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# Summaries of Fiscal Year 2021 Proposed & Enacted Budgets

*On the following pages, please find summaries detailing both governors' budget proposals and states' enacted budgets for fiscal 2021. 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

Over the course of the past several months, governors in 33 states have released their fiscal 2021 budget proposal. Last year, 17 states enacted budgets covering both fiscal 2020 and fiscal 2021; in six of those states, governors released a supplemental or revised budget recommendation for fiscal 2021. The first fiscal 2021 budget proposal was released in early November, while the last was released in early March. **Nearly all budget proposals were released before COVID-19 rapidly spread throughout the United States.** The fiscal 2021 budget proposals were introduced during a time period where states had experienced nine consecutive years of growth in both state general fund spending and revenue (fiscal 2011-2019), with most states expecting fiscal 2020 to mark a tenth straight year. The coronavirus outbreak has quickly upended state budgets with states now facing significant revenue declines and increased spending demands as they contend with both a public health emergency and a severely deteriorating national economy. As a result, it is likely that much of what governors recommended in their fiscal 2021 budget proposals will not be

enacted as they are forced to reprioritize and ensure that their budgets remain in balance. That being said, the fiscal 2021 budget proposals can serve as a baseline in comparing what governors' priorities and initiatives were before COVID-19, to the final budgets that states ultimately adopt.

Even before the COVID-19 outbreak, states were planning on slower spending and revenue growth than what they had seen in several recent years. Based on information included in governors' budget proposals, the median general fund spending growth rate was 3.1 percent, while the median general fund revenue growth rate was 2.9 percent, both below historical averages. Additionally, governors stressed the need for fiscal discipline in their budget proposals. Many proposals focused on fiscal restraint, ensuring structural balance, passing a responsible budget plan, and leaving a large ending balance. Governors also spoke about the importance of level funding, using one-time revenue for one-time spending, and that they were operating in a limited resources environment. Furthermore, governors recommended a series of reform measures aimed at increased efficiencies, greater transparency, and more accountability. Finally, governors' budget proposals included steps to prepare for the next downturn including additional pension funding, paying off debt early, and increasing the size of rainy day funds and reserves.

While governors called for fiscal discipline in their budget proposals, they did prioritize several program areas. Once again elementary and secondary education – the largest spending category in state general fund budgets - was an area of emphasis, with some governors directing the majority of new spending to K-12. Budget recommendations included efforts to increase formula funding, expand early education, raise teacher salaries, promote teacher recruitment and retention, and boost capital spending on school buildings. Regarding higher education, governors included plans to increase tuition assistance, cap tuition growth, and provide additional funding. Governors also included initiatives to promote workforce development including addressing

skills gaps, supporting vocational education, increasing apprenticeships, meeting the needs of employers, and adding job training programs. In the area of corrections and public safety, several governors called for additional funding to increase public safety pay, hire more state troopers, improve prison conditions, tackle violent crime, and address the challenges of re-entry. Another area of emphasis was healthcare, with governors including plans to improve access, lower costs, make needed reforms, promote cost savings, add insurance protections, examine Medicaid expansion, and reduce prescription drug costs. Governors also called for increasing investments in infrastructure, stretching transportation dollars, and re-examining transportation systems.

Some areas received increased focus in this year's budget proposals including human service and public assistance programs such as increasing funding for affordable housing, addressing homelessness, supporting foster care and adoption, increasing investments in child services, continuing to fight drug abuse and the opioid crisis, and addressing mental health challenges. Governors also highlighted environmental issues including protecting natural resources, addressing the cost of energy, providing flood relief, wildfire suppression, improving water quality, and addressing climate change. Another area of additional emphasis in this year's budget recommendations were programs aimed at supporting rural communities and ensuring that economic prosperity reaches all corners of the state including addressing rural health care, expanding broadband, promoting tourism, and additional jobs initiatives and opportunity grants.

Many fiscal 2021 budget proposals contained some form of a recommendation adjusting taxes and revenues. However, the net revenue impact for the bulk of the recommendations is relatively minor. Areas in which several governors released proposals included lowering local property taxes, reducing personal income tax rates, increasing sales taxes including by imposing sales taxes on services, exempting military personnel income from state income taxes, raising

cigarette and vaping taxes, and expanding earned income tax credits. Other recommendations included establishing a housing tax credit program, reducing franchise taxes for small businesses, grocery tax relief, support for a graduated income tax, taxes on digital properties, middle class tax cuts, and reducing corporate taxes. A few governors also called for examining gambling expansion in their state.

The COVID-19 pandemic is likely to significantly impact state budgets for a number of years as states face reduced tax collections from all major revenue sources, as well as increased spending demands resulting from both the public health emergency and declines in the national economy. While states were in a relatively strong fiscal position before the coronavirus outbreak after strengthening rainy day funds and stressing fiscal discipline, enacted fiscal 2021 budgets are expected to look very different from original budget proposals as states take steps to ensure that their budgets remain in balance.

## Overview of Enacted Budgets

Generally, 46 states begin their fiscal years on July 1; however, for fiscal 2020 only, New Jersey extended its fiscal year so that fiscal 2021 will begin on October 1, 2020 and end on June 30, 2021. New York starts its fiscal year on April 1; Texas begins on September 1; and Alabama and Michigan start their fiscal years on October 1. Thirty-three states have, or are in the process of, enacting a new budget for fiscal 2021, while 17 states previously enacted budgets covering both fiscal 2020 and fiscal 2021; some of the 17 states that previously enacted a two-year budget approved a revised budget this year. In addition, of the 33 states approving a new budget, two states authorized a two-year budget covering both fiscal 2021 and fiscal 2022; Kentucky normally would have enacted a two-year budget this year, but opted to pass only one-year appropriations given the budget uncertainty regarding COVID-19 impacts.

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Unlike last year when only two states did not have a fully enacted budget on July 1, eight states this year did not have a fully completed budget at the beginning of their fiscal year. As of September 23, seven states have yet to enact a full-year budget for fiscal 2021 (Massachusetts, Michigan, New Jersey, Pennsylvania, Rhode Island, South Carolina, and Vermont).

One reason for the large number of late budgets this year is that the fiscal environment for states greatly shifted since the time that most governors proposed their budgets. When most governors released their budget recommendations in December and January, unemployment was at a 50-year low of 3.5 percent, state revenues were on track to grow for a tenth consecutive year, and budget reserves were at an all-time high. A few short months later, the unemployment rate soared, travel and tourism ground to a halt, retail sales plummeted, and gross domestic product experienced its worst quarterly decline on record. States worked to finalize their fiscal 2021 budgets during a period of great fiscal uncertainty resulting from the public health measures to control the spread of COVID-19 and the corresponding economic decline, including contending with questions regarding how revenue collections would fare in fiscal 2021, and the possibility of additional federal aid to states.

The fiscal uncertainty forced states to face tough decisions when enacting their fiscal 2021 budgets including cutting spending, implementing personnel actions, and using the reserves built in recent years. State general fund spending is expected to decline slightly in fiscal 2021 compared to fiscal 2020, based upon states that have enacted new, full-year budgets. Most states that passed new budgets for fiscal 2021 are also assuming declines in general fund revenue collections, although there is a large amount of variation due to the timing of revenue forecasts, and differences in tax structures and state economies. Additionally, rainy day fund levels are expected to fall compared to record-high levels before the pandemic. Due to the economic declines resulting from COVID-19, states took a number of steps to ensure that their budgets

were balanced for fiscal 2021 including: reducing spending on a wide-range of program areas; vetoing spending items; cancelling program expansions; cutting spending on employee salaries such as through hiring freezes, furloughs, or layoffs; forgoing previously proposed teacher pay increases; fund transfers; payment delays; using reserves; lowering required reserve levels; reducing or eliminating one-time expenditures; provisions to only fund certain programs if additional revenues are collected; restoring certain spending cuts if additional federal aid is provided; providing appropriations to agencies in lump sums to maximize flexibility; allowing the budget director to implement cuts if needed during the course of the year; converting general fund capital projects to bond financing; and allowing for borrowing from the Federal Reserve's Municipal Liquidity Facility.

In addition to steps states took when originally enacting budgets for fiscal 2021, some states have already made changes to budgets enacted this year for fiscal 2021, as well as to biennial budgets approved last year. These adjustments to previously enacted budgets for fiscal 2021 have largely been focused on spending reductions, but have also included: tapping reserves; using unspent fund balances and agency savings; making reversions; payment delays; furloughs; leaving positions vacant; scaling back employee pay increases; creating an employee buyout program; cancelling provider pay rate increases; and other measures.

Even with the upheaval caused by the coronavirus pandemic, states continued to fund essential services and prioritized certain areas in their enacted fiscal 2021 budgets. Similar to proposed budgets, enacted budgets emphasized education at all levels. Many states took actions to protect or increase funding for school aid, early childhood education, literacy programs, teacher pay increases, resources for low-income students, community colleges, student financial aid, and workforce development programs. Other areas that were prioritized in at least some enacted budgets included: support for working

families; childcare; public safety; pay increases for correctional officers; additional state troopers; Medicaid funding; the Children's Health Insurance Program (CHIP); behavioral health; developmental disabilities support; rural hospital stabilization; child welfare; natural resources protection; flood aid; infrastructure; election funding; and efforts to promote economic development. States also took a series of steps to address the COVID-19 public health crisis and strengthen emergency preparedness, often through allocating funds from the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act. States also enacted a series of measures adjusting taxes and revenues, although the revenue impact from most of the changes was relatively minor. Examples of new, enacted measures include: property tax relief; sales tax holidays; the taxation of e-cigarettes and vaping products; severance tax reforms; lodging taxes; reforming business taxes and incentives; targeted tax credits; tax benefits for military retirees; the continued phase-in of a middle class tax cut; the phased elimination of an income tax on stocks and bonds; and decoupling from certain provisions of the CARES Act. To date, few states have turned to tax increases to address revenue shortfalls resulting from the COVID-19 pandemic. Looking forward, it is likely that states will continue to adjust their budgets as they proceed through fiscal 2021. Historically, states have been forced to make substantial midyear budget cuts well after a national recession has begun. States are currently monitoring both the prospects for additional federal aid and their revenue outlook to help determine what further adjustments will be needed. Facing more severe revenue losses ahead, many governors and their administrations have directed agencies to develop budget reduction plans with as much as 15 or 20 percent for fiscal 2021 and/or fiscal 2022. When signing their fiscal 2021 budgets, governors noted that the full impact of COVID-19 is not yet known and that there will be many tough decisions ahead, while emphasizing the importance of maintaining core services, protecting critical functions, and investing in people.

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## Alabama

### Proposed

On February 5, Alabama Governor Kay Ivey released her fiscal 2021 budget proposals for both the Education Trust Fund and the General Fund. The Education Trust Fund proposes \$7.5 billion in spending for fiscal 2021, an increase of 5.3 percent over the prior year. The General Fund proposes \$2.6 billion in non-earmarked spending, an increase of 14.5 percent over the prior year. Net continuing receipts to the Education Trust Fund are projected to grow from \$7.5 billion in fiscal 2020 to \$7.7 billion, 1.9 percent growth rate. Net receipts to the General Fund are projected to grow from \$2.22 billion in fiscal 2020 to \$2.28 billion, a 2.4 percent growth rate. The rainy day account in the Education Trust Fund is currently \$454.1 million, or 6.5 percent of the fiscal 2019 budget; the rainy day account for the General Fund is currently \$212.3 million, or 10 percent of the fiscal 2019 budget. The governor highlighted several new initiatives in each of the budgets. In the education budget, the governor proposed a three percent pay increase for teachers (pre-K through community college), an additional \$25 million to expand the state's First Class Pre-K program, and a \$1 billion public school and college bond authority for K-12 schools plus two- and four-year colleges and universities. The increased pre-K funding expands the program by an additional 193 classrooms. Funding for K-12 Local Boards would increase \$164.1 million, or 3.7 percent over fiscal 2020 and funding for the Community College System increases by \$31.3 million, or 7.5 percent. In her State of the State speech, which highlighted her education budget proposals, the governor said that "providing the tools for a great start in life will yield dividends for generations to come." From the General Fund, the governor proposed a two percent salary increase for all state employees, funds to hire and train 50 additional sworn officers and three new mental health crisis centers. The Department of Corrections receives an additional \$41.8 million in

the governor's budget, an increase of 8.0 percent over fiscal 2020, while Medicaid would see an increase of \$94.4 million, or 13 percent.

Links: [Fiscal Year 2021 Executive Budget](#); [Education Trust Fund Summary](#); [General Fund Summary](#); [Press Clip](#); [State of the State Speech](#)

## **Enacted**

On May 18, Alabama Governor Kay Ivey signed the \$7.2 billion fiscal 2021 Education Trust Fund budget into law, an increase of \$91.5 million or 1.3 percent over the fiscal 2020 budgeted amount. The governor also signed the \$2.4 billion General Fund budget, which increases funding over the fiscal 2020 budgeted amount by \$170.9 million or 7.7 percent. The General Fund budget provides increases for the judicial system (\$2.5 million), corrections department (\$23.3 million), Children's Health Insurance Program (\$25.8 million), Medicaid program (\$94.4 million), and crisis diversion centers (\$18 million). The Education Trust Fund includes increases for community colleges (\$11.2 million), workforce development (\$2.2 million), early childhood education (\$4.95 million), K-12 foundation program (\$21.3 million), and the Alabama Literacy Act (\$18.6 million). The budget does not include the three percent teacher pay raise originally proposed by the governor, due to the coronavirus and resulting economic downturn. In signing the budgets, the governor said "While we have yet to know the full impact of COVID-19 on our state, these budgets will ensure continuity of government, while being fiscally responsible. There is more work to be done, and I look forward to working with the Legislature in the days ahead."

Links: [Education Trust Fund Spreadsheet](#); [General Fund Spreadsheet](#); [Press Clip](#)

## **Alaska**

### **Proposed**

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On December 11, Alaska Governor Mike Dunleavy released a budget for fiscal 2021, which was subsequently revised on January 31; the budget recommends \$4.6 billion in unrestricted general fund (UGF) spending and \$10.3 billion in total state spending from all funds. This represents a 1 percent increase in UGF spending and a 1 percent decline in total state spending compared to the fiscal 2020 management plan plus proposed supplemental expenditures. Unrestricted general fund revenues, including a \$1.1 billion draw from the Permanent Fund earnings reserve, are expected to total \$3.1 billion under the governor's recommended budget, a 23 percent decline compared to fiscal 2020. Excluding the earnings reserve drawdown, annual UGF revenue is forecasted to total \$1.97 billion, a 7 percent decrease compared to fiscal 2020. The Constitutional Budget Reserve Fund (CBRF) is estimated to end fiscal 2021 at \$542 million, after filling the estimated fiscal 2021 budget deficit of \$1.5 billion. The budget fully funds programs at statutory levels prescribed, including K-12 education and a full permanent fund dividend to state residents. Continuing to prioritize criminal justice, the governor's budget provides funding for additional prosecutors and state troopers, fully funds the state's court system, and increases general fund spending for the Department of Corrections by 17 percent. "I promised we would get serious about tackling this state's crime epidemic. This budget reflects that it's going to take resources," said the governor. The budget also increases general fund spending on an assisted living program for seniors, Pioneer Homes, by 18 percent, and calls for \$43 million for homelessness assistance. Meanwhile, the operating budget proposal also recommends strategic reductions in state agency operations to help close the state budget gap. In his press release, the governor cited "exercising fiscal discipline" as one of the primary goals of his budget, along with honoring the law, fulfilling commitments to Alaskans, and providing truthful budgeting. To increase budget transparency, the governor's 10-year-plan released as part of the executive budget overview includes detailed descriptions and balance sheet projections

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for different scenarios to balance the budget that would rely to varying degrees on spending cuts, tax increases, state reserves, or some combination.

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

## **Enacted**

Alaska Governor Michael J. Dunleavy signed the state's fiscal 2021 budget into law on April 6, with some line item vetoes. The budget provides for total fund spending of \$10.1 billion, including \$4.5 billion in unrestricted general fund (UGF) spending for fiscal 2021, after the governor's \$210 million in UGF vetoes. This represents a total spending decline of 5.5 percent and a UGF spending decline of 5.8 percent compared to fiscal 2020. The enacted budget is based on total UGF revenue projected at \$3.6 billion, including the statutory drawdown from the state's Earnings Reserve Account, representing a 3 percent decline from fiscal 2020. Excluding the drawdown, annual UGF revenue is expected to decline 27 percent in fiscal 2021 compared to fiscal 2020. The state is projecting a deficit of \$960 million for fiscal 2021. After accounting for the governor's vetoes, the state's rainy day fund, the Constitutional Budget Reserve Fund (CBRF), is expected to end the year with \$80 million, 1.8 percent of UGF spending for fiscal 2021. The enacted budget prioritizes public safety, education, emergency preparedness, and economic development, and also funds a Permanent Fund Dividend, though at a lower level than preferred by the governor. The budget bill includes \$99 million for COVID-19 response and relief, \$136 million for state troopers, \$54 million for the Alaska Marine Highway System, \$29 million for behavioral health programs, and funding for other key programs and services. The governor's vetoes were accompanied by the administration's proposal to use federal CARES Act funds as a one-time source to replace state funds for some programs. "The actions I've taken with this budget provide stability in times of uncertainty and allow our State agencies to maintain their core functions of serving Alaskans," said the governor.

