

# SUMMARIES OF FISCAL YEAR 2017 PROPOSED EXECUTIVE BUDGETS

April 6, 2016

## Overview

*Over the course of the past several months, governors in 33 states have released their fiscal 2017 budget proposal. Seventeen states enacted a biennial budget last year covering both fiscal 2016 and fiscal 2017, although governors in six of these states have proposed a supplemental budget to adjust spending by some extent. This document provides summaries of governors' budget proposals and links for further information.*

For the most part, governors' budget proposals for fiscal 2017 demonstrate continued fiscal improvements. In both [State of the State](#) speeches and in discussing their budget proposals, governors noted improvements in their state since the end of the economic downturn including strong job growth, lower unemployment rates, continued balanced budgets, higher rainy day fund levels, tax reductions, pension reforms, government restructurings, and record high investments in areas such as elementary and secondary education. While most recommended budgets for fiscal 2017 continue to show both revenue and spending growth, governors also expressed the need to remain cautious, show fiscal restraint, prioritize spending, and ensure long-term sustainability. Additionally, in some states, governors' budget proposals seek to address serious fiscal challenges, most notably revenue shortfalls brought on by the decline in oil and natural gas prices, and issues associated with long-term structural imbalances.

In the vast majority of states, governors' budget proposals call for increases in general fund spending. However, in most of these states the recommended level of growth remains below the historical average growth rate of 5.5 percent. Governors once again prioritized K-12 in their recommended budgets, and called for such actions as adjusting the school funding

formula, expanding early education, and increasing teacher pay. Most recommended budgets also increased higher education funding, with a number of governors calling for tuition freezes and proposing programs that link higher education to job training and economic development. Transportation and infrastructure was another priority area as a number of governors recommended increased investments to help address deferred maintenance and the long-term needs of the state. Regarding healthcare, most states anticipate smaller increases in overall Medicaid spending as enrollment growth is expected to slow. Finally, some areas received added emphasis this year with many governors calling for increased funding to help address substance abuse, and expanded services for people with mental illnesses and developmental disabilities.

For the most part, changes in tax policy were relatively modest in fiscal 2017 recommended budgets. Several governors called for further reductions in personal income and corporate income taxes, while others called for additional property tax relief. Most tax increase proposals focused on smaller revenue sources such as increasing tobacco and alcohol taxes. However, some governors from states facing significant fiscal challenges proposed a series of reforms including reducing tax credits, sales tax modernization efforts aimed at increasing revenue, and in one instance the implementation of a modest individual income tax.

On the following pages, please find summaries detailing governors' budget proposals. Also included are links to proposed budgets, supporting documents, and State of the State speeches.

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## **Alabama**

On February 2, Alabama Governor Robert Bentley released his fiscal 2017 budget proposal for both the Education Trust Fund and the General Fund. The governor's recommended budget calls for total Education Trust Fund spending of \$6.32 billion in fiscal year 2017, up from \$5.96 billion in fiscal year 2016. The State Board of Education – Local Boards' funding would increase from \$4.62 billion in fiscal year 2016 to \$4.78 billion in fiscal year 2017, an increase of 3.3 percent. Of the total Education Trust Fund spending in fiscal year 2017, 68.9 percent is allocated to K-12, 25.5 percent is allocated to higher education and 5.5 percent is allocated to other programs. The budget recommends total, non-earmarked General Fund spending of \$1.93 billion in fiscal year 2017, up from \$1.83 billion in fiscal year 2016. Medicaid, the largest category of general fund spending at 40.8 percent, would see an increase from \$685.13 million in fiscal year 2016 to \$785.13 million in fiscal year 2017, while the Department of Corrections would increase general fund spending from \$400.51 million in fiscal year 2016 to \$418.78 million in fiscal year 2017. Concurrent to the release of the budget, the governor introduced his three-year strategic plan. In proposing this plan, the governor said, "Today we launch an ambitious course of action aimed at fundamentally changing Alabama, opening doors of opportunity, clearing the path to prosperity, and solving decades old problems. Today we launch Alabama's Great State 2019 Plan, our strategic three year course of action." Priorities identified in the Great State 2019 Plan include investing in Alabama's education, increasing the number of health professionals in rural areas, addressing the prison problem with long-term solutions, and helping people excel through broadband.

Links: [Fiscal Year 2017 Budget Proposal](#); [Education Trust Fund Budget Summary](#); [2015-2019 Strategic Plan](#); [State of the State Speech](#)

## **Alaska**

On December 9, Alaska Governor Bill Walker released his proposed budget for fiscal 2017 and the New Sustainable Alaska Plan, which addresses the state's \$3.5 billion budget deficit through additional spending reductions, wealth management and investment, and new revenue. The proposed budget calls for total operating expenditures from all fund sources of \$9.4 billion, including \$5.8 billion in unrestricted general fund spending, \$849 million in designated general fund spending, \$646 million in other state fund spending, and \$2.2 billion in spending from federal funds. Proposed unrestricted general fund spending for agency operations, at \$4.0 billion, is \$114 million or 2.8 percent below current levels. The governor's budget also calls for major oil and gas tax credits reform with a one-time transition fund of \$1.2 billion to cover earned oil and gas tax credits through 2016. The unrestricted general fund capital budget is \$195 million. The state revenue situation remains strained due to declining oil prices, with only \$1.8 billion in unrestricted general fund revenues projected for fiscal 2017. To mitigate the state's severe oil revenue volatility and put the state on a fiscally sustainable path, the governor has proposed that the state transition to a "sovereign wealth" approach. "Alaska does not have a wealth problem, but we do have a cash flow problem," said the governor in his State of the State address. "We must put government on an allowance – not one that rises and falls with the price of oil but one that is stable and sustainable." Under his plan, certain oil and gas revenues would be diverted to the state's Permanent Fund, and the state would make a "calculated sustainable

draw” from the Earnings Reserve to the unrestricted general fund based on new revenues going into the Permanent Fund and conservative earning projections. Half of oil and natural gas royalties would go toward dividend payments to residents. For the initial year, the governor proposes a one-time transfer of roughly \$3 billion from the Constitutional Budget Reserve into the Earnings Reserve to provide an adequate starting balance. The governor also recommended revenue-raising actions to help balance the budget, such as increases to alcohol, tobacco and motor fuel taxes and implementation of a modest individual income tax.

Links: [Fiscal Year 2017 Budget Proposal](#); [Governor’s Press Release](#); [State of the State Speech](#)

### **Arizona**

On January 19, Arizona Governor Doug Ducey unveiled his fiscal 2017 budget proposal, recommending \$9.5 billion in general fund spending for the next fiscal year, including about \$9.3 billion in ongoing expenditures. The proposed spending plan for fiscal 2017 eliminates the structural deficit, with the state projected to have a positive structural balance of \$173 million (representing the difference between ongoing revenues and ongoing expenditures) and an ending cash balance of \$621 million. For fiscal 2017, the governor recommends \$106 million in new money for K-12 education to fund enrollment growth and new policies, a \$14 million increase in funding for universities, \$32 million for expanded border security, and a \$10 million deposit into the state’s rainy day fund. The governor’s budget forecasts that ongoing general fund revenues will grow roughly 3 percent in fiscal 2017. Adjusted base revenues are expected to total \$9.5 billion, after subtracting \$664 million in revenue sharing payments to counties. In addition to highlighting his budget priorities, the governor used his State of the State address to support the passage of a \$3.5 billion ten-year education funding package, which was approved by the legislature last year and will go to voters for approval this November. “In the years ahead, Arizona will be among the states investing the most new dollars in public education – all without raising taxes,” said the governor.

