	1,720	1,657
GREAT LAKES						
Illinois	5,520	5,770	7,180	7,500	1,100	1,100
Indiana	3,436	3,555	3,721	3,888	1,056	1,093
Michigan	1,520	1,572	4,827	4,989	2,395	2,480
Ohio	5,470	5,670	6,275	6,971	1,100	1,077
Wisconsin	3,265	3,430	5,082	5,340	608	620
PLAINS						
Iowa	1,606	1,690	2,352	2,482	285	284
Kansas	1,400	1,450	1,780	1,900	225	215
Minnesota	2,093	3,460	5,139	5,098	782	702
Missouri	1,665	1,740	4,025	4,300	390	390
Nebraska	767	885	1,053	1,115	142	142
North Dakota	345	356	182	188	50	54
South Dakota	405	424	NA	NA	NA	NA
SOUTHEAST						
Alabama	1,511	1,571	1,843	1,933	231	243
Arkansas	1,531	1,610	1,635	1,686	284	302
Florida	13,863	14,639	NA	NA	1,427	1,448
Georgia	3,964	4,142	5,381	5,908	823	782
Kentucky	2,071	2,174	2,505	2,625	345	356
Louisiana	2,069	2,130	1,560	1,654	302	291
Mississippi	1,300	1,365	952	1,011	306	310
North Carolina	3,351	3,347	6,521	7,120	785	653
South Carolina	1,828	1,919	2,261	2,398	196	200
Tennessee*	4,279	4,427	170	177	900	900
Virginia	2,022	2,122	5,943	6,295	457	445
West Virginia	828	842	892	939	170	152
SOUTHWEST						
Arizona	2,549	2,715	2,055	2,247	475	480
New Mexico	1,172	1,226	805	855	160	165
Oklahoma	1,158	1,215	1,886	1,989	170	158
Texas	25,369	27,530	NA	NA	3,947	4,189
ROCKY MOUNTAIN						
Colorado	1,568	1,666	3,315	3,586	294	292
Idaho	578	603	819	863	110	113
Montana*	NA	NA	472	476	67	95
Utah	1,305	1,370	1,478	1,585	185	170
Wyoming	242	251	NA	NA	NA	NA
FAR WEST						
Alaska	0	0	0	0	220	220
California*	18,620	19,680	28,526	30,175	5,926	6,295
Hawaii	1,461	1,498	1,089	1,107	48	50
Nevada	548	580	NA	NA	NA	NA
Oregon	0	0	3,686	4,083	306	411
Washington	4,949	5,082	0	0	0	0
TERRITORIES						
Puerto Rico	538	609	2,206	2,353	1,563	1,683
Total	**$154,715**	**$163,638**	**$166,502**	**$177,614**	**$33,960**	**$34,676**

NOTES: NA indicates data are not available because, in most cases, these states do not have this type of tax.
*See Notes to Table A-8.
**Unless otherwise noted, fiscal 1999 figures reflect preliminary actual tax collection estimates as shown in Table A-7, and fiscal 2000 figures reflect the estimates used in the recommended budgets.

SOURCE: National Association of State Budget Officers.

NOTES TO TABLE A-8

California	Tax collections are for the general fund only.
Montana	Corporate income tax collections for fiscal 2000 include a one-time anticipated collection from the gain on utility general asset sales.
New York	Current fiscal 2000 estimates of personal income tax collections include a surplus of $1.79 billion.
Tennessee	All three taxes are shared with local governments. Corporate income tax figures include the corporate franchise tax.

