



SUMMARIES OF FISCAL YEAR 2019 PROPOSED & ENACTED BUDGETS

August 31, 2018

On the following pages, please find summaries detailing both governors' budget proposals and states' enacted budgets for fiscal 2019. Also included are links to proposed budgets, enacted 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

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

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

Corrections and public safety was another area of focus in governors' recommendations, with many calling for increased pay for correctional officers and additional state troopers, while also proposing increased funding for prisoner health care and making reforms to juvenile justice systems. Another emphasis was protecting vulnerable citizens through reforms and added funding for child welfare, foster care, adoption, programs for the developmentally disabled, and behavioral health. Two other



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areas prioritized in governors' budget proposals were workforce development initiatives aimed at ensuring qualified workers for current and future job openings, and tackling the opioid crisis with varying plans involving a combination of treatment, prevention, education, and increased law enforcement. A number of budget recommendations also called for added funding in areas such as veterans' services, affordable housing, state employee pay, cybersecurity, broadband, and water infrastructure. Finally, several governors included in their budget proposal significant pension reform plans, while others emphasized the need to fully fund pensions.

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

Overview of Enacted Budgets

Forty-six states began fiscal 2019 on July 1 (New York began its fiscal year on April 1, Texas begins on September 1, and Alabama and Michigan on October 1). Thirty-three states enacted new budgets for fiscal 2019, with 3 states enacting two-year budgets covering both fiscal 2019 and fiscal 2020. Last year, 17 states enacted budgets covering both fiscal 2018 and fiscal 2019 (6 of those states enacted revised or supplemental budgets this year). Unlike last year when a large number of states were unable to finalize their budget by the start of the fiscal year, this year only two states did not have a fully enacted budget on July 1 (Massachusetts

continued to operate under an interim budget while the legislature finalized the full-year budget, and in South Carolina the governor was reviewing the budget that was passed by the legislature shortly before the start of the fiscal year).

One reason that fewer states had late budgets this year was that fiscal conditions were more stable at the end of fiscal year 2018 than they were at the conclusion of fiscal 2017. NASBO's Spring 2018 [Fiscal Survey of States](#) reported that 39 states were seeing revenues exceeding or meeting projections for fiscal 2018, while 33 states were seeing revenues below budget targets during the same time in fiscal 2017. As a result of revenues coming in above forecast, many states ended fiscal 2018 with a budget surplus and took actions such as transferring portions of the surplus to budget stabilization or rainy day funds, keeping the surplus in the general fund, or directing the surplus towards one-time expenditures. The stronger revenue growth in fiscal 2018 was led by unusually high income tax payments from non-withholding sources along with continued growth in the national economy. In addition to revenues coming in above projections for fiscal 2018, more than half the states also revised revenue projections upward for fiscal 2019. However, in most states, revenue growth in fiscal 2019 is expected to be more moderate than in fiscal 2018. The combination of added revenue growth in fiscal 2018, along with projections of slightly higher revenue growth in fiscal 2019, led to less constrained fiscal conditions this year as compared to the prior year.

For the most part, enacted budgets for fiscal 2019 were similar to governors' budget proposals. The vast majority of states enacted budgets with moderate growth in overall state spending, although in a number of states certain specific program areas saw declines. As has been the case in most recent years, the largest amount of new funding was directed towards elementary and secondary education, while also targeting areas such as expanding postsecondary educational opportunities, controlling healthcare costs, addressing infrastructure demands, reforming corrections systems and increasing pay for correctional officers, and tackling the opioid and heroin crisis. However, certain areas received increased focus in enacted budgets compared to proposed budgets as revenue conditions improved since the time when most governors first released their budget proposals.



Areas in which the final, enacted budget directed additional funding compared to the original budget proposal include: teacher pay, school safety, overall K-12 funding, additional funds for postsecondary financial aid/scholarships, foster care/child welfare, drug treatment programs, homelessness/affordable housing, election security/voting equipment, additional pension funding, one-time infrastructure spending, state employee pay raises and bonuses, aid to localities, and increasing the size of the rainy day fund.

Many states also enacted tax changes, in response to recent federal actions and court cases, and the desire to reform and modernize states' tax structures. The area of taxation that saw states take the most action was in response to the passage of the federal Tax Cuts and Jobs Act. While changes to federal tax rates have no bearing on state tax rates, changes in federal taxable income, adjusted gross income, exemptions and deductions impact state taxable income depending on how a state's tax laws conform to the federal tax code. After analyzing the impact of the new federal tax law on their own state, states made decisions on what aspects of the tax law they wanted to conform with, and if they wanted to decouple from any provisions. Additionally, a handful of states included measures responding to the new limitation on state and local tax deductibility. A few states also legalized sports betting following the U.S. Supreme Court's ruling in May, with more expected to act in upcoming legislative sessions. Additionally, states also began to pass measures responding

to the U.S. Supreme Court's ruling regarding states' taxation of online sales. In addition to responding to federal action and court cases, states also enacted modest tax and fee changes including net increases in some states, and net decreases in others. Enacted tax changes include: reductions in personal and corporate income tax rates, property tax relief, the creation of an adoption tax credit, increasing the earned income tax credit, extending the sales tax to certain services, retaining portions of expiring sales tax increases, increasing the marginal rate on high-income earners, increasing the cigarette tax, repealing certain tax exemptions, increasing the gross production tax on oil and natural gas, and raising non-residential property tax rates.

While states had less difficulty in finalizing budgets for fiscal 2019 compared to fiscal 2018, states still face constrained spending and competing demands. Additionally, fiscal conditions continue to vary by state. Even with the overall improvement in revenue conditions, in five states the governor vetoed at least one version of the fiscal 2019 budget over differences in policy and tax decisions, and several states required extended or special sessions to complete the budget. Looking forward, states are anticipating modest growth in state revenue collections, and continue to contend with long-term spending pressures in areas ranging from health care and pensions to adequately funding K-12 and infrastructure.



ALABAMA

Proposed

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

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

Enacted

Alabama Governor Kay Ivey signed the \$6.6 billion fiscal 2019 Education Trust Fund budget into law on April 2, an increase in funding of \$216 million over the fiscal 2018 budgeted amount. The governor signed the \$2.0 billion General Fund budget in March, which increases funding over the fiscal 2018 budgeted amount by \$167 million. The Education Trust Fund budget includes a 2.5 percent raise for all education employees, while providing an additional \$19 million for early childhood education, \$113 million for K-12 education, \$18 million for community colleges and \$2.8 million for the Commission on Higher Education. The General Fund budget increases funding by \$56 million for the Department of Corrections, \$4.0 million for the Department of Economic and Community Affairs, \$2.4 million for the Department of Public Health, \$9.0 million for the Department of Mental Health and \$53.9 million for the state Medicaid program, while also funding a 3.0 percent cost of living raise for state employees.

Links: [Education Trust Fund Spreadsheet](#); [General Fund Spreadsheet](#); [Governor's Press Release – ETF](#);

ALASKA

Proposed

On December 15, Alaska Governor Bill Walker unveiled his fiscal 2019 budget proposal, which calls for \$10.6 billion in total spending from all fund sources and \$4.2 billion in unrestricted general fund

spending, including both operating and capital expenditures. The proposal calls for greater transparency in budgeting, and to that end, the budget office produced a new report and an open data tool to better convey actual state spending trends over time. According to the governor’s “transparent budget” totals (an alternative figure to unrestricted general fund spending), the state is projected to spend \$4.7 billion in fiscal 2019, after accounting for one-time budget strategies used to reduce general fund spending. This reflects a 3.1 percent reduction from fiscal 2018 and a 25.7 percent reduction from fiscal 2015. Other budget reforms proposed by the governor include moving to biennial budgeting and having elected officials forego pay if they do not publish or enact the budget on time. The spending plan calls for a \$34 million increase in public safety spending to help fight rising crime and the opioid crisis. Increased formula costs for Medicaid are also projected, though the governor’s proposal notes that general fund spending on Medicaid in fiscal 2019 is essentially equivalent to fiscal 2015 levels, despite the program now covering more residents. The proposal divides the operating budget into two parts: the first part, which funds agencies, formula programs and certain debt obligations, is funded by existing revenue sources, a sustainable draw from the Permanent Fund and the Statutory Budget Reserve Fund, while the second part, which funds oil and gas credits, retirement payments and other liabilities, is funded by the Constitutional Budget Reserve. “Controlling our own destiny requires accepting that our financial assets, such as the Permanent Fund, generate most of our current revenue,” said the governor. “When combined with broad-based direct participation by individuals, Alaska can take charge of our own fiscal future.” The governor also separately introduced the Alaska Economic Recovery Act, part one of a 3-year, \$1.4 billion plan to create jobs and repair the state’s infrastructure. The plan includes \$280 million in capital spending that would be funded by a temporary payroll deduction tax.

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

Enacted

Alaska Governor Bill Walker signed the state’s fiscal 2019 budget bills into law on June 13. Under the Governor’s “Transparent Budget” categorization of general fund spending, the fiscal 2019 enacted budget calls for \$4.9 billion in spending on operations and capital, a 0.3 percent decrease compared to fiscal 2018 levels (with supplementals). Looking at unrestricted general fund spending only, the state’s operating and capital budgets total \$4.7 billion, a 5.6 percent increase over fiscal 2018 but a 22.7 percent decrease compared to fiscal 2015. The governor also passed the Permanent Fund Protection Act, which sets up a structured, sustainable drawdown from the fund to support core government services and reduce the budget deficit, while also ensuring a robust dividend program. The governor used his authority to veto four line-items from the budget, including a provision that would have allowed overdrawing the Permanent Fund under some circumstances.

Links: [Fiscal Year 2019 Enacted Budget](#); [Fiscal Summary](#); [Governor’s Press Release](#)

ARIZONA

Proposed

On January 12, Arizona Governor Doug Ducey introduced his budget proposal for fiscal 2019, which proposes \$10.1 billion in general fund spending, a 3.2 percent increase. The proposal includes baseline

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

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

Enacted

Arizona Governor Doug Ducey signed the state’s fiscal 2019 budget into law on May 3, providing for \$10.4 billion in general fund spending (including \$234 million in one-time expenditures), a 5.8 percent increase compared to fiscal 2018. The budget increases spending for K-12 education by \$477 million compared to fiscal 2018, including a \$275 million investment for the first part of a 3-year plan to raise teacher salaries by 20 percent. The budget also invests \$55 million in provider rate increases for hospitals – the first broad-based increase since 2007, \$26 million in additional funds for preventative highway maintenance, and \$24 million for construction of a new National Guard facility. General fund revenues are projected to total \$10.6 billion (including \$320 million in one-time revenues). The state is projected to end the year with a \$236 million general fund ending balance, in addition to a projected \$467 million balance in the state’s rainy day fund.

Links: [Fiscal Year 2019 Enacted Budget](#); [Appropriations Report](#); [Governor’s Press Release](#)

ARKANSAS

Proposed

On January 9, Arkansas Governor Asa Hutchinson released his fiscal 2019 budget proposal, which recommends total spending of \$5.6 billion, an increase of 3.1 percent over fiscal 2018. Due to a growing economy, the Education Adequacy Fund is sufficient to meet the legislative mandate on education spending for the first time, negating the need for a planned \$50 million transfer from general revenue.

