

State Budget and Tax Update LCPPFP Budget Balancing Subcommittee

Oct. 19, 2009



NATIONAL CONFERENCE *of* STATE LEGISLATURES

The Forum for America's Ideas



From a Presentation By
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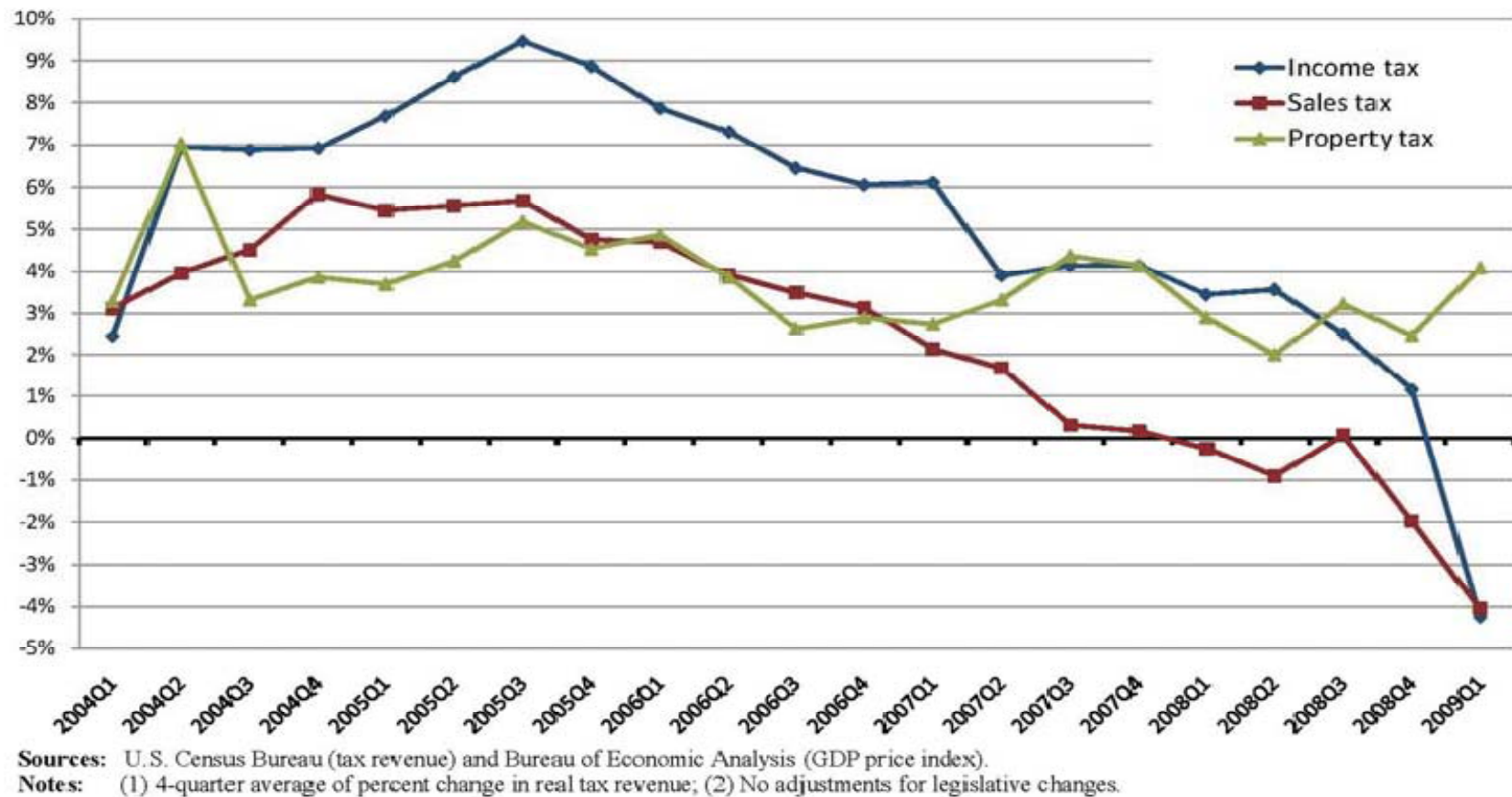
Overview

- The state fiscal situation is dire.
- The current revenue situation is nearly unprecedented, at least in recent decades.
- To date, states have reported a total estimated budget gap of \$382.8 billion (FY 2008 through FY 2012).





