

SUMMARIES OF FISCAL YEAR 2014 PROPOSED EXECUTIVE BUDGETS

March 22, 2013

Overview

Over the course of the past several months, governors in 47 states have released their fiscal 2014 budget proposals (3 states enacted biennium budgets last year covering both fiscal 2013 and fiscal 2014). A number of governors released two-year budget proposals covering both fiscal 2014 and fiscal 2015. This document provides summaries of these budget proposals and links for further information.

Governors' budget proposals for fiscal 2014 in many ways mirror budgets for the current fiscal year. The majority of governors have proposed budgets with modest general fund spending growth, and it is likely that in fiscal 2014 overall general fund spending will surpass its pre-recession high. However, governors in many states have submitted recommended budgets that call for spending growth well below historical averages. On the revenue side, most states are forecasting another year of positive, but slow growth. It is expected that in fiscal 2014 states will experience their fourth straight year of revenue growth, although growth since the end of the recession has been weak by historical standards. Governors for the most part have proposed maintaining or increasing the size of their rainy day funds and reserves, while a few states with stable balances have examined using some of their reserves for spending demands such as infrastructure projects.

In a number of states, governors have made education their top priority and have called for increased K-12 spending. Along with the additional funds directed towards elementary and secondary education, several governors have proposed K-12 reforms including altering education funding formulas, the expansion of charter schools, and increasing spending on early childhood education. Governors have also recommended a number of changes to higher education

funding structures, including the expansion of performance standards and tying state funding to graduation rates. Another area that governors have prioritized in their budget proposals is transportation and infrastructure. Partly as a result of declining gas tax revenue, governors have examined alternative means of financing transportation including increasing sales taxes, higher tolls, and selling bonds. Additionally, health care has remained a primary area of focus in governors' budget proposals. Governors have been split on creating their own health insurance exchange or allowing the federal government to run the exchange. Decisions were also mixed on whether or not to expand Medicaid, with some governors looking at ways to increase health insurance coverage outside of the Medicaid program. Other areas of focus in governors' budget proposals include increasing mental health funding, streamlining state government, reviewing employee compensation, and continued reforms to states' pension systems. A number of states have also proposed substantial reforms to their state tax structures. These proposals have included several recommendations to lower or eliminate personal income taxes, a few proposals to partially increase personal income taxes, some proposals to expand sales tax bases, and reexamining corporate taxes to encourage economic growth. Finally, as states approach the start of fiscal 2014 (46 states begin their fiscal year on July 1), governors are concerned about uncertainty at the federal level which may impact economic growth and state revenues and has made it difficult to project future federal funding levels and to engage in strategic, long-term planning.

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](mailto:brian.sigritz@nasbo.org) at 202-624-8439.

Alabama

On February 6, Alabama Governor Robert Bentley unveiled his fiscal 2014 budget proposal that calls for \$5.8 billion in spending for the Education Trust Fund (ETF) as well as \$1.7 billion in General Fund spending; Alabama's fiscal year begins on October 1. The governor recommended increasing ETF spending by \$277 million, or 5 percent compared to the current fiscal year. General fund spending under the proposal would rise slightly by \$5 million, or 0.2 percent, and remain flat for mostly all state agencies including the Alabama Medicaid Agency, which accounts for nearly 40 percent of Alabama's general fund expenditures. However, the governor did recommend increasing education employee salaries by 2.5 percent, and increasing spending for the Department of Corrections by \$27 million to add 100 correctional officers for the prison system, cover increased health care costs for inmates and renovate facilities. The proposed ETF budget includes a \$100 million repayment to the Alabama Trust Fund, which functions as the state's rainy day account and serves as a repository for revenues from offshore oil and gas drilling. The state must still repay \$423 million to the Trust Fund by 2015 to the credit of the ETF Rainy Day Account. Also, voters in September of 2012 approved a measure to use an additional \$437 million from the Trust Fund for fiscal years 2013 through 2015 to make up for a projected \$463 million shortfall in the General Fund. In his State of the State address, the governor noted "Our state is making great progress. Jobs are coming. We are cutting costs and living within our means – all without raising taxes."

Links: [Fiscal Year 2014 Budget Proposal](#); [Budget Presentation](#); [State of the State Speech](#)

Alaska

On December 14, Alaska Governor Sean Parnell released a proposed budget for fiscal 2014 with total state spending of \$12.8 billion. On February 12, the Governor released an amended budget proposal to add supplemental items from the current year that need to be included in the fiscal 2014 budget. The amended fiscal 2014 budget proposal still contains \$12.8 billion in total state spending, including \$6.5 billion in unrestricted general fund spending. This represents a \$1.5 billion (or 18.4 percent) decrease in unrestricted general fund spending compared to fiscal 2013. The amended operating budget totals \$9.1 billion, while the amended capital budget totals \$1.8 billion. The remaining \$1.9 billion would be appropriated to the Permanent Fund. For fiscal 2014, the governor's recommended budget estimates \$7.0 billion in unrestricted general fund revenues, an 8 percent decrease from fiscal 2013, and total revenues of \$11.4 billion. The budget proposes funding for a number of resource and energy development initiatives, including the Sustainable Energy Fund, the Susitna-Watana Hydro Project, weatherization and home energy programs, and interior energy. For education, the proposal recommends \$1.25 billion in spending for K-12, in addition to funds for school construction and major maintenance projects. Transportation and infrastructure spending is also prioritized in the budget, with funding provided for statewide highway and aviation, the Alaska Marine Highway, and other projects. In discussing his budget proposal, the governor said that, "Our budget plan is based on fiscal discipline, saving for the future, and prudently managing reserves to help us through times when revenue is down."

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

Arizona

On January 18, Arizona Governor Jan Brewer proposed a fiscal 2014 budget calling for \$8.9 billion in general fund spending, a 2.2 percent increase compared to fiscal 2013 spending levels. The governor's revenue projections for fiscal 2014 estimate revenue to be \$8.5 billion, compared to \$9.0 billion in revenue estimated for fiscal 2013. The state's reserves are expected to begin fiscal 2014 at \$725 million and end the fiscal year at \$313 million. The budget proposal also outlines recommended general fund spending levels of \$9.1 billion in fiscal 2015 and \$9.3 billion in fiscal 2016. The governor's fiscal 2014 budget proposal focuses on reforming education, recommending funding to implement the Common Core curriculum and to launch performance-based funding models for both K-12 and higher education. In addition, the budget highlights initiatives in public safety, especially child protection, and modernizing government. The

proposal also explains the governor's recommendation to expand the state's Medicaid program to increase competitiveness, and proposes to fund the state's share of the costs associated with the expansion through a provider assessment. The governor remarked that, "My budget plan for Fiscal Year 2014 includes a strong focus on our core functions: educating our citizens, protecting our children, caring for our most vulnerable and modernizing state business.

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

Arkansas

Arkansas Governor Mike Beebe delivered his fiscal 2014 budget proposal to the legislature on November 15. The proposed budget calls for spending \$4.9 billion, which is \$180.8 million or 4.4 percent more than the current fiscal year. Revenues are projected to increase by \$120.3 million or 2.5 percent from fiscal 2013 levels. Under the governor's proposal, most of the additional revenue next year is directed towards health care and K-12 education. Recommended budget increases include: funding for public schools by \$49 million or 2.5 percent; \$90 million in additional Medicaid spending to help address a shortfall; a 2.0 percent cost-of-living adjustment for state employees other than higher education employees, costing \$12 million; and \$10 million for the state's rainy day fund. During the fiscal 2014 budget hearing, the Department of Finance and Administration noted, "The Arkansas economy has been remarkably stable compared to most states in economic and fiscal comparisons, but it is subject to these uncertainties at the national and international levels. We have provided a conservative forecast recognizing this risk profile."

Link: [Arkansas Budget Office](#); [State of the State Speech](#)

California

On January 10, California Governor Jerry Brown proposed a fiscal 2014 budget plan that requests \$97.7 billion in general fund spending, a 5.0 percent increase from fiscal 2013. General fund revenues are expected to increase by 3.3 percent in fiscal 2014, totaling \$98.5 billion. A fund balance of \$785 million is expected at the end of fiscal 2013, which combined with general fund revenues leaves \$99.3 billion in total resources available for fiscal 2014. The proposed budget forecasts a general fund balance of \$1.6 billion at the end of fiscal 2014. The agencies with the largest recommended general fund expenditure amounts include K-12 Education (\$41.1 billion, 42.1 percent), Health and Human Services (\$28.4 billion, 29.0 percent), Higher Education (\$11.1 billion, 11.4 percent) and Corrections and Rehabilitation (\$8.8 billion, 9.0 percent). The governor's budget recommends increased funding for education, proposing a 7.2 percent increase in K-12 education spending and a 13.6 percent increase in higher education spending. This reinvestment in education follows last year's passage of the Governor's Proposition 30 initiative to raise income and sales taxes. The governor remarked to the legislature that, "We are in this favorable position both because of the huge budget reductions that you have made in the last two years, and because the people voted for Proposition 30." The general fund budget proposal also includes \$350 million from the general fund to begin paying for the state's Medicaid expansion. Additionally, the governor's budget proposes a multiyear plan to continue paying down the state's budgetary debt and maintain a \$1 billion reserve fund. At the end of fiscal 2013, the state is projected to have outstanding budgetary debt totaling \$27.8 billion, in addition to more than \$100 billion in unfunded liabilities in pension and retiree health care systems and other long-term liabilities.

