

STATE BUDGET SOLUTIONS

Unemployment Insurance

The U.S. Department of Labor maintains a fund called the Federal Unemployment Account, which provides money for states so that they can maintain unemployment insurance when demand is highest. According to the National Conference of State Legislatures, 30 states borrowed from this account.

California alone has borrowed \$8.8 billion so far. States must now make \$1.4 billion in interest payments on these unemployment insurance loans. To help pay back the loans, many states have increased unemployment insurance taxes. Check out State Budget Solutions for real reforms.

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Government/Public Unions

Salaries and benefits for state employees account for around 30 percent of the state general fund in most states. Benefits alone constitute more than a third of that cost, meaning that about 10 percent of state general fund expenditures now go to benefits for currently employed workers. The cost is growing at a rate that cannot be sustained. To have any hope of achieving fiscal health in the future, states need to redesign their benefit systems and evaluate state employee salaries.

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Budget Gimmicks

Nearly every state has a so-called "balanced-budget" amendment requiring that its General Fund expenditures not exceed revenues, but that hardly means their budgets are truly balanced. These amendments only apply to one particular fund (of the many) managed by the state; legislators have developed a deep bag of tricks to close budget gaps by moving money around. From delaying paychecks one week so that they fall in the next fiscal year to raiding dedicated funds, legislators are quite skilled at budget black magic. In order to combat these budget gimmicks, legislators and citizens must understand how they work. That's where State Budget Solutions comes in.

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Budget Transparency

Transparency, and the accountability that follows, is necessary for state's to fix their fiscal problems. Citizens should now demand ready access to state and local government budgets, regulations, contracts, and contacts. Absent transparency, there is far greater risk of continued failure, corruption, fraud, waste and regulatory abuse. Transparency is vital to a responsible and responsive government. Do your tax dollars pay for lobbying? Are your elected officials spending money on matching grants for unnecessary items while increasing taxes and fees for necessary items? Find out and hold government accountable.

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