

# SPR

VOLUME 27

ISSUE 1

## In This Issue

### **Quality Counts: All Eyes on Education** 2

As it does every year, *Education Week* has published its most recent report on state policies and outcomes for K-12 education. This year's report is coincident with two important developments: reauthorization of No Child Left Behind (NCLB) and an influx of new federal money for K-12 education. This should enhance the audience for the data and analyses reported in *Quality Counts*, and potentially lead to significant changes in provisions of NCLB.

### **Technical Notes** 7

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**January 2009**

# SPR

VOLUME 27

ISSUE 2

## In This Issue

### **Who Budgets Best? 2**

The virtue of a good budget process is that it gives people confidence that their state is run in an orderly, efficient and open manner. *Reports* periodically updates its Index of State Budget Process Quality, timed to coincide with updates of the National Association of State Budget Officers publication on budget processes. Several of the components are items that states seldom change but several others cover areas that have been the subject of changes in recent years.

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# STATE POLICY REPORTS

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ISSUE 3

## In This Issue

### **A Stimulating Event** **2**

President Obama signed a massive economic stimulus bill on February 17, 2009. The American Recovery and Reinvestment Act (ARRA) provides billions of dollars in economic stimulus to taxpayers, businesses and governments. States are set to receive more than \$200 billion in formula grants. While ARRA represents a significant boost to states during the recession, it is unlikely to “solve” many states’ budget problems. It may, however, provide a blueprint for state-federal relations going forward.

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# STATE POLICY REPORTS

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ISSUE 4

## In This Issue

### **Where Taxes Meet Spending** 2

Tax expenditures are a somewhat arcane area of public finance. They get scarce attention when times are good, but when the going gets tough they come under increased scrutiny. In the current economic and budget environment, both the federal government and states will be tempted to look a little more closely at just how much tax revenue they forego through their tax expenditures. As a recent report suggests, shining a little more light on these policies is the first step toward understanding—and perhaps limiting—they.

### **Will California Securitize its Lottery?** 6

The state that sits on the cutting edge of so many things is once again making news. Voters in California will decide whether the state should help solve its current budget shortfall by securitizing the state lottery. If the policy is approved, look for other states to consider following California's lead.

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# STATE POLICY REPORTS

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ISSUE 5

## In This Issue

### **Trends in Public Employment** **2**

The recent passage of an economic recovery bill will send billions of dollars flowing into the public sector. Some of this funding will reduce the job cuts that state and local governments would be forced to make absent such aid. Some of it may lead to increases in both federal and state-local employment. In addition, potential future increases in targeted programs—such as health, education and the environment—could further bolster public employment.

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# STATE POLICY REPORTS

# SPR

VOLUME 27

ISSUE 6

## In This Issue

### **Index of State Economic Momentum** 2

The national economic picture is bad, bad, bad. But even so, there are always states that are doing better than the average and states that are doing worse. This update of the index shows little change in which states are which: the natural resource sector is still providing some growth—albeit tepid—for a number of states. At the other extreme, the housing bust has devastated a number of state economies. All in all, the national data are startling, and not in a good way.

### **More on Personal Income** 6

### **More on Employment** 8

### **Technical Notes** 9

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**March 2009**

# SPR

# STATE POLICY REPORTS

VOLUME 27

ISSUE 7

## In This Issue

### The 2009 Camelot Index

2

The Camelot Index was developed by *Reports* founding editor Hal Hovey several years ago. 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 on others. The historic dominance of the Plains continues, with four states ranking among the top five (but once again, not at the very top).

### Technical Notes

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# SPR

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ISSUE 8

## In This Issue

### Sales Tax Slippage

2

State tax collections are tanking, and sales taxes are showing weakness not seen for many years. This is a big problem for both state and local governments, as the sales tax is widely used by both. As states look to improve their revenue streams without raising taxes, the option of expanding the sales tax base to include more services might become increasingly appealing.

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# STATE POLICY REPORTS



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VOLUME 27

ISSUE 9

## In This Issue

### Community College Conundrum

2

For many community colleges in the country, these may be the best and worst of times. In the face of rapidly increasing tuitions at four-year colleges, community college enrollments are soaring. These nimble institutions offer training in cutting-edge skills and technologies in a cost-effective and flexible environment. At the same time, however, they face significant constraints brought on by the weak economy and the need for state and local governments to trim spending. Will the federal government come to the rescue?

### Technical Notes

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# STATE POLICY REPORTS

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ISSUE 10

## In This Issue

### **Pension Problems? 2**

State pension funds have suffered the same fate as most private retirement portfolios over the last few years. With a bulge of public employees poised to retire over the next several years, this leaves some policymakers wondering if state and local government retirees are at risk. According to recent analyses, significant problems are limited to a relatively few states.

### **An Homage to North Dakota 5**

Anyone who has been paying attention has noticed that North Dakota is widely referenced as virtually the only state that is doing well. But why? What sets it apart? Will it last?

### **Technical Notes 7**

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# STATE POLICY REPORTS

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ISSUE 11

## In This Issue

### **Continuum of State Fiscal Stress** 2

It wasn't so very long ago that the vast majority of states earned one of the top two scores on the Continuum of State Fiscal Stress. How the mighty have fallen. Today, only six states fall into the top two categories, while 31 have slipped into the bottom two. One can only wonder (and fear) what the fiscal year 2010 results will look like.

### **Technical Notes** 9

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# STATE POLICY REPORTS

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VOLUME 27

ISSUE 12

## In This Issue

### **Index of State Economic Momentum** **2**

The national economic picture continues to deteriorate, as shown by worsening personal income growth, employment growth and unemployment rate data. Virtually no state is creating jobs or generating real economic growth. In fact, many natural resource states that had appeared immune to this downturn are starting to feel its effects.