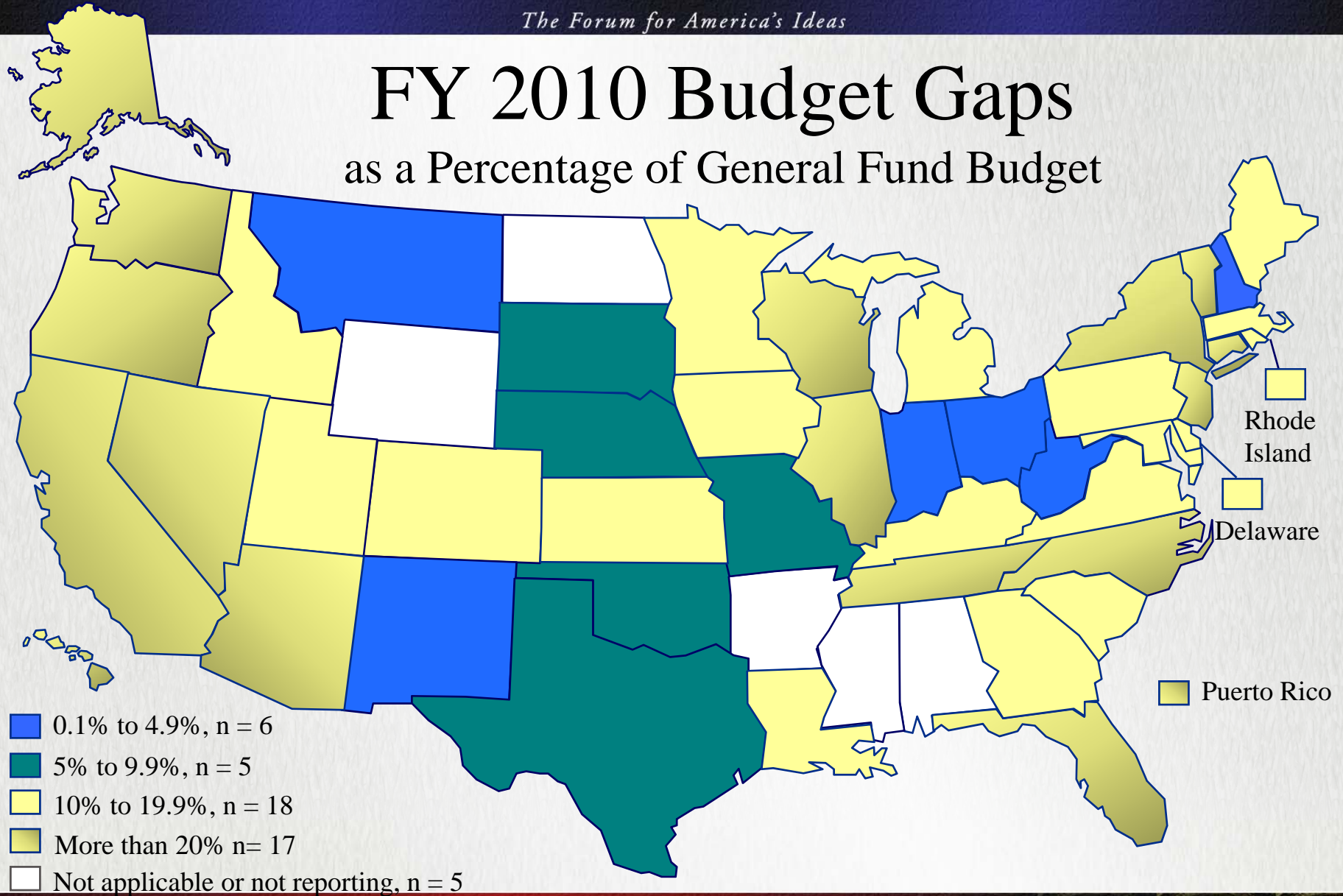
Year-Over-Year Percent Real Change in Major Taxes Four-Quarter Average of Percent Change





