

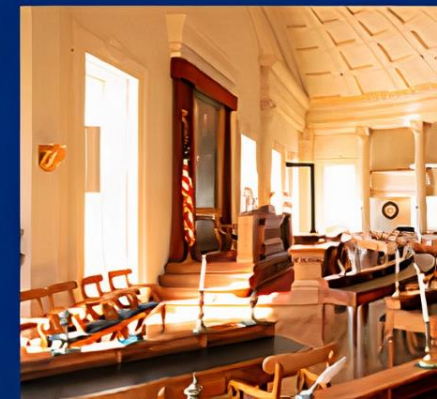


# ILLINOIS STATE BUDGET

## FISCAL YEAR 2026



*Governor JB Pritzker*





## NOTICE

For release at 12:00 PM, Wednesday, February 19, 2025.

There is a total embargo on the Fiscal Year 2026 budget document until 12:00 PM, Wednesday, February 19, 2025. This prohibition includes references to any and all material in this document. There must be no premature release of this document, nor should any of its contents be paraphrased, alluded to, or commented upon in stories prior to 12:00 PM, February 19, 2025.

Alexis Sturm, Director  
Governor's Office of Management and Budget  
February 19, 2025

Please visit the Governor's Office of Management and Budget website to download a copy of the *Fiscal Year 2026 Budget*, the *Fiscal Year 2026 Capital Budget*, or to view the Interactive Budget portal.  
[www.budget.illinois.gov](http://www.budget.illinois.gov)



## The Proposed Fiscal Year 2026 Budget:

- Builds on six years of **historic fiscal progress** with balanced budgets, nine credit rating upgrades, \$2.2B Rainy Day Fund, and eliminated bill backlog.
- Maintains the Governor's commitment to fiscal responsibility while growing Illinois into an economic powerhouse.
- Continues **transformative investments** in early childhood education and child care, K-12 education, higher education, economic development and efforts to fight poverty.
  - Continues record level of K-12 funding.
  - Extends SMART START ILLINOIS to provide historic investments and a comprehensive approach to early learning.
  - Builds on previous higher education investments.
  - Provides record funding for human services and Illinois' social safety network.
  - Ensures healthcare and food access to raise families out of poverty.
  - Further invests in Illinois' economic infrastructure to support private sector job creation and make Illinois more competitive on the national stage.



# THE STATE OF ILLINOIS' BUDGET

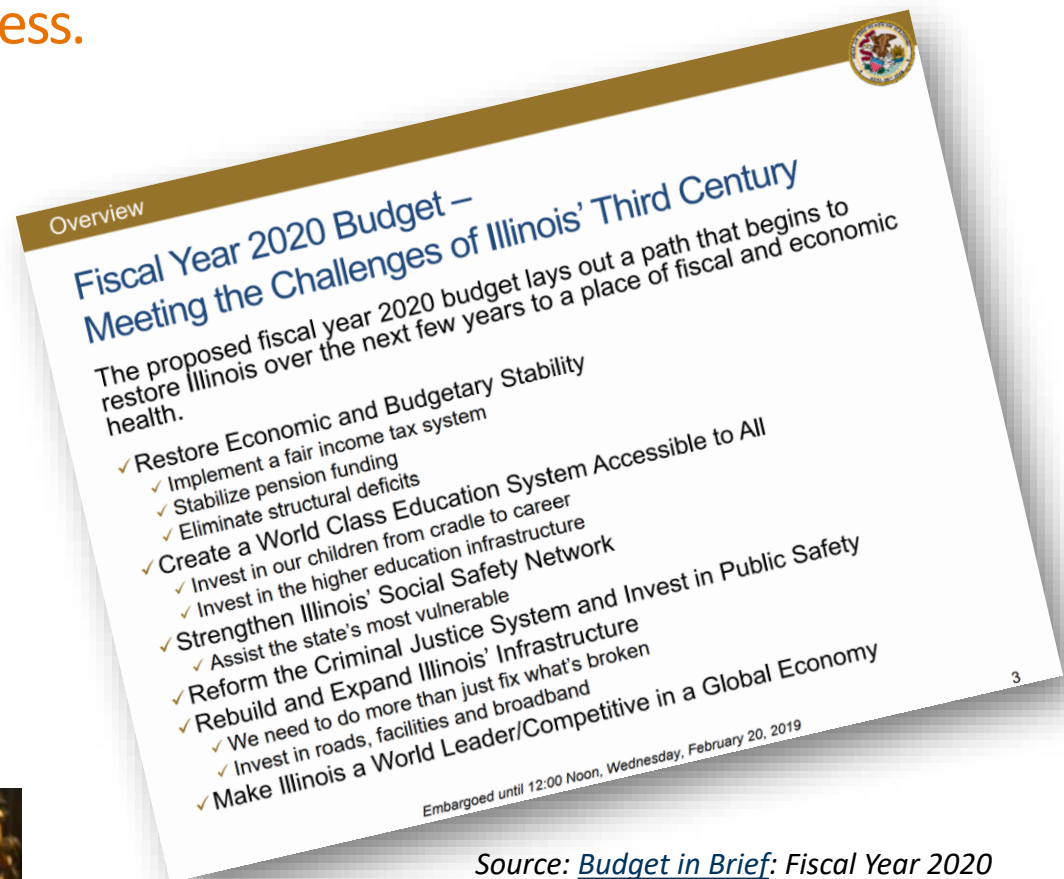
## Addressing Inherited Challenges





## In 2019, Governor JB Pritzker laid out a vision for rebuilding Illinois during his first budget address.

- That budget blueprint was the foundation for Governor Pritzker's multiyear plan to move Illinois forward, restoring the fiscal and economic health of the State.
- Governor Pritzker inherited a hollowed-out state government known for fiscal instability and structural deficits that prevented the State from moving forward.



Source: [Budget in Brief: Fiscal Year 2020](#)  
GOMB, February 20, 2019



## Illinois Looks Very Different in 2025

### Restoring Economic and Budgetary Stability

- ✓ Passed six balanced budgets with nine credit upgrades
- ✓ Grew the rainy day fund over \$2.2 billion
- ✓ Added \$700 million in pension funding above certified levels
- ✓ Retired the State's overdue bill backlog
- ✓ Increased annual revenue sharing with local governments by \$1.4 billion

### Investing in Education — High Quality Learning from Cradle to Career

- ✓ Provided record levels of early childhood, K-12, and college scholarship and grant funding
- ✓ Raised teachers' salaries and increased funding for public schools by over \$2 billion
- ✓ Created a new agency dedicated to early childhood investments
- ✓ Launched SMART START ILLINOIS to eliminate preschool deserts and increase access to affordable child care
- ✓ Increased financial aid by more than \$325 million to make college affordable and attractive in Illinois

### Strengthening Illinois' Social Safety Network

- ✓ Increased annual investment in healthcare and human services agencies by billions of dollars
- ✓ Addressed the long-standing backlog of individuals waiting for their Medicaid determination
- ✓ Increased DCFS funding over 100%, building up staffing to levels not reached in over 20 years
- ✓ Created Home Illinois, committing more than \$350 million annually towards preventing and ending homelessness
- ✓ Made historic investments in community-based services to support people with disabilities

### Reforming the Criminal Justice System and Investing in Public Safety

- ✓ Replenished the ranks of State troopers with 565 troopers added
- ✓ Created the Office of Firearm Safety and awarded nearly \$260 million through the Reimagine Public Safety Act in communities hardest hit by gun violence
- ✓ Initiated the 988 Suicide & Crisis Lifeline number to ensure people with mental health challenges find pathways to support and recovery as well as the creation of programs designed to divert people from arrest and into services

### Rebuilding and Expanding Illinois' Infrastructure

- ✓ Passed the bipartisan, \$45 billion Rebuild Illinois plan, the largest multiyear program to fix infrastructure in Illinois' history

### Driving Economic Growth — Creating Jobs and Investing in Businesses

- ✓ Grew Illinois' GDP to exceed \$1 trillion
- ✓ Passed business attraction and economic development legislation with the General Assembly resulting in thousands of new jobs and billions in private sector investments
- ✓ Passed the Climate and Equitable Jobs Act

Illinois Fiscal Progress 2019 to Today		
	2019	Today
Bills Outstanding	\$8 billion	Now Accounts Payable
Rainy Day Fund	\$4 million	\$2.25 billion
Credit Ratings	Near Junk	9 upgrades
Gross Domestic Product	\$881 billion	\$1.143 trillion
Pension Funded Ratio	40.3%	46.0%

*While great strides have been made since 2019, the work is not done.*

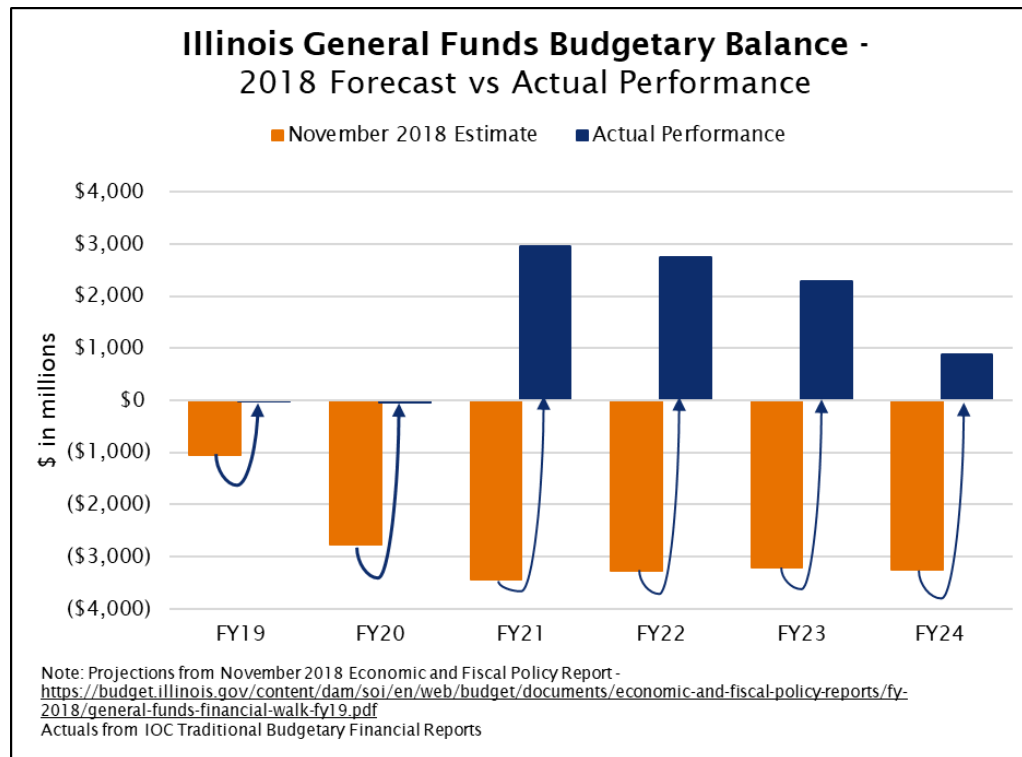
*The proposed FY26 budget balances strategic investments and common-sense fiscal planning.*



## Rebuilding Illinois' Finances

The Pritzker administration was able to meet these goals while remaining committed to the primary goal of fiscal responsibility.

