Bond Case Briefs

Municipal Finance Law Since 1971

NASBO Spring 2026 Fiscal Survey of States.

This edition of the report contains data for states, territories, and the District of Columbia on general fund spending, revenue, ending balances, and rainy day funds for fiscal 2025 (actual), fiscal 2026 (estimated), and fiscal 2027 (recommended). Information on recommended changes to taxes and fees and employment compensation for fiscal 2027 is also included.

Highlights include:

General Fund Spending

- Governors' proposed budgets for fiscal 2027 call for general fund spending to increase 0.6 percent on a median basis compared to estimated fiscal 2026 levels.
- Estimated general fund spending for fiscal 2026 is 3.9 percent above originally enacted budget levels, driven in part by supplemental appropriations and one-time expenditures funded by surplus balances.
- 22 states reported targeted spending cuts in governors' proposed budgets for fiscal 2027, 14 states reported eliminating vacant positions, and 14 states reported using revenue increases.

General Fund Revenue

- General fund revenue in fiscal 2027 is projected to grow 2.5 percent above current estimates for fiscal 2026 based on governors' proposed budgets.
- 29 states reported fiscal 2026 revenues were exceeding original forecasts at the time of data collection, while nine states reported collections were on target and 11 states reported collections were below original estimates.
- Governors proposed a mix of tax policy changes for fiscal 2027, with 14 states recommending net increases and 19 states recommending net decreases, for a combined near-zero net impact on general fund revenues.

State Balances

- Most states are projected to maintain or increase the size of their rainy day fund balances in dollars in fiscal 2026 and fiscal 2027, though the estimated median balance as a percentage of expenditures is projected to tick down slightly as spending is set to increase faster than reserves.
- Total balances (rainy day funds plus general fund ending balances) are projected to decline in fiscal 2026 and fiscal 2027 as states continue spending down prior-year surplus funds held in their general funds, largely for one-time purposes, but still remain well above pre-pandemic historical highs.

Read Full Report