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ECONOMIC DATA CAN BE USED TO TARGET STATE FISCAL RELIEF EFFECTIVELY

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States are experiencing major budget problems; more than half faced or are projecting deficits for the 2009 fiscal year. To meet their balanced budget requirements, many states have had to raise taxes and/or cut expenditures for services such as health care and education — actions that deepen the nation's economic problems and offset some of the effect of the federal stimulus package enacted earlier this year by removing demand from the economy. As the state fiscal crisis deepens, more states may be forced to take such actions. To date, however, federal policymakers have shown some reluctance to enact federal fiscal relief that would lessen the fiscal pressure on states.

Some of this reluctance stems from a concern that part of the federal aid would go to states that are *not* experiencing fiscal stress. This concern is reasonable. But it can be addressed by targeting fiscal relief to those states that are facing problems now. Should the economic downturn become deeper and more widespread, relief could be expanded to encompass more or all states.

This report uses three indicators — employment declines, increases in housing foreclosures, and increases in poverty (measured through increases in food stamp participation) — to identify states facing the greatest economic distress. For each of these indicators, the report compares the fourth quarter of 2006 — the beginning of the downturn — to recent data. It ranks each state separately on the change it has seen in each indicator, then averages the three rankings for each state to produce a single overall ranking of economic distress. (See box on p. 3.)

By targeting fiscal relief to states on the basis of these three economic indicators, federal policymakers can be confident they are aiding states that are experiencing significant problems — *and* that these problems result from economic forces largely beyond state control.

The 10 states that show the most economic distress when ranked in this manner are **Florida, Arizona, Nevada**, **Rhode Island**, **California**, **Delaware, Idaho, Maine, Vermont**, and **Wisconsin**. Nine of these ten states projected budget deficits for fiscal year 2009. Among these nine states, deficits were projected to equal about 17 percent of annual general fund expenditures — a huge hole in these states' budgets.

Moody's Economy.com Recommends State Fiscal Relief

"Because most state governments are required by their constitutions to quickly eliminate their deficits, most are already drawing up plans to cut funding for programs ranging from healthcare to education and cutting grants to local government. Local governments are having their own financial problems; most rely on property-tax revenues, which are slumping with house prices. Cuts in state and local government outlays are sure to become a substantial drag on the economy later this year and into 2009.

"Additional federal aid to state governments would fund existing payrolls and programs and so provide a relatively quick economic boost. States that receive a check from the federal government will quickly pass on the money to workers, vendors and program beneficiaries.

"Arguments that state governments should be forced to cut spending that has grown bloated and irresponsible are strained at best. State government spending and employment are no larger today as a share of total economic activity and employment than they were three decades ago. Moreover, arguments that helping states today would encourage more profligacy in the future also appear overdone."[a]

[a] The analysis can be found at http://www.economy.com/home/article_ds.asp?cid=102598.

Of the top 28 states ranked in this manner (excluding Alaska and North Dakota, whose rankings are elevated by data anomalies, as noted below), 24 have projected deficits for fiscal 2009 or 2010, and the other four are seeing revenues coming in below projections and may yet face budget shortfalls.

It should be noted that these data inevitably lag behind actual economic conditions. The foreclosure rate data go through March 2008; the housing situation has continued to deteriorate since then and may be affecting other states. The food stamp numbers go through March 2008, and the employment data go through April. Some states that do not show up in this analysis as having serious economic problems may do so in the future as more recent data become available.

Measuring Fiscal Pressures

No one economic measure can capture the fiscal pressures facing states. While lagging revenues always play a major role in the fiscal problems that occur during economic downturns, states vary in their reliance on income and consumption taxes, in their division of responsibility (and financing) between state and local governments, and in their local (and in some cases, state) reliance on property taxes. In addition, some budgetary pressure is generated by increases in the number of poor and near-poor families that become eligible in an economic downturn for programs such as Medicaid and the State Children's Health Insurance Program (SCHIP). The measures chosen for this analysis balance these factors to create a single measure of stress for each state.

The Three Economic Factors Used in this Report — And Why We Chose Them

Employment: Changes in employment are closely related to changes in state income and sales tax collections. If fewer people are working, there will be less income tax revenue and also less consumption.

