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STATES CONTINUE TO FEEL RECESSION'S IMPACT

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The worst recession since the 1930s has caused the steepest decline in state tax receipts on record. State tax collections, adjusted for inflation, are now 12 percent below pre-recession levels[1], while the need for state-funded services has not declined. As a result, even after making very deep spending cuts over the last two years, states continue to face large budget gaps. At least 46 states struggled to close shortfalls when adopting budgets for the current fiscal year (FY 2011, which began July 1 in most states). These came on top of the large shortfalls that 48 states faced in fiscal years 2009 and 2010. States will continue to struggle to find the revenue needed to support critical public services for a number of years, threatening hundreds of thousands of jobs. States face:

- **Sharply constrained budgets in 2011.** To balance their 2011 budgets, states had to address fiscal year 2011 gaps totaling $130 billion, or 20 percent of budgets in 46 states. Most did so with spending cuts and revenue increases. This total is likely to grow over the course of the fiscal year, which started July 1 in most states. The fact that the gaps have been filled and budgets are balanced does not end the story. Families hit hard by the recession will experience the loss of vital services throughout the year, and the negative impact on the economy will continue.

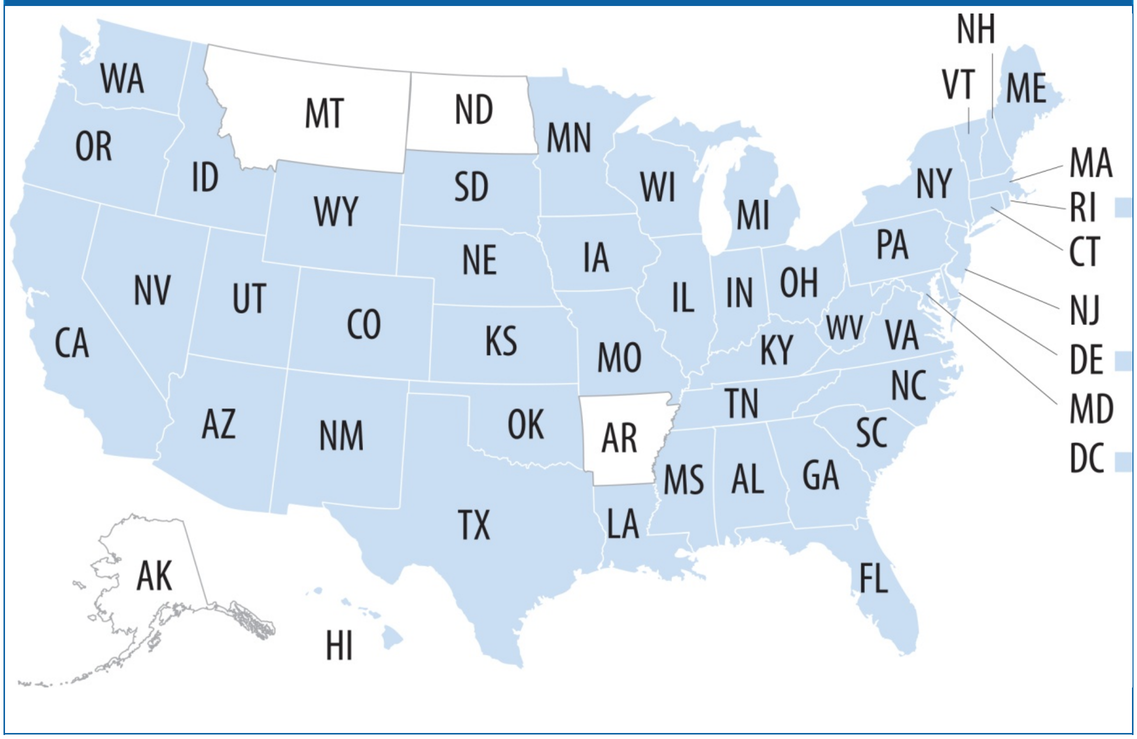
- **No diminishment in budget problems in 2012.** States' fiscal problems will continue in the current fiscal year and likely beyond. Eleven states are reporting new mid-year shortfalls for fiscal year 2011. And most states anticipate significant problems next year. Already 40 states have projected gaps that total $113 billion for the following year (fiscal year 2012). Once all states have prepared estimates these are likely to grow to some $140 billion.

  These 2011 and 2012 shortfalls are in addition to the gaps states closed in their fiscal year 2010 budgets. Counting both initial and mid-year shortfalls, 48 states addressed such shortfalls in their budgets for fiscal year 2010, totaling $191 billion or 29 percent of state budgets — the largest gaps on record.

[1] As of the 3rd quarter of 2010. CBPP analysis of Rockefeller Institute, Census Bureau, and Bureau of Labor Statistics data.