Links: [Fiscal Year 2014 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 2014, which was subsequently modified by multiple amendment requests submitted in January. The latest budget request totals \$22.0 billion, of which \$8.2 billion is spending from the general fund. The budget proposal increases total state spending by \$1.1 billion (5.5 percent) and general fund spending by \$427.0 million (5.5 percent) compared to the governor's fiscal 2013 request. General fund revenues are expected to total \$8.6

billion in fiscal 2014, a 3.2 percent decline compared to the previous fiscal year, leaving a general fund surplus of \$389.2 million. The budget request includes an average increase of \$228 in K-12 education spending per pupil, to be largely financed by new resources in the State Education Fund, as well as increases in general fund spending on higher education, human services and controlled maintenance. In his letter to the legislature, the governor said that, "Looking ahead to FY 2013-14, we believe we can make targeted increases and restore funding in many critical areas." In addition, the governor's budget requests an increase in the general fund reserve from 4.0 percent to 5.0 percent to help position the state to comply with future required reserve and transfer requirements under current law and protect against economic volatility.

Links: [Fiscal Year 2014 Budget Proposal and Amendments](#); [Governor's Transmittal Letter to the Legislature](#); [State of the State Speech](#)

Connecticut

Connecticut's Governor Dannel P. Malloy released his proposed budget for fiscal 2014-2015 on February 6. The recommended budget of \$43.8 billion for the two years consists of \$21.5 billion for fiscal 2014 and \$22.3 billion for fiscal 2015. These amounts represent a 5.1 percent and 3.9 percent increase over the previous years, respectively. The most significant expenditure change from fiscal 2013 to recommended fiscal 2014 for the general fund is for increases to pensions and other post-employment benefits (OPEB) of \$468 million. The budget includes a proposed reinstatement of the clothing exemption and includes increases for education initiatives. The net state impact from provisions of the Affordable Care Act is a net cost of \$171 million in fiscal 2014 and a net savings of \$20 million in fiscal 2015. The budget includes savings from agency consolidations, is compliant with Generally Accepted Accounting Standards (GAAP), and is under the spending cap. The governor noted that, "[This budget] furthers a plan we started two years ago. A plan to get our finances in order, to live within our means, and to do it while making bold investments to create jobs and grow our economy."

Links: [Fiscal Years 2014-2015 Budget Proposal](#); [Governor's Press Release](#); [Slide Presentation](#); [State of the State Speech](#)

Delaware

Delaware's Governor Jack Markell released his proposed fiscal 2014 budget on January 24. The fiscal 2014 recommended operating budget totals \$3.7 billion and the fiscal 2014 recommended bond and capital improvements totals \$423.5 million and includes \$239.3 million in state agency capital projects and \$184.2 million in transportation projects. The Governor also set aside \$43 million for grants-in-aid. The Governor's proposal would reduce the top personal income tax rate from 6.75 percent to 6.6 percent effective January 1, 2014. In 2009, the top personal income tax marginal rate on income above \$60,000 was increased from 5.95 percent to 6.95 percent and that rate was later reduced to 6.75 percent. New initiatives in the budget total \$6.9 million, representing 0.2 percent of the budget growth and include an expansion of in-school behavioral health services of \$3.3 million and a statewide targeted prevention programs for youth of \$2.2 million. There are no general salary increases and no provider increases in the proposed budget. The budget appropriates 98 percent of available revenue. In discussing his budget proposal, the governor said that, "This budget addresses critical needs of the world we now live in, while considering demands that will be placed on us in the years ahead."

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

Florida

Florida Governor Rick Scott unveiled his fiscal 2014 budget proposal on January 31, calling for \$74.2 billion in total spending. The governor outlined several key priorities in the budget including K-12 and higher education, the state's manufacturing and business sectors, transportation and infrastructure, economic development and environmental restoration and preservation. The recommended budget would raise total spending for K-12 education to \$18.5 billion, an increase of \$1.2 billion or 7.3 percent. Much of the additional spending is due to a proposal to provide a \$2,500 pay raise for K-12 teachers. The salary increase and additional cost of benefits from the pay raise is estimated to be \$480 million. In the area of higher education, the budget recommendation fully restores a \$300 million reduction from last year. The governor also recommended spending \$8.3 billion to meet the state's transportation and infrastructure needs of which \$3.6 billion is devoted to highway construction. Health care spending continues to comprise a large portion of the state's budget with recommended spending for the Department of Health and Human Services at \$30.9 billion of which \$22.5 billion is dedicated for Medicaid. Tax changes included in the budget entail provisions to eliminate the sales tax for manufacturing equipment and increase the corporate tax exemption from \$50,000 to \$75,000. The changes in tax policy would reduce general revenues annually by \$115.3 million and \$19.7 million annually. The governor said that his budget proposal "...reflects not only the progress we have made in reducing the size and cost of state government but our continued focus on creating jobs, improving education and keeping the cost of living low for all Floridians."

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

Georgia

On January 17, Georgia Governor Nathan Deal unveiled his fiscal 2014 budget proposal, calling for \$19.8 billion in state spending. The budget is based on state revenues growing by a projected 4.8 percent in the upcoming fiscal year. However, Georgia's spending obligations continue to outpace revenues, due to tepid growth in the economy. Additional, spending in fiscal 2014 will be limited, and the base budget for most state agencies will be reduced next fiscal year. The governor stated, "Therefore, my Amended FY 2013 and FY 2014 budget proposals maintain a cautious approach to the current and next fiscal year, focusing on meeting the basic needs of our growing state, eliminating waste and streamlining government, while planning for contingencies in the event larger economic uncertainties impact revenues here at home." The proposed budget does increase spending by \$300 million for K-12 education and provides authorization to borrow an additional \$830 million for construction projects, particularly for the university system. The budget does not include a cost-of-living increase for state employees. Medicaid remains a major cost driver for the state, prompting the governor to recommend an additional \$246 million for both the current budget and next fiscal year to meet rising demand. The governor recently signed legislation to extend hospital provider fees, which is expected to deliver \$600 million over the next two years to help bolster the state's Medicaid program.

Links: [Fiscal Year 2014 Budget Proposal](#); [State of the State Speech](#)

Hawaii

On December 17, Hawaii Governor Neil Abercrombie submitted a biennium budget for fiscal 2014-2015. The executive operating budget requests \$11.8 billion in total spending for fiscal 2014, an 8 percent increase over the budget base, and \$12.1 billion in total spending for fiscal 2015, a 10.8 percent increase over the base. Of these total spending amounts, recommended general fund spending in the executive branch totals \$6.1 billion in fiscal 2014 and \$6.3 billion in fiscal 2015, reflecting increases of 7.8 percent and 11 percent, respectively. General fund revenues are estimated to total \$6.0 billion in fiscal 2014 and \$6.3 billion in fiscal 2015. The proposal prioritizes investments in early childhood education - \$9.6 million in fiscal 2014 and \$35.3 million in fiscal 2015 - and \$59 million each year for information technology improvements. The budget also proposes to restore the 5 percent cut to state employee wages implemented during the Great Recession and recommends addressing the state's increasing fixed costs and unfunded

liabilities for public employee benefits. The governor's capital improvement program (CIP) budget requests \$1.7 billion in fiscal 2014 and \$906.2 million in fiscal 2015. Of these total amounts, the requests for general obligation bond funds are \$807.2 million in fiscal 2014 and \$516.4 million in fiscal 2015. The governor said that, "This balanced budget will build upon sound strategies that will continue to stimulate our local economy, while moving forward on IT transformation initiatives to better prepare Hawaii for an increasingly technological age."

Links: [Fiscal Years 2014-2015 Budget Proposal](#); [Budget in Brief](#); [Governor's Press Release](#); [State of the State Speech](#)

Idaho

On January 7, Idaho Governor C. L. Butch Otter released his budget proposal for fiscal 2014, a spending plan that totals \$7.2 billion. The budget contains recommendations for general fund spending at \$2.79 billion, representing a 3.1 percent increase from fiscal 2013. The governor said, "I am submitting a budget recommendation today calling for a 3.1-percent increase in General Fund spending. That reflects slow but steady growth in our economy – an estimated 5.3-percent revenue increase for fiscal year 2014." Broken down by state goal, the governor's fiscal 2014 budget recommends net increases in general fund spending on education of \$41.3 million (2.5 percent), health and human services of \$13.4 million (2.0 percent), public safety of \$18.3 million (7.2 percent), natural resources of \$1.8 million (5.7 percent), and general government of \$9.2 million (9.9 percent). The governor's budget also includes a tax relief package totaling \$20 million and a fund transfer to reserve accounts totaling \$35 million. The budget proposal estimates general fund revenues at \$2.80 billion, a 5.3 percent increase over the revenue forecast for the current year. Major priorities identified in the fiscal 2014 budget are growing government spending at a rate below the economic growth rate, replenishing reserve funds after the Great Recession, and returning the state budget to a structural balance.

