

# SUMMARIES OF FISCAL YEAR 2020 PROPOSED BUDGETS

April 2, 2019

## Overview

*On the following pages, please find summaries detailing governors' budget proposals for fiscal 2020. Also included are links to proposed budgets, supporting documents, and State of the State speeches. If you would like additional information, please contact [Brian Sigriz](#) at 202-624-8439*

Over the course of the past several months, governors in 47 states have released their fiscal 2020 budget proposal. Three states enacted a biennial budget last year covering both fiscal 2019 and fiscal 2020, although governors in two of these states have proposed a supplemental budget to adjust some spending. Additionally, this past November saw the election of 20 new governors, the most new governors in a given year since 2011. Partly due to the election of so many new governors, and an improved revenue situation in most states, fiscal 2020 budgets contained more new spending proposals and initiatives than the prior year. Many of these proposals centered around advancing the state forward, including increased educational opportunities, workforce development initiatives, and the need to invest in infrastructure. Budget recommendations were also directed at providing additional services in areas such as child welfare, behavioral and mental health, substance abuse treatment, expanding healthcare options, affordable housing and homelessness, reducing recidivism, support for rural and urban communities, and services for veterans. Finally, governors' budget proposals focused on looking towards the future whether it be building a 21st century

workforce, protecting natural resources, or modernizing the state's tax structure. While fiscal 2020 will likely mark the tenth consecutive year of modest spending and revenue growth based upon recommended budgets, governors' budget proposals have also emphasized preparing for the next recession, whenever it may be, and ensuring long-term fiscal sustainability.

In their budget proposals for fiscal 2020, governors chose to direct a significant portion of new resources into [early education, K-12, higher education, and workforce development](#). At least 20 states have proposed new funding for expanding access to public preschool, with many aiming to put the state on a path toward universal access for all eligible-age children. Additionally, several governors called for expanding full day kindergarten, with others looking at expanding in future years. As was the case last year, increasing teacher pay was an area of emphasis, with around 20 governors calling for either the continuation of phased-in pay raises or new increases. Similarly, governors also proposed a number of initiatives focused on teacher recruitment and retention. Governors in many states called for increasing and adjusting formula funding that gets distributed to school districts including per-pupil funding increases, more funding for at-risk students, and increases in special education funding. Other K-12 areas that received attention this year include school safety initiatives, student mental health and counseling services, additional resources for school facilities, one-time funds for pension relief, expanding computer science programs, additional funding for



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charter schools, and added resources for expanding work experiences and other career-oriented opportunities for high school students.

In the area of postsecondary education, at least seven governors have proposed additional resources to create or expand a state-level “Promise” program, which operates as a state-funded, last dollar scholarship program to guarantee free tuition, typically for in-state residents only. Aside from “Promise” proposals, governors in at least 16 states have proposed funding increases for other state financial aid programs. Governors in many states have proposed budgets that target additional resources to higher education institutions to help them cover student enrollment, personnel, and other operating costs and to restrict the need to increase tuition. Additionally, governors across the country are proposing investments aimed at aligning their education systems with current and future workforce demands. Finally, several governors also proposed additional funding for capital construction and deferred maintenance at higher education institutions.

In most fiscal 2020 budget proposals, funding for [health and human services](#) saw modest increases. Governors’ proposed budgets in Idaho, Maine, Montana, Nebraska, and Utah outlined how Medicaid expansion would be financed for states that are adopting or extending Medicaid expansion. Behavioral health was a focus in many state proposals including increased funding for community-based treatment options. A number of states referenced additional funds for services to those who are disabled including funding to reduce waiting lists for disability services. Several governors detailed plans to address pharmacy costs in their proposed budgets. Additionally, many states are proposing changes to provider rates across a range of services, with most changes calling for increased rates, reflecting an improved economy. Other areas in health and human services that governors focused on in their budget proposals include: additional funding for children’s health (often reflecting a federally required increase in the state share for funding for the Children’s Health Insurance Program); expanding

home and community-based care; increases for child welfare services in response to increasing caseloads; investing in child care initiatives; efforts to expand paid family leave; added funding to address housing costs and homelessness; and various programs providing assistance to veterans.

In the area of [corrections and juvenile justice](#), many governors included proposals to help recruit and retain employees, most commonly through pay increases. At least seven states highlighted spending increases for correctional health care in their fiscal 2020 proposed budgets, while some states added specific funding for treating certain diseases or substance use disorders. At least 18 governors proposed initiatives related to re-entry and recidivism including support for transitional housing, expanding community behavioral health treatment, bolstering workforce training for correctional populations, increasing education opportunities, and additional resources for parole and probation. Around 10 states have proposed making changes to the capacities of their correctional facilities, with some closing units, adding units, adding specialized treatment units, or moving inmates out of state. Several states also included funding for facility improvements, deferred maintenance, and improving IT systems. Finally, a number of states included funding increases for their juvenile justice systems.

This year’s budget proposals saw several significant recommendations related to [transportation and infrastructure](#). Over the past six years, more than half the states have taken actions to raise their fuel tax revenues. Many of the actions were the result of multi-year transportation plans and were combined with other revenue-raising actions. At least seven governors this year, including four in the Great Lakes region, proposed new increases in state gas taxes to help meet transportation and infrastructure demands. If the seven proposals pass, it would raise to 33 the number of states that have increased motor fuel taxes since 2013. In addition to raising fuel taxes, other proposals include new bond sales, added tolling, new electric and hybrid vehicle fees, increasing



motor vehicle sales taxes, and increasing vehicle registration fees. Also related to infrastructure, at least 11 states included the expansion of broadband internet, particularly to increase access in underserved communities.

An area that received increased focus this year were proposals focused on the [environment, agriculture, and natural resources](#). Fourteen states included budget provisions addressing clean and sustainable energy initiatives. Water quality and the infrastructure needed to achieve it was a frequent theme in fiscal 2020 budgets, with several governors including provisions related to clean drinking water. Twelve states had budget proposals to address water resources and resiliency planning. Other states included proposals addressing hazardous waste, solid waste, or other types of environmental clean-up. At least 15 states included measures related to state parks and land acquisition or preserving open spaces. Additionally, 15 states proposed items addressing invasive species, endangered species, and the protection of resources such as coastlines and beaches. Several western states included measures in their budget proposals addressing fire suppression and forest management activities. Lastly, several states focused resources on assisting rural areas, often including distressed communities or struggling agriculture sectors.

Most fiscal 2020 budget proposals contains some form of recommendation adjusting [taxes and revenues](#). However, the net revenue impact for the bulk of them is minor with only five states proposing recurring revenue changes exceeding two percent of general revenues. Ten governors are proposing changes to the personal income tax with a variety of recommendations including a reduction in the top rate, expanding the top tax rate, establishing a progressive income tax structure, increasing earned income tax credits, and adjusting capital gains tax structures. Governors in 11 states are proposing to exclude or reduce the amount of retirement or social security income from taxation. Several governors proposed varying changes to corporate income taxes and business taxes. Additionally, governors from some of the

states that did not act last year on how to couple or decouple from the federal *Tax Cuts and Jobs Act* have recommended actions during the 2019 legislative session. In the area of sales tax, six governors are proposing some increase in the taxable base for their sales tax. Several states are seeking to modernize their sales tax laws by requiring marketplace facilitators to collect and remit sales taxes for online sales use by out-of-state sellers. Governors in 11 states have proposed tobacco tax changes including eight states that plan to establish taxes on electronic cigarettes and vaping products. Other proposals this year include local property tax relief or limits, new revenue from recreational marijuana taxes, and revenue from enacting new sports betting laws.

In addition to spending and revenue proposals, governors also highlighted a number of fiscal management practices in their budgets. Many governors said their budgets were centered around principles such as maintaining structural balance, ensuring long-term budget sustainability, using one-time money for one-time purposes, protecting bond ratings, and maintaining a favorable tax structure. Over one-third of governors also proposed increasing the size of rainy day funds or reserves in their budget proposals. Another area of emphasis was making required pension contributions, and in some cases, making extra payments to reduce the total unfunded pension liability. Finally, governors highlighted efforts to cut costs, control spending, and use taxpayer dollars wisely.



## **Alabama**

On March 19, Alabama Governor Kay Ivey released her fiscal 2020 budget proposals for both the Education Trust Fund and the General Fund. Education Trust Fund net receipts are estimated to grow 2.7 percent in fiscal 2020, while general fund net receipts are projected to increase 1.6 percent. The governor's recommended budget calls for total Education Trust Fund spending of \$7.1 billion in fiscal 2020, an increase of 7.4 percent over fiscal 2019. The K-12 Local Boards' funding would increase from \$4.2 billion budgeted for fiscal 2019 to \$4.4 billion in fiscal 2020, an increase of 5.2 percent. Of the total Education Trust Fund spending proposed in fiscal 2020, 68.5 percent is allocated to K-12, 26 percent is allocated to higher education and 5.5 percent is allocated to other programs. The budget includes a 4 percent cost of living increase for education employees from pre-kindergarten through the two-year college system. The early childhood program would also receive a \$28 million increase to expand the state's pre-kindergarten program; this would allow the addition of 193 classrooms and enable the program to be made available to 40 percent of the state's four-year olds. In higher education, universities would receive increases between 5.5 and 6.0 percent. The budget recommends total, non-earmarked General Fund spending of \$2.1 billion in fiscal 2020, an increase of 4.4 percent over fiscal 2019. The budget includes \$30 million for the Department of Corrections to adjust correctional officer pay and fund 500 additional officer positions; increased funding is also provided for inmate health care and hiring additional mental health workers. Also in public safety, the budget includes \$5.7 million to hire an additional 50 state troopers. For all state employees, the budget plan includes a 2 percent cost of living increase at a total cost to the general fund of \$12 million. In her State of the State speech, the governor also called for raising the state's gas tax, calling a special session. Reflecting on the positive outlook for the state, the governor said in her State of the State speech that "I am proud to report that the state of our state is growing stronger each day. Our state's recent history combined with the willing attitude I sense in the Chamber this evening, will aid in our quest to overcome our long-neglected issues and will help us achieve even greater prosperity for the entire state."

Links: [Fiscal Year 2020 Budget Proposal](#); [Education Trust Fund Summary](#); [General Fund Summary](#); [State of the State Address](#)

## **Alaska**

On February 13, Alaska Governor Michael Dunleavy released his amended budget proposal for fiscal 2020, which calls for unrestricted general fund spending for operations of \$3.6 billion (excluding the Permanent Fund). This reflects a 24.5 percent decrease compared to the originally released budget proposal for fiscal 2020, and a 22.7 percent reduction from fiscal 2019 levels. General fund revenue, excluding fund withdrawals, restricted revenue, and revenue from fiscal notes, is expected to decline by 18.4 percent to \$2.3 billion in fiscal 2020. The spending plan, entitled "An Honest Budget," sets out to close a \$1.6 billion budget deficit primarily by reducing expenditures to match existing revenues. The budget would reduce state spending on Medicaid by \$225 million through various measures to

contain costs, such as revising provider rates and payment structures, implementing utilization management, and reviewing eligibility determinations. The budget would cut an additional \$27 million by eliminating adult dental Medicaid benefits. The governor proposes to reduce state support for an elderly affordable housing program by \$18 million and the state's Temporary Assistance for Needy Families (TANF) program by \$17 million, while also repealing the Senior Benefits program for an additional savings of \$20 million. For education, the governor recommends reducing school formula funding from \$1.2 billion to \$942 million (a 23 percent decrease), while reducing preschool program funding and grants by \$17 million. The plan would also reduce state support for the University of Alaska by \$154 million (41 percent), while increasing the state subsidy for the system's community campuses by \$20 million. In the area of corrections, the governor recommends transferring at least 500 long-term prisoners out of state and saving \$19 million. For transportation, the spending plan proposes to save \$96 million by developing a private-public partnership for the Alaska Marine Highway System. The budget increases funding available for wild fire suppression by \$8.4 million. The proposal cuts roughly 625 full-time state positions, while increasing salaries for state troopers to improve retention and recruitment, in line with the governor's top priority of public safety. "There is a lot that government should not do, cannot do, or does not do well. But the most important thing a government must do is keep its people safe," said the governor in his State of the State speech. The amended budget also provides for \$1.26 billion in capital spending, mostly from federal funds. On the revenue side, the governor proposes to repeal the ability of municipalities to collect taxes on state oil and gas properties and direct those revenues to the state instead, resulting in \$440 million additional state general fund revenue.

Links: [Fiscal Year 2020 Budget Proposal - Amended](#); [Amended Budget Summary](#); [Fiscal Year 2020 Budget Proposal – Original](#); [Governor's Press Release](#); [State of the State Speech](#)

## **Arizona**

On January 18, Arizona Governor Doug Ducey released his budget recommendation for fiscal 2020, which calls for \$11.4 billion in general fund spending, a 9.2 percent increase. Total resources available in the general fund for fiscal 2020 are projected to amount to \$12.0 billion, including ongoing general fund revenues of \$11.1 billion (a 3.4 percent increase), one-time revenues of \$101 million, and a beginning balance of \$854 million. The budget proposes substantial spending increases for elementary and secondary education, with \$637 million in additional funding for public K-12 education. In addition to baseline funding for enrollment growth and inflation (\$200 million), the budget continues implementation of the phased-in permanent 20 percent teacher pay raise (\$165 million), restores additional assistance formula funding (\$68 million), expands the state's Results-Based Funding for schools (\$60 million), increases resources for school safety programs (\$16 million), creates a new incentive program for career and technical education (\$10 million), and provides more funding for school facilities. In the area of higher education, the budget puts \$21 million towards teacher training

to help address the state’s teacher shortage crisis, covers university health insurance increases fully, and provides capital to community colleges to expand certain workforce training programs. Proposals in other priority areas include \$74 million in enterprise-wide salary increases aimed primarily at recruiting and retaining law enforcement and corrections personnel, \$30 million for water conservation efforts, and \$9 million in targeted salary adjustments for Department of Child Safety caseworkers. The governor also calls for repealing a CHIP enrollment freeze currently in state law, which is expected to cause 26,000 children to lose coverage by 2022. The proposal also prioritizes the state’s reserves, calling for a deposit of \$542 million into the rainy day fund, bringing the balance to \$1 billion, as well as an increase in the statutory cap on state contributions to the rainy day fund. In his State of the State address, the governor said of the state’s rainy day fund plan, “If ever there were a way to protect public education, to protect the pay raises our teachers have earned and deserve, to prevent budget gimmicks, band-aids and massive cuts down the line; to avoid tax increases and budget standoffs and government shutdowns -- it’s through this thoughtful, prudent and fiscally-conservative approach.”