FIGURE 1

46 States Have Faced Budget Shortfalls This Year



- **Declining federal assistance.** Federal aid to states provided in the February 2009 American Recovery and Reinvestment Act and to a smaller degree in the August 2010 jobs bill has lessened state cuts in services and tax increases. But the aid will be almost entirely gone by next year. About \$60 billion remains to help with 2011 fiscal problems. By 2012 only \$6 billion will remain. The federal government could avert deep additional budget cuts that would further harm the economy by again extending assistance over the period during which state fiscal distress is expected to continue, rather than cutting it off before states have recovered.

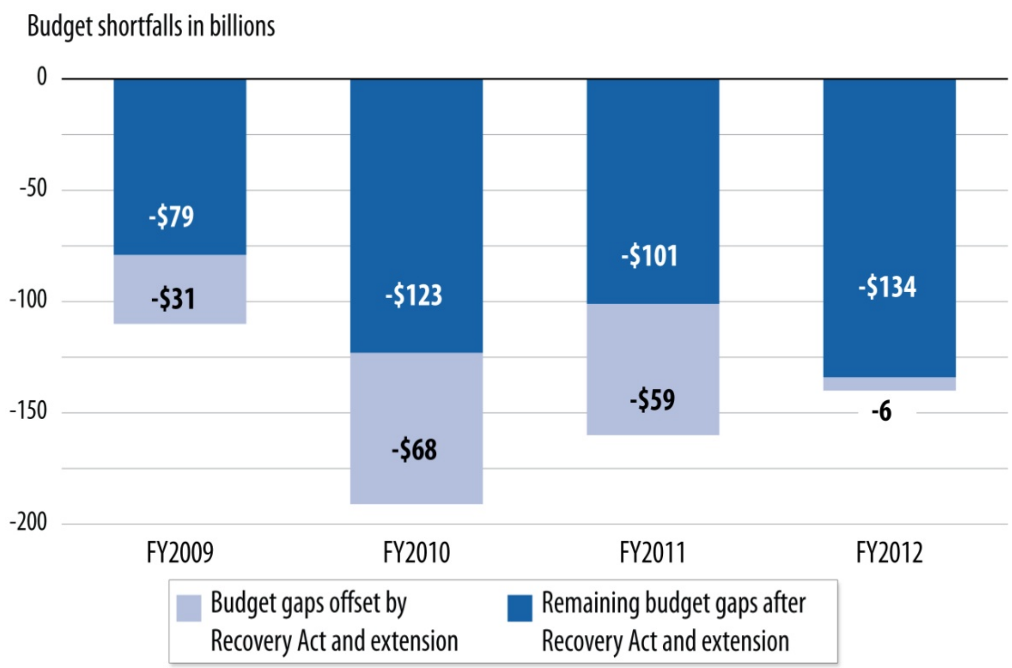
- **Combined gaps of over \$430 billion since recession's start.** States have closed budget shortfalls of over \$430 billion for fiscal years 2009, 2010, and 2011 combined. They will continue to face large gaps in fiscal years 2012, 2013, and beyond.

State Budget Shortfalls in 2010, 2011, and 2012

States already have addressed extraordinarily large shortfalls as they developed and implemented spending plans for fiscal years 2009, 2010, and 2011. Shortfalls are the extent to which states' revenues, hit hard by the recession, fall short of the cost of providing services. Every state save Vermont has some sort of balanced-budget law. So the shortfalls for 2009 and 2010 and most of the shortfalls for 2011 – which totaled over \$430 billion combined – have already been closed through a combination of spending cuts, withdrawals from reserves, revenue increases, and use of federal stimulus dollars.

FIGURE 2

State Shortfalls After Use of Recovery Act Funds



FY = Fiscal Year

Source: CBPP analysis using data from U.S. Department of Health and Human Services, U.S. Department of Education, Congressional Budget Office, and state budget documents.

