State Budget Update: November 2009

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NCSL

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STATE BUDGET UPDATE: NOVEMBER 2009

The state revenue nightmare continues. Officials were hopeful that fiscal year (FY) 2009 would mark the bottom of the revenue plunge, but their hopes have been shattered. Not only have revenues continued to fall below expectations, they are projected to be anemic for years to come. This means another round of budget gaps, certainly in FY 2010, but even beyond in many states.

State lawmakers closed a cumulative budget gap of $145.9 billion in their FY 2010 budgets. This was on top of the gaps they closed in FY 2009 and for many, the ones they faced in FY 2008. Now, midway through FY 2010 for most states, new gaps have opened. And that will not be the end of it. The longest economic downturn in decades appears to be well entrenched and is manifesting itself in multi-year budget shortfalls. Many states already foresee budget gaps in FY 2011 and FY 2012. It is hard to see when they will end.

Ironically, a contributing factor to future state budget gaps is the end of federal stimulus funds provided by the American Recovery and Reinvestment Act (ARRA). Those additional funds supported state budgets in FY 2009 and, to an even greater extent, in FY 2010. That money recedes in FY 2011 and, when it is gone, will leave big holes in state budgets—what many state officials are calling the "cliff effect."

Despite a growing consensus that the national recession—the principal cause of state fiscal problems—has ended, state finances will not recover in the near term. History shows that state budgets continue to struggle long after a recession ends. The information in this report is further evidence of that fact.

This report provides information on all 50 states and Puerto Rico. It is based on data collected from legislative fiscal directors in November 2009. It includes information on:

- New FY 2010 budget gaps;
- Revenue performance for major tax categories (through October 2009 for most states);
- The outlook for revenue performance for the remainder of FY 2010;
- Projected FY 2010 revenues compared to FY 2009 collections;

- Spending overruns in FY 2010;
- A summary of the current state fiscal situation;
- A longer view of state revenue performance;
- Projected budget gaps in FY 2011 and FY 2012; and
- A special focus question on when states entered the recession and when they expect to exit it.

New FY 2010 Budget Gaps

As state lawmakers were in the process of crafting their FY 2010 budgets (in some cases enacting the 2010-2011 biennial budget), they faced massive budget gaps. In most states these gaps were on top of the ones already closed in FY 2009 and, for many, in addition to the ones closed in FY 2008. As mandated by statutory or constitutional provisions, the states closed these gaps to enact balanced budgets. But it is painfully clear that those actions were insufficient to fully address ongoing revenue shortfalls. With the ink barely dry on their new budgets, a handful of states reported additional imbalances just weeks into the fiscal year. Through November, more than two-thirds of the states reported new FY 2010 budget gaps.

Persistent revenue shortfalls continue to produce budget gaps. Here are the numbers.

- Thirty-six states report new gaps since FY 2010 began. The sum of these imbalances currently stands at $28.2 billion. This is on top of the $145.9 billion gap already resolved for this fiscal year.
- So far, 20 states have gaps in excess of 5 percent of their general fund budgets, and five of these states have gaps greater than 10 percent. The largest shortfalls are in Oklahoma (18.5 percent) and Arizona (18 percent).
- Sixteen states have gaps between 4.9 percent (Montana and Nebraska) and 0.3 percent (West Virginia).
- Some states have taken actions to close all or a portion of the gap. In Iowa, for instance, the gap was closed by executive order with the governor requiring a 10 percent across-the-board reduction in all FY 2010 general funds appropriations. In South Carolina, nearly three-quarters of the gap has been addressed, with the remainder expected to be resolved in December.
- Fifteen states do not report a gap so far in FY 2010. In some states, like North Dakota, a gap is not expected. In a few others, however, revenue trends suggest a gap is likely before the fiscal year ends. In Tennessee, key revenue streams are tracking below estimates, indicating that a gap is possible. Likewise in Utah, collections to date suggest a likely gap. Missouri did not provide information, noting that the potential for a gap will not be known until the new revenue forecast in mid-December.

- Anemic revenue performance continues to explain the bulk of state imbalances, although some states note that expenditure overruns are contributing to the problem. In Colorado, for instance, $561 million of the gap is the result of lower-than-expected revenues, and $30 million is the result of higher-than-expected Medicaid expenditures.
- Some states already note that the gap reported to date could rise. In some cases the amount reported reflects only a revenue shortfall without taking spending overruns into account. Some other states note that the gaps could increase if economic conditions fail to improve as forecast.

Table 1 provides more information on FY 2010 budget gaps since the fiscal year began.

FY 2010 Revenue Performance

The deterioration of revenues in FY 2009 was steep and unrelenting with a number of states reducing revenue projections numerous times. Virtually no revenue source has been immune from the effects of the recession. Revenue performance in the beginning of FY 2010 continues to illustrate just how difficult it has been to forecast in the current economic climate. Ten states have lowered their forecast for all major categories and are still seeing collections fail to meet reduced targets.

Even pessimistic forecasts have been missed. For example, in Connecticut, the adopted budget assumed personal income tax collections would decline by 9 percent. Actual collections through October have declined by 16 percent. Through the first two months of the fiscal year, Nevada saw sales tax revenue collection down 20.6 percent from the same period one year ago. In Hawaii, total tax collections through October declined by 10.9 percent, and in Massachusetts all tax collections through September were below the benchmark.

The rest of this section provides a snapshot of recent state revenue performance for personal income, sales and corporate income taxes. Information on the performance of other taxes is included for those states that provided it. More details can be found in Tables 2 through 5.

Personal Income Taxes

Personal income tax collections account for nearly 36 percent of state own-source revenues. Nine states do not levy a broad-based personal income tax.[1]

Twenty-eight states and Puerto Rico reported that personal income tax collections were below the latest target.

- The forecast had not been revised in 12 of these states and Puerto Rico.

[1] Tennessee, which taxes dividends and capital gains, is included in this section of the report. New Hampshire has a tax similar to Tennessee's but did not provide information. The other states that do not levy a personal income tax are: Alaska, Florida, Nevada, South Dakota, Texas, Washington and Wyoming.

- Thirteen states had reduced their forecasts for personal income tax collections, but receipts still were failing to meet the reduced targets.
- No state has raised its personal income tax forecast.

More information on personal income tax performance is shown in Table 2.

General Sales Taxes

General sales and use taxes represent about 31 percent of state collections. Five states—Alaska, Delaware, Montana, New Hampshire and Oregon—do not levy a state-level sales tax.

General sales tax collections fell below the most recent forecast in 37 states and Puerto Rico.

- In 19 states and Puerto Rico the forecast has not been revised.
- The forecast had been reduced in 15 states, yet collections still were below the lower estimate.
- Four states reported collections coming in on target with a revised lower estimate.
- Only Florida saw sales tax collections above the estimate, and this was from a reduced estimate.

More information on general sales tax performance is shown in Table 3.

Corporate Income Taxes

On average, corporate taxes account for about 7 percent of state tax collections, but two states depend on them for more than 10 percent of their collections.

Corporate income tax collections were below the latest target in 21 states.

- The forecast had not been revised in eight of these states.
- Eleven states had reduced their forecast for corporate income tax collections, but were still failing to meet the reduced targets.
- Three states revised estimates upward and saw collections above estimate (Colorado, Florida and Vermont)

More information on corporate income tax performance is shown in Table 4.

Other Taxes

States also rely on a variety of miscellaneous tax sources. These include taxes on oil and gas, real estate transfers, tobacco, meals and rooms, insurance premiums, motor fuel, estate and various others.

- Six states had reduced their forecast for miscellaneous tax collections, but were still failing to meet the reduced targets. Examples were property taxes (Kentucky), excise taxes (Massachusetts), business and occupation, and real estate taxes (Washington).

- Florida and New York increased estimates for real estate transfer taxes and have seen collections above estimate.
- Energy related taxes in five states were also above the latest estimate.

Table 5 contains more information on these taxes.

Revenue Outlook for the Remainder of FY 2010

Poor revenue performance is the key explanation of current state fiscal problems, so it is important to get a sense of future expectations. In April 2009, a couple of months before the fiscal year began for most states, NCSL asked legislative fiscal directors to comment on the outlook for FY 2010 revenue performance. More recently, with several months of revenue data available, fiscal directors were asked to comment once again, this time looking ahead to the remainder of the current fiscal year. Although the overall news remains somber, the outlook is slightly more positive in a few states. Here are the responses:

- Officials in 30 states are **concerned** about the revenue outlook for the remainder of FY 2010. This is a similar response to last April, when 29 were concerned.
- In 13 states, officials are **pessimistic** about the outlook. This is a decline from the 20 states that indicated pessimism last April.
- Only North Dakota reported a **stable** revenue outlook last April, but it has now been joined by four other states and Puerto Rico. Some states on this list, like California and Florida, might be surprising. In California, the Legislative Analyst's Office (LAO) revised the forecast in November, with the economic and revenue situation being one of the few bright spots in the forecast. The state's economy is recovering, so the LAO is forecasting modest growth in baseline revenues. In Florida, the revenue outlook is stable for the current fiscal year, although officials note significant challenges for coming years.
- Last April no state was **optimistic** about the revenue outlook. This time, Alaska reports an optimistic outlook because oil prices are above the budgeted forecast.
- One state did not respond to this question.

Table 6 contains more information on the states' revenue outlook for the remainder of FY 2010.

Projected FY 2010 Revenues Compared to FY 2009 Collections

Another way to evaluate the health of state revenues for FY 2010 is to compare them to actual collections from last year. State revenues performed so poorly in FY 2009 that some officials thought the hemorrhage had ended. That was wishful thinking. Instead, general fund revenues in FY 2010 are expected to recede even further, falling below last year's collections in the vast majority of states—depressing news indeed.

- Thirty-nine states and Puerto Rico project that general fund revenues in FY 2010 will be lower than FY 2009 collections.

- At least nine states expect collections to drop more than 5 percent from FY 2009 levels. One of the biggest declines is expected in New Mexico (-9.1 percent). In Oklahoma, the certified estimate for FY 2010 was 7 percent lower than FY 2009, but actual collections in the first quarter of the fiscal year were 26 percent below the estimate. Both Louisiana and New York expect FY 2010 collections to be more than $1 billion below last year's levels. Even with a $250 million revenue increase for FY 2010, Delaware officials expect a drop compared to FY 2009.

- Alaska originally expected FY 2010 collections to be lower than last year's levels because oil prices were forecast at $58.29 per barrel. But the current average is $70 per barrel, so if this price is sustained the state could see a year-end surplus of $300 million.

- Nine states report that FY 2010 collections are projected to be higher than last year's amounts—at least according to the *original* revenue forecast. In several of these states, like California, Nevada and Wisconsin, recently enacted tax increases explain the projected year-over-year growth. Oregon also projects FY 2010 revenues to be higher; voters will decide on two tax increases in a special election on Jan. 26, 2010. Defeat of either or both of these measures would put the state budget into a deficit situation. According to original forecasts, both Missouri and Tennessee projected FY 2010 revenues to outpace FY 2009, but recent revenue performance may undermine those predictions.

- New Jersey imposed a $1.1 billion temporary tax increase for FY 2010, officials expect revenues to be flat.

- One state could not respond, indicating that officials have not revised projections.

Table 7 provides additional information on the states' projected FY 2010 revenues compared to FY 2009 collections.

Spending Overruns in FY 2010

State budgets have been plagued by revenue shortfalls, which have been the explanation for most states' fiscal woes. But a number of states also are reporting spending overruns, which are contributing to budget gaps. Through November, 20 states and Puerto Rico faced spending overruns in their FY 2010 budgets. Here are some examples:

- Eighteen states and Puerto Rico reported that Medicaid or other health care programs were over budget. Florida indicated that the overall Medicaid shortfall is projected at $1.3 billion in FY 2010, and $462.2 million of the total would be from the state general fund. New Jersey and Vermont indicated that anticipated savings from waiver initiatives may not be realized and would result in higher than projected costs for the program.

- Corrections or public safety programs were above budgeted levels in six states. California reports that the Department of Corrections and Rehabilitation is projecting a $1.4 billion overrun in FY 2010. In Maryland, spending overruns are explained by higher staffing costs and inmate medical expenses. Vermont noted that the single largest overspending this fiscal year is in its corrections program.
- Four states reported overspending in social service programs including a projected $72.7 million shortfall in Connecticut.
- California, Maryland, Ohio and Washington each reported that education costs were exceeding budgeted levels.
- Other programs over budget included debt service and related costs in California, developmental services in Connecticut, tax credit programs in Maryland and property tax relief in Minnesota.

Table 8 contains more information on state spending overruns.

Summary of the Current State Fiscal Situation

Table 9 in this report provides summary information on the current state fiscal situation. Legislative fiscal directors provided succinct and forthright comments to describe the current fiscal climate in light of the longest recession since the Great Depression. They have continued to use terms like, “dire” and “painful,” while others—taking into consideration the projected end of the recession—use language such as “guarded” and “cautious” to describe the situation. Whatever the characterization may be, many have indicated that tough challenges loom for lawmakers in the upcoming legislative session. Here are examples from a few states:

- Arizona describes its fiscal situation as dire. Across-the-board shortfalls exist in all major revenue categories.
- Delaware reports that the state fiscal situation is grim. Cyclical sources continue to erode, and ARRA support will recede in 2011. Further, unprecedented tax increases for the current year make political options painful for FY 2011.
- Hawaii has indicated that despite furloughs and other personnel actions to control current year expenditures, more cuts to programs or revenue enhancements will be necessary to balance the budget.
- Kentucky reports that K-12 education, Medicaid and corrections have been protected from budget cuts due to the availability of stimulus funds. In the absence of ARRA funds, FY 2011 and FY 2012 will be extremely difficult.
- North Carolina indicates that the fiscal situation can best be described as volatile.
- The fiscal situation is guarded in South Dakota.
- Officials in West Virginia are concerned and being very cautious.

A Longer View of State Revenue Performance

State general fund revenues in FY 2009 were decimated by the recession. Nearly every state saw FY 2009 collections recede from past levels. In some cases, the drop has marked the low-point in revenue collections for the decade, with one state even falling back to collection levels from the previous decade. For most states, FY 2008 marked the peak year of nominal revenue collections. The steep drop in FY 2009 has raised questions of when revenues will return to their peak levels. Some states project the return to peak levels as far out as FY 2014 or FY 2015, but for many a return is not even in the forecast horizon.

The rest of this section highlights FY 2009 revenue collections, the peak year of collections, and when a projected return to peak levels is expected. Further information can be found in Table 10.

Approximate Fiscal Year that Nominal FY 2009 General Fund Revenues Match

For most states FY 2009 general fund revenues matched the years between FY 2005 and FY 2007.

- In 15 states, FY 2009 collections were similar to FY 2005 levels. In Rhode Island, revenues were 0.6 percent above FY 2005 levels.
- In 17 states, FY 2009 general revenue collections were about equal to those in FY 2006. In 10 other states they nearly matched FY 2007 amounts.
- In Arizona and Florida, FY 2009 collections roughly match FY 2004 levels.
- For Michigan, FY 2009 revenue collections roughly equaled those of FY 1997. FY 2010 revenues are expected to drop even further, to the level of collections in FY 1992.

