THE FISCAL SURVEY OF STATES

FALL 2014

An Update of State Fiscal Conditions

A report by the National Association of State Budget Officers

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THE NATIONAL ASSOCIATION OF STATE BUDGET OFFICERS

Founded in 1945, NASBO is the instrument through which the states collectively advance stage budget practices. The major functions of the organization consist of research, policy development, education, training, and technical assistance. These are achieved primarily through NASBO's publications, membership meetings, and training sessions. Association membership is composed of the heads of state finance departments, the states' chief budget officers, and their deputies. All other state budget office staff are associate members. Association membership is organized into four standing committees-Health and Human Services; Financial Management and Reporting; Education; and a Critical Issue Committee. NASBO is an independent professional and education association.

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PREFACE

The Fiscal Survey of States is published twice annually by the National Association of State Budget Officers (NASBO). The series was started in 1979. The survey presents aggregate and individual data on the states' general fund receipts, expenditures, annual tax and revenue changes and balances. Although not the totality of state spending, these funds are raised from states' own taxes and fees, such as state income and sales taxes. These general 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, NASBO's *State Expenditure Report*, is conducted annually.

The field survey on which this report is based was conducted by NASBO from August through October 2014. The survey was completed by Executive state budget officers in all 50 states.

Fiscal 2013 data represent actual figures, fiscal 2014 figures are preliminary actual, and fiscal 2015 data reflect state enacted budgets.

Forty-six states begin their fiscal years in July and end them in June. The exceptions are Alabama and Michigan, with October to September fiscal years; New York, with an April to March fiscal year; and Texas, with a September to August fiscal year. Additionally, 20 states operate on a biennial budget cycle.

EXECUTIVE SUMMARY

This report shows that state fiscal conditions are moderately improving in fiscal 2015 as the economic recovery enters its sixth year. Consistent annual growth in the economy, while not as robust as many would like, is leading most states back to budget growth. States have replenished some spending for areas cut back during the recession, such as K-12 education and higher education. In addition to bolstering state spending, economic growth has produced higher revenue collections. Elected officials in some states have cut taxes and fees, resulting in net tax cuts in three of the last four fiscal years. Signs of budget instability, such as budget gaps and mid-year budget cuts, have also diminished considerably. However, fiscal rebuilding is slow for many states and the underlying health of the economy remains in question, despite declines in the unemployment rate. For states, annual increases in revenue and spending are below historical averages, as they have been throughout the recovery period. This means state fiscal challenges are likely to persist from rising spending demands and limited gains in revenue collections.

According to states' enacted budgets, general fund spending is expected to increase by 3.1 percent in fiscal 2015, a slower rate of growth compared to the last several fiscal years. This is also below the average growth rate for state budgets going back to 1979, which stands at 5.5 percent. Slower growth in operating budgets in fiscal 2015 will likely curtail additional investments in certain areas of the budget that produce future benefits such as capital infrastructure. Moderate state fiscal advancements are widespread with 43 states enacting higher spending levels in fiscal 2015 compared to fiscal 2014. Additionally, state revenues are projected to grow at a faster rate in fiscal 2015, after a significant slowdown in fiscal 2014. Aggregate general fund revenue is projected to increase by 3.1 percent, compared to a 1.3 percent rise in fiscal 2014. The growth rate in general fund revenues slowed substantially in fiscal 2014 in part because one-time gains provided a temporary boost to collections in the prior fiscal year. As a result, state revenue growth was minimal, resulting in collections that fell short of projections in a number of states in fiscal 2014.

States are building on fiscal improvements made over the last several years, although additional resources are being curtailed by limited gains in state revenue collections. Additionally, operating budgets continue to face pressures from spending needs in transportation and infrastructure, as well as rising costs in areas such as higher education and health care. Overall, states are in a better position than they were a few years ago; most have surpassed pre-recession revenue and spending levels, a key milestone in resuming long-term budget growth. However, it has taken states many years to recover, and with annual increases in revenue and spending still below historical averages, difficult decisions regarding budgetary tradeoffs are likely to remain for states.

State Spending

Enacted fiscal 2015 budgets show aggregate general fund expenditures reaching $751.6 billion, an increase of $22.7 billion or 3.1 percent over fiscal 2014. Budget growth in fiscal 2015 is projected to slow from a 4.9 percent increase in fiscal 2014. A faster growth rate in state spending in fiscal 2014 is partly attributable to solid revenue gains in fiscal 2013, a year in which one-time gains helped collections to outpace projections in many states and led to large ending balances. General fund spending in fiscal 2014 reached $728.9 billion, compared to $694.5 billion spent in fiscal 2013.

Moderate spending increases are expected to be widespread with 43 states enacting higher spending levels in fiscal 2015 compared to fiscal 2014. However, fiscal 2015 and fiscal 2014 spending increases both remain below the historical average growth rate of 5.5 percent. General fund spending surpassed pre-recession highs for the first time in fiscal 2013, and is expected to end fiscal 2015, 9.4 percent above the pre-recession peak, without adjusting for inflation. State budgets increased by $62.1 billion or 9.3 percent over the two-year period from fiscal 2012 to fiscal 2014.

Enacted Budget Adjustments by Program Area

Examining enacted budget adjustments by program area can help to identify changing spending patterns across states. Additionally, spending changes across categories provide insight on policy priorities driving budgetary decision-making. General fund spending increases in fiscal 2015 continued to be most heavily targeted towards K-12 education and Medicaid, which received the majority of additional budget dollars. Thirty-nine states enacted general fund spending increases for K-12 education for a net increase of $11.1 billion. Thirty-six states increased spending for Medicaid for a net increase of $8.5 billion. Higher education, transportation and corrections also experienced enacted spending increases in fiscal 2015. Forty states enacted spending increases for higher education, 35 states increased spending for corrections and 12 states enacted increases for transportation.

Six states enacted budget cuts to K-12 education, seven states made cuts to higher education, seven states cut spending for Medicaid, 12 states enacted budget cuts for corrections and eight states cut transportation. Twelve states made general fund budget cuts to public assistance resulting in net declines of $590 million. For the second consecutive year, public assistance was the only major program area that received net budget cuts.

Budget Gaps and Mid-Year Budget Adjustments

State budget gaps and mid-year budget cuts have subsided compared to the years during and immediately following the recession when states had to make substantial cuts and take other actions—such as the use of rainy day funds to balance their budgets. Improved revenue collections and spending controls have significantly reduced the number of states with budget gaps in fiscal 2015. Ten states reported closing $5.2 billion in budget gaps prior to the start of fiscal 2015, and ten states have a combined $4.6 billion in remaining budget gaps that must be closed by the end of the fiscal year. By comparison, during this same period in fiscal 2014 and fiscal 2013, states reported closing $6.4 billion and $37 billion in budget gaps respectively. Although not all state budget offices have completed official forecasts, 11 states are projecting $7.9 billion in budget gaps for fiscal 2016. During the height of the recession, budget gaps for fiscal 2009 and fiscal 2010 reached a combined $185 billion for states.

State budget gaps that arise during the fiscal year are primarily solved through a reduction in previously appropriated spending. More states have enacted mid-year budget cuts in fiscal 2015 compared to the same reporting period in fiscal 2014. At the time of data collection, seven states reported mid-year budget cuts totaling $852 million for fiscal 2015. By comparison, in the fall of 2013, only two states reported $268 million in mid-year budget cuts for fiscal 2014. At the height of the recession, 41 states enacted $31.3 billion in mid-year budget cuts in fiscal 2009. A clearer picture of fiscal 2015 mid-year spending cuts will be captured in the Spring 2015 Fiscal Survey of States. While there may be a slight increase in mid-year budget cuts in fiscal 2015, budgets in most states remain stable.

State Revenues

According to enacted budgets, state revenue growth is projected to accelerate in fiscal 2015, after a significant slowdown in fiscal 2014. General fund revenues are projected to increase by 3.1 percent in fiscal 2015, an improvement from the estimated 1.3 percent gain in fiscal 2014. Moderate revenue growth is projected to be widespread. Forty-four states enacted fiscal 2015 budgets with higher general fund revenues than in fiscal 2014. Enacted fiscal 2015 budgets forecast total general fund revenues of $748.3 billion, compared to an estimated $726.1 billion collected in fiscal 2014 and $716.4 billion collected in fiscal 2013. State revenues have increased by $56.9 billion or 8.5 percent over the two-year period from fiscal 2012 to fiscal 2014. However, some of the increase in state revenues in fiscal 2013 was due to a one-time gain for states as taxpayers shifted capital gains, dividends and personal income to the 2012 calendar year to avoid higher federal taxes that were set to automatically begin on January 1, 2013. As a result of one-time gains in fiscal 2013, the growth rate in general fund revenues slowed substantially in fiscal 2014, especially in the spring months, which are critical for tax collections.

Despite aggregate revenue growth in fiscal 2014, 19 states experienced revenue declines, highlighting variability across states. And revenue collections fell short of projections in 20 states in fiscal 2014, possibly because the revenue impact from the federal fiscal cliff was greater than some states anticipated. However, after a challenging spring for states' tax collections, revenue growth is expected to accelerate in fiscal 2015. Personal income tax collections are expected to increase by 4.7 percent, outpacing the 4.0 percent projected growth in sales taxes. Sales tax collections performed reasonably well in fiscal 2014, growing by 4.9 percent and helping to offset the slowdown in personal income tax collections. Although, the economic recovery that has occurred in the service sector is to a great extent not reflected in sales tax collections because many services are not taxed by states. Additionally, online retail sales in many instances are not contributing to state revenues either.

Revenue challenges may persist for states in future years as more economic activity occurs outside state revenue systems.

Fiscal 2015 general fund revenues from all sources, including sales, personal income, corporate income and all other taxes and fees, were exceeding original forecasts in 7 states, on target in 26 states and below forecasts in 10 states. Seven states were not able to report fiscal 2015 collections compared to projections at the time of data collection. For fiscal 2014, 25 states exceeded original forecasts, five states were on target and 20 states ended fiscal 2014 below the original revenue estimate. A number of states took actions at the end of fiscal 2014 to achieve budget balance.

State Revenue Actions

States cut taxes and fees by $2.3 billion in fiscal 2015, slightly more than enacted revenue reductions in fiscal 2014. States have enacted net tax cuts in three of the last four fiscal years, as revenues have stabilized and spending pressures have subsided compared to the years immediately following the recession. However, tax cuts have been relatively minor in most states, indicating continued uncertainty regarding the economy and state revenues. Overall, 21 states enacted net tax cuts and 10 states enacted increases. States with the largest reductions in taxes and fees in fiscal 2015 include Florida, Minnesota, New York and Texas. New York's property tax freeze, which is financed through personal income tax credits, was the largest cut to personal income taxes at $375 million. In total, fourteen states enacted changes to reduce personal income taxes in fiscal 2015. Among states with net tax increases, enacted increases to Oregon's personal income and corporate income taxes accounted for the majority of additional revenues. In addition to tax and fee changes, states also enacted $669 million in new revenue measures in fiscal 2015. Revenue measures enhance or reduce general fund revenues but do not affect taxpayer liability.

Year-End Balances

Total balances include ending balances and the amounts in budget stabilization "rainy day" funds, and are a crucial tool that states heavily rely on during fiscal downturns and budget shortfalls. Balances reflect the surplus funds that states may use to respond to unforeseen circumstances, helping to offset potential revenue declines or increased spending demands. States have made progress rebuilding budgetary reserves since revenues precipitously declined in fiscal 2009 and 2010. By the end of fiscal 2010, total balance levels had fallen to $32.5 billion, or 5.2 percent of expenditures, from $69.0 billion, or 11.5 percent of expenditures in fiscal 2006. By fiscal 2013, states' budgetary reserves increased to $70.6 billion or 10.5 percent of expenditures as revenues outpaced projections, resulting in a sizeable increase in ending balances. Budget reserves declined in fiscal 2014 and are expected to drop further in fiscal 2015, according to enacted budgets. Enacted fiscal 2015 budgets show total balances declining to $53.1 billion or 7.3 percent of expenditures from $62.7 billion or 8.9 percent of expenditures in fiscal 2014. The decline in total balances from fiscal 2013 to fiscal 2015 is due primarily to decreases in states' ending balances; rainy day fund balances have remained relatively stable. However, a disproportionate share of state budget reserves are concentrated in Alaska and Texas, which account for $20.6 billion or 38.8 percent of states reported total balances in fiscal 2015. Enacted budgets show the remaining states have average balance levels that represent 4.8 percent of general fund expenditures for fiscal 2015.

This edition of The Fiscal Survey of States *reflects actual fiscal 2013, preliminary actual fiscal 2014, and appropriated fiscal 2015 figures. The data were collected in the fall of 2014.*

STATE EXPENDITURE DEVELOPMENTS

CHAPTER ONE

Overview

State budgets are projected to continue their trajectory of moderate growth in fiscal 2015 for the fifth consecutive year according to enacted budgets. Consistent year-over-year growth has helped states achieve relative budget stability with limited unanticipated cuts. Aggregate general fund spending increased by 4.9 percent in fiscal 2014, a much faster growth rate than the current rate of inflation, which stands at 1.3 percent.[1] Even so, fiscal rebuilding since the Great Recession remains slow for many states. Budgetary challenges linger from a long recovery in the national economy, unemployment rates higher than policy makers want and declines in real wages in many states.[2] However, with each passing year of slow improvement, more and more states are moving beyond recession induced declines and returning to more normal patterns of growth. Additional spending in fiscal 2015 is limited, but enacted budgets provide increased support for core services such as K-12 education and higher education. Despite a slowdown in health care costs relative to decades past, Medicaid will receive a disproportionate share of new general fund dollars again in fiscal 2015. And along with low levels of debt issuance, tight operating budgets will continue to suppress investments in infrastructure. With these challenges and more, fiscal progress is likely to remain slow and steady in fiscal 2015.

State Spending from All Sources

This report captures only state general fund spending. General fund spending represents the primary component of discretionary expenditures of revenue derived from general sources which have not been earmarked for specific items. According to the most recent edition of NASBO's *State Expenditure Report*, estimated fiscal 2014 spending from all sources (general funds, federal funds, other state funds and bonds) is approximately $1.8 trillion. General funds represent the largest amount of total state spending at 40.5 percent, followed by federal funds at 30.3 percent, other state funds at 27.1 percent, and bonds at 2.1 percent. The components of *total* state spending for estimated fiscal 2014 are: Medicaid, 25.8 percent; elementary and secondary education, 19.5 percent; higher education, 10.1 percent; transportation, 7.7 percent; corrections, 3.1 percent; public assistance, 1.4 percent; and all other expenditures, 32.4 percent.

For estimated fiscal 2014, components of general fund spending are elementary and secondary education, 35.0 percent; Medicaid, 19.1 percent; higher education, 9.4 percent; corrections, 6.8 percent; public assistance, 1.4 percent; transportation, 0.9 percent; and all other expenditures, 27.4 percent.

State General Fund Spending

State general fund spending is forecast to be $751.6 billion in fiscal 2015 according to enacted budgets. This represents a 3.1 percent increase from the $728.9 billion spent in fiscal 2014. The fiscal 2015 spending increase will mark the fifth consecutive yearly increase in general fund expenditures following back-to-back declines in general fund spending in fiscal 2009 and fiscal 2010, when spending decreased by 3.8 percent and 5.7 percent respectively. *(See Table 1, Figure 1)* Budget increases are widespread in fiscal 2015, with 43 states enacting higher spending levels compared to fiscal 2014. However, spending is projected to slow, compared to a 4.9 percent increase in fiscal 2014, which was partly the result of one-time revenue gains in fiscal 2013. General fund spending surpassed the pre-recession peak in fiscal 2013, and spending levels based on enacted fiscal 2015 budgets are 9.4 percent above where they were before the recession, without adjusting for inflation. *(See Tables 3 – 5)*

After five years of budget growth, most states have surpassed their pre-recession spending levels although 11 states enacted fiscal 2015 budgets below fiscal 2008 levels, indicating a number of states across the country still face an uphill path to full recovery. For fiscal 2015, seven states enacted general fund expenditures below fiscal 2014 levels, 29 states had general fund expenditure growth between 0 and 4.9 percent, and 14 states had general fund spending growth greater than 5.0 percent. *(See Tables 2 and 6)*

[1] See the U.S. Bureau of Economic Analysis National Income and Product Account Tables. Table 3.9.4. Price Indexes for Government Consumption Expenditures and Gross Investment. Last revised on October 30, 2014. Line 33, state and local price index, is used for determining changes in real purchases. Fiscal year inflation rates determined through quarterly averages.

[2] The Urban Institute. October 2014. *"State Economic Monitor: October 2014."*

TABLE 1

State Nominal and Real Annual Budget Increases, Fiscal 1979 to Fiscal 2015

	State General Fund	
Fiscal Year	Nominal Increase	Real Increase
2015	3.1%	
2014	4.9	3.6%
2013	4.2	2.6
2012	3.4	0.9
2011	3.5	0.3
2010	-5.7	-6.5
2009	-3.8	-6.3
2008	4.9	-0.4
2007	9.4	4.4
2006	8.7	3.2
2005	6.5	0.5
2004	3.0	-0.7
2003	0.6	-2.4
2002	1.3	-0.9
2001	8.3	3.9
2000	7.2	2.4
1999	7.7	4.9
1998	5.7	3.7
1997	5.0	2.7
1996	4.5	2.2
1995	6.3	3.3
1994	5.0	2.8
1993	3.3	-0.1
1992	5.1	1.8
1991	4.5	0.0
1990	6.4	1.5
1989	8.7	4.8
1988	7.0	2.9
1987	6.3	2.6
1986	8.9	5.4
1985	10.2	6.0
1984	8.0	3.9
1983	-0.7	-6.2
1982	6.4	-0.9
1981	16.3	5.2
1980	10.0	-0.5
1979	10.1	3.2
1979-2014 average	**5.5%**	**1.5%**

*NOTES: *The state and local government implicit price deflator cited by the Bureau of Economic Analysis National Income and Product Account Tables, Table 3.9.4., Line 33, in November 2014 is used for state expenditures in determining real changes. Fiscal Year real changes are based on quarterly averages. Fiscal 2013 figures are based on the change from fiscal 2012 actuals to fiscal 2013 actuals. Fiscal 2014 figures are based on the change from fiscal 2013 actuals to fiscal 2014 estimated. Fiscal 2015 figures are based on the change from fiscal 2014 estimated figures to fiscal 2015 enacted.*

FIGURE 1:
Annual Percentage Budget Increases, Fiscal 1979 to Fiscal 2015

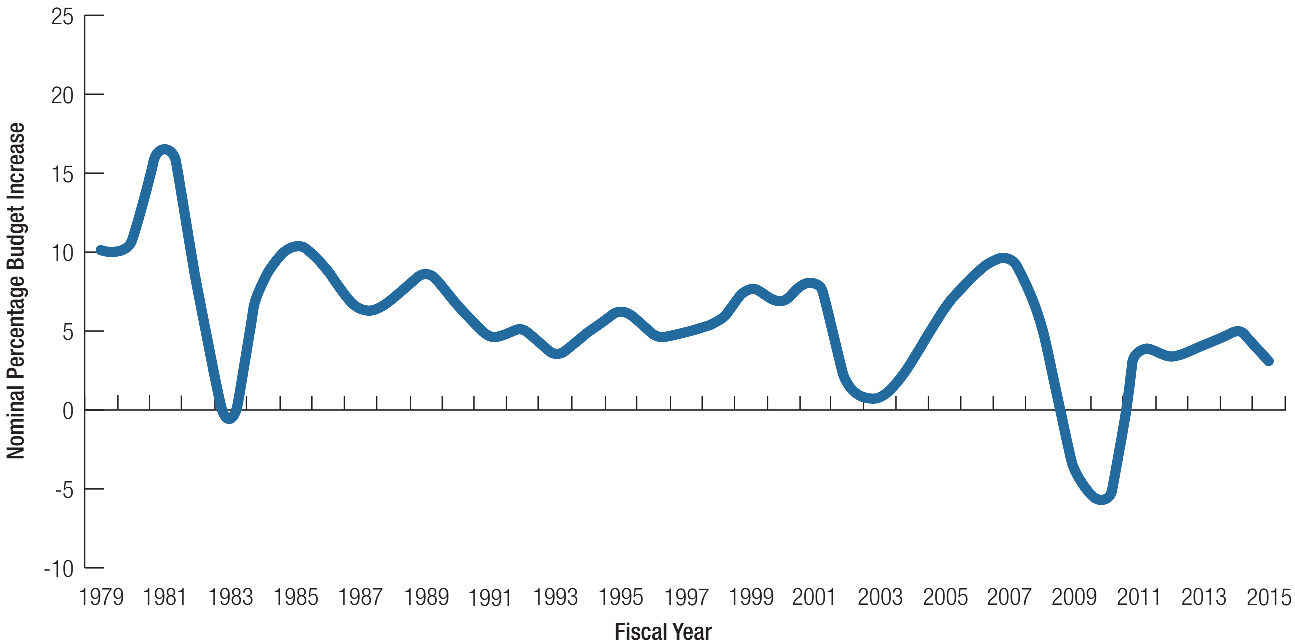


TABLE 2
State General Fund Expenditure Growth, Fiscal 2014 and 2015

	Number of States	
Spending Growth	Fiscal 2014 (Preliminary Actual)	Fiscal 2015 (Appropriated)
Negative growth	8	7
0.0% to 4.9%	25	29
5.0% to 9.9%	10	14
10% or more	7	0

NOTES: Average spending growth for fiscal 2014 (preliminary actual) is 4.9 percent; average spending growth for fiscal 2015 (enacted) is 3.1 percent. See Table 6 for state-by-state data.

TABLE 3

Fiscal 2013 State General Fund, Actual (Millions)

State	Beginning Balance	Revenues	Adjustments	Total Resources	Expenditures	Adjustments	Ending Balance	Rainy Day Fund Balance
Alabama* **	$60	$7,263	$146	$7,468	$7,164	$0	$304	$14
Alaska**	0	6,932	60	6,992	7,783	187	-978	16,332
Arizona**	397	8,153	1,008	9,558	8,463	200	896	454
Arkansas	0	4,728	0	4,728	4,728	0	0	0
California* **	-1,615	99,915	499	98,800	96,562	-290	2,527	1,573
Colorado* **	796	8,555	0	9,351	7,912	-7	1,446	373
Connecticut**	0	19,405	-221	19,184	19,026	-19	177	271
Delaware*	565	3,730	0	4,294	3,659	0	636	199
Florida	1,509	26,095	0	27,604	24,712	0	2,892	709
Georgia* **	551	18,296	363	19,210	18,310	0	900	717
Hawaii	275	6,234	0	6,510	5,666	0	844	24
Idaho**	100	2,790	-113	2,777	2,697	0	80	135
Illinois**	40	34,376	1,987	36,403	30,292	5,957	154	0
Indiana**	1,803	14,756	34	16,593	14,247	918	1,428	515
Iowa**	0	6,769	572	7,341	6,413	0	928	611
Kansas**	503	6,341	0	6,844	6,135	0	709	0
Kentucky**	90	9,450	267	9,807	9,527	156	123	122
Louisiana**	0	8,277	253	8,530	8,369	0	161	444
Maine**	42	3,048	116	3,206	3,082	117	8	60
Maryland**	551	14,885	171	15,607	15,105	0	502	700
Massachusetts*	1,990	33,779	0	35,769	33,894	0	1,874	1,557
Michigan**	979	9,958	-899	10,038	8,851	0	1,187	506
Minnesota* **	1,795	18,656	0	20,451	18,739	0	1,712	656
Mississippi**	53	4,940	-100	4,894	4,744	96	54	32
Missouri**	204	8,083	185	8,471	8,024	0	447	277
Montana	452	2,078	3	2,533	1,997	-2	538	0
Nebraska**	499	4,047	-142	4,404	3,589	0	815	384
Nevada**	336	3,301	0	3,636	3,289	47	300	85
New Hampshire* **	23	1,437	0	1,460	1,257	121	82	9
New Jersey**	444	31,432	-110	31,765	31,455	0	310	0
New Mexico* **	713	5,784	0	6,497	5,826	20	651	651
New York* **	1,787	58,783	0	60,570	58,960	0	1,610	1,306
North Carolina	351	20,603	0	20,954	20,631	0	324	651
North Dakota**	1,294	2,331	305	3,930	2,353	181	1,396	584
Ohio**	974	29,559	0	30,532	27,893	0	2,639	482
Oklahoma**	107	6,331	-27	6,411	6,276	3	133	535
Oregon**	48	7,225	-47	7,226	6,739	0	487	69
Pennsylvania**	659	27,397	202	28,258	27,731	-13	541	0
Rhode Island**	115	3,324	-96	3,344	3,216	24	104	172
South Carolina* **	956	6,390	0	7,346	6,200	100	1,046	388
South Dakota**	0	1,258	58	1,316	1,291	1	24	135
Tennessee**	819	12,034	-44	12,809	11,458	551	800	356
Texas**	-78	48,572	-2,172	46,322	40,816	0	5,506	6,170
Utah**	157	5,329	108	5,594	5,127	119	348	403
Vermont**	0	1,345	0	1,345	1,323	22	0	74
Virginia	1,350	16,666	0	18,016	17,136	0	880	440
Washington**	-380	15,783	244	15,647	15,479	0	168	270
West Virginia**	611	4,104	96	4,811	4,271	28	512	915
Wisconsin**	342	14,086	683	15,111	14,333	19	759	0
Wyoming**	0	1,788	0	1,788	1,788	0	0	927
Total	**$22,265**	**$716,396**		**$742,051**	**$694,535**		**$38,982**	**$41,286**

*NOTES: NA indicates data are not available. *In these states, the ending balance includes the balance in the budget stabilization fund. **See Notes to Table 3 on page 28.*

TABLE 4

Fiscal 2014 State General Fund, Preliminary Actual (Millions)

State	Beginning Balance	Revenues	Adjustments	Total Resources	Expenditures	Adjustments	Ending Balance	Rainy Day Fund Balance
Alabama**	$304	$7,328	$204	$7,836	$7,522	$314	$0	$328
Alaska**	0	5,304	35	5,339	7,323	-270	-1,714	15,033
Arizona**	896	8,338	153	9,386	8,812	0	574	455
Arkansas	0	4,944	0	4,944	4,944	0	0	0
California* **	2,528	102,185	-636	104,077	100,711	-537	3,903	2,948
Colorado* **	373	8,929	2	9,304	8,742	6	557	411
Connecticut**	0	17,608	-408	17,200	16,980	-29	248	519
Delaware*	636	3,573	0	4,209	3,794	0	414	202
Florida	2,892	26,583	0	29,475	27,152	0	2,323	925
Georgia* **	900	19,168	28	20,097	19,109	0	988	796
Hawaii	844	6,096	0	6,940	6,275	0	665	83
Idaho**	80	2,818	-70	2,828	2,784	0	45	161
Illinois**	154	34,616	2,152	36,922	30,811	6,037	74	0
Indiana**	1,428	14,660	22	16,110	14,553	520	1,036	969
Iowa**	0	6,489	679	7,168	6,462	0	707	650
Kansas**	709	5,986	0	6,696	5,999	0	697	0
Kentucky**	123	9,621	302	10,046	9,864	102	80	77
Louisiana**	0	8,337	64	8,401	8,401	0	0	445
Maine**	8	3,075	132	3,214	3,200	2	13	68
Maryland**	502	15,106	78	15,686	15,539	0	148	764
Massachusetts*	1,874	35,711	0	37,585	36,176	0	1,409	1,259
Michigan**	1,187	9,876	-1,419	9,644	9,207	0	437	396
Minnesota* **	1,712	19,304	0	21,016	19,678	0	1,338	661
Mississippi**	54	5,403	-108	5,348	5,041	266	41	110
Missouri**	447	8,003	124	8,574	8,352	0	222	270
Montana	538	2,077	-2	2,613	2,188	1	424	0
Nebraska**	815	4,106	-456	4,465	3,791	0	674	719
Nevada**	300	3,257	0	3,557	3,280	9	268	28
New Hampshire* **	82	1,323	0	1,405	1,252	124	29	9
New Jersey**	310	31,229	1,535	33,074	32,774	0	300	0
New Mexico* **	651	6,062	0	6,713	6,027	108	579	579
New York* **	1,610	61,868	0	63,478	61,243	0	2,235	1,481
North Carolina	351	20,153	0	20,504	20,234	0	269	651
North Dakota**	1,396	2,586	342	4,324	3,237	0	1,087	584
Ohio**	2,639	29,233	0	31,872	30,595	0	1,277	1,478
Oklahoma**	133	6,330	37	6,500	6,500	0	0	535
Oregon**	487	7,635	-166	7,955	7,925	0	30	206
Pennsylvania**	541	27,502	433	28,476	28,597	-202	81	0
Rhode Island**	104	3,436	-99	3,441	3,336	37	68	177
South Carolina* **	1,046	6,552	0	7,599	6,329	106	1,163	408
South Dakota**	24	1,354	98	1,476	1,442	24	10	139
Tennessee**	800	12,140	208	13,148	12,535	341	273	456
Texas**	5,505	49,232	-3,413	51,325	47,649	0	3,676	6,656
Utah**	348	5,247	41	5,636	5,420	0	216	401
Vermont**	0	1,388	8	1,396	1,386	10	0	71
Virginia	880	18,084	0	18,964	18,959	0	5	688
Washington**	168	16,353	-69	16,452	16,089	0	363	414
West Virginia**	512	4,106	8	4,626	4,208	6	412	956
Wisconsin**	759	13,948	606	15,313	14,674	122	517	0
Wyoming**	0	1,787	0	1,787	1,787	0	0	926
Total	**$37,648**	**$726,051**		**$764,142**	**$728,884**		**$28,161**	**$45,091**

