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States Face Slowing Revenue, Difficult Budget Environment.

States are expecting flat revenues and increasing costs in this new fiscal year. They'll face hard choices even if Congress does not cut major aid programs.

Slow revenue growth continues to pinch state budgets across the country, leading governors to propose spending cuts, hiring freezes and some tax increases.

In its [spring survey of states](#), the National Association of State Budget Officers found that general fund spending will hold steady in fiscal 2026 as states expect limited revenue growth but increased costs.

Though most states are meeting or exceeding 2025 revenue projections, a growing number are downgrading their revenue expectations for the next fiscal year, Shelby Kerns, executive director of the association, said in a news release.

"In a number of states, we're seeing expenditure projections outpacing revenue growth, forcing policymakers to make hard choices in order to balance their budgets," Kerns said.

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