THE FISCAL SURVEY OF STATES

Spring 2017

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 state 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.

2016–2017 Executive Committee

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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, 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 also conducted annually.

The field survey on which this report is based was conducted by NASBO from February through April 2017. The surveys were completed by executive state budget offices in all 50 states.

Fiscal 2016 data represent actual figures, fiscal 2017 figures are estimated, and fiscal 2018 and fiscal 2019 data reflect governors' recommended budgets.

Forty-six states begin their fiscal years on July 1. The exceptions are New York, which starts its fiscal year on April 1; Texas, with a September 1 start date; and Alabama and Michigan, which start their fiscal years on October 1. Additionally, 30 states operate on an annual budget cycle, while 20 states operate on a biennial (two-year) budget cycle.

NASBO staff member Kathryn Vesey White compiled the data and prepared the text for the report.

EXECUTIVE SUMMARY

Governors' budgets for fiscal 2018 display a significant degree of caution as states contend with slow revenue growth and increasing spending pressures coupled with federal uncertainty. Under executive budget proposals, state general fund spending would increase just 1.0 percent in fiscal 2018 compared to current estimated spending levels for fiscal 2017 — the smallest spending increase recommended by governors since fiscal 2010, when states were in the depths of the Great Recession.

States have experienced two consecutive years marked by sluggish revenue growth, with general fund revenues growing 1.8 percent in fiscal 2016 and 2.4 percent (estimated) in fiscal 2017. General fund revenues declined outright in 13 states in fiscal 2016 and are estimated to decline in nine states in fiscal 2017. Thirty-three states have seen general fund revenue collections coming in lower than budget projections for the current fiscal year. Sales tax collections — typically considered a relatively stable revenue source — are estimated to be $6.6 billion (2.5 percent) below budgeted levels for fiscal 2017. Personal and corporate income tax collections are also coming in lower than forecast.

This lackluster revenue performance helped result in 23 states making net mid-year budget reductions totaling $4.9 billion in fiscal 2017, marking the highest number of states making net mid-year cuts since fiscal 2010. All states that reported making net budget cuts also reported general fund revenues coming in lower than budget projections.

Many states are also contending with limited budget flexibility, as spending requirements in less discretionary areas such as pension obligations and health care costs continue to rise faster than inflation or state revenues. Median general fund spending on Medicaid grew 2.7 percent in fiscal 2016 and is estimated to increase 5.2 percent in fiscal 2017, outpacing general fund revenue growth. Meanwhile, states are also facing unprecedented uncertainty at the federal level with respect to future federal funding levels for Medicaid, as Congress continues to debate legislation to repeal and replace the Affordable Care Act that would dramatically overhaul the program's funding structure. Other areas of federal uncertainty for states include possible changes to the tax code, infrastructure proposals, and reductions in federal non-defense discretionary spending.

States are forecasting modest improvements in revenue conditions for fiscal 2018, thanks in part to job growth expected to continue and slowly rising oil and gas prices. A number of governors have also recommended tax and fee changes, which — if enacted — would result in a net increase of $3.7 billion for fiscal 2018.

Key Report Findings:

- Governors' budgets for fiscal 2018 propose general fund spending growth of **1.0 percent.**
- States have been dealing with especially sluggish revenue growth; general fund revenues grew **1.8 percent** in fiscal 2016 and are estimated to grow **2.4 percent** in fiscal 2017.
- **33 states** are seeing general fund revenues coming in below budget projections for fiscal 2017.
- At least **23 states** have already made net mid-year budget cuts totaling **$4.9 billion** in fiscal 2017.
- General fund revenues are projected to grow **3.1 percent** in fiscal 2018 based on governors' budgets.
- Governors' proposed tax and fee changes would result in a net revenue increase of **$3.7 billion.**
- General fund spending on Medicaid continues to grow faster than revenues.
- Most states continue to strengthen their rainy day funds, despite slow revenue growth.

While revenue growth is expected to strengthen somewhat in fiscal 2018, governors are exercising extra caution as they still grapple with the effects of the recent weakness in their tax collections. While only three states forecast general fund revenue declines in fiscal 2018, general fund spending would decline in 15 states under executive budgets. Governors continue to focus on building up their reserves and promoting structural balance in a tight fiscal environment charged with federal uncertainty, spending pressures, and continued slow economic growth.

State Spending

In fiscal 2018, general fund expenditures are projected to increase by only 1.0 percent, the slowest rate of growth since fiscal 2010, when spending declined due to the impact of the Great

Recession and significant federal stimulus funds were provided to mitigate the full impact of that decline. Executive budgets show general fund spending increasing to $827.6 billion in fiscal 2018, compared to $819.0 billion in estimated expenditures for fiscal 2017. Governors in 15 states proposed nominal general fund spending declines, while only six states recommended spending growth greater than 5 percent.

General fund spending by states in fiscal 2017 is estimated to have grown 4.8 percent, the fastest rate reported in NASBO's *Fiscal Survey of States* since before the Great Recession. However, this accelerated growth rate for the current fiscal year is partially driven by the unique budget situation in Illinois; excluding Illinois from the totals, state general fund spending grew an estimated 4.1 percent.[1] Similarly, the median growth rate of estimated general fund spending in fiscal 2017 across all 50 states is 4.0 percent. Also, actual fiscal 2017 expenditures may come in lower than currently estimated as revenue forecasts are revised and states continue to make budget adjustments. Adjusting for inflation and based on current estimates, 24 states spent less in fiscal 2017 than they did in fiscal 2008, before the impact of the Great Recession, while aggregate general fund spending in fiscal 2017 is estimated to now exceed the fiscal 2008 pre-recession peak in inflation-adjusted terms.

Budget Gaps, Mid-Year Budget Actions and Recommended Budget Adjustments

Examining state budget gaps, mid-year budget adjustments, and recommended appropriation changes can help illustrate current state fiscal conditions, spending trends, and governors' program priorities.

Fiscal 2017 and Fiscal 2018 Budget Gaps. In fiscal 2017, 22 states reported closing budget gaps totaling $7.9 billion. Meanwhile, 12 states reported budget gaps still to be closed this fiscal year. Not surprisingly, almost all states that reported ongoing budget gaps this year are also seeing general fund revenues coming in below projections. For fiscal 2018, 19 states are projecting a combined total of $26.0 billion in budget gaps — with three additional states projecting budget gaps of an unspecified amount. However, these figures reflect forecasted budget shortfalls prior to incorporating governors' budget recommendations. Shortfall projections tend to be moving targets and can change dramatically over the course of the budget development process. States also vary greatly in the methods and assumptions used to measure projected budget gaps, and not all states have a formal process to identify budget gaps.

Fiscal 2017 Mid-Year Budget Actions. The vast majority of states are required to balance their budgets, and few states are permitted to carry over a deficit.[2] Shortfalls that arise during the fiscal year are addressed primarily by reducing previously appropriated spending. In fiscal 2017, 23 states have reported net mid-year budget decreases totaling $4.9 billion. All of these states also reported general fund revenue collections for fiscal 2017 coming in below original budget projections. However, mid-year reductions are not always due to the presence of a budget gap; sometimes they may result from budget adjustments due to lower than expected costs, timing of transfers or other technical changes, or creating resources for an upcoming fiscal year.

Fiscal 2018 Recommended Appropriation Changes. For fiscal 2018, governors recommended net general fund appropriation increases totaling $8.7 billion across all program areas. This figure is far lower than recommended in prior recent years, such as the $23.9 billion recommended by governors in their fiscal 2017 budgets (as reported in NASBO's Spring 2016 *Fiscal Survey of States*), and is likely a reflection of states' caution after two years of sluggish general fund revenue growth. Thirty-three states recommended spending increases for K–12, while 11 states proposed decreases, resulting in a net increase of $6.1 billion. For Medicaid, 30 states recommended increases while 14 states proposed decreases, totaling $1.6 billion in net new general fund spending on the program in fiscal 2017; this total is skewed, however, by a $2.2 billion reduction in Ohio's general fund spending on Medicaid due to a change in fund source. Governors also recommended modest net increases in general fund spending on corrections, higher education, transportation and public assistance, while recommending a net reduction of $1.1 billion for all other general fund spending. Budget decreases do not always represent true spending cuts, as they may sometimes reflect caseload changes, use of other funds, or other technical adjustments.

[1] Illinois's general fund spending is estimated to have increased by 22.9 percent in fiscal 2017. This increase is related to how the state has been operating without a comprehensive state budget since the start of fiscal 2016. See footnote to Table 6 on page 9 for more details.

[2] See NASBO, *Budget Processes in the States* (2015), Table 9.

State Revenues

Aggregate general fund revenues are projected to increase modestly in fiscal 2018. Governors' recommended budgets, including proposed tax and fee changes, expect collections to grow 3.1 percent in fiscal 2018 — an improvement over the 2.4 percent growth estimated for fiscal 2017 and the 1.8 percent growth states saw in fiscal 2016. The improved revenue situation projected for fiscal 2018 reflects continued job growth, as well as some signs of modest recovery in energy-producing states that were hit hard in recent years by falling oil and gas prices. States with a higher reliance on energy production for their revenues and economies are forecasting positive revenue growth in fiscal 2018, after some have experienced multiple years of general fund revenue declines.

Executive budgets for fiscal 2018 are based on forecasted growth of 2.7 percent for sales taxes, 4.1 percent for personal income taxes, and 3.9 percent for corporate income taxes. Governors' budget proposals forecast total general fund tax revenues of $824.1 billion in fiscal 2018, compared to the estimated $799.5 billion collected in fiscal 2017 and actual collections of $780.7 billion in fiscal 2016. To put these figures into historical context, total general fund revenues first surpassed the pre-recession high of $680 billion in nominal terms in fiscal 2013. After adjusting for inflation, estimated total general fund revenues for fiscal 2017 just barely surpass the pre-recession peak, nearly a decade ago. Looking at individual states, exactly half (25) have surpassed their fiscal 2008 general fund revenue levels after adjusting for inflation.

Fiscal 2017 revenue performance has been weaker than forecasted in states' budget projections. General fund revenues from all sources, including sales, personal income, corporate income and all other taxes and fees, are coming in below original forecasts at the time of budget enactment in 33 states, on target in four states and above forecasts in 13 states. Broken down by tax type, aggregate sales, personal income, and corporate income tax collections are all coming in below what was budgeted. When comparing current revenue collections to more recent forecasts, 13 states are above projections, 27 states are on target and 10 states are below updated projections. These figures mostly predate April when income tax returns were filed. Since the time of data collection, some states' revenue figures relative to projections may have changed.

State Revenue Actions

Governors are proposing a net tax and fee increase for fiscal 2018, with tax hikes more commonly recommended on general sales, cigarette and tobacco products, motor fuels, and alcoholic beverages, and mostly reductions recommended for personal and corporate income taxes. Fifteen states are proposing net tax increases of $4.9 billion, while 12 are proposing net decreases totaling $1.2 billion, resulting in a net tax increase of $3.7 billion. This net change is driven primarily by tax increases recommended by the governors of Oklahoma, Pennsylvania, and Washington State totaling $3.2 billion combined. In addition to tax and fee changes, governors also recommended $4.8 billion in revenue measures for fiscal 2018; more than half of this total ($2.6 billion) is accounted for by the Alaska governor's proposed restructuring of the Alaska Permanent Fund. Revenue measures enhance or reduce general fund revenues but do not affect taxpayer liability.

Rainy Day Fund Balances

Rainy day fund balances are a crucial tool that states heavily rely on during fiscal downturns and to address shortfalls. State balances in rainy day funds are estimated to remain relatively flat overall for the current fiscal year. Excluding Georgia and Oklahoma, which were not able to provide rainy day fund balance data for all three fiscal years, total rainy day fund balances for fiscal 2017 are estimated at $49.6 billion, compared to $49.7 billion in fiscal 2016. States are projecting a roughly $4 billion increase in rainy day fund balance levels in fiscal 2018, with governors' budgets recommending balance levels totaling $53.5 billion; California's projected balance increase of $2.7 billion accounts for about two-thirds of this expected growth. Despite limited revenue growth, governors continue to prioritize rainy day fund savings accounts to prepare their states for a future downturn or other unforeseen circumstances. States have made significant progress in bolstering their reserve funds since the Great Recession, when rainy day fund balances fell to $21.0 billion in fiscal 2010 (or just $10.7 billion when excluding Alaska). Rainy day fund balance levels vary considerably across states, with a median of 5.4 percent as a share of general fund expenditures in fiscal 2016 (among those states with a rainy day fund established). Twenty-seven states estimate increases in their rainy day fund balances in fiscal 2017, while 13 states reported decreases. For fiscal 2018, 28 states recommend increasing their rainy day fund balances, while just seven states propose declines.

Total Balances

Total balances include ending balances (both reserved and unreserved) and the amounts in states' budget stabilization or "rainy day" funds. Total balances reflect the surplus funds and reserves that states may use to respond to unforeseen circumstances and to help smooth revenue volatility. In fiscal 2016, total balances reached an all-time high in actual dollars, rising to $80.8 billion or 10.3 percent of general fund expenditures. However, total balances are estimated to have declined to $69.4 billion in fiscal 2017, as some states drew down on their prior-year ending balances to help meet spending demands and close budget gaps while facing lackluster, lower-than-projected revenue growth. For fiscal 2018, governors' budgets estimate that total balances will decline slightly further to $67.6 billion.

Medicaid Outlook

Total Medicaid spending growth moderated somewhat in fiscal 2016, with a median growth rate of 5.0 percent across all fund sources. Given large swings in some states — due in part to accounting issues — that can substantially influence average Medicaid spending growth rates, median percentage changes better reflect underlying trends. Median spending growth from state general funds was 2.7 percent, other state funds grew 2.9 percent, and federal funds grew 5.6 percent in fiscal 2016. Based on current estimates, Medicaid median spending growth accelerated in fiscal 2017, with total funds growing by 5.3 percent, general fund spending growing 5.2 percent, other state fund spending growing 3.7 percent, and federal funds growing 6.0 percent. For fiscal 2018, the median growth rates projected in governors' recommended budgets for Medicaid are 3.5 percent from all funds, 4.8 percent for general fund spending, flat spending from other state funds, and 3.6 percent from federal funds.

For the first time in the *Fiscal Survey of States*, states that expanded Medicaid were also asked to report on their expenditures for the new adult eligibility group (including both "newly eligible" and "not newly eligible"), broken down by fund source. On January 1, 2017, states began paying 5 percent of the costs for newly eligible adults; under current law, the state share is set to gradually increase to 10 percent by 2020. As states start picking up a larger share of the cost, Medicaid expansion spending from state funds is estimated to have increased $1.7 billion in fiscal 2017 and projected to increase by $2.3 billion in fiscal 2018. Meanwhile, states are closely watching renewed federal legislative efforts to repeal and replace the Affordable Care Act, which would have a significant impact on both Medicaid expansion and the overall Medicaid program in the years to come.

This edition of the Fiscal Survey of States *reflects actual fiscal 2016, estimated fiscal 2017, and recommended fiscal 2018 figures. The data were collected in the spring of 2017.*

STATE EXPENDITURE DEVELOPMENTS

CHAPTER ONE

Overview

State budgets are projected to increase just 1.0 percent in fiscal 2018 according to governors' recommended budgets, the lowest nominal growth rate for general fund spending since fiscal 2010, when general fund spending declined due to the economic downturn and significant federal stimulus funds were provided to mitigate the full impact of that decline. With lackluster revenue growth over the past couple of years, and only modest improvement expected, state budgets for fiscal 2018 remain cautious and constrained by a variety of factors. Health care costs, required spending on pensions, and other spending needs continue to rise faster than revenue growth in a number of states. Some states are trying to determine how to fund growing K–12 enrollment and court-mandated reforms in their school finance formulas, while others are dealing with a pent-up need for infrastructure investment. Overall, 35 states call for nominal general fund spending increases in fiscal 2018, a decidedly lower number of governors recommending increases than in recent years since coming out of the Great Recession, signifying the fiscal difficulties a number of states face, particularly after two years of weak revenue growth.

Estimated general fund spending increased by 4.8 percent in fiscal 2017, the highest rate of growth since before the Great Recession, helping total general fund spending surpass its pre-recession peak level in fiscal 2008 for the first time in real terms, adjusted for inflation.[3] At the same time, weaker than expected revenue growth led to mid-year budget cuts in a number of states, and some states are still making budget adjustments that could result in a lower spending growth rate by the end of fiscal 2017. Budget conditions vary significantly across states. Twenty-four states report estimated expenditures for fiscal 2017 that are still below their inflation-adjusted fiscal 2008 levels, while at the same time ten states have fiscal 2017 general fund expenditures more than 10 percent above their pre-recession fiscal 2008 levels, also adjusted for inflation.[4]

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 2016 spending from all sources (general funds, federal funds, other state funds and bonds) is approximately $1.93 trillion. General funds represent the largest category of *total* state spending by fund source at 40.4 percent, followed by federal funds at 31.2 percent, other state funds at 26.3 percent, and bonds at 2.1 percent. The program area components of total state spending for estimated fiscal 2016 are: Medicaid, 29.0 percent; elementary and secondary education, 19.4 percent; higher education, 10.2 percent; transportation, 7.9 percent; corrections, 3.0 percent; public assistance, 1.4 percent; and all other expenditures, 29.2 percent.

For estimated fiscal 2016, components of general fund spending are elementary and secondary education, 35.1 percent; Medicaid, 20.3 percent; higher education, 9.7 percent; corrections, 6.6 percent; public assistance, 1.2 percent; transportation, 0.9 percent; and all other expenditures, 26.2 percent.

State General Fund Spending

Recommended Spending for Fiscal 2018. State general fund spending is projected to be $827.6 billion in fiscal 2018 according to governors' recommended budgets. This represents a 1.0 percent increase from the estimated $819.0 billion spent in fiscal 2017. Governors in 35 states proposed budgets calling for increased spending in fiscal year 2018 compared to estimated fiscal 2017 spending levels. Meanwhile, 15 states recommended modest general fund spending declines for the upcoming fiscal year, marking the largest number of governors' budgets projecting decreases since fiscal 2010, when 35 states assumed spending declines.

[3] In NASBO's *Spring 2016 Fiscal Survey of States*, estimated general fund spending for fiscal 2016 was determined to slightly exceed the aggregate fiscal 2008 level after adjusting for inflation. However, actual general fund spending for fiscal 2016, as first reported in NASBO's *Fall 2016 Fiscal Survey*, came in lower than previously estimated, and no longer exceeded the fiscal 2008 threshold in inflation-adjusted terms.

[4] 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 (last updated on April 28, 2017), is used for inflation adjustments. Quarterly averages are used to calculate fiscal year inflation rates.

Estimated Spending for Fiscal 2017. Aggregate general fund spending is estimated to have increased by 4.8 percent in fiscal 2017 compared to fiscal 2016 actual spending levels, the highest rate of growth observed since before the Great Recession. However, most individual state spending increases in fiscal 2017 are below this average, and the median growth rate in general fund spending is a more modest 4.0 percent. The higher average growth rate is mainly explained by anomalies related to Illinois's partial budget for fiscal 2016, which led to a reported 23 percent spending increase for the state in fiscal 2017.[5] Excluding Illinois, estimated general fund spending growth in fiscal 2017 is 4.1 percent. *(See Table 1, Figure 1, and Tables 3 – 5)*

Fiscal 2017 and Fiscal 2018 Spending Growth by State. For fiscal 2017, six states estimate general fund expenditures below fiscal 2016 levels (of which four are major energy-producing states), 25 states had general fund expenditure growth between 0 and 5 percent, 16 states had general fund spending growth between 5 and 10 percent and three states experienced budget growth greater than 10 percent. For fiscal 2018, based on governors' recommended budgets, 15 states project budget growth below 0 percent, 29 states project budget growth between 0 and 5 percent, and the remaining six states expect budget growth between 5 and 10. No states expect budget growth greater than 10 percent. *(See Table 2 and Table 6)*

[5] Illinois's spending increase in fiscal 2017 is related to how the state has been operating without a comprehensive state budget since the start of fiscal 2016. See footnote to Table 6 on page 9 for more details.

TABLE 1

State Nominal and Real Annual Budget Increases, Fiscal 1979 to Fiscal 2018

	State General Fund	
Fiscal Year	Nominal Increase	Real Increase
2018	1.0%	
2017	4.8	3.1%
2016	3.2	2.8
2015	4.4	3.2
2014	4.5	2.4
2013	4.1	2.2
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	3.1
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
1979-2017 average	**5.5%**	**1.6%**

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 (last updated on April 28, 2017), is used for state expenditures in determining real changes. Fiscal Year real changes are based on quarterly averages. Fiscal 2016 figures are based on the change from fiscal 2015 actuals to fiscal 2016 actuals. Fiscal 2017 figures are based on the change from fiscal 2016 actuals to fiscal 2017 estimates. Fiscal 2018 figures are based on the change from fiscal 2017 estimates to fiscal 2018 recommended figures.

FIGURE 1:

Annual Budget Changes, Fiscal 1979 to Fiscal 2018

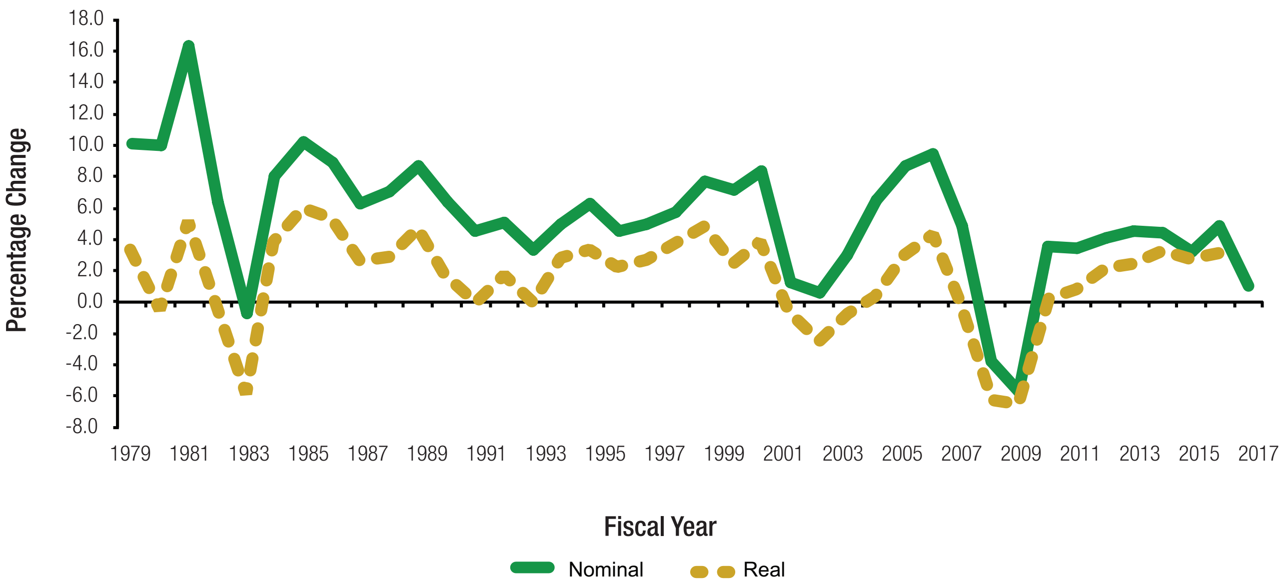


TABLE 2

State General Fund Expenditure Growth, Fiscal 2016 to Fiscal 2018

Spending Growth	Fiscal 2016 (Actual)	Fiscal 2017 (Estimated)	Fiscal 2018 (Recommended)
0% or less	9	6	15
> 0.0% but < 5.0%	23	25	29
> 5.0% but < 10.0%	17	16	6
10% or more	1	3	0

NOTE: Average spending growth for fiscal 2016 (actual) is 3.2 percent; average spending growth for fiscal 2017 (estimated) is 4.8 percent; average spending growth for fiscal 2018 (recommended) is 1.0 percent. See Table 6 for state-by-state data.

TABLE 3
Fiscal 2016 General Fund, Actual (Millions)

State	Beginning Balance	Revenues	Adjustments	Total Resources	Expenditures	Adjustments	Ending Balance	Rainy Day Fund Balance
Alabama*	$215	$7,882	$36	$8,133	$7,808	$140	$185	$530
Alaska*	0	1,540	-44	1,496	5,440	-226	-3,718	7,120
Arizona	312	9,486	0	9,798	9,514	0	284	461
Arkansas	0	5,368	0	5,368	5,368	0	0	0
California*	3,445	115,500	-36	118,909	113,984	-99	5,024	7,573
Colorado* ***	690	9,971	25	10,686	10,231	-57	513	513
Connecticut*	0	17,781	0	17,781	17,953	-2	-170	236
Delaware***	537	3,945	0	4,482	3,914	0	568	215
Florida	2,540	28,534	0	31,074	29,182	0	1,892	1,354
Georgia* ***	1,529	22,237	271	24,037	21,906	0	2,131	2,033
Hawaii	828	7,082	0	7,910	6,882	0	1,028	101
Idaho*	45	3,192	-159	3,078	3,038	-11	50	259
Illinois* ***	941	29,709	1,333	31,983	27,196	4,253	534	275
Indiana*	887	15,041	17	15,945	14,991	178	776	1,468
Iowa*	0	6,921	367	7,288	7,244	0	44	729
Kansas*	72	5,834	247	6,152	6,115	0	37	0
Kentucky*	221	10,429	244	10,894	10,320	293	281	209
Louisiana*	-117	7,914	599	8,395	8,704	5	-314	359
Maine*	26	3,356	23	3,405	3,331	3	71	122
Maryland*	320	16,198	-11	16,507	16,123	0	384	832
Massachusetts***	1,571	40,366	0	41,936	40,454	0	1,482	1,292
Michigan*	695	10,976	-1,382	10,289	9,684	0	604	612
Minnesota* ***	2,103	21,151	0	23,254	20,152	0	3,102	1,947
Mississippi	46	5,695	0	5,741	5,734	0	7	350
Missouri*	278	8,787	117	9,182	9,029	0	153	291
Montana	455	2,121	-4	2,573	2,318	-1	255	0
Nebraska*	732	4,308	-313	4,727	4,196	0	532	731
Nevada	242	3,788	0	4,029	3,611	1	418	0
New Hampshire*	49	1,529	31	1,609	1,384	136	89	93
New Jersey*	817	32,956	117	33,890	33,417	0	473	0
New Mexico* ***	613	5,712	353	6,679	6,307	226	146	146
New York***	7,300	69,676	0	76,976	68,042	0	8,934	1,798
North Carolina*	265	22,151	-75	22,340	21,205	555	580	1,575
North Dakota*	877	1,886	657	3,420	3,009	0	411	573
Ohio*	1,712	33,931	0	35,642	34,449	0	1,193	2,005
Oklahoma*	0	5,934	181	6,115	6,115	0	0	241
Oregon*	529	8,906	-181	9,254	8,992	0	262	550
Pennsylvania*	274	30,902	-1,047	30,129	30,127	0	2	0
Rhode Island*	168	3,664	-108	3,724	3,548	8	168	192
South Carolina* ***	1,182	7,271	77	8,530	7,181	218	1,131	505
South Dakota*	22	1,438	37	1,497	1,461	22	14	143
Tennessee*	873	13,823	-170	14,526	12,645	491	1,390	568
Texas*	8,342	50,783	-1,126	57,999	52,788	879	4,332	9,715
Utah	442	6,031	0	6,473	6,308	0	165	493
Vermont*	0	1,476	8	1,484	1,479	5	0	78
Virginia	677	18,691	0	19,367	19,102	0	265	236
Washington*	991	18,578	-26	19,543	18,171	0	1,372	550
West Virginia*	420	4,106	27	4,552	4,175	6	371	779
Wisconsin*	136	15,098	609	15,842	15,851	-340	331	281
Wyoming*	0	1,001	649	1,651	1,651	0	0	1,811
Total	**$44,295**	**$780,653**		**$826,291**	**$781,827**		**$37,782**	**$51,942**

*NOTES: NA Indicates data are not available. *See Notes to Table 3 on page 22. ***In these states, the ending balance includes the balance in the rainy day fund.*

TABLE 4

Fiscal 2017 State General Fund, Estimated (Millions)

State	Beginning Balance	Revenues	Adjustments	Total Resources	Expenditures	Adjustments	Ending Balance	Rainy Day Fund Balance
Alabama*	$185	$8,200	$50	$8,435	$8,271	$116	$48	$766
Alaska*	0	1,447	3,124	4,570	4,440	734	-603	7,033
Arizona	284	9,479	0	9,763	9,644	0	119	463
Arkansas	0	5,333	0	5,333	5,333	0	0	0
California*	5,024	118,765	0	123,789	122,761	0	1,027	6,761
Colorado* ***	513	10,452	45	11,009	10,421	0	588	588
Connecticut*	0	17,898	0	17,898	17,876	0	22	259
Delaware***	568	3,949	0	4,517	4,089	0	428	221
Florida	1,892	30,221	0	32,113	30,558	0	1,555	1,384
Georgia*	2,131	22,907	0	25,038	22,907	0	2,131	N/A
Hawaii	1,028	7,198	0	8,226	7,705	0	521	311
Idaho*	50	3,381	-45	3,386	3,273	-1	114	259
Illinois*	534	30,020	2,416	32,970	33,437	-600	133	0
Indiana*	776	15,265	0	16,041	15,257	526	259	1,472
Iowa*	0	7,106	149	7,255	7,343	-88	1	607
Kansas*	37	5,825	491	6,353	6,253	0	100	0
Kentucky*	281	10,703	485	11,469	11,131	223	116	236
Louisiana*	-314	9,625	-169	9,142	9,624	-482	0	261
Maine*	71	3,430	39	3,541	3,404	62	75	168
Maryland*	384	16,587	254	17,225	17,132	0	93	833
Massachusetts* ***	1,482	41,765	0	43,247	41,903	0	1,345	1,303
Michigan*	604	11,307	-1,435	10,476	10,110	0	366	709
Minnesota* ***	3,102	21,289	0	24,392	21,672	0	2,720	1,953
Mississippi	7	5,788	0	5,795	5,795	0	0	337
Missouri*	153	9,053	185	9,392	9,209	0	182	294
Montana	255	2,226	0	2,481	2,358	0	123	0
Nebraska*	532	4,428	-125	4,835	4,338	233	263	546
Nevada*	419	3,864	0	4,282	3,862	0	420	64
New Hampshire*	89	1,501	0	1,590	1,457	133	0	100
New Jersey*	473	34,088	260	34,821	34,330	0	491	0
New Mexico* ***	146	5,807	62	6,015	6,027	55	-67	-67
New York***	8,934	67,990	0	76,924	69,692	0	7,232	1,798
North Carolina*	580	22,060	-150	22,490	22,171	0	320	1,474
North Dakota*	411	1,705	673	2,788	3,014	-237	11	0
Ohio*	1,193	34,890	0	36,083	35,389	0	694	2,034
Oklahoma*	0	5,573	-131	5,442	5,688	0	-246	N/A
Oregon*	262	9,205	-36	9,431	9,082	0	348	771
Pennsylvania*	2	32,402	-1,243	31,160	31,766	0	-606	0
Rhode Island*	168	3,719	-109	3,778	3,700	0	78	194
South Carolina* ***	1,131	7,580	139	8,850	7,863	131	856	487
South Dakota*	14	1,572	14	1,600	1,584	14	2	157
Tennessee*	1,390	14,141	-149	15,382	13,725	487	1,170	668
Texas*	4,332	51,662	-498	55,496	52,854	1,113	1,529	10,254
Utah	165	6,277	0	6,442	6,434	0	8	493
Vermont*	0	1,552	0	1,552	1,532	20	0	93
Virginia	265	20,161	0	20,426	20,350	0	77	549
Washington*	1,372	19,407	-677	20,102	19,491	0	611	1,340
West Virginia*	371	4,187	92	4,651	4,400	14	236	635
Wisconsin*	331	15,504	557	16,391	16,960	-1,021	453	282
Wyoming*	0	1,013	425	1,437	1,437	0	0	1,481
Total	**$41,627**	**$799,504**		**$845,822**	**$819,049**		**$25,341**	**$49,572**

*NOTES: NA Indicates data are not available. *See Notes to Table 4 on page 25. ***In these states, the ending balance includes the balance in the rainy day fund.*

TABLE 5

Fiscal 2018 State General Fund, Recommended (Millions)

State	Beginning Balance	Revenues	Adjustments	Total Resources	Expenditures	Adjustments	Ending Balance	Rainy Day Fund Balance
Alabama	$48	$8,405	$0	$8,453	$8,321	$0	$132	$786
Alaska*	0	1,624	2,571	4,195	4,333	738	-875	6,310
Arizona	119	9,683	0	9,802	9,785	0	17	468
Arkansas	0	5,482	0	5,482	5,482	0	0	0
California*	1,027	124,027	0	125,054	122,520	0	2,534	9,424
Colorado* ***	588	11,065	89	11,742	11,065	0	676	676
Connecticut*	0	18,003	0	18,003	18,001	0	2	261
Delaware* ***	428	4,131	0	4,559	4,103	0	456	221
Florida	1,385	30,839	0	32,224	30,879	0	1,345	1,417
Georgia*	2,131	23,713	0	25,844	23,713	0	2,131	N/A
Hawaii	521	7,331	0	7,852	7,426	0	426	317
Idaho*	114	3,506	-87	3,533	3,465	0	68	293
Illinois*	133	31,031	1,713	32,877	32,571	173	133	0
Indiana*	259	15,691	0	15,950	15,606	-15	358	1,476
Iowa*	0	7,365	19	7,383	7,279	0	105	604
Kansas*	100	5,814	564	6,478	6,262	0	217	0
Kentucky*	116	10,967	476	11,559	11,395	164	0	179
Louisiana	0	9,650	0	9,650	9,650	0	0	286
Maine*	75	3,368	4	3,448	3,411	10	26	173
Maryland*	93	17,183	41	17,317	17,217	0	100	860
Massachusetts* ***	1,345	43,434	0	44,779	43,369	0	1,410	1,401
Michigan*	366	11,662	-1,891	10,137	10,129	0	8	1,004
Minnesota* ***	2,720	22,241	0	24,962	22,634	0	2,328	1,953
Mississippi	0	5,844	0	5,844	5,727	0	117	440
Missouri*	182	9,398	88	9,668	9,563	0	105	309
Montana	123	2,391	0	2,514	2,351	0	163	0
Nebraska*	263	4,618	-268	4,613	4,405	5	204	503
Nevada	420	3,960	0	4,380	4,144	0	236	62
New Hampshire*	0	1,539	0	1,539	1,493	49	-3	100
New Jersey*	491	35,321	-98	35,713	35,220	0	493	0
New Mexico* ***	-67	5,929	0	5,862	5,851	0	11	0
New York***	7,232	71,083	0	78,315	72,398	0	5,917	1,948
North Carolina	320	23,159	0	23,479	23,479	0	0	1,787
North Dakota	11	2,357	0	2,367	2,311	0	57	0
Ohio*	694	33,110	0	33,805	33,638	0	166	2,034
Oklahoma*	0	5,790	0	5,790	5,534	0	256	N/A
Oregon*	348	9,553	-217	9,684	9,615	0	69	952
Pennsylvania*	-606	34,024	-1,075	32,343	32,338	1	4	0
Rhode Island*	78	3,833	-117	3,793	3,793	0	1	196
South Carolina* ***	856	7,798	77	8,731	7,702	139	890	509
South Dakota*	2	1,618	0	1,620	1,618	2	0	160
Tennessee*	1,170	14,262	-132	15,299	14,557	742	1	800
Texas*	1,529	52,280	-1,478	52,331	51,663	0	668	10,972
Utah	8	6,562	0	6,570	6,562	0	8	493
Vermont*	0	1,577	0	1,577	1,542	35	0	124
Virginia*	77	20,174	0	20,251	20,235	0	16	281
Washington*	611	20,216	-128	20,699	20,457	0	242	1,350
West Virginia*	236	4,449	0	4,685	4,445	4	236	617
Wisconsin*	453	15,973	519	16,945	16,899	-252	298	302
Wyoming*	0	1,028	425	1,453	1,453	0	0	1,481
Total* **	**$25,998**	**$824,061**		**$851,154**	**$827,610**		**$21,749**	**$53,530**

*NOTES: N/A indicates data are not available. *See Notes to Table 5 on page 28. ***In these states, the ending balance includes the balance in the rainy day fund.*

TABLE 6

General Fund Nominal Percentage Expenditure Change, Fiscal 2016 to Fiscal 2018**

State	Fiscal 2016	Fiscal 2017	Fiscal 2018
Alabama	0.5%	5.9%	0.6%
Alaska	-9.5	-18.4	-2.4
Arizona	2.6	1.4	1.5
Arkansas	6.1	-0.6	2.8
California	0.5	7.7	-0.2
Colorado	6.6	1.9	6.2
Connecticut	3.1	-0.4	0.7
Delaware	2.1	4.5	0.3
Florida	4.2	4.7	1.0
Georgia	9.3	4.6	3.5
Hawaii	7.3	12.0	-3.6
Idaho	3.5	7.7	5.9
Illinois*	-11.6	22.9	-2.6
Indiana	0.4	1.8	2.3
Iowa	2.7	1.4	-0.9
Kansas	-2.0	2.3	0.1
Kentucky	2.1	7.9	2.4
Louisiana	1.4	10.6	0.3
Maine	5.2	2.2	0.2
Maryland	0.8	6.3	0.5
Massachusetts	6.1	3.6	3.5
Michigan	5.2	4.4	0.2
Minnesota	-0.7	7.5	4.4
Mississippi	3.7	1.1	-1.2
Missouri	3.3	2.0	3.8
Montana	6.8	1.7	-0.3
Nebraska	4.1	3.4	1.5
Nevada	6.2	7.0	7.3
New Hampshire	8.3	5.3	2.5
New Jersey	1.9	2.7	2.6
New Mexico	-0.3	-4.4	-2.9
New York	8.3	2.4	3.9
North Carolina	2.6	4.6	5.9
North Dakota	-8.0	0.2	-23.4
Ohio*	9.5	2.7	-4.9
Oklahoma	-4.5	-7.0	-2.7
Oregon	10.5	1.0	5.9
Pennsylvania	3.3	5.4	1.8
Rhode Island	2.7	4.3	2.5
South Carolina	5.4	9.5	-2.0
South Dakota	5.4	8.4	2.2
Tennessee	2.6	8.5	6.1
Texas	7.1	0.1	-2.3
Utah	9.2	2.0	2.0
Vermont	3.5	3.6	0.7
Virginia	4.7	6.5	-0.6
Washington	9.0	7.3	5.0
West Virginia	-1.4	5.4	1.0
Wisconsin	2.2	7.0	-0.4
Wyoming	-21.4	-12.9	1.1
Average	**3.2%**	**4.8%**	**1.0%**
Median	**3.3%**	**4.0%**	**1.0%**

**See Notes to Table 6 on page 31. **Fiscal 2016 reflects changes from fiscal 2015 expenditures (actual) to fiscal 2016 expenditures (actual). Fiscal 2017 reflects changes from fiscal 2016 expenditures (actual) to fiscal 2017 expenditures (estimated). Fiscal 2018 reflects changes from fiscal 2017 expenditures (estimated) to fiscal 2018 expenditures (recommended).*

Recommended Fiscal 2018 Budget Adjustments

Examining governors' recommended appropriation changes compared to enacted budgets from the prior fiscal year helps to identify changing state general fund spending patterns and governors' priorities for fiscal 2018. State fiscal conditions and the degree of competition for state resources are also reflected in the reported budget reductions and spending increases across program areas. Governors have recommended extremely modest general fund spending increases in fiscal 2018, totaling only $8.7 billion across all programs — compared with $23.9 billion recommended by governors in their fiscal 2017 budgets.[6] Most additional budget dollars are targeted at K–12 education, the largest category of state general fund spending, which would receive a $6.1 billion funding boost on net under governors' budget proposals, with 33 states recommending spending increases and 11 states calling for decreases. Medicaid, the second largest component of state general fund spending, would only see a $1.6 billion increase in general fund spending; however, this figure is heavily driven by a $2.2 billion reduction reported by Ohio, which reflects fund accounting changes related to a tax change rather than a true spending decrease.[7] Overall, 30 states recommended increases in Medicaid spending, while governors in 14 states called for decreases.