*NOTES: NA indicates data are not available. *In these states, the ending balance includes the balance in the budget stabilization fund. **See Notes to Table 4 on page 30.*

TABLE 5

Fiscal 2015 State General Fund, Appropriated (Millions)

State	Beginning Balance	Revenues	Adjustments	Total Resources	Expenditures	Adjustments	Ending Balance	Rainy Day Fund Balance
Alabama**	$0	$7,734	$166	$7,900	$7,662	$109	$129	$437
Alaska**	0	4,523	0	4,523	5,839	68	-1,384	11,371
Arizona**	574	8,752	54	9,379	9,272	0	108	455
Arkansas	0	5,047	0	5,047	5,047	0	0	0
California* **	3,903	105,488	0	109,391	107,987	0	1,404	2,056
Colorado* **	436	9,601	17	10,053	9,333	0	720	570
Connecticut	0	17,458	0	17,458	17,458	0	0	520
Delaware* **	414	3,949	0	4,363	3,864	0	500	213
Florida	2,323	27,565	0	29,888	28,299	0	1,589	1,139
Georgia* **	988	19,746	0	20,734	19,746	0	NA	NA
Hawaii	665	6,202	0	6,867	6,439	0	428	91
Idaho**	44	2,962	-2	3,005	2,936	0	69	161
Illinois**	74	33,039	1,895	35,008	29,373	5,561	74	0
Indiana**	1,036	15,092	0	16,128	14,870	211	1,048	1,122
Iowa**	0	6,850	652	7,502	6,982	0	520	696
Kansas**	697	5,975	0	6,672	6,301	0	371	0
Kentucky**	81	9,901	337	10,318	10,124	112	82	98
Louisiana**	0	8,683	0	8,683	8,758	-76	1	470
Maine**	13	3,247	50	3,310	3,184	125	1	68
Maryland**	127	15,992	26	16,145	16,061	0	83	783
Massachusetts*	1,409	38,107	0	39,516	38,285	0	1,232	1,218
Michigan**	437	10,268	-902	9,804	9,801	0	3	509
Minnesota* **	1,338	19,788	0	21,126	19,910	0	1,216	811
Mississippi**	41	5,460	0	5,501	5,501	0	0	395
Missouri**	252	8,590	131	8,972	8,755	0	218	233
Montana	424	2,137	0	2,561	2,199	0	362	0
Nebraska**	674	4,221	-235	4,660	4,106	312	242	708
Nevada**	268	3,341	0	3,610	3,339	9	262	0
New Hampshire* **	36	1,430	0	1,466	1,358	99	9	9
New Jersey	300	32,295	0	32,595	32,207	0	388	0
New Mexico* **	579	6,294	0	6,872	6,202	0	670	670
New York* **	2,235	62,962	0	65,197	63,142	0	2,055	1,481
North Carolina	269	21,001	0	21,271	21,082	186	2	652
North Dakota**	1,087	2,320	520	3,927	3,473	0	454	584
Ohio**	1,700	30,779	0	32,479	31,847	0	632	1,478
Oklahoma**	0	6,595	0	6,595	6,403	0	192	NA
Oregon**	30	8,266	-55	8,241	7,990	0	251	386
Pennsylvania**	81	28,956	0	29,036	29,027	2	7	3
Rhode Island**	59	3,493	-107	3,446	3,445	0	1	178
South Carolina* **	1,163	6,660	0	7,824	6,738	115	971	447
South Dakota**	10	1,392	0	1,402	1,392	10	0	149
Tennessee**	273	12,493	-36	12,730	12,585	141	4	492
Texas**	3,676	50,208	-2,660	51,225	48,661	0	2,564	8,070
Utah**	216	5,447	19	5,682	5,675	0	7	401
Vermont**	0	1,448	1	1,448	1,440	8	0	72
Virginia	5	18,973	0	18,979	18,973	0	6	938
Washington**	363	16,816	-68	17,111	16,640	0	471	583
West Virginia**	412	4,254	0	4,666	4,270	0	397	860
Wisconsin**	517	14,725	559	15,800	15,883	-19	-64	0
Wyoming**	0	1,765	0	1,765	1,765	0	0	890
Total	**$29,229**	**$748,290**		**$777,881**	**$751,626**		**$18,293**	**$42,466**

*NOTES: NA indicates data are not available. *In these states, the ending balance includes the balance in the budget stabilization fund. **See Notes to Table 5 on page 33.*

TABLE 6

General Fund Nominal Percentage Expenditure Change, Fiscal 2014 and Fiscal 2015

State	Fiscal 2014	Fiscal 2015
Alabama	5.0%	1.9%
Alaska	-5.9	-20.3
Arizona	4.1	5.2
Arkansas	4.6	2.1
California	4.3	7.2
Colorado	10.5	6.8
Connecticut	-10.8	2.8
Delaware	3.7	1.8
Florida	9.9	4.2
Georgia	4.4	3.3
Hawaii	10.8	2.6
Idaho	3.2	5.5
Illinois	1.7	-4.7
Indiana	2.1	2.2
Iowa	0.8	8.0
Kansas	-2.2	5.0
Kentucky	3.5	2.6
Louisiana	0.4	4.3
Maine	3.8	-0.5
Maryland	2.9	3.4
Massachusetts	6.7	5.8
Michigan	4.0	6.5
Minnesota	5.0	1.2
Mississippi	6.3	9.1
Missouri	4.1	4.8
Montana	9.5	0.5
Nebraska	5.6	8.3
Nevada	-0.3	1.8
New Hampshire	-0.4	8.4
New Jersey	4.2	-1.7
New Mexico	3.4	2.9
New York	3.9	3.1
North Carolina	-1.9	4.2
North Dakota	37.6	7.3
Ohio	9.7	4.1
Oklahoma	3.6	-1.5
Oregon	17.6	0.8
Pennsylvania	3.1	1.5
Rhode Island	3.7	3.3
South Carolina	2.1	6.5
South Dakota	11.7	-3.5
Tennessee	9.4	0.4
Texas	16.7	2.1
Utah	5.7	4.7
Vermont	4.8	3.9
Virginia	10.6	0.1
Washington	3.9	3.4
West Virginia	-1.5	1.5
Wisconsin	2.4	8.2
Wyoming	-0.1	-1.2
Average	**4.9%**	**3.1%**

*NOTES: **Fiscal 2014 reflects changes from fiscal 2013 expenditures (actual) to fiscal 2014 expenditures (preliminary actual). Fiscal 2015 reflects changes from fiscal 2014 expenditures (preliminary actual) to fiscal 2015 expenditures (appropriated).*

Mid-Year Budget Adjustments, Enacted Budget Adjustments by Program Area and Budget Gaps

One of the clearest signs of state fiscal stress is net mid-year budget cuts, as these actions are evidence that states will not be able to meet previously set revenue collections forecasts. While budgets remain stable for most states, the start of fiscal 2015 has proven somewhat more difficult than the first few months of fiscal 2014. More states are experiencing fiscal stress in fiscal 2015 compared to the same time period in fiscal 2014. Although the fiscal year was just underway at the time of data collection, seven states reported mid-year budget cuts totaling $852 million for fiscal 2015. By comparison, in the fall of 2013, only two states reported $268 million in mid-year budget cuts for fiscal 2014. By the spring of 2014, eight states reported $1 billion in mid-year budget cuts for fiscal 2014. *(See Tables 7 – 9)* In fiscal 2013 and fiscal 2012, 11 states made $1.3 billion in mid-year budget cuts and eight states made $1.7 billion in budget cuts respectively. *(See Figure 2)* In sharp contrast to fiscal 2009, 2010 and 2011, states have enacted minimal mid-year cuts over the last several fiscal years, indicating that states' fiscal situations have stabilized, and budgets are successfully adapting to the current economic environment.

In addition to mid-year budget cuts, enacted budget adjustments by program area help identify changing spending patterns within the general fund. *(See Tables 10 – 12)* Thirty-nine states increased funding for K-12 education, while only six states enacted cuts, resulting in a net spending increase of $11.1 billion in fiscal 2015. Similarly, 40 states enacted general fund spending increases for higher education, resulting in a net spending increase of $4.4 billion. Thirty-six states increased general fund spending for Medicaid, resulting in a net spending increase of $8.5 billion. All major program areas experienced enacted spending increases in fiscal 2015 with the exception of public assistance, which received a net spending decrease of $590 million, although much of this decrease is attributable to California's shift in funding support for public assistance outside the general fund.

Mid-year budget cuts are one mechanism by which states can close current year budget gaps, the differences between enacted levels of spending and anticipated revenue collections. States can also implement strategies to close budget gaps prior to the start of the fiscal year. Previously closed budget gaps for fiscal 2015 totaled $5.2 billion, slightly less than the $6.4 billion in previously closed budget gaps for fiscal 2014. Although projected budget gaps for fiscal 2016 are preliminary, 11 states are forecasting $7.9 billion in budget gaps for fiscal 2016. Declining budget gaps in fiscal 2015 and fiscal 2014 indicates that state fiscal conditions are further stabilizing from prior years. Constrained revenues and heightened spending demands in fiscal 2011 and fiscal 2012 left states to solve $146.3 billion in budget gaps over the two-year period. State revenue collections improved in fiscal 2013, helping states reduce projected budget gaps for fiscal 2014 and fiscal 2015. However, revenue growth rates have not kept pace with spending demands in several states. Ten states are working to solve $4.6 billion in on-going budget gaps before the end of fiscal 2015.

In order to eliminate budget gaps and control spending in fiscal 2015 and fiscal 2016, states are planning to use a number of strategies. In fiscal 2015, 16 states reported that targeted cuts have been used to reduce expenditures, and six states plan to make across-the-board percentage cuts. Five states have increased fees for higher education and four states have increased court fees. Three states intend to close budget gaps by making use of their "rainy day" fund in fiscal 2015, and three states are making cuts to state employee benefits. In contrast to the years immediately following the recession, a very limited number of states reported solving budget gaps by implementing employee layoffs or furloughs. While few states were able to project how budget gaps will be addressed in fiscal 2016, five expect to make targeted cuts and two are planning to tap the state's rainy day fund. *(See Tables 13 – 15)*

TABLE 7
Fiscal 2015 Net Mid-Year Budget Cuts

State	FY 2015 Size of Cuts ($ in Millions)	Programs or Expenditures Exempted from Cuts
Hawaii	$47.7	Debt service, employee retirement and health benefits, and Medicaid payments.
Indiana	129.4	Distributions to K-12 school corporations.
Maryland	79.4	Debt service and K-12 education.
Missouri	512.2	
Pennsylvania	51.1	
Vermont	22.1	Debt service, Education Transfer.
Washington	10.0	Basic education, pensions, and debt service.
Total	**$851.9**	—

*NOTES: *See Notes Table 7. **Budget Cuts for Fiscal 2015 are currently ongoing. See Tables 8 & 9 for state-by-state data on programs and dollar values.*

TABLE 8
Fiscal 2015 Mid-Year Program Area Cuts

State	K-12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other
Alabama							
Alaska							
Arizona							
Arkansas							
California							
Colorado							
Connecticut							
Delaware							
Florida							
Georgia							
Hawaii	X	X			X		X
Idaho							
Illinois							
Indiana	X	X	X	X	X	X	X
Iowa							
Kansas							
Kentucky							
Louisiana							
Maine							
Maryland		X	X	X	X		X
Massachusetts							
Michigan							
Minnesota							
Mississippi							
Missouri		X		X	X	X	X
Montana							
Nebraska							
Nevada							
New Hampshire							
New Jersey							
New Mexico							
New York							
North Carolina							
North Dakota							
Ohio							
Oklahoma							
Oregon							
Pennsylvania			X	X	X		X
Rhode Island							
South Carolina							
South Dakota							
Tennessee							
Texas							
Utah							
Vermont	X	X	X	X	X		X
Virginia							
Washington		X	X			X	X
West Virginia							
Wisconsin							
Wyoming							
Total	3	6	5	5	6	3	7

NOTE: See Table 9 for state-by-state dollar values.

TABLE 9
Fiscal 2015 Mid-Year Program Area Adjustments by Dollar Value (Millions)

State	K-12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other	Total
Alabama	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Alaska								
Arizona								
Arkansas					6.3			6.3
California								
Colorado								
Connecticut								
Delaware								
Florida								
Georgia								
Hawaii	-13.9	-5.4			-0.8		-27.6	-47.7
Idaho								
Illinois								
Indiana	-1.7	-26.5	-7.9	-2.4	-0.5	-1.9	-88.5	-129.4
Iowa								
Kansas								
Kentucky								
Louisiana								
Maine*								
Maryland		-10.5	-11.3	-6.4	-0.7		-50.5	-79.4
Massachusetts								
Michigan								
Minnesota								
Mississippi								
Missouri*		-29.8		-64.1	-8.2	-4.0	-406.1	-512.2
Montana								
Nebraska								
Nevada								
New Hampshire								
New Jersey								
New Mexico								
New York								
North Carolina								
North Dakota								
Ohio								
Oklahoma								
Oregon								
Pennsylvania			-2.6	-15.0	-2.5		-31.1	-51.1
Rhode Island								
South Carolina								
South Dakota								
Tennessee								
Texas								
Utah								
Vermont	-0.4	-0.4	-2.1	-11.3	-0.7	NA	-7.2	-22.1
Virginia								
Washington*	25.0	-20.0	-30.0	47.0	15.0	-2.0	-45.0	-10.0
West Virginia								
Wisconsin								
Wyoming								
Total	**$9.0**	**-$92.6**	**-$53.9**	**-$52.2**	**$8.0**	**-$7.9**	**-$656.0**	**-$845.6**

*NOTE: *See Notes to Table 9 on page 36.*

TABLE 10
Fiscal 2015 Enacted Program Area Cuts

State	K-12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other
Alabama					X		X
Alaska		X				X	X
Arizona				X			
Arkansas							
California							
Colorado							
Connecticut			X	X	X		
Delaware*		X	X				
Florida							
Georgia							
Hawaii					X		X
Idaho							
Illinois	X		X		X	X	X
Indiana		X					X
Iowa			X				
Kansas							X
Kentucky							
Louisiana			X				X
Maine				X	X		
Maryland*	X		X				
Massachusetts			X				
Michigan			X				
Minnesota	X					X	
Mississippi							
Missouri				X			
Montana							
Nebraska						X	
Nevada	X				X		
New Hampshire							
New Jersey	X		X		X	X	X
New Mexico				X			
New York			X				
North Carolina							
North Dakota							
Ohio							
Oklahoma		X			X		X
Oregon							
Pennsylvania			X	X			
Rhode Island				X			
South Carolina							
South Dakota						X	X
Tennessee	X	X			X		X
Texas							X
Utah							
Vermont			X		X		
Virginia					X		
Washington		X			X	X	
West Virginia		X				X	
Wisconsin							
Wyoming							
Total	**6**	**7**	**12**	**7**	**12**	**8**	**12**

*NOTES: *See Notes to Table 10 on page 36. See Table 12 for state-by-state dollar values.*

TABLE 11
Fiscal 2015 Enacted Budget Increases by Program Area

State	K-12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other
Alabama	X	X	X	X			
Alaska	X		X	X	X		
Arizona	X	X	X		X		X
Arkansas	X	X	X	X	X		X
California	X	X		X	X		X
Colorado	X	X		X	X		X
Connecticut	X	X				X	X
Delaware	X			X	X		X
Florida	X	X		X	X	X	X
Georgia	X	X		X	X	X	X
Hawaii	X	X					
Idaho	X	X		X	X		X
Illinois		X		X			
Indiana	X			X	X		
Iowa	X	X		X	X		X
Kansas	X	X		X	X		
Kentucky	X	X		X	X		X
Louisiana	X	X		X	X		
Maine							X
Maryland		X		X	X		X
Massachusetts	X	X		X	X	X	X
Michigan		X		X	X	X	X
Minnesota		X	X	X	X		X
Mississippi	X	X		X	X		X
Missouri	X	X			X	X	X
Montana	X	X	X	X	X		X
Nebraska	X	X	X	X	X		X
Nevada		X	X	X			X
New Hampshire		X			X		X
New Jersey		X		X			
New Mexico	X	X			X		X
New York	X	X		X	X	X	X
North Carolina							
North Dakota	X	X		X	X	X	X
Ohio	X	X		X	X		X
Oklahoma	X						
Oregon	X	X			X	X	X
Pennsylvania	X	X			X		X
Rhode Island	X	X	X		X		X
South Carolina	X	X	X	X	X	X	X
South Dakota	X	X	X	X	X		
Tennessee				X			
Texas	X	X		X	X		
Utah	X	X	X	X	X	X	X
Vermont	X	X		X			X
Virginia	X	X	X	X		X	X
Washington	X		X	X			X
West Virginia	X		X	X	X		X
Wisconsin	X	X					X
Wyoming							
Total	**39**	**40**	**15**	**36**	**35**	**12**	**36**

NOTE: See Table 12 for state-by-state dollar values.

TABLE 12

Fiscal 2015 Enacted Program Area Adjustments by Dollar Value (Millions)

State	K-12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other	Total
Alabama	$92.6	$47.2	$1.7	$70.0	-$2.0	$0.0	-$273.5	**-$64.0**
Alaska	150.4	-0.8	0.0	16.5	0.3	-32.1	-1,280.0	**-1,145.7**
Arizona*	183.8	35.3	150.2	-60.5	25.1	0.0	133.0	**466.9**
Arkansas	104.0	76.0	23.0	15.0	16.0	0.0	44.0	**278.0**
California*	4,832.8	1,461.2	-337.1	1,531.0	678.5	0.0	3,539.6	**11,706.0**
Colorado	204.1	102.9	0.0	197.2	37.3	0.0	26.2	**567.7**
Connecticut	149.4	94.6	-1.3	-176.5	-11.1	79.1	134.7	**268.9**
Delaware	49.8	-1.0	-5.2	29.3	7.8	0.0	10.7	**91.4**
Florida	116.4	176.3	0.0	254.0	81.9	12.0	812.8	**1,453.4**
Georgia	535.2	87.1	0.0	178.4	23.5	28.2	84.3	**936.7**
Hawaii	41.5	24.9	0.0	0.0	-0.2	0.0	-0.5	**65.7**
Idaho	66.2	25.5	0.0	14.8	25.0	0.0	23.6	**155.1**
Illinois	-47.0	35.5	-180.5	274.6	-59.4	-16.5	-10.3	**-3.6**
Indiana	106.5	-16.7	0.0	186.9	11.2	0.0	-68.1	**219.8**
Iowa	201.2	34.4	-2.4	106.4	4.1	0.0	143.4	**487.1**
Kansas	196.0	28.0	0.0	117.0	10.0	0.0	-49.0	**302.0**
Kentucky	2.8	15.8	0.0	12.4	2.0	0.0	40.1	**73.1**
Louisiana	58.5	410.3	-2.4	22.3	28.0	0.0	-169.9	**346.8**
Maine	0.0	0.0	0.0	-32.8	-0.2	0.0	17.4	**-15.6**
Maryland*	-29.7	120.1	-10.6	117.5	45.9	0.0	143.5	**386.7**
Massachusetts	188.2	68.8	-49.7	1,507.1	58.5	145.9	526.0	**2,444.8**
Michigan*	0.0	110.6	-7.5	114.0	22.7	163.3	270.8	**673.9**
Minnesota	-266.5	55.7	23.6	205.9	36.0	-19.7	196.8	**231.8**
Mississippi	77.9	29.2	0.0	248.9	11.5	0.0	101.1	**468.6**
Missouri	278.0	64.9	0.0	-30.5	8.7	2.5	134.6	**458.2**
Montana	29.0	11.1	0.9	12.8	4.4	0.0	23.2	**81.4**
Nebraska*	41.7	29.0	6.1	74.0	12.9	-3.6	104.4	**264.5**
Nevada	-24.4	12.1	1.1	41.3	-0.8	0.0	11.5	**40.8**
New Hampshire	0.0	17.0	0.0	0.0	3.0	0.0	12.0	**32.0**
New Jersey*	-465.0	145.8	-32.2	317.2	-19.1	-16.9	-496.7	**-566.9**
New Mexico	147.8	42.6	0.0	-30.2	10.0	0.0	87.5	**257.7**
New York	1,272.0	100.0	-195.0	412.0	7.0	232.0	159.0	**1,987.0**
North Carolina	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
North Dakota*	234.8	128.4	0.0	46.7	10.7	729.1	174.3	**1,324.0**
Ohio*	394.3	48.3	0.0	905.7	2.7	0.0	84.3	**1,435.3**
Oklahoma	77.3	-1.0	0.0	0.0	-5.9	0.0	-179.3	**-108.9**
Oregon*	100.0	40.0	0.0	0.0	57.9	9.0	99.1	**306.0**
Pennsylvania	425.7	13.7	-1.6	-67.3	84.1	0.0	176.9	**631.6**
Rhode Island	43.9	11.4	0.1	-24.7	0.8	0.0	61.3	**92.8**
South Carolina	150.9	2.5	0.8	22.6	2.9	0.6	102.9	**283.2**
South Dakota	10.4	15.5	3.8	29.4	7.2	-1.0	-1.2	**64.1**
Tennessee	-5.9	-0.7	0.0	102.2	-19.5	0.0	-100.0	**-23.9**
Texas	588.0	2.0	0.0	1,280.0	18.0	0.0	-154.0	**1,734.0**
Utah*	99.9	209.2	0.1	10.6	22.4	1.6	112.6	**456.4**
Vermont*	16.1	0.4	-2.4	38.2	-2.6	NA	4.0	**53.8**
Virginia	258.3	79.6	0.6	373.1	-235.2	27.1	750.1	**1,253.6**
Washington	372.0	-14.0	3.0	17.0	-2.0	-4.0	178.0	**550.0**
West Virginia	19.8	-11.4	23.4	41.1	4.5	-0.4	12.4	**89.4**
Wisconsin	63.0	406.0	0.0	0.0	0.0	0.0	11.4	**480.4**
Wyoming	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Total	**$11,142.7**	**$4,373.3**	**-$589.5**	**$8,521.6**	**$1,025.5**	**$1,336.2**	**$5,765.1**	**$31,572.9**

*NOTES: *See Notes to Table 12 on page 36. Value of changes are in reference to funding levels of FY 2014 enacted budgets.*

TABLE 13

Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2014

State	User Fees	Higher Education Related Fees	Court Related Fees	Transportation/ Motor Vehicle Related Fees	Business Related Fees	Layoffs	Furloughs	Early Retirement	Salary Reductions
Alabama									
Alaska									
Arizona									
Arkansas									
California									
Colorado									
Connecticut									
Delaware					X				
Florida									
Georgia									
Hawaii*									
Idaho									
Illinois	X	X				X			
Indiana									
Iowa									
Kansas									
Kentucky									
Louisiana		X				X			
Maine*									
Maryland*									
Massachusetts									
Michigan									
Minnesota									
Mississippi									
Missouri						X			
Montana									
Nebraska									
Nevada*							X		
New Hampshire									
New Jersey*									
New Mexico									
New York									
North Carolina									
North Dakota									
Ohio									
Oklahoma									
Oregon		X			X				
Pennsylvania				X					
Rhode Island									
South Carolina									
South Dakota									
Tennessee*									
Texas									
Utah									
Vermont	X				X				
Virginia									
Washington	X	X	X						
West Virginia*									
Wisconsin									
Wyoming									
Total	**3**	**4**	**1**	**1**	**3**	**3**	**1**	**0**	**0**

*NOTE: *See Notes to Table 13 on page 37.*

Table 13 continues on next page.

TABLE 13 (CONTINUED)

Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2014

State	Cuts to State Employee Benefits	Across-the-Board Percent Cuts	Targeted Cuts	Reduce Local Aid	Reorganize Agencies	Privatization	Rainy Day Fund	Lottery Expansion	Gaming/ Gambling Expansion	Other (Specify)
Alabama										
Alaska							X			
Arizona										
Arkansas										
California										
Colorado										
Connecticut										
Delaware										
Florida										
Georgia										
Hawaii*										X
Idaho										
Illinois	X		X							
Indiana		X	X							
Iowa										
Kansas										
Kentucky			X				X			X
Louisiana			X		X	X				
Maine*										X
Maryland*		X	X							X
Massachusetts										
Michigan										
Minnesota										
Mississippi										
Missouri		X	X			X				
Montana										
Nebraska										
Nevada*	X						X		X	X
New Hampshire										
New Jersey*										X
New Mexico										
New York										
North Carolina										
North Dakota										
Ohio										
Oklahoma										
Oregon		X	X		X					
Pennsylvania					X				X	
Rhode Island			X						X	
South Carolina										
South Dakota										
Tennessee*										X
Texas										
Utah										
Vermont		X	X							
Virginia										
Washington			X	X						
West Virginia*		X	X							X
Wisconsin										
Wyoming										
Total	**2**	**6**	**11**	**1**	**3**	**2**	**3**	**0**	**3**	**8**

*NOTE: *See Notes to Table 13 on page 37.*

TABLE 14

Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2015

State	User Fees	Higher Education Related Fees	Court Related Fees	Transportation/ Motor Vehicle Related Fees	Business Related Fees	Layoffs	Furloughs	Early Retirement	Salary Reductions
Alabama									
Alaska									
Arizona									
Arkansas									
California									
Colorado									
Connecticut									
Delaware					X				
Florida									
Georgia									
Hawaii*									
Idaho									
Illinois	X	X				X			
Indiana*									
Iowa									
Kansas									
Kentucky									
Louisiana		X				X			
Maine*			X						
Maryland*									
Massachusetts									
Michigan									
Minnesota									
Mississippi									
Missouri						X			
Montana									
Nebraska									
Nevada		X					X		
New Hampshire									
New Jersey									
New Mexico									
New York*									
North Carolina									
North Dakota									
Ohio									
Oklahoma*									
Oregon		X			X				
Pennsylvania*			X						
Rhode Island									
South Carolina									
South Dakota*									
Tennessee*									
Texas									
Utah									
Vermont	X		X		X				
Virginia									
Washington	X	X	X						
West Virginia*									
Wisconsin									
Wyoming									
Total	**3**	**5**	**4**	**0**	**3**	**3**	**1**	**0**	**0**

*NOTE: *See Notes to Table 14 on page 38.*

Table 14 continues on next page.