Poverty: Change in the number of food stamp recipients is the single best early warning measure about what is happening to poverty in a state. If the number of food stamp recipients is increasing, the poverty rate generally is rising, and there likely also will be higher enrollment in Medicaid and SCHIP, as well as increasing pressure on other programs that serve the poor and near-poor.

Housing Market: Change in the foreclosure rate is related to sales tax revenues, both because people who feel they are losing home equity value are likely to reduce their consumption and because there is less direct purchase of building materials and home furnishings.

Employment

Changes in employment are closely related to changes in state income and sales tax revenue. If fewer people are working, there will be less income tax revenue. Consumption — and thus sales tax revenue — also will be affected, since people who have lost jobs or who think their jobs are in jeopardy are unlikely to buy big-ticket items such as cars, appliances, and furniture, which generate the bulk of most states' sales tax revenue.[1]

This analysis compares seasonally adjusted employment during the three months ending in April 2008 with the three months ending in December 2006. **Rhode Island, Michigan, Florida, Vermont, Wisconsin, Ohio**, and **New Jersey** experienced absolute declines in employment over that period, while states such as **Delaware, Arizona, and Maine** experienced no growth or particularly slow growth in employment. Employment continued to be extremely weak in May 2008,[2] so more states likely will be found to have very low employment growth or employment declines when more recent data become available.

Foreclosures

An increase in the number of properties under foreclosure reflects a decline in home equity, which in turn leads to a decline in sales tax revenue and in property tax revenue.

Foreclosures and related mortgage problems affect sales tax revenues in two ways:

- When fewer people are buying homes and moving, there is less expenditure on home furnishings and appliances and thus less sales tax revenue.
- People who lose equity in their homes (or think they will) are likely to reduce discretionary

[1] We chose to use employment rather than unemployment data, because the employment data are based on a larger and more reliable survey and are not affected by the "discouraged worker" phenomenon of more people feeling it is hopeless to look for a job when the economy deteriorates. Nevertheless, similar results may be obtained by using the change in the unemployment rate rather than the change in employment.

[2] See statement by Chad Stone, chief economist, Center on Budget and Policy Priorities, June 6, 2008. Available at http://www.cbpp.org/6-6-08ui-stmt.htm.

consumption until they see where the housing market is going. In addition, fewer people will be taking equity out of their homes for discretionary consumption than was the case in the housing boom years.

Foreclosures depress property tax revenues as well. Property taxes may not be paid on foreclosed properties or properties in the foreclosure process. The presence of foreclosed properties also typically depresses the value of other properties in the neighborhood, which could lower property tax revenues further unless property tax rates are increased.

The property tax is primarily a revenue source for local rather than state governments, but property tax problems can affect states in a number of ways. Many states have school aid formulas, for example, that provide state financial aid to localities based on the amount of property tax revenue that a locality can raise with a given tax rate; if a locality experiences a large number of foreclosures and a drop in property values, the state may have to provide more aid. More generally, localities in fiscal distress will look to states for additional aid to help them maintain vital services such as education and police and fire protection.

Foreclosures grew quite rapidly between the fourth quarter of 2006 and the first quarter of 2008. In three states — **Arizona**, **Florida,** and **California** — the share of properties in foreclosure *more than quintupled* over that period. In **Nevada, Hawaii, Virginia,** and **Maryland**, the foreclosure rate *more than tripled*. And the rate more than doubled in another 11 states — **Rhode Island, the District of Columbia, Idaho, Oregon, New Jersey, Massachusetts, New Hampshire, Connecticut, Delaware, Minnesota,** and **Washington**.[3]

Poverty and Food Stamps

In an economic downturn, more people fall into poverty. Some of the increased poverty is due to a loss of jobs, which would be reflected in the employment data used in this analysis. But some of it is due to a loss of income when a worker's hours are reduced or a worker loses a job and takes another job at lower pay.