Links: [Fiscal Year 2014 Budget Proposal](#); [Budget Highlights](#); [State of the State Speech](#)

Illinois

Illinois Governor Pat Quinn released his fiscal 2014 budget proposal on March 6. The budget calls for general fund spending of \$35.6 billion, an increase from the current operating budget level of \$34.4 billion, and spending from all funds at \$62.4 billion, \$1.9 billion more than the budget the governor signed in June. The proposal includes a reduction in discretionary spending, including fewer funds for education, although spending for early education is maintained. The reason for the reduction in discretionary spending even with a projected growth in state revenue is that pension obligations are slated to grow by \$900 million in fiscal 2014. General fund pension contributions would be \$6 billion, or nearly one in every five general fund dollars. In his budget address, the governor said that, "Without pension reform, within two years, Illinois will be spending more on public pensions than on education." The governor went on to say that, "If we are to ensure a bright future for the people of Illinois...We must enact fundamental pension reform." The governor called for a suspension of a cost-of-living increase in the retirement plans until the legislature passes pension reform. In his budget address, the governor also touted the success of his Budgeting for Results initiative which has helped lead to increased efficiency and the elimination or consolidation of many boards and commissions. In the area of healthcare, the governor proposed a shift towards coordinated care. The budget also calls for further paying down the state's backlog of unpaid bills, partly by closing corporate tax loopholes. The governor said that he is open to gambling expansion but wants part of the additional revenue to go to schools and funding teacher pensions. The spending plan does not include any tax increase proposals.

Links: [Fiscal Year 2014 Budget Proposal](#); [Budget Briefing](#); [Budget Address](#); [State of the State Speech](#)

Indiana

On January 15, Indiana Governor Mike Pence presented a two-year budget proposal that calls for spending \$14.4 billion in fiscal 2014 and \$14.6 billion in fiscal 2015. Spending increases 1.4 percent each year under the spending plan. The budget increases K-12 spending by roughly 1 percent and also includes an additional \$64 million in fiscal 2015 for high performing schools. The budget also increases higher education funding by one percent and provides \$6 million for the creation of Indiana Works Councils, which would bring career, technical, and vocation to every high school in the state. In regards to Medicaid, the budget increases funding by \$200 million for normal growth of the program but does not include money for expansion under the Affordable Care Act. The proposal also increases transportation spending by \$300 million, partly from diverting some reserves above the state's 12.5 percent reserves cap from pensions to transportation; the state's pension plans are currently 82 percent funded. Reserves would remain above 12.5 percent of expenditures under the budget plan, and the state would have a structural surplus of \$268 million in fiscal 2014 and \$237 million in fiscal 2015. Priorities of the budget include increasing private sector employment, attracting new investment, improving math and reading skills, increasing graduation rates, improving the quality of the workforce, and increasing the health and safety of Indiana families. The budget projects that revenues will increase 2.1 percent in fiscal 2014 and 2.9 percent in fiscal 2015. Finally, the budget calls for a 10 percent reduction in personal income taxes over the two-year budget cycle. In his State of the State speech, the governor said that, "This reduction in taxes will unleash half a billion dollars into the private, voluntary economy every year."

Links: [Fiscal Years 2014-2015 Budget Proposal](#); [Budget Briefing](#); [Governor's Press Release](#); [State of the State Speech](#)

Iowa

Iowa Governor Terry Branstad released his two-year budget proposal on January 14. His budget recommendation calls for \$6.54 billion in general fund spending in fiscal 2014, an increase from fiscal 2013's estimated spending of \$6.27 billion. Approximately 55 percent of general fund spending would go towards education, with 28 percent going to health and human services, 10 percent to justice/judicial branch, 3 percent to property tax credits, and 4 percent for all other. The budget increases Medicaid spending from \$915 million to \$1.02 billion but does not include an expansion under the Affordable Care Act. The budget projects that the state will have \$7.41 billion in available revenue in fiscal 2014, up from \$7.09 billion in fiscal 2014. Under the recommended budget, the state would have an ending balance of \$874.2 million. One major proposal in the governor's budget and his Condition of the State speech is a five-year, \$187 million education reform plan. The plan includes a pay increase for new educators, an initiative to recruit top students to become teachers, with a priority placed on hard to hire subjects, new teacher and administrator evaluations tied to student achievement, and an expansion of online learning programs. The governor also has proposed a property tax relief plan that fully funds the Homestead Tax Credit and Disabled Tax Credit, permanently changes the school finance formula so that "allowable growth" will be replaced by 100 percent state aid, and cuts the current four percent cap on valuation growth for residential property and agricultural land to two percent and applies it to all property. During his Condition of the State speech the governor spoke of opportunities for the state, saying that "...we in this chamber have it within our grasp to help foster the state's greatest economic expansion and quality of life improvement in modern history."

Links: [Fiscal Years 2014 Budget Proposal](#); [Budget in Brief](#); [Condition of the State Speech](#)

Kansas

On January 16, Kansas Governor Sam Brownback released his budget proposal, which includes recommend spending for two years and a five-year higher level forecast. The budget proposes general fund spending of \$6.08 billion in fiscal 2014, a 1.9 percent decline from fiscal 2013's estimated level. Total expenditures are recommended at \$14.59 billion in fiscal 2014, a 1.3 percent increase from fiscal 2013.

Approximately 62.2 percent of the state general funds spending would go towards education, with human services receiving 26.6 percent, public safety at 6.4 percent, general government comprising 4.3 percent, and both transportation and agriculture and natural resources at 0.3 percent. The proposal projects that the state would end fiscal 2014 with a balance of \$455.7 million, 7.5 percent of expenditures. The budget forecasts that the state will collect \$5.98 billion in revenue in fiscal 2014, a 4.8 percent decline from fiscal 2013. The governor's budget calls for maintaining base state aid per student, but increasing total state funding for K-12. The governor has also asked the legislature to clarify the requirement in the state's constitution of providing suitable funds for education; a three judge state panel earlier ordered the state to increase education funding. Additionally, in his State of the State address, the governor said that he wants to merge the Department of Transportation with the Kansas Turnpike Authority. The governor has also called for further tax reform, following a personal income tax cut that was enacted on January 1, 2013. Under the governor's new plan, the bottom rate of personal income taxes would go from 3.0 percent to 2.5 percent in 2014 and then to 1.9 percent in 2016, while the top rate would go from 4.9 percent to 3.5 percent by 2017. The plan calls for keeping the sales tax rate at 6.3 percent; legislators had approved a temporary 1-cent increase in the sales tax in 2010 which was set to expire. In his State of the State speech, the governor said that, "While others choose to raise taxes, we will lower them so our people will have more money, not the government. Where other governments expand, we grow smaller. Where others choose to grow spending, Kansas grows jobs..."

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

Kentucky

In 2012, Kentucky enacted a two-year budget for fiscal 2013 and fiscal 2014.

Links: [Fiscal Years 2013 and 2014 Enacted Budget](#); [State of the Commonwealth Speech](#)

Louisiana

On February 22, Louisiana Governor Bobby Jindal unveiled his fiscal 2014 budget proposal that calls for \$24.7 billion in total state spending. Compared to the \$25.7 billion currently authorized for fiscal 2013, the proposed spending level would be a decrease of almost \$1 billion, or 3.9 percent. General fund spending under the governors' recommended budget is \$8.23 billion, \$53 million less than fiscal 2013. The state's latest revenue forecast for fiscal 2014 was revised downward by \$207 million, resulting in a fiscal 2014 budget that includes a number of cost containment measures to close a \$1.3 billion general fund budget shortfall. To help control costs, the governor is focusing on downsizing the size of the state workforce. The fiscal 2014 budget includes a reduction of 10,088 full-time appropriated positions in the executive branch, which follows prior reductions of 16,140 full-time positions in state government since the start of the Jindal administration. The budget also includes recommendations to achieve cost savings in the Department of Health and Hospitals to continue to adjust to the state's lower Federal Medicaid Assistance Percentage (FMAP) under the Medicaid program. Spending for health care would decrease slightly in fiscal 2014 from \$8.93 billion to \$8.88 billion. The governor has also recently proposed overhauling the state's tax code by eliminating the personal and corporate income tax. The governor has noted that the changes would be done in a revenue neutral way. Elimination of the personal and corporate income tax would reduce state revenue collections by roughly \$3.0 billion. To account for the lost revenue, additional revenue could be collected by increasing the sales tax rate, expanding the sales tax base to include more services, eliminating tax exemptions and possibly increasing tobacco taxes. The governor said, "With this budget proposal, Louisiana continues to chart a path that expands economic opportunities for our people and protects education and healthcare funding while reducing government's footprint..."

Links: [Fiscal Year 2014 Budget Proposal](#); [Budget Graphs](#); [Governor's Press Release](#);

Maine

Maine's Governor Paul LePage released his proposed budget for fiscal 2014-2015 on January 11. The general fund biennial budget proposed is \$6.3 billion and would eliminate more than 200 positions, including approximately 57 from the highway fund. The proposal would eliminate state revenue sharing with municipalities for the two years covered by the budget which would reduce state spending by about \$200 million. The budget also includes a proposal to have school districts statewide pay for 50 percent of present and future teacher retirement contributions. Savings include proposals to increase care management to focus on high users of services for a biennial budget savings of \$15.6 million. The budget proposes spending \$512 million on higher education in the next two years, which represents flat funding from the current year. Also included in the budget is a 3.5 percent funding increase each year to account for growth in payments to providers. The budget uses a zero-based budgeting process to prioritize state spending. In his State of the State speech the governor said that, "We must pay our bills, lower our energy costs, reform education, and make government more efficient and affordable for our economy to grow."

