

Governor J.B. Pritzker FY 2027 Budget Proposal

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On February 18, Illinois Gov. J.B. Pritzker gave his annual State of the State and budget address. He discussed successes under his leadership and provided insight into the state's priorities for FY 2027, particularly as Illinois braces for federal cuts to the Supplemental Nutrition Assistance Program (SNAP) and Medicaid and expects various threats to cut other funding sources.

Gov. Pritzker revised his FY 2026 revenue forecast to \$55.228 billion, an increase of \$399 million over the previous October 2025 estimate, due to stronger than expected revenues from personal income tax, sales taxes, excise taxes, investment income, and wagering, among other factors. Even so, the current revenue forecast remains \$70 million lower than the original revenue from the time the FY 2026 budget was passed last May in large part due to the impact of federal tax changes from H.R. 1, the One Big Beautiful Bill Act. Illinois decoupled from two of the federal tax changes from H.R. 1, but the estimated revenue loss from the other changes is still \$587 million in FY 2026. With estimated FY 2026 expenditures of \$53.153 billion, the revised surplus is projected at \$75 million.

Gov. Pritzker's FY 2027 budget proposal estimates \$56.055 billion in General Funds revenues and \$56.032 billion in General Funds expenditures, a balanced budget with a slight \$24 million surplus. FY 2027 revenues are up roughly 1.5% (or \$830 million) over current FY 2026 estimates. The budget proposal includes approximately \$589 million in new revenue adjustments, including: \$200 million from a social media platform fee, dedicated to K-12 education; \$269 million increase to corporate income tax collections by adjusting the net operating loss deduction cap sunset to a phased in approach; and \$120 million from realigning tax treatment for table and electronic games at casinos. The budget proposal also estimates a 1.4% increase in federal funds deposited to General Funds, bringing the total to \$4.071 billion.

FY 2027 expenditures are projected to increase by 1.6% (or \$878 million). The proposal provides \$10.7 billion to fully fund the state's certified pension obligation. Over 85% of the spending increases are devoted to fixed costs such as education (\$305 million increase), healthcare (\$269 million increase), and pensions (\$192 million increase). Discretionary spending increases are up less than 0.5% over FY 2026.

Along with his budget proposal, Gov. Pritzker provided an overview of his legislative agenda. In order to address projected housing demand and affordability concerns, Pritzker announced the Building Up Illinois Developments (BUILD) plan to modernize building codes to allow for higher-density housing types, expand transit-oriented development, and streamline housing construction permitting processes to allow for faster and cheaper construction. In conjunction with his address, Gov. Pritzker signed [Executive Order 2026-01](#) immediately instructing state agencies to work together to plan for the development of at least two gigawatts of new nuclear energy, with construction to begin by 2033. On the demand side, Pritzker proposed a two-year pause on the authorization of new data center tax credits. He also announced his support for legislation to ban "junk fees" by requiring full upfront disclosure of all mandatory fees and called on the Illinois House of Representatives to pass [HB 3799](#), which passed the Senate in the fall and would require homeowners insurance companies to justify material premium increases.

Now that Gov. Pritzker introduced his FY 2027 budget proposal, the General Assembly has until May 31 to pass a final budget. Figures and line items in the budget proposal are subject to

change in the coming months as the FY 2027 outlook becomes clearer. See below for additional details from the State of the State and FY 2027 budget proposal.

State of the State Address Highlights

Fiscal Improvements

- Passed seven consecutive balanced budgets.
- Received ten credit rating upgrades.
- Grew the Budget Stabilization Fund (“rainy-day” fund) to \$2.4 billion.
- Ended the state’s unpaid bills backlog.
- Increased the state’s pension funded ratio from nearly an all-time low to its highest level in 17 years.

Business Improvements

- Illinois’ gross domestic product (GDP) surpassed \$1.2 trillion, up from \$881 billion when Gov. Pritzker took office.
- If Illinois were an independent country, its economy would rank in the top 20 globally.
- For the third consecutive year, Illinois ranked as the number two state for corporate expansions and relocations.
- Illinois now ranks 13th in CNBC’s Ranking of American’s Top States for Business.
- Illinois welcomed 113 million domestic and international visitors, spending a combined total of over \$48.5 billion dollars.
- O’Hare International Airport is once again the busiest airport in the country.