Governors also recommended a moderate net spending increase for corrections ($1.2 billion), as well as more modest net increases for higher education ($442 million) and public assistance ($93 million). Transportation would see a small bump ($428 million). However, most states rely on other fund sources to finance transportation spending; therefore, general fund spending adjustments are not necessarily reflective of overall recommended state spending changes for transportation. Twenty-five states called for increases in higher education spending, 29 states for corrections, 16 states for public assistance, and 10 states for transportation. Meanwhile, 19 states called for funding decreases for higher education, 16 states for corrections, 15 states for public assistance, and 13 states for transportation. Governors recommended a net decline in general fund spending for all other program areas totaling -$1.1 billion. *(See Tables 10 and 11)*

Mid-Year Budget Adjustments for Fiscal 2017

In fiscal 2017, 23 states made mid-year budget cuts totaling $4.9 billion. *(See Table 7)* Meanwhile, 13 states increased their budgets mid-year, resulting in a net mid-year decrease in state budgets of $2.8 billion compared to original enacted budgets. All program areas except corrections were subject to net mid-year spending decreases. *(See Tables 8 and 9)* Mid-year budget reductions can be a sign of state fiscal stress, as these actions are often taken when a state will not be able to meet previously set revenue collection forecasts. In fact, all states that reported making net mid-year budget cuts in fiscal 2017 also reported general fund revenue collections from all sources coming in below budget projections. Twenty-three states reporting net mid-year budget cuts is a historically high number outside of a recessionary period. *(See Figure 2)* At the same time, it is important to note that these cuts do not always indicate fiscal stress, as they can sometimes reflect adjustments due to transfers to other state funds, downward revisions in anticipated caseloads, changing spending priorities and so on.

Budget Gaps

Many states make mid-year budget reductions to help close budget gaps that arise during the fiscal year due to revenue shortfalls or cost overruns in certain areas. In fiscal 2017 (either prior to or during the fiscal year), 22 states reported closing budget gaps totaling $7.9 billion. Meanwhile, 12 states reported budget gaps still to be closed this fiscal year. Most states that reported ongoing budget gaps this year are also seeing general fund revenues coming in below projections, and most also reported making net mid-year budget cuts. For fiscal 2018, 19 states are projecting a combined total of $26.0 billion in budget gaps — with three additional states projecting budget gaps of an unspecified amount. These figures reflect forecasted budget shortfalls prior to incorporating governors' budget recommendations. It is also important to note that shortfall projections tend to be moving targets and can change dramatically over the course of the fiscal year. States also vary greatly in the methods and assumptions used to measure projected budget gaps, and not all states have a formal process to identify budget gaps.

[6] For states that practice biennial budgeting and completed their fiscal 2017–2018 budgets in calendar year 2016, reported fiscal 2018 budget adjustments may reflect enacted amounts.

[7] See footnote to Table 6 on page 9 for more details on Ohio's projected decline in Medicaid general fund spending.

Budget Management Strategies. In order to manage their budgets and prevent or close budget gaps, states employ a variety of strategies to increase revenues or reduce expenses. In fiscal 2017, 24 states reported that targeted cuts have been used to reduce expenditures, while seven states made across-the-board percentage cuts. Other common budget management strategies for the current fiscal year included tapping rainy day funds (16 states) and reorganizing agencies (12 states). For fiscal 2018, 29 governors recommended targeted spending cuts, while four recommended across-the-board cuts. Reorganizing agencies was once again another popular strategy used by 16 states. Additionally, 11 governors recommended raising user fees, eight governors recommended reductions in local aid, seven recommended privatization, and six recommended cuts to state employee benefits. *(See Tables 12 and 13)*

Biennial Budgets: Outlook for Fiscal 2019

While 30 states produce budgets annually, 20 states practice biennial budgeting. Governors in 17 of these states recommended two-year budgets for fiscal 2018 and fiscal 2019 (the other three states will put together their budgets for fiscal 2019 and fiscal 2020 next year). Eleven biennial states provided general fund budget data to NASBO for fiscal 2019, reporting modest recommended spending changes ranging from -0.6 percent to 4.9 percent, with a median of 1.8 percent growth over fiscal 2018 recommended levels. Relative to fiscal 2017 enacted budgets, general fund spending increases were recommended for K–12 in six states, Medicaid in eight states, corrections in seven states, higher education in four states, public assistance in three states and transportation in three states. Meanwhile, general fund spending decreases were called for in two states for K–12, one state for Medicaid, two states for corrections, four states for higher education, four states for public assistance, and two states for transportation. Five states identified using targeted cuts to help manage their budgets for fiscal 2019. *(See Tables A-5, A-6 and A-7)*

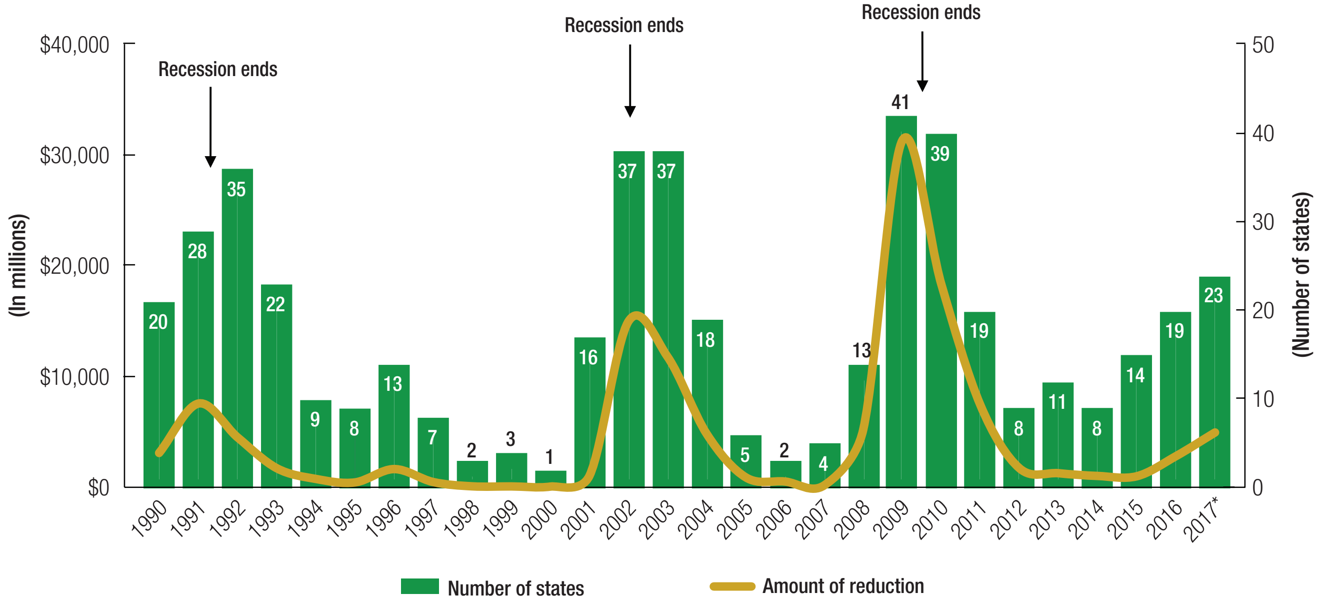
TABLE 7
Fiscal 2017 Net Mid-Year Budget Cuts

State	FY 2017 Size of Cuts ($ in Millions)	Programs or Expenditures Exempted from Cuts
Arkansas	$66.9	
Colorado	35.5	
Hawaii*	46.9	
Indiana	43.5	Distributions to K–12 school corporations, funding for higher education operations, and Medicaid assistance.
Iowa	88.2	Exempt from reductions was Supplemental State Aid to local schools, and property tax credits and payments to local governments.
Kansas	17.4	Medicaid, correctional facilities & state hospitals
Louisiana	481.5	
Maryland	82.3	
Massachusetts*	95.0	Higher Education, Department of Children and Families, Department of Mental Health, Veterans Services, Non-Executive Branch
Mississippi	127.4	Programs with statutory exemptions, court orders or pending litigation. Medicaid was exempt from additional cuts.
Missouri	345.9	
Nebraska*	73.3	K–12 Formula Aid and Corrections
New Jersey	246.8	
New Mexico	157.1	Medicaid, Medicaid Behavioral Health, Developmental Disabilities Support and Facilities Management, sexual assault prevention services and contracts, Children, Youth and Families Department, Early Reading, Department of Public Safety
New York*	2,149.0	
North Dakota*	237.1	For the second statewide allotment, the Department of Human Services was exempt from the 2.5 percent allotment and the Department of Corrections and Rehabilitation was required to make only a 1.0 percent allotment.
Oklahoma	37.9	All programs receiving General Revenue funding were subject to cuts based on their percentage of total GR appropriations.
Pennsylvania	44.6	After budget enactment, the Governor does not have the authority to reduce appropriations to the Attorney General, Auditor General, Treasurer (all independently elected), the legislature and the judiciary.
South Dakota	14.6	
Vermont	0.7	
Virginia	248.6	
West Virginia	59.8	Retirement contributions, Judicial Branch, Legislative Branch, Rehab Services, Juvenile Services.
Wyoming	248.5	
Total	**$4,948.5**	

*Notes: *See Notes to Table 7 on page 31. See Tables 8 & 9 for state-by-state data on program area cuts and dollar values.*

FIGURE 2:

Budget Cuts Made After the Budget Passed Fiscal 1990 to Fiscal 2017



* Mid-year budget adjustments for fiscal 2017 are estimated and subject to change, as the fiscal year is ongoing.

TABLE 8

Fiscal 2017 Mid-Year Budget Cuts By Program Area

State	K–12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other
Alabama							
Alaska							
Arizona							
Arkansas	X	X	X	X	X		X
California							
Colorado				X	X		X
Connecticut							
Delaware							
Florida							
Georgia*				X			
Hawaii*	X	X	X	X	X	X	X
Idaho							
Illinois							
Indiana	X	X	X		X	X	X
Iowa	X	X	X	X	X		X
Kansas	X	X			X		
Kentucky							
Louisiana	X	X		X	X		X
Maine							
Maryland	X	X	X	X			X
Massachusetts*	X		X	X	X		X
Michigan*				X			
Minnesota							
Mississippi	X	X		X	X		X
Missouri		X		X	X	X	X
Montana							
Nebraska	X	X	X	X			X
Nevada							
New Hampshire							
New Jersey	X	X	X	X	X	X	X
New Mexico	X	X	X		X		X
New York*	X	X	X	X		X	X
North Carolina							
North Dakota*	X	X	X	X	X	X	X
Ohio							
Oklahoma	X	X			X	X	X
Oregon						X	
Pennsylvania	X				X		X
Rhode Island							
South Carolina							
South Dakota	X	X		X	X		
Tennessee							
Texas							
Utah							
Vermont			X	X	X		
Virginia	X	X			X		X
Washington			X				
West Virginia	X	X	X	X	X	X	X
Wisconsin							
Wyoming	X	X			X	X	X
Total	**20**	**19**	**14**	**18**	**20**	**10**	**20**

*NOTE: *See Notes to Table 8 on page 31. See Table 9 for state-by-state dollar values.*

TABLE 9

Fiscal 2017 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	$79.0	$1.5	$0.0	$26.3	$106.8
Alaska	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Arizona	19.8	0.0	15.7	0.0	0.0	0.0	0.2	35.7
Arkansas	-12.9	-1.0	-1.9	-48.1	-2.2	0.0	-0.8	-66.9
California	0.0	0.0	0.0	0.0	0.0	0.0	292.3	292.3
Colorado	0.2	0.0	0.0	-24.9	-8.1	0.0	-2.8	-35.5
Connecticut	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delaware	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Florida	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Georgia*	116.7	25.9	65.8	-2.8	53.9	118.7	227.9	606.1
Hawaii*	-7.2	-4.6	-3.1	-0.4	-1.3	-0.1	-30.2	-46.9
Idaho	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Illinois	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Indiana	-1.2	-0.4	-1.7	0.0	-9.0	-1.3	-29.9	-43.5
Iowa	-5.5	-26.0	-0.9	-15.0	-5.8	0.0	-35.0	-88.2
Kansas	-88.9	-0.1	1.1	40.7	-1.6	0.0	31.4	-17.4
Kentucky	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Louisiana	-3.1	-11.5	0.0	-369.6	-5.4	0.0	-91.9	-481.5
Maine	0.0	7.0	0.0	1.0	0.0	0.0	22.3	30.3
Maryland	-0.6	-27.1	-3.7	-20.0	0.0	0.0	-30.9	-82.3
Massachusetts*	-7.9	0.0	-16.6	-15.0	-0.4	0.0	-55.1	-95.0
Michigan*	0.0	0.0	25.7	-35.1	13.9	1.3	128.9	134.7
Minnesota	0.0	0.0	0.0	0.0	0.0	0.0	326.8	326.8
Mississippi	-20.3	-35.5	0.0	-29.2	-11.0	0.0	-31.4	-127.4
Missouri	0.0	-90.5	0.0	-62.3	-4.7	-25.8	-162.6	-345.9
Montana	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nebraska*	-1.9	-19.5	-10.0	-14.0	0.0	0.0	-27.9	-73.3
Nevada	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Hampshire	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Jersey	-97.4	-5.5	-16.6	-10.9	-3.0	-5.0	-108.4	-246.8
New Mexico	-76.4	-39.1	-1.1	0.0	-4.5	0.0	-36.0	-157.1
New York*	-174.0	-52.0	-29.0	-206.0	10.0	-79.0	-1,619.0	-2,149.0
North Carolina	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
North Dakota*	-82.4	-40.3	-14.1	-2.5	-6.5	-29.7	-61.6	-237.1
Ohio	0.0	0.0	0.0	0.0	18.0	0.0	4.3	22.3
Oklahoma	-11.1	-4.6	0.0	0.0	-3.0	-3.3	-15.9	-37.9
Oregon*	0.0	16.2	0.5	2.9	54.8	-5.2	20.8	90.0
Pennsylvania	-1.4	0.0	0.0	0.0	-3.3	0.0	-39.9	-44.6
Rhode Island	0.2	2.3	0.0	8.0	1.9	0.0	4.3	16.7
South Carolina	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
South Dakota	-20.3	-2.5	1.2	-5.0	-1.4	0.0	13.4	-14.6
Tennessee	0.0	0.0	0.0	0.0	0.0	0.0	66.9	66.9
Texas	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Utah	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Vermont	0.2	0.8	-0.2	-2.6	-0.7	0.0	1.8	-0.7
Virginia	-162.8	-31.0	5.6	43.3	-5.2	0.0	-98.5	-248.6
Washington	75.0	22.0	-39.0	130.0	30.0	4.0	137.0	359.0
West Virginia	-12.8	-6.7	-6.7	-25.0	-3.8	-0.1	-4.7	-59.8
Wisconsin	0.3	1.0	0.0	0.0	0.0	0.0	13.3	14.5
Wyoming	-1.4	-58.2	0.0	0.0	-17.5	-1.7	-169.7	-248.5
Total	**-$577.1**	**-$381.0**	**-$29.0**	**-$583.5**	**$85.6**	**-$27.2**	**-$1,334.2**	**-$2,846.4**

*NOTE: *See Notes to Table 9 on page 32.*

TABLE 10

Fiscal 2018 Recommended Budget Cuts by Program Area

State	K–12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other
Alabama					X		X
Alaska		X	X	X	X	X	X
Arizona							
Arkansas							
California*			X				X
Colorado							
Connecticut	X	X	X		X		
Delaware			X				X
Florida				X		X	
Georgia*				X			
Hawaii			X			X	
Idaho				X	X		X
Illinois*			X	X		X	X
Indiana*			X			X	
Iowa		X	X	X	X		
Kansas	X	X			X		
Kentucky*	X						
Louisiana		X		X			
Maine			X	X	X		
Maryland	X		X		X		X
Massachusetts*						X	
Michigan*	X	X				X	
Minnesota			X	X			
Mississippi	X	X		X	X		
Missouri	X	X			X	X	X
Montana		X					X
Nebraska		X	X	X			X
Nevada							
New Hampshire							
New Jersey			X		X	X	
New Mexico	X	X					X
New York		X					X
North Carolina							
North Dakota	X	X	X		X	X	X
Ohio*				X		X	
Oklahoma							
Oregon*							
Pennsylvania		X	X		X		
Rhode Island							
South Carolina							
South Dakota		X					
Tennessee							
Texas							
Utah		X		X		X	X
Vermont*	X			X			
Virginia	X	X			X		X
Washington							X
West Virginia		X			X		
Wisconsin							X
Wyoming		X			X	X	X
Total	**11**	**19**	**15**	**14**	**16**	**13**	**18**

*NOTE: *See Notes to Table 10 on page 33. See Table 12 for state-by-state dollar values.*

TABLE 11

Fiscal 2018 Recommended Program Area Adjustments by Dollar Value (Millions)

State	K–12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other	Total
Alabama	$49.1	$26.2	$0.0	$23.0	-$1.5	$0.0	-$54.5	$42.3
Alaska	18.5	-0.2	-0.1	-0.9	-12.4	-35.8	-5.9	-36.8
Arizona	172.3	1.6	39.6	20.1	0.5	0.0	28.6	262.7
Arkansas	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
California*	654.7	176.4	-232.5	1,073.2	514.1	0.0	-2,134.1	51.8
Colorado	337.5	23.9	0.0	168.6	15.9	0.0	50.3	596.2
Connecticut*	-125.9	-57.6	-13.5	271.3	-23.4	0.0	85.9	136.8
Delaware	36.2	2.6	-1.7	11.8	23.2	0.0	-60.1	12.0
Florida	9.5	40.6	0.0	-219.4	136.9	-3.0	566.7	531.3
Georgia*	521.3	195.9	166.5	-88.4	90.5	185.5	117.4	1,188.7
Hawaii	41.3	42.6	-1.4	24.3	7.3	-0.5	15.0	128.6
Idaho	0.0	0.0	0.0	-4.3	-3.7	0.0	-0.2	-8.2
Illinois*	250.7	22.1	-112.3	-75.8	85.1	-0.7	-949.1	-780.0
Indiana*	92.9	13.8	-180.3	7.6	3.0	-35.3	0.0	-98.3
Iowa	39.5	-3.7	-0.3	-17.3	-1.3	7.1	0.0	24.0
Kansas	-126.1	-8.1	30.9	84.8	-6.2	0.0	16.2	-8.5
Kentucky*	-30.1	22.0	0.0	199.7	3.7	0.0	68.3	263.6
Louisiana	74.4	-18.2	0.0	-229.2	14.2	0.0	4.9	-153.9
Maine	22.0	2.7	-8.4	-20.5	-2.4	0.0	14.5	7.9
Maryland	-44.4	62.2	-0.9	242.0	-4.3	0.0	-325.4	-70.8
Massachusetts*	117.0	10.0	176.0	140.0	31.0	-18.0	371.0	827.0
Michigan*	-3.9	-86.4	23.5	49.8	12.2	-8.5	187.4	174.1
Minnesota	252.9	36.1	-1.8	-339.7	49.7	18.8	515.4	531.4
Mississippi	-7.9	-14.1	0.0	-0.6	-5.9	0.0	14.9	-13.6
Missouri	-23.2	-116.2	1.0	96.8	-0.5	-25.9	-50.9	-118.9
Montana	20.5	-1.0	0.0	0.0	4.0	0.0	-13.4	10.1
Nebraska	39.2	-15.9	-4.2	-8.0	6.1	0.0	-24.4	-7.2
Nevada	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Hampshire	0.0	0.0	18.8	51.0	8.1	0.0	20.3	98.2
New Jersey	523.2	38.6	-13.9	211.1	-29.1	-26.7	187.4	890.6
New Mexico	-75.4	-46.7	0.0	25.6	0.0	0.0	-43.1	-139.6
New York*	931.0	-101.0	66.0	673.0	18.0	27.0	-1,058.0	556.0
North Carolina	533.7	128.4	0.0	128.9	115.9	252.5	130.3	1,289.7
North Dakota	-137.9	-74.2	-0.4	30.8	-1.2	-69.4	-114.5	-366.8
Ohio*	143.5	21.5	14.2	-2,243.4	56.5	-1.0	38.6	-1,970.1
Oklahoma	125.0	0.0	0.0	0.0	11.2	118.1	181.6	435.9
Oregon	625.0	72.8	66.8	50.1	89.2	29.3	614.9	1,548.1
Pennsylvania	461.4	-4.0	-0.8	135.8	-186.2	0.0	165.4	571.6
Rhode Island	45.8	29.4	0.0	7.3	5.1	0.0	21.4	109.0
South Carolina	52.3	16.2	30.4	50.3	23.3	0.1	18.8	191.4
South Dakota	7.1	-0.7	2.0	7.1	0.2	0.0	4.0	19.7
Tennessee	82.5	24.7	0.0	181.1	18.2	0.0	528.1	834.6
Texas	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Utah	179.5	-48.1	0.0	-4.9	6.9	-3.0	-0.4	130.0
Vermont*	-15.3	2.0	5.8	-24.8	0.0	0.0	35.5	3.2
Virginia	-110.4	-107.7	5.7	185.8	-14.5	0.0	-8.8	-49.9
Washington	245.0	119.0	17.0	526.0	95.0	8.0	-9.0	1,001.0
West Virginia	29.9	-10.0	1.2	135.2	-0.8	0.0	54.0	209.5
Wisconsin	66.0	24.4	0.0	43.7	39.2	17.1	-306.3	-115.8
Wyoming	0.0	-0.2	0.0	0.0	-0.7	-8.0	-16.1	-25.0
Total	**$6,099.9**	**$441.8**	**$92.9**	**$1,578.6**	**$1,190.1**	**$427.8**	**-$1,117.4**	**$8,713.6**

*NOTE: *See Notes to Table 11 on page 33. Value of changes are in reference to funding level of FY 2017 enacted budget.*

TABLE 12

Strategies Used to Manage Budget, Fiscal 2017

State	User Fees	Higher Education Related Fees	Court Related Fees	Transportation/ Motor Vehicle Related Fees	Business Related Fees	Layoffs	Furloughs	Early Retirement	Salary Reductions	Cuts to State Employee Benefits
Alabama										
Alaska	X	X					X			
Arizona										
Arkansas										
California*	X									
Colorado										
Connecticut						X				X
Delaware										
Florida										
Georgia										
Hawaii*										
Idaho										
Illinois*						X				
Indiana										
Iowa										
Kansas	X		X		X					
Kentucky										
Louisiana	X	X						X		
Maine*										
Maryland*										
Massachusetts*										
Michigan				X						
Minnesota										
Mississippi										
Missouri										
Montana										
Nebraska*										
Nevada*		X		X	X					
New Hampshire*										
New Jersey										
New Mexico										
New York*				X						
North Carolina										
North Dakota										
Ohio*										
Oklahoma*				X						
Oregon										
Pennsylvania										
Rhode Island	X			X						
South Carolina										
South Dakota										
Tennessee*										
Texas*										
Utah										
Vermont	X			X	X	X				
Virginia					X				X	
Washington										
West Virginia*						X				
Wisconsin										
Wyoming										
Total	**6**	**3**	**1**	**6**	**4**	**4**	**1**	**1**	**1**	**1**

*NOTE: *See Notes to Table 12 on page 34.*

TABLE 12 (CONTINUED)

Strategies Used to Manage Budget, Fiscal 2017

State	Across-the-Board % Cuts	Targeted Cuts	Reduce Local Aid	Reorganize Agencies	Privatization	Rainy Day Fund	Lottery Expansion	Gaming/ Gambling Expansion	Other (Specify)
Alabama									
Alaska		X	X	X		X			
Arizona				X					
Arkansas				X					
California*									X
Colorado									
Connecticut	X	X			X				
Delaware									
Florida		X			X				
Georgia									
Hawaii*		X							X
Idaho									
Illinois*		X		X	X	X			X
Indiana	X								
Iowa		X				X			
Kansas		X							
Kentucky		X							
Louisiana		X		X		X			
Maine*			X	X					X
Maryland*		X	X	X		X		X	X
Massachusetts*		X			X				X
Michigan		X							
Minnesota						X			
Mississippi	X	X		X	X	X			
Missouri		X			X				
Montana									
Nebraska*	X					X			X
Nevada*						X			X
New Hampshire*									X
New Jersey									
New Mexico	X	X				X			
New York*		X	X	X				X	X
North Carolina									
North Dakota	X					X			
Ohio*		X							
Oklahoma*		X		X		X			X
Oregon									
Pennsylvania									
Rhode Island		X		X					
South Carolina									
South Dakota									
Tennessee*									X
Texas*		X		X	X				X
Utah									
Vermont		X			X				
Virginia		X	X			X			
Washington						X			
West Virginia*	X	X				X			X
Wisconsin									
Wyoming		X				X			
Total	**7**	**24**	**5**	**12**	**8**	**16**	**0**	**2**	**14**

*NOTE: *See Notes to Table 12 on page 34.*

TABLE 13

Strategies Used to Manage Budget, Fiscal 2018

State	User Fees	Higher Education Related Fees	Court Related Fees	Transportation/ Motor Vehicle Related Fees	Business Related Fees	Layoffs	Furloughs	Early Retirement	Salary Reductions	Cuts to State Employee Benefits
Alabama										
Alaska	X	X		X			X			X
Arizona*										
Arkansas										
California*	X			X	X					
Colorado										
Connecticut	X								X	X
Delaware					X					
Florida										
Georgia										
Hawaii*										
Idaho										
Illinois*										X
Indiana										
Iowa										
Kansas	X		X		X					
Kentucky										
Louisiana										
Maine*	X									
Maryland*										
Massachusetts*										X
Michigan										
Minnesota										
Mississippi										
Missouri										
Montana										
Nebraska*						X				
Nevada		X								
New Hampshire										
New Jersey	X									
New Mexico										X
New York*				X						
North Carolina										
North Dakota										
Ohio*										
Oklahoma*										
Oregon	X									
Pennsylvania	X				X			X		
Rhode Island	X									
South Carolina										
South Dakota										
Tennessee*										
Texas										
Utah										
Vermont						X				
Virginia					X				X	
Washington	X									
West Virginia*				X						X
Wisconsin										
Wyoming	X			X						
Total	**11**	**2**	**1**	**5**	**5**	**2**	**1**	**1**	**2**	**6**

*NOTE: *See Notes to Table 13 on page 35.*

TABLE 13 (CONTINUED)

Strategies Used to Manage Budget, Fiscal 2018

State	Across-the-Board % Cuts	Targeted Cuts	Reduce Local Aid	Reorganize Agencies	Privatization	Rainy Day Fund	Lottery Expansion	Gaming/ Gambling Expansion	Other (Specify)
Alabama									
Alaska		X	X	X		X			
Arizona*			X						X
Arkansas				X					
California*		X							X
Colorado									
Connecticut		X	X	X	X				
Delaware		X							
Florida		X			X				
Georgia									
Hawaii*		X							X
Idaho									
Illinois*		X		X					X
Indiana									
Iowa		X							
Kansas		X		X					
Kentucky		X							
Louisiana	X	X							
Maine*			X	X	X		X		X
Maryland*		X	X	X		X			X
Massachusetts*		X		X	X				X
Michigan		X							
Minnesota									
Mississippi		X		X	X				
Missouri		X			X				
Montana		X	X						
Nebraska*		X		X					X
Nevada				X					
New Hampshire									
New Jersey									
New Mexico		X		X					
New York*		X	X	X				X	X
North Carolina									
North Dakota									
Ohio*		X							X
Oklahoma*									X
Oregon	X	X							
Pennsylvania		X		X			X	X	
Rhode Island		X		X	X				
South Carolina									
South Dakota									
Tennessee*									X
Texas	X								
Utah									
Vermont	X	X							
Virginia		X	X			X			
Washington		X				X			
West Virginia*		X		X					X
Wisconsin									
Wyoming		X				X			
Total	**4**	**29**	**8**	**16**	**7**	**5**	**2**	**2**	**13**

*NOTE: *See Notes to Table 13 on page 35.*

CHAPTER 1 NOTES

Notes to Table 3: Fiscal 2016 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 settlement proceeds from TransOcean of $20M and BP Settlement funds of $50M. Expenditure adjustments include transfers to the ETF Budget Stabilization Fund of $118.3M and the ETF Advancement & Technology Fund of $21.8M. Transfers to the ETF Budget Stabilization Fund and ETF Advancement & Technology Fund were classified as revenue adjustments last year, but should be classified as expenditure adjustments; this change is reflected in this year's survey.

Alaska The rainy day fund balance reflects the total "end of year" balance, inclusive of any anticipated draws. Therefore, the total balance is equal to the rainy day fund balance. Rainy day balance includes the balance of the earnings reserve account and constitutional budget reserve but does not include the corpus of the Alaska Permanent Fund. Sources: Revenues: Fall 2016 Revenue Sources Book (Total Revenue); Revenue Adjustments: SLA2016 Enacted Fiscal Summary (Lines 3 and 4); Expenditures: SLA2016 Enacted Fiscal Summary (Line 49); Expenditure Adjustments: SLA2016 Enacted Fiscal Summary (Line 50); Rainy Day Balance: State of Alaska Fiscal Summary FY17 and FY18 (Part 2).

California Revenue and expenditure adjustments to the beginning fund balance consist primarily of adjustments made to major taxes and K–12 spending.

The ending balance includes the SFEU but excludes the BSA (a rainy day reserve held in a separate fund). The excluded amount is $3,529.4 million at the end of FY 2016. Adding these amounts to the FY 2016 ending balance, the projected total balance is $8,553.1 million in FY 2016.

The rainy day balance is made up of the Special Fund for Economic Uncertainties and the BSA, however, withdrawals from the BSA are subject to provisions of Proposition 2, 2014.

Colorado The FY 2015–16 adjustment of $57.4M is an accounting adjustment per Table 1, page 6 of the LCS March 2017 economic forecast.

Connecticut FY 2016: Expenditure adjustments include -$1.6 million in miscellaneous adjustments. Reported rainy day fund balance includes ending balance.

Georgia FY16 beginning balance reflects General Fund balances as of June 30, 2015 for Revenue Shortfall Reserve, Guaranteed Revenue Debt Common Reserve Fund, and State Revenue Collections as reported on the Combined Balance Sheet of the Budgetary Compliance Report. Revenue Shortfall Reserve fund balance includes $204,347,430 for the FY16 Appropriation of Mid Year Adjustment for Education. Adjustments to Revenues include FY15 agency surplus returned and early remittance of FY16 surplus from state agencies. FY 2016 Actual Expenditures include $21,019,408,413 in State General fund expenditures.

