



# SUMMARIES OF FISCAL YEAR 2018 PROPOSED & ENACTED BUDGETS

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**August 30, 2017**

*The following pages include summaries detailing both governors' budget proposals and states' enacted budgets for fiscal 2018. Also included are links to proposed budgets, enacted budgets, supporting documents, and State of the State speeches. If you would like additional information, please contact [Brian Sigitz](#) at 202-624-8439.*

## Overview of Proposed Budgets

Budget proposals for fiscal 2018 have remained cautious with most governors calling for another year of modest spending growth. States are currently contending with slow gains in tax collections, with the majority of states having revised their revenue forecast downward for the current fiscal year. Additionally, revenue forecasts for fiscal 2018 project that tax collections will once again grow moderately. At the same time, states are dealing with federal uncertainty in a number of areas including possible changes to healthcare programs, the consideration of federal tax reform, and discussions regarding various infrastructure proposals. Overall, new spending initiatives and tax reform proposals have been slightly muted compared to some prior years in a recovery period. Additionally, a number of governors have called for such items as improving structural balances, addressing budget gaps, rainy day fund increases, pension and employee benefit reforms, increased efficiency, and the consolidation of government services.

In the vast majority of states, governors' budget proposals call for increases in general fund spending, which would mark the eighth straight year of nominal growth. However, in most of these states the recommended level remains below the historical average growth rate of 5.5 percent. Governors once again emphasized K-12 in their budgets,

with many directing revenue growth to education. Specific proposals included greater investments in early education, increasing teacher pay, expanding school choice, and re-examining school funding formulas. In the area of higher education and postsecondary training, governors promoted workforce development efforts and proposed limits on tuition increases, while several also called for making tuition free for in-state residents at public institutions. Governors once again highlighted the link between infrastructure and economic development, with some proposing increased borrowing or other new funding mechanisms. Regarding healthcare, governors' proposals included new cost-savings initiatives, payment delivery changes, and emphasized home-based care. Finally, some areas received extra attention this year compared to past years, with many governors calling for increased funds for child welfare services, foster care changes, corrections reforms, and added investments in substance abuse and public safety to address the opioid crisis.

Most governors proposed relatively modest changes in tax policy, while some did include more substantial reforms. For the most part, personal income tax changes were once again focused on lowering rates; however, several governors did recommend either raising or maintaining taxes on high-income earners. In the area of sales taxes, much of the focus centered on increasing the sales tax base and capturing more online sales. Other revenue actions recommended by governors included raising gas taxes or motor vehicle fees, increasing cigarette taxes, corporate tax changes, exempting military pensions, and providing property tax relief. Finally, several governors recommended the re-examination of tax credits in their state and highlighted efforts to reduce revenue volatility.



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## Overview of Enacted Budgets

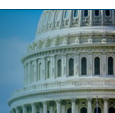
Forty-six states began fiscal 2018 on July 1 (New York began its fiscal year on April 1, Texas begins on September 1, and Alabama and Michigan on October 1). Three states previously enacted budgets covering both fiscal 2017 and fiscal 2018, while 17 states authorize a two-year budget covering both fiscal 2018 and fiscal 2019. Unlike last year, when a vast majority of states were able to finalize their budget by the start of the fiscal year, a number of states this year had late budgets. In fact, as of August 30, three states have yet to fully finalize their spending and revenue plans for fiscal 2018 (Connecticut, Pennsylvania, and Wisconsin). Additionally, in several states the legislature met in special session to resolve budget differences.

There were various reasons why many states had difficulty in finalizing their budgets this year. For one, states faced a challenging revenue environment. According to the latest data gathered by NASBO, 35 states revised their revenue forecast downward in fiscal 2017 by an average of 2.0 percent. At the same time that many states were lowering their forecast for fiscal 2017, they also lowered their projections for fiscal 2018. This caused many states to be forced to enact fiscal 2018 budgets with lower spending growth than what the governor had originally proposed months before. In addition to lowering revenue forecasts, in several states there was debate about raising taxes to deal with fiscal challenges, finding ways to modernize the tax system to align with the twenty-first century economy, and considering options to raise additional revenue for specific spending priorities such as transportation infrastructure. States also faced pent-up demand for increased spending following several years of slow growth since the economic downturn, competing spending requests, and certain program areas such as state spending on Medicaid continuing to grow faster than the budget as a whole. Finally, states were contending with federal uncertainty in several areas as they worked to enact budgets for fiscal 2018, including questions over future federal funding levels, potential changes to the Affordable Care Act and the overall Medicaid program, and the prospects of changes in the federal tax code.

In the end, most states enacted budgets with slow spending growth in fiscal 2018, although several did reduce overall

state spending from fiscal 2017 levels. The tight fiscal environment led many states to cut or flat-fund a number of agencies, while increasing spending for certain priority areas. Specific areas that received increased funding or emphasis in fiscal 2018 include: altering education funding formula structures, increasing teacher pay, expanding early education or full-day kindergarten, initiatives to provide increased tuition assistance at two or four-year institutions, additional funding for child welfare to lower caseloads and make foster care improvements, efforts to address the opioid epidemic including expanding treatment options and increasing public safety spending, initiatives to reduce Medicaid spending growth, encouraging in-home care, increased salaries for state troopers and corrections officers, new workforce development programs to address skills gaps, expanding broadband and classroom technology, and new multi-year transportation plans. On the revenue side, raising gas taxes and vehicle fees for transportation was one of the most active tax policy areas. Six states raised their fuel taxes and two others adjusted formulas that could result in increases. A few states in fiscal distress or in response to state court rulings enacted significant tax changes including increasing personal income and corporate income taxes, extending or reinstating expired tax rates on high earners and repealing scheduled future tax rate reductions, raising state property tax rates, while other states took actions such as increasing healthcare provider fees, raising marijuana taxes, addressing online sales taxes, and imposing taxes or fees on fantasy sports platforms. Most enacted tax cuts were relatively modest and focused on areas such as expanding or establishing the earned income tax credit, adjusting income taxes, providing property tax relief, and reducing sales taxes on groceries.

Finally, many enacted budgets for fiscal 2018 once again increased the size of rainy day funds or reserves, similar to fiscal 2016 and fiscal 2017 when 30 and 27 states respectively increased rainy day fund balance levels. States also focused on improving structural budget balances, the reorganization of state services, efficiency efforts, and pension funding increases and reforms when considering fiscal 2018 budgets. As states progress through fiscal 2018, they will be closely monitoring both federal developments and tax collections, but are optimistic that conservative revenue forecasting and restrained state spending will lessen the need for midyear budget changes.



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## ALABAMA

### Proposed

On February 7, Alabama Governor Robert Bentley released his fiscal 2018 budget proposal for both the Education Trust Fund and the General Fund. The governor's recommended budget calls for total Education Trust Fund spending of \$6.4 billion in fiscal 2018. The State Board of Education – Local Boards' funding would increase from \$4.81 billion in fiscal 2017 to \$4.83 billion in fiscal 2018, an increase of 0.41 percent. Of the total Education Trust Fund spending in fiscal 2018, 68.9 percent is allocated to K-12, 25.3 percent is allocated to higher education and 5.8 percent is allocated to other programs. The budget recommends total, non-earmarked General Fund spending of \$1.9 billion in fiscal 2018, down from \$1.95 billion in fiscal 2017. Net continuing receipts are estimated to grow 3.2 percent in fiscal 2018, while total available funds are projected to decline 0.6 percent. Medicaid, which represents 39 percent of general fund spending, would see a decrease from \$779.6 million in fiscal 2017 to \$743.6 million in fiscal 2018, while the Department of Corrections would decrease general fund spending from \$414.6 million in fiscal 2017 to \$413.1 million in fiscal 2018. The budget also includes a 4.0 percent cost of living adjustment for state employees, funded at \$19 million. In his State of the State address, the governor highlighted the success of the state's pre-kindergarten program which will expand this year to fund an additional 160 classrooms. The governor said in his speech "Pre-K is truly an Alabama success story, our four year olds are thriving and we are ranked number one in America. Not only is it transforming how students learn, it's transforming how educators teach."

Links: [Fiscal Year 2018 Budget Proposal](#); [Education Trust Fund Budget Summary](#); [Legislative Budget Presentation](#); [State of the State Speech](#)

### Enacted

In May, Alabama Governor Kay Ivey signed the \$6.4 billion fiscal 2018 Education Trust Fund budget, a 1.4 percent increase over the fiscal 2017 budgeted amount. The governor also signed the \$1.8 billion General Fund budget, a 0.03 percent decrease over the fiscal 2017 budgeted amount. The Education Trust Fund budget provides a \$13 million increase to the state's pre-kindergarten program and a \$24 million increase to the K-12 Foundation Program. The General Fund budget includes one-time revenues of \$105 million from the state's share of the BP settlement and includes increased investments in state troopers, the judicial system, the Forestry Commission, and environmental management. The Departments of Public Health, Mental Health, and Corrections were level funded while the Medicaid Agency received an increase of \$500,000. Although the budget does not include salary increases for state employees, it does increase the state's share of insurance costs by \$80 per employee per month.

Links: [Education Trust Fund Spreadsheet](#); [General Fund Spreadsheet](#);

## ALASKA

### Proposed

On December 15, Alaska Governor Bill Walker released his fiscal 2018 budget proposal calling for unrestricted general fund spending of \$4.3 billion and total spending from all fund sources of \$10.2 billion (including Permanent Fund dividend payments of \$1,000 per person). As the state has contended with rapidly declining revenues due to low energy prices in recent years, the unrestricted general fund budget has been reduced by \$1.7 billion since fiscal 2015, while the number of state employees has decreased by 2,500 in the last two years.

Facing a \$3 billion budget deficit, the governor's fiscal 2018 recommendation continues to reduce spending by eliminating more positions, freezing employee pay, and implementing other actions. Similar to last year, general fund capital spending is kept minimal at just \$115 million. In addition, the governor once again calls for restructuring the use of Permanent Fund earnings to provide revenue for core government services, while maintaining dividend payments to residents. The governor calls for a formula-driven annual sustainable draw from the fund, calculated to be \$2.5 billion in fiscal 2018, of which \$1.8 billion would be used to help fund government services and \$700 million would be used for dividend payments. "We can't cut our way to prosperity," said the governor. "To fund services Alaskans rely on, it's critical to discuss new revenue." The governor also proposes an increase in the motor fuels tax from eight cents to 24 cents, phased in over the next two years, which would generate additional revenues of \$40 million in fiscal 2018 and \$80 million in fiscal 2019.

Links: [Fiscal Year 2018 Budget Proposal](#); [Governor's Press Release](#); [State of the State Speech](#)

### Enacted

Alaska Governor Bill Walker signed the state's fiscal 2018 operating budget bills into law on June 30 without vetoes, calling for \$4.2 billion in unrestricted general fund spending – a 3.8 percent decrease compared to fiscal 2017 and a similar level to the governor's proposed budget. The operating budget provides for \$5.9 billion in general fund spending (unrestricted and designated), 22 percent below the level in fiscal 2015. Once again, the budget relies heavily on the state's main savings account, tapping the Constitutional Budget Reserve to resolve the state's \$2.5 billion deficit, and the governor continues to urge the legislature to pass a complete fiscal plan. In addition, on July 31, the governor signed the capital budget, as passed by the legislature, containing appropriations for fiscal 2018 totaling \$1.4 billion (mostly federal funds).

Links: [Fiscal Year 2018 Enacted Budget](#); [Fiscal Summary](#); [Governor's Press Release](#)

## **ARIZONA**

### Proposed

On January 13, Arizona Governor Doug Ducey unveiled his state budget proposal for fiscal 2018, calling for \$9.8 billion in general fund spending, a 1.8 percent increase over the fiscal 2017 enacted budget. The budget document projects ongoing general fund spending in fiscal 2018 to total \$9.634 billion and ongoing revenues to be \$9.645 billion, leaving a structural balance of \$11 million. Ongoing revenues are projected to grow 2.6 percent in fiscal 2018, after 2 percent growth in fiscal 2017. The governor's budget recommends a net increase in general fund spending of \$177 million in fiscal 2018. K-12 education would receive a \$171 million, or 4 percent, funding boost under the proposal, including baseline adjustments for enrollment growth and inflation, as well as gubernatorial initiatives including a teacher salary increase, more funding for all-day kindergarten and early literacy for public schools in high-need districts, and a Results-Based Funding program to reward schools that achieve high test scores, especially those that serve disadvantaged students. "This budget prioritizes K-12 education, especially our schools, students, and teachers in low-income areas who need the help the most," said Governor Ducey in a press release. Additionally, the governor's budget proposal recommends modest supplemental changes to fiscal 2017 appropriations, including \$20 million for K-12 education to comply with the state's property tax cap. The governor's budget also provides forecasted spending and revenue levels for fiscal 2019 and fiscal 2020.

Links: [Fiscal Year 2018 Budget Proposal](#); [Governor's Press Release](#); [State of the State Speech](#)



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### Enacted

Arizona Governor Doug Ducey signed the state's fiscal 2018 budget into law on May 12, providing for \$9.8 billion in general fund spending, a 2.0 percent increase compared to fiscal 2017, closely resembling the governor's budget recommendation. The budget makes new ongoing investments in K-12 education – including results-based funding (\$38 million) and a pay raise for teachers (\$34 million) – as well as provides one-time increases for school facilities projects and for universities. Additional funding was also provided to cover costs of complying with new voter-approved minimum wage requirements in the state's Medicaid and long-term care programs. The state is projected to end the year with a \$38 million general fund cash balance, in addition to a projected \$461 million balance in the state's rainy day fund.

Links: [Fiscal Year 2018 Enacted Budget](#); [Appropriations Report](#); [Governor's Press Release](#)

## ARKANSAS

### Proposed

On November 9, Arkansas Governor Asa Hutchinson released his fiscal 2018-2019 proposed biennial budget, which recommends total spending of \$5.5 billion in fiscal 2018, an increase of 2.9 percent over fiscal 2017, and \$5.7 billion in fiscal 2019, an increase of 4.4 percent over fiscal 2018. The requested expenditures equal the revised forecast for revenues for each year of the biennium. The governor's budget proposal includes several priorities for funding, including pre-kindergarten programs that emphasize quality, new mental health crisis stabilization centers, a new higher education funding formula, foster care and a new state pay plan. In his budget, the governor also proposed a \$50 million income tax cut over two years, starting in 2019. Some of the agencies that would receive additional funds include the Department of Children and Families (an increase of 29 percent in fiscal 2018), Medical Services (increase of 40 percent in fiscal 2018), Behavioral Health (an increase of 5.5 percent in fiscal 2018), Community Corrections (an increase of 11 percent in fiscal 2018) and the new Higher Education productivity funding (funded at \$10 million in fiscal 2019). The budget also proposes to utilize \$3 million in funding from the rainy day fund to help implement the newly passed Medical Marijuana Amendment. In his statement, the governor noted "As a balanced-budget state, it is important that we control spending while determining how to best fund our priorities. This balanced budget takes a responsible approach to funding our areas of need, including education, foster care and mental health, while also lessening the tax burden on Arkansans."

Links: [Fiscal Years 2018-2019 Budget Proposal](#); [Press Release](#); [State of the State Speech](#)

### Enacted

In April, Arkansas Governor Asa Hutchinson signed the state's \$5.5 billion fiscal 2018 revenue stabilization bill that increases total spending 3.1 percent over the 2017 forecast. General Education received \$5.5 million in new funding for computer science initiatives and pre-kindergarten funding, while Children and Family Services saw an increase of \$26 million for foster care funding. Other areas receiving increased funding includes Medicaid growth (\$75 million), behavioral health crisis stabilization centers (\$4.5 million), higher education workforce grants (\$6 million), and replacing one-time funding in corrections and community corrections. The budget also sets aside \$15.9 million to the rainy day fund and \$3 million to the Medicaid Trust Fund. Under the budget,

funding is distributed as follows: 40 percent to public schools; 30 percent to health and human services; 14 percent to higher education institutions; 8 percent to corrections; 3 percent to general government; 3 percent to other and local; and 2 percent to general education.

Links: [Fiscal 2018 Enacted Budget](#); [Fiscal Legislation Summary](#)

## CALIFORNIA

### *Proposed*

On January 10, California Governor Jerry Brown released a \$123 billion general fund budget proposal that keeps spending essentially flat for fiscal 2018. The budget assumes revenue growth of 2.7 percent, significantly below prior projections. Due to a downgraded revenue forecast, coupled with a fiscal 2017 shortfall in the state's Medicaid program, the state faces a deficit of \$1.6 billion (1.3 percent of annual spending). Referring to this budget as "the most difficult that we have faced since 2012," the governor recommends numerous corrective actions, including constraining spending growth, to address the projected deficit and rebuild the state's operating reserve. Continuing his push for prudence amidst federal uncertainty and the possibility of another economic recession, the governor also recommends further strengthening the state's rainy day fund, depositing another \$1.2 billion into the Budget Stabilization Account, bringing the projected balance to \$7.9 billion. The proposal calls for protecting investments in K-12 and higher education, which would receive increases of 3.1 percent and 0.7 percent, respectively, as well as funding for residents who live in poverty. Other gubernatorial priorities include passing legislation to extend the state's Cap and Trade Program to help reduce greenhouse gas emissions and a transportation package that would provide \$4.2 billion annually for deferred maintenance, public transit expansion, and other capital improvements, paid for with a proposed new vehicle fee, higher gas taxes, and cap-and-trade fees. The budget also includes \$258 million from the general fund for additional payments towards the state's long-term liabilities, mainly employee retirement costs. In line with the state's budget procedures, the governor will release a revised budget proposal in May based on updated revenue projections.