Revised September2010

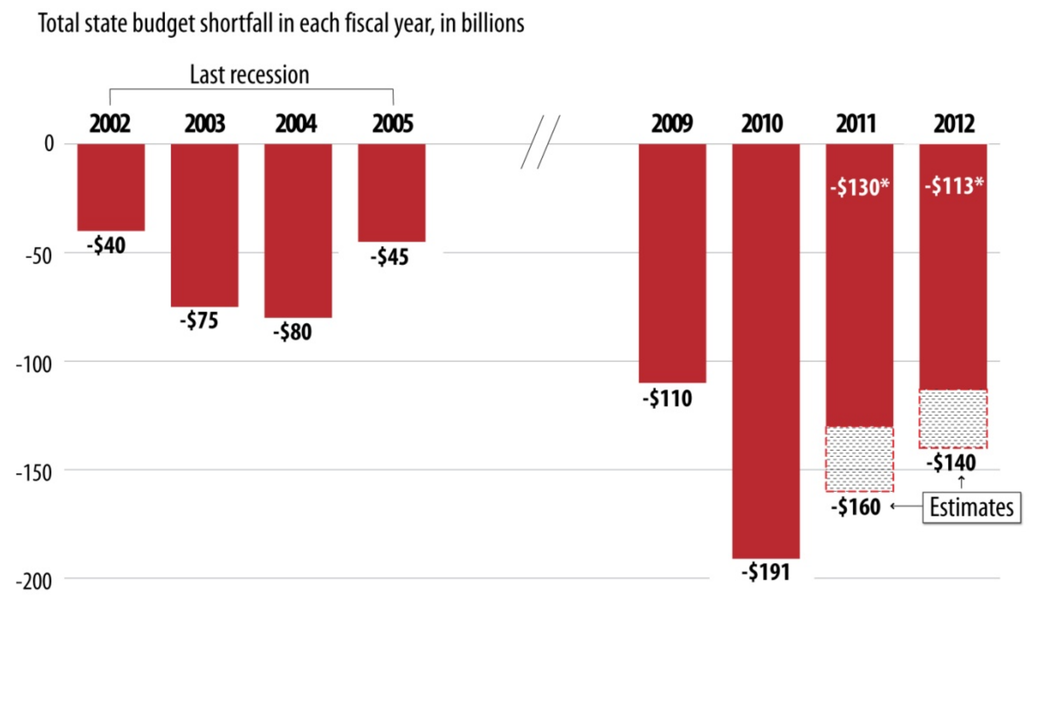
States' fiscal conditions remain extremely weak even as the economy appears to be moving in the direction of recovery. Indeed, historical experience and current economic projections suggest that due to declining federal assistance fiscal year 2012 will be more difficult than 2010 or 2011. In fiscal year 2011 states have mostly closed shortfalls that will total some $100 billion after taking federal aid into account. Taking all these factors into account, it is reasonable to expect that for 2012, shortfalls are likely to exceed $140 billion with only $6 billion in federal Recovery Act dollars remaining available.[2] Figure 2 shows the budget shortfalls that states faced and will face after taking into account the federal Recovery Act dollars.

The recession caused a state fiscal crisis of unprecedented severity. Figure 3 compares the size and duration of the shortfalls that occurred in the recession of the first part of this decade to shortfalls reported to date during the current recession. In the early 2000s, as in the early 1990s and early 1980s, state fiscal problems lasted for several years after the recession ended. The same will undoubtedly be the case this time, since the current recession is more severe — deeper and longer — than the last one, and state fiscal problems have proven to be worse and are likely to remain so.

[2] In general, the projected budget shortfalls reflect state fiscal conditions before shortfall-closing actions are taken. States are using a combination of actions to close the shortfalls including use of federal stimulus funds, budget cuts, tax increases, and reserves. (For FY2011, however, some states projected the size of the shortfall after use of federal stimulus funds. This would be reflected in the $130 billion in shortfalls reported to date for FY2011. The estimated total of $160 billion reflects the projected shortfall before the use of approximately $59 billion in federal stimulus funds.)

FIGURE 3

Largest State Budget Shortfalls On Record



*Reported to date

Source: CBPP survey, revised December 2010.

Unemployment, which peaked after the last recession at 6.3 percent, has already hit 10 percent, and many economists expect it to remain at high levels throughout 2011 and beyond. Continued high unemployment will keep state income tax receipts at low levels and increase demand for Medicaid and other essential services that states provide. High unemployment and economic uncertainty, combined with households' diminished wealth due to fallen property values, will continue to depress consumption; thus, sales tax receipts also will remain low. These factors suggest that state budget gaps will continue to be significantly larger than in the last recession, and last longer.

Estimates from the states, although incomplete, are consistent with this outlook. Table 1 lists the shortfalls that states dealt with when adopting budgets for 2011. A total of 46 states addressed shortfalls for fiscal year 2011. This total includes at least 34 of the states that prepare budgets annually and recently addressed deficits for fiscal year 2011. In addition, 11 states that operate on a two-year budget cycle (known as a biennial budget) adopted budgets a year ago that addressed shortfalls for 2011 totaling at least $25 billion. In total, fiscal year 2011 gaps total $130 billion or 20 percent of budgets. This total includes $7.4 billion in new gaps that have opened up in eleven states plus the District of Columbia since fiscal year 2011 budgets were adopted. (Table 2 lists these states.) This may be an indication that the state revenue situation is stabilizing, as a much smaller number of states are expecting new mid-year gaps than at the same time last year. However, revenues remain depressed at a level far short of the amount needed to pay fully for an ongoing level of services.

