



July 2010

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Overview of Economic and Fiscal Policy Dynamics

Fiscal Year 2011 began on July 1 in 46 states. Here are 10 dynamics of the current economic environment.

- 1. *Rebound in U.S. Output:*** U.S. Gross Domestic Product (GDP) is anticipated to grow by 3.5 percent in 2010 with greater growth expected in 2011.
- 2. *Slow Climb Back for the States:*** The drop-off in state tax revenues has largely bottomed out, but a return to pre-recession levels may not be realized until 2013.
- 3. *Tugging at States' Purse Strings:*** Demands on state spending remain strong, especially given surges in Medicaid rolls and greater need for unemployment insurance assistance.
- 4. *Employment Numbers Remain Weak:*** The U.S. unemployment rate remains high at 9.5 percent, with a return to 2008 levels (approx. 5.5 percent) not expected until as late as 2014.
- 5. *Stimulus Running Dry:*** Much of the funds from the federal stimulus package are depleted, with nearly 90 percent of monies allocated for state higher education support already spent.
- 6. *Medicaid Weighs Heavy:*** A key Medicaid package currently before Congress is being counted on in many states' FY 2011 budgets; failure of the bill's passage could have immense fiscal impact on states.
- 7. *Congressional Logjam on Jobless Benefits:*** Congress failed to pass an extension of long-term jobless benefits before the Independence Day recess, leaving an estimated 1.3 million without benefits; this number could rise to 3.3 million by the end of July.
- 8. *'Tis the Season to Chill Reform:*** In 2009 and early 2010 record tax and fee increases, agency consolidations and public pension reforms were implemented at the state level, and a massive stimulus package and health care reform legislation were both passed at the federal level; thus, passage of further high-impact, quick-solution reforms at either level between now and this fall's elections is unlikely.
- 9. *Anything but Certain:*** Analysts suggest the economic recovery will be long and turbulent, affected by multiple forces and unpredictable consequences such as the Gulf oil spill and the European debt crisis.
- 10. *Austere State Higher Ed Funding Forecast:*** With continued multi-billion-dollar projected deficits forecast for fiscal years 2011 and 2012, appropriations for state colleges and universities may well be further reduced, compounding efforts to meet enrollment demands and boost degree completion.

July 2010 Economic Snapshot

- ▲ [Real Gross Domestic Product](#) (First Quarter 2010): +3.0%
- ▲ [Consumer Price Index](#) (last 12 months through June 2010): +2.2%
- ▼ [Employment](#): (June 2010) –125,000 net (+83,000 private sector)
(–208,000 public sector)
- ▼ [Unemployment Rate](#): (June 2010) –.2% (9.5% overall)
- ▲ [Disposable Personal Income](#) (April 2010): +.4%
- ▼ [Housing Starts](#): (May 2010): –5.9%
- ▼ [Housing Sales](#): (May 2010): –32.7%
- ▲ [Industrial Production/Capacity Utilization](#): (May 2010) +1.2%
- ▼ [Retail Sales](#): (May 2010) –1.2%
- ▼ [Consumer Confidence](#): (June 2010) –9.8 pts. (at 52.9 on 100 pt base)

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics, U.S. Census Bureau, U.S. Federal Reserve, The Conference Board

State Economic Conditions and Budget Outlook

Moderating Conditions

According to numerous national indicators, the worst of the recession is behind us and a limited recovery is underway. According to Moody's Economy.com, there are no states currently in a "recession," while 21 states are "moderating" and the remainder are "recovering" from the economic downslide. No state is listed as experiencing economic expansion.¹

States showed improvement in overall tax collection for the first quarter of 2010, according to [data](#) from the Nelson A. Rockefeller Institute of Government:

- Collections for the quarter were up a modest \$4 billion, to \$138 billion, compared to the same quarter of 2009.
- Overall, tax revenue increased by 2.4 percent in nominal terms compared to the first quarter of 2009 but was down 10.9 percent compared to the same period two years ago.
- Still, tax revenue collections declined in 24 of 49 states for which comparable data was available. When excluding California's and New York's revenues, total state tax collections reflected a 2.2 percent decline for the nation in the first quarter of 2010.²

Budget Deficits, Spending Reductions

According to a recent [fiscal survey](#) by the National Governors Association (NGA) and the National Association of State Budget Officers (NASBO), the recession has resulted in budget gaps totaling \$297 billion among the states between fiscal 2009 and fiscal 2012. State general fund spending has been so negatively affected by the recession that both fiscal 2009 and fiscal 2010 saw declines in state spending, the first-ever back-to-back annual declines.