Projected Medicaid growth also slowed from earlier projections, from 5.58 percent to 2.17 percent. While the number of individuals on Medicaid dropped, matching rates from the federal government also decreased, requiring an additional \$35.7 million for the expansion population and \$48.6 million for traditional Medicaid. For public safety, the budget increases funding for county jail reimbursements by \$4 million and funding for community corrections by \$1.4 million for the reentry program. The budget funds 65 new child welfare caseworkers and provides \$10 million to implement the Higher Education Productivity Funding Model. The governor also called for a tuition freeze on in-state tuition at four-year institutions, and tuition increases held to the consumer price index for two-year colleges. Overall, the governor recommended a budget that was \$100 million lower than the budget estimated last year, resulting in a set aside of nearly \$16 million for highways and \$48 million for a reserve fund. The governor noted that “This budget reflects real spending cuts in a number of agencies that we achieved through efficiencies without cutting services. This budget shows a slower growth in Medicaid spending. It meets the requirements of education adequacy. It increases funding for public safety. And of great significance, the budget reduces our historic reliance on surpluses to fund ongoing budget needs.”

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

Enacted

In March, Arkansas Governor Asa Hutchinson signed the state’s \$5.6 billion fiscal 2019 fiscal session bill that increases spending by 3.2 percent over fiscal 2018. The budget provides for the distribution of general revenue to state agencies, higher education institutions, local aid and county jail reimbursement. The state’s Medicaid program receives an additional \$137.9 million, the largest increase in the budget. Other investments include \$1.3 million for the public school fund, \$7.3 million for foster care, \$14.6 million for behavioral health services, and \$4.0 million for county jail reimbursement. Higher education institutions that qualify for the productivity-based funding model will receive an additional \$9.4 million, while an additional \$8 million is allocated to fund the state employees’ pay plan and potential performance increases. The budget also creates the Restricted Reserve Fund, which would receive general revenue funds once certain spending metrics are met; transfers from the fund require legislative approval.

Links: [Fiscal Year 2019 Enacted Budget](#); [Fiscal Session Legislation Summary](#)

CALIFORNIA

Proposed

On January 10, California Governor Jerry Brown unveiled his final budget, a \$190.3 billion spending plan for fiscal 2019 (excluding federal funds), comprised of \$131.7 billion from the general fund, \$56.1 billion from special funds and \$2.5 billion from bond funds. The budget continues the governor’s focus on building up state reserves, proposing a supplemental payment of \$3.5 billion to the rainy day fund on top of the constitutionally required transfer in fiscal 2019, which would bring the total fund balance to its constitutional target of 10 percent of general fund spending, or \$13.5 billion. “This budget reflects our collective priorities,” said the governor in his opening message to the legislature. “As was true in 2011, our Job Number 1 is fixing our state budget and keeping spending in line with revenue.” General

fund revenues are expected to increase 4.6 percent (before accounting for transfers), totaling \$134.8 billion, or \$129.8 billion after subtracting projected transfers to the rainy day fund. The spending plan calls for \$3 billion in new money to fully fund the K-12 local control funding formula two years ahead of schedule. For higher education, the governor's proposal calls for the creation of the state's first wholly online community college and includes a \$570 million (4 percent) increase in total community college funding and a 3 percent increase in state support for university systems. The proposal represents the first full year under the state's new transportation funding law and includes \$4.6 billion in new money for transportation projects. The budget continues to focus on rehabilitation in the state prison system to reduce recidivism and contain cost growth. Corrections spending has decreased as a share of general fund spending from 11.4 percent in fiscal 2012 to 8.9 percent under the fiscal 2019 recommended budget. As is standard practice in the state, the governor will release a revised proposal in May based on the latest economic forecasts, which will also include a preliminary analysis of the projected impacts of the enacted federal tax legislation.

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

Enacted

On June 27, California Governor Jerry Brown signed the state's fiscal 2019 budget, which calls for \$138.7 billion in general fund spending, including one-time expenditures, a 9.2 percent increase compared to fiscal 2018. General fund revenues are projected to total \$133.3 billion, with total resources of \$141.8 billion available. The governor's final spending plan continues to pay down debt and strengthen the state's reserves, bringing the Budget Stabilization Account to its maximum allowed balance of \$13.8 billion and the Special Fund for Economic Uncertainties to a balance of \$2.0 billion by the end of the fiscal year. The budget continues to make investments in education, fully implementing the state's new school funding formula, increasing funding for higher education, and establishing the state's first online community college. The budget invests \$5 billion from all fund sources to address homelessness and affordable housing issues, increases funding for other anti-poverty efforts, and provides \$4.6 billion in funds under the new transportation law. To combat climate change, the budget also includes a \$1.4 billion Cap and Trade spending plan, including funding for forest improvement and fire prevention efforts.

Links: [Fiscal Year 2019 Enacted Budget](#); [Budget Summary](#); [Governor's Press Release](#)

COLORADO

Proposed

On November 1, Colorado Governor John Hickenlooper released the final budget of his term, proposing \$30.5 billion in spending from all funds (a 3.7 percent increase) and \$11.5 billion from the general fund (2.6 percent increase) for fiscal 2019. The proposal targets additional general fund resources to higher education (9.7 percent increase), K-12 education (2.1 percent increase), and corrections (7.5 percent increase), as well as other program areas. The governor subsequently submitted budget amendments in

January based on revised revenue forecasts and caseload adjustments, directing additional funds to schools among other modifications. According to the more recent forecast, general fund revenue is expected to increase 4.2 percent in fiscal 2019, after rising 9.9 percent in fiscal 2018. In his amended request, the governor calls for increasing the state's reserve requirement to 8.0 percent of general fund spending in fiscal 2019, and 10 percent by fiscal 2023, with the increased savings supported by expected state revenue gains from the federal tax legislation. Remaining gains from the federal tax changes should be directed to schools and infrastructure, according to the governor's request. The spending plan also proposes reforms to reduce the state's large unfunded pension liability, including increased employee contributions and a reduced annual increase cap for current retirees. "By building up reserves and shoring our pension plan, this proposal meets the needs of today and provides a buffer for tomorrow," said the governor. Other notable requests in the budget include: a 4.5 percent increase in K-12 per pupil funding; \$73 million in general fund spending to improve student affordability and outcomes at public higher education institutions; and \$22 million to increase human services direct care staff salaries. The budget also calls for a 3 percent across-the-board salary increase for most state employees. The spending request includes numerous examples of how the state is investing in evidence-based programs and data-driven initiatives; for example, the budget calls for a significant expansion of an evidence-based mental health program found to have a roughly 4-1 return on investment based on available research.

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

Enacted

Colorado Governor John Hickenlooper signed the state's fiscal 2019 budget on April 30. The budget calls for \$30.6 billion in spending from all fund sources (6.6 percent increase compared to fiscal 2018 adjusted appropriation levels), and \$11.4 billion in general fund spending (7.6 percent increase). Programmatic funding changes include an increase in K-12 education spending from all funds by \$298 million (\$20 million general fund decrease), an increase of \$280 million from all funds for Medicaid, CHIP and other health care programs (\$87 million general fund increase), \$233 million increase for higher education from all funds (\$81 million general fund increase), \$104 million increase for human services from all funds (\$57 million general fund increase), and \$57 million increase for public safety from all funds (\$54 million general fund increase). The state legislature also approved accompanying legislation funding a Pay for Success initiatives account for certain pilot programs focused on youth. The enacted budget, based on a forecast projecting \$12.0 billion in general fund revenues, estimates an ending balance in the general fund reserve of \$1.27 billion, well above the required statutory reserve level.

Links: [Fiscal Year 2019 Enacted Budget](#); [Appropriations Report](#); [Governor's Press Release](#)

CONNECTICUT

Proposed

On February 5, Connecticut Governor Dannel P. Malloy released his fiscal 2019 budget adjustments that recommended \$20.7 billion in total appropriations, \$70.5 million or 0.3 percent above the amount previously enacted for fiscal 2019 and would reduce the forecasted deficits in fiscal 2020 through fiscal

2022 by almost half. Of the total general fund revenues in fiscal 2019, 43 percent is from the personal income tax and 21 percent is from the sales and use tax. The governor’s proposal for the special transportation fund includes revenue from statewide tolling, raising the gas tax by 7 cents by fiscal 2022, and accelerating the transfer of sales tax on cars by two years to generate additional funds to bring previously planned projects back online. The budget responds to the recent federal tax changes by proposing changes to the taxation of pass-through entities, decoupling asset expensing and bonus depreciation from federal changes, and allowing municipalities to create charitable organizations supporting local interests. Other changes in revenues include a proposed increase in the cigarette tax and an increase in the hotel occupancy tax. The budget would increase funding to address the emergency placements within the Department of Developmental Services system, thereby alleviating pressure on the wait list. In discussing the budget adjustments, the governor said, “This plan continues to pay down the state’s long-term obligations, further reduces our reliance on one-time revenues, and identifies clearer and more achievable savings targets in the underlying budget.”

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

Enacted

Connecticut’s Governor Dannel P. Malloy signed the fiscal 2019 budget adjustment bill on May 15 that totals \$20.9 billion and provides deficiency appropriations for agencies in fiscal 2018. The revised fiscal 2019 budget is \$197.2 million more than the original budget and is 2 percent over fiscal 2018 original appropriations. The revised budget eliminates a decrease to Medicare savings program income limits that was scheduled to go into effect July 1, 2018, made a change in Medicaid eligibility for parents and caretakers by raising the income limit from 133% to 150% of the federal poverty level, and restores funding for cities and towns. The budget provides additional money for magnet schools, vocational-agricultural schools, 30 recently nominated Superior Court judges, and a 1 percent increase for nonprofit organizations who provide services under contracts with the state. The revised budget also reduces the sales tax on boat sales from 6.35 percent to 2.99 percent. Additionally, a Commission on Fiscal Stability and Economic Growth was established to review rebalancing of state taxes to better stimulate economic growth without raising net new taxes.

Links: [Fiscal Year 2019 Budget Adjustments](#), [Governor’s Press Release](#)

DELAWARE

Proposed

On January 25, Delaware Governor John Carney released his proposed fiscal 2019 general fund operating budget of \$4.2 billion that would limit budget growth to 3.49 percent. The budget sets aside \$41.7 million for grants-in-aid and \$100.4 million in dedicated cash to the Bond and Capital Improvements Act. The budget would fund long-term liabilities such as pensions and debt service, set aside a federal contingency, and would not increase taxes. Total appropriations represent 98.0 percent of projected net fiscal 2019 revenue plus projected carryover funds, which is within the constitutionally

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

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

Enacted

Delaware’s Governor John Carney signed the \$4.2 billion fiscal 2019 budget on June 28 that limits operating budget growth to about 4 percent and sets aside \$46 million by only appropriating 97 percent of available revenue. The budget funds long-term liabilities such as pensions and debt service and includes \$20.9 million for school enrollment growth, \$8.8 million for quality child care for more children, \$3.0 million to ensure fair elections, and generates over \$5 million in savings in areas such as energy, fleet services and restructuring of the Department of Education. The budget also funds over \$440 million in new school construction, library construction, economic development projects, environmental enhancements, and state facility maintenance. Additionally, the state’s supplemental budget appropriates funds to provide a \$500 one-time salary supplement to full-time and part-time employees, as well as supplements to pensioners and one-time funded priority projects.

