THE FISCAL SURVEY OF STATES

Spring 2016

An Update of State Fiscal Conditions

A report by the National Association of State Budget Officers

National Association of State Budget Officers
444 North Capitol Street, NW, Suite 642
Washington, DC 20001-1511
Tel: (202) 624-5382 • Fax: (202) 624-7745
www.nasbo.org

Price: $25.00

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.

ACKNOWLEDGEMENTS

The Fiscal Survey was written, compiled and produced by Kathryn Vesey White, with assistance from Lauren Cummings, Brukie Gashaw, Stacey Mazer, Brian Sigritz, and Leah Wavrunek. In addition, the report represents substantial work by state budget office staff throughout the United States. NASBO thanks these individuals for their assistance in providing state data for this report:

Laneita Littleton, Alabama

Brian Fechter, Alaska

Michael Williams, Arizona

Amanda DiPippa, Arkansas

Crystal Singleton, Arkansas

Nina Hoang, California

James Nickel, California

Kurt Schmiegel, California

Alexis Senger, Colorado

Matthew Pellowski, Connecticut

Bert Scoglietti, Delaware

Kim Burke, Florida

Bakia Parrish, Georgia

Terri Ohta, Hawaii

Wesley Machida, Hawaii

Anita Hamman, Idaho

José Ponce, Illinois

Zac Jackson, Indiana

Joel Lunde, Iowa

Julie Thomas, Kansas

Shelly Dechand, Kansas

Janice Tomes, Kentucky

Jeremy McDaniel, Louisiana

Melissa Winchenbach, Maine

Jordan Butler, Maryland

Catharine Hornby, Massachusetts

Aaron D'Elia, Massachusetts

Heath Fahle, Massachusetts

Colleen Gossman, Michigan

James Stelzner, Minnesota

Pam Davis, Mississippi

Judy Eggen, Missouri

Ryan Evans, Montana

Lyn Heaton, Nebraska

Tiffany Greenameyer, Nevada

Joe Bouchard, New Hampshire

Tariq Shabazz, New Jersey

Andrew Miner, New Mexico

Duffy Rodriguez, New Mexico

Gregory Armstrong, New York

Thomas Cheek, North Carolina

Sheila Peterson, North Dakota

Becky Keller, North Dakota

Ben Boettcher, Ohio

Shelly Paulk, Oklahoma

Brian DeForest, Oregon

Kathleen Wallace, Pennsylvania

Adam Brusseau, Rhode Island

David Seigler, South Carolina

Jim Terwilliger, South Dakota

Charles Brown, Tennessee

Bobby Wilkinson, Texas

Ken Matthews, Utah

Emily Byrne, Vermont

Mike Barton, Virginia

Pam Davidson, Washington

Mike McKown, West Virginia

Dan Subach, Wisconsin

Folbert Ware, Jr., Wyoming

TABLE OF CONTENTS

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 2016. The surveys were completed by executive state budget officers in all 50 states.

Fiscal 2015 data represent actual figures, fiscal 2016 figures are estimated, and fiscal 2017 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

This report finds that budgets in most states continue on a path of stable, moderate spending and revenue growth. For the first time since the Great Recession, total estimated state general fund expenditures and revenues in fiscal 2016 have surpassed their fiscal 2008, pre-recession peak levels in real terms, meaning after adjusting for inflation. This milestone was reached due to estimated general fund spending for the current fiscal year growing by its highest rate since the Great Recession, coupled with an extremely low inflationary environment.

The fact that it took eight years for state budgets to return to their pre-recession levels speaks to the slow economic and fiscal recovery that has marked the post-recession period. Moreover, progress has been uneven across states. Though aggregate, 50-state, general fund expenditures and revenues have reached their pre-recession peak levels, after adjusting for inflation, 23 states fiscal 2016 general fund revenues remain below fiscal 2008 figures and 29 states report general fund expenditures lower than their fiscal 2008 levels. This variation among states can be explained by a combination of factors, including the negative impact of declining oil prices on energy-producing states, differing tax and spending policies, regional disparities in the Great Recession's impact and subsequent speed of economic recovery, and population and other demographic changes.

While state budget conditions have significantly improved and largely stabilized since the tough years during and immediately following the Great Recession, states across the country continue to face fiscal challenges in the short and long terms. Spending requirements on K-12 education, health care, and other critical areas continue to grow, often faster than state revenues. Some states are also facing unfunded pension liabilities, pent-up demand for infrastructure spending, and negative fiscal impacts from the decline in energy prices.

Looking ahead, governors' proposed budgets for fiscal 2017 recommend modest spending increases, with 43 states projecting higher spending levels compared to fiscal 2016. Meanwhile, slower revenue growth is expected to continue in the upcoming fiscal year, in line with national economic and market trends. Accordingly, governors remain cautious in their spending proposals, with many also calling for increases in state rainy day funds to help prepare for the next economic downturn or other unforeseen circumstances.

State Spending

In fiscal 2017, general fund expenditures are projected to increase by 2.5 percent, a slower rate of growth than estimated in fiscal 2016. Executive budgets show general fund spending increasing to $818.0 billion in fiscal 2017, compared to $797.7 billion in estimated expenditures for fiscal 2016.

In fiscal 2016, estimated total general fund spending by states grew 5.5 percent, the fastest rate reported in NASBO's *Fiscal Survey of States* since before the Great Recession. This growth rate matches the 38-year historical average for nominal annual state expenditure growth since 1979. However, this accelerated growth rate for the current fiscal year is partially driven by one-time increases and technical adjustments in several large states. The median growth rate of estimated general fund spending in fiscal 2016 across all 50 states is a more modest 3.8 percent. General fund spending in fiscal 2015 reached $756.1 billion, a 4.2 percent increase over general fund spending in fiscal 2014.

Aggregate general fund expenditures first exceeded pre-recession levels in nominal terms in fiscal 2013. This year, for the first time since the Great Recession, state general fund spending levels in fiscal 2016 have finally exceeded fiscal 2008 peak levels in real, inflation-adjusted terms. At an estimated $797.7 billion, total fiscal 2016 general fund spending is about 1.2 percent above the previous peak in fiscal 2008, which is roughly equivalent to $788.5 billion after adjusting for inflation.[1] However, 29 states still have lower estimated general fund expenditures in fiscal 2016 compared to their inflation-adjusted fiscal 2008 levels.

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

The vast majority of states are required to balance their budgets, and relatively few states are permitted to carry over a deficit.[2] State budget gaps that arise during the fiscal year are primarily solved through a reduction in previously appropriated spending. It should be noted, however, that mid-year budget reductions do not always reflect a revenue shortfall or fiscal stress, as they sometimes indicate changing spending priorities, revised caseloads or technical adjustments. At the time of data collection, 18 states had enacted net mid-year budget cuts totaling $2.2 billion in fiscal 2016. Though the number of states that cut their bud-

[1] 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, 2016), is used for inflation adjustments. Quarterly averages are used to calculate fiscal year inflation rates.

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

gets this year was higher than has been seen in recent years, the total amount of budget reductions remained relatively small. By comparison, at this same time last fiscal year, 11 states had enacted net mid-year budget cuts for fiscal 2015 totaling $2.0 billion. Meanwhile, 15 states have enacted net mid-year spending increases in fiscal 2016 totaling $3.5 billion.

With modest revenue growth and continued long-term spending pressures, budget gaps increased slightly in fiscal 2016, though they remain far below the levels observed in the years during and immediately following the Great Recession. Twenty-one states reported closing $10.8 billion in budget gaps in fiscal 2016, and eight states have a combined $8.9 billion in remaining gaps that must be closed by the end of the fiscal year. By comparison, in NASBO's *Spring 2015 Fiscal Survey,* 20 states reported closing $9.3 billion in budget gaps for fiscal 2015, while 10 states had a combined $7.1 billion in remaining gaps to be closed by the end of fiscal 2015 at the time of data collection. For fiscal 2017, 19 states are projecting a combined total of $19.7 billion in budget gaps. However, this figure reflects 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 fiscal year. States also vary in the methods and assumptions used to measure projected budget gaps.

As limited revenue growth is projected to continue into fiscal 2017, recommended budget increases for the upcoming fiscal year are mostly modest, though most program areas would receive a funding boost. In their fiscal 2017 spending plans, governors again proposed that additional budget dollars most heavily target K-12 education and Medicaid, the two largest categories of state general fund spending. States recommended spending increases for K-12 education totaling $8.9 billion and increases for Medicaid totaling $7.6 billion. Net spending increases were also recommended for higher education at $1.1 billion, corrections at $1.1 billion, public assistance at $688 million, and transportation at $442 million in additional spending in fiscal 2017. Thirty-six states recommended fiscal 2017 general fund spending increases for K-12, 32 states for Medicaid, 35 states for higher education, 33 states for corrections, 20 states for public assistance, and seven states for transportation. Most state transportation funding is not reflected in this report, since the vast majority of spending in this program area is outside of the general fund. In a separate NASBO analysis of governors' fiscal 2017 proposed budgets that looked beyond general fund spending, investment in transportation and infrastructure was identified as a priority for a number of governors.[3]

State Revenues

Aggregate general fund revenues are projected to increase modestly in fiscal 2017. Governors' recommended budgets show collections are projected to increase by 2.9 percent in fiscal 2017 — similar to the 2.8 percent revenue gain estimated for fiscal 2016. However, the growth rate is lower than observed in fiscal 2015, when revenues increased by 4.9 percent. The accelerated revenue growth in fiscal 2015 can be partially attributed to one-time income tax gains from the strong stock market performance in calendar year 2014, which was partially offset by significant revenue declines in a few energy producing states that have been negatively impacted by falling oil and natural gas prices. Energy states continued to see weak revenue collections in fiscal 2016 as prices fell further; among the eight states with declining revenues, most were energy-producing states.

Governors' budget proposals forecast total general fund tax revenues of $810.1 billion in fiscal 2017, compared to the estimated $787.1 billion collected in fiscal 2016 and actual collections of $766.1 billion in fiscal 2015. Total general fund revenues first surpassed the pre-recession high of $680 billion in nominal terms in fiscal 2013. For the first time, estimated total general fund revenues for fiscal 2016 have also surpassed the pre-recession peak in real terms, after adjusting for inflation, despite relatively modest revenue growth estimated for the year. This is due in part to the essentially flat inflation rate estimated for the first three quarters of fiscal 2016.[4] Looking at individual states, a slim majority (27) have surpassed their fiscal 2008 general fund revenue levels after adjusting for inflation.

Fiscal 2016 revenue performance relative to projections has been mixed across states. General fund revenues from all sources, including sales, personal income, corporate income and all other taxes and fees, are exceeding original forecasts at the time of budget enactment in 24 states, on target in seven states and below forecasts in 19 states. When comparing current revenue collections to more recent forecasts, 11 states are above projections, 20 states are on target and 19 states are below updated projections. These figures predate April when income tax returns were filed. Since the time of data collection, some states' revenue

[3] NASBO, *Summaries of Fiscal Year 2017 Proposed Executive Budgets* (April 7, 2016).

[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, 2016), is used for inflation adjustments. Quarterly averages are used to calculate fiscal year inflation rates.

figures relative to projections may have changed. In contrast to fiscal 2015, when most states saw a positive "April surprise," April revenue collections in fiscal 2016 were more varied.[5]

State Revenue Actions

Governors are proposing a mix of tax increases on general sales, cigarettes and tobacco products, motor fuels, and alcoholic beverages, and tax cuts in personal and corporate income taxes for fiscal 2017. Thirteen states are proposing net tax increases of $5.4 billion, while 15 are proposing net tax decreases totaling $2.1 billion, resulting in a net tax increase of $3.2 billion. This net change is driven primarily by sales, personal income, cigarette and other tax increases proposed by Pennsylvania's governor, along with a proposed sales tax increase in Louisiana. Ohio's continued phase-in of personal income tax reductions, along with sales and corporate income tax cuts in Florida, accounted for the largest tax decreases. For most other states, recommended revenue changes were fairly modest.

Total Balances

Total balances include ending balances and the amounts in states' budget stabilization or "rainy day" funds. They are a crucial tool that states heavily rely on during fiscal downturns and to address shortfalls. Balances reflect the surplus funds and reserves that states may use to respond to unforeseen circumstances and to help smooth revenue volatility. In fiscal 2015, total balances reached an all-time high in actual dollars, in part due to larger-than-anticipated ending balances resulting from revenues coming in above projections in most states. After rising to $77.7 billion or 10.3 as a percentage of general fund expenditures in fiscal 2015, total balances are estimated to have declined to $68.9 billion or 8.9 as a percentage of expenditures in fiscal 2016. This occurred as some states drew down on their higher-than-anticipated ending balances from the prior year to help meet spending demands with limited revenue growth in fiscal 2016. For fiscal 2017, governors' budgets estimate that total balances will decline slightly to $65.7 billion.

Rainy Day Fund Balances

While total balances decreased in fiscal 2016, state balances in rainy day funds increased from $45.1 billion, or 6.3 percent of general fund expenditures, in fiscal 2015 to an estimated $49.3 billion or 6.5 percent of expenditures in fiscal 2016. (These figures exclude three states that did not have complete rainy day fund balance data available for all three years.) This overall increase occurred despite Alaska's continued drawdown of its large budget reserves to respond to falling energy prices. 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 5.1 percent as a share of general fund expenditures in fiscal 2016. Twenty-five states increased their rainy day fund balances in fiscal 2016, while just eight states reported decreases. For fiscal 2017, 27 states recommend increasing their rainy day fund balances, while just six states propose declines.

Medicaid Outlook

Total Medicaid spending increased rapidly by 16.3 percent in fiscal 2015, with state funds growing by 6.0 percent and federal funds growing by 23.1 percent. The large increase in Medicaid spending from federal funds in fiscal 2015 reflects the first full fiscal year of the Medicaid expansion's impact under the Affordable Care Act for those states that expanded on January 1, 2014, with costs for those newly eligible under the expansion being fully federally funded in calendar years 2014, 2015 and 2016. For fiscal 2016, total Medicaid spending is estimated to grow by 9.0 percent, with state funds increasing by 8.3 percent and federal funds increasing by 9.8 percent. Governors' recommended budgets for fiscal 2017 project a significant slowdown in Medicaid spending growth, with total spending growing 2.1 percent, state funds increasing 3.0 percent and federal funds increasing 2.0 percent. Note that these figures are averages; there is significant variation in Medicaid spending growth rates across states depending on whether and when they expanded Medicaid, other budget and policy decisions, and additional factors. Also, the timing of the expenditures may vary from year to year, and may not reflect underlying programmatic activity in a given year.

Regarding Medicaid enrollment, states saw an average growth rate of 14.6 percent in fiscal 2015, the first full fiscal year since states expanded Medicaid. In fiscal 2016, enrollment is estimated to grow 4.4 percent. In governors' budget proposals for fiscal 2017, Medicaid enrollment growth is expected to slow to 2.8 percent.

This edition of The Fiscal Survey of States reflects actual fiscal 2015, estimated fiscal 2016, and recommended fiscal 2017 figures. The data were collected in the spring of 2016.

[5] NASBO, "A Mixed Bag for State Revenue Collections in April" (May 16, 2016), available at http://www.nasbo.org/budget-blog/mixed-bag-state-revenue-collections-april.

STATE EXPENDITURE DEVELOPMENTS

CHAPTER ONE

Overview

State budgets are projected to continue their trajectory of moderate growth in fiscal 2017 for the seventh consecutive year, according to governors' recommended budgets. General fund spending increased by 5.5 percent in fiscal 2016, 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. However, there is significant variation in budget conditions across states. Twenty-nine states report estimated expenditures for fiscal 2016 that are still below their inflation-adjusted fiscal 2008 levels, while at the same time eight states have fiscal 2016 general fund expenditures more than 10 percent above their pre-recession fiscal 2008 levels, also adjusted for inflation.

With limited revenue growth expected, state budgets for fiscal 2017 remain cautious and constrained by a variety of factors. Spending demands in health care, education and other areas continue to rise faster than revenue growth in a number of states. Some states also face fiscal challenges due to other factors such as declining energy prices and unfunded pension liabilities. Overall though, most states have achieved relative budget stability marked by year-over-year modest spending growth. In fiscal 2017, 43 states call for general fund spending increases, with governors recommending additional dollars for core services such as K-12 education, Medicaid, higher education and corrections.

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 2015 spending from all sources (general funds, federal funds, other state funds and bonds) is approximately $1.9 trillion. General funds represent the largest category of *total* state spending by fund source at 40.0 percent, followed by federal funds at 31.3 percent, other state funds at 26.8 percent, and bonds at 2.0 percent. The program area components of total state spending for estimated fiscal 2015 are: Medicaid, 27.4 percent; elementary and secondary education, 19.3 percent; higher education, 10.3 percent; transportation, 7.7 percent; corrections, 3.1 percent; public assistance, 1.3 percent; and all other expenditures, 30.9 percent.

For estimated fiscal 2015, components of general fund spending are elementary and secondary education, 35.2 percent; Medicaid, 19.3 percent; higher education, 10.0 percent; corrections, 6.8 percent; public assistance, 1.2 percent; transportation, 0.7 percent; and all other expenditures, 26.7 percent.

State General Fund Spending

State general fund spending is projected to be $818.0 billion in fiscal 2017 according to governors' recommended budgets. This represents a 2.5 percent increase from the estimated $797.7 billion spent in fiscal 2016. General fund spending increases are projected to be widespread for the upcoming fiscal year, with governors in 43 states having proposed a larger budget for fiscal year 2017 over estimated fiscal 2016 spending levels. At the same time, seven states have fiscal 2017 recommended budgets that are below their estimated general fund spending levels for fiscal 2016.

Aggregate general fund spending is estimated to have increased by 5.5 percent in fiscal 2016 compared to fiscal 2015 actual spending levels, the highest rate of growth observed since before the Great Recession and in line with the historical average based on 38 years of *Fiscal Survey* data. However, most individual state spending increases in fiscal 2016 are below this average, and the median growth rate in general fund spending is a more modest 3.8 percent. This is because the aggregate spending growth rate is partly driven by double-digit percentage spending increases in several large states, including New York, Ohio and Texas. In all three of these states, the annual increases are due to very specific, technical reasons. New York's expenditure growth includes a one-time transfer of approximately $4.6 billion in monetary settlements to a dedicated fund for infrastructure investment. Ohio's spending increase is primarily due to the unique way in which the state accounts for federal Medicaid reimbursements, which are deposited into the fund that covered the initial expenditure (primarily the state's general fund), and the impact of Medicaid expansion expenditures shifting from non-general funds in fiscal 2015 to the general fund in fiscal 2016. And in Texas, the state's biennial budget process and appropriations method tend to concentrate spending growth in the first year of the biennium (a similar spending jump was seen in fiscal 2014); Texas also saw an increase due to general revenue being used to pay for local school property tax relief. *(See Table 1, Figure 1, and Tables 3–5)*

For fiscal 2016, five states estimate general fund expenditures below fiscal 2015 levels (all five are 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 four states experienced budget growth greater than 10 percent. For fiscal 2017, seven states project budget growth below 0 percent, 29 states project budget growth between 0 and 5 percent, 12 states expect budget growth between 5 and 10, and two states expect budget growth greater than 10 percent. *(See Table 2 and Table 6)*

TABLE 1

State Nominal and Real Annual Budget Increases, Fiscal 1979 to Fiscal 2017

	State General Fund	
Fiscal Year	Nominal Increase	Real Increase
2017	2.5%	
2016	5.5	5.5%
2015	4.2	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
1979-2016 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, 2016), is used for state expenditures in determining real changes. Fiscal Year real changes are based on quarterly averages. Fiscal 2015 figures are based on the change from fiscal 2014 actuals to fiscal 2015 actuals. Fiscal 2016 figures are based on the change from fiscal 2015 actuals to fiscal 2016 estimated figures. Fiscal 2017 figures are based on the change from fiscal 2016 estimated figures to fiscal 2017 recommended.*

FIGURE 1:

Annual Percentage Budget Increases, Fiscal 1979 to Fiscal 2017

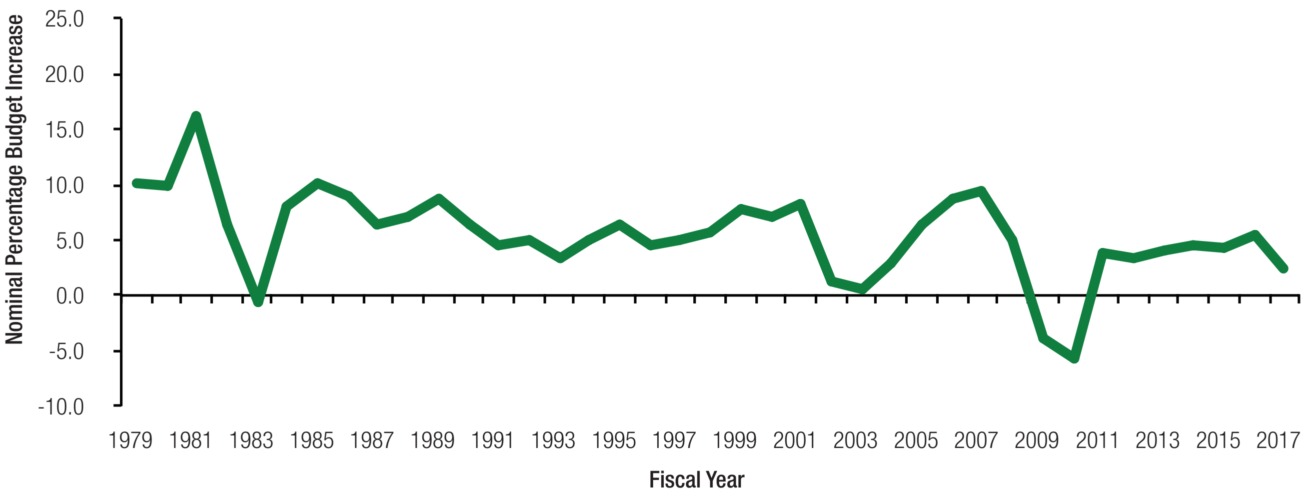

TABLE 2

State General Fund Expenditure Growth, Fiscal 2016 & 2017

Spending Growth	Fiscal 2016 (Estimated)	Fiscal 2017 (Recommended)
0% or less	5	7
> 0.0% but < 5.0%	25	29
> 5.0% but < 10.0%	16	12
10% or more	4	2

NOTE: Average spending growth for fiscal 2016 (estimated) is 5.5 percent; average spending growth for fiscal 2017 (recommended) is 2.5 percent. See Table 6 for state-by-state data.

TABLE 3

Fiscal 2015 General Fund, Actual (Millions)

State	Beginning Balance	Revenues	Adjustments	Total Resources	Expenditures	Adjustments	Ending Balance	Rainy Day Fund Balance
Alabama*	$52	$7,724	$175	$7,952	$7,702	$35	$215	$412
Alaska*	0	2,257	0	2,257	6,014	-1,008	-2,749	10,314
Arizona	577	9,004	0	9,581	9,269	0	312	456
Arkansas	0	5,059	0	5,059	5,059	0	0	0
California* **	5,590	111,318	-183	116,724	112,974	51	3,699	4,339
Colorado* **	436	9,808	65	10,309	9,655	-55	709	577
Connecticut*	0	17,282	0	17,282	17,399	-4	-113	406
Delaware**	414	3,955	0	4,370	3,833	0	537	213
Florida	2,581	27,966	0	30,547	28,008	0	2,540	1,139
Georgia* **	1,071	20,435	74	21,579	20,050	0	1,529	1,431
Hawaii	665	6,577	0	7,242	6,413	0	828	90
Idaho*	44	3,066	-157	2,953	2,936	-28	45	244
Illinois*	74	32,907	3,470	36,451	30,763	5,067	621	276
Indiana*	1,036	15,145	15	16,196	14,935	374	887	1,254
Iowa*	0	6,820	647	7,467	7,056	0	411	698
Kansas	380	5,929	0	6,309	6,237	0	72	0
Kentucky*	81	10,026	329	10,436	10,106	109	221	77
Louisiana*	0	8,430	192	8,622	8,733	6	-117	470
Maine*	13	3,329	-100	3,242	3,166	51	26	119
Maryland*	148	15,923	161	16,231	15,995	-84	320	774
Massachusetts**	1,451	38,237	0	39,687	38,116	0	1,571	1,252
Michigan*	306	10,661	-1,070	9,897	9,203	0	695	498
Minnesota* **	1,886	20,510	0	22,396	20,293	0	2,103	1,344
Mississippi	41	5,537	0	5,578	5,532	0	46	395
Missouri*	189	8,709	124	9,022	8,744	0	278	270
Montana*	425	2,200	1	2,625	2,168	2	455	0
Nebraska*	674	4,306	-217	4,763	4,030	0	732	728
Nevada*	184	3,285	181	3,649	3,401	7	242	0
New Hampshire*	22	1,398	0	1,420	1,278	93	49	22
New Jersey*	296	33,186	-92	33,391	32,574	0	817	0
New Mexico* **	638	6,286	15	6,939	6,326	0	613	613
New York* **	2,235	67,921	0	70,156	62,856	0	7,300	1,798
North Carolina	269	21,448	-786	20,931	20,666	0	265	852
North Dakota*	1,248	2,369	531	4,147	3,270	0	877	573
Ohio*	1,700	31,473	0	33,173	31,462	0	1,712	1,478
Oklahoma*	0	6,465	-13	6,452	6,403	0	49	385
Oregon*	247	8,462	-37	8,672	8,143	0	529	391
Pennsylvania*	81	30,592	-1,246	29,427	29,153	68	206	0
Rhode Island*	68	3,641	-80	3,629	3,454	7	168	185
South Carolina* **	1,163	6,960	0	8,124	6,815	127	1,182	447
South Dakota*	10	1,381	27	1,418	1,386	10	22	149
Tennessee*	384	13,019	51	13,454	12,330	251	873	456
Texas*	6,364	52,644	-2,260	56,748	48,406	0	8,342	8,460
Utah	113	5,705	0	5,818	5,774	0	44	491
Vermont*	0	1,444	5	1,449	1,429	20	0	76
Virginia	479	17,738	0	18,216	18,094	0	123	468
Washington*	373	17,283	6	17,662	16,671	0	991	513
West Virginia*	412	4,196	45	4,653	4,234	0	420	869
Wisconsin*	517	14,541	672	15,730	15,504	91	136	280
Wyoming*	0	1,509	592	2,101	2,101	0	0	906
Total	**$34,935**	**$766,063**		**$802,133**	**$756,116**		**$40,826**	**$47,187**

*NOTES: NA Indicates data are not available. *See Notes to Table 3 on page 21 . **In these states, the ending balance includes the balance in the rainy day fund.*

TABLE 4

Fiscal 2016 State General Fund, Estimated (Millions)

State	Beginning Balance	Revenues	Adjustments	Total Resources	Expenditures	Adjustments	Ending Balance	Rainy Day Fund Balance
Alabama*	$215	$7,803	-$61	$7,957	$7,809	$0	$148	$530
Alaska*	0	1,593	17	1,610	5,448	-226	-3,612	6,881
Arizona	312	9,473	0	9,785	9,301	0	484	457
Arkansas	0	5,190	0	5,190	5,190	0	0	0
California* **	3,699	117,537	0	121,236	116,065	0	5,172	8,661
Colorado* **	709	9,959	24	10,692	10,168	0	523	521
Connecticut*	0	17,945	0	17,945	17,945	0	0	406
Delaware* **	537	4,039	0	4,576	3,936	0	640	215
Florida	2,540	28,467	0	31,007	29,352	0	1,655	1,354
Georgia*	1,529	21,624	0	23,153	21,624	0	1,529	N/A
Hawaii	828	7,033	0	7,861	6,862	0	999	108
Idaho*	45	3,184	-53	3,176	3,072	1	103	244
Illinois*	621	30,056	1,656	32,333	31,469	736	128	276
Indiana*	887	15,158	52	16,096	15,099	37	960	1,317
Iowa*	0	7,046	367	7,413	7,168	73	173	719
Kansas	72	6,258	0	6,330	6,294	0	35	0
Kentucky*	221	10,378	245	10,844	10,230	237	378	209
Louisiana*	-117	8,212	572	8,667	8,689	-22	0	359
Maine*	26	3,356	20	3,402	3,314	15	73	119
Maryland*	320	16,439	23	16,782	16,613	-334	502	832
Massachusetts**	1,571	40,824	0	42,395	41,045	0	1,350	1,258
Michigan*	695	10,986	-1,637	10,044	9,891	0	153	611
Minnesota* **	2,103	20,872	0	22,975	20,414	0	2,560	1,947
Mississippi	46	5,598	0	5,644	5,638	0	5	395
Missouri*	278	8,956	115	9,349	9,066	0	283	291
Montana	455	2,263	0	2,718	2,362	0	356	0
Nebraska*	732	4,403	-294	4,841	4,269	256	316	702
Nevada*	242	3,654	49	3,945	3,588	9	348	0
New Hampshire*	49	1,410	21	1,480	1,367	80	33	24
New Jersey*	817	33,554	219	34,590	33,805	0	785	0
New Mexico* **	613	6,101	308	7,022	6,533	0	490	490
New York* **	7,300	70,294	0	77,594	72,583	0	5,011	1,798
North Carolina*	265	21,721	-75	21,910	21,735	0	176	1,102
North Dakota*	877	2,477	175	3,530	3,652	-122	0	573
Ohio*	1,712	34,738	0	36,449	35,623	0	826	2,005
Oklahoma*	49	6,475	63	6,587	6,356	0	231	N/A
Oregon*	529	8,829	-182	9,176	8,857	0	319	550
Pennsylvania*	206	31,539	-1,155	30,590	30,559	0	31	69
Rhode Island*	168	3,596	-106	3,658	3,577	0	82	188
South Carolina* **	1,182	7,045	77	8,304	7,166	128	1,011	459
South Dakota*	22	1,437	35	1,493	1,472	22	0	143
Tennessee*	873	13,231	-96	14,007	12,994	316	697	568
Texas*	8,342	51,743	-2,314	57,771	53,430	0	4,342	9,679
Utah	44	6,432	0	6,476	6,297	0	180	491
Vermont*	0	1,480	8	1,488	1,482	5	0	78
Virginia	123	18,261	0	18,384	18,376	0	8	237
Washington*	991	18,326	-67	19,250	18,198	0	1,052	698
West Virginia*	420	3,952	27	4,398	4,172	6	220	784
Wisconsin*	136	15,176	544	15,855	15,896	-326	284	N/A
Wyoming*	0	1,014	649	1,663	1,663	0	0	906
Total	**$43,278**	**$787,134**		**$829,637**	**$797,709**		**$31,036**	**$49,250**

