

SUMMARIES OF FISCAL YEAR 2016 PROPOSED EXECUTIVE BUDGETS

April 8, 2015

Overview

Over the course of the past several months, governors in 47 states have released a budget proposal for fiscal 2016, and in some instances fiscal 2017. Three states enacted biennium budgets last year covering both fiscal 2015 and fiscal 2016. This document provides summaries of governors' budget proposals and links for further information.

In discussing their fiscal 2016 budget proposals, many governors noted improvements in their state since the end of the economic downturn including business expansions, lower unemployment, and increased consumer spending. The overall improvement in most state economies has led to more stable fiscal conditions. Consequently, the majority of governors' budget recommendations for the upcoming fiscal year include projections of modest revenue growth, moderate increases in state spending, and rainy day fund levels at or near historical averages. However, governors' budget proposals for fiscal 2016 remain mostly cautious with limited spending growth and an emphasis on ensuring that budgets are structurally balanced and sustainable in the future. Additionally, in some instances recommended budgets have been constrained by such factors as the decline in the price of oil, lower than anticipated revenue growth, federal uncertainty, and continued pressures from long-term obligations.

Much of the additional spending in governors' budget proposals is directed towards core services such as education, health care, corrections, and transportation. Many governors discussed the need to make targeted spending increases, with other program areas seeing flat growth or in some instances spending reductions. Education remained a top priority for governors, with most budget recommendations fully funding school finance formulas, while some proposals also included extra funding to expand pre-K, increase school choice, provide teachers with raises,

and allow for the hiring of new teachers. Additionally, many recommended budgets included funding to help universities and colleges limit tuition growth, while also tying funding to performance requirements. Many governors viewed increasing educational opportunities as a way to achieve their goals of creating jobs, growing the economy, and providing a chance for all to succeed. In the area of health care, recommended budgets contained less wide-range proposals than the prior year; however, recommended budget proposals still included increased overall health care spending with extra funding added in areas such as mental health, elderly care, and reimbursement rates for health care providers. Additionally, a number of states have proposed increased corrections and public safety spending to expand drug treatment programs, overhaul juvenile justice, and alleviate prison overcrowding. Another point of emphasis in fiscal 2016 budget proposals was the need to increase transportation and infrastructure spending, with several governors releasing comprehensive plans calling for additional revenue and major new investments.

Tax policy also remains an area of focus with governors proposing changes that would either decrease or increase revenue from a variety of sources. Proposals included middle class income tax cuts, lower corporate income taxes, property tax relief, expanding the sales tax base, closing tax loopholes, examining incentives, increasing cigarette taxes, and raising taxes for specific purposes such as transportation and education.

On the following pages, please find summaries detailing governors' budget proposals. Also included are links to proposed budgets, supporting documents, and State of the State speeches. If you would like additional information please contact [Brian Sigritz](#) at 202-624-8439.



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Alabama

On March 4, Alabama Governor Robert Bentley released his fiscal 2016 budget proposal for both the Education Trust Fund and the General Fund. The governor's recommended budget calls for total Education Trust Fund spending of \$6.0 billion in fiscal 2016, up from \$5.91 billion in fiscal 2015. The State Board of Education - Local Boards' funding would increase from \$3.82 billion to \$3.97 billion, while college and university funding would increase from \$1.04 billion to \$1.09 billion. The budget recommends total, non-earmarked, general fund spending of \$2.30 billion in fiscal 2016, up from \$1.87 billion in fiscal 2015. Medicaid, the largest category of general fund spending, would see an increase from \$685.1 million in fiscal 2015 to \$826.2 million in fiscal 2016, while corrections would increase from \$402.1 million in fiscal 2015 to \$430.3 million in fiscal 2016. In Alabama, the General Fund supports most non-educational related functions of state government. The governor noted that for decades problems have existed in the way funding was appropriated to the General Fund because of no growth taxes available to support it, and that the general fund has been supported by one-time revenue. In order to address the long-term revenue problems facing the General Fund, the governor proposed eight options that total \$541 million in estimated increases in revenue. In discussing his plan to address the General Fund budget shortfall, the governor said, "We have spent the last four years making government operate more efficiently and effectively, saving taxpayers over \$1.2 billion annually. As we begin the 2015 Legislative Session, one of the most serious issues we face is the funding of our state's General Fund. We have debts that must be repaid, and we must help our two largest agencies, Medicaid and Corrections, with funding increases. I am presenting a plan that will increase revenue for the General Fund and make taxes more fair and equitable for everyone."

Links: [Fiscal Year 2016 Budget Proposal](#); [Education Trust Fund Budget Summary](#); [Governor's Press Release](#); [State of the State Speech](#)

Alaska

On February 5, Alaska Governor Bill Walker released his proposed budget for fiscal 2016, which aims to reduce spending in an effort to address the state's \$3.6 billion budget deficit due to declining state revenues. The budget proposal was subsequently amended by the Walker administration on February 17 and March 6. The proposed budget calls for total operating expenditures from all fund sources of \$9.04 billion, including \$5.45 billion in unrestricted general fund spending (a 0.3 percent decrease from fiscal 2015), \$813 million in designated general fund spending, \$603 million in other state fund spending, and \$2.17 billion in federal fund spending. Proposed unrestricted general fund spending for agency operations, at \$4.26 billion, is \$284 million or 6.2 percent below current levels. The governor's capital budget calls for total spending of \$1.40 billion, a 28 percent decrease compared to fiscal 2015 levels. The state revenue situation remains strained due to falling oil prices, with \$2.20 billion in unrestricted general fund revenues projected for fiscal 2016, in addition to \$4.88 billion in revenues for designated general funds, other state funds and federal funds combined. Despite the state's tough budgetary situation, the governor still proposes a \$257 million payment to the state's retirement fund. In his State of the State address, the governor said that education will remain a priority, though the state will be unable to invest in schools at the same rate as it could have when oil prices were higher. The governor's budget also proposes to expand the state's Medicaid program under the *Affordable Care Act*.

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

Arizona

On January 16, Arizona Governor Doug Ducey unveiled his fiscal 2016 budget proposal, which recommends \$9.1 billion in general fund spending for the next fiscal year, which is roughly \$187 million below the level for the current year. The proposed budget aims to put the state on a path to close its structural imbalance, and takes a number of steps to resolve a \$534 million projected budget deficit. Such steps include reducing non-classroom spending for traditional public schools by five percent, cutting funding for higher education institutions by \$75 million in exchange for more flexibility for universities, reducing the Medicaid provider rate

by three percent, and shifting certain costs to local governments. In addition, the governor's budget recommends making withdrawals from the state's rainy day fund. For education, the governor also proposes to increase K-12 classroom funding by \$160 million to adjust for inflation as required by state law. The state is projected to collect base revenues of \$8.9 billion in fiscal 2016, after adjusting for \$606 million in revenue sharing payments to counties, and is expected to have an ending balance of \$137 million going in to fiscal 2017. As he explained in his State of the State speech, the governor also calls for a focus on good government reforms and says, "Our state needs an unbiased inspector general mandated to find more areas of savings – and where corruption exists, shine a light on it."

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

Arkansas

Arkansas Governor Asa Hutchinson presented his fiscal 2016 budget proposal to the legislature on January 27. The plan calls for spending \$5.2 billion, an increase of \$149.5 million, or 3 percent, from fiscal 2015 levels. The recommended budget reduces funding for most agencies by 1 percent in fiscal 2016, however, areas such as schools, prisons, and Medicaid will see increases. In education, the recommended budget offers incentives for schools to offer computer science courses and meets the adequacy requirements for funding K-12 public schools as well as fulfills the commitment to maintain higher education spending; in addition, the governor plans on working with legislators to assess pre-K needs. The budget directs an additional \$11.4 million to reimburse county jails for housing state prisoners and increases funding for drug treatment courts. Additionally, the budget redirects \$2 million from the Tobacco Settlement Funds to Medicaid; overall the budget increases Medicaid funding by \$80 million. The budget also cuts middle-class income taxes by roughly \$100 million. Finally, the budget uses approximately \$153 million of the state's surplus. The governor noted, in explaining his use of the surplus funds that, "This economy's going to grow. I have confidence in that."

Links: [Fiscal Year 2016 Budget Proposal](#); [Governor's Press Release](#); [Press Clip](#)

California

On January 9, California Governor Jerry Brown proposed a fiscal 2016 budget recommending \$113.3 billion in general fund spending, a 1.4 percent increase in expenditures from fiscal 2015. General fund revenues are expected to total \$114.6 billion in fiscal 2016, a 4.5 percent increase compared to revenue projections for the current fiscal year. Of that amount, \$1.2 billion is designated to be transferred to the state's rainy day fund in fiscal 2016, resulting in a \$2.8 billion fund balance by the end of the year. The governor's budget also proposes to use an additional \$1.2 billion from the new Proposition 2 fund to pay off loans from special funds and past liabilities from Proposition 98 (which guarantees a minimum funding level for K-12 schools and community colleges). The budget proposal recommends continued investment in education, including roughly \$4 billion (8.7 percent) in Proposition 98 general fund spending growth for school districts and charter schools. For higher education, the budget calls for a \$1.1 billion increase in general fund spending to achieve statewide goals such as maintaining affordability, graduating more students on time, and improving the student transfer process from community college to four-year institutions. "After years of underfunding and even borrowing from our local schools, the state now has significantly increased its financial support for education," said the governor in his State of the State speech. For infrastructure, the budget includes funds for deferred maintenance at universities, community colleges, state parks, prisons, state hospitals and other facilities, and also begins implementing the water bond with \$532 million in expenditures towards achieving sustainable water management. The budget also calls for \$1.2 billion in funding for job training and education programs to help workers develop skills necessary for self-sufficiency. The governor additionally proposes a reform plan to help address the state's unfunded liability for retiree health care benefits.

