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## AN UPDATE ON STATE BUDGET CUTS

### Governors Proposing New Round of Cuts for 2011; At Least 45 States Have Already Imposed Cuts That Hurt Vulnerable Residents

By Nicholas Johnson, Phil Oliff, and Erica Williams

With tax revenue still declining as a result of the recession and budget reserves largely drained, the vast majority of states have made spending cuts that hurt families and reduce necessary services. These cuts, in turn, have deepened states' economic problems because families and businesses have less to spend. Federal recovery act dollars and funds raised from tax increases are greatly reducing the extent, severity, and economic impact of these cuts, but only to a point.

The cuts enacted in at least 45 states plus the District of Columbia in 2008 and 2009 occurred in all major areas of state services, including health care (29 states), services to the elderly and disabled (24 states and the District of Columbia), K-12 education (29 states and the District of Columbia), higher education (39 states), and other areas. States made these cuts because revenues from income taxes, sales taxes, and other revenue sources used to pay for these services declined due to the recession. At the same time, the need for these services did not decline and, in fact, rose as the number of families facing economic difficulties increased.

These budget pressures have not abated and, in fact, are increasing. Because unemployment rates remain high — and are projected to stay high well into next year — revenues are likely to remain at or near their current depressed levels. This is likely to cause a new round of cuts. Based on new, gloomy revenue projections, governors have begun issuing their budget proposals for the 2011 fiscal year (which begins on July 1, 2010 in most states), and the proposed cuts go even further than those that states have enacted to date.

For example, **California's** governor would repeal that state's welfare program known as CalWorks, **Mississippi's** governor would cut state funding for K-12 schools by over 9 percent and close four state mental health clinics, and **New York's** governor would eliminate municipal aid to New York City and make deep education and health care cuts, to give just a few examples.

Cuts to state services not only harm vulnerable residents but also worsen the recession — and dampen the recovery — by reducing overall economic activity. When states cut spending, they lay off employees, cancel contracts with vendors, reduce payments to businesses and nonprofits that provide services, and cut benefit payments to individuals. *All* of these steps remove demand from the economy. For instance, at least 42 states and the District of Columbia have reduced overall wages paid to state workers by laying off workers, requiring them to take unpaid leave (furloughs),

freezing new hires, or similar actions. State and local governments have eliminated 192,000 jobs since August 2008, federal data show. Such measures are reducing not only the level and quality of services available to state residents but also the purchasing power of workers' families, which in turn affects local businesses.

States are taking actions to mitigate the extent of these cuts. Since the recession began, over 30 states have addressed their budget shortfalls in part by increasing taxes. Like budget cuts, tax increases remove demand from the economy by reducing the amount of money people have to spend. But tax increases can be less detrimental to state economies than budget cuts because some of the tax increases affect upper-income households so are likely to result in reduced saving rather than reduced consumption. Many more states will need to consider tax increases or other revenue measures, as well as such steps as tapping state rainy day funds, as a way to minimize harmful budget cuts.

The cuts thus far in state-funded services — and the resulting harm to families' well-being and to state economies — would have been much greater had the federal government not enacted the American Recovery and Reinvestment Act in February 2009. The measure provided roughly \$140 billion over two and a half years to help states pay for education, health care, public safety, and other key services.

In some cases, it is possible to identify specific services that were slated for cuts but have been protected in whole or in part by the federal funds; these include child care in **Alabama** and **Arizona**, public safety funding in **Washington**, prescription drugs for seniors and tuition assistance in **New York**, and education funding in a number of states. The Department of Education found that through September 30, the recovery act's Fiscal Stabilization Fund retained or created more than 255,000 education jobs and nearly 63,000 jobs in other areas, for a total of 318,000 jobs.<sup>1</sup>

In other cases, it is impossible to know what would have happened if states had not received the recovery act funds. But it is indisputable that families and communities would be facing much more serious consequences from state cuts.

## **Governors Are Proposing Further Cuts for Next Year**

Over the past two months governors have been submitting their budget proposals for the upcoming 2011 fiscal year (which begins on July 1, 2010 in most states). The majority of governors have now released their budget plans, and these proposals reflect the continued fiscal difficulties that states will face in the next year. Many of these proposals contain additional cuts to core services and state workforces beyond those already implemented.

