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State Budget Cycles and Processes

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M U L T I S T A T E





“When you’ve seen one
state, you’ve seen one
state” – everyone, always





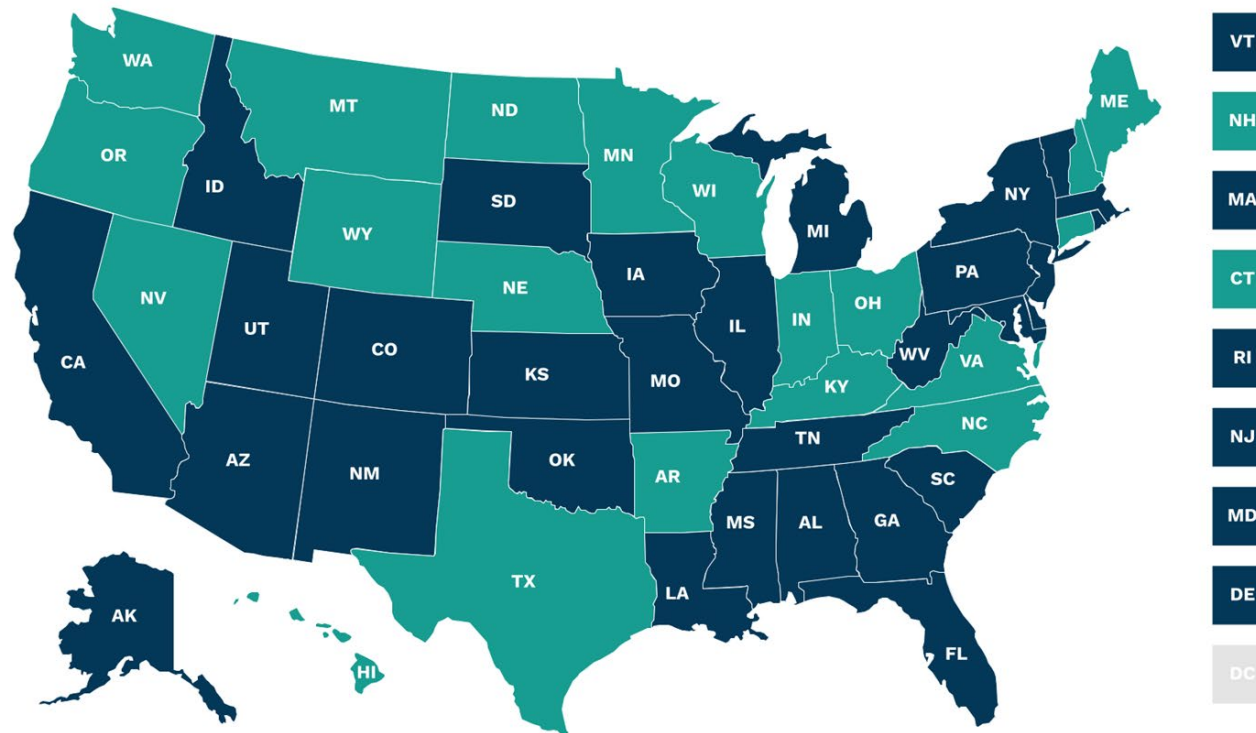
State Budget Calendars

Some states budget on an annual basis, while other states budget for two years at a time.

How long is the state budget cycle?

■ State has annual budget cycle (20)

■ State has biennial budget cycle (30)



Source: NASBO, MultiState. Data as of May 2023.