Peak Fiscal Year for General Fund Revenues

- For 41 states, FY 2008 marked the peak year for general fund revenue collections. Alaska saw peak revenue collections in FY 2008 due to astronomical oil prices
- In six states, FY 2007 marked the peak year for general fund revenues.
- New York saw its peak year for collections in FY 2006.
- Michigan's peak for general revenue collections was FY 2000.
- In North Dakota, FY 2009 marked the peak for state general fund revenue collections, and FY 2010 revenues are projected to be higher.

Projected Return to Peak Revenue Collections

- Twenty-one states report that a return to peak revenue collections is unknown or not in the current forecast horizon.
- Five states expect to a return to peak revenue levels in FY 2011.

- Seven states forecast a return to peak levels in FY 2012, and seven more states point to FY 2013.
- Nine states indicated that a return to peak levels is beyond FY 2014.
- Oregon projects a return to its peak in FY 2010, if a revenue package on the ballot is approved by the voters on Jan. 26, 2010.
- At a 5 percent annual growth rate, which is along historical lines in New Jersey, it would take the state several fiscal years to return to peak collection levels.
- For New Mexico the current forecast through FY 2014 is still 1 percent below the FY 2008 peak. Normal growth is expected to exceed that level in FY 2015.

Projected FY 2011 Budget Gaps

As 45 states convene their 2010 legislative sessions, most will encounter another round of budget gaps. For the vast majority of states, this will mark the third consecutive legislative session in which budget balancing actions have been required to close sizable budget gaps. Traditionally, state finances tend to lag any national economic recovery by a year or longer and, as result, budget gaps will continue to plague states into FY 2011 and beyond. Additionally, the number of states projecting gaps and the aggregate amount could rise as states update their revenue forecasts.

The following highlights provide insights into the situation awaiting lawmakers in 2010.

- Thirty-five states and Puerto Rico currently project budget gaps in FY 2011. The sum of these projected imbalances stands at $55.5 billion.
- In total, 24 states project gaps in excess of 5 percent of their general fund budgets, with 14 states anticipating gaps equal to or greater than 10 percent. The largest shortfalls are expected in Nevada (32.9 percent), Arizona (30.0 percent) and New Jersey (27.5 percent).
- Six states and Puerto Rico have projected gaps between 4.8 percent (Kansas) and 0.2 percent (Montana).
- At least five states report that an official gap estimate is unknown at this time but that a gap in FY 2011 is expected.
- Some states already have addressed some or all of their projected gaps. In Nevada, for example, the 2009 Legislature approved actions to close the previously estimated FY 2011 budget gap of $1.3 billion. In Texas, the $3.3 billion gap (7.6%) was closed when the biennial budget was adopted during the 2009 legislative session (as was the $3.3 billion budget gap for FY 2010).
- Sixteen states do not currently project a gap for FY 2011. In some states, like Pennsylvania, official projections for the upcoming fiscal year have not been made. Utah also reports that no FY 2011 revenue estimates have been adopted. The state will do so in mid-December. Kentucky did not provide an official estimate but

noted it is fully expecting that spending levels for FY 2011 will significantly outweigh forecasted revenues.

Table 11 provides more information on projected FY 2011 budget gaps.

Projected FY 2012 Budget Gaps

With the improvement in state finances expected to lag the national recovery, many states already foresee gaps in FY 2012. For many states, FY 2012 will mark the fourth consecutive year in which budget balancing actions will be needed to close significant budget gaps. In fact, the aggregate budget gap for FY 2012 is expected to be larger than the FY 2011 gap, largely due to the diminishing federal stimulus funds available to the states.

The measures that states take to address their FY 2010 and FY 2011 budget gaps also will determine how large a gap states will face in FY 2012. The following provides additional information on the projected FY 2012 budget gaps.

- Twenty-three states and Puerto Rico currently anticipate budget gaps for FY 2012. The sum of these projected imbalances currently stands at $68.8 billion, compared to the $55.5 billion in FY 2011.

- In total, 17 states expect gaps in excess of 5 percent of their general fund budgets, with 13 states projecting gaps equal to or greater than 10 percent. The largest shortfalls are expected in Arizona (30.0 percent) and Hawaii (28.8 percent).

- Two states and Puerto Rico have projected gaps between 4.0 percent (Colorado) and 0.7 percent (Tennessee).

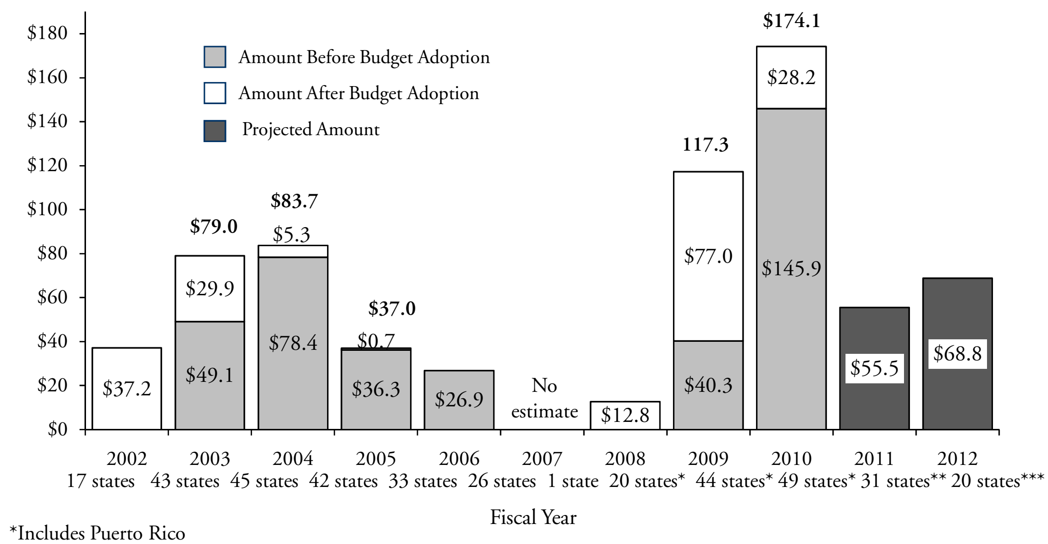
- At least four states report that while an official gap estimate is unknown at this time, a shortfall in FY 2012 is expected.

- Twenty-seven states do not currently project a gap for FY 2012. In most of these states, like Alabama, official estimates will not be made until later. Illinois and South Dakota noted that it was too early to make any estimate on a possible budget gap in FY 2012.

- The use of federal stimulus funds in FY 2011 budgets will be a contributing factor in the FY 2012 projected budget gaps, according to states. North Carolina, for example, notes that $1.0 billion in federal ARRA funds (that are a part of the FY 2011 budget base) will not be available in FY 2012. Texas reports that a combination of the federal stimulus "cliff" and depleted general revenue balances will produce a potential $5.0 billion (11.5%) budget gap in FY 2012.

Table 12 provides more information on projected FY 2012 budget gaps. Figure 1 shows state budget gaps from FY 2002-FY 2012 (projected).

Figure 1. State Budget Gaps: FY 2002-FY 2012 (projected)



*Includes Puerto Rico

** 35 states and Puerto Rico forecast FY 2011 gaps. The amount shown for FY 2011 indicates the 30 states that provided gap estimates.

***23 stats and Puerto Rico Forecast FY 2012 gaps. The amount shown for FY 2012 indicates the 20 states that provided gap estimates.

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

Special Focus Question: Dates States Entered Recession and Projections for Exiting

States rely on a diverse array of economic sectors and a variety of revenue sources. As a result, they are affected differently by a recession and feel its pinch at different times. The National Bureau of Economic Research reports that the U.S. economy entered recession in December 2007. A few states report that they felt recessionary impacts before that date. Because the health of the national economy is the most important factor affecting state budgets, it comes as no surprise that all but one state followed the nation into recession.

NCSL surveyed legislative fiscal directors in an attempt to catalogue the various points at which states entered recession and to find out when they expect to exit. It is important to note that many states do not make such calculations. Even those that do may use different economic indicators. For the most part, fiscal directors used employment data—specifically job losses—to calculate the entrance into recession and the return to employment growth for the projected exit. Table 13 provides information for those states responding to this question, but here is a summary of their answers:

- By far, Michigan entered recession earlier than any other state, reporting that it began losing employment in the second quarter of 2000. One could argue that Michigan never recovered from the recession of 2001. Puerto Rico also had an early entry, reporting the first quarter of 2006 as the date.

- Five other states entered recession before the nation as a whole did. They include California and Florida, two of the states hit hard by declines in real estate values. Four other states entered the recession at about the same time the U.S. economy did, which is the fourth quarter of calendar year (CY) 2007.

- At least 21 states entered the recession in CY 2008, with five entering in CY 2009.

- Only one state—North Dakota—has not felt the impact of the current recession.

- Thirteen states did not respond to this question.

Providing an estimated date for entrance into recession is one thing, but estimating the exit date is much harder. There is an emerging consensus among economists that the U.S. economy began rebounding sometime in the third quarter of CY 2009. Here are state expectations for their economic recovery:

- Vermont reports that its economy began recovering in the second quarter of CY 2009, even before the nation's economy began to rebound, which is the earliest reported recovery of any state. Economists in the state also point out that Vermont entered the recession earlier than most other states.

- Six other states expect to exit before the end of CY 2009, with New Hampshire projecting the third quarter (already completed) and five others projecting the fourth quarter.

- Twelve states expect recovery in the first half of CY 2010, with nine others expecting it in the second half of the year.

- Two states—Iowa and Louisiana—think recovery is more than a year away, projecting a rebound in the early months of CY 2011.

- Seventeen states did not respond to this question.

History tells us that even after the U.S. economy recovers, states are in for hard times. Their recovery tends to lag the national recovery as they wait for state employment and wages to grow, consumers to shop and businesses to post profits, which can be a painfully slow process. The end of a recession is like the last day of having pneumonia—it is a relief to be on the upswing but it will be a long time before you are healthy enough to run a 10K.

Table 1. FY 2010 Budget Gaps (Since the Fiscal Year Began)*			
State	Estimate (in millions)	Percent of General Fund Budget	Comment
Alabama (GF)*	N/A		
Alabama (ETF)*	$425.0	7.5%	The governor prorated the Education Trust Fund budget by 7.5% prior to the beginning of the fiscal year (Oct. 1, 2009). As of now, the general fund budget has not been prorated, but the governor has reduced first quarter allotments for most agencies by 12%. Being only one month into the fiscal year official revenue estimates have not yet been revised; it is expected that this will happen by January 2010. Upon the next revenue revision it is expected that the revenue estimates for both the general fund and Education Trust Fund will be reduced.
Alaska	N/A		
Arizona	$1,600.0	18.0%	After $423 million of actions in the November special session.
Arkansas	$100.0	2.2%	The official general revenue forecast was revised downward on Oct. 20, 2009, with general revenue spending levels aligned to match estimated revenue.
California	$6,325.0	7.1%	
Colorado	$591.0	8.0%	Of the $591 million shortfall, $561 million is the result of lower-than expected revenues and $30 million is the result of higher-than-expected Medicaid expenditures.
Connecticut	$385.9	2.2%	Amount assumes that sales and use tax reduction from 6.0% to 5.5% scheduled for January 1, 2010, and valued at $129.5 million (representing one-half year) will not occur because gross tax revenue will be at least 1% less than budgeted, which cancels the scheduled rate reduction.
Delaware	N/A		
Florida	N/A		At this point, the general revenue fund is running slightly above estimate.
Georgia	$851.4	5.1%	
Hawaii	$683.0	13.0%	
Idaho	$161.3	6.4%	This amount reflects the August revised revenue gap only. It does not take into account the governor's holdback, use of budget reserves or estimated supplemental appropriations.
Illinois	$4,295.0	16.5%	The estimate is based on the governor's August official statement and subsequent statement that revenues are off $900 million from budgeted expectations.
Indiana	$309.0	2.3%	
Iowa	$317.8	5.5%	The gap has been closed by Executive Order with the governor requiring a 10.0% across-the-board reduction to all FY 2010 general fund appropriations, cutting $564.4 million from the budget. The legislative and judicial branches have announced reductions to their budgets of 10.0% and 7.1%, respectively, resulting in a total statewide reduction of $579.1 million.
Kansas	$459.0	7.9%	The Legislature will not meet until January to address the shortfall. The governor does have the authority to adjust agency budgets in order to bring the state general fund ending balance to zero.
Kentucky	$161.0	1.9%	This is a preliminary estimate and will be finalized in December.
Louisiana	N/A		
Maine	$231.7	7.9%	On Nov. 20, the Revenue Forecasting Committee reduced the FY 2010 general fund forecast by $209.4 million. The amount shown here also reflects a reduction of $22.3 million in the balance forward from FY 2009 that also must be addressed in FY 2010. It does not reflect any spending variances in excess of the budget.

Table 1. FY 2010 Budget Gaps
(Since the Fiscal Year Began)*

State	Estimate (in millions)	Percent of General Fund Budget	Comment
Maryland	$682.8	5.1%	This amount is based on the official September 2009 revenue revision by the Board of Revenue Estimates. FY 2009 also closed $350 million below estimate, which reduced the amount of the fund balance that was expected to carry forward for FY 2010.
Massachusetts	$600.0	2.2%	This is the amount due to a downward revision in revenue projections. The actual gap may be larger.
Michigan*	N/A		
Minnesota	$208.0	1.4%	The budget gap estimate is from the new state budget forecast released on Dec. 2. FY 2009 revenues fell $142 million below forecast and this is assumed to reduce the carry-forward from FY 2009 into FY 2010. Revenue for the first months of FY 2010 is below forecast.
Mississippi	$347.1	7.6%	The Joint Legislative Budget Committee adopted a revised general fund revenue estimate for FY 2010 on Nov. 5, 2009.
Missouri	N/R		The general revenue forecast will not be revised until Dec. 10. Therefore, no official budget gap estimate is available.
Montana	$90.0	4.9%	A budget gap in the range of $51 million to $129 million was provided because of the uncertainty of estimated payments and refund activity. For the purpose of this table, the midpoint in the range has been used.
Nebraska	$166.9	4.9%	The annual gap is one-half of the variance to our ending balance requirement, which is specified as of June 30, 2011. The gap has been eliminated by actions taken in special session ending Nov. 20, 2009.
Nevada	$26.8	0.8%	The budget gap amount reflects only the revenue shortfall for the first two months of sales tax collections and the first four months of gaming percentage fees in FY 2010 as compared to the Economic Forum revenue projections prepared on May 1, 2009. The amount may be revised after information on collections for various taxes and fees paid quarterly are received for the first quarter of FY 2010.
New Hampshire	$37.7	1.7%	$37.7 million represents the shortfall from the plan for combined general and education trust funds from July through October 2009.
New Jersey	$500.0	1.7%	The executive has announced the intention to resolve the deficit and restore the surplus through spending adjustments, and is in the process of identifying those adjustments.
New Mexico	$650.0	11.8%	General sales taxes came down 4.3% in the last revision; income taxes came down an additional 10%.
New York*	$3,159.0	5.8%	
North Carolina	$285.0	1.5%	This is a very preliminary estimate based only on revenues. The revenue shortfall could increase if general economic conditions fail to improve as forecast. Inadequate date are available to project expenditures at this stage.
North Dakota	N/A		
Ohio	$285.2	1.2%	General fund revenues are on target so far this fiscal year. The gap is due to a State Supreme Court decision that effectively required a delay in implementing a proposal to allow the Ohio Lottery to operate video lottery terminals at racing tracks, reducing non-tax revenues on which the budget is based. The General Assembly is currently debating approaches to close this gap.
Oklahoma	$999.0	18.5%	
Oregon	N/A		