While these cuts are subject to legislative approval, and in some cases are likely to be significantly changed before enactment, they are strongly indicative of the scale of cuts that are likely to be needed.

- **Alabama's** governor is proposing a hiring freeze that will reduce the non-education state workforce by 2,000 workers by the end of FY2011.

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<sup>1</sup> Total education funding through ARRA, including both fiscal relief and programmatic funding, was found to have created or saved 326,593 education jobs. US Department of Education, "American Recovery and Reinvestment Act Report: Summary of Programs and State-by-State Data," November 2, 2009.

- **California's** governor is proposing deep cuts to health care, education, the state workforce and human service programs beyond those already enacted.<sup>2</sup> Specific cuts include additional deep reductions to Medi-Cal (Medicaid) services, including increased co-payments and reduced eligibility for immigrants; a \$1.5 billion reduction in K-12 funding in 2010-11; a 5 percent to 10 percent cut to state employee salaries; a reduction in Supplemental Security Income/State Supplementary Program (SSI/SSP) grants by \$15 per month; the elimination of the state's Calworks (TANF) program and a number of other human service programs; and the elimination of funding to respond to enrollment growth in the state's public universities.
- **Connecticut's** governor proposes cuts to early care, health care, and other services in the upcoming fiscal year. Her budget cuts funding for a program that provides child care subsidies to low- and moderate-income working families by 12 percent. It would increase health insurance co-payments and in some cases premiums for more than 15,500 children and 124,000 adults, and would no longer pay for most non-prescription medications, vision services, and eyeglasses for the adults. Other lower-income individuals who now receive subsidies for purchasing health insurance from a state-run health plan would have to pay full-price, with the likely result that many of the roughly 13,000 participants in the plan would drop coverage entirely. The governor also has proposed a slew of cuts for the current fiscal year, such as suspending non-emergency dental services for low-income adults, deferring payment to Medicaid managed care organizations, reducing staffing of the state's child advocacy and protection agency by half, and suspending homeless, disability, nutrition, and other social services for the remainder of the fiscal year.
- **Hawaii's** governor is proposing large cuts to the state workforce, including the layoffs of up to 1,198 employees. She also is proposing elimination of a program that provides cash assistance to senior citizens and people with disabilities; elimination of the Department of Health's Division of Community Health and Dental Hygiene Services; and curtailing the state's Medicaid adult dental services benefits.
- The governor of **Louisiana** proposes a 3 percent cut in rates for certain Medicaid providers. These are in addition to rate cuts of more than 10 percent since fiscal year 2009.
- **Maine's** governor is proposing 10 percent cuts in payments to certain Medicaid providers (primarily to long-term care providers); a cut of 3 percent in overall K-12 education spending beyond cuts already enacted; and three additional state government furlough days (for a total of 12 furlough days over two years).
- The governor of **Michigan** proposes encouraging early retirement for state workers and teachers and eliminating one-third of the state jobs left vacant. Her budget would reduce health benefits for new state employees and retirees, and eliminate a three percent salary increase for many state workers. The governor's budget also cuts funds to higher education. It eliminates a program that gives college scholarships to 15,000 low-income students, and cuts back another one.
- In **Minnesota's** supplemental budget, the governor cuts \$250 million in local government

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<sup>2</sup> Under the proposal, some of these cuts would not take effect if the federal government provides a very large amount of additional aid -- beyond what is currently being considered by Congress -- but most analysts including the state Legislative Analyst Office consider such levels of additional aid unlikely.

aid, reduces funding for higher education institutions to 2006 levels, and cancels state-subsidized health insurance for 21,500 working adults without children. He proposes changes in eligibility for the state's assistance to needy families program that eliminate cash assistance for 4,000 families and remove 500 families from the program altogether, and require 800 families to pay more for child care. The governor's budget proposal also eliminates a monthly cash grant to very poor single adults and childless couples who are unable to work.

