



SUMMARIES OF FISCAL YEAR 2019 PROPOSED EXECUTIVE BUDGETS

March 26, 2018

Overview

Over the course of the past several months, governors in 34 states have released their fiscal 2019 budget proposals. Sixteen states enacted a biennial budget last year covering both fiscal 2018 and fiscal 2019, although governors in five of these states have proposed a supplemental budget to adjust spending by some extent. This document provides summaries of governors' budget proposals and links for further information.

Fiscal 2019 will likely mark the ninth consecutive year of modest spending and revenue growth based upon governors' budget proposals. In some ways fiscal conditions have improved for states in comparison to last year when governors were releasing their budget recommendations. Most states this year have experienced moderate growth in tax collections, unlike last year when the majority of states were seeing revenues come in below projections. Additionally, federal uncertainty has now somewhat lessened following passage of a two-year spending deal framework, Congress' failure to repeal the Affordable Care Act, and the enactment of a federal tax reform bill. However, states continue to face ongoing spending pressures in areas such as education, healthcare, and infrastructure, while also having to add funding to address issues such as the opioid crisis and improving child welfare services. Meanwhile, they are also contending with long-term spending demands such as pensions and retiree health care, and are trying to determine the impact of federal tax reform on their state.

In this current environment, many governors' budget proposals emphasized structural balance, long-term fiscal sustainability, and the need to increase the size or rainy day funds or reserves.

In the vast majority of states, governors' budget proposals have called for increased general fund spending, averaging approximately three percent. While positive, the recommended level remains well below the historical average growth rate of 5.5 percent. Governors once again prioritized elementary and secondary education in their budgets, with many directing revenue growth to K-12. Specific proposals have included teacher pay raises, increasing base funding, re-examining funding formulas, and adding state dollars for school construction. In the area of higher education, much of the emphasis was on performance funding, making college more affordable, and expanding community and technical college opportunities, while a few governors proposed cuts to higher education. Medicaid proposals were largely focused on reforming current systems or controlling costs and rate increases, while a few governors called for Medicaid expansion in states that did not previously expand. Regarding transportation, many governors included increased funding resulting from recently approved infrastructure packages, while others called for addressing deferred maintenance and added funding through measures such as tolls or raising the gas tax.

Corrections and public safety was another area of focus in governors' recommendations, with many calling for



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increased pay for correctional officers and additional state troopers, while also proposing increased funding for prisoner health care and making reforms to juvenile justice systems. Another emphasis was protecting vulnerable citizens through reforms and added funding for child welfare, foster care, adoption, developmentally disabled, and behavioral health. Two other areas prioritized in governors' budget proposals were workforce development initiatives aimed at having qualified workers for current and future job openings, and tackling the opioid crisis with varying plans involving a combination of treatment, prevention, education, and increased law enforcement. A number of budget recommendations also called for added funding in areas such as veterans' services, affordable housing, state employee pay, cybersecurity, broadband, and water infrastructure. Finally, several governors included in their budget proposal significant pension reform plans, while others emphasized the need to fully fund pensions.

More governors included tax policy changes in their budget recommendation this year than the past several

years, mostly due to the passage of federal tax reform. The impact to individual states from federal tax reform will largely be dependent on their own decisions regarding how closely to conform to the federal tax code. Some reform proposals have been more minor and are aimed at avoiding inadvertent tax increases, while other governors have used the opportunity to call for more significant structural changes to the state tax system. Outside of the issues associated with the impact of federal tax reform, some governors have called for cutting personal income taxes or corporate income taxes to promote economic growth and reducing property tax burdens, while other governors proposed added revenue through such measures as higher income taxes on the wealthy, raising cigarette taxes, sports betting, online sales, the legalization of marijuana, and new severance taxes.

On the following pages, please find summaries detailing governors' budget proposals. Also included are links to proposed budgets, supporting documents, and State of the State speeches. If you would like additional information, please contact [Brian Sigritz](#) at 202-624-8439.



Alabama

On January 9, Governor Kay Ivey released her fiscal 2019 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 \$6.6 billion in fiscal 2019, which is an increase of 3.3 percent over the current year. The K-12 Local Boards' funding would increase from \$4.1 billion budgeted in fiscal 2018 to \$4.2 billion requested in fiscal 2019, an increase of 2.8 percent. Of the total Education Trust Fund spending in fiscal 2019, 68.9 percent is allocated to K-12, 25.4 percent is allocated to higher education, and 5.6 percent is allocated to other programs. The budget recommends total, non-earmarked General Fund spending of \$2.03 billion, an increase of 3.4 percent over the fiscal 2018 estimated spending. The governor requested investments in corrections after a federal judge found the state needs to upgrade mental healthcare for prisoners; the budget requests nearly \$50 million in additional funding for health care, mental health, and additional correctional officers. The budget also funds a 2.5 percent salary increase for teachers and a 3.0 percent salary increase for state employees, the first cost of living adjustment for state employees since 2008. Other areas receiving increased funding include Medicaid (\$53.9 million increase) and the Department of Mental Health (\$9 million increase). Noting an improved state economy in her State of the State address, along with the need for fiscally responsible budgets, the governor said "Just as Alabama families work on their budgets around their kitchen tables to get them just right, we too must get the state's budgets right. I am proposing strong, manageable budgets that responsibly fund state government without raising taxes on the people of Alabama."

Links: [Fiscal Year 2019 Budget Proposal](#); [Education Trust Fund Summary](#); [General Fund Summary](#); [State of the State Speech](#)

Alaska

On December 15, Alaska Governor Bill Walker unveiled his fiscal 2019 budget proposal, which calls for \$10.6 billion in total spending from all fund sources and \$4.2 billion in unrestricted general fund spending, including both operating and capital expenditures. The proposal calls for greater transparency in budgeting, and to that end, the budget office produced a new report and an open data tool to better convey actual state spending trends over time. According to the governor's "transparent budget" totals (an alternative figure to unrestricted general fund spending), the state is projected to spend \$4.7 billion in fiscal 2019, after accounting for one-time budget strategies used to reduce general fund spending. This reflects a 3.1 percent reduction from fiscal 2018 and a 25.7 percent reduction from fiscal 2015. Other budget reforms proposed by the governor include moving to biennial budgeting and having elected officials forego pay if they do not publish or enact the budget on time. The spending plan calls for a \$34 million increase in public safety spending to help fight rising crime and the opioid crisis. Increased formula costs for Medicaid are also projected, though the governor's proposal notes that general fund spending on Medicaid in fiscal 2019 is essentially equivalent to fiscal 2015 levels, despite the program now covering more residents. The proposal divides the operating budget into two parts: the first part, which funds agencies, formula programs and certain debt obligations, is funded by existing revenue sources, a sustainable draw from the Permanent Fund and the Statutory Budget Reserve Fund, while the second part, which funds oil and gas credits, retirement payments and other liabilities, is funded by the Constitutional Budget Reserve. "Controlling our own destiny requires accepting that our financial assets, such as the Permanent Fund, generate most of our current revenue," said the governor. "When combined with broad-based direct participation by individuals, Alaska can take charge of our own fiscal future." The governor also separately introduced the Alaska

Economic Recovery Act, part one of a 3-year, \$1.4 billion plan to create jobs and repair the state's infrastructure. The plan includes \$280 million in capital spending that would be funded by a temporary payroll deduction tax.

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

Arizona

On January 12, Arizona Governor Doug Ducey introduced his budget proposal for fiscal 2019, which proposes \$10.1 billion in general fund spending, a 3.2 percent increase. The proposal includes baseline changes totaling \$170 million, and net general fund spending initiatives of \$159 million. The governor prioritizes K-12 education in the spending plan, establishing a path to fully restore cuts during the Great Recession, with \$116 million in baseline increases and \$150 million in gubernatorial initiatives in fiscal 2019, including a \$100 million bump in per pupil spending and \$34 million to continue teacher salary increases. "I've pledged to increase spending on K-12 education, above and beyond inflation, every year I'm in office," said the governor in his State of the State address. Additionally, the governor proposes \$41 million in new school facilities spending and an \$8 million investment in higher education funding. As a share of general fund spending, K-12 education has risen from 42 percent in fiscal 2009 to 44 percent in fiscal 2019, while university spending has fallen from 11 percent to 7 percent over that same period. The budget limits payments to private prison operators to direct additional funds to education, and fully funds adoption assistance. The governor's plan also increases the state income tax exemption for veterans on their retirement benefits. Ongoing general fund revenues and ongoing spending would each increase 4.5 percent under the governor's proposal. Total general fund revenues, including taxes, fees and other sources, are expected to be \$10.6 billion in fiscal 2019, with an additional \$55 million projected if the governor's recommended revenue changes are adopted, which would expand tax fraud prevention services and audit resources. The executive budget projects an ending balance of \$67 million and a structural balance (ongoing revenues minus recurring expenditures) of \$5 million for fiscal 2019.