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Links: [Fiscal Year 2021 Enacted Budget](#); [Enacted Budget Summary](#); [Governor's Press Release](#)

## Arizona

### **Proposed**

On January 13, Arizona Governor Doug Ducey released his budget recommendation for fiscal 2021, which calls for \$46.2 billion in all funds spending, a 7 percent increase, and \$12.3 billion in general fund spending, a 3.5 percent increase. The budget recommendation leaves an ending balance of \$165 million. Total resources available in the general fund for fiscal 2021 are projected to amount to \$12.5 billion, including ongoing general fund revenues of \$11.8 billion. Total taxes are estimated to grow 3.3 percent in fiscal 2021. The budget proposes substantial spending increases for elementary and secondary education, including full implementation of the phased-in permanent 20 percent teacher pay raise (\$174.5 million), restores additional assistance formula funding (\$68 million plus an additional \$136 million in one-time funding), expands the state's Results-Based Funding for schools (\$34.7 million), increases resources for school safety programs (\$38 million), funding to close the achievement gap (\$43.6 million), and funding for school facilities. The budget targets funding to broadband with \$10 million in Rural Broadband Grants and \$49.7 million toward Smart Highway Corridors Proposals. In his State of the State address, the governor said, "We need to connect all parts of our growing state. Rural areas still lack high-speed Internet. Let's triple our investment in Rural Broadband Grants, and also invest \$50 million in Smart Highway Corridors to install broadband along our rural interstates. This will make our highways safer and smarter than ever before and pave the way to get all of rural Arizona logged on." In other priority areas, the budget includes \$1 million towards the Arizona Teachers Academy to help address the state's teacher shortage crisis by

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paying the tuition of teachers who stay in Arizona, \$37.1 million for pay increases for correctional workers, and \$28.4 million toward construction of a six-lane bridge over the Gila River. The governor also called for eliminating state income tax on veteran military pensions and depositing \$25 million into the rainy day fund, bringing the balance to \$1.2 billion.

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

### **Enacted**

Arizona Governor Doug Ducey signed the state's fiscal 2021 budget into law on March 28. The budget provides for total fund spending of \$45.2 billion, including \$11.8 billion in general fund spending. This represents a 1.9 percent decline in general fund spending compared to the revised fiscal 2020 budget. Ongoing general fund revenues in the enacted budget were expected to total \$11.9 billion in fiscal 2021 (after adjusting for urban revenue sharing payments), representing 3.5 percent growth over fiscal 2020, and the enacted budget projected an ending balance of \$729 million. These revenue estimates were based on the state's January forecast, and therefore predate the impacts of COVID-19. The state's enacted budget expected a \$993 million balance in the state's Budget Stabilization Fund reserve, or 8.4 percent as a share of general fund expenditures. The enacted spending plan adds \$50 million for the state's response to COVID-19, and fully funds essential services like child safety and public safety. The budget provides \$175 million for the third and final phase of previously agreed upon teacher pay increases, \$67 million in new flexible money for schools and \$90 million for school building renewal, \$23 million for improving access to quality child care, and new funding for other key priorities as well. Regarding the budget, the governor applauded the legislature for coming to a bipartisan agreement, but noted "there will certainly be more work

to do and many tough decisions ahead of us as we better understand the full impact of this crisis on our citizens and on our economy.”

Links: [Fiscal Year 2021 Enacted Budget](#); [Appropriations Report](#); [Governor’s Press Release](#)

## Arkansas

### Proposed

On March 4, Arkansas Governor Asa Hutchinson released a \$5.8 billion general revenue budget proposal for fiscal 2021. The proposed budget is an increase of \$88.99 million over fiscal 2020, or 1.55 percent; this is the lowest rate of growth in general revenue spending since the Great Recession. The official revenue forecast, released on February 1, estimates \$5.89 billion of general revenue will be available for fiscal 2021, an increase of \$156.1 million, or 2.7 percent growth rate, over fiscal 2020. The budget as proposed includes a \$54.0 million surplus. Looking across general revenue programs, the public school fund totals 38.3 percent of funding; human services total 30.2 percent, higher education institutions total 13 percent and state general government totals 11.2 percent. Priorities in the governor’s proposal include education, public safety and health care. In education, the budget increases funding for the public school fund by \$9.7 million or 0.44 percent. Funding for K-12 increases to meet the adequacy standards set by the General Assembly, but commitments from general revenue are lessened due to growing revenue from the Education Excellence Trust Fund, the result of a growing economy that allows increased investment in education. The budget for higher education includes the Productivity Funding Model, which incentivizes higher education to focus on graduation rates and progression; institutions of higher education receive an increase of \$5.4 million, or 0.72 percent, in the fiscal 2021 budget. In public safety, the budget

recommends an increase in the county jail reimbursement rate for the first time in four years, increasing the daily rate from \$30 to \$32, for counties housing state inmates, at a cost of \$1.1 million, a 6.04 percent increase over fiscal 2020. The budget also increases funding for community corrections to relieve a backlog of state inmates in county jails, an increase of \$2.8 million, or 2.95 percent, which allows for an additional 175 beds plus on-going funding for 62 beds already in operation. In health care, the budget increases Medicaid funding by 4.98 percent, or \$65.4 million. The proposal also incorporates \$2.5 million for three current crisis stabilization units in the state and adds them to the ongoing budget. In presenting his budget proposal to the Joint Budget Committee, the governor highlighted efforts to increase savings through the Long-Term Reserve Fund; the ending balance increased from \$103.2 million in fiscal 2016 to \$152.6 million in fiscal 2019. The governor also highlighted his goal of increasing the reserve fund significantly within the next three years. In his remarks, the governor said “There is good news in our current position. We not only have a balanced budget, but a consistent surplus where our revenues exceed our spending. We are building a savings account that is our first in history and the balance in savings is growing each month.”

Links: [State General Revenue 2021 Executive Recommendations](#); [Governor’s Press Release](#); [Governor’s Budget Presentation](#); [State of the State Speech](#)

### **Enacted**

On April 20, Arkansas Governor Asa Hutchinson signed the state’s \$5.9 billion fiscal 2021 general revenue budget that increases spending by \$149.4 million, or 2.6 percent, over the fiscal 2020 base level. Due to the coronavirus, on April 2 the governor reduced the total general revenue forecast for fiscal 2021 by \$369.6 million and reduced the net general revenue available to agencies by



\$205.9 million. The budget breaks spending priorities into five categories, with category “A” requiring full funding before moving to category “A1”, then category “B” and down to category “D.” The budget projects available revenues to fund categories A, A1, B and C, which totals \$5.7 billion, equal to the revised revenue forecast, and a decrease of \$62.9 million or 1.1 percent from the fiscal 2020 base level. If additional revenues are collected, then category “D” will be funded. Category “A” provides a maximum level of funding for all the entities receiving general revenue at 85 percent of the previous fiscal year’s original balanced budget before it was reduced due to the COVID-19 crisis on April 23; there are exceptions for the Public School Fund, education facilities, Medicaid and the Division of Correction. Category “A” also includes \$60.4 million for the Restricted Reserve Fund to provide a mechanism to release funds to state agencies or institutions that demonstrate a need for additional general revenue funding, with legislative approval. Subsequent funding categories than add back funding in 5 percent increments as revenues allow, with increases in Category “D” specified for adequacy needs in the Public School Fund’s allocation (\$9.7 million), Medicaid (\$65.4 million), corrections (\$1.9 million), Restricted Reserve Fund (\$15.9 million), and the Medicaid Trust Fund (\$5.9 million).

Links: [Fiscal Year 2020 Enacted Budget](#); [Summary of 2020 Fiscal Session](#); [Press Clip](#)

## California

### **Proposed**

On January 10, California Governor Gavin Newsom proposed a budget for fiscal 2021 calling for total state spending of \$222.2 billion. This includes \$153.1 billion in general fund spending, a 2.2 percent increase over fiscal 2020 levels.

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General fund revenues are expected to total \$153.6 billion before accounting for a \$2.0 billion transfer to the state’s Budget Stabilization Account, representing growth of 3.4 percent over fiscal 2020 revenues. The state’s primary rainy day fund (Budget Stabilization Account) is estimated to total \$18.0 billion at the end of fiscal 2021; when combined with the state’s Special Fund for Economic Uncertainties, Public School System Stabilization Account, and Safety Net Reserve, the state’s rainy day fund balance is expected to be \$21.0 billion, or 13.7 percent as a share of general fund spending. The general fund ending balance, which includes the Special Fund for Economic Uncertainties but excludes the state’s other rainy day fund accounts, is projected to be \$3.8 billion. Building on investments made in the state’s fiscal 2020 budget, the governor’s proposal focuses on further strengthening state reserves, addressing health care and housing affordability, combating homelessness, preparing for emergencies, expanding preschool and paid leave, increasing spending on K-12 education and access to higher education, protecting the environment, and reforming the criminal justice system. The budget puts \$331 million towards establishing a trust for borrower relief and invests \$750 million in a new fund for affordable housing and other strategies to confront homelessness. The spending plan also adds funding for 10,000 more preschool slots, invests \$900 million in teacher training programs, \$300 million for one-time grants and technical assistance to improve low-performing schools, and an additional \$300 million in one-time grants to support community school models. The budget will continue to buy down employer contribution rates for the state teachers’ pension plans. The governor also proposes a comprehensive approach to protect the environment, address climate change and increase resiliency, including a proposed climate resilience bond, cap-and-trade expenditures, and a new Climate Catalyst Fund to help deploy new technologies. For criminal justice, the budget calls for clustering young state prisoners into campus-style environments with specialized education programs as well as invests in other

strategies to increase educational access for prison inmates. The governor also proposes a new Department of Better Jobs and Higher Wages to consolidate workforce functions and a new Department of Early Childhood Development. The budget allocates \$53 billion to state infrastructure over the next five years. Regarding tax policy provisions in the budget, the governor recommends expanding the Earned Income Tax Credit, reducing the minimum franchise tax for new small businesses, and investing \$500 million per year for a housing tax credit program. “Despite the progress we’ve made, there are deep, structural challenges that threaten our state’s future and demand our urgent attention,” stated the governor. “California is doing more than ever to tackle these challenges and this budget builds on that work with new investments and ideas to take on these longstanding issues.”

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

## **Enacted**

California Governor Gavin Newsom signed the state’s fiscal 2021 budget into law on June 29. The budget provides for \$202.1 billion in total state fund spending (including general fund, special funds and bonds, but excluding federal funds), and \$133.9 billion in general fund spending. This represents an 8.9 percent decline in general fund spending compared to fiscal 2020 levels. The enacted budget is based on general fund revenues forecasted at \$129.9 billion, a 7.0 percent decline compared to fiscal 2020 (before accounting for a transfer from the state’s rainy day fund). The budget projects the state’s reserves at the end of fiscal 2021 to total \$10.7 billion, including the Budget Stabilization Account (\$8.3 billion), Special Fund for Economic Uncertainties (\$2.6 billion), Safety Net Reserve (\$450 million), and COVID Reserve (-\$716 million). While still representing 8.0 percent of general fund spending, this reserve balance reflects

a significant drop compared to the prior year, as the state’s enacted budget for fiscal 2021 relies on drawing down \$8.8 billion from these reserve accounts to help cover expenditures in the wake of steeply declining revenues due to COVID-19. In addition to tapping reserves, the enacted budget closes an estimated \$54.3 billion budget deficit by delaying payments to public schools, cancelling program expansions, and cutting spending on employee salaries, higher education, and other state services. The budget includes \$11.1 billion in budget cuts and deferrals that would be restored or partially restored if the state receives additional federal assistance by October 15. The budget also temporarily suspends the use of net operating losses for medium and large businesses and temporarily limits to \$5 million the amount of business incentive credits a taxpayer can use in any given tax year, which is estimated to generate \$4.4 billion in additional revenue. Additionally, the budget takes steps such as allocating federal CARES Act funds as well as targeted general fund support to strengthen emergency preparedness, address the COVID-19 public health crisis, protect public education, support working families, combat homelessness, promote economic recovery, and help counties experiencing revenue loss. “In the face of a global pandemic that has also caused a recession across the world and here in California, our state has passed a budget that is balanced, responsible and protects public safety and health, education, and services to Californians facing the greatest hardships,” said the governor.

Links: [Fiscal Year 2021 Enacted Budget](#); [Budget Summary](#); [Governor’s Press Release](#)

## Colorado

### **Proposed**

On November 1, Colorado Governor Jared Polis submitted his budget request to the legislature, which was subsequently amended several times, most

recently on January 15. Reflecting the January 15<sup>th</sup> amendments and the state’s adjusted December 2019 revenue forecast, the governor’s budget recommends \$34.4 billion in total spending from all funds, including \$13.6 billion in general fund appropriations (which includes fund transfers). This represents a 2.1 percent increase in total spending and a 2.5 percent increase in general fund spending. The general fund ending balance is projected to be \$944.0 million at the end of fiscal 2021, which is just slightly above the increased reserve level of 7.5 percent of expenditures recommended by the governor. General fund revenue is expected to total \$13.53 billion based on the December forecast. Colorado released a revised forecast in March, with the revenue estimate for fiscal 2021 downgraded to \$13.15 billion after accounting for the economic risks associated with the COVID-19 pandemic. The March forecast projects general fund revenue will grow 1.2 percent in fiscal 2020 and 3.3 percent in fiscal 2021. Throughout the governor’s budget document are references to the state as a leader in the use of data and evidence to inform budgeting, and the proposal includes a “Budget Navigator” guide to link funding requests to outcomes, aligned with the governor’s “bold four” public dashboard priority areas, which include: education and workforce; energy and renewables; health; and tax reform and economic development. Key proposals in the budget include funding to expand the state’s preschool program to more children; support teacher evaluations and evidence-based interventions and investments in struggling schools; increase access to state parks; support rural economic development; and support transportation maintenance and construction. To help lower the cost of health care, the budget funds the development of a new tool for health care providers to make more cost-effective prescription decisions, while also including \$87 million in new Medicaid coverage for substance use disorder treatment. Additionally, the budget calls for paid family leave for state employees. The governor also recommends a legislative package for the state’s reserves policy to better prepare the state for a downturn,

including increasing the general fund reserve requirement to 7.5 percent, paying back a recession-era pay date accounting adjustment, and enhancing statutory tools related to how reserves are used and refilled. The governor's budget identifies \$238 million in savings from eliminating unused, duplicative and unnecessary spending, including \$73 million in general fund savings. Speaking about the budget, the governor stated, "It is critical that we continue to succeed and are prepared for the future. Investing in education, working to lower the cost of health care, making our transportation dollars stretch and ensuring everyone has access to opportunity is the focus of my administration."

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

### **Enacted**

Colorado Governor Jared Polis signed the state's fiscal 2021 budget into law on June 22. The budget provides for operating appropriations from total funds of \$32.0 billion, including \$10.9 billion in general fund appropriations. This represents a 4.9 percent decline in total funds and a 9.7 percent general fund decline compared to fiscal 2020 operating appropriation levels. General fund revenue is forecasted to total \$10.8 billion for fiscal 2021, representing a 7.5 percent year-over-year decline compared to estimated fiscal 2020 revenue. Compared to the budget office's September 2019 revenue projections, which were used to build the governor's fiscal 2021 budget request, the state experienced an 11.2 percent decline in fiscal 2020 and a 21.0 percent decline in fiscal 2021, or \$4.3 billion in general fund revenue losses combined over the two fiscal years. The statutorily required general fund reserve (the state's general fund ending balance, which also serves as its rainy day fund) is expected to end fiscal 2021 at \$320 million (2.9 percent of general fund spending). To help balance the state's fiscal 2020 and fiscal 2021 budget, the legislature approved

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lowering the required reserve level from 7.25 percent to 3.07 percent in fiscal 2020 and 2.86 percent in fiscal 2021. In addition to tapping reserves, the state closed a more than \$3 billion general fund shortfall by cutting agency spending authorized in the Long Bill by \$746 million; these cuts included two statewide reduction policies including a 5.0 percent general fund personal services base reduction applied to each agency and community provider rate adjustments applied to programs and services. Higher education appropriations were cut by \$505 million in the Long Bill for fiscal 2021, while the state's school finance bill included a \$722 million decrease in appropriations. The enacted budget also suspended the state's payment to reduce unfunded pension liabilities. Additionally, the legislature passed a bill eliminating corporate tax breaks by decoupling from certain provisions in the CARES Act, preserving about \$180 million in revenue.

Links: [Fiscal Year 2021 Enacted Budget](#); [Appropriations Report](#); [Governor's Press Release](#)

## Connecticut

### **Proposed**

On February 5, Connecticut Governor Ned Lamont released his recommended budget adjustments for fiscal 2021. The recommended all funds budget of \$22.3 billion is \$122 million, or 0.6 percent, above the previously adopted budget for fiscal 2021, and 3.8 percent above the estimated level of fiscal 2020 expenditures. The recommended revised general fund budget of \$20.2 billion for fiscal 2021 provides a \$153.7 million operating surplus and is \$117.4 million, or 0.6 percent, above the adopted budget for fiscal 2021, and 3.7 percent above the level of estimated fiscal 2020 general fund expenditures. The January 2020 consensus revenue forecast by the Office of Policy and Management and the legislature's Office of Fiscal Analysis is projected at \$20.3 billion in fiscal 2021.

Recommended revenue changes include transferring a portion of the GAAP amortization funding into fiscal 2021 and maintaining the corporation tax surcharge. These are offset by eliminating the requirement that the state increase fees by \$50 million, with concerns that those efforts would harm competitiveness, increase regressivity, and create more barriers to employment. The impact of these recommendations results in a net \$40.1 million of proposed revenue changes. The budget reserve is estimated to be \$2.9 billion or 15 percent of appropriations by the end of fiscal 2021. When discussing recent advancements the state has made, the governor said, “Because of a number of new policies and efficiencies that have been enacted, these years will be defined by the largest rainy day fund in Connecticut history, ensuring that our state has a strong fiscal foundation on which to build itself up – and the credit rating agencies have taken notice.” The budget has new restrictions on debt-free community college, includes a benchmarking initiative for health care costs, streamlines occupational licensing, creates a targeted jobs tax incentive program, and provides \$33.2 million in additional support to the University of Connecticut Health Center.

Links: [Fiscal Year 2021 Recommended Budget Adjustments](#); [Governor’s Press Release](#); [State of the State Speech](#)

#### *Budget Adjustments Not Yet Enacted*

The legislature did not take action on the governor’s proposed budget adjustments before adjourning due to COVID-19.