<b>Unemployment Rates</b>	<b>6</b>
<b>House Prices</b>	<b>7</b>

### **Technical Notes** **9**

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2009

# SPR

VOLUME 27

ISSUE 13

## In This Issue

### **How States Balance Their Budgets** **2**

Most states are now into a second year of managing budget shortfalls created by the recession. There is a fairly standard progression of responses to such budget gaps, moving from short-term to longer-term solutions. A recent report highlights the actions states are taking. Among its findings are a high level of proposed tax increases, which underscore both the severity of the downturn and the unique ability of taxes to close very large gaps.

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# STATE POLICY REPORTS

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## In This Issue

### **State Spending and Health Care Reform** 2

Over the last several years a tension has developed between the two largest programs in state budgets: K-12 education and Medicaid. The former is primarily a state-local partnership to which most states feel a primary commitment. The latter is a state-federal partnership that once was described as the “Pac-Man” of federal spending. With the possibility of national health care reform, Medicaid is poised to grow even larger, which could put both K-12 investments, and state budgets generally, at risk.

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## STATE POLICY REPORTS

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JOINT ISSUE 15-16

## In This Issue

### **Federal Spending in the States** 2

The U.S. Bureau of the Census released its report for fiscal year (FY) 2008 that tracks the flow of federal funds to the states. The report was issued 10 months after the FY 2007 report, which was issued only five months after the FY 2006 report, reaffirming a catch-up effort by Census. States use the report to assess how they fare in their fiscal relationship with the federal government.

### **Total Federal Spending** 4

### **Direct Payments** 9

### **Grants** 11

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### **Salaries and Wages** 16

### **Looking Ahead** 17

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2009

**In This Issue**

**Sorting Out: What's Old is New Again 2**

Seventeen years ago, former Congressional Budget Office director Alice Rivlin put forth a proposal for sorting out federal versus state-local responsibilities. Her proposal was not particularly well-timed in the early 1990s, but its time may have arrived.

**Tuitions on the Rise 8**

The prices charged for public four-year colleges and universities vary widely among states, as do the recent increases in such prices. As state fiscal distress intensifies, there will likely be heightened pressure to respond to reduced state aid through large tuition increases.

**Technical Notes 11**

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ISSUE 18

## In This Issue

### **Index of State Economic Momentum** 2

This update of the index represents the completion of a transition from economic prosperity to recession. Prior to this update, a small group of states was holding its own and another was struggling mightily. Now, the first group is pretty much gone altogether and the second group has absorbed virtually every state. State personal income growth is negative in all but four states. Employment growth has tanked altogether, with every state now shedding jobs.

### **Unemployment Rates** 6

### **Technical Notes** 7

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# STATE POLICY REPORTS

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ISSUE 19

## In This Issue

### States Incur Wrath of Anti-Smoking Forces 2

One of the most influential anti-smoking organizations is criticizing states for spending too little of their tobacco settlement funding on anti-smoking programs. Under the circumstances, the greater likelihood is that more states will reduce funding for such programs than add to it. Absent such spending, might cigarette tax increases work toward the same end while providing needed tax revenues?

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# STATE POLICY REPORTS

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ISSUE 20

## In This Issue

### State and Local Finances in FY 2007 2

The Census Bureau has released its state and local finance series for fiscal year 2007. The combined state-local data allow meaningful comparisons of tax structures and burdens among the states. This issue focuses on the revenue highlights of the newly released data.

### Defining Revenue 2

### General Revenue 3

### Intergovernmental Revenue 5

### Own-Source General Revenue 7

### Taxes 10

### User Fees 14

### Summing Up 15

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# STATE POLICY REPORTS

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ISSUE 21

## In This Issue

### **Is Migration Sensitive to the Economy? 2**

The newest population estimates from the Census Bureau show that many fewer people moved from one state to another in 2009 than in recent years. In addition, the state-by-state results mostly track with state economies, which means North Dakota and Wyoming are winners in the 2009 relocation business.

### **Assessing the Fairness of State Tax Systems 4**

An updated analysis of state-local tax systems finds that most state systems remain regressive. This isn't surprising since two of the major three state-local tax sources are regressive by nature. With its focus on fairness, however, the report fails to acknowledge some of the other considerations that make a tax system viable.

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# STATE POLICY REPORTS

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ISSUE 22

## In This Issue

### **The Out-of-State Tuition Gambit** 2

What are public colleges and universities to do when their state support dries up and their representatives in Washington, DC, are watching to ensure that tuitions remain affordable for state residents? Some of them decide to raise tuition for out-of-state students. This leads to two observations: either in-state students become disadvantaged in the admission process, or out-of-state students become discouraged from attending. Or both?

### **A Picture Worth 1,000 Words** 8

Federal grants for state and local governments received a big boost when the recovery act was signed in early 2009. Many thought it represented an unprecedented level of federal support. They were wrong; it was simply a reversal of a years'-long decline in such aid.

### **Technical Notes** 9

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# STATE POLICY REPORTS

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## In This Issue

### Eating Crow Issue

In the December 2008 update of the Index of State Economic Momentum and the Continuum of State Fiscal Stress, *Reports* said, "...FY 2008 may turn out to be the tip of the bad-news iceberg." Wrong! FY 2009 was much worse. There are signs that the economic measures are trending up, assisted by the federal recovery bill. What isn't yet known is whether those signs of strength will endure once the stimulus money dries up, and how long states will have to wait until economic recovery translates into fiscal recovery.

**Index of State Economic Momentum** 2

**Continuum of State Fiscal Strength** 9

**Technical Notes** 15

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