- The Governor and General Assembly worked together to reverse the damage from the budget impasse and build a stronger fiscal foundation for the State.
- As illustrated in the chart below, the State's budget outlook in 2018 was for out year deficits.
- The administration took the challenges facing Illinois in 2019 seriously.
- These shortfalls were addressed through prudent fiscal management policies that paid down debts early, balanced revenues with targeted expenditure increases, and reacted timely to changes in economic conditions.
- The Governor has addressed projected budgetary shortfalls every year since he took office in 2019 – the Governor's commitment is unwavering.





# FISCAL YEAR 2026 BUDGET OVERVIEW

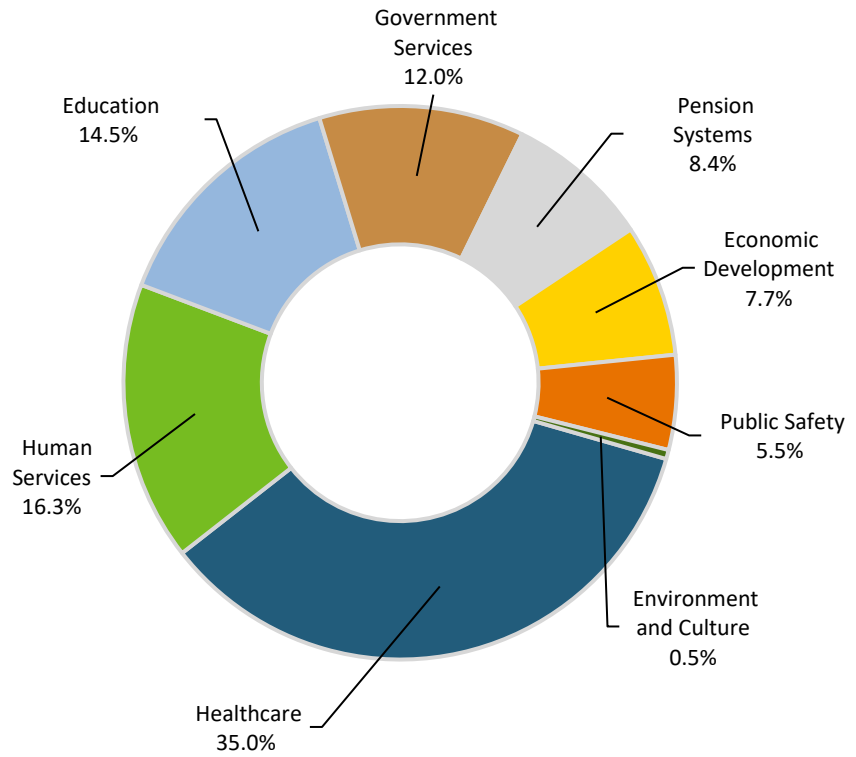
## Budget Walk Down



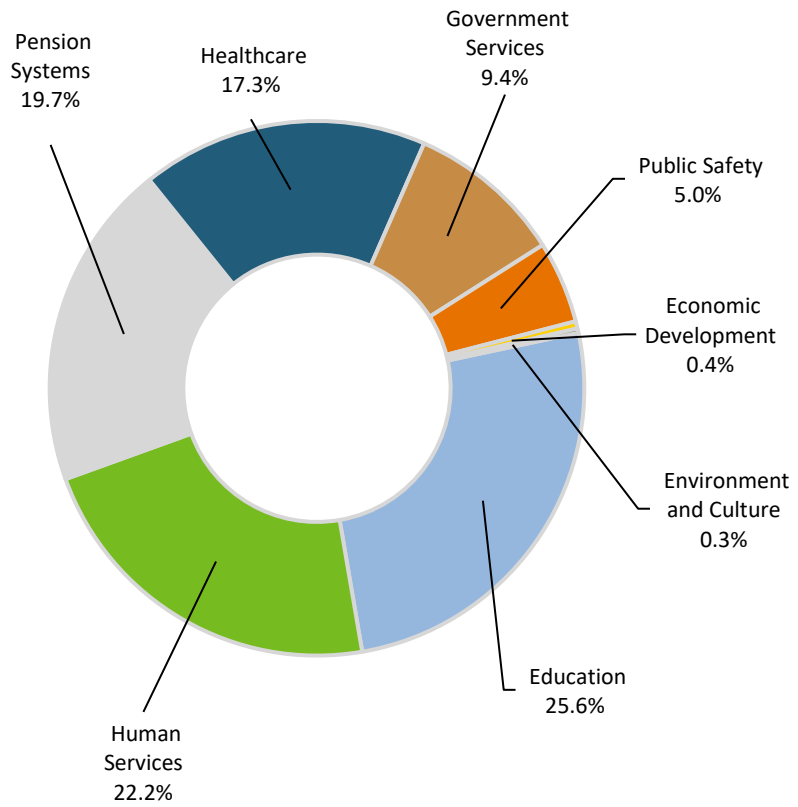


# FY26 Proposed Operating Budget

All Funds:  
\$129.4 Billion



General Funds:  
\$53.9 Billion





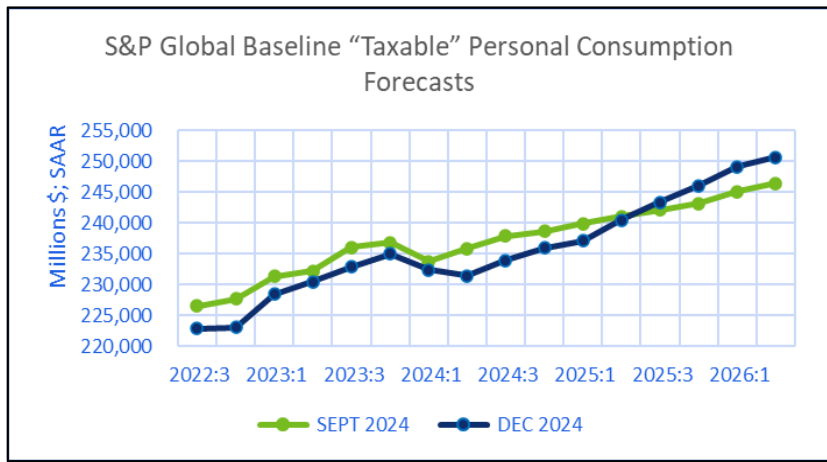
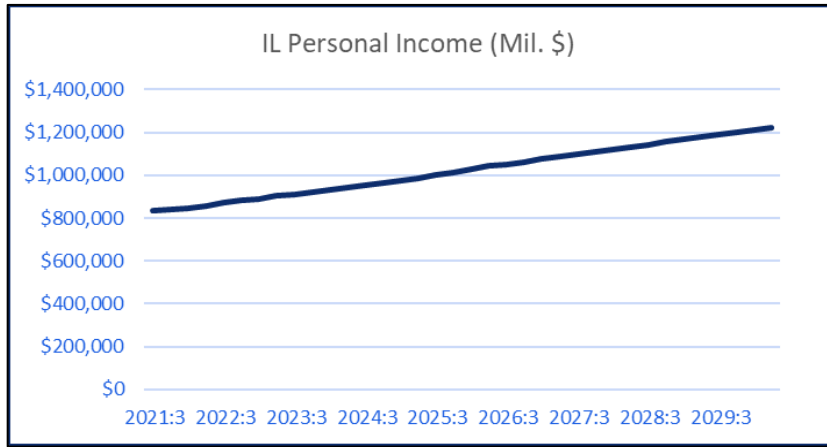
# FY25 and FY26 Revised Revenue Outlook

### FY25 Update:

- FY25 General Funds revenue forecast is revised to \$53.9 billion, a \$421 million upward revision from November 2024 forecast.
  - Personal income growth and stable job market are strengthening individual income tax collections.
- Consumer spending rebounded in 4th quarter of CY 2024.
  - Solid holiday spending as consumers sought value.
  - Consumption patterns favor non-taxed services.

### Outlook for FY26:

- While economic activity is currently stable and December forecast was stronger than earlier in the year, forward expectations are mired in uncertainty.
- Federal policy decisions will impact states, which have no means of ameliorating negative impacts.
  - Reductions in federal spending and implementing tariffs could shrink national and state economies, limit economic growth, and raise prices.
  - Possible extension and expansion of Tax Cuts and Jobs Act could reduce corporate taxes.
  - Federal Reserve paused further interest rate cuts due to housing inflation, but recent spike in commodity prices was the fastest in nearly 1.5 years.
- FY25 and FY26 revenue forecast built on S&P Global December baseline economic forecast.
  - Forecasts are inherently unpredictable and cannot predict impact of actions outside of the model's assumptions.





# FY25 and FY26 General Funds Revenues Summary

- General Funds FY26 revenues are estimated to total **\$55.453 billion**, a \$1.553 billion, or 2.9%, increase from revised FY25 estimates.
  - Base revenue growth in state sources revenues is estimated at **1.9%**.
  - Base revenues are approximately \$1.5 billion above November preliminary estimates.
- FY26 revenue forecast benefits from several proposed revenue adjustments, including:
  - Delinquent Tax Payment Incentive Program - \$198 million for General Funds.
  - Pause the final shift of state sales taxes on motor fuel purchases to Road Fund - \$171 million.
  - Realignment of tax treatment for table and electronic games at casinos - \$100 million.
- With these adjustments:
  - FY26 individual income taxes are forecasted to grow \$980 million, or 3.5%.
  - FY26 corporate income taxes are forecasted to grow \$353 million, or 7.2%.
  - FY26 sales tax receipts are forecasted to grow \$171 million, or 1.6%.

Resources (\$ in millions)	Estimated FY 2025	Projected FY 2026
<b>RESOURCES</b>		
<b>State Sources: Revenues</b>		
Net Individual Income Taxes	27,746	28,726
Net Corporate Income Taxes	4,900	5,253
Net Sales Taxes	10,696	10,867
All Other Sources	4,059	3,806
<b>Total State Sources: Revenues</b>	<b>47,401</b>	<b>48,652</b>
<b>State Sources: Transfers In</b>		
Lottery	795	802
Gaming	177	243
Adult-Use Cannabis	123	126
Sports Wagering	175	220
Other Transfers	1,067	1,140
<b>Total State Sources</b>	<b>49,738</b>	<b>51,183</b>
Federal Sources	4,097	4,270
<b>TOTAL RESOURCES</b>	<b>53,835</b>	<b>55,453</b>
ARPA Reimbursement for Essential Government Services	65	-
<b>TOTAL RESOURCES</b>	<b>53,900</b>	<b>55,453</b>

*Note: Totals may not add due to rounding*



# FY25 and FY26 General Funds Expenditures Summary

- Proposed FY26 General Funds expenditures total **\$55.234 billion**, a \$1.3 billion (2.5%) increase from FY25 revised estimated spending.
  - FY25 revised estimated spending reflects proposed spring supplemental appropriations and proposed transfers of \$650 million.
- Compared to enacted FY25 expenditures, over 75% of the increase is for:
  - ISBE EBF (\$350 million)
  - Base pensions (\$436 million)
  - Medical expenditures at HFS (\$397M) and CMS (\$341 million)
  - If not for these 3 areas, spending would increase less than 1%.
- The proposed budget reflects full payment of the certified FY26 pension contribution, plus an additional \$78 million to address Tier 2 Wage Base.
- Estimated FY26 budgetary surplus of **\$218 million**, with an estimated \$154 million reserved in the Budget Stabilization Fund.

