



# Commission on Government Forecasting and Accountability

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## MONTHLY BRIEFING

*For the Month Ended: MARCH 2026*

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**CGFA**

COMMISSION ON GOVERNMENT  
FORECASTING & ACCOUNTABILITY

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### Revenues Improve in March to Strengthen FY 2026 Gains through 3<sup>rd</sup> Quarter

Eric Noggle, Revenue Manager

The third quarter of FY 2026 ended on a solid note, as revenues deposited into the State's General Funds increased by \$233 million, or 4.8%, in March. A strong receipting month for the Personal Income Tax helped offset a weaker month for several smaller State sources and Transfers. Through the 3<sup>rd</sup> Quarter, total General Funds revenues are now up \$1.571 billion, or 4.2%.

For the month, Personal Income Tax receipts increased by \$309 million, or 8.8%. On a net basis, after accounting for distributions to the Income Tax Refund Fund and the Local Government Distributive Fund, growth totaled \$261 million. The magnitude of this month's increase is largely attributable to an additional receipting day compared to last March (without this extra day, growth would have been only 1.2%). Even so, the overall performance remains encouraging as the State approaches the revenue-heavy month of April and the income tax filing deadline.

Also contributing to the positive monthly performance was the Sales Tax. After stagnating in February, Sales Tax revenues posted modest gains in March, increasing by \$27 million, or 2.9%. On a net basis, after distributions to the Road Fund and certain transportation funds, receipts rose by \$14 million, or 1.8%.

Corporate Income Tax receipts, however, were somewhat weaker, declining by \$11 million, or 3.4%. On a net basis, receipts were \$8 million below the comparable total from last March.

An area of strength for much of the fiscal year has been the smaller State sources that comprise the “All Other State Sources” category. However, these sources collectively declined by \$20 million in March. Much of this decrease reflects a \$22 million drop in Insurance Taxes. This decline was not unexpected, as February receipts had risen by \$60 million, indicating a timing-related fluctuation in these deposits. Additional declines were recorded in Interest on State Funds and Investments (down \$7 million) and the Corporate Franchise Tax (down \$3 million). Partially offsetting these losses were a \$14 million increase in Public Utility Taxes, a \$3 million gain in Estate Tax receipts, and a \$1 million rise in Other Sources.

Transfers In were also lower in March, declining by \$26 million overall. This decrease was primarily driven by weaker Lottery Transfers, which fell by \$30 million, along with a \$5 million reduction in Other Transfers and a \$2 million dip in Cannabis Transfers. These declines more than offset a \$9 million increase in Sports Wagering Transfers and a \$2 million gain in the Gaming Transfer. *Note: Additional information on Cannabis Excise Taxes for the 3<sup>rd</sup> Quarter of FY 2026 is shown on page 13.*

General Funds receipts from Federal Sources totaled \$289 million in March, which was \$12 million above last March’s total. This marks the second consecutive month of year-over-year growth, following three straight months of declines.

<i>Summary of Receipts</i>				
<b>MARCH</b>				
<i>FY 2025 vs. FY 2026</i>				
<i>(\$ millions)</i>				
<b>Revenue Sources</b>	<b>March FY 2025</b>	<b>March FY 2026</b>	<b>\$ CHANGE</b>	<b>% CHANGE</b>
Net Personal Income Tax	\$2,974	\$3,235	\$261	8.8%
Net Corporate Income Tax	\$259	\$251	(\$8)	-3.1%
Net Sales Tax	\$781	\$795	\$14	1.8%
All Other State Sources	\$416	\$396	(\$20)	-4.8%
Transfers In	\$185	\$159	(\$26)	-14.1%
Federal Sources [base]	\$277	\$289	\$12	4.3%
<b>Base General Funds</b>	<b>\$4,892</b>	<b>\$5,125</b>	<b>\$233</b>	<b>4.8%</b>
<i>Non-Base Gen Funds Revenues</i>	\$0	\$0	\$0	N/A
<b>Total General Funds</b>	<b>\$4,892</b>	<b>\$5,125</b>	<b>\$233</b>	<b>4.8%</b>

CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding

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**MARCH**  
**FY 2025 vs. FY 2026**  
(\$ millions)

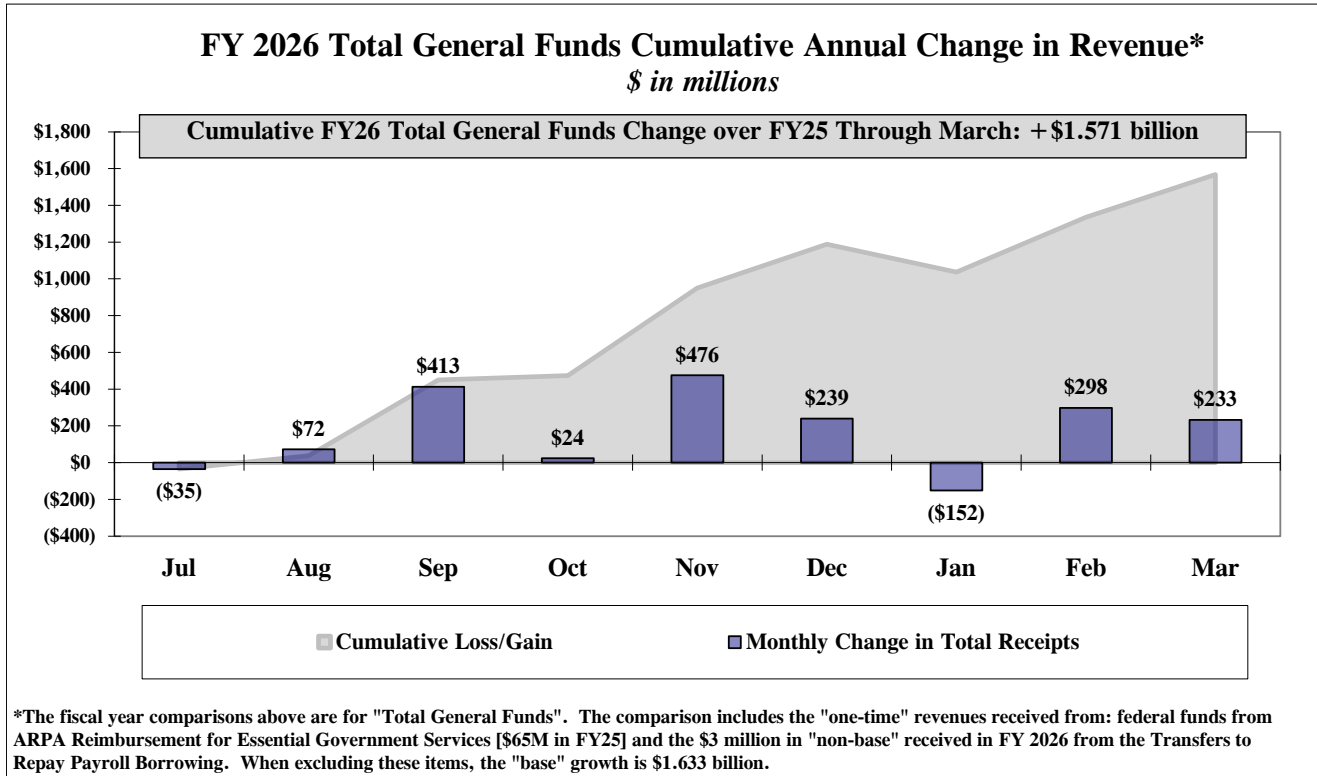
<u>Revenue Sources</u>	<u>March FY 2025</u>	<u>March FY 2026</u>	<u>\$ CHANGE</u>	<u>% CHANGE</u>
<b>State Taxes</b>				
Personal Income Tax	\$3,499	\$3,808	\$309	8.8%
Corporate Income Tax (regular)	324	313	(11)	-3.4%
Sales Taxes	924	951	27	2.9%
Public Utility Taxes (regular)	68	82	14	20.6%
Cigarette Tax	14	14	0	0.0%
Liquor Gallonage Taxes	12	11	(1)	-8.3%
Estate Tax	62	65	3	4.8%
Insurance Taxes and Fees	64	42	(22)	-34.4%
Corporate Franchise Tax & Fees	23	20	(3)	-13.0%
Interest on State Funds & Investments	38	31	(7)	-18.4%
Cook County IGT	94	89	(5)	-5.3%
Other Sources	41	42	1	2.4%
<b>Total State Taxes</b>	<b>\$5,163</b>	<b>\$5,468</b>	<b>\$305</b>	<b>5.9%</b>
<b>Transfers In</b>				
Lottery	\$84	\$54	(\$30)	-35.7%
Gaming	16	18	2	12.5%
Sports Wagering	32	41	9	28.1%
Cannabis	10	8	(2)	-20.0%
Refund Fund	0	0	0	N/A
Other	43	38	(5)	-11.6%
<b>Total Transfers In</b>	<b>\$185</b>	<b>\$159</b>	<b>(\$26)</b>	<b>-14.1%</b>
<b>Total State Sources</b>	<b>\$5,348</b>	<b>\$5,627</b>	<b>\$279</b>	<b>5.2%</b>
<b>Federal Sources [base]</b>	<b>\$277</b>	<b>\$289</b>	<b>\$12</b>	<b>4.3%</b>
<b>Total Federal &amp; State Sources</b>	<b>\$5,625</b>	<b>\$5,916</b>	<b>\$291</b>	<b>5.2%</b>
<b>Nongeneral Funds Distributions/Direct Receipts:</b>				
<b>Refund Fund</b>				
Personal Income Tax	(\$320)	(\$349)	(\$29)	9.1%
Corporate Income Tax	(\$45)	(\$43)	2	-4.4%
<b>Local Government Distributive Fund</b>				
Personal Income Tax	(206)	(224)	(18)	8.7%
Corporate Income Tax	(19)	(18)	1	-5.3%
<b>Sales Tax Distributions</b>				
Deposits into Road Fund	(62)	(57)	5	-8.1%
Distribution to the PTF and DPTF	(81)	(99)	(18)	22.2%
<b>General Funds Subtotal [Base]</b>	<b>\$4,892</b>	<b>\$5,125</b>	<b>\$233</b>	<b>4.8%</b>
ARPA Reimb. for Essential Gov't Services	\$0	\$0	\$0	N/A
Transfers to Repay Payroll Borrowing	\$0	\$0	\$0	N/A
<b>Total General Funds</b>	<b>\$4,892</b>	<b>\$5,125</b>	<b>\$233</b>	<b>4.8%</b>

CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding

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## Analysis of Revenues through Third Quarter

With only one quarter remaining in FY 2026, revenues deposited into the State's General Funds are up \$1.571 billion, or 4.2%. As illustrated in the graph below, revenues have steadily strengthened following a year-over-year decline in July at the start of the fiscal year. Strong gains in September, November, and December, along with continued growth in February and March, have driven this solid overall performance.



Year-to-date growth of 4.2% through March exceeds the 2.4% rate needed to meet the revenue assumptions underlying the enacted FY 2026 budget. While this performance is encouraging, three months remain in the fiscal year, including April, which is historically volatile due to final tax payments. That said, the strength of several major revenue sources through February provided sufficient confidence for the Commission to increase its FY 2026 revenue outlook (as shown on page 8). **March's results further reinforced this upward revision.** The following paragraphs provide a categorical overview of revenue performance through March.

**Personal Income Tax:** Receipts from the State's largest revenue source are up \$1.113 billion through March on a gross basis and \$946 million on a net basis, after accounting for distributions to the Income Tax Refund Fund (ITRF) and the Local Government Distributive Fund (LGDF). The year-to-date growth rate of 4.9% exceeds the 0.9% increase assumed in the enacted budget. Strong wage growth throughout the fiscal year has more than offset relatively flat employment levels, supporting steady gains in withholding-related collections.

However, a portion of the expected year-over-year declines in net true-up adjustments has yet to materialize, and the typically volatile month of April remains ahead. Despite these uncertainties, the

strength of year-to-date performance through February prompted the Commission to **increase its FY 2026 Personal Income Tax estimate by \$779 million on a gross basis and \$661 million on a net basis** relative to the enacted budget. March's results further reinforced this upward revision.

**Corporate Income Tax:** Through March, Corporate Income Tax receipts are approximately \$209 million below last year's pace on a gross basis and \$166 million lower on a net basis. The year-to-date net decline of 6.2% stands in sharp contrast to the 10.8% growth assumed in the Enacted Budget. The budgeted growth was largely predicated on revenue-enhancing provisions enacted during the 2025 spring session under P.A. 104-0006, including changes to tax apportionment rules and the elimination of certain deductions for 80/20 companies. However, provisions contained in the One Big Beautiful Bill Act (OBBBA)—enacted in July after the State budget was finalized—are likely offsetting much of the anticipated gain from those State-level changes. Because Illinois conforms to significant portions of the federal tax code, these recent federal changes are likely reducing State Corporate Income Tax receipts relative to earlier expectations. During the Fall Veto Session, Illinois partially decoupled from the federal Act under P.A. 104-0453 by disallowing a new bonus depreciation deduction for certain non-residential real property used in qualified production activities. Nonetheless, other federal changes are expected to continue exerting downward pressure on collections.

As a result, Corporate Income Tax revenues are now projected to fall well below the levels assumed in the Enacted Budget. The extent of the shortfall remains uncertain, with the final payment period expected to provide greater clarity. Based on recent trends and the potential for additional weakness, **the Commission reduced its FY 2026 Corporate Income Tax estimate by \$1.044 billion on a gross basis and \$837 million on a net basis** relative to the Enacted Budget.

**Sales Tax:** Sales Tax receipts concluded FY 2025 at elevated levels, and this momentum has largely continued into FY 2026. Through March, gross Sales Tax receipts are up \$363 million, or 4.2%, exceeding the 2.7% growth assumption incorporated into the FY 2026 revenue forecast. On a net basis, however, receipts are up only \$102 million, or 1.3%, after accounting for statutory distributions to the Road Fund and certain transportation funds. This divergence was anticipated, as a larger share of Sales Tax revenues is being redirected to transportation-related funds in FY 2026 compared to FY 2025. The moderate strength this fiscal year appears to reflect a combination of elevated price levels and sustained disposable income. Absent a marked slowdown in the final quarter of the fiscal year, Sales Tax receipts are well positioned to meet or exceed budgeted targets. Accordingly, the Commission **increased its FY 2026 Sales Tax estimate by \$150 million on a gross basis and \$78 million on a net basis** relative to the Enacted Budget.

**All Other State Sources:** Receipts from All Other State Sources are performing well above last year's levels, with year-to-date growth totaling \$288 million, or 9.7%. This strength is largely driven by a \$216 million increase in Estate Tax receipts, which continue to exceed initial projections. Insurance Taxes and Fees have also contributed significantly, rising by \$92 million. Despite recent reductions in core interest rates, Interest on State Funds and Investments remains \$2 million above last year's pace through March. Partially offsetting these gains are declines in Other Sources (down \$16 million), Cigarette Taxes (down \$10 million), and Liquor Taxes (down \$5 million). Even with

these decreases, the overall growth rate stands in sharp contrast to the 6.6% decline projected for this category in the enacted budget. In response to this stronger-than-expected performance, the Commission **increased its FY 2026 estimate for All Other State Sources by \$557 million** relative to the enacted budget.

