
Balancing the Budget Without New Revenues

**Presentation to the
Senate Budget and Taxation Committee
House Committee on Appropriations
House Committee on Ways and Means**

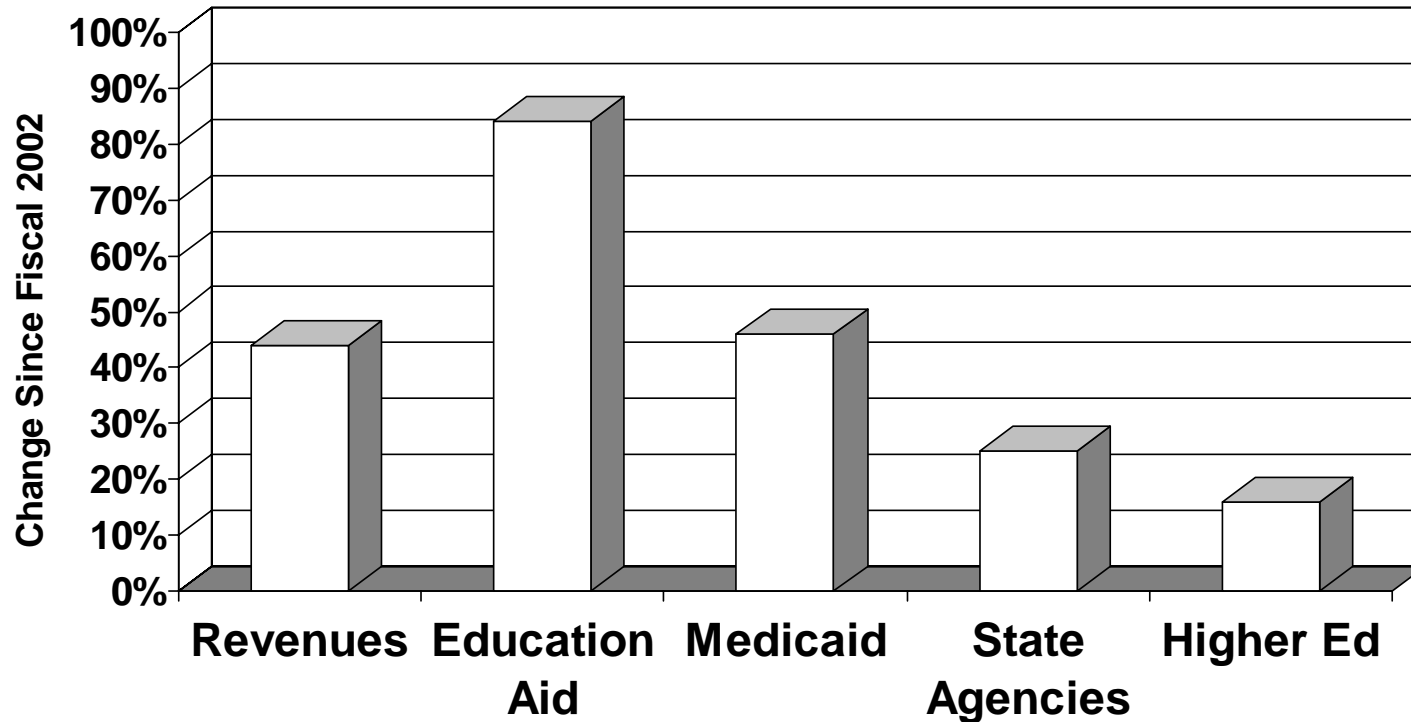
**Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland**

June 27, 2007

Request from Presiding Officers

- Identify actions required to bring the budget into balance without new revenues
- Identify where these actions would require statutory changes
- Identify the impact these actions would have on public services

