

Summaries of Fiscal Year 2022 Proposed Budgets

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This document details summaries of governors' budget proposals for fiscal 2022. Also included are links to proposed budgets, supporting documents, and State of the State speeches. If you would like additional information, please contact [Brian Sigritz](#) at 202-624-8439.

Overview of Proposed Budgets

In recent months, governors from all 50 states have released a new or revised budget proposal for fiscal 2022. Forty-eight states will enact a new budget for fiscal 2022. Governors in Virginia and Wyoming, which both enacted two-year budgets for fiscal 2021 and fiscal 2022 in calendar year 2020, proposed budget adjustments to their biennial budgets. Kentucky, which would normally have passed a two-year budget in calendar year 2020, passed a one-year budget only for fiscal 2021 due to revenue uncertainty created by COVID-19, and is considering a new budget for fiscal 2022 this year. Of the 48 states considering a new budget for fiscal 2022, 17 states will enact a biennial budget for both fiscal 2022 and fiscal 2023. The first fiscal 2022 budget proposal was released in November, while the last was released in March.

Most fiscal 2022 budget proposals were released when states were starting to see some improvements in fiscal conditions, while still continuing to face challenges brought on by the COVID-19 pandemic. At the end of fiscal 2020, and carrying into fiscal 2021, states used various tools to manage their budgets and address shortfalls. These strategies included targeted and across-the-board spending cuts, personnel actions such as hiring freezes, furloughs, layoffs, and salary reductions, and one-time measures including using rainy day funds, fund transfers, and prior-year balances. Due to the economic impact of COVID-19, states experienced an outright decline in general fund revenue collections in fiscal 2020 for the first time since the Great Recession, while anticipating greater declines in fiscal 2021. However, over the past few months, states have started to see improvements in their

revenue collections. Reasons for the improved revenue outlook include: federal stimulus measures have put increased money into the economy, helping to mitigate state revenue losses; personal income taxes have not been as impacted as expected due to the recession disproportionately affecting low-income workers while high-income earners have been relatively insulated; increased online sales tax collections following the U.S. Supreme Court decision in *Wayfair v. South Dakota* has mitigated sales tax losses; and economic activity has largely curtailed consumption of services that most states do not tax, while consumption of goods which are taxed has been less affected by the pandemic. While revenue collections have improved for most states, many are still projecting less revenue than what they were expecting pre-COVID-19, while at the same time facing increased spending demands related to the pandemic.

The recent improvement in states' revenue outlooks allowed governors to present fiscal 2022 budget proposals that were not as dire as originally anticipated and generally did not call for declines in general fund spending, in contrast to enacted budgets for fiscal 2021. Governors' budget proposals for fiscal 2022 call for general fund spending increases typically ranging between 3-4 percent. Similarly, states are anticipating state revenue growth for fiscal 2022 of approximately 2-3 percent. Although most governors' budget proposals are not anticipating overall declines in state spending and revenues, recommended budgets did include targeted spending reductions and other budget balancing strategies and cost-savings measures. While most budget proposals have called for an increase in general fund spending in fiscal 2022, total state spending, on average, is projected to be flat in governors'

recommended budgets. This is due to many states assuming a decline in federal funds to states in fiscal 2022. Nearly all budget proposals were released before the passage of the American Rescue Plan Act (ARPA), while increased federal funds provided under the CARES Act were largely budgeted to be expended in fiscal 2020 and fiscal 2021. Governors and legislatures are now examining the allowable uses of funds under ARPA, which is expected to lead to greater spending from federal funds in fiscal 2022 than originally called for in governors' budget proposals.

While governors' budget proposals highlighted a number of topics, they were focused on a few primary themes. In their recommendations, governors emphasized the need to address the impacts of COVID-19 and the cost of responding to the pandemic including increased funding for public health, support for vaccine distribution, and aid for small businesses and individuals impacted by the economic downturn. Budgets were also focused on the need to protect core programs and deliver essential services, while also working to restore previous harmful spending cuts. Additionally, many recommended budgets stressed the need to be prudent and cautious, maintain structural soundness, and strengthen reserves. Another area of emphasis concerned strategically maximizing the increased federal dollars being provided to states. Finally, governors spoke about viewing their recommendation as a recovery budget, while increasing opportunities for all, looking ahead to future needs, and envisioning ways to help the state grow and prosper.

When looking at the largest areas of state spending, elementary and secondary education was a frequent priority area for governors with most proposals calling for overall increases in funding. Specific recommendations included reexamining funding formulas, creating a more equitable education system, expanding early education, increasing school choice opportunities, raising teacher pay, helping students return to school safely, and addressing learning loss resulting from the COVID-19 pandemic. In the area of higher education, several governors called for restoring previous funding levels while others proposed spending cuts, partly related to enrollment declines. Many governors called for additional financial assistance for students in their recommended budgets, while a few proposed efforts to promote greater collaboration amongst higher education institutions in the state. An added area of emphasis in this year's budget

proposals was on workforce development and skills training, with governors discussing the need to help workers impacted by the economic downturn, prepare students for critical industries, and continue to support community colleges and career and technical institutions.

Regarding health care, governors called for the continuation of recent public health measures related to COVID-19, the expansion of telehealth and telemedicine, reducing prescription drug prices, making healthcare more affordable, increasing healthcare access, and other reforms to state healthcare systems. Recommended budgets also featured health and human services proposals including expanding the availability of mental health services including for students, providing better support for behavioral health, reducing infant mortality, making added investments in child services, increasing support for foster care and adoption programs, and expanding substance abuse treatment and prevention programs. In the area of public safety and corrections, recommended budgets included plans to improve prison safety, address overcrowding, provide pay raises to public safety employees, increase inmate rehabilitation programs, and expand opportunities for those who have been incarcerated. In budget proposals and State of the State speeches, a number of governors mentioned the need to reform the criminal justice system, make it more transparent and fairer for all, and provide increased training to law enforcement, while also discussing the need to continue to support law enforcement. Concerning transportation and infrastructure, budget proposals detailed the need for new construction projects, road maintenance, bridge repairs, water projects, and hiking and biking trails, while also linking infrastructure investments to the state's economic recovery and future growth.

Outside of the largest categories of state spending, other areas received increased focus in this year's budget proposals. Governors proposed using both state and federal funds to expand broadband and aid rural areas, increase equity, support remote learning, and encourage economic development. Proposed budgets also included a number of initiatives related to energy and the environment such as efforts to protect natural resources, increase water safety, address climate change, support fossil fuels, and increase investments in agriculture. Other areas of focus included providing housing assistance, IT modernization including to states' unemployment

systems, and partnering with localities to address COVID-19 and promote economic recovery.

Finally, governors' budget proposals highlighted initiatives aimed at promoting long-term fiscal health and other management strategies. These included building up reserves, making necessary pension contributions, modernizing government, streamlining services, reform efforts focused on seeking savings and efficiencies, continuing to hold some personnel positions vacant, and promoting greater equity and opportunities for all.

In budget proposals and other recommendations to the legislature, governors called for a series of changes to state taxes and other revenue sources. Many of the proposals were aimed at helping individuals and businesses impacted by the pandemic. These recommendations included: tax cuts for middle and lower-income individuals; targeted tax cuts for senior citizens; exempting federal relief from state income taxes; one-time tax relief; increasing the earned income tax credit; expanding the child tax credit; providing tax relief for small businesses; lowering business taxes; and reducing increases in unemployment taxes. A few governors called for a

phased-in reduction of personal income tax rates, including tying the reduction to future economic growth, while some governors called for increasing personal income tax rates on the wealthy. Other tax proposals from governors included increasing sales taxes, expanding the sales tax base, greater taxation of online sales, property tax relief, changes to meals and rooms taxes, closing business tax loopholes, excluding military pensions from state income taxes, stopping the taxation of Social Security benefits, and lowering tax rates for new residents. Governors also proposed changes to other revenue sources including the legalization and taxation of recreational marijuana, allowing sports betting, and increasing cigarette tax rates.

As states work to finalize fiscal 2022 budgets, they will consider the impacts of recent improvements in revenue forecasts and the passage of ARPA on their spending bills. At the same time, states will continue to address the increased spending demands related to the pandemic. Enacted budgets for fiscal 2022 are likely to focus on both responding to the current challenges brought by COVID-19, while also laying the groundwork for economic recovery.

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Alabama

Fiscal Summary. On February 3, Alabama Governor Kay Ivey released her fiscal 2022 budget proposals for both the Education Trust Fund and the General Fund. The Education Trust Fund proposes \$7.7 billion in spending for fiscal 2022, an increase of 6.1 percent or \$440.8 million over the prior year. The General Fund proposes \$2.5 billion in non-earmarked spending, a decrease of 1.3 percent or \$31.3 million over the prior year. Net continuing receipts to the Education Trust Fund are projected to grow from \$7.4 billion in fiscal 2021 to \$7.7 billion in fiscal 2022, a 3.4 percent growth rate. Net receipts to the General Fund are projected to grow from \$2.3 billion in fiscal 2021 to \$2.4 billion in fiscal 2022, an increase of 2.9 percent. The estimated balances at the end of fiscal 2022 are \$209.4 million for the Education Trust Fund and \$0 for the General Fund.

Budget Highlights. Several priorities are highlighted in the budgets for fiscal 2022. In the Education Trust Fund, funding priorities include a 2 percent pay increase for teachers and education employees, a one-time appropriation of \$95 million to schools who saw a drop in enrollment during the pandemic, \$27 million for the state's pre-K program to pay for an additional 207 classrooms, and \$18.5 million to increase the funding for teachers' supplies from \$600 per year to \$1,000. The state's community colleges receive a funding increase of 9.5 percent while there is also increased funding of \$12 million for the special education preschool program and \$15.3 million for the high needs special education grant program. In the General Fund, state employees also receive a 2 percent cost of living increase. The Department of Corrections would receive an increase of \$27.2 million, mostly allocated to health care for incarcerated individuals, including mental health; the budget also reserves \$37.8 million for additional correctional officers, conditional on the ability of the department to hire more staff as required by a court order. Other priorities in the General Fund include \$6 million to fund a fourth mental health crisis center and one-time investments such as upgrades to the state's cybersecurity infrastructure, a new case management system for the state Supreme Court, and a new driver's license management system. The state Medicaid agency's budget is reduced by \$51.01 million, but this is due to the increased federal matching dollars. In her State of the State address, the governor highlighted the challenges from 2020 and her vision for the year ahead, noting that "My fellow Alabamians, my prayer – and our goals – for 2021, is not just to get back to where we were. Instead, I want us to look ahead with confidence toward where we aspire to be. It's time to set big goals and lay out a bold vision for the year ahead."

Links: [Fiscal Year 2022 Executive Budget](#); [Education Trust Fund Summary](#); [General Fund Summary](#); [State of the State Address](#)

Alaska

Fiscal Summary. On December 11, Alaska Governor Michael Dunleavy released his budget proposal for fiscal 2022, which was subsequently revised on January 29. The budget calls for \$10.3 billion in total fund spending and \$4.3 billion in unrestricted general fund spending, reflecting a 1.0 percent decline and 6.4 percent decline, respectively. These figures include \$1.4 billion in capital spending, mostly from non-general funds. The total fund budget includes \$4.1 billion in spending from federal funds. The budget is based on an

unrestricted general fund revenue forecast of \$1.2 billion (3 percent annual decline) coupled with a \$3.1 billion drawdown from the state's Permanent Fund Earnings Reserve. The governor's recommended budget projects a \$40 million general fund deficit. After taking into account this projected deficit, the state's rainy day fund balance (the Constitutional Budget Reserve) is expected to be \$917 million at the end of fiscal 2022, representing 21 percent of general fund expenditures. After the drawdowns for government services and for Permanent Fund dividend payments to residents, the Alaska Permanent Fund Earnings Reserve is projected to end fiscal 2022 with a \$10.6 billion balance.

Budget Highlights. The governor's "Path Forward" budget for fiscal 2022 funds K-12 education with no formula changes, increases public safety funding by \$13.5 million, fully funds the Alaska Psychiatric Institute, and restores school construction financing to its fiscal 2022 level. The budget also includes an economic stimulus and stabilization package – including an "Express Capital Budget", with funding for the rest of the 2020 Permanent Fund Dividend (PFD) payments to residents, money for construction and maintenance projects, fisheries and natural resource projects, addressing the sexual assault case backlog, and for statehood defense. Additionally, the economic package calls for a \$300 to \$350 million infrastructure project bond to build bridges, roads, and ports and create jobs. The governor proposes using \$2.0 billion from the state's Earnings Reserve to pay out the statutory Permanent Fund dividend payments to residents for fiscal 2022. The governor also proposes constitutional amendments to cap government spending, require a vote of the people to adopt any new taxes, and protect the Permanent Fund and dividend payments. "For years, the PFD has been used as a political football supporting an unstable budget," said the governor in a press release. "Now is the time to act, to eliminate this instability and provide fiscal certainty for Alaskans."

Links: [Fiscal 2022 Proposed Budget](#); [Governor's Press Release](#); [State of the State Address](#)

Arizona

Fiscal Summary. On January 15, Arizona Governor Doug Ducey, released his budget recommendation for fiscal 2022. The budget calls for \$50.0 billion in total funds (appropriated and non-appropriated) and general fund spending of \$12.6 billion, a 7.4 increase over fiscal 2021 enacted budget levels. The budget is based on forecasted ongoing general fund revenues totaling \$12.37 billion (0.5 percent growth), after accounting for the governor's recommended tax cuts, as well as \$37 million in one-time revenue. The governor's spending plan calls for ongoing general fund expenditures totaling \$12.22 billion, resulting in a structural balance of \$155 million for fiscal 2022. The proposal projects a general fund ending balance of \$921 million and a budget stabilization fund (rainy day fund) balance of \$987 million (7.8 percent of general fund spending). This represents a total balance of \$1.9 billion or 15.1 percent of general fund spending.

Budget Highlights. The budget allocates 30 percent of new general fund spending – or \$274 million – to K-12 and higher education. For K-12, the executive budget provides for baseline increases to cover enrollment growth, inflation, and acceleration programming to benefit students most affected by the pandemic, as well as \$21 million in new spending initiatives for fiscal 2022, including early literacy support. The budget also recommends \$389 million in supplemental funding for fiscal 2021 for a remediation grant program to mitigate pandemic-related learning loss targeted to low-income students, paid for with the state funding

reductions resulting from formula decreases due to enrollment declines. “Kids have missed out on important learning opportunities and classroom time, and we need to use our resources to help students in need catch up and ensure students, regardless of background, stay on the path to success,” said the governor in a press release. For higher education, the budget increases funding for state universities to improve their capacity to prepare students for careers in the most critical industries in the “New Economy”. The budget also funds additional staffing and equipment needs for law enforcement, including money for body cameras, and corrections. To reduce recidivism, the budget increases substance abuse treatment capacity available to inmates and also includes \$24 million for the Arizona Healthy Forest Initiative, which provides job training to state inmates while promoting wildfire prevention. The budget also includes a “Safe, Healthy Children” initiative, including creating a pilot program to provide child care subsidies to low-income parents pursuing degrees in nursing and education; providing additional funding to support congregate care placements for children in foster care beyond the level reimbursed by the federal government; and continues to integrate physical and behavioral health services for children in foster care. The governor also recommends \$10 million for rural broadband. The budget calls for \$200 million in permanent income tax relief for families and small businesses, phasing up to \$600 million over the next three years. The executive budget highlights how \$35 billion in federal funds received through various stimulus measures were used to respond to the COVID-19 pandemic in the state.

Links: [Fiscal 2022 Proposed Budget](#); [Governor’s Press Release](#); [State of the State Address](#)

Arkansas

Fiscal Summary. On November 10, Arkansas Governor Asa Hutchinson released his budget for the next biennium, which recommends state general revenue spending of \$5.8 billion in fiscal 2022, an increase of 2.8 percent over the current year, and \$6.02 billion in fiscal 2023, an increase of 2.9 percent over fiscal 2022. General fund revenues are projected at \$5.9 billion in fiscal 2022, an increase of 3.03 percent over fiscal 2021, and \$6.1 billion in fiscal 2023, an increase of 4.9 percent over fiscal 2022. The state accumulated an unallocated surplus of \$240.9 million and the governor proposed several uses for the funds: \$100 million transferred to the Long-Term Reserve (helping to bring the balance to \$420 million by the close of the biennium); \$30 million for rural broadband; \$28.5 million to the education department for academic facilities; \$25 million to the rainy day fund; \$3.0 million for state police vehicles; and \$25 million allocated for tax cuts.

Budget Highlights. The governor proposed tax reductions in the biennial budget including increasing the exemption for used cars from the sales tax (reducing the rate from 6.5 percent to 3.5 percent for cars valued between \$4,000-\$10,000) and lowering the income tax rate for new Arkansans from 5.9 percent to 4.9 percent for five years. These two proposals would reduce revenues by \$6.5 million and \$1.6 million, respectively, in fiscal 2022 and are part of the governor’s plan to set aside \$50 million for low-and-middle income tax relief. Other funding priorities included in the proposed budget are: \$30.5 million in fiscal 2022 for the Public School Fund; \$75.3 million for human services; \$5.7 million for the Department of Correction; \$2.6 million for the Department of Community Correction; and \$49.02 million for institutions of higher education. From the work of transforming state government, the budget identifies \$26.5 million in

reductions to state agencies, including reducing the number of state employees through attrition and increased efficiencies from shared resources. Highlighting the state's fiscal condition in his State of the State address, the governor said "...the state of our state finances is strong. And our state budget reflects a resilient state economy in which the private sector continues to create jobs."