TABLE 1: Gaps States Have Faced in FY2011				
	Gap Before Budget Adoption in States with Biennial 09-11 Budgets	Gap Before Budget Adoption in States With Annual Budgets/New Gap in Biennial States	Total FY11 Shortfall Closed When Budget Adopted*	Total Shortfall as Percent of FY11 Budget
Alabama	0	$586 million	$586 million	8.3%
Arizona	0	$3.1 billion	$3.1 billion	36.5%
California*	0	$17.9 billion	$17.9 billion*	20.7%
Colorado	0	$1.5 billion	$1.5 billion	21.5%
Connecticut	$4.4 billion	$700 million	$5.1 billion	28.8%
Delaware	0	$377 million	$377 million	11.4%
District of Columbia	0	$104 million	$104 million	1.7%
Florida	0	$4.7 billion	$4.7 billion	19.5%
Georgia	0	$4.2 billion	$4.2 billion	25.4%
Hawaii	0	$594 million	$594 million	11.8%
Idaho	0	$84 million	$84 million	3.5%
Illinois	0	$13.5 billion	$13.5 billion	40.4%
Indiana	0	$1.3 billion	$1.3 billion	9.4%
Iowa	0	$1.1 billion	$1.1 billion	20.3%
Kansas	0	$510 million	$510 million	9.1%
Kentucky	0	$780 million	$780 million	9.1%
Louisiana	0	$1.0 billion	$1.0 billion	12.9%
Maine	$765 million	$174 million	$940 million	34.7%
Maryland	0	$2.0 billion	$2.0 billion	15.3%
Massachusetts	0	$2.7 billion	$2.7 billion	8.6%
Michigan	0	$2.0 billion	$2.0 billion*	9.3%
Minnesota	$2.8 billion	$1.2 billion	$4.0 billion	25.0%
Mississippi	0	$716 million	$716 million	15.9%
Missouri	0	$730 million	$730 million	9.4%
Nebraska	$150 million	$179 million	$329 million	9.7%
Nevada	$1.3 billion	$504 million	$1.8 billion	54.5%
New Hampshire	$250 million	$115 million	$365 million	27.2%
New Jersey	0	$10.7 billion	$10.7 billion	38.2%
New Mexico	0	$333 million	$333 million	6.1%
New York	0	$8.5 billion	$8.5 billion*	15.9%
North Carolina	$4.4 billion	$1.4 billion	$5.8 billion	30.6%
Ohio	$2.5 billion	$463 million	$3.0 billion	11.0%
Oklahoma	0	$725 million	$725 million	13.7%
Oregon*	Yes	$577 million	See Table 4	See Table 4
Pennsylvania	0	$4.1 billion	$4.1 billion	16.2%
Rhode Island	0	$395 million	$395 million	13.4%
South Carolina	0	$1.3 billion	$1.3 billion	26.1%
South Dakota	0	$102 million	$102 million	8.8%
Tennessee	0	$1.0 billion	$1.0 billion	9.4%
Texas	$3.3 billion	$1.3 billion	$4.6 billion	10.2%
Utah	0	$700 million	$700 million	14.7%
Vermont	0	$338 million	$338 million	31.3%
Virginia	0	$1.3 billion	$1.3 billion	8.5%
Washington	$2.1 billion	1.4 billion	$3.5 billion	22.5%
West Virginia	0	$134 million	$134 million	3.6%
Wisconsin	$3.4 billion	0	$3.4 billion	23.9%
Wyoming	0	$147 million	$147 million	10.3%
States Total	**$25.3 billion**	**$97.3 billion**	**$122.6 billion**	**18.7%**

Note: **California** did not fully close the shortfall listed in this table. A $6.1 billion shortfall remains open for FY2011. **California**'s shortfall does not include $1.2 billion in proposed reserve replenishment. **Oregon** has a two-year budget. See Table 4 for additional gap information.

At least 40 states have looked ahead to fiscal year 2012 and anticipate shortfalls totaling $113 billion. (See Table 3.) It is reasonable to expect that this total will grow during the course of the fiscal year as more states prepare projections.

These current year shortfalls are in addition to the gaps states closed when adopting their fiscal year 2010 budgets and the mid-year gaps that developed after these budgets were adopted. Table 4 combines the mid-year gaps with the gaps that were addressed when states wrote their 2010 budgets. In total, 48 states have addressed shortfalls in their budgets for fiscal year 2010, totaling $191 billion or 29 percent of state budgets — the largest gaps on record. (Table 5 of this paper shows the 2009 budget gaps that were addressed, and Table 6 lists the sources of these shortfall estimates for each state.)

TABLE 2: States With FY2011 Mid Year Gaps

	Mid-Year Shortfall Amount	Shortfall as Percent of FY11 Budget
Arizona	$825 million	9.7%
California	See Note	
Colorado	$257 million	3.6%
Connecticut	$45 million	0.3%
Kansas	$60 million	1.1%
Louisiana	$ 108 million	1.4%
New Mexico	$159 million	2.9%
New York	$315 million	0.6%
Oregon	$378 million	5.4%
Texas	$4.0 billion	8.9%
Washington	$1.1 billion	7.1%
District of Columbia	$175 million	2.8%
Total	**$7.4 billion**	**4.1%**

Note: **California** did not fully address the shortfall that it faced prior to adopting its FY2011 budget (listed in table 1). A $6.1 billion shortfall remains open for FY2011. **Louisana** ended FY2010 with a shortfall that must be closed in FY2011.

