Budget Update &
Top Fiscal Issues in the States

NCSL Fiscal Leaders Seminar
Newport Beach, California

National Conference of State Legislatures
Overview

- Expenditures slightly above revenues
- Relatively strong personal income and sales tax collections projected
- Medicaid spending outpacing other spending

Source: NCSL survey of state legislative fiscal offices, summer 2016. 49 states reporting.
Changes in State General Fund Revenues and Expenditures: FY 2017 (projected)

- Revenues: 2.9%
- Appropriations: 3.7%
State Year-End Balances
FY 1981 to FY 2017 (projected)

Recession Length: 16 months
Recession Length: 8 months
Recession Length: 8 months
Recession Length: 18 months

Source: NCSL survey of state legislative fiscal offices, various years
State Year-End Balances FY 2006 to FY 2017 (projected)

Source: NCSL survey of state legislative fiscal offices, summer 2016. 49 states reporting.
Projected Growth in State General Sales Tax and Personal Income Tax Collections: FY 2017

State Tax Revenue Since the Start of the Recession
Four-Quarter Moving Average, Adjusted for Inflation

Cumulative % change since start of recession

Year since start of recession

Sources: Rockefeller Institute of Government
Notes: 4-quarter average of inflation-adjusted tax revenue. Data are shown only until the start of the next recession.
“Revenue peaks are usually caused by a bubble, so why would we want to return to a peak?”

Jonathan Ball
Legislative Fiscal Analyst
Utah
U.S. Recessions
Post World War II

• Post WW II: 11 recessions
• Average duration (peak to trough): 11.1 months
• The Great Recession: 18 months
• Recessions of 1973-75 and 1981-82: 16 months
• Shortest recession?
U.S. Recessions
Post World War II

The shortest recession:
January 1980 to July 1980: 6 months

Source: National Bureau of Economic Research
U.S. Recessions
Post World War II

• Average expansion (trough to peak): 58.4 months
• Current economic expansion: 88 months
• Longest expansion?
U.S. Recessions
Post World War II

The longest expansion:
March 1991 to March 2001: 120 months

Source: National Bureau of Economic Research
Percent Change in Total Appropriations for Major Budget Categories in FY 2017 (projected)

- Medicaid: 4.0%
- K-12 Education: 2.9%
- Higher Education: 1.4%
- Corrections: 1.3%

Source: NCSL survey of state legislative fiscal offices, summer 2016. 49 states and D.C. reporting.
The current state fiscal situation and what it means for top fiscal issues
For more information

Resources
Fiscal Affairs Homepage:
http://www.ncsl.org/fiscal