Table 1. FY 2010 Budget Gaps
(Since the Fiscal Year Began)*

State	Estimate (in millions)	Percent of General Fund Budget	Comment
Pennsylvania	$160.0	0.6%	
Puerto Rico	N/A		The State Stabilization Fund is covering the amount of the pre-enactment budget gap of $2.5 billion (32.6%).
Rhode Island	$219.0	7.8%	
South Carolina	$452.4	7.9%	$328.3 million of the shortfall has been addressed; a shortfall of $124.1 million remains and will be addressed by the State Budget and Control Board in December.
South Dakota	N/A		On Dec. 8, the governor is expected to say that expenses (not appropriations) will exceed revenues. The Legislature does not see this yet.
Tennessee	N/A		The revenue estimate has not been updated but key revenue streams are tracking below estimates indicating that a budget gap is probably widening.
Texas*	N/A		The revenue estimate has not been updated but key revenue streams (sales and natural gas) are tracking below estimates through the first two months of the 2010-11 biennium.
Utah	N/A		FY 2010 revenue estimates have not been revised since June and will be completed in mid-December. Collections to date indicate a budget gap is likely.
Vermont	$33.4	2.9%	The budget gap is a combination of the July revenue downgrade of $28 million, the current budget adjustment pressure of $7 million and the very modest November 2009 revenue upgrade of $1.6 million. $28 million of this gap was addressed in August through the recission process and the application of $6.8 million of unexpected FY 2009 funds available as a result of an estate tax settlement. The remaining gap is about $5.4 million (0.4%).
Virginia	$1,300.0	8.0%	The governor took action to lower expected revenues for FY 2010 and submitted a plan to the General Assembly to reduce spending.
Washington	$1,096.0	7.4%	The budget gap is defined as forecasted revenues (using the November 2009 revenue forecast for FY 2010 and before any transfers into the general fund or use of reserves) less current appropriations (before known increases in caseload and technical corrections are included). The actual budget shortfall is different as it would include previous use of reserves, enacted fund transfers used to increase general fund resources and estimated additional mandatory costs.
West Virginia	$13.0	0.3%	As of Nov. 30, 2009, actual collections were $13 million under the yearly estimate.
Wisconsin	N/A		
Wyoming	N/A		
Total	**$28,207.4**		

* The fiscal year began on July 1 for 46 states. The exceptions are New York (April 1), Texas (Sept. 1) and Alabama and Michigan (Oct. 1).

Key:

(N/A) = Not applicable—no new FY 2010 gap.

(N/R) = No response.

GF = General Fund.

ETF = Education Trust Fund.

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

Table 2. Performance of Major Tax Categories in FY 2010: Personal Income Tax

State/Jurisdiction	Through	Revised: No	Revised: Up	Revised: Down	Performance: Above Estimate	Performance: On Target	Performance: Below Estimate	Comment
Alabama	October	✓					✓	With only one month of actual receipts, judgment about performance related to estimate are difficult. However, with one month of collections, personal income tax receipts have declined by just over 9%.
Alaska (N/A)								
Arizona	October			✓			✓	Based on October numbers, collections are running approximately $376 million below the original budget forecast. Shortfalls are across the board in all major revenue categories.
Arkansas	October			✓			✓	Year-to-date gross general revenues are 0.9% below forecast. Declines are across all major revenue categories.
California	October			✓				Forecast revisions reflect the Legislative Analyst's Office (LAO) November 2009 Fiscal Outlook report. In total, there is a projected $1.5 billion fall in general fund revenues and transfers in FY 2010—a 1.6% reduction from the $89.5 billion level assumed in the July 2009 budget package. The LAO's updated personal income tax estimates for FY 2010 are $299 million below those assumed in the July 2009 budget package.
Colorado	September			✓		✓		
Connecticut	October			✓			✓	Year-to-date through October, revenue from the personal income tax has declined by 16%. (The budget assumed collections would decline by 9%). The forecast was revised on Nov. 13, 2009.
Delaware	September			✓			✓	Personal income tax withholding was down in October.
Florida (N/A)								
Georgia	September	✓					✓	
Hawaii	October			✓			✓	The Council on Revenues makes an aggregate projection: currently -1.5% for FY 2010. The last forecast change was made on Aug. 27, 2009. Through October 2009, total general fund tax collections are -10.9% for FY 2010.
Idaho	October			✓	✓			Overall, collections are on target with the August revised forecast.
Illinois	October						✓	
Indiana	(N/R)						✓	
Iowa	October			✓			✓	The latest estimate was made on Oct. 7, 2009. The projected change in the personal income tax was -3.7% compared to FY 2009; currently coming in at -4.1%
Kansas	October			✓			✓	Total tax collections are $116 million (6.8%) below budgeted estimate through October. The revenue forecast was revised on Nov. 5, 2009.

Table 2. Performance of Major Tax Categories in FY 2010: Personal Income Tax

		Revised			Performance			
State/Jurisdiction	Through	No	Up	Down	Above Estimate	On Target	Below Estimate	Comment
Kentucky	October			✓			✓	This information is based on the latest preliminary forecast. In December the general fund revenue forecast will be finalized for the 2010-2012 biennial budget.
Louisiana	October	✓				✓		
Maine	October						✓	These estimates reflect variances from the May 2009 revenue forecast. The individual income tax has fallen $58.2 million (13.1%) below budget through October and was 12.4% below collections for the same period last fiscal year.
Maryland	October			✓	✓			
Massachusetts	September			✓			✓	Revenue collections were revised downward in October 2009 by $600 million. All tax collections in September were below benchmark.
Michigan	September	✓					✓	The state is currently operating on a May 2009 consensus revenue estimate. It appears that through September, actual income and sales tax collections are running approximately 1.5% below a level consistent with the consensus revenue estimates.
Minnesota	October	✓					✓	Through October the personal income tax was $151 million (6.6%) below the forecasted amount. On Dec. 2, the personal income tax forecast was revised downward.
Mississippi	October			✓		✓		The revised FY 2010 general fund estimates were adopted on Nov. 5, 2009.
Missouri	October	✓					✓	All of the major tax categories are feeling the effects of the economy. The September unemployment rate was 9.5%, the highest since 1983. Income and sales taxes, which are directly correlated with employment, make up approximately 90% of general revenue collections.
Montana	October	✓					✓	Both personal income and corporate income taxes are showing signs of weakness. This trend began in late FY 2009 and has continued into the first quarter of FY 2010. Both withholding and estimated payments are lagging while refund activity is up.
Nebraska	October			✓			✓	Personal income tax collections are down by 8.46%. The total net decline in collections is 5.6%. Performance is compared to the original forecast. The most recent forecast revision (late October) has not been distributed by month due to additional adjustments pending completion of the special session.
Nevada (N/A)								
New Hampshire (N/A)								

Table 2. Performance of Major Tax Categories in FY 2010: Personal Income Tax								
		Revised			Performance			
State/Jurisdiction	Through	No	Up	Down	Above Estimate	On Target	Below Estimate	Comment
New Jersey	September	✓				✓		
New Mexico	September			✓			✓	
New York	October			✓			✓	
North Carolina	October	✓					✓	
North Dakota	September	✓				✓		
Ohio	October	✓			✓			
Oklahoma	October	✓					✓	Major revenue categories are down approximately 20 percent each.
Oregon	October			✓		✓		The personal income tax was revised down in late August. Collections through October are on target with the August revision.
Pennsylvania	October	✓					✓	
Puerto Rico	September	✓					✓	Personal income and sales taxes are falling due to the jobs that have been lost and because of general economic conditions.
Rhode Island	October			✓				
South Carolina	October			✓				The Board of Economic Advisors revised FY 2010 estimated general fund revenues downward on June 11, 2009, and Nov. 10, 2009 by a total of $452.4 million (7.9%). Personal income taxes represented the most significant of the reductions, and were lowered by $402.3 million or 13.5%.
South Dakota (N/A)								
Tennessee	September	✓					✓	
Texas (N/A)								
Utah	October	✓					✓	
Vermont	October			✓	✓			Overall, the general fund is just above the estimates that were set in July. The November forecast did include a very modest adjustment in some categories.
Virginia	October			✓			✓	Year-to-date personal income taxes (both withholding and non-withholding) are trailing the required estimate. This is against the forecast that was adopted in August 2009.
Washington (N/A)								
West Virginia	October	✓					✓	As of Oct. 31, 2009, the personal income tax was $36.3 million under the estimate.
Wisconsin	September					✓		
Wyoming (N/A)								
Total		17	0	22	4	7	29	

Table 2. Performance of Major Tax Categories in FY 2010: Personal Income Tax								
		Revised			Performance			
State/Jurisdiction	Through	No	Up	Down	Above Estimate	On Target	Below Estimate	Comment

Key: (N/A) = Not applicable .

States with no personal income tax: Alaska, Florida, Nevada, South Dakota, Texas, Washington and Wyoming. New Hampshire and Tennessee have limited individual income taxes with only interest income and dividends being taxed.

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

Table 3. Performance of Major Tax Categories in FY 2010: General Sales Tax

State/Jurisdiction	Through	Revised: No	Revised: Up	Revised: Down	Performance: Above Estimate	Performance: On Target	Performance: Below Estimate	Comment
Alabama	October	✓					✓	With only one month of actual receipts, judgments about performance related to estimate are difficult. However, with one month of collections, sales tax receipts (adjusted for a timing difference created when revenues were accelerated from October 2008 to September 2008) fell by approximately 7%.
Alaska (N/A)								
Arizona	October			✓			✓	Based on October numbers, collections are running approximately $376 million below the original budget forecast. Shortfalls are across the board in all major revenue categories.
Arkansas	October			✓			✓	Year-to-date gross general revenues are 0.9% below forecast. Declines are across all major revenue categories.
California	October			✓				Forecast revisions reflect the Legislative Analyst's Office (LAO) November 2009 Fiscal Outlook report. In total, there is a projected $1.5 billion fall in general fund revenues and transfers in FY 2010—a 1.6 percent reduction from the $89.5 billion level assumed in the July 2009 budget package. The LAO's updated sales and use tax estimates for FY 2010 are $362 million below those assumed in the July 2009 budget package.
Colorado	October			✓			✓	Year-to-date through October, sales taxes were coming in 1.1% lower than expected. The forecast was revised on Nov. 13, 2009.
Connecticut	October			✓			✓	Year-to-date through October, revenue from the sale tax has declined by 18% (the budget assumed collections would decline by 1.4%). The forecast was revised on Nov. 13, 2009.
Delaware (N/A)								
Florida	October			✓	✓			
Georgia	September	✓					✓	
Hawaii	October			✓			✓	The Council on Revenues makes an aggregate projection: currently -1.5% for FY 2010. The last forecast change was made on Aug. 27, 2009. Through October 2009, total general fund tax collections are -10.9% for FY 2010.
Idaho	October			✓			✓	Overall, collections are on target with the August revised forecast.
Illinois	October						✓	
Indiana	(N/R)						✓	
Iowa	October			✓			✓	The latest estimate was made on Oct. 7. The projected change in the sales and use tax was -3.1% compared to FY 2009, and is currently coming in at -3.9%.

Table 3. Performance of Major Tax Categories in FY 2010: General Sales Tax								
		Revised			Performance			
State/Jurisdiction	Through	No	Up	Down	Above Estimate	On Target	Below Estimate	Comment
Kansas				✓			✓	Total tax collections are $116 million (6.8%) below budgeted estimate through October. The revenue forecast was revised on Nov. 5, 2009.
Kentucky	October			✓			✓	This information is based on the latest preliminary forecast. In December the general fund revenue forecast will be finalized for the 2010-2012 biennial budget.
Louisiana	October	✓					✓	Spending retrenchment is causing sales tax receipts to drop significantly faster than forecasted.
Maine	October						✓	These estimates reflect variances from the May 2009 revenue forecast. The general sales tax was $25.4 million (8.9%) below projections and was 10.3% below collections a year ago.
Maryland	October			✓		✓		
Massachusetts	September			✓			✓	Revenue collections were revised downward in October 2009 by $600 million. All tax collections in September were below benchmark.
Michigan	September	✓					✓	The state is currently operating on a May 2009 consensus revenue estimate. It appears that through September, actual income and sales tax collections are running approximately 1.5% below a level consistent with the consensus revenue estimates.
Minnesota	October	✓					✓	Through October the sales tax was $13 million (1.0%) below the forecasted amount. On Dec. 2, the sales tax forecast was revised downward.
Mississippi	October			✓		✓		The revised FY 2010 general fund estimates were adopted on Nov. 5, 2009.
Missouri	October	✓					✓	All of the major tax categories are feeling the effects of the economy. The September unemployment rate was 9.5%, the highest since 1983. Income and sales taxes, which are directly correlated with employment, make up approximately 90% of general revenue collections.
Montana (N/A)								
Nebraska	October			✓			✓	The sales tax is down 2.1%. The total net decline in collections is 5.6%. Performance is compared to the original forecast. The most recent forecast revision (late October) has not been distributed by month due to additional adjustments pending completion of a special session.
Nevada	September	✓					✓	Sales tax revenues for the first two months of FY 2010 are 20.6% below revenue collections for the same period one year ago.
New Hampshire (N/A)								

Table 3. Performance of Major Tax Categories in FY 2010: General Sales Tax

State/Jurisdiction	Through	Revised: No	Revised: Up	Revised: Down	Performance: Above Estimate	Performance: On Target	Performance: Below Estimate	Comment
New Jersey	September	✓					✓	Sales tax and corporation business taxes in FY 2010 are running significantly below the first quarter of last fiscal year, which was the strongest quarter of FY 2009. Better performance against upcoming weaker baseline quarters is anticipated but not assured.
New Mexico	September			✓			✓	
New York	October			✓			✓	
North Carolina	October	✓					✓	The sales tax is running about 2 percentage points below the forecast. The forecast anticipates a modest rebound in the second half of the year, but this shortfall adds more pressure to the turnaround. Plus the 1-cent tax increase puts an even greater burden on sales tax performance.
North Dakota	September	✓					✓	Through September 2009, sales tax collections are approximately 5 percent less than forecasted.
Ohio	October	✓					✓	The non-auto sales tax continues to be a drag on revenues; it is $30 million (1.5%) below estimate.
Oklahoma	October	✓					✓	Major revenue categories are down approximately 20% each.
Oregon (N/A)								
Pennsylvania	October	✓					✓	
Puerto Rico	September	✓					✓	Personal income and sales taxes are falling due to the jobs that have been lost and because of general economic conditions.
Rhode Island	October			✓				
South Carolina	October			✓				The Board of Economic Advisors revised FY 2010 estimated general fund revenues downward on June 11, 2009 and Nov. 10, 2009 by a total of $452.4 million (7.9%). Sales taxes were reduced by $40 million or 1.8%.
South Dakota	October	✓					✓	There is a minor negative variance from the FY 2010 appropriation. The governor references against FY 2009, and that is down.
Tennessee	September	✓					✓	
Texas	October	✓					✓	FY 2009 sales tax collections were 3.1% below FY 2009 estimates. Through two months of FY 2010, sales tax collections continue to show weak growth compared to estimates.
Utah	October	✓					✓	
Vermont	October			✓		✓		Overall, the general fund is just above the estimates that were set in July. The November forecast did include a very modest adjustment in some categories.

