

SUMMARIES OF FISCAL YEAR 2013 PROPOSED EXECUTIVE BUDGETS

March 15, 2012

Overview

Over the course of the past several months, governors in 34 states have released their fiscal 2013 budget proposals (16 states enacted biennium budgets last year covering both fiscal 2012 and fiscal 2013). This document provides summaries of these budget proposals and links for further information about specific states.

Governors have released their budget proposals for the upcoming fiscal year during a period of transition and uncertainty. In a number of ways fiscal conditions have improved. State revenues have now grown for seven consecutive quarters and fiscal 2012 general fund spending is projected to increase for a second year in a row following two consecutive years of declines. However, both general fund revenue and spending in fiscal 2012 are expected to remain approximately \$20 billion below fiscal 2008 levels. Additionally, states continue to face rising health care costs and uncertainty surrounding both future federal funding levels and the national economic outlook.

Amid this backdrop, governors have proposed fiscal 2013 budgets that in most instances call for increased general fund spending; however the proposed spending is at growth levels below the historical average and in some instances remains below pre-recession levels. While resources remain constrained, slowly improving economic conditions have given governors an opportunity to fund some of their top priorities and

to examine what previous spending cuts could possibly be restored. One area in which a number of governors have proposed increased spending is in elementary and secondary education. For the most part governors have also proposed increased spending for Medicaid, although much of that is due to program requirements and increases in enrollment and healthcare costs. Other areas of state spending have been more mixed, with some governors proposing increases in areas such as corrections, higher education, and public assistance, while other governors have proposed cutbacks. On the revenue side, in an attempt to encourage job growth, a number of governors have proposed reforms to corporate income taxes and in some instance reductions in personal income taxes. Finally, governors have called for such things as pension reform, closing state facilities, and streamlining state government operations as they continue to deal with the ramifications of the recent economic downturn.

Below, please find summaries detailing governors' fiscal 2013 budget proposals. Also included are links to proposed budgets, supporting documents, state of the state speeches, and previously enacted biennium budgets.

If you would like additional information please contact [Brian Sigriz](#) at 202-624-8439.

Alabama

On February 7, Alabama Governor Robert Bentley unveiled his fiscal 2013 budget proposal that calls for \$5.4 billion in spending for the Education Trust Fund (ETF) as well as \$1.4 billion in General Fund spending. General fund revenues are forecast to be \$367 million below their fiscal 2012 level. As such, the governor proposed cuts in General Fund spending of 1.0 percent for prisons, 4.0 percent for the Public Safety Department and a 24 percent cut in funding appropriated to the Court System, the Department of Health, the Attorney General's Office and Legislature. The governor has proposed using savings from the ETF, known as rolling reserves, to make up for a \$463 million shortfall in the general fund. Additionally, in his State of the State address, the governor noted that he would not raise taxes stating "I promised the people of this state that I would not raise taxes on the people of Alabama, and I am going to keep my word."

Links: [Fiscal Year 2013 Education Trust Fund Budget Proposal](#), [Fiscal Year 2013 General Budget Proposal](#), [State of the State Speech](#)

Alaska

On December 15, Alaska Governor Sean Parnell released a \$12.1 billion proposed budget for fiscal 2013. The budget proposal contains \$6.4 billion in state general fund spending, which represents a \$600 million decrease from general fund spending for the current fiscal year. Additionally, total spending is reduced by \$800 million in the fiscal 2013 budget proposal. Major initiatives in the budget include: more than \$1 billion in infrastructure spending, \$1.1 billion in forward funding of k-12 education through fiscal year 2014, and \$3 billion in savings that can be held in reserve. The state is forecasted to collect over \$8.9 billion in unrestricted revenues, leading to a \$3.7 billion surplus to which the governor plans to set aside \$1.4 billion into the state's Permanent Fund. Currently, the state has \$13 billion in the constitutional and statutory budget reserves; however, the pension system is facing \$11 billion in unfunded liabilities.

Links: [Fiscal Year 2013 Budget Proposal](#); [Governor's Press Release](#); [State of the State Speech](#)

Arizona

On January 13, Arizona Governor Janice Brewer proposed a fiscal 2013 budget that calls for \$8.9 billion in state spending, a 5.2 percent increase from fiscal 2012 spending levels. The governor's revenue projections for fiscal 2013 estimate revenue to increase by 5.9 percent from fiscal year 2012. The governor's revenue forecasts estimate a \$200 million surplus in the budget that will be set aside to increase the state's reserves in the future from \$392 million at the end of fiscal 2012 to \$587 million at the end of fiscal 2013. The governor has also proposed repurchasing state properties that were sold off or leased during the fiscal downturn to balance the budget. Additionally, the budget proposal includes \$200 million in soft capital for education, referring to items such as computers, software, and library materials, which have not received funding since 2008. At the same time, the governor is recommending cuts to education in the form of basic state aid by \$70 million. The governor's budget plan also includes \$185 million in general fund revenues through fund sweeps, a budgeting technique that reroutes funds designated for a specific program or agency to the general fund in order to achieve budget balance.

Links: [Fiscal Year 2013 Budget Proposal](#); [Governor's Press Release](#); [State of the State Speech](#)

Arkansas

Arkansas Governor Mike Beebe released his fiscal 2013 budget proposal on January 17. The proposed budget calls for spending \$4.7 billion, \$163 million more than fiscal 2012. Nearly all of the increase in funding is directed to the Department of Human Services and K-12 education, which would receive \$117 million and \$56 million respectively more than last year. Of the \$117 million going to the Department of Human Services, the state's Medicaid program is set to receive \$114 million. Additionally, funding for state prisons and higher education will also grow, but by small amounts. The governor noted in his fiscal session address that he was unable to find enough savings to provide salary increases to state employees. State revenues for fiscal 2013 are projected to grow 3.5 percent.

