



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

BRUCE RAUNER
GOVERNOR

FISCAL YEAR 2016 THIRD QUARTER FINANCIAL REVIEW

GENERAL FUNDS HIGHLIGHTS

Table I, below, sets forth General Funds year-to-date (YTD) highlights for the third quarter of State fiscal year 2016 (FY16). Table I reflects a net operating surplus of \$287 million.

Table I
GENERAL FUNDS HIGHLIGHTS
Third Quarter Review
FY2015 vs. FY2016
(in millions)

	YTD			
	<u>FY15</u>	<u>FY16</u>	<u>\$ Change</u>	<u>% Change</u>
General Funds Revenues ¹	\$ 23,308	\$ 20,915	\$ (2,392)	(10.3%)
Transfers In ²	1,213	1,218	5	0.4%
Total Receipts	\$ 24,520	\$ 22,133	\$ (2,387)	(9.7%)
General Funds Expenditures ¹	\$ 22,989	\$ 18,537	\$ (4,451)	(19.4%)
Transfers Out ²	3,343	3,309	(34)	(1.0%)
Total Spending	\$ 26,331	\$ 21,846	\$ (4,485)	(17.0%)
Net Operating Surplus/(Deficit)	\$ (1,811)	\$ 287	\$ 2,098	(115.8%)

¹Revenues reflected are cash basis. Expenditures reflect each fiscal year beginning July 1st and ending June 30th. Cash Payments made after the conclusion of the fiscal year for expenses incurred during the fiscal year (lapse period) are not included.

²Transfers In/Out do not include BSF, intra-fund transfers, or interfund borrowing.

General Funds' revenues totaled \$20,915 million, a decrease of \$2,392 million, or 10.3%, below the fiscal year 2015 (FY15) third quarter-end level. Transfers from other funds to the General Funds increased by \$5 million, or 0.4%, as compared to the same period in FY15, as detailed in the Revenue Summary that follows.

FY16 quarter-end General Funds' expenditures totaled \$18,537 million, a decrease of \$4,451 million, or 19.4%, below the FY15 third quarter level. Further discussion of the expenditures is provided in the Expenditures Summary that follows.

Note: Tables in this report may not add due to rounding.

GENERAL FUNDS REVENUE SUMMARY

Table II, below, sets forth General Funds' quarter-end revenues for the third quarter of FY16. General Funds' revenues (including Transfers-In and Federal Revenues) decreased by \$2,387 million, or 9.7%, below the FY15 quarter-end level.

Table II
GENERAL FUNDS REVENUES
Third Quarter Review
FY2015 vs. FY2016
(in millions)