The most timely measure of changes in poverty is the number of food stamp recipients. The Food Stamp Program is federally financed, so it is administered in a relatively uniform way among the states. (Food stamps generally are available to anyone with income below 130 percent of the poverty line and limited assets.[4])

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[3] This analysis uses "foreclosure inventories," which represent the percentage of loans in the process of foreclosure at a quarter's end. An earlier version of this report used "foreclosure starts," which are defined as the percentage of all outstanding loans that started the foreclosure process during the quarter. We believe foreclosure inventories more accurately reflect state fiscal distress. In states where the foreclosure crisis peaked early, foreclosure starts have begun to level off, yet the high number of homes working their way through the foreclosure process continues to put fiscal strain on the state. Foreclosure inventories capture these effects.

Neither measure includes the number of properties already foreclosed in a state, which might be a useful measure if the relevant data were available.

The foreclosure figures are not seasonally adjusted, which may affect the results to the extent that seasonal factors vary from state to state. However, the fact that increased foreclosures result in part from seasonal factors may not diminish their impact on a state's fiscal condition.

[4] While food stamp caseload data provide the best up-to-date proxy for poverty and the depth of poverty, the correlation is not perfect. A higher poverty rate causes the number of people who are eligible for food stamps to increase, which

When food stamp rolls increase, the number of people qualifying for Medicaid and SCHIP also rises, putting pressure on state budgets. Other programs that serve low-income populations, such as social services and mental health programs, may also need additional funding if they are to serve all who require help. Such programs are especially important when deteriorating economic conditions increase stress on families.

Nationally, food stamp rolls were 5.4 percent higher during the first quarter of 2008 than during the fourth quarter of 2006. In **Nevada, Idaho, Florida, Arizona, Rhode Island, Maryland, Delaware, Massachusetts**, **Minnesota**, and **New Hampshire**, food stamp rolls grew by more than 10 percent. (**Alaska**'s **and North Dakota**'s food stamp caseloads did as well, but in each state this likely resulted largely from factors other than a change in poverty rates.[5])

Ranking States by Distress

When these three economic distress factors are considered together, a reasonably complete picture emerges of states in which the weakening economy has caused fiscal problems. Table 1 ranks each state separately on each of these three measures and then averages the three rankings for each state. (The appendix tables provide additional details.)

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can cause caseloads to rise. But other factors can affect the participation rate, i.e., the share of eligible families that participate, which also would result in an increase in the number of people who receive food stamps. For example, state administrative policies vary in how hard it is for families to sign up for and retain food stamp benefits. The participation rates in states where it is harder to navigate the system tend to be less responsive to changes in the eligible population than those in states with fewer administrative hurdles.

In addition, participation could be affected by a state policy change over the period in question. For example, in November 2006, North Dakota adopted a state option to reduce paperwork and make it easier for households to retain food stamps — a change most states adopted several years ago. The large participation increase over the sample period likely results from this change. Finally, participation rates in most states have increased significantly in recent years after dipping in the 1990s (likely as a result of changes after the 1996 welfare law). To the extent that the timing of the factors that have led to increases in participation rates has varied among states, the rankings in this report could be affected.

[5] Alaska: The increase in Alaska's food stamp rolls is heavily inflated by seasonal caseload variation between the first and fourth quarters of each year. While many states' food stamp rolls can be affected by the time of year, Alaska's seasonal variation is by far the largest of any state due to seasonal population fluctuations and annual lump-sum payments from the Alaska Permanent Fund. Using the Census Bureau's X-12-ARIMA seasonal adjustment software (available at www.census.gov/srd/www/x12a/), we estimated the magnitude of the seasonal factors. While the model was not able to fully control for seasonal factors in Alaska, the impact of seasonal adjustment there was quite large: even imperfectly controlling for seasonal factors reduced Alaska's change in food stamp rolls over the sample period from 14 percent to 2 percent, and its rank in that category from 4th to 43rd.

For other states, seasonal adjustment had relatively little impact on the results of the analysis. We chose not to use the seasonally adjusted food stamp results in our final rankings because doing so affects the results rather little and adds significantly to the complexity of the methodology. (By contrast, seasonally adjusted employment data are made available by the Bureau of Labor Statistics and hence are used in this analysis.) However, it is important to note that part of the reason the seasonal effects were relatively small was that the time periods being compared were offset by only three months (fourth quarter 2006 vs. first quarter 2008). A different seasonal comparison — for example, comparing the fourth quarter of 2006 to the second quarter of 2008 — could increase the seasonal effects and make it important to reconsider using seasonally adjusted data.