Link: [Arkansas Budget Office](#); [Fiscal Session Address](#)

California

On January 5, California Governor Jerry Brown proposed a fiscal 2013 budget plan that requests \$92.6 billion in general fund spending, a 7.0 percent increase from fiscal 2012. General fund revenues are expected to increase by 7.7 percent in fiscal 2013, totaling \$95.4 billion. The budget plan for the current fiscal year did not include tax extensions that would have helped the state achieve budget balance. Instead, the state made \$16 billion in cuts and still faces a \$4.1 billion budget shortfall. However, through the process of cuts, California has made progress in shrinking the size of state government and reducing outstanding debt. The governor's fiscal 2013 budget builds on the current fiscal plan by reserving any additional revenues for educational purposes or the state's ongoing realignment of public safety. The fiscal 2013 budget proposes \$10.2 billion in cuts and revenue increases, with \$4.2 billion in the form of cuts, \$6.9 billion in temporary taxes (netting the general fund revenue \$4.4 billion), and \$1.4 billion in other revenue measures. The new taxes proposed in the executive budget will require approval for a temporary tax on wealthy households, and a temporary sales tax increase. State expenditures from the general fund and selected bond funds for fiscal 2013 include: \$39.2 billion in K-12 education (28.6 percent), \$42.9 billion in health and human services (31.2 percent), \$10.7 billion in corrections and rehabilitation (7.8 percent), \$9.8 billion in higher education (7.1 percent), \$11.3 billion in business transportation and housing (8.2 percent), and \$9.5 billion in general government (7.0 percent). The fiscal 2012 budget estimates the state will end this current budget period with a \$4.1 billion deficit, and the fiscal 2013 budget estimates the state will end the next budget period with an additional \$5.1 billion deficit, bringing the state's deficit to \$9.2 billion by June of 2013. The state of California is also facing long term fiscal challenges with \$45 billion in unfunded pension liabilities, and another \$60 billion in unfunded retiree health benefits. Last October, the Governor provided a 12 point pension reform plan to put long term obligations in order.

Links: [Fiscal Year 2013 Budget Proposal](#); [Governor's Transmittal Letter](#); [State of the State Speech](#)

Colorado

On November 1, Colorado Governor John Hickenlooper submitted a budget request for fiscal 2013 totaling \$20.1 billion, of which \$7.4 billion in spending is from the general fund. The budget proposal increases total spending by \$342.6 million (1.7 percent) and general fund spending by \$227 million (3.2 percent) from the prior fiscal year. General fund revenues are expected to increase by 2.4 percent in fiscal 2013, but due to the expiration of federal funding support through the Recovery Act, general fund expenditures and obligations are expected to increase by over 11.0 percent. The projected shortfall for the general fund is expected to reach \$680 million under current laws and is likely to require \$586 million in budget cuts to achieve balance. The state's deficit is being driven largely by an 11.1 percent increase in Medicaid costs and a 3.7 percent jump in prison expenditures. Over 89.0

percent of the fiscal 2013 balancing plan is comprised of expenditure reductions, including: \$350.4 million from the state's K-12 School Finance Total Program, \$62 million from the Department of Education, \$32 million from the Department of Health Care Policy and Financing, \$22 million from the Department of Motor Vehicles, and \$18 million from state employee health benefits.

Links: [Fiscal Year 2013 Budget Proposal](#); [Governor's Transmittal Letter to the Legislature](#); [State of the State Speech](#)

Connecticut

In 2011, Connecticut enacted a two-year budget for fiscal 2012 and fiscal 2013. The governor recently proposed midterm budget adjustments focusing on two major initiatives: education reform and improved pension funding. The education initiative includes \$128 million to address six priorities: enhancing access to high-quality early childhood education opportunities; authorizing intensive interventions and supports to turn around the state's lowest-performing schools and districts, expanding the availability of high quality school models, including charter and magnet schools; removing red tape and other barriers to success, especially in high-performing schools and districts; attracting and retaining the very best teachers and principals within a system that values skill and effectiveness over seniority and tenure; and delivering more resources targeted to school districts with the greatest need, provided they enact key reforms that position students for success. The pension initiative would increase the level of funding to the state employees retirement fund in the earlier years of the amortization period in order to more quickly improve the funded ratio and ultimately reduce the overall level of taxpayer contributions.

Links: [Fiscal Years 2012-2013 Enacted Budget](#); [Governor's Proposed Midterm Budget Adjustments](#)

Delaware

Delaware's Governor Jack Markell released his proposed fiscal 2013 budget on January 26. The fiscal 2013 recommended operating budget totals \$3.5 billion, an increase of 1 percent over the fiscal 2012 budget. In addition, the governor recommends \$448.0 million in fiscal 2013 bond and capital improvements and \$40.2 million in grants-in-aid set-aside. The total recommended fiscal 2013 general fund appropriations are \$42.6 million less than fiscal 2012. The general fund operating budget proposed for fiscal 2013 includes no increases or additional taxes and focuses on job growth, education, and efficient government. The budget would fully fund the state's rainy day fund, adhere to the state's three-part debt limit, and would appropriate only 98 percent of available revenue. The recommended budget includes an additional \$21.7 million dollars for Medicaid and the governor indicated that the state will focus this year on bringing down those costs. The largest single additional investment in the governor's budget proposal was to replace federal dollars with an additional \$27.4 million dollars in state funds for local school districts. Additionally, the capital budget dedicates \$116.1 million for school projects.