Idaho FY 2016 transfer out include: $1,750,000 Commerce Opportunity Grant; $400,000 for the Wolf Control Fund; $20,000,000 transferred to Economic Recovery Reserve Fund; $500,000 Water Board for aquifer recharge; $27,000,000 to the Fire Suppression Fund for anticipated cost for the 2015 fire season; $16,400 to Idaho State Police-Federal Fund; $2,000,000 to the Constitutional Defense Fund; $60,000,000 to the Deficiency Warrant Fund for fire suppression; $8,000,000 to the Legislative Legal Defense Fund; $4,657,825 to the Budget Stabilization fund (statutory transfer); $10,965,585 to the Budget Stabilization Fund (surplus eliminator); $10,965,585 to the ITD Strategic Initiatives Program (surplus eliminator), and $13,140,000 to the Group Insurance Fund. Miscellaneous adjustments of $595,788 are also included. Transfer in include: $780,000 from the Consolidated Election Fund and cancelled encumbrances of $384,880 are also included. Deficiency warrants include: $324,000 for Agriculture Pest Control Fund.

Illinois Revenue adjustments include transfers in to the general fund. Expenditure adjustments include transfers out of the general fund and the change in accounts payable.

Indiana	Revenue adjustments include a transfer from the Political Subdivision Risk Management Fund and the remaining tax amnesty balance not obligated for other projects. Expenditure adjustments include reversions from distributions, capital, and reconciliations; reversions of unspent prior year Medicaid appropriations; the cost of a 13th check for pension recipients; transfer to the Major Moves 2020 trust fund; transfer to the tuition reserve fund; transfer to the rainy day fund: and state agency and university line item capital projects.
Iowa	Revenue adjustments include an estimated $367.3 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 are transferred back to the General Fund in that subsequent fiscal year.
Kansas	The revenue adjustments represent revenue estimate reductions and fund transfers.
Kentucky	Revenue includes $90.1 million in Tobacco Settlement funds. Adjustments for Revenues includes $104.2 million that represents appropriation balances carried over from the prior fiscal year, and $140.1 million from fund transfers into the General Fund. Adjustment to Expenditures represents appropriation balances forwarded to the next fiscal year and budget balances to be expended in the next fiscal year.
Louisiana	Revenues adjustments — Includes $438.1 from various funds, $93.7 Mid-Year Deficit action, $66.8 Bond Premiums. Expenditure adjustments — Includes $5.1 in other transfers out.
Maine	Revenue and Expenditure adjustments reflect Legislatively authorized transfers.
Maryland	Revenue Adjustments: MSDE SWCAP revenue.
Michigan	Fiscal 2016 revenue adjustments include the impact of federal and state law changes (-$960.1 million); revenue sharing payments to local government units (-$465.2 million); deposits from restricted funds ($543.8 million); deposit to rainy day fund (-$95.0 million); general fund dedicated for roads (-$400.0 million); and deposit to Michigan Infrastructure Fund (-$5.0 million). Fiscal 2016 expenditures include $387.1 million in one-time spending financed from one-time revenue. Deposits to the rainy day fund, Michigan infrastructure fund and funds earmarked for roads are not included in one-time spending.
Minnesota	Ending balance includes cash flow account of $350 million and a budget reserve of $1.596 billion. Does not include stadium reserve of $22.54 million.
Missouri	Revenue adjustments include transfers from other funds into the general revenue fund. The enacted revenue estimate was insufficient to cover budgeted expenses. The above expenditures include expenditure restrictions.
Nebraska	Revenue adjustments are transfers between the General Fund and other funds. Per Nebraska law, includes a transfer of $84.6 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 $202 million transfer (a $64 million increase) from the General Fund to the Property Tax Credit Cash Fund.
New Hampshire	Revenue Adjustments: A settlement with Exxon Mobil recognized $30.7 million in additional revenue to be placed in the Revenue Stabilization Reserve Account (Rainy Day Fund) in FY 2016. Expenditure Adjustments: $28.1 million was moved to the Education Trust fund; $.7 million was moved to the Fish and Game Fund, and $70.7 million was moved to the Rainy Day Fund at year end. (Adjustments totaling $36.7 million were made for GAAP and Other also.)
New Jersey	Revenue adjustments represent budget to GAAP adjustments and transfers to other funds.
New Mexico	The $353.3 million in revenue adjustments was the result of reversions and fund sweeps. The $225.8 million in expenditures is the result of transfers.

North Carolina	Revenue Adjustment: The North Carolina 2015–17 biennial budget (Session Law 2015-241), reserved $75 million dollars from credit balance in 2016. The funds reserved in this subsection shall be transferred and deposited in the Medicaid Transformation Fund established in Section 12H.29 of this act. Funds deposited in the Medicaid Transformation Fund do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution. Funds will continue to be set aside until appropriated by the General Assembly. Expenditure Adjustment: North Carolina placed carryforward funds from the previous year into a statewide reserve account to be expended in the upcoming year. Also there were transfers made for repair and renovation expenditures.
North Dakota	Revenue adjustments are a $657.0 million dollar transfer from the property tax relief sustainability fund to the general fund.
Ohio	FY 2016 expenditures include expenditures against prior year encumbrances as well as $855.8 million in transfers out of the GRF. Of the $855.8 million in transfer out, $736.1 million was for disposition of the FY 2015 surplus GRF balance, including $425.5 million in transfers to the Budget Stabilization Fund. Federal reimbursements for Medicaid expenditures funded from the General Revenue Fund (GRF) are deposited into the GRF. Federal reimbursements for Medicaid expenditures from non-GRF sources are deposited into the appropriate federal fund. Expenditures of federal funds are contained in the General Fund number to be consistent with Ohio accounting practices and with other portrayals of Ohio's general fund. This will tend to make Ohio's GRF revenue and expenditures look higher relative to most other states that don't follow this practice.
Oklahoma	Revenue adjustment represents the difference in cash flow for the fiscal year. There was no expenditure adjustment, since no deposit was made into the Rainy Day Fund.
Oregon	Revenue adjustments include: transfer 2013–15 biennium ending GF balance to Rainy Day Fund (up to 1% of total biennial budget appropriation); cost of Tax Anticipation Notes; and, a statutory transfer to local governments for local property tax relief.
Pennsylvania	Revenue adjustments include refunds, lapses and adjustments to beginning balances.
Rhode Island	Adjustments reflect a reappropriation of $6.9 million and a transfer of $114.9 million to the Budget Reserve and Cash Stabilization Fund.
South Carolina	Revenue Adjustments: Includes nonrecurring transfers from Unclaimed Property and Litigation Settlement funds for $49.5 million and $27.8 million, respectively. Expenditure Adjustments: FY15 Capital Reserve funds of $131.0 million appropriated to agencies, $40.0 million to Farm Recovery Fund (2015 Severe Flood), $50.0 million to State's Infrastructure Bank.
South Dakota	The beginning balance of $21.5 million and adjustment to expenditures reflects the prior year's ending balance that is transferred to the rainy day fund. Adjustments to revenue of $37.0 million is from one-time receipts which includes $27.4 million transferred from the budget reserve fund. The ending balance of $14.1 million is cash that is obligated to the Budget Reserve fund the following fiscal year. This $14.1 million is not included in the total rainy day fund balance of $143.3 million.
Tennessee	Revenue adjustments include: $108.1 million transfer from debt service fund unexpended appropriations; -$76.5 million transfer to Rainy Day Fund; -$201.2 million transfer to dedicated revenue reserves. Expenditure adjustments include: $156.3 million transfer to capital outlay projects fund; $180.1 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; $0.1 million transfer to Systems Development Fund; $0.4 million transfer to Sentencing Act Reserve; $149.1 million transfer to reserves for unexpended appropriations. Ending balance includes: $733.5 million reserve for appropriations 2016–2017; $656.4 million unappropriated budget surplus at June 30, 2016.
Texas	Revenue adjustment of -$2,005m includes -$439.5m reserved for transfer to the Rainy Day Fund and -$439.5m reserved for transfer to the State Highway Fund. In addition, The Comptroller adjustment to the general fund dedicated account balances is -$1,126m. The beginning balances can be found in the Biennial Revenue Estimate (BRE) on Table A-1. Total resources numbers can be found in the BRE on Table A-1. Estimated revenue numbers were located in Table A-7 in the BRE. Economic Stabilization Fund totals can be found in Table A-8 of the BRE. HB 1 was used for the expenditures of FY 16 with adjustments made to arrive to ending balances stated in the BRE. Adjustments totals can be found in Table A-8 of the BRE.
Vermont	Adjustments — net transfers in/out of the General Fund
Washington	Adjustments — Fund transfers and other adjustments

West Virginia Fiscal Year 2016 Beginning balance includes $368.2 million in Reappropriations from previous fiscal years, Unappropriated Surplus Balance of $12.8 million, $0.2 million of cash balance adjustments, and FY 2015 13th month expenditures of $38.4 million. Total Revenues show FY 2016 actual general revenue collections. Adjustments (Revenues) are prior year redeposits of $0.3 million and special revenue expirations of $26.7 million. Total Expenditures include current year appropriated expenditures of $3,939.3 million, reappropriated expenditures of $164.3 million, surplus appropriated expenditures of $30.0 million, $38.4 million of 31 day prior year expenditures, $3.1 million of reappropriations transferred to FY 2016 collections, and $-0.5 million of cash balance adjustments. Expenditure adjustment represents the amount transferred to the Rainy Day Fund at the end of FY 2015 of $6.4 million. The Ending Balance includes $283.0 million of Reappropriations, Unappropriated Surplus Balance of $28.8 million, $0.7 million of cash balance adjustments, and FY 2016 13th month expenditures of $58.9 million.

Wisconsin Revenue adjustments include Tribal Gaming, $26.2 million; Prior Year Designated Balance, $91.3 million; and Other Revenue, $491.5 million. Expenditure adjustments include Transfers to Transportation fund, $38.0 million; Lapses, -$378.9 million; and Compensation Reserves, $1.0 million.

Wyoming The State of Wyoming budgets on a biennial basis; to arrive at annual figures certain assumptions and estimates were required.

Notes to Table 4: Fiscal 2017 State General Fund, Estimated

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 BP Settlement funds of $50M. Expenditure adjustments include transfers to the ETF Budget Stabilization Fund of $59.6M and the ETF Advancement & Technology Fund of $56.4M. Transfers to the ETF Budget Stabilization Fund and ETF Advancement & Technology Fund were classified as revenue adjustments last year, but should be classified as expenditure adjustments; this change is reflected in this year's survey.

Alaska The rainy day fund balance reflects the total "end of year" balance, inclusive of any anticipated draws. Therefore, the total balance is equal to the rainy day fund balance. Rainy day balance includes the balance of the earnings reserve account and constitutional budget reserve but does not include the corpus of the Alaska Permanent Fund. Increase in revenue adjustments includes the proposed restructuring of the usage of Alaska Permanent Fund earnings. Sources: Revenues: Fall 2016 Revenue Sources Book (Total Revenue); Revenue Adjustments: Fiscal Year 2018 Governor Amended Fiscal Summary (Lines 3 – 8); Expenditures: Fiscal Year 2018 Governor Amended Fiscal Summary (Line 48); Expenditure Adjustments: Fiscal Year 2018 Governor Amended Fiscal Summary (Lines 49 and 53); Rainy Day Balance: State of Alaska Fiscal Summary FY17 and FY18 (Part 2).

California The ending balance includes the SFEU but excludes the BSA. The excluded amount is $6,713.4 million at the end of FY 2017. Adding these amounts to the FY 2017 ending balance, the projected total balance is $7,740.7 million in FY 2017.

The rainy day balance is made up of the Special Fund for Economic Uncertainties and the BSA, however, withdrawals from the BSA are subject to provisions of Proposition 2, 2014.

Colorado SB17-266 lowers the statutorily required General Fund reserve from 6.5% of GF appropriations subject to the reserve requirement to 6.0% of that requirement for FY 16–17 only.

Connecticut Reported rainy day fund balance includes ending balance.

Georgia Georgia is required by its constitution to maintain a balanced report. The fund balances for FY17 and FY18 reflect the Governor's balanced budget. Georgia does not project future Rainy Day fund balances, but expects the reserve to continue to grow in future years.

Idaho FY 2017 transfer out include: $400,000 for the Wolf Control Fund; $2,000,000 for the STEM Action Center; $5,000,000 to HESF for Eastern Idaho Community College; $34,500,000 to the Fire Suppression Fund for anticipated fire suppression costs; $100,400 to the Priest Lake Outlet Subaccount; and $2,700,000 to the Broadband Infrastructure Grant Fund.

Illinois Revenue adjustments include transfers in to the general fund. Expenditure adjustments include transfers out of the general fund and the change in accounts payable.

Indiana	Expenditure adjustments include reversions from distributions, capital, and reconciliations; transfer to the Major Moves 2020 trust fund; state agency and university line item capital projects; and a transfer of excess reserves for state ($235.3 million) and local ($192.6 million) roads and bridges. This one-time excess reserve transfer of $427.9 million was a move by the Governor and General Assembly to support infrastructure projects.
Iowa	Revenue adjustments include an estimated $18.2 million of residual funds transferred to the General Fund after the Reserve Funds are filled to their statutorily set maximum amounts. FY2017 Revenues are based upon the March 2017 REC estimate. Also included in revenue adjustments is a recommended $131.1 million transfer from the Cash Reserve Fund to the General Fund. 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 are transferred back to the General Fund in that subsequent fiscal year.
Kansas	The revenue adjustments represent revenue estimate reductions and fund transfers.
Kentucky	Revenue includes $87.0 million in Tobacco Settlement funds. Adjustments for Revenues includes $222.5 million that represents appropriation balances carried over from the prior fiscal year, and $262.6 million from fund transfers into the General Fund. Adjustment to Expenditures represents appropriation balances forwarded to the next fiscal year and budget balances to be expended in the next fiscal year.
Louisiana	Revenues adjustments — Includes $18.5 million in carryforwards, $99 million Budget Stabilization Fund, $53.87 million Mid-Year Deficit action, Decline in revenue. Expenditure adjustments — mid-year adjustments.
Maine	Revenue and Expenditure adjustments reflect Legislatively authorized transfers.
Maryland	Revenue Adjustments: Lottery revenue, Volkswagen settlement, Maryland Environment Service, Veteran's Funding, University System of Maryland fund balance transfer, Maryland Correctional Enterprises fund balance transfer, Moody's settlement.
Massachusetts	Data as of February 10, 2017.
Michigan	Fiscal 2017 revenue adjustments include the impact of federal and state law changes (-$1,016.5 million); revenue sharing payments to local government units (-$471.1 million); deposits from restricted funds ($127.6 million); and deposit to rainy day fund (-$75.0 million). Fiscal 2017 expenditures include $441.0 million in one-time spending financed from one-time revenue. Deposit to the rainy day fund is not included in one-time spending.
Minnesota	Ending balance includes cash flow account of $350 million and a budget reserve of $1.603 billion. Does not include stadium reserve of $24.17 million. Reduced the State's budget reserve for the February 2017 Forecast in order to fund the Health Insurance Premium Assistance program for FY17.
Missouri	Revenue adjustments include transfers from other funds into the general revenue fund. The enacted revenue estimate was insufficient to cover budgeted expenses. The above expenditures include expenditure restrictions.
Nebraska	Revenue adjustments are transfers between the General Fund and other funds. Among others, includes a $202 million transfer from the General Fund to the Property Tax Credit Cash Fund. Also includes a $92 million transfer from the Cash Reserve Fund (Rainy Day Fund) to the General Fund to supplement the General Fund budget. Expenditure adjustments include a net $233.1 million reserved for authorized reappropriations and carryover obligations from FY 2016.
Nevada	Current Rainy Day fund balance listed.
New Hampshire	Expenditure Adjustments: The estimated FY 2017 actual anticipates moving $7.0 million to the Rainy Day Fund, $41.7 million to the Education Trust Fund, and the establishment of an Infrastructure Revitalization fund in the amount of $84.4 million, all are estimated/proposed by the Governor in his Recommended Biennial Budget for FY 2018 and FY 2019.
New Jersey	Revenue adjustments represent transfers to other funds, estimated lapses, and reservation of fund balance.
New Mexico	The 62.1 million in revenue adjustments was the result of reversions and fund sweeps. The 55.3 million in expenditure adjustments was due to transfers.

North Carolina	The North Carolina 2015–17 biennial budget (Session Law 2015-241), reserved $150 million dollars from credit balance in 2017. The funds reserved in this subsection shall be transferred and deposited in the Medicaid Transformation Fund established in Section 12H.29 of this act. Funds deposited in the Medicaid Transformation Fund do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution. Funds will continue to be set aside until appropriated by the General Assembly.
North Dakota	Revenue adjustments are a $572.5 million transfer from the budget stabilization fund to the general fund and a $100 million transfer from other special fund sources. Expenditure adjustments include a $237.1 million reduction in legislatively authorized appropriations for FY 2017 due to 4.05 percent and 2.55 percent allotments.
Ohio	FY 2017 expenditures include expenditures against prior year encumbrances as well as $320.6 million in anticipated transfers out of the GRF. Federal reimbursements for Medicaid expenditures funded from the General Revenue Fund (GRF) are deposited into the GRF. Federal reimbursements for Medicaid expenditures from non-GRF sources are deposited into the appropriate federal fund. Expenditures of federal funds are contained in the General Fund number to be consistent with Ohio accounting practices and with other portrayals of Ohio's general fund. This will tend to make Ohio's GRF revenue and expenditures look higher relative to most other states that don't follow this practice.
Oklahoma	The FY17 revenue adjustment is based on the estimated difference in cash flow using estimates from the State Board of Equalization meeting held on February 21, 2017. Expenditure adjustments cannot be estimated at this time; nor can the ending Rainy Day Fund balance.
Oregon	Revenue adjustment is: a statutory transfer to local governments for local property tax relief; the cost of Tax Anticipation Notes; and, Legislative actions during the mid-biennium session relative to the latest General Fund forecast. Expenditures represent the remaining appropriations of the 2015–17 (Biennium) Legislatively Approved Budget.
Pennsylvania	Revenue adjustments include refunds, lapses and adjustments to beginning balances.
Rhode Island	Adjustments reflect a reappropriation of $7.8 million and a transfer of $116.6 million to the Budget Reserve and Cash Stabilization Fund.
South Carolina	Revenue Adjustments: Includes $139.3 transferred from Litigation Settlement Fund. Expenditure Adjustments: Includes $131.0 FY16 Capital Reserve Fund appropriations to agencies.
South Dakota	The beginning balance of $14.1 million and adjustment to expenditures reflects the prior year's ending balance that is transferred to the rainy day fund. Adjustments to revenue of $14.0 million is from one-time receipts. The ending balance of $2.4 million is cash that is obligated to the Budget Reserve fund the following fiscal year. This $2.4 million is not included in the total rainy day fund balance of $157.4 million.
Tennessee	Revenue adjustments include: $83.9 million transfer from debt service fund unexpended appropriations; -$132.6 million transfer to Highway Fund; -$100.0 million transfer to Rainy Day Fund. Expenditure adjustments include: $397.7 million transfer to capital outlay projects fund; $84.8 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. Ending balance includes: $1,169.7 million unappropriated budget surplus at June 30, 2017.
Texas	Revenue adjustment of -$497.8m from general fund dedicated account balances. As well as an expenditure adjustment to reserve transfer of $1,126m to the Rainy Day Fund and State Highway Fund. The beginning balances can be found in the Biennial Revenue Estimate (BRE) on Table A-1. Total resources numbers can be found in the BRE on Table A-1. Estimated revenue numbers were located in Table A-7 in the BRE. Economic Stabilization Fund totals can be found in Table A-8 of the BRE. HB 1 was used for the expenditures of FY 17 with adjustments made to arrive to ending balances stated in the BRE. Adjustments totals can be found in Table A-8 of the BRE.
Vermont	Adjustments — net transfers in/out of the General Fund
Washington	Adjustments — Fund transfers and other adjustments

West Virginia Fiscal Year 2017 Beginning balance includes $283.0 million of Reappropriations, Unappropriated Surplus Balance of $28.8 million, $0.7 million of cash balance adjustments, and FY 2016 13th month expenditures of $58.9 million. Total Revenues show the FY 2017 official general revenue estimate of $4,187.4 million. Adjustments (Revenue) are prior year redeposits of $0.4 million and special revenue expirations of $91.3 million. Total Expenditures include current year general revenue estimated expenditures of $4,086.1 million, estimated surplus appropriation expenditures of $105 million, estimated reappropriation expenditures of $150 million and $58.9 million of 31 day prior year expenditures. Adjustment (Expenditures) represent $14.4 million which was the amount transferred to the Rainy Day Fund at the end of FY 2016. The Ending Balance is mostly the historically carried forward reappropriation from previous fiscal years (estimated amounts that will remain and be reappropriated to the next fiscal year), the estimated 13th month expenditures applicable to the current fiscal year & any unappropriated surplus balance (estimated) from the current fiscal year.

Wisconsin Revenue adjustments include Tribal Gaming, $26.8 million; and Other Revenue, $529.8 million. Expenditure adjustments include Transfers to Transportation fund, $39.5 million; Biennial Spend Ahead, -$4.7 million; Lapses, -$1,074.8 million; and Compensation Reserves, $18.6 million.

Wyoming The State of Wyoming budgets on a biennial basis; to arrive at annual figures certain assumptions and estimates were required.

Notes to Table 5: Fiscal 2018 State General Fund, Recommended

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

Alaska The rainy day fund balance reflects the total "end of year" balance, inclusive of any anticipated draws. Therefore, the total balance is equal to the rainy day fund balance. Rainy day balance includes the balance of the earnings reserve account and constitutional budget reserve but does not include the corpus of the Alaska Permanent Fund. Increase in revenue adjustments includes the proposed restructuring of the usage of Alaska Permanent Fund earnings. Revenues: Fall 2016 Revenue Sources Book (Total Revenue). Revenue Adjustments: Fiscal Year 2018 Governor Amended Fiscal Summary (Lines 3 – 8). Expenditures: Fiscal Year 2018 Governor Amended Fiscal Summary (Line 48). Expenditure Adjustments: Fiscal Year 2018 Governor Amended Fiscal Summary (Lines 49 and 53). Rainy Day Balance: State of Alaska Fiscal Summary FY17 and FY18 (Part 2).

California The ending balance includes the SFEU but excludes the BSA. The excluded amount is $7,869.4 million at the end of FY 2018. Adding these amounts to the FY 2018 ending balance, the projected total balance is $10,403.7 million in FY 2018.

The rainy day balance is made up of the Special Fund/Reserves for Economic Uncertainties and the BSA, however, withdrawals from the BSA are subject to provisions of Proposition 2, 2014.

Colorado The FY 17–18 budget assumes a 6.5% General Fund reserve requirement. The budget shown here represents the JBC budget package introduced on March 27, 2017 for FY 2017–18, comprised of the Long Bill and the budget package accompanying bills.

Connecticut Reported rainy day fund balance includes ending balance.

Delaware The FY 2018 Recommended reflects the March 23, 2017 recommendations of Governor John Carney.

Georgia Georgia is required by its constitution to maintain a balanced report. The fund balances for FY17 and FY18 reflect the Governor's balanced budget. Georgia does not project future Rainy Day fund balances, but expects the reserve to continue to grow in future years.

Idaho FY 2018 transfer out include: $33,545,500 to the Budget Stabilization Fund (est. statutory transfer); $3,000,000 to the Opportunity Fund; $45,296,200 to the Permanent Building Fund; $400,000 to the Wolf Control Fund; and $5,000,000 to the Workforce Development Training Fund.

Illinois Revenue adjustments include transfers in to the general fund. Expenditure adjustments include transfers out of the general fund and the change in accounts payable, and the Governor's proposed FY18 Working Together/Grand Bargain. "General Fund" includes Fund for the Advancement of Education and Commitment for Human Services Fund.

Indiana Expenditure adjustments include reversions from distributions, capital, and reconciliations and funding for direct flights to Indiana airports.

Iowa Revenue adjustments are a diversion of gaming revenues from the Iowa Skilled Workers and Job Creation Fund to the General Fund for one year of $18.9 million. 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 are transferred back to the General Fund in that subsequent fiscal year.

Kansas The revenue adjustments represent revenue estimate reductions and fund transfers.

Kentucky Fiscal 2018 general fund figures are based on Kentucky's enacted fiscal 2017–2018 biennial budget. Revenue includes $92.8 million in Tobacco Settlement funds. Adjustments for Revenues includes $220.7 million that represents appropriation balances carried over from the prior fiscal year, and $255.6 million from fund transfers into the General Fund. Adjustment to Expenditures represents appropriation balances forwarded to the next fiscal year and budget balances to be expended in the next fiscal year.

Maine Revenue and Expenditure adjustments reflect Legislatively authorized transfers.

Maryland Revenue Adjustments: Lottery revenue and budget adjustments, Special Administrative Expense Fund (Department of Labor, Licensing and Regulation), Maryland Correctional Enterprises fund balance transfer.

Massachusetts Data as of February 10, 2017

Michigan Fiscal 2018 revenue adjustments include the impact of federal and state law changes (-$1,139.4 million); revenue sharing payments to local government units (-$471.7 million); deposits from restricted funds ($6.5 million); deposit to rainy day fund (-$266.5 million); and deposit to Michigan Infrastructure Fund (-$20.0 million). Fiscal 2018 expenditures include $162.1 million in one-time spending financed from one-time revenue. Deposits to the rainy day fund and Michigan infrastructure fund are not included in one-time spending.

Minnesota Ending balance includes cash flow account of $350 million and a budget reserve of $1.603 billion. Does not include stadium reserve of $30.10 million.

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 an estimated transfer of $32.7 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, includes a $221 million transfer from the General Fund to the Property Tax Credit Cash Fund. Expenditure adjustments represent $5 million reserved for potential deficit appropriations. The Nebraska Economic Forecasting Advisory Board met in Feb. 2017 (subsequent to the time the Governor's budget recommendations upon which this survey response is based were presented) to reconsider its revenue forecasts for FY2017, FY2018 and FY2019. The Board lowered the General Fund revenue forecast for FY2017 by $80 million, lowered the General Fund revenue forecast for FY2018 by $23 million, and increased the General Fund revenue forecast for FY2019 by $5 million at that time.

New Hampshire Expenditure Adjustments: The Governor's Recommended budget for FY 2018 includes moving $48.7 million to the Education Trust Fund at year end.

New Jersey Revenue adjustments represent transfers to other funds and reservation of fund balance.

New Mexico FY18 appropriations still being determined through the legislative process; total expenditures reflective of the Governor's FY18 budget recommendation.

Ohio FY 2018 expenditures include anticipated expenditures against prior year encumbrances as well as $227.9 million in anticipated transfers out of the GRF. Federal reimbursements for Medicaid expenditures funded from the General Revenue Fund (GRF) are deposited into the GRF. Federal reimbursements for Medicaid expenditures from non-GRF sources are deposited into the appropriate federal fund. Expenditures of federal funds are contained in the General Fund number to be consistent with Ohio accounting practices and with other portrayals of Ohio's general fund. This will tend to make Ohio's GRF revenue and expenditures look higher relative to most other states that don't follow this practice.

Oklahoma	The FY18 beginning balance is zero since the FY17 ending negative balance is within the required 5% cushion and because the Legislature is required to create a balanced budget each fiscal year. The Legislature has not passed any FY18 expenditures to-date; however, this estimate assumes all available revenues will be appropriated. No adjustments can be estimated at this time. We are also unable to calculate changes to the Rainy Day Fund.
Oregon	Revenue adjustments include: transfer 2015–17 biennium ending GF balance to Rainy Day Fund (up to 1% of total biennial budget appropriation); cost of Tax Anticipation Notes; and, a statutory transfer to local governments for local property tax relief. Expenditures represent 49% of the 2017–19 (Biennium) Governor's Recommended Budget; first fiscal year of the two year biennium.
Pennsylvania	Revenue adjustments include refunds, lapses and adjustments to beginning balances. Expenditure adjustments include transfers to the Budget Stabilization Reserve Fund (rainy day).
Rhode Island	Adjustments to revenues reflect a transfer of $117.3 million to the Budget Reserve Fund.
South Carolina	Revenue Adjustments: Includes transfers from Litigation Settlement and SC Farm Aid Fund, and excess debt service appropriations to lapse at end of FY17. Expenditure Adjustments: Includes $139.2 FY17 Capital Reserve Funds appropriated to agencies.
South Dakota	The beginning balance of $2.4 million and adjustment to expenditures reflects the prior year's ending balance that is obligated to the budget reserve fund.
Tennessee	Revenue adjustments include: -$132.0 million transfer to Rainy Day Fund. Expenditure adjustments include: $636.7 million transfer to capital outlay projects fund; $101.1 million transfer to state office buildings and support facilities fund; $3.5 million transfer to debt service fund; $1.0 million transfer to reserves for dedicated revenue appropriations. Ending balance includes: $0.5 million undesignated balance.
Texas	There will be an expenditure adjustment of -$1,478m reserved for transfer to the Rainy Day Fund and the State Highway Fund. The beginning balances can be found in the Biennial Revenue Estimate (BRE) on Table A-1. Total resources numbers can be found in the BRE on Table A-1. Estimated revenue numbers were located in Table A-7 in the BRE. Economic Stabilization Fund totals can be found in Table A-8 of the BRE. FY18 expenditures are derived from the Governor's proposed budget. Adjustments totals can be found in Table A-8 of the BRE.
Vermont	Adjustments — net transfers in/out of the General Fund.
Virginia	Fiscal 2018 general fund figures are based on Virginia's enacted fiscal 2017–2018 biennial budget with the Governor's proposed supplemental changes.
Washington	Adjustments — Fund transfers and other adjustments.
West Virginia	Total Revenue is the Governor's proposed FY 2018 Total General Revenue collections. Total Expenditures are the Governor's FY 2018 General Revenue Fund anticipated total appropriations plus estimated 13th month expenditures of FY 2017 appropriations. Adjustment (Expenditures) represents the amount estimated to be transferred to the Rainy Day Fund at the end of FY 2017. 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 from the previous fiscal year & unappropriated surplus balance.
Wisconsin	Revenue adjustments include Tribal Gaming, $25.9 million; and Other Revenue, $493.2 million. Expenditure adjustments include Transfers to Transportation fund, $39.9 million; Lapses, -$326.0 million; Transfer to Budget Stabilization fund, $20.0 million; and Compensation Reserves, $14.4 million.
Wyoming	The State of Wyoming budgets on a biennial basis; to arrive at annual figures certain assumptions and estimates were required. Fiscal 2018 general fund figures are based on Wyoming's enacted fiscal 2017–2018 biennial budget with enacted revisions.

Notes to Table 6: General Fund Nominal Percentage Expenditure Change, Fiscal 2016 to Fiscal 2018

Illinois Illinois has been operating without a comprehensive state budget since the start of fiscal 2016. Due to how state government services were funded in fiscal 2016, the state's general fund expenditure total was primarily a function of a partial set of enacted appropriations, continuing appropriations, and spending authority established pursuant to court orders or consent decrees. The estimated fiscal 2017 expenditures are much higher primarily because they reflect potential additional appropriations beyond amounts currently enacted that would be higher than fiscal 2016 levels. Both years' expenditures do not reflect the amount of accounts payable. The adjustments reflect transfers out and the annual changes in accounts payable are recorded as adjustments. This causes Illinois to show an especially large increase in general fund spending from fiscal 2016 to fiscal 2017.

Ohio The projected decline in GRF spending in fiscal 2018 is the result of the elimination of the sales tax on Medicaid managed care companies and the adoption of a provider assessment on all managed care companies. The provider tax, unlike the sales tax, will be deposited in a non-GRF dedicated purpose fund. This results in a $2.2 billion decline in Medicaid GRF appropriations in fiscal 2018.

Notes to Table 7: States with Net Mid-Year Budget Cuts Made After the Fiscal 2017 Budget Passed

Hawaii Some of the mid-year budget adjustments were released throughout the fiscal year.

Massachusetts Mid-Year Budget Adjustments by Program Area are expressed on a net basis. The $294 M budget gap identified in October 2016 was closed by reforecasting revenue and certain one-time revenue from trust accounts. K–12 Education, Public Assistance, and All Other: Reductions predominantly consisted of legislative earmarks and caseload estimate changes.

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. While the 2015–2017 biennial budget has already been enacted, the variance from the 3% minimum reserve if it were required mid-biennium for the 2015–2017 biennium was $275.7 million, as of November 2016. This projected variance was based on actual FY 2016 revenues and expenditures and current revenue projections and enacted appropriations for FY 2017. The Governor recommended FY2017 mid-year budget adjustments totaling $275.9 million to restore the 3% minimum reserve in the General Fund budget prior to consideration of the next biennial budget. In addition to the $73.3 million in net "new" appropriation reductions described in question 7a, the Governor's mid-year budget adjustment recommendations included $77.5 million in reductions to carryover of unexpended balance of prior year appropriations. These appropriation reductions were supplemented with $124.7 million in revenue adjustments, including a $92 million transfer to the General Fund from the Cash Reserve Fund (i.e. Rainy Day Fund) as well as a number of transfers from agency cash funds.

New York Decline in the All Other category refers primarily to a decline in the projected transfers from the General Fund to General Reserves. These transfers were projected at $4.55 billion at the FY 2017 Enacted, but declined to $2.77 billion by the FY 2017 Enacted.

North Dakota ND's budget is based on a biennial period. This adjustment amount includes half of the first allotment of 4.05 percent allotment ($122.5 million) and the full 2.5 percent of the second allotment for the biennium ($114.6 million).

Notes to Table 8: Fiscal 2017 Mid-Year Budget Cuts by Program Area

Georgia Programs were not required to provide budgetary cuts for the mid-year. Medicaid: Mid-year budget adjustments reflect changes in State General Funds only. The adjustment of -$2.8 million in State General Funds is due to the utilization of $18.4 million in Tenet Settlement Funds (Other Funds) during the mid-year.

Hawaii Some of the mid-year budget adjustments were released throughout the fiscal year.

Massachusetts Mid-Year Budget Adjustments by Program Area are expressed on a net basis. The $294 M budget gap identified in October 2016 was closed by reforecasting revenue and certain one-time revenue from trust accounts. K–12 Education, Public Assistance, and All Other: Reductions predominantly consisted of legislative earmarks and caseload estimate changes.

Michigan Fiscal 2017 mid-year budget adjustments reflect changes in general spending from the originally enacted fiscal 2017 budget. Many mid-year adjustments reflect technical changes in spending and are not "cuts" per se. For example, general fund spending reductions may create corresponding increases in other revenue sources without changing the overall budget, or may reflect revised caseload estimates.

New York Decline in the All Other category refers primarily to a decline in the projected transfers from the General Fund to General Reserves. These transfers were projected at $4.55 billion at the FY 2017 Enacted, but declined to $2.77 billion by the FY 2017 Enacted.

North Dakota The Department of Public Instruction will receive $80.2 million from the foundation aid stabilization fund to offset general fund losses for school aid, transportation, and special education.

Notes to Table 9: Fiscal 2017 Mid-Year Program Area Adjustments by Dollar Value

Georgia Programs were not required to provide budgetary cuts for the mid-year. Medicaid: Mid-year budget adjustments reflect changes in State General Funds only. The adjustment of -$2.8 million in State General Funds is due to the utilization of $18.4 million in Tenet Settlement Funds (Other Funds) during the mid-year.

Hawaii Some of the mid-year budget adjustments were released throughout the fiscal year.

Massachusetts Mid-Year Budget Adjustments by Program Area are expressed on a net basis. The $294 M budget gap identified in October 2016 was closed by reforecasting revenue and certain one-time revenue from trust accounts. K–12 Education, Public Assistance, and All Other: Reductions predominantly consisted of legislative earmarks and caseload estimate changes.

