



STATE OF ILLINOIS
EXECUTIVE OFFICE OF THE GOVERNOR
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
SPRINGFIELD 62706

JB PRITZKER
GOVERNOR

ALEXIS STURM
DIRECTOR

FISCAL YEAR 2023 FOURTH QUARTER FINANCIAL REVIEW

FOURTH QUARTER RESULTS

Fiscal Year 2023's (FY23) fourth quarter saw a year-over-year increase of \$87 million in base general funds revenues. Fourth quarter expenditures decreased by \$827 million compared to FY22 fourth quarter expenditures.

Detailed fourth quarter and year-to-date information is presented on the following pages.

FOURTH QUARTER REPORT HIGHLIGHT: CORPORATE INCOME TAXES

First enacted in 1969, corporate income taxes (CIT) are imposed at a rate of 7% on the taxable income of corporations, associations, joint-stock companies, and co-operatives. Small business corporations (S corporations) that file as an S corporation to the IRS do not pay CIT. Several tax credits, interest income, exempt dividends, depreciation deductions for certain capital outlays for tangible property, and qualified charitable contributions can be subtracted from a corporation entities adjusted gross income depending on the currently enacted state and federal tax law. Once paid to the state, gross CIT receipts are distributed as follows: an initial percentage, set by statute each year through formula or by specifically naming a rate in statute, to the Income Tax Refund Fund to pay taxpayer refunds (15% in FY22 and 14.5% in FY23); of the remainder, 6.85% to the Local Government Distributive Fund; and the remaining amounts are deposited to the general funds (7.3% to the Education Assistance Fund and the rest to the General Revenue Fund).

ILLINOIS ECONOMIC INDICATORS

The state's economic conditions have closely tracked those of the United States economy over the last calendar year. The state and country have, in recent months, shown signs of stabilization in areas such as unemployment and consumer spending, although other measures including home sales are down and inflation, though decreasing, has continued to put pressure on consumers.

Prices in the Chicago area, as measured by CPI-U, increased by 0.83% in December according to the U.S. Bureau of Labor Statistics, but were up 4.4% since March 2022, a much slower pace of year-over-year growth than has been prevalent. CPI-U is a measure that examines the prices of a basket of goods and services for urban consumers. Across the Midwest, prices were up 0.59% month-over-month and 4.9% over the year, while nationwide prices increased 0.33% for the month and by 5.0% for the year.

GENERAL FUNDS OVERVIEW

GENERAL FUNDS CASH FLOW				
Fourth Quarter and Year-to-Date Review				
(\$ in millions)				
	Fourth Quarter		Year-to-date	
	FY22 Actual	FY23 Actual	FY22 Actual	FY23 Actual
Beginning Backlog at Comptroller	\$ (2,578)	\$ (1,846)	\$ (2,204)	\$ (1,348)
Beginning Cash Balance	\$ 1,168	\$ 2,007	\$ 975	\$ 2,063
Revenues				
Individual Income Tax	\$ 8,382	\$ 7,028	\$ 24,839	\$ 23,750
Corporate Income Tax	2,545	2,500	5,407	5,828
Sales Tax	2,661	2,644	10,234	10,451
Other Sources/Transfers In	1,327	1,546	5,271	6,876
State Source Revenues	\$ 14,915	\$ 13,719	\$ 45,751	\$ 46,904
Federal Sources	1,032	952	4,583	3,742
Short Term Borrowing/Municipal Liquidity Facility	0	0	0	0
Investment Borrowing	0	0	0	0
ARPA Reimbursement for Government Services	298	1,663	737	2,485
Total Revenues	\$ 16,245	\$ 16,332	\$ 51,070	\$ 53,134
Expenditures				
Current Year Vouchers	\$ 11,510	\$ 10,683	\$ 41,529	\$ 45,025
Prior Year Vouchers	0	0	1,917	1,384
Subtotal, Vouchers Presented	\$ 11,510	\$ 10,683	\$ 43,446	\$ 46,410
Posted Transfers Out	36	43	395	459
Transfer to GO Bond Debt Service Fund	469	221	1,230	1,149
Transfer to Repay Interfund Borrowing	0	0	932	0
Transfers to fund tax relief programs	1,480	0	1,480	125
Transfers to Pension Stabilization Fund	300	200	300	400
Transfers to Build Illinois Bond Fund	0	424	0	424
Transfers to State CURE Fund	0	1,239	0	1,239
Transfers to Budget Stabilization Fund	0	550	0	550
Transfers to Large Business Attraction Fund	0	400	0	400
Transfers to cash-fund capital projects	328	0	328	0
Short Term Borrowing Repayments	0	0	1,052	0
Prior Year Adjustments	(8)	(16)	(38)	(54)
Total Expenditures	\$ 14,116	\$ 13,744	\$ 49,124	\$ 51,102
End of Quarter Cash Balance	\$ 2,063	\$ 3,852	\$ 2,063	\$ 3,852
End of Quarter Backlog at Comptroller	\$ (1,348)	\$ (1,103)	\$ (1,348)	\$ (1,103)