Links: [Fiscal Year 2013 Budget Proposal](#); [Governor's Press Release](#); [State of the State Speech](#)

Florida

Florida Governor Rick Scott unveiled his fiscal 2013 budget proposal on January 11 which calls for total spending of \$66.4 billion. The governor outlined the budget's three main focus areas including increasing K-12 education spending, reducing Medicaid spending and lowering tax rates and reducing regulation. Specifically, he noted that "Education, pension and Medicaid reforms coupled with government reorganization and deregulation have all helped to produce jobs and save taxpayer money." As such, the governor proposed to increase education spending by over \$1 billion, reducing

Medicaid service expenditures by 10 percent and reforming taxes for small business. Additionally, the proposed budget includes a \$130 million cut in funding for the Department of Corrections. The governor also proposed eliminating 2,800 currently filled state jobs and recommended increasing the number of retailers selling lottery games and boosting the amount of instant ticket vending machines.

Links: [Fiscal Year 2013 Budget Proposal](#), [State of the State Speech](#)

Georgia

On January 17, Georgia Governor Nathan Deal unveiled his fiscal 2013 budget proposal in which he calls for increasing general fund spending by \$949 million to \$18.156 billion, from \$17.207 in the original enacted fiscal 2012 budget. The increase from the amended fiscal 2012 budget to the fiscal 2013 proposal is \$894 million. Similarly, the budget proposal forecasts general fund revenues to rise nearly \$850 million. The proposed budget does not include a cost-of-living increase for state employees who have not seen an increase since January 2008. The governor's budget recommendation also includes plan to eliminate and merge a number of state agencies that would save the state tens of millions of dollar. Additionally, the governor is examining taxing online purchases. The governor also discussed his desire to continue strengthening the state's rainy day fund, noting that "When we met on this occasion this past January (2011), the Rainy Day Fund had only enough money to fund state operations for less than two day. One year later, with your help, we have begun restoring the Rainy Day Fund. The balance today is \$328 million, an increase of 183%. I remain committed to building up this strategic reserve by keeping our spending in check."

Links: [Fiscal Year 2013 Budget Proposal](#), [Governor's Press Release](#), [State of the State Speech](#)

Hawaii

In 2011, Hawaii enacted a two-year budget for fiscal 2012 and fiscal 2013. The governor has proposed a supplemental budget for fiscal 2013.

Links: [Fiscal Years 2012-2013 Enacted Budget](#); [Fiscal Year 2013 Proposed Supplemental Budget](#); [Governor's Press Release](#)

Idaho

On January 9, Idaho Governor Butch Otter released his budget proposal for fiscal 2013, a spending plan that totaled \$6.9 billion. The budget contains recommendations for general fund spending at \$2.6 billion, a 5.0 percent increase from fiscal 2012. General fund state expenditures under the fiscal 2013 budget include: education at \$1,562 million (61.2 percent), health and human services at \$615.2 million (24.1 percent), public safety and corrections \$237.3 (9.3 percent), and general government \$87 million (3.4 percent). Under the proposed budget, spending will increase for education by 3.6 percent, for health and human services by 8.8 percent, for public safety and corrections by 4.5 percent, and for general government purposes by 4.6 percent. General fund revenues are projected to increase by 5.7 percent, reaching \$2.6 billion dollars and totaling 38.2 percent of net revenues. Revenues from federal funds are estimated to reach \$2.7 billion or 38.8 percent of net revenues. The governor's budget contains \$103.5 million in carry-over funds, \$61.5 million in transfers to other stabilization funds, \$41.1 million for employee purposes, and \$45.0 million for a tax relief package. Combined these budget actions decrease general fund revenue by \$44.0 million or 1.6 percent. Major priorities reflected in the fiscal 2013 budget are education, jobs and economic development, replenishing rainy day funds, and changes to state employee compensation. Education and health care continue to remain areas of state expenditure growth.

Links: [Fiscal Year 2013 Budget Proposal](#); [State of the State Speech](#)

Illinois

Illinois Governor Pat Quinn released his fiscal 2013 budget proposal on February 22. The budget proposal calls for general fund spending of \$33.8 billion, slightly above last year's enacted budget, although discretionary spending would be below fiscal 2008 levels. The introduced budget is based on Budgeting for Results, Illinois new budgeting process that ensures that the proposed budget is based on existing revenue, funds the most important policy priorities, and ensures that tax dollars are spent wisely. In discussing his budget proposal, the governor stated that "Today I am proposing a budget that includes serious spending reductions and major reforms in order to restore fiscal stability to our state and build and grow our economy." The governor is proposing that most state agency budgets be reduced by 9 percent. However, the budget maintains funding for K-12 and higher education. Included in the budget proposal is a plan to close two state prisons and 59 state facilities and offices; the proposal also reduces the number of state employees by more than 700. Additionally, the governor is proposing that Medicaid spending be reduced and is pledging to work with the legislature to find reductions. Finally, the governor convened a working group to address the state's unfunded pension liability and stated that all options would be "on the table" including employer and employee contributions, the retirement age, and cost of living adjustments.

Links: [Fiscal Year 2013 Budget Proposal](#); [Governor's Press Release](#); [Budget Briefing](#); [State of the State Speech](#)

Indiana

In 2011, Indiana enacted a two-year budget for fiscal 2012 and fiscal 2013.