Links: [Fiscal Year 2018 Budget Proposal](#); [Governor's Press Release](#); [State of the State Speech](#)

### *Enacted*

On June 27, California Governor Jerry Brown signed the state's fiscal 2018 budget, which calls for \$125.1 billion in general fund spending, a 3.0 percent increase compared to fiscal 2017. The budget continues to make investments in schools, and begins implementation of the state's new transportation funding law, which provides \$54 billion in new funding over the next ten years by raising and indexing the gas and diesel tax, and establishing new fees on a vehicle's value as well as on zero-emission vehicles. The budget additionally expands the state's Earned Income Tax Credit and puts more money into child care and early education. The budget also reflects a \$6 billion supplemental payment to the state's public pension system, financed by borrowing from the state's short-term investment account, a move that is estimated to save \$11 billion over the next two decades. The spending plan continues to pay down debt and strengthen the state's reserves, bringing the Budget Stabilization Fund to a projected balance of \$8.5 billion and the Special Fund for Economic Uncertainties to a balance of \$1.4 billion by the end of the fiscal year.

Links: [Fiscal Year 2018 Enacted Budget](#); [Budget Summary](#); [Governor's Press Release](#)

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## COLORADO

### Proposed

On November 1, Governor John Hickenlooper presented his fiscal 2018 budget proposal to the legislature, which calls for \$28.5 billion in total state spending and \$10.9 billion in general fund spending, reflecting increases of 3.3 percent and 3.7 percent respectively. The executive budget projects 4.5 percent revenue growth for the current fiscal year, and 5.0 percent growth for fiscal 2018, estimating \$426 million in new revenue available for fiscal 2018. Meanwhile, under state constitutional and statutory requirements, spending demands for K-12, Medicaid, transportation, repaying the budget reserve, and mandatory rebates to taxpayers are expected to rise by \$926 million, leaving a funding gap of \$500 million. The governor's budget request closes this gap primarily through reducing hospital provider fees (helping to bring down the total taxpayer rebate liability), not fully funding K-12 enrollment and inflation increases, fund transfers and revenue diversions. The governor's spending plan also grows the state's general fund ending balance from \$541 million to \$665 million, restoring the reserve to the required level of 6.5 percent of general fund expenditures. Relative to fiscal 2017 funding levels, the proposal increases general fund spending for K-12 (5.3 percent increase), Medicaid (5.4 percent), higher education (3.1 percent), human services (4.1 percent), and public safety/courts (2.2 percent), in addition to making other targeted investments. Looking at all fund sources, spending would increase on Medicaid by 4.1 percent, K-12 education by 1.3 percent, higher education 3.8 percent, public safety 2.2 percent, human services 2.7 percent and transportation 12.4 percent. The budget also allocates funding to support a 2.5 percent across-the-board pay raise for state employees. In his State of the State address, the governor also talked about making government work better and highlighted the release of the governor's new public dashboard. "By evaluating our results, we can make government more efficient, more effective and more responsive," said the governor. On January 3 and January 17, the governor's budget was subsequently amended based on revised state and local revenue forecasts. As amended, the budget request calls for \$10.9 billion in general fund spending and \$28.7 billion in total state spending from all funds, reflecting increases of 4.1 percent and 3.4 percent, respectively.

Links: [Fiscal Year 2018 Budget Proposal](#); [Governor's Press Release](#); [State of the State Speech](#)

### Enacted

Colorado Governor John Hickenlooper signed the state's fiscal 2018 operating budget on May 26. The budget calls for \$28.7 billion in spending from all fund sources (a 5.8 percent increase in appropriations) and \$10.6 billion in general fund spending (a 5.7 percent increase). The budget allocates funds from the Marijuana Tax Cash Fund to support new investments in housing assistance for at-risk populations, local law enforcement actions to combat illegal marijuana activities, a grant program to increase the presence of health professionals in secondary schools, and initiatives to address mental health issues in the criminal justice system. K-12 education spending will increase according to inflation and enrollment changes under the enacted budget. Additionally, the governor signed legislation to reclassify the hospital provider fee to be exempt from the state's spending cap, thereby avoiding the need for a steep cut in hospital payments. The budget projects an ending balance in the general fund reserve of \$681 billion – in compliance with the statutory reserve requirement.

Links: [Fiscal Year 2018 Enacted Budget](#); [Appropriations Report](#); [Governor's Press Release](#)

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## CONNECTICUT

### Proposed

On February 8, Connecticut Governor Dannel P. Malloy released his proposed fiscal 2018-19 budget that totals \$40.6 billion over two years with \$20.1 billion for fiscal 2018 and \$20.5 billion for fiscal 2019. The general fund is \$18 billion in fiscal 2018 and \$18.3 billion in fiscal 2019. Overall general fund spending would increase by about 0.7 percent in fiscal 2018 and 1.8 percent in fiscal 2019 and the budget would spend \$1.4 billion less next fiscal year than the level necessary to maintain current services. General fund revenues are forecasted to grow by 1.7 percent in fiscal 2018 and 2.1 percent in fiscal 2019. The proposed budget is balanced primarily through structural spending changes without any increase to major tax rates. The governor proposes that municipalities begin to contribute one-third of the employer share of teachers' pension costs and the budget also includes savings of \$700 million in employee-related costs to reflect anticipated collective bargaining savings. The budget proposal keeps within the spending cap, would increase at a pace below inflation, and includes the required increased contributions to the pension systems of more than \$357 million. The budget also includes an updated educational cost sharing formula. The recommended spending proposal would result in an eight-year period where general fund budgets grew an average of only 2 percent as compared to the prior eight years, where state budgets grew at a rate of 4.8 percent. In his State of the State address, the governor focused on three main areas: leaner state government, pension and employee cost savings, and a fairer system for town aid. In discussing his budget, the governor said, "All of it will be geared toward building a more predictable budget and a more sustainable Connecticut economy."

Links: [Fiscal Years 2018-2019 Budget Proposal](#); [State of the State Speech](#)

### Budget Not Yet Enacted

Connecticut, which began its fiscal year on July 1, has yet to finalize its fiscal 2018-2019 biennium budget. The state is operating under the authority of a gubernatorial executive order.

## DELAWARE

### Proposed

On January 12, former Delaware Governor Jack Markell released his fiscal 2018 total general fund budget proposal that totals \$4.2 billion, an increase of 1.09 percent over the prior year. Net general fund revenues are estimated to increase by 0.4 percent in fiscal 2018 according to a December forecast. The budget proposed by Governor Markell addresses a \$350 million gap and includes tax increases totaling \$216.6 million. The budget keeps core commitments in education, health care and public safety and includes \$31.8 million in agency base reductions. The recommended budget fully funds the rainy day fund, appropriates 98 percent of available revenue and adheres to a three-part debt limit. It also proposes to introduce a consumer driven health care plan with health savings account, effective January 1, 2018, that would be effective for all employees hired on or after January 1, 2008 and optional for employees hired before that date. Governor John Carney, the current governor, was sworn in on January 17. On March 23, Governor Carney released a budget reset that addresses a \$385 million structural budget shortfall. The governor is calling for spending growth of 0.29 percent over fiscal 2017. In discussing his plan, Gov. Carney said, "We are presenting a balanced, long term solution to Delaware's structural budget challenges that will keep Delaware economically competitive. This proposal requires shared sacrifice and that starts with a commitment by state government to operate more efficiently and spend taxpayer



dollars wisely, while maintaining key investments in healthcare, education and our economy.” Specifically the financial plan calls for: making government more efficient, including 4.5 percent total reductions to state agency discretionary funds; immediate budget reductions; investments in public education including increased funds for new teachers and early education while reducing some other areas of K-12 spending; fully funding Medicaid; maintaining funding for affordable housing; and additional funds to address prison security. Additionally, the governor proposed a series of revenue measures that are geared to be more responsive to economic growth, reduce volatility, and keep Delaware competitive with neighboring states. The measures would raise an additional \$64.6 million from personal income taxes, \$116.1 million from corporate income taxes, and \$16 million from tobacco taxes.

Links: [Fiscal Year 2018 Budget Proposal](#); [Inaugural Speech](#)

### Enacted

Delaware Governor John Carney signed the fiscal 2018 budget on July 3 that totals \$4.11 billion, a slight increase from the previous fiscal year’s total of \$4.08 billion. The budget includes a \$590 million capital spending plan and a \$37.2 million grant-in-aid bill. The budget contains \$24.2 million to fully fund new teachers to match enrollment growth, \$16 million to fund pay increases for correctional officers, \$7.8 million to fully fund growth in the Medicaid program, \$4.7 million to maintain funding for early childhood education, \$2.3 million to authorize new correctional officer positions, and \$1 million to add funding for substance abuse treatment programs. The grants-in-aid bill includes money for senior centers, veterans’ organizations and fire companies. Additional revenue includes an increase in the corporate franchise tax of \$116 million, an increase in cigarette taxes of 50 cents per pack and on other tobacco products of \$11.6 million, an increase in taxes on beer, wine and spirits of \$5.2 million, and a 1 percent increase in the realty transfer tax of \$44.7 million. In signing the budget, the governor said that while the spending plan makes critical investments in a number of areas, the need remains to study real spending reforms, improve the way the state delivers services, and find creative ways to fund a long-term revenue plan.

Links: [Fiscal Year 2018 Enacted Budget](#); [Governor’s Press Release](#)

## **FLORIDA**

### Proposed

On January 31, Florida Governor Rick Scott released his budget proposal for fiscal 2018 that recommends spending from all funds of \$83.5 billion, a 1.5 percent increase from fiscal 2017. Spending from general revenue would total \$30.8 billion, with education the largest category at 50.9 percent, followed by health and human services at 30.1 percent and public safety at 13.7 percent. General revenue is forecasted to grow 4.3 percent in fiscal 2018. The governor proposes \$618 million in tax cuts, including a 1.5 percent sales tax rate decrease on commercial rent, a back to school sales tax holiday, a sales tax cut on veterans’ holidays, a sales tax cut on hurricane preparedness, and increasing the corporate income tax exemption from \$50,000 to \$75,000. The budget also proposes over \$1 billion in budget savings from all funds, including \$418 million from general revenue: administrative and operational efficiencies; contract and lease savings; outsourcing initiatives; debt service reduction; elimination of earmarks; and health care savings. Priorities that received additional funding include performance funding for colleges and universities (\$700 million), Everglades restoration (\$225 million), mental health and substance abuse (\$25 million), and pay raises for sworn state law enforcement officers (\$14.6

million) and correctional and probation officers (\$38.7 million). Focusing on K-12 education, the budget proposal includes an increase of \$815.2 million, of which \$257.3 million is state funding for public schools; if approved the total state contribution for K-12 public schools would be \$11.6 billion, the highest amount ever and would reach \$7,421 in per student funding. In his press release Governor Scott noted that “Our ‘Fighting for Florida’s Future’ budget continues our hard work and cuts taxes by \$618 million while making strategic investments in areas that are important to families. Because our economy continues to grow, we are able to make these investments while also paying down debt and setting aside \$5 billion in reserves. I look forward to working with the Legislature this session to make Florida the best place in the world for our future generations.”

Links: [Fiscal Year 2018 Budget Proposal](#); [Budget Highlights](#); [Budget Presentation](#); [State of the State Speech](#)

### Enacted

On June 2, Florida Governor Rick Scott signed the \$82.4 billion fiscal 2018 budget after vetoing \$410 million in projects and the Florida Educational Finance Program (FEFP) funding portions of the budget, saying in his veto message the amount of education funding should be higher. The governor called a special session, in which the legislature allocated more than \$215 million for K-12 education than was previously authorized, bringing total funding for K-12 public schools to \$20.6 billion, which includes \$11.7 billion in state funding. The per student amount was increased \$100 over the previous budget. Other budget highlights include: nearly \$1 million for additional epidemiologists to combat the Zika virus; \$5.8 million and 46 positions for the Department of Law Enforcement; \$25 million in federal funding for school readiness programs; \$173.5 million for state universities; and \$12.7 million for a five percent salary increase for state law enforcement officers.

Links: [Fiscal 2018 Enacted Budget](#); [Budget Transmittal Letter](#); [Governor's Statement - Special Session](#); [Veto List](#); [Special Session Proclamation](#); [Governor's Press Release - Education Funding](#)

## GEORGIA

### Proposed

On January 11, Georgia Governor Nathan Deal released his fiscal 2018 budget proposal that recommends \$49.4 billion in spending in total funds, an increase of 3.8 percent over the fiscal 2017 budget of \$47.5 billion. Spending from state funds would total \$24.9 billion, an increase of 5.3 percent over the fiscal 2017 budget of \$23.7 billion, of which general funds spending would total \$21.5 billion in fiscal 2018. The largest categories of spending from state funds include Educated Georgia (53.6 percent), Healthy Georgia (21.2 percent), Safe Georgia (8.2 percent) and Growing Georgia (1.2 percent). The budget projects available state revenues of \$24.9 billion in fiscal 2018, an increase from \$24.3 billion projected for the current fiscal year. The governor’s proposal prioritizes education, funding \$158 million for enrollment growth in K-12 schools, \$85.9 million for the equalization program to assist low-wealth schools, and \$79.4 million for higher education institutions and increased funding for state scholarship programs. Health care also receives additional funding in the budget, including \$20.8 million for autism services for children on Medicaid, \$17.9 million for primary care and OB/GYN services, and \$2.5 million for behavioral health services for children ages 0 to 4. The governor continues to invest in criminal justice reforms, funding \$3.7 million for education initiatives in the state prison system and \$3.7 million for grants to accountability courts. Several groups of state employees would see pay increases under the proposal, with \$55.4 million allocated for a 20 percent salary increase for law enforcement officers, trainers and investigators; \$160.1 million for a two percent increase for school employees; \$117.5 million for merit pay increases for state employees; and \$27.8 million for salary adjustments for targeted

classifications. As the governor noted in his budget letter, “Georgia is on the rise in a number of areas, including our growing economy. We have the opportunity to use that momentum to do meaningful things for this state, while also meeting mandatory costs and bearing in mind the needs of the future.”

Links: [Fiscal Year 2018 Budget Proposal](#); [Governor's Press Release](#); [State of the State Speech](#)

### Enacted

On May 1, Georgia Governor Nathan Deal signed the state’s \$25 billion fiscal 2018 budget, a 5.3 percent increase over the fiscal 2017 original budget, after making one line-item veto. State general funds total \$21.4 billion, an increase of 5.0 percent over fiscal 2017. The budget invests more than \$516 million in new funding for K-12 education, invests more than \$96 million in child welfare services programs, provides a 20 percent salary increase for law enforcement personnel, and allocates an additional \$162.6 million to help maintain the state’s roads and bridges. Under the budget, state funds are appropriated at follows: 53.6 percent to Educated Georgia; 21.2 percent to Healthy Georgia; 8.2 percent to Safe Georgia; 7.6 percent to Mobile Georgia; 4.8 percent to debt management; 3.4 percent to Responsible and Efficient Government; and 1.2 percent to Growing Georgia.

Links: [Fiscal 2018 Enacted Budget](#); [Budget in Brief](#); [Governor’s Press Release](#)

## HAWAII

### Proposed

On December 15, Hawaii Governor David Ige released his fiscal 2018-2019 budget proposal, which calls for \$14.25 billion in total state spending (a 4 percent increase) in fiscal 2018, and \$14.38 billion in fiscal 2019. General fund spending would be \$7.4 billion in fiscal 2018 and \$7.5 billion in fiscal 2019 under the governor’s recommendation, which projects 5 percent general fund revenue growth in fiscal 2018 and 5.5 percent in fiscal 2019. The proposal prioritizes education, allocating \$28 million each year to the state’s school funding formula, in addition to funding for a new School Innovation Grant program, charter schools, an early college high school program, and other initiatives. The governor’s capital budget proposal calls for \$2.4 billion in spending in fiscal 2018, and \$782 million in fiscal 2019, and includes \$800 million for new schools, classrooms, and maintenance. Another priority area is homelessness and housing, and the capital budget directs \$123 million to housing projects and \$59 million for public housing improvements, while the operating budget recommends funding for rent subsidies and supportive services for the homeless. For health care, in addition to entitlement spending increases for Medicaid of \$22 million in fiscal 2018 and \$59 million in fiscal 2019, the governor calls for more funding for certain public hospitals due to a delay in the transfer of operations to private management, as well as funding for Medicaid home and community based services, home visitation, and other programs. “This budget proposal aims to balance our state’s current needs with our investments for the future – providing basic needs for our residents such as affordable housing, quality public schools, primary healthcare and essential social services,” said the governor.