Expenditures (\$ in millions)	Estimated FY 2025	Projected FY 2026
<b>EXPENDITURES</b>		
Education	13,513	13,825
Economic Development	382	237
Public Safety	2,522	2,681
Human Services	11,519	11,971
Healthcare	8,961	9,359
Environment and Culture	132	140
Government Services	4,888	5,087
Unspent Appropriations	(1,050)	(965)
<b>Total Operating Budget</b>	<b>40,868</b>	<b>42,335</b>
<b>EXPENDITURES: PENSIONS</b>		
K-12 Education Pensions	6,204	6,496
State Universities' Pensions	1,998	2,104
State Employees' Pensions	1,933	1,971
Proposed Contribution for Tier 2 Social Security Wage Base Adjustments	-	78
<b>Total Pension Costs</b>	<b>10,135</b>	<b>10,649</b>
<b>EXPENDITURES: TRANSFERS OUT</b>		
Statutory Transfers Out	449	470
Debt Service	1,790	1,780
<b>Total Transfers Out</b>	<b>2,239</b>	<b>2,250</b>
<b>TOTAL EXPENDITURES</b>	<b>53,241</b>	<b>55,234</b>
<b>General Funds Surplus/(Deficit)</b>	<b>659</b>	<b>218</b>
Proposed Supplemental Appropriations	(550)	
Proposed Transfer to Fund #611	(100)	
Adjusted General Funds Surplus/(Deficit)	8	218
Budget Stabilization Fund Contribution	(246)	(154)

Note: Totals may not add due to rounding



# FISCAL YEAR 2026 BUDGET IN SUMMARY

## Highlights of Governor Pritzker's Fiscal Year 2026 Proposed Budget



## Fiscal Year 2026: Governor Pritzker's Investment Priorities

- ✓ Early Childhood Education and Child Care Funding
- ✓ K-12 Education
- ✓ Higher Education
- ✓ Health and Human Services
- ✓ Public Safety and Violence Prevention
- ✓ Growing the Economy and Investing in the Workforce of the Future
- ✓ Environmental, Natural, and Cultural Resources





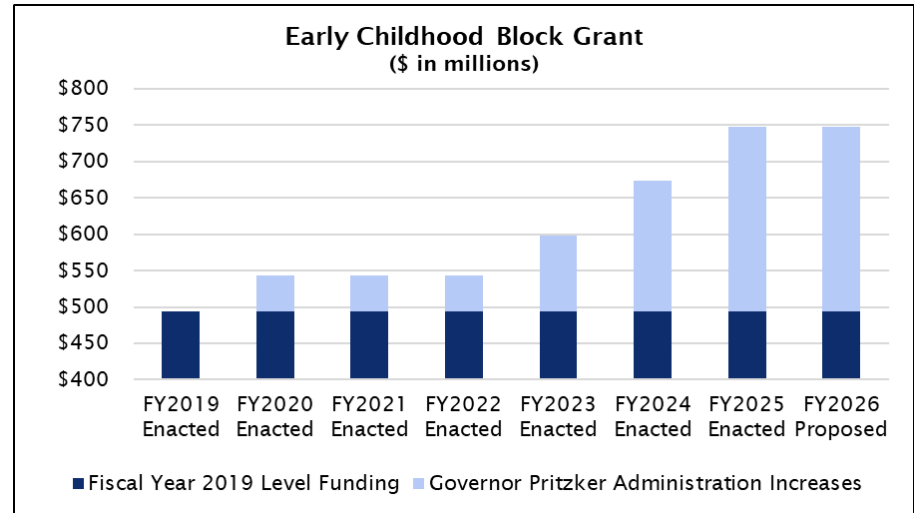
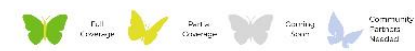
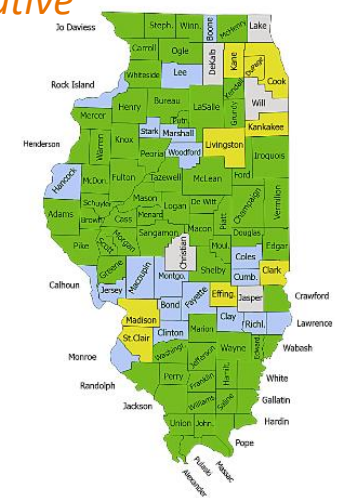
## SMART START ILLINOIS: Investing in Early Childhood



*Continued funding for the third year of the Governor's early childhood initiative*

This multiyear program provides a comprehensive approach to investments in preparing children to be lifelong learners. Year 3 investments include:

- **\$21.7 million** in operational funding for the Illinois Department of Early Childhood.
- **\$748 million** to maintain investment in ISBE Early Childhood Block Grant funding.
- Approximately **\$200 million** investment in funding for nation-leading Early Childhood Workforce Compensation Contracts.
  - **\$90 million increase** to annualize the cost of the contracts and replace expired federal childcare funding.
- Other Early Childhood Investments include:
  - **\$85 million** in additional investment to cover expected increased participation in the Child Care Assistance Program.
  - **\$3.3 million** to continue expansion of Dolly Parton's Imagination Library.
    - Today, more 61,000 children under the age of five have been signed up to receive free books in the mail every month.
  - **\$10 million** to support rate enhancements for the Early Intervention service providers.



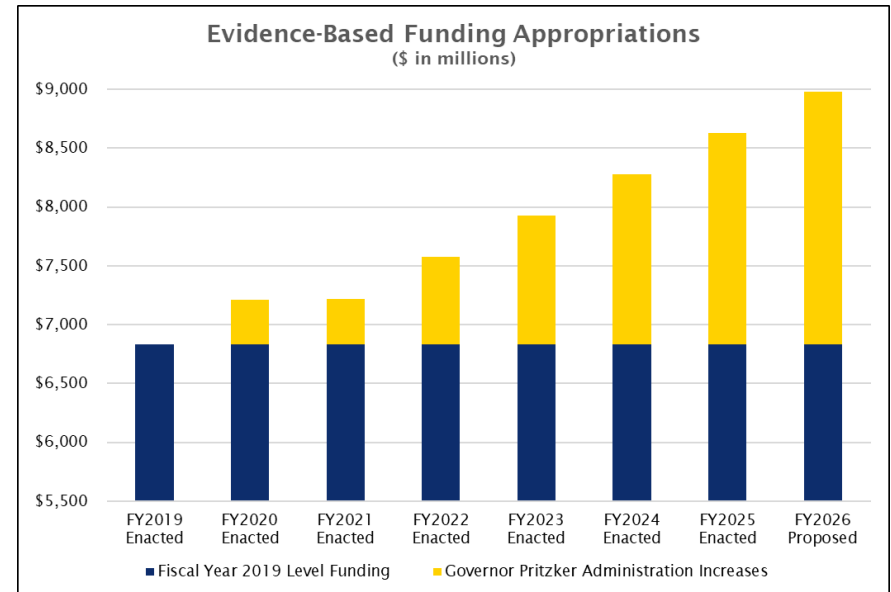


# K-12 Education Funding

*Continues Illinois' path to equitably serving every child in Illinois through adequate funding*

**FY26 Governor's Proposed Budget for ISBE: \$15.87 billion All Funds, \$11.192 billion General Funds (\$300 million General Funds increase)**

- Continued support of Evidence-Based Funding (EBF) with **\$350 million increase**.
  - Brings EBF program to **\$8.9 billion**.
  - **\$2.1 billion** aggregate increase during the Pritzker Administration.
  - Reflects \$50 million in EBF Property Tax Relief Grants to eligible school districts.
- **\$19.9 million** increase for a total of nearly **\$1.2 billion** in grants for school categorical grants.
  - Fully funds the Special Education-Orphanage Tuition and Regular Orphanage budget lines.
- **\$1.3 million** increase for Career and Technical Education programs to expand access to underserved students.
- **\$3 million** for State Literacy Plan implementation.
- Funds 3rd year of Teacher Vacancy Grant Pilot Program at **\$45 million** and Computer Science Equity Grant Program at **\$3 million**.



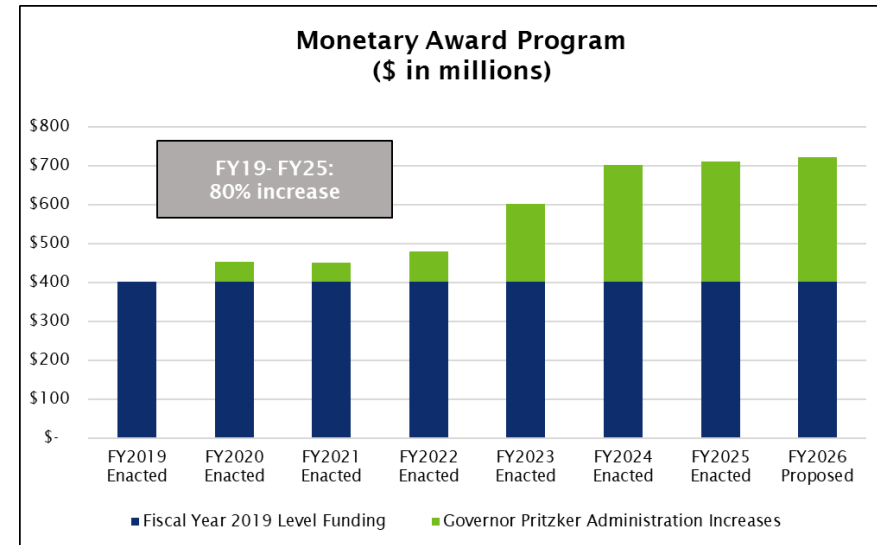


## Higher Education

### Investing in our Colleges and Universities

#### FY26 Proposed Budget for Higher Education:

- Increases Monetary Award Program (MAP) by **\$10 million**, for a total of **\$721.6 million**.
  - \$320 million, or 80%, increase for MAP since 2019.
  - ISAC projects awarding MAP grants to more than 151,000 students in FY25 – over 22,700 increase since FY19. Maximum award size increased from \$4,869 to \$8,604.
- Increases by **\$46 million**, or **3%**, general funds for public universities (**\$37 million**) and community colleges (**\$9 million**) operations.
  - Flexible operating funding to invest in students and institutions of higher education.
- Continues funding to support community college investments in dual-credit and non-credit workforce grant programs.
- \$15 million** for the Pipeline for the Advancement of the Healthcare (PATH) Workforce Program.
  - For new nurses, medical assistants, medical laboratory technicians, emergency medical technicians, and others entering high-demand medical positions.
  - As of the end of FY24, 15,578 students had completed the program.



- \$3 million** to expand Common App simplified admissions use.
- Continues Golden Apple Scholars (**\$10.75 million**) and Golden Apple Accelerators (**\$5 million**).



## Stable Homes and Safe Neighborhoods

### *A Place to Call Home*

Home Illinois continues stabilizing and assisting those experiencing homelessness in Illinois.