**Transfers In:** Transfers In are up \$624 million through March, driven primarily by a significant increase in the Income Tax Refund Fund transfer. The \$700 million transferred from this Fund in FY 2026 is \$447 million above the FY 2025 total of \$253 million and \$250 million higher than assumed in the budget. Additional strength has come from wagering-related revenues. The Sports Wagering Transfer is up \$146 million, reflecting continued industry growth and the implementation of a new per-wager tax at the beginning of the fiscal year. The Gaming Transfer has increased by \$61 million due to the continued development of permanent casino facilities across the State and the reallocation of a portion of video gaming tax revenues to this transfer. Based on year-to-date performance and ongoing growth in wagering-related sources, the Commission **increased its FY 2026 Transfers In estimate by \$409 million** relative to the Enacted Budget.

**Federal Sources:** Federal Sources continue to display significant month-to-month volatility. Following the first quarter, federal receipts deposited into the General Funds were up 13.7%, generally consistent with the 13.1% increase assumed in the FY 2026 budget. However, receipts are now down 5.2% year-to-date after declining in three of the last five months. While uncertainty persists regarding future federal funding levels under the current administration, recent volatility appears primarily attributable to the timing of Medicaid-related matching payments affecting the General Funds. Because Federal Sources are closely tied to spending levels, the Commission typically adopts the Governor’s Office of Management and Budget (GOMB) forecast at this stage of the fiscal year. **The Governor’s Office recently reduced its FY 2026 estimate by \$184 million, and the Commission mirrored this adjustment.**

<i>Summary of Receipts</i>				
<b>GENERAL FUNDS RECEIPTS: THROUGH MARCH</b>				
<i>FY 2025 vs. FY 2026</i>				
<i>(\$ millions)</i>				
<b>Revenue Sources</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>\$ CHANGE</b>	<b>% CHANGE</b>
Net Personal Income Tax	\$19,193	\$20,139	\$946	4.9%
Net Corporate Income Tax	\$2,661	\$2,495	(\$166)	-6.2%
Net Sales Tax	\$7,897	\$7,999	\$102	1.3%
All Other State Sources	\$2,977	\$3,265	\$288	9.7%
Transfers In	\$1,776	\$2,400	\$624	35.1%
Federal Sources [base]	\$3,120	\$2,959	(\$161)	-5.2%
<b>Base General Funds</b>	<b>\$37,624</b>	<b>\$39,257</b>	<b>\$1,633</b>	<b>4.3%</b>
<i>Non-Base Gen Funds Revenues</i>	\$65	\$3	(\$62)	-95.4%
<b>Total General Funds</b>	<b>\$37,689</b>	<b>\$39,260</b>	<b>\$1,571</b>	<b>4.2%</b>

CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding

# GENERAL FUNDS RECEIPTS: THROUGH MARCH

FY 2025 vs. FY 2026

(\$ millions)

<u>Revenue Sources</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>\$</u> <u>CHANGE</u>	<u>%</u> <u>CHANGE</u>
<b>State Taxes</b>				
Personal Income Tax	\$22,588	\$23,701	\$1,113	4.9%
Corporate Income Tax (regular)	3,322	3,113	(209)	-6.3%
Sales Taxes	8,739	9,102	363	4.2%
Public Utility Taxes (regular)	553	554	1	0.2%
Cigarette Tax	141	131	(10)	-7.1%
Liquor Gallonage Taxes	132	127	(5)	-3.8%
Estate Tax	466	682	216	46.4%
Insurance Taxes and Fees	399	491	92	23.1%
Corporate Franchise Tax & Fees	148	156	8	5.4%
Interest on State Funds & Investments	556	558	2	0.4%
Cook County IGT	244	244	0	0.0%
Other Sources	338	322	(16)	-4.7%
<b>Total State Taxes</b>	<b>\$37,626</b>	<b>\$39,181</b>	<b>\$1,555</b>	<b>4.1%</b>
<b>Transfers In</b>				
Lottery	\$590	\$606	\$16	2.7%
Gaming	142	203	61	43.0%
Sports Wagering	133	279	146	109.8%
Cannabis	85	79	(6)	-7.1%
Refund Fund	253	700	447	176.7%
Other	573	533	(40)	-7.0%
<b>Total Transfers In</b>	<b>\$1,776</b>	<b>\$2,400</b>	<b>\$624</b>	<b>35.1%</b>
<b>Total State Sources</b>	<b>\$39,402</b>	<b>\$41,581</b>	<b>\$2,179</b>	<b>5.5%</b>
<b>Federal Sources [base]</b>	<b>\$3,120</b>	<b>\$2,959</b>	<b>(\$161)</b>	<b>-5.2%</b>
<b>Total Federal &amp; State Sources</b>	<b>\$42,522</b>	<b>\$44,540</b>	<b>\$2,018</b>	<b>4.7%</b>
<b>Nongeneral Funds Distributions/Direct Receipts:</b>				
<b>Refund Fund</b>				
Personal Income Tax	(\$2,067)	(\$2,169)	(\$102)	4.9%
Corporate Income Tax	(466)	(434)	32	-6.9%
<b>Local Government Distributive Fund</b>				
Personal Income Tax	(1,328)	(1,393)	(65)	4.9%
Corporate Income Tax	(196)	(183)	13	-6.6%
<b>Sales Tax Distributions</b>				
Deposits into Road Fund	(536)	(496)	40	-7.5%
Distribution to the PTF and DPTF	(306)	(607)	(301)	98.4%
<b>General Funds Subtotal [Base]</b>	<b>\$37,624</b>	<b>\$39,257</b>	<b>\$1,633</b>	<b>4.3%</b>
ARPA Reimb. for Essential Gov't Services	\$65	\$0	(\$65)	-100.0%
Transfers to Repay Payroll Borrowing	\$0	\$3	\$3	N/A
<b>Total General Funds</b>	<b>\$37,689</b>	<b>\$39,260</b>	<b>\$1,571</b>	<b>4.2%</b>

CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding

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## Overview of the Commission’s FY 2026 Revenue Estimate Update and FY 2027 Forecast (Released March 5, 2026)

Eric Noggle, Revenue Manager

On March 5th, the Commission released its updated revenue projection for FY 2026 General Funds, as well its FY 2027 revenue forecast. The following article provides an overview of these figures along with a discussion on how these estimates compare to the Governor’s February 2026 estimates. A more comprehensive look at these estimates, along with an overview of recent national and Illinois economic conditions and forecasts can be viewed at the Commission’s website or by using the following link: <https://cgfa.ilga.gov/Upload/FY26-FY27%20Revenue%20Estimates%20Document%203-5-26.pdf>.

### FY 2026 CGFA General Funds Revised Estimate (Mar-26)

Incorporating the revenue adjustments discussed in the preceding section, the Commission revised its FY 2026 General Funds revenue estimate upward by \$686 million, or 1.2%, to \$55.983 billion. This compares to the FY 2026 Enacted Budget assumption of \$55.297 billion. The revised estimate is \$1.984 billion, or 3.7%, above the FY 2025 actual total of \$53.998 billion.