“Fiscal 2010 presented the most difficult challenge for states’ financial management since the Great Depression and fiscal 2011 is expected to present states with similar challenges.”

—NGA/NASBO Fiscal Survey of the States, June 2010

NGA/NASBO Fiscal Survey of the States Summary

- States’ sales, personal income and corporate tax collections, comprising 80 percent of general fund revenue, are expected to be 8.4 percent lower in fiscal 2011 than in fiscal 2008.
- Total state general spending is estimated at \$635.3 billion for fiscal 2011, 3.6 percent (\$22 billion) lower than fiscal 2010, and 8 percent (\$52 billion) lower than fiscal 2008.
- In terms of fiscal 2010 year-end balances, when excluding Texas and Alaska (which alone comprised 66 percent of state balance levels) states’ balances represent only 2.2 percent of general fund expenditures, less than half of the 5 percent generally recommended by budget analysts.³

A Pew Center on the States [study](#) has examined factors leading to both chronic and severe state budget gaps and identified 10 states that have been especially hard-hit by the recession. Collectively, these 10 states account for more than one-third of the nation’s population and economic output: **Arizona, California, Florida, Illinois, Michigan, New Jersey, Nevada, Oregon, Rhode Island and Wisconsin**. The report cites four common threads that have led to increased fiscal vulnerability in these states: unbalanced economies, revenues and expenditures out of alignment, limited legislative ability to act and procrastination on difficult decisions by state policymakers.⁴

Revenue Outlook

State revenues are expected to increase modestly in 2011 or 2012, according to the NGA/NASBO fiscal survey. However, even with federal stimulus dollars, states must still close shortfalls of \$260 billion for the combined fiscal years 2011 and 2012. And while states added \$23.9 billion in taxes and fees and \$7.5 billion in other revenue measures in FY 2010, governors have recommended raising taxes by only \$3.1 billion in 2011. NGA officials do not believe states will return to pre-recession spending until 2013.

State Budget Pressures

Medicaid

A \$24 billion extension of Medicaid assistance to states remains in Congressional limbo. Many states are counting on the money to close more than a fourth of the cumulative budget shortfalls projected for the 2011 fiscal year. Of the 34 states that had passed their budgets for the upcoming year as of mid-June, 23 had factored these funds into their budget. The Center on Budget and Policy Priorities estimates that without the federal Medicaid funds, state budget-balancing actions could cost the national economy 900,000 public- and private-sector jobs.⁵

Unemployment Assistance

The recession is draining states’ unemployment compensation funds so quickly that according to federal projections, 40 state programs will be out of money within two years and will need \$90 billion in loans to keep issuing benefit checks, according to a Department of Labor analysis. By the start of 2010, 25 states had run out of unemployment money and had borrowed \$24 billion from the federal government to cover the gaps. The shortfalls are pressuring state governments to either raise taxes or decrease aid payments to unemployed individuals. State unemployment compensation funds are separate from general budgets, so when shortfalls

exist, only two primary solutions are considered—reducing the benefit or raising the payroll tax. Debates over the state benefit programs are taking place in *Indiana, Kansas, Nevada, South Carolina* and *Vermont*.⁶

Rainy Day Funds

States have used their reserve accounts—so-called “rainy day funds”—to balance budget shortfalls at levels not seen since the 2001 recession. Thirteen states have completely tapped these funds. Sixteen states relied on these funds to balance their current year budgets, on top of 25 states that relied on their reserves to eliminate fiscal year 2009 shortfalls. Excluding *Texas* (with its still intact \$8 billion fund) and *Alaska* (\$6.9 billion fund), states with rainy day funds show an aggregate balance equal to 2.7 percent of their overall budgets, far below the 5 percent that many experts call for, according to NASBO. *Arkansas, Montana* and *Kansas* do not have such funds.