- **Mississippi's** governor is proposing to cut state aid to K-12 schools by over 9 percent, close four mental health facilities, and cut most other agencies' budgets by 12 percent.
- In his proposed adjustments to the state's two-year budget, **Nevada's** governor called for cuts to reimbursement rates for certain health providers, major reductions in K-12 and higher education funding, likely resulting in some combination of teacher layoffs or pay cuts, and reduce independent living grants to seniors. These cuts have been approved by the legislature (although some still deeper cuts were rejected).
- **New York's** governor is proposing a \$1.1 billion cut to state education aid; more than \$400 million in reduced payments to health care providers and about \$100 million in other health-related cuts; \$143 million in funding cuts for four-year public colleges and cuts to a financial aid program serving students from low- and moderate-income families; and the elimination of state revenue-sharing aid to New York City along with a reduction in revenue-sharing aid to other localities.
- The governor of **Rhode Island** proposes eliminating state reimbursement to cities and towns for the loss of revenue caused by state legislation eliminating local taxes on the value of motor vehicles — a source of revenue equal to roughly 7 percent of local tax revenues. He also proposes cutting state funding for K-12 education by more than 3 percent and higher education by nearly 6 percent below enacted FY10 levels.
- **South Carolina's** governor is proposing capping total enrollment in the state's children's health insurance program.
- In **Tennessee**, the governor proposes reducing state Medicaid spending by 7.5 percent (\$174 million). He proposes doing this by capping the amount that the state will pay for an individual to receive inpatient hospital care each year at \$10,000, which is well below hospitals' actual costs for many patients. He would also eliminate occupation, physical, and speech therapy services, and allow no more than eight lab and x-ray procedures per year for adults. The governor's proposal also would eliminate the jobs of nearly 400 state workers.
- **Wyoming's** governor is proposing cutting state aid for local governments by more than half.

Other governors have simply provided a dollar figure for the cuts that state agencies would likely receive under the proposed budget, without fully explaining how these cuts would be achieved or how many people would lose access to services as a result.

Finally, there is the matter of the increased federal funding for Medicaid enacted in the American Recovery and Reinvestment Act in 2009, which has played a major role in helping states balance

their budgets but is scheduled to expire in December 2010. At least 21 governors — those in **Alabama, California, Colorado, Connecticut, Florida, Georgia, Illinois, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New Jersey, Nevada, New Mexico, New York, Pennsylvania, Rhode Island, and Washington** — have assumed in their proposals that this aid will be extended for the rest of state fiscal year 2011, and the National Governors Association has formally requested such an extension.<sup>3</sup> This extension is included in legislation that the House and Senate have passed, and is included in President Obama's 2011 budget. But if the federal government does not extend this aid, those states likely will make deeper and broader cuts than those proposed.

## **Background: The Deep Recession Is Creating Widespread Deficits**

The national recession is producing both declines in state and local revenues and increased need for public programs as residents lose jobs, income, and health insurance. In the now-ended 2009 fiscal year, the imbalance between available revenues and what was needed for services opened up budget gaps in most states. The vast majority of states also faced (or are facing) additional shortfalls in the 2010 fiscal year, which in most states began July 1, 2009. Even more budget gaps are projected for fiscal year 2011. Total shortfalls for 2010 and 2011 are likely to reach some \$375 billion.<sup>4</sup>

Virtually all states are required to balance their operating budgets each year or biennium. Unlike the federal government, states cannot maintain services during an economic downturn by running a deficit. States had record reserves heading into this recession, but those have mostly been drawn down. Since federal economic recovery funds are closing, on average, about 30 to 40 percent of budget gaps, states must address remaining shortfalls with a combination of spending cuts and/or tax increases.

### **Cuts Affect Wide Range of Services**

States began cutting their budgets last spring, as the recession brought sharply weakened revenues. The cuts have intensified as the economy has worsened. Even as the need for state-funded services rose, states cut funding for services by 4 percent for fiscal year 2009 and an additional 4.8 percent for 2010, according to preliminary estimates by the National Association of State Budget Officers. These cuts are affecting important services. At least 45 states plus the District of Columbia have reduced services since the recession began. Service cuts with particular ramifications for vulnerable populations have occurred in the following areas:

- **Public health programs:** At least 29 states have implemented cuts that will restrict low-income children's or families' eligibility for health insurance or reduce their access to health care services. For example, **Rhode Island** eliminated health coverage for 1,000 low-income parents; **Minnesota** is cancelling a health insurance program for 29,500 low-income adults; **Tennessee** has frozen enrollment in its state children's health insurance program (CHIP); and **California** is increasing the costs borne by families of nearly 1 million children that participate in its CHIP program. **Washington** is increasing premiums by an average of 70 percent for a health plan serving low-income residents.