Links: [State General Revenue 2021-2023 Executive Recommendations](#); [General Revenue Forecast 2021-2023 Biennium](#); [Governor's Budget Presentation](#); [State of the State Address](#)

California

Fiscal Summary. On January 8, California Governor Gavin Newsom proposed a budget for fiscal 2022 calling for total state (non-federal fund) spending of \$227.2 billion and general fund spending of \$164.5 billion, a 5.5 percent increase over fiscal 2021. The budget is based on forecasted general fund revenue totaling \$161.4 billion, a 2.1 percent annual increase, before transfers to or from reserves. The governor's recommended spending plan expects to end fiscal 2022 with a total balance of \$25.1 billion (15.2 percent of general fund spending), including \$21.9 billion in reserves (13.3 percent of general fund spending).

Budget Highlights. The governor's budget prioritizes actions that will promote an "equitable and broad-based recovery" from the COVID-19 pandemic. "As always, our Budget is built on our core California values of inclusion, economic growth and a brighter future for all," said the governor in a press release. The governor's \$14 billion recovery package includes \$11.2 billion in supplemental spending for fiscal 2021 as well as \$2.7 billion in fiscal 2022. The recovery package calls for \$2.4 billion for the "Golden State Stimulus" – \$600 tax refund payments to low-income workers; \$2 billion for the safe reopening of schools, extended only to districts that are open or planning to open for in-person learning; \$4.6 billion for extended learning time; funding for small businesses and nonprofits disproportionately impacted by the pandemic; \$777.5 million to provide incentives targeted at accelerating investment and job creation; \$353 million for workforce development; \$1.5 billion for infrastructure investments and incentives to implement the state's zero-emission vehicle goals; \$500 million for infill infrastructure to accelerate housing development; \$385 million for agricultural sustainability investments; and \$300 million for deferred maintenance and making state infrastructure more "green". In addition to these recovery package funds, for K-12 education the budget commits \$2.3 billion as a one-time supplemental appropriation recognizing the additional costs of schools responding to the pandemic, as well as allocates \$250 million in one-time funds to support expanding transitional kindergarten programs, \$200 million for facilities for these programs, and \$50 million for professional development to prepare program teachers. The Proposition 98 funding levels for K-12 and community colleges, determined by general fund revenue collections, are set to increase \$14.9 billion in fiscal 2022 compared to the funding level in the fiscal 2021 enacted budget. The budget includes funding for additional workforce development, environmental protection, emergency preparedness, children's health, and other key initiatives. The budget also pays down nearly two-thirds of the deferrals implemented in the fiscal 2021 enacted budget. The governor's proposal calls on agencies to reduce operating expenditures permanently by 5 percent, including by reevaluating state leases. Other proposals on the revenue side

include one-time tax breaks and fee waivers targeted towards helping individuals and businesses most affected by the pandemic.

Links: [Fiscal 2022 Proposed Budget](#); [Governor's Press Release](#); [State of the State Address](#)

Colorado

Fiscal Summary. On November 2, Colorado Governor Jared Polis released his budget for fiscal year 2022. The proposal calls for \$35.4 billion in total fund spending and \$13.6 billion in general fund spending (including transfers to other state funds), reflecting increases of 9 percent in total spending and 20 percent in general fund spending compared to fiscal 2021 enacted levels. Compared to fiscal 2020 levels (since fiscal 2021 included large reductions), the November 2nd request called for a 7.5 percent operating increase in fiscal 2022. The budget is based on forecasted general fund revenue collections of \$12.8 billion, a 4.7 percent increase over fiscal 2021 estimated revenues. A general fund ending balance of \$1.27 billion, representing 9.3 percent of total general fund expenditures and 10 percent of general fund spending subject to the state's reserve requirement; the ending balance also serves as the state's rainy day fund. Spending from federal funds was expected to total \$10.0 billion for fiscal 2022 (less than a 1 percent increase compared to fiscal 2021) in the governor's initial request, which preceded passage of the two latest federal stimulus packages.

Budget Highlights. The budget focuses on three key elements: restoring significant cuts that were enacted for fiscal 2021 to deliver essential government services; provide economic stimulus to foster a strong recovery; and saving for the future. The governor's budget recommends that the \$2.6 billion in one-time surplus funds available to the state be approximately evenly used to bolster reserves (to protect against projected operating deficits in future years) and for a one-time stimulus package. The budget increases general fund reserves from 2.86 percent to 10 percent for fiscal 2022 and proposes a multi-faceted budgetary savings package totaling \$422 million (\$272 million general fund). The governor's separate one-time state-funded investment package, introduced as a fiscal 2021 supplemental, totals \$1.3 billion and includes one-time direct payments to lower-income residents; \$105 million in tax relief and direct aid to small businesses affected by the pandemic; and funding for housing assistance, child care providers, workforce and economic development, and broadband and other infrastructure projects. To restore major reductions, the budget proposes a \$902 per pupil funding increase for K-12 education, bringing the Budget Stabilization Factor to fiscal 2020 levels, and restores higher education institutional funding to fiscal 2020 levels as well. The budget also funds Medicaid and human services caseload growth, invests in high need capital projects, pays back spending from the State Emergency Reserve, and recommends \$78 million for wildfire prevention, response and recovery efforts. For ongoing COVID-19 response, the budget proposes using \$577 million in state and federal funds for testing, PPE, contact tracing, and related needs, while also setting aside another \$200 million for additional COVID-19 response costs. Other priorities in the budget include: improving equity, such as with a \$30 million grant program to improve access to capital for historically underserved entrepreneurs; bolstering higher education funding; increasing access to health care, behavioral health, and substance abuse treatment; and combatting climate change, including with \$30 million for clean energy finance programs and new investments to ensure an equitable transition from a coal

based economy. “This budget lays the foundation to build a stronger Colorado through key investments in our economic recovery, saving people money on health care, expanding access to education, building climate resiliency and expanding renewable energy to enhance our way of life and to build a Colorado for all where everyone can thrive,” said the governor in a press release. In January and March, the budget office also submitted several amendments to its initial request on the governor’s behalf, based on updated information concerning federal stimulus, the state’s revenue outlook, and spending needs. The budget amendments and comeback requests recommend additional funds to address inequities in education and health, make caseload adjustments, and deposit more one-time surplus funds into reserves, among other changes.

Links: [Fiscal 2022 Proposed Budget](#); [Governor’s Press Release](#); [State of the State Address](#)

Connecticut

Fiscal Summary. On February 10, Connecticut Governor Ned Lamont released his recommended budget for fiscal 2022-2023 of \$22.6 billion for fiscal 2022 and \$23.4 billion for fiscal 2023 in total funds, representing a 2 percent increase over the adopted fiscal 2021 budget and a 3.5 percent increase over the fiscal 2022 proposed amount and closing a projected \$4 billion baseline gap. The proposed general fund budget is \$20.5 billion for fiscal 2022, reflecting a 2.2 percent increase, and \$21.1 billion for fiscal 2023, reflecting a 3 percent increase. General fund revenues are \$20.7 billion for fiscal 2022 and \$21.4 billion for fiscal 2023. The starting reserve fund balance is \$3.5 billion in fiscal 2022 and \$2.8 billion in fiscal 2023 and the budget assumes use of \$775 million in reserves in fiscal 2022 and \$975 million in fiscal 2023 in the absence of any additional federal aid. Projected budget gaps would be closed with additional funding from federal stimulus, the improved economy, or partially using the rainy-day fund.

Budget Highlights. The budget includes no broad-based tax increases nor changes to income or sales tax rates and would legalize internet gambling and recreational marijuana. The budget does include proposed revenue changes that would delay previously enacted tax cuts or revenue diversions totaling \$640.6 million in fiscal 2022 and \$644.7 million in fiscal 2023. The budget maintains the education funding cities and towns currently receive so municipalities can hold the line on property tax increases. The budget includes savings of \$20 million in fiscal 2022 and \$155 million in fiscal 2023 from government efficiencies. Additionally, the budget recommends \$6 million in each year of the biennium for a program to provide last-dollar scholarships to qualifying community college students with an emphasis on supporting enrollment in short-term certificate programs enabling students to be better prepared for in-demand jobs. Other proposals include expanded broadband access and allocating an additional \$100 million to 25 distressed cities and towns. The capital budget includes \$40 million for CareerConneCT workforce training programs. In his budget address, the governor said, “Our budget is much more than a list of expenditures and revenues. Rather, it is a reflection of our shared values, as we are collectively deciding not only what we are funding, but why we are funding it.”

Links: [Fiscal Years 2022-2023 Budget Proposal](#); [Budget Address](#); [State of the State Speech](#)

Delaware

Fiscal Summary. On January 28, Delaware Governor John Carney released his proposed fiscal 2022 operating budget of \$4.7 billion, an increase of 3.5 percent in general funds. This budget is equal to 96.7 percent of available general fund revenues and includes \$261 million in dedicated cash for the Recommended Bond and Capital Improvements Act, a \$36 million Recommended One-Time Supplemental Appropriations Act, and a recommended \$55.5 million set aside for Grants-in-Aid. Public Education represents the largest operating appropriation at 35.8 percent, followed by health and human services (27.0 percent), corrections (7.8 percent), higher education (5.5 percent), services for children, youth, and their families (4.2 percent), safety and homeland security (3.3 percent), and judicial (2.2 percent). The governor recommends that \$67.9 million over and above the constitutionally mandated two percent set-aside remain unappropriated and added to the budget stabilization fund for a new balance of \$131.0 million. Net revenues in fiscal 2022 are estimated at \$4.77 billion, a 2.7 percent decline from fiscal 2021 forecasted revenue.

Budget Highlights. Spending recommendations in the budget proposal include: a \$50 million investment in a new clean water trust fund to clean up drinking water and waterways; a new goal for 40 percent of energy to come from renewable sources by 2035; increased funding for low-income and underserved communities; and \$10 million in additional “Opportunity Funding” for disadvantaged students, defined as children from low-income families, those with disabilities and children whose first language is not English, bringing the total for next year to \$38 million. The recommended budget also includes a \$12.5 million increase for the state’s share of Medicaid funding and \$50 million in capital funding for economic development. Furthermore, the budget includes \$22.7 million for across-the-board pay raises for state employees of \$500 or 1 percent, whichever is higher. The overall capital budget includes \$517.3 million for construction, maintenance, and technology, and \$377 million for transportation projects. Additionally, the recommended budget sets aside yet another \$30 million to fund unknown costs related to the pandemic in the coming year, including testing and contact tracing. The budget does not include any increase in taxes or fees. In his State of the State address, the governor said, “We promised to build a long-term, sustainable budget. A budget that would work for Delaware families. And we kept that promise. We built up our reserves — while making investments where needed the most. When the COVID-19 crisis hit, we balanced our budget without cutting critical services.”

Links: [Fiscal Year 2022 Budget Proposal](#); [State of the State Address](#)

Florida

Fiscal Summary. On January 28, Florida Governor Ron DeSantis introduced a fiscal 2022 budget proposal that calls for \$96.6 billion in total spending, an increase of \$4.3 billion or 4.7 percent over prior year appropriations. Of this increase, \$2.3 billion is due to an increase in federal funding authority related to the state’s COVID-19 response. The budget proposes \$35.8 billion in general revenue spending, an increase of \$1.04 billion or 3.0 percent. General fund revenues are estimated at \$34.3 billion in fiscal 2022, an increase of 5.7 percent over fiscal 2021, while available general revenues are estimated at \$37.97 billion. This leaves a

general revenue fund ending balance of \$2.2 billion for fiscal 2022 while overall reserves total \$6.6 billion, which is more than 6 percent of the total budget.

Budget Highlights. Several programs were prioritized for funding in the budget, with education being a large focus. The budget includes \$550 million, an increase of \$50 million, to continue raising the minimum K-12 salary to \$47,500 and fund increased instructional personnel pay. Total K-12 school funding is \$22.8 billion, while the state funding portion is \$12.9 billion; this amount brings K-12 per-student funding to \$8,019, an increase of \$233 over the current year. There is also an additional \$10 million for student mental health initiatives and \$43.5 million to establish the Title I School Recognition Program, rewarding Title I schools based on their student performance. Another priority area in the budget is the environment. The budget allocates more than \$625 million for Everglades restoration and improvement of water resources, including funding for spring restoration and combatting harmful algal blooms. The governor also proposes creation of the Resilient Florida program, which would provide \$1 billion over four years in grants to local governments to address the impacts of sea level rise, intensified storms, and localized flooding. Other areas receiving funding include: \$423.3 million to fully fund workforce and affordable housing programs; \$32.9 million for child welfare services; \$50 million for the Job Growth Fund to support local infrastructure and job training projects; \$3.2 million to fund a new program studying broadband accessibility and providing grants to rural communities; \$9 million to reduce health disparities and advance health equity; and \$31.1 million to improve staffing levels at the Department of Corrections. Looking at pandemic response, the budget includes over \$383 million for the Department of Emergency Management to continue the state's response to the COVID-19 pandemic; recognizing likely additional federal pandemic relief funding, the budget authorizes state agencies to submit budget amendments to increase federal budget authority under an expedited process for fiscal 2021 and fiscal 2022. The budget makes strategic reductions of more than \$1 billion over two years, of which \$876.3 million is in general revenue, and a reduction of 169 positions. Savings include administrative/operational efficiencies, debt service savings, contract and lease savings, reduced excess budget authority, and Medicaid and KidCare savings due to an enhanced federal matching rate. Tax savings are also included in the budget, from an eight-day back to school sales tax holiday (\$56 million) and 10-day disaster preparedness sales tax holiday (\$9 million). In releasing his budget, the governor noted that "The *Florida Leads* Fiscal Year 2021-2022 Budget exemplifies our continued resolve and unshakable economic foundation. The budget builds on key investments in education, the environment, health and human services, public safety and more, while safeguarding taxpayer dollars and maintaining strong fiscal reserves."

Links: [Fiscal Year 2022 Governor's Bill](#); [Budget Highlights](#); [Budget FAQs](#); [Governor's Press Release](#); [State of the State Address](#)

Georgia

Fiscal Summary. On January 14, Georgia Governor Brian Kemp released a fiscal 2022 budget proposal that calls for \$54.03 billion in total spending, an increase of 0.68 percent from the amended fiscal 2021 budget. From state funds the budget proposes spending \$27.2 billion in fiscal 2022, an increase of 2.6 percent from amended fiscal 2021 while general funds total \$23.3 billion, also an increase of 2.6 percent. State general

fund receipts are projected at \$25.8 billion in fiscal 2022, an increase of 3.7 percent over amended fiscal 2021, while total state treasury receipts are estimated at \$27.2 billion, a 3.6 percent increase. The state closed fiscal 2020 with a revenue shortfall reserve of \$2.7 billion, which exceeds 4 percent of net revenue collections. Across state funds appropriated in the budget, the largest categories of spending are dedicated to Educated Georgia (53.2 percent), Healthy Georgia (23.6 percent), Safe Georgia (7.3 percent), and Responsible and Efficient Government (3.1 percent).

Budget Highlights. Budget priorities include education, health care and transportation. In education, the fiscal 2022 budget provides \$567.5 million to the K-12 Quality Basic Education program to offset previous austerity cuts and \$9.2 million to restore cuts to other support programs; \$36.2 million in growth for state charter schools; \$71.9 million for the equalization program to assist low-wealth school systems; and a reduction of \$69.5 million to recognize a 2.07 percent decrease in enrollment. In higher education, the budget provides \$59.5 million to cover enrollment growth and \$70.1 million for prior year costs, while increasing lottery funds for the HOPE scholarship and grant program by \$15.8 million to meet projected need. Health care received additional funding, including \$329.4 million for Medicaid and PeachCare (including \$64 million in new funding for program growth), \$1.96 million for 100 additional slots for individuals with intellectual and developmental disabilities, \$68.1 million for implementation of the Patients First Act (expanded health insurance access), and \$2.6 million to grow the state's health care workforce. Under human services, the budget allocates \$4.5 million for caseload growth in adoption services, \$1.3 million for Adult Protective Services caseload growth, and \$8.2 million to implement the Patients First Act. Other priorities include transportation (receiving \$200.9 million for infrastructure and \$38.8 million for a tolling resilience initiative), public safety (\$3.2 million for a 75-person trooper school and \$700,000 for grants to domestic violence shelters and sexual assault centers), as well as an additional \$10 million for broadband projects and \$39.6 million to launch the Rural Innovation Fund, to help finance innovative projects targeted to specific needs in rural areas. In his budget report letter, the governor was optimistic about a robust recovery, saying "The budget I am presenting to you will help drive that economic recovery by restoring resources to our K-12 and higher education school systems to develop a skilled and labor ready workforce, continuing to expand and maintain our critical transportation and logistics infrastructure, and providing financial assistance to rural communities to support innovation and economic development across our state."