Links: [Fiscal Year 2017 Budget Proposal](#); [Governor’s Press Release](#); [State of the State Speech](#)

### **Arkansas**

On March 8, Arkansas Governor Asa Hutchinson released his fiscal 2017 proposed budget, which recommends total spending of \$5.3 billion, an increase of \$142.7 million over the fiscal 2016 budget. Fiscal 2017 revenues are projected to hit \$5.3 billion, an increase of 2.0 percent over fiscal 2016 projected revenues. The budget proposal keeps most agencies at current funding levels while recommending spending increases for select programs as well as incorporating an estimated \$100 million in income tax cuts previously adopted by the governor and legislature. Funding for general K-12 education received an increase of \$23.7 million, to a total of \$21.5 billion, for adequacy purposes. The Educational Facilities Partnership is allocated an additional \$9.5 million, bringing the total new funding to \$16.5 million over the biennium. The budget recommends increased funding for foster care of \$20.5 million, as federal funding for the program has been capped and additional state funds are needed. Funding for Medicaid will increase \$88 million, driven by changes in the FMAP rate and a projected 2 percent growth rate for the year. The budget also assumes adoption of the governor’s plan to overhaul the Medicaid expansion, known as “Arkansas Works.” The proposal recommends

additional funds for the Department of Corrections, increasing by \$4 million to a total of \$340 million, which is necessary to maintain state inmates at out-of-state facilities. However, due to a decrease in the number of state inmates housed in county jails, state support for county jail reimbursement is reduced by \$11.4 million. The budget does not include a state employee cost of living adjustment for fiscal 2017, but it does maintain the \$5.2 million in Merit Adjustment funds for salary increases paid in fiscal year 2016. The governor said, speaking on the release of the budget, “I’m pleased with a growing and expanding economy in Arkansas.”

Link: [Fiscal Year 2017 Budget Proposal](#)

### **California**

On January 7, California Governor Jerry Brown proposed a fiscal 2017 budget recommending \$122.6 billion in General Fund spending, a 5.6 percent increase in expenditures from the revised fiscal 2016. The Governor’s Budget proposes an additional investment of more than \$2.8 billion in the Local Control Funding Formula, as well as more than \$1.2 billion in one-time discretionary funding for school districts, charter schools and county offices of education. The spending plan also keeps university tuition flat for another year. The spending blueprint would consolidate several early education programs into a \$1.6 billion early education block grant to provide local educational agencies with more financial flexibility. The Governor’s Budget calls for investment in deferred maintenance and new infrastructure, and reflects the Administration’s transportation package proposed last year that would provide \$36 billion over the next decade. General Fund revenues and transfers, excluding transfers to the Budget Stabilization Account, are expected to total \$124.2 billion in fiscal 2017, a 3.2 percent increase compared to revised revenue projections for the current fiscal year. Personal income taxes and sales and use taxes, which together make up about 88 percent of general fund revenues, are projected to grow 3.1 percent and 2.8 percent, respectively. The budget proposal urges caution with regard to permanent spending increases, and recommends steps to prepare for the next recession. “California has a very progressive but volatile income tax that provides 70 percent of General Fund revenues,” said the Governor in his State of the State speech. “If we are to minimize the zigzag of spend-cut-spend that this tax system inevitably produces, we must build a very large reserve.” In addition to the scheduled transfer of General Fund revenues to the state’s rainy day fund under Proposition 2, the Governor recommends making an additional \$2 billion deposit, bringing the fund balance to \$8.0 billion.

Links: [Fiscal Year 2017 Budget Proposal](#); [Governor’s Press Release](#); [State of the State Speech](#)

### **Colorado**

On November 2, Colorado Governor John Hickenlooper submitted his fiscal 2017 budget request to the state legislature. The recommended budget totals \$27.0 billion, a 0.4 percent decline compared to current spending levels. Of this total, the governor’s request calls for \$10.4 billion in general fund spending, representing 0.9 percent growth over the current year’s budget. The spending request also includes \$189 million in taxpayer rebates as required by the Taxpayer’s Bill of Rights (TABOR). The governor’s budget is based on available general fund resources totaling \$11.2 billion in fiscal 2017, including the estimated beginning fund balance, projected general fund revenues and adjustments.

Before balancing measures, the state was forecasting a \$373 million budget gap for fiscal 2017, based on available new revenue estimated at \$457 million compared with \$830 million in primary cost drivers (including K-12 funding requirements, TABOR rebates, required budget reserves, and increasing Medicaid enrollment). The governor's budget request closes this gap by reducing hospital provider fees (helping to bring down the total TABOR rebate liability), cutting higher education spending, allowing the state education fund balance to decline, and reducing most provider rates. The governor's budget also includes a number of contingent general fund requests should revenues in fiscal 2016 and fiscal 2017 exceed conservative expectations, including reversing some of these balancing measures. In his State of the State address, the governor urged the legislature to reexamine TABOR to allow for adequate state investment in education and infrastructure, saying, "Right now, no one can say with a straight face that our budget rules are working for us."

Links: [Fiscal Year 2017 Budget Proposal](#); [Governor's Press Release](#); [State of the State Speech](#)

### **Connecticut**

Connecticut's Governor Dannel P. Malloy released his proposed midterm budget adjustments for fiscal 2017 on February 3. The adjusted fiscal 2017 proposed budget totals \$18.1 billion in general fund appropriations and \$19.9 billion in all funds and includes \$571 million in net reductions from previously enacted appropriation levels and across-the-board reductions of 5.75 percent in the general fund operating accounts. The budget has no new taxes or tax increases. Of the total general fund revenue of \$18.2 billion, 50.4 percent comes from the personal income tax, 21 percent from the sales and use tax, 10.6 percent from other taxes, 4.6 percent from the corporate tax, 7 percent from other revenue and the tobacco settlements, and 6.5 percent from federal grants. The budget proposes to convert higher education funding into true block grants. The budget also establishes an incentive fund for outcomes based financing in higher education and includes an increase in the use of LEAN and data-driven business strategy development. A three year budget report required by statute accompanies the budget. The report notes that fiscal years 2017 and 2018 are anticipated to be extraordinarily challenging for the general fund as available revenue is projected to grow by less than 1 percent, or only \$171.4 million, while expenditures for state employee and teacher benefits, debt service, and Medicaid and other entitlement programs are anticipated to grow by \$867.1 million. In his State of the State address, the governor noted, "Connecticut state government must reset our expectations of what we can afford, how we provide services, and how we save for our priorities."

Links: [Fiscal Year 2017 Midterm Budget Adjustments Proposal](#); [State of the State Speech](#)

### **Delaware**

Delaware's Governor Jack Markell released his proposed fiscal 2017 budget on January 28 that totals \$4.1 billion, an increase of 5.24 percent over the prior year. The budget proposes a significant increase in public education funding, maintains the current commitments in education, health care, and public safety, fully funds the rainy day fund, and appropriates 98 percent of available revenue. The recommended operating budget provides \$33.3 million in additional funding to cover increasing costs for state employee and retiree health care for the coming year. Legislation will also be introduced to make changes intended to improve the long-term viability of state employee health care plans, while

ensuring state workers have access to high quality care. These proposals include introducing a new plan for all new employees hired on or after January 1, 2017. The proposed fiscal 2017 Recommended Bond and Capital Improvements Act totals \$486.9 million and includes \$236.1 million in state agency capital projects and \$250.8 million in transportation projects. The governor also set aside \$43.0 million for grants-in-aid. In discussing his budget proposal, the governor said, “We must continue to focus investments in areas that have the greatest impact: stronger schools and access to training beyond high school to prepare our workforce, innovation and infrastructure to spur economic growth, ensuring our people are healthier and safer, and ensuring our budget is sustainable for years to come.”