TABLE 14 (CONTINUED)

Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2015

State	Cuts to State Employee Benefits	Across-the-Board Percent Cuts	Targeted Cuts	Reduce Local Aid	Reorganize Agencies	Privatization	Rainy Day Fund	Lottery Expansion	Gaming/ Gambling Expansion	Other (Specify)
Alabama										
Alaska							X			
Arizona										
Arkansas										
California										
Colorado										
Connecticut										
Delaware			X							
Florida										
Georgia										
Hawaii*			X							X
Idaho										
Illinois	X		X							
Indiana*		X								X
Iowa										
Kansas										
Kentucky										
Louisiana	X		X		X					
Maine*			X							X
Maryland*		X	X							X
Massachusetts										
Michigan										
Minnesota										
Mississippi										
Missouri		X	X			X				
Montana										
Nebraska										
Nevada							X			
New Hampshire			X							
New Jersey										
New Mexico										
New York*			X	X	X					X
North Carolina										
North Dakota										
Ohio										
Oklahoma*			X							X
Oregon		X	X							
Pennsylvania*			X		X				X	X
Rhode Island			X							
South Carolina										
South Dakota*										X
Tennessee*										X
Texas										
Utah										
Vermont		X	X							
Virginia										
Washington	X		X	X						
West Virginia*		X	X				X			X
Wisconsin										
Wyoming										
Total	**3**	**6**	**16**	**2**	**3**	**1**	**3**	**0**	**1**	**10**

*NOTE: *See Notes to Table 14 on page 38.*

TABLE 15

Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2016

State	User Fees	Higher Education Related Fees	Court Related Fees	Transportation/ Motor Vehicle Related Fees	Business Related Fees	Layoffs	Furloughs	Early Retirement	Salary Reductions
Alabama									
Alaska									
Arizona									
Arkansas									
California									
Colorado									
Connecticut									
Delaware									
Florida									
Georgia									
Hawaii*									
Idaho									
Illinois									
Indiana									
Iowa									
Kansas									
Kentucky									
Louisiana									
Maine									
Maryland									
Massachusetts									
Michigan									
Minnesota									
Mississippi									
Missouri									
Montana									
Nebraska									
Nevada									
New Hampshire									
New Jersey									
New Mexico									
New York									
North Carolina									
North Dakota									
Ohio									
Oklahoma									
Oregon									
Pennsylvania									
Rhode Island									
South Carolina									
South Dakota									
Tennessee*									
Texas									
Utah									
Vermont									
Virginia									
Washington									
West Virginia*									
Wisconsin									
Wyoming									
Total	0	0	0	0	0	0	0	0	0

*NOTE: *See Notes to Table 15 on page 38.*

Table 15 continues on next page.

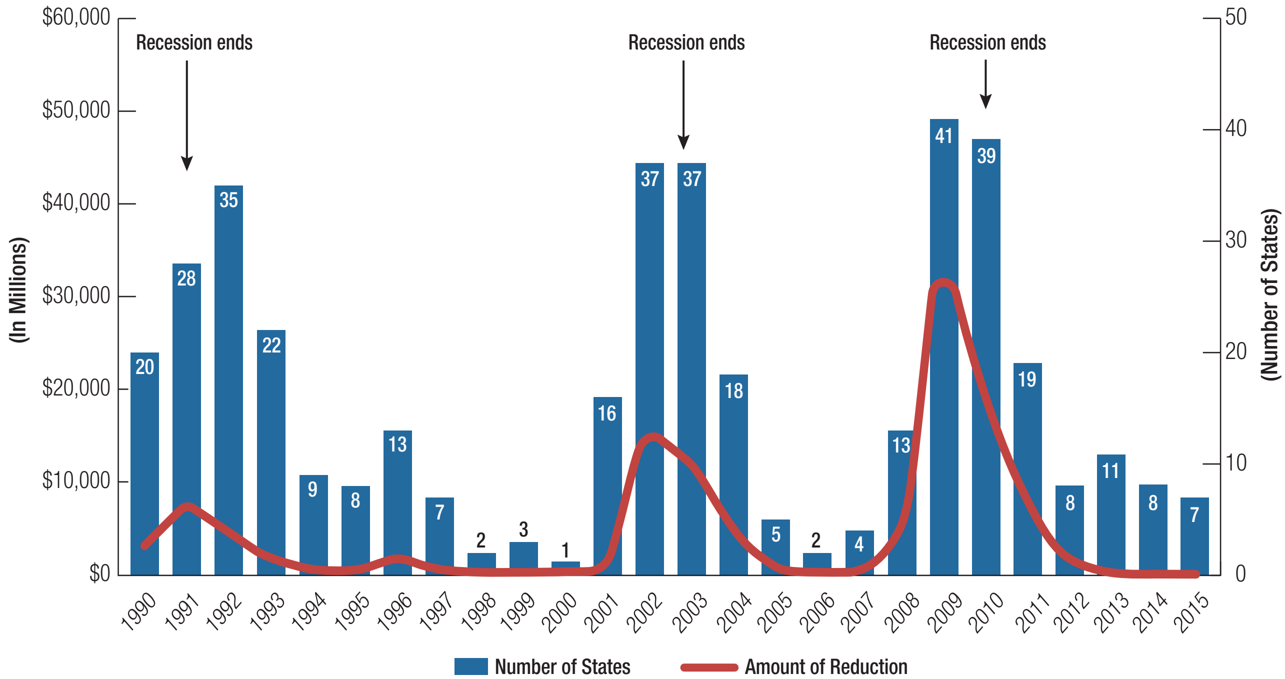
TABLE 15 (CONTINUED)

Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2016

State	Cuts to State Employee Benefits	Across-the-Board Percent Cuts	Targeted Cuts	Reduce Local Aid	Reorganize Agencies	Privatization	Rainy Day Fund	Lottery Expansion	Gaming/ Gambling Expansion	Other (Specify)
Alabama										
Alaska							X			
Arizona										
Arkansas										
California										
Colorado										
Connecticut										
Delaware										
Florida										
Georgia										
Hawaii*			X							X
Idaho										
Illinois										
Indiana										
Iowa										
Kansas										
Kentucky										
Louisiana										
Maine										
Maryland			X							
Massachusetts										
Michigan*										
Minnesota										
Mississippi										
Missouri										
Montana										
Nebraska*										
Nevada										
New Hampshire										
New Jersey										
New Mexico										
New York*										
North Carolina										
North Dakota										
Ohio*										
Oklahoma										
Oregon			X		X					
Pennsylvania										
Rhode Island*										
South Carolina										
South Dakota										
Tennessee*										X
Texas										
Utah										
Vermont										
Virginia										
Washington			X							
West Virginia*			X				X			X
Wisconsin										
Wyoming										
Total	**0**	**0**	**5**	**0**	**1**	**0**	**2**	**0**	**0**	**3**

*NOTE: *See Notes to Table 15 on page 38.*

FIGURE 2:
Budget Cuts Made After the Budget Passed, Fiscal 1990 to Fiscal 2015



State Employment Changes

The state employment outlook has remained mostly stable, with minimal year-over-year changes in the number of full-time employees in fiscal 2014 and fiscal 2015. The number of full-time state employees declined by 0.6 percent in fiscal 2014, with 24 states reducing full-time equivalent positions. And based upon fiscal 2015 appropriated levels, 11 states expect to reduce the number of full-time employees in fiscal 2015. Twenty-seven states enacted fiscal 2015 spending plans with a greater number of appropriated full-time employee positions; seven states expect no change and five states did not have data available. Based on enacted budgets, the total number of full-time employees is projected to decrease by 0.9 percent in fiscal 2015. *(See Tables 16)* Although state fiscal conditions have improved over the last several fiscal years, states have not made significant changes to the number of full-time employees. Reporting and classification changes may also have contributed to the reported decline in the number of full-time equivalent positions.

State employee compensation has also been widely affected by the recession and slow economic recovery. Since fiscal 2010, there has been considerable variation among states' changes to employee compensation, but many states have foregone salary increases, reduced benefits, and in select cases implemented salary cuts. However, 26 states and 25 states authorized across-the-board salary increases for employees in fiscal 2015 and fiscal 2014 respectively. Additionally, 16 states enacted broad-based merit increases in fiscal 2015. Other modifications to employee compensation in fiscal 2015 included one-time bonuses and longevity payments. *(See Tables 17)*

TABLE 16

Number of Filled Full-Time Equivalent Positions Fiscal 2013 to Fiscal 2015, in All Funds

State	Fiscal 2013	Fiscal 2014	Fiscal 2015	Percent Change 2013-2014	Percent Change 2014-2015	Includes Higher Education Faculty	State-Administered Welfare System
Alabama	30,501	30,243	30,243	-0.85%	0.00%		X
Alaska*	21,950	22,188	22,126	1.08	-0.28	X	
Arizona	40,012	40,787	NA	1.94	NA		X
Arkansas	26,774	28,605	29,835	6.84	4.30		X
California	346,321	353,979	356,221	2.21	0.63	X	X
Colorado	28,421	25,996	31,481	-8.53	21.10		
Connecticut	41,123	41,787	47,658	1.61	14.05	X	X
Delaware*	31,347	31,542	31,789	0.62	0.78	X	X
Florida	117,497	114,197	114,353	-2.81	0.14		X
Georgia*	59,006	58,324	NA	-1.16	NA		
Hawaii*	44,975	45,145	45,480	0.38	0.74	X	X
Idaho	17,955	18,197	18,100	1.35	-0.53		X
Illinois	NA	NA	NA	NA	NA		
Indiana	28,081	27,932	27,932	-0.53	0.00		
Iowa	41,441	41,022	41,022	-1.01	0.00	X	X
Kansas	40,604	40,127	39,772	-1.17	-0.88	X	X
Kentucky	31,853	31,831	31,800	-0.07	-0.10		
Louisiana	66,259	54,210	53,171	-18.18	-1.92	X	X
Maine	13,324	13,264	13,275	-0.45	0.08		X
Maryland	79,600	80,223	80,787	0.78	0.70	X	X
Massachusetts*	85,429	86,602	87,161	1.37	0.65	X	X
Michigan	45,200	44,535	44,900	-1.47	0.82		X
Minnesota*	35,785	36,546	NA	2.13	NA		
Mississippi	31,277	30,684	35,306	-1.90	15.06		X
Missouri	53,943	53,848	55,070	-0.18	2.27		X
Montana	14,222	14,285	14,230	0.44	-0.39		X
Nebraska*	15,901	16,282	NA	2.40	NA		X
Nevada	16,318	16,870	16,921	3.38	0.30		X
New Hampshire	9,541	9,477	10,530	-0.67	11.11		X
New Jersey	69,287	68,434	67,626	-1.23	-1.18		
New Mexico	22,257	22,104	25,806	-0.69	16.75		X
New York	185,354	184,557	185,095	-0.43	0.29	X	
North Carolina	324,805	316,400	253,165	-2.59	-19.99	X	X
North Dakota	7,863	7,942	8,507	1.00	7.12		
Ohio	53,544	53,275	53,275	-0.50	0.00		
Oklahoma	35,605	36,188	36,868	1.64	1.88		
Oregon	40,112	40,314	40,314	0.50	0.00		X
Pennsylvania	73,709	73,341	73,300	-0.50	-0.06		X
Rhode Island	13,858	13,889	15,086	0.23	8.62	X	X
South Carolina	56,393	57,086	66,570	1.23	16.61	X	
South Dakota	13,154	13,245	13,947	0.69	5.30	X	
Tennessee	41,094	40,987	41,000	-0.26	0.03		X
Texas	220,950	218,327	218,367	-1.19	0.02		X
Utah	20,191	20,110	20,110	-0.40	0.00		X
Vermont	8,491	8,591	8,609	1.18	0.21		X
Virginia	117,002	117,694	116,936	0.59	-0.64	X	X
Washington	107,568	108,893	109,611	1.23	0.66	X	X
West Virginia	37,785	37,812	37,637	0.07	-0.46	X	X
Wisconsin	62,888	64,219	65,172	2.12	1.48	X	
Wyoming	8,959	7,588	7,588	-15.30	0.00	X	X
Total* **	**2,784,825**	**2,767,786**	**2,743,752**	**-0.61%**	**-0.87%**		

*NOTES: NA indicates data are not available. *See Notes to Table 16 on page 39. **Unless otherwise noted, fiscal 2013 reflects actual figures, fiscal 2014 reflects preliminary actuals and fiscal 2015 reflects appropriated figures. ***Totals exclude states that were not able to provide data for all three years.*

TABLE 17

State Employee Compensation Changes, Fiscal 2015

State	Across-the-Board (percent)	Merit (percent)	Other (percent)	Notes
Alabama	$400	5.0		Employees receive a $400 bonus in December, employees are eligible for merit raises up to 5% (this was reinstated January 1, 2014 after being frozen for 5 years.
Alaska	1.0	3.5		All unions received a 1% Cost of Living adjustment except for ACOA (Alaska Correctional Officers Association) which received 2%.
Arizona				
Arkansas				Governor may award Merit bonuses of up to 4.5% and 1% Cost of Living Adjustments before the close of FY 15 based on available funding.
California	1.9	Depends on individual eligibility	6.0	Across-the-board percentage reflects a general salary increase received by a majority of state civil service employees. Other percentages reflect a general salary increase for the California Highway Patrol (CHP) based on an updated salary survey.
Colorado	2.5	1.0		1.0% for merit is the average actual merit increases are based on employees' performance rating and position in the salary range.
Connecticut	3.0			Most employees will receive step increases during FY 2015.
Delaware				Full Time merit and merit comparable employees will receive a $500 salary increase effective January 1, 2015.
Florida				Five percent across-the-board increase for all law enforcement. Merit/Retention increases for State Court Employees, Assistant State Attorneys, Assistant Public Defenders and Assistant Regional Counsels.
Georgia		1.0		See Table Notes.
Hawaii	2.3		2.2	Blue collar workers and white collar workers and supervisors will receive only across the board increases. Blue collar supervisors, registered nurses, institutional health and correctional workers and firefighters will receive a combination of step movements and across the board increases.
Idaho		2.0		The Legislature provided an overall increase of 2% for state employees: 1% for ongoing increases and 1% for one-time increases, both of which are based on merit. The Legislature also encouraged agencies to continue their use of salary savings to compensate employees. Some agencies used salary savings to early implement the ongoing increase, and some were able to provide for a larger ongoing increase. 12,921 employees or 86% received an increase. The average was 3.09% and the median was 2.18%.
Indiana				Indiana's Pay for Performance increases won't be decided until after the December 2014 revenue forecast update.
Iowa	0.0	up to 4.5 of eligible	0.0	Merit increase only to eligible employees, of which 44% of AFSCME covered employees, 44% of IUP covered employees, 52% of SPOC covered employees and 51% of noncontract covered employees are eligible. A non-recurring 1% July 1 and additional 1% on January 1 for SPOC covered and noncontract employees.
Kansas	$250 one-time		5.0 & 10.0	KS Highway Patrol troopers received a 5% increase and KS Bureau of Investigation special agents & forensic scientists received a 10% increase.
Kentucky				5% increase for salaries up to $27,000 3% increase for salaries from $27,000 to $36,000 2% increase for salaries from $36,000 to $50,000 1% increase for salaries above $50,000.
Louisiana		4.0		
Maine	1.0	4.5	4.0	Merit: All employees not at the top step of their range are eligible for a merit increase of 4.5%. Other: Certain appointed positions were included in a wage parity adjustment of 4%. District Attorney and Assistant Attorney General positions also received a 4% salary increase.
Maryland	2.0	1.8 to 3.8		The across the board increase is effective January 1, 2015. Merit increases depend on length of service and range from about 1.8% to 3.8%.

Table 17 continues on next page.

TABLE 17 (CONTINUED)

State Employee Compensation Changes, Fiscal 2015

State	Across-the-Board (percent)	Merit (percent)	Other (percent)	Notes
Massachusetts	1.5	2.0	3.0	Across the board and merit average increases for managers. Other represents the average across-the-board collective bargaining increases for the state's unionized workforce.
Michigan	2.0 and 0.5 lump sum	NA		2.0 percent base wage increase and 0.5 percent lump sum payment for all employees, excluding State Police enlisted personnel who have not completed collective bargaining for fiscal 2015. Some classified employees will receive step increases pay adjustments for satisfactory performance in amounts and at intervals provided for in the compensation schedule for the employee's classification level. Other employees may be eligible for promotion to a higher classification grade and pay level. Career employees receive an annual longevity payment following completion of 6 years of continuous full-time service. The amount of the longevity payment varies depending on the number of years of full-time service and is increased in four-year increments.
Minnesota	3.0			The 3.0% across-the-board increase is effective July 1, 2014 (FY 2015). Compensation packages also include a step/merit increase averaging 3.0% for 50% of employees. Across bargaining units, the average step size/merit is from 2.7% to 4.0% with most employees receiving 2.7% (AFSCME) or 3.5% (MAPE). Employees at the top of their range do not receive step/merit increases. Average increase in the employer portion of health, dental, and life insurance is 4.66%.
Mississippi			3.3 as a minimum	$1,000 salary increase for full-time employees, or pro-rated for part-time employees, is awarded to each employee that has not received a salary increase since July 1, 2010, and that is making an annual salary of less than $30,000 as of June 30, 2014.
Missouri	1.0			A 1% pay increase for all employees, beginning on January 1, 2015 was included in the final budget, however, that amount is currently being restricted due to revenue shortfalls. A decision on implementation of the pay increase will be made later in the fiscal year. Job classes related to children and youth services were given an additional 1% increase effective January 1, 2015. Certain nursing positions were also given a 2.5-5% increase effective January 1, 2015.
Montana	5.0			Effective November, 2014 per HB 13 passed by 2013 Legislature.
Nebraska				Employees covered by collective bargaining contracts as follows: NAPE/AFSCME contract: 2.25% State Law Enforcement (SLEBC) contract: 3% State Education Dept. contract employees: 2.25% Non-contract employees as follows: Classified (and non-classified) supervisory/management (non-contract) staff of most other executive branch agencies: 2.25% Judicial Branch (non-classified): 2.25% for all plus an additional 1% for county court employees Legislative Branch (non-classified): 2.25%
Nevada	0.0	2.5	0.0	Merit pay increases were restored for FY 15 and are 5%. If half of state employees get merit raises, the average increase will be 2.5%.
New Hampshire	4.5			The 4.5% increase is based on a 2.25% increase effective 7/1/14 and a subsequent 2.25% increase slated for January 9, 2015 . Anniversary Increases: All employees receive an annual step or anniversary increase for the first five years of employment if they start at the minimum or first step. Two subsequent steps are granted, each being 2 years apart, and the final of 8 steps is granted after a 3 year period.

Table 17 continues on next page.

TABLE 17 (CONTINUED)

State Employee Compensation Changes, Fiscal 2015

State	Across-the-Board (percent)	Merit (percent)	Other (percent)	Notes
New Jersey	1.75		1.5	Most employees received a contractual 1.75% across-the-board (ATB) increase. Public safety employees received an ATB between 1% and 1.5%. Approximately 6% of the state workforce is not subject to collective bargaining agreements and did not receive any ATBs. Collective bargaining negotiations continue with approximately 4% of the state workforce.
New Mexico	3.0	0.0	5.0	Other represents increases for Judges, and public safety related positions such as State Police, Corrections Officers and Protective Services.
New York*	2.0			
North Carolina	0.0	0.0	0.0	All eligible employees received a $1,000.00 salary increase with the exception of Teachers, Law Enforcement, Magistrates and Clerk who received step increases. Eligible employees received one-time additional five days of annual leave.
North Dakota			3.0	Up to 2% for classified employees below the established market amount for their position and an average of 3% for performance-based increases.
Ohio			4.5	Identical provisions cover fiscal years 2013 through 2015. Approximately one-third of employees get step increases for each year of service in a specific pay range, up to six steps. 'Other' is longevity increases, which are received by almost half of state employees each year. New contracts will be negotiated this fiscal year, the fiscal effects of which will be felt in fiscal year 2016.
Oklahoma	0.0	0.0	0.0	
Oregon	2.0	4.5, if applicable		No increase is anticipated in health care coverages costs to the state or employees for coverage years 2014 and 2015. A 2.0% COLA effective Dec. 2014 was previously included in collective bargaining agreements and for unrepresented and management positions, but is now accelerated to Sept. 2014 due to holding health care coverage costs at 0% growth. Merit increases are granted to employees that are below the top step of their salary range. The merit (longevity) increase is granted on the employee's "salary eligibility date", aka anniversary date, which is roughly based on an employee's hire date into their current position. The date varies by employee and can occur anytime during the fiscal year.
Pennsylvania	2.0		1.1	Across the Board: Most state employees received a 2.0% general salary increase effective July 1, 2014. Other: Most state employees will receive a 2.25% service increment in January 2015.
Rhode Island	2.0	0.0	0.0	Across-the-board Cost of Living Adjustments total 2.0% on April 6, 2014, 2.0% on October 5, 2014, and 2.0% on October 4, 2015.
South Carolina	2.0			
South Dakota	3.0	0.0 to 4.5		The movement towards job worth for select groups of employees received a percentage increase based on where they were currently within that career family. For employees not included in that component they received up to a 3.0% movement towards job worth if they were below the mid-point level.
Tennessee	0.0	0.0	0.0	The enacted budget did not include a general increase for state employee salaries.
Texas	2.0			
Utah	1.0		0.3	State Employees received a 1% salary increase. The "Other" increase was a 0.25% discretionary increase. These increases do not include increases to health or retirement benefits.

Table 17 continues on next page.

TABLE 17 (CONTINUED)

State Employee Compensation Changes, Fiscal 2015

State	Across-the-Board (percent)	Merit (percent)	Other (percent)	Notes
Vermont	2.5	1.7		Merit reflects average state-wide impact of granting step increases on classified pay schedule.
Virginia	0.0	0.0	0.0	
Washington	0.0	0.0	0.0	
Wisconsin	1.0			
West Virginia	1.2	0.0	0.0	State employees received an across-the-board raise of $504 (1.2% based on average salary of $42,000).
Wyoming		up to 4.0		

*NOTE: *See Notes to Table 17 on page 39.*

Medicaid Outlook: Medicaid Spending, Enrollment, Cost Containment Proposals, and the *Affordable Care Act*

Medicaid, a means-tested entitlement program financed by the states and the federal government, provides comprehensive and long-term medical care for more than 68 million low-income individuals. Medicaid is estimated to account for about 25.8 percent of total spending in fiscal 2014, the single largest portion of *total* state expenditures and 19.1 percent of general fund expenditures.

Total Medicaid spending for fiscal 2014 is estimated at $460.5 billion, an increase of 11.3 percent over fiscal 2013. State funds increased by an estimated 2.7 percent while federal funds increased by 17.8 percent over fiscal 2013 amounts. The rate of growth in federal funds exceeds growth in state funds since costs for those newly eligible for coverage in states implementing the Medicaid expansion under the *Affordable Care Act* are fully federally funded in calendar years 2014, 2015, and 2016, with federal financing phasing down to 90 percent by 2020 and beyond. Increased participation among those previously eligible is funded at the states' regular Medicaid matching rate.

Medicaid Enrollment. Enrollment growth is projected to average 8.3 percent across all states and is projected to rise by 13.2 percent in fiscal 2015, according to the Kaiser Commission on Medicaid and the Uninsured. These increases in enrollment take into account those states that have expanded Medicaid under the *Affordable Care Act* as well as enrollment increases among those currently eligible in states that both have expanded Medicaid and those that have not expanded Medicaid. The implementation of the *Affordable Care Act* has greatly increased the number of individuals served in the Medicaid program in 2014 and thereafter. According to the Centers for Medicare and Medicaid Services' Office of the Actuary, the *Affordable Care Act's* Medicaid eligibility expansion option will add approximately 18.3 million individuals by 2021.

Medicaid Program Changes. In contrast to previous years and especially with the end of the enhanced federal matching rate under the *American Recovery and Reinvestment Act (ARRA)*, state actions are broader and are aimed at controlling costs, selectively increasing payments and benefits, and changing delivery methods to improve care. The proportion of Medicaid benefits through a managed care plan is expected to increase with both the coverage of newly eligible enrollees and the expanded use of managed care to cover aged and disabled enrollees and long-term care services. States also continue moving in the direction of home and community-based care, and this trend of states moving away from institutional settings is expected to continue. States have also expressed concern about high-cost specialty drugs, such as Sovaldi, used to treat hepatitis C, and almost all states are concerned about the potential future fiscal impact of new and emerging specialty drug therapies, according to the Kaiser Commission on Medicaid and the Uninsured Annual Budget Survey.

Affordable Care Act. The Supreme Court's ruling in June 2012 upheld the constitutionality of the *Affordable Care Act* and affected states by making the expansion of Medicaid effectively optional for states. The Supreme Court ruled that the Medicaid expansion is constitutional though the federal government could not withhold existing Medicaid funding for states that opted not to participate in the expansion. Beginning January 1, 2014, state Medicaid programs had the option to expand to cover non-pregnant, non-elderly individuals with incomes up to 138 percent federal of the poverty level. The cost for those newly eligible for coverage are fully federally funded in calendar years 2014, 2015, and 2016 with federal financing phasing down to 90 percent by 2020 and beyond. As of October 2014, 27 states and the District of Columbia have expanded Medicaid and a number of other states are debating the issue.

Long-Term Health Care Spending. Medicaid spending, similar to overall health care spending, has historically increased faster than the economy as a whole. The Centers for Medicare and Medicaid Services' (CMS) Office of the Actuary released the *2013 Actuarial Report on the Financial Outlook for Medicaid*. The projected annual average growth rate of Medicaid expenditures from 2013 to 2022 is projected to be 7.1 percent, notably faster than the projection of average annual GDP growth of 5.1 percent, according to the analysis.

Temporary Assistance for Needy Families Program

State Cash Assistance Increased Under the Temporary Assistance for Needy Families Program. The Temporary Assistance for Needy Families (TANF) program was reauthorized under the Deficit Reduction Act in February 2006. The TANF block grant is funded at $16.6 billion each year and is currently authorized under a continuing resolution. The program includes specific definitions of work, work verification requirements, and penalties if states do not meet the requirements. As a result of these changes, most states have to significantly increase work participation rates.

Since welfare reform was initially passed in 1996, states have focused on providing supportive services for families to achieve self-sufficiency rather than cash assistance. Since 1996, caseloads have declined significantly. States have wide flexibility under TANF to determine their own eligibility criteria, benefit levels, and the type of services and benefits available to TANF recipients The average monthly number of recipients fell from 12.8 million prior to the enactment of TANF to 3.5 million on average in 2014, a decrease of about three-quarters.

This report has information only on the changes in the cash assistance benefit levels within the program. Cash assistance payments under TANF comprise approximately 28 percent of total TANF spending. For fiscal 2015, 43 states maintained the same cash assistance benefit levels that were in effect in fiscal 2014 and seven states increased cash assistance benefit levels, ranging from 1.5 to 5.0 percent. *(See Table 18 and Notes to Table 18)*

TABLE 18

Enactecd Cost-of-Living Changes for Cash Assistance Benefit Levels Under the Temporary Assistance For Needy Families Block Grant, Fiscal 2015

State	Percent Change
California*	5.0
Connecticut	1.5
Florida	3.3
Maryland	2.5
Michigan*	
Nebraska*	
New Hampshire	2.1
Ohio	2.1
South Dakota	3.0

*NOTE: *See Notes to Table 18 on page 40.*

CHAPTER 1 NOTES

Notes to Table 3
Fiscal 2013 State General Fund, Actual

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

Alabama Revenue Adjustments include one-time revenues of $145.8M.

Alaska Revenues: 2014 Spring Revenue Source Book. Revenue Adjustments: Fiscal Summary Anticipated Reappropriations and Carry-forward. Expenditure: Fiscal Summary—Pre Transfer Authorization (Operating + Capital + Supplemental). Ending Balance: 2013 CAFR SBR draw of $776.4 Million. Adjustments Fiscal Summary transfers Rainy Day fund = SBR + CBR balance 2013 CAFR.

Arizona Adjustments to revenue include revenues from the temporary 1% sales tax increase and budget transfers. Adjustments to expenditures include the transfer of revenue into the rainy day fund.

California Represents adjustments to the Beginning Fund Balance. This consists primarily of adjustments made to K-12 and HHS spending, and major taxes.

Colorado A total of $1,073.5M was transferred to the State Education Fund per HB12-1338 at year end after the statutory reserve of 5% was fully funded.

Connecticut Revenue adjustments include $220.8 million reserved for use in future fiscal years. Expenditure adjustments include miscellaneous adjustments of $0.7 million, and net adjustments of $18 million due to carry-forward of appropriations. The reported rainy day fund balance includes the ending balance.

Georgia Beginning and ending balances reflect the total Revenue Shortfall Reserve balance as reported in the Budgetary Compliance Report. Adjustments to Revenues include surplus from state agencies and other funds collected by the State Treasury. Final Rainy Day Fund Balance reflects the ending balance less the 1% mid-term adjustment for K-12 enrollment appropriated during FY 2014.