Links: [Fiscal Year 2022 Budget Report](#); [State of the State Address](#)

Hawaii

Fiscal Summary. On December 21, Hawaii Governor David Ige submitted his budget for the next biennium, covering fiscal 2022 and fiscal 2023. The budget calls for total spending of \$15.42 billion in fiscal 2022 and \$15.52 billion in fiscal 2023, with general fund operating spending at \$7.69 billion in fiscal 2022 and \$7.80 billion in fiscal 2023. This represents a 1.8 percent decrease in total spending and a 4.5 percent decrease in general fund spending in fiscal 2022 compared to fiscal 2021 appropriated levels. Over the biennium, the governor's budget calls for a 3 percent reduction in general fund operating spending over the previous biennium. The budget is based on general fund revenues estimates of \$7.38 billion in fiscal 2022 and \$7.71

billion in fiscal 2023, with projected general fund tax revenue growth of 8.5 percent following two consecutive years of tax declines in fiscal 2020 and fiscal 2021 (estimated). General fund tax revenues are not projected to exceed fiscal 2019 levels in nominal terms until fiscal 2025 based on the state's September 2020 consensus revenue estimates, though more recent estimates released in January 2021 show a slightly improved revenue picture. The governor's budget recommendation estimates a general fund balance of \$154 million as well as a balance of \$68 million in the state's rainy day fund (Emergency and Budget Reserve Fund) at the end of fiscal 2022, and \$209 million and \$73 million, respectively, at the end of fiscal 2023. This represents a total balance level at 2.9 percent of general fund spending, and a rainy day fund balance level at 0.9 percent of general fund spending.

Budget Highlights. The governor's operating budget funds spending adjustments for fixed costs and entitlements, while also calling for numerous program and personnel reductions in various state agencies – including eliminating 550 vacant state government positions and 149 actively filled positions. The budget includes a \$165.7 million cut to public school funding in each year of the biennium, as well as a \$70 million reduction in annual university funding for the next two years. The governor also recommends significant cutbacks to general obligation bond-financed construction spending in the next biennial budget cycle. As the heavily tourism-dependent state contends with a high unemployment rate and steep revenue declines wrought by the pandemic's economic impacts, a "wide range of cost-saving and revenue enhancement measures were considered," said the governor in his budget, though the document did not identify specific tax proposals under the administration's consideration. The governor's budget also noted they would be ready to work with the legislature to make budget adjustments as appropriate should additional federal aid be provided.

Links: [Fiscal 2022-2023 Proposed Budget](#); [Governor's Message](#); [State of the State Address](#)

Idaho

Fiscal Summary. On January 11, Idaho Governor Brad Little introduced a budget for fiscal 2022, calling for total fund spending of \$10.5 billion and general fund spending of \$4.2 billion. This represents a 5.4 percent increase in total funds and a 3.8 percent increase in general funds over fiscal 2021 recommended levels. The budget is based on \$4.4 billion in forecasted general fund revenue, reflecting a 3.5 percent annual growth rate over fiscal 2021 estimated levels. The governor's proposal projects a general fund ending balance of \$138 million and an ending balance in the Budget Stabilization Fund (rainy day fund) of \$637 million (15.1 percent of general fund spending). This represents a total balance of \$775 million (18.3 percent of general fund spending), excluding other reserve funds such as the public education and higher education stabilization funds.

Budget Highlights. The budget recommends 5.4 percent increase in K-12 education spending, fully implementing the new career ladder pay increases for teachers. The budget also invests \$250 million in total funds to strengthen public health infrastructure. The governor's economic stimulus package, also referred to as the "Building Idaho's Future" plan, reinvests \$332 million of general fund and \$35 million in federal funds to improve transportation (\$126 million), water projects (\$60 million), broadband (\$35 million) and other

infrastructure. As part of this investment package, the governor recommends \$5.5 million for higher education focused on improving collaboration across universities to create savings over time, \$20 million to enhance literacy and address learning loss during the pandemic, and \$4.8 million in career technical education investments. The proposal also calls for \$455 million in tax relief for families and small businesses, including \$160 million in permanent reductions and \$295 million in one-time relief. The governor recommends continuing to implement Medicaid expansion – with state costs to be shared with counties. The budget also recommends a one-time transfer of \$20 million to the state’s wildfire suppression fund, as well as a \$31 million transfer to the state’s education stabilization fund to replace funds depleted in fiscal 2020. “My budget leaves a prudent surplus, bolsters rainy-day funds, and reflects my continued priority on education, including our valuable teachers,” said the governor in his State of the State address.

Links: [Fiscal 2022 Proposed Budget](#); [State of the State Address](#)

Illinois

Fiscal Summary. Illinois Governor JB Pritzker released his fiscal 2022 budget proposal on February 17, which calls for \$95.5 billion in total spending, compared to \$93.4 billion in fiscal 2021 (a 2.2 percent increase), with much of the increase tied to additional COVID-19 relief funds made available by the federal government. The main funding sources for fiscal 2022 are general funds (42.4 percent), special state funds (32.5 percent), federal trust funds (16.5 percent), debt service funds (4.0 percent), and highway funds (3.0 percent). General fund expenditures are estimated to total \$41.6 billion in fiscal 2022, a 4.2 percent decrease from fiscal 2021. The largest categories of general fund spending in the budget proposal are education (26.9 percent), pensions (23.1 percent), human services (18.3 percent), healthcare (18.2 percent), government services (8.5 percent), and public safety (4.8 percent). The budget proposal forecasts base general fund revenues of \$41.7 billion, a \$226 million, or 0.5 percent increase from fiscal 2021 revised base estimates. Total general fund revenues for fiscal 2022 reflect a \$1.78 billion decline from fiscal 2021, due to the one-time nature of \$2.0 billion in Municipal Liquidity Facility (MLF) borrowing. The budget assumes a fiscal 2022 budgetary surplus of \$120 million. Federal funds are estimated to total \$15.7 billion in fiscal 2022, up from \$10.0 billion in fiscal 2021.

Budget Highlights. The governor noted that the proposed budget: closes nearly \$1 billion in corporate tax loopholes; holds overall state spending flat; does not increase income taxes for working families; proposes significant government efficiencies; strategically maximizes federal dollars; strengthens safety net services; protects education funding; continues investments in economic development, infrastructure, and the environment; and creates a more equitable Illinois through criminal justice reforms. Specific proposals include: a 7.9 percent increase for the Department of Children and Family Services; ensuring that no one loses Medicaid coverage during the pandemic; maintaining \$1 billion in federal funding for public health preparedness and COVID-19 response; adding funding for home delivered meals for seniors; continued upgrade of the unemployment system; providing funding to work towards a more equitable K-12 system while assisting school districts with COVID-19 challenges; increasing funding to support college affordability and closing equity gaps; supporting restorative justice through the Justice, Equity, and Opportunity Initiative; implementing criminal justice reforms; and federal funding for rental and housing assistance. The proposed

budget also reflects full payment of the certified fiscal 2022 pension contribution, continues to support the state's \$45 billion Rebuild Illinois Capital Plan that was enacted in fiscal 2020, and implements a series of measures to close \$932 million in corporate loopholes. In discussing his recommended budget, the governor said, "The rapid development of several vaccines has provided hope that the defeat of the COVID-19 virus is within our grasp, but vaccines alone are only part of the solution. This budget builds on our previous efforts to blunt the magnitude of the economic devastation the virus has wrought."

Links: [Fiscal Year 2022 Budget Proposal](#); [Budget in Brief](#); [State of the State and Budget Address](#)

Indiana

Fiscal Summary. On January 13, Indiana Governor Eric Holcomb proposed a two-year budget for fiscal 2022 and fiscal 2023. The budget calls for \$43.0 billion in total spending in fiscal 2022 (a 1.1 percent decline compared to the recommended current estimate for fiscal 2021), and \$43.2 billion in fiscal 2023 (a 0.5 percent increase from recommended fiscal 2022). General fund spending is recommended at \$17.7 billion in fiscal 2022 (a 2.9 percent increase compared to fiscal 2021), and \$18.2 billion in fiscal 2023 (a 2.6 percent increase compared to fiscal 2022). The largest categories of general fund spending are: K-12 education/teacher retirement/other education (49.9 percent), Medicaid (16.2 percent), higher education (11.5 percent), other health and human services (8.2 percent), and public safety (6.2 percent). Federal funds are estimated to decline 2.7 percent in fiscal 2022, and 0.5 percent in fiscal 2023. General fund revenue is estimated to increase 2.3 percent in fiscal 2022, and 3.0 percent in fiscal 2023. The budget assumes an annual operating surplus of \$29.9 million in fiscal 2022, and \$243.1 million in fiscal 2023. Additionally, the budget projects an annual reserve balance of \$2.29 billion in fiscal 2022 (13.1 percent of expenditures), and \$2.27 billion in fiscal 2023 (12.8 percent of expenditures).

Budget Highlights. In his budget proposal, the governor emphasized having a balanced budget, funding critical services, restoring and maintaining reserves, prudent use of one-time funds, and maintaining AAA credit rating. In the budget presentation, the administration noted steps Indiana had taken since the outbreak of COVID-19 to balance the budget. Budget highlights for the proposed biennium budget include restoring planned cuts for many agency budgets and augmenting where needed; added K-12 funding; increasing tuition support; restoring higher education's fiscal 2021 reduction; funding pension obligations at required level; and fully funding the Medicaid forecast. The recommended budget also includes a funding realignment for the Department of Corrections; paying down \$400 million in teacher pension debt; paying off outstanding bonds; new investments in state parks and the state fairgrounds; continued preventive maintenance for capital projects; and added investments in broadband service. In his State of the State address, the governor said, "For Indiana, the future is now, and the world continues to hear Indiana's engines roar. That's why I'm more excited than ever to work together to build a state of opportunity for all Hoosiers."

Links: [Fiscal Years 2022-2023 Budget Proposal](#); [Budget Presentation](#); [State of the State Speech](#)

Iowa

Fiscal Summary. Iowa Governor Kim Reynolds released her fiscal 2022 budget proposal on January 12, which calls for \$8.12 billion in total general fund appropriations, an increase of 3.9 percent from fiscal 2021's estimated spending level of \$7.82 billion. The largest program areas include education (54 percent), health and human services (25 percent), justice/judicial branch (9 percent), and property replacement/tax credits (6 percent). Total net general fund receipts are estimated at \$8.27 billion, a 3.7 percent increase from fiscal 2021. In addition, the budget assumes an ending balance of \$340.9 million and total reserve funds of \$825.3 million. Total federal funds are estimated at \$8.40 billion, a 3.7 percent decline from estimated fiscal 2021.

Budget Highlights. The governor said her budget proposal is focused on the following priorities: Iowa's resilient economy; putting students first; creating universal broadband access; confronting Iowa's childcare crisis; expanding housing opportunities; innovating Iowa's workforce; reinvigorating the Iowa agriculture economy; ensuring strong, safe communities; improving access to quality health care. Regarding Iowa's resilient economy, the governor called for expanding tax relief, including lowering the top individual tax rate and collapsing the number of tax brackets from 9 to 4. Concerning putting students first, the governor recommended greater school choice, open enrollment, and greater support of charter schools. The governor also outlined a plan to ensure broadband access for all Iowans by 2025. In the area of childcare, the governor called for continued support of the Child Care Challenge Fund, increased eligibility for childcare tax credits, and a comprehensive child care strategy. To expand housing opportunities, she recommended increasing workforce housing tax credits, establishing an Iowa Housing Tax Credit program, expanding redevelopment tax credits, supporting main street revitalization, and creating disaster recovery housing assistance. The governor also discussed the need to continue to support the state's workforce and called for occupational licensing reform and expanded work-based learning. In order to reinvigorate the agriculture economy, the governor discussed efforts to expand biofuels and establishing beginning farmer tax credits. Concerning strong and safe communities, the governor discussed police reforms, supporting law enforcement officers, criminal justice reform efforts, a re-entry pilot program, and felon voting rights. Finally, the governor discussed the need to improve access to quality health care including creating centers of excellence, tort reform, supporting life, and added support for mental health, nursing facilities, and home and community-based services. In her Condition of the State, the governor discussed the impact from COVID-19 and the state's outlook and said, "Iowa's success has always been about turning obstacles into opportunities and overcoming adversity together. The post-Covid world won't be the same as the pre-Covid world. And it shouldn't." The governor added, "...we can take what we've learned and the innovation that's been applied over the past ten months and capitalize on the opportunity to reimagine, modernize, and possibly restructure everything from healthcare and education to our workforce and quality of life."

Links: [Fiscal Year 2022 Budget Proposal](#); [Budget in Brief](#); [Condition of the State Speech](#)

Kansas

Fiscal Summary. On January 12, Kansas Governor Laura Kelly released a fiscal 2022 budget proposal that calls for \$20.94 billion in total expenditures, a 1.4 percent decline from the governor's revised fiscal 2021 recommendation, and \$7.96 billion in fiscal 2022 general fund spending, a 4.9 percent increase from the

governor's fiscal 2021 recommendation. Total taxes in fiscal 2022 are estimated to be \$7.68 billion, a 2.1 percent decline from fiscal 2021, while total receipts are estimated at \$7.48 billion, a 2.9 percent decline. The proposal recommends an ending balance of \$600.9 million, or 7.5 percent of expenditures. In fiscal 2022, education would represent the largest program area of general fund spending at 62.2 percent, followed by human services (27.4 percent), public safety (5.6 percent), and general government (4.7 percent).

Budget Highlights. In her budget proposal, the governor noted that while the economy is showing signs of improvement, the outlook remains uncertain both in Kansas and across the nation. Her budget is built on two key principles. First, responding to the needs highlighted by the pandemic and protecting core services, while keeping Kansas on the path of fiscal responsibility and economic growth. The fiscal 2022 recommended budget shows investments in IT modernization, transportation, public safety, mental health services, education, and economic development tools. The second principle is to continue building on the work that has been done over the past few years to put tools back into the budget toolbox. This includes avoiding profile-altering fiscal policy changes, maintaining healthy ending balances, and reducing the reliance of the Highway Fund, with a target of eliminating the reliance. The recommended budget includes no increase in personal or corporate income taxes, while creating a tax on digital properties and enacting a marketplace facilitator provision. Additionally, the budget leverages federal COVID-19 relief funds. Specific proposals in the budget include: increasing K-12 funding including fulfilling the state's constitutional obligation to adequately fund public schools; expanding access to affordable healthcare and behavioral services including expanding Medicaid to the full adult expansion population; making substantial investments to improve the state's IT systems, including using federal funds to improve the state's unemployment insurance systems; and protecting state retirees by the reamortization of the legacy unfunded actuarial liability of KPERS for 25 years. Regarding her budget recommendation, the governor said, "This fiscally responsible budget protects the critical resources, services, and programs Kansas communities and businesses need to recover and emerge from this pandemic stronger than ever."

Links: [Fiscal Year 2022 Budget Proposal](#); [Budget Presentation](#); [Press Release](#); [State of the State Speech](#)

Kentucky

Fiscal Summary. On January 26, Governor Andy Beshear presented his one-year "A Better Kentucky" budget; Kentucky typically enacts a two-year budget in even-numbered years but opted to only pass a one-year budget for fiscal 2021 in April 2020, due to the high amount of economic and fiscal uncertainty resulting from the pandemic. Total fund spending is recommended at \$42.7 billion for fiscal 2022, a 4.9 percent increase from fiscal 2021's level. The budget proposes total general fund appropriations of \$12.2 billion in fiscal 2022, a 3.2 percent increase from the revised fiscal 2021 levels. The largest areas of general fund spending in the governor's budget proposal are education (41.7 percent), Medicaid (16.9 percent), criminal justice (11.4 percent), postsecondary education (9.8 percent), human services (7.2 percent), and all other (12.8 percent). General fund revenue estimates forecast \$11.9 billion for fiscal 2022, an increase of 2.3 percent over forecasted fiscal 2021 levels. The budget includes a \$100 million deposit to the Budget Reserve Trust Fund, bringing the balance up to \$565.7 million, 4.7 percent of the fiscal 2022 budget recommendation.

Budget Highlights. The three pillars of the budget recommendation are immediate relief to small businesses and individuals, investment in people, and bold investments in the future. The values in the governor’s budget recommendation include public education, health care, children and families, good-paying jobs, infrastructure, and public employees and pensions. The governor noted that the recommended budget is balanced and transparent; adheres to the revenue estimates of the Consensus Forecasting Group; is structurally sound; fund transfer amounts from state agency accounts are the lowest in twenty years; protects and adds to the Budget Reserve Trust Fund; builds a rational and affordable capital improvement plan, and falls below the Kentucky’s debt affordability policy cap. The budget uses \$272 million in one-time funds to improve infrastructure and create jobs including providing \$50 million to expand broadband in unserved or underserved communities, \$100 million to upgrade school facilities, and \$22 million to attract jobs in emerging industries. Regarding education, the budget includes a \$1000 pay increase for teachers and classified education employees; a 1 percent increase in base per pupil funding; \$11 million to partially restore money for textbooks; \$2.1 million for teacher loan forgiveness and scholarships; and \$5 million for preschool and early learning in disadvantaged communities. Other priorities funded in the budget are a 2 percent increase for post-secondary institutions; \$12 million to double general fund support for local health department epidemiology and clinical capacity; \$7 million for 76 child protection social workers; a percent pay increase for state employees; and \$8.4 million to restore 90 unemployment insurance workers. In his State of the Commonwealth and Budget Address, the governor said, “We have not had this much opportunity for new investment in our people and in our future in a generation. Let’s make it count. Let’s have the courage. Let’s be bold. Let’s not fumble this opportunity.”

Links: [Fiscal Year 2022 Budget Proposal](#); [Budget Presentation](#); [Governor’s Press Release](#); [State of the Commonwealth and Budget Address](#)

Louisiana

Fiscal Summary. On February 26, Louisiana Governor John Bel Edwards proposed a \$36.6 billion all funds budget for fiscal 2022, an increase of 0.5 percent over the existing operating budget for fiscal 2021. The direct general fund portion of the budget totals \$9.6 billion for fiscal 2022, an increase of 2.7 percent compared to the prior year. The state general fund is broken down by the following spending categories: Department of Education (38.0 percent); Department of Health (23.0 percent); Higher Education (12.0 percent); Non-Appropriated Requirements (6.0 percent); Corrections Services (6.0 percent); Other Requirements (5.0 percent) and All Other (10.0 percent). The revenue estimate for fiscal 2022 developed by the legislative economist’s forecast projects direct general fund revenue at \$9.76 billion, a 2.4 percent increase from their updated forecast for fiscal 2021. The Budget Stabilization Fund is projected to have a \$546 million balance for fiscal year 2022.