North Dakota: As noted in the previous footnote, in November 2006 North Dakota adopted a state option to improve client retention in the Food Stamp Program by reducing paperwork. This difference likely explains the large increase in North Dakota's food stamp rolls over the sample period.

In addition, Washington State's food stamp rolls spiked in late 2007 as a result of flooding in the west of the state. Caseloads remained unusually high in early 2008 but shows signs of shrinking, which is likely to reduce Washington's ranking if later data are used.

TABLE 1: STATE ECONOMIC DISTRESS BASED ON RECENT TRENDS IN EMPLOYMENT, HOUSING FORECLOSURES, AND FOOD STAMP CASELOADS						
			Ranking in Measures of Economic Distress			
Overall Ranking of Economic Distress (1 = most distress)	State	State Budget Condition	Change in Total Employment (1 = largest decline/smallest increase)	Increase in Food Stamp Caseload (1 = largest increase)	Increase in Foreclosures (1 = largest increase)	Average Rank (1 = most distress)
1	Florida	D	3	3	2	2.7
2	Arizona	D	9	5	1	5.0
3 (tie)	Nevada	D	11	1	4	5.3
3 (tie)	Rhode Island	D	1	7	8	5.3
5	California	D	13	16	3	10.7
6	Delaware	D	8	9	16	11.0
7	Idaho		29	2	10	13.7
8	Maine	D	10	14	19	14.3
9 (tie)	Vermont	D	4	17	23	14.7
9 (tie)	Wisconsin	D	5	15	24	14.7
11	Maryland	D	31	8	7	15.3
12	Minnesota	D	20	11	17	16.0
13	Massachusetts	D	26	10	13	16.3
14	New Jersey	D	7	32	12	17.0
15	Hawaii		25	26	5	18.7
16	Michigan	D	2	30	28	20.0
17 (tie)	Alaska*		32	4	25	20.3
17 (tie)	Virginia	D	24	31	6	20.3
19	Oregon		27	24	11	20.7
20	Connecticut	D	21	27	15	21.0
21	New Hampshire	D	39	12	14	21.7
22	Missouri	d	16	20	35	23.7
23	Ohio	D	6	23	45	24.7
24	Iowa	D	23	19	34	25.3
25	Washington	d	46	13	18	25.7
26 (tie)	Illinois	D	22	36	22	26.7
26 (tie)	North Dakota*		41	6	33	26.7
26 (tie)	Pennsylvania		17	21	42	26.7
29	New York	D	28	34	20	27.3
30	District of Columbia	D	34	45	9	29.3
31 (tie)	Indiana		15	33	41	29.7
31 (tie)	West Virginia		14	39	36	29.7
33	Utah		50	18	26	31.3
34 (tie)	Georgia	D	30	38	27	31.7
34 (tie)	Tennessee	D	12	35	48	31.7
36 (tie)	South Carolina	D	33	25	40	32.7
36 (tie)	South Dakota		44	22	32	32.7
38	Kentucky	D	37	29	37	34.3
39	Mississippi	D	18	37	51	35.3
40 (tie)	Alabama	D	35	40	38	37.7
40 (tie)	Arkansas	D	19	50	44	37.7
42	New Mexico		36	49	29	38.0
43	Wyoming		51	46	21	39.3
44	North Carolina		42	28	50	40.0
45	Montana		48	43	30	40.3
46	Colorado		45	48	31	41.3
47	Kansas		38	41	46	41.7
48	Nebraska		40	44	43	42.3
49	Oklahoma	D	43	51	39	44.3
50	Louisiana		47	42	49	46.0
51	Texas	d	49	47	47	47.7

D = deficit projected for fiscal year 2009 **d** = deficit projected for fiscal 2010 but not fiscal 2009
* Data anomalies affecting Alaska's and North Dakota's food stamp data significantly inflate these states' overall ranking. See footnote 5 above.