Growth Already Constrained in Much of the Budget



General Fund Revenue and Spending Growth
Since Fiscal 2002

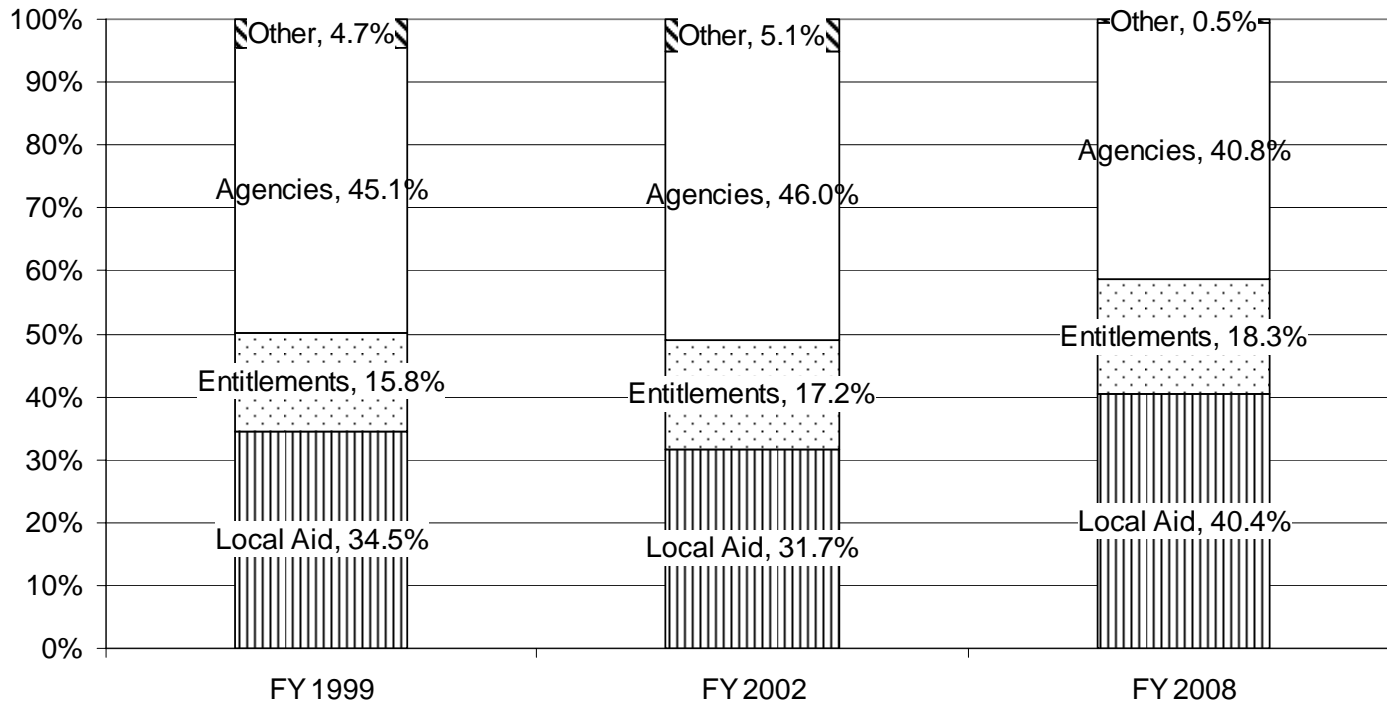
Note: Education aid includes libraries.

Number of State Executive Branch Positions Lower Than in Fiscal 2002

- The fiscal 2008 State budget funds 53,794 Executive Branch positions (excluding higher education)
- This is 3,167 fewer positions than in fiscal 2002, a decline of 5.5%
- Positions authorized by higher education in fiscal 2008 total 23,253, a 1,867 increase (8.7%) from fiscal 2002

Budget Allocations Have Shifted Significantly

Fiscal 2008 Local Aid and Entitlement Spending Consumes 59% of the General Fund Budget Up from 49% in Fiscal 2002



Guiding Principles

- Protect services to the most vulnerable populations
- Eliminate specific non-core services
- Deny inflationary and service expansion increases for remaining programs
- Increase cost recovery for certain programs
- Re-balance the State/local fiscal relationship in a manner sensitive to local fiscal capacity
- Reduce the future burden of long-term OPEB (Other Postemployment Benefits) liability while also reducing current costs

Balancing the Budget in Fiscal 2009 Without New Revenues (\$ in Thousands)