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

Colorado

On November 3, Colorado Governor John Hickenlooper proposed the fiscal 2016 budget to the state legislature. The recommended budget totals \$26.8 billion, of which \$10.3 billion is from the general fund. The proposal reflects a 7.0 percent increase in spending from all funds and a 9.6 percent increase in general fund spending compared to expected fiscal 2015 appropriations. The budget request assumes general fund resources available totaling \$10.95 billion in fiscal 2016, an 8.3 percent increase compared to fiscal 2015. The governor's budget projects an ending balance of \$613 million in fiscal 2016, which is equivalent to the general fund reserve requirement (6.5 percent of general fund spending subject to the statutory spending limit, which is \$9.4 billion in fiscal 2016). The governor's request calls for a \$480 million (8.1 percent) spending increase for K-12 schools, including a one-time increase of \$200 million from the State Education Fund above the rate of enrollment and inflation, as well as a \$107 million (14.1 percent) increase in higher education funding. The governor also recommends a \$155 million general fund increase for the state's health department, which reflects increased caseloads in Medicaid and other health care programs. The fiscal 2016 budget allocates \$281 million for capital projects, and provides new general funds for transportation for the first time since fiscal 2008. The governor's proposal factors in expected rebates under the Taxpayer's Bill of Rights (TABOR), estimated to total \$137 million in fiscal 2016 (compared to \$31 million in fiscal 2015). In his State of the State speech, the governor also called on the legislature to "pass legislation that would provide Coloradans with a fiscal impact statement on the effect of proposed amendments to the State Constitution in order to make the most thoughtful decisions."

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

Connecticut

Connecticut Governor Dannel P. Malloy released his proposed fiscal 2016-2017 biennium budget on February 18. Overall, proposed state spending would increase 3.3 percent in fiscal 2016 and 3.1 percent in fiscal 2017. The recommended fiscal 2016 level reflects a \$590 million reduction from current service projections. The budget calls for a major investment in transportation, supporting a 30-year, \$100 billion transit plan that would reconfigure and widen highways and upgrade lines. The proposed budget includes a sales tax reduction that would reduce the rate from the current 6.35 percent to 6.2 percent beginning November 1, and 5.95 percent in 2017. Those changes are projected to save taxpayers \$225 million over two years. The budget also recommends closing loopholes that total \$234 million in fiscal 2016 including eliminating the clothing exemption in the sales tax. One-time revenues comprise a small share of total revenues equal to 2.4 percent in fiscal 2016 and debt service would equal 9.7 percent of the budget. In his State of the State address, the governor discussed accomplishments over the past four years including adding money to the rainy day fund, cutting long-term debt, reducing the number of uninsured citizens, education improvements, raising the minimum wage, and passing sick leave.

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

Delaware

Delaware Governor Jack Markell released his proposed fiscal 2016 budget on January 29 that totals \$3.9 billion, an overall increase of 2.37 percent. The budget proposes a significant increase in public education funding, including \$15 million for new teachers to meet the demands of increased enrollment in public schools. In addition, the governor outlined \$9.5 million in additional state funding based on feedback from teachers, principals, and other school leaders about the initiatives that are having the greatest impact in Delaware classrooms. The proposed budget would make significant investments to combat substance use. The proposed fiscal 2016 recommended Bond and Capital Improvements Act totals \$386 million and includes \$247 million in state agency capital projects and \$139 million in transportation projects and sets aside \$45.4 million for grants-in-aid. The budget fully funds the rainy day fund, only appropriates 98 percent of revenues, and adheres to a three-part debt limit. In discussing his recommendation, the governor said, "Our budget reflects

our values. We must ensure our children and grandchildren have the same kind of bright future that previous generations left behind for us, and that means concentrating our investments where they can have the most impact in creating economic opportunities for Delawareans.”

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

Florida

On January 28, Florida Governor Rick Scott released his fiscal 2016 budget proposal for fiscal 2016 that recommends spending from all funds of \$77 billion, a \$93 million decrease from fiscal 2015. Spending from general revenue would total \$28.3 billion, with education the largest category at 53.6 percent, followed by health and human services (28.9 percent), and public safety (14.0 percent). The budget projects that total recurring revenues will be \$28.7 billion in fiscal 2016. Additionally, total reserves from all accounts would be \$5.2 billion. The proposed budget calls for \$19.75 billion in total K-12 funding, and includes \$7,176 in per-pupil funding, the highest level in Florida's history. In higher education, the governor recommends a zero percent tuition increase for state universities and colleges, and provides \$470 million for performance funding for colleges, universities, and workforce programs. Other components of the budget include various initiatives to make Florida a global destination for jobs, and efforts to strengthen Florida communities and protect natural resources, including \$5 billion over 20 years to restore the Everglades. Finally, the budget calls for \$673 million in tax cuts through cutting the cellphone, cable and satellite TV tax, eliminating the sales tax on college textbooks, and further cutting the business tax. The governor said that his budget recommendation "...builds on the foundation laid during the last four years of cutting taxes, investing record amounts in education, lowering the cost of higher education, and improving workforce development.”

Links: [Fiscal Year 2016 Budget Proposal](#); [Budget Presentation](#); [Governor's Letter](#); [State of the State Speech](#)

Georgia

Georgia Governor Nathan Deal proposed a fiscal 2016 budget that calls for spending \$44.61 billion in total funds, an increase from \$43.24 billion in the current fiscal 2015 budget. Spending from state funds would total \$21.78 billion, an increase from \$20.84 billion in fiscal 2015. The largest categories of spending from state funds include Educated Georgia (54.8 percent), Healthy Georgia (22.3 percent), and Safe Georgia (8.4 percent). The budget projects \$21.78 billion in total revenues available in fiscal 2016, up from an estimated \$21.11 billion in fiscal 2015. In his letter to the legislature, the governor highlighted the state's recent economic success and discussed its connection to education, stating, "In order to attract business to our state, we must have a workforce ready to meet the increasingly complex demands of the global marketplace. A strong education is fundamental in ensuring our citizens have the skills to meet those needs. Therefore, my budget seeks to strengthen our state's education systems at all levels and for all Georgians." Accordingly, the recommended budget calls for \$280 million in additional funds for school systems to increase instructional days, reduce teacher furloughs, or enhance teacher salaries. The budget also includes K-12 funding to assist low wealth school systems, help improve teacher effectiveness measures, expand technology in schools, enhance pre-K, and increase HOPE scholarships. Other proposals in the budget include efforts to help criminal offenders obtain a high school diploma and technical training, various offender reforms, performance incentives for high-performing state employees, and a zero based budgeting review of 48 programs.

Links: [Fiscal Year 2016 Budget Proposal](#); [State of the State Speech](#)

Hawaii

On December 22, Hawaii Governor David Ige proposed a biennial budget recommending \$12.6 billion in operating spending for fiscal 2016 and \$13.1 billion in fiscal 2017, which represents an increase of 4 percent and 8.2 percent, respectively, over the current level. Of these amounts, the operating budget proposal calls for general fund spending of \$6.5 billion in fiscal 2016 (a 4.7 percent increase) and \$6.8 billion in fiscal 2017 (a 9.9

percent increase). The budget recommends additional general fund dollars for Medicaid mental health services, capital improvement project debt service, health premium payments and retirement benefit payments for various state programs, and collective bargaining costs. Overall, 78 percent of new operating spending out of the general fund in fiscal 2016 and 88 percent in fiscal 2017 are for non-discretionary expenditures. The governor's capital improvements program (CIP) budget proposes \$1.14 billion for fiscal 2016 and \$683 million in fiscal 2017, and requests general obligation (G.O.) bonds totaling \$291 million in fiscal 2016 and \$256 million in fiscal 2017. The budget explains that total proposed general fund appropriations for fiscal 2016 are within the legal spending cap, but that proposed spending in fiscal 2017 will exceed the cap by \$118 million due to the costs associated with social service entitlements, public education support, debt service and fringe benefits. According to the budget's revenue projections, the state will collect an estimated \$6.5 billion in general fund revenues in fiscal 2016 and \$6.9 billion in fiscal 2017, and have a general fund ending balance of \$307 million in fiscal 2016 and \$105 million in fiscal 2017.

