



Office of Fiscal Analysis

Budget Outlook - FY 25 General Fund

July 18, 2024

BUDGET SURPLUS DECLINES

The Office of Fiscal Analysis projects an operating surplus of \$168.9 million for FY 25, which is \$128.9 million less than originally planned.¹ This projection reflects changes (including new policies) since the FY 25 budget was enacted during the regular session of 2023. Spending projections are revised upwards by a (net) total of \$277.1 million while revenue projections are revised upwards by a total of \$148.2 million.

Overview

In Millions of Dollars

General Fund	Budget	July Estimate	Difference from Budget
Revenues	23,103.7	23,251.9	148.2
Expenditures	22,805.9	23,083.0	277.1
Surplus/(Deficit)	297.8	168.9	(128.9)

Key Deficiencies

- \$152.3 million projected deficiency overall within the *Department of Social Services* as FY 24 deficiencies persist in various line items, primarily Medicaid
- \$78.2 million projected deficiency overall within the Office of the State Comptroller (Fringe Benefits) attributable primarily to a \$72.4 million shortfall in the *Higher Education Alternative Retirement line item* due to a change in the accounting of a policy enacted as part of the 2024-2025 biennial budget; other significant (positive and negative) variances within line items are identified throughout the agency but largely cancel each other out - with a net deficiency remaining among these line items of \$5.8 million
- \$42.7 million projected deficiency within the *Adjudicated Claims line item* of the State Comptroller's Miscellaneous budget reflects historical spending trends while no appropriations have been made in FY 25
- \$41.1 million projected deficiency in the *Teachers' Retirement Board* budget primarily due to a shortfall in the Retirement Contributions line item because the FY 25 appropriation is \$42.4 million less than required to meet the updated (June 30, 2023) actuarial valuation; the shortfall in the Retirement Contributions line item is partially offset by various lapses in the agency, which are \$1.3 million in total
- \$39.3 million projected deficiency in the *Department of Correction* as FY 24 deficiencies persist in Personal Services (\$10.3 million) and Other Expenses (\$11.9 million), as well as additional expenditure requirements due to increased electricity rates under Other Expenses (\$5.5 million), and increased costs of drugs and pharmaceuticals under Inmate Medical Services (\$7.7 million)

¹ The [2024-2025 biennial budget](#) included a General Fund surplus of \$297.8 million (see Table 1.1 on page 5 of the linked budget book).

Key Lapses

- \$72.9 million projected lapse overall in the Office of the State Treasurer (Debt Service) mostly reflects updated information regarding actual bond issuances since the 2024-2025 biennial budget was enacted

Revenue

Baseline revenue projections have improved slightly overall, with an increase of \$25.8 million or 0.11% since enactment of the FY 25 budget in 2023 as part of the 2024-2025 biennial budget.² Separately, the net effect of certain policies enacted in 2024 within Public Acts 24-81 and 24-151 is to increase FY 25 General Fund revenues by a total of \$122.4 million. See listing below for details.

New Policies Impacting FY 25 General Fund Revenue

- Eliminate the scheduled transfer of \$12 million to the Tobacco Health Trust Fund
- Transfer the approximate \$0.8 million unexpended balance of the Biomedical Research Trust Fund to the General Fund
- Transfer approximately \$0.4 million annually (beginning in FY 25) of the state's revenues from sports wagering to a newly established youth sports grant program
- Increase the transfer of revenues from FY 24 to FY 25 by \$110 million (\$205 million total)

² As reflected in consensus revenue projections, the latest of which is [April 30, 2024](#).