	<u>General Fund Savings</u>	<u>% of Total Savings</u>	<u>Positions</u>
State Employee Workforce	\$246,120		0.0
Total State Employee Workforce	\$246,120	16.9%	0.0
Agencies			
Health	68,192		554.0
Human Resources	9,925		43.8
System Reform Initiative	12,000		0.0
Juvenile Services	9,300		22.0
Public Safety/Police	16,979		223.0
Higher Education	54,804		
Agriculture/Natural Resources/Environment	34,372		0.0
Other Executive Agencies	92,397		130.5
Other Education	86,814		23.0
Judicial/Legislative	21,629		78.5
PAYGO	29,350		
Total Agencies	\$435,762	29.9%	1,074.8
Entitlements	78,700		6.0
Total Entitlements	\$78,700	5.4%	6.0
Local Aid			
County/Municipal	90,201		
Community Colleges	32,168		
Education/Libraries	523,295		
Total Local Aid	\$645,664	44.3%	
Ongoing Savings from Administration's Fiscal 2008 Withdrawn Appropriations	\$50,000	3.4%	
Total General Fund Reductions	\$1,456,246	100.0%	1,080.8

Balancing the Budget Without New Revenues

Major Actions by Budget Category (\$ in Millions)

<u>Action</u>	<u>Impact</u>	<u>Amount</u>	<u>Statutory Change?</u>
<u>State Work Force</u>		\$ 246	
No general salary increase.	Reduces competitiveness of State compensation system with federal and county governments.	62	No
Discontinue State prescription subsidy for retirees eligible for Medicare Part D.	Potentially increases costs and reduces choice for certain retirees.	34	Yes
Reduce appropriation to address retiree health insurance liability based on action 2, for retirees eligible for Medicare Part D.	Unfunded State liability decreases from \$14.5 billion to \$6.8 billion. Out-year forecast assumes \$200 million annual payment toward liabilities.	150	Yes
<u>PAYGO Capital</u>		\$ 29	
DBM Public Safety Communication System: Transfer 9-1-1 Fund to MEMSOF and change statute to allow MEMSOF funds to offset cost.	Up to \$38 million (over four years) supports project. Reduces funds available for 9-1-1 upgrades.	10	Yes
DHCD: Delete Community Legacy PAYGO general funds and replace them with general obligation bond funds or with no funds.	For fiscal 2007, 73 projects received \$6.0 million in grants and loans averaging \$82,000 each.	8	No
DHCD: Delete Rental Housing PAYGO general funds and replace them with general obligation bond funds or with no funds.	This program had \$15.6 million in loan encumbrances in fiscal 2006 and is projected to have \$26.2 million in these encumbrances in 2007 and \$16.8 million in 2008.	6	No

<u>Action</u>	<u>Impact</u>	<u>Amount</u>	<u>Statutory Change?</u>
DBED: Delete funds for rural broadband. Could fund from the Maryland Economic Development Assistance Fund.	Loss of federal funds. Limited Internet access.	4	Yes
Other.		2	
State Agencies: Health		\$ 68	
MHA: Close Carter Center.	Loss of 48 budgeted beds would strain other acute care hospitals/State-run psychiatric hospitals. Community costs could increase. Cut 134 positions.	13	Yes
MHA: Develop Block Grant program for mental health services to uninsured, in lieu of current fee-for-service program.	Impact would depend on the number of individuals that would not be served from the program change (a \$10 million savings = a 45% reduction).	10	No
MHA: Forestall rate increases for community mental health providers.	Potential detrimental impact on pool of providers willing to provide services.	9	No
MHA: Close RICAs (Southern, Baltimore, Gildner).	Community costs could increase. Loss of beds has regional impact. Cut 373 positions.	7	No
MHA: End carve-out/re-bid carve-out by region.	Potential savings from better coordinated somatic and mental health care as well as better oversight of service utilization.	5	Yes