Link: [Fiscal Years 2014-2015 Budget Proposal](#); [State of the State Speech](#)

Maryland

On January 16, Maryland Governor Martin O'Malley unveiled his recommended budget for fiscal 2014. The proposed budget recommends total state spending of \$37.3 billion, or a 4.3 percent increase from the current spending level. Under the proposal, adjusted general fund spending would rise by \$875.1 million to \$16.0 billion, or 5.8 percent from the current fiscal year. Part of the additional general funds would help offset federal cuts and negative economic impacts on state revenues from the federal sequestration. Adjusted general fund revenues are projected to rise by 2.8 percent in fiscal 2014. The budget also calls for \$3.7 billion in capital spending, a 3.0 percent pay raise for state employees and \$9.8 billion in spending from federal funds. The governor noted that the budget would set aside \$6.0 billion for K-12 education, and that the state has been ranked number one for public education for the past five years according to Education Week. In his State of the State address the governor said, "... in 2007, together, we started making better choices. We cut spending growth. We added a penny to the sales tax to improve our children's education. We restored revenues by making our tax code more progressive and more fair. We took concrete action to close our structural deficit." Despite the state's improved outlook for the operating budget, transportation infrastructure funding remains constrained and the state is concerned about uncertainty at the federal level and its potential impact on the state.

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

Massachusetts

Massachusetts' Governor Deval Patrick's released his proposed fiscal 2014 budget on January 23. The budget proposes state spending of \$34.8 billion, a 6.9 percent increase from fiscal 2013, and a rate of growth that is consistent with pre-recession budgets. The proposed budget includes new taxes of \$1.9 billion and a \$400 million withdrawal from the state's reserve fund. Under the proposal, the income tax would increase from 5.25 percent to 6.25 percent and the sales tax would decrease from 6.25 percent to 4.5 percent. The budget would provide universal access to early education, fully fund K-12 education, and allow for extended school days in high-need schools. The budget includes a \$13 billion capital investment over 10 years in transportation projects. The budget includes \$553 million in new education investments. Massachusetts health care spending also will increase to reflect increased enrollment associated with the Affordable Care Act, which will be effective on January 1, 2014. These increased costs are projected to be more than offset by reduced spending elsewhere and additional revenues available in fiscal 2014 and beyond as the Affordable Care Act is gradually implemented. All other areas in the budget, including the state's obligations for debt service and employee pensions, increase next year by \$136.9 million. Additional spending in the budget is \$2.3 billion. The governor said that, "This is a growth budget that makes

investments in education and transportation to grow jobs in the near-term and strengthen our Commonwealth in the long-term.”

Links: [Fiscal Year 2014 Budget Proposal](#); [Governor’s Press Release](#); [State of the Commonwealth Speech](#)

Michigan

On February 7, Michigan Governor Rick Snyder released his fiscal 2014 budget proposal, which also included recommended spending for fiscal 2015 (Michigan’s fiscal year begins on October 1). The budget proposes total fund spending of \$51.61 billion in fiscal 2014, a 5.3 percent increase from fiscal 2013, and general fund spending of \$9.04 billion, a 0.2 percent increase. Nearly 75 percent of total spending would be dedicated to education and health and human services, with health and human services comprising \$22.6 billion and education at \$15.3 billion. Additionally, the budget assumes the rainy day fund would reach \$580 million and \$103 million would be placed into a new health savings fund. General fund revenues in fiscal 2014 are projected to be \$9.26 billion, up 5.4 percent from fiscal 2013. The governor’s proposed budget calls for an additional \$1.2 billion for road repair. The funds would be raised through increasing motor fuel taxes to a rate of 33 cents per gallon while eliminating the disparity between gasoline and motor fuels for two years, and then adjusting the per-gallon rate through a new formula; the plan also calls for increasing registration fees. The governor also announced that he supports the expansion of Medicaid through the Affordable Care Act; the expansion would make 470,000 residents eligible for Medicaid. In the area of education, the governor is proposing increasing K-12 and higher education spending by 2 percent, while also covering \$403 million of unfunded liability for the school employee’s pension fund. Finally, the governor is proposing spending \$268 million for local governments that meet best practices. In discussing his budget, the governor said that, “The measures we have taken to fix our tax system and get our budget in long-term balance are paying dividends. I am pleased to recommend a budget that keeps the momentum moving in the right direction.”

Links: [Fiscal Year 2014 Budget Proposal](#); [Budget Presentation](#); [Governor’s Press Release](#); [State of the State Speech](#)

Minnesota

Minnesota Governor Mark Dayton released his original two-year budget proposal for fiscal 2014-2015 on January 22. The two-year budget called for spending \$66.26 billion in total funds and \$37.90 billion in general funds, a 7.6 percent increase over the current biennium. Forty-one percent of general fund spending was directed towards K-12, with health and human services at 30.5 percent, local property tax aid representing 7.5 percent, higher education comprising 7.4 percent, public safety at 5 percent, debt service at 4.1 percent, and other areas comprising 4.4 percent. The governor’s budget included general fund reserves of \$1.03 billion. The governor’s original proposed budget increased education spending and provided early education for 11,000 children, all-day kindergarten for 46,000 children, and increased K-12 funding by \$52 per student. The governor proposed covering 145,000 additional residents through the Affordable Care Act, and wants to focus on healthy outcomes and prevention through a \$40 million enhancement of the Statewide Health Improvement Program. In the area of economic development, the governor proposed spending \$30 million on the Minnesota Investment Fund and \$20 million on the Transportation Economic Development Program. Finally, the governor’s budget proposal included major tax reform. The reform would create a new personal income tax bracket of 9.85 percent for the top two percent of taxpayers, and would lower the sales tax rate to 5.5 percent from 6.875 percent, but would expand the sales tax to more goods and services. The governor would also increase the cigarette tax by 94 cents a pack. On March 14, the governor released a supplemental budget proposal following a revised forecast in February that reduced the budget shortfall for the biennium by \$463 million to \$627 million. The new budget proposal incorporates the forecast changes and slightly alters overall spending and revenue levels. The governor’s supplemental budget increases spending by \$47 million compared to his original budget. New spending recommendations include federal tax conformity, increases in the renter property tax refund program and additional spending for a larger bonding bill. The governor’s budget is a 7.0 percent increase over the

current biennium spending levels, slightly higher the 3.7 percent growth estimated in current law. The supplemental budget significantly alters the governor's revenue proposal. The governor's revised budget released continues to include a new income tax bracket, corporate income tax reform and a cigarette tax increase; however, the governor's budget no longer includes the property tax rebate, corporate tax rate reduction or the proposal to broaden and reduce the rate for the sales and use tax. In total, the governor's tax changes are \$298 million less than his original budget, while total revenues are \$26 million higher. Although the governor removed his plan for sales tax reform in his supplemental budget, he said, "My other two fiscal priorities have been, one, to make the overall state and local tax structure fairer for middle-income Minnesota families and, two, to raise sufficient revenue to make significant new investments in areas that will help grow our economy and create new jobs. I believe this proposal accomplishes those two goals."

Links: [Fiscal Years 2014-2015 Budget Proposal](#); [Budget Presentation](#); [Governor's Press Release](#); [Supplemental Budget Details](#); [Supplemental Budget Summary](#); [State of the State Speech](#)

Mississippi

Mississippi's Governor Phil Bryant released his fiscal 2014 budget proposal on November 14. The recommended budget calls for \$5.8 billion in spending from state funds and reserves. The proposed spending level is a 4.7 percent increase from the \$5.5 billion budget the legislature enacted for fiscal 2013. Despite the recommended increase, the governor is proposing that most state agencies receive a 1.5 percent cut in fiscal 2014 with exceptions such as the Department of Corrections and other agencies responsible for ensuring public safety. The fiscal 2014 budget maintains a commitment to spending only 98 percent of available revenues to protect against potential revenue declines. Funding for education would remain relatively flat at \$2.0 billion, but specific education programs, including a \$15 million literacy training program would obtain additional budget dollars. The proposed budget provides \$878.4 million for Medicaid and notes that Medicaid spending needs may reach \$921 million depending on the economy. Mississippi, like many states, has struggled to rebound from the recession, and continued budget cuts for many agencies exemplify the extent of the difficulties. In his State of the State speech, the governor remarked, "I understand the difficult decisions required when allocating limited resources for multiple priorities."

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

Missouri

On January 28, Missouri Governor Jay Nixon released his fiscal 2014 budget proposal. The budget proposal calls for total spending of \$25.70 billion in fiscal 2014, a 5.9 percent increase from fiscal 2013, and general funds spending of \$8.29 billion, a 2.9 percent increase. Under the proposed budget, K-12 would represent 35.5 percent of general fund spending, with human services at 29.7 percent, higher education representing 10.3 percent, corrections and public safety at 8.3 percent, judiciary, elected officials, General Assembly at 3.5 percent, and all other at 12.7 percent. The budget projects general fund revenue growth of 3.1 percent in fiscal 2014. In the budget, the governor described his top priorities as investing in education, helping businesses grow and create jobs, keeping tax dollars at home, improving public facilities, making government more efficient, and balancing the budget while holding the line on taxes. The governor is proposing adding 259,000 residents to Medicaid through the Affordable Care Act by using \$900 million in federal funds. In discussing the Medicaid expansion, the governor said that, "And it's not within our power to rewrite federal law, even if we wanted to. It is within our power – it is our responsibility – to now do what's right for Missouri." The governor also proposed increasing education spending by \$150 million, including \$17 million more for early childhood education, \$34 million more for higher education, and \$100 million more for K-12. In the area of personnel, the governor recommended the elimination of 190 positions, bringing total reductions since 2009 to 4,500, but included a 2 percent salary increase for state employees. Finally, in his State of the State address, the governor discussed the ability to

modernize schools, research facilities, hospitals and state parks due to low interest rates and the state's triple A credit rating.

