



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

**BRUCE RAUNER**  
GOVERNOR

**FISCAL YEAR 2016 SECOND QUARTER FINANCIAL REVIEW**

**GENERAL FUNDS HIGHLIGHTS**

Table I, below, sets forth General Funds year-to-date (YTD) highlights for the second quarter of State fiscal year 2016 (FY16). Table I reflects a net operating deficit of \$866 million.

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

|   | YTD               |                  |                   |                 |
|---|-------------------|------------------|-------------------|-----------------|
|   | <u>FY15</u>       | <u>FY16</u>      | <u>\$ Change</u>  | <u>% Change</u> |
| General Funds Revenues <sup>1</sup>     | \$ 15,267         | \$ 13,393        | \$ (1,874)        | (12.3%)         |
| Transfers In <sup>2</sup>               | 812               | 873              | 61                | 7.5%            |
| Total Receipts                          | <b>\$ 16,079</b>  | <b>\$ 14,266</b> | <b>\$ (1,813)</b> | <b>(11.3%)</b>  |
| General Funds Expenditures <sup>1</sup> | \$ 14,817         | \$ 12,891        | \$ (1,925)        | (13.0%)         |
| Transfers Out <sup>2</sup>              | 2,279             | 2,241            | (38)              | (1.7%)          |
| Total Spending                          | <b>\$ 17,096</b>  | <b>\$ 15,132</b> | <b>\$ (1,963)</b> | <b>(11.5%)</b>  |
| Net Operating Surplus/(Deficit)         | <b>\$ (1,017)</b> | <b>\$ (867)</b>  | <b>\$ 150</b>     | <b>(14.8%)</b>  |

<sup>1</sup>Revenues 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.

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

General Funds' revenues totaled \$13,393 million, a decrease of \$1,872 million, or 12.3%, below the fiscal year 2015 (FY15) quarter-end level. Transfers from other funds to the General Funds increased by \$61 million, or 7.5%, as compared to the same period in FY15, as detailed in the Revenue Summary that follows.

FY16 quarter-end General Funds' expenditures totaled \$12,891 million, a decrease of \$1,925 million, or 13.0%, below the FY15 second 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 second quarter of FY16. General Funds' revenues (including Transfers-In and Federal Revenues) decreased by \$1,812 million, or 11.3%, below the FY15 quarter-end level.