Source: Employment data from BLS, based on change in seasonally adjusted total employment from 4th quarter 2006 to Feb.-Apr. of 2008. Food stamp participation data from USDA, based on change in individual participation from 4th quarter 2006 to 1st quarter 2008. Foreclosure data from Mortgage Bankers Association's National Delinquency Survey, based on change in share of loans in the process of foreclosure from the close of the 4th quarter 2006 to the close of the 1st quarter 2008.

The 10 states that show the most economic distress when ranked in this manner are **Florida, Arizona, Nevada**, **Rhode Island**, **California**, **Delaware, Idaho, Maine, Vermont**, and **Wisconsin**. Nine of these ten states projected budget deficits for fiscal year 2009.[6] The deficits in these nine states were projected to equal about 17 percent of annual general fund expenditures — a huge hole in these states' budgets.[7] Excluding Alaska and North Dakota because of their data anomalies, 15 of the next 18 ranked states projected or project deficits in fiscal 2009 and/or 2010. Thirteen of these states — **Maryland, Minnesota, Massachusetts, New Jersey, Michigan, Virginia, Connecticut, New Hampshire, Ohio, Iowa, Illinois, New York,** and **the District of Columbia** — faced or face deficits in fiscal 2009, and two — **Missouri** and **Washington** — project deficits in their next budget.[8]

Overall, 24 of the 28 top-ranked states have projected deficits for fiscal 2009 and/or 2010. Among the 22 of these that projected deficits for fiscal 2009, the deficits were projected to equal about 10 percent of annual general fund expenditures, on average. The states in this group not projecting a deficit are **Idaho, Hawaii, Oregon,** and **Pennsylvania**. All of these states have recently downgraded or missed their revenue forecasts and may yet face budget shortfalls.[9]

A number of states that expect to have deficits are *not* among the states that show the greatest economic distress under the three indicators used here. Projected deficits in these states may stem from factors other than economic stress, or they may be caused by economic factors not captured in this analysis.

Targeting Federal Fiscal Relief Effectively

State fiscal problems can occur as a result of either policy choices or economic conditions. Policy choices that can cause fiscal problems include decisions in a few states to cut taxes or expand programs beyond what they could afford. At the current time, it appears that economic circumstances are the dominant factor in creating state fiscal problems. (See the box below.) The

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[6] Unlike the federal government, states cannot run deficits in their operating budgets when the economy turns down; they must cut expenditures, raise taxes, or draw down reserve funds to balance their budgets. Thus our count of states that projected deficits for FY 2009 includes those that have already taken such actions to close their deficits as well as those that still face deficits and will need to take such actions.

[7] For information about state deficits, see Elizabeth C. McNichol and Iris Lav, "29 States Faced Total Budget Shortfall of at Least $48 Billion in 2009," Center on Budget and Policy Priorities, Updated June 30, 2008. Available at http://www.cbpp.org/1-15-08sfp.htm, which is updated regularly.

[8] Washington State projects a deficit in the 2009-2011 biennium. The first year of this biennium covers the same period as FY 2010 in most states.

[9] Idaho: Gross tax receipts in Idaho fell from the first four months of 2007 to the first four months of 2008, and the governor has repeatedly trimmed revenue projections. See Comparative Statement of Receipts and Distributions, available at http://tax.idaho.gov/ComparativeStatement_reports_directory.htm. See also http://www.newwest.net/city/article/idaho_governor_cuts_revenue_projection_by_50_million/C108/L108/ and http://news.moneycentral.msn.com/ticker/article.aspx?Feed=AP&Date=20080214&ID=8194702&Symbol=MU.

Hawaii: The Council on Revenues has repeatedly downgraded its revenue forecasts, most recently on May 30, 2008. See http://hawaii.gov/tax/a9_1cor.htm.

Oregon: The revenue forecast for the current biennium was revised downward in March 2008, and the state is considering expenditure reductions. See National Conference of State Legislatures, "State Budget Update: April 2008."

Pennsylvania: While total revenues to date for FY 2008 are slightly above the forecast, May revenues showed considerable weakening, falling 7 percent below the forecast. See http://www.revenue.state.pa.us/revenue/CWP/view.asp?A=246&QUESTION_ID=282166.

economic indicators suggested here are designed to enable federal policymakers to focus on states whose fiscal problems reflect economic forces largely beyond state control.