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

Arkansas

On January 9, Arkansas Governor Asa Hutchinson released his fiscal 2019 budget proposal, which recommends total spending of \$5.6 billion, an increase of 3.1 percent over fiscal 2018. Due to a growing economy, the Education Adequacy Fund is sufficient to meet the legislative mandate on education spending for the first time, negating the need for a planned \$50 million transfer from general revenue. Projected Medicaid growth also slowed from earlier projections, from 5.58 percent to 2.17 percent. While the number of individuals on Medicaid dropped, matching rates from the federal government also decreased, requiring an additional \$35.7 million for the expansion population and \$48.6 million for traditional Medicaid. For public safety, the budget increases funding for county jail reimbursements by \$4 million and funding for community corrections by \$1.4 million for the reentry program. The budget funds 65 new child welfare caseworkers and provides \$10 million to implement the Higher Education Productivity Funding Model. The governor also called for a tuition freeze on in-state tuition at four-year institutions, and tuition increases held to the consumer price index for two-year colleges. Overall, the governor recommended a budget that was \$100 million lower than the budget estimated

last year, resulting in a set aside of nearly \$16 million for highways and \$48 million for a reserve fund. The governor noted that “This budget reflects real spending cuts in a number of agencies that we achieved through efficiencies without cutting services. This budget shows a slower growth in Medicaid spending. It meets the requirements of education adequacy. It increases funding for public safety. And of great significance, the budget reduces our historic reliance on surpluses to fund ongoing budget needs.”

Links: [Fiscal Session Budget Requests](#); [Governor's Press Release](#); [State of the State Address](#)

California

On January 10, California Governor Jerry Brown unveiled his final budget, a \$190.3 billion spending plan for fiscal 2019 (excluding federal funds), comprised of \$131.7 billion from the general fund, \$56.1 billion from special funds and \$2.5 billion from bond funds. The budget continues the governor’s focus on building up state reserves, proposing a supplemental payment of \$3.5 billion to the rainy day fund on top of the constitutionally required transfer in fiscal 2019, which would bring the total fund balance to its constitutional target of 10 percent of general fund spending, or \$13.5 billion. “This budget reflects our collective priorities,” said the governor in his opening message to the legislature. “As was true in 2011, our Job Number 1 is fixing our state budget and keeping spending in line with revenue.” General fund revenues are expected to increase 4.6 percent (before accounting for transfers), totaling \$134.8 billion, or \$129.8 billion after subtracting projected transfers to the rainy day fund. The spending plan calls for \$3 billion in new money to fully fund the K-12 local control funding formula two years ahead of schedule. For higher education, the governor’s proposal calls for the creation of the state’s first wholly online community college and includes a \$570 million (4 percent) increase in total community college funding and a 3 percent increase in state support for university systems. The proposal represents the first full year under the state’s new transportation funding law and includes \$4.6 billion in new money for transportation projects. The budget continues to focus on rehabilitation in the state prison system to reduce recidivism and contain cost growth. Corrections spending has decreased as a share of general fund spending from 11.4 percent in fiscal 2012 to 8.9 percent under the fiscal 2019 recommended budget. As is standard practice in the state, the governor will release a revised proposal in May based on the latest economic forecasts, which will also include a preliminary analysis of the projected impacts of the enacted federal tax legislation.

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

Colorado

On November 1, Colorado Governor John Hickenlooper released the final budget of his term, proposing \$30.5 billion in spending from all funds (a 3.7 percent increase) and \$11.5 billion from the general fund (2.6 percent increase) for fiscal 2019. The proposal targets additional general fund resources to higher education (9.7 percent increase), K-12 education (2.1 percent increase), and corrections (7.5 percent increase), as well as other program areas. The governor subsequently submitted budget amendments in January based on revised revenue forecasts and caseload adjustments, directing additional funds to schools among other modifications. According to the more recent forecast, general fund revenue is expected to increase 4.2 percent in fiscal 2019, after rising 9.9 percent in fiscal 2018. In his amended request, the governor calls for increasing the state’s reserve requirement to

8.0 percent of general fund spending in fiscal 2019, and 10 percent by fiscal 2023, with the increased savings supported by expected state revenue gains from the federal tax legislation. Remaining gains from the federal tax changes should be directed to schools and infrastructure, according to the governor's request. The spending plan also proposes reforms to reduce the state's large unfunded pension liability, including increased employee contributions and a reduced annual increase cap for current retirees. "By building up reserves and shoring our pension plan, this proposal meets the needs of today and provides a buffer for tomorrow," said the governor. Other notable requests in the budget include: a 4.5 percent increase in K-12 per pupil funding; \$73 million in general fund spending to improve student affordability and outcomes at public higher education institutions; and \$22 million to increase human services direct care staff salaries. The budget also calls for a 3 percent across-the-board salary increase for most state employees. The spending request includes numerous examples of how the state is investing in evidence-based programs and data-driven initiatives; for example, the budget calls for a significant expansion of an evidence-based mental health program found to have a roughly 4-1 return on investment based on available research.

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

Connecticut

On February 5, Connecticut Governor Dannel P. Malloy released his fiscal 2019 budget adjustments that recommended \$20.7 billion in total appropriations, \$70.5 million or 0.3 percent above the amount previously enacted for fiscal 2019 and would reduce the forecasted deficits in fiscal 2020 through fiscal 2022 by almost half. Of the total general fund revenues in fiscal 2019, 43 percent is from the personal income tax and 21 percent is from the sales and use tax. The governor's proposal for the special transportation fund includes revenue from statewide tolling, raising the gas tax by 7 cents by fiscal 2022, and accelerating the transfer of sales tax on cars by two years to generate additional funds to bring previously planned projects back online. The budget responds to the recent federal tax changes by proposing changes to pass-through entities, decoupling expensing and bonus depreciation from federal changes, and allowing municipalities to create charitable organizations supporting local interests. Other changes in revenues include a proposed increase in the cigarette tax and an increase in the hotel occupancy tax. The budget would increase funding to address the emergency placements within the Department of Developmental Services system, thereby alleviating pressure on the wait list. In discussing the budget adjustments, the governor said, "This plan continues to pay down the state's long-term obligations, further reduces our reliance on one-time revenues, and identifies clearer and more achievable savings targets in the underlying budget."

Links: [Fiscal Year 2019 Budget Adjustments](#); [Press Release](#); [State of the State Speech](#)

Delaware

On January 25, Delaware Governor John Carney released his proposed fiscal 2019 general fund operating budget of \$4.2 billion that would limit budget growth to 3.49 percent. The budget sets aside \$41.7 million for grants-in-aid and \$100.4 million in dedicated cash to the Bond and Capital Improvements Act. The budget would fund long-term liabilities such as pensions and debt service, set aside a federal contingency, and would not increase

taxes. Total appropriations represent 98.0 percent of projected net fiscal 2019 revenue plus projected carryover funds, which is within the constitutionally mandated limitation on appropriations. Of the total general fund operating budget, 34.6 percent would be allocated to public education followed by 28.1 percent for health and social services. Savings in the budget come from areas such as energy, fleet services and restructuring of the Department of Education. The budget includes pay raises for educators and fully funds the projected public education unit growth of \$20.9 million. State workers would receive pay increases and new case workers for child neglect cases would be funded. The budget continues a commitment to identify efficiencies and long-term cost savings through the Government Efficiency & Accountability Review Board. The governor said of his budget recommendation, “These proposals will help make our economy more competitive, prepare all Delaware children to succeed, bolster our workforce, and strengthen communities across our state. Importantly, this plan will limit operating budget growth, and ensure that we invest responsibly, in ways that can be sustained.”

Links: [Fiscal Year 2019 Budget Proposal](#); [Budget Presentation](#); [Press Release](#); [State of State Speech](#)

Florida

On November 14, Florida Governor Rick Scott released his budget proposal for fiscal 2019 that recommends spending from all funds of \$87.4 billion, an increase of 2.8 percent from fiscal 2018. Spending from the general fund would total \$32.2 billion, with education being the largest funding category at 51.9 percent of the total, followed by health and human services at 30.3 percent, public safety at 13.6 percent and environment at 1.3 percent. The governor also includes tax cuts and budget savings in the budget proposal. The \$180 million in tax cuts include a 10-day back to school sales tax holiday, three hurricane preparedness holidays, and reducing highway safety fees. The recommended budget savings total \$144.3 million in all funds, comprised of operational efficiencies, contract and lease savings, debt service reduction, changes to health insurance payments for certain employees, and workload adjustments. Several investments are made in education including: an additional \$11.6 million for the voluntary pre-kindergarten program; total state and local K-12 funding of \$21.4 billion, allowing an increase in per-student funding of \$200; \$15 million for a new coding and science program; and an additional \$23 million for the Bright Futures scholarships in higher education. In health and human services, the governor included additional funding to combat the opioid epidemic, community-based behavioral health services, an additional 130 child protective services employees, adoption subsidies, and employment services for individuals with developmental disabilities. Addressing public safety, the budget includes \$30 million for pay raises at state law enforcement agencies, \$8 million to fund salary increases for juvenile detention and probation officers, \$317,000 to establish the Office of Youth and Family Advocacy, and \$68 million for the Department of Corrections to better serve inmates with mental illness. After a deadly hurricane season, the budget provides a total of \$1.4 billion in financial assistance to state and local governments for emergency management and disaster mitigation program. In the press release for his final budget proposal the governor said, “As we look ahead to the future of Florida, it is important to continue fighting every day to make sure that our children and grandchildren have every opportunity to lead successful lives in the Sunshine State. Our Securing Florida’s Future budget advances Florida’s record of success and represents years of fighting to do what’s right for Florida families and I will keep fighting every day to secure Florida’s future for every Florida family.”