Links: [Fiscal Years 2018-2019 Budget Proposal](#); [Governor’s Press Release](#); [State of the State Speech](#)

### Enacted

Hawaii Governor David Ige signed into law a biennial budget for fiscal 2018-2019 on June 21, after the state legislature passed a state budget in early May calling for \$14.1 billion in spending from all funds in fiscal 2018

and \$14.3 billion in fiscal 2019. The enacted budget came in lower than the governor's spending proposal, after revenue projections were reduced. The enacted budget provides additional funding for housing and homelessness programs and school building improvements. The governor also signed a bill creating a state-level, nonrefundable Earned Income Tax Credit (EITC), paid for by reinstating marginal income tax rate increases on high earners that had previously expired. Lawmakers adjourned without reaching agreement to address a funding shortfall facing a major rail project in Honolulu; a special session is scheduled in late summer to deal with this issue.

Links: [Fiscal Years 2018-2019 Enacted Budget](#)

## IDAHO

### Proposed

On January 9, Governor C.L. "Butch" Otter unveiled his fiscal 2018 budget proposal, which calls for \$3.36 billion in maintenance expenditures, in addition to \$107 million in spending enhancements, for a total of \$3.47 billion in general fund spending, which reflects a 5.9 percent increase over fiscal 2017 appropriations. The budget assumes that general fund revenues will grow 4.6 percent in fiscal 2018 to \$3.51 billion, and projects an ending balance of \$68 million. Including all fund sources, the governor recommends \$8.66 billion in total state spending. With the top priority of providing funding to implement the recommendations of his education task force, the governor recommends \$58 million in funding for the third year of a five-year plan to increase teacher salaries, in addition to funding for classroom technology, teacher professional development, college and career counseling and other targeted investments. In his higher education budget, the governor recommends \$35 million for various college and university construction projects, and \$3 million for a scholarship program that will support adult students returning to school to complete their first postsecondary degree. In his budget address, the governor acknowledged the appeal of tax relief, but noted the significant reduction in taxes during his tenure already, and asserted, "I will not entertain anything that undermines our commitment to meeting our essential State government functions," especially "our investments in improving education and career readiness in Idaho."

Links: [Fiscal Year 2018 Budget Proposal](#); [State of the State Speech](#)

### Enacted

Idaho Governor C.L. "Butch" Otter signed the state's fiscal 2018 budget, which calls for \$3.45 billion in general fund spending, representing a 5.4 percent increase over fiscal 2017 appropriation levels and a similar spending level to what was proposed in the executive budget. The budget increases spending on public schools by about \$100 million (a 6.3 percent increase), with most of these new dollars going towards increasing teacher compensation. Colleges and universities received a 2.7 percent general fund increase. Overall, education spending, including public schools, colleges and universities, and other education programs, comprises about 63 percent of total general fund spending in the fiscal 2018 budget. The budget funds a number of the governor's priorities, such as increased funding for classroom technology (\$5 million), the Workforce Development Training Fund (\$2.5 million), and the expansion of postsecondary career and technical education (\$1.9 million).

Links: [Fiscal Year 2017 Enacted Budget](#); [Governor's Press Release](#)



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## ILLINOIS

### Proposed

Illinois Governor Bruce Rauner released his fiscal 2018 budget proposal on February 15; in addition, the state continues to debate a budget for the remainder fiscal 2017. The fiscal 2018 budget calls for \$69.7 billion in total spending, compared to estimated maintenance appropriations of \$71.4 billion in fiscal 2017, a 2.3 percent decrease. The main funding sources for fiscal 2018 are general funds (48.1 percent), special state funds (30.0 percent), federal trust funds (12.2 percent), debt service funds (5.4 percent), and highway funds (3.3 percent). Regarding general funds expenditures and transfers, the budget calls for spending \$37.3 billion; this figure assumes that certain transformations are made including to pensions, state employee health insurance, the delivery of social services, and state procurement practices. The largest categories of general fund spending in the budget proposal are education (28.1 percent), healthcare (21.2 percent), pensions (19.8 percent), human services (17.7 percent), government services (7.4 percent), and public safety (5.4 percent). The budget forecasts total operating revenue of \$32.7 billion in fiscal 2018, compared to an estimated \$32.4 billion in fiscal 2017. Additionally, the budget assumes a cash basis surplus of \$133 million. Highlights of the budget include: full funding of general state aid for K-12, increased support for early childhood education, an increase of need-based financial aid for higher education, performance funding for public colleges and universities, increased support for child care and other human services programs, the establishment of a statewide opioid strategy, funding for additional state troopers, an increase in capital for the state's road program, and funding for maintenance and repairs at state facilities. The budget also calls for a number of policy transformations including changes to state pensions including proposals to curb salary spiking and pension costs, alterations to health insurance benefits for state employees, making salary increases more merit-based, efforts to encourage cooperative purchasing opportunities and streamline processes, implementing a community reinvestment program, and making changes to various other state agencies. In his letter to the legislature, the governor said, "By working together, we can achieve a balanced budget for fiscal year 2018 and enact necessary changes to improve our state's competitiveness in order to sustain fiscal long-term stability."

Links: [Fiscal Year 2018 Budget Proposal](#); [Budget Address](#); [State of the State Speech](#)

### Enacted

Illinois' fiscal 2018 budget was enacted on July 6, the state's first full-year enacted budget since fiscal 2015. The budget was vetoed by Governor Bruce Rauner on July 4, but both the House and Senate voted to override the veto. The budget calls for approximately \$36 billion in state spending, includes 5 percent reductions to most state agencies, and a 10 percent reduction to higher education. The spending plan also calls for increasing K-12 spending by \$350 million; separate legislation establishing a new education funding formula was agreed to at a later date. In addition to the spending plan, the legislature also overrode the governor's veto of legislation which increases personal income taxes, corporate income taxes, and makes changes to certain tax breaks and tax credits. In his veto message, the governor said that the legislation does not balance the budget, does not make sufficient spending reductions, does not pay down the debt, does not provide tax relief or regulatory relief, and holds schools hostage to force a Chicago bailout.

Links: [Fiscal Year 2018 Enacted Budget](#); [Governor's Press Release](#); [Veto Message](#)

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## INDIANA

### Proposed

On January 10, Indiana Governor Eric Holcomb proposed a two-year budget for fiscal 2018 and fiscal 2019. The budget calls for total general fund spending of \$15.6 billion in fiscal 2018 (a 2.29 percent increase from estimated fiscal 2017), and \$16.1 billion in fiscal 2019 (a 3.13 percent increase from estimated fiscal 2018). The largest categories of general fund spending are K-12 education/teacher retirement/other education (51.9 percent), Medicaid (13.8 percent), higher education (12.0 percent), other health and human services (8.3 percent), and public safety (6.3 percent). General fund revenue is estimated to be \$15.7 billion in fiscal 2018, up from \$15.3 billion in fiscal 2017, and \$16.3 billion in fiscal 2019. Additionally, the budget assumes a general fund reserve balance of \$521 million at the end of fiscal 2019, and total combined balances of \$2.0 billion, or 12.3 percent of current year resources. The governor's budget proposal is focused on five areas: cultivating a strong and diverse economy, creating a 20-year plan to fund roads and bridges, developing a 21<sup>st</sup> century skilled and ready workforce, attacking the drug epidemic, and delivering great government services. Specifically, the governor is calling for a honestly balanced budget, maintaining prudent reserve levels, keeping the AAA credit rating, investing \$1 billion to innovation and entrepreneurship over ten years, maintaining existing roads and bridges while also investing in new projects that enhance competitiveness, increased investments in education at all levels including pre-K, a grant program to help adults earn credentials and degrees, a coordinated effort to address drug abuse, increasing police pay, and exempting military pensions from income tax. In his State of the State address, the governor said that the state needs to "...think not just about today but about the years to come, and we need to act with boldness and courage to solve our current issues and prepare Indiana for the ever-changing future."

Links: [Fiscal Years 2018-2019 Budget Proposal](#); [Budget Presentation](#); [State of the State Speech](#)

### Enacted

Indiana Governor Eric Holcomb signed the state's biennial budget on April 27 with total appropriations from all fund sources of \$33.6 billion in fiscal 2018 and \$34.5 billion in fiscal 2019. General fund appropriations are \$15.9 billion in fiscal 2018, a slight increase from an estimated \$15.8 billion in fiscal 2017, and \$16.4 billion in fiscal 2019. K-12 remains the largest category of general fund spending at \$7.0 billion in fiscal 2018 and \$7.1 billion in fiscal 2019. Total general fund revenue is expected to grow 2.8 percent in fiscal 2018 and 3.8 percent in fiscal 2019. In addition, the state's combined balances are expected to reach \$1.9 billion at the end of fiscal 2019. The governor's office noted that the enacted budget includes incentives to increase the amount of venture capital, regional economic development, pre-K expansion, and pay increases for law enforcement. On the same day the governor signed the budget, he also signed a transportation bill providing long-term funding for roads and other infrastructure projects throughout the state, by raising the gas tax, indexing it to inflation, and establishing a new vehicle fee for infrastructure projects as well as a new fee on electric and hybrid vehicles.

Links: [Fiscal Years 2018-2019 Enacted Budget](#); [Governor's Press Release](#)

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## IOWA

### Proposed

Iowa Governor Terry Branstad released his fiscal 2018 budget proposal on January 10 which calls for \$7.46 billion in general fund spending, an increase of 2.6 percent from estimated fiscal 2017 levels. The governor also included a recommendation for fiscal 2019, calling for \$7.63 billion in general fund spending. The largest program areas include education (56 percent), health and human services (25 percent), justice/judicial branch (9 percent), and property replacement/tax credits (7 percent). Total net general fund receipts are estimated at \$7.54 billion in fiscal 2018, a 4.2 percent increase. In addition, the budget assumes an ending balance – cash reserve fund of \$554 million. Highlights of the budget include that it fits within five-year budget projections, gives schools predictability and stability, includes savings from Medicaid reform, and prioritizes education, health care, economic development, and public safety. Specific policy proposals include: replacing the current collective bargaining system for public employees, modernizing water quality infrastructure, prioritizing initiatives that will grow the state’s talent pipeline, establishing high-quality computer science standards, and calling for legislation that reduces the amount of distracted and impaired drivers. The governor also discussed needed adjustments to the current fiscal 2017 budget. In his Condition of the State address, the governor talked about how fortunate he has been to be governor for a total of 22 years, while also stating that since he once again took office in 2011 the state has “... made the necessary changes to strengthen our economy and improve the quality of life across the state.”

Links: [Fiscal Year 2018 Budget Proposal](#); [Budget in Brief](#); [Condition of the State Speech](#)

### Enacted

On May 12, Iowa Governor Terry Branstad finished taking action on the various spending bills that comprise the state budget after making several item-vetoes. Then lieutenant governor and now Gov. Kim Reynolds noted at the time of the bill signings that the appropriation bills would help the state continue to grow in the future. The fiscal 2018 budget calls for \$7.27 billion in general fund spending, an increase of \$9 million from fiscal 2017 levels, with preK-12 representing \$3.25 billion of total general fund spending. Additionally, the spending plan continues to balance in the state’s five-year budget projections and includes a projected ending balance of \$106.9 million.

Links: [Fiscal Year 2018 Enacted Budget](#); [End of Session Information](#)

## KANSAS

### Proposed

On January 11, Kansas Governor Sam Brownback released a fiscal 2018 budget proposal that calls for \$15.32 billion in spending from all funds, a 3.6 percent decline from the governor’s revised fiscal 2017 recommendation, and \$6.26 billion in general fund spending, a 0.14 percent increase from the governor’s revised fiscal 2017 recommendation. General fund revenues are projected to be \$6.38 billion, a 1.0 percent increase from fiscal 2017. The proposal recommends an ending balance of \$216.5 million. In addition to the fiscal 2018 proposal, the governor also included recommendations for fiscal 2019 with revenues projected at \$6.48 billion and spending at \$6.15 billion. In fiscal 2018, education would represent the largest program area of general fund spending at 60.9 percent, followed by human services (27.2 percent), public safety (6.3 percent),

and general government (5.3 percent). The governor's budget proposal goals include protecting core services, gaining additional efficiencies, lessening reliance on non-recurring revenues and expenditures, and growing the ending balance. Specifically, the governor is calling for working with the legislature to formulate a fair and balanced school finance formula, making several Medicaid policy changes, extending the amortization period for the state's pension system, transferring funds from the Department of Transportation to the general fund, a new scholarship program to encourage teachers to serve in rural areas, and encouraging the creation of a \$15,000 baccalaureate degree program. The governor also included \$179 million in revenue increases through a series of measures such as raising sin taxes and taxing passive income including rents/royalties. Additionally, due to revenues coming in below projections, the governor released a revised budget proposal for fiscal 2017 which included a number of revenue and spending adjustments. In his letter to the legislature, the governor spoke of the economic and fiscal challenges the state is currently facing, and said that, "With these challenges, we must continue to hold the line on state government expenditures while protecting core state services."

Links: [Fiscal Year 2018 Budget Proposal](#); [Budget Presentation](#); [State of the State Speech](#)

### Enacted

On June 25, Kansas Governor Sam Brownback signed the state's fiscal 2018-2019 budget after making two line-item vetoes. While the governor signed the budget, he said that it unnecessarily increases government spending in several areas and fails to adopt common sense cost-saving measures, however, the governor stated that he signed the bill to avoid a stoppage in core functions of the government and to provide pay increases to state workers. Overall, the budget calls for total spending of \$15.92 billion in fiscal 2018, down from \$15.96 billion in fiscal 2017, and \$16.15 billion in fiscal 2019. General fund spending is estimated at \$6.59 billion in fiscal 2018, up from \$6.30 billion in fiscal 2017, and \$6.61 billion in fiscal 2019. General fund taxes are estimated at \$6.39 billion in fiscal 2018 and \$6.51 billion in fiscal 2019, compared to \$5.74 billion in fiscal 2017, with the increase partly due to tax changes enacted in June including restoring a tax to certain non-wage business income, increasing individual income tax rates, and repealing future scheduled tax rate cuts. The budget also assumes an ending balance of \$115.3 million in fiscal 2018 and \$168.8 million in fiscal 2019.

Links: [Fiscal Year 2018 Enacted Budget](#); [Comparison Report](#); [Governor's Press Release](#); [Veto Message](#)

## KENTUCKY

### Enacted

In 2016, Kentucky enacted a two-year budget for fiscal 2017 and fiscal 2018. In this year's State of the Commonwealth speech, Governor Matthew Bevin cited several areas for focus during the upcoming session, including the underfunding of the state's pension system, improvements in the foster care system, basing a portion of university funding on performance measures, and helping Kentucky advance in the areas of manufacturing and engineering. Regarding healthcare, the governor said that he wants to preserve Medicaid for the people that truly need it, and is hopeful that the federal government will approve its plan to reshape the Medicaid program.

Links: [Fiscal Years 2017-2018 Enacted Budget](#); [State of the Commonwealth Speech](#)



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## LOUISIANA

### Proposed

On February 23, Louisiana Governor John Bel Edwards released a fiscal 2018 budget proposal that recommends all funds spending of \$29.7 billion in fiscal 2018, a 6.0 percent increase over budgeted amounts for fiscal 2017; the budget proposes general fund spending of \$9.5 billion, a decrease of 1.61 percent from fiscal 2017. The January Revenue Estimating Conference forecast revenues for fiscal 2018 would decrease by \$397.6 million, leaving unmet expenditure requirements of \$440 million. The governor's proposal does not include any one-time money for recurring expenses or fund sweeps, spends only funds the state is projected to take in over the next fiscal year, and recognizes the forecasted reduction in revenue to balance the budget. The governor stated in his press release that "Our work during the next regular session will be critical as we structurally reform the state's budgeting practices. In doing that, we will ensure that our state brings in a sufficient amount of revenue to fund our priorities and put Louisiana on a path to prosperity." The largest categories of spending from general funds include education (48.3 percent), human resources (30.8 percent), general government (10.2 percent) and public safety (9.5 percent). In order to balance the budget, the budget annualizes many of the fiscal 2017 reductions, cuts the Department of Health by \$184 million, and cuts other departments by two percent. The governor also compiled a list of priorities totaling \$440 million to fund if revenues outpace estimates, including full funding for the TOPS scholarship program, performance adjustments for state employees, restoring funding for the Department of Health, full funding for agencies, and match funding for the Department of Transportation.

Links: [Fiscal Year 2018 Budget Proposal](#); [Governor's Press Release](#); [Budget Presentation to Legislature](#)

### Enacted

On June 26, Louisiana Governor John Bel Edwards signed a \$28 billion fiscal 2018 budget, an increase of 3.1 percent over fiscal 2017, and vetoed four items related to increased legislative oversight. The budget fully funds the TOPS college scholarship program for the fiscal year and includes a pay increase for state employees. The budget provides increased funding for transportation, corrections (including Hepatitis C medication at two prisons), public safety services, youth services, health, child welfare and higher education.

