

IN THIS ISSUE

State and Local Finances in FY 2011

The Census Bureau has released its state and local finance series for fiscal year (FY) 2011, which allows meaningful comparisons of tax structures and burdens among the states. This issue focuses on the revenue highlights of the newly released data.

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STATE POLICY REPORTS

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ISSUE 2
JANUARY 2014

IN THIS ISSUE

A Call to Arms

A January report from the State Health Care Cost Containment Commission urges states to take the lead to reform fee-for-service health care delivery systems and gain control of the spiraling costs associated with them. To that end, seven specific recommendations have been advanced, along with a few for the federal government. The upshot of the report is that the nation is at a tipping point on health care costs; something has to give. While the arguments are compelling, the proposed solution is not without challenges.

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STATE POLICY REPORTS

VOLUME 32

ISSUE 3
FEBRUARY 2014

IN THIS ISSUE

State Government General Revenues in 2012

The U.S. Census Bureau has released its survey of state government finances for fiscal year (FY) 2012. This issue of *Reports* focuses on the revenue side of the new data. State general revenues declined in FY 2012, driven by a steep drop in federal grants. State tax revenue, which is a better measure of state fiscal health and recovery, increased in most places.

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IN THIS ISSUE

State Government General Expenditures in 2012

The U.S. Census Bureau has released its survey of state government finances for fiscal year (FY) 2012. The last issue of *Reports* (Volume 32, Issue 3) examined revenues; this issue looks at the expenditure side of the new data.

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IN THIS ISSUE

High(way) Finance

The condition of U.S. highways is much in the news, not only because a brutal winter has left its mark in many places, but also because many analysts believe that highway infrastructure is underfunded. The legislation that governs the federal highway program expires at the end of September 2014, and has its own funding problems. Specifically, the program pays out more than it takes in, requiring transfers from the general fund. With no apparent consensus in Congress over how to move forward, many states have taken it upon themselves to venture beyond the traditional financing framework.

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STATE POLICY REPORTS

VOLUME 32

ISSUE 6
March 2014

IN THIS ISSUE

Index of State Economic Momentum

This update of the index illustrates the disruptive effect that federal fiscal policy has had on the national economy. Specifically, it highlights surprisingly low personal income growth rates, reflecting re-imposition of the full Social Security withholding tax rate in 2013, as well as actions to minimize tax liabilities in late 2012. As such, it holds few unambiguous clues as to how state economies are performing.

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IN THIS ISSUE

Many Minimum Wages

Will the federal government increase the minimum wage? While efforts to do so have failed to gather steam, many states have taken action, to the point where more than half the nation's population resides in a state where the minimum wage exceeds \$7.25 per hour. Many of the states that have raised their minimum wages are those where the cost of living is relatively high.

Old But Good News

The Census Bureau confirms what others have reported—state tax collections recorded strong growth in fiscal year (FY) 2013. That said, the details tell a more nuanced story, with voter-approved tax increases in California helping to boost the national average, and many states reporting more modest growth.

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IN THIS ISSUE

What Census Can't Tell You (Anymore)

Once upon a time the Census Bureau published an annual report that provided a thorough accounting of the major flows of federal funds into states. That report was eliminated a few years ago, and nothing has emerged to replace it. Federal Funds Information for States allows states to get a good grasp of one component of that report—grant funding—which is detailed here. The other three—payments to individuals, procurement and wages—are harder to find.

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IN THIS ISSUE

The 2014 Camelot Index

The Camelot Index was developed by *Reports* founding editor Hal Hovey. It is based on the premise that most people share a common set of preferences: fewer taxes are better than more, small class sizes are better than large, low death rates are better than high, less crime is better than more and so on.

Many studies incorporate such preferences, but they often focus on just one area. For example, a study may attempt to identify the “healthiest” state but ignore the fact that health care isn’t delivered in a vacuum; it may be traded off with something else.

The Camelot Index brings together measures of economic vitality, health, education, crime, society and government. In the current Index, many states rank consistently across measures, while others do quite well on some measures but not others. Plains states continue to do well, with four states ranking among the top five.

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IN THIS ISSUE

Real Personal Income Estimates Shake Things Up

The Bureau of Economic Analysis (BEA) has been doing work that compares the cost of living among states. In late April, BEA released a report that puts its “regional price parity” data to use. Specifically, it adjusts each state’s per capita personal income to account for differences in price levels among the states. The results are interesting, and the impact of applying them to an existing grant program is stunning.

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IN THIS ISSUE

A Silver Lining in Weak Tax Collections

The headline of a recent state revenue report hints at a problem: “April ‘Surprises’ More Surprising Than Expected.” The analysis goes on to report that some states are missing their fiscal year (FY) 2014 revenue estimates because personal income tax collections in April were well below most states’ expectations.

On Capital Budgeting

It isn’t the sexiest area of state budgeting—if there is such a thing—but it is one of the most important. In contrast to the federal government, which finances capital improvements in a single, unified budget, states typically budget separately for capital expenditures. The National Association of State Budget Officers (NASBO) has just released a compendium of state capital budgeting practices, captured in 42 tables with lots of explanatory notes.