In the recession in the early years of this decade, Congress provided $20 billion in fiscal relief to the states, half in the form of an enhanced Medicaid match and half in the form of a block grant distributed among the states on a per-capita basis. In that recession, relief was not enacted until May 2003, more than two years after the start of the recession, by which time virtually all states were experiencing deficits. While the delay made targeting much less of an issue, it also reduced the effectiveness of the fiscal relief in averting cuts in vital programs such as Medicaid and education and in thereby lessening the adverse effects that state budget actions were having on the economy.

By contrast, fiscal distress is now spread somewhat unevenly among the states. Accordingly, the economic indicators used in this analysis provide an objective way to distinguish which states are in trouble so that fiscal relief may be efficiently targeted to them. The targeting would be applicable whether fiscal relief were delivered through Medicaid as an enhanced federal match (FMAP), through a block grant to states, or — as in the last recession and as the governors have requested — through a combination of both of these forms.

For example, Congress could decide on the amount of money available for fiscal relief. Within

Is Federal Assistance to States a Moral Hazard?

Some observers have expressed concern that federal aid to states in a recession creates a "moral hazard," in which states then respond during periods of solid economic growth by overspending, cutting taxes too much, or failing to build up "rainy day" funds — thereby exacerbating their fiscal problems in the next downturn — because states come to count on the federal government to bail them out. The evidence strongly indicates, however, that modest amounts of federal fiscal relief during recessions do *not* have this effect.

The federal government provided $20 billion fiscal relief in the last downturn. The data show that states have not overspent or slashed taxes since then in the expectation they would be bailed out during future downturns. On average, state expenditures as a share of the economy are *lower* now than in state fiscal year 2001, while state taxes as a share of the economy are at about the same level. In addition, once the recession ended, states built up substantial "rainy day" reserve funds to draw upon in the next downturn; at the end of 2006, those reserves were actually a little *larger*, as a share of annual state expenditures, than before the recession at the start of this decade.

In short, the provision of fiscal relief in the last downturn was not followed by irresponsible actions on states' part.

Although states built up substantial revenues (or rainy day funds) before both the last recession and the impending one, recessions have such large effects on state budgets that they wipe out reserves and produce sizeable shortfalls. States began this decade with reserves equaling 10.4 percent of annual expenditures, a very substantial amount. Yet those reserves closed only about one-quarter of the state budget gaps that opened up through state fiscal year 2003.

To be sure, federal fiscal relief could create a "moral hazard" problem *if* it filled most or all of the state budget gaps that emerged during a recession. Relief of that magnitude, however, is not on the table for discussion. The $20 billion in federal fiscal relief provided in 2003 closed only about 10 percent of states' budget shortfalls, and the National Governors Association has called for $12 billion in federal fiscal relief.

that pot of money, the rankings could be used to allocate funds. Perhaps the 15 most economically distressed states could receive one level of FMAP increase and/or per-capita block grant, and the next group of states could receive a somewhat lower level of relief. Alternatively, all of the top-ranking states could receive a particular level of relief.

It also would be possible to use the data to establish thresholds for assistance. The thresholds could be, for example, employment growth of less than 1 percent, food stamp caseload growth of 5 percent or more, and a foreclosure inventory increase of 50 percent or more. States that exceed the set threshold on all three measures could get one level of assistance, and those that exceed the threshold on two of the three measures could get a lower level.

It arguably would be wise to provide some fiscal relief now and reserve some for a later time. As noted above, fiscal problems develop at different rates in states as a result of decreases in employment and increases in poverty and foreclosures. In addition, the ranking of the states on these indicators may change over time; for example, employment could drop much more in some states than in others in the months ahead. Thus, some funds should be held in reserve to provide another round of state fiscal relief — perhaps three to six months from now — based on possible changes in states' rankings.