Link: [Fiscal Years 2012-2013 Enacted Budget](#)

Iowa

On January 10, Iowa Gov. Terry Branstad released his fiscal 2013 budget proposal and gave his Condition of the State address. During his speech, he remarked that his focus would be on "First, creating new jobs and careers for Iowans to significantly raise family incomes, and second, adopting common sense solutions for our schools to give our children a world class education." The governor's budget proposal calls for a general fund spending level of \$6.2 billion, approximately \$230 million, or 3.8 percent, above fiscal 2012 levels. The budget assumes that revenues will increase 4.2 percent in fiscal 2013. Under the proposal, approximately 58 percent of general fund spending would go towards education programs, with 26 percent going to health and human services programs, and 10 percent going towards corrections and the court system. One major proposal in the governor's budget and his Condition of the State address was his \$25 million education reform plan that includes \$17 million in new money and \$8 million in repurposing money from professional development and class size reduction. Part of the reform plan involves granting greater flexibility to local school districts, more stringent testing of students, and increased standards for teachers. The governor also proposed \$25 million in incentives to help foster job creation and \$50 million to launch a multiyear reduction in commercial property tax rates. Under the plan, commercial property tax rates would be lowered and the state would commit \$50 million to local governments for the next three years to help reimburse them for any lost property tax revenue.

Links: [Fiscal Year 2013 Budget Proposal](#); [Budget in Brief](#); [Condition of the State Speech](#)

Kansas

Kansas Gov. Sam Brownback gave his State of the State address on January 11, describing Kansas as a “state of transition.” The following day he released his fiscal 2013 budget proposal. The overall budget calls for spending \$14.1 billion, \$597 million less than the current budget of \$14.7 billion; the drop is partly due to declining federal funds. General fund spending would be nearly \$6.1 billion in fiscal 2013, approximately \$39 million less than fiscal 2012. Additionally, the budget calls for \$465 million in reserves by the end of fiscal 2013. Major proposals included in the governor’s budget and his State of the State address include transitioning to a defined contribution system for new employees, reforming Medicaid including moving enrollees into a managed care system, altering the school financing system and granting local school districts more flexibility, and creating a special fund to cover the costs of natural disasters. The governor also proposed significant tax reforms involving cutting the income tax rate while at the same time eliminating a number of tax deductions. Specifically the plan would lower the income tax rate to 3 percent for individuals making less than \$15,000 and to 4.9 percent for individuals making more than \$15,000, and eliminates separate deductions for items such as home mortgage interest, earned income, daycare and adoption.

Links: [Fiscal Year 2013 Budget Proposal](#); [Governor’s Press Release](#); [State of the State Speech](#)

Kentucky

On January 17, Kentucky governor Steve Beshear proposed his biennial fiscal 2013 and fiscal 2014 budget which calls for spending \$19.8 billion and that closes a \$742 million budget gap. The general fund revenue forecast predicts that revenues will grow 2.4 percent in fiscal 2013 and 3.0 percent in fiscal 2014. The governor proposed that many state agencies would see a an 8.4 percent cut although funding for higher education would be cut by 6.4 percent and public safety services will be cut at a rate of 2.2 percent. However K-12 and corrections funding will be maintained for both years of the biennium. The budget also includes a proposal to issue \$20 million in bonds for a high-tech grant and loan program to support Kentucky businesses. Finally, the governor presented a plan in his State of the Commonwealth speech to amend Kentucky's Constitution to allow up to seven casinos to open in the state.

Links: [Fiscal Years 2013-2014 Budget Proposal](#), [Governor's Press Release](#), [State of the Commonwealth Speech](#)

Louisiana

On February 9, Louisiana Governor Bobby Jindal unveiled his fiscal 2013 budget proposal. The budget calls for spending \$25.5 billion. The governor specifically noted education spending in his press release, stating that “K-12 education funding is increasing from \$3.39 billion in FY12 to \$3.41 billion in FY13. Since Governor Jindal entered office, total K-12 funding has increased by 9 percent.” The budget also maintains current funding levels for higher education. Another proposal put forward by the governor was a comprehensive education reform plan that includes increasing school choice, giving greater powers to parents and instituting higher levels of teacher accountability. The governor also proposed overhauling the state employee pension system that would move some new workers to a 401(k)-style plan, as well as to increase the retirement age and require increased contributions. Finally, the budget includes a plan to eliminate more than 6,000 full-time executive branch positions.

Links: [Fiscal Year 2013 Budget Proposal](#), [Governor's Press Release](#)

Maine

In 2011, Maine enacted a two-year budget for fiscal 2012 and fiscal 2013.

Link: [Fiscal Years 2012-2013 Enacted Budget](#)

Maryland

On January 18, Maryland Governor Martin O'Malley unveiled his fiscal 2013 budget proposal that includes \$15.3 billion in general fund spending, \$3.6 billion in capital spending, \$7.3 billion in special fund spending and \$9.3 billion in estimated federal spending. Additionally, the governor noted that "With \$800 million in spending cuts and reductions, this budget brings total cuts and reductions over the life of this administration to \$7.5 billion." The governor also noted in his State of the State speech that he would not rely solely on spending cuts to help fund new investments stating that "this budget therefore calls for new revenues in support of two important investments." One major new revenue stream is a proposal by the governor to enact a 2-percent sales tax on wholesale gas purchases and increasing an additional 2 percentage points in each of the next two years that would eventually generate \$613 million a year. The governor also proposed shifting \$240 million in teacher pension costs to counties, noting that he was trying to "bring Maryland into closer alignment with how most states share teacher retirement system costs."