46 states begin
on July 1st

2 states begin on
October 1st

- Alabama & Michigan



BUDGET CALENDAR

1 state begins
September 1st

- Texas

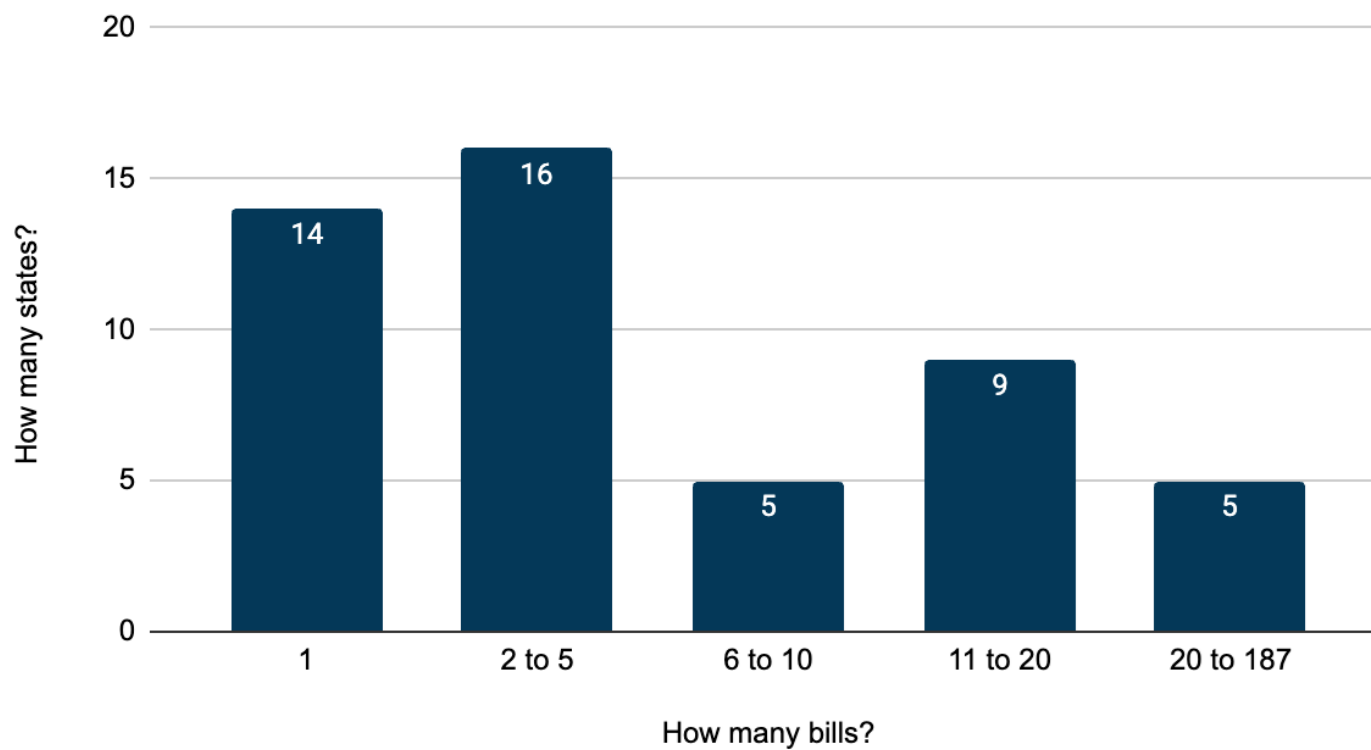
1 state begins on
April 1st

- New York



Is the budget just one giant bill?

How many bills make up the enacted budget?