Idaho Transfers included: $111,269,300 to the Budget Stabilization Fund; $500,000 to the Constitutional Defense Fund; and $200,000 to the Legislative Legal Defense Fund. Deficiency Warrants included: $349,400 to the Pest Control Fund; $6,013,200 for fire suppression; and $28,100 to the Hazardous Substances Emergency Response Fund. Transfer in included: $3,033,300 for the Catastrophic Health Care Fund; $2,014,900 from the Consumer Protection Fund; and $500,000 in miscellaneous adjustments.

Illinois Revenue adjustments include statutory transfers in. Expenditure adjustments include statutory transfers out, including but not limited to debt service payments, and pay-down of accounts payable during fiscal year.

Indiana Revenue adjustments include prior year adjustments; transfer to the Rainy Day Fund; and PTRC and homestead credit adjustments. Expense adjustments include reversions from distributions, capital, and reconciliations; 2012 appropriations; HEA 1072-2011 loans; payback of loans for charter schools; bond defeasance; IPS and Gary tuition support settlement; transfer to the Preneed Consumer Settlement Fund; and distributions to pensions funds and the automatic taxpayer refund. The Rainy Day Fund balance reflects $370.1M in the Counter-Cyclical Revenue and Economic Stabilization Fund and $145M in the Medicaid Contingency and Reserve Account.

Iowa Revenue adjustments include $572.1 million of residual funds transferred to the General Fund after the Reserve Funds were filled to their statutorily set maximum amounts. The Ending balance of the General Fund is transferred in the current fiscal year to the Reserve Funds in the subsequent fiscal year. After the Reserve Funds are at their statutorily set maximum amounts, the remainder of the funds is transferred back to the General Fund in that subsequent fiscal year.

Kansas Kansas does not have a "Rainy Day" fund. However, the balanced budget provision of the constitution requires revenues to finance the approved budget.

Kentucky Revenue includes $101.7 million in Tobacco Settlement funds. Adjustment for Revenues includes $156.4 million that represents appropriation balances carried over from the prior fiscal year, and $109.2 million from fund transfers into the General Fund. Adjustment to Expenditures represents appropriation balances forwarded to the next fiscal year.

Louisiana	Revenues adjustments—Includes carryforward balances $13.7; Transfer of $239.3 from various funds.
Maine	Revenue and Expenditure adjustments reflect legislatively authorized transfers.
Maryland	The Maryland General Assembly passed a revenue package during the 2012 Special Session. For FY 2013 only, the majority of revenue generated through this legislation was deposited in a special fund known as the Budget Restoration Fund. These numbers include the Budget Restoration Fund. Revenue adjustments include $12.8 million in transfers from tax credit reserves, a $157.0 million transfer from the Budget Restoration Fund, and a $1.0 million transfer from other funds.
Michigan	Fiscal 2013 revenue adjustments include the impact of federal and state law changes (-$394.9 million); revenue sharing payments to local government units (-$370.6 million); deposits from state restricted funds ($6.7 million); and deposit to the rainy day fund (-$140.0 million). Total expenditures include $582.6 million in one-time spending financed from one-time revenues.
Minnesota	Ending balance includes cash flow account of $350 million and budget reserve account of $656.5 million.
Mississippi	State statute requires 2% of the revenue estimate plus beginning cash (excluding reappropriated amounts) be set aside prior to legislative appropriations. At fiscal year close, the 2% is recombined with any remaining revenue balance and distributed to other funds as required by statute, leaving an amount equal to 1% of the appropriations retained in the General Fund.
Missouri	Revenue adjustments include transfers from other funds into the general revenue fund.
Nebraska	Revenue adjustments are transfers between the General Fund and other funds. Per Nebraska law, includes a transfer of $104.8 million to the Cash Reserve Fund (Rainy Day Fund) of the amount the prior year's net General Fund receipts exceeded the official forecast. Among others, also includes a $110 million transfer from the General Fund to the Property Tax Credit Cash Fund as well as a $78 million transfer to the General Fund from the Cash Reserve Fund (Rainy Day Fund) for budget stabilization.
Nevada	Expenditure adjustments are restricted transfers.
New Hampshire	Revenue Adjustments: $121.3 million moved to the Education Trust Fund. Total Expenditures: Includes $9.3 million of GAAP and Other Adjustments.
New Jersey	Budget vs. GAAP entries, transfers to other funds.
New Mexico	$20 million contingent liability for special education funding Maintenance of Effort.
New York	The ending balance includes $1.3 billion in rainy day reserve funds, $77 million reserved to cover costs of potential retroactive labor settlements with certain unions, $93 million in a community projects fund, $113 million reserved for debt reduction, and $21 million reserved for litigation risks.
North Dakota	Revenue adjustments are a $305.0 million transfer from the property tax relief fund into the general fund. Expenditure adjustments include $181.0 million transfer from the general fund into the budget stabilization fund and miscellaneous adjustments/transfers.
Ohio	FY 2013 expenditures include a $235 million transfer to the Budget Stabilization Fund (Rainy Day Fund) from the FY 2012 surplus ending balance. FY 2013 expenditures include both transfers out of the General Revenue Fund and encumbrances (obligations) in place at the end of FY 2013.
Oklahoma	Revenue adjustment represents the difference in cash flow. $2.7 million expenditure adjustment is amount deposited into the Rainy Day fund from surplus revenues.
Oregon	Revenue adjustment is a statutory transfer to local governments for local property tax relief where income taxes from new jobs exceeds amount of local property tax relief and a statutory dedication of some corporate taxes to RDF. RDF Balance is traditional RDF (primarily GF) and Education Stability Fund (primarily Lottery Funds). Each fund may include donations.
Pennsylvania	Revenue adjustments include a $13.5 million adjustment to the beginning balance and $188.7 million in prior year lapses. Expenditure adjustment reflects $13.3 million in current year lapses. The year-end transfer to the Rainy Day Fund (25% of the ending balance) was suspended for FY 2013.

Rhode Island	Adjustments to revenues reflect a transfer of $103.2 million to the Budget Reserve Fund plus a reappropriation of $7.7 million. Expenditure adjustments of $23.6 million reflects transfers to the retirement fund, the Information Technology Investment Fund, and the State Fleet Revolving Loan Fund totaling $16.5 million and reappropriations of $7.1 million.
South Carolina	Ending Balance = 5% General Reserve ($281.6) + 2% Capital Reserve ($106.1) + Surplus Contingency Reserve ($277.2) + Agency Appropriation Balances Carried Forward to Next FY ($381.1); Expenditure Adjustments include FY11-12 Capital Reserve Funds transferred to State agencies.
South Dakota	Adjustments in Revenues: $29.9 million addition to revenue is from one-time receipts; $27.8 million addition to revenue is obligated cash carried forward from FY2012 for FY2013 expenses. Adjustments to Expenditures: $1.0 million is obligated cash that will be carried forward to for FY2014 expenses. The ending balance of $24.2 million is cash that is obligated to the Budget Reserve fund the following fiscal year. This $24.2 million is not included in the total rainy day fund balance of $134.7 million.
Tennessee	Adjustments (Revenues) $70.5 million transfer from debt service fund unexpended appropriations. -$50.0 million transfer to Rainy Day Fund. -$64.3 million transfer to dedicated revenue reserves. Total -$43.8 million Adjustments (Expenditures) $183.3 million transfer to capital outlay projects fund. $141.2 million transfer to state office buildings and support facilities fund. $4.1 million transfer to debt service fund. $222.3 million transfer to reserves for unexpended appropriations. Total $550.9 million. Ending Balance: $679.4 million reserve for appropriations 2013-2014. $119.8 million unappropriated budget surplus at June 30, 2013. $0.5 million undesignated balance. Total $799.7 million.
Texas	Adjustment is net of set aside for transfer to Rainy Day Fund (-$2,514.823m). In addition, the Comptroller adjustment to general fund dedicated account balances (+$343.0m).
Utah	Includes transfers from previous year balance, to/from Rainy Day Fund, and special revenue funds.
Vermont	Adjustments equals net transfer effect out of General Fund.
Washington	Fund transfers between General Fund and other accounts, and balancing to the final audited ending balance.
West Virginia	Fiscal Year 2013 Beginning balance includes $476.9 million in Reappropriations, Unappropriated Surplus Balance of $101.9 million, and FY 2012 13th month expenditures of $31.9 million. Expenditures include Regular, Surplus and Reappropriated funds and $31.9 million of 31 day prior year expenditures. Revenue adjustments are prior year redeposits and special revenue expirations. Expenditure adjustment represents the amount transferred to the Rainy Day Fund. The ending balance is mostly the historically carried forward reappropriation amounts that will remain and be reappropriated to the next fiscal year, the 13th month expenditures & unappropriated surplus balance.
Wisconsin	Revenue adjustments include Designated Balance, $72.4; Tribal Gaming, $25.9; and Other Revenue, $584.9. Expenditure adjustments include Designation for Continuing Balances, $18.8.
Wyoming	Wyoming budgets on a biennial basis. To arrive at annual figures certain assumptions and estimates were required.

Notes to Table 4
Fiscal 2014 State General Fund, Preliminary Actual

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

Alabama	Revenue Adjustments include one-time revenues of $145.8M, a tobacco settlement of $46.4M, and an insurance settlement of $12M. Expenditure Adjustments include Rainy Day payments of $260.4M, $35M, and $18.4M. Per Code Section 29-9-4, the ending balance of the ETF shall be used to repay the Rainy Day Account.

Alaska	Revenues: 2014 Spring Revenue Source Book 4/7/2014. Revenue Adjustments: Fiscal Summary Anticipated Reappropriations and Carry-forward 5/1/14. Expenditure: Fiscal Summary—Pre Transfer Authorization (Operating + Capital + Supplemental) 5/1/14 Ending Balance: Fiscal Summary expected draw from SBR. 5/1/14 Adjustments Fiscal Summary Rainy Day fund = SBR + CBR balance as per OMB 10-year plan.
Arizona	Adjustments to revenue include revenues from the budget transfers.
California	Represents adjustments to the Beginning Fund Balance. This consists primarily of adjustments made to K-12 and HHS spending, and major taxes.
Colorado	A total of $120.6M was transferred to other funds in priority order, leaving the 5% GF reserve of $410.9M plus $25.0M pursuant to HB14-1339, HB14-1342, and SB14-223.
Connecticut	Revenue adjustments include release of reserved fund balance of $190.8 million, $598.5 million for GAAP conversion bonds, and $0.5 million reserved for future fiscal years. Expenditure adjustments include $2.2 million in miscellaneous adjustments, and $26.5 million in net adjustments due to carry-forward of appropriations. The reported rainy day fund balance includes the ending balance.
Georgia	Figures are preliminary and are subject to change pending final audit. Rainy Day Fund balance reflects preliminary balance less the required 1% FY 2015 midterm appropriation for K-12 enrollment. Final Rainy Day Fund balance will be higher pending the lapse of current year surplus from state agencies.
Idaho	Transfers included: $26,375,800 to the Budget Stabilization Fund; $3,000,000 to the Business Jobs Development Fund; $15,000,000 to the Water Resources Board; $10,000,000 to the Permanent Building Fund; $10,000,000 to the Public Education Stabilization Fund; and $2,000,000 to the Higher Education Stabilization Fund. Deficiency Warrant transfers included: $38,700 to the Hazardous Substances Emergency Response Fund; $10,379,600 for fire suppression; and $1,456,700 to the Pest Control Fund. Transfers in included: $6,430,800 from the Catastrophic Health Care Fund and $1,581,700 in miscellaneous adjustments.
Illinois	Revenue adjustments include statutory transfers in. Expenditure adjustments include statutory transfers out, including but not limited to debt service payments, and pay-down of accounts payable during fiscal year.
Indiana	Revenue adjustments include PTRC and homestead credit adjustments HEA 1072-2011 loan repayments, and a transfer from the Mine Subsidence Fund. Expenditure adjustments include reversions from distributions, capital, and reconciliations; the cost of a 13th check for pension recipients; transfer to the Major Moves 2020 trust fund; transfer to the tuition reserve fund; and state agency and university line item capital projects. The Rainy Day Fund balance reflects $373.9M in the Counter-Cyclical Revenue and Economic Stabilization Fund, $445M in the Medicaid Contingency and Reserve Account, and $150M in the State Tuition Reserve Fund.
Iowa	Revenue adjustments include an estimated $679.3 million of residual funds transferred to the General Fund after the Reserve Funds are filled to their statutorily set maximum amounts. The Ending balance of the General Fund is transferred in the current fiscal year to the Reserve Funds in the subsequent fiscal year. After the Reserve Funds are at their statutorily set maximum amounts, the remainder of the funds is transferred back to the General Fund in that subsequent fiscal year.
Kansas	Kansas does not have a "Rainy Day" fund. However, the balanced budget provision of the constitution requires revenues to finance the approved budget.
Kentucky	Revenue includes $159.4 million in Tobacco Settlement funds. Adjustment for Revenues includes $156.4 million that represents appropriation balances carried over from the prior fiscal year, and $145.7 million from fund transfers into the General Fund. Adjustment to Expenditures represents appropriation balances forwarded to the next fiscal year.
Louisiana	Revenues adjustments—Includes transfer of $63.5 from various funds.
Maine	Revenue and Expenditure adjustments reflect legislatively authorized transfers.
Maryland	Includes $16.1 million for tax credit reimbursements and $61.8 million in transfers from other funds.

Michigan	Fiscal 2014 revenue adjustments include the impact of federal and state law changes (-$557.0 million); revenue sharing payments to local government units (-$396.6 million); deposits from state restricted funds ($176.1 million); deposit to the rainy day fund (-$75.0 million); deposit to the Roads and Risks Reserve Fund (-$230.0 million), and general fund revenue dedicated for roads (-$336.6 million). Total expenditures include $803.1 million in one-time spending financed from one-time revenues.
Minnesota	Ending balance includes cash flow account of $350 million, budget reserve account of $661 million, and stadium reserve of $37.4 million.
Mississippi	State statute requires 2% of the revenue estimate plus beginning cash (excluding reappropriated amounts) be set aside prior to legislative appropriations. At fiscal year close, the 2% is recombined with any remaining revenue balance and distributed to other funds as required by statute, leaving an amount equal to 1% of the appropriations retained in the General Fund.
Missouri	Revenue adjustments include transfers from other funds into the general revenue fund.
Nebraska	Revenue adjustments are transfers between the General Fund and other funds. Per Nebraska law, includes a transfer of $285.3 million to the Cash Reserve Fund (Rainy Day Fund) of the amount the prior year's net General Fund receipts exceeded the official forecast and an additional $49.4 million transferred from the General Fund to the Cash Reserve Fund to set aside additional funds as a result of increasing General Fund revenues. Among others, also includes a $113 million transfer from the General Fund to the Property Tax Credit Cash Fund.
Nevada	Expenditure adjustments are restricted transfers. 2014 data is budgeted rather than preliminary actual.
New Hampshire	Revenue Adjustments: $102.0 million is estimated to be moved to the Education Trust Fund and $0.7 million to the Fish and Game Fund. Total Expenditures: Anticipated to include $20.8 million of GAAP and Other Adjustments
New Jersey	Balances targeted to be lapsed and transfers to other funds.
New Mexico	$31.7 million contingent liability for cash reconciliation from FY13 audit, $16 million contingent liability for PED Maintenance of Effort, $60.2 million for contingent liability for Medicaid receivables.
New York	The ending balance includes approximately $1.5 billion in rainy day reserve funds, $45 million reserved to cover costs of potential retroactive labor settlements with certain unions, $87 million in a community projects fund, $500 million reserved for debt reduction, $21 million reserved for litigation risks, and $101 million in undesignated fund balance to be used for gap-closing purposes in FY 2015.
North Dakota	Revenue adjustments are a $341.8.0 million transfer from the property tax relief fund into the general fund.
Ohio	FY 2014 expenditures include encumbrances or obligations incurred in FY 2014 that will be disbursed in FY 2015. Expenditures also include a transfer out of $995.9 million to the state's Budget Stabilization (Rainy Day) Fund.
Oklahoma	Revenue amounts are based upon reconciled, but yet uncertified, FY-2014 collections; Revenue adjustment represents the difference in cash flow for the year; there was no expenditure adjustment, since no Rainy Day Fund deposit was made.
Oregon	Revenue adjustment transfers prior biennium ending GF balance to Rainy Day Fund (which can be up to 1% of total biennial budget appropriation less GF reversions and statutorily authorized carry-forward amounts for the Legislative and Judicial branches); estimated cost of Tax Anticipation Notes; statutory dedication of some corp. taxes to RDF; plus statutory transfer to local governments for local property tax relief.
Pennsylvania	Revenue adjustments include a $6 million adjustment to the beginning balance, $425.1 million in prior year lapses, and $1.5 million in legislative lapses. Expenditure adjustment reflects $201.6 million in current year lapses. The year-end transfer to the Rainy Day Fund (25% of the ending balance) was suspended for FY 2014. The $0.1 million increase in the Rainy Day Fund balance resulted from a distribution of a legal settlement.
Rhode Island	Adjustments to revenues reflect a transfer of $106.2 million to the Budget Reserve Fund plus a reappropriation of $7.1 million. Expenditure adjustments of $37.1 million reflects transfers to the retirement fund ($19.7 million) and the Accelerated Depreciation Fund ($10.0 million) and reappropriations of $7.4 million.

South Carolina Ending Balance = 5% General Reserve ($292.9) + 2% Capital Reserve ($114.9) + Surplus Contingency Reserve ($265.6) + Agency Appropriation Balances Carried Forward to Next FY ($489.9); Expenditure Adjustments include FY12-13 Capital Reserve Funds transferred to State agencies.

South Dakota The beginning balance of $24.2 million and adjustment to expenditures reflects the prior year's ending balance that is transferred to the rainy day fund. Adjustment to revenue of $98.2 million is from one-time receipts. The ending balance of $9.9 million is cash that is obligated to the Budget Reserve fund the following fiscal year. This $9.9 million is not included in the total rainy day fund balance of $139.3 million.

Tennessee Adjustments (Revenues) $82.0 million transfer from debt service fund unexpended appropriations. $41.7 million transfer from Strategic Health-Care Programs Reserves. $5.3 million transfer from Tobacco MSA Settlement Reserve. $153.7 million transfer from Agency Reserves. $0.6 million transfer from System Development Fund. $5.0 million transfer from TennCare Maintenance of Trust Fund. $20.0 million TennCare reversion. -$100.0 million transfer to Rainy Day Fund. Total $208.3 million. Adjustments (Expenditures) $164.9 million transfer to capital outlay projects fund. $170.8 million transfer to state office buildings and support facilities fund. $3.8 million transfer to debt service fund. $1.0 million transfer to reserves for dedicated revenue appropriations. Total $340.5 million. Ending Balance $5.0 million Reserve for 2014-2015 appropriation—Univ. of Tennessee Super Computer. $0.9 million Reserve for 2014-2015 appropriation—Dept. of Safety study. $266.7 million unappropriated budget surplus at June 30, 2014. Total $272.6 million.

Texas Adjustment is net of set aside for transfer to Rainy Day Fund (-$1,383.5m) and the State Highway Fund 6 (-$1,383.4m). In addition, the Comptroller adjustment to general fund dedicated account balances (-$646.1m).

Utah Includes transfers from previous year balance, to/from Rainy Day Fund, and special revenue funds.

Vermont Adjustments equals net transfer effect in/out of General Fund.

Washington Fund transfers between General Fund and other accounts, and changes made by the 2014 Legislature.

West Virginia Fiscal Year 2014 Beginning balance includes $456.2 million in Reappropriations, Unappropriated Surplus Balance of $11.8 million, and FY 2013 13th month expenditures of $44.1 million. Expenditures include Regular, Surplus and Reappropriated funds and $44.1 million of 31 day prior year expenditures. Revenue adjustments are prior year redeposits and special revenue expirations. Expenditure adjustment represents the amount transferred to the Rainy Day Fund. The ending balance is mostly the historically carried forward reappropriation amounts that will remain and be reappropriated to the next fiscal year, the 13th month expenditures & unappropriated surplus balance.

Wisconsin Revenue adjustments include Designated Balance, $18.8; and Other Revenue, $587.1. Expenditure adjustments include Designation for Continuing Balances, $122.4.

Wyoming Wyoming budgets on a biennial basis. To arrive at annual figures certain assumptions and estimates were required.

Notes to Table 5
Fiscal 2015 State General Fund, Appropriated

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

Alabama Revenue Adjustments include one-time revenues of $145.8M and a transfer of $20M. Expenditure Adjustments include a Rainy Day payment of $109.2M.

Alaska Revenues: Fiscal Summary Revenue Estimate 5/1/14. Revenue Adjustments: Fiscal Summary Anticipated Reappropriations and Carry-forward 5/1/14. Expenditure: Fiscal Summary—Pre Transfer Authorization (Operating + Capital + Supplemental) 5/1/14. Ending Balance: 2015 Expected SBR draw. LFD Fiscal Summary 5/1/14. Expenditure Adjustments Fiscal Summary. Rainy Day fund = SBR + CBR balance as per OMB 10-year plan.

Arizona	Adjustments to revenue include revenues from the budget transfers.
California	Ending balance excludes $1,606.4 million that was transferred to the Budget Stabilization Account for "rainy day" purposes.
Colorado	A balance of $150.6M in excess of the 6.5% statutory reserve of $569.9M is estimated as of June 2014, per the OSPB forecast.
Delaware	Figures based on enacted FY 2015 General Fund appropriations and revenue estimates contained in SJR 14 of the 147th General Assembly. Revenue adjustments from the June 2014 DEFAC Fiscal Year 2015 revenue forecast include a $16 million increase to the General Fund by adjusting the Farmland Preservation and Open Space programs annual funding from $10 million each to $2 million each, an additional $4.0 million increase to the General Fund by adjusting the Energy Efficiency Investment Fund annual funding from $5 million to $1 million, and an increase of $40 million by waiving the earmark of Abandoned Property funds to the Transportation Trust Fund. General Fund revenues will be reduced by $1 million by increasing the earmark of Insurance Premiums taxes on health insurance policies that is dedicated to emergency medical services from 0.015% to 0.02% of total premiums.
Georgia	Georgia does not project future fund balances.
Idaho	Transfers include: $1,000,000 to the Constitutional Defense Fund; $101,200 to the Permanent Building Fund; $400,000 to the Wolf Control Fund; and $225,800 to the Time-Sensitive Emergencies Registry Fund.
Illinois	Revenue adjustments include statutory transfers in. Expenditure adjustments include statutory transfers out, including but not limited to debt service payments, and pay-down of accounts payable during fiscal year.
Indiana	Expenditure adjustments include reversions from distributions, capital, and reconciliations; the cost of a 13th check for pension recipients; transfer to the tuition reserve fund; and state agency and university line item capital projects. The Rainy Day Fund balance reflects $376.9M in the Counter-Cyclical Revenue and Economic Stabilization Fund, $445M in the Medicaid Contingency and Reserve Account, and $300M in the State Tuition Reserve Fund.
Iowa	Revenue adjustments include an estimated $651.6 million of residual funds transferred to the General Fund after the Reserve Funds are filled to their statutorily set maximum amounts. The Ending balance of the General Fund is transferred in the current fiscal year to the Reserve Funds in the subsequent fiscal year. After the Reserve Funds are at their statutorily set maximum amounts, the remainder of the funds is transferred back to the General Fund in that subsequent fiscal year. FY2015 Revenues are based upon the October 2014 Revenue Estimating Conference estimates.
Kansas	Kansas does not have a "Rainy Day" fund. However, the balanced budget provision of the constitution requires revenues to finance the approved budget.
Kentucky	Revenue includes $99.7 million in Tobacco Settlement funds. Adjustment for Revenues includes $112.1 million that represents appropriation balances carried over from the prior fiscal year, and $224.5 million from fund transfers into the General Fund. Adjustment to Expenditures represents appropriation balances forwarded to the next fiscal year.
Louisiana	Expenditure adjustments—Includes a $75.7 state general fund reduction as authorized by Act 15 of the 2014 legislative session.
Maine	Revenue and Expenditure adjustments reflect legislatively authorized transfers.
Maryland	Includes $24.8 million for tax credit reimbursements and $1.0 million in transfers from other funds. Also, the FY 2015 enacted was projected to be $127 million; however, with the actual fund balance closing at $147.6 million in FY 2014, the FY 2015 fund balance will be higher.
Michigan	Fiscal 2015 revenue adjustments include the impact of federal and state law changes (-$445.4 million); revenue sharing payments to local government units (-$468.0 million); deposits from state restricted funds ($390.7 million); deposit to the rainy day fund (-$94.0 million); and general fund dedicated for roads (-$285.0 million). Total expenditures include $495.3 million in one-time spending financed from one-time revenues.

Minnesota	Ending balance includes cash flow account of $350 million, budget reserve account of $811 million, and stadium reserve of $23.4 million.
Mississippi	Legislation was passed to suspend the statutory 2% set aside of revenue estimate prior to legislative appropriations for FY 2015 and changed the normal distribution of ending cash balances to insure the Rainy Day Fund was at its statutory requirement.
Missouri	Revenue adjustments include transfers from other funds into the general revenue fund and $33.4 from collection initiatives. The enacted revenue estimate, if met, would be insufficient to cover budget expenses. The above expenditures assume expenditure reductions.
Nebraska	Revenue adjustments are transfers between the General Fund and other funds. Per Nebraska law, includes an estimated transfer of $96.7 million to the Cash Reserve Fund (Rainy Day Fund) of the amount the prior year's net General Fund receipts are estimated to exceed the official forecast. Among others, also includes a $138 million transfer from the General Fund to the Property Tax Credit Cash Fund. Expenditure adjustments are reappropriations ($307.2 million) of unexpended balance of appropriations from the prior year plus $5 million reserved for potential deficit appropriations.
Nevada	Expenditure adjustments are restricted transfers.
New Hampshire	Revenue Adjustments: The FY 2015 Enacted Budget anticipates moving $99.2 million to the Education Trust Fund.
New Mexico	FY15 figures reflect the FY15 budget appropriation as passed during the 2014 Legislative Session.
New York	The ending balance includes approximately $1.5 billion in rainy day reserve funds, $53 million reserved to cover costs of potential retroactive labor settlements with certain unions, $500 million reserved for debt reduction, and $21 million reserved for litigation risks.
North Dakota	Revenue adjustments are a $520.0 million transfer from the strategic investment and improvements fund to the general fund.
Ohio	FY 2015 estimated expenditures include encumbrances or obligations that are estimated to be incurred in FY 2015 but not disbursed until FY 2016 or some future year.
Oklahoma	Revenue and expenditure adjustments cannot be calculated at this time; nor can we calculate the final balance of the Rainy Day Fund at year-end.
Oregon	Revenue adjustment is estimated cost of Tax Anticipation Notes; a transfer to RDF; and statutory transfer to local governments for local property tax relief.
Pennsylvania	Expenditure adjustment reflects a transfer of $2.4 million (25% of ending balance) to the Rainy Day Fund.
Rhode Island	Adjustments to revenues reflect a transfer of $106.6 million to the Budget Reserve Fund.
South Carolina	Ending Balance = 5% General Reserve ($319.5) + 2% Capital Reserve ($127.8) + Surplus Contingency Reserve ($33.5) + Agency Appropriation Balances Carried Forward to Next FY ($489.9); Expenditure Adjustments include FY13-14 Capital Reserve Funds transferred to State agencies.
South Dakota	The beginning balance of $9.9 million and adjustment to expenditures reflects the prior year's ending balance which is transferred to the rainy day fund.
Tennessee	Adjustments (Revenues) -$35.5 million transfer to Rainy Day Fund. Total -$35.5 million. Adjustments (Expenditures) $123.3 million transfer to capital outlay projects fund. $13.1million transfer to state office buildings and support facilities fund. $3.8 million transfer to debt service fund. $1.0 million transfer to reserves for dedicated revenue appropriations. Total $141.2 million. Ending Balance $4.4 million undesignated balance. Total $4.4 million.
Texas	Adjustment is net of set aside for transfer to Rainy Day Fund (-$1,327m) and State Highway Fund 6 (-$1,326.9m). In addition, the Comptroller adjustment to general fund dedicated account balances (+$5.6m).