Links: [Fiscal Year 2019 Budget Proposal](#); [Budget Highlights](#); [Budget Presentation](#); [Governor's Press Release](#); [State of the State Speech](#)

Georgia

On January 11, Georgia Governor Nathan Deal released his fiscal 2019 budget proposal that recommends \$50.9 billion in total spending, an increase of 2.7 percent over fiscal 2018. Spending from state funds would total \$26.03 billion, an increase of 4.1 percent over fiscal 2018; of this total, general revenue funds account for \$22.4 billion. The largest categories of spending from state funds include Education Georgia (53.7 percent), Healthy Georgia (21.7 percent), Safe Georgia (7.9 percent) and Responsible and Efficient Georgia (3.3 percent). The governor's priorities in the budget were building an educated workforce capable of meeting future job demands, expanding and improving services for Georgia's most vulnerable citizens, and continuing to invest in transportation infrastructure and economic development. In education, the budget includes \$127.6 million for K-12 enrollment growth, \$30.1 million for the equalization program to assist low-wealth school systems, \$1.56 million to establish a leadership academy for principals, \$361.7 million to fully fund the actuarially determined employer contribution for the Teacher's Retirement System, \$54.3 million for resident instruction at the university system, and \$68.2 million in additional lottery funds for scholarships and grants to meet the projected need. In prioritizing the state's most vulnerable citizens, the budget provides an additional \$255.9 million for Medicaid, \$31.1 million for child welfare services, \$11.8 million for 250 additional waivers for individuals with intellectual and developmental disabilities, and \$20.6 million for behavioral health services. Infrastructure receives additional funding in the budget, including \$31.7 million in motor fuel funds for transportation and \$100 million in bond funds for the repair, replacement, and renovation of bridges throughout the state. In his press release, the governor noted that, "By focusing on key priorities such as workforce development, education and transportation infrastructure, we will continue to move Georgia forward and ensure that our fiscal responsibility sustains economic growth in every corner of the state."

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

Hawaii

On December 18, Hawaii Governor David Ige submitted a supplemental budget proposal for fiscal 2019, the second year of the biennium. The budget recommends \$85.5 million in additional operating expenditures from all funds, a 0.6 percent increase over fiscal 2019 operating appropriations enacted last session. The proposed adjustments would mainly add funding for public schools, health programs, and transportation services, as well as homelessness initiatives, which continues to be a top priority of the administration. The administration's three-pronged strategy for reducing homelessness includes investing in housing, human services, and public safety. "We hope the State Legislature continues to support our efforts to put more families in homes and drastically reduce our homeless population," said the governor in a press release. His proposal also calls for \$1.5 billion in capital improvement spending from all revenue sources to create jobs, improve the state's infrastructure, and take advantage of the state's improved bond ratings and lower interest rates. The capital spending would go towards improving public school and university facilities, public housing projects, and other priorities; a number of transportation projects would be funded as well under the governor's supplemental recommendation, mostly with revenue bonds.

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

Idaho

On January 8, Idaho Governor C. L. “Butch” Otter released his executive budget for fiscal 2019, which recommends total fund spending of \$9.1 billion (5.5 percent increase) and general fund spending of \$3.7 billion (reflecting a \$228 million or 6.6 percent increase). The proposal continues to prioritize education, directing \$123 million (5.7 percent increase) in net new general fund spending to K-12 schools, community colleges and universities, and other programs. “My first and most significant recommendation is for an ongoing allocation of \$58 million to continue implementing the career ladder pay model for our public school teachers,” reported the governor in his State of the State address. The governor also recommends a dual-waiver proposal that would seek to allow Medicaid to cover low-income individuals with specific high-risk, high-cost medical conditions who were originally covered in the individual marketplace, as well as to expand subsidized coverage through the marketplace to individuals with incomes below 100 percent of the federal poverty level. In addition, the spending plan would create the Workforce Development Council in the governor’s office and make other investments to implement the recommendations of the Governor’s Workforce Development Task Force. The budget is based on forecasted general fund revenue growth of 4.6 percent in fiscal 2019, which was subsequently revised upward to be 5.3 percent after taking into account federal tax changes. This growth rate is before factoring in the governor’s tax relief proposal to reduce state income tax rates and create a nonrefundable dependent tax credit, in response to federal tax changes. Under the governor’s budget recommendation, and based on the revised revenue projection, the projected general fund ending balance is \$110.9 million.

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

Illinois

Illinois Governor Bruce Rauner released his fiscal 2019 budget proposal on February 15, which calls for \$73.0 billion in total spending, compared to \$71.6 billion in fiscal 2018, a 2.0 percent increase. The main funding sources for fiscal 2019 are general funds (48.4 percent), special state funds (30.0 percent), federal trust funds (11.6 percent), debt service funds (6.2 percent), and highway funds (3.0 percent). Regarding general funds expenditures and transfers, the budget calls for spending \$37.6 billion assuming reforms are made, a 0.6 percent increase from estimated spending in fiscal 2018. The largest categories of general fund spending in the budget proposal are education (29.1 percent), healthcare (22.3 percent), pensions (20.4 percent), human services (16.4 percent), government services (6.6 percent), and public safety (4.9 percent). The budget forecasts total operating revenue of \$38.0 billion in fiscal 2019, an increase of 3.2 percent from fiscal 2018. The proposal also notes that if certain pension reforms are enacted, a rollback of 0.25 percent of the income tax rate could be achieved. Additionally, the budget assumes a budgetary surplus of \$351 million which will be earmarked to address the backlog of accounts payable. Highlights of the budget include: continual annual increases and record funding for schools pursuant to an evidence-based funding formula adopted in fiscal 2018; maintaining higher education funding levels; funding for additional state troopers; programs to improve education, healthcare, and life preparation for inmates; maintaining funding levels for children and family services; \$2.2 billion in pay-as-you-go funding for the Department of Transportation; new health insurance options for state employees; and the reintroduction of the governor’s pension reform proposals. The governor’s budget proposal discusses the need

to make structural and governmental reforms to move the state toward greater fiscal stability and noted that tax hikes alone do not work. The governor stated that the unfunded pension liability has reached \$129 billion, and the state currently has a bill backlog of \$8.5 billion. In his budget address, the governor said that “...we must abandon Illinois’ fiscal status quo, and take steps to make tax-spenders more accountable to taxpayers. We must enact structural reforms that allow us to be as competitive as we need to be, so we can be as compassionate as we want to be.”

Links: [Fiscal Year 2019 Budget Proposal](#); [Budget Address](#); [State of the State Speech](#)

Indiana

In 2017, Indiana enacted a two-year budget for fiscal 2018 and fiscal 2019.

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

Iowa

Iowa Governor Kim Reynolds released her fiscal 2019 budget proposal on January 9, which calls for \$7.45 billion in general fund spending, an increase of 2.7 percent from fiscal 2017’s estimated spending level of \$7.25 billion. The largest program areas include education (56 percent), health and human services (25 percent), justice/judicial branch (9 percent), and property replacement/tax credits (6 percent). Total net general fund receipts are estimated at \$7.63 billion, a 3.6 percent increase from fiscal 2018. In addition, the budget assumes an ending balance – cash reserve fund of \$501.4 million. The governor’s budget proposal is designed to continue making progress on four goals: creating a competitive business environment; developing the most innovative energy policy in the world; educating children for the knowledge economy; and training Iowans for the jobs of tomorrow. Much of the additional fiscal 2019 funding is directed towards education, healthcare, and the court system. The governor also announced steps to close a \$34.7 million budget shortfall for fiscal 2018, including spending cuts and savings from other areas. Additionally, the governor proposed a tax reform package that reduces rates, modernizes the tax code, eliminates federal deductibility, and provides tax relief. In her Condition of the State address, the governor said that her vision for the future “...is an Iowa overflowing with opportunity – opportunity for our working families, young people, and our communities, both urban and rural.”