Links: [Fiscal 2018 Enacted Budget](#); [Veto Letter](#); [Legislative Analysis](#)

## MAINE

### Proposed

On January 6, Maine Governor Paul LePage released his proposed biennial budget for fiscal 2018-2019 that calls for \$6.84 billion in total general fund appropriations, a 1.63 percent increase from the current biennium. Total general fund revenue is forecasted to grow by 3.28 percent in fiscal 2018 and 1.29 percent in fiscal 2019. The recommended budget proposes a series of revenue measures including reducing the top individual income tax rate from 10.15 percent to a flat rate of 5.75 percent by 2020 and reducing the top corporate income tax rate from 8.93 percent to 8.33 percent. The budget also proposes to eliminate the estate tax for people dying after the beginning of 2018, would increase the lodging sales tax rate from 9 percent to 10 percent, provide property tax relief to low-income and elderly homeowners, and broaden the sales tax. The proposal also includes a reduction of about 500 state employee positions and a vacancy study to further reduce the size of the workforce. Other proposals include a statutory limit on the growth of spending and government and creating a new, cabinet-level

Department of Technology Services to oversee all executive branch technology assets and services. The budget would delay for one year the implementation of a ballot measure that placed 3 percent surtax on annual income over \$200,000 to fund education. Additionally, the budget includes reducing the time limits in the Temporary Assistance for Needy Families program from five years to three years and eliminating MaineCare eligibility for able-bodied parents with earnings over 40 percent of the federal poverty level, providing additional funding to reduce social service waitlists and fully funding the indigent legal defense system. The budget also includes more than \$30 million to support increased costs for Medicare Part B and Part D. The budget allows municipalities to collect service charges from large tax-exempt entities such as nonprofit organizations, requires land trusts to contribute to their host communities, and would deposit \$40 million in the budget stabilization fund. In discussing his budget, the governor said that it "...seeks to protect our future by mitigating the severe damage to our economy that will be caused by two citizen initiatives approved in November. This budget also protects our state's most vulnerable people, especially our elderly, who are already struggling to make ends meet."

Links: [Fiscal Years 2018-2019 Budget Proposal](#); [State of the State Address](#)

### Enacted

Maine Governor Paul LePage signed the \$7.1 billion fiscal 2018-2019 budget on July 4 after a three-day shutdown, and thanked the legislature for passing a budget that does not include a tax increase. The budget includes a \$162 million increase in public education funds over two years, with \$48.4 million of the increase in 2017-2018 and \$113.6 million of the increase in 2018-2019. The budget eliminates the 3 percent tax surcharge on income over \$200,000 that voters approved in November for public school funding. Other changes include an additional \$1.15 million for the Head Start preschool program, as well as a two-year moratorium on additional reimbursement rate reductions for a behavioral health MaineCare program. The budget also includes \$14.3 million in additional funding for the direct care workforce which serves seniors and those with disabilities and funds the Maine Community College Systems Strategic Workforce Initiative, designed to provide skills and training necessary for immediate employment, at \$10 million.

Links: [Fiscal Years 2018-2019 Enacted Budget](#); [Governor's Press Release](#)

## MARYLAND

### Proposed

On January 18, Maryland Governor Larry Hogan released a fiscal 2018 budget proposal that recommends all funds spending of \$43.5 billion in fiscal 2018, an increase of 1 percent from the \$43.1 billion fiscal 2017 budget. For general fund spending the budget recommends \$17.1 billion in fiscal 2018, a .11 percent decrease from the fiscal 2017 budget. Revenues are projected to increase 2 percent, from \$42.6 billion available in fiscal 2017 to a projected \$43.6 billion in fiscal 2018. The largest categories of expenditures include health (32 percent), K-12 education (18 percent), higher education (15 percent), transportation (12 percent), human services (7 percent), and public safety (5 percent). Education is a priority in the budget, with direct aid to local schools increasing by \$60.4 million and a total investment in K-12 education of \$6.4 billion; the budget also includes \$17.5 million to hold higher education tuition increases to 2 percent. To help combat the state's opioid crisis, the budget provides an additional \$4 million to help those struggling with heroin and opioid addiction, for a total of \$1.3 billion allocated for mental health and substance use disorder services. The budget includes an additional \$79 million to fund a 2 percent rate increase for most health care and group home providers while allocating \$7.4 million for

two new waiver programs aimed at reducing the waiting list for services from the Developmental Disabilities Administration, covering an additional 400 state residents. Economic development receives additional funding, with \$10.2 million allocated for the state's Economic Development Assistance Authority and Fund and an increase of \$3.3 million, or nearly 25 percent, for the Small, Minority, and Women-Owned Business Investment Account. To protect against future decreases in revenue, the budget maintains \$1 billion in cash reserves. "The budget we are announcing today decreases general fund spending in real dollars. It doesn't just slow the rate of growth, but it actually spends less than last year's budget, while still fully funding our priorities, including record funding in K-12 education for the third year in a row," said Governor Hogan. "We are able to accomplish this with no new taxes, no cuts to services, and without raiding dedicated special funds, and once again, this budget is 100 percent structurally balanced."

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Links: [Fiscal Year 2018 Budget Proposal](#); [Budget Highlights](#); [Governor's Press Release](#); [State of the State Speech](#)

### *Enacted*

On March 28, Maryland's legislature approved the state's fiscal 2018 budget; the budget became law upon passage. Spending from all funds is estimated to be \$43.5 billion for the operating budget, with spending from general funds comprising \$17.2 billion. The budget limits tuition increases at public colleges and universities to 2 percent while fully funding the state's education formulas with \$6.4 billion in aid for public schools. With passage of this budget, the state's rainy day fund will have a balance of \$860 million. In total, the budget provides \$13.9 billion for the Department of Health, \$2.6 billion for the Department of Human Services, \$1.4 billion for the Department of Public Safety and Correctional Services, and \$7.95 billion for the Department of Education, including \$7.6 billion allocated for aid to education.

Links: [Fiscal 2018 Budget](#), [Fiscal Digest](#)

## MASSACHUSETTS

### *Proposed*

On January 25, Massachusetts Governor Charlie Baker released his proposed \$40.5 billion fiscal 2018 budget. The fiscal 2018 general fund proposal increases spending by 4.3 percent, or 2.7 percent net of MassHealth revenue, over fiscal 2017 estimated spending, and relies on a consensus tax revenue estimate of \$27.1 billion, which is 3.9 percent growth over the revised fiscal 2017 tax revenue projection. The budget also recommends a new method to increase the stabilization fund during periods of economic growth, providing for a \$98 million deposit into the fund in fiscal 2018, with potential for an additional deposit based on year-end surplus. If enacted, the new law would provide for two phases of rainy day fund deposits: first, a budgeted transfer of 50 percent of the consensus revenue estimate's projected excess capital gains, and second, a requirement that 50 percent of above-budget tax revenue at the end of a fiscal year be directed to the stabilization fund, prior to year-end closeout and the finalization of consolidated net surplus. The budget would fund key priorities including local aid, education, workforce development, housing and homelessness services, and substance misuse prevention programs, while keeping spending in line with recurring revenues and would not raise taxes. The budget would increase education aid by \$91 million, for a total of \$4.7 billion in funding, include \$7 million for rate increases for Early Education and Care for center-based child care providers, and support a \$10.3 million increase for higher education campus budgets. The budget also proposes to reinstate an employer fee of \$2,000-per-employee assessment on businesses with more than 10 employees that do not offer health

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insurance. In his budget message the governor said that his proposal, "...keeps the Commonwealth on a path of fiscal responsibility, essentially achieves our stated goal of bringing the state budget into structural balance, addresses long-term obligations, and funds important priorities."

Links: [Fiscal Year 2018 Budget Proposal](#); [State of the Commonwealth Speech](#)

### Enacted

Massachusetts Governor Charlie Baker signed the fiscal 2018 budget of \$39.4 billion on July 17 which reflects a 1.7 percent increase over fiscal 2017 in line with revenue growth projections; the state was operating under a temporary spending bill while the final budget was being reviewed. The budget projects a \$98.4 million increase to the stabilization fund balance, bringing reserves up to \$1.4 billion, and reduces reliance on one-time revenues to \$125 million in fiscal 2018, down from \$1.2 billion in fiscal 2015. The budget does not raise taxes or fees. The budget includes a total of \$185.3 million for substance misuse, an increase of Chapter 70 education aid of \$118.9 million, \$38.5 million for Early Education Care rate increases, and a \$9.8 million increase to support the annualization of 450 new hires at the Department of Children and Families. Additionally, the budget includes a 3.9 percent increase in unrestricted payments to cities and towns totaling over \$1 billion. The budget for Medicaid will total \$15.6 billion, a 3.7 percent increase over the prior fiscal year. The governor vetoed \$320.3 million of spending, including \$222 million from MassHealth and \$42 million in earmarks.

Links: [Fiscal Year 2018 Enacted Budget](#); [Governor's Press Release](#)

## **MICHIGAN**

### Proposed

On February 8, Michigan Governor Rick Snyder released his fiscal 2018 budget proposal that calls for \$56.3 billion in total spending, a 2.5 percent increase from the enacted fiscal 2017 budget, and \$10.1 billion in general fund spending, a 1.7 percent increase. The governor also recommended spending of \$56.1 billion in total spending in fiscal 2019 and \$10.0 billion in general fund spending. The budget projects general fund revenues at \$10.5 billion in fiscal 2018, up from \$10.3 billion in fiscal 2017, and a budget stabilization fund of \$1 billion by the end of fiscal 2018. Health and Human Services would represent the largest area of total spending at 45 percent, followed by education (29 percent), jobs (11 percent), government services (7 percent), public safety (6 percent), and environment (2 percent). The budget directs one-time resources to several one-time investments including the budget stabilization fund, education, IT upgrades, economic development, and state park maintenance. Regarding education, the proposal increases per-pupil spending by \$128 million as well as \$150 million for at-risk youth, while also increasing funds for university operations by \$37 million and providing additional financial aid to students. Other highlights of the budget include: increased investments in business attraction and retention, as well as talent development; additional funding for roads and transit while also depositing \$20 million into the Michigan Infrastructure Fund; providing an additional \$45 million for mental health care; added funding for water safety; and \$9 million to hire an additional 100 state troopers. Finally, the governor recommends lowering the assumed rate of return for the state's retirement system from 8 percent to 7.5 percent. In discussing the budget, the governor highlighted improvements in the state over the past six years and said that Michigan needs to "...continue making smart, responsible investments in critical areas like education, infrastructure, and the professional trades."



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Links: [Fiscal Year 2018 Budget Proposal](#); [Budget Presentation](#); [Governor's Press Release](#); [State of the State Speech](#)

### Enacted

Michigan's Governor Rick Snyder signed the state's fiscal 2018 budget into law on July 14 (the state's fiscal year begins on October 1), including both the general omnibus and the education omnibus; the governor did make a series of vetoes to the budget bill. The budget calls for \$56.5 billion in total spending, and \$10.0 billion in general funds; the general fund total for fiscal 2018 is approximately 0.1 percent below fiscal 2017 levels. Total school aid fund expenditures are estimated at \$15.2 billion in fiscal 2018, up from \$14.6 billion in fiscal 2017. Additionally, the budget appropriates \$150 million to the budget stabilization fund. A consensus revenue estimate released in May projects ongoing general fund revenue of \$10.4 billion in fiscal 2018, an increase from \$10.1 billion in fiscal 2017. The governor said that the budget makes significant investments in healthcare, education, public safety, infrastructure, natural resources, and the economy while maintaining a commitment to fiscal responsibility.

Links: [Fiscal Year 2018 Enacted Budget](#); [Governor's Press Release](#); [Veto Message](#)

## MINNESOTA

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### Proposed

Minnesota Governor Mark Dayton released his two-year budget proposal for fiscal 2018 and 2019 on January 24. The budget calls for \$80.9 billion in total expenditures over the course of the biennium, an increase of 8.3 percent compared to the prior two-year budget. The budget recommends general fund spending of \$45.8 billion over two years, an increase of 9.6 compared to the prior biennium budget. General fund revenue growth over the two-year period is forecasted at \$47.9 billion, an increase of 7.8 percent. The proposal also assumes a general fund balance of \$1.4 billion at the end of the biennium. K-12 represents 41 percent of all general fund spending in the governor's budget recommendation, followed by health and human services (30.2 percent), property tax aid and credits (7.8 percent), higher education (7.4 percent), and public safety and judiciary (5.3 percent). The governor's budget is focused on improving opportunities for all Minnesotans through improving education from preschool to career and college training, growing the economy and creating good jobs, and reforming government. Specific solutions proposed include: cutting taxes for Minnesota families, partnering with businesses to create new jobs, repairing roads and highways, modernizing the water system, expanding pre-k, increasing child care access, expanding offerings for college and career readiness, and continued efforts to make state government more efficient and responsive. The governor said that, "My budget would continue making the investments our state needs to create opportunity for every Minnesotan. It would deliver excellent educations for all students, support job creation across the state, and create cleaner, healthier futures for all Minnesotans."

Links: [Fiscal Years 2018-2019 Budget Proposal](#); [Budget Presentation](#); [Revised Federal Funds Summary](#); [Governor's Press Release](#); [State of the State Speech](#)

### Enacted

On May 30, Minnesota Governor Mark Dayton signed the state's nine budget bills for the fiscal 2018-2019 biennium. The governor noted that while he is signing the bills, he has strong disagreements with certain provisions in every one of the bills, adding that he does not want citizens to face the disruptions of another government shutdown such as the one in 2011, and his belief that further negotiations would not achieve better

results. The enacted budget calls for \$22.49 billion in general fund spending in fiscal 2018, and \$23.05 billion in general fund spending in fiscal 2019; in comparison, fiscal 2017's general fund spending level was \$21.68 billion. The budget assumes total net non-dedicated revenue of \$21.79 billion in fiscal 2018 and \$22.85 billion in fiscal 2019, in comparison to \$21.05 billion in fiscal 2017. Additionally, the budget projects a budget reserve of \$1.60 billion at the end of the biennium. The governor chose not to sign a tax bill, instead letting it become law without his signature. The governor expressed frustration that the legislature added a "poison pill" provision into the State Government Bill that would eliminate funding for the Department of Revenue if the tax bill was not enacted. In return, the governor vetoed funding for the legislature in hopes that it would lead them to reconsider certain provisions in the tax bill. The tax package includes \$650 million in targeted tax cuts in areas such as a reduction in social security income taxes, property tax cuts for small businesses, property tax relief for farmers, a tax credit for student loan payments, and aid for child care expenses.

Links: [Fiscal Years 2018-2019 Enacted Budget](#); [Budget Tracking Spreadsheets](#); [Legislative Session Tracking Sheets](#); [Governor's Press Release](#)

## MISSISSIPPI

### *Proposed*

On November 15, Mississippi Governor Phil Bryant released his fiscal 2018 executive budget recommendation that calls for spending from the general fund of \$5.7 billion, a 0.2 percent decrease from fiscal 2017, and spending from all state supported funds of \$6.27 billion, a 0.5 percent decrease from fiscal year 2017. General fund revenues are projected to be \$5.8 billion in fiscal 2018, a 3.1 percent increase from the revenue estimate for fiscal 2017. The budget maintains the governor's commitment to spending only 98 percent of available revenues in accordance with state code and uses no one-time money for recurring expenses. Most agencies will receive a 1.8 percent reduction to their state support appropriations while the budget maintains level funding for public safety, military, veterans, emergency management, prosecutors and community colleges. Additional spending was allocated for education and child welfare, an additional \$16.4 million in the Mississippi Adequate Education Program (for total state support of \$2.257 billion) and over \$112 million to the Department of Child Protection Services. To generate additional state revenues, the governor noted his openness to discussions on implementing a lottery in the state as well as enforcing the collection of online sales taxes. In presenting the budget, the governor noted that, "Beginning with my first Executive Budget Recommendation, I have stressed three guiding principles for budgeting: saving for the future, spending prudently and prioritizing the core functions of government. This budget reflects those principles.

Links: [Fiscal Year 2018 Budget Proposal](#); [Governor's Press Release](#); [Budget Recommendation Snapshot](#); [State of the State Speech](#)

### *Enacted*

Mississippi finalized its fiscal 2018 budget in June during special session, approving \$5.6 billion in general fund appropriations and reappropriations from the prior year (a decrease of 4.35 percent from fiscal 2017) and spending from all state supported funds of \$6.06 billion (a decrease of 6.8 percent from fiscal 2017). Increased funding was allocated to highway safety patrol (\$836,673) and the Veterans' Affairs Board (\$440,399) and reappropriations were allocated to general education programs (\$2.5 million) and the Land Records Maintenance Fund (\$1 million). Decreases in funding were made to most agencies, including public education (\$43.7 million), higher education (\$85 million), public health (\$8.3 million), and corrections (\$16.1 million). All

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education funding represents 53.1 percent of general fund appropriations for fiscal 2018, followed by social welfare at 18.4 percent, debt service at 7.0 percent, and corrections at 5.6 percent. The budget also authorized \$14.5 billion from other fund sources, including \$9.1 billion in federal funds.