Links: [Fiscal Year 2020 Budget Proposal](#); [Governor’s Press Release](#); [State of the State Speech](#)

### **Arkansas**

On November 14, Arkansas Governor Asa Hutchinson released his budget for the next biennium, which recommends state general revenue spending of \$5.8 billion in fiscal 2020, an increase of 2.3 percent over the base, and \$5.9 billion in fiscal 2021, an increase of 2.2 percent over fiscal 2020. General fund revenues are projected to grow 2.0 percent in fiscal 2020 and 3.7 percent in in fiscal 2021. One of the governor’s priorities is increasing the minimum salary for teachers by \$4,000 over the next four years, funded by a \$60 million transfer from the Educational Adequacy Fund to the Public School Fund. In the area of income taxes, the governor allocates \$111 million over the biennium for the 2-4-5.9 plan developed in partnership with the legislature; this plan would reduce the state’s top marginal rate from 6.9 percent to 5.9 percent over four years, simplify tax tables and brackets, and provide a sizable increase in standard deductions. Public safety is another priority area in the budget, with the governor recommending funds for 30 additional probation and parole officers, \$2.3 million for an increase of 24 new troopers over the next two years, and \$2.5 million for Crisis Stabilization Units, which provide a treatment option for those suffering from mental illness rather than incarceration. The recommended budget allocates \$1.13 million for the Division of Agriculture and continues funding for the governor’s computer science initiative. In October the governor announced plans to transform and streamline the structure of state government by reducing the number of cabinet agencies from 42 to 15. As a result of this plan, the budget assumes \$7.5 million in general revenue savings in fiscal 2021. The governor noted that “This budget reflects a number of shared priorities between the Executive and Legislative branches of government. It reflects a strong commitment to teachers and education needs, as well as public safety. It reflects our continued commitment to tax cuts; continued savings through

the Long-Term Reserve Fund; and increased funding to the Division of Agriculture. Tools to spur economic growth also remain a top priority in this budget.”

Links: [Fiscal Years 2020-2021 Budget Proposal](#); [Governor’s Press Release](#); [State of the State Address](#)

## **California**

On January 9, California Governor Gavin Newsom proposed his first budget for fiscal 2020 calling for general fund spending of \$144 billion, a 0.1 percent increase over fiscal 2019. General fund revenue collections are expected to grow 3.4 percent compared to fiscal 2019, before accounting for the transfer to the Budget Stabilization Account (the state’s rainy day fund). The governor’s spending plan includes a series of proposals aimed at confronting high costs facing families. The budget includes \$125 million for universal preschool for all income-eligible four-year-olds, phased in over a three-year period, and proposes to develop a plan to put the state on a path to universal preschool for all children. The proposal also includes \$500 million in one-time resources to build child care infrastructure, and makes a down payment on expanding the state’s Paid Family Leave program. The governor recommends increasing grants for the lowest income families served through CalWORKS, the state’s public assistance program, and also includes additional funding for local child support agencies. The budget creates a new “Working Families Tax Credit,” more than doubling the size of the state’s Earned Income Tax Credit and providing additional support for families with young children, paid for by conforming to some of the federal corporate tax provisions. In response to the housing crisis, the budget includes \$1.3 billion in one-time spending to increase housing supply, as well as expands state tax credits to incentivize more low- and moderate-income housing development. For K-12 education, the governor’s plan provides for a 3.46 percent cost-of-living-adjustment increase for the local control funding formula (a \$2 billion increase), \$1.5 billion for school facilities bond funds, \$576 million to expand special education services (including \$186 million in one-time spending), and \$750 million in one-time funding to retrofit facilities for full-day kindergarten. The spending plan includes \$1.4 billion in additional resources for higher education, including \$942 million in ongoing spending, to support increased enrollment, improve student outcomes, and freeze tuition rates at public institutions. The budget continues the California College Promise program, which provides two years of free community college tuition for first-time, full-time students, and proposes \$122 million for financial aid grants to students with dependent children attending the state’s public higher education institutions. For health care, the budget proposes steps to reduce prescription drug costs, expand subsidies to individuals purchasing health insurance through the state health care exchange, and invests in preventative care. The governor recommends \$100 million for Whole Person Care “to replace a fragmented approach to services with one that’s more integrated and comprehensive,” as highlighted in his State of the State address. The budget directs an additional \$200 million for firefighting, \$214 million for forest management, and additional ongoing and one-time funds for emergency readiness response and recovery. The governor also calls for moving the juvenile justice division out of the

Department of Corrections and Rehabilitation as part of a broader effort to reform juvenile justice in the state. The budget recommends \$13.6 billion towards building budget resiliency, including \$4 billion to eliminate budgetary debts and reverse deferrals, \$4.8 billion to continue strengthening the state's reserves, and \$4.8 billion towards paying down unfunded retirement liabilities – including a \$3 billion one-time payment to reduce long-term pension liabilities for school districts and community colleges.

Links: [Fiscal Year 2020 Budget Proposal](#); [Governor's Press Release](#); [State of the State Speech](#)

## **Colorado**

On January 15, Colorado Governor Jared Polis submitted his first budget proposal to the legislature, building on the request that was submitted by outgoing Governor John Hickenlooper's administration on November 1. The governor also submitted additional amendments for the Department of Corrections on January 31. Governor Polis's final request calls for \$33.7 billion in spending from all funds, including \$13.5 billion in general fund spending (a 6.1 percent increase). The budget is based on a revenue forecast projecting total general fund resources of \$14.4 billion in fiscal 2020, including a beginning balance of \$1.2 billion and annual revenues of \$13.2 billion (a 5.9 percent increase). The governor's request also maintains the 8.0 percent general fund reserve requirement (the state's rainy day fund) set in the November 1 request (\$954 million), as well as transfers additional unspent general fund money to State Education Fund reserves. The new governor's top budget priority is providing universal access to free, full-day kindergarten for all school districts, with \$227 million in new funding as well as \$26 million for implementation costs. The governor's proposal also includes an additional \$13 million to expand access to preschool. The budget continues proposals from the November 1 request submitted by the former administration to increase funding for public education by reducing the Budget Stabilization Factor (debt owed by the state to schools) by \$77 million, as well as additional funding for schoolwide mental health, teacher loan forgiveness incentives, and other efforts to improve student outcomes. "We need to invest in proven programs that prevent students from falling through the cracks, and work with local communities to provide students the support they need to succeed in high school and in life," said the governor in his State of the State address. The governor also continues the previous proposal to fund higher education at \$121 million in order to freeze tuition rates. Health care is another top priority in the governor's January 15<sup>th</sup> request. The governor proposes funding for a new Office of Saving People Money on Health Care, \$1.3 million to start a program to allow prescription drug importation from Canada, \$1.1 million to establish a reinsurance program, and funding to study a competitive state-backed health insurance option. Other proposals include a paid parental leave program for state employees, \$2.5 million for community-based competency restoration services, and \$500,000 for juvenile justice initiatives. In the January 31<sup>st</sup> request focused on corrections, the governor proposes shifting new resources away from additional prison beds, instead directing new money towards community re-entry programs, increased parole capacity, a new work release program, housing vouchers, and facility modifications. The governor also continues the \$30

million investment proposed by Governor Hickenlooper for insulating the state from the risk of drought, and commits to reaching 100 percent renewable energy by 2040.

Links: [Fiscal Year 2020 Budget Proposal](#); [Governor's Press Release](#); [State of the State Speech](#)

### **Connecticut**

On February 20, Connecticut Governor Ned Lamont released his proposed fiscal 2020-2021 all funds budget of \$21.2 billion for fiscal 2020, an increase of 1.7 percent over appropriated levels for fiscal 2019, and \$21.9 billion for fiscal 2021, an increase of 3.4 percent above the recommended level for fiscal 2020. The proposed budget for fiscal 2020 has projected general fund available revenues of \$19.3 billion, reflecting a 1.1 percent decrease over fiscal 2019, and \$19.9 billion in general fund available revenues for fiscal 2021, reflecting a 3.2 percent increase over fiscal 2020. The recommended budget includes structural reforms, efficiencies, and changes to the tax code with net new general fund revenues totaling \$253.5 million in fiscal 2020 and \$651.5 million in fiscal 2021. Additionally, the budget solves deficits of \$1.5 billion in fiscal 2020 and \$2.2 billion in fiscal 2021. The recommendation limits bond authorizations and reduces fixed costs for debt service, pensions and health care. The governor called for modernizing the sales tax through an expansion to include more products and services (including legal, accounting, design, architectural, engineering and veterinary services) to yield \$292 million in fiscal 2020 and \$505 million in fiscal 2021. The budget also calls for levies on sugary drinks, electronic cigarettes and plastic bags, and deposits on alcoholic beverages. The proposal includes two tolling options to consider with tolling revenue devoted to transportation, pursuant to the constitutional lockbox and federal requirements. The budget includes a ceiling on the maximum price the state health plan will pay for services from hospitals and physicians based on a percentage above the Medicare payment rate and promotes recovery from opioid use disorders by expanding medication-assisted treatment in correctional facilities. Also included is funding for 70 new supportive housing units in fiscal 2021 for those with intellectual disabilities and autism spectrum disorders and funding totaling \$6.9 million over the biennium to support collective bargaining increases for personal care attendants. Finally, the budget includes proposals for paid family and medical leave, a four-stage plan to elevate the state minimum wage to \$15 per hour by 2023, and investments in minority teacher recruitment. In his State of the State speech, the governor discussed economic revitalization and creating a 21<sup>st</sup> century transportation system while stating, “Our future lies in doubling down on what makes us great and reimagining our unique potential.”

Links: [Fiscal Years 2020-2021 Budget Proposal](#); [State of the State Speech](#)

### **Delaware**

On January 24, Delaware Governor John Carney released his proposed fiscal 2020 general fund operating budget of \$4.4 billion, reflecting 3.8 percent growth. General fund revenue collections for fiscal 2020 estimated at \$4.6 billion reflect a 2 percent increase over fiscal 2019. The budget includes

\$48.4 million for grants-in-aid, \$39.1 for a recommended one-time supplemental, and \$678.6 million for the recommended Bond and Capital Improvements Act. Of this amount, \$345.7 million is recommended for state capital projects and \$332.9 million is recommended for transportation projects. Total appropriations represent 96.1 percent of projected fiscal 2020 revenue, net of refunds, plus projected carryover funds, which is within the constitutionally mandated limitation on appropriations. The budget proposes \$92.1 million over and above the constitutionally mandated two percent set-aside remain unappropriated. The budget recommends significant resources toward high-needs schools, allocates surplus revenues into one-time investments to continue an infrastructure package, funds long-term liabilities such as pensions and debt service, and sets aside resources into a fund for long-term budget stability. The budget includes \$20 million for a 2 percent pay increase for public school educators and a \$1,000 flat increase for non-educators. Other proposals include \$60 million over three years in weighted funding for low-income students and English learners and \$3.2 million to increase funding for quality early learning opportunities. The budget also includes one-time investments in environmental protection and infrastructure, includes \$20 million to continue investments to preserve open space and farmland, provides an additional \$1.8 million to combat the opioid epidemic, and adds \$2.9 million for 34 new staff members in the Division of Family Services to bolster child welfare investigations. In his State of the State speech, the governor highlighted efforts to lower healthcare costs, reform the criminal justice system, and offer a new program providing monetary rewards to state employees who come up with innovative cost-saving initiatives. Additionally, in discussing the budget, the governor said his proposal, "...makes investments to improve our economy, strengthen our public schools, and protect Delaware's unique quality of life."

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

## **Florida**

On February 1, Governor Ron DeSantis introduced his first budget, a \$91.3 billion spending plan for fiscal 2020, an increase of 2.2 percent over fiscal 2019. The general revenue portion of the budget totals \$33.8 billion and is apportioned as follows: 52 percent for education; 30 percent for human services; 13 percent for public safety; 2 percent for environment; 1 percent for general government; and 1 percent for transportation and economic development. The budget also assumes a 3.1 percent increase in general fund revenue over the current year. The governor's budget emphasizes education, the environment and disaster recovery and resiliency while also delivering more than \$335 million in tax relief through sales tax holidays and a property tax reduction. In education, the budget includes a doubling of last year's per student funding (bringing the per student funding amount to \$7,653) for a total allocation of \$21.7 billion; an increase of \$50 million in the Safe Schools allocation; an additional \$135.3 million for early learning; an additional \$10 million for mental health care in schools; a new initiative to help recruit and retain great teachers and principals; and an increase of \$60 million in performance funding for colleges and universities. Disaster recovery is another priority in the budget, proposing to spend \$271 million in matching funds for federal funds and outlining \$765 million to

address housing and job training needs in recovery zones. The recommended budget invests more than \$4 billion for the protection of Florida’s natural resources, including more than \$625 million for Everglades Restoration and protection of water resources, \$25 million to address algae blooms and red tide, and over \$224 million for land acquisition and statewide land management activities. Public safety funding receives an increase of nearly \$167.8 million over fiscal 2019, with additional funds allocated to inmate health care, upgrading crime databases, and enhancing mental health services to inmates. Finally, the budget proposes setting aside a total of \$5.2 billion for reserves, including \$1.4 billion of general revenue and \$1.6 billion in the budget stabilization fund. In releasing his budget, Governor DeSantis remarked “How we spend reflects how we serve and the people of Florida should be served by leaders who spend with fiscal restraint while addressing the pressing issues facing our state.”

