

# State Measures to Balance FY 2010 and FY 2011 Budgets

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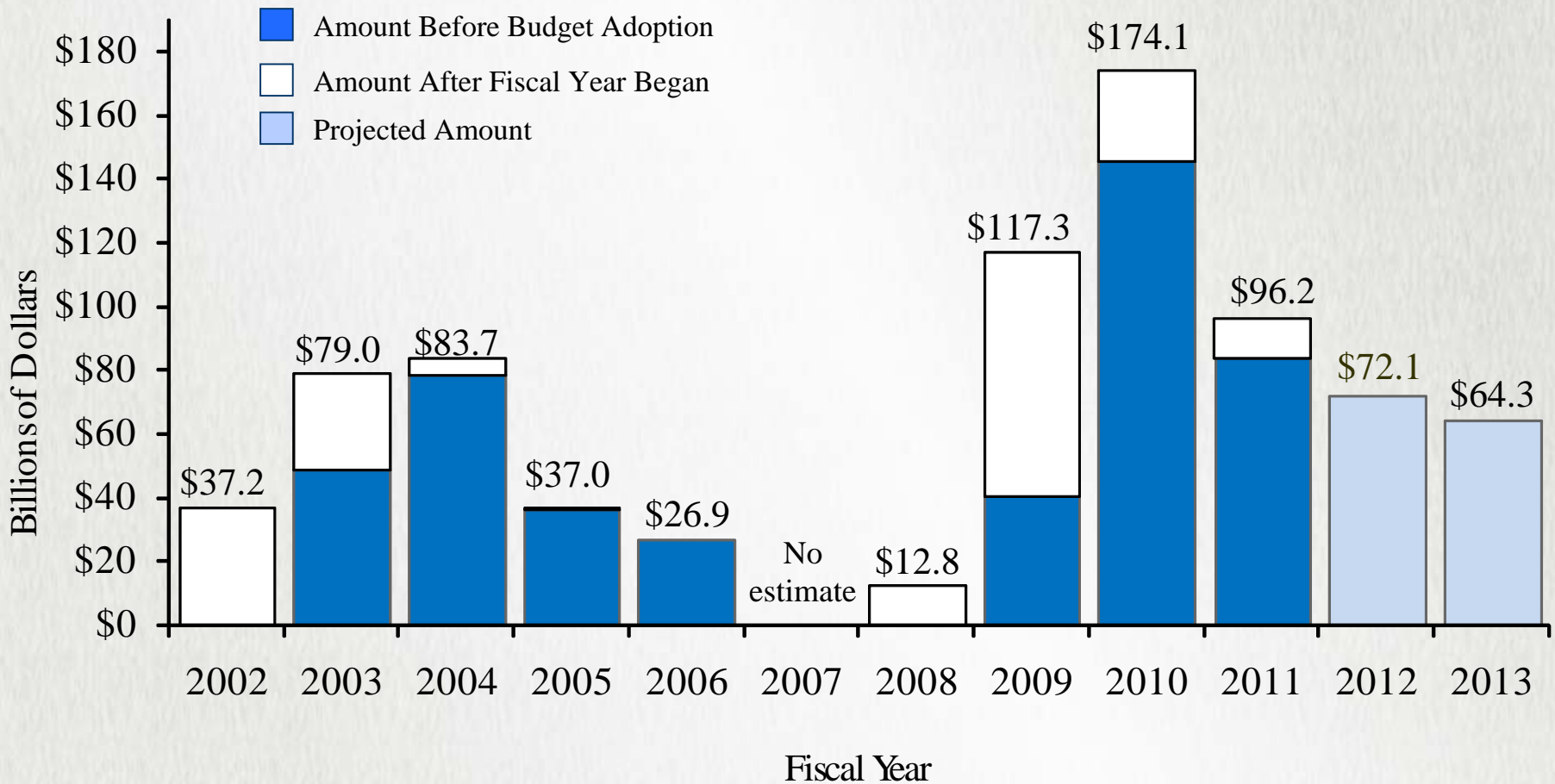


# State Measures to Balance FY 2010 & FY 2011 Budgets

- In partnership with the Pew Center on the States, NCSL is tracking actions states are taking to address budget gaps.
- Project consists of a series of tables, available for all at:  
<http://www.ncsl.org/?tabid=19650>
- At least 30 states enacted cuts to Health Care and Education programs in FY 2011.