<u>Action</u>	<u>Impact</u>	<u>Amount</u>	<u>Statutory Change?</u>
MHA: Reduce grants to core service agencies (CSAs).	Total grants are about \$57.8 million (except ASO contract and audit contract). Could reduce services offered through CSAs unless local or other grant support is found.	5	No
DDA: Forestall provider rate increase.	Potential detrimental impact on pool of providers willing to provide services.	7	No
DDA: Forestall transitioning youth initiative.	Supports employment and day services for students graduating from school. Impacts about 500 individuals that would be eligible for services.	5	No
ADAA: Forestall Buprenorphine initiative.	An estimated 1,200 individuals would be served by this funding, mostly in Baltimore City.	3	No
Other.		5	
<u>State Agencies: Human Resources</u>		\$ 10	
Rebid the major IT contract.	By rebidding this contract and splitting it up into a few smaller contracts, more competition should reduce the cost of the services.	5	No
Bring DHR rents in line with actual spending in 2006.	DHR's budget will reflect actual rent spending.	3	No
Other.		2	
<u>State Agencies: System Reform Initiative</u>		\$ 12	
Eliminate new program funding for children with disabilities.	Will not provide additional funding for this population as legislation had envisioned.	12	Yes

<u>Action</u>	<u>Impact</u>	<u>Amount</u>	<u>Statutory Change?</u>
<u>State Agencies: Juvenile Services</u>		\$ 9	
Close Waxter Center.	Requires placement of delinquent girls out-of-state (maximum secure) and detained girls in existing detention facilities. Potential overcrowding.	3	No
Reduce HQ Administrative support (Leadership Support/Office of the Secretary) by 10%.	Cuts 22 positions.	2	No
Forestall rate increase for per diem providers.		1	No
Other.		4	
<u>State Agencies: Public Safety/Police</u>		\$ 17	
Cut 200 vacant positions.	Maryland House of Correction was closed - no impact.	11	No
Renegotiate federal fund per diem.	No impact. Audits have noted that per diem rates should be updated.	2	No
Convert boot camp to regular minimum/pre-release security facility.	Studies indicate that recidivism rates for boot camp are not better than general population.	1	No
Other.		3	
<u>State Agencies: Agriculture, Natural Resources, Environment</u>		\$ 34	
DNR: Fund State Parks from Program Open Space.	Reduces funding for open space preservation including grants to counties. Would increase in out-years indexed to inflation.	16	Yes

<u>Action</u>	<u>Impact</u>	<u>Amount</u>	<u>Statutory Change?</u>
DNR: Permit use of Waterway Improvement Funds to cover administrative costs.	Reduces waterway improvement projects.	6	Yes
MDA: Delete funding for MARBIDCO.	No loans available for resource-based industry development. DBED may be able to fund within existing resources if it reorganizes its priorities.	3	Yes
MDE: Replace solid waste GF spending with Used Tire Cleanup and Recycling Fund.	May reduce funds for used tire cleanup.	3	Yes
Other.		6	
<u>State Agencies: Other Education</u>		\$ 87	
Delete Sellinger grant to private colleges and universities.	Could result in higher tuition and reduce access to private schools.	64	Yes
Eliminate funding for State-aided Educational Institutions.	Reduces educational programs offered by 37 organizations.	7	No
Eliminate Maryland Child Care Resource and Referral Network.	Could result in closing of 12 centers providing childcare referral services for parents and training and accreditation resources for providers.	5	No
MHEC: Reduce educational grants.	Institutions receiving grants for programs could absorb the cost in their base budget. Several other grants are fairly new and are enhancements that can be cut until more funding is available.	5	No
Other.		7	