Links: [Fiscal Year 2014 Budget Proposal](#); [Budget Summary](#); [Budget Overview](#); [State of the State Speech](#)

Montana

On January 7, new Montana Governor Steve Bullock presented his proposed biennium budget for fiscal 2014 and fiscal 2015, which builds on and modifies the biennium budget submitted by outgoing Governor Brian Schweitzer on November 15. The new governor's budget proposes general fund expenditures totaling \$2.2 billion for fiscal 2014 and \$2.1 billion for fiscal 2015, compared to \$2.0 billion in fiscal 2013. Total general fund resources available are projected to total \$2.5 billion in fiscal 2014 and \$2.4 billion in fiscal 2015. The new governor's proposal describes a number of legislative initiatives to implement the budget, including a \$100 million property tax refund for homeowners who are primary residents of Montana, to be paid for using part of the state's \$400 million general fund balance. Other governor's initiatives highlighted in the budget summary include a school construction bill to invest in education and create jobs and a public pension reform measure that would rely on additional contributions from employees and employers as well as state appropriations from the state's natural resource revenues. In his State of the State speech, the governor said, "Our state is strong and we're growing stronger. To continue improving our position, Montanans want us to take a balanced approach: Let's save some, invest some and give some back."

Link: [Fiscal Years 2014-2015 Budget Proposal](#); [State of the State Speech](#)

Nebraska

Nebraska Governor Dave Heineman proposed a two-year budget on January 15. The \$7.8 billion general fund spending plan calls for spending \$3.8 billion in fiscal 2014 and \$4.0 billion in fiscal 2015. General fund spending would increase 5.1 percent in fiscal 2014 and 4.7 percent in fiscal 2015. The vast majority of the increase would go to education and health and human services; for example, in fiscal 2014, 41.8 percent of the increase is directed towards education while 53.3 percent is directed towards health and human services. Adjusted general fund revenue is forecasted to grow 4.2 percent in fiscal 2014 and 4.9 percent in fiscal 2015. Under the governor's proposal, the Cash Reserve Fund ending balance is projected at \$442 million. The governor considers education a top priority in his budget recommendation and is proposing a 5 percent annual increase in state aid, totaling \$130 million. The governor is also recommending a 5 percent increase in special education aid, totaling \$29.6 million. The budget includes \$72.3 million to comply with the Affordable Care Act and does not recommend expanding Medicaid. Finally, the governor is recommending a major tax reform. In his State of the State address, the governor said that, "Today, we are operating in a technology-driven, global free market economy. Our current tax system needs to be modernized and transformed." His tax plan recommends eliminating the personal income tax and the corporate income tax, and includes no taxation on small business income, Social Security income, and any retirement income. Instead, the governor is planning on eliminating many sales tax exemptions, noting that the state currently exempts \$5 billion in sales tax annually, while only collecting \$1.5 billion.

Links: [Fiscal Years 2014-2015 Budget Proposal](#); [Budget Summary](#); [Budget Briefing](#); [Governor's Press Release](#); [State of the State Speech](#)

Nevada

On January 16, Nevada Governor Brian Sandoval submitted his proposed biennium budget for fiscal 2014 and fiscal 2015, with state expenditures totaling \$17.6 billion for the biennium. This reflects an increase of \$1.8 billion, or 11 percent, compared to the fiscal 2012-2013 biennium. Total state revenues are projected to be \$8.6 billion for fiscal 2014, a 9.0 percent increase from fiscal 2013, and \$9.0 billion for fiscal 2015. Recommended general fund spending totals \$3.25 billion in fiscal 2014, including \$42 million in restricted transfers to other accounts, and \$3.40 billion in fiscal 2015, including \$44 million in restricted transfers. Recommended general fund resources available are estimated to total \$3.47 billion in fiscal 2014 (including

\$3.20 billion in unrestricted revenues) and \$3.57 billion in fiscal 2015 (including \$3.31 billion in unrestricted revenues). Key budget priorities include education initiatives such as all-day kindergarten and a new higher education funding formula that ties funding to credit completion, as well as economic development efforts, increased funding for child vaccines, investment in state government infrastructure, and additional resources for veterans' services. In addition, the budget recommends reducing state employee furloughs from 6 days to 3 days per year for both fiscal 2014 and fiscal 2015, as well as restoring step/merit pay beginning in fiscal 2015. The governor's budget also calls for extending the majority of revenue provisions scheduled to sunset under current law at the end of fiscal 2013 to preserve the state's social assistance programs and continue to invest in education. The budget is presented in the state's new "Priorities and Performance Based Budget" format, as well as in the traditional line-item format. In his State of the State speech, the governor remarked on recent improvements in the state and said his "...plan represents the next phase of recovery and rebuilding."

Link: [Fiscal Years 2014-2015 Budget Proposal](#); [State of the State Speech](#)

New Hampshire

New Hampshire's Governor Margaret Wood Hassan released her proposed fiscal 2014-2015 budget on February 14, 2013. The total budget including all funds is \$5.5 billion in fiscal 2014 and \$5.6 billion in fiscal 2015. The Governor's budget includes revenue projections based on the work of the consensus revenue estimating panel for baseline revenue growth of 2.0 percent in the first year of the biennium and 1.9 percent in the second. The Governor's plan also includes the licensing fee from one high-end casino in order to fund priorities, such as freezing higher education tuition and improving mental health services. The budget proposal includes doubling the research and development tax credit for businesses, restoring 90 percent cuts made to the public university system and fully restoring the community college systems, in exchange for plans for freezing tuition for two years. The budget proposal expands Medicaid under the Affordable Care Act. The budget also includes restoring auditors at the Department of Revenue and increasing the cigarette tax. The governor said that her budget plan "...is fiscally responsible and focused on innovation, economic growth, and creating good jobs to support a strong middle class." The budget focuses on investing in priority areas such as education, public safety, and health care.

Links: [Fiscal Years 2014-2015 Budget Proposal](#); [Budget Summary](#); [Governor's Press Release](#); [Budget Address](#)

New Jersey

New Jersey Governor Chris Christie released his proposed fiscal 2014 budget on February 26. The proposed budget totals \$32.9 billion and assumes state revenue growth of 4.9 percent over fiscal 2013 adjusted appropriations and a projected fund balance of \$300 million. The proposal would deposit \$1.7 billion in the public employment pension system. The budget assumes expansion of Medicaid under the Affordable Care Act. The state could expect \$1.7 billion a year to cover the costs with savings to the state from the expansion of \$227 million in fiscal 2014. The budget proposal also includes \$9 billion for education, including \$98 million more for schools; most school districts would see a funding increase while no district would see a reduction in aid. In addition, the recommendation includes \$2 million for a pilot voucher program. The budget would establish a contingency fund of \$40 million for rebuilding after Hurricane Sandy for expenses that are not reimbursed by the federal government. Finally, the budget includes \$500 million in business tax cuts. In discussing his budget plan, the governor said that, "It holds the line on spending, while funding the most important priorities like education for our kids and the reformed pension plan. It encourages growth with tax reductions, and helps us rebuild from Sandy."

Links: [Fiscal Year 2014 Budget Proposal](#); [Budget Summary](#); [Governor's Budget Message](#); [State of the State Speech](#)

New Mexico

On January 10, New Mexico Governor Susana Martinez announced a proposed state budget containing \$5.9 billion in general fund spending for fiscal 2014, representing a 4.1 percent increase compared to fiscal 2013 spending levels. Total fund spending is proposed at \$14.1 billion, a 5.1 percent increase. Recommended general fund recurring revenue for fiscal 2014 is estimated to total \$5.9 billion, reflecting a 3.9 percent increase from fiscal 2013. The fiscal 2014 budget recommends \$101 million in new funding for K-12 public education, of which \$30 million will be invested in education reforms designed to increase student success. In addition, the budget calls for \$28 million in new funding to expand and improve the state's Medicaid program, as well as increased spending for early childhood initiatives and higher education outcome-based funding. The budget proposal also recommends non-recurring spending totaling \$127.5 million to fund the transition to the Common Core curriculum, the implementation of a new teacher evaluation system, and other one-time expenditures. The budget maintains reserves at 10 percent of recurring appropriations. The governor recommends tax reform initiatives to enhance job creation and stimulate the state economy, including lowering the state's corporate income tax rate from 7.6 percent to 4.9 percent. The total fiscal impact of the governor's tax reform package is estimated at \$47 million for fiscal 2014. The governor is also proposing a temporary tax credit to encourage small businesses to create new jobs. When releasing her budget the governor remarked that, "While we've succeeded in putting our financial house back in order, we face serious challenges that require us to budget cautiously and invest in growing our economy."

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

New York

New York Governor Andrew Cuomo released his proposed budget on January 22; New York's fiscal year begins on April 1. Spending from all funds, including federal funds, totals \$136.5 billion in the recommended fiscal 2014 budget, an increase of \$2.5 billion or 1.9 percent from fiscal 2013. State operating funds spending, which excludes federal funds spending and long-term capital spending, is \$90.8 billion, an increase of \$1.4 billion, or 1.6 percent. The budget maintains the two-year appropriations in school aid and Medicaid, with increases tied to underlying economic growth. The budget eliminates a \$1.3 billion budget gap and includes no new taxes or fees. The budget increases education aid by \$889 million or 4.4 percent, targets economic development spending to accelerate the commercialization of new technology, and includes a third round of the Regional Economic Development Councils. The budget includes nearly \$974 million in savings from government redesign and cost control efforts. Additionally, the budget provides local governments with a new stable rate pension contribution option. Finally, the budget appropriates nearly \$21 billion in Hurricane Sandy recovery efforts; the state is estimating that in total it will receive \$30 billion from the federal government for disaster-related recovery. The governor noted that due to making difficult decisions over the past two years "...we are able to make critical investments to build a world-class education system, support job creating projects in all corners of the state, provide assistance to local governments, and rebuild communities that were hit hard by Superstorm Sandy."

