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Spring 2019 Fiscal Survey of States: NASBO

Governors' recommended budgets for fiscal 2020 reflect stable state fiscal conditions, calling for investments in key priorities while saving for future challenges. Proposed spending plans would increase general fund expenditures by **3.7 percent** in fiscal 2020, with **47 states** proposing spending increases and governors directing the majority of new money to education.

Other key findings from the report:

- Governors proposed appropriation increases totaling **\$30.8 billion** in fiscal 2020, including **\$14.1 billion** in new money for K-12 education and **\$3.6 billion** for higher education.
- States estimate general fund spending grew **5.8 percent** in fiscal 2019, the fastest annual growth rate since fiscal 2007.
- **No states** made mid-year budget cuts in fiscal 2019 due to a revenue shortfall, and only **3 states** made small mid-year reductions for other reasons.
- **28 states** reported fiscal 2019 general fund revenue collections exceeding projections, with this number expected to grow after accounting for April receipts.
- Governors' budgets are based on forecasted general fund revenue growth of **4.0 percent** in fiscal 2020.
- Governors proposed a series of revenue actions consisting mostly of tax increases, including a number of proposals directed towards transportation, with a net revenue impact of **\$8.1 billion** in fiscal 2020.
- The median rainy day fund balance as a share of general fund spending reached **7.5 percent** in fiscal 2019, a new all-time high.
- Medicaid spending from all funds is expected to grow **4.0 percent** in fiscal 2020, with state funds increasing **3.1 percent** and federal funds growing **4.5 percent**.

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