
2025-27 Budget Overview

Senior Lobby Fall Conference

October 16, 2025

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Director





Operating budget needs are outpacing resources

Resources available

- Relatively small current ending balance (+\$381 million, enacted budget)
- Since the budget was signed, revenue forecast decreased by ~\$1.6 billion

Required spending

- Caseloads
- Health care & K-12 inflation

Challenges

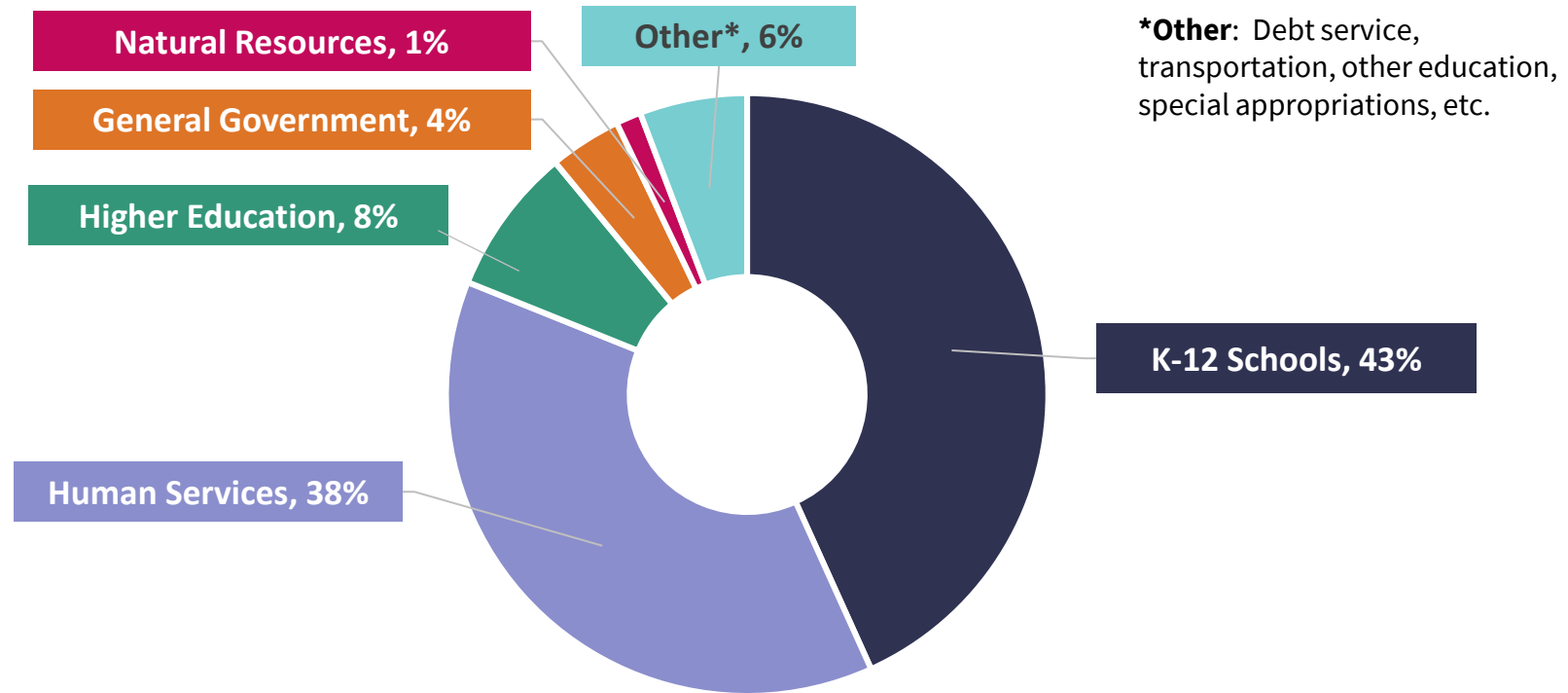
- Increasing caseloads
- Federal funding and policy changes
- Budget demands/existing programs
- Tort liability costs

Problem statement

- Budget deficit is ~\$1.2 billion before any dollars are spent in the 2026 supplemental budget
- Additional funding for ongoing programs (maintenance level) may cost \$1-2 billion

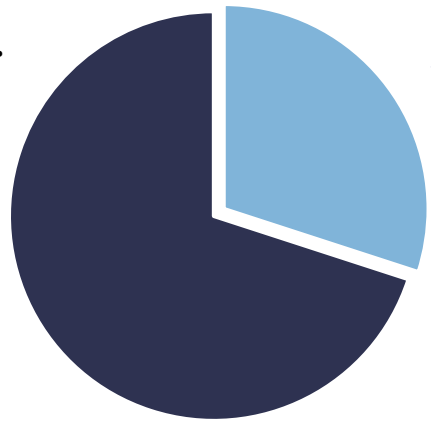
Near General Fund – Current state spending

2025–27 NGF-O spending, \$77.9 billion



Operating budget – Majority of near General Fund spending is required

About **65%** of the
budget is
protected by law.