Federal Funding Challenges

- \$1.7 billion in potential FY 2027 federal funding losses as a result of the following changes:
 - \$399 million in lost revenues in FY 2027 due to H.R. 1.
 - \$339 million from federal tax law changes.
 - \$60 million from reduced reimbursement for SNAP administration costs, given that the SNAP federal administrative match rate drops from 50% to 25% effective October 1, 2026.
 - \$100 million in FY 2026 and FY 2027 estimated costs to implement H.R. 1 requirements. If the state does not implement these requirements, they will lose additional federal funding.
 - \$50 million included in the Department of Human Services FY 2027 proposed budget for staffing and IT costs.
 - \$38.8 million included in the Department of Healthcare and Family Services FY 2027 proposed for IT, consumer outreach, and staffing.
 - Over \$1 billion in FY 2027 grant cuts are currently in litigation. Note that FY 2027 proposed appropriations structure assumes these funds will continue to flow while litigation is ongoing.

FY 2026 Updates

- \$55.228 billion revised FY 2026 General Funds revenue estimate, up \$399 million from the Governor’s Office of Management and Budget (GOMB) October 2025, but still \$70 million below estimated revenues from the time the FY 2026 budget passed in May 2025.
 - The increase is the result of stronger than expected revenues from excise taxes, investment income, and wagering, among other factors.

- Personal income tax and sales tax revenues have performed well in the first half of the year, but corporate income tax collections remain weak in part due to federal tax changes and tariffs.
- \$53.153 billion estimated revised FY 2026 expenditures, includes \$105 million in proposed supplemental appropriations and proposed transfers.
- \$75 million projected surplus in FY 2026.

FY 2027 Budget Proposal

Topline Figures

- \$56.055 billion General Funds revenue projection in FY 2027, a 1.5% (or \$830 million) increase over GOMB's revised FY 2026 estimates and an increase of approximately \$1 billion over the preliminary October 2025 estimate.
- \$589 million in proposed revenue enhancements:
 - \$200 million from a Social Media Platform Fee to benefit K-12 education funding.
 - \$269 million from adjusting the net operating loss deduction cap sunset to a phased approach.
 - \$120 million from realignment of tax treatment for table and electronic games at casinos.
- GOMB projects the following from its top four General Funds revenues sources:
 - 3.3% or \$946 million personal income tax growth in FY 2027.
 - 0.21% or \$9 million corporate income tax decline in FY 2027.
 - 2.73% or \$396 million sales tax growth in FY 2027.
 - 1.4% or \$55 million federal funding growth in FY 2027.
- \$897 million projected in revenue decrease relative to FY 2026 from three sources.
 - \$158 million projected decrease from interest earnings on state funds and investments.
 - \$189 million projected decrease from inheritance tax receipts.
 - \$550 million projected decrease from transfers into General Funds from the Income Tax Refund Fund.
- Decreases the share of state personal income tax revenues distributed to local governments from 6.47% to 6.28%.
- \$56.032 billion proposed FY 2027 General Funds expenditures, a 1.6% (or \$878 million) increase from the FY 2026 revised spending estimate.
- Over 85% of the FY 2027 spending increases are devoted to fixed costs in education, pensions, and healthcare. Without increases to these three areas, the overall discretionary spending increase is less than 0.5%.
 - \$305 million increase to the Illinois State Board of Education's (ISBE) evidence-based funding formula for K-12 schools.
 - \$192 million increase in pension spending.
 - \$269 million in medical expenditures.
- \$24 million projected FY 2027 surplus.

Pensions

- \$10.7 billion for full funding of the state's certified FY 2027 pension contribution to stay on track for the long-standing 90% funding goal in FY 2045.
- Gov. Pritzker's pension funding proposal:
 - Extend the funding ramp from FY 2045 to FY 2048 to reach 100% funding.
 - Dedicate revenues from expiring bond obligations in FY 2030 and FY 2033 to make additional pension contributions and slow the annual growth rate of the funding ramp.

- Add fixed-length amortization strips, beginning in FY 2035, to soften the potential impact of negative investment returns at the end of the funding ramp.
- Review and make adjustments to the Tier 2 pensionable earnings cap to the Social Security Wage Base, as needed.
- Use surplus revenues from the Income Tax Refund Fund, above a baseline \$150 million balance, to make additional pension payments.
- Extend the state's pension buyout program through FY 2028.