Source: Illinois Office of the Comptroller

Note: Backlog figures do not include bills held at agencies. For information on bills held at agencies please refer to the Backlog Report at budget.illinois.gov or the Office of the Comptroller's Debt Transparency Report.

GENERAL FUNDS CASH FLOW		
Comparison: Projected versus Actual		
(\$ in millions)		
	Fourth Quarter	
	Projected	Actual
Cash Balance, Beginning	\$ 2,007	\$ 2,007
Receipts	\$ 13,945	\$ 16,333
IIT	6,715	7,028
CIT	2,396	2,500
Sales	2,584	2,644
Other Sources	875	1,060
Transfers In	505	485
Federal Sources	870	952
ARPA Reimbursement	-	1,663
Certificate Proceeds	-	-
Cash Expenditures	(14,729)	(16,428)
Short-Term Borrowing Repayment	-	-
Cash Balance - Budget Stabilization Fund	\$ 1,940	\$ 1,940
Cash Balance - All other General Funds	\$ 1,865	\$ 1,912

Based on revenue projections revised in May 2023.

GENERAL FUNDS REVENUES SUMMARY

GENERAL FUNDS REVENUES Fourth Quarter and Year-to-Date Review

(\$ in millions)

	Fourth Quarter		Change: FY22 Actual to FY23 Actual		Year-to-Date		Change: FY22 Actual to FY23 Actual	
	FY22 Actual	FY23 Actual	Dollar Change	Percent Change	FY22 Actual	FY23 Actual	Dollar Change	Percent Change
Gross Individual Income Tax	\$ 9,833	\$ 8,253	\$ (1,579)	(16.1%)	\$ 29,137	\$ 27,889	\$ (1,248)	(4.3%)
Income Tax Refund Fund	(910)	(763)	147	(16.1%)	(2,696)	(2,580)	115	(4.3%)
Local Government Distributive Fund Deposit	(541)	(461)	79	(14.7%)	(1,602)	(1,559)	43	(2.7%)
Net Individual Income Tax	\$ 8,382	\$ 7,028	\$ (1,354)	(16.1%)	24,839	23,750	\$ (1,089)	(4.4%)
Gross Corporate Income	\$ 3,215	\$ 3,412	\$ 197	6.1%	\$ 6,831	\$ 8,035	\$ 1,204	17.6%
Income Tax Refund Fund	(483)	(728)	(245)	50.6%	(1,026)	(1,778)	(752)	73.3%
Local Government Distributive Fund Deposit	(187)	(184)	3	(1.7%)	(398)	(429)	(31)	7.8%
Net Corporate Income Tax	\$ 2,545	\$ 2,500	\$ (45)	(1.8%)	\$ 5,407	\$ 5,828	\$ 421	7.8%
Gross Sales Tax	\$ 2,883	\$ 2,939	\$ 56	1.9%	\$ 10,984	\$ 11,589	\$ 605	5.5%
Downstate Public Trans/Public Trans Deposits	(176)	(182)	(6)	3.5%	(618)	(654)	(36)	5.8%
Road Fund Deposit	(46)	(112)	(66)	144.3%	(132)	(484)	(352)	265.7%
Net Sales Tax	2,661	2,644	(17)	(0.6%)	10,234	10,451	217	2.1%
Public Utility	185	173	(12)	(6.2%)	750	751	1	0.1%
Cigarette	63	63	(0)	(0.3%)	254	235	(19)	(7.6%)
Inheritance	170	123	(47)	(27.7%)	603	503	(100)	(16.6%)
Liquor	44	44	(0)	(0.6%)	183	181	(2)	(0.9%)
Insurance	150	180	30	19.8%	455	492	37	8.2%
Corporate Franchise	53	52	(1)	(2.7%)	216	225	9	4.4%
Investment Income	19	156	137	722.9%	30	407	377	1256.5%
Cook County IGT	0	0	0	0.0%	244	244	0	0.0%
Other	199	270	71	35.5%	443	590	147	33.2%
TOTAL STATE REVENUES	\$ 14,471	\$ 13,233	\$ (1,238)	(8.6%)	\$ 43,658	\$ 43,657	\$ (0)	(0.0%)
Federal Revenues	\$ 1,032	\$ 952	\$ (80)	(7.8%)	\$ 4,583	\$ 3,742	\$ (841)	(18.4%)
Transfers In	\$ 444	\$ 485	\$ 41	9.2%	\$ 2,092	\$ 3,248	\$ 1,156	55.3%
Lottery	230	240	10	4.3%	820	726	(94)	(11.5%)
Gaming/Gaming Taxes	28	27	(1)	(3.6%)	140	157	17	12.1%
Adult-Use Cannabis	31	28	(3)	(9.7%)	115	111	(4)	(3.5%)
Other	155	190	35	22.6%	1,017	2,254	1,237	121.6%
SUBTOTAL REVENUES	\$ 15,947	\$ 14,669	\$ (1,278)	(8.0%)	\$ 50,333	\$ 50,647	\$ 315	0.6%
Investment Borrowing	0	0	0	0.0%	0	0	0	100.0%
Municipal Liquidity Facility	0	0	0	0.0%	0	0	0	100.0%
ARPA Reimbursement for Government Services	298	1,663	1,365	458.1%	737	2,485	1,748	237.2%
TOTAL REVENUES	\$ 16,244	\$ 16,332	\$ 88	0.5%	\$ 51,070	\$ 53,134	\$ 2,065	4.0%