Links: [Fiscal Year 2017 Budget Proposal](#); [Budget Presentation](#); [Governor’s Press Release](#); [State of State Speech](#)

### **Florida**

On November 23, Florida Governor Rick Scott released his budget proposal for fiscal 2017 that recommends spending from all funds of \$79.3 billion, a 1 percent increase from fiscal 2016. Spending from general revenue would total \$29.3 billion, with education the largest category at 51.6 percent, followed by health and human services at 31.5 percent and public safety at 13.9 percent. The budget projects that total recurring revenues will be \$29.9 billion in fiscal year 2017. The proposed budget calls for \$20.2 billion in total spending on K-12 education, with \$11.01 billion of that total coming from state funding; the per-pupil funding is budgeted at \$7,221, which is the highest level in Florida’s history. In higher education the governor recommends a zero percent tuition increase for state universities and state colleges, while recommending \$6.0 billion in total operating funds. Other provisions of the budget aim to diversify the economy to make Florida a leader in job creation through tax cuts for Florida families and businesses and making the state more competitive. The budget calls for business tax cuts of over \$1.0 billion, including eliminating the income tax on manufacturing and retail businesses, eliminating the tax on manufacturing equipment and machinery, and cutting the tax on commercial leases. The proposal also establishes the Florida Enterprise Fund at \$250 million in a one-time appropriation to diversify the state’s economy and support small businesses. The budget addresses public safety, recommending \$27.9 million to fill essential correctional officer positions and \$8.5 million to enhance the state’s crime labs. In supporting the environment, the budget recommends \$151 million for restoration of the Everglades, \$50 million to help ensure a sustainable water supply, and \$35 million in state park enhancements. The governor said that his budget recommendation “...builds on Florida’s success by cutting \$1 billion in taxes and making important investments that will diversify our economy and help families and businesses thrive.”

Links: [Fiscal Year 2017 Budget Proposal](#); [Budget Highlights](#); [Budget Presentation](#); [State of State Speech](#)

### **Georgia**

On January 14, Georgia Governor Nathan Deal released his fiscal 2017 budget proposal that recommends \$47.51 billion in spending in total funds, an increase from \$45.12 billion in the fiscal 2016 budget. Spending from state funds would total \$23.74 billion, an increase from the fiscal 2016 budget of \$21.83 billion. The largest categories of spending from state funds include Educated Georgia

(53.13 percent), Healthy Georgia (21.69 percent), Safe Georgia (8.11 percent) and Growing Georgia (1.31 percent). The budget projects available state revenues of \$23.74 billion in fiscal 2017, an increase from \$22.99 billion projected for the current fiscal year. During the last legislative session, the governor signed legislation that made changes to transportation funding and led to increased revenues; accordingly, the fiscal 2017 budget proposes to spend \$1.71 billion at the Department of Transportation, an increase from the \$890.5 million allocated in the fiscal 2016 budget. In his letter to the legislature, the governor highlighted past education funding and noted “A proper education can set students on the path to opportunity and success from which circumstances could otherwise deter them.” The fiscal 2017 budget recommends \$26.2 million to increase the salary of Pre-K teachers to improve retention, \$300 million in additional funding to allow local school districts to give salary increases to deserving teachers, reduce furlough days or increase instructional days, \$59.1 million for higher education scholarships, and \$224 million in bonds for construction, renovation and equipment for local school systems and state technical colleges. Other proposals in the budget include an additional \$170.2 million for employee recruitment and retention initiatives, \$4.3 million for offender re-entry programs, an additional 175 child protective services caseworkers and \$5.7 million for a new behavioral health crisis center for those experiencing mental health or substance abuse issues.

Links: [Fiscal Year 2017 Budget Proposal](#); [Governor's Press Release](#); [State of the State Speech](#)

## **Hawaii**

In 2015, Hawaii enacted a two-year budget for fiscal 2016 and fiscal 2017. On December 21, Governor David Ige submitted a supplemental budget request for the fiscal year 2017. The supplemental budget proposal recommends making amendments that would increase total operating spending in fiscal 2017 by \$433.1 million (3.3 percent) and increase fiscal 2017 general fund operating spending by \$297.6 million (4.4 percent), compared to what was enacted in the state’s biennial budget. The governor requested \$163.9 million in supplemental general fund spending to increase the funding level for the state’s other post-employment benefit (OPEB) liabilities to 100 percent of the annual required contribution (ARC). “While resources are available, we must take steps to strengthen the State’s fiscal foundation by increasing our OPEB payments, increasing our reserves and broadening our economic base,” said the governor. Other supplemental budget requests include fixed health care costs and additional funding for certain K-12 programs. Also, for the capital budget, the governor proposes a sizeable increase of \$1.8 billion in fiscal 2017 (from all fund sources) to install air conditioning in public schools, perform other major school renovations, make correctional facility improvements, build a new patient care facility, and provide more affordable housing.

Links: [Fiscal Year 2017 Supplemental Budget Proposal](#); [Governor’s Press Release](#); [State of the State Speech](#)

## **Idaho**

On January 11, Idaho Governor C.L. “Butch” Otter unveiled his fiscal 2017 budget proposal, which calls for \$3.3 billion in general fund spending, a 7.3 percent increase from the current level, out of total spending from all funds of \$8.3 billion. The budget prioritizes education, increasing K-12 spending by 7.9 percent to restore districts’ operational funding to 2009 levels, boost teacher pay, improve literacy

and make strategic investments in Science, Technology, Engineering, and Math (STEM) education. The governor also recommends a \$25.4 million funding increase for postsecondary education to invest in financial aid and other affordability initiatives, as well as targeted programs aimed at bolstering college completion. These investments are aimed at advancing the state's goal of ensuring 60 percent of Idaho citizens between the ages of 25 and 34 have a postsecondary credential by 2020. "My legislative agenda for 2016 and my budget recommendations for fiscal 2017 reflect the priority that I place on living within the people's means while making responsible, sustainable and data-driven investments in our K-through-Career education system," said the governor in his State of the State address. The budget also recommends creating a new, entirely state-funded health care program that would provide primary care to low-income, uninsured state residents through local community health centers and rural health clinics. The program would be financed by redirecting \$21.2 million in cigarette and tobacco tax revenues from the general fund. In addition, the governor proposes a three percent merit-based pay raise for state employees. The budget also calls for increased funding for public defense reform, wildfire preparedness and suppression, and water management and sustainability.

Links: [Fiscal Year 2017 Budget Proposal](#); [State of the State Speech](#)

### **Illinois**

On February 17, Illinois Governor Bruce Rauner released his fiscal 2017 budget proposal, while at the same time the state continues to debate the budget for fiscal 2016. The fiscal 2017 proposed budget calls for \$68.5 billion in total spending, an increase of 1.5 percent from the estimated fiscal 2016 level, with the main funding sources being general funds at 46.81 percent, special state funds at 31.34 percent, and federal trust funds at 12.20 percent. Regarding general funds, the budget calls for spending of \$32.1 billion consisting of education (26.3 percent), healthcare (25.5 percent), pensions (19.3 percent), human services (16.0 percent), government services (7.2 percent), public safety (5.3 percent), economic development (0.2 percent), and environment and culture (0.2 percent). The budget forecasts total operating revenues of \$32.82 billion, compared to fiscal 2016's estimated level of \$31.71 billion. Highlights of the budget include: full funding of the general state aid foundation level for education, \$75 million in increased early childhood education grants, \$2 billion in pay-as-you-go capital for the state's annual road program, funding for child care assistance programs and full funding for home services and early intervention programs, additional staffing at the department of corrections, a reallocation of resources into performance funding for higher education, and intended policy transformations intended to save \$15 billion over the next four years. The policy transformations include procurement law reform, reforms to state pensions, criminal justice reforms, changes to employee health insurance benefits, and movement towards a merit-based system for state employees. In his letter to the legislature, the governor said, "By working together we can implement structural reforms that help Illinois compete for jobs and help our economy grow while reducing costs in rapidly growing programs."

Links: [Fiscal Year 2017 Budget Proposal](#); [Budget Address](#); [State of the State Speech](#)

## **Indiana**

In 2015, Indiana enacted a two-year budget for fiscal 2016 and fiscal 2017.

Links: [Fiscal Years 2016-2017 Enacted Budget](#); [State of the State Speech](#)

## **Iowa**

Iowa Governor Terry Branstad released his fiscal 2017 budget proposal on January 12 which calls for \$7.93 billion in general fund spending, an increase of 2.6 percent from estimated fiscal 2016 levels. The largest program areas include education (56 percent), health and human services (25 percent), justice/judicial branch (10 percent), property replacement/tax credits (7 percent), and other (3 percent). Total gross receipts are estimated at \$8.68 billion, a 3.4 percent increase. In addition, the budget assumes an ending balance - cash reserve fund of \$553.2 million. The budget proposal fits within the five-year budget projections, increases supplemental state aid for education by \$145 million, fully funds property tax cuts, and includes initiatives to modernizes the state's Medicaid system. The governor's proposal also funds various programs to help meet the state's goal of having 70 percent of the workforce with education beyond high school by 2025, and calls for criminal justice reform. In his Condition of the State address, the governor focused on Medicaid and education and said, "In order to improve patient health and increase the coordination of services--as well as control Medicaid costs--the state of Iowa is implementing a modern approach toward Medicaid through managed care..." The governor also added, "This budget provides schools the stability, predictability and funding they need and deserve."