The other 35%
is for other
purposes

Examples of required spending:

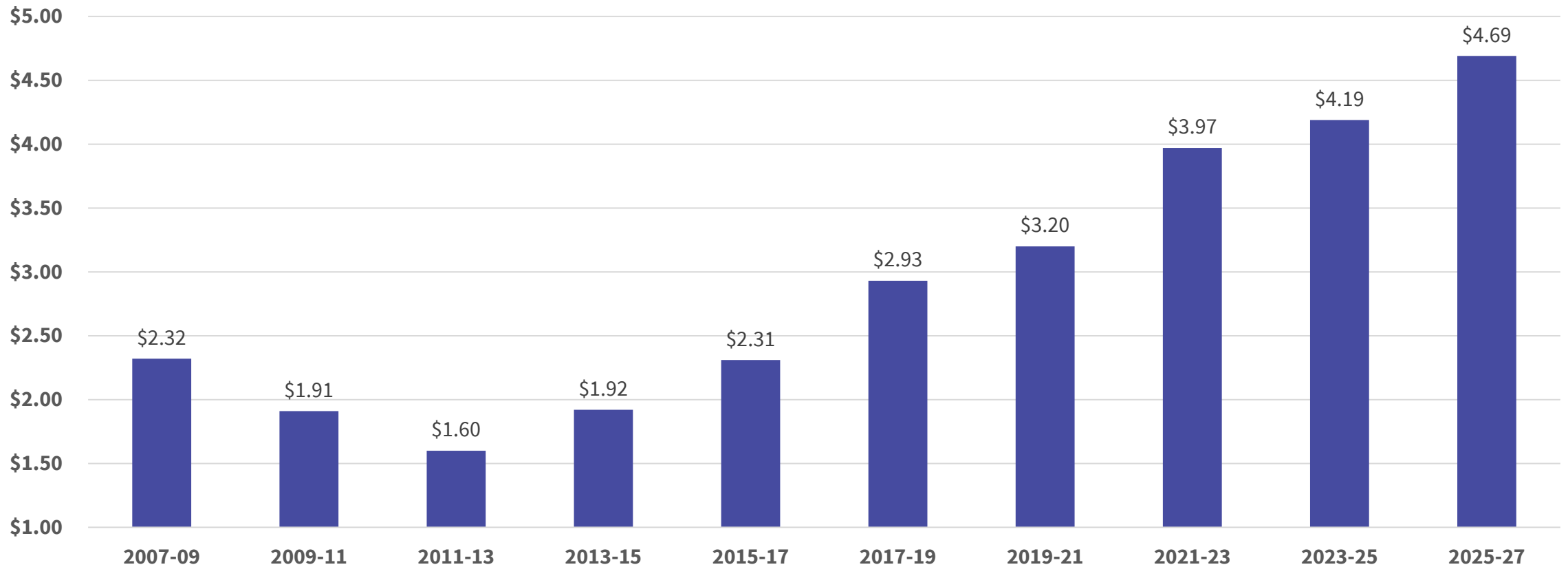
- Debt service
- Pension contributions
- Entitlements (such as TANF, financial aid, Medicaid, K-12 basic education)
- Correctional institutions
- Working Families Tax Credits
- Courts
- Transfers to Budget Stabilization Account

Examples of flexible spending:

- Higher education
- Human services (such as state-only funded health care programs, public health)
- K-12 other programs
- Natural resources
- State basic operating costs
- Reserves