Source: Illinois Office of the Comptroller

Income Taxes: FY23 year-to-date (YTD) Individual Income Tax net receipts decreased by \$1,089 million, or 4.4% from FY22 due to declines in estimated payments. FY23 YTD Corporate Income Tax (CIT) net receipts increased by \$421 million, or 7.8%, from the FY22 level due to strong corporate profits and changes to corporate income tax breaks. \$1,988 million of income taxes were directly deposited into the Local Government Distributive Fund through the fourth quarter of FY23.

Sales Taxes: FY23 YTD Sales Tax net receipts increased by \$217 million, or 2.1%, from the FY22 YTD level.

Federal Revenues: FY23 YTD base Federal Revenues decreased by \$841 million, or 18.4%, compared to the FY22 YTD level due to federal matches on reimbursable spending.

Transfers In: FY23 YTD Transfers In increased by \$1,156 million, or 55.3%, compared to the FY22 YTD level, driven by \$1,481 million in transfers from the Income Tax Refund Fund to the General Revenue Fund.

GENERAL FUNDS REVENUES BUDGETED VERSUS ACTUALS SUMMARY

The table below sets forth General Funds year-to-date budgeted revenues versus year-to-date actual revenues for FY23. Total State Revenues (not including Transfers In) were \$665 million, or 1.5%, above the May 2023 budgeted level. Federal revenues were \$22 million, or 0.6%, above the May 2023 budgeted level.