Links: [Fiscal Year 2017 Budget Proposal](#); [Budget in Brief](#); [Condition of the State Speech](#)

## **Kansas**

On January 13, Kansas Governor Sam Brownback released a fiscal 2017 budget proposal that calls for \$16.09 billion in spending from all funds, a 3.5 percent increase, and \$6.40 billion in general fund spending, a 1.2 percent increase. General fund revenues are projected to be \$6.45 billion, a 3.0 percent increase from fiscal 2016. The proposal also recommends an ending balance of \$89.7 million. The budget recommends \$105.7 million in expenditure reductions in a number of areas, while including increased spending in K-12 (\$27.0 million) and for human services caseloads (\$30.8 million). In fiscal 2017, education would represent the largest program area of general fund spending at 62.5 percent, followed by human services (26.2 percent), public safety (6.2 percent), general government (4.7 percent), agriculture and natural resources (0.3 percent), and transportation (0.2 percent). In his State of the State address, the governor discussed the importance of education while noting that it needs reform stating, "I call on the legislature to design a new education funding system that puts more of our money into instruction. That provides bonuses for exceptional teachers and recognizes their true value to our future and the souls of our students."

Links: [Fiscal Year 2017 Budget Proposal](#); [Budget Presentation](#); [State of the State Speech](#)

## **Kentucky**

On January 26, Kentucky Governor Matthew Bevin presented a two-year budget proposal that calls for general fund spending of \$10.6 billion in fiscal 2017, an increase of 3.2 percent from fiscal 2016, and \$10.9 billion in fiscal 2018, an increase of 2.4 percent from fiscal 2017. With the state facing large unfunded pension liabilities and the additional costs of expanding the Medicaid program, the proposed budget includes a 4.5 percent spending reduction in the current fiscal year (fiscal 2016) and a 9 percent reduction to baseline spending over the biennium for much of the government. Several priorities are exempted from the reductions, including the K-12 funding formula, veterans' programs, pension contributions, and public safety employee salaries. Over the biennium, the recommended budget devotes an additional \$960 million from the general fund toward funding the pension systems and over \$573 million from the general fund toward the state share of increased Medicaid program costs. The budget proposal would bring the rainy day fund balance from \$209 million to \$523 million, and establish a Permanent Fund of \$500 million that would be set aside for improving the solvency of the pension systems in the future. From total biennial general fund spending, 44.6 percent is allocated to education, 17.5 percent to Medicaid, 10.9 percent to criminal justice and 10.3 percent to higher education. Other recommended changes in the budget proposal include \$64.8 million for increased student financial aid, \$39 million to increase funding for the K-12 funding formula, \$100 million to create a bond pool for the Workforce Development programs, \$45.3 million more for corrections, a first-time proposal to phase in performance funding for the public postsecondary education institutions, \$1.6 million in additional funding for Children's Advocacy Centers across the state, \$4.8 million to increase salaries for entry level and newly hired social workers, \$6.3 million to eliminate the DNA backlog at state laboratories, \$32 million to address the issues from the abuse of heroin and other opiates, and \$4.5 million in retention raises for correctional officers. The budget also prepares for the transition from the state run health insurance exchange, kynect, to the federal government exchange, Healthcare.gov; no general fund dollars will be used to fund the transition. Introducing his budget proposal, the governor said "All of this is being done...so that we can save for a down payment on our future. We've got to be better stewards of the taxpayer's dollar."

Links: [Fiscal Years 2017-2018 Budget Proposal](#); [Budget in Brief](#); [Budget Presentation](#); [State of the Commonwealth and Budget Address](#)

## **Louisiana**

On February 13, Louisiana Governor John Bel Edwards released a fiscal 2017 budget proposal that recommends all funds spending of \$26.6 billion in fiscal 2017, a 6.4 percent increase over budgeted amounts for fiscal 2016; the budget proposes general fund spending of \$8.2 billion, a decrease of 3.75 percent from fiscal 2016. General fund revenues are projected to decrease 2.9 percent, from \$8.5 billion in fiscal 2016 to \$8.2 billion in fiscal 2017. The largest categories of spending from general funds include education (49.6 percent), human resources (32.2 percent), general government (10.1 percent) and public safety (7.2 percent). In his budget message, the governor outlined the serious fiscal conditions facing the state, including a current fiscal year deficit of over \$940 million and a fiscal 2017 budget deficit of over \$2 billion. The governor states, "This is not the budget I want passed but the budget I must submit to you based on my constitutional obligation to submit a balanced budget. To do otherwise would be dishonest about the state of Louisiana's financial condition." To address the

shortfall in the current year and in fiscal 2017, the governor instituted a hiring freeze across state government, reduced state contracts, and proposed using \$128 million from the rainy day fund and \$200 million in non-coastal BP settlement payments. He also proposed a set of revenue-raising measures, including further reducing tax credits, suspending corporate tax deductions, adding 1 cent to the state's four cent sales tax and increasing alcohol and cigarette taxes. In the fiscal 2017 budget, the governor reduced general fund spending on corrections services by 20.5 percent, higher education by 12.2 percent and the department of education by 1.9 percent; the department of health and hospitals received an increase of 9.2 percent.

Links: [Fiscal Year 2017 Proposed Budget](#); [Budget Presentation](#); [Governor's Special Address](#); [State of the State Speech](#)

### **Maine**

In 2015, Maine enacted a two-year budget for fiscal 2016 and fiscal 2017.

Links: [Fiscal Years 2016-2017 Enacted Budget](#); [State of the State Remarks](#)

### **Maryland**

On January 20, Maryland Governor Larry Hogan released a fiscal 2017 budget proposal that recommends all funds spending of \$42.3 billion in fiscal 2017, an increase from \$40.3 billion in fiscal 2016. For general fund spending the budget recommends \$17.1 billion in fiscal 2017, an increase from \$16.3 billion in fiscal 2016. Revenues are projected to increase 4 percent, from \$40.5 billion available in fiscal 2016 to a projected \$42.2 billion in fiscal 2017. The largest categories of expenditures include health (31 percent), K-12 education (18 percent), higher education (15 percent), human resources (7 percent), and public safety (6 percent). In his press release announcing the fiscal 2017 budget proposal, the governor said, "Our proposed fiscal year 2017 budget brings fiscal restraint back to Annapolis and holds the line on spending, while increasing funding for top priorities like education and infrastructure." Accordingly, the budget fully funds all state education aid programs with an increase of \$140.1 million over fiscal 2016, enables every jurisdiction to experience an increase in the amount of per-pupil funding, provides \$78 million in additional state support of public higher education to limit tuition growth and support degree completion, and increases state aid for community colleges by 6.1 percent. To promote transportation and infrastructure, the budget includes \$3.1 billion in capital spending to improve transportation infrastructure and spur economic development. The budget will end fiscal 2017 with a projected \$449 million surplus and nearly \$1.1 billion in the Rainy Day Fund. Subsequent to the budget introduction, the governor submitted three supplemental budgets to the legislature that include several provisions, including a grant to the University of Maryland Medical System as well as projects to help eliminate urban blight and fight substance abuse, and additional funding for public school systems experiencing enrollment declines and the construction of new facilities at public universities.