Links: [Fiscal Year 2019 Budget Proposal](#); [Budget in Brief](#); [Condition of the State Speech](#)

Kansas

On January 10, Kansas’ former Governor Sam Brownback released a fiscal 2019 budget proposal that calls for \$16.83 billion in total expenditures, a 3.3 percent increase from the governor’s revised fiscal 2018 recommendation, and \$6.90 billion in fiscal 2019 general fund spending, a 2.2 percent increase from the governor’s revised fiscal 2018 recommendation. Total general fund tax receipts are projected to be \$6.78 billion in fiscal 2019, a 0.5 percent decline, following a projected 7.5 percent increase in fiscal 2018. The proposal recommends an ending balance of \$150.3 million in fiscal 2019, or 2.2 percent. In fiscal 2019, education would represent the largest program area of general fund spending at 62.1 percent, followed by human services (26.9 percent), public safety (6.0 percent), and general government (4.7 percent). The governor’s budget proposal focuses on five areas: an education funding proposal that includes a remedy to the Kansas Supreme Court’s Gannon v. State of Kansas ruling; a skilled workforce and advanced manufacturing funding proposal; a public

safety funding and transportation proposal; funding to aid improvements in core functions of state government related to the Department of Children and Families, IT modernization and cybersecurity, and employee compensation; and increased funding for healthcare initiatives. Specifically, regarding education, the governor proposed \$600.8 million in additional K-12 funding over the next five years as well as stressing the need for outcomes-oriented accountability from school districts. In February, Jeff Colyer succeeded Sam Brownback as governor of Kansas. In his Joint Address, Gov. Colyer called for making government more transparent, greater accountability, a new employment plan, increased investments in career and technical education, taking steps to attract and retain businesses, a review of the child welfare system, increasing support for mental illness, tackling the opioid crisis, and improving the state's KanCare health insurance program. Regarding education, the governor said he will offer a framework that keeps schools open, provides a definitive solution that ends school finance lawsuits, phases in increased investments without increasing taxes, and provides accountability and increased outcomes. The governor said that school finance legislation "...will not be easy, but public servants and leaders are not called to make the easy choice."

Links: [Fiscal Year 2019 Budget Proposal](#); [Budget Presentation](#); [Gov. Brownback State of the State Speech](#); [Gov. Colyer Joint Address](#)

Kentucky

On January 17, Kentucky Governor Matthew Bevin presented a two-year budget proposal with the theme of getting the commonwealth's financial house in order. The most prominent elements include significant increases in pension funding from the general fund, and meeting financial needs for Medicaid, corrections and other urgencies. The budget also focuses on a second phase of \$100 million workforce development bond pool, preserving the K-12 education per-pupil funding, building up the rainy day fund, strengthening the justice system by addressing high caseloads for both prosecutors and public defenders, and support for vulnerable populations through increased funding for the opioid crisis, foster care issues, adoption backlogs, and improving community-based adult and child welfare services. The governor's recommend budget calls for revised general fund spending of \$11.2 billion in fiscal 2018, a 1.7 percent increase, \$11.2 billion in fiscal 2019, a decrease of 0.5 percent, and \$11.4 billion in fiscal 2020, an increase of 1.6 percent. Increased funding for pensions of \$161 million in fiscal 2019 and \$150 million in fiscal 2020 reflect the largest area of additional general fund spending, followed by \$78 million and \$97 million more for corrections due to double-digit percentage growth in the corrections population, including over 2,200 more felons than budgeted in the current fiscal year. Medicaid spending is flat in fiscal 2019 with a \$144 million increase in fiscal 2020. Additional funding of \$55 million and \$54 million is proposed to add over 340 staff and increased salaries for social workers and clinicians that protect children and adults from abuse and neglect, for additional adoption, kinship and foster care support, and for addressing high guardianship caseloads. Additional tobacco settlement funds are directed toward the opioid epidemic and other substance abuse programs. The capital budget devotes almost \$400 million in bond funds for asset preservation with postsecondary education receiving the bulk of the new funding. Many areas of spending have received a 6.25 percent reduction along with the elimination of funding for 70 programs. General fund revenue estimates were reduced by \$156 million for fiscal 2018 and assumed growth rates of 2.7 percent for fiscal 2019 and 2.6 percent for fiscal 2020. In his State of the Commonwealth and Budget Address, the governor said of the current pension outlook, "...never once in the history of Kentucky has the arc been fully funded for all of our

pension systems, not one time, which is why we now find ourselves in the situation where they are all so severely underfunded. This year they will be funded in their entirety for the first time in the history of the commonwealth of Kentucky.”

Links: [Fiscal Years 2019-2020 Budget Proposal](#); [Budget Presentation](#); [Official Consensus Forecasting Group Revenue Estimates](#); [State of the Commonwealth and Budget Address](#)

Louisiana

Louisiana’s Governor John Bel Edwards released his fiscal year 2019 budget proposal on January 22 that incorporates the expiration of temporary tax increases resulting in nearly \$1 billion in spending cuts. General fund revenues for fiscal 2019 are estimated to be \$994 million less than in fiscal 2018, a decline of 10.4 percent. The governor stated, "I want to be clear, this is not the budget I want to present and certainly not the budget I want implemented," Gov. Edwards told state lawmakers during his executive budget presentation. "This is what falling off the cliff looks like." Two-thirds of the spending cuts would come from health care services that would translate into about \$2.4 billion in reduced health care funding from both state and federal funds. These cuts include removing elderly people and those with disabilities from the Medicaid program, eliminating long term care for individuals with some income but in need of medical support, eliminating the personal care services program, and the near elimination of mental health rehabilitation services. It also would require cuts to publicly funded hospitals for the poor and uninsured, cuts to mental health and substance abuse services, the elimination of state funding for the TOPS state scholarship program, a 50 percent cut to need-based student financial aid, reductions to tax collections efforts, cuts to overtime, cuts to repairs and supplies at state prisons, closure of some juvenile justice community supervision programs, and the elimination of state payments to district attorneys and sheriffs. No cuts were proposed for the K-12 public school financing formula, the department of children and family services, vocational rehabilitation services, veterans’ affairs, military affairs, and the public defender board. New spending was included for civil service pay plans, Medicaid’s increased costs and payments to managed-care organizations, the K-12 formula to account for increase in public school students, election expenses, ongoing technology upgrades in the department of children and family services, and debt service commitments. Any tax matters during an even-numbered year may only be acted on by a special session and a special session called to deal with the expiring taxes began February 19 and ended March 5 without a resolution; the state’s regular session began March 12.

Links: [Fiscal Year 2019 Budget Proposal](#); [Budget Presentation](#); [Special Session Remarks](#); [Regular Session Remarks](#)

Maine

In 2017, Maine enacted a two-year budget for fiscal 2018 and fiscal 2019.

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

Maryland

On January 17, Maryland Governor Larry Hogan released a fiscal 2019 budget proposal that recommends all funds spending of \$44.4 billion, an increase of 2.0 percent over the fiscal 2018 budget. The proposed general fund spending is \$17.7 billion, an increase of 3.4 percent over the fiscal 2018 budget. Total revenues are projected to increase 2.0 percent in fiscal 2019 to \$44.3 billion, with the largest amounts generated from individual income taxes (\$9.8 billion) and sales taxes (\$4.8 billion). A top priority in the budget is education, which comprises 33 percent of expenditures. The fiscal 2019 budget provides \$6.5 billion for public K-12 schools and fully funds the state aid programs, while direct aid to local schools increases by 2.5 percent. The budget also provides an additional \$3.5 million for the BOOST Program, which provides scholarships for low-income students in areas with under-performing schools to attend non-public schools. School construction receives \$365 million, while \$3 million in grant funding is provided for local boards of education to address the heroin and opioid crisis. In higher education, the budget provides \$1.38 billion in state funds to the university system, an increase of 2.4 percent over fiscal 2018 while tuition increases are held to 2 percent. To support economic development, the budget recommends \$10 million for two new tax credits aimed at manufacturing jobs in high-unemployment zones, in addition to \$25 million for the state's Economic Development Assistance Authority and Fund. Addressing the opioid epidemic, the budget provides \$13.7 million, including \$700,000 to expand the efforts of the Opioid Operational Command Center. Other areas receiving increased funding include the Department of Public Safety and Correctional Services for correctional officer retention (\$6.9 million), \$1.6 million for the Division of Rehabilitative Services to support the employment and independence of individuals with disabilities, \$2.7 million for autism waiver services to support an additional 100 children, and \$52 million to fund a 2 percent rate increase for behavioral health service providers and a 1 percent rate increase for most other health care and group home providers. In his budget letter, the governor highlights that "The budget maintains cash reserves totaling almost \$1 billion and continues investments in the Maryland pension system, curbs the growth of legislative mandates, conforms with the legislature's Spending Affordability guidelines, and maintains the state's AAA bond rating."

Links: [Fiscal Year 2019 Budget Proposal Volume I](#); [Budget Volume II](#); [Budget Volume III](#); [Budget Highlights](#); [Governor's Press Release](#); [State of the State Speech](#)

Massachusetts

On January 24, Massachusetts Governor Charlie Baker released his proposed \$40.9 billion fiscal 2019 budget, an increase of 2.6 percent over the previous year. The budget uses a consensus revenue tax estimate of \$27.6 billion, which is 3.5 percent over the revised fiscal 2018 tax revenue projection. The budget relies on less than \$100 million in non-recurring revenue and anticipates a deposit of \$96 million into the stabilization fund, which would bring total reserves to about \$1.5 billion. The budget does not raise taxes or fees. Because of the new federal tax law, the proposed budget anticipates \$65 million in new, one-time revenue from the accumulated profits of the foreign subsidiaries of U.S.-based corporations. The budget proposal also assumes the state income tax rate will drop from 5.10 percent to 5.05 percent on January 1, 2019 in accordance with state law, resulting in \$84 million returned to taxpayers. The budget includes \$63 million associated with the introduction of recreational marijuana sales, \$13 million by requiring operators who rent rooms for 150 or more days per year to collect and remit room occupancy tax and anticipates \$44 million from the opening of new gaming facilities

during fiscal 2019. The administration proposes to increase the Earned Income Tax Credit from 23 percent of the federal credit to 30 percent. The budget calls for increasing local aid for K-12 education by 2.5 percent to a total of \$4.9 billion including \$24.3 million to address the rising costs of employee health care. The proposals also includes \$83 million to upgrade programs for mentally ill adults, \$20 million for the state's child welfare agency, and \$49 million to cover rate increases for early education and child care. In discussing his budget proposal, the governor said that it continues the "...administration's record of filing fiscally responsible spending plans which support the Commonwealth's needs through investing in areas such as local aid, education, workforce development, substance misuse, mental health, housing, and transportation.