TABLE A-9

Recommended Revenue Changes by Type of Revenue, Fiscal 2000

State	*Tax Change Description*	*Effective Date*	*Fiscal 2000 Revenue Changes (Millions)*
	SALES TAXES		
Connecticut	Lowers the sales tax on hospital-related services to 5.75 percent and miscellaneous changes.	7/99	$ -9.1
Hawaii	Imposes a 4-percent tax on the sale of used cars by unlicensed sellers.	1/00	8.0
Minnesota	Exempts television commercials.	7/99	-1.0
New York	Reflects current-year phase-in of prior-year tax cuts.	Various	-4.8
Tennessee	Exempts groceries (Food Stamp definition) from the 6-percent sales tax.	1/00	-200.0
Texas	Exempts over-the-counter medicines, Internet access, and diapers.	10/99	-330.0
Utah	Increases the sales tax exemption for manufacturing equipment.	7/99	-5.6
	Renews the exemption for pollution control equipment.	7/99	-6.0
Virginia	Decreases the sales tax on food by 0.5 percent.	1/99	-26.3
Wisconsin	Extends the sales tax to temporary time shares.	NA	1.2
Total Revenue Changes—Sales Taxes			**$-573.6**
	PERSONAL INCOME TAXES		
Alaska	Imposes a tax of 31 percent of the federal tax.	1/00	$ 175.0
Arkansas	Brings the state into conformity with the federal tax code.		-2.0
	Eliminates the capital gains tax.		-12.4
	Creates an education individual retirement account (IRA) and a Roth IRA.		-1.3
Connecticut	Institutes a hope and lifetime learning tax credit at 15 percent of the federal amount. Also permits a 4-percent credit for contributions to the Connecticut Higher Education Trust. Also, for the income year commencing on or after January 1, 2000, increases the property tax credit from $350 to $400, for additional tax savings of $30 million.	1/99	-16.0
Delaware	Reduces personal income tax rates across the board, including a reduction in the top rate from 6.4 percent to 6.25 percent; eliminates the marriage penalty by increasing the current $4,000 standard deduction for a married couple to $6,500; and increases the personal credit from $100 to $110.	1/00	-11.3
Hawaii	Reduces capital gains rate.	1/99	-1.2
	Allows long-term care deduction.	1/99	-7.0
Idaho	Begins elimination of marriage penalty of the state income tax.	1/99	-1.3
Illinois	Phases in a doubling of personal exemption over three years.		-211.0
Indiana	Increases the standard deduction by $500.	1/99	-82.4
Kansas	Creates an income tax credit for property taxes paid on business machinery and equipment and adds an adoption tax credit.	7/99	-8.0
Massachusetts	Reduces the tax rate on “earned” income (i.e., all taxable income that is not dividends, capital gains, or interest from non-Massachusetts banks) from 5.95 percent to 5 percent, to be phased in over three tax years beginning in tax year 2000.	1/00	-219.0
	Reduces the tax rate on dividend and interest income (capital gains are excluded) from 5.95 percent to 5 percent, to be phased in over three tax years beginning in tax year 2000.	1/00	-7.0
Michigan	Increases personal exemption index.	NA	-25.3
	Creates a credit for the restoration of historical sites.	NA	-7.8
	Reduces rates.	1/00	-126.0
Minnesota	Creates an income tax rate reduction.	1/99	-543.1
	Reflects federal update.	1/00	2.6
	Creates income tax credits.	1/99	-165.9
Mississippi	Provides a 10-percent rebate for each taxpayer.	7/99	-50.5
Missouri	Increases the personal exemption by $900.	1/99	-155.0
	Adds deduction for self-employed health insurance.	1/00	-3.0
New Jersey	Raises the threshold from which individuals are taxed from $7,500 to an amount equal to the federal threshold.	1/99	-23.0

TABLE A-9 (continued)

