

Summaries of Fiscal Year 2026 Proposed Budgets

May 28, 2025

This document details summaries of governors' budget proposals for fiscal 2026. Also included are links to proposed budgets and other supporting documents. 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 47 states and Guam have proposed a new budget for fiscal 2026. Thirty-one states will approve a one-year budget for fiscal 2026, while 16 states will enact a two-year budget for fiscal 2026 and fiscal 2027. Kentucky, Virginia, and Wyoming previously enacted a biennial budget for both fiscal 2025 and fiscal 2026; the governors of Virginia and Wyoming have proposed revisions to their current biennial budgets. The first fiscal 2026 budget proposal for consideration during 2025 legislative sessions was released in November 2024 while the last was released in March 2025.

Economic and Fiscal Conditions

Fiscal 2026 budget proposals were introduced during a time when states were experiencing tighter fiscal conditions due to slower revenue growth, increasing expenditure demands, and the winddown of federal COVID aid. In this environment, new money is limited, revenue collections are performing closer to states' forecasts, reserves in most states are on track for modest growth, and some states are forecasting budget gaps in the out-years that will need to be addressed. States entered fiscal 2025 having enacted spending plans representing a median annual growth rate of 1.9 percent, according to NASBO's Fall 2024 [Fiscal Survey of States](#). The slower spending growth in fiscal 2025 followed strong growth in the preceding years largely due to one-time expenditures from surplus funds. General fund revenue projections for fiscal 2025 used in enacted budgets were also projected to grow 1.9 percent year-over-year, marking the third consecutive year of modest annual revenue growth after two consecutive years of extraordinary double-digit percentage increases in fiscal 2021 and fiscal 2022.

In their 2025 [State of the State speeches](#), most governors reported the state of their state is strong. Many governors highlighted recent economic gains, educational improvements, reductions in crime, increased investments in infrastructure, and steps taken to improve the state's fiscal condition. However, governors also noted the need to improve the standard of living, increase opportunities for all, keep communities safe, help government work better, protect against economic uncertainty, and address ongoing challenges.

Fiscal Profile

Similar to fiscal 2025, most fiscal 2026 budget proposals are calling for modest increases in total state spending (which includes both state and federal funds). However, a number of proposals are assuming slight declines. One reason for the modest growth rate and slight declines in total state spending is states having already spent the vast majority of the additional federal funding from the American Rescue Plan Act (ARPA) and other federal COVID relief bills. The slower growth rate in total state spending is also partly due to less one-time state expenditures from prior surplus funds, which were largely derived from tax collections exceeding forecast in the years following the start of the pandemic. Similarly, the overall growth rate in general fund spending in fiscal 2026 is expected to slow as states remain focused on maintaining structural balance. According to governors' budget proposals, revenues are expected to grow slowly for a fourth consecutive year in fiscal 2026. However, since the release of budget proposals, a number of states have revised [revenue forecasts](#) downward for fiscal 2026 citing increased economic and federal uncertainty. As states are facing tighter budgets, a number of governors included targeted spending cuts, hiring freezes, and slight increases in their rainy day funds in their fiscal 2026 budget-

proposals. NASBO's Spring 2025 Fiscal Survey of States, to be released in June, will include additional data on proposed expenditure, revenue, and balance levels for fiscal 2026.

Priorities in Proposed Budgets

In their budget proposals, governors noted the need to prioritize fiscal responsibility including maintaining core services, limiting spending growth, taking a targeted approach to spending reductions, ensuring a balanced budget, and promoting long-term fiscal sustainability. Governors also discussed the need to promote economic growth, maintain reserves, pay down debt, and protect against economic and fiscal uncertainty. An area of increased attention this year was government reform including a focus on modernizing government, improving efficiency, removing unnecessary regulations, and reducing the size of government.

Governors also emphasized [affordability concerns](#) while outlining initiatives to help lower housing costs, reduce [childcare expenses](#), address the price of college, improve healthcare access, enhance food security, curb energy costs, and provide tax relief. Other broad areas of focus included educational investments at all levels including teacher pay raises and expanded school choice; public safety with a continued focus on law enforcement funding and community safety; healthcare with an emphasis on access and services for vulnerable populations; infrastructure including efforts to build and preserve roads and bridges, increase broadband deployment, and maintain state facilities; and natural resources and the environment including investments in wildfire mitigation and disaster preparedness, water safety, and increasing energy production from all sources.

Tax Policy Changes

Governors recommended a wide range of [tax policy changes](#) aimed both at providing tax relief and generating additional revenue through targeted increases. These revenue actions included further reducing personal income taxes; lowering

property tax burdens; ending the grocery tax; middle class tax relief including one-time refund checks; creating or expanding child tax credits; boosting earned income tax credits; targeted tax relief to retirees, farmers, and law enforcement officers; modifications to corporate taxes; expanding the sales tax base; new tax brackets for high-income earners; increased rates for vaping, cigarettes, and other tobacco products; and taxes related to the legalization of cannabis and expanded sports betting. The variety of tax changes more closely mirrors fiscal 2025, when 27 states enacted net decreases in general fund revenue and 10 states enacted net increases, than fiscal 2023 and fiscal 2024, the two biggest years for net tax cuts on record (measured in nominal dollars) in the history of NASBO's Fiscal Survey of States.

Outlook

States are currently experiencing tightening fiscal conditions where new money is limited, and they are having to make decisions on what areas to prioritize. States are facing budget pressures in a number of areas such as Medicaid, employee health care, education including school choice, housing affordability, and disaster preparation and response. Additionally, current revenue growth has flattened, and revenue projections for fiscal 2026 have been adjusted downward in a number of states. Forecasters have cited economic uncertainty, changes in federal spending and employment, tariffs, and decreased international tourism as contributing factors to the revised forecasts. States are also monitoring developments at the federal level including possible reductions in federal funding that may require action to ensure fiscal 2026 budgets remain balanced. As states prepare to enter fiscal 2026, they will have to contend with a combination of increasing spending demands, slowing revenue growth, and federal fiscal uncertainty.

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ALABAMA

On February 6, Alabama Governor Kay Ivey released her fiscal 2026 budget recommendations for the General Fund and the Education Trust Fund. The General Fund proposes \$3.7 billion in non-earmarked spending, an increase of \$301.7 million, or 9.0 percent, over budgeted fiscal 2025. The Education Trust Fund proposes \$9.9 billion in spending for fiscal 2026, an increase of \$560.9 million, or 6.0 percent, over budgeted fiscal 2025. The budget anticipates a beginning balance in fiscal 2026 of \$333.6 million in the General Fund and \$1.5 billion in the Education Trust Fund. Net receipts to the General Fund are projected to decline 1.65 percent in fiscal 2026 to \$3.4 billion compared to the current year. Net receipts to the Education Trust Fund are projected to increase by 1.8 percent in fiscal 2026, to \$11.1 billion, compared to fiscal 2025. The estimated balances at the end of fiscal 2026 are \$0 for the General Fund and, after accounting for transfers, \$1.2 billion in the Education Trust Fund.

Proposed Budget Highlights

The governor's budget priorities for fiscal 2026 include expanding educational options, building on gains in educational outcomes, ensuring public safety, supporting the economy, and passing responsible budgets.

General Fund

- Provides funds for metro area crime suppression and body cameras at the state's Law Enforcement Agency.
- Increases funds for the airport development grant program.
- Provides additional funds for the food bank grant program.
- Increases funds for the Department of Public Health, including fully funding the Children's Health Insurance Program (CHIP) for fiscal 2026 and providing rural matching grants through the Office of Emergency Medical Services.
- Allocates additional funds to the Department of Human Resources including for Child Advocacy Centers and Family Resource Centers.
- Increases funding for the state Medicaid program.

- Provides additional funds for the Department of Mental Health for civil commitment/residential services.
- Adds funding for the Department of Senior Services to provide inflationary funds for the Elderly Nutrition Program.
- Increases funding for the state employee's health insurance program to cover increased monthly premiums.
- Provides additional funds to the Department of Corrections for staff hirings at a new correctional complex, contract increases for inmate medical services, food service contract increases, and correctional facility camera equipment.

Education Trust Fund

- Increases funds for early childhood education, including for First Class Pre-K expansion and increased per unit funding; the Dolly Parton Imagination Library; and the Strong Start/Strong Finish program.
- Provides additional funding to community colleges, including operational costs across multiple campuses, prison education, and dual enrollment programs.
- Allocates additional funds for K-12 local boards of education, addressing increases in the Foundation Program, the transportation program, and other current expenses.
- Increases funds for the Department of Education to support increases for the Literacy and Numeracy Acts to improve reading and math skills; summer and afterschool programs; the English language learners program; and Turnaround schools.
 - Funds are also provided for the CHOOSE Act, a program allowing qualifying families to claim up to \$7,000 for each qualifying student to be used for non-public education expenses, including private school tuition.
- Increases operations and maintenance funding for all four-year colleges and universities.



ALABAMA

(Continued)

- Includes funding for a new Law Enforcement Officers’ Family Scholarship Program.
- Provides additional funds for school based mental health services.
- Increases funding for the Youth Services Program at the Department of Youth Services.

Proposed Budget Information

[Fiscal Year 2026 Budget Proposal](#)

[Education Trust Fund Summary](#)

[General Fund Summary](#)

[Finance Director’s Presentation](#)



ALASKA

On December 12, 2024, Alaska Governor Mike Dunleavy released his proposed budget for fiscal 2026. Total appropriations from all fund sources for fiscal 2026 are \$14.19 billion, a 7.6 percent decrease from fiscal 2025. Unrestricted general fund (UGF) appropriations are recommended at \$4.93 billion, a 4.5 percent decrease from fiscal 2025. Additionally, the budget calls for a Permanent Fund dividend appropriation of \$2.58 billion, an increase from \$996.3 million in fiscal 2025. The proposed budget forecasts total revenues of \$15.25 billion, a 6.3 percent decline from fiscal 2025, and unrestricted general fund revenue of \$2.40 billion, a 6.7 percent decline from fiscal 2025. The state's available reserve balance is estimated at \$2.88 billion.

Proposed Budget Highlights

The governor's proposed budget for fiscal 2026 reflects his continued priorities of reducing crime, improving educational outcomes, passing a balanced budget, and bringing outside investment into Alaska. In addition, the budget continues the governor's efforts to make Alaska the best place to raise a family and includes a full statutory Permanent Fund Dividend, which is estimated to be \$3,892 per eligible Alaskan. Highlights of the budget proposal include:

Public Safety

- Establishes a Talkeetna State Trooper Post to ensure timely law enforcement coverage.
- Hires three new Alaska State Trooper Investigators to investigate child crimes.
- Hires five additional Village Public Safety Officers.
- Purchases a new aircraft for emergency rural response across Alaska.
- Funds the Alaska Housing Finance Corporation (AHFC) Empowering Choice voucher program for victims of domestic violence.
- Deposits general funds into the Disaster Relief Fund for timely responses to disasters.

Education

- Total investments in K-12 education include fully funding K-12 Foundation Formula and pupil transportation at the statutory level.
- Continued supports for career and technical education, teacher apprenticeships, and teacher recruitment and retention initiatives.
- Supports electrician and plumber career pathway development for students.
- Funding to help the University of Alaska Fairbanks achieve R1 status for research universities.

Energy Development

- Advances the Alaska LNG Project Phase 1 to construction.
- Completion of engineering, design, permitting, and geological studies for the Bradley Lake Hydropower Dixon Diversion Project.
- Support for Alaska Energy Authority Renewable Energy Project Grants.
- Funding for AHFC Energy Weatherization Programs (utilizing federal funds and funds from the AHFC Dividend).

Transportation

- Improvements along the Copper River Highway and development of the Wood River Canyon bridges and trails.
- Funding for the Dalton Highway Heavy Maintenance milepost.
- Support for Alaska West Coast Resiliency Projects for damage to infrastructure caused by Typhoon Merbok (combination of federal and state funds).
- Funding for Alaska Department of Transportation and Public Facilities right-of-way clearing of vacated homeless encampments.



ALASKA (Continued)

Resources

- Initiates a Gulf of Alaska Chinook salmon marine harvest study.
- Continues the Alaska Marine Salmon Program to obtain critical marine research in the Bering Sea and Gulf of Alaska.
- Develops forest infrastructure for increased timber sales in Southeast Alaska.
- Funds for the Alaska Seafood Marketing Institute (ASMI) to invest in marketing Alaska seafood over three years.

Affordability

- Support for the AHFC Rural Professional Housing Program and the AHFC Homeless Assistance Program.
- Implements expanded eligibility of the Child Care Assistance Program implementing Senate Bill 189.
- Funding for the Point Mackenzie Correctional Farm Produce Processing Plant.
- Aid for the University of Alaska Fairbanks – Agriculture and Food Systems for Alaska’s Economic Sustainability.

Proposed Budget Information

[Fiscal Year 2026 Budget Proposal](#)

[Fiscal Summary](#)

[Department Summary](#)

[10-Year Plan](#)

[Budget at a Glance](#)

[Governor’s Press Release](#)

[Revenue Forecast](#)



ARIZONA

On January 17, Arizona Governor Katie Hobbs released a budget proposal for fiscal 2026. The budget projects \$70.1 billion in total agency operating expenditures from all appropriated and non-appropriated funds for fiscal 2026. General fund spending, including baseline changes and new initiatives as well as ongoing and one-time expenditures, is recommended at \$17.7 billion, a 7.5 percent increase compared to the revised level recommended by the governor for fiscal 2025. The governor's general fund budget includes a net baseline spending increase of \$778 million and a net increase in executive initiatives of \$794 million. The budget recommendation calls for \$886 million in one-time spending from the general fund. The budget, which includes \$16.8 billion in ongoing spending (reflecting a 9.1 percent annual increase) is based on ongoing forecasted general fund revenue of \$17.0 billion (reflecting a 4.8 percent increase). With a structural balance (the difference between ongoing revenues and ongoing spending) of \$186 million, the fiscal 2026 executive budget recommendation has a projected ending balance of \$147 million in the general fund. The state's rainy day fund (known as the Budget Stabilization Fund) is projected to have a balance of \$1.6 billion at the end of fiscal 2026, representing 9.1 percent as a percentage of proposed general fund expenditures. Combining the rainy day fund and ending balance, the state's total balances are projected at \$1.76 billion at the end of fiscal 2026.

Proposed Budget Highlights

The Executive Budget for fiscal 2026 seeks to restore The Arizona Promise by investing in programs that support working families and help Arizonans thrive. The governor's proposal prioritizes economic growth, lowering costs, keeping communities safe, and protecting fundamental freedoms. Highlights of the budget include:

Lowering Housing Costs

- Expands the State Low Income Housing Tax Credit for six years to facilitate the development of affordable housing.
- Uses American Rescue Plan Act (ARPA) funds to increase first-time homebuyer assistance.
- Provides one-time funding to establish the Homes for Heroes Fund to reduce veteran homelessness.

- Deposits additional funds in the Housing Trust Fund.

Childcare Affordability

- Directs a combination of general, ARPA, and other funds for the Bright Futures AZ initiative to reduce childcare costs, increase access, and support providers
- Develops a public-private partnership that reduces child care costs.
- Establishes an out of school grant program for elementary age youth.
- Creates a child care tax credit for businesses.
- Increases support for the Child Care Assistance program.

Keeping Communities Safe & Securing the Border

- Provides a 5 percent pay increase for front line law enforcement and correctional officers.
- Additional funds to help law enforcement agencies with border security efforts.
- One-time funds to expand drug-interdiction efforts, launch a statewide fentanyl awareness campaign, expand access to medication-assisted treatment in rural and underserved communities, and equip first responders with naloxone and related overdose reversal medications.
- One-time funds to support victims and survivors of crime.

Securing Water Future & Fighting Fires

- Funds for a newly created Colorado River Litigation Fund to defend the state's interests
- Funds for wildfire suppression to support ongoing efforts.

Investing in Public Education

- Additional base level funding for district and charter schools.
- Proposes cost-saving reforms to the Empower Scholarship Account (ESA) program to implement a scaled income cap that modifies school voucher amounts and repeals prior-year eligibility.



ARIZONA

(Continued)

Protecting Healthcare Access & Reproductive Freedom

- Additional spending to expand family planning coverage eligibility and create access to a year’s supply of contraception for Medicaid recipients.

Proposed Budget Information

[Fiscal Year 2026 Budget Proposal](#)

[Budget Summary](#)

[Budget Presentation](#)

[Governor’s Press Release](#)



ARKANSAS

On November 21, Arkansas Governor Sarah Huckabee Sanders released a \$6.49 billion general revenue budget proposal for fiscal 2026. This represents an increase of \$182.5 million, or 2.9 percent, over fiscal 2025. Gross general revenues are projected to be \$8.5 billion in fiscal 2026, an increase of \$96.8 million, or 1.2 percent, from fiscal 2025. After required deductions and refunds, net available revenues are projected at \$6.79 billion which is an increase of \$203.4 million, or 3.1 percent, over fiscal 2025. The proposed budget projects a surplus of \$299 million for fiscal 2026.

Proposed Budget Highlights

The proposed budget delivers on the governor's priorities of limiting spending growth and improving efficiency while still investing in key priorities of education, maternal health, public safety, and government efficiency. Highlights of the budget include:

Education

- Proposes additional funding for the LEARNS Education Freedom Accounts program for this year and sets aside funding to create a strong fiscal reserve for the program.
- Increases funding for higher education.

Maternal Health

- Provides new Medicaid funding for proposals created by the Strategic Committee on Maternal Health.
- Includes set-aside funding for Medicaid sustainability.

Public Safety

- Increases funding for the Department of Corrections for a 10-year contract with its medical provider and for the state's reimbursement to county jails holding Arkansas prisoners.

Other

- Proposes new funding for pay raises for state's dedicated frontline workers.
- Restructures the state employee pay plan to help recruit and retain workers.
- Provides increases to the Division of Youth Services and for foster placement.

Proposed Budget Information

[Governor's Press Release and Budget Letter](#)

[Budget Presentation to Legislature](#)

[Revenue Forecast](#)



CALIFORNIA

On January 10, California Governor Gavin Newsom introduced his budget proposal for fiscal 2026. The budget calls for total state expenditures (excluding federal funds) of \$322.3 billion, including \$228.9 billion in general fund spending for fiscal 2026. This represents a 1.4 percent general fund decrease compared to spending levels in fiscal 2025. The proposal builds on the multi-year framework of strategies that was passed last year to resolve the state's projected shortfall for fiscal 2025 and fiscal 2026. The fiscal 2026 budget is based on total general fund resources for fiscal 2026 of \$251.4 billion, including a \$26.3 billion beginning balance and \$225.1 billion in annual revenue after a \$7.1 billion transfer from the state's rainy day fund (also known as the Budget Stabilization Account or BSA). General fund revenues, prior to the BSA transfer, are forecasted to increase 0.2 percent in fiscal 2026 compared to current estimates for fiscal 2025. The recommended budget projects reserve balances at the end of fiscal 2026 of \$10.9 billion in the BSA and \$1.5 billion in the Public School System Stabilization Account (PSSSA). Additionally, the general fund ending balance is expected to be \$22.5 billion, including an \$18.0 billion Reserve for Liquidation of Encumbrances and \$4.5 billion in the Special Fund for Economic Uncertainties (SFEU) (the state's operating reserve). This amounts to combined budgetary reserves (BSA, PSSA, and SFEU) of \$17.0 billion (7.4 percent of recommended general fund expenditures for fiscal 2026).

Proposed Budget Highlights

The governor's budget represents a balanced spending plan and avoids making new cuts to core programs. The budget proposes limited new investments, including full implementation of several transformative initiatives. The budget also directs additional funding towards wildfire and forest resilience, building on the substantial investments in this area in recent years. Highlights of the budget include:

Education

- Funds the full implementation of universal transitional kindergarten (TK), expanding eligibility to all four-year-old children and lowers the average student-to-adult ratio for TK classrooms.

- Includes funding to fully implement the Expanded Learning Opportunities Program, which provides before, after and summer school instruction and enrichment.
- Fully funds the universal school meals program.
- Maintains support for tuition-free community college for eligible students.
- Provides for Proposition 98 funding for K-14 schools of \$118.9 billion, a 51 percent increase since the governor took office.

Public Safety

- Provides funds to support state and local public safety efforts, including implementing new laws to enhance enforcement, prosecution, and accountability.

Housing & Homelessness

- Proposes streamlining processes and removing unnecessary permitting and legal barriers to help lower housing construction costs.
- Increases reporting requirements and accountability measure for homelessness funding.

Wildfire & Forest Resilience

- Builds on previous investments with additional funding over multiple years for wildfire and forest resilience projects, funded from the voter-approved Climate Bond.
- Includes annual funding for healthy forest and fire prevention programs, including prescribed fire and other fuel reduction projects.

Other Climate & Environment

- Proposes a series of investments to combat climate change and bolster resiliency, funded by Climate Bond resources, including:
 - Water-related infrastructure projects including dam safety, water quality, flood management, and water reuse projects.



CALIFORNIA (Continued)

- Coastal resilience projects and planning efforts for the impacts of sea level rise.
- Projects to boost resilience to extreme heat.
- Land conservation acquisitions, habitat enhancements and other nature-based solutions.
- Climate smart agricultural projects, including improving irrigation systems.
- Expanding state parks and other outdoor recreation access.
- Clean energy projects such as port upgrades to support the development of offshore wind generation.

Climate Action

- Includes savings from the elimination of over 6,000 vacant government positions.
- Reduces ongoing state operations costs such as personal services, operating expenses and equipment, and consulting and professional services and achieves operational efficiencies by reducing state travel budgets, printing costs, and IT system modernization.

Proposed Budget Information

[Fiscal Year 2026 Budget Proposal](#)

[Budget Summary](#)

[Governor's Press Release](#)



COLORADO

On November 1, Colorado Governor Jared Polis released his recommended budget for fiscal 2026. On January 2, the governor released amendments to the budget. The amended proposal calls for \$46.4 billion in total fund spending, a decrease of 1.8 percent from fiscal 2025, and \$17.9 billion in general fund operating spending, a decrease of 5.0 percent from fiscal 2025. Gross general fund revenue in fiscal 2026 is expected to total \$17.9 billion, a 1.7 percent increase from the fiscal 2025 estimate. Combined with the state's beginning balance of \$2.1 billion, total forecasted general fund resources for fiscal 2026 are \$20.03 billion, a 4.3 percent decrease from the fiscal 2025 estimate. The governor recommends a general fund reserve level of \$2.3 billion, or 15 percent of general fund spending.

Proposed Budget Highlights

The governor's budget makes targeted investments in public safety, education and healthcare to enhance the state and maintains financial reserves. The following recommendations are included in the budget:

Public Safety

- Supports and sustains Colorado's emergency and operational communications dispatching system.
- Provides funds to the Crime Prevention through Safer Streets program to enable local governments and law enforcement entities to make physical infrastructure and security improvements.
- Invests funds in the Youth Delinquency Prevention and Intervention program that supports the collaborative work of community-based organizations and local government to reduce crime among youth.
- Allocates funds to expand capacity at the Colorado Mental Health Hospital in Fort Logan.
- Provides funds for Community Corrections to expand capacity at facilities.

K-12 Education

- Increases funding for K-12 education to preserve a significant balance in the State Education Fund.

- Increases funding for special education services for categorical services that provide funding to specific groups of students and student needs.
- Proposes funds to provide greater support to young students with reading deficiencies using evidence-based interventions.
- Proposes new resources to tackle chronic absenteeism in K-12.
- Continues to provide funding for the Universal Preschool Program.
- Increases funding to support Early Intervention which provides development support such as speech therapy to children from birth through age two with developmental delays.

Higher Education

- Provides funds to higher education institutions for an increase in financial aid and to keep salaries and benefits in line with inflation increases.
- Proposes a 2.3 percent increase for in-state tuition.
- Proposes improvements to the Colorado Promise tax credit.

Healthcare

- Increases Medicaid funding to meet the higher forecasts for Medicaid caseload
- Requests modest rollbacks in the Medicaid rate increases allocated in recent years.
- Proposes funds to go directly to counties to ensure the increased volume of Medicaid and SNAP cases will be processed in a timely and accurate manner.
- Requests funds to operate the Ridge View Supportive Residential Community for individuals experiencing homelessness.
- Provides new funding for the Behavioral Health Administration to expand access to behavioral health care.