Table 3. Performance of Major Tax Categories in FY 2010: General Sales Tax								
		Revised			Performance			
State/Jurisdiction	Through	No	Up	Down	Above Estimate	On Target	Below Estimate	Comment
Virginia	October			✓			✓	Year-to-date sales taxes are trailing the required estimate. This is against the forecast that was adopted in August, 2009.
Washington	October			✓			✓	Even though the economics of the September forecast appeared to be tracking well, revenue collections remained lower than the previous estimate. The forecast for FY 2010 and FY 2011 was revised downward in mid-November by approximately $750 million in total. The majority of that revision was to FY 2010.
West Virginia	October	✓					✓	General sales and use tax was $16.1 million under the estimate.
Wisconsin	September	✓					✓	
Wyoming	October			✓		✓		
Total		**20**	**0**	**23**	**1**	**4**	**38**	

Key:
(N/A) = Not applicable. **States with no sales tax:** Alaska, Delaware, Montana, New Hampshire and Oregon.

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

Table 4. Performance of Major Tax Categories in FY 2010: Corporate Income Tax

		Revised			Performance			
State/Jurisdiction	Through	No	Up	Down	Above Estimate	On Target	Below Estimate	Comment
Alabama	October	✓						Corporate income tax receipts are minimal in October. There is not enough data to make a determination on this revenue source.
Alaska	October	✓						
Arizona	October			✓			✓	Based on October numbers, collections are running approximately $376 million below the original budget forecast. Shortfalls are across the board in all major revenue categories.
Arkansas	October			✓			✓	Year-to-date gross general revenues are 0.9% below forecast. Declines are across all major revenue categories.
California	October			✓				Forecast revisions reflect the Legislative Analyst's Office (LAO) November 2009 Fiscal Outlook report. In total, there is a projected $1.5 billion fall in general fund revenues and transfers in FY 2010—a 1.6% reduction from the $89.5 billion level assumed in the July 2009 budget package. The LAO's updated corporation tax estimates for FY 2010 are $199 million below those assumed in the July 2009 budget package.
Colorado	September		✓		✓			Year-to-date through September, corporate income taxes were coming in $9 million higher than expected. While this is 10% higher than the estimate for the three-month period, it is expected that there may be processing or other administrative issues involved and that collections will come down relative to the forecast over the next few months.
Connecticut	October	✓						
Delaware	September			✓		✓		
Florida	October		✓		✓			
Georgia	September	✓					✓	
Hawaii	October			✓			✓	The Council on Revenues makes an aggregate projection: currently -1.5% for FY 2010. The last forecast change was made on Aug. 27, 2009. Through October 2009, total general fund tax collections are -10.9% for FY 2010.
Idaho	October			✓			✓	Overall, collections are on target with the August revised forecast.
Illinois (N/R)								
Indiana							✓	
Iowa	October			✓	✓			The latest estimate was made on Oct. 7. The projected change of the corporate income tax was -24.1% compared to FY 2009, and is currently coming in at -16.9%.

Table 4. Performance of Major Tax Categories in FY 2010: Corporate Income Tax

		Revised			Performance			
State/Jurisdiction	Through	No	Up	Down	Above Estimate	On Target	Below Estimate	Comment
Kansas				✓			✓	Total tax collections are $116 million (6.8%) below budgeted estimate through October. The revenue forecast was revised on Nov. 5, 2009.
Kentucky	October			✓			✓	This information is based on the latest preliminary forecast. In December the general fund revenue forecast will be finalized for the 2010-2012 biennial budget.
Louisiana	October	✓				✓		
Maine	October						✓	These estimates reflect variances from the May 2009 revenue forecast. The corporate income tax was $5.4 million (12.8%) below projections and was 16.3% below collections for the same period a year ago.
Maryland	October			✓	✓			
Massachusetts	September			✓			✓	Revenue collections were revised downward in October 2009 by $600 million. All tax collections in September were below benchmark and October corporate tax collections were below newly revised estimates.
Michigan	September	✓				✓		The state is currently operating on a May 2009 consensus revenue estimate.
Minnesota	October	✓			✓			Through October, collections were above estimate. On Dec. 2, the corporate income tax was revised upward.
Mississippi	October		✓			✓		The revised FY 2010 general fund estimates were adopted on Nov. 5, 2009.
Missouri	October	✓					✓	All of the major tax categories are feeling the effects of the economy. The September unemployment rate was 9.5%, the highest since 1983. Income and sales taxes, which are directly correlated with employment, make up approximately 90% of general revenue collections.
Montana	October	✓					✓	Both personal income and corporate income taxes are showing signs of weakness. This trend began in late FY 2009 and has continued into the first quarter of FY 2010. Both withholding and estimated payments are lagging while refund activity is up.
Nebraska	October			✓			✓	The corporate income tax is down 7.7%. The total net decline in collections is 5.6%. Performance is compared to the original forecast. The most recent forecast revision (late October) has not been distributed by month due to additional adjustments pending completion of the special session.
Nevada (N/A)								

Table 4. Performance of Major Tax Categories in FY 2010: Corporate Income Tax								
		Revised			Performance			
State/Jurisdiction	Through	No	Up	Down	Above Estimate	On Target	Below Estimate	Comment
New Hampshire	October					✓		Corporate income tax equates to the business profits tax and is $0.9 million over plan (combined general and education trust fund).
New Jersey	September	✓					✓	Sales tax and corporation business taxes in FY 2010 are running significantly below the first quarter of last fiscal year, which was the strongest quarter of FY 2009. Better performance against upcoming weaker baseline quarters is anticipated but not assured.
New Mexico	September			✓			✓	
New York	October			✓			✓	
North Carolina	October	✓					✓	
North Dakota	September	✓				✓		
Ohio	October	✓					✓	The corporate franchise tax has been debited for about $3 million more for refunds than expected, which provides no significant information about how this tax will end the year.
Oklahoma	October	✓					✓	Major revenue categories are down approximately 20% each.
Oregon	October	✓				✓		
Pennsylvania	October	✓			✓			
Puerto Rico	September	✓			✓			
Rhode Island	October			✓				
South Carolina	October	✓						
South Dakota (N/A)								
Tennessee	September	✓			✓			
Texas (N/A)								
Utah	October	✓					✓	
Vermont	October		✓		✓			Overall, the general fund is just above the estimates that were set in July. The November forecast did include a very modest adjustment in some categories.
Virginia	October			✓			✓	The corporate income tax is only slightly below the required estimate.
Washington (N/A)								
West Virginia	October	✓			✓			Corporate income taxes are $16.3 million above the estimate.
Wisconsin	September	✓				✓		
Wyoming (N/A)								
Total		**22**	**4**	**16**	**10**	**8**	**21**	

Table 4. Performance of Major Tax Categories in FY 2010: Corporate Income Tax								
		Revised			Performance			
State/Jurisdiction	Through	No	Up	Down	Above Estimate	On Target	Below Estimate	Comment
Key: (N/A) = Not applicable. States that do not levy corporate income taxes: Nevada, Texas, Washington and Wyoming.								
Source: NCSL survey of legislative fiscal offices, November 2009.								

Table 5. Performance of Major Tax Categories in FY 2010: Other Taxes									
			Revised			Performance			
State/ Jurisdiction	Identify	Through	No	Up	Down	Above Estimate	On Target	Below Estimate	Comment
Alabama (N/R)									
Alaska	Oil revenue	October	✓			✓			
Arizona (N/R)									
Arkansas (N/R)									
California	Sale of the State Compensation Insurance Fund	October			✓				Forecast revisions reflect the Legislative Analyst's Office (LAO) November 2009 Fiscal Outlook report. In total, there is a projected $1.5 billion fall in general fund revenues and transfers in FY 2010—a 1.6% reduction from the $89.5 billion level assumed in the July 2009 budget package. The biggest single factor relates to the assumed sale of the $1 billion State Compensation Insurance Fund, which is not reflected in the LAO's November 2009 estimates.
Colorado (N/R)									
Connecticut	Not specified				✓				
Delaware (N/R)									
Florida	Documentary stamp	October		✓		✓			
Georgia	Motor fuel	September	✓					✓	
Hawaii	Not specified	October			✓	✓			The Council on Revenues makes an aggregate projection: currently -1.5% for FY 2010. The last forecast change was made on Aug. 27, 2009. Through October 2009, total general fund tax collections are -10.9% for FY 2010.
Idaho	Not Specified	October			✓		✓		Overall, collections are on target with the August revised forecast.
Illinois	Riverboat gaming	October						✓	Riverboat gaming proceeds continue to underperform estimates.
Indiana	Gaming					✓			
Iowa	Cigarette, tobacco, beer, franchise, insurance premium, miscellaneous	October			✓			✓	The latest estimate was made on Oct. 7. The projected change for cigarette, tobacco, beer, franchise, insurance premium, miscellaneous taxes compared to FY 2009 is -2.5%, and is currently coming in at -12.8%.
Kansas									

Table 5. Performance of Major Tax Categories in FY 2010: Other Taxes

State/ Jurisdiction	Identify	Through	Revised: No	Revised: Up	Revised: Down	Performance: Above Estimate	Performance: On Target	Performance: Below Estimate	Comment
Kentucky	Property	October			✓			✓	This information is based on the latest preliminary forecast. In December the general fund revenue forecast will be finalized for the 2010-2012 biennial budget.
Louisiana	Mineral revenue	October	✓			✓			
Maine	All other general fund revenue sources	October				✓			These estimates reflect variances from the May 2009 revenue forecast.
Maryland (N/R)									
Massachusetts	Excise	September			✓			✓	Revenue collections were revised downward in October 2009 by $600 million. All tax collections in September were below benchmark.
Michigan (N/R)									
Minnesota	Not Specified	October	✓				✓		On Dec. 2, some other miscellaneous taxes were revised downward.
Mississippi	Tobacco	October			✓		✓		The revised FY 2010 general fund estimates were adopted on Nov. 5, 2009.
Missouri (N/R)									
Montana	Oil and gas production	October	✓			✓			
Nebraska	Miscellaneous	October			✓			✓	Miscellaneous tax collections are down 6.3%. The total net decline in collections is 5.6%. Performance is compared to the original forecast. The most recent forecast revision (late October) has not been distributed by month due to additional adjustments pending completion of the special session.
Nevada	Gaming percentage fees	September	✓					✓	Gaming percentage fees for the first four months of FY 2010 are 9.4% below revenue collections for the same period one year ago.
New Hampshire	Meals & rooms, interest & dividends, communication, real estate transfer and other taxes	October						✓	Five revenue items are below plan: meals & rooms tax, -$9.2 million (-9.2%); interest & dividends, -$7.1 million (-26.9%); communications, -$2.9 million (-10.4%) real estate transfer, -$2.5 million (-7.0%) and other taxes, -$5.9 million (-42.4%).
New Jersey (N/R)									

Table 5. Performance of Major Tax Categories in FY 2010: Other Taxes

			Revised			Performance			
State/ Jurisdiction	Identify	Through	No	Up	Down	Above Estimate	On Target	Below Estimate	Comment
New Mexico (N/R)									
New York	Estate & gift, real estate transfer	October		✓		✓			
North Carolina (N/R)									
North Dakota	Oil and gas	September	✓			✓			
Ohio	Cigarette	October	✓			✓			
Oklahoma		October	✓					✓	The most significant failure has been in gross production tax collections. Actual collections are 67% below the estimate.
Oregon (N/R)									
Pennsylvania (N/R)									
Puerto Rico	Special excise, special property taxes, license fees, non-tax revenues, non-resident withholding, toll gate taxes, and interest and taxes on dividends	September	✓			✓			
Rhode Island (N/R)									
South Carolina (N/R)									
South Dakota (N/R)									
Tennessee	Privilege, gross receipts, gasoline, motor vehicle registration, tobacco and business taxes	September	✓					✓	Privilege, gross receipts, gasoline, motor vehicle registration fees and taxes are below estimate. Tobacco and business taxes are above estimate.

Table 5. Performance of Major Tax Categories in FY 2010: Other Taxes

State/ Jurisdiction	Identify	Through	Revised: No	Revised: Up	Revised: Down	Performance: Above Estimate	Performance: On Target	Performance: Below Estimate	Comment
Texas	Motor vehicle sales and use, franchise, natural gas production, and oil productions taxes	October	✓						FY 2010 natural gas production tax collections are below estimates. FY 2009 natural gas production tax collections were 23.0% below FY 2009 estimates. However, franchise and motor vehicle sales tax collections are on target. Oil production tax collections are above estimates.
Utah (N/R)									
Vermont	Not Specified	October			✓		✓		Overall the general fund is just above the estimates that were set in July. The November forecast did include a very modest adjustment in some categories.
Virginia	Recordation	October			✓			✓	Recordation year-to-date is trailing the required estimate. This is against the forecast that was adopted in August 2009.
Washington	Business and occupation, real estate excise	October			✓			✓	Even though the economics of the September forecast appeared to be tracking well, revenue collections remained lower than the previous estimate. The forecast for FY 2010 and FY 2011 was revised downward in mid-November by approximately $750 million in total. The majority of that revision was to FY 2010.
West Virginia	Severance	October	✓			✓			The severance tax was $24.9 million over the estimate.
Wisconsin	Excise	September	✓				✓		
Wyoming	Severance and federal mineral royalties	October			✓		✓		
Total			14	2	13	12	6	12	

Key: (N/R) = No response.
(N/A) = Not applicable.

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

Table 6. Revenue Outlook for the Remainder of FY 2010				
State/Jurisdiction	Pessimistic	Concerned	Stable	Optimistic
Alabama	✓			
Alaska				✓
Arizona	✓			
Arkansas		✓		
California			✓	
Colorado			✓	
Connecticut	✓			
Delaware		✓		
Florida			✓	
Georgia		✓		
Hawaii	✓			
Idaho	✓			
Illinois	✓			
Indiana		✓		
Iowa		✓		
Kansas		✓		
Kentucky	✓			
Louisiana		✓		
Maine		✓		
Maryland		✓		
Massachusetts		✓		
Michigan		✓		
Minnesota	✓			
Mississippi		✓		
Missouri	✓			
Montana	✓			
Nebraska		✓		
Nevada		✓		
New Hampshire		✓		
New Jersey		✓		
New Mexico	✓			
New York	✓			
North Carolina		✓		
North Dakota			✓	
Ohio		✓		
Oklahoma		✓		
Oregon		✓		
Pennsylvania		✓		
Puerto Rico			✓	
Rhode Island	✓			
South Carolina		✓		
South Dakota		✓		
Tennessee		✓		
Texas		✓		
Utah		✓		
Vermont			✓	
Virginia		✓		
Washington (N/R)				
West Virginia		✓		
Wisconsin		✓		
Wyoming		✓		
Total	**13**	**30**	**6**	**1**
Source: NCSL survey of legislative fiscal offices, November 2009.				