Of course, a faster-than-expected recovery could reduce the size of future shortfalls. But several factors could make it particularly difficult for states to recover from the current fiscal situation. Housing markets might be slow to fully recover; their decline already has depressed consumption and sales tax revenue as people refrain from buying furniture, appliances, construction materials, and the like. This also would depress property tax revenues, increasing the likelihood that local governments will look to states to help address the squeeze on local and education budgets. And as the employment situation continues to be weak, income tax revenues will continue to lag, and there will be further downward pressure on sales tax revenues as consumers are reluctant or unable to spend.

Some states have not been affected by the economic downturn, but the number is dwindling. Mineral-rich states — such as New Mexico, Alaska, and Montana — saw revenue growth in the beginning of the recession as a result of high oil prices. More recently, however, the decline in oil prices has affected revenues in these states. The economies of a handful of other states have so far been less affected by the national economic problems. Only one state, North Dakota, has not reported budget shortfalls in any of these years. Two other states — Alaska and Arkansas – faced shortfalls in fiscal year 2010 but are not now projecting gaps for fiscal year 2011. Montana is now projecting a shortfall for FY2012 after avoiding gaps for the earlier years of the state fiscal crisis.

The Consequences of Shortfalls

In states facing budget gaps, the consequences are severe in many cases — for residents as well as the economy. To date, budget difficulties have led at least 46 states to reduce services to their residents, including some of their most vulnerable families and individuals.[3] Over 30 states have raised taxes to at least some degree, in some cases quite significantly.

If revenue declines persist as expected in many states, additional spending and service cuts are likely. Budget cuts often are more severe later in a state fiscal crisis, after largely depleted reserves are no longer an option for closing deficits.

Spending cuts are problematic during an economic downturn because they reduce overall demand and can make the downturn deeper. When states cut spending, they lay off employees, cancel contracts with vendors, eliminate or lower payments to businesses and nonprofit organizations that provide direct services, and cut benefit payments to individuals. In all of these circumstances, the companies and organizations that would have received government payments have less money to spend on salaries and supplies, and individuals who would have received salaries or benefits have less money for consumption. This directly removes demand from the economy.

Tax increases also remove demand from the economy by reducing the amount of money people have to spend — though to the extent these increases are on upper-income residents, that effect is minimized because much of the money comes from savings and so does not diminish economic activity. At the state level, a balanced approach to closing deficits — raising taxes along with enacting budget cuts — is needed to close state budget gaps in order to maintain important services while minimizing harmful effects on the economy.

TABLE 3: States with Projected FY2012 Gaps

	FY12 Projected Shortfall	Shortfall as Percent of FY11 Budget
Arizona	$1.4 billion	16.6%
California	$19.2 billion	22.2%
Colorado	$1.1 billion	15.3%
Connecticut	$3.7 billion	20.8%
Florida	$2.5 billion	10.4%
Georgia	$1.7 billion	10.3%
Hawaii	Yes, DK Size	na
Idaho	$300 million	12.6%
Illinois	$17.0 billion	50.9%
Iowa	$294 million	5.6%
Kansas	$492 million	8.8%
Kentucky	$780 million	9.1%
Louisiana	$1.7 billion	22.0%
Maine	$436 million	16.1%
Maryland	$1.6 billion	12.2%
Massachusetts	$2.0 billion	6.4%
Michigan	$1.4 billion	6.5%
Minnesota	$3.9 billion	24.5%
Mississippi	$634 million	14.1%
Missouri	$1.1 billion	14.4%
Montana	$154 million	8.3%
Nebraska	$314 million	9.2%
Nevada	$1.3 billion	37.1%
New Jersey	$10.5 billion	37.4%
New Mexico	$410 million	7.6%
New York	$9.0 billion	16.9%
North Carolina	$3.8 billion	20.0%
Ohio	$3.0 billion	11.0%
Oklahoma	Yes, DK size	na
Oregon	$1.8 billion	25.0%
Pennsylvania	$2.4 billion	9.7%
Rhode Island	$290 million	9.9%
South Carolina	$1.3 billion	26.6%
Tennessee	Yes, DK size	na
Texas	$10.0 billion	22.3%
Vermont	$112 million	10.4%
Virginia	$2.3 billion	14.8%
Washington	$2.9 billion	18.5%
West Virginia	$155 million	4.1%
Wisconsin	$1.8 billion	12.8%
States Total	**$112.7 billion**	**18.9%**

Note: **Kentucky** and **Virginia** have two-year budgets. They closed their FY2012 shortfalls when they enacted their budgets for the FY2011-FY2012 biennium.

[3] For more detailed information, see "An Update on State Budget Cuts," http://www.cbpp.org/cms/index.cfm?fa=view&id=1214..

