



Revenue Estimating Conference (REC) Meeting— December 11, 2025

FY 2026 Estimate: The Revenue Estimating Conference (REC) met and revised its estimate for FY 2026 net General Fund Receipts (including transfers). They agreed to slightly increase the estimate by \$23.4 million compared to their October estimates. With this revision, FY 2026 general revenue is estimated at \$784.7 million (-8.8%) below FY 2025.

FY 2027 Estimate: The REC also revised its FY 2027 estimate. The change increased to \$104.6 million from the October estimate and represents a \$341.0 million increase (4.2%) from the revised FY 2026 estimate.

Revenue Estimating Conference December 11, 2025: Net General Fund Receipts (including Transfers)

(Dollars in Millions)

Actual	October 2025	December Estimates for FY 2026			
Actual FY 2025 Net General Fund Receipts	FY 2026 - October REC Estimate	December REC Estimate for FY 2026	Est. FY 2026 vs. FY 2025	% Change Est. FY 2026 vs. FY 2025	Change from October REC Estimate for FY 2026
\$ 8,942.2	\$ 8,134.1	\$ 8,157.5	\$ (784.70)	-8.8%	\$ 23.40
	October 2025	December Estimates for FY 2027			
	FY 2027 - October REC Estimate	December REC Estimate for FY 2027	Est. FY 2027 Vs. Est. FY 2026	% Change Est. FY 2027 vs. Est. FY 2026	Change from October REC Estimate for FY 2027
	\$ 8,393.9	\$ 8,498.5	\$ 341.00	4.2%	\$ 104.60

What does this mean?

Factors contributing to the negative growth rates in FY 2025 and FY 2026 include tax law changes that reduced income tax rates to a flat 3.8% rate effective January 2025. This change in law affects both FY 2025 and FY 2026 tax collections. The REC anticipates an 11.5% reduction in personal income taxes in FY 2026 compared to FY 2025. This may affect districts' income surtax revenue in future years for either their Instructional Support Program or Voter Physical Plant and Equipment Levy.

- Income tax collections from FY 2025 will fund the FY 2027 school budget.
- Income tax collections from FY 2026 will fund the FY 2028 school budget.

Other factors contributing to the decrease in FY 2026 estimated receipts include federal tax law changes enacted earlier this year. Both the Legislative Services Agency and the Department of Management estimate that FY 2026 will establish a new revenue base once the full implementation of tax law changes have taken effect. The state is expected to see growth from this base in future years, including FY 2027, absent an economic downturn.

The legislature appropriated \$9.42 billion from the state's general fund in FY 2026, or roughly 89.7% of the expenditure limitation. Expenditure levels are limited to 99% of available revenues, including the current year's revenues plus carry-forward revenues from the previous fiscal year. Information on the updated expenditure limitation was not available at the time of publication; however, the October estimate set the limit at \$9.50 billion.

The Governor is anticipated to provide her budget to the Legislature during the first week of the legislative session. Included in that budget will be the governor's recommendation for FY 2027 SSA, which is generally the starting point for the legislature as it determines the level of funding for school aid during the legislative session. Other legislative priorities impacting school districts may be included in the recommendations at that time.

More on the REC

The Revenue Estimating Conference is a three-member panel that meets three times a year to agree on revenue estimates for the current and following fiscal years. The December estimates will be used by:

- The Governor, when submitting budget recommendations to the legislature in January.
- The Legislature, when appropriating funds for the state budget during the legislative session.

The next REC meeting is generally held in March. If the FY 2027 March REC estimates are lower than the December estimates, the Legislature will be required to use the March estimates. However, if the REC FY 2027 revenue estimates increase, the legislature will be bound by the December estimates.

Additional information on the REC is available on the [Department of Management's website](#), and additional information on the REC estimates is available on the [General Assembly's website](#).