



# Fiscal Forecast

***NASCIO Midyear Conference***

***Chantilly, Virginia***

**May 1, 2008**

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## Recent State Fiscal Situation

- **Slowing spending growth overall**
- **Some states experiencing *significant* shortfalls**
- **Across the board budget cuts for some**
- **Economic woes impacting many**
- **The flip side: weak dollar and energy prices help some states**



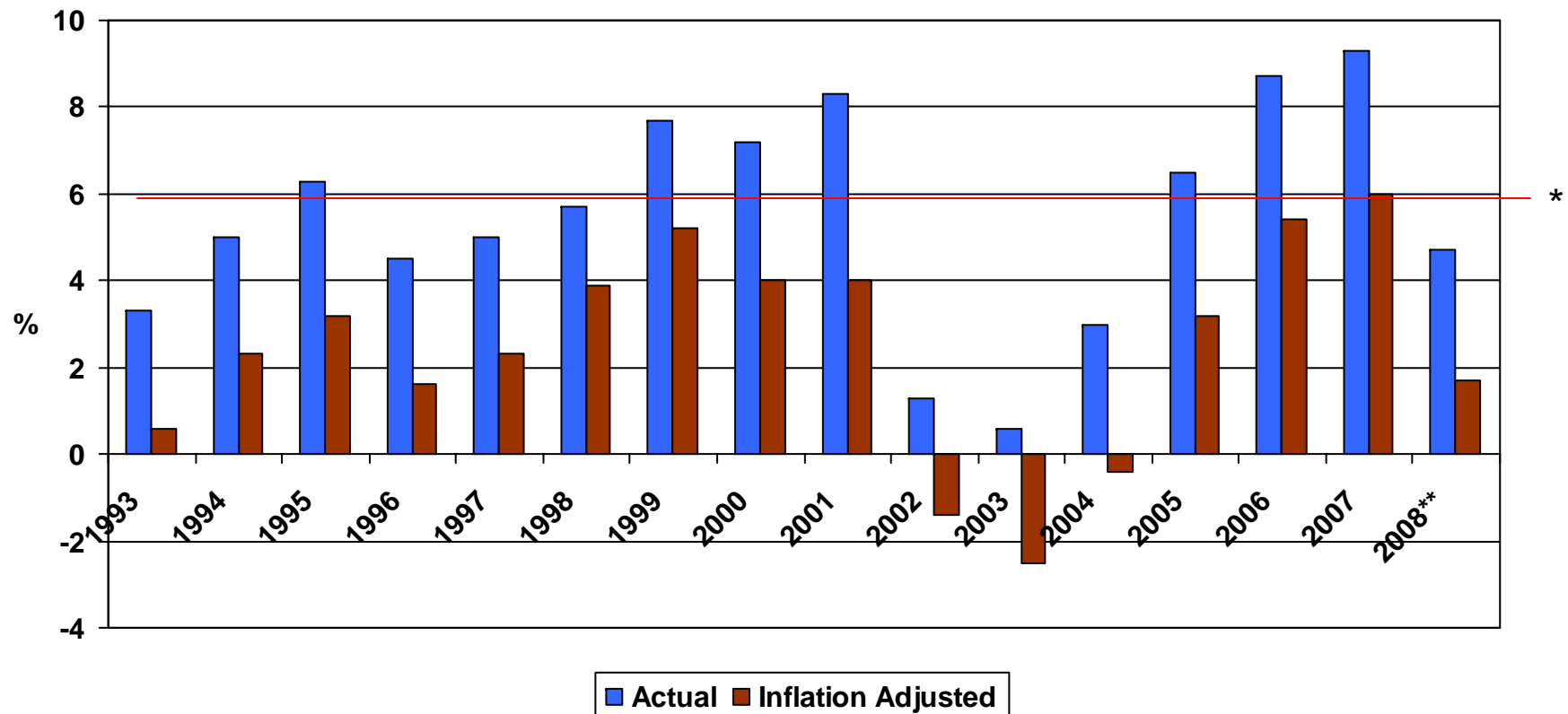
# FY 2008 Budgetary Issues

- **Slowing Economy and Revenues for Many**
- **Medicaid & Health Care Costs**
  - **SCHIP**
  - **Universal Health Care**
- **Infrastructure/Transportation**
- **Search for Alternative Revenue Sources: Gaming; Leases/Privatization**
- **Education Spending**