Links: [Fiscal Year 2019 Budget Proposal](#); [Governor's Message](#); [State of the Commonwealth Speech](#)

Michigan

On February 7, Michigan Governor Rick Snyder released his fiscal 2019 budget proposal that calls for \$56.8 billion in total spending, a 0.6 percent increase from the enacted fiscal 2018 budget, and \$10 billion in general fund spending, unchanged from the prior year. The governor also recommended spending of \$56.9 billion in total spending in fiscal 2020 and \$10.0 billion in general fund spending. The budget projects general fund revenues at \$10.3 billion in fiscal 2019 and \$10.4 billion in fiscal 2020, and a budget stabilization fund of \$922 million by the end of fiscal 2019. Health and Human Services would represent the largest area of total spending at 44 percent, followed by education (30 percent), jobs (11 percent), government services (7 percent), public safety (6 percent), and environment (2 percent). Highlights of the budget include: added transportation funding due to the 2015 passage of a road funding package as well as an accelerated commitment of \$175 million from the general fund; a \$120-\$240 per-pupil K-12 increase; added funding for career and technical training; \$5 million in new funding to help children with learning needs; a 2 percent increase in university funding; funding for additional state police troopers; and a water infrastructure investment of \$110 million. Strategic one-time investments include a \$20 million investment in statewide broadband access, \$112 million to provide an upfront pre-payment on capital outlay projects, a \$2.5 million investment in the Michigan Israel Business Accelerator, \$2 million for the Rising Tide Program for rural communities, and funding of \$500,000 for the Employee First Program. The budget also provides for various forms of tax relief including increasing the homestead property tax credit, phasing out the sales tax on the difference for trade-in vehicles, and personal property tax reform. Finally, the proposal notes that the state is on track to pay off its unfunded pension liabilities by 2038. In his budget letter, the governor said that, "Ongoing investments in transportation, education, and public safety will keep Michigan on the path to future success, while critical one-time funding is invested in the programs that directly and immediately impact our families and communities we live in."

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

Minnesota

On March 16, Minnesota Governor Mark Dayton released a supplemental budget request for the current fiscal 2018-2019 biennial budget. The proposal is based on a February 2018 forecast that projects a \$329 million available general fund balance for the end of the current biennium. The budget recommendation includes: \$20

million in tax reductions, credits, and other revenue changes; \$227 million in increased general fund spending; and a remaining budgetary balance of \$123 million. Specifically, the governor is calling for \$13 million to respond to the opioid crisis, \$12 million to protect seniors and vulnerable adults from abuse, and \$37 million for debt service and capital investments. Regarding education, the governor's recommendations include: \$16 million for safe and secure schools; \$5 million for school linked mental health grants; \$17 million for special education; ongoing funding for pre-kindergarten programming in fiscal year 2020-21; \$4 million for the Homework Starts with Home program; \$11 million in pension aid to school districts; and \$20 million for higher education campus support and tuition relief. Finally, the supplemental budget request makes a series of tax changes including: responding to the federal tax bill by disconnecting the state individual income tax system from the definition of federal taxable income; providing \$319 million in tax relief through a new personal and dependent credit and the expansion of the working family credit; conforming to many corporate tax provisions; and addressing various changes made in a 2017 state tax bill. In his final State of the State address, the governor said, "We have restored fiscal stability and integrity to state government. I thank those Minnesotans, who did pay higher personal income taxes, and the great many others, who expanded their businesses and created over 280,000 new jobs, since I took office. The hard-working people and businesses of Minnesota are the sources of our renewed economic prosperity and the foundations of our future success."

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

Mississippi

On November 15, Mississippi Governor Phil Bryant released his fiscal 2019 executive budget recommendation that calls for spending from state supported funds of \$6.004 billion, a decrease of 0.5 percent from the adjusted fiscal 2018 budget. The budget utilizes a general fund revenue estimate of \$5.6 billion, which is a decrease of 0.03 from the fiscal 2018 estimate. The budget maintains the governor's commitment to spending only 98 percent of available revenues in accordance with state code, which lowers available funding by \$112 million. The governor recommends \$7 million for the Mississippi Works Scholars Program, which would support free community college degrees, certificates, and apprenticeships for opportunity occupations in workforce areas as determined by workforce and economic development entities. According to the governor, "This program will position Mississippi for long-term growth and sustainability by not only increasing the number of people participating in the workforce, but also the number of people gaining meaningful careers." In public safety, the budget allocates \$4.45 million for a 30-member trooper school in the Department of Public Safety and also provides \$2.5 million for a highway patrol pension contribution increase. Additionally, the budget calls for the Department of Mental Health to shift \$10 million from its institutional budgets to the service budget to expand evidence-based, best-practice services in the community to reduce reliance on institutional care. Looking ahead to the 2020 census, the budget provides \$250,000 to assist in the Local Update of Census Addresses operation and ensure all Mississippians are properly counted in the census and the state receives its fair share of federal dollars.

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

Missouri

On January 22, Missouri Governor Eric Greitens released his fiscal 2019 budget proposal that calls for \$28.75 billion in total spending, a 0.7 percent increase from fiscal 2018. The budget calls for \$9.79 billion in spending from general revenues, a 4.5 percent increase. Revenue growth is forecasted at 2.5 percent in fiscal 2019 compared to 1.9 percent in fiscal 2018, and the ending balance is projected at \$4.7 million. Human services represents the largest area of total spending in fiscal 2019 at 46 percent, followed by K-12 (21 percent), transportation (9 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 (31 percent), higher education (8 percent), and corrections and public safety (8 percent). The budget proposal includes an \$87 million increase in funding for K-12 education, a \$162.8 million increase in funding for roads and bridges, \$25 million for a Jobs and Infrastructure Fund, and more than \$29 million in new programs to assist vulnerable children. Additionally, the governor called for increased funds for: individuals with developmental disabilities; modernizing river ports; rural broadband; community-based substance abuse treatment; drug court programs; pay increases for highway patrol officers; peer recovery coaches; the Access Missouri Scholarship Program; A+ Scholarship program; the state's share of employee health benefits; a salary increase for all state employees making less than \$50,000; replacing the statewide ERP financial system; Medicaid Management Information System technology, and cybersecurity. In addition to funding increases, the governor also included a series of spending reductions, most notably a \$68 million cut to higher education institutions. In discussing his proposal, the governor said, "Our budget increases funding for our priorities: infrastructure, education, public safety, and protecting our most vulnerable children. We're able to afford those investments by making tough choices, protecting every taxpayer dollar, and eliminating wasteful spending."

Links: [Fiscal Year 2019 Budget Proposal](#); [Budget Summary](#); [Governor's Letter](#); [Press Release](#); [State of the State Speech](#)

Montana

In 2017, Montana enacted a two-year budget for fiscal 2018 and fiscal 2019.

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

Nebraska

On January 10, Nebraska Governor Pete Ricketts announced proposed adjustments to the current fiscal 2017-2019 biennium budget. Previously in October, the Nebraska Economic Forecasting Advisory Board reduced revenue projections for the biennium by \$223.9 million (\$100.4 million in fiscal 2018 and \$123.5 million in fiscal 2019). The governor said that his priorities for the mid-biennium budget were: balancing the budget without tax increases; setting up the state for tax relief that fits within the budget; continuing investment in the Department of Corrections; financing growth in the child welfare system; maintaining investments in K-12 school aid and special education; and a two-year budget growth of 0.2 percent compared to the original fiscal year 2016-2017 budget. The mid-biennium budget adjustment addresses a \$173 million projected budget gap through \$103.2 million in general fund appropriation reductions, \$21.7 million in fund transfers, a \$108 million transfer from

the cash reserve fund, and a net \$54.8 increase from agency mid-biennium budget requests. The proposal maintains an unobligated cash reserve fund balance of \$274 million. The governor also announced a tax reform proposal centered on three major components: a refundable tax credit on state taxes for property taxes paid; reductions in top individual and corporate income tax rates; and funding for workforce development. In discussing his tax reform plan, the governor said, “The Nebraska Property Tax Cuts and Opportunity Act will serve as a framework that can help deliver relief for hardworking Nebraskans. Tax relief will need to be a bipartisan effort, and it will be something we come together to do to grow the entire state.”