Links: [Fiscal Year 2019 Enacted Budget](#), [Governor’s Press Release](#)

FLORIDA

Proposed

On November 14, Florida Governor Rick Scott released his budget proposal for fiscal 2019 that recommends spending from all funds of \$87.4 billion, an increase of 2.8 percent from fiscal 2018. Spending from the general fund would total \$32.2 billion, with education being the largest funding category at 51.9 percent of the total, followed by health and human services at 30.3 percent, public safety at 13.6 percent and environment at 1.3 percent. The governor also includes tax cuts and budget savings in the budget proposal. The \$180 million in tax cuts include a 10-day back to school sales tax holiday, three hurricane preparedness holidays, and reducing highway safety fees. The recommended budget savings total \$144.3 million in all funds, comprised of operational efficiencies, contract and lease savings, debt service reduction, changes to health insurance payments for certain employees, and workload adjustments. Several investments are made in education including: an additional \$11.6 million

for the voluntary pre-kindergarten program; total state and local K-12 funding of \$21.4 billion, allowing an increase in per-student funding of \$200; \$15 million for a new coding and science program; and an additional \$23 million for the Bright Futures scholarships in higher education. In health and human services, the governor included additional funding to combat the opioid epidemic, community-based behavioral health services, an additional 130 child protective services employees, adoption subsidies, and employment services for individuals with developmental disabilities. Addressing public safety, the budget includes \$30 million for pay raises at state law enforcement agencies, \$8 million to fund salary increases for juvenile detention and probation officers, \$317,000 to establish the Office of Youth and Family Advocacy, and \$68 million for the Department of Corrections to better serve inmates with mental illness. After a deadly hurricane season, the budget provides a total of \$1.4 billion in financial assistance to state and local governments for emergency management and disaster mitigation program. In the press release for his final budget proposal the governor said, “As we look ahead to the future of Florida, it is important to continue fighting every day to make sure that our children and grandchildren have every opportunity to lead successful lives in the Sunshine State. Our Securing Florida’s Future budget advances Florida’s record of success and represents years of fighting to do what’s right for Florida families and I will keep fighting every day to secure Florida’s future for every Florida family.”

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

Enacted

On March 16, Florida Governor Rick Scott signed the fiscal 2019 budget after vetoing \$64 million in line items; the budget spends \$88.7 billion in all funds, including \$32.4 billion in general revenue funds. The budget makes investments in several areas by increasing funding for programs including \$484.8 million in state and local funds for K-12 education, \$122 million for higher education scholarships, \$40 million in performance funding for state universities, \$11 million for additional child protective investigator and hotline counselor positions, \$6.2 million to combat human trafficking, \$22.8 million in pay raises for law enforcement and public safety positions, and \$67 million for the Department of Corrections. The governor also highlighted the budget’s support of agriculture, the environment and veterans.

Links: [Fiscal Year 2019 Enacted Budget](#); [Budget and Veto Message](#); [Veto List](#)

GEORGIA

Proposed

On January 11, Georgia Governor Nathan Deal released his fiscal 2019 budget proposal that recommends \$50.9 billion in total spending, an increase of 2.7 percent over fiscal 2018. Spending from state funds would total \$26.03 billion, an increase of 4.1 percent over fiscal 2018; of this total, general revenue funds account for \$22.4 billion. The largest categories of spending from state funds include Education Georgia (53.7 percent), Healthy Georgia (21.7 percent), Safe Georgia (7.9 percent) and Responsible and Efficient Georgia (3.3 percent). The governor’s priorities in the budget were building

an educated workforce capable of meeting future job demands, expanding and improving services for Georgia's most vulnerable citizens, and continuing to invest in transportation infrastructure and economic development. In education, the budget includes \$127.6 million for K-12 enrollment growth, \$30.1 million for the equalization program to assist low-wealth school systems, \$1.56 million to establish a leadership academy for principals, \$361.7 million to fully fund the actuarially determined employer contribution for the Teacher's Retirement System, \$54.3 million for resident instruction at the university system, and \$68.2 million in additional lottery funds for scholarships and grants to meet the projected need. In prioritizing the state's most vulnerable citizens, the budget provides an additional \$255.9 million for Medicaid, \$31.1 million for child welfare services, \$11.8 million for 250 additional waivers for individuals with intellectual and developmental disabilities, and \$20.6 million for behavioral health services. Infrastructure receives additional funding in the budget, including \$31.7 million in motor fuel funds for transportation and \$100 million in bond funds for the repair, replacement, and renovation of bridges throughout the state. In his press release, the governor noted that, "By focusing on key priorities such as workforce development, education and transportation infrastructure, we will continue to move Georgia forward and ensure that our fiscal responsibility sustains economic growth in every corner of the state."

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

Enacted

On May 2, Georgia Governor Nathan Deal signed the state's fiscal 2019 budget, which calls for \$51 billion in all funds spending and \$26.2 billion in state funds spending, which is an increase of 3.2 percent over the amended fiscal 2018 budget. The budget invests more than \$510 million in new funding for K-12 education to support enrollment growth, fully fund the Quality Basic Education program formula, assist low-wealth school systems, and provide mental health awareness training. To support teachers, the budget also includes \$365 million to fully fund the actuarially determined employer contribution to the Teachers Retirement System. In health care, the budget invests \$241 million in new funding for Medicaid, including \$23.9 million for baseline expense growth. Another area of investment is transportation, where the budget provides \$31.7 million in new motor fuels funds resulting from 2015 legislation that increased the gas tax.

Links: [Fiscal Year 2019 Enacted Budget](#); [Budget in Brief](#); [Governor's Press Release](#)

HAWAII

Proposed

On December 18, Hawaii Governor David Ige submitted a supplemental budget proposal for fiscal 2019, the second year of the biennium. The budget recommends \$85.5 million in additional operating expenditures from all funds, a 0.6 percent increase over fiscal 2019 operating appropriations enacted last session. The proposed adjustments would mainly add funding for public schools, health programs, and transportation services, as well as homelessness initiatives, which continues to be a top priority of the administration. The administration's three-pronged strategy for reducing homelessness includes

investing in housing, human services, and public safety. “We hope the State Legislature continues to support our efforts to put more families in homes and drastically reduce our homeless population,” said the governor in a press release. His proposal also calls for \$1.5 billion in capital improvement spending from all revenue sources to create jobs, improve the state’s infrastructure, and take advantage of the state’s improved bond ratings and lower interest rates. The capital spending would go towards improving public school and university facilities, public housing projects, and other priorities; a number of transportation projects would be funded as well under the governor's supplemental recommendation, mostly with revenue bonds.

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

Enacted

In 2017, Hawaii enacted a biennial budget for fiscal 2018-2019. On June 22, Governor David Ige signed into law a supplemental budget for the biennium, which provides additional funding mainly for health and human services, including for payments to support foster children and resource caregivers and additional funds for homeless services. The final operating budget calls for \$7.51 billion in general fund spending in fiscal 2019 (\$14.44 billion from all fund sources). The budget also includes funds for capital spending, including \$40 million for major renovations and improvements to a corrections center, \$21.5 million for improvements to public housing facilities, and \$64.9 million for university system facility upgrades.

Links: [Fiscal Years 2018-2019 Enacted Supplemental Budget](#); [Governor’s Press Release](#)

IDAHO

Proposed

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

rate is before factoring in the governor’s tax relief proposal to reduce state income tax rates and create a nonrefundable dependent tax credit, in response to federal tax changes. Under the governor’s budget recommendation, and based on the revised revenue projection, the projected general fund ending balance is \$110.9 million.

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

Enacted

Idaho Governor C.L. “Butch” Otter signed the state’s fiscal 2019 budget, which calls for \$3.65 billion in general fund spending, reflecting an increase of 5.9 percent. The budget is based on forecasted general fund revenues totaling \$3.82 billion. The budget increases spending on public schools by more than \$100 million, including \$42 million for continuing to improve teacher pay, \$11 million for classroom technology, and \$8 million for dual enrollment and other postsecondary opportunities for high school students. The budget makes targeted investments in career technical education and higher education as well, and funds an audit of degree programs and a system-wide study on integrating higher education support services. The spending plan also funds three regional behavioral health crisis centers. Overall, education spending, including public schools, colleges and universities, and other education programs, comprises about 63 percent of total general fund spending in the fiscal 2019 budget, while health and human services makes up 22 percent and public safety comprises 10 percent.

Links: [Fiscal Year 2019 Enacted Budget](#); [Governor’s Press Release](#)

ILLINOIS

Proposed

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

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

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

Enacted

On June 4, Illinois Governor Bruce Rauner signed the fiscal 2019 budget, the first full-year budget he had signed since becoming governor in 2015. The enacted budget calls for total spending of \$93.3 billion, a 7.2 percent increase from fiscal 2018, and general funds spending of \$36.3 billion, a 0.3 percent increase. Highlights of the budget include additional spending for both K-12 and higher education, funding to start repairs on a veterans’ home, the creation of an adoption tax credit, \$63 million to pay back wages to state workers, and pension savings through buyouts and other changes. The budget also includes spending cuts to some agencies, including corrections. In discussing the budget, the governor said the bipartisan bill is a step in the right direction towards the goals of a full-year balanced budget and no new taxes, although he added it does not include much-needed debt paydown, or reforms to reduce taxes, grow the economy, create jobs, and raise family incomes.

Links: [Fiscal Year 2019 Enacted Budget](#); [Enacted Appropriations Information](#); [Governor’s Press Release](#)

INDIANA

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

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

IOWA

Proposed

Iowa Governor Kim Reynolds released her fiscal 2019 budget proposal on January 9, which calls for \$7.45 billion in general fund spending, an increase of 2.7 percent from fiscal 2017’s estimated spending level of \$7.25 billion. The largest program areas include education (56 percent), health and human services (25 percent), justice/judicial branch (9 percent), and property replacement/tax credits (6 percent). Total net general fund receipts are estimated at \$7.63 billion, a 3.6 percent increase from fiscal 2018. In addition, the budget assumes an ending balance – cash reserve fund of \$501.4 million. The governor’s budget proposal is designed to continue making progress on four goals: creating a competitive business environment; developing the most innovative energy policy in the world; educating

children for the knowledge economy; and training Iowans for the jobs of tomorrow. Much of the additional fiscal 2019 funding is directed towards education, healthcare, and the court system. The governor also announced steps to close a \$34.7 million budget shortfall for fiscal 2018, including spending cuts and savings from other areas. Additionally, the governor proposed a tax reform package that reduces rates, modernizes the tax code, eliminates federal deductibility, and provides tax relief. In her Condition of the State address, the governor said that her vision for the future “...is an Iowa overflowing with opportunity – opportunity for our working families, young people, and our communities, both urban and rural.”

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

Enacted

On June 1, Iowa Governor Kim Reynolds finished taking action on the various spending bills that comprise the state budget after making several vetoes. Net appropriations total \$7.475 billion in fiscal 2019, up from \$7.249 billion in fiscal 2018. The budget includes increased funding to most program areas, including an additional \$60.5 million for health and human services, a \$16.5 million increase for education, and an additional \$14.9 million for the justice system. Total reserves are estimated to be \$762.1 million, an increase from \$624.1 million in fiscal 2018. The governor also signed a tax reform package that reduces income taxes while expanding the sales tax base, among other measures.