STATE TRENDS IN TOTAL EMPLOYMENT, 2006-2008					
		Total Employment, (in Thousands)			
STATE	State Budget Condition	4th Quarter 2006	Feb. – Apr. 2008	Percent Change, 2006-2008	Rank (1 = largest decline/ smallest increase)
Alabama	D	1,986	2,014	1.4%	35
Alaska		315	320	1.4%	32
Arizona	D	2,658	2,660	0.1%	9
Arkansas	D	1,200	1,208	0.6%	19
California	D	15,126	15,164	0.2%	13
Colorado		2,297	2,359	2.7%	45
Connecticut	D	1,688	1,701	0.8%	21
Delaware	D	437	436	0.0%	8
District of Columbia	D	691	701	1.4%	34
Florida	D	8,053	8,010	-0.5%	3
Georgia	D	4,119	4,173	1.3%	30
Hawaii		622	627	0.9%	25
Idaho		645	654	1.3%	29
Illinois	D	5,950	5,998	0.8%	22
Indiana		2,978	2,986	0.3%	15
Iowa	D	1,511	1,523	0.8%	23
Kansas		1,364	1,385	1.5%	38
Kentucky	D	1,853	1,880	1.5%	37
Louisiana		1,886	1,940	2.9%	47
Maine	D	616	617	0.1%	10
Maryland	D	2,597	2,632	1.4%	31
Massachusetts	D	3,259	3,291	1.0%	26
Michigan	D	4,296	4,216	-1.9%	2
Minnesota	D	2,759	2,780	0.7%	20
Mississippi	D	1,149	1,156	0.6%	18
Missouri	d	2,784	2,796	0.4%	16
Montana		438	451	2.9%	48
Nebraska		952	971	2.0%	40
Nevada	D	1,288	1,290	0.2%	11
New Hampshire	D	644	655	1.7%	39
New Jersey	D	4,076	4,072	-0.1%	7
New Mexico		838	850	1.4%	36
New York	D	8,663	8,775	1.3%	28
North Carolina		4,097	4,180	2.0%	42
North Dakota		355	362	2.0%	41
Ohio	D	5,424	5,417	-0.1%	6
Oklahoma	D	1,548	1,581	2.2%	43
Oregon		1,717	1,740	1.3%	27
Pennsylvania		5,776	5,802	0.4%	17
Rhode Island	D	496	486	-2.0%	1
South Carolina	D	1,928	1,955	1.4%	33
South Dakota		402	410	2.2%	44
Tennessee	D	2,787	2,793	0.2%	12
Texas	d	10,188	10,532	3.4%	49
Utah		1,224	1,271	3.8%	50
Vermont	D	309	308	-0.3%	4
Virginia	D	3,739	3,771	0.9%	24
Washington	d	2,884	2,966	2.8%	46
West Virginia		759	761	0.3%	14
Wisconsin	D	2,873	2,866	-0.2%	5
Wyoming		282	295	4.5%	51

D = deficit projected for fiscal year 2009 **d** = deficit projected for fiscal 2010 but not fiscal 2009

Source: Oct.- Dec. 2006 and Feb.- Apr. 2008 average seasonally adjusted total employment by state, from BLS Current Employer Statistics Survey (a.k.a., Establishment Survey) data, available at http://www.bls.gov/data/home.htm.

STATE TRENDS IN FORECLOSURE INVENTORIES, 2006-2008			
STATE	**State Budget Condition**	**Percent Increase in Foreclosure Rate, 4th Quarter 2006 - 1st Quarter 2008**	**Rank (1 = largest increase)**
Alabama	D	30%	38
Alaska		67%	25
Arizona	D	514%	1
Arkansas	D	22%	44
California	D	440%	3
Colorado		45%	31
Connecticut	D	113%	15
Delaware	D	105%	16
District of Columbia	D	160%	9
Florida	D	484%	2
Georgia	D	51%	27
Hawaii		256%	5
Idaho		140%	10
Illinois	D	85%	22
Indiana		25%	41
Iowa	D	33%	34
Kansas		20%	46
Kentucky	D	31%	37
Louisiana		15%	49
Maine	D	99%	19
Maryland	D	220%	7
Massachusetts	D	121%	13
Michigan	D	51%	28
Minnesota	D	104%	17
Mississippi	D	2%	51
Missouri	d	32%	35
Montana		47%	30
Nebraska		23%	43
Nevada	D	390%	4
New Hampshire	D	113%	14
New Jersey	D	131%	12
New Mexico		49%	29
New York	D	99%	20
North Carolina		11%	50
North Dakota		34%	33
Ohio	D	21%	45
Oklahoma	D	29%	39
Oregon		138%	11
Pennsylvania		23%	42
Rhode Island	D	172%	8
South Carolina	D	26%	40
South Dakota		34%	32
Tennessee	D	16%	48
Texas	d	17%	47
Utah		67%	26
Vermont	D	83%	23
Virginia	D	251%	6
Washington	d	102%	18
West Virginia		32%	36
Wisconsin	D	72%	24
Wyoming		93%	21