Table 7. Projected FY 2010 General Fund Revenue Collections Expected to Be Lower Than FY 2009 Collections			
State	Yes	No	Comments
Alabama			Unknown (no revised projections for FY 2010).
Alaska	✓		The official revenue forecast for FY 2010 is $3.2 billion. However, this forecast is based on oil prices at $58.29/bbl (current average is $70/bbl).
Arizona	✓		The current estimate is for a decline of 8.2% in FY 2010.
Arkansas	✓		The current estimate is $73 million less. Notwithstanding the current forecast for FY 2010, actual gross collections in only two fiscal years (FY 2009 and FY 2002) have been below collections the previous year.
California		✓	FY 2010 revenues reflect a full year of temporary tax increases enacted as part of the February 2009 budget package.
Colorado	✓		FY 2010 revenues are projected to be about $200 million lower than FY 2009 collections. For FY 2010, personal income taxes from capital gains are not expected to recover markedly and personal income taxes from wages are expected to decrease. Sales taxes are also expected to decrease.
Connecticut	✓		If tax and other revenue changes enacted last session are removed.
Delaware	✓		Even with a $250 million 2010 revenue package.
Florida	✓		The forecast is lower by 1.5%, but collections are running slightly ahead of estimate.
Georgia	✓		Currently an $851 million deficit is projected. The revised estimate will be below FY 2009 actual collections.
Hawaii	✓		
Idaho	✓		Lower by 3.6%.
Illinois	✓		
Indiana	✓		
Iowa	✓		The current projection is for net revenues to be $452.3 million (7.9%) less than FY 2009.
Kansas	✓		FY 2010 revenue collections are projected to be down $287 million (5.1%)
Kentucky	✓		The current preliminary forecast is for general fund revenues to be 3.5% below FY 2009 levels.
Louisiana	✓		A general fund revenue drop of $1.326 billion is projected for FY 2010 relative to FY 2009 collections.
Maine	✓		General fund revenues are projected to be 5.8% below FY 2009 levels.
Maryland	✓		FY 2010 revenues are currently projected to be below FY 2009 by 4.5%.
Massachusetts	✓		
Michigan	✓		The FY 2010 estimate is 6.5% below the FY 2009 estimate.
Minnesota	✓		
Mississippi	✓		Currently revised estimates for FY 2010 are 3.8% below actual collections in FY 2009.
Missouri		✓	The current FY 2010 forecast is for 1.0% growth, but will be revised in December, almost certainly to show a decline in revenue. Through October, collections were 10.8% below FY 2009.
Montana	✓		High unemployment, low interest rates, and reduced corporate profitability all point to reduced revenue collections.
Nebraska	✓		There is a rate/base adjusted decline of 1.3%.
Nevada		✓	The 2009 Legislature enacted changes in taxes, fees, and other revenues that were projected to increase FY 2010 state general fund revenue above FY 2009 collections.
New Hampshire		✓	

Table 7. Projected FY 2010 General Fund Revenue Collections Expected to Be Lower Than FY 2009 Collections			
State	Yes	No	Comments
New Jersey		✓	Revenues are projected to be flat between FY 2009 and FY 2010, largely due to $1.1 billion in temporary tax increases.
New Mexico	✓		A decrease of $486 million (9.1%) is projected.
New York	✓		Although general fund taxes were increased by $4.2 billion in FY 2010, receipts are expected to be more than $1 billion lower than FY 2009.
North Carolina	✓		The forecast is 2.2% lower prior to tax law changes.
North Dakota		✓	FY 2010 general fund revenues are projected to be higher than FY 2009.
Ohio	✓		This is based on state-source revenues, which are projected to be $971.2 million (4.9%) lower than for FY 2009. If the current gap is included, the decline would be projected to be $1.26 billion. The projected decline is due in part to reductions in personal income tax rates and phase out of the corporate franchise tax, both of which were enacted in 2005.
Oklahoma	✓		The certified estimate for FY 2010 was 7% lower than FY 2009. Actual collections were 26% below the estimate for the first quarter of the fiscal year.
Oregon		✓	This is due to a revenue package plus expected rebound in personal income tax collections.
Pennsylvania		✓	Revenues are expected to be $369 million higher. FY 2010 revenue are expected to be higher than FY 2009 due to transfers to the general fund, tax increases, and technical changes to the tax code that total $3 billion. Most of those revenue changes were passed on Oct. 9, 2009. There is still outstanding legislation for casino table games that has not been passed as of Nov. 17, 2009. In addition to this, the spending bills for non-preferred appropriations have not been passed yet.
Puerto Rico	✓		$90 million less than actual collections in FY 2009.
Rhode Island	✓		The current estimate is 2.5% lower.
South Carolina	✓		FY 2010 general fund revenues are projected to be 7.5% less than FY 2009.
South Dakota	✓		
Tennessee		✓	Revenues are projected to be 0.9% higher than FY 2009 collections.
Texas	✓		FY 2010 general revenue collections are estimated at $37.5 billion compared to $38 billion in FY 2009.
Utah	✓		
Vermont	✓		Available general funds in FY 2010 are $1.02 billion, which is 6.9% lower than FY 2009 and roughly at FY 2005 levels.
Virginia	✓		The amount is about $455 million.
Washington	✓		Adjusting for differences in fund definitions, FY 2010 is lower by about $405 million (2.8%).
West Virginia	✓		FY 2009 actual collections were $3.9 billion; FY 2010 collections are estimated at $3.78 billion.
Wisconsin		✓	Increase due to tax law changes.
Wyoming	✓		FY 2010 is not the bottom in the forecast, FY 2011 is.
Total	**40**	**10**	
Source: NCSL survey of state legislative fiscal offices, November 2009.			

Table 8. Areas of Spending Significantly Over Budget in FY 2010			
State	Yes	No	Comments
Alabama		✓	
Alaska		✓	
Arizona	✓		Title XIX spending.
Arkansas		✓	
California	✓		Major general fund spending overruns include those in the Dept. of Corrections and Rehabilitation ($1.4 billion), an increase in the Proposition 98 minimum school funding guarantee (about $1 billion), Medi-Cal (nearly $900 million), and debt service and related costs (over $800 million) due to the state's loss of a court decision limiting the general fund's ability to use gasoline sales taxes and Public Transportation Account funds.
Colorado	✓		Medicaid expenditures are expected to be $30 million higher than initially budgeted.
Connecticut	✓		Projected deficiencies total $205.9 million including: $72.7 million for the Dept. of Social Services; $60.9 million for the Retired State Employees Health Service Cost account; $21.5 million for the Dept. of Correction; and $18.2 million for the Dept. of Developmental Services.
Delaware		✓	
Florida	✓		Medicaid, the overall shortfall is $1.3 billion ($462.2 million of this would be from the general fund).
Georgia		✓	
Hawaii	✓		Several legal claims are being monitored closely for potentially multi-million dollar settlement amounts. State hospitals (mainly in rural areas) appear to be running severe shortfalls (in the $180 million range).
Idaho	✓		Medicaid, Medically Indigent Health Care, and corrections.
Illinois		✓	
Indiana		✓	
Iowa		✓	Too soon to tell. Still waiting to see the impact of layoffs and furloughs.
Kansas	✓		Social services.
Kentucky		✓	
Louisiana		✓	
Maine	✓		Medicaid spending during the first quarter of FY 2010 was above projections largely due to increases in caseloads; however, the Dept. of Health and Human Services has indicated that they can manage utilization sufficiently to stay within budgeted resources. There are no other significant spending-side issues.
Maryland	✓		The Dept. of Legislative Services estimates $279 million in general fund deficiencies in FY 2010. This includes $145 million for Medicaid, $40 million for public safety staffing and inmate medical costs, $27 million for human resources programs, $19 million for juvenile services operating costs; $17 million for health department community provider costs, and breast and cervical cancer treatment programs, $10 million for education testing contracts, $5 million for tax credit program costs, and $16 million for a variety of miscellaneous items.
Massachusetts		✓	
Michigan		✓	
Minnesota		✓	Health care and property tax relief aid are up, while debt service is down. Overall spending is now projected to be below the level projected in July.
Mississippi		✓	The governor has reduced budgets for FY 2010 by 3.5% and may need to do more before the end of the fiscal year.
Missouri		✓	Spending is in line with the budget, the problem is lagging collections.

Table 8. Areas of Spending Significantly Over Budget in FY 2010			
State	Yes	No	Comments
Montana		✓	
Nebraska		✓	
Nevada	✓		Medicaid.
New Hampshire		✓	
New Jersey	✓		Medicaid; anticipated savings from waiver initiatives may not be realized.
New Mexico	✓		Medicaid.
New York		✓	
North Carolina	✓		Preliminary data suggest Medicaid spending may be a concern.
North Dakota		✓	
Ohio	✓		Primary and secondary education spending is above estimate by 7% through October, and tax relief spending is above estimate by 38%. Both variances are primarily timing issues. Medicaid spending is below estimate through October.
Oklahoma		✓	Spending remains under control, but agencies are struggling to deal with their allocation reductions.
Oregon		✓	
Pennsylvania		✓	
Puerto Rico	✓		Health Insurance Administration.
Rhode Island		✓	
South Carolina	✓		The Dept. of Corrections presently is projecting a $13.3 million shortfall.
South Dakota		✓	
Tennessee		✓	
Texas		✓	
Utah		✓	
Vermont	✓		Corrections is the single largest area of over-spending. There is also pressure on the general assistance program and modest pressure in Medicaid because a waiver amendment is taking longer than anticipated and savings targets were based on these program changes beginning in October. There are pressures from special funds falling below expectations, which may need to be shored up by general fund transfers. Known amounts are included in the budget gap estimate.
Virginia	✓		Medicaid is up about $50 million.
Washington	✓		Medicaid and K-12 costs are expected to be higher than was originally forecasted/budgeted. Other budget areas may also need revision as a result.
West Virginia		✓	
Wisconsin		✓	
Wyoming	✓		Medicaid.
Total	**21**	**30**	
Source: NCSL survey of state legislative fiscal offices, November 2009.			

Table 9. Summary of the FY 2010 State Fiscal Situation	
State/Jurisdiction	Statement
Alabama (N/R)	
Alaska	The FY 2010 break-even point for the state's budget is when oil is at $66/barrel (bbl). Currently, the year-to-date average price of oil is $70/bbl. If this remains the average, a surplus of approximately $300 million is estimated.
Arizona	The fiscal situation is dire. While some revenue categories have stabilized, others continue to decline. Medicaid spending is higher than projected.
Arkansas	Decline in revenue collections are across all the major revenue categories. As agencies align their general revenue budgets to the revised forecast, it is anticipated that for the most part the revised forecast can be met through salary savings and reductions in operating expenses and travel. No layoffs of personnel are expected at this time.
California	The Legislative Analyst's Office (LAO) forecast of general fund revenues and expenditures shows that the state must address a general fund budget problem of $20.7 billion between now and the time the Legislature enacts a FY 2011 state budget plan. The budget problem consists of the budget gap figures provided for FY 2010 and FY 2011. The vast majority of the new budget problem identified for FY 2010 can be attributed to the state's inability to implement several major solutions in the July 2009 budget plan, including ones related to corrections and Medi-Cal. The ongoing impact of most of these problems further expands the multibillion-dollar operating shortfall that policymakers already expected in 2011 when about $20 billion of one-time and temporary budget solutions (including federal stimulus funds) become unavailable or are exhausted. On the positive side economic and revenue conditions have not changed much since the May 2009 forecast. The economic and revenue situation is one of the few bright spots in the November 2009 forecast. The economy is recovering even though the LAO is forecasting modest growth in the state's baseline revenues (independent of tax policy changes (in the coming years.
Colorado	For the first three months of FY 2010, revenue is still substantially lower than the amount the state collected during the same time period last year. Employment is expected to continue to lose ground at a fairly slow rate through the first few months of 2010 and begin to stabilize at a low level. Many of those still employed are expected to suffer reduced compensation. Spending by consumers and businesses is also expected to stabilize at a low level in early 2010. Both employment and spending is expected to remain at that low level for most of 2010, and our September forecast expects general fund revenue will begin to improve slowly in FY 2012. Meanwhile, demand for state services such as Medicaid and higher education enrollment is fast increasing. The state faces a significant shortfall in its operating budget. The governor has proposed a budget plan that, while balancing the FY 2010 and FY 2011 budgets, contains significant cuts in state services that will affect individuals and local governments statewide. Although painful, many of these proposals are one-time in nature and will not defray future budget shortfalls, unless the economy improves at a faster rate than expected.
Connecticut	Relatively modest FY 2010 and FY 2011 deficits could grow based on possible further revenue erosion and the inability to achieve various aggressive savings anticipated by the budget. The more significant FY 2012 deficit is based on the discontinuation of one-time revenues available in FY 2011 from the Budget Reserve Fund, federal stimulus funding and the securitization of nearly $1.3 billion, all of which were used to help balance the FY 2011 budget. The financing of the $925 million FY 2009 deficit and revenue intercepts required to finance securitization used in FY 2011 also contribute to the FY 2012 deficit.
Delaware	The state fiscal situation is grim. Cyclical sources continue to erode and ARRA support will recede in 2011. Further, unprecedented tax increases for the current year make FY 2011 political options painful.
Florida	The outlook is stable for the current fiscal year, but significant challenges remain for the upcoming years.
Georgia (N/R)	
Hawaii	Despite strategies to control current year expenditures through furloughs and other personnel actions including layoffs, more cuts to programs or revenue enhancements will be necessary to balance the budgets for the biennium.
Idaho	The governor has implemented a 4% holdback and is recommending that the legislature use budget reserves to hold public schools harmless for the current year. After taking into account potential supplemental appropriations, there remains a $52 million (2%) gap.
Illinois	The state fiscal situation is dire.

