

Deltek's straight dope on state budgets: Part 1 - 2013 expenditures set to improve

Posted At : August 27, 2012 2:31 PM | Posted By : Chris Cotner

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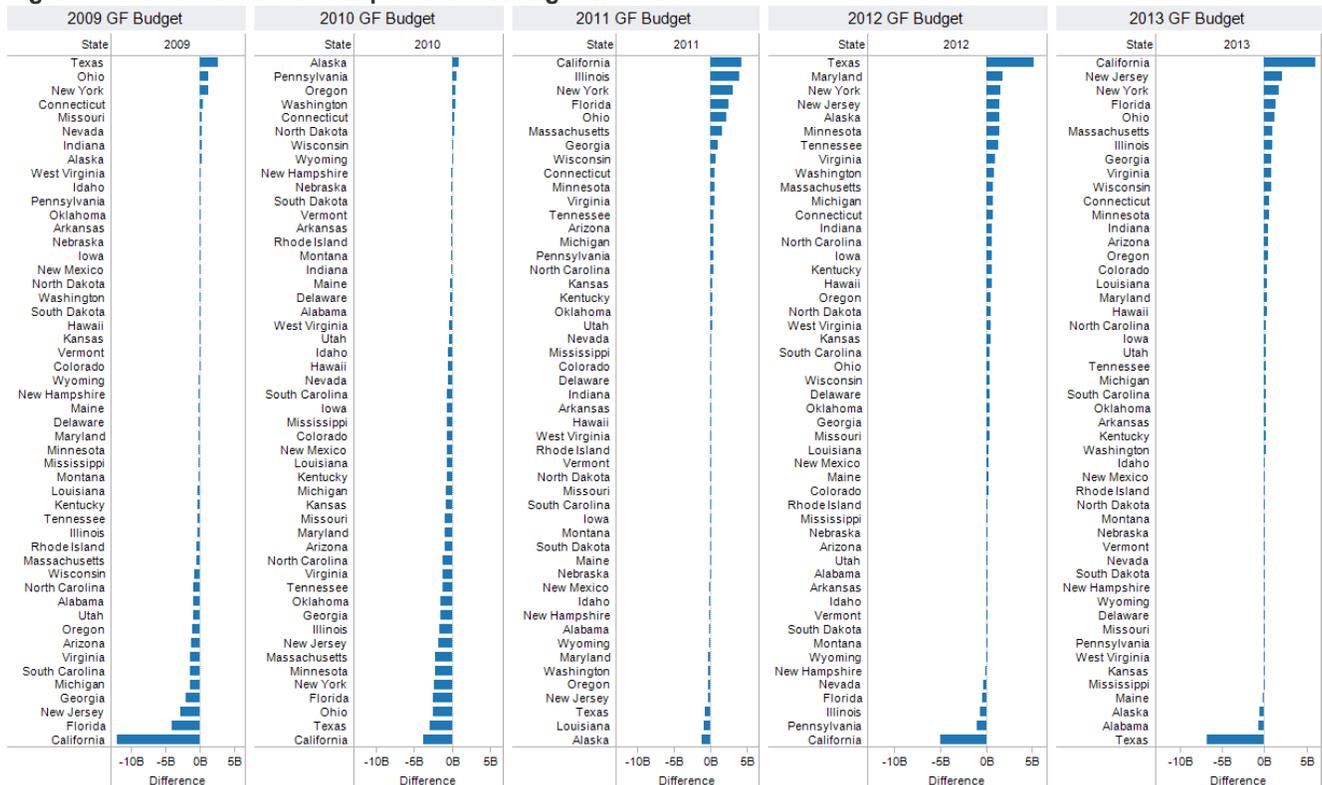
The National Association of State Budget Officers (NASBO) and the National Governor's Association (NGA) recently published their annual spring report outlining the fiscal condition of the states. Often, media outlets present conflicting information from these national reports. This is a continuation of a Deltek analysis series started last year that examines the NASBO data. This year, the series will examine NASBO numbers in black and white, comparing them to Deltek's own budget data and analyzing related business implications. As always, Deltek believes in presenting the straight dope.

Deltek finished its annual state budget project in April and began publishing analysis in May. The Deltek state budget analysis is always ahead of the curve and includes all funds (AF) spending, departmental totals, IT departmental totals, and IT line items through FY 2013 for all states and 2014 for some. NASBO's current publication covers general funds (GF) only out to 2013. NASBO won't publish all funds budget totals for 2012 until December 2012, and those totals will not include departmental or IT spending. Other state budget data sources are neither as current, nor as detailed as Deltek's. As a result, Deltek customers are able to leverage our advanced spending data and related market intelligence to deploy forward looking business development strategies.

The great news from the latest NASBO report is that "state fiscal conditions continue to improve into fiscal 2013." This NASBO analysis is right on track with Deltek's recent [article](#), showing improved financial conditions for 2013. As highlighted by NASBO, overall state GF expenditures are set to increase \$14.6 billion, or 2.2 percent from FY 2012 to 2013. NASBO indicates that while GF expenditures are rising, they are still not back to pre-recessionary levels.

Digging deeper into NASBO's GF expenditures, the states' financial improvement becomes more apparent. 38 states had higher GF spending in FY 2011, compared to 2010; 43 states had higher GF spending in FY 2012, compared to 2011; and 39 states had higher GF spending in FY 2013, compared to 2012. Of the 11 states that didn't grow their budget in 2012, 6 either showed no change or had a loss of \$39 million or less. Overall GF expenditures increased 3.76 percent from FY 2010 to 2011, 3.29 percent from FY 2011 to 2012, and 2.19 percent from 2012 to 2013. While the rates of growth have slowed a bit, states have still experienced three solid years of improved financials and GF expenditure growth. Most notably, expenditures have not outpaced revenue growth (see next week's article in the series on revenue). See Figure 1, below, for graphical representations of the state GF expenditure data.

Figure 1: State General Fund Expenditure Changes 2009-2013



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