Links: [Fiscal Year 2019 Enacted Budget](#); [End of Session Information](#); [Summary of Legislation](#);

KANSAS

Proposed

On January 10, Kansas’ former Governor Sam Brownback released a fiscal 2019 budget proposal that calls for \$16.83 billion in total expenditures, a 3.3 percent increase from the governor’s revised fiscal 2018 recommendation, and \$6.90 billion in fiscal 2019 general fund spending, a 2.2 percent increase from the governor’s revised fiscal 2018 recommendation. Total general fund tax receipts are projected to be \$6.78 billion in fiscal 2019, a 0.5 percent decline, following a projected 7.5 percent increase in fiscal 2018. The proposal recommends an ending balance of \$150.3 million in fiscal 2019, or 2.2 percent. In fiscal 2019, education would represent the largest program area of general fund spending at 62.1 percent, followed by human services (26.9 percent), public safety (6.0 percent), and general government (4.7 percent). The governor’s budget proposal focuses on five areas: an education funding proposal that includes a remedy to the Kansas Supreme Court’s Gannon v. State of Kansas ruling; a skilled workforce and advanced manufacturing funding proposal; a public safety funding and transportation proposal; funding to aid improvements in core functions of state government related to the Department of Children and Families, IT modernization and cybersecurity, and employee compensation; and increased funding for healthcare initiatives. Specifically, regarding education, the governor proposed \$600.8 million in additional K-12 funding over the next five years as well as stressing the need for outcomes-oriented accountability from school districts. In February, Jeff Colyer succeeded Sam Brownback as governor of Kansas. In his Joint Address, Gov. Colyer called for making government more transparent,

greater accountability, a new employment plan, increased investments in career and technical education, taking steps to attract and retain businesses, a review of the child welfare system, increasing support for mental illness, tackling the opioid crisis, and improving the state’s KanCare health insurance program. Regarding education, the governor said he will offer a framework that keeps schools open, provides a definitive solution that ends school finance lawsuits, phases in increased investments without increasing taxes, and provides accountability and increased outcomes. The governor said that school finance legislation “...will not be easy, but public servants and leaders are not called to make the easy choice.”

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

Enacted

On May 15, Kansas Governor Jeff Colyer signed the state’s fiscal 2019 budget after making a series of line-item vetoes, including one that would have limited the governor’s ability to make changes to Medicaid eligibility without the legislature’s approval. The enacted budget calls for all funds spending of \$17.0 billion, a 4.1 percent increase compared to the fiscal 2018 amount, and general fund spending of \$7.1 billion, a 5.7 percent increase. Total available revenues are estimated at \$7.4 billion in fiscal 2019, a 4.2 percent rise. Additionally, the budget assumes an ending balance of \$371 million, or 5.2 percent of expenditures. When signing the budget, the governor noted that he was pleased to be able to sign a budget that strikes the balance between fiscal responsibility, and making the necessary investments in schools, workforce, and communities. The new spending plan increases K-12 spending by \$525 million over the next five years, and restores some prior cuts to higher education.

Links: [Fiscal Year 2019 Enacted Budget](#); [Comparison Report](#); [Veto Message](#)

KENTUCKY

Proposed

On January 17, Kentucky Governor Matthew Bevin presented a two-year budget proposal with the theme of getting the commonwealth’s financial house in order. The most prominent elements include significant increases in pension funding from the general fund, and meeting financial needs for Medicaid, corrections and other urgencies. The budget also focuses on a second phase of \$100 million workforce development bond pool, preserving the K-12 education per-pupil funding, building up the rainy day fund, strengthening the justice system by addressing high caseloads for both prosecutors and public defenders, and support for vulnerable populations through increased funding for the opioid crisis, foster care issues, adoption backlogs, and improving community-based adult and child welfare services. The governor’s recommend budget calls for revised general fund spending of \$11.2 billion in fiscal 2018, a 1.7 percent increase, \$11.2 billion in fiscal 2019, a decrease of 0.5 percent, and \$11.4 billion in fiscal 2020, an increase of 1.6 percent. Increased funding for pensions of \$161 million in fiscal 2019 and \$150 million in fiscal 2020 reflect the largest area of additional general fund spending, followed by \$78 million and \$97 million more for corrections due to double-digit percentage growth in the corrections population, including over 2,200 more felons than budgeted in the current fiscal year. Medicaid spending is flat in fiscal 2019 with a \$144 million increase in fiscal 2020. Additional funding of \$55

million and \$54 million is proposed to add over 340 staff and increased salaries for social workers and clinicians that protect children and adults from abuse and neglect, for additional adoption, kinship and foster care support, and for addressing high guardianship caseloads. Additional tobacco settlement funds are directed toward the opioid epidemic and other substance abuse programs. The capital budget devotes almost \$400 million in bond funds for asset preservation with postsecondary education receiving the bulk of the new funding. Many areas of spending have received a 6.25 percent reduction along with the elimination of funding for 70 programs. General fund revenue estimates were reduced by \$156 million for fiscal 2018 and assumed growth rates of 2.7 percent for fiscal 2019 and 2.6 percent for fiscal 2020. In his State of the Commonwealth and Budget Address, the governor said of the current pension outlook, "...never once in the history of Kentucky has the arc been fully funded for all of our pension systems, not one time, which is why we now find ourselves in the situation where they are all so severely underfunded. This year they will be funded in their entirety for the first time in the history of the commonwealth of Kentucky."

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

Enacted

Kentucky passed a structurally balanced two-year budget that was vetoed by Governor Matt Bevin but overridden by the Kentucky General Assembly on April 13. Companion tax actions were taken that raised over \$190 million each year, reflecting another two percent of revenues, primarily by extending the six percent sales tax to certain services while offsetting that with marginal tax rate reductions to both the personal and corporate income taxes. The Commonwealth's rainy day fund was increased to \$236.6 million by the end of the biennium from direct appropriations in the budget. General fund revenues, including the tax changes, are budgeted to grow annually by 4.5 percent in fiscal 2019 and another 2.6 percent in fiscal 2020. General fund spending is budgeted to grow 2.8 percent in fiscal 2019 and just 1.0 percent in fiscal 2020. The enacted budget maintained the governor's budget focus on fully funding the actuarially determined contribution for state employee and teacher pension and retiree health benefits, including the impact of more conservative actuarial assumptions on investment returns. The Medicaid budget is slightly reduced in fiscal year 2019 and increased by eight percent in fiscal year 2020, which assumed an impact from Kentucky's Medicaid waiver application. Additional funding for a higher correctional inmate population was scaled back by a smaller budget for privately operated institutions. Additional funding was provided to add over 340 staff and increased salaries for social workers and clinicians that protect children and adults from abuse and neglect, for additional adoption, kinship and foster care support, and for addressing high guardianship caseloads. Additional tobacco settlement funds were directed toward the opioid epidemic and other substance abuse programs. The added tax change revenues were mostly directed to provide an increase in the base per pupil spending for schools, retain baseline levels of spending for school district transportation and health insurance, and provide smaller reductions to higher education institutions. The capital budget includes a modest amount of new general fund supported debt.

Links: [Fiscal Years 2019-2020 Enacted Budget](#)

LOUISIANA

Proposed

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

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

Enacted

Louisiana completed the enactment of its fiscal year 2019 budget in a third special session of the legislature. Governor John Bel Edwards signed it on June 25, after vetoing the budget bill passed in May. One primary action was agreement to retain 0.45 cents of the 2016 passed temporary one cent sales tax increase that was a part of the previous budget and extend that rate to June 30, 2025. That action increased the revenue estimate by about \$463 million of a \$9.4 billion general fund. Spring increases to the revenue estimate used in the governor's recommendation increased the personal income tax revenues by about \$340 million, including the estimated impacts of the federal tax law changes on state revenues. The bulk of the proposed spending cuts based on the expiration of the one cent sales tax were averted. Full funding for the Taylor Opportunity Program for Students (TOPS) scholarship

program was provided. Higher education institution funding was restored to the fiscal year 2018 level. Additional funding was made to provide seed money for a new juvenile justice facility to house an expected increase under a new law that will let 17-year-olds be tried as juveniles rather than adults. A companion piece of legislation permits the restoration of portions of agency budget reductions if subsequent revenue forecasts predict more revenues than anticipated.

Links: [Fiscal Year 2019 Enacted Budget](#); [Fiscal Year 2019 Appropriated](#); [House Bill 10](#); [Governor's Press Release](#)

MAINE

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

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

MARYLAND

Proposed

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

and continues investments in the Maryland pension system, curbs the growth of legislative mandates, conforms with the legislature’s Spending Affordability guidelines, and maintains the state’s AAA bond rating.”

Links: [Fiscal Year 2019 Budget Proposal Volume 1](#); [Budget Volume II](#); [Budget Volume III](#); [Budget Highlights](#); [Governor's Press Release](#); [State of the State Speech](#)

Enacted

On March 27, Maryland’s legislature approved the state’s fiscal 2019 budget; the budget became law upon final passage. Spending from all funds is estimated to be \$44.6 billion for the operating budget, with spending from general funds comprising \$17.9 billion. General fund revenues are projected to increase 6.1 percent over fiscal 2018 estimated revenues. The budget funds a 2 percent pay increase for state employees with the possibility for a bonus if revenues exceed projections by \$75 million. In total, the budget provides \$5.2 billion for the Department of Transportation, \$11.5 billion for Medical Care Programs Administration, \$2.4 billion for the Department of Human Services, and \$1.4 billion for the Department of Public Safety and Correctional Services. The state education department is funded at \$7.9 billion, including \$7.6 billion for aid to education.

Links: [Fiscal Year 2019 Enacted Budget](#); [Fiscal Digest](#)

MASSACHUSETTS

Proposed

On January 24, Massachusetts Governor Charlie Baker released his proposed \$40.9 billion fiscal 2019 budget, an increase of 2.6 percent over the previous year. The budget uses a consensus revenue tax estimate of \$27.6 billion, which is 3.5 percent over the revised fiscal 2018 tax revenue projection. The budget relies on less than \$100 million in non-recurring revenue and anticipates a deposit of \$96 million into the stabilization fund, which would bring total reserves to about \$1.5 billion. The budget does not raise taxes or fees. Because of the new federal tax law, the proposed budget anticipates \$65 million in new, one-time revenue from the accumulated profits of the foreign subsidiaries of U.S.-based corporations. The budget proposal also assumes the state income tax rate will drop from 5.10 percent to 5.05 percent on January 1, 2019 in accordance with state law, resulting in \$84 million returned to taxpayers. The budget includes \$63 million associated with the introduction of recreational marijuana sales, \$13 million by requiring operators who rent rooms for 150 or more days per year to collect and remit room occupancy tax and anticipates \$44 million from the opening of new gaming facilities during fiscal 2019. The administration proposes to increase the Earned Income Tax Credit from 23 percent of the federal credit to 30 percent. The budget calls for increasing local aid for K-12 education by 2.5 percent to a total of \$4.9 billion including \$24.3 million to address the rising costs of employee health care. The proposals also includes \$83 million in new funding to upgrade programs for mentally ill adults, a \$20 million increase for the state's child welfare agency, and \$46 million to cover rate increases for early education and child care. In discussing his budget proposal, the governor said that it continues the “...administration’s record of filing fiscally responsible spending plans which support the

Commonwealth's needs through investing in areas such as local aid, education, workforce development, substance misuse, mental health, housing, and transportation.

