State Budget Actions
FY 2016 & FY 2017

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Overview

- Overall FY 2017 revenues and appropriations are nearly balanced.
- State year-end-balances continue to grow since the end of the Great Recession.
- State Personal Income and General Sales Tax collections are projected to be relatively strong in FY 2017.
- Severance and other taxes see little growth or decline in many states.
- Medicaid continues to crowd out other spending.
- Continued concern about revenues meeting spending demands.
Changes in General Fund Revenue Growth
FY 2016 and FY 2017

Source: NCSL survey of state legislative fiscal offices, summer 2016. 41 states reporting.
Changes in General Fund Spending
FY 2016 and FY 2017

Source: NCSL survey of state legislative fiscal offices, summer 2016. 41 states reporting.
Percent Change in Total Appropriations for Major Budget Categories in FY 2017 (projected)

- Medicaid: 5.7%
- K-12 Education: 2.7%
- Higher Education: 2.6%
- Corrections: 1.6%

Source: NCSL survey of state legislative fiscal offices, summer 2016. 41 states reporting.
State Tax Revenue Since the Start of the Recession
Four-Quarter Moving Average, Adjusted for Inflation

Cumulative % change since start of recession

Years 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.
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)

Recession Length: 18 months

Source: NCSL survey of state legislative fiscal offices, summer 2016. 41 states reporting.
2016 State Tax Actions

• Few tax policy changes in 2016.

• Reductions of personal and corporate income taxes continue.
  – Exceptions are Nevada, which raised corporate income taxes, and Louisiana, which reformed corporate tax credits.

• Revenue increases largely limited to sales and excise taxes.
Summary

Balanced Revenues and Expenditures

Relatively strong personal income and sales tax collections projected

Medicaid spending continues to grow

Source: NCSL survey of state legislative fiscal offices, summer 2016. 41 states reporting.
Questions?

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Resources
Fiscal Affairs Homepage:
http://www.ncsl.org/fiscal
Agencies have become brazen in their disregard for legislative oversight. Agencies are getting stronger and legislatures are ceding way too much authority.”

—Mac Taylor, Legislative Analyst, Legislative Analyst’s Office, California