Variation in State Revenue Forecasting

Figure 3. How States Develop Revenue Forecasts

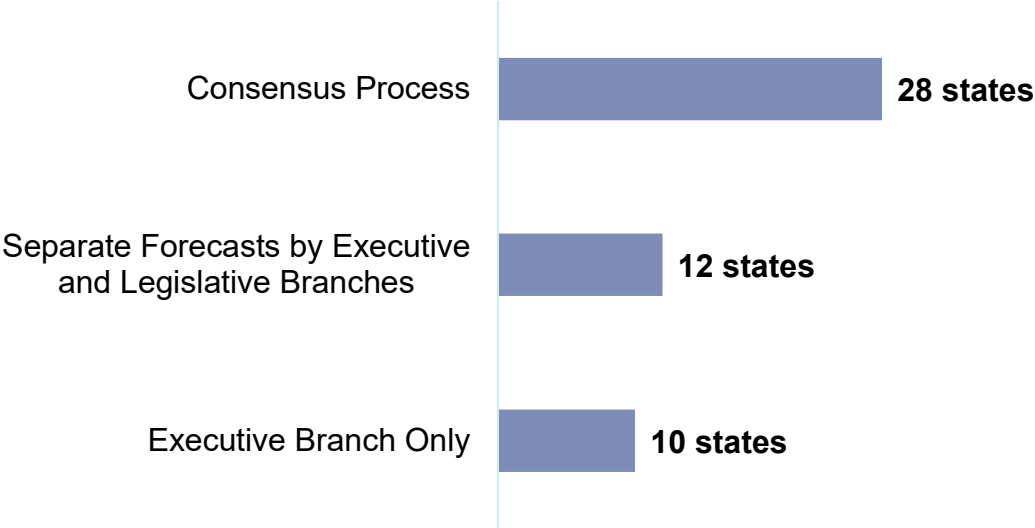
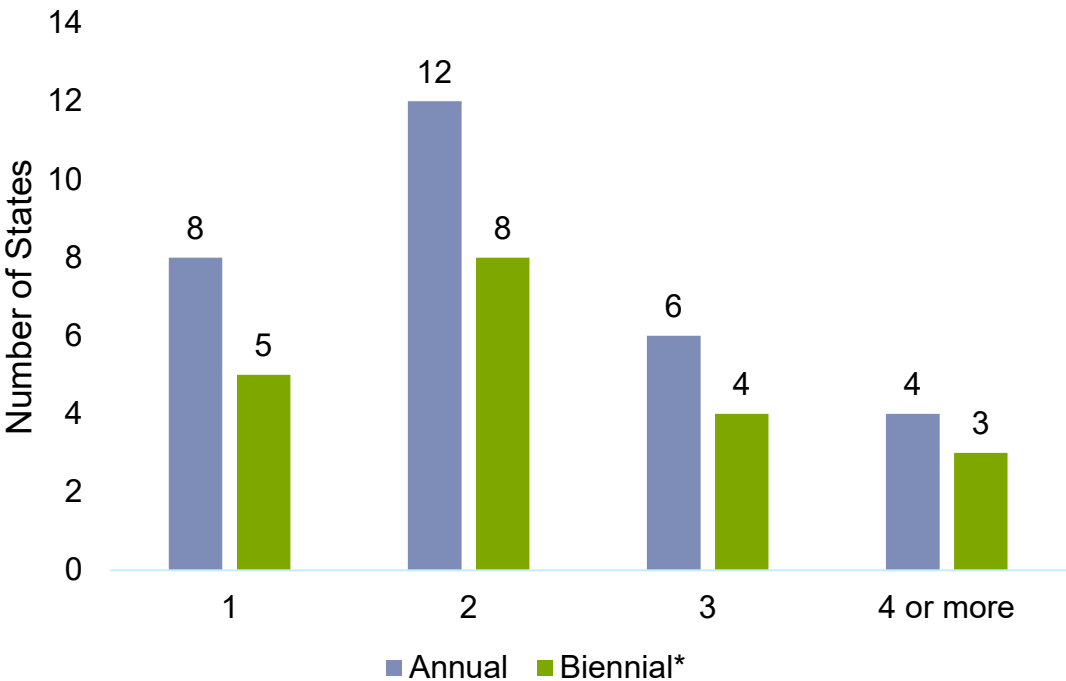


Figure 4. How Often States Release Official Revenue Estimates During Fiscal Year



* Some biennial states release revenue estimates less frequently in the first year of biennium; figures reported above apply to second year of biennium for those states.

Budget Process





Budget Process Overview

Budget Development

Agency Budget Preparation

Budget Department issues instructions to agencies

Agencies generate & submit request

Review and Recommendation

Governor, Budget Department, Cabinet review

Governor submits document & bill to legislature

Appropriation

Legislative Action

Budget bill referred to Committees

Conference committee reports bill & legislature approves

Gov's Review

Governor signs/vetoes bill/vetoes portions/or returns to legislature with amendments

