It's All About the Money: The State of State Budgets

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States Have Closed Big Budget Gaps

(in billions of dollars)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Post-Enactment</th>
<th>Pre-Enactment</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2001</td>
<td>$37.2</td>
<td>$49.1</td>
</tr>
<tr>
<td>FY 2002</td>
<td>$79.0</td>
<td>$29.9</td>
</tr>
<tr>
<td>FY 2003</td>
<td>$83.7</td>
<td>$5.3</td>
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<tr>
<td>FY 2004</td>
<td>$36.3</td>
<td>$78.4</td>
</tr>
<tr>
<td>FY 2005</td>
<td>$36.3</td>
<td>$36.3</td>
</tr>
</tbody>
</table>

(17 States) (43 States) (42 States) (42 States) (33 States)
State Year-End Balances
As a Percentage of General Fund Expenditures

Note: 49 states reporting for FY 2003-FY 2005
FY 2005 Year-End Balances
As a Percentage of General Fund Expenditures

Rhode Island

- Less than 0.0%, n = 1
- 0.0% to 4.9%, n = 34
- 5.0% to 9.9%, n = 10
- 10% and over, n = 4
- Not available, n = 1

Delaware
Projected General Fund Growth Rates in FY 2005
(Percent Change from FY 2004)

- Revenue: 2.8%
- Appropriations: 4.8%
- Medicaid: 12.9%
Composition of General Fund
Budgets, FY 1995

- K-12 Education: 29.9%
- Other: 41.1%
- Medicaid: 12.0%
- Higher Education: 11.7%
- Corrections: 5.3%
Composition of General Fund Budgets, FY 2004

- K-12 Education: 33.6%
- Other: 33.2%
- Medicaid: 16.3%
- Higher Education: 11.0%
- Corrections: 5.9%
Composition of FY 2004 General Fund Budgets

- What's in "Other"?
  - Transportation
  - Public assistance
  - Parks and recreation
  - State police
  - Employer contributions to pensions and benefits
  - Information technology
  - Environment
  - Economic development
  - Arts program

Other 33.2%
Longer-Term Fiscal Pressures

• Medicaid costs and pent-up spending demands
• Concern about future revenue growth
  – Antiquated tax systems
  – Sales tax pressures
  – Modest personal income tax growth
• A more conservative fiscal climate
"Revenues are performing better than expected, but the improved revenue estimate is being taken away by revised cost estimates."

Michael Calvert,
Director, Legislative Fiscal Office, Nebraska
For More Information

www.ncsl.org