COLORADO (Continued)

Renewable Energy & Environmental Preservation

- Proposes restructuring the operating budget of the Colorado Energy Office to provide stable, ongoing operation funding to maintain their professional staff.
- Proposes refinancing the severance tax Operational Fund to provide more annual predictability to meet General Fund priorities and fund water projects.

Economy

- Extends and expands the employee ownership tax credit.
- Expands eligibility for the Advanced Industries tax credit .
- Introduces a new contingent tax credit to promote film festivals in Colorado.
- Proposes investments to help Colorado workers by preventing and addressing the crime of wage theft.

Commitment to Good Governance

- Funds a 2.5 percent across-the-board increase in state employee compensation.
- Maintains reserves at 15 percent.

Proposed Budget Information

[Fiscal Year 2026 Budget Proposal](#)

[Budget Presentation](#)

[Governor's Press Release](#)

[Revenue Forecast \(December 2024\)](#)

[Budget Amendments - January 2](#)



CONNECTICUT

On February 5, Connecticut Governor Ned Lamont released his budget proposal for the fiscal 2026-2027 biennium. The budget recommends \$26.97 billion in total spending in fiscal 2026, a 3.8 percent increase over appropriated fiscal 2025, and \$28.2 billion in fiscal 2027, a 4.6 percent increase over the recommended level for fiscal 2026. General fund spending comprises \$23.8 billion in fiscal 2026, an increase of 4.5 percent over appropriated fiscal 2025, and \$24.97 billion in fiscal 2027, an increase of 4.8 percent over fiscal 2026. Total general fund revenues at the current rate are projected at \$23.9 billion in fiscal 2026, an increase of 2.4 percent over fiscal 2025, while net projected revenue after proposed revenue changes is \$24.1 billion, an increase of 3.3 percent. For fiscal 2027, total general fund revenues at the current rate are projected at \$24.6 billion, an increase of 2.8 percent over fiscal 2026, and net projected revenue after proposed revenue changes is \$25.3 billion, an increase of 4.8 percent. The budget assumes a budget reserve fund level of \$5.5 billion at the end of fiscal 2027. The budget also proposes a revision to the volatility cap, one of the fiscal guardrails extended by the legislature at least through 2028. The cap, which applies to revenue from estimated and final payments under the personal income tax and from the pass-through entity tax, is currently set at 76.4 percent for fiscal 2026 and 77.5 percent for fiscal 2027. The governor proposes increasing the threshold by \$288.9 million in fiscal 2026, allowing approximately 80.0 percent of this revenue to flow to the general fund. The threshold would grow in line with the growth in personal income for fiscal 2027 and beyond.

Proposed Budget Highlights

The governor's proposed budget for the fiscal 2026-2027 biennium continues the promise of opportunity for all and builds upon the progress of previous budgets to advance the goals of opportunity and affordability for Connecticut residents. The budget prioritizes investments in children and families, financial support for programs serving the most vulnerable residents, and providing individual and business tax relief.

Tax Relief

- **Corporate Taxes:** Accelerates the elimination of the capital base tax (originally scheduled to be eliminated January 1, 2028), modifies the research and development credit exchange program by increasing

the reimbursement percentage to 90 percent for the biotech sector, reforms the unitary tax and net operating losses, extends the corporate surcharge for three additional income years, and reduces the top film production tax credit rate from 30 percent to 25 percent of qualifying expenditures.

- **Property Taxes:** Expands property tax relief by increasing the income tax credit for property taxes paid to municipalities, benefiting more than 800,000 taxpayers, and increasing income limits for phaseout of the credit.

Children & Families

- Creates a Universal Pre-school Endowment, allowing for a sustainable expansion of pre-school access with approximately 12,000 new spaces and 7,500 extended day pre-school spaces by 2032. The endowment will also subsidize the cost of offering school-day, school-year pre-school spaces for families meeting income requirements.
- The endowment will be funded by \$300 million of the unappropriated surplus for fiscal 2025 with future amounts also coming from general fund surplus if available.
- Increases provider rates in the Care 4 Kids program.
- Increases rates in fiscal 2027 for rates in the Early Start CT program, which will launch in July 2025 and combine three existing programs – Child Day Care Contracts, School Readiness Grants, and State HeadStart Supplemental Grants.
- Provides funds to increase rates in the Birth to Three program.

K-12 Education

- Increases the Education Cost Sharing grant in fiscal 2026. All districts phasing into full funding of their formula entitlement will receive their full grant two years sooner than the original 10-year phase-in timeline.
- Increases funding in fiscal 2027 to subsidize high-cost placements for students with the greatest special education needs and establishes a High-Quality Special Education Incentive grant to support districts'



CONNECTICUT (Continued)

abilities to provide high-quality special education programming.

- Provides funds to help address chronic student absence and disengagement, eliminate reduced price lunch and breakfast fees for students statewide, provide universal free school breakfast, and support a high dosage tutoring grant.

Health & Wellness

- Proposes limiting price increases for generic and off-patent drugs to the annual rate of inflation.
- Proposes the state begin evaluating the feasibility of a drug importation program and provides funds for drafting a feasibility study and program application.
- Recommends updating the hospital provider tax to generate additional provider tax revenue in fiscal 2027 and increase hospital supplemental payments.
- Directs the Comptroller to explore measures to reduce hospital costs under the state employee and non-Medicare retiree health plans. If the savings target is achieved, the state will increase hospital supplemental payments under Medicaid.
- Provides funds to support increased rates for providers under Medicaid.
- Removes coverage of weight loss medications in the Medicaid program when prescribed for obesity only.
- Increases private provider funding to providers who are contracted to serve the state's most vulnerable populations.
- Utilizes Opioid Settlement Funding from to continue behavioral health programs previously funded by the federal American Rescue Plan Act (ARPA), including mobile crisis services for children and adults, wrap-around services for persons in supportive housing, and cold weather response.

Transportation

- Increases funding for public transportation bus service and proposes a bus fare increase; fares have remained flat since 2016.

- Continues support for expanded bus services to support workforce transportation.
- Provides additional funding for rail transportation services and increases rail fares.

Other Initiatives & Proposals

- Eliminates license fees for certain occupations to remove barriers for individuals entering in-demand professions.
- Funds two positions to coordinate the state's strategy regarding artificial intelligence (AI).
- Supports new Rental Assistance Program vouchers while also supporting eviction prevention efforts.
- Provides funds to the Department of Correction to annualize fiscal 2025 deficiencies including in personal services, other expenses, and inmate medical services.
- Increases funding in fiscal 2027 to support expanded resources to respond to and support victims of sexual violence and child abuse.
- Includes additional transfers of general fund revenue to the Municipal Revenue Sharing Fund each year.

Proposed Budget Information

[Fiscal Years 2026 - 2027 Budget Proposal](#)

[Slide Presentation](#)

[Budget Address](#)

[Economic Report](#)



DELAWARE

On January 6, 2025, outgoing Delaware Governor John Carney proposed a budget recommendation for fiscal 2026. On March 27, Governor Matthew Meyer introduced budget amendments for fiscal 2026 (a “Budget Reset”), building upon the prior administration’s proposal while focusing on the new governor’s priorities. With Governor Meyer’s proposed budget amendments, the general fund operating budget would total \$6.58 billion, reflecting annual growth of 7.4 percent. Additionally, the governor recommends \$82.8 million for grants-in-aid, \$59.9 million for one-time supplemental appropriations, and \$291.4 million in cash for capital projects. The budget is based on a general fund revenue forecast of \$6.76 billion for fiscal 2026, which reflects 1.9 percent annual growth over fiscal 2025 estimates (before policy changes). The budget also incorporates \$29.5 million in additional revenue from proposed changes to personal income, cigarette, and other tobacco taxes. Including this additional revenue as well as carry-over funds from the prior year, total resources are projected at \$7.158 billion. Total general fund cash appropriations represent 98.0 percent of total resources at \$7.015 billion, meeting the two percent set-aside required by state law. The state’s traditional rainy day fund, the Budget Reserve Account, has an estimated balance of \$365.4 million in fiscal 2026, based on the Financial Summary in Governor Carney’s budget recommendation. The fiscal 2026 financial plan for Governor Meyer’s Budget Reset also maintains the current balance in the state’s newer reserve, known as the Budget Stabilization Fund, of \$469.2 million for fiscal 2026.

Proposed Budget Highlights

Governor Meyer’s Budget Reset prioritizes investments in education, affordable housing, and healthcare. The budget preserves some of Governor Carney’s proposals, including teacher and state employee compensation increases, while also introducing new revenue proposals and focusing on efforts to increase efficiency and transparency. Governor Meyer’s budget also recommends the creation of a federal contingency fund of \$21.9 million to offset potential federal funding cuts. Highlights of the budget include:

K-12 Education

- Provides emergency funding for early literacy.
- Increases compensation for educators.
- Additional funds to support low-income and multilingual learner students.
- Additional funds for student mental health services.
- Invests state funds, to be matched by private donations, to boost direct support to classrooms.
- Provides funding to help remove cell phones from classrooms.
- Invests in career and technical education programs on artificial intelligence (AI).

Affordable Housing

- Streamlines vouchers and increases rental assistance funding.
- Funds incentives for affordable housing construction.
- Extends programs that provide low-interest loans and downpayment assistance.
- Builds a coordinated response system to combat homelessness.
- Funds Downtown Development Districts (DDD).

Healthcare

- Makes targeted investments in Medicaid.
- Provides funding for feasibility study to establish a medical school in the state.
- Funds to launch a new round of grants to bring healthier foods to communities.

Revenue Proposals

- Recommends reforms to the personal income tax code to create several new higher-income brackets, with increased marginal tax rates on those brackets, while reducing rates for lower-income tax brackets, generating additional revenue on net.



DELAWARE (Continued)

- Increase cigarette tax per pack by \$0.50.
- Increase tax on other tobacco products.
- Update certain agency fees to raise additional revenue, mostly for transportation.

State Workforce

- Provides salary increases and additional healthcare funding for all state employees.
- Takes additional steps to ensure public employee compensation is competitive.

Efficiency & Transparency

- Invests in an electronic health records system to efficiently process reimbursements.
- Provides funds for a government performance review focused on improving service delivery.
- Funding to develop efficiencies in business permitting process.
- Invests in shovel-ready infrastructure planning.

Proposed Budget Information

[Fiscal Year 2026 Budget Proposal](#)

[Governor Meyer's Budget Reset Presentation](#)

[Technical Appendix](#)

[Governor Carey's Recommended Operating Budget](#)

[Revenue Forecast](#)



FLORIDA

On February 3, Florida Governor Ron DeSantis introduced a \$115.6 billion all funds budget for fiscal 2026, a decrease of \$3.0 billion, or 2.5 percent, compared to fiscal 2025. The general revenue portion of the budget totals \$50.2 billion, an increase of \$383.4 million, or 0.8 percent, from fiscal 2025. Based on the latest general revenue estimating conference, net general revenues are estimated at \$49.7 billion in fiscal 2026, an increase of 2.4 percent over fiscal 2025. The budget has a combined reserve total of \$14.6 billion, including \$4.2 billion in unallocated general revenue and a Budget Stabilization Fund of \$4.9 billion.

Proposed Budget Highlights

The Focus on Fiscal Responsibility budget continues to model fiscal conservatism by paying down tax-supported debt, providing tax relief, reducing the size of government, and continuing to produce meaningful investments for Floridians.

Taxpayer Savings

- The budget includes \$2.2 billion in tax relief through permanent and temporary changes:
 - For businesses, the budget repeals the business rent tax, creates a new venture capital tax credit program, and permanently extends the sales tax exemption for Data Center Property
 - For homebuyers, the budget provides a one-year exemption of intangibles tax for the first \$500,000 of residential mortgages for the purchase of a primary (owner-occupied) residence
 - Provides several temporary tax savings mechanisms, including sales tax holidays for outdoor recreation purchases; back to school shopping; disaster preparedness items; tools and equipment used by skilled workers; ammunition, firearms and related accessories; and marine fuel. The budget also delays for two years the imposition of natural gas fuel taxes

Education

- Provides record state funding for the K-12 public school system and covers the costs associated with the current projected enrollment of more than 3.2 million students. This includes a per-student increase in the Florida Education Finance Program.

- Increases funds for school safety and mental health.
- Increases funds to support salary increases for eligible teachers and other instructional personnel.
- Allocates funds for the voluntary pre-kindergarten program, which serves approximately 136,000 four- and young five-year-olds.
- Does not include any tuition or fee increases for the state's colleges and universities.
- Supports workforce education programs including career and technical education programs and nursing education initiatives.

Environment

- Includes funding to protect water resources, including Everglades restoration and targeted water quality improvements.
- Provides funds to restore the state's world-renowned springs, combat the impacts of harmful algal blooms, support the Alternative Water Supply Grant Program, protect conservation lands and waterways, and invest in state coastlines.
- Allocates funds to restore oyster reefs, protect and restore coral reefs, invest in the citrus industry, and combat wildfires.

Health & Human Services

- Provides funds to advance cancer research initiatives.
- Allocates funds to support the care of pregnant women and children by helping improve access to care, coordinate behavioral health services for children, and provide pregnancy support.
- Invests funds to support behavioral health services including state-operated mental health treatment facilities and community forensic residential treatment beds.
- Utilizes funds from the nationwide Opioid Settlement Agreement to combat the opioid crisis, including support for the Office of Opioid Recovery and an accredited Graduate Medical Education program. to increase the number of residents in addiction medicine.



FLORIDA (Continued)

- Supports those served by the child welfare system, including supporting foster parents and caregivers. The budget also implements a new Community Based Care funding model.
- Provides funding to allow additional individuals with unique abilities to receive necessary services through the Home and Community Based Services waiver.

Public Safety

- Provides positions to establish the Office of SecureFlorida at the Department of Commerce to enforce e-verify compliance.
- Provides additional funding to the Department of Corrections to improve officer retention, increase inmate programming, enhance inmate mental health services, and make technology upgrades.
 - Allocates funds to improve safety and security at state correctional facilities, including security equipment and improved infrastructure.
- Increases funding for the Department of Juvenile Justice's Florida Scholars Academy, providing students in the care of the department educational opportunities and trade skills in high-demand occupations.

Other Priorities

- Provides significant funding for disaster recovery, mitigation, and emergency management, including the state match for costs relating to disasters.
- Fully funds programs to support housing availability and affordability.
- Supports rural development through the Rural Infrastructure Fund, Small County Outreach Program, and Small County Resurfacing Assistance Program.
- Invests funds to help reduce insurance premiums for homeowners through additional home hardening and mitigation inspections and grants, while also restoring

funds for the My Safe Florida Home Condominium Pilot Program.

- Includes funds to support ongoing maintenance and repairs at National Guard readiness centers throughout the state.

Proposed Budget Information

[Fiscal Year 2026 Budget Proposal](#)

[Budget Highlights](#)

[Budget FAQs](#)

[Governor's Press Release](#)

[Revenue Estimate](#)



GEORGIA

On January 16, Georgia Governor Brian Kemp released a \$73.04 billion total funds budget proposal for fiscal 2026, a decrease of 2.6 percent from the amended fiscal 2025 budget. From state funds the budget proposes spending \$37.7 billion, a decrease of 7.0 percent compared to the amended fiscal 2025 budget (which includes \$2.7 billion in reserve funds for one-time, high priority investments). General fund appropriations total \$32.5 billion in the fiscal 2026 proposed budget, a decrease of 8.4 percent from the amended fiscal 2025 budget and an increase of 3.4 percent from the original fiscal 2025 budget. State general fund receipts are projected at \$35.9 billion in fiscal 2026, an increase of \$160.6 million, or 0.5 percent, over the amended fiscal 2025 estimate, while total state treasury receipts are estimated at \$37.7 billion, an increase of 0.7 percent from amended fiscal 2025. The Revenue Shortfall Reserve was \$5.5 billion at the end of fiscal 2024, maintaining a “filled” status for the fourth consecutive year; current law provides that the reserve cannot exceed 15 percent of the previous fiscal year’s net revenue. Across state funds appropriated in the budget, the largest categories of spending are dedicated to Educated Georgia (52.6 percent), Healthy Georgia (23.2 percent), Safe Georgia (7.4 percent), and Mobile Georgia (7.1 percent).

Proposed Budget Highlights

The governor’s proposed budget continues to prioritize tax cuts, meeting the financial obligations of the state, and strategically investing funds to reduce future costs and build infrastructure for future growth.

Tax Cuts

- The budget and accompanying legislation will further reduce tax rates by an additional 20 basis points, down to 5.19 percent for the 2025 tax year and beyond, saving taxpayers an average of \$745 million a year.

Educated Georgia

- Early care:
 - Adds funds for year two of a four-year phase in to reduce Pre-K classroom size from 22 to 20 students.

- Provides funding to support 500 additional state funded slots in the Childcare and Parent Services program.
- Annualizes Childcare and Parent Services program reimbursement rates at the 60th percentile for providers and families.
- K-12 schools:
 - Increases funding to support enrollment growth and training and experience to recognize a 0.07 percent increase in enrollment.
 - Provides funds for the state share of employer increases on certified educators who participate in the State Health Benefit Plan.
 - Adds funds for growth in the State Commission Charter Schools Supplement.
 - Allocates additional funds for Sparsity Grant funds, including the addition of 93 eligible schools.
 - Establishes the Promise Scholarship Program for eligible K-12 students.
- Higher Education:
 - Adds funds for resident instruction at the University System of Georgia to reflect a 2.7 percent increase in credit hour enrollment and a 0.5 percent increase in square footage at institutions.
 - Provides increased funds for technical education to reflect a 10.6 percent increase in credit hour enrollment and a 0.02 percent decrease in square footage at institutions.
 - Allocates funds to the technical college system to support aviation, commercial truck driving, and nursing programs.

Healthy Georgia

- Provides funds to annualize funding for provider rate study recommendations, to annualize 100 slots, and to add 100 new slots for waiver programs at the Department of Behavioral Health and Developmental Disabilities.



GEORGIA (Continued)

- Adds funds for 67 new forensic beds at three regional state hospitals while annualizing funding for community-based facilities that provide services to child and adolescent, forensic, and intellectually and developmentally disabled populations.
- Provides additional funds for Medicaid and PeachCare, including funds for new high-cost drugs and for 12 months of continuous eligibility for children under the age of 19.
 - Includes additional support for pharmacy benefits for medications, including recently approved gene therapy treatments for sickle cell disease.
- Allocates funds to expand the maternal health home visiting program to additional counties and increase access to maternal fetal medicine in rural communities.

Safe Georgia

- Includes funds for the design and construction of a new Day Reporting Center and Field Office.
- Increases funding to add 330 correctional officer positions to improve staff to offender ratios.
- Provides funds to support multiple salary increases for critical positions and address salary compression at the Department of Corrections. This includes funds for a 4 percent salary increase for all correctional officer staff, funds to address salary compression in correctional officer positions, an 8 percent salary increase for behavioral health counselor positions, and a 4 percent salary increase for education, chaplain, food service, and maintenance positions.
- Allocates funds to add private prison beds at two adult institutions.
- Provides funds for two juvenile facility expansion projects.

Other Priorities

- Adds funds for supplemental payments for first responders diagnosed with occupational post-traumatic stress disorder.
- Increases funds for 75 new residency slots in primary care medicine.
- Provides funds for major renovations and improvements at State Parks and Department of Natural Resources facilities.
- Adds funds to ensure 400 Mbps of internet connectivity for all K-12 public schools statewide.

Proposed Budget Information

[Fiscal Year 2026 Budget Proposal](#)

[Governor's Remarks on the Budget Proposal](#)



GUAM

On January 31, Guam Governor Lourdes A. Leon Guerrero released her proposed budget for fiscal 2026. General fund revenues for fiscal 2026 are projected at \$948 million. Allocations from the general fund are projected to go to the following areas: Reserve Departments (42 percent), Protection of Life and Property (18 percent), General Government (14 percent), Public Health (12 percent), Debt Service (9 percent), Public Education (2 percent), and all others (3 percent). Special Fund revenues for fiscal 2026 are projected at \$211 million. Allocations from Special Fund revenues are projected to go to the following areas: General Government (29 percent), Reserve Departments (25 percent), Public Health (21 percent), Public Education (8 percent), Protection of Life and Property (8 percent), Debt Service (4 percent), and all others (5 percent). Federal Matching Funds for fiscal 2026 are projected at \$198 million. Allocations from Federal Matching Funds are projected to go to the following areas: Public Health (90 percent), Reserve Departments (6 percent), Protection of Life and Property (2 percent), and all others (2 percent). The aforementioned Reserve Departments include the Department of Education, University of Guam, and Guam Community College. Total spending from all funds for fiscal 2026 is projected at \$1.36 billion.

Proposed Budget Highlights

The governor's proposed budget is based off a continuing strong economy that allows the Government of Guam to provide more fiscal resources. Recommendations include the following:

Public Education

- Appropriates funds to the Department of Education including funds for CHamoru studies, interscholastic sports, health and physical education activities, textbooks, maintenance, and summer school.
- Directs funds to the University of Guam for scholarship and financial assistance programs; operation of the aquaculture and training center; and the Hydrologic Survey and Water Resource Monitoring Program administered by the Water and Environmental Research Institute of the Western Pacific.
- Allocates funds to the University of Guam Capital Improvements Fund to pay rental payments and debt service .

- Provides funds to Guam Community College for the Licensed Practical Nursing and Vocational Guidance program, the Lodging Management/ProStart program, an apprenticeship program, and the Peace Officer Standards and Training Commission.

Protection of Life & Property

- Appropriates funds to the Department of Corrections for the costs associated with the financing, design, construction, maintenance, and related expenses of the new Department of Corrections facility.
- Directs funds to the Department of Corrections to pay the Guam Memorial Hospital Authority for providing health services to inmates.
- Provides funding for 20 police officer trainees, 20 correction officer recruits for the Department of Corrections, 10 custom and quarantine recruits, and 20 firefighter recruits.
- Allocates funds to the Department of Youth Affairs to carry out summer employment and training programs for youth.
- Directs funds to the Guam Police Department for its Safe Schools Initiative.
- Appropriates funds to the Unified Judiciary of Guam for operation of adult and juvenile drug courts, the family visitation center, and the electronic monitoring program for Guam's pretrial and criminal offender populations.

General Government

- Provides funds to the Department of Administration for the Residential Treatment Fund, the Government Claims Fund for payment of approved government claims, and the completion of audit reports for the Government of Guam.

Public Health

- Appropriates funds to the Guam Behavioral Health and Wellness center for drug and alcohol detoxification, rehabilitation, and prevention services programs; inpatient services of drug and alcohol detoxification, rehabilitation, and prevention services programs; and the Youth Mental Health First Aid Program.



GUAM (Continued)

- Directs fund to the Department of Public Health and Social Services for the Medicaid program, operations of the Bureau of Social Services Administration, insurance premiums for foster children, the Child Protective Services Program, and the Division of Homelessness Assistance and Poverty Prevention.

Other

- Continues the Gas Tax Relief Act for the entirety of fiscal 2026.
- Allocates funds to the Supplemental Annuity Benefits Special Fund for direct payments to Government of Guam retirees who retired prior to October 1, 1995, or their survivors.
- Directs funds to pay for the cost of Medicare premiums for eligible retirees.
- Provides funds to pay for health, dental, and life insurance for the Government of Guam retirees.
- Appropriates funds to provide a cost-of-living allowance in the form of a single lump sum payment of \$2,500 to each retiree of the Government of Guam Retirement Fund who is retired as of September 30, 2025, or their survivors.
- Directs funds to conduct a competitive wage act study of all government of Guam positions.

Proposed Budget Information

[Fiscal Year 2026 Budget Proposal](#)

[Press Article](#)



HAWAII

On December 16, Hawaii Governor Josh Green released his budget proposal for the next biennium, covering fiscal 2026 and fiscal 2027. The budget calls for total spending of \$20.55 billion in fiscal 2026, a 7.4 percent increase from fiscal 2025, and \$20.46 billion in fiscal 2027, a 0.4 percent decrease from fiscal 2026's recommended level. General fund spending is recommended at \$10.47 billion in fiscal 2026, a 1.5 percent increase from fiscal 2025, and \$10.54 billion in fiscal 2027, a 0.7 percent increase from fiscal 2026. The budget is based on general fund revenue estimates of \$11.06 billion in fiscal 2026 (a 2.5 percent increase from fiscal 2025's projected level) and \$11.42 billion in fiscal 2027 (a 3.3 percent increase from fiscal 2026). The Emergency and Budget Reserve Fund (EBRF) and Hawaii Hurricane Relief Fund (HHRF) total balance as a percentage of prior year revenues is estimated at 16.6 percent in fiscal 2026 and 16.7 percent in fiscal 2027, while the ending fund balance as a percentage of prior year revenues is estimated as 9.1 percent in fiscal 2026 and 9.6 percent in fiscal 2027.