*NOTES: NA Indicates data are not available. *See Notes to Table 4 on page 23. **In these states, the ending balance includes the balance in the rainy day fund.*

TABLE 5

Fiscal 2017 State General Fund, Recommended (Millions)

State	Beginning Balance	Revenues	Adjustments	Total Resources	Expenditures	Adjustments	Ending Balance	Rainy Day Fund Balance
Alabama*	$148	$8,061	$31	$8,240	$8,241	-$1	$0	$470
Alaska*	0	1,796	2,658	4,454	5,624	-869	-300	2,381
Arizona*	484	9,617	0	10,101	9,480	0	621	468
Arkansas	0	5,333	0	5,333	5,333	0	0	0
California* **	5,172	120,633	0	125,805	122,609	0	3,196	10,241
Colorado* **	523	10,536	43	11,102	10,466	0	636	635
Connecticut*	0	18,152	0	18,152	18,142	0	11	417
Delaware* **	640	4,040	0	4,680	4,160	0	520	220
Florida	1,655	29,603	0	31,257	29,471	0	1,786	1,384
Georgia*	1,529	22,523	0	24,052	22,523	0	1,529	N/A
Hawaii	1,000	7,258	0	8,257	7,696	0	562	216
Idaho*	103	3,340	-140	3,303	3,297	0	6	244
Illinois*	128	30,849	1,969	32,946	31,486	1,332	128	0
Indiana*	960	15,570	0	16,530	15,556	116	859	1,318
Iowa*	0	7,327	192	7,519	7,407	0	112	738
Kansas	35	6,448	0	6,483	6,395	0	88	0
Kentucky*	378	10,704	285	11,367	10,790	376	200	363
Louisiana	0	8,239	0	8,239	8,239	0	0	384
Maine*	73	3,357	-3	3,427	3,356	15	56	119
Maryland*	502	17,058	17	17,577	17,159	-31	449	1,083
Massachusetts**	1,350	41,949	0	43,299	41,757	0	1,542	1,470
Michigan*	153	11,337	-1,443	10,047	10,032	0	15	629
Minnesota* **	2,560	21,380	0	23,941	21,771	0	2,170	1,947
Mississippi	5	5,787	0	5,792	5,787	0	5	416
Missouri*	283	9,323	201	9,806	9,705	0	101	293
Montana	356	2,355	0	2,711	2,365	0	346	0
Nebraska*	316	4,562	-209	4,669	4,395	5	269	652
Nevada*	348	3,691	49	4,087	3,759	9	319	0
New Hampshire*	33	1,435	-6	1,462	1,375	87	0	24
New Jersey*	785	34,581	-4	35,362	34,572	0	790	0
New Mexico* **	490	6,389	0	6,879	6,287	0	592	592
New York* **	5,011	68,783	0	73,794	70,636	0	3,158	1,798
North Carolina*	176	21,996	-150	22,022	21,920	0	102	1,102
North Dakota*	0	2,504	-95	2,410	2,532	-123	0	75
Ohio*	826	36,466	0	37,292	36,609	0	683	2,005
Oklahoma*	231	5,410	0	5,641	5,410	0	231	N/A
Oregon*	319	9,177	-49	9,448	9,218	0	229	762
Pennsylvania*	31	34,034	-1,325	32,740	32,728	3	9	70
Rhode Island*	82	3,709	-114	3,677	3,677	0	1	189
South Carolina* **	1,011	7,451	132	8,593	7,874	131	587	487
South Dakota	0	1,598	0	1,598	1,598	0	0	143
Tennessee*	697	13,526	-100	14,123	13,593	495	36	668
Texas*	4,342	54,024	-1,481	56,884	52,578	0	4,306	10,397
Utah	180	6,264	0	6,443	6,435	0	9	491
Vermont*	0	1,538	0	1,538	1,530	8	0	81
Virginia	8	20,516	0	20,523	20,345	0	178	845
Washington*	1,052	18,812	-88	19,776	19,137	0	639	892
West Virginia*	220	4,328	0	4,548	4,328	0	220	784
Wisconsin*	284	15,656	539	16,478	17,058	-715	135	N/A
Wyoming*	0	1,042	542	1,584	1,584	0	0	795
Total	**$34,476**	**$810,065**		**$845,991**	**$818,023**		**$27,131**	**$48,287**

*NOTES: N/A indicates data are not available. *See Notes to Table 5 on page 27 . **In these states, the ending balance includes the balance in the rainy day fund.*

TABLE 6

General Fund Nominal Percentage Expenditure Change, Fiscal 2016 and Fiscal 2017**

State	Fiscal 2016	Fiscal 2017
Alabama	1.4%	5.5%
Alaska	-9.4	3.2
Arizona	0.3	1.9
Arkansas	2.6	2.7
California	2.7	5.6
Colorado	5.3	2.9
Connecticut	3.1	1.1
Delaware	2.7	5.7
Florida	4.8	0.4
Georgia	7.8	4.2
Hawaii	7.0	12.2
Idaho	4.6	7.3
Illinois	2.3	0.1
Indiana	1.1	3.0
Iowa	1.6	3.3
Kansas	0.9	1.6
Kentucky	1.2	5.5
Louisiana	-0.5	-5.2
Maine	4.7	1.3
Maryland	3.9	3.3
Massachusetts	7.7	1.7
Michigan	7.5	1.4
Minnesota	0.6	6.6
Mississippi	1.9	2.6
Missouri	3.7	7.1
Montana	9.0	0.1
Nebraska	5.9	2.9
Nevada	5.5	4.8
New Hampshire	7.0	0.6
New Jersey	3.8	2.3
New Mexico	3.3	-3.8
New York*	15.5	-2.7
North Carolina	5.2	-0.9
North Dakota	11.7	-30.7
Ohio*	13.2	2.8
Oklahoma	-0.7	-14.9
Oregon	8.8	4.1
Pennsylvania	4.8	7.1
Rhode Island	3.5	2.8
South Carolina	5.2	9.9
South Dakota	6.2	8.6
Tennessee	5.4	4.6
Texas	10.4	-1.6
Utah	9.0	2.2
Vermont	3.7	3.2
Virginia	1.6	10.7
Washington	9.2	5.2
West Virginia	-1.5	3.7
Wisconsin	2.5	7.3
Wyoming	-20.8	-4.7
Average	**5.5%**	**2.5%**
Median	**3.8%**	**2.9%**

**See Notes to Table 6 on page 29. **Fiscal 2016 reflects changes from fiscal 2015 expenditures (actual) to fiscal 2016 expenditures (estimated). Fiscal 2017 reflects changes from fiscal 2016 expenditures (estimated) to fiscal 2016 expenditures (recommended).*

Recommended Fiscal 2017 Budget Adjustments

Budget adjustments from the prior fiscal year help identify changing spending patterns and priorities within the governors' general fund recommendations for fiscal 2017. The degree of competition for state resources can be analyzed by highlighting budget reductions and spending increases across program areas. Governors have recommended modest funding increases across most program areas in fiscal 2017.[6] Once again, additional budget dollars most heavily target K-12 education and Medicaid, the two largest categories of state general fund spending. Governors called for an additional $8.9 billion in funding for K-12 education and a $7.6 billion funding boost for Medicaid. For K-12 education, 36 states recommended increases and 10 states recommended decreases, while for Medicaid, 32 states called for increases and 11 states called for decreases. Governors also recommended net spending increases for higher education ($1.1 billion), corrections ($1.1 billion), public assistance ($688 million) and transportation ($442 million). Thirty-five states called for increases in higher education spending, 33 states for corrections, 20 states for public assistance, and seven states for transportation. Meanwhile, 11 states called for funding decreases for higher education, 12 states for corrections, 10 states for public assistance, and nine states for transportation. Note that most states rely on other fund sources to finance transportation spending; in fiscal 2015, general fund spending accounted for just 4.0 percent of total state spending on transportation, according to NASBO's *State Expenditure Report.* Therefore, general fund spending adjustments are not necessarily reflective of overall recommended state spending changes for transportation for fiscal 2017. *(See Tables 10 and 11)*

Mid-Year Budget Adjustments for Fiscal 2016

Fiscal 2016 mid-year budget adjustments resulted in $1.4 billion in net additional spending. The program areas that received mid-year spending increases were K-12 education, transportation, and corrections. Meanwhile, Medicaid, higher education, and public assistance received net mid-year spending reductions. *(See Tables 8 and 9)* Mid-year budget reductions can sometimes be a sign of state fiscal stress, as these actions are often taken by states that do not expect to meet previously set revenue collections forecasts. In sharp contrast to fiscal 2009, 2010 and 2011, states have enacted minimal mid-year cuts over the last several fiscal years, indicating that states' fiscal situations have stabilized, and budgets have successfully adapted to the current economic environment. *(See Figure 2)* Eighteen states have enacted net mid-year budget cuts in fiscal 2016 so far totaling $2.2 billion, compared to the $2.0 billion in mid-year cuts enacted in 11 states by this time in fiscal 2015. While the number of states with net mid-year budget cuts is somewhat higher than has been observed in recent years, most of these reductions were relatively small in value. Also, 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. *(See Table 7)*

Budget Gaps

Overall, state fiscal conditions have achieved relative stability in recent years, as evidenced by the fairly minimal mid-year budget cuts described above, as well as by modest budget gap levels. At the time of data collection, 21 states reported having closed $10.8 billion in budget gaps for fiscal 2016, while eight states have $8.9 billion in ongoing budget shortfalls to solve before the end of the fiscal year. For fiscal 2017, 19 states are projecting $19.7 billion in budget gaps prior to incorporating governors' budget recommendations. These figures are well below the budget gap amounts states were reporting during and in the years immediately following the Great Recession. For example, in NASBO's *Spring 2011 Fiscal Survey*, states were forecasting $75 billion in budget gaps for fiscal 2012 and $62 billion for fiscal 2013.

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 2016, 27 states reported that targeted cuts have been used to reduce expenditures, while eight states made across-the-board percentage cuts. Other common budget management strategies for the current fiscal year included reorganizing agencies (11 states) and tapping rainy day funds (10 states). For fiscal 2017, 22 governors recommended targeted spending cuts, while five recommended across-the-board cuts. Reorganizing agencies was once again another popular strategy used by 10 states. Additionally, eight governors recommended privatization as a cost-saving strategy, while seven states recommended raising user fees and seven states called for transportation and motor vehicle related fee increases. *(See Tables 12 and 13)*

[6] For some states that practice biennial budgeting and completed their fiscal 2016-2017 budgets in calendar year 2015, reported fiscal 2017 budget adjustments may reflect enacted amounts.

TABLE 7
Fiscal 2016 Net Mid-Year Budget Cuts

State	FY 2016 Size of Cuts ($ in Millions)	Programs or Expenditures Exempted from Cuts
Colorado	$85.8	
Connecticut	347.2	
Hawaii	52.2	
Indiana	36.3	Distributions to K-12 school corporations, funding for higher education, and Medicaid assistance.
Kansas	99.8	
Kentucky*	129.7	Kentucky's K-12 funding formula, specific education programs, Medicaid, Correction beds, debt service, pensions, salary and fringe benefit costs for front-line social workers, correctional officers, state police; prosecutors and public defenders, dedicated revenues.
Louisiana	485.9	
Maine	5.4	
Massachusetts	49.0	Local aid and direct care services
Michigan*	177.7	Higher education, revenue sharing payments to local government, K-12 operations
Mississippi	32.0	Public Safety and programs with statutory exemptions, court orders or pending litigation
Missouri	46.1	
Nebraska	3.0	
New Mexico	0.5	Medicaid, Developmental Disability Services
North Dakota*	122.4	
Oklahoma	334.2	Department of Corrections was held harmless by appropriation of a supplemental; additionally, any programs and/or agencies not receiving initial General Revenue Fund appropriations were not affected by the failure of the General Revenue Fund, with the exception of specific funding to the Department of Transportation.
West Virginia	94.3	Retirement contributions, Judicial Branch of Gov't., Rehab Services, Juvenile Services.
Wyoming	52.4	
Total	**$2,153.9**	

*Notes: *See Notes to Table 7 on page 30. 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 2016

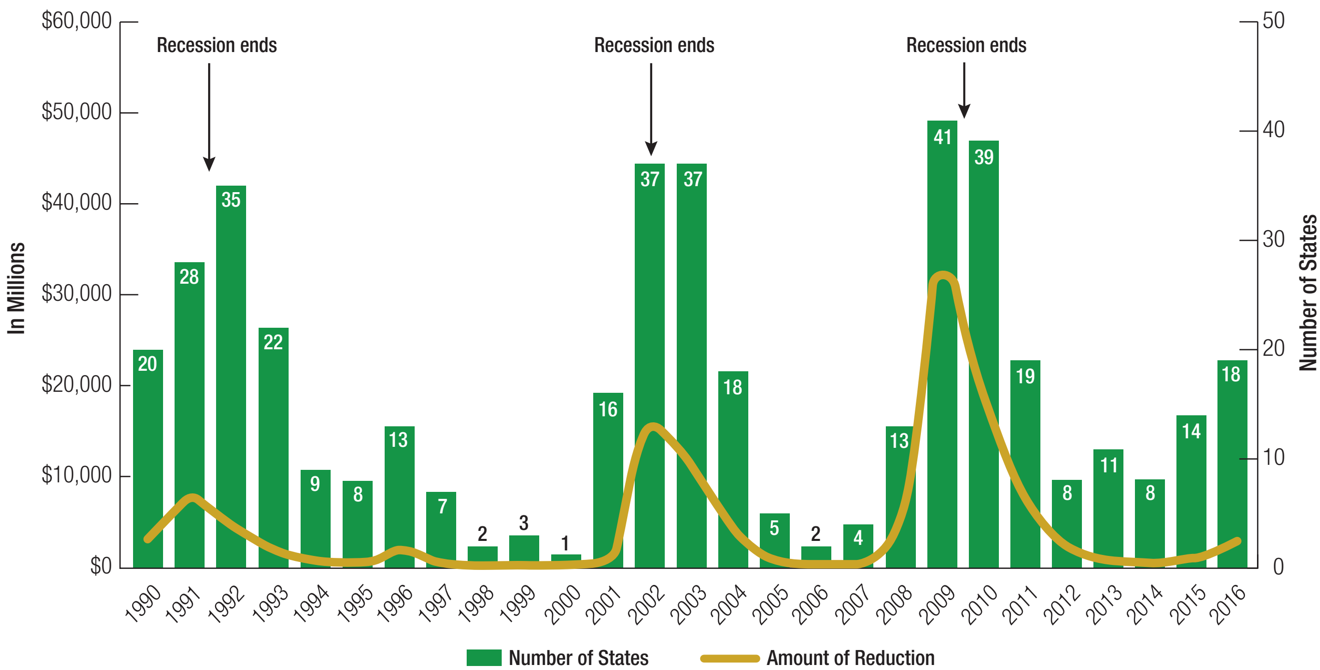

TABLE 8

Fiscal 2016 Mid-Year Budget Cuts By Program Area

State	K-12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other
Alabama							
Alaska							
Arizona							
Arkansas							
California							
Colorado	X				X		
Connecticut	X	X	X	X	X		X
Delaware							
Florida							
Georgia*					X		
Hawaii	X	X			X		X
Idaho							
Illinois							
Indiana					X	X	X
Iowa							
Kansas	X	X		X			X
Kentucky*	X	X			X		X
Louisiana	X	X		X			X
Maine							X
Maryland							
Massachusetts	X		X	X		X	X
Michigan*		X	X	X	X		X
Minnesota							
Mississippi	X	X	X		X		X
Missouri				X			X
Montana							
Nebraska	X						X
Nevada							
New Hampshire							
New Jersey	X		X	X	X		
New Mexico	X	X	X				X
New York			X	X	X	X	
North Carolina							
North Dakota*	X	X	X	X	X	X	X
Ohio							
Oklahoma	X	X				X	X
Oregon				X		X	
Pennsylvania		X	X				
Rhode Island	X	X					
South Carolina							
South Dakota	X		X		X		
Tennessee							
Texas							
Utah							
Vermont			X				
Virginia							X
Washington							
West Virginia	X	X		X	X	X	X
Wisconsin							
Wyoming	X	X			X	X	X
Total	**17**	**14**	**11**	**11**	**14**	**8**	**18**

*NOTE: *See Notes to Table 8 on page 30. See Table 9 for state-by-state dollar values.*

TABLE 9

Fiscal 2016 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	$42.5	$1.7	$0.0	$72.4	$116.6
Alaska	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Arizona	66.1	4.1	8.1	0.0	5.2	0.0	83.1	166.6
Arkansas	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
California	0.0	0.0	0.0	0.0	0.0	0.0	138.0	138.0
Colorado	-89.5	0.0	0.0	10.3	-16.9	0.0	10.3	-85.8
Connecticut	-24.7	-5.1	-5.2	-73.8	-14.0	0.0	-224.4	-347.2
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	112.5	25.9	91.5	103.4	-1.9	758.7	119.3	1,209.4
Hawaii*	-15.0	-6.2	0.0	0.0	-0.8	0.0	-30.2	-52.2
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	0.0	0.0	0.0	0.0	-6.0	-1.3	-29.0	-36.3
Iowa*	0.0	0.0	0.0	67.0	1.9	0.0	3.7	72.6
Kansas	-34.0	-25.1	0.0	-13.9	0.2	0.0	-27.0	-99.8
Kentucky*	-17.9	-42.8	0.0	0.0	-3.7	0.0	-65.3	-129.7
Louisiana	-14.8	-2.7	0.0	-334.0	0.4	0.0	-134.8	-485.9
Maine	0.0	0.0	0.0	0.0	0.0	0.0	-5.4	-5.4
Maryland*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Massachusetts	-1.0	0.0	-2.9	-5.0	0.0	-6.5	-33.6	-49.0
Michigan*	0.0	-18.5	-42.4	-141.7	-76.8	115.4	-13.7	-177.7
Minnesota	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mississippi	-2.3	-13.4	-1.1	0.0	-5.0	0.0	-10.2	-32.0
Missouri	0.0	0.0	0.0	-27.4	0.0	0.0	-18.7	-46.1
Montana	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nebraska	-4.1	0.0	0.0	0.0	2.9	0.0	-1.8	-3.0
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	-9.4	0.0	-13.4	-49.3	-0.8	16.9	123.0	67.0
New Mexico	-16.5	-5.1	-0.2	18.0	5.6	0.0	-2.3	-0.5
New York*	64.0	17.0	-8.0	-99.0	-1.0	-107.0	625.0	491.0
North Carolina	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
North Dakota*	-36.7	-3.1	-14.1	-2.5	-4.3	-13.3	-48.4	-122.4
Ohio	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Oklahoma	-58.2	-56.2	0.0	0.0	0.0	-30.8	-189.0	-334.2
Oregon*	0.5	14.8	0.0	-86.3	43.6	-2.2	119.6	90.0
Pennsylvania*	400.4	-17.6	-22.7	82.4	113.6	0.0	322.5	878.6
Rhode Island	-0.2	-15.3	0.0	5.3	4.2	0.0	30.5	24.5
South Carolina	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
South Dakota	-1.6	40.5	-3.5	1.0	-2.9	1.0	4.1	38.6
Tennessee	0.0	0.0	0.0	0.0	0.0	0.0	48.5	48.5
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	0.0	0.0	-4.1	18.5	0.0	0.0	0.3	14.7
Virginia	2.4	0.0	7.3	166.6	0.0	0.0	-7.1	169.2
Washington*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
West Virginia	-16.5	-13.8	0.0	-23.5	-8.5	-0.2	-31.8	-94.3
Wisconsin	0.0	0.5	0.0	0.0	0.0	0.0	10.4	10.9
Wyoming	-0.1	-0.2	0.0	0.0	-14.0	-1.0	-37.1	-52.4
Total	**$303.3**	**-$122.3**	**-$10.7**	**-$341.4**	**$22.7**	**$729.7**	**$801.0**	**$1,382.3**
# of Net Increases	**6**	**6**	**3**	**10**	**10**	**4**	**15**	**15**
# of Net Decreases	**17**	**14**	**11**	**11**	**14**	**8**	**18**	**18**

*NOTE: *See Notes to Table 9 on page 30.*

TABLE 10

Fiscal 2017 Recommended Budget Cuts by Program Area

State	K-12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other
Alabama							
Alaska	X	X	X	X	X		X
Arizona							
Arkansas					X		
California						X	
Colorado					X	X	X
Connecticut	X	X	X	X	X		
Delaware							
Florida	X						X
Georgia							
Hawaii							
Idaho							
Illinois							X
Indiana							
Iowa			X				
Kansas	X	X		X	X		X
Kentucky*		X				X	X
Louisiana	X	X		X	X		X
Maine				X	X		
Maryland							
Massachusetts			X				
Michigan*						X	
Minnesota				X			
Mississippi	X			X			
Missouri						X	
Montana							X
Nebraska							
Nevada							
New Hampshire	X			X			
New Jersey		X	X	X	X		
New Mexico							
New York		X	X		X		X
North Carolina							
North Dakota	X	X	X	X	X	X	X
Ohio							
Oklahoma		X				X	X
Oregon							
Pennsylvania							
Rhode Island				X			
South Carolina							
South Dakota							
Tennessee			X				
Texas							
Utah							X
Vermont			X				
Virginia							
Washington							
West Virginia	X	X	X		X	X	
Wisconsin							
Wyoming	X	X			X	X	X
Total	**10**	**11**	**10**	**11**	**12**	**9**	**13**

*NOTE: *See Notes to Table 10 on page 31. See Table 11 for state-by-state dollar values.*

TABLE 11

Fiscal 2017 Recommended Program Area Adjustments by Dollar Value (Millions)

State	K-12 Education	Higher Education	Public Assistance	Medicaid	Corrections	Transportation	Other	Total
Alabama	$200.6	$80.1	$5.0	$100.0	$18.3	$0.0	$49.6	$453.6
Alaska	-1.3	-19.0	-1.7	-31.6	-2.4	7.5	-151.4	-199.9
Arizona	54.3	14.0	46.9	39.7	31.5	0.0	87.6	274.0
Arkansas	33.2	0.0	23.9	88.0	-7.4	0.0	5.1	142.8
California*	2,648.8	395.3	127.0	1,441.1	544.0	-84.0	2,167.1	7,239.3
Colorado*	287.6	12.9	0.0	155.4	-1.3	-41.2	-115.7	297.7
Connecticut*	-32.0	-47.5	-6.6	-49.8	-68.0	0.0	184.0	-19.9
Delaware	89.8	5.1	0.5	44.3	10.1	0.0	55.2	205.0
Florida	-96.8	76.9	0.0	484.4	69.7	0.0	-143.8	390.4
Georgia	416.0	143.6	141.8	196.4	68.9	824.0	41.4	1,832.1
Hawaii	49.5	13.1	0.0	0.0	10.3	0.0	0.0	72.9
Idaho	116.5	25.9	4.4	12.2	18.0	0.0	47.9	224.9
Illinois*	103.4	177.9	257.4	676.9	101.3	0.0	-976.6	340.3
Indiana	177.0	17.2	0.0	214.7	9.7	1.0	17.8	437.4
Iowa	145.4	11.5	-1.4	23.4	5.7	0.0	54.9	239.5
Kansas	-19.6	-7.4	0.0	-24.7	-1.3	0.0	-20.2	-73.2
Kentucky*	353.5	-6.9	0.0	187.4	15.7	-0.4	88.7	638.0
Louisiana	-75.6	-81.7	0.0	-159.3	-94.4	0.0	-358.3	-769.2
Maine	11.4	7.0	0.1	-4.4	-9.1	0.0	28.3	33.3
Maryland	105.5	116.6	4.3	121.2	61.7	0.0	264.4	673.7
Massachusetts*	72.0	10.0	-18.0	723.0	6.0	2.0	590.0	1,385.0
Michigan*	0.0	37.5	69.1	138.0	75.5	-389.6	214.8	145.3
Minnesota	60.8	76.0	0.0	-11.9	34.3	13.8	474.5	647.5
Mississippi	-24.6	6.1	0.0	-4.6	10.0	0.0	74.2	61.1
Missouri	122.6	64.5	3.4	501.2	12.2	-4.8	79.8	778.9
Montana	15.6	5.1	1.0	9.0	4.2	0.0	-6.8	28.1
Nebraska*	1.3	28.7	1.2	39.2	1.0	0.0	54.4	125.8
Nevada	52.6	10.7	1.0	62.9	3.3	0.0	50.1	180.6
New Hampshire*	-5.6	1.2	0.0	-7.7	4.3	0.0	22.4	14.6
New Jersey	544.5	-16.1	-18.7	-142.0	-7.3	144.6	262.8	767.8
New Mexico	101.6	8.3	0.7	69.0	12.6	0.0	35.8	228.0
New York*	730.0	-404.0	-2.0	366.0	-35.0	17.0	-2,129.0	-1,457.0
North Carolina*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
North Dakota*	-36.7	-3.1	-14.1	-2.5	-4.3	-13.3	-48.5	-122.5
Ohio*	320.2	79.9	0.0	929.6	47.2	0.0	82.5	1,459.4
Oklahoma	105.1	-56.4	0.0	0.0	10.0	-11.1	-99.7	-52.1
Oregon	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pennsylvania	776.0	100.0	1.0	667.0	69.0	0.0	1,083.0	2,696.0
Rhode Island	41.5	3.2	0.0	-6.2	12.5	0.0	73.8	124.8
South Carolina	195.0	3.3	17.0	129.3	15.4	0.0	183.8	543.8
South Dakota	116.0	15.5	13.9	1.1	4.7	0.0	13.8	165.0
Tennessee	88.0	57.1	-3.2	158.3	13.2	0.0	392.0	705.4
Texas	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Utah	201.5	23.2	0.0	9.1	15.6	0.0	-111.4	138.0
Vermont*	14.9	0.9	-3.6	22.7	2.1	0.0	10.5	47.4
Virginia	272.2	42.0	0.0	265.2	0.0	0.0	1,089.6	1,669.0
Washington	580.0	100.0	53.0	189.0	34.0	0.0	342.0	1,298.0
West Virginia	-19.9	-9.7	-14.9	27.7	-5.9	-0.2	0.4	-22.5
Wisconsin	0.3	1.0	0.0	0.0	0.0	0.0	13.3	14.5
Wyoming	-12.2	-7.2	0.0	0.0	-7.9	-23.1	-20.5	-70.9
Total	**$8,879.8**	**$1,112.3**	**$688.4**	**$7,647.6**	**$1,107.7**	**$442.2**	**$4,053.5**	**$23,931.6**
# of Net Increases	**36**	**35**	**20**	**32**	**33**	**7**	**34**	**38**
# of Net Decreases	**10**	**11**	**10**	**11**	**12**	**9**	**12**	**9**

*NOTE: *See Notes to Table 11 on page 31. Value of changes are in reference to funding level of FY 2016 enacted budget.*

TABLE 12
Strategies Used to Manage Budget, Fiscal 2016

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

*NOTE: *See Notes to Table 12 on page 32.*

TABLE 12 (CONTINUED)
Strategies Used to Manage Budget, Fiscal 2016

State	Across-the-Board % Cuts	Targeted Cuts	Reduce Local Aid	Reorganize Agencies	Privatization	Rainy Day Fund	Lottery Expansion	Gaming/ Gambling Expansion	Other
Alabama		X		X					X
Alaska	X	X	X	X	X	X			
Arizona		X	X	X					
Arkansas	X	X		X					
California*		X							X
Colorado									
Connecticut*								X	
Delaware*		X							
Florida		X			X				
Georgia									
Hawaii*		X							X
Idaho									
Illinois		X		X					
Indiana	X								
Iowa									
Kansas		X		X	X				
Kentucky		X							
Louisiana		X	X	X		X			
Maine*			X	X					X
Maryland*	X	X	X						
Massachusetts		X		X	X			X	X
Michigan		X							
Minnesota									
Mississippi		X				X			
Missouri		X			X				
Montana									
Nebraska*									X
Nevada						X			X
New Hampshire									
New Jersey									
New Mexico	X					X			
New York*		X	X	X				X	X
North Carolina									
North Dakota	X								
Ohio*		X							X
Oklahoma*		X				X			X
Oregon									
Pennsylvania							X		
Rhode Island		X							
South Carolina									
South Dakota						X			
Tennessee*									X
Texas		X		X					
Utah									
Vermont*	X	X							
Virginia		X	X			X			
Washington		X				X			
West Virginia*	X	X				X			X
Wisconsin									
Wyoming		X							
Total	**8**	**27**	**7**	**11**	**5**	**10**	**1**	**3**	**12**

NOTE: *See Notes to Table 12 on page 32.