Execution

Budget Department & agencies implement appropriation act

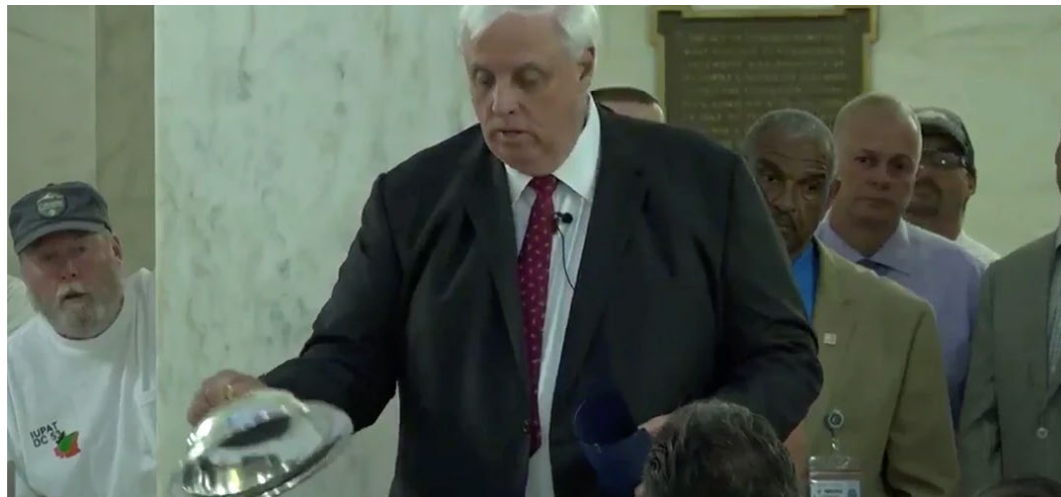


Working in States

- Learn the process in the state
- Learn the players in the state
- Pay attention early – the budget process is longer than it seems!
- Where can I find more information?
 - Budget Process
 - Executive Branch
 - Legislative Branch



When Budgeting Goes Sideways: Morgan's Favorite Examples





Morgan's Advice: Look out for these notoriously tricky states...

- New York
 - Many steps in the process, unique timeline
- Minnesota
 - Omnibus bills negotiated largely in private
- The Kentucky tax surprise