Utah Includes transfers from previous year balance, to/from Rainy Day Fund, and special revenue funds.

Vermont Adjustments equals net transfer effect in/out of General Fund.

Washington Fund transfers between General Fund and other accounts, and changes made by the 2014 Legislature.

West Virginia Fiscal Year 2015 Beginning balance includes $378.2 million in Reappropriations, Unappropriated Surplus Balance of $18.3 million, and FY 2014 13th month expenditures of $15.9 million. Expenditures include Regular, Surplus and Reappropriated funds and $15.9 million of 31 day prior year expenditures. Revenue adjustments are prior year redeposits and special revenue expirations. Expenditure adjustment represents the amount anticipated to be transferred to the Rainy Day Fund. The ending balance is mostly the historically carried forward reappropriation amounts that will remain and be reappropriated to the next fiscal year, the 13th month expenditures & any unappropriated surplus balance.

Wisconsin Revenue adjustments include Tribal Gaming, $23.5 and Other Revenue, $535.2. Expenditure adjustments include Transfers, $169.6; Lapses, -$317.7; Biennial Spend Ahead, -$4.4; and Compensation Reserves of $133.1. The transfer amount includes the amount needed to reflect the biennial transfer requirement.

Wyoming Wyoming budgets on a biennial basis. To arrive at annual figures certain assumptions and estimates were required.

Notes to Table 9
Fiscal 2015 Mid-Year Program Area Adjustments By Dollar Value

Maine Mid-year budget adjustments begin in late fall.

Notes to Table 10
Fiscal 2015 Enacted Program Area Cuts

Maryland Overall K-12 education spending increased, but payments to local school boards for teacher retirement was reduced by $126.6 million.

Notes to Table 12
Fiscal 2015 Enacted Program Area Adjustments By Dollar Value

Arizona Public assistance includes the new Department of Child Safety.

California The $337 million decrease in state general fund expenditures on public assistance programs primarily reflects a shift of TANF grant costs from the state to counties. The implementation of federal health care reform results in decreased county costs estimated to be $725 million in FY 2015, compared to $300 million decrease in FY 2014. Counties previously expended these funds on indigent care. The recipients that would have been covered under the county indigent care program are covered by Medical beginning January 1, 2014, which shifts costs to the state and federal government.

Maryland Overall K-12 education spending increased, but payments to local school boards for teacher retirement was reduced by $126.6 million. All Other includes $19.9 million in appropriations for the Rainy Day Fund. In addition it does not account for fiscal 2014 deficiency spending.

Michigan Fiscal 2015 general fund budget adjustments for K-12 education are not reported since general fund and restricted School Aid Fund revenues are used interchangeably. Reporting only general fund budget adjustments would fail to recognize the combined effect of general fund and School Aid Fund budget adjustments for K-12 education.

Nebraska The FY 2014 enacted budget included a one-time appropriation for the purchase of a new state plane for use by state agencies. The $3.6 million reduction in the Transportation category represents the elimination of the appropriation for this purpose in the FY 2015 enacted budget compared to FY 2014.

New Jersey The net budget adjustment reported in Table 12 reflects the fiscal 2015 enacted budget vs. the fiscal 2014 adjusted appropriations as of June 30, 2014.

North Dakota North Dakota's budget is based on a biennial period. This adjustment amount is half of the approved biennial increase for the 2013-15 biennium, plus FY15 contingent appropriations.

Ohio Ohio is a biennial budget state and the budget for fiscal years 2014 and 2015 were enacted in June 2013. Since that time, minor adjustments to both FY 2014 and 2015 have occurred

Oregon Oregon budgets on a full biennial basis, not by fiscal year. The amount represents the change for the entire 2013-15 biennium (FY 2014 + FY 2015).

Utah Reported figure for higher education includes higher education capital development. Public assistance includes general assistance only.

Notes to Table 13
Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2014

Hawaii Other—Prior year fund balance.

Maine Other—Additional budget management strategies include transfers from various sources, lapsed balances, increases in credits and transfers, change in the timing of MaineCare payments, reductions in MaineCare for health care savings, re-projection of employee and retiree health insurance costs, and receipt of a settlement.

Maryland Other—Transfer of balance from special funds to general fund. It should also be noted that the amount of funding appropriated from pension reform savings to the pension system was reduced by $172 million in FY 2014 and 2015. The state made its required payment to the pension.

Nevada The 2009 Legislature changed the depreciation schedule for the Governmental Services Tax (part of the cost of registering motor vehicles), increasing revenue. This change was scheduled to sunset at the end of fiscal 2011, was renewed for two years by the 2011 Legislature, and renewed for another two years by the 2013 Legislature. The depreciation schedule has not changed since the increase was passed by the 2009 Legislature.

New Jersey Other—Due to a fiscal year 2014 revenues shortfall, adjustments were made across various State agencies. Such adjustments were mainly attributable to underspending; however, they did include a reduction of $887 million to fund pensions at the actuarial "employer normal cost."

Tennessee Other—Agency Reserves, Carryforwards, and Overappropriation Increase.

West Virginia Other—Use of one-time surplus from General Revenue & Lottery Funds from previous fiscal years. Also use of one-time excess cash in various Special Revenue accounts.

Notes to Table 14
Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2015

Hawaii	Other—Prior year fund balance.
Indiana	Other—In FY14, Indiana paid off the debt for Miami Correctional Facility early. As a result, the state is able to revert $12.9M that would have been used towards bond lease payments in FY15.
Maine	Other—Additional budget management strategies include transfers from various sources, lapsed balances, increases in credits and transfers, change in the timing of MaineCare payments, reductions in MaineCare for health care savings, re-projection of employee and retiree health insurance costs, and receipt of a settlement.
Maryland	Other—Transfer of balance from special funds to general fund. It should also be noted that the amount of funding appropriated from pension reform savings to the pension system was reduced by $172 million in FY 2014 and 2015. The state made its required payment to the pension.
New York	Other gap-closing measures in FY 2015 included the use of $353 million in General Fund surplus resources available from FY 2014, revenue generated from new financial audit recoveries, the closure of certain tax loopholes, and savings related to capital projects and debt management.
Oklahoma	Other—Transfers from excess cash in agency fund accounts were made. An across-the-board General Revenue reduction of $6.8 M was necessary after the budget agreement was made because of Attorney General opinion rejecting a budgeted revenue adjustment.
Pennsylvania	Other—Payment delays for Medicaid providers and transfers of costs to special funds.
South Dakota	Other—One-time funds were appropriated to pay off existing debt, which lowered general fund expenses by $6.3 million beginning in FY2015 by eliminating bond payments.
Tennessee	Other—Base Budget Reductions, cancelling proposed cost increases.
West Virginia	Other—Use of one-time surplus from General Revenue & Lottery Funds from previous fiscal years. Also use of one-time excess cash in various Special Revenue accounts.

Notes to Table 15
Strategies Used to Reduce or Eliminate Budget Gaps, Fiscal 2016

Hawaii	Other—Prior year fund balance.
Michigan	At the time of this report, the FY 2016 budget is under development. If a budget gap is forecasted, the size of the gap and strategies to address the gap will be released with the Governor's budget recommendations in February 2015.
Nebraska	The State of Nebraska has a statutory requirement that the General Fund biennial budget, at the time of enactment, include a projected General Fund ending balance (in this case the 2015-2017 biennium, ending June 30, 2017) that is no less than 3% of appropriations and express obligations. The projected variance from the 3% minimum reserve requirement calculated by the Legislative Fiscal Office for the 2015-2017 biennium, as of July 2014, was $177 million. This projected variance was based on a series of revenue and expenditure growth assumptions announced publicly by the Legislative Fiscal Office. The Executive Budget Office has not projected a shortfall as the actual level of appropriations for the 2015-2017 budget biennium are yet to be considered by the Governor and enacted by the Legislature.
New York	Beginning with the FY 2015 Enacted Budget and in keeping with budget enactment in recent years, New York projects that outyear spending growth will be limited to 2 percent or less on a State Operating Funds basis (which includes General Fund, State Special Revenue Fund, and Debt Service spending). Adherence to this benchmark is projected to result in a $303 million General Fund surplus in FY 2016. Detailed proposals for adhering to this 2 percent benchmark will be included with the Governor's 2016 Executive Budget proposal.

Ohio	Ohio is currently in the process of developing the FYs 2016-17 operating budget that will be introduced in February 2015 and enacted by June 30, 2015.
Rhode Island	Since the FY 2016 Budget is under development, strategies to address the budget gap in FY 2016 have not yet been finalized.
Tennessee	Other—Base Budget Reductions.
West Virginia	Other—Use of one-time surplus from General Revenue & Lottery Funds from previous fiscal years. Also use of one-time excess cash in various Special Revenue accounts.

Notes to Table 16
Number of Filled Full-Time Equivalent Positions Fiscal 2013 to Fiscal 2015, in All Funds

Alaska	The state does not track filled budgeted FTEs; however in fiscal 2013 Alaska budgeted 21,950 full-time, 2,132 part-time and 757 nonpermanent positions. In fiscal 2014, Alaska budgeted 22,188 full-time, 2,137 part-time and 714 nonpermanent positions. In fiscal 2015, Alaska budgeted 22,126 full-time, 2,128 part-time and 678 nonpermanent positions.
Delaware	Position authorization for Delaware Technical and Community College is included in the figures reported in Table 16. Position authorization for the University of Delaware and for Delaware State University are not included.
Georgia	Figures do not include employees paid through grants to local governments or Community Service Boards. Count does not include University System employees but does include Technical College System of Georgia employees.
Hawaii	Reported FTE's reflect appropriation levels for all fiscal years.
Massachusetts	Reported figures include operating budget, federal grant, trust, and capital funded FTEs.
Minnesota	Includes executive branch, constitutional officers, judiciary and legislature (not higher ed institutions).
Nebraska	Appropriations bills do not limit authorized FTE to a specific number

Notes to Table 17
State Employee Compensation Changes, Fiscal 2015

Georgia	Provided an amount equivalent to 1% of personal services for employees of the Executive, Judicial, and Legislative Branches to be used for merit based pay increases for high performing employees in FY 2014 or for salary adjustments needed to attract new employees with critical job skills or retain successful performers in jobs critical to the agency's mission, effective July 1, 2014. $24,632,578. Provided for salary adjustments for certain identified job classifications within the Department of Agriculture, Department of Banking and Finance, Department of Corrections, Department of Juvenile Justice, and Department of Law to address employee retention needs in vital health and safety occupations effective July 1, 2014. $12,262,414. Provide an amount equivalent to 1% of personal services for Regents staff and public librarians to be used for performance incentives or salary adjustments necessary for employee recruitment and retention effective July 1, 2014. $1,368,766

New York Across-the-board Increases and General Contract Provisions: The FY 2015 Enacted Budget includes settled labor contracts with 90 percent of employees in agencies subject to direct executive control, including those represented by CSEA, PEF, UUP, PBANYS, NYSCOPBA, and Council 82. Following the Enacted Budget, DC-37 (Housing) and GSEU settled contracts with the State. If these agreements are included, the State has settled agreements with approximately 96 percent of employees in agencies subject to direct executive control. Agreements have not been settled with State Troopers and Commissioned/Non-Commissioned Officers represented by the Police Benevolent Association of NYS Troopers (PBA); the NYS Police Investigators Association (BCI); and the City University of New York (CUNY).

The settled agreements provided a three-year freeze in the provision of across-the-board salary increases (FY 2012 through FY 2014), a contingent layoff protection, a deficit reduction program, increased employee health insurance contributions, and other health insurance concessions. The agreements also provided compensation increases, as follows: Across-the-Board Increases. A 2 percent across-the-board salary increase in FY 2015, and a 2% across-the-board salary increase in FY 2016 only for employees whose agreements extend into FY 2016.

Lump Sum Payments: Two lump sum payments—$775 in FY 2014 and $225 in FY 2015 for employees represented by CSEA, PBANYS, NYSCOPBA and Council 82. PEF-represented employees did not receive these lump sum payments, but will be repaid the entire value of the deficit reduction program at the end of their contract period (other union-represented employees will only be repaid a portion their reductions taken under the deficit reduction program). UUP employees may receive lump sum payments in the form of Chancellor's Power of State University of New York (SUNY) Awards and Presidential Discretionary Awards.

Step or Anniversary Increases: Step Increases. Unionized civilian (non-uniformed) employees who have a year of service in the grade for their title receive step increases, generally at 1/7 the value of the range for their position. Longevity Increases: Civilian employees with five or more years at job rate receive a lump sum payment of $1,250 annually. Civilian employees with 10 or more years at job rate receive an annual $2,500 lump sum payment. Uniformed employees are eligible for longevity payments as they reach designated years of service and such longevity pay is built into their salary schedules.

Notes to Table 18
Enacted Cost-of-Living Changes for Cash Assistance Benefit Levels Under the Temporary Assistance For Needy Families Block Grant, Fiscal 2015

California The enacted FY 2015 state budget requires a 5-percent increase to TANF grant levels, effective April 1, 2015. The increase will be funded with local revenue funds (sales tax and vehicle license fees) previously expended by counties on health and social services program.

Michigan The enacted fiscal 2015 budget does not include an increase or decrease for TANF cash assistance benefit levels.

Nebraska No increase in the maximum grant an individual may receive has been enacted for FY2015. Per State Statute (sec. 43-513), Nebraska will not increase the maximum "standard of need" in FY2015. The next "standard of need" increase is due July 1, 2015 (FY2016).

STATE REVENUE DEVELOPMENTS

CHAPTER TWO

Overview

States forecast that general fund revenue collections will increase again in fiscal 2015, marking a fifth consecutive annual increase. The growth rate of general fund revenues is projected to accelerate in fiscal 2015, compared to a relatively small gain in fiscal 2014. Overall improvements in the national economy and the labor market over the last 12 months have helped bolster state revenues, although gains are expected to remain moderate in fiscal 2015. Revenue collections have increased by 8.5 percent, or $56.9 billion, over the previous two fiscal years. However, some of the increase in state revenues in fiscal 2013 was due to a one-time gain for states as taxpayers shifted capital gains, dividends and personal income to the 2012 calendar year to avoid higher federal taxes that were set to automatically begin on January 1, 2013. As a result of one-time gains in fiscal 2013, the growth rate in general fund revenues slowed substantially in fiscal 2014, especially in the spring months, which are critical for tax collections.

Revenue from sales taxes accounted for a greater portion of the rise in overall collections in fiscal 2014, compared to the prior two years in which total gains were driven by higher personal income tax collections. However, personal income tax collections are projected to outpace the growth in sales taxes in fiscal 2015. Declines in the unemployment rate have led to an improved outlook for state revenues in fiscal 2015, but state budgets still face challenges stemming from stagnant wages and slow economic growth.

Revenues

According to states' enacted budgets, aggregate general fund revenues are projected to reach $748.3 billion in fiscal 2015, $22.2 billion or 3.1 percent greater than the estimated $726.1 billion collected in fiscal 2014. Revenue collections slowly increased in fiscal 2014 by $9.7 billion or 1.3 percent compared to fiscal 2013. Despite revenue declines in some states this spring, aggregate fiscal 2014 revenues ended the fiscal year in-line with estimates. This indicates that revenue collections exceeded previous estimates in some states, offsetting declines in others. Overall, 19 states experienced revenue declines and 31 states had revenue growth in fiscal 2014.

According to the Rockefeller Institute of Government at SUNY-Albany, total state tax collections increased by 1.8 percent in fiscal 2014, although collections declined by 1.2 percent in the second quarter of calendar year (CY) 2014.[3] The Rockefeller Institute notes that this is the first negative quarter for state tax collections since CY 2009. The overall decline in the second quarter was primarily due to a sharp drop in personal income tax collections, which fell by 6.6 percent compared to the same quarter in 2013. Similar to this Fiscal Survey report, the Rockefeller Institute notes that state tax revenues softened in fiscal 2014, after states experienced one-time gains in fiscal 2013 as taxpayers took actions to avert higher federal taxes. After a difficult fiscal 2014 for a number of states, enacted fiscal 2015 budgets indicate that revenues will resume growth.

In the wake of the last recession, general fund revenues dropped to $609.9 billion in fiscal 2010 from $680.2 billion in fiscal 2008. After four years of improvement, general fund revenues ended fiscal 2014 up $116 billion, or 19 percent, over collections in fiscal 2010. While states have enacted some tax increases, most of the revenue gains are due to improved collections. General fund revenue collections increased by an estimated 1.3 percent in fiscal 2014, 7.1 percent in fiscal 2013, 3.8 percent in fiscal 2012 and 6.6 percent in fiscal 2011.

[3] The Nelson A. Rockefeller Institute of Government. November 2014. *"Personal Income Tax Revenues Decline for the Second Consecutive Quarter: Preliminary Figures Show Resumed Growth for the Third Quarter of 2014."*

Estimated Collections in Fiscal 2014 and Projected Collections in Fiscal 2015

General fund revenue collections from all sources including sales, personal income, corporate income and all other taxes and fees outpaced projections in many states in fiscal 2014. Twenty-five states reported that fiscal 2014 revenue collections ended the fiscal year higher than originally forecasted and five states reported that collections were on target. However, 20 states reported that total general fund revenues ended fiscal 2014 with collections lower than projections. Collections failed to meet projections in many states partly because one-time revenue gains from the federal fiscal cliff left states with less recurring revenue than anticipated in fiscal 2014. This also resulted in a greater number of states unexpectedly experiencing outright declines in general fund revenues in fiscal 2014, after collections fell short this spring. For fiscal 2015, seven states reported that collections are higher than projections used to enact the budget, 26 states reported that collections are on target and 10 states have collections below estimates used to enact the budget. *(See Tables 19 and 20)*

Sales, Personal Income and Corporate Income Tax Collections

Revenue collections of sales, personal income, and corporate income tax collections, which make up approximately 80 percent of states' general fund revenue, are projected to be $612.9 billion in fiscal 2015, 4.2 percent above fiscal 2014 levels. Specifically, sales tax collections and personal income tax collections are projected to be 4.0 percent and 4.7 percent higher in fiscal 2015 compared to fiscal 2014. Corporate income tax collections, which account for about 6.0 percent of general fund revenues, are projected to slightly increase by 1.7 percent in fiscal 2015. After steady gains in fiscal 2013, collections from sales, personal and corporate income taxes combined increased modestly by 2.4 percent in fiscal 2014. *(See Tables 21 and 22)*

TABLE 19
Number of States With Revenues Higher, Lower, and On Target with Projections

	Fiscal 2014	Fiscal 2015
Lower	20	10
On Target	5	26
Higher	25	7

NOTES: Fiscal 2014 reflects whether revenues from all sources came in higher, lower, or on target with final projections. Fiscal 2015 reflects whether Fiscal 2015 collections thus far have been coming in higher, lower, or on target with projections. Not all states were able to report on fiscal 2015 collections.

TABLE 20

Fiscal 2014 Tax Collections Compared With Projections Used in Adopting Fiscal 2014 Budgets (Millions)**

State	Sales Tax		Personal Income Tax		Corporate Income Tax		Revenue Collection***
	Original Estimate	Current Estimate	Original Estimate	Current Estimate	Original Estimate	Current Estimate	
Alabama	$2,108	$2,070	$3,155	$3,212	$359	$359	L
Alaska	NA	NA	NA	NA	644	552	T
Arizona	3,998	3,986	3,447	3,462	683	575	T
Arkansas	2,208	2,173	3,101	3,111	429	440	H
California*	22,983	22,759	60,827	66,522	8,508	8,107	H
Colorado	2,255	2,373	5,381	5,699	657	721	H
Connecticut	4,044	4,101	8,809	8,719	724	782	T
Delaware	NA	NA	1,173	1,188	203	102	L
Florida	19,205	19,708	NA	NA	2,285	2,043	H
Georgia	5,053	5,170	9,005	8,966	817	944	H
Hawaii	3,142	2,826	1,790	1,745	82	87	L
Idaho	1,148	1,146	1,320	1,329	194	188	H
Illinois	7,385	7,610	16,073	16,301	2,897	3,317	H
Indiana	7,088	6,926	5,163	4,899	900	1,054	L
Iowa	2,665	2,642	3,947	3,972	625	550	L
Kansas	2,455	2,446	2,525	2,218	410	399	L
Kentucky	3,173	3,131	3,689	3,749	365	475	L
Louisiana	2,657	2,610	2,786	2,812	340	280	T
Maine	1,158	1,156	1,381	1,406	170	183	H
Maryland	4,224	4,143	7,959	7,774	823	761	L
Massachusetts	5,494	5,496	12,949	13,202	1,843	2,049	H
Michigan*	7,331	7,285	8,269	8,206	407	308	L
Minnesota	4,817	5,041	8,649	9,647	1,165	1,284	H
Mississippi	1,946	1,955	1,668	1,667	465	677	H
Missouri	1,933	1,925	5,644	5,404	465	396	L
Montana	68	63	1,039	1,063	154	148	H
Nebraska	1,500	1,525	2,039	2,061	265	307	H
Nevada	970	968	NA	NA	NA	NA	L
New Hampshire	NA	NA	NA	NA	350	344	L
New Jersey	8,929	8,856	13,039	12,050	2,663	2,640	L
New Mexico	2,571	2,502	1,217	1,250	342	205	H
New York	11,733	11,786	42,543	42,961	6,375	6,046	H
North Carolina	5,456	5,567	10,518	10,272	1,075	1,357	L
North Dakota	1,149	1,213	383	514	185	239	H
Ohio	9,197	9,166	7,850	8,065	812	794	H
Oklahoma	2,031	1,959	2,103	2,028	482	307	L
Oregon	NA	NA	6,535	6,628	488	495	H
Pennsylvania	9,229	9,130	11,728	11,437	2,482	2,502	L
Rhode Island	907	916	1,103	1,116	117	115	H
South Carolina	2,473	2,517	2,846	2,921	248	288	H
South Dakota	805	823	NA	NA	NA	NA	H
Tennessee	7,288	7,274	202	239	2,136	1,855	L
Texas	26,659	27,386	NA	NA	NA	NA	H
Utah	2,155	2,131	2,749	2,782	285	283	H
Vermont	360	354	668	671	96	95	L
Virginia	3,261	3,067	11,452	11,253	905	758	T
Washington	8,003	8,205	NA	NA	NA	NA	H
West Virginia	1,269	1,222	1,862	1,770	230	204	L
Wisconsin	4,498	4,628	7,295	7,061	962	967	L
Wyoming	490	505	NA	NA	NA	NA	H
Total	**$229,469**	**$230,438**	**$305,879**	**$311,352**	**$47,111**	**$46,581**	—

*NOTES: NA indicates data are not available because, in most cases, these states do not have that type of tax. *See Notes to Table 20 on page 51. **Unless otherwise noted, original estimates reflect the figures used when the fiscal 2014 budget was adopted, and current estimates reflect preliminary actual tax collections. ***Refers to whether fiscal 2014 revenues from all sources (includes sales, personal income, corporate income, excise, and motor vehicle and all other taxes and fees) were higher than, lower than, or on target with original estimates. Key: L=Revenues lower than estimates. H=Revenues higher than estimates. T=Revenues on target. ****Totals include only those states with data for both original and current estimates for fiscal 2014.*

TABLE 21

Comparison of Tax Collections in Fiscal 2013, Fiscal 2014, and Enacted Fiscal 2015 (Millions)**

	Sales Tax			Personal Income Tax			Corporate Income Tax		
State	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2013	Fiscal 2014	Fiscal 2015
Alabama	$2,022	$2,070	$2,120	$3,103	$3,212	$3,294	$349	$359	$387
Alaska	NA	NA	NA	NA	NA	NA	547	552	591
Arizona	3,842	3,986	4,208	3,398	3,462	3,697	662	575	671
Arkansas	2,125	2,173	2,208	3,144	3,111	3,173	431	440	450
California	20,482	22,759	23,823	64,484	66,522	70,238	7,783	8,107	8,910
Colorado*	2,212	2,373	2,475	5,596	5,699	6,113	636	721	775
Connecticut	3,897	4,101	4,167	8,719	8,719	9,265	743	782	704
Delaware	NA	NA	NA	1,140	1,188	1,226	188	102	212
Florida	18,418	19,708	20,681	NA	NA	NA	2,081	2,043	2,264
Georgia	5,277	5,170	5,259	8,772	8,966	9,537	797	944	847
Hawaii	2,945	2,826	3,057	1,736	1,745	1,912	101	87	69
Idaho	1,110	1,146	1,233	1,284	1,329	1,403	199	188	207
Illinois	7,354	7,610	7,810	16,539	16,301	14,844	3,177	3,317	3,071
Indiana	6,796	6,926	7,442	4,978	4,899	5,419	968	1,054	869
Iowa	2,548	2,642	2,753	4,084	3,972	4,291	555	550	610
Kansas	2,525	2,446	2,527	2,931	2,218	2,519	371	399	425
Kentucky	3,022	3,131	3,150	3,723	3,749	3,977	401	475	463
Louisiana*	2,582	2,610	2,696	2,754	2,812	2,932	336	280	351
Maine*	1,037	1,156	1,240	1,522	1,406	1,447	172	183	178
Maryland	4,068	4,143	4,350	7,691	7,774	8,469	818	761	781
Massachusetts	5,164	5,496	5,789	12,831	13,202	14,021	1,822	2,049	1,993
Michigan	7,154	7,285	7,549	8,270	8,206	8,506	660	308	468
Minnesota*	4,760	5,041	5,145	9,013	9,647	9,860	1,281	1,284	1,372
Mississippi	1,911	1,955	2,045	1,650	1,667	1,736	524	677	666
Missouri	1,872	1,925	1,978	5,489	5,404	5,918	416	396	416
Montana	62	63	68	1,048	1,063	1,015	178	148	155
Nebraska	1,475	1,525	1,536	2,102	2,061	2,208	276	307	263
Nevada	923	968	1,023	NA	NA	NA	NA	NA	NA
New Hampshire	NA	NA	NA	NA	NA	NA	345	344	357
New Jersey	8,455	8,856	9,332	12,109	12,050	12,627	2,536	2,640	2,820
New Mexico	2,398	2,502	2,665	1,241	1,250	1,280	267	205	289
New York	11,232	11,786	12,113	40,227	42,961	43,735	6,253	6,046	5,438
North Carolina	5,294	5,567	6,244	10,953	10,272	10,885	1,192	1,357	1,095
North Dakota	1,166	1,213	1,324	616	514	415	187	239	193
Ohio*	8,445	9,166	9,914	9,508	8,065	8,717	790	794	833
Oklahoma	1,901	1,959	2,034	2,057	2,028	2,129	452	307	375
Oregon	NA	NA	NA	6,268	6,628	7,122	453	495	543
Pennsylvania	8,894	9,130	9,477	11,371	11,437	12,033	2,423	2,502	2,501
Rhode Island	879	916	940	1,086	1,116	1,157	132	115	119
South Carolina	2,448	2,517	2,590	2,844	2,921	3,013	351	288	304
South Dakota	776	823	851	NA	NA	NA	NA	NA	NA
Tennessee*	7,012	7,274	7,515	233	239	264	2,021	1,855	1,904
Texas	25,842	27,386	27,638	NA	NA	NA	NA	NA	NA
Utah*	2,038	2,131	2,200	2,852	2,782	2,913	338	283	311
Vermont	347	354	367	661	671	739	95	95	93
Virginia	3,220	3,067	3,211	11,340	11,253	12,350	797	758	817
Washington	7,687	8,205	8,405	NA	NA	NA	NA	NA	NA
West Virginia	1,255	1,222	1,318	1,796	1,770	1,905	242	204	206
Wisconsin	4,410	4,628	4,607	7,497	7,061	7,651	925	967	994
Wyoming	481	505	521	NA	NA	NA	NA	NA	NA
Total* **	**$219,760**	**$230,438**	**$239,598**	**$308,657**	**$311,352**	**$325,955**	**$46,272**	**$46,581**	**$47,359**

*NOTES: NA indicates data are not available because, in most cases, these states do not have that type of tax. *See Notes to Table 21 on page 51. ** Unless otherwise noted, fiscal 2013 figures reflect actual tax collections, fiscal 2014 figures reflect preliminary actual tax collections estimates, and fiscal 2015 figures reflect the estimates used in enacted budgets. ***Totals include only those states with data for all years.*