## Delaware

### **Proposed**

On January 30, Delaware Governor John Carney released his proposed fiscal 2021 operating budget of \$4.6 billion, 4.0 percent growth compared to fiscal



2020. This budget, in combination with \$233 million in dedicated cash for the Recommended Bond and Capital Improvements Act, a \$9.9 million Recommended One-Time Supplemental Appropriations Act, and a recommended \$55.1 million set aside for Grants-in-Aid, totals \$4.9 billion and is equal to 97.3 percent of available general fund revenues. The governor has recommended that \$161.5 million over and above the constitutionally mandated two percent set-aside remain unappropriated. The budget assumes \$4.8 billion in net general fund revenue collections for fiscal 2021 relative to \$4.7 billion in the prior fiscal year, or a 1.6 percent increase. The governor stated that in his budget proposal he will limit spending to sustainable levels, dedicate one-time revenue for one-time infrastructure projects, and propose the largest infrastructure plan in the state's history. The proposed budget includes the second year of a three-year \$75 million commitment for the Opportunity Fund for additional resources to low-income students and English learners, invests \$50 million to build a new school in Wilmington, waives tuition and fees at state colleges for students who age out of foster care, adds \$20 million to supplement investments that institutes of higher education are making to improve job growth and economic development, and provides \$50 million to establish a Clean Water Trust account. The plan includes 2 percent pay raises for state agency employees, higher education employees and teachers, plus other pay raises for teachers based on years of experience and education level. The budget also includes plans to spend \$4.5 billion over the next six years to modernize roads, bridges and public transit. The \$863 million capital budget has investments in clean water, new roads and bridges, affordable housing, colleges and universities, and economic development projects. In discussing his budget proposal, the governor said, "We presented a responsible budget plan today that makes investments to improve our economy, strengthen our public schools, and protect Delaware's unique quality of life."

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

## **Enacted**

Delaware Governor John Carney signed the fiscal 2021 budget on June 30. The operating budget of \$4.5 billion limits growth to 2.1 percent. The fiscal 2021 capital spending plan of \$708 million, a decrease of 18 percent from the prior year, includes \$344 million for state agency projects and \$364 million for the Transportation Trust Fund. The operating budget uses funds from a new budget reserve fund and does not include any layoffs, furloughs, or reductions to schools. The budget is within constitutional limits on appropriations, fully funds the rainy-day fund, and uses half of the budget stabilization fund to smooth the fiscal transition from the beginning of the downturn to the end of the downturn. The budget leaves \$63.1 million in the budget stabilization fund; the governor and General Assembly established and funded this account during the past few years to build a level of savings for use in mitigating downturns in revenues. The budget includes: the second year of a three-year \$75 million commitment for the Opportunity Fund for additional resources to low-income students and English learners; funds annual salary steps for educators; provides \$5.8 million for caseload increases for those with disabilities; adds \$2.4 million for increased costs of the Birth to Three program; includes \$5.6 million supplemental funding for child welfare, prevention and behavioral health services; and includes an additional \$2.8 million for the Children's Health Insurance Program (CHIP) due to decreased federal funding. When discussing the passage of the fiscal 2021 budget, the governor said, "Despite significant revenue challenges related to the COVID-19 crisis, we intended to protect critical investments in public education, and to protect the jobs and livelihoods of Delaware's state workers. This budget will do just that."

Links: [Fiscal 2021 Enacted Operating and Capital Budget](#); [Governor's Press Release](#)

## Florida

### **Proposed**

On November 18, Governor Ron DeSantis introduced a \$91.4 billion budget proposal for fiscal 2021, an increase of \$400 million, or 0.44 percent over prior year appropriations. The general revenue portion of the budget totals \$35.0 billion, an increase of 3.2 percent over fiscal 2020. Estimated general revenues for fiscal 2021 are \$34.4 billion, a growth rate of 4.3 over the prior year estimate. The proposed fiscal 2021 reserves are \$5.6 billion or 6 percent of the total recommended fiscal 2021 budget. Priorities in the governor's budget proposal include education, the environment, and health and human services. In education, the budget increases funding for voluntary pre-kindergarten by \$12.8 million, provides \$602.3 million for a teacher pay raise, and increases the per student funding amount by \$302. For higher education, the budget increases funding by \$46.2 million for the state's universities and colleges and does not include any tuition increases. Another priority is the environment and the budget invests more than \$4 billion for protection of the state's natural resources. The budget includes more than \$625 million in recurring funds for Everglades restoration and protection of water resources while providing \$40 million in general revenue for an alternative water supply grant program. In health and human services, the budget provides \$56.5 million to add approximately 1,200 individuals from the waiting list who are in crisis onto the persons with disabilities waiver program, provides \$54.8 million in total funding to fight the opioid crisis, and invests \$97.6 million into the child welfare system for adoption incentives and safety management services. The budget also includes \$312 million in tax relief through an eight day back to school sales tax

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holiday (\$56.1 million), 10-day disaster preparedness sales tax holiday (\$8.6 million), and a property tax reduction for education required local effort (\$247.3 million). Highlighting the priorities in the proposed budget, the governor said that “The budget includes key investments in our K-12 education system, our environment and the well-being of our residents, while recommending over \$480 million in savings and over \$300 million in tax relief. Although there is still more we can do to improve our state, which we hope to accomplish through this budget, Florida’s future has never been bolder, brighter or better than it is today.”

Links: [Fiscal Year 2021 Governor's Bill](#); [Budget Highlights](#); [Budget Presentation](#); [Governor's Press Release](#); [State of the State Speech](#)

## **Enacted**

On June 29, Florida Governor Ron DeSantis signed the fiscal 2021 budget after vetoing more than \$1 billion in spending; the budget totals \$92.2 billion in all funds, an increase of \$1.2 billion or 1.3 percent over fiscal 2020, and \$34.7 billion in general revenue, an increase of \$800 million or 2.4 percent over fiscal 2020. The budget includes a \$352.2 million tax cut package comprised of a three-day back to school sales tax holiday (\$41.8 million), a seven-day disaster preparedness sales tax holiday (\$5.6 million) and property tax relief (\$304.8 million). Reserves total \$6.3 billion, more than 6 percent of the total budget for fiscal 2021. Provisions in the budget include: a 3 percent pay increase for all eligible state employees; \$500 million to raise the minimum K-12 teacher salary into the top five nationwide; \$392.7 million in additional state funding for the Florida Education Finance Program; an increase of \$22.8 million for higher education; \$625 million in funding for Everglades restoration and protection of water resources; an investment of \$117.6 million for children and families served by the child welfare system; and \$2.3 million and 10 positions to implement the country’s first Statewide Behavioral Threat Assessment strategy. Signing the

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budget, the governor stated that “Despite the present challenges Florida faces due to the COVID-19 pandemic, the fiscal year 2020-2021 budget ensures the state’s priorities are protected and funded.”

Links: [Budget Highlights](#); [Veto List](#); [Governor’s Press Release](#)

## Georgia

### **Proposed**

On January 6, Georgia Governor Brian Kemp released a \$54.2 billion budget proposal for fiscal 2021, an increase of \$566.4 million, or 2.8 percent over the original fiscal 2020 budget. Looking just at state funds the budget proposes spending \$28.1 billion, an increase of 2.1 percent; general funds are budgeted at \$24.1 billion, an increase of \$417.2 million, or 1.8 percent over fiscal 2020. The proposed budget assumes state general fund receipts of \$26.6 billion in fiscal 2021, a 1.9 percent growth rate over the original fiscal 2020 budget. The state closed fiscal 2019 with a revenue shortfall reserve total of \$2.8 billion, which exceeds 4 percent of net revenue collections. The governor’s proposed budget focused on priorities including a teacher pay raise, access to quality and affordable healthcare, and public safety. The budget includes \$362.2 million for the education department to provide a \$2,000 salary increase for teachers and also provides \$5.4 million to provide a five percent salary increase for local school system transportation and food service employees. Highlighting this increase, the governor said that “Our teachers shape the lives of countless young Georgians by equipping them with the right tools for personal and professional growth to prepare them for the workforce. We must continue to invest in our teachers, attract the best and brightest to the profession, and reward hard work throughout their careers.” Also in education, the budget provides \$143.5 million for enrollment growth in K-12 schools and \$32.1 million

for the QBE Equalization program to assist low-wealth school systems. In health care the budget provides \$89.6 million in new funding for Medicaid and PeachCare baseline expense growth and \$79.8 million to offset a reduction in the federal financial participation rate. Looking at public safety, the budget includes \$7.2 million to support operations at a reentry facility, \$2.5 million to provide a rate increase for private prisons, and \$884,800 for seven positions to expand the state's Gang Task Force (in addition to \$1.1 million and six positions provided in the amended fiscal 2020 budget). The budget also includes more than \$45 million to fund a \$1,000 pay increase for full-time state employees who earn less than \$40,000 annually. In his budget instructions for fiscal year 2021, the governor asked state agencies to find efficiencies in their budgets and submit budget reduction proposals of six percent for fiscal 2021; the budget proposal includes several reductions related to vacant positions, aligning resources with uses, and reassessing utilization rates.

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

### **Enacted**

On June 30, Georgia Governor Brian Kemp signed the state's fiscal 2021 budget, which provides \$52.5 billion in total funds and \$25.9 billion in state funds, decreases of \$186.2 million or 0.35 percent and \$1.6 billion or 6 percent, respectively, compared to the original fiscal 2020 budget. The budget authorizes \$22.1 billion in general funds, a decrease of \$1.6 billion or 6.8 percent compared to the original fiscal 2020 budget. Responding to a decline in revenues due to the COVID-19 pandemic, on June 22 the governor lowered the revenue estimate for the fiscal 2021 budget by \$2.19 billion, or 7.8 percent. The revised revenue estimate includes \$250 million from the Revenue Shortfall Reserve to help offset budget reductions in the most critical areas. Looking at spending provisions of the budget, K-12 education is the largest single expenditure, accounting for 44.1 percent of state general funds. The budget reduces the Quality Basic Education

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formula and corresponding grants by \$950.2 million to reflect declining state revenues while providing \$141.7 million for enrollment growth and training and experience, \$32.1 million increase for equalization grants, maintains funding for nutrition programs, and maintains funding for pre-kindergarten programs. Other priorities include \$268.7 million for growth in the state Medicaid program, \$19.7 million to provide six months of postpartum Medicaid coverage to mothers, \$12 million for the Rural Hospital Stabilization program, and \$2.5 million for a 50-person trooper school. The governor addressed the fiscal challenges due to the pandemic and stated "...this budget speaks to some of the hard choices made by state leaders to streamline and innovate. While we were able to avoid draconian cuts, getting this budget to balance was hard. These are challenging times, and the budget reflects that reality."

Links: [Fiscal Year 2021 Enacted Budget](#); [Conference Committee Highlights](#); [Legislative Budget Brief](#); [Governor's Press Release](#)

## Hawaii

### **Proposed**

On December 16, Hawaii Governor Ige submitted a supplemental budget proposal for the fiscal 2020-2021 biennium, calling for \$429 million in additional operating expenditures for fiscal 2021, including \$214 million in general funds, bringing total operating spending for fiscal 2021 to \$16.2 billion and general fund spending to \$8.4 billion. This represents a 3.2 percent increase in the total state operating budget, and 3.9 percent in the general fund operating budget, compared to the recommended appropriation level for fiscal 2020. The governor also recommends an additional \$1.47 billion for capital improvements for fiscal 2021, bringing total capital spending to \$2.6 billion, including \$425 million for public school facility improvements and \$180 million for university

capital projects. “The state’s recently improved general obligation bond rating and lower interest rates make it a favorable time to invest in the state’s infrastructure,” said the governor. “Ultimately, the higher bond ratings free up funds that can be used for education, housing, homelessness and sustainability.” General fund revenue is projected to grow 3.0 percent in fiscal 2021 to total \$8.4 billion, based on the August 2019 forecast, after a forecasted 4.1 percent growth rate in fiscal 2020. The projected ending balance for fiscal 2021 is \$318 million, while the state’s rainy day fund has a projected balance of \$404 million in fiscal 2021. The governor’s supplemental budget proposal calls for more funding for teacher compensation and per-pupil spending, \$19 million to expand the state’s Hawaii Promise “last dollar” university scholarship program, and \$20 million for agricultural infrastructure construction, as well as capital funds for public housing projects, highways, and a veteran’s long-term care facility.

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

### **Enacted**

In 2019, Hawaii enacted a biennial budget for fiscal 2020-2021. The state’s supplemental budget for the biennium became law in mid-July 2020 without the governor’s signature. The enacted supplemental budget cut \$357 million in unspent funds or vacant positions and tapped reserves to help close a \$1 billion projected budget shortfall. Another budget-related bill (SB 3139) achieved \$432 million in budget savings and directed those funds to the state’s rainy day fund and converted general funded capital projects to bond financing. The governor signed this bill on July 6 but used a line item veto to reject the transfer to the rainy day fund. The legislature also passed a separate bill (SB 75) relating to appropriations that allocated some federal CARES Act funds, while transferring the remaining \$635 million in federal funds into the state’s rainy day fund.



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Links: [Fiscal Years 2020-2021 Enacted Supplemental Budget](#); [Legislative Press Release](#); [SB 3139](#); [SB 75](#)

## Idaho

### **Proposed**

On January 6, Idaho Governor Brad Little introduced his budget for fiscal 2021, calling for \$4.06 billion in general fund spending, including \$4.04 billion in ongoing spending and \$16.7 million in one-time expenditures, for a 3.75 percent growth in spending and a \$60 million ending balance. The spending plan is based on projected general fund revenues of \$4.13 billion in fiscal 2021, reflecting 4.2 percent in revenue growth over fiscal 2020. Total spending for fiscal 2021 is recommended at \$9.93 billion, a 4.9 percent increase from fiscal 2020's appropriated level. The budget includes a "spending reset" that eliminates \$57 million in spending without impacting education funding. With education as a top priority, the governor's budget recommends a \$3.2 million increase for literacy programs, \$30 million for increases for the most experienced teachers, and \$7.7 million for the second year of his initiative to raise starting pay for teachers. In higher education, the governor recommends \$7 million for the Opportunity Fund Scholarship and \$1.3 million for 25 new medical residents to address Idaho's physician shortage. To bolster rainy day funds, the governor recommended transfers of \$102 million. In his State of the State address, the governor said "Idaho is ranked in the top 10 states nationally for the balance of our budget reserves, but a credible stress test showed we have more work to do to prepare for a recession." In health and human services, the governor's budget implements a full year of Medicaid expansion with a net-zero impact on the General Fund, after accounting for projected offsets from costs already borne by the state, and by leveraging the Millennium Fund and offsets to the counties. He also recommended \$5.3 million for the final year of

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the Child Welfare Information Technology Modernization Initiative and \$1 million for home visitation services to provide evidence-based practices to at-risk families to improve maternal and child health, prevent child abuse and neglect, promote child development, and increase school readiness. The budget also proposed using \$35 million from the state's Tax Relief Fund for grocery tax relief. For state employees, the governor recommends a 2 percent salary increase to be based on merit.

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

### **Enacted**

On March 30, Governor Brad Little signed the final appropriations bill of the 2020 legislative session. The fiscal 2021 budget totaled \$9.4 billion in total funds, a 4.2 percent decrease, and \$4.06 billion in general funds, a 3.2 percent increase from the previous fiscal year. The legislature adopted a general fund revenue forecast of \$4.12 billion, a 4.1 percent increase over fiscal 2020. Rainy day funds are estimated to total \$477.49 million at the end of fiscal 2020, 11.5 percent of projected fiscal year 2021 revenues. Enacted budgets left ending balances of \$55.6 million for fiscal 2020 and \$54.9 for fiscal 2021. Many of Governor Little's initiatives were enacted in the budget including a "spending reset" that eliminates \$57 million in spending without impacting education funding, a \$3.2 million increase for literacy programs, and funding to raise pay for teachers. In higher education, the budget includes \$7 million for the Opportunity Fund Scholarship and 25 new medical residents to address Idaho's physician shortage. Medicaid expansion was funded with a net-zero impact on the general fund, after accounting for projected offsets from costs already borne by the state, and by leveraging the Millennium Fund and offsets to the counties. Also funded were \$1 million for the Home Visitation Program and a 2

percent pay increase for state employees. Conforming to federal tax law changes had a general fund impact of \$6.5 million.

Links: [2020 Legislative Fiscal Report](#); [General Fund Budget Update](#)

## Illinois

### Proposed

Illinois Governor JB Pritzker released his fiscal 2021 budget proposal on February 19, which calls for \$84.5 billion in total spending, compared to \$80.3 billion in fiscal 2020 (a 5.2 percent increase). The main funding sources for fiscal 2021 are general funds (48.3 percent), special state funds (32.8 percent), federal funds trust (10.3 percent), debt service funds (4.3 percent), and highway funds (3.5 percent). General fund expenditures are estimated to total \$42.0 billion in fiscal 2021, a 4.1 percent increase from fiscal 2020. The largest categories of general fund spending in the budget proposal are education (26.6 percent), pensions (20.1 percent), healthcare (18.3 percent), human services (16.8 percent), government services (8.2 percent), and public safety (4.5 percent). The budget proposal forecasts total general fund resources of \$42.1 billion (a 3.8 percent increase), and base general fund revenues of \$40.7 billion (a 1.6 percent increase). Total general fund resources for fiscal 2021 include an additional \$1.435 billion if voters approve Public Act 101-0008 in the November 2020 general election, which would go into effect on January 1, 2021, and create six separate marginal tax rates and a corporate income tax rate matching the top individual tax rate of 7.99 percent. The budget also assumes a fiscal 2021 budgetary surplus of \$108 million and dedicates \$100 million for the rainy day fund. The governor's investment priorities for fiscal 2021 include early childhood programs, K-12 education, higher education, health and social services programs, criminal justice reform and public safety, environmental and cultural

resources, and economic development and infrastructure. Regarding pensions, the budget proposal makes the full pension payment and dedicates \$100 million from the proceeds of the graduated income tax to paying down the pension debt more quickly. Finally, the budget recommendation includes more than \$750 million over three years through operational efficiencies, possible agency consolidations, and the elimination of excess boards and commissions. In discussing his budget recommendation, the governor said, "The budget I propose to you today will build on the steady progress we've been making over the last year." The governor added that the proposal, "...takes a disciplined approach to managing our limited resources while also investing in the very efforts that will make our state stronger: better schools, greater public safety, more job creating businesses, improved care for our most vulnerable children and seniors."