Budget Highlights. Funding increases are proposed for Homeland Security and Emergency Preparedness (\$11.5 million) for the statewide communication system; state employee pay increases; teacher and support worker pay increases (\$40 million); Corrections for salary costs, supplies, offender medical costs, and inmate housing (\$59.4 million); and higher education including faculty pay increases, GO Grants (\$11.1 million) and TOPS funding (\$12.1 million). \$14.3 million is directed toward a general bond sale and first interest payment

to the federal government for levee work after the 2005 Hurricane Katrina. The governor also proposed the use of existing positions for the creation of an Office of Broadband Development and Connectivity due to the importance of a successful statewide broadband effort. In the budget presentation, Louisiana notes that challenges on the horizon include a Corps of Engineers payment; Medicaid rule changes; conservation fund; replacing federal dollars; and the Unemployment Trust Fund. In his State of the State speech, the governor said, “Over the past year, we’ve been pushed to think outside the box. To work in new ways. Learn in new ways. Socialize in new ways. One thing is clear, we can absolutely do things differently. So this legislative session, let us challenge ourselves to envision new ways of making Louisiana better for all of our citizens.”

Links: [Fiscal Year 2022 Budget Proposal](#); [Budget Summary](#); [Budget Presentation](#), [State General Fund Revenues and Expenditures](#); [State of the State Speech](#)

Maine

Fiscal Summary. On January 8, Governor Janet Mills released her budget proposal for fiscal 2022-2023 that calls for \$8.39 billion in general fund spending over the biennium, a 3.81 percent increase over the prior biennium. General fund revenues of \$4.0 billion in fiscal 2022 and \$4.1 billion in fiscal 2023 reflect increases of 4.1 percent and 3.8 percent over the prior years, respectively; the budget contains no changes in tax rates. The governor recommends adding \$61 million to the Budget Stabilization Fund, bringing its total to \$320 million, a record high for the state. The governor noted that the budget balances any increases in departmental spending with reductions elsewhere, while avoiding layoffs and ensuring vital services. Increases in the budget results primarily from statutorily mandated policies, such as teachers’ retirement and retirees’ health insurance, General Purpose Aid for schools, and a \$15 million commitment to property tax relief for Maine people through the Homestead Exemption Program.

Budget Highlights. Specific recommendations in the budget include adding \$25.5 million to a Medicaid Stabilization Fund to help budget for MaineCare. The budget includes \$45 million for K-12 public education, making progress toward a minimum teacher salary of \$40,000 and allowing local districts to manage in-person, remote, and hybrid learning options during the pandemic. The budget also includes \$7.5 million for mental health and substance use disorder services, including funds for community mental health and \$2 million for an initiative to dispatch mobile response teams in every county to communities with high rates of drug overdoses. Additionally, the budget borrows \$30 million for broadband expansion, \$25 million for career training programs, and \$6 million to help childcare facilities build, renovate or expand. Other recommendations include \$3 million for state programs aimed at public health emergency preparedness; \$5 million for COVID-19 testing, vaccines, and support services for people in quarantine; \$6 million to help adults with developmental disabilities in their communities; \$45 million for MaineCare rate increases; and \$82 million in tax relief for all small businesses who received loans from the Paycheck Protection Program. In her budget address, the governor said, “This budget provides basic continuity, consistency, and stability, something our state needs at this time. It is focused on recovery.”

Links: [Fiscal Years 2022-2023 Budget Proposal](#); [Budget Overview](#); [Press Release](#); [State of the Budget](#)

Maryland

Fiscal Summary. On January 20, Maryland Governor Larry Hogan released a \$49.4 billion all funds proposed budget for fiscal 2022, a decrease of 2.2 percent compared to fiscal 2021; this is partly attributed to reduced federal fund revenue. General fund spending totals \$20.1 billion in fiscal 2022, an increase of nearly 7 percent over fiscal 2021. Estimated general fund revenues for fiscal 2022 are \$19.8 billion, an increase of 5.5 percent over fiscal 2021. The fiscal 2022 proposed budget would leave an unappropriated balance of \$192.3 million and includes a balance of \$990.4 billion in the Revenue Stabilization Account, for total reserves of \$1.2 billion.

Budget Highlights. Priorities in the budget include education, health care, and public safety, all part of the governor's "Economic Recovery Budget" which also includes targeted tax relief. The budget provides \$7.5 billion for K-12 education, including \$213.7 million in hold-harmless grants for enrollment declines, with direct aid to local schools growing by 2.6 percent. Also included is \$65.5 million for special education grants, \$54.7 million for the expansion of early childhood initiatives, and \$53.7 million to support full-day pre-K for every 4-year-old in the state. For higher education, the budget includes more than \$2 billion, including \$32 million for the university system to create and expand programs to meet the state's critical workforce needs, an additional \$3 million to establish a new Center for Urban Health Equity at Morgan State University, \$263 million for 15 local community college systems, and \$9 million in tax credits to assist Marylanders with student loan debt; the budget also limits tuition increases to 2 percent for a sixth year. Looking at health care priorities, the budget includes nearly \$13.5 billion for the Medicaid program, more than \$1.4 billion for developmental disabilities community services (including an additional \$25.6 million to reduce the waiting list), \$124 million to fund provider rate increases in behavioral health, developmental disabilities and other health care services, and \$4 million to establish a new block grant program for local health departments. Funding for substance use disorder services increases 13 percent in fiscal 2022, while funding for mental health and substance use disorder treatment for the uninsured population increases 14 percent. Savings are reflected in public safety funding, including \$5 million from the closure of two correctional facilities due to population declines, \$18 million from declining overtime costs, and \$9.6 million from enactment of the Justice Reinvestment Act; due to youth population declines of over 50 percent in the last year, there are savings of more than \$13 million in the Department of Juvenile Services. The budget also includes targeted tax relief by calling for a \$1 billion tax cut for all retirees, while expanding the Hometown Heroes tax credit to exempt law enforcement, first responders and corrections personnel from state tax on retirement income specific to their service, and increasing the tax exemption for all military retiree pensions. Releasing his budget, the governor said he looked forward to working with the legislature, noting that "This economic recovery budget and the RELIEF Act of 2021, with all of its immediate tax and stimulus relief, are far and away the most important things that the legislature must address right now as we continue our work to prevent more illnesses and deaths, to get our kids back in school, to mitigate the damage to our economy, and to bring about a robust health and economic recovery and eliminate and eradicate this pandemic."

Links: [Fiscal Year 2022 Budget Volume I](#); [Budget Volume II](#); [Budget Highlights](#); [Governor's Press Release](#); [Budget Presentation](#); [State of the State Address](#)

Massachusetts

Fiscal Summary. On January 27, Massachusetts Governor Charlie Baker released his proposed fiscal 2022 budget that recommends \$45.6 billion in gross spending, a decrease of 0.7 percent over the fiscal 2021 projected spending, excluding a transfer to the Medical Assistance Trust Fund. The budget authorizes a withdrawal of up to \$1.6 billion from the stabilization fund, with improvements in tax collections or new federal revenue allowing for the amount of this withdrawal to be reduced. The stabilization fund withdrawal would leave the fund with a balance of approximately \$1.11 billion. The proposed budget is based on the \$30.1 billion consensus tax revenue estimate which anticipates a 3.5 percent growth in total tax collections over revised fiscal 2021 tax estimates. The budget also anticipates \$35 million in revenue in fiscal 2022 from a proposal to permit wagering on professional sports. The spending plan does not include any broad-based tax increases.

Budget Highlights. Spending recommendations include fully funding the first year of the state's new Student Opportunity Act, adding a total of \$246.3 million for school systems with higher percentages of low-income students and English language learners. The budget recommends over \$131 million for financial aid and fee waiver programs at college campuses, including last-dollar scholarships for low-income students at both state universities and community colleges and support for the continued expansion of early college and dual enrollment programs. The budget funds the Department of Mental Health at \$943.9 million, a \$32.2 million or 4 percent increase above the fiscal 2021 budget. To continue promoting racial equality and opportunity, the proposal includes \$30 million to support the recommendations of the Black Advisory Commission and the Latino Advisory Commission. Other recommendations include \$96 million to address sexual assault and domestic violence, \$357.3 million for substance misuse treatment and prevention, \$16.9 million in additional funding to transform vocational high schools into Career Technical Institutes, and increasing the Unrestricted General Government Aid investment by \$39.5 million. Additionally, the budget recommendation includes provisions originally included in the administration's health care legislation which holds drug companies accountable for excessive price increases, supports distressed community hospitals and community health centers, and imposes a gross receipts tax on the revenues of opioid manufacturers from the sales of their opioid products in Massachusetts. In discussing his recommended budget, the governor said, "This balanced budget proposal includes substantial investments and maintains financial discipline as the Commonwealth begins to transition away from one-time revenue and spending needed to combat the pandemic."

Links: [Fiscal Year 2022 Budget Proposal](#); [Proposal Letter](#); [Governor's Press Release](#); [State of the Commonwealth Address](#)

Michigan

Fiscal Summary. On February 11, Michigan Governor Gretchen Whitmer released her fiscal 2022 budget proposal that calls for \$67.1 billion in total spending, a 6.9 percent increase from fiscal 2021, and \$11.4 billion in general fund spending, a 7.5 percent increase. The recommended budget includes a school aid fund total of \$14.7 billion. The budget projects total general fund revenues at \$10.7 billion, a 1.6 percent increase. The budget recommendation proposes a \$175 million deposit to the Budget Stabilization Fund. The

estimated general fund ending fund balance for fiscal 2022 is \$74.4 million. A summary of the recommended budget notes that the budget proposal contains a significant amount of one-time funding made possible by the increase in federal aid and the effective job Michigan has done in managing the pandemic. Total budget by source includes federal (43 percent), school aid (23 percent), general fund (17 percent), other state restricted (16 percent), and local/private (1 percent).

Budget Highlights. The governor’s recommended budget is centered on equitably growing the state’s economy by expanding skills training and childcare for families, providing a further down payment on rebuilding the state’s crumbling bridges and water infrastructure, and helping small businesses recover from the pandemic. In discussing her budget recommendation, the governor said, “The budget plan I released today along with the MI COVID Recovery plan I announced last month makes the investments we need to jumpstart our economy and build a better Michigan for everyone. I am committed to working across the aisle with the legislature to ensure that we don’t waste a dime of the federal aid we have received thus far, so we can help Michigan families and small businesses get back on their feet.” Regarding children and public education, the budget calls for the largest investment in K-12 schools in history including a \$164 per-pupil increase, funding for the Education Emergency Relief Fund intended to help mitigate the impact of COVID-19 on students, and a one-time increase for universities and community colleges equal to 2 percent. The budget proposal calls for funding centered on economic recovery and opportunity such as \$370 million for the expansion of childcare options and \$120 million one-time to provide a tuition-free pathway to an in-demand industry certificate or associate degree for adults 25 and older. Concerning public health, the budget includes \$360 million for a direct care wage increase and \$38 million for a one-time nursing home COVID supplemental payment. Regarding infrastructure, the budget provides additional funding for local bridge repair, the MI Clean Water Plan, high water level and resilient infrastructure, dam safety, and protection from cyber threats. The budget also calls for funding centered on the environment such as \$20 million for contaminated site cleanup, and efforts to support energy efficiency and renewable energy. Additionally, the budget calls for funding centered on equity including \$8.4 million to reduce racial and economic health disparities. Other proposals include: a 1.8 percent revenue sharing increase for cities, villages and townships, and a 2 percent revenue sharing increase for counties; \$5 million to fund security upgrades at the Capitol; \$10 million to alleviate affordable housing needs; \$7.7 million for a trooper recruit school; \$73.6 million to support two new veterans’ homes; and a sales tax exemption on menstrual products.

Links: [Fiscal Year 2022 Budget Proposal](#); [Budget Presentation](#); [Press Release](#); [State of State Speech](#)

Minnesota

Fiscal Summary. Minnesota Governor Tim Walz released his two-year budget proposal for fiscal 2022 and fiscal 2023 on January 26. The budget calls for \$47.86 billion in total expenditures in fiscal 2022, a 3.5 percent decline from the recommended level for fiscal 2021, and \$47.93 billion in fiscal 2023, a 0.2 percent increase from fiscal 2022’s recommended level. The budget recommends general fund spending of \$25.89 billion in fiscal 2022, a 6.7 percent increase from the recommended level for fiscal 2021, and \$26.53 billion in fiscal 2023, a 2.5 percent increase from fiscal 2022’s recommended level. Federal grants are projected to remain relatively flat in fiscal 2022, while declining 3.1 percent in fiscal 2023. General fund revenues are projected at

\$25.28 billion in fiscal 2022 (a 5.5 percent increase) and \$25.88 billion in fiscal 2023 (a 2.4 percent increase). The proposal also assumes budget reserves of \$5.10 billion and a general fund balance of \$469.5 million at the end of the biennium. K-12 education represents 40.5 percent of all general fund spending in the governor's budget recommendation, followed by health and human services (31.5 percent), property tax aids and credits (8.1 percent), higher education (6.8 percent), and public safety and judiciary (5.1 percent).

Budget Highlights. In discussing his budget, the governor said, "...as we look toward the future, Minnesotans are ready to confront the challenges we face today while investing in a brighter future. That's why I am proposing Minnesota's COVID-19 Recovery Budget to ensure we emerge from this crisis stronger than before." The governor also noted that COVID-19 has heavily impacted students, working families, and small businesses and the recommended budget would help them stay afloat. Regarding education, the budget includes a new state investment of \$745 million for K-12 and federal investments of \$649 million for COVID education recovery, and initiatives to help students catch up on learning such as increased funds for summer school and one-time funding for early learners to attend a program at no cost to their families. Concerning small businesses, the governor is recommending investing \$50 million in a new Small Business COVID Support forgivable loan program and \$3 million per year in new supports for small businesses hit hard by COVID-19. To help support working families the governor is calling for expanding the Working Family Tax Credit, creating a statewide program providing 12 weeks of paid leave for those that need it, and a one-time Minnesota Family Investment program payment of up to \$750. The governor also proposed a series of revenue measures to help level the playing field including: establishing a fifth-tier income tax rate for household incomes above \$1,000,000; increasing the corporate tax rate for large, profitable companies; taxing foreign income when it is repatriated to the United States; returning the estate tax exclusion to \$2.7 million for individuals; and imposing a four percent tax on capital gains over \$1,000,000. Finally, the governor is recommending expanding the first-tier income tax bracket and cutting taxes for more than one million households.

Links: [Fiscal Years 2022-2023 Budget Proposal](#); [Press Release](#); [State of the State Speech](#)

Mississippi

Fiscal Summary. On November 16, Mississippi Governor Tate Reeves introduced a fiscal 2022 spending plan that proposes \$6.2 billion in state support funds, a decrease of 14.8 percent over fiscal 2021. General fund agency appropriations total \$6.1 billion in fiscal 2022, a decrease of 16.1 percent from fiscal 2021. A majority of the reductions come from the removal of COVID relief funding, accounted for in fiscal 2021, from fiscal 2022 appropriations. For example, state support special funds drop by \$1.1 billion from fiscal 2021 to 2022 (a decrease of 66.1 percent). General fund revenue estimates for fiscal 2022 total \$5.8 billion, a 1.1 percent increase over the fiscal 2021 amount of \$5.7 billion. The budget also maintains the requirement to not use more than 98 percent of the general fund estimate for the succeeding fiscal year.

Budget Highlights. The budget level-funds several state agencies for fiscal 2022 while priorities include tax cuts, supporting law enforcement, protecting small businesses, supporting quality education, and increasing workforce development. The governor proposes to eliminate the individual income tax, by eliminating the 4 percent rate on taxable income over five years and eliminating the 5 percent rate on all taxable income

above \$10,000 by 2030. Under this elimination, an individual with a taxable income of \$40,000 is estimated to save \$1,850 per year. The proposal would include revenue triggers for the 5 percent elimination to ensure sufficient funds are maintained to support important functions of state government. Highlighting this proposal in his State of the State address, the governor says “I believe that in order to fully capture the potential of this historic moment, we must think big. We need a bold move. This is the time for an action that will turn heads all across the country and get money and people flowing in. And I believe that move is the elimination of the income tax.” Other priorities receiving additional funds include \$3 million for the state’s Law Enforcement Training Academy so it can operate at full capacity; \$12 million from capital expense funds to create “JumpStart” grants for small businesses; and \$50 million in one-time funds to accelerate targeted workforce growth including expanding select community college training programs and expanding dual credit programs. Several education priorities also received additional funding, including \$3 million from capital expense funds for a Patriotic Education Fund; \$2 million to train and prepare computer science teachers and \$3 million to fund math coaches; and \$28 million to fully fund the School Recognition Program, which rewards teachers in A-rated schools or schools that improve in their ratings. In response to schools choosing in-person learning versus online distance learning, the governor proposes limiting funding for school districts that do not choose to provide the option of classroom instruction, noting the financial disadvantage for schools selecting in-person learning.