TABLE 22

Percentage Changes in Tax Collections in Fiscal 2013, Fiscal 2014, and Enacted Fiscal 2015**

	Sales Tax			Personal Income Tax			Corporate Income Tax		
State	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2013	Fiscal 2014	Fiscal 2015
Alabama	0.2%	2.3%	2.4%	6.3%	3.5%	2.5%	-7.9%	2.7%	7.8%
Alaska	NA	NA	NA	NA	NA	NA	-18.0	0.8	7.1
Arizona	5.1	3.7	5.6	9.9	1.9	6.8	2.2	-13.1	16.6
Arkansas	0.6	2.3	1.6	8.6	-1.1	2.0	-1.0	2.1	2.3
California	9.8	11.1	4.7	18.8	3.2	5.6	7.6	4.2	9.9
Colorado	5.7	7.3	4.3	11.7	1.8	7.3	30.8	13.4	7.4
Connecticut	1.7	5.2	1.6	4.9	0.0	6.3	3.6	5.3	-10.0
Delaware	NA	NA	NA	9.4	4.2	3.2	57.8	-45.7	108.2
Florida	5.7	7.0	4.9	NA	NA	NA	3.5	-1.9	10.9
Georgia	-0.5	-2.0	1.7	7.7	2.2	6.4	35.0	18.4	-10.3
Hawaii	9.2	-4.1	8.2	12.7	0.6	9.6	38.4	-13.8	-20.8
Idaho	8.1	3.2	7.7	6.5	3.5	5.5	6.2	-5.2	9.7
Illinois	1.8	3.5	2.6	6.6	-1.4	-8.9	29.1	4.4	-7.4
Indiana	2.6	1.9	7.5	4.4	-1.6	10.6	1.0	8.9	-17.6
Iowa	1.7	3.7	4.2	12.4	-2.7	8.0	6.6	-1.0	11.0
Kansas	2.5	-3.1	3.3	0.8	-24.3	13.6	30.7	7.6	6.4
Kentucky	-1.0	3.6	0.6	6.0	0.7	6.1	7.2	18.5	-2.5
Louisiana	0.1	1.1	3.3	10.8	2.1	4.3	-10.1	-16.9	25.5
Maine	0.7	11.5	7.2	6.1	-7.6	2.9	-25.9	6.4	-2.9
Maryland	0.7	1.8	5.0	8.1	1.1	8.9	26.5	-6.9	2.6
Massachusetts	2.1	6.4	5.3	7.7	2.9	6.2	2.9	12.5	-2.7
Michigan	2.9	1.8	3.6	19.5	-0.8	3.7	-50.0	-53.4	52.0
Minnesota	1.8	5.9	2.1	13.0	7.0	2.2	22.6	0.3	6.8
Mississippi	3.0	2.3	4.6	10.8	1.0	4.2	3.7	29.2	-1.6
Missouri	1.4	2.8	2.8	11.7	-1.5	9.5	22.1	-4.7	5.0
Montana	3.3	1.8	7.1	16.6	1.5	-4.6	38.7	-16.8	5.0
Nebraska*	2.6	3.4	0.8	15.3	-2.0	7.1	17.6	11.2	-14.2
Nevada	5.4	4.8	5.7	NA	NA	NA	NA	NA	NA
New Hampshire	NA	NA	NA	NA	NA	NA	10.8	-0.4	3.7
New Jersey	4.4	4.7	5.4	8.8	-0.5	4.8	18.3	4.1	6.8
New Mexico	-1.2	4.3	6.5	7.9	0.7	2.4	-4.9	-23.3	41.0
New York	1.0	4.9	2.8	3.8	6.8	1.8	8.6	-3.3	-10.1
North Carolina	0.7	5.2	12.2	6.6	-6.2	6.0	5.2	13.8	-19.3
North Dakota	1.0	4.0	9.2	43.3	-16.5	-19.4	-5.8	28.0	-19.5
Ohio	4.4	8.5	8.2	12.7	-15.2	8.1	89.4	0.5	4.8
Oklahoma	3.9	3.1	3.8	3.8	-1.4	5.0	31.5	-32.1	22.4
Oregon	NA	NA	NA	7.1	5.8	7.5	5.1	9.3	9.8
Pennsylvania	1.4	2.7	3.8	5.3	0.6	5.2	19.8	3.2	0.0
Rhode Island	3.3	4.2	2.6	2.4	2.7	3.7	7.1	-12.6	3.1
South Carolina	4.0	2.8	2.9	9.7	2.7	3.1	65.4	-17.9	5.6
South Dakota	4.3	6.1	3.4	NA	NA	NA	NA	NA	NA
Tennessee	1.6	3.7	3.3	26.0	2.4	10.5	8.3	-8.2	2.6
Texas	7.2	6.0	0.9	NA	NA	NA	NA	NA	NA
Utah	28.8	4.5	3.2	16.0	-2.5	4.7	25.8	-16.4	10.0
Vermont	1.5	2.0	3.9	10.7	1.6	10.0	10.6	-0.2	-2.3
Virginia	3.1	-4.8	4.7	6.9	-0.8	9.7	-7.3	-4.9	7.8
Washington	6.4	6.7	2.4	NA	NA	NA	NA	NA	NA
West Virginia	3.2	-2.7	7.9	6.3	-1.4	7.6	28.9	-16.1	1.1
Wisconsin	2.8	4.9	-0.5	6.5	-5.8	8.3	2.1	4.5	2.8
Wyoming	-3.4	5.0	3.2	NA	NA	NA	NA	NA	NA
Total***	**4.1%**	**4.9%**	**4.0%**	**9.9%**	**0.9%**	**4.7%**	**9.4%**	**0.7%**	**1.7%**

*NOTES: NA indicates data are not available because, in most cases, these states do not have that type of tax. *See Notes to Table 22 on page 51. ** Unless otherwise noted, fiscal 2013 figures reflect actual tax collections, fiscal 2014 figures reflect preliminary actual tax collections estimates, and fiscal 2015 figures reflect the estimates used in enacted budgets. ***Totals include only those states with data for all years.*

Enacted Fiscal 2015 Revenue Changes

States enacted $2.3 billion in net tax and fee reductions for fiscal 2015, marking a second consecutive year of net cuts to taxes and fees. Revenue stability throughout the economic recovery has presented opportunities for tax cuts, although reductions have been relatively minor for most states, indicating continued uncertainty regarding the economy and state revenues. States with the largest tax and fee reductions in fiscal 2015 include Florida, Minnesota, New York and Texas. In all, 21 states enacted a net decrease, and 10 states enacted net increases. *(See Table 24 and Table A-1)* In addition to these tax and fee changes, states also enacted $669 million in new revenue measures in fiscal 2015, compared to a net decrease of $203 million in revenue measures in fiscal 2014. These measures can enhance or reduce general fund revenue but do not affect taxpayer liability. Generally states enact revenue measures to increase general fund revenues and may rely on enforcement of existing laws, additional audits and compliance efforts, and increasing fines for late filings. However, states can also reduce general fund revenues by increasing fund transfers for purposes other than the general fund, such as aid to local governments, or a designated health care trust fund. *(See Table A-2)*

Similar to fiscal 2015, states enacted $2.1 billion in net tax and fee decreases in fiscal 2014, with 23 states enacting net decreases and 12 states enacting net increases. Although in fiscal 2014, states also enacted a net decrease of $203 million in revenue measures. With revenue conditions improving, states have made net cuts to taxes and fees in three of the last four fiscal years, reflecting a period of relative fiscal stability for many states.

The largest portion of enacted tax decreases in fiscal 2015 is attributable to personal income taxes (-$747 million), followed by other taxes (-$698 million), fees (-$427 million), sales taxes (-$248 million) and corporate income taxes (-$207 million). States slightly increased cigarette and tobacco taxes by $8 million, and motor fuel taxes by $33 million in fiscal 2015. Ohio enacted several changes to personal income taxes resulting in a net fiscal 2015 mid-year tax decrease of $389 million. *(See Table 25 and A-3)*

Sales Taxes—Five states enacted sales tax increases and 13 enacted decreases. The result is a net revenue decrease of $248 million. Much of this net decrease is due to sales tax repeals and exemptions for various goods in Minnesota as well as sales tax holidays and exemptions in Florida.

Personal Income Taxes—Oregon enacted a personal income tax increase, while 14 enacted decreases for a net decrease of $747 million. Much of the net reduction is attributable to New York, which instituted a property tax freeze that allows filers to receive a personal income tax credit. Wisconsin and Indiana also reduced the marginal personal income tax rates.

Corporate Income Taxes—Two states enacted corporate income tax increases while nine enacted decreases for a net increase of $207 million. New York enacted broad corporate income tax reforms, including tax cuts for qualified manufacturers, and West Virginia cut marginal rates. Oregon increased taxes for certain corporations and Rhode Island instituted a number of corporate income tax changes.

Cigarette and Tobacco Taxes—Two states, Oregon and Vermont enacted cigarette tax increases for a net increase of $8 million. In Oregon, a portion of the cigarette tax increase is earmarked for mental health programs.

Motor Fuel Taxes—New Hampshire enacted a 4.2 cents per gallon motor fuel tax increase resulting in a net increase of $33 million.

Alcohol Taxes—Kentucky decreased the wholesale tax rate on wine and beer, and Rhode Island extended the expiration of an alcohol tax increase for a net decrease of $0.2 million.

Other Taxes—Four states enacted increases for various other taxes, while nine states enacted decreases for a net decrease of $698 million. Various tax cuts in Texas accounted for the majority of the net decrease.

Fees—Three states enacted fee increases, and three states decreased fees for a net decrease of $427 million. The majority of net reductions to fees were attributable to enacted cuts to automobile registration fees in Florida.

TABLE 23

Enacted State Revenue Changes, Fiscal 1979 to Fiscal 2015

Fiscal Year	Revenue Change (Billions)
2015	-$2.3
2014	-2.1
2013	6.9
2012	-0.7
2011	6.2
2010	23.9
2009	1.5
2008	4.5
2007	-2.1
2006	2.5
2005	3.5
2004	9.6
2003	8.3
2002	0.3
2001	-5.8
2000	-5.2
1999	-7.0
1998	-4.6
1997	-4.1
1996	-3.8
1995	-2.6
1994	3.0
1993	3.0
1992	15.0
1991	10.3
1990	4.9
1989	0.8
1988	6.0
1987	0.6
1986	-1.1
1985	0.9
1984	10.1
1983	3.5
1982	3.8
1981	0.4
1980	-2.0
1979	-2.3

SOURCES: Advisory Commission on Intergovernmental Relations, Significant Features of Fiscal Federalism,1985-86 edition, page 77, based on data from the Tax Foundation and the National Conference of State Legislatures. Fiscal 1988–2015 data provided by the National Association of State Budget Officers.

FIGURE 3:
Enacted State Revenue Changes, Fiscal 1979 to Fiscal 2015

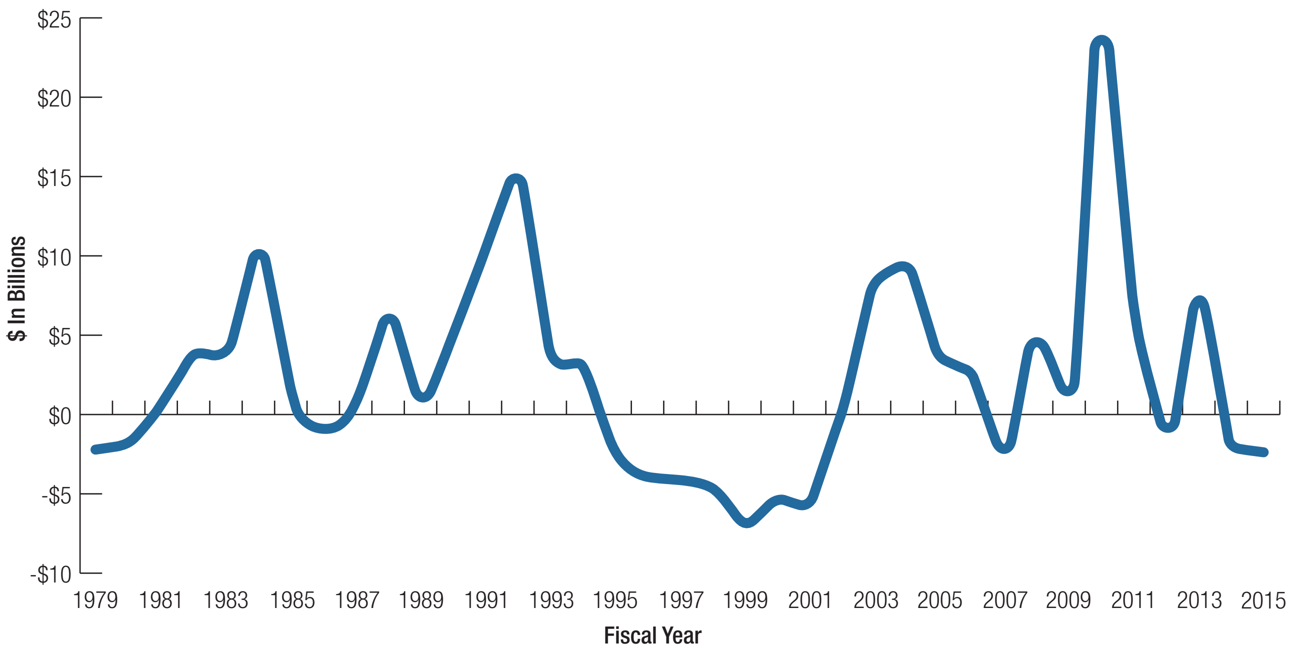


TABLE 24

Enacted Fiscal 2015 Revenue Actions by Type of Revenue and Net Increase or Decrease (Millions)

State	Sales	Personal Income	Corporate Income	Cigarettes/ Tobacco	Motor Fuels	Alcohol	Other Taxes	Fees	Total
Alabama	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Alaska									0.0
Arizona	-14.6								-14.6
Arkansas	-29.2	-55.9					-4.0		-89.1
California									0.0
Colorado*							30.6		30.6
Connecticut	6.7	-3.0					-1.6	-0.2	1.9
Delaware							51.5		51.5
Florida	-61.1		-15.5				-9.1	-309.1	-394.8
Georgia							12.5		12.5
Hawaii		-5.0							-5.0
Idaho	-5.8	-1.0	-3.0						-9.8
Illinois									0.0
Indiana	12.7	-79.7	-9.9						-76.9
Iowa		-17.1	-1.3						-18.4
Kansas	-2.8	-5.7							-8.5
Kentucky	-1.5	-5.5	-2.8			-1.6			-11.4
Louisiana									0.0
Maine	-1.9								-1.9
Maryland									0.0
Massachusetts*									0.0
Michigan									0.0
Minnesota	-137.5	-181.2					-37.1	13.3	-342.5
Mississippi									0.0
Missouri									0.0
Montana									0.0
Nebraska	-11.9	-8.3							-20.2
Nevada									0.0
New Hampshire					33.3				33.3
New Jersey									0.0
New Mexico	1.7								1.7
New York		-307.0	-193.0				-25.0		-525.0
North Carolina	-7.1							9.6	2.5
North Dakota	-2.4	-53.5	-12.5				-3.6		-72.0
Ohio									0.0
Oklahoma									0.0
Oregon*		86.0	76.0	6.0					168.0
Pennsylvania							-92.9		-92.9
Rhode Island	-3.1	-9.4	2.7			1.4			-8.4
South Carolina									0.0
South Dakota									0.0
Tennessee							-0.2		-0.2
Texas							-621.7	-142.0	-763.7
Utah									0.0
Vermont				2.0			2.8	1.3	6.1
Virginia	9.6		-11.0						-1.4
Washington	2.8								2.8
West Virginia	-2.2		-37.0						-39.2
Wisconsin		-100.3							-100.3
Wyoming									0.0
Total	**-$247.6**	**-$746.6**	**-$207.3**	**$8.0**	**$33.3**	**-$0.2**	**-$697.8**	**-$427.1**	**-$2,285.3**

*NOTES: *See Notes to Table 24 on page 51. See Appendix Table A-1 for details on specific revenue changes.*

TABLE 25

Fiscal 2015 Mid-Year Revenue Actions by Type of Revenue and Net Increase or Decrease (Millions)

State	Sales	Personal Income	Corporate Income	Cigarettes/ Tobacco	Motor Fuels	Alcohol	Other Taxes	Fees	Total
Alabama	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Alaska									
Arizona									
Arkansas									
California									
Colorado									
Connecticut									
Delaware									
Florida									
Georgia									
Hawaii									
Idaho									
Illinois									
Indiana									
Iowa									
Kansas									
Kentucky									
Louisiana									
Maine									
Maryland									
Massachusetts									
Michigan									
Minnesota									
Mississippi									
Missouri									
Montana									
Nebraska									
Nevada									
New Hampshire									
New Jersey									
New Mexico									
New York									
North Carolina									
North Dakota									
Ohio		-389.0							-389.0
Oklahoma									
Oregon									
Pennsylvania									
Rhode Island									
South Carolina									
South Dakota									
Tennessee									
Texas									
Utah									
Vermont									
Virginia									
Washington									
West Virginia									
Wisconsin									
Wyoming									
Total	**$0.0**	**-$389.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**-$389.0**

NOTE: See Appendix Table A-3 for details on specific revenue changes.

CHAPTER 2 NOTES

Notes to Table 20
Fiscal 2014 Tax Collections Compared With Projections Used in Adopting Fiscal 2014 Budgets

California Fiscal 2014 revenues were higher compared to projection in the 2013-14 Budget Act.

Michigan Fiscal 2014 revenues were lower than projections as of July 2014.

Notes to Table 21
Comparison of Tax Collections in Fiscal 2013, Fiscal 2014, and Enacted Fiscal 2015

Colorado Reported actual fiscal 2013 collections and preliminary actual fiscal 2014 collections are from OSPB June 2014. Appropriated fiscal 2015 collections are from OSPB March 2014.

Louisiana Reported collections for fiscal 2014 and fiscal 2015 are from REC May 2014.

Maine Reported collections for fiscal 2015 are from the March 2014 Revenue Forecasting Committee report.

Minnesota Reported collections from fiscal 2013, 2014 and 2015 are from May 2014, July 2014 and May 2014 respectively.

Ohio Ohio no longer has a corporate income tax, but instead a privilege of doing business tax on gross receipts.

Tennessee Sales tax, personal income tax, and corporate income tax are shared with local governments. Corporate income tax includes franchise tax.

Utah Reported sales tax collections include all state sales taxes, not just those used for the general fund.

Notes to Table 22
Percentage Changes in Tax Collections in Fiscal 2013, Fiscal 2014, and Enacted Fiscal 2015

Nebraska General Fund tax receipts growth rates are impacted in FY 2014 by two factors resulting in slower nominal growth than would otherwise occur. First, about $60 million of sales tax revenue (the amount of revenue equivalent to 1/4 of 1% of the sales tax rate) is redirected from the General Fund to a separate fund to be used for highway construction projects pursuant to passage of a bill during the 2012 legislative session. Second, FY 2013 included an extraordinary one-time increase in personal income tax revenue due to taxpayers choosing to push capital gains income into the 2012 tax year to avoid a possible federal capital gains tax rate increase.

Notes to Table 24
Enacted Fiscal 2015 Revenue Actions by Type of Revenue and Net Increase or Decrease

Colorado The retail marijuana tax and fee increases were first enacted in FY14, but FY15 is the first full year of implementation. The effective date of the fees for the costs associated with the regulation of retail marijuana is October 2013. The revenue impact is not available.

Oregon Enacted adjustments are for the entire 2013-15 biennium and not limited to a single fiscal year.

TOTAL BALANCES

CHAPTER THREE

Overview

Maintaining adequate balance levels helps states to mitigate disruptions to state services during an economic downturn. Total balances include both ending balances and the amounts in states' budget stabilization funds (rainy day funds and reserves), and reflect the funds that states may use to respond to unforeseen circumstances. Additionally, rainy day funds are needed to ensure that budgets can be balanced when revenues do not meet expectations in the latter part of the fiscal year when budget cuts and revenue increases do not have enough time to take effect. In the wake of the financial crises, there have been calls by some organizations and academics to increase the standard size of budget reserves. State officials often try to avoid drawing down balance levels at the beginning of a downturn, and may also be prohibited from draining all rainy day funds immediately. In total, 48 states have budget stabilization funds, which may be budget reserve funds, revenue-shortfall accounts, or cash flow accounts. About three-fifths of the states have limits on the size of their budget reserve funds, ranging from 3 to 10 percent of appropriations.

Budget reserves reached a recent low in fiscal 2010 due to the severe decline in revenues and rise in expenditure demands tied to the recession. Since that time, states have made significant progress rebuilding budget reserves. In fiscal 2013, revenues far outpaced projections, leading to large ending balances at the end of the fiscal year. Total balances reached $70.6 billion, or 10.5 percent of general fund expenditures.[4] This nears an all-time high for states in terms of actual dollars, though not as a percent of expenditures. Additionally, the number of states with total balances above 10.0 percent of expenditures increased from 19 in fiscal 2012 to 24 in fiscal 2013. By fiscal 2014, the number of states with balance levels above 10.0 percent declined to 17, but states with balances between 5.0 and 9.9 percent increased. *(See Tables 27 and Figures 6, 7, and 8)* Total balance levels also declined in fiscal 2014 at $62.7 billion, or 8.9 percent of general fund expenditures. Based on enacted budgets, states project balances to decrease further in fiscal 2015 to $53.1 billion or 7.3 percent of general fund expenditures. The decline in total balances from fiscal 2013 to fiscal 2015 is due primarily to decreases in states' ending balances; rainy day fund balances have remained relatively stable. *(See Tables 28 and 29)*

Total Balances

Total balance levels at $53.1 billion or 7.3 percent of general fund expenditures in fiscal 2015 appear to reflect that budget reserves are fairly sufficient across states, but the totals are misleading. The balance levels for Alaska and Texas generally account for a large share of total state balances. In fiscal 2015, the balance levels for Alaska and Texas are projected to be $10 billion and $10.6 billion respectively. Combined, the two states are projected to account for 38.8 percent of total state balances in fiscal 2015. The concentration of total budget reserves being disproportionately held by two states means that the average balance level as a percent of expenditures is much lower for other states. If you remove Texas and Alaska from total balance levels, the remaining states[5] have average balance levels representing only 6.0 percent of expenditures for fiscal 2014 and 4.8 percent for fiscal 2015.

The view that total balance levels across all states are inflated due to the robust levels in two states is reinforced by the fact that in fiscal 2015, five states estimate balance levels below one percent of expenditures and 10 states estimate balance levels greater than one percent, but less than five percent. *(See Table 27)* States with low balance levels may be impeded in their ability to respond to events that occur during the fiscal year, including unanticipated budget gaps that may arise towards the end of the fiscal year.

[4] Total state balances and the calculation of total state balances as a percentage of expenditures only include those states with reported data for all three fiscal years. Figures from Georgia and Oklahoma are not included in state total balances or the calculation of total balances as a percent of expenditures.

[5] Georgia and Oklahoma were also removed from these calculations because data were unavailable.

TABLE 26

Total Year-End Balances, Fiscal 1979 to Fiscal 2015

Fiscal Year	Total Balance (Billions)	Total Balance (Percentage of Expenditures)
2015*	$53.1	7.3%
2014*	62.7	8.9
2013	70.6	10.5
2012	55.8	8.4
2011	45.7	7.1
2010	32.5	5.2
2009	36.2	5.7
2008	59.1	8.6
2007	65.9	10.1
2006	69.0	11.5
2005	46.6	8.4
2004	26.7	5.1
2003	16.4	3.2
2002	18.3	3.7
2001	44.1	9.1
2000	48.8	10.4
1999	39.3	8.4
1998	35.4	9.2
1997	30.7	7.9
1996	25.1	6.8
1995	20.6	5.8
1994	16.9	5.1
1993	13.0	4.2
1992	5.3	1.8
1991	3.1	1.1
1990	9.4	3.4
1989	12.5	4.8
1988	9.8	4.2
1987	6.7	3.1
1986	7.2	3.5
1985	9.7	5.2
1984	6.4	3.8
1983	2.3	1.5
1982	4.5	2.9
1981	6.5	4.4
1980	11.8	9.0
1979	11.2	8.7
Average	**—**	**6.0%**

*NOTES: *Figures for fiscal 2014 are preliminary actual; figures for fiscal 2015 are appropriated.*

TABLE 27

Total Year-End Balances as a Percentage of Expenditures, Fiscal 2013 to Fiscal 2015

	Number of States		
Percentage	Fiscal 2013 (Actual)	Fiscal 2014 (Preliminary Actual)	Fiscal 2015 (Appropriated)
Less than 1.0%	3	4	5
1.0% to 4.9%	13	14	10
5.0% to 9.9%	10	15	20
10% or more	24	17	13

NOTE: The average for fiscal 2013 (actual) was 10.5 percent; the average for fiscal 2014 (preliminary actual) was 8.9 percent; and the average for fiscal 2015 (appropriated) is 7.3 percent.