Pension Programs

While all states are constitutionally required to balance their budgets each year, they are allowed to budget in ways that can result in massive future spending obligations. Such is the case with state pension programs. A Pew Center on the States analysis of state-administered pension plans estimates that an astounding \$1 trillion gap exists between what states have promised to pay retirees and what they have set aside to cover those costs. As of 2008—before the recession’s full impact—states had \$2.4 trillion to meet \$3.4 trillion in promised pension, health care and other post-retirement benefits. The Pew study assessed 16 states as solid performers in how they fund pensions, 15 in need of improvement, and 19 as meriting serious concern. *Illinois’* pension system was rated the most troubled, with a 54 percent funding level and a total liability of more than \$54 billion. The study found that 15 states made some legislative changes to their state-run systems in 2009, 12 did so in 2008 and 11 in 2007. In response to budget gaps, governors in 17 states are calling for changes in state pension system funding that could result in lower benefits, higher retirement ages, freezes in cost-of-living adjustments and increased employee contributions.⁷

Gaming Revenues

According to a report from the American Gaming Association, commercial casinos returned nearly \$5.6 billion in 2009 to states and local communities through direct gaming taxes. This represents a 5.5 percent decrease in gaming revenues across the country last year. Of the 13 states that allow commercial casinos, only four did better last year than the prior year. Meanwhile, legislative efforts to expand gambling are being taken in *Rhode Island, Massachusetts* and *New Jersey*.⁸

State Budget Realignment Strategies

Budget Reduction Strategies

To remedy budget shortfalls, states have turned to multiple strategies. These include furloughing state employees, instituting hiring and pay freezes, consolidating agencies, sharing administrative services among agencies, tapping reserve funds, reducing police and fire protection, releasing nonviolent felons prematurely from state prisons, closing state parks, selling state assets, eliminating all-day kindergarten and reducing health care benefits for the poor.

Not all strategies have proven effective, such as in *California*, where a recent analysis showed that among the 200,000 state workers furloughed in the past year were 5,000 whose role it is to collect back taxes and that for every dollar the state saved in furloughing these tax collectors it lost \$7.15 in uncollected revenue.⁹ One overall effect of states’ cuts is a downsizing of state governments. Nationwide, nearly 50,000 fewer state government jobs exist (excluding teachers) than in 2008, according to NASBO. In fiscal 2010, 26 states laid off employees, 22 utilized furlough programs and 12 reduced salaries.¹⁰

Revenue Enhancement Strategies

Record state tax and fee increases in 2009 have largely subsided in 2010, due both to policymakers’ concerns over the fall elections and conservative activism. Some notable measures have passed—and passed via citizen referendums. In January, *Oregon* voters approved a general tax increase for the first time since 1930, estimated

to generate \$727 million annually, which targets corporations and the wealthy. *Arizona* voters approved a measure (Proposition 100) in May that raised their sales tax by one cent per dollar, to 6.6 cents for three years. The measure is expected to generate about \$1 billion annually, primarily to fund primary and secondary-school education. *Kansas* and *New Mexico* policymakers have recently passed sizable sales tax increases. Some states—including *Illinois* and *Connecticut*—are turning increasingly to borrowing to meet spending obligations, which have resulted in a downgrade in the states’ bond ratings. Fourteen states, the District of Columbia and the federal government have raised cigarette taxes in recent months. *New York* has the highest per-pack cigarette tax in the country, at \$4.35. Elsewhere, states are eliminating tax credits; such is the case in *Colorado*, *Oklahoma* and *Iowa*.