FY 2010 Budget Gaps

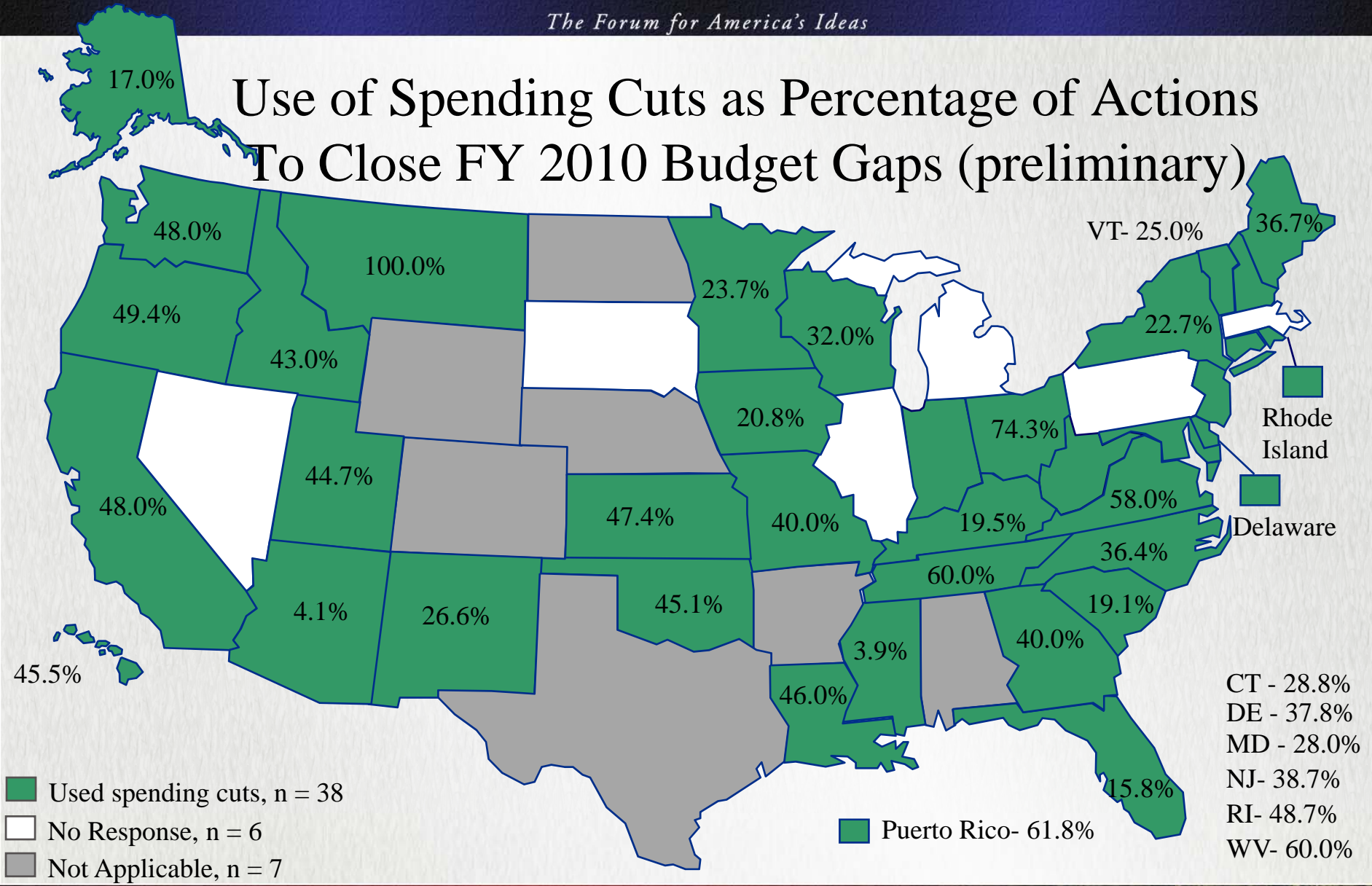
as a Percentage of General Fund Budget



Source: NCSL survey of state legislative fiscal offices, 2009.