Links: [Fiscal Years 2017-2019 Mid-Biennium Budget Adjustments Proposal](#); [Budget Presentation](#); [State of the State Speech](#)

Nevada

In 2017, Nevada enacted a two-year budget for fiscal 2018 and fiscal 2019.

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

New Hampshire

In 2017, New Hampshire enacted a two-year budget for fiscal 2018 and fiscal 2019.

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

New Jersey

On March 13, New Jersey Governor Phil Murphy released his proposed fiscal 2019 budget that totals \$37.4 billion in appropriations, 4.2 percent above the current year, with a projected surplus of \$743 million. Nearly half of the budget would be distributed as school aid to districts, or municipal aid payments to towns and cities. The budget includes a \$3.2 billion payment to the pension fund, the largest single year contribution. The proposed budget assumes revenues of \$37.5 billion, representing an increase of 5.7 percent over revised fiscal 2018 figures, and reflects growth from both existing sources and from new revenue initiatives. The budget proposes to restore the sales tax to 7 percent from the current rate of 6.625 percent, yielding \$581 million, and to increase the marginal tax rate applied to income above \$1 million to 10.75 percent, yielding an additional \$765 million in revenues. The budget also assumes \$60 million in excise and sales tax revenue collection from the sale of recreational marijuana, and would raise cap on state income tax deductibility to \$15,000 from \$10,000. The proposal includes additional funding for community colleges and adds \$242 million for NJ Transit. Additionally, the governor proposes to raise the minimum wage to \$15 per hour and increase the Earned Income Tax Credit from 35 percent of the federal benefit amount to 40 percent over three years. In his budget address, the governor said, “This budget meets the standards by which we will build a stronger and fairer New Jersey that works for all of our residents. It will responsibly invest in our future to drive our economic growth and resurgence. It will ensure we meet our obligations fairly and honestly. And, it will protect our New Jersey values.”

Links: [Fiscal Year 2019 Budget Proposal](#); [Budget in Brief](#); [Budget Address](#); [Inaugural Address](#)

New Mexico

On January 5, New Mexico Governor Susana Martinez announced her fiscal 2019 budget proposal, recommending \$6.3 billion in recurring general fund spending, a 4.1 percent increase from the adjusted fiscal 2018 operating budget. The spending plan directs new resources to public safety, including to increase pay for correctional officers and state police, and K-12 education, including \$70 million in increased classroom instruction spending. “This session, we must work together to keep our economy moving, pass a responsible budget, make New Mexico a safer place for families and the worst place in America to be a criminal, and finally adopt the reforms necessary to ensure every child receives the quality education they deserve,” said the governor in her final State of the State address. The proposal calls for an additional \$25 million in general fund spending for child care assistance funding (a 41 percent increase), noting that data show children receiving a child care subsidy were less likely to be reported as experiencing repeat maltreatment than the general population. The governor also calls for significant investments in economic development efforts, including more job training funds and \$10 million for the state’s closing fund to recruit new companies, as well as tourism. The executive budget also provides an additional \$38 million to ensure adequate Medicaid funding. The governor proposes a 1 percent salary increase for state employees and recommends an additional \$30 million be deposited into reserves. The budget is based on recurring general fund revenue growth of 3.1 percent in fiscal 2019, following 3.5 percent estimated growth in fiscal 2018.

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

New York

On January 16, New York Governor Andrew Cuomo released his proposed budget for fiscal 2019. The proposed fiscal 2019 budget totals \$168.2 billion in all funds with \$100 billion proposed in state operating funds, an increase of 1.9 percent over the prior year. The budget continues the phase-in of the middle-class tax cut and the local property tax relief credit. School aid would increase by \$769 million, which is double the statutory school aid growth cap, bringing the total amount to \$26.4 billion. The budget reflects the continuation of the Medicaid spending cap enacted in fiscal 2012 that ties growth to the 10-year rolling average of the medical consumer price index that is currently estimated at 3.2 percent and extends the Medicaid pharmacy drug cap for an additional year. The budget establishes a health care shortfall fund to ensure the continued availability and expansion of funding for health services and to mitigate risks associated with the loss of federal funds. This fund will be initially populated with funds from any insurer conversion or similar transaction. The budget includes \$225 million to fund the state's match of savings from shared services actions included in property tax savings plans and makes the county-wide shared services panels permanent. The budget imposes a new surcharge of 2 cents per milligram of active opioid ingredient on prescription drugs, directing all proceeds to the opioid prevention and rehabilitation fund. This new fund will expand prevention, treatment, and recovery services, with the express goal of cutting opioid-related deaths in half by 2021. The budget includes funding to conduct a study in consultation with state agencies on a regulated marijuana program to determine the health impact, economic impact, criminal justice impact and consequences to the state resulting from legalization in surrounding states. The governor stated, “The FY 2019 Budget builds on our strong record and continues to move New York

forward, by protecting taxpayers against the federal assault, investing in education to support and train the next generation, and implementing bold progressive policies to make New York a more just and fair state for all.”

Links: [Fiscal Year 2019 Budget Proposal](#); [Briefing Book](#); [Budget Presentation](#); [State of the State Speech](#)

North Carolina

In 2017, North Carolina enacted a two-year budget for fiscal 2018 and fiscal 2019.

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

North Dakota

In 2017, North Dakota enacted a two-year budget for fiscal 2018 and fiscal 2019.

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

Ohio

In 2017, Ohio enacted a two-year budget for fiscal 2018 and fiscal 2019.

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

Oklahoma

On February 5, Oklahoma Governor Mary Fallin released a \$7.28 billion budget proposal for fiscal 2019, an increase of 1.9 percent over the fiscal 2018 appropriation. The budget recommends \$696 million in revenue changes including: increasing the cigarette tax (\$231.7 million); increasing the gross production tax on oil and natural gas (\$126.7 million); increasing the tax on little cigars and chewing tobacco (\$12.2 million); raising the gross production tax on wind (\$19.2 million); raising the gas tax (\$163.4 million); repealing certain income tax credits (\$13.9 million); and simplifying the individual income tax (\$129.2 million). The budget also includes several targeted spending increases on priorities such as education, justice reform, and health insurance cost increases. In education, the budget provides \$289.5 million for a \$5,000 teacher pay raise. Across several agencies, the budget includes a total of \$31.2 million for Oklahoma justice reform initiatives, in the areas of mental health and substance abuse, corrections, and the Pardon and Parole Board. To help address the rising costs of health insurance for state employees, the budget includes \$5.9 million for agencies to address these increased costs. Other priorities that received funding include \$17.0 million to the Department of Human Services to improve the child welfare system, \$2 million to the Legislative Service Bureau received for agency performance and accountability efforts, and \$55.5 million to the Department of Transportation to restore the State Transportation Fund. Agencies that did not receive budget increases were held at flat funding levels compared to the fiscal 2018 appropriation. Governor Fallin used her last State of the State address to push for budget reforms in the state and notes in her budget transmittal letter that “The plan I have put forward is part of a long-term blueprint for more reliable revenue estimating and greater legislative control over limited government resources to better govern for the needs of the day.”

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

Oregon

In 2017, Oregon enacted a two-year budget for fiscal 2018 and fiscal 2019.

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

Pennsylvania

On February 6, Pennsylvania Governor Tom Wolfe released his proposed fiscal 2019 budget that totals \$32.9 billion in general funds, an increase of 3.1 percent over the prior year and includes no broad-based tax increases. Of the total funds, the general fund at \$32.9 billion represents 38.8 percent, federal funds at \$28.6 billion represents 34.9 percent, and other funds at \$12.2 billion represent 14.4 percent. The main sources of revenue for the general fund are personal income taxes at 41.2 percent, sales and use tax at 31.5 percent, and corporate taxes at 9 percent. The major expenditure categories are prekindergarten through K-12 education representing 37.7 percent, medical and long-term living representing 21.3 percent, and other health and human services representing 16.8 percent. The budget includes \$250 million from a new severance tax on natural gas production. In advocating for the creation of a severance tax, the governor said, “It’s a tax paid by people mostly outside of Pennsylvania to use our natural resources. And by failing to put in place this commonsense tax, we’re paying other states’ taxes...” Additionally, the budget recommendation continues efforts to consolidate administrative functions to improve agency coordination and collaboration, eliminate duplicative functions and increase operational efficiencies. The budget fully funds actuarially required pension contributions and implements pension reforms by introducing new hybrid benefit plans for new hires and takes further steps to reduce investment management fees. The budget also recommends increasing the minimum wage to \$12 per hour, which would reduce net entitlement costs for department of human service programs by an estimated \$101 million annually.