Links: [Fiscal Year 2013 Budget Proposal](#), [Governor's Press Release](#), [Budget Highlights](#), [State of the State Speech](#)

Massachusetts

Massachusetts' Governor Deval Patrick introduced his fiscal 2013 budget proposal on January 25. The governor's fiscal 2013 proposed budget recommends state spending of \$32.3 billion, or a 2.98 percent increase from the current year's estimated spending levels. The four key priorities in the budget proposal are growing jobs, closing the achievement gap in schools, lowering health care costs, and ending youth violence by supporting positive youth development. A number of efforts are being made to control the largest cost drivers in the state budget, particularly health care costs. Even with these cost-saving measures, many areas of state government will see flat or reduced funding levels and, in the aggregate, total funding for state government outside of health care, safety net and certain legally-obligated fixed costs will be reduced from fiscal 2012 levels. The budget proposes eliminating over 1,100 positions due to budget reductions. Tax proposals included in the budget are eliminating a sales tax exemption on candy and soda for \$61.5 million in revenue and dedicating the majority of the revenue for a fund for public health and preventative care services. Other revenue proposals in the budget include increasing taxes on cigarettes by \$0.50 per pack for \$62.5 million, increasing taxes on cigars and other smokeless tobacco by the same extent as cigarette taxes, expanding the bottle bill, and using tax enforcement and agency revenue initiatives. The budget also includes a long-term financial forecast and planning policy.

Links: [Fiscal Year 2013 Budget Proposal](#); [Governor's Press Release](#); [State of the Commonwealth Speech](#)

Michigan

On February 9, Michigan Gov. Rick Snyder released his fiscal 2013 budget proposal (Michigan's fiscal year begins on October 1). In discussing the budget, the governor spoke about "reinventing Michigan" and the need to make strategic investments. The total budget calls for spending \$48.2 billion, up 2.4 percent from fiscal 2012, and recommends general fund spending of \$8.36 billion, an increase of 3.1 percent. More than 75 percent of the overall budget is dedicated to education, health and human services. The budget proposal contained no new tax cuts or increases, in contrast to fiscal

2012 which saw changes to business taxes, income taxes, and the elimination of some tax credits. Additionally, the proposal calls for placing \$130 million into the state's rainy day fund. The governor proposed spending increases in a number of areas including education. Specifically, in K-12 the governor recommends a spending increase of \$113 million while also making available an additional \$120 million for school districts that meet five of six best practices. In higher education, the governor recommends funding increases of 3 percent for both community colleges and universities based on a new distribution formula that is partly based on the number of degree completions. Finally, the governor recommends using \$119 million from the general fund to repair roads and bridges and to ensure the full match of all available federal funds. The governor described the use of general funds for transportation as a onetime fix "to allow the legislature time to develop a long-term funding solution.

Links: [Fiscal Year 2013 Budget Proposal](#); [Governor's Press Release](#); [State of the State Speech](#)

Minnesota

In 2011, Minnesota enacted a two-year budget for fiscal 2012 and fiscal 2013.

Link: [Fiscal Years 2012-2013 Enacted Budget](#)

Mississippi

On January 31, Mississippi's governor Phil Bryant released his 2013 budget proposal. The budget recommends a \$5.49 billion state budget for fiscal 2013. The budget proposal also calls for state agencies to be granted "lump sum" spending authority and to be exempted from State Personnel Board requirements for the next four years. Specifically, the budget recommendation calls for a 5.53 percent cut to all state agencies with the exception of court-ordered settlements, debt service, Mississippi Highway Patrol, Mississippi Law Enforcement Training Academy, Military Department, Veteran Affairs Board, District Attorneys, Mississippi Department of Corrections, Student Financial Aid, Board Certified Teacher Program and Mississippi Adequate Education Program. It also recommends a 6.5 percent cut to the Governor's Office and the Legislature. However, both K-12 education and Medicaid are level funded at fiscal 2012 levels. The governor also proposed to review the necessity of Mississippi's 150 boards and commissions and to offer recommendations on possible terminations or consolidations.

Links: [Fiscal Year 2013 Budget Proposal](#), [Governor's Press Release](#), [State of the State Speech](#)

Missouri

Missouri Gov. Jay Nixon released his fiscal 2013 budget proposal on January 17. During his State of the State address on the same day, the governor remarked that he is focused on "Balancing the budget; holding the line on taxes; making government smaller, smarter, and more efficient." The total budget calls for spending \$23 billion in fiscal 2013, slightly less than fiscal 2012's level of \$23.2 billion. The general fund portion calls for spending \$8 billion in fiscal 2013, slightly above fiscal 2012 levels; while general fund spending is proposed to rise, federal funds will see a decline. The budget calls for investing a record \$3.009 billion in basic aid to K-12. However, the governor proposed making a 12.5 percent, or \$89 million, reduction to public universities. The budget contains \$191.7 million in Medicaid savings through such measures as increased use of generic drugs and maximizing federal matching funds for nursing home residents. The budget also calls for eliminating 816 state employee positions, helping to save \$29.3 million; the governor's office hopes that the reduction in the number of state employees will be achieved through attrition instead of layoffs. Additionally, remaining state employees would receive a 2 percent salary increase. Other areas of savings in the budget proposal

include \$41 million through debt restructuring and \$51.8 million through a tax amnesty plan. Finally, in his State of the State address, the governor called for the passage of a jobs plan that focuses on increasing exports and job creation.

Links: [Fiscal Year 2013 Budget Proposal](#); [Budget Overview](#); [State of the State Speech](#)

Montana

In 2011, Montana enacted a two-year budget for fiscal 2012 and fiscal 2013.

Link: [Fiscal Years 2012-2013 Enacted Budget](#)

Nebraska

In 2011, Nebraska enacted a two-year budget for fiscal 2012 and 2013.

Link: [Fiscal Years 2012-2013 Enacted Budget](#)

Nevada

In 2011, Nevada enacted a two-year budget for fiscal 2012 and 2013.