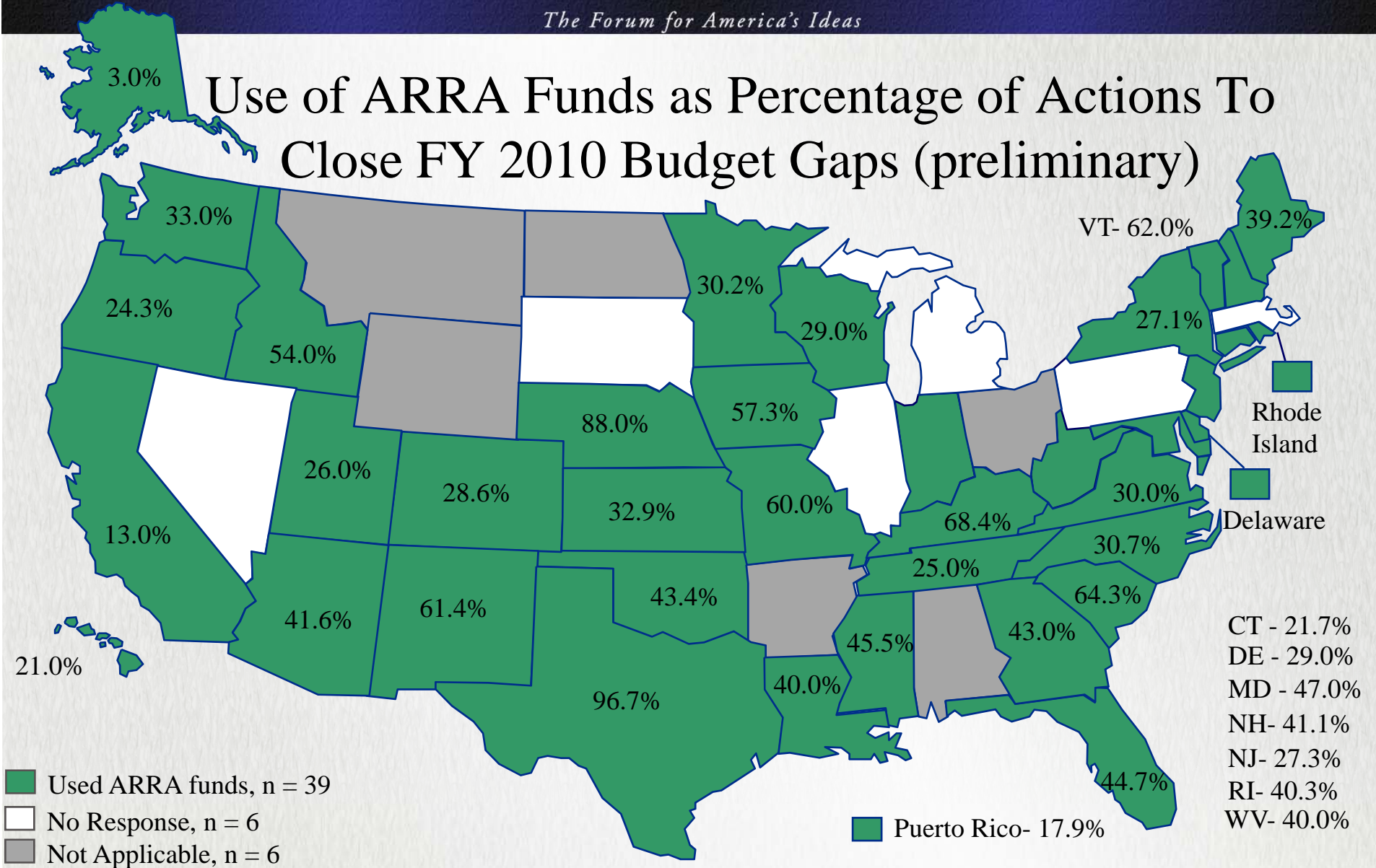
Use of Spending Cuts as Percentage of Actions To Close FY 2010 Budget Gaps (preliminary)



Source: NCSL survey of state legislative fiscal offices, 2009.



Use of ARRA Funds as Percentage of Actions To Close FY 2010 Budget Gaps (preliminary)



Source: NCSL survey of state legislative fiscal offices, 2009.



Percentage Change in Total FY 2010 Operating Funds
Without and With ARRA Funds
 (Selected States)

State	Percent Change Without ARRA	Percent Change With ARRA	State	Percent Change Without ARRA	Percent Change With ARRA
Alabama	-15.1%	7.6%	Nebraska	0.9%	6.5%
Georgia	-8.1%	-0.3%	New York	0.8%	7.3%
Hawaii	4.3%	11.3%	North Dakota	23.0%	38.5%
Idaho	-11.4%	-3.5%	Oklahoma	-6.4%	2.1%
Indiana	1.2%	7.0%	South Carolina	-3.2%	10.6%
Iowa	-3.2%	3.1%	South Dakota	0.0%	7.6%
Minnesota	-4.6%	2.7%	Vermont	-7.1%	-2.3%
Missouri	-9.7%	-0.6%	West Virginia	1.0%	8.0%

Source: National Conference of State Legislatures, 2009.