Links: [Fiscal Year 2021 Budget Proposal](#); [Budget in Brief](#); [Budget Address](#); [State of the State Speech](#)

## **Enacted**

Illinois Governor JB Pritzker signed the state's fiscal 2021 budget on June 10, calling for \$42.9 billion in general fund spending. General fund base revenues total nearly \$38 billion, over \$4 billion less than the estimated amounts when the governor released his budget proposal in February. The fiscal 2021 budget includes a repayment of \$1.6 billion in fiscal 2020 revenue shortfall borrowings, fully funds the certified pension contributions, reduces operations appropriations by \$200 million due to a partial hiring freeze and restricted operations expenditures, and includes \$140 million less in transportation funds than the governor's introduced levels. The enacted budget allows for borrowing up to \$5 billion from the Federal Reserve's Municipal Liquidity Facility if additional federal assistance dollars are not provided. The budget also directs

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over \$5 billion in federal aid from the coronavirus relief packages to public health, social services, small businesses, local governments, and households, including allocations of the remaining \$3.3 billion from the Coronavirus Relief Fund. Highlights of the enacted budget include: maintaining funding for the K-12 Evidence-Based Funding Formula; providing additional funding at the Department of Children and Family Services; limiting additional corrections spending to only cover potential costs related to COVID-19; maintaining eligibility and benefit levels in the Medicaid program; and increasing election funding by \$40.6 million. In discussing the budget, the governor said, “While the pandemic has had a devastating impact on our state revenues, investing in our people will allow the state to rebound and recover from this pandemic as we safely re-open. I will continue to advocate for a national program to support state and local governments to make up the difference in the revenues that fund vital services like hospitals and salaries for teachers and first responders.”

Links: [Fiscal Year 2021 Enacted Budget](#); [Enacted Appropriations](#); [Budget Highlights](#); [Illinois Budget Summary – General Assembly](#); [Governor’s Press Release](#)

## Indiana

In 2019, Indiana enacted a two-year budget for fiscal 2020 and fiscal 2021.

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

## Iowa

### **Proposed**

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Iowa Governor Kim Reynolds released her fiscal 2021 budget proposal on January 14, which calls for \$8.09 billion in total general fund appropriations, an increase of 4.4 percent from fiscal 2020's estimated spending level of \$7.75 billion. The largest program areas include education (54 percent), health and human services (27 percent), justice/judicial branch (9 percent), and property replacement/tax credits (6 percent). Total net general fund receipts are estimated at \$8.25 billion, a 2.9 percent increase from fiscal 2020. In addition, the budget assumes a cash reserve fund of \$618.1 million and an economic emergency fund of \$206.0 million. Total federal funds are estimated at \$7.53 billion, a 4.2 percent increase from fiscal 2020. The governor's recommended budget is focused around the areas of building tomorrow's economy today, preparing a future ready Iowa, supporting strong and healthy families, empowering rural Iowa, and changing lives through second chances. Regarding building tomorrow's economy today, the governor is calling for a series of tax reform measures including cutting individual tax rates, lowering the highest tax rate, reducing property taxes, expanding the Early Childhood Development and Child and Dependent Care tax credits, and increasing sales taxes. Additionally, she is calling for fully funding the Natural Resources and Outdoor Recreation Trust Fund as well as regional mental health systems. In the area of future ready Iowa, the governor is recommending increasing preK-12 education funding by over \$100 million, expanding computer science and work-based learning programs, increasing funding for the Last Dollar Scholarship program, removing barriers for childcare, and conducting professional licensing reform. The governor's recommendations on supporting strong and healthy families are focused on maternal health, telehealth, substance abuse treatments, community-based services, and a Centers of Excellence pilot project. Concerning empowering rural Iowa, the governor proposed steps to support the agriculture economy and connect rural Iowa including expanding broadband. Finally, the governor's recommendations around changing lives through second chances

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include a constitutional amendment to allow felons to vote after they complete their sentences, expanding treatment capacity in correctional facilities, and a program aimed at supporting re-entry. In discussing her budget recommendation, the governor said that now is the time to, "...enact a comprehensive agenda that invests in Iowa, returns money to taxpayers, preserves our land and water, strengthens our schools, looks after the health and well-being of all Iowans, and gives every Iowan the opportunity to succeed."

Links: [Fiscal Year 2021 Budget Proposal](#); [Budget in Brief](#); [Condition of the State Speech](#)

### **Enacted**

On June 30, Iowa Governor Kim Reynolds finished acting on the various spending bills that comprise the fiscal 2021 budget. General fund appropriations totaled \$7.78 billion in fiscal 2021, a reduction of \$45.8 million, or 0.6 percent, compared to revised fiscal 2020 appropriations. Net receipts are estimated to be \$7.88 billion, a decline of \$64.6 million, or 0.8 percent, compared to revised fiscal 2020 projections. The enacted budget assumes an ending balance of \$311.3 million, and combined reserve fund balances of \$783.7 million. The two programs that received the largest increases in the enacted fiscal 2021 budget were State Foundation School Aid, and the State Children's Health Insurance Program. Reductions included to one-time appropriations that were made in fiscal 2020 such as flood mitigation assistance to local governments, and state funding for Medicaid due to an increase in the Federal Medical Assistance Program. The majority of appropriations for agencies and programs were status quo compared to fiscal 2020. Additionally, as of July 31, the state had spent \$708.3 million of \$1.25 billion of CARES Act funds, with the largest amount going to the Unemployment Insurance Trust Fund. When

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reflecting on the 2020 legislative session the governor said, "Iowans began 2020 unaware of the challenges lying ahead, but I am proud to say that we rose to the occasion. Once again, our people proved resilient through unprecedented times, putting differences aside to move our state forward."

Links: [Fiscal Year 2021 Enacted Budget](#); [End of Session Information](#); [Fiscal Report](#); [Summary of Legislation](#); [Governor's Press Release](#)

## Kansas

### **Proposed**

On January 16, Kansas Governor Laura Kelly released a fiscal 2021 budget proposal that calls for \$19.8 billion in total expenditures, a 5.8 percent increase from the governor's revised fiscal 2020 recommendation, and \$7.9 billion in fiscal 2021 general fund spending, a 0.4 percent increase from the governor's fiscal 2020 recommendation. Total taxes in fiscal 2021 are estimated to be \$7.9 billion, a 3.0 percent increase from fiscal 2020, while total receipts estimated at \$7.7 billion, a 0.3 percent increase. The proposal recommends an ending balance of \$627.8 million in fiscal 2021, or 8.0 percent. In fiscal 2021, education would represent the largest program area of general fund spending at 62.2 percent, followed by human services (27.6 percent), public safety (5.2 percent), and general government (4.7 percent). The governor's budget recommendation is centered around her plan to restore fiscal responsibility including: a structurally balanced budget with revenues exceeding projections; general fund ending balances exceeding percentage requirements; using excess ending balances to pay off debt early; phasing-out State Highway Fund transfers; the reamortization of KPERS over 25 years; and providing fair and responsible tax relief. The governor's tax reform proposal includes food sales tax relief, local property tax relief, and increased revenue through taxes on digital property and



marketplace facilitators. Additionally, the budget calls for reorganization involving human service programs, increased spending for human services programs, Medicaid expansion, providing base aid for K-12, increased funding for higher education grants and career and technical education, and additional funds directed towards public safety. Regarding her budget recommendation, the governor said, “Kansas has made tremendous strides in recovering from the last decade of fiscal chaos. This balanced budget builds on that progress and positions Kansas to begin a new decade of shared prosperity and growth.”

Links: [Fiscal Year 2021 Budget Proposal](#); [Budget Presentation](#); [Press Release](#); [State of the State Speech](#)

### **Enacted**

Kansas Governor Laura Kelly signed the state’s budget bill for fiscal 2021 on March 25. The fiscal 2021 all funds budget totaled \$19.9 billion, a 6.6 percent increase compared to fiscal 2020, with the increase largely attributed to aid to local governments and other assistance. General fund expenditures for fiscal 2021 totaled \$8.0 billion, a 2.5 percent increase compared to fiscal 2020. The enacted budget included \$65 million for coronavirus response efforts. In April after the budget was enacted, the Consensus Revenue Estimate reduced the revenue projections for fiscal 2021 by \$445.0 million compared to the November estimate. In June, the governor announced an allotment plan that totals approximately \$704 million and includes expenditure reductions as well as a payment delay to the Pooled Money Investment Board; some of the expenditure reductions will require legislative approval. In discussing her plan to reduce the budget, the governor said, “COVID-19 has created new economic challenges for our state. However, the hard work that was done last year to restore fiscal stability prevented this unprecedented situation from being much worse. While we had to make hard choices, I’m pleased that this plan will

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preserve critical funding for Kansas schools, our infrastructure, and business recruitment tools.”

Links: [Fiscal Year 2021 Enacted Budget](#); [Comparison Report](#); [Governor’s Press Release – Budget Signing](#); [Allotment Plan](#); [Governor’s Press Release – Allotment Plan](#)

## Kentucky

### **Proposed**

On January 28, Kentucky Governor Andy Beshear presented a two-year budget that proposes general fund spending of \$11.97 billion in fiscal 2021 (an increase of 2.9 percent over fiscal 2020) and \$12.3 billion in fiscal 2022 (an increase of 2.5 percent over fiscal 2021). General fund revenue estimates forecast \$11.7 billion available for fiscal 2021, a 1.3 percent growth rate over the prior year, and \$11.9 billion available for fiscal 2022, an increase of 1.8 percent. This is the first budget since the 2006-2008 biennium with no general fund spending cuts and it includes a \$10 million deposit to the Budget Reserve Trust Fund, bringing the balance up to \$316.1 million. The governor called this proposal the education first budget and included several education provisions. The budget provides a \$2,000 salary increase for teachers at a cost of \$97.7 million in fiscal 2021 and \$90.9 million in fiscal 2022 as well as a one percent increase in the K-12 funding formula’s base per pupil amount; this will raise the base per pupil amount by \$40 to \$4,040. The budget includes fully funding for the Teachers’ Retirement System (\$62.1 million in fiscal 2021 and \$83.2 million in fiscal 2022) and also includes \$11 million in each year to restore a large portion of textbook funding that had been previously eliminated. For higher education, the budget includes a one percent increase in funding for all postsecondary education institutions. Other priorities funded in the budget include: \$38.9 million in fiscal 2021 and

\$199 million in fiscal 2022 to full fund the Medicaid program (including expansion); \$7 million in fiscal 2021 and \$24.5 million in fiscal 2022 for an additional 350 children’s protective services social workers; \$8.5 million in fiscal 2021 and \$23.5 million to fund a 1 percent salary increase each year for state employees; full funding for the actuarially determined pension contribution for all state employees at a cost of \$56.5 million in fiscal 2021 and \$63.9 million in fiscal 2022; and increased funds of \$109 million over the biennium for corrections. The budget also proposes several actions to increase revenues. First, the budget recommends raising the tax on cigarettes by 10 cents, the tax on moist snuff and chewing tobacco from \$0.19 per unit to \$0.38 per unit, and raising the tax rate on other tobacco products from 15 percent on the average wholesale price to 30 percent while also instituting a tax on e-cigarettes and vaping products; this is expected to generate \$50.3 million in fiscal 2021 and \$43.9 million in fiscal 2022. The budget would also increase the limited liability entity tax from \$175 to \$225 annually (generating \$8.2 million each fiscal year) and assumes passage of a sports betting bill introduced in the General Assembly, which could generate \$14.6 million in fiscal 2021 and \$22.5 million in fiscal 2022. Combined, these actions will increase revenues by \$73.1 million in fiscal 2021 and \$74.6 million in fiscal 2022. The governor noted in his budget address about his proposal, “It is a budget that not only ends years of painful cuts, it also makes a major investment in public education, fully funds expanded Medicaid, makes a historic investment in protecting our children, directs dollars to breaking cycles of poverty, and I believe will move us forward as a people.”

Links: [Fiscal Years 2020-2022 Budget Proposal](#); [Budget in Brief](#); [Budget Presentation](#); [Governor’s Budget Address](#); [State of the Commonwealth Address](#)

## **Enacted**

On April 13, Governor Andy Beshear signed the budget bills for fiscal 2021 after making a series of line-item vetoes. Due to the changing situation with the

public health emergency, Kentucky enacted a one-year budget for fiscal 2021 instead of the usual two-year budget. Total funds are \$38.1 billion, a 0.1 percent growth, while the \$11.8 billion general fund budget is a 0.3 percent increase over fiscal 2020. General fund revenue is projected to grow 1.4 percent to \$11.6 billion. The enacted budget leaves an ending balance of \$49.1 million and the rainy day fund at \$303 million. Due to the uncertainty of future tax revenues, the budget included only a limited number of additional funding items that were necessary to maintain services and accommodate changing population: the base K-12 funding formula amount remained the same as the prior year, state agency and the teachers' retirement system were fully funded for pension and OPEB, and the increase in the state share for Medicaid expansion. Legislation was passed taxing e-cigarette and vaping products and adding sales tax on municipal golf course admissions that, after off-sets for various new and expanded exemptions and refunds, is expected to net \$5.5 million to the state in fiscal 2021. Governor Beshear said all Kentuckians are making sacrifices in response to COVID-19 and one of the unfortunate sacrifices is the education-first budget he proposed in January that would have given teachers a much-needed \$2,000 raise and increased per pupil spending. "Right now and in the coming weeks and months we need everyone to continue making sacrifices and doing their part as a member of Team Kentucky to fight the coronavirus to limit the spread and save thousands of fellow Kentuckians," Governor Beshear said.

Links: [Fiscal Years 2020-2021 Enacted Budget](#); [Budget in Brief](#); [Governor's Press Release](#)

## Louisiana

### Proposed

On February 7, Louisiana Governor John Bel Edwards proposed a \$32.2 billion all funds budget for fiscal 2021, an increase of \$284.9 million or 0.89 percent over the budgeted fiscal 2020 amount. The direct general fund portion of the budget totals \$10.1 billion for fiscal 2021, an increase of \$335.1 million or 3.4 percent compared to the prior year. This matches the revenue estimate for fiscal 2021 developed by the Division of Administration in January. Overall, the budget does not include any one-time money for recurring expenses, no fund sweeps, and there is no midyear budget deficit projected. Further, the Budget Stabilization Fund is projected to have a \$540 million beginning balance for fiscal year 2021. The state general fund is broken down by the following spending categories: Department of Education (38.0 percent); Department of Health (27.0 percent); Higher Education (11.0 percent); Non-Appropriated Requirements (5.0 percent); Corrections Services (5.0 percent); Other Requirements (5.0 percent) and All Other (9.0 percent). Funding increases in the fiscal 2021 budget were directed to education, Medicaid, and juvenile justice. In education, the governor's budget adds \$25.1 million for early childhood (birth to three) and funds a 1.375 percent increase in the K-12 funding formula's base amount per pupil (\$38.9 million); this raises the amount from \$4,015 to \$4,070 per pupil. The budget also includes \$26.6 million for the funding formula to reflect increased costs. In higher education, the budget increases funds for the TOPS scholarship program by \$5.56 million while the higher education formula funding is increased by \$10 million. Juvenile justice funding is increased by \$3.1 million for an anticipated increase of 67 violent youth who will enter secure facilities following passage of Raise the Age legislation. In Medicaid, there is \$223.4 million in increased general funds for medical vendor payments. The budget also contains general fund reductions in some agencies: Executive Department (\$559,580); Office of the Attorney General (\$1.6 million); Corrections Services (\$11.4 million); and other requirements (\$44.3 million). With a priority on education, the governor highlighted the changes in his budget and

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noted that, “Early childhood education is my top priority, and I am confident that these dollars will go a long way toward setting our children up for a bright future along the path to prosperity.”

Links: [Fiscal Year 2021 Budget Proposal](#); [Budget Presentation](#); [State General Fund Revenues and Expenditures](#); [Governor's Press Release](#); [State of the State Address](#)

### **Enacted**

On July 7, Louisiana Governor John Bel Edwards signed the fiscal 2021 budget. The enacted budget calls for \$39.8 billion in total spending for fiscal 2021, a 13.1 percent increase compared to fiscal 2020, and \$9.2 billion in general fund spending for fiscal 2021, a 5.9 percent decline. The increase in total spending is mainly due to increased federal funds, which are projected to grow 22.7 percent in fiscal 2021 and were used to help close budget shortfalls. The balance of the Budget Stabilization Fund was \$405 million, 4 percent of the general fund budget, on July 1. \$90 million from the Budget Stabilization Fund was budgeted for use in fiscal 2021. Much of the governor’s budget was passed intact including \$25 million for early childhood education. Tax changes reducing revenue by \$25 million were also enacted by the legislature. The governor vetoed provisions delaying pay increases for classified state employees and \$9 million in new spending. Additionally, he directed cabinet agencies to prepare for possible mid-year cuts by sequestering at least 10 percent of their budgets and enacted a hiring freeze. “Right now our budget is in a far better shape than we could have hoped just three months ago, with funding for critical services in place as we continue to respond to the COVID-19 pandemic and see case counts as well as hospitalizations rising. I have directed state agencies to prepare for possible mid-year cuts and, we will continue working with the Legislature to make any adjustments that may be necessary this fall,” Governor Edwards said. “While there are cuts in the budget, federal CARES act funding

allowed us to avoid making them even more catastrophic. In addition, we were able to invest CARES act funding into programs for local governments, aid to businesses and direct payments to essential frontline workers.”

Links: [Fiscal Year 2021 Enacted Budget](#); [Legislative Fiscal Office Analysis](#); [Governor’s Press Release](#); [Press Clip](#)

## Maine

### **Proposed**

On February 3, Governor Janet Mills presented the legislature with a supplemental budget proposal which takes into account budget balances from last year and projected revenue adding \$126.6 million, or 1.6 percent, in net appropriations for a total of \$8.1 billion for fiscal 2021. This proposal does not create any new programs, and 66 percent of the new net appropriations are one-time in nature and dedicated to existing programs, invested into the budget stabilization fund, or contribute to a one percent increase in education funding. The governor said that, “This supplemental budget reflects three bipartisan priorities: setting aside money in the state’s rainy day fund to protect against an economic downturn; rebuilding and strengthening services that protect the health, safety and well-being of Maine families; and enhancing workforce and economic development to create a robust, skilled workforce that responds to the immediate needs of the educational and business community.” The governor proposed a bond package that includes \$100 million for transportation funding that the Department of Transportation built into its recently released workplan. The governor also recommends a \$37 million increase in public education funding, \$15 million for broadband expansion, an additional \$20 million for the rainy day fund, and fully funding proposed increases for public colleges and universities. The supplemental budget provides

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funding of \$2.6 million to eliminate waitlists for adults with developmental disabilities, \$4.5 million for wastewater treatment facility planning and construction grants, and \$4.5 million to clean up sites polluted by abandoned hazardous substances and contaminants.

