# General Fund Budget Update

## Independent Fiscal Office | Budget Brief | July 2026

The fiscal year (FY) 2026-27 budget was enacted on July 12 with the passage of HB 2400 and SB 146 (Fiscal Code). This budget brief updates the General Fund financial statement based on enacted appropriations and revenue estimates from the Independent Fiscal Office (IFO). For context, recent fiscal years are also displayed.

**General Fund Financial Statement**

| | Actual 2024-25 | Available 2025-26 | Budget 2026-27 |
|---|---|---|---|
| Gross Revenues | $46.41 | $48.93 | $50.33 |
| Less Refunds | -$2.25 | -$2.49 | -$2.58 |
| **Net Revenues** | **$44.16** | **$46.43** | **$47.75** |
| Expenditures | -$47.82 | -$49.03 | -$50.85 |
| Plus PY Lapses | $1.12 | $0.84 | $0.41 |
| **Current Year Deficit** | **-$2.55** | **-$1.76** | **-$2.69** |
| Less Temporary Measures | | | |
| DHS Cycle Roll | --- | $1.32 | $1.32 |
| One-Time Transfers | --- | $0.67 | $0.58 |
| Other | $0.87 | $0.80 | $0.45 |
| **Structural Deficit** | **-$3.41** | **-$4.55** | **-$5.03** |
| Ending Balances | | | |
| General Fund Surplus | $4.16 | $2.46 | -- |
| Rainy Day Fund | $7.47 | $7.76 | $8.11 |

Note: Billions of dollars. Other reflects unusually large lapses and one-time support from special funds.

For FY 2026-27, estimated gross revenues are $50.33 billion, refunds are $2.58 billion and net revenues are $47.75 billion, an increase of $1.32 billion (+2.8%) from the prior year.[1] Appropriations are $50.85 billion, an increase of $1.82 billion (+3.7%) from the prior year. Adding back lapses from prior years (i.e., unused spending authority) yields a current year deficit of $2.69 billion. For FY 2026-27, these figures reflect the following detail:

- The budget includes two consecutive cycle rolls (i.e., delayed monthly payment) of $1.32 billion each for the Department of Human Services (DHS): one roll in FY 2025-26 (which directly increases the General Fund ending balance that is used to support deficit spending in FY 2026-27) and another roll in FY 2026-27. This yields $2.64 billion in temporary, one-time savings across the two years.
- One-time transfers of $580 million from various special funds (included in revenues).
- Multiple spending shifts from the General Fund: $125 million to the Motor License Fund (State Police), $100 million to the State Gaming Fund (various agencies) and $62 million to the Oil and Gas Lease Fund (Department of Conservation and Natural Resources).
- Lower costs relative to the Executive Budget: -$109 million for the Department of Corrections (DOC, likely related to recent prison closures) and roughly -$235 million for DHS.[2]
- Due to the double cycle roll, the Rainy Day Fund is not used and accrues a projected $350 million of interest.

For FY 2026-27, the adjusted spending level without any payment delays is $52.17 billion. Relative to FY 2025-26, adjusted spending grows by 3.6% if the cycle rolls in both years are reversed. For FY 2027-28, the IFO assumes that the state will make 12 monthly payments, and will remain two months behind the "normal" payment schedule. As a result of the delayed payments, FY 2027-28 will show a very strong growth rate for Medical Assistance as the number of monthly payments increases from 11 to 12.

In May 2026, the IFO had estimated a FY 2026-27 structural deficit of $5.56 billion based on proposed appropriations from the Executive Budget. Actual appropriations for FY 2026-27 reduce that figure by $0.52 billion, to $5.03 billion (see table), as the result of cost savings relative to the Executive Budget (primarily DOC and DHS). The double cycle roll for DHS has no implications for the structural deficit estimate.

Per statute, the IFO will update and extend these projections to FY 2031-32 by November 16.

1 For FY 2026-27, the IFO revenue estimate is $240 million (-0.5%) lower than the certified revenue estimate.

2 This comparison uses the Executive Budget adjusted for the Spring Update released in May 2026.