Links: [Fiscal Year 2022 Executive Budget Recommendation](#); [State of the State Address](#)

Missouri

Fiscal Summary. On January 27, Missouri Governor Michael Parson released his fiscal 2022 budget proposal that calls for \$34.7 billion in total spending, a 9.0 percent decline from fiscal 2021. The budget calls for \$10.8 billion in spending from general revenues, a 3.9 percent increase. Federal funds are projected to decline 22.8 percent in the recommended budget. Revenue growth in both fiscal 2021 and fiscal 2022 have been impacted by the movement of the tax deadline in 2020 from April to July. In fiscal 2021, declining revenue growth is expected absent the delayed income tax payments (-3.1 percent), while when including the delayed payments, revenues are expected to grow sharply (14.2 percent). In fiscal 2022, revenues are estimated to grow 3.9 percent absent the delayed income tax payments, while revenues are projected to decline 4.1 percent when accounting for the delayed payments. The ending balance for fiscal 2022 is projected at \$36.1 million. The total budget is comprised of federal funds (38 percent), general revenue (31 percent), and other funds (31 percent). Social services represents the largest category of spending from all funds at 36 percent, followed by elementary and secondary education (20 percent), transportation (9 percent), mental health (8 percent), health and human services (5 percent), higher education and workforce development (4 percent), and employee benefits (4 percent). For spending solely from general revenues, elementary and secondary education is the largest at 34 percent, followed by social services (19 percent), mental health (9 percent), higher education and workforce (9 percent), corrections (7 percent), and employee benefits (7 percent).

Budget Highlights. In his budget letter, the governor said, “This budget reflects our support for all Missourians, from health care workers to law enforcement officers and from farmers to school teachers. No one is left out. Our investments in education and workforce development will help provide Missourians with

the knowledge and skills to succeed, and our infrastructure investments will help drive economic growth.” The governor’s priorities for the upcoming year include education and workforce development, infrastructure, stronger communities, health care, and government reform. For workforce and education, the governor called for: fully funding the education formula; the consolidation of several early childhood programs into a new Office of Childhood; restoring higher education funding to pre-pandemic levels; an increase of \$13 million for the A+ scholarship program; continued funding for the Fast Track Workforce Incentive Program; and the second year of funding for the MoExcels program to facilitate the development of employer-driven workforce education. Regarding infrastructure, the governor recommended \$25 million to fulfill the transportation cost-share program, \$5 million to expand broadband, and a one-time expenditure of \$100 million to clear the backlog of maintenance projects for state assets. For stronger communities the governor proposed \$1.5 million for a witness protection fund, \$5.3 million for community mental health liaisons and substance use disorder liaisons, \$15 million for crisis stabilization centers, \$3 million for treatment courts, continued support for the nation’s first law enforcement training academy at a historically black college and university, and greater coordination among law enforcement. For healthcare, the recommended budget calls for \$1.9 billion to comply with voter-approved Medicaid expansion, \$4.5 million for developmental disability telehealth services, and \$20 million to establish 50 new community mental health and substance abuse advocates. Finally, under government reform the governor called for reforms to foster care and adoption, a pay increase for state employees, and asked the legislature to pass COVID-19 liability protection and permit the taxation of online purchases from out-of-state retailers in line with the Supreme Court’s Wayfair decision.

Links: [Fiscal Year 2022 Budget Proposal](#); [Budget Summary](#); [State of the State Speech](#)

Montana

Fiscal Summary. On January 8, new Montana Governor Greg Gianforte released his first budget proposal for the fiscal 2022-2023 biennium. The budget recommends \$2.59 billion in general fund spending, a 2.3 percent decline from budgeted general fund spending (plus supplemental proposals) for fiscal 2021. For fiscal 2023, the second year of the biennium, the budget recommends \$2.69 billion in general fund spending, a 3.9 percent increase. Total appropriations from all funds are proposed for fiscal 2022 at \$7.05 billion, a 2.3 percent increase. These amounts are inclusive of the General Appropriations Act (HB 2) and other statutory appropriations. The general fund budget is based on current law revenues estimated at \$2.54 billion for fiscal 2022, a 2.8 percent increase. The general fund ending balance is projected to be \$357 million at the end of fiscal 2022 and \$305 million at the end of the next biennium. Inclusive of the state’s rainy day fund, the state’s projected total balance at the end of the biennium exceeds \$450 million, 17.4 percent of general fund spending.

Budget Highlights. The governor’s “Roadmap to the Montana Comeback” budget prioritizes economic recovery, tax relief, keeping reserves strong, and combatting substance abuse. The governor recommends reducing the top marginal income tax rate as well as raising the business equipment tax exemption to help small businesses. The budget also increases funding by \$3 million annually (a 25 percent increase) for programs that offer property tax relief to low-income homeowners, including disabled veterans and seniors. The governor also calls for exempting new businesses that create long-term jobs in the state from capital

gains taxes on employee-owned stock sales. The governor's budget calls for \$23.5 million in annual funding (including state and federal funds) for community substance abuse and prevention programs. For K-12 education, the governor recommends \$2.5 million in incentive funding for school districts to increase starting teacher pay. In the area of workforce development, the governor proposes \$1 million to provide businesses a tax credit for employee education and training. "Many jobs require specialized skills, and we should ensure that Montanans have access to the training and education they need to acquire and refine those skills," said the governor in his State of the State address.

Links: [Fiscal 2022-2023 Proposed Budget](#); [Governor's Press Release](#); [State of the State Address](#)

Nebraska

Fiscal Summary. Nebraska Governor Pete Ricketts proposed a two-year budget on January 14. Spending from all funds is recommended at \$11.95 billion in fiscal 2022, a 1.5 percent increase from fiscal 2021, and \$12.10 billion in fiscal 2023, a 1.3 percent increase from fiscal 2022. The budget recommends two-year average growth in general fund spending of 1.5 percent, with fiscal 2022 at \$4.76 billion (a 0.3 percent increase over fiscal 2021), and fiscal 2023 at \$4.89 billion (a 2.7 percent increase over fiscal 2022). Nominal growth in general fund net receipts is estimated to decline 6.9 percent in fiscal 2022 compared to fiscal 2021, and increase 7.2 percent in fiscal 2023 compared to fiscal 2022. The governor's recommendation provides for a 3.5 percent general fund reserve, while the biennium ending general fund balance is estimated at \$335.2 million.

Budget Highlights. In his letter to the legislature, the governor said, "Today, I am presenting my budget recommendation to you for the 2021-2023 Biennium accompanied with recommendations and proposals to substantially increase property tax relief, protect public safety and health, connect Nebraskans to great opportunities, and improve services for a more effective, efficient, and customer-focused state government." The governor said his budget contains no tax increases while providing \$1.36 billion in property tax relief over the biennium. This includes \$550 million in direct property relief through the State's Property Tax Credit Relief Fund, \$596 million from a newly enacted refundable property tax credit, and \$214 million to provide for property tax payments under the current homestead exemption program. Additionally, the governor is calling for exempting 100 percent of military retirement income from state income taxation, up from 50 percent. For school funding the proposed budget fully funds the state school aid formula with an additional \$42.7 million in state aid to schools over the next two years. The budget calls for increased funding for higher education, along with \$20 million for Nebraska Career Scholarships. In the area of corrections the governor is recommending \$230 million over five years to replace the Nebraska State Penitentiary, public safety staffing increases, and improving information technology support. Other initiatives recommended by the governor include: providing a constitutional amendment to limit revenue increases by political subdivisions; a \$40 million biennial investment to expand broadband; licensing reform including more flexibility for military spouses and healthcare workers; and a \$50 million investment to help bring the U.S. Space Command to Offutt Air Force Base.

Links: [Fiscal Years 2022-2023 Budget Proposal](#); [Budget Presentation](#); [Governor's Letter](#); [Governor's Press Release](#); [State of the State Speech](#)

Nevada

Fiscal Summary. On January 18, Governor Steve Sisolak released a budget for the fiscal 2022-2023 biennium, calling for total fund spending of \$15.53 billion in fiscal 2022 and unrestricted general fund appropriations of \$4.34 billion. This reflects a 0.2 percent decline in total spending and a 7.7 percent increase in general fund appropriations. However, over the full biennium, recommended general fund spending represents a 2 percent reduction over the enacted budget for the previous biennium, while federal funds are set to increase 8.5 percent over the biennium. For fiscal 2023, the budget proposes \$15.86 billion in total spending and \$4.35 billion in general fund spending. The budget is based on forecasted general fund revenue (after tax credits) of \$4.12 billion in fiscal 2022, a 2.6 percent increase over estimated general fund revenues for fiscal 2021, and \$4.39 billion in fiscal 2023. The governor's budget projects a general fund balance of \$220 million (5.1 percent of general fund spending) at the end of fiscal 2022. After depleting the state's rainy day fund in response to the effects of COVID-19, the executive budget proposes deposits of \$41 million in fiscal 2022 and \$44 million in fiscal 2023, ending the biennium with a projected rainy day fund balance of \$85 million.

Budget Highlights. The governor's budget focuses on restoring some significant spending reductions adopted last year, strengthening education, investing in workforce development, and improving infrastructure. For Medicaid, the budget commits significant resources to meet rising caseloads, as well as restores certain provider rate reductions. For economic development and diversification, the budget makes investments to encourage start-up businesses, as well as to develop and implement customized workforce development services for companies that expand or relocate to the state. For K-12 education, the budget recommends the phased implementation of the Pupil Centered Funding Plan – a new pupil-based funding formula designed to be more “equitable and transparent.” Other key initiatives in the budget include funding for the Nevada Climate Initiative to reduce carbon emissions; continuing to reform the state's parole system; funding for testing and treatment of hepatitis C for prison inmates; and capital infrastructure investments. The governor's spending plan recommends eliminating mandatory furloughs of state employees starting in fiscal 2022, based on economic projections. The budget also recommends one-time general fund supplemental spending for fiscal 2021 due to better than expected revenue projections and state reimbursements through federal funds, along with supplemental funding to address urgent spending needs, mostly for K-12 education. Citing the “unprecedented and evolving fiscal situation,” the governor said, “Throughout this dynamic process, the priorities will remain the same: recovering from this crisis and creating jobs, educating our kids, promoting justice and equality, and most importantly now, protecting the health of our people.”

Links: [Fiscal 2022-2023 Proposed Budget](#); [Governor's Press Release](#); [State of the State Address](#)

New Hampshire

Fiscal Summary. On February 11, New Hampshire Governor Chris Sununu proposed a biennial budget that calls for \$6.83 billion in total spending in fiscal 2022 (a 0.2 percent decline from adjusted fiscal 2021), and \$6.96 billion in fiscal 2023 (a 1.9 percent increase from recommended fiscal 2022). General fund spending is

recommended at \$1.71 billion in fiscal 2022 (a 0.7 percent decline from fiscal 2021) and \$1.77 billion in fiscal 2023 (a 4.0 percent increase from recommended fiscal 2022). The current budget includes \$2.07 billion in federal funds, and anticipates spending \$2.19 billion in federal funds in fiscal 2022 and \$2.17 billion in federal funds in fiscal 2023. The largest area of spending from total funds is health and social services at 42.5 percent, followed by education (23.4 percent), justice and public protection (11.1 percent), transportation (9.8 percent), general government (8.3 percent), and resource protection and development (4.9 percent). Estimated revenue in the general and education funds totals \$2.73 billion in fiscal 2022, a 1.4 percent increase from fiscal 2021's projected level. The rainy-day fund balance is projected to be \$85.7 million at the end of the biennium.

Budget Highlights. Regarding tax changes, the proposal reduces the meals and rooms tax from 9 percent to 8.5 percent, lowers the business enterprise tax from 0.6 percent to 0.55 percent while significantly raising the filing threshold, and would phase out the interest and dividends tax over five years. The budget includes a proposal to merge the state's two-year and four-year college systems. In the area of K-12, the budget proposal increases spending per child and provides \$30 million in grants for capital projects. Other initiatives include new mental health support programs for seniors and veterans; continued support for drug treatment programs; expanded telehealth; student debt relief; paid family medical leave; a new state Department of Energy; increasing funding for the developmentally disabled; sustained investments for the Child Protection System; and a 3.1 percent Medicaid rate increase. In his budget address, the governor said, "The budget I'm presenting to the Legislature today, it's built on the fundamental philosophy of just making things better for our citizens. Here, in New Hampshire, we don't settle for bad systems. When things aren't working, we don't push harder in the same direction. We have the courage to change direction. We don't settle. We innovate. We problem-solve. And we get the job done."

Links: [Fiscal Years 2022-2023 Budget Proposal](#); [Budget Summary](#); [Budget Address](#)

New Jersey

Fiscal Summary. On February 23, New Jersey Governor Phil Murphy released his fiscal 2022 budget proposal which calls for \$44.8 billion in total state appropriations, an 8.8 percent increase from fiscal 2021's adjusted levels. Total revenues are estimated at \$40.9 billion, a 2.4 percent increase from fiscal 2021's projected levels. The ending undesignated fund balance at the conclusion of fiscal 2022 is estimated at \$2.2 billion, nearly 5 percent of budgeted appropriations. Nearly half of the state budget would be distributed as property tax relief through school aid to districts, or municipal aid payments.

Budget Highlights. The proposed budget meets the goal of contributing 100 percent of the Actuarially Determined Contribution (ADC) to New Jersey's pension system including an additional \$1.6 billion for the pension system; the total \$6.4 billion pension payment also includes contributions from the state lottery. To help boost economic growth, the proposal includes a \$200 million plan for grants and loans for small businesses and other initiatives. The budget increases total resources for transit to \$2.65 billion, nine percent over fiscal 2021 budgeted appropriations. The budget would also increase spending in public schools by \$700 million and renew a \$50 million proposal to cover the first two years of study at four-year college for students from low-income households. The budget sets aside \$20 million to create a "Cover All Kids" insurance program for an estimated 88,000 children without health care. Finally, the governor is proposing

expanding the Veterans Property Tax Deduction, making the Child and Dependent Care Credit refundable and expanding eligibility, and expanding eligibility for the Earned Income Tax Credit, while recommending no new taxes. In discussing his budget, the governor said, “This budget lives up to our stronger and fairer mission. Stronger to come out of the pandemic with an economy that works for every New Jersey family. Fairer to help families and small businesses hit hard and left behind in the pandemic's brutal wake. This budget will continue to stabilize property taxes for hardworking families. This budget will continue the hard work of moving forward – not only from the pandemic – but from years of neglect. Our problems weren't created overnight and, frankly, they won't be fixed overnight. But I know that brighter days lay ahead.”

Links: [Fiscal Year 2022 Budget Proposal](#); [Budget in Brief](#); [Press Release](#); [State of the State Speech](#)

New Mexico

Fiscal Summary. On January 11, New Mexico Governor Michelle Lujan Grisham submitted a budget recommendation for fiscal 2022. The budget calls for total fund spending of 18.6 billion (a 2.0 percent increase) and recurring general fund spending of \$7.3 billion (a 3.3 percent increase) in fiscal 2022. The budget also calls for \$170 million in nonrecurring general fund appropriations in fiscal 2022, compared to \$1.34 billion in nonrecurring appropriations in fiscal 2021. The executive budget recommendation is based on a recurring general fund revenue forecast of \$7.4 billion, a 5.1 percent increase compared to fiscal 2021 but considerably lower than the state's pre-pandemic projection of \$7.9 billion. The budget projects a total balance in general fund reserves of \$1.83 billion, representing 25 percent of recurring general fund appropriations, including \$1.72 billion (23.6 percent) in the state's rainy day fund and Tobacco Settlement Permanent Fund.

Budget Highlights. The budget prioritizes public education, promoting economic diversification and opportunity, public health and safety, and child wellbeing. The budget includes \$475 million for additional pandemic relief, \$893 million in total support for behavioral health across state agencies, and \$193 million to continue investment in early childhood education and care. For K-12 education, the budget maintains spending on targeted investments such as extended learning time, career technical education and community school programs. “We will enact an equity-first budget for public education, ensuring money reaches students and schools in proportion to the socioeconomic needs of families in the community” said the governor in her State of the State address. To promote child wellness, the budget includes investments in youth, adolescent and young adult suicide prevention as well as subsidizing increases for foster families. Overall, the budget calls for general fund recurring spending of: \$3.3 billion for public education; \$1.9 billion for health, hospitals and human services; \$867 million for higher education; \$476 million for public safety; \$159 million for general government; \$80 million for agriculture, energy and natural resources; \$67 million for commerce and industry; and funds for the judicial and legislative branches. Citing the budget's focus on protecting significant investments in key priorities, the governor said, “In this year of crisis, preserving the investments we have made is not stagnation; it is a means of ensuring we will be in a position to build on those investments and deliver meaningful change for New Mexicans, in 2021 and on the other side of the pandemic.”

Links: [Fiscal 2022 Proposed Budget](#); [Governor's Press Release](#); [State of the State Address](#)

New York

Fiscal Summary. On January 21, New York Governor Andrew Cuomo released his proposed budget for fiscal 2022 that totals \$192.9 billion in all funds spending, 0.1 percent growth compared to the current estimate for fiscal 2021. The budget recommends \$103.4 billion in spending from state operating funds, 1.2 percent growth compared to the current estimate for fiscal 2021. All fund receipts at \$189.8 billion are forecasted to decline 2.0 percent in fiscal 2022, while taxes, at \$83.5 billion, are forecasted to grow 7.4 percent. The budget assumes rainy day fund reserves of \$2.5 billion. The recommended budget was released before legislation providing additional federal aid to states was approved and the governor presented two budget options, depending on the level of funding the federal government provides. The governor noted that if the state's full \$15 billion aid request is approved, the state would be able to reverse many difficult proposals and maintain state services. Since the recommended budget was released before additional federal aid was approved, the proposal released in January includes \$6 billion in new federal aid apportioned evenly over two years (instead of the requested \$15 billion), with \$3 billion in both fiscal 2022 and fiscal 2023 to reduce the fiscal 2022 budget risk if additional federal aid is delayed or approved at a lower level than expected.