Links: [Fiscal Year 2017 Budget Proposal](#); [Budget Highlights](#); [Governor's Press Release](#); [State of the State Speech](#)

## **Massachusetts**

Massachusetts' Governor Charlie Baker released his proposed \$39.6 billion fiscal 2017 budget on January 27 that increases spending by 3.5 percent, assumes an increase in state revenues of 4.3 percent, and has no new taxes or fees. Additionally, the budget would make an anticipated deposit of at least \$206 million of capital gains revenue into the Stabilization Fund. Spending in Medicaid would increase by 5 percent over the prior year. The budget plans to hold flat most of the rates paid to Medicaid providers and would move more individuals into managed care plans. The budget includes an increase in local education aid of \$72 million, local government aid of \$42 million, and an additional \$40 million in spending on substance abuse treatment. The proposed budget also increases staffing at the Department of Children and Families, programs to treat substance abuse, and job training for welfare recipients. It would require some public employees to pay more for health insurance. The governor stated that his budget proposal "...makes targeted investments in transportation, education, the Department of Children and Families and fulfills our commitment to cities and towns to bolster local aid as we aim to make Massachusetts great in every community."

Links: [Fiscal Year 2017 Budget Proposal](#); [Governor's Press Release](#); [State of the Commonwealth Speech](#)

## **Michigan**

On February 10, Michigan Governor Rick Snyder released his fiscal 2017 budget proposal that calls for \$54.9 billion in total spending, a \$438 million or 0.8 percent increase, and \$10 billion in general fund spending, a \$145 million or 1.5 percent increase. Health and human services would represent the largest area of total spending at 45 percent, followed by education (30 percent), jobs (10 percent), government services (7 percent), public safety (6 percent), environment (2 percent), and reserves (less than 1 percent). The budget proposal calls for \$12.1 billion in K-12 appropriations, up from \$11.8 billion in fiscal 2016, a 4.3 percent increase for universities, a 2.4 percent increase for community colleges, \$9.5 million for a trooper recruit school, \$1.3 million for implementing recommendations of a drug and opioid abuse task force, increased funding for Healthy Kids Dental, and \$533.3 million in increased transportation revenues as part of a new state transportation package. The budget also addresses specific challenges the state is facing including the Flint water crisis and Detroit Public Schools. Regarding Flint, the budget calls for an additional investment of \$195 million to continue support and address various needs. For Detroit Public Schools, the budget calls for an investment of \$72 million a year for 10 years from Michigan's tobacco settlement proceeds to offset the Detroit Public School's repayment of a debt load expected to reach \$515 million. In his letter to the legislature, the governor said, "While Michigan's economic forecast remains positive, the state faces unique challenges that require immediate attention. Specifically, our work to respond to the Flint water crisis and the financial and educational crisis in Detroit Public Schools requires immediate action and investment."

Links: [Fiscal Year 2017 Budget Proposal](#); [Budget Presentation](#); [Governor's Press Release](#); [State of the State Speech](#)

## **Minnesota**

On March 15, Minnesota Governor Mark Dayton released a supplemental budget request for the current fiscal 2016-2017 biennium budget. The proposal totals \$698 million, including \$117 million in tax reductions and \$581 million in new spending. Of the \$698 million, \$411 million would be one-time and \$287 million would be ongoing. Additionally, the proposal leaves a projected remaining balance of \$202 million. The \$117 million in tax reductions include an expanded Child Care Tax Credit, more Working Family Tax Credits, and tax cuts for education expenses. The \$581 million in additional spending includes several different initiatives focused on investing in kids, families and communities, creating an economy that works for all Minnesotans, creating jobs through infrastructure, and ensuring clean, affordable water. Specifically, the supplemental budget request calls for \$100 million for broadband, \$100 million for various equity initiatives, \$77 million for education and early learning, \$56 million for higher education, \$47 million for local governments, \$46 million for cyber security, and \$34 million for corrections. Regarding his proposal, the governor said, “These investments would work to eliminate economic disparities, expand essential infrastructure across Minnesota, and ensure that all Minnesotans have a fair shot to get ahead in today’s innovation economy.”

Links: [Fiscal Years 2016-2017 Supplemental Budget Proposal](#); [Governor’s Press Release](#); [State of the State Speech](#)

## **Mississippi**

On January 26, Mississippi Governor Phil Bryant released his fiscal 2017 executive budget recommendation that calls for spending from the general fund of \$5.74 billion, a 0.4 percent increase from fiscal 2016, and spending from all state supported funds of \$6.2 billion, a 0.5 percent increase from fiscal 2016. General fund revenues are projected to be \$5.7 billion in fiscal 2017, a 1.9 percent increase from the revised revenue estimate for fiscal 2016. Additionally, the rainy day fund will be funded at \$428 million, returning the balance to the statutory limit. After implementing mid-year reductions in fiscal 2016, the budget proposal level-funds most state agencies, and returns other agencies to pre-reduction spending levels. The budget prioritizes programs that have been proven to work, and recommends additional funding for several education programs relating to certified teachers, jobs for at-risk students, third grade reading programs and early childhood education. To help obtain the capacity to meet a legal settlement agreement, and protect vulnerable children, the budget proposes \$34.4 million in increased funding for foster care. The governor stated, “Like my previous executive budget recommendations, this recommendation balances Mississippi’s budget by spending prudently, saving for the future, and identifying core functions of government. If we continue to adhere to these principles, we will remain successful.”

Links: [Fiscal Year 2017 Budget Proposal](#); [Governor's Press Release](#); [State of the State Speech](#)

## **Missouri**

On January 20, Missouri Governor Jay Nixon released his fiscal 2017 budget proposal that calls for \$27.32 billion in spending from all funds, a 3.0 percent increase. The recommended budget calls for \$9.63 billion in spending from general revenues, a 5.1 percent increase. Human services represents the largest area of total spending in fiscal 2017 at 46 percent, followed by K-12 (22 percent),

transportation (8 percent), corrections and public safety (6 percent), higher education (5 percent), and judiciary, elected officials, and General Assembly (1 percent). For spending solely from general revenues, K-12 is the largest area at 35 percent, with the next largest areas being human services (32 percent), higher education (10 percent), and corrections and public safety (8 percent). The proposed budget contains a number of initiatives focused on the areas of economy, education, disaster recovery, mental health, opportunity, families, and outdoors. Specific spending recommendations include: \$10 million to assist new and emerging high-tech companies, \$21.2 million for early childhood education, \$55.6 million for performance based higher education funding, \$44.2 million to increase rates paid to mental health community providers, \$11 million for job training and work readiness programs, \$78.6 million for the Home and Community Based Services Program, \$10.1 million to ensure that soil and water resources are available for current and future uses, and \$54.1 million for a two percent pay increase for state employees. In his transmittal letter to the legislature, the governor said that the state's sound financial management will allow it to continue its shared values including, "...maintaining fiscal discipline, strengthening our public schools, making college more affordable, improving the health of our communities, and investing in business creation."

Links: [Fiscal Year 2017 Budget Proposal](#); [Budget Summary](#); [Governor's Letter](#); [State of the State Speech](#)

### **Montana**

In 2015, Montana enacted a two-year budget for fiscal 2016 and fiscal 2017.

Link: [Fiscal Years 2016-2017 Enacted Budget](#)

### **Nebraska**

On January 14, Nebraska Governor Pete Ricketts announced proposed adjustments to the current fiscal 2015-2017 biennium budget. The proposed changes center on four areas: addressing a \$154 million revenue forecast reduction; providing property tax relief and tightening local government spending and levy limits; accelerating improvements to transportation infrastructure; and increasing correctional bed capacity. The projected budget gap would be closed through several different measures including reducing appropriations (unspent carryover) from the prior biennium budget, transfers to the general fund, and reducing new appropriations. The governor's proposals on transportation center on creating a transportation infrastructure bank, providing additional funding for repair and replacement of deficient bridges, and supporting new businesses and expansions by connecting them to the state transportation network. Finally, the governor's recommendations for corrections include authorizing new capital construction for increased community corrections beds with a transfer from the state Cash Reserve Fund, and providing \$4.6 million to continue housing inmates in county jail facilities. In his letter to the legislature the governor said, "I again ask you to give priority to providing property tax relief. Accelerating our transportation infrastructure improvements to grow Nebraska and accommodating prudent investment in correctional system capacity needs are also key priorities. I also look forward to working with you to make the necessary adjustments to maintain balance in our state budget."