Michigan Fiscal 2017 mid-year budget adjustments reflect changes in general spending from the originally enacted fiscal 2017 budget. Many mid-year adjustments reflect technical changes in spending and are not "cuts" per se. For example, general fund spending reductions may create corresponding increases in other revenue sources without changing the overall budget, or may reflect revised caseload estimates.

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. While the 2015–2017 biennial budget has already been enacted, the variance from the 3% minimum reserve if it were required mid-biennium for the 2015–2017 biennium was $275.7 million, as of November 2016. This projected variance was based on actual FY 2016 revenues and expenditures and current revenue projections and enacted appropriations for FY 2017. The Governor recommended FY2017 mid-year budget adjustments totaling $275.9 million to restore the 3% minimum reserve in the General Fund budget prior to consideration of the next biennial budget. In addition to the $73.3 million in net "new" appropriation reductions described in question 7a, the Governor's mid-year budget adjustment recommendations included $77.5 million in reductions to carryover of unexpended balance of prior year appropriations. These appropriation reductions were supplemented with $124.7 million in revenue adjustments, including a $92 million transfer to the General Fund from the Cash Reserve Fund (i.e. Rainy Day Fund) as well as a number of transfers from agency cash funds.

New York Changes to cash projections have been used to illustrate changes in spending levels and changes in projected receipts. Decline in the All Other category refers primarily to a decline in the projected transfers from the General Fund to General Reserves. These transfers were projected at $4.55 billion at the FY 2017 Enacted, but declined to $2.77 billion by the FY 2017 Enacted.

North Dakota ND's budget is based on a biennial period. This adjustment amount includes half of the first allotment of 4.05 percent allotment ($122.5 million) and the full 2.5 percent of the second allotment for the biennium ($114.6 million). The Department of Public Instruction will receive $80.2 million from the foundation aid stabilization fund to offset general fund losses for school aid, transportation, and special education.

Oregon Mid-year adjustments are for the entire 2015–17 biennium and not limited to a single fiscal year.

Notes to Table 10: Fiscal 2018 Recommended Budget Cuts by Program Area

California Other: Includes savings for the following: $1b Infrastructure Development, $0.5 Deferred Maintenance, and $0.4 Affordable housing.

Georgia Medicaid: Recommended budget adjustments reflect changes in State General Funds only. The adjustment of -$88.4 million in State General Funds is a result of the recommendation to utilize $92.3 million in Tenet Settlement Funds (Other Funds) in FY 2018.

Illinois FY17 base for comparison is FY17 working estimate. Final FY17 appropriations have not been enacted. FY18 General Revenue Fund appropriation change for Medicaid is measured as compared to estimated FY17 need in the Governor's FY18 Budget Book, as Illinois does not currently have a FY17 GRF appropriation for Medicaid. While the comparison shows a reduction for FY18, there are no Medicaid programmatic reductions assumed in that fiscal year's introduced budget. Greater funding resources are assumed in other, non-GRF, funds.

Indiana While the Medicaid appropriation is being reduced in FY18, one-time unspent funding from the FY17 Medicaid budget in the amount of $168.6 million will be used to fully fund the Medicaid forecast for FY18.

Kentucky The 2016–18 enacted budget incorporated budget reductions for many agencies in fiscal year 2018, up to 9%, to generate sufficient funds for unfunded pension liabilities. The Other category reflects a net positive increase in general fund spending as large portions of the increase in funding for pensions is contained in that category.

Massachusetts The Governor's Appropriation Recommendation for FY18 proposes to shift $60 M of assistance to the Massachusetts Bay Transportation Authority to the capital budget, offset by increased transfers of $29.4 M from the dedicated sales tax transfer.

Michigan Fiscal 2018 budget adjustments reflect recommended changes in general funding spending from original fiscal 2017 appropriations. The reported decreases for K–12 and Transportation program areas are technical adjustments, removing one-time fiscal 2017 spending that will not occur in fiscal 2018. The reported general fund decrease of -$86.4 million for the higher education program area includes shifts from general fund to federal and state restricted revenues of -$138.2 million; and increased general fund spending of $51.8 million.

Ohio The fiscal year 2018 Medicaid GRF decline is the result of the elimination of the sales tax on Medicaid managed care companies and the adoption of a provider assessment on all managed care companies. The provider tax, unlike the sales tax, will be deposited in a non-GRF dedicated purpose fund. While fiscal year 2018 Medicaid GRF appropriations decline by $2.2 billion (12.6%), Medicaid all fund appropriations increase by $1.6 billion (6.2%).

Oregon Adjustments are for the entire 2017–19 biennium and not limited to a single fiscal year.

Vermont The Governor proposed a change in the way that Higher education and Teachers Retirement is funded in Vermont. The change included shifting the payments for higher education to the Education fund and changing the general fund transfer to the education fund to reflect this change in funding. The reduction in K–12 education funding reflects a shift of the retired teacher health care costs to the education fund, not a reduction in K–12 spending.

Notes to Table 11: Fiscal 2018 Recommended Program Area Adjustments by Dollar Value

California Other: Includes savings for the following: $1b Infrastructure Development, $0.5 Deferred Maintenance, and $0.4 Affordable housing.

Connecticut Note: Both the Medicaid appropriation and funding for the Hospital Supplemental Payments account in the Department of Social Services (DSS) are "net funded" while other Medicaid expenditures remain gross funded.

Georgia Medicaid: Recommended budget adjustments reflect changes in State General Funds only. The adjustment of -$88.4 million in State General Funds is a result of the recommendation to utilize $92.3 million in Tenet Settlement Funds (Other Funds) in FY 2018.

Illinois	FY17 base for comparison is FY17 working estimate. Final FY17 appropriations have not been enacted. FY18 General Revenue Fund appropriation change for Medicaid is measured as compared to estimated FY17 need in the Governor's FY18 Budget Book, as Illinois does not currently have a FY17 GRF appropriation for Medicaid. While the comparison shows a reduction for FY18, there are no Medicaid programmatic reductions assumed in that fiscal year's introduced budget. Greater funding resources are assumed in other, non-GRF, funds.
Indiana	While the Medicaid appropriation is being reduced in FY18, one-time unspent funding from the FY17 Medicaid budget in the amount of $168.6 million will be used to fully fund the Medicaid forecast for FY18.
Kentucky	The 2016–18 enacted budget incorporated budget reductions for many agencies in fiscal year 2018, up to 9%, to generate sufficient funds for unfunded pension liabilities. The Other category reflects a net positive increase in general fund spending as large portions of the increase in funding for pensions is contained in that category.
Massachusetts	The Governor's Appropriation Recommendation for FY18 proposes to shift $60 M of assistance to the Massachusetts Bay Transportation Authority to the capital budget, offset by increased transfers of $29.4 M from the dedicated sales tax transfer.
Michigan	Fiscal 2018 budget adjustments reflect recommended changes in general funding spending from original fiscal 2017 appropriations. The reported decreases for K–12 and Transportation program areas are technical adjustments, removing one-time fiscal 2017 spending that will not occur in fiscal 2018. The reported general fund decrease of -$86.4 million for the higher education program area includes shifts from general fund to federal and state restricted revenues of -$138.2 million; and increased general fund spending of $51.8 million.
New York	Changes to cash projections have been used to illustrate changes in spending levels and changes in projected receipts.
Ohio	The fiscal year 2018 Medicaid GRF decline is the result of the elimination of the sales tax on Medicaid managed care companies and the adoption of a provider assessment on all managed care companies. The provider tax, unlike the sales tax, will be deposited in a non-GRF dedicated purpose fund. While fiscal year 2018 Medicaid GRF appropriations decline by $2.2 billion (12.6%), Medicaid all fund appropriations increase by $1.6 billion (6.2%).
Vermont	The Governor proposed a change in the way that Higher education and Teachers Retirement is funded in Vermont. The change included shifting the payments for higher education to the Education fund and changing the general fund transfer to the education fund to reflect this change in funding. The reduction in K–12 education funding reflects a shift of the retired teacher health care costs to the education fund, not a reduction in K–12 spending.

Notes to Table 12: Strategies Used to Manage Budget, Fiscal 2017

California	Other — Employee compensation: Strategy to address retiree health care costs and unfunded liability.
Hawaii	Other — Prior year fund balance.
Illinois	Other — FY17 included forgiveness of FY15 interfund borrowing, temporary relief to debt structuring restrictions to more efficiently refinance outstanding bonds, and a new hospital assessment arrangement to generate a larger share of ACA funding for the state.
Maine	Other — increase in Budgeted Attrition rate at 3%.
Maryland	Other — Vacant Position Reduction.
Massachusetts	Privatization: A Department of Mental Health recontracting initiative started in FY16 will result in executed contracts late in FY17 and savings in FY18. Other: The Commonwealth offered employees a Voluntary Separation Incentive Program beginning in October 2016 as a payroll reduction exercise. VSIP generated estimated savings of $12 million in FY17 and $70 million in FY18. Other budget control measures include payroll caps, a hiring freeze, and other spending controls.
Nebraska	Other — Elimination of vacant, budgeted positions; IT consolidation; process improvement strategies to identify cost savings. The Governor is working closely with his appointed agency directors to identify strategies for improving the efficiency and effectiveness of the state programs under their direct control. These efforts will lead to an improvement in the level of customer service provided to Nebraskans at a lower overall cost.

Nevada Other — Cigarette Tax, Passenger Carrier, Excise Tax.

New Hampshire Other — To reduce expenditures, the Governor instituted an Executive Office review and approval process for the hiring of employees and the purchase of equipment, for the months of February and March 2017.

New York Other — Other gap-closing measures in FY 2017 included the use of $237 million in General Fund surplus resources available from FY 2016, revenue generated from new financial monetary settlements, and savings related to capital projects and debt management.

Ohio Targeted cuts — prioritization of budget decisions.

Oklahoma Other — Agency revolving fund reconciliation; Changes to tax credits, deductions; Tax collections enhancement; License plate re-issuance (above); Gross Production rebate change.

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

Texas Other — Hiring freeze.

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

Notes to Table 13: Strategies Used to Manage Budget, Fiscal 2018

Arizona Other — Used other funds to offset General Fund expenditures.

California Other — Medicaid: delayed program implementation; Employee compensation: Strategy to address retiree health care costs and unfunded liability.

Hawaii Other — Prior year fund balance.

Illinois Other — FY18 included expenditure reductions or revenue increases via proposed Working Together/Grand Bargain. Revenue increase, procurement, pension and other reforms were proposed to achieve savings.

Maine Other — increase in Budgeted Attrition rate from 1.6% to 5% and proposed vacant position eliminations.

Maryland Other — Vacant Position Reduction.

Massachusetts Cuts to State Employee Benefits: The FY18 budget proposal includes changes to employee deductibles and co-pays. Reorganize Agencies: The Governor proposed to transfer programs from the Department of Public Safety (DPS) to the Division of Professional Licensure (DPL) and the Department of Fire Services. This transfer will result in $800,000 in efficiency savings and better coordinated services to citizens. Privatization: A Department of Mental Health recontracting initiative started in FY16 will result in executed contracts late in FY17 and savings in FY18. Other: The Commonwealth offered employees a Voluntary Separation Incentive Program beginning in October 2016 as a payroll reduction exercise. VSIP generated estimated savings of $12 million in FY17 and $70 million in FY18. Other budget control measures include payroll caps, a hiring freeze, and other spending controls.

Nebraska Other — Elimination of vacant, budgeted positions; IT consolidation; process improvement strategies to identify cost savings. The Governor is working closely with his appointed agency directors to identify strategies for improving the efficiency and effectiveness of the state programs under their direct control. These efforts will lead to an improvement in the level of customer service provided to Nebraskans at a lower overall cost.

New York Other gap-closing measures in FY 2018 include $500 million general fund savings from the implementation of agency financial management plans and savings related to capital projects and debt management.

Ohio Targeted cuts — prioritization of budget decisions. Other — propose utilizing surplus non-GRF cash balances to offset GRF appropriation needs in FY2018.

Oklahoma	Broaden sales tax base to include most services; Eliminate grocery sales tax; Eliminate corporate income tax; Increase gasoline and diesel taxes and modernize transportation funding and apportionment processes; Increase cigarette tax; Equalize non-appropriated agency revenue sharing; Agency revolving fund reconciliation; Accelerate sunset of wind energy credit and tax production.
Tennessee	Other — Base Budget Reductions
West Virginia	Other — Use one time surplus from General Revenue & Lottery Funds from previous fiscal years. Also use one time excess cash in various Special Revenue accounts.

STATE REVENUE DEVELOPMENTS

CHAPTER TWO

Overview

States forecast that general fund revenue collections will increase moderately in fiscal 2018 according to governors' budgets, following two years of weak performance overall. General fund revenue growth slowed considerably in fiscal 2016, a trend that has continued into fiscal 2017. In fiscal 2016, 13 states experienced general fund revenue declines, with most of these states experiencing the effects of falling oil prices on their severance tax revenues and on their economies. Nine states estimate revenue declines in fiscal 2017 and 33 states reported general fund revenue collections coming in below their original budget forecasts for the current fiscal year.

Weak Collections in Fiscal 2017. While energy-producing states have encountered particularly challenging revenue conditions over the past couple of years, other factors have also contributed to the overall weakness in state tax collections. Looking at the three largest state general fund revenue sources, sales, personal income, and corporate income tax collections are all coming in below budgeted levels for fiscal 2017 in the aggregate. Sales tax collections have been especially weak, in part due to extremely low inflation and a greater portion of economic activity falling outside the sales tax base of many states. While steady job growth has helped the withholding component of personal income taxes, other components like capital gains have been highly volatile. Corporate income tax collections are estimated to have declined outright for the second year in a row in fiscal 2017.

Variation Across States. Amid these general state fiscal trends can be found significant variation across states. From fiscal 2015 to fiscal 2017, 10 states saw their general fund revenues decline — without even adjusting for inflation — while over that same two-year period, eight states saw general fund revenues increase by more than 10 percent. This variation is due to a number of factors, such as the negative impact of declining oil and gas prices on energy-producing states, differing tax and spending policies, regional economic disparities, and varied changes in population and other demographics.

Outlook for Fiscal 2018. Looking ahead, 47 states are projecting positive general fund revenue growth in fiscal 2018. The improved revenue situation projected for the upcoming budget year reflects continued job growth, as well as some signs of modest recovery in energy-producing states. In addition, governors in some states are recommending tax and fee changes in fiscal 2018 such as actions to increase sales tax collections through rate hikes or base broadening, as well as increases in cigarette taxes, gas taxes, and other more targeted taxes.

Revenues

According to governors' budget proposals, aggregate general fund revenues are projected to reach $824.1 billion in fiscal 2018, 3.1 percent greater than estimated revenues collected in fiscal 2017, a figure that incorporates tax and fee changes recommended by governors that are discussed in more detail later in this chapter. Fiscal 2017 general fund revenues are estimated to end the current fiscal year totaling $799.5 billion, up 2.4 percent from the $780.7 billion collected by states in fiscal 2016.

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 two consecutive years of decline followed by seven years of slow improvement, general fund revenues are estimated to end fiscal 2017 up $119.3 billion, or 18 percent, over collections in fiscal 2008 (without adjusting for inflation). While states have enacted some tax increases since that time, most of the revenue gains are due to improved collections resulting from the gradual strengthening of the economy. General fund revenue collections increased by 1.8 percent in fiscal 2016, 5.0 in fiscal 2015, 1.9 percent in fiscal 2014, 7.1 percent in fiscal 2013, 2.9 percent in fiscal 2012, and 6.6 percent in fiscal 2011. *(See Tables 14-16)*

Despite lackluster revenue performance in the past couple years, estimated general fund revenues for fiscal 2017 are on track to slightly surpass the pre-recession peak reached in fiscal 2008 after adjusting for inflation for the first time.[8] Fiscal 2008

[8] In NASBO's *Spring 2016 Fiscal Survey of States*, estimated general fund revenue for fiscal 2016 was determined to slightly exceed the aggregate fiscal 2008 level after adjusting for inflation. However, actual general fund revenue for fiscal 2016, as first reported in NASBO's *Fall 2016 Fiscal Survey*, came in lower than previously estimated, and no longer exceeded the fiscal 2008 threshold in inflation-adjusted terms.

general fund revenues totaled $798.9 billion in inflation-adjusted terms.[9] Only half of states (25) estimate general fund revenues in fiscal 2017 above their fiscal 2008 real (inflation-adjusted) levels, while nine states estimate current fiscal year revenues that are more than 10 percent below their pre-recession levels in real terms, including a number of energy-producing states.

Estimated Collections in Fiscal 2017

At the time of data collection, aggregate state general fund revenues from all sources, including sales, personal income, corporate income and all other taxes and fees, were coming in below original projections used to enact fiscal 2017 budgets, with most states reporting revenue shortfalls. Thirty-three states reported that fiscal 2017 revenue collections were lower than originally forecasted, four states were on target, and 13 states reported collections coming in above original projections. For many states, this marks the second consecutive year when general fund revenues have underperformed budget projections; in NASBO's *Fall 2016 Fiscal Survey of States*, 25 states reported ending fiscal 2016 with general fund revenue collections lower than budget forecasts. Compared to states' more recent revenue projections for fiscal 2017, 13 states see revenues coming in above projections, 27 states are on target, and 10 states are below forecast.

Compared to budget forecasts, sales tax collections, personal income tax collections and corporate income tax collections are each below original budget projections in the aggregate. Sales tax collections — generally considered a fairly stable source of revenue — are estimated to be $6.6 billion (2.5 percent) below original budget forecasts for fiscal 2017. Personal income tax collections are estimated at $2.7 billion (0.8 percent) below forecast and corporate income tax collections are coming in $2.8 billion (5.7 percent) below projections. Among the 40 states that collect all three major tax types, 14 reported collections coming in below fiscal 2017 budget projections for all three revenue sources. Since data for this survey were collected, some states' revenue performance compared to forecast may have changed, particularly since these figures mostly predate April when income tax returns were filed. NASBO's *Fall 2017 Fiscal Survey* will provide an update on how actual fiscal 2017 revenue collections came in relative to budget projections. *(See Tables 17 and 18)*

Revenue collections of sales, personal income, and corporate income tax collections, which together make up approximately 80 percent of general fund revenue, are estimated to be 2.8 percent above fiscal 2016 levels. Specifically, fiscal 2017 sales tax collections are estimated to be 2.9 percent higher than fiscal 2016 collections, personal income tax collections are estimated to be 3.3 percent higher, and corporate income tax collections are expected to be 1.8 percent lower. *(See Tables 19 and 20)*

Forecasted Collections in Fiscal 2018

Governors' proposed budgets for fiscal 2018 project continued modest growth in sales, personal income and corporate income taxes. Combined collections from these three sources of revenue are forecasted to increase 3.5 percent in fiscal 2018 compared to estimated fiscal 2017. Compared to estimated fiscal 2017 collections, fiscal 2018 sales tax revenues are forecasted to grow 2.7 percent, personal income tax collections are projected to be 4.1 percent higher and corporate income tax collections are expected to increase by 3.9 percent. *(See Tables 19 and 20)*

[9] 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 (last updated on April 28, 2017), is used for inflation adjustments. Quarterly averages are used to calculate fiscal year inflation rates.

TABLE 14

State Nominal and Real Annual Revenue Increases, Fiscal 1979 to Fiscal 2018

	State General Fund	
Fiscal Year	Nominal Increase	Real Increase
2018	3.1%	
2017	2.4	0.7%
2016	1.8	1.4
2015	5.0	3.8
2014	1.9	-0.2
2013	7.1	5.5
2012	2.9	0.4
2011	6.6	3.4
2010	-2.5	-3.3
2009	-8.0	-10.5
2008	3.9	-1.4
2007	5.4	0.4
2006	9.1	3.6
2005	7.8	1.8
2004	5.4	1.7
2003	8.0	5.0
2002	-6.8	-9.1
2001	4.5	0.1
2000	2.0	-2.7
1999	19.2	16.3
1998	-0.6	-2.6
1997	5.0	2.7
1996	5.9	3.6
1995	5.3	2.3
1994	5.5	3.3
1993	5.8	2.4
1992	6.6	3.3
1991	4.7	0.2
1990	3.4	-1.5
1989	10.1	6.1
1988	6.5	2.4
1987	8.2	4.5
1986	6.3	2.8
1985	8.8	4.5
1984	12.5	8.4
1983	3.7	-1.9
1982	12.6	5.3
1981	7.9	-3.2
1980	9.8	-0.6
1979	7.8	0.9
1979–2017 average	**5.4%**	**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 (last updated on April 28, 2017), is used for state revenues in determining real changes. Fiscal Year real changes are based on quarterly averages. Fiscal 2016 figures are based on the change from fiscal 2015 actuals to fiscal 2016 actuals. Fiscal 2017 figures are based on the change from fiscal 2016 actuals to fiscal 2017 estimates. Fiscal 2018 figures are based on the change from fiscal 2017 estimates to fiscal 2018 recommended figures.

TABLE 15

State General Fund Revenue Growth, Fiscal 2017 and Fiscal 2018

Spending Growth	Fiscal 2016 (Actual)	Fiscal 2017 (Estimated)	Fiscal 2018 (Recommended)
0% or less	13	9	3
> 0.0% but < 5.0%	26	35	41
> 5.0% but < 10.0%	10	5	4
10% or more	1	1	2

NOTE: Average revenue growth for fiscal 2016 (actual) is 1.8 percent; average revenue growth for fiscal 2017 (estimated) is 2.4 percent; average revenue growth for fiscal 2018 (recommended) is 3.1 percent. See Table 16 for state-by-state data.

TABLE 16

General Fund Nominal Percentage Revenue Change, Fiscal 2016 to Fiscal 2018**

State	Fiscal 2016	Fiscal 2017	Fiscal 2018
Alabama	2.1%	4.0%	2.5%
Alaska	-31.8	-6.0	12.3
Arizona	6.2	-0.1	2.2
Arkansas	6.1	-0.6	2.8
California	3.3	2.8	4.4
Colorado	1.7	4.8	5.9
Connecticut	2.9	0.7	0.6
Delaware	-0.3	0.1	4.6
Florida	2.0	5.9	2.0
Georgia	8.8	3.0	3.5
Hawaii	7.7	1.6	1.9
Idaho	4.4	5.9	3.7
Illinois	-9.7	1.0	3.4
Indiana	-0.7	1.5	2.8
Iowa	1.5	2.7	3.6
Kansas	-1.6	-0.2	-0.2
Kentucky	4.0	2.6	2.5
Louisiana	-6.1	21.6	0.3
Maine	0.8	2.2	-1.8
Maryland	1.7	2.4	3.6
Massachusetts	5.6	3.5	4.0
Michigan	3.0	3.0	3.1
Minnesota	3.1	0.7	4.5
Mississippi	2.9	1.6	1.0
Missouri	0.9	3.0	3.8
Montana	-3.6	4.9	7.4
Nebraska	0.1	2.8	4.3
Nevada	15.3	2.0	2.5
New Hampshire	9.4	-1.8	2.5
New Jersey	0.4	3.4	3.6
New Mexico	-9.1	1.7	2.1
New York	2.6	-2.4	4.5
North Carolina	3.3	-0.4	5.0
North Dakota	-20.4	-9.6	38.2
Ohio	7.8	2.8	-5.1
Oklahoma	-8.2	-6.1	3.9
Oregon	5.2	3.4	3.8
Pennsylvania	1.0	4.9	5.0
Rhode Island	0.6	1.5	3.0
South Carolina	4.5	4.2	2.9
South Dakota	4.1	9.3	2.9
Tennessee	6.2	2.3	0.9
Texas	-3.5	1.7	1.2
Utah	2.7	4.1	4.5
Vermont	2.2	5.1	1.6
Virginia	3.4	7.9	0.1
Washington	7.5	4.5	4.2
West Virginia	-2.2	2.0	6.2
Wisconsin	3.8	2.7	3.0
Wyoming	-33.6	1.1	1.5
Average	1.8%	2.4%	3.1%
Median	**2.4%**	**2.5%**	**3.1%**

***Fiscal 2016 reflects changes from fiscal 2015 revenues (actual) to fiscal 2016 revenues (actual). Fiscal 2017 reflects changes from fiscal 2016 revenues (actual) to fiscal 2017 revenues (estimated). Fiscal 2018 reflects changes from fiscal 2017 revenues (estimated) to fiscal 2018 revenues (recommended).*

TABLE 17

General Fund Revenue Collections Compared to Projections, Fiscal 2017

	Original Fiscal 2017			Most Recent Fiscal 2017		
State	On Target	Lower	Higher	On Target	Lower	Higher
Alabama			X			X
Alaska			X			X
Arizona			X	X		
Arkansas		X			X	
California		X			X	
Colorado		X		X		
Connecticut			X			X
Delaware		X		X		
Florida	X			X		
Georgia			X			X
Hawaii		X		X		
Idaho			X			X
Illinois		X		X		
Indiana		X				X
Iowa		X		X		
Kansas		X				X
Kentucky		X		X		
Louisiana		X		X		
Maine			X	X		
Maryland		X		X		
Massachusetts*		X		X		
Michigan			X			X
Minnesota		X				X
Mississippi		X			X	
Missouri		X		X		
Montana		X		X		
Nebraska		X			X	
Nevada	X			X		
New Hampshire			X			X
New Jersey		X		X		
New Mexico		X		X		
New York		X			X	
North Carolina			X	X		
North Dakota		X		X		
Ohio		X			X	
Oklahoma		X		X		
Oregon	X			X		
Pennsylvania		X			X	
Rhode Island		X			X	
South Carolina	X			X		
South Dakota		X			X	
Tennessee			X			X
Texas		X		X		
Utah			X	X		
Vermont*		X				X
Virginia		X		X		
Washington			X			X
West Virginia		X		X		
Wisconsin		X		X		
Wyoming		X			X	
Total	**4**	**33**	**13**	**27**	**10**	**13**

*NOTES: Original Fiscal 2017 reflects whether general fund revenues from all sources thus far have come in higher, lower, or on target with original projections used to adopt the Fiscal 2017 budget. Most Recent Fiscal 2017 reflects whether collections thus far have been coming in higher, lower, or on target with a state's most recent projection. The date of a state's most recent projection varies by state, ranging from October 2016 to March 2017. *See Notes to Table 17 on page 52.*

TABLE 18

Fiscal 2017 Tax Collections Compared With Projections Used in Adopting Fiscal 2017 Budgets (Millions)**

	Sales Tax		Personal Income Tax		Corporate Income Tax	
State	Original Estimate	Current Estimate	Original Estimate	Current Estimate	Original Estimate	Current Estimate
Alabama	$2,296	$2,330	$3,522	$3,621	$422	$348
Alaska	N/A	N/A	N/A	N/A	99	123
Arizona	4,529	4,487	4,036	4,099	500	484
Arkansas	2,396	2,396	2,741	2,741	408	408
California	25,727	24,994	83,393	83,136	10,992	10,389
Colorado	2,950	2,813	6,822	6,955	604	518
Connecticut	4,329	4,249	9,519	9,438	839	919
Delaware	N/A	N/A	1,334	1,330	157	97
Florida	23,243	23,037	N/A	N/A	2,164	2,324
Georgia	5,659	5,631	10,716	10,895	1,023	1,021
Hawaii	3,392	3,330	2,226	2,107	96	95
Idaho	1,345	1,380	1,616	1,591	222	203
Illinois	8,310	8,155	12,618	13,911	2,343	1,501
Indiana	7,840	7,400	5,283	5,400	994	912
Iowa	2,850	2,852	4,742	4,532	532	520
Kansas	2,755	2,620	2,377	2,280	396	270
Kentucky	3,540	3,515	4,411	4,441	579	563
Louisiana	3,775	3,741	3,088	2,881	510	412
Maine	1,388	1,393	1,462	1,486	166	161
Maryland	4,593	4,587	8,991	8,942	772	785
Massachusetts	6,365	6,190	14,987	14,987	2,220	2,220
Michigan	7,310	7,485	9,752	9,757	218	269
Minnesota	5,484	5,348	11,123	11,188	1,227	1,142
Mississippi	2,113	2,078	1,887	1,840	565	596
Missouri	2,102	2,109	6,521	6,369	381	237
Montana	65	61	1,307	1,219	157	140
Nebraska*	1,607	1,585	2,427	2,345	310	245
Nevada	1,158	1,140	N/A	N/A	N/A	N/A
New Hampshire	N/A	N/A	N/A	N/A	361	415
New Jersey	9,784	9,465	13,982	13,940	2,643	2,654
New Mexico	2,280	1,919	1,455	1,331	220	70
New York	12,962	12,958	49,464	47,309	5,750	5,571
North Carolina	6,971	7,064	11,618	12,068	912	824
North Dakota	1,490	884	393	338	186	68
Ohio*	10,808	10,548	8,260	7,926	1,414	1,371
Oklahoma	1,894	1,840	1,922	1,775	260	91
Oregon	N/A	N/A	8,105	7,931	534	521
Pennsylvania	10,205	9,986	13,052	12,897	2,982	2,766
Rhode Island	1,018	1,014	1,249	1,268	165	168
South Carolina	2,875	2,903	3,537	3,570	337	271
South Dakota	1,007	975	N/A	N/A	N/A	N/A
Tennessee	8,273	8,564	296	265	2,133	2,414
Texas*	31,567	28,695	N/A	N/A	N/A	N/A
Utah	1,858	1,851	3,534	3,586	371	326
Vermont	255	249	794	776	93	103
Virginia	3,501	3,386	13,230	12,914	765	794
Washington	9,807	10,038	N/A	N/A	N/A	N/A
West Virginia	1,343	1,279	1,944	1,842	137	105
Wisconsin	5,224	5,215	8,238	8,050	1,016	900
Wyoming	471	405	N/A	N/A	N/A	N/A
Total	**$260,709**	**$254,142**	**$357,976**	**$355,278**	**$49,174**	**$46,334**

*NOTES: N/A indicates data are not available because, in most cases, these states do not have that type of tax. *See Notes to Table 18 on page 52. **Unless otherwise noted, original estimates reflect the figures used when the fiscal 2017 budget was adopted, and current estimates reflect preliminary actual tax collections.*

TABLE 19

Comparison of Tax Collections in Fiscal 2016, Fiscal 2017, and Recommended Fiscal 2018**

	Sales Tax			Personal Income Tax			Corporate Income Tax		
State	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2016	Fiscal 2017	Fiscal 2018
Alabama	$2,251	$2,330	$2,386	$3,489	$3,621	$3,721	$333	$348	$357
Alaska*	N/A	N/A	N/A	N/A	N/A	N/A	90	123	139
Arizona	4,299	4,487	4,647	3,957	4,099	4,280	550	484	389
Arkansas	2,290	2,396	2,441	2,782	2,741	2,889	418	408	378
California	24,890	24,994	25,179	78,947	83,136	85,866	9,902	10,389	10,878
Colorado	2,653	2,813	2,940	6,527	6,955	7,343	652	518	621
Connecticut	4,182	4,249	4,253	9,182	9,438	9,859	880	919	885
Delaware	N/A	N/A	N/A	1,287	1,330	1,381	143	97	99
Florida	21,998	23,037	24,153	N/A	N/A	N/A	2,272	2,324	2,266
Georgia	5,480	5,631	5,849	10,440	10,895	11,455	981	1,021	1,043
Hawaii	3,206	3,330	3,460	2,116	2,107	2,197	93	95	83
Idaho	1,303	1,380	1,447	1,513	1,591	1,667	187	203	216
Illinois	8,063	8,155	8,305	13,806	13,911	14,484	1,973	1,501	1,641
Indiana	7,223	7,400	7,618	5,218	5,400	5,596	984	912	927
Iowa	2,811	2,852	2,981	4,356	4,532	4,743	521	520	526
Kansas	2,659	2,620	2,645	2,249	2,280	2,320	355	270	275
Kentucky	3,463	3,515	3,638	4,282	4,441	4,589	527	563	553
Louisiana	2,938	3,741	3,798	2,878	2,881	2,929	249	412	452
Maine	1,319	1,393	1,434	1,543	1,486	1,551	138	161	166
Maryland	4,445	4,587	4,727	8,518	8,942	9,406	875	785	830
Massachusetts*	6,055	6,190	6,576	14,394	14,987	15,684	2,312	2,220	2,279
Michigan*	7,300	7,485	7,673	9,372	9,757	10,103	60	269	295
Minnesota	5,233	5,348	5,592	10,739	11,188	11,839	1,473	1,142	1,280
Mississippi	2,062	2,078	2,130	1,769	1,840	1,896	596	596	587
Missouri	2,062	2,109	2,149	6,126	6,369	6,644	281	237	275
Montana	64	61	60	1,185	1,219	1,291	118	140	134
Nebraska*	1,528	1,585	1,640	2,221	2,345	2,445	308	245	270
Nevada	1,077	1,140	1,202	N/A	N/A	N/A	N/A	N/A	N/A
New Hampshire	N/A	N/A	N/A	N/A	N/A	N/A	441	415	418
New Jersey	9,268	9,465	9,638	13,356	13,940	14,435	2,477	2,654	2,792
New Mexico	2,022	1,919	2,061	1,327	1,331	1,346	119	70	100
New York	12,485	12,958	13,783	47,055	47,309	50,683	5,647	5,571	5,955
North Carolina	6,560	7,064	7,394	11,905	12,068	12,314	1,058	824	744
North Dakota	925	884	971	354	338	356	98	68	61
Ohio	10,348	10,548	10,854	7,799	7,926	7,027	1,255	1,371	1,493
Oklahoma	1,894	1,840	1,924	1,990	1,775	1,805	260	91	102
Oregon	N/A	N/A	N/A	7,746	7,931	8,434	604	521	510
Pennsylvania	9,795	9,986	10,825	12,506	12,897	13,665	2,842	2,766	2,868
Rhode Island	972	1,014	1,075	1,217	1,268	1,317	135	168	168
South Carolina	2,819	2,903	3,041	3,312	3,570	3,754	361	271	288
South Dakota	861	975	1,013	N/A	N/A	N/A	N/A	N/A	N/A
Tennessee*	8,267	8,564	8,861	322	265	272	2,312	2,414	2,483
Texas*	28,137	28,695	28,067	N/A	N/A	N/A	N/A	N/A	N/A
Utah	1,779	1,851	1,945	3,370	3,586	3,805	338	326	344
Vermont	241	249	256	747	776	804	117	103	98
Virginia	3,296	3,386	3,446	12,556	12,914	13,380	765	794	825
Washington	9,563	10,038	9,744	N/A	N/A	N/A	N/A	N/A	N/A
West Virginia	1,281	1,279	1,320	1,846	1,842	1,864	146	105	109
Wisconsin	5,066	5,215	5,375	7,741	8,050	8,278	963	900	957
Wyoming	432	405	420	N/A	N/A	N/A	N/A	N/A	N/A
Total	**$246,860**	**$254,142**	**$260,935**	**$344,043**	**$355,278**	**$369,717**	**$47,206**	**$46,334**	**$48,159**

*NOTES: N/A indicates data are not available because, in most cases, these states do not have that type of tax. *See Notes to Table 19 on page 52. **Unless otherwise noted, fiscal 2016 figures reflect actual tax collections, fiscal 2017 figures reflect estimated tax collections, and fiscal 2018 figures reflect the estimates based on governors' recommended budgets.*

TABLE 20

Percentage Changes in Tax Collections in Fiscal 2016, Fiscal 2017, and Recommended Fiscal 2018**