Current Budget Conditions

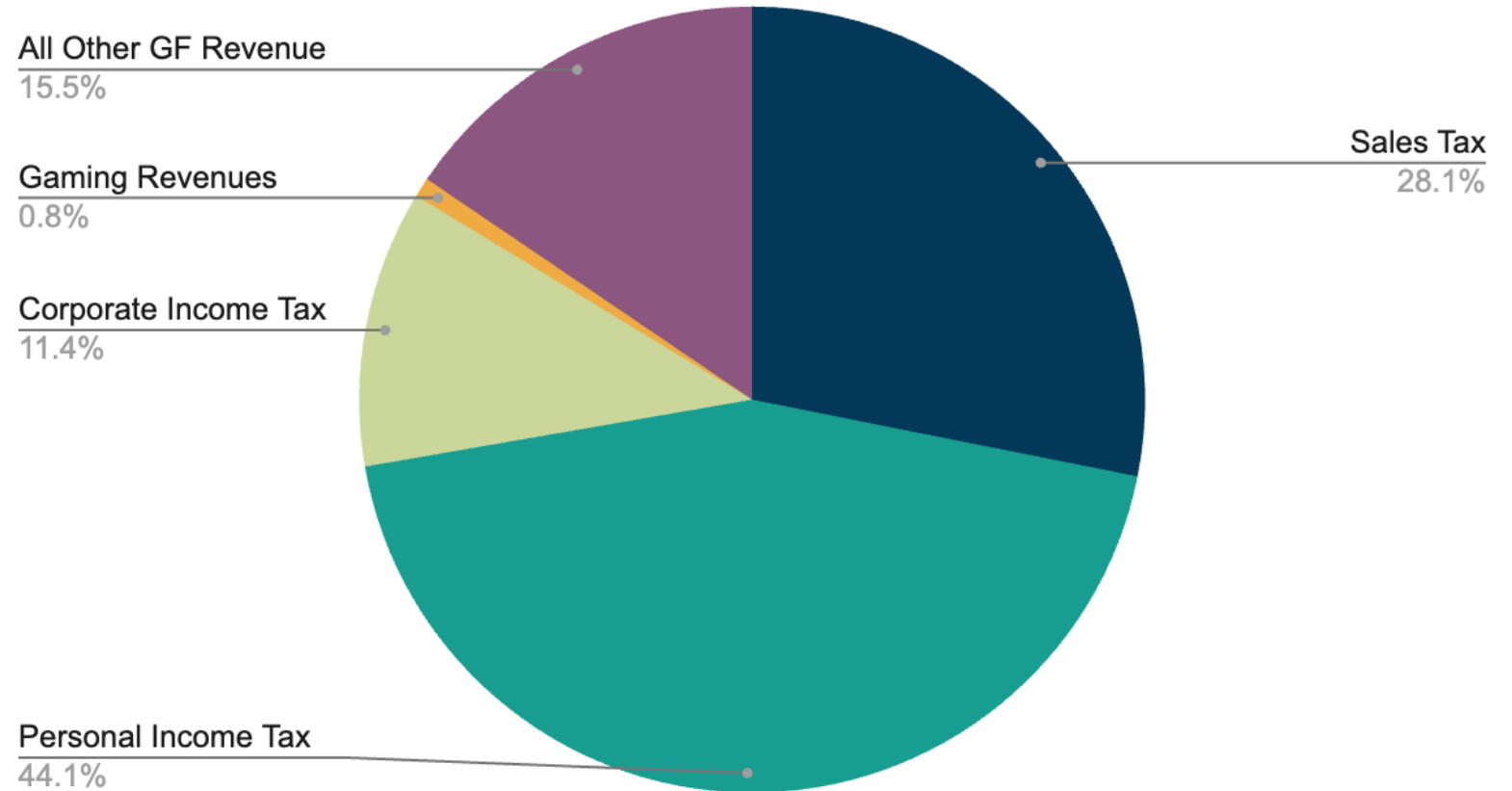




Revenue Sources in the General Fund (%)