Links: [Budget Bulletin](#)

## MISSOURI

### *Proposed*

On February 2, Missouri Governor Eric Greitens released his fiscal 2018 budget proposal that calls for \$27.77 billion in total spending, a 0.3 percent increase from fiscal 2017. The recommended budget calls for \$9.49 billion in spending from general revenues, a decline of 2.1 percent. Revenue growth is forecasted at 3.8 percent in fiscal 2018, and the ending balance is projected at \$5.2 million. Human services represents the largest area of total spending in fiscal 2018 at 47 percent, followed by K-12 (22 percent), transportation (8 percent), public safety and corrections (5 percent), higher education (4 percent), and elected officials, judiciary, and General Assembly (2 percent). For spending solely from general revenues, K-12 is the largest area at 35 percent, with the next largest areas being human services (33 percent), higher education (9 percent), and public safety and corrections (8 percent). The budget proposal includes \$572 million in cuts and reduces the state's workforce by 188 positions, while balancing the budget to help retain the state's AAA credit rating. The proposed budget also maintains funding for K-12 classrooms, provides \$2 million to expand online Advanced Placement classes, includes additional funding to support children with special needs, provides \$33.8 million more for residents with developmental disabilities, includes a number of public safety initiatives, adds \$11 million to coordinate efforts to combat the opioid epidemic in the state, strengthens the state's mental health system, provides more aid to veterans, restores \$2.5 million in funding for public defenders, and fully funds the state's contribution rate for the pension system. In his letter to the legislature, the governor said that the state's budget is broken and that, "My administration is committed to funding the core priorities of government and to watching over every single tax dollar."

Links: [Fiscal Year 2018 Budget Proposal](#); [Budget Summary](#); [Governor's Letter](#); [State of the State Speech](#)

### *Enacted*

On June 30, Missouri Governor Eric Greitens signed several bills that comprise the state's fiscal 2018 budget. The budget fully funds the state's education foundation formula for the first time in a decade, includes \$6 million for a rural broadband program, increases funding by over \$12 million for early childhood special education, adds \$10 million to help keep children out of dangerous and abusive situations, and includes \$12 million to combat the opioid crisis. The governor did restrict more than \$250 million in spending to maintain a balanced budget following lower than expected growth in tax collections and rising healthcare costs. The governor noted that he either had to cut spending or raise taxes, and he was not willing to raise taxes. In addition, the governor vetoed a bill that would have permitted a transfer of \$35.4 million from various state funds into general revenue.

Links: [Fiscal Year 2018 Enacted Budget](#); [Governor's Press Release](#)

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## MONTANA

### Proposed

Montana Governor Steve Bullock released his biennial budget on November 15, subsequently adjusted on December 15, proposing \$2.35 billion in general fund spending in fiscal 2018 and \$2.39 billion in fiscal 2019. This represents a 0.3 percent decline in spending in fiscal 2018 (relative to the fiscal 2017 budget including proposed changes by the governor), followed by a 1.8 percent spending increase in fiscal 2019 (relative to fiscal 2018 proposed). The two-year budget projects an ending general fund balance of \$163 million in fiscal 2018 and \$300 million in fiscal 2019. Revenues are projected to grow 4.9 percent in fiscal 2018 and 6.6 percent in fiscal 2019. The budget emphasizes six priority areas: fiscal responsibility, infrastructure investment, job creation and business incentives, educational opportunity, tax fairness for businesses, and caring for families and children. The governor calls for the state to maintain a structural balance over the two-year period, as well as bolstering the ending fund balance (which serves as the state's rainy day fund). The budget proposes \$292 million in funding for infrastructure from a mix of cash and bonds, and the creation of a new infrastructure trust fund financed by coal severance tax revenues. "The first order of business of the upcoming Legislature is to pass an infrastructure bill," said the governor. "By working together, we can ensure Montana's roads, bridges, water and wastewater systems and schools get the critical investments they need." The governor also calls for new incentives for businesses to hire workers and provide job training, including an apprenticeship tax credit, as well as temporary property tax waivers for new businesses and expanded income tax credits for low-income workers. Meanwhile, the governor recommends several tax provisions that will increase revenue, such as eliminating the tax credit on capital gains over \$1,000,000. The budget increases K-12 education spending by \$30 million over the biennium, and also invests \$12 million in expanding preschool access.

Links: [Fiscal Years 2018-2019 Budget Proposal](#); [Governor's Press Release](#); [State of the State Speech](#)

### Enacted

Montana Governor Steve Bullock signed the state's fiscal 2018-2019 biennial budget into law on May 9. The two-year enacted budget (the general appropriations bill) increases general fund spending by just 0.7 percent over the previous biennium and keeps total fund spending essentially flat. The spending plan focuses on replenishing reserves after a weak revenue performance brought the projected ending balance for the fiscal 2016-2017 biennium to \$79 million (1.7 percent of biennial expenditures). The budget relied mainly on spending reductions to increase the general fund ending balance to a projected \$199 million by the end of fiscal 2019, including increasing the budgeted vacancy rate for personnel and eliminating school district block grants. The budget makes modest targeted investments in areas such as daycare and early education and home and community based services. The legislature also approved a gas tax increase and established new fees for electric and hybrid vehicles that will add \$55 million in revenue for transportation infrastructure, as well as a bill to create a state-level earned income tax credit equal to 3 percent of the federal credit beginning in calendar year 2019. In addition, lawmakers approved a budget stabilization plan intended to protect state reserves, including triggered appropriation reductions depending on actual revenues in the short term and the creation of a rainy day fund as a long term method of managing revenue volatility. Spending cuts have already been triggered this summer due to lower-than-expected revenues.

Links: [Fiscal Years 2018-2019 Enacted Budget](#); [Fiscal Report](#)



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## NEBRASKA

### Proposed

Nebraska Governor Pete Ricketts proposed a two-year budget on January 12. The budget recommends two-year average growth in general fund spending of 1.7 percent, with fiscal 2018 proposed general fund spending at \$4.40 billion and fiscal 2019 at \$4.49 billion. Nominal growth in general fund net receipts is estimated at 3.3 percent in fiscal 2018 and 4.2 percent in fiscal 2019. The budget assumes a cash reserve fund ending balance of over \$500 million at the end of the biennium and a general fund budget reserve of \$267 million. The budget proposal does not include tax increases and is structurally balanced. Property tax relief continues to be the governor's top priority, with the budget proposal recommending \$448 million in direct property tax relief over the course of the biennium. The governor is also recommending a cut in the top income tax rate beginning in fiscal 2020 using a trigger method. Other budget priorities include: a 2.7 percent average increase in school aid; 1.5 percent average increases for special education aid; fully funding the Department of Corrections budget request; 3.3 percent average increases for workforce and programming \$1.1 million for security system upgrades; and \$75.2 million for capital facility operational improvements. Additionally, the budget recommends merging several state agencies, and calls for additional regulatory reforms. In his letter to the legislature the governor said, "The challenge of our current economy requires us to consider and make difficult choices regarding the use of our limited taxpayer resources. It also calls upon us to create opportunity for new and renewed growth in our state."

Links: [Budget in Brief](#); [Budget Presentation](#); [Governor's Letter](#); [State of the State Speech](#)

### Enacted

On May 15, Nebraska Governor Pete Ricketts signed the state's fiscal 2018-2019 biennial budget after vetoing a total of \$56.5 million in spending. The governor said that the vetoes were needed due to continued declines in revenues and to prevent the minimum reserve in the general fund from being lowered from 3.0 percent to 2.5 percent. In total, the budget calls for \$9.08 billion in fiscal 2018, an 0.88 percent increase from fiscal 2017, and \$9.19 billion in fiscal 2019, a 1.18 percent increase. General fund spending is estimated at \$4.40 billion in fiscal 2018, a 1.23 percent increase from fiscal 2017, and \$4.46 billion in fiscal 2019, a 1.49 percent increase. General fund revenues are projected to grow 4.9 percent in fiscal 2018 and 5.2 percent in fiscal 2019. The projected unobligated ending balance is forecasted to be \$437.6 million in fiscal 2018, and \$379.6 million in fiscal 2019. The state faced a large projected budget shortfall during budget deliberation largely due to revenue growth of 0.3 percent in fiscal 2016 and 1.0 percent in fiscal 2017.

Links: [Fiscal Years 2018-2019 Enacted Budget](#); [Biennial Budget Information](#); [Legislative Biennial Budget Report](#); [Governor's Press Release](#); [Veto Message](#)

## NEVADA

### Proposed

On January 17, Nevada Governor Brian Sandoval submitted his fiscal 2018-2019 budget proposal to the legislature, which calls for \$26.1 billion in total spending from all funds over the biennium (an 8.1 percent increase) and \$8.1 billion in unrestricted general fund appropriations and transfers (a 9.8 percent increase). The budget assumes unrestricted general fund revenue, after tax credits, to total \$3.89 billion in fiscal 2018 and

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\$4.03 billion in fiscal 2019, representing 6.2 percent growth projected for the biennium. The budget proposes strategic investments in various health, education and public safety programs, including \$115 million for postsecondary education, \$107 million to support K-12 schools, particularly at-risk students, \$60 million to fund the state's school voucher program, \$173 million for Medicaid caseload growth and declining federal matching funds, and a 2 percent annual cost of living adjustment for state and university employees, with additional salary adjustments for correctional officers and IT professionals. "This two-year budget is 10 percent larger than the last budget, due primarily to needed investment in workforce development, education, infrastructure, and Medicaid caseload growth, but is considerably below the statutory spending cap formula," said the governor. The governor's budget projects general fund ending balances of \$236 million in fiscal 2018 and \$216 million in fiscal 2019, both above the 5 percent minimum required. The state's rainy day fund balance is projected to be \$205 million at the end of the next biennium. The budget is presented in two formats: by activities and by line items. The activity budget is organized by eight core functions, and allocates 40 percent of total state spending (from all fund sources) to health services (the largest function) and 24 percent to education and workforce development (the second largest). The budget also shows how funds are distributed among 26 strategic goals and their corresponding activities.

Links: [Fiscal Years 2018-2019 Budget Proposal](#); [State of the State Speech](#)

### Enacted

Nevada Governor Brian Sandoval signed into law the state's biennial budget for fiscal 2018-2019 in early June. The budget provides \$26.3 billion in total spending from all funds for the biennium, representing a 10.6 percent two-year increase over the original enacted budget for the prior biennium. Fiscal 2018 appropriations total \$13.1 billion and fiscal 2019 appropriations total \$13.2 billion. Broken down by functional area, health and human services makes up the largest category of total state spending at 44 percent, followed by education at 25 percent and infrastructure at 8 percent. The enacted budget funds a number of gubernatorial priorities, such as investments in career and technical education and in universities, permanent funding for the Office of Workforce Innovation, and a funding increase for the Opportunity Scholarship Program (school choice). The legislature also approved a new 10 percent excise tax on recreational marijuana sales, with these revenues dedicated to the state's rainy day fund. Including these funds, the budget returns approximately \$193 million to the rainy day fund.

Links: [Fiscal Years 2018-2019 Enacted Budget](#); [Budget Summary](#); [Governor's Press Release](#)

## **NEW HAMPSHIRE**

### Proposed

On February 9, New Hampshire Governor Chris Sununu released his fiscal 2018-19 proposed budget. The total budget, including federal sources, is \$6.05 billion in fiscal 2018, compared to \$5.79 billion in fiscal 2017, and \$6.13 billion in fiscal 2019. The budget proposal includes a 2.2 percent increase in general fund and education fund spending in the first year and a 1.2 percent increase in the second year. Total revenues are estimated to increase by 1.9 percent in fiscal 2018, and 1.7 percent in fiscal 2019. The budget uses one-time revenue sources for one-time expenditures and does not increase any taxes or fees. The budget provides targeted aid for full-day kindergarten and under the new program, the Department of Education would be directed to distribute \$18 million over the biennium to communities that have approved full-day kindergarten. The budget increases aid to charter schools, provides \$35 million in pay and benefit increases to state employees and includes increased

spending on care for people with developmental disabilities of \$57 million over the biennium. The budget proposes to move ahead in making long term care part of managed care. Under the proposal, any surplus beyond increasing the rainy day fund to a total of \$100 million would be placed in a newly created Infrastructure Revitalization Fund. The recommended budget would have the state and retirees share equally in the increase in retiree health care cost increases estimated to be an additional \$25 million. In his budget address, the governor said that his proposal is "...designed to focus state government on the most critical and important public policy and program priorities. We want to ensure fairness, transparency and quality of customer service."

Links: [Fiscal Years 2018-2019 Budget Proposal](#); [Budget Address](#)

### Enacted

New Hampshire Governor Chris Sununu signed the fiscal 2018-2019 budget of \$11.86 billion on June 28 that includes the governor's plan to have full-day kindergarten, no new taxes or fees, and an increase in the rainy day fund to over \$100 million. It includes business tax cuts and the elimination of the Electricity Consumption Tax. The budget provides \$22.6 million and adds 60 new beds for community treatment options, increases funding by \$57 million to reduce the wait-list for the developmentally disabled services budget, and creates the first youth drug treatment center. The budget also transfers \$36 million to cities and towns for roads and bridges and includes authorization for online lottery sales that will generate an estimated \$13 million for the education trust fund over the two-year period. The governor said that the budget addresses the most critical priorities of the state, while living within its means.

Links: [Fiscal Years 2018-2019 Enacted Budget](#); [Governor's Press Release](#)

## **NEW JERSEY**

### Proposed

On February 28, New Jersey Governor Chris Christie's released his proposed fiscal 2018 budget that totals \$35.5 billion in state appropriations, a 2.6 percent increase over the fiscal 2017 adjusted appropriation. The fiscal 2018 budget anticipates revenue growth of over \$1.2 billion, approximately 3.6 percent. The budget proposal continues to reflect a reduced reliance on non-recurring resources, from a high of 13.2 percent in fiscal 2010 to a projected 2 percent in fiscal 2018. Seventy-two percent of state appropriations will go to local governments in the form of state aid or grants-in-aid in the proposed budget. The budget includes debt service of \$2.8 billion or approximately 8 percent of the budget; state employee benefits, rent and utilities of \$2.8 billion or approximately 8 percent of the budget; and executive operations of \$3.5 billion or approximately 10 percent of the budget. The proposed budget includes \$13.8 billion for education, an increase of \$523.2 million from fiscal 2017. It also includes a \$2.5 billion contribution to the state's defined benefit pension funds. Additionally, the recommended budget includes the resources necessary to continue the transition to community-based care through the managed long term services and supports program. In his budget address, the governor said, "These are our goals for this budget. Lower taxes. Controlling spending. Meeting and enhancing our commitment to our pension system. Highest school funding in state history. Confronting, head-on, the disease of addiction. This blueprint gives us the chance to do it and, if we are truly bold, a new school funding formula that is fair to all and a new partnership with Horizon to help beat the opioid crisis and serve those truly in need."

Links: [Fiscal Year 2018 Budget Proposal](#); [State of the State Address](#)

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### Enacted

New Jersey Governor Chris Christie signed the \$34.7 billion fiscal 2018 budget on July 4, after a three-day shutdown, that includes broad-based tax relief and no new taxes. The budget includes a \$2.5 billion combined contribution to the state's pension funds from the budget and from net lottery proceeds. Lottery revenues will be dedicated to the state pension system, increasing the system's funded ratio from 45 percent to 59 percent; the lottery is now a pension system asset. Education spending for fiscal 2018, including lottery revenues, totals nearly \$14 billion, an increase of \$683.1 million from the prior fiscal year. The budget includes nearly \$900 million in direct property tax relief programs including the Homestead Rebate and Senior Freeze programs and \$452 million in state and federal funds to advance drug addiction prevention, treatment, recovery and re-entry programs and services. The transportation capital program is funded at \$2 billion and the budget maintains a surplus of \$413 million and caps the reserves of Blue Cross Blue Shield of New Jersey with excess funds returned to rate payers.

Links: [Fiscal Year 2018 Enacted Budget](#); [Governor's Press Release](#)

## **NEW MEXICO**

### Proposed

On January 10, New Mexico Governor Susana Martinez released a \$6.09 billion budget proposal for fiscal 2018, which addresses the state's current budget shortfall resulting from the crash in energy prices. Firstly, to close the projected shortfall for the current fiscal year (fiscal 2017) and begin to replenish the state's depleted reserves, the governor proposes \$268 million in non-recurring fund sweeps, as well as further recurring spending cuts for the legislature and higher education, which initially faced lesser reductions than the 5.5 percent mid-year cuts faced by other state agencies. The governor also recommends other solvency measures, including a 3.5 percent cost shift for retirement contributions from the employer to employees. These recurring actions are carried into the governor's fiscal 2018 spending plan, which, when combined with reorganizing several agencies and consolidating human resource functions, would reduce spending by \$240 million next fiscal year, freeing up resources for other recurring expenditures and allowing for an additional \$78 million to be placed in reserves. "This proposal will ensure that we have a strong, healthy savings account for the next oil and gas downturn or the next time the federal government fails us," said the governor in her press release. Of the six agencies not experiencing 5.5 percent reductions for fiscal 2017 and fiscal 2018, the non-Medicaid portion of the human services agency is reduced by 2.5 percent, while the departments of corrections, children, youth and families, and veterans services have modest spending increases. The governor recommends general fund spending for public school support of \$2.67 billion, which reflects small reductions made during special session but no further cuts. Medicaid is provided a \$26 million general fund increase, due mostly to continued enrollment growth and the decline in the federal match for the adult expansion population. Based on consensus revenue estimates, the state expects total recurring general fund revenues to increase 5.9 percent in fiscal 2018, after an estimated decline of 1.9 percent in fiscal 2017 and a 7.8 percent decline in fiscal 2016.