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

| Source                                    | Year to Date Actual   |                       |                                |                   | Year to Date Budget   |                       |                                |                   | Budgeted<br>FY16<br>Total<br>Budget |
|---|-----------------------|-----------------------|--------------------------------|-------------------|-----------------------|-----------------------|--------------------------------|-------------------|-------------------------------------|
|   | FY15<br>YTD<br>Actual | FY16<br>YTD<br>Actual | Difference<br>Dollar<br>Change | Percent<br>Change | FY16<br>YTD<br>Budget | FY16<br>YTD<br>Actual | Difference<br>Dollar<br>Change | Percent<br>Change |                                     |
| Gross Individual Income Tax               | 8,226                 | 6,767                 | (1,459)                        | (17.7%)           | 6,216                 | 6,767                 | 551                            | 8.9%              | 14,644                              |
| Income Tax Refund Fund Deposit            | (823)                 | (660)                 | 163                            | (19.8%)           | (622)                 | (660)                 | (38)                           | 6.2%              | (1,464)                             |
| Fund for Advancement of Education Deposit | 0                     | (205)                 | (205)                          | 100.0%            | (187)                 | (205)                 | (18)                           | 9.7%              | (440)                               |
| Commitment to Human Services Fund Deposit | 0                     | (205)                 | (205)                          | 100.0%            | (187)                 | (205)                 | (18)                           | 9.7%              | (440)                               |
| Net Individual Income Tax                 | 7,403                 | 5,698                 | (1,705)                        | (23.0%)           | 5,221                 | 5,698                 | 477                            | 9.1%              | 12,301                              |
| Gross Corporate Income                    | 1,313                 | 976                   | (337)                          | (25.7%)           | 1,089                 | 976                   | (113)                          | (10.4%)           | 2,708                               |
| Income Tax Refund Fund Deposit            | (184)                 | (148)                 | 36                             | (19.6%)           | (186)                 | (148)                 | 38                             | (20.3%)           | (462)                               |
| Fund for Advancement of Education Deposit | 0                     | (0)                   | (0)                            | 100.0%            | (1)                   | (0)                   | 0                              | (49.4%)           | (2)                                 |
| Commitment to Human Services Fund Deposit | 0                     | (0)                   | (0)                            | 100.0%            | (1)                   | (0)                   | 0                              | (49.4%)           | (2)                                 |
| Net Corporate Income Tax                  | 1,129                 | 827                   | (302)                          | (26.7%)           | 902                   | 827                   | (75)                           | (8.3%)            | 2,242                               |
| Sales                                     | 4,136                 | 4,143                 | 6                              | 0.2%              | 4,162                 | 4,143                 | (19)                           | (0.5%)            | 8,205                               |
| Public Utility                            | 460                   | 431                   | (29)                           | (6.4%)            | 461                   | 431                   | (30)                           | (6.5%)            | 977                                 |
| Cigarette                                 | 177                   | 177                   | (0)                            | -0.1%             | 177                   | 177                   | (0)                            | (0.1%)            | 355                                 |
| Inheritance                               | 156                   | 192                   | 36                             | 23.0%             | 137                   | 192                   | 55                             | 40.0%             | 275                                 |
| Liquor                                    | 85                    | 86                    | 1                              | 0.9%              | 87                    | 86                    | (1)                            | (0.7%)            | 168                                 |
| Insurance                                 | 161                   | 161                   | (0)                            | (0.0%)            | 154                   | 161                   | 7                              | 4.5%              | 340                                 |
| Corporate Franchise                       | 102                   | 111                   | 9                              | 8.7%              | 105                   | 111                   | 7                              | 6.3%              | 201                                 |
| Investment Income                         | 11                    | 10                    | (1)                            | (4.8%)            | 8                     | 10                    | 2                              | 25.6%             | 17                                  |
| Cook County IGT                           | 56                    | 56                    | 0                              | 0.0%              | 50                    | 56                    | 6                              | 0.0%              | 244                                 |
| Other Sources                             | 332                   | 205                   | (127)                          | (38.3%)           | 243                   | 205                   | (38)                           | (15.7%)           | 533                                 |
| <b>TOTAL STATE REVENUES</b>               | <b>14,209</b>         | <b>12,096</b>         | <b>(2,112)</b>                 | <b>(14.9%)</b>    | <b>11,706</b>         | <b>12,096</b>         | <b>391</b>                     | <b>3.3%</b>       | <b>25,858</b>                       |
| Federal Revenues                          | 1,058                 | 1,296                 | 238                            | 22.5%             | 1,831                 | 1,296                 | (535)                          | (29.2%)           | 4,408                               |
| Transfers-In:                             | 812                   | 873                   | 61                             | 7.5%              | 886                   | 873                   | (13)                           | (1.5%)            | 1,661                               |
| Lottery                                   | 306                   | 312                   | 6                              | 1.9%              | 324                   | 312                   | (12)                           | (3.8%)            | 696                                 |
| Gaming/Gaming Taxes                       | 181                   | 171                   | (10)                           | (5.7%)            | 170                   | 171                   | 1                              | 0.4%              | 273                                 |
| Fund Reallocations                        | 0                     | 0                     | 0                              | 0.0%              | 0                     | 0                     | 0                              | 0.0%              | 0                                   |
| Other Transfers-In                        | 325                   | 390                   | 65                             | 19.8%             | 392                   | 390                   | (2)                            | (0.5%)            | 692                                 |
| <b>TOTAL RECEIPTS</b>                     | <b>16,078</b>         | <b>14,266</b>         | <b>(1,812)</b>                 | <b>(11.3%)</b>    | <b>14,422</b>         | <b>14,266</b>         | <b>(157)</b>                   | <b>(1.1%)</b>     | <b>31,927</b>                       |

- **Income Taxes (\$2,007 net decrease):** Individual Income Tax net receipts through the second quarter decreased by \$1,705 million, or 23.0%, from the FY15 first-half level.