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

Idaho

On January 12, Idaho Governor C.L. "Butch" Otter unveiled his fiscal 2016 budget proposal, which calls for \$3.09 billion in general fund spending, a 5.2 percent increase from the current level, out of total spending from all funds of \$7.7 billion. The budget would increase spending on K-12 education by 7.4 percent to support the implementation of the recommendations put forward by the state's Education Task Force. It also recommends additional funding for higher education, including \$3.4 million for the Complete College Idaho initiative. Regarding the initiative, the governor said in his State of the State address, "We have a responsibility to use our tax dollars more strategically and effectively – and to build and strengthen partnerships with employers – if we are to meet our goal of at least 60 percent of Idaho citizens between the ages of 25 and 34 having a post-secondary degree or professional certification by 2020." The governor's recommendations are presented both by department components and by broad state goals. Broken down by state goal, the general fund budget calls for a \$117 million increase for education, \$16 million for health and human services, \$7 million for public safety, \$1.5 million for natural resources, \$0.5 million for economic development and \$9.9 million for general government. The governor has also recommended legislation to increase the statutory transfer to the state's rainy day fund by \$4.1 million to \$33.7 million. General fund revenues are estimated to grow 5.5 percent to \$3.13 billion in fiscal 2016. The proposed budget includes the first year in a five-year plan to lower the state's top marginal income tax rate from 7.4 percent to 6.9 percent. For the state's fiscal 2016 capital budget, the governor recommends \$46.9 million in total spending, which includes the Permanent Building Fund's operating expenses.

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

Illinois

Illinois Governor Bruce Rauner released his fiscal 2016 budget proposal on February 18. The budget calls for total general fund spending of \$32.0 billion, a \$2.7 billion reduction from the fiscal 2015 revised budget. The proposed level of appropriations from all funds in fiscal 2016 is \$61.8 billion, compared to \$66.3 billion in fiscal 2015. General funds comprise 46.1 percent of total state spending in fiscal 2016, with special state funds at 30.8 percent, federal trust funds 12.4 percent, debt service funds 6.4 percent, highway funds 3.4 percent, state trust funds 0.9 percent and bond financed funds 0.04 percent. The largest areas of total state spending are healthcare at 31.5 percent, education at 25.7 percent, and human services at 16.1 percent, while the largest areas of general fund spending are education at 42.9 percent, healthcare at 22.4 percent, and human services at 17.4 percent. General fund revenues are projected to be \$32.0 billion in fiscal 2016, a \$2.1 billion, or 6.1 percent, decline from fiscal 2015. The governor described his budget recommendation as a turnaround budget proposal and said, "It turns away from massive debt and deficits and away from the unsustainable trajectory of ever high spending absent significant economic growth." The budget proposal addresses ongoing budget

deficits through pension reforms saving the state \$2 billion, reducing government employee health insurance costs, cutting overall spending while prioritizing core government services such as education, and budget reforms including ensuring that bills are paid, consensus forecasting, a priority based budget, and building up a rainy day fund.

Links: [Fiscal Year 2016 Budget Proposal](#); [State of the State Speech](#)

Indiana

On January 8, Indiana Governor Mike Pence proposed a two-year budget for fiscal 2016 and fiscal 2017. The budget calls for total general fund spending of \$15.14 billion in fiscal 2016 and \$15.31 billion in fiscal 2017, with a two-year average increase in spending of 1.34 percent. General fund revenue is estimated to be \$15.30 billion in fiscal 2016, up from \$14.95 billion in fiscal 2015, and \$15.79 billion in fiscal 2017. The governor's budget proposal emphasizing remaining honestly balanced, holding the line on spending, maintaining reserves, funding priorities, and incurring no new debt. Regarding being honestly balanced, the budget is built to be structurally balanced, have no gimmicks or tricks, ensure that spending does not exceed available revenues, and maintains an adequate budget cushion; in fiscal 2016 the estimated surplus is \$166.9 million while in fiscal 2017 it is \$481.6 million. The budget also assumes reserves of at least 12.5 percent of appropriations in both fiscal 2016 and 2017. The governor stated that his funding priorities in the biennium budget proposal are supporting education, serving those in need, pursuing economic development and job creation, and commemorating the state's bicentennial anniversary. The governor noted that, "This is an education budget. It puts Hoosiers first, continues Indiana on a pathway to prosperity, and funds our priority of expanding educational opportunities for all of our kids, from pre-K and K-12 to higher education and into the adult workforce." Finally, the governor recommends that the new budget follow the path of the current budget in incurring no new debt, cash fund all capital projects, and explore ways to reduce existing debt even further.

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

Iowa

Iowa Governor Terry Branstad released his budget proposal on January 13. The budget recommendation calls for \$7.34 billion in general fund spending in fiscal 2016, an increase from \$6.99 billion in fiscal 2015 and \$7.53 billion in fiscal 2017. 55 percent of general fund spending would be directed towards education in fiscal 2016, with health and human services receiving 27 percent, justice/judicial branch 10 percent, property replacement/tax credits 5 percent, and other 3 percent. The budget assumes an ending balance of \$250 million in fiscal 2016 and \$192.6 million in fiscal 2017. Total tax and other receipts in fiscal 2016 are projected at \$8.5 billion, with personal income taxes comprising 53 percent, sales taxes 34 percent, corporate income tax 7 percent, other taxes 3 percent, and other receipts 3 percent. The governor's policy priorities include increased funding for roads and bridges, expanding broadband internet, revitalizing parks, increasing government transparency, reducing school bullying, greater alignment between education and workforce demands, freezing college tuition, and the creation of a student debt reorganization tax credit. In his Condition of the State speech, the governor said, "With our continued progress, we must continue to be mindful of the prudent budgeting that brought us the opportunity to reinvest in our children and to return taxpayers' hard earned money. Through careful management, we can continue to grow, even if we encounter some choppy waters."

Links: [Fiscal Year 2016 Budget Proposal](#); [Budget in Brief](#); [Condition of the State Speech](#)

Kansas

On January 15, Kansas Governor Sam Brownback released a budget proposal that calls for revised general fund spending of \$6.32 billion in fiscal 2015, \$6.23 billion in fiscal 2016, and \$6.24 billion in fiscal 2017. 61.6 percent of general fund spending would be directed to education in fiscal 2016, with human services at 28.4

percent and public safety at 6.2 percent the next largest categories. Spending from all fund sources are recommended to be \$15.62 billion in fiscal 2015, \$15.38 billion in fiscal 2016, and \$15.95 billion in fiscal 2017. The budget assumes ending balances of \$87.6 million in fiscal 2016 and \$253.0 million in fiscal 2017. Total available revenues are estimated at \$6.39 billion in fiscal 2015, \$6.32 billion in fiscal 2016, and \$6.49 billion in fiscal 2017. In discussing his budget proposal, the governor notes that "...the current budget trajectory in unsustainable and that difficult solutions are required by state law as well as by fiscal prudence. It also recognizes that an ever growing governmental budget cannot bring lasting prosperity to its citizens and that to live within our means we must make structural reforms to the elementary and secondary education school finance formula, KPERS pension system, and to Medicaid." Recommended changes in the budget proposal include working with the legislature to comprehensively reform school finance, policy and contractual changes to the state's healthcare plan, reforms to KPERS including issuing bonds, greater savings from various efficiency measures, general fund spending reductions for select agencies, transfers from the state highway fund. The budget also includes various tax policy changes an increase in consumption taxes, a tax amnesty program, and the establishment of a tax reduction fund which would see revenues transferred to the fund whenever revenues over the previous year exceed 103 percent.

Links: [Fiscal Year 2016 Budget Proposal](#); [Budget Presentation](#); [State of the State Speech](#)

Kentucky

In 2014, Kentucky enacted a two-year budget for fiscal 2015 and fiscal 2016. In this year's State of the Commonwealth speech, Governor Steve Beshear highlighted improvements the state has made the past seven years including education and health reforms, workforce training and economic improvements. The governor also laid out several proposals revolving around early childhood education reform, increased public-private partnerships, allowing local governments to vote on a local sales tax for specific infrastructure projects, increased assistance in Appalachia, and changes to Master Settlement Agreement funds.

Links: [Fiscal Years 2015-2016 Enacted Budget](#); [State of the Commonwealth Speech](#)

Louisiana

On February 27, Louisiana Governor Bobby Jindal released a fiscal 2016 budget proposal that calls for \$24.6 billion in total spending, a decrease of \$1.2 billion, or 4.7 percent, from fiscal 2015. The proposal employs a number of measures to balance the budget including: department strategic reductions (\$415 million); recurring savings from mid-year plan and healthcare efficiencies (\$180 million); reduction in expenses on certain refundable tax credits (\$526 million); requiring agencies to absorb certain increases (\$160 million); utilizing surplus dollars and other non-recurring sources (\$300 million). The proposed budget also eliminates an additional 727 state positions. Louisiana is facing a shortfall partly due to the loss of oil revenue. The governors' budget proposal does maintain infrastructures funding, protects K-12 classroom funding, fully funds the state's TOPS scholarship program, reduces one-time money by 70 percent, and does not raise taxes. In discussing his budget proposal, the governor said, "In working with the Legislature over the last seven years, we have enacted balanced budgets that have fostered an economic climate that has enabled us to announce economic development projects that will result in more than 91,000 new jobs and \$62 billion in new capital investments." The governor added, "We fostered this climate by choosing to reduce taxes and cut government spending rather than raise taxes and grow government. In fact, including the reductions in this budget, we will have reduced the state's budget by nearly \$10 billion since 2008. We have also reduced the footprint of government by reducing the number of state government employees by nearly 34 percent. We have more work to do. This Executive Budget continues the transformation of state government by prioritizing healthcare and higher education through the transformation of certain refundable tax credits."