Source	Year to Date Actual				Year to Date Budget				Budgeted
	FY15 YTD Actual	FY16 YTD Actual	Difference		FY16 YTD Budget	FY16 YTD Actual	Difference		FY16 Revised Forecast 2/16
			Dollar Change	Percent Change			Dollar Change	Percent Change	
Gross Individual Income Tax	12,651	10,918	(1,732)	(13.7%)	10,207	10,918	711	7.0%	14,763
Income Tax Refund Fund Deposit	(1,265)	(1,065)	201	(15.9%)	(987)	(1,065)	(77)	7.8%	(1,428)
Fund for Advancement of Education Deposit	(91)	(334)	(243)	100.0%	(346)	(334)	12	(3.4%)	(500)
Commitment to Human Services Fund Deposit	(91)	(334)	(243)	100.0%	(346)	(334)	12	(3.4%)	(500)
Net Individual Income Tax	11,203	9,186	(2,018)	(18.0%)	8,528	9,186	657	7.7%	12,335
Gross Corporate Income	2,064	1,535	(529)	(25.6%)	1,694	1,535	(159)	(9.4%)	2,696
Income Tax Refund Fund Deposit	(289)	(233)	56	(19.5%)	(257)	(233)	24	(9.4%)	(409)
Fund for Advancement of Education Deposit	(0)	(1)	(1)	100.0%	(4)	(1)	3	(82.9%)	(6)
Commitment to Human Services Fund Deposit	(0)	(1)	(1)	100.0%	(4)	(1)	3	(82.9%)	(6)
Net Corporate Income Tax	1,775	1,301	(474)	(26.7%)	1,430	1,301	(128)	(9.0%)	2,275
Sales	5,977	6,016	38	0.6%	6,045	6,016	(30)	(0.5%)	8,140
Public Utility	764	709	(55)	(7.2%)	742	709	(33)	(4.4%)	977
Cigarette	264	265	1	0.4%	270	265	(4)	(1.7%)	355
Inheritance	240	255	15	6.4%	209	255	46	22.2%	275
Liquor	126	127	1	1.1%	128	127	(0)	(0.1%)	168
Insurance	220	249	29	13.0%	270	249	(21)	(7.8%)	355
Corporate Franchise	158	158	0	0.2%	153	158	5	3.2%	202
Investment Income	18	17	(1)	(3.2%)	14	17	3	20.8%	19
Cook County IGT	150	150	0	0.0%	185	150	(35)	0.0%	244
Other Sources	463	330	(133)	(28.7%)	418	330	(87)	(20.9%)	550
TOTAL STATE REVENUES	21,358	18,763	(2,595)	(12.1%)	18,391	18,763	372	2.0%	25,895
Federal Revenues	1,949	2,152	203	10.4%	2,809	2,152	(657)	(23.4%)	4,161
	0	0							0
Transfers In:	1,213	1,218	5	0.4%	1,166	1,218	52	4.5%	1,656
Lottery	478	487	9	1.9%	487	487	(0)	(0.0%)	692
Gaming/Gaming Taxes	247	237	(10)	(4.1%)	191	237	46	24.2%	271
Fund Reallocations	0	0	0	0.0%	0	0	0	0.0%	0
Other Transfers In	488	494	6	1.2%	488	494	6	1.2%	693
TOTAL RECEIPTS	24,520	22,133	(2,387)	(9.7%)	22,366	22,133	(233)	(1.0%)	31,712

- **Income Taxes (\$2,429 net decrease):** Individual Income Tax net receipts through the third quarter decreased by \$2,018 million, or 18.0%, from the FY15 level.

Corporate Income Tax net receipts through the third quarter decreased by \$474 million, or 26.7%, from the FY15 level.

- **Sales Taxes (\$38 million increase):** Sales Tax receipts through the third quarter increased by \$38 million, 0.6%, from the FY15 level.
- **Public Utilities (\$55 million decrease):** Public Utility receipts through the third quarter decreased by \$55 million, 7.2%, from the FY15 level.
- **All Other Sources (\$133 million decrease):** All Other Sources are down \$133 million, 28.7%, from the FY15 level; primarily due to a decrease in court settlement proceeds.
- **Federal Revenues (\$203 million increase):** FY16 Federal Sources of revenue through the third quarter increased by \$203 million, or 10.4%, compared to the FY15 level.
- **Transfers-In (\$5 million increase):** Transfers-in increased by \$5 million, or 0.4%, compared to the FY15 level.

GENERAL FUNDS EXPENDITURES SUMMARY

Table III, below, sets forth General Funds' expenditures through the third quarter of FY15 and FY16. General Funds' expenditures through the end of the third quarter totaled \$18,537 million, a decrease of \$4,451 million, or 19.4%, from the FY15 level.

Table III
GENERAL FUNDS EXPENDITURES
Third Quarter Review
FY2015 vs. FY2016
(in millions)