Table 9. Summary of the FY 2010 State Fiscal Situation	
State/Jurisdiction	Statement
Indiana (N/R)	
Iowa	The state is facing some serious budget challenges in FY 2010 and FY 2011. After the 2009 session ended, FY 2009 revenues declined by another $104.3 million necessitating further adjustments in the budget and use of $45.3 million from reserve funds. FY 2010 revenue estimates have been lowered by $415.4 million since the budget was enacted and the governor has ordered a 10.0% across-the-board cut. Revenues are projected to be negative for the remainder of FY 2010 and for FY 2011. The governor's across-the-board reduction will result in state employee layoffs, which will further exacerbate the state's unemployment problem. The use of ARRA funds for ongoing expenses in FY 2010 will pose a problem that will need to be addressed. Balances remain in the reserve funds, but that provides only a one-time solution, and the current estimated reserve fund balance ($585.3 million at the end of FY 2010) is not enough to address the anticipated shortfall. This recession appears to be much deeper and longer than originally projected.
Kansas	The current fiscal situation is relatively dire. Two major tax sources have gone down significantly and prior tax cuts are affecting revenue collections.
Kentucky	To date the state has been able to protect K-12 education, Medicaid and corrections from budget cuts, mainly due to the availability of stimulus funds. The budget for FY 2011 and FY 2012 will be extremely difficult without these one-time resources.
Louisiana	Oil price strength is being offset by sales tax reductions. Projected federal FMAP reductions are large contributors to the projected FY 2011 and FY 2012 deficits.
Maine	After addressing a substantial budget gap for the 2010-2011 biennium during the 2009 legislative session that ended in June, the state was confronted with yet another discouraging downward revision to the economic forecast in November, which will remove approximately 6.7% from budgeted general fund revenue. While the hope is that the economic forecasts have stabilized and the successive downward revisions to revenue over the last two years have ended, the state faces a substantial revenue shortfall without any reserves or additional federal stimulus funds to help avoid difficult and painful budget decisions.
Maryland	The state is managing its shortfall incrementally. The governor withdrew $531.4 million in general fund spending through the Board of Public Works in July, August and November 2009. In addition, transfers of $365.8 million from various special fund balances to help balance FY 2010 are planned to be introduced by the governor at the 2010 session as part of budget reconciliation legislation. Federal stimulus funding is supporting $1.1 billion of spending in the current year. The governor must submit a balanced budget proposal for FY 2011 that is likely to include a combination of fund transfers, use of the rainy day fund, and spending reductions (including mandate relief via budget reconciliation legislation).
Massachusetts	Revenues have been steadily falling, and with the elimination of federal stimulus funds there will continue to be budget difficulties in FY 2011 and FY 2012.
Michigan	Revenues are running slightly below the May 2009 revenue consensus estimate. Any potential shortfalls in the enacted FY 2010 general fund budget will be covered with surplus ARRA funding not already built into the budget. This will have implications for the FY 2011 outlook. The current estimate of FY 2010 general fund revenues will be the lowest level recorded since FY 1992. The FY 2010 level of general fund revenues is 27% below the level recorded in FY 2008.
Minnesota	The budget forecast released on Dec. 2, projects a deficit of $1.202 billion for the current biennium (2010-2011). The change from the July 2009 numbers result from a revenue decrease of $1.156 billion, a spending decrease of $44 million and a decrease in the balance carried forward from FY 2009 of $91 million (the balance forward decrease is due to lower revenue as well). A deficit of $5.426 billion is projected for the next biennium (2012-2013).
Mississippi	Through October, 2010 collections were behind the sine die estimate by 7.5%. As of this date, the governor had reduced expenditures by approximately 3.5% of the total FY 2010 appropriations.
Missouri	Through October, general revenue collections had declined 10.8%. The executive branch has vetoed or withheld $600 million so far in FY 2010.
Montana	The state's fiscal condition is currently solid because of the large fund balance the legislature built into the 2011 biennial budget. However, if revenue collections continue to lag expectations, a structural imbalance will widen, that will create a significantly more difficult task of developing a budget for the 2013 biennium.

Table 9. Summary of the FY 2010 State Fiscal Situation	
State/Jurisdiction	Statement
Nebraska	The gap for the 2010 - 2011 biennium was closed through actions of the Legislature in a special session that ended Nov. 20, 2009.
Nevada (N/R)	
New Hampshire	Per economist Dennis Delay (New England Economic Partnership's New Hampshire Forecast Chairman): "The state economy will remain weak well into 2010, but is still stronger than the national and regional averages."
New Jersey	The state's current fiscal situation for FY 2010 is guarded, with concerns about several major revenues meeting year-end targets and about the state's ability to achieve projected budget savings. The executive announced $200 million in additional spending restrictions several weeks ago. The executive also has recently announced the need to achieve $800 million in additional spending deductions, and is in the process of identifying those reductions. The outlook for FY 2011 is difficult, as multiple structural revenue and spending pressures plus a number of one-time actions will combine to produce a nominal budget deficit of about $8.0 billion that must be closed.
New Mexico	Broad-based sales and income taxes fell at double-digit rates in the spring and continued through the summer. Energy production revenues are down sharply from the previous year, but have stabilized in recent months. FY 2010 revenues are now predicted to be 20% below their peak level of FY 2008, and 12% below the level of FY 2010 appropriations (before legislative actions in the October 2009 special session). The Legislature approved $208 million in recurring spending cuts and $316 million in one-time savings in the October 2009 special session. One-time savings included $65 million in additional ARRA funds, $136 million in substituted capital outlay funding from severance tax bonds, and $115 million in sweeps from various state funds. The governor's vetoes reduced recurring savings to $94 million.
New York	Officials are concerned about not having enough cash on hand to pay the bills in December. It will be very close.
North Carolina	The current fiscal situation is best described as volatile. State revenues are 1.5% below forecast and could deteriorate even further; unemployment is at 11.0%; and Medicaid costs are beginning to rise above budgeted levels.
North Dakota	The state's current fiscal situation is stable.
Ohio (N/R)	
Oklahoma	Revenues for the first quarter of the fiscal year were 26% below the estimate. State agency monthly allocations have been reduced by 5% a month and may be reduced further before the Legislature reconvenes. The state's rainy day fund is full and can be used to cover a portion of the shortfall. The Legislature committed only half of its available stimulus funds for FY 2010, so a portion of the remaining balance also could be used to offset the FY 2010 shortfall.
Oregon	The fiscal situation is stable. Two tax increase measures passed by the Legislature during the 2009 session have been referred to the voters through the referendum process. These measures will be the subject of a special election on Jan. 26, 2010. One measure increased the corporate income tax generating $261 million; the other raised personal income taxes for individuals earning more than $250,000 per year (joint) and generated $472 million. Defeat of either or both measures will put the state budget into a deficit situation under the current forecasted general fund revenues.
Pennsylvania	Revenues have been consistently below expectations and therefore spending has been cut and alternative revenue sources have been utilized. Revenue growth for the fiscal year is expected to be zero.
Puerto Rico	Officials are facing a fiscal emergency situation where the government has adopted new laws to restore a structural balance of finances in FY 2013.
Rhode Island (N/R)	
South Carolina	The uncertainty of the national economy is certainly affecting the state. The projected budget gap for FY 2011 is $648 million, which will require additional statewide agency and program reductions.
South Dakota	The state fiscal situation is guarded.
Tennessee	Expenditures are being closely monitored to keep the budget in balance.

Table 9. Summary of the FY 2010 State Fiscal Situation	
State/Jurisdiction	Statement
Texas	October represents the fifth month of double digit percentage reductions in sales tax collections compared to the same time last year, and this is why the state's outlook is concerned. Officials are hopeful that revenues will turn positive within the next several months.
Utah	It appears that the end of the recession is approaching; however, revenues are likely to lag for some time.
Vermont	After eight consecutive quarterly revenue downgrades beginning in January 2008, the November 2009 revenue forecast actually held a modest revenue uptick for FY 2010. However, the update for FY 2011 was a small downgrade. The thinking is that there is still a great deal of downside to the broader economy. The state is seeing the impact of stimulus funding but state economists feel that there will not be a true recovery until the economic gains are self sustaining.
Virginia	Revenues continue to underperform. The General Assembly will be faced with a significant budget shortfall as it crafts the 2010-2012 biennial budget.
Washington	Before using any budget reserves, the shortfall is estimated to be $2.6 billion for the remaining 19 months of the biennium (10% of the appropriations for that same 19-month period). This has been driven by both increased costs and declining revenues since the March 2009 revenue and caseload forecasts. Large portions of the budget are, to one extent or another, protected. For example, debt service and K-12 basic education are significant portions of the budget and are constitutionally mandated. Federal ARRA limits what can be reduced in higher education and in Medicaid. Several reductions included in the budget passed last year (including several related to Medicaid) are the subject of continuing litigation (including some with temporary restraining orders in place). There are also limitations on what can be done in the area of pension funding. In addition, non-ARRA federal statutes and rules limit what may be reduced. There are some reserve funds available that could be used to mitigate some portion of the shortfall. The governor's budget proposal will be released in early December and the next revenue and caseload updates will occur in February. The legislature convenes in January.
West Virginia	Officials are concerned and being very cautious.
Wisconsin (N/R)	
Wyoming	Revenues are down, but appear to be strong enough to support general government operations excluding extras like capital construction.

N/R—No response.

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

Table 10. Highlights of General Fund Revenue Collections:
FY 2009 Compared to Past, Peak Collections and Projected Return to Peak Year

State/Jurisdiction	Approximate Fiscal Year that FY 2009 General Fund Revenues Match	Peak Fiscal Year for General Fund Revenues (Recent)	Projected Return to Peak Revenue Collections	Comment
Alabama	FY 2005	FY 2008	Unknown	Revenues for both the general fund and Education Trust Fund in FY 2009 were approximately equal to the revenues for FY 2005. Collections slowed during FY 2008, but were still higher than collections during FY 2007. No official estimate has been made on a return to peak collections, though it will be several years.
Alaska	FY 2007	FY 2008	Unknown	FY 2009 revenue of $5.8 billion approximately equals FY 2007 revenue of $5.2 billion. Peak revenue in FY 2008 ($10.8 billion) was due to astronomical oil prices. There are no projections that oil prices will rise to that level in the near future.
Arizona	FY 2004	FY 2007	FY 2014	FY 2009 collections were halfway between FY 2004 and FY 2005 collections. General fund revenues are not projected to return to peak levels until at least FY 2014.
Arkansas	FY 2008	FY 2008	Unknown	FY 2009 collections were $24.9 million below FY 2008 and $119.2 million above FY 2007. Notwithstanding the current forecast for FY 2010, actual gross collections in only two fiscal years (FY 2009 and FY 2002) have been below collections the previous year.
California	FY 2005	FY 2008	FY 2015	FY 2009 revenues and transfers are now projected to be $83.6 billion. FY 2005 revenues and transfers were $82.2 billion. FY 2008 revenues and transfers were $102.5 billion. The LAO projects that FY 2015 general fund revenues and transfers will be $105.7 billion, the first year they exceed the level in FY 2008.
Colorado	FY 2005	FY 2008	Unknown	FY 2009 revenue was at about the midway point between FY 2005 and FY 2006. The forecast period ends in FY 2012. Revenue is not expected to reach the FY 2008 peak until sometime after that.
Connecticut	FY 2007	FY 2008	FY 2013	
Delaware	FY 2006	FY 2008	FY 2012	FY 2009 collections are roughly equal to FY 2006 but were 9.4% greater than FY 2005.
Florida	FY 2004	FY 2007	FY 2014	FY 2009 collections fell between FY 2004 and FY 2005 collections.
Georgia	FY 2005	FY 2008	Unknown	
Hawaii	FY 2007	FY 2008	FY 2012	FY 2009 revenues were below the FY 2007 level.
Idaho	FY 2006	FY 2008	Unknown	Structural law changes effective in FY 2007 raised the sales tax by $210 million (one cent), cut property taxes, $260 million, and shifted $250.6 million to the public schools' general fund budget. The structural change masks the severity of the drop in revenue collections. To return to peak revenue levels it would require a 22.4% increase from the latest FY 2010 forecast. That is a 5.2% compound rate for four years or 7% for three years.

Table 10. Highlights of General Fund Revenue Collections: FY 2009 Compared to Past, Peak Collections and Projected Return to Peak Year

State/Jurisdiction	Approximate Fiscal Year that FY 2009 General Fund Revenues Match	Peak Fiscal Year for General Fund Revenues (Recent)	Projected Return to Peak Revenue Collections	Comment
Illinois	FY 2007	FY 2008	Unknown	
Indiana	FY 2005	FY 2008	FY 2012	The official revenue forecast goes out only to FY 2011.
Iowa	FY 2007	FY 2008	FY 2014	The state entered the recession late and will likely exit the recession late. Assuming the FY 2011 estimate and a return to 5% annual growth after that year, a return to the peak revenue level in FY 2008 would occur sometime in late FY 2014.
Kansas	FY 2006	FY 2008	Unknown	FY 2009 levels fell somewhere between FY 2006 and FY 2007. Revenues are only projected out through FY 2011 and revenues are not forecasted to have returned to peak level by then. It is unknown when revenues will return to peak levels.
Kentucky	FY 2006	FY 2008	FY 2012	
Louisiana	FY 2007	FY 2008	Unknown	FY 2009 revenues of $9.3 billion were closest to FY 2007 revenues of $9.6 billion. Energy prices peaked in July 2008, and national recession effects had not materialized in the state at that point. The return to peak levels is unknown, but is not expected during the current forecast horizon, through FY 2014.
Maine	FY 2005	FY 2008	FY 2014	Actual FY 2009 revenue was approximately equal to FY 2005 revenue ($20 million greater). General fund revenues do not return to peak within the statutory forecast period. Assuming the same level of growth in FY 2014 as projected in FY 2013, general fund revenue would approximately equal FY 2008 amounts in FY 2014.
Maryland	FY 2005	FY 2008	FY 2013	Significant changes to sales, income (both personal and corporate), tobacco, and other taxes went into effect in the second half of 2008. This makes comparisons to prior years difficult. Total FY 2009 general fund revenues were $12.9 billion, about $40 million below FY 2007. Adjusting for changes in the law, FY 2009 revenues were roughly $12.2 billion, which is below FY 2006 but higher than FY 2005. FY 2008 general fund revenues were higher than any other year even when adjusting for mid-2008 tax law changes. FY 2013 is projected to exceed the level of FY 2008.
Massachusetts	FY 2007	FY 2008	Unknown	FY 2009 revenues totaled $18.2 billion, FY 2008 $20.9 billion, FY 2007 $18.4 billion, FY 2006 $17.1 billion, FY 2010 revenues are estimated at $18.7 billion.
Michigan	FY 1997	FY 2000	Unknown	The current estimate of FY 2010 general fund revenues will be the lowest level of general fund revenues recorded since FY 1992. The FY 2010 estimated level of general fund revenues is 27% below the level recorded in FY 2008.

Table 10. Highlights of General Fund Revenue Collections: FY 2009 Compared to Past, Peak Collections and Projected Return to Peak Year

State/Jurisdiction	Approximate Fiscal Year that FY 2009 General Fund Revenues Match	Peak Fiscal Year for General Fund Revenues (Recent)	Projected Return to Peak Revenue Collections	Comment
Minnesota	FY 2006	FY 2008	FY 2013	FY 2005 revenues were $14.653 billion; FY 2006, $15.962 billion; FY 2008, $16.68 billion; and FY 2009 revenues were $15.388 billion. FY 2010 revenues are estimated to be $14.614 billion, the lowest point of revenue collections. Current projections are for FY 2012 to come close, but not reach FY 2008 levels and for FY 2013 to exceed to exceed FY 2008 levels.
Mississippi	FY 2007	FY 2008	FY 2013	Hurricane Katrina hit the state in August 2005 and the massive recovery had a significant impact on collections for FY 2006 through FY 2008. Recovery in FY 2013 is based on out-year projections provided by the University Research Center.
Missouri	FY 2006	FY 2008	Unknown	The revised forecast for FY 2010 and FY 2011 will be completed in December.
Montana	FY 2007	FY 2008	FY 2015	FY 2009 revenue collections included some significant audit collections that gave the impression that the revenue decline from FY 2008 was not significant. If current revenue collections continue to lag expectations, revenues will not reach the 2009 level until the 2013 biennium. FY 2008 was the peak year for oil and gas production revenues. Return to the FY 2008 peak revenue in FY 2015 is an educated guess without the benefit of any long-term economic projections.
Nebraska	FY 2006	FY 2008	FY 2012	Comparison of nominal net receipts in respective years. Return to peak revenue level based on preliminary planning estimates.
Nevada	FY 2005	FY 2007	FY 2011	FY 2009 state general fund revenues totaled $2.739 billion versus $2.743 billion in FY 2005. FY 2007 general fund revenues totaled $3.145 billion. The 2009 Legislature enacted changes in taxes, fees and other revenues that were projected to increase FY 2011 state general fund revenue by $517.7 million for a total of $3.186 billion in revenue.
New Hampshire	FY 2006	FY 2008	FY 2011	General fund only, does not consider rate/statute changes.
New Jersey	FY 2006	FY 2008	Unknown	$28.8 billion in FY 2009 budgeted revenues equals roughly $28.7 billion in FY 2006 revenues. FY 2010 is also projected at $28.8 billion. FY 2008 revenues reached $33.2 billion. Return to FY 2008 levels is unknown. At a 5% annual growth rate along average historical lines, it would take several fiscal years to return to FY 2008 revenue levels.
New Mexico	FY 2005	FY 2008	FY 2015	FY 2009 revenues were above FY 2005 but below FY 2006. The current forecast through FY 2014 is still 1% below the FY 2008 peak. Normal growth should exceed that level in FY 2015.