Ultimately the actions needed to address state budget shortfalls place a considerable number of jobs at risk. The roughly $130 billion shortfall that states are facing for fiscal year 2012 after taking federal assistance into account equals about 0.85 percent of GDP. Assuming that economic activity declines by one dollar for every dollar that states cut spending or raise taxes, and based on a rule of thumb that a one percentage point loss of GDP costs the economy 1 million jobs, state shortfalls could cost the economy 850,000 jobs next year.

The Role of the Federal Government

Federal assistance is lessening the extent to which states need to take pro-cyclical actions that further harm the economy. The American Recovery and Reinvestment Act, enacted in February 2009, includes substantial assistance for states. The amount in ARRA to help states maintain current activities is about $135 billion to $140 billion over a roughly 2 ½-year period — or between 30 percent and 40 percent of projected state shortfalls. Most of this money is in the form of increased Medicaid funding and a "State Fiscal Stabilization Fund." (There are also other streams of funding in the economic recovery act flowing through states to local governments or individuals, but these will not address state budget shortfalls.) This money has reduced the extent of state spending cuts and state tax and fee increases.

In addition, H.R. 1586 — the August 2010 jobs bill — extended enhanced Medicaid funding for six months through June 2011 and added $10 billion to the State Fiscal Stabilization Fund. But it still appears likely the federal assistance will end before state budget gaps have fully abated. The Medicaid funds are scheduled to expire in June 2011, the end of the 2011 fiscal year in most states.[4] States will have drawn down most of their State Fiscal Stabilization Fund allocations by then as well. So even though significant budget gaps will remain in 2012, there will be little federal money available to close them. States are likely to respond with spending cuts and tax increases even larger than those that have already been enacted.

One way to avoid this would be for the federal government to reduce state budget gaps — and hence avert some spending cuts and/or tax increases — by again extending the Medicaid funds over the period during which state fiscal conditions are expected to still be problematic, rather than cutting them off in June 2011.

Conversely, some actions that the federal government may consider would deepen states' fiscal problems. Specifically, the proposal to allow full expensing of business investments included in the tax-cut agreement between president Obama and Republican leaders would cost states more than $11 billion over two years in lost tax revenue due to the interaction of state and federal tax codes. And Congressional Republicans' proposal to cut domestic discretionary spending would cost states $32 billion per year in lost federal grants.[5] Such actions would worsen state budget problems and slow economic recovery.

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[4] Most states operate on a July-June fiscal year; the exceptions are New York (April-May), Texas (September-August), and Alabama and Michigan (October-September).

[5] See Iris J. Lav and James R. Horney, "House GOP Leaders' Plan Would Slash Funds for State and Local Services, Slow Economic Recovery," Center on Budget and Policy Priorities, November 11, 2010, http://www.cbpp.org/cms/index.cfm?fa=view&id=3323 .

TABLE 4: Total FY2010 Budget Gaps				
	FY2010 Before Budget Adoption	**Additional FY2010 Mid-Year Gap**	**FY2010 Total**	**Total Gap as Percent of FY2010 General Fund**
Alabama	$1.2 billion	$400 million	$1.6 billion	23.7%
Alaska	$1.3 billion	0	$1.3 billion	28.9%
Arizona	$3.2 billion	$1.9 billion	$5.1 billion	65.0%
Arkansas	$146 million	$247 million	$395 million	9.1%
California*	$45.5 billion	Yes*	$45.5 billion	52.8%
Colorado	$1.0 billion	$600 million	$1.6 billion	23.8%
Connecticut	$4.2 billion	$513 million	$4.7 billion	27.0%
Delaware	$557 million	0	$557 million	18.2%
District of Columbia	$650 million	$167 million	$817 million	13.0%
Florida	$5.9 billion	$147 million	$6.0 billion	28.5%
Georgia	$3.1 billion	$1.4 billion	$4.5 billion	28.8%
Hawaii	$682 million	$533 million	$1.2 billion	25.2%
Idaho	$411 million	$151 million	$562 million	22.4%
Illinois	$9.3 billion	$5.0 billion	$14.3 billion	43.7%
Indiana	$1.1 billion	$309 million	$1.4 billion	10.6%
Iowa	$779 million	$533 million	$1.3 billion	22.6%
Kansas	$1.4 billion	$459 million	$1.8 billion	33.9%
Kentucky	0	$1.2 billion	$1.2 billion	14.5%
Louisiana	$1.8 billion	$777 million	$2.5 billion	27.8%
Maine	$640 million	$209 million	$849 million	28.0%
Maryland	$1.9 billion	$936 million	$2.8 billion	20.3%
Massachusetts	$5.0 billion	$600 million	$5.6 billion	20.4%
Michigan	$2.8 billion	$454 million	$3.3 billion	15.8%
Minnesota	$3.2 billion	$209 million	$3.4 billion	22.7%
Mississippi	$480 million	$437 million	$917 million	19.3%
Missouri	$780 million	$931 million	$1.7 billion	22.7%
Nebraska	$150 million	$155 million	$305 million	9.2%
Nevada	$1.2 billion	$384 million	$1.5 billion	46.8%
New Hampshire	$250 million	$180 million	$430 million	28.6%
New Jersey	$8.8 billion	$2.2 billion	$11 billion	40.0%
New Mexico	$345 million	$650 million	$995 million	18.2%
New York	$17.9 billion	$3.2 billion	$21.0 billion	38.8%
North Carolina	$4.6 billion	$391 million	$5.0 billion	26.2%
Ohio	$3.3 billion	$296 million	$3.6 billion	13.9%
Oklahoma	$777 million	$864 million	$1.6 billion	28.4%
Oregon*	$4.2 billion	0	$4.2 billion	32.4%
Pennsylvania	$4.8 billion	$1.1 billion	$5.9 billion	23.6%
Rhode Island	$590 million	$400 million	$990 million	34.8%
South Carolina	$725 million	$439 million	$1.2 billion	21.5%
South Dakota	$32 million	15.8 million	$48 million	4.3%
Tennessee	$1.0 billion	$170 million	$1.2 billion	12.1%
Texas	$3.5 billion	0	$3.5 billion	10.7%
Utah	$721 million	$279 million	$1.0 billion	22.1%
Vermont	$278 million	$28 million	$306 million	28.3%
Virginia	$1.8 billion	$1.8 billion	$3.6 billion	24.1%
Washington*	$3.4 billion	$1.4 billion	$4.8 billion	23.2%
West Virginia	$184 million	$120 million	$304 million	8.2%
Wisconsin	$3.2 billion	0	$3.2 billion	23.7%
Wyoming	0	$32 million	$32 million	1.8%
Total	**$158.5 billion**	**$32.3 billion**	**$190.8 billion**	**29.0%**