Links: [Fiscal Year 2018 Budget Proposal](#); [Governor's Press Release](#); [State of the State Speech](#)

### Enacted

New Mexico Governor Susana Martinez signed the state's fiscal 2018 budget agreement on May 26, while once again vetoing tax increases. Previously, during the regular session, the governor had signed the general appropriations bill but with significant line item vetoes (including eliminating the budgets for higher education

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and the legislature) to balance the budget without the tax increases passed by the legislature, forcing lawmakers to return for a special session. Ultimately, the enacted budget agreement signed by the governor calls for general fund appropriations of \$6.083 billion, roughly 1 percent below estimated appropriation levels in fiscal 2017. The ending balance projected for fiscal 2018 is \$23 million. Most program area spending levels were held relatively flat in fiscal 2018 compared to fiscal 2017.

Links: [Fiscal Year 2018 Enacted Budget](#); [Post-Session Review](#); [Governor's Press Release](#); [Veto Message](#)

## NEW YORK

### *Proposed*

On January 18, New York Governor Andrew Cuomo released his proposed budget for fiscal 2018. The budget calls for spending of \$152.3 billion from all funds, an increase of 3.4 percent from fiscal 2017. State operating funds spending is recommended at \$98.06 billion in fiscal 2018, an increase of 1.9 percent. Overall spending growth is held to below 2 percent for the seventh consecutive year and state debt is set to decline for the fifth consecutive year. Taxes from all funds are estimated to grow 5.6 percent in fiscal 2018, while total receipts are projected to increase 4.0 percent. The budget would increase education aid by \$1 billion for a total increase of 4.1 percent, including \$961 million for school aid, bringing the total to \$25.6 billion. The budget would limit increases to state Medicaid spending under the growth cap of 3.2 percent to total \$18.3 billion. The budget proposal includes an investment of \$163 million to make college tuition free for middle-class families at state universities and community colleges, would continue a \$20 billion investment to create and preserve 100,000 units of affordable and 6,000 units of supportive housing, and invests \$2 billion over five years for the Clean Water Infrastructure Act. The budget also includes a plan to address the rapidly rising cost of prescription drugs. Regarding revenue, the recommended budget includes a three-year continuation of a tax on millionaires, a package of tax cuts aimed at the middle class, and would double the New York State Child and Dependent Care Tax Credit. Additionally, the budget document includes a section on federal funds and the risks for the state from changes in federal policy, noting that federal funds account for nearly one-third of spending from all funds. In discussing his budget proposal, the governor said, "This year's budget raises up the middle class and advances our progressive values, all while continuing our record of fiscal discipline. From making college more affordable and revitalizing our infrastructure, to cutting the cost of prescription drugs and doubling the child care tax credit, the budget advances the Middle Class Recovery Act by driving smart economic growth and generating opportunity for all New Yorkers."

Links: [Fiscal Year 2018 Budget Proposal](#); [State of the State Speech](#)

### *Enacted*

New York Governor Andrew Cuomo announced the passage of the fiscal 2018 budget on April 10 with \$153.1 billion in all funds and \$98.1 billion in state operating funds, an increase of 2 percent. The budget invests \$163 million to make college tuition-free at public colleges and universities for working and middle-class families making up to \$125,000 per year, and increases education aid by \$1.1 billion, bringing the new education aid total to \$25.8 billion or an increase of 4.4 percent. The budget doubles the state's child and dependent care tax credit, raises the age of criminal responsibility so that 16- and 17-year-olds are no longer prosecuted as adults, and invests \$2.5 billion in the Clean Water Infrastructure Act. State legislation approved with the enacted budget sets forth a process by which the state would manage significant reductions in federal aid during fiscal 2018 should they arise. Specifically, the legislation directs the budget director to prepare a corrective action plan for



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consideration by the legislature if federal aid for Medicaid is reduced by \$850 million or more or federal aid for all other programs is reduced by \$850 million or more; each limit is triggered separately and is not additive. Additionally, the budget extends the tax rate on millionaires.

Links: [Fiscal Year 2018 Enacted Budget](#); [Governor's Press Release](#)

## NORTH CAROLINA

### *Proposed*

On March 1, North Carolina Governor Roy Cooper released a two-year budget proposal that calls for \$57.8 billion in total spending in fiscal 2018 and \$23.5 billion in general fund spending. Under the recommended budget, general fund spending would grow 5.1 percent in fiscal 2018 and 1.6 percent in fiscal 2019 while baseline revenue growth is projected to exceed 5.0 percent each year of the biennium. The largest categories of general funding spending in fiscal 2018 are education (56.8 percent), health and human services (22.8 percent), justice and public safety (11.8 percent), and natural and economic resources (3.0 percent). The budget makes critical investments in education, health care, economic development and public safety while refraining from raising taxes or fees, cutting services, or borrowing from special funds. The proposal also invests \$300 million in the state's rainy day fund. In prioritizing education, the budget allocates: an additional \$271 million each year to raise teacher salaries; \$20 million for salary increases for principals and assistant principals; provides nearly 4,700 more slots for pre-kindergarten to eliminate the current wait list; invests \$30 million of lottery funds in more classroom support staff, textbooks and digital learning materials; \$15 million to transform low-performing schools; and free community college through NC GROW scholarships starting in fiscal 2019. Supporting public safety, the budget redirects \$12 million to combat the opioid crisis with community services for approximately 2,500 individuals along with \$2 million for local law enforcement efforts, invests \$7 million in justice reform efforts such as hiring 56 new probation officers, provides \$10 million to help offenders transition to society through treatment, re-entry councils and transitional housing support, and allocates \$16 million to increase pay for critical public safety positions. "As our economy recovers, we need to invest with an eye toward the future," Governor Cooper said. "By bringing common ground solutions front and center, North Carolina's economy can grow strong. Today I present a budget that I believe will get us there."

Links: [Fiscal Years 2018-2019 Budget Proposal](#); [Governor's Press Release](#); [Budget Presentation](#)

### *Enacted*

North Carolina enacted its fiscal 2018-2019 budget on June 28 after the governor's veto of the budget was overridden by the legislature. In his veto message, the governor said the budget neglects schools, prioritizes tax breaks for the wealthy and corporations, shortchanges the state's workforce, and lacks structural integrity. The budget authorizes general fund appropriations of \$23 billion in fiscal 2018, an increase of 3.8 percent over the base budget, and \$23.7 billion in fiscal 2019, an increase of 6.4 percent over the base. Under the budget, teachers receive an average pay raise of 3.3 percent and most state employees would receive a flat increase of \$1,000. For retired state employees, the budget includes a one percent cost-of-living increase in pension checks. The budget also includes a series of tax cuts in 2019 that reduces the personal income tax rate from 5.499 percent to 5.25 percent and raises the standard deduction to \$20,000 for married couples filing jointly from \$17,500; the corporate tax rate will be reduced from 3 percent to 2.5 percent. Other provisions include raising the age of criminal jurisdictions for 16-and 17-year olds, adding 3,525 additional pre-kindergarten slots, and creating a new jobs incentive program targeted at "transformative projects".

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Links: [Fiscal Years 2018-2019 Budget](#), [Conference Committee Report](#); [Governor's Veto Message](#)

## NORTH DAKOTA

### *Proposed*

On January 16, North Dakota Governor Doug Burgum proposed a revised two-year budget for fiscal 2018 and 2019 that reduces spending by approximately \$159 million from a budget proposed by Governor Jack Dalrymple in early December. Gov. Burgum said that, “Gov. Dalrymple’s budget was a good starting point. Unfortunately revenues continue to fall short of projections...This budget proposal reflects that reality while prioritizing K-12 education and support for our state’s most vulnerable people.” Over the course of the biennium, the budget calls for \$13.28 billion in total funds and \$4.62 billion in general funds. Total general fund revenues are estimated at \$4.71 billion. The budget proposal includes a projected ending balance of approximately \$100 million, including a \$90 million transfer from the Strategic Investment and Improvements Fund. In addition to reducing general fund appropriations by \$159 million, other recommended changes in the governor’s budget proposal include: recommending that state employees contribute 5 percent of the health insurance premium; eliminating 1 percent increases in the second year of the biennium for state employee compensation, K-12 per pupil payment, and Medicaid providers; removing funding for the Valley City Fine Arts building; eliminating 51.5 FTE’s; and, in order to help offset higher education reductions, increasing higher education challenge grants from \$3 million to \$10 million which will generate \$20 million in matching funds through public-private partnerships. Gov. Burgum retained a number of items from Gov. Dalrymple’s budget proposal including continued funding of the Medicaid expansion, support for a long-term care provider assessment, \$250 million to address behavioral health issues, and transferring \$275 million to transition the cost of county social services to the state, ending the 12 percent property tax buy down.

Links: [Fiscal Years 2018-2019 Budget Proposal](#); [Governor’s Press Release](#); [State of the State Speech](#)

### *Enacted*

North Dakota Governor Doug Burgum completed the signing of appropriation bills for the fiscal 2018-2019 biennium after making a series of vetoes to reduce spending, and protect executive branch authority. The enacted budget calls for spending from all funds of \$13.55 billion during the biennium, a decrease of 3.2 percent, and general fund spending of \$4.31 billion, a 24.2 percent decrease. When one-time general fund appropriations are excluded, ongoing general fund spending declined 6.6 percent in the fiscal 2018-2019 biennium compared to the fiscal 2016-2017 biennium. The enacted budget includes reductions in most areas of general fund spending, except for increases in human services and public safety. General fund revenues are estimated to be \$4.36 billion in the new biennium, a decline of \$1.29 billion or 22.8 percent from the prior biennium. The budget projects that the state’s Legacy Fund will finish the fiscal 2018-2019 biennium with a balance of \$5.13 billion, while the budget stabilization fund will have \$75 million. In discussing the budget, the governor said that “The state’s balance sheet is strong, and even with reduced budgets, every state agency has the opportunity going forward to focus on innovation and doing more with less.”

Links: [Fiscal Years 2018-2019 Enacted Budget](#); [Veto Message](#)

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## OHIO

### Proposed

Ohio Governor John Kasich recommended a two-year budget that totals \$71.5 billion for all funds in fiscal 2018 (a 4.4 percent increase over fiscal 2017), and \$72.8 billion in fiscal 2019 (a 1.8 percent increase over fiscal 2018). The largest categories of spending from all funds are Medicaid (39.5 percent), general government (17.1 percent), K-12 (15.7 percent), state revenue distributions (11.1 percent), justice and public protection (4.8 percent), and higher education (3.7 percent). Spending from general revenue funds totals \$33.1 billion in fiscal 2018 (a 5.6 percent decline from fiscal 2017), and \$33.8 billion in fiscal 2019 (a 2.2 percent increase). The four largest categories of spending from general revenue funds are Medicaid (47.2 percent), K-12 (24.3 percent), higher education (7.8 percent), and justice and public protection (6.8 percent). However, when looking at spending from state only general revenue funds K-12 is the largest at 35.2 percent followed by Medicaid at 23.5 percent. Estimated general fund revenues are projected to decline 5.1 percent in fiscal 2018 and increase 2.3 percent in fiscal 2019. The budget assumes an ending balances of \$166.3 million in fiscal 2018 and \$189.4 million in fiscal 2019. In his letter to the legislature, the governor said that, “This budget builds on the ideas we have shown are working: spending restraint, tax cuts and reform, and helping Ohioans prepare for in-demand jobs. It also takes on challenges such as keeping Ohio abreast of emerging technologies and waging the fight against drug abuse and addiction.” Specific proposals in the budget include: the creation of a chief innovation officer position to help ensure that educational efforts are aligned with emerging technologies and their job-creation potential; advancing policies in automotive transportation, drone technology, data analytics, and cyber security; new approaches to create stronger ties between businesses and education; and tax changes including shrinking the number of income tax brackets and reforming the tax code.

Links: [Fiscal Years 2018-2019 Budget Proposal](#); [Budget Highlights](#)

### Enacted

On June 30, Ohio Governor John Kasich signed the state’s new biennial budget into law after making a series of vetoes. The budget calls for \$70.0 billion in total spending in fiscal 2018, a 4.3 percent increase, and \$71.3 billion in total spending in fiscal 2019, a 1.8 percent increase. The budget assumes spending from general revenue funds of \$32.2 billion in fiscal 2018, a 6.7 percent decline, and \$33.3 billion in fiscal 2019, a 3.5 percent increase; the decline in general fund spending in fiscal 2018 is largely due to changes in Medicaid funding streams. Total general fund revenues (which include federal grants and reimbursements) are estimated to decline 5.6 percent in fiscal 2018 and increase 3.3 percent in fiscal 2019, while state-only general fund revenues are estimated to grow 0.5 percent in fiscal 2018 and 2.2 percent in fiscal 2019. The enacted budget projects an ending balance of \$197 million in fiscal 2018, and \$168 million in fiscal 2019.

Links: [Fiscal Years 2018-2019 Enacted Budget](#); [Budget Highlights](#); [Legislative Budget Documents](#); [Governor’s Press Release](#); [Veto Message](#)

## OKLAHOMA

### Proposed

On February 6, Oklahoma Governor Mary Fallin proposed a fiscal 2018 budget that recommends total appropriations of \$7.8 billion, a 5.9 percent spending increase over fiscal 2017 that includes several revenue

enhancements and counts \$790 million in transportation funding for the first time. The December 2016 revenue estimate for fiscal 2018 was \$739.3 million, or 12.2 percent, less than the appropriated amount for fiscal 2017. The governor's budget recommends reforms for recurring revenues and begins repairing the structural deficit, by proposing \$1.5 billion in recurring revenue sources, including sales tax modernization (\$839.7 million), transportation funding reform (\$219.7 million) that includes increasing the gasoline and diesel excise taxes, an electric vehicle road fee (\$1.4 million), and raising the cigarette tax (\$257.8 million). On the spending side the budget makes \$317.8 million in targeted expenditure increases across eight agencies while level funding most other agencies. The Department of Education would receive \$60 million for teacher pay raises and \$30 million for additional classroom resources; the Health Care Authority would receive \$41.4 for a FMAP increase, \$16.7 million for Medicaid growth and \$52.9 million for a managed care implementation; the Department of Mental Health and Substance Abuse Services would receive \$25 million for the state's justice reform initiatives; and the Department of Corrections would receive \$11.1 million for offender management technology and justice reform initiatives. The governor also proposes a \$350 million infrastructure package that includes correctional treatment facilities and housing units, substance abuse treatment facilities and state building projects. In her State of the State address, the governor highlighted her budget reforms and said, "It is our responsibility to prepare a plan and workable budget for long-term solutions to the challenges that our state faces. We must deliver services that work for the people, and put people over politics."

Links: [Fiscal Year 2018 Budget Proposal](#); [Governor's Press Release](#); [State of the State Address](#)

### Enacted

On May 31, Oklahoma Governor Mary Fallin signed the \$6.8 billion budget for fiscal 2018, which is 0.55 percent less than the revised fiscal 2017 appropriated budget. The spending plan also closes an \$878 million shortfall, while maintaining common education funding at current levels. The budget keeps funding flat for sixteen state agencies and cuts funding for all other state agencies by an average of 4 percent. On the revenue side, the budget includes a 3 percent increase in the gross production tax on oil and gas companies for certain wells drilled between 2011 and 2015, a \$1.50 per-pack cigarette fee, a 1.25 percent sales tax on motor vehicles, and new fees on electric and hybrid vehicles.

Links: [Fiscal Year 2018 Budget](#), [Governor's Press Release](#)

## **OREGON**

### Proposed

On December 1, Oregon Governor Kate Brown released her fiscal 2018-2019 budget proposal that calls for \$19.6 billion in general fund spending (\$20.6 billion when including lottery spending) and \$74.3 billion in total spending from all sources over the next two years. The budget is based on general fund revenue estimates totaling \$19.7 billion over the biennium, a 10.6 percent increase over the current enacted budget. The state faces a projected \$1.7 billion budget deficit in the next biennium, due to state costs of healthcare and public education, pension liabilities rising faster than revenues, and the fiscal impact of several ballot measures approved in 2016 that specify spending on certain items. The governor recommends continued investments in health care, housing, education, and job creation while taking steps to cut expenses and raise additional revenues. "State needs are growing, but state resources are not keeping pace with the need," said the governor. "I had to make some very difficult decisions in order to protect the core programs that make a difference in the lives of Oregonians." The proposal calls for \$350 million in bond sales to fund higher education capital projects, but

holds operating funds for community colleges and state universities flat. Public schools are funded at current service levels, with additional funds targeted at expanding career technical education and replicating scalable programs proven to support student success and graduation. The budget allocates \$70 million to expand low-income housing and \$300 million in bonds to provide loans to support first-time homebuyers. The governor proposes targeted cuts to certain programs, as well as delaying the filling of vacancies for six months and eliminating non-essential travel. On the revenue side, the governor proposes tax increases on tobacco and liquor, elimination of a business tax break, allowing certain tax credits to expire, and revising the state's hospital assessment to make it a true tax.