<u>Action</u>	<u>Impact</u>	<u>Amount</u>	<u>Statutory Change?</u>
State Agencies: Other Executive Agencies		\$ 92	
MDP: Reduce Heritage Tax Credit.	Reduces spending to \$10 million. Forecast estimated \$25 million.	15	No
TEDCO: Reduce stem cell research.	Reduces amount spent from current level of \$23 million to \$15 million.	8	No
Lottery: Reduce agent commission from 5.5% to 5%.	Reduces amount retained by agents based on lottery sales. Increases amount to general fund.	8	Yes
DBED: Delete GF for Tourism Board.	About one-half of states use a tourism-related tax to fund tourism activities.	7	Yes
DBED: Delete Biotechnology Tax Credit.	The credit was issued to 121 investors supporting 20 companies in fiscal 2007. This represents 5% of the 373 biotech companies in the State.	6	No
DBED: Delete Division of Regional Development.	DBED would have to use other resources or would require local funding.	7	No
DBED: Film – Delete \$4.0 million for the film production rebate program.	Funded six productions in 2007. Could compete for MEDAF funding.	4	No
DBED: Delete funds for MSBDFA.	33 businesses assisted in fiscal 2006 with all fund sources. In fiscal 2007 and 2008, GF makes up \$3.4 million (19%) of the \$17.9 million in appropriations. MSBDFA would have to rely on its special fund revenues.	3	No

<u>Action</u>	<u>Impact</u>	<u>Amount</u>	<u>Statutory Change?</u>
DBED: Delete nano-biotechnology grants.	The fiscal 2007 funds were used for 11 faculty recruitment packages (\$1.76 million) and five research projects (\$740,000).	3	No
MSA: End operating support for Baltimore City Convention Center.	Mandate to support operating deficit expires at end of fiscal 2008.	4	No
Other.		28	
<u>State Agencies: Judicial and Legislative</u>		\$ 22	
Repeal sunset provision of the real property records improvement fund and amend the scope of the fund to include major IT projects.	All GF major IT projects will be funded via the SF resulting in a \$8.0 million GF savings in fiscal 2009.	8	Yes
Delete 76.5 judicial law clerk positions.	This action will reduce the judicial law clerk to judge ratio from 1:1 to 1:2. The number of judicial law clerks will be reduced from 153 to 76.5.	4	Yes
Reduce discretionary and special project grants made by Family Services Program.	Funds programs that enhance the experience of children and families that appear before family court.	3	No
Other.		7	

<u>Action</u>	<u>Impact</u>	<u>Amount</u>	<u>Statutory Change?</u>
<u>Entitlements</u>		\$ 79	
Medicaid: No Rate Increase for Nursing Homes.		20	No
Medicaid: Apply 2% Premium to All Non-Exempt Enrollees.	Increased cost-sharing could result in fewer Medicaid enrollees and a reduction in medical services.	19	No
Medicaid: Carve-out Medicaid Rx from MCOs.	Additional administrative costs.	10	No
Medicaid: Maximize Cost Shift to Nursing Home Assessment.	Impacts nursing facilities serving few Medicaid patients, and benefits those nursing facilities serving a disproportionate share of Medicaid patients.	10	No
Medicaid: No Rate Increases for Community-based Providers.	Eliminate rate increases for providers of medical day care, Living at Home Waiver, Waiver for Older Adults, home health, private duty nursing, and personal care.	8	No
Medicaid Other.		12	
<u>State Agencies – Higher Education</u>		\$ 55	
USM and MSU: Fund at fiscal 2008 level plus funds for enrollment growth and one-time fiscal 2008 health insurance savings. Level fund SMCM.	Long-term forecast assumes inflationary cost increases in addition to enrollment. The savings resulting from this approach equates to 3.9% of the payroll at the four-year public institutions of higher education.	54	Yes (SMCM only)
BCCC: Reduce formula to 66% in fiscal 2009.	Returns formula to pre-enhancement level.	1	Yes

<u>Action</u>	<u>Impact</u>	<u>Amount</u>	<u>Statutory Change?</u>
Local Aid		\$ 646	
Aid to Education: Share retirement costs with counties (50%/50%). State currently pays 100%.	Consistent with other major aid programs that require local share of costs, but would have a significant impact on local budgets. Could be phased in over several years.	324	Yes
Aid to Education: Freeze Foundation Aid at 2008 level.	Counties/school boards may raise new revenues, hire fewer employees, or reduce salary increases, or take other budgetary actions to adjust for one-year freeze in State aid.	137	Yes
Delete grants for State Aid for Police Protection except for the Municipal Sworn Officer Grant. Expand the sworn officer grant to county officers.	Local governments would have to adjust budgets and/or raise new revenue.	44	Yes
Eliminate the Electric Utility Generating Property Tax Grant.	Funds go into the counties' general fund. Counties would have to adjust budgets and/or raise revenue.	31	Yes
Geographic Cost of Education Index – Apply formula only to State share of foundation.	Essentially wealth-equalizes formula. Program is not currently funded but included in forecast.	20	Yes
Community Colleges: Share retirement costs 50%/50%.	State currently pays 100% of retirement costs for community college faculty.	18	Yes
Reduce Cade formula to 25% in fiscal 2009.	Returns formula to pre-enhancement level.	10	Yes