Fiscal 2022
\$1,184 Billion

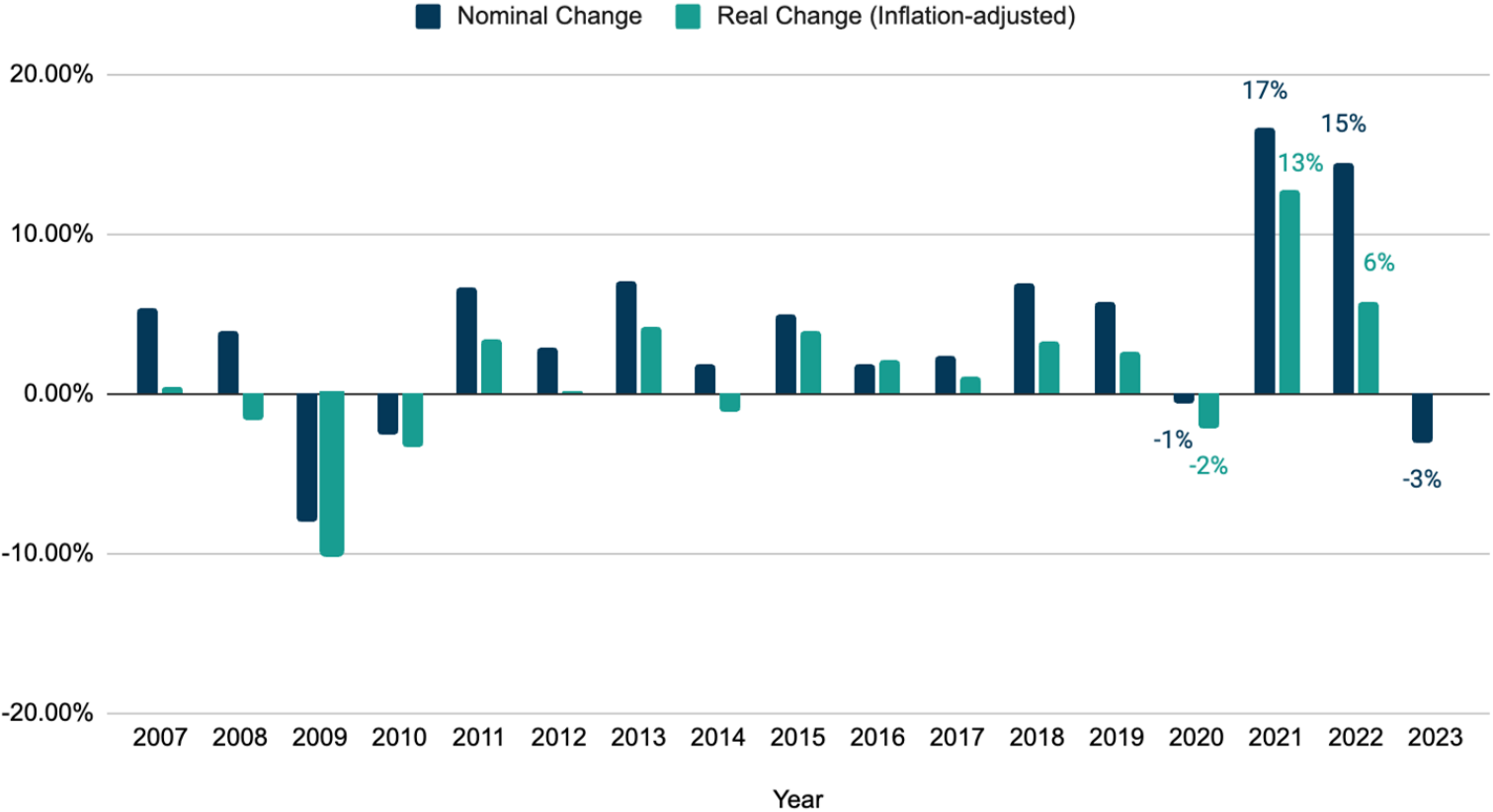
What makes up the general fund?