Links: [Fiscal Year 2020 Budget Proposal](#); [Budget Highlights](#); [Budget Presentation](#); [Governor’s Press Release](#); [State of the State Speech](#)

## **Georgia**

On January 17, Georgia Governor Brian Kemp released his fiscal 2020 budget proposal that recommends \$53.1 billion in total spending, an increase of 1.2 percent over the amended fiscal 2019 budget. Spending from state funds would total \$27.5 billion, an increase of 2.3 percent and spending from state general funds would total \$23.7 billion, an increase of 2.3 percent. State treasury receipts are projected to increase 2.3 percent in fiscal 2020. The largest categories of spending from state funds include Educated Georgia (54.5 percent), Healthy Georgia (21.6 percent), Safe Georgia (7.7 percent) and Mobile Georgia (7.4 percent). The governor identified priorities in his recommended budget including enhancing educational outcomes, ensuring public safety and increasing access to healthcare. The budget includes \$491.6 million to increase salaries for certified teachers by \$3,000 and to provide a two percent salary increase for school bus drivers, school nurses and school nutrition workers. For all other state employees, the budget includes \$120 million for a two percent merit increase. To recognize an increase in K-12 enrollment, the budget also recommends \$133.5 million in additional funding. In higher education, the budget includes \$86.2 million for resident instruction to reflect an increase in enrollment, graduate medical education and square footage at university institutions. Several scholarship programs would also receive increases, both from lottery funds (\$33 million for HOPE scholarships) and state funds (\$5.2 million). To fully fund the actuarially determined employer contribution for the Teachers Retirement System, the budget allocates \$21.3 million. The budget recommends \$1.1 million and 20 positions to expand the Prisoner Reentry Initiative to ten additional locations, \$10.9 million for increasing inmate health costs, \$4.3 million to expand accountability courts and \$500,000 for implementation of a gang task force. In human services, the budget includes \$9.9 million for child welfare services as caseloads increase as well as \$3.4 million to implement the federal *Family First Prevention Services Act*, while also adding \$28.2 million for behavioral health services. To support healthcare, the budget recommends \$182.1 million for Medicaid and PeachCare, including

\$88.9 million in new funding for baseline expense growth, \$92 million in state funds to offset a reduction in the federal financial participation rate, and a \$34.4 million reduction to reflect a one-year moratorium of the Health Insurer Provider Fee. The budget includes \$150 million in bond funds for the replacement and implementation of voting systems statewide and \$100 million in bond funds for the repair, replacement and renovation of bridges. Noting the strength of the state economy, the governor said that “It’s a great time to be a Georgian but we will not rest on our laurels or grow complacent. We have an opportunity to reach new heights where all Georgians – regardless of zip code – have the opportunity to realize their full potential.”

Links: [Fiscal Year 2020 Budget Proposal](#); [State of the State Address](#)

## **Hawaii**

On December 17, Hawaii Governor David Ige submitted his budget for the next biennium, covering fiscal 2020 and fiscal 2021. The budget recommends operating spending from all funds totaling \$15.5 billion in fiscal 2020 and \$15.7 billion in fiscal 2021, with general fund spending of \$8.0 billion in fiscal 2020 (7.1 percent increase over fiscal 2019) and \$8.3 billion in fiscal 2021 (10.4 percent over fiscal 2019). The capital budget recommendation calls for \$2.0 billion in spending for fiscal 2020 and \$1.5 billion in fiscal 2021. The budget proposes significant capital investments in priority areas, including more than \$400 million over the biennium for public school infrastructure improvements, \$125 million for a state match to a federal appropriation for a flood mitigation project, and \$14 million for pre-kindergarten facility renovations. In his State of the State address, the governor called on the state to “create a universal, statewide high-quality public preschool system.” The budget also invests \$19 million to expand the Hawaii Promise last-dollar scholarship program to all four-year institutions. For health care, the governor recommends additional funding to increase the state match for Medicaid waiver spending on home and community-based services and funds to cover operational costs for the Hawaii Health Systems Corporation. The governor continues to prioritize housing programs as well, recommending \$315 million in capital spending on housing and \$35 million for homelessness programs over the next two years. The budget includes proposals from the general fund and special funds for a series of agricultural, energy and environmental items as well, including watershed protection and irrigation system improvements. “This budget aligns our values and priorities with action – doing things the right way to achieve the best outcome,” said the governor. The state’s revenue forecast projects general fund revenues of \$8.1 billion in fiscal 2020 and \$8.5 billion in fiscal 2021, assuming a 5.0 percent growth rate in tax revenues in fiscal 2019, followed by 4.0 percent annual growth in tax revenues in fiscal 2020 and fiscal 2021. The governor’s spending plan takes a cautious approach, assuming revenues based on a lower fiscal 2019 growth rate of 3.5 percent. The governor has also proposed to increase the state gas tax by 5-6 cents per gallon, along with increasing vehicle registration fees.

Links: [Fiscal Years 2020-2021 Budget Proposal](#); [Governor’s Press Release](#); [State of the State Speech](#)

## **Idaho**

On January 7, Idaho Governor Brad Little introduced his first budget for fiscal 2020, calling for \$3.9 billion in general fund spending, including \$3.87 billion in ongoing spending and \$27 million in one-time expenditures. The spending plan is based on projected general fund revenues of \$4.1 billion in fiscal 2020, reflecting 8.2 percent growth over fiscal 2019. The budget leaves larger-than-normal ending balances in fiscal 2019 and fiscal 2020 to guard against any service disruptions should current revenue shortfalls not resolve by the end of the year, as well as to lay the foundation for a grocery tax repeal in fiscal 2021. With education as a top priority, the governor's budget recommends additional funding to increase starting teacher salaries to \$40,000 (\$11.2 million) as well as funding the fifth year of teacher career ladder pay raises (\$48.0 million). The budget also doubles funding for literacy programs, adding another \$13.2 million for this purpose. In his State of the State address, the governor also noted plans to "create a Children's Cabinet to advise me throughout my term on a variety of education issues." In the area of postsecondary education and workforce development, the governor calls for \$7 million to increase funding for the state's Opportunity Scholarship program, in lieu of outcomes-based funding, and \$4.3 million as a one-time lump sum to make Idaho the first state in the nation to assume operational control of a Job Corps center. The proposal also fully implements Proposition 2, the voter-approved ballot measure to expand Medicaid, with a net-zero impact on the general fund after accounting for projected savings in other state-funded programs for mental health, substance use disorders, community hospitalization, and corrections. Also in the area of health and human services, the governor's budget recommends continuing a project to update the state's Child Welfare Information System (\$11.5 million) and includes federal fund spending authority for combatting opioid abuse. The governor recommends establishing a program to allow first-time homebuyers to reduce the cost of purchasing their first single-family home. The budget also proposes \$20 million to cover land fire costs. For state employees, the governor recommends a 3 percent increase to be based on merit.

Links: [Fiscal Year 2020 Budget Proposal](#); [Governor's Press Release](#); [State of the State Speech](#)

## **Illinois**

Illinois Governor JB Pritzker released his fiscal 2020 budget proposal on February 20, which calls for \$77.0 billion in total spending, compared to \$75.8 billion in fiscal 2019 (a 1.6 percent increase). The main funding sources for fiscal 2020 are general funds (48.0 percent), special state funds (32.3 percent), federal funds trust (11.3 percent), debt service funds (4.62 percent), and highway funds (3.1 percent). General fund expenditures are estimated to total \$38.8 billion in fiscal 2020, a 1.4 percent decline from fiscal 2019. The largest categories of general fund spending in the budget proposal are education (29.2 percent), pensions (20.3 percent), healthcare (19.5 percent), human services (17.4 percent), government services (8.2 percent), and public safety (5.0 percent). The budget proposal forecasts general fund revenue of \$38.9 percent, an increase of 4.0 percent from fiscal 2019's revised base estimates. Additionally, the budget assumes an estimated surplus of \$155 million. The governor's

spending priorities for fiscal 2020 include early childhood programs, K-12 education, higher education, health and human services programs, criminal justice reform and public safety, and infrastructure investment. Some specific proposals include: \$100 million increase for the early childhood block grant, \$30 million increase for a child care assistance program, \$50 million increase for a higher education monetary award program, \$30 million to increase the income eligibility for the child care assistance program, \$65 million increase for senior support services, \$21 million to open a new veteran's home, \$8 million increase for juvenile justice funding for consent decree compliance, and \$7.6 million to fund two new state police cadet classes. The budget also includes a series of revenue measures to help address structural deficits, including an estimated deficit of \$3.2 billion in fiscal 2020. Revenue measures include decoupling from federal tax credit for repatriated corporate income, legalizing sports wagering and recreational cannabis, a plastic bag tax, taxing e-cigarettes, a cigarette tax increase, an MCO assessment to support Medicaid, phasing out a private scholarship credit, creating a progressive tax structure for video gaming, and capping retailers discount. The governor also called for a future implementation of a graduated income tax and outlined a five-tiered approach to help bring about pension stabilization. In his letter to the legislature, the governor said, "This budget is the first step in a multi-year plan to move Illinois forward and bring back fiscal stability."

Links: [Fiscal Year 2020 Budget Proposal](#); [Budget in Brief](#); [Budget Address](#)

## **Indiana**

On January 10, Indiana Governor Eric Holcomb proposed a two-year budget for fiscal 2020 and fiscal 2021. The budget calls for total general fund spending of \$16.7 billion in fiscal 2020 (a 2.8 percent increase from estimated fiscal 2019, and \$17.0 billion in fiscal 2021 (a 1.9 percent increase from fiscal 2020's proposed level). The largest categories of general fund spending are: K-12 education/teacher retirement/other education (50.1 percent), Medicaid (15.2 percent), higher education (11.8 percent), other health and human services (9.3 percent), and public safety (6.2 percent). General fund revenue is estimated to be \$16.6 billion in fiscal 2020, up from \$16.1 billion in fiscal 2019, and \$17.0 billion in fiscal 2021. The budget assumes a general fund balance of \$789.1 million at the end of fiscal 2021, and total combined balance of \$2.2 billion (or 12.7 percent). In his budget proposal, the governor emphasized having an honestly balanced budget, maintaining AAA credit ratings from the big three rating agencies, and keeping at least 11 percent in reserves. Additionally, the governor focused on: the need to invest in Indiana's economy; making capital improvements; increased support for workforce, education and career training; added investments in public health and attacking the drug epidemic; and steps to promote a good government. Some specific proposals include exempting military retirement and pension income from individual income taxes, \$150 million in one-time funding for major repairs and renovations of state-owned facilities, increasing K-12 support by 2 percent each year, \$286 million more for children's services, 3.3 percent adjustment to pay for performance and health insurance changes in personnel costs, and funding required state contribution to pension and OPEB plans.

Finally, in his State of the State address the governor discussed a plan to use \$140 million in surplus dollars to pay off a pension liability that local school districts pay, and said that, “I believe local school districts should allocate 100 percent of the \$140 million to increasing teacher paychecks.”

Links: [Fiscal Years 2020-2021 Budget Proposal](#); [Budget Presentation](#); [State of the State Speech](#)

## **Iowa**

Iowa Governor Kim Reynolds released her fiscal 2020 budget proposal on January 15, which calls for \$7.66 billion in total general fund appropriations, an increase of 5.1 percent from fiscal 2019’s estimated spending level of \$7.62 billion. The largest program areas include education (54 percent), health and human services (26 percent), justice/judicial branch (9 percent), and property replacement/tax credits (6 percent). Total net general fund receipts are estimated at \$7.87 billion, a 1.8 percent increase from fiscal 2019. In addition, the budget assumes a cash reserve fund of \$590.0 million and an economic emergency fund of \$196.7 million. The governor’s priorities for fiscal 2020 are: making Iowa’s success every Iowans’ success; allowing every Iowan to chase opportunity; creating a coordinated and integrated health care system; providing a second chance to those who need it; and empowering rural communities. Areas in which the governor called for increased spending in fiscal 2020 include the Future Ready Iowa initiative to help prepare residents for in-demand careers, the preschool through high school continuum, helping school districts with transportation costs, STEM funding, rural services, mental health, home and community based services, training teachers to recognize the early signs of mental illness, and corrections programs. In her Condition of the State speech, the governor said that, “The time is now to deliver on the promises we’ve made to Iowans looking for a way up.”

Links: [Fiscal Year 2020 Budget Proposal](#); [Budget in Brief](#); [Condition of the State Speech](#)

## **Kansas**

On January 17, Kansas Governor Laura Kelly released a fiscal 2020 budget proposal that calls for \$18.4 billion in total expenditures, a 7.2 percent increase from the governor’s revised fiscal 2019 recommendation, and \$7.6 billion in fiscal 2020 general fund spending, a 6.2 percent increase from the governor’s fiscal 2019 recommendation. Total taxes in fiscal 2020 are estimated to be \$7.4 billion, a 2.7 percent increase from fiscal 2019, while total revenues are estimated at \$7.6 billion, a 7.6 percent increase. The proposal recommends an ending balance of \$686.0 million in fiscal 2020, or 9.1 percent. In fiscal 2020, education would represent the largest program area of general fund spending at 63.3 percent, followed by human services (26.3 percent), public safety (5.5 percent), and general government (4.7 percent). The governor’s budget proposal does not include a tax increase while at the same time maintains structural balance, reduces the reliance on one-time funds, rebuilds state savings, and reduces state debt levels. Policy proposals in the budget include a \$92 million increase to restore school funding, funding for 55 additional child welfare positions, and \$14 million to expand health-care coverage to 150,000 low-income residents. The governor’s recommendation also begins phasing

out the practice of diverting highway dollars from their intended purposes, adds \$3 million in funding for corrections officers, increases state employee base pay by 2.5 percent, and proposes a re-amortization of KPERs to make state retirement contributions more sustainable over time. In discussing her budget, the governor said, “This budget doesn’t fix all the problems created over the last several years, nor does it fulfill all of my administration’s goals. But it is a prudent first step that will set the stage for a brighter, more prosperous future — all without a tax increase.”

Links: [Fiscal Year 2020 Budget Proposal](#); [Budget Presentation](#); [Governor’s Press Release](#); [State of the State Speech](#)

### **Kentucky**

In 2018, Kentucky enacted a two-year budget for fiscal 2019 and fiscal 2020.

