Fiscal 50
Tracking Key Measures of State Fiscal Health

National Association of Legislative Fiscal Offices
October 10, 2019
Fiscal 50: State Trends and Analysis
Key Indicators of Fiscal Health

REVENUE
Tax Revenue
Tax Revenue Volatility
Federal Share of State Revenue

SPENDING
Change in State Spending
State Medicaid Spending

ECONOMY AND PEOPLE
Employment to Population Ratio
State Personal Income
Population

LONG-TERM COSTS
Debt and Unfunded Retirement Costs

FISCAL POLICY
Reserves and Balances
Fiscal Balance

PewTrusts.org/Fiscal50
Fiscal 50: State Trends and Analysis
Key Indicators of Fiscal Health

**REVENUE**

*Tax Revenue*
- Tax Revenue Volatility
- Federal Share of State Revenue

**SPENDING**

- Change in State Spending
- State Medicaid Spending

**ECONOMY AND PEOPLE**

- Employment to Population Ratio
- State Personal Income
- Population

**LONG-TERM COSTS**

- Debt and Unfunded Retirement Costs

**FISCAL POLICY**

- Reserves and Balances
- Fiscal Balance

PewTrusts.org/Fiscal50
50 States: Sources of State Government Revenue
FY 2017

- Taxes: 47.9%
- Federal revenue: 32.4%
- Service charges: 11.5%
- Miscellaneous: 7.3%
- Local revenue: 0.8%
Change in Tax Revenue from Each State’s Peak Quarter, Adjusted for Inflation
50-state total, Q1 2019

PewTrusts.org/Fiscal50
Change in Tax Revenue from Each State’s Peak Quarter, Adjusted for Inflation

Minnesota, Ohio and 50-state total, Q1 2019

PewTrusts.org/Fiscal50
Real Tax Revenue in 41 States Has Recovered from Recession

Tax collections in Q1 2019 compared with each state’s peak, adjusted for inflation
Key Indicators of Fiscal Health

**Revenue**
- Tax Revenue
- Tax Revenue Volatility
- Federal Share of State Revenue

**Spending**
- Change in State Spending
- State Medicaid Spending

**Economy and People**
- Employment to Population Ratio
- State Personal Income
- Population

**Long-Term Costs**
- Debt and Unfunded Retirement Costs

**Fiscal Policy**
- Reserves and Balances
- Fiscal Balance
Days Each State Could Run on Rainy Day Funds
50-state median, FY 2000-19 estimated

FY 2007: 16.6 days
FY 2019 estimated: 26.4 days


Days

Days Each State Could Run on Rainy Day Funds
California, Pennsylvania and 50-state median, FY 2000-18

Days

-10 0 10 20 30 40 50 60 70


RECESSION

RECESSION

63.8 days

0.0 days

50-State Median California Pennsylvania

PewTrusts.org/Fiscal50
28 States' Rainy Day Funds Surpass Pre-Recession Levels

Days Each State Could Run on Rainy Day Funds, FY 2018

More than in FY 2007
Fewer than in FY 2007
Incomplete data

PewTrusts.org/Fiscal50
Key Indicators of Fiscal Health

**REVENUE**
- Tax Revenue
- Tax Revenue Volatility
- Federal Share of State Revenue

**SPENDING**
- Change in State Spending
- State Medicaid Spending

**ECONOMY AND PEOPLE**
- Employment to Population Ratio
- State Personal Income
- Population

**LONG-TERM COSTS**
- Debt and Unfunded Retirement Costs

**FISCAL POLICY**
- Reserves and Balances
- Fiscal Balance
States’ Personal Income Recovers Unevenly From Recession

Annual growth rate for inflation-adjusted personal income, Q4 2007 to Q2 2019

2.1% U.S. growth rate
Fastest and Slowest State Personal Income Growth Since Recession
Inflation-adjusted, Q4 2007 to Q2 2019

Mississippi: 0.9%
Illinois: 1.1%
Connecticut: 1.2%
U.S.: 2.1%
Washington: 3.2%
Utah: 3.4%
North Dakota: 3.4%

Source: Pew Charitable Trusts
Every State’s Estimated Personal Income Grew Over Past Year

Change in inflation-adjusted personal income for most recent year, through Q2 2019

3.2% U.S. growth rate
Fastest and Slowest State Personal Income Growth Over Past Year

Inflation-adjusted, Q2 2018 to Q2 2019

Nebraska: 1.3%
South Dakota: 1.5%
Kentucky: 1.9%
U.S.: 3.2%
Arizona: 4.5%
Utah: 4.6%
Washington: 4.7%
Key Indicators of Fiscal Health

**Revenue**
- Tax Revenue
- Tax Revenue Volatility
- Federal Share of State Revenue

**Spending**
- Change in State Spending

**Economy and People**
- Employment to Population Ratio
- State Personal Income
- Population

**Long-Term Costs**
- Debt and Unfunded Retirement Costs

**Fiscal Policy**
- Reserves and Balances
Medicaid Runs on Mix of Federal and State Dollars
FY 2017

38.3% State funds $227.3 billion
61.7% Federal funds $366.2 billion
Change in Medicaid Spending as a Share of Own-Source Revenue
Percentage points, federal fiscal years 2000-17

NOTE: Illinois’ data not available
Key Indicators of Fiscal Health

**Revenue**
- Tax Revenue
- Tax Revenue Volatility
- Federal Share of State Revenue

**Spending**
- Change in State Spending
- State Medicaid Spending

**Economy and People**
- Employment to Population Ratio
- State Personal Income
- Population

**Long-Term Costs**
- Debt and Unfunded Retirement Costs

**Fiscal Policy**
- Reserves and Balances
- Fiscal Balance
Each State’s Largest Long-Term Obligation

- Unfunded pension costs
- Unfunded retiree health care costs
- Debt

PewTrusts.org/Fiscal50
Debt and Unfunded Retirement Costs as a Share of State Personal Income
50 states, 2003-17
Unfunded Pension Liabilities as a Share of State Personal Income

FY 2017
Key Indicators of Fiscal Health

**Revenue**
- Tax Revenue
- **Tax Revenue Volatility**
- Federal Share of State Revenue

**Spending**
- Change in State Spending
- State Medicaid Spending

**Economy and People**
- Employment to Population Ratio
- State Personal Income
- Population

**Long-term Costs**
- Debt and Unfunded Retirement Costs

**Fiscal Policy**
- Reserves and Balances
- Fiscal Balance
States Haven’t Yet Completely Recovered From the Great Recession

- Higher Education: -13.0%
  - Non-education workforce is smaller in at least 35 states
- State Employees: -4.7%
- Infrastructure: -3.2%
- K-12 Education: -1.7%
  - State funding per pupil was lower in 29 states
- Aid to Local Governments: -0.8%
  - Local governments in 26 states received fewer state dollars

State support per student is lower in 40 states.
Key Takeaways

• States are collectively the most fiscally and economically fit since the Great Recession, however some disparities exist.
  o Tax revenue
  o Rainy day funds
  o State personal income

• Looking ahead, states face several budget challenges.
  o Higher fixed costs
  o Tax revenue volatility
  o Pressure to restore recession-era cuts
Fiscal 50

- Visit Fiscal 50 website to catch up on the latest 50-state trends, and download data to create your own analysis and charts.