Table 10. Highlights of General Fund Revenue Collections: FY 2009 Compared to Past, Peak Collections and Projected Return to Peak Year				
State/Jurisdiction	Approximate Fiscal Year that FY 2009 General Fund Revenues Match	Peak Fiscal Year for General Fund Revenues (Recent)	Projected Return to Peak Revenue Collections	Comment
New York	FY 2008	FY 2006	FY 2011	Fiscal years ending 2010 and 2011 include general fund tax increases totaling $4.2 billion and $5.3 billion, respectively.
North Carolina	FY 2006	FY 2008	FY 2014	Return to peak level in FY 2014 assumes normal growth in FY 2012 and FY 2013.
North Dakota	FY 2009	FY 2009	N/A	FY 2009 marked the peak for state general fund revenue collections. FY 2010 general fund revenues are projected to be higher than FY 2009.
Ohio	FY 2005	FY 2008	Unknown	Present projected revenue collections are based on state-source receipts only, and match FY 2005 due to a $1 billion transfer-in from the rainy day fund in FY 2009. Excluding the transfer current revenues would match FY 2004. FY 2008 revenue collections are based on state-source receipts; if only tax receipts are considered, then the peak year would have been FY 2006. Official revenue projections do not go beyond FY 2011, when state-source revenues are projected to be significantly below FY 2008 revenues. FY 2012 state-source revenues would have to grow by nearly 16% over projected FY 2011 revenues to return to FY 2008 levels.
Oklahoma	FY 2006	FY 2008	Unknown	FY 2005 actual collections were $4.95 billion and in FY 2006 they were $5.71 billion. The revised, but unofficial estimate for FY 2009 is approximately $5.45 billion. FY 2008 actual collections were $5.98 billion. Revenues will not return to peak levels until natural gas price and production levels recover.
Oregon	FY 2005	FY 2007	FY 2010	The FY 2010 return to peak level is aided by revenue growth from the revenue package scheduled to go on the ballot Jan. 26, 2010.
Pennsylvania	FY 2006	FY 2008	Unknown	No official estimates at this time reflect a return to peak level.
Puerto Rico	FY 2003	FY 2007	FY 2015	FY 2009 collections were $171 million less than FY 2003.
Rhode Island	FY 2005	FY 2008	Unknown	FY 2009 collections were 0.6% above FY 2005 levels. The projected return to peak collections is not in the current forecast horizon.
South Carolina	FY 2005	FY 2007	Unknown	FY 2007 general fund revenue collections equaled $6.66 billion. At present, it is unknown when revenues will return to peak level.
South Dakota	FY 2008	FY 2009	FY 2011	
Tennessee	FY 2006	FY 2008	FY 2013	FY 2009 collections are projected to be 4.0% below FY 2006 collections.

Table 10. Highlights of General Fund Revenue Collections: FY 2009 Compared to Past, Peak Collections and Projected Return to Peak Year

State/Jurisdiction	Approximate Fiscal Year that FY 2009 General Fund Revenues Match	Peak Fiscal Year for General Fund Revenues (Recent)	Projected Return to Peak Revenue Collections	Comment
Texas	FY 2006	FY 2008	FY 2011	General revenue collections are as follows: FY 2006 revenues totaled $36.7 billion, FY 2007 revenues totaled $39.3 billion, FY 2008 revenues totaled $41.7 billion, FY 2009 revenues totaled $37.9 billion, FY 2010 revenues are estimated to total $37.5 billion and FY 2011 collections are estimated to total $39.2 billion.
Utah	FY 2006	FY 2008	Unknown	General fund includes all general tax collections (personal income, sales tax, corporate tax, etc.). No projection is available for the return to peak collections.
Vermont	FY 2006	FY 2008	FY 2013	FY 2006 available revenue was $1.11 billion, FY 2009 available revenue was $1.10 billion. FY 2008 available revenue was $1.2 billion, FY 2009 general fund revenue was 8.2% lower than FY 2008. Currently the forecast is that in FY 2013 revenues will match just more than $1.2 billion, the same as the FY 2008 revenue level.
Virginia	FY 2005	FY 2008	FY 2013	FY 2009 came in at $14.3 billion, which is between FY 2005 at $14.3 billion and FY 2006 at $14.6 billion. FY 2008 peak collections were $15.8 billion. A return to peak level will probably be in FY 2013 or beyond. The forecast for FY 2012 is about $15.2 billion.
Washington	FY 2005	FY 2008	FY 2012	FY 2005 includes the pre-FY 2010 definition of general fund. That definition was expanded to include other funds starting with FY 2010. Also, revenue collections were better in FY 2009 than the forecast for FY 2010. FY 2009 equals $13.1 billion; FY 2006 equals $13.3 billion; and FY 2005 equals $12.1 billion. Peak revenues in FY 2008 were adjusted for the consolidation of certain accounts into the general fund that began in FY 2010. This was only slightly higher than FY 2007 collections. The forecast horizon currently extends through FY 2011 and revenues remain below FY 2007 and FY 2008 at that point. If projected FY 2011 growth materializes and average growth returns in FY 2012, it would return to the peak in FY 2012.
West Virginia	FY 2008	FY 2008	Unknown	FY 2004 revenues totaled $3.0 billion; FY 2005, $3.5 billion; FY 2006, $3.6 billion; FY 2007, $3.7 billion; FY 2008, $3.9 billion; FY 2009, $3.9 billion.
Wisconsin	FY 2006	FY 2008	FY 2012	
Wyoming	FY 2007	FY 2008	Unknown	It will not be until FY 2011 that revenues will bottom out. A return to peak revenue levels is not forecasted in the period through 2014.

Key: (N/R) = No response. (N/A) = Not applicable.

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

Table 11. Projected FY 2011 Budget Gaps

State	Current FY 2011 Estimate (in millions)	Percent of General Fund Budget	Comment
Alabama (GF)*	Amount Unknown		There has been no quantified dollar or percentage amount of the gap because revenue estimates have not been finalized. FY 2011 revenue estimates will be finalized in January 2010.
Alabama (ETF)*	Amount Unknown		There has been no quantified dollar or percentage amount of the gap because revenue estimates have not been finalized. FY 2011 revenue estimates will be finalized in January 2010.
Alaska	N/A		
Arizona	$3,000.0	30.0%	
Arkansas	N/A		
California	$14,403.0	14.1%	The previous estimate if $6.9 billion was based on Dept. of Finance estimates from the July 2009 budget package. The current estimate is based on the Fiscal Outlook report from the Legislative Analyst's Office.
Colorado	$770.9	10.2%	The actual size of the FY 2011 shortfall depends on how much of the FY 2010 shortfall is dealt with using permanent vs. one-time measures. The $770.9 million shortfall shown here assumes the FY 2010 shortfall is addressed using permanent measures. The governor's proposal, which has yet to be acted upon legislatively, uses one-time measures for 82% of the FY 2010 shortfall. This estimate does not incorporate increases in the shortfall related to increases in caseloads, inflation or constitutionally required spending increases.
Connecticut	$286.7	1.6%	The amount assumes that the sales and use tax reduction from 6% to 5.5% scheduled for Jan. 1, 2010, and valued at $268 million (annualized), will not occur because gross tax revenues will be at least 1% less than budgeted, which cancels the scheduled rate reduction.
Delaware	$300.0	9.6%	
Florida	$1,788.8	7.5%	The FY 2011 budget gap is reported in the Three Year Financial Outlook (September 2009). The current budget gap estimate is $923.2 million (4%) for critical needs and $2,654.4 million (11%) for the typical budget. For the purposes of this table, the mid-point between the two estimates has been used.
Georgia	$851.4	5.1%	
Hawaii	$1,141.0	21.2%	
Idaho	Amount Unknown		
Illinois	Amount Unknown		No official estimates have yet been released. However, the Council on Government Forecasting and Accountability has identified a gap of at least $11.5 billion based on one-time FY 2010 revenues, looming pension payments and carry forward of the FY 2010 deficit.
Indiana	N/A		
Iowa	$1,070.3	19.6%	It is important to note that this estimate will change as revenue and expenditure estimates are updated between now and the beginning of the 2010 legislative session. The Revenue Estimating Conference will meet on Dec. 11, 2009, and may revise the FY 2011 estimate, which would affect the estimated gap. The estimate assumes that the state will use the remaining federal stimulus funds, estimated at $141.0 million. The calculation of the gap assumes fully funding the "built in" or anticipated expenditure increases of $1.2 billion, driven largely by the loss of one-time federal stimulus funds and anticipated increases in Medicaid costs.

Table 11. Projected FY 2011 Budget Gaps

State	Current FY 2011 Estimate (in millions)	Percent of General Fund Budget	Comment
Kansas	$263.5	4.8%	The budget gap estimate assumes that the shortfall for FY 2010 is totally eliminated in FY 2010.
Kentucky	N/A		The state will enact a FY 2011 and FY 2012 budget in the January 2010 legislative session. It is fully expected that existing spending levels will outweigh forecasted revenues significantly.
Louisiana	$948.0	10.3%	
Maine	$174.2	6.0%	During the 2009 legislative session that ended in June, the Legislature addressed the previously reported FY 2011 shortfall of $765.2 million (21.6%). The current estimate reflects the most recent revision to revenue that has not yet been addressed.
Maryland	$3,057.0	20.5%	The estimate is based on ongoing revenues compared to ongoing spending and excludes one-time transfers pre-authorized in budget reconciliation legislation enacted in the 2009 session.
Massachusetts	Amount Unknown		The consensus revenue forecast will be done in mid-to-late December.
Michigan*	$800.0	10.0%	Absent any increases in state revenues, the state is projecting a $800 million or 10 percent gap between estimated FY 2011 revenues and a current services type of spending plan.
Minnesota	$994.1	6.1%	This is the budget gap estimate as of Dec. 2, 2009. Minnesota budgets biennially so the FY 2010 budget deficit can be carried forward into FY 2011.
Mississippi	N/A		The governor and the Joint Legislative Budget Committee adopted a general fund revenue estimate for FY 2011 that is flat compared to the revised FY 2010 estimates. There is no official position on a gap for FY 2011.
Missouri	N/A		The consensus revenue estimate for FY 2011 will be completed in December 2009.
Montana	$4.4	0.2%	The revised budget gap is based on the adopted legislative budget in April 2009 using the revenue estimates at that time. Until a clearer picture of FY 2010 revenue collections is available, a review of the FY 2011 budget gap will not be done.
Nebraska	$166.9	4.7%	The annual gap is one-half of the variance to the state's ending balance requirement, which is specified as of June 30, 2011. This gap has been eliminated by actions taken in a special session that ended Nov. 20, 2009.
Nevada	$1,335.0	32.9%	The 2009 Legislature approved actions to close the previously estimated FY 2011 budget gap of $1,335 million (32.9%).
New Hampshire	N/A		The estimate for FY 2011 has not been changed.
New Jersey	$8,000.0	27.5%	The Office of Legislative Services has projected an FY 2011 budget gap of $8.0 billion between revenues under current law and spending necessary to fully fund statutory obligations (this is not an $8.0 billion gap from FY 2010 spending levels).
New Mexico	$490.0	9.0%	Legislative actions in an October 2009 special session reduced the FY 2011 gap to $379 million but the governor vetoed $114 million of spending reductions. The governor has proposed spending reductions in executive agencies of $90 million, partially offsetting the effect of vetoes. FY 2011 current services funding gap is approximately $490 million after all special session actions and treating the executive spending reductions as having reduced the current services spending base.
New York*	$6,796.0	11.3%	
North Carolina	N/A		Official budget estimates have not been revised.
North Dakota	N/A		

Table 11. Projected FY 2011 Budget Gaps			
State	Current FY 2011 Estimate (in millions)	Percent of General Fund Budget	Comment
Ohio	$566.3	2.2%	General fund tax revenues are on target so far this fiscal year. The gap is due to an Ohio Supreme Court decision that effectively required a delay in implementing a proposal to allow the Ohio Lottery to operate video lottery terminals at racing tracks, reducing non-tax revenues on which the budget was based. The General Assembly is currently debating approaches to close the gap.
Oklahoma	Amount Unknown		Official estimates will not be available until late December 2009.
Oregon	N/A		
Pennsylvania	N/A		Projections for FY 2011 have not been made yet.
Puerto Rico	$259.0	3.2%	
Rhode Island	$400.0	13.9%	
South Carolina	$648.0	12.7%	
South Dakota	N/A		The state may be able to get through FY 2011 with a balance of stimulus funds and reserves.
Tennessee	$904.0	10.4%	
Texas*	$3,300.0	7.6%	The revenue estimate has not been updated but key revenue streams (sales and natural gas) are tracking below estimate through the first two months of the 2010-2011 biennium. The projected gap for FY 2011 was addressed in the enacted FY 2010-2011 biennial budget.
Utah	N/A		No FY 2011 revenue estimates have been adopted. The state will do so in mid-December, and set agency budgets in the 2010 general session.
Vermont	$187.9	14.6%	This is the gap without the use of ARRA funds. It is anticipated that there will be $100 million available to the state from the ARRA State Fiscal Stabilization Fund and Enhanced Medicaid match bringing the gap down to $88 million. However, not included in the FY 2011 budget gap projections are retirement funding needs. Between teachers and state employees another $30 million could be added to the gap projection. There is currently a group working on recommendations regarding retirement, the recommendations are unlikely to reduce significantly the FY 2011 pressure but may provide alternatives for the manner in which the pressure is addressed. Also, Medicaid caseloads are growing which could increase pressures in that area.
Virginia	$1,500.0	9.0%	This is the preliminary, unofficial staff estimate. Some of the shortfall is due to needing to replace ARRA funding for Medicaid that will largely disappear by FY 2012.
Washington	$979.0	6.1%	The previously reported budget gap of $3.4 billion (22%) was solved during the 2009 legislative session. A new, additional gap has since opened. The budget gap here is defined as forecasted revenues (using the November 2009 revenue forecast for FY 2011 and before any transfers into the general fund or use of reserves) less current appropriation (before any known increases in caseloads are included). The actual budget shortfall is different as it would include use of reserves, fund transfers used to increase resources and estimated additional mandatory costs. Since the Legislature adjourned in April, forecasted revenues have declined significantly. While revenue growth from FY 2010 to FY 2011 is expected to be favorable (between 9% and 10%), that growth now comes from a lower base (resulting from a lowered FY 2010 revenue forecast). Forecasted costs for entitlement programs (primarily related to Medicaid and K-12) have also increased significantly.
West Virginia	$100.0	2.7%	

Table 11. Projected FY 2011 Budget Gaps

State	Current FY 2011 Estimate (in millions)	Percent of General Fund Budget	Comment
Wisconsin	N/A		
Wyoming	N/A		There will not be a FY 2011 budget until after the upcoming session that ends in March 2010.
Total	**$55,485.4**		

* The fiscal year began on July 1 for 46 states. The exceptions are New York (April 1), Texas (Sept. 1) and Alabama and Michigan (Oct. 1).