Proposed Budget Highlights

The governor's biennium budget proposal prioritizes reducing the high cost of living, improving education, building affordable housing for working families, sheltering and caring for vulnerable Hawaii residents, and making large investments in health care, biosecurity, wildfire mitigation and infrastructure across the state. In addition, the governor noted that recently enacted tax measures will provide much needed direct relief for working families in Hawaii. Highlights of the budget include:

Housing, Homelessness, & Infrastructure

- Support for the Mayor Wright Homes redevelopment project to transform the 70-year, 364-unit public housing project into a 2,448-unit mixed-use complex for low-income and middle-income families.
- Funds the Aloha Homes Program to develop 99-year leasehold units to support affordable housing efforts.
- Invests in infrastructure development at UH West Oahu for University Village near the rail line.

- Continues kauhale (communal living spaces) development and service provider contracts across the state.
- Allocates funds for the Housing First Program, the Rapid Re-Housing Program, homelessness outreach and for civil legal services.
- Supports the Rental Housing Revolving Fund for the development of affordable housing across the state.
- Provides for the Tier II Rental Housing Revolving Fund, which specifically supports the development of housing for those earning 60 percent to 100 percent of the area median income.
- Funding for the Dwelling Unit Revolving Fund which supports infrastructure investments.
- Allocates funds for student housing at the University of Hawaii to ensure the existing dorm inventory remains active to support the student experience.

Educational Opportunities

- Support for the for the Health Care Education Loan Repayment Program (HELP), which pays off educational loans for primary care and behavioral health providers who care for patients in designated Health Professional Shortage Areas of Hawaii.
- Funding for the Department of Education to continue critical programs such as Summer Learning Hubs, Advanced Placement classes, Hawaiian language immersion programs and for increased support for school coaches and athletics transportation.
- Provides for the Department of Human Services to continue support for critical social programs like child protective services, Benefit, Employment, and Support Services Division (BESSD), and rental assistance.

Environment & Resilience Efforts

- Funding for the State Fire Marshal and the development of the agency.



HAWAII (Continued)

- Allocates funds for the Department of Transportation Fire Mitigation program.
- Provides for the Lahaina Small Boat Harbor Reconstruction.
- Support for 44 positions and funds biosecurity efforts at the Department of Agriculture.
- Invests in the Hawaii Invasive Species Council.

Proposed Budget Information

[Fiscal Years 2026-2027 Proposed Budget](#)

[Budget in Brief](#)

[Governor's Message](#)

[Governor's Press Release](#)

[Revenue Forecast](#)



IDAHO

On January 6, Idaho Governor Brad Little released his recommended budget for fiscal year 2026. The proposal calls for \$14.38 billion in total fund spending in fiscal 2026, including \$5.66 billion in general fund spending. The budget recommendation reflects a total fund spending increase of 3.5 percent, and a general fund spending increase of 7.4 percent compared to original appropriations for fiscal 2025. General fund budgeted revenue in fiscal 2026 is forecasted to total \$5.93 billion, a 5.6 percent increase over fiscal 2025 estimated revenue. After proposed transfers and disbursements, maintenance expenditures and proposed enhancements, the governor's fiscal 2026 budget projects an ending balance of \$228 million. The budget estimates total reserve fund balances – including the Budget Stabilization Fund, Public Education Stabilization Fund, Higher Education Stabilization Fund, and 27th Payroll Fund – of \$1.2 billion at the end of fiscal 2025.

Proposed Budget Highlights

The governor presented his “Keeping Promises” plan, outlining investments in priority areas such as education, workforce development, transportation and infrastructure, natural resources, healthcare and human services for children and families, and safety and security, while also reducing regulation, providing additional tax relief, and addressing the state’s housing shortage. Highlights of the budget include:

Education

- Additional public school funding, including for continued investments in rural school facilities, mental health and school safety, and accountability initiatives to improve learning and literacy outcomes.
- Investment to support school choice initiatives.
- State funds for teacher pay increases and teacher health insurance.
- Additional funding for priority needs outlined by public schools in the State Department of Education’s budget.

Economy & Workforce

- Funding for additional seats at community and technical colleges.

- One-time funds for infrastructure projects to increase capacity for in-demand workforce programs.

Infrastructure & Transportation

- Additional funds to augment the Transportation Expansion and Congestion Mitigation bonding program.
- 3 percent increase for state and local transportation projects funded through the Strategic Initiatives Program.

Natural Resources

- One-time supplemental funding to replenish the Fire Suppression Deficiency Fund that was depleted in 2024, as well as ongoing funding in the amount equivalent to the five-year average of annual fire suppression expenditures.
- Funds for improved aviation and detection efforts to support early fire suppression.
- Ongoing funding for critical water infrastructure that will support the state’s agricultural industry.

Children & Families

- Invests in reforms to improve the foster care system and recruit foster parents.
- Additional federal funds for multiple years to expand access to high quality, affordable childcare for working families.
- Targeted funding to increase the number of medical residency positions to address physician shortage.
- Funds to incentivize doctors to practice in rural communities.

Safety & Security

- Invests in cybersecurity to combat increasing threats, including from foreign adversaries.
- Additional funds for the State Public Defenders Office as the state transitions public defense responsibility from counties to the state per 2022 enacted legislation.
- Funding for the interdiction of drones and contraband at state prisons.



IDAHO (Continued)

- Funds a new prosecutor position in North Idaho and for the continuation of awareness campaign to fight fentanyl impacts.

Other

- Provides an additional \$100 million in ongoing tax relief.
- Invests in strategies to increase the supply of affordable homes.
- 5 percent increase in employee compensation for permanent positions, with an additional 4.5 percent increase for IT and engineering positions.
- Energy and mining permitting reform to accelerate major projects.

Proposed Budget Information

[Fiscal Year 2026 Executive Budget](#)

[Fiscal Year 2026 Executive Budget Book](#)

[Budget Highlights](#)

[Governor's Press Release](#)

[Revenue Forecast \(January 2025\)](#)

[Governor's State of the State & Budget Address](#)



ILLINOIS

Illinois Governor JB Pritzker released his fiscal 2026 budget proposal on February 19, which calls for operating expenditures from all funds of \$129.4 billion, a 4.0 percent increase from fiscal 2025's level. General fund expenditures are estimated to be \$53.9 billion, a 4.9 percent increase from fiscal 2025's estimated level. Total state expenditures are comprised of general funds (41.7 percent), special state funds (38.5 percent), federal trust funds (12.2 percent), debt service funds (3.4 percent), highway funds (2.8 percent), state trust funds (1.3 percent), and bond financed funds (0.1 percent). General fund revenues are estimated to be \$55.5 billion, a 2.9 percent increase from fiscal 2025's level. The budget also includes a \$2.2 billion rainy day fund, assumes a general fund surplus of \$218 million, and fully funds the certified pension contribution.

Proposed Budget Highlights

The proposed budget for fiscal 2026 builds on six years of historic fiscal progress with balanced budgets, nine credit rating upgrades, a \$2.2 billion rainy day fund, and an eliminated bill backlog. It continues transformative investments in early childhood education and childcare, K-12 education, higher education, economic development, and efforts to fight poverty. Fiscal 2026 investment priorities include:

Early Childhood Education & Childcare Funding

- Continues funding for the third year of the governor's early childhood initiative.
- Investments include operational funding for the Illinois Department of Early Childhood, Early Childhood Block Grant funding, and funding for Early Childhood Workforce Compensation Contracts.
- Other early childhood investments include covering expected increased participation in the Child Care Assistance Program, expansion of Dolly Parton's Imagination Library, and rate enhancements for the Early Intervention service providers.

K-12 Education

- \$ Continuing support of evidence-based funding, increases school categorical grants, additional funding for Career and Technical Education programs to expand access to underserved students, implements

State Literacy Plan, and funds the third year of Teacher Vacancy Grant Pilot Program and Computer Science Equity Grant Program.

Higher Education

- Increases support for Monetary Award Program (MAP), 3 percent general fund increases for public universities and community colleges, continues funding to support community college investments in dual-credit and non-credit workforce grant programs, and support for the Pipeline for the Advancement of the Healthcare (PATH) Workforce Program.

Health & Social Services

- The proposed Home Illinois appropriation request includes funding for One System Initiative for shelters and other services for homeless populations; court-based rental assistance; emergency and transitional housing; Rapid Rehousing services; and the Home Illinois Workforce Pilot Project.
- Funding to maintain violence prevention programs and the services of the Reimagine Public Safety Act.
- Additional support for the developmental disabilities division, the Home Services Program for liability and caseload growth, liability and caseload growth in the Child Care Assistance Program, transitioning residents in state-operated centers to appropriate community-based settings, and a 3 percent COLA for TANF cash assistance.
- Funds 100 additional positions at the Department of Children and Family Services (DCFS) to address caseloads; invests to help DCFS providers maintain a competitive wage structure; and increases DCFS's scholarship program.
- 6.1 percent increase in funding associated with medical assistance to 3.5 million Illinoisans.
- Increases support to ensure healthcare facilities are compliant with regulations.
- Additional funding for the Department of Aging's Community Care Program for caseload growth, the Home-Delivered Meals Program, and supporting senior services in rural areas.



ILLINOIS (Continued)

- Provides funding to onboard staff at the Chicago Veterans’ Home and to support a program to assess the mental health needs of Illinois veterans.

Public Safety

- Department of Corrections funding includes increases for personal services to staff correctional facilities, new partnerships with university health service programs, and increases for statewide hospitalization expenses.
- Illinois State Police includes support for two new cadet classes, transitioning to a new human resource management system, and expenses related to in-car and body-worn cameras.
- Illinois Emergency Management Agency and Office of Homeland Security aid increases funding for Homeland Security.
- Preparedness and Response grant program as well as support for organizations to prepare and respond to acts of terrorism.
- Department of Juvenile Justice includes funding to help a new youth center become operational.

Environmental, Natural, & Cultural Resources

- Department of Natural Resources continues funding for preservation of historic sites, supports the continued operation of key capital programs, and continues funding for the Youth and Young Conservation Education program.
- Environmental Protection Agency provides funding for electric vehicle rebates for eligible participants, expands the House.
- Hazardous Waste Collection Program, and continues funding for IJJA water infrastructure programs.

Economic Development & Infrastructure

- Continues funding for core initiatives, provides support for weatherization programs, includes new funding to address food insecurity, and helps companies realize their export potential.
- Dedicates state capital funds to make more sites ready for business.

Government Efficiency

- Includes a series of initiatives to make government more efficient as well as reviews existing boards and commissions.

Proposed Budget Information

[Fiscal Year 2026 Budget Proposal](#)

[Budget in Brief](#)

[Budget Toplines](#)

[Budget Address](#)



INDIANA

On January 16, Indiana Governor Mike Braun proposed a two-year budget for fiscal 2026 and fiscal 2027. The budget recommends \$53.70 billion in total spending in fiscal 2026, a 0.3 percent increase from the current estimate for fiscal 2025, and \$54.94 billion in fiscal 2027, a 2.3 percent increase from fiscal 2026's recommended level. General fund spending is recommended at \$23.03 billion in fiscal 2026, a 2.5 percent increase from fiscal 2025's current estimate, and \$23.42 billion in fiscal 2027, a 1.7 percent increase from fiscal 2026's recommended level. General fund revenues are projected to be \$23.19 billion in fiscal 2026, a 3.3 percent increase year-over-year, and \$23.26 billion in fiscal 2027, a 0.3 percent increase. The budget forecasts total combined balances of \$2.97 billion in fiscal 2026 (13.0 percent of expenditures) and \$2.93 billion in fiscal 2027 (12.6 percent of expenditures). In addition, the recommended budget projects an annual surplus of \$519 million in fiscal 2026 and \$28 million in fiscal 2027.

Proposed Budget Highlights

The governor's two-year budget proposal is focused on the priorities of reducing the size of government, tax relief, education, public safety, and health and family services. The recommended budget is balanced and measured in the face of unprecedented growth in Medicaid obligations and cooling economic growth. Additionally, the recommendation provides a structural surplus each year, ensures the state's AAA credit rating, and maintains healthy reserve levels. Highlights of the budget include:

Funding Commitments

- Fully funds the actuarial determined contribution (ADC) rates for state funded plans.
- Appropriates required annual amounts to cover appropriation-backed debt.

Reducing the Size of Government

- Contains reduced government spending over the biennium through both targeted reductions in spending and administrative reductions.

Hoosier Tax Relief

- Provides inflation adjusted income tax deductions.
- Stops the tax on tips.

- Eliminates the tax on retirement income.
- Enhances the farm safety net.
- Calls for Young Beginning Farmer Tax Credit.
- Includes sales tax holidays.

Education

- Funds increases to K-12 tuition support in both years of the budget.
- Calls for universal school choice.
- Increases investments in Career Scholarship Accounts and Education Scholarship Accounts.
- Provides additional support for other education initiatives.

Public Safety

- Allocates funding for local prosecutors to the Indiana Prosecuting Attorneys Council.
- Includes one-time funding to the Indiana National Guard to fund readiness initiatives.
- Provides additional funding for Secured Schools Safety.
- Contains one-time funding to restore the Indiana Law Enforcement and Firefighters Memorial.

Health & Family Services

- Eliminates the waitlist for childcare subsidies.
- Creates the Local Child Care Assistance Fund.
- Fully funds the Medicaid forecast.

Proposed Budget Information

[Fiscal Year 2026 Budget Proposal](#)

[Budget Presentation](#)

[Revenue Forecast \(December 2024\)](#)



IOWA

Iowa Governor Kim Reynolds released her fiscal 2026 budget proposal on January 14. The budget calls for \$9.43 billion in total general fund appropriations, an increase of 5.4 percent from fiscal 2025's revised level. The largest program areas include education (56 percent), health and human services (28 percent), and justice/judicial branch (9 percent). Fiscal 2026 total tax receipts are estimated at \$10.22 billion, a 6.0 percent decrease from fiscal 2025's estimated level. The decline in revenue is largely due to recently enacted tax cuts, including a new flat income tax rate that began on January 1. The budget assumes total reserve funds of \$872.5 million, including a cash reserve fund of \$654.4 million and an economic emergency fund of \$218.1 million. In addition, the fiscal 2026 ending balance of the Taxpayer Relief Fund is estimated at \$3.65 billion.

Proposed Budget Highlights

The governor said that over a few short years, Iowa has been able to cut taxes, shrink and align government, and turn the state into a national model for bold, get-it-done government. The governor added the recent change to a flat state income tax rate will be sustainable in the long-term due to efforts to cut government and change the way it interacts. The governor's vision moving forward includes rebuilding communities; creating a student-focused education from PreK-12; building a strong, competitive Iowa; building on an affordable, reliable, and sustainable energy system; ensuring excellent healthcare for all Iowans; saving Iowans money; and creating a solid foundation for Iowa families. Highlights of her proposals include:

Rebuilding Communities

- Adding to the Nuisance Property and Abandoned Building Fund.
- Extending tax exclusion to disaster assistance for housing developers.
- Adjusting insurance regulations to better protect consumers and homeowners.
- Modifying emergency funds transfer authority in times of disasters.
- Setting up the new Safeguarding Tomorrow Revolving Loan Fund.

- Fully funding disaster aid programs established in response to 2024 storms.

Students Focused from PreK-12

- Restricting personal electronic devices during instructional time.
- Addressing crucial gaps in math and civics education.
- Creating a pathway for a continuum of all-day care for four-year-olds.
- Strengthening the childcare workforce.
- Facilitating parental choice beginning in preschool.
- Improving the quality of preschool standards.
- Making technical improvements based on feedback from superintendents.

Building a Strong, Competitive Iowa

- Removing the requirement for a paraeducator certificate.
- Adjusting restrictions related to the teacher intern pathway.
- Applying for a federal waiver to institute work requirements for able-bodied adults on Medicaid.
- Reforming Unemployment Insurance including through decreasing the taxable wage base by half; lowering the maximum tax rate to 5.4 percent; reducing the number of tax tables; and encouraging businesses to reinvest savings into their employees.

Building an Affordable, Reliable, & Sustainable Energy System

- Creating a Nuclear Energy Task Force via executive order.
- Establishing a partnership between the Iowa Utilities Commission (IUC) and Iowa State University (ISU) to conduct transparent, independent load forecasting and energy assessments.
- Giving clear authority to the Iowa Department of Natural Resources to permit on-farm and near-farm anaerobic digesters.



IOWA (Continued)

- Granting the incumbent utility the Right of First Refusal (ROFR) on new electronic transmission line infrastructure projects.
- Modernizing the existing Energy Infrastructure Revolving Loan Program.
- Reallocating existing federal tax-exempt bond capacity for energy and water infrastructure.

Ensuring Excellent Care for All Iowans

- Investing into new unbundled Medicaid maternal rates.
- Working with CMS to implement a funding model to provide more Medicaid rate flexibility.
- Consolidating and more than doubling funding for student loan repayment programs.
- Establishing a Medicaid Graduate Medical Education (GME) enhanced payment.
- Streamlining the approval process to build new healthcare facilities or enhance current ones.
- Improving the Health Information Exchange network by authorizing HHS to competitively procure and manage it.

Saving Iowans Money

- Issuing an executive order to create an Iowa Department of Government Efficiency (DOGE) task force.
- Recommends the demolition of the Wallace State Office Building and adjacent parking garage.

A Solid Foundation for Iowa

- Proposes four weeks of paid leave for state employees who give birth; one week of paid leave for state employees who did not give birth; and four weeks of paid leave for state employees who adopt a child.

Proposed Budget Information

[Fiscal Year 2026 Budget Proposal](#)

[Budget in Brief](#)

[Vision for Iowa](#)

[Revenue Forecast \(December 2024\)](#)



KANSAS

On January 16, Kansas Governor Laura Kelly released her fiscal 2026 budget proposal that calls for \$26.4 billion in total expenditures, a 2.6 percent decrease from the governor's revised fiscal 2025 recommendation. The proposal calls for \$10.65 billion in fiscal 2026 State General Fund spending, which is a 2.1 percent decrease from the governor's revised fiscal 2025 recommendation. Total State General Fund taxes for fiscal 2026 are estimated at \$9.86 billion, an increase of 2.2 percent from fiscal 2025. Total State General Fund receipts are estimated at \$9.84 billion, an increase of 1.0 percent from fiscal 2025. The proposal estimates an ending balance in the state general fund of \$1.25 billion, or 11.8 percent of expenditures. The fiscal 2026 ending balance of the budget stabilization fund is estimated at \$1.78 billion.

Proposed Budget Highlights

The recommended budget reflects a commitment to Kansas' future by restoring fiscal stability, expanding access to critical services, and providing tax relief. It prioritizes investments in the state water plan, early childhood care and education, post-secondary education, and human services. Key recommendations include:

Investing in Water

- Fully funds the state water plan.
- Seeks to develop a ten-year strategic plan for water investments that includes identifying a dedicated revenue stream to ensure the stability of this plan.
- Invests interest earnings from the state's Budget Stabilization Fund to start water projects in fiscal 2026.

Early Childhood Care & Education

- Provides one-time funding for childcare capacity accelerator grants to address the shortage of childcare slots.
- Recommends funds for childcare health and safety grants to assist providers with small renovations to ensure facilities are compliant with all regulations
- Continues the childcare workforce registry.

K-12 Education

- Recommends fully funding K-12 education for fiscal 2026 and fiscal 2027.

- Provides funds to eliminate co-payments for students on reduced lunches which will provide access to free meals to nearly 36,000 students.
- Waives AP exam fess for low-income students.
- Increases funding for special education to keep the state on the path to full funding for special education by fiscal 2029.

Post-Secondary Education

- Provides funds for need-based aid.
- Allocates one-time funds for infrastructure and cybersecurity at public universities and two-year colleges.
- Expands the Kansas University Medical Center medical student loan program.
- Funds an Osteopathic Medical Service scholarship.

Human Services

- Provides funding for growth in Frail/Elderly, Brain Injury, and Technology Assistance waiver utilization.
- Allocates one-time funds for Home and Community Based Services provider grants.
- Directs funds to complete stand-up of the Community Support Waiver.
- Supports expanding Medicaid.

State Employee Pay

- Applies a statewide 2.5 percent pay adjustment for state employees.
- Provides an incremental 5.0 percent pay adjustment for salaried employees at 24/7 facilities.

Proposed Budget Information

[Fiscal Year 2026 Budget Proposal](#)

[Budget Presentation](#)

[Governor's Press Release](#)

[Revenue Forecast \(November 2024\)](#)



LOUISIANA

On February 19, Louisiana Governor Jeff Landry released his proposed fiscal 2026 budget. The budget totals \$44.96 billion, a decrease of 0.95 percent from the existing operating budget for fiscal 2025. The general fund portion of the budget totals \$12.15 billion, an increase of 0.59 percent from the existing budget for fiscal 2025. Total revenue for fiscal 2026 is projected at \$44.96 billion, a decrease of 0.97 percent from the total revenue for the existing budget for fiscal 2025. The state general fund is broken down into the following spending categories: education (45.4 percent), human resources (29.9 percent), public safety (12.8 percent), general government (9.3 percent), business & infrastructure (1.6 percent), and environment and natural resources (1.0 percent).

Proposed Budget Highlights

The proposed fiscal 2026 budget focuses on the governor's goal of making Louisiana a great state with a growing and thriving economy while maintaining fiscal responsibility. The following recommendations are included in the budget:

Department of Health

- Provides funds for Nursing Home Rate Rebasing
- Increases the Medicaid Managed Care Organization (MCO) Reimbursement Rate and the Fee-for-service Reimbursement Rate.
- Increases funds for additional beds at three facilities to remain compliant with the Cooper/Jackson Settlement Agreement.
- Provides funding for CMS Clawback payments for Medicare Part-D dual eligibles.
- Provides funds to establish and maintain a statewide crisis hub to support the Louisiana Crisis Response System.
- Provides funding for Medicare Part A and B premiums and for the anticipated increase of dual-eligibles.

Public Safety

- Provides funding to the Office of State Police for approximately 1,010 State Trooper Commissioned Officer positions.

- Allocates funding to finance the purchase of 244 replacement vehicles for the Office of State Police fleet.
- Directs funding to upgrade the existing Automated Fingerprint Identification System.
- Provides funding to the Jetson Center for Youth for additional beds and medical expenses.
- Allocates funding to the Corrections Services for 4,137 Authorized Table of Organization positions to house 14,000 offenders in state-operated correctional facilities.

Education

- Provides funds for the Louisiana Giving All True Opportunity to Rise (LA GATOR) Scholarship Program.
- Allocates funds for the development of course materials aligned with Louisiana's computer science standards.
- Continues to fund the Child Care Assistance program which focuses primarily on children birth to 3-years-old.
- Maintains support for the Cecil J. Picard LA-4 Pre-K Program for at-risk 4-year-olds.
- Provides funding for increases associated with the Louisiana State University First Health Plan.
- Allocates funds for the Louisiana National Guard Patriot Scholarship Program.
- Continues to fund the Taylor Opportunity Program for Students (TOPS) to financially assist students to attend an eligible Louisiana institution.
- Directs funds to the Louisiana Go Grant Program which supports non-traditional and low-to-moderate income students attending college.

Other

- Allocates funds to the Louisiana Office of Economic Development for various adjustments related to department reorganization.



LOUISIANA (Continued)

- Provides funds to the Department of Children and Family Services for overtime funding for frontline child welfare workers.
- Continues to fund the SUN Bucks (Summer Electronic Benefits Transfer (EBT)) program.
- Allocates funds to the Department of State for election expenses.
- Provides funds to Agriculture and Forestry for replacement acquisitions of vehicles, plows, dozers, trucks, and trailers.
- Directs funds to the Louisiana FastStart Program which delivers comprehensive workforce training services to businesses looking to relocate and/or expand with turnkey employee training and delivery solutions.