# Slowing Fiscal '08 Expenditure Growth

General Fund Expenditure Growth (%)



\*30-year historical average rate of growth is 6.4 percent

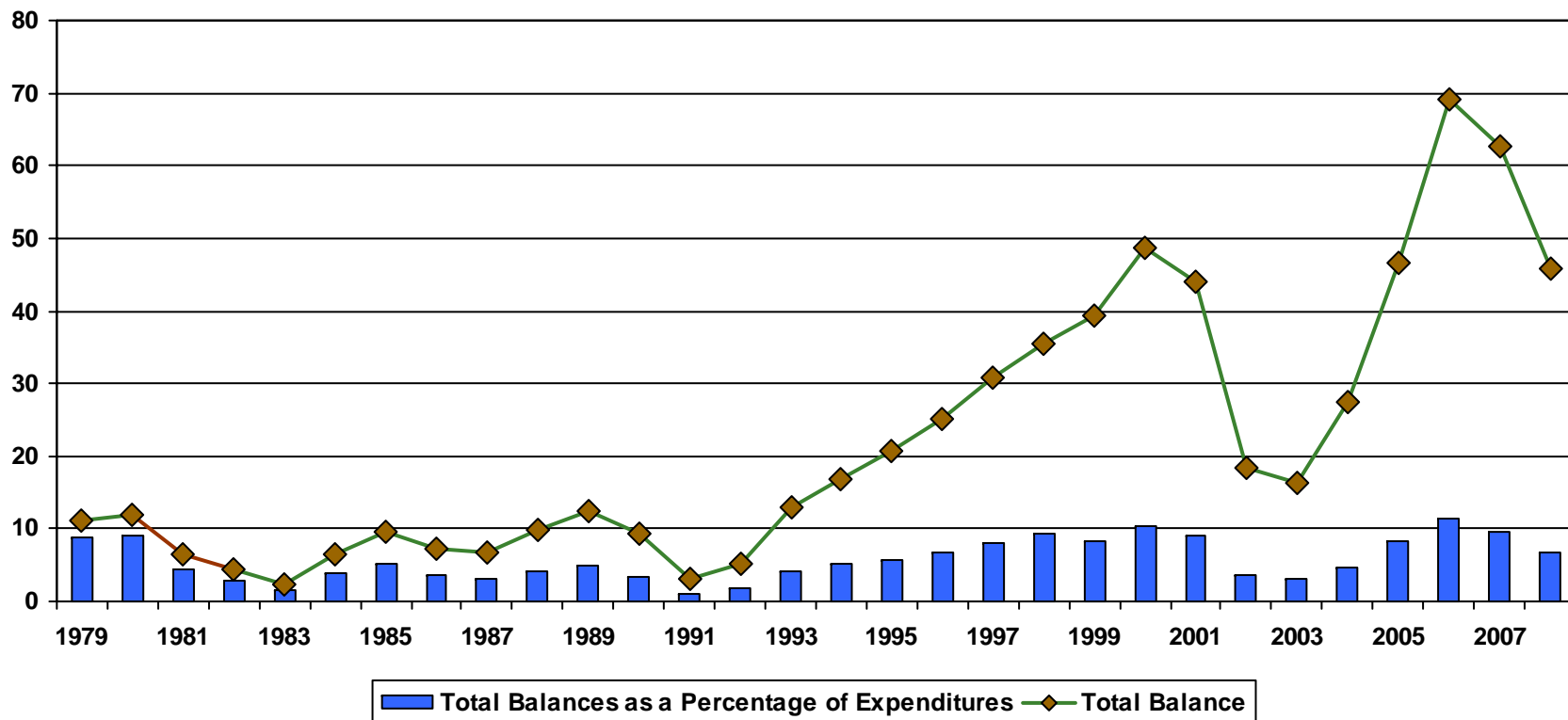
\*\*Fiscal 08 numbers are estimated

Source: NASBO December 2007 Fiscal Survey of States



# Balances Declining

Total Year-End Balances and Total Year-End Balances as a Percentage of Expenditures, Fiscal 1979-Fiscal 2008 (Estimated)



