



Illinois' State Expenditures: Current Condition and Future Concerns

This report is a companion to the [Policy Spotlight on Illinois state revenue](#) that IGPA published in early January of 2026. That report presented summary data and analysis of Illinois state revenues during the 2025 fiscal year (July 1, 2024 through June 30, 2025). Because Illinois continued to accrue FY2025 expenditures after the end of the fiscal year, when it paid for goods and services received during the fiscal year, we did not have complete information about expenditures at the time we analyzed revenues. This report is based on final tallies of both FY2025 revenues and FY2025 expenditures.

Figure 1 shows aggregate summary data on total expenditures, total revenues, and the fiscal gap (revenues minus expenditures) for each year since 1998.¹ It displays continued growth in both revenues and expenditures in FY2025 along with a negative fiscal gap of about \$1.4 billion.

Table 1 provides a ten-year time series of data for expenditures, revenues, and the fiscal gap. We note that the very positive (almost \$16 billion) fiscal gap in FY2022 was the result of a large

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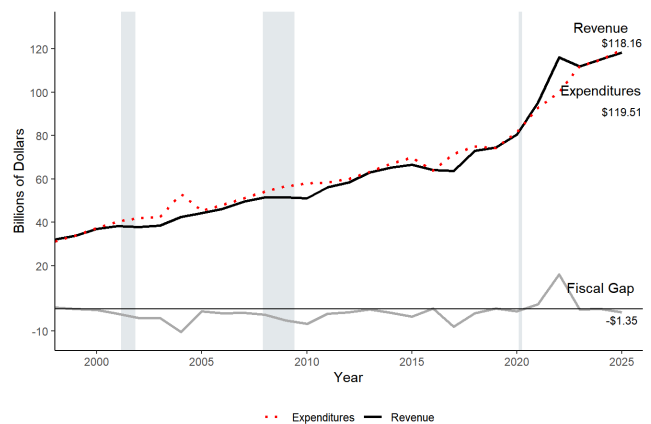
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Figure 1: Illinois Expenditure and Revenue Totals, FY1998-2025



influx of federal aid to combat the Covid pandemic. That revenue, as well as significant increases in inflation, resulted in a large increase in expenditures, especially in 2022 and 2023.²

¹ More detailed information can be found, graphed, and downloaded at the [IGPA datahub](#).

² It is estimated that about \$280 million from State CURE funds and \$687 million in ESSER funds were spent in FY2025. These expenses show up in the expenditure totals for FY2025, but the federal revenue was included in the FY2022 totals. This timing discrepancy between revenue receipts and expenditures explains a large share of the FY2025 fiscal gap of \$1.35 billion.

Table 1: 10-Year History of Expenditures and Revenue

Fiscal Year	Expenditures	Revenue	Fiscal Gap
2016	63.93	64.15	0.22
2017	71.72	63.65	-8.07
2018	74.97	73.01	-1.96
2019	74.40	74.63	0.23
2020	81.60	80.58	-1.02
2021	92.88	95.20	2.32
2022	100.07	116.06	15.99
2023	111.97	111.77	-0.21
2024	115.00	115.12	0.12
2025	119.51	118.16	-1.35

All values are in billions of nominal dollars.



transportation, and state employee healthcare. Part of this growth was likely the result of Illinois gradually expending some of the federal revenue it received as a response to the Covid pandemic. This 2022 Covid-induced “bump” in revenues is visible in **Figure 1**. This also partially explains why the FY2025 fiscal gap is less concerning than it might otherwise be, as some of the expenditures on human services, and transportation, are likely to be temporary responses designed to mitigate some of the difficulties stemming from the Covid pandemic.³

Table 2 gives more details on Illinois’ largest expenditure categories and their rates of growth. Medicaid, which is jointly funded by the federal and state governments, is Illinois’ largest expenditure item, and it grew by about \$2.5 billion in FY2025. Medicaid expenditures’ FY2025 growth rate of 7.48% was even larger than its very rapid long-term growth rate of 7.27%. However, recent federal legislation made significant changes to Medicaid funding arrangements and other program features that are expected to slow future expenditure growth. These changes are also likely to slow the growth in Illinois’ federal Medicaid revenues, making the net fiscal effect uncertain.