GENERAL FUNDS REVENUES				
Year-to-Date Budgeted versus Actual				
	(\$ in millions)			
	FY23 YTD Budgeted*	FY23 YTD Actual	Dollar Change	Percent Change
Gross Individual Income Tax	\$ 27,522	\$ 27,889	\$ 367	1.3%
Income Tax Refund Fund	(2,546)	\$ (2,580)	(35)	1.4%
Local Government Distributive Fund Deposit	(1,539)	\$ (1,559)	(21)	1.3%
Net Individual Income Tax	\$ 23,438	\$ 23,750	\$ 312	1.3%
Gross Corporate Income	\$ 7,186	\$ 8,035	\$ 849	11.8%
Income Tax Refund Fund	(1,042)	(1,778)	(736)	70.7%
Local Government Distributive Fund Deposit	(421)	(429)	(8)	1.9%
Net Corporate Income Tax	\$ 5,723	\$ 5,828	\$ 105	1.8%
Gross Sales Tax	\$ 11,534	\$ 11,589	\$ 55	0.5%
Downstate Public Trans/Public Trans Deposits	(660)	(654)	6	(0.9%)
Road Fund Deposits	(484)	(484)	0	0.0%
Net Sales Tax	\$ 10,390	\$ 10,451	\$ 61	0.6%
Public Utility	\$ 731	751	20	2.7%
Cigarette	235	235	(0)	(0.1%)
Inheritance	475	503	28	5.8%
Liquor	181	181	0	0.2%
Insurance	464	492	28	6.1%
Corporate Franchise	212	225	13	6.3%
Investment Income	335	407	72	21.5%
Cook County IGT	244	244	0	0.0%
Other	565	590	25	4.5%
TOTAL STATE REVENUES	\$ 42,993	\$ 43,657	\$ 665	1.5%
Federal Revenues	\$ 3,720	\$ 3,742	\$ 22	0.6%
Transfers In	\$ 3,268	\$ 3,248	\$ (20)	(0.6%)
Lottery	718	726	8	1.1%
Gaming/Gaming Taxes	157	157	0	0.0%
Adult-Use Cannabis	114	111	(3)	(2.6%)
Other	2,279	2,254	(25)	(1.1%)
SUBTOTAL REVENUES	\$ 49,981	\$ 50,647	\$ 667	1.3%
Investment Borrowing	0	0	0	0.0%
Short Term Borrowing	0	0	0	0.0%
ARPA Reimbursement for Government Services	763	2,485	1,722	0.0%
TOTAL REVENUES	\$ 50,744	\$ 53,132	\$ 2,389	4.7%

Source: Illinois Office of the Comptroller and Governor's Office of Management and Budget

*Budgeted figures are based on historical averages as well as information from the Department of Revenue on timing of income tax deposits. Estimates were compiled in May 2023.

Income Taxes: Individual Income Tax net receipts through the fourth quarter were \$312 million, or 1.3%, higher than budgeted levels. Corporate Income Tax net receipts through the fourth quarter were \$105 million, or 1.8%, higher than the budgeted levels.

Sales Taxes: Sales Tax net receipts through the fourth quarter were \$61 million, or 0.6%, higher than the budgeted levels.

Transfers In: Transfers In through the fourth quarter were \$20 million, or 0.6%, lower than budgeted levels.

OUTLOOK FOR FUTURE GENERAL FUNDS REVENUES

The table below sets forth the future outlook for General Funds revenues for FY23. The table below reflects anticipated revenues to be received compared against year-to-date collections.

PROJECTED GENERAL FUNDS REVENUES			
Year-to-Date Actuals versus Annual Forecast			
(\$ in millions)			
	FY23 YTD Actual	FY23 Annual Forecast*	Remainder of Forecast*
Receipts	\$ 50,647	\$ 49,981	\$ (667)
IIT	23,750	23,438	(312)
CIT	5,828	5,723	(105)
Sales	10,451	10,390	(61)
Other Sources	3,628	3,442	(187)
Transfers In	3,248	3,268	20
Federal Sources	3,742	3,720	(22)
Total Base Revenues	50,647	49,981	(667)

Source: Illinois Office of the Comptroller and Governor's Office of Management and Budget

*Fiscal year 2023 forecast was updated in May 2023 using historical averages, national and regional economic activity data, and tax-related information provided by the Department of Revenue.

Through the fourth quarter of FY23, total State General Funds revenues have performed well against the revised May 2023 annual revenue forecast. The previous revenue estimate (February 2023 annual revenue forecast of \$50.596 billion) was revised downwards to \$49.981 billion due to declines in final payments of individual income taxes made during April 2023. At that time, it was not thought that the source had sufficient time to make up the losses. Year-to-date, the top three sources of General Funds revenues (Individual and Corporate Income Taxes and Sales Tax), which account for 76% of total revenues, did perform well against forecasted amounts.