Annual General Fund Revenue Percentage Changes Fiscal 2007 to Fiscal 2023

How Much Does General Fund Revenue Vary?



Note: Fiscal 2023 figure is based on states' enacted budget forecasts. More recent collections data suggest that revenue will come in higher than original budget projections.

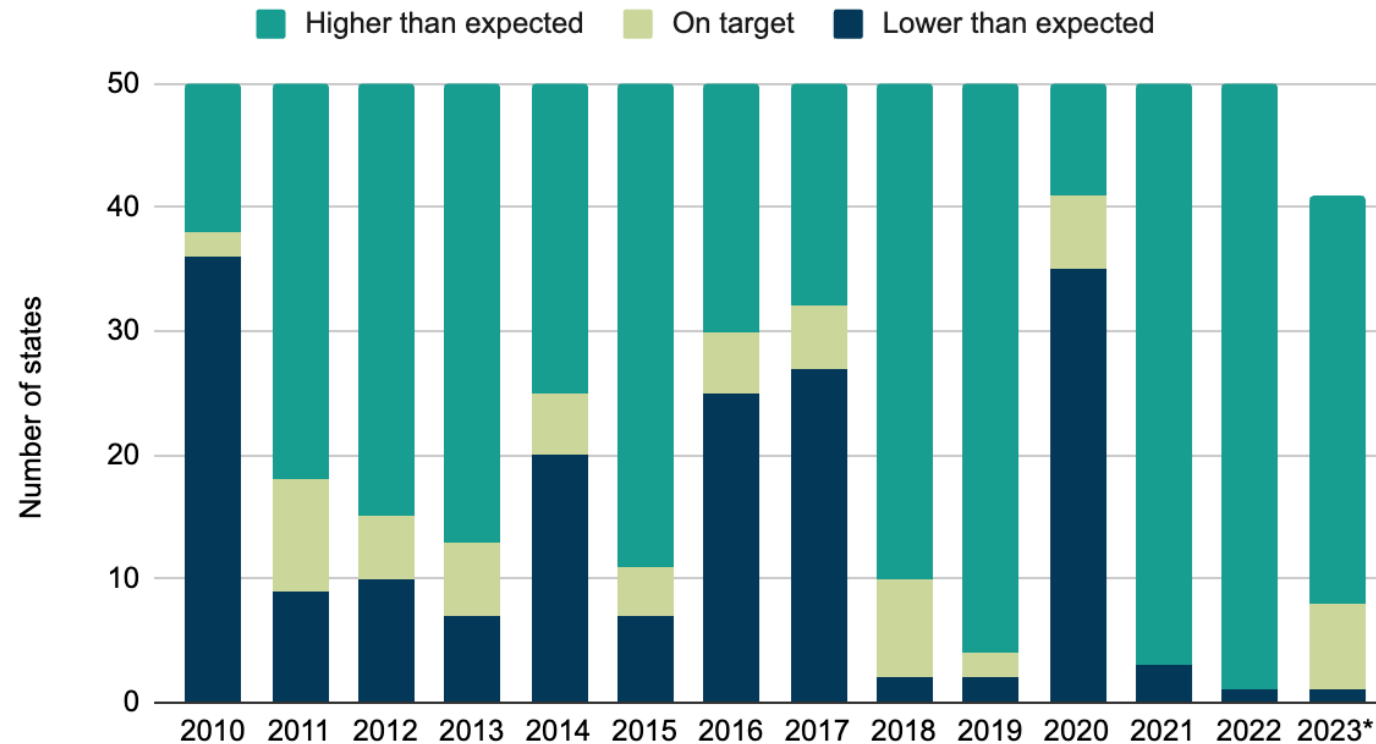
Source: NASBO Fiscal Survey of States



General Fund Revenue Collections

General Fund Revenue Collections Compared To Original Budget Projections (By Fiscal Year)

Revenue Collections vs. Original Budget Projections



* Fiscal 2023 is ongoing; figures are subject to change, and not all states were able to report this early in the fiscal year.