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

Enacted

Massachusetts' Governor Charlie Baker signed the fiscal 2019 budget of \$41.2 billion on July 26, which represents a 3.2 percent increase in spending over estimated fiscal 2018 levels. The budget does not raise taxes or fees. The fiscal 2019 budget anticipates a deposit in the stabilization fund, resulting in a net increase of \$368 million, with a total balance of \$2.15 billion estimated by the end of the fiscal year. The budget reduces the reliance on one-time sources of revenue, a reduction from nearly \$1.2 billion in fiscal 2015 to \$95 million in fiscal 2019, representing a decrease of 92 percent. The budget includes \$4.91 billion funding towards K-12 education and provides \$203 million to combat the opioid and heroin epidemic. Funding for the Department of Children and Families, at \$1 billion, represents an increase of \$34.2 million over the prior year. An increase in the state earned income tax credit from 23 percent to 30 percent of the federal credit is also included in the fiscal 2019 budget.

Links: [Fiscal Year 2019 Enacted Budget](#), [Governor's Press Release](#)

MICHIGAN

Proposed

On February 7, Michigan Governor Rick Snyder released his fiscal 2019 budget proposal that calls for \$56.8 billion in total spending, a 0.6 percent increase from the enacted fiscal 2018 budget, and \$10 billion in general fund spending, unchanged from the prior year. The governor also recommended spending of \$56.9 billion in total spending in fiscal 2020 and \$10.0 billion in general fund spending. The budget projects general fund revenues at \$10.3 billion in fiscal 2019 and \$10.4 billion in fiscal 2020, and a budget stabilization fund of \$922 million by the end of fiscal 2019. Health and Human Services would represent the largest area of total spending at 44 percent, followed by education (30 percent), jobs (11 percent), government services (7 percent), public safety (6 percent), and environment (2 percent). Highlights of the budget include: added transportation funding due to the 2015 passage of increased road funding; a \$120-\$240 per-pupil K-12 increase; added funding for career and technical training; \$5 million in new funding to help children with learning needs; a 2 percent increase in university funding; funding for additional state police troopers; and a fund to support environmental clean-up, water quality, and recycling. Strategic one-time investments include a \$20 million investment in statewide broadband access, \$70 million to provide an upfront pre-payment on capital outlay projects, a \$2.5 million investment in the Michigan Israel Business Accelerator, \$2 million for the Rising Tide Program for rural communities, and funding of \$500,000 for the Employee First Program. The budget also provides for various forms of tax relief including the income tax, increasing the homestead property tax credit, phasing out the sales tax on the difference for trade-in vehicles, and eliminating driver responsibility fees. Finally, the proposal notes that the state is on track to pay off its unfunded pension liabilities by

2038. In his budget letter, the governor said that, “Ongoing investments in transportation, education, and public safety will keep Michigan on the path to future success, while critical one-time funding is invested in the programs that directly and immediately impact our families and communities we live in.”

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

Enacted

Michigan’s Governor Rick Snyder signed the state’s fiscal 2019 budget into law on June 21 (the state’s fiscal year begins on October 1), and noted that it was the eighth consecutive year that a fiscally responsible budget was completed ahead of schedule. The governor did not make any vetoes to the budget. Additionally, on June 22 the governor signed the state’s fiscal 2019 education budget. The two bills combined call for \$56.78 billion in total spending in fiscal 2019, including \$39.94 from the general omnibus and \$16.84 billion from the education omnibus. Highlights of the fiscal 2019 budget include: \$300 million in one-time revenue dedicated to fixing roads, funding for up to 75 additional state police troopers, training over 350 corrections officers to fill vacancies, a \$1 million investment in the Campus Sexual Assault Grant Program, full funding for the governor’s recommendation of \$100 million for the Marshall Plan for Talent, and an additional \$115 million for the rainy day fund. The education omnibus includes \$120 to \$240 per pupil increases in K-12, and a 2 percent increase in university funding.

Links: [Fiscal Year 2019 Enacted Budget](#); [Bill Analysis](#); [Governor’s Press Release](#); [Fiscal Year 2019 Education Budget](#); [Governor’s Press Release on Education Budget](#)

MINNESOTA

Proposed

On March 16, Minnesota Governor Mark Dayton released a supplemental budget request for the current fiscal 2018-2019 biennial budget. The proposal is based on a February 2018 forecast that projects a \$329 million available general fund balance for the end of the current biennium. The budget recommendation includes: \$20 million in tax reductions, credits, and other revenue changes; \$227 million in increased general fund spending; and a remaining budgetary balance of \$123 million. Specifically, the governor is calling for \$13 million to respond to the opioid crisis, \$12 million to protect seniors and vulnerable adults from abuse, and \$37 million for debt service and capital investments. Regarding education, the governor’s recommendations include: \$16 million for safe and secure schools; \$5 million for school linked mental health grants; \$17 million for special education; ongoing funding for pre-kindergarten programming in fiscal year 2020-21; \$4 million for the Homework Starts with Home program; \$11 million in pension aid to school districts; and \$20 million for higher education campus support and tuition relief. Finally, the supplemental budget request makes a series of tax changes including: responding to the federal tax bill by disconnecting the state individual income tax system from the definition of federal taxable income; providing \$319 million in tax relief through a new personal and dependent credit and the expansion of the working family credit; conforming to many corporate tax provisions; and addressing various changes made in a 2017 state tax bill. In his final State of the State

address, the governor said, “We have restored fiscal stability and integrity to state government. I thank those Minnesotans, who did pay higher personal income taxes, and the great many others, who expanded their businesses and created over 280,000 new jobs, since I took office. The hard-working people and businesses of Minnesota are the sources of our renewed economic prosperity and the foundations of our future success.”

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

Not Enacted

On May 23, Minnesota Governor Mark Dayton vetoed the omnibus supplemental budget bill. Due to the veto of the supplemental budget bill, the biennium budget bill that the state passed in 2017 remains in place and unchanged. In his veto letter, the governor noted his many objections to the supplemental budget bill including that it does not do enough to stop elder abuse, does far too little to combat the opioid epidemic in the state, and included 51 policy provisions that the governor opposed.

Links: [Governor’s Press Release](#); [Veto Letter](#)

MISSISSIPPI

Proposed

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

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

Enacted

Mississippi finalized its fiscal 2019 budget in March, which spends \$20.9 billion in all funds and \$5.5 billion in general fund appropriations and reappropriations, a decrease of 0.61 percent compared to the fiscal 2018 appropriated general fund budget. The budget sets aside two percent of general fund revenue, or \$113 million, as required by law. Funding decreases from the general fund were applied to public education (\$5.4 million), higher education (\$7.7 million), corrections (\$3.3 million), and Medicaid (\$28.7 million). Increased general fund investments were made in public health (\$2.3 million), conservation (\$1.3 million), and military, police and veterans affairs (\$3.2 million). All education funding represents 52.9 percent of general fund appropriations, followed by social welfare at 18.6 percent, debt service at 6.9 percent and corrections at 5.5 percent.

Link: [Budget Bulletin](#)

MISSOURI

Proposed

On January 22, Missouri Governor Eric Greitens released his fiscal 2019 budget proposal that calls for \$28.75 billion in total spending, a 0.7 percent increase from fiscal 2018. The budget calls for \$9.79 billion in spending from general revenues, a 4.5 percent increase. Revenue growth is forecasted at 2.5 percent in fiscal 2019 compared to 1.9 percent in fiscal 2018, and the ending balance is projected at \$4.7 million. Human services represents the largest area of total spending in fiscal 2019 at 46 percent, followed by K-12 (21 percent), transportation (9 percent), public safety and corrections (5 percent), higher education (4 percent), and elected officials, judiciary and General Assembly (2 percent). For spending solely from general revenues, K-12 is the largest area at 35 percent, with the next largest areas being human services (31 percent), higher education (8 percent), and corrections and public safety (8 percent). The budget proposal includes an \$87 million increase in funding for K-12 education, a \$162.8 million increase in funding for roads and bridges, \$25 million for a Jobs and Infrastructure Fund, and more than \$29 million in new programs to assist vulnerable children. Additionally, the governor called for increased funds for: individuals with developmental disabilities; modernizing river ports; rural broadband; community-based substance abuse treatment; drug court programs; pay increases for highway patrol officers; peer recovery coaches; the Access Missouri Scholarship Program; A+ Scholarship program; the state's share of employee health benefits; a salary increase for all state employees making less than \$50,000; replacing the statewide ERP financial system; Medicaid Management Information System technology, and cybersecurity. In addition to funding increases, the governor also included a series of spending reductions, most notably a \$68 million cut to higher education institutions. In discussing his proposal, the governor said, "Our budget increases funding for our priorities: infrastructure, education, public safety, and protecting our most vulnerable children. We're able to afford those investments by making tough choices, protecting every taxpayer dollar, and eliminating wasteful spending."

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

Enacted

Missouri's new governor Mike Parson signed the bills that comprise the fiscal 2019 budget on June 29, after making 21 line-item vetoes totaling approximately \$12 million. The budget calls for \$28.58 billion in total spending, up from \$27.88 billion in fiscal 2018, and \$9.52 billion in spending from general revenue, an increase from \$9.45 billion the year prior. The governor noted several highlights of the budget including: fully funding the education formula with a \$99 million increase, prioritizing higher education, increasing state employee pay, allocating \$2.6 million to support faith-based initiatives to curb opioid abuse, and allotting \$70 million for infrastructure and workforce development projects. Also, on July 12, the governor signed a tax reform bill that includes a phased-in income tax cut when certain triggers are met.

Links: [Fiscal Year 2019 Enacted Budget](#); [Governor's Press Release](#); [Governor's Press Release on Tax Bill](#);

MONTANA

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

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

NEBRASKA

Proposed

On January 10, Nebraska Governor Pete Ricketts announced proposed adjustments to the current fiscal 2017-2019 biennium budget. Previously in October, the Nebraska Economic Forecasting Advisory Board reduced revenue projections for the biennium by \$223.9 million (\$100.4 million in fiscal 2018 and \$123.5 million in fiscal 2019). The governor said that his priorities for the mid-biennium budget were: balancing the budget without tax increases; setting up the state for tax relief that fits within the budget; continuing investment in the Department of Corrections; financing growth in the child welfare system; maintaining investments in K-12 school aid and special education; and a two-year budget growth of 0.2 percent compared to the original fiscal year 2016-2017 budget. The mid-biennium budget adjustment addresses a \$173 million projected budget gap through \$103.2 million in general fund appropriation reductions, \$21.7 million in fund transfers, a \$108 million transfer from the cash reserve fund, and a net \$54.8 increase from agency mid-biennium budget requests. The proposal maintains an unobligated cash reserve fund balance of \$274 million. The governor also announced a tax reform proposal centered on three major components: a refundable tax credit on state taxes for property taxes paid; reductions in top individual and corporate income tax rates; and funding for workforce development. In discussing his tax reform plan, the governor said, "The Nebraska Property Tax Cuts and Opportunity Act will serve as a framework that can help deliver relief for hardworking Nebraskans. Tax relief will need to be a bipartisan effort, and it will be something we come together to do to grow the entire state."