Links: [Fiscal Year 2016 Budget Proposal](#); [Budget Briefing](#); [Budget Highlights](#); [Governor's Press Release](#)

Maine

Maine Governor Paul LePage released his proposed biennial budget for fiscal 2016-2017 on January 9. The \$6.3 billion proposed budget includes a \$300 million overall tax reduction which would lower the top individual and corporate income tax rates, amend the sales tax base to some services and adjust the rate, and include tax credits for low-income Mainers. The budget also calls for elimination of the home mortgage deduction, the homestead exemption for people under age 65, municipal revenue sharing and the estate tax. The budget proposal recommends taxing large nonprofit organizations such as hospitals, colleges and private schools. The recommended budget includes \$112 million in new spending by the Department of Health and Human Services for elderly and disabled care programs, nursing homes, mental health services and an extension of increased Medicaid reimbursements to primary care providers. In his State of the State address to the legislature the governor said, "My vision is an economy that allows all Maine families to thrive and succeed. Every Mainer deserves the chance to achieve their American Dream. My budget is just the start. I cannot do it alone. I need your help. We must make sure the income tax keeps going down every year until it is gone. I ask for a constitutional amendment that will direct all growth in revenue to go toward eliminating the income tax—once and for all."

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

Maryland

On January 22, Maryland Governor Larry Hogan proposed a \$40.5 billion fiscal 2016 budget, a 1 percent increase from fiscal 2015. The largest categories of total spending in fiscal 2016 are health (31 percent), K-12 (19 percent), higher education (15 percent), and transportation (12 percent). In putting together the recommended budget, Maryland faced an \$802 million budget gap resulting from general fund spending growing faster than revenues, mainly driven by mandates and entitlements, an increase in debt service, and continued weakness in revenue. The recommended budget calls for general fund spending growth 1.5 percent compared to 3.5 percent in revenues. Most of the fiscal 2016 budget balancing plan was achieved by constraining spending. Included in the budget is a record \$6.1 billion for K-12, an 11 percent increase in school nutrition programs, a 1.3 percent increase in higher education spending, \$1 billion for community services for individuals with developmental disabilities, and \$1.3 billion for the Department of Public Safety and Correctional Services. The budget also recommends reforms such as limiting the size of the state's capital budget to help control debt service costs, and limiting growth in mandated spending to more manageable levels. The governor said of his budget, "I am extremely proud to introduce a structurally balanced budget that puts our state on sound financial footing. But this is just a start. We have much more to do in the days and weeks ahead to further strengthen our state's fiscal course. My Administration will continue to work to put Maryland's economy back on track, attract new businesses, and create jobs for the long-term stability of our budget."

Links: [Fiscal Year 2016 Budget Proposal](#); [Budget Highlights](#); [Governor's Press Release](#); [State of the State Speech](#)

Massachusetts

Massachusetts Governor Charlie Baker released his proposed fiscal 2016 budget on March 4 that would increase spending by 3 percent and includes increases in local aid, education, and transportation. The budget includes a \$34 million increase, or 3.6 percent, in unrestricted local aid to \$980 million and a \$105.3 million increase in Chapter 70 funding which increases funding for all 321 school districts. The budget also includes an increase in transportation spending by 20 percent, including \$187 million, or a 53 percent increase, in direct aid to the Massachusetts Bay Transportation Authority. The budget would offer an early retirement incentive program to encourage employees at, or close to, retirement eligibility to move off the state payroll. Changes to the MassHealth, a program that had been projected to grow by 16 percent in fiscal 2016, would instead grow by an estimated 5.6 percent, more than \$1.6 billion below original projected spending. The budget would also

eliminate the tax credit for the film industry and expand the state's Earned Income Tax Credit. The governor noted that, "This proposal keeps spending growth around 3%, and allows us to begin to address long-term structural changes and reduce our reliance on one-time revenue. We protect our rainy day fund, because in a largely healthy economy it is clear our issues are based on a need to prioritize spending and make state government more efficient. We also avoid layoffs through an early retirement package that will reduce the size and cost of the state workforce."

Link: [Fiscal Year 2016 Budget Proposal](#); [Governor's Press Release](#)

Michigan

On February 11, Michigan Governor Rick Snyder released his fiscal 2016 budget proposal, which also includes recommended spending for fiscal 2017 (Michigan's fiscal year begins on October 1). The budget recommends general fund spending of \$9.58 billion in fiscal 2016, a \$635 million decline from fiscal 2015, and school aid of \$12.60 billion, a \$250 million increase from fiscal 2015. Accordingly, revenues in fiscal 2016 are projected to be \$9.7 billion in the general fund and \$12.3 billion in the school aid fund. Total spending from all fund sources is approximately \$54 billion, with health and human services and education combining for over three-fourths of total spending (health and human services represents 46 percent while education comprises 30 percent). The budget stabilization fund is projected to be \$611 million in fiscal 2016, up from \$498 million in fiscal 2015. In addition to proposing a budget for fiscal 2016, the governor also released an executive order to address a fiscal 2015 shortfall brought on by previous business tax credits; the shortfall was addressed through targeted agency reductions. The proposed budget for fiscal 2016 includes strategic investments in areas such as education, with an emphasis on pre to 3, skilled trades, public safety, and health and human services. In discussing his budget proposal, the governor said, "Michigan is poised to be a national leader in skilled trades and this budget has added resources to help us achieve the goal. Likewise, this work affirms our priority on education and preparing young children to read at the earliest stages..." The governor is also calling on voters to approve a May ballot proposal which would provide an additional \$1.3 billion for transportation, as well as \$300 million for schools and \$94 million for local governments; the additional funds would be generated through raising the sales tax from six percent to seven percent.

Links: [Fiscal Year 2016 Budget Proposal](#); [Budget Presentation](#); [Governor's Press Release](#); [State of State Speech](#)

Minnesota

Minnesota Governor Mark Dayton released his original two-year budget proposal for fiscal 2016 and 2017 on January 27. The budget calls for \$42 billion in general fund spending with K-12 at 42 percent, health and human services at 28 percent, property tax aids and credits at 8 percent, and higher education at 7 percent representing the largest spending categories. Spending increases in the budget include preK-12 (\$418 million), health and human services (\$140 million), public safety, courts, and corrections (\$137 million), child and dependent care credit (\$100 million), and higher education (\$93 million). The governor's budget priorities include a focus on students from 0-18, investing in higher education, and helping families and children. The governor noted that, "Minnesota's future success – the health of our families, the vitality of our communities, and the prosperity of our state – will depend upon our making excellent educations available to all Minnesotans." In addition, the day before releasing his budget proposal, the governor announced a plan that would invest \$6 billion over the next ten years to address the state's highway funding deficit. A month after releasing his original budget recommendation, the state Budget and Economic Forecast projected a \$1.87 billion surplus for the next two fiscal years, an increase of \$831 million from the prior forecast. The governor later released a supplemental budget request calling for spending an additional \$735 million on children and families, which would allow the state to fully fund pre-K, universities to continue tuition freezes, and the expansion of working family and education tax credits.

Links: [Fiscal Years 2016-2017 Budget Proposal](#); [Budget Presentation](#); [Governor's Press Release](#); [Transportation Overview](#); [Supplemental Budget Letter](#); [Supplemental Budget Recommendations](#)

Mississippi

On November 17, Mississippi Governor Phil Bryant released a fiscal 2016 budget proposal that calls for spending from the general fund of \$5.61 billion, a 2.2 percent increase from fiscal 2015, and spending from all state supported funds of \$6.18 billion, a 1.7 percent increase from fiscal 2015. General fund revenues are projected to \$5.63 billion in fiscal 2016, a 3.1 percent increase from appropriated fiscal 2015 levels. Additionally, the rainy day fund will remain at its statutory limit of 7.5 percent of appropriated funds. The recommended budget includes \$2.187 billion for public education with a \$52 million increase as well as new funding for a reading and early learning program. Other items in the budget include pay raises for teachers, an increase in student financial aid, additional funding for economic development, 3 percent pay increases for state troopers, and funding for a maternal and infant mortality reduction initiative and efforts to reduce teen pregnancies. Finally, the budget contains a working families tax credit that will only be available in years when the rainy day fund is full and revenue estimates meet or exceed 3 percent growth. The governor stated, "Mississippi should start fiscal year 2016 in the best financial health it's ever had. This budget addresses the needs of the state while giving back money to the hard working families of Mississippi. The increase in revenues is an opportunity to return money to the taxpayers, not to spend more on government programs."