Budget Gap Numbers

Past and Current Recession

Past Recession		Current Recession	
Fiscal Year	Amount (in Billions)	Fiscal Year	Amount (in Billions)
2002	\$37.2	2008	\$12.8
2003	\$79.0	2009	\$116.7
2004	\$83.7	2010	\$144.8*
2005	\$37.0	2011	\$61.6**
2006	\$26.9	2012	\$46.9**
Total	\$263.8	Total	\$382.8*

Past Recession: March 2001 to November 2001 (8 months)

Current Recession: Began December 2007 to present (21 months)

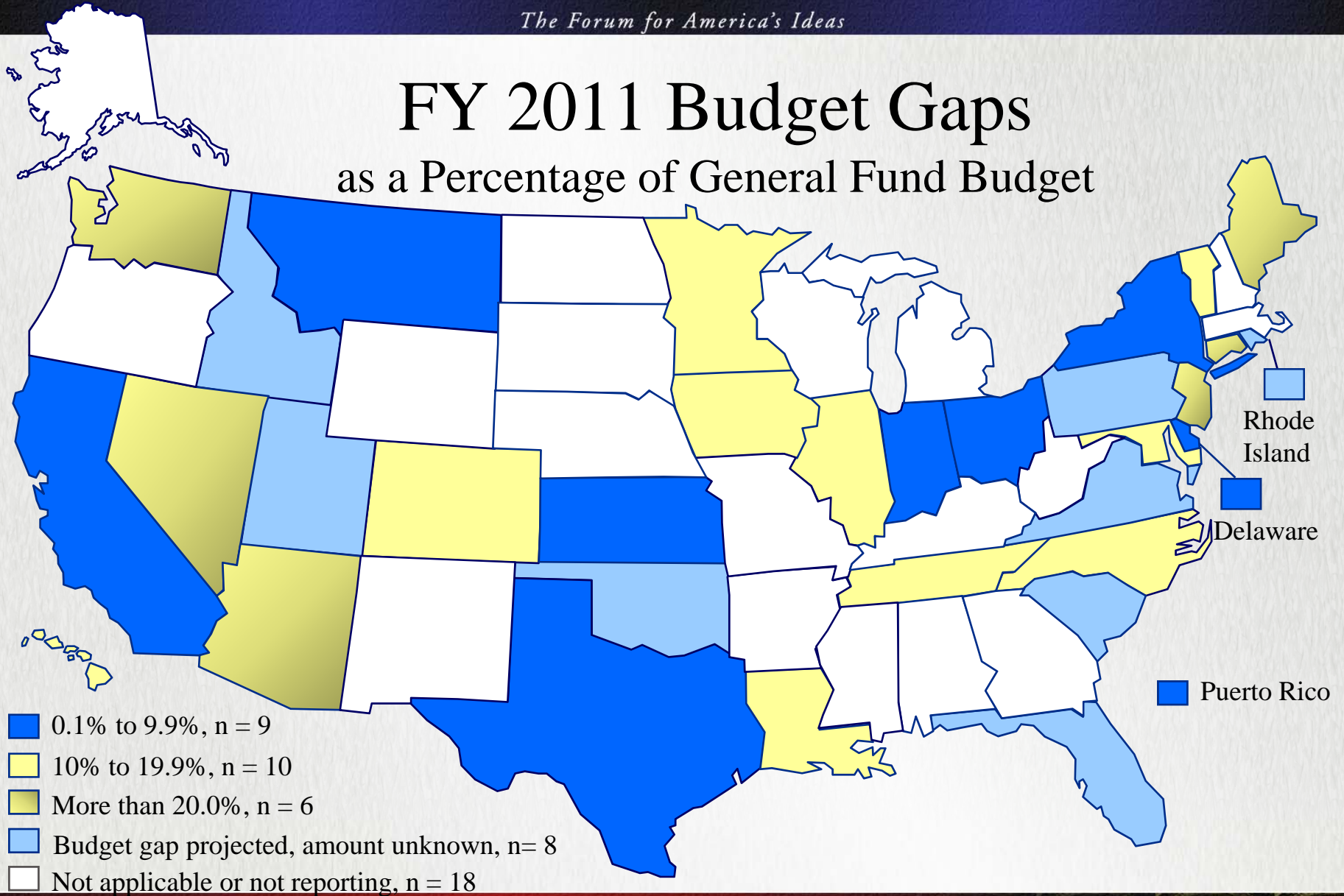
*Preliminary figure

** Projected figure

Source: NCSL survey of state legislative fiscal offices, various years.