Links: [Fiscal Year 2014 Budget Proposal](#); [Governor's Budget Address](#); [State of the State Speech](#)

North Carolina

As required by statute, exiting North Carolina Governor Beverly Perdue left a recommended transition budget for the newly elected Governor Pat McCrory. Governor Perdue's transition budget for the 2013-2015 biennium recommended \$42.5 billion in general fund appropriations over the two years. Additional recommended spending under the transition budget included, \$246 million for a one percent pay increase for all state employees and teachers, \$72 million for cost of living adjustments (COLA) for retirees, \$80 million for pre-kindergarten programs, and \$80 million for adult care and group homes restoration. On March 20, Governor Pat McCrory released his budget proposal for the next two years, calling for \$20.6 billion in general fund spending in fiscal 2014 and \$21.3 billion in general fund spending in fiscal 2015. The budget forecasts revenue growth at 3.6 percent in fiscal 2014 and 4.1 percent in fiscal 2015. The

proposal does not include any tax increases and recommends repealing the state's estate tax. The budget recommendation also includes total reserves in excess of \$900 million and leaves \$131 million unspent in fiscal 2014 and \$332 million unspent in fiscal 2015. The largest categories of general fund spending are recommended to be education at 56 percent, health and human services at 23 percent, and justice and public safety at 11 percent. Earlier, in his State of the State speech, the governor said "...our administration is going to focus all of their time on three key functions: our economy, our education, and the efficiency of our services." The governor's education proposals include increased investment in early childhood education, hiring 1,800 more full-time teachers, additional resources for digital learning, and increased funding for high-demand courses and technical education at community colleges. The plan also provides \$63 million over two years for the University of North Carolina's Strategic Direction Plan, which is designed to help prepare students for various high-growth sectors. In regards to the economy, the budget funds numerous economic development and business programs, and calls for developing a new economic development and branding strategy. The governor's proposals in the management of state government include requiring state agencies to deliver cost savings of 2-3 percent, creating a government efficiency and reform initiative, additional funding for information technology, and a 1 percent raise for state employees and teachers. Other recommendations in the budget include an additional \$575 million in Medicaid spending (the General Assembly passed legislation prohibiting expanding Medicaid under the Affordable Care Act), a \$72 million payment to the state's pension system, an additional \$13 million in mental health funding, and the realignment and consolidation of correctional facilities.

Links: [Fiscal Years 2014-2015 Budget Proposal – Gov. Perdue](#); [Fiscal Years 2014-2015 Budget Proposal – Gov. McCrory](#); [Budget Presentation](#); [Governor's Press Release](#); [State of the State Speech](#)

North Dakota

On December 5, North Dakota Governor Jack Dalrymple presented a two-year budget covering fiscal 2014 and fiscal 2015. The budget recommends total spending of \$12.8 billion over the course of the biennium, a 28.8 percent increase over the two years, and general fund spending of \$4.8 billion, a 17.7 percent increase. General fund ongoing revenues are projected at \$4.8 billion while general fund ongoing expenditures are recommended at \$3.8 billion. Overall, the budget projects ending the biennium with \$2.5 billion in total reserves, up from \$1.6 billion in the current biennium. The breakdown of the proposed reserves would consist of \$81 million in the general fund, \$455 million in the Budget Stabilization Fund, \$606 million in the Foundation Aid Stabilization Fund, and \$1.35 billion in the Strategic Investment and Improvement Fund. Much of the reserves would come from oil and gas revenue. The budget proposes directing 33.5 percent of oil and gas taxes to the Legacy Fund, 21.4 percent to statutory funds, 21.2 percent to constitutional funds, 18 percent to political subdivisions and tribes, and 5.9 percent to the general fund. The proposed budget includes \$500 million in additional tax reductions, meaning that the state will have reduced taxes by \$2 billion since 2009. The proposed tax reductions include a further lowering of property tax rates, individual income tax reductions, expanding the Homestead Tax Credit, and corporate income tax relief. In the area of infrastructure, the budget includes \$2.5 billion for statewide transportation upgrades, including \$1 billion for one-time investments. In his State of the State address, the governor said that, "These one-time infrastructure investments are the best use of our reserve funds because they will pay back to all of us for decades to come." The budget also recommends expanding the state's Housing Incentive Fund, and would increase health care spending including covering the expected loss of \$93 million of federal Medicaid funds due to the state's growth in per-capita income. Finally, the recommended budget includes an integrated elementary and secondary education funding plan which increases K-12 funding by \$549 million over the current biennium, and increased higher education spending, along with a revamp of the higher education funding formula.

Links: [Fiscal Years 2014-2015 Budget Proposal](#); [Budget Summary](#); [Budget Address](#); [Governor's Press Release](#); [State of the State Speech](#)

Ohio

Ohio Governor John Kasich released his two-year budget proposal for fiscal 2014 and fiscal 2015 on February 4. The plan calls for total spending of \$63.7 billion in fiscal 2014, a 6.1 percent increase over fiscal 2013, and \$66.8 billion in fiscal 2015, a 4.8 percent increase over fiscal 2014. General revenue fund spending would be \$30.6 billion in fiscal 2014, a 10.5 percent increase, and \$32.7 billion in fiscal 2015, a 6.8 percent increase. The largest category of spending from the state only general revenue fund would be K-12 at 34.8 percent, followed by health and human services at 32.3 percent and higher education at 11 percent. General fund revenues are forecasted to increase 5.0 percent in fiscal 2014 and 7.0 percent in fiscal 2015. The budget assumes an ending balance of \$160.4 million in fiscal 2014 and \$191.3 million in fiscal 2015. The governor included in his budget proposal a revamped K-12 funding system that seeks to close the disparity in resource capacity among school districts and drive dollars to the classroom. No school district would receive fewer funds under the plan, and overall K-12 spending would increase 5.7 percent in fiscal 2014 and 3.0 percent in fiscal 2015. The plan also increases higher education spending approximately 2 percent each year, with half of the state allocation being based on performance measures. In the area of healthcare, the governor has proposed expanding Medicaid to an additional 275,000 residents. Additionally, the budget includes the governor's plan to sell Ohio Turnpike bonds and direct the proceeds to repair the Turnpike and to accelerate other highway projects in Northern Ohio. Finally, the proposed budget includes comprehensive tax reform. The governor is recommending lowering the personal income tax rate on all nine brackets, providing a further personal income tax cut if the state's rainy day fund reaches a certain level, allowing small business owners to deduct half of their annual business earning for the first \$750,000, and lowering the sales tax rate from 5.5 to 5.0 percent while expanding the sales tax base, including taxing services. In discussing his plan, the governor said that, "At the time in the 1930s when we created the sales tax, you taxed goods. No one thought about services in those days." The governor's tax plan also includes increasing the severance tax on natural gas and oil drillers.

Links: [Fiscal Years 2014-2015 Budget Proposal](#); [Budget Highlights](#); [Budget Testimony](#); [State of the State Speech](#)

Oklahoma

On February 4, Oklahoma Governor Mary Fallin revealed a fiscal 2014 budget calling for \$6.9 billion in state appropriations, a 1.8 percent increase from fiscal 2013. The recommended budget contains slight spending increases for select programs, no cost of living increase for state employees although some agencies are recommending across the board salary increases, and a proposed reduction to the top marginal rate for personal income taxes. The governor's plan to reduce the top marginal rate for personal income taxes from 5.25 percent to 5.0 percent would reduce state revenues by an estimated \$40 million dollars next fiscal year and \$120 million by fiscal 2015. The governor said that, "This proposal gives us the flexibility we need to ensure that we are reducing taxes responsibly, without starving government." The fiscal 2014 budget also recommends cost saving strategies, such as continued efforts to consolidate the state's IT infrastructure. Programs and initiatives receiving additional dollars in the governor's budget include \$51 million for the Department of Human Services, \$16 million for mental health and substance abuse services, \$10 million to repair and renovate the state capitol, \$46 million to pay for child-welfare improvement plan and the preservation of \$600 million for the state's rainy day fund. Oklahoma has decided not to expand Medicaid under the Affordable Care Act citing the costs of expansion as a deterrent; however, the state is expected to provide additional dollars to cover eligible patients that apply for Medicaid coverage that were not enrolled prior to the passage of the federal health care reform legislation.