*As noted previously, the Commission’s revised estimates were based on receipt activity through February. The 4.8% growth recorded in March further reinforced this upward revision.*

<b>FY 2026 Revenue Estimates</b>				
<b>Enacted Budget Revenue Assumptions vs FY 2026 CGFA Revised March '26</b>				
(\$ millions)				
<u>Revenue Sources</u>	<u>FY 2026 Enacted Budget Rev Assumptions</u>	<u>FY 2026 CGFA Revised March '26</u>	<u>\$ Change</u>	<u>% Change</u>
Personal Income Taxes [Net]	\$28,420	\$29,081	\$661	2.3%
Corporate Income Taxes [Net]	\$5,238	\$4,401	(\$837)	-16.0%
Sales Tax [Net]	\$10,717	\$10,795	\$78	0.7%
All Other State Sources	\$3,954	\$4,511	\$557	14.1%
Transfers In	\$2,768	\$3,177	\$409	14.8%
Federal Sources	\$4,200	\$4,016	(\$184)	-4.4%
<b>General Funds Subtotal [Base]</b>	<b>\$55,297</b>	<b>\$55,981</b>	<b>\$684</b>	<b>1.2%</b>
Transfers to Repay Payroll Borrowing	\$0	\$2	\$2	N/A
<b>Total General Funds Revenues</b>	<b>\$55,297</b>	<b>\$55,983</b>	<b>\$686</b>	<b>1.2%</b>

Budget Source: <https://budget.illinois.gov/> Note: Some totals may not equal, due to rounding.

## FY 2026 Forecast Comparison: GOMB Revised (Feb'26) vs. CGFA Revised (Mar'26)

As shown below, the Commission's revised FY 2026 estimate of \$55.983 billion is \$755 million, or 1.4%, higher than the Governor's Office February 2026 revised estimate of \$55.228 billion. The variance is primarily attributable to the Commission's more optimistic outlook for Personal Income Tax receipts, as well as stronger projections within several components of the All Other State Sources and Transfers-In category. Specifically, the Commission's estimates are notably higher for the Estate Tax, Insurance Taxes and Fees, the Corporate Franchise Tax, Interest on State Funds and Investments, and the Sports Wagering Transfer reflecting the strong performance of these revenue sources in recent months.

It is important to note that the Commission's estimate incorporates actual revenue data through February. Due to the timing of the release of its forecast, GOMB was not able to include these more recent figures, which contributes in part to the difference between the two projections.

FY 2026 Revenue Estimates				
GOMB Revised (Feb'26) vs. CGFA Revised (Mar'26)				
(\$ millions)				
<u>Revenue Sources</u>	<u>FY 2026 GOMB Revised February '26</u>	<u>FY 2026 CGFA Revised March '26</u>	<u>\$ Change</u>	<u>% Change</u>
Personal Income Taxes [Net]	\$28,686	\$29,081	\$395	1.4%
Corporate Income Taxes [Net]	\$4,314	\$4,401	\$87	2.0%
Sales Tax [Net]	\$10,827	\$10,795	(\$32)	-0.3%
All Other State Sources	\$4,276	\$4,511	\$235	5.5%
Transfers In	\$3,108	\$3,177	\$69	2.2%
Federal Sources	\$4,016	\$4,016	\$0	0.0%
<b>General Funds Subtotal [Base]</b>	<b>\$55,226</b>	<b>\$55,981</b>	<b>\$755</b>	<b>1.4%</b>
<b>General Funds Non-Base Subtotal</b>	<b>\$2</b>	<b>\$2</b>	<b>\$0</b>	<b>0.0%</b>
<b>Total General Funds Revenues</b>	<b>\$55,228</b>	<b>\$55,983</b>	<b>\$755</b>	<b>1.4%</b>

Source for GOMB figures: <https://budget.illinois.gov/> Note: Some totals may not equal, due to rounding.

## FY 2027 CGFA General Funds Revised Estimate (Mar'26)

The Commission estimates that FY 2027 General Funds revenues will total approximately \$55.525 billion. This represents a decline of \$458 million, or 0.8%, from the Commission's revised FY 2026 forecast of \$55.983 billion. A categorical breakdown of this forecast is provided in the table below.

<b>CGFA Revenue Estimates for FY 2026 and FY 2027</b>				
<b>March 2026</b>				
<i>(\$ millions)</i>				
	FY 2026	FY 2027	\$	%
<u>Revenue Sources</u>	<u>CGFA Revised</u>	<u>CGFA</u>	<u>Change</u>	<u>Change</u>
	<u>March '26</u>	<u>March '26</u>		
Personal Income Taxes [Net]	\$29,081	\$28,959	(\$122)	-0.4%
Corporate Income Taxes [Net]	\$4,401	\$4,432	\$31	0.7%
Sales Tax [Net]	\$10,795	\$10,942	\$147	1.4%
All Other State Sources	\$4,511	\$4,237	(\$274)	-6.1%
Transfers In	\$3,177	\$2,884	(\$293)	-9.2%
Federal Sources	\$4,016	\$4,071	\$55	1.4%
<b>General Funds Subtotal [Base]</b>	<b>\$55,981</b>	<b>\$55,525</b>	<b>(\$456)</b>	<b>-0.8%</b>
Transfers to Repay Payroll Borrowing	\$2	\$0	(\$2)	-100.0%
<b>Total General Funds Revenues</b>	<b>\$55,983</b>	<b>\$55,525</b>	<b>(\$458)</b>	<b>-0.8%</b>

Note: Some totals may not equal, due to rounding.

The underlying assumptions supporting this forecast are summarized below.

**Personal Income Tax:** Economists anticipate flat to slightly declining employment and population levels in Illinois in the coming months. While this environment may constrain revenue growth, projected gains in personal income driven by higher wages should partially offset a stagnant employment outlook. As a result, moderate underlying base growth in Personal Income Tax receipts is expected in FY 2027.

However, several offsetting factors are projected to limit overall growth. In recent fiscal years, Personal Income Tax revenues have benefitted from sizeable “true-up” reallocations of prior year receipts, including an expected \$806 million boost in FY 2026. Preliminary estimates from the Department of Revenue indicate the overall FY 2027 true-up will be much smaller. The impact to Personal Income Tax revenues will likely be negative, creating a significant year-over-year decline for this revenue component. In addition, FY 2027 will not benefit from one-time amnesty revenues (as occurred in FY 2026), and the growth of tax credits and exemption levels will further temper net growth.

After accounting for these factors, the Commission estimates that FY 2027 Personal Income Tax gross revenues will decline by \$145 million, with net revenues decreasing by \$122 million or 0.4%, despite modest growth in the underlying tax base.

**Corporate Income Tax:** Considerable uncertainty remains regarding how businesses will respond to recent federal tax changes and evolving federal trade and immigration policies. The latest S&P

Global forecast projects only modest growth in Illinois' Gross State Product over the coming year. Given these conditions, the Commission is maintaining a cautious outlook.

While base growth is expected to remain relatively subdued, the “true-up” adjustments that constrained Corporate Income Tax growth in prior years are projected to produce a modest positive impact in FY 2027. Taken together, these factors are expected to yield slight year-over-year growth in this revenue source. The Commission estimates that FY 2027 Corporate Income Tax gross revenues will **increase by \$39 million, with net revenues rising \$31 million, or 0.7%**, from the reduced FY 2026 level.

**Sales Tax:** Sales Tax revenues demonstrated solid growth in the first half of FY 2026 but moderated in the latter portion of the year. Looking ahead, lower interest rates could stimulate economic activity and support continued, albeit modest, growth in FY 2027.

The Commission projects gross Sales Tax revenues to increase by \$354 million, or 2.9%. However, net General Funds growth is expected to be more limited—an **increase of \$147 million, or 1.4%**—due to the continued statutory diversion of a larger share of Sales Tax revenues to transportation-related funds in FY 2027.