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<sup>3</sup> February 4, 2010 letter (from Governor Douglas and Governor Manchin) to House and Senate leadership to request assistance for states in protecting jobs and speeding economic recovery by extending the American Recovery and Reinvestment Act's (ARRA) enhanced federal match for Medicaid (FMAP) for two additional quarters.

<sup>4</sup> See Elizabeth McNichol and Nicholas Johnson, "Recession Continues to Batter State Budgets; State Responses Could Slow Recovery," Center on Budget and Policy Priorities, Revised February 25, 2010.

- **Programs for the elderly and disabled:** At least 24 states plus the District of Columbia are cutting medical, rehabilitative, home care, or other services needed by low-income people who are elderly or have disabilities, or are significantly increasing the cost of these services. For example, **Ohio** made deep cuts to community mental health services and **Arizona** eliminated temporary health insurance for people with serious medical problems.
- **K-12 education:** At least 29 states and the District of Columbia are cutting aid to K-12 schools and various education programs. **California, Michigan, and Mississippi** have made significant cuts to school aid. **Hawaii** is furloughing teachers for 17 days this year. A cut in funding means that as many as 10,000 children in **Illinois** may lose eligibility for early childhood education, and **Massachusetts** is reducing funding for a number of early care programs.
- **Higher education:** At least 39 states have cut assistance to public colleges and universities, resulting in reductions in faculty and staff in addition to tuition increases. The University of **California** is increasing tuition by 32 percent. Tuition at all 11 public universities in **Florida** increased by 15 percent for the 2009-2010 school year. Students in **Washington** and other states face significant tuition increases as well, costing families hundreds of dollars per year. **Michigan** and **New Mexico** have made deep cuts to need-based financial aid programs.
- **State workforces:** At least 42 states and the District of Columbia have made cuts affecting state government employees. At least 26 states have instituted hiring freezes, 14 states and the District of Columbia have announced layoffs, 26 have reduced state worker wages, and several have delayed scheduled pay increases (including cost of living adjustments). In total, state and local governments have eliminated a total of 192,000 jobs since August 2008, according to the U.S. Bureau of Labor Statistics. Additional workers have lost pay and benefits.

These measures are described in more detail in the Appendix.

### The Role of Revenue Increases and Federal Dollars

Several states facing large budget shortfalls have averted deep cuts in vital services by enacting temporary or permanent revenue increases.

- In late 2007 and 2008, some ten states enacted tax increases, closed loopholes, restricted tax credits, or implemented other revenue-raising measures. Major packages were enacted in **Maryland, Michigan, and New York**.
- Since the recession began, over 30 states have raised taxes, sometimes quite significantly. Increases have been enacted or are under consideration in personal income, business, sales, and excise taxes. Major state revenue packages have been enacted in **California, Connecticut, Delaware, Hawaii, Nevada, New Jersey, North Carolina, and Wisconsin**.

States also are using funds made available in the recovery act to avert spending cuts. The law gave states roughly \$140 billion over a two-and-a-half year period to help fund ongoing programs, including K-12 education, higher education, and health care. The money is addressing approximately 30 percent to 40 percent of states' 2009 and 2010 budget shortfalls, and will be sufficient to offset about 20 percent or less of 2011 shortfalls. In state after state, it is abundantly clear that spending and service cuts in health care, education, human services, public safety, and other areas would have been much deeper had the federal funds not been available.

The 2009 tax measures and states' use of federal recovery funds are detailed in separate Center on Budget and Policy Priorities analyses.<sup>5</sup>

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<sup>5</sup> "Tax Measures Help Balance State Budgets," revised July 9, 2009 and "Federal Fiscal Relief Is Working as Intended," revised June 29, 2009.