GENERAL FUNDS EXPENDITURES SUMMARY

The table below sets forth FY22 and FY23 fourth quarter and year-to-date General Funds spending from appropriations for those fiscal years. General Funds expenditures for the fourth quarter of FY23 totaled \$10,683 million, a decrease of \$827 million, or 7.2%, from the FY22 level.

GENERAL FUNDS EXPENDITURES				
Fourth Quarter and Year-to-Date Review				
(\$ in millions)				
Agency	Fourth Quarter		Year-to-Date	
	FY22 Actual Spending	FY23 Actual Spending	FY22 Actual Spending	FY23 Actual Spending
Constitutional Officers ¹	\$ 392	\$ 131	\$ 647	\$ 439
DHFS	1,914	2,064	7,745	8,424
ISBE	2,565	2,590	9,135	9,570
DHS	1,101	1,299	4,022	4,867
Higher Education	477	172	2,238	2,173
SERS	501	416	1,721	1,697
TRS	1,532	1,574	5,838	6,309
SURS	255	252	1,888	1,934
Corrections	356	381	1,359	1,505
CMS	1,203	350	2,828	1,879
DCFS	250	289	1,008	1,144
Aging	294	345	1,005	1,174
ISP	79	76	276	300
Revenue	12	11	46	45
DPH	40	45	128	187
DNR	61	15	91	61
DCEO	81	109	93	127
All Others	398	563	1,463	3,188
Agency Totals	\$ 11,510	\$ 10,683	\$ 41,529	\$ 45,025

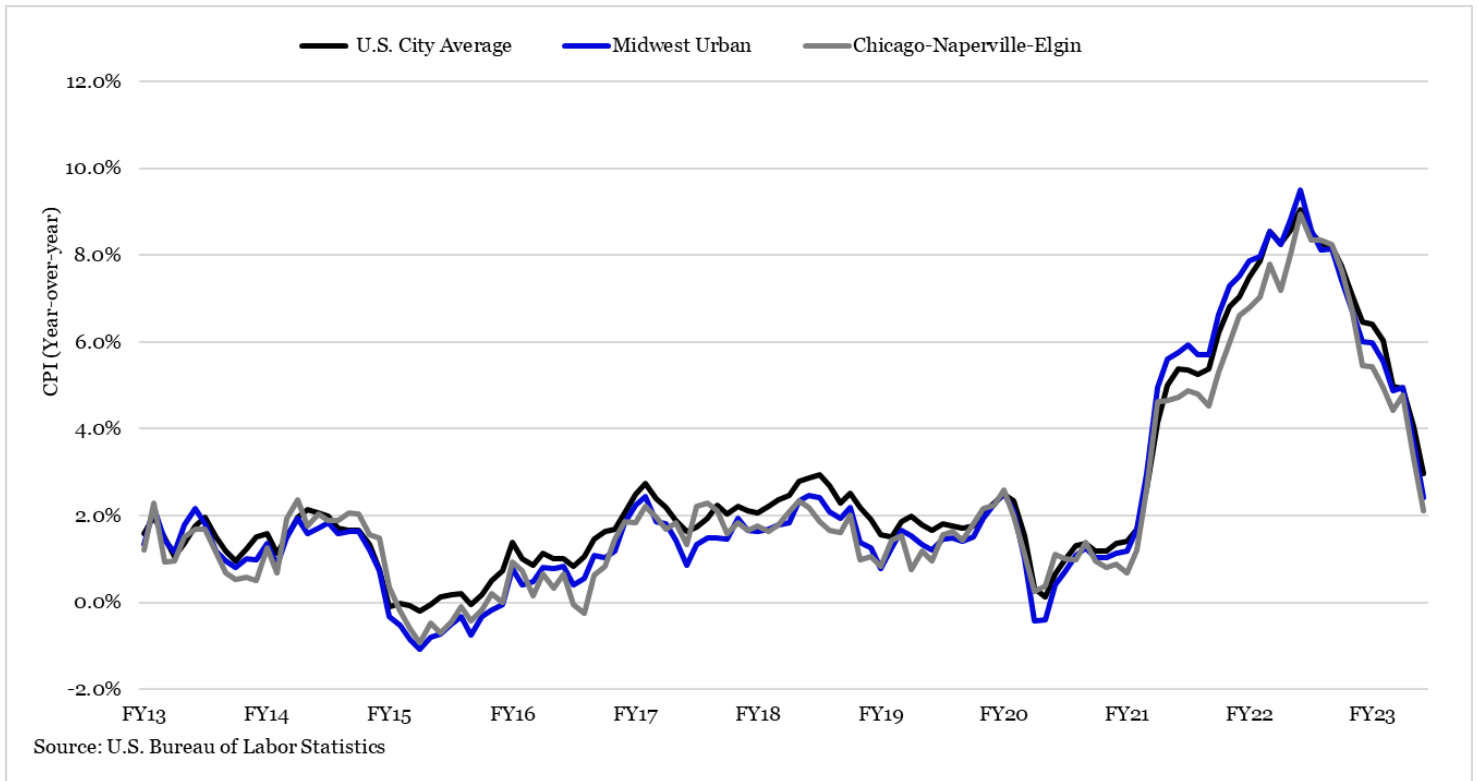
Source: Illinois Office of the Comptroller and Governor's Office of Management and Budget. Totals may not add due to rounding.