Corporate Income Tax net receipts through the second quarter decreased by \$302 million, or 26.7%, from the FY15 mid-year level.

- **Sales Taxes (\$6 million increase):** Sales Tax receipts through the second quarter increased by \$6 million, or 0.2%, from the FY15 first-half level.
- **All Other Sources (\$111 million decrease):** FY16 Public Utility Taxes decreased through the second quarter by \$29 million, or 6.4%, from the FY15 first-half level. Other Sources receipts through the second quarter decreased by \$127 million, or 38.3%, from the FY15 first-half level.
- **Federal Revenues (\$239 million increase):** FY16 Federal Sources of revenue through the second quarter increased by \$239 million, or 22.6%, compared to the FY15 first-half.
- **Transfers-In (\$61 million increase):** Transfers-in increased by \$61 million, or 7.5%, compared to the FY15 first-half level.

## GENERAL FUNDS EXPENDITURES SUMMARY

Table III, below, sets forth General Funds' expenditures through the second quarter of FY15 and FY16. General Funds' expenditures through the end of the second quarter totaled \$12,891 million, a decrease of \$1,925 million, or 13.0%, from the FY15 level.

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

| Agency                               | FY15                         | FY16                       | FY15             | FY16                | Change            | FY15          | FY16          |
|--------------------------------------|------------------------------|----------------------------|------------------|---------------------|-------------------|---------------|---------------|
|                                      | Enacted                      | Enacted                    | Expend           | Expend <sup>5</sup> |                   | Percent Spent | Percent Spent |
|                                      | Appropriation <sup>1,2</sup> | Appropriation <sup>3</sup> |                  |                     |                   |               |               |
| Constitutional Officers <sup>4</sup> | \$ 425                       | \$ -                       | \$ 185           | \$ 135              | \$ (51)           | 44%           | N/A           |
| DHFS                                 | \$ 7,313                     | \$ -                       | \$ 2,256         | \$ 3,153            | \$ 898            | 31%           | N/A           |
| ISBE                                 | \$ 6,605                     | \$ -                       | \$ 3,110         | \$ 3,202            | \$ 92             | 47%           | N/A           |
| DHS                                  | \$ 3,087                     | \$ -                       | \$ 1,588         | \$ 1,482            | \$ (106)          | 51%           | N/A           |
| Higher Education                     | \$ 1,991                     | \$ -                       | \$ 1,359         | \$ 12               | \$ (1,347)        | 68%           | N/A           |
| State Employees' Retirement          | \$ 1,149                     | \$ -                       | \$ 474           | \$ 703              | \$ 229            | 41%           | N/A           |
| TRS                                  | \$ 3,576                     | \$ -                       | \$ 1,791         | \$ 1,935            | \$ 144            | 50%           | N/A           |
| SURS                                 | \$ 1,352                     | \$ -                       | \$ 653           | \$ 693              | \$ 41             | 48%           | N/A           |
| Corrections                          | \$ 1,220                     | \$ -                       | \$ 547           | \$ 399              | \$ (148)          | 45%           | N/A           |
| CMS                                  | \$ 1,588                     | \$ -                       | \$ 862           | \$ 8                | \$ (854)          | 54%           | N/A           |
| DCFS                                 | \$ 696                       | \$ -                       | \$ 355           | \$ 330              | \$ (25)           | 51%           | N/A           |
| Aging                                | \$ 933                       | \$ -                       | \$ 387           | \$ 251              | \$ (136)          | 42%           | N/A           |
| ISP                                  | \$ 248                       | \$ -                       | \$ 121           | \$ 107              | \$ (14)           | 49%           | N/A           |
| Revenue                              | \$ 95                        | \$ -                       | \$ 41            | \$ 35               | \$ (6)            | 43%           | N/A           |
| DPH                                  | \$ 133                       | \$ -                       | \$ 54            | \$ 22               | \$ (32)           | 40%           | N/A           |
| DNR                                  | \$ 45                        | \$ -                       | \$ 20            | \$ 16               | \$ (4)            | 44%           | N/A           |
| IDOT                                 | \$ 6                         | \$ -                       | \$ 0             | \$ -                | \$ (0)            | 0%            | N/A           |
| DCEO                                 | \$ 46                        | \$ -                       | \$ 10            | \$ 4                | \$ (7)            | 22%           | N/A           |
| All Others                           | \$ 2,145                     | \$ -                       | \$ 1,004         | \$ 405              | \$ (599)          | 47%           | N/A           |
| <b>Agency Totals</b>                 | <b>\$ 32,653</b>             | <b>\$ -</b>                | <b>\$ 14,817</b> | <b>\$ 12,891</b>    | <b>\$ (1,925)</b> | <b>45.4%</b>  | <b>N/A</b>    |