Link: [Fiscal Years 2012-2013 Enacted Budget](#)

New Hampshire

In 2011, New Hampshire enacted a two-year budget for fiscal 2012 and 2013.

Link: [Fiscal Years 2012-2013 Enacted Budget](#)

New Jersey

New Jersey's Governor Chris Christie released his fiscal 2013 budget proposal on February 21 that recommends \$32.15 billion in state appropriations, a 3.7 percent increase. The proposed budget increases spending in several areas, including higher education and aid to local schools. The proposed budget assumes fiscal 2013 revenues will be 7.5 above the revenues in the 2012 appropriations act level. The budget proposal also includes an across-the-board 10 percent cut in the state income tax that would be phased in over three years, starting on January 1, 2013, and would result in a decrease of revenues of \$183 million next year and \$1.1 billion by 2016. Additionally, the proposed budget includes an increase in the Earned Income Tax Credit for low-income workers, from 20 percent to 25 percent. Finally, the budget includes a \$1.1 billion contribution to the pension fund as required by law.

Links: [Fiscal Year 2013 Budget Proposal](#); [Governor's Budget Address](#); [State of the State Speech](#)

New Mexico

On January 5, New Mexico Governor Susana Martinez released a proposed budget for the state that contained \$5.6 billion in general fund spending for fiscal 2013. The governor's proposed budget represents a 3.6 percent increase in general fund spending from the current fiscal year budget appropriation. However, the proposed budget only increases state spending by 1.3 percent when accounting for a number of 2012 supplemental appropriations that raised overall spending after the passage of the initial budget legislation. In the fiscal 2013 budget, additional spending from the prior fiscal year includes: \$97 million on K-12 education, \$60.8 million base increase in health care spending, \$55 million in tax cuts designed to help small businesses and veterans, and contributions intended to increase the state's budget reserves to \$481.7 million. Almost one-third (31.3 percent) of new spending under the fiscal 2013 budget is in the area of health and human services.

Links: [Fiscal Year 2013 Budget Proposal](#); [Governor's Transmittal Letter](#); [State of the State Speech](#)

New York

New York's Governor Andrew Cuomo proposed a \$132.5 billion fiscal 2013 budget on January 17 that is \$225 million, or 0.2 percent, below the current year and would consolidate state agencies, link additional education aid to teacher evaluations, and add another tier for pensions. Total proposed state operating funds, which exclude federal funds and long-term capital spending, is \$88.7 billion, an increase of \$1.7 billion, or 1.9 percent. The budget includes an increase in school aid by \$805 million, including \$250 million linked to improved academic performance and management efficiency, and implementation of an enhanced teacher evaluation process and a plan to cap the county share of costs for the Medicaid that will be phased in over three years. State agency operations growth is held flat, while local assistance programs grow by 2.6 percent, and education and Medicaid spending are held to a 4 percent increase.

Links: [Fiscal Year 2013 Budget Proposal](#); [Governor's Presentation](#), [Governor's Press Release](#); [State of the State Speech](#)

North Carolina

In 2011, North Carolina enacted a two-year budget for fiscal 2012 and fiscal 2013.

Link: [Fiscal Years 2012-2013 Enacted Budget](#)

North Dakota

In 2011, North Dakota enacted a two-year budget for fiscal 2012 and fiscal 2013.

Link: [Fiscal Years 2012-2013 Enacted Budget](#)

Ohio

In 2011, Ohio enacted a two-year budget for fiscal 2012 and fiscal 2013.

Link: [Fiscal Years 2012-2013 Enacted Budget](#)

Oklahoma

On February 6, Oklahoma Governor Mary Fallin proposed a \$6.6 billion fiscal 2013 budget, which is 1.9 percent above 2012 levels. The proposed budget allocates 51 percent of these funds towards education, including K-12 and higher education, and 30 percent towards health and human services programs, with 20 percent remaining for all other state functions. Additionally, the governor proposed reforming Oklahoma's state income tax via the *Oklahoma Tax Reduction and Simplification Act*. In her State of the State speech, the governor outlined her initiative to implement a statewide performance evaluation initiative among every state agency specifically noting that "the Office of State Finance will begin evaluating each and every one of these plans and will use new software and technologies that measure performance and efficiency and align expenditures with outcomes. That analysis will help us to right-size government and ensure that each agency is operating as effectively as possible."

Links: [Fiscal Year 2013 Budget Proposal](#), [State of the State Speech](#)

Oregon

In 2011, Oregon enacted a two-year budget for fiscal 2012 and fiscal 2013.

Links: [Fiscal Years 2012-2013 Enacted Budget](#)

Pennsylvania

Pennsylvania's Governor Tom Corbett released his proposed budget on February 7 that totals \$63.3 billion in all funds. Of the total budget, \$27.1 billion is from the general fund and \$21.5 billion is from federal funds with the remainder coming from other funds, the lottery fund, the motor license fund, and fees. The general fund recommendation of \$27.1 billion is a \$20 million decrease, or 0.1 percent, below the previous year. Of the total in general funds, 35.3 percent is allocated for K-12 education; 23.4 percent for Medicaid assistance and long-term living; 15.4 percent for other human service programs; 7.4 percent for corrections, probation, and parole; 5.1 percent for higher education; 4.4 percent for debt service; and 9 percent for all other. The budget continues the phase-out of the capital stock and franchise until it is completely eliminated in 2014 and includes no new tax increases. The proposed budget includes \$168.4 million in savings from consolidating multiple human services programs into a single block grant and consolidates and streamlines economic development programs. The budget eliminates 33 appropriation line items for a reduction of \$33 million in annual spending. Administrative spending in the budget is reduced by an additional 2 percent. A total of \$520 million in pension cost increases are built into the budget. State personnel cost increases and state employee retirement employer contributions are absorbed in agency budgets.