Links: [Fiscal Year 2019 Budget Proposal](#); [Budget in Brief](#); [Budget Presentation](#); [Press Release](#); [Budget Address](#)

Rhode Island

On January 18, Rhode Island Governor Gina Raimondo released her proposed fiscal 2019 budget that totals \$9.4 billion in all funds, a decrease of \$84.6 million or 0.9 percent, from the fiscal 2018 revised budget. The \$84.6 million decrease includes reductions of \$130 million in federal funds and \$44 million from the capital plan fund. Offsetting these reductions are increases of \$22.6 million in general revenue, \$9.6 million from restricted receipts, and \$57.2 million from other funds. The fiscal 2019 proposed budget addresses a projected operating deficit of nearly \$204.1 million, while investing in key areas to improve the state’s overall financial outlook. Of the \$9.4 billion budget, \$3.8 billion, or 40.8 percent, is from general revenue; \$3.1 billion, or 33.3 percent, is from federal funds; \$2.2 billion, or 23.1 percent is from other sources, and \$285.4 million, or 3.0 percent, is from restricted or dedicated fee funds. The budget recommends the legalization of sports betting which is expected to increase fiscal 2019 recommended lottery revenues by \$23.5 million and includes a hospital rate freeze and implements co-payments. In her state of the state address, the governor outlined a series of policy proposals including expanding job training initiatives and technical training in high schools, continuing to fix the state’s roads, funding successful efforts to address the opioid crisis, and legislation to make health insurance companies

cover addiction and mental health treatment. In discussing her budget proposal, the governor said, “The state of Rhode Island is stronger than it was four years ago because of critical investments we are making in job creation, job training, education and programs that support the health and wellbeing of the people of Rhode Island.”

Links: [Fiscal Year 2019 Budget Proposal](#); [Governor’s Message](#); [State of the State Speech](#)

South Carolina

On January 8, South Carolina Governor Henry McMaster proposed a fiscal 2019 budget that recommends \$28.3 billion in total funds, an increase of 3.2 percent over fiscal 2018, and \$8.06 billion in general fund appropriations, a 1.4 percent increase over fiscal 2018. General fund revenues are estimated to be \$8.68 billion, an increase of 1.7 percent over fiscal 2018 (revenues are higher than appropriations due to a \$15.6 million transfer to the General Reserve Fund and \$599.4 million in income tax revenues credited to the Tax Relief Trust Fund). The largest program areas receiving general funds in the budget include K-12 education (37.96 percent), health and social services (27.3 percent), public safety and criminal justice (10.8 percent), and higher education (8.0 percent). In education, the budget recommends \$25.2 million in increased funding for the base student cost (\$10 increase per student) at K-12 public schools, \$18.8 million in per pupil funding increases at charter schools, \$16.4 million for need-based higher education scholarships, and \$5 million for the school safety program. To address the opioid crisis, the budget provides \$10 million in new funding for treatment, prevention and education efforts, including \$4.4 million for new opioid treatment clinics throughout the state. Economic development and workforce is another priority in the budget, with an additional \$11.95 million allocated to the Department of Commerce, \$3 million for workforce scholarships and grants to technical schools, and \$5 million for the creation of the South Carolina Workforce Partnership. The governor also prioritized tax relief in the budget proposal, which includes a 1 percent rate reduction over five years for all personal income tax brackets that will result in \$2.2 billion in taxpayer savings; the first-year savings are \$139 million. The budget also provides a full retirement income exemption for military veterans and first responders, representing \$22 million in tax cuts the first year. The governor’s budget transmittal letter states “The success and prosperity we see today is a reflection of an enduring philosophy we all share – one based on strength and self-determination, celebrated and championed by the people of the Palmetto State. I am proud to serve as your Governor, and privileged to work with the General Assembly as we endeavor to build an even brighter tomorrow.”

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

South Dakota

South Dakota Governor Dennis Daugaard released his fiscal 2019 budget proposal on December 5. The plan calls for \$4.66 billion in total spending, a 2.2 percent increase from fiscal 2018, and \$1.62 billion in general fund spending, a 1.9 percent increase. The budget forecasts that total general fund receipts will be \$1.62 billion, a 1.7 percent increase. Additionally, the budget maintains a budget reserve balance of 10 percent, and is structurally balanced. The largest areas of general fund spending are recommended to be state assistance to local governments and schools at 35.4 percent, followed by health and human services (35.1 percent), board of regents (13.0 percent), and corrections (6.3 percent). The budget recommends increases to education (\$20 million), medical and provider assistance (\$11.3 million), building South Dakota (\$4.9 million), and protecting people (\$2.6 million), while reducing Title XIX Medicaid FMAP spending through \$9.8 million in savings. Some

specific spending increases include \$16.1 million for state aid to education, \$1.0 million for maintenance and repair for board of regents/technical institutes, \$1.3 million for correctional healthcare, and \$1.1 million for the Department of Corrections community transition program. The governor also announced steps to address a \$33.7 million fiscal 2018 shortfall through a combination of reduced spending and cash sources. In his letter to the legislature the governor noted that his fiscal 2019 budget recommendation reflects the most current revenue conditions, and that lower revenue collections will allow for only modest increases in the fiscal 2019 budget. The governor added that, “Citizens of South Dakota have been cautious with their spending and they expect their governments to do the same. Therefore, careful prioritization of state spending is a necessity.”

Links: [Fiscal Year 2019 Budget Proposal](#); [Budget Summary](#); [Budget Presentation](#); [Letter to the Legislature](#); [State of the State Speech](#)

Tennessee

On January 29, Tennessee Governor Bill Haslam released his fiscal 2019 budget proposal that calls for \$37.5 billion in total state spending, an increase of 0.46 percent over fiscal 2018. General fund spending is \$33.2 billion, an increase of 1.5 percent over fiscal 2018. The largest categories of general fund spending are education (47 percent), health and social services (33 percent), and law, safety and correction (11 percent). The objectives for the fiscal 2019 budget included addressing the opioid crisis, improving education funding (including teacher compensation), funding increasing healthcare costs, increasing pay of health and social services care providers, and increasing the rainy day fund. Under the Tennessee Together opioid initiative, the budget provides \$14.5 million in new funding for treatment, law enforcement and prevention efforts. In K-12 education, the budget provides \$55.1 million for teacher compensation, \$50 million for increased retirement and health insurance costs, \$48.8 million to maintain full funding of the Basic Education Program formula for K-12 schools, and other initiatives for a total of \$211.8 million in new funding. Higher education received \$99.1 million in new funding for increased operational costs, including \$37 million for a 2.5 percent salary pool, and \$6.1 million for increased health insurance premiums. Gov. Haslam highlighted education successes in his State of the State address, noting that “By accelerating the gains we’ve made and, most importantly, staying true to the reforms in place, we will ensure that no matter how much money a family has, and no matter what neighborhood a child grows up in, every student will have an opportunity to learn.” The budget also invests in the TennCare program, by providing \$51.4 million for medical inflation and utilization, \$36.7 for development of an eligibility system, and \$17.1 million for increased pharmaceutical costs. In the health and social services community, the budget provides rate increases to non-state providers of services, funded at \$10.5 million. The revenue fluctuation reserve (rainy day fund) would increase to \$850 million and be equal to 5.9 percent of general fund revenues. The budget also makes investments of \$128.3 million for job growth initiatives, \$15.5 million for a new inmate medical contract, and \$9.7 million for an indigent defense and guardian ad litem rate increase.

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

Texas

In 2017, Texas enacted a two-year budget for fiscal 2018 and fiscal 2019.

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

Utah

On December 13, Utah Governor Gary Herbert released his fiscal 2019 budget, calling for \$16.7 billion in spending from all funds. This includes \$7.1 billion combined from the general fund and education fund, a 5.8 percent increase compared to the authorized fiscal 2018 level and a 4.8 percent increase relative to the governor's recommended level for fiscal 2018; the budget also calls for \$59 million in supplementals for the current fiscal year. General fund and education fund revenues combined are projected to grow 4.8 percent in fiscal 2019 over revised fiscal 2018 estimates, and total \$7.0 billion. The proposal provides \$383 million in new recurring funds for fiscal 2019, with \$276 million (72 percent) of that going to education, and \$102 million in new one-time funds. The governor recommends \$208 million in new funding for K-12 education, including a \$170 million increase in flexible, local education funding and \$36 million to support enrollment growth. For postsecondary education, the governor calls for \$68 million in additional recurring funds for institutions, as well as \$34 million in one-time spending. Releasing the budget at Davis Technical College, the governor declared 2018 the "Year of Technical Education," and proposed redirecting about \$10 million in one-time money from a performance funding account to support partnerships with institutions to provide "rapid-response training and certification programs for high-demand and difficult to fill labor areas." In his budget, the governor also called on the legislature to allow for greater flexibility to use state transportation funds for all modes of transportation, as well as to modernize the tax code in ways that emphasize user fees and broaden the sales tax base, among other changes. The proposal recommends an additional \$5 million be deposited into the General Fund Budget Reserve account, bringing total rainy day fund balances to \$575 million. The governor also calls for a 2 percent salary increase for state employees, with money for additional increases for specific, high-need classifications.

