Section III. Appropriations

The budget increases appropriations over the FY 25 budget by $1,186 million in FY 26 and $2,640.6 million in FY 27. This increase is due to; (1) current service adjustments of $1,275.1 million in FY 26 and $2,135.1 million in FY 27, and (2) policy revisions totaling -$89.1 million in FY 26 and $505.5 million in FY 27.

Table 3.1 Building the Biennial Budget
In Millions of Dollars

All Appropriated Funds	FY 26	FY 27
FY 25 Appropriations	25,994.4	25,994.4
Current Services Adjustment	1,275.1	2,135.1
Base Expenditures	27,269.6	28,129.5
Policy Revisions	(89.1)	505.5
TOTAL	**27,180.5**	**28,635.1**

SUMMARY OF BUDGET ADJUSTMENTS

Table 3.2 below provides a summary of current service (CS) adjustments and policy revisions (PR) for the FY 26 and FY 27 Budget.

Table 3.2 Summary of Budget Adjustments
In Millions of Dollars

Description	FY 26	FY 27
Current Services (CS)		
Fixed Costs	803.6	1,317.4
Non-Fixed Costs	471.6	817.7
Subtotal Current Services Changes	**1,275.1**	**2,135.1**
Policy Revisions (PR)		
Fixed Costs	(5.4)	217.3
Non-Fixed Costs	(83.7)	288.3
Subtotal Policy Revisions	**(89.1)**	**505.5**
TOTAL	**1,186.0**	**2,640.6**

Current Service Adjustments

These are summarized into two categories above in **Table 3.2**

Fixed Costs

Increases of current services appropriations of $803.6 million in FY 26 and $1,317.4 million in FY 27 are in fixed cost accounts, which include: (1) state employee fringe benefits (e.g. State Employee Retirement System (SERS), active and retiree health services costs), (2) debt service, (3) Teachers' Retirement System (TRS), and entitlements (e.g. Medicaid).

Non-Fixed Costs

Increases of current services appropriations of $471.6 in FY 26 and $817.7 million in FY 27 are in non-fixed cost accounts. Non-fixed costs increases are primarily the result of increases related to previously negotiated labor contracts, increased costs for privately provided good and services, and the annualization of previous year policies and their associated costs. In addition, there are increases because temporary funding sources such as the loss of temporary federal support (e.g. ARPA funding) or funds carried forward from surpluses in previous fiscal years are funded through budgetary funds.

Table 3.2 also summarizes both policy reductions and increases. The biennial budget contains net changes (a combination of increases, reductions, and transfers) of -$89.1 million in FY 26 and $505.5 million in FY 27.

FY 25 APPROPRIATIONS CARRIED FORWARD

Section 35 of Public Act 25-168 requires the Secretary of the Office of Policy and Management to identify unexpended funds totaling $258 million from the amounts authorized in support of the FY 25 budget. The funds identified shall not lapse on June 30, 2025, and shall be transferred and made available for:

- The Reserve for Salary Adjustment Account: $100 million in FY 26 and $36 million in FY 27.
- State Comptroller Fringe Benefits, State Employees Health Services Costs: $122 million in FY 26.