TABLE 13

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	X	X	X			
Arizona										
Arkansas										
California*	X			X	X					
Colorado										
Connecticut	X			X		X				
Delaware*										
Florida										
Georgia										
Hawaii*										
Idaho										
Illinois*						X				X
Indiana										
Iowa*				X						
Kansas					X					
Kentucky										
Louisiana	X	X				X		X		
Maine*										
Maryland						X				
Massachusetts*										X
Michigan										
Minnesota										
Mississippi*										
Missouri										
Montana										
Nebraska*										
Nevada*		X		X	X					
New Hampshire										
New Jersey										
New Mexico										
New York*										
North Carolina										
North Dakota										
Ohio*										
Oklahoma*										
Oregon										
Pennsylvania										
Rhode Island	X			X						
South Carolina										
South Dakota	X				X					
Tennessee*										
Texas										
Utah										
Vermont	X			X	X					
Virginia										
Washington										
West Virginia										
Wisconsin										
Wyoming										
Total	**7**	**3**	**0**	**7**	**6**	**5**	**1**	**1**	**0**	**2**

NOTE: *See Notes to Table 13 on page 33.

TABLE 13 (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
Alabama		X				X			
Alaska*	X	X	X	X	X	X			X
Arizona		X		X					
Arkansas				X	X				
California*									X
Colorado		X							
Connecticut	X	X						X	
Delaware*		X							X
Florida		X			X				
Georgia									
Hawaii*									X
Idaho									
Illinois*		X		X	X	X			X
Indiana									
Iowa*									
Kansas		X		X	X				
Kentucky		X							
Louisiana	X	X		X					
Maine*			X	X					X
Maryland		X			X				
Massachusetts*		X			X				X
Michigan		X							
Minnesota									
Mississippi*									X
Missouri		X			X				
Montana									
Nebraska*									X
Nevada*									X
New Hampshire									
New Jersey									
New Mexico									
New York*		X	X	X				X	X
North Carolina									
North Dakota	X					X			
Ohio*		X							X
Oklahoma*		X							X
Oregon									
Pennsylvania				X					
Rhode Island		X		X					
South Carolina									
South Dakota									
Tennessee*									X
Texas									
Utah									
Vermont									
Virginia									
Washington		X				X			
West Virginia	X	X	X						
Wisconsin									
Wyoming		X				X			
Total	**5**	**22**	**4**	**10**	**8**	**6**	**0**	**2**	**14**

NOTE: *See Notes to Table 13 on page 33.

CHAPTER 1 NOTES

Notes to Table 3: Fiscal 2015 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 transfers (Transfer increases: Alabama Trust Fund, $145.8M, Business Privilege Tax, $90.5M, 21st Century Fund, $20M; Transfer decreases: Sales Tax transfers to PACT, -$23.6M and Rainy Day Repayment, -$57.5M); Expenditure adjustments include a repayment of $35.1M to the Rainy Day Account.

Alaska Revenues: SLA2015 Fiscal Summary (Total Revenue)
Revenue Adjustments: SLA2015 Fiscal Summary (Revenue Carryforward)
Expenditures: SLA2015 Fiscal Summary (Pre-Transfer Authorization)
Ending Balance: SLA2015 Fiscal Summary (Transfer to SBR/CBR)
Rainy Day Balance: OMB Spring Fiscal Model

California Adjustments represent adjustments to the Beginning Fund Balance, consisting primarily of adjustments made to major taxes and K-12 spending. Ending balance excludes $1,606.4 million that was transferred to the Budget Stabilization Account (BSA) for "rainy day" purposes. 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.

The ending balance is only the General Fund balance and excludes the Budget Stabilization Account (a rainy day reserve held in a separate fund). The excluded amount is $1,606.4 million in FY 2015. The total balance that includes the ending balance and all rainy day funds, including the Budget Stabilization Account amounts, is $5,305.5 million in FY 2015.

Colorado Reflects a $55.1M accounting adjustment (reversion). Ending balance reflects a 6.5 percent General Fund reserve, with $132.7M remaining. Source is the JBC GF overview, introduced Long Bill, Table 1.

Connecticut The reported rainy day fund balance includes the ending balance.

Georgia FY15 beginning balance reflects General Fund balances as of June 30, 2014 for Revenue Shortfall Reserve, Guaranteed Revenue Debt Common Reserve Fund, and State Revenue Collections as reported in the FY 2014 Budgetary Compliance Report. Revenue Shortfall Reserve fund balance includes $192 million for the FY15 Appropriation of Mid-Year Adjustment for Education. Adjustments to Revenues include FY14 agency surplus returned and early remittance of FY 2015 surplus from state agencies.

Idaho FY 2015 transfers out include: $82,306,800 to the Budget Stabilization Fund; $54,152,500 to Idaho Transportation Department year-end surplus eliminator; $400,000 for the Wolf Control Fund; $225,800 for Health and Welfare — Time Sensitive Fund; $101,200 to the Permanent Building Fund; $1,000,000 to the Constitutional Defense Fund; $1,050,000 to the Legal Defense Fund for Sage-Grouse defense; and $241,900 to the Opportunity Scholarship Fund. Deficiency warrants include: $63,500 Military Division Hazardous Materials Fund, $17,529,000 to the Fire Suppression Fund, and $389,400 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 funds from the S&P Settlement. Expenditure adjustments include reversions from distributions, capital, and reconciliations; the cost of a 13th check for pension recipients; transfer to the Major Moves 2020 trust fund; transfer to the tuition reserve fund; and state agency and university line item capital projects.

Iowa Revenue adjustments include an estimated $647.2 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.

Kentucky	Revenue includes $61.9 million in Tobacco Settlement funds. Adjustment for Revenues includes $101.8 million that represents appropriation balances carried over from the prior fiscal year, and $227.5 million from fund transfers into the General Fund. Adjustment to Expenditures represents appropriation balances forwarded to the next fiscal year and budgeted balances to be expended in the next fiscal year.
Louisiana	Revenues adjustments — Includes $46.9 from various funds, $11.2 in carryforwards, $133.9 in undesignated general fund balance Expenditure adjustments — Includes $5.7 in other transfers out
Maine	Revenue and Expenditure adjustments reflect Legislatively authorized transfers. Rainy Day Fund balance reflects the total of the Budget Stabilization Fund ($111M) and the Reserve for Operating Capital ($7.4M).
Maryland	Adjustments to revenue include $17.6 million in tax credit reimbursements and $143.4 million in transfers from other funds. Adjustments to expenditures include $84.0 million in agency spending reversions.
Michigan	Fiscal 2015 revenue adjustments include the impact of federal and state law changes (-$626.0 million); revenue sharing payments to local government units (-$468.0 million); deposits from restricted funds ($403.3 million); deposit to rainy day fund (-$94.0 million); and general fund dedicated for roads (-$285.0 million). Fiscal 2015 expenditures include $76.2 million in one-time spending financed from one-time revenue. Deposit to the rainy day fund and funds earmarked for roads are not included.
Minnesota	Ending balance includes cash flow account of $350 million and a budget reserve of $994 million. Does not include stadium reserve of $32.6 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.
Montana	FY 2015 Adjustments (Revenues) includes prior year revenue activity, whereas Adjustments (Expenditures) includes prior year expenditure activity.
Nebraska	Revenue adjustments are transfers between the General Fund and other funds. Per Nebraska law, includes a transfer of $96.7 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 $138 million transfer from the General Fund to the Property Tax Credit Cash Fund.
Nevada	Revenue adjustments are restricted revenue, reversions, Rainy Day transfers and reserve transfers. Expenditure adjustments are restricted transfers.
New Hampshire	Expenditure Adjustments: $78.6 million moved to the Education Trust Fund and $.9 million to the Fish and Game fund at year end. (Also adjustments totaling $20.5 million of GAAP and Other)
New Jersey	Revenue adjustments reflect budget to GAAP adjustments and transfers to other funds.
New Mexico	Revenue includes $42.1 million from the Tobacco Permanent Fund, $7.7 million in revenue and reversions from the Appropriation Contingency Fund, and $15.0 million in transfers from the Operating Reserve to the Appropriation Contingency Fund.
New York	The ending balance includes nearly $1.8 billion in rainy day reserve funds, $50 million reserved to cover costs of potential retroactive labor settlements with certain unions, $74 million in a community projects fund, $500 million reserved for debt reduction, $21 million reserved for litigation risks, nearly $4.7 billion in proceeds from monetary settlements, and $190 million in undesignated reserve.
North Dakota	Revenue adjustments are a $520.0 million dollar transfer from the property tax relief sustainability fund to the general fund and an $11 million transfer from the budget stabilization fund to the general fund.
Ohio	FY 2015 expenditures include expenditures against prior year encumbrances as well as $629.9 million in transfers out of the GRF.
Oklahoma	The FY 2015 Revenue Adjustment represents the difference in cash flow for the fiscal year.

Oregon Revenue adjustment is a statutory transfer to local governments for local property tax relief and cost of Tax Anticipation Notes.

Pennsylvania Revenue adjustments include refunds lapses and adjustments to beginning balances. Expenditure adjustments include transfers to the Budget Stabilization Fund (rainy day).

Rhode Island Adjustments to revenues reflect a transfer of $111.3 million to the Budget Reserve Fund plus a reappropriation of $7.4 million, a transfer of $10.0 million from the Accelerated Depreciation Fund, and a repeal of the prior year transfer to the RI Employees Retirement System of $13.8 million. Adjustments to expenditures include reappropriations of $6.9 million to FY 2016.

South Carolina Ending Balance = 5% General Reserve ($319.5) + 2% Capital Reserve ($127.8) + Surplus Contingency Reserve ($136.7) + Agency Appropriation Balances Carried Forward to Next FY ($415.1); Expenditure Adjustments include FY13–14 Capital Reserve Funds transferred to State agencies and $12.0 loan to a State-funded university.

South Dakota The beginning balance of $9.9 million and adjustment to expenditures reflects the prior year's ending balance that is transferred to the rainy day fund. Adjustments to revenue of $26.5 million are from one-time receipts. The ending balance of $21.5 million is cash that is obligated to the Budget Reserve fund the following fiscal year. This $21.5 million is not included in the total rainy day fund balance of $149.2 million.

Tennessee Revenue adjustments include: $72.0 million transfer from debt service fund unexpended appropriations; -$35.5 million transfer to Rainy Day Fund; and $14.7 million transfer to dedicated revenue reserves. Expenditure adjustments include: $148.3 million transfer to capital outlay projects fund; $13.1 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; $1.0 million transfer to Systems Development Fund; and $84.1 million transfer to reserves for unexpended appropriations. Ending balance includes $478.8 million reserve for appropriations 2015–2016 and $393.7 million unappropriated budget surplus at June 30, 2015.

Texas Revenue adjustment of -$2,260 includes -$1,130 transferred to the Rainy Day Fund and -$1,130 transferred to the State Highway Fund.

Vermont Adjustments — net transfer effect in/out of the General Fund

Washington Revenue adjustments include fund transfers and other adjustments.

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

Wisconsin Revenue adjustments include Tribal Gaming, $48.9; Other Revenue, $501; and Prior Year Designated Balance, $122.4. Expenditure adjustments include Designation for Continuing Balances, $91.3.

Wyoming Wyoming budgets on a biennial basis; to arrive at annual figures, certain assumptions and estimates were required. Adjustments- $580.8 transfer in from BRA and $10.7 transfer from SIPA.

Notes to Table 4: Fiscal 2016 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 settlement proceeds from Transocean of $20M and additional revenue transfer increases of $58.8M. Revenue adjustments also include required transfer decreases to the Budget Stabilization Fund of -$118.3M and to the ETF Advancement and Technology Fund of -$21.8M.

Alaska Revenues: SLA2016 Fiscal Summary (Total Revenue)
Revenue Adjustments: SLA2016 Fiscal Summary (Revenue Carryforward)

Expenditures: SLA2016 Fiscal Summary (Pre-Transfer Authorization)
Ending Balance: SLA2016 Fiscal Summary (Transfer to SBR/CBR)
Rainy Day Balance: OMB Spring Fiscal Model

California Ending balance excludes projected $2,849 million transfer to the Budget Stabilization Account for "rainy day" purposes. 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.

The ending balance is only the General Fund balance and excludes the Budget Stabilization Account (a rainy day reserve held in a separate fund). The excluded amounts are $1,606.4 million in FY 2015 and an additional $2,849 million in FY 2016. Adding these amounts to the FY 2016 ending balance, the projected total balance is $9,627.3 million in FY 2016.

Colorado Reflects the legislative budget changes for FY 15–16. The ending balance of $523.3M General Fund balance. GF statutory reserve is lowered temporarily in FY 15–16 (from 6.5% of GF appropriations to 5.6%, per HB16–1419). Note that the reserve is fully replenished at 6.5% in FY 16–17.

Connecticut The reported rainy day fund balance includes the ending balance.

Delaware Reflects estimates presented in Governor's FY 2017 Recommended Budget.

Georgia Georgia is required by its constitution to maintain a balanced report. The fund balances for by FY 2016 and FY 2017 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 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 to cover FY 2017 cost for the 27th payroll; $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; and $13,140,000 to the Group Insurance Fund. Transfer in include: $780,000 from the Consolidated Election Fund. Miscellaneous adjustments include: prior reappropriation $28,345,100 and tax conformity legislation $17,202,000. 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. FY16 expenditures at estimated level would require passage of additional appropriation authority.

Indiana Revenue adjustments include a transfer from the Political Subdivision Risk Management Fund and a portion of the Tax Amnesty proceeds. Expenditure adjustments include reversions from distributions, capital, and reconciliations; unspent prior year Medicaid appropriations; the cost of a 13th check for pension recipients; a transfer to the Major Moves 2020 trust fund; a 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. FY2016 Revenues are based upon the December 2015 Revenue Estimating Conference estimates. Revenue adjustments also include $-0.2 million due to the Governor's proposed Internal Revenue Code (IRC) coupling bill. Expenditure adjustments include the Governor's recommended $72.6 million for supplemental appropriations. 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.

Kentucky Revenue includes $88.1 million in Tobacco Settlement funds. Adjustment for Revenues includes $104.2 million that represents appropriation balances carried over from the prior fiscal year, and $140.9 million from fund transfers into the General Fund. Adjustment to Expenditures represents appropriation balances forwarded to the next fiscal year and budgeted balances to be expended in the next fiscal year.

Louisiana Revenues adjustments — Includes $30.3 from various funds, $11.8 in carryforwards, $156.6 Budget Stabilization Fund, $373.6 Mid-Year Deficit action. Expenditure adjustments — Preamble & Mid-Year Adjustments.

Maine	Revenue and Expenditure adjustments reflect Legislatively authorized transfers. Rainy Day Fund balance reflects the total of the Budget Stabilization Fund ($111M) and the Reserve for Operating Capital ($7.4M).
Maryland	Adjustments to revenue include $18.3 million in tax credit reimbursements and $4.5 million in transfers from other funds. Adjustments to expenditures include $333.7 million in agency spending reversions.
Michigan	Fiscal 2016 revenue adjustments include the impact of federal and state law changes (-$1,141.7 million); revenue sharing payments to local government units (-$468.5 million); deposits from restricted funds ($408.7 million); deposit to rainy day fund (-$95.0 million); general fund dedicated for roads (-$400.0 million); and proposed insurance tax credit clarifying amendments ($60.0 million). Fiscal 2016 expenditures include $773.0 million in one-time spending financed from one-time revenue. Deposit to the rainy day fund and funds earmarked for roads are not included.
Minnesota	Ending balance includes cash flow account of $350 million and a budget reserve of $1.596 billion. Does not include stadium reserve of $21.2 million.
Missouri	Revenue adjustments include transfers from other funds into the general revenue fund. The above expenditures include expenditure restrictions due to an unplanned reduction in the tobacco Master Settlement Agreement funds.
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. Expenditure adjustments include a net $256 million reserved for authorized reappropriations and carryover obligations from FY 2015. The Nebraska Economic Forecasting Advisory Board met in Feb. 2016 (subsequent to the time the Governor's budget recommendations upon which this survey response is based were presented) to reconsider its revenue forecasts for FY2016 and FY2017. The Board increased the General Fund revenue forecast for FY2016 by $17 million and increased the General Fund revenue forecast for FY2017 by $13 million at that time.
Nevada	Revenue adjustments are restricted revenue and estimated reversions. Expenditure adjustments are restricted transfers.
New Hampshire	Expenditure Adjustments: The enacted FY 2016 budget anticipates moving $79.4 million to the Education Trust Fund and $0.7 million to the Fish and Game fund at year end.
New Jersey	Revenue adjustments reflect transfers to other funds and estimated lapses.
New Mexico	Revenue includes $53.2 million from the Tobacco Permanent Fund, $9.0 million in revenue and reversions from the Appropriation Contingency Fund, $40.6 in fund transfers and unrestricted MOE funds, $147.5 million in transfers from the Tax Stabilization Fund, $100.0 million from contingent liability for cash reconciliation in FY15, and $20 million in transfers to the Appropriation Contingency Fund.
New York	The ending balance includes nearly $1.8 billion in rainy day reserve funds, $15 million reserved to cover costs of potential retroactive labor settlements with certain unions, $60 million in a community projects fund, $500 million reserved for debt reduction, $21 million reserved for litigation risks, and $2.6 billion in proceeds from monetary settlements.
North Carolina	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.
North Dakota	Revenue adjustments are a $657.0 million dollar transfer from the property tax relief sustainability fund to the general fund and a $482 million decrease in anticipated revenues. Expenditure adjustments include a $122.4 million reduction in legislatively authorized appropriations for FY 2016 due to a 4.05 percent allotment.
Ohio	Estimated FY 2016 expenditures include expenditures against prior year encumbrances as well as $810.9 million in transfers out of the GRF.

Oklahoma	The FY 2015 Revenue Adjustment represents the difference in cash flow and is based on estimates certified by the State Board of Equalization, 2/16/16. Expenditure adjustments cannot be estimated at this time, nor can rainy day fund balances.
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. Expenditures represent 49% of the 2015–17 (Biennium) Legislatively Approved Budget.
Pennsylvania	Revenue adjustments include refunds lapses and adjustments to beginning balances.
Rhode Island	Adjustments to revenues reflect a transfer of $112.9 million to the Budget Reserve Fund plus a reappropriation of $6.9 million.
South Carolina	Revenue Adjustments: Includes $77.3 in nonrecurring revenues from a legal settlements and a transfer of excess cash from the State's Unclaimed Property Fund. Expenditure Adjustments include FY14–15 Capital Reserve Funds transferred to State agencies.
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 $35.1 million are from one-time receipts.
Tennessee	Revenue adjustments include: $102.5 million transfer from debt service fund unexpended appropriations; $8.3 million transfer from TennCare Reserve; -$130.0 million transfer to Highway Fund; and -$76.5 million transfer to Rainy Day Fund. Expenditure adjustments include: $135.4 million transfer to capital outlay projects fund; $176.1 million transfer to state office buildings and support facilities fund; $3.8 million transfer to debt service fund; and $1.0 million transfer to reserves for dedicated revenue appropriations. Ending balance includes $697.0 million unappropriated budget surplus at June 30, 2016.
Texas	Revenue adjustment of -$2,314m includes -$594m reserved for transfer to the Rainy Day Fund and -$594m reserved for transfer to the State Highway Fund. In addition, The Comptroller adjustment to the general fund dedicated account balances is -$1,126m.
Vermont	Adjustments — net transfer effect in/out of the General Fund
Washington	Revenue adjustments include fund transfers and other adjustments.
West Virginia	Fiscal Year 2016 Beginning balance includes $368.2 million in Reappropriations, Unappropriated Surplus Balance of $12.8 million, $0.2 million of cash balance adjustments, and FY 2015 13th month expenditures of $38.4 million. Revenue is original estimate of $4305.8 less expected yearend shortfall of $354.1. Expenditures include Regular, Surplus, and Reappropriated funds and $38.4 million of 31 day prior year expenditures. Revenue adjustments are prior year redeposits and special revenue expirations. Expenditure adjustment represents the amount transferred to the Rainy Day Fund. The ending balance is mostly the historically carried forward reappropriation amounts that will remain and be reappropriated to the next fiscal year, the 13th month expenditures & any unappropriated surplus balance.
Wisconsin	Revenue adjustments include Tribal Gaming, $25.6; and Other Revenue, $518.0. Expenditure adjustments include Transfers to Transportation fund, $38.0; Lapses, -$334.1; Sum Sufficient Reestimates, -$40.2; and Compensation Reserve, $10.7. Wisconsin does not make estimates on Rainy Day Balance.
Wyoming	Wyoming budgets on a biennial basis; to arrive at annual figures, certain assumptions and estimates were required. Adjustments -$47.7 for 1% severance taxes and FMR'S, $10.0 for Abandoned mine land funds reversion, $580.8 transfer in from BRA and $10.7 transfer in from SIPA

Notes to Table 5: Fiscal 2017 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.

Alabama Revenue adjustments include recommended net transfer increases from the ETF Budget Stabilization Fund of $120.4M and a transfer decrease to the ETF Advancement and Technology Fund of -$89.5M.

Alaska As part of the Governor's amended budget request, $187 million in oil and gas production tax and $758.6 million in oil and gas royalties will be diverted from the General Fund to the Alaska Permanent Fund ($52.8 billion balance as of 6.30.2015). The Alaska Permanent Fund will absorb the highly volatile nature of oil and gas revenues and allow for a $3.3 billion annual transfer to the General Fund based on investment earnings of the Permanent Fund and oil production tax and royalties. Various proposed tax increases will account for $314.6 million in additional General Fund revenue. $3.0 billion will be transferred from the Constitutional Budget Reserve Fund to the Alaska Permanent Fund in order to hedge against cash calls and $1.2 billion will be transferred from the Constitutional Budget Reserve for retiring oil and gas tax credits and creating an Oil and Gas Infrastructure Development Fund.

Arizona Total expenditures include transferring $10M to the Rainy Day Fund.

California Ending balance excludes projected $3,556 million transfer to the Budget Stabilization Account for "rainy day" purposes. 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.

The ending balance is only the General Fund balance and excludes the Budget Stabilization Account (a rainy day reserve held in a separate fund). The excluded amounts are $1,606.4 million in FY 2015, $2,849 million in FY 2016, and $3,556 million in FY 2017. Adding these amounts to the FY 2017 ending balance, the projected total balance is $11,207.5 million in FY 2017.

Colorado FY 16–17 reflects Joint Budget Committee introduced budget (HB16–1405 plus JBC package of bills). Subject to change after General Assembly action and the rest of the 2016 Session.

Connecticut The reported rainy day fund balance includes the ending balance.

Delaware Reflects estimates presented in Governor's FY 2017 Recommended Budget.

Georgia Georgia is required by its constitution to maintain a balanced report. The fund balances for by FY 2016 and FY 2017 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; $10,000,000 for the STEM Action Center; $10,000,000 to the Higher Education Stabilization Fund (HESF) for tuition lock; $5,000,000 to HESF for Eastern Idaho Community College; $50,000,000 to the Fire Suppression Fund for anticipated fire suppression costs; $10,000,000 to Idaho Water Board for aquifer recharge; and $5,000,000 in reserve for the public defense reform efforts. Miscellaneous adjustments include: $28,669,000 for Tax Conformity, $21,165,900 for the cigarette and tobacco tax legislation, and $25,000 for other legislation with a fiscal impact.

Illinois Revenue adjustments include transfers in to the general fund. Expenditure adjustments include transfers out of the general fund, change in accounts payable, and the Governor's proposed FY17 Working Together/Executive Management Paths.

Indiana Expenditure adjustments include reversions from distributions, capital, and reconciliations; a transfer to the Major Moves 2020 trust fund; and state agency and university line item capital projects.

Iowa Revenue adjustments include an estimated $143.2 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 December 2016 REC estimate. Also included in revenue adjustments is a $48.5 million adjustment for the proposed legislative changes by the Governor. 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.

Kentucky	Revenue includes $87 million in Tobacco Settlement funds. Adjustment for Revenues includes $222.9 million that represents appropriation balances carried over from the prior fiscal year, and $62.0 million from fund transfers into the General Fund. Adjustment to Expenditures represents appropriation balances forwarded to the next fiscal year and budgeted balances to be expended in the next fiscal year.
Maine	Revenue and Expenditure adjustments reflect Legislatively authorized transfers. Rainy Day Fund balance reflects the total of the Budget Stabilization Fund ($111M) and the Reserve for Operating Capital ($7.4M).
Maryland	Adjustments to revenue include $17.1 million in tax credit reimbursements. Adjustments to expenditures include $31.4 million in agency spending reversions.
Michigan	Fiscal 2017 revenue adjustments include the impact of federal and state law changes (-$1,122.6 million); revenue sharing payments to local government units (-$474.2 million); deposits from restricted funds ($104.7 million); payment of tax vouchers (-$30.5 million); and proposed insurance tax credit clarifying amendments ($80.0 million).
Minnesota	Ending balance includes cash flow account of $350 million and a budget reserve of $1.596 billion. Does not include stadium reserve of $21.2 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. Among others, includes a $202 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. 2016 (subsequent to the time the Governor's budget recommendations upon which this survey response is based were presented) to reconsider its revenue forecasts for FY2016 and FY2017. The Board increased the General Fund revenue forecast for FY2016 by $17 million and increased the General Fund revenue forecast for FY2017 by $13 million at that time.
Nevada	Revenue adjustments are restricted revenue, reserve transfers and estimated reversions. Expenditure adjustments are restricted transfers.
New Hampshire	The State of New Hampshire enacts the operating budget on a biennial basis. The operating budget for both State FY 2016 and FY 2017 were adopted into law as Chapters 274, 275, and 276 Laws of FY 2015. Questions in this survey which seek responses to FY 2017 as "Governor's recommendations or proposed", actually are answered in the context of the State's budget for FY 2017 having been enacted into law. Expenditure Adjustments: The enacted FY 2017 budget anticipates moving $85.7 million to the Education Trust Fund and $0.6 million to the Fish and Game fund at year end.
New Jersey	Revenue adjustments reflect transfers to other funds.
New Mexico	Revenue includes $54.2 million from the Tobacco Permanent Fund, and $9.0 million in revenue and reversions from the Appropriation Contingency Fund.
New York	The ending balance includes nearly $1.8 billion in rainy day reserve funds, $240 million reserved to cover costs of potential labor settlements to be reached in that year, $44 million in a community projects fund, $500 million reserved for debt reduction, $21 million reserved for litigation risks, and $555 million in proceeds from monetary settlements.
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 $592.2 decrease in anticipated revenues and a $497.6 million transfer from the budget stabilization fund to the general fund. Expenditure adjustments include a $122.5 million reduction in legislatively authorized appropriations for FY 2017 due to a 4.05 percent allotment.

Ohio	FY 2017 expenditures and revenue are based on H.B. 64 (FY2016–17 biennial budget), as amended by subsequent acts of the Ohio General Assembly. Estimated expenditures also include expenditures against prior year encumbrances as well as $189.6 million in transfers out of the GRF.
Oklahoma	No expenditures have been authorized by the Legislature at this time. The estimate assumes that all available revenues will be appropriated. Adjustments and rainy day fund balances cannot be estimated.
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 51% of the 2015–17 (Biennium) Legislatively Approved Budget.
Pennsylvania	Revenue adjustments include refunds lapses and adjustments to beginning balances. Expenditure adjustments include transfers to the Budget Stabilization Fund (rainy day).
Rhode Island	Adjustments to revenues reflect a transfer of $113.7 million to the Budget Reserve Fund.
South Carolina	Revenue Adjustments: Includes $124 in nonrecurring revenues from a legal settlement, $14 from Debt Service Lapse, and a reduction of $6.5 for income tax reduction in FY16. Expenditure Adjustments include FY15–16 Capital Reserve Funds transferred to State agencies.
Tennessee	Revenue adjustments include -$100.0 million transfer to Rainy Day Fund. Expenditure adjustments include: $355.9 million transfer to capital outlay projects fund; $133.8 million transfer to state office buildings and support facilities fund; $3.8 million transfer to debt service fund; and $1.0 million transfer to reserves for dedicated revenue appropriations. Ending balance includes $35.6 million undesignated balance.
Texas	Revenue adjustment of -$1,480m includes -$740.5m reserved for transfer to the Rainy Day Fund and -$740.5m reserved for transfer to the State Highway Fund.
Vermont	Adjustments — net transfer effect in/out of the General Fund
Washington	Revenue adjustments include fund transfers and other adjustments.
West Virginia	Revenues are FY 2017 Official Estimate. Expenditures are the Governor's FY 2017 General Revenue Fund anticipated total appropriations plus estimated 13th month expenditures of FY16 appropriations. Expenditure adjustment represents the amount estimated to be transferred to the Rainy Day Fund. The ending balance is mostly the historically carried forward reappropriation amounts that will remain and be reappropriated to the next fiscal year, the 13th month expenditures & unappropriated surplus balance.
Wisconsin	Revenue adjustments include Tribal Gaming, $24.7; and Other Revenue, $514.0. Expenditure adjustments include Transfers to Transportation fund, $39.5; Lapses, -$726.4; Sum Sufficient Reestimates, -$46.9; and Compensation Reserves, $18.6. Wisconsin does not make estimates on Rainy Day Balance.
Wyoming	Wyoming budgets on a biennial basis; to arrive at annual figures, certain assumptions and estimates were required. Adjustments -$66.9 for WYDOT severance taxes and FMR's and $475.1 transfer in from BRA

Notes to Table 6: General Fund Nominal Percentage Expenditure Change, Fiscal 2016 and Fiscal 2017

New York	General Fund growth includes the one-time transfer of approximately $4.6 billion in monetary settlements from the General Fund to the Dedicated Infrastructure Investment Fund, as well as the transfer of $850 million to fund the initial payment of a multi-year repayment agreement for prior-year OPWDD-related Federal Medicaid disallowances.
Ohio	Medicaid expansion was not funded through the General Revenue Fund (GRF) in fiscal 2015, but it is in fiscal 2016. This change is responsible for the majority of the fiscal 2016 growth. In addition, federal reimbursements for Medicaid expenditures funded from the GRF are deposited into the GRF. This will tend to make Ohio's GRF expenditures look higher relative to most states that don't follow this practice.