The proposed FY26 Home Illinois appropriation request of **\$282.7 million**, as part of the overall housing investment strategy, includes:

- **\$91.5 million** for One System Initiative for shelters and other services for homeless populations.
- **\$62.3 million** for supportive housing, homelessness prevention services, shelter diversions, addressing racial disparities, and access to counsel.
- **\$50 million** for court-based rental assistance.
- **\$42 million** for emergency and transitional housing.
- **\$25 million** for Rapid Rehousing services for short-term rental assistance and targeted support services.
- **\$6 million** for the Home Illinois Workforce Pilot Project at DCEO for employment opportunities.

### *Violence Prevention*

Reducing gun violence in Illinois remains a top priority. The proposed FY26 budget provides an additional **\$40 million** in funding to maintain the programs and the services of Reimagine Public Safety Act as federal COVID-era funds are depleted. RPSA invests in communities through:

- Violence Prevention Programs
- High-Risk Youth Intervention Programs
- Youth Development Programs
- Community Conveners

Additionally, the proposed budget funds --

- **\$180 million** for the Restore, Reinvest, and Renew (R3) Program.
- **\$4 million** for statewide capacity building grants at CJIA.
- **\$13 million** for Adult Redeploy and Diversion Programs.
- **\$16.3 million** for Community-Based Violence Prevention Programs.
- **\$10 million** for a law enforcement agencies co-responder pilot program.

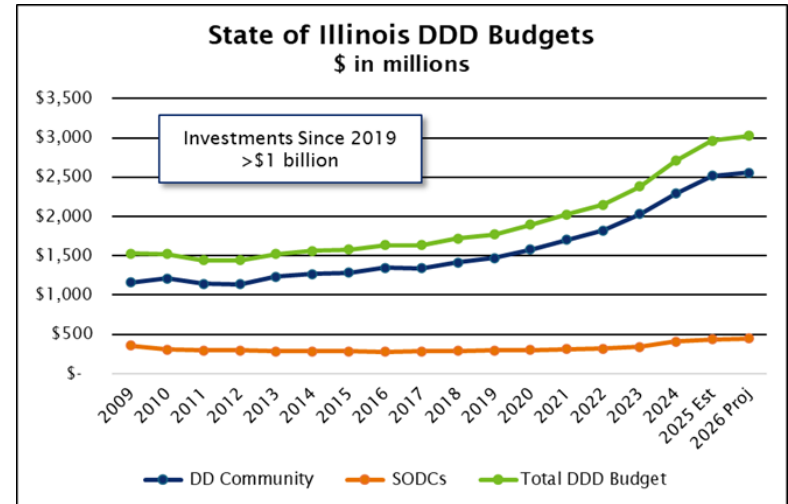


## Department of Human Services

### Protecting the Most Vulnerable

#### FY26 Proposed Budget: \$13.917 billion All Funds, including \$7.903 billion General Funds

- **\$3.0 billion** all funds for the developmental disabilities division at DHS (DDD).
  - **\$31.2 million** to annualize FY25 placements and fund new placements under the *Ligas* Consent Decree.
  - **\$20 million** for a \$0.50/hour rate increases for Direct Service Providers (DSPs) effective January 1, 2026.
  - **\$17.5 million** for a more than \$1,600 annual increase for the Home-Based Adults with DD waiver program.
  - **\$9.7 million** to adjust for the SSI increase of 2.5% for people served through the Home and Community-Based Waiver.
- **\$105 million** for the Home Services Program for liability and caseload growth.
- **\$85 million** for liability and caseload growth in the Child Care Assistance Program, estimated to near 150,000 by end of FY26.
- Following the merger of two DHS divisions, the Division of Mental Health and the Division of Substance Use, Prevention, and Recovery, into the Division of Behavioral Health and Recovery, the FY26 budget will improve access to care and streamline processes.
  - **\$12.5 million** increase in support of the *Williams* and *Colbert* consent decrees.
  - Proposes a dedicated funding stream to support 9-8-8 services.
  - **\$2.5 million** for a 2% COLA for inpatient and outpatient substance abuse treatment services.
  - **\$34.0 million** to maintain substance abuse treatment and prevention services as federal funds expire and to meet new Maintenance of Effort requirements.



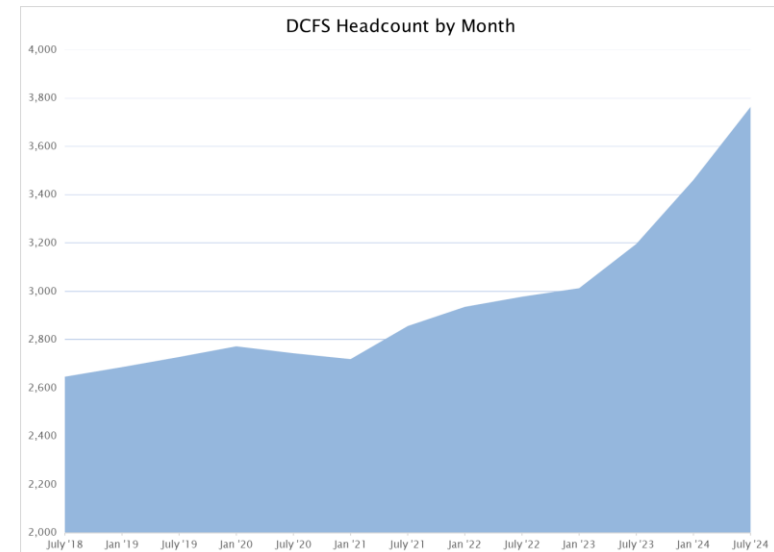
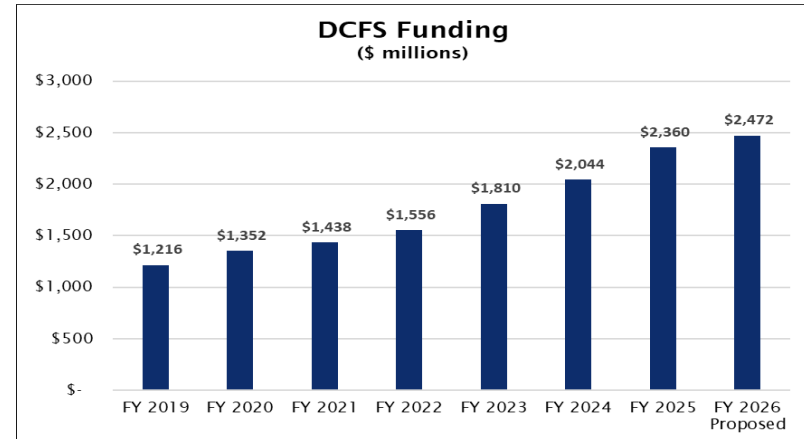
- Supports goal to transition at least 100 residents in State-Operated Developmental Centers (SODCs) to appropriate community-based settings.
  - **\$5.0 million** for a Re-integration Program incentive to provide up to \$50,000 per resident for CILA providers upon their move from SODCs to the community-based group homes.
- Includes **\$7.5 million** for a 3% COLA for TANF cash assistance.



## Department of Children and Family Services

**FY26 Proposed Budget: \$2.472 billion All Funds, including \$1.610 billion General Funds (up \$132 million)**

- The recommended FY26 budget reflects a nearly **\$2.5 Billion** (103.4%) increase since FY19 to provide services to some of the youngest vulnerable Illinoisans.
- Funds 100 additional positions at DCFS to address caseloads.
  - 463 headcount added between FY24 and FY26 – now targeted to reach **4,100** total employees, the most since 2002.
- **\$17.0 million** to help DCFS providers maintain a competitive wage structure.
- **\$4.8 million** increase for the department’s scholarship program, which will serve 1,090 youths in FY26.
- Funding to continue the IllinoisConnect implementation, the modernized case management system.







# Healthcare and Family Services

## *Caring for Illinois Families*

### **FY26 Proposed Budget: \$45.302 billion All Funds, including \$9.359 billion General Funds**

- Estimated **\$29.3 billion** (\$1.7 billion or 6.1% increase) general revenue and related funds liability associated with medical assistance to 3.5 million Illinoisans, including:
  - Approximately 1.6 million children;
  - Almost 550,000 seniors and adults with disabilities;
  - More than 590,000 non-disabled adults; and
  - More than 785,000 adults eligible through the Affordable Care Act.
- Includes full annualized costs, an increase of over **\$300 million** from prior year levels, of Medicaid program rate increases and programmatic changes enacted last spring, most of which are effective mid-FY25.
- **\$191.8 million** for comprehensive behavioral health services integrated with physical healthcare.
  - Expands access and invests more resources in mental health and substance use treatment services.
- **\$132.8 million** to continue implementation of the Pathways to Success Program to provide care coordination, mentoring, and support services to eligible children.
- **\$27.7 million** to develop an in-state network of Psychiatric Residential Treatment Facilities (PRTFs).
- **\$132 million** for the Health Benefits for Immigrant Seniors (HBIS) program, of which \$110 million is appropriated from GRF.
  - Health Benefits for Immigrant Adults (HBIA) is not funded in the proposed budget.
- Ensures 100% pass-through of child support collected on behalf of clients receiving Temporary Assistance for Needy Families (TANF) assistance.
- **\$15 million** appropriation for the Medical Debt Relief Pilot Program Fund.



## Department of Public Health *Keeping Our Communities Safe and Healthy*

**FY26 Proposed Budget: \$1.715 billion All Funds,  
including \$292 million General Funds**



- **\$6 million** increase for the Office of Health Care Regulation for licensing, inspecting, and certifying that healthcare facilities are compliant with state and federal regulations.
- **\$450,000** for the Certified Nursing Assistant (CNA) Intern Program designed to increase hiring and retention at facilities through education, mentoring, and financial assistance.
- **\$250,000** for the Certified Medication Aide program to allow medications to be provided by non-licensed certified nursing assistants.
- Maintains **\$24 million** to support reproductive health initiatives, including:
  - **\$10 million** for a public-facing navigation hotline to centralize and streamline appointment making.
  - **\$2 million** for grants for freestanding reproductive healthcare clinics.
  - **\$5 million** for a learning/training collaborative for providers.
  - **\$4 million** for Birth Equity initiatives.
- Maintains funding for the Breast and Cervical Cancer Program and the AIDS Drug Assistance Program.
- Maintains **\$8.5 million** to respond to unexpected public health threats and emergencies.



## Caring for our Seniors and Supporting those who Served

### Department on Aging

**FY26 Proposed Budget: \$2.022 billion All Funds,  
\$1.796 billion General Funds**

- **\$144.4 million** increase for the Community Care Program (CCP) for caseload growth, utilization, and annualization of January 1, 2025, \$1.56/hour rate increase for in-home providers, which brings the rate to \$29.63/hour.
- **\$8.0 million** increase for the Home-Delivered Meals Program, which will provide more than 11 million meals to homebound older adults across the State.
- **\$800,000** to support senior services in rural areas.
- **\$2.2 million** increase in funding for the Adult Protective Services (APS) program.

### Department of Veterans' Affairs

**FY26 Proposed Budget: \$234.5 million All Funds,  
\$160.5 million General Funds**

- **\$22.8 million** to onboard staff to support 100 residents at the Chicago Veterans' Home, which began receiving residents in January of 2022. This facility provides skilled care for Illinois veterans, including accommodations for Alzheimer's care.
- Provides, in partnership with DHS, a program to assess the mental health needs of Illinois veterans and implement strategies to create a positive impact on the veteran community.