Recommended Revenue Changes by Type of Revenue, Fiscal 2000

State	*Tax Change Description*	*Effective Date*	*Fiscal 2000 Revenue Changes (Millions)*
	PERSONAL INCOME TAXES (continued)		
New York	Reflects current-year phase-in of prior-year tax cuts.	Various	$-51.0
Ohio	Implements an adoption tax credit, college tuition tax deduction, and three health care deductions.	1/00	-66.4
Oklahoma	Decreases the top marginal rate from 6.75 percent to 6.5 percent.	1/00	-21.0
Pennsylvania	Increases the amount of income families may earn and still qualify for full or partial forgiveness.	1/99	-7.5
Puerto Rico	Reflects income tax reductions.		-64.0
Rhode Island	Reflects third-year value of five-year phasing in of income tax redudctions.	1/00	-16.0
South Carolina	Doubles the tax exemption for children ages six to ten.	1/99	-41.0
	Provides a deduction of $15,000 for taxpayers sixty-five years of age or older.	1/99	-5.7
	Provides college students who do not qualify for the LIFE scholarships with an individual income tax credit.	1/99	-7.0
Vermont	Reduces the personal income tax rate from 25 percent to 23 percent of federal liability.	1/99	-35.5
Virginia	Creates a military pay exclusion.	1/99	-4.7
Wisconsin	Increases property tax credit against income taxes.	NA	NA
Total Revenue Changes—Personal Income Taxes			**$-1,821.8**
	CORPORATE INCOME TAXES		
Arizona	Reduces the corporate income tax rate from 8.00 percent to 7.75 percent.	1/00	NA
Hawaii	Reduces the corporate income tax by 50 percent.	1/00	$-10.0
	Creates a deduction for prepaid care.	1/00	-17.0
Illinois	Changes the formula for appropriating income to Illinois for multistate companies.		-42.0
Kentucky	Creates the Kentucky Investment Fund Program.	NA	-5.0
	Provides a tax credit for worker training.	NA	-1.0
Michigan	Changes apportionment.	NA	-24.6
	Expands the alternative capital acquisition deduction calculation.	NA	-4.0
	Creates a credit for the restoration of a historical site.	NA	-2.3
Minnesota	Reflects federal update.	1/99	5.8
Missouri	Reduces the corporate franchise tax by reducing the minimum asset threshold and rate.	4/99	-7.0
New York	Offers state sales tax credit to energy service corporations.	4/99	-28.1
	Offers local residential sales tax credit to energy service corporations.	4/99	-4.7
	Offers tax credit for investment in low-income housing.	4/99	-2.0
	Restructures and reduces energy taxes.	4/99	-16.8
	Reflects current-year phase-in of prior-year tax cuts.	Various	-126.4
Oregon	Removes pollution control tax credit.		2.5
Pennsylvania	Increases net operating loss recovery of up to $2 million annually.	1/99	-35.5
	Raises sales factor weighting in the income apportionment formula to 60 percent.	1/99	-31.5
Tennessee	Extends the excise and franchise taxes to limited liability companies, limited liability partnerships, and sole proprietorships, with modifications to the base and franchise tax rate.	7/99	858.0
Texas	Creates a research and development tax credit and a small business exemption.		-337.0
Virginia	Reflects double-weighted sales apportionment factor.	1/99	-7.2
Wisconsin	Reflects combined reporting and single-factor apportionment.	NA	0.0
Total Revenue Changes—Corporate Income Taxes			**$164.2**

TABLE A-9 (continued)

Recommended Revenue Changes by Type of Revenue, Fiscal 2000

State	*Tax Change Description*	*Effective Date*	*Fiscal 2000 Revenue Changes (Millions)*
	CIGARETTE AND TOBACCO TAXES		
Maryland	Increases the tax on cigarettes by fifty cents per pack and imposes a tax on other tobacco products equivalent to 25 percent of the wholesale price.	7/99	$155.0
Michigan	Reflects stamping to ensure collection of tax on cigarettes bought in the state.		31.0
Oregon	Extends tax of ten cents per pack to January 2000.		-0.5
Total Revenue Changes—Cigarette and Tobacco Taxes			**$185.5**
	MOTOR FUEL TAXES		
Alaska	Increases the fuel tax from eight cents to seventeen cents per gallon.	7/00	$26.5
Maine	Increases gasoline and special fuel taxes by five cents.	9/99	27.9
Total Revenue Changes—Motor Fuel Taxes			**$54.4**
	OTHER TAXES		
Arizona	Reduces the vehicle license tax by 5 percent.	1/00	$-13.4
Arkansas	Creates a property tax refund.		-5.7
Connecticut	Lowers the hospital gross receipts tax to 5.75 percent.	10/99	-6.4
Delaware	Reduces by 25 percent the gross receipts tax paid by Delaware manufacturers and eliminates the public utility tax on natural gas consumption for certain manufacturers.	1/00	-2.0
Florida	Reduces required local effort millage by 0.717 mills.	7/99	-480.0
	Reflects one-time rebate on residential utility accounts.	7/99	-376.0
	Completes the phase-out of tax on accounts receivable.		-80.2
	Increases personal exemptions on the first mill of tax to $100,000 (individual filers) and $200,000 (joint filers) of property value.		-59.0
	Enacts $100,000 property value exemption for business filers.		-39.1
	Reenacts 1997 one-time tax rate cut of 0.5 percent for calendar year 2000.		-182.3
	Pays interest on refunds at the prime rate.		-3.4
	Reduces interest charged by the state on underpaid taxes from 12 percent to the prime rate.		-15.1
	Extends tax-exempt status to chapters or units of qualified veterans' organizations to continue past practice.		-0.4
Hawaii	Imposes a 1-percent county vehicle *ad valorem* tax.	1/00	32.0
	Increases the rental vehicle tax.	1/00	5.5
Kansas	Eliminates the severance tax on oil.	7/99	-4.0
Kentucky	Changes the tax rate for personal property held in a distribution center.		-1.0
Michigan	Creates a fee package for hazardous waste generators and treatment, storage, and disposal facilities.	1/00	1.6
	Revises personal property tax tables.	7/96	-26.9
Minnesota	Reduces the motor vehicle registration tax.	1/00	-95.7
Montana	Reduces business property taxes from 6 percent to 3 percent.	1/00	-35.0
New York	Brings state estate taxes into conformity with federal law.	4/99	-1.0
Oklahoma	Changes the gross production rate from 7 percent to a three-tiered structure dependent on price.	1/99	-47.0
Pennsylvania	Lowers capital stock and franchise taxes by one mill to 10.99 mills and reduces the minimum tax to $200.	1/99	-116.3
	Eliminates the gross receipts tax on natural gas companies.	1/00	-82.2
Rhode Island	Increases the rental vehicle surcharge from 6 percent to 8 percent.	7/99	1.7
South Carolina	Phases out the soft drinks tax. Reflects fourth step of a six-year phase-out.	7/96	-4.6
Washington	Applies the real estate excise tax to certain transfer transactions.		2.3
West Virginia	Places an excise tax on smokeless tobacco.	7/99	7.1
Total Revenue Changes—Other Taxes			**$-1,626.5**