Notes to Table 7: States with Net Mid-Year Budget Cuts Made After the Fiscal 2016 Budget Passed

Kentucky The Governor's 2016–18 budget recommendation includes a proposal to reduce General Fund spending from appropriated amounts by $129.7 million. The purpose of the spending reductions is to enable the FY 2017 and FY 2018 proposed budget to make better progress in fully funding the unfunded pension liabilities.

Michigan Fiscal 2016 mid-year budget adjustments reflect changes in general fund spending from fiscal 2015. The majority of changes reflect funding decisions made during legislative deliberations and enactment of the fiscal 2016 budget; other changes reflect mid-year adjustment. Many mid-year adjustments reflect technical changes in spending and are not "cuts" per se. For example, general fund spending reductions create corresponding spending increases in other revenue sources without increasing the overall budget such as for K-12 education ($69.0 million) and Community Colleges ($36.0 million).

North Dakota ND's budget is based on a biennial period. This adjustment amount includes half of the 4.05 percent appropriation allotment for the biennium.

Notes to Table 8: Fiscal 2016 Mid-Year Budget Cuts by Program Area

Georgia Programs were not required to provide budgetary cuts for the mid-year.

Kentucky The Governor's 2016–18 budget recommendation includes a proposal to reduce General Fund spending from appropriated amounts by $129.7 million. The purpose of the spending reductions is to enable the FY 2017 and FY 2018 proposed budget to make better progress in fully funding the unfunded pension liabilities.

Michigan Many mid-year adjustments reflect technical changes in spending and are not "cuts" per se. For example, general fund spending reductions create corresponding spending increases in other revenue sources without increasing the overall budget such as for K-12 education ($69.0 million) and Community Colleges ($36.0 million).

North Dakota The Department of Public Instruction will receive $35.9 million from the foundation aid stabilization fund to offset general fund losses for school aid, transportation, and special education.

Notes to Table 9: Fiscal 2016 Mid-Year Program Area Adjustments by Dollar Value

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

Iowa Governor Branstad recommended FY2016 supplemental appropriations for the following areas: $67.0 million for Medicaid, $3.0 million for State Public Defender/Indigent Defense, $1.9 million to Corrections and $0.7 million to the Department of Administrative Services for utility cost increases.

Kentucky The Governor's 2016–18 budget recommendation includes a proposal to reduce General Fund spending from appropriated amounts by $129.7 million. The purpose of the spending reductions is to enable the FY 2017 and FY 2018 proposed budget to make better progress in fully funding the unfunded pension liabilities.

Maryland The Governor proposed $179.1 million in additional spending for FY 2016 in January 2016 that will be finalized by the legislature in April 2016.

Michigan Fiscal 2016 mid-year budget adjustments reflect changes in general fund spending from fiscal 2015. The majority of changes reflect funding decisions made during legislative deliberations and enactment of the fiscal 2016 budget; other changes reflect mid-year adjustment. Many mid-year adjustments reflect technical changes in spending and are not "cuts" per se. For example, general fund spending reductions create corresponding spending increases in other revenue sources without increasing the overall budget such as for K-12 education ($69.0 million) and Community Colleges ($36.0 million).

New York Changes to cash projections have been used to illustrate changes in spending levels and changes in projected receipts. Transfer changes resulting from the movement of proceeds from financial settlements to dedicated capital projects funds drive significant changes in the All Other category.

North Dakota ND's budget is based on a biennial period. This adjustment amount includes half of the 4.05 percent appropriation allotment for the biennium. The Department of Public Instruction will receive $35.9 million from the foundation aid stabilization fund to offset general fund losses for school aid, transportation, and special education.

Oregon These adjustments were made during the February 2016 Legislative Session and are for the full 2015–17 biennium and not limited to a single fiscal year.

Pennsylvania The Commonwealth of Pennsylvania did not have enacted appropriations for the 2015–16 fiscal year until December, 2015. In addition, the budget was amended with a supplemental bill in March, 2016. This data includes the amounts of the enacted 2015–16 budget over the enacted 2014–15 amounts.

Washington Legislature has yet to finish the budget.

Notes to Table 10: Fiscal 2017 Recommended Budget Cuts by Program Area

Kentucky The Governor's recommendation incorporated budget reductions for many agencies in fiscal year 2017, up to 9%, to generate sufficient funds for unfunded pension liabilities. The Other category in Table 11 reflects a net positive increase in general fund spending as large portions of the increase in funding for pensions is contained within that category.

Michigan The reported decrease of $389.6 million for transportation reflects passage of the 2015 road funding package thereby eliminating one-time general fund revenue support for fiscal 2017.

Notes to Table 11: Fiscal 2017 Recommended Program Area Adjustments by Dollar Value

California K-12 Education: The Governor's Budget includes a proposal to consolidate over $900 million in preschool services into a pre-kindergarten early education block grant. The $900 million was previously categorized as "Day Care Programs" for NASBO reporting purposes and removed from total education funding. For the 2016 *Spring NASBO Survey*, the early education block grant funding of $1.6 billion ($900 million preschool and $700 million transitional kindergarten) will be included in K-12 education funding.

Colorado Reflects General Assembly's Joint Budget Committee budget introduced March 2016.

Connecticut The Medicaid appropriation in the Department of Social Services (DSS) is "net funded" while other Medicaid expenditures remain gross funded.

Illinois FY16 base for comparison is FY16 working estimate. Final FY16 appropriations have not been enacted. FY17 recommendations do not reflect changes under the Governor's Working Together/Executive Management (Unbalanced Budget Response Act) Paths.

Kentucky The Governor's recommendation incorporated budget reductions for many agencies in fiscal year 2017, up to 9%, to generate sufficient funds for unfunded pension liabilities. The Other category here reflects a net positive increase in general fund spending as large portions of the increase in funding for pensions is contained within that category.

Massachusetts Adjustment includes $41 million in off-budget dedicated sales tax revenue for transportation.

Michigan Fiscal 2017 budget adjustments reflect recommended changes in general fund spending from original fiscal 2016 appropriations, adjusted for enacted supplemental funding as of 1/28/2016. Fiscal 2016 general fund budget adjustments for K-12 education are not reported since general fund and restricted School Aid Fund revenues are used interchangeably. Reporting only general fund budget adjustments fails to recognize the combined effect of general fund and School Aid Fund budget adjustments for K-12 education. The reported decrease of $389.6 million for transportation reflects passage of the 2015 road funding package thereby eliminating one-time general fund revenue support for fiscal 2017.

Nebraska The fiscal 2017 budget adjustments recommended by the Governor for K-12 Education was influenced largely by an estimate of state funding needed for the state's school aid formula (aka TEEOSA) provided by the state Department of Education which represented an $18 million reduction to the previously enacted FY2017 appropriation. Subsequent to completion of the Governor's recommendations, a revised estimate resulted in a $5.6 million increase, or 0.6% increase over FY2017, for TEEOSA.

New Hampshire The State of New Hampshire enacts the operating budget on a biennial basis. The operating budget for both State FY 2016 and FY 2017 were adopted into law as Chapters 274, 275, and 276 Laws of FY 2015. Questions in this survey which seek responses to FY 2017 as "Governor's recommendations or proposed", actually are answered in the context of the State's budget for FY 2017 having been enacted into law.

New York Changes to cash projections have been used to illustrate changes in spending levels and changes in projected receipts. Transfer changes resulting from the movement of proceeds from financial settlements to dedicated capital projects funds drive significant changes in the All Other category.

North Carolina Governor Pat McCrory's recommended budget will not be complete until late April 2016. The NC Office of State Budget and Management is working with the Governor to identify his recommended adjustments to the 2016–17 fiscal year budget.

North Dakota ND's budget is based on a biennial period. This adjustment amount includes half of the 4.05 percent appropriation allotment for the biennium. The Department of Public Instruction will receive $35.9 million from the foundation aid stabilization fund to offset general fund losses for school aid, transportation, and special education.

Ohio Figures reflect enacted budget adjustments for fiscal 2017, based on fiscal 2016–2017 biennial budget. The year-over-year Medicaid increase includes both federal and state general fund appropriations, as federal reimbursements for Medicaid expenditures funded from the GRF are deposited into the GRF. This will tend to make Ohio's GRF expenditures look higher relative to most states that don't follow this practice.

Vermont Other expenditures include increases for public safety and the state policy, state employee contract costs, and debt service.

Notes to Table 12: Strategies Used to Manage Budget, Fiscal 2016

Alabama Other — Cigarette Tax Increase

California Other — Zero-Based Budget Analysis, Work Study Analysis

Hawaii Other — Prior year fund balance

Iowa During the 2015 Legislative Session, a 10 cent increase in the gasoline tax was passed and signed by the Governor, with a start date of March 1, 2015. This increase in tax is constitutionally protected and is deposited into the Road Use Tax Fund for road maintenance and projects.

Maine Other— Increase the attrition rate from 1.6% to 3%; eliminate vacant positions.

Massachusetts Other — Level funded most spending accounts, conducted a hiring freeze, and instituted payroll caps.

Nebraska Other — 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 Mexico Medicaid and Developmental Disability Services were excluded from FY16 ATB cuts.

Ohio Targeted cuts reflect prioritization of budget decisions. Other — Medicaid cost containment.

Oklahoma Other — Revolving fund reconciliations

Tennessee Other — Agency Reserves, Carryforwards, and Overappropriation Increase

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 2017

Alaska	Other — Use earnings from the Alaska Permanent Fund
California	Other — Zero-Based Budget Analysis, Work Study Analysis
Colorado	Targeted cuts — Reduction to HUTF, hospital provider fee reductions which lower TABOR refunds out of the General Fund.
Delaware	Other — Enhanced Collection Efforts
Hawaii	Other — Prior year fund balance
Illinois	FY17 included expenditure reductions or revenue increases via proposed Working Together/Executive Management (Unbalanced Budget Response Act) Paths. Procurement, pension and other reforms were proposed to achieve savings.
Iowa	During the 2015 Legislative Session, a 10 cent increase in the gasoline tax was passed and signed by the Governor, with a start date of March 1, 2015. This increase in tax is constitutionally protected and is deposited into the Road Use Tax Fund for road maintenance and projects.
Maine	Other — Increase the attrition rate from 1.6% to 3%; eliminate vacant positions.
Massachusetts	Other — Level funded most spending accounts, conducted a hiring freeze, and instituted payroll caps.
Mississippi	Other — State Department of Revenue hiring additional auditors to increase revenue.
Nebraska	Other — 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 York	The Executive Budget for FY 2017 proposes limiting annual growth in State spending consistent with the spending benchmark adopted in 2012. Budgetary Projections reflect savings estimated to occur if the Governor continues to propose, and the legislature continues to enact, a balanced budget in future years.
Ohio	Targeted cuts reflect prioritization of budget decisions. Other — Medicaid cost containment.
Oklahoma	Other — Sales Tax code modernization; Increased Cigarette Tax rate; Reconciliation and certification of agency revolving funds; Non-appropriated agency revenue sharing; other certification reform; elimination of income tax double deduction provision; apportionment reform; elimination of pass-through appropriations; requiring reconciliation of employee withholding reports
Tennessee	Other — Base Budget Reductions

STATE REVENUE DEVELOPMENTS

CHAPTER TWO

Overview

States forecast that general fund revenue collections will increase modestly in fiscal 2017, marking a seventh consecutive annual increase. General fund revenue growth slowed considerably in fiscal 2016 relative to the fairly robust revenue gains that most states made in fiscal 2015 as a result of the strong stock market performance in calendar year 2014. The slower growth estimated for fiscal 2016 is expected to continue into fiscal 2017, with 36 states projecting general fund revenue growth of 4 percent or below, including three states forecasting revenue declines. While most states have seen fairly steady, stable revenue growth for the past couple years, energy-producing states have experienced declines due to the effects of falling oil prices on severance tax revenues and their state economies. In fiscal 2016, among the eight states with general fund revenue declines, six are energy-producing states.

Despite weaker revenue performance, estimated general fund revenues for fiscal 2016 are on track to surpass the pre-recession peak reached in fiscal 2008 after adjusting for inflation for the first time, due in part to the effectively flat inflation rate for the current fiscal year. Fiscal 2008 general fund revenues totaled $780.4 billion in inflation-adjusted terms.[7] While a slim majority of states (27) estimate general fund revenues in fiscal 2016 above their fiscal 2008 real levels, 10 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 states.

Besides the impact of low oil prices on energy-producing states, other factors also help to explain the variation across states with regard to revenue performance, including differences in tax policies and structures, variations in economic growth, and population and other demographic changes. Looking ahead to fiscal 2017, most governors are recommending modest tax and fee changes, if any, and preparing for another year of slower than average revenue growth with limited new spending proposals.

Revenues

According to governors' budget proposals, aggregate general fund revenues are projected to reach $810.1 billion in fiscal 2017, 2.9 percent greater than revenues collected in fiscal 2016. Fiscal 2016 general fund revenues are estimated to end the current fiscal year totaling $787.1 billion, up $21 billion or 2.8 percent from the $766.1 billion collected by states in fiscal 2015.

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 five years of improvement, nominal general fund revenues are estimated to end fiscal 2016 up $177.2 billion, or 29 percent, over collections in fiscal 2010 (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 4.9 percent 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 Table 14)*

Estimated Collections in Fiscal 2016

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 close to original projections used to enact fiscal 2016 budgets. State-by-state, collections compared to projections were fairly mixed. Twenty-four states reported that fiscal 2016 revenue collections were higher than originally forecasted, seven states reported that collections were on target, and 19 states reported collections coming in below original projections. Compared to states' more recent revenue projections for fiscal 2016, 11 states see revenues coming in above projections, 20 states are on target, and 19 states are below forecast. Similar numbers were reported in NASBO's Spring *2015 Fiscal Survey of States,* when 30 states reported that revenue collections were meeting or exceeding original revenue forecasts and 19 states reported that fiscal 2015 collections were below original forecasts. However, in fiscal 2015, many states had strong income tax

[7] 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, 2016), is used for inflation adjustments. Quarterly averages are used to calculate fiscal year inflation rates

collections in April that ultimately helped them meet or exceed their original forecasts. As reported in NASBO's *Fall 2015 Fiscal Survey*, state general fund collections ended fiscal 2015 higher than projections in 39 states, on target in three states, and lower in seven states. This year, states were not anticipating a similar positive "April surprise" to bolster their tax collections. Since data for this survey were collected, some states' revenue performance compared to forecast may have changed. NASBO's *Fall 2016 Fiscal Survey* will provide an update on how actual fiscal 2016 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 projected to be $646.5 billion in fiscal 2016, or 3.2 percent above fiscal 2015 levels. Specifically, fiscal 2016 sales tax collections are estimated to be 3.5 percent higher than fiscal 2015 collections, personal income tax collections are estimated to be 3.6 percent higher, and corporate income tax collections are expected to be 1.2 percent lower. *(See Tables 19 and 20)*

Forecasted Collections in Fiscal 2017

Governors' proposed budgets for fiscal 2017 project continued modest growth in sales, personal income and corporate income taxes. Combined collections from these three sources of revenue are forecasted to be $672.0 billion in fiscal 2017, a 3.9 percent increase compared to estimated fiscal 2016. Compared to estimated fiscal 2016 collections, fiscal 2017 sales tax revenues are forecasted to grow 4.4 percent, personal income tax collections are projected to be 3.9 percent higher and corporate income tax collections are expected to increase by 1.6 percent. *(See Tables 19 and 20)*

TABLE 14

State Nominal and Real Annual Revenue Increases, Fiscal 1979 to Fiscal 2017

	State General Fund	
Fiscal Year	Nominal Increase	Real Increase
2017	2.9%	
2016	2.8	2.8
2015	4.9	3.9
2014	1.9	-0.2
2013	7.1	5.2
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
1979-2016 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, 2016), is used for state revenues in determining real changes. Fiscal Year real changes are based on quarterly averages. Fiscal 2015 figures are based on the change from fiscal 2014 actuals to fiscal 2015 actuals. Fiscal 2016 figures are based on the change from fiscal 2015 actuals to fiscal 2016 estimated figures. Fiscal 2017 figures are based on the change from fiscal 2016 estimated figures to fiscal 2017 recommended.

TABLE 15

State General Fund Revenue Growth, Fiscal 2016 and 2017

Spending Growth	Fiscal 2016 (Estimated)	Fiscal 2017 (Recommended)
0% or less	8	3
> 0.0% but < 5.0%	32	40
> 5.0% but < 10.0%	7	4
10% or more	3	3

NOTE: Average revenue growth for fiscal 2016 (estimated) is 2.8 percent; average revenue growth for fiscal 2017 (recommended) is 2.9 percent. See Table 16 for state-by-state data.

TABLE 16

General Fund Nominal Percentage Revenue Change, Fiscal 2016 and Fiscal 2017**

State	Fiscal 2016	Fiscal 2017
Alabama	1.0%	3.3%
Alaska	-29.4	12.8
Arizona	5.2	1.5
Arkansas	2.6	2.7
California	5.6	2.6
Colorado	1.5	5.8
Connecticut	3.8	1.2
Delaware	2.1	0.0
Florida	1.8	4.0
Georgia	5.8	4.2
Hawaii	6.9	3.2
Idaho	3.8	4.9
Illinois	-8.7	2.6
Indiana	0.1	2.7
Iowa	3.3	4.0
Kansas	5.6	3.0
Kentucky	3.5	3.1
Louisiana	-2.6	0.3
Maine	0.8	0.0
Maryland	3.2	3.8
Massachusetts	6.8	2.8
Michigan	3.0	3.2
Minnesota	1.8	2.4
Mississippi	1.1	3.4
Missouri	2.8	4.1
Montana	2.9	4.1
Nebraska	2.2	3.6
Nevada	11.2	1.0
New Hampshire	0.9	1.8
New Jersey	1.1	3.1
New Mexico	-2.9	4.7
New York	3.5	-2.1
North Carolina	1.3	1.3
North Dakota	4.6	1.1
Ohio	10.4	5.0
Oklahoma	0.1	-16.4
Oregon	4.3	3.9
Pennsylvania	3.1	7.9
Rhode Island	-1.2	3.1
South Carolina	1.2	5.8
South Dakota	4.0	11.2
Tennessee	1.6	2.2
Texas	-1.7	4.4
Utah	12.8	-2.6
Vermont	2.5	3.9
Virginia	3.0	12.3
Washington	6.0	2.7
West Virginia	-5.8	9.5
Wisconsin	4.4	3.2
Wyoming	-32.8	2.8
Average	**2.8%**	**2.9%**
Median	2.8%	3.1%

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

TABLE 17
General Fund Revenue Collections Compared to Projections, Fiscal 2016

	Original Fiscal 2016			Most Recent Fiscal 2016		
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	**7**	**19**	**24**	**20**	**19**	**11**

*NOTES: Original Fiscal 2016 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 2016 budget. Most Recent Fiscal 2016 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 April 2015 to March 2016. *See Notes to Table 17 on page 50..*

TABLE 18

Fiscal 2016 Tax Collections Compared With Projections Used in Adopting Fiscal 2016 Budgets (Millions)**

	Sales Tax		Personal Income Tax		Corporate Income Tax	
State	Original Estimate	Current Estimate	Original Estimate	Current Estimate	Original Estimate	Current Estimate
Alabama	$2,217	$2,221	$3,419	$3,545	$393	$402
Alaska	N/A	N/A	N/A	N/A	275	210
Arizona	4,336	4,336	3,950	3,950	705	705
Arkansas	2,273	2,305	3,092	3,132	476	469
California	25,166	25,246	75,213	81,354	10,173	10,304
Colorado	2,814	2,682	6,555	6,491	751	638
Connecticut	4,121	4,210	9,834	9,395	902	950
Delaware	N/A	N/A	1,297	1,307	154	190
Florida	22,088	22,086	N/A	N/A	2,235	2,110
Georgia	5,594	5,433	9,884	10,154	996	990
Hawaii	3,181	3,198	1,915	2,086	100	83
Idaho	1,270	1,279	1,489	1,524	213	217
Illinois	8,204	8,140	12,299	12,335	2,334	2,275
Indiana	7,505	7,346	5,122	5,250	985	979
Iowa	2,877	2,839	4,437	4,502	610	500
Kansas	2,786	2,675	2,462	2,450	445	410
Kentucky	3,217	3,421	4,136	4,234	434	532
Louisiana	2,935	2,965	3,013	2,983	790	359
Maine	1,179	1,315	1,549	1,562	150	143
Maryland*	4,529	4,450	8,629	8,779	822	867
Massachusetts	6,010	6,162	14,728	14,868	2,165	2,170
Michigan	7,894	7,530	8,720	9,203	159	75
Minnesota	5,328	5,234	10,736	10,716	1,299	1,324
Mississippi	2,135	2,095	1,814	1,830	693	693
Missouri	2,032	2,033	6,023	6,216	340	409
Montana	66	66	1,230	1,230	180	180
Nebraska*	1,614	1,565	2,299	2,300	329	320
Nevada	1,057	1,057	N/A	N/A	N/A	N/A
New Hampshire	N/A	N/A	N/A	N/A	354	399
New Jersey	9,253	9,498	13,930	13,758	2,862	2,513
New Mexico	2,809	2,664	1,360	1,401	225	223
New York	12,649	12,440	47,075	47,093	5,897	6,202
North Carolina	6,744	6,510	11,303	11,839	1,085	1,030
North Dakota	1,378	1,033	371	352	186	96
Ohio	10,373	10,373	8,093	8,017	1,282	1,281
Oklahoma	2,134	1,876	2,076	1,971	250	281
Oregon	N/A	N/A	7,660	7,716	540	596
Pennsylvania	9,825	9,863	12,708	13,002	2,832	2,812
Rhode Island	970	981	1,216	1,215	136	154
South Carolina	2,764	2,799	3,252	3,367	307	343
South Dakota	869	867	N/A	N/A	N/A	N/A
Tennessee	7,894	8,008	268	326	1,938	2,116
Texas	29,621	29,144	N/A	N/A	N/A	N/A
Utah	1,800	1,780	3,163	3,321	381	390
Vermont	382	378	764	761	98	104
Virginia	3,401	3,398	12,759	12,778	827	753
Washington	9,287	9,416	N/A	N/A	N/A	N/A
West Virginia	1,270	1,230	1,861	1,790	173	142
Wisconsin	5,054	5,051	7,859	7,810	994	990
Wyoming	534	467	N/A	N/A	N/A	N/A
Total* **	**$251,438**	**$249,665**	**$339,558**	**$347,910**	**$49,473**	**$48,927**

*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 50. **Unless otherwise noted, original estimates reflect the figures used when the fiscal 2016 budget was adopted, and current estimates reflect preliminary actual tax collections. ***Totals include only those states with data for both fiscal 2016 projections and actual collections.*

TABLE 19

Comparison of Tax Collections in Fiscal 2015, Fiscal 2016, and Recommended Fiscal 2017**

	Sales Tax			Personal Income Tax			Corporate Income Tax		
State	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2015	Fiscal 2016	Fiscal 2017
Alabama	$2,163	$2,221	$2,296	$3,332	$3,545	$3,522	$492	$402	$422
Alaska	N/A	N/A	N/A	N/A	N/A	N/A	231	210	265
Arizona	4,191	4,336	4,504	3,761	3,950	4,160	663	705	650
Arkansas	2,198	2,305	2,396	3,189	3,132	3,221	493	469	462
California	23,709	25,246	25,942	76,079	81,354	83,841	9,007	10,304	10,956
Colorado	2,619	2,682	2,833	6,350	6,491	6,949	693	638	674
Connecticut	4,205	4,210	4,092	9,151	9,395	9,829	815	950	905
Delaware	N/A	N/A	N/A	1,252	1,307	1,361	270	190	192
Florida	21,063	22,086	23,243	N/A	N/A	N/A	2,236	2,110	2,164
Georgia	5,390	5,433	5,659	9,679	10,154	10,716	1,001	990	1,023
Hawaii	2,993	3,198	3,367	1,988	2,086	2,166	52	83	87
Idaho	1,219	1,279	1,345	1,471	1,524	1,606	215	217	222
Illinois	8,030	8,140	8,310	15,433	12,335	12,618	2,686	2,275	2,343
Indiana	7,195	7,346	7,665	5,233	5,250	5,372	1,094	979	966
Iowa	2,753	2,839	2,915	4,207	4,502	4,708	576	500	495
Kansas	2,485	2,675	2,775	2,278	2,450	2,485	417	410	420
Kentucky	3,267	3,421	3,540	4,070	4,234	4,411	528	532	579
Louisiana	2,701	2,965	3,771	2,886	2,983	3,071	300	359	424
Maine	1,244	1,315	1,388	1,522	1,562	1,480	169	143	156
Maryland*	4,351	4,450	4,602	8,346	8,779	9,273	777	867	876
Massachusetts	5,774	6,162	6,550	14,449	14,868	15,529	2,172	2,170	2,232
Michigan	7,246	7,530	7,772	8,980	9,203	9,516	442	75	399
Minnesota	5,131	5,234	5,485	10,403	10,716	11,146	1,455	1,324	1,227
Mississippi	2,034	2,095	2,179	1,743	1,830	1,903	714	693	635
Missouri	1,988	2,033	2,102	5,948	6,216	6,521	436	409	381
Montana	64	66	60	1,176	1,230	1,307	173	180	157
Nebraska	1,535	1,565	1,620	2,206	2,300	2,415	347	320	315
Nevada	995	1,057	1,115	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	354	399	399
New Jersey	9,146	9,498	9,800	13,250	13,758	14,425	2,866	2,513	2,513
New Mexico	2,656	2,664	2,829	1,340	1,401	1,455	255	223	220
New York	12,137	12,440	12,966	43,710	47,093	49,960	6,265	6,202	5,776
North Carolina	6,252	6,510	6,748	11,079	11,839	11,720	1,328	1,030	948
North Dakota	1,266	1,033	1,092	536	352	357	196	96	73
Ohio*	9,960	10,373	10,864	8,507	8,017	8,483	854	1,281	1,332
Oklahoma	2,020	1,876	1,905	2,161	1,971	1,752	304	281	284
Oregon	N/A	N/A	N/A	7,330	7,716	7,976	622	596	538
Pennsylvania	9,493	9,863	10,629	12,107	13,002	13,967	2,812	2,812	2,877
Rhode Island	963	981	1,018	1,228	1,215	1,264	148	154	164
South Carolina	2,657	2,799	2,875	3,661	3,367	3,398	378	343	342
South Dakota	837	867	1,007	N/A	N/A	N/A	N/A	N/A	N/A
Tennessee*	7,706	8,008	8,280	303	326	341	2,165	2,116	2,152
Texas	28,787	29,144	30,546	N/A	N/A	N/A	N/A	N/A	N/A
Utah	1,715	1,780	1,852	3,158	3,321	3,467	374	390	400
Vermont	365	378	392	706	761	794	122	104	93
Virginia	3,235	3,398	3,529	12,329	12,778	13,162	832	753	778
Washington	8,793	9,416	9,755	N/A	N/A	N/A	N/A	N/A	N/A
West Virginia	1,228	1,230	1,319	1,837	1,790	1,935	186	142	166
Wisconsin	4,892	5,051	5,218	7,326	7,810	8,050	1,005	990	1,045
Wyoming	544	467	471	N/A	N/A	N/A	N/A	N/A	N/A
Total* **	**$241,194**	**$249,665**	**$260,618**	**$335,696**	**$347,910**	**$361,632**	**$49,517**	**$48,927**	**$49,727**

*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 50. **Unless otherwise noted, fiscal 2015 figures reflect actual tax collections, fiscal 2016 figures reflect estimated tax collections, and fiscal 2017 figures reflect the estimates based on governors' recommended budgets. ***Totals include only those states with data for all years.*

TABLE 20

Percentage Changes in Tax Collections in Fiscal 2015, Fiscal 2016, and Recommended Fiscal 2017**