*Chicago Veterans' Home, opened January 2022\**

*\*Veterans Home Photo courtesy of Patsy McEnroe, photography and HED Design.*



## Investing in Our Public Safety Agencies

### Department of Corrections

**FY26 Proposed Budget: \$2.185 billion All Funds, \$2.071 billion General Funds**

- **\$23.9 million** increase for personal services to staff the 28 correctional facilities across the State.
- **\$53.0 million** for new partnerships with university health service programs to supplement contractual medical staff.
- **\$11.0 million** increase for statewide hospitalization expenses.
- **\$2.0 million** increase for annual repair and maintenance expenses to meet recommended minimum levels of funding.

### Illinois State Police

**FY26 Proposed Budget: \$959.8 million All Funds, \$452.5 million General Funds**

- **\$5.4 million** to support two new cadet classes to hire and train 100 additional sworn troopers plus **\$9.6 million** funding for 112 expected FY25 graduates.
- **\$5.0 million** to transition from WAGE, a 35-year-old legacy human resource system customized for sworn law enforcement officers, to a new human resource management system.
- **\$1.3 million** for the Safe2Help program, a free, voluntary program offered to public and private schools in Illinois, which has a goal of encouraging students to “Seek Help Before Harm.”
- **\$1.0 million** for contractual services for expenses related to in-car and body-worn cameras.
- Includes additional funding to cover the switch of Tollway assigned troopers to ISP’s budget as of January 1, 2025.

### Illinois Emergency Management Agency and Office of Homeland Security

**FY26 Proposed Budget: \$2.249 billion All Funds, \$27.7 million General Funds**

- Increases funding for Homeland Security Preparedness and Response grant program by **\$2.5 million**, to **\$10 million** total.
- Includes an additional **\$2 million** deposit for the Illinois Nonprofit Security Grant Program to provide **\$20 million** in grants and support to organizations throughout the State for security improvements to prevent, prepare for, or respond to acts of terrorism.

### Department of Juvenile Justice

**FY26 Proposed Budget: \$166.8 million All Funds, \$153.8 million General Funds**

- **\$1.3 million** increase for IYC Lincoln to become operational in summer 2025.
- **\$3.0 million** in increases to meet the statutory requirements of 105 ILCS 5/13-40 for School District 428 operated by DJJ.
  - **\$2.0 million** for extended education services to offer high school education services in DOC facilities
  - **\$1.0 million** for IYC Harrisburg to provide educational services and emerging adult programming to emerging adults in DOC custody.
- **\$1.4 million** increase for contractual healthcare services and increased programming.



## Investing in Our Cultural and Natural Resources

### Department of Natural Resources

#### **FY26 Proposed Budget: \$636.1 million All Funds, including \$103.7 million General Funds**

- Continues funding for preservation of historic sites, authorization for an additional 44 headcount for DNR to modernize and rebuild staffing at state parks and historic sites, and operation of the Illinois State Museum system.
- Supports the continued operation of key capital programs such as Open Space Lands Acquisition and Development (OSLAD) grants with **\$35 million** proposed for new awards in FY25.
- **\$2.5 million** in continued funding for the Youth and Young Conservation Education program for underserved and underrepresented youth jobs and education within environmental conservation.

### Environmental Protection Agency

#### **FY26 Proposed Budget: \$658.6 million All Funds**

Allows EPA to meet federal and state enforcement responsibilities to protect the State's air, water, land, and energy resources.

- **\$14 million** for Electric Vehicle (EV) rebates for eligible participants, encouraging use of EVs to improve air quality in the State.
- **\$4.6 million** increase to expand the Household Hazardous Waste Collection Program to support one-day events, long-term facilities, the Residential Sharps collection program, and firefighting foam collection.
- Provides sufficient appropriation authority for IEPA to pursue federal Infrastructure Investment and Jobs Act (IIJA) awards for energy efficiency programs and a "Gulf Hypoxia" initiative.
- Continues new and reappropriated funding for IIJA water infrastructure programs, with over **\$1.36 billion** in IIJA-related capital appropriations.
  - \$90 million to address emerging contaminants in small and disadvantaged communities to confront per- and polyfluoroalkyl substance (PFAS) pollution, and \$845.9 million in funding for Lead Service Line Replacement grants.



## Department of Commerce and Economic Opportunity

### Investing in Economic and Workforce Development

#### FY26 Proposed Budget: \$4.483 billion All Funds, including \$178.5 million General Funds

- Continues funding for core initiatives, including business attraction and development, workforce training, energy transformation, economic assistance programs, foreign trade, administration of federal funds, and tourism and film promotion.
- **\$258 million** for weatherization programs to help low-income residents and households.
- **\$5 million** in new funding for the Illinois Grocery Initiative to address food insecurity faced by millions of Illinoisans living in urban and rural food deserts.
- **\$4.4 million** for the Office of Trade and Investment to support Illinois companies by realizing their export potential through the Illinois State Trade and Export Promotion program.

#### Workforce Investments

- **\$20 million** to the Illinois Works Pre-Apprenticeship Program focused on construction and building trade careers.
- **\$17 million** new funding for the Employer Training Investment Program to help keep Illinois workers' skills up to date.
- Deposits **\$7.5 million** into the Workforce, Technology, and Economic Development Fund for the Fast-Track Workforce Program.
- Continues **\$3 million** for DCEO Job Training Program grants.

#### Economic Development Investments

- **\$10 million** for the Federal Grant Support Program, offering grants to local governments and businesses competing in federal grant programs. The first round of this program saw a 1,000% return on the State's investment.
- Includes funding for efforts that support job creation and business development, such as **\$1 million** for the Made in Illinois program, **\$50 million** for the Rebuild Illinois Enterprise Fund, and **\$500,000** for the Make it in Illinois campaign.
- **\$9 million** for a multiyear initiative to develop and implement a one-stop business portal to assist individuals wishing to create new businesses in or relocate businesses to Illinois.
- Continues the annual **\$2 million** for rural economic development, intended to connect communities and improve access to state and federal aid through outreach or technical assistance from rural navigators.

#### Research and Development Investments

- **\$7.5 million** for the Small Business Innovation Research (SBIR)/Small Business Technology Transfer (STTR) Phase I Matching grant program.
- **\$5 million** for the Innovation Vouchers Program.
  - Incentivizes collaborations between early-stage companies and higher education institutions.
  - Provides small businesses access to world-class research facilities, advanced technologies, and specialized expertise to accelerate innovation.





## Site Readiness: *Making Illinois Ready for (More) Business*

The FY26 budget builds on the recent momentum in attracting unprecedented private sector investment with a proposal to dedicate \$500 million in state capital funds to make more sites across Illinois ready for business.

- The Governor's Site Readiness plan includes two core components:
  - \$300 million for the new CMS **Surplus to Success** program to prepare idle state surplus properties for successful economic development.
  - \$200 million for DCEO to expand the reach of its **Site Readiness** initiatives.
- Through the Site Readiness funding, DCEO will:
  - Target funding opportunities for large-scale business attraction efforts and infrastructure needs.
  - Partner with local communities or private businesses to spur economic and residential development.
    - Site readiness funds and an estimated additional local match of \$22.5 million will generate private investment of up to \$4.7 billion.



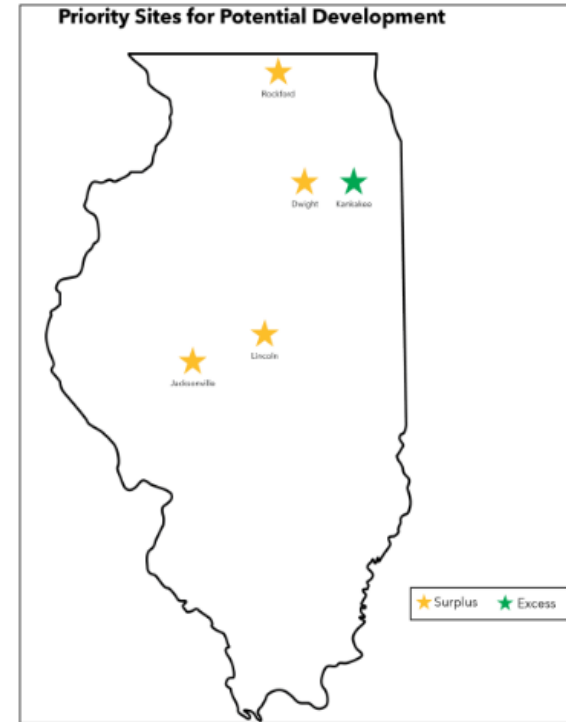
# Making Illinois Ready for (More) Business (cont.)

Launching the “Surplus to Success” program to ready unused or excess State-owned sites.

Governor Pritzker is proposing \$300 million for the Illinois Department of Central Management Services (CMS) to make certain state sites shovel-ready to attract and spur economic development.

- **Surplus to Success** will:
  - Remediate State-owned sites and repurpose them to enhance economic opportunities.
  - Attract new businesses and economic opportunities, potentially resulting in billions of dollars in private investment.
  - Increase local revenues by adding these properties to the local property tax rolls.
  - Spur community revitalization by cleaning up and repurposing unsightly, deteriorating properties.
  - Save the State and taxpayers millions of dollars in security and upkeep costs.
- **Surplus to Success** sites include:
  - Locations where state facilities have been fully closed.
  - Deteriorated buildings on state land in total disrepair.
  - Unused land and acreage where the state facility does not utilize the entire space.

These State-owned sites have been identified for the program because of their economic development and community revitalization potential.



The sites consist of locations where state facilities have been fully closed and facilities where excess land is not utilized:

- Dwight: 160-acre Dwight Correctional Center.
- Rockford: 100-acre Singer Mental Health Center.
- Jacksonville: 100-acre Jacksonville Developmental Center.
- Lincoln: 100-acre Lincoln Developmental Center.
- Kankakee: A 70-acre section of unutilized land at Shapiro Developmental Center in Kankakee. The Developmental Center will be unaffected.