Notes**:** * California's mid-year gap is included in the total shown for FY11 in Table 1. **Oregon** has a two-year budget. For Oregon, the size of the combined shortfall before budget adoption for FY10 and FY11 is shown here.

TABLE 5: Total FY2009 Budget Gaps				
	Gap Before Budget Was Adopted	**Additional Mid-Year Gap**	**Total**	**Total Gap as Percent of FY2009 General Fund**
Alabama		$1.1 billion	$1.1 billion	12.7%
Alaska		$360 million	$360 million	6.8%
Arizona[1]	$1.9 billion	$1.8 billion	$3.7 billion	36.8%
Arkansas	$107 million		$107 million	2.4%
California	$22.2 billion	$14.9 billion	$37.1 billion	36.7%
Colorado		$1.1 billion	$1.1 billion	14.2%
Connecticut	$150 million	$2.5 billion	$2.7 billion	15.5%
Delaware	$217 million	$226 million	$443 million	12.2%
District of Columbia	$96 million	$583 million	$679 million	10.8%
Florida	$3.4 billion	$2.3 billion	$5.7 billion	22.2%
Georgia[1]	$245 million	$2.2 billion	$2.4 billion	11.5%
Hawaii		$417 million	$417 million	7.3%
Idaho		$452 million	$452 million	15.3%
Illinois	$1.8 billion	$2.5 billion	$4.3 billion	15.1%
Indiana		$1.2 billion	$1.2 billion	9.1%
Iowa	$350 million	$134 million	$484 million	7.6%
Kansas		$186 million	$186 million	2.9%
Kentucky	$266 million	$456 million	$722 million	7.8%
Louisiana		$341 million	$341 million	3.7%
Maine	$124 million	$140 million	$265 million	8.6%
Maryland	$808 million	$691 million	$1.5 billion	10.0%
Massachusetts	$1.2 billion	$4.0 billion	$5.2 billion	18.5%
Michigan	$472 million	$1.5 billion	$2.0 billion	8.5%
Minnesota	$935 million	$654 million	$ 1.6 billion	9.2%
Mississippi[1]	$90 million	$363 million	$453 million	8.9%
Missouri		$542 million	$542 million	6.0%
Nevada	$898 million	$561 million	$1.6 billion	19.9%
New Hampshire	$200 million	$50 million	$250 million	8.0%
New Jersey[1]	$2.5 billion	$3.6 billion	$6.1 billion	18.8%
New Mexico		$454 million	$454 million	7.5%
New York	$4.9 billion	$2.5 billion	$7.4 billion	13.2%
North Carolina		$3.2 billion	$3.2 billion	14.9%
Ohio[1]	$733 million	$1.9 billion	$2.6 billion	9.4%
Oklahoma	$114 million		$114 million	1.7%
Oregon		$442 million	$442 million	6.6%
Pennsylvania		$3.2 billion	$3.2 billion	11.3%
Rhode Island	$430 million	$442 million	$872 million	26.6%
South Carolina	$250 million	$871 million	$1.1 billion	16.3%
South Dakota		$27 million	$27 million	2.2%
Tennessee[1]	$468 million	$1.0 billion	$1.5 billion	13.4%
Utah		$620 million	$620 million	10.4%
Vermont	$59 million	$82 million	$141 million	11.6%
Virginia	$1.2 billion	$1.1 billion	$2.3 billion	13.8%
Washington		$1.3 billion	$1.3 billion	8.5%
Wisconsin	$652 million	$1.0 billion	$1.7 billion	11.7%
Wyoming		$119 million	$119 million	6.8%
TOTAL	**$46.8 billion**	**$63.1 billion**	**$109.9 billion**	**15.2%**