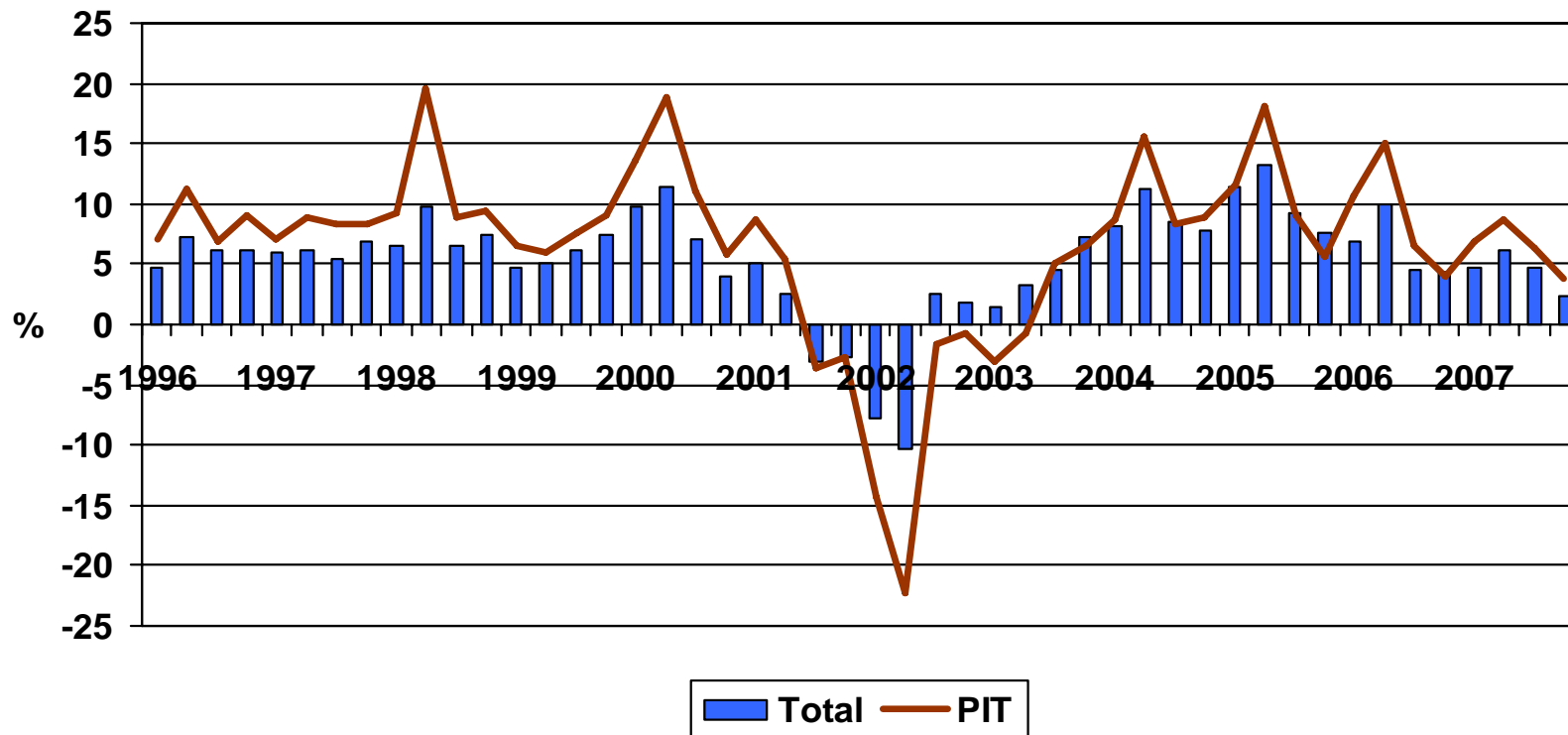
\*30-year historical average is 5.7%

Source: NASBO December 2007 Fiscal Survey of States



# State Tax Revenue Growth Declining

Year-Over-Year Real Change in  
Quarterly State Tax Revenue

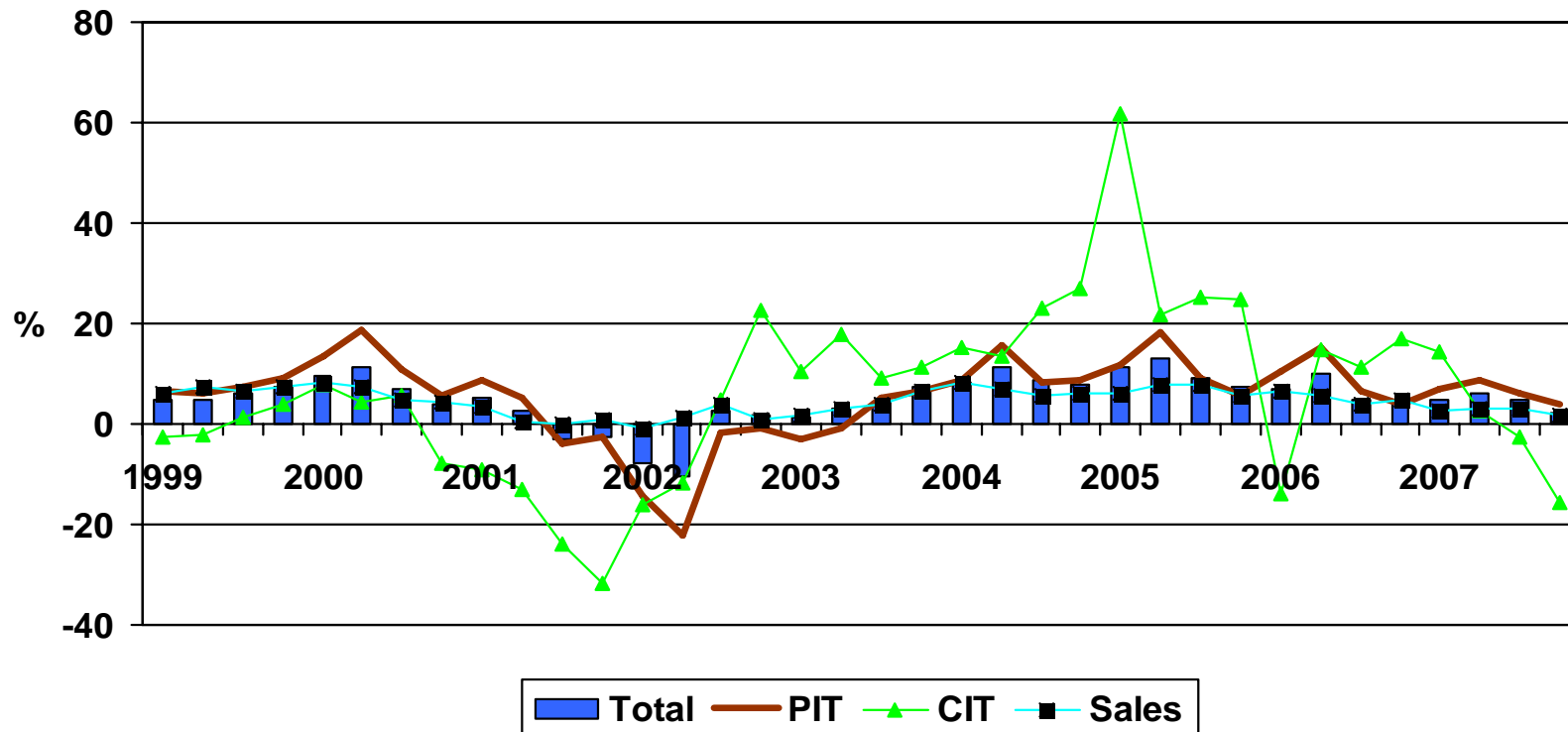


Source: Fiscal Studies Program, Rockefeller Institute of Government



# State Tax Revenue Growth by Source

Year-Over-Year Real Change in Quarterly State Tax Revenue



Source: Fiscal Studies Program, Rockefeller Institute of Government



# Long Term Spending Pressures

- **Medicaid and Health Care**
- **K-12**
- **Higher Education**
- **Demographic Changes**
- **Corrections**
- **Infrastructure**
- **Pensions**





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