TABLE A-9 (continued)

Recommended Revenue Changes by Type of Revenue, Fiscal 2000

State	*Tax Change Description*	*Effective Date*	*Fiscal 2000 Revenue Changes (Millions)*
	FEES		
Minnesota	Eliminates vehicle emissions inspections.	7/99	$ -7.4
	Reflects downsizing of population with developmental disabilities.	7/99	-4.7
New Jersey	Reduces fees from 150 percent to 125 percent of expenditures to reduce the assessment rate on employers from 8.9 percent to 8.7 percent.	1/00	-4.0
New York	Accelerates the phase-out of previous cuts of health facility provider assessments.	4/99	-223.3
	Increases the fee per ton of regulated air contaminants.	4/99	4.8
	Doubles the tank registration and barrel fee.	4/99	13.2
	Increases resident hunting and fishing license fees.	10/99	5.3
Ohio	Increases environmental protecton agency fees.	7/99	2.2
Tennessee	Extends the 6-percent sales tax to services of architects and engineers.	7/99	72.0
Total Revenue Changes—Fees			**$-141.9**

NOTE: NA indicates data are not available.

SOURCE: National Association of State Budget Officers.

TABLE A-10

Recommended Revenue Measures, Fiscal 2000

State	*Description*	*Effective Date*	*Fiscal 1999 Changes (Millions)*
Connecticut	Alters the corporate tax accrual date from August 15 to July 31.	NA	$ 0
Hawaii	Exempts exported services and taxes imported services.	1/00	0
Kentucky	Changes taxable value of a motor vehicle.	NA	-6.8
Michigan	Delays sales tax payments on credit purchases of construction materials.		-3.0
Minnesota	Repeals June accelerated sales, cigarette, and alcoholic beverages tax payments.	7/99	-156.4
Nevada	Changes the fee for collecting local government portion of sales tax.	1/00	3.6
New York	Authorizes extension of real estate transfer tax cut.	9/99	-1.3
	Increases the take-out on exotic and super-exotic racing and wagering bets by 2 percent.	4/99	13.5
	Extends mandatory surcharges on traffic infractions and standing violations.	11/99	25.0
Ohio	Extends environmental protection agency fees scheduled to sunset.	7/99	28.0
Oklahoma	Creates a witholding acceleration.	1/00	18.6
	Implements professional licensing strategy.	1/00	3.9
	Ensures size and weight law compliance.		3.0
Rhode Island	Transfers the value of an additional one cent of the gas tax to the department of transportation.	7/99	-4.6
	Extends the hospital licensing fee at the current rate of 2 percent.	7/99	37.4
Virginia	Reflects interest change equalization.	7/99	-1.4

NOTE: NA indicates data are not available.

SOURCE: National Association of State Budget Officers.