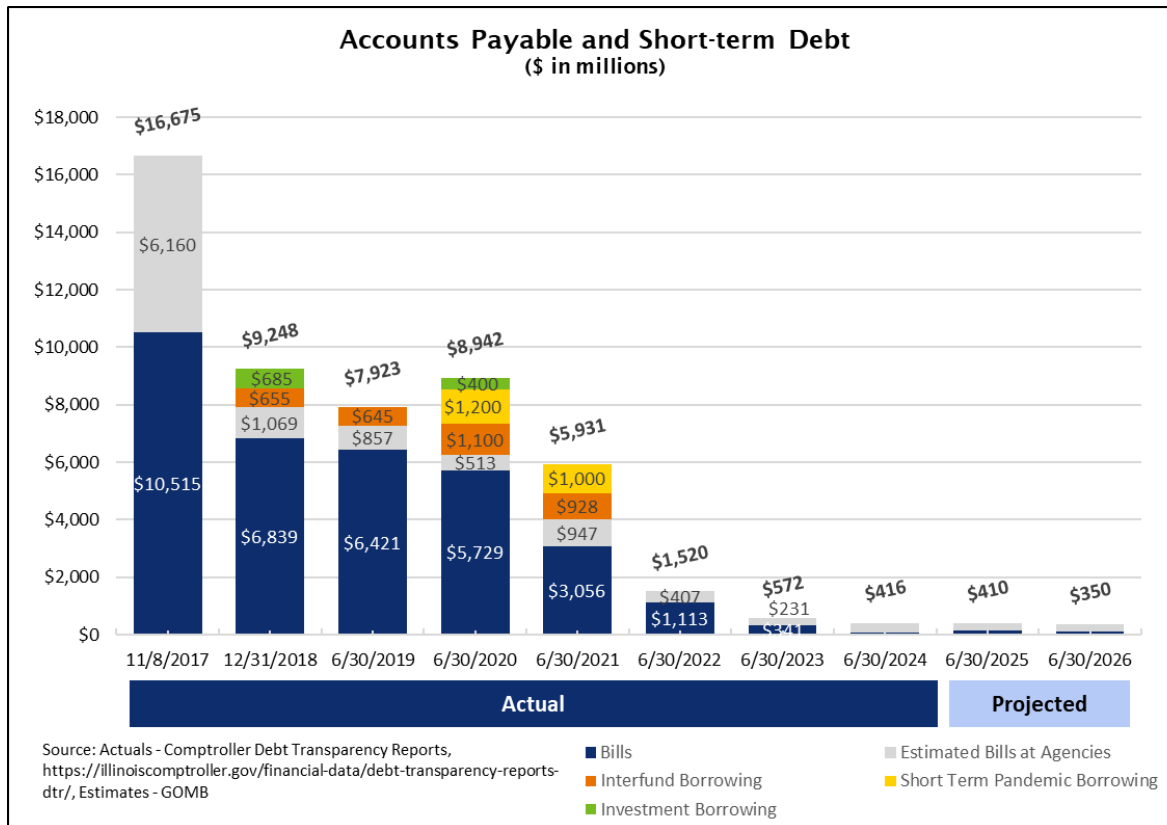
# FISCAL RESPONSIBILITY RESULTS

Maintaining the Promise of Fiscal Responsibility



# Continued Reduction in Accounts Payable

- By the end of FY24, Illinois’ accounts payables and short-term debts were reduced by nearly 97.5% from a peak of nearly \$16.7 billion in November 2017 and 95% since Governor Pritzker took office.
- Payables at the end of FY24 were at their lowest level in 20 years.
- FY26 is projected to finish with payables of approximately \$350 million.





## Fiscal Responsibility Results: Efficient and Effective Government

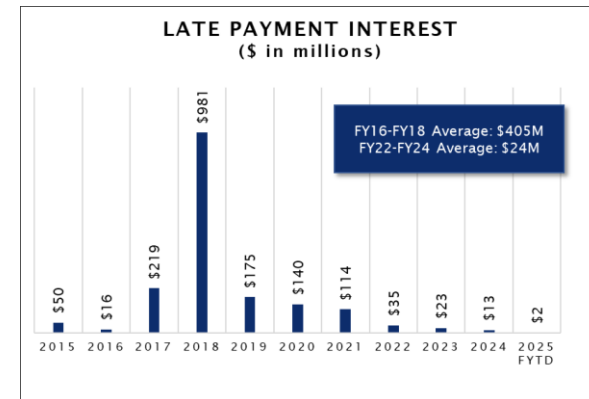
### \$11+ billion in Debt Paydown Across FY22 - FY26

- All COVID-related borrowing repaid
- All interfund borrowing repaid
- **\$3.6 billion** reduction in payables including delayed health insurance bills
- Paid off \$4+ billion UI Trust Fund advance
- Extra \$700 million Pension Stabilization Fund contribution
- \$449 million set aside for Railsplitter bonds defeasance
- \$250 million dedicated to eliminating unfunded College Illinois! liabilities

### Reducing Interest and Operating Costs Examples

- Refinancing State bonds to lower interest costs
- Issuing bonds at lower interest rates due to bond rating upgrades, saving hundreds of millions of dollars.
- Reducing late payment interest costs, saving an average of \$380 million a year when compared to the budget impasse era.
- Hiring process efficiencies

Restoring Illinois' Fiscal House	
Debt Paydown	
(\$ in millions)	
FY22:	
Early COVID borrowing repayment	\$1,985
Unfunded College Illinois! liabilities	\$250
Additional Pension Contribution	\$300
Debt Transparency Act Accounts Payable Reduction	\$2,483
FY23:	
Additional Pension Contribution	\$400
Debt Transparency Act Accounts Payable Reduction	\$949
FY24/FY25/FY26:	
Railsplitter bonds defeasance (Sept 2023)	\$449
Estimated Accounts Payable Reduction	\$410
FY22/FY23 UI Trust Fund	\$4,063
<b>Total Debt Paydown</b>	<b>\$11,289</b>

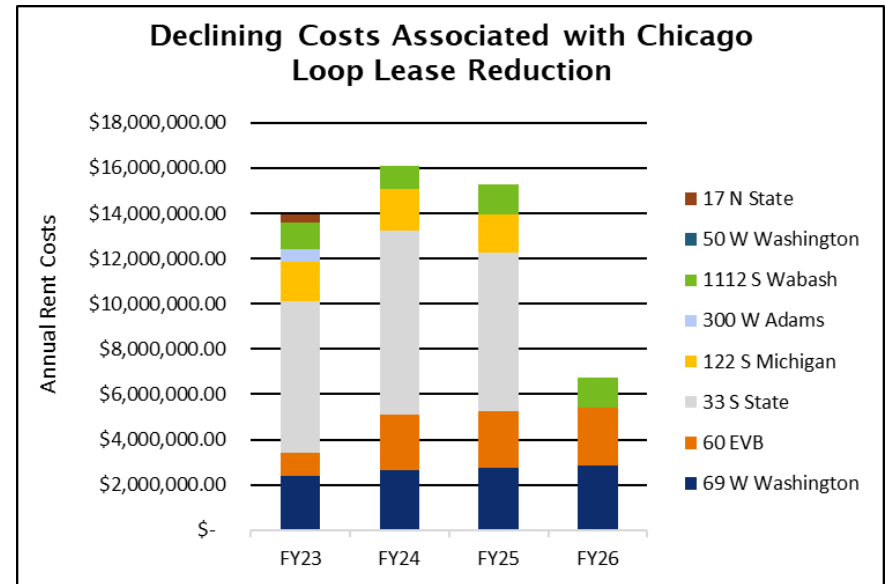
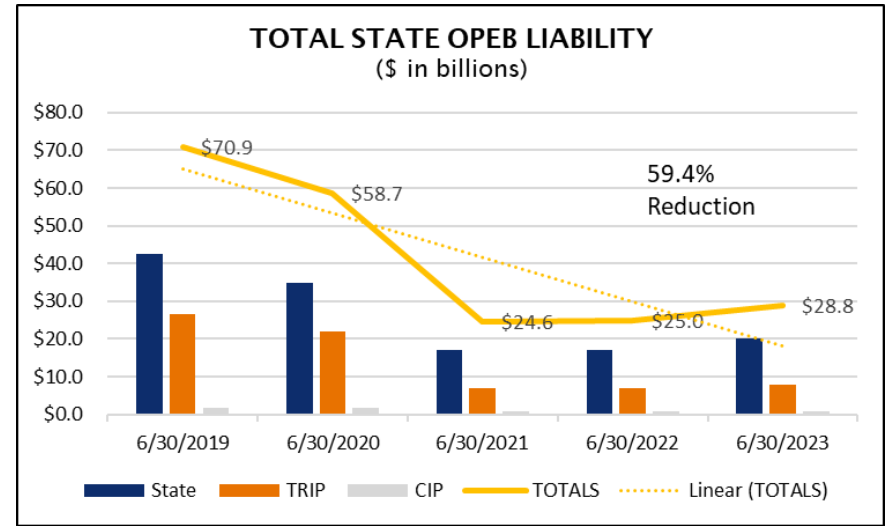




# Efficient, Effective Government Services

The Pritzker Administration continues to prudently manage operations, resulting in new efficiencies for the most efficient and effective use of tax dollars. Some examples include:

- Refinanced state bonded indebtedness for savings of **\$362.7 million** on present value basis.
- Negotiated a reduction of **\$42.1 billion**, or 59.4%, in Other Post-Employment Benefits (OPEB) – retiree healthcare – liabilities.
- Saving **\$9.5 million** annually by consolidating multiple expensive leases into newly-acquired properties and implementing space consolidation and space sharing.
- A new enterprise asset management program used by IDOT aids in prioritizing projects and reducing long-term maintenance costs.
- IDOT and the Capital Development Board (CDB) are piloting Design-Build programs to reduce construction timelines.
- Property Tax Appeal Board created an e-filing portal, reducing the cost of litigation and administration, and reducing case backlog. In FY24, PTAB closed 45,420 appeals, setting a new record.
- Department of Revenue (DOR) partnered with Lincoln Land Community College to offer accounting courses to DOR staff seeking to become a Revenue Auditor.
- CMS continues the disposition of costly surplus properties, recently finalizing the Tinley Park Mental Health Center transition. Surplus properties require costly upkeep and security, offering no value to residents.
- HFS worked with DHS to streamline Medicaid application processing and identify operational efficiencies, which reduced the number of Medicaid applications pending more than 45 days by 43% as compared to FY19.





# Continuing the Pledge to Make Government More Efficient...

## The Governor's FY26 budget proposal includes the following initiatives:

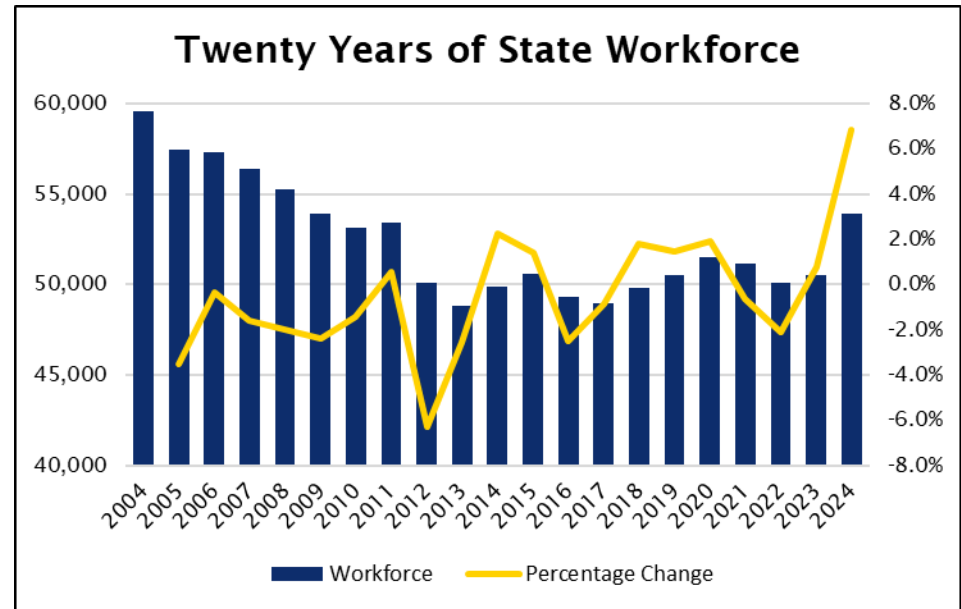
- A new program, Surplus to Success, will dedicate funds to improving state surplus land to prepare it for economic development and will save taxpayers millions of dollars on maintenance and security.
- Efficiency study procurements at CMS and IDOT commissioned by the Governor are in process.
  - CMS study will expand an ongoing initiative to consider the State's current workforce and workplaces with a focus on evolving customer service.
  - IDOT study will consider best practices in recruitment and hiring procedures and work with CMS to pilot a recruitment program aimed at hiring engineers.
- A review of existing boards and commissions and streamlining a path for repeal of those determined to be obsolete.
- Further consolidation of the 767 separate fund accounts in the State Treasury, which is far more than other states our size and results in wasteful administrative, reporting, and auditing costs.
- Merge the Coroner Training Board into the Department of Public Health and issue an Executive Order merging the Mental Health and Substance Use Prevention and Recovery (SUPR) divisions at DHS.
  - Small agencies and separate divisions within an agency can benefit from mergers and reorganizations allowing them to function more effectively.
- Significantly realign procurement expertise and resources within the agencies to ensure the State achieves maximum savings and effectiveness.
  - CMS, GOMB, and DoIT will assess the procurement and contracting processes for the most significant purchases and propose realignment steps necessary to implement best practices, address system needs, and maximize savings.
- Empower taxpayers to reduce or eliminate duplicative taxing bodies, saving taxpayer money by implementing legislation that enables community-led township consolidation in counties with populations under 5,000. Township functions could potentially be absorbed within an overlapping county or city government.