Links: [Fiscal Years 2015-2017 Mid-Biennium Budget Adjustments Proposal](#); [Budget Presentation](#); [State of the State Speech](#)

## **Nevada**

In 2015, Nevada enacted a two-year budget for fiscal 2016 and fiscal 2017.

Link: [Fiscal Years 2016-2017 Enacted Budget](#)

## **New Jersey**

New Jersey's Governor Chris Christie released his proposed fiscal 2017 budget on February 16 that totals \$34.8 billion, a 2.2 percent increase over fiscal 2016. The budget includes no new taxes. The budget includes a \$1.9 billion contribution to the state's pension funds, an increase of \$550 million from fiscal 2016, and \$250 million in savings from state employee and retiree health care costs. Even after the proposed reforms, the combined increase in pension and health benefit costs represents 78 percent of the year-over-year growth in the proposed fiscal 2017 budget. The budget includes over \$16 billion in direct and indirect property tax relief, including \$13.3 billion in school aid, \$1.5 billion in municipal aid, and \$1 billion in direct property taxpayer relief programs. The proposal also includes funding to support charter schools including the opening of up to six new charter schools in fiscal 2017. Other items include a \$548 million increase for education compared to fiscal 2016, a \$127 million investment in substance abuse and mental health treatment, and \$48.8 million for community based services and support for people with developmental disabilities. Total revenues are projected to increase 3.1 percent in fiscal 2017. The governor said his budget proposal is based on two principles, fiscal restraint and "...to continue advancing the hard reforms New Jersey needs, so we can build a stronger economy and make this State a better place to live -- for our generation and the next."

Links: [Fiscal Year 2017 Budget Proposal](#); [Budget Summary](#); [Governor's Press Release](#); [Budget Address](#); [State of State Speech](#)

## **New Hampshire**

In 2015, New Hampshire enacted a two-year budget for fiscal 2016 and fiscal 2017.

Links: [Fiscal Years 2016-2017 Enacted Budget](#); [State of the State Speech](#)

## **New Mexico**

On January 5, New Mexico Governor Susana Martinez released her fiscal 2017 budget proposal, calling for \$6.46 billion in general fund spending, which reflects a \$228 million (3.7 percent) increase in recurring expenditures. "I recognize that revenues are uncertain due to persistently low energy prices, and that most agency budgets will have to be held flat. This means that, with the limited new revenue we will have, we have to prioritize more – and better," said the governor in her State of the State address. The governor recommends \$101 million in new funding for public education to cover basic school operations and increase teacher salaries, as well as direct more funding for pre-K programs, early literacy, teacher mentorship programs, and college scholarships. The budget also proposes numerous investments to improve public safety and child welfare services. General fund spending on Medicaid would increase by roughly \$69 million under the governor's budget proposal, with roughly two-thirds of this increase resulting from the decrease in the federal match for the adult

expansion population from 100 percent to 95 percent. The governor also recommends several investments aimed at economic development, including additional (mostly non-recurring) funding for the state's Job Training Incentive Program, which supports small businesses that hire and train new workers. In addition to recurring spending recommendations, the governor proposes \$117 million in additional non-recurring spending for fiscal 2016 and fiscal 2017 to cover one-time expenditures, initiatives and other items, including \$35 million for critical information technology projects. The state is projected to collect \$6.47 billion in recurring general fund revenue in fiscal 2017, and have general fund reserves of \$517 million at the end of fiscal 2017.

Links: [Fiscal Year 2017 Budget Proposal](#); [Governor's Press Release](#); [State of the State Speech](#)

### **New York**

New York's Governor Andrew Cuomo released his proposed budget for fiscal 2017 on January 13. The proposed fiscal 2017 budget of \$154 billion includes a \$2.1 billion increase in school funding over two years and additional building construction projects. State spending would increase 1.7 percent under the proposed budget. This is the sixth year in a row that the budget limits spending growth to two percent. An additional \$2.3 billion windfall from monetary settlements with financial institutions is again set aside primarily for one-time investments and reserves. The budget also includes some remaining aid from Hurricane Sandy and some federal health care aid. All funds projected tax receipts growth is estimated to increase by 3.5 percent in fiscal 2017. The budget proposes to cut taxes both for small businesses who pay via the corporate tax and those who pay through personal income taxes. In his budget address, the governor discussed the need to encourage municipal consolidation, continue successful investments, provide Medicaid relief to local governments, invest more in infrastructure, and support schools and invest in education through such items as expanding pre-K and providing teachers with a credit for supplies. Other areas of focus included protecting the environment and encouraging clean energy, bolstering public safety, increasing housing aid, additional criminal justice reform, and embracing good government and transparency. The governor noted that the state is not immune to problems facing the nation, but will be able to overcome them stating that, "From crumbling infrastructure to climate change to the widening gap between the wealthy and everyone else, we too are faced with significant challenges. I know that New York can conquer these issues, however, because we have done it before."

Links: [Fiscal Year 2017 Budget Proposal](#); [Budget Presentation](#); [Governor's Press Release](#); [State of the State and Budget Address](#)

### **North Carolina**

In 2015, North Carolina enacted a two-year budget for fiscal 2016 and fiscal 2017.

Link: [Fiscal Years 2016-2017 Enacted Budget](#)

## **North Dakota**

In 2015, North Dakota enacted a two-year budget for fiscal 2016 and fiscal 2017.

Link: [Fiscal Years 2016-2017 Enacted Budget](#)

## **Ohio**

In 2015, Ohio enacted a two-year budget for fiscal 2016 and fiscal 2017.

Link: [Fiscal Years 2016-2017 Enacted Budget](#)

## **Oklahoma**

On February 1, Oklahoma Governor Mary Fallin proposed a fiscal 2017 budget that recommends total appropriations of \$6.9 billion, a 0.75 percent spending decrease from fiscal 2016. The largest categories of spending include education and workforce development (51.3 percent), health and human services (30.5 percent), safety and security (10.0 percent), and transportation (2.5 percent). In December 2015, the State Board of Equalization projected \$6.06 billion in available revenue for fiscal year 2017 appropriations partly due to the decline in oil and natural gas prices, which is 12.9 percent less than the fiscal 2016 certification. The proposed budget is balanced through a combination of recurring revenue proposals, appropriation reductions and targeted appropriation increases. The proposal includes \$910.5 million in recurring revenue sources to diversify revenue streams, including sales tax modernization, increasing the cigarette tax by \$1.50 per pack, and elimination of the personal income tax double deduction. The budget also recommends \$167.4 million in expenditure reductions across 63 agencies along with \$199.7 million in targeted expenditure increases across three agencies, the Departments of Education, Human Services and Corrections. The budget proposal does not propose any one-time revenues and does not access the Rainy Day Fund. In her address, the governor said “This budget takes control of the challenges we face today and puts us on a far better footing for the future. It makes necessary cuts that will require continued efficiencies from agencies, prioritizes spending and lessens those reductions in our core service areas wherever possible.”

Links: [Fiscal Year 2017 Budget Proposal](#); [Governor's Press Release](#); [State of the State Speech](#)

## **Oregon**

In 2015, Oregon enacted a two-year budget for fiscal 2016 and fiscal 2017.

Link: [Fiscal Years 2016-2017 Enacted Budget](#)

## **Pennsylvania**

Pennsylvania's Governor Tom Wolf released his proposed fiscal 2017 budget on February 9 that totals \$80.2 billion in all funds. Of the total, \$32.7 billion is general funds, \$27.8 billion is federal funds, \$11.6 billion is other funds, \$3.5 billion is augmentation and fees, \$2.8 billion is motor license fees, and \$1.8 billion is the lottery fund. The general fund budget of \$32.7 billion includes \$1.6 billion of mandated spending increases that are debt obligations of \$100 million, corrections spending of \$178 million, human services costs of \$800 million, and pension costs of \$500 million. The budget includes

a \$200 million, or 3.3 percent increase, in the Basic Education Subsidy, additional funds for early childhood education, an increase in higher education funding by 5 percent, an expansion of home and community-based care of \$92 million, and additional funds to address the heroin and opioid epidemic. Administrative consolidations and savings are also included in the proposed budget. On the revenue side, the budget proposes a \$2.7 billion revenue package including an increase in the personal income tax rate from 3.07 percent to 3.4 percent that would yield an estimated \$1.3 billion for fiscal 2017, an expansion of the sales tax base to cover basic cable television, movie theater tickets and digital downloads that would yield an additional \$414 million in fiscal 2017, and an increase of the cigarette tax by \$1 per pack, generating an estimated \$468 million. Additionally, the budget proposes to fully phase-out the capital stock and franchise tax. In discussing the state's current fiscal situation, the governor said, "There are two paths we can take: we can fix our deficit and invest in education to move Pennsylvania forward or we can continue to embrace the failed status quo and cut \$1 billion from education funding, cut hundreds of millions of dollars to essential social services and continue to stifle the commonwealth's economic growth."