	Sales Tax			Personal Income Tax			Corporate Income Tax		
State	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2015	Fiscal 2016	Fiscal 2017
Alabama	4.2%	2.7%	3.4%	4.1%	6.4%	-0.7%	30.1%	-18.2%	4.8%
Alaska	N/A	N/A	N/A	N/A	N/A	N/A	-43.3	-9.2	26.5
Arizona	5.1	3.5	3.9	8.6	5.0	5.3	15.3	6.3	-7.7
Arkansas	1.1	4.9	3.9	2.5	-1.8	2.8	12.0	-4.9	-1.4
California	6.5	6.5	2.8	13.5	6.9	3.1	-0.9	14.4	6.3
Colorado	8.4	2.4	5.6	11.5	2.2	7.1	-3.9	-7.9	5.5
Connecticut	2.5	0.1	-2.8	5.0	2.7	4.6	4.2	16.6	-4.8
Delaware	N/A	N/A	N/A	5.4	4.4	4.1	164.2	-29.5	1.3
Florida	6.9	4.9	5.2	N/A	N/A	N/A	9.5	-5.7	2.6
Georgia	5.2	0.8	4.2	8.0	4.9	5.5	6.0	-1.0	3.3
Hawaii	5.9	6.8	5.3	13.9	4.9	3.9	-40.0	58.1	4.6
Idaho	6.4	5.0	5.2	10.6	3.6	5.4	14.4	0.5	2.6
Illinois	4.6	1.4	2.1	-7.3	-20.1	2.3	-15.1	-15.3	3.0
Indiana	3.9	2.1	4.4	6.8	0.3	2.3	3.7	-10.5	-1.3
Iowa	4.2	3.1	2.7	5.8	7.0	4.6	4.9	-13.2	-1.0
Kansas	1.6	7.6	3.7	2.7	7.6	1.4	4.4	-1.7	2.4
Kentucky	4.3	4.7	3.5	8.5	4.0	4.2	11.2	0.7	9.0
Louisiana	3.1	9.8	27.2	4.9	3.4	3.0	-8.9	19.7	17.9
Maine	7.5	5.8	5.5	8.2	2.6	-5.2	-7.7	-15.6	9.5
Maryland	5.0	2.3	3.4	7.4	5.2	5.6	2.1	11.5	1.1
Massachusetts	5.1	6.7	6.3	9.4	2.9	4.4	6.0	-0.1	2.9
Michigan	-1.5	3.9	3.2	12.0	2.5	3.4	221.4	-83.0	432.4
Minnesota	1.8	2.0	4.8	7.7	3.0	4.0	13.9	-9.0	-7.4
Mississippi	4.1	3.0	4.0	4.6	5.0	4.0	5.5	-3.0	-8.3
Missouri	3.3	2.3	3.4	10.1	4.5	4.9	10.0	-6.2	-6.8
Montana	0.5	3.5	-8.9	10.6	4.6	6.3	17.1	4.2	-12.9
Nebraska	0.7	1.9	3.5	7.0	4.3	5.0	13.0	-7.6	-1.6
Nevada	2.8	6.3	5.5	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	2.8	12.7	0.0
New Jersey	3.4	3.8	3.2	7.6	3.8	4.8	24.7	-12.3	0.0
New Mexico	5.6	0.3	6.2	6.8	4.6	3.9	29.3	-12.4	-1.3
New York	3.0	2.5	4.2	1.7	7.7	6.1	3.6	-1.0	-6.9
North Carolina	12.3	4.1	3.7	7.8	6.9	-1.0	-2.2	-22.4	-7.9
North Dakota	4.4	-18.4	5.7	4.1	-34.3	1.6	-18.2	-50.8	-24.3
Ohio*	8.7	4.1	4.7	5.5	-5.8	5.8	7.5	50.0	4.0
Oklahoma	3.1	-7.1	1.5	6.5	-8.8	-11.1	-1.0	-7.5	1.2
Oregon	N/A	N/A	N/A	10.6	5.3	3.4	25.7	-4.1	-9.8
Pennsylvania	4.0	3.9	7.8	5.9	7.4	7.4	12.4	0.0	2.3
Rhode Island	5.2	1.8	3.7	10.0	-1.0	4.0	29.6	3.7	6.6
South Carolina	5.6	5.4	2.7	25.3	-8.0	0.9	31.1	-9.2	-0.2
South Dakota	1.6	3.6	16.1	N/A	N/A	N/A	N/A	N/A	N/A
Tennessee	5.8	3.9	3.4	26.8	7.3	4.7	16.5	-2.3	1.7
Texas	5.1	1.2	4.8	N/A	N/A	N/A	N/A	N/A	N/A
Utah	3.5	3.8	4.0	9.3	5.2	4.4	19.3	4.4	2.4
Vermont	3.1	3.8	3.6	5.2	7.8	4.3	28.6	-14.5	-11.1
Virginia	5.5	5.0	3.9	9.6	3.6	3.0	9.8	-9.5	3.3
Washington	6.8	7.1	3.6	N/A	N/A	N/A	N/A	N/A	N/A
West Virginia	0.5	0.1	7.2	3.8	-2.6	8.1	-8.6	-23.7	16.9
Wisconsin	5.7	3.2	3.3	3.7	6.6	3.1	3.9	-1.5	5.6
Wyoming	4.4	-14.2	0.8	N/A	N/A	N/A	N/A	N/A	N/A
Total	**5.0%**	**3.5%**	**4.4%**	**7.5%**	**3.6%**	**3.9%**	**5.7%**	**-1.2%**	**1.6%**

*NOTES: NA indicates data are not available because, in most cases, these states do not have that type of tax. *See Notes to Table 20 on page 50. **Unless otherwise noted, fiscal 2015 figures reflect actual tax collections, fiscal 2016 figures reflect estimated collections, and fiscal 2017 figures reflect the estimates used in governors' recommended budgets.*

Recommended Fiscal 2017 Revenue Changes

State governors recommended a mix of mostly modest tax increases and decreases in their fiscal 2017 budgets. Governors in 13 states have proposed net tax and fee increases, while governors in 15 states proposed net decreases, resulting in a net tax increase of $3.2 billion. This net change is primarily driven by recommended revenue changes in Pennsylvania, where the governor has proposed roughly $2.7 billion in tax increases on sales, personal income, cigarettes, and other items. Louisiana's governor also recommended increasing the state sales tax rate, with an estimated revenue impact of $1.2 billion for fiscal 2017. Meanwhile, the states with the largest proposed tax decreases include Ohio's continued phase-in of personal income tax cuts as well as sales and corporate income tax reductions in Florida.

Similar to recent years, increases were more commonly proposed for general sales taxes, cigarette taxes, and motor fuel taxes, while governors were more likely to propose decreases to personal income taxes. *(See Tables 21 and 22, Figure 3 and Appendix A-1)* As reported in NASBO's *Fall 2015 Fiscal Survey*, in fiscal 2016, states similarly enacted a mix of revenue increases and decreases, resulting in a modest net increase in taxes and fees of $546 million. Specifically, 22 states enacted a net increase, and 18 states enacted net decreases in revenues. This marked a departure from fiscal 2014 and fiscal 2015, when states enacted net revenue cuts of roughly $2 billion in each of those years. It should be noted that tax changes in recent years have been fairly modest, especially when considered in relation to the overall level of state general fund revenues. The net increase of $3.2 billion in taxes and fees recommended in fiscal 2017 represents just 0.4 percent of the $810.1 billion in general fund revenues projected for the fiscal year.

In addition to these tax and fee changes, state governors also recommended new revenue measures totaling $3.3 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 transition the Permanent Fund to an endowment-style fund, as well as to divert oil and gas taxes and royalties to the Permanent Fund, account for the vast majority of the general fund revenue impact of fiscal 2017 revenue measures reported by states. *(See Appendix A-2)*

It should be noted that 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). Prior to this change, the question was open to interpretation, and while some states included tax changes to other state fund sources, many limited reporting to changes impacting the general fund only. While for the most part this report focuses exclusively on state general fund spending and revenues, in this case, NASBO chose to also collect data on revenue changes impacting other state funds to capture important revenue actions in areas such as motor fuel taxation (most states tend to rely on other state funds primarily to finance transportation). 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.

In their fiscal 2017 budget proposals, governors recommended net increases in sales taxes ($1.8 billion), cigarette and tobacco taxes ($979 million), motor fuel taxes ($443 million), other taxes ($659 million), alcohol taxes ($61 million) and fees ($185 million). Governors proposed net decreases in personal income taxes (-$428 million) and corporate income taxes (-$435 million).

Sales Taxes—Eight states recommended sales tax increases and five proposed decreases in their fiscal 2017 budgets. The result is a net revenue increase of $1.8 billion. Much of this change is due to a proposed increase in the sales tax rate in Louisiana. Pennsylvania also recommended broadening the sales tax base. All changes reported impact the general fund.

Personal Income Taxes—Three states proposed a personal income tax increase, while 11 states recommended decreases, resulting in a net decrease of $428 million. 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 seven proposed decreases in their fiscal 2017 budgets for a net decrease of $435 million. A new tax exemption for manufacturers and retailers proposed in Florida was the largest change contributing to the net decrease. All changes reported impact the general fund.

Cigarette and Tobacco Taxes—Eight states proposed tax increases on cigarettes and tobacco products, resulting in a total increase of $979 million. A proposed increase in the cigarette tax rate in Pennsylvania accounted for about half the total estimated revenue impact. All changes reported affect the general fund, though a couple actions also have an impact on another state fund.

Motor Fuel Taxes—Three states reported a proposed increase to the motor fuel tax, while two states reported slight decreases, for a net gain of $443 million. The major ten-year transportation investment plan in Minnesota represents the largest revenue action proposed in fiscal 2017 in this category. Some of the changes reported in this category have no general fund impact.

Alcohol Taxes—Three states recommended small tax increases, while one state proposed a decrease, for a net increase of $61 million. All changes reported impact the general fund.

Other Taxes—Seven states recommended other tax increases, while two states proposed decreases in their fiscal 2017 budgets for a net increase of $659 million. Several proposed tax increases in Pennsylvania, including a new severance tax on natural gas extraction, account for most of the estimated revenue impact in this category. A couple small revenue changes in this category do not affect the general fund.

Fees—Six states proposed fee increases in their fiscal 2017 budget, and two states proposed a decrease for a net increase of $185 million. Many of the changes reported in this category do not impact the general fund.

Fiscal 2016 Mid-Year Revenue Changes

Twelve states enacted changes in taxes and fees in the middle of fiscal 2016, with five states enacting increases and seven states enacting decreases, for a total net revenue increase of $639 million. The most significant mid-year tax changes in terms of revenue impact include an increase in the state sales tax rate in Louisiana and Georgia's restructuring of the motor fuel tax into an excise tax only.

TABLE 21

Enacted State Revenue Actions Fiscal 1979 to Fiscal 2016, and Recommended State Revenue Actions, Fiscal 2017

Fiscal Year	Revenue Change (Billions)
2017	$3.2
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 2016 and Recommended State Revenue Actions, Fiscal 2017

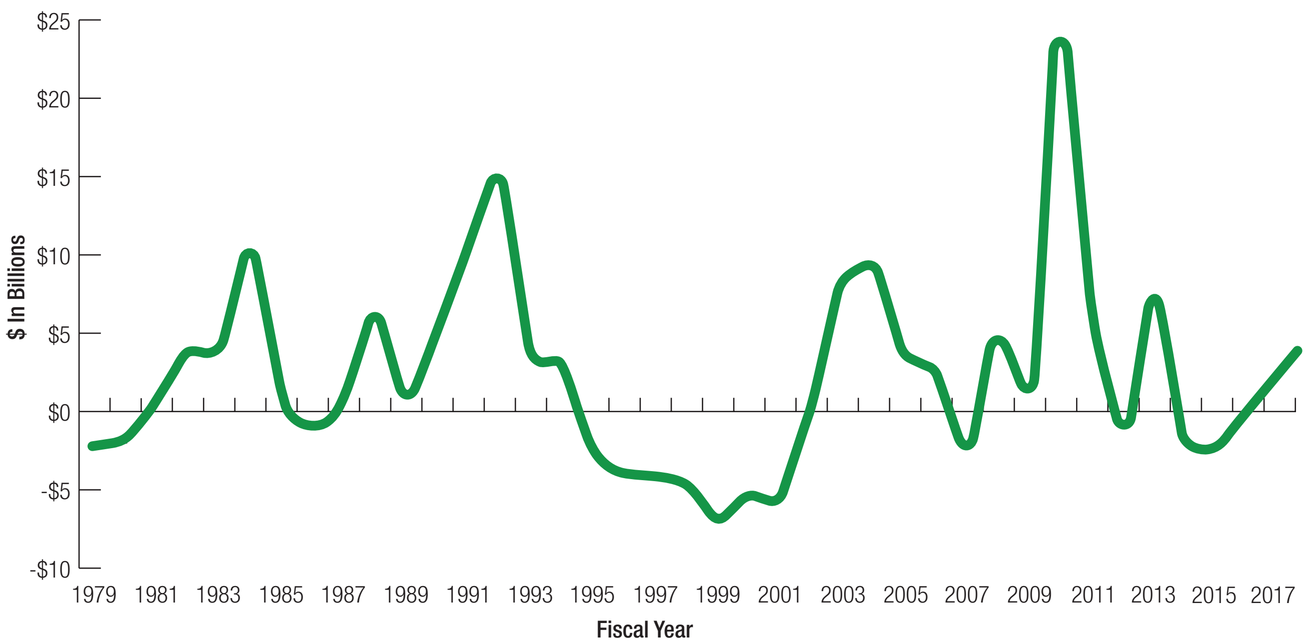

TABLE 22

Recommended Fiscal 2017 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		100.0		25.0	44.0	38.0	143.0	34.0	384.0
Arizona									0.0
Arkansas		-102.1							-102.1
California								TBD	0.0
Colorado									0.0
Connecticut								-5.5	-5.5
Delaware									0.0
Florida	-201.6		-384.9						-586.5
Georgia									0.0
Hawaii					65.4				65.4
Idaho			-28.7						-28.7
Illinois									0.0
Indiana*		-11.3	-2.0						-13.3
Iowa									0.0
Kansas	18.8	16.0	6.2			4.2			45.2
Kentucky									0.0
Louisiana	1169.7		10.3	48.2		19.6	13.3		1,261.1
Maine	149.9	-175.2							-25.3
Maryland	-0.7	-20.5	-2.5					-17.1	-40.8
Massachusetts		-78.0							-78.0
Michigan								16.1	16.1
Minnesota	3.3	-100.0	22.0	1.3	338.1		0.4	112.2	377.3
Mississippi									0.0
Missouri*									0.0
Montana									0.0
Nebraska									0.0
Nevada									0.0
New Hampshire									0.0
New Jersey									0.0
New Mexico									0.0
New York					-2.0	-1.0			-3.0
North Carolina									0.0
North Dakota*		-51.0	-26.5						-77.5
Ohio*	-5.1	-1136.1		170.0	-2.8		-2.3		-976.3
Oklahoma				181.6					181.6
Oregon									0.0
Pennsylvania	414.6	1294.4		468.1			544.8		2,721.9
Rhode Island		-2.7		7.1			22.0	9.8	36.2
South Carolina		-141.3							-141.3
South Dakota	106.8							8.2	115.0
Tennessee	-4.1		-11.8						-15.9
Texas									0.0
Utah									0.0
Vermont							17.0	27.6	44.6
Virginia		-19.7	-17.2						-36.9
Washington	67.0						34.0		101.0
West Virginia	60.0			78.0			-112.9		25.1
Wisconsin	-6.4								-6.4
Wyoming									0.0
Total	**$1,772.2**	**-$427.5**	**-$435.1**	**$979.3**	**$442.7**	**$60.8**	**$659.3**	**$185.3**	**$3,237.0**
# of Net Increases	**8**	**3**	**3**	**8**	**3**	**3**	**7**	**6**	**13**
# of Net Decreases	**5**	**11**	**7**	**0**	**2**	**1**	**2**	**2**	**15**

*NOTE: *See Notes to Table 22 on page 50. **See Appendix Table A-1 for details on specific revenue changes.*

TABLE 23

Fiscal 2016 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									0.0
Arkansas									0.0
California								TBD	0.0
Colorado									0.0
Connecticut*	3.6	0.0	-1.8				-1.5		0.3
Delaware									0.0
Florida									0.0
Georgia	-167.8				577.6		167.8		577.6
Hawaii									0.0
Idaho			-17.2						-17.2
Illinois									0.0
Indiana									0.0
Iowa									0.0
Kansas	3.4	5.7	1.1						10.2
Kentucky									0.0
Louisiana	285.2			11.6		4.8	0.8		302.4
Maine		-14.8	-4.2				-1.0		-20.0
Maryland									0.0
Massachusetts		-74.0					0.0		-74.0
Michigan									0.0
Minnesota									0.0
Mississippi									0.0
Missouri									0.0
Montana									0.0
Nebraska									0.0
Nevada								67.1	67.1
New Hampshire									0.0
New Jersey		-122.0							-122.0
New Mexico									0.0
New York									0.0
North Carolina									0.0
North Dakota									0.0
Ohio		-76.1					-1.5		-77.6
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			-4.3						-4.3
Washington									0.0
West Virginia									0.0
Wisconsin	-3.2								-3.2
Wyoming									0.0
Total	**$121.2**	**-$281.2**	**-$26.4**	**$11.6**	**$577.6**	**$4.8**	**$164.6**	**$67.1**	**$639.3**
# of Net Increases	**3**	**1**	**1**	**1**	**1**	**1**	**2**	**1**	**5**
# of Net Decreases	**2**	**4**	**4**	**0**	**0**	**0**	**3**	**0**	**7**

NOTE: *See Notes to Table 23 on page 51. **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 2016

Nebraska The Nebraska Economic Forecasting Advisory Board met in Feb. 2016 (subsequent to the time the Governor's budget recommendations upon which this survey response is based were presented) to reconsider its revenue forecasts for FY2016 and FY2017. The Board increased the General Fund revenue forecast for FY2016 by $17 million and increased the General Fund revenue forecast for FY2017 by $13 million at that time.

Notes to Table 18: Fiscal 2016 Tax Collections Compared With Projections Used in Adopting Fiscal 2016 Budgets

Maryland Figures provided are general funds only, which is consistent with Maryland's previous submissions. Special fund figures are available upon request if necessary.

Nebraska The Nebraska Economic Forecasting Advisory Board met in Feb. 2016 (subsequent to the time the Governor's budget recommendations upon which this survey response is based were presented) to reconsider its revenue forecasts for FY2016 and FY2017. The Board increased the General Fund revenue forecast for FY2016 by $17 million and increased the General Fund revenue forecast for FY2017 by $13 million at that time.

Notes to Table 19: Comparison of Tax Collections in Fiscal 2015, Fiscal 2016, and Recommended Fiscal 2017

Maryland Figures provided are general funds only, which is consistent with Maryland's previous submissions. Special fund figures are available upon request if necessary.

Ohio Ohio doesn't have a corporate income tax and instead has a commercial activities tax (CAT). The large increases in fiscal 2016 and 2017 are the result of allocating a higher percentage of the CAT revenue to the general fund and a lower percentage to property tax replacement funds.

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

Notes to Table 20: Percentage Changes in Tax Collections in Fiscal 2015, Fiscal 2016, and Recommended Fiscal 2017

Ohio Ohio doesn't have a corporate income tax and instead has a commercial activities tax (CAT). The large increases in fiscal 2016 and 2017 are the result of allocating a higher percentage of the CAT revenue to the general fund and a lower percentage to property tax replacement funds.

Notes to Table 22: Recommended Fiscal 2017 Revenue Actions by Type of Revenue and Net Increase or Decrease

Indiana Changes with an effective date of July 2015 were made for FY16 and FY17 in the enacted budget from April 2015. Changes with an effective date of July 2016 were passed by the General Assembly but have not yet been signed into law by the Governor.

Missouri Under a 2014 Constitutional Amendment, the Governor is prevented from including in his budget any revenues to be created from proposed legislation that has not been passed into law by the General Assembly.

North Dakota Decrease amounts reflect 1/2 of the total impact of tax changes approved for the 2015–17 biennium.

Ohio Figures reflect enacted changes for fiscal 2017, based on fiscal 2016–2017 biennial budget.

Notes to Table 23: Fiscal 2016 Mid-Year Revenue Actions by Type of Revenue and Net Increase or Decrease

Connecticut In addition to minor tax and fee increases and revenue measures, the General Fund was balanced through $222.6 million in fund transfers in FY 2016.

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. Rainy day funds can be necessary at times 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 balance levels at the beginning of a downturn, and may also be prohibited from draining all rainy day funds immediately. In total, 48 states have at least one budget stabilization fund, which may be budget reserve funds, revenue-shortfall accounts, or cash flow accounts. About three-fifths of the states have maximum limits on the size of their budget reserve funds.[8]

Total Balances

Budget reserves reached a low in fiscal 2010 due to the severe decline in revenues and rise in expenditure demands tied to the recession. Since that time, states have made significant progress rebuilding budget reserves. In fiscal 2015, total balances amounted to $77.7 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, Figures 4 and 5)* It is important to note that balance levels vary considerably by state. In fiscal 2015, 21 states had total balance levels of 10 percent or more as a percentage of general fund expenditures, while 13 states had balance levels below 5 percent. *(See Table 25 and Figures 6, 7, and 8)* Total balance levels are estimated to decline in fiscal 2016 to $68.9 billion, or 8.9 percent of general fund expenditures. However, this decline is mostly driven by the state of Alaska, whose total balance levels have dropped from $7.6 billion (126 percent of general fund expenditures) in fiscal 2015 to $3.3 billion (60 percent of expenditures) in fiscal 2016, as the state has tapped its reserves to respond to the severe budgetary effects of the rapid decline in oil prices. States estimate balances to decrease slightly again in fiscal 2017 to $65.7 billion or 8.3 percent of general fund expenditures.[9] *(See Table 26)*

States with low balance levels may be impeded in their ability to respond to unforeseen events that occur during the fiscal year, including budget gaps due to unanticipated expenses or revenue shortfalls. A majority of states (36) project total balance levels of 5.0 percent or more as a share of general fund expenditures in fiscal 2017, while three states estimate balance levels below one percent of expenditures and nine states estimate balance levels greater than one percent but less than five percent at the end of fiscal 2017. These projections represent an improved outlook for the upcoming fiscal year compared to what states were forecasting in the *Spring 2015 Fiscal Survey*, when 19 states were estimating balance levels of less than five percent at the end of fiscal 2016.

Rainy Day Funds

Total balances include both ending balances and rainy day fund balances. State balances in rainy day funds — budget stabilization funds set aside to respond to unforeseen circumstances — tend to be more stable than total balance levels, as ending balances fluctuate due to revenue volatility and other factors. Excluding three states for which complete data are not available, states' rainy day fund balances totaled $45.1 billion in fiscal 2015, are estimated to total $49.3 billion at the end of fiscal 2016, and are projected to be $48.3 billion in fiscal 2017. When also excluding Alaska, which has seen its large rainy day fund balance decline significantly each year starting in fiscal 2015, states' rainy day fund balances have been steadily

[8] For more details on states' budget stabilization or rainy day funds, see NASBO's *Budget Processes* in the States report (Spring 2015), Table 14.

[9] Figures for fiscal 2016 and fiscal 2017 exclude Oklahoma and Wisconsin, as total balance data are not available for these states for these years.

on the rise over the past few years, increasing from $34.8 billion in fiscal 2015 (actual) to $42.4 billion in fiscal 2016 (estimated) and $45.9 billion in fiscal 2017 (recommended). In fiscal 2016, 25 states increased their rainy day fund balances, while eight states reported decreases. In their recommended budgets for fiscal 2017, 27 governors proposed increasing their states' rainy day funds, while just six states project declines. This trend reflects governors' priorities to build reserves as their states have begun to recover, invest in priority areas, and restore spending cuts from the Great Recession. *(See Table 27)*

TABLE 24

Total Year-End Balances, Fiscal 1979 to Fiscal 2017

Fiscal Year	Total Balance (Billions)	Total Balance (Percentage of Expenditures)
2017*	$65.7	8.3%
2016*	68.9	8.9
2015	77.7	10.3
2014	72.0	9.9
2013	72.2	10.4
2012	55.8	8.4
2011	45.7	7.1
2010	32.5	5.2
2009	36.2	5.7
2008	59.1	8.6
2007	65.9	10.1
2006	69.0	11.5
2005	46.6	8.4
2004	26.7	5.1
2003	16.4	3.2
2002	18.3	3.7
2001	44.1	9.1
2000	48.8	10.4
1999	39.3	8.4
1998	35.4	9.2
1997	30.7	7.9
1996	25.1	6.8
1995	20.6	5.8
1994	16.9	5.1
1993	13.0	4.2
1992	5.3	1.8
1991	3.1	1.1
1990	9.4	3.4
1989	12.5	4.8
1988	9.8	4.2
1987	6.7	3.1
1986	7.2	3.5
1985	9.7	5.2
1984	6.4	3.8
1983	2.3	1.5
1982	4.5	2.9
1981	6.5	4.4
1980	11.8	9.0
1979	11.2	8.7
Average	**—**	**6.4%**

*NOTE: *Figures for fiscal 2016 are estimated; figures for fiscal 2017 are recommended. Figures for fiscal 2016 and fiscal 2017 exclude Oklahoma and Wisconsin.*

FIGURE 4:

Total Year-End Balances, Fiscal 1979 to Fiscal 2017

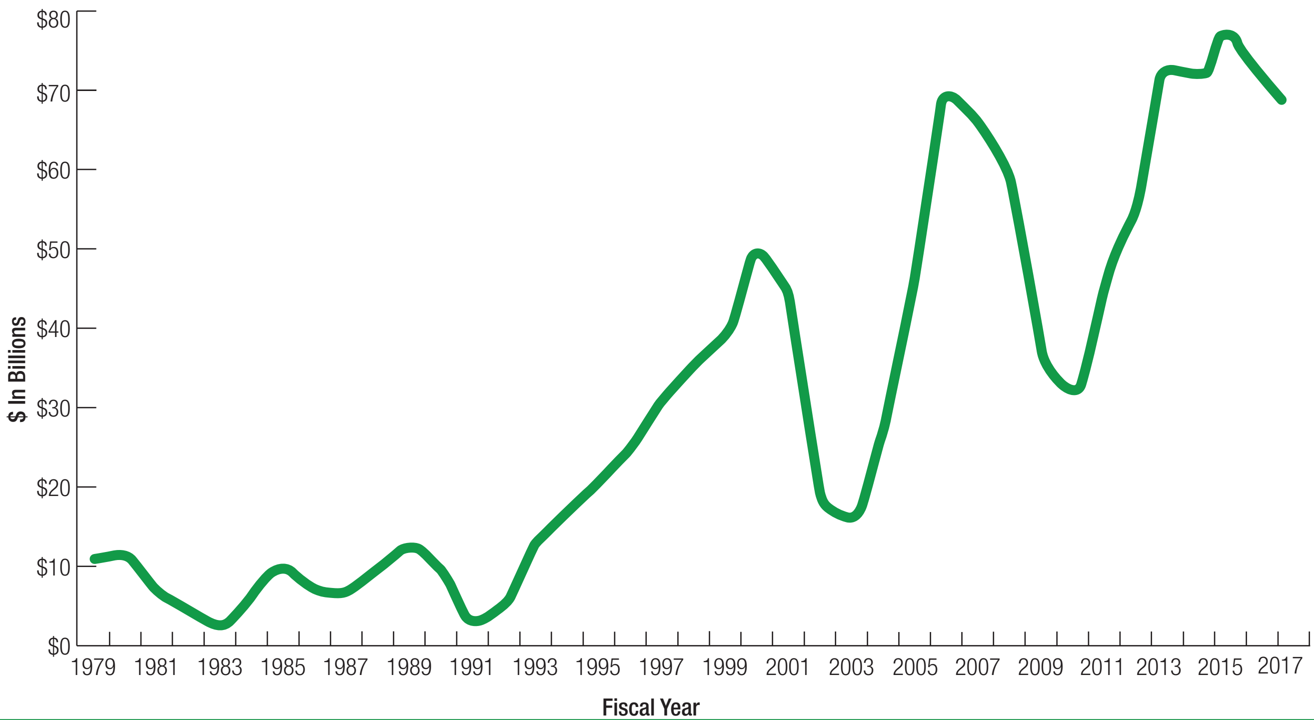

FIGURE 5:

Total Year-End Balances as a Percentage of Expenditures, Fiscal 1979 to Fiscal 2017

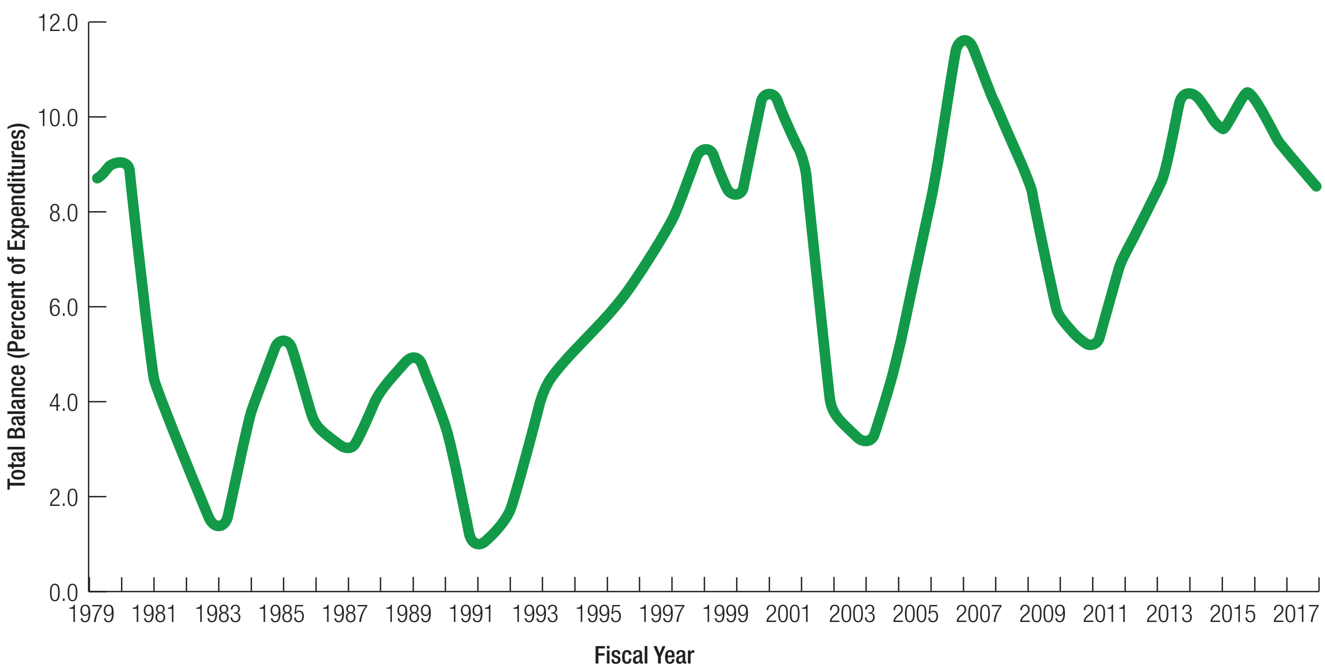

TABLE 25

Total Year-End Balances as a Percentage of Expenditures, Fiscal 2015 to Fiscal 2017

	Number of States		
Percentage	Fiscal 2015 (Actual)	Fiscal 2016 (Estimated)	Fiscal 2017 (Recommended)
Less than 1%	2	3	3
> 1% but < 5%	11	7	9
> 5% but < 10%	16	21	23
10% or more	21	17	13

NOTE: The average for fiscal 2015 (actual) was 10.3 percent; the average for fiscal 2016 (estimated) was 8.9 percent; and the average for fiscal 2017 (recommended) is 8.3 percent. Total balance estimates for Oklahoma and Wisconsin were unavailable for fiscal 2016 and fiscal 2017. See Table 26 for state-by-state data.