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

### **Louisiana**

Louisiana’s Governor John Bel Edwards released his fiscal year 2020 budget proposal on February 22, despite being one-vote shy of the statutorily required unanimous approval from the Revenue Estimating Conference on the revenue estimates. The recommended fiscal 2020 budget includes no one-time money for recurring expenses and no fund transfers from other special funds. General fund revenues are estimated to grow in fiscal 2020 by 1.4 percent, or \$134.5 million. The largest areas of general fund spending are proposed to be: the Department of Education (38 percent), the Department of Health (26 percent), higher education (11 percent), and corrections services (5 percent). The budget recommendation includes an additional \$140 million for education, including \$101.3 million to fund teacher pay raises and an additional \$38.9 million to fund an increase in the minimum foundation program for education by 1.375 percent. In the area of higher education, the proposal recommends adding \$15.2 million for the TOPS scholarship program and a \$6.2 million increase in formula funding with specialized units receiving an additional \$4.5 million. In Medicaid, the Department of Health will implement a managed care incentive program financed with self-generated revenues generating an additional \$324 million in federal funds. The governor’s budget documents over \$12 million in savings from criminal justice reforms with 70 percent reinvested into evidence-based prison alternatives, victims’ services and other reentry and recidivism reduction programs. The budget also includes an additional \$14.9 million which will allow a new juvenile lockup to fully open. The Department for Children and Family Services received an increase of \$8.8 million. An additional \$21.8 million is included to fund required pension cost increases. The governor’s proposal includes \$25.6 million in new debt service for a package of new general obligation debt. The governor is scheduled to give his State of the State speech further discussing his priorities on April 8.

Links: [Fiscal Year 2020 Budget Proposal](#); [Budget Presentation](#)

## **Maine**

On February 8, Governor Janet Mills released her proposed budget for fiscal 2020-2021 of \$8 billion, representing approximately an 11 percent increase over the current \$7.2 billion two-year budget. The budget makes a \$126 million investment in K-12 education over the biennium and increases the state share of education funding to over 50 percent of essential program and services. The budget addresses severe teacher shortages from an aging population and low salaries and invests in recruitment and retention to ensure that no teacher will make less than \$40,000 per year; additionally, the budget includes a path towards universal pre-kindergarten. The budget would set aside \$69 million in fiscal 2020 and \$78 million in fiscal 2021 from the general fund to support Medicaid expansion for about 70,000 individuals and would create a \$29 million Medicaid Reserve Account to support potential additional costs for expansion. The budget provides an additional \$5.5 million to combat the opioid crisis, fills vacant public health nurse positions, increases tobacco prevention and cessation funding by \$10 million over the two years, and includes \$18.5 million for child development services. The plan also includes initiatives to address climate change and create a sustainable energy plan. Finally, the budget anticipates \$200 million in infrastructure bonding for roads and bridges, includes new positions to investigate elder financial abuse, and increases revenue sharing for municipalities. In discussing her budget, the governor said, “This budget honors the demands of Maine people who have voted again and again for more health care, not less; for investments in education and our classrooms, not cuts; for better roads, lower property taxes, treatment for their loved ones suffering from substance use disorder, and for a state that believes everybody should have a fair shot at a better life.”

Links: [Fiscal Year 2020-2021 Budget Proposal](#); [State of the Budget Address](#)

## **Maryland**

On January 18, Maryland Governor Larry Hogan released a fiscal 2020 budget that recommends all funds spending of \$46.6 billion, an increase of 3.9 percent over the fiscal 2019 budget. The proposed general fund spending is \$19.5 billion, an increase of 8.9 percent. The largest spending categories from all funds are health (31 percent), K-12 education (18 percent), higher education (15 percent) and transportation (12 percent). The governor highlighted actions on education, jobs, balancing the budget, health care and environmental stewardship in the proposed budget. In education, the budget provides a total \$6.9 billion state investment in public K-12 schools; direct aid to schools grew by 5.3 percent, while \$200 million is set aside to implement recommendations of an educational reform commission. The budget recommends \$20 million to expand access to pre-kindergarten across the state and adds \$1.2 million to local Head Start programs. The University System of Maryland receives a 4.2 percent increase in funding over fiscal 2019, including \$20 million to develop programs in science, engineering and cybersecurity. The budget proposes an additional \$77 million in total funds in Medicaid for services to keep elderly and disabled adults out of nursing homes and \$29.3 million to expand treatment access for those with Hepatitis C. Several provisions address substance use disorders,

with an additional \$41.8 million proposed to increase treatment beds and more than \$6 million included in the capital budget to support the development of addiction treatment centers. In order to improve the recruitment and retention of correctional officers at state facilities, the budget includes \$13.1 million to institute a new pay plan. Supporting environmental resources, the budget fully funds transfer tax programs, including Program Open Space, with no diversions of special fund revenue to the general fund. Addressing the upcoming census, the budget includes \$5 million for local governments and nonprofits to fund marketing efforts. Continuing a commitment to shoring up the pension system, the budget includes \$125 million more than is actuarially required to improve the funded ratio. The budget also bolsters reserves, and when combined with the fiscal 2020 surplus of \$105 million, the state will have approximately \$1.32 billion in reserve, equal to slightly more than 7 percent of revenues. The governor highlighted past actions and current results, noting that “As a direct result of our fiscal discipline, belt-tightening, and business-friendly policies over the past four years, our state has had one of the best economic turnarounds in the nation. We must remain vigilant about maintaining savings in order to be better prepared for those times when more flexibility is needed, while also making necessary, targeted one-time investments. That is what our budget has once again accomplished.”

Links: [Fiscal Year 2020 Budget Proposal](#); [Budget Highlights](#); [Governor’s Press Release](#); [State of the State Speech](#)

### **Massachusetts**

On January 23, Massachusetts Governor Charlie Baker released his proposed fiscal 2020 budget of \$42.7 billion in gross spending, an increase of 1.5 percent over fiscal 2019 projected spending, excluding transfers to the Medical Assistance Trust Fund. The proposal anticipates a \$297 million deposit into the stabilization fund which, in addition to the anticipated year-end deposit in fiscal 2019, would bring reserves to nearly \$2.8 billion. The proposed budget for fiscal 2020 relies on a 3.6 percent total growth in taxes, including the consensus tax revenue estimate of \$29.3 billion. The budget includes an increase of \$200 million in education aid and proposes another \$27 million increase in the Department of Children and Families budget for caseload reductions and rate increases to provide support for foster parents. The budget adds \$19.5 million to implement various criminal justice reforms, includes pharmacy reforms projecting \$80 million in gross savings including negotiating drug prices directly with manufacturers and other drug price controls in the MassHealth program, and increases funding by \$266 million across several state agencies for substance misuse treatment and services. Additionally, the budget anticipates continuation of a partnership between the commonwealth and localities sharing best practices to help improve the delivery of services, dedicates \$75 million in revenue from an increase in the deeds excise tax in fiscal 2020 to the Global Warming Solutions Trust Fund, and includes \$20 million to help school districts eliminate lead from their drinking water. The budget proposes a tax on gross receipts of manufacturers of opioids from the sale of their opioid

products in Massachusetts. The governor also recommended allowing sports betting at certain gaming facilities and online, generating \$35 million in fiscal 2020. The budget includes the planned reduction in the state income tax rate from 5.05 percent to 5 percent on January 1, 2020, in accordance with state law, which would result in a reduction of \$88 million of revenue in fiscal 2020. The budget also ensures consistency with state tax policy as it applies to tobacco and marijuana, by proposing a retail tax on electronic cigarettes and an excise tax on vapor products. In his letter to the legislature, the governor said, “A growing economy and continuing commitment to fiscal discipline have enabled investments in key priorities including education, substance misuse services and treatment, housing, climate change adaptation and resiliency, transportation, economic development, and our local communities.”

Links: [Fiscal Year 2020 Budget Proposal](#); [Budget Message](#); [Inaugural Address](#)

### **Michigan**

On March 5, Michigan Governor Gretchen Whitmer released her fiscal 2020 budget proposal that calls for \$60.2 billion in total spending, a 3.6 percent increase from fiscal 2019, and \$10.7 billion in general fund spending, a 2.3 percent increase from fiscal 2019. Additionally, the state’s School Aid Fund budget is proposed at \$15.4 billion for fiscal 2020, a 3.5 percent increase from the prior year. The budget projects total general fund revenues at \$10.6 billion in fiscal 2020, up from fiscal 2019’s estimate of \$10.2 billion. Health and Human Services would represent the largest share of total general fund spending at 45 percent, followed by public safety (24 percent), higher education (15 percent), and all other departments (16 percent). In order to address the state’s infrastructure challenges, the budget proposal includes a recommendation of increasing funding for roads through three 15-cent motor fuel tax increases, generating an additional \$2.5 billion in annual revenue. Other recommended revenue measures include doubling the earned-income tax credit, eliminating the retirement tax, and creating a business pass-through tax. The governor also proposed additional funding for a number of education related initiatives including \$507 million more for school operations, a \$120 million increase for special education, \$102 million more for at-risk students, a \$50 million increase for career and technical education, \$85 million expansion for the Great Starts Readiness Program, \$24.5 million for literacy programs, a 3 percent increase for colleges and universities, and \$50 million for the creation of the Michigan Reconnect Program to provide job training in specialized careers. Other highlights of the budget include increased funding for public health threats including contaminated drinking water, food assistance programs, foster care and child welfare, a corrections officer academy, a new trooper recruit school, the communication network, revenue sharing with localities, and state IT projects.

Additionally, the budget calls for \$100 million in reductions across agencies, and a \$150 million deposit to the rainy day fund. In her budget letter, the governor said that her first budget proposal “...focuses on solving problems that will actually make a difference in people’s lives right now, like

fixing our roads, cleaning up our drinking water, and making sure every Michigander has a path to a high wage skill.”

Links: [Fiscal Year 2020 Budget Proposal](#); [Budget Presentation](#); [Press Release](#); [State of the State Speech](#)

## **Minnesota**

Minnesota Governor Tim Walz released his two-year budget proposal for fiscal 2020 and fiscal 2021 on February 19. The budget calls for \$43.6 billion in total expenditures in fiscal 2020, a 4.5 percent increase from fiscal 2019, and \$44.7 billion in fiscal 2021, a 2.7 percent increase from fiscal 2020’s recommended level. The budget recommends general fund spending of \$24.4 billion in fiscal 2020, a 4.9 percent increase from fiscal 2019, and \$25.1 billion in fiscal 2021, a 3.0 percent increase from fiscal 2020’s proposed level. General funds revenues are projected at \$24.2 billion in fiscal 2020 (a 5.3 percent increase), and \$25.0 billion in fiscal 2021 (a 3.6 percent increase). The proposal also assumes a general fund balance of \$789 billion at the end of the biennium. K-12 education represents 41.1 percent of all general fund spending in the governor’s budget recommendation, followed by health and human services (30.7 percent), property tax aids and credits (7.7 percent), higher education (6.9 percent), and public safety and judiciary (5.2 percent). The governor’s budget proposal is focused on education, health care, and community prosperity. In discussing his budget, the governor said, “Minnesotans want to bring down the cost of health care, provide a quality education to their children and grandchildren, and ensure communities across the state are prospering. The budget I am unveiling today will make significant strides in achieving these priorities.” Specific proposals highlighted by the governor in the area of education include: increasing the general education basic formula by \$523 million over the biennium; investing \$77 million in special education; investing \$44 million for preschool; spending \$26 million on school safety; efforts to support students where they are; initiatives to invest in communities of color; and increasing higher education funding and access to postsecondary education. Regarding healthcare, the governor called for: providing a 20 percent health insurance premium subsidy; establishing a health insurance tax credit; providing a health care buy-in option; maintaining the health care access fund; addressing the opioid epidemic; and strengthening mental health services. Finally, in the area of community prosperity the governor proposed: directing \$170 million to the preservation of existing affordable housing and to create new homes; increasing investment in child care assistance; establishing a paid family and medical leave insurance benefit; increasing local government aid by \$30 million; adding \$100 million to the working family tax credit; cutting social security taxes for seniors; increasing broadband access; increased infrastructure spending including phasing in a 20-cent increase in the gas tax; and investing in transit.

Links: [Fiscal Years 2020-2021 Budget Proposal](#); [Governor’s Budget Remarks](#)

## **Mississippi**

On November 15, Mississippi Governor Phil Bryant released his fiscal 2020 executive budget recommendation that calls for spending from state supported funds of \$6.3 billion, an increase of 2.8 percent over fiscal 2019. The budget assumed general revenue growth of 2.6 percent for fiscal 2020 and maintains the governor's commitment to spending only 98 percent of available revenues in accordance with state code, which lowers available funding by \$116 million. In the proposed budget, no agency receives a spending reduction and increases are invested in prioritized agencies and programs. One of the largest increases is \$75 million proposed for the Public Employee Retirement System, following a decision by the system's governing board to increase the employer contribution rate from 15.75 percent to 17.4 percent. The budget also recommends a \$50 million pay raise for public school teachers phased in over two years, with \$25 million included in the fiscal 2020 budget. Another proposed salary increase of \$7.1 million is directed to the Department of Corrections to bring its employees' salaries in line with other states; the budget also includes \$3 million to hire new officers, program coordinators and case managers in light of staffing shortages in state prisons. The budget recommends fully funding the Department of Child Protection Services' request of \$26.2 million to hire 108 additional case workers and 34 supervisors to reduce caseloads, support a new computer system, and provide a stipend to social work students interested in working for the state. In higher education, the budget proposes an increase of \$8.5 million for the student financial aid program and \$600,000 for the Rural Physician Scholarship Program to fund increased costs and expand the number of students covered. The budget also proposes over \$1 million to the Department of Health for disease prevention and an additional \$1 million to the Department of Mental Health for community-based services. The budget notes that the Division of Medicaid is currently operating with a smaller direct state support budget versus three years ago due to cost containment efforts that did not affect benefits. The executive budget recommendation also makes deposits to the rainy day fund, and projects the balance for fiscal 2021 will be approximately \$458 million.