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

Enacted

Nebraska Governor Pete Ricketts signed a mid-biennium budget adjustment bill on April 4. The governor noted that the bill further controls state spending and includes language ensuring that taxpayer dollars do not fund abortion services. Other highlights of the enacted budget adjustment bill include: additional property tax relief, increased funding for child welfare, funding for an additional 100 beds at the state penitentiary, an additional \$2.7 million in funding for persons with developmental disabilities, and additional general funds for state aid to K-12 to offset lower than expected revenues from the insurance premium tax.

Links: [Fiscal Years 2017-2019 Enacted Mid-Biennium Budget Adjustment](#); [Budget Information](#); [Governor's Press Release](#)

NEVADA

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

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

NEW HAMPSHIRE

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

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

NEW JERSEY

Proposed

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

to drive our economic growth and resurgence. It will ensure we meet our obligations fairly and honestly. And, it will protect our New Jersey values.”

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

Enacted

New Jersey’s Governor Phil Murphy signed the \$37.4 billion fiscal 2019 budget on July 1. The budget includes additional funds for transit, public schools, and a \$3.2 billion payment into the pension system. Public schools will receive an additional \$402 million along with a new funding formula. Overall, the fiscal 2019 budget allocates \$15 billion to K-12 education, or about 40 percent of the total budget. The budget also includes \$25 million in new aid for community college students. On the revenue side, the budget creates a new tax credit for child care and dependents and will gradually raise the earned income tax credit to 40 percent of the federal level. The plan includes an income tax increase from 8.97 percent to 10.75 percent on income of \$5 million and above and raises the business tax on companies making more than \$1 million by an average of 2 percent over four years with the increase expiring after four years. A 90-day tax amnesty program that is estimated to raise \$200 million is also included in the budget. Finally, the budget would allow homeowners to deduct \$15,000 in local taxes from their state taxes and restores \$150 million from the Homestead Rebate property tax relief program.

Link: [Fiscal Year 2019 Enacted Budget](#)

NEW MEXICO

Proposed

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

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

Enacted

New Mexico Governor Susana Martinez signed the state's fiscal 2019 budget on March 7, which calls for \$6.3 billion in general fund spending, a 4.3 percent increase over fiscal 2018. The budget provides \$63 million for salary increases for public school teachers and adds \$34 million for early childhood education. The spending plan provides funding for targeted salary raises for state police, corrections officers, and public defenders, as well as pay raises for all state employees. The budget projects cash reserves totaling more than \$600 million by the end of the fiscal year, representing nearly 10 percent of general fund spending. The governor vetoed \$11.7 million in general fund appropriations.

Links: [Fiscal Year 2019 Enacted Budget](#); [Post-Session Review](#); [Governor's Press Release](#)

NEW YORK

Proposed

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

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

Enacted

New York’s Governor Andrew Cuomo signed the fiscal 2019 budget on April 12. The \$168.3 billion fiscal 2019 budget has state operating funds totaling \$100.1 billion, holding growth to 2 percent. Medicaid and school aid are the state’s largest local aid programs, comprising approximately 45 percent of state operating funds spending. Education Aid is expected to total \$26.6 billion, an increase of \$914 million or 3.6 percent and state support for higher education receives \$7.6 billion in funding. Medicaid spending subject to the global cap will grow at the indexed rate of 3.2 percent to \$18.9 billion. The spending plan creates an opioid stewardship payment on manufacturers and distributors of opioids to address the opioid epidemic, and includes \$247 million related to drug education, prevention, treatment and recovery services. The budget also includes legislation dedicating \$836 million to the New York City subway action plan. Regarding taxation, the budget includes measures intended to protect taxpayers from the impact of federal tax changes including decoupling many state tax provisions from the federal changes, the creation of an optional payroll tax program, and establishing new state charitable giving vehicles. The budget also continues the phase-in of the \$4.2 billion middle class tax cut.

Links: [Fiscal Year 2019 Enacted Budget](#), [Fiscal Year 2019 Enacted Budget Financial Plan](#)

NORTH CAROLINA

Proposed

On May 10, North Carolina Governor Roy Cooper proposed budget adjustments to the previously enacted fiscal 2018-2019 biennium budget, calling for \$24.5 billion in spending. Specific budget highlights include: average salary increase of over 8 percent for teachers and support staff; increases education spending by \$1.1 billion or 8.1 percent; recommends \$130 million to improve school safety and youth mental health; invests \$50 million to strengthen rural economies; includes \$60 million for NC Job Ready workforce programs; recommends over \$300 million to increase state employee compensation; and includes \$320 million in middle class tax relief. The governor’s proposed tax plan lowers the tax rate to 5.25 percent for incomes up to \$200,000, and freezes the rate at 5.499% for incomes above \$200,000; the plan also freezes the corporate income tax rate at 3 percent. Additionally, revenue collections through April for fiscal 2018 were \$356.7 million above forecast, and revenues were revised upward by \$276.5 million for fiscal 2019. In discussing his proposed adjustments to the current biennium budget, the governor said, “My budget makes middle class families a priority and ensures that all North Carolinians have opportunities to find good jobs, put more money in their pockets, and raise their families in safe and healthy communities.”

Links: [Fiscal Years 2018-2019 Proposed Budget Adjustments](#); [Budget Presentation](#); [Governor’s Press Release](#)

Enacted

North Carolina’s fiscal 2019 budget adjustments were enacted on June 12. Governor Roy Cooper vetoed the budget on June 6, but the legislature had sufficient votes to override the veto. The spending bill

provides \$23.9 billion in net appropriations from the general fund, a 3.9 percent increase above the fiscal 2018 budget and a 1.1 percent increase over the budget originally enacted during the 2017 session. The budget funds a 6.5 percent average pay raise for teachers and salary increases for other state employees between 2.0 and 8.0 percent; the budget also increases the minimum state salary for full-time state employees to \$15 an hour. The budget also includes investments in targeted areas including \$15 million to deploy additional prison safety and security measures, \$28 million to enhance public school safety and \$60 million for disaster recovery; it also includes the first appropriation of funds held in the \$360 million Medicaid Transformation Reserve.

Links: [Fiscal Years 2018-2019 Enacted Budget Adjustments](#); [Governor's Veto Message](#); [Fiscal Brief](#)

NORTH DAKOTA

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

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

OHIO

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

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

OKLAHOMA

Proposed

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

forward is part of a long-term blueprint for more reliable revenue estimating and greater legislative control over limited government resources to better govern for the needs of the day.”

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

Enacted

On April 30, Oklahoma Governor Mary Fallin signed the state’s \$7.6 billion fiscal 2019 budget, under which no agency received a cut in funding. The budget funds a 19.8 percent increase for common education, which is the largest appropriation for public schools in state history, and includes \$353 million to fund teacher pay raises. Multiple criminal justice reform measures received funding, including \$4 million for risk and needs assessments, \$1 million for drug and mental health treatment courts, \$4.8 million to the Department of Corrections to improve probation monitoring, and \$500,000 for a Pay for Success program aimed at reducing the number women sent to prison. Increased funding was enabled by a package of new taxes adopted in special session, which increased tax rates on motor fuel, cigarettes, and the production of oil and gas.

Links: [Fiscal Year 2019 Enacted Budget](#); [Governor's Press Release](#)

OREGON

Enacted

In 2017, Oregon enacted a two-year budget for fiscal 2018 and fiscal 2019, which was subsequently adjusted in the 2018 regular session. The spending increase following the originally enacted biennial budget consists of \$408 million in additional federal funds – mostly for human services, \$772 million in other funds, and \$151 million in general and lottery funds. The approved budget is \$75.7 billion from all funds for the biennium (a 5.4 percent increase over the previous two-year budget for fiscal 2016 and fiscal 2017), and includes \$21.1 billion in combined general and lottery funds (an 11.1 percent increase).

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

PENNSYLVANIA

Proposed

On February 6, Pennsylvania Governor Tom Wolfe released his proposed fiscal 2019 budget that totals \$32.9 billion in general funds, an increase of 3.1 percent over the prior year and includes no broad-based tax increases. Of the total funds, the general fund at \$32.9 billion represents 38.8 percent, federal funds at \$28.6 billion represents 34.9 percent, and other funds at \$12.2 billion represent 14.4 percent. The main sources of revenue for the general fund are personal income taxes at 41.2 percent, sales and use tax at 31.5 percent, and corporate taxes at 9 percent. The major expenditure categories are prekindergarten through K-12 education representing 37.7 percent, medical and long-term living representing 21.3 percent, and other health and human services representing 16.8 percent. The budget includes \$250 million from a new severance tax on natural gas production. In advocating for the creation of a severance tax, the governor said, “It’s a tax paid by people mostly outside of Pennsylvania to use our

natural resources. And by failing to put in place this commonsense tax, we're paying other states' taxes..." Additionally, the budget recommendation continues efforts to consolidate administrative functions to improve agency coordination and collaboration, eliminate duplicative functions and increase operational efficiencies. The budget fully funds actuarially required pension contributions and implements pension reforms by introducing new hybrid benefit plans for new hires and takes further steps to reduce investment management fees. The budget also recommends increasing the minimum wage to \$12 per hour, which would reduce net entitlement costs for department of human service programs by an estimated \$101 million annually.

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

Enacted

Pennsylvania's Governor Tom Wolf signed the fiscal 2019 budget on June 22, with general fund spending of \$32.7 billion, representing an increase of about 2.2 percent. The budget allocates \$12.3 billion in general funds to elementary and secondary education, or 37.8 percent of the total, and \$6.8 billion to medical assistance and long-term living, or 20.9 percent of total general funds. The budget provides an increase of \$189.6 million for pre-kindergarten through 12, including \$25 million for pre-kindergarten/Head Start, \$100 million for basic education funding, and \$10 million for career and technical education. The spending plan also includes more than \$61.4 million for school and community safety. The budget increases funding for higher education, including additional investments in community colleges and universities. Additionally, the budget launches an initiative to align workforce development efforts across agencies and expands apprenticeship and industry partnerships. The budget does not increase tax rates on sales or income.

Links: [Fiscal Year 2019 Enacted Budget](#), [Governor's Press Release](#)

RHODE ISLAND

Proposed

On January 18, Rhode Island Governor Gina Raimondo released her proposed fiscal 2019 budget that totals \$9.4 billion in all funds, a decrease of \$84.6 million or 0.9 percent, from the fiscal 2018 revised budget. The \$84.6 million decrease includes reductions of \$130 million in federal funds and \$44 million from the capital plan fund. Offsetting these reductions are increases of \$22.6 million in general revenue, \$9.6 million from restricted receipts, and \$57.2 million from other funds. The fiscal 2019 proposed budget addresses a projected operating deficit of nearly \$204.1 million, while investing in key areas to improve the state's overall financial outlook. Of the \$9.4 billion budget, \$3.8 billion, or 40.8 percent, is from general revenue; \$3.1 billion, or 33.3 percent, is from federal funds; \$2.2 billion, or 23.1 percent is from other sources, and \$285.4 million, or 3.0 percent, is from restricted or dedicated fee funds. The budget recommends the legalization of sports betting which is expected to increase fiscal 2019 recommended lottery revenues by \$23.5 million and includes a hospital rate freeze and implements co-

payments. In her state of the state address, the governor outlined a series of policy proposals including expanding job training initiatives and technical training in high schools, continuing to fix the state's roads, funding successful efforts to address the opioid crisis, and legislation to make health insurance companies cover addiction and mental health treatment. In discussing her budget proposal, the governor said, "The state of Rhode Island is stronger than it was four years ago because of critical investments we are making in job creation, job training, education and programs that support the health and wellbeing of the people of Rhode Island."