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

Missouri

On January 21, Missouri Governor Jay Nixon released his budget proposal for fiscal 2016 that calls for \$26.11 billion in total spending from all funds, a slight decline from \$26.28 billion in fiscal 2015. Spending from general revenues is recommended to be \$8.82 billion in fiscal 2016, down from \$8.88 billion in fiscal 2015. The budget assumes net general revenue collections will grow 3.6 percent in fiscal 2016 to \$8.67 billion. For general revenue, K-12 represents the largest spending category at 36 percent, followed by human services (30 percent), higher education (10 percent), corrections and public safety (8 percent), judiciary, elected officials, and general assembly (4 percent), and all other (12 percent). In discussing his budget proposal, the governor said that the state's top priorities will continue to be "...investing in education to ensure the success of our students and the strength of our economy, providing vital health and mental health services, preserving critical infrastructure, and maintaining fiscal discipline." Specifically, the governor called for increased investments in education including pre-K, the K-12 foundation formula and additional performance based funding at the higher education level, strengthening the mental health safety net, expanding and reforming Medicaid, preserving critical infrastructure including making needed repairs to educational and state facilities, and balancing the budget while holding the line on taxes.

Links: [Fiscal Year 2016 Budget Proposal](#); [Budget Summary](#); [Governor's Letter](#); [State of the State Speech](#)

Montana

On November 17, Montana Governor Steve Bullock released his budget for the next biennium for fiscal 2016 and fiscal 2017, and subsequently submitted revisions to the proposal on December 15. The governor's revised budget recommends \$2.36 billion in general fund spending in fiscal 2016 and \$2.42 billion in fiscal 2017, reflecting increases of 5.75 percent and 2.57 percent, respectively. Total general funds available are projected to be \$2.64 billion in fiscal 2016 (including a beginning balance of \$345 million and with 7.0 percent revenue growth) and \$2.72 billion in fiscal 2017 (including a beginning balance of \$283 million and with 6.09 percent revenue growth). The general fund is projected to have an ending balance at the end of fiscal 2017 of \$300 million. "We must balance our budget and appropriately plan for the rainy days that we don't foresee," said the governor in his State of the State address. The governor's budget prioritizes economic development, recommending over \$300 million for infrastructure programs, a \$1,000 tax credit per apprentice for employers to encourage on-the-job training, and \$15 million in new research funds for the state university system. The governor also recommends new state block grants to local school districts for early education programs,

increased K-12 funding, and an expansion of performance-based funding for higher education. In addition, the budget includes the governor's state-specific alternative to expand Medicaid coverage.

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

Nebraska

Nebraska Governor Pete Ricketts proposed a two-year budget on January 22. The budget recommends two-year average growth in general fund spending of 3.1 percent, with fiscal 2016 proposed general fund spending at \$4.26 billion and fiscal 2017 at \$4.36 billion. The budget assumes ending balances of \$227 million in fiscal 2016 and \$282 million in fiscal 2017. General fund net revenues are projected to increase from \$4.16 billion in fiscal 2015 to \$4.25 billion in fiscal 2016 to \$4.43 billion in fiscal 2017. The governor said that his top priority is direct property tax relief, adding that, "The message from Nebraskans is clear as I travel across the state: Nebraskans are seeking relief from high property taxes." The recommended budget includes an increase of \$60 million each year in property tax relief. Other priority items in the budget proposal include reduced agricultural land value subject to taxation, additional tax relief and assistance for veterans and the military, an increase in state aid to schools of 3 percent in fiscal 2016 and 1.6 percent in fiscal 2017, a 3 percent increase to universities and community colleges, and additional state appropriations for the federal Medicaid match rate. The proposed budget also provides an additional \$10.8 million in current year funding for corrections, and \$19.9 million more in fiscal 2016 and \$25.7 million more in fiscal 2017 to address the operational costs of the prison system and to make necessary improvements.

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

Nevada

On January 15, Nevada Governor Brian Sandoval submitted his proposed budget for the upcoming fiscal 2016-fiscal 2017 biennium, calling for \$20.7 billion in total state spending from all funds, a 16.6 percent increase over the current biennium. General fund spending would increase by \$718 million or 10.9 percent for the biennium under the governor's budget, while federal funds would increase by \$1.77 billion or 29.6 percent. The spending increase is largely driven by caseload growth for various programs, as well as increased retirement contribution rates. The budget would also restore salary reductions to state employees for furlough days that have been in effect for six years. Additionally, the governor calls for additional resources to support major budget initiatives, which are also outlined separately and tied to the Priority and Performance Based Budget framework that links funding requests to performance based outcomes. These initiatives include expanding full-day kindergarten (\$74 million over the biennium), supporting underperforming schools with a high percentage of English Language Learners (\$50 million), a classroom technology program (\$49 million), and increased funding for autism treatment services (\$62 million). Overall, the budget recommends general fund appropriations of \$3.59 billion in fiscal 2016 and \$3.73 billion in fiscal 2017. The proposal projects general fund revenues of \$3.86 billion and \$3.92 billion, and total revenues of \$10.2 billion and \$10.5 billion, for fiscal 2016 and fiscal 2017, respectively. The governor recommends extending a number of the revenue enhancements set to expire at the end of fiscal 2015, as well as making additional revenue reforms, to support the social service and educational needs of the state.

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

New Hampshire

New Hampshire Governor Maggie Hassan released her proposed fiscal 2016-2017 biennium budget on February 12. The budget has many agencies at or below fiscal 2015 levels and holds total budget growth to 6.4 percent. The Governor's budget assumes baseline revenue growth of 2.7 percent in the first year of the biennium and 1.9 percent in the second based on the work of the Consensus Revenue Estimating Panel. The

budget provides for the reauthorization of the bipartisan health care expansion plan and includes the funds needed to cover the state's share in the next biennium. The budget also includes funds for the state's mental health settlement and treatment and prevention efforts to address substance abuse. The budget includes recommendations from the Governor's Innovation Commission, including increasing flexibility for state managers, expanding efforts to centralize key services, consolidating agencies, and creating a Chief Operating Officer who will focus on driving efficiency. After adjusting for the shift in Medicaid Enhancement Tax revenue, the comparable general and education trust fund budget increase from fiscal 2016-2017 is 4.9 percent over fiscal 2014-2015. In her budget address to the legislature the governor said, "Today, I present to you a fiscally responsible, balanced budget - with no income or sales tax. This is a budget that helps expand opportunity for middle class families, supports job-creating businesses, encourages innovation, and aims to attract and retain more young people here in New Hampshire."

Links: [Fiscal Years 2016-2017 Budget Proposal](#); [Governor's Press Release](#); [Budget Address](#)

New Jersey

New Jersey Governor Chris Christie released his proposed fiscal 2016 budget on February 24. The budget totals \$33.8 billion, an increase of 3.1 percent, or about \$1 billion, over the current fiscal year, and includes a fund balance of \$350 million, or just over 1 percent. The proposal continues to reflect a reduced reliance on non-recurring resources, from a high of 13.2 percent in fiscal 2010 to a projected 2.8 percent in fiscal 2016. The budget includes an \$811 million increase in education funding and a \$1.3 billion pension payment. The Governor proposes to increase reimbursements rates for certain primary and specialty care services offered through NJ FamilyCare. The rate increase will be effective January 2016. The proposal will add \$45 million to physician reimbursements from state and federal funds. The fiscal 2016 budget anticipates revenue growth of \$1.2 billion, approximately 3.8 percent across a range of tax and non-tax revenues. Increased funding for pensions and employee health benefits together comprises approximately 77 percent of the year-over-year increase. In his budget address to the legislature the governor said, "Spending is again held in line, at \$33.8 billion, \$2.3 billion less in discretionary spending than in Fiscal Year 2008. I am not talking about spending adjusted for inflation – I am saying that in nominal dollars, New Jersey has not increased spending over where we were in Fiscal Year 2008."

Links: [Fiscal Year 2016 Budget Proposal](#); [Budget Address](#); [State of the State Speech](#)

New Mexico

On January 12, New Mexico Governor Susana Martinez released her fiscal 2016 budget proposal, calling for \$6.29 billion in general fund spending, which reflects a \$141 million (2.3 percent) increase in recurring expenditures. Total spending on public education would increase 2.5 percent or \$68 million under the governor's budget to cover basic school services, as well as to provide additional funding to raise minimum starting teacher salaries, boost funding for textbooks and instructional materials, increase funding for the state's Pre-K and K-3, and support other educational reforms. Additionally, the governor recommends new funding for child welfare services, public safety, and Medicaid – including behavioral health services. The budget also increases performance-based funding for higher education institutions by \$6.1 million. The governor recommends \$105 million in non-recurring spending for economic development grants, IT projects, and other purposes. The state is estimated to collect \$6.29 billion in recurring general fund revenue in fiscal 2016, an increase of 2.8 percent, and have a fiscal 2016 ending balance of \$500 million in the general fund reserves. However, the state's revenue outlook is more uncertain than usual due to the recent decline of oil and natural gas prices. In light of this, the governor has said, "We will continue to monitor projected revenue levels and adjust our budget accordingly to ensure that state spending growth remains at an appropriate and responsible level."