Note: Lapse period spending is not included in this table.

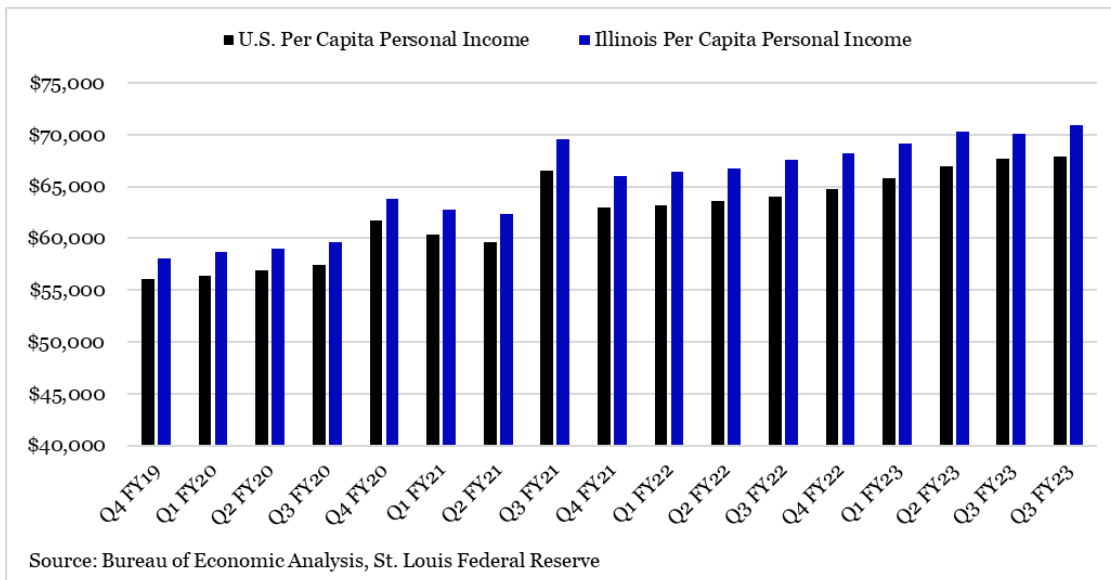
¹ Constitutional Officers exclude Auditor General.

KEY ECONOMIC INDICATORS

The graph below shows the year-over-year increase in the Consumer Price Index (CPI) for All Urban Consumers, all items, in the U.S., Chicago metropolitan area, and Midwest from July FY13 to June FY23. In June FY23, the U.S. city average CPI increased 3% year-over-year. The CPI for Chicago metropolitan area increased 2.1% and the CPI for Midwest region increased 2.4%.



The graph below compares the per capita personal income between the U.S. and Illinois from the fourth quarter of FY19 to the third quarter of FY23. The U.S. per capita personal income increased \$246 or 0.36% from \$67,676 in the third quarter of FY23 to \$67,922 in the fourth quarter of FY23. Year-over-year, U.S. per capita personal income increased \$3,894 or 6.08%. In Illinois, per capita personal income increased by \$866 or 1.24% from \$70,064 in the third quarter of FY23 to \$70,930 in the third quarter of FY23. Year-over-year, Illinois per capita personal income increased \$3,359 or 5.0%.