	Sales Tax			Personal Income Tax			Corporate Income Tax		
State	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2016	Fiscal 2017	Fiscal 2018
Alabama	4.1%	3.5%	2.4%	4.7%	3.8%	2.8%	-32.3%	4.5%	2.8%
Alaska*	N/A	N/A	N/A	N/A	N/A	N/A	-61.0	36.8	12.9
Arizona	2.6	4.4	3.6	5.2	3.6	4.4	-17.1	-12.0	-19.6
Arkansas	4.2	4.6	1.9	4.4	-1.5	5.4	-7.1	-2.3	-7.3
California	5.1	0.4	0.7	3.6	5.3	3.3	5.2	4.9	4.7
Colorado	1.3	6.0	4.5	2.8	6.6	5.6	-5.9	-20.6	19.9
Connecticut	0.4	1.6	0.1	12.1	2.8	4.5	28.1	4.4	-3.7
Delaware	N/A	N/A	N/A	2.8	3.4	3.8	-46.9	-32.3	2.1
Florida	4.4	4.7	4.8	N/A	N/A	N/A	1.6	2.3	-2.5
Georgia	1.7	2.7	3.9	7.9	4.4	5.1	-1.9	4.1	2.1
Hawaii	7.1	3.9	3.9	6.5	-0.4	4.3	77.9	2.1	-12.6
Idaho	6.9	5.9	4.9	2.9	5.1	4.8	-13.2	8.3	6.6
Illinois	0.4	1.1	1.8	-10.5	0.8	4.1	-26.5	-23.9	9.3
Indiana	0.4	2.5	2.9	-0.3	3.5	3.6	-10.0	-7.3	1.6
Iowa	2.1	1.5	4.5	3.5	4.1	4.7	-9.7	0.0	1.0
Kansas	7.0	-1.5	1.0	-1.3	1.4	1.8	-14.9	-23.9	1.9
Kentucky	6.0	1.5	3.5	5.2	3.7	3.3	-0.3	6.9	-1.7
Louisiana	8.8	27.4	1.5	-0.3	0.1	1.7	-17.1	65.6	9.7
Maine	6.1	5.6	3.0	1.4	-3.7	4.4	-18.6	17.2	2.9
Maryland	2.2	3.2	3.1	2.1	5.0	5.2	12.5	-10.3	5.8
Massachusetts*	4.9	2.2	6.2	-0.4	4.1	4.7	6.4	-4.0	2.7
Michigan*	0.7	2.5	2.5	4.4	4.1	3.5	-86.5	348.6	9.9
Minnesota	2.0	2.2	4.6	3.2	4.2	5.8	1.2	-22.5	12.1
Mississippi	1.4	0.8	2.5	1.5	4.0	3.0	-16.5	0.0	-1.6
Missouri	3.7	2.3	1.9	3.0	4.0	4.3	-35.6	-15.6	15.9
Montana	0.5	-4.4	-1.0	0.8	2.9	5.9	-31.4	18.5	-4.2
Nebraska*	-0.5	3.7	3.5	0.7	5.6	4.3	-11.2	-20.4	10.2
Nevada	8.3	5.8	5.4	N/A	N/A	N/A	N/A	N/A	N/A
New Hampshire	N/A	N/A	N/A	N/A	N/A	N/A	25.2	-5.9	0.7
New Jersey	1.3	2.1	1.8	0.8	4.4	3.5	-13.6	7.1	5.2
New Mexico	-6.7	-5.1	7.4	-0.9	0.3	1.1	-53.4	-40.9	42.9
New York	2.9	3.8	6.4	7.7	0.5	7.1	-9.9	-1.3	6.9
North Carolina	4.9	7.7	4.7	7.5	1.4	2.0	-20.3	-22.1	-9.8
North Dakota	-26.9	-4.5	9.8	-33.9	-4.4	5.4	-50.2	-30.0	-10.8
Ohio	3.9	1.9	2.9	-8.3	1.6	-11.3	47.0	9.2	8.9
Oklahoma	-6.2	-2.9	4.6	-7.9	-10.8	1.7	-14.4	-64.8	11.6
Oregon	N/A	N/A	N/A	5.7	2.4	6.3	-2.9	-13.7	-2.1
Pennsylvania	3.2	1.9	8.4	3.3	3.1	6.0	1.1	-2.7	3.7
Rhode Island	0.9	4.4	6.0	-0.8	4.1	3.9	-8.9	24.2	0.1
South Carolina	6.0	3.0	4.7	4.8	7.8	5.2	10.3	-24.8	6.1
South Dakota	2.9	13.2	3.9	N/A	N/A	N/A	N/A	N/A	N/A
Tennessee	7.3	3.6	3.5	6.3	-17.8	2.6	6.8	4.4	2.8
Texas	-2.3	2.0	-2.2	N/A	N/A	N/A	N/A	N/A	N/A
Utah	3.7	4.1	5.1	6.7	6.4	6.1	-9.5	-3.6	5.5
Vermont	1.6	3.4	2.8	5.8	3.9	3.5	-4.0	-12.2	-4.5
Virginia	1.9	2.7	1.8	1.8	2.9	3.6	-8.1	3.8	3.9
Washington	8.8	5.0	-2.9	N/A	N/A	N/A	N/A	N/A	N/A
West Virginia	-0.6	-0.2	3.2	-4.5	-0.2	1.2	-23.4	-28.0	3.8
Wisconsin	3.6	2.9	3.1	5.7	4.0	2.8	-4.2	-6.5	6.3
Wyoming	-20.6	-6.3	3.7	N/A	N/A	N/A	N/A	N/A	N/A
Total	**2.6%**	**2.9%**	**2.7%**	**3.0%**	**3.3%**	**4.1%**	**-5.0%**	**-1.8%**	**3.9%**
Median	2.7%	2.7%	3.5%	2.9%	3.5%	4.2%	-9.7%	-2.7%	2.9%

*NOTES: N/A 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 53. **Unless otherwise noted, fiscal 2016 figures reflect actual tax collections, fiscal 2017 figures reflect estimated collections, and fiscal 2018 figures reflect the estimates used in governors' recommended budgets.*

Recommended Fiscal 2018 Revenue Changes

State governors recommended a net increase in taxes and fees for fiscal 2018 of $3.7 billion. Governors in 15 states proposed net tax and fee increases totaling $4.9 billion, while governors in 12 states proposed net decreases totaling $1.2 billion. Overall, most proposed revenue actions are fairly modest, and the net total of $3.7 billion represents only 0.5 percent as a share of projected general fund revenues for fiscal 2018 (though the revenue changes reported are not limited to the general fund only).[10] As has been the case in recent years, governors were more likely to recommend tax hikes on general sales, cigarette and tobacco products, motor fuels, and alcoholic beverages, while recommending mostly reductions for personal and corporate income taxes. In particular, several governors proposed significant sales tax increases aimed at broadening the base. *(See Tables 21 and 22, Figure 3 and Appendix Table A-1)*

In actual dollar terms, the changes with the largest influence on the total revenue impact in fiscal 2018 include: business and occupation and sales tax changes recommended in Washington State (+$1.2 billion); the elimination of various sales tax exemptions, limiting a corporate income tax break, and other tax changes in Pennsylvania (+$1.0 billion); and broadening the sales tax base, a cigarette tax hike, and gas tax increase partially offset by smaller tax decreases proposed in Oklahoma (+$985 million). Looking at proposed revenue actions state-by-state relative to the size of each state's projected general fund revenues for fiscal 2018, states with the largest recommended increases include Alaska (22 percent), Oklahoma (17 percent), and West Virginia (10 percent) — all of which are greatly reliant on severance tax revenues and have been significantly affected by the steep decline in oil and gas prices or declining coal production in recent years. Note that not all of the tax changes proposed in these states would directly impact the general fund; in fact, all three states included motor fuel tax increases in their proposals, which would affect non-general fund revenues only. Most recommended tax and fee decreases were fairly modest across the board: Florida proposed decreases mostly affecting sales taxes (-$299 million); Texas proposed a reduction to the state franchise tax (-$250 million); Wisconsin proposed reducing personal income taxes and eliminating state property taxes (-$186 million); and Maine proposed changes that mainly would lower personal income taxes (-$181 million).

In their fiscal 2018 budget proposals, governors recommended net increases in sales taxes ($1.7 billion), cigarette and tobacco taxes ($791 million), motor fuel taxes ($726 million), alcohol taxes ($104 million), other taxes ($1.6 billion), and fees ($134 million). Governors proposed net decreases in personal income taxes (-$1.2 billion) and corporate income taxes (-$153 million).

Sales Taxes—Eight states recommended sales tax increases and seven proposed decreases in their fiscal 2018 budgets. The result is a net revenue increase of $1.7 billion. Much of this change is due to a sales tax rate hike and expansion of the tax base in Ohio, as well as base broadening proposed in Oklahoma and Pennsylvania. All changes reported impact the general fund.

Personal Income Taxes—Five states proposed changes that would increase personal income taxes, while 12 states recommended decreases, resulting in a net decrease of $1.2 billion. Ohio continued to phase in various personal income tax decreases, which accounted for most of the revenue impact in this taxation category. All changes reported impact the general fund.

Corporate Income Taxes—Three states recommended corporate income tax increases, while nine proposed decreases in their fiscal 2018 budgets for a net decrease of $153 million. Most changes recommended in this category were modest, with Oklahoma's proposal to eliminate the state corporate income tax having the largest revenue impact. All changes reported impact the general fund.

Cigarette and Tobacco Taxes—Nine states proposed tax increases on cigarettes and tobacco products, resulting in a total increase of $791 million. Proposed increases in cigarette taxes per pack in Ohio and Oklahoma accounted for most of the total estimated revenue impact. All changes reported affect the general fund.

[10] Beginning with the *Fall 2015 Fiscal Survey*, NASBO updated its data collection instrument to explicitly ask states to report all enacted tax and fee changes (including but not limited to the general fund). For each reported revenue change or measure, NASBO asked states to indicate whether the action impacts the general fund and/or another state fund. Tables A-1, A-2, A-3 and A-4 in the appendix of this report provide this detail.

Motor Fuel Taxes—Four states proposed increases to the motor fuel tax totaling $726 million, including Alaska, Oklahoma, Tennessee, and West Virginia. None of the changes reported in this category have an impact on general fund revenues, as all would affect dedicated state funds for transportation.

Alcohol Taxes—Four states recommended fairly modest tax increases in this category, resulting in a total recommended increase of $104 million. All changes reported impact the general fund.

Other Taxes—Nine states recommended other tax increases, while six states proposed decreases in their fiscal 2018 budgets for a net increase of $1.6 billion. Changes that would increase Washington State's business and occupation (B&O) taxes in order to bolster funding for schools account for most of the estimated revenue impact in this category. A couple of revenue changes in this category — including Washington's significant changes to business taxes — would not directly affect general fund revenues.

Fees—Seven states proposed fee increases in their fiscal 2018 budget, and two states proposed a decrease for a net increase of $134 million. A few of the changes reported in this category do not impact the general fund.

Fiscal 2018 Revenue Measures. In addition to these tax and fee changes, state governors also recommended new revenue measures totaling $4.8 billion. These measures enhance general fund revenue but do not affect taxpayer liability and may rely on enforcement of existing laws, additional audits and compliance efforts, and increasing fines for late filings. Revenue measures may also consist of fund transfers or diversions so that revenue is repurposed. The changes proposed by Alaska's governor to restructure the Alaska Permanent Fund account for a large portion of the total net revenue impact of fiscal 2018 revenue measures reported by states as does California's new per vehicle road improvement charge. *(See Appendix Table A-2)*

Fiscal 2017 Mid-Year Revenue Changes

Seven states enacted changes in taxes and fees in the middle of fiscal 2017, with four states enacting increases and three states enacting decreases, for a total net revenue increase of $1.4 billion. Gas tax increases enacted in Michigan and New Jersey, along with a voter-approved increase to cigarette taxes in California, accounted for most of the revenue impact of mid-year actions. Two states also reported mid-year revenue measures in fiscal 2017, including Alaska's plan to draw down on its Permanent Fund earnings. *(See Table 23, Appendix Tables A-3 and A-4)*

Revenue Changes Recommended for Fiscal 2019 in Biennial Budgets

Several governors of biennial budget states who proposed budgets for fiscal 2018 and fiscal 2019 recommended tax and fee changes that would affect fiscal 2019 revenues. Under the governor's budget, Washington State's changes to its business and occupation (B&O) tax would be expanded further in fiscal 2019, with a revenue impact of $3.1 billion. Ohio's substantial sales tax increase (+$1.1 billion) and personal income tax reductions (-$1.9 billion) continue to have an impact in fiscal 2019. Several other revenue changes proposed for fiscal 2018 are reported by biennial budget states with their fiscal 2019 revenue impacts as well. Connecticut and Maine also reported multiple revenue measures for fiscal 2019. *(See Appendix Tables A-8 and A-9)*

TABLE 21

Enacted State Revenue Actions Fiscal 1979 to Fiscal 2017, and Recommended State Revenue Actions, Fiscal 2018

Fiscal Year	Revenue Change (Billions)
2018	$3.7
2017	1.3
2016	0.5
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 1988–2017 data provided by the National Association of State Budget Officers.

FIGURE 3:

Enacted State Revenue Actions, Fiscal 1979 to Fiscal 2017 and Recommended Revenue Actions, Fiscal 2018

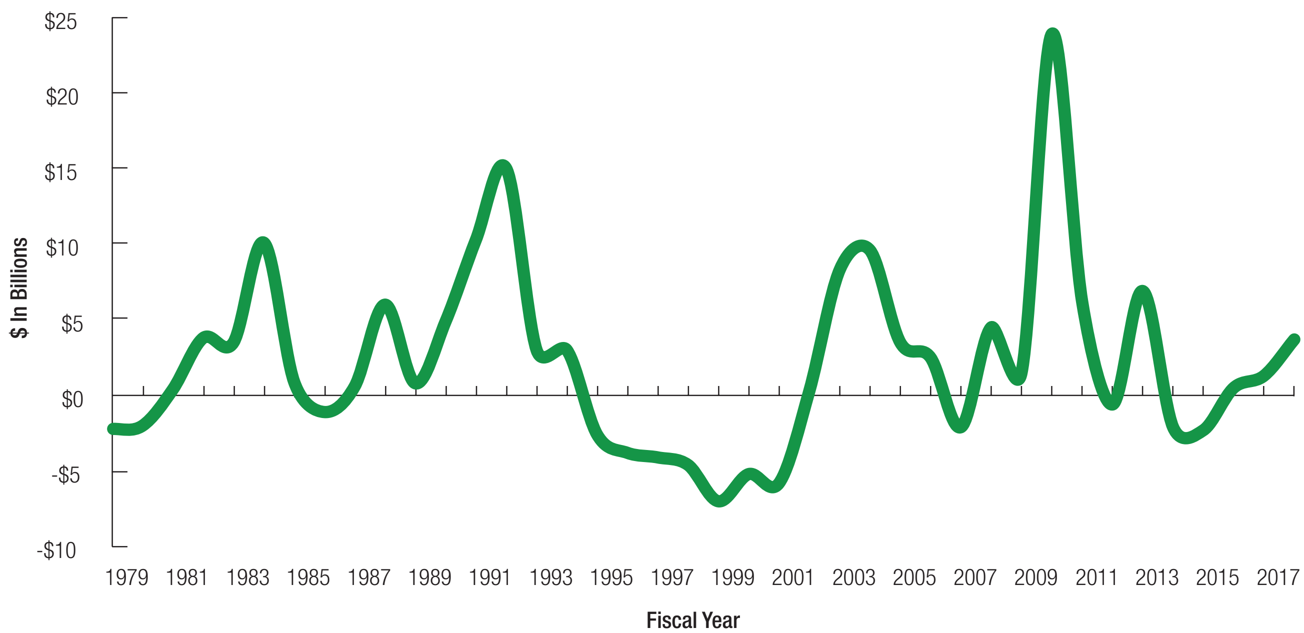


TABLE 22

Recommended Fiscal 2018 Revenue Actions by Type of Revenue and Net Increase or Decrease** (Millions)

State	Sales	Personal Income	Corporate Income	Cigarettes/ Tobacco	Motor Fuels	Alcohol	Other Taxes	Fees	Total
Alabama									$0.0
Alaska		321.0			40.4				361.4
Arizona	-37.0	-3.0							-40.0
Arkansas	3.8	-1.4	-1.5				1.5		2.4
California									0.0
Colorado									0.0
Connecticut		25.0		63.6			-12.0		76.6
Delaware		64.6		16.0			116.1		196.7
Florida	-289.0		-6.1					-3.8	-298.9
Georgia									0.0
Hawaii									0.0
Idaho									0.0
Illinois									0.0
Indiana		-5.0	-6.0						-11.0
Iowa									0.0
Kansas		45.8		48.3		52.3		33.6	180.0
Kentucky	-1.1								-1.1
Louisiana									0.0
Maine	20.0	-191.6	-2.5				-6.5	0.1	-180.5
Maryland									0.0
Massachusetts		-83.0					-1.0		-84.0
Michigan									0.0
Minnesota	-2.6	-75.0	45.1	0.7			-1.4	-4.6	-37.8
Mississippi									0.0
Missouri									0.0
Montana									0.0
Nebraska									0.0
Nevada							32.0		32.0
New Hampshire									0.0
New Jersey	5.0							34.7	39.7
New Mexico									0.0
New York	-5.0								-5.0
North Carolina									0.0
North Dakota									0.0
Ohio*	708.0	-1239.5	6.7	312.4		26.4	136.6		-49.4
Oklahoma	605.0		-140.2	257.8	224.8		36.6	1.4	985.4
Oregon		186.9	-3.3	35.2		20.1		15.1	254.0
Pennsylvania	489.8		81.2				435.3		1,006.3
Rhode Island			-5.3	8.7					3.5
South Carolina		-69.2	-19.4						-88.6
South Dakota									0.0
Tennessee*	-56.3	-78.9	-102.1		346.7			49.0	158.4
Texas							-250.0		-250.0
Utah									0.0
Vermont									0.0
Virginia		-4.1					9.9		5.8
Washington	121.0						1062.0		1,183.0
West Virginia	125.4	-3.1		47.8	114.2	5.6	165.4	8.0	463.3
Wisconsin	-2.1	-94.9					-88.8		-185.8
Wyoming									0.0
Total	**$1,684.9**	**-$1,205.4**	**-$153.3**	**$790.5**	**$726.1**	**$104.4**	**$1,635.7**	**$133.5**	**$3,716.4**

*NOTE: *See Notes to Table 22 on page 53. **See Appendix Table A-1 for details on specific revenue changes.*

TABLE 23

Fiscal 2017 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
Alaska									0.0
Arizona	-11.9	-20.7							-32.6
Arkansas									0.0
California				329.7					329.7
Colorado									0.0
Connecticut									0.0
Delaware									0.0
Florida									0.0
Georgia									0.0
Hawaii									0.0
Idaho									0.0
Illinois									0.0
Indiana									0.0
Iowa									0.0
Kansas									0.0
Kentucky									0.0
Louisiana									0.0
Maine									0.0
Maryland									0.0
Massachusetts									0.0
Michigan	-6.0		80.0		328.3		149.5		551.8
Minnesota									0.0
Mississippi									0.0
Missouri									0.0
Montana									0.0
Nebraska									0.0
Nevada									0.0
New Hampshire									0.0
New Jersey	-92.4	-62.0			714.8		-16.0		544.4
New Mexico									0.0
New York	-5.0								-5.0
North Carolina									0.0
North Dakota									0.0
Ohio	-32.8		-10.5						-43.3
Oklahoma									0.0
Oregon									0.0
Pennsylvania									0.0
Rhode Island									0.0
South Carolina									0.0
South Dakota									0.0
Tennessee									0.0
Texas									0.0
Utah									0.0
Vermont									0.0
Virginia									0.0
Washington									0.0
West Virginia									0.0
Wisconsin									0.0
Wyoming								30.0	30.0
Total	**-$148.1**	**-$82.7**	**$69.5**	**$329.7**	**$1,043.1**	**$0.0**	**$133.5**	**$30.0**	**$1,375.0**

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

CHAPTER 2 NOTES

Notes to Table 17: General Fund Revenue Collections Compared to Projections, Fiscal 2017

Massachusetts On October 14, 2016, the Secretary of Administration and Finance revised the tax revenue projection downward by $175 million to $26.056 billion (excluding large settlements), to reflect slower-than-expected growth in sales tax collections.

Vermont At the time of this survey, Revenues are higher than projected as a result in a timing issue with refunding activity. Vermont anticipates additional refunding in the current fiscal year, the timing in the forecast is different from the actual payments.

Notes to Table 18: Fiscal 2017 Tax Collections Compared With Projections Used in Adopting Fiscal 2017 Budgets

Nebraska The Nebraska Economic Forecasting Advisory Board met in Feb. 2017 (subsequent to the time the Governor's budget recommendations upon which this survey response is based were presented) to reconsider its revenue forecasts for FY2017, FY2018 and FY2019. The Board lowered the General Fund revenue forecast for FY2017 by $80 million, lowered the General Fund revenue forecast for FY2018 by $23 million, and increased the General Fund revenue forecast for FY2019 by $5 million at that time.

Ohio Revenue estimates provided in the "adopted FY 2017" column were updated in July 2016 to reflect both law changes and baseline revisions to the original fiscal year forecast (completed in July 2015).

Texas The FY 17 sales tax figure in the table that was estimated when the budget was adopted can be found in 16–17 BRE.

Notes to Table 19: Comparison of Tax Collections in Fiscal 2016, Fiscal 2017, and Recommended Fiscal 2018

Alaska Revenue projections do not include the revenue effects of bills currently in deliberation by the legislature.

Massachusetts FY18 sales tax collection estimate includes sales tax modernization proposals with a gross value of $187 M in FY18.

Michigan Corporate Income Tax Collections include net revenue from the Corporate Income Tax, the Michigan Business Tax, and the Single Business Tax. Estimated revenue for fiscal 2017 and fiscal 2018 are based on January 2017 revenue estimates.

Nebraska The Nebraska Economic Forecasting Advisory Board met in Feb. 2017 (subsequent to the time the Governor's budget recommendations upon which this survey response is based were presented) to reconsider its revenue forecasts for FY2017, FY2018 and FY2019. The Board lowered the General Fund revenue forecast for FY2017 by $80 million, lowered the General Fund revenue forecast for FY2018 by $23 million, and increased the General Fund revenue forecast for FY2019 by $5 million at that time.

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

Texas Figures taken from the monthly state revenue watch updates found on the comptroller's website along with historical data.

Notes to Table 20: Percentage Changes in Tax Collections in Fiscal 2016, Fiscal 2017, and Recommended Fiscal 2018

Alaska Revenue projections do not include the revenue effects of bills currently in deliberation by the legislature.

Massachusetts FY18 sales tax collection estimate includes sales tax modernization proposals with a gross value of $187 M in FY18.

Michigan Corporate Income Tax Collections include net revenue from the Corporate Income Tax, the Michigan Business Tax, and the Single Business Tax. Estimated revenue for fiscal 2017 and fiscal 2018 are based on January 2017 revenue estimates.

Nebraska The Nebraska Economic Forecasting Advisory Board met in Feb. 2017 (subsequent to the time the Governor's budget recommendations upon which this survey response is based were presented) to reconsider its revenue forecasts for FY2017, FY2018 and FY2019. The Board lowered the General Fund revenue forecast for FY2017 by $80 million, lowered the General Fund revenue forecast for FY2018 by $23 million, and increased the General Fund revenue forecast for FY2019 by $5 million at that time.

Notes to Table 22: Recommended Fiscal 2018 Revenue Actions by Type of Revenue and Net Increase or Decrease

Ohio Revenues for the Public Library Fund (PLF) and Local Government Fund (LGF) are calculated as a percentage of GRF revenue. Because of this, any tax or policy change that impacts GRF revenue also impacts the PLF and LGF.

Tennessee Sales tax and personal income changes also impact the Local Government Fund. Fuel taxes also impact the Highway Fund and the Local Government Fund.

TOTAL BALANCES

CHAPTER THREE

Overview

Maintaining adequate balance levels helps states to mitigate disruptions to state services during an economic downturn and other unanticipated events. 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 and to help smooth revenue volatility. For example, these funds may be 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. State officials often try to avoid drawing down rainy day fund levels at the beginning of a downturn, and may also be legally prohibited from draining all rainy day funds immediately. In total, 47 states have at least one budget stabilization fund or reserve account available to supplement general fund spending during a revenue downturn or other unanticipated shortfall (if the specific restrictions on the use of the fund are met).[11] These reserve funds may be stored within or outside of the state's general fund. About three-fifths of the states have maximum limits on the size of their rainy day funds.[12]

Total Balances

Budget reserves declined steeply in fiscal 2009 and fiscal 2010 due to the severe drop in revenues and rise in expenditure demands tied to the recession. Since that time, states have made significant progress rebuilding budget reserves. In fiscal 2016, total balances amounted to $80.8 billion, or 10.3 percent of general fund expenditures. This marked an all-time high in actual dollars, though not as a share of expenditures. *(See Table 24, Figure 4)* It is important to note that balance levels vary considerably by state. In fiscal 2016, 25 states had total balance levels of 10 percent or more as a percentage of general fund expenditures, while 14 states had balance levels below 5 percent. *(See Table 26 and Figures 6, 7, and 8)*

Total balance levels are estimated to decline in fiscal 2017 to $69.4 billion, driven by an expected drop in ending balance levels in many states in a year marked by lackluster revenue performance. Thirty-one states estimate decreases in their total balance levels in fiscal 2017, with more than two-thirds of these states also reporting revenues coming in below budget projections. Sixteen states, meanwhile, estimate increases in their total balances in fiscal 2017, with most of these states seeing general fund revenue growth above the national average of 2.4 percent for the current fiscal year. States estimate balances to decrease slightly again in fiscal 2018 to $67.6 billion.[13] *(See Table 28)*

A significant majority of states (36) estimate total balance levels of 5.0 percent or more as a share of general fund expenditures in fiscal 2017, while five states estimate balance levels below one percent of expenditures and eight states estimate balance levels greater than one percent but less than five percent at the end of fiscal 2017. Based on governors' budgets, 34 states are projecting total balance levels of 5.0 percent or more as a share of general fund expenditures in fiscal 2018, while four states project balance levels below one percent of expenditures and 11 states project balance levels greater than one percent but less than five percent at the end of fiscal 2018.

Rainy Day Funds

State balances in rainy day funds — budget stabilization funds and/or reserve accounts set aside to respond to unforeseen circumstances — tend to be more stable than total balance levels, as ending balances fluctuate from year to year due to a variety of factors. Rainy day funds are also a reflection of deliberate state policy choices by elected officials. In recent years, governors and state lawmakers have focused on rebuilding their states' rainy day funds. Similar to total balance levels, rainy day fund balances, in the aggregate, grew steadily in the several years following the Great Recession, reaching $51.9 billion in fiscal 2016, representing 6.6 percent as a share of total general fund expenditures, compared to $21.0 billion (3.4 percent of general fund spending) in fiscal 2010. From fiscal 2010 to fiscal 2016, the median rainy day fund balance has grown from 2.0 percent as a share of general fund expen-

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[11] The three states excluded are Arkansas, Kansas, and Montana, which did not report any rainy day funds to NASBO. All three states have recently taken steps to establish a rainy day fund.

[12] For more details on states' budget stabilization or rainy day funds, see NASBO's *Budget Processes in the States* report (Spring 2016), Table 14.

[13] Figures for fiscal 2017 and fiscal 2018 exclude Oklahoma, as total balance data is not available.

ditures to 5.4 percent. The median rainy day fund balance in fiscal 2008, prior to the Great Recession, was 4.9 percent. *(See Table 25 and Figure 5)*

Balances Vary Across States. Rainy day fund levels, as a share of expenditures, vary across states. This variation is related to differing fiscal conditions, rainy day fund structures, policy decisions, revenue volatility levels and other factors. Among states that have rainy day funds in fiscal 2016, seven states had rainy day fund balances of 10 percent or more, while three states had balances below 1 percent. Seventeen states had balances between 1 and 5 percent, and 20 states had balances between 5 and 10 percent. *(See Tables 27)*

Most states have been working to increase their reserves, and this push has continued despite recent weakness in revenue collections. In nominal dollar terms, 30 states increased rainy day fund balance levels in fiscal 2016 and 27 states estimate increases for fiscal 2017. Meanwhile, rainy day fund balances declined in 11 states in fiscal 2016 and are estimated to decline in 13 states in fiscal 2017. In their recommended budgets for fiscal 2018, 28 governors proposed increasing their states' rainy day funds, while just seven states project declines. This trend reflects governors' priorities to continue building up reserves to prepare for the next recession or other unforeseen circumstances. *(See Table 29)*

Rainy Day Fund Structures. Nearly all states have at least one rainy day fund to supplement general fund spending during a revenue downturn or other unanticipated shortfall, most commonly referred to as a "budget stabilization fund" or "budget reserve fund." Some states also have a reserve fund dedicated to supplement education funding or for other specific purposes. *(See Table 29A)* For more details on how these funds are structured, as well as information on other more targeted state budget stabilization funds not included here, see NASBO's *Budget Processes in the States* (2015), Table 14.

TABLE 24

Total Balances, Fiscal 1979 to Fiscal 2018

Fiscal Year	Total Balance (Billions)	Total Balance (Percentage of Expenditures)
2018*	$67.6	8.2%
2017*	69.4	8.5
2016	80.8	10.3
2015	79.6	10.6
2014	72.0	10.0
2013	72.2	10.6
2012	55.8	8.4
2011	45.6	7.1
2010	32.5	5.2
2009	30.4	4.8
2008	59.1	8.8
2007	67.9	10.4
2006	69.0	11.5
2005	50.4	9.1
2004	28.5	5.6
2003	16.5	3.3
2002	18.4	3.7
2001	38.5	7.9
2000	48.1	10.6
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	—	**6.5%**

*NOTE: *Figures for fiscal 2017 are estimated; figures for fiscal 2018 are projected based on governors' recommended budgets. Figures for fiscal 2017 and fiscal 2018 exclude Oklahoma. From fiscal 2000 to fiscal 2015, calculations as a percentage of expenditures are based on NASBO State Expenditure Report historical general fund spending data. All other years use Fiscal Survey data.*

TABLE 25

Rainy Day Fund Balances, Fiscal 2000 to Fiscal 2018

Fiscal Year	RDF Balance (Billions)	Total RDF Balance (Percentage of Expenditures)	Median RDF Balance (Percentage of Expenditures)
2018*	$53.5	6.7%	6.0%
2017*	49.6	6.3	5.5
2016	51.9	6.6	5.4
2015	47.8	6.4	5.2
2014	47.7	6.7	4.5
2013	41.3	6.0	3.6
2012	34.3	5.2	2.6
2011	24.7	3.8	2.0
2010	21.0	3.4	2.0
2009	29.0	4.4	2.8
2008	32.9	4.9	4.9
2007	29.9	4.6	4.6
2006	31.4	5.2	4.6
2005	25.4	4.6	2.7
2004	12.1	2.4	1.9
2003	7.9	1.6	0.7
2002	7.2	1.4	2.0
2001	21.7	4.4	4.6
2000	27.9	6.2	4.5
Average	**—**	**4.8%**	**3.7%**

*NOTE: *Figures for fiscal 2017 are estimated; figures for fiscal 2018 are projected based on governors' recommended budgets. Figures for fiscal 2017 and fiscal 2018 exclude Georgia and Oklahoma. Calculations as a percentage of expenditures are based on NASBO State Expenditure Report historical general fund spending data for fiscal 2000–2015. General fund spending data from this Spring Fiscal Survey are used for fiscal 2016–2018.*

FIGURE 4:

Total Balances as a Percentage of Expenditures, Fiscal 2000 to Fiscal 2018

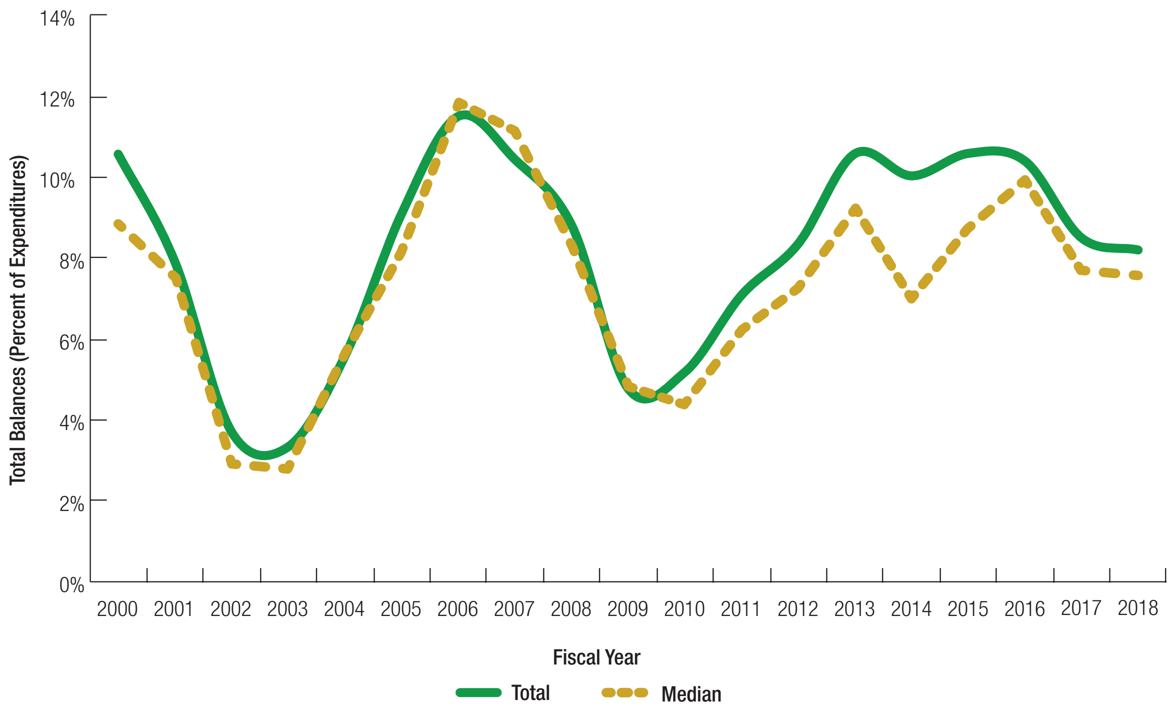

FIGURE 5:

Rainy Day Fund Balances as a Percentage of Expenditures, Fiscal 2000 to Fiscal 2018

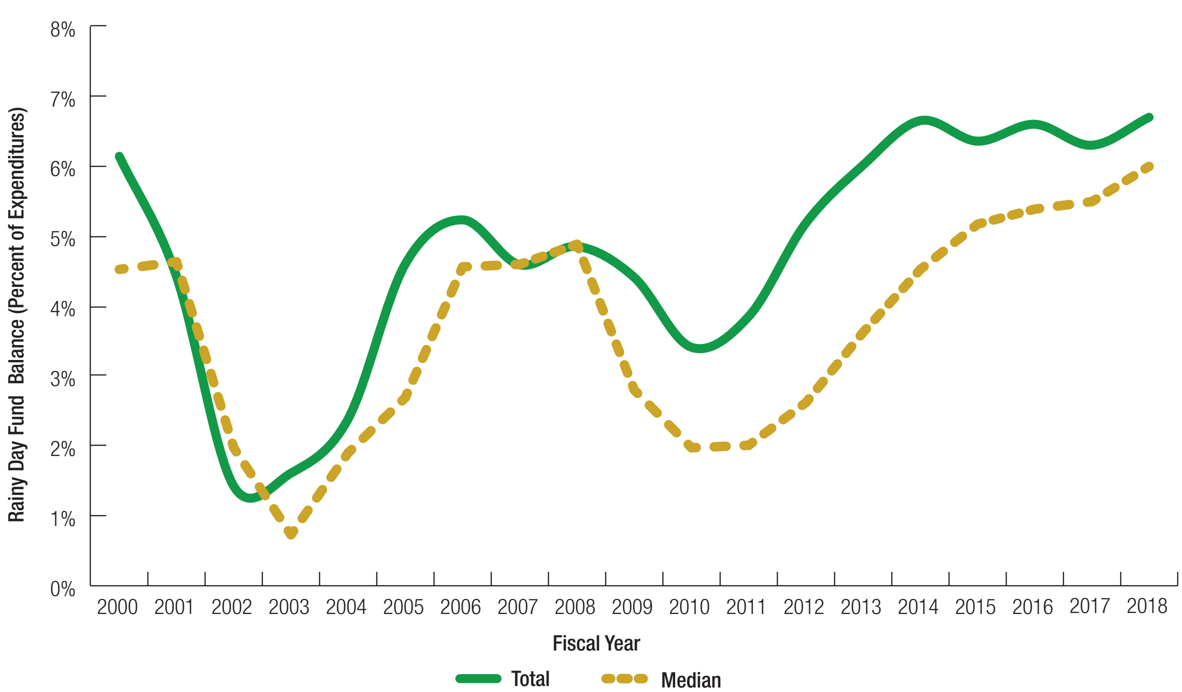

TABLE 26

Total Balances as a Percentage of Expenditures, Fiscal 2016 to Fiscal 2018

	Number of States		
Percentage	Fiscal 2016 (Actual)	Fiscal 2017 (Estimated)	Fiscal 2018 (Recommended)
Less than 1%	4	5	4
> 1% but < 5%	10	8	11
> 5% but < 10%	11	18	21
10% or more	25	18	13
N/A	0	1	1

NOTE: See Table 28 for state-by-state data.