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

New York

On January 21, New York Governor Andrew Cuomo released his proposed \$142 billion budget for fiscal 2016 with spending growth below two percent for state operating funds and the expectation that future budgets will adhere to the two percent limit as well. The budget includes a reduction in property taxes through a \$1.7 billion property tax credit and a \$1.1 billion increase in education spending in return for reforms to the public education system. The budget also includes a \$5.4 billion windfall from settlements with financial institutions that is set aside for one-time investments and reserves. These include \$3 billion in loans and grants for special infrastructure projects, including transportation, health care, disaster preparedness, and other one-time investments, and \$1.5 billion for competitive upstate revitalization grants; in addition, \$850 million is reserved to address risks. The budget proposes new initiatives in juvenile justice reform, including establishing a continuum of diversion services. General fund receipts, including transfers from other funds, are expected to total \$66.1 billion in fiscal 2016, an annual decrease of \$2.6 billion, or 3.8 percent. This mainly reflects the one-time monetary settlements received in fiscal 2015, offset by growth in tax receipts. Tax collections, including transfers of tax receipts to the general fund after payment of debt service, are expected to total \$62.3 billion, an increase of \$3.9 billion, or 6.6 percent. The governor announced his budget proposal as part of his Opportunity Agenda, focusing on economic opportunity, education, public safety, government reform, and fairness for all.

Links: [Fiscal Year 2016 Budget Proposal](#); [Opportunity Agenda](#)

North Carolina

On March 5, North Carolina Governor Pat McCrory released a two-year budget proposal that calls for \$50.9 billion in total spending in fiscal 2016 and \$21.5 billion in general fund spending. Under the recommended budget, general fund spending would grow 2.1 percent in fiscal 2016 and 3.2 percent in fiscal 2017 with both years being below the rate of inflation plus population. The largest categories of general fund spending in fiscal 2016 are education (56.01 percent), health and human services (24.65 percent), and justice and public safety (11.15 percent). General fund revenues are projected to grow 3.9 percent in fiscal 2016 and 4.1 percent in fiscal 2017, while the budget contains no tax increases. Additionally, the budget allocates an additional \$47 million to the Savings Reserve Account, bringing the total balance to \$698 million. The proposed budget prioritizes job creation and provides \$99 million in fiscal 2016 and \$107 million in fiscal 2017 for NC Competes, an economic development program. Other recommendations in the budget include a 2.8 percent increase in K-12 compared to the previous biennium budget, fully funding university enrollment growth, encouraging greater efficiencies in the university system, an increase of \$135 million for strategic investments in critical infrastructure, various programs to help the military and law enforcement, efforts to streamline state government, \$10.8 billion in health and human services funding over the biennium, and greater support for the Housing Financing Agency. The governor said that, "This budget builds on our hard-earned successes and lays the foundation for a bright future for all North Carolina families. This budget recommit us to the basic values that make our state great. When we unleash our potential in education, transportation, energy and technology, and commit to greater government efficiency and affordability, North Carolina will be second to none."

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

North Dakota

On December 3, North Dakota Governor Jack Dalrymple proposed a two-year budget for fiscal 2016 and 2017 that recommends \$5.0 billion in ongoing expenditures, a 5.4 percent increase in general fund appropriations compared to the current biennium. Total tax revenue is projected at \$5.4 billion, up from \$4.9 billion in the last biennium. Total reserves are projected to be \$3.5 billion at the end of fiscal 2017, down slightly from \$3.7 billion at the end of fiscal 2015; however, this does not include the Legacy Fund which is projected to be approximately \$6 billion at the end of fiscal 2017. The executive budget proposal includes \$3 billion dedicated

solely to statewide infrastructure improvements, \$90.5 million for state and local law enforcement agencies, \$3.7 billion to assist North Dakota's oil and gas production region address impacts created by rapid growth, additional funding for K-12 and higher education that focuses on student success and college affordability, and \$80.4 million to improve the park system and to fund conservation projects. The budget also includes an additional \$408 million in tax relief with \$250 million being a property tax buydown, \$100 million in individual income tax relief, and \$25 million in corporate income tax relief. The governor said of his budget proposal, "With this budget, we are taking advantage of North Dakota's success and strong financial position to advance several initiatives that will have a lasting effect on our quality of life. Because of strong revenues and sound fiscal management we can make major, one-time investments in our priorities while also providing additional tax relief."

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

Ohio

Ohio Governor John Kasich recommended a two-year budget that totals \$68.5 billion for all funds in fiscal 2016 (a 2.0 percent increase over fiscal 2015), and \$70.2 billion in fiscal 2017 (a 2.5 percent increase over fiscal 2016). Spending from general revenue funds totals \$35.3 billion in fiscal 2016 (a 12.5 percent increase over fiscal 2015), and \$37.0 billion in fiscal 2017 (a 4.8 percent increase over fiscal 2016). The largest categories of state only general revenue fund spending are K-12 (33.9 percent), Medicaid (26.5 percent), higher education (10.6 percent), and justice and public protection (9.0 percent). Estimated general fund revenues are projected to increase 11.5 percent in fiscal 2016 under a proposed new tax structure, while revenues are projected to increase 5.3 percent in fiscal 2017. The budget assumes an ending balance of \$189.6 million in fiscal 2016 and \$213 million in fiscal 2017. Priority items in the budget include ensuring that students are ready for college and careers by helping students earn credits in flexible ways and providing more resources to districts with the least capacity to raise local revenues, helping more students get degrees by working with universities to control costs so college can be more affordable, and helping Ohioans move out of poverty and into jobs by reforming the state's array of public assistance programs. The proposed budget also makes a series of tax changes including reducing personal income tax rates, exempting small businesses from state income taxes, increasing the sales tax, tobacco taxes, and taxes on fracking. The governor said that his recommended budget maintains fiscal restraint, builds on the work that has been done, and addresses "...areas that are so critical to long-term economic success such as education, tax cuts to improve competitiveness, and opportunities for those most in need of assistance."

Links: [Fiscal Years 2016-2017 Budget Proposal](#); [Budget Highlights](#); [Blueprint Ohio](#); [State of the State Speech](#)

Oklahoma

On February 2, Oklahoma Governor Mary Fallin proposed a fiscal 2016 budget that totals \$7.2 billion in general fund spending, a 0.68 percent increase from fiscal 2015. The largest categories of general fund spending include education and workforce development (51 percent), health and human services (31 percent), safety and security (10 percent), and transportation (3 percent). In December, the Board of Equalization projected that the state would have 4.1 percent less revenue available in fiscal 2016 compared to fiscal 2015. As a result, the governor's fiscal 2016 budget proposal includes 55 agencies receiving appropriation reductions of 6.25 percent or less. However, the budget does contain strategic appropriation increases in the areas of education, human services, the Health Care Authority, corrections, and mental health and substance abuse services. The budget reflects the governor's goal of improving outcomes in the areas of educational attainment, reducing incarceration rates among non-violent offenders, and improving health. The budget also recommends that \$300 million be transferred from agency revolving funds to be appropriated elsewhere. In discussing her proposal, the governor said that the state currently faces substantial budget challenges "...because of policy choices that have lead to an increase in 'off-the-top' spending that diverts money away

from the general fund, either to tax credits and economic incentives or to support government programs.” The governor added that the state must pursue long-term solutions, partly through greater evaluations of tax credits and economic incentives.

Links: [Fiscal Year 2016 Budget Proposal](#); [State of the State Speech](#)

Oregon

On December 1, now former Oregon Governor John Kitzhaber released a biennium budget proposal for fiscal 2016 and fiscal 2017, which recommends total expenditures of \$66.5 billion and general fund and lottery fund spending of \$18.6 billion for the two-year period. The budget is focused on statewide strategic priorities, not programs, the governor explains, and it is “aimed at leveraging our state resources in ways that improve the lives of Oregonians and ensure prosperity for all.” The proposal calls for \$9.4 billion in general/lottery fund spending for education, an 8.6 percent increase, and would make investments in full-day kindergarten and early learning initiatives, as well as boost funding for community colleges, public universities, and student aid. The governor’s budget also calls for developing new outcome-based funding formulas for public higher education institutions and redesigning the state’s student financial aid program. To promote economic development, the budget invests \$200 million for projects in rural areas and \$40 million in state innovation funds. The governor also recommends a number of investments in transportation, including \$59 million in non-highway projects. For health care, the budget would apply the coordinated care model to all health purchasing to cap state health care spending below the national trends. It also recommends \$53 million for community mental health and addiction services, and additional funds for other targeted investments. The budget also invests \$100 million in bonds to finance housing for homeless families with children, and calls for a redesign of the state’s Temporary Assistance for Needy Families (TANF) program by reinvesting savings from reduced TANF caseloads. The governor’s budget projects that the state will have available general fund resources totaling \$18.7 billion, with the vast majority of revenues (83 percent) coming from personal income taxes.