Highlighting the improved economic situation in the state, the governor said, "This executive Budget Recommendation highlights the needs in our state to keep our citizens and our communities both safe and prosperous. It will enhance our educational institutions, continue to reform our corrections and criminal justice systems, and increase the protection of our foster children. Now is the time to work together and ensure these recommendations are properly implemented."

Links: [Fiscal Year 2020 Budget Proposal](#); [Governor's Press Release](#); [State of the State Address](#)

## **Missouri**

On January 16, Missouri Governor Michael Parson released his fiscal 2020 budget proposal that calls for \$29.8 billion in total spending, a 3.3 percent increase from fiscal 2019. The budget calls for \$10.1 billion in spending from general revenues, a 5.1 percent increase. Revenue growth is forecasted at 2.0 percent in fiscal 2020 compared to a revised estimate of 1.7 percent in fiscal 2019, and the ending

balance for fiscal 2020 is projected at \$116.8 million. Social services represents the largest area of spending from all funds at 33 percent, followed by elementary and secondary education (21 percent), transportation (10 percent), mental health (8 percent), health and human services (5 percent), higher education (4 percent), and employee benefits (4 percent). For spending solely from general revenues, K-12 is the largest at 35 percent, followed by social services (19 percent), higher education (9 percent), mental health (9 percent), employee benefits (7 percent), and corrections (7 percent). In his budget letter, the governor said, “This year’s budget focuses on making significant investments in workforce development and infrastructure, reforming and restructuring government responsibilities, and saving for the future.” Specific proposals made by the governor in the area of workforce include: \$22.2 million in grants for adults working towards degree programs that fill a high-needs skills gap; \$16.3 million for higher education to increase education attainment; a \$10 million increase for the Missouri Works program; \$61.4 million to fully fund the K-12 foundation formula; \$1.5 million for the A+ scholarship program; \$3 million for adult high school training; \$20 million for child care subsidies; \$3.1 million for early childhood development; and a \$10 million increase for student transportation. Regarding infrastructure, the governor called for: \$5 million for rural broadband expansion; \$351 million in bonding proceeds for 250 bridges; \$50 million for a transportation cost share program with localities; \$1 million to help implement the state water plan; \$10 million for a multipurpose water resource program; \$20 million for higher education deferred maintenance; \$122 million for a National Guard aircraft maintenance facility; and \$4.9 million for state fair improvements. Other proposals highlighted by the governor include: \$3.9 million in additional funding for treatment courts; \$1 million for the Missouri Justice Reinvestment Initiative; \$18 million for crime victim assistance; \$15.5 million for additional mental health services; \$18.1 million to enhance opioid prevention; \$1 million to enhance autism services; \$36.6 million for developmentally disability provider rates; \$40.4 million for case management; \$9.5 million for LIHEAP; \$52.9 million to increase rates for health providers; and \$5.7 million for several child welfare initiatives. Finally, the budget proposal includes a number of measures to improve the delivery of state services and provides raises for state employees.

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

### **Montana**

On November 15, Montana Governor Steve Bullock released his fiscal 2020-2021 biennial budget, and subsequently submitted adjustments in mid-December, proposing general fund spending of \$2.52 billion in fiscal 2020 and \$2.59 billion in fiscal 2021, reflecting year-over-year expenditure growth of 2.7 percent and 2.9 percent. General fund revenues are estimated to grow 3.0 percent in fiscal 2020 and 3.9 percent in fiscal 2021, with \$2.74 billion and \$2.89 billion in total general fund resources available for fiscal 2020 and fiscal 2021 respectively. The budget leaves a general fund balance, or reserve, of \$303 million at the end of the biennium. The proposal calls for targeted investments in education, including \$30 million over the biennium for preschool programs, as well as freezing college tuition and increasing financial aid assistance, including for returning adult learners. The budget would also

restore a loan repayment program to recruit and retain rural school teachers. “The most important investments we make as public servants will impact Montana long after we have completed our time in office,” said the governor in his State of the State address. “Foremost among them is ensuring that our kids, students and workers have a world-class education.” The budget also recommends continuing the state’s Medicaid expansion, currently set to expire at the end of fiscal 2019. The governor proposes inflationary adjustments of 1 to 2 percent in each year of the biennium for K-12 education funding, as well as provider rates for Medicaid, corrections and various human services programs. The governor also proposes investing \$290 million in infrastructure, including over \$148 million for local projects for drinking water, wastewater, bridges and other purposes, financed through a combination of cash and bonds. The budget would implement economic development tools for businesses, prepare for future wildfire risks through active forest management, and invest in cybersecurity and apprenticeships for cybersecurity careers. The governor’s budget recommends revenue enhancements including increasing taxes related to tourism (accommodations and car rentals), generating new revenue by updating investment license fees, and increasing taxes on tobacco products and hard liquor.

Links: [Fiscal Years 2020-2021 Budget Proposal](#); [Governor’s Press Release](#); [State of the State Speech](#)

## **Nebraska**

Nebraska Governor Pete Ricketts proposed a two-year budget on January 15. The budget recommends two-year average growth in general fund spending of 3.1 percent, with fiscal 2020 at \$4.6 billion (a 3.2 percent increase over fiscal 2019), and fiscal 2021 at \$4.7 billion (a 3.0 percent increase over fiscal 2020’s proposed level). Nominal growth in general fund net receipts is estimated at 1.9 percent in fiscal 2020 and 2.2 percent in fiscal 2021. The budget assumes an ending balance of \$341.1 million at the end of the biennium. The budget proposal does not include any tax increases, is structurally balanced, and restores the general fund minimum reserve to 3 percent. The recommendation includes a series of tax relief measures including \$550 million in direct property tax relief, \$92 million for a homestead exemption program, and \$15 million to exempt 50 percent of military retirement pay from Nebraska’s income tax. In the area of education, the governor proposed a \$103.8 million increase in K-12 state aid (a 7 percent increase in fiscal 2020 and a 3.4 percent increase in fiscal 2021), a 2 percent increase for special education, \$6.8 million for Nebraska Talent Scholarships, an additional \$2.5 million for the Developing Youth Talent Initiative, a 6 percent increase over the biennium for the University of Nebraska, a 6.2 percent increase over the biennium for the State College System, and a 4 percent increase over the biennium for the Community College System. Other priorities in the budget include: \$49 million to add two high security corrections housing units, \$6.6 million for staffing and programming increases in the corrections department, \$63.1 million of general funds to finance the voter-approved expansion of Medicaid, restoring the transfer amount to \$11 million for the Water Sustainability Fund, continued funding of \$3.3 million annually for the Water Resources Cash Fund, and \$6 million for the replacement of voter counting machines. In his letter to the legislature, the

governor said that his budget recommendation includes “...proposals for tax relief, initiatives to connect Nebraskans to great job opportunities, and improvements in services for a more effective, efficient, and customer-focused state government.”

Links: [Fiscal Years 2020-2021 Budget Proposal](#); [Budget Presentation](#); [Governor’s Letter](#); [Governor’s Press Release](#); [State of the State Speech](#)

## **Nevada**

On January 16, Governor Steve Sisolak delivered his first budget for the fiscal 2020-2021 biennium, calling for \$25.7 billion in total spending from all funds over the biennium, a 10.9 percent increase over the current biennium, with general fund spending of \$4.4 billion in fiscal 2020 (9.7 percent increase) and \$4.5 billion in fiscal 2021 (2.8 percent increase). General fund revenue (after tax credits) is forecasted in the governor’s budget to be \$4.4 billion in fiscal 2020 (4.4 percent increase) and \$4.5 billion in fiscal 2021 (3.1 percent increase). The general fund balance is projected to be \$256 million at the end of the biennium, above the 5 percent minimum required general fund reserve. The governor’s spending plan calls for a \$70 million increase each year in K-12 under a weighted funding model, \$45 million for expanding access to preschool programs, \$13.5 million each year of the biennium to serve additional career and technical education students, and increased funding for higher education operations and capital projects. The governor also highlights additional Medicaid spending to account for the decreasing federal share of costs, caseload growth, waiver spending for tenancy support services and behavioral health, and targeted provider rate increases. The budget includes \$10 million each year in state tax credits for a new affordable housing program, and increased funding for more positions and compensation increases in the Department of Corrections. The proposal calls for a 3 percent across-the-board salary increase for state employees, including K-12 teachers. The governor’s budget retains the current revenue structure and recommends extending certain tax increases that are scheduled to expire. The governor also recommends that the 10 percent retail tax on marijuana, currently directed to the rainy day fund, instead be used to support education-related programs, including for a number of school safety initiatives, while still depositing one percent of general fund revenues in the rainy day fund each year. “My budget will include annual savings of \$45 million for the next two years to preserve and grow our Rainy Day Fund for those dark days when we will truly need it,” said the governor in his State of the State address. The governor’s budget projects the rainy day fund ending balance to be \$415 million at the close of the biennium. For fiscal 2019, the proposal also recommends \$64 million in supplemental appropriations, including \$36 million for schools, as well as \$226 million in one-time appropriations for capital and IT projects and other purposes, such as Census 2020 outreach activities.

Links: [Fiscal Years 2020-2021 Budget Proposal](#); [State of the State Speech](#)

## **New Hampshire**

On February 14, Governor Chris Sununu released his fiscal 2020-2021 proposed budget that totals \$6.5 billion in fiscal 2020 and \$6.6 billion in fiscal 2021 in all funds and \$2.5 billion in fiscal 2020 and \$2.6 billion in fiscal 2021 in general funds. Total unrestricted revenue in the general and education funds is \$2.5 billion for proposed fiscal 2020 and \$2.5 billion for proposed fiscal 2021. The budget would add \$15 million to the rainy-day fund from the current biennium and estimates an additional \$12.3 million to the rainy-day fund at the close of fiscal 2021, bringing the total to \$137.3 million. The budget includes an increase for special education of \$26.5 million, authorizes 62 new positions within the Division for Children, Youth, and Families, adds new grants for social and community-based programs for adults with intellectually and developmentally disabilities, and provides rate increases for direct service providers. The budget would fully fund the developmentally disabled waitlist for the biennium, include a \$40 million investment for a new secure forensic hospital, and build new community-based transitional housing that would provide 40 new individual placements around the state. The proposal increases funding for public defenders, includes a \$24 million-dollar investment for healthcare and nursing programs within the University System, re-engineers the mental health system, allocates \$3 million in immediate, one-time funding for grants to hospitals to create new treatment beds and address needs of individuals who are waiting in emergency rooms. The budget also includes \$5 million in funding for a new lead remediation loan program and increases funding for stream and water body protections. Legalizing sports betting would bring in an additional \$10 million in annual revenue beginning in fiscal year 2021. In his budget address, the governor stressed the importance of not raising taxes, living within our means, and ensuring that surplus funds are spent wisely. The governor also discussed the importance of creating policy that aligns with our worldview including, "...investing in kids, emphasizing a 21st century education system, ensuring our most vulnerable citizens don't fall through the cracks, designing a system that puts individual first, and creating equal opportunity for all."

Links: [Fiscal Year 2020-2021 Budget Proposal](#); [Budget Address](#); [Inaugural Address](#)

## **New Jersey**

On March 5, New Jersey Governor Phil Murphy released his proposed fiscal 2020 budget that totals \$38.6 billion, an increase of 1.7 percent. Total revenues in the proposed fiscal 2020 budget at \$38.8 billion reflect a 2.9 percent increase over fiscal 2019. The budget includes a \$1.16 billion surplus, representing 3 percent of budgeted appropriations, and reduces non-recurring revenues by over \$400 million to 1.7 percent of the budget. The proposal includes extending the current marginal tax rate for incomes above \$5 million to all income in excess of \$1 million. The budget proposes approximately a \$3.8 billion pension payment including State Lottery contributions, an 18 percent increase over last year's contribution. The governor's recommendation includes an additional \$206.2 million for

education formula aid and \$68.4 million to increase funding for pre-kindergarten. The proposal includes over \$100 million to fight the opioid crisis with funding in part through increased fees on opioid manufacturers and distributors. Additionally, the budget includes an extra \$33.5 million to expand a program for tuition assistance to all 19 community colleges, reaching 18,000 students. The budget also includes nearly \$283 million in funding for Homestead Benefits, which will be used to lower property tax bills. In addition, over \$164 million of increased dedications from the corporation business tax revenue are available for open space preservation, with additional funds for drinking water oversight. Finally, the budget allocates \$2 million toward the outreach strategy for the 2020 Census. In discussing the budget, the governor said, “This budget produces sustainable savings totaling over \$1.1 billion, including approximately \$800 million in health care savings. These savings allow for unprecedented investment in our middle class through increased funding for NJ TRANSIT, a boost in school funding, and property tax relief through the Homestead Benefit Program.”

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

### **New Mexico**

On January 10, New Mexico Governor Michelle Lujan Grisham submitted her first budget recommendation, calling for general fund spending of \$7.1 billion in fiscal 2020, a 13 percent increase, and \$21.6 billion in total state spending from all funds. The executive recommendation is based on a consensus revenue forecast projecting \$7.4 billion in recurring general fund revenues (a 2.1 percent decrease compared to the consensus estimate for fiscal 2019), plus \$35 million in modest revenue actions such as implementing online sales taxation, for a total of \$7.5 billion. The proposal prioritizes education spending, calling for more than \$500 million in additional funding. “We are going to deliver a moonshot for public education in the state of New Mexico: A half billion dollars for our classrooms, new money, put to its best possible use, right now,” said the governor in her State of the State address. This includes \$194 million for 6 percent teacher pay raises and other supports, \$113 million to increase funding for at-risk students, \$160 million for a lengthened school year, career and technical education, and other programs intended to bolster college preparation, and \$60 million to increase preschool slots and put the state on a path to universal preschool access. To support workforce development, the budget includes \$75 million in capital spending for local economic development projects, funding for job training incentives, and additional funding for targeted financial aid programs. The spending plan calls for a \$36.5 million increase in the budget for the Children, Youth and Families Department, which includes funds to hire more than 100 new child protective services positions. The governor’s budget also includes significant increases for Medicaid enrollment growth, developmental disability services, and behavioral health. The budget recommendation notes the administration’s intent to re-establish the state’s Children’s Cabinet to inform policy and assure coordination among agencies affecting children. The governor also recommends tiered salary increases for all state employees and increasing the minimum wage for state employees, as well as the targeted raises for teachers and

school personnel and judges. The executive recommendation targets a general fund reserve ending balance of \$1.8 billion, or 25 percent of recurring appropriations.