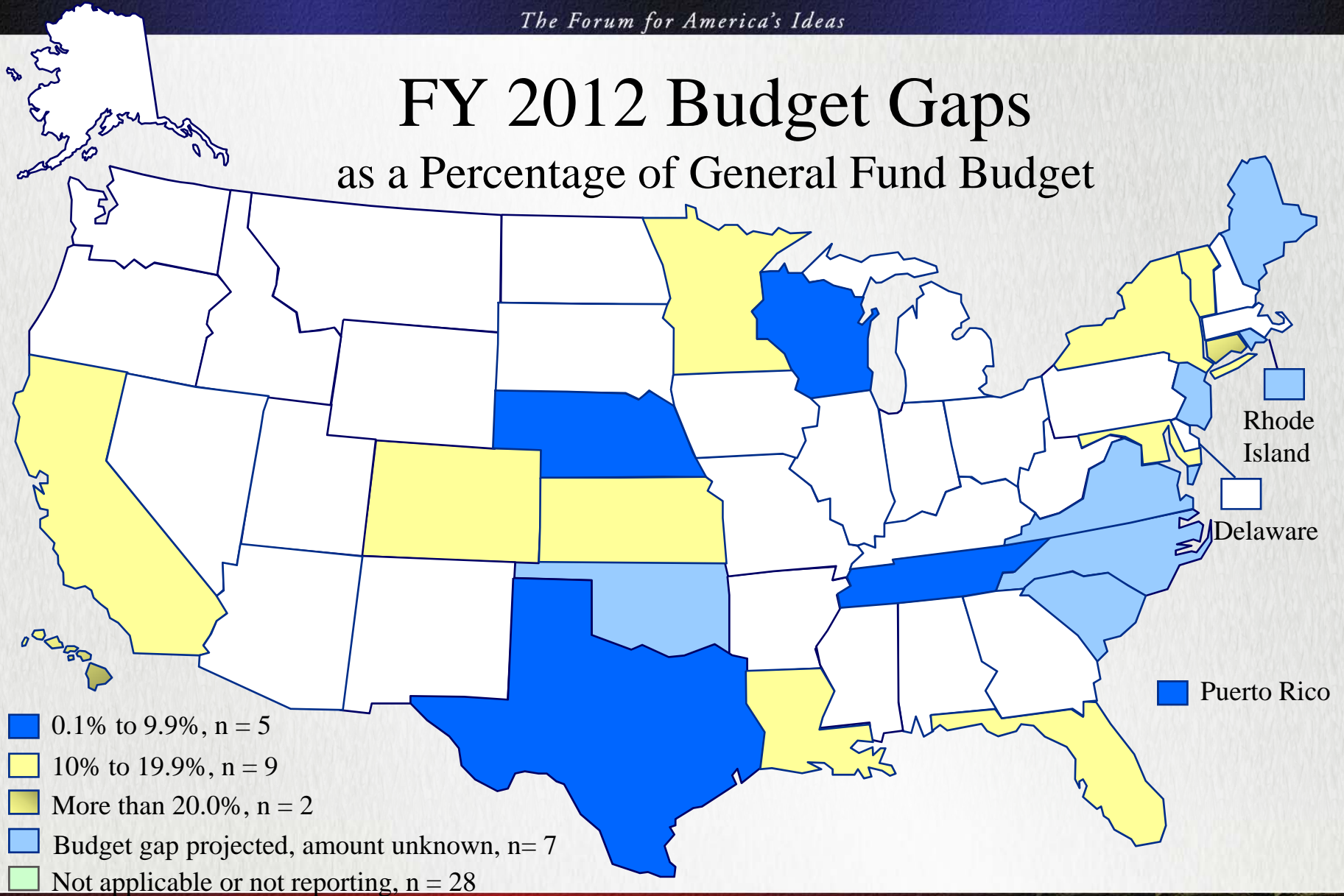
FY 2011 Budget Gaps as a Percentage of General Fund Budget



Source: NCSL survey of state legislative fiscal offices, various years.