D = deficit projected for fiscal year 2009 **d** = deficit projected for fiscal 2010 but not fiscal 2009

Source: Calculations based on data from Mortgage Bankers Association National Delinquency Survey, as published in "Recent Foreclosure Trends Report for all States" (proprietary), available at http://www.mortgagebankers.org/ResearchandForecasts/ProductsandSurveys/NationalDelinquencySurvey.htm.
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STATE TRENDS IN FOOD STAMP CASELOAD, 2006-2008					
		Food Stamp Caseload, (in thousands)			
STATE	State Budget Condition	4th Quarter 2006	1st Quarter 2008	Percent Change, 2006-2008	Rank (1 = largest increase)
Alabama	D	550	561	2.0%	40
Alaska*		51	58	14.2%	4
Arizona	D	537	609	13.5%	5
Arkansas	D	386	374	-2.9%	50
California	D	2,016	2,182	8.2%	16
Colorado		253	250	-0.9%	48
Connecticut	D	212	224	5.6%	27
Delaware	D	66	73	11.6%	9
District of Columbia	D	88	89	0.4%	45
Florida	D	1,222	1,410	15.4%	3
Georgia	D	961	989	2.9%	38
Hawaii		90	95	5.7%	26
Idaho		86	99	15.6%	2
Illinois	D	1,240	1,288	3.9%	36
Indiana		583	609	4.5%	33
Iowa	D	234	251	7.3%	19
Kansas		182	185	1.7%	41
Kentucky	D	595	628	5.4%	29
Louisiana		650	658	1.1%	42
Maine	D	159	173	9.0%	14
Maryland	D	314	351	11.8%	8
Massachusetts	D	449	495	10.2%	10
Michigan	D	1,190	1,251	5.2%	30
Minnesota	D	267	293	10.0%	11
Mississippi	D	425	439	3.3%	37
Missouri	d	820	879	7.2%	20
Montana		80	80	0.6%	43
Nebraska		120	121	0.6%	44
Nevada	D	119	140	17.5%	1
New Hampshire	D	58	63	10.0%	12
New Jersey	D	410	430	4.8%	32
New Mexico		239	235	-1.4%	49
New York	D	1,789	1,864	4.2%	34
North Carolina		881	928	5.4%	28
North Dakota*		43	48	13.5%	6
Ohio	D	1,068	1,136	6.4%	23
Oklahoma	D	430	416	-3.2%	51
Oregon		432	459	6.2%	24
Pennsylvania		1,100	1,179	7.2%	21
Rhode Island	D	74	83	12.3%	7
South Carolina	D	546	579	6.1%	25
South Dakota		59	63	6.5%	22
Tennessee	D	864	898	3.9%	35
Texas	d	2,454	2,441	-0.5%	47
Utah		122	132	7.5%	18
Vermont	D	51	55	7.7%	17
Virginia	D	514	539	5.0%	31
Washington	d	537	587	9.3%	13
West Virginia		269	276	2.7%	39
Wisconsin	D	376	410	8.9%	15
Wyoming		23	23	-0.3%	46

D = deficit projected for fiscal year 2009 **d** = deficit projected for fiscal 2010 but not fiscal 2009
* Due to data anomalies affecting Alaska's and North Dakota's food stamp data, the increases in both states are significantly overstated. See footnote 5 above.

Source: Oct.- Dec. 2006 and Jan.- Mar. 2008 average individual food stamp participation, from USDA Food and Nutrition Service. Recent months' data available at http://www.fns.usda.gov/pd/29fslatest.htm.