**AT LEAST 45 STATES AND THE DISTRICT OF COLUMBIA HAVE CUT SERVICES**

	Public Health (29)	Elderly/ Disabled (24 plus DC)	K-12 and Early Education (29 plus DC)	Higher Education (39)	State Workforce (42 plus DC)
Alabama		X	X	X	X
Alaska					
Arizona	X	X	X	X	X
Arkansas				X	
California	X	X	X	X	X
Colorado	X				X
Connecticut			X	X	X
Delaware			X		X
Florida	X	X	X	X	X
Georgia	X	X	X	X	X
Hawaii			X	X	X
Idaho	X		X	X	X
Illinois	X		X	X	X
Indiana	X		X	X	
Iowa			X	X	X
Kansas		X	X	X	X
Kentucky			X	X	X
Louisiana	X	X		X	X
Maine	X	X	X	X	X
Maryland	X	X	X	X	X
Massachusetts	X	X	X	X	X
Michigan	X	X	X	X	X
Minnesota	X	X		X	X
Mississippi			X	X	X
Missouri	X	X			X
Montana					
Nebraska			X	X	
Nevada	X		X	X	X
New Hampshire	X				X
New Jersey	X		X	X	X
New Mexico		X		X	X
New York	X			X	X
North Carolina	X	X		X	X
North Dakota					
Ohio	X	X	X	X	X
Oklahoma	X			X	X
Oregon			X		X
Pennsylvania		X		X	X
Rhode Island	X	X	X	X	X
South Carolina	X	X	X	X	X
South Dakota					X
Tennessee	X	X		X	X
Texas				X	
Utah	X	X	X	X	X
Vermont		X		X	X
Virginia		X	X	X	X
Washington	X	X	X	X	X
West Virginia					
Wisconsin	X			X	X
Wyoming	X				X
Dist. of Columbia		X	X		X

## Appendix: Budget Cuts by Area

At least 45 states plus the District of Columbia have enacted budget cuts that will affect services for children, the elderly, the disabled, and families, as well as the quality of education and access to higher education (see table on page 5). Those cuts are detailed below.

### Public Health Programs

At least 29 states have implemented cuts that will restrict eligibility for health insurance programs and/or access to health care services.

- **Arizona** has capped enrollment in KidsCare, the state's CHIP program. Nearly 10,000 working parents in Arizona have already lost health care coverage that they received through KidsCare, due to a lack of funding for the parental component of the program. The state is also reducing its Medicaid rolls by requiring some adult beneficiaries to reapply for benefits more frequently. (Research has shown such added paperwork requirements cause many eligible people to lose coverage.)
- In the state's latest budget agreement, **California** cut funding for the Healthy Families program, the state's CHIP program. To make up for the lost funds, the nearly 1 million children in the program will have to pay more for visits to health care providers, and many will have to pay higher premiums as well. These cost increases may cause some families to drop from the program. In addition to these changes, the state cut nearly all funding for services supporting HIV/AIDS patients, and it completely eliminated funding for the state's domestic violence shelter program and maternal, child, and adolescent health programs.
- **Massachusetts** sharply cut funding for subsidized health insurance for close to 28,000 legal immigrants. The affected individuals will receive at best a level of health coverage that falls far short of basic health insurance.
- **Minnesota** has eliminated funding for its General Assistance Medical Care program, which provides health care to 29,500 low-income persons between the ages of 21 and 64 who have no dependent children and do not qualify for federal health care programs.
- **New Jersey's** new governor has announced plans to eliminate eligibility for a key state-subsidized health insurance program for nearly 12,000 legal immigrant adults and to freeze new enrollment in the program for other adults.
- **Rhode Island** has reduced the maximum income level at which parents can receive public health insurance to 175 percent of the federal poverty line from 185 percent, eliminating coverage for approximately 1,000 parents.
- **Utah** cut Medicaid funding for physical therapy, occupational therapy, and speech and hearing therapy services for adults — as well as Medicaid provider rates for hospitals, skilled nursing, and dentists.
- **Washington** is increasing premiums by an average of 70 percent for a health plan serving low-income residents. Premiums for the poorest plan members — those earning up to 125 percent of the poverty line — will double. The premium increase is expected to cause between 7,000

and 17,000 enrollees to leave the program.

- Several states, including **California, Michigan, Nevada, and Utah**, have dropped coverage of dental and/or vision services for adult Medicaid recipients.
- Other states that have enacted cuts in Medicaid or CHIP include **Colorado, Florida, Georgia, Idaho, Illinois, Indiana, Louisiana, Maine, Maryland, Massachusetts, Michigan, Missouri, New Hampshire, New Jersey, New York, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Wisconsin, and Wyoming**. Cuts include reduced or frozen reimbursements to health care providers.