Employment and the Higher Education Premium

Unemployment Persists

The U.S. employment situation continues to be dismal. While layoffs have receded to pre-recession levels, hiring remained flat over the past year. The U.S. unemployment rate stands at 9.5 percent, or 15 million individuals, for June 2010. The Bureau of Labor Statistics [reports](#) that 125,000 overall jobs were shed in June while the private sector added 83,000 jobs. The large loss in public sector jobs stemmed from Census workers having finished their duties. The number of long-term unemployed (those jobless for 27 weeks or more) remains at 6.8 million or 46 percent of those unemployed. As of June 2010, *Nevada* has the worst unemployment rate, at 14 percent, eclipsing *Michigan*, which has held the top spot for six years. The lowest rate is held by *North Dakota* at 3.6 percent.

Economists have also noted the daunting “jobs gap”—the number of jobs it would take to return to pre-recession employment levels given the number of people entering the labor market. According to the Brookings Institution, it would take a monthly growth rate of 200,000 jobs per month for 12 years, or 350,000 jobs a month for four years, to return to those levels.¹¹

Employment–Education Interconnect

The economic recession has reinforced the importance of obtaining postsecondary education and reaffirmed the value of public colleges and universities.

<u>Seasonally adjusted unemployment rate</u>	<u>May 2009</u>	<u>May 2010</u>
Less than a high school diploma	15.4	15
High school graduates	10	10.9
<i>NATIONAL AVERAGE</i>	9.4	9.7
Some college or associate’s degree	7.8	8.3
Bachelor's degree or higher	4.8	4.7

Source: U.S. Bureau of Labor Statistics May 2010

A new [report](#) from the Georgetown University Center on Education and the Workforce predicts that by 2018, 63 percent of all jobs will require at least some postsecondary education. According to the report, employers will need 22 million new workers with postsecondary degrees. However, under the current trajectory, the nation will fall short by three million workers—a deficit of 30,000 college graduates annually between now and 2018.¹²

Recessionary Impacts on State Higher Education Finance, Policy & Programs

Reductions in State Support for Higher Education

The recession's impact on public postsecondary funding is evident based on recently released data from the State Higher Education Executive Officer's [State Higher Education Finance report](#).

- In fiscal year 2009 state appropriations for higher education fell by 2 percent, but federal fiscal stabilization funds permitted an increase of 1 percent.
- State funding fell another 3 percent in fiscal year 2010, but fiscal stabilization funds tempered that decrease to -2 percent.
- In fiscal year 2010, 5 percent of all support for higher education came from the fiscal stabilization fund. Within the states, that percentage ranges from zero to 18 percent. Fiscal year 2009 funding comprised 10 percent or more of stabilization funds in three states. For fiscal year 2010, funding comprised 10 percent or more of stabilization funds in nine states.¹³

Economic Stimulus Funding Cliff

According to an [AASCU analysis](#) of states' use of the State Fiscal Stabilization Fund (SFSF) from the American Recovery and Reinvestment Act (ARRA), an estimated \$33.8 billion, or over 85 percent, of state stimulus aid was exhausted in fiscal years 2009 and 2010. An estimated \$5.7 billion remains for fiscal year 2011.¹⁴

Maintenance of Effort Provision Crucial to Higher Ed in Some States

The Maintenance of Effort (MOE) provision in the American Recovery and Reinvestment Act (ARRA) proved valuable to preventing large-scale reductions in state appropriations for higher education according to a recent [AASCU analysis](#). Nine states allocated fiscal 2010 funding for higher education to less than one percent of the minimum funding threshold established in the provision. Under MOE, state lawmakers cannot receive federal stimulus funds designated for education if they reduce state appropriations below fiscal year 2006 levels. States are, however, allowed to apply for MOE waivers in the face of severe circumstances.¹⁵

State Student Aid Programs

Although it is politically unpopular, some states are scaling back their student aid and scholarship programs to save money. States that have either made changes or threatened to make changes in funding allocations or eligibility to grant and scholarship programs include ***Georgia, Florida, Illinois, Michigan, Missouri, Ohio, Rhode Island, Utah, Washington*** and ***West Virginia***.

State Loan Forgiveness Programs

Reductions are being made to state loan forgiveness programs aimed at encouraging students to pursue training in high-demand occupations and/or serve in geographically remote or underserved areas. Cuts have been made to such programs in ***California, New Hampshire, Iowa, Kentucky, Missouri*** and ***Pennsylvania***.