TABLE A-11

Total Balances and Balances as a Percentage of Expenditures, Fiscal 1998 to Fiscal 2000*

	*Total Balances (Millions)***			*Balances as a Percentage of Expenditures*		
Region and State	*Fiscal 1998*	*Fiscal 1999*	*Fiscal 2000*	*Fiscal 1998*	*Fiscal 1999*	*Fiscal 2000*
NEW ENGLAND						
Connecticut*	$ 499	$ 527	$ 527	5.1%	5.0%	5.0%
Maine	190	284	225	10.0	12.9	10.2
Massachusetts	1,414	1,431	1,444	8.2	7.7	7.6
New Hampshire	61	40	42	6.7	4.1	4.1
Rhode Island	193	141	66	10.3	6.8	3.1
Vermont	36	38	38	4.1	4.5	4.8
MID-ATLANTIC						
Delaware	539	477	396	28.4	21.7	17.6
Maryland	1,038	885	739	13.3	10.4	8.2
New Jersey	1,257	1,050	747	7.5	5.9	4.0
New York	638	799	2,466	1.9	2.2	6.6
Pennsylvania	920	1,049	805	5.3	5.8	4.3
GREAT LAKES						
Illinois	1,202	1,100	1,000	6.1	5.1	4.5
Indiana***	1,844	1,893	2,080	23.2	20.2	22.5
Michigan	1,055	1,058	1,059	12.2	12.0	11.7
Ohio	1,046	1,159	1,214	6.1	6.4	6.2
Wisconsin	554	551	545	5.7	5.5	5.2
PLAINS						
Iowa	854	774	668	19.6	17.1	14.2
Kansas	757	612	423	19.9	14.5	9.6
Minnesota	2,527	1,494	1,192	24.7	13.5	10.4
Missouri	398	292	205	6.0	4.1	2.9
Nebraska	564	312	198	29.2	14.0	8.7
North Dakota	97	69	32	13.3	9.1	4.1
South Dakota	30	37	37	4.2	5.0	4.9
SOUTHEAST						
Alabama	51	34	211	1.1	0.7	4.3
Arkansas	59	37	0	2.1	1.2	0.0
Florida	1,443	1,298	1,051	8.4	7.1	5.7
Georgia	1,203	585	584	9.7	4.5	4.4
Kentucky	556	263	252	9.3	4.3	3.9
Louisiana	94	107	107	1.6	1.8	1.8
Mississippi	314	321	239	10.7	10.3	7.0
North Carolina	638	836	529	5.6	6.4	4.1
South Carolina	517	439	242	10.5	9.2	4.8
Tennessee	349	152	183	6.0	2.4	2.7
Virginia	1,195	739	552	14.3	7.2	5.0
West Virginia	193	65	68	7.6	2.4	2.5
SOUTHWEST						
Arizona	816	446	432	15.6	7.6	7.5
New Mexico	227	193	178	7.4	6.0	5.4
Oklahoma	471	416	512	11.2	9.3	11.3
Texas	3,083	3,417	2,004	11.5	15.4	7.5
ROCKY MOUNTAIN						
Colorado	1,078	855	790	22.8	16.2	14.9
Idaho	72	62	74	5.0	3.8	4.4
Montana	44	43	53	4.3	4.1	4.9
Utah	174	134	98	5.7	4.1	2.9
Wyoming	40	52	10	7.7	10.0	1.7
FAR WEST						
Alaska	3,559	2,729	2,012	150.9	117.4	88.1
California	3,075	1,097	894	5.8	1.9	1.5
Hawaii	154	180	65	4.8	5.5	2.0
Nevada	214	208	211	14.8	13.6	13.6
Oregon	511	386	372	11.8	8.7	7.6
Washington	832	896	679	8.9	9.1	6.7
TERRITORIES						
Puerto Rico	126	32	67	2.1	0.5	1.0
Total	**$38,674**	**$32,060**	**$28,552**	**9.4%**	**7.4%**	**6.3%**

NOTES: *Fiscal 1998 are actual figures, fiscal 1999 are estimated figures, and fiscal 2000 are recommended figures.
**Total balances include both the ending balance and balances in budget stabilization funds.
***For Indiana, total balance includes $240 million of tuition reserve. The tuition reserve is the amount from the general fund reserved for the July tuition support distribution to local elementary and secondary schools.

SOURCE: National Association of State Budget Officers.

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