Agency	FY15 Enacted ^{1, 2}	FY16 Enacted ³	FY15 Expend YTD ²	FY16 Expend YTD ⁶	Change	FY15 Percent Spent ²	FY16 Percent Spent
Constitutional Officers ^{4,5}	\$ 516	\$ -	\$ 278	\$ 214	\$ (64)	54%	N/A
DHFS	\$ 7,223	\$ -	\$ 4,766	\$ 3,761	\$ (1,005)	66%	N/A
ISBE	\$ 6,652	\$ -	\$ 4,917	\$ 4,864	\$ (53)	74%	N/A
DHS	\$ 3,459	\$ -	\$ 2,247	\$ 2,267	\$ 20	65%	N/A
Higher Education	\$ 1,962	\$ -	\$ 1,786	\$ 18	\$ (1,768)	91%	N/A
SERS	\$ 1,149	\$ -	\$ 878	\$ 1,035	\$ 157	76%	N/A
TRS	\$ 3,577	\$ -	\$ 2,685	\$ 2,897	\$ 212	75%	N/A
SURS ⁵	\$ 1,352	\$ -	\$ 1,169	\$ 1,051	\$ (118)	86%	N/A
Corrections	\$ 1,307	\$ -	\$ 839	\$ 619	\$ (221)	64%	N/A
CMS	\$ 1,608	\$ -	\$ 1,288	\$ 13	\$ (1,275)	80%	N/A
DCFS	\$ 680	\$ -	\$ 529	\$ 483	\$ (46)	78%	N/A
Aging	\$ 913	\$ -	\$ 601	\$ 431	\$ (170)	66%	N/A
ISP	\$ 242	\$ -	\$ 174	\$ 158	\$ (16)	72%	N/A
Revenue	\$ 97	\$ -	\$ 65	\$ 54	\$ (11)	67%	N/A
DPH	\$ 131	\$ -	\$ 74	\$ 33	\$ (41)	57%	N/A
DNR	\$ 48	\$ -	\$ 31	\$ 24	\$ (7)	63%	N/A
IDOT	\$ 6	\$ -	\$ 0	\$ 0	\$ (0)	0%	N/A
DCEO	\$ 46	\$ -	\$ 20	\$ 6	\$ (14)	43%	N/A
All Others ⁵	\$ 984	\$ -	\$ 641	\$ 609	\$ (32)	65%	N/A
Agency Totals	\$ 31,950	\$ -	\$ 22,989	\$ 18,537	\$ (4,451)	72%	N/A

Source: IOC Data Warehouse and GOMB. Note: Totals may not add due to rounding.

¹ FY15 includes YTD supplemental appropriations.

² Represents YTD figures for the same time period last fiscal year.

³ Complete FY16 appropriations have not been enacted.

⁴ Constitutional Officers exclude Auditor General.

⁵ Includes continuing appropriations.

⁶ Includes spending through appropriations, court orders and consent decrees.

NOTE: As of 3/31/2016, 9 months of the fiscal year have passed. This represents 75% of the fiscal year.

FINANCIAL POSITION

Table IV, below, sets forth the General Funds' financial position for the third quarter of FY16. The General Funds' cash balance on March 31, 2016 was \$510 million. This reflects an increase of \$305 million from the FY15 third quarter-end level, when the cash balance was \$205 million.

Table IV
FINANCIAL POSITION
Third Quarter Review
FY2015 vs. FY2016
(in millions)

	<u>FY15</u>	<u>FY16</u>	<u>Change</u>
CASH BALANCE			
General Funds Cash Balance (12/31)	142	298	176
Change in Operating Cash for Q2	63	212	150
Transfer In from Budget Stabilization Fund	0	0	0
General Funds Cash Balance (3/31)	205	510	305
SELECT CURRENT LIABILITIES			
General Funds Accounts Payable (3/31) ¹	7,961	6,319	(1,642)
Short-Term Borrowing Payable (3/31)	0	0	0
Total Select Current Liabilities	7,961	6,319	(1,642)
NET WORKING CAPITAL (GF Cash less GF A/P)	(7,756)	(5,810)	1,946

¹ Reflects vouchers at the Illinois Office of the Comptroller and payables at state agencies

EMPLOYMENT HIGHLIGHTS

Table V, below, sets third quarter employment highlights. Nationally, the unemployment rate in March of FY16 was 5.0%, down from 5.5% during the same period last fiscal year. Illinois' unemployment rate of 6.5% in March of FY16 reflected an increase from the state's unemployment rate of 5.9% during the same period last fiscal year. Additionally, total nonfarm employment in Illinois increased, led by increases in the Educational and Health Services sectors and Leisure and Hospitality Services.

Table V
EMPLOYMENT HIGHLIGHTS
Third Quarter Review
FY2015 vs. FY2016

EMPLOYMENT STATISTICS	<u>March FY15</u>	<u>March FY16</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	5,929,100	6,009,000	79,900
Unemployment Rate, Illinois	5.9%	6.5%	0.6
Unemployment Rate, United States	5.5%	5.0%	-0.5
Labor Force Participation Rate, Illinois	64.6%	66.0%	1.4
Labor Force Participation Rate, United States	62.7%	63.0%	0.3

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