Proposed Budget Information

[Fiscal Year 2026 Budget Proposal](#)

[Budget Summary](#)

[Budget Presentation](#)

[State General Fund Revenues and Expenditures](#)

[Governor's Press Release](#)



MAINE

On January 10, Maine Governor Janet Mills released a biennial budget covering fiscal 2026 and 2027. The budget recommends general fund appropriations of \$11.63 billion for the next biennium, an 11.1 percent increase over the enacted level for the fiscal 2024-2025 biennium through the Second Regular Session of the 131st legislature. This includes \$11.0 billion in baseline spending, a 5.1 percent increase compared to enacted appropriations for the fiscal 2024-2025 biennium. The remaining recommended appropriations include \$13 million for new one-time projects and \$604 million to fund annualized costs for the full biennial implementation of authorized programs as well as new positions and targeted initiatives, net of various programmatic adjustments and reductions. On an annual basis, the budget recommendation calls for general fund appropriations of \$5.76 billion in fiscal 2026 and \$5.87 billion in fiscal 2027, reflecting year-over-year increases of 5.0 percent in fiscal 2026 and 1.9 percent in fiscal 2027. The general fund budget is based on revenue projections, after recommended adjustments, of \$5.60 billion in fiscal 2026 and \$5.78 billion in fiscal 2027, representing projected annual growth of 0.4 percent in fiscal 2026 and 3.2 percent in fiscal 2027. After transfers and other adjustments, the budget projects a general fund ending balance of \$86 million for fiscal 2026. The governor's budget plans to maintain the Budget Stabilization ("rainy day") fund at its near record high, while utilizing new targeted revenue changes to help close the state's projected budget gap. The biennial budget also outlines recommended revenues and allocations for the state's Highway Fund and Fund for a Healthy Maine (a dedicated fund that primarily receives tobacco settlement payments).

Proposed Budget Highlights

The governor's budget uses a balanced approach to invest in core priorities while closing a projected structural gap. The proposal does not create or fund new programs, but maintains and provides additional funds for health care, education, and other areas. The budget avoids withdrawing from the rainy day fund or imposing any broad-based tax changes and instead takes a targeted approach to programmatic reductions and revenue-raising measures. Highlights of the budget include:

Healthcare & Behavioral Health

- Directs additional general funds to stabilize the MaineCare (the state's Medicaid program) budget in response to enrollment increases, high medical inflation and other factors.
- Shifts certain public health services costs to the general fund as a result of declining Fund for Healthy Maine revenues.
- Fully funds nursing facility rate reform.
- Invests in final rates for two services – therapeutic foster care and therapeutic intensive homes – in response to a legal settlement.

Education

- Increases school funding to meet the state's obligation to pay 55 percent of local education costs.
- Fully funds universal free meals for public school students and publicly funded students in approved private schools.
- Increases funding to continue providing up to two years of free community college to all high school graduates as well as makes the program permanent.
- Provides a 4 percent increase for public higher education institutions.
- Additional funding to cover higher education institutions' costs related to implementing the state's new Paid Family Medical Leave program.
- Covers increased costs of the unfunded liability in teacher retirement.

Other

- Maintains 5 percent Municipal Revenue Sharing, helping to mitigate property tax increases.
- Additional ongoing funding to address a federal funding shortfall from the Victims of Crime Act (VOCA).
- One-time funding for the Mobile Home Preservation fund, which supports the purchase of mobile home parks by their residents.



MAINE (Continued)

- Raises additional general fund revenue by increasing the state cigarette excise tax by \$1.00 per pack, which would mark the first time the tax has been increased since 2005, along with other targeted revenue enhancements.

Proposed Budget Information

[Fiscal Years 2026-2027 Budget Proposal](#)

[Budget Overview](#)

[Fiscal Note](#)

[Governor's Press Release](#)

[Revenue Forecast \(December 2024\)](#)



MARYLAND

On January 15, Maryland Governor Wes Moore released a \$67.3 billion all funds budget for fiscal 2026, an increase of 1.1 percent compared to fiscal 2025. General fund spending totals \$27.03 billion, a decrease of \$274.1 million, or 1.0 percent, from fiscal 2025. Estimated general fund revenues for fiscal 2026 are \$25.6 billion, an increase of 1.5 percent over the fiscal 2025 estimate. The proposed budget would leave an unappropriated general fund balance of \$105.9 million and maintain a rainy day fund balance of 8.0 percent of general fund revenues (\$2.05 billion) in fiscal 2026.

Proposed Budget Highlights

The projected budget shortfall, before any budget actions, was \$2.95 billion for fiscal 2026. The proposed budget changes result in a positive ending balance of \$105.9 million and reduces the structural deficit for fiscal 2026 from a projected \$2.5 billion to \$247.0 million. The proposed budget is driven by four priorities: growing the economy, strengthening the state's labor force, modernizing government to produce results, and reforming the tax code to make it fairer and simpler. The general fund tax reform package raises \$987 million, with specific provisions outlined below.

Tax Reforms

- Individual Income Tax Changes
 - Doubles the standard deduction and eliminate itemized deductions.
 - Eliminates the standard deduction penalty for low-income workers.
 - Consolidates the bottom four income tax brackets at 4.7 percent.
 - Expands the child tax credit by phasing out the credit and avoiding the "cliff".
 - Adds two new tax brackets and rates for high-income households (greater than \$500,000 and \$1.0 million).
 - Adds a 1.0 percent surcharge on capital gain income for high-income households for four years.

- In corporate income taxes, the budget proposes a lower corporate tax rate over two years (from 8.25 to 7.99 percent) and broadens the tax base by instituting "waters edge" combined reporting.
- Eliminates the inheritance tax and offset the revenue loss by lowering the estate tax exemption from \$5.0 million to \$2.0 million.
- Increases the sports wagering tax rate from 15 percent to 30 percent; increases the table game tax rate from 20 percent to 25 percent; increases the cannabis tax rate from 9 percent to 15 percent; phases out state funding for the Enterprise Zone tax credit; and reduces the student debt relief tax credit by \$9.0 million for one year.

Ending Child Poverty

- Provides state funding to leverage private philanthropy for the ENOUGH Act, aimed at ending concentrated child poverty and building thriving communities.
- Adds funds to support the Child Care Scholarship program, which is projected to serve over 40,000 children in fiscal 2026.
- Allocates general funds to leverage federally supported nutrition benefits.
- Sustains funding for food banks and nutrition services.

Education

- Provides record funding for K-12 education, including investments in the fourth year of funding for the Blueprint for Maryland's Future.
- Increases funding for autism waiver services.
- Provides additional funds to the Cade funding formula for the state's community colleges.

Stimulating Economic Growth & Connecting Marylanders to Jobs

- Includes targeted investments to stimulate economic growth and bolster economic competitiveness, including a Strategic Infrastructure Revolving Fund, Certified Sites Program, BioHub Maryland, CyberMaryland, and Capital of Quantum Initiative.



MARYLAND (Continued)

- Increases funding for the Employment Advancement Right Now (EARN) program, implementing industry-focused strategies that provide long-term solutions to skill gaps and personnel shortages.
- Funds a new collaboration between the Departments of Transportation and Labor focused on workforce development within the transportation sector.

Creating Safer Communities

- Sustains funding for the State Aid for Police Protection program.
- Increases funding for the Department of Juvenile Services' Enhanced Services Continuum.
- Adds funds to reopen a juvenile facility to serve as an adolescent drug treatment center.
- Sustains funds for Thrive Academy, a youth gun violence prevention program and level funds the Safer Stronger Together initiative, an evidence-building crime-reduction collaboration.

Managing Costs

- Announces the launch, in 2025, of the Government Modernization initiative to improve the efficiency of core government operations.
- Ensures the effective and sustainable introduction and expansion of new and current programs.
- Continues investment in important programs but at more reasonable growth rates.
- Redirects spending from programs that are underutilized or underperforming to higher priority programs.
- Reinstates previous cost sharing levels.

Other Priorities

- Provides record funding in aid to local libraries.
- Infuses new revenue in the Transportation Trust Fund annually and helps invest in operating budget needs, enhance funding for local jurisdictions, and enable significant investments in the capital program.

- Funds initiatives to support implementation of the State's Climate Pollution Reduction Plan, including solar and geothermal development.
- Adds funding for the Department of Service and Civic Innovation to support continued development of the Maryland Corps and Service Year Option programs.

Proposed Budget Information

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MASSACHUSETTS

On January 22, Massachusetts Governor Maura Healey introduced a fiscal 2026 budget recommendation. The budget recommends spending in fiscal 2026 of \$59.58 billion, a 2.6 percent increase over fiscal 2025, excluding spending from the Fair Share surtax and Medical Assistance Trust Fund. When including \$1.95 billion in education and transportation fund spending from projected income surtax revenue and \$548 million from the Medical Assistance Trust Fund, total appropriations in the recommendation for fiscal 2026 are \$62.1 billion. When expenditures from Federal, Trust and ISF funds are included, total spending in fiscal 2026 is projected at \$87.5 billion. The budget is based on a consensus tax revenue estimate of \$41.2 billion, not including surtax revenue, a 2.2 percent increase above fiscal 2025 estimates. After a series of tax revenue transfers to the pension fund, rainy day fund, school building authority, public transit, and worker training trust fund, \$32.9 billion in net tax revenue is available to support spending, a 1.3 percent increase from the current fiscal 2025 benchmark. Total available tax and non-tax revenue for all budgeted funds is estimated at \$62.3 billion (including \$56.9 billion in general fund revenue). The budget proposes to continue using some excess capital gains to grow the balance in the Stabilization Fund (rainy day fund), which is projected to reach a balance in fiscal 2026 of \$8.33 billion. Including the rainy day fund, reserved balances, and the undesignated balance, the state's total balance is projected at \$9.7 billion at the end of fiscal 2026.

Proposed Budget Highlights

The governor's budget presents a spending blueprint that makes investments in transportation and higher education infrastructure and stabilizes MBTA (the state's public transit system), while also using targeted spending reductions, revenue changes, and other measures to balance the budget and put the state on a path towards long-term fiscal sustainability. The plan maintains the state's commitment to fully fund its pension liability by 2036 and directs a greater portion of excess capital gains for pension and other post-employment benefit (OPEB) liabilities to free up more resources for other programs. Highlights of the budget include:

Education

- Early education and care investments including for Commonwealth Cares for Children (C3) program to support early education and providers' operational costs; a multi-year investment in the Commonwealth Preschool Partnership Initiative to put the state on a path to universal preschool; and child care financial assistance funding.
- K-12 investments including increased Chapter 70 aid to school districts; "Reimagine High School" college and career readiness initiatives; fully funding special education; increased funding for literacy instruction; universal school meals; and early childhood mental health supports.
- Higher education investments including leveraging Fair Share resources to borrow for financing capital infrastructure and maintaining free community college and financial aid programs.

Transportation

- MassDOT operations funding, including an increase for snow and ice removal.
- MBTA investments including direct operating support to stabilize MBTA finances; funds to replenish MBTA's budgetary deficiency reserve; funding for the Federal Transit Administration (FTA) Workforce and Safety Reserve; and implementation of the Income-Eligible Reduced Fare program.
- Regional Transit Authorities (RTA) funding, including allocating Fare Share resources across several programs.

Economic Development

- Funds for workforce development and health equity initiatives at Massachusetts Life Science Center.
- Small Business Technical Assistance grants.
- Community Empowerment and Reinvestment Program.
- Funding for initiatives at the Massachusetts Technology Collaborative.



MASSACHUSETTS (Continued)

Health & Human Services

- Extends for one year the Massachusetts Health ConnectorCare pilot program to expand eligibility.
- Funds new human service provider rates.
- Supports additional direct care staff for Department of Developmental Services.

Housing

- Funding increase for Local Housing Authorities subsidies.
- Funds to support more than 130 new project-based vouchers for the Massachusetts Rental Voucher Program, as well as funding for the Alternative Housing Voucher Program for people with disabilities.
- Funds to expand the permanent supportive housing pipeline.

Other

- Sustains record investments in climate and environmental programs.
- Full implementation of the HERO Act to support veterans.
- Improved access to digital services and strengthened cybersecurity.
- Public safety investments including implementing No Cost Calls law across all correctional facilities to enhance equity in communication.

Proposed Budget Information

[Fiscal Year 2026 Proposed Budget](#)

[Governor's Message](#)

[Budget Briefs](#)

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[Revenue Forecast \(January 2025\)](#)



MICHIGAN

On February 5, Michigan Governor Gretchen Whitmer released her fiscal 2026 budget proposal that calls for \$84.84 billion in total spending, a 2.8 percent increase from fiscal 2025 current law. The recommended budget calls for \$15.3 billion in general fund spending, a 2.7 percent increase from fiscal 2025. Additionally, the budget includes a school aid fund total of \$19.5 billion, a 5.2 percent increase from fiscal 2025. Total budget by source includes federal (41.7 percent), school aid (23.4 percent), general fund (18.3 percent), other state restricted (15.9 percent), and local/private (0.7 percent). The budget projects general fund net tax revenue at \$15.48 billion, a 5.2 percent increase from fiscal 2025's estimated level. The budget recommendation calls for a \$50 million deposit to the Budget Stabilization Fund, bringing the rainy day fund balance to \$2.3 billion by the end of fiscal 2026, an all-time high. The budget also calls for a \$50 million deposit into the rainy day fund for schools, bringing the combined reserve total to \$2.8 billion.

Proposed Budget Highlights

The governor's budget proposal is focused on making sure anyone can make it in Michigan, and is aimed at aimed at lowering costs, creating good-paying jobs, growing the economy, improving academic results, and supporting seniors. Highlights of the budget include:

Lowering Costs

- Maintains the Working Families Tax Credit.
- Provides universal pre-K through the Great Start Readiness Program to an estimated 51,700 children.
- Continues providing free school meals to all 1.4 million public school students.
- Supports the MiABLE program expansion, which helps Michiganders with disabilities save money without impacting their benefits eligibility.
- Provides childcare for approximately 700 children of Michigan National Guard members.
- Funds financial literacy efforts.
- Ensures test fees remain capped at \$5 for low-income students.

- Creates affordability programs for families struggling with water bills.

Creating Jobs

- Fixing Roads and Bridges
 - Includes funding to ensure Michigan matches all federal highway aid; improve state and local roads, highways, and bridges across the state; provide ongoing support for transit and rail programs; support a study and pilot program of potential road usage charge options; and install electric vehicle charging stations.
- Workers and Small Businesses
 - Invests in Small Business Entrepreneurial Support Hubs; partners with employers to meet their unique talent needs; grows CTE programs in underserved districts; expands registered apprenticeship and apprenticeship readiness programs; increases the existing employer assisted housing pilot program; and provides academic remediation, specialized tutoring, and enrollment into career and technical training or college.
- Growing the Economy
 - Continues Going Pro job training grants to businesses to support training for current and new employees; offers affordable childcare to families of children with disabilities and living in areas where childcare is scarce; streamlines permitting processes; supports rural communities through rural prosperity grants and the expansion of the Rural Development Grant Program; and invests in programs to retain and attract talent.

Getting SMART on Education

- K-12 Education
 - Supports school operations through a 4.1 percent increase in base per-pupil funding; expands support for special education students; continues mental health and safety grants to districts; implements the Governor's Students, Metrics and Results with Transparency plan to improve student



MICHIGAN (Continued)

outcomes; provides additional literacy coaches; continues historic investments to improve the educator talent pipeline; and provides resources to help school staff get the education they need to become certified teachers.

- Higher Education and Workforce Development
 - Funds a 4 percent ongoing increase for university and community college operations; invests in the Postsecondary Scholarship Fund to continue fully phasing in costs of the Michigan Advancement Scholarship; and provides aid to improve student support and completion efforts.

Supporting Seniors

- Continues to provide tax relief to seniors through the rollback of the retirement tax.
- Expands the PACE program, which provides comprehensive care for the frail and elderly.
- Supports new positions to provide more timely and comprehensive oversight of nursing homes and acute and continuing care facilities.
- Enhances oversight of Homes for the Aged.
- Supports services for Michiganders experiencing dementia.

Protecting & Defending Michiganders

- Upgrades critical infrastructure at Selfridge Air National Guard base; directs opioid settlement funds to reduce overdose deaths; taxes vaping and non-tobacco nicotine products similar to other tobacco products; includes a 4 percent ongoing increase in revenue sharing for localities; increases funding to address violent crime prevention; invests in victim support services; protects Michigan's food supply and helps livestock farmers prevent disease outbreaks; implements reforms from the Task Force on Juvenile Justice Reform; establishes a state veterans cemetery; supports behavioral health resources for first responders; and increases the First Responders Presumed Coverage Fund.

Making Government Work Better

- Upgrades government information technology applications and modernizes legacy systems; funds infrastructure improvements and maintenance for state facilities; establishes a self-insurance fund for state-owned and managed facilities; increases staffing and funding for trial courts; supports investments by state agencies that reduce energy consumption; and provides funding to operate the state's new psychiatric hospital.

Proposed Budget Information

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[Budget Presentation](#)

[General Briefing Issue Papers](#)

[Education Issue Papers](#)

[Press Release](#)

[Revenue Forecast \(January 2025\)](#)



MINNESOTA

Minnesota Governor Tim Walz released his two-year budget proposal for fiscal 2026 and fiscal 2027 on January 16. The budget calls for \$62.02 billion in total expenditures in fiscal 2026, a 5.9 percent decrease from the recommended level for fiscal 2025, and \$61.28 billion in fiscal 2027, a 1.2 percent decrease from the recommended level for fiscal 2026. The budget recommends general fund spending of \$32.51 billion in fiscal 2026, an 8.1 percent decrease from fiscal 2025, and \$33.39 billion in fiscal 2027, a 2.7 percent increase from fiscal 2026. General fund revenues are projected at \$31.59 billion in fiscal 2026 (a 2.3 percent increase from fiscal 2025's estimated level) and \$32.27 billion in fiscal 2027 (a 2.2 percent increase from fiscal 2026). The proposal assumes a budget reserve of \$3.18 billion and a budgetary balance of \$2.12 billion.

Proposed Budget Highlights

The governor's two-year budget proposal is focused on fiscal responsibility. The governor noted the plan sets Minnesota up for future success by addressing long-term budget challenges and protecting prior investments to improve lives, including universal meals, paid family and medical leave, and tax cuts for seniors and middle-class families. Highlights of the budget include:

Responsible Cuts & Curbing Growth

- Includes responsible budget cuts and curbs unsustainable growth in spending in the programs that drive the structural deficit.
- Limits year-over-year growth rates in Medicaid waivers without limiting eligibility for services.
- Cuts state funding to private schools and includes a 5 percent reduction in Special Education transportation reimbursement costs, saving funds while incentivizing schools to create efficiencies in transportation.

Lowering Taxes & Closing Loopholes

- Proposes cutting the statewide sales tax by .075 percent, which would be the first sales tax cut in state history.
- Recommends closing loopholes by expanding the sales tax base to services provided to individuals by investors, bankers, and lawyers.

- Calls for an investment in a new corporate franchise tax division unit to audit complex pass-through entities and close loopholes.
- Proposes an increase in the surcharge currently levied on health maintenance organizations from 0.6 percent to 1.25 percent of total premium revenue.

Stopping Fraud

- Works towards tighter control and greater oversight by strengthening enforcement authority and creating tougher penalties.
- Includes adding nine staff members to the Attorney General's Medicaid Fraud unit.
- Increases the criminal penalty for stealing public funds by 20 percent.

Targeted Investments

- Makes targeted investments to support Minnesota's economic growth.
- Expands the Research and Development tax credit.
- Increases the Sustainable Aviation Fuel tax credit.
- Contains permitting efficiency measures to shorten the time it takes businesses to obtain the permits they need to safely operate in Minnesota.

Proposed Budget Information

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[General Fund Balance Analysis](#)

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MISSISSIPPI

On November 15, 2024, Mississippi Governor Tate Reeves released his fiscal 2026 budget recommendation. The proposal calls for \$7.80 billion in general fund agency appropriations, a decrease of 0.8 percent from fiscal 2025. General fund revenue estimates for fiscal 2026 total \$7.63 billion, an 8.5 percent increase over the prior year amount of \$7.03 billion. The budget sets aside two percent, or \$153 million of general funds leaving a total of \$7.47 billion available for appropriations for fiscal 2026.

Proposed Budget Highlights

The proposed budget highlights the governor's priorities of eliminating the state's income tax and continuing Mississippi's economic development momentum, strengthening and protecting the state's critical infrastructure assets, raising education standards while defending parent's rights, making the state safer, and celebrating our American heritage.

Economic Proposals

- Proposes eliminating the state income tax by reducing the income tax to three percent for FY26 and phasing it out completely by calendar year 2029.
- Recommends allocating funds to the Mississippi Development Authority (MDA) Site Development Program to keep Mississippi a top destination for business and continue laying the foundation for long-term economic growth.

Infrastructure Proposals

- Proposes establishing a revolving loan fund at MDA for revitalization and modernization of the state's ports, airports, and railways.
- Allocates funding to hire an independent cybersecurity firm to assess and strengthen the security of our state agencies.
- Recommends establishing a statewide Next Generation 911 plan to provide a more sustainable funding model for 911 services.

Education Proposals

- Encourages the Mississippi Department of Education to revise the accountability system to place greater weight on proficiency and less weight on growth in academic achievements.

- Calls on the Legislature to establish a Parents' Bill of Rights.
- Proposes creating a Model Mississippi Digital Responsibility Policy to provide a framework for cell phone and device usage to school districts.
- Recommends funding to provide additional school-based therapists to support mental health in schools.
- Increases funding for the Education Scholarship Account program to eliminate the current waitlist for the program.

Public Safety Proposals

- Proposes creating a Youth Court Division of the Chancery Court to have jurisdiction over all child welfare matters.
- Increases the budget for the Capitol Police to fund salaries, patrol cars, equipment, and other costs for additional officers to adequately patrol the expanded Capitol Complex Improvement District.
- Proposes incentives for the Mississippi National Guard including offering free lifetime hunting licenses, reducing the cost of vehicle tag fees, and extending school choice options to include the children of Guardsmen.
- Recommends increasing the per diem inmate reimbursement rate for each state inmate housed in a regional facility.

Celebrating our American Heritage Proposal

- Allocates funds to the America250 fund to allow for grant programs, celebratory events, and marketing for the 250th Anniversary of the United States of America.

Proposed Budget Information

[Fiscal Year 2026 Budget Proposal](#)

[Governor's Press Release](#)



MISSOURI

On January 28, Missouri Governor Mike Kehoe released his fiscal 2026 budget proposal calling for \$53.73 billion in total spending, a 0.8 percent increase from fiscal 2025. The budget recommends \$15.98 billion in spending from general revenues, a 3.1 percent increase from fiscal 2025. Net general revenue collections are forecasted to be \$13.56 billion in fiscal 2025, 1.6 percent higher than fiscal 2025's revised level. The ending balance for fiscal 2026 is projected at \$1.43 billion.

Proposed Budget Highlights

The governor's "Securing Missouri's Future" budget is focused on investing in priorities to ensure a safer, stronger, and more prosperous Missouri. The budget proposal is aimed at securing safer streets, quality education, access to affordable childcare, and increased economic opportunities. Highlights of the budget include:

Public Safety

- Funding to construct a new 20,000 square foot crime lab in Cape Girardeau.
- A new grant program to support the training and equipment needs of the newly established Blue Shield Program.
- Support for the testing of school wastewater to identify and address high-use areas of fentanyl for law enforcement.
- Contribution to the Missouri Sheriffs' Retirement System to ensure the fund remains solvent.
- State funding to support a loss of federal funding for community-based victim assistance programs and services.
- Funding to deploy 200 more trained law enforcement officers on the street.
- Support for Re-Entry 2030, which assists justice-involved individuals with securing employment upon release with the goal of reducing recidivism.

Economic Development

- Funding for the Child Care Subsidy Program, continuing current eligibility levels for families,

aligning the payment structure for childcare providers with private payors, and strengthening the childcare providers that serve this population.

- Increases investments to improve rural roads.
- Supports Missouri's hosting of the 2026 FIFA World Cup.
- One-time funding to support capital and equipment needs for career centers across the state, as well as additional funding to support the ongoing operations.
- Resources for childcare partnerships between employers, community partners, and childcare programs to expand access to childcare.
- Adds funds to support dedicated college and career advisors in high schools across the state who will connect students to high-demand career paths and training programs.

Agriculture

- Bonding for new livestock facilities at the Missouri State Fair to be paid back over time by a portion of the revenues generated by these facilities.
- Increases Missouri's inspection and production capacity in the meat and poultry industry.
- Additional support for the prevention of and response to animal disease events in Missouri like Highly Pathogenic Avian Influenza and African Swine Fever.