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

Oregon

On November 30, Oregon Governor John Kitzhaber released a biennium budget proposal for fiscal 2014-2015, totaling \$60.2 billion. The budget proposal recommends general fund and lottery fund spending of \$16.2 billion. The governor's budget projects that the state will have resources available in the general fund and lottery fund totaling \$16.4 billion for fiscal 2014-2015. The governor's budget is outcomes-based, targeting strategic investments in order to meet a series of 10-year state goals in the following areas: education, healthy people, safety, jobs and innovation, healthy environments, and state government administration. In the proposed budget, general and lottery fund spending is directed towards outcomes as follows: education (\$8.0 billion, 50 percent), healthy people (\$3.4 billion, 21 percent), safety (\$2.5 billion, 15 percent), jobs and innovation (\$567 million, 4 percent), healthy environments (\$237 million, 1 percent), state government administration (\$669 million, 4 percent) and all other (\$861 million, 5 percent). The budget highlights several areas where significant savings have been achieved, including the state's public pension system (savings of \$865 million), health care costs (savings of \$11 billion over the next decade), and corrections (savings of \$600 million over the next decade), to allow for targeted investments. The governor's budget prioritizes investment in education, with general fund and lottery fund spending on early education, K-12, postsecondary education and career increasing 8.4 percent compared to the current biennium. The proposal also calls for more than \$1 billion in funds for core infrastructure projects that will also help create jobs, \$542 million for child safety. The governor remarked that, "Oregonians have clear priorities when it comes to state spending – invest in children and education first; focus on job creation and innovation; and reduce the cost of government. My budget delivers on those priorities."

Links: [Fiscal Years 2014-2015 Budget Proposal](#); [Governor's Press Release](#); [State of the State Speech](#)

Pennsylvania

Pennsylvania's Governor Tom Corbett released his proposed budget for fiscal 2014 on February 6. The total budget is \$66.7 billion with \$28.4 billion in general funds and \$21.7 billion in federal funds. The general fund budget is an increase of nearly \$679 million, or 2.4 percent, from fiscal 2013. The governor's recommendation includes a \$90 million, or 1.7 percent, increase in basic education funding. The budget has no tax increases, eliminates the capital stock and franchise tax effective January 1, 2014, and proposes a tax reform plan that will increase the cap on net operating losses. The governor's proposal also includes a \$1.8 billion increase for transportation projects through changes to the state's gas tax. The budget eliminates 900 additional positions and consolidates and streamlines economic development programs. Additionally, the budget requires pension reform, assumes a private management agreement for the state's lottery, and seeks to sell the state's liquor stores. In discussing his budget, the governor stated, "The rebuilding of the commonwealth's programs and services begins today. It takes the form of continued investment in job creation, of a world-class education system for our children, of a substantial support system for our vulnerable and aging populations, of a renewed transportation infrastructure, of strengthened public safety services, and of modernized business practices."

Links: [Fiscal Year 2014 Budget Proposal](#); [Governor's Budget Address](#);

Rhode Island

Rhode Island Governor Lincoln Chafee introduced his proposed budget for fiscal 2014 on January 16. The recommended budget has all funds spending totaling \$8.2 billion, an increase of \$93 million, or 1.2 percent, from the revised fiscal 2013 budget. Of this total, \$3.4 billion, or 41.6 percent, is from general revenue, \$2.6 billion, or 32.4 percent, is from federal funds, \$1.9 billion, or 23.0 percent, is from other sources, and \$253 million, or 3.1 percent, is from restricted or dedicated fee funds. The fiscal 2014 general revenue funding of \$3.4 billion represents an increase of \$103 million, or 3.1 percent, over the fiscal 2013 enacted budget of \$3.3 billion, and is 4.0 percent higher than the fiscal 2013 revised budget proposed by the Governor. Human services agencies represent the largest share of the growth with nearly \$67 million of the growth attributed to these programs. The recommended budget also adds \$30.3 million to the third year of a new school aid formula, and adds \$6 million in funding to higher education to insure no tuition increases.

Additionally, the proposal adds \$5 million in fiscal 2014 to increase Distressed Community Relief Aid and adds \$10 million in aid to encourage local communities to improve their pension plans. Finally, the proposed budget would reduce the corporate income tax from 9 percent to 7 percent over three years, and has no new taxes or fees. The governor said that the budget "...was crafted to increase Rhode Island's economic competitiveness and maximize employment in our state."

Links: [Fiscal Year 2014 Budget Proposal](#); [Budget Briefing](#); [Governor's Budget Message](#); [State of the State Speech](#)

South Carolina

On December 20, South Carolina Governor Nikki Haley recommended \$22.6 billion in total state expenditures in her fiscal 2014 proposed budget. Total state spending under the governor's fiscal plan for next year would decline by 1.8 percent from fiscal 2013 levels. However, general fund spending under the proposed budget would rise by nearly 3.0 percent over the current fiscal year, reaching \$6.3 billion. Revenues are projected to rise by \$222 million or 3.6 percent from fiscal 2013 enacted appropriations. In the budget proposal, the governor also highlighted persistently low revenue estimates since 2005, and recommended directing any additional revenue due to conservative estimation towards infrastructure and be used to offset a proposed elimination of the 6 percent tax bracket. The governor's proposal to reduce marginal tax rates from 6 percent to 5 percent for filers currently in the 6 percent bracket would reduce revenue collections by \$26 million in fiscal 2014. In addition to proposed tax structure changes, the governor's newly created Gubernatorial Task Force, comprised largely of business community members, will be charged with examining and identifying state policies and regulations that stymie businesses. The governor's recommended budget includes several proposed initiatives to enhance state performance, in areas such as Medicaid, data security, and higher education. The governor said in her State of the State address, "I believe this is the year we can make the people of South Carolina proud by giving them successes on restructuring, on tax relief, on regulatory reform, on strengthening protections in cybersecurity, on healthcare, on education and by raising the bar on the ethics of public officials."

Links: [Fiscal Year 2014 Budget Proposal](#); [Budget Overview](#); [State of the State Speech](#)

South Dakota

South Dakota Governor Dennis Daugaard released his fiscal 2014 budget proposal on December 4. The plan calls for total spending of \$4.11 billion in fiscal 2014, a 1.3 percent decline from fiscal 2013, and general fund spending of \$1.32 billion, a 3.8 percent increase. The largest components of general fund spending consist of health, human and social services at 37.5 percent, 31.2 percent for aid to schools, 13.1 percent for higher education, and 6.4 percent for corrections. Ongoing revenues are forecasted to be \$1.32 billion, an increase of \$63.1 million from fiscal 2013. The budget assumes an ending balance of \$87.5 million at the conclusion of fiscal 2014, up from \$71.1 million in fiscal 2013. The budget also leaves more than \$16 million in fiscal 2013 and over \$10 million in fiscal 2014 uncommitted. The proposed budget does not include tax increases. Highlights of the budget include approximately 3 percent increases to K-12, the Board of Regents, technical institutes, Medicaid providers, and state employees. The largest percentage of general fund spending increases would go to social services comprising 37.3 percent of the overall increase, followed by state aid at 23.3 percent, and employee compensation at 21.1 percent. Twenty million of the increase in general fund spending is due to the state being required pay a larger share of Medicaid as a result of the state's growth in per capita income. Additionally, the governor's recommended budget includes some one-time expenditure in the areas such as economic development and infrastructure. In discussing his budget proposal, the governor said that, "This year, we can consider proposals about new growth and new ideas. But as we go forward, it is crucial that we maintain a structurally balanced budget based on conservative revenue estimates."

Links: [Fiscal Year 2014 Budget Proposal](#); [Budget Summary](#); [Budget Presentation](#); [Governor's Press Release](#); [State of the State Speech](#)

Tennessee

On January 28, Tennessee Governor Bill Haslam released his fiscal 2014 proposed budget that calls for \$32.6 billion in total expenditures next fiscal year. Total expenditures under the recommended budget entails spending \$15 billion from state appropriations, \$12.9 billion from the federal government, and \$4.8 billion from other departmental revenues, higher education tuition and fees and bonds. Tax collections are projected to increase by 3.4 percent next fiscal year allowing for some strategic investments such as \$307 million for higher education capital purposes, \$146 million for state office building and construction, a 1.5 percent salary increase for state employees and a proposed sales tax cut for food purchases. The recommended budget estimates \$767 in new revenues next fiscal year which are projected to adequately meet rising healthcare and K-12 education costs and allow for a \$100 million contribution to the state's budget reserve fund. However, to achieve budget balance, funding for a number of state agencies and programs was reduced under the fiscal plan. On average, state programs were reduced by 0.8 percent for a total base reduction of \$46 million. Much of the additional spending will be directed towards health care, including \$121 million to cover Medicaid eligible patients that were not enrolled prior to the passage of the Affordable Care Act and an additional \$94 million to meet the inflationary rise in health care costs. In his State of the State speech, the governor discussed the state's stable fiscal position saying, "We have a long history of fiscal restraint that crosses party lines. We have been deliberate about not spending money that we don't have and in making a concerted effort to save for the future."

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

Texas

On January 29, Texas Governor Rick Perry unveiled his recommended budget for the next two fiscal years; Texas's fiscal year begins on September 1. State revenues available for appropriation in fiscal 2014 and 2015, including an \$8.8 billion ending balance from the current budget cycle, are projected to be \$101.4 billion. This represents a 12.4 percent increase in available revenues from the current biennium. The governor's proposed budget calls for \$99.3 billion in spending from state revenues for the next biennium, and a \$6.9 billion supplemental appropriation for fiscal 2013 to account for remaining expenses in Medicaid and K-12 education. To align expenditures with available resources, the governor recommends spending \$4.7 billion from the state's budget reserves, primarily to finance water and transportation infrastructure programs and an \$840 million tax cut. Under the governor's proposed fiscal plan, the state's rainy day fund would end the 2015 fiscal year with \$7.0 billion dollars, or more that 7.5 percent of general expenditures. Total state spending in fiscal 2014 and 2015 would be \$186.8 billion with \$88.9 billion in spending from state own-source revenues, for general purposes. The governor is recommending an additional \$800 million in spending to maintain current service delivery levels under law. Priorities in the budget also include support for a more stringent constitutional limit on spending growth tied to population and inflation, opposition to any new taxes or tax increases, permanent reforms for small business tax exemptions, rainy day fund preservation and continued efforts to cut unnecessary and duplicative government programs and agencies. Additionally, in his State of the State speech, the governor said that he is "...calling for a mechanism to be put in place so when we do bring in more than we need, we'll have the option of returning tax money directly to the people who paid it..."

