Legislative Budget Office of the Legislative Service Commission

LBO BUDGET FOOTNOTES INFOGRAPHIC

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- The annual "April surprise" proved to be a positive outcome in FY 2026 as personal income tax (PIT) receipts surpassed the Office of Budget and Management's (OBM) estimate by $272.3 million. For the year-to-date (YTD), PIT receipts were $698.7 million (8.4%) ahead of estimate largely due to nonwage income gains exceeding expectations in the most recent tax filing season.
- GRF tax receipts were $338.9 million (13.3%) above estimate for the month and ended April with a YTD positive variance of $1.20 billion (5.1%).
- The sales and use tax (SUT) outperformed the OBM estimate by at least 5.0% for the second consecutive month after dire winter storms dampened consumer spending earlier in the year.
- Federal grant revenue was $139.2 million (1.1%) below the ten-month estimate but the state's nontax revenue was above ($28.8 million, 5.3%) its FY 2026 estimate. This resulted in a YTD positive variance of $1.03 billion (2.8%) in total GRF sources.
- GRF Medicaid spending was $45.5 million (0.2%) above its YTD estimate. In contrast, non-GRF Medicaid spending was below estimate by a wide margin ($1.94 billion, 9.1%), yielding a negative YTD variance in all funds Medicaid spending of $1.89 billion (4.7%). Delayed State-Directed Payments (SDP) spending still accounts for over $1 billion of the non-GRF variance and will likely be made in coming months.
- GRF expenditures for all program categories were $252.0 million (8.5%) below its April estimate, and the YTD program expenditures were similarly below OBM's FY 2026 estimate by $244.6 million (0.6%).

GRF & Medicaid Variances – Actual vs. Estimate

Month of April

Tax revenue $338.9 million 13.3% ↑	**Federal grants** -$61.0 million -12.2% ↓	**Total GRF sources** $308.4 million 9.6% ↑
Program expenditures -$252.0 million -8.5% ↓		**Total GRF uses** -$251.9 million -8.5% ↓
GRF Medicaid -$171.1 million -20.8% ↓	**Non-GRF Medicaid** $273.2 million 10.8% ↑	**All funds Medicaid** $102.2 million 3.0% ↑

YTD through April

Tax revenue $1,203.9 million 5.1% ↑	**Federal grants** -$139.2 million -1.1% ↓	**Total GRF sources** $1,030.7 million 2.8% ↑
Program expenditures -$244.6 million -0.6% ↓		**Total GRF uses** -$241.4 million -0.6% ↓
GRF Medicaid $45.5 million 0.2% ↑	**Non-GRF Medicaid** -$1,937.3 million -9.1% ↓	**All funds Medicaid** -$1,891.7 million -4.7% ↓