# State Budget Gaps FY 2002-FY 2013 (projected)





## **K-12 Education Cuts**

### **FY 2010**

- 21 states cut K-12 education budgets.
- States largely avoided cuts with direct impacts on classroom expenditures.
- Mississippi – Post-enactment of the budget, the governor ordered cuts of \$114 million, or 5%, to state funding for K-12 education.

### **FY 2011**

- 27 states cut K-12 education budgets.
- Budget delays payment of \$2 billion in payments to districts (MN).
- K-12 funding cut by 6.4%, saving an estimated \$260 million (CO).
- State eliminated funding for one instructional day (KY).
- Cut funding for full-day kindergarten, saving an estimated \$218 million (AZ).



# Higher Education Cuts

- Percentage cuts to higher education tend to be greater than cuts made to the K-12 system.
  - Increased enrollment because of the recession exacerbates problem.

## FY 2010

- 36 states cut state funding to higher education.

## FY 2011

- 21 states cut state funding to higher education.
- \$100 million cut from state aid to higher education (IL).
- \$61.5 million cut from state aid to higher education (CO).



# Medicaid Cuts

## FY 2010

- 33 states reduced provider payments.
- 31 states imposed Medicaid pharmacy controls.
- 15 states cut Medicaid benefits.

## FY 2011

- 17 states cut state Medicaid spending in some manner.
- 8 states reduced provider payments.
- 4 states reduced Medicaid benefits.
- 3 states imposed Medicaid pharmacy controls.
- Payments to private health providers cut by \$168 million (LA).
- In-home personal care services cut by \$50.7 million (NC).



## Other Health Care Cuts

### FY 2010

- \$225 million cut from the state's basic health insurance plan for low-income individuals; approximately 40,000 people lost coverage (WA).
- \$190 million cut from local mental health agency funding (OH).

### FY 2011

- 20 states made cuts to non-Medicaid, healthcare programs.
- Funding to state psychiatric hospitals cut by 8% (ID).
- Dept. of Human Services budget cut by \$312.6 million (IL).
- Dept. of Community Health budget cut by \$204.5 million cut (GA).
- Child abuse intake centers consolidated from 8 to 1 (IA).
- 17 of 33 centers that evaluate children with significant behavioral problems closed (OK).



## Across-the-Board Cuts

- In both FY 2010 and FY 2011 a number of states have implemented cuts labeled as "across-the-board"
- Difficult subject to track as most states have notable exclusions.

### FY 2010

- Post-enactment of the budget, the governor ordered an across-the-board cut of \$564 million, or 10%, to all general fund offices (IA).

### FY 2011

- 12 states implemented cuts labeled as "across-the-board."
- Enacted budget includes across - the - board and targeted reductions to general fund agencies and programs totaling \$716 million (VA).
- The Board of Finance approved a plan to implement a 3.2% across-the-board (approximately \$151 million) budget cut (after enacting budget) (NM).



# Criminal Justice & Court Cuts

## FY 2010

- 9 states closed prisons or detention facilities.

## FY 2011

- 4 states closed prison or detention facilities
- Enacted sentencing reform law reduces sentences for some non-violent crimes and increases sentences for some violent crimes. Measure estimated to save more than \$400 million over the next five years (SC).
- The prison system subject to 5% across-the-board cuts. Prison closures are anticipated in the future as the agency prepares for a planned 10% cut (TX).



# Local Government Aid Cuts

## FY 2010

- 11 states cut state aid to local government.
- Post-enactment of the budget, the Board of Public Works approved cutting \$211 million in aid to local governments (MD).

## FY 2011

- 12 states cut state aid to local government.
- Funding to local government aid programs was cut by \$404.3 million (MN).



# Parks & Recreation Cuts

## FY 2010

- 12 states cut funding to state parks.

## FY 2011

- 8 states cut funding to state parks.
- Local governments, private companies and Native American tribes are temporarily taking over operations at a number of state parks (AZ).
- Parks and recreation received a reduction of \$23 million (MA).



# Furloughs and Layoffs

## FY 2010

- 29 states implemented furloughs.
- 26 states laid off employees.
- Laid off over 5,000 workers and instituted a total of 36 furlough days for various state agencies (CA).
- Reduced workforce by 14% (PR).