Link: [Fiscal Years 2014 and 2015 Budget Proposal](#); [Governor's Press Release](#); [State of the State Speech](#)

Utah

On December 12, Utah Governor Gary Herbert released a proposed budget for fiscal 2014 that includes \$12.8 billion in total spending. Recommended general and education fund expenditures, supported by state tax dollars, total \$5.4 billion. The governor's appropriation request for fiscal 2014 reflects a 5.9 percent increase from fiscal 2013 authorized spending levels. Among total appropriations, \$5.2 billion is requested for the state's operating budget, \$190 million is for the state's capital budget, \$87 million is for debt service, and \$20 million is for transfers to other funds. In the proposed budget, state tax dollars are directed towards major expenditure categories including: public education (\$2.6 billion, 48.7 percent), Medicaid and

other social services (\$854.7 million, 15.7 percent), higher education (\$812.1 million, 14.9 percent), and corrections and public safety (\$416 million, 7.7 percent). Total revenues for the state general and education funds combined are estimated at \$5.3 billion for fiscal 2014, a 4.4 percent increase from fiscal 2013. In addition, in fiscal 2014, the state's transportation fund is projected to grow by 1.9 percent to \$448 million and the mineral lease fund is estimated to increase by 3.2 percent to \$167 million compared to fiscal 2013. The governor's top budget priority is education, which will receive \$297.6 million in new funds to help achieve the state's postsecondary education attainment goal of 66 percent by 2020. The governor said that, "Since the day I took office, my number one budget priority has been education—the key to a robust economy." The budget also highlights the governor's reorganization of state government to increase operational efficiency.

Links: [Fiscal Year 2014 Budget Proposal](#); [Budget Overview](#); [State of the State Speech](#)

Vermont

Vermont's Governor Peter Shumlin proposed a \$5.3 billion total budget for fiscal 2014 on January 24 that represents a 3.7 percent increase over the previous year. The general fund budget of \$1.4 billion is an increase of 3.4 percent over fiscal 2013, prior to newly funded contributions to the Low Income Home Energy Assistance Program (LIHEAP), the Clean Energy Development Fund (CEDF), and thermal energy efficiency initiatives. The largest areas of total spending under the budget recommendation are general education at 31.8 percent, Medicaid and long term care at 27.8 percent, human services at 10.5 percent, and transportation at 11.9 percent. The budget keeps the reserve funds intact and fully funds the contributions to the pension plans at the actuarially required level. The budget includes the State Treasurer and the Capital Debt Affordability Advisory Committee recommendation of \$159.9 million in new bonding for fiscal years 2014 and 2015. The proposed budget also supports the governor's recently announced education initiatives, including redirecting \$17 million to early childhood education, providing free school lunches to all low income students, and increasing higher education funding for the first time in five years. In his second inaugural address, the governor discussed the relationship between education and economic prosperity stating, "My goal – and the single objective of my administration – remains to grow jobs and incomes for working Vermonters. Our education system, from pre-kindergarten to higher education, is the state's greatest economic development tool." Finally, in the area of health care, the recommendation includes funding for the state's health benefit exchange and provides a 3 percent increase in Medicaid reimbursement rates over fiscal 2012.

Links: [Fiscal Year 2014 Budget Proposal](#); [Budget Recommendations Summary](#); [State of the State Speech](#)

Virginia

In 2012, Virginia enacted a two-year budget for fiscal 2013 and fiscal 2014.

Links: [Fiscal Years 2013 and 2014 Enacted Budget](#); [Proposed Amendments to Biennial Budget](#); [State of the Commonwealth Speech](#)

Washington

On December 18, outgoing Washington Governor Chris Gregoire submitted a proposed biennium budget for fiscal 2014-2015. The proposal recommends \$74.8 billion in total spending over the biennium, with operating expenditures out of the state general and other own-source funds totaling \$34.1 billion. This marks a 9.8 percent general fund spending increase from the fiscal 2012-2013 biennium. Resources available for the governor's recommended operating biennium budget are estimated at \$34.4 billion. This includes \$33.0 billion in projected revenues, a 6.8 percent increase compared to estimated revenue collections for the current biennium. The budget increases K-12 education funding by 12.3 percent, including \$1 billion towards meeting legal requirements to increase basic education funding. The proposal highlights savings of \$360 million by suspending teacher cost-of-living pay raises, \$14 million by delaying implementation of the state's paid family leave law, \$57 million from trimming funding to local

governments, and additional savings from consolidating administrative functions. The budget makes targeted investments in early childhood education, postsecondary programs in science, technology, engineering and math, and preserving the Puget Sound. The governor's proposal also includes \$171 million to cover the cost of restoring the 3 percent pay cuts taken by state employees in 2010, \$38.6 million for a new salary step, and \$166 million to restore pay cuts for teachers and school administrators. In his inaugural address, newly elected Governor Jay Inslee said that he is looking forward to working with the legislature "... on how we best put our ingenuity to work to meet the challenges before us — on creating jobs, educating our children, changing how we do business in state government and creating a culture of leading the world in energy independence."

Links: [Fiscal Years 2014-2015 Budget Proposal](#); [Inaugural Address](#)

West Virginia

On February 13, West Virginia Governor Earl Ray Tomblin presented his fiscal 2014 budget proposal calling for \$4.6 billion in spending from general and lottery revenues. This is \$121 million or 2.6 percent higher than fiscal 2013 funding levels; however, most state agencies under the recommended budget received a 7.5 percent reduction from fiscal 2013 appropriation levels. The governor's budget proposal includes \$75 million in cuts from agencies and identifies \$193 million in unobligated funds available for appropriation. General revenues are projected to decrease slightly by \$9 million and lottery revenues are estimated to fall by \$1.6 million in fiscal 2014. The largest driver of budget growth is the state's Medicaid program, which is projected to need an additional \$142 million next fiscal year, while funding for all other program areas in the budget is expected to decrease by a net \$21 million. The governor's budget also maintains a robust budget reserve fund above the current statutory cap of 13.0 percent of general revenue appropriations. Major priorities in the governor's fiscal plan include full funding for Medicaid and social services, the public education school aid formula, and all retirement system obligations. The state's rising prison population has prompted the governor to develop a public safety package under the budget that invests \$25.5 million in substance use and addiction treatment for people on community supervision to change offender behavior and reduce recidivism. In his State of the State speech the governor stated, "We should take action to keep our families safe. We should take action to create a business climate for good paying jobs. And, we should take action to build upon opportunities for the next generation."

Links: [Fiscal Year 2014 Budget Proposal](#); [Budget Presentation](#); [State of the State Speech](#)

Wisconsin

Wisconsin Governor Scott Walker proposed a two-year budget for fiscal 2014 and fiscal 2015 on February 20. The budget calls for total fund spending of \$33.65 billion in fiscal 2014, a 3.0 percent increase from fiscal 2013, and \$34.35 billion in fiscal 2015, a 2.1 percent increase from fiscal 2014. The proposal recommends spending from general purpose revenue at \$14.98 billion in fiscal 2014, a 1.4 percent increase, and \$15.51 billion in fiscal 2015, a 3.5 percent increase. Revenues are projected to increase 2.4 percent in fiscal 2014 and by 3.6 percent in fiscal 2015, while the net balance is expected to be \$231.3 million in fiscal 2014 and \$43.1 million in fiscal 2015. According to the budget recommendation, the largest categories of general purpose revenue programs would be school aid at 34.4 percent, medical assistance and related programs at 15.7 percent, higher education at 7.9 percent, and corrections at 7.5 percent. The budget proposal includes \$475.6 million in new state funds for K-12, including \$54 million for a performance based-funding program and \$10 million to help low-performing schools transform, and expands the use of vouchers. Additionally, the governor would increase higher education spending by \$181 million and would focus on graduating students for high-demand profession. The recommendation also includes spending \$824 million in new state funds to help prioritize infrastructure projects, and would fund transit operating aids from the general fund rather than the Transportation Fund. In the area of healthcare, the governor earlier proposed moving some current Medicaid recipients who are above the federal poverty level into a new health insurance exchange, and then allowing new people to enroll in Medicaid. Finally, the governor proposed reducing personal income taxes by \$343 million by lowering the state's lowest three

tax brackets, providing \$75 million in additional credits for economic development, and modifying various tax credit programs. In discussing his tax plan, the governor said that, “Our middle class tax cut is a down payment on my goal of reducing the tax burden in our state every year I’m in office.”

Links: [Fiscal Years 2014-2015 Budget Proposal](#); [Budget in Brief](#); [Budget Summary](#); [Budget Address](#); [State of the State Speech](#)

Wyoming

In 2012, Wyoming enacted a two-year budget for fiscal 2013 and fiscal 2014. The governor has proposed a supplemental budget.

Links: [Fiscal Years 2013-2014 Enacted Budget](#); [Fiscal Years 2013-2014 Supplemental Budget Proposal](#); [State of the State Speech](#)