



ADVOCACY IN ACTION

# Capitol Watch

**IASA**  
ILLINOIS ASSOCIATION OF SCHOOL ADMINISTRATORS



## FY27 Budget Proposal: Education Prioritized Amid Fiscal Pressures

Hello and Happy Friday!

Governor Pritzker's combined State of the State and Budget Address offered a look at his recommended FY27 budget, signaling that education continues to be a priority even amid fiscal challenges. The Governor highlighted federal uncertainties and other external pressures as factors contributing to a tight overall budget. While the recommendation includes funding increases for schools, several other state agencies could face reductions. Recent revenue updates have improved the projected deficit compared to earlier estimates, though questions remain about the long-term stability of these forecasts. We have outlined key points from the Governor's proposal to help you stay informed as the budget process moves forward. **Overview of Education Budget Recommendation**

### Evidence-Based Funding

In his address, the Governor proposed that the FY27 budget include a \$9.2 billion appropriation for Evidence-Based Funding — an increase of \$305 million over FY26. The \$305 million allocation would be allocated solely towards tier funding. Funding for the Property Tax Relief Grant was not included in the proposal, however it was noted that the ongoing study the Professional Review Panel is conducting to determine the efficacy of the program is due at the end of March. Depending on the results, that recommendation could be revisited by the General Assembly during budget negotiations.

### Mandated Categoricals (MCATS)

This fiscal year marked a continued decline in the proration levels for mandated categorical programs, marking the lowest levels seen in recent memory with regular transportation prorated at 75%, special education transportation at 60%, and private facility tuition at 64%. The Illinois State Board of Education has taken note of this reduction in proration levels and has made substantial increase recommendations to address this issue for the last three fiscal years. The agency had proposed a \$151 million increase in funding for Mandated Categorical Grants (MCATs) for FY27, 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 \$51 million for these critical programs. Orphanage claims are projected to remain flat for FY27, so no additional funding was recommended for those lines. The breakdown of where the additional \$51 million is recommended to be allocated is as follows:

- \$10 million for Regular/Vocational Transportation
- \$20 million for Special Education Transportation
- \$20 million for Private Facility Tuition

The proposed budget also includes a \$35 million allocation to the Illinois Department of Transportation (IDOT) to establish a pilot program designed to foster partnerships between public transportation providers and local school districts. Under this concept, districts located in communities with public transit infrastructure could leverage those services to help transport students. The ongoing challenges surrounding MCAT funding underscore the need for both immediate financial relief and longer-term structural solutions. Districts have experienced significant increases in transportation claim costs year over year for several fiscal cycles, placing continued strain on local budgets. We look forward to learning more about this innovative solution in the coming months.

“This is a unique approach to start addressing the growing disparity between the MCAT claims and appropriations. It's the kind of creative spirit we will need to fully complete this funding gap,” said Dr. Brent Clark.

### **Other Education Funding Items**

For FY27, the Early Childhood Block Grant administration will be transferred over to the new Department of Early Childhood. The Governor’s budget recommends flat funding for the program for the second year in a row. The Teacher Vacancy Pilot Program, which would be in its fourth year of implementation, was also included in the funding proposal. This year’s recommended allocation is for \$15 million, which is a decrease from previous years, but the program would be preserved under the Governor’s proposal. The budget proposal maintains current career and technical education (CTE) funding, and there is a capital recommendation for \$50M through DCEO to expand and modernize existing Area Career Centers (ACC). In his speech, Governor Pritzker highlighted the importance of these training programs, stating these options represent “a path to a better life that should be available to every Illinoisan, and that doesn’t require a university degree.”

For those interested, the full Operating Budget proposal can be found [here](#), with specific information about the recommendation for ISBEs budget starting on page 523. 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