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IN THIS ISSUE

Index of State Economic Momentum

This update gives reason for optimism about the direction and pace of the economic recovery. Particularly encouraging are relatively strong personal income gains in highly populated states and a continuing reduction in both the number of states losing jobs and the magnitude of their losses. While federal policies undoubtedly played a role in the improved personal income numbers (through the ACA Medicaid expansion and Social Security cost-of-living increase), an increase in job creation signals that the personal income numbers should continue to climb in the coming months.

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IN THIS ISSUE

Areas with Concentrated Poverty

Distinct from measuring the number of people living in poverty, the Census Bureau also reports the number and share of people living in “poverty areas.” Such areas are defined as census tracts with a poverty rate of 20% or more. A recent report, based on 2008-2012 statistics from the American Community Survey (ACS), presents state estimates of both the share of the population living in poverty areas and the share of people in poverty who live in poverty areas.

The Balance Wheel in State Budgets

It has often been observed that higher education serves as a balance wheel in state budgets. Put differently, it is the program that helps keep state budgets in balance.

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IN THIS ISSUE

Caution on State Pension Plans

Standard & Poor's Ratings Services (S&P) released its 2014 pension survey, which reflects 2012 pension results. The report cites reasons for both optimism and concern.

Minimum Wage: Correlation is Not Causality

States where the minimum wage increased in January have had faster job growth than states where the rate remains unchanged.

Food Fight

Provisions of the school lunch program have come under fire.

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IN THIS ISSUE

Taming the Impact of the Business Cycle

The Pew Charitable Trusts has released two reports that call on states to examine key budget practices and tweak them where necessary.

Delinquent Debt by State

A recent analysis by the Urban Institute examines the prevalence of debt that is past due and in collections by state.

An Ounce of Prevention in North Carolina

North Carolina's Local Government Commission reviews every local government bond offering in the state prior to issuance, and takes control over every approved bond sale. As a result, its municipal bonds are among the highest rated of any state.

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IN THIS ISSUE

Where it Pays to be a Working Woman

The Institute for Women's Policy Research (IWPR) released its first update since 2006 that evaluates the status of women in the workplace. The results are based on state rankings on four component measures, each weighted equally.

Revenue Estimating: Does Process Trump Accuracy?

The Center on Budget and Policy Priorities added to the recent mix of papers examining state revenues and revenue practices with a report outlining five good revenue-estimating practices.

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IN THIS ISSUE

Index of State Economic Momentum

The Index of State Economic Momentum, developed by *Reports* founding editor Hal Hovey, ranks states based on their most recent performance in three key measures of economic vitality: personal income growth, employment growth and population growth. *Reports* updates the index each quarter. In the third quarter of 2014, the **District of Columbia** was closest to the national average economic performance.

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IN THIS ISSUE

State Prison Population on the Uptick

The Bureau of Justice Statistics (BJS) recently published its report *Prisoners in 2013*, which found that the state prison population rose modestly, after declining for three years. Is this increase a sign of things to come, or is it just a minor blip as states continue to look for ways to conserve financial resources in strained, post-recession budgets?

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STATE POLICY REPORTS

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IN THIS ISSUE

How Liquid Are Your Assets: FAQs on HQLAs

Municipal bonds were recently excluded from the definition of “high-quality liquid assets” (HQLAs), creating consternation among state and local governments.

SNAP Starts Shrinking, But Not By Much

The Supplemental Nutrition Assistance Program (SNAP) is designed to be counter-cyclical, and it is. Benefits have declined since their 2013 peak, but not nearly so fast as the unemployment rate.

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IN THIS ISSUE

TANF Report Challenges Conventional Wisdom

Although many researchers and advocacy groups contend that Temporary Assistance for Needy Families (TANF) failed as a safety net during the Great Recession, a recent report by the Brookings Institution argues otherwise. It finds that TANF was responsive to rising unemployment in most states. Some advocacy groups have taken issue with the report's methodology and tried to rebuff its findings.

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IN THIS ISSUE

Energy-Related This-and-That

State energy production data were recently released by the U.S. Energy Information Administration, along with other state data on consumption and spending.

Income Inequality and State Tax Collections

A recent effort by Standard & Poor's looks at the effect of growing income inequality on state tax collections.

Immigration Information

The Migration Policy Institute has released estimates of the state impact of recent immigration actions.

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Index of State Economic Momentum

The Index of State Economic Momentum, developed by *Reports* founding editor Hal Hovey, ranks states based on their most recent performance in three key measures of economic vitality: personal income growth, employment growth and population growth. *Reports* updates the index each quarter. In the final quarter of 2014, **Montana** most closely approximated the national average economic performance.

The Continuum of State Fiscal Stress

Reports developed the Continuum of State Fiscal Stress to give a sense of the challenges states face in a given fiscal year. This edition of the continuum focuses on fiscal year 2014.

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