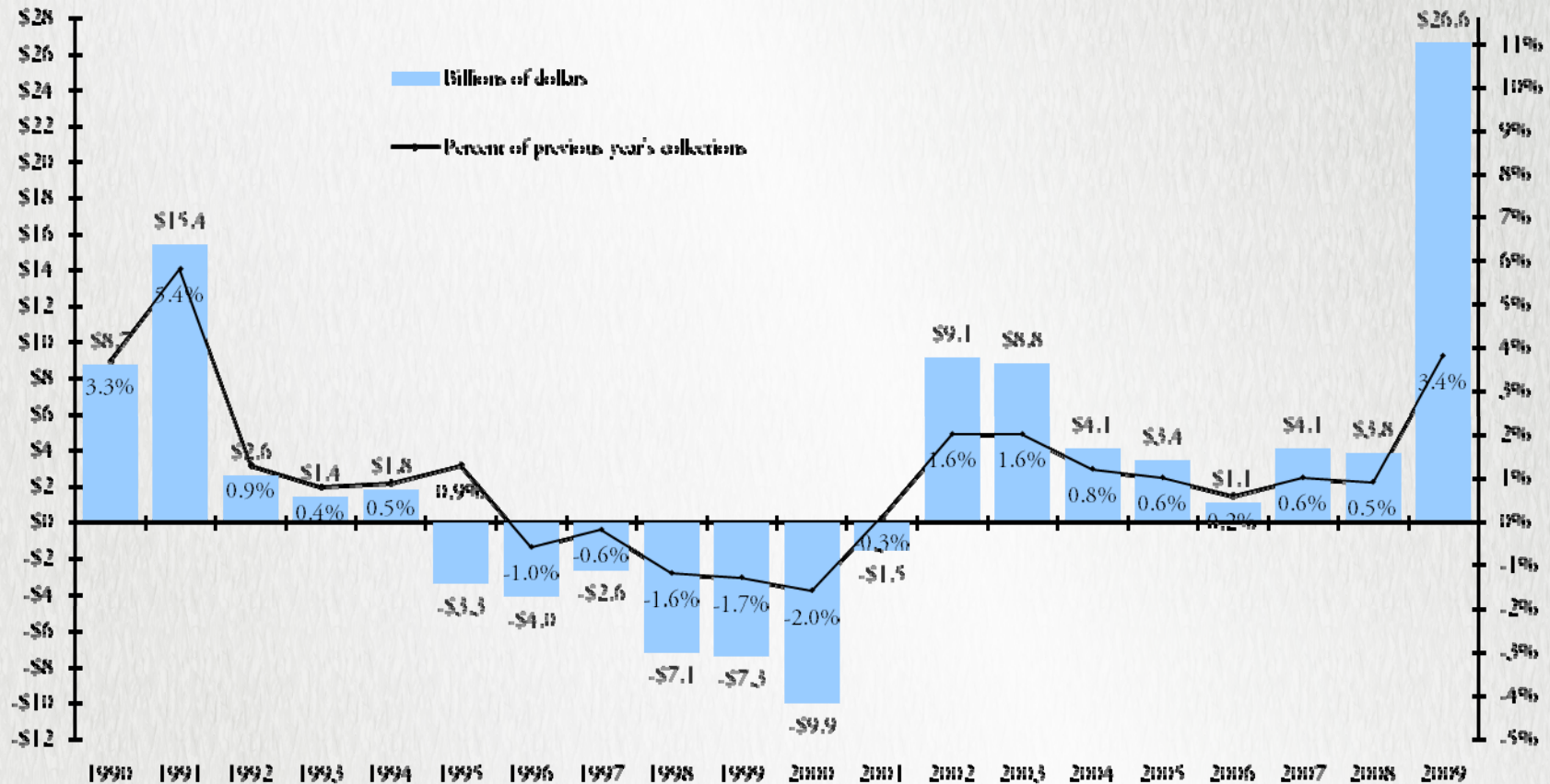
FY 2012 Budget Gaps as a Percentage of General Fund Budget



Source: NCSL survey of state legislative fiscal offices, various years.



Net State Tax Changes by Year of Enactment



Source: NCSL survey of legislative fiscal offices, various years. 2009 figures represent 44 reporting states. States not included are: AZ, HI, MI, OH, PA, and RI.



Conclusion

- The states are facing a "cliff" once ARRA funding ends.
- State governments will face budgetary problems at least 12 months after the US recession ends.
- States are bracing for prolonged fiscal problems.



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