Links: [Fiscal Year 2020 Budget Proposal](#); [Governor's Press Release](#); [State of the State Speech](#)

### **New York**

On January 15, New York Governor Andrew Cuomo released his proposed budget for fiscal 2020 that totals \$175.2 billion in all funds with state operating funds of \$102 billion, a growth of 1.9 percent. The fiscal 2020 budget relies on total receipts of \$172.4 billion, reflecting a 2.3 percent increase over fiscal 2019. The proposal would increase education aid by \$956 million for a total of \$27.7 billion, a 3.6 percent increase, including another \$338 million in foundation aid with a community schools set-aside increase. The budget includes \$340 million for a statewide universal full day pre-kindergarten program, a \$15 million expansion for prekindergarten for three- and four-year-old children in high need districts, and a \$10 million increase for after school grants to high-need districts. A total of \$7.6 billion is recommended for higher education, a \$143 million increase in funding, while adding a third phase of the Excelsior Free tuition program with an increase in eligibility up to \$125,000 in household income. The budget continues the \$20 billion, comprehensive five-year investment in affordable housing, supportive housing and related services and supports a \$15 million investment in community-based services and supports to help older adults stay in their communities and support caregivers. The budget would leverage the investment of private foundation funding to create a Family First Transition fund that will provide resources to local departments of social services and foster care agencies to have the resources needed to prepare for the implementation of the federal Family First legislation. The budget continues to fund increases in the minimum wage for health care providers totaling \$1.1 billion in fiscal 2020 outside the global cap. The budget would end cash bail, reform the discovery process, remove barriers to re-entry, and expand access to addiction treatment services in prisons and jails, including expanding access to medication assisted treatment. In his State of the State address, the governor said, "This is a true Justice Agenda that ensures our neediest schools receive an equitable share of funds, advances historic criminal justice reform, safeguards our health care, protects the rights of women in our state from the federal government, and leads the nation in the fight against climate change and contaminants in our environment and our water." On February 15, the governor proposed budget amendments for fiscal 2020 to address a \$2.6 billion revenue decline that would close up to three prisons to reduce excess capacity due to a declining prison population, and provide \$550 million in general fund relief in the Medicaid program, including a comprehensive evaluation of the program.

Links: [Fiscal Year 2020 Budget Proposal](#); [State of the State Speech](#); [Budget Amendments](#)

## **North Carolina**

North Carolina Governor Roy Cooper released his fiscal 2020-2021 budget on March 6, proposing total spending of \$58.6 billion in fiscal 2020 and \$61.2 billion in fiscal 2021. The general fund portion of the budget includes \$25.2 billion in fiscal 2020 (an increase of 5.4 percent over the prior year) and \$25.96 billion in fiscal 2021 (an increase of 2.9 percent over the prior year). From the general fund, the largest categories of state spending are education (58 percent), health and human services (23 percent), justice and public safety (12 percent) and natural and economic resources (3 percent). The budget focuses on better teacher pay and stronger public schools, improving health and providing economic opportunity for all parts of the state. In education, the budget proposes raising teacher pay to be the best in the southeast in four years, with investments of \$199 million in fiscal 2020 and \$370 million in fiscal 2021; this equates to a total average increase of 9.1 percent over the biennium. The budget also restores master's teacher pay (\$6.8 million), improving principal and assistant principal salaries (\$10.6 million in fiscal 2020 and \$20.4 million in fiscal 2021), and \$10 million for recruiting and retaining teachers. Further, the budget invests \$87 million in school safety, youth mental health and classroom instruction, of which \$40 million is flexible funding for school districts. Addressing higher education, the budget includes \$25 million for the University of North Carolina System to improve graduation rates and reduce the time-to-degree while also creating the NC GROW Scholarship (\$45 million over the biennium) that covers last-dollar tuition and fees for students enrolled in high-demand fields with competitive wages. To expand access to quality health care, the budget proposes expanding Medicaid to cover an additional 626,000 individuals (with 500,000 covered in the first year); no state funds are budgeted to cover the non-federal share, which is paid by hospitals and health plans. The budget also includes several rural investments, specifically designed to target the state's 80 most economically distressed counties: grants for rural communities to recruit new businesses (\$5 million in fiscal 2020 and \$10 million in fiscal 2021); grants for rural development projects in eight prosperity zones (\$8 million, or \$1 million per zone); bolster local government capacity (\$2 million); increase access to and improve broadband service to underserved households, businesses and community anchor institutions (\$30 million); and provide mobile hotspots to close the homework gap (\$5 million). To implement raising the age of juvenile jurisdiction, the budget includes \$26 million in fiscal 2020 and \$35.7 million in fiscal 2021 to increase staff, court services, facilities and programming for incoming 16- and 17-year olds. The budget also fully funds the state retirement system's actuarial requirements and state health plan premiums (\$195 million in fiscal 2020 and \$434 million in fiscal 2021). Provisions are also included for the 2020 Census (\$1.5 million), building capacity for evidence-based decisions across state government (\$4 million) and disaster response. Summing up the priorities in the budget, Governor Cooper noted that "North Carolinians are determined to succeed and this budget invests in that determination through better schools and better opportunities for people to find good jobs and keep their families healthy and safe."

Links: [Fiscal Years 2020-2021 Budget Proposal](#); [Budget Presentation](#); [Governor's Press Release](#); [State of the State Speech](#)

## **North Dakota**

On December 5, North Dakota Governor Doug Burgum released a two-year budget proposal for fiscal 2020 and fiscal 2021. The budget calls for \$14.3 billion in total spending over the biennium, a 5.5 percent increase from the previous biennium. Health and Human Services represents the largest category of total spending at 29.7 percent, followed by higher education (20 percent), elementary and secondary education (18.2 percent), transportation (10 percent), natural resources (6.9 percent), general government (5 percent), public safety (3.5 percent), regulatory (3.5 percent), and agriculture and economic development (3.2 percent). The budget proposes \$4.9 billion in general fund spending over the biennium, a 14.5 percent increase; \$311 million of general fund appropriations are for one-time expenditures. The largest program areas of general fund spending for the upcoming biennium are elementary and secondary education (33.1 percent), health and human services (32.1 percent), and higher education (13.4 percent). The budget assumes general fund revenues of \$4.9 billion for the biennium, a 6.8 percent increase from the revised estimate for the current biennium. Additionally, the budget assumes an ending balance of \$63.7 million and a budget stabilization fund of \$740.5 million. In discussing the budget, the governor said, "As responsible stewards of our financial resources, we are committed to balancing ongoing revenues and expenses, building reserves, encouraging innovation and investing strategically -- all without raising taxes." The budget building process began with a new approach this year that included holding strategy review sessions with agencies to find efficiencies, reinvent processes, and encourage greater collaboration. Specific proposals in the budget recommendation include: using \$265 million from the Strategic Investment and Improvements Fund to help address a \$1 billion unfunded pension liability; \$19.1 million in additional funding for behavioral health; \$22 million more for county social services; \$2.9 million to expand support for tribal social services; \$35 million from Legacy Fund earnings to replace an aging state hospital; increasing per-student payments by 2 percent each year; a \$90 million increase for higher education including \$40 million for the North Dakota Higher Education Challenge Fund; \$30 million in competitive grants for career academies; \$2 million for workforce development initiatives; \$1.5 billion in critical infrastructure investments; and \$180 million to increase state employee compensation. Finally, the budget uses \$300 million in Legacy Fund earnings for projects with long-lasting impacts including building a statewide network for unmanned aircraft systems, an infrastructure revolving loan fund, and the building of the Theodore Roosevelt Presidential Library and Museum.

Links: [Fiscal Years 2020-2021 Budget Proposal](#); [Budget Presentation](#); [Governor's Press Release](#); [Budget Address](#); [State of the State Speech](#)

## **Ohio**

On March 15, Ohio Governor Mike DeWine recommended a two-year budget that totals \$74.3 billion in fiscal 2020 (a 4.6 percent increase over fiscal 2019's estimated level), and \$76.1 billion in fiscal 2021 (a 2.4 percent increase over fiscal 2020). The largest categories of spending from all funds are

Medicaid (38.6 percent), general government (18.1 percent), primary and secondary education (15.6 percent), state revenue distributions (10.3 percent), health and human services (7.8 percent), justice and public protection (5.1 percent), and higher education (3.7 percent). Spending from general revenue funds totals \$33.7 billion in fiscal 2020 (a 3.6 percent increase over fiscal 2019), and \$35.3 billion in fiscal 2021 (a 4.8 percent increase over fiscal 2020). The four largest categories of spending from general revenue funds are Medicaid (46.1 percent), primary and secondary education (24.5 percent), higher education (7.9 percent), and justice and public protection (7.3 percent); total general revenue fund appropriations include expenditures for the Medicaid Program, a portion of which are reimbursed by the federal government. When looking at spending from state only general revenue funds K-12 is the largest at 34.6 percent followed by Medicaid at 23.8 percent. Estimated general fund revenues are estimated to increase 2.7 percent in fiscal 2020 and 3.6 percent in fiscal 2021. The budget assumes a general revenue ending balance of \$535.1 million in fiscal 2020 and \$186.2 million in fiscal 2021, and a budget stabilization fund ending balance of \$2.7 billion at the end of the biennium. In discussing his budget, the governor said, “The FY 2020-2021 budget we have proposed today plants the seeds of hope and possibility that will lead to opportunity for future generations of Ohioans, for our investments today will help our fellow Ohioans live lives of self-sufficiency tomorrow.” The governor’s budget proposal focuses on investing in Ohio’s children, families, workforce, infrastructure, mental health and addiction recovery, and natural resources. Specific highlights include: an additional \$50 million in evidence-based home visiting programs; \$22 million for lead safety; nearly doubling the state’s investment in children services agencies; \$56 million to help localities respond to mental health and addiction recovery needs; \$12 million to expand a program to support children and parents impacted by substance abuse disorder; increasing the state’s child protective allocation by \$30 million a year; increasing state support for indigent defense by \$60 million per year; launching a new InnovateOhio program; establishing Opportunity Zones; providing micro-degrees to help provide workers with new skills more quickly; and creating the H2Ohio Fund to ensure safe and clean water.

Links: [Fiscal Years 2020-2021 Budget Proposal](#); [Governor’s Press Release](#); [State of the State Speech](#)

### **Oklahoma**

On February 4, Oklahoma Governor Kevin Stitt released his first budget, recommending \$7.7 billion in total appropriations for fiscal 2020, an increase of 2.4 percent over fiscal 2019. General fund revenue growth is projected at 2.9 percent in fiscal 2020. The largest spending categories are education and workforce development (51.1 percent), health and human services (32.9 percent), safety and security (10.3 percent) and general government and transportation (4.1 percent). The governor proposed holding most agencies’ appropriations flat while directing increases to spending obligations and critical needs. The budget proposes \$70.6 million for a \$1,200 teacher pay raise to launch Oklahoma teachers to number one in the region for teacher pay, including benefits; there is also \$5 million for a teacher recruitment bonus program. The proposal would reallocate \$30 million from the Oklahoma Health Department and earmark a portion of these funds for state agency contract performance audits, while

depositing the remainder into the Quick Action Closing Fund to pursue significant business opportunities. To assist state agencies in digitally modernizing their services, the budget proposes \$20 million for a grant program. Under obligatory expenses, the budget includes \$99.6 million in one-time costs for ad valorem reimbursements to local school districts for manufacturing-based property tax exemptions, \$62.9 million for graduate medical expenses due to withdrawal of federal funds, \$19.4 million for the state capitol restoration project, \$14.8 million for replacement of federal funds for the Children’s Health Insurance Program (CHIP) due to a reduced federal matching rate, and \$12.8 million to rebuild a medical examiner laboratory. The budget also identifies several items of critical need, including \$10 million to begin funding criminal justice reform initiatives, \$1.5 million to complete the Pay for Success contract for the Women in Recovery program and \$150,000 to the Pardon and Parole Board to reduce backlogs. Deferred maintenance is addressed through a \$10 million deposit to the state building maintenance revolving fund, while \$2 million is allocated to reduce the waiting list of 6,376 individuals by another 200 for services for developmentally disabled persons. Finally, the governor identifies a goal of a cash savings target of at least \$1.1 billion, building on the projected balance at the end of fiscal 2019 of \$874 million. To increase the amount of savings, the governor requested that the legislature send a proposal to voters to increase the rainy day fund cap to 30 percent of certified actual collections to the general revenue fund, up from the current cap of 15 percent. The governor outlined his strategy for the budget, noting that, “If we hold the line this year, we will be well-positioned next year and in future years to invest in a strategic and sustainable manner while remaining competitive with low-tax states.”