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

### *Supplemental Budget Not Yet Enacted*

The legislature has not yet taken action on the governor's supplemental budget recommendation.

## Maryland

### **Proposed**

On January 15, Maryland Governor Larry Hogan released a \$47.9 billion all funds proposed budget for fiscal 2021. This is an increase of \$698.9 million over fiscal 2020, or 1.5 percent. The budget proposes a \$19.7 billion general fund budget, an increase of \$196.7 million over fiscal 2020, or 1.0 percent. Estimated general fund revenues for fiscal 2021 are \$19.2 billion, a 2.4 percent growth rate over fiscal 2020 estimated revenues. The budget leaves a Rainy Day Fund balance of 6.25 percent of revenues, \$242 million more than the statutory requirement, while also leaving a cash balance of over \$100 million. When combining the fiscal 2021 ending fund balance and the funds in the Rainy Day Fund, the state has more than \$1.3 billion in reserves. Priorities in the governor's fiscal 2021 budget are focused on education, economic development and violent crime. The budget includes an increase in direct K-12 school aid of \$230 million (3.7 percent), in addition to \$733 million in capital funding for schools and more than \$350 million for initiatives consistent with the education funding reform



commission including \$65.5 million for special education grants. There is also nearly \$94 million included to support the expansion of pre-kindergarten and \$100 million over the next two years to expand access to early support and interventions for children and their families. Funding for community colleges increases by \$18.2 million, or 7.3 percent, and the budget caps in-state resident tuition growth for higher education at 2 percent. Focusing on economic development, the budget provides nearly \$47 million to attract new businesses, \$10 million in tax credits for companies locating or expanding in an Opportunity Zone, and more than \$1 million to support local revitalization efforts.

Addressing violent crime is another priority of the governor and the budget includes \$74.5 million in police aid to local governments, \$38.7 million in direct local law enforcement grants and nearly \$2.6 million for 25 new prosecutors and support staff for the Attorney General. Other provisions in the budget include a \$17.5 million increase for substance use disorder services, \$84 million to fund a 2 percent rate increase for most healthcare providers, a 2 percent cost of living adjustment for state employees, and funding for the Comprehensive Flood Management Program is reestablished at \$6 million. The governor noted the balance of building up reserves while funding priorities of the state, saying “Our FY 2021 budget reflects the most urgent priorities of Marylanders—crime, education, transportation, and the environment—while keeping the commitment I first made five years ago to bring fiscal restraint to Annapolis and to hold the line on unaffordable spending.” On March 5, Governor Hogan submitted a supplemental budget request to the General Assembly that included \$10 million to address the coronavirus response and reduced general fund spending growth to 0.5 percent.

Links: [Fiscal Year 2021 Budget Volume I](#); [Budget Volume II](#); [Budget Volume III](#); [Budget Highlights](#); [Governor’s Press Release](#); [Supplemental Budget Request](#); [Governor’s Press Release - Supplemental](#); [State of the State Speech](#)

## **Enacted**

On March 18, Maryland's legislature approved the state's fiscal 2021 budget; the budget became law upon final passage. Spending from all funds is estimated to be \$48 billion, an increase of \$755.6 million or 1.6 percent compared to fiscal 2020, while general funds total \$19.7 billion, an increase of \$184.6 million or 0.95 percent compared to the prior year. The general fund revenue forecast as of March was \$19.2 billion for fiscal 2021, an increase of \$451.7 million or 2.4 percent over fiscal 2020. The budget projects a fiscal 2021 general fund unappropriated balance of \$228.2 million. In total, the budget provides \$5.4 billion for the Department of Transportation, \$12 billion for the Medical Care Programs Administration, \$2.4 billion for the Department of Human Services, and \$1.5 billion for the Department of Public Safety and Correctional Services. The state education department is funded at \$8.9 billion, including \$8.3 billion for aid to education. Subsequent to legislative action, the governor proposed fiscal 2021 reductions of \$413.2 million in all funds (including \$394.5 million general funds) due to economic conditions resulting from the COVID-19 pandemic. The state Board of Public Works approved those reductions at their July 1 meeting.

Links: [Fiscal Year 2021 Enacted Budget](#); [Fiscal Digest](#); [Board of Public Works Agenda](#)

## Massachusetts

### **Proposed**

On January 22, Massachusetts Governor Charlie Baker released his proposed fiscal 2021 budget of \$44.6 billion in gross spending, an increase of 2.3 percent over fiscal 2020 projected spending, excluding transfers to the Medical

Assistance Trust Fund. The budget anticipates a 2.8 percent growth in total tax collections over revised fiscal 2020 tax estimates. The proposed budget includes a \$310 million increase to the stabilization fund, which currently has an all-time high balance of \$3.46 billion, representing more than 10 percent of the amount of tax revenue collected in fiscal 2019. The proposal incorporates the individual income tax rate's decrease from 5.05 percent to 5 percent effective January 1, 2020 and recommends an increase of \$274 million over fiscal 2020 to fund the pension funding obligation, for a total investment of \$3.1 billion. The final amortization payment towards the pension funding obligation will be made in fiscal 2036, four years earlier than the statutory requirement. The budget fully funds the first year of the Student Opportunity Act, adding a total of \$355 million in new spending and \$92.3 million in funding for early childcare providers and childcare vouchers. It also recommends \$328.3 million in funding across numerous agencies to support prevention, intervention, treatment, and recovery efforts to reduce substance misuse and to promote recovery. The budget increases funding for the MBTA and the transportation system and helps train 20,000 more workers in skilled trades and technical fields by transforming vocational high schools into Career Technical Institutes. Additionally, the governor's recommendation continues commitments to address the impacts of climate change and provides \$298 million for the Executive Office of Energy and Environmental Affairs in part to help support resiliency, preparedness, and data collection efforts. The governor stated, "Today, we are offering a budget that balances fiscal responsibility with key investments to support our residents ranging from education reform to the Commonwealth's transportation system."

Links: [Fiscal Year 2021 Budget Proposal](#); [Governor's Press Release](#), [State of the Commonwealth Address](#)

### *Budget Not Yet Enacted*

Massachusetts' Governor Charlie Baker signed a three-month, \$16.5 billion temporary budget on August 4, which covers the period ending October 31 and keeps funding for most state services level over the three months. The governor signed the temporary budget to allow for more information on possible additional federal aid and the amount of revenue received from the delayed tax deadline. Prior to signing the three-month budget, Massachusetts was operating under a one-month budget.

Link: [Fiscal Year 2021 Interim Budget](#)

## Michigan

### **Proposed**

On February 6, Michigan Governor Gretchen Whitmer released her fiscal 2021 budget proposal that calls for \$61.9 billion in total spending, a 3.9 percent increase from fiscal 2020, and \$11 billion in general fund spending, a 5.8 percent increase from fiscal 2020 due to baseline cost increases. Additionally, the state's School Aid Fund budget is proposed at \$15.9 billion, a 4.9 percent increase from the prior year. The budget projects total general fund revenues at \$11.0 billion, up from fiscal 2020's estimate of \$10.8 billion. Total budget by source includes federal (39 percent), school aid (24 percent), general fund (18 percent), other state restricted (18 percent), and local/private (1 percent). Health and Human Services would represent the largest share of total general fund spending at 46 percent, followed by public safety (24 percent), higher education (12 percent), and all other departments (18 percent). The governor's budget proposal focuses on increased funding for education and skill development, providing for the health and needs of working families, and protecting Michigan's water. In discussing her budget recommendation, the governor said,

“Our future depends on making strong investments in these core priorities, and while we cannot correct decades of underfunding overnight, particularly in the area of education, this budget builds on last year’s budget to provide additional funding in these critical areas.” Regarding education and skills, the budget proposal provides the largest funding increase for classroom operations in 20 years, continues to move to a weighted foundation formula, and increases funding for special education services, academically at-risk and economically disadvantaged students, English language learners, literacy coaches, preschool, teacher classroom supplies, and for the Michigan Reconnect program to provide a tuition-free pathway for adults looking to upskill and earn a postsecondary certificate or associate degree. In the area of families and their health, the governor’s budget recommendation includes \$37.5 million for the Healthy Moms, Healthy Babies program, \$27 million to expand access to childcare, \$12.3 million to expand response to the opioid crisis, \$10 million for a Lead Poisoning Prevention Fund, \$86.5 million to double the number of physicians in rural and underserved areas, and funding for paid paternal leave for state employees. Finally, concerning the environment, the budget proposal includes investments of \$40 million for local climate resilient infrastructure grants, \$20 million for rapid response to environmental contamination, \$10 million for farmers to implement conservation practices, \$15 million for the Pure Michigan tourism program, and \$40 million in grants to school districts for infrastructure upgrades.

Links: [Fiscal Year 2021 Budget Proposal](#); [Budget Presentation](#); [Press Release](#); [State of the State Speech](#)

*Budget Not Yet Enacted*

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As of September 8, Michigan’s legislature has not completed action on the state’s budget bills for fiscal 2021. Michigan’s fiscal year does not begin until October 1.

## Minnesota

### **Proposed**

On March 12, Minnesota Governor Tim Walz released a supplemental budget request for the current fiscal 2020-2021 biennial budget. The proposal is based on a February 2020 forecast that projects a \$1.513 million available general fund balance for the end of the current biennium. The governor’s budget recommendation pays back \$491 million to the budget reserve, leaves \$1.2 billion in the budgetary balance, and funds investments to prepare for emergencies, including Minnesota’s response to the COVID-19 pandemic. Proposals include: replenishing the state budget reserve account; funding to prepare and respond to COVID-19 with more funding being requested as needed; replenishing the Disaster Assistance Contingency Account; initiatives to respond to the mental health crisis; several investments in community safety; creating a new testing system for all sexual assault examination kits in Minnesota; new funding for additional safety measures for Metro Transit; grant funding for farm safety; funding for additional staff to reduce expected REAL ID backlogs; funding for tobacco and vaping prevention; increasing Child Care Assistance Program rates; and additional funding to help address homelessness. In discussing his budget proposal, the governor said, “I’m working to make sure the State of Minnesota is ready to handle future challenges. That’s why I’m proposing a supplemental budget that’s focused on emergency preparedness and response.”

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Links: [Fiscal Years 2020-2021 Supplemental Budget Proposal](#); [Fact Sheet](#); [Transmittal Letter](#); [Press Release](#); [State of the State Speech](#)

## **Enacted**

Following the conclusion of the 2020 legislative session, total expenditures and transfers for Minnesota’s fiscal 2020-2021 biennium budget are estimated to be \$48.7 billion, an \$82.9 million decline from May’s 2020 interim budget projection. Tax revenues in the fiscal 2020-2021 biennium budget are forecasted to decline \$689.0 million compared to fiscal 2018-2019, while non-tax revenues are expected to decline \$210.8 million. Additionally, the budgetary balance is expected to go from \$1.4 billion at the conclusion of the fiscal 2018-2019 biennium, to -\$2.3 billion. Following the release of the May 2020 Budget Forecast the governor said, “Today’s budget outlook confirms what we suspected: COVID-19 will badly damage Minnesota’s economy.” The governor added that the impact of coronavirus will require shared sacrifices and hard decisions, but that the state must also continue to invest in our children, expand access to healthcare, and put Minnesotans first.

Links: [Current Operating Budget – FY2020-2021 Biennium](#); [Governor’s Press Release on May 2020 Budget Forecast](#)

## Mississippi

### **Proposed**

On January 31, Mississippi Governor Tate Reeves introduced a fiscal 2021 spending plan that proposes \$6.4 billion in state support funds, an increase of \$10.8 million over fiscal 2020 or 0.2 percent. General fund appropriations total \$5.8 billion, an increase of 1.7 percent from the prior year. The general fund revenue estimate for fiscal 2021 is \$5.97 billion, a 0.5 percent decline from fiscal

2020; the budget maintains the requirement to not use more than 98 percent of the general fund estimate for the succeeding fiscal year. After the close of fiscal 2019, the rainy day fund was at an all-time high of approximately \$554 million. While the budget holds many agencies at level funding, the budget prioritizes increases in education funding in addition to investments in workforce development and rural health care. For education, the budget includes funding for a \$1,500 teacher pay increase, a doubling of funding for classroom supplies by increasing the Teacher Supply fund over the next four fiscal years and a one-time bonus of \$10,000 for new teachers who serve in an underserved area. Total funding for the Department of Education is increased by \$82.7 million, or 3.2 percent over fiscal 2020. Highlighting the budget's focus on education, the governor noted "That is why our first mission must be the continued improvement of our educational system. We have made tremendous strides. Today, I am overwhelmed with pride to say, Mississippi is the number one state in the country for educational gains." In workforce development, the budget provides \$100 million in one-time funds to address 10 goals for transforming Mississippi's workforce including modernizing community college workforce training capabilities, providing assistance to low-income families to assist with issues like childcare or transportation, and incentivizing high school graduates to earn industry credentials. The budget also prioritizes boosting rural health care including doubling the Mississippi Rural Physician Scholarship program for doctors who work in underserved areas. Addressing the challenges in the state's correctional system, the budget directs the Department of Finance and Administration to conduct a financial analysis to better assess current spending levels.

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

## **Enacted**



Mississippi finalized its fiscal 2021 budget in August, authorizing \$6.3 billion in state supported funds, a decrease of \$84.4 million or 1.3 percent compared to fiscal 2020; the budget includes \$5.6 billion in general fund spending, a decrease of \$169 million or 2.9 percent compared to the prior year. General fund revenues are forecast to total \$5.7 billion in fiscal 2021, a decrease of 2.2 percent compared to fiscal 2020; the budget does set aside two percent of general fund revenues, or \$113.8 million, as required by law. Most state agency budgets were reduced although some priorities received increases: the Mississippi Adequate Education Program (K-12 funding program) received an additional \$39.9 million and higher education student financial aid received an increase of \$363,582. Additionally, the legislature appropriated nearly all budgets in a lump sum format “in an effort to provide maximum flexibility” to agency managers. Decreases in the budget include a targeted budget reduction of \$53.1 million for K-12 education, a targeted reduction of \$5.4 million for community and junior colleges, and a \$6 million reduction from the public safety department due to non-occurring expenses from a trooper school and driver services operations.

Link: [2020 Legislative Session Budget Summary](#)

## Missouri

### **Proposed**

On January 15, Missouri Governor Michael Parson released his fiscal 2021 budget proposal that calls for \$30.6 billion in total spending, a 1.5 percent increase from fiscal 2020. The budget calls for \$10.4 billion in spending from general revenues, a 2.3 percent increase. Revenue growth is forecasted at 1.9 percent in fiscal 2021 compared to a revised estimate of 2.4 percent in fiscal 2020, and the balance for fiscal 2021 is projected at \$103.7 million. The total budget is comprised of general revenue (34 percent), federal funds (33 percent),

and other funds (33 percent). Social services represents the largest category of spending from all funds at 33 percent, followed by elementary and secondary education (21 percent), transportation (10 percent), mental health (8 percent), health and human services (5 percent), higher education and workforce development (4 percent), and employee benefits (4 percent). For spending solely from general revenues, K-12 is the largest at 34 percent, followed by social services (19 percent), higher education and workforce (9 percent), mental health (9 percent), corrections (7 percent), and employee benefits (7 percent). In his budget letter, the governor said, "This year's budget makes key investments aimed at building stronger communities, improving education and workforce development, revitalizing our infrastructure, and making government more accountable. These investments will provide individuals with more opportunities, strengthen public safety, and improve the health and well-being of Missourians. The governor's budget and legislative priorities include: stronger communities through numerous investments in safety and health including school safety funding and eliminating the developmental disabilities waiting list; workforce and education including fully funding the education formula and funding the second year of the MO Excels projects to facilitate the development of employer-driven workforce education and training programs; infrastructure such as continuing the transportation cost-share program; and government reform through initiatives aimed at investing in the state's workforce, incentivizing better performance, and improving budget discipline.

Links: [Fiscal Year 2021 Budget Proposal](#); [Budget Summary](#); [State of the State Speech](#)

## **Enacted**

On June 30, Missouri Governor Michael Parson completed signing the 19 bills that comprise the state's fiscal 2021 budget. The budget calls for \$35.6 billion in

total spending, a \$5.6 billion increase from fiscal 2020. The increase is almost solely due to additional federal funds, which is budgeted to grow \$4.8 billion in fiscal 2021. General revenue spending is projected to decline \$120.6 million in fiscal 2021, or a 1.2 percent decrease, while other funds are set to increase \$912.1 million. The governor issued 17 vetoes totaling approximately \$11 million and announced over \$448 million in budget withholds impacting nearly 150 items across state government. When signing the budget, the governor said, "COVID-19 is unlike anything we have ever experienced before. As difficult as these decisions are, we are experiencing an unprecedented economic downturn, which means we are having to make unprecedented adjustments in our budget."

Links: [Fiscal Year 2021 Enacted Budget](#); [Fiscal Year 2021 Totals by Department](#); [Expenditure Restrictions](#); [Governor's Press Release](#)

## Montana

In 2019, Montana enacted a two-year budget for fiscal 2020 and fiscal 2021.

Link: [Fiscal Years 2020-2021 Enacted Budget](#)

## Nebraska

### **Proposed**

On January 15, Nebraska Governor Pete Ricketts announced proposed adjustments to the current fiscal 2020-2021 biennium budget. At the end of fiscal 2018-2019, general fund tax receipts exceeded forecast by \$176.4 million, which was transferred to the Cash Reserve Fund. Then, in October 2019, the Nebraska Economic Forecasting Advisory Board increased its fiscal 2019-2020 general fund tax receipt forecast by \$160.9 million. Combined, the excess tax

receipts amount is \$337.3 million. The governor is recommending using \$109.4 million of \$337 million in excess receipts from FY 2018-19 and FY 2019-20 for one-time disaster related costs, State Capitol Building repairs, and patient safety at the Lincoln Regional Center. Additionally, the State Cash Reserve Fund improves by \$185 million to \$507 million projected for the 2021-2023 biennium from the enacted 2019-2021 Biennial Budget estimate of \$322 million. The governor said that his priorities for the mid-biennium budget were: to provide additional property tax relief; assist communities devastated by recent disasters; connect Nebraskans to great job opportunities; address mid-biennium budget adjustment requests; improve the State Cash Reserve Fund Balance; and maintain structural balance in the state budget. In discussing his recommendations, the governor said, "My mid-biennium recommendations address specific emergent situations that have occurred since enactment of the 2019-2021 biennium budget and support resolutions of policy considerations remaining to be addressed by the 106th Legislature."