Education

- State funding to support K-12 public school districts and charter schools, including new funding to support the foundation formula.
- Supports the state's full reimbursement of transportation costs to school districts.
- State funding for the Empowerment Scholarship Account Program to ensure more Missouri families have access to education options that best meet the needs of their children.
- Funding to ensure all teachers are paid at least the statutory minimum.



MISSOURI (Continued)

- Allocates resources towards Small School Grants, which support approximately 200 school districts across the state.
- A 1.5 percent increase for all four-year public universities, community colleges, and State Technical College of Missouri.
- Funding for the state revolving loan fund supporting charter school capital improvement needs.
- Expands scholarships for working adults returning to school for programs in high demand fields.

Healthcare & Mental Health

- Provides MO HealthNet waiver services for 3,700 new individuals with developmental disabilities in need of residential services and in-home support to eliminate current and future waitlists.
- Providing MO HealthNet behavioral health services for an additional 2,102 adults and 6,734 children in need of residential services and in-home support.
- Continued support to children ages birth to three with disabilities or delays.
- A greater than 50 percent increase to current funding to support services, counseling, and adoption assistance for pregnant women across the state.
- Continued operations of the state suicide and crisis lifeline.
- An additional 30 community behavioral health liaisons.
- Ongoing operations for five new behavioral health crisis centers.

Veterans & Military Services

- Funding to support veterans homes and provide quality care.
- Allocates dollars toward replacing outdated nurse call systems in veterans homes.
- Invests in a cloud-based electronic health record system for state veterans homes.

Government Improvements

- Funding to support a one percent salary increase for every two years of service, up to ten percent for all state employees.
- Various enhancements to the information technology infrastructure of the Family Support Division.
- Additional support for the state child abuse and neglect hotline.

Proposed Budget Information

[Fiscal Year 2026 Budget Proposal](#)

[Budget Summary](#)

[Budget and Legislative Priorities](#)

[Budget Transmittal Letter](#)

[Revenue Forecast \(December 2024\)](#)



MONTANA

On November 15, 2024, Montana Governor Greg Gianforte released his budget proposal for the fiscal 2026-2027 biennium. The budget recommends \$8.02 billion in all funds spending in fiscal 2026, a 2.5 percent increase from fiscal 2025. Fiscal 2027 calls for \$8.25 billion in all funds spending, a 2.9 percent increase from fiscal 2026's recommended level. General fund total investments, expenditures and liabilities are recommended at \$3.09 billion in fiscal 2026, a 17.9 percent decline from fiscal 2025, and \$3.49 billion in fiscal 2027, a 12.9 percent increase from fiscal 2026's recommended level. Much of the decline in fiscal 2026 is due to less one-time spending compared to fiscal 2025, while much of the increase in fiscal 2027 is due to greater one-time spending than fiscal 2026's recommended level. The general fund base budget calls for flat spending in both fiscal 2026 and fiscal 2027. The general fund ending balance is projected at \$809.2 million in fiscal 2026 and \$555.2 million in fiscal 2027. Total general fund revenues are projected to increase 4.9 percent in fiscal 2026 and 1.6 percent in fiscal 2027. General fund revenues in both years were impacted by a series of changes including the return of interest earnings which were previously redirected, the diversion of the 95 mill property tax to the state special revenue fund, and a reduction to the top marginal income tax rate.

Proposed Budget Highlights

The governor's "Path to Security and Prosperity" builds upon previous, successful collaborations with legislators and focuses on shoring up the foundation of a prosperous society through economic freedom, safe communities, and strong families. The governor's budget proposal prioritizes cutting income taxes, reducing property taxes for primary homeowners, and investing in public safety, education, and Montana's future. Additionally, the governor noted the budget keeps spending growth below inflation, has a strong ending balance to protect against economic and financial uncertainty, and avoids cuts to essential services. Highlights of the recommended budget include:

Tax Reform

- Includes the largest income tax cut in state history, reducing the income tax rate most Montanans pay from 5.9 percent to 4.9 percent.

- Substantially boosts the earned income tax credit to benefit lower- and middle-income Montanans.
- Lowers property taxes for Montana homeowners by 15 percent and for small businesses by 18 percent.
- Expands the business equipment tax exemption from \$1 million to \$3 million.

Public Safety

- Increases the pay of Montana Highway Patrol troopers as well as includes greater funding support.
- Makes a historic investment to expand the state prison.
- Provides one-time-only funding to develop and execute a long-term plan to keep communities safe.

Substance Abuse

- Proposes additional resources for communities to address the opioid epidemic.
- Increases support for drug treatment courts.

Education

- Protects record funding in public education.
- Builds on the success of the governor's TEACH Act by raising teacher pay.
- Expands educational opportunities including through increasing Big Sky Scholarship funding.
- Includes one-time-only funding to create incentives for school districts to adopt "cell phone-free" school policies.
- Adds funding to the School Facilities Trust to help local school districts with deferred maintenance.

Other Investments

- Provides funding to speed up the construction of affordable, attainable housing.
- Support to repair 500 bridges over the next five years
- Funding for local disaster relief.
- One-time-only funding to protect state pensions and taxpayers from downturns in the economy.



Proposed Budget Information

[Fiscal Year 2026 - 2027 Budget Proposal](#)

[Balance Sheet](#)

[All Funds Budget Summary](#)

[Governor's Letter](#)

[Revenue Estimates \(November 2024\)](#)

[Governor's Press Release](#)



NEBRASKA

On January 15, Nebraska Governor Jim Pillen released his recommended budget for the 2026-2027 biennium. Spending from all funds is recommended at \$18.94 billion in fiscal 2026, a 5.0 percent increase from fiscal 2025, and \$18.95 billion in fiscal 2027, a 0.5 percent increase from fiscal 2026. The budget recommends a two-year average decrease in general fund spending of 0.5 percent, with fiscal 2026 at \$5.38 billion (a 1.7 percent decrease from fiscal 2025), and fiscal 2027 at \$5.42 billion (a 0.8 percent increase over fiscal 2026). Nominal growth in general fund net receipts is estimated to increase by 9.7 percent in fiscal 2026 compared to fiscal 2025. The governor’s recommendation provides an unobligated balance of \$755.7 million, or 13.9 percent of General Fund appropriations in the Cash Reserve Fund in addition to the minimum General Fund reserve of \$388.5 million at the end of the biennium.

Proposed Budget Highlights

The recommended budget focuses on effectively stewarding taxpayer dollars without compromising the quality of state services. The budget invests more in kids, grows property tax relief, increases developmental disability aid, staffs the new correctional Reception and Treatment Center expansion, and provides public servants with a three percent salary increase each year. The following recommendations are included:

Conservative Balanced Budget

- Solves the budget gap identified in the November Tax Rate Review by:
 - Holding the line on spending growth.
 - Reducing excess cash funds on hand.
 - Making strategic cuts to reverse spending expansion in prior years.

Doing More with Less

- Grows property tax relief through the Property Tax Credit Fund, the School District Property Tax Credit Fund, and the Homestead Exemption Program.

- Expands the State’s investment in K-12 education by providing additional funds to the Education Future Fund which secures the administration’s commitment to special education in schools and provides opportunities for career technical educational programs and teacher retention.
- Recommends a three percent annual salary increase.
- Provides funds to staff the new correctional Reception and Treatment Center expansion.
- Increases reimbursements to Medicaid Managed Care Organizations and directs funds to eliminate the development disability waitlist.
- Invests funds in the Nuclear Command, Control, and Communications Center.
- Recommends merging the Department of Environment and Energy with the Department of Natural Resources.

Other

- Shifts a current law of transfer of cash from the Cash Reserve Fund to the General Fund in FY 2026-27 to the Education Future Fund in FY 2028-29.
- Transfers money from the Cash Reserve Fund to the Nebraska Capital Construction Fund for capital construction projects and to the Governor’s Emergency Fund.

Proposed Budget Information

[Fiscal Years 2026 - 2027 Budget Proposal](#)

[Budget Presentation](#)



NEVADA

On January 15, Nevada Governor Joe Lombardo released a budget proposal for the fiscal 2026-2027 biennium, which was later revised. The recommended budget calls for \$28.1 billion in total spending in fiscal 2026, a 4.4 percent decrease from fiscal 2025, and \$28.2 billion in fiscal 2027, a 0.6 percent increase over fiscal 2026. General fund appropriations are recommended at \$6.4 billion in fiscal 2026, an increase of 3.4 percent over fiscal 2025, and \$6.4 billion in fiscal 2027, an increase of 0.5 percent from fiscal 2026. The budget is based on forecasted general fund revenue (after tax credits) of \$6.1 billion in fiscal 2026, an increase of 2.0 percent from fiscal 2025, and \$6.3 billion in fiscal 2027, an increase of 2.7 percent over fiscal 2026. The budget proposal includes transfers to the rainy day fund of \$258.9 million in fiscal 2026 and \$49.2 million in fiscal 2027, and the rainy day fund balance is projected to be \$1.66 billion at the end of the biennium.

Proposed Budget Highlights

The biennial budget continues to prioritize competitive compensation for all state employees, ensures teacher raises enacted last session are made permanent, and emphasizes key priorities including housing, health care, education, public safety, and economic development.

Housing

- Invest additional funds in the Division of Housing, leveraging funds to create an impact of more than \$1 billion over the next four years. Programs will include developing attainable owner-occupied and rental housing projects, land acquisition for housing development, providing assistance to essential workers purchasing homes, and incentivizing local governments to increase housing supply.

Healthcare

- Reorganize the Department of Health and Human Services, the Silver State Health Insurance Exchange, and the Public Employees' Benefits Program by creating the Department of Human Services and the Nevada Health Authority.
- Dedicate additional funds to expand the health care workforce in the state.

- Allocate opioid settlement funds to support statewide projects for public and private entities to address the impact of opioid and other substance use disorders.
- Add funds to support projected caseload growth for Aging and Disability Services Division programs.
- Enhance community paramedicine in rural hospitals.
- Continue the Summer Electronic Benefit Transfer (EBT) program.

Education

- Increase funding through the K-12 funding formula.
- Expand funding for teacher raises to include public charter school educators.
- Fully fund transportation services for public charter schools.
- Allocate additional funds to public pre-kindergarten programs.
- Increase funding to continue the Incentivizing Pathways to Teaching program.
- Add new funds for State Special Education Funding.
- Invest new funds to phase in the new funding formula for Nevada System of Higher Education.

Economic Development

- Provide additional funds over the biennium into the Knowledge Fund to foster research and commercialization in areas targeted for economic growth.
- Create the Nevada Childcare Facility Tax Credit.
- Allocate funds to the State Infrastructure Bank to support low- or no-interest loans for housing and economic development projects.
- Additional funds to address targeted industries' workforce needs with educational partners through the Workforce Innovations for a New Nevada (WINN) program.



NEVADA (Continued)

Community & Infrastructure

- Reserve funds for the Southern Nevada Forensic Facility and North Las Vegas State Veterans Home.
- Allocate funds for the purchase, modernization and improvements of state office buildings.

Public Safety

- Allocate additional funds to hold habitual criminal offenders accountable.
- Additional funds for the Department of Corrections driven by higher costs of medical services and food, along with a projected increase in the offender population.
- Provide new funds to add new positions and establish two Correctional Emergency Response Team shifts at a correctional center.
- Allocate additional funds to support new positions at the Department of Public Safety, including the Investigation Division and Division of Parole and Probation.

Other Priorities

- Transfer food inspection activities from the Department of Health and Human Services to the Division of Animal Industry.
- Additional funding to the Gaming Control Board to support investigations and enforcement.
- Transfer the Division of Emergency Management to the Office of the Governor.

Proposed Budget Information

[Fiscal Years 2026 - 2027 Proposed Budget](#)

[Revenue Forecast \(December 2024\)](#)

[Legislative Fiscal Brief](#)



NEW HAMPSHIRE



NEW HAMPSHIRE (Continued)

Protecting Children & Most Vulnerable

- Invests in Child Advocacy Centers.
- Funds Internet Crimes Against Children Task Force.
- Fully funds the Victims of Crimes Act and Court Appointed Special Advocates programs.

Proposed Budget Information

[Fiscal Years 2026-2027 Proposed Budget](#)

[Budget Fact Sheet](#)

[Budget Address](#)

[Governor's Press Release](#)



NEW JERSEY

On February 25, New Jersey Governor Phil Murphy presented a fiscal 2026 budget. The proposal calls for total budgeted expenditures in fiscal 2026 of \$58.1 billion, a 0.1 percent decrease compared to adjusted appropriations for fiscal 2025. Of the total, 41.3 percent will be distributed as State Aid to school districts, community colleges, municipalities and cities and 32.9 percent will be used for direct services (known as “Grants-In-Aid”) such as health care coverage for low-income residents and social services. General Fund and Property Tax Relief Fund appropriations make up most of the budget, at a combined \$57.0 billion (a 0.8 percent decrease compared to fiscal 2025), with general fund spending of \$34.7 billion and Property Tax Relief Fund spending of \$22.3 billion. Additional appropriations come out of casino-related funds totaling roughly \$1.07 billion and the Gubernatorial Elections Fund at \$25 million. The budget is based on estimated total state revenues of \$56.8 billion, a 3.5 percent increase compared to fiscal 2025 revised estimates. The fiscal 2026 budget projects a general fund surplus – defined as the undesignated ending balance – of \$6.3 billion. In addition to the spending proposed in the governor’s budget, the state estimates it will spend \$38.5 billion from funds not budgeted, including \$27.9 billion in federal revenues, \$3.2 billion in state transportation funds, and the remaining from other dedicated and revolving funds. Total state spending including budgeted and non-budgeted expenditures in fiscal 2026 is estimated at \$96.6 billion, a 2.5 percent increase from estimated fiscal 2025 expenditures.

Proposed Budget Highlights

The governor’s budget builds on historic investments to expand affordability and strengthen economic security, support the next generation, maintain fiscal responsibility, and build a “stronger and fairer” future. To achieve these goals, the budget proposes additional tax relief, lowering costs in health care and housing, investments in preschool and K-12 education, a range of economic development initiatives, and expanding apprenticeships and other vocational programs, while also taking steps to strengthen the state’s fiscal position, including spending reductions and tax policy changes to bring revenues more in line with expenditures. Highlights of the budget include:

Affordability & Economic Security

- Implements the Stay NJ program to reduce property taxes for more than 432,000 senior homeowners.
- Introduces new sales tax exemptions for baby items such as cribs and strollers.
- Provides funding for state employees to take parental leave with full pay.
- Expands Family Connects NJ, a free home visitation program available to families with newborns
- Continues funding for the Down Payment Assistance Program.
- Calls for legislation to codify the Office of Health Care Affordability and Transparency and permanently eliminate fees for consumer appeals against insurance companies.

Support for the Next Generation

- Increases school formula aid and provides record-high school funding.
- Caps losses in major school aid categories (equalization, special education, security, and transportation) at 3 percent to ensure no district sees a steep year-over-year decline in state aid.
- Includes legislation to require every school district to provide full-day kindergarten.
- Provides new grant funding to districts for high-impact tutoring and to incentivize districts to transition to a phone-free learning environment.
- Proposes additional funding for preschool to continue movement towards free universal preschool.
- Launches a new OB/GYN incentive program to attract reproductive health care providers to the state.
- Provides largest ever investment in state history to protect reproductive rights.
- Invests in mental health resources and services for students.



NEW JERSEY (Continued)

Fiscal Responsibility

- Makes fifth consecutive full payment to the state pension system.
- Proposes a robust surplus of \$6.3 billion or 10.9 percent of state appropriations.
- Largely caps new discretionary spending and incorporates appropriation nearly \$2 billion in appropriation reductions.
- Supports NJ TRANSIT with dedicated funding from the Corporate Transit Fee, approved last year.
- Uses funds from the Debt Defeasance and Prevention Fund to construct a new female correctional facility.
- Reforms technical parole violations, which will save taxpayers money.
- Recommends codification of the Office of Innovation.
- Proposes a range of tax policy changes to generate additional revenue, including but not limited to, expansion of current sales and use tax base, increases for the highest tier of assessment on real property greater than \$1 million, and tax increases on sports betting, alcohol, adult-use marijuana, and cigarettes.

Economic Future

- Continues funding for Strategic Innovation Centers (SICs) to attract innovative businesses and workers to the state.
- Recommends legislation to align state tax code with federal tax treatment for Qualified Small Business Stock and reforms the Angel Investor Tax Credit.
- Announces intention to create a new tax credit to incentivize global companies to manufacture next-generation products in New Jersey.
- Doubles funding for the Office of New Americans to support recent legal immigrants as they settle in.
- Includes funding for critical highway and bridge projects, as well as NJ TRANSIT capital projects.
- Includes additional funding from the Clean Energy Fund to enhance the affordability of electric vehicles.

Proposed Budget Information

[Fiscal Year 2026 Detailed Budget](#)

[Fiscal Year 2026 Proposed Budget](#)

[Budget at a Glance](#)

[Governor's Press Release](#)



NEW MEXICO

On December 12, New Mexico Governor Michelle Lujan Grisham submitted her fiscal year 2026 budget recommendation. The proposed budget calls for total fund spending of \$33.1 billion, an increase of 13.5 percent from fiscal 2025, and recurring general fund spending of \$10.9 billion, an increase of 7.0 percent from fiscal 2025. The budget also calls for \$2.3 billion of nonrecurring general fund appropriations. The fiscal 2026 budget recommendation is based on a recurring general fund revenue estimate of \$13.6 billion, a 2.6 percent increase from fiscal 2025's projected level. The budget projects a total balance in general fund reserves of \$3.3 billion, which represents 30.4 percent of recurring general fund appropriations.

Proposed Budget Highlights

The governor's budget prioritizes early childhood education, clean energy, infrastructure, affordable housing, and expanded healthcare access. The budget includes the following recommendations:

Infrastructure

- Requests funds for road maintenance and road construction.
- Directs funds to the General Services Department and Department of Workforce Solution for fleet conversion to clean vehicles.
- Funds the Accelerate ConnectNM Program to ensure robust infrastructure and equitable access to high-speed internet across the state.
- Recommends funds to implement the 50-Year Water Action Plan.
- Establishes the Strategic Water Supply Initiative and expands geothermal projects across the state.

Early Childhood

- Increases funding for the Early Childhood Education and Care Department including funding for Tribal community support programs, Family, Infant, Toddler provider rate increases, and the Medicaid state match for home visiting.
- Provides funds for the childcare assistance program.

- Provides funds for additional prekindergarten slots.
- Launches a pilot program for transforming childcare quality across the state.

Education

- Recommends funds to continue training elementary educators in the science of reading.
- Expands structured literacy professional development into secondary schools and supports a second year of the summer reading intervention program.
- Directs funds for out-of-school learning, summer enrichment, and tutoring.
- Funds the Universal Free Meals program
- Provides a three percent across-the-board raise for employees of K-12 public schools and higher education institutions.
- Includes funds for the Opportunity Scholarship to cover tuition and fees.
- Directs funds for career technical education and other work-based learning programs.

Healthcare

- Provides increases for Medicare rates, Assisted Living Facilities rates, and Disabilities Waiver provider rates.
- Recommends expanding Medicaid programs.
- Directs funds for behavioral health expansion initiatives
- Continues the 988 program.
- Provides funds to the new Family Services Division at the Children, Youth, and Families Department.

Housing

- Directs funds to build 1,000 new affordable homes for first-time buyers.
- Recommends funds to address homelessness and housing insecurity through new evidence-based programs including prevention, shelter, case management, and long-term housing assistance.



NEW MEXICO (Continued)

- Provides funds to the New Mexico Office of Housing to implement the state's new strategic initiatives to bring down the cost of housing and create more housing opportunities.

Public Safety

- Directs funds to the Organized Crime Commission.
- Recommends creating a disaster loan recovery fund.
- Provides funds for building repairs and security updates at courthouses across the state.
- Directs funds for Hepatitis C treatment and opioid treatment programs in prisons.

Economic Development

- Recommends GRO funding for the Economic Development Department's Site Readiness Program.
- Directs funds to the Local Economic Development Act (LEDA) program to assist in expanding or relocating businesses that are Qualified Entities.
- Proposes funds for a statewide beautification campaign to make New Mexico a more attractive place to live, work, and invest.
- Recommends funds for a national and international marketing advertising campaign to showcase New Mexico's culture, history, and landscapes to a global audience.

Proposed Budget Information

[Fiscal Year 2026 Budget Proposal](#)

[Fiscal Year 2026 Budget Brief](#)

[Governor's Press Release](#)

[Revenue Forecast \(December 2024\)](#)



NEW YORK

On January 21, New York Governor Kathy Hochul presented her budget recommendation for fiscal 2026 calling for total state spending from all funds of \$252.0 billion, a 3.6 percent increase compared to revised fiscal 2025 estimates. State operating funds (including general funds as well as state-funded special revenue funds and debt service funds) are expected to total \$143.8 billion, representing a 7.9 percent annual increase. General fund spending in fiscal 2026, is recommended at \$116.3 billion, reflecting a 7.3 percent increase compared to current estimates for fiscal 2025. Meanwhile, federal operating aid is expected to decline 6.4 percent to total \$87.0 billion. Receipts from all funds, excluding the pass-through entity tax (PTET) that is meant to be revenue neutral, are expected to total \$249.6 billion in fiscal 2026, reflecting 2.1 percent annual growth. General fund receipts, excluding PTET, are expected to total \$111.2 billion in fiscal 2026, reflecting a 1.8 percent decrease that is driven mainly by the winddown of temporary federal receipts that had been deposited into the general fund in prior years. General fund revenue from taxes only is expected to increase 2.3 percent in fiscal 2026. Excluding the PTET reserve and the reserve for extraordinary monetary settlements to fund existing commitments, the state is projected to end fiscal 2026 with a general fund cash balance of \$31.5 billion, including rainy day reserves of \$9.8 billion and \$11.3 billion reserved for economic uncertainties.

Proposed Budget Highlights

The governor's "Your Family is My Fight" budget for fiscal 2026 prioritizes affordability and safety for state residents, while also making record investments in education, health care, and other key areas as well as maintaining the state's record-high reserves. Highlights of the budget include:

Affordability

- Provides "Inflation Refund" checks to 8.6 million New Yorkers of \$500 for joint filers making less than \$300,000 and \$300 for single filers making less than \$150,000.
- Reduces rates for five of the state's nine tax brackets to provide middle-class tax relief.
- Expands the Child Tax Credit over two years to provide \$1,000 for kids under age four and \$500 for kids of ages 4-16.

- Provides universal school breakfast and lunch to all students.

Public Safety

- Invests in gun violence prevention programs proven to drive down crime.
- Makes investments in law enforcement and prosecutors' officers to improve the effectiveness of the criminal justice system.
- Funding to strengthen law enforcement subway platforms in New York City, to be matched by additional local government funds.
- Funds to strengthen drug interdiction efforts on the Northern Border.

Housing

- Funding over five years to support housing construction in New York City.
- Makes discretionary funds available for the Pro-Housing Communities certification program, which rewards local governments that take action to support housing growth.
- Funds to build housing on state-owned land through the Redevelopment of Underutilized Sites for Housing (NY RUSH) initiative.
- Provides first-time homebuyer assistance in the form of capital for starter homes and funds for downpayment assistance.

Economic Development

- Supports a range of economic development projects, such as the Downtown Revitalization Initiative and the New York Works Economic Development fund.
- First-of-its-kind investment in Albany to strengthen the state capital city's economy.
- Directs funds to alleviate the impact of interest payments that employers would otherwise be charged due to Unemployment Insurance Trust Fund debt.
- Funds free community college for adults pursuing in-demand degrees.



NEW YORK (Continued)

Education

- Enhanced school funding under the Foundation Aid formula to ensure every school district receives more funding than the prior year.
- Funding to continue expanding child care access as well as to build child care centers.
- Additional funds for the Places for Learning, Activity and Youth Socialization (NY PLAYS) and the Statewide Investment in More Swimming (NY SWIMS) initiatives.
- Funding to support bell-to-bell restrictions on electronic devices for K-12 students.

Mental Health & Healthcare

- Funds to create new forensic inpatient psychiatric beds, to support minimum wage increases for mental health care providers, and other mental health investments.
- Funds to improve SUNY hospitals' facilities; implement workforce development programs to support health care, behavioral health, and social care workforce; and other health care investments.