Changing Balance Levels Fiscal 2015, Fiscal 2016, Fiscal 2017

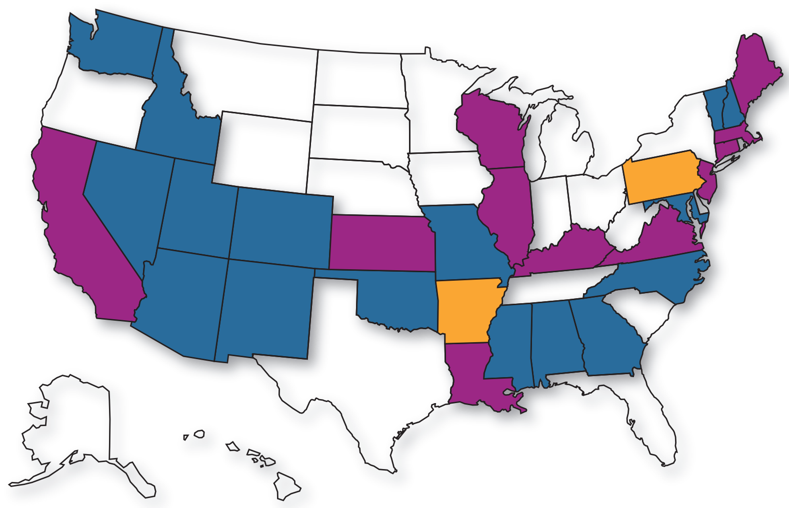

FIGURE 6:
State Total Balance Levels Fiscal 2015

- Less than 1 percent (2)
- Greater than 1 percent but less than 5 percent (11)
- Greater than 5 percent but less than 10 percent (16)
- Greater than 10 percent (21)

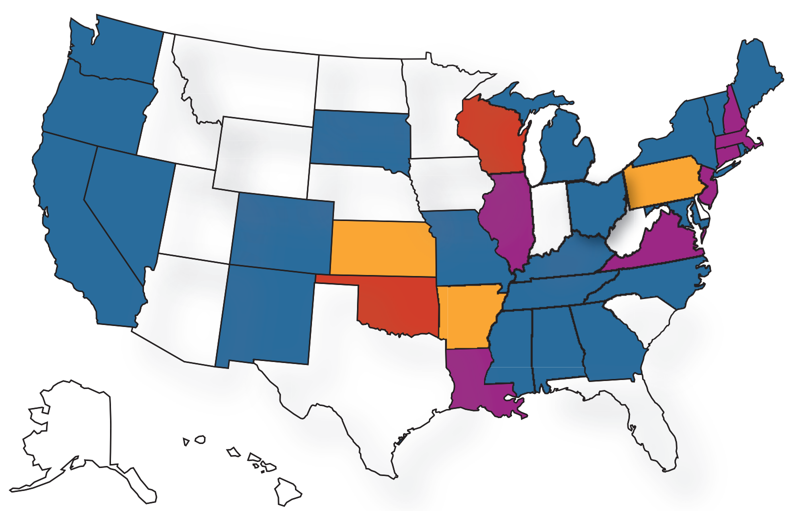

FIGURE 7:
State Total Balance Levels Fiscal 2016

- Less than 1 percent (3)
- Greater than 1 percent but less than 5 percent (7)
- Greater than 5 percent but less than 10 percent (21)
- Greater than 10 percent (17)
- Data not available (2)

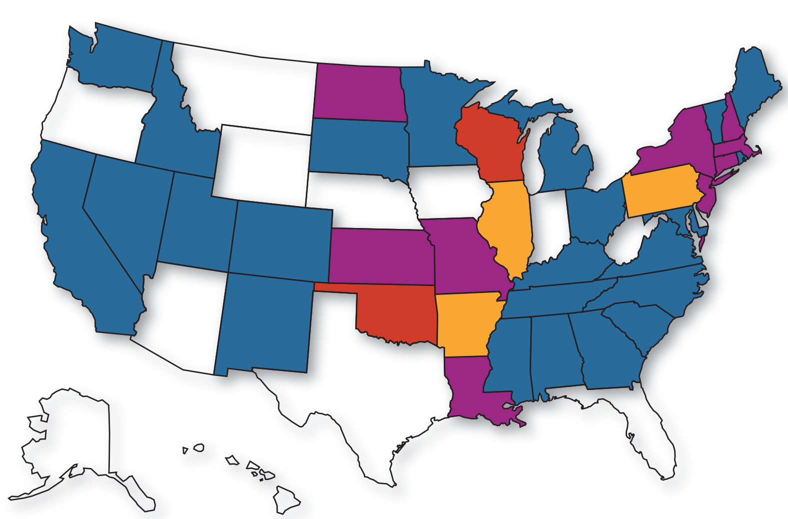

FIGURE 8:
State Total Balance Levels Fiscal 2017

- Less than 1 percent (3)
- Greater than 1 percent but less than 5 percent (9)
- Greater than 5 percent but less than 10 percent (23)
- Greater than 10 percent (13)
- Data are not available (2)

TABLE 26

Total Balances and Total Balances as a Percentage of Expenditures, Fiscal 2015 to Fiscal 2017

	Total Balances ($ in Millions)			Total Balances as a Percent of Expenditures		
State	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2015	Fiscal 2016	Fiscal 2017
Alabama	$627	$678	$470	8.1%	8.7%	5.7%
Alaska	7,566	3,269	2,081	125.8	60.0	37.0
Arizona	768	941	1,089	8.3	10.1	11.5
Arkansas	0	0	0	0.0	0.0	0.0
California* ***	5,306	9,627	11,208	4.7	8.3	9.1
Colorado***	709	523	636	7.3	5.1	6.1
Connecticut	406	406	417	2.3	2.3	2.3
Delaware***	537	640	520	14.0	16.3	12.5
Florida	3,679	3,008	3,171	13.1	10.2	10.8
Georgia* ***	1,529	1,529	1,529	7.6	7.1	6.8
Hawaii	918	1,107	777	14.3	16.1	10.1
Idaho	289	346	250	9.8	11.3	7.6
Illinois	897	404	128	2.9	1.3	0.4
Indiana	2,141	2,277	2,177	14.3	15.1	14.0
Iowa	1,109	891	850	15.7	12.4	11.5
Kansas	72	35	88	1.1	0.6	1.4
Kentucky	298	587	563	2.9	5.7	5.2
Louisiana	353	359	384	4.0	4.1	4.7
Maine	144	191	174	4.6	5.8	5.2
Maryland	1,094	1,334	1,532	6.8	8.0	8.9
Massachusetts***	1,571	1,350	1,542	4.1	3.3	3.7
Michigan	1,193	764	644	13.0	7.7	6.4
Minnesota***	2,103	2,560	2,170	10.4	12.5	10.0
Mississippi	441	400	422	8.0	7.1	7.3
Missouri	547	574	394	6.3	6.3	4.1
Montana	455	356	346	21.0	15.1	14.6
Nebraska	1,460	1,018	922	36.2	23.9	21.0
Nevada	242	348	319	7.1	9.7	8.5
New Hampshire	71	57	24	5.6	4.1	1.8
New Jersey	817	785	790	2.5	2.3	2.3
New Mexico***	613	490	592	9.7	7.5	9.4
New York***	7,300	5,011	3,158	11.6	6.9	4.5
North Carolina	1,116	1,277	1,204	5.4	5.9	5.5
North Dakota	1,450	573	75	44.3	15.7	3.0
Ohio	3,190	2,831	2,687	10.1	7.9	7.3
Oklahoma*	434	N/A	N/A	6.8	N/A	N/A
Oregon	920	869	992	11.3	9.8	10.8
Pennsylvania	206	100	79	0.7	0.3	0.2
Rhode Island	353	270	190	10.2	7.5	5.2
South Carolina***	1,182	1,011	587	17.3	14.1	7.5
South Dakota	171	143	143	12.3	9.7	9.0
Tennessee	1,329	1,265	704	10.8	9.7	5.2
Texas	16,802	14,021	14,704	34.7	26.2	28.0
Utah	534	670	499	9.3	10.6	7.8
Vermont	76	78	81	5.3	5.3	5.3
Virginia	590	245	1,024	3.3	1.3	5.0
Washington	1,504	1,750	1,531	9.0	9.6	8.0
West Virginia	1,289	1,004	1,004	30.4	24.1	23.2
Wisconsin*	416	N/A	N/A	2.7	N/A	N/A
Wyoming	906	906	795	43.1	54.5	50.2
Total**	**$77,719**	**$68,879**	**$65,663**	**10.3%**	**8.9%**	**8.3%**

*NOTES: Total balances include both the ending balance and Rainy Day Funds. Fiscal 2015 are actual figures, fiscal 2016 are estimated figures, and fiscal 2017 are recommended figures. N/A indicates data not available. *See Notes to Table 26 on page 61. **Fiscal 2016 and Fiscal 2017 total balance amount and total balances as percentage of expenditures exclude Oklahoma and Wisconsin, as complete data for these states were not available for this year. ***Ending Balance includes Rainy Day Fund.*

TABLE 27

Rainy Day Fund Balances and Rainy Day Fund Balances as a Percentage of Expenditures, Fiscal 2015 to Fiscal 2017

	Rainy Day Fund Balances ($ in Millions)**			Rainy Day Fund Balances as a Percent of Expenditures		
State	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2015	Fiscal 2016	Fiscal 2017
Alabama	$412	$530	$470	5.3%	6.8%	5.7%
Alaska	10,314	6,881	2,381	171.5	126.3	42.3
Arizona	456	457	468	4.9	4.9	4.9
Arkansas	0	0	0	0.0	0.0	0.0
California	4,339	8,661	10,241	3.8	7.5	8.4
Colorado	577	521	635	6.0	5.1	6.1
Connecticut*	406	406	417	2.3	2.3	2.3
Delaware	213	215	220	5.5	5.5	5.3
Florida	1,139	1,354	1,384	4.1	4.6	4.7
Georgia*	1,431	N/A	N/A	7.1	N/A	N/A
Hawaii	90	108	216	1.4	1.6	2.8
Idaho	244	244	244	8.3	7.9	7.4
Illinois	276	276	0	0.9	0.9	0.0
Indiana	1,254	1,317	1,318	8.4	8.7	8.5
Iowa	698	719	738	9.9	10.0	10.0
Kansas	0	0	0	0.0	0.0	0.0
Kentucky	77	209	363	0.8	2.0	3.4
Louisiana	470	359	384	5.4	4.1	4.7
Maine	119	119	119	3.7	3.6	3.5
Maryland	774	832	1,083	4.8	5.0	6.3
Massachusetts	1,252	1,258	1,470	3.3	3.1	3.5
Michigan	498	611	629	5.4	6.2	6.3
Minnesota	1,344	1,947	1,947	6.6	9.5	8.9
Mississippi	395	395	416	7.1	7.0	7.2
Missouri	270	291	293	3.1	3.2	3.0
Montana	0	0	0	0.0	0.0	0.0
Nebraska	728	702	652	18.1	16.5	14.8
Nevada	0	0	0	0.0	0.0	0.0
New Hampshire	22	24	24	1.7	1.7	1.8
New Jersey	0	0	0	0.0	0.0	0.0
New Mexico	613	490	592	9.7	7.5	9.4
New York	1,798	1,798	1,798	2.9	2.5	2.5
North Carolina	852	1,102	1,102	4.1	5.1	5.0
North Dakota	573	573	75	17.5	15.7	3.0
Ohio	1,478	2,005	2,005	4.7	5.6	5.5
Oklahoma*	385	N/A	N/A	6.0	N/A	N/A
Oregon	391	550	762	4.8	6.2	8.3
Pennsylvania	0	69	70	0.0	0.2	0.2
Rhode Island	185	188	189	5.4	5.3	5.2
South Carolina	447	459	487	6.6	6.4	6.2
South Dakota	149	143	143	10.8	9.7	9.0
Tennessee	456	568	668	3.7	4.4	4.9
Texas	8,460	9,679	10,397	17.5	18.1	19.8
Utah	491	491	491	8.5	7.8	7.6
Vermont	76	78	81	5.3	5.3	5.3
Virginia	468	237	845	2.6	1.3	4.2
Washington	513	698	892	3.1	3.8	4.7
West Virginia	869	784	784	20.5	18.8	18.1
Wisconsin*	280	N/A	N/A	1.8	N/A	N/A
Wyoming	906	906	795	43.1	54.5	50.2
Total**	**$45,091**	**$49,250**	**$48,287**	**6.3%**	**6.5%**	**6.2%**

*NOTES: N/A indicates data not available. Fiscal 2015 are actual figures, fiscal 2016 are estimated figures, and fiscal 2017 are recommended figures. *See Notes to Table 27 on page 61. **Total rainy day fund balance amounts and as a percentage of expenditures only include states with reported data for all three fiscal years.*

CHAPTER 3 NOTES

Notes to Table 26: Total Balances and Total Balances as a Percentage of Expenditures, Fiscal 2015 to Fiscal 2017

California The ending balance is only the General Fund balance and excludes the Budget Stabilization Account (a rainy day reserve held in a separate fund). For FY 2015, the excluded amount is $1,606.4 million. For FY 2016, the excluded amount is $1,606.4 million plus $2,849 million. For FY 2017, the excluded amount is $1606.4 million plus $2,849 million plus $3,556 million. Therefore, the total balance that includes the ending balance and all rainy day funds, including the Budget Stabilization Account amounts, is $5,305.5 million in FY 2015, $9,627.3 million in FY 2016, and $11,207.5 million in FY 2017.

Georgia For Fiscal 2015, Ending Balance includes Rainy Day Fund Balance. Georgia does not project future Rainy Day fund balances, but expects the reserve to continue to grow in future years.

Oklahoma Rainy day fund balances for FY 2016 and FY 2017 cannot be estimated at this time.

Wisconsin Wisconsin does not make estimates on Rainy Day Balance.

Notes to Table 27: Rainy Day Fund Balances and Rainy Day Fund Balances as a Percentage of Expenditures, Fiscal 2015 to Fiscal 2017

Connecticut For each of the fiscal years, the reported 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 balances for FY 2016 and FY 2017 cannot be estimated at this time.

Wisconsin Wisconsin does not make estimates on Rainy Day Balance.

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 70 million low-income individuals. Medicaid is estimated to account for about 27.4 percent of total state spending from all fund sources in fiscal 2015, the single largest portion of total state expenditures, and 19.3 percent of general fund expenditures according to NASBO's latest *State Expenditure Report*. The following sections look at Medicaid spending and enrollment, budget actions and trends, and changes attributable to the Affordable Care Act (ACA).

Affordable Care Act

The Supreme Court's ruling in June 2012 upheld the constitutionality of the ACA and affected states by making the expansion of Medicaid effectively a state option. The Supreme Court ruled that the Medicaid expansion is constitutional though the federal government could not withhold existing Medicaid funding for states that opted not to participate in the expansion. Beginning January 1, 2014, state Medicaid programs had the option to expand to cover non-pregnant, non-elderly individuals with incomes up to 138 percent of the federal poverty level. The cost for those newly eligible for coverage are fully federally funded in calendar years 2014, 2015, and 2016 with federal financing phasing down to 90 percent by 2020 and beyond. Beginning January 1, 2017, states that have expanded Medicaid will begin paying 5 percent of the costs for the newly eligible. As of May 2016, 31 states and the District of Columbia have expanded Medicaid and several other states are debating the issue.

Medicaid Spending Trends

Total Medicaid spending increased by 16.3 percent in fiscal 2015 with state funds growing by 6.0 percent and federal funds growing by 23.1 percent. For fiscal 2016, total Medicaid spending is estimated to grow by 9.0 percent with state funds increasing by 8.3 percent and federal funds increasing by 9.8 percent.

Governors' recommended budgets for fiscal 2017 assume an increase in Medicaid spending of 2.1 percent in total funds with state funds increasing by 3.0 percent and federal funds increasing by 2.0. *(See Table 28)* The 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. The timing of the expenditures may vary from year to year and may not reflect underlying program activity in a given year. Medicaid spending is expected to grow by about 29.3 percent over the three-year period starting in fiscal 2015 through fiscal 2017.

The rate of growth in federal funds exceeds state funds in fiscal 2015 and 2016 since costs for those newly eligible for coverage in states implementing the Medicaid expansion are fully federally funded in calendar years 2014, 2015, and 2016, with federal financing phasing down to 90 percent by 2020 and beyond. Increased participation among those currently eligible is funded at the states' regular Medicaid matching rates. Fiscal 2015 is the first full fiscal year reflecting the Medicaid expansion under the ACA for those states that expanded on January 1, 2014. Other states have expanded Medicaid under the ACA more recently and may have a significant increase in federal funds during later fiscal years.

Medicaid Enrollment

Medicaid enrollment increased by 14.6 percent during fiscal 2015 and is estimated to increase by 4.4 percent in fiscal 2016. In governors' recommended budgets for fiscal 2017, Medicaid enrollment would rise by an additional 2.8 percent. *(See Table 29)* This reflects both the impact from the ACA including increased enrollment in states that have implemented the Medicaid expansion that began in January 1, 2014 as well as increased participation among those currently eligible in both states that did and did not implement the expansion. Medicaid enrollment is estimated to grow by about 23.0 percent over the three-year period from the beginning of fiscal 2015 through fiscal 2017.

Among states expanding Medicaid, enrollment in Medicaid and the Children's Health Insurance Program (CHIP) grew 35.4 percent since the July-September 2013 baseline period, according to the Centers for Medicare and Medicaid Services (CMS) February 2016 enrollment report. States not expanding Medicaid reported an 11 percent increase over the same period.

The implementation of the Affordable Care Act has greatly increased the number of individuals served in the Medicaid program in 2014 and thereafter. According to the Centers for Medicare and Medicaid Services' Office of the Actuary, average enrollment is projected to increase at an average annual rate of 3.0 percent over the next 10 years and to reach 78.8 million in 2023.

Medicaid Actions

Trends in state actions in Medicaid varied with 24 states increasing payments to providers in fiscal 2016. More states increased provider reimbursement rates than restricted rates in fiscal 2016. Similarly for governors' proposed budgets in fiscal 2017, 20 states propose increasing rates while 13 states would restrict rates. *(See Tables 30 and 31)* This is a reflection of an improved economy as well as policies to increase reimbursement rates for certain providers and continues the trend from prior years.

Other significant actions states took in fiscal 2016 include enhancing program integrity in 22 states, expanding or restoring benefits in 16 states, expanding managed care in 14 states, and pursuing policies to cut costs of prescription drugs in 13 states. In governors' proposed budgets for fiscal 2017, 22 states plan to expand managed care, 18 states plan to enhance program integrity efforts, 15 states propose to expand or restore benefits, and 11 states are pursuing 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 2016, seven states have raised or plan to raise provider taxes or fees while 11 states have plans to raise provider taxes or fees in governors' proposed budgets for fiscal 2017. Restrictions to provider taxes and fees have surfaced in federal deficit reduction proposals and in the President's proposed budgets over the years. *(See Table 32)*

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, corrections programs, and 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.

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 pharmaceutical costs for both specialty drugs as well as for generics. Many states cited overall enrollment trends as a concern from both expansion under the ACA and also overall enrollment trends including for elderly and disabled individuals. Other concerns states mentioned included long-term care costs and higher costs for the state share for the dually eligible population (those individuals who are covered by both Medicare and Medicaid). Federal policy changes, including federal rules on Medicaid managed care and home health care, were also cited as budgetary concerns. Other budget pressures cited included costs for substance abuse and behavioral health, ACA mandated presumptive eligibility, and costs for emergency room services.

State Match for Medicaid Expansion. States that expanded Medicaid under the ACA were asked about how they will finance the 5 percent match that will be required for the expansion population beginning January 1, 2017. States plan on using a combination of revenue sources including state general funds, premium taxes, cigarette taxes, intergovernmental transfers, and provider assessments to provide the state match. Other states plan to redirect funds from other services to fund the required match.

Long-Term Health Care Spending. Medicaid spending, similar to 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 2014 Actuarial Report on the Financial Outlook for Medicaid. The projected annual average growth rate of Medicaid expenditures from 2014 to 2023 is projected to be 6.2 percent, notably faster than the projection of average annual GDP growth of 4.9 percent, according to the analysis.

TABLE 28

Annual Percentage Change in Medicaid Spending

State	Fiscal 2015 (Actual)			Fiscal 2016 (Estimated)			Fiscal 2017 (Recommended)		
	State Funds	Federal Funds	Total Funds	State Funds	Federal Funds	Total Funds	State Funds	Federal Funds	Total Funds
Alabama	1.4%	6.1%	4.6%	-0.3%	5.1%	3.4%	4.6%	4.2%	4.4%
Alaska	10.0	7.7	8.8	-4.0	7.3	2.5	-5.3	16.5	8.0
Arizona	7.1	28.1	21.8	2.3	10.4	8.3	4.3	7.8	6.9
Arkansas	-0.6	28.1	20.3	0.0	23.2	18.0	4.9	1.4	2.1
California*	15.3	59.6	42.8	24.3	12.9	16.4	-1.9	-11.4	-8.3
Colorado*	4.4	39.6	23.2	17.6	19.6	18.8	1.4	0.6	0.9
Connecticut	-6.4	10.9	3.1	4.0	4.5	4.3	1.3	-0.6	0.2
Delaware	3.6	16.2	10.8	5.0	9.1	7.4	6.0	5.8	5.9
Florida	6.2	1.7	3.7	16.6	5.2	5.5	7.2	7.4	5.8
Georgia	2.1	7.6	5.8	7.4	-2.6	0.1	2.9	3.1	2.9
Hawaii	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Idaho	0.4	2.3	1.8	3.0	5.1	3.0	3.7	4.4	5.7
Illinois	-6.0	19.7	7.6	7.1	23.0	16.5	5.9	1.2	2.9
Indiana	5.5	11.8	9.9	10.7	15.8	14.3	0.5	1.1	0.9
Iowa	9.2	21.7	17.6	6.1	-0.1	2.4	-6.4	-4.9	-5.0
Kansas	6.7	4.8	5.6	16.2	13.4	14.6	18.7	16.0	17.1
Kentucky	5.1	46.4	35.1	6.0	7.0	6.8	5.7	2.6	3.3
Louisiana	7.0	2.2	3.8	-5.7	7.5	2.7	2.2	47.3	32.4
Maine	5.0	-15.0	-13.0	-1.0	20.0	17.0	0.0	0.0	0.0
Maryland	10.8	26.0	19.9	2.9	3.5	2.0	2.5	3.0	1.7
Massachusetts*	5.5	23.9	15.2	10.3	7.0	8.4	0.0	6.5	3.7
Michigan	9.8	25.2	18.6	-1.7	5.4	4.0	1.8	-1.5	-0.1
Minnesota	3.3	21.7	12.9	6.0	10.8	8.5	4.4	4.0	4.2
Mississippi	5.2	7.3	6.7	4.6	7.8	7.0	-2.0	2.6	1.4
Missouri	4.0	5.4	4.7	6.3	11.3	8.9	8.0	6.1	7.0
Montana	5.8	6.4	6.2	6.7	19.1	15.6	7.4	22.6	18.8
Nebraska*	4.1	-3.3	-0.4	15.7	24.5	20.8	3.4	3.7	3.9
Nevada	9.4	65.0	46.8	2.9	14.5	11.7	4.3	-6.2	-3.8
New Hampshire	9.5	17.6	13.5	-4.6	11.9	12.6	-2.4	1.0	0.7
New Jersey	6.7	46.6	29.8	2.8	0.0	1.0	-2.5	2.6	0.8
New Mexico	-1.5	32.0	23.0	3.0	11.2	9.9	0.9	4.4	3.9
New York	3.2	21.3	11.4	1.6	7.4	4.4	-0.5	-0.2	-0.9
North Carolina	2.5	3.8	3.3	5.0	4.3	4.5	2.0	4.7	3.7
North Dakota	5.8	58.8	35.0	1.7	13.7	9.5	2.1	0.6	1.1
Ohio*	0.6	19.0	12.7	14.1	14.8	14.6	1.1	2.9	2.4
Oklahoma	0.8	-4.3	-2.3	0.3	2.3	1.5	-4.2	-1.9	-2.8
Oregon	-11.0	34.0	20.0	-3.0	18.0	13.0	29.0	6.0	11.0
Pennsylvania	4.7	7.3	6.1	3.9	21.2	13.2	6.2	8.0	7.2
Rhode Island	9.9	31.4	21.9	-0.2	3.6	2.0	-1.3	0.7	0.1
South Carolina	20.2	11.7	11.9	-8.7	3.8	3.2	9.8	4.5	4.2
South Dakota	9.2	-1.4	2.9	4.0	13.8	10.9	0.1	4.7	2.2
Tennessee	8.3	3.9	7.1	1.8	6.8	3.7	3.4	4.2	3.8
Texas	7.9	5.3	6.4	9.6	7.3	8.2	8.6	4.1	5.9
Utah	9.0	-0.2	2.6	0.8	7.5	5.2	3.6	2.0	2.4
Vermont	2.7	16.1	10.6	7.6	3.2	4.8	1.4	0.2	0.6
Virginia	5.2	4.1	4.6	6.3	3.1	4.7	4.6	20.8	12.7
Washington	-1.8	44.3	27.2	1.2	-1.4	-0.6	6.0	3.8	4.5
West Virginia	0.8	21.1	15.6	5.9	10.1	9.1	1.6	-7.9	-5.6
Wisconsin	10.8	3.4	7.6	9.1	7.5	9.3	6.0	0.8	3.1
Wyoming	2.4	1.8	2.1	1.1	1.0	1.0	2.1	1.9	2.0
Average**	**6.0%**	**23.1%**	**16.3%**	**8.3%**	**9.8%**	**9.0%**	**3.0%**	**2.0%**	**2.1%**
Median	**5.2%**	**11.8%**	**9.9%**	**4.0%**	**7.5%**	**7.4%**	**2.5%**	**3.0%**	**2.9%**

*NOTES: N/A indicates data not available *See Notes to Table 28 on page 70. **Average percent changes are weighted averages.*

