PART I. OVERVIEW

Section I. The FY 26 and FY 27 Biennial Budget

The 2025 legislative session began with negative balances across all appropriated funds of $763.6 million in FY 26 and $950.4 million in FY 27, which consists of the negative beginning balances for all appropriated funds (-$430.4 million in FY 26 and -$596.0 million in FY 27) and the reserve for the revenue cap (-$333.2 million in FY 26 and -$354.4 million in FY 27). PA 25-168, the FY 26 and FY 27 biennial budget, and PA 25-174, the bond bill, enacted appropriations and revenue changes that eliminated the negative balances across all funds. The projected shortfall for FY 26 is principally eliminated by adjusting the volatility cap threshold and the projected shortfall in FY 27 was eliminated through: (1) adjusting the volatility cap threshold, (2) rebasing the hospital user fee, (3) corporation business tax changes, (4) transferring General Fund revenue between FY 26 and FY 27. The FY 27 budget required a greater amount of revenue changes because the budget increased overall appropriations by $505.5 million over FY 26. **Table 1.1** provides details of changes to revenues and appropriations across all funds for FY 26 and FY 27.

Table 1.1 Development of the FY 26 and FY 27 Budget
In Millions of Dollars

Components	General Fund		Special Transportation Fund		Other Appropriated Funds		All Appropriated Funds	
	FY 26	FY 27	FY 26	FY 27	FY 26	FY 27	FY 26	FY 27
Base Estimates[1]								
Revenue	23,782.9	24,439.9	2,292.1	2,313.7	764.2	779.9	26,839.2	27,533.5
Appropriations	24,054.9	24,776.9	2,347.3	2,482.7	867.4	869.9	27,269.6	28,129.5
Beginning Balance	**(272.0)**	**(337.0)**	**(55.2)**	**(169.0)**	**(103.2)**	**(90.0)**	**(430.4)**	**(596.0)**
Budget Changes								
+Revenue	562.5	1,473.8	17.0	123.0	113.8	103.5	693.2	1,700.2
- Appropriations	(18.3)	585.0	(68.1)	(77.6)	(2.66)	(1.9)	(89.1)	505.5
Net Change	**580.8**	**888.8**	**85.1**	**200.6**	**116.5**	**105.4**	**782.3**	**1,194.7**
Final Budget								
Revenue[2]	24,345.4	25,913.7	2,309.1	2,436.7	878.0	883.4	27,532.4	29,233.7
Appropriations	24,036.6	25,361.9	2,279.2	2,405.2	864.7	868.0	27,180.5	28,635.1
BUDGET BALANCE	**308.9**	**551.8**	**29.8**	**31.5**	**13.2**	**15.4**	**352.0**	**598.6**
Reserve Revenue Cap[3]	*(304.3)*	*(323.9)*	*(28.9)*	*(30.5)*	*Not applicable*		*(333.3)*	*(354.4)*
Balance after Revenue Cap	*4.6*	*227.9*	*1.0*	*1.0*	*13.2*	*15.4*	*18.8*	*244.2*

[1]Base estimates: Revenue according to May Consensus Revenue; Appropriations equal to FY 25 net appropriations plus current services updates contained in the FY 26 and FY 27 Biennial Budget.
[2]Other Appropriated Fund revenue changes include the transfer of $101 million in FY 26 and $90 million in FY 27 from the General Fund to the Municipal Revenue Sharing Fund (MRSF).
[3]Amount in the General Fund and Special Transportation Fund unavailable due to the 98.75% cap on estimated revenues the legislature can appropriate.

BUDGET GROWTH RATES & SPENDING CAP

The FY 26 growth rate for all appropriated funds is 4.6% over the FY 25 appropriation. The FY 27 growth rate for all appropriated funds is 5.3% over the FY 26 appropriation. The budget is under the spending cap by $0.7 million in FY 26 and $69.8 million in FY 27. For a detailed calculation of the FY 26 and FY 27 growth rates and spending cap please refer to **Appendix C** and **Appendix D**.