Environment

- Proposes the largest-ever climate investment in state history, including funding for clean energy, clean water infrastructure, the State Superfund program, and climate resiliency projects.

Infrastructure

- Capital investments in local road and bridge repair projects.
- State funds to support the MTA's capital program.
- Funding for Upstate and non-MTA Downstate transit systems.
- Funding for planning and design of rail service improvements to reduce commute times.

Proposed Budget Information

[Fiscal Year 2026 Budget Proposal](#)

[Budget Highlights](#)

[Briefing Book](#)

[Financial Plan](#)

[Governor's Press Release](#)

[Revenue Forecast](#)



NORTH CAROLINA

On March 19, North Carolina Governor Josh Stein introduced a biennial budget for fiscal years 2026 and 2027. The budget proposes \$33.6 billion in general fund spending for fiscal 2026, an increase of \$2.3 billion, or 7.4 percent, over the fiscal 2026 base budget and \$34.3 billion in fiscal 2027, an increase of \$700.7 million, or 2.1 percent, over fiscal 2026. The consensus revenue forecast estimates general fund revenues at \$34.9 billion in fiscal 2026 (increase of 0.5 percent over the revised fiscal 2025 estimate) and \$34.1 billion in fiscal 2027 (decrease of 2.4 percent from fiscal 2026). The budget includes an unappropriated reserve balance of \$8.0 billion and closing balances are projected to be \$364.1 million in fiscal 2026 and \$183.7 million in fiscal 2027.

Proposed Budget Highlights

The governor's proposed biennial budget makes key investments in the economy, families, education, workforce, health care, and public safety to help ensure every North Carolinian has a shot at a brighter future.

Revenue Changes

- Maintains the individual income tax rate at 4.25 percent (instead of falling to 3.49 percent in 2027) and the corporate income tax rate at 2.25 percent (instead of falling to zero after 2029).
- Establishes a refundable Working Families Tax Credit equal to 20 percent of the federal Earned Income Tax Credit for eligible families.
- Provides a refundable child and dependent care credit equal to 50 percent of the federal credit for eligible families.
- Converts the existing child tax deduction to a refundable Child Tax Credit worth up to \$150 per child.
- Reestablishes a back-to-school sales tax holiday for three days in August.

Improving Public Education

- Increases average teacher pay by 10.6 percent, reinstates master's pay, and provides a stipend to teachers for school supplies. Existing principals will receive a 6 percent increase over the biennium.

- Supports all students with disabilities and adds funds for high-dosage tutoring.
- Provides universal school breakfast at no cost to students, adds school health personnel and school resource officers, and pilots a program to reduce cell phone distractions in school.

Building a Strong Workforce

- Increases funds to support free community college for high demand skills training.
- Provides nonrecurring funds in the first year of the biennium for growing the health care workforce.
- Allocates funds for apprenticeships and work-based learning grants.
- Increases the maximum weekly unemployment benefit and extends the time benefits are available.
- Funds a one-time tax credit for employer unemployment contributions to support businesses facing recent increases in costs and those recovering from Hurricane Helene.
- Provides funds to support reentry from the criminal justice system, including post-secondary college funding and funds for health care services prior to release.

Childcare & Early Education

- Increases subsidized child care rates.
- Curbs the closure of NC Pre-K centers by increasing reimbursement rates, adding new seats, and providing necessary administrative funds.
- Allocates funds to support the transition from Pre-K to kindergarten for more than 3,500 children.

Public Safety

- Increases salaries for correctional officers and youth counselors by 6.5 percent to make their compensation more competitive, increasing the starting pay to more than \$40,000.
- Increases salaries for other public safety personnel by 3 percent, including state troopers, probation and parole officers, and juvenile court counselors.



NORTH CAROLINA (Continued)

- Provides stable funding for the Voice Interoperability Plan for Emergency Responders to enable first responder communications over a secure radio network during disasters.
- Creates a new Fentanyl Control Unit of prosecutors, drug agents and financial investigators to help stop the flow of narcotics.
- Allocates funds to expand the use of medication to treat opioid use disorder to all adult correctional institutions following a successful pilot program.

Healthcare Investments

- Invests funds to improve the recruitment and retention of Direct Support professionals who help people with disabilities.
- Allocates funds to increase the rates of primary care and obstetricians/gynecologist providers in the Medicaid program.
- Provides funds in the second year of the biennium to support the creation of up to 200 Innovations Waiver Slots and 75 Traumatic Brain Injury Waiver slots.
- Allocates funds to create co-response teams in 50 rural counties across the state.

Other Priorities

- Funds a 2 percent across-the-board salary increase for state employees and a 2 percent cost-of-living bonus to retirees.
- Provides a \$1,000 bonus for net appropriation and receipt-supported state employees paid from the General Fund.
- Increases employer contributions to the State Health Plan by 5 percent in each year of the biennium.
- Establishes the IMPACT Center to advance projects that substantially improve government operations and cut inefficiencies in state programs and policies.
- Proposes a \$4 billion bond to modernize old and outdated school buildings.

Proposed Budget Information

[Fiscal Years 2026 - 2027 Proposed Budget](#)

[Budget Overview Presentation](#)

[Governor's Press Release](#)

[Revenue Forecast](#)



NORTH DAKOTA

On January 15, North Dakota Governor Kelly Armstrong released a two-year budget proposal for fiscal 2026 and fiscal 2027. The budget recommendation builds on the prior work of Governor Doug Burgum's administration, while also making significant changes from the previous administration's recommendation submitted on December 4, 2024. Governor Armstrong's budget proposal calls for \$19.90 billion in total spending over the biennium, a 20.5 percent increase from the previous biennium. The budget proposes \$6.60 billion in general fund spending over the biennium, a 14.7 percent increase from the previous biennium. General fund revenues are estimated to be \$5.55 billion over the course of the biennium, a 1.4 percent increase from the prior biennium. Oil tax revenues are projected at nearly \$4.9 billion, approximately \$828 million less than the revised estimate for the current biennium. The proposed budget leaves \$230 million in the general fund ending balance and over \$500 million in the Strategic Investment and Improvements Fund.

Proposed Budget Highlights

The governor's budget recommendation includes historic property tax relief and reform, strategic investments in infrastructure and legacy projects, housing affordability and access solutions, and a school choice initiative. The budget proposal provides roughly \$1 billion in new investments, while making spending cuts of approximately \$600 million including through reducing staff and spending on new programs and construction that was not scheduled to begin until the end of the biennium. Highlights of the budget proposal include:

Property Tax Relief

- Provides a property tax credit of \$1,550 per year for each primary residence.
- Expands eligibility for the homestead tax credit program.
- Provides a 3 percent limitation on local political subdivision budgets funded by property taxes.
- Earnings from the Legacy Fund, the state's sovereign wealth fund, would initially pay for part of the property tax relief and eventually cover all the cost.

Housing

- Increases average teacher pay by 10.6 percent, reinstates master's pay, and provides a stipend to teachers for school supplies. Existing principals will receive a 6 percent increase over the biennium.
- Supports all students with disabilities and adds funds for high-dosage tutoring.
- Provides universal school breakfast at no cost to students, adds school health personnel and school resource officers, and pilots a program to reduce cell phone distractions in school.

Infrastructure

- Includes a new Legacy Fund bonding package for the construction of a new state hospital in Jamestown, generational airport projects in Fargo, Grand Forks, and Dickinson, and for a Military Gallery at the North Dakota Heritage Center.

Education

- Includes annual 2 percent increases in the K-12 integrated formula.
- Establishes an Educational Savings Account (ESA) program to fund supplemental services that reimburses for approved services and supports and expands educational opportunities for public, non-public, and homeschool students.
- Transfers funding from the Foundation Aid Stabilization Fund to the School Construction Revolving Loan Fund.
- Provides a 9 percent increase to the higher education funding formula from the general fund.
- Includes one-time higher education investments for Challenge Grants, Capital Building Funding, and the Maryville Old Main renovation.

Other

- Provides funding for performance-based increases for high-performing state team members.
- Supports the closure of the current defined benefit retirement plan, adequately funding the state's obligation under the defined benefit plan and offering.



NORTH DAKOTA (Continued)

a new portable defined contribution plan to new state team members.

- Aligns with the Gov. Burgum budget recommendation and proposes a change to the maximum balance calculation of the Budget Stabilization Fund.
- Adds funding for technology investments.
- Includes several initiatives to address overpopulation in the corrections system and to address facility needs.
- Recommends Department of Human Services provider increases of 1.5 percent for each year of the biennium.
- Invests in childcare programs and grants.
- Added investments in behavioral health programs, including the expansion of Free Through Recovery, Community Connect and peer support; youth crisis and intervention; substance use voucher utilization; and rural crisis support.
- Creates a new cabinet position, the Commissioner of Recovery and Re-Entry.

Proposed Budget Information

[Fiscal Years 2026 - 2027 Budget Proposal \(Gov. Armstrong\)](#)

[Budget Address](#)

[Governor's Press Release](#)

[Fiscal Years 2026 - 2027 Budget Proposal \(Gov. Burgum\)](#)



OHIO

On February 3, Ohio Governor Mike DeWine recommended a two-year budget that totals \$108.62 billion in fiscal 2026 (a 2.9 percent increase over fiscal 2025's estimated level) and \$110.70 billion in fiscal 2027 (a 1.9 percent increase over fiscal 2026's recommended level). Spending from the general revenue fund totals \$44.66 billion in fiscal 2026 (a 2.6 percent increase over fiscal 2025's estimated level) and \$46.65 billion in fiscal 2027 (a 4.5 percent increase over fiscal 2026's recommended level). Estimated general fund revenues are projected to be \$45.45 billion in fiscal 2026 (a 4.1 percent increase from fiscal 2025's estimated level) and \$46.91 billion in fiscal 2027 (a 3.2 percent increase from fiscal 2026's projected level). The budget assumes a general revenue ending balance of \$615.6 million in fiscal 2026 and \$238 million in fiscal 2027. Additionally, the budget stabilization fund ending balance is estimated at \$4.20 billion at the end of the biennium.

Proposed Budget Highlights

The governor's budget is focused on continuing to build on the elements that make Ohio the Heart of it All by investing in the state's greatest asset, its people. The budget prioritizes children, the workforce, communities, and the economy while continuing to make state government more efficient, responsive, and cost-effective. Highlights of the budget include:

Ohio's Children

- Parents
 - Proposes a refundable child tax credit targeted at those who need it the most - working families with children through age six; maintains access to quality childcare through Publicly Funded Childcare and the Childcare Choice program; continues grants that help defray the cost of adoption; maintains support for moms-to-be and new families; and increases investments in tobacco cessation programs and tobacco use prevention.
- Health
 - Extends support for Help Me Grow, Ohio's evidence-based home visiting program; expands the Family Connects program, which provides free in-home nurse consultation for families with

newborns; creates a new vision services program, OhioSEE; expands the number of school-based health centers; expands Youth Mobile Response and Stabilization Services; and creates a new school bus safety grant program. The proposed budget would also raise the state's cigarette tax by \$1.50 per pack and raise taxes for vapor and other tobacco products to provide parity with the cigarette tax. This proposal generates sufficient revenue to offset the cost of the child tax credit.

- Education
 - Elevates and expands the Dolly Parton Imagination Library of Ohio; supports students through school choice programs and continued implementation of the Cupp-Patterson school funding formula; establishes a new Ohio Principal Apprenticeship Program; continues to implement the Science of Reading; and prioritizes workforce readiness by reimagining Ohio's regionally based tech prep centers.

Ohio's People & Workforce

- Continues the Governor's Merit Scholarship, which encourages Ohio's best and brightest to stay in the state.
- Offers other scholarships that support students who stay in Ohio including the Ohio College Opportunity Grant, the Choose Ohio First Program, and the Work Ready Grant program.
- Continues support for the TechCred program, which defrays costs incurred by employers for upskilling their workforce and the Industry Sector Partnership Grant Program, which supports collaboration between businesses, educational institutions, and training providers.
- Ties funding for colleges and universities to whether their graduates are getting jobs.
- Partners JobsOhio with colleges and universities to develop work-based learning initiatives.
- Continues investments in the Ohio Digital Academy to train the high-tech workforce.



OHIO (Continued)

- Makes investments to help keep Ohioans safe on the job.
- Further expands vocational training and education for in-demand jobs to help those being released from the Ohio Department of Rehabilitation and Correction.

Ohio's Communities

- Public Safety
 - Supports local government users of the Multi-Agency Radio Communications System; continues implementation of Next Generation 911; increases Ohio's investment to fund 988; bolsters cybersecurity for local governments and public water systems; recommends building a state-of-the-art law enforcement training facility; provides new grant funding to support drug task forces; continues support for the Ohio Jail Safety and Security Program; launches the Ohio Hazard Mitigation Program; and maintains historic investments in the indigent defense system.
- Economy
 - Makes targeted investments in Ohio's roadways; supports investments for housing development in rural and border counties; requires the creation and adoption of a statewide Advance Air Mobility Strategy; reduces financial barriers for high school students who seek driver training; provides regulatory flexibility for energy generators; increases the share of state revenue devoted to the Public Library Fund and the Local Government Fund; and increases support for historic preservation projects and the rehabilitation of historic owner-occupied homes.
- Quality of Life
 - Continues funding for H2Ohio's ongoing work to create high-performing wetlands, provide clean drinking water, and support farmers; maintains historic investments in Ohio's 76 state parks; continues to invest in Accessible Ohio, a program aimed at increasing accessibility for individuals with disabilities; and provides new funding for local health departments to improve oversight of Ohio's landfills.

Proposed Budget Information

[Fiscal Years 2026 - 2027 Budget Proposal](#)

[Budget Highlights](#)

[Fact Sheets](#)

[Budget Testimony](#)

[Governor's Press Release](#)



OKLAHOMA

On February 3, Oklahoma Governor Kevin Stitt released his budget proposal for fiscal 2026. The governor's recommended budget totals \$11.17 billion for fiscal 2026 which is a 10.4 percent decrease, or \$1.3 billion, from fiscal 2025. Agency appropriations for fiscal 2026 are recommended at \$11.09 billion which is a 3.0 percent decrease, or \$343 million, from fiscal 2025. Total revenue for fiscal 2026 is projected at \$12.29 billion with recurring revenues projected at \$11.09 billion and one-time revenues projected at \$1.18 billion. For fiscal 2026, the expenditure authority for the certified general revenue fund is projected at \$7.99 billion, a decrease of 0.72 percent from fiscal 2025 authorized expenditures. Total reserves and unspent cash at the end of fiscal 2026 are projected at \$3.43 billion. This includes a Constitutional Reserve Fund (Rainy Day Fund) balance of \$1.37 billion, a Revenue Stabilization Fund balance of \$663 million, and General Revenue Cash and Unspent Authorized funds of \$1.40 billion.

Proposed Budget Highlights

The budget focuses on the governor's priorities of being the best state for business, creating pathways from classrooms to careers, promoting Oklahoma around the country and around the world, and protecting the Oklahoma way of life. Recommendations include the following:

Recurring Revenues

- Proposes reducing the individual income tax rate for the tax year beginning January 1, 2026, by 0.50 percent.
- Proposes reducing the corporate income tax rate for the tax year beginning January 1, 2026, by 0.50 percent.
- Supports removing the cap on the amount that can be spent on the Parental Choice Tax Credit.
- Proposes the Oklahoma Tax Commission administer a tax amnesty program.
- Increases recurring revenue based on historical past practice of sweeping funds from the Unclaimed Property Fund, Oklahoma Medical Marijuana Authority funds, Secretary of State Revolving Fund, and the Insurance Department Revolving Fund.

- Funds the first and subsequent years of operation for an agency to support the Business Courts.
- Recommends specialized business courts to streamline the legal process and make Oklahoma a top ten state for doing business.
- Provides funding for nursing home provider rate increases at Oklahoma Health Care Authority.
- Funds provider rate increases at Oklahoma Human Services.
- Includes funding of the Oklahoma Higher Learning Access Program (OHLAP) fund as an expenditure of the Legislature.

Modernization & Efficiency Initiatives

- Proposes the creation of the Revenue Stabilization Fund 2.0 by making the fund an invested asset to use its earnings to stabilize the budget rather than depleting the principal.
- Recommends the Legislature evaluate the scope of the newly created Oklahoma Capital Asset Maintenance Preservation (OCAMP) fund and look at consolidating it with the Long-Range Capital Planning Commission.

Supplemental & One-Time Proposals

- Directs funds from excess cash into the Education Reform Revolving Fund to fund the supplemental appropriation due to the shortage in the Ad Valorem Reimbursement Fund that goes to public schools.

Proposed Budget Information

[Fiscal Year 2026 Budget Proposal](#)

[Revenue Forecast \(December 2024\)](#)



OREGON

On December 18, Oregon Governor Tina Kotek released a recommended budget for the fiscal 2026-2027 biennium. Over the next two years, the governor's budget calls for \$137.7 billion in spending from all funds, a 10.5 percent increase from the enacted biennial budget for fiscal 2024-2025. This includes \$37.4 billion in general fund spending (a 13.8 percent increase from the fiscal 2024-2025 biennium) and \$1.9 billion from lottery funds (a 12.2 percent increase). Federal fund expenditures are also projected at \$36.8 billion, an 8.5 percent increase compared to the prior biennium. The general fund budget is based on a beginning balance of \$2.1 billion (after adjustments) and projected general fund revenue of \$35.3 billion for the fiscal 2026-2027 biennium after proposed revenue changes – including extending various personal income tax credits. General fund revenue for the next biennium is forecasted to grow 26.7 percent compared to the fiscal 2024-2025 biennium (in part due to a \$5.6 billion kicker credit issued for tax year 2023). After adjusting for the impact of Oregon's "kicker" law, general fund revenues are expected to increase 11.5 percent in the fiscal 2026-2027 biennium compared to the prior biennium. The budget projects a \$9.2 million balance in the general fund at the end of the fiscal 2026-2027 biennium. The state estimates that the combined balance in the Rainy Day Fund and the Education Stability Fund will be \$2.9 billion at the end of the fiscal 2024-2025 biennium, and the governor's budget proposes to retain these reserve levels over the next biennium.

Proposed Budget Highlights

The governor's "Building on Progress" recommended budget continues to invest in Oregonians' top priorities, including addressing homelessness, increasing housing supply, building behavioral health treatment capacity, and supporting children and youth. Budget highlights in these areas include:

Addressing Homelessness

- Maintains the statewide system of coordinated shelters.
- Maintains current efforts to transition Oregonians out of homelessness and into housing.

- Maintains services to prevent Oregonians from becoming homeless in the first place.

Housing Supply

- Creates new bond authority to build more affordable housing and meet the state's housing production goals.
- Establishes a new housing infrastructure program to fund water, sewer, stormwater, and transportation infrastructure linked to new housing development.
- Continues efforts to support first-time homebuyers.

Behavioral Health

- Backfills American Rescue Plan Act (ARPA) investments in behavioral health capacity building and behavioral workforce capacity with general fund dollars.
- Continues deflection services to help individuals struggling with addiction to find treatment and avoid legal consequences.

Children & Youth

- Increased funding to strengthen the State School Fund Current Service Level.
- Additional targeted funding towards early literacy and summer learning.
- New targeted investments in youth behavioral health services.

Other Priorities

- Targeted investments to protect and increase access to reproductive health care.
- Funding for climate change and resilience projects, including the Community Renewable Energy Grant Program.
- New investment for reentry demonstration project to improve health care for formerly incarcerated individuals.
- New investments in initiatives to improve public safety outcomes, including efforts to reduce traffic fatalities.



OREGON (Continued)

- Specific investments to eliminate health inequities.
- Additional funding for natural disaster readiness, including redirecting funds from going into state reserves to instead be appropriated to pay for wildfire suppression costs.

Proposed Budget Information

[Fiscal Years 2026 - 2027 Budget Proposal](#)

[Budget Priorities](#)

[Governor's Press Release](#)



PENNSYLVANIA

On February 4, Pennsylvania Governor Josh Shapiro released his fiscal 2026 budget recommendation. The proposal calls for total operating expenditures from all funds of \$133.7 billion (a 5.3 percent increase compared to fiscal 2025). This includes \$51.5 billion in general fund spending (a 7.5 percent increase compared to fiscal 2025). The budget is based on a beginning balance of \$2.9 billion and forecasted general fund revenue of \$46.6 billion after tax changes and refunds (a 5.8 percent increase over revised estimates for fiscal 2025). The budget also recommends a transfer from the Budget Stabilization Reserve Fund (the state's rainy day fund) into the general fund of \$1.6 billion. After this withdrawal, the state projects the reserve fund to have an ending balance of \$6.4 billion in fiscal 2026.

Proposed Budget Highlights

The governor's budget for fiscal 2026 builds on previous progress while continuing to address problems facing state residents. The budget focuses on priorities including education; workforce development; economic development; reducing health care, housing, and energy costs; and public safety. The plan makes historical investments to make the state more competitive while also maintaining fiscal responsibility. Highlights of the budget include:

Public Education

- Increases basic education funding and provides additional dollars through the bipartisan adequacy formula to schools that need them most.
- Increases special education funding.
- Sets a statewide base cyber tuition rate of \$8,000 for online education.
- Increases Career and Technical Education (CTE) funding.
- Doubles funding for student teacher stipends to address the state's teacher shortage.
- Increases funds for school repairs.

Workforce Development & Closing Workforce Gaps

- Creates a dedicated Workforce and Economic Development Network appropriation to train additional workers.

- Creates the CareerConnect program to build internships at companies in the state.
- Invests in adult literacy centers to reduce waitlists.
- Additional support for the Office of Vocational Rehabilitation to assist people with disabilities in finding employment.
- Invests in recruitment or retention bonuses for childcare workers in the state.
- Increases birth to age 3 Early Intervention (EI) provider rates.
- Additional funds for the Pre-K Counts program to raise preschool teacher wages.
- Invests funding to increase direct care worker wages and benefits.
- Directs additional funds to Area Agencies on Aging (AAAs) as well as to an initiative to improve oversight and accountability of AAAs.
- Takes steps to close workforce shortages in rural healthcare and behavioral health.
- Calls for raising the minimum wage to \$15 per hour.

Economic Development

- Invests in attracting new businesses in the life sciences sector.
- Reorganizes the Department of Community & Economic Development (DCED) to consolidate agency resources to form the BusinessPA Team, which will focus on promoting business success, expansion and attraction.
- Targeted investments in the agricultural industry as well as additional funding for the Pennsylvania Agricultural Surplus System and the State Food Purchase Program.
- Increases the dedicated transfer share of sales and use taxes to the Public Transportation Trust Fund by an additional 1.75 percent.



PENNSYLVANIA (Continued)

- Continues to reduce the reliance of the State Police on Motor License Fund revenues to free up more funding for transportation projects and to match federal grant funds.
- Invests in state parks, including a new park at Laurel Caverns.

Healthcare

- Invests in grants for research on neurodegenerative diseases.
- Additional state funds and matching funds for federal grants to support rural hospitals.
- Calls for legislative action to curtail the involvement of private equity in health care.
- Directs health department to take steps to better treat postpartum depression.
- Calls for legislation to require insurance companies to cover mental health services provided in schools.

Affordability

- Increases transparency in health care pricing by investing in an All-Payer Claims Database.
- Multifaceted energy plan to create jobs and lower costs for consumers.
- Invests in first-time homebuyer assistance to cover closing costs.
- Creates a new statewide housing repair fund to help homeowners.
- \$10 million for 988 crisis line operations.

Public Safety

- Takes steps to support firefighters including with a new competitive grant program.
- Invests in four additional cadet classes for the State Police.
- Increases investments in Violence Intervention and Prevention program and the Building Opportunity through out of School Time (BOOST) Grant Program.

Tax Cuts & Reforms

- Eliminates duplicative tax credit programs and replaces them with a new AdvancePA tax credit program aimed at incentivizing high-paying job creation.
- Expedites Corporate Net Income Tax (CNIT) cuts by two years.
- Closes the “Delaware Loophole” that allows large corporations to avoid paying taxes by shifting income to out-of-state subsidiaries.

Other

- Charges the Gaming Control Board to regulate skill terminals, with revenues to be taxed at a rate of 52 percent, which will generate \$8 billion in new revenue over five years.
- Proposes the legalization of adult use cannabis, which is estimated to generate \$1.3 billion over the first five years.