Budget Highlights. The recommended budget notes that if \$15 billion in additional federal aid is approved, the state would be able to: advance a \$306 billion infrastructure plan and \$29 billion in green economy investments; enact a \$1.3 billion rent relief program; institute a \$15 cap on broadband for low-income families and provide \$150 million to address food insecurity; create a \$130 million program to support small businesses hurt by COVID-19; establish a \$40 million Infectious Disease Resiliency Commercialization Fund; and create a public health corps to assist in vaccination operations. The budget provides \$31.7 billion in school aid, and \$7.5 billion in state support for higher education. Medicaid spending is expected to be \$82.9 billion in fiscal 2022; the budget proposal would continue to implement recommendations brought forth by the state Medicaid Redesign Team, including a comprehensive telehealth reform and efforts to address rising prescription drug costs. Cuts that could be avoided if \$15 billion in federal aid is approved includes \$3.5 billion for education; \$900 million in across-the-board reductions; \$600 million in contractual salary increases; and \$300 million in other restorations. Regarding revenue changes, the recommended budget implements a temporary surcharge on the wealthiest New Yorkers to raise \$1.5 billion, freezes the implementation of middle-class tax cuts to save \$400 million, and adds new revenue sources in adult-use cannabis and mobile sport wagering that would raise \$850 million annually when fully implemented. Other new tax actions include sales tax on vacation rentals and creating a new tax credit to support businesses in rehiring workers that were displaced by the COVID-19-pandemic. If the requested \$15 billion in federal aid is approved, the budget proposal notes that \$3.7 billion in tax increases can be avoided. In discussing his budget proposal, the governor said, "The story of COVID has many chapters - we launched the battle last year and now we must not only finish it, but begin an aggressive post-COVID reconstruction."

Links: [Fiscal Year 2022 Budget Proposal](#); [Briefing Book](#); [Governor's Press Release](#); [State of the State Speech](#)

North Carolina

Fiscal Summary. North Carolina Governor Roy Cooper released a two-year spending plan on March 24, proposing general fund spending of \$27.3 billion in fiscal 2022 and \$28.7 billion in fiscal 2023. General fund revenues are estimated at \$26.99 billion in fiscal 2022 (a decrease of 2.2 percent from fiscal 2021) and \$28.25 billion in fiscal 2023 (an increase of 4.7 percent over fiscal 2022). When accounting for the unappropriated balance, overcollections and reversions, the budget includes nearly \$5 billion in reserved cash available in fiscal 2022. The estimated ending balances are \$1.7 billion for fiscal 2022 and \$284.4 million for fiscal 2023.

Budget Highlights. Priorities identified in the governor's proposed budget include investing in schools and teachers, supporting state employees, ensuring economic recovery, increasing access to quality health care, and investments for a clean, healthy North Carolina. Under education, the budget proposes \$289 million in fiscal 2022 and \$478 million in fiscal 2023 for teacher, principal and assistant principal pay increases, including an average increase of 10 percent over the biennium, restoring master's pay and providing \$1,000 bonuses per year. Other public school employees would receive a total 7.5 percent pay raise and \$1,000 bonus per year, plus assurance of a \$15 per hour minimum wage (cost of \$76 million in fiscal 2022 and \$115 million in fiscal 2023). To address concerns with student physical and mental health, the budget includes \$80 million for school nurses, psychologists, social workers and counselors, while also providing \$230 million to eliminate caps and expand funding for children with disabilities, limited English proficiency, low wealth funding and teaching assistants. In order to recruit and retain educators, the budget invests \$77 million for initiatives such as support for beginning teachers and advanced teaching roles, science of reading training, and enhanced opportunities for educators of color. There are also salary increases for higher education personnel, a total 7.5 percent pay raise plus a \$1,000 bonus per year. Other higher education provisions include \$30 million for need-based financial aid and \$20 million for NC Promise (reduced tuition program). Early education also receives funding in the biennial budget, with funds for an additional 1,500 pre-K slots, \$10 million to add 1,700 new childcare subsidy slots and \$35 million in wage increases for the early childhood workforce. State employees would receive a 5 percent salary increase and a \$1,000 bonus per year, as well as targeted funds for hard to recruit and retain positions and addressing compression issues. To improve health care, the budget proposes expanding Medicaid eligibility beginning October 1, 2021 to provide health care access for more than 600,000 individuals, and also directs \$250 million in Medicaid resources to address social determinants of health that contribute to health disparities. The budget proposes \$8 million to expand child welfare services and \$53 million for enhancement of the Child Welfare Data System. The budget creates the Innovation AIDE program, at \$9 million, to help rural and economically distressed communities prepare for an innovation-based economy, while also supporting core small business programs at \$12 million. Clean energy provisions are also included in the budget, with \$23 million for home energy efficiency and clean energy assistance for low-income households, \$14.5 million for clean energy business grants and \$4 million for State Energy Centers. For tax changes, the budget reinstates the refundable Earned Income Tax Credit (EITC) so it is equal to five percent of the federal EITC for an average benefit of \$130 per eligible family (biennial fiscal impact of -\$267.7 million). The budget also authorizes the Child and Dependent Care Tax Credit (CDCTC), a non-refundable credit, equal to 100 percent of the federal CDCTC for an average benefit of \$400 per eligible family (biennial fiscal impact of -\$306.1 million). Highlighting these proposals, the governor said "With the right priorities, we will not only beat this pandemic, but build lasting success for North Carolina. The most important recommendations today will

invest in North Carolina’s people so they can learn, get healthier, and get the right kind of training for great jobs.”

Links: [Fiscal Years 2022-2023 Budget Proposal](#); [Budget Presentation](#); [Governor’s Press Release](#)

North Dakota

Fiscal Summary. On December 3, North Dakota Governor Doug Burgum released a two-year budget proposal for fiscal 2022 and fiscal 2023. The budget calls for \$15.02 billion in total spending over the biennium, a 2.2 percent increase from the previous biennium; the total includes \$550 million for infrastructure projects as part of the governor’s proposed \$1.25 billion bonding package. Health and human services represents the largest category of total spending at 32 percent, followed by elementary and secondary education (18.1 percent), higher education (17.3 percent), transportation (12.2 percent), natural resources (6.0 percent), general government (5.6 percent), public safety (3.4 percent), regulatory (3.0 percent), and agriculture and economic development (2.4 percent). The budget proposes \$4.84 billion in general fund spending over the biennium, a decline of 0.2 percent over the prior biennium. The budget proposal reduces ongoing general fund spending by \$61 million after identifying budget cuts and reprioritizing spending and includes a transfer of \$240 million from the Budget Stabilization Fund. The largest categories of general fund spending for the upcoming biennium are health and human services (34.7 percent), elementary and secondary education (34.2 percent), higher education (13.2 percent), general government (7.3 percent), public safety (6.2 percent), and agriculture and economic development (2.9 percent). The budget assumes general fund revenues of \$4.58 billion, a 7.6 percent decline from the revised estimate for the current biennium. Additionally, the budget assumes a budget stabilization fund ending balance of \$482.0 million and a general fund ending balance of \$57.4 billion.

Budget Highlights. In discussing the budget, the governor said, “New challenges create opportunities and demand fresh ideas and approaches, and our proposed budget charts a course for North Dakota agencies and institutions to overcome these challenges and emerge stronger than ever before. We can accomplish this with a fiscally conservative budget that holds the line on general fund spending, invests in our priorities and maintains healthy reserves, all without raising taxes.” Regarding education, the budget dedicates 38 percent of ongoing revenue to K-12, up from 33 percent in 2013-2015, decreases higher education general fund spending by \$9.3 million partly due to declining enrollment, and increases funding for the Higher Education Challenge Grant. Concerning health and human services, the budget proposes \$95 million in COVID-related funding, of which \$84 million is one-time, increases funding for the Substance Use Disorder Voucher, renews a proposal to streamline the administration of Medicaid expansion and reduce its fee schedule to match traditional Medicaid rates, and proposes the creation of a new state hospital. The recommended budget also focuses on infrastructure and calls for selling bonds in the amount of \$1.25 billion, with a portion of Legacy Fund earnings being used to create a Legacy Bond Repayment Fund to make the debt payments. The \$1.25 billion bonding proposal includes \$700 million for infrastructure revolving loan funds to be loaned out to political subdivisions, \$323 million for transportation, bridge, and community project grants, \$45 million to incentivize the expansion and opening of local career academies, and \$182 million to address maintenance and repair issues at state facilities. Other proposals in the recommended budget include: \$105 million for information technology projects to replace and upgrade

systems; a decrease of 91 full-time equivalent employees and performance-based salary increases of 2 percent in each year of the biennium; and increasing both the state and employee retirement contributions by 1 percent to address the unfunded pension liability.

Links: [Fiscal Years 2022-2023 Budget Proposal](#); [Budget Presentation](#); [Governor's Press Release](#); [Budget Address](#); [State of the State Speech](#)

Ohio

Fiscal Summary. On February 1, Ohio Governor Mike DeWine recommended a two-year budget that totals \$85.8 billion in fiscal 2022 (a 1.3 percent increase over fiscal 2021's estimated level), and \$85.8 billion in fiscal 2023 (flat spending from fiscal 2022). The largest categories of spending from all funds are Medicaid (41.4 percent), general government (16.3 percent), primary and secondary education (15.6 percent), general revenue distributions (9.9 percent), health and human services (8.1 percent), justice and public protection (4.1 percent), and higher education (3.3 percent). Spending from general revenue funds totals \$35.4 billion in fiscal 2022 (a 3.5 percent increase over fiscal 2021), and \$39.3 billion in fiscal 2023 (a 11.0 percent increase from fiscal 2022). The four largest categories of spending from general revenue funds are Medicaid (49.3 percent), primary and secondary education (21.8 percent), higher education (7.3 percent), and justice and public protection (7.3 percent); total general fund revenue 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 32.4 percent followed by Medicaid at 24.6 percent. Federal funds are estimated to increase 4.6 percent in fiscal 2022 and decline 13.3 percent in fiscal 2023. Estimated general fund revenues are projected to be \$36.4 billion in fiscal 2022 (a 0.4 percent increase over fiscal 2021), and \$39.5 billion in fiscal 2023 (an 8.8 percent increase over fiscal 2022). The budget assumes a general revenue ending balance of \$583.0 million in fiscal 2022 and \$199.0 million in fiscal 2023, and a budget stabilization fund ending balance of \$2.7 billion, or 6.8 percent of general revenue funds, at the end of the biennium.

Budget Highlights. In his budget letter, the governor said, "With our Executive Budget for Fiscal Years 2022 and 2023, we have an opportunity to make needed investments to help our great state recover. Our budget is built upon the knowledge that a thriving economy -- and ultimately the future of our state -- depends on healthy citizens and revitalized communities. By investing in our future, our proposed budget will help all Ohioans move forward together as we emerge stronger than ever." The budget is focused on investing in Ohio's future through Healthy People, Renewed Community, and a Thriving Economy. Regarding Healthy People, the budget includes a \$50 million one-time investment to advance public health equity, reforms nursing homes, increases funding for the Help Me Grow program for parenting education and well-baby care, continues the RecoveyOhio program to address substance use disorders and support mental health, promotes K-12 student wellness, and contains a series of Medicaid reforms. Concerning Renewed Community, the proposal continues funding for the Local Government Fund and the Public Library Fund at their statutory levels, makes added law enforcement investments, reimburses counties \$125 million per year for indigent defense, continues the H2Ohio water quality initiative, helps preserve farmlands, invests \$200 million to expand Broadband, transforms Children's Services, and works to help keep Ohioans in their homes. In the area of a Thriving Economy, the budget includes a \$1 billion Investing in Ohio Initiative that

includes \$460 million to support small businesses, \$70 million to upskill Ohio's workforce, \$200 million to support infrastructure projects, and \$250 million to help bridge the digital divide. Additionally, the budget works to transform the unemployment insurance system, expand access to affordable childcare, supports K-12 learning, and increases student scholarship programs.

Links: [Fiscal Years 2022-2023 Budget Proposal](#); [Budget Highlights](#); [Budget Testimony](#); [Governor's Press Release](#)

Oklahoma

Fiscal Summary. On February 1, Oklahoma Governor Kevin Stitt released an \$8.3 billion spending plan for fiscal 2022, which increases spending by \$501.7 million, or 6.4 percent, over fiscal 2021 authorized expenditures, while agency appropriations, at \$7.9 billion, increase 0.6 percent. For the certified general revenue fund, the fiscal 2022 expenditure authority is projected at \$5.9 billion, an increase of 13.2 percent over fiscal 2021 actual expenditures. After utilizing reserve amounts in response to the COVID-19 pandemic, the fiscal 2022 budget recommends a deposit of \$300 million to savings, which will increase total reserves to \$529.9 million. The recommended financial strategy for the fiscal 2022 budget proposal is living within the means and the budget generally keeps agency funding flat, although there are several targeted adjustments and investments.

Budget Highlights. Priorities in the budget include economic diversification, ensuring a fair system, and maintaining and improving core services. Under economic diversification, the budget deposits \$20 million to the Quick Action Closing Fund for the pursuit of major high-wage, job growth opportunities and leverages \$15 million in state funds for an Accelerator and Ecosystem Development Program. To ensure a fair system for all Oklahomans, the budget proposes partnering with the legislature to address the rising costs and insufficient collections for the five-year manufacturing exemption from ad valorem taxes (costing an additional \$12 million in fiscal 2022), as well as reducing the number of classified employees and reforming the merit protection system, while also reducing corporate income tax through exemptions in a phased approach to encourage additional businesses to relocate to the state. To maintain and improve core services, the budget includes \$164.1 million to expand Medicaid coverage after approval of State Question 802; funding for the expansion comes from revenue optimization initiatives. The budget also consolidates three health-related agencies, pays back funds redirected from pension funds to the Education Reform Revolving Fund in fiscal 2021, and addresses budget needs as follows: \$17.04 million to the education department for health insurance costs; \$2.0 million to reduce the Developmental Disabilities Services waitlist; \$7.0 million to continue rollout of a new offender management system at the Department of Corrections; \$2.3 million for a per diem increase in inmate housing; \$1.5 million for the Office of the Chief Medical Examiner's new building; \$10.0 million in supplemental funding for district courts due to decreased collections in the State Judicial Fund; \$5.03 million to safeguard against cybersecurity risks; and \$13.7 million for software licensing statewide. The governor noted the state's improving economic condition, as well as increasing opportunity and optimism, in his budget release, saying "This budget, though a starting point, reflects that hope and I look forward to working with the Legislature, statewide elected officials, and the people of Oklahoma to keep the momentum moving forward for a better and stronger future for our great state."

Links: [Fiscal Year 2022 Executive Budget](#); [State of the State Address](#)

Oregon

Fiscal Summary. On December 1, Oregon Governor Kate Brown unveiled her biennial budget for fiscal 2022 and fiscal 2023, calling for state spending over the biennium of \$100.2 billion from all funds, including \$24.1 billion in general fund spending over two years. This represents a roughly 15 percent increase in spending from all funds and a 7 percent increase in general fund spending compared to the previous enacted biennial budget. The governor's recommendation is based on a general fund revenue forecast of \$22.5 billion, a 6.4 percent change over the previous biennium. The spending plan calls for general fund and lottery fund combined expenditures totaling \$25.6 billion. The budget has a projected general fund balance of \$243 million at the end of the next biennium. The state has two reserve accounts, the rainy day fund and the education stability fund, which are projected to have a combined reserve balance of \$1.4 billion at the end of the current biennium.

Budget Highlights. The governor's "Oregon for All" budget focuses on addressing "the public health and economic impacts of the COVID-19 pandemic, recovery from the devastating 2020 wildfire season, and taking steps to end systemic racism and address racial disparities in Oregon," according to the governor's press release. Throughout the budget, spending recommendations are informed by policy proposals developed by the Racial Justice Council convened by the governor in 2020. Proposed investments are focused on: meeting basic needs; promoting equity in education and the environment; supporting small businesses and workers; criminal justice reform; and improving systems to enhance outcomes. To help meet basic needs, the budget invests \$66 million more in housing and homelessness programs over the fiscal 2019-2021 budget, \$30 million in public health modernization, \$18 million in long-term care services and supports, and additional funds in behavioral health and substance abuse, as well as takes steps to close the projected budget gap in the Oregon Health Plan. For educational equity, the budget fully funds various K-12 programs focused on improving equity and makes targeted investments, and utilizes \$215 million from the state's education reserve fund to stabilize education funding. The budget also proposes to expand early education and childcare programs, as well as invests \$118 million in broadband expansion to promote more equitable internet access. The governor also proposes to create an Office of Environmental Justice to assess the disproportionate impacts of environmental degradation and climate trends on communities of color and recommend strategies to address them. The budget invests \$74 million in fire preparedness, response and prevention. The budget also provides for various economic supports for workers and small businesses impacted by COVID-19. The budget calls for a number of policy changes to increase equity in the criminal justice system, including investing \$20 million to increase pay for public defenders. Additionally, the budget includes strategic technological investments, including \$147 million to fully modernize the Employment Department's benefit delivery system and implement a paid leave insurance program. The governor also highlights proposed uses of federal funds for testing, health services, housing assistance, economic supports, child care assistance, criminal justice reforms, K-12 and higher education, and other priorities.