# State Workforce – Getting the Job Done

- Providing support and services to the residents of Illinois requires a robust workforce.
- Hollowing out of the workforce by prior administrations and impacts of the global pandemic have limited the ability to adequately staff agencies and run programs.
- In August 2022, the Governor directed CMS to act to address the crisis and improve the hiring process.
- PA 103-0108 helped to modernize the State’s hiring process. Following passage, CMS was able to:
  - Streamline application and hiring process
  - Switch to online applications, reducing need for paper processes
  - Targeted community outreach and job fairs
- Resources will be dedicated to reducing mandatory overtime pressures.

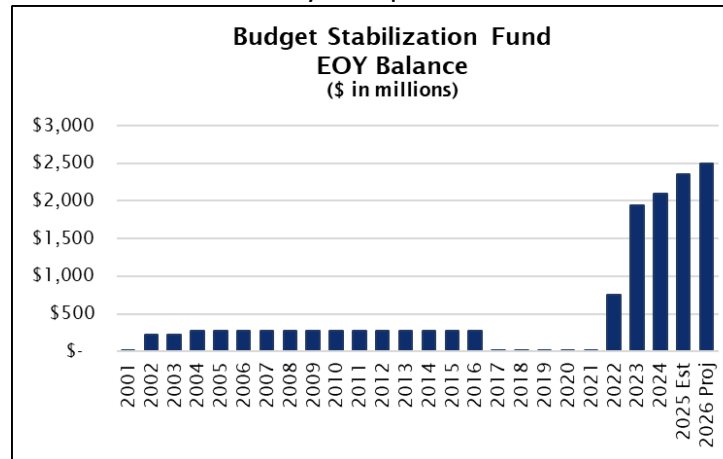




# Record Setting Budget Stabilization Fund

## Saving for the Future

- The Budget Stabilization Fund, Illinois’ "rainy day" fund, was created in 2001 with little invested.
  - The fund was spent down during the impasse and held less than \$60,000 in December 2018.
- The Governor worked with the General Assembly to deposit \$746 million into the fund in FY22, an additional \$1.155 billion in FY23, and \$161 million in FY24 – reaching an account balance of \$2.1 billion by the end of FY24.
- The Budget Stabilization Fund will receive an estimated \$246 million in FY25 through ongoing dedicated revenue sources, bringing the estimated balance to \$2.346 billion by the end of FY25, and then an additional \$154 million deposit in FY26, bringing the balance to nearly **\$2.5 billion**.
- Illinois’ ranking among the 50 states in terms of the size of the State’s rainy day fund balance improved to **21st** as of the end of FY23.
  - However, when looking at the relative strength of other states’ rainy-day funds, Illinois still falls below the median.
  - As of the end of FY24, Illinois would have been able to run an estimated 14.9 days (up from 13.8 days in FY23), while the median state had enough reserves to cover 48.1 days of operations.<sup>1</sup>



<sup>1</sup><https://www.pewtrusts.org/en/research-and-analysis/articles/2024/09/19/states-prioritize-reserves-as-fiscal-flexibility-declines>



# FUNDING OUR OBLIGATIONS

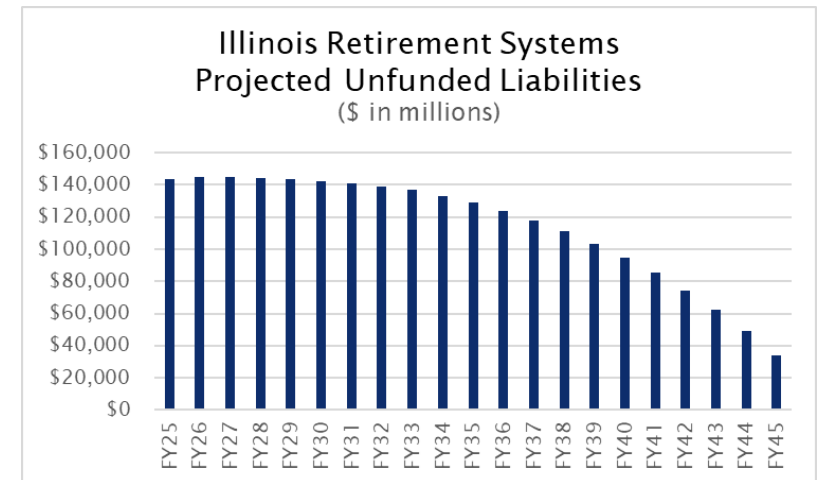
## Addressing the State's Pension Funding Liabilities



# Savings from Pension Liability Reductions Already Enacted

- The FY26 budget proposal fully funds the certified pension contribution of **\$10.6 billion** from the General Funds.
- The State contributed an additional **\$700 million** to the systems above certified amounts across FY22 and FY23.
  - These contributions will save taxpayers an estimated **\$2.4 billion** by FY45.
  - First time since the 1994 plan was enacted that the State provided contributions above certified amounts.
- Illinois is benefitting from reductions in its pension liabilities from the pension buyout program – so far reducing liability by an estimated **\$2.5 billion**.
  - FY25 contribution to SERS is estimated to be **\$41 million** lower and to TRS **\$130 million** lower than it would have been without the program.
- Investment returns, on average, have exceeded expectations over the last five years.
- These actions help to reduce the share of the General Funds budget going towards pensions, before the significant reduction in 2046.

**Pension Liability Reductions**  
 Pension Buyouts: \$2.5 billion  
 Additional \$700M contribution: \$2.4 billion  
**Total Savings: \$4.9 billion**



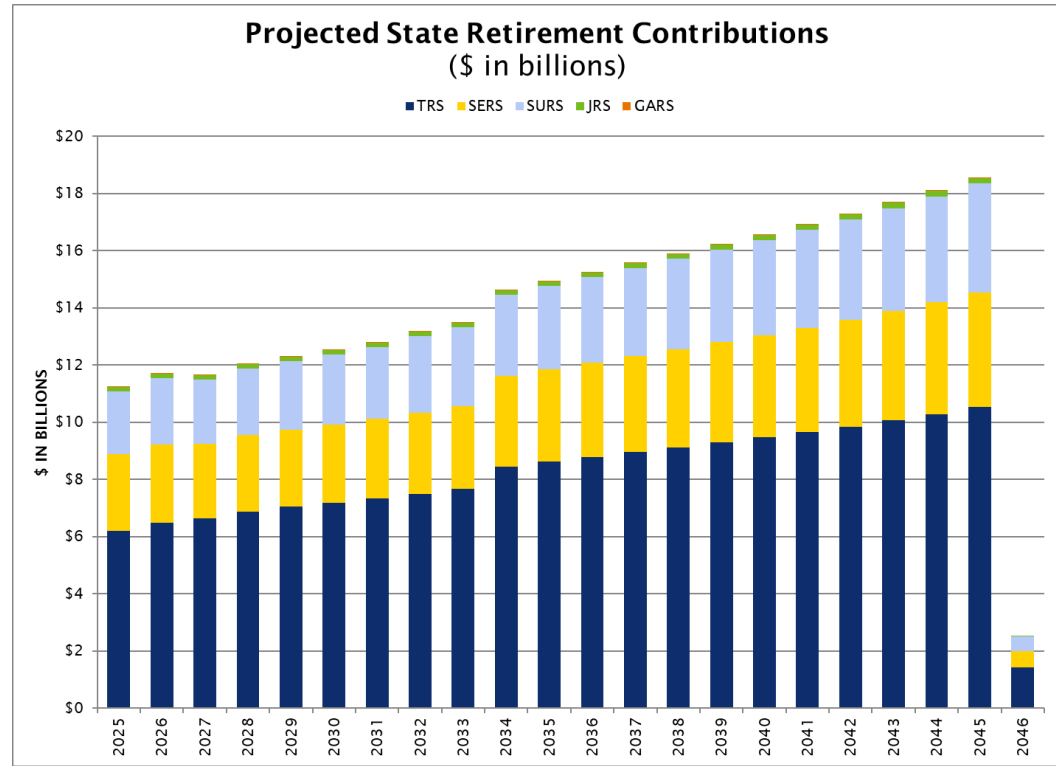
Source: CoGFA



# Illinois' Pension Funding Plan

## Unique Aspects to Our Remaining Pension Debts

- In 1994, Governor Edgar and the General Assembly enacted a 50-year plan to achieve 90% funding of the retirement systems' liabilities by 2045.
  - Illinois' public retirement systems are among the few large public retirement systems that do not have a 100% funded goal.
  - Under the current plan, the State's remaining unfunded pension liabilities in FY45 would total an estimated **\$34.2 billion**.<sup>1</sup>
- Pension contributions are scheduled to grow from **\$11.7 billion** today to over **\$18.5 billion** by 2045 – growing roughly 2.5% per year.
- Contributions drop off drastically after FY45.
- Under current funding statute, actual performance that deviates from actuarial assumptions must be made up by 2045.
  - The "runway" to get caught up shortens the closer to 2045 Illinois gets.<sup>2</sup>



<sup>1</sup> <https://cgfa.ilga.gov/Upload/2024%20Special%20Pension%20Briefing.pdf>

<sup>2</sup> To illustrate, if there is a large drop in the stock market that impacts the systems' investment returns in FY43, the State would be required to contribute the full shortfall to reach 90% funding in FY45, the one remaining year under the Illinois funding plan.



# Governor’s 2024 Proposal to Manage the State’s Pension Funding Commitment

## 1. Increase statutory funded ratio goal from Edgar’s 90% to 100% funded.

- Adding three additional years to the funding payment plan (FY48) will get Illinois on a path to 100% funded like peer states.
- Provides a plan to pay off the remaining **\$33.6 billion** in unfunded liabilities.
- Will position the State for long-term fiscal stability.