TABLE 29

Percentage Change in Medicaid Enrollment

State	FY2015 Actual	FY2016 Estimated	FY2017 Recommended
Alabama	3.8%	1.0%	1.0%
Alaska	7.7	10.2	6.0
Arizona	18.7	10.0	3.1
Arkansas*	11.9	11.9	11.9
California	26.8	8.0	1.5
Colorado*	34.9	12.2	6.4
Connecticut	12.4	3.7	2.5
Delaware	3.0	2.9	3.5
Florida	8.6	7.4	5.8
Georgia	11.0	3.9	2.0
Hawaii	N/A	N/A	N/A
Idaho	9.6	4.2	3.0
Illinois	4.6	0.7	1.0
Indiana	5.9	15.4	7.3
Iowa	17.7	7.6	2.4
Kansas	2.5	0.1	4.3
Kentucky	18.6	9.4	7.8
Louisiana	7.9	0.9	13.0
Maine	-7.9	-3.2	N/A
Maryland	1.9	-6.1	1.3
Massachusetts	19.7	-3.6	2.9
Michigan	11.4	-0.8	0.5
Minnesota	25.2	4.7	3.0
Mississippi	7.5	-2.3	1.1
Missouri	4.8	9.4	0.0
Montana	8.9	22.8	22.6
Nebraska	-0.1	2.1	2.1
Nevada	50.6	6.7	3.0
New Hampshire	23.9	-2.0	-2.0
New Jersey	23.5	3.3	0.5
New Mexico	15.7	7.3	4.6
New York*	15.8	-0.5	2.9
North Carolina	5.1	3.8	4.5
North Dakota	14.6	3.8	1.2
Ohio*	17.0	3.7	1.1
Oklahoma	-1.1	-1.8	1.0
Oregon	31.2	1.4	-3.8
Pennsylvania	9.1	14.9	4.3
Rhode Island	19.9	12.1	1.0
South Carolina	5.4	-3.6	2.3
South Dakota	2.3	2.1	1.2
Tennessee	12.8	4.2	6.8
Texas	8.3	1.0	2.3
Utah	6.5	3.8	1.9
Vermont	6.9	5.6	2.7
Virginia	5.4	5.7	1.2
Washington	24.1	7.7	3.5
West Virginia*	14.7	4.0	1.0
Wisconsin	2.4	0.8	1.0
Wyoming*	5.9	-12.7	7.0
Average**	**14.6%**	**4.4%**	**2.8%**
Median	**9.1%**	**3.8%**	**2.5%**

*NOTES: N/A indicates data not available *See Notes to Table 29 on page 70. ** Average percent changes are weighted averages.*

TABLE 30

Fiscal 2016 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				X		
Alaska	X				X			
Arizona								
Arkansas								
California		X						
Colorado*		X					X	
Connecticut	X							
Delaware							X	
Florida						X	X	
Georgia								
Hawaii								
Idaho								
Illinois*	X						X	X
Indiana		X					X	
Iowa*		X		X	X	X	X	X
Kansas								
Kentucky								
Louisiana					X			
Maine*				X				X
Maryland	X						X	
Massachusetts*		X		X			X	X
Michigan*	X	X		X	X	X	X	X
Minnesota		X		X			X	
Mississippi					X	X		
Missouri		X		X				
Montana		X		X				
Nebraska		X		X				
Nevada*		X					X	X
New Hampshire						X		
New Jersey		X						
New Mexico*	X	X					X	X
New York		X		X	X	X	X	
North Carolina	X			X	X	X		
North Dakota		X			X			
Ohio		X					X	
Oklahoma	X		X		X		X	
Oregon								
Pennsylvania		X		X				
Rhode Island	X					X	X	
South Carolina		X		X	X		X	
South Dakota		X						
Tennessee*	X				X		X	X
Texas								
Utah		X		X		X		
Vermont							X	
Virginia	X	X		X		X	X	
Washington*		X		X	X	X		X
West Virginia*	X					X	X	
Wisconsin	X	X		X	X	X	X	
Wyoming								
Total	**13**	**24**	**1**	**16**	**13**	**14**	**22**	**9**

*NOTES: *See Notes to Table 30 on page 71.*

TABLE 31

Recommended 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						X		
Alaska	X				X		X	
Arizona				X				
Arkansas*						X	X	X
California		X						
Colorado*	X			X				
Connecticut	X		X					
Delaware								
Florida*	X					X	X	X
Georgia		X						
Hawaii								
Idaho*								X
Illinois*						X	X	X
Indiana							X	
Iowa*	X							X
Kansas					X			
Kentucky								
Louisiana					X	X	X	
Maine								
Maryland		X		X				
Massachusetts*		X				X	X	X
Michigan*		X		X		X		X
Minnesota		X		X				
Mississippi								
Missouri		X				X		
Montana		X						
Nebraska		X		X		X		
Nevada*		X					X	X
New Hampshire						X		
New Jersey								
New Mexico*	X		X					X
New York	X	X		X	X	X	X	
North Carolina				X		X		
North Dakota					X			
Ohio*	X					X		X
Oklahoma	X		X		X	X	X	
Oregon*								X
Pennsylvania		X						
Rhode Island	X					X	X	
South Carolina		X		X	X	X	X	
South Dakota		X		X				
Tennessee*					X	X	X	X
Texas						X		
Utah		X		X	X			
Vermont		X	X		X		X	
Virginia*	X	X		X		X	X	X
Washington*		X		X	X	X		X
West Virginia*	X		X			X	X	
Wisconsin	X	X	X	X		X	X	
Wyoming*		X		X			X	X
Total	**13**	**20**	**6**	**15**	**11**	**22**	**18**	**15**

*NOTES: *See Notes to Table 31 on page 71.*

TABLE 32

Provider Tax Increases for Medicaid Program, Fiscal 2016 and Recommended Fiscal 2017

State	Fiscal 2016	Fiscal 2017 (Recommended)
Alabama	X	X
Alaska		
Arizona		
Arkansas		
California		X
Colorado*		
Connecticut		
Delaware		
Florida		
Georgia		
Hawaii		
Idaho		
Illinois		
Indiana		X
Iowa	X	
Kansas		
Kentucky		
Louisiana		X
Maine		
Maryland		
Massachusetts		X
Michigan	X	X
Minnesota		
Mississippi		
Missouri		
Montana		
Nebraska		
Nevada		
New Hampshire		X
New Jersey		
New Mexico		
New York		
North Carolina		
North Dakota		
Ohio		
Oklahoma		
Oregon		
Pennsylvania	X	
Rhode Island		
South Carolina		
South Dakota		
Tennessee	X	
Texas		
Utah	X	
Vermont		X
Virginia		X
Washington		
West Virginia*	X	X
Wisconsin		
Wyoming*		X
Total	**7**	**11**

*NOTES: *See Notes to Table 32 on page 72.*

CHAPTER 4 NOTES

Notes to Table 28: 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. The year-over-year increase in state funds and federal funds in FY 2016 are partially attributable to the phase-down in the federal share for Medicaid expansion. Other changes include growth in prescription drug costs and a significant increase in enrollment in the Medicaid expansion. For FY 2017, the state's proposed budget did not include approval of a replacement for the state's provider tax on managed care organizations, which is scheduled to expire at the end of the current fiscal year. The resulting tax revenue has been used to fund the non-federal share of Medicaid expenditures, which are matched at various rates with federal funds. Because the tax was not included for FY 2017, state and federal funds decreased.
Colorado	Legislative bills and budget requests from Colorado's Department of Health Care Policy & Financing
Massachusetts	Programmatic spending and revenue only — excludes administration and supplemental payments to providers (MATF and DSTI)
Nebraska	The FY2016 estimated annual percentage change is based on appropriated funds for the Medicaid program and does not represent an estimate of expenditures as no such estimate has been established. It is assumed that the appropriation will not be fully expended during the fiscal year.
Ohio	The fiscal 2015 increase was primarily due to Medicaid expansion in the state.

Notes to Table 29: Percentage Change in Medicaid Enrollment

Arkansas	Medicaid enrollment growth projections for FY16 and FY17 are based on the continuation of FY15 growth. Estimates are subject to change based on the Second Extraordinary Session of the 90th General Assembly reforming traditional and expanded Medicaid.
Colorado	FY 2016–17 February Caseload and Per Capita Cost Adjustments from Colorado's Department of Health Care Policy & Financing
New York	The enrollment decline in fiscal 2016 is due to shifting Essential Plan eligible recipients from the Medicaid program.
Ohio	The fiscal 2015 increase was primarily due to Medicaid expansion in the state.
West Virginia	SFY15 Actual based on WVMARS450A (Summarized in "Expenditures and Eligibles" workbook) 14.71% for SFY15 over SFY14; FY16 estimated based on analysis of monthly WVMARS450 reports analyzing month to month increases; SFY17 assumed that increases would begin to flatten.
Wyoming	Calculated using member months of enrollment for increased accuracy. Expected impact in SFY 2017 of downturn/recession in Wyoming economy.

Notes to Table 30: Fiscal 2016 Budget Actions in Medicaid

Colorado	FY 2016–17 February Caseload and Per Capita Cost Adjustments from Colorado's Department of Health Care Policy & Financing. Increase provider payments — 1.5% across the board provider rate increase. Enhanced program integrity efforts — Predictive Analytics FTE.
Illinois	Other — Improved timeliness of Medicaid eligibility redeterminations; convert Accountable Care Entities (ACEs) and Care Coordination Entities (CCEs) to full-risk capitation, eliminating care coordination fees.
Iowa	Other — Service Delivery Reform, State share of DSH payments (U of I)
Maine	Expand or restore benefits — Support access to primary medical, behavioral health and dental services to support the provision of primary care services for the uninsured and underinsured.
	Other — Department of Health and Human Services contract with a third party to conduct a rate study of medication management services and outpatient services. Create a stakeholder group to review criteria for methadone treatment services. Request a waiver to include home-delivered meals to Medicaid eligible individuals as a reimbursable service.
Massachusetts	Supplemental rebates for prescription drugs
Michigan	A new contract for Medicaid managed care is effective for fiscal 2016. Significant cost increases in specialty pharmacy, specifically for Hepatitis C and cystic fibrosis.
Nevada	Other — ABA Services
New Mexico	Other — Health Home Program
Tennessee	Implementing policies and pricing strategies to reduce unnecessary and excessive costs.
Washington	Other — DSHS: Home and community waiver. HCA: Medicaid transformation waiver.
West Virginia	Expand managed care — Expansion of Managed Care into Medicaid Expansion population during SFY16 Enhanced program integrity efforts — Increased participation of OPI group in national efforts and data analysis groups to identify fraud, waste & abuse (MIG, Medi-Medi, PERM)

Notes to Table 31: Recommended Fiscal 2017 Budget Actions in Medicaid

Arkansas	Other — Second Extraordinary Session of the 90th General Assembly will address reforms for traditional and expanded Medicaid.
Colorado	FY 2016–17 February Caseload and Per Capita Cost Adjustments from Colorado's Department of Health Care Policy & Financing. Restrict provider payments — discontinuation of 1202 bump, 1% provider rate decrease. Expand or restore benefits — Autism Therapy CWA – EPSDT (expansion of benefits)
Florida	Other — Nursing Home Prospective Payment System
Idaho	The Governor proposed an additional $1.5 million for Personal Needs Allowance increases for Medicaid participants (for essential living costs such as rent, utilities, food, etc.).

Illinois	Expand Managed Care — Managed Long Term Supports and Services. Other — Improved timeliness of Medicaid eligibility redeterminations; convert Accountable Care Entities (ACEs) and Care Coordination Entities (CCEs) to full-risk capitation, eliminating care coordination fees.
Iowa	Other — State share of DSH payments (U of I)
Massachusetts	Supplemental rebates for prescription drugs
Michigan	Fiscal 2017 proposes to integrate behavioral health services into Medicaid managed care contracts. Currently, behavioral health services are provided through Prepaid Inpatient Health Plans.
Nevada	Other — ABA Services
New Mexico	Other — State revenue restructuring, including possible intergovernmental transfers for supplemental payments
Ohio	Other — Payment reform — move to value based purchasing.
Oregon	Other — Legislature approved funding to increase adult dental benefits.
Tennessee	Implementing policies and pricing strategies to reduce unnecessary and excessive costs.
Virginia	The 2016–2018 introduced budget expands Medicaid beginning 1/1/2017.
Washington	Other — DSHS: Home and community waiver. HCA: Medicaid transformation waiver.
West Virginia	Expand managed care — Planned additional expansion of Managed Care into SSI populations during SFY17
	Enhanced program integrity efforts — Increased participation of OPI group in national efforts and data analysis groups to identify fraud, waste & abuse (MIG, Medi-Medi, PERM)
Wyoming	Increase provider payments — Increased nursing facility payment began July 1, 2015 (SFY 2016). Increased DD/ID waiver rates approved for SFY 2017. Expand or restore benefits — Wyoming Legislature added chiropractic benefit due to Wyoming Legislation to begin July 1, 2015. Extra fill of eye drops (spare) due to Wyoming Legislation to begin July 1, 2015. SFY 2016 — Wyoming Legislature added dietitian services in SFY 2017. Expand managed care — Care management entity for emotionally disturbed children. Enhanced program integrity efforts — Procurement of new Fraud, Waste and Abuse technology/software. Other — SFY 2016 DD Waiver waitlist reduction, SFY 2017 Indian Health Service uncompensated care waiver and/or changes to AI/AN referral policies/reimbursement

Notes to Table 32: Provider Tax Increases for Medicaid Program, Fiscal 2016 and Recommended Fiscal 2017

Colorado	FY 2016–17 February Caseload and Per Capita Cost Adjustments from Colorado's Department of Health Care Policy & Financing.
West Virginia	Increase in acute care hospital tax (SFY14 was .0045, increased to .0062 for SFY15; SB398 increased to .0072 for SFY16; SB395 increased to .0088 for SFY17)
Wyoming	Legislature approved a 2% private hospital provider tax to be implemented in SFY 2017.

OTHER STATE BUDGETING CHANGES

CHAPTER FIVE

Recommended Changes in State Aid to Local Governments, Fiscal 2017

Twenty-one 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 2017. Governors in a number of states recommended increased funding for local governments in their fiscal 2017 budgets through revenue sharing payments and expanded general aid programs. Roughly half a dozen states also reported proposing additional aid to K-12 school districts and community colleges. Some states also increased aid and revenue sharing for transportation, transit and other infrastructure projects. Several states recommended additional support for property tax relief, while multiple states reported additional funds for specific grant programs. A few states also reported reductions in aid to local governments by reducing revenue sharing payments or reducing aid to local government retirement systems. *(See Table 33)*

While local government fiscal conditions have improved modestly in recent years, cities and counties continue to face budgetary challenges, including unmet infrastructure needs, pension liabilities, rising healthcare costs, and constrained revenue growth. Revenues for local governments have not recovered to the same extent as state revenues, in part because property tax collections have taken longer to rebound from the impact of the Great Recession and the housing market collapse. However, city fiscal conditions continue to show signs of modest progress, and ending balances reached a 30-year high at an estimated 25.2 percent of general fund expenditures in 2015.[10] According to the National League of Cities, property tax collections accelerated in 2014, increasing 2.4 percent, and are expected to grow 1.2 percent in 2015. Sales tax revenues are expected to grow 2.3 percent in 2015, after increasing 3.1 percent in 2014. As at the state level, income tax revenues have been more volatile, decreasing 1.7 percent in 2014 but expected to increase 3.6 percent in 2015. Data indicates that cities are being more cautious in planning their budgets as they focus on fiscal sustainability over the longer term and manage revenue volatility.[11]

[10] National League of Cities, *City Fiscal Conditions 2015* (2015).

[11] Ibid.

TABLE 33
Recommended Changes in Aid to Local Governments, Fiscal 2017

Alaska	The Department of Transportation has historically assisted localities that own and operate their own airport with their match requirement for federal projects. This will no longer be the case and the municipalities will be responsible for their own match ($1 million/year). Approximately $0.2 million of the proceeds of the proposed motor fuel tax increase and $1.8 million of the Commercial Passenger Vessel Tax increase will be shared with municipalities. The payout for the Community Revenue Sharing program will increase from $50 million in FY2016 to approximately $53 million in FY2017 (Via an FY2017 supplemental transaction during the next legislative session) with the goal of reaching a $60 million annual payout. On behalf payments for PERS and TRS retirement systems have declined $40.8 million to $215.9 million.
California	The Governor's Budget proposes $409 million in Cap and Trade revenues to be allocated to locals for transit-related programs. This represents a 154 percent increase over FY 2016. The Governor's proposed budget for K-14 education includes one-time discretionary funding of $1.4 billion. This payment will be applied toward outstanding mandate claims; however, not all districts or community colleges have mandate backlog balances. As a result, it is estimated the outstanding mandate claims balance will be reduced by $786 million, or 29.9 percent of the 2015-16 mandate balance of $2.6 billion. In addition, due to expanded Medi-Cal enrollment workload related to the ACA expansion, the proposed budget for FY 2017 includes an additional $170 million ($57 million General Fund and $113 million federal funds), compared to FY 2016, for local county welfare organizations responsible for Medi-Cal enrollment.
Colorado	The proposed budget for FY 2016-17 includes $1.0 million cash funds for the Department of Local Affairs to administer a Local Government Retail Marijuana Impact Grant Program pursuant to the passage of Proposition BB which was approved by Colorado voters in November 2015. This program will be implemented in FY 2015-16 so FY 2016-17 will be the first full year that funding is available to eligible local governments. The proposed budget also includes approximately $2.7 million appropriated from the Local Government Permanent Fund based on a projected decline in federal mineral lease (FML) revenue in FY 2015-16. Without this backfill, the direct distribution of FML revenue to local governments would be reduced in FY 2016-17.
Connecticut	The aggregate appropriated level of municipal aid support declined by $190.3 million from the FY 17 Governor Recommended level when compared to FY 16. This is also due in part to a new "block grant" style approach to budgeting in FY 17, where some of the smaller appropriations for municipal aid are folded into larger accounts. Whereas, appropriated municipal aid grants declined from FY 17 Governor Recommended over FY 16, aid has actually increased. When including appropriations, capital expenditures, revenue intercepts and expenditure made by the state on behalf of local teachers' retirement contributions, retiree health service costs and debt service, aid to localities has increased by $151.6 million.
Illinois	Implement more efficient analytic tools that will improve revenue collection that will provide a projected extra $300 million or 30% over the next four fiscal years. A 2% administration fee on 11 additional types of tax that will increase annual receipts by $48 million. 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.

TABLE 33 (CONTINUED)

Recommended Changes in Aid to Local Governments, Fiscal 2017

Iowa	Governor Branstad recommended for FY2017 the final installment of $25 million for the Business Property Tax Credit, bringing the total appropriation to the credit to $125 million. The credit is used to reduce the final property tax bill for all commercial, industrial, and railroad property.
Maine	Caps revenue sharing for fiscal years 2015-16 (reduction of $93.9M), 2016-17 (reduction of $93.1M), 2017-18 (reduction of $97.1M), and 2018-19 (reduction of $101.2M) to 2% of revenue from the income tax, sales tax and a portion of the service provider tax. Returns to 5% after fiscal year 2018-19. Increases the Maine Resident Homestead Property Tax exemption from $10,000 to $15,000 for property tax years beginning 04/01/16, and from $10,000 to $20,000 for property tax years beginning on or after 04/01/2017. The State reimburses the municipality for a portion of the property tax lost as a result of this increase.
Maryland	Overall local aid totals $7.378 billion, an increase of $234.8 million or 3.3% in the FY 2017 allowance. The budget plan does not include any contingent reductions to provisions mandated in law. However, for the out years, the Administration has introduced legislation that would institute mandate relief for future years, limiting percent funding increases for mandates to projected general fund growth less 1%. HB 449/SB 275 states that, notwithstanding other provisions of law and with specified exceptions, beginning in fiscal 2019, the Governor is not required to include an appropriation in the budget for any program or item in an amount that exceeds the fiscal 2018 appropriation for that item or program. This does not apply to K-12 funding formulas, State retirement contributions, or any appropriations required to be made to the Revenue Stabilization Account or for principal or interest payments on State debt. It also does not apply if December revenue estimates project a revenue increase of more than 2%. Several of the tax and fee reductions bills included in the budget plan or otherwise proposed by the Administration as legislation have a local impact. However, none of those impacts start in FY 2017.
Massachusetts	Increased unrestricted local aid by 4.3% or approximately $41 million.
Michigan	Effective for fiscal 2017, beginning October 1, 2016, constitutionally-required revenue sharing payments to cities, villages, and townships are increased by $29.4 million, a 3.9% increase, based on estimated sales tax collections. Revenue sharing payments to counties receive a slight adjustment of $0.4 million, providing maximum funding allowed under statutory provisions to 78 eligible counties. Competitive grant assistance of $11 million provides funding to help defray expenses related to consolidation of local government services or programs.
Minnesota	$21.5 million increase in aid to cities. This is a 4.14% annual increase and occurs in FY17 only. $25.0 million increase in aid to counties. This is an 11.99% annual increase and occurs in FY17 only. There is a small ($30K, 2.36%) increase in aids paid to counties with Indian casinos, which is the result of an interaction with the Governor's transportation proposal. This interaction is ongoing, and grows to $130k (10.22%) per year in the tails.

TABLE 33 (CONTINUED)

Recommended Changes in Aid to Local Governments, Fiscal 2017

Nebraska

TEEOSA (formula) State Aid to Schools: -$8.5 million, 0.9% decrease for FY2017 over FY2016 (later revised to +$5.6 million, 0.6% increase)

Special Education Aid: $5.5 million, 2.5% increase for FY2017 over FY2016

Community College Aid: $2.9 million, 3.0% increase for FY2017 over FY2016

County Juvenile Justice Aid: no change following significant prior year increase

Natural Resources Development Fund Aid to Natural Resources Districts: no change

The fiscal 2017 budget adjustments recommended by the Governor for K-12 Education included an estimate of state funding needed for the state's school aid formula (aka TEEOSA) provided by the state Department of Education which represented an $18 million reduction to the previously enacted FY2017 appropriation, which equated to a 0.9% reduction compared to FY2016 as shown here. Subsequent to completion of the Governor's recommendations, a revised estimate resulted in a $5.6 million increase, or 0.6% increase over FY2017, for TEEOSA.

New Jersey

An increase in Consolidated Municipal Property Tax Relief Act (CMPTRA) funding by $29 million (4.9%) to $623.1 million. This program provides general State Aid to municipalities. The increase reflects a reallocation of funds from the main discretionary aid program, Transitional Aid to Localities.

An increase in Employee Benefits on behalf of Local Governments funding by $34.1 million (26.4%) to $163.1 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.

Changes in other local aid programs include an increase in Transportation Trust Fund Local Project Aid by $1 million (0.4%) to $279.6 million, an increase in County College Aid by $2.2 million (1%) to $222.9 million, and a decrease in Support of Patients in County Psychiatric Hospitals by $8.5 million (7.5%) to $105.2 million.

New York

The FY 2017 Executive Budget will have an estimated $1.3 billion positive impact on municipalities for local fiscal years ending in 2017 — 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 2017 are as follows:

- Increase school aid funding for the 2016-17 school year ($963 million)
- Continue the State's Medicaid growth takeover with adjustments ($349.5 million)
- Rationalize CUNY cost shares and provide contract funding (net -$245.1 million)
- Provide funding for local wastewater infrastructure projects ($50 million)
- Provide new competitive school grants ($28 million)
- Various reforms to the Early Intervention program (net $20.9 million in savings)
- Creation of a new municipal consolidation competition ($20 million)

TABLE 33 (CONTINUED)

Recommended Changes in Aid to Local Governments, Fiscal 2017

New York (cont.) The FY 2017 Executive Budget will result in a positive local impact of $1.3 billion for local fiscal years ending in 2017 — the first full-annual local fiscal year affected by the Executive Budget. The fiscal summary of the impact on local governments for local fiscal year 2017 is as follows:

- **School Districts:** The Executive Budget will provide a statewide school aid increase of $963.0 million for the 2017 school year. School districts outside of New York City are expected to benefit by $599.0 million in 2017 from this increase, as well as an estimated $90.0 million in Smart Schools disbursements and a portion of $28.0 million in new competitive school grants.

- **New York City:** Executive Budget actions will have a net positive $322.2 million impact on the City of New York in City Fiscal Year 2017. This is primarily due to a $364.0 million school aid increase, the City's $145.9 million benefit from the continuation of the State's Medicaid growth takeover until October 1, 2016, and an estimated $60.0 million in Smart Schools disbursements. These benefits will be partially offset by a net $245.1 million cost from rationalizing CUNY cost shares and providing contract funding.

- **Counties:** In 2017, county governments will experience a $208.9 million net positive impact from Executive Budget actions, primarily due to a $203.6 million benefit from the continuation of the State's Medicaid growth takeover and a net $8.4 million benefit from various Early Intervention reforms. These impacts will be partially offset by an estimated $2.8 million negative impact from an early voting initiative and a $0.8 million reduction in navigation law grants.

- **Other Municipalities:** Other cities, towns, and villages will experience an overall $1.6 million net negative impact in local fiscal years ending in 2017, due to the elimination of certain legislative adds to municipal aid programs.

North Dakota The state school aid program was increased by $164.5 million, or 9.4%, for the 2015-17 biennium. The state aid distribution fund, which provides for a percentage of sales taxes to be allocated to cities and counties, is expected to decrease by $27.4 million, or -10.9%. Transportation grants to cities, counties and townships were increased by $100 million, or 25%, for the biennium. Oil tax allocations to political subdivisions are projected to decrease by $186.6 million, or -28.1%, for the 2015-17 biennium.

A $19.3 million general fund appropriation was provided for the 2015-17 biennium for the state to assume the county share of certain social services expenses and to relieve local property owners from these expenses.

Ohio Continue phase out of tangible personal property and utility tangible personal property tax replacement payments based on local revenue generating capacity.

Oklahoma In Governor Fallin's original budget recommendations, she proposed giving local school districts added financial flexibility by allowing ad valorem dollars to be used for teacher pay and benefits if local officials deem it prudent. This would potentially free up $200 million at the local level currently only available for other specific uses.

TABLE 33 (CONTINUED)

Recommended Changes in Aid to Local Governments, Fiscal 2017

Rhode Island	The FY 2017 budget contains financing to fully fund the Payment in Lieu of Taxes program, which is $1.9 million more than the FY 2016 enacted budget. The FY 2017 budget includes $200,000 to develop an online website for collection and public dissemination of municipal fiscal data and reports. The budget also extends the property tax revaluation schedule cycle from nine years to 15 years for municipalities, resulting in efficiencies and cost savings.
South Carolina	For FY17, Governor recommends fully funding the statutory requirements of the Local Government Fund. Budget is increased by $113m to $313m, a 56.5% increase.
South Dakota	In FY2017, the Governor recommended and the Legislature adopted a new funding formula for K-12 education. The new funding formula sets a target teacher salary as well as student to teacher ratios for each school district depending on enrollment size. The previous funding formula provided funding on a per student basis. The new funding formula was paid for with a 0.5% sales tax increase that will be effective on June 1, 2016, which provides approximately $67 million in new funding to K-12 education, $36 million of property tax relief, and $3 million to the state's technical institutes. In FY2017, the Legislature allocated a portion of the existing alcohol beverage taxes, shifting 25% of the total alcohol beverage taxes from the state general fund to county governments, or an estimated $3.8 million. At least 85% of additional funds that are received by the K-12 school districts as a result of the new funding formula are required to be used for certified teacher salary increases in FY2017. As part of the new funding formula, school districts will be limited in the amount of cash reserves that can be held at the individual school district.
Wisconsin	Modify Utility Aid to local governments for decommissioned or closed power plants payment formula, which will increase payments by an estimated $0.5 million or 0.6%. Additionally, as reported in previous NASBO surveys, the School Levey Credit is increased by $105.6 million or 14.1% in state fiscal year 2017, but recognized in fiscal year 2016 for local governments.

APPENDIX

TABLE A-1

Recommended 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				
Florida	Sales Tax Holidays and Reduction of Rate Applicable to Commercial Rents	07-16	-201.6	X	
Kansas	Delinquent tax debt collection	07-16	18.8	X	
Louisiana	Increase in the state sales tax rate by 1 percentage point (to 5%) and elimination of some exemptions.	07-16	1169.7	X	X
Maine	Makes permanent the current sales tax rate, meals tax rate and lodging tax rates that were scheduled to sunset on 07/30/15. Increases the lodging rate effective 01/01/16. Removes the sales tax exemption from certain items such as soft drinks, desserts, and snack items. Extends the sales and use tax to consumer purchases of various new services effective 01/01/16. Increases the service provider tax rate effective 01/01/16, expands the tax base to basic cable and satellite television services.	07-16	149.9	X	
Maryland	Reinstitute cylinder demurrage sales tax exemption (late return of gas cylinders)	07-16	-0.7	X	
Minnesota	Properly Align Motor Vehicle Lease Revenue ($4.7 million) — This realigns the allocation of funds for revenue generated from sales tax on motor vehicle leases. Currently the County State Aid Highway (CSAH) and Transit Assistance Funds are receiving a higher state sales tax allocation than they are supposed to be. This change would correct this error, reducing the amounts allocated to these two funds and increasing the amount allocated to the general fund. NexTen for Transportation (Interaction w/Tribal Refunds) (-$1.4 million)	07-16	3.3	X	
Ohio	Exemption of sales tax on certain repair related rental cars. Exemption for meat sanitation sales.		-5.1	X	
Pennsylvania	Expand the SUT to cover basic cable TV, movie theater tickets and digital downloads. The vendor discount is limited to $25/month.	04-16	414.6	X	
South Dakota	0.5% Increase in State Sales and Use Tax Rate	06-16	106.8	X	
Tennessee	Sales tax exemption for qualified data centers. Sales tax also impacts Local Government Fund.	07-16	-4.1	X	
Washington	Changes to Sales Tax reimbursements for out-of-state entities ($24 million); Repeal use tax exemption for extracted fuel ($18 million); Repeal use tax exemption for bottled water ($25 million)		67.0	X	
West Virginia	Broaden sales tax base to include telecommunication services for a gain of $60 million. This proposal was not enacted. An additional $10 million would have helped close FY2016 budget gap	04-16	60.0	X	
Wisconsin	Sales tax exemption for building materials used in the construction of facilities utilized by local governments or non-profit entities.	01-16	-6.4	X	
Total Revenue Changes — Sales Tax			**$1,772.2**		

Table A-1 continues on next page.