[1] These states provided a range of estimates for their FY09 gaps; this table shows only the low end of the estimates. For more detail see *29 States Faced Total Budget Shortfall of At Least $48 billion in 2009,* available at http://www.cbpp.org/1-15-08sfp.htm.
Note: In most cases these shortfalls have already been addressed.

TABLE 6: Source of Gap Estimates	
State	**Source**
Alabama	Governor's Office/ Arise Policy Project
Alaska	Legislative Fiscal Office/Legislative Finance Division Overview of proposed budget
Arizona	Joint Legislative Budget Committee, Financial Advisory Committee
Arkansas	Governor's proposed budget, Dept of Finance and Administration
California	Governor's budget, Legislative Analysts Office, Dept of Finance, Controller
Colorado	Colorado Fiscal Policy Institute/CO Legislative Council
Connecticut	CT Voices for Children analysis of Office of Fiscal Analysis data/ Comptroller/ Office of Policy and Management
Delaware	Governor's proposed budget
District of Columbia	Chief Financial Officer
Florida	Revenue Estimating Conference
Georgia	State budget, Georgia State University/ FY11: Georgia Budget and Policy Institute
Hawaii	Council on Revenues forecast/Governor's Office
Idaho	Legislative summary of adopted budget/Governor's budget office/Office of Legislative Services
Illinois	State budget/Voices for Illinois Children analysis
Indiana	State Budget Committee
Iowa	Fiscal Services Division/Revenue Estimating Conference
Kansas	State Budget and Legislative Research Department
Kentucky	Consensus Forecasting Group/Governor's office
Louisiana	Revenue Estimating Conference/Governor's budget/Louisiana Budget Project
Maine	Revenue Forecasting Committee/Office of Fiscal and Program Review/Bureau of Budget
Maryland	Department of Legislative Services/ State Board of Rev Estimates
Massachusetts	FY12 Governor's Budget/ FY11 MA Budget & Policy Center
Michigan	Consensus Revenue Forecast, Senate Fiscal Agency
Minnesota	Management and Budget forecast
Missouri	Governor's budget office and Missouri Budget Project
Mississippi	Governor's office
Montana	Montana Budget & Policy Center analysis of Leg. Fiscal Div. Budget Outlook
Nebraska	Governor's office/Tax Rate Review Committee/General Funds Financial Status
Nevada	Division of Budget and Planning/Board of Examiners and Jan Economic Forum FY12 press reports
New Hampshire	Budget Director/Press reports of revenue shortfalls, court case
New Jersey	Governor's office/ FY12 Treasurer/Office of Legislative Services
New Mexico	Consensus Revenue Estimate/NM Voices for Children/Leg Finance Committee
New York	Division of Budget
North Carolina	North Carolina Fiscal Research Division/ FY12 NC Budget and Tax Center
Ohio	Office of Budget and Management/ FY12 Community Solutions
Oklahoma	State Tax Commission/OK Policy Institute/ FY12 Fiscal Services Division
Oregon	Jt. Committee on Ways & Means/September Revenue Forecast/ FY12 OR Reset Report/OR Center for Public Policy
Pennsylvania	Governor's office/ Budget Director
Rhode Island	Governor's budget/FY12 Poverty Institute
South Carolina	State Budget and Control Board and revised revenue projections
South Dakota	Governor's proposed budget
Tennessee	Press reports of State Funding Board meeting
Texas	Center on Public Policy Priorities analysis of Legislative Budget Board, Comptroller and HHS Commission data/News Accounts of Estimates from Texas Elected Officials
Utah	Governor's proposed budget, Legislative Fiscal Analyst, press reports
Vermont	State budget office /Public Assets Institute analysis of Joint Fiscal Office data
Virginia	House Appropriations/Governor's office
Washington	Governor's Budget/WA Budget and Policy Center/FY12 OFM Six Year Outlook/Economic and Revenue Forecast Council
West Virginia	Department of Revenue/Governor's budget/FY12 Budget Director (press)
Wisconsin	Legislative Fiscal Bureau/Wisconsin Budget Project
Wyoming	Consensus Revenue Estimating Group

For source information for the original shortfall estimates, see *29 States Faced Total Budget Shortfall of At Least $48 billion in 2009,* available at http://www.cbpp.org/1-15-08sfp.htm.