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

Pennsylvania

Pennsylvania Governor Tom Wolf released his proposed fiscal 2016 budget on March 3 that totals \$78.6 billion in all funds with general funds representing 38 percent of the total. The budget would increase the personal income tax to 3.7 percent effective July 1, 2015 and would increase eligibility for the poverty exemption to 150 percent of the poverty line for a family of four. It would expand the base and increase the sales tax to 6.6 percent effective January 1, 2016 and would exempt food, clothing, and prescription drugs. The tax on cigarettes would increase to \$1.00 per pack effective October 1, 2015. The budget proposes to increase funding for basic education by \$400 million to total \$6.1 billion, would increase special education funding by \$100 million to nearly \$1.15 billion, and increase spending by \$120 million for early learning programs to total nearly \$256.5 million. The budget would also restore over the next two years funds that were cut from higher education. The proposal includes a \$1 billion infrastructure investment initiative and \$675 million in new bond-funded infrastructure, energy and technology investment programs designed to assist business expansions and relocations and help more end users take advantage of the state’s natural gas production. In discussing his budget, the governor said, “My budget rebuilds the middle class in Pennsylvania starting with three priorities: jobs that pay, schools that teach, and government that works. Pennsylvania can have a bright future, but we cannot simply do the same things over and over and hope for different results. My plan balances the state budget, cuts taxes to create jobs with good middle-class wages, makes historic investments in education to prepare our kids for the jobs of tomorrow, and reduces the total tax burden on the average middle-class homeowner. We need to think differently and do things differently. It’s time for bold change.”

Links: [Fiscal Year 2016 Budget Proposal](#); [Governor’s Press Release](#); [Budget Speech](#)

Rhode Island

Rhode Island Governor Gina Raimondo released her proposed fiscal 2016 budget on March 12. The budget totals \$8.6 billion in all funds and is \$211.9 million, or 2.4 percent, less than the fiscal 2015 revised plan of \$8.8 billion. Health and human services continues to represent the largest portion of spending, representing nearly 43.5 percent of the total state budget. The budget includes nearly \$2.4 billion in support of education, one of the governor's top priorities. The budget fully funds the school aid formula with an additional \$35.5 million and applies \$20.0 million in state debt for refinancing to fund school facilities. The budget also includes proposals for greater flexibility in hiring and managing personnel, a Medicaid working group to improve services and contain costs, and agency reorganizations. The proposal also includes \$20.0 million more towards the highway improvement plan. The recommended budget resolves a projected \$190.4 million deficit without increasing broad based taxes and includes tax incentives for economic-development and an increase in the Earned Income Tax Credit to 15 percent over 2 years. According to the budget documents, current and out-year deficits are driven by Medicaid expenditures, the education funding formula, projected employee salary and benefits, the loss of gaming revenues to Massachusetts competition, and previous underfunding of agencies. The governor said of her budget, "We must reinvigorate Rhode Island and state government with fresh ideas and new ways of doing things, so that we can enhance accountability and get better results for our citizens."

Link: [Fiscal Year 2016 Budget Proposal](#); [Governor's Press Release](#); [Budget Address](#)

South Carolina

On January 12, South Carolina Governor Nikki Haley proposed a fiscal 2016 budget that calls for \$6.881 billion in general fund spending, a 3.33 percent increase from fiscal 2015, and \$4.1 million less than the state's spending cap allows. Total general fund revenues are projected to be \$6.884 billion, leaving a balance of \$4.43 million. In her letter announcing the budget, the governor noted that the recommendation fully funds state reserves and decreases annual debt service by \$40 million. The budget proposal continues to emphasize educational progress, with the governor stating, "Building of the four pillars of fair and simple funding, technology, public school choice, and reading, the FY 2015-16 Executive Budget continues to provide schools and educators with the resources they need to make our students successful." The budget also highlights social service reforms including funding for caseworker recruiting and retention, greater child service accountability, improved technology, and adult protection enhancements. Additionally, the recommended budget provides additional funding in the area of law enforcement and prosecution, and emphasizes ensuring program sustainability and meeting commitments to the most vulnerable in the area of healthcare.

Links: [Fiscal Year 2016 Budget Proposal](#); [Budget Overview](#); [Governor's Press Release](#); [State of the State Speech](#)

South Dakota

South Dakota Governor Dennis Daugaard presented his fiscal 2016 budget proposal on December 2. The budget calls for spending from all funds of \$4.32 billion, a \$10.4 million increase from fiscal 2015, and general fund spending of \$1.44 billion, a \$35.0 million increase from fiscal 2015. The largest areas of general fund spending include health, human and social services (38.2 percent), aid to schools (30.4 percent), higher education (13.8 percent), and corrections (6.7 percent). The proposed budget assumes that the ending balance of the budget reserve fund will be \$105.2 million in fiscal 2016, the same level as fiscal 2015. The grand total of all general fund receipts in fiscal 2016 is projected to be \$1.44 billion, up from \$1.42 billion in fiscal 2015. In discussing his budget proposal, the governor noted that the state has enjoyed several years of economic growth and that, "I am pleased that this year the growth in our tax base is sufficient to fund inflationary spending increases. In addition, by controlling key expenditure areas, I can offer a budget that funds an additional amount of incremental spending growth beyond what is statutorily required." The budget includes a funding increase for K-12 according to the statutory funding formula, increased reimbursement rates for Medicaid providers, additional funding for state universities, increased funding for technical institutes, and

compensation adjustments for state employees. The governor also added that he wants to continue to forecast conservatively, and that he would much rather face a surplus each year than a shortfall.

Links: [Fiscal Year 2016 Budget Proposal](#); [Budget Summary](#); [Budget Address](#); [Budget Presentation](#); [State of the State Speech](#)

Tennessee

On February 9, Tennessee Governor released his fiscal 2016 budget proposal that calls for \$33.3 billion in total state budget spending, a \$349.7 million increase from fiscal 2015, and \$29.4 billion in general fund spending, a \$46.7 million decline from fiscal 2015. The largest categories of general fund spending are education (47 percent), health and social services (34 percent), and law, safety, and correction (11 percent). The budget assumes revenue growth of 2.53 percent. Additionally, the rainy day fund balance is projected to be \$528 million at the end of fiscal 2016, up from an estimated \$492 million in fiscal 2015. Overall, the governor's budget proposal contains \$300 million in revenue growth, \$500 million in cost increases, and \$200 million in reductions. The budget recommendation prioritizes strategic investments to support education, higher education, economic development, and jobs. Accordingly, the governor stated, "I truly believe that getting education right is critical to the well-being of our state – today and in the future. We have to keep going full speed ahead. We can't afford to go backwards." Included in the governor's recommended budget is \$100 million for increasing teacher salaries, \$44 million to fully fund the Basic Education Program, \$260 million for higher education capital projects, \$25 million to fully fund the Complete College Act formula, \$10 million for need-based scholarships, and \$48 million for state employee raises tied to performance and market adjustments. The budget also contains various funding initiatives to support the governor's Drive to 55 effort that aims to raise the percentage of Tennesseans with a certificate or degree beyond high school from 32 to 55 by the year 2025.

Links: [Fiscal Year 2016 Budget Proposal](#); [Budget Overview](#); [Budget Presentation](#); [Governor's Press Release](#); [State of the State Speech](#)

Texas

Texas Governor Greg Abbott released a two-year spending proposal on February 17 that recommends \$205.0 billion in spending from all funds, and \$105.8 billion in spending from general revenue and general revenue-dedicated appropriations. The \$105.8 billion total is less than the recommend spending limit for the biennium of \$110.0 billion. The recommended budget reduces general revenue spending by three percent at most agencies with the exception of formula funding for public and higher education, amounts for pension obligations, and those appropriations required to meet federal entitlement obligations. The budget strives to: strategically invest in education, transportation border security and healthcare; constrain the size and growth of government; reduce agency spending; suspend, reduce and eliminate unnecessary taxes and fees; and ensure government supports job creation and is accountable and transparent. Specifically, the budget includes \$402 million in initiatives to improve student outcomes while fully funding the public education formula, allocates an additional \$496 million for higher education to enhance research, directs more money for roads including ensuring that \$4 billion more per year will be available for transportation beginning in fiscal 2017, doubles the state's spending on border security, increases funding for family and protective services, and various economic development initiatives and helps provide opportunities for veterans. Additionally the budget contains \$4.5 billion in tax reductions through a reduction in the franchise tax and property tax relief. In his letter to the legislature, the governor said, "While Texas' job opportunities remain robust, over the 2016-17 biennium, declining oil and gas prices may adversely affect jobs related to the state's energy industry and the revenue derived from oil and gas production. To ensure Texas remains number one in job creation, we must reduce taxes in ways that empower the private sector to create more jobs, reduce occupational licensing requirements, and constrain government growth to reduce the burden on taxpayers. We must also prioritize

spending to ensure all Texans live in a state with improved schools, a better transportation system, and safer communities.”