Links: [Fiscal Years 2019-2021 Mid-Biennium Budget Adjustments Proposal](#); [State of the State Speech](#)

## **Enacted**

Nebraska Governor Pete Ricketts signed a mid-biennium adjustment bill on August 7. Highlights of the enacted budget adjustment bill include additional funds for flood relief, rural workforce housing, workforce scholarships, Department of Correctional Services pay increases, and public health departments. The governor also signed measures providing property tax relief, reforming business incentives, and exempting 50 percent of military retirement benefit income from state income taxation. At the conclusion of the legislative session, the governor said, "Despite big challenges along the way, I'm thankful

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for everything Nebraska has accomplished so far in 2020. I'm confident that we'll finish the year strong as we continue to work to get Nebraska growing."

Links: [Fiscal Years 2019-2021 Enacted Mid-Biennium Adjustments](#); [Budget Information](#); [Governor's Press Release – Enacted Budget](#); [Governor's Press Release – End of Session](#)

## Nevada

In 2019, Nevada enacted a two-year budget for fiscal 2020 and fiscal 2021. In response to a projected \$1.2 billion budget shortfall as a result of COVID-19, the legislature convened in special session in July to decide how to adjust the state's \$4.4 billion spending plan for fiscal 2021. The governor proposed cuts totaling \$590 million to planned spending on K-12 education, higher education, health and human services, and other state agencies, in addition to fund transfers and reversions, furloughing state employees, and other measures. The bill passed by the legislature and signed by the governor reduces agency budgets and furloughs workers for six days, and includes significant cuts to K-12 education, which could be restored if the state receives additional federal aid.

Links: [Fiscal Years 2020-2021 Enacted Budget](#); [Governor's Fiscal Report Budget Summary](#); [Fiscal 2021 Budget Reduction](#)

## New Hampshire

In 2019, New Hampshire enacted a two-year budget for fiscal 2020 and fiscal 2021.

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

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## New Jersey

### Proposed

On February 25, New Jersey Governor Phil Murphy released his proposed fiscal 2021 budget of \$40.85 billion, a 2.2 percent increase from fiscal 2020. Total revenues of \$41.2 billion represent 4.3 percent growth over fiscal 2020 revised levels. The budget surplus is projected to increase to \$1.6 billion, or 4 percent of total appropriations, with a \$300 million deposit into the rainy day fund. The projected revenue increase of \$1.7 billion includes \$673.0 million in baseline revenue growth plus \$1.0 billion from new sources. Nearly half of the budget will be distributed as property tax relief through school aid to districts, or municipal aid payments to towns and cities, to total \$17.8 billion. The budget proposes increasing state formula aid by an additional \$336 million, and pre-K aid by \$83 million, aims to reduce budgeted amounts for state-paid health-care benefits by \$104 million, and includes \$132 million of additional funds for NJ TRANSIT. The budget includes a millionaire's tax, an increase in the top tax rate from 8.97 percent to 10.75 percent on income between \$1 million and \$5 million that would generate \$494 million in additional revenue, and includes a \$1.65 increase in cigarette taxes, from \$2.70 a pack to \$4.35 a pack, which would bring in an estimated \$216 million in revenue. The governor also is proposing a fee on private businesses with more than 50 of their employees enrolled in Medicaid for an estimated \$180 million in new annual revenue. Finally, the budget includes a nearly \$4.9 billion total payment into the pension system, an additional \$1.1 billion over last year's proposed budget. In his letter to the legislature, the governor said, "This budget will continue the progress we have made over the past two years to create a New Jersey that is stronger and fairer for every one of our residents and their families."

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

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### *Budget Not Yet Enacted*

New Jersey Governor Phil Murphy signed a \$7.632 billion three-month spending plan on June 30, that includes a series of deep cuts and spending deferrals through the extended fiscal year 2020 which ends September 30, 2020. The spending plan authorizes the de-appropriation of nearly \$1.2 billion in funds enacted in the fiscal 2020 Appropriations Act. The three-month spending plan is supported by \$8.625 billion in total resources and has an estimated surplus of \$956 million through September 30, 2020. The governor then proposed a \$40.1 billion revised fiscal 2021 budget on August 25. The revised budget projects \$36.4 billion in revenue on a 12-month basis, which includes \$1.02 billion in proposed revenue-raising measures and additionally recommends \$4 billion in emergency borrowing. The revised budget proposal preserves core state programs and does not include additional cuts to K-12 aid, post-secondary tuition assistance, or operating aid for senior public colleges and universities, and would end the year with a \$2.2 billion surplus.

Links: [Governor's Press Release](#); [Fiscal Year 2021 Revised Budget Proposal](#)

## New Mexico

### **Proposed**

On January 6, New Mexico Governor Michelle Lujan Grisham submitted her budget recommendation, calling for general fund spending of \$7.69 billion in fiscal 2021, an 8.5 percent increase, and \$18.81 billion in total state spending from all funds, a 6.4 percent increase. The executive recommendation is based on a consensus revenue forecast projecting \$7.88 billion in recurring general fund revenues (a 1 percent increase compared to the consensus estimate for fiscal 2020) and targets a reserve of 25 percent. The recommendation expands the "moonshot" announced by the governor last year to cover education from

cradle to career, with 47 percent of all new recurring spending focused on education. “This year, in addition to substantial investments in our K-12 public school system, we are emphasizing long-overdue investments in early childhood care and higher education,” said the governor. This includes \$74 million for early childhood education and care; creation of a dedicated Early Childhood Trust Fund to fund early childhood programs into the future; a 4 percent increase for teachers and education personnel; funding for professional development and mentoring for teachers; a \$12 million increase for whole-child education and bilingual/multicultural framework; and making college essentially free to eligible New Mexico residents. The New Mexico Opportunity Scholarship would contribute toward expenses for tuition and fees at any of the state’s 29 public institutions of higher education, providing up to four years of college for recent high school graduates and two years of college for returning adults. The Executive Budget Recommendation includes \$35 million to the Higher Education Department to fully fund this new scholarship, which is expected to benefit 55,000 New Mexico students. The recommendation also includes a \$28.7 million increase to build a new behavioral health network and the creation of a new Office of Wholesale Drug Importation to ensure safety and reduce costs. For state employees, the proposal includes a 3 percent salary increase, a 2 percent salary increase for higher education, and funding to correct the state pension shortfall.

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

## **Enacted**

New Mexico Governor Michelle Lujan Grisham signed the state’s fiscal 2021 budget into law on March 11 (before the impacts of COVID-19), and subsequently signed a revised state budget on June 30. The original budget



enacted in March provided for general fund spending of \$7.9 billion, a 5.7 percent increase compared to fiscal 2020 appropriations, with recurring general fund spending of \$7.6 billion, a 7.6 percent increase compared to fiscal 2020. Recurring general fund revenues were forecasted to grow 1.4 percent to \$7.9 billion in fiscal 2021 compared to fiscal 2020, based on the December 2019 consensus forecast. The state's general fund reserves (also the ending balance) was expected to be \$1.9 billion (or 25 percent of recurring appropriations) at the end of fiscal 2021. The budget included 4 percent pay raises for most state employees and teachers, as well as targeted investments in early childhood education and care programs, behavioral health and criminal justice programs, and developmental disability services. Due to the COVID-19 crisis, the state's revised consensus forecast predicted a revenue decline of 25 percent (\$1.98 billion) compared to the pre-COVID forecast for fiscal 2021. To address the shortfall, the governor signed a revised budget in June providing for general fund spending of \$7.2 billion, with recurring appropriations down \$415 million compared to the original enacted budget and nonrecurring appropriations down \$184 million. Spending for most agencies was reduced by 4 percent. The revised budget also scaled back employee pay increases to 1 percent or less in the revised budget. Before signing, the governor vetoed more than \$30 million in budget cuts to public education and other areas. The revised budget also dipped into reserves, leaving an \$850 million (11.8 percent) ending balance in fiscal 2021. The revised budget bill also authorizes the budget office to reduce state agency budgets an additional 2 percent in the event of insufficient revenues. Additionally, the revised budget makes strategic use of CARES Act funding to help offset reductions in some areas. "This budget includes hundreds of millions in investments in small businesses and local governments and economies and preserves much of the essential progress we have begun to make in our public education system as we begin to navigate a new global economic reality," said the governor.

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Links: [Fiscal Year 2021 Enacted Budget](#); [Post-Session Review – April 2020](#); [Governor’s Press Release](#); [Post-Special Session Review - July 2020](#); [Governor’s Press Release – Budget Adjustment Bill](#)

## New York

### **Proposed**

On January 21, New York Governor Andrew Cuomo released his proposed budget for fiscal 2021 that totals \$178 billion in all funds with state operating funds of \$105.8 billion, a growth of 1.9 percent; state operating funds exclude federal funds and capital. The proposed fiscal 2021 budget relies on total receipts of \$176.4 billion, reflecting a 1.1 percent decrease from fiscal 2020, mostly attributed to lower federal fund receipts. General fund receipts, including transfers from other funds, are estimated to total \$81.3 billion in fiscal 2021, an increase of nearly \$3 billion or 3.8 percent from fiscal 2020 projections, reflecting growth in all tax categories. The state’s primary cash reserves, which consist of cash on hand that can be tapped in an emergency, are expected to total nearly \$6 billion at the close of fiscal 2021. The budget closes a \$6.1 billion budget gap with recurring solutions. Additionally, the budget proposal calls for reconvening a Medicaid Redesign Team to address a Medicaid shortfall. The budget recommends a school aid increase of \$826 million, or 3 percent, with more than 80 percent of the increase targeted to high-need districts. The budget includes an expanded Excelsior free college tuition program to include families making up to \$150,000 per year and would increase higher education operating aid by \$257 million, a 3.4 percent increase. Additionally, the budget features a \$33 billion five-year plan to combat climate change, including a new plan to streamline government bureaucracy to deliver renewable energy projects faster, and a \$25 billion expansion of the state’s building program, bringing it to \$275 billion. Finally, the governor’s recommended budget

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continues middle class tax cuts and recommends no new tax increases. In discussing his budget proposal, the governor said, “This budget is a roadmap for delivering progressive results for the people of this state and addressing the imminent challenges of our time by advancing social, racial and economic justice. We're proposing historic investments in climate change and infrastructure programs and fixing the school aid formula to ensure poorer schools get the funding they need.”

Links: [Fiscal Year 2021 Budget Proposal](#).; [State of the State Speech](#)

### **Enacted**

New York Governor Andrew Cuomo signed the fiscal 2021 budget on April 3. All funds spending is estimated to total approximately \$177 billion and state operating spending is authorized up to \$105.8 billion, however in the absence of additional federal assistance or a faster than anticipated economic recovery, spending will initially total \$95.8 billion. The budget empowers the state budget director to develop a plan for across-the-board reductions and implement that plan as necessary over the course of the year. The budget also puts in place mechanisms to control spending through the year if revenues fall even further, and would increase spending if either revenues come in higher than expected or the federal government delivers support that offsets the state’s revenue losses. The budget includes no new taxes, continues to phase in tax cuts for the middle class, and enacts a paid sick leave program. Support for schools will remain nearly flat for a total of \$27.9 billion in school aid and Medicaid spending will increase by 3 percent under the enacted budget. Reforms in the enacted budget include a transformation of the hospital reimbursement structure to better support services for the uninsured, increased investments in primary care, new requirements that enhance oversight of managed care and transportation, and adjustments to managed long-term care, the fastest growing sector of Medicaid. The budget estimates that the general fund will end fiscal 2021 with a

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cash balance of \$6.7 billion, a decrease of \$2.2 billion compared to fiscal 2020. In discussing the approved budget, the governor said, “This is a moment in history unlike any other, and government needs to function and deliver results for the people of this state now more than ever — and that’s exactly what we did with this budget.”

Links: [Fiscal Year 2021 Enacted Budget](#); [Highlights of Fiscal 2021 Enacted Budget](#); [Governor’s Press Release](#); [Press Clip](#)

## North Carolina

In 2019, North Carolina enacted a series of “mini” budgets for fiscal 2020 and fiscal 2021, following the governor’s earlier veto of the comprehensive budget bill. In May and June 2020, the legislature approved, and the governor signed, a series of bills in response to changing economic conditions due to the COVID-19 pandemic and resulting federal relief bills.

Links: [2019 Legislative Session Budget and Fiscal Policy Highlights](#); [2020 Legislative Session Budget and Policy Highlights](#)

## North Dakota

In 2019, North Dakota enacted a two-year budget for fiscal 2020 and fiscal 2021.

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

## Ohio

In 2019, Ohio enacted a two-year budget for fiscal 2020 and fiscal 2021.

Link: [Fiscal Years 2020-2021 Enacted Budget](#)

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## Oklahoma

### **Proposed**

On February 3, Oklahoma Governor Kevin Stitt released an \$8.3 billion spending plan for fiscal 2021, which increases spending by \$9.4 million over fiscal 2020 authorized expenditures or 0.11 percent. The certified general revenue fund totals \$6.5 billion, a decrease of \$163.3 million, or 2.5 percent, compared to the prior year. Estimated general revenues are projected to grow 1.03 percent in fiscal 2021 over fiscal 2020, an increase of \$69.7 million. Looking at state reserves, the Rainy Day Fund currently has a balance of \$806.2 million and the Revenue Stabilization Fund will have a balance of \$200 million by the end of fiscal 2020, for a state record total savings of \$1.01 billion. The state's budget is comprised of the following agencies: education (52 percent); health and human services (30.6 percent); public safety and judiciary (10.7 percent); general government and transportation (4.8 percent); natural resources (1.7 percent); and other funds (0.3 percent). The governor's budget proposal keeps most appropriated dollars flat across the agencies for fiscal 2021 although there are some areas prioritized for funding increases. First, the obligatory expenses that must be addressed include \$112 million in ad valorem reimbursements to local school districts for manufacturing-based property tax exemptions, \$11.8 million for annualization of the fiscal 2020 teacher pay raise, \$5.5 million for the second payment of a three-year program for the Medical Examiner's Office for Northeast Oklahoma, and a \$3.3 million final principal and interest expense payment for restoration of the State Capitol. Focused on jobs and economic development, the budget deposits \$3 million to the state's Quick Action Closing Fund to maintain a general balance of \$10-15 million in the pursuit of major high-wage, job growth opportunities, while also directing all state agencies to remove at least two regulations for every new regulation being developed.

Other areas identified as critical needs include: \$6 million to reduce the developmental disability services waiting list by 10 percent as part of a long-term effort to eliminate the waiting list; \$10 million for the Digital Transformation Fund to continue modernizing state government; raising the Oklahoma Equal Opportunity Scholarship Tax Credit cap from \$5 million to \$30 million; and \$500,000 for the Jobs for American Graduates to students with serious barriers to graduation and employment. Finally, the governor asked legislative leaders to join him in setting aside \$100 million in additional funds as part of the fiscal 2021 budget. The governor's focus on building reserves was highlighted in his State of the State speech when he said "By saving in the good times, we are demonstrating our commitment to protect the taxpayer, the job creator, and the citizen who depends on core services."

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

### **Enacted**

On May 13, Oklahoma's fiscal 2021 budget became state law following a legislative override of Governor Kevin Stitt's veto. The \$7.7 billion spending measure is a decrease of \$445 million, or 5.5 percent, from the final fiscal 2020 budget. In April, the Board of Equalization lowered the projection of available revenues for fiscal 2021 by \$1.37 billion, a decrease of 16.6 percent from its original projection, due to decreased oil prices and the pandemic. The state's rainy day fund is expected to total \$60 million in fiscal 2021 following transfers to address revenue shortfalls in both fiscal 2020 and 2021; total state savings balances are projected at \$244 million. Most state agencies received cuts of approximately 3.5 to 4 percent, while the Department of Education, the largest single state agency, received a 2.5 percent cut. There were targeted increases as well, including salary increases for judges and justices, and employees at the corrections department who did not receive a pay raise last year. The Oklahoma Health Care Authority was level funded while the Election Board and

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Department of Veterans Affairs received increases to match federal grants. The budget also utilizes \$292 million from other programs to fund education in fiscal 2021. In vetoing the budget, the governor said “As Governor, I was elected to manage the Executive Branch, which includes managing expenses and right-sizing agencies. This budget is going to back the state into a financial corner, which leaves us with very few options in fiscal 2022...”

Links: [Fiscal 2021 Enacted Budget](#); [Governor’s Veto Message](#); [Board of Equalization Projections](#); [Oklahoma Policy Institute FY 2021 Budget Highlights](#)

## Oregon

In 2019, Oregon enacted a two-year budget for fiscal 2020 and fiscal 2021. Oregon lawmakers met in a one-day special session in August to address the state’s more than \$1 billion budget shortfall, approving general fund budget cuts, a withdrawal from the Education Stability Fund and other fund transfers, and modifications to bonding authority. As of early September, these bills were still awaiting the governor’s signature. In a statement about the legislature’s actions and state’s budget status, the governor said, “Without direct support from Congress to fill the gap caused by COVID-19, our budget reserves will quickly run dry and we will have to make impossible choices next year when it comes time to pass a budget for the next biennium.”