Capital Budget

- \$57.4 billion proposed capital budget in FY 2027.
 - \$84 million in annual repair and maintenance projects would be supported by a new State Repair and Maintenance Fund aimed at avoiding costly repairs.
 - \$1.4 billion in bond-backed funding for CDB deferred maintenance at state facilities and institutions of higher education.
 - \$100 million for deferred maintenance at DMA to generate additional federal matching funds.
 - \$1.7 billion in added bond authorization requests for new and expanded programming:
 - \$250 million for missing middle and affordable housing programs at IHDA and DCEO.
 - \$500 million for downstate road and bridge construction IDOT projects.
 - \$50 million for a new Area Career Centers initiative at DCEO.
 - \$466 million for DCEO Prime Sites, site readiness, public infrastructure, and other business development grant programs.
 - \$50 million to expand the Surplus to Success program.
 - \$100 million to rebuild the residential complex at the Illinois Mathematics and Science Academy.
 - \$97 million for renovation at DMA's General Jones Armory and completion of the new Peoria Readiness Center.
 - \$110 million for continued ERP implementation and technology modernization initiatives.
 - \$100 million for the expansion of the water loan programs at IEPA.

Early Childhood Funding

- \$2.088 billion General Funds (\$4.424 billion All Funds) budget for the Department of Early Childhood (IDEC), coordinating childcare related functions from multiple state agencies into one singular agency.
 - Includes the first year of full operational and programmatic funding for IDEC.
 - \$748 million to maintain investment in the Early Childhood Block Grant funding.
 - \$200 million investment for Early Childhood Workforce Compensation Grants.
 - \$55 million in additional investment for increased participation in the Child Care Assistance Program, up to 155,000 children.
 - \$2.3 million to continue implementation and expansion of Dolly Parton's Imagination Library.
 - \$15 million increase for Early Intervention programs to support timely services for families.

K-12 Education Funding

- \$10.72 billion General Funds (\$15.21 billion All Funds) budget for the Illinois State Board of Education.

- \$305 million increase to support Evidence-Based Funding (EBF) formula, bringing total funding for the EBF to \$9.2 billion.
- \$51 million increase, for a total of \$1.2 billion, in grants for school categorical grants (MCATs).
 - Fully funds Special Education-Orphanage Tuition and Regular Orphanage budget lines.
 - \$20 million increase in Special Education Transportation reimbursements.
 - \$20 million increase in Special Education Tuition.
 - \$10 million increase in Regular/Vocational Transportation expenses.
 - \$35 million at IDOT to support mass transit costs related to student transportation needs.
- Maintains Career and Technical Education programs to expand access to underserved students.
- \$1.5 million for implementation of the Illinois Comprehensive Literacy and Numeracy plans.
- \$15 million in funding to support the fourth year of the Teacher Vacancy Grant Pilot Program.
- \$1.5 million to support the Computer Science Equity Grant.

Higher Education

- \$721.6 million to the Monetary Award Program (MAP), flat funding from FY 2026 but up 80% (or \$320 million) since 2019.
- \$16 million (or 1%) General Funds increase for operating costs of public universities (\$13 million) and community colleges (\$3 million).
- Continues funding to support community college investments in dual-credit and non-credit workforce grant programs.
- \$2 million to continue funding the Diversifying Higher Education Faculty in Illinois (DFI) program.
- \$3 million to support Common App simplified admissions across higher learning institutions.
- \$5 million to continue Early Childhood Access Consortium for Equity scholarships.
- \$10.75 million for Golden Apple Scholars and \$2.5 million for Golden Apple Accelerators.

Housing

- Establishes the Building Up Illinois Developments (BUILD) plan to modernize building codes to allow for higher-density housing types, expand transit-oriented development, and streamline housing construction permitting processes to allow for faster and cheaper construction.
 - The goals are to unlock existing housing potential in communities across Illinois and to cut red tape to build housing faster and cheaper.
- \$100 million for a new Missing Middle Housing Infrastructure (M2I) Grant program at DCEO, included in the FY 2027 capital budget proposal.
- \$100 million for missing middle and other affordable housing programs at the Illinois Housing Development Authority (IHDA), included in the FY 2027 capital budget proposal.
- \$50 million for Opening Doors and SmartBuy down payment assistance programs at IHDA, included in the FY 2027 capital budget proposal.

Department of Human Services

- \$6.938 billion General Funds (\$10.609 billion All Funds) budget for the Department of Human Services.