FIGURE 4:
Total Year-End Balances, Fiscal 1979 to Fiscal 2015

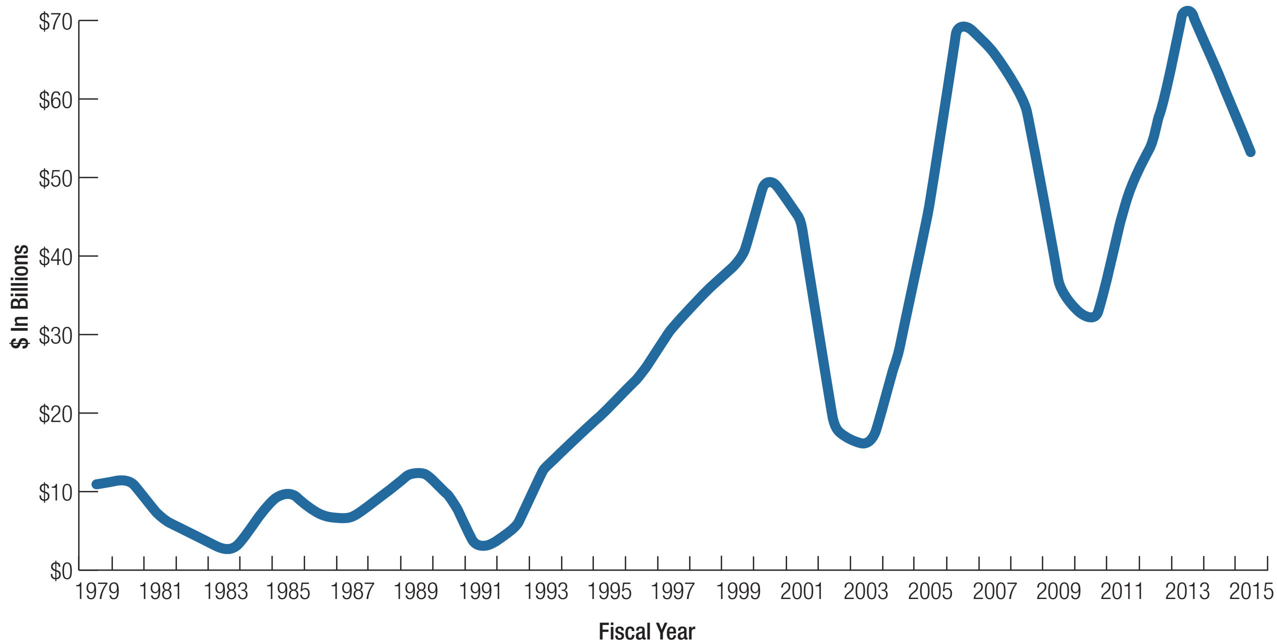
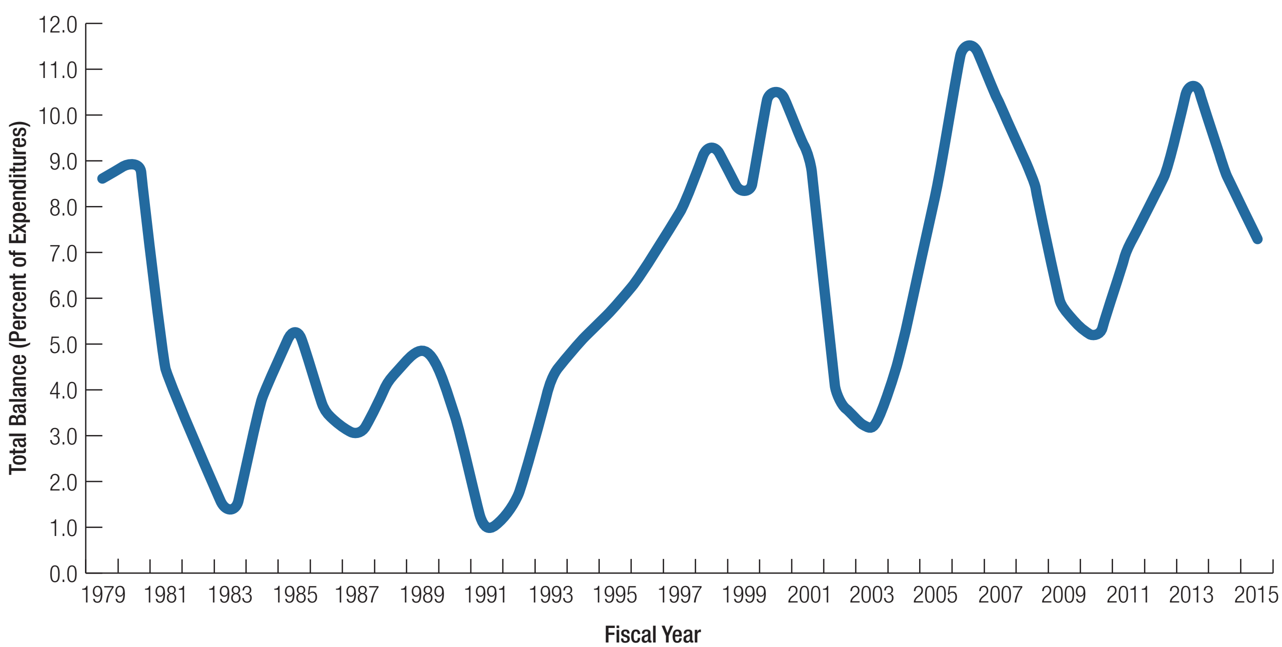


FIGURE 5:
Total Year-End Balances as a Percentage of Expenditures, Fiscal 1979 to Fiscal 2015



Changing Balance Levels Fiscal 2013, Fiscal 2014, Fiscal 2015

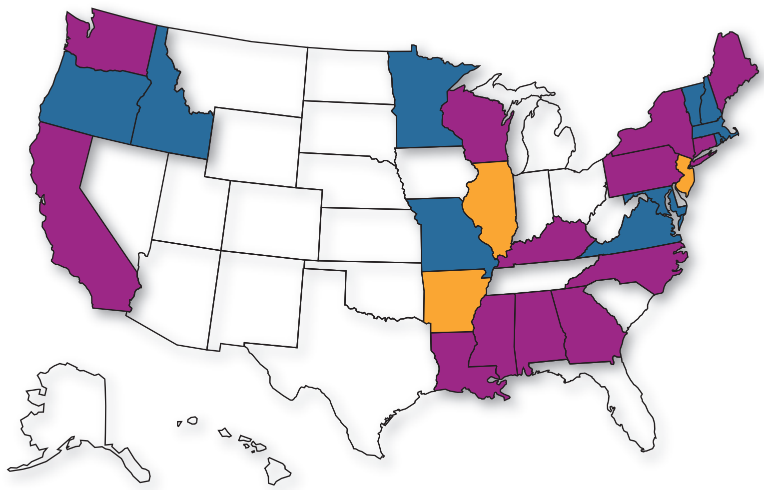


FIGURE 6:
Total State Balance Levels Fiscal 2013

- Less than 1 percent (3)
- Greater than 1 percent but less than 5 percent (13)
- Greater than 5 percent but less than 10 percent (10)
- Greater than 10 percent (24)

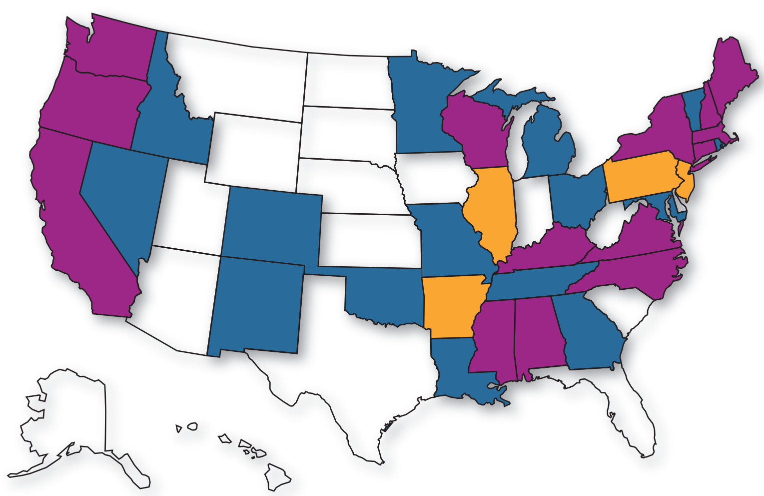


FIGURE 7:
Total State Balance Levels Fiscal 2014

- Less than 1 percent (4)
- Greater than 1 percent but less than 5 percent (14)
- Greater than 5 percent but less than 10 percent (15)
- Greater than 10 percent (17)

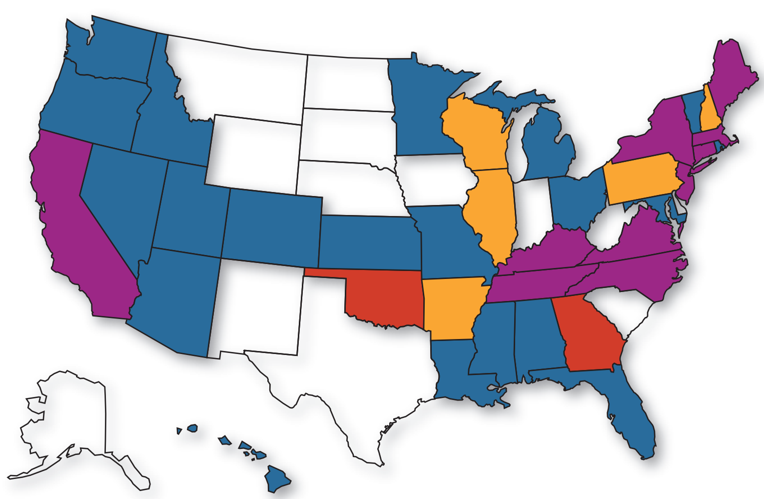


FIGURE 8:
Total State Balance Levels Fiscal 2015

- Less than 1 percent (5)
- Greater than 1 percent but less than 5 percent (10)
- Greater than 5 percent but less than 10 percent (20)
- Greater than 10 percent (13)
- Data are not available (2)

TABLE 28

Total Balances and Total Balances as a Percentage of Expenditures, Fiscal 2013 to Fiscal 2015

State	Total Balance ($ in Millions)**			Total Balances as a Percent of Expenditures		
	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2013	Fiscal 2014	Fiscal 2015
Alabama*	$304	$328	$566	4.2%	4.4%	7.4%
Alaska	15,354	13,319	9,987	197.3	181.9	171.0
Arizona	1,350	1,029	563	15.9	11.7	6.1
Arkansas	0	0	0	0.0	0.0	0.0
California***	2,527	3,903	1,404	2.6	3.9	1.3
Colorado***	1,446	557	720	18.3	6.4	7.7
Connecticut	271	519	520	1.4	3.1	3.0
Delaware***	636	414	500	17.4	10.9	12.9
Florida	3,600	3,248	2,728	14.6	12.0	9.6
Georgia***	900	988	NA	4.9	5.2	NA
Hawaii	868	748	519	15.3	11.9	8.1
Idaho	215	206	230	8.0	7.4	7.8
Illinois	154	74	74	0.5	0.2	0.3
Indiana	1,943	2,005	2,169	13.6	13.8	14.6
Iowa	1,539	1,356	1,217	24.0	21.0	17.4
Kansas	709	697	371	11.6	11.6	5.9
Kentucky	244	158	180	2.6	1.6	1.8
Louisiana	161	444	470	1.9	5.3	5.4
Maine	$67	81	70	2.2	2.5	2.2
Maryland	1,202	911	867	8.0	5.9	5.4
Massachusetts***	1,874	1,409	1,232	5.5	3.9	3.2
Michigan	1,692	834	513	19.1	9.1	5.2
Minnesota***	1,712	1,338	1,216	9.1	6.8	6.1
Mississippi	86	151	395	1.8	3.0	7.2
Missouri	724	492	451	9.0	5.9	5.1
Montana	538	424	362	26.9	19.4	16.5
Nebraska	1,199	1,393	949	33.4	36.7	23.1
Nevada	385	296	262	11.7	9.0	7.8
New Hampshire***	82	29	9	6.5	2.3	0.7
New Jersey	310	300	388	1.0	0.9	1.2
New Mexico***	651	579	670	11.2	9.6	10.8
New York***	1,610	2,235	2,055	2.7	3.6	3.3
North Carolina	975	921	654	4.7	4.6	3.1
North Dakota	1,980	1,670	1,038	84.1	51.6	29.9
Ohio	3,121	2,755	2,110	11.2	9.0	6.6
Oklahoma	668	535	NA	10.6	8.2	NA
Oregon	556	236	636	8.3	3.0	8.0
Pennsylvania	541	81	10	2.0	0.3	0.0
Rhode Island	276	245	178	8.6	7.3	5.2
South Carolina***	1,046	1,163	971	16.9	18.4	14.4
South Dakota	159	149	149	12.3	10.3	10.7
Tennessee	1,156	729	496	10.1	5.8	3.9
Texas	11,676	10,332	10,634	28.6	21.7	21.9
Utah	751	617	408	14.6	11.4	7.2
Vermont	74	71	72	5.6	5.1	5.0
Virginia	1,320	693	943	7.7	3.7	5.0
Washington	438	777	1,054	2.8	4.8	6.3
West Virginia	1,427	1,368	1,257	33.4	32.5	29.4
Wisconsin	759	517	-64	5.3	3.5	-0.4
Wyoming	927	926	890	51.8	51.8	50.4
Total**	**$70,635**	**$62,727**	**$53,092**	**10.5%**	**8.9%**	**7.3%**

*NOTES: NA indicates data not available. Total state balances and the calculation of total state balances as a percentage of expenditures only include those states with reported data for all three fiscal years. *See notes to Table 28 on page 60. Fiscal 2013 are actual figures, fiscal 2014 are preliminary actual figures, and fiscal 2015 are appropriated figures. **Total balances include both the ending balance and Rainy Day Funds. ***Ending Balance includes Rainy Day Fund.*

TABLE 29

Rainy Day Fund Balances and Rainy Day Fund Balances as a Percentage of Expenditures, Fiscal 2013 to Fiscal 2015

	Rainy Day Fund Balance ($ in Millions)**			Rainy Day Fund Balance as a Percent of Expenditures		
State	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2013	Fiscal 2014	Fiscal 2015
Alabama	$14	$328	$437	0.2%	4.4%	5.7%
Alaska	16,332	15,033	11,371	209.9	205.3	194.7
Arizona	454	455	455	5.4	5.2	4.9
Arkansas	0	0	0	0.0	0.0	0.0
California	1,573	2,948	2,056	1.6	2.9	1.9
Colorado	373	411	570	4.7	4.7	6.1
Connecticut*	271	519	520	1.4	3.1	3.0
Delaware	199	202	213	5.4	5.3	5.5
Florida	709	925	1,139	2.9	3.4	4.0
Georgia	717	796	NA	3.9	4.2	NA
Hawaii	24	83	91	0.4	1.3	1.4
Idaho	135	161	161	5.0	5.8	5.5
Illinois	0	0	0	0.0	0.0	0.0
Indiana	515	969	1,122	3.6	6.7	7.5
Iowa	611	650	696	9.5	10.1	10.0
Kansas*	0	0	0	0.0	0.0	0.0
Kentucky	122	77	98	1.3	0.8	1.0
Louisiana	444	445	470	5.3	5.3	5.4
Maine	60	68	68	1.9	2.1	2.1
Maryland	700	764	783	4.6	4.9	4.9
Massachusetts	1,557	1,259	1,218	4.6	3.5	3.2
Michigan	506	396	509	5.7	4.3	5.2
Minnesota	656	661	811	3.5	3.4	4.1
Mississippi	32	110	395	0.7	2.2	7.2
Missouri	277	270	233	3.5	3.2	2.7
Montana	0	0	0	0.0	0.0	0.0
Nebraska	384	719	708	10.7	19.0	17.2
Nevada	85	28	0	2.6	0.9	0.0
New Hampshire	9	9	9	0.7	0.7	0.7
New Jersey	0	0	0	0.0	0.0	0.0
New Mexico	651	579	670	11.2	9.6	10.8
New York	1,306	1,481	1,481	2.2	2.4	2.3
North Carolina	651	651	652	3.2	3.2	3.1
North Dakota	584	584	584	24.8	18.0	16.8
Ohio	482	1,478	1,478	1.7	4.8	4.6
Oklahoma	535	535	NA	8.5	8.2	NA
Oregon	69	206	386	1.0	2.6	4.8
Pennsylvania	0	0	3	0.0	0.0	0.0
Rhode Island	172	177	178	5.3	5.3	5.2
South Carolina	388	408	447	6.3	6.4	6.6
South Dakota	135	139	149	10.4	9.7	10.7
Tennessee	356	456	492	3.1	3.6	3.9
Texas	6,170	6,656	8,070	15.1	14.0	16.6
Utah	403	401	401	7.9	7.4	7.1
Vermont	74	71	72	5.6	5.1	5.0
Virginia	440	688	938	2.6	3.6	4.9
Washington	270	414	583	1.7	2.6	3.5
West Virginia	915	956	860	21.4	22.7	20.1
Wisconsin	0	0	0	0.0	0.0	0.0
Wyoming	927	926	890	51.8	51.8	50.4
Total**	**$40,034**	**$43,760**	**$42,466**	**6.0%**	**6.2%**	**5.9%**

*NOTES: NA indicates data not available. Rainy day fund balances as a percentage of expenditures only includes states with reported data for all three fiscal years. *See Notes to Table 29 on page 60.*
***Fiscal 2013 are actual figures, fiscal 2014 are preliminary actual figures, and fiscal 2015 are appropriated figures.*

CHAPTER 3 NOTES

Notes to Table 28
Total Balances and Total Balances as a Percentage of Expenditures, Fiscal 2013 to Fiscal 2015

Alabama The reported ending balance includes the rainy day fund for fiscal 2013.

Notes to Table 29
Rainy Day Fund Balances and Rainy Day Fund Balances as a Percentage of Expenditures, Fiscal 2013 to Fiscal 2015

Connecticut For each of the fiscal years, the reported rainy day fund balance includes the ending balance.

Kansas Kansas does not have a "Rainy Day" fund. However, the balanced budget provision of the constitution requires revenues to finance the approved budget.

OTHER STATE BUDGETING CHANGES

CHAPTER FOUR

Enacted Changes to Budgeting and Financial Management Practices

For fiscal 2015, 19 states reported enacted changes to their budgeting and financial management practices. The most commonly cited changes were IT upgrades for budgeting, accounting, or enterprise resource planning (ERP) systems, consolidation and reorganization. Additionally, three states reported changes to increase performance budgeting efforts, two states made changes to their rainy day fund policies, two states are conducting tax expenditure studies and three states made changes to their capital budgeting and planning processes. Five states noted the implementation of new IT systems to better integrate and streamline financial management functions. Several states also reported on various consolidation and reorganization efforts to achieve cost and efficiency savings. IT upgrades, organizational changes, and long-term planning regarding capital infrastructure and budget reserves, provide concrete examples of how states are effecting change by reforming budget and management practices. *(See Table 30)*

Enacted Changes in Aid to Local Governments, Fiscal 2015

In contrast to the years immediately following the recession when many states cut aid to local governments, a number of states enacted changes to increase aid for local governments in fiscal 2015, particularly for education purposes. Seventeen states reported that aid to local governments will increase in fiscal 2015, two states reported a net decrease, and one state reported a change to intergovernmental fiscal administration practices. Enacted changes in state aid to local governments varied considerably, but most states reported that increased aid came in the form of additional funds for K-12 education as well as community colleges. States also reported that enacted fiscal 2015 budgets included additional aid for transportation projects (Pennsylvania and North Dakota), pension payments for local government employees (Alaska and Maryland), tax credits (Iowa, Minnesota, New York, and Wisconsin), and community corrections (California, Nebraska, and New Jersey).

Like the states, local governments faced severe fiscal pressures in the years immediately following the recession. While local governments' fiscal situation varied considerably, many local governments confronted a sharp rise in service demands, declining tax revenues as well as cuts in state and federal aid. Currently, budget challenges persist for many local governments due to constrained revenues, employee-related costs for health care and pensions, and the backlog of unmet spending needs for capital infrastructure.[6] However, city finance officers do expect calendar year (CY) 2014 to bring the first year-over-year rise in property tax revenues in the last five years.[7] The fiscal health of the nation's residential and commercial real estate markets remains critical for local governments, which rely heavily on property tax collections determined in part by property valuations.[8] According to the National League of Cities, property tax collections declined by 0.4 percent in CY 2013 and are projected to increase by 1.6 percent in CY 2014.[9] Additionally, city general fund revenues in CY 2013 increased for the first time since CY 2006, although revenues are projected to remain flat in CY 2014.[10] The economic recovery that has led to fiscal stability and slow growth in state budgets has not been equally realized at the local level due to differing tax structures and spending pressures. Increased state aid in fiscal 2015 will likely provide some relief in areas such as K-12 education, but in many cases local government budget challenges will remain. *(See Table 31)*

[6] The National League of Cities. October 2014. *"City Fiscal Conditions in 2014."* Pg. 5.

[7] The National League of Cities. October 2014. *"City Fiscal Conditions in 2014."* Pg. 1.

[8] According to the United States Census Bureau, collections from property taxes in (CY) 2011 represented 37.9 percent of total local government revenues from taxes and intergovernmental transfers, and 74.2 percent of local own-source tax revenue. U.S. Census Bureau. July 2013. *"Summary of State and Local Finances Summary: 2011."* Government Division Briefs.

[9] The National League of Cities. October 2014. *"City Fiscal Conditions in 2014."* Pg. 3.

[10] The National League of Cities. October 2014. *"City Fiscal Conditions in 2014."* Pg. 2.

TABLE 30

Enacted Changes to Budgeting and Financial Management Practices

Alabama	Established the Department of Child Safety and removed CPS functions from the Department of Economic Security.
California	Beginning in fiscal year 2014, the state charges the California State University (CSU) for debt services on state bonds issued for university projects and gives the CSU authority to use state funds to issue debt for infrastructure projects.
Colorado	The CORE accounting system went live in Colorado in July 2014. This system replaced the outdated COFRS accounting system and has an electronic budgeting system component which will be used in FY 15-16's budget submission. HB14-1319 implemented performance budgeting in the public higher education system.
Louisiana	The state is in the process of consolidating statewide IT, procurement, and HR functions. The state is also in the process of restructuring the span of control of some major departments.
Maine	Office of Policy and Management governmental structure and operations review implemented. Bureau of the Budget and Office of Policy and Management review of vacant and filled positions to identify up to 100 positions for possible elimination implemented. Tax Expenditure Review Task Force continued. Executive branch requirement for the submission of zero-based budgets for 2016-2017. Non-profit Tax Review Task Force, BETE Task Force and BETR Task Force continued as well as a working group to review mandates imposed by the State on municipalities.
Massachusetts	Capital planning process now aligned with the operating budget's fiscal year, with the five-year capital plan released in conjunction with the signing of the GAA. Integrated Facilities Management (IFM) achieves efficiencies in the state's use of buildings by bringing most state facilities under the management of the Division of Capital Asset Management and Maintenance. Through the FY15 GAA, the Executive Office of Education has consolidated Human Resource functions and responsibilities at the Executive Office level, from the Department of Early Education and Care, The Department of Elementary and Secondary Education (K-12), and the Department of Higher Education. This consolidation will create efficiencies in service delivery, reduce HR costs, and provide better HR support for staff at the various departments. Began implementation of MassGrants, an Enterprise Grants Management system that will help agencies track and manage federal grants more effectively while increasing transparency and interfacing with other state budgeting, accounting, and procurement systems.
Michigan	Public Act 252 of 2014, the fiscal 2015 appropriation bill, requires departments and agencies to identify specific benchmarks for new or expanded programs to measure the program's performance or return on taxpayer investment. The requirement applies to new or expanded programs that received an appropriation greater than $500,000. Reports of proposed benchmarks are due to legislative subcommittees by November 2014, with further discussion of benchmarks and their status to be scheduled by legislative subcommittees. In June 2014, the Department of Technology, Management and Budget contracted with CGI to develop an enterprise resource planning system called "SIGMA" (Statewide Integrated Governmental Management Applications). When fully implemented, system capability will include linking budget, accounting, and other enterprise-wide administrative systems for all executive branch departments and agencies, the judicial branch, and the legislative branch. Phase one, preparation of FY 2017 executive budget recommendations, is scheduled for implementation in August 2015.

Table 30 continues on next page.

TABLE 30 (CONTINUED)

Enacted Changes to Budgeting and Financial Management Practices

Minnesota	The past legislative session included multiple changes to the state's budget reserve policy. The changes: 1) set a reserve target in statute based on MMB's yearly examination of state's revenue volatility; 2) all the reserve target to adjust to revenues changes over time; 3) provide a mechanism to automatically allocate 1/3 of future November forecast balances to budget reserve until the target is met.
Mississippi	Legislation was passed to suspend the statutory 2% set aside of revenue estimate prior to legislative appropriations for FY 2015 and changed the normal distribution of ending cash balances to insure the Rainy Day Fund was at its statutory requirement.
Montana	Currently implementing new budget system (IBARS) which will replace old budget system (MBARS).
Nevada	Legislature added requirement for tax expenditure report. Legislative committee and Budget working on performance budgeting in the interim between biennial sessions. As needed to accommodate performance budgeting. Funding was included for application benchmarking and replacement study for the state's accounting system.
Ohio	As part of the fiscal years 2014-15 budget, a new cabinet level Department of Medicaid was created, replacing what was an office within the Department of Job and Family Services. The new department continues to be the central state agency and will strengthens coordination of Medicaid services among the other agencies with Medicaid functions. The former Department of Alcohol and Drug Addiction Services and the Department of Mental Health were merged and are now the Department of Mental Health and Addiction Services. The Ohio Cultural Facilities Commission was abolished and its functions merged with the Ohio Facilities Construction Commission. In addition to the budget for fiscal years 2014-15 being reviewed and enacted during the two year legislative session in the first half of calendar 2013, a mid-biennium review of agency budgets was conducted during the first half of calendar year 2014.
Oklahoma	At the Governor's request, the HCM division of the Office of Management and Enterprise Services (in conjunction with national consultants and a working group of officials from the Governor's Office, Legislature, state agencies and the Oklahoma Public Employees Association) has conducted a statewide comprehensive remuneration study to determine appropriate levels of compensation for an estimated 33,000 state employees. The study will also recommend newer, smarter strategies for the public service sector of Oklahoma to compete for and retain high quality employee talent. Based on this study, legislation was enacted to provide raises for approximately 8,000 of the State's lowest compensated employees and to begin the process to bring all state employees to 90% of compensation comparable to the private market. In keeping with the Governor's initiative to bring more high-paying, high-quality jobs to Oklahoma, legislation was signed into law to provide meaningful income tax relief for Oklahoma taxpayers in up-coming tax years.
Rhode Island	Military Staff has split into two separate agencies entitled "Military Staff" and "Rhode Island Emergency Management Agency".
South Carolina	Legislation passed to phase out the Budget & Control Board and transfer many of those responsibilities the newly created Department of Administration, Governor's Executive Budget Office (both under the Executive branch) and, the Revenue and Fiscal Affairs Office (under the Legislative branch). Additionally, South Carolina implemented a web-based Public Budgeting Formulation (product of SAP) to replace legacy mainframe budget system.

Table 30 continues on next page.

TABLE 30 (CONTINUED)

Enacted Changes to Budgeting and Financial Management Practices

South Dakota	Legislation was passed which requires an additional independent revenue projection during the Interim from the Bureau of Finance and Management (BFM) and the Legislative Research Council (LRC) for the current fiscal year. If either of the estimates project a budget shortfall in excess of 2.5%, then measures must be proposed to eliminate the shortfall. In addition, the Governor has recently issued an executive order to require a long term financial plan, a debt management plan, and a capital expenditure plan.
Utah	State agencies are still working on achieving a 25% increase in efficiency by 2017 as per the Governor's challenge from last year.
Vermont	Results Based Accountability—2014 Session, Act 186.
West Virginia	The state implemented a new ERP financial accounting system effective 7/1/14.

TABLE 31
Enacted Changes in Aid to Local Governments, Fiscal 2015

Alaska	Revenue Sharing reduced by $8.0 million to $52.0 million for FY2015. Direct appropriations to retirement accounts in FY2015 for municipalities and school districts (PRS and TRS), estimated to be $1,870.8 million, is an additional contribution of $1,457.5 million over FY 2014 levels. The increase is, primarily, a result of a lump sum payment to towards the unfunded pension liability.
Arizona	The budget includes $7.65 million to aid local governments.
California	The enacted 2014-15 Budget provides $662 million to local school districts and community colleges to pay back deferrals in the 2014-15 fiscal year (40 percent of the total K-12 and community college deferral balance as of the June 30, 2014). The 2014-15 Budget Act also provides $450 million to reimburse school districts and community colleges for the costs of state-mandated programs (8 percent of the outstanding mandate balance as of June 30,2014). • The 2014 Budget Act appropriates $7.5 million for the first year of a three-year State-County Assessor's Partnership Program (Program) to enhance county property assessment efforts. The purpose of the Program is to ensure that county assessors have the resources necessary to fairly and efficiently administer the county property tax rolls. • The 2015 Budget includes an additional $12.5 million grant for cities due to poor economic conditions that have resulted in cuts to police services. • The 2015 Budget includes an additional $1 million for Trial Court Security. • The 2015 Budget includes $33 million to counties for recidivism reductions strategies.
Colorado	In addition to the backfill distribution of $4,304,072 to Local governments to offset prior year reductions in the federal mineral lease allocations, the Department of Local Affairs estimates that its Local Government assistance will increase $904,350 for FY 2015. This increase includes $4,000 received from the Office of Economic Development and International Trade (OEDIT) that provides community assessments, $50,000 Cash Fund spending authority to provide Geothermal Energy Impact grants to local governments impacted by the geothermal resource industry activity ongoing in their respective communities, $850,350 General Fund spending authority for firefighters benefits. Separately Colorado suffered disastrous floods and fires in 2013 resulting in 24 counties qualifying for federal disaster recovery aid. The Department estimates distributing approximately $17.4 million to local governments from Community Development Block Grant—Disaster Recovery grant awards from the US Department of Housing and Urban Development (HUD) for housing and infrastructure projects. The Department is also anticipating distributing up to $500,000 for economic development infrastructure in Colorado's rural communities. These increases to local government grant and financial assistance are a ten percent increase over FY 2014. The Department of Local Affairs does not expect any financial impact to local government financial operations in FY 2015 due to state level changes.
Connecticut	The FY 15 enacted budget contains an additional $90.5 million from FY 14 to FY 15 enacted budget, or a 2.94% increase. This reflects local aid from all sources: appropriations, bonding, tax intercepts and an unallocated lapse savings reduction.
Hawaii	Act 174, SLH 2014, increases allocations of the Transient Accommodations Tax to the counties from $93 million to $103 million for FYs 2015 and 2016.