Links: [Fiscal Years 2020-2021 Enacted Budget Summary](#); [Special Session Bills](#); [Governor’s Press Release](#)

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## Pennsylvania

### Proposed

On February 4, Pennsylvania Governor Tom Wolfe released his proposed fiscal 2021 budget that totals \$89.2 billion in all funds, \$36.1 billion in general funds, \$2.9 billion in the motor license fund, \$1.9 billion in the lottery fund, \$30.7 billion in federal funds and \$17.6 billion in fees and other special fund revenues. The general fund budget would increase by \$1.5 billion, or 4.2 percent over the prior year, with general fund revenue growth estimated to increase by 4.5 percent. Under the recommendation, the state would end the year with a rainy day fund balance of \$343 million. The budget does not increase tax rates on sales or income. The budget proposes combined reporting and to reduce the corporate net income tax from 9.99 to 8.99 percent on January 1, 2021 and then incrementally to 5.99 percent by 2025. For education, the budget proposal includes: a \$25 million increase for pre-kindergarten; a \$5 million increase for the Head Start Supplemental Program; an expansion of universal, free, full-day kindergarten; a \$100 million increase in basic education; a \$25 million increase in special education; a comprehensive charter school law reform that is estimated to save school districts approximately \$280 million per year; a \$60 million investment to increase the size of state tuition grants; and a new \$200 million scholarship program in higher education. Other proposals include \$12 million in grant funding to assist workers in overcoming barriers such as transportation, childcare, training, licensure and community re-entry, and increasing the minimum wage to \$12 per hour effective July 1, 2020, with annual increases of \$0.50 until the minimum wage reaches \$15 per hour on July 1, 2026. The budget would expand a bond-funded redevelopment grant program by \$1 billion and make the money available for the cleanup of lead, asbestos and other environmental health hazards in school buildings. In his budget submission, the governor stated, "This proposal provides a comprehensive



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package of investments that will strengthen our economy, support individuals in need, and continue Pennsylvania on a path to prosperity.”

Links: [Fiscal Year 2021 Budget Proposal](#); [Governor’s Budget Address](#)

### *Budget Not Yet Enacted*

Pennsylvania Governor Tom Wolf signed an interim five-month budget of \$25.8 billion on May 29, that extends government operations through November 30, and provides 12 months of funding for the Department of Education. The partial-year budget allows further time to assess the possibility of additional federal aid and an updated revenue outlook. When signing the interim budget, the governor said, “As the state’s economy begins to reopen from the public health emergency, there are still unanswered questions about the state’s finances, but this agreement is an important step to stabilize our schools and put Pennsylvania on a path to recovery.”

Links: [General Fund Tracking](#); [Governor’s Press Release](#)

## Rhode Island

### **Proposed**

On January 16, Rhode Island Governor Gina Raimondo released her proposed fiscal 2021 budget of \$10.2 billion in total expenditures, an increase of 2.3 percent compared to the fiscal 2020 enacted level, and \$4.2 billion in spending from general revenues, a 4.2 percent increase from the enacted fiscal 2020 level. The recommended budget is based on estimated general revenues of \$4.4 billion in fiscal 2021, a 3.8 percent increase. The recommended budget addresses a projected operating deficit of approximately \$200 million. In

discussing her budget, the governor said, “We need to stick with what is working – like investing in job training and education, and guaranteeing affordable, quality healthcare for all Rhode Islanders.” The governor’s budget priorities include: economic development and workforce, including \$14.1 million to expand Real Jobs RI; expanded housing opportunities; education investments such as making the RI Promise program permanent, adding 750 pre-K seats, and fully funding the education aid funding formula; health care reform such as safeguarding provisions of the Affordable Care Act; and children, youth and families including added investments in the child welfare system. The budget recommends \$269 million in bond measures for voters to consider in November that would be used for housing, the environment, and infrastructure. The budget proposal also calls for raising the minimum wage from \$10.50 per hour to \$11.50 per hour and increasing the State Earned Income Tax Credit (EITC) percentage from 15 percent to 20 percent at 1 percent per year over five years with the effective date of tax year 2021. Finally, the budget recommends continuing to modernize the state’s sales tax by adding a collection of services to the sales tax base, restructuring alcohol taxes, and raising cigarette excise taxes.

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

### *Budget Not Yet Enacted*

The legislature is not expected to pass a fiscal 2021 budget until it has a clearer understanding regarding the possibility of federal fiscal aid. The state entered fiscal 2021 authorized to spend 1/12 of fiscal 2020’s budget amount each month until the enactment of the fiscal 2021 budget. Debt service on general obligation bonds is not subject to these limitations and is appropriated in full.

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## South Carolina

### **Proposed**

On January 13, South Carolina Governor Henry McMaster proposed a fiscal 2021 budget that recommends \$31.1 billion in total funds, an increase of \$1.5 billion over the prior year, or 5.2 percent. The general funds portion of the budget totals \$9.4 billion, an increase of \$683.5 million, or 7.8 percent over the prior year. General fund revenues have an estimated growth rate of 8.1 percent in fiscal 2021 over the prior year. The General Reserve Fund is required to be 5 percent of the revenues of the most recently completed fiscal year, which is \$440.2 million for fiscal 2019 and is fully funded in the fiscal 2021 budget proposal. The budget contains several policy priorities in the areas of education, public safety and workforce development. For education, the budget provides \$213.5 million for a \$3,000 across-the-board pay increase for every teacher plus \$13.8 million for additional teacher recruitment and retention. There is also \$52.7 million to expand full-day four-year-old kindergarten for all lower-income children, \$4 million for early childhood education in rural areas of the state, and \$9.4 million for a \$10 per student increase plus \$21.7 million to increase the base student cost to account for inflation. The budget also provides \$70 million for the purchase of new instructional materials. For a second year, the budget proposes a tuition freeze and provides a 5 percent increase in higher education funding, or \$26.1 million. In workforce development, the budget provides \$50 million for the creation or expansion of career and technical education center offerings in rural areas of the state, \$18 million for equipment for high-demand job skills training at technical schools, and \$30.5 million for workforce scholarships. Public safety is another priority area and the budget provides \$38.2 million in new, recurring dollars for law enforcement and criminal justice recruitment and retention and \$100 million in nonrecurring funds for safety and security upgrades at correctional institutions. The spending plan also includes \$33 million for merit-based raises for state employees, \$69 million for trauma-

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informed, evidence-based prevention services to children and families, and the creation of a chief resilience officer position to be appointed by the governor. The budget takes several actions to lower taxes and return funds to taxpayers, totaling \$428.5 million. First, the budget includes a \$250 million taxpayer rebate to be distributed pro-rata based on amount paid. Second, there is a one percent rate reduction over five years for all personal income tax brackets, starting with a \$160 million reduction in this budget proposal. Finally, there is an immediate and full retirement income exemption for military veterans and first responders, representing \$18.5 million for fiscal 2021. The governor highlighted many of these priorities in his State of the State speech, noting that, "By directing more resources toward enhancing workforce training, development and education than ever before, all the assets and opportunities are in place to help South Carolinians achieve and sustain financial independence and prosperity, now and in the future.

Links: [Fiscal Year 2021 Budget Proposal](#); [Executive Budget Summary](#); [Statement of Revenues](#); [Budget Presentation](#); [State of the State Speech](#)

### *Budget Not Yet Enacted*

On May 18, South Carolina Governor Henry McMaster signed a continuing resolution that provides for the continued and uninterrupted operation of state government into fiscal 2021 to better understand impacts from the COVID-19 pandemic. On August 31, the Board of Economic Advisors reduced its general fund revenue estimate from a previously lowered \$9.55 billion to \$9.50 billion, a decrease of \$52.1 million. Lawmakers are expected to convene a special session starting September 15 to finish the budget.

Links: [Fiscal Year 2021 Continuing Resolution](#); [Fiscal Year 2021 Revenue Estimate](#); [Governor's Press Release](#)

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## South Dakota

### **Proposed**

South Dakota Governor Kristi Noem released her fiscal 2021 budget proposal on December 3. The plan calls for \$4.92 billion in total spending, a 1.2 percent increase from fiscal 2020's budgeted level, and \$1.72 billion in general fund spending, a 1.3 percent increase. The budget forecasts that total ongoing receipts will be \$1.72 billion, a 1.66 percent increase from the revised fiscal 2020 level. In addition, the budget forecasts an ending budget reserve fund balance of \$128.3 million for fiscal 2021, and an ending total reserve balance of \$172.3 million. The largest areas of general fund spending are recommended to be health and human services (35.1 percent), state assistance to local governments and schools (35.0 percent), Board of Regents (13.1 percent), and corrections (6.4 percent). The governor's budget proposal is focused on a strategy of fiscal discipline, implementing efficiencies, and transparency. The budget recommends increases to social services (\$9.6 million), state aid (\$8.9 million), employee compensation (\$4.1 million), corrections (\$1.5 million), Board of Regents (\$0.5 million), and postsecondary technical institutions (\$0.1 million), while the rest of state government spending declines by \$2.3 million. Some specific increases include an increase of nearly \$14 million in total special education funds for schools, \$8.9 million for state aid to schools, and \$3.7 million to confront the meth epidemic. In discussing her budget proposal, the governor said, "Money is tight this year. But just as South Dakotans always do, we will find a way to be successful with the resources at our disposal. At my direction, state agencies have already tightened their belts."

Links: [Fiscal Year 2021 Budget Proposal](#); [Summary Book](#); [Budget Presentation](#); [Press Release](#); [State of the State Speech](#)

## Enacted

South Dakota Governor Kristi Noem signed the state's fiscal 2021 budget on March 27, which calls for \$4.96 billion in total spending (a 2.6 percent decline from fiscal 2020), and \$1.74 billion in general fund spending (a 0.7 percent increase). The largest areas of enacted general fund spending in fiscal 2021 are: state assistance to local governments and schools (35.4 percent); health, human and social services (34.9 percent); Board of Regents (13.2 percent); and corrections (6.4 percent). Total general fund receipts are forecasted to decline 0.4 percent in fiscal 2021 compared to fiscal 2020 (including one-time receipts and transfers) while ongoing general fund receipts are forecasted to grow 2.0 percent. When signing the budget in March, the governor noted that at the moment it is unknown how much relief the federal stimulus bills will give to South Dakota, and that drastic changes to the budget may be needed later.

Links: [Fiscal Year 2021 Enacted Budget](#); [Budget in Brief](#); [Governor's Press Release](#)

## Tennessee

### Proposed

On February 3, Tennessee Governor Bill Lee proposed a \$40.8 billion spending plan for fiscal 2021, an increase of \$1.5 billion or 3.8 percent over the prior year. Looking at only state funds, the budget totals \$20.1 billion, an increase of 5.8 percent over the prior year. The revenue estimate for the general fund and education fund forecasts a 3.1 percent growth rate, or \$408.3 million. The rainy day fund is projected to close fiscal year 2021 with a balance of \$1.15 billion. The governor's proposal includes strategic investments in education, health care and rural initiatives. In education, the budget provides \$65.9 million to maintain full funding of the Basic Education Program formula plus \$117.4 million

provided through the formula for salary increases for teachers and other positions, which averages out to a 4 percent salary increase. Funds are also allocated to improve literacy rates (\$70.6 million), leadership and professional development programs (\$46.7 million) and \$38 million to fully fund the outcome funding formula for higher education institutions. In health care the budget includes an additional \$90.8 million for TennCare to offset increased costs due to medical inflation and a utilization rate increase, while also extending postpartum coverage for women from 60 days to 12 months under a pilot program (\$6.6 million). The state's behavioral health safety net is expanded with \$7.6 million recurring funding to establish a Children's Behavioral Health Safety Net to serve approximately 5,000 uninsured children. Rural initiatives also received investment in the fiscal 2021 budget, including \$25 million for the fourth year of the broadband initiative, \$20.6 million in grants and services to assist rural communities and distressed counties, \$1 million to support rural hospital interventions and \$7 million in the agriculture department to fund grants for farmers to make increased efficiency and profitability. Other provisions included in the budget are \$10 million to increase the starting salaries of probation and parole officers, \$10 million for updated Hepatitis C treatment standards for corrections and \$19.1 million for merit-based pay increases for state employees, which is equivalent to a 2.5 percent across-the-board increase. The budget also contains two tax and fee adjustments. First, the budget proposes cutting the Professional Privilege Tax in half, at a cost of \$40 million. Second, the budget includes a marketplace facilitator online sales tax, which increases taxes by \$44.8 million for a difference of \$4.8 million. In his State of the State speech, the governor highlighted many of his budget priorities and said, "We will keep striving to bring good jobs, good schools, and safe neighborhoods to every corner of this state, because that's what you elected us to do, and that's what you deserve." On March 18, Governor Lee released an administration budget amendment that pared back his original

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fiscal 2021 proposal to a no-growth budget in response to the COVID-19 pandemic; the amendment revises the fiscal 2021 growth rate from 3.1 percent to zero. The amendment makes reductions to the original proposal totaling approximately \$892 million, while including new cost increases for disaster relief funding, an extra \$200 million deposit to the Rainy Day Fund and \$75 million for health and safety emergency and contingency funds.

Links: [Fiscal Year 2021 Budget Proposal](#); [Budget Presentation](#); [Administration Budget Amendment Overview](#); [State of the State Address](#)

### **Enacted**

On April 2, Tennessee Governor Bill Lee signed the state's \$39.8 billion preliminary budget for fiscal 2021. It represented an increase of 0.7 percent, or \$276.2 million, over the estimated fiscal 2020 total. The budget revised anticipated tax revenue growth down from 3.1 percent (in the governor's proposed budget) to 0.25 percent. The budget included \$200 million in grants to county and city governments, a \$75 million newly created health and safety emergency fund, and a \$250 million deposit to the rainy day fund. Then on June 30, the governor signed the state's finalized \$39.4 billion fiscal 2021 budget, a decrease of \$123.8 million, or 0.31 percent, compared to fiscal 2020. The budget assumes general fund revenues will decrease 3.0 percent, or \$375.0 million, from the prior year. The state's rainy day fund is projected to increase to 11.9 percent of general fund revenue by the end of fiscal 2021. The fiscal 2021 budget assumes recurring revenue will be \$1.5 billion less than projections adopted in the governor's proposed budget and as a result, recurring expenditures exceed recurring revenue in the enacted budget; the difference is covered through the use of one-time funds including reserves, agency savings and issuing bonds for capital projects previously funded with cash. The budget makes \$20 million in reductions to the base budget by eliminating vacant positions and appropriates



\$50 million for an employee buyout program. Targeted increases were funded in the budget including: \$72 million for K-12 education; \$22.5 million for higher education; \$140 million for TennCare; \$19 million to expand the health care safety net; \$10 million to fund Hepatitis C treatment standards; \$30 million for disaster relief grants; \$10 million to reduce the maintenance backlog at state parks; \$41.8 million for a new unemployment insurance benefits and tax system; and \$51 million for economic development. The budget also completed the phased elimination of the state's Hall income tax on stocks and bonds and created a \$25 million sales tax holiday.

Links: [Fiscal Year 2021 Enacted Budget \(March\)](#); [Fiscal Year 2021 Enacted Budget \(June\)](#); [Budget Summary Session Report](#); [Sycamore Institute Summary of FY2021 Preliminary Budget](#)

## Texas

In 2019, Texas enacted a two-year budget for fiscal 2020 and fiscal 2021.

Link: [Fiscal Years 2020-2021 Enacted Budget](#)

## Utah

### **Proposed**

On January 8, Utah Governor Gary Herbert released his proposed fiscal 2021 budget that totals \$20.0 billion, including state, federal, and certain local sources used in state funding formulas, a 5.5 percent increase from fiscal 2020. The recommended budget of state-collected funds, which excludes federal funds, local property tax for schools, and higher education tuition, totals about \$12.3 billion, a 4.6 percent increase from fiscal 2020. The recommended budget for the general fund and the education fund, the state's two largest discretionary

accounts, total about \$8.3 billion, a 4.9 percent increase from fiscal 2020. Based on the November 2019 revenue forecast, general fund and education fund revenues are projected to increase 5.2 percent in fiscal 2021. The budget includes \$635 million in structural budget surplus and working rainy day funds, \$482 million in new ongoing money from the education and general fund, and \$200 million in one-time funds. The rainy-day balance reflects 11 percent of the education and general funds. The main priorities of the budget are education, social systems, and transportation. The governor said, "Education has always been, and continues to be, my number one budget priority. That is why, this year, we are investing \$4.9 billion in K-12 public education, and over \$1.6 billion in higher education." The budget proposal recommends that the legislature fund a 4.5 percent increase in the weighted pupil unit and sets aside \$10.2 million to ensure that all K-12 students have access to computer science courses. The recommendation directs \$30.5 million of new funding to update and bolster the state's mental health services system through funding targeted toward new crisis response units, crisis receiving centers, and other resources. The governor is proposing \$100 million in ongoing funds for the state's recently approved expansion of Medicaid to cover people earning up to 138 percent of the federal poverty level, with federal funds expected to cover 90 percent of expansion costs. The proposal also includes \$100 million to improve air quality by investing in transit and electric vehicle infrastructure as well as \$20 million for affordable housing. Regarding transportation, the budget calls for balancing road, transit, and active transportation investments and taking a more holistic and integrated approach to transportation and land use planning.

Link: [Fiscal Year 2021 Budget Proposal](#); [Governor's Press Release](#); [State of the State Address](#)

## **Enacted**

Utah Governor Gary Herbert signed bills making up the state’s fiscal 2021 budget into law on March 31. The budget provided for total spending from all funds of \$20.3 billion, including \$8.6 billion in combined general fund and education fund spending. This represents roughly 7 percent total fund spending growth, and 8 percent combined general and education fund spending growth over fiscal 2020 spending levels, as recommended in the governor’s proposed budget released in January. General and education fund revenue was estimated to total \$8.4 billion, based on the February 2020 forecast, reflecting 5.3 percent growth compared to estimated fiscal 2020 revenues. The budget projected rainy day fund balances of \$262 million for the general fund and \$555 million for the education fund, or 9.5 percent of combined general and education fund expenditures. The budget passed in March included money for employee pay raises, a 6 percent per-student funding increase, and \$16.5 million in reserves for the state’s coronavirus response. The legislature convened in special session in June to adjust the budget in response to the COVID-19 crisis and based on a revised revenue forecast of \$7.7 billion for fiscal 2021 (after adjusting for revenues deferred to fiscal 2021 due to the tax deadline shift). The state’s revised combined general and education fund spending decreased to \$7.3 billion, while the total funds budget increased to \$21.2 billion due to the influx of federal funds distributed through the CARES Act. Education fund spending was reduced from the levels appropriated in March only slightly from \$5.6 billion to \$5.5 billion, maintaining state aid for enrollment growth and providing for a 1.8 percent per-pupil funding increase. Higher education institutions saw a 2.5 percent across-the-board cut in funding. The revised budget also cancelled planned employee pay raises and provider rate increases, and brings general and education fund spending to below fiscal 2020 levels. Additionally, the revised budget tapped more than \$680 million from various state reserves to help maintain support for education and social services spending.