State Pre-Paid and 529 Savings Programs

Turbulence in the stock market has led to large losses in states' college savings programs. A *New York Times* [analysis](#) revealed that 16 of the existing 18 state prepaid college savings plans currently have insufficient funds to meet future obligations as a result of both the stock market slump and rising college costs. Programs under particularly severe fiscal stress include those in ***Alabama, Illinois*** and ***South Carolina***. The board of ***Alabama's*** pre-paid tuition plan has just announced that it will no longer pay participants' full tuition at public state universities. Instead, starting next fall, it will pay a fixed amount based on average tuition costs. Only two state programs do *not* have actuarial deficits: ***Colorado*** and ***Florida***.¹⁶

Recessionary Impacts on State Higher Education Institutions

Campus Budgets

The most obvious effect of recession-induced state funding cuts to public higher education is the resulting spending retrenchment on campuses. Broad coping strategies are being utilized across institutional divisions, including the implementation of innovation-oriented, technology-based solutions primarily in business functions. However, a negative impact on academic programming and overall institutional staffing is reflected by departmental consolidations, program consolidations and closures, reduced course offerings, increased class sizes, capped enrollments, increased faculty teaching loads, and increased use of contingent (part-time, adjunct) faculty.

Tuition Prices

State legislatures, university systems and institutions throughout the country have increased tuition in response to cuts in state aid. A sample:

- The University of Wisconsin System approved a 5.5 percent increase for the upcoming academic year. This is the fourth straight year of increases at those levels.
- California State University passed a 5 percent tuition hike in June. As a result, Cal State tuition prices will be 39 percent higher than two years ago. Another tuition hike could occur in the fall.
- Florida's state universities will be allowed to increase tuition by up to 15 percent this year. This is the same amount as last year.
- The University System of Maryland will increase tuition by 3 percent this year, the first such increase in four years.

Student Enrollment

Managing enrollment has been a particularly turbulent exercise in this recession. Preliminary data released by the National Association of College Admissions Counselors (NACAC) indicated that for the fall 2009 semester enrollment increased across the board, with 71 percent of publics and 52 percent of privates reporting gains. However, more private institutions than publics (24 percent vs. 14 percent) reported declines. In terms of freshman enrollment, public colleges were more likely than privates to see increases (58 percent vs. 44 percent). Of public institutions, 72 percent reported increases in transfer enrollment compared to only 45 percent of private institutions, suggesting cost may be a motivator. Still unknown is whether public colleges will enroll fewer out-of-state students due to higher non-resident tuition rates or whether stepped-up efforts to recruit these students will succeed.

The share of 18- to 24-year-old U.S. college students hit an all-time high in October 2008, driven by a recession-era surge in enrollments at community colleges, according to a Pew Research Center analysis of newly released U.S. Census Bureau data. Just under 11.5 million students, or 39.6 percent of all young adults ages 18 to 24, were enrolled in either a two- or four-year college in October 2008 (the most recent date for which comprehensive nationwide data are available). Both the absolute number and the share are at their highest level ever. Women's enrollment in college also continues to increase. By 2011 there will be 2.6 million more female than male university students in the U.S.

Endowments

Contributions to the nation's colleges and universities declined in 2009 by 11.5 percent to \$27.85 billion. Over the past 10 years, contributions previously increased an average of 4.1 percent per year.¹⁷ The average investment return for fiscal year 2009 was -18.7 percent, the worst result in the history of the annual endowment study conducted by the National Association of College and University Business Officers (NACUBO). Since March 2009, most endowments have rebounded significantly. The average five-year return for all endowments was 2.7 percent; the average 10-year return was 4 percent.

Private Fundraising

The latest Council for Advancement and Support of Education (CASE) [Fundraising Index](#) predicts a 3.7 percent increase in giving to education for the 2009–10 academic year. Over the last 20 years, the average annual rate of growth for giving to education has been 7.1 percent.