Links: [Fiscal Year 2013 Budget Proposal](#); [Executive Budget Address](#)

Rhode Island

Rhode Island's Governor Lincoln Chafee's proposed budget for fiscal 2013, released on January 31, is \$7.9 billion for all funds, a \$241.5 million or 3.1 percent increase over the prior year budget. Of this total, \$3.3 billion, or 42.4 percent, is from general revenue, \$2.6 billion or 33.7 percent is from federal funds, \$1.9 billion or 24.1 percent is from other sources, and \$224.1 million or 2.9 percent is from restricted or dedicated fee funds. General funds at \$3.3 billion represent a \$126.7 million or 4 percent increase over the enacted fiscal 2012 budget. A performance management program was initiated by the Governor's Policy Office and the Budget Office which required all agencies to review their mission statements, define all programs they administer, identify the statutory or regulatory authority mandating those programs, prioritize each activity and provide performance metrics and goals for each activity that could be used in measuring its success going forward. The budget includes several tax proposals including an expansion of the sales tax to clothing and footwear above \$175 dollars. The sales tax would also be applied to services such as taxi and other road transportation services; moving, storage; and warehousing and freight services. Under the governor's proposals, there would be an increase in excise taxes on tobacco products including an increase in the cigarette excise tax from \$3.46 to \$3.50 per pack of 20 cigarettes. The governor's recommended budget provides additional assistance to the state's troubled municipalities, which have experienced large reductions in financial assistance from the state in recent years. On the expenditure side, the governor is recommending the elimination or reduction of programs in several departments and agencies, as well as streamlining and reorganizing several departments.

Links: [Fiscal Year 2013 Budget Proposal](#), [Governor's Message](#), [State of the State Speech](#),

South Carolina

On January 13, South Carolina Governor Nikki Haley unveiled her fiscal 2013 proposed budget which called for total expenditures of \$22.8 billion, 2.0 percent above fiscal 2012. The governor proposed limiting spending increases to a maximum of the combination of population growth and the growth in consumer price index (CPI). State revenues are expected to be \$900 million above current year levels. The governor also noted her in State of the State speech her desire to implement a tax reform proposal, noting "Tax reform is critical to our state -- every conversation we have with CEOs at some point drifts

to our tax structure, and we have been communicating with Representative Tommy Stringer and his tax reform committee on how we move forward with real changes this year.” As such, she has proposed to: phase-out the corporate income tax over a four-year period; consolidate six individual income tax brackets into three, while cutting rates; and establish property tax rates by statute. The governor has also called for state parks to be self financing by the end of fiscal 2013. Finally, the budget also includes a proposal to transition over the next six years to a system of accountability based funding for higher education.

Links: [Fiscal Year 2013 Budget Proposal](#), [State of the State Speech](#)

South Dakota

South Dakota Gov. Dennis Daugaard released his fiscal 2013 budget proposal on December 6. In discussing his budget proposal, the governor stated that it holds to the principles of “ongoing revenue pays for ongoing expenses, one-time funds pay for one-time expenses, and reserve funds are used only for emergencies.” The total budget calls for spending slightly over \$4 billion in fiscal 2013, a decrease of \$51.5 million in total funds for from fiscal 2012, and for general fund spending of \$1.2 billion, an increase of \$45 million. 37.3 percent of the general fund budget would go to health, human and social services while 32.4 percent would go to aid to schools, 13.9 percent to higher education, and 6.7 percent to corrections. The plan assumes a \$63 million increase in state general tax collections over the next two years. The governor proposed spending increases in a number of areas including education. The proposal calls for increasing the per-student allocation for K-12 by 2.3 percent, and an ongoing increase of 0.9 percent to higher education along with a one-time increase of 2.1 percent. The governor also proposed increasing the reimbursement rate to Medicaid providers through both ongoing and one-time funds. Other proposals of note include increasing state employees’ salaries by 3 percent, using reserve funds to help pay for the cost of emergencies, and leaving \$12.1 million unappropriated in fiscal 2013 in case revenue collections come in weaker than expected. Finally, the governor also called for amending the state constitution to make it clear that a balanced budget is required.

Links: [Fiscal Year 2013 Budget Proposal](#); [Additional Budget Information](#); [Letter to Legislature of Key Recommendations](#); [State of the State Speech](#)

Tennessee

On January 30, Tennessee Governor Bill Haslem introduced his fiscal 2013 proposed budget which calls for total expenditures of \$31.1 billion of which \$17.1 billion come from state appropriation and \$12.3 billion from the federal government. General fund tax collections are expected to rise \$365 million. On average, state agency budgets were reduced two percent. The budget proposal also includes a 2.5 percent salary increase for state government employees, which would be only the second salary increase for employees over the past five years. The governor noted in his State of the State speech that “I think we need to do a true salary survey, comparing our state salaries to those in the private market and to federal and local government salaries.” Additionally, the budget proposes to reduce 835 long-term vacant positions thereby saving \$18.6 million. The budget also calls for increasing Tennessee’s rainy day fund by about 17 percent to \$356 million.

Links: [Fiscal Year 2013 Budget Proposal](#), [State of the State Speech](#),

Texas

In 2011, Texas enacted a two-year budget for fiscal 2012 and fiscal 2013.