TABLE 27

Rainy Day Fund Balances as a Percentage of Expenditures, Fiscal 2016 to Fiscal 2018

	Number of States		
Percentage	Fiscal 2016 (Actual)	Fiscal 2017 (Estimated)	Fiscal 2018 (Recommended)
Less than 1%	3	5	5
> 1% but < 5%	17	15	13
> 5% but < 10%	20	20	22
10% or more	7	5	5
N/A	3	5	5

NOTE: See Table 29 for state-by-state data.

Changing Balance Levels Fiscal 2016, Fiscal 2017, Fiscal 2018

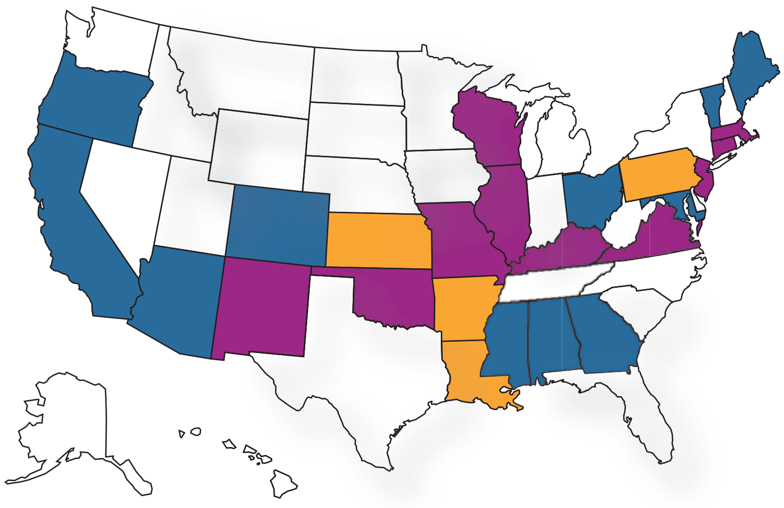

FIGURE 6:

State Total Balance Levels Fiscal 2016

- Less than 1 percent (4)
- Greater than 1 percent but less than 5 percent (10)
- Greater than 5 percent but less than 10 percent (11)
- Greater than 10 percent (25)

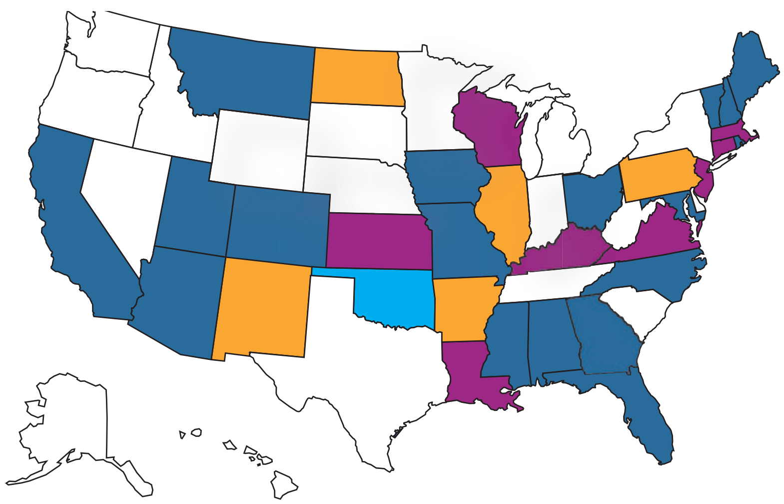

FIGURE 7:

State Total Balance Levels Fiscal 2017

- Less than 1 percent (5)
- Greater than 1 percent but less than 5 percent (8)
- Greater than 5 percent but less than 10 percent (18)
- Greater than 10 percent (18)
- Data not available (1)

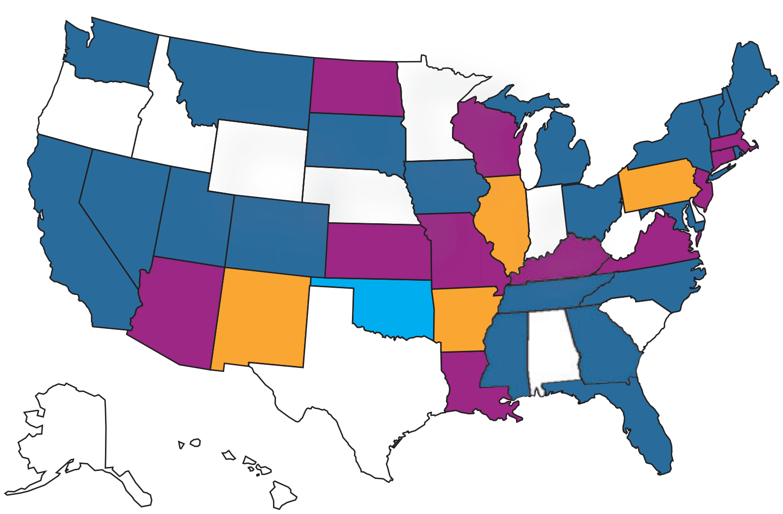

FIGURE 8:

State Total Balance Levels Fiscal 2018

- Less than 1 percent (4)
- Greater than 1 percent but less than 5 percent (11)
- Greater than 5 percent but less than 10 percent (21)
- Greater than 10 percent (13)
- Data are not available (1)

TABLE 28

Total Balances and Total Balances as a Percentage of Expenditures, Fiscal 2016 to Fiscal 2018

State	Total Balances ($ in Millions)				Total Balances as a Percent of Expenditures		
	Fiscal 2016	Fiscal 2017	Fiscal 2018		Fiscal 2016	Fiscal 2017	Fiscal 2018
Alabama	$715	$814	$918		9.2%	9.8%	11.0%
Alaska*	7,120	7,033	6,310		130.9	158.4	145.6
Arizona	745	582	485		7.8	6.0	5.0
Arkansas	0	0	0		0.0	0.0	0.0
California*	8,553	7,741	10,404		7.5	6.3	8.5
Colorado***	513	588	676		5.0	5.6	6.1
Connecticut*	236	259	261		1.3	1.4	1.4
Delaware***	568	428	456		14.5	10.5	11.1
Florida	3,246	2,939	2,761		11.1	9.6	8.9
Georgia***	2,131	2,131	2,131		9.7	9.3	9.0
Hawaii	1,129	832	743		16.4	10.8	10.0
Idaho	310	374	361		10.2	11.4	10.4
Illinois*	534	133	133		2.0	0.4	0.4
Indiana	2,244	1,731	1,834		15.0	11.3	11.8
Iowa	773	608	709		10.7	8.3	9.7
Kansas	37	100	217		0.6	1.6	3.5
Kentucky	490	351	179		4.8	3.2	1.6
Louisiana	45	261	286		0.5	2.7	3.0
Maine	193	243	199		5.8	7.1	5.8
Maryland	1,217	926	960		7.5	5.4	5.6
Massachusetts***	1,482	1,345	1,410		3.7	3.2	3.3
Michigan	1,217	1,075	1,012		12.6	10.6	10.0
Minnesota***	3,102	2,720	2,328		15.4	12.6	10.3
Mississippi	356	337	557		6.2	5.8	9.7
Missouri	445	476	414		4.9	5.2	4.3
Montana	255	123	163		11.0	5.2	6.9
Nebraska	1,262	809	707		30.1	18.6	16.1
Nevada	418	484	298		11.6	12.5	7.2
New Hampshire	182	100	97		13.1	6.9	6.5
New Jersey	473	491	493		1.4	1.4	1.4
New Mexico***	146	-67	11		2.3	-1.1	0.2
New York***	8,934	7,232	5,917		13.1	10.4	8.2
North Carolina	2,155	1,794	1,787		10.2	8.1	7.6
North Dakota	983	11	57		32.7	0.4	2.5
Ohio	3,198	2,728	2,200		9.3	7.7	6.5
Oklahoma*	241	N/A	N/A		3.9	N/A	N/A
Oregon	811	1,119	1,021		9.0	12.3	10.6
Pennsylvania	2	-606	4		0.0	-1.9	0.0
Rhode Island	359	272	196		10.1	7.4	5.2
South Carolina***	1,131	856	890		15.8	10.9	11.6
South Dakota	157	160	160		10.8	10.1	9.9
Tennessee	1,958	1,838	801		15.5	13.4	5.5
Texas	14,047	11,783	11,639		26.6	22.3	22.5
Utah	658	501	502		10.4	7.8	7.6
Vermont	78	93	124		5.3	6.1	8.1
Virginia	501	626	297		2.6	3.1	1.5
Washington	1,922	1,951	1,592		10.6	10.0	7.8
West Virginia	1,150	871	853		27.5	19.8	19.2
Wisconsin	612	735	600		3.9	4.3	3.5
Wyoming	1,811	1,481	1,481		109.7	103.0	101.9
Total**	**$80,845**	**$69,409**	**$67,633**		**10.3%**	**8.5%**	**8.2%**
				Median	**9.9%**	**7.7%**	**7.6%**

*NOTES: Total balances include both the ending balance and Rainy Day Funds. Fiscal 2016 are actual figures, fiscal 2017 are estimated figures, and fiscal 2018 are recommended figures. N/A indicates data not available. *See notes to Table 28 on page 65. **Fiscal 2017 and Fiscal 2018 total balance amount and total balances as percentage of expenditures exclude Oklahoma, as complete data for these states was not available for this year. ***Ending Balance includes Rainy Day Fund.*

TABLE 29

Rainy Day Fund Balances and Rainy Day Fund Balances as a Percentage of Expenditures, Fiscal 2016 to Fiscal 2018

	Rainy Day Fund Balances ($ in Millions)**				Rainy Day Fund Balances as a Percent of Expenditures		
State	Fiscal 2016	Fiscal 2017	Fiscal 2018		Fiscal 2016	Fiscal 2017	Fiscal 2018
Alabama	$530	$766	$786		6.8%	9.3%	9.4%
Alaska*	7,120	7,033	6,310		130.9	158.4	145.6
Arizona	461	463	468		4.8	4.8	4.8
Arkansas	N/A	N/A	N/A		N/A	N/A	N/A
California*	7,573	6,761	9,424		6.6	5.5	7.7
Colorado	513	588	676		5.0	5.6	6.1
Connecticut*	236	259	261		1.3	1.4	1.4
Delaware	215	221	221		5.5	5.4	5.4
Florida	1,354	1,384	1,417		4.6	4.5	4.6
Georgia*	2,033	N/A	N/A		9.3	N/A	N/A
Hawaii	101	311	317		1.5	4.0	4.3
Idaho	259	259	293		8.5	7.9	8.5
Illinois	275	0	0		1.0	0.0	0.0
Indiana	1,468	1,472	1,476		9.8	9.6	9.5
Iowa	729	607	604		10.1	8.3	8.3
Kansas	N/A	N/A	N/A		N/A	N/A	N/A
Kentucky	209	236	179		2.0	2.1	1.6
Louisiana	359	261	286		4.1	2.7	3.0
Maine	122	168	173		3.7	4.9	5.1
Maryland	832	833	860		5.2	4.9	5.0
Massachusetts	1,292	1,303	1,401		3.2	3.1	3.2
Michigan	612	709	1,004		6.3	7.0	9.9
Minnesota	1,947	1,953	1,953		9.7	9.0	8.6
Mississippi	350	337	440		6.1	5.8	7.7
Missouri	291	294	309		3.2	3.2	3.2
Montana	N/A	N/A	N/A		N/A	N/A	N/A
Nebraska	731	546	503		17.4	12.6	11.4
Nevada	0	64	62		0.0	1.7	1.5
New Hampshire	93	100	100		6.7	6.9	6.7
New Jersey	0	0	0		0.0	0.0	0.0
New Mexico	146	-67	0		2.3	-1.1	0.0
New York	1,798	1,798	1,948		2.6	2.6	2.7
North Carolina	1,575	1,474	1,787		7.4	6.6	7.6
North Dakota	573	0	0		19.0	0.0	0.0
Ohio	2,005	2,034	2,034		5.8	5.7	6.0
Oklahoma*	241	N/A	N/A		3.9	N/A	N/A
Oregon	550	771	952		6.1	8.5	9.9
Pennsylvania	0	0	0		0.0	0.0	0.0
Rhode Island	192	194	196		5.4	5.3	5.2
South Carolina	505	487	509		7.0	6.2	6.6
South Dakota	143	157	160		9.8	9.9	9.9
Tennessee	568	668	800		4.5	4.9	5.5
Texas	9,715	10,254	10,972		18.4	19.4	21.2
Utah	493	493	493		7.8	7.7	7.5
Vermont	78	93	124		5.3	6.1	8.1
Virginia	236	549	281		1.2	2.7	1.4
Washington	550	1,340	1,350		3.0	6.9	6.6
West Virginia	779	635	617		18.7	14.4	13.9
Wisconsin	281	282	302		1.8	1.7	1.8
Wyoming	1,811	1,481	1,481		109.7	103.0	101.9
Total**	**$51,942**	**$49,572**	**$53,530**		**6.6%**	**6.3%**	**6.7%**
				Median	**5.4%**	**5.5%**	**6.0%**

*NOTES: N/A indicates data not available. Fiscal 2016 are actual figures, fiscal 2017 are estimated figures, and fiscal 2018 are recommended figures. *See Notes to Table 29 on page 65. **Total Rainy day fund balances for fiscal 2017 and fiscal 2018 exclude Georgia and Oklahoma, as data were unavailable for these years.*

TABLE 29A

State Rainy Day Fund Names*

State	Fund Name(s)
Alabama	ETF Budget Stabilization Fund, ETF Rainy Day Account, and GF Rainy Day Account
Alaska	Constitutional Budget Reserve Fund and Statutory Budget Reserve Fund
Arizona	Budget Stabilization Fund
Arkansas	N/A
California	Special Fund for Economic Uncertainties (SFEU) Budget Stabilization Account (BSA)"
Colorado	The statutory General Fund appropriations reserve requirement per Section 24-75-201.1, CRS requires a reserve based on 6.5% of General Fund appropriations (subject to the reserve requirement). For FY 15-16 that reserve is lower, at 5.5%, and under the required 6.5% requirement (at 6%) for FY 16-17.
Connecticut	Budget Reserve Fund
Delaware	Budget Reserve Account
Florida	Budget Stabilization Fund
Georgia	Revenue Shortfall Reserve
Hawaii	Emergency and Budget Reserve Fund
Idaho	Budget Stabilization Fund
Illinois	Budget Stabilization Fund
Indiana	Medicaid Reserve, State Tuition Reserve, and Rainy Day Fund
Iowa	Cash Reserve Fund, Economic Emergency Fund
Kansas	N/A
Kentucky	Budget Reserve Trust Fund
Louisiana	Budget Stabilization Fund
Maine	Budget Stabilization Fund and the Reserve for Operating Capital
Maryland	Revenue Stabilization Account
Massachusetts	Stabilization Fund
Michigan	Countercyclical Budget and Economic Stabilization Fund
Minnesota	Rainy Day Fund = Budget Reserve + Cash Flow Account
Mississippi	Working Cash Stabilization Fund
Missouri	Budget Reserve Fund
Montana	N/A
Nebraska	Cash Reserve Fund
Nevada	Rainy Day Fund or Account to Stabilize the Operation of State Government
New Hampshire	Revenue Stabilization Reserve Account
New Jersey	Surplus Revenue Fund
New Mexico	Rainy Day Fund
New York	Tax Stabilization Reserve and Rainy Day Reserve
North Carolina	Budget Stabilization Reserve
North Dakota	Budget Stabilization Fund
Ohio	Budget Stabilization Fund
Oklahoma	Oklahoma Constitutional Reserve Fund
Oregon	Rainy Day Fund & Education Stability Fund
Pennsylvania	Budget Stabilization Reserve Fund
Rhode Island	Budget Reserve and Cash Stabilization Fund
South Carolina	5% General Reserve Fund, 2% Capital Reserve Fund, Contingency Reserve Fund (excess prior year surplus)
South Dakota	Budget Reserve Fund and the General Revenue Replacement Fund
Tennessee	Revenue Fluctuation Reserve
Texas	Economic Stabilization Fund
Utah	General Fund Budget Reserve Account
Vermont	Budget stabilization reserve, Federal Contingency and Caseload Reserve, 27/53 Reserve, General Fund Balance Reserve
Virginia	Revenue Stabilization Fund
Washington	Budget Stabilization Account
West Virginia	Revenue Shortfall Reserve Fund, Revenue Shortfall Reserve Fund Part B
Wisconsin	Budget Stabilization Fund
Wyoming	Legislative Stabilization Reserve Account (LSRA)

*Notes: *Above are the names of those funds that are included in the rainy day fund balances reported in this survey. For more details on how these funds are structured, as well as information on other more targeted state budget stabilization funds not included here, see NASBO's* Budget Processes in the States *(2015), Table 14.*

CHAPTER 3 NOTES

Notes to Table 28: Total Balances and Total Balances as a Percentage of Expenditures, Fiscal 2016 to Fiscal 2018

Alaska For all three fiscal years, the rainy day fund balance reflects the total "end of year" balance, inclusive of any anticipated draws. Therefore, the total balance is equal to the rainy day fund balance.

California The ending balance (in Tables 3–5) includes the Special Fund for Economic Uncertainties (SFEU) but excludes the Budget Stabilization Account (BSA) (a rainy day reserve held in a separate fund). The excluded amount is $3,529.4 million at the end of FY 2016, $6,713.4 million at the end of FY 2017, and $7,869.4 million at the end of FY 2018. Adding these amounts to the ending balances for each year, the projected total balances are $8,553.1 million in FY 2016, $7,740.7 million in FY 2017, and $10,403.7 million in FY 2018.

Connecticut For all three fiscal years, the rainy day fund balance includes the ending balance. Therefore, the total balance is equal to the rainy day fund balance.

Illinois Ending balance includes rainy day fund balance for fiscal 2016 only.

Oklahoma Rainy day fund balance for fiscal 2017 and fiscal 2018 cannot be estimated at this time.

Notes to Table 29: Rainy Day Fund Balances and Rainy Day Fund Balances as a Percentage of Expenditures, Fiscal 2016 to Fiscal 2018

Alaska Rainy day balance includes the Constitutional Budget Reserve and Statutory Budget Reserve, but does not include the Earnings Reserve Account or the corpus of the Alaska Permanent Fund.

California The rainy day balance is made up of the Special Fund for Economic Uncertainties and the BSA, however, withdrawals from the BSA are subject to provisions of Proposition 2, 2014.

Connecticut For all three fiscal years, the rainy day fund balance includes the ending balance.

Georgia Georgia does not project future Rainy Day fund balances, but expects the reserve to continue to grow in future years.

Oklahoma Rainy day fund balance for fiscal 2017 and fiscal 2018 cannot be estimated at this time.

MEDICAID OUTLOOK:
MEDICAID SPENDING INCLUDING EXPANSION, ENROLLMENT, BUDGET ACTIONS AND TRENDS, AND THE AFFORDABLE CARE ACT

CHAPTER FOUR

Medicaid, a means-tested entitlement program financed by the states and the federal government, provides comprehensive and long-term medical care for over 72 million low-income individuals. Medicaid is estimated to account for about 29 percent of total state spending from all fund sources in fiscal 2016, the single largest portion of total state expenditures, and 20.3 percent of general fund expenditures, the second largest category of general fund spending, according to NASBO's most recent *State Expenditure Report* released in November 2016. The following sections look at Medicaid spending and enrollment, budget actions and trends, and changes attributable to the Affordable Care Act (ACA) including expenditures for Medicaid expansion, a new addition to the NASBO survey. The survey information covers actual results for state fiscal year 2016, estimated data for 2017, and governors' proposed budgets for 2018. The information in this section reflects current law.

Medicaid Expansion Under the Affordable Care Act. Beginning January 1, 2014, state Medicaid programs had the option to expand eligibility to cover non-pregnant, non-elderly individuals with incomes up to 138 percent federal of the poverty level. The costs for those newly eligible for coverage were fully federally funded in calendar years 2014, 2015, and 2016. On January 1, 2017, states that expanded Medicaid began paying 5 percent of the costs for the newly eligible individuals, with that amount increasing to 6 percent in January 1, 2018, 7 percent in January 1, 2019, and 10 percent in January 1, 2020 and thereafter. As of May 2017, 31 states and the District of Columbia have expanded Medicaid and several other states are debating the issue.

Medicaid Spending Trends

In fiscal 2016, total Medicaid spending grew 5.0 percent (median) with general funds increasing by 2.7 percent, other state funds growing by 2.9 percent, and federal funds increasing by 5.6 percent. For fiscal 2017, total Medicaid spending is estimated to increase by 5.3 percent with general funds increasing by 5.2 percent, other state funds increasing by 3.7 percent, and federal funds increasing by 6.0 percent. Fiscal 2017 is the first year that the 5 percent state share of costs for the newly eligible under the Medicaid expansion is partially reflected.

Governors' recommended budgets for fiscal 2018 assume a median growth rate of total Medicaid spending of 3.5 percent with general funds increasing by 4.8 percent, other state funds staying flat and federal funds increasing by 3.6 percent. *(See Table 30 and Notes)*

Total general fund revenue growth (median) is 2.4 percent, 2.5 percent, and 3.1 percent, respectively, for fiscal 2016, 2017 and 2018. Medicaid spending growth from the general fund exceeds those figures all three years: 2.7 percent, 5.2 percent, and 4.8 percent, respectively, for fiscal years 2016, 2017 and 2018. This continues the trend of Medicaid general fund spending growth consistently exceeding general fund revenue growth.

The timing of Medicaid expenditures may vary from year to year and may not reflect underlying program activity in a given year. Given large swings in some states — due in part to accounting issues — that can substantially influence average Medicaid spending growth rates, examining the median percentage change better reflects underlying trends. The median growth rates for all of the years reflect both the impact of the ACA Medicaid expansion that began on January 1, 2014 for states that have chosen to expand in addition to ongoing program spending. Though it varies by state, other state funds may include provider taxes, fees and assessments, pharmaceutical rebates, intergovernmental transfers and local funds.

Medicaid Expansion Expenditures

States that expanded Medicaid under the ACA provided data to NASBO on expenditures related to the Medicaid expansion in fiscal years 2016, 2017, and 2018. More specifically, states were asked to include all expenditures falling under the new adult eligibility group (known as Group VIII) as reported to the Centers for Medicare and Medicaid Services (CMS), including Group VIII expenditures for both "newly eligible" and "not newly eligible" populations.

On January 1, 2017, states that had expanded Medicaid under the ACA began paying 5 percent of the costs for those who were newly eligible with that amount increasing to 6 percent of total costs in January 1, 2018. States that had expanded their programs prior to the ACA, known as early expansion states, had already been using some state funds for the newly eligible prior to January 1, 2017, and under the ACA, early expansion states have a different match from states that had not previously expanded. In addition, some states have certain categories of individuals that are deemed "not newly eligible" and those states have been required to use some state funds prior to January 1, 2017 as a state match. This explains why some states reported expenditures from general funds and other state funds for expansion prior to fiscal 2017. Total state funds include both state general funds and other state funds. In addition to the general fund, states use a combination of revenue sources including premium taxes, cigarette taxes, pharmaceutical rebates, intergovernmental transfers, provider assessments, and local funds to provide the state match. In fact, a brief from the Kaiser Family Foundation reports that eight of the Medicaid expansion states planned to use provider taxes or fees to fund all or part of the state share of costs for expansion.[14]

In fiscal 2016, states reported total spending for Medicaid expansion of $78.7 billion, $4.5 billion in state funds, and $74.1 billion in federal funds. In fiscal 2017, states are estimated to spend $87.1 billion in all funds, $6.2 billion in state funds, and $80.9 billion in federal funds. In governors' proposed budgets for fiscal 2018, projected spending for Medicaid expansion totals $91.8 billion, $8.5 billion in state funds, and $83.3 billion in federal funds. *(See Table 31)*

Medicaid Enrollment

Average Medicaid enrollment is estimated to have increased 3.1 percent to 72.2 million enrollees in 2016 according to the Centers for Medicare and Medicaid Services' (CMS) Office of the Actuary. Nearly all of the growth in enrollment is estimated to have been among newly eligible adults, accounting for 2.0 million of the 2.2 million increase compared to 2015. Overall, an estimated 11.2 million newly eligible adult enrollees were covered under expanded Medicaid eligibility in 2016. For 2017, average enrollment is estimated at 73.5 million, a 1.7 percent increase over the prior year and is projected to increase to 74.8 million by 2018, representing a 1.8 percent increase according to CMS.

The implementation of the ACA has greatly increased the number of individuals served in the Medicaid program in 2014 and thereafter. Among states expanding Medicaid, enrollment in Medicaid and the Children's Health Insurance Program (CHIP) grew 38 percent since the July–September 2013 baseline period, according to the CMS March 2017 enrollment report. States not expanding Medicaid reported a 13 percent increase over the same period.

State Changes to the Medicaid Program

States reported the types of changes they made in the Medicaid program in fiscal 2017 and proposed changes in fiscal 2018. Trends in state actions in Medicaid varied with 25 states increasing payments to providers in fiscal 2017 and 12 states restricting provider payments. Due to the multiple types of provider payments, 6 states reported doing both. In governors' proposed budgets in fiscal 2018, 20 states would restrict rates, which is substantially higher than in recent years. *(See Tables 32 and 33)* Further, 12 states propose to restrict benefits in fiscal 2018, compared to an average of four states in the previous four years. These changes may be a reflection of a tighter budget outlook in fiscal 2018 relative to the previous few fiscal years.

Other significant actions states took in fiscal 2017 include pursuing policies to cut costs of prescription drugs in 19 states, expanding or restoring benefits in 18 states, expanding managed care in 17 states, and enhancing program integrity in 15 states. In governors' proposed budgets for fiscal 2018, 20 states plan to enhance program integrity efforts, 21 states propose to expand or restore benefits, and 15 states are planning to pursue policies to reduce costs for prescription drugs.

Provider Tax Increases for Medicaid. Some states have increased or plan to increase resources for Medicaid through provider taxes or fees. For fiscal 2017, seven states have raised or plan to raise provider taxes or fees while eight states have plans to raise provider taxes or fees in governors' proposed budgets for fiscal 2018. Restrictions to provider taxes and fees have surfaced in federal deficit reduction proposals, in Presidents' proposed budgets, and in congressional proposals over the years. *(See Table 34)*

[14] Kaiser Family Foundation, *Medicaid Enrollment & Spending Growth: FY 2016 & 2017* (October 13, 2016).

Impact on State-Funded Programs from Medicaid Expansion. States that have chosen to expand Medicaid under the ACA were asked about the impact on other state funded programs. Of the states that expanded, about one half of the states noted that they are seeing savings for behavioral health programs and corrections programs and about two-thirds of the states are seeing savings in uncompensated care expenses. Other states have not seen savings at this point in time or the figures remain uncertain. Some states also mentioned savings from previous waiver programs and from health screenings that are now being covered by the Medicaid expansion, from reduced expenditures from state funded general assistance programs, and additional revenues such as from premium taxes and the overall positive impact of expansion on their economies.

Medicaid Spending Trends and Budget Pressures. States were asked to identify issues and trends that are affecting their Medicaid spending. The most frequent responses were around concerns in potential federal legislation that would repeal and replace the ACA affecting both the Medicaid expansion and capping federal funds to the Medicaid program. Other issues identified included pharmacy costs, particularly for specialty drugs, and overall enrollment and utilization trends such as for elderly and disabled individuals. Additional budgetary concerns states mentioned were federal regulatory changes, such as the recently implemented rules in Medicaid managed care, as well as costs for behavioral health, Medicare related expenses, and capitation rates for managed care.

Long-Term Health Care Spending Relative to Economic Growth. 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 2016 Actuarial Report on the Financial Outlook for Medicaid in January 2017. The annual average growth rate of Medicaid expenditures from 2016 to 2025 is projected to be 5.7 percent, notably faster than the projection of average annual GDP growth of 4.8 percent, according to the analysis.

TABLE 30
Annual Percentage Change in Medicaid Spending, Fiscal 2016 to Fiscal 2018

	Fiscal 2016 (Actual)				Fiscal 2017 (Estimated)				Fiscal 2018 (Recommended)			
State	General	Other State	Federal	Total Funds	General	Other State	Federal	Total Funds	General	Other State	Federal	Total Funds
Alabama	10.2%	-0.9%	6.0%	5.1%	-4.6%	3.3%	5.3%	3.7%	6.0%	8.6%	12.3%	10.9%
Alaska	-5.1	-34.4	21.0	9.6	-9.2	101.8	5.0	0.0	0.0	14.1	1.9	1.3
Arizona	-2.5	0.8	7.2	4.9	3.4	2.7	6.8	5.9	-1.1	10.7	7.9	6.8
Arkansas	7.9	-9.6	6.5	5.4	9.0	22.9	7.4	8.8	13.3	-20.7	7.4	6.0
California*	3.4	-15.7	5.1	2.2	10.4	64.3	21.2	23.2	-2.2	22.0	-0.1	2.5
Colorado	7.1	51.7	18.2	17.5	6.1	-13.7	1.0	0.9	5.1	0.8	4.2	4.1
Connecticut	2.7	-	3.9	3.4	2.6	-	-0.4	0.8	7.4	-	7.2	7.3
Delaware	0.0	42.2	7.8	3.4	10.1	-13.5	11.6	11.2	2.5	-18.3	7.4	6.0
Florida	22.2	-10.8	12.8	9.2	9.1	6.5	3.5	5.3	3.3	-3.8	1.9	1.1
Georgia*	0.1	-4.0	1.6	0.7	9.8	3.2	2.0	3.8	-3.0	6.3	4.4	3.4
Hawaii	-5.4	-35.0	27.1	12.0	5.2	-23.5	14.9	11.0	2.1	0.0	8.0	5.9
Idaho*	2.5	7.5	3.0	3.5	5.8	14.7	5.7	7.0	3.7	4.9	2.3	3.0
Illinois*	-33.0	-27.0	7.9	-7.6	109.3	33.0	8.0	26.7	5.3	22.2	-5.0	2.3
Indiana	5.6	-	13.7	11.4	2.4	-	6.1	5.1	7.6	-	1.9	3.4
Iowa	4.8	22.3	3.6	5.7	-5.6	-4.2	-4.9	-5.1	-2.0	-11.6	-0.7	-2.3
Kansas	3.8	84.2	9.2	10.4	-0.7	20.1	2.0	2.3	4.8	-11.7	-3.0	-1.0
Kentucky	3.5	0.8	2.6	2.6	10.6	4.6	6.3	6.9	11.4	2.8	3.5	4.7
Louisiana	18.6	-32.7	10.2	5.8	3.4	44.5	31.7	25.9	0.7	3.6	30.9	21.8
Maine	3.0	0.0	-3.0	1.0	-2.0	0.0	6.0	0.0	-3.0	9.0	-1.0	0.0
Maryland	-2.4	2.4	5.4	2.4	13.7	4.8	16.7	15.5	16.0	-5.6	13.2	14.3
Massachusetts	5.7	0.0	11.3	8.5	3.4	0.0	4.2	3.8	5.5	0.0	7.6	6.6
Michigan	1.8	4.4	5.8	5.1	3.2	2.9	-0.7	0.4	3.9	7.4	2.5	3.5
Minnesota	3.9	42.5	8.3	7.0	1.1	-26.1	-0.8	-0.5	16.5	-4.9	11.3	13.2
Mississippi	1.1	1.9	6.3	5.0	-6.5	-0.1	4.7	2.5	8.8	-1.2	-1.0	0.5
Missouri	12.8	-1.5	3.7	4.2	6.8	6.5	17.5	12.3	6.6	2.8	6.6	5.7
Montana	2.7	17.9	2.4	3.6	5.8	1.4	6.9	6.1	6.2	-2.6	5.1	4.7
Nebraska	5.5	0.0	6.4	6.4	10.2	0.0	9.1	9.6	-0.2	0.0	3.0	1.6
Nevada	5.9	35.4	10.1	8.5	14.0	21.8	10.9	11.4	9.0	-15.9	-0.7	-0.5
New Hampshire	1.4	43.0	26.0	19.7	-25.3	80.2	14.4	11.1	2.2	14.3	19.9	14.3
New Jersey	-2.5	60.5	0.0	3.3	-1.2	18.5	6.2	5.3	5.0	7.3	-0.7	1.8
New Mexico	2.1	17.7	5.1	5.1	-0.5	9.0	6.1	5.1	5.2	-2.0	3.2	3.3
New York*	0.4	2.9	6.2	3.5	-5.6	3.2	1.1	-0.4	11.0	-1.6	3.5	3.2
North Carolina	-1.8	5.0	0.2	0.2	0.3	-5.4	-0.6	-0.9	6.6	-10.9	7.6	5.4
North Dakota	0.3	-	12.1	7.9	5.3	-	-7.8	-3.5	10.1	-	-5.6	0.0
Ohio*	-3.8	27.9	9.2	7.8	7.8	-0.9	3.2	3.7	-10.1	45.2	5.9	6.2
Oklahoma*	-4.8	4.1	-2.0	-1.1	11.3	2.0	5.9	5.9	-5.0	-5.0	-3.9	-4.4
Oregon	122.4	-32.0	-1.1	-1.6	22.7	13.6	12.4	13.6	16.1	3.7	2.1	3.7
Pennsylvania	2.6	1.7	14.7	9.0	6.1	6.3	12.5	9.8	5.0	0.0	3.6	3.5
Rhode Island	-1.2	-18.8	-0.7	-1.0	4.0	3.7	7.5	6.1	-0.1	37.1	2.4	1.6
South Carolina	-5.4	4.7	0.9	0.3	8.9	-1.8	3.3	3.6	2.3	11.1	8.5	7.8
South Dakota	5.5	7.1	2.3	3.7	1.7	27.0	15.0	9.3	2.0	-0.4	5.3	4.0
Tennessee	2.4	14.0	12.5	9.2	5.5	-26.5	0.3	0.2	2.7	39.1	4.1	5.4
Texas	8.5	9.7	2.8	5.1	8.2	3.5	5.7	6.7	0.4	-2.3	3.5	2.1
Utah	3.3	5.8	4.4	5.8	9.1	-6.4	7.7	5.2	4.9	16.2	8.1	9.0
Vermont	8.5	4.5	3.8	4.8	-8.1	3.6	0.5	-0.6	-3.3	3.0	4.5	2.7
Virginia	12.6	-8.8	5.3	7.8	3.7	6.4	6.2	5.1	6.0	-10.4	3.7	4.1
Washington	-1.7	27.1	12.2	8.2	9.5	13.9	7.1	8.1	7.0	-0.6	0.8	2.6
West Virginia	2.3	-11.0	1.9	0.5	8.6	22.6	24.2	19.0	2.3	-63.6	-8.0	-3.9
Wisconsin	5.3	2.6	-0.2	1.8	-2.3	9.7	-1.6	-0.2	14.1	11.5	11.4	12.2
Wyoming	2.3	10.8	3.3	3.2	0.5	22.1	1.5	2.0	0.0	0.0	0.0	0.0
Average**	**4.5%**	**2.5%**	**6.6%**	**4.6%**	**8.9%**	**15.1%**	**8.2%**	**8.8%**	**3.7%**	**6.8%**	**3.7%**	**4.2%**
Median	2.7%	2.9%	5.6%	5.0%	5.2%	3.7%	6.0%	5.3%	4.8%	0.0%	3.6%	3.5%