Links: [Fiscal Year 2017 Budget Proposal](#); [Budget Presentation](#); [Governor's Press Release](#); [Budget Address](#)

### **Rhode Island**

Rhode Island's Governor Gina Raimondo released her proposed fiscal 2017 budget on February 2 that totals \$8.96 billion and includes increased funding for education, changes to the school aid formula, and a \$30 million reduction in unemployment insurance taxes. Of the total funds, general revenue makes up 41 percent with federal revenue making up 33 percent and other funds 20 percent. The budget includes \$3.7 billion in state dollars, which is \$124.8 million, or 3.5 percent, above the previous year. The budget includes no broad-based tax increases but does include a 25-cent increase in the state's cigarette tax. Specific items in the budget proposal include an investment in an innovation center where academics, researchers, business people and entrepreneurs can collaborate, the elimination of some standalone state agencies, a 7 percent boost in the state-subsidized hourly wages for home health aides and personal care attendants, and \$35 million in bonds that would extend bike paths, preserve open space, and reduce water pollution. In discussing her budget proposal, the governor noted that it "...includes no broad-based tax increases; invests in strengthening neighborhood schools and in building skills that matter; makes it cheaper and easier to do business in order to attract new businesses and help our existing businesses grow; makes work pay for Rhode Island families; protects the health and safety of our residents; and modernizes government."

Links: [Fiscal Year 2017 Budget Proposal](#); [Budget Overview](#); [Budget Message](#); [Budget Address](#)

### **South Carolina**

On January 15, South Carolina Governor Nikki Haley proposed a fiscal 2017 budget that recommends \$7.4 billion in general fund appropriations, a 4.04 percent increase from fiscal 2016. Total general fund recurring revenues are projected to be \$7.6 billion. The budget proposal continues to emphasize education and includes six main themes: funding the basics; improving school facilities; education governance; reforming SC First Steps to Readiness; recruiting and retaining effective teachers; and

integrating technology into student life. As the governor said in her budget letter, “Successfully educating a child means providing a safe and clean environment, an engaged and qualified educator, and current instructional materials.” The budget proposes \$165.3 million to increase base student costs in the state funding formula to \$2,300, an increase over the prior year’s base costs of \$2,220, as well as \$40 million for district technology initiatives and \$13.5 million to expand the governor’s Rural Teacher Recruiting Initiative. Other initiatives included in the budget proposal are \$10.8 million to hire 144 new prosecutors to handle domestic violence cases and reduce average caseloads, and \$6.6 million to hire 88 new public defenders. Several provisions support flood recovery efforts, such as \$75 million to cover the state and local share of public infrastructure costs under FEMA’s public assistance program, \$49 million for road and bridge repairs not covered by federal reimbursements, and \$40 million for emergency beach erosion projects. The budget also recommends \$131 million to fully fund the first year of 10 years in income tax reductions, eventually cutting all rates by two percentage points.

Links: [Fiscal Year 2017 Budget Proposal](#); [State of the State Address](#)

### **South Dakota**

South Dakota Governor Dennis Daugaard released his fiscal 2017 budget proposal on December 8. The plan calls for \$4.03 billion in total spending, an 11.7 percent increase, and \$1.49 billion in general fund spending, a 4.1 percent increase. Much of the increase in total spending is due to additional federal funds as a result of the governor’s recommendation to expand Medicaid. The budget forecasts that ongoing general fund receipts will total \$1.49 billion, up from \$1.44 billion in fiscal 2016. Additionally, the budget assumes an ending balance of \$99 million. The largest area of general fund spending is recommended to be health, human, and social services at 37.6 percent, followed by aid to schools (30.3 percent), higher education (13.9 percent), and corrections (6.7 percent). Some of the governor’s key recommendations include: increased reimbursement rates for Medicaid providers; increased funding for state universities; increased funding for technical institutes; compensation adjustments for state employees; funding increase for K-12 according to the statutory formula; and a conservative approach to growth. Other proposals include expanding Medicaid if there is no general fund cost, and working with the legislature to propose dedicated funding to implement the education Blue Ribbon Task Force recommendations. In his letter to the legislature, the governor said, “In South Dakota, we remain committed to fiscal responsibility and conservative management principles. We don’t spend what we don’t have. We use one-time money for one-time expenses, and ongoing money for ongoing expenses. When possible, we avoid the creation of unfunded liabilities. We work hard to ensure your tax dollars are used wisely to fund a fiscally strong state government.”

Links: [Fiscal Year 2017 Budget Proposal](#); [Budget Summary](#); [Budget Presentation](#); [Letter to the Legislature](#); [State of the State Address](#)

### **Tennessee**

On February 1, Governor Bill Haslam released his fiscal 2017 budget proposal that calls for \$34.8 billion in total state spending, a 2.5 percent increase over fiscal 2016 and \$30.7 billion in general fund spending, a 3.3 percent increase over fiscal 2016. The largest categories of general fund spending are

education (48.0 percent), health and social services (32.0 percent), and law, safety and correction (11.0 percent). The budget assumes revenue growth of 2.79 percent in total taxes. Additionally, the Rainy Day Fund is projected to reach an estimated level of \$668 million on June 30, 2017, which is 5 percent of general fund revenues and back to pre-recession levels. The budget prioritizes education, and proposes the largest investment in K-12 education in state history without a tax increase, allocating an additional \$261 million, including additional funds for teacher salaries. For higher education, the budget recommends \$50 million for the outcomes-based funding formula, and between operations and capital investments, invests \$390 million in new spending. As the governor noted in his State of the State address, “I personally believe that investing in education is the smartest thing we can do for economic development. But I also believe it’s a smart long-term investment... The facts are clear: a more educated population will spend less money on health care. Less money on incarceration.”

Links: [Fiscal Year 2017 Budget Proposal](#); [Budget Presentation](#); [Governor’s Press Release](#); [State of the State Speech](#)

### **Texas**

In 2015, Texas enacted a two-year budget for fiscal 2016 and fiscal 2017.

Link: [Fiscal Years 2016-2017 Enacted Budget](#)

### **Utah**

On December 9, Utah Governor Gary Herbert proposed his budget for fiscal 2017, which calls for \$6.43 billion in operating and capital spending from the state’s general and education funds, and total spending from all fund sources of \$14.8 billion. The governor’s budget once again prioritizes investments in education, recommending a \$422 million funding boost for the state’s public and higher education systems. The governor calls for a \$130 million (4.75 percent) increase in locally controlled basic school program funding and \$91 million in enrollment growth funding. For postsecondary education, the recommended budget provides \$141 million in spending increases, including \$89 million for one-time expenditures. Other budget and policy priorities include identifying long-term solutions to ensure a sufficient water supply, improving air quality, and expanding health care coverage for the uninsured. “On this issue of healthcare, let this be the session when Utah leads the way in finding the right state solution,” said the governor in his State of the State address. The budget proposal is based on a revenue forecast that projects \$181 million in new one-time funds and more than \$380 million in new ongoing unrestricted general fund and education fund revenue, as well as modest increases in dedicated tax revenues. The state’s rainy day fund balances now exceed pre-recession levels, totaling \$528 million across all reserve funds. A stress test review conducted by the state budget office and legislative fiscal staff found that the state is generally well positioned to weather potential impacts of an economic downturn, though the governor recommends additional funds be set aside in a working rainy day fund for capital projects. The budget also includes discussion of the governor’s performance management approach, known as the SUCCESS Framework, designed to help the state maximize existing resources to improve capacity as well as justify new investments based on expected, measurable results.