Key:
(N/A) = Not applicable—no FY 2011 budget gap.

(N/R) = No response.

GF = General Fund.

ETF = Education Trust Fund.

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

Table 12. Projected FY 2012 Budget Gaps			
State	Current FY 2012 Estimate (in millions)	Percent of General Fund Budget	Comment
Alabama (GF)*	N/A		There will not be an estimate for FY 2012 until January 2011.
Alabama (ETF)*	N/A		There will not be an estimate for FY 2012 until January 2011.
Alaska	N/A		
Arizona	$3,400.0	30.0%	
Arkansas	N/A		
California	$21,262.0	20.1%	The prior estimate was based on Dept. of Finance estimates from the July 2009 budget package. The current estimate is based on the Fiscal Outlook report from the Legislative Analyst's Office.
Colorado	$309.4	4.0%	The actual size of the FY 2012 shortfall depends on how much of the FY 2010 and FY 2011 shortfalls are dealt with using permanent vs. one-time measures. The $309.4 million shortfall shown here assumes the FY 2010 and FY 2011 shortfalls are addressed using permanent measures. This estimate does not incorporate increases related to caseloads, inflation or constitutionally required spending increases.
Connecticut	$3,282.0	17.1%	The amount assumes that the sales and use tax reduction from 6% to 5.5% scheduled for Jan. 1, 2010, and valued at $268 million (annualized), will not occur because gross tax revenues will be at least 1% less than budgeted, which cancels the scheduled rate reduction.
Delaware	N/R		Depends on the FY 2011 budget fix and revenue projections.
Florida	$3,903.9	13.8%	The FY 2012 budget gap is reported in the Three-Year Financial Outlook (September 2009). The current budget gap estimate is $2,334.7 million (9%) for critical needs and $5,473.2 million (18.6%) for other high priority needs. For the purposes of this table, the mid-point between the two estimates has been used.
Georgia	$1,400.0	8.75%	The FY 2012 projected gap is due to the loss of the remaining ARRA funds.
Hawaii	$1,641.0	28.8%	
Idaho	N/R		
Illinois	N/R		Too early to make any estimate.
Indiana	N/A		
Iowa			
Kansas	N/R		No updated projected estimates for FY 2012 are available after the latest FY 2011 estimate that was completed in November.
Kentucky	N/A		The state will enact a FY 2011 and FY 2012 budget in the January 2010 legislative session. It is fully expected that existing spending levels will outweigh forecasted revenues significantly.
Louisiana	$1,976.0	18.8%	
Maine	Amount Unknown		FY 2012 general fund expenditures have not yet been estimated. FY 2012 general fund revenue is projected to grow by 1.9%.
Maryland	$2,524.0	15.9%	The estimate is based on ongoing revenues compared to ongoing spending.
Massachusetts	N/A		
Michigan*	N/A		

Table 12. Projected FY 2012 Budget Gaps

State	Current FY 2012 Estimate (in millions)	Percent of General Fund Budget	Comment
Minnesota	$3,656.8	18.6%	This is the budget gap estimate as of Dec. 2, 2009. The figure assumes payback of an education shift of $1.170 billion. Some would suggest this shift payment can be delayed. It also assumes no funding for a health care program for which the governor vetoed funding that would have cost $452 million in FY 2012. The estimate also assumes no inflation in program costs.
Mississippi	N/A		There is no official position on a gap for FY 2012.
Missouri	N/A		The consensus revenue estimate for FY 2012 will be completed on Dec. 10, 2010.
Montana	N/A		The analysis has not been prepared.
Nebraska	$319.0	8.2%	This is the first half of the gap projected against the required minimum reserve as of June 30, 2013. This gap estimate includes actions of the special session just completed on Nov. 20, 2009.
Nevada	N/A		
New Hampshire	N/A		No estimate has been done.
New Jersey	N/A		The state has not projected the FY 2012 budget. However, barring the enactment of structural spending and revenue changes, significant future budget gaps should be an ongoing concern.
New Mexico	N/A		
New York*	$14,775.0	21.2%	
North Carolina	$2,000.0	10.2%	Technically, there is no budget for FY 2012, so the answer is not precise. However, the budget for FY 2011 is based on $1.0 billion in federal ARRA funds and $1.0 billion in temporary state taxes. Based on current state and federal law, neither of these funding sources will be available in FY 2012. Therefore, using the FY 2011 budget as the base, the state's FY 2012 budget could experience a gap of $2.0 billion (10.2%).
North Dakota	N/A		
Ohio	N/A		The executive has not officially projected a budget gap for FY 2012.
Oklahoma	Amount Unknown		Official estimates will not be available until late December 2010.
Oregon	N/A		
Pennsylvania	N/A		Projections for FY 2012 have not been made yet.
Puerto Rico	$153.0	1.9%	
Rhode Island	$551.7	18.8%	
South Carolina	Amount Unknown		The gap amount is unknown at this time. The three-year financial outlook currently being developed will be available by mid-December per statute.
South Dakota	N/A		Too early to know.
Tennessee	$64.0	0.7%	
Texas*	$5,000.0	11.5%	The combination of the federal stimulus cliff and an estimated $0 in general revenue balances in 2011 produced the potential for a $10 billion general revenue deficit in the 2012-13 biennium before considering changes in revenue and/or spending compared to the 2010-11 biennium. The rainy day fund is expected to reach $9.1 billion by the end of FY 2011.
Utah	N/A		

Table 12. Projected FY 2012 Budget Gaps

State	Current FY 2012 Estimate (in millions)	Percent of General Fund Budget	Comment
Vermont	$159.5	12.0%	There is no projection for relief from ARRA in FY 2012. Retirement funding issues are likely to affect FY 2012 as well as put pressures on K-12 education. These are likely to increase the gap projection.
Virginia	$1,500.0	9.0%	This is a preliminary, unofficial staff estimate. Some of the shortfall is due to needing to replace ARRA funding for Medicaid that will largely disappear by FY 2012.
Washington	Amount Unknown		There is expected to be a gap in FY 2012, but there is no current official projection. The first official revenue forecast for FY 2012 and FY 2013 will be made in February 2010. Solving the gaps in FY 2010 and FY 2011 also could mitigate (but likely not eliminate) the gap in FY 2012 depending on the nature of actions taken by the Legislature. The governor's budget proposal, released in mid-December, will provide the first official estimate of the budget gap for FY 2012 and FY 2013.
West Virginia	N/R		Unknown as of November 2009.
Wisconsin	$900.0	6.5%	
Wyoming	N/A		There will not be a budget for FY 2012 until after the upcoming session that ends in March 2010.
Total	**$68,777.3**		

* The fiscal year began on July 1 for 46 states. The exceptions are New York (April 1), Texas (Sept. 1) and Alabama and Michigan (Oct. 1).

Key:
(N/A) = Not applicable—no FY 2012 budget gap.

(N/R) = No response.

GF = General Fund.

ETF = Education Trust Fund.

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

Table 13. Recession Entry and Projected Exit

State	Date of Entry into the Recession	Projected Exit From the Recession	Comments
Alabama	Q3-2008 (July)	Q4-2009 (October)	
Alaska	Q2-2009 (April)	Unknown	The state does annual, not quarterly, projections. No official projections exist regarding when the recession will end.
Arizona (N/R)			
Arkansas	Q2-2009 (April)	FY 2011	Entry into the recession is based on declining revenue rather than gross state production contraction. The return of positive growth in general fund collections currently is not expected in FY 2010.
California	Q3-2007 (August)	Q4-2009 (October)	This is a very rough estimate by the Legislative Analyst's Office staff. August 2007 was the initial month of recession-type job losses, which are usually one indicator suggesting less economic output. In October 2009, jobs were up slightly. Current state personal income data, however, are not available. The LAO forecast indicates recovery in 2010 and 2011.
Colorado	Q2-2008 (June)	Q1-2010 (March)	The recession is measured by how employment and consumers are faring. This is slightly different than how many economists measure a recession, since employment and consumer spending tends to lag a recovery in production, or gross domestic product. Jobs in the state began to fall off during the summer of 2008, with the decreases accelerating markedly after the failure of Lehman Brothers in September. While employment losses are expected to end sometime during the first or second quarter of 2010, job growth is not expected to occur at any real rate until sometime in 2011.
Connecticut	Q3-2007	Q1-2010	Job losses are expected to continue and are likely to bottom out sometime in mid 2010.
Delaware	Q1-2008 (January)	Q1-2010 (January)	Exit from the recession is based on cyclical estimates.
Florida	Q1-2007 (March)	Q1-2010 (January)	Non-agricultural employment actually peaked in March 2007. Personal income began to decline slightly later, during the first quarter of the 2008 calendar year. Regardless of the measure, recessionary conditions were clearly in place within FY 2008. Flat to low growth is expected for some of the key economic variables beginning with the new calendar year (2010). However, sustainable recovery with normal growth levels won't be in place until spring of 2011. A lag is expected with typical population and employment growth than other variables.
Georgia	Q1-2008 (January)	Q2-2010 (April)	
Hawaii			There is no consensus on the beginning and end of the recession. The state is heavily affected by external factors both in the U.S. mainland and Asia. Such factors as H1N1, federal action to reduce taxes on military families, and the California economy will slow or delay Hawaii's recovery.
Idaho	Q3-2007 (August)	Early 2010	
Illinois	Q3-2008 (July)	Q3-2010 (July)	
Indiana			Difficult to estimate.
Iowa	Q2-2008 (April)	Q1-2011 (February)	Assuming an exit to the recession means a return to job growth; the current projections are for the third quarter of FY 2011.
Kansas			The state lags the national recession.

Table 13. Recession Entry and Projected Exit

State	Date of Entry into the Recession	Projected Exit From the Recession	Comments
Kentucky	Q1-2008	Q2-2010	There is not a state definition of a "recession." Using employment as a measure, declines in seasonally adjusted employment began in the first quarter of calendar year 2008. While the state does not produce a monthly forecast it is expected that the recession will end in the second quarter of calendar year 2010.
Louisiana	Q1-2009 (January)	Q1-2011 (January)	Spending and income related tax receipts started weakening across the board in January 2009. State revenue growth is currently projected to be greater in FY 2011 than FY 2010.
Maine	Q1-2008 (February)	Q4-2010 (October)	This is based on wage and salary employment.
Maryland	Q1-2008 (February)	Unknown	February 2008 was the month employment peaked based on the currently reported payroll employment data. This may be subject to change when the data are benchmarked in March. The state's economy seems to be performing roughly in line with the U.S. economy, maybe doing slightly better. Therefore, the state expects the recession to end in a similar timeframe as the U.S. economy.
Massachusetts (N/R)			
Michigan	Q2-2000 (June)	Q3-2010 (August)	The state has been losing employment since 2000. Employment is expected to begin growing slightly in late 2010.
Minnesota	Q4-2007 (November)	Q2-2010	November 2007 was when the state first started seeing employment losses due largely to declines in housing construction. Exit from the recession reflects the current projection of when employment will turn around.
Mississippi	Q2-2008 (June)	Q3-2010 (June)	Estimates are from the state economist.
Missouri			No determination is made publicly of when the recession begins or ends.
Montana	Q3-2008 (September)	Q4-2009 (October)	
Nebraska			No official estimate.
Nevada			The Legislative Counsel Bureau, Fiscal Analysis Division does not have a process for formally determining the beginning or ending of a recession in the state; however it should be noted that monthly sales tax and gaming percentage fee collections began consecutive year-over-year declines in July 2007 and December 2007, respectively.
New Hampshire	Q4-2007 (December)	Q3-2009 (November)	Per economist, Dennis Delay, and based on employment data, "It's likely the recession is technically over." (11/09/09 article)
New Jersey			There is no such official determination made by state officials.
New Mexico	Q4-2008 (October)	Q2-2010 (April)	The beginning of the recession is based on employment growth turning negative. The end of the recession is based on employment growth turning positive.
New York	Q3-2008 (September)	Q3-2010	Expected to emerge from the recession in the second half of 2010.
North Carolina	Q1-2008 (February)	Q2-2010 (April)	Entry into the recession is based on employment losses and exit from the recession is based on the Fiscal Research Division's estimate for employment losses to abate.
North Dakota	N/A	N/A	The state has not been in a recession.
Ohio			No official declarations of the dates of the recession are available at the state level. However, nonfarm payroll employment reached a peak in March 2006 (following the last recession).

Table 13. Recession Entry and Projected Exit

State	Date of Entry into the Recession	Projected Exit From the Recession	Comments
Oklahoma	Q4-2008 (October)	Unknown	Energy prices began to plummet in October 2008. The state will exit the recession when natural gas prices and production levels begin to rebound.
Oregon	Q1-2008 (January)	Q2-2010	The state forecasts by the quarter; for the second quarter of 2010, a seasonally adjusted payroll employment increase is projected.
Pennsylvania			There is no official estimate. The state generally lags the national recession.
Puerto Rico	Q1-2006 (March)	Q2-2010	The economy should start to grow in the second quarter of 2010.
Rhode Island	Q1-2007 (February)	Q4-2010	
South Carolina	Q2-2008 (June)	Q4-2010 (October)	
South Dakota (N/R)			
Tennessee	Q4-2007 (December)	2012	State economists feel that the state has already bottomed out and is now beginning what is expected to be a long, slow recovery. Even as the state does recover many measures of economic activity are expected to continue to contract.
Texas	Q4-2008 (December)	Q4-2009 (November)	
Utah	Q1-2008 (March)	Q3-2010 (July)	Revenues will probably be slow to recover.
Vermont	Q4-2007 (October)	Q2-2009 (June)	Economists feel the state entered the recession a few months earlier than the nation. Exiting the recession is a much harder call. Economists base the recession on the same indicators used for the nation; however, there is still concern that the state is seeing only the impact of the federal stimulus and could have a bump along the bottom or dip unless the indicators show the economy is moving into a self sustaining recovery.
Virginia	Q4-2008 (October)	Q4-2010 (October)	Defined in terms of when job loss began and when job growth will begin.
Washington	Q3-2008 (September)	Q4-2009 (October)	Employment stayed virtually the same from January 2008 until the drop in September 2008. The bottom of the recession is thought to be the second quarter of 2009. The beginning of recovery is expected in the third quarter of 2009.
West Virginia	Q1-2009 (January)		The state is behind the national trend; due to dependence upon energy production as a main economic sector. EPA mining permit legislation will greatly affect revenues.
Wisconsin (N/R)			
Wyoming	Q4-2009 (November)	FY 2012	Recovery is projected to begin in FY 2012.
Source: NCSL survey of state legislative fiscal offices, November 2009.			
Key: Q1: January-March; Q2: April–June; Q3: July–September; Q4: October-December			

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