Proposed Budget Information

[Fiscal Year 2026 Proposed Budget](#)

[Budget in Brief](#)

[Governor's Press Release](#)



RHODE ISLAND

On January 16, Rhode Island Governor Dan McKee submitted a budget recommendation for fiscal 2026. The budget calls for all funds spending of \$14.22 billion in fiscal 2026, including general fund spending of \$5.74 billion. This represents an all funds spending increase of 1.8 percent and a general fund spending increase of 2.6 percent compared to enacted fiscal 2025 levels. Federal fund expenditures for fiscal 2026 are projected at \$5.09 billion, a 0.5 percent increase from enacted fiscal 2025. The governor's budget is based on a general fund revenue estimate of \$5.73 billion in fiscal 2026, reflecting 3.0 percent growth over the revised fiscal 2025 estimate. The fiscal 2026 estimate includes \$267 million in recommended revenue actions. After a \$178 million transfer to the state's rainy day fund, the recommended budget projects a general fund ending balance of \$0.8 million and a balance in the state's rainy day fund of \$296 million (about 5 percent of general fund spending, per the cap). The governor also recommends revisions to the fiscal 2025 enacted budget that would increase spending from all funds by \$970 million, mostly driven by a \$593 million increase in federal fund expenditures.

Proposed Budget Highlights

The governor's budget proposal invests in key priorities including workforce development, education, and health wellness, with a focus on improving education outcomes, raising incomes, and making residents healthier – the three pillars of the Rhode Island 2030 plan. The governor's recommendation closes a projected deficit without raising broad-based taxes or cutting core services, instead creating savings through operational efficiencies, strategic cost-cutting efforts, and targeted new revenue streams. Highlights of the budget include:

Education & Workforce

- Increases funding for K-12 education aid, including raising per-pupil funding levels.
- Provides funds for Learn365RI municipal grants to support high-quality, out-of-school programming.
- Launches Ready to Build, a pre-apprenticeship pathway to building trades.
- Build new Culinary and Hospitality Hub at a community college.

- Invests in the creation of 1,000 new work-based learning opportunities.
- Allocates funding for dual and concurrent enrollment programs.
- Funds a 4 percent increase for public higher education institutions, including funding for services related to career readiness, placement and internships.
- Funds two positions in the Office of Postsecondary Commissioner to form a federated integrated data system across state agencies to evaluate programs.

Health & Wellness

- Recommends a review of primary care provider rates by the Office of the Health Insurance Commissioner.
- Provides for loan repayment assistance for primary care providers and pediatricians.
- Increases funding for senior support services.
- Bans assault weapons and creates a sales tax exemption for gun safety goods.
- Increases the per-pack cigarette tax by 50 cents.

Government Efficiencies

- Recommends purchasing a large, commercial building to co-locate multiple state agencies and achieve long-term savings.
- Closes a minimum security correctional facility and creates a new unit within the medium security facility instead.
- Reduces agency contractor expenses, eliminates telephone landlines, and pursues other cost-cutting measures.
- Adds four new positions in Medicaid to identify provider fraud.

Infrastructure

- Directs more funds to RhodeRestore to provide cities and towns with reliable funding to defray the costs of transportation projects and makes the program permanent.



RHODE ISLAND (Continued)

- Creates new, two-year registration fees for battery electric vehicles and plug-in hybrid vehicles to help offset declining gas tax revenue.

Addressing Homelessness

- Provides funding from multiple sources for homelessness initiatives, including a new 5 percent hotel tax on whole-home short-term rentals (previously excluded) and an increase to the real estate conveyance tax for certain properties.

Proposed Budget Information

[Fiscal 2026 Proposed Budget](#)

[Executive Summary](#)

[Budget Data Visualization](#)

[Governor's Press Release](#)



SOUTH CAROLINA

On January 13, South Carolina Governor Henry McMaster proposed a fiscal 2026 budget that recommends \$41.6 billion in all funds, an increase of \$1.4 billion, or 3.5 percent, over fiscal 2025. The general funds portion of the budget totals \$13.03 billion, an increase of \$606.4 million, or 4.9 percent, over fiscal 2025. The governor's budget assumes net general fund revenues of \$13.03 billion, an increase of 4.9 percent over the fiscal 2025 budget. The budget fully funds the amounts needed to increase the state's reserve funds to \$1.2 billion, which is approximately 10 percent of the state's budget expenditures.

Proposed Budget Highlights

The governor's proposed fiscal 2026 budget prioritizes fiscal responsibility, accelerates income tax cuts, raises teacher pay, and invests in critical infrastructure and disaster relief.

Tax Relief

- Proposes a \$2,000 nonrefundable individual income tax credit for individuals employed as sworn law enforcement officers, firefighters, and emergency medical technicians.
- Includes non-recurring funds to accelerate the scheduled individual income tax rate reduction from 6.2 percent to 6.0 percent.

Education

- Provides funds to the State Aid in Classrooms formula to increase the minimum starting teacher salary from \$47,000 to \$50,000 and all cells in the State Minimum Teacher Salary Schedule by \$3,000.
- Provides funds for instructional materials and to purchase 250 school buses.
- Adds funds to cover expected enrollment increases in the full day 4K program.
- Provides additional funds to hire 177 School Resource Officers, ensuring coverage at each of the remaining schools currently without an assigned officer.
- Adds mitigation funds to freeze in-state tuition rates for a sixth consecutive year.

- Provides lottery and general funds across multiple post-secondary student scholarships and grants, including those targeted for need-based grants, a nursing initiative, the National Guard repayment program, and students with special needs.
- Includes lottery and general funds to support South Carolina Workforce Industry Needs Scholarships (SCWINS) at the technical college system.

Infrastructure & Disaster Aid

- Provides non-recurring funds to repair and replace bridges.
- Includes recurring funding to reduce environmental permitting backlogs and support agency operations to ensure a 90-day decision permitting timeframe.
- Replenishes the Disaster Relief and Resilience Reserve Fund and Disaster Relief and Resilience Revolving Loan Fund.
- Requests non-recurring funds to cover the 25 percent state cost share required by federal law for natural disasters and to create the South Carolina Public Assistance program. This would be a grant program for local governments, public utilities, electric cooperatives, and charitable aid organizations that also applied for federal disaster assistance.

Healthcare & Human Services

- Provides recurring funds for Medicaid maintenance of effort.
- Includes non-recurring funds to construct a Neurological Critical Care and Rehabilitation program in partnership with the University of South Carolina.
- Provides recurring funds to enhance placement stability for children in the Department of Social Services by increasing provider rates.
- Allocates funds to reduce the Home and Community-Based Services waiver program waitlists, increase provider reimbursement rates to behavioral health professionals and to address the opioid epidemic, and support intensive outpatient and partial hospitalization behavioral health programs.



SOUTH CAROLINA (Continued)

Conservation & the Environment

- Recommends non-recurring funds to the Forestry Commission and Conservation Bank for the preservation and conservation of land of cultural and environmental importance.
- Provides non-recurring funds for beach renourishment grants and to support new state park development.
- Includes recurring dollars for fire prevention and other personnel necessary to protect state forests.

Public Safety & Law Enforcement

- Allocates recurring funds to hire 30 Highway Patrol officers.
- Includes recurring funds for law enforcement salaries due to step increases, while also providing recurring and non-recurring funds for additional staff at the State Law Enforcement Department.
- Provides additional funds to the Department of Corrections for increased agency operating costs as well as funds for the recruitment of critical agency personnel including correctional officers and medical personnel.
- Includes non-recurring funds to support Phase 2 of the agency's cell phone interdiction initiative.
- Allocates recurring funds to recruitment and retention of critical non-attorney personnel in solicitor offices and public defender offices.

Other Priorities

- Allocates recurring funds to operate the six state veterans nursing homes.
- Provides non-recurring funds to support the state's Closing Fund.
- Includes non-recurring funds to support the State Water and Sewer Fund and invest in the Rural Infrastructure Fund.

- Allocates non-recurring funds for a systemic review of the state's public higher education system and how it supports workforce development.
- Provides funds for the state health plan with no resulting employee premium increase.
- Increases funding to fully fund the Local Government Fund.

Proposed Budget Information

[Fiscal Year 2026 Budget Proposal](#)

[Budget Presentation](#)

[Governor's Press Release](#)

[Statement of Revenues](#)



SOUTH DAKOTA

South Dakota Governor Kristi Noem released her fiscal 2026 budget proposal on December 3, 2024. The recommended budget calls for \$7.29 billion in total spending, a 0.3 percent decrease from fiscal 2025's budgeted amount. General fund spending is recommended at \$2.46 billion, a 2.0 percent increase from the budgeted amount for fiscal 2024. Total fiscal 2026 general fund increases are \$47.4 million, with the largest increases going towards human services (\$26.4 million), state aid (\$21.6 million), employee compensation (\$6.8 million), corrections (\$5.1 million), social services (\$3.1 million), and education (\$2.0 million). General fund ongoing receipts are estimated at \$2.46 billion, a 3.0 percent increase from fiscal 2025's revised level. The total estimated reserve balance is \$288.8 million, or 11.8 percent of proposed fiscal 2026 appropriations.

Proposed Budget Highlights

The governor's budget recommendation is focused on being responsible stewards of the taxpayers' money, investing in core responsibilities, paying off debt, and making state government agencies more efficient. The governor noted the state continues to have no individual income tax, no corporate income tax, no personal property tax, maintains a AAA credit rating, has one of the only fully funded pensions in the country, and has delivered a balanced budget for 136 consecutive years. Highlights of the budget include:

Education

- Proposes establishing Education Savings Accounts to pay for a portion of private school tuition or curriculum for alternative education.
- Invests one-time funds over five years to create school safety grants.
- Supports the Science of Reading including through a five-year federal grant.
- Continues to invest in higher education to meet workforce needs including through expanding training opportunities, supporting the growth of cybersecurity programs, providing full tuition for South Dakota National Guard soldiers, and helping high-risk students prepare for college or a career.

Health

- Manages the increased demand on the state's Medicaid system with fiscal responsibility including through funding the remaining cost of Medicaid expansion.
- Provides additional ongoing funding for regional mental health facilities.
- Invests in the Agency with Choice at the Department of Human Services to allow families to choose who is providing services in their homes and provide greater care for South Dakotans utilizing developmental disability services.

Safety

- Uses one-time dollars to pay for the remaining costs of the state's new men's prison, saving the state future costs in interest, fees, and annual debt service payments.
- Recommends additional funding to finish the Richmond Dam project.

Workforce

- Provides 1.25 percent inflationary increases for state employees, healthcare providers, and schools and teachers.

Fiscal Responsibility

- Maintains the state's longstanding practice of having a minimum of a 10 percent budget reserve for a rainy day.
- Recommends setting aside one-time revenue to pay future unclaimed property receipts.
- Proposes budget reductions and discretionary changes to ensure the budget is balanced after providing funding for mandatory new ongoing expenditures.
- Pays off debt with one-time money.
- Right-sizes funding for programs in the Department of Social Services and the Department of Human Services to match utilization.



SOUTH DAKOTA (Continued)

- Reduces the state match in funds for Temporary Assistance for Needy Families due to the strength of the state's economy.
- Asks the Board of Regents to propose budget reductions of their own.
- Reduces funding for South Dakota Public Broadcasting to bring it in line with the national average.
- Proposes further steps to enhance fiscal fortitude including expanding resources to assist the Board of Internal Controls, support the Department of Legislative Audit and clarify the work they do, and strengthen the state's financial systems to help protect taxpayer dollars.

Proposed Budget Information

[Fiscal Year 2026 Budget Proposal](#)

[Summary Book](#)

[Total Recommended Budget](#)

[Budget Adjustments](#)

[Budget Address](#)

[Budget Address Slides](#)

[Supplemental Slides](#)

[Employee Compensation](#)

[Governor's Press Release](#)



TENNESSEE

On February 10, Governor Bill Lee proposed a fiscal 2026 total budget of \$59.5 billion, a decrease of 1.8 percent, or \$1.1 billion, compared to the estimated fiscal 2025 budget. This lower total budget is primarily a result of a significant decline in federal funds from the previous year. State appropriations total \$29.5 billion, an increase of 8.9 percent compared to fiscal 2025. General fund appropriations, which include Education Lottery-funded programs, are \$26.1 billion in fiscal 2026. Recurring state general tax revenues are estimated at \$19.2 billion in fiscal 2026, an increase of 2.0 percent over the fiscal 2025 revised estimate. The proposed budget includes a deposit of \$35.6 million to the rainy day fund bringing the total to \$2.2 billion at the end of fiscal 2026.

Proposed Budget Highlights

The governor's proposed budget is fiscally conservative, invests in core services such as education, public safety, mental and physical health, children's services, roads and airports, nuclear power, and conservation, and positions the state for future success.

Education

- Proposes legislation to establish a statewide school choice program for Tennessee families while prioritizing low-income students and students with disabilities. The legislation would fund 20,000 scholarships.
- Increases recurring state funds for the public education funding formula and provides non-recurring funds to support a \$2,000 bonus for teachers.
- Provides recurring funds for summer learning camps and the summer transportation program.
- Recommends recurring funds to increase the number of school-based behavioral health liaisons.
- Recommends legislation to provide free attendance to Tennessee Colleges of Applied Technology with a recurring appropriation from the Lottery for Education account.

Tax, Infrastructure & Business Development

- Proposes a joint resolution to fully enact the Tennessee Rural and Workforce Housing tax credit, which was enacted in 2024 but requires a joint resolution to be fully enacted.
- Proposes legislation to reduce the administrative fee collected by the Department of Revenue on all taxes administered by the department.
- Supports legislation to reapportion the sales tax on tires from the general fund to the highway fund.
- Recommends a non-recurring general fund subsidy to the Department of Transportation for existing projects and adding projects, plus a non-recurring general fund subsidy for aviation infrastructure needs.
- Recommends a non-recurring general fund subsidy to establish a starter home revolving fund aimed at increasing the availability of starter homes across the state with a focus on rural areas.
- Provides recurring and non-recurring funds to create a regulatory framework around the nascent nuclear fusion industry.

Health & Social Services

- Utilizes shared savings from the TennCare Medicaid demonstration waiver to continue initiatives and fund new initiatives including additional slots in the Employment and Community First CHOICES program, workforce development program in the long-term services and supports program, and nursing facility resiliency grants.
- Proposes multiple appropriations in TennCare including for medical inflation, increased utilization, and increased prescription drug costs.
- Provides funds to increase bed capacity at a mental health institute, continue a pilot program to address unmet dental services needs, and provide support services for children with intellectual and developmental disabilities.



TENNESSEE (Continued)

Public Safety

- Increases the number of law enforcement positions statewide including new trooper and support positions and additional staff at the Tennessee Bureau of Investigation for victim services, intelligence analysis, aviation, security, Medicaid fraud enforcement, and administration.
- Proposes recurring funds to increase the number of schools included in the statewide school resource officer grant program by including alternative schools.
- Provides recurring and non-recurring funds to upgrade regional response vehicles at the Emergency Management Agency.

Outdoor Heritage

- Recommends recurring and non-recurring funds to create three new state parks, further develop two parks, and support maintenance of state parks.
- Proposes non-recurring funds for environmental cleanup, including a comprehensive water resource management plan and to match federal funds for state water revolving funds and electric grid enhancement.
- Recommends recurring funds for the agricultural enterprise fund and agricultural enhancement fund to start or expand agricultural, food, and forestry businesses.

State Employee Investments

- Recommends funds to continue implementing Pay for Performance in executive branch agencies, funding a pool of funds for salary increases.
- Funds salary increases for state employees not covered by the Tennessee Excellence, Accountability, and Management (TEAM) Act.
- Provides state funding as required to pay salary increases mandated by state law for certain job classifications including judges, the Attorney General, assistant district attorneys, and assistant public defenders.

Proposed Budget Information

[Fiscal Year 2026 Budget Proposal](#)

[Budget Presentation](#)

[Budget Overview](#)

[Governor's Press Release](#)



TEXAS

On February 2, Texas Governor Greg Abbott released his budget priorities for the fiscal 2026-2027 biennium. Funds available for general-purpose spending for the fiscal 2026-2027 biennium are estimated at \$194.6 billion, a 1.1 percent decrease from the 2024-2025 biennium. General revenue-related funds are estimated at \$176.4 billion for the fiscal 2026-2027 biennium. Revenue from all sources is estimated to total \$362.2 billion for the biennium. The Economic Stabilization Fund (ESF) is projected to be \$28.5 billion at the end of the fiscal 2026-2027 biennium.

Proposed Budget Highlights

The governor's budget priorities center around making Texas more affordable, achieving educational excellence, supporting a healthier Texas, making investments in energy, bolstering infrastructure, expanding the state's economy, and strengthening public safety. Recommendations include the following:

Making Texas More Affordable

- Return funds to taxpayers by way of property tax relief.
- Require two-thirds voter approval for all property tax rate increases at all local government entities and that all property rate elections be held on the November uniform election dates.
- Raise the Business Personal Property exemption to support more small businesses.

Achieving Education Excellence

- Establish a Universal Education Savings Account program to allow funding to follow the student to the educational setting of their parent's choice.
- Invest in teaching professionals by increasing compensation, including expanding the Teacher Incentive Allotment.
- Expand access to high-quality educator preparation programs and improve teacher supports in the classrooms.
- Reform the special education funding system to better ensure all students receive needed services.

- Provide additional funds for safety enhancements to school facilities and to increase the School Safety Allotment.
- Expand career preparation options available to students in high school by increasing funding for K-12 career and technical education, strengthening career exploration and advising programs, and investing in strategies to improve math performance.
- Provide funds for the Texas Education Agency (TEA) to increase staffing capacity for complaints and investigations to rapidly address complaints of statutory violations and inappropriate employee conduct in Texas schools.
- Direct funds to the Strong Foundations program to improve access to instructional materials and help ease teachers' workloads.
- Increase the charter facilities allotment for the next biennium.

Higher Education

- Support the formula funding recommendation made by the Texas Higher Education Coordinating Board (THECB) for community colleges for the 2026-27 biennium.
- Support the THECB's request on financial aid that will increase financial predictability, achieve education portability, and sustain academic achievement for Texas students.
- Appropriate additional funding to support Texas State University and the University of North Texas moving to Level 1 funding.
- Implement the recommendations of the Healthcare Workforce Taskforce and consider investments in unfunded grant programs to increase the number of nurse faculty and preceptors in the state.
- Explore opportunities to provide a reliable and stable funding source for institutions to expand master's and doctoral healthcare professional programs in the state.



TEXAS (Continued)

Supporting a Healthier Texas

- Make additional investments in behavioral health services and supports for children in the state with the most complex needs.
- Fund a new case management system to be the System of Record to improve agency operations and outcome for the children, adults, and families served by the Department of Family and Protective Services (DFPS).
- Fully fund the Healthy Texas Women program.
- Appropriate additional funds to support the continued recruitment and retention of community attendants.
- Support continued access to life-saving opioid reversal medications through the successful naloxone distribution program at The University of Texas Health Science Center at San Antonio.
- Invest funds to maintain and enhance the successful One Pill Kills campaign.

Critical Investments in Energy

- Fully fund all Texas Energy Fund (TEF) programs to further expand and enhance grid reliability in Texas.
- Create the new Texas Nuclear Development and Deployment Fund.

Bolstering State Infrastructure

- Create the Texas Cyber Command to better anticipate cyber threats, defend against and respond to cyberattacks, and promote cyber awareness.
- Invest in the state's water infrastructure by appropriating a one-time investment to programs at the Texas Water Development Board (TWDB) and creating an ongoing dedicated revenue source for Texas water projects.
- Continue to fund the Port Access Account Fund and the Ship Channel Improvement Revolving Fund to allow for critical improvements to keep Texas ports competitive and spur further economic growth.
- Approve funding for at-grade rail crossings and distribute funding to local governments to enhance

the safety and economic efficiency for at-grade crossings.

Expanding the State's Economy

- Provide additional funding to the Texas Moving Image Industry Incentive Program (TMIIP) to ensure Texas remains competitive in the film industry.
- Direct additional funds to the Texas Semiconductor Innovation Fund (TSIF) to further strengthen and solidify Texas' leadership in semiconductor manufacturing.
- Appropriate additional funding to the Space Exploration and Aeronautics Research Fund (SEARF) to strengthen Texas' competitive edge in the rapidly growing aerospace sector and further establish the state as a global hub for aerospace innovation.
- Reauthorize and fund the remaining six business court regions.

Strengthening Public Safety

- Continue funding border security until the federal government assumes operational control to keep Texans safe.
- Establish and fund a grant program administered by the Governor's Public Safety Office that would provide local Texas law enforcement agencies with funding to install bullet-resistant windshields in their vehicles.
- Open the Texas Law Enforcement Peer Network (TLEPN) program to additional first responders and expand its funding to meet the growing needs of those it serves.
- Provide funding to support programs focused on recruiting high-quality applicants and retaining the brave officers that keep our communities and schools safe.
- Consider providing funding for the state to purchase its own aviation resources to respond to future disasters.
- Increase operational support for the Texas Veterans Commission (TVC) to provide high-level quality assistance in every aspect of veteran needs.



TEXAS (Continued)

- Appropriate funds to ensure the Texas Emergency Services Retirement System (TESRS) is on a path towards actuarial soundness and becomes fully solvent.

Proposed Budget Information

[Fiscal Years 2026 - 2027 Budget Proposal](#)

[Press Release](#)



UTAH

On December 5, 2024, Utah Governor Spencer Cox submitted a budget proposal for fiscal 2026. The total operating and capital budget calls for \$30.6 billion in spending from all funds, which represents a 1.8 percent increase compared to total fiscal 2025 levels (and an increase of 4.2 percent from the fiscal 2025 authorized level). The governor recommended \$12.1 billion in general fund, income tax fund, and uniform school fund (GF/ITF/USF) spending in fiscal 2026, a 4.8 percent decrease from GF/ITF/USF spending totals for fiscal 2025. This includes \$11.9 billion of ongoing funding and \$221.7 million in one-time GF/ITF/USF spending for fiscal 2026. The budget is based on a consensus GF/ITF revenue forecast of \$12.1 billion; this represents a 3.8 percent increase over the fiscal 2025 authorized revenue forecast and a 3.2 percent increase compared to the revised consensus estimate for fiscal 2025. The state's major rainy day funds were at a historical high of \$1.5 billion at the end of fiscal 2024.

Proposed Budget Highlights

The governor's budget emphasizes investments in the state's future while providing tax relief for aging residents. The budget includes provisions that invest in Utah's people, places, and prosperity. Budget highlights in these areas include:

Supporting Seniors

- Eliminates the state tax on Social Security income, providing direct tax relief to more than 150,000 filers.
- Provides state funds to leverage federal funds for increased home-based care.
- Continues support for Meals on Wheels to improve nutrition and well-being.

Strengthening Families

- Expands the state's child tax credit to include children younger than one year of age.
- Provides funding to increase the number of child care facilities.
- Supports using Temporary Assistance for Needy Families funds to implement a pilot program to improve transition from public assistance to higher-paid employment opportunities.

Improving Quality of Life

- Provides funds for Operation Gigawatt to attract private sector investments and increase energy production. This includes funding to develop nuclear and geothermal energy.
- Supports a sustainable water supply for future generations, with provisions for the Great Salt Lake and dam safety.
- Provides resources for air quality and public lands, including wildfire prevention.
- Increases funding for additional highway patrol troopers to keep up with additional miles of highway.

Supporting Education

- Increases funds for public education, including funds to support teachers and a 4.0 percent increase in the Weighted Pupil Unit.
- Provides funds to manage cell phones in schools, implement school safety measures, and expand access to free meals in schools.
- Funds competitive grants to expand or develop new high school career and technical education programs.
- Additional funds to increase program capacity at technical colleges.

Improving Rural Success

- Funds rural opportunity grants and loans to advance local economic development priorities.
- Provides funds for rural emergency medical services to fill a critical gap in remote areas with long response times.
- Allocates capital and operating funds for small school districts to support rural schools in addressing their unique challenges.



UTAH (Continued)

Managing Government Efficiently

- Funds a 2.5 percent cost-of-living adjustment and increases in insurance premiums for state and higher education employees.
- Continues recent efforts to drive a customer-focused service delivery culture.
- Provides funds for verifiable digital credentials for government documents and certificates.