## 2. Increase the State’s annual pension contributions when legacy debts are paid off.

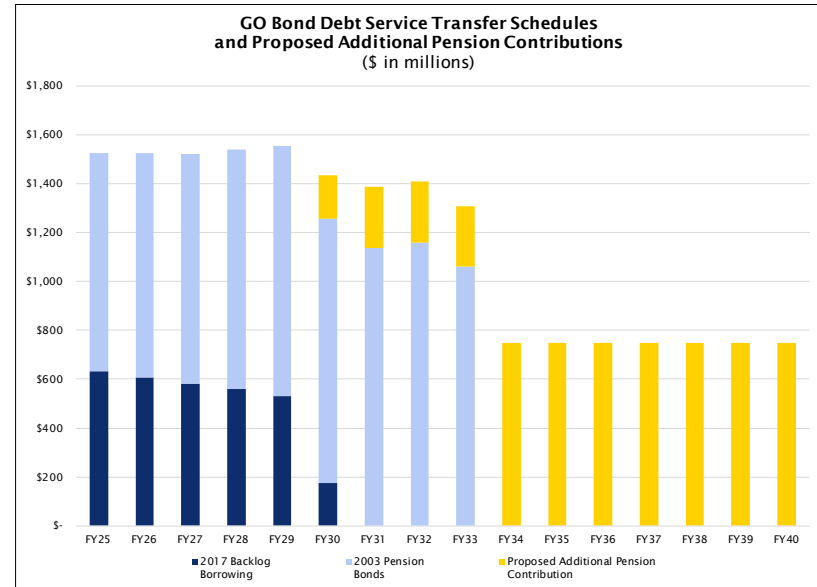
- In FY30, the 2017 \$6 billion Backlog Borrowing General Obligation Bonds will be retired.
- In FY33, the 2003 \$10 billion pension funding General Obligation Bonds will be retired.
- The Governor is proposing to dedicate half of the revenue being used to pay off the 2017 & 2003 bonds to make additional payments to the State’s pension systems when the debts are paid off.
- Making the decision this year to dedicate these future savings to increase the pension contributions in FY30 through FY40 above what is currently required will save taxpayers an estimated **\$5.1 billion** by FY45.

## 3. Address challenge of a shortening “runway” through fixed-length amortization strips beginning in 2035.

- As the systems approach 100% funding and the end of the ramp, this proposal will soften the potential shock to the state budget from short-term negative returns.
- As noted by the State Actuary,<sup>1</sup> creating layers of fixed-length amortization strips to address annual over- or under-performance is a practice commonly used by public pension systems in other states.<sup>2</sup>

## 4. Adjust the Tier 2 pensionable earnings cap to the Social Security Wage Base for employees not coordinated with Social Security.

- The Governor’s proposed fiscal year 2026 budget **allocates \$78 million as an additional contribution** for adjusting the Social Security Wage Base for Tier 2 members.<sup>3</sup>



<sup>1</sup> From [2023 Office of the Auditor General’s State Actuary Report](#) – “Finally, as the remaining period to achieve 90% funding shortens, the State mandated method will also produce more volatile contributions. Instead of a single fixed period, typical public plan amortization methods use layered amortization bases such that new assumption changes and experienced gains and losses are amortized over a new period (e.g., 20 years) while the remaining period for the prior amortization layers becomes one year shorter.”

<sup>2</sup> See “Overview of Public Pension Plan Amortization Policies,” National Association of State Retirement Administrators, April 2022, which notes that the Conference of Consulting Actuaries Public Plans Community recommends actuarial experience gain/loss be amortized over 15 to 20 years.

<https://www.nasra.org/Files/Papers/NASRA%20Amortization%20Overview.pdf>

<sup>3</sup> The \$78 million represents the estimated additional state contribution in the analysis provided to COGFA by Segal for increasing the Tier 2 Salary Cap to the Social Security Wage Base. [https://cgfa.ilga.gov/Upload/COGFA%20Tier%202022%20Reform%20e2%80%933%20House%20Bill%205909%20\(Revised\).pdf](https://cgfa.ilga.gov/Upload/COGFA%20Tier%202022%20Reform%20e2%80%933%20House%20Bill%205909%20(Revised).pdf)



# FISCAL YEAR 2026 CAPITAL BUDGET

Pardon Our Dust – We're Rebuilding Illinois!

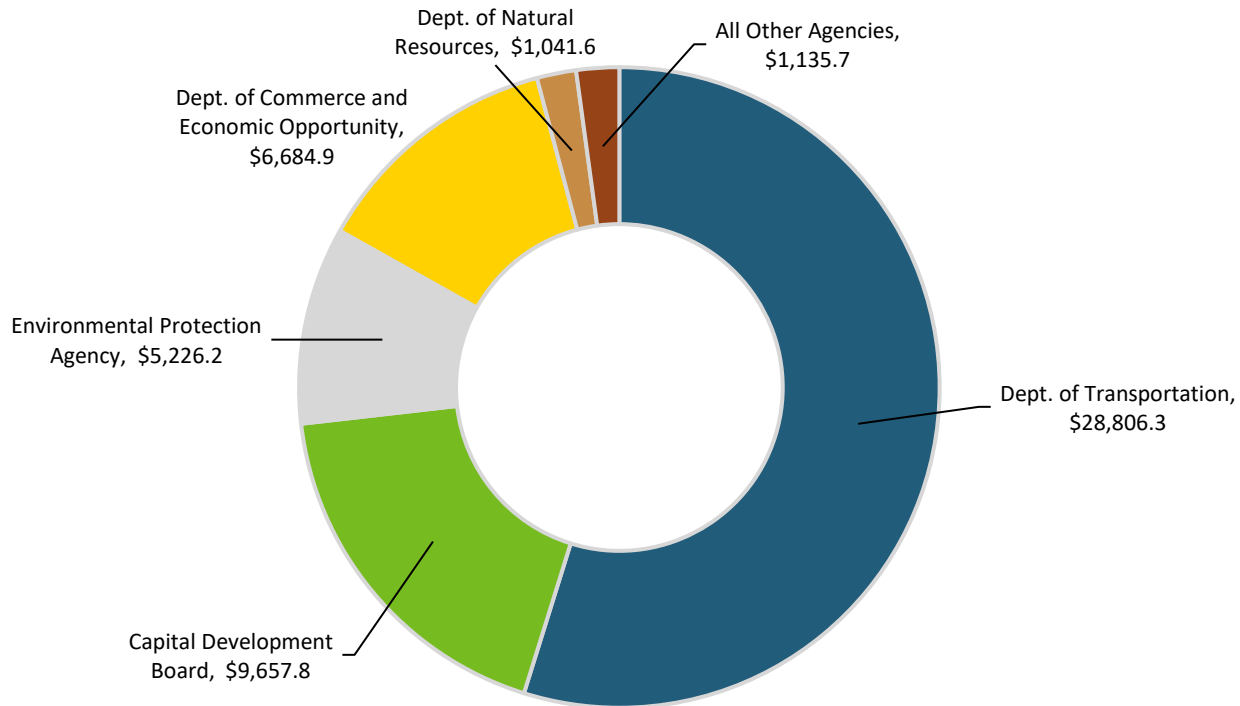




# Fiscal Year 2026 Proposed Capital Budget

## *Continuing Investments to Rebuild Illinois*

\$52.6B in FY26 Total Capital Appropriations  
(\$ in millions)





## Fiscal Year 2026 Proposed Capital Budget

### Continuing investments to Rebuild Illinois

- Since the passage of Rebuild Illinois in 2019, nearly **\$27.8 billion** had been expended as of December 31, 2024.
  - IDOT had funded more than **\$18 billion** in improvements to 6,896 miles of roads, 742 bridges, and 1,056 additional safety improvements
- To build upon the success of Rebuild Illinois and an unprecedented **\$12.5 billion** in private sector business development that occurred in 2024, the Governor’s proposed budget includes **\$915 million** in new bond authorization to continue enhancing Rebuild Illinois.
- Included is a **\$500 million** economic development plan utilizing capital funds for an expanded Site Readiness Program.



Total Capital Expenditures Since the Passage of Rebuild Illinois by Category (FY20 through December 31, 2024)		
	(\$ millions)	
Broadband Deployment	\$	130
Economic and Community Development	\$	1,311
Education	\$	986
Environment / Conservation	\$	2,898
Healthcare and Human Services	\$	243
State Facilities	\$	2,369
Transportation	\$	19,831
<b>Grand Total</b>	<b>\$</b>	<b>27,768</b>

Note: Totals may not add due to rounding

## Fiscal Year 2026 Proposed Capital Budget

### *Enhancing Rebuild Illinois with Further Investments*

The Governor's proposed budget reappropriates \$3 billion of bonded capital investments first enacted in fiscal year 2025 and continues the State's commitment to consistent and sustainable capital investments. The budget plan includes **\$915 million** in added bond authorization for new and expanded programming.

The new capital proposal includes the following new bond authorization requests:

- **\$300 million** for the new Surplus to Success program at CMS.
- **\$200 million** for expanded site readiness programs at DCEO.
- **\$150 million** for demolition and remediation of non-surplus, unused state property at CDB.
- **\$140.2 million** for continued economic and workforce development projects at DCEO.
- **\$65 million** for DoIT to upgrade IT systems related to electronic health records at DOC and DHS.
- **\$60 million** for DNR to continue improvement of Adeline Jay Geo-Karis Illinois Beach State Park.



*Current Illinois State Beach and Conference Center (above) and Illinois State Armory, Springfield (below)*





## Key Capital Investments Made Possible by Rebuild Illinois



IEPA's Drinking Water Loan Program provided over \$1.1 billion in funding for public water system improvements from fiscal year 2020 through fiscal year 2024.



The \$1.3 billion I-80 project is replacing more than 50-year-old infrastructure along a booming corridor for logistics and freight while adding multiple safety and capacity enhancements. It is also improving quality of life and creating thousands of construction and permanent jobs while positioning the region for long-term economic opportunity.



DCEO's Connect Illinois program has invested over \$387 million to connect more than 45,000 households, farms, businesses, and community institutions.



The Rebuild Illinois capital program included a \$350 million appropriation to the OAC for Capitol Complex renovations. The North Wing renovation of the Capitol Building will provide a main public entrance at the basement for visitors. New visitor program areas will include security screening with indoor space for queueing, a video room, and enhanced wayfinding signage for visitor orientation. New meeting rooms for public and legislative use in an underground addition to the Capitol will be located under the northwest lawn and include skylight views of the Capitol dome.



The historic Springfield Armory Building, opened in 1937, has served as a venue for many different events over the years. Now, the Armory is being renovated to serve the evolving space needs of a hybrid state workforce. The fiscal year 2026 budget includes \$182.5 million in reappropriations for the multiphase renovation effort.



*Rendering of new entrance to the State Capitol*



## NEED ADDITIONAL INFORMATION?

- Please visit the Governor's Office of Management and Budget website to download a copy of the Fiscal Year 2026 Budget book, the Fiscal Year 2026 Capital Budget, or to view the Interactive Budget portal.
- [www.budget.illinois.gov](http://www.budget.illinois.gov)