Links: [Fiscal Year 2020 Budget Proposal](#); [State of the State Address](#)

## **Oregon**

On November 28, Oregon Governor Kate Brown unveiled her biennial budget for fiscal 2020 and fiscal 2021, calling for state spending over the biennium of \$83.5 billion from all funds, including \$23.6 billion in general fund spending. The governor’s budget forecasts \$21.5 billion in general fund revenue for the biennium, including recommended changes, a 5.0 percent increase over the previous biennium. The governor’s budget highlights her administration’s strategic priorities, which include: Defending Democracy; Smart Government; Repair, Reform and Reinvest in Education; Keeping Oregon Affordable; and Preparing for the Future. For education, the governor recommends a significant expansion of preschool access, with a cost of \$286 million over the biennium. The budget also provides \$800 million in additional funding to schools to lengthen the school year and reduce class sizes for kindergarten through third grade, as well as funding to stabilize pension contribution rates for school districts. “Our current strong economy gives us the best chance in a generation to address persistent, structural challenges in our education system. The time is now,” said the governor in her State of the State address. The plan also calls for \$133 million in additional spending on career and technical education (CTE), in line with a ballot measure passed in November, and an additional

\$70 million in CTE pathway programs at postsecondary institutions. The budget doubles the amount of money available in the state’s need-based financial aid program and invests \$220 million in higher education funding to help institutions keep tuition increases under 5 percent. The governor recommends roughly \$400 million in investments to promote housing affordability and address homelessness, including \$298 million towards ending children’s homelessness, spread across a variety of programs, \$55 million to invest in permanent supportive housing for the chronically homeless, \$31 million to accelerate the growth of housing supply through incentives, and \$22 million to end veteran homelessness. The budget includes \$47 million in funding from the state’s Children’s Cabinet to transform the child welfare system to one based on positive human development that reduces the need for foster care. The governor recommends additional funds for various substance abuse programs and efforts to integrate substance use disorder treatment and behavioral health programs for families, as well as a \$10 million investment in affordable child care. To provide additional funding for health care, the governor recommends reinstating current insurance and managed care taxes (\$410 million); imposing a new assessment on employers who don’t meet threshold health care contributions for their workers (\$120 million); increasing cigarette taxes and imposing taxes on e-cigarettes and vaping products (\$95 million); and revising the state’s hospital assessment structure (\$98 million). The governor also proposes investments in climate change and carbon policy, water infrastructure, air and water quality, and conservation efforts, including funding for the state’s newly established agency, the Oregon Climate Authority.

Links: [Fiscal Years 2020-2021 Budget Proposal](#); [Budget Summary](#); [Governor’s Press Release](#); [Governor’s Budget Message](#); [State of the State Speech](#)

## **Pennsylvania**

On February 5, Pennsylvania Governor Tom Wolfe released his proposed fiscal 2020 budget that totals \$34.1 billion in general funds, a 2.8 percent increase. The budget projects \$34.2 billion in general fund revenue receipts, a 2.8 percent increase over fiscal 2019. In his budget address, the governor said, “The people of Pennsylvania have made substantial sacrifices in recent years to help our state get up off the mat – and despite a budget that asks for no new taxes, we now have a chance to continue making some important new investments on their behalf.” The recommended budget includes a \$200 million increase in basic education funding, a \$50 million increase in special education funding, a \$13.8 million earmark to raise teacher salaries in some urban and rural districts with low pay, and \$50 million more for preschool programs (a 16.6 percent increase). Additionally, the budget increases funding by \$15 million to serve an additional 765 individuals with intellectual disabilities and autism currently on waiting lists, adds \$10 million to incentivize quality child care for infants and toddlers, \$5 million for parent pathways, \$5 million for expanding home visiting services, and provides \$6.8 million to support a 3 percent rate increase to infant/toddler early intervention providers. Other proposals include: adding \$1.5 million for naloxone to continue to fight the opioid epidemic; \$2.6 million towards bolstering the state’s organic industry; \$2 million to establish the Agricultural

Business Development Center; \$15 million to help counties pay for new voting machines; \$2 million to upgrade the statewide voter's registration system; \$25 million to upgrade the statewide radio system; and several workforce development initiatives. The personal income tax and the sales tax reflect higher estimated revenues of \$120 million associated with raising the state's minimum wage; additionally, the budget includes \$141 million from an increase in a Medicaid provider assessment.

Links: [Fiscal Year 2020 Budget Proposal](#); [Budget Address](#)

### **Rhode Island**

On January 17, Rhode Island Governor Gina Raimondo released her proposed fiscal 2020, \$9.9 billion budget that makes critical investments in economic development and workforce, education, and initiatives to protect access to health care. Total general revenues of \$4.2 billion in the fiscal 2020 proposed budget reflect a 4.7 percent growth over the revised levels for fiscal 2019. The governor's budget proposes no changes to the rates for broad-based taxes. The proposal includes imposing a sales tax on digital downloads of videos, music and books to yield \$10.9 million and expanding the sales tax to additional services including lobbying, interior design, and services to commercial buildings. The budget recommends adding \$30 million to K-12 education aid, an additional \$10 million for universal pre-kindergarten statewide, includes \$2.25 million in increased funding for English Language Learners, and continues the Rhode Island Promise scholarship for the third year and expands the program to include adults 25 and older attending community college. The budget would add \$3 million in new state funding for wage increases for direct support professionals and \$1.8 million above the fiscal 2019 enacted level for the elderly transportation program. The budget also proposes an individual mandate and an assessment fee on large, for-profit companies with at least 300 employees for each employee who is enrolled in Medicaid. The proposal includes a freeze on the reimbursement rate for hospitals, limits rate increase for nursing homes, and expands home and community-based care by increasing eligibility for seniors 65 and older to the maximum income limit for eligibility from 200 percent to 250 percent of the federal poverty level. Finally the budget includes a \$1.5 million investment to support additional maintenance workers, civil engineers and plumbers to help maintain the state's parks and beaches. In her letter to the legislature, the governor said, "I am proposing a balanced budget for Fiscal Year 2020 that protects our priorities and critical short- and long-term investments. This detailed plan shields our health care progress from potential federal threats, helps to fuel the engine of our economy and everything in between."

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

### **South Carolina**

On January 14, South Carolina Governor Henry McMaster proposed a fiscal 2020 budget that recommends \$29.2 billion in total funds and \$8.7 billion in general funds, an increase of 5.5 percent. General fund revenues are estimated at \$9.3 billion, an increase of 5.4 percent over fiscal 2019, and

after adjustments net revenues are \$8.7 billion. The largest program areas receiving general funds include K-12 education (39.3 percent), health and social services (27.5 percent), public safety and criminal justice (10.7 percent) and general government (9.4 percent). The budget includes investments in education, workforce development, public safety, and infrastructure, while proposing tax relief through a one-time, pro-rata tax rebate in the amount of \$200 million and an immediate and full retirement income tax exemption for military veterans and first responders. In education, the budget proposes a five percent across the board salary increase for teachers, totaling \$154.6 million; \$31.8 million for a \$10 base student cost increase; \$46.4 million to place a school resource officer in every school in the state; and \$2.2 million to provide every school with access to a mental health counselor. To assist rural school districts, the budget funds \$100 million for the Rural School District Economic Development Closing Fund to provide funding for infrastructure to help bring jobs and investments to the state's poorest rural school districts. For higher education, the budget funds \$36 million for tuition mitigation, awarded to public colleges that freeze tuition over the next year. The budget proposes \$63.2 million toward workforce partnerships, scholarships and grants for students to attend technical schools and \$4 million to help recruit prospective businesses to the state. In public safety, the budget allocates \$40 million to the Department of Corrections for increased detention services and equipment upgrades, \$33.6 million in salary increases for law enforcement and firefighting agencies, and \$6 million for correctional officer recruitment and retention. To support healthcare in the state, the budget proposes more than \$40 million for veterans nursing homes and \$3 million to fund the substance abuse provide system. The budget includes \$40.3 million for emergency preparedness, including \$31.3 million in FEMA matching funds for Hurricane Florence and \$9 million to create the SC Emergency Operations and Emergency Management Assistance Compact Support Fund. To cover the cost of increased employer contributions to the state retirement system, the budget includes \$32.1 million. The governor spoke to the legislature and said "We are all on the same team, although we don't all wear the same jerseys. The people of South Carolina want to see us working together – to stay ahead of the competition and to ensure that future generations of South Carolinians are able to keep winning and prospering. We have the brightest of futures before us. If we think big and act boldly, we will all succeed."

Links: [Fiscal Year 2020 Budget Proposal](#); [Governor's Press Release](#); [State of the State Speech](#)

### **South Dakota**

On January 23, South Dakota Governor Kristi Noem proposed a revised budget for fiscal 2020; prior Governor Dennis Daugaard released an earlier version of the fiscal 2020 budget on December 4. Gov. Noem's budget recommendation calls for \$4.87 billion in total spending in fiscal 2020, a 0.6 percent increase from fiscal 2019's revised level, and \$1.70 billion in general fund spending, a 2.7 percent increase. The budget projects that total general fund receipts will be \$1.70 billion in fiscal 2020, a 1.6 percent increase from fiscal 2019's revised level. Additionally, the proposal maintains a budget reserve balance of 10 percent, and contains no new taxes. The largest areas of general fund spending in fiscal

2020 are state assistance to local government and schools (35.0 percent), health, human and social services (34.8 percent), Board of Regents (12.9 percent), and corrections (6.2 percent). In her letter to the legislature, the governor said, “My FY2020 budget recommendations focus on not only improving South Dakota for today, but also for the next generation.” Specific proposals highlighted by the governor include: a 2.5 percent increase for state aid to education; a 2.5 percent increase to the per student allocation for technical institutes; a 2.5 percent increase for medical provider reimbursement rates; funding for innovation grants to find solutions to issues with nursing homes, primary care, and prenatal care; a 2.5 percent increase for state employees; funding to confront the meth crisis with a focus on education, enforcement, and treatment; upgrading state radio infrastructure; funding to address mental health needs; and efforts to protect natural resources.

Links: [Fiscal Year 2020 Budget Proposal – Gov. Noem](#); [Budget Adjustments](#); [Budget Presentation](#); [Governor’s Letter](#); [State of the State Speech](#); [Fiscal Year 2020 Budget Proposal – Gov. Daugaard](#)

### **Tennessee**

On March 4, Tennessee Governor Bill Lee released his first budget, proposing a fiscal 2020 budget with total funding of \$38.6 billion, an increase of 1.1 percent over fiscal 2019. The budget includes \$42.3 million in budget reductions and makes a record deposit of \$225 million to the rainy day fund. In the \$12.6 billion general fund, the largest spending categories include education (47 percent), health and social services (32 percent), law, safety and correction (11 percent), and resources and regulation (4 percent). The governor’s budget objectives include supporting teachers and students, workforce development initiatives, additional services to address the opioid crisis, new and expanded mental health and health services, common sense investments in criminal justice reform and new rural initiatives. In education, the budget proposes \$46.2 million to fully fund the K-12 funding formula, \$71.3 million in salary increases for teachers and other positions funded through the formula (average increase of 2.5 percent), \$5 million for student services and scholastic improvement at the lowest performing five percent of schools and \$25.3 million to set-up Education Savings Accounts. This new program provides approximately \$7,300 to eligible, participating students, with eligibility limited to low-income students in districts with three or more schools ranked in the bottom ten percent of schools. The budget includes \$25 million for the Governor’s Investment in Vocational Education (GIVE) program, which supports grants to community partnerships of K-12, higher education institutions, and local industry. In higher education, the budget funds \$56 million for increased operational costs for the university system, locally governed institutions and Board of Regents, while adding \$12.3 million to need-based financial aid. To increase mental health services, the budget includes \$5 million to provide services to an additional 7,000 uninsured adults and \$6.2 million for the state’s four regional mental health institutes. In response to the state’s opioid crisis, the budget recommends \$25.3 million for treatment, education and law enforcement initiatives while \$5 million is allocated to the Department of Children’s Services for additional children in state custody. To offset increased costs in the TennCare program due to medical inflation and a utilization rate increase, the

budget includes \$59.9 million. The Department of Correction would receive \$15.6 million to increase the starting salaries of correctional officers and reduce the high turnover rate, while an additional 40 probation and parole officers and managers are funded at \$2.2 million. Correctional health care increases include \$5.6 million for contractual expenses, \$5.4 million for pharmaceuticals, and \$2 million to follow Hepatitis C treatment standards. To support rural areas, the budget includes \$20 million for the third year of the Broadband Initiative and \$13.5 million for grants and services to assist rural and distressed communities. The governor highlighted his priorities, saying “A stronger education system; a better prepared workforce; a system of justice that lives up to its name; and safe neighborhoods across our state. These and more goals are within our reach if we unite behind a common vision.”

Links: [Fiscal Year 2020 Budget Proposal](#); [Budget Presentation](#); [Governor’s Press Release](#); [State of the State Address](#)

## **Texas**

On February 5, Texas Governor Greg Abbott released his budget priorities for the fiscal 2020-2021 biennium, with a focus on elevating education, expanding economic opportunity, and ensuring public safety. The budget priorities include the need for education funding reform, improving educational outcomes and reducing property taxes. The governor recommends that the legislature appropriate at least \$3 billion beyond the current law requirement to reform the school finance formulas, invest in critical early childhood education, reward school districts for improved outcomes and structure teacher salaries to retain the most effective teachers. Citing the rapid growth in property tax bills paid by state homeowners and businesses as unsustainable, the governor recommends that the legislature appropriate state funds to allow for property tax growth limits, at an estimated cost of \$3 billion. To support students who need additional instructional support, the governor recommends that the legislature include appropriate funding for increased special education participation. With a goal of having at least 60 percent of residents aged 25-34 achieve a postsecondary certificate or degree by 2030, the governor recommends the state should commit additional funding for student achievement and success. Looking at infrastructure, the governor recommends the legislature replenish the Texas Enterprise Fund to \$150 million; this fund helps strengthen the state’s diverse economy and attract new jobs. To help attract visitors, the governor recommends that the legislature appropriate the dedicated state hotel occupancy tax revenues to the Economic Development and Tourism Division while also appropriating \$50 million for film and music marketing. The governor makes several other recommendations including: sustaining funds to reduce the workloads of child protection caseworkers; continuing to add capacity within local communities and at state hospitals to address the need for in-patient residential behavioral health treatment; and ensure the Department of Family and Protective Services has the resources to retain qualified caseworkers to assist elderly Texans and persons with disabilities and protect them from abuse, neglect and exploitation. The governor recommended several

items related to school safety, including mental health services, fully funding the School Safety Center with \$7.2 million, and providing funds for school-hardening tools and strategies. In public safety, the governor recommends the legislature maintain funding for the six anti-gang centers in the state, provide \$22.1 million for the creation of six regional human trafficking squads, and provide \$14 million to build crime laboratory capacity and reduce backlogs. In response to Hurricane Harvey and other disasters, the governor recommended that the legislature replenish the Disaster Fund with \$100 million, fully fund the expansion of the search and rescue system at Texas A&M, create a Financial Recovery Task Force to help communities and individuals navigate disaster recovery programs, and take steps to strengthen the trauma system. Acknowledging these budget recommendations, the governor noted that “The budget priorities included are simultaneously limited, lofty, and achievable. We have the opportunity to enact meaningful reforms and steward our taxpayers’ resources wisely by making significant investments that will position Texas to continue to be the greatest state in America.”