Other Higher Education State Policy Issues in the Mix

Undocumented Students

Considerable legislative activity continues in state legislatures regarding public college admissions and resident tuition eligibility for undocumented individuals. At the federal level, President Obama has called for substantive immigration reform. It is debatable whether Congressional action will take place in 2010 given mid-term elections and the many other pressing issues such as health care reform, climate and energy legislation and financial regulatory changes. On the state level, much attention will be given to the first state supreme court case on the issue, in *California*, where a statute providing in-state tuition to non-residents is being challenged. The *New Jersey* legislature recently failed to pass a hotly contested measure to provide in-state tuition rates to undocumented students who meet specific conditions. *Georgia* is considering more rigorous measures to ensure that undocumented students do not receive resident tuition status.

Concealed Weapons on Campus

So far in 2010, guns-on-campus legislation has been introduced in 10 states, including *Arizona*, *Georgia*, *Kansas* and *Michigan*. As in the past, no bills to allow individuals to carry and possess concealed weapons on public college campuses (other than in cars or locked containers) have passed. Two state legislatures did, in fact, pass guns-on-campus bills in one house only (*Kansas* and *Oklahoma*). The notable exception happened in *Georgia*, where SB 308 passed both houses of the legislature and was signed by the Governor in early June, despite opposition from the University System of Georgia. The Georgia law made specific changes to where holders of concealed carry permits could bring and store their guns (those dropping people off for the former and in locked containers in cars for the latter), while also eliminating the 1,000-foot safety barrier around schools where concealed weapons holders can now carry.

Elsewhere, in *Colorado*, the Colorado State University Board of Governors decided to reverse its earlier decision to ban guns on campus, based on the decision by the Court of Appeals. However, the University of Colorado Board of Regents (a party to the lawsuit) just recently decided to appeal to the State Supreme Court and a decision on whether the court will accept the case is pending. In sum, the main push in 2010 by proponents of concealed weapons on campus have focused on allowing guns to be stored in parking lots; those efforts have been successful solely in *Georgia*.

The recent U.S. Supreme Court [decision](#) in *McDonald v. Chicago* ruled that the 2nd Amendment to the U.S. Constitution applies to the states and municipalities. However, the majority opinion provides “repeat assurances” that this decision will not cast doubt on longstanding provisions that forbid the carrying of firearms in sensitive places, such as schools.¹⁸

Textbooks

Since 2004, 36 states have introduced and 17 have enacted legislation addressing college textbook issues such as greater transparency from publishers and institutions, faculty behavior and ethics in adopting texts, student access to credit and exemption of textbooks from state sales tax. Several studies have also been requested by state legislatures. In the summer of 2008, as part of the federal Higher Education Opportunity Act (HEOA), new provisions were included addressing textbook concerns related to publishers, institutions, faculty and bookstores, as well as accessibility for students with disabilities. Since HEOA’s passage, some state legislatures have focused on incorporating the federal provisions into state law and others have introduced new requirements going beyond federal law. In 2009 a number of state legislatures, including *Washington*,

California, Texas and *Florida*, turned their attention to promoting the development and use of open-source course materials as a possible way to lower textbook prices at both the K-12 and postsecondary level.

Governance

The recession has accelerated discussion and action on issues of governance and restructuring. Discussions have taken place in *Maine and Louisiana*, and calls for system realignment have taken place in *Georgia* and *Tennessee*. *Mississippi* Gov. Haley Barbour has pushed a measure to reorganize state government, including proposals to merge eight universities into five that would involve the consolidation of three HBCUs. This effort has not been successful to date. Louisiana recently passed legislation that will transfer tuition-setting authority from the state legislature to colleges and universities.

Affirmative Action

Arizona is the first state to put affirmative action on the state's 2010 general election ballot. It marks the first time that a ban on preferences in the public hiring process has been put on the ballot by the legislature, as opposed to by Ward Connerly and his network. *California, Washington*, and *Michigan* have also passed bans on affirmative action via the ballot box. A federal appeals court is about to consider a lawsuit challenging *Michigan's* ban on racial preferences in public university admissions and government hiring. Civil rights groups and University of Michigan students, faculty and applicants say the 2006 ballot measure approved by voters is unconstitutional and the constitutional amendment has created an unfair process where universities give weight to geographical diversity and legacy status but not racial identity.