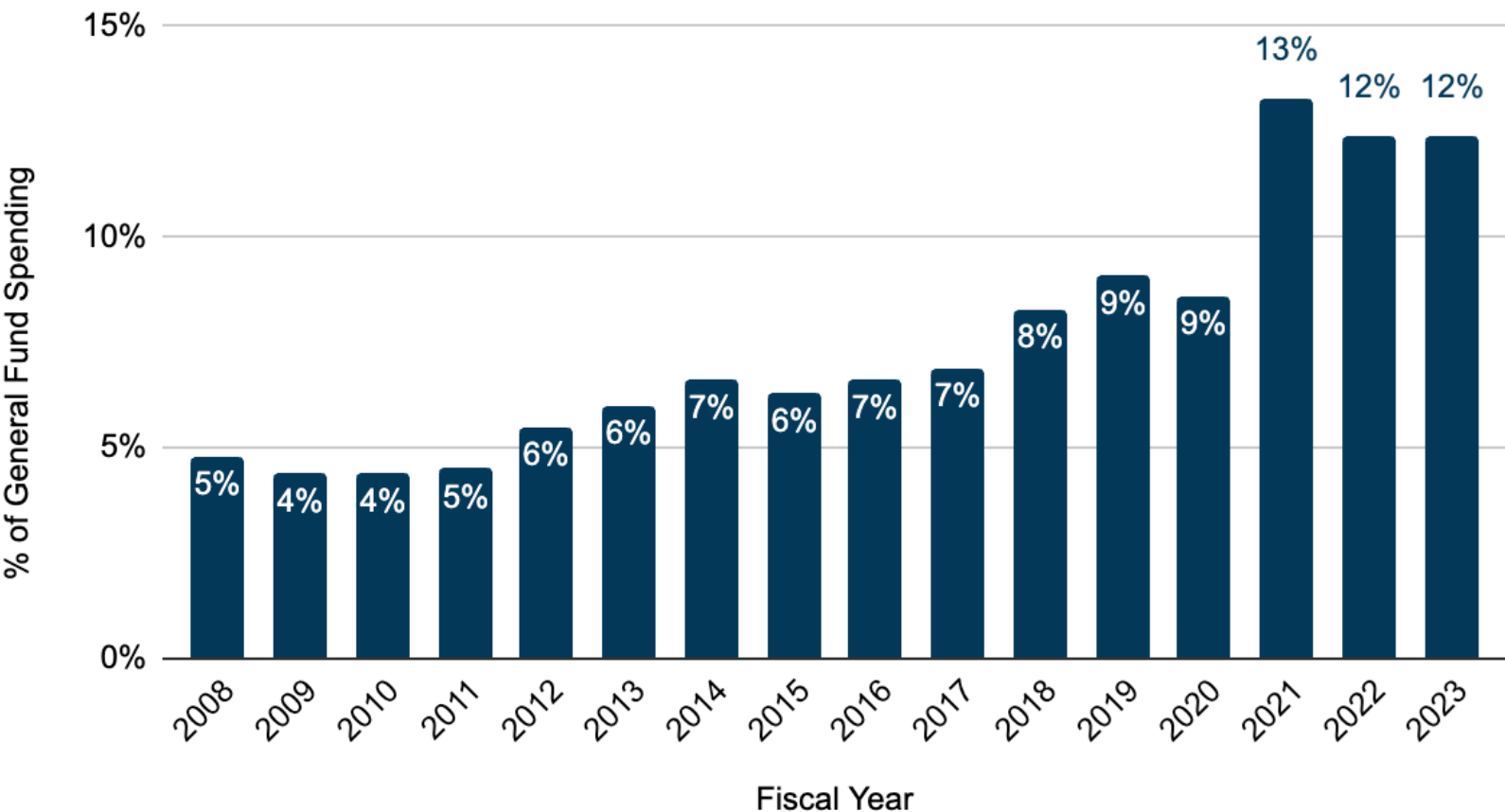
Source: NASBO Fiscal Survey of States





State Rainy Day Funds

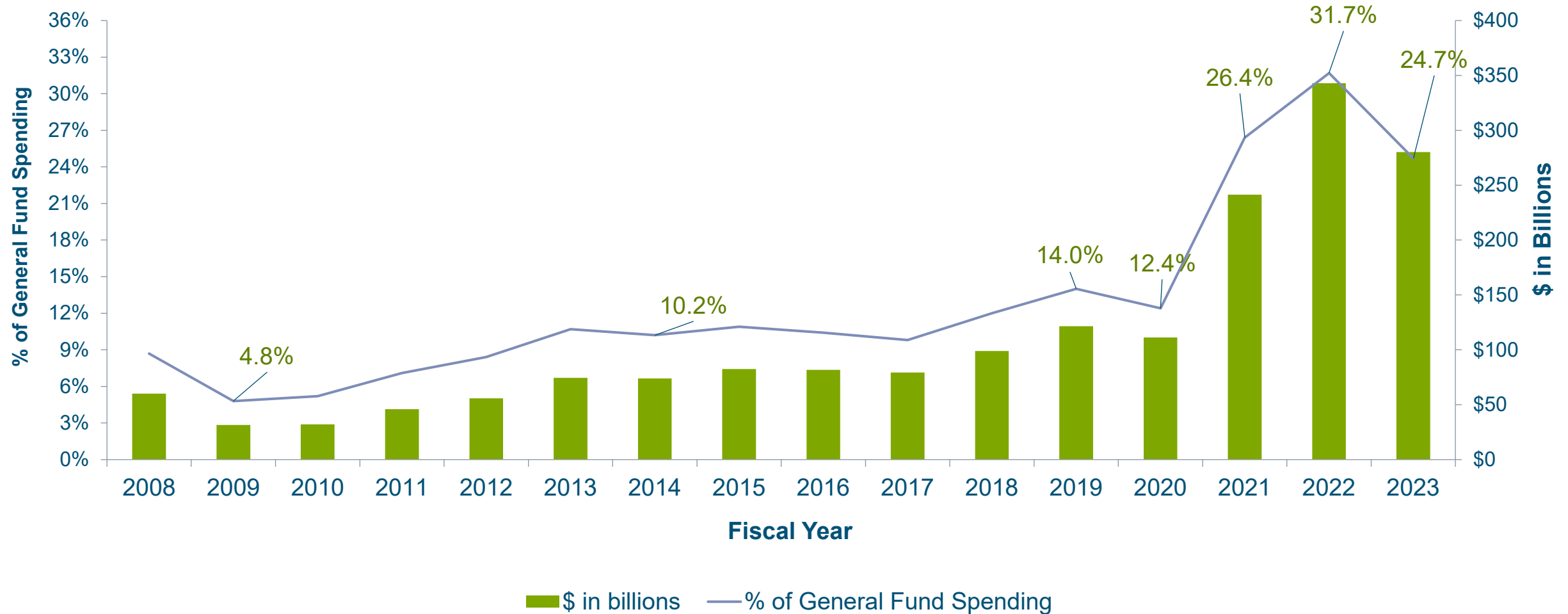
How well funded are Rainy Day Funds?



Source: NASBO Fiscal Survey of States



State Total Balances



Source: NASBO Fiscal Survey of States

More information?

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