TABLE A-1 (CONTINUED)

Recommended 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
	PERSONAL INCOME TAXES				
Alaska	This proposal establishes a personal income tax based on 6% of the taxpayer's federal tax liability. The tax is payable by both Alaska residents and non-residents on the portion of their income derived from income earned within the State. Like the federal income tax, it would be payable based on calendar year earnings.	01-17	100.0	X	
Arkansas	Act 22 of 15 providing middle class tax relief; Act 1173 of 15 Amends capital gains income tax rate (50% exempt, also +10 million)	01-16	-102.1	X	
Indiana	Teacher Tax Credit & Dependent Exemption: The teacher tax credit results in a decrease of $6.9M, while the dependent exemption results in a decrease of $4.4M.	07-15, 07-16	-11.3	X	
Kansas	Delinquent tax debt collection & eliminate transfer to job creation program fund	07-16	16.0	X	
Maine	Makes changes to income modifications, deduction and exemptions, tax rates and brackets, and eliminates certain credits, including the phase out of refundable sales tax credits.	01-16	-175.2	X	
Maryland	Increase refundable earned income tax credit amount to 28% (-$18.0 million); Create tax credit for businesses for donations to qualified schools (-$2.5 million)	01-16	-20.5	X	
Massachusetts	Governor's budget supported personal income tax decrease that was already codified in earlier legislation.	01-17	-78.0	X	
Minnesota	Child and Dependent Care Credit Expansion — This expands the Minnesota Child and Dependent Care Credit to 92,000 new families by moving the income cap for eligibility from $39,000 to $112,000 for families with one child and $124,000 for families with two children, and increasing phase out level to $100,000 for all families. This proposal keeps the credit refundable, and increases the maximum credit from $1,440 to $2,100.	01-16	-46.8	X	
	K-12 Education Credit Expansion — This expands the K-12 credit to 16,800 new families by moving the phase-out threshold from $33,500 to $45,000 and indexes the cap for inflation. Currently, approximately 54,000 taxpayers claim the K-12 credit. The maximum credit is $1,000 times the number of eligible children, and income cannot exceed $37,500 to qualify. This credit is estimated to provide $13.2m in total benefits to eligible taxpayers in FY17.	01-16	-5.7	X	
	Expand the Working Family Credit to the Middle Class — This expands the Working Family Credit by providing access to the maximum amount of the credit at lower income levels, providing access to the credit for those making up to $55,000, and increasing the amount of the credit for over 280,000 already receiving it by an average of $146.	01-16	-39.4	X	
	Federal Conformity — The Governor recommends conforming Minnesota's tax code to the federal income tax changes made in 2015. This proposal reflects the impacts of conforming Minnesota tax law changes made at the federal level in the Bipartisan Budget Act of 2015 (passed in November of 2015) and the Protecting Americans from Tax Hikes Act of 2015 (passed in December of 2015).	01-16	-8.1	X	
North Dakota	HB1014 increases the Housing Incentive Fund tax credit by $15.0 million. SB2349 reduces the income tax rates by $87.0 million.	01-15	-51.0	X	
Ohio	Across the board reduction in personal income tax rates of 6.3 percent, continue exemption on 75% of the first $250,000 in business income for those reporting business income under the personal income tax. Increased revenue by means testing the retirement credit exemption and senior credit.		-1136.1	X	

Table A-1 continues on next page.

TABLE A-1 (CONTINUED)

Recommended 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
	PERSONAL INCOME TAXES (continued)				
Pennsylvania	The PIT rate of 3.07% is proposed to be increased to 3.4%.	01-16	1361.5	X	
	A claimant's eligibility income limit to qualify for 100% tax forgiveness under the special tax provisions for poverty is proposed to be increased from $6,500 to $8,700. A qualifying family of four with two claimants and two dependents will owe no tax on taxable income up to $36,400.	01-16	-83.4	X	
	Pennsylvania lottery winnings are proposed to be taxed at 3.4%.	01-16	16.3	X	
Rhode Island	Increase the allowable percentage of the federal earned income tax credit to 15.0 percent (-2.7).	07-16	-2.7	X	
South Carolina	Military Ret. Exempt. & 2% Marg. Tax Rate Red.	07-16	-141.3	X	
Virginia	Raise personal exemptions	01-16	-19.7	X	
Total Revenue Changes—Personal Income Tax			**-$427.5**		

State	Tax Change Description	Effective Date	Fiscal 2017 Revenue Changes ($ in Millions)	General Fund	Other State Fund
	CORPORATE INCOME TAXES				
Florida	Exemption for Manufacturers and Retailers	01-17	-384.9	X	
Idaho	Tax conformity	01-17	-28.7	X	
Indiana	Cap Increase for SGO Tax Credit	07-15	-2.0	X	
Kansas	Delinquent tax debt collection	07-16	6.2	X	
Louisiana	Extension of the corporate franchise tax to other forms of business organization other than traditional C-corporations.	01-17	10.3	X	
Maryland	Create tax credit for businesses for donations to qualified schools	01-16	-2.5	X	
Minnesota	Federal Conformity — The Governor recommends conforming Minnesota's tax code to the federal income tax changes made in 2015. This proposal reflects the impacts of conforming Minnesota tax law changes made at the federal level in the Bipartisan Budget Act of 2015 (passed in November of 2015) and the Protecting Americans from Tax Hikes Act of 2015 (passed in December of 2015).	01-16	14.7	X	
	Corporate Tax Reform — This set of reforms for taxes on corporations ends advantageous tax breaks for certain types of businesses, leveling the playing field for certain business transactions, and making corporate taxes simpler by providing clarity to current laws.	01-16	7.3	X	
North Dakota	HB1014 increases the Housing Incentive Fund tax credit by $15.0 million. SB2349 reduces the income tax rates by $21.0 million. SB2292 provides alternative methods of apportioning corporate income effectively reducing tax liabilities by $15.0 million. SB2329 expands the renaissance zone tax credit limit by $2.0 million.	01-15	-26.5	X	
Tennessee	Payments reform	07-16	-11.8	X	
Virginia	Rate reduction to 5.75%	01-16	-17.2	X	
Total Revenue Changes—Corporate Income Tax			**-$435.1**		

Table A-1 continues on next page.

TABLE A-1 (CONTINUED)

Recommended 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
	CIGARETTE TAXES				
Alaska	Increase the additional tax on cigarettes from 62 mills to 112 mills (a tax increase of 5 cents per cigarette). This bill also increases the tax on tobacco products other than cigarettes from 75% of the wholesale price to 100%. It also creates a tax on electronic cigarettes and taxes them in the same method as tobacco products other than cigarettes. 91.1% of the proceeds of this tax would be deposited into the General Fund ($22.8 million) and the remainder would be deposited into the Tobacco Use Education and Cessation Fund ($2.2 million)	07-16	25.0	X	X
Louisiana	Increase in the cigarette tax by 22 cents per pack.	07-16	48.2	X	
Minnesota	Stop Tobacco Smuggling — This enhances tobacco enforcement with more anti-smuggling resources and increases penalties on law breakers to ensure that honest businesses are not at a competitive disadvantage.	08-16	1.3	X	
Ohio	Increase cigarette and other tobacco products tax by $.40 per pack.		170.0	X	
Oklahoma	Raise the $1.03 per pack rate to $2.53 per pack	07-16	181.6	X	X
Pennsylvania	An increase in the Cigarette Tax rate equivalent to $0.05/cigarette ($1/pack of 20 cigarettes) is proposed.	04-16	468.1	X	
Rhode Island	Increase of $0.25 per pack on cigarettes from $3.75 to $4.00 (7.1). Revenue increase includes change in excise tax rate of $5.7 million, cigarette floor stock tax of $0.8 million, and adjustment to sales tax of $0.6 million.	08-16	7.1	X	
West Virginia	Increase cigarette tax from 55 cents to $1.00, increase other tobacco products tax rate from 7% to 125 and impose a 7.5 cent per milliliter of e-cigarette liquids. This proposal is still under debate.	04-16	78.0	X	
Total Revenue Changes—Cigarette Tax			**$979.3**		
	MOTOR FUEL TAXES				
Alaska	This proposal would increase the tax rates of all categories of motor fuel, to new tax rates that range from $0.10 per gallon to $0.16 per gallon. Approximately $200,000 of the proceeds of this tax increase will be shared will municipalities.	07-16	44.0	X	
Hawaii	Increases the State fuel tax, the State MV registration fee & the State MV weight tax.	07-16	65.4		X
Minnesota	NexTen for Transportation — The Governor recommends a major investment plan for transportation to fund the estimated $6 billion gap that exists between funding needs and revenues in the next ten years. The Governor proposes addressing the gap in road and bridge funding through a 6.5% gross receipts tax on gasoline, an increase in registration fees, an additional $2 billion in trunk highways bonds over the next 10 years, and through MnDOT efficiencies. These sources will fund roads and bridges at the state, county and municipal level. In addition, the Governor recommends a general fund increase for Greater Minnesota Transit of $10 million per year and a general fund increase for bike and pedestrian infrastructure, including Safe Routes to School, of $2.5 million per year. The cost of this proposal also includes administrative funding for the Department of Revenue and recognizes the interacting costs of the gross receipts tax and the increase in registration fees.	09-16	338.1		X
New York	Extend Alternative Fuels Exemption	09-16	-2.0	X	X
Ohio	Alternative price authorized in calculating taxable value of propane under the Petroleum Activity Tax.		-2.8	X	
Total Revenue Changes—Motor Fuel Tax			**$442.7**		

Table A-1 continues on next page.

TABLE A-1 (CONTINUED)

Recommended 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
	ALCOHOLIC BEVERAGES TAXES				
Alaska	The proposal would double the tax rates on all forms of alcoholic beverages, to a total of 20 cents per drink portion, with the rate increased to 6.6 cents for small craft breweries. 50% of the proceeds are deposited into the General Fund and the remainder is deposited into the Alcohol and Other Drug Abuse Treatment and Prevention Fund	07-16	$38.0	X	X
Kansas	Delinquent tax debt collection	07-16	4.2	X	
Louisiana	Increase in the tax of alcoholic beverages (various increases).	07-16	19.6	X	
New York	Establish Additional Alcohol Beverage Tax Tasting Exemptions and Production Credits	01-16	-1.0	X	
Total Revenue Changes—Alcohol Tax			**$60.8**		
	OTHER TAXES				
Alaska	Fisheries Business Tax ($19 million) — This proposal would increase each of the tax rates within both the Fisheries Business Tax and Fisheries Landing Tax by 1 percent.	07-16	19.0	X	
	Mining License Tax ($10 million) — This proposal would increase the highest tax rate from 7% to 9% of the amount of net taxable income over $100,000 and to remove the exemption from paying tax for 3 ½ years after production begins for new mining operations. The tax "brackets" for income levels below $100,000 are unchanged.	07-16	10.0	X	
	Oil and Gas Tax Reform ($100 million) — About $100 million would be earned in additional revenue. About half of this would come through “hardening” the minimum tax floor, thus reducing the ability of companies to offset the 4% payment. The other half would come from increasing the minimum tax rate from 4% to 5%.	07-16	100.0	X	
	Commercial Passenger Vessel Tax — Currently, commercial passenger vessels are charged a levy of $34.50 per passenger that is reduced in locations with local levies in place (Generally $8 in Juneau and $7 in Ketchikan). This proposal would eliminate the tax reduction for voyages also paying local levies.	07-16	14.0		X
Louisiana	Re-introduction of the auto rental excise tax — which had expired in 2012; and, reduction in credits to some insurance companies, which increased their liability.	07-16	13.3	X	
Massachusetts	Companion bill to budget limits film tax credit, raises affordable housing credit, and expands singles sales factor to all businesses. FY18 impact.	N/A	N/A		
Minnesota	Estate Tax Recapture — This would change the law to eliminate the requirement that a heir of farmland must pay recapture tax when the farmland is acquired by government units through eminent domain.	06-11	-0.1	X	
	Update to the Construction and Demolition Waste Management Rate. Effective July 1st, 2016, this change would delete the outdated conversion rate of $2.00 per ton used in the taxation of construction and demolition waste. The old conversion rate will be replaced with commissioner authority to determine the conversion rate each year, which will ensure the rate keeps pace with changes in waste hauling practices and is equitable between those measuring the waste in yards or tons	07-16	0.3	X	
	Modernize Construction and Demolition Waste Management Rate	07-16	0.1	X	
Ohio	Exemption under the Commercial Activity Tax (CAT) for certain integrated supply chain transactions. Move production credits from the Financial Institutions Tax to the CAT.		-2.3	X	

Table A-1 continues on next page.

TABLE A-1 (CONTINUED)
Recommended 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
	OTHER TAXES				
Pennsylvania	Severance tax of 6.5% is proposed on natural gas extraction.	07-16	217.8	X	
	The Bank Shares Tax rate is proposed to be increased from 0.89% to 0.99% and the tax base is proposed to be clarified, to achieve the revenue neutrality intended with the enactment of Act 52 of 2013.	01-16	39.2	X	
	Add a surcharge of 0.5% to fire, property and casualty insurance.	01-16	100.9	X	
	A 40% tax on the wholesale price of other tobacco products is proposed, including smokeless tobacco, large cigars, loose tobacco (effective 07-16) and e-cigarettes.	05-16	136.0	X	
	A new tax of 8% is imposed on promotional plays related to slot machines and table games.	01-16	50.9	X	
Rhode Island	Increase in revenues from a fraud initiative (5.0), sale of state fleet motor vehicles (1.0), and transfer of excess reserves from the Rhode Island Health and Educational Building Corporation (5.0), Narragansett Bay Commission (1.5), Rhode Island Resource Recovery Corporation (1.5) and the Rhode Island Infrastructure Bank (8.0).	07-16	22.0	X	
Vermont	Provider tax change — Increased provider tax for independent physicians and dentists to 2.35%	07-16	17.0		X
Washington	Limit REET foreclosure exemption		34.0	X	
West Virginia	Eliminate a tax on behavioral health care providers and replace lost revenue by restricting the medical durable good sales tax exemption to home use only. Elimination of temporary 56 cent per ton tax on coal, 4.7 cent per Mcf tax on natural gas and 2.78% gross receipts tax on timber effective July 1, 2016 because Old Workers' Compensation Debt Fund is nearly fully funded. The regular timber severance tax is restored for the Division of Forestry at a rate of 1.5% for a period of two years. Then net severance tax reduction is nearly $112 million.	07-16	-112.9	X	X
Total Revenue Changes—Other Tax			**$659.3**		
	FEES				
Alaska	Various Fee Increases statewide Including DMV fees, marijuana business fees & University Tuition, and Marine Highway fare increases		34.0		X
California	Various fees have been adjusted within the Department of Consumer Affairs.	Various	TBD		X
Connecticut	Increase DOL filing fees for grievances; Increase permit fees for oversize/overweight vehicles; cap fees for decedents' estates at $40,000	07-16	-5.5	X	X
Maryland	Eliminate handgun qualification license fee	07-16	-0.8	X	
	Reduce home improvement contractor license fee	07-16	-0.4	X	
	Reduce fee for admission of out-of-state attorney	07-16	-0.1		X
	Reduce birth certificate fee	07-16	-2.4	X	
	Reduce death certificate fee	07-16	-0.8	X	
	Reduce vanity plate fee	07-16	-2.6		X
	Eliminate environmental surcharge	07-16	-10.0		X

Table A-1 continues on next page.

TABLE A-1 (CONTINUED)
Enacted Revenue Changes by Type of Revenue, Fiscal 2016

State	Tax Change Description	Effective Date	Fiscal 2017 Revenue Changes ($ in Millions)	General Fund	Other State Fund
	FEES				
Michigan	Teacher certification and renewal fees ($2.0 million); "look-up" fees for driver and vehicle information ($14.1 million)	10-16	16.1		X
Minnesota	Energy Bill — Permit application processing for the PUC	07-16	0.6	X	
	Federal FAST Act State Road Construction — Increasing the state road construction appropriation in the trunk highway fund to enable MnDOT to spend the increase in federal funding due to the Fixing America's Surface Transportation Act (FAST Act) enacted in December 2015.	07-16	68.5		X
	Home and Community Based Care Providers Licensure Update — New and stable fee structure for Home and Community Services that adequately funds the licensing and maltreatment-related actives conducting by the Department. The proposed model charges all licensees a base rate plus an additional one-half of one percent of provider's 245D payment over $100,000.	07-16	6.7		X
	Home and Community Based Care Providers Licensure Update — A new and stable fee structure for Home and Community Services that adequately funds the licensing and maltreatment-related actives conducting by the Department.	07-16	-4.0		X
	Nursing Facility Value Based Reimbursement System Implementation Drafting Error — Correcting a drafting error in law that describes how nursing facilities are to be paid under Medicaid	07-16	4.7	X	
	PCA — Funding for staff to work with the Environmental Protection Agency on a multi state and federal clean-up effort in the St. Louis River Area of Concern	07-16	0.5		X
	Transportation — Safety Improvements on Crude Oil Corridors, Grade Crossing Safety Account, Rail Inspectors	07-16	34.4		X
	Increase in the Department of Commerce Energy Regulation and Planning (ERP) unit's staff in order to advocate for the public interest in a timely manner in utility and energy proceedings before the Minnesota Public Utilities Commission.	07-16	2.8		X
	Increase in the Department of Commerce Energy Regulation and Planning (ERP) unit's staff in order to advocate for the public interest in a timely manner in utility and energy proceedings before the Minnesota Public Utilities Commission. Funding will be moved from the general fund to the special revenue fund to allow the unit to assess regulated entities based on workload	07-16	-2.0	X	
Rhode Island	Implementation of a tagging system and changes in the way the Medical Marijuana system is licensed.	07-16	9.8	X	
South Dakota	Various user fees and security registration fees		8.2	X	X
Vermont	Miscellaneous fee increases — Mutual fund Fee increase of $13.2 is deposited into the general fund, the remaining 9.3 are fees associated with Transportation and are deposited into the Transportation fund, the remaining 5.1 is generated through several different fee changes for departments associated with protection to persons and property.	07-16	27.6	X	X
Total Revenue Changes—Fees			**$185.3**		

TABLE A-2
Recommended Revenue Measures, Fiscal 2017

State	Tax Change Description	Effective Date	Fiscal 2017 Revenue Changes ($ in Millions)	General Fund	Other State Fund
Alaska	Other — Sustainable Draw on Permanent Fund Earnings — The Alaska Permanent Fund will be transitioned to an endowment-style fund. The Fund will absorb the volatility of oil and gas revenues and allow for a $3.3 billion annual transfer to the General Fund. Royalties not deposited into the permanent fund will be transferred to the School Fund (0.5%) and the Permanent Fund Dividend Fund (50%)	07-16	3,300.0	X	
	Other — Diversion of Oil and Gas Production Taxes to the Permanent Fund — Oil and Gas Production Taxes will be deposited into the Alaska Permanent Fund, rather than the General Fund, to absorb revenue volatility	07-16	-187.0	X	
	Other — Diversion of Oil and Gas Royalties to the Permanent Fund — Oil and Gas royalties will be deposited into the Alaska Permanent Fund, rather than the General Fund, to absorb revenue volatility. Royalties not deposited into the permanent fund will be transferred to the School Fund (0.5%) and the Permanent Fund Dividend Fund (50%)	07-16	-758.6	X	
Connecticut	Eliminate Minimum Bottle Pricing	10-16	2.1	X	
Delaware	Corporate Income — Delaware Competes Act — Changes apportionment factors for Corporate Tax calculation over time to exclusively sales, simplifies business tax compliance for smaller businesses.	Various	-8.2	X	
Indiana	Sales — Gasoline Use Tax redirect & Sales Tax redirect	07-16	13.1	X	
Maine	Other — Caps the amount of real estate transfer tax transferred to the Maine State Housing Authority		6.1	X	
Maryland	Other — Repurpose $20 million in transfer tax revenues previously redirected to the General Fund to land preservation programs	07-16	0.0	X	X
	Other — Redirect $2 million in electronic bingo and tip jar revenue from cultural arts preservation program to the state arts council	07-16	0.0		X
New York	Personal income — Extend Tax Shelter Reporting Requirements	04-16	18.0	X	X
	Other — Authorize Combative Sports	06-16	1.0	X	
Ohio	Sales — Temporarily increase percentage of total GRF tax receipts deposited in the Public Library Fund from 1.66% to 1.70%. The loss in revenue is split between the non-auto sales and kilowatt hour taxes.		-9.2		
	Other — Increase share of Commercial Activity Tax (CAT) deposited in GRF from 50% to 75%.		445.3		
Oklahoma	Sales — eliminate outdated deductions; apply sales tax rate to select services subject to taxation in surrounding states; apply sales tax to items delivered electronically; enhance auditing procedures with available technology	07-16	200.0	X	X
	Personal Income — eliminate the "double deduction" of allowing a deduction of state income taxes on state tax filing; Reconciliation of income tax withholding information to identify fraudulent and inaccurate returns	07-16	89.8	X	X
Rhode Island	Sales — Hire 2 new Revenue Agents for Field Audits, which will enhance enforcement of current tax policy (1.0)	07-16	1.0	X	
	Corporate Income — Additional collection of revenues due to a transfer pricing audit project of business corporations tax filers from past years (6.7) and increased enforcement of retaliatory assessments on foreign insurers (1.1).	07-16	7.8	X	

Table A-2 continues on next page.

TABLE A-2 (CONTINUED)

Recommended Revenue Measures, Fiscal 2017

State	Tax Change Description	Effective Date	Fiscal 2017 Revenue Changes ($ in Millions)	General Fund	Other State Fund
South Dakota	Other — Insurance Company Tax Credit for education scholarships decreases estimated collects by $2.0 million and a reallocation of the alcohol beverage tax decreases collections due to the general fund by $3.8 million.	07-16	-5.8	X	
Virginia	Fees — End MCI Revenue	01-16	-2.5	X	
West Virginia	Sales — One-year suspension of $4 million in sales tax transfers to the School Building Authority and $9 million to the State Road Fund	07-16	13.0	X	X
	Personal Income — Personal Income Tax Transfers of $95.4 million per Year to the Old Workers' Compensation Debt Fund end as of 2/2016. However, $30 million is annually dedicated to the Other Post Employment Benefits Trust Fund beginning in FY2017. The remaining $65.4 million benefits General Revenue Fund	02-16	65.4	X	X
	Corporate Income — Transfers to West Virginia Port Authority are terminated	03-16	4.3	X	X
	Other — Severance Tax transfers to the Infrastructure Bond Fund are limited to annual debt service needs following recent bond refunding	07-16	0.4	X	X
	Fees — One year reduction in Excess Lottery Fund transfers to Infrastructure Fund	07-16	10.0	X	X
Wisconsin	Sales — Add auditors beginning July of 2015	07-15	23.0	X	
	Personal Income — Add auditors beginning July of 2015	07-15	7.5	X	
	Corporate Income — Add audtiors beginning July of 2015	07-15	51.5	X	
	Other — Expanded statewide debt collection efforts	07-15	7.4	X	
Total			**$3,295.4**		

TABLE A-3
Enacted Mid-Year Revenue Actions by Type of Revenue, Fiscal 2016

State	Tax Change Description	Effective Date	Fiscal 2016 Revenue Changes ($ in Millions)	General Fund	Other State Fund
	SALES TAXES				
Connecticut	Eliminate energy star exemption.	01-16	3.6	X	
Georgia	Eliminate general sales tax on motor fuel sales effective July 1, 2015 ("the fourth penny").	07-15	-167.8	X	
Kansas	Delinquent tax debt collection	03-16	3.4	X	
Louisiana	Increase in the state sales tax rate by 1 percentage point (to 5%) and elimination of some exemptions.	04-16	285.2	X	X
Wisconsin	Sales tax exemption for building materials used in the construction of facilities utilized by local governments or non-profit entities.	01-16	-3.2	X	
Total Revenue Changes—Sales Tax			**$121.2**		
	PERSONAL INCOME TAXES				
Connecticut	Exempt employees in the state for less than 15 days.	01-16	0.0	X	
Kansas	Delinquent tax debt collection & eliminate transfer to job creation program fund	03-16	5.7	X	
Maine	Capital investment credit, section 179, teacher expense deduction, mortgage insurance premiums itemized deduction, tuition deduction	01-15	-14.8	X	
Massachusetts	Governor's budget supported personal income tax decrease that was already codified in earlier legislation.	01-16	-74.0	X	
New Jersey	Expansion of EITC program (enacted after Appropriations Act)	07-16	-122.0		X
Ohio	S.B. 208 corrected an unintended consequence of the tax reforms enacted in the FY2016–17 budget bill by changing the tax rates applicable to the nonexempt portion of the first $250,000 of business income in tax year 2015 and specifying that personal income tax (PIT) exemptions and credits apply to PIT filers regardless of income type.	12-15	-76.1	X	
Total Revenue Changes—Personal Income Taxes			**-$281.2**		
	CORPORATE INCOME TAXES				
Connecticut	Single factor apportionment for all "C" corporations; Raise cap on various tax credits; Cap impact of unitary combined reporting	01-16	-1.8		
Idaho	Tax conformity	01-16	-17.2	X	
Kansas	Delinquent tax debt collection	03-16	1.1	X	
Maine	Capital investment credit, section 179	01-15	-4.2	X	
Virginia	Adjust federal TOPS	01-16	-4.3	X	
Total Revenue Changes—Corporate Income Taxes			**-$26.4**		

TABLE A-3 (CONTINUED)

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

State	Tax Change Description	Effective Date	Fiscal 2016 Revenue Changes ($ in Millions)	General Fund	Other State Fund
	CIGARETTE TAXES				
Louisiana	Increase in the cigarette tax by 22 cents per pack.	04-16	11.6	X	
Total Revenue Changes—Cigarette Taxes			**$11.6**		
	MOTOR FUEL TAXES				
Georgia	Restructure motor fuel tax into excise tax only.	07-15	577.6		X
Total Revenue Changes—Motor Fuel Taxes			**$577.6**		
	ALCOHOLIC BEVERAGES TAXES				
Louisiana	Increase in the tax of alcoholic beverages (various increases).	04-16	4.8	X	
Total Revenue Changes—Alcoholic Beverages Taxes			**$4.8**		
	OTHER TAXES				
Connecticut	Extend Apprenticeship Tax Credit; Raise cap on various tax credits	01-16	-1.5	X	X
Georgia	New fees on hotel/motel rooms, alternate fuel vehicles and trucks, eliminate partial exemption of jet fuel purchases from sales tax. Revenues committed to transportation purposes.	07-15	167.8	X	
Louisiana	Re-introduction of the auto rental excise tax — which had expired in 2012.	04-16	0.8	X	
Maine	Clean Election Act		-1.0	X	
Massachusetts	Raised EITC from 15% to 23% of the Federal Credit. Impact in FY17.	N/A	N/A		
Ohio	S.B. 208 modified a Commercial Activity Tax (CAT) exclusion for receipts from the sale of certain consumer products within an integrated supply chain. H.B 340 authorized a reduction in the CAT payable by railway companies for certain purchases of dyed diesel fuel.	12-15	-1.5	X	
Total Revenue Changes—Other Taxes			**$164.6**		
	FEES				
California	Various fees have been adjusted within the Department of Consumer Affairs.	Various	TBD		
Nevada	1) Restructure Business License Fee. The fee is $200 for businesses other than corporations. The fee for corporation is $500. 2) Increase commercial recording fees for filing the initial and annual list of directors and officers by $25.	07-15	67.1	X	
Total Revenue Changes—Fees			**$67.1**		

TABLE A-4

Enacted Mid-Year Revenue Measures, Fiscal 2016

State	Tax Change Description	Effective Date	Fiscal 2016 Revenue Changes ($ in Millions)	General Fund	Other State Fund
Ohio	Other — H.B. 340 repealed the financial institutions tax (FIT) credit for the payment of regulatory assessments and fees paid to the state's Division of Financial Institutions.	12-15	6.3	X	
	Fees — H.B. 340 eliminated a fee charged to state-chartered financial institutions.	12-16	-6.3		X
Virginia	Fees — End MCI Revenue	01-16	-2.6	X	
West Virginia	Personal Income — Ended Personal Income Tax Revenue Transfers to Old Workers' Compensation Debt Fund.	02-16	53.0	X	X
	Corporate Income — Ended quarterly transfers to WV Port Authority	03-16	2.2	X	X
	Other — Redirected Special Workers' Compensation Severance Tax revenues to General Fund between March 2016 and June 2016	03-16	39.0	X	X
	Fees — Redirected Workers' Compensation Policy Surcharges and Excess Lottery Funds to General Revenue Between March and June 2016	03-16	20.5	X	X
Total			**$112.1**		

NASBO

NATIONAL ASSOCIATION OF STATE BUDGET OFFICERS