EMPLOYMENT HIGHLIGHTS

The table below shows recent Illinois and national employment highlights. Nationally, the unemployment rate in June of FY23 was 3.6%, unchanged from the same period last fiscal year. Illinois' unemployment rate of 4.0% in June of FY23 reflected a decrease of 0.4 percentage points from the state's unemployment rate of 4.4% during the same period last fiscal year.

Additionally, total nonfarm employment in Illinois increased by 121,100 year-over-year in June, led by increases in Professional & Business Services, Leisure & Hospitality, Construction and Educational & Health Services.

EMPLOYMENT HIGHLIGHTS			
State and National Review			
EMPLOYMENT STATISTICS	<u>April FY22</u>	<u>April FY23</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	5,995,100	6,126,900	131,800
Unemployment Rate, Illinois	4.5%	4.2%	(0.3)
Unemployment Rate, United States	3.6%	3.4%	(0.2)
Labor Force Participation Rate, Illinois	64.1%	64.4%	0.3
Labor Force Participation Rate, United States	62.2%	62.6%	0.4
EMPLOYMENT STATISTICS	<u>May FY22</u>	<u>May FY23</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	6,009,400	6,129,700	120,300
Unemployment Rate, Illinois	4.4%	4.1%	(0.3)
Unemployment Rate, United States	3.6%	3.7%	0.1
Labor Force Participation Rate, Illinois	64.3%	63.7%	(0.6)
Labor Force Participation Rate, United States	62.3%	62.6%	0.3
EMPLOYMENT STATISTICS	<u>June FY22</u>	<u>June FY23</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	6,019,900	6,141,000	121,100
Unemployment Rate, Illinois	4.4%	4.0%	(0.4)
Unemployment Rate, United States	3.6%	3.6%	0.0
Labor Force Participation Rate, Illinois	65.1%	64.6%	(0.5)
Labor Force Participation Rate, United States	62.2%	62.6%	0.4

Source: Illinois Department of Employment Security and United States Department of Labor.

ILLINOIS REAL ESTATE

Prices rise and available homes have declined quickly in Illinois, as interest rates remain high. The time it took to sell a home in June averaged 24 days, up from 21 days last year. Available inventory totaled 18,886 homes for sale. The statewide median price was up 2.1% from last year.

BALANCED BUDGET AND FISCAL NOTES

The table below lists the fiscal year 2023 balanced budget and fiscal notes prepared and filed pursuant to Public Act 87-688 otherwise known as the Balanced Budget Note Act. Balanced budget and fiscal notes may be requested on any supplemental appropriation bill or on any amendment to a supplemental appropriation bill.

Fiscal Year 2023 Report on Balanced Budget and Fiscal Notes	
103rd General Assembly Lane Duck 2023 Balanced Budget Notes	
Bill	Description
SB0208-HAM 3	Secure Choice Savings Program
SB3799-HAM 1	Patient Provider Protection Act
103rd General Assembly Spring 2023 Balanced Budget Notes	
Bill	Description
SB1924	Service credit for unused sick leave
SB1907	Public Higher Education Act
SB1611	Firefighter Training Leave of Absence Act
SB2175	Code of Criminal Procedure of 1963
SB1463-HAM 1	Juvenile Court Act of 1987
SB1979	Consumer Fraud and Deceptive Business Practices Act
SB0684-HAM 2 & 3	Local Government Electronic Notification Act
SB1235-HAM 1	State Universities Article of the Illinois Pension Code
SB1710-HAM 3	Illinois Vehicle Code
SB1629	Chicago Firefighter Article of the Illinois Pension Code
SB1559-HAM 2	Access to Affordable Insulin Act
HB0001	Illinois Psilocybin Board
HB0002-HAM 2	DHS establish new intervention license
HB2231	Transportation Network Providers Act
HB0046-HAM 2	No person in isolated confinement
HB2784	School minimum wage
HB1569-HAM 1	Code of Civil Procedures
HB0676-HAM 1 & 2	Task force on firearm insurance
HB1068-HAM 2	Illinois Insurance Code
HB1569-HAM 4	Network Adequacy and Transparency Act
103rd General Assembly Spring 2023 Fiscal Notes	
Bill	Description
None filed	