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TABLE 31 (CONTINUED)

Enacted Changes in Aid to Local Governments, Fiscal 2015

Iowa	During the 2013 legislative session, a new Business Property Tax Credit was created to take effect in FY2015. The credit is funded through a General Fund appropriation. The appropriation is for $50 million for FY2015. The credit will be used to reduce the final property tax bill for all commercial, industrial, and railroad property. Also passed during the 2013 legislative session was a rollback to 95% of commercial property valuations for FY2015. The property tax revenue loss is reimbursed to local governments through a standing unlimited general fund appropriation which is estimated to be $70.5 million for FY2015. During the 2013 legislative session, the maximum annual taxable value growth percent due to revaluation of existing residential and agricultural property is reduced from 4.0% to 3.0% starting for FY2015.
Kansas	Legislation enacted on school finance changed how county treasurers remit the proceeds from the statewide uniform 20-mill property tax levy for education. Previously, the money was held at the county and remitted to the districts. Beginning July 1, the funds will be sent from the county treasurers to the state treasury for deposit in the School District Finance Fund, then the funds will be distributed to school districts as part of the school finance formula. Each school district will receive as much aid from the 20 mills as it did prior to the change; however, the school district will receive the funds as state aid instead of being considered “local effort.” As such, state revenues and expenditures are estimated to increase by $586,833,000 to account for this change in policy, all from the School District Finance Fund. Local revenues and expenditures at the county level should decrease by this same amount. A bill passed by the 2014 Legislature phases out the Kansas mortgage registration fee over a five-year period and the fee will be eliminated completely on January 1, 2019. The bill would phase in increases for a number of other fees collected by county registers of deeds, including for the first page and any additional pages of a deed, filing IRS tax liens, releases of IRS tax liens, and recording town plats. The bill would create three new per page fees on the first and all additional pages of any deed, mortgage, or other instruments and for any release or assignment of a mortgage.
Maryland	State aid to Local governments totaled $7.0 billion, an increase of $184 million or 2.7% compared to the prior year. Major increases include: $128 million increase in K-12 education, $14 million in aid to local community colleges, $8.0 million in the disparity grant, and $13 million in local retirement payments.
Massachusetts	Total local aid increased from $5,521.3 M to $5,648.1 M, for a net increase of $126.8 M (2.3%). Major funding changes included a $25.5 M (2.6%) increase for unrestricted local aid, $18.8 M (36.4%) increase for regional school transportation, $99.5 M (2.3%) increase for local school aid, and a decrease of $22.6 M (-22.0%) for Charter School reimbursement.
Michigan	Effective for fiscal 2015, beginning October 1, 2014: incentive payments to school districts that meet student performance standards or best practices criteria ($121.4 million); technology infrastructure payments to school districts ($41.5 million); incentive-based funding for intermediate school districts meeting 5 of 6 best practices criteria ($2 million); foundation allowance equity payment ($103 million); state preschool programming for eligible 4-year olds ($250.5 million); district fiscal emergency fund ($4 million); consolidation innovation grants for districts or intermediate school districts ($2 million); grants to financially distressed local governmental units ($8 million); incentive-based funding ($291 million) and revenue sharing payments ($927.3 million) for cities, villages, townships, and counties.
Minnesota	Expanded local government sales tax exemption to include smaller political subdivisions in addition to Cities and Counties. Cost of $150K in FY 15, but upon full implementation will be approx. $25 million per year. Added new County Aquatic Invasive Species Aid—$4.5 million in FY 15, $10 million each year thereafter. Increased a property tax credit for agricultural homesteads—$16.9 million in FY 15, approx. $15 million per year thereafter.

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TABLE 31 (CONTINUED)

Enacted Changes in Aid to Local Governments, Fiscal 2015

Missouri	The reimbursement to counties for prisoner per diem is appropriated to increase by $3 per day. Due to budget shortfalls, currently only $1 of that increase has been released.
Nebraska	TEEOSA (formula) State Aid to Schools: $28.7 million, 3.2% increase for FY2015; Special Education Aid: $10.2 million, 5.0% increase for FY2015; Community College Aid: $3.7 million, 4.0% increase for FY2015; County Juvenile Justice Aid: $2.0 million, 65.0% increase for FY2015; Natural Resources Development Fund Aid to Natural Resources Districts: $10.5 million, 334.1% increase for FY2015.
New Jersey	An increase in Transitional Aid to Localities program funding by $27 million (29%) to $121.5 million. This discretionary aid program provides support for local units experiencing fiscal distress. Program eligibility has expanded to local units that had significant ratable losses due to Super Storm Sandy. An increase in Meadowlands Adjustment Payments Aid by $1.3 million (22%). This program provides support to seven municipalities that are required to contribute funds to an intermunicipal tax-sharing account. An increase in funding for Consolidation Implementation by $5.3 million (165.6%) to $8.5 million. This program supports non-recurring costs associated with local unit consolidations and adoption of shared services agreements. A one-time readjustment in Open Space Payments in Lieu of Taxes by $5.9 million (983%) back to $6.5 million. This program provides payments to municipalities that have lands set aside for recreation or conservation purposes. In FY14 there was a one-time change in timing of when payments were anticipated in municipal budgets; this increase restores the appropriation. Changes in other local aid programs include an increase in County College Aid by $5.4 million (2.5%) to $222.7 million, an increase in Essex County Jail Substance Abuse Programs by $2 million (11%) to $20 million, new funding for Essex Crime Prevention of $2 million, a decrease in Transportation Trust Fund Local Project Aid by $8.6 million (3%) to $276 million, and a decrease in Employee Benefits on behalf of Local Governments by $5.2 million (3.9%) to $129.4 million.
New York	Major Budget program changes and one-year impact for local fiscal years ending in 2015 are as follows: • Increased school aid funding for the 2014-15 school year ($1.13 billion) • Special assistance to the City of Yonkers and to Rochester ($34 million) • Additional revenue from various sales and personal income tax initiatives ($25 million) • Decreased revenue from the creation a rent cap for low-income residents with HIV/AIDS ($17 million) • Increased highway assistance for extreme winter recovery ($16 million) • Increased costs from implementing a fair hearings chargeback ($10 million) • Increased transit assistance for downstate county transit systems ($5 million) • Miscellaneous financial assistance to certain municipalities ($3.4 million) • Assistance to Dutchess County for miscellaneous projects ($3.2 million) • Increased video lottery terminal aid to eligible municipalities ($2.1 million) • Additional village per capita aid revenue ($0.5 million)

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TABLE 31 (CONTINUED)
Enacted Changes in Aid to Local Governments, Fiscal 2015

New York (cont.)	The 2014-15 Enacted Budget will have an estimated $1.2 billion positive impact on municipalities in local fiscal years ending in 2015—the first full-annual local fiscal year affected by changes in the Budget. School districts outside of New York City will realize an estimated $719 million positive impact for their 2014-15 school year, primarily due to a $691 million school aid increase, exclusive of Universal Full-Day Pre-Kindergarten funding and potential funding from the Smart Schools Bond Act, when approved by voters in November 2014. The Yonkers City School District will also receive $28 million in special assistance. New York City will realize an estimated $446 million positive impact for the 2014-15 city fiscal year, primarily due to $436 million in additional aid for New York City schools, exclusive of Universal Full-Day Pre-Kindergarten funding and potential funding from the Smart Schools Bond Act, when approved by voters in November 2014. The City will benefit from $33.8 million in additional personal income tax revenue through closing the resident trust loophole. This new revenue would be partially offset by a loss of sales tax from a two-year extension of the alternative fuels tax exemption ($1.2 million) and an extension of the of the vending machine exemption from $0.75 to $1.50 ($2.1 million). New York City will also benefit from an additional $4.2 million in Extreme Winter Recovery assistance, and $2.2 million in increased transit assistance for NYCDOT and Staten Island Ferry. This overall positive impact will be partially offset by a rent cap for low-income New Yorkers who are permanently disabled by HIV/AIDS and receive public assistance ($17 million), and the implementation of a fair hearings chargeback ($10 million). County governments will realize an estimated $5.6 million positive impact in 2015, primarily due to an additional $3.5 million in assistance to Dutchess County for miscellaneous projects, $3.2 in Miscellaneous Financial Assistance for Seneca, Cayuga and Franklin Counties, $3.0 million in Extreme Winter Recovery assistance, $2.8 million in increased transit assistance for downstate county transit systems, and an increase in VLT aid to eligible municipalities ($600,000). These impacts will be partially offset by the elimination of miscellaneous financial assistance to Madison & Oneida counties ($3.0 million) if payments commence from the new Oneida Indian Nation gaming compact during the State's 2014-15 fiscal year, and by an estimated $4.5 million reduction in sales tax revenues due to an extension of the of the vending machine exemption from $0.75 to $1.50, and a two year extension of the alternative fuels tax exemption. Other cities, towns and villages will realize a $15.9 million positive impact in local fiscal years ending in 2015, attributed primarily to a $8.6 million increase in Extreme Winter Recovery assistance and $6.0 million in special assistance to the City of Rochester. Other increases include increase in VLT aid to eligible municipalities ($1.5 million) and $500,000 in additional funding for the Village Per Capita Aid Program. These impacts will be partially offset by the reduction in sales tax revenues due to an extension of the of the vending machine exemption from $0.75 to $1.50 ($600,000) and a two year extension of the alternative fuels tax exemption ($300,000). The Enacted Budget also includes a two-year property tax credit for homeowners in school districts and local governments that stay within the property tax cap. To ensure that officials are working together to eliminate waste and duplication, local governments and school districts will be required to develop efficiency plans in order for their residents to receive the second year of the tax credit. This will result in over $1.5 billion in direct property tax relief over the entire program.
North Dakota	The state school aid program was increased by $482.9 million, or 38%, for the 2013-15 biennium, to provide for the state assumption of a larger share of K-12 education cost. The state aid distribution fund, which provides for a percentage of sales taxes to be allocated to cities and counties, is expected to increase by $45.5 million, or 22%. Transportation grants to cities, counties and townships were increased by $190 million, or 100%, for the biennium. Oil tax allocations to political subdivisions are projected to increase by $329.5 million, or 129%, for the 2013-15 biennium.

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TABLE 31 (CONTINUED)

Enacted Changes in Aid to Local Governments, Fiscal 2015

Pennsylvania	The net impact of uncapping the Oil and Gas Franchise Tax and reducing the Liquid Fuels Tax is approximately $95 million in additional 2014-15 funding for road and bridge improvements provided to municipalities through appropriations in the Department of Transportation.
Rhode Island	$5 million increase to the Payment in Lieu of Taxes (PILOT) Program.
South Carolina	Full funding of local government fund was suspended (4.5% of most recent completed fiscal year required by Statute). Amount required by Statute $287.5m; amount funded $212.6m
Texas	Texas' FY15 budget has already been enacted via the General Appropriations Act for the 2014-2015 Biennium.
West Virginia	In addition to the local coal severance tax, the State began sharing State coal severance tax collections with producing counties in FY2013. The sharing amount increased from 2% of State tax collections in FY2014 to 3% in FY2015. The increase is roughly $3.0 million.
Wisconsin	As reported in the NASBO Spring Survey: General transportation aids to counties and municipalities increased by $7 million (2%). Increase general school aids by $74.4 million or 1.7%, over FY14 in Act 20 plus $60 million in Act 46 for a total increase of 2.2% over FY14. Also, $127 million in per pupil aid and $5 million high cost pupil transportation aid provided in FY15. Increase of $5.0 million or 6% in general aid for the Wisconsin Technical College System (WTCS) in FY15. Also, funding for technical college wait list reduction in Act 139 in an amount to be determined by Dept. of Workforce Development. Also reported in the NASBO Spring Survey: Repealed county mill rate limits while retaining existing county levy limit provisions. Increase of $75 per pupil revenue limit for school districts. Provide $406 million to the WTCS, and prohibit colleges from raising more revenue from the combination of general aid and property tax than in FY14, effectively reducing WTCS property taxes by $406 million and replacing the taxes with state aid.

APPENDIX

TABLE A-1

Enacted Revenue Changes by Type of Revenue, Fiscal 2015

State	Tax Change Description	Effective Date	Fiscal 2015 Enacted Revenue Changes ($ in Millions)
	SALES TAXES		
Arizona	TPT electricity exemption for utilities used in manufacturing.	01-15	-$14.6
Arkansas	Tax cuts on farm machinery, timber harvesting, and repair/replacement of machinery.	07-14	-29.2
Connecticut	Non-prescription drug exemption, regional hospital exempt, clothing exemption delay.	04-15 & 07-14	6.7
Florida	Sales tax holidays.		-35.8
	New Exemptions.		-26.9
	Other.		1.6
Idaho	Updated the current code to clearly state that software that is delivered electronically is not subject to Idaho sales or use tax.	07-14	-5.8
Indiana	Expanding the state's capture on sales tax for motor vehicles sold to out of state buyers.	07-14	13.8
	Sales tax exemption for aircraft repair.	07-14	-1.1
Kansas	Various sales tax exemptions.	07-14	-2.8
Kentucky	Removed sunset of film credit exemption of property used in expansion of blast furnace.	01-15 & 08-14	-1.5
Maine	Sales tax exemption for free printed publications and printed materials purchased for inclusion in a publication.	05-14 & 08-14	-1.9
Minnesota	Repeal Elec and Comm Equip & Repair.	04-14	-81.7
	Repeal Storage & Warehousing.	04-14	-82.4
	Exemption for Telecomm.	04-14	-36.2
	Delay Repeal of Cap Equip Refund Requirement.	07-15	64.6
	Various.		-1.8
Nebraska	Exemptions for agricultural machinery/equipment, historical autos for use in museums, gold and other precious metals, certain postage.	10-14	-11.9
New Mexico	GRT deduction for dialysis services reimbursed through Medicare.	07-14	1.7
North Carolina	Piped Natural Gas Sales Tax Phase-in.		-2.4
	Sales Tax on Manufactural and Modular Homes.		-4.7
North Dakota	SB 2142 provides a sales tax exemption for telecommunications infrastructure.	07-13	-2.4
Rhode Island	The wine and spirits sales tax exemption was extended to June 30, 2015.	07-14	-3.1
Virginia	Sales tax on satellite TV.	Contingent	9.6
Washington			2.8
West Virginia	Elimination of final 1% sales tax on food for home consumption.	07-13	-2.2
Total Revenue Changes—Sales Tax			**-$247.6**

Table A-1 continues on next page.

TABLE A-1 (CONTINUED)

Enacted Revenue Changes by Type of Revenue, Fiscal 2015

State	Tax Change Description	Effective Date	Fiscal 2015 Enacted Revenue Changes ($ in Millions)
	PERSONAL INCOME TAXES		
Arkansas	Tax cuts for active duty armed services, amendments to income tax rates/brackets and changes to Capital Gains tax.	07-14	-$55.9
Connecticut	Angel investor tax credit exemption.	07-14	-3.0
Hawaii	Act 101, SLH 2014 increases the Important Agricultural Land Tax Credit.	07-08	-5.0
Idaho	Contributions to a medical savings account is limited to $20,000 and shall be deducted from taxable income along with the interest earned.	01-14	-1.0
Indiana	3% individual income tax reduction takes effect per HEA 1001-2013.	01-15	-79.7
Iowa	Elimination of personal tax on military pensions plus other misc tax law changes.		-17.1
Kansas	Reduced income tax penalties, expanded the rural opportunity zones tax credit and restored several income tax credits that were vetoed in 2012.	07-14	-5.7
Kentucky	Changed rehabilitation of historic property tax credit established an Angel Investor tax credit increased tax credit for endowment gifts	01-14 to 01-16	-5.5
Minnesota	Federal Conformity Provisions.	01-13	-143.0
	Modify Working Family Credit.	01-13	-30.2
	Extend and Increase Angel Inv Credit.	01-14	-3.0
	Extended Military Pay Subtraction for Active Guard.	01-13	-3.0
	Refundable Cr for Tutoring Expenses.	01-13	-2.6
	Tax Bill 2 Income Tax Interaction.	01-13	0.6
Nebraska	Index personal income tax brackets.	01-14	-8.3
New York	Created a property tax freeze credit for homeowners in jurisdictions that meet the State property tax cap.	01-14	-375.0
	Closed a loophole in the taxation of resident trust income.	01-14	68.0
North Dakota	SB 2156 provides a rate reduction for individual income tax payers ($50.0 million) SB 2325 reduces tax rates for capital gain and dividend income ($3.5 million).	01-13	-53.5
Oregon	Eliminates personal exemption credit for high income taxpayers modifies senior medical deduction increases earned income tax credit and provides lower income tax rates for certain pass through income.	01-14	86.0
Rhode Island	Estate tax threshold of $921,655 was replaced with a tax credit of $64,400 against state taxes owed and is equivalent to a $1.5 million threshold.	07-14	-9.4
Wisconsin	Reduce lowest rate from 4.4% to 4.0% beginning TY14 (full effect of $96.5 million in FY15). Increase historic rehabilitation credits beginning TY14 (full effect of $3.8 million in FY15).	01-14	-100.3
Total Revenue Changes—Personal Income Taxes			**-$746.6**

Table A-1 continues on next page.

TABLE A-1 (CONTINUED)

Enacted Revenue Changes by Type of Revenue, Fiscal 2015

State	Tax Change Description	Effective Date	Fiscal 2015 Enacted Revenue Changes ($ in Millions)
	CORPORATE INCOME TAXES		
Florida	Tax credit increases.	07-14	-$15.5
Idaho	The Tax Reimbursement Incentive will provide a tax credit up to 30% for up to 15 years on new corporate income tax, sales tax, and payroll taxes paid as a result of a new qualifying project.	07-14	-3.0
Indiana	New EDGE credit.	07-14	-2.5
	Allowance of the existing Industrial Recovery Tax Credit.	07-14	-1.4
	Financial Institutions Tax reduction.	01-15	-6.0
Iowa	Misc tax law changes		-1.3
Kentucky	Income tax credit for property tax paid on distilled spirits.	01-15	-2.8
New York	Reduce the entire net income tax rate on qualified manufacturers to zero percent.	01-14	-193.0
North Dakota	SB 2156 provides a rate reduction for corporate income tax payers.	01-13	-12.5
Oregon	Increases corporate income taxes for certain corporations imposes 2.5% tax on IC-DISCs and allows subtraction for dividends.	01-14	76.0
Rhode Island	Eliminated the franchise tax for those franchise tax filers paying more than the $500 minimum. Also instituted combined reporting with single sales factor apportionment for all C-corporations while simultaneously reducing the business corporations tax rate from 9.0 to 7.0 percent.	07-14	2.7
Virginia	Motion picture tax credit.	01-14	-10.0
	R&D tax credit.	01-14	-1.0
West Virginia	Corporate tax rate reduced from 7% to 6.5% as of 1/1/2014 & Franchise Tax rate reduced from 0.2% to 0.1% as of 1/2014 and to 0% as of 1/2015. Strategic Research and Development Tax Credit repealed effective 1/2014.	01-14 and 01-15	-37.0
Total Revenue Changes—Corporate Income Taxes			**-$207.3**

State	Tax Change Description	Effective Date	Fiscal 2015 Enacted Revenue Changes ($ in Millions)
	ALCOHOLIC BEVERAGES		
Kentucky	Decrease tax rates on wholesale beer and wine.	07-15	-$1.6
Rhode Island	Legislation enacted to extend expiration date of alcohol excise tax increase from March 31, 2015 to June 30, 2015 for beer and malt beverages, high proof distilled spirits and still wine.	07-14	1.4
Total Revenue Changes—Alcoholic Beverages			**-$0.2**

Table A-1 continues on next page.

TABLE A-1 (CONTINUED)

Enacted Revenue Changes by Type of Revenue, Fiscal 2015

State	Tax Change Description	Effective Date	Fiscal 2015 Enacted Revenue Changes ($ in Millions)
	CIGARETTE AND TOBACCO TAXES		
Oregon	Increases cigarette tax and dedicates portion to mental health programs.	01-14	$6.0
Vermont	Cigarette increase to $2.75 and snuff/smokeless cigs at $2.75.	07-14	2.0
Total Revenue Changes—Cigarette and Tobacco Taxes			**$8.0**
	MOTOR FUELS TAXES		
New Hampshire	NH Legislature enacted a 4.2 cent per gallon increase on Gasoline and Diesel Fuel.	07-14	$33.3
Total Revenue Changes—Motor Fuel Taxes			**$33.3**
	OTHER TAXES		
Arkansas	Tax cuts on utilities, pollution control equipment,and volunteer firefighters.	07-14	-$4.0
Colorado	In November 2013, Colorado voters approved a special sales tax of 10% on sales of marijuana and marijuana products.	01-14	20.5
	In November 2013, Colorado voters approved an excise tax of 15% on the average wholesale price of retail marijuana.	01-14	10.1
Connecticut	Stadium admission tax exemption.	07-14	-1.6
Delaware	Increase annual tax on Limited Liability Companies, Limited Partnerships and General Partnerships from $250 to $300, Increase minimum annual Corporation Franchise Tax from $75 to $175.	01-14	51.5
Florida	Insurance Premium Tax credit increases.		-9.6
	Premium exclusions.		0.5
Georgia	Video game income tax credit.	07-14	12.5
Minnesota	Estate Tax—Repeal Gift Tax.	07-13	-12.1
	Estate Tax—Modify Estate Tax Rates & Exemptions.	01-14	-25.0
New York	Raise the estate tax exemption level.	04-14	-25.0
North Dakota	SB 2163 reduces gaming tax rates.	01-13	-3.6
Pennsylvania	Continued phaseout of the capital stock and franchise tax (CSFT).	01-14	-92.9
Tennessee	Repeals occupational privilege tax for NBA and NHL players.	07-14	-1.9
	Increase compliance with the professional occupational privilege tax.	07-14	1.7
Texas	Several bills from the 83rd Legislature provided tax relief, including a franchise tax rate reduction exemptions and credits related to research and development equipment, telecomm equipment, and data centers.		-621.7
Vermont	Employer Assesment.	10-14	2.8
Total Revenue Changes—Other Taxes			**-$697.8**

Table A-1 continues on next page.

TABLE A-1 (CONTINUED)

Enacted Revenue Changes by Type of Revenue, Fiscal 2015

State	Tax Change Description	Effective Date	Fiscal 2015 Enacted Revenue Changes ($ in Millions)
	FEES		
Colorado	Retail marijuana application and license fees.	10-13	N/A
Connecticut	2 day state park fee holiday.	07-14	-$0.2
Florida	Automobile Registration Fee Reductions.	09-14	-309.1
Minnesota	Tr Fr Assigned Risk Acct.	07-14	10.5
	SOS Salary Supplement (County Share).	07-14	2.0
	Misc agency fee changes and transfers-in.	07-14	0.8
New Jersey	Various fee increases are still in the process of implementation across multiple program areas.		N/A
North Carolina	Increase ABC Permit Fees		9.6
Texas	Reduction and elimination of certain broad based fees		-142.0
Vermont	Includes $60K for the Tax Department, $1,200 for Lottery, $84K for the Agency of Commerce & Community Development, $639K for the Secretary of State's office, $35K for Judiciary, $415K for Public Service.	07-14	1.3
Total Revenue Changes—Fees			**-$427.1**

TABLE A-2
Enacted Revenue Measures, Fiscal 2015

State	Description	Effective Date	Fiscal 2015 Enacted Revenue Changes ($ in Millions)
Connecticut	Sales—Fund MRSA payments to towns	07-14	-$12.7
	Other—Increase support to CT-N, eliminate KENO, DRS collection initiative.	Passage	60.8
	Fees—Death Certificate and Newborn fees diverted, deposit immunization revenue to insurance fund.	Passage, 07-14, 10-14	-32.1
Florida	Sales—Sales Taxes on Electricity redirect to Trust.	07-14	-156.7
	Cigarette—Cigarette Tax Revenue redirection to Cancer Center.	07-14	-5.0
	Other—Redirection of Surplus Lines Tax to GR.	07-14	13.8
Hawaii	Sales—Act 62, SLH 2011 allocates $55.5 million from the General Excise Tax to the Hawaii Hurricane Relief Fund in FY 2014 and in FY 2015.	07-13	-55.5
	Other—Act 174, SLH 2014 raises allocations of the TAT to the counties by $10 million in FY 2015 and FY 2016. Act 107, SLH 2014 increases the allocation of the Conveyance Tax to the Housing Trust Fund.	07-14	-21.5
	Motor Fuel—Act 107, SLH 2014 reinstates allocations of the Environmental Response Tax to the Energy Systems Development Fund.	07-14	-2.6
Kansas	Other—Local governments receive a larger share of severance tax revenues, SGF receives less.	07-14	-6.7
Maine	Personal Income—Increased collection efforts and changes to individual income tax including amending the income tax super credit.	Various	8.8
	Other—Increased collection efforts and changes to other taxes including the Pine Tree Development Zone credit.	Various	-37.7
Massachusetts	Personal Income—increased collection measures, tax amnesty.		47.0
	Corporate Income—FAS 109 Delay (businesses not able to claim new deduction for additional year).		45.8
Nebraska	Sales—Redirect sales tax on motor boats and all-terrain and utility-type vehicles from the General Fund to state park maintenance fund delay deduction of incentive credit refunds against local sales tax.		-4.0
New Jersey	Sales—$25.0m closing of internet tax loopholes $3.0m failed electronic payment initiative		28.0
	Personal Income—Loophole closing failed electronic payment initiative.		18.0
	Corporate Income—Several loophole closing initiatives.		89.0
North Dakota	Sales—SB 2325 increases the percentage of sales tax revenue allocated to cities and counties.	07-13	-5.8
	Personal Income—HB 1198 provides for income tax withholding on oil royalty payments to nonresidents.	01-13	2.1
	Corporate Income—SB 2325 replaces the financial institution tax with a corporate income tax.	01-13	11.3
	Other—HB 1145 increases the portion of insurance premium taxes allocated to fire protection districts ($3.9 million) SB 2325 repeals the financial institutions tax ($3.6 million).	07-13; 01-13	-7.5

Table A-2 continues on next page.

TABLE A-2 (CONTINUED)

Enacted Revenue Measures, Fiscal 2015

State	Description	Effective Date	Fiscal 2015 Enacted Revenue Changes ($ in Millions)
Pennsylvania	Other—Shortening the holding period for unclaimed property from 5 to 3 years.	07-14	$150.0
	Other—Transfer from the Oil and Gas Lease Fund to the General Fund.	07-14	95.0
	Other—Transfer all remaining private equity investments and cash reserves from the Tobacco Settlement Fund and the Health Venture Investment Account to the Public School Employees' Retirement General Fund appropriation.	07-14	225.0
	Other—Transfers to the General Fund from various Special Funds.	07-14	226.6
	Fees—Casino license fees.	07-14	124.8
Rhode Island	Sales—Addition of 10 new revenue officer positions to collect delinquent taxes. Also, creation of Statewide task force to combat employee misclassification, safe harbor provision on person income tax returns for use tax owed, and anti-zapper legislation to combat the understatement of total sales by business owners for tax purposes.	07-14	5.7
	Personal Income—Elimination of property tax relief credit for low income individuals increased revenues by $8.2 million. Also, restructuring of RI earned income tax credit which reduces taxes by $4.3 million.	01-15	3.9
West Virginia	Sales—Acceleration of half of July sales tax payments for larger payors to June.	06-15	20.0
	Personal Income—Acceleration of half of July withholding tax payments for larger payors to June.	06-15	10.0
	Other—Increase in State coal severance tax funds sent to county governments in producing counties.	07-15	-3.0
Wisconsin	Personal Income—Withholding reduction eff. 4-1-14 (for tax cuts beginning TY13, TY14 & other)—1-time impacts.	04-14	-166.1
Total			**$668.6**

TABLE A-3

Enacted Mid-Year Revenue Changes by Type of Revenue, Fiscal 2015

State	Tax Change Description	Effective Date	Fiscal 2015 Enacted Mid-Year Revenue Changes ($ in Millions)
	PERSONAL INCOME TAXES		
Ohio	Acceleration of portion of 10% personal income tax reduction from tax year 2015 to 2014: 1% of reduction previously enacted for tax year 2015 now in tax year 2014. Increased personal exemption for those with incomes between $40,000 and $80,000 from $1,700 to $1,950 increased personal exemption for those with incomes below $40,000 from $1,700 to $2,200. Increased Earned Income Tax Credit from 5% to 10% of the federal credit (nonrefundable). Temporary increase in small business deduction on first $250,000 in business income from 50% to 75% for tax year 2014 only.	07-14	-$389.0
Total Revenue Changes—Personal Income Taxes			**-$389.0**

TABLE A-4

Enacted Mid-Year Revenue Measures, Fiscal 2015

State	Tax Change Description	Effective Date	Fiscal 2015 Enacted Mid-Year Revenue Changes ($ in Millions)
Arkansas	Reduced State Cental Services supplemental deduction by .01%.	07-14	$6.3
Total			**$6.3**

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