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ILLINOIS ASSOCIATION OF SCHOOL ADMINISTRATORS



Key Highlights from Governor Pritzker's FY26 Budget Proposal

Hello and Happy Wednesday!

With Governor Pritzker's combined State of the State and State Budget Address delivered this afternoon, it is clear that education remains a priority, even as fiscal constraints continue to shape the FY26 budget recommendation. While the state's FY26 budget is still anticipated to be tight, updated revenue projections from recent months show improvement, reducing the projected budget deficit from earlier estimates—though questions remain about the sustainability of these revised forecasts. We know our members are focused on supporting their schools and communities, and we are providing key highlights from the Governor's proposal to keep you informed.

Overview of Education Budget Recommendation

Highlighted increases in Governor Pritzker's FY26 recommended education budget compared to the current FY25 enacted appropriations are as follows:

- \$350 million Evidence-Based Funding
- \$20 million Mandated Categorical Programs
- \$1.3 million Career Technical Education

Evidence-Based Funding

In his address, the governor proposed that the FY26 budget include an \$8.9 billion appropriation for Evidence-Based Funding — an increase of \$350 million over FY25. The \$350 million allocation includes \$300 million in tier funding, and \$50 million for Property Tax Relief Grants. It is worth pointing out that this increase is included in the Governor's budget proposal which includes only a 1% increase in overall discretionary spending over FY25 levels. This signals the Governor believes in this critical investment, and that even in tight fiscal years, this funding is viewed as essential.

Mandated Categoricals (MCATS)

In recent years, there has been a discernible increase in reimbursement claims from school districts for mandated categoricals. This fiscal year, the proration levels marked some of the lowest levels seen in recent memory with regular transportation prorated at 79%, special education transportation at 69%, and private facility tuition at 77%.

The Illinois State Board of Education has taken note of this reduction in proration levels and has made substantial recommendations to address this issue for the last two fiscal years. The agency had proposed a \$142 million increase in funding for Mandated Categorical Grants (MCATs) for FY26, which would have maintained the current proration levels for FY26 based on the projected increases in claims. The Governor's budget recommended an increase of \$20 million, which is expected to solely cover the projected increase in orphanage claims. This increase would ensure orphanage claims are continued to be paid out at 100%, which is required by state statute. With no further increases included in the Governor's budget, proration

levels for transportation and special education private facility tuition would be expected to drop significantly for FY26.

Pensions

The Governor's budget proposal included an increase in \$514 million for pension payments. This amount includes the required pension payment, plus \$78 million towards adjusting the Social Security Wage Base for Tier 2 members. This has been a concern that has been building over the last several years, with actuaries worried the existing Tier 2 pension system does not meet the Social Security Safe Harbor requirements.

Early Childhood Block Grant

Despite the Governor's ongoing commitment to expanding early childhood services and education, his budget did not include the anticipated \$75 million increase for the Early Childhood Block Grant program due to tight budget constraints. While the General Assembly could still choose to add the funding in the final budget, the exclusion suggests the Governor is prepared to compromise on some of his priorities and may be looking for legislators to make similar concessions as the budget process plays out over the next few months.

Other Education Items

Career and Technical Education programs saw an additional \$1.3 million in recommended funding. The Teacher Vacancy Pilot Program, which is in its third year of implementation, was also included in the funding proposal at the same levels as the last two fiscal years - \$45 million. An increase of \$4 million was also included for the Driver's Education Fund.

Although the State of the State address is typically focused on budgetary items, the speech itself is intended to give an overall update on the status of our state. Governors take this opportunity to highlight successes and challenges facing Illinois, and in some cases, roll out some non-budget related initiatives for the upcoming legislative session. We saw that today with the Governor laying out his vision for a ban of cell phones in all schools during classroom instruction, saying, "cyber bullying has expanded at alarming rates, and it's time for Illinois to take measures to protect our kids" and "more focus on learning will bring even greater success for kids across the state." We anticipate [SB 2427](#) / [HB 3488](#) to move through the legislative chambers this session in an effort to achieve the administration's goals.

For those interested, the full Operating Budget proposal can be found [here](#), with specific information about the recommendation for ISBEs budget starting on page 518. The Budget in Brief provides a more general overview and can be found [here](#).

Thank you, as always, for staying up to date with what is happening in the Capitol!

Sincerely,

Emily Warnecke
Chief of Staff