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

Enacted

Rhode Island's Governor Gina Raimondo signed the fiscal 2019 budget of \$9.6 billion on June 22, which preserves tuition-free access to community college, invests \$147.9 million in state funds to repair roads and bridges, supports the second year of the car tax phase out, and has no broad-based tax increase. The budget makes a job training program permanent, provides additional funds to senior centers, restores funding to people with developmental disabilities, and includes pay raises for home-care workers. The spending plan invests in higher quality childcare and provides young people in foster care the option to continue care until age 21. Increased funding for the Department of Children, Youth and Families by \$18.8 million is also included in the budget. Additionally, the budget asks voters to authorize \$250 million in bonds for school construction, \$47.3 million for a green economy and clean water bond, and \$70 million for a higher education facilities bond. Finally, the budget will allow the state to implement sports betting at two casinos.

Links: [Fiscal Year 2019 Enacted Budget](#), [Governor's Press Release](#)

SOUTH CAROLINA

Proposed

On January 8, South Carolina Governor Henry McMaster proposed a fiscal 2019 budget that recommends \$28.3 billion in total funds, an increase of 3.2 percent over fiscal 2018, and \$8.06 billion in general fund appropriations, a 1.4 percent increase over fiscal 2018. General fund revenues are estimated to be \$8.68 billion, an increase of 1.7 percent over fiscal 2018 (revenues are higher than appropriations due to a \$15.6 million transfer to the General Reserve Fund and \$599.4 million in income tax revenues credited to the Tax Relief Trust Fund). The largest program areas receiving general funds in the budget include K-12 education (37.96 percent), health and social services (27.3 percent), public safety and criminal justice (10.8 percent), and higher education (8.0 percent). In education, the budget recommends \$25.2 million in increased funding for the base student cost (\$10 increase per student) at K-12 public schools, \$18.8 million in per pupil funding increases at charter schools, \$16.4 million for need-based higher education scholarships, and \$5 million for the school safety program. To address the opioid crisis, the budget provides \$10 million in new funding for treatment, prevention and education efforts, including \$4.4 million for new opioid treatment clinics throughout the state. Economic development and workforce is another priority in the budget, with an additional \$11.95 million allocated to the Department of Commerce, \$3 million for workforce scholarships and grants to technical schools,

and \$5 million for the creation of the South Carolina Workforce Partnership. The governor also prioritized tax relief in the budget proposal, which includes a 1 percent rate reduction over five years for all personal income tax brackets that will result in \$2.2 billion in taxpayer savings; the first-year savings are \$139 million. The budget also provides a full retirement income exemption for military veterans and first responders, representing \$22 million in tax cuts the first year. The governor’s budget transmittal letter states “The success and prosperity we see today is a reflection of an enduring philosophy we all share – one based on strength and self-determination, celebrated and championed by the people of the Palmetto State. I am proud to serve as your Governor, and privileged to work with the General Assembly as we endeavor to build an even brighter tomorrow.”

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

Enacted

On July 5, South Carolina Governor Henry McMaster signed the fiscal 2019 budget that spends \$8 billion in general fund appropriations after making 42 vetoes of funding items and policy provisions. One policy provision vetoed by the governor was the removal of \$3.4 billion in higher education “other” funding from state budget appropriations; the governor cited transparency concerns as a reason for the veto. With investments in education, the budget includes a 1 percent salary increase for all public school teachers, adds funding to increase the base pay for first-year teachers to \$32,000, allocates \$17 million for school safety measures, including door locks, cameras and metal detectors, and allows retired law enforcement officers to work as school resource officers. The budget also provides \$54 million to construct a new State Law Enforcement Division crime lab.

Links: [Fiscal Year 2019 Enacted Budget](#); [Governor's Veto Message](#)

SOUTH DAKOTA

Proposed

South Dakota Governor Dennis Daugaard released his fiscal 2019 budget proposal on December 5. The plan calls for \$4.66 billion in total spending, a 2.2 percent increase from fiscal 2018, and \$1.62 billion in general fund spending, a 1.9 percent increase. The budget forecasts that total general fund receipts will be \$1.62 billion, a 1.7 percent increase. Additionally, the budget maintains a budget reserve balance of 10 percent, and is structurally balanced. The largest areas of general fund spending are recommended to be state assistance to local governments and schools at 35.4 percent, followed by health and human services (35.1 percent), board of regents (13.0 percent), and corrections (6.3 percent). The budget recommends increases to education (\$20 million), medical and provider assistance (\$11.3 million), building South Dakota (\$4.9 million), and protecting people (\$2.6 million), while reducing Title XIX Medicaid FMAP spending through \$9.8 million in savings. Some specific spending increases include \$16.1 million for state aid to education, \$1.0 million for maintenance and repair for board of regents/technical institutes, \$1.3 million for correctional healthcare, and \$1.1 million for the Department of Corrections community transition program. The governor also announced steps to address a \$33.7

million fiscal 2018 shortfall through a combination of reduced spending and cash sources. In his letter to the legislature the governor noted that his fiscal 2019 budget recommendation reflects the most current revenue conditions, and that lower revenue collections will allow for only modest increases in the fiscal 2019 budget. The governor added that, “Citizens of South Dakota have been cautious with their spending and they expect their governments to do the same. Therefore, careful prioritization of state spending is a necessity.”

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

Enacted

South Dakota Governor Dennis Daugaard signed the fiscal 2019 budget on March 21. The governor noted that the revenue outlook has improved slightly since he proposed his budget in December, allowing the state to maintain a balanced budget while providing ongoing increases for state employees, education, and Medicaid providers. Specifically, the bill provides funding increases of: 1.2 percent for state employees, 1 percent for K-12 education, 2 percent for community-based Medicaid providers, and 0.5 percent for other Medicaid providers. The governor also signed a separate measure directing \$5.8 million in budget reserve money to K-12 to cover the costs of higher than expected enrollment. Overall, the enacted budget calls for \$4.75 billion in total spending for fiscal 2019, down from \$4.81 billion in fiscal 2018, and \$1.64 billion in general fund spending, up from \$1.60 billion in fiscal 2018.

Links: [Fiscal Year 2019 Enacted Budget](#); [Budget in Brief](#); [Governor’s Press Release](#)

TENNESSEE

Proposed

On January 29, Tennessee Governor Bill Haslam released his fiscal 2019 budget proposal that calls for \$37.5 billion in total state spending, an increase of 0.46 percent over fiscal 2018. General fund spending is \$33.2 billion, an increase of 1.5 percent over fiscal 2018. The largest categories of general fund spending are education (47 percent), health and social services (33 percent), and law, safety and correction (11 percent). The objectives for the fiscal 2019 budget included addressing the opioid crisis, improving education funding (including teacher compensation), funding increasing healthcare costs, increasing pay of health and social services care providers, and increasing the rainy day fund. Under the Tennessee Together opioid initiative, the budget provides \$14.5 million in new funding for treatment, law enforcement and prevention efforts. In K-12 education, the budget provides \$55.1 million for teacher compensation, \$50 million for increased retirement and health insurance costs, \$48.8 million to maintain full funding of the Basic Education Program formula for K-12 schools, and other initiatives for a total of \$211.8 million in new funding. Higher education received \$99.1 million in new funding for increased operational costs, including \$37 million for a 2.5 percent salary pool, and \$6.1 million for increased health insurance premiums. Gov. Haslam highlighted education successes in his State of the State address, noting that “By accelerating the gains we’ve made and, most importantly, staying true to the reforms in place, we will ensure that no matter how much money a family has, and no matter what

neighborhood a child grows up in, every student will have an opportunity to learn.” The budget also invests in the TennCare program, by providing \$51.4 million for medical inflation and utilization, \$36.7 for development of an eligibility system, and \$17.1 million for increased pharmaceutical costs. In the health and social services community, the budget provides rate increases to non-state providers of services, funded at \$10.5 million. The revenue fluctuation reserve (rainy day fund) would increase to \$850 million and be equal to 5.9 percent of general fund revenues. The budget also makes investments of \$128.3 million for job growth initiatives, \$15.5 million for a new inmate medical contract, and \$9.7 million for an indigent defense and guardian ad litem rate increase.

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

Enacted

On May 21, Tennessee Governor Bill Haslam signed the state’s \$37.6 billion fiscal 2019 budget into law, a 0.7 percent increase over fiscal 2018. Included in the budget are base budget reductions totaling \$118.6 million and the elimination of 281 full-time and 54 part-time positions. The budget adds \$247 million to K-12 education, including \$66.8 million to address growth and \$30.2 million for school safety issues. For higher education, the budget adds \$260.3 million for campus support, student aid and support for the Drive to 55 initiative. The budget funds cost increases of \$136.3 million for TennCare, while also adding \$27.6 million for corrections. Economic and Community Development received an additional \$133.2 million in funding to address infrastructure and job training, rural development and broadband accessibility grants. In addition to the spending investments, the budget also adds \$61 million to the Rainy Day Reserve, bringing the total anticipated balance to \$861 million by the end of fiscal 2019.

Links: [Fiscal Year 2019 Enacted Budget](#); [Budget Summary Session Report](#)

TEXAS

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

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

UTAH

Proposed

On December 13, Utah Governor Gary Herbert released his fiscal 2019 budget, calling for \$16.7 billion in spending from all funds. This includes \$7.1 billion combined from the general fund and education fund, a 5.8 percent increase compared to the authorized fiscal 2018 level and a 4.8 percent increase relative to the governor’s recommended level for fiscal 2018; the budget also calls for \$59 million in supplementals for the current fiscal year. General fund and education fund revenues combined are projected to grow 4.8 percent in fiscal 2019 over revised fiscal 2018 estimates, and total \$7.0 billion. The proposal provides \$383 million in new recurring funds for fiscal 2019, with \$276 million (72 percent) of that going to education, and \$102 million in new one-time funds. The governor recommends

\$208 million in new funding for K-12 education, including a \$170 million increase in flexible, local education funding and \$36 million to support enrollment growth. For postsecondary education, the governor calls for \$68 million in additional recurring funds for institutions, as well as \$34 million in one-time spending. Releasing the budget at Davis Technical College, the governor declared 2018 the “Year of Technical Education,” and proposed redirecting about \$10 million in one-time money from a performance funding account to support partnerships with institutions to provide “rapid-response training and certification programs for high-demand and difficult to fill labor areas.” In his budget, the governor also called on the legislature to allow for greater flexibility to use state transportation funds for all modes of transportation, as well as to modernize the tax code in ways that emphasize user fees and broaden the sales tax base, among other changes. The proposal recommends an additional \$5 million be deposited into the General Fund Budget Reserve account, bringing total rainy day fund balances to \$575 million. The governor also calls for a 2 percent salary increase for state employees, with money for additional increases for specific, high-need classifications.