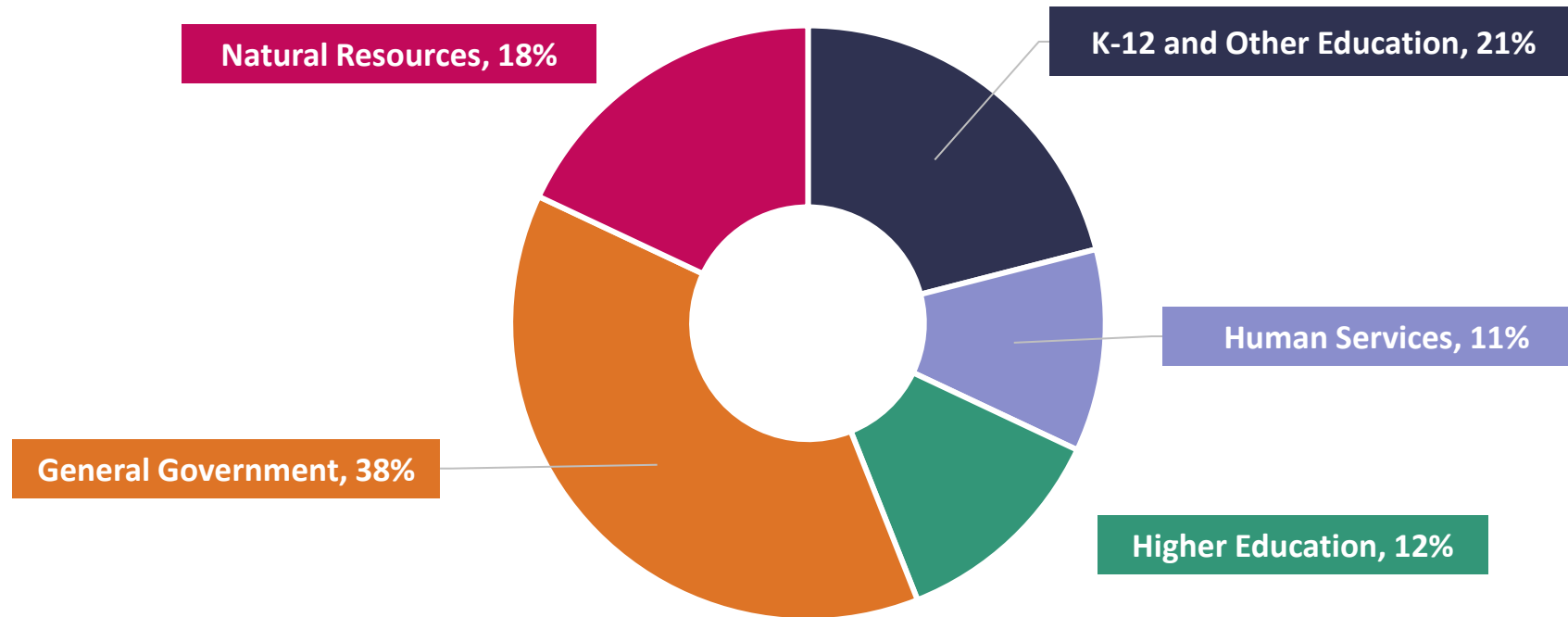
Capital budget – Bond resources available