- \$50 million to hire 450 additional staff and update eligibility determination systems for the Supplemental Nutrition Assistance Program (SNAP) and Medicaid to comply with federal changes regarding eligibility and work requirements imposed by H.R. 1.
- \$253.7 million in General Funds for Home Illinois, including:
 - \$81.5 million to support 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.
- \$97.6 million Home Services Program increase for liability and caseload growth, bringing the investment to \$1.2 billion.
- \$17.8 million increase to support Williams and Colbert consent decree class members in transitioning to the community.
- \$34.0 million increase to phase in the opening of additional mental health forensic beds in the Willow Building at the Alton Mental Health Center.
- \$111 million to maintain funding for services for the Reimagine Public Safety Act to help reduce gun violence in Illinois communities.
- \$3.2 billion, a \$148.7 million increase, to the Division of Developmental Disabilities.
 - \$33.9 million to annualize FY26 placements and fund 630 new placements under the Ligas Consent Decree.
 - \$24 million for a \$0.60/hour rate increase for Direct Service Providers (DSPs) effective January 1, 2027.
 - \$37.5 million to implement the “Zero-Hour” staffing model recommended in the Guidehouse study.
 - \$20 million for the continued transformation of Illinois’ State Operated Developmental Centers (SODCs).

Department of Children and Family Services

- \$1.668 billion General Funds (\$2.491 billion All Funds) budget for the Department of Children and Family Services, an increase of 4.7% (or \$74 million).
 - \$19.5 million in funding from DCFS to the Illinois Department of Early Childhood.
 - \$19.8 million increase to help DCFS providers by addressing reimbursement rates to maintain a competitive wage structure.
 - \$4.7 million increase for the department’s scholarship program, which will serve 1,381 youths in FY 2027.
 - \$24.7 million to enhance support for relative caregivers through a nation-leading relative certification model and support for increased guardianship and adoption subsidies.
 - \$35 million for Comprehensive Community-Based Youth Services, a program of intervention services for at-risk youth that will transition from the Department of Human Services in FY 2027.

Healthcare and Family Services

- \$8.781 billion General Funds (\$47.449 billion All Funds) budget for the Department of Healthcare and Family Services.

- Estimated \$30.6 billion (\$1.4 billion, or 4.7% increase) in General Revenue and related funds liability associated with medical assistance to 3.1 million Illinoisans.
- \$39.0 million to implement the Tailored Case Management Program (TCMP) beginning January 1, 2027, replacing the DHS Comprehensive Class Member Transition Program and Community Transitions.
- \$14.5 million for the Healthcare Transformation 1115 Waiver, focusing on infrastructure and limited housing services.
- \$300 million in federal funds for the new Rural Health Transformation program to support rural healthcare providers and residents.
- \$110 million General Funds (\$143.6 million All Funds) for the Health Benefits for Immigrant Seniors program, flat funding from FY 2026.
- Continued funding for the statewide Medical Debt Relief Pilot Program, which has erased over \$1.1 billion of medical debt for over 500,000 Illinois residents to date.

Department of Public Health

- \$286 million General Funds (\$1.359 billion All Funds) budget for the Illinois Department of Public Health.
 - \$14 million for the Office of Health Care Regulation to hire an additional 61 staff for licensing, inspecting, and certifying healthcare facility compliance with state and federal regulations.
 - \$22 million to support and promote full-spectrum reproductive care through community-based providers.
 - Maintains funding for the Breast and Cervical Cancer Program and the AIDS Drug Assistance Program.
 - Increases funding for newborn screenings to accommodate new requirements.

Department on Aging

- \$1.999 billion General Funds (\$2.225 billion All Funds) budget for the Department on Aging.
 - \$166.8 million increase for the Community Care Program (CCP) for caseload and utilization growth, and to annualize the January 1, 2026, \$1.17/hour rate increase for in-home providers.
 - \$3.3 million increase in funding for the Adult Protective Services (APS) program.

Department of Veterans' Affairs

- \$257.8 million General Funds (\$123.8 million All Funds) budget for the Department of Veterans Affairs.
 - Funds the newly opened residential building at the Quincy Veterans Home.
 - Continues to welcome new residents at the Chicago Veterans Home.

Illinois State Police

- \$477.7 million General Funds (\$998.4 million All Funds) budget for the Illinois State Police.
 - \$2.0 million to support two new cadet classes to hire and train 100 additional sworn troopers.
 - \$9.7 million for contractual services expenses related to STARCOM infrastructure and equipment.
 - \$4.0 million for annual repair and maintenance expenses.
 - \$5.6 million from the State Police Services Fund for early implementation costs of the Clean Slate Act.

Department of Corrections

- \$2.272 billion General Funds (\$2.411 billion All Funds) budget for the Department of Corrections.
 - \$103 million increase for personal services at all 28 correctional facilities and to hire additional administrative staff and 100 additional correctional officers to relieve overtime pressures.
 - \$36.1 million to support the implementation of an electronic health record system.
 - \$20 million for annual repair and maintenance expenses to avoid costly repairs and prevent adding to the deferred maintenance backlog.