**All Other State Sources:** Collectively, the remaining State revenue sources are projected to **decline by \$274 million in FY 2027**. Anticipated reductions in interest rates are expected to lower revenues from Interest on State Funds and Investments. While Estate Tax receipts were a notable strength in FY 2026, collections are projected to retreat from recent elevated levels; however, even with this decline, FY 2027 Estate Tax revenues are still expected to represent the second-highest total on record. In addition, ongoing declines in Public Utility Taxes and Cigarette Taxes are expected to persist.

**Transfers In:** Transfers In are forecast to **decline by \$293 million in FY 2027** compared to the Commission's revised FY 2026 estimate. The primary driver of this decrease is the unusually large \$700 million Income Tax Refund Fund transfer received in FY 2026, reflecting excess balances carried over from FY 2025. For FY 2027, the Commission assumes a transfer of \$350 million, which is near the ten-year historical average.

Growth in wagering-related transfers—specifically the Casino Transfer and Sports Wagering Transfer—is expected to continue and partially offset this decline. However, minimal growth is projected for the remaining transfer categories.

**Federal Sources:** At this time, the Commission is adopting GOMB's FY 2027 Federal Sources estimate of \$4.071 billion, as this projection is largely driven by anticipated expenditures in federally matched programs. This figure is **\$55 million above the revised FY 2026 estimate of \$4.016 billion**. These projections remain subject to change pending federal policy developments.

**FY 2027 Forecast Comparison: GOMB (Feb'26) vs. CGFA (Mar'26)**

In the FY 2027 Budget Book, GOMB projects FY 2027 General Funds revenues totaling \$56.055 billion. The Commission's FY 2027 estimate of \$55.525 billion is \$530 million below that figure.

However, it is important to emphasize that the Commission's forecast is based strictly on current law. GOMB's FY 2027 projection incorporates approximately \$728 million in net revenue adjustments that would require statutory changes. These include a distribution change to Personal Income Tax receipts to LGDF [\$60M]; a change to the Net Operating Loss (NOL) deduction limit [\$269M]; a Sales Tax distribution change related to the sale of candy, soft drinks, and grooming supplies [\$79M]; an increase in the graduated tax on casinos [\$120M]; and a new social media fee [\$200M]. **When those proposed enhancements are removed, GOMB's current-law estimate falls below the Commission's projection, making the Commission's forecast effectively \$198 million higher on a comparable basis.**

On a current-law basis, the difference between the two agencies' estimates is approximately 0.4%. Nonetheless, there are notable variations by revenue category. The Commission's Personal Income Tax estimate is \$613 million lower than GOMB's, primarily because it incorporates the anticipated negative impact of significantly smaller true-up adjustments. Conversely, CGFA's Corporate Income Tax projection is \$396 million higher, reflecting a somewhat more favorable view of base receipts and the expected positive effect of the FY 2027 true-up adjustment on this revenue source.

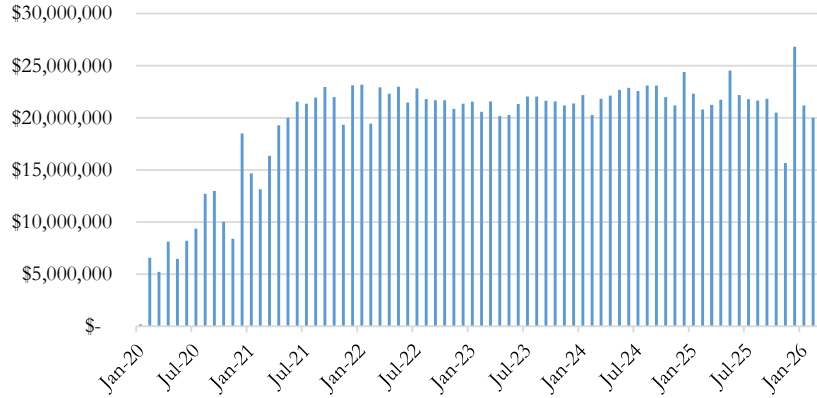
The Commission's Sales Tax forecast is \$102 million below GOMB's, consistent with a slightly more conservative growth assumption. In contrast, the Commission projects higher totals for All Other State Sources (\$274 million higher) and Transfers In (\$243 million higher), largely due to the stronger FY 2026 revenue base from which the FY 2027 estimates are derived. For Federal Sources, the Commission is adopting GOMB's estimate, given that this category is closely tied to projected expenditure levels. These differences are summarized in the following table.

FY 2027 General Funds Revenues						
CGFA [Mar'26] vs GOMB [Feb '26] with & without Proposed Adjustments						
(\$ millions)						
		Without Proposed Revenue Adjustments			Including Proposed Revenue Adjustments	
	FY 2027 CGFA	FY 2027 GOMB Revised	CGFA vs GOMB	Value of Proposed Adjustments	FY 2027 GOMB Revised	CGFA vs GOMB
<u>Revenue Sources</u>	<u>March '26</u>	<u>February '26</u>	<u>Difference</u>		<u>February '26</u>	<u>Difference</u>
Personal Income Taxes [Net]	\$28,959	\$29,572	(\$613)	\$60	\$29,632	(\$673)
Corporate Income Taxes [Net]	\$4,432	\$4,036	\$396	\$269	\$4,305	\$127
Sales Tax [Net]	\$10,942	\$11,044	(\$102)	\$79	\$11,123	(\$181)
All Other State Sources	\$4,237	\$3,963	\$274	\$0	\$3,963	\$274
Transfers In	\$2,884	\$2,641	\$243	\$320	\$2,961	(\$77)
Federal Sources	\$4,071	\$4,071	\$0	\$0	\$4,071	\$0
<b>General Funds Subtotal [Base]</b>	<b>\$55,525</b>	<b>\$55,327</b>	<b>\$198</b>	<b>\$728</b>	<b>\$56,055</b>	<b>(\$530)</b>
<b>General Funds Non-Base Subtotal</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total General Funds Revenues</b>	<b>\$55,525</b>	<b>\$55,327</b>	<b>\$198</b>	<b>\$728</b>	<b>\$56,055</b>	<b>(\$530)</b>

Budget Source: <https://budget.illinois.gov/> Note: Some totals may not equal, due to rounding.

## Cannabis Quarterly – 3rd Quarter FY 2026

### MONTHLY CANNABIS EXCISE TAXES



Illinois State Comptroller

### CANNABIS REGULATION FUND REVENUE

(\$ millions)

Revenue Source	FY25 Q3	FY26 Q3	\$ Change	% Change	FY25 YTD	FY26 YTD	\$ Change	% Change
State Cannabis Excise Taxes	\$64.3	\$62.6	(\$1.7)	-2.7%	\$200.6	\$190.8	(\$9.8)	-4.9%
Licenses and Registration Fees	\$4.2	\$4.1	(\$0.1)	-1.7%	\$8.9	\$7.9	(\$1.0)	-10.9%
Other Revenue	\$0.0	\$0.0	\$0.0	21.2%	\$0.3	\$0.0	(\$0.3)	-89.9%
<b>Total</b>	<b>\$68.6</b>	<b>\$66.7</b>	<b>(\$1.8)</b>	<b>-2.6%</b>	<b>\$209.8</b>	<b>\$198.8</b>	<b>(\$11.0)</b>	<b>-5.3%</b>

Illinois State Comptroller, CGFA

### CANNABIS REGULATION FUND EXPENDITURES

(\$ millions)