Links: [Fiscal Years 2012-2013 Enacted Budget](#)

Utah

On December 12, the Utah Governor Gary Herbert released a proposed budget for fiscal 2013 that includes \$12.9 billion in total spending. The appropriation request for fiscal 2013 is 5.8 percent greater than fiscal 2012 spending levels approved by the legislature. The state's general and education fund, which are funded with state tax dollars, account for approximately \$5.1 billion of the spending total. In the proposed budget, state tax dollars are directed towards major expenditure categories including: public education (\$2.5 billion, 49.4 percent), Medicaid and other social services (\$860.1 million, 17.0 percent), higher education (\$750.2 million, 14.8 percent), and corrections and public safety (\$412.6 million, 8.2 percent). The budget also includes \$217.5 million in supplemental adjustments to fiscal 2012 spending with \$62.5 million in supplemental state fund expenditures. A revenue surplus in fiscal year 2011, and projected revenue growth for fiscal years 2012 and 2013 has resulted in additional budget requests of \$128 million for dedicated one-time use and \$279.5 million to increase spending for ongoing services. Additional spending plans increase the fiscal 2013 base budget for the following: \$134.4 million for public and higher education, \$185.9 million for Medicaid and social services, \$30.6 million for corrections and safety, and \$20 million for economic development.

Links: [Fiscal Year 2013 Budget Proposal](#); [Budget Overview](#); [State of the State Speech](#)

Vermont

Vermont's Governor Peter Shumlin proposed a \$5.1 billion total budget for fiscal 2013 on January 12 that includes rebuilding expenses associated with Tropical Storm Irene. The proposed fiscal 2013 budget would increase the general fund by 5.3 percent, 2 percent of which covers reductions in federal and special fund sources. Of the total budget, proposed, 31.8 percent is for general education, 28.2 percent is for Medicaid and long-term care, and 12.4 percent is for transportation. A major initiative in the budget is \$8 million for innovation in the University of Vermont and the Vermont state colleges. The budget proposal includes an additional \$3.1 million for a deposit into the budget stabilization fund in order to begin to increase the percentage that the state maintains in this fund from the current statutory level of 5 percent of the prior year's general fund appropriation to 8 percent.

Links: [Fiscal Year 2013 Budget Proposal](#), [State of the State Speech](#)

Virginia

On December 19, Virginia Governor Bob McDonnell unveiled his fiscal 2013-2014 biennial budget proposal which called for \$84.9 billion in total state expenditures, of which the general fund makes up approximately 41 percent or \$34.5 billion. Additionally, the governor proposed growing the Rainy Day Fund by \$132 million in fiscal 2013 and \$168 million in fiscal 2014 to a total exceeding \$600 million by end of fiscal 2014. General fund revenues are expected to grow 3.3 percent in fiscal 2013 and 4.5 percent in fiscal 2014. The governor also proposed creating a Federal Action Contingency Fund (FACT Fund), a cash reserve that could be used to mitigate the impacts of reduced future federal funding. Finally, the proposed budget includes provisions for up to a three percent performance bonus to full time state employees on December 1, 2012. Additionally, the governor noted in his State of the Commonwealth speech that he plans to reform how state and local education funding is tied to students.

Links: [Fiscal Years 2013-2014 Budget Proposal](#), [Governor's Press Release](#), [State of the Commonwealth Speech](#)

Washington

In 2011, Washington enacted a two-year budget for fiscal 2012 and fiscal 2013. The governor has proposed a supplemental budget.

Links: [Fiscal Years 2012-2013 Enacted Budget](#); [Fiscal Years 2012-2013 Proposed Supplemental Budget](#)

West Virginia

On January 11, West Virginia Governor Earl Ray Tomblin presented his fiscal 2013 budget proposal. The budget calls for a general fund of \$4.15 billion which is \$134 million above fiscal 2012. State spending on Medicaid is set to increase by \$100 million, with total Medicaid costs rising to \$3.0 billion, with \$2.15 billion coming from the federal government. General fund revenues are forecast to be 3.3 percent higher than in fiscal 2012, although lottery revenues available for appropriations are expected to drop by almost 12.5 percent. Additionally, the governor did not include any new taxes in the proposal and promised to submit legislation to improve mine safety. The governor also announced in his State of the State address that he would introduce legislation to establish a pilot program to improve schools by giving local school districts increased flexibility.

Links: [Fiscal Year 2013 Budget Proposal](#), [State of the State Speech](#)

Wisconsin

In 2011, Wisconsin enacted a two-year budget for fiscal 2012 and fiscal 2013.

Link: [Fiscal Years 2012-2013 Enacted Budget](#)

Wyoming

On December 1, Wyoming Governor Matt Mead submitted his budget proposal to the legislature for 2013-2014 biennium. The governor's budget calls on legislators to appropriate \$3.4 billion dollars over the next two years, which is \$400 million more than the current budget of \$3 billion for the 2011-2012 biennium. The primary funding initiatives include \$246.96 million for school construction, \$100 million for highways and roads, \$168 million for cities, towns and counties, mostly for infrastructure, and \$55 million for University of Wyoming. The budget leaves appropriators with \$87 million in the general fund to use at their own discretion, and the spending plan includes \$400 million that can be directed towards budget stabilization purposes. The budget also contains a provision to set aside an additional \$37 million in Medicaid funds from the general fund in order to compensate for the termination of Recovery Act funding as well as a 5 percent reduction in most agency contract accounts. The governor introduced the additional Medicaid funding as one-time requests to increase transparency and promote an understanding of cost growth. Since the initial proposal, the governor has made revisions to include \$64 million in cuts after state budget analysts predicted \$100 million less in revenue over the next two years due to declining natural gas prices.

Links: [Fiscal Years 2013-2014 Budget Proposal](#); [Governor's Press Release](#); [State of the State Speech](#)