Links: [Fiscal Years 2018-2019 Budget Proposal](#); [Budget Summary](#); [Governor's Remarks](#); [Inaugural Address](#)

### *Enacted*

Oregon Governor Kate Brown signed into law a series of bills making up the state's biennial budget for fiscal 2018-2019. The budget for the biennium provides for \$74.4 billion in spending from all funds (a 3.7 percent increase over prior biennium levels) and \$20.9 billion in combined spending from the general fund and lottery fund. While the combined general and lottery funds adopted budget represents a 10.3 percent spending increase over the fiscal 2016-2017 biennial level, it is 3.6 percent below the calculated current service level. The budget addressed the state's projected deficit for the biennium of \$1.8 billion through hospital provider tax increases, a new tax on insurance plans and various cost-cutting actions. The general and lottery fund budget spends \$8.1 billion on public schools, \$2.1 billion on postsecondary education, \$2.2 billion on the Oregon Health Authority (which administers Medicaid), \$3.1 billion on human services, and \$2.5 billion on public safety for the biennium. The legislature also approved a transportation bill during this session, which includes a 4-cent gas tax hike (phasing up to a 10-cent increase over eight years), a new 0.1 percent payroll tax for mass transit, and several other tax and fee increases.

Links: [Fiscal Years 2018-2019 Enacted Budget](#); [Budget Summary](#); [Governor's Press Release](#)

## PENNSYLVANIA

### *Proposed*

On February 7, Governor Tom Wolfe released his proposed fiscal 2018 budget with total operating expenditures of \$80.8 billion from all funds, a 0.9 percent increase from fiscal 2017. Prekindergarten through K-12 education represents 36.7 percent of total expenditures, medical and long term living represents 22.8 percent, and other health and human services represents 17.1 percent. Of the total funds, the general fund is \$32.3 billion representing 40 percent, federal funds are \$28.7 billion representing 35.4 percent, and other funds are \$11.6 billion representing 14.3 percent. General fund spending is \$571 million, or 1.8 percent, above fiscal 2017 levels, while general fund revenues are projected to grow 5.0 percent before adjustments. The budget identifies \$2.1 billion in general fund cuts and savings to avoid any broad-based tax increases and would create a new unified Department of Health and Human Services to coordinate service and enhance program effectiveness, while saving more than \$90 million. The budget includes an additional \$100 million in basic education funding, an additional \$25 million for special education, a \$75 million increase for early childhood education, and an \$8.9 million increase in higher education. The budget also contains a series of new revenue measures including a proposal that would raise \$63 million by having a \$25-per-person fee in municipalities that rely on state police instead of having their own police force, and a new tax on natural-gas production at 6.5 percent of value that is estimated to generate \$294 million. In his letter discussing his budget proposal, the governor said, "The



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proposed budget includes over \$2 billion in cuts and savings and avoids any new taxes on Pennsylvania families, while maintaining the investments we have made in our schools, protecting seniors, fighting the opioid epidemic and supporting Pennsylvania's middle class."

Links: [Fiscal Year 2018 Budget Proposal](#); [Budget Address](#)

### Enacted

Pennsylvania Governor Tom Wolf announced on July 10 that he would let the \$32 billion fiscal year 2018 budget become law while the legislature worked to finalize a separate revenue package. The enacted budget is about \$450 million larger than last year. The spending bill streamlines government by making more than \$2 billion in cuts, invests \$175 million in schools, and increases funding for early childhood and special education and services for the intellectually disabled. Lawmakers have continued to work on a revenue package to close a budget gap that partly results from revenue collections coming in less than anticipated for fiscal 2017.

Links: [Fiscal Year 2018 Enacted Budget](#); [Governor's Press Release](#)

## **RHODE ISLAND**

### Proposed

On January 19, Rhode Island Governor Gina Raimondo released her proposed fiscal 2018 budget that totals \$9.2 billion in all funds, an increase of 0.5 percent from the fiscal 2017 revised budget. Expenditures from general funds are recommended to be \$3.79 billion in fiscal 2018, an increase of 2.5 percent from the fiscal 2017 revised budget, while general fund revenues are forecasted at \$3.83 billion, an increase of 3.0 percent. The proposed budget is built around five themes: middle class relief; helping working families; strengthening the economy; protecting health and safety; and prioritizing fiscal responsibility. Some specific policy proposals include: two years of free college tuition for all residents, increasing the minimum wage, additional funding for pre-k, a manufacturing investment tax credit, a workplace learning stimulus package, a series of business attraction and economic development initiatives, criminal justice reform, and raises for home health and developmental disability workers. The budget has no broad based tax increases, reduces the car tax assessments by 30 percent, and increases the cigarette tax by 50 cents. Additionally the budget closes an estimated shortfall of \$66.2 million. In her budget message, the governor said, "This budget closes the State's estimated budget shortfall while putting forward resources to continue creating jobs and economic opportunity for Rhode Islanders at all rungs of the economic ladder."

Links: [Fiscal Year 2018 Budget Proposal](#); [State of the State Speech](#)

### Enacted

Rhode Island Governor Gina Raimondo signed the fiscal 2018 budget of \$9.2 billion on August 3. The budget includes a four-year pilot program at the Community College of Rhode Island, the Promise Scholarship, that will cover the cost of tuition and fees for new students who are state residents, regardless of their income. The budget also increases the minimum wage, provides a raise for home care and direct care workers, includes an additional \$45.4 million increase to local school districts for the K-12 funding formula and an additional \$1.1 million for early childhood learning. The budget contains car tax relief and requires the state to reimburse municipalities for their car-tax revenue, starting with \$26 million in the first year and reaching \$220 million annually at the end of the six-year plan. Rhode Island also enacted an increase in the cigarette tax from \$3.75 per

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pack to \$4.25 per pack. Disagreement between the House and Senate over whether the car tax phase-out should pause in the event of a fiscal crisis held up the budget passage for over a month.

Links: [Fiscal Year 2018 Enacted Budget](#); [Governor's Press Release](#)

## **SOUTH CAROLINA**

### *Proposed*

On January 10, South Carolina Governor Nikki Haley proposed a fiscal 2018 budget that recommends \$27.3 billion in total funds, an increase of 3.8 percent over fiscal 2017 and \$7.8 billion in general fund appropriations, a 2.53 percent increase from fiscal 2017. Total general fund revenues are projected to be \$7.8 billion, a 2.9 percent increase over fiscal 2017. The largest categories of general fund appropriations are K-12 education (37.6 percent), health and social services (27.3 percent), correctional and public safety (8.4 percent) and higher education (8.0 percent). In prioritizing educational funding, the governor noted that “Over the past four years, we have made education a focus of my administration...Building on our past success, this budget gives many of South Carolina’s students opportunities that they have never had before.” In the fiscal 2018 budget proposal, total average per pupil funding for K-12 will rise to \$13,095, \$1 million is allocated to the state library for the creation of Homework Hotspots, and \$20 million in capital funds are allocated to expand career and technology education programs. The budget also launches the creation of “Opportunity Schools,” by providing increased per-pupil funding for high-performing charter operators who will open a school in a low-performing rural or underserved school district. The budget also funds the following tax cuts: a 1 percent rate reduction over ten years to all personal income tax brackets and a 2.5 percent rate reduction over ten years to all corporate income taxes. Governor Haley resigned on January 24 upon confirmation as the U.S. Ambassador to the United Nations for President Donald Trump and Lieutenant Governor Henry McMaster was sworn in as governor that day.

Links: [Fiscal Year 2018 Budget Proposal](#); [State of the State Address](#)

### *Enacted*

On June 12, South Carolina Governor Henry McMaster signed the fiscal 2018 budget that spends \$27.4 billion in all funds and \$7.95 billion in general funds, after making 41 vetoes totaling \$56 million. The budget includes \$371 million in new recurring funds, of which \$297 million (80 percent), is directed to four core areas of spending: K-12 education, health service annualizations, outstanding pension liabilities, and child protective services. A majority of the remaining new funds are allocated to mandatory reserves, economic development, and criminal justice. Also this year, South Carolina established a new, nonrefundable earned income tax credit and a 12-cent gas tax increase over six years to increase transportation resources; this was combined with a seven-year fuel tax rebate for South Carolina residents that can be claimed on income tax. Additionally, a new fee on hybrid and electric vehicles was established along with an increase in the sales tax limit on vehicle purchases.

Links: [Fiscal Year 2018 Budget](#), [Governor's Veto Message](#), [Governor's Press Release](#)

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## **SOUTH DAKOTA**

### ***Proposed***

South Dakota Governor Dennis Daugaard released his fiscal 2018 budget proposal on December 6. The plan calls for \$4.61 billion in total state government spending, a 1.2 percent decline from the revised fiscal 2017 level, and \$1.62 billion in general fund spending, a 2.2 percent increase. The budget forecasts that total revenue will be \$1.62 billion, a 1.3 percent increase. Additionally, the budget maintains a rainy day fund balance of 10 percent. The largest area of general fund spending is recommended to be health, human, and social services at 35.5 percent, followed by state aid to education (34.7 percent), higher education (13.1 percent), and corrections (6.1 percent). The budget recommends increases to social services (\$8.3 million), state aid (\$6.8 million), and employee compensation (\$6.1 million), while the rest of the general fund budget saw declines of \$1.7 million. Specifically, the budget calls for increases of 1.0 percent to K-12 education and technical institutes, increases healthcare providers 1.0 percent while making targeted investments, and increase state workforce salary 1.0 percent, with no pay for performance. Reductions were seen in the state's share of Medicaid expenses due to an increase in FMAP, savings from the closure of the State Treatment and Rehabilitation Center, reductions due to the completion of a sale-leaseback program, and reductions in utilities due to decreased usage and projected costs. In addition, the governor reduced fiscal 2017 appropriations by \$34.7 million as the result of lower revenue collections, mostly attributable to weakening sales tax collections. In his letter to the legislature the governor said that his budget reflects the most recent revenue collections, and that careful prioritization of state spending is a necessity. He added that, "By controlling key expenditure areas, my budget allows for modest investments in education, medical provider rates, and our state's employees, while maintaining a structurally balanced budget."

Links: [Fiscal Year 2018 Budget Proposal](#); [Budget Summary](#); [Budget Presentation](#); [Letter to the Legislature](#); [State of the State Speech](#)

### ***Enacted***

On March 16, South Dakota Governor Dennis Daugaard signed the state's fiscal 2018 budget which calls for \$4.62 billion in total spending, down from \$4.64 billion in fiscal 2017, and \$1.59 billion in general funds, up from \$1.56 billion in fiscal 2017. Total receipts are estimated to grow 0.8 percent in fiscal 2018. Among other items, the budget provides for a 0.3 percent increase for K-12 education, and 0.3 percent increase for community service providers, and funding to partially offset health insurance increases for state employees. The governor noted that even though economic conditions led to weak revenue collections, the state was still able to provide modest increases to schools and providers.

Links: [Fiscal Year 2018 Enacted Budget](#); [Budget in Brief](#); [Governor's Press Release](#)

## **TENNESSEE**

### ***Proposed***

On January 30, Governor Bill Haslam released his fiscal 2018 budget proposal that calls for \$36.9 billion in total state spending, a 4.8 percent increase over fiscal 2017 and \$32.3 billion in general fund spending, a 3.6 percent increase over fiscal 2017. The largest categories of general fund spending are education (47.0 percent), health

and social services (32.0 percent), and law, safety and correction (11.0 percent). The budget assumes revenue growth of 3.17 percent in total taxes. Additionally, the budget recommends increasing the rainy day fund by almost 20 percent (\$132 million) to \$800 million, which would be the highest level in the state's history. The budget also proposes \$43.2 million in base budget reductions as part of a continued effort to make government more efficient. The governor's priorities for the budget are education, higher education, health care, transportation and state-owned assets. The total amount of new education funding is \$249.2 million including \$59.4 million to maintain full funding of the Basic Education Formula and \$100.4 million for salary increases for teachers and other educational positions. For higher education, the budget allocates \$25 million for increased operational costs, \$40 million for capital maintenance projects, and \$10 million for student financial aid. Additional funds are allocated to health care including \$40.1 million to cover increased enrollment growth in TennCare, \$14.9 million for increased costs in pharmacy utilization, and \$6 million to expand substance abuse treatment and recovery services. The governor proposed a transportation package that would increase the per gallon gas tax from 20 cents to 27 cents, estimated to generate \$138.4 million; it would also increase the tax on diesel fuel, increase vehicle registration fees, and create a new annual fee on electric vehicles. The budget also reduces the sales tax on groceries by 0.5 percent and reduces the state's franchise and excise tax. In his State of the State address, Governor Haslam stated that, "Because of the fiscal responsibility we have shown, the Tennessee we can be is a state with a safe and reliable transportation network that supports long-term growth, one of the best K-12 systems in the country and free access to a degree for all Tennesseans, so the opportunity and potential career earnings offered by higher education aren't derailed by student debt. And we can still be the state with the lowest taxes and the lowest debt."

Links: [Fiscal Year 2018 Budget Proposal](#); [Budget Presentation](#); [Governor's Press Release](#); [State of the State Address](#)

### Enacted

On May 25, Tennessee Governor Bill Haslam signed the \$37 billion fiscal 2018 budget, a 5.3 percent increase over the fiscal 2017 total budget of \$35.3 billion. The budget contains reductions to general fund spending of \$89.7 million, while adding \$132 million to the Rainy Day Reserve, bringing the balance to \$800 million by the close of fiscal 2018. The spending plan provides funding for state employee pay increases, continues to actuarially fund the state's retirement program for employees and begins funding for "Other Post-Employment Benefits", provides \$149.2 million in additional funding for higher education, appropriates \$6.2 billion in total funding for K-12 education, and provides funding for a graduated sanctions system for violations of community supervision to reduce prison admissions. Tennessee also approved a major transportation funding initiative, raising the gas tax and vehicle fees, and establishing a new fee on electric vehicles and a rental car charge. Tax reductions were made in the general fund by reducing the sales tax on groceries, reducing the tax rate on dividends and interest income, reducing the franchise and excise tax on manufacturers by moving to the single sales factor, and providing property tax relief for disabled veterans and low-income seniors and disabled.

Links: [Fiscal Year 2018 Enacted Budget](#); [Budget Summary Session Report](#)

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## TEXAS

### Proposed

On January 31, Texas Governor Greg Abbott released a two-year spending proposal that recommends \$213.3 billion in spending from all funds, and \$103.3 billion in spending from general revenue. The budget utilizes a four-year lookback of historical population and inflation data to calculate a growth rate, resulting in a 5.81 percent allowable growth rate, which is below the lowest personal income growth estimate provided to the Legislative Budget Board (9.9 percent) and below the number adopted by the board (8.0 percent). The budget implements many of the 4 percent cuts suggested by state agencies and further reduces agency expenditures, except public school funding formulas and certain other priorities, by an additional 2 percent. Priorities such as education and child welfare received funding increases, including an additional \$500 million for the Department of Family and Protective Services to implement key reforms and ensure the safety of vulnerable children. In education the budget fully funds high quality prekindergarten for eligible students (\$236 million over the biennium) and increases high-speed internet connectivity for underserved rural and urban schools (\$25 million). The budget also maintains a biennial border security appropriation of \$800 million while hiring an additional 250 troopers to serve the border region and funding additional security cameras. Tax reform remains a priority, and the budget reduces the franchise tax rate to achieve another \$250 million in savings for Texas employers. The budget also fully funds \$5 billion in additional road construction without new taxes, fees, debt or tolls. Releasing the budget proposal, Governor Abbott said, “As Texans, we know how to live within our means. No less should be expected from our government. As any family would during a tight budget time, we will address our needs first and prioritize our wants second. This upcoming biennium will be a time for addressing essential needs and eliminating the nonessential wants.”

Links: [Fiscal Years 2018-2019 Budget Proposal](#); [Governor's Press Release](#); [State of the State Address](#)

### Enacted

On June 12, Texas Governor Greg Abbott signed the \$216.8 billion biennial budget for fiscal years 2018-2019, an increase of 0.2 percent over the 2016-2017 budget; general revenue funds and general revenue-dedicated funds total \$113.1 billion, a decrease of 2.5 percent from the prior biennium. From the budget, the governor vetoed approximately \$120 million in funding in order to “further restrain the growth of government and reduce the expenditure of taxpayer funds.” The budget includes increased funding for the Foundation School Program, child protective services, judiciary, and juvenile justice; decreases were made in Medicaid, higher education and adult incarceration. Appropriations include \$988.9 million from the Economic Stabilization Fund; after appropriations, the cash balance of the fund plus the total asset value of investments are estimated to be \$10.9 billion at the end of fiscal 2019.