Links: [Fiscal 2022-2023 Proposed Budget](#); [Governor's Press Release](#); [State of the State Address](#)

Pennsylvania

Fiscal Summary. On February 2, Pennsylvania Governor Tom Wolf released his proposed fiscal 2022 budget of \$96.7 billion in total funds, a 1.6 percent decline from fiscal 2021 primarily due to less projected federal funds. General fund spending is recommended at \$37.8 billion, an 11.1 percent increase from fiscal 2021. The largest categories of general fund spending are education (44 percent), health and human services (39 percent), protection of persons and property (10 percent), debt service funds (3 percent), direction and supportive services (2 percent), and economic development (1 percent). The budget assumes general fund revenues of \$40.5 billion, a 6.5 percentage increase in receipts over the prior year, an ending balance of \$293 million, and a cumulative rainy day fund balance of \$338 million.

Budget Highlights. The budget is focused on a series of priorities including: investing in children; advancing Pennsylvania's economic recovery; keeping Pennsylvanians safe; protecting the most vulnerable; environmental protection; infrastructure improvement; and an equitable tax system. To help invest in children, the budget includes an increase of \$1.35 billion in basic education aid, \$200 million in special education, and repurposing \$199 million from the Pennsylvania Racehorse Development Trust Fund to support the Nellie Bly Tuition Program. To help the state's economic recovery, the budget includes \$3 billion to help workers and businesses recover from COVID-19 and creates a pathway to a \$15 per hour minimum wage with an increase to \$12 per hour on July 1, 2021. In order to keep Pennsylvanians safe, the governor calls for a fair police service fee, bail and probation reform, policing improvement measures, and ensuring adequate legal representation to indigent defendants. For protecting the most vulnerable, the budget proposes expanding legal services to low-income families, added funding for municipal health departments, direct care worker training, and increased slots for individuals on the emergency waiting list with home and community-based services. Concerning environmental protection and infrastructure improvement, the budget includes a series of investments including increased grant availability for lead and asbestos remediation projects at schools, as well as the creation of a new trust fund to provide direct support to workers experiencing impacts from the closure of existing power plants. To make the personal income tax fairer and more equitable, the budget recommends the expansion of the special tax forgiveness credit and establishing a new rate of 4.49 percent. The governor also proposes lowering the corporate net income tax from 9.99 percent to 8.99 percent to improve the business climate, and legalizing adult use marijuana. In his budget letter, the governor said, "The 2021-22 budget proposal is a comprehensive package of initiatives and investments that will rebuild our economy, break down societal and economic barriers, and keep Pennsylvania on a path to prosperity."

Links: [Fiscal Year 2022 Budget Proposal](#); [Budget in Brief](#); [Budget Presentation](#); [Press Release](#); [Budget Address](#)

Rhode Island

Fiscal Summary. On March 11, Rhode Island Governor Daniel McKee released his proposed fiscal 2022 budget totaling \$11.2 billion in all funds, a decrease of 12.3 percent compared to the fiscal 2021 enacted level. The large reduction is attributable to the inclusion of the federal funds from the CARES Act appearing

in fiscal 2021 totals. The largest area of spending from all funds is health and human services at 42 percent, followed by education (25 percent), general government (19 percent), transportation (7 percent), public safety (6 percent), and natural resources (1 percent). General fund spending is recommended at \$4.4 billion, an increase of 5.2 percent compared to enacted fiscal 2021 spending. Total revenues are estimated at \$4.2 billion in fiscal 2022, a 6.2 percent increase from fiscal 2021's revised level. The proposal projects a rainy-day fund balance of \$225.6 million at the end of fiscal 2022.

Budget Highlights. Regarding revenue changes, the budget proposes to tax and regulate the adult-use marijuana market and increase the real estate conveyance tax for residential property sales over \$700,000 with proceeds dedicated to affordable and workforce housing production and municipal housing development partnerships. The budget includes no increases in the rates for broad-based state taxes but does seek to raise additional revenue by taxing larger Paycheck Protection Program loans that have been forgiven, increasing beach fees, and raising the license fee paid by local hospitals. The budget would continue the phaseout of the motor vehicle excise tax. Spending initiatives include increased mental health support, including combating the opioid epidemic by funding a variety of treatments for individuals. The recommended budget provides an additional \$3 million to develop job partnerships connecting employers with key stakeholders to address business workforce demands. The proposal also calls for continuing to provide two years of free tuition at community college to full-time students. The governor said that as the state prepares for federal stimulus, his priorities are to support the education system, cities and towns, and the economy including small businesses. In his letter to the legislature, the governor said, "My budget looks ahead to the needs that will persist even after the threat of COVID-19 subsidies. The pandemic has exposed issues that predate COVID-19 and were exacerbated by recent hardships, from the opioid epidemic and gaps in mental health services to the disproportionate toll on communities of color. It is our collective responsibility to provide meaningful support to all Rhode Islanders so they can achieve their full potential."

Links: [Fiscal Year 2022 Budget Proposal](#); [Budget Presentation](#); [Governor's Press Release](#); [State of the State Speech \(Former Gov. Raimondo\)](#)

South Carolina

Fiscal Summary. On January 8, South Carolina Governor Henry McMaster proposed a fiscal 2022 budget that recommends \$30.2 billion in all funds, an increase of \$715.9 million or 2.4 percent, over fiscal 2021. The general funds portion of the budget totals \$8.9 billion, an increase of \$189.3 million or 2.2 percent over the prior year. General fund revenues are projected to reach \$8.9 billion in fiscal 2022, an increase of 2.6 percent over fiscal 2021. The General Reserve fund is required to be 5 percent of the revenues of the most recently completed fiscal year; the required \$458.96 million is fully funded. The budget also provides \$500 million in additional reserves, bringing total reserve balances to \$1.1 billion in fiscal 2022.

Budget Highlights. Several program areas receive additional funds in this budget including education, small businesses and workforce, law enforcement, and broadband. In education, the budget proposes \$35.2 million to maintain state aid to classrooms at the current level and provide step increases for teachers; \$47.9 million for the statewide expansion of full-day 4K for every lower income four-year-old in the state (currently

only in 61 of the 79 school districts); \$23.4 million to complete the placement of school resource officers in every school; \$24.6 million for charter schools to account for increased enrollment; and \$5.6 million to place a nurse in every school. For higher education, the budget provides \$60 million in lottery dollars for need-based grants for public colleges/universities/technical colleges and \$20 million for tuition grants and assistance to students at private/independent/historically black colleges and universities. The budget also supports small businesses and workforce initiatives, proposing \$123.2 million for the Small Business Relief Grant Program, \$20.2 million in lottery dollars for workforce scholarships and grants and \$12.5 million for high-demand job skill training, while also providing \$30.0 million for broadband expansion and \$4.1 million for the Rural Infrastructure Fund. Public safety also sees increases in the budget, with \$13 million allocated for pay raises at five agencies (public safety; law enforcement division; corrections; probation, parole and pardon services; and juvenile justice), \$1.0 million for expansion of the drug court system, and \$15.0 million for construction of the National Guard Readiness Center and Cyber DreamPort. The budget funds \$2.5 million to expand the National Guard College Assistance Program, which would allow for all tuition to be covered instead of capped amounts. Other program areas seeing investments include \$32.4 million for increased employer contributions to the state pension system, \$30.2 million for deferred maintenance at state agencies, \$25.0 million for the “Caring for South Carolina’s Children” initiative, \$3.0 million for addiction crisis efforts, and \$7.5 million for conservation grants. For tax changes, the budget includes a full retirement income exemption for military veterans and first responders, including retired state and federal law enforcement, firefighters, and peace officers. While the budget does not include an immediate general tax cut, via proviso it includes a triggering mechanism, which would reduce the individual income tax rates in each bracket by 0.2 percent each year for five years, assuming a minimum threshold of 5 percent general fund growth annually before a reduction may be implemented. Reflecting on the priorities of the fiscal 2022 budget, the governor noted that “This budget proposes using state funds only for the vital purpose of laying a foundation for future growth – by investing in education, small businesses and savings to guard against future economic uncertainties, should they arise.”

Links: [Fiscal Year 2022 Executive Budget](#); [Executive Budget Summary](#); [Statement of Revenues](#); [Budget Presentation](#); [Governor’s Press Release](#); [State of the State Address](#)

South Dakota

Fiscal Summary. South Dakota Governor Kristi Noem released her fiscal 2022 budget proposal on December 8. The plan calls for \$4.00 billion in total spending, a 3.1 percent increase from fiscal 2021’s budgeted level, and \$1.79 billion in general fund spending, a 3.5 percent increase from fiscal 2021’s budgeted level. When comparing total recommended spending in fiscal 2022 to the revised budgeted level for fiscal 2021, total state spending declines 27.3 percent. This is due to the influx of additional federal funds in fiscal 2021; federal funds went from a fiscal 2021 budgeted level of \$1.30 billion to a revised budgeted level for fiscal 2021 of \$2.76 billion. The governor’s recommended budget assumes federal funds of \$1.35 billion in fiscal 2022, a 51.1 percent decline from fiscal 2021’s revised level. The budget forecasts that total ongoing receipts will be \$1.8 billion in fiscal 2022, flat growth from fiscal 2021. In addition, the budget forecasts an ending budget reserve balance of \$169.6 million for fiscal 2022, and an ending total reserve balance of \$215.9 million (12.7 percent of proposed fiscal 2022 general fund spending). The largest areas of

general fund spending are recommended to be state assistance to local government and schools (35.3 percent), health and human services (34.9 percent), Board of Regents (12.9 percent), and corrections (6.1 percent). The largest general fund increases for fiscal 2022 are state aid (\$19.3 million), social services (\$12.3 million), employee compensation (\$9.6 million), and Board of Regents (\$3.5 million).

Budget Highlights. In her letter to the legislature, the governor said, “In South Dakota, we are committed to fiscal responsibility and conservative budgeting principles. My FY2022 budget recommendations focus on investments to not only improve South Dakota for today, but also for the next generation.” The governor listed her budget priorities as paying of 2010 debt, restoring and reinvigorating infrastructure, and strengthening communities. Specifically she called for: \$21.7 million to pay off the 2010 technical college bonds; \$100 million investment for broadband projects; \$12 million in state funds to construct a livestock complex at the State Fair; \$10 million to upgrade statewide databases; \$3.2 million to enhance communications for first responders; \$3.4 million to provide technical equipment for colleges; \$5 million for a meat processing grant program; \$4 million to replace the Elm Lake Dam; and \$5 million to purchase one newer plane and offload two current planes. She also recommended: a 2.4 percent increase for medical provider reimbursement rates, state aid to K-12 education and technical colleges, and state employee salaries; reforms to the state employee health plan resulting in \$12 million in health care savings; \$1 million to expand the Access Critical Nursing Facility Program; \$8.3 million to create regional crisis diversion centers; \$3.2 million for a new recreational center near Ellsworth Air Force Base; and \$11 million to be distributed to school districts across the state. In closing, the governor called for increasing savings, and ensuring the state is prepared for the next downturn whenever it comes.

Links: [Fiscal Year 2022 Budget Proposal](#); [Summary Book](#); [Budget Presentation](#); [Budget Address](#); [State of the State Speech](#)

Tennessee

Fiscal Summary. On February 8, Governor Bill Lee proposed a \$41.8 billion all funds spending plan for fiscal 2022, a decrease of \$166.2 million or 0.40 percent over fiscal 2021; federal funds decreased 10.5 percent over this time while state appropriations increased 9.7 percent. General fund appropriations total \$17.4 billion, an increase of 5.95 percent over fiscal 2021. State general fund tax revenues are forecast at \$13.6 billion in fiscal 2022, an increase of 3.2 percent over fiscal 2021 while total revenues and reserves would rise 1.1 percent to \$18.3 billion. The budget includes a recommended deposit of \$50 million to the rainy day fund, bringing the total to \$1.5 billion at the end of fiscal 2022.

Budget Highlights. The governor’s budget proposal noted it utilized a prudent and cautious approach with a return to pre-pandemic priorities. Efficiencies were also recognized, with a recurring general fund reduction of \$185.8 million and 157 positions. Several areas saw investment in the budget including education, workforce development, health and social services, public safety, business development, and local government recovery. For education the budget proposes \$70.6 million to fully fund the Basic Education Program formula for K-12 schools, \$110.1 to meet the challenges of teaching in a COVID-19 environment, \$120.1 million for teacher and other position salary increases, and \$24 million for public charter schools.

Higher education received \$35.9 million to fully fund the outcome funding formula while \$62.5 million is provided for a salary pool for higher education employees equivalent to 2 percent pay increases effective January 1 and July 1, 2021. The Governor's Investment in Vocational Education receives \$10 million to establish ten new sites, while \$4 million is recommended for need-based financial aid. Investments in health and social services include the following: \$38 million for TennCare for increased costs from medical inflation and utilization rates; \$11 million to add 300 enrollees in crisis to the Employment and Community First CHOICES program; \$6.6 million under a pilot program to expand postpartum coverage for women from 60 days to 12 months and \$2 million for extended dental benefits for pregnant and postpartum women; \$6.5 million to expand the behavioral health safety net with children made a priority; and \$3.6 million for expanded recovery housing and \$4.7 million for two additional recovery courts. Public safety proposals also received funding, including \$22.2 million for increased housing reimbursements to local jails for state felons; \$16.5 million to local jails that implement evidence-based programs to support successful re-entry; \$9.5 million to increase the starting salaries for probation and parole officers; \$2.4 million for two new additional day reporting centers; and \$2.3 million to fund body-worn cameras for state troopers. Business supports include \$200 million for expanding broadband accessibility, \$95 million for the Jobs4TN program, \$21.1 million to assist rural communities and distressed counties, and \$125 million for transportation equity funds. There is also \$200 million provided for local government recovery and rebuilding for items like IT hardware upgrades, capital maintenance, utility system upgrades, road projects, public safety, and new school construction or renovations. The budget includes \$61 million for performance pay increases for state employees and \$14.5 million for non-covered employees. The budget also proposes the largest capital maintenance budget in the state's history (\$931.2 million) for state buildings and higher education campuses while investing \$30 million to eliminate the backlog of deferred maintenance at state parks. In highlighting the budget provisions in his State of the State address, the governor noted that "We have worked for months to develop a budget for your consideration. One that is fiscally conservative and developed with a responsible attitude of stewardship of the hard-earned dollars of Tennessee taxpayers."

Links: [Fiscal Year 2022 Budget](#); [Budget Presentation](#); [Budget Overview](#); [Budget Fact Sheet](#); [State of the State Address](#)

Texas

Budget Highlights. On February 5, Texas Governor Greg Abbott released his budget priorities for the fiscal 2022-2023 biennium. Priorities in the budget include health care, public safety, and prosperity. Under health care, the governor recommended the legislature fund implementation of community-based care for the state's foster care system across additional regions of the state, beyond the current four regions. To ensure compliance with the federal foster care lawsuit, the governor also recommends that the legislature fund requests made by the Department of Family and Protective Services (DFPS) and the Health and Human Services Commission to ensure ongoing compliance, including continuation of funding that established a rate increase for providers, funding for heightened monitoring of licensed providers, and relocating the residential child care licensing function to DFPS. For implementing the Family First Prevention Services Act, which goes into effect on October 1, 2021, the governor recommends using fund sources to build out the state's prevention services capacity, drawing down the new Title IV-E funds made available for this purpose.

Building on past investments around behavioral health programs, the governor recommends the legislature continue to make investments in these programs, including the Texas Child Mental Health Care Consortium. With a health insurance risk pool receiving temporary authorization in the last session, the governor is recommending this authorization be extended to 2023 while additional measures are considered to ensure health insurance coverage for individuals with preexisting conditions. Noting the importance of high-speed internet during the pandemic, the governor recommends the legislature continue to invest in broadband initiatives that expand access in unserved areas of the state, including creation of a state broadband plan and authorization of a broadband office. Public safety is also a priority in the biennial budget proposal, with the governor recommending an appropriation of \$150 million to the Disaster Fund to ensure disaster response readiness. The governor also recommends information technology investments for the Commission on Law Enforcement and the development of additional curricula for peace officers, while providing grants so local departments can access training. To build on past investments, the governor recommends additional funding awarded to eligible law enforcement agencies to purchase body cameras for their officers. Noting increased attrition and responsibilities placed on state troopers, the governor recommends the legislature fund additional recruit schools. Addressing the challenges local governments face in reducing homelessness, the governor recommends continued funding for the Homeless Housing and Services Program, while also recommending the use of federal funding to pursue a statewide homeless management information service to ensure better data sharing and efficient service delivery.