Object of Expenditure	FY25 Q3	FY26 Q3	\$ Change	% Change	FY25 YTD	FY26 YTD	\$ Change	% Change
Transfer - General Revenue Fund	\$22.9	\$22.1	(\$0.8)	-3.4%	\$65.7	\$61.4	(\$4.3)	-6.5%
Transfer - Professional Services	\$0.0	\$0.0	(\$0.0)	-100.0%	\$0.0	\$0.1	\$0.0	55.1%
Transfer - Workers' Compensation Revolving	\$0.0	\$0.0	\$0.0	n/a	\$0.1	\$0.0	(\$0.0)	-52.0%
Transfer - Criminal Justice Info Projects	\$16.3	\$15.8	(\$0.6)	-3.4%	\$46.9	\$43.9	(\$3.1)	-6.5%
Transfer - Drug Treatment	\$1.3	\$1.3	(\$0.0)	-3.4%	\$3.8	\$3.5	(\$0.2)	-6.5%
Transfer - DHS Community Services	\$13.1	\$12.6	(\$0.4)	-3.4%	\$37.6	\$35.1	(\$2.5)	-6.5%
Transfer - Local Government Distributive Fund	\$5.2	\$5.0	(\$0.2)	-3.4%	\$15.0	\$14.0	(\$1.0)	-6.5%
Transfer - Budget Stabilization	\$6.5	\$6.3	(\$0.2)	-3.4%	\$18.8	\$17.5	(\$1.2)	-6.5%
Transfer - Cannabis Expungement	\$0.7	\$0.7	(\$0.1)	-7.6%	\$2.1	\$2.0	(\$0.1)	-6.8%
<b>Transfer Total</b>	<b>\$66.1</b>	<b>\$63.8</b>	<b>(\$2.3)</b>	<b>-3.5%</b>	<b>\$190.0</b>	<b>\$177.5</b>	<b>(\$12.4)</b>	<b>-6.6%</b>
Operations - Agriculture	\$2.3	\$2.2	(\$0.1)	-5.0%	\$7.3	\$5.5	(\$1.8)	-24.6%
Operations - Commerce and Econ. Opportunity	\$0.3	\$0.3	\$0.0	6.9%	\$0.6	\$1.0	\$0.3	53.6%
Operations - Financial Professional Regulation	\$1.5	\$2.4	\$1.0	66.3%	\$4.3	\$6.0	\$1.7	38.4%
Operations - Public Health	\$0.0	\$0.0	\$0.0	n/a	\$0.0	\$0.0	\$0.0	n/a
Operations - Revenue	\$0.0	\$0.1	\$0.0	49.8%	\$1.5	\$1.6	\$0.0	3.1%
Operations - State Police	\$0.9	\$1.0	\$0.1	12.5%	\$2.3	\$2.7	\$0.4	16.8%
Operations - Criminal Justice Information Authority	\$0.0	\$0.0	\$0.0	n/a	\$0.0	\$0.0	\$0.0	n/a
<b>Operations Total</b>	<b>\$5.1</b>	<b>\$6.1</b>	<b>\$1.0</b>	<b>20.0%</b>	<b>\$16.2</b>	<b>\$16.8</b>	<b>\$0.6</b>	<b>3.9%</b>
<b>Grand Total</b>	<b>\$71.1</b>	<b>\$69.9</b>	<b>(\$1.3)</b>	<b>-1.8%</b>	<b>\$206.2</b>	<b>\$194.3</b>	<b>(\$11.8)</b>	<b>-5.7%</b>

Illinois State Comptroller, CGFA

## INDICATORS OF ILLINOIS ECONOMIC ACTIVITY

INDICATORS*	LATEST MONTH	PRIOR MONTH	A YEAR AGO
Unemployment Rate (Average) (Dec.)	4.6%	4.4%	4.9%
Inflation in Chicago (12-month percent change) (Feb.)	2.0%	1.3%	3.8%
	LATEST MONTH	CHANGE OVER PRIOR MONTH	CHANGE OVER A YEAR AGO
Civilian Labor Force (thousands) (Dec.)	6,545.4	0.0%	-1.6%
Employment (thousands) (Dec.)	6,243.6	-0.3%	-1.3%
Nonfarm Payroll Employmen (Dec.)	6,159,300	11,800	-1,700
New Car & Truck Registration (Feb.)	26,590	-25.1%	-12.3%
Single Family Housing Permits (Jan.)	535	-24.8%	-11.1%
Total Exports (\$ bil) (Jan.)	5.98	-2.1%	-6.7%
Chicago Purchasing Managers Index (Mar.)	52.8	-8.5%	10.9%
* Due to monthly fluctuations, trend best shown by % change from a year ago			

### General Obligation Bond Sale April 2026

Anthony Bolton, Senior Revenue Analyst and Lynnae Kapp, Senior Revenue/Bond Analyst

The State of Illinois sold approximately \$1.2 billion in a General Obligation bond sale that they expect to close on April 14th, 2026. According to an official State press release from the Governor's Office of Management and Budget (GOMB), of that total, \$210 million in taxable Series of April 2026A bonds are maturing in 2027 through 2036. These bonds are expected to fund capital projects and the pension acceleration program. The true interest cost of this series is 4.95 percent, a significant decrease in interest compared to the last taxable negotiated General Obligation bond sale in May 2024 (Series A). The true interest rate in that sale was 5.35 percent, a difference of 40 basis points.

The Series of April 2026B tax-exempt bonds, totaling \$75 million, are maturing in 2027 through 2036. These bonds are anticipated to fund technology projects under the State Rebuild Illinois capital program. This is the smallest General Obligation bond series offered by Illinois since a bond sale in May 2018 (Series B).

The remaining \$915 million of April 2026C bonds are maturing in 2027 through 2051. These bonds are anticipated to fund capital projects. This amount is the largest single tax-exempt negotiated General Obligation Bond offering tranche since a May 2024 sale. The aggregated true interest cost of both the April 2026B and April 2026C bonds combined is 4.74 percent.

All three ratings agencies affirmed the State's G.O. ratings and stable outlooks, with Moody's rating at A2, and S&P Global Ratings and Fitch Ratings at A-. According to GOMB, over 70 institutional investors were involved in the bond sale. The investors produced more than \$1.2 billion in orders. More than \$300 million was generated from retail investors.

The tenuous overall geopolitical situation may affect investor hesitation in regard to Illinois bond offerings. According to J.P. Morgan strategists led by Peter DeGroot, “The continued rate volatility and unpredictable nature of geopolitical developments make for an unsettling environment for investors to commit capital, which is further exacerbated by the challenging current and expected net-supply backdrop” (Bond Buyer March 26, 2026).