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Links: [Fiscal Year 2021 Enacted Budget](#); [Summary](#); [Fiscal Year 2021 Revised Enacted Budget](#); [Press Clip](#)

## Vermont

### **Proposed**

On January 21, Vermont Governor Phil Scott released his proposed fiscal 2021 budget of \$6.3 billion, with \$4.2 billion of state revenue sources and \$2.1 billion in federal dollars, an increase of about 2 percent over the current year. The general fund budget at \$1.7 billion, is an increase of 2.8 percent, or \$46 million over the current year. The budget would maintain all statutory reserve levels, fully fund all retirement obligations, and commit 25 percent of all future end-of-year budget surpluses to additional investments that combat climate change. The budget has a \$233 million general fund reserve balance. The transportation budget includes \$276.7 million in state funds, which would leverage another \$335.6 million in federal funds. This amounts to a \$25.5 million increase, or about 4 percent, over the current year. The budget would fund economic development initiatives, including investment incentives, a convertible loan program and grants to rural entrepreneurs. The recommended budget invests in training, retention and recruitment, including a proposal to double the number of apprenticeships for licensed trades over the next two years; and \$1 million in incentives to retain graduates with nursing degrees to fill critical openings in the state's healthcare sector. The budget also focuses on initiatives that support weatherization and electrification, invests in cutting-edge technology in battery and energy storage, and continues a commitment to put more electric vehicles on the road. The budget includes \$1.4 million for the first year of the two-year phase-in to exempt military pension income from state income tax. The governor also once again urged the legislature to focus investments on reversing Vermont's demographic crisis and strengthening the state's fiscal

foundation. He noted that, “Our demographic crisis is, without question, the greatest challenge we face as a state. Confronting this crisis is the only way we’ll be able to address other critical needs, whether it’s human services, public safety, transportation, or climate change and transitioning to a clean economy.”

Links: [Fiscal Year 2021 Budget Proposal](#); [Governor’s Budget Address](#)

### *Budget Not Yet Enacted*

Vermont Governor Phil Scott signed a budget for the first quarter of fiscal 2021 on June 30. The governor submitted a revised proposed budget on August 18, for the entire fiscal 2021 year which totals \$1.7 billion for the general fund. The legislature returned in August to address the revised full-year budget proposal with the appropriations committees seeking public input on the governor’s revised recommended budget, with a schedule that allowed additional time to assess the possibility of additional federal aid and an updated revenue outlook.

Link: [Fiscal Year 2021 Restatement Budget](#)

## Virginia

### **Proposed**

On December 17, 2019, Virginia Governor Ralph Northam released a proposed budget for fiscal years 2021 and fiscal 2022. The total budget as proposed is \$66.6 billion in fiscal 2021 and \$68.4 billion in fiscal 2022 for a biennial total of \$135.1 billion. The general fund portion of the budget totals \$24.02 billion in fiscal 2021 (an increase of 3.1 percent over fiscal 2020) and \$24.2 billion in fiscal

2022 (an increase of 0.69 percent over fiscal 2021); this equals a biennial general fund total of \$48.2 billion. The general revenue forecast for fiscal 2021 is \$22.7 billion, a growth rate of 4.3 percent over fiscal 2020 while the forecast for fiscal 2022 is \$23.5 billion, a growth rate of 3.7 percent over fiscal 2021. Total reserves are projected to be \$1.65 billion at the end of fiscal 2021 and \$1.9 billion at the end of fiscal 2022. The governor's priorities for the biennial budget include natural resources, education, health care, and housing. In natural resources, the budget includes \$733 million in new funding for the environment and clean energy, and creates the first Office of Offshore Wind. The proposed budget supports the Chesapeake Bay clean water blueprint previously announced by the governor and includes an additional \$15.5 million for the Land Conservation Foundation grant program to support targeted land protection. Further, the budget includes more than \$25 million to help increase efficiency and responsiveness in permitting, enhancing environmental protections and improving public engagement. In education the governor proposed total new investments in K-12 education of \$1.2 billion that supports flexible supports for educationally at-risk students (\$140.4 million), a 3 percent teacher raise in the second year (\$145.1 million), new flexible funds for local divisions (\$125 million) and \$808.5 million for formula-driven enrollment and program updates, in addition to \$99.3 million to increase the number of counselors in all grade levels. For early childhood education, the budget allocates \$59.5 million for the preschool initiative to increase access for at-risk four-year-olds and \$26 million to pilot an expansion for at-risk three-year-olds. For postsecondary education, the budget includes \$145 million over the biennium to make tuition-free community college available to low-and middle-income students who pursue jobs in high-demand fields through the governor's "Get Skilled, Get a Job, Give Back", or "G3", program. This program will provide wraparound financial assistance to help the lowest-income students with expenses such as food, transportation and childcare. In health care, the budget includes approximately

\$22 million to combat maternal and infant mortality and reduce the racial disparity in the state’s maternal mortality rate; \$3.2 million is included over the biennium to extend Medicaid coverage for one-year post pregnancy plus \$12.8 million to make home visiting services eligible for Medicaid reimbursement. To increase the state’s investment in affordable housing, the budget includes \$92 million to address housing affordability, eviction rates and supportive housing, while investing \$63 million in the housing trust fund and \$6.6 million to establish an eviction prevention and diversion pilot program. Tax proposals included in the budget are an increase of the cigarette tax rate by \$0.30 per pack (expected to generate \$99.1 million in fiscal 2021 and \$108.2 million in fiscal 2022) and an increase to other tobacco products tax to 20 percent of manufacturers sales price (\$20.1 million in fiscal 2021 and \$22.6 million in fiscal 2022); these revenues would be dedicated to health care to create a state reinsurance fund. There are also negotiations on a net terminal tax of games of skill, which could generate at least \$50 million in fiscal 2021 and \$75 million in fiscal 2022. In his budget address the governor highlighted these investments, noting that “This spending plan makes generational investments in areas that have been underfunded for years, and ensures that we take care of our most vulnerable Virginians.”

Links: [Fiscal Years 2021-2022 Budget Proposal](#); [Budget Document](#); [Budget Presentation](#); [Governor’s Budget Address](#); [State of the Commonwealth Address](#)

## **Enacted**

On May 21, Virginia Governor Ralph Northam signed a two-year budget that provides \$67.04 billion in all funds for fiscal 2021 and \$68.73 billion in fiscal 2022; from the general fund, the budget allocates \$23.6 billion in fiscal 2021 and \$24.6 billion in fiscal 2022. The 2020-2022 general fund revenue forecast assumes a growth rate of 3.3 percent in fiscal 2021 and 3.7 percent in fiscal 2022

and the budget assumes an unappropriated general fund balance of \$621.3 million at the close of the biennium. Major general fund spending initiatives in the 2020-22 biennial budget include \$854.7 million for re-benchmarking the standards of quality for public schools; \$626.3 million for increased utilization and inflation of Medicaid costs; \$300 million to the Revenue Cash Reserve in fiscal 2022; \$287.8 million for a 2 percent teacher/support positions salary increase; \$264.8 million for state employee pay increases/bonuses; and \$174.5 million for Medicaid provider rate increases. The budget also includes \$588.1 million in general fund savings. Due to effects from the COVID-19 pandemic and resulting economic projections, the governor proposed amendments to freeze approximately \$874.6 million in spending for fiscal 2021 and \$1.4 billion for fiscal 2022; he also proposed creating a COVID-19 relief fund to assist struggling Virginians. In signing the amended budget, the governor said “I am proud of the accomplishments we made together during this General Assembly session...My administration will continue to work with the General Assembly to craft budget and legislative responses to the pandemic’s effects on our Commonwealth.” On August 18, the General Assembly convened a special session to address the biennial budget due to continuing impacts from the pandemic.

Links: [Fiscal Years 2020-2022 Enacted Budget](#); [Budget Details](#); [Legislative Summary](#); [Governor’s Press Release](#); [Governor’s Special Session Priorities](#)

## Washington

### **Proposed**

On December 18, Washington Governor Jay Inslee released his supplemental budget for the fiscal 2020-2021 biennium. After making necessary adjustments to account for enrollment, caseload and other rising costs, the governor’s



proposal increases general fund spending by 0.6 percent in the current biennium. The general fund-state and the opportunity pathways account total \$53.3 billion while all funds plus transportation capital total \$112.5 billion. General fund-state revenues are forecasted to increase 9.9 percent in fiscal year 2020 and 4.1 percent in fiscal year 2021. The general fund and budget stabilization balance is estimated at \$2.4 billion at the end of the biennium. In his supplemental budget proposal, the governor calls for addressing the statewide homelessness crisis, stating, "I am proposing investments that will require partnerships with local governments and community partners, and will bring people inside with dignity and compassion. This is a statewide problem and we need a statewide solution. It is morally and ethically wrong to have so many Washingtonians living outside. We can, and must do better." The governor proposes increasing state and local efforts to provide more shelter and other actions to combat chronic homelessness with plans to add 2,100 local shelter beds across the state while giving rental and other housing assistance to more than 3,000 additional homeless individuals. These and other actions will cost \$146 million in the current budget and more than \$300 million over the next three years. Additional amounts in the proposed supplemental are for further early learning opportunities, strengthening the state's foster care system, expanding career connected learning efforts, and providing more training for mid-career workers. The budget continues efforts to cut carbon emissions and promote clean energy. The proposed budget also addresses the ballot measure approved in November that is projected to reduce state and local transportation funding by more than \$450 million in the current biennium and by more than \$4 billion over six years. To offset the revenue losses, the governor proposes redirecting funds, using fund balances, and pausing a wide range of projects pending across the state.

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

## Enacted

In 2019, Washington enacted a biennial budget for fiscal 2020-2021.

Washington Governor Jay Inslee signed the state's supplemental budget, with partial vetoes, on April 3. The supplemental operating budget provides for two-year total fund spending over the fiscal 2020-2021 biennium of \$102.1 billion, and general fund spending (subject to outlook) of \$53.7 billion. Enacted supplemental changes included \$2.4 billion in total funds, and \$826 million in near-general fund. Supplemental general fund appropriations supported caseload increases of the state's Medicaid agency, the Department of Children, Youth and Families, the Department of Social and Health Services, and other agencies, as well as additional funding to respond to COVID-19. The state's February 2020 revenue forecast (pre-COVID-19) projected general fund – state revenue collections of \$50.6 billion for the fiscal 2020-2021 biennium, including \$25.8 billion in fiscal 2021, which represented 4.2 percent growth over fiscal 2020 (the first year of the biennium). The budget passed by the legislature, based on pre-COVID fiscal conditions, had expected the state would have nearly \$3 billion in total reserves at the end of the biennium. Due to the anticipated fiscal effects of COVID-19, the governor used line-item veto authority to cut \$235 million from the supplemental operating budget, which will also cut \$210 million in the state's fiscal 2022-2023 budget. "These are difficult and challenging times and we must make difficult and challenging choices," said the governor about the budget. "As we address the health crisis, we must also look ahead to ease as much fiscal pain as we can." The governor vetoed new spending initiatives such as additional guidance counselors for low-income elementary schools and climate resiliency funding.

Links: [Fiscal Years 2020-2021 Enacted Supplemental Budget](#); [Biennium Report](#); [Governor's Press Release](#)

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## West Virginia

### **Proposed**

On January 8, West Virginia Governor Jim Justice released a \$28.5 billion all funds budget for fiscal 2021, a decrease of \$406.1 million from fiscal 2020, or 1.4 percent. The general fund budget totals \$4.6 billion in fiscal 2021, a decrease of \$127.1 million, or 2.7 percent from the prior year. The general fund revenue growth is projected to decrease by 2.3 percent in fiscal 2021 over the prior year. The bulk of the decreased revenue estimate comes from the severance tax line item of \$235 million, which is 29.54 percent below the estimated revenue for the current fiscal year. The Rainy Day Fund continues to be strong, with over \$842.7 million as of December 31, 2019, or 17.88 percent of general revenue appropriations including surplus appropriations. Although general fund revenues are projected to decrease for fiscal 2021 the governor's proposed budget does not use any rainy day funds to balance the budget. Looking at how the state's general fund is allocated, education receives the largest amount at 44.9 percent followed by health and human resources (24.7 percent), military affairs and public safety (9.7 percent), higher education (9.6 percent), judicial (3.0 percent) and commerce (1.9 percent). Proposed expenditures for fiscal 2021 are relatively flat with a few targeted investments. Spending increases included in the budget for health and human services are \$19.7 million to eliminate the intellectual and developmental disability waiver waiting list, \$26.4 million and 87 additional positions to address the state's foster care crisis to be split between the Children's Health Insurance Program, Child Protective Services and social services, plus \$2 million for the "Backpack" program to give students additional food to take home with them. The budget also funds an additional \$1 million for state food banks as well as \$3 million to purchase an additional 43 vehicles to supply meals to seniors. The budget also includes \$1.9 million for formation of a new unit called the Narcotics Intelligence Unit to work within the state's Fusion Center to stop illegal drug trafficking into the state. Tourism funding is

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doubled in the proposed budget, from \$7 million annually to \$14 million and required retirement contributions are fully funded in the fiscal 2021 budget. Additional funds are allocated to these programs as a result of realized savings in the state's Medicaid program due to a decrease in enrollment and an increase in the federal match rate. In his submittal letter to the legislature, the governor said, "I look forward to working with the 84th Legislature of the State of West Virginia to meet the continuing challenges and opportunities so together we can move West Virginia forward in a rapidly changing international economy."

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

### **Enacted**

West Virginia governor Jim Justice signed the \$4.58 billion fiscal 2021 general fund budget on March 7. The budget is a \$61.4 million decrease from the \$4.6 billion budget passed for fiscal 2020. The state's rainy day fund is 19 percent of the general fund budget. The enacted budget includes only small changes from the proposal submitted by Governor Justice. It sets aside \$150 million for future Medicaid expenses, includes \$20 million to eliminate waivers for families who want to care for loved ones with intellectual and developmental disabilities at home, provides \$16.9 million to support foster families, and increases tourism marketing funds by \$4 million. Also funded were Jobs and Hope, Governor Justice's job training and addiction treatment program, and a second Mountaineer Challenge Academy for at-risk youth. The legislature provided \$2 million to prepare for a coronavirus outbreak. Tax changes include a reduction to the business and occupation tax for coal-fired electric plants (effective July 2021), a reduction to the severance tax on low-producing oil and natural gas wells, a tax credit on personal and corporate income tax for downstream manufactures of natural gas that make a qualified investment and create at least

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five jobs, a tax credit on personal and corporate income tax for natural gas liquid storer or transporter, an expansion of the coal tax credit passed in 2019, a personal income tax credit for volunteer firefighters, a tax credit for donation of vehicles to certain charitable organizations, and a sales tax exemption for certain aircraft.

Links: [Fiscal Year 2021 Enacted Budget](#); [Governor's Press Release](#)

## Wisconsin

In 2019, Wisconsin enacted a two-year budget for fiscal 2020 and fiscal 2021.

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

## Wyoming

### **Proposed**

On November 18, Wyoming Governor Mark Gordon released his \$3.1 billion proposed fiscal 2021-2022 biennial budget with \$2.3 billion in estimated general fund revenue and \$8.9 billion in all funds. The budget includes \$23.5 million in structural ongoing funding available to consider distributing during the biennium. When releasing his budget proposal, the governor discussed the impact of changes in the energy industry, stating, "The changes that are taking place in the energy industry will impact how we fund government services next year and every year after. To prepare for this uncertain future, it's important we limit ongoing spending, ensure government is operating as efficiently as possible, and limit the use of the rainy day fund. My budget proposal accomplishes all three." The governor submitted letters to the legislature's Joint Appropriations Committee reflecting some of his budget priorities and requests

for fiscal 2021-2022. These include \$25 million to establish an energy commercialization program to advance coal and carbon capture research, \$1 million to support a coal marketing program, \$20 million for one-time compensation for state employees, and \$105 million to support local communities. The governor proposes using \$266 million from a rainy day account and allocating \$161 million of the legislative stabilization reserve account for schools. The balance of the legislative stabilization reserve fund would be \$1.3 billion by the end of the biennium. His proposal calls for some one-time investments that include funding for research and development to support the state's energy industry, school safety enhancements, facilities that align with the state's economic needs, and one-time technology additions that will make government more efficient. The state education system would receive a \$38 million increase over the next two years to comply with previous court decisions. As part of his transparency efforts, the governor launched "Wyoming Sense", a website to help taxpayers understand revenues and see how public funds are being spent. The site will allow visitors to see the allocation of dollars to all state agencies and help them gain an understanding of the different funding streams that each uses.

Links: [Fiscal Years 2021-2022 Budget Proposal](#); [Governor's Press Release](#); [Budget Letters to Joint Appropriations Committee](#); [State of the State Speech](#)

### **Enacted**

Wyoming Governor Mark Gordon signed the state's budget bill for fiscal 2021-2022 on March 12, with a number of line-item vetoes. The biennial budget provides for total fund spending of \$8.8 billion, including \$3.0 billion in general fund spending and \$1.9 billion in School Foundation Program Account spending, over two years. The budget was based on the state's January consensus revenue forecast, which projected general fund revenue collections of \$1.1 billion for fiscal 2021, a 6 percent decline from projected collections for

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fiscal 2020. The forecast expected total general fund revenues of \$2.26 billion for the biennium, compared to \$2.59 billion for the fiscal 2019-2020 biennium. Due to collapsing energy prices, the budget continued to restrict spending while investing in ways to strengthen and diversify the state's economy. "This budget urges government to use our limited resources prudently to advance the needed services our citizens depend on," said the governor. The governor vetoed small across-the-board cuts to spending and personnel, explaining that budget reductions would have to be programmatic and acknowledging that it would be the governor's "responsibility to moderate spending by state agencies in the middle of a year or the middle of a biennium." The enacted budget included the passage of a new lodging tax, but the governor vetoed a new \$5 surcharge on vehicle registrations.

Links: [Fiscal Years 2021-2022 Enacted Budget](#); [Governor's Line Item Veto Letter](#)