## Programs for the Elderly and Disabled

At least 24 states and the District of Columbia have cut medical, rehabilitative, home care, or other services needed by low-income people who are elderly or have disabilities or significantly increased the amounts that such people must pay for services.

- **Alabama** has ended homemaker services for approximately 1,100 older adults. These services often allow people to stay in their own homes and avoid nursing home care.
- **Arizona** has eliminated temporary health insurance for people with disabilities who are coping with serious medical problems. The state also eliminated general assistance, a program designed to provide time-limited cash assistance to adults with physical or mental disabilities. In addition, in February 2009 the state eliminated independent living supports for 450 elderly residents and respite-care funding for 130 caregivers. It also established a waiting list for vocational rehabilitation services, affecting 2,100 disabled individuals.
- **Florida** has cut Medicaid reimbursements to hospitals and community-based services for the elderly, such as meals and homemaker services.
- **Georgia** has reduced such programs for the elderly as services for people with Alzheimer's Disease, elder service centers, prescription drug assistance, and elder support.
- In **Massachusetts**, the governor has ordered cuts in programs for elders, including home care, geriatric mental health services, and prescription drug assistance.
- **Minnesota** has capped enrollment at current levels for a program that provides expanded health services and care coordination for people with disabilities. The state has also restricted enrollment in or scaled back a number of programs that allow the elderly and disabled to receive services in their home that they might otherwise only be able to receive in a nursing home, hospital, or other institution. As a result, thousands of elderly and disabled Minnesotans will see their access to these services denied or significantly reduced.
- **New Mexico** has cut cash assistance payments for low-income disabled residents by one-third. The state provides these payments to an average of 2,100 disabled individuals each month who cannot work and are not eligible for Temporary Assistance for Needy Families (TANF).
- **Pennsylvania** has cut its state supplemental security income (SSI) supplement by \$5 per month for individuals and \$10 per month for couples.

- **Ohio** has eliminated virtually all state funding for mental health treatment for individuals who are not eligible for the state's Medicaid program.
- **Tennessee** has reduced community-based services for people with intellectual disabilities and cut nursing services for some adults with serious disabilities.
- **Vermont** has reduced some home-based services, such as housekeeping and shopping, for people who are elderly or disabled. Such services help people stay in their own homes and possibly delay or avoid more expensive nursing home care.
- **Virginia** has decreased reimbursements for special hospitals serving people with needs related to mental health, mental retardation, or substance abuse. The state also reduced pass-through grants for various aging programs and funding for local mental health providers.
- Other states that have capped or reduced funding for programs that serve people who have disabilities or are elderly include **California, the District of Columbia, Kansas, Louisiana, Maine, Maryland, Michigan, Missouri, North Carolina, South Carolina, Utah, and Washington.**

## **K-12 Education and Other Childhood Education Programs**

At least 29 states and the District of Columbia have implemented cuts to K-12 education.

- **Arizona** eliminated preschool for 4,328 children, funding for schools to provide additional support to disadvantaged children from preschool to third grade, aid to charter schools, and funding for books, computers, and other classroom supplies.
- **California** reduced K-12 aid to local school districts by billions of dollars and is cutting a variety of programs, including adult literacy instruction and help for high-needs students.
- **Georgia** cut \$112 million from assistance aimed at closing the gap in funding between wealthier and poorer school districts. It also made a \$332 million mid-year cut to state education aid.
- **Hawaii** shortened the current school year by 17 days and is furloughing teachers for those days.
- **Illinois** reduced funding for early childhood education by 10 percent, which could cause as many as 10,000 children to lose eligibility.
- **Maryland** cut professional development for principals and educators, as well as health clinics, gifted and talented summer centers, and math and science initiatives.
- **Michigan** cut its FY 2010 school aid budget by \$382 million, resulting in a \$165 per-pupil spending reduction.
- **Mississippi** cut its FY 2010 funding for K-12 education by 9.5 percent, mostly out of the Mississippi Adequate Education Program established to bring per-pupil spending up to adequate levels in every district.
- **Massachusetts** cut Head Start, universal pre-kindergarten programs, and early intervention

services to help special-needs children develop appropriately and be ready for school. The state also cut K-12 funding, including for mentoring, teacher training, reimbursements for special education residential schools, services for disabled students, and programs for gifted and talented students.