*NOTES: NA indicates data not available *See Notes to Table 30 on page 75. **Average percent changes are weighted averages.*

TABLE 31

Medicaid Expansion Expenditures By Fund Source, Fiscal 2016 to Fiscal 2018 ($ in millions)

	Fiscal 2016 (Actual)					Fiscal 2017 (Estimated)					Fiscal 2018 (Recommended)				
State	General	Other State	Total State	Federal	Total Funds	General	Other State	Total State	Federal	Total Funds	General	Other State	Total State	Federal	Total Funds
Alaska	$0	$0	$0	$139	$139	$8	$0	$8	$326	$334	$22	$0	$22	$369	$390
Arizona	41	167	208	2,299	2,506	43	184	227	2,643	2,869	45	215	260	2,982	3,242
Arkansas	-	-	-	1,554	1,554	41	-	41	1,534	1,575	134	-	134	1,746	1,880
California*	369	-	369	19,892	20,261	888	-	888	19,169	20,058	1,576	-	1,576	17,335	18,912
Colorado*	-	5	5	1,722	1,727	-	54	54	1,787	1,842	-	115	115	1,824	1,939
Connecticut	59	-	59	1,300	1,359	119	-	119	1,318	1,437	173	-	173	1,382	1,555
Delaware	54	-	54	371	425	55	-	55	404	459	52	-	52	443	495
Hawaii	24	-	24	582	606	30		30	497	527	40		40	469	509
Illinois*	N/A	N/A	140	3,360	3,500	N/A	N/A	238	3,802	4,040	N/A	N/A	333	3,766	4,099
Indiana	-	271	271	1,761	2,032	-	289	289	2,077	2,366	-	335	335	2,073	2,408
Iowa	25	-	25	937	962	35	-	35	754	789	58	-	58	758	816
Kentucky	-	-	-	3,139	3,139	76	-	76	2,990	3,066	177	-	177	3,040	3,217
Louisiana	N/A	N/A	N/A	N/A	N/A	52	19	71	2,022	2,092	209	42	251	3,481	3,732
Maryland	3	-	3	2,353	2,356	51	-	51	2,014	2,064	167	-	167	2,869	3,036
Massachusetts	471	-	471	1,627	2,098	272	-	272	1,824	2,096	282	-	282	1,975	2,257
Michigan	48	-	48	3,645	3,694	117	33	149	3,772	3,921	185	52	237	3,845	4,082
Minnesota	N/A	N/A	2	1,657	1,659	N/A	N/A	49	1,682	1,731	N/A	N/A	106	1,741	1,846
Montana	1	-	1	106	107	20	-	20	356	376	35	-	35	421	456
Nevada	-	-	-	1,062	1,062	30	-	30	1,177	1,207	74	-	74	1,349	1,423
New Hampshire	-	-	-	406	406	-	12	12	446	458	-	29	29	496	525
New Jersey	39	-	39	2,872	2,910	121	-	121	2,893	3,015	193	-	193	2,837	3,029
New Mexico	-	-	-	1,139	1,139	39	-	39	1,399	1,438	80	-	80	1,388	1,468
New York	N/A	N/A	2,612	7,639	10,250	N/A	N/A	2,877	9,250	12,126	N/A	N/A	2,773	10,130	12,903
North Dakota	7	-	7	302	309	14	-	14	247	261	14	-	14	183	197
Ohio	-	-	-	4,395	4,395	107	10	118	4,579	4,697	255	26	282	4,838	5,120
Oregon	-	-		2,643	2,643	83	-	83	2,761	2,844	172	-	172	2,965	3,137
Pennsylvania	117		117	3,794	3,911	62		62	4,833	4,895	257		257	4,511	4,768
Rhode Island	-	-	-	380	380	11	-	11	439	450	27	-	27	470	497
Vermont	49	-	49	223	272	56	-	56	232	288	58	-	58	254	311
Washington	N/A	N/A	15	2,074	2,089	N/A	N/A	89	2,676	2,765	N/A	N/A	160	2,567	2,727
West Virginia	N/A	N/A	3	770	773	N/A	N/A	24	998	1,022	N/A	N/A	50	812	862
Total	**$1,307**	**$443**	**$4,522**	**$74,144**	**$78,666**	**$2,329**	**$601**	**$6,206**	**$80,900**	**$87,107**	**$4,286**	**$814**	**$8,522**	**$83,318**	**$91,839**

*NOTES: N/A indicates data not available or applicable. Illinois, Minnesota, New York, Washington, and West Virginia were not able to report state-funded Medicaid expansion expenditures broken down by fund source. *See Notes to Table 31 on page 75.*

TABLE 32
Fiscal 2017 Budget Actions in Medicaid

State	Restrict Provider Payments	Increase Provider Payments	Restrict Benefits	Expand or Restore Benefits	Policies to Cut Costs for Prescription Drugs	Expand Managed Care	Enhanced Program Integrity Efforts	Other
Alabama								
Alaska			X		X	X	X	
Arizona				X				
Arkansas					X			
California								
Colorado*	X			X		X		
Connecticut	X		X					
Delaware								
Florida								
Georgia		X						
Hawaii		X						
Idaho								
Illinois*		X		X		X		
Indiana	X			X	X		X	
Iowa*		X		X				X
Kansas								
Kentucky					X			
Louisiana	X	X	X					
Maine*				X		X		X
Maryland	X	X						
Massachusetts	X	X			X		X	
Michigan	X	X		X				
Minnesota		X		X			X	
Mississippi				X	X		X	
Missouri		X				X		
Montana*		X			X	X		
Nebraska		X			X	X		
Nevada		X		X			X	
New Hampshire*		X						X
New Jersey								
New Mexico	X							
New York*	X	X		X	X	X	X	X
North Carolina		X		X				
North Dakota*	X							X
Ohio	X				X	X		
Oklahoma					X	X	X	
Oregon								
Pennsylvania		X						
Rhode Island		X		X		X	X	
South Carolina			X		X	X	X	
South Dakota		X		X				
Tennessee*					X	X	X	X
Texas						X		
Utah		X			X			
Vermont		X			X			
Virginia		X		X	X	X	X	
Washington*		X		X	X	X		X
West Virginia*		X		X	X	X	X	
Wisconsin	X	X		X			X	
Wyoming			X		X		X	
Total	**12**	**25**	**5**	**18**	**19**	**17**	**15**	**7**

*NOTES: *See Notes to Table 32 on page 75.*

TABLE 33

Recommended Fiscal 2018 Budget Actions in Medicaid

State	Restrict Provider Payments	Increase Provider Payments	Restrict Benefits	Expand or Restore Benefits	Policies to Cut Costs for Prescription Drugs	Expand Managed Care	Enhanced Program Integrity Efforts	Other
Alabama						X		
Alaska	X		X		X	X	X	
Arizona				X				
Arkansas					X			
California								
Colorado*		X		X	X		X	
Connecticut	X		X					
Delaware*								X
Florida	X							
Georgia		X		X				
Hawaii				X				
Idaho								
Illinois*						X		X
Indiana	X	X		X	X		X	
Iowa*	X	X	X					X
Kansas*		X						X
Kentucky			X	X	X		X	
Louisiana	X	X						
Maine	X		X					
Maryland	X	X		X				
Massachusetts	X	X			X	X	X	
Michigan	X	X						
Minnesota	X	X		X			X	
Mississippi							X	
Missouri	X			X				
Montana		X						
Nebraska	X		X	X		X		
Nevada		X	X	X	X		X	
New Hampshire*		X						X
New Jersey								
New Mexico*	X							X
New York*	X	X		X	X	X	X	X
North Carolina		X		X			X	
North Dakota								
Ohio*	X	X	X	X	X		X	X
Oklahoma	X		X		X	X	X	
Oregon				X		X		
Pennsylvania		X			X			X
Rhode Island	X	X		X		X	X	
South Carolina			X		X	X	X	
South Dakota		X						
Tennessee*		X			X	X	X	X
Texas								
Utah*		X		X		X		X
Vermont	X	X					X	
Virginia*	X	X		X		X	X	X
Washington*		X		X				X
West Virginia*		X	X	X	X		X	X
Wisconsin		X		X			X	
Wyoming			X		X		X	
Total	**20**	**26**	**12**	**21**	**15**	**13**	**20**	**14**

*NOTES: *See Notes to Table 33 on page 76.*

TABLE 34

Provider Tax Increases for Medicaid Program, Fiscal 2017 and Recommended Fiscal 2018

State	Fiscal 2017	Fiscal 2018 (Recommended)
Alabama		
Alaska		
Arizona		
Arkansas		
California		
Colorado		
Connecticut		X
Delaware		
Florida		
Georgia		
Hawaii	X	
Idaho		
Illinois	X	
Indiana		
Iowa		
Kansas		X
Kentucky		
Louisiana	X	X
Maine		
Maryland		
Massachusetts*		
Michigan	X	X
Minnesota		
Mississippi		
Missouri		
Montana		
Nebraska		
Nevada		X
New Hampshire		
New Jersey		
New Mexico		
New York		
North Carolina		
North Dakota*		X
Ohio		
Oklahoma	X	
Oregon		X
Pennsylvania		
Rhode Island		
South Carolina		
South Dakota		
Tennessee		
Texas		
Utah		
Vermont	X	
Virginia		
Washington		
West Virginia		
Wisconsin		
Wyoming	X	X
Total	**7**	**8**

*NOTES: *See Notes to Table 34 on page 77.*

CHAPTER 4 NOTES

Notes to Table 30: Annual Percentage Change in Medicaid Spending

California	The annual growth percentages do not account for state fund expenditures that occur outside of the budget of the Department of Health Care Services, California's single state agency for Medicaid.
Georgia	$18.4 million in Tenet Settlement funds (Other Funds) used during FY 2017. $92.3 million in Tenet Settlement Funds (Other Funds) recommended for FY 2018.
Idaho	"Other State Funds" include all non-General Fund or federal fund Medicaid expenditures such as school based services, provider assessments, and receipts (pharmaceutical rebates, estate recovery, audit settlements, etc.).
Illinois	FY16 is based on the vouchers released, not payments requested to be made or the liability of the program. The percentage increases are based on an assumption of higher levels of vouchers being released this year and do not reflect liability changes of that magnitude.
New York	Medicaid General Funds are projected to decrease from FY 2016 to FY 2017 as a result of an increase in HCRA revenue projections, which offsets General Fund Medicaid spending. An increase in Medicaid General Fund from FY 2017 to FY 2018 is a result of a decrease in HCRA revenue, creating more pressure on the General Fund.
Ohio	The fiscal year 2018 Medicaid GRF decline is the result of the elimination of the sales tax on Medicaid managed care companies and the adoption of a provider assessment on all managed care companies. The provider tax, unlike the sales tax, will be deposited in a non-GRF dedicated purpose fund. While fiscal year 2018 Medicaid GRF appropriations decline by $2.2 billion (12.6%), Medicaid all fund appropriations increase by $1.6 billion (6.2%).
Oklahoma	General Funds: total state appropriations. Other State Funds: other revenue sources including other state agency revenue, SHOPP, Tobacco Tax, Drug Rebate, Medical Refunds and Carry Over.

Notes to Table 31: Medicaid Expansion Expenditures, Fiscal 2016 to Fiscal 2018

California	FY 2016 amounts are not actuals. Amounts are estimates for state fiscal year 2015–16 as of the 2016 Budget Act.
	FY 2016, 2017, 2018 amounts do not include "not newly eligible" populations.
Colorado	Fund splits are estimated.
Illinois	Figures for all years include actuals/estimates for both ACA newly and not newly eligibles per instructions. Figures will therefore not match public estimates for ACA newly eligibles only.

Notes to Table 32: Fiscal 2017 Budget Actions in Medicaid

Colorado	Restrict provider payments: Sunset of 1202 Provider Rate Increase but HB 16-1408 maintained the rates for some services at 87.3% of Medicare. Expand or restore benefits: Expanded criteria for those receiving Hep C treatment. Expand managed care: Kaiser-Access HMO started July 1, 2016.

Illinois	FY17 Increase Provider Payments: Increased ACA hospital access payments; FY17 Expand or Restore Benefits: Hepatitis C threshold change; FY17 Expand Managed Care: Managed Long-Term Supports and Services.
Iowa	Other — UIHC DSH Adjustment
Maine	Other — $1M for Opioid Heath Home Program for MaineCare recipients
Montana	Policies to cut costs for prescription drugs: AAC methodology. Expand managed care: CPC+
New Hampshire	FY 2017 and FY 2018 include full year costs for the NH Health Protection Plan (Medicaid Expansion)
New York	Other — Operational subsidies for essential healthcare providers
North Dakota	Other — Adjust Medicaid professional fee schedule to 100% of Medicare; reduced Fee schedule for Ambulance, PT, OT and Speech services and remove certain pieces of nursing home rate setting to reduce Medicaid costs; started a preferred drug list which includes supplemental rebates as part of a multistate pool.
Tennessee	Other — Implementing policies and pricing strategies to reduce unnecessary and excessive costs
Washington	Other — HCA and DSHS: Medicaid transformation waiver
West Virginia	Expand or restore benefits — Health homes

Notes to Table 33: Recommended Fiscal 2018 Budget Actions in Medicaid

Colorado	Increase provider payments: JBC action proposed for 1.4% Across the Board increase and targeted rate increases for home care providers. Expand or restore benefits: JBC action proposed removal of limit on physical and occupational therapy units for adults with prior authorization and increased number of post-partum depression screenings allowed. Policies to cut costs for prescription drugs: Proposal to gain access to PDMS. Enhanced program integrity efforts: Requested resources for 6.0 provider and member investigators.
Delaware	Other — Decrease in dental reimbursements and impose non-emergency transportation utilization controls.
Illinois	FY18 Expand Managed Care: Request for Proposals — Planned expansion to 80% of enrollees; FY18 Other: Submitted 1115 Waiver for Behavioral Health — Rebalance the behavioral health system to community care where appropriate and to integrate behavioral and physical healthcare services.
Iowa	Other — Reduce UIHC Lodging, UIHC DSH State Share
Kansas	Other — Increase federal fund in non HIS Native American hospitals
New Hampshire	FY 2017 and FY 2018 include full year costs for the NH Health Protection Plan (Medicaid Expansion)
New Mexico	Other — Additional copays, state revenue restructuring, including possible intergovernmental transfers for supplemental payments
New York	Other — Operational subsidies for essential healthcare providers
Ohio	Other — Personal Responsibility Initiative
Tennessee	Other — Implementing policies and pricing strategies to reduce unnecessary and excessive costs

Utah	Other — Increase parents' coverage to 55% FPL on July 1, 2017; pending waiver request for targeted expansion for adults without dependent children
Virginia	Other — The Governor includes language in his budget that allows him to implement any federal changes to the Affordable Care Act (ACA) that enhances Virginia's medical assistance percentage (FMAP) rate for newly eligible individuals.
Washington	Other — HCA and DSHS: Medicaid transformation waiver
West Virginia	Expand or restore benefits: IDDW. Other — Substance Use Disorder Waiver.

Notes to Table 34: Provider Tax Increases for Medicaid Program, Fiscal 2017 and Recommended Fiscal 2018

Massachusetts	However, the FY17 and FY18 budgets include changes to provider assessments.
North Dakota	A nursing home provider assessment was proposed in the Executive Budget Request, however it was not adopted during the first half of the legislative session.

OTHER STATE BUDGETING CHANGES

CHAPTER FIVE

Recommended Changes in State Aid to Local Governments, Fiscal 2018

Twenty-three states reported that recommended budgets contain changes in state aid to local governments and/or other changes that will affect local government operations in fiscal 2018. Governors in several states recommended increased funding for local governments in their fiscal 2018 budgets through revenue sharing payments and expanded general aid programs, while several other governors proposed reduced revenue sharing payments. A couple of states proposed reforms to their local aid formulas as well. Several governors' budgets also recommended that local governments pick up a larger share of retirement benefit costs for teachers and other public employees. A number of states reported proposed increases in aid to K–12 school districts and community colleges, as well as other funding changes to various grant programs. Some states that have recently considered major transportation legislation reported increased revenues for local governments to fund transportation, transit and other infrastructure projects. In addition, some states reported on proposed tax and fee changes at the state level that would also have an impact on local government revenues if enacted. One executive budget proposed eliminating real property tax exemptions for nonprofit hospitals, which would increase local government revenues. *(See Table 35)*

Local Government Fiscal Conditions. Similar to the state level, local government fiscal conditions have improved modestly in recent years, but cities and counties continue to face budgetary challenges, including pent-up infrastructure needs, pension and retiree health care costs, and constrained revenue growth. According to the 2016 edition of *City Fiscal Conditions*, by the National League of Cities, city finances continue to show signs of improvement, with general fund revenues growing 3.7 percent (adjusted for inflation) in 2015 and expected to grow 0.5 percent in 2016. As of 2016, local revenues had not yet reached pre-recession (2006) levels, after adjusting for inflation. Local government budgets for 2016 show sales tax receipts growing 2.0 percent, income tax receipts increasing 3.5 percent, and property tax receipts growing 2.6 percent. All three tax types registered faster growth rates in 2015, mirroring the revenue conditions observed at the state level.

TABLE 35

Recommended Changes in Aid to Local Governments, Fiscal 2018

Alaska	Payouts for the Community Revenue Sharing program will decrease $7.2 million to an estimated $30m in FY2018. On behalf payments for PERS and TRS retirement systems will decline $31.5 million to $184.3 million. School debt reimbursement will increase by $24.5 million to $116.0 million. Proposed legislation would allow municipalities to make loans to commercial property owners for energy improvement collected through local property tax.
California	Transportation: The transportation funding package includes $500 million of existing Cap & Trade revenue for local projects, and an additional $506 million share of new road improvement charge fee revenue for local road maintenance. HHS: Pursuant to current state law, the state's Coordinated Care Initiative will be discontinued effective January 2018. The counties' share of costs for the In-Home Supportive Services program will increase beginning in state fiscal year 2017–18. Estimated statewide impact to counties is $622.7 million in 2017–18. Corrections: The 2018 Budget includes: 1. An additional $4.5 million General Fund for the temporary increase in offenders on Post Release Community Supervision as a result of the Public Safety and Rehabilitation Act of 2016. 2. A reduction of $20 million General Fund to the City Law Enforcement grant program. Mandates: Decrease in payments towards state-reimbursable mandates budget by $11.6 million (or 24 percent) over 2016–17 Budget Act due to full payment of pre-2004 debt (not including suspended mandates) and determination that the California Public Records Act is no longer mandated. Education: The Governor's proposed budget for K–14 education includes one-time discretionary funding of $287.3 million. This payment will be applied toward outstanding mandate claims; however, not all districts have mandate backlog balances. As a result, it is estimated the outstanding mandate balance will be reduced by $134 million, or 7% of the 2016–17 outstanding mandate balance of $1.8 billion.
Colorado	The Colorado General Assembly is considering a proposal to transfer $22.85 million from the Division of Local Government's Local Government Severance Tax Fund to balance the budget for FY 2017–18. This is 25% percent of the revenue projections for FY 2017–18. The Division is also implementing a new assistance program targeted to rural local governments who suffer a sudden loss of a major employer. No new grant funds will be offered, but additional staffing resources of 1.0 FTE and $83,525 will be made available to connect locals to statewide resources and slow the shock of sudden revenue losses. Additionally, there is a legislative proposal to provide an additional $6 million from revenues deposited in the Marijuana Tax Cash Fund to the Division of Local Government for managing a 'gray' market enforcement program. This is expected to be adopted by the General Assembly and signed by the Governor. At the federal level, there are broad discussions about eliminating both the Community Development and Community Service Block Grant programs. It is unclear at this point if this program will be discontinued, simply reduced, or its current funding left intact. There are tax policy rule-making changes to the net back report form (NERF) established by the Department of Revenue which will result in an unknown reduction in tax payments from oil and gas payees.

TABLE 35 (CONTINUED)

Recommended Changes in Aid to Local Governments, Fiscal 2018

The Colorado General Assembly must review the residential assessment rate. The Department of Local Affair's Division of Property Tax has published a revised rate which, if adopted, will impact local government property tax collections by 17.5%. Additionally, the valuation of oil and gas will see a 30% decrease which will impact local government assessed values.

Connecticut Recommended changes in Connecticut's grants to municipalities would increase total statutory formula aid by $185.0 million in FY 2018. This is offset by required pension contributions and hospital property tax revenues available to towns. The cumulative estimated total decrease in municipal aid in FY 2018 is $10.4 million.

The recommended budget would require Connecticut's 169 municipalities to reimburse the state for one-third of the cost for teacher's retirement, a total of $407.6 million in FY 2018. The recommended budget would also eliminate real property tax exemptions for nonprofit hospitals, which would entitle municipalities to an estimated $212.2 million in revenue.

Florida The reduction of the sales tax rate applicable to commercial rent, the implementation of various sales tax holidays, the one-year sales tax exemption for college textbooks, and the elimination of an auto title fee is estimated to reduce FY2018 local government revenues by $49.2m.

Hawaii Repeal of ten (10) percent state retention of County surcharge (approximately $30 million each year for the entire six year planning period).

Illinois Implement more efficient analytic tools that will improve revenue collection that will provide a projected extra $150 million or 30% over the next four fiscal years. A 0.5% administration fee on 11 tax types collected on behalf of local governments.

Reallocation of pension costs will require school districts and universities to pay the pension cost for employees attributable to the increment of salary payments above $180K and the pension related costs of an additional portion of end-of-career wage spikes. Additionally proposed a Tier 3 pension plan for which universities and school districts would be responsible for pension costs of Tier 3 employees.

Kentucky The Kentucky legislature made significant changes to the revenue sharing of coal severance tax receipts with coal-producing counties and coal-impact counties and cities. The amount directed to coal-producing counties in the fiscal year 2018 budget is a lump-sum, rather than a percentage share of severance tax revenues. A portion is dedicated to a new program, the Kentucky Coal Fields Endowment fund, which will be a source for economic development, water/sewer infrastructure, information technology access, and public health and safety projects. Another portion of a lump-sum amount will be allocated by formula to coal-producing counties for industrial development projects determined by local elected officials. The share of coal severance taxes directed to coal-impact counties and cities rises from 15 percent to 50 percent of net coal severance tax revenues. These funds are used for city/county governmental operations.

Maine Eliminates General Assistance (-12.1M) beginning 07/01/2017.

Statutory changes to the essential programs and services funding and Kindergarten to Grade 12 funding for implementation in the 2017–18 school year.

TABLE 35 (CONTINUED)

Recommended Changes in Aid to Local Governments, Fiscal 2018

Maryland	Overall local aid totals $7.501 billion, an increase of $110.4 million or 0.3%. This includes the following contingent reductions to provisions mandated in law: (1) a $37.7M reduction in FY 2018 only for local retirement contributions based on legislation eliminating the requirement that the budget include an additional $50M in pension "reinvestment" sweeper funding, (2) a $12.8M reduction contingent upon legislation removing the mandates that funding be provided for various "innovative" K–12 aid programs, all created through 2016 legislation, (3) a $8M reduction contingent upon legislation removing new teacher incentive mandates passed in 2016, (4) a $3M reduction in aid to Baltimore City libraries contingent upon legislation reducing a new mandated appropriation for the libraries, and (5) $9.6M in contingent reductions based on legislation level funding police aid, disparity grants, and local health grants at their 2017 level. The budget also contains mandate relief for future years, limiting percent funding increases for mandates to projected general fund growth less 1%. Several of the tax and fee reduction bills included in the budget plan or otherwise proposed by the Administration as legislation would have a local impact. However, none of those impacts start in FY 2018.
Massachusetts	The FY18 budget proposal builds on previous commitments to strengthen communities by increasing unrestricted local aid by 100% of the projected consensus revenue growth rate (3.9%), or $40 million, to $1.062 billion. The administration builds on its investments in education and proposes a $91.4 million increase in Chapter 70 aid, providing at least a $20 per pupil increase to all 322 operating districts across the Commonwealth, supporting an 85% effort reduction to bring under-aided districts closer to their spending targets, and beginning to address the rising cost of healthcare and retiree benefits in foundation budgets. The Governor's Appropriation Recommendation also commits $2 million, including an additional $1.2 million in funding in FY18, for the Massachusetts State Police to expand a multi-agency anti-opioid drug trafficking program through which state and local police and the Massachusetts District Attorneys' Offices jointly identify, target and dismantle drug trafficking organizations. The new funding will expand the program from 9 to 20 communities in the Commonwealth. The FY18 budget plan also recommits $6 million for the Shannon Grant program, which provides grants for gang prevention initiatives, including education, training, and employment programs. In 2015, the administration created the Community Compact Cabinet, chaired by Lieutenant Governor Polito, which affirms state government as a reliable partner to its cities and towns as they pursue innovative local initiatives on various topics, including: economic competitiveness, reformed financial policies, regionalization, and energy efficiency projects. With over $15.5 million in operating and capital funds spent over the past two years, over 250 municipalities have signed compacts engaging in over 600 chosen best practice projects across the Commonwealth. In FY18, Community Compact-related programs will receive $6.8 million for competitive and discretionary grant programs to continue encouraging cities and towns to engage in best practices. Municipalities can also expect to continued savings from the FY2016 municipal modernization act. The Governor's municipal modernization legislation updates or eliminates obsolete state laws, promotes independence at the local level, and provides municipalities with greater flexibility. Initiatives include elimination of required reports on county government matters, liberalized use of stabilization funds, reserve funds, or revolving funds, streamlined state oversight of local property assessments, and update and simplification of debt statutes.
Michigan	Effective for fiscal 2018, beginning October 1, 2017, constitutionally-required revenue sharing payments to cities, villages, and townships are increased by $17.2 million, a 2.3% increase, based on estimated sales tax collections. Revenue sharing payments to counties receive a slight adjustment of $0.6 million, providing funding proscribed under statutory provisions to 78 eligible counties. Grant assistance of $5 million provides funding for local units that have one or more conditions that indicate probable financial distress.

TABLE 35 (CONTINUED)

Recommended Changes in Aid to Local Governments, Fiscal 2018

Minnesota	The Governor proposed increases to local government aid, county program aid, and aid to counties to implement the Indian Child Welfare Act (ICWA), but the increases do not start until FY18. Aid to counties to implement new riparian buffer regulations is recommended to begin in FY18 at $10m per year. Debt service equalization aid to school districts is proposed to begin in FY18 at an estimated cost of $5.866m. The Governor also recommends a onetime sales tax exemption estimated at $170k for the city of Madelia for rebuilding. There are provisions in DOR's policy and technical bills that have impacts on local governments related to collection of lodging tax, property tax administration, and other interactions local governments have with DOR. These items do not have a state fiscal impact, and any local government impact is unknown.
Montana	For FY 18, entitlement share payments to local governments are proposed to be changed from a 3% increase to 0.5% to align with the estimated inflation rate granted to schools. This change results in a $3.6 million change for FY 18.
Nebraska	TEEOSA (formula) State Aid to Schools: $36.3 million, 3.8% increase for FY2018 over FY2017 Special Education Aid: $3.3 million, 1.5% increase for FY2018 over FY2017 Community College Aid: -$3.0 million, 3% reduction for FY2018 over FY2017 County Juvenile Justice Aid: -$0.18 million, 2.86% reduction for FY2018 over FY2017 Natural Resources Development Fund Aid to Natural Resources Districts: No change for FY2018 over FY2017.
New Jersey	An increase in Transportation Trust Fund (TTF) Local Aid funding by $216.3 million (77.1%) to $496.7 million. The increase reflects additional TTF funding for local highway projects per legislation reauthorizing the New Jersey Transportation Trust Fund Authority Act, which was signed by the Governor in October 2016. An increase in Employee Benefits on behalf of Local Governments funding by $21.5 million (13.2%) to $184.6 million. The State provides funding on behalf of certain local members of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund. Funding is also provided for post-retirement medical costs of certain local police and fire who retired on a disability retirement or with 25 years of service. An increase in Consolidated Municipal Property Tax Relief Aid (CMPTRA) funding by $16.2 million (2.6%) to $639.2 million. This program provides general State Aid to municipalities. The increase largely reflects a reallocation of funds from the main discretionary aid program, Transitional Aid to Localities, which decreased by $14.4 million (13.4%) to $93 million. Changes in other local aid programs include a decrease in Consolidation Implementation by $3 million (75%) to $1 million, a decrease in Supplemental Nutrition Assistance Program Administration funding by $7 million (28.9%) to $17.2 million, and the elimination of State funding for the following programs: Essex County Jail Substance Use Disorder Programs ($20 million), County Prosecutor Funding Initiative Pilot Program ($4 million), Union County Inmate Rehabilitation Services ($2.5 million), and Essex Crime Prevention ($2 million).

TABLE 35 (CONTINUED)

Recommended Changes in Aid to Local Governments, Fiscal 2018

New York	The FY 2018 Executive Budget will have an estimated $1.0 billion positive impact on municipalities for local fiscal years ending in 2018 — the first full-annual local fiscal year affected by the Executive Budget. Major Executive Budget program changes and one-year impacts for local fiscal years ending in 2018 are as follows: — Increase school aid funding for the 2017–18 school year ($961 million) — Provide funding for clean water infrastructure ($400 million) — Provide funding for downtown revitalization initiative ($100 million) — Provide new competitive school grants ($50 million) — Various sales tax proposals including modernization to reflect internet economy ($110 million) The Executive Budget will result in a positive local impact of nearly $1.0 billion for local fiscal years ending in 2018 — the first full-annual local fiscal year affected by the FY 2018 Executive Budget. The fiscal summary of the impact on local governments for local fiscal year 2018 is as follows: — School Districts: The Executive Budget will provide a statewide school aid increase of $961.0 million for the 2017–18 school year. School districts outside of New York City are expected to benefit by $466.1 million in 2018 from this increase. School districts will also be eligible for additional education funds through the $150 million Fiscal Stabilization Fund and $50 million in new competitive grants. — New York City: Executive Budget actions will have a net positive $279.0 million impact on the City of New York in City Fiscal Year 2018. This is primarily due to a $294.9 million school aid increase and a $40.6 million impact from modernizing sales tax collection to reflect the internet economy. New York City will also be eligible for additional education funds through the $150 million Fiscal Stabilization Fund and $50 million in new competitive grants. These benefits will be primarily offset by several human services proposals, including a $23.0 million impact from shifted foster care tuition costs, a $21.3 million impact from reducing the Foster Care Block Grant, and a $19.1 million impact from shifted CSE maintenance costs. — Counties: In 2018, county governments will experience a $39.9 million net positive impact from Executive Budget actions, primarily due to a $59.3 million benefit from various sales tax proposals. These impacts will be partially offset by a $19.5 million impact from the reduction of the Foster Care Block Grant and a $3.4 million impact from reductions to local criminal justice programs. — Other Municipalities: Other cities, towns, and villages will experience an overall $10.0 million net positive impact in local fiscal years ending in 2018, primarily due to an $10.2 million positive impact from various sales tax proposals.
Ohio	The Governor's Executive Budget proposes reforming the local government fund (LGF) distribution formula to direct a portion of funds (20 percent when fully phased-in) to locals based on their individual revenue generating capacity. The proposal doesn't impact total distributions from the LGF, though it does redistribute dollars to locals with lower capacity. In response to the termination of sales tax on Medicaid Health Insuring Corporations (MHICs), the Governor's Executive Budget creates a one-time transitional support payment of $207 million which will be distributed to counties and transit authorities across the state based on the county or transit authority's relative reliance on the MHIC revenue.

TABLE 35 (CONTINUED)

Recommended Changes in Aid to Local Governments, Fiscal 2018

	The Governor's Executive Budget proposes centralizing the collection and administration of municipal income taxes on business income from individual municipal corporations to the Department of Taxation. The executive budget also proposes removal of the "throw-back" provision in current law used in determining what amount of a business' income is apportioned to a particular municipal corporation.
Oklahoma	Governor Fallin's proposals to expand the sales tax base for previously exempted services and to eliminate the state sales tax on groceries would allow municipalities to also tax such services while not requiring them to eliminate local taxes on groceries. These options would provide additional revenues to cities and counties.
Rhode Island	The Payment-in-Lieu-of-Taxes (PILOT) program reimburses communities for up to 27.0 percent of what they would have collected in property taxes from certain designated tax exempt property (subject to appropriation). The FY 2017 revised budget is funded at $42.0 million and the FY 2018 budget at $45.2 million which fully funds the aid program at 27.0 percent in FY 2018. Data used to determine distribution amounts is updated annually to reflect the most recent data.
	The FY 2018 budget continues to provide funding for the Property Valuation Statistical Update Program, which partially reimburses cities and towns for legislatively mandated real property valuation statistical updates on a per parcel basis. The FY 2018 budget funding is $937,228 for the estimated cost of reimbursement and will be updated as communities' contract for statistical update services are received.
South Carolina	Full funding of local government fund was suspended (4.5% general fund revenue of the most recent completed fiscal year required by Statute) $313 million, however, FY18 appropriation added $10.6 million to prior year's base and totals $223 million.
Tennessee	Reduction of sales taxes on grocery food will reduce shared taxes to local governments by $1.6 million or 0.15%. Reduction of income tax rate will reduce shared taxes to local governments by $18.6 million or 1.71%. Increase in fuel taxes will increase shared taxes to local governments by $117.1 million or 10.8%.
Wisconsin	Increase the School Levy Tax Credit, which is paid to local governments to offset school district taxes not collected due to the credit, by $87 million beginning with the 2017–18 property tax year. The first payment by the state related to this increase would be made in FY 2019. Per Pupil Aid increases by $168.1 million in FY 2018.