November Elections

The 2010 election season will include more than 100 issues for statewide ballots in November, according to the National Conference of State Legislatures (NCSL). Thirty-seven states will hold elections for governor; Democrats will defend 19 of the seats, and Republicans 18. Races will be open in 24 states due to incumbents either retiring or being term-limited. Some 6,000 state legislative seats are also up for election. Legislative term limits will have policy implications in 2011. An NCSL analysis shows that 378 legislators in 14 states are term-limited this year, including 194 Republicans and 180 Democrats, and this will take a heavy toll on existing state party leadership.¹⁹

AASCU State Relations and Policy Analysis Team

Daniel J. Hurley, Director

Lesley McBain, Senior Research and Policy Analyst

Tom Harnisch, Policy Analyst

Alene Russell, Senior State Policy Consultant

www.aascu.org/policy

202.293.7070

Resources:

[Federal Reserve Bank of New York – Economic Indicators](#)

[Pew Center on the States](#) works to advance state policies that serve the public interest.

[Moody's Economy.com](#), a division of Moody's Analytics, is a leading independent provider of economic analysis, data, and forecasting and credit risk services.

[Stateline.org](#) is a nonprofit, nonpartisan online news site that practices journalism in the public interest by reporting on emerging trends and issues in state policy and politics.

¹ [Recovery Status Map](#) Tracking the business cycle across U.S. states and metropolitan areas. Moody's Economy.com

² ["Overall State Tax Revenue is Up. But Losers Still Outnumber Gainers."](#) The Nelson A. Rockefeller Institute of Government, June 2010.

³ [The Fiscal Survey of the States](#). National Governors Association and National Association of State Budget Officers, June 2010.

⁴ [Beyond California: states in fiscal peril](#). Pew Center on the States, June 2009.

⁵ ["Failing to Extend Fiscal Relief to States Will Create New Budget Gaps, Forcing Cuts and Job Loss in at Least 34 States."](#) Center for Budget and Policy Priorities, 10 June 2010.

⁶ [States' jobless funds are being drained by the recession](#). *Washington Post*, 22 December 2009.

⁷ [The Trillion Dollar Gap: Pew Pensions and Retiree Health Care Report Tackles Underfunded State Retirement Systems and the Road to Reform](#). Pew Center on the States, February 2010.

⁸ [State of the states: AGA survey of casino entertainment](#). American Gaming Association. 2010

⁹ [Furloughs at the Franchise Tax Board: Loss is Seven Times Greater than the Savings](#). California Senate Office of Oversight and Outcomes, February 2010.

¹⁰ [State budget cuts: across the board, and at cross-purposes](#). Stateline.org, 23 June 2010.

¹¹ ["Evidence from May's Employment Numbers on the Benefits of Education."](#) The Brookings Institutions/The Hamilton Project, 4 June 2010.

¹² [Help wanted: Projections of jobs and education requirements through 2018](#). Georgetown University Center on Education and the Workforce, June 2010.

¹³ [State higher education finance report](#). State Higher Education Executive Officers.

¹⁴ [AASCU Federal stimulus homepage](#). American Association of State Colleges and Universities.

¹⁵ ["Maintenance of effort": An evolving federal-state partnership to ensuring college affordability](#). American Association of State Colleges and Universities, April 2010.

¹⁶ [Prepaid College Savings Plans Might Not Cover All Costs](#). *New York Times*, 4 October 2009.

¹⁷ ["Contributions to Colleges and Universities Down 11.9 Percent to \\$27.85 Billion. Greatest Decline Ever Recorded."](#) Council for Aid to Education, 3 February 2010.

¹⁸ [McDonald v. Chicago](#). U.S. Supreme Court, Decided 28 June 2010.

¹⁹ [Term limits will create rookie league in some legislatures](#). Stateline.org, 11 June 2010.