- **New Jersey** cut funding for afterschool programs aimed to enhance student achievement and keep students safe between the hours of 3 and 6 p.m. The cut will likely cause more than 11,000 students to lose access to the programs and 1,100 staff workers to lose their jobs.
- **Rhode Island** cut state aid for K-12 education and reduced the number of children who can be served by Head Start and similar services.
- **Virginia's** \$700 million in cuts for the coming biennium include the state's share of an array of school district operating and capital expenses and funding for class-size reduction in kindergarten through third grade. In addition, a \$500 million reduction in state funding for some 13,000 support staff such as janitors, school nurses, and school psychologists from last year's budget was made permanent.
- State education grants to school districts and education programs have also been cut in **Alabama, Connecticut, Delaware, the District of Columbia, Florida, Idaho, Indiana, Iowa, Kansas, Kentucky, Maine, Nebraska, Nevada, Ohio, Oregon, South Carolina, Utah, and Washington.**

## Colleges and Universities

At least 39 states have implemented cuts to public colleges and universities and/or made large increases in college tuition to make up for insufficient state funding.

- **Arizona's** Board of Regents approved in-state undergraduate tuition increases of between 9 and 20 percent as well as fee increases at the state's three public universities.
- The University of **California** is increasing tuition by 32 percent and reducing freshman enrollment by 2,300 students; the California State University system will cut enrollment by 40,000 students.
- **Florida** cut university budgets and community college funding and raised tuition at its 11 public universities by 15 percent in the 2009-10 school year. The University of Florida will eliminate 150 positions this year, including layoffs of over 50 staff and faculty; Florida State University is laying off up to 200 faculty and staff.
- **Indiana's** cuts to higher education have caused Indiana State University to plan to lay off 89 staff.
- **Michigan** is reducing student financial aid by \$135 million (over 61 percent), including decreases of 50 percent in competitive scholarships and 44 percent in tuition grants, as well as elimination of nursing scholarships, work-study, the Part-Time Independent Student Program, Michigan Education Opportunity Grants, and the Michigan Promise Scholarships.
- **New Mexico** eliminated over 80 percent of support to the College Affordability Endowment Fund, which provides need-based scholarships to 2,366 students who do not qualify for other

state grants or scholarships.

- **New York's** state university system increased resident undergraduate tuition by 14 percent beginning with the spring 2009 semester.
- **Texas** instituted a 5 percent across-the-board budget cut that reduced higher education funding by \$73 million.
- **Virginia's** community colleges implemented a tuition increase during the spring 2010 semester.
- **Washington** reduced state funding for the University of Washington by 26 percent for the current biennium; Washington State University is increasing tuition by almost 30 percent over two years.
- Other states cutting higher education operating funding and financial aid include **Alabama, Arkansas, Connecticut, Georgia, Hawaii, Idaho, Illinois, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Mississippi, Nebraska, Nevada, New Jersey, North Carolina, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Tennessee, Utah, Vermont, and Wisconsin.**

## Cuts in Other Services

States also are making cuts in a variety of other programs, including those for very poor families and other vulnerable populations.

- **Arizona** is reducing TANF cash assistance grants for 38,500 low-income families, eliminating substance abuse services for 1,400 parents and guardians, and decreasing homeless shelter capacity by 1,100 individuals. The state also stopped accepting new families in its child care assistance program in February 2009, thereby denying assistance to at least 10,000 children.
- **California** is eliminating cost-of-living adjustments to cash assistance programs for low-income families and cutting child care subsidies.
- In **Connecticut**, the governor has ordered budget cuts to programs that help prevent child abuse and provide legal services for foster children.
- The **District of Columbia** cut its homeless services funding by more than \$12 million, or 20 percent. It also reduced its cash assistance payments to needy families and cut funding for services that help low-income residents stay in their own homes and communities.
- **Illinois** has reduced funding for child welfare, mental health, youth services, and other programs.
- In **Maine**, the governor has cut funding for homeless shelters.
- **Maryland** has cut reimbursement rates for institutions that provide services to abused and neglected children.
- **Michigan** reduced funding by 38 percent for the No Worker Left Behind program, a job training and education grant program administered through the Department of Labor.