Several other categories of expenditure grew rapidly in FY2025, including human services,

State employee healthcare expenditures rose from \$3.16 billion in FY2024 to \$3.81 billion in FY2025, representing a 20.6 percent increase. Three main factors typically drive increases in the cost of employee healthcare: medical-cost inflation, program-enrollment growth, and the expansion of mandated coverage. In FY2025, the expansion of mandated coverage appears to be a significant factor. Medical-cost inflation and enrollment growth during FY2025 were relatively modest, and employee premiums only went up \$50 million from the previous fiscal year. The Bureau of Labor Statistics Consumer Price Index (n.d.) for medical care prices in the Chicago metropolitan area increased by approximately 2.5 percent during FY2025. State Employees’ Group Insurance Program (SEGIP) enrollment

³ We also note that in FY2025, Illinois developed a \$253 million positive balance in the refund fund which it uses to pay personal and corporate income tax refunds. These excess funds were transferred to the general fund, but Fiscal Futures accounting methods do not consider interfund transfers when calculating the fiscal gap. Nor do we consider revenue going into the refund fund as revenues or payments of tax refunds as expenditures. If one were to consider these excess funds are part of the total revenue, the fiscal gap would be about \$1.1 billion.

increased by 4.8 percent (17,258 participants) as of February 2025 (Commission on Government Forecasting and Accountability [CGFA], 2025). While both factors contributed to higher expenditures, their magnitudes alone do not appear sufficient to account for the rapid growth observed in FY2025. Another significant contributor appears to be the mandated expansion of benefit coverage. Beginning on July 1, 2024, SEGIP was

required to cover medically necessary injectable medications prescribed to adults diagnosed with, or previously diagnosed with, prediabetes, gestational diabetes, or obesity (5 ILCS 375/6.11c). In anticipation of the associated cost pressures, the State increased appropriations and revenues for SEGIP and projected higher liabilities for FY2025 (CGFA, 2024).

Table 2: Yearly Change in Expenditures - All FF Categories, Ordered from Largest to Smallest Expenditure Amount

Expenditure Category	FY 2025 (\$ billions)	FY 2024 (\$ billions)	FY 1998 (\$ billions)	1-Year Change	27 Year CAGR
Medicaid	35.94	33.44	5.40	7.48%	7.27%
K-12 Education	21.40	21.71	5.60	-1.43%	5.09%
Human Services	11.25	10.47	3.93	7.53%	3.97%
Local Govt Revenue Sharing	9.04	9.66	3.48	-6.35%	3.60%
Transportation	6.70	5.91	1.98	13.38%	4.63%
University Education	5.08	5.02	2.28	1.20%	3.00%
State Employee Healthcare	3.81	3.16	0.73	20.62%	6.32%
Debt Service	1.96	2.29	0.48	-14.24%	5.32%
State Tollway	1.93	1.98	0.37	-2.62%	6.33%
Children & Family Services	1.92	1.79	1.3	7.13%	1.46%
All Other Expenditures*	20.46	19.58	5.68	4.53%	4.86%
Total	119.51	115.00	31.24	3.92%	5.09%

*All Other Expenditures includes State Employee Retirement System (SERS) expenditures. All other pension expenditures are included in their corresponding expenditure category (i.e. TRS is included in K-12 Education).



State pension contributions are included in **Table 2** expenditures on the functions they support. For example, payments for the teachers' pension system are included as part of the expenditures for K-12 education. However, because we know that there is significant public interest in spending specifically on pensions, we also report these expenditures separately in **Table 3**. We emphasize that these pension expenditures are already included in the totals shown in **Table 2**—**Table 3** merely aggregates them separately.

Table 3: State Pension Contributions FY2025

Pension System	Expenditure (\$ Billions)
State Employees' Retirement System (SERS)	2.025
State Universities Retirement System (SURS)	2.213
Judges' Retirement System (JRS)	0.149
General Assembly Retirement System (GARS)	0.026
Teachers' Retirement System (TRS)	6.204
Other Pensions	0.516
Total*	11.19

*Does not include \$353.8 million to the Chicago Teachers' Pension Fund (CTPF). CTPF receives some state appropriations, though the system is primarily funded by Chicago residents.

Source: Fiscal Futures processing of Illinois Office of the Comptroller data.



Based on this analysis, Illinois' FY2025 spending and revenue were approximately balanced, after accounting for the spenddown of Covid-era funds and the transfer of excess funds from the income tax refund fund. The major concern with respect to future fiscal performance relates to reductions in federal support for Medicaid and slow growth in sales tax revenues. These concerns are discussed in detail in the revenue report IGPA released in January. We also note that the rapid rise in spending for state employee healthcare is a concern worthy of the state legislature's attention. Successful treatment of obesity and related conditions might prove to be cost-saving in the medium- and long-run, but the upfront costs associated with the ongoing surge in demand for injections are significant.

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