To ensure a more prosperous state, the governor made several recommendations around regulations and taxes. First, the governor recommended the examination of fees associated with state required licenses. Second, to address unintended consequences from last session's bill on property tax reform, the governor recommends the legislature make changes to the law to restrict a local government's ability to exceed the voter-approval rate. To support businesses, the governor also recommends creation of business courts, including the court of business appeals, to ensure complex business disputes are heard by judges with specialized expertise and knowledge. The governor also included several priorities related to education and workforce training. Following passage of an education bill last session that infused an additional \$4.4 billion in fiscal 2020 for public education operations, the governor recommends the legislature fully fund these initiatives and continue the progress that began. To address learning loss due to COVID-19, the governor recommends the strategic use of federal funds to help fill the gaps in learning and further invest in teachers. Noting the ongoing challenges of access and affordability facing postsecondary education, the governor recommends the legislature prioritize the state's need-based financial aid while also utilizing federal funds to engage those with some college and no degree to complete a high-quality credential or degree. The governor also recommended creation of industry-recognized, registered apprenticeship programs to create additional opportunities for students. In order to attract jobs to the state, the governor recommends fully funding the Texas Enterprise Fund at \$150 million; the fund has attracted 181 companies since its inception in 2004. Releasing his budget priorities, the governor said that "I truly believe that Texas will be able to meet its needs and serve the taxpayers and residents of our state during this biennium and beyond. We must also look toward the future as our economy moves beyond the pandemic. We will take action so the state can remain a model for the rest of the nation by providing for a healthier, safer, freer, and more prosperous Texas."

Links: [Fiscal Years 2022-2023 Governor's Budget](#); [State of the State Address](#)

Utah

Fiscal Summary. On January 11, Utah Governor Spencer Cox released his first recommended budget for fiscal 2022. The budget calls for \$21.7 billion in total spending from all funds and \$8.99 billion in general fund and education fund (GF/EF) spending (ongoing and one-time), representing a 0.9 percent decline and 6.6 percent increase compared to authorized spending levels for fiscal 2021, respectively. The budget is based on a combined GF/EF revenue forecast of \$8.71 billion, reflecting 3 percent growth compared to the enacted revenue estimate of \$8.45 for fiscal 2021, though the fiscal 2021 figure is elevated due to moving the tax filing deadline, which shifted revenue from fiscal 2020 to fiscal 2021. Fiscal 2021 revenue is forecasted to come in at \$8.94 billion, well above the authorized estimate. These consensus estimates result in about \$728 million in new ongoing GF/EF revenue, as well as \$1.268 billion in new one-time revenue. The governor also recommends \$429 million in supplemental adjustments, which would bring GF/EF spending to \$8.87 billion for fiscal 2021. The state's combined rainy day fund balances total nearly \$992 million in fiscal 2021, 11 percent of GF/EF spending. The governor recommends a portion of unused state pandemic funding be directed to the state's Medicaid Growth Reduction and Budget Stabilization account.

Budget Highlights. The budget focuses on ensuring "Opportunity for All", investing in the long term, and improving government efficiency, and features significant investments in education, infrastructure, and the environment, as well as tax relief. For education and workforce training, the budget proposes both ongoing and one-time funding increases. For K-12, this includes one-time bonuses for teachers totaling \$112 million and \$50 million for addressing one-time costs related to the pandemic, including ensuring broadband access for all students, as well as ongoing per-pupil spending increases and targeted K-12 investments for at-risk students. The governor also recommends the legislature revisit the role of statewide school property taxes to improve educational equity. For workforce development, the budget recommends \$125 million for an Upskilling Initiative, including innovation funds for K-12 and higher education; more funding for technical education; and \$20 million to help those struggling to find work, including unemployed, underemployed and vulnerable workers. The budget makes substantial one-time infrastructure investments, including \$350 million to double-track FrontRunner, the state's commuter rail system; \$50 million to improve transportation in the Wasatch canyons; \$125 million for open space and recreation; and \$125 million for rural infrastructure projects including expanding broadband (\$50 million). "These long-term investments in our children and our infrastructure will help us now and long into the future," said the governor. For social services, the governor recommends ongoing funding increases for Medicaid as well as \$250 million in one-time public health funding to continue pandemic response efforts. Additionally, the budget recommends targeted pay increases to make employee compensation more competitive as well as redirecting savings to state agencies to recruit and retain employee talent. The proposal also calls for targeted tax cuts totaling \$80 million, including a social security tax credit for low- and middle-income seniors as well as an increase in the tax credit for dependents. Under the governor's recommendation, the largest GF/EF budget categories are funded as follows: \$4.2 billion on public education; \$1.3 billion on higher education; \$1.2 billion on Medicaid and other social services; and \$760 million on corrections, public safety and justice.

Links: [Fiscal 2022 Proposed Budget](#); [Governor's Press Release](#); [State of the State Address](#)

Vermont

Fiscal Summary. On January 26, Vermont Governor Phil Scott released his proposed fiscal 2022 budget of \$6.83 billion in total funds that represents a 5.7 percent decline from the governor’s recommended adjusted level for fiscal 2021. The budget would allocate a total of \$4.6 billion in state spending, including \$1.9 billion in the general fund (a 14.1 percent increase from the revised recommended fiscal 2021 level), \$1.9 billion in the education fund, \$311 million in the transportation fund, and \$493 million in special funds. General fund revenues are forecasted at \$1.7 billion, a 5.7 percent increase from fiscal 2021 projected levels. The total general fund reserve balance for fiscal 2022 is \$210 million with separate education fund reserves of \$40 million. The budget fully funds state retirement and debt obligations and maintains all statutory reserve levels.

Budget Highlights. The budget proposal does not include new taxes or fees while calling for the elimination of taxation on military pensions. Recommendations in the budget proposal include \$20 million in one-time funds for the Vermont State Colleges System; creating a technology modernization fund for IT upgrades; \$20 million to fully fund the Vermont Housing and Conservation Board for affordable housing; education property tax exemptions for all childcare facilities; and expansion of the state lottery to increase childcare funding. The recommended budget also includes a \$210 million package of one-time spending initiatives intended to strengthen the state’s COVID-19 recovery including a \$53 million technology fund to update technology infrastructure, \$19.9 million in broadband buildout funds the state hopes to use to leverage federal broadband dollars, and \$20 million for weatherizing homes of lower- and middle-income families. In his letter to the legislature, the governor said, “How we choose to proceed -- how we spend one-time money -- will have a lasting impact on Vermont, long after our service has concluded. If we’re smart, and we solve problems and fund projects that have been stalled for years, we can improve communities, services, and state government itself – without having to ask for more from taxpayers to do so.”

Links: [Fiscal Year 2022 Budget Proposal](#); [Inaugural Address](#)

Virginia

Fiscal Summary. In May 2020, Virginia enacted a two-year budget covering fiscal 2021 and fiscal 2022. In July, Governor Ralph Northam called a special session to convene in August to adopt a budget based on changes in revenues due to COVID-19; the amended budget was enacted November 18. On December 16, the governor then released his proposed amendments to the biennial budget. As amended, the governor proposed a total operating budget of \$67.04 billion in fiscal 2021 and \$70.2 billion in fiscal 2022, while general fund spending totals \$22.7 billion in fiscal 2021 and \$24.8 billion in fiscal 2022. As part of the December forecast, the general fund was revised upward close to \$1.3 billion over the fiscal 2021-2022 biennium; total general fund resources are forecast at \$24.2 billion in fiscal 2021 and \$23.4 billion in fiscal 2022. The proposed adjustments include 222 amendments totaling \$2.4 billion that increase spending and 28 amendments totaling \$907.5 million that decrease spending, with an overall net increase in operating spending of nearly \$1.5 billion for the biennium.

Budget Highlights. The spending amendments with the largest impact include: a \$650 million transfer to the Revenue Reserve; \$513.5 million to provide no loss funding to local school divisions; \$100 million to reduce unfunded pension liabilities; \$97.8 million to provide state and state-supported local employee bonuses; \$89.3 million to support mass vaccination efforts; \$88.9 million to update sales tax revenue for public education; and \$80.1 million to provide a two percent bonus for instructional and support positions. With the deposit of \$650.0 million to the Revenue Reserve, total reserve balances are projected to reach \$1.9 billion by fiscal 2022, which is 8.1 percent of total revenues and transfers. Noting changes to the budget in part to address the ongoing response to the COVID-19 pandemic, the governor said, “We will reach the other side of this pandemic. And I am confident that this budget will help us get through this, and rebound more quickly. I look forward to working with you all in the upcoming General Assembly session to ensure we provide Virginians the help they need, and invest in their future.”

Links: [Proposed Amendments to the 2021-2022 Biennial Budget](#); [Budget Document](#); [Budget Presentation](#); [Governor’s Budget Address](#); [Budget Amendment Highlights](#); [State of the State Address](#)

Washington

Fiscal Summary. On December 17, Washington Governor Jay Inslee released his biennial budget for fiscal 2022 and fiscal 2023. The budget calls for general fund spending of \$57.6 billion over the next biennium, a 10.5 percent increase over projected expenditures for the current biennium; the governor’s budget builds on a \$56.1 billion maintenance level base budget with \$1.7 billion in recommended policy changes and \$291 million in assumed reversions. The budget is based on a general fund revenue forecast of \$54.7 billion, before accounting for proposed revenue actions expected to generate an additional \$1.2 billion for the next biennium. The governor’s budget forecasts a general fund balance of \$462 million at the end of the biennium in addition to \$537 million in the budget stabilization account (rainy day fund), for a total balance of \$999 million.

Budget Highlights. In discussing his budget, the governor said, “We must invest in the relief, recovery and resilience of Washington. We cannot cut the things that we need most during a pandemic. In my proposed operating, capital and transportation budgets, I am investing in the people of our state.” The budget outlines a spending framework focused on: fostering economic recovery; supporting those affected by the pandemic; addressing racial and economic inequity; and preserving previous investments in education, childcare and early learning, climate action, behavioral health, access to health care, and combatting homelessness. The budget includes \$397 million in public health funding to continue supporting the state’s COVID-19 response, and proposes a new assessment on health insurance carriers, estimated to raise \$205 million in fiscal 2023, which will support ongoing public health needs. The budget also restores Medicaid and behavioral health provider rate reductions and provides further rate increases. For corrections, the budget estimates \$183 million in general fund savings with reforms to reduce time in confinement, while increasing funds for reentry services, staffing coverage, inmate health care, and education. For K-12 education, the budget proposes \$400 million to improve educational outcomes and address pandemic-related learning loss, \$79 million to improve broadband access, and \$32 million to increase student support staff. For higher

education, the budget proposes funding for short-term and job-specific training and more career connected programming in K-12 schools and community and technical colleges. To advance equity, the budget supports innovative efforts such as a new community college center for diversity, equity and inclusion and technology grants (\$23 million); grants, mentorship and support services for college students who experienced foster care or homelessness (\$8 million); and equity-focused efforts at four-year public institution (\$10 million). The governor also proposed a large capital budget to foster economic growth and expedite key projects. In addition to the public health revenue measure, the governor's budget recommends tax increases to achieve its priorities and maintain budget reserves, including: a new capital gains tax (as has been proposed by the administration in past years) and restricting "bad debt" tax exemption for businesses.

Links: [Fiscal 2022-2023 Proposed Budget](#); [Governor's Press Release](#); [State of the State Address](#)

West Virginia

Fiscal Summary. On February 10, West Virginia Governor Jim Justice released a \$31.3 billion all funds budget for fiscal 2022, a decrease of 0.8 percent, or less than \$300 million, from fiscal 2021. The general fund budget totals \$4.57 billion in fiscal 2022, a 0.1 percent decline from fiscal 2021. General fund revenue growth is projected to decrease slightly from \$4.574 billion in fiscal 2021 to \$4.569 billion in fiscal 2022, once again a decline of 0.1 percent. The proposed flat budget retains the general fund allocations at the same level as the previous year: education receives the largest amount at 44.9 percent followed by health and human resources (24.7 percent), military affairs and public safety (9.7 percent), higher education (9.6 percent), judicial (3.0 percent) and commerce (1.9 percent). On December 31, 2020, West Virginia's rainy day fund balances were \$918.4 million, or 20 percent of recommended fiscal 2022 general revenue appropriations.

Budget Highlights. Proposed expenditures for fiscal 2021 are relatively flat with a few targeted investments. The only major change to the budget is a decrease of \$65.8 million for public education which is largely reflecting declining enrollment. In his State of the State speech, the governor also discussed a series of tax reform measures including the phased-in elimination of the state's income tax, tiering the severance tax, raising the sales tax by one and a half percent, expanding taxation to professional services, increased taxes on cigarettes and sodas, and having a wealth tax on the very well to do. In the State of the State, the governor discussed the state's recent improvement, saying that, "West Virginia has not only dug itself out of a hole and got itself on a launch pad, it's even taken itself off and become that diamond in the rough that everybody's missed. But yet, if everything just goes back to the way it was, I challenge every single one of you, West Virginia will fall back into being West Virginia some day. We are on the launch pad right now. In fact, we're airborne right now. And that's why tonight, tonight I am asking all of you to join me to repeal the income tax in the State of West Virginia."

Links: [Fiscal Year 2022 Budget Proposal: Volume I Budget Report](#); [Budget Bill](#); [State of the State Speech](#)

Wisconsin

Fiscal Summary. On February 16, Wisconsin Governor Tony Evers presented a two-year budget proposal for fiscal 2022 and fiscal 2023 that calls for spending from all funds of \$45.4 billion in fiscal 2022, a 9.3 percent increase over the fiscal 2021 adjusted base, and \$45.6 billion in fiscal 2023, a 0.4 percent increase compared with fiscal 2022. The governor recommends a general purpose revenue budget of \$20.7 billion in fiscal 2022, a 7.3 percent increase from the fiscal 2021 base, and \$21.1 billion in fiscal 2023, a 2.0 percent increase from the recommended fiscal 2022 level. The largest recommended categories of general purpose revenue programs are school aid (36.3 percent), medical assistance and related programs (18.1 percent), the University of Wisconsin System (6.2 percent), corrections (6.2 percent), state property tax credits (5.7 percent), shared revenue (4.2 percent), technical college system (2.6 percent), and community and social service aids (1.9 percent). The budget projects that total available general fund revenues and transfers will be \$21.3 billion in fiscal 2022, a 7.7 percent increase from fiscal 2021, and \$21.1 billion in fiscal 2023, a 1.0 percent decline from fiscal 2022. Additionally, the net balance for the budget is projected to be \$713.2 million in fiscal 2022 and \$47.7 million in fiscal 2023.

Budget Highlights. In his budget address, the governor said, “I believe we can pass a budget with bipartisan support. I believe we can pass a budget that will make sure our state can bounce back and better than it was before this pandemic hit. I believe we can pass a budget that will finally realize the future we’ve dreamed.” The governor added, “Change is possible. The future we want to build is possible. Because I know you will hold us to account and demand it.” The governor’s major budget initiatives are the badger bounce back; equity and opportunity; what’s best for kids; healthy communities; building strong infrastructure; justice reform and reinvestment; and sustainability and conservation. Specific proposals include: providing the Wisconsin Economic Development Corporation with \$200 million to assist small businesses in recovering from the COVID-19 pandemic; creating a venture capital program with \$100 million in one-time funding; creating a cabinet-level chief equity officer; creating three equity grant programs; providing the largest increase in state general aid to school districts since the 2005-07 biennium; increasing funding for school mental health categorical aid; expanding Medicaid under the federal Affordable Care Act; funding the development of a state-administered public option health plan; and increasing the age to purchase tobacco from 18 to 21. Other specific budget initiatives include: providing \$565.6 million for the major highway program; providing \$75 million for local multimodal transportation projects; investing over \$200 million to expand broadband; continuing the Nonviolent Offender Treatment Diversion Pilot Program; expanding treatment alternatives and diversion programs; creating a credit for energy efficiency and renewable energy project expenditures by a business; modifying tax incremental financing to spur the creation of workforce housing; and a general wage adjustment of 2 percent for most state employees.

Links: [Fiscal Years 2022-2023 Budget Proposal](#); [Budget in Brief](#); [Budget Message](#); [State of the State Speech](#)

Wyoming

Fiscal Summary. In 2020, Wyoming enacted a two-year budget for fiscal 2021 and fiscal 2022. On November 16, Wyoming Governor Mark Gordon submitted a supplemental budget proposal to the legislature for the current biennium. The originally enacted budget called for \$2.98 billion in general fund / Budget Reserve Account (BRA) appropriations for the fiscal 2021-2022 biennium; the supplemental proposal recommends \$505 million in reductions, over several phases, compared to the enacted budget. The supplemental proposal includes additional spending cuts, after the governor already implemented 10 percent reductions in July 2020, to balance the budget amidst declining revenues – on average, state agencies will receive total cuts of 15 percent. The proposal is based on \$2.53 billion in general fund estimated revenue - \$451 million below enacted appropriation levels. The governor’s budget projects no balance in the general fund at the end of the biennium. The state funds public education separately out of the School Foundation Program (SFP). The SFP budget faces a \$300 million deficit for the biennium, which will be covered with a transfer from the state’s rainy day fund – the Legislative Stabilization Reserve Account (LSRA) – according to state law. The rainy day fund is expected to end fiscal 2022 with a balance of \$1.16 billion after transfers.

Budget Highlights. “In approaching this supplemental budget, I have focused first on what is constitutionally mandated, thereby protecting the health, wellbeing and liberties of all Wyoming citizens,” said the governor. After imposing mostly across-the-board cuts in July 2020, the governor’s supplemental proposal takes a more strategic approach, with some agencies taking larger cuts than others. The budget proposes \$135 million in cuts to the state health agency, which will affect healthcare coverage for disabled and low-income residents, mental health services, substance abuse treatment, and developmental preschools. State higher education funding will see a nearly 15 percent cut. The governor called on the legislature to evaluate school spending levels, as the state continues to face a deficit in the SFP. The governor also recommends simplifying the state’s budget structure by reducing the number of accounts used in order to increase transparency.

Links: [Fiscal 2021-2022 Enacted Budget](#); [Fiscal 2021-2022 Supplemental Budget Proposal](#); [Governor’s Press Release](#); [State of the State Address](#)