APPENDIX

TABLE A-1

Recommended Revenue Actions by Type of Revenue, Fiscal 2018

State	Tax Change Description	Effective Date	Fiscal 2018 Revenue Changes ($ in Millions)	General Fund	Other State Fund
	SALES TAXES				
Arizona	TPT Revenue Diversion for Universities	7/17	-37.0	X	X
Arkansas	Various tax credits and exemptions	1/17	3.8	X	
Florida	Reduction of rate applicable to commercial rent, various sales tax holidays, one-year exemption for college textbooks	various	-289.0	X	
Kentucky	Expansion of time period for an economic development incentive program (House Bill 535).	8/17	-1.1	X	
Maine	Modernizing the sales tax base and an increase to 10 percent rate on the lodging tax	Various	20.0	X	
Minnesota	Super Bowl Tax Exemption	7/17	-0.9	X	
	Interactions with Other Tax Policy, Aids, and Credits Proposals	7/17	-0.1	X	
	Expand Sales Tax Exemption for Charities	7/17	-5.9	X	
	Minnesota State High School League Exemption	7/17	-0.8	X	
	Motor Vehicle Leases	7/17	5.4	X	
	Sales Tax Exemption for Madelia	7/17	-0.2	X	
	Sales Tax Update	7/17	1.3	X	
	Siding Production Facility	7/17	-1.4	X	
New Jersey	Sales tax parity for zero-emission vehicles.	7/17	5.0	X	
New York	Repeal sales and use taxes on feminine hygiene products	9/16	-5.0	X	X
Ohio	Increases state sales tax from 5.75% to 6.25%. Expands sales tax base to include cable subscriptions, landscaping, interior design and decorating, non-medically necessary procedures, travel agent services, and lobbying services.	7/17	708.0	X	X
Oklahoma	Broaden sales tax for services +$8397M; Eliminate grocery tax -234.7M	7/17	605.0	X	X
Pennsylvania	Eliminate the SUT exemption for custom programming, design and data processing.	7/17	330.3	X	
	Eliminate the SUT exemption for commercial storage (excluding farm product and warehouse storage, and transportation services).	7/17	153.6	X	
	Eliminate the SUT exemption for airline purchases of catered food and non-alcoholic beverages served to passengers in connection with the airline service.	7/17	0.8	X	
	Eliminate the SUT exemption for aircraft sales, use and repair.	7/17	5.1	X	
Tennessee	Reduce sales tax rate on grocery food from 5% to 4.5%	7/17	-56.3	X	X
Washington	Various changes to sales and B&O taxes	7/17	121.0	X	
West Virginia	Raise sales tax rate to 6.25% and broaden base to professional services	7/17	125.4	X	
Wisconsin	Back to school sales tax holiday.	5/17	-11.0	X	
	Delay retailer private label credit card bad debt deduction.	7/17	10.2	X	
	Expand existing lump sum construction contract exemption to subcontractors.	10/17	-1.3	X	
Total Revenue Changes — Sales Tax			**$1,684.9**		

Table A-1 continues on next page.

TABLE A-1 (CONTINUED)

Recommended Revenue Actions by Type of Revenue, Fiscal 2018

State	Tax Change Description	Effective Date	Fiscal 2018 Revenue Changes ($ in Millions)	General Fund	Other State Fund
	PERSONAL INCOME TAXES				
Alaska	A state income tax, or other broad based tax, has been recommended by the governor. A current proposal from the legislature would establish a state income tax intended to eventually generate over $600 million annually.	7/17	321.0	X	
Arizona	Inflation indexing the Personal Exemption	1/17	-3.0	X	
Arkansas	Various tax credits and exemptions	1/17	-1.4	X	
Connecticut	Decrease EITC rate	7/17	25.0	X	
Delaware	Personal Income Tax — Eliminate itemized deductions in Delaware and increase the standard deduction more than 50%.	1/18	64.6	X	
	Increase each tax bracket by 0.2 to 0.4 percentage points, with top rate rising to 6.8 percent.				
	Increase the eligibility age for additional personal credits and retirement income exclusions from 60 to 65 in 1-year increments				
Indiana	Military pension deduction	7/17	-5.0	X	
Kansas	Tax passive income	1/17	40.0	X	
	Freeze lower income tax rate at 2.7%	1/18	4.8	X	
	Eliminate community service tax credit	1/18	1.0	X	
Maine	Reduce top individual income tax rate from 10.15 percent to a flat tax of 5.75 percent	1/18	-191.6	X	
Massachusetts	Income Tax Part B Tax Rate Phase-In: Assuming certain economic benchmarks are reached, the Income Tax rate will be reduced from 5.10% to 5.05% in January 2018.	1/18	-83.0	X	
Minnesota	Child and Dependent Care Credit	7/17	-27.6	X	
	Expand Working Family Credit to Middle Class	7/17	-46.1	X	
	Military Service Credit	7/17	-1.3	X	
North Carolina	Allow individual income taxpayers a credit for child and dependent care expenses, based on a share of the federal credit that varies depending upon the age of the dependent (50% for children under age 6 and 35% for other eligible dependents). The credit would reduce FY 2018–19 revenues by an estimated $52.5 million.	1/18	0.0	X	
Ohio	Reduces personal income tax by 17% over the FY18/19 biennium.	7/17	-1,239.5	X	X
Oregon	Extends tax credits that would otherwise sunset under law; eliminates a lower tax rate for non-passive partner income; eliminates certain subtractions for exported products	7/17	186.9	x	
South Carolina	Reduce 7% rate to 6% over 10yr period	1/18	-69.2	X	
Tennessee	Reduce tax rate from 5% to 3.5%	7/17	-78.9	X	X
Virginia	Prevent double dipping of tax credits and deductions ($2 million) Retain $20,000 limit on LPTC for tax year 2017 ($-6.1 million)		-4.1	X	
West Virginia	Fully Exempt Military Pensions from Income Tax	1/17	-3.1	X	
Wisconsin	Reduce bottom two brackets by 0.10% each and broaden second bracket to bring more income into lower tax rate bracket.	1/17	-104.3	X	
	Eliminate overlap between Manufacturing and Agriculture Credit and Taxes Paid to Others States Credit.	1/17	9.7	X	
	Raise creditable investment cap under the Angel and Early Stage Seed Credit.	1/17	-3.2	X	
	Limit awards on Historic Rehabilitation Tax Credit.	7/17	3.0	X	
Total Revenue Changes—Personal Income Tax			**-$1,205.4**		

Table A-1 continues on next page.

TABLE A-1 (CONTINUED)

Recommended Revenue Actions by Type of Revenue, Fiscal 2018

State	Tax Change Description	Effective Date	Fiscal 2018 Revenue Changes ($ in Millions)	General Fund	Other State Fund
	CORPORATE INCOME TAXES				
Arkansas	Various tax credits and exemptions	1/17	-1.5	X	
Florida	Increase exemption from $50k to $75k	1/18	-6.1	X	
Indiana	Venture capital investment tax credit transferability	7/17	-6.0	X	
Maine	Reduce top corporate income tax rate from 8.93 percent to 8.33 percent	1/18	-2.5	X	
Minnesota	Closing Corporate Loopholes	7/17	45.1	X	
North Carolina	Create a refundable film and entertainment tax incentive worth up to 25% of eligible expenses for films, television series, and commercials filmed in the state. The credit would reduce revenues by an estimated $20 million in FY 2018–19 and $40 million in FY 2019–20.	1/18	0.0	X	
Ohio	Eliminates the commercial activity tax exclusion of interest income earned by taxpayers engaging in the business of lending money and revises the computation of a qualified distribution center's Ohio delivery percentage.	7/17	6.7	X	X
Oklahoma	Eliminate corporate income tax	1/18	-140.2	X	X
Oregon	Extends corporate tax credits that would otherwise sunset under law.		-3.3	X	
Pennsylvania	Cap Net Operating Losses at 30% of taxable income.	1/18	81.2	X	
Rhode Island	Redeemable Manufacturing ITC $3.3 million, Redeemable Job Training Tax Credit, $2.0 million	7/16	-5.3	X	
South Carolina	Reduce 5% rate to 2.5% over 10yr period	1/18	-19.4	X	
Tennessee	Optional filing using Single Sales Factor for all manufacturers	1/18	-102.1	X	
Total Revenue Changes—Corporate Income Tax			**-$153.3**		
	CIGARETTE TAXES				
Connecticut	Increase Cigarette Tax	7/17	63.6	X	
Delaware	Cigarette Tax — increase the tax on cigarettes from $1.60/pack to $2.60/pack.	8/17	16.0	X	
Kansas	Raise cigarette tax by $1 per pack	7/17	42.1	X	
	Tobacco Product Tax — Increase tax rate to 20%	7/17	6.2	X	
Minnesota	Tobacco Products Tax Changes	7/17	0.7	X	
Ohio	Increases cigarette taxes from $1.60 to $2.25 per pack. Increases other tobacco products tax from 17% to 69% of the wholesale cost and begins taxing vapor products at 69%.	7/17	312.4	X	X
Oklahoma	Increase cigarette tax by $1.50 per pack	7/17	257.8		
Oregon	Increases taxes on cigarettes, cigars and other tobacco products		35.2	X	
Rhode Island	Increase of $0.50 per pack on cigarettes from $3.75 to $4.25 (8.7). Revenue increase includes change in excise tax rate of $6.5 million, cigarette floor stock tax of $1.0 million, and adjustment to sales tax of $1.1 million.	07-16	8.7	X	
West Virginia	Raise Cigarette Tax by 50 cents per pack	07-17	47.8	X	
Total Revenue Changes—Cigarette Tax			**$790.5**		

Table A-1 continues on next page.

TABLE A-1 (CONTINUED)

Recommended Revenue Actions by Type of Revenue, Fiscal 2018

State	Tax Change Description	Effective Date	Fiscal 2018 Revenue Changes ($ in Millions)	General Fund	Other State Fund
	MOTOR FUEL TAXES				
Alaska	Proposed legislation to double current tax rate in FY2018, and increase 50% in FY2019. Proceeds designated to transportation infrastructure.	07-17	$40.4		X
Oklahoma	Increase gasoline & diesel fuel taxes +$219M; Repeal of motor fuel "eligible purchaser" discount +$5.8M	07-17	224.8		X
Tennessee	Increase gasoline tax from 20 to 27 cents per gallon; increase diesel fuel tax from 17 to 29 cents per gallon; increase LG, CNG, & LNG by 15 cents per gallon	07-17	346.7		X
West Virginia	Raise Motor Fuel Excise Tax rate by 4.5 cents per gallon & raise minimum wholesale price for wholesale sales tax to $3.04/gallon. Increase DMV Fees	07-17	114.2		X
Total Revenue Changes—Motor Fuel Tax			**$726.1**		
	ALCOHOLIC BEVERAGES TAXES				
Kansas	Increase tax rate to 16%	07-17	$52.3	X	
Ohio	Increases tax rates on non-spirituous liquor by 70%; effectively $0.01 per 12oz. serving of beer and 5oz. serving of wine. Rates for beer above 12% abv would increase by approximately $0.06 per 12oz. serving.	07-17	$26.4	X	X
Oregon	Extends bottle surcharges		20.1	X	
West Virginia	Raise wholesale markup on liquor from 28% to 32% effective May 1, 2017 & raise beer barrel tax rate by $2.50 per barrel	07-17	5.6	X	
Total Revenue Changes—Alcohol Tax			**$104.4**		
	OTHER TAXES				
Arkansas	Various tax credits and exemptions	1/17	1.5	X	
Connecticut	Lower Insurance Premiums tax rate; Modifications to Ambulatory Surgical Center Tax	7/17	-12.0	X	
Delaware	Corporate Franchise Tax — create a second tier maximum tax at $250,000 for public companies with greater than $750M in revenue or assets and no less than $250M in revenue or assets. Increase the first tier maximum tax from $180,000 to $200,000 to reflect inflation since the last increase in 2009. Make inflationary adjustments to miscellaneous filing fees	1/17	116.1		
Maine	Repeal excise tax on telecommunications equipment	10/17	-6.5	X	
Massachusetts	Veterans Employment Tax Credit to give employers a $1,000 credit for hiring veterans	1/18	-1.0	X	
Minnesota	Estate Tax Recapture Related to Eminent Domain	7/17	-0.1	X	
	Construction & Demolition Waste Management Tax Rate	7/17	0.1	X	
	Petroleum Refund NexTen Interaction	7/17	-1.5	X	
Nevada	1) Governmental Services Tax diversion with a 25%/75% split between General Fund and Highway Fund. This continues previously enacted diversion. FY 18 = $19.3M 2) A 15% Excise tax at the wholesale of recreational marijuana. FY18 = $12.7M. Affects the DSA only.	7/17	32.0	X	X

Table A-1 continues on next page.

TABLE A-1 (CONTINUED)

Recommended Revenue Actions by Type of Revenue, Fiscal 2018

State	Tax Change Description	Effective Date	Fiscal 2018 Revenue Changes ($ in Millions)	General Fund	Other State Fund
	OTHER TAXES				
Ohio	Levies a 6.5% severance tax on oil, unprocessed gas, and condensate severed from a well and levies a new 4.5% severance tax on processed gas and NGLs separated from oil or gas.	7/17	136.6	X	X
Oklahoma	Production tax — wind energy	1/18	36.6	X	
Pennsylvania	A severance tax of 6.5% is proposed on natural gas extraction.	1/17	293.8	X	
	Expand Insurance Premiums Tax to most previously exempt insurance entities.	1/18	141.5	X	
Texas	Reduce franchise tax		-250.0		
Virginia	Insurance: 5 mil per return limit on historic rehab tax credit		9.9	X	
Washington	Changes to B&O taxes	7/17	1,062.0		X
West Virginia	Impose 1 cent per oz sugary drink tax & temporary 0.075% commercial activity tax	7/17	165.4	X	
Wisconsin	Elimination of the state portion of the property tax levy.	7/17	-88.8		X
Total Revenue Changes—Other Taxes			**$1,635.8**		
	FEES				
Florida	Elimination of various drivers license, ID cards, and auto title fees	various	-3.8	X	
Georgia	HB 70: Reauthorization of Hospital Provider Fee which was due to sunset on June 30, 2017.	07-17	0.0		X
Kansas	Annual report filing fee increase to $200	07-17	33.6	X	
Maine	Increase metrology fees	07-17	0.1		
Minnesota	Financial Institutions	07-17	-4.3	X	
	Commerce — Securities Division	07-17	2.7	X	
	DHS — MN Security Hospital Staffing for Improved Client Care & Staff	07-17	1.0	X	
	DHS — Compliance with Federal Managed Care and Access to Care Rules	07-17	-6.8	X	
	DHS — SIRS and Child Care Financial Fraud and Abuse Investigations Expansion	07-17	1.8	X	
	DHS — Central Office and DCT Operating Adjustment	07-17	1.2	X	
	Other various fee increases	07-17	0.9	X	
	Other various fee decreases	07-17	-1.0	X	
New Jersey	General Fund ($19.4m) includes an increase in fingerprint and fire safety inspection fees, as well as an extension of the current telephone assessment to prepaid phones.	07-17	34.7	X	X
	Other State Fund ($15.3m) includes an increase in several State professional boards' fees, the newborn screening fee, and motor vehicle fines.				
Oklahoma	Electric and hybrid vehicle fees	07-17	1.4		X
Oregon	Increases liquor license fees and reduction for tax anticipation notes		15.1	X	
Tennessee	Increase motor vehicle registration fees, add new registration fee for electric vehicles, increase rental car rate from 3% to 6%	07-17	49.0	X	X
West Virginia	Impose one-time graduated fee on high income taxpayers	07-17	8.0	X	
Total Revenue Changes—Fees			**$133.5**		

TABLE A-2

Recommended Revenue Measures, Fiscal 2018

State	Tax Change Description	Effective Date	Fiscal 2018 Revenue Changes ($ in Millions)	General Fund	Other State Fund
Alaska	Proposed transition of the draw from the Alaska Permanent Fund account to a percent of market value (POMV) and allows deposit of an amount up to the value of the POMV draw into the general fund. Draw would be 5.25% of the average value of the fund in the first 5 of the prior 6 years.	07-17	$2,580.6	X	
Arizona	Fees — Various changes to deposit of OF fees to GF	07-17	-5.3	X	
California	Fees — $65 per vehicle road improvement charge	07-17	1,066.0		X
Connecticut	Personal Income — Eliminate the $200 Property Tax Credit	07-17	105.0	X	
	Alcoholic Beverages — Eliminate minimum bottle pricing	07-17	2.1	X	
	Other — Make Insurance Premiums 3-tier credit cap permanent	07-17	17.4	X	
	Other — DRS Fresh Start Initiative	07-17	60.0	X	
	Other — Make moratorium on film production tax credits permanent	07-17	4.0	X	
	Other — Other misc. revenue measures	07-17	55.7	X	
Iowa	Other — Diversion of gaming revenues for one year to General Fund		18.9		
Maine	Cigarette — Remove license fees from the General Fund	07-17	-0.2	X	X
	Other — Transitions from BETR to BETE		3.5		
Massachusetts	Sales — The Governor's FY18 budget includes modernization proposals to ensure compliance with current tax laws and update collection processes, primarily involving the room occupancy and sales taxes. These proposals are projected to generate $187 million in gross revenues, and $151.3 million net of off-budget transfers.	06-18	187.0	X	X
	Corporate Income — The Governor proposed to align state corporate tax filing deadlines with the federal government. The estimated one-time cost to FY18 is $35 M.	01-18	-35.0	X	
Montana	Personal Income — Income Tax Fairness and Simplification	07-17	36.1	X	
	Corporate Income — Corp Tax Modernization	07-17	2.4	X	
	Cigarette — New consumption tax on cigs/snuff/vapes	07-17	10.6	X	X
	Alcoholic Beverages — Wine Tax		2.5	X	X
Oklahoma	Personal Income — Redirected income tax apportionment from ROADS funding "off the top"	07-17	517.3	X	X
Rhode Island	Sales — Remote sellers required to report sales and use taxes	07-16	34.7	X	
Virginia	Sales — Tax Amnesty ($5.2 million), Tighten sales tax nexus ($11.1 million), AST to $2.5/$4.0 million		29.1	X	
	Personal Income — Tax Amnesty ($24.1 million), LPTC transfer fee from 2% to 3% (-$1.0 million), Compliance of consumer use tax (-$2.0 million)		21.1	X	
	Corporate Income — Tax Amnesty		28.9	X	
	Fees — Additional charge card rebate		1.9	X	
West Virginia	Sales — Eliminate annual General Revenue Fund transfer to State Road Fund	07-17	11.7	X	X
	Fees — Redirect 75% of dedicated lottery revenues and workers compensation surcharge revenues from Old Workers Compensation Debt Fund to General Fund in FY2018	07-17	33.0	X	X
Wisconsin	Sales — Additional Tax Audit & Delinquent Tax Collection Positions (4-year positions)	10-17	8.0	X	
	Personal Income — Additional Tax Audit & Delinquent Tax Collection Positions (4-year positions)	10-17	12.0	X	
	Personal Income — Require additional W-2 forms to filed electronically by employers	01-18	3.0	X	
	Corporate Income — Additional Tax Audit & Delinquent Tax Collection Positions (4-year positions)	10-17	12.0	X	
Total			**$4,824.1**		

TABLE A-3

Enacted Mid-Year Revenue Actions by Type of Revenue, Fiscal 2017

State	Tax Change Description	Effective Date	Fiscal 2017 Revenue Changes ($ in Millions)	General Fund	Other State Fund
	SALES TAXES				
Arizona	Various new TPT exemptions incl. expansion of exemption for electricity sold to manufacturers	01-17	-11.9	X	
Michigan	Exempts agricultural drainage equipment and core charges	03-17	-6.0	X	X
New Jersey	Sales tax reduction from 7% to 6.875% on 1/1/17; then reduction to 6.625% on 1/1/18.	01-17	-92.4	X	
New York	Repeal sales and use taxes on feminine hygiene products	09-16	-5.0	X	X
Ohio	Exempted digital advertising services and sale of investment bullion and coins from sales and use tax. Created a three-day sales tax holiday for sales of specified clothing and school supplies.	07-16	-32.8		
Total Revenue Changes—Sales Taxes			**-$148.1**		
	PERSONAL INCOME TAXES				
Arizona	Increased charitable tax credits and conformity with federal bonus depreciation rules	01-16	-20.7	X	
New Jersey	(1) EITC increase from 30% to 35% of the federal credit. (2) Pension exclusion increase over four years to $100,000 for joint filers, $75,000 for individuals, and $50,000 for MFS. (3) New personal exemption for honorably discharged veterans. Effects of changes from (2) and (3) will begin in FY18.	1/1/17	-62.0	X	
Total Revenue Changes—Personal Income Taxes			**-$82.7**		
	CORPORATE INCOME TAXES				
Michigan	Eliminates tax credit claimed by auto insurance companies	01-17	80.0	X	
Ohio	Reduced Commercial Activity Taxes (CAT) payable by railway companies for certain purchases of dyed diesel fuel.	07-16	-10.5		
Total Revenue Changes—Corporate Income Taxes			**$69.5**		
	CIGARETTE TAXES				
California	Proposition 56 increased the excise tax rate on cigarettes by $2.	04-17	329.7		X
Total Revenue Changes—Cigarette Taxes			**$329.7**		
	MOTOR FUEL TAXES				
Michigan	Increases gasoline and diesel fuel rates	01-17	328.3		X
New Jersey	Existing tax imposed on petroleum products gross receipts increased in three components: 1) a 12.85% increase in the tax rate on highway fuel with a phase-in of the diesel component; 2) a 4.25% increase in the tax rate on non-motor fuels; and 3) an additional four cents per gallon tax on diesel fuels that will begin in FY18.	11/1/16	714.8		X
Total Revenue Change—Motor Fuel Taxes			**$1,043.1**		

Table A-3 continues on next page.

TABLE A-3 (CONTINUED)

Enacted Mid-Year Revenue Actions by Type of Revenue, Fiscal 2016

State	Tax Change Description	Effective Date	Fiscal 2017 Revenue Changes ($ in Millions)	General Fund	Other State Fund
	OTHER TAXES				
Michigan	Motor vehicle registration tax	01-17	149.5		X
New Jersey	Phase out of the estate tax. Exclusion threshold increased from $675,000 to $2 million effective 1/1/17 with complete elimination on 1/1/18.	1/1/17	-16.0	X	
Total Revenue Changes—Corporate Income Taxes			**$133.5**		
	FEES				
Wyoming	Increase driver's license & registration. Game & Fish fee bill increase.	03-17	30.0		X
Total Revenue Changes—Fees			**$30.0**		

TABLE A-4

Enacted Mid-Year Revenue Measures, Fiscal 2017

State	Tax Change Description	Effective Date	Fiscal 2017 Revenue Changes ($ in Millions)	General Fund	Other State Fund
Alaska	Proposed transition of the draw from the Alaska Permanent Fund account to a percent of market value (POMV) and allows deposit of an amount up to the value of the POMV draw into the general fund. Draw would be 5.25% of the average value of the fund in the first 5 of the prior 6 years.	07-17	2,385.8	X	
West Virginia	Redirected $25.5m of Workers' Compensation Policy Surcharges and Excess Lottery Funds to General Revenue between October 2016 and June 2017. Also used $5m of Income Tax Refund Reserve Funds.	10/16	30.5	X	X
Total			$2,416.3		

TABLE A-5

Fiscal 2019 State General Fund, Recommended (Millions)

State	Beginning Balance	Revenues	Adjustments	Total Resources	Expenditures	Adjustments	Ending Balance	Rainy Day Fund Balance
Arkansas	$0	$5,748		$5,748	$5,748		$0	
Connecticut	0	18,325		18,325	18,321		5	266
Hawaii	426	7,615		8,040	7,637		404	324
Indiana*	358	16,292	0	16,650	16,095	35	521	1,480
Maine*	26	3,456	1	3,484	3,430	10	43	178
Nebraska*	204	4,813	-253	4,764	4,486	5	273	511
Nevada	236	4,097		4,333	4,117		216	40
New Hampshire*	-3	1,573		1,569	1,523	40	7	100
North Dakota	57	2,357		2,414	2,311		103	100
Ohio	166	33,867		34,033	33,844		189	2,034
Washington*	242	20,654	246	21,142	20,792		350	1,359
Total* **	**$1,712**	**$118,796**		**$120,503**	**$118,303**		**$2,110**	**$6,391**

*NOTES: The states listed above opted to provide fiscal 2019 data based on their governors' biennial budget recommendations. In addition, the governors of Minnesota, Montana, North Carolina, Oregon, Texas, and Wisconsin recommended fiscal 2018–2019 biennial budgets. *See Notes to Table A-5 on page 103. **In these states, the ending balance includes the balance in the rainy day fund.*

TABLE A-6

Fiscal 2019 Recommended Program Area Adjustments by Dollar Value (Millions)

State	K–12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other	Total
Arkansas								$0.0
Connecticut	-$142.2	-$57.6	-$15.3	$389.1	-$1.5	$0.0	$147.6	320.1
Hawaii	42.8	42.6	0.3	37.4	4.2	-1.5	30.3	156.1
Indiana	259.1	17.1	0.0	113.3	10.4	13.0	30.2	443.1
Maine	42.7	0.1	-8.7	-56.3	0.4	0.0	48.7	26.9
Nebraska*	57.9	-8.3	-4.2	7.4	14.1	0.0	7.7	74.6
Nevada								0.0
New Hampshire	0.0	0.0	26.9	57.9	10.9	0.0	36.5	132.2
North Dakota*	-137.9	-74.2	-0.4	30.8	-1.2	-69.4	-114.5	-366.8
Ohio	136.9	17.7	0.0	428.6	34.1	1.0	107.0	725.3
Washington	423.0	-180.0	29.0	675.0	126.0	9.0	276.0	1,358.0
Total	**$682.3**	**-$242.6**	**$27.6**	**$1,683.2**	**$197.4**	**-$47.9**	**$569.5**	**$2,869.5**

*NOTE: The states listed above opted to provide fiscal 2019 data based on their governors' biennial budget recommendations. *See Notes to Table A-6 on page 103. Value of changes are in reference to funding level of FY 2017 enacted budget.*

TABLE A-7

Strategies Used to Manage Budget, Fiscal 2019

State	User Fees	Higher Education Related Fees	Court Related Fees	Transportation/ Motor Vehicle Related Fees	Business Related Fees	Layoffs	Furloughs	Early Retirement	Salary Reductions	Cuts to State Employee Benefits
Arkansas										
Connecticut	X								X	X
Hawaii										
Indiana										
Maine										
Nebraska*						X				
Nevada										
New Hampshire										
North Dakota										
Ohio*										
Washington	X									
Total	**2**	**0**	**0**	**0**	**0**	**1**	**0**	**0**	**1**	**1**

*NOTE: The states listed above opted to provide fiscal 2019 data based on their governors' biennial budget recommendations. *See Notes to Table A-7 on page 103.*

Table A-7 continues on next page.

TABLE A-7 (CONTINUED)

Strategies Used to Manage Budget, Fiscal 2019

State	Across-the-Board % Cuts	Targeted Cuts	Reduce Local Aid	Reorganize Agencies	Privatization	Rainy Day Fund	Lottery Expansion	Gaming/Gambling Expansion	Other (Specify)
Arkansas									
Connecticut		X	X	X	X				
Hawaii		X							
Indiana									
Maine			X	X	X		X		X
Nebraska*		X		X					X
Nevada									
New Hampshire									
North Dakota									
Ohio*		X							
Washington		X				X			
Total	**0**	**5**	**2**	**3**	**2**	**1**	**1**	**0**	**2**

*NOTE: The states listed above opted to provide fiscal 2019 data based on their governors' biennial budget recommendations. *See Notes to Table A-7 on page 103.*

TABLE A-8

Recommended Revenue Actions by Type of Revenue, Fiscal 2019

State	Tax Change Description	Effective Date	Fiscal 2019 Revenue Changes ($ in Millions)	General Fund	Other State Fund
	SALES TAXES				
Arkansas	Various tax credits and exemptions; Tax Relief	01-17	-19.5	X	
Maine	Modernizing the sales tax base and an increase to 10 percent rate on the lodging tax	10/17, 01/18, various	78.0	X	
Ohio*	Increases state sales tax from 5.75% to 6.25%. Expands sales tax base to include cable subscriptions, landscaping, interior design and decorating, non-medically necessary procedures, travel agent services, and lobbying services.	07-17	1,103.2	X	X
Washington	Various changes to sales and B&O taxes	07-17	96.0	X	
Total Revenue Changes—Sales Taxes			**$1,257.7**		
	PERSONAL INCOME TAXES				
Arkansas	Various tax credits and exemptions	01-17	-1.4	X	
Connecticut	Decrease EITC rate	07-18	26.0	X	
Indiana	Military pension deduction	07-17	-10.0	X	
Maine	Reduce top individual income tax rate from 10.15 percent to a flat tax of 5.75 percent	01/18	-182.0	X	
Ohio*	Reduces personal income tax by 17% over the FY18/19 biennium.	07-17	-1,877.8	X	X
Total Revenue Changes—Personal Income Taxes			**-$2,045.2**		
	CORPORATE INCOME TAXES				
Arkansas	Various tax credits and exemptions	01-17	-1.0	X	
Indiana	Venture capital investment tax credit	07-17	-6.0	X	
Maine	Reduce top corporate income tax rate from 8.93 percent to 8.33 percent	01/18	-12.7	X	
Ohio*	Eliminates the commercial activity tax exclusion of interest income earned by taxpayers engaging in the business of lending money and revises the computation of a qualified distribution center's Ohio delivery percentage.	07-17	21.1	X	X
Total Revenue Changes—Corporate Income Taxes			**$1.4**		
	CIGARETTE TAXES				
Connecticut	Increase cigarette tax	07-18	56.3	X	
Ohio*	Increases cigarette taxes from $1.60 to $2.25 per pack. Increases other tobacco products tax from 17% to 69% of the wholesale cost and begins taxing vapor products at 69%.	07-17	346.2	X	X
Total Revenue Changes—Cigarette Taxes			**$402.5**		
	ALCOHOLIC BEVERAGES TAXES				
Ohio*	Increases tax rates on non-spirituous liquor by 70%; effectively $0.01 per 12oz. serving of beer and 5oz. serving of wine. Rates for beer above 12% abv would increase by approximately $0.06 per 12oz. serving.	07-17	30.6	X	X
Total Revenue Changes—Alcoholic Beverages Taxes			**$30.6**		

Table A-8 continues on next page.

TABLE A-8 (CONTINUED)

Recommended Revenue Actions by Type of Revenue, Fiscal 2019

State	Tax Change Description	Effective Date	Fiscal 2019 Revenue Changes ($ in Millions)	General Fund	Other State Fund
	OTHER TAXES				
Connecticut	Lower Insurance Premiums tax rate; Modifications to Ambulatory Surgical Center Tax	07-18	-23.4	X	
Maine	Repeal excise tax on telecommunications equipment	10-17	-6.5	X	
Nevada	1) Governmental Services Tax diversion with a 25%/75% split between General Fund and Highway Fund. This continues previously enacted diversion. FY 19 = $19.5M 2) A 15% Excise tax at the wholesale of recreational marijuana. FY19 = $17.1M. Affects the DSA only.		36.6		
Ohio*	Levies a 6.5% severance tax on oil, unprocessed gas, and condensate severed from a well and levies a new 4.5% severance tax on processed gas and NGLs separated from oil or gas.	07-17	310.6	X	X
Washington	Changes to B&O taxes	07-17	3,104.0		X
Total Revenue Changes—Corporate Income Taxes			**$3,421.3**		
	FEES				
Maine	increase metrology fees	07-17	0.1		
Total Revenue Changes—Fees			**$0.1**		

*NOTE: *See Notes to Table A-8 on page 103.*

TABLE A-9

Recommended Revenue Measures, Fiscal 2019

State	Tax Change Description	Effective Date	Fiscal 2019 Revenue Changes ($ in Millions)	General Fund	Other State Fund
Connecticut	Personal Income — Eliminate the $200 Property Tax Credit	07-18	105.0	X	
	Alcoholic beverages — Eliminate minimum bottle pricing	07-18	2.8	X	
	Other — Make Insurance Premiums 3-tier credit cap permanent; DRS Fresh Start Initiative; Make moratorium on film production tax credits permanent; Other misc. revenue measures; Gift and Estate tax modifications	07-18	120.7	X	
Maine	Cigarette — Remove license fees from the General Fund	07-17	-0.2	X	X
	Transitions from BETR to BETE		-3.2		
Total			**$225.1**		

TABLE A-10

Recommended Changes in Aid to Local Governments, Fiscal 2019

Connecticut	Recommended changes in Connecticut's grants to municipalities would increase total statutory formula aid by $185.0 million in FY 2018. This is offset by required pension contributions and hospital property tax revenues available to towns. The cumulative estimated total decrease in municipal aid in FY 2019 is $33.2 million.
	The recommended budget would require Connecticut's 169 municipalities to reimburse the state for one-third of the cost for teacher's retirement, a total of $420.6 million in FY 2019. The recommended budget would also eliminate real property tax exemptions for nonprofit hospitals, which would entitle municipalities to an estimated $212.2 million in revenue.
Maine	Eliminates General Assistance (-12.1M) beginning 07/01/2017.
	Statutory changes to the essential programs and services funding and Kindergarten to Grade 12 funding for implementation in the 2017–18 school year.
Nebraska	TEEOSA (formula) State Aid to Schools: $51.1 million, 5.37% increase for FY2019 over FY2017
	Special Education Aid: $6.7 million, 3% increase for FY2019 over FY2017
	Community College Aid: -$3 million, 3% reduction for FY2019 over FY2017
	County Juvenile Justice Aid: -$0.18 million, 2.9% reduction for FY2019 over FY2017
	Natural Resources Development Fund Aid to Natural Resources Districts: No Change for FY2019 over FY2017

NOTES TO APPENDIX TABLES

Notes to Table A-5: Fiscal 2019 State General Fund, Recommended (Millions)

Indiana	Expenditure adjustments include reversions from distributions, capital, and reconciliations; funding for line item capital projects; funding for the Indiana Biosciences Research Institute; and funding for direct flights to Indiana airports.
Maine	Revenue and Expenditure adjustments reflect Legislatively authorized transfers.
Nebraska	Revenue adjustments are transfers between the General Fund and other funds. Among others, includes a $221 million transfer from the General Fund to the Property Tax Credit Cash Fund. Expenditure adjustments represent $5 million reserved for potential deficit appropriations.
New Hampshire	Expenditure Adjustments: The Governor's Recommended Budget includes moving $39.7 million to the Education Trust Fund at year end.
Washington	Fund transfers and other adjustments

Notes to Table A-6: Fiscal 2019 Recommended Program Area Adjustments by Dollar Value

Nebraska	As compared to enacted FY2017
North Dakota	Fiscal Year 2018 is the first year in the 2017–19 biennium. To determine the amounts for FY 19 we divided the biennial amount by 2.

Notes to Table A-7: Strategies Used to Manage Budget, Fiscal 2019

Nebraska	Other — Elimination of vacant, budgeted positions; IT consolidation; process improvement strategies to identify cost savings
Ohio	Targeted cuts — prioritization of budget decisions

Notes to Table A-8: Recommended Revenue Actions by Type of Revenue, Fiscal 2019

Ohio	Revenues for the Public Library Fund (PLF) and Local Government Fund (LGF) are calculated as a percentage of GRF revenue. Because of this, any tax or policy change that impacts GRF revenue also impacts the PLF and LGF. Tax increase and decrease figures provided are relative to current law baseline and are not incremental to the tax changes scored for fiscal year 2018.

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