Links: [Fiscal Years 2020-2021 Budget Proposal](#); [State of the State Address](#)

## **Utah**

On December 6, Utah Governor Gary Herbert released his budget for fiscal 2020, calling for \$19 billion in spending from all funds. This includes \$7.9 billion in spending combined from the general fund and education fund, as well as \$1.8 billion in spending out of the transportation budget. General fund and education fund revenues combined are projected to total \$7.9 billion in fiscal 2020, a 4.7 percent increase relative to the revised estimate for fiscal 2019. The governor’s budget focuses on preserving quality of life by managing growth-related challenges. The spending plan puts an additional \$293 million in ongoing funding into K-12 education, meeting the governor’s five-year goal to add \$1 billion in new ongoing education spending by 2021 one year early. This includes \$127 million to increase per-pupil funding by 4 percent, \$116 million to address priority needs including counseling and mental health, and other recurring expenditures, in addition to \$152 million in one-time spending, such as for school safety improvements and other facility upgrades. For postsecondary education, the budget proposes \$69 million in new ongoing money, including \$33 million for employee compensation and health insurance increases and \$16 million for technical education. The governor also recommends \$50 million in one-time spending to endow a need-based scholarship fund. To address environmental concerns, the governor calls for \$100 million for air quality, nearly \$50 million to optimize water usage, \$30 million to fund efforts to preserve open space, and \$20 million towards creating the first state forest. A 2.5 percent pay raise for state employees is also recommended. The budget also recommends modernizing the state sales tax structure by lowering the rate, broadening the base, and reducing sales tax earmarks, with a net tax reduction of \$200 million. “Good tax policy requires broadening the base so that everyone pays their fair share and good tax policy also requires lowering the rate so that everyone pays less,” said the governor in his State of the State address. The budget also

includes \$89 million through a small increase in the sales tax, dedicated to covering the state's share of Medicaid expansion costs, as approved by voters, though the governor's budget cautions that this is unlikely to cover the cost of full expansion, and recommends not using any estimated surplus general fund savings. To promote good fiscal management, the governor recommends using \$50 million in one-time funds to pay down the state's other post-employment benefit (OPEB) liability, and also to make an additional deposit into the state's rainy day funds, bringing their total to \$825 million or 10.6 percent of recommended fiscal 2020 spending.

Links: [Fiscal Year 2020 Budget Proposal](#); [Governor's Press Release](#); [State of the State Speech](#)

### **Vermont**

On January 24, Vermont Governor Phil Scott released his proposed fiscal 2020 budget of \$6 billion in total funds and \$1.6 billion in general funds, a 2.1 percent increase in total recommended funds. The general fund and education revenues at \$3.4 billion reflect a 3 percent increase over fiscal 2019 amounts. The budget fully funds all retirement obligations, provides extra payments to retiree pension and medical benefit funds, increases funding for workforce expansion and economic development initiatives, and increases funding for school security. The budget provides additional money for higher education, includes \$3 million to help state colleges avoid a planned 3 percent tuition increase on Vermonters, and substantially boosts subsidies for early care and learning. The proposal includes funding to launch an innovative, voluntary bi-state paid family and medical leave insurance program with New Hampshire. The budget also highlights the Program to Improve Vermont Outcomes (PIVOT), established by executive order, as a system of continuous improvement for programs and processes to modernize state government. Other recommendations include: \$2 million for additional family service workers, supervisors and resource coordinators to work with families in the Department for Children and Families for rising caseloads; lead testing of school drinking water; up to \$1.5 million from the surplus money in the litigation settlement fund towards an incentive program for the purchase of electric vehicles; and a long-term funding source for clean water initiatives by directing the first \$8 million of this year's estate tax into the state's Clean Water Fund. Additionally, the budget includes a \$1.5 million tax on e-cigarettes and \$7 million to increase child care subsidies for low-and middle-income families with money coming from expanding the sales tax to apply to transactions through third-party online marketplaces. In his budget address, the governor said, "The budget I present today is balanced and spends within our means, while investing in both our obligations and areas that will give us the highest return. If we build consensus on solutions, and compromise when we can't, we can come to agreement on a budget that supports everyone by growing our economy, making Vermont more affordable and protecting the most vulnerable."

Links: [Fiscal Year 2020 Budget Proposal](#); [Budget Address](#); [Second Inaugural Address](#)

## **Virginia**

In June 2018, Virginia enacted a two-year budget covering fiscal 2019 and fiscal 2020. On December 18, Governor Ralph Northam released his proposed amendments to the biennial budget, in part to address a growing economy and increased revenue estimates resulting from federal tax changes. As amended, the governor proposed a total operating budget of \$58.8 billion in fiscal 2019 and \$62.1 billion in fiscal 2020, while general fund spending totals \$22.1 billion in fiscal 2019 and \$22.7 billion in fiscal 2020. The adjustments include 209 amendments totaling \$2.4 billion in increased spending and 22 amendments totaling \$313.6 million in spending decreases; the combined impact is an overall net increase in operating spending of \$2.1 billion over the biennium. The spending amendments with the largest impact include: providing additional funding for the rainy day fund (\$554.1 million over the biennium); funding Medicaid utilization and inflation (\$462.5 million over the biennium); increasing educator salaries (\$87.6 million in fiscal 2020); increasing general fund support for the school employment retirement fund (\$80 million in fiscal 2019); making a required deposit to the Water Quality Improvement Fund (\$73.8 million in fiscal 2020); and expanding the Virginia Telecommunication Initiative (\$46 million in fiscal 2020). Presenting his proposals to the legislature, the governor said, “This creates a unique opportunity for us to invest in our future—by putting additional money into our reserves, making down payments on important priorities that we can all agree on, and for expected bills.”

Links: [Amendments to the 2018-2020 Biennial Budget](#); [Budget Document](#); [Budget Presentation](#); [Governor’s Press Release](#); [State of the Commonwealth Speech](#)

## **Washington**

On December 13, Washington Governor Jay Inslee released his biennial budget for fiscal 2020 and fiscal 2021. The budget calls for total near-general fund spending of \$54.4 billion over the next biennium (\$51.1 billion for the maintenance level base budget plus \$3.6 billion in policy changes minus \$272 million in reversions), compared to \$44.8 billion in expenditures for the current biennium. The budget is based on a near-general fund revenue forecast of \$50.0 billion for the next biennium, compared to \$45.8 billion over the current biennium. After accounting for the governor’s recommended revenue changes and other adjustments, total resources for the next biennium total \$54.9 billion (including the beginning fund balance). The budget prioritizes investments in education, behavioral health, orca recovery and addressing climate change, and broadband access. The proposal invests \$173 million in early learning, including expanding preschool access and providing universal home visiting and newborn assessment services. For K-12 education, the budget calls for reinstating the traditional levy structure to return more control to local governments, with voter approval. The governor also recommends \$145 million in additional funding for special education, as well as \$155 million as part of a six-year phased-in increase in student support system staff, such as school counselors. For postsecondary education, the governor recommends \$103 million to fully fund the Washington College Promise Scholarship – the state’s need-based financial aid program, \$93 million

for the Career Connect Washington initiative, and increased funds for operations and program enhancements at higher education institutions. As part of the governor’s five-year plan to transform the state’s behavioral health system, the budget puts \$82 million towards behavioral health care in state hospitals, \$80 million to create four intensive behavioral health community treatment facilities, and other spending items aimed at improving patient care and safety and expanding community-based treatment. The operating, capital and transportation budgets invest a combined \$1.1 billion to support Southern Resident orca recovery efforts, a top gubernatorial priority, including \$363 million towards salmon recovery and habitat improvements, \$292 million to correct fish passage barriers, \$117 million to support hybrid-electric ferries, and other capital investments. The governor also calls for \$273 million for a package of five initiatives to significantly reduce emissions and address climate change. “We will pass legislation to transition to 100 percent clean electricity, transform our buildings with cost-saving efficiencies, and modernize and electrify our transportation system, said the governor in his State of the State address. “We’ll phase down super-pollutants and phase in cleaner fuels.” The governor also proposed to set up a new statewide office to expand broadband access. On the revenue side, the governor recommends tax changes that would raise nearly \$4 billion over the next biennium, including increasing the state business and occupation tax on services (\$2.6 billion for the biennium), imposing a capital gains tax on earnings above certain thresholds (\$975 million in fiscal 2021) and increasing state real estate excise taxes (\$400 million for the biennium). The governor’s proposal is estimated to leave \$2.8 billion in reserves at the end of the next biennium.

Links: [Fiscal Years 2020-2021 Budget Proposal](#); [Governor’s Press Release](#); [State of the State Speech](#)

### **West Virginia**

West Virginia’s Governor Jim Justice released his fiscal 2020 budget proposal on January 9. General fund revenue estimated growth for the budget is 2.0 percent and proposed expenditures are 1.7 percent over fiscal 2019. The state’s rainy day fund balance is over 16 percent of general revenue. The budget includes a new round of 5 percent average pay raises for teachers, service personnel and other state employees. and called for salary incentives to recruit and retain math, science, foreign language and special education teachers. The budget for higher education includes an additional \$10.3 million for pay raises, \$2 million for the West Virginia School of Osteopathic Medicine and \$1.3 million for West Virginia State University – Land Grant Match. The proposal also includes a supplemental funding increase of \$105 million for the state and school employee health plan. The budget includes a \$45 million investment to address the state’s opioid problem, a proposal labeled “Jim’s Dream”. The plan includes four parts: prevention at an early age, treatment, job training and expungement of misdemeanor drug charges for those that complete treatment, and training. Funding for Jim’s Dream includes one-time surplus funding of \$20 million and \$25 million in recurring funds. The budget for the foster care program includes an increase of \$21.9 million. In corrections, the governor recommends a salary upgrade of \$2,000, for each of the next three years, to all Division of Corrections, Regional

Jail, and Juvenile Services employees. Also, an additional \$30.9 million is included for Regional Jail per diem payments for correctional inmates held in regional jails. In his State of the State speech the governor discussed the improved fiscal outlook of the state and said, “Well, we haven't had any cut budgets recently, and we're not going to have one today either. Today, we have things that are so good, so pluses. No new taxes.”

Links: [Fiscal Year 2020 Budget Proposal](#); [Budget Presentation](#); [State of the State Speech](#)

## **Wisconsin**

On February 28, Wisconsin Governor Tony Evers presented a two-year budget proposal that calls for spending from all funds of \$40.7 billion in fiscal 2020, a 5.4 percent increase from fiscal 2019, and total spending of \$42.7 billion in fiscal 2021, a 4.9 percent increase from fiscal 2020. The governor recommends a general purpose revenue budget of \$18.5 billion in fiscal 2020, a 3.8 percent increase from fiscal 2019, and \$19.8 billion in fiscal 2021, a 7.4 percent increase from fiscal 2020. The largest recommended categories of general purpose revenue programs are school aid (37.1 percent), medical assistance and related programs (16.9 percent), corrections (6.3 percent), state property tax credits (6.0 percent), University of Wisconsin System (6.0 percent), shared revenue (4.3 percent), technical college system (2.7 percent), and community and social service aids (1.8 percent). The budget projects that total available general fund revenues and transfers will be \$19.0 billion in fiscal 2020, a 7.0 percent increase from fiscal 2019, and \$19.6 billion in fiscal 2021, a 3.1 percent increase from fiscal 2020. Additionally, the net balance for the budget is projected to be \$857.9 million in fiscal 2020 and \$20.3 million in fiscal 2021. In his budget address, the governor said, “At the end of the day, our budget is about putting people first. It's about creating a Wisconsin that works for everyone--a Wisconsin for us.” Some of the governor’s major budget initiatives include: expanding Medicaid under the Affordable Care Act; establishing a prescription drug importation program; decriminalizing small amounts of marijuana; raising the age of adult jurisdiction to 18 years of age; reforming the school finance system; ensuring that no school district receives less support as a result of school finance reforms; increasing child care assistance; increasing funding for higher education initiatives around student success and attainment; creating a Bureau of Natural Resources Science; bonding to help replace lead service lines; bonding for the Safe Drinking Water Loan Program; establishing a goal that all electricity should be carbon free by 2050; and restoring the ability of the Attorney General to settle cases without receiving the approval of the Legislature.

Links: [Fiscal Years 2020-2021 Budget Proposal](#); [Budget Address](#); [State of the State Speech](#)

## **Wyoming**

In 2018, Wyoming enacted a two-year budget for fiscal 2019 and fiscal 2020. On December 1, 2018, outgoing Wyoming Governor Matthew Mead submitted a supplemental budget proposal to the legislature requesting \$148 million in additional resources, including funding for state employee raises,

\$30 million to create an emergency fund for wildfire costs and other unforeseen expenses, and \$19 million for a K-12 cost adjustment. The supplemental budget for the biennium was based on estimated general fund revenue of \$2.4 billion and Budget Reserve Account revenue of \$1.0 billion. In mid-January, new Wyoming Governor Mark Gordon added \$21 million in requests to the supplemental budget proposal. The new governor's recommendation includes several energy and environmental spending items, including \$10 million for constructing a pilot project utilizing advanced coal-based generation technology at the University of Wyoming, as well as \$10 million for projects to enhance wildlife and serve agricultural needs in the state. Regarding his priorities going forward, the governor said in his State of the State address: "My administration will seek to better integrate our approaches across agencies not through bigger bureaucracies but by finding synergies and providing better service to our citizens and streamlining our delivery."

Links: [Fiscal Years 2019-2020 Enacted Budget](#); [Former Governor Mead's Fiscal Years 2019-2020 Supplemental Budget Proposal](#); [Governor Gordon's Fiscal Years 2019-2020 Supplemental Budget Requests](#); [Governor Gordon's Press Release](#); [State of the State Speech](#)