Links: [Fiscal Years 2018-2019 Budget](#), [Governor's Budget Proclamation](#), [Summary of Conference Committee Report](#)



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## UTAH

### Proposed

On December 7, Utah Governor Gary Herbert submitted his fiscal 2018 budget proposal to the legislature, which recommends \$16.1 billion in total state spending from all fund sources. The General Fund and Education Fund budget recommends \$6.6 billion in spending, including \$3.4 billion for public education, \$1.1 billion for higher education, \$1 billion for Medicaid and other social services, and \$660 million for corrections, public safety and justice. Additionally, the governor recommends \$1.5 billion in state funds outside of the general fund to support transportation. The budget is based on a consensus revenue forecast for fiscal 2018 that projects 4.5 percent growth for all General Fund and Education Fund revenue sources combined, with \$287 million in ongoing new revenue available for appropriation. The governor's budget sends 79 percent of this new revenue to education. Public education would receive a \$185 million ongoing increase and \$16 million one-time bump to cover increased student enrollment, teacher pay raises and professional development, and early intervention programs, while higher education would get \$43 million in ongoing spending increases and a \$12 million one-time increase for worker pay raises, health insurance costs, scholarships and performance funding. The governor also recommends more funding to boost pay for state troopers and corrections officers to curb high turnover rates, and funds to invest in advanced water meters to improve local data on water usage and other water conservation efforts. The governor encourages a closer examination of state tax policy to better align it with the economy. "I also urge a thorough legislative review of each and every tax exemption and tax credit to examine whether it has outlived its usefulness. That means making our taxes fairer by eliminating loopholes and broadening the base," said the governor in his State of the State address. In the budget, the governor also highlights the state's strong reserve funds (totaling \$552 million) and efforts to improve agency performance.

Links: [Fiscal Year 2018 Budget Proposal](#); [State of the State Speech](#)

### Enacted

On March 28, Utah Governor Gary Herbert signed legislation comprising the state's fiscal 2018 budget. The total operating and capital budget calls for spending from all funds of \$16.2 billion, a 3.3 percent increase over estimated fiscal 2017 levels. The budget includes \$6.7 billion in ongoing and one-time appropriations from General, Education and Uniform School Funds (a 4.2 percent increase), similar to the governor's recommended budget. Of the \$498 million in new general and education fund money available (derived from revenue growth, program reductions and fund balances), lawmakers put more than two-thirds (\$342 million) into public and higher education. Additional funds were also provided to support Medicaid caseload growth, local mental health Medicaid matching funds and homelessness initiatives. The legislature also passed a transportation bill that allows \$1 billion to be bonded over the next four years.

Links: [Fiscal Year 2018 Enacted Budget](#); [Legislative Fiscal Report](#) [Governor's Press Release](#)

## VERMONT

### Proposed

On January 24, Vermont Governor Philip Scott released his proposed fiscal 2018 budget of \$5.78 billion in all funds, an increase of 0.38 percent from the adjusted fiscal 2017 level, and \$1.54 billion in general fund spending, a decline of 0.44 percent. In an all funds basis, 31.8 percent is spent on general education, 31.1 percent on Medicaid and long-term care, 10.2 percent on transportation, and 9.7 percent on human services

excluding Medicaid. General fund revenues are forecasted to grow 3.7 percent in fiscal 2018, while the estimated reserve level is \$124 million. The budget supports increased investments in classroom innovation, early learning, higher education, workforce training, economic development, housing, combating opiate addiction, and the cleanup of impaired waterways. It also provides tax relief by moderating property tax burden, restoring a research and development tax credit, and a tax holiday on electric vehicles and energy efficiency products. Additionally, the proposal maintains the statutory 5 percent reserves in the general fund, education fund, and transportation fund, while also adding \$22 million to the federal contingency and caseload reserve. In his inaugural address, the governor said that the state needs to focus on four major policy areas: combating the opioid epidemic, revitalizing the approach to economic development, transforming the education system, and building sustainable budgets. He also added that his budget "...will support my ideas to strengthen the economy and make Vermont more affordable, while continuing to protect the most vulnerable."

Links: [Fiscal Year 2018 Budget Proposal](#); [Inaugural Address](#)

### *Enacted*

Vermont Governor Phil Scott signed the fiscal 2018 budget of \$5.8 billion on June 29, reflecting a 1.3 percent increase over the prior year. The budget does not raise taxes or fees and maintains spending growth in line with the state's economic growth. The budget includes savings in health care and a \$35 million housing bond that is estimated to generate \$100 million of investment for affordable housing. The state also boosted funding for the Vermont State Colleges by \$3 million and provided an increase for the Child Care Financial Assistance Program. The budget projects an increase in the rainy day fund from \$6.8 million to \$7.3 million and funds a caseload reserve. Overall general fund reserves are estimated to be 7 percent of prior year general fund spending. The governor noted that due to savings achieved in the budget agreement, property tax rates will not rise this year.

Links: [Fiscal Year 2018 Enacted Budget](#); [Fiscal Year 2018 Highlights](#); [Governor's Press Release](#)

## **VIRGINIA**

### *Proposed*

In May 2016, Virginia enacted a two-year budget for fiscal 2017 and fiscal 2018. On December 16, 2016, the governor proposed a series of adjustments to the biennial budget to address a general fund revenue shortfall. The governor's plan includes a mix of revenue enhancers, spending cuts and targeted investments to close the budget gap. Revenue enhancements include a tax amnesty program (\$59.2 million), modification to the rollback of the accelerated sales tax (\$47.9 million), establishing a sales tax nexus (\$12.56 million) and limitations on land preservation tax credits (\$6.1 million). Many state agencies will see reductions of 7.5 percent, with exemptions for Corrections, K-12 schools, State Police, Juvenile Justice, and Behavioral Health and Developmental Services. Higher education will be required to take a 5 percent reduction, lower than the 7.5 percent for most other agencies. The proposal also included several targeted spending increases for Medicaid, mental health care and substance abuse treatment, and state employee salary bonuses.

Links: [Fiscal Years 2017-2018 Enacted Budget](#); [Presentation on Budget Adjustments](#); [Governor's Address](#)

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### Enacted

On April 28, Virginia Governor Terry McAuliffe signed a bill enacting budget adjustments for fiscal years 2017 and 2018 to address a shortfall of \$1.5 billion; the governor also vetoed six provisions. The bill authorizes all funds operating expenses of \$52.2 billion in fiscal 2017 and \$51.9 billion in fiscal 2018 and authorizes general fund expenses of \$20.1 billion in fiscal 2017 and \$20.4 billion in fiscal 2018. Net general fund spending adjustments total a reduction of \$165.3 million, with major spending items including \$247.8 million to cover growth in the Medicaid forecast, \$85.7 million for caseload growth in the Children's Services Act, and \$161.2 million for across-the-board and targeted compensation actions in fiscal 2018. New spending is offset by spending reductions including \$346.3 million from reversing the planned December 2016 pay increases and \$175.5 million in across-the-board reductions to state agencies and higher education institutions. Virginia also enacted a tax amnesty program to take place during fiscal year 2018.

Links: [2017-2018 Budget Adjustments](#), [Governor's Budget Amendments](#), [Governor's Veto Explanation](#); [Summary of 2016-18 Budget Actions](#)

## WASHINGTON

### Proposed

On December 13, Washington State Governor Jay Inslee unveiled his budget proposal covering fiscal 2018 and fiscal 2019, calling for \$95 billion in spending from all fund sources over the next two years on operating expenses plus transportation capital costs. This includes \$46.4 billion in general fund spending (including several other accounts including the Education Legacy Trust Account, Opportunity Pathways Account, and Budget Stabilization Account), compared to the \$38.45 billion enacted budget for the current biennium. The budget assumes a 6.7 percent general fund revenue increase (before policy changes proposed by the governor). The first priority of the governor's budget is to fully fund K-12 education; the state must develop a detailed plan to comply with a 2012 state Supreme Court order over school funding. "As leaders of our state, we are entrusted with the unique opportunity to work together for a strong and secure future for Washington," said the governor in his State of the State address. "And there's nothing more essential to that future than acting to fulfill our top priority – fully funding education, this year." The governor's proposed K-12 package would send \$2.7 billion in additional dollars to local school districts for employee compensation, as well as \$1.1 billion to continue reducing class sizes, address opportunity gaps and other strategic priorities, and \$1 billion for new school construction. To help finance this package and other initiatives, the governor proposes net new revenues totaling \$4.4 billion over the biennium, including increasing the business and occupation tax rate (\$2.3 billion), a new tax on carbon pollution (\$1.1 billion), and a new tax on capital gains (\$821 million). The budget also prioritizes several initiatives to overhaul the state's mental health system and expand community-based services, directs \$56 million to higher education institutions to freeze tuition for two years, and funds a modest pay increase for most government employees.

Links: [Fiscal Years 2018-2019 Budget Proposal](#); [State of the State Speech](#)

### Enacted

Washington Governor Jay Inslee signed the state's operating budget for the fiscal 2018-2019 biennium on June 30. The budget provides \$87.3 billion for operating expenses from all fund sources for the two-year period, on top of the \$8.7 billion operating and capital budget for transportation passed earlier in the session. The operating

budget includes \$43.7 billion for near general fund spending (General Fund-State and Education Legacy Trust Account) plus the Opportunity Pathways Account, roughly \$3 billion below the governor's recommendation while a 13.7 percent increase over the previous biennium's enacted spending levels. The budget adds \$1.8 billion for K-12 public education over the next two years as part of a four-year, \$7.3 billion increase in school funding to comply with a state Supreme Court ruling to adequately fund basic education. The spending increase is mainly supported by a substantial increase in statewide property taxes. Broken down by functional area, the near general fund operating budget spends \$21.9 billion (50 percent) on public schools, \$7.0 billion (16 percent) on social and health services, \$7.0 billion (16 percent) on other human services – including corrections, labor, employment security, and veteran's affairs, and \$3.7 billion (9 percent) on higher education.

Links: [Fiscal Years 2018-2019 Enacted Budget](#); [Biennium Report](#); [Governor's Press Release](#)

## WEST VIRGINIA

### Proposed

On February 8, Governor Jim Justice released a fiscal 2018 budget that proposes spending \$33.5 billion in all funds and \$4.5 billion in general fund revenues. The fiscal year 2018 General and Lottery (including excess lottery) revenue base budget of \$4.9 billion is 5.3 percent higher than the budgeted fiscal 2017 amount. The largest categories of spending from the general revenue fund are public education (44.6 percent), health and human resources (27.4 percent), higher education (8.7 percent), and military affairs and public safety (8.1 percent). Fiscal 2017 revenues were 4.9 percent below estimates at the end of January 2017 and the state anticipates a current year shortfall of \$213 million. The state has already taken budgetary action of \$90 million and Governor Justice recommends using \$123 million of rainy day funds to close the remaining gap. To close a projected \$497 million gap for fiscal 2018, the budget proposal includes \$450 million in revenue enhancements, base budget reductions of over \$26 million and \$21 million in adjustments to limit expenditure growth. Revenue enhancements include raising the sales tax by 0.5 percent (from 6 percent to 6.5 percent), eliminating the sales tax exemption on professional services and advertising services, and raising the gasoline excise tax by 10 cents a gallon to 30.5 cents; the budget also creates a 0.2 percent commercial activities tax, which would be eliminated after three years. Priorities are funded in the budget, including an average 2 percent pay raise for classroom teachers, funding 100 percent of the required retirement contribution, and maintaining a strong rainy day fund balance. The budget also includes increased base funding for Medicaid of \$10.4 million and a net increase of \$2.4 million for all other health services. The higher education budget is reduced by \$10.4 million while \$105.5 million in one-time expenditures are dedicated to new infrastructure and economic development programs aiming to diversify the state's economy. When presenting the budget, the governor noted, "As we enter the last half of FY 2017 and begin preparing for FY 2018, the budget forecast for the State of West Virginia is the worst we've seen since the Great Depression. Unfortunately, there are no easy solutions for solving this financial crisis. The voters of West Virginia expect us to find solutions to our State's problems and I will propose a budget that does exactly that. My promise to the people of West Virginia was that we will achieve greatness. There is hope but we are going to have to make tough decisions. We can do it, however, by working together."

Links: [Fiscal Year 2018 Budget Proposal](#); [Budget Presentation](#); [State of the State Address](#)

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### Enacted

In June, the West Virginia legislature finalized a \$4.225 billion budget for fiscal 2018 and Governor Jim Justice let the bill become law without his signature. The budget does not include revenue enhancers and level funds Medicaid while reducing spending for higher education by \$16 million. Overall, the fiscal 2018 budget spends approximately \$85 million less compared to the prior year. The governor preferred a budget that increased some revenues and authorized total spending of \$4.35 billion.

Links: [Fiscal 2018 Enacted Budget](#)

## WISCONSIN

### Proposed

On February 8, Wisconsin Governor Scott Walker presented a two-year budget proposal that calls for spending from all funds of \$37.5 billion in fiscal 2018, a 1.0 percent increase from fiscal 2017, and total spending of \$38.6 billion in fiscal 2019, a 3.2 percent increase from fiscal 2018. The governor recommends a general purpose revenue budget of \$16.9 billion in fiscal 2018, a 0.8 percent decline from the fiscal 2017 base, and \$17.6 billion in fiscal 2019, a 4.3 percent increase from fiscal 2018. The largest recommended categories of general purpose revenue programs are school aid (35.2 percent), medical assistance and related programs (18.0 percent), state property tax credits and relief (6.7 percent), corrections (6.4 percent), University of Wisconsin system (6.3 percent), shared revenue (4.7 percent), and technical college system aid (3.0 percent). The budget projects that total available general fund revenues will be \$16.9 billion in fiscal 2018, a 3.4 percent increase from fiscal 2017, and \$17.3 billion in fiscal 2019, a 2.4 percent increase from fiscal 2018. Additionally, the net balance for the budget is projected to be \$227.8 million in fiscal 2018 and \$6.7 million in fiscal 2019, while the state will have a structural balance of -\$155.2 million in fiscal 2018 and \$216.1 million in fiscal 2019. The budget is organized around three main priorities: student success, accountable government, and rewarding work. Specifically, it calls for such items as an all-time high in state aid for schools, a significant increase for rural schools, reducing tuition for resident undergrads by 5 percent, holding the line on property taxes, cutting income taxes, significant investments in transportation, changes to the Food Share Employment and Training Program, increasing the earned income tax credit, eliminating the child care cliff, and investments in worker training and programs to improve attainment. In his budget address the governor said, “We’re putting more money into public education than ever before, making college even more affordable, caring for the truly needy, building a stronger infrastructure, rewarding work, and cutting taxes to the lowest point in decades.”

Links: [Fiscal Years 2018-2019 Budget Proposal](#); [Budget in Brief](#); [Budget Presentation](#); [Budget Address](#); [State of the State Speech](#)

### Budget Not Yet Enacted

Wisconsin, which began its fiscal year on July 1, has yet to finalize its fiscal 2018-2019 biennial budget. The state has statutory continued budget authority in place until a new budget is enacted.



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## WYOMING

### Proposed

In 2016, Wyoming enacted a two-year budget for fiscal 2017 and fiscal 2018. On November 30, Wyoming Governor Matt Mead proposed a supplemental budget for the current biennium, which includes spending reductions totaling \$317 million (compared to the previous biennium) that were already ordered and implemented in June 2016, prior to the start of the current biennium. The governor's supplemental budget recommends \$2.5 million to fund an initiative aimed at economic diversification and for more workforce training at community colleges, a \$21 million contingent appropriation for the Department of Health, and a \$19 million contingent appropriation for relocating inmates. The governor recommends tapping the state's rainy day fund, with a balance of \$1.6 billion, for these contingent appropriations, which would only be used if necessary. The governor also calls on the legislature to take action to resolve a large projected shortfall in the state's school foundation budget.

Links: [Fiscal Years 2017-2018 Enacted Budget](#); [Fiscal Years 2017-2018 Supplemental Budget Proposal](#); [Governor's Press Release](#); [State of the State Speech](#)

### Enacted

Wyoming Governor Matt Mead signed into law the state's supplemental budget for fiscal 2017-2018 on March 2, using his line item veto authority in a few limited areas, some of which were overrode by lawmakers. The budget represents the third cut to the original enacted biennial budget over the past year, as the state has experienced significant revenue reductions attributable to the decline in energy prices and production. The legislature also cut \$34 million from education funding for the second year of the biennium, and ordered a comprehensive evaluation of the state's school funding model, as the education budget faces a 25 percent shortfall in the years ahead.

Links: [Fiscal Years 2017-2018 Enacted Supplemental Budget](#); [Governor's Line Item Veto Letter](#)