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

Vermont

On January 23, Vermont Governor Phil Scott released his proposed fiscal 2019 budget of \$5.9 billion in total funds with \$1.6 billion in general funds. Total funds would increase by 2.16 percent over the prior year and the general fund would increase by 2.3 percent over the prior year's adjusted base. The budget limits growth in state spending based on a six-year rolling average of real wage growth, fully funds actuarially determined pension contributions for teachers' retirement, adds \$73 million to the human services management reserve, and maintains the statutory 5 percent stabilization reserves in the general fund, education fund, and transportation fund. The budget includes salary and benefit increases for the state workforce and does not raise taxes or fees. To develop input from the public for the budget, the Secretary of Administration used an online budget forum in the development of goals and priorities of the state's budget. The budget also highlights the governor's executive order that established the Program to Improve Vermont Outcomes (PIVOT) as a system of continuous improvement for programs and processes to modernize state government. In his state of the state speech, the governor said that much more needs to be done in workforce development and his administration is currently developing a workforce expansion plan. The governor also discussed expanding adult technical education, water quality measures, efforts to moderate healthcare costs, and ways to combat the opioid crisis. In his budget address, the governor said "...that success is dependent upon restoring our fiscal foundation, having the courage to confront the challenges we face and spending only what Vermonters can afford." He added that his balanced

budget proposal "...makes strategic investments to grow the economy, make Vermont more affordable and protect the most vulnerable."

Links: [Fiscal Year 2019 Budget Proposal](#); [Budget Summary](#); [Budget Presentation](#); [Budget Address](#); [State of the State Speech](#)

Virginia

On December 18, former Virginia Governor Terry McAuliffe released a two-year budget that proposes to spend \$56.5 billion in fiscal 2019 and \$58.5 billion in fiscal 2020 in all funds, including \$20.9 billion in general fund spending in fiscal 2019 and \$21.6 billion in fiscal 2020. General fund revenues are forecast to increase by 3.8 percent in fiscal 2019 and 3.9 percent in fiscal 2020. The largest categories of general fund spending are education (40.3 percent), health and human resources (31.6 percent), and public safety and homeland security (9.6 percent). Two of the main priority funding areas in the budget are education and health care. In education, the budget invests \$232.8 million in fiscal 2019 and \$254.7 million in fiscal 2020 for updating the Standards of Quality, provides \$7 million to support programming for at-risk students and \$7.6 million to provide state support for a full-time principal - for the first time - in every elementary school. Supporting higher education, the budget provides an additional \$48 million for financial aid while increasing funding for the New Economy Workforce Credential tuition assistance program by \$4 million to address the high demand from students. In health care, the governor's budget expands Medicaid, which is estimated to offer coverage to nearly 400,000 Virginians; the cost of providing the additional services will be funded through an assessment on private acute care hospitals. The budget also provides \$743 million over the biennium to fully fund mandated services such as the revised Medicaid forecast, foster care and adoption programs, and Children's Services Act caseloads. To address the opioid crisis, the budget provides \$10 million to support medication-assisted treatment, \$2.5 million for supportive housing for pregnant women and mothers dealing with addiction, and funding to expand drug courts. Governor Ralph Northam took office in January and delivered an address to the Joint Assembly, laying out his agenda and voicing support for many of the initiatives included in Governor McAuliffe's budget proposal. In his address, Gov. Northam said, "Virginians are counting on us to answer big challenges with big solutions, even if that requires us to put the common good ahead of our own partisan instincts. They are counting on us to use every dollar they send us wisely, to the greatest possible benefit to our economy and their lives."

Links: [Fiscal Years 2019-2020 Budget Proposal](#); [Budget Document](#); [Governor McAuliffe's Budget Address](#); [Governor Northam's Joint Address](#)

Washington

On December 14, Washington Governor Jay Inslee unveiled his supplemental budget for the fiscal 2018-2019 biennium, recommending \$44.7 billion in "near-general fund" spending and \$98.6 billion in spending from all funds over the two-year budget cycle. The near-general fund includes the General Fund-State, Education Legacy Trust Account, and Opportunity Pathways Account. In total, the budget recommends \$961 million in net supplemental near-general fund spending, and \$716 million from other funds, relative to current authorized levels. The governor's proposal calls for an additional, one-time investment in K-12 education of \$950 million for the 2018-19 school year to increase school teacher and staff salaries and fully fund basic education by the

state Supreme Court's 2018 deadline. Additionally, the governor recommends a \$162 million supplemental to cover an expected Medicaid shortfall, and \$106 million in additional funds for psychiatric hospitals and related items. A \$43 million increase in general fund spending for fighting wildfires is proposed (along with additional money from other fund sources), and \$50 million in additional funds are targeted to local governments for public safety improvements. The governor recommends a funding increase to support implementation of the state's new Department of Children, Youth and Families, as well as \$20 million for opioid abuse treatment and prevention efforts. The supplemental budget is based on the state's November 2017 revenue estimate of \$44.4 billion before transfers and excluding the governor's proposed carbon pollution tax, which would raise an additional estimated \$1.9 billion in revenue for fiscal 2019. The governor's supplemental budget projects total reserves to be \$2.15 billion at the end of the biennium, including a \$1.4 billion balance in the rainy day fund. The proposal also recommends a full capital budget totaling \$4.5 billion, mostly funded with bonds, along with small changes to the transportation budget. "This budget supports more than 19,000 construction jobs in every corner of the state," said the governor in his State of the State address, and would "help us build more affordable housing and expand capacity in our mental health system."

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

West Virginia

West Virginia's Governor Jim Justice released his fiscal 2019 budget proposal on January 10 and adjusted it on March 6. The recommendation includes substantial increases for some of the state's social programs, deferred maintenance, economic development, and tourism advertising, as well as five percent pay raises for teachers and state employees according to the revised recommendation. General fund revenues are on-target for fiscal 2018 and the February 28 revised estimate calls for growth of 4.5 percent in fiscal 2019, reflecting a stronger growth rate in collections over the last three quarters. In his budget adjustment letter, the governor said that these adjustments "...will result in an unappropriated balance in General Revenue of over \$58 million that will solidify certainty in our budgetary condition, alleviate any doubt or fear of midyear reduction, and allow for future supplemental appropriations if the revenue comes in as I expect it to from the federal tax reform and historic sale of our road bonds." The budget does not require spending cuts and recommends an increase in a transfer to the rainy day fund. It provides 100 percent of the pension required contributions; with a slight decrease in the required employer contribution rate. However, significant increased obligations are projected over the course of their six-year plan at current benefit levels for the public employee insurance plan. The state aid to schools funding formula calls for a net decrease for fiscal 2019. Because of a fiscal 2017 surplus for the Medicaid program, no increase in base state funding is needed for fiscal 2019. A major increase of \$22 million is provided for the foster care program and an additional \$31 million for institutional psychiatric diversion and contracted staff. Salary upgrades of \$7 million for adult and juvenile correctional employees are recommended. Higher education base funding is increased by \$13.5 million. The recommendation includes \$7 million for tuition subsidies to help provide free tuition for students in the West Virginia Community and Technical colleges, and a \$2 million enhancement to its workforce development initiative. Deferred maintenance for state facilities is addressed with \$20 million in additional funding. Supplemental funding for the current fiscal year of \$79 million is financed from surplus lottery funds and carryover funds from certain agencies. Nearly \$35 million is included

to address a shortfall in the department of health and human resources, and \$15 million for the public defender program.

Links: [Fiscal Year 2019 Budget Proposal](#); [Budget Presentation](#); [Governor's Budget Adjustment Letter](#); [State of the State Speech](#)

Wisconsin

In 2017, Wisconsin enacted a two-year budget for fiscal 2018 and fiscal 2019.

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

Wyoming

On December 1, Wyoming Governor Matthew Mead submitted his fiscal 2019-2020 biennial budget to the legislature. The budget recommends \$2.98 billion in appropriations from the general fund and budget reserve account, including a \$100 million deposit into the budget reserve account, \$69 million in recommended agency funding changes from the standard budget (otherwise known as exception requests), \$118 million in capital spending recommendations, and \$105 million for local government aid. General fund revenue, about 70 percent of which comes from the energy sector, is estimated to be \$1.99 billion for the upcoming biennium, with an additional \$665 million in revenue from the Budget Reserve Account and \$178 million from the severance tax diversion; together with carryover, revenue is expected to total \$3.01 billion. The fiscal 2017-2018 budget bill set a target of \$13.5 million in additional reductions in the next biennium, and the governor recommends fewer cuts totaling \$8.9 million, in light of improved revenue conditions. "Where overcutting has affected programs and services.... we have the opportunity to right size the budgets of those agencies this session," said the governor in his State of the State address. For K-12 education, the proposal calls for a \$281 million transfer from the Legislative Stabilization Reserve Account (LSRA) to help fill the budget shortfall in the School Foundation Program, and \$203 million school facilities spending from the School Capital Construction Account. The governor also highlights the recommendations of an efficiency study, and points to some of these that were incorporated into agency budgets, such as investing in substance abuse treatment programs administered by the Department of Corrections. The governor recommends \$37.5 million be set aside from the LSRA for economic diversification projects under the Economically Needed Diversity Options for Wyoming (ENDOW) initiative. The proposal projects a balance in the LSRA of \$1.28 billion at the end of the biennium.

Links: [Fiscal Years 2019-2020 Budget Proposal](#); [State of the State Speech](#)