<u>Action</u>	<u>Impact</u>	<u>Amount</u>	<u>Statutory Change?</u>
Eliminate Aging Schools Program (ASP) – The base used for Bridge to Excellence foundation aid includes cost of maintenance/renovation projects similar to ASP projects.	Fewer renovation/repair projects in schools; shifts costs to State capital program and local school systems.	11	Yes
Other.		51	
Grand Total		\$ 1,406	

ADAA: Alcohol and Drug Abuse Administration
ASO: Administrative Services Organization
BCCC: Baltimore City Community College
CSA: Core Service Agencies
DBED: Department of Business and Economic Development
DBM: Department of Budget and Management
DDA: Developmental Disabilities Administration
DHCD: Department of Housing and Community Development
DHR: Department of Human Resources
DNR: Department of Natural Resources
GF: General Funds
MARBIDCO: Maryland Agricultural and Resource-based Industry Development Corporation
MCOs: Managed Care Organizations
MDA: Maryland Department of Agriculture
MDE: Maryland Department of the Environment
MDP: Maryland Department of Planning
MEDAF: Maryland Economic Development Assistance Fund
MEMSOF: Maryland Emergency Medical System Operations Fund
MHA: Mental Hygiene Administration
MHEC: Maryland Higher Education Commission
MSA: Maryland Stadium Authority
MSBDFFA: Maryland Small Business Development Financing Authority
MSU: Morgan State University
RICAs: Regional Institutions for Children and Adolescents
SF: Special Funds
SMCM: St. Mary's College of Maryland
TEDCO: Maryland Technology Development Corporation
USM: University System of Maryland

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DNR: Department of Natural Resources
GF: General Funds
MARBIDCO: Maryland Agricultural and Resource-based Industry Development Corporation
MCOs: Managed Care Organizations
MDA: Maryland Department of Agriculture
MDE: Maryland Department of the Environment
MDP: Maryland Department of Planning
MEDAF: Maryland Economic Development Assistance Fund
MEMSOF: Maryland Emergency Medical System Operations Fund
MHA: Mental Hygiene Administration
MHEC: Maryland Higher Education Commission
MSA: Maryland Stadium Authority
MSBDFFA: Maryland Small Business Development Financing Authority
MSU: Morgan State University
RICAs: Regional Institutions for Children and Adolescents
SF: Special Funds
SMCM: St. Mary's College of Maryland
TEDCO: Maryland Technology Development Corporation
USM: University System of Maryland