Proposed Budget Information

[Fiscal Year 2026 Budget Proposal](#)

[Budget Highlights](#)

[Governor's Press Release](#)



VERMONT

On January 28, Vermont Governor Phil Scott released a proposed budget for fiscal 2026, calling for total spending from all funds of \$9.04 billion, a 2.4 percent increase from fiscal 2025 levels. General fund appropriations are recommended at \$2.43 billion, a 4.4 percent increase compared to adjusted spending levels for fiscal 2025. The budget also recommends education fund appropriations totaling \$2.42 billion, a 4.7 percent increase over fiscal 2025 adjusted levels. The budget is based on forecasted base general fund revenue of \$2.49 billion after direct applications, reversions, transfers, and policy changes. The budget allocates the projected operating surplus of \$67 million to various fund transfers. Total general fund reserves, including the Budget Stabilization Reserve, Human Services Caseload Reserve, 27/53 Reserve, and GF Balance Reserve, are projected at \$329 million in fiscal 2026, or about 13.6 percent as a share of recommended general fund appropriations.

Proposed Budget Highlights

The governor's fiscal 2026 budget continues the state's historic investments in housing and community revitalization, while also enhancing Continuum of Care initiatives. Other budget priorities include supporting a significant transformation of the public education system and mitigating the affordability crisis through tax relief measures. Additionally, the governor's recommendation fully funds all state retirement and debt service obligations while maintaining statutory reserve requirements and taking steps to promote long-term fiscal sustainability.

Housing & Community Revitalization

- Base funding for the Manufactured Home Improvement and Repair Program (MHIR) to help with project costs for owner-occupied manufactured homes.
- Base funding for the Vermont Housing Improvement Program (VHIP) to bring vacant rental units up to code and add new units.
- Adds funds to the Vermont Bond Bank for the new Vermont Infrastructure Sustainability Fund (VISF) to support municipal infrastructure projects.

- Directs funds to the Vermont Housing Finance Agency (VHFA) Rental Revolving Loan Fund to incentivize developers to create and preserve rental units for middle income households.
- Funding to the VHFA Middle Income Homeownership Development Program to construct and rehabilitate affordable housing.
- Increases the annual cap on Downtown and Village Center Tax Credits.

Continuum of Care Enhancements

- Directs funds to build and operate a recovery campus for justice involved individuals.
- Continues the emergency housing (hotel/motel) program for the unhoused.
- Base funds for the Housing Opportunity Program to provide emergency shelter services and provides additional funding to expand emergency shelter bed capacity.

Education

- Transfers funds from general fund to education fund to stabilize education tax rates by eliminating projected property tax increase this year.
- Sends funds to the education agency to provide them the resources to assist local school districts and boards with transformational efforts such as administrative restructuring, financial and budgeting support, and more.

Affordability

- Provides a full income tax exemption on military pension income.
- Expands the Child Tax Credit for income eligible families with children up to age 6.
- Increases the percentage of the "childless" Earned Income Tax Credit from 38 percent to 100 percent of the federal amount.
- Increases the Social Security income tax exemption.



VERMONT (Continued)

Good Government

- General funds to bridge the transition away from “fee for service” medical care to a “Global Payment” program.
- Resources to modernize state employee classification and compensation system.
- Provides the last payment in a five-year commitment to help state colleges transform into a unified university.
- Funding for the Municipal Technical Assistance Program, which helps rural communities with limited capacity apply for federal and state funds to help with flood recovery and other pressing needs.

Proposed Budget Information

[Fiscal Year 2026 Budget Proposal](#)

[Executive Budget Summary](#)

[Governor’s Press Release & Budget Address](#)

[Revenue Forecast \(January 2025\)](#)



VIRGINIA

During the 2024 session, Virginia enacted a two-year budget covering fiscal 2025 and 2026. On December 18, 2024, Governor Glenn Youngkin introduced his amendments to the biennial budget. As amended, the governor proposed a total operating budget of \$92.6 billion in fiscal 2025 and \$92.1 billion in fiscal 2026, while general fund spending totals \$34.4 billion in fiscal 2025 and \$32.7 billion in fiscal 2026. For general funds, this represents an increase over the original biennial budget of \$2.7 billion in fiscal 2025 and \$715.2 million in fiscal 2026. As part of the December forecast, the general fund was revised up by \$2.1 billion in fiscal 2025 and \$1.1 billion in fiscal 2026 compared to the original biennial budget forecast, following economic outlook adjustments and policy adjustments. Total general fund revenues are forecast at \$30.6 billion in fiscal 2025, an increase of 4.1 percent over fiscal 2024, and \$31.4 billion in fiscal 2026, an increase of 2.5 percent over the prior year. Combined reserve balances meet the 15 percent statutory requirement and are projected to total \$4.2 billion in fiscal 2026.

Proposed Budget Highlights

The governor's budget amendments for fiscal 2025 and fiscal 2026 prioritize tax relief for working Virginians, expand educational opportunities for students, keep communities safe, and make critical investments in health care, economic development, and technology infrastructure.

Tax Relief & Reform

- Offsets the car tax for working families by allocating funds for a refundable income tax credit for individuals (\$150) and joint filers (\$300) below income thresholds, impacting approximately 2.4 million Virginians.
- Exempts tipped income from individual income taxes for more than 250,000 Virginians in the food service, personal service, and hospitality industry.
- Makes the existing \$8,500/\$17,000 standard deduction permanent, avoiding potential tax increases in fiscal 2026 and fiscal 2027.

- Adopts market-based sourcing for multi-state corporations, increases the threshold for estimated income tax payments, and aligns interest on over/underpayments with federal law, saving self-employed individuals money.

K-12 & Higher Education

- Increases funding for direct aid to K-12 in this biennium, resulting in a 54 percent increase over the fiscal 2019-20 biennium.
- Establishes the Virginia Opportunity Scholarship program to allow eligible K-12 students to receive \$5,000 per academic year to be used for accredited private school tuition, fees, uniforms, textbooks, transportation, and other costs.
- Allocates one-time and ongoing funding to enhance school performance through the School Performance and Support Framework and the Office of School Quality, delivering targeted assistance for schools identified as needing support to improve student performance.
- Provides funds for an early learning capital supply-building fund to provide competitive grants that help local partners retrofit and renovate existing unused spaces to increase the supply of quality early learning spaces in child care and early learning deserts.
- Invests in additional funds for new innovative Lab Schools established in partnership with Historically Black Colleges and Universities.
- Funds a new student assessment system that will include new definitions of proficiency that will be benchmarked to the highest in the nation.

Economic Development & Workforce

- Expands the Virginia Business Ready Sites Program, further enhancing support of strategic site readiness and infrastructure expansion.
- Funds nursing recruitment and training programs, along with high school dual enrollment and career and technical education.



Healthcare & Mental Health

- Fully funds the official Medicaid, Children's Services Act, and associated rate forecasts for the biennium.
- Increases funding for the Right Help, Right Now initiatives including Special Conservators of the Peace to reduce the burden on law enforcement responding to emergency custody and temporary detention orders; school-based mental health services; 1115 Serious Mental Illness waiver; mental health literacy among youth; and the Adult Psychiatric Access Line.
- Expands support for maternal health including funding for perinatal health hub pilot programs, additional support for doulas and community health workers, and increased payments for psychiatric and ob-gyn graduate medical residencies.

Other Priorities

- Creates a new Disaster Assistance Fund to assist with relief efforts and assist families with housing and other critical needs beyond what FEMA and other federal resources, insurance, and private donations cover.
- Adds funds to the Military Survivors and Dependents Education Program, combining general funds with the actuarial surplus amounts of the Defined Benefit 529 programs.
- Requires law enforcement and jail officials to fully comply with Immigration Customs and Enforcement (ICE) detainers and prohibits "sanctuary city" practices, which could result in the loss of state funding to the locality.
- Provides funds for wastewater treatment plants and water quality improvement projects.
- Allocates funds across state agencies to modernize legacy IT systems.
- Makes a \$295 million deposit into financial reserves.

Proposed Budget Information

[Proposed Budget Amendments to the 2025-2026 Biennial Budget](#)

[Budget Document](#)

[Budget Presentation](#)

[Governor's Joint Money Committee Speech](#)

[Fact Sheet](#)



WASHINGTON

On December 17, 2024, outgoing Washington Governor Jay Inslee proposed operating, capital and transportation budgets covering fiscal years 2026 and 2027. Newly elected Governor Bob Ferguson released his budget priorities on January 9 and detailed savings plan on February 27. This summary contains information based on both budget proposals.

Governor Ferguson's Budget Priorities and Savings Plan (Updated March 5, 2025)

Governor Ferguson's budget documents build upon Governor Inslee's proposal (outlined below). Governor Ferguson's [detailed plan](#) to save \$4 billion to address the state's projected shortfall is based on operating budget reduction proposals submitted by state agencies, most of which were asked to reduce spending by at least 6 percent. K-12 education, community and technical colleges, and public safety agencies were exempt from the reductions. The savings plan follows the release of his [budget priorities](#) prior to his inauguration. When combined with \$3 billion in savings identified in Governor Inslee's proposal, Governor Ferguson's plan would reduce the shortfall by \$7 billion.

The plan would achieve \$4 billion in savings through: targeted reductions and efficiencies that do not directly impact critical services (such as reducing staff travel and eliminating non-essential task forces); pausing or phasing in program expansions or rate increases not yet implemented; scaling back recent investments; and limiting replacement of one-time federal funding. Additionally, the governor proposes savings by requiring most state employees to take one furlough day per month for the next two years. At the same time, Governor Ferguson's plan proposes adopting many of Governor Inslee's initiatives, including all proposed K-12 education investments and virtually all new investments in public safety and homelessness and housing assistance. The plan would also maintain collective bargaining agreements, current cash assistance programs, and Medicaid eligibility. Governor Ferguson identified the following new investments as budget priorities:

Public Safety

- New grant funds to support local law enforcement agencies hiring new peace officers.

- Increases resources to address the backlog at the state patrol toxicology laboratory.

Housing

- Capital investments in Housing Trust Fund.
- Extends affordable housing through Connecting Housing to Infrastructure Program (CHIP) and create the Supporting Housing Affordability and Infrastructure Program.

Ferries

- Investments to improve state ferries' performance.

Affordability

- Expands school meals program to ensure universal free breakfast and lunch are available to all public school students in the state.
- Expands affordable childcare access for small business employees.

Former Governor Inslee's Proposed Budget Highlights (Updated January 6, 2025)

Governor Inslee's operating and transportation budgets call for total fund spending of \$166.6 billion over the biennium. The operating budget calls for near-general fund (General Fund-State, Education Legacy Trust Account, Opportunity Pathways Account and Workforce Education Investment Account) spending of \$78.8 billion (after reversions), including \$2.1 billion in recommended policy changes. Fiscal 2026 appropriations are recommended at \$38.9 billion and fiscal 2027 appropriations are recommended at \$39.9 billion. Compared to appropriations for fiscal 2025 (after proposed revisions), fiscal 2026 appropriations, as proposed, would grow 3.0 percent on an annual basis. For the biennium, near-general fund appropriations proposed for fiscal 2026-2027 are 9.4 percent above total revised appropriations for the fiscal 2024-2025 biennium. The budget is based on a revenue forecast (before policy changes and transfers) of \$71.4 billion for the next biennium, including \$35.0 billion in fiscal 2026 – a 3.7 percent annual increase from the fiscal 2025 estimate. The governor's budget also recommends a series of resource changes totaling an additional \$6.4 billion for the biennium, including various revenue actions, a transfer



WASHINGTON (Continued)

from the Budget Stabilization Account (BSA), and other fund transfers. The governor expects to start the new biennium with a \$1.4 billion general fund balance and end with a balance of \$0.5 billion. Additionally, the governor's budget projects a balance in the BSA (the state's rainy day fund) of \$0.4 billion at the end of fiscal 2027. Therefore, the governor's budget estimates total reserves of \$0.9 billion at the end of the next biennium. By the end of fiscal 2029, the budget projects total reserves of \$5.3 billion.

ShapeFormer Governor Inslee's budget proposal takes steps to close a projected shortfall and achieve balance over the next four years while preserving progress and minimizing reductions in priority areas including housing, behavioral health, and clean energy, as well as education, childcare and early learning, and transportation. To close the budget gap, the proposal includes targeted spending reductions and revenue changes, as well as other strategies including a pension plan merger. The budget also proposes cost-of-living adjustments of 3 percent in 2025 and 2 percent in 2026 for most state employees. Highlights of Governor Inslee's budget include:

Behavioral Health

- Funds to provide services for individuals transitioning from inpatient psychiatric care to community settings.
- Invests in clinical education on and expanding access to medication for opioid use disorder treatment.
- Capital investments to build new state hospital and behavioral health capacity.

Affordable Housing & Homelessness

- Funds to continue serving newly arriving individuals who do not qualify for federal refugee resettlement.
- Maintains operating budget investments such as various homeless grant programs, permanent supportive housing services, and foreclosure prevention services.
- Historic capital investment in Housing Trust Fund to add more than 5,000 affordable housing units.

Climate & Energy

- Invests in environmental justice efforts using Climate Commitment Account funds.

- Continues emission-reducing programs such as the EV rebate program, weatherization improvements, electric school buses, hybrid-electric ferries, and free transit for youth.
- Capital investments in climate resilience projects.

Education

- Continues state support for school meal programs to supplement federal funds.
- Funding to provide technical assistance to school districts facing financial challenges.
- Funds to update the apportionment system in an effort to reduce the administrative burden on school districts.
- Maintains the Washington College Grant financial aid program and fully funds Career Connect Washington.

Childcare & Early Learning

- Increases childcare provider subsidy rates and slots
- Delays implementation of making the Early Childhood Education and Assistance Program (ECEAP) an entitlement.

Revenue Changes

- Creates a new wealth tax of 1 percent on residents with worldwide wealth exceeding \$100 million.
- Increases the business and occupation (B&O) tax for certain businesses by 20 percent on a temporary basis, and increases all B&O tax rates by 10 percent starting in January 2027.

Proposed Budget Information

[Governor Ferguson's Press Release](#)

[Governor Ferguson's Recommendations Summary for Fiscal 2026-2027](#)

[Governor Ferguson's Budget Priorities](#)

[Governor Inslee's Fiscal Years 2026-2027 Budget Proposal](#)

[Governor Inslee's Press Release](#)

[Revenue Forecast](#)



WEST VIRGINIA

On February 12, West Virginia Governor Patrick Morrisey released a budget for fiscal 2026 that proposes spending \$5.3 billion in general revenue funds. This is a decrease of 7.5 percent from the fiscal 2025 budgeted amount of \$5.8 billion. The all funds budget totals \$38.4 billion in fiscal 2026, a decrease of 4.8 percent compared to the budgeted fiscal 2025 amount. The general revenue fund estimate for fiscal 2026 is \$5.3 billion, an increase of 1.1 percent over the fiscal 2025 estimate. As of December 31, 2024, the balance in the Rainy Day fund – Part A was \$735.3 million (12.8 percent of fiscal 2025 appropriations to date) and the balance in the Rainy Day Fund – Part B was \$579.8 million (10.1 percent of fiscal 2025 appropriations to date). From the appropriated funding sources, the largest categories of spending are human services (36.6 percent), education (19.9 percent), transportation (10.8 percent), homeland security (4.6 percent), and revenue (3.6 percent).

Proposed Budget Highlights

The theme for fiscal 2026 is the Mountain State Comeback Budget, a balanced budget which represents a down payment on a multi-year plan to solve the state's financial challenges. The governor prioritized fiscal responsibility, noting his budget will not propose new ongoing programs without new ongoing revenue.

Closing the Budget Gap

- The budget closes an estimated budget gap of \$397 million for fiscal 2026. This is accomplished through revenue adjustments along with utilizing surplus and unappropriated funds and one-time expenditure adjustments.
- The budget also uses targeted cuts to departments and agencies totaling \$109 million while avoiding across-the-board reductions.
- The budget does not use dollars from the Rainy Day Fund to close the budget gap.

Funding Family Programs

- Fully funds programs including Medicaid, social services, corrections and the school aid formula.

- Provides 100 percent of the required annual funding for the state's share of retirement contributions and fully funds the Public Employees Insurance Agency.
- Fully funds the Hope Scholarship for fiscal 2026.
- The scholarship allows parents the option to use an equivalent portion of the per-pupil expenditure from the School Aid Formula for their children for eligible educational expenses, including private or religious school tuition or home school.

Consolidating Departments

- Consolidates several state departments including the Department of Commerce with the Department of Economic Development, the Department of Tourism with the Department of Arts, Culture and History, and the Department of Homeland Security with the West Virginia National Guard.

Selected Budgetary Adjustments

- Increases funding for Emergency Management.
- Allocates additional funding for Justice and Community Services and Juvenile Services.
- Increases funding for foster care, adult protective services case workers and youth services case workers.
- Allocates additional funds for the state's Birth to Three program and Center for Local Health.

State of the State Speech Initiatives

- Increasing the use of coal and gas, utilizing water resources, and developing nuclear-powered Small Modular Reactors.
- Strategic investments to train high-skilled energy workers through the West Virginia POWER Tech Center. This will be a first-of-its kind collaboration among several educational institutions to help the state become an innovative supplier of energy to the growing technology industry.
- Adopt regulatory and tax policies to make West Virginia the most dynamic and friendly state in the country for data, super intelligence, and cryptocurrency facilities.



WEST VIRGINIA (Continued)

- Increase competitiveness in site selection for businesses, improve workforce participation, and expand broadband connectivity.

Proposed Budget Information

[Fiscal Year 2026 Budget Proposal](#)

[Budget Report](#)

[Operating Detail](#)

[State of the State Address](#)

[Press Clip](#)



WISCONSIN

On February 18, Wisconsin Governor Tony Evers presented a two-year budget for fiscal 2026 and fiscal 2027 calling for spending from all funds of \$59.36 billion in fiscal 2026, a 20.1 percent increase over the fiscal 2025 adjusted base, and \$59.61 billion in fiscal 2027, a 0.4 percent increase from fiscal 2026's recommended level. The governor recommended a general purpose revenue budget of \$25.49 billion in fiscal 2026, a 19.2 percent increase over the fiscal 2025 base, and \$24.99 billion in fiscal 2027, a 1.9 percent decrease from fiscal 2026's recommended level. The budget projects that total available general fund revenues and transfers will be \$29.43 billion in fiscal 2026, a 6.5 percent increase from fiscal 2025, and \$27.33 billion in fiscal 2027, a 7.2 percent decrease from fiscal 2026. General fund taxes are projected at \$23.01 billion in fiscal 2026, a 3.4 percent increase from fiscal 2025, and \$23.34 billion in fiscal 2027, a 1.4 percent increase from fiscal 2026. The net balance is projected to be \$2.17 billion in fiscal 2026 and \$531.3 million in fiscal 2027. The state's Budget Stabilization Fund, or rainy day fund, entered fiscal 2025 with a balance of \$1.5 billion, or approximately 8.3 percent of estimated expenditures.

Proposed Budget Highlights

In his biennial budget message, the governor announced his fiscal 2026-2027 budget will make historic investments in public education at every level, including K-12 education and the state's higher education institutions. Earlier, in his State of the State, the governor declared 2025 the Year of the Kid in Wisconsin and urged the legislature to do what is best for kids in the budget by investing in and supporting Wisconsin's kids both in and out of the classroom while holding the line on property taxes.

Education

- Supports the Wisconsin Technical College System (WTCS) and the important role it plays in recruiting, training, and retaining talented workers in the state's workforce.
- Increases investments in K-12 public schools, nearly all of which is spendable revenue for schools, including the largest direct investment in state general school aids in 30 years.

- Provides the largest two-year increase for the University of Wisconsin (UW) System in state history.

Improving Kids' Outcomes

- Expands access to affordable childcare and invests in Wisconsin's childcare providers to ensure they can hire more staff, reduce wait lists, and, ultimately, lower the cost of childcare.
- Improves access to quality, affordable healthcare in Wisconsin; enhances health outcomes; holds insurance companies accountable; prevents medical price gouging and surprise medical bills; and improves transparency in the health insurance industry.
- Keeps Wisconsin's kids, families, schools, and communities safe by reducing crime and preventing gun violence statewide.

Tax Relief & Lowering Costs

- Holds the line on property taxes and prevents increases in tax bills on the typical Wisconsin homeowner in both years of the biennium by making meaningful investments in Wisconsin's K-12 schools and directing property tax credits to taxpayers through the school levy tax credit.
- Provides aid to local governments that agree to freeze property taxes.
- Increases property tax relief programs under the individual income tax for veterans, seniors, individuals with disabilities, and others struggling to afford the property taxes on their homes.
- Eliminates the tax on cash tips, ensuring individuals keep more of their hard-earned money in their pockets.
- Eliminates the sales tax on everyday household items and costs, including over-the-counter medications and utility bills.
- Provides meaningful tax relief for working families by enhancing the Earned Income Tax Credit (EITC).
- Nearly doubles the personal tax exemption under the Wisconsin individual income tax.



WISCONSIN (Continued)

Ensuring Clean Drinking Water

- Provides funding for emergency resources like bottled water to households and communities impacted by water contamination.
- Protects innocent landowners like farmers who unknowingly spread biosolids containing PFAS on their land and invests in helping clean up biosolid contamination.
- Strengthens PFAS standards statewide by adopting public health-based groundwater standards for six PFAS contaminants.
- Addresses lead poisoning in homes, schools, and communities across the state by investing in numerous initiatives aimed at removing lead service lines and keeping Wisconsinites' drinking water and environment free from lead.
- Expands and increases funding for the Well Compensation and Well Abandonment Grant Program to continue the Evers Administration's work getting harmful contaminants out of private wells, including PFAS.
- Reauthorizes the Stewardship Program for another 10 years to continue supporting projects that improve the state's water quality, protect key habitats, and support investments in state and local parks and other public lands across the state.

Proposed Budget Information

[Fiscal Year 2026-2027 Budget Proposal](#)

[Budget in Brief](#)

[Statewide Summaries](#)

[Budget Message](#)

[Governor's Press Release](#)

[Revenue Forecast \(January 2025\)](#)



WYOMING

In 2024, Wyoming enacted a two-year budget for fiscal 2025 and fiscal 2026. On November 14, 2024, Wyoming Governor Mark Gordon submitted a supplemental budget proposal to the legislature for the current biennium. The original enacted budget called for \$3.1 billion in general fund/Budget Reserve Account (BRA) appropriations for the fiscal 2025-2026 biennium. The supplemental proposal recommends increases of \$225 million in general funds/BRA funds compared to the enacted budget. The proposal is based on a projected excess of \$426 million in general fund estimated revenue above enacted appropriation levels. The state's rainy day fund, the Legislative Stabilization Reserve Account (LSRA), is expected to end fiscal 2026 with a balance of \$1.6 billion.

Proposed Budget Highlights

The governor's supplemental budget proposal focuses on controlling the expansion of the operating budget while responding to emergencies and unforeseen or unknown circumstances. The supplemental proposal includes the following recommendations:

Attorney General's Office

- Recommends funding two senior, experienced attorney positions.
- Expands the Coal Litigation Fund to ensure Wyoming has the resources to protect all of its natural resources from federal overreach.

Education/Workforce

- Requests funds to complete Phase III of the Wyoming Innovation Partnership.
- Recommends earmarking a portion of the final budget for an efficiency study of higher education.

Public Safety

- Provides funds to the Department of Corrections to pay for costs of housing prisoners elsewhere while prisoners transition back to Wyoming.
- Provides continued behavioral health services to prisoners who are nearing release.

Water

- Requests additional funds to ensure Wyoming has the means to protect and adjudicate interstate water rights as necessary.
- Adds three FTE positions to the State Engineer's Division IV Field Office.
- Directs funds for the replacement of the current North Platte River modeling system.

Healthcare

- Increases the Medicaid rates for OB services.
- Increases rates for behavioral health providers and in-home health providers.

Natural Resources

- Funds the treatment of invasive annual grasses on private and state land.
- Recommends setting aside funds in the Wyoming Wildlife and Natural Resource trust to be available to deploy for a comprehensive restoration program.

Property Taxes

- Directs additional funds to the Department of Revenue for the property tax refund program.
- Allocates funds to the Office of State Lands to pay the property tax bill on state lands.

Capital Projects

- Recommends funding school capital construction projects.
- Recommends restoring the State Building Commission's contingency fund.

Proposed Budget Information

[Fiscal 2025-2026 Supplemental Budget Proposal](#)

[Governor's Press Release](#)

[Revenue Forecast \(October 2024\)](#)