STATE-ISSUED BOND SALES									
DATE	BOND SALE TYPE	AMOUNT	TAXABLE v. TAX-EXEMPT	NEGOTIATED v. COMPETITIVE SALE	TRUE INTEREST COST	S&P	FITCH	MOODY'S	KROLL
<b>FY 2024</b>									
Nov-23	General Obligation December 2023A	\$175 million	taxable	competitive	5.47%	A-	A-	A3	
Nov-23	General Obligation December 2023B	\$350 million	tax-exempt	competitive	3.90%	A-	A-	A3	
Nov-23	General Obligation December 2023C	\$350 million	tax-exempt	competitive	4.69%	A-	A-	A3	
Jan-24	Build Illinois February 2024A	\$300 million	tax-exempt	competitive	2.94%	A	A+		AA+
Jan-24	Build Illinois February 2024B	\$150 million	tax-exempt	competitive	3.53%	A	A+		AA+
Jan-24	Build Illinois February 2024C	\$150 million	tax-exempt	competitive	4.17%	A	A+		AA+
May-24	General Obligation May 2024A	\$250 million	taxable	negotiated	5.35%	A-	A-	A3	
May-24	General Obligation May 2024b	\$1.550 billion	tax-exempt	negotiated	4.20%	A-	A-	A3	
<b>FY 2025</b>									
Sep-24	General Obligation October 2024 Refunding	\$1.088 billion	tax-exempt	negotiated	3.47% aggregated	A-	A-	A3	
Sep-24	General Obligation October 2024A	\$150 million	taxable	competitive	4.386%	A-	A-	A3	
Sep-24	General Obligation October 2024B	\$150 million	tax-exempt	competitive	3.329%	A-	A-	A3	
Sep-24	General Obligation October 2024C	\$300 million	tax-exempt	competitive	4.039%	A-	A-	A3	
Mar-25	Build Illinois March 2025A	\$276 million	tax-exempt	competitive	3.268%	A	A+		AA+
Mar-25	Build Illinois March 2025B	\$218 million	tax-exempt	competitive	3.933%	A	A+		AA+
Mar-25	Build Illinois March 2025B	\$231 million	tax-exempt	competitive	4.464%	A	A+		AA+
<b>FY 2026</b>									
Aug-25	General Obligation September 2025A	\$240 million	taxable	competitive	4.550%	A-	A-	A3	
Aug-25	General Obligation September 2025B	\$235 million	tax-exempt	competitive	2.751%	A-	A-	A3	
Aug-25	General Obligation September 2025C	\$235 million	tax-exempt	competitive	3.532%	A-	A-	A3	
Aug-25	General Obligation September 2025D	\$355 million	tax-exempt	competitive	4.524%	A-	A-	A3	
Aug-25	General Obligation September 2025E	\$355 million	tax-exempt	competitive	5.028%	A-	A-	A3	
Aug-25	General Obligation September 2025F	\$355 million	tax-exempt	competitive	5.213%	A-	A-	A3	
Nov-25	Build IL December 2025 Junior A	\$300 million	tax-exempt	competitive	3.024%	A	A+		AA+
Nov-25	Build IL December 2025 Junior B	\$150 million	tax-exempt	competitive	3.867%	A	A+		AA+
Nov-25	Build IL December 2025 Junior C	\$150 million	tax-exempt	competitive	4.494%	A	A+		AA+
Mar-26	General Obligation April 2026A	\$210 million	taxable	negotiated	4.95%	A-	A-	A2	
Mar-26	General Obligation April 2026B	\$75 million	tax-exempt	negotiated	4.74%	A-	A-	A2	
Mar-26	General Obligation April 2026C	\$915 million	tax-exempt	negotiated	aggregated	A-	A-	A2	

## **FY 2027 State Employees' Group Insurance Program Update**

Anthony Bolton, Senior Revenue Analyst

The Commission has recently published its updated revenue and liability estimates for the State Employees Group Insurance Program (SEGIP). This report outlines projected revenues, expenditures, membership, and health insurance trends for the 2027 fiscal year. It also examines the status of health insurance bills held by the State of Illinois along with historical trends. The full report is available on the Commission's website or by using the link below. The following section highlights key findings from the FY 2027 report.

<https://cgfa.ilga.gov/Upload/FY2027GroupInsuranceReport.pdf>

Current health insurance contracts are expected to remain in place, though enrollment has shifted significantly due to the departure of Health Alliance from the SEGIP at the start of FY 2026. While many of the approximately 60,000 former Health Alliance members moved to other HMO plans, the majority moved to one of the existing Open Access Plans (OAPs). This has had the effect of lowering overall HMO enrollment and increasing OAP enrollment (and associated liabilities). Aside from this significant shift, enrollment and overall utilization of health plans is expected to rise modestly in FY 2027 across the HMOs, OAPs, Quality Care Health Plan (QCHP), and Medicare Advantage Preferred Provider Organization plan (MA-PPO).

The Department of Central Management Services (CMS) has provided contract information for the 2027 fiscal year indicating a continuation of certain contracts in place as well as an anticipated five-year renewal for the Open Access Plans and Quality Care Health Plan. The new fiscal year will also include negotiated rate increases for group insurance participants.

Health care utilization among SEGIP participants remains strong, supported by a wide range of provider and service options. Participants also make use of alternative care options, such as telehealth services and wellness initiatives, which help reduce costs and improve care efficiency.

### **Liabilities and Revenues**

In preparing this report, the Commission utilizes information from the annual cost trend survey report provided by the Segal Company. This report examines how large health plans are trending during the plan year. The following are some relevant findings of the 2026 Segal Health Plan Cost Trend Survey.

- For 2026, health plan costs are projected to increase between 6.2% (Medicare Advantage plans) and 9.3% (PPO plans). Prescription plan prices are projected to increase by 11.0%
- For 2026, as in prior years, drug prices are expected to rise by over 11% (in the case of specialty drugs, by 11.9%) due to utilization, marketing, replacement of existing drug therapies, etc.
- Cost trend increases are driven by various factors, notably medical price inflation, hospital prices, and outpatient costs.

- Continued developments in anti-obesity medications have contributed to increased prescription costs. In plans that cover anti-obesity medications, obesity management was responsible for 6.7% out of the total 14.8% increase in the 2025 Segal report.
- Dental and vision plans are expected to continue to have increases of 3.0% to 5.0%, depending on plan type.

The 2026 Segal report identified several factors driving rising health care costs, including medical inflation, new treatments, the effects of aging and obesity, increased emphasis on detection and diagnostics, cost shifting, and regulatory changes. The report also highlighted a high prevalence of mental health claims among younger populations covered by health insurance plans. In 2024, between 25% of Baby Boomers (age 61+) and 36% of Generation Alpha (age 13 and younger) enrolled in health plans filed a mental health claim in 2024.

To help manage medical costs, Segal identified several strategies, including digital health coaching, well-being services, and targeted use of artificial intelligence to detect fraud and improve outreach. For pharmaceutical cost management, the report outlined approaches such as clinical controls and management strategies for GLP-1 medications used in obesity treatment. The State of Illinois currently uses several of these tools, including health coaching and network strategies, to help moderate costs.

According to CMS, projected FY 2027 liabilities are expected to rise \$380 million over FY 2026, to \$4.618 billion. This would be a 9.0% rise from the expected FY 2026 total liability of \$4.238 billion. However, this would be a smaller increase year-to-year compared to FY 2025 (14.8% or \$492.9 million over FY 2024) and FY 2026 (10.5% or \$402.8 million over FY 2025). This translates to a 38.2% increase in overall liabilities from FY 2024 to FY 2027. Noting these predictions, the Commission also anticipates that liabilities and revenues will increase from FY 2026 and estimates a total SEGIP liability of \$4.655 billion in FY 2027, \$37.2 million more than CMS.

<b>FY 2027 GROUP HEALTH INSURANCE LIABILITY</b>			
(\$ in Millions)			
<b>Liability Component</b>	<b>FY 2026 CMS Estimate</b>	<b>FY 2027 CMS Projection</b>	<b>FY 2027 CGFA Projection</b>
QCHP Medical	\$351.8	\$374.3	\$380.8
QCHP Prescriptions	\$157.3	\$172.5	\$173.6
Dental	\$148.6	\$155.5	\$155.5
HMO	\$613.5	\$649.6	\$655.2
Medicare Advantage HMO/PPO	\$84.3	\$122.6	\$124.7
Open Access Plan	\$2,670.9	\$2,913.7	\$2,931.1
Consumer Driven Health Plan (CDHP)	\$54.7	\$61.8	\$63.3
Vision	\$7.2	\$7.3	\$7.3
Administrative Services	\$16.3	\$14.0	\$15.0
Life	\$100.3	\$112.4	\$112.4
Special Programs (Admin/Int./Other)	\$32.8	\$33.9	\$35.9
<b>TOTAL</b>	<b>\$4,237.7</b>	<b>\$4,617.6</b>	<b>\$4,654.8</b>
% increase over prior year	10.5%	9.0%	9.8%
*Rounding may cause slight differences.			