Fiscal Impact of Proposed State Aid Reductions Fiscal 2009 Estimate

County	State Aid Reductions	Per Capita Reductions	Percent of Total Aid	Property Tax Equivalence
Allegany	-\$7,968,699	-\$109	-6.9%	-\$0.26
Anne Arundel	-61,056,605	-120	-14.9%	-0.08
Baltimore City	-50,065,400	-79	-4.0%	-0.17
Baltimore	-74,603,441	-95	-10.6%	-0.10
Calvert	-16,013,057	-180	-14.0%	-0.13
Caroline	-3,078,301	-94	-5.5%	-0.12
Carroll	-15,377,180	-90	-8.1%	-0.08
Cecil	-9,064,055	-91	-7.2%	-0.09
Charles	-15,366,929	-109	-8.2%	-0.09
Dorchester	-3,031,348	-96	-6.8%	-0.10
Frederick	-20,941,313	-94	-8.1%	-0.07
Garrett	-4,079,906	-137	-9.7%	-0.10
Harford	-22,510,432	-93	-8.3%	-0.09
Howard	-39,943,530	-147	-15.0%	-0.09
Kent	-2,036,511	-102	-12.0%	-0.08
Montgomery	-155,060,619	-166	-23.9%	-0.08
Prince George's	-90,825,293	-108	-8.1%	-0.11
Queen Anne's	-4,477,108	-97	-10.1%	-0.06
St. Mary's	-8,249,895	-83	-7.2%	-0.08
Somerset	-2,307,583	-90	-6.3%	-0.15
Talbot	-3,638,086	-101	-16.8%	-0.04
Washington	-11,764,553	-82	-6.7%	-0.09
Wicomico	-8,797,843	-96	-6.6%	-0.14
Worcester	-6,771,680	-139	-19.6%	-0.04
Unallocated	-14,645,602	-3	-15.5%	0.00
Total	-\$651,674,969	-\$116.04	-10.0%	-\$0.09

Source: Department of Legislative Services

Impact of Homestead Property Tax Credits

County	Fiscal 2007		Fiscal 2008		Fiscal 2009	
	Revenue Foregone	Percent of Base	Revenue Foregone	Percent of Base	Revenue Foregone	Percent of Base
Allegany	\$100,670	0.4%	\$463,968	1.7%	\$779,043	2.6%
Anne Arundel	110,586,964	20.7%	163,146,773	26.1%	220,797,956	31.3%
Baltimore City	38,248,114	7.3%	73,685,260	12.2%	111,722,132	16.6%
Baltimore	63,835,257	9.8%	119,234,882	15.8%	176,943,675	20.8%
Calvert	4,440,590	5.8%	9,253,035	9.7%	13,757,859	12.2%
Caroline	551,019	3.2%	1,784,584	8.9%	3,026,071	13.6%
Carroll	12,055,947	7.8%	23,376,849	13.0%	34,645,561	17.2%
Cecil	2,373,237	3.3%	5,438,588	6.6%	8,383,173	8.9%
Charles	6,201,334	4.9%	16,334,503	10.8%	26,352,645	15.7%
Dorchester	931,356	4.6%	2,126,385	9.2%	3,357,482	12.6%
Frederick	21,098,210	9.1%	41,154,269	14.6%	61,909,212	20.1%
Garrett	613,790	1.9%	1,001,145	2.7%	1,404,188	3.3%
Harford	6,622,655	3.2%	13,863,345	5.9%	20,282,287	7.6%
Howard	58,634,151	14.9%	91,959,237	20.3%	127,316,052	25.4%
Kent	1,553,758	7.5%	2,479,809	10.5%	3,476,523	13.3%
Montgomery	141,032,228	10.9%	203,070,315	13.5%	264,953,232	15.5%
Prince George's	107,983,969	13.8%	178,779,699	19.4%	255,306,768	23.6%
Queen Anne's	4,318,270	8.9%	7,760,377	13.8%	11,334,770	17.9%
St. Mary's	4,619,495	6.8%	10,017,885	12.7%	15,541,233	17.6%
Somerset	312,244	3.0%	652,545	5.3%	974,913	6.9%
Talbot	7,071,705	21.2%	9,821,073	25.0%	12,813,348	28.7%
Washington	2,143,556	2.4%	9,083,510	8.7%	15,965,130	13.6%
Wicomico	889,927	1.9%	2,067,817	3.8%	3,134,083	5.2%
Worcester	5,070,265	5.1%	7,418,342	6.3%	10,295,794	7.7%
Statewide	\$601,288,711	11.0%	\$993,974,192	15.4%	\$1,404,473,129	19.0%

Source: State Department of Assessments and Taxation

County Combined Unreserved General Fund and “Rainy Day” Fund Balances
Fiscal 2004 – 2006
(\$ in Thousands)

