



Office of Fiscal Analysis

FY 25 BUDGET PROJECTIONS

June 26, 2025

NEW POLICIES REDUCE PROJECTED SURPLUSES AND VOLATILITY TRANSFER

The Office of Fiscal Analysis projects operating surpluses within the General and Special Transportation funds of \$226.5 million and \$2.7 million, respectively. Relative to [last month's projection](#), the projected operating surplus in the General Fund has decreased by \$221.4 million and the projected operating surplus in the Special Transportation Fund (STF) has decreased by \$137.7 million. Projections reflect policy changes impacting FY 25 included in [Public Act 25-168](#) (the Budget Act for the FY 26 – FY 27 Biennium).

In accordance with [Public Act 25-93](#), *An Act Increasing Resources for Students, Schools and Special Education*, the entirety of the projected operating surplus of \$226.5 million in the General Fund will be transferred to the newly established Early Childhood Education Endowment Fund.¹

Volatility adjustment transfers of up to \$1.7 billion (pensions funds) and \$221.5 million (Budget Reserve Fund) are anticipated at the close of FY 25 in late September of this calendar year. The additional deposit into the Budget Reserve Fund will maintain reserves at the maximum of 18.0% of net General Fund appropriations, equal to approximately \$4.3 billion in FY 26.

General Fund and Volatility

Designated volatile revenues in the General Fund (the estimates and finals portion of the personal income tax and the pass-through entity tax) are revised upward by \$190 million in total to reflect collections results since April consensus estimates. However, an upward adjustment to the volatility cap and transfer to FY 26 in PA 25-168 essentially captures \$150 million of the positivity to enable more General Fund appropriations in FY 26 to pay down the Teachers' Retirement System's unfunded actuarial accrued liability. The remaining \$40 million increases the projected volatility transfer amount relative to last month's projection.

Overview

In Millions of Dollars

General Fund	Budget	June Estimate	Difference from Budget
Revenues	23,103.7	23,719.1	615.4
Expenditures	23,272.0	23,492.6	220.6
Surplus/(Deficit)	(168.3)	226.5	394.8
Budget Reserve Deposit	491.3	1,943.5	1,452.2
Special Transportation Fund			
Revenues	2,354.5	2,196.7	(157.8)
Expenditures	2,286.4	2,194.0	(92.4)
Surplus/(Deficit)	68.1	2.7	(65.4)
Fund Balance	509.1	443.7	(65.4)

Other significant adjustments to revenue projections include: 1) a downward adjustment of \$75 million in projections of corporation tax revenue in addition to the \$85 million downward adjustment in the same category in April consensus; 2) an upward adjustment of \$50 million in projections to the withholding

¹ Each year, a portion of these funds is to be used to cover administrative costs, a health insurance subsidy for early care and education employees, expansion and programmatic costs provided any such costs supplement other state, local or federal funds.

portion of the personal income tax; 3) a downward adjustment of \$11 million in transfer projections to reflect Section 27 of PA 25-168 allowing the Probate Court Administrator to retain funds otherwise scheduled to be transferred to the General Fund; and 4) various other updates to revenue projections result in a net total change of \$12.6 million to General Fund revenue projections relative to the most recent monthly statement.

New carry forward authorizations in PA 25-168 are reflected as increased expenditures and reduce the projected lapse in various accounts by approximately \$262.7 million in total, thus negatively impacting the projected FY 25 surplus. Partially offsetting this projected spending increase are significant downward adjustments to projected spending in other areas such as: 1) an \$18.7 million downward adjustment to debt service; 2) a \$17.9 million downward adjustment to the Adjudicated Claims line item within the State Comptroller's budget; and 3) a downward adjustment of \$28.1 million (net) among various other updates.

Special Transportation Fund

Special Transportation Fund (STF) revenue projections are revised downward by \$144.5 million. Most of this change is due to a provision in PA 25-168 that transfers \$140 million of FY 25 STF resources to future years.² The remaining changes net to a downward revision of \$4.5 million in projected revenues, including a \$10.4 million reduction to Oil Companies due to continued low oil prices, partially offset by revisions to other revenue sources based on collection trends. STF expenditures are revised downward by \$6.8 million, driven by a reduction of \$5.6 million in anticipated debt service payments, \$1.1 million in agency personnel costs, and \$0.1 million in fringe benefits.

General Fund Summary

In Millions of Dollars

Summary	FY 25
Budgeted Balance ¹	(168.3)
Revenue Adjustments as of April 2024 Consensus	25.8
Revenue Changes	
+ Investment Income	318.7
+ Withholding	290.0
+ Federal Grants	13.2
+ Health Provider Tax	(60.9)
+ Net Revenue	28.6
Revenue Subtotal	615.4
Expenditure Changes	
+Agency Deficiencies	(70.0)
+Unachieved Lapse Targets	(150.6)
Expenditure Subtotal	(220.6)
= Surplus: Transferred to Early Childhood Endowment	226.5
Budget Reserve Fund Starting Balance	4,105.1
+ Volatility Adjustment	1,943.5
= Budget Reserve Transfer Subtotal	1,943.5
= Budget Reserve Fund Balance	6,048.6

Special Transportation Fund Summary

In Millions of Dollars

Summary	FY 25
Budgeted Surplus	68.1
Revenue Adjustments as of April 2024 Consensus	56.0
Revenue Changes	
+ Oil Companies	(77.5)
+ Licenses, Permits and Fees	(4.9)
+ Sales Tax - DMV	1.9
+ Federal Grants	(2.9)
+ Net Revenue	(130.4)
Revenue Subtotal	(157.8)
Expenditures	
+Agency Deficiencies	0.0
+Net Lapses	92.4
Expenditure Subtotal	92.4
= Surplus/(Deficit)	2.7
STF Starting Balance	441.0
+ Surplus/(Deficit)	2.7
= Fund Balance	443.7

² Section 44 of PA 25-168

¹Budget Balance Adjusted for Deficiency Bill

For further information, please see the links below:

[Revenue Details Table](#)

[Expenditure Details Table](#)

[Budget Status Page](#)