Illinois Emergency Management Agency and Office of Homeland Security

- \$27.7 million General Funds (\$1.946 billion All Funds) budget for the Illinois Emergency Management Agency and Office of Homeland Security.
 - \$10 million for the Homeland Security Preparedness and Response Grant Program.
 - \$2 million for the Illinois Nonprofit Security Grant Program.
 - \$2 million from Other State Funds to hire an additional 9 positions to enhance agency capabilities.

Department of Juvenile Justice

- \$174.9 million General Funds (\$190.4 million All Funds) budget for the Department of Juvenile Justice.
 - \$12.0 million increase to support onboard staff and to hire an additional 65 staff to maintain mandated staffing ratios.
 - \$5.0 million increase for Illinois Youth Center Lincoln to hire additional juvenile justice specialists and educators to serve additional youths at the new center.
 - \$2.5 million for annual repair and maintenance expenses to avoid costly emergency repairs and help prevent adding to the deferred maintenance backlog.
 - \$1.9 million increase for contractual healthcare services and increased programming.

Department of Natural Resources

- \$97.9 million General Funds (\$624.4 million All Funds) budget for the Department of Natural Resources.
 - Maintains funding to support department activities, such as preservation of historic sites and operation of the Illinois State Museum system.
 - \$37.5 million proposed for new awards in fiscal year 2027 to support the continued operation of key capital programs, such as Open Space Lands Acquisition and Development (OSLAD) grants.
 - \$11 million for the repair, maintenance, and other permanent improvements to historic sites and state parks.

Environmental Protection Agency

- \$661.0 million All Funds budget for the Environmental Protection Agency.
 - \$14 million for Electric Vehicle (EV) rebates, encouraging the use of EVs to improve air quality in the State.
 - \$5 million increase to support the Brownfields Redevelopment Grant Program.
 - \$1.8 billion in Infrastructure Investment and Jobs Act (IIJA)-related capital appropriations to provide new and reappropriated funding for IIJA water infrastructure programs.

- \$90 million to address emerging contaminants in small and disadvantaged communities to confront per- and polyfluoroalkyl substance (PFAS) pollution.
- \$1.07 billion for lead service line replacement.

Department of Commerce and Economic Opportunity

- \$91 million General Funds (\$3.723 billion All Funds) budget for the Department of Commerce and Economic Opportunity.
 - 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 promotion and film production.
 - \$328.0 million for weatherization programs to help low-income residents and households make their residences more energy efficient.
 - \$3.6 million for a Grant Navigators Program.
 - \$3 million in continued funding for the Innovation Vouchers Program
 - \$6.5 million in continued funding for the Small Business Innovation Research/Small Business Technology Transfer (STTR) Phase I matching grant program.
 - Establishes Economic Development for a Growing Economy (EDGE) Essentials to provide maximum payroll withholding benefits to independent grocery stores and pharmacies in a food or pharmacy desert.
 - \$2 million for the Illinois Grocery Initiative to help address food insecurity faced by millions of Illinoisans living in urban and rural food deserts.
 - Training center investments:
 - \$50 million to the Area Career Centers capital grant program for facility and program enhancements.
 - \$20 million for Manufacturing Training Academies (MTA) capital grants to provide funds for workforce training partnerships with community colleges and private industry.
 - \$20 million for the Illinois Works Pre-Apprenticeship Program to invest in the workforce development pipeline and training.
 - Community revitalization funding:
 - \$35 million capital investment in the Rebuild Illinois Downtowns and Main Streets initiative to revitalize business corridors.
 - \$200 million for public infrastructure capital grants to strengthen roads, bridges, sewer and water mains, and public transportation.
 - Expands eligibility under the Sales and Tax Revenue (STAR) bond statute to include New Opportunities for Vacation and Adventure (NOVA) urban district in Northeast Illinois.
 - Site readiness investments:
 - \$100 million investment in Site Readiness Illinois (SRI) to improve capital infrastructure.
 - \$65 million investment in Prime Sites funding to support companies relocating or expanding operations in Illinois.
 - Transportation infrastructure modernization:
 - \$250,000 for staff to provide technical assistance for the economic development of Illinois ports.
 - \$10 million capital budget appropriation through the Illinois Department of Transportation for grants to ports for administrative functions.

- Adds a Short-Line Rail Tax Credit that supports regional, multi-state efforts to improve short-line railways across the Midwest and rural economic development.