- **Minnesota** has cut the state's renter's credit by 27 percent, an average of \$129. The credit provides a tax refund to over 270,000 low- and moderate-income Minnesota renters.
- The **Nevada** welfare agency will make it harder for low-income families to receive cash assistance and health insurance, with the expected result that fewer families will receive those benefits. For instance, the state will require some families that have lost benefits to wait longer before reapplying.
- **Rhode Island** has cut funds for affordable housing, eliminated health insurance for home-based child care providers, restricted TANF cash assistance for children, reduced health insurance for retired state workers, and cut support to localities by \$10 million.
- The **South Carolina** Department of Juvenile Justice has lost almost one-fourth of its state funding, resulting in over 260 layoffs and the closing of five group homes, two dormitories, and 25 after-school programs.
- To operate within a reduced budget, the Chief Justice in **Vermont** ordered the court system to close for half a day each week.
- **Texas** has cut the number of children in a child care subsidy program by about 4,000 and increased waiting lists.
- A number of other states are making cuts to child care assistance programs, including **Massachusetts** and **Ohio**.

Some states, such as **Connecticut, Delaware, Maryland, Michigan, Minnesota, New Hampshire, New Jersey, New York, Ohio, Rhode Island, Virginia, and Wisconsin**, have implemented cuts to localities, leading to local concerns about reductions in funding for policing, child care assistance, meals for the elderly, hospice care, services for veterans and seniors, and other services.

## Cuts in State Government Workforces

At least 42 states plus the District of Columbia are eliminating or not filling various state jobs, imposing mandatory furloughs (time off without pay), or making other cuts affecting their state workforce. Such steps can make it more difficult for residents to obtain state services. Cutting staff — whether on a permanent or temporary basis — also may contribute to increased unemployment.

- A number of states are imposing furloughs and/or pay cuts for some state employees. These include **Arizona, California, Colorado, Connecticut, Delaware, Georgia, Hawaii, Idaho, Iowa, Kentucky, Maine, Maryland, Massachusetts, Michigan, Nevada, New Jersey, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, Utah, Virginia, and Wisconsin**.
- **Arizona** closed down 11 Department of Motor Vehicle offices, resulting in layoffs of 115 employees.
- **Iowa** will lay off almost 200 state employees due to a recent across-the-board state agency cut of 10 percent.

- **New Jersey** has eliminated 2,000 state positions by encouraging early retirement, leaving vacancies unfilled, and laying off staff.
- In recent rounds of budget cuts **Maryland** has laid off some 270 employees. Most of these positions have come from the Health, Public Safety, and Transportation departments.
- **Missouri** has laid off nearly 700 workers to address its mid-year deficit.
- The **Tennessee** governor has announced elimination of over 2,000 state positions, about 5 percent of the state workforce. Some 1,500 employees accepted buy-outs for early retirement.
- In **Washington**, a hiring freeze imposed by the governor in August 2008 caused the state's workforce to decline by more than 1,400. In January 2009 the state replaced the freeze with a cap on the number of budgeted positions at each state agency; the state's workforce is expected to fall by another 2,600 under the cap.
- **Virginia** has laid off several hundred workers.
- Hiring freezes have also been ordered in **Alabama, Arizona, California, Colorado, Connecticut, Delaware, the District of Columbia, Florida, Georgia, Hawaii, Iowa, Kansas, Louisiana, Maine, Michigan, Minnesota, Mississippi, New Hampshire, New Mexico, New York, North Carolina, Pennsylvania, South Dakota, Vermont, Wisconsin, and Wyoming.**
- Additional states — such as **Florida, Illinois, Maine, Massachusetts, Michigan, Ohio, South Carolina, and Wisconsin,** plus the **District of Columbia** — have laid off or announced plans to lay off state employees.

The U.S. Bureau of Labor Statistics confirms that these cuts are having a significant direct impact on employment. The total number of people employed by state and local governments has fallen by 192,000 since August 2008, at a time when the need for the services produced by those workers has increased. These employment numbers are in addition to other measures such as furloughs and cuts to benefits and wages that also reduce workers' purchasing power and thereby undermine the ability of the national economy to recover.