County	FY 2004 Balances	Percent of General Fund	FY 2005 Balances	Percent of General Fund	FY 2006 Balances	Percent of General Fund
Allegany	\$9,990.2	15.3%	\$9,400.0	14.1%	\$10,361.3	14.6%
Anne Arundel	86,845.6	9.4%	129,710.4	13.3%	131,394.0	12.5%
Baltimore City	94,881.0	9.2%	138,509.0	12.5%	148,204.0	12.3%
Baltimore	173,288.0	13.7%	237,379.0	17.2%	279,665.0	18.8%
Calvert	39,447.5	26.5%	47,719.8	27.9%	56,039.8	34.3%
Caroline	4,988.2	14.8%	9,809.2	27.1%	6,912.7	17.2%
Carroll	34,501.0	14.3%	55,122.8	20.4%	44,760.5	17.1%
Cecil	27,202.9	24.0%	34,080.9	27.7%	39,472.0	28.8%
Charles	15,545.7	7.9%	40,681.0	17.2%	66,201.5	24.2%
Dorchester	4,585.3	11.8%	9,269.7	21.7%	10,656.8	22.4%
Frederick	66,308.5	20.1%	89,066.4	25.0%	105,743.1	27.4%
Garrett	7,580.9	14.0%	21,391.7	37.6%	25,687.8	41.2%
Harford	58,819.8	18.9%	86,135.3	25.7%	83,364.4	23.1%
Howard	36,764.9	6.7%	67,396.2	10.9%	104,117.0	15.2%
Kent	2,408.1	8.2%	2,444.1	7.5%	2,705.5	7.4%
Montgomery	235,047.2	11.2%	341,754.7	14.7%	389,556.8	16.0%
Prince George's	122,106.4	10.5%	222,018.2	16.9%	244,843.9	17.2%
Queen Anne's	11,588.5	15.2%	9,690.4	11.7%	20,973.0	23.2%
St. Mary's	21,694.0	15.8%	33,098.9	22.3%	45,501.3	27.4%
Somerset	5,019.6	18.0%	7,185.6	28.2%	9,704.9	35.8%
Talbot	17,311.6	31.0%	27,919.3	42.9%	32,673.1	45.7%
Washington	19,115.4	12.9%	23,540.5	14.5%	29,949.1	17.0%
Wicomico	16,424.1	15.6%	26,208.1	23.8%	32,092.8	27.1%
Worcester	29,074.2	24.2%	42,741.6	30.8%	52,027.2	33.5%
Total	\$1,140,538.5	12.3%	\$1,712,272.8	16.8%	\$1,972,607.4	18.0%
State of Maryland	\$623,711.0	3.8%	\$1,605,750.0	8.7%	\$2,800,667.0	14.6%

Notes: The balance figures above comprise: Unreserved Undesignated – fund balance that is not reserved or designated for utilization in a future period; Unreserved Designated – fund balance that is unreserved but designated for utilization in a future period.

Source: County Audit Reports, Fiscal 2004 – 2006; additional information concerning rainy day funds obtained from county finance offices.

Local Government Tax Actions Fiscal 2006 and 2007

	Fiscal 2006		Fiscal 2007	
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
Property Taxes	0	13	0	17
Income Taxes	0	1	0	1
Recordation Taxes	1	0	0	0
Transfer Taxes	1	0	0	0
Admissions Taxes	0	0	0	1
Lodging Taxes	5	0	0	0

Local Government Salary Actions Fiscal 2006 and 2007

<u>COLA Amount¹</u>	County Government		Public Schools	
	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2006</u>	<u>FY 2007</u>
No COLA	1	0	0	0
1% to 2.9%	7	5	4	0
3% to 3.9%	10	8	13	7
4% and Greater	6	11	7	17

COLA Amount	State Government		CPI – Urban Consumers	
	<u>FY 2006</u>	<u>FY 2007²</u>	<u>FY 2006</u>	<u>FY 2007</u>
	1.50%	2.15%	3.80%	2.90%

¹COLA amount includes market adjustments.

²The COLA amount for State employees in fiscal 2007 totaled \$900 for employees earning \$45,000 or less; \$1,400 for employees earning \$70,000 or more; and 2% for employees earning between \$45,000 and \$70,000. On average, the COLA totaled 2.15%.