Links: [Fiscal Year 2017 Budget Proposal](#); [Governor’s Press Release](#); [State of the State Speech](#)

## **Vermont**

Vermont's Governor Peter Shumlin released his proposed fiscal 2017 budget on January 21. The proposed budget of \$5.8 billion for fiscal 2017 in all funds reflects an increase of 2.55 percent over the 2016 Recommended Governor's Budget Adjustment and would support a general fund budget of \$1.53 billion, an increase of 3.03 percent. The budget does not raise income, sales, or rooms and meals taxes. The budget does include a provider tax on physicians and dentists to generate additional funds for Medicaid, and increased taxes on mutual funds to help close a \$68 million budget gap. The proposed budget would expand treatment in an effort to battle opiate addiction. Additionally, the budget fully funds the statutory general fund transfer to the education fund, the actuarial recommendations for state employees' and state teachers' pension plans, and does not rely on one-time funds to cover ongoing funding obligations. The budget level-funds support for higher education. Finally, the budget continues an expansion of the programmatic performance measure program. In discussing his budget, the governor stated that efforts will continue to reduce the incarceration rate and said, "Let's use our tax dollars to educate, not incarcerate."

Links: [Fiscal Year 2017 Budget Proposal](#); [Governor's Press Release](#); [State of the State Speech](#)

## **Virginia**

On December 17, Virginia Governor Terry McAuliffe released a two-year budget proposal that recommends spending \$52.3 billion in all funds in fiscal 2017 and \$54.0 billion in fiscal 2018, including \$20.3 billion in general fund spending in fiscal 2017 and \$20.2 billion in fiscal 2018. The largest categories of general fund spending in fiscal 2017 include K-12 education (29.9 percent), Medicaid (27.6 percent), higher education (9.5 percent), corrections (7.3 percent), and behavioral health and disabilities (3.8 percent). The budget proposal includes increased general fund spending of \$1.7 billion in fiscal 2017 and \$1.6 billion in fiscal 2018, prioritized on five themes to "Build the New Virginia Economy"; investing in the future; creating 21st century jobs, creating healthier communities; creating stronger, safer communities; and maintaining prudent and sound government. Education is a priority in this budget and includes \$139.1 million over the biennium to hire 2,500 additional teachers, \$49.7 million in targeted aid for schools with high concentrations of at-risk students, and \$50.0 million for higher education institutions to increase access and completion rates. Under the budget proposal, the K-12 per pupil contribution will be \$5,446 in fiscal 2018, the highest level of student support in state history. The budget also directs \$605.5 million for the mandatory deposit to the Revenue Stabilization Fund in fiscal 2017, increasing the size of the fund to approximately \$845 million by June 30, 2017. The governor highlighted the budget themes in his address and said, "When I talk about building a new Virginia economy I am talking about a 21st century approach that requires us to broaden our competitive scope and sharpen our strategic vision...we must shift into high gear with smart reforms and investments that will spark accelerated growth and guarantee the long-term financial health of the Commonwealth."

Links: [Fiscal Years 2017-2018 Budget Proposal](#); [Budget Presentation](#); [Governor's Budget Address](#); [State of the Commonwealth Speech](#)

## **Washington**

In 2015, Washington enacted a two-year budget for fiscal 2016 and fiscal 2017. On December 17, Governor Jay Inslee proposed a supplemental budget for the current biennium. The recommendation makes modest adjustments to the state's \$38 billion enacted budget, primarily in response to caseload increases, as well as emergencies and high-priority needs. Since the budget was enacted, state revenue projections have increased by \$245 million, though that growth was outpaced by spending demands, which have risen by more than \$700 million. The governor's supplemental budget calls for roughly \$180 million in funding from reserves to cover last year's wildfire suppression costs, as well as additional funding for recovery and preparation efforts. The governor also recommends \$137 million in new spending for mental health services, including \$44 million from the general fund. "We know we have to do more for mental health in this state. We have urgent short-term needs, but we also need to take a long view on how to build a stronger mental health system," said the governor. The budget also includes funding to cover increasing Medicaid enrollment and other healthcare spending. The governor additionally proposes to raise teacher salaries to address the state's teacher shortage, and pay for this increase by eliminating or restricting various tax breaks.

Links: [Fiscal Years 2016-2017 Supplemental Budget Proposal](#); [Governor's Press Release](#); [State of the State Speech](#)

## **West Virginia**

On January 13, West Virginia Governor Earl Ray Tomblin released a fiscal 2017 budget that proposes spending \$27.6 billion in all funds and \$4.3 billion in general fund revenues. The fiscal 2017 General and Lottery revenue base budget of \$4.7 billion as recommended by the governor is \$22.5 million lower than the fiscal 2016 base budget funding level. The largest categories of spending from general and lottery funds are public education (40.6 percent), health and human resources (26.6 percent), higher education (9.5 percent), and military affairs and public safety (7.5 percent). Fiscal 2016 revenues were 7.8 percent below estimates as of December 2015 and the state anticipates a current year shortfall of \$354 million; the shortfall is due mostly to the significant decline in severance tax collections as a result of lower energy prices. The governor addressed the gap through midyear budget reductions, continuation of a hiring freeze and revenue reallocations and enhancements. The fiscal 2017 budget includes proposals to increase revenues, including raising the state's tobacco tax by 45 cents a pack, to a total of one dollar, to generate nearly \$71.5 million annually in new revenue, and eliminating a telecommunications sales tax exemption to generate an additional \$60 million annually. Spending increases in the budget include \$43.5 million for the employers' share of the Public Employees Insurance Agency, \$27.7 million for the Medicaid program, and \$4.2 million for the Supreme Court. The budget does not use any Rainy Day funds to balance the budget and the Rainy Day fund will equal 18.4 percent of general fund revenues. In his executive message, the governor noted several recent successes, including increased jobs, a diversified economy, expanded substance abuse assistance and treatment, juvenile justice reform, and expanded early childhood education. Looking towards the future the governor said, "Since 2011, we have created a number of new opportunities for future generations, and we have faced our share of challenging times. Our state is at a crossroads. I present a plan that preserves the best of our past while charting a bold new plan for our

future.” On March 7, the governor released revised budget recommendations pertaining to the various retirement systems as well as budget line items across the General and Lottery funds.

Links: [Fiscal Year 2017 Budget Proposal](#); [Budget Presentation](#); [Governor’s Press Release](#); [Revised Budget Recommendations](#); [State of the State Speech](#)

### **Wisconsin**

In 2015, Wisconsin enacted a two-year budget for fiscal 2016 and fiscal 2017.

Links: [Fiscal Years 2016-2017 Enacted Budget](#); [State of the State Speech](#)

### **Wyoming**

On December 1, Wyoming Governor Matt Mead submitted his budget proposal for the fiscal 2017-2018 biennium. The governor recommends \$3.02 billion in appropriations from the general fund and Budget Reserve Account (BRA) over the next two years. This reflects roughly \$19 million in spending cuts to the standard budget, as general fund revenues are expected to decline due to low oil and gas prices. “My budget incorporates strategic reductions while still providing the services that our citizens rely on and the projects needed for continued growth,” said the governor. The budget calls for \$758 million in general fund spending for education. Most of state spending on K-12 education falls outside the general fund budget, with spending from the School Foundation Program fund totaling \$1.85 billion and School Capital Construction Program fund spending of \$219 million. The budget also proposes to borrow money from the state’s rainy day fund to support additional investments in priorities such as infrastructure, economic development and local governments. Despite this borrowing, the governor’s budget projects that the rainy day fund balance, expected to begin fiscal 2017 at \$1.8 billion, would increase to \$1.9 billion by the end of the biennium as a result of investment earnings and the statutory severance tax diversion. In addition, the governor recommends that the state expand Medicaid to increase insurance coverage as well as reduce healthcare spending from state funds.

Links: [Fiscal Years 2017-2018 Budget Proposal](#); [Governor’s Press Release](#); [State of the State Speech](#)