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

Utah

On December 11, Utah Governor Gary Herbert proposed his budget for fiscal 2016, which calls for \$14.3 billion in total state spending. Recommended operating and capital expenditures from the general and education funds total \$6.3 billion, including roughly \$3 billion for public education, \$1 billion for Medicaid and other social services, \$1 billion for higher education, and \$500 million for corrections, public safety and justice. Additionally, recommended transportation spending from other state-collected funds totals about \$1 billion. The budget prioritizes investments in education, criminal justice reform, and water and air quality, as well as enhancing government transparency, efficiency and accountability. The governor recommends \$343 million in additional funds for public education – including \$97 million in one-time budget items – as well as \$159 million in new money for higher education, including \$95 million in one-time capital expenditures. In his State of the State address, the governor noted that this recommended investment in education “would be the largest true increase in student funding for public education in 25 years.” Overall, the governor’s fiscal 2016 recommendation for general fund and education fund spending would dedicate 48.8 percent of funds to public education, 15.1 percent to higher education, 8.4 percent to Medicaid, 8.4 percent to corrections, and 5.5 percent to social services. The remaining funds would be directed to services, including debt service. The budget proposal is based on a revenue forecast that predicts \$313 million in new one-time funds and \$325 million in new ongoing unrestricted general fund and education fund revenue, as well as modest increases in dedicated tax revenues. The budget narrative also explains that the governor’s performance management initiative, known as the SUCCESS initiative, has significantly reduced agency budget requests and improved capacity.

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

Vermont

Vermont Governor Peter Shumlin released his proposed fiscal 2016 budget on January 15. The general fund budget of \$1.47 billion reflects a 1.9 percent increase over the fiscal 2015 budget as passed and addresses a \$93.7 million shortfall, partly through \$15 million in cost reductions from restructuring, consolidation, and elimination of programs in state government. The budget includes a proposed 0.7 percent payroll tax to generate additional funds for Medicaid to be used to increase Medicaid reimbursement rates to Medicare levels; the tax will raise \$41 million at the state level and allow the state to draw down an additional \$45 million in new federal dollars. The budget also includes the required transfers to the Education Fund, as well as an additional \$3 million to encourage school district consolidation projects. Additionally, the budget implements the state’s strategic plan to clean up Lake Champlain. The budget continues a programmatic performance measure budget pilot program that began last year. The State’s Chief Performance Officer is charged with overseeing the estimated 3 to 5 year implementation of this initiative, supported by the legislative, the executive branch, and a number of Vermont non-profit early adopters. In his inaugural address, the governor outlined his priorities that will focus on expanding the economy, containing health care costs, expanding the clean energy sector, building on the progress made battling opiate addiction, and developing a balanced budget that puts the state on a more sustainable long-term fiscal footing.

Links: [Fiscal Year 2016 Budget Proposal](#); [Governor’s Press Release](#); [Inaugural Address](#)

Virginia

In 2014, Virginia enacted a two-year budget for fiscal 2015 and fiscal 2016. On December 17, 2014, the governor proposed a series of amendments to the biennial budget. Additionally, in the governor’s State of the Commonwealth address, the governor discussed progress over the past year including balancing the budget

responsibly, reforming the standards of learning, tackling challenges in the health care system, transportation planning changes, and reforming workforce development. Going forward, the governor wants to make changes to economic development, become less reliant on federal spending, further improve workforce development, increase school support, make infrastructure improvements, and continue to implement his healthcare plan.

Links: [Fiscal Years 2015-2016 Enacted Budget](#); [Proposed Amendments to Biennial Budget](#); [Budget Presentation](#); [Governor's Press Release](#); [State of the Commonwealth Speech](#)

Washington

On December 18, Washington Governor Jay Inslee released a biennium budget proposal for fiscal 2016-2017, calling for \$39 billion in operating spending from the general fund and other state funds over the next biennium, compared to the current biennium level of \$34 billion. The governor proposes \$2.3 billion in additional spending on education focused on promoting student success, which would reduce class sizes for grades K-3, expand full-day kindergarten statewide, freeze in-state undergraduate tuition, increase student financial aid, and make other investments. The governor calls for tax and revenue changes, including a tax on capital gains earnings and a market-based carbon emissions reduction proposal, which would raise an estimated \$1.4 billion in new revenues over two years. The governor's budget also proposes \$211 million in general fund spending cuts and identifies other potential savings to address the state's budget deficit. The proposal calls for the first general wage increase for state employees since 2008. Under the governor's budget proposal, the state would have an estimated \$911 million in reserve funds by the end of the next biennium. In addition to operating expenditures, the governor proposed \$3.8 billion for capital spending from all funds, including state construction projects, local grant and loan programs, and education facility improvements. "We know that expanding educational opportunities, launching a transportation construction program and fighting carbon pollution will put us on the right course," said the governor in his State of the State address as he highlighted his budget priorities.

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

West Virginia

West Virginia Governor Earl Ray Tomblin released his fiscal 2016 budget proposal on January 14. The recommended budget calls for \$22.7 billion in spending from all funds, and \$4.32 billion in spending from general revenue funds. The largest areas of spending from general revenue funds are public education (45.7 percent), health/human resources (26.4 percent), higher education (9.4 percent), and military affairs and public safety (8.4 percent). West Virginia faced an estimated budget gap of \$195 million for fiscal 2016; the governor addressed the gap through targeted reductions instead of across-the-board cuts to all agencies. The budget does contain increases for the state's share of Medicaid funding, social services, major capital projects, early literacy education programs, and new dollars for juvenile justice programs. Additionally, the budget fully funds the school aid formula and all retirement system obligations. While fiscal 2015 revenues are projected to be \$80 million short of estimates, fiscal 2016 revenues are projected to be \$67 million higher than initial fiscal 2015 estimates. In his executive message, the governor discussed recent successes the state has made including improving the business climate, reforming the education system, addressing long-term liabilities, cutting taxes for working families and businesses, and maintaining one of the strongest rainy day funds in the country. The governor said that for the state to continue to move forward the legislature and citizen must come together, saying, "Continuing to improve our state will take teamwork and collaboration from people who may not always agree. I am confident in our ability to accomplish great things. Among the mountains we call home, we are charting a new path—one built on collaboration and mutual respect, and one that places our state and her people, not our political differences, first."

Links: [Fiscal Year 2016 Budget Proposal](#); [Budget Presentation](#); [State of the State Speech](#)

Wisconsin

On February 3, Wisconsin Governor Scott Walker presented a two-year budget proposal that calls for spending from all funds of \$35.9 billion in fiscal 2016, a 2.6 percent increase from fiscal 2015, and total spending of \$32.3 billion in fiscal 2017, a 10 percent decline from fiscal 2016. The governor recommends a general purpose revenue budget of \$15.9 billion in fiscal 2016, a 0.3 percent decline from fiscal 2015, and \$16.9 billion in fiscal 2017, a 6.7 percent increase from fiscal 2016. The largest recommended categories of general purpose revenue programs in fiscal 2017 are school aid (33.2 percent), medical assistance and related programs (16.9 percent), state property tax credits (6.5 percent), corrections (5.9 percent), shared revenue (4.9 percent), University of Wisconsin system (4.6 percent), and technical college system aid (3.0 percent). The budget projects that total available general fund revenues will be \$15.7 billion in fiscal 2016, up from \$15.5 billion in fiscal 2015, and \$16.4 billion in fiscal 2017. Additionally, the net balance for the budget is projected to be \$27.0 million in fiscal 2016 and \$58.0 million in fiscal 2017, while the structural balance will be \$91.8 billion in fiscal 2016 and \$31.0 million in fiscal 2017. The recommended budget is based on five priorities: growing our economy, including merging two development offices and the creation of a business development tax credit; developing our workforce, through increased investments in workforce programs, extending a university tuition freeze and freeze on technical college program fees, and drug testing recipients of certain public assistance benefits; transforming education, with a focus on performance and parental choice, and restructuring the University of Wisconsin System; reforming government, through various restructurings and eliminating long-term vacant positions; and investing in our infrastructure, by providing \$6.5 billion for the state's transportation system. In his budget address, the governor said, "Our plan is based on growth and opportunity—which leads to freedom and prosperity for all. Secondly, our plan will use common sense reforms to create a government that is limited in scope and—ultimately—more effective, more efficient, and more accountable to the public. And finally, our plan will ensure a state where people are safe and sound in their homes and throughout their communities."

Links: [Fiscal Years 2016-2017 Budget Proposal](#); [Budget in Brief](#); [Budget Summary](#); [Budget Address](#); [State of the State Speech](#)

Wyoming

In 2014, Wyoming enacted a two-year budget for fiscal 2015 and fiscal 2016. The governor has proposed a supplemental budget. In this year's State of the State address, the governor discussed progress the state has made over the past four years including in economic grow, diversification, expanding broadband, improving infrastructure, providing additional aid to local governments, making state government more effective and efficient, and increasing education accountability. The governor said that his priorities continue to be improving education at every level, opposing federal actions that harm the state as well as coal initiatives, advancing energy strategies, increasing trade, forest health, implementing a water strategy, and Medicaid expansion.

Links: [Fiscal Years 2015-2016 Enacted Budget](#); [Fiscal Years 2015-2016 Supplemental Budget Proposal](#); [State of the State Speech](#)