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

Enacted

On March 21, Utah Governor Gary Herbert signed legislation comprising the state’s fiscal 2019 budget. The \$16.8 billion operating and capital budget increases spending from all funds by 2.7 percent over revised estimates for fiscal 2018, and 3.8 percent over the originally enacted budget for fiscal 2018. The spending plan is based on a forecast projecting \$7.2 billion in discretionary general and education fund revenue collections for fiscal 2019, with \$806 million in new recurring and one-time money from ongoing revenue growth, impacts of federal tax reform, and other sources. The budget allocates about 35 percent of these new discretionary funds to public education, 22 percent to higher education, 11 percent to rainy day fund deposits, and the remaining portion divided between general government, law enforcement, social services, and state buildings.

Links: [Fiscal Year 2019 Enacted Budget](#); [Legislative Fiscal Report](#)

VERMONT

Proposed

On January 23, Vermont Governor Phil Scott released his proposed fiscal 2019 budget of \$5.9 billion in total funds with \$1.6 billion in general funds. Total funds would increase by 2.16 percent over the prior year and the general fund would increase by 2.3 percent over the prior year’s adjusted base. The budget limits growth in state spending based on a six-year rolling average of real wage growth, fully funds actuarially determined pension contributions for teachers’ retirement, adds \$73 million to the human services management reserve, and maintains the statutory 5 percent stabilization reserves in the general fund, education fund, and transportation fund. The budget includes salary and benefit increases for the state workforce and does not raise taxes or fees. To develop input from the public for the budget, the

Secretary of Administration used an online budget forum in the development of goals and priorities of the state's budget. The budget also highlights the governor's executive order that established the Program to Improve Vermont Outcomes (PIVOT) as a system of continuous improvement for programs and processes to modernize state government. In his state of the state speech, the governor said that much more needs to be done in workforce development and his administration is currently developing a workforce expansion plan. The governor also discussed expanding adult technical education, water quality measures, efforts to moderate healthcare costs, and ways to combat the opioid crisis. In his budget address, the governor said "...that success is dependent upon restoring our fiscal foundation, having the courage to confront the challenges we face and spending only what Vermonters can afford." He added that his balanced budget proposal "...makes strategic investments to grow the economy, make Vermont more affordable and protect the most vulnerable."

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

Enacted

Vermont's Governor Phil Scott allowed the legislature's final budget to become law without his signature on July 1. The budget includes provisions raising non-residential property tax rates by 4.5-cents this year, a \$15 million transfer for the state's teacher retirement obligation, and an expansion of the tax exemption for Social Security income. The budget creates a charitable donation tax credit, which is equal to 5 percent of the first \$20,000 in charitable contributions claimed at the federal level, lowers marginal rates for personal income taxes, and increases the percentage of the earned income tax credit. The budget also includes a task force to examine staff-to-student ratios in school districts and changes in the sources and uses of the state education fund. A new statewide commission will determine through a negotiation process the portion of health care costs that school employees and school districts should pay. The budget also authorizes a commission to study Vermont taxes and recommend structural changes.

Links: [Fiscal Year 2019 Enacted Budget](#), [Governor's Press Release](#)

VIRGINIA

Proposed

On December 18, former Virginia Governor Terry McAuliffe released a two-year budget that proposes to spend \$56.5 billion in fiscal 2019 and \$58.5 billion in fiscal 2020 in all funds, including \$20.9 billion in general fund spending in fiscal 2019 and \$21.6 billion in fiscal 2020. General fund revenues are forecast to increase by 3.8 percent in fiscal 2019 and 3.9 percent in fiscal 2020. The largest categories of general fund spending are education (40.3 percent), health and human resources (31.6 percent), and public safety and homeland security (9.6 percent). Two of the main priority funding areas in the budget are education and health care. In education, the budget invests \$232.8 million in fiscal 2019 and \$254.7 million in fiscal 2020 for updating the Standards of Quality, provides \$7 million to support

programming for at-risk students and \$7.6 million to provide state support for a full-time principal - for the first time - in every elementary school. Supporting higher education, the budget provides an additional \$48 million for financial aid while increasing funding for the New Economy Workforce Credential tuition assistance program by \$4 million to address the high demand from students. In health care, the governor's budget expands Medicaid, which is estimated to offer coverage to nearly 400,000 Virginians; the cost of providing the additional services will be funded through an assessment on private acute care hospitals. The budget also provides \$743 million over the biennium to fully fund mandated services such as the revised Medicaid forecast, foster care and adoption programs, and Children's Services Act caseloads. To address the opioid crisis, the budget provides \$10 million to support medication-assisted treatment, \$2.5 million for supportive housing for pregnant women and mothers dealing with addiction, and funding to expand drug courts. Governor Ralph Northam took office in January and delivered an address to the Joint Assembly, laying out his agenda and voicing support for many of the initiatives included in Governor McAuliffe's budget proposal. In his address, Gov. Northam said, "Virginians are counting on us to answer big challenges with big solutions, even if that requires us to put the common good ahead of our own partisan instincts. They are counting on us to use every dollar they send us wisely, to the greatest possible benefit to our economy and their lives."

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

Enacted

On June 7, Virginia Governor Ralph Northam signed the biennium budget, which spends \$58.2 billion all funds in fiscal 2019 and \$59.1 billion in fiscal 2020, with \$21.0 billion in fiscal 2019 and \$21.6 billion in fiscal 2020 available from general fund resources. The budget expands Medicaid, which could enroll up to 400,000 uninsured residents beginning January 1. Other areas receiving spending increases include \$189 million for behavioral health and developmental services, \$530 million for K-12 education, and \$131 million to fund a 3.0 percent pay increase for state-supported teachers. State employees will receive a 2.0 percent pay raise, in addition to targeted pay raises for staff at behavioral health facilities, corrections and juvenile justice facilities, and marine police and deputy sheriffs. The budget also increases deposits to the rainy day fund and the new Revenue Reserve Fund, bringing the total deposits to nearly \$1.0 billion by the end of the biennium.

Links: [Fiscal Years 2019-2020 Enacted Budget](#); [Governor's Press Release](#)

WASHINGTON

Proposed

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

investment in K-12 education of \$950 million for the 2018-19 school year to increase school teacher and staff salaries and fully fund basic education by the state Supreme Court's 2018 deadline. Additionally, the governor recommends a \$162 million supplemental to cover an expected Medicaid shortfall, and \$106 million in additional funds for psychiatric hospitals and related items. A \$43 million increase in general fund spending for fighting wildfires is proposed (along with additional money from other fund sources), and \$50 million in additional funds are targeted to local governments for public safety improvements. The governor recommends a funding increase to support implementation of the state's new Department of Children, Youth and Families, as well as \$20 million for opioid abuse treatment and prevention efforts. The supplemental budget is based on the state's November 2017 revenue estimate of \$44.4 billion before transfers and excluding the governor's proposed carbon pollution tax, which would raise an additional estimated \$1.9 billion in revenue for fiscal 2019. The governor's supplemental budget projects total reserves to be \$2.15 billion at the end of the biennium, including a \$1.4 billion balance in the rainy day fund. The proposal also recommends a full capital budget totaling \$4.5 billion, mostly funded with bonds, along with small changes to the transportation budget. "This budget supports more than 19,000 construction jobs in every corner of the state," said the governor in his State of the State address, and would "help us build more affordable housing and expand capacity in our mental health system."

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

Enacted

In 2017, Washington State enacted a biennial budget for fiscal 2018-2019. On March 27, Governor Jay Inslee signed the state's supplemental budget for the biennium, which plans for \$44.6 billion in operating spending for the biennium, compared to \$43.7 billion in the original budget adopted last year. Much of the additional spending is directed to education, bringing the state into compliance with a 2012 state Supreme Court ruling regrading school funding adequacy. The governor also signed a \$414 million supplemental capital budget directing additional funds to K-12, higher education and other construction projects.

Links: [Fiscal Years 2018-2019 Supplemental Enacted Budget](#); [Supplemental Reports](#); [Governor's Veto Messages](#)

WEST VIRGINIA

Proposed

West Virginia's Governor Jim Justice released his fiscal 2019 budget proposal on January 10 and adjusted it on March 6. The recommendation includes substantial increases for some of the state's social programs, deferred maintenance, economic development, and tourism advertising, as well as five percent pay raises for teachers and state employees according to the revised recommendation. General fund revenues are on-target for fiscal 2018 and the February 28 revised estimate calls for growth of 4.5 percent in fiscal 2019, reflecting a stronger growth rate in collections over the last three quarters. In his

budget adjustment letter, the governor said that these adjustments "...will result in an unappropriated balance in General Revenue of over \$58 million that will solidify certainty in our budgetary condition, alleviate any doubt or fear of midyear reduction, and allow for future supplemental appropriations if the revenue comes in as I expect it to from the federal tax reform and historic sale of our road bonds." The budget does not require spending cuts and recommends an increase in a transfer to the rainy day fund. It provides 100 percent of the pension required contributions; with a slight decrease in the required employer contribution rate. However, significant increased obligations are projected over the course of their six-year plan at current benefit levels for the public employee insurance plan. The state aid to schools funding formula calls for a net decrease for fiscal 2019. Because of a fiscal 2017 surplus for the Medicaid program, no increase in base state funding is needed for fiscal 2019. A major increase of \$22 million is provided for the foster care program and an additional \$31 million for institutional psychiatric diversion and contracted staff. Salary upgrades of \$7 million for adult and juvenile correctional employees are recommended. Higher education base funding is increased by \$13.5 million. The recommendation includes \$7 million for tuition subsidies to help provide free tuition for students in the West Virginia Community and Technical colleges, and a \$2 million enhancement to its workforce development initiative. Deferred maintenance for state facilities is addressed with \$20 million in additional funding. Supplemental funding for the current fiscal year of \$79 million is financed from surplus lottery funds and carryover funds from certain agencies. Nearly \$35 million is included to address a shortfall in the department of health and human resources, and \$15 million for the public defender program.

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

Enacted

West Virginia's Governor Jim Justice signed the state's \$4.38 billion fiscal 2019 budget bill on March 15 after the legislature passed it on the final day of the legislative session. The budget was passed unanimously by the legislature, without an extended legislative session for the first time in over 30 years. Spending from general revenue will increase by 3.7 percent more than the fiscal 2018 budget. The budget includes an additional \$150 million to provide an average five percent pay raise for educators and state employees, and to freeze employee premiums for their health insurance plan. The higher pay raises also resulted in the legislature not approving several gubernatorial initiatives.

Links: [Fiscal Year 2019 Enacted Budget](#); [Governor's Press Release](#); [Legislative Press Release](#)

WISCONSIN

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

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

WYOMING

Proposed

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

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

Enacted

Wyoming Governor Matt Mead signed into law the state's primary budget bill for fiscal 2019-2020 on March 14, using his line-item veto authority in a few limited areas. The budget appropriates \$2.91 billion in general fund spending for the biennium, compared to \$3.06 billion for the previous biennium. The spending plan projects balances at the end of the biennium of \$99.6 million in the Budget Reserve Account and \$1.3 billion in the Legislative Stabilization Reserve Account. Legislation to fund education spending and capital projects was considered separately in an extended session. Appropriations to the School Foundation Program total \$1.77 billion for the biennium, compared to \$1.90 billion in the previous budget period.

Links: [Fiscal Years 2019-2020 Enacted Budget](#); [Governor's Line Item Veto Letter](#)