\$ in billions

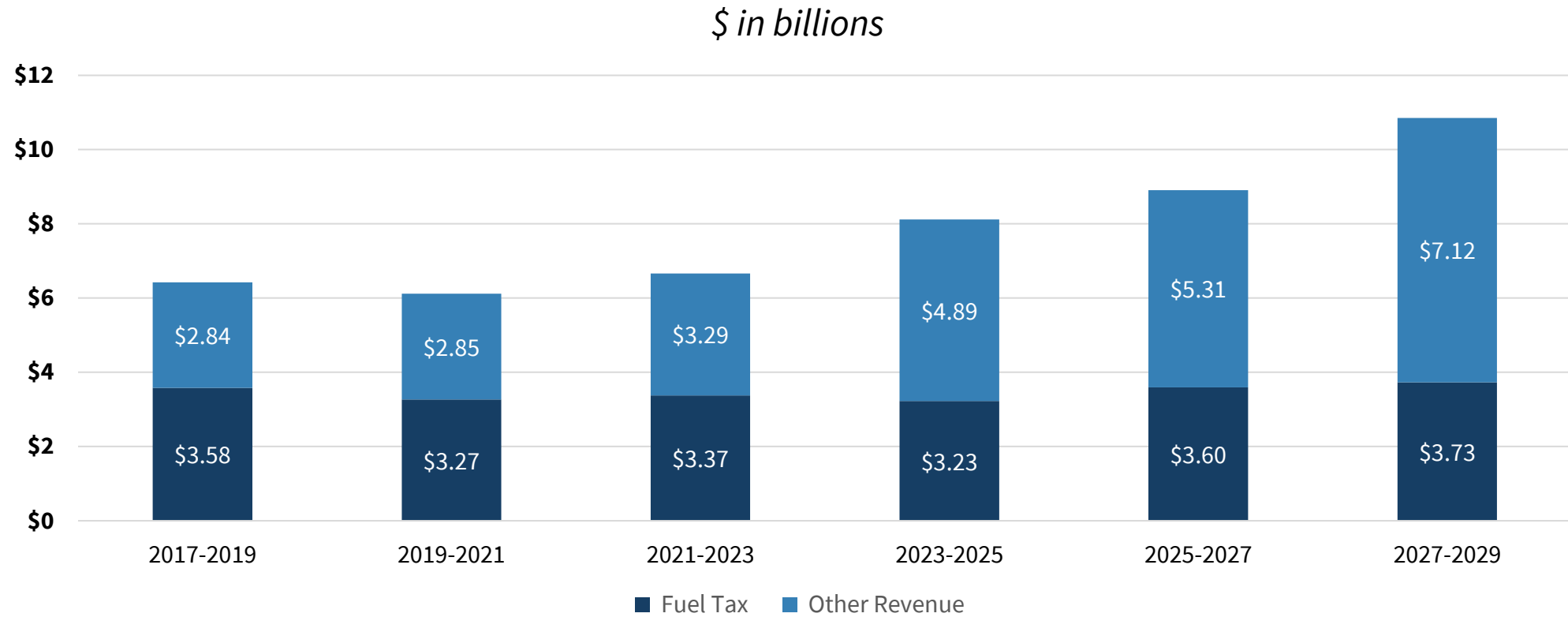


Capital budget bonds – Current spending

2025-27 Capital bond spending: \$4.5 billion

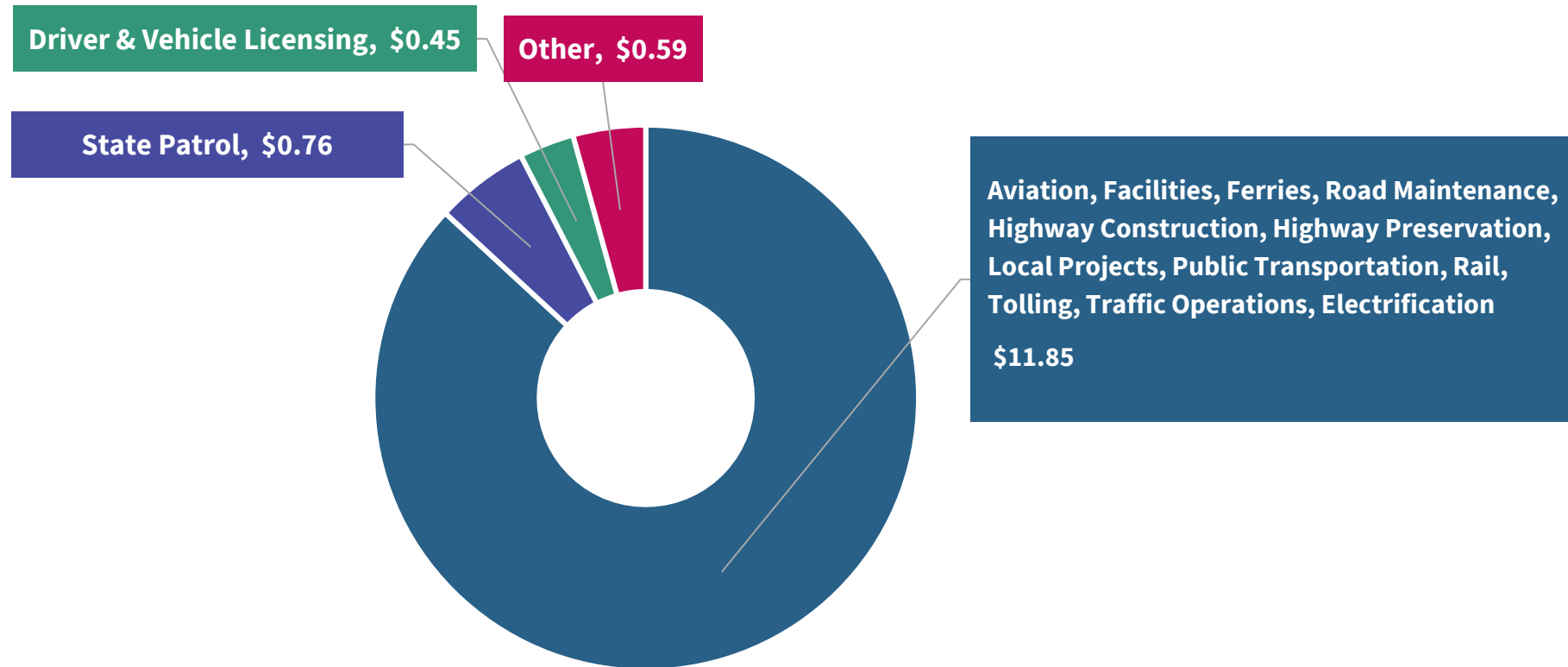


Transportation budget — Resources



Transportation budget – Current spending

All funds – \$ in billions



Questions?

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