## FY 2011

- 9 states implemented furloughs.
- 9 states laid off employees.
- Voluntary furlough program - up to 10 days (IL)
- State agencies facing cuts permitted to institute voluntary furlough plans in lieu of layoffs (AL).
- 10 furlough days for 12,500 state employees, saving \$50 million (WA).
- 8 furlough days for most state employees (WI).



## Other Employee Actions

- 25 states have implemented benefits changes:
  - Common actions include:
    - Pension plan changes.
    - Increased employee contributions for health insurance.
    - Changes to cost of living adjustments.
- Other common changes affecting state employees include:
  - Hiring freezes
  - Salary freezes
  - Offered early retirement
  - Travel bans
- Many of these actions were administratively implemented at the onset of the recession and remain in effect.



# Tapped Rainy Day or Other Funds

## FY 2010

- 8 states tapped rainy day fund.
- Depleted the entire rainy day fund (CT).
- Many states tapped other funds, such as tobacco settlement funds.

## FY 2011

- 3 states tapped rainy day fund.
- 11 states tapped other funds, such as tobacco settlement funds (11 states).
- Budget uses \$2 billion in one-time funds, including rainy day fund, tax amnesty proceeds, a state emergency response fund and other sources (LA).
- \$95.2 million from the Rebuild Iowa Infrastructure Fund to be used for non-infrastructure items (IA).



# Other Actions

## FY 2010

- Enacted a sale-leaseback provision that will sell certain government buildings including the House and Senate buildings, a state hospital, and the state fairgrounds. The leaseback provision is projected to raise \$735 million (AZ).

## FY 2011

- \$126 million in savings from eliminating 14 different boards and commissions, reducing energy costs, combining state purchasing and consolidating information technology for estimated savings (IA).

### **Agency Consolidation:**

- SBE dissolved a school district and divided students amongst surrounding districts (AR).
- Highway Patrol & Water Patrol merged into one agency (MO).



## Overall Trends

- Cuts heavily concentrated Medicaid and other health care services.
- Cuts to K-12 have been more severe than in FY 2010.
- Some states are revising sentencing policy to address rising prison costs.
- Cuts to state aid to local government.
- States are instituting changes to employee benefit plans, and some states have changed plans for current retirees.
- Some states relying significantly on rainy day and other one-time funds.
- Many states face at least two more years of budget gaps.
- Few states have concrete plans to address the end of ARRA funding.



## Quote of Note

"All the low-hanging fruit has been eaten."



Senator Joe Zarelli, Ranking Republican Member  
Senate Ways & Means Committee  
Washington

[www.ncsl.org](http://www.ncsl.org)

For more information





# Digging for Dimes

## In Rest Stops, Bull Semen and Tacos



### IDEAS THAT PREVAILED

- Colorado lawmakers, aiming to recoup \$100 million, removed several tax exemptions and credits, including the exemptions restaurants received for the cost of purchasing condiments and take-out containers; tax breaks ranchers got when buying pesticides and bull semen; and incentives bulk mailers enjoyed for printing coupon booklets.
- Wisconsin adopted “Taco Tuesday” at all state prisons, saving 10 cents a meal.
- Missouri clarified that yoga and Pilates classes are recreational rather than spiritual services and thus subject to a sales tax.
- The Wisconsin Supreme Court determined symphony tickets are subject to the sales tax since a concert is more entertainment than education.
- The Oklahoma State Penitentiary cut expenses for its annual prisoner rodeo to save \$120,000.

### IDEAS UNDER CONSIDERATION

- California is currently considering the sale of digital advertising space on license plates.
- Wyoming is trying to get the Interior Department to trade land, minerals or mineral royalties for 1,366 acres the state owns within Grand Teton National Park. If the feds don’t agree to a deal soon, the governor is threatening to sell the property.
- Georgia lawmakers are looking at privatizing rest stops.

### IDEAS THAT STALLED

- Tennessee lawmakers defeated a proposal to tax complimentary breakfasts offered by hotels.
- The Illinois Senate voted against a proposal to eliminate free bus rides for seniors. A proposal there to sell the state’s executive air fleet for \$22 million also failed.
- Mississippi defeated a proposal to allow some advertisements on school buses.