The Department’s estimate of liability for FY 2027 represents a 9.0% increase from FY 2026, primarily due to significantly increased medical trend inflation and required coverage for certain treatments/medications (as stated by CMS). The Open Access Plan is anticipated to compose the largest component of overall liability for FY 2027, with \$2.914 billion (63%) out of a total group insurance liability (estimated) of \$4.618 billion. It should be noted that the Open Access Plan portion also contains many more members currently than in prior years due to the migration of many former Health Alliance HMO members to various OAPs.

In regard to revenues for FY 2027, CMS projects estimated revenues for FY 2027 totaling \$4.552 billion. This is a 8.7% increase from the 2026 fiscal year estimated revenue of \$4.187 billion. For FY 2027, the fiscal data provided by CMS shows the Group Health Insurance Program receiving \$2.799 billion in GRF funds. This represents a \$319 million (or 12.8%) increase from the FY 2026 expected GRF component of \$2.481 billion (the official FY 2026 GRF enacted appropriation was \$2.531 billion, but this includes an additional \$50 million as a reserve).

Member contributions are projected to increase to \$637 million in FY 2027 (compared to \$607 million in FY 2026). In regard to member contributions, depending on employee plan choices and overall employment trends, member contributions may increase or decrease as employees migrate to preferred plans based on the new premium rate structure. For example, if fewer employees choose to move to CDHP (a High Deductible Health Plan), employee contributions may be higher as they will pay higher premiums depending on their preferred plan choice. Furthermore, negotiated increases in employee/dependent contributions may cause this component of overall SEGIP funding to increase over time.

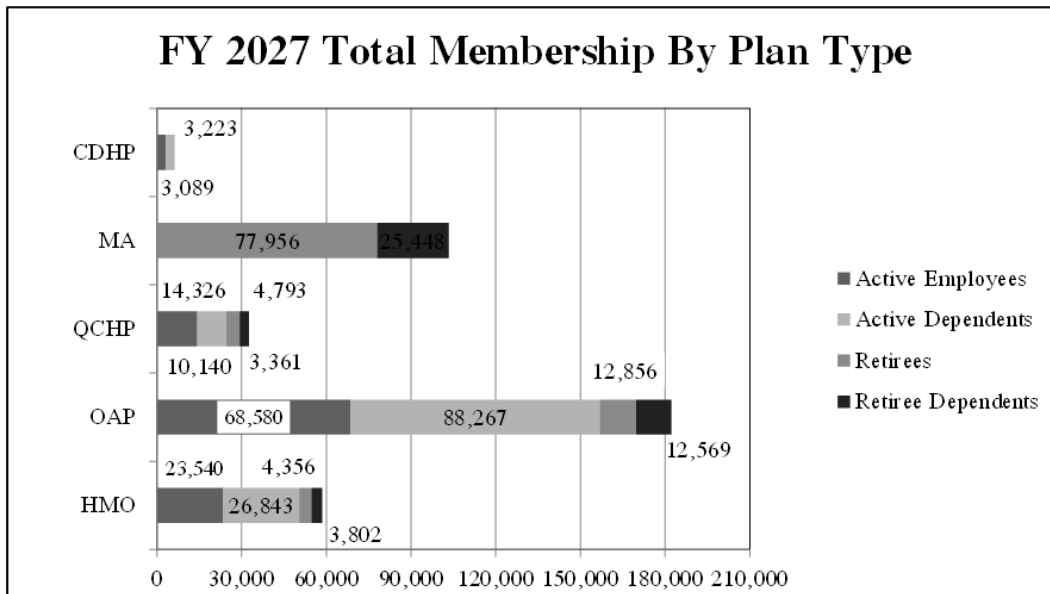
<b>GROUP INSURANCE FUNDING SOURCES</b>				
<b>FY 2026 - FY 2027</b>				
<b>(\$ in Millions)</b>				
	<u>FY 2026</u>	<u>FY 2027</u>	<u>\$ Change from FY26</u>	<u>% Change from FY26</u>
GRF Appropriation	\$2,480.5	\$2,799.1	\$318.6	12.8%
Road Fund	\$172.8	\$155.5	(\$17.3)	-10.0%
University Cont.	\$45.0	\$45.0	\$0.0	0.0%
Member Cont.	\$606.7	\$637.0	\$30.3	5.0%
Other Funds	\$556.8	\$535.8	(\$21.0)	-3.8%
Medicare Part D rebate	\$3.9	\$3.7	(\$0.2)	-5.1%
Formulary Rebates	\$313.5	\$361.2	\$47.7	15.2%
Interest/Other.	\$7.3	\$14.7	\$7.4	101.4%
<b>TOTAL</b>	<b>\$4,186.5</b>	<b>\$4,552.0</b>	<b>\$365.5</b>	<b>8.7%</b>
<b>Source: CMS</b>				

The Road Fund appropriation is projected to total \$156 million in FY 2027, a moderate decline from the FY 2026 total of \$173 million. The decline is reflected in the increased GRF appropriation due to a new contract with the Teamsters. The Other Funds reimbursements line is projected to decrease by \$21 million, to a total of \$536 million. University contributions are projected to be flat compared to the 2026 fiscal year, as the Administration has proposed keeping contributions at \$45.0 million in FY 2027.

A newly emergent component of SEGIP funding is the Formulary Rebates line. Formulary Rebates refers to the amount of drug rebates the State receives from members utilizing the State’s Pharmacy Benefits Manager (PBM) and self-insured plans (such as the Open Access Plans). Under a new PBM contract, the State receives all rebate revenue from that source. According to CMS, the State receives some of the savings from fully-insured insurance plan formulary benefits in the form of reduced premiums, though these particular plans are not required to report the total value of the rebates they receive to the State. Following the migration of former Health Alliance members to OAPs, along with increased PBM revenues, formulary rebate revenue has grown significantly. From \$118 million in FY 2022, the State is projecting a total of \$361 million in formulary rebate revenue in FY 2027. This represents a 206% increase in revenue in the span of five years.

### Membership

For FY 2027, the QCHP is projected to have 14,326 employees, 10,140 active employee dependents, 3,361 retiree dependents, and 4,793 retirees. The Medicare Advantage PPO plan is expected to have 25,448 dependents and 77,956 retirees. Non-Medicare Advantage HMO Plans are expected to have 23,540 employees, 26,843 active dependent lives, 3,802 retiree dependents, and 4,356 retirees. OAPs are expected to have 68,580 employees, 88,267 active dependents, 12,569 retiree dependents, and 12,856 retirees in FY 2027. The Consumer Driven Health Plan is projected to have 3,223 employees and 3,089 active employee dependents. Total FY 2027 membership is expected to increase by 2,303 participants from 380,846 to 383,149.



The following chart depicts the long-term pattern of population shifts within the SEGIP. In FY 2020, active members and their dependents comprised almost 216,544 participants while retirees and their dependents comprised 140,724 participants, differing by 75,820 between the two groups. In FY 2027, this split is projected to be larger, as 238,008 active members and dependents are expected to be covered compared to 145,141 retirees and dependents, differing by 92,867. This shift toward more active members and dependents allows for increased employee contributions, helping to alleviate program liabilities relative to retirees and their dependents. However, the comparatively limited contributions from retirees and their dependents—combined with their higher healthcare needs—continue to place pressure on the program, underscoring the need to contain retiree health costs through wellness programs, Medicare Advantage-style plans, or other approaches.