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

<sup>1</sup> FY15 includes YTD supplemental appropriations.

<sup>2</sup> Represents YTD figures from the last fiscal year.

<sup>3</sup> Complete FY16 appropriations have not been enacted.

<sup>4</sup> Constitutional Officers exclude Auditor General.

<sup>5</sup> Includes continuing appropriations and court ordered spending.

## FINANCIAL POSITION

Table IV, below, sets forth the General Funds' financial position for the second quarter of FY16. The General Funds' cash balance on December 31, 2015 was \$298 million. This reflects an increase of \$155 million from the FY15 second quarter-end level, when the cash balance was \$142 million.

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

|   | <u>FY15</u>    | <u>FY16</u>    | <u>Change</u> |
|---|----------------|----------------|---------------|
| <b>CASH BALANCE</b>                                 |                |                |               |
| General Funds Cash Balance (9/30)                   | 115            | 291            | 176           |
| Change in Operating Cash for Q2                     | 27             | 6              | (21)          |
| Transfer In from Budget Stabilization Fund          | 0              | 0              | 0             |
| <b>General Funds Cash Balance (12/31)</b>           | <b>142</b>     | <b>298</b>     | <b>155</b>    |
| <b>SELECT CURRENT LIABILITIES</b>                   |                |                |               |
| General Funds Accounts Payable (12/31) <sup>1</sup> | 6,923          | 6,807          | (116)         |
| Short-Term Borrowing Payable (12/31)                | 0              | 0              | 0             |
| <b>Total Select Current Liabilities</b>             | <b>6,923</b>   | <b>6,807</b>   | <b>(116)</b>  |
| <b>NET WORKING CAPITAL (GF Cash less GF A/P)</b>    | <b>(6,781)</b> | <b>(6,509)</b> | <b>271</b>    |

<sup>1</sup> Reflects vouchers at the Illinois Office of the Comptroller and payables at state agencies

## EMPLOYMENT HIGHLIGHTS

Table V, below, sets second quarter employment highlights. Nationally, the unemployment rate in November of FY16 was 5.0%, down from 5.8% during the same period last fiscal year. Illinois' unemployment rate of 5.7% in November of FY16 reflected a decrease from the state's unemployment rate of 6.2% during the same period last fiscal year. Additionally, total nonfarm employment in Illinois increased, led by increases in the Professional and Business Services and Education and Health Services sectors.

**Table V**  
**EMPLOYMENT HIGHLIGHTS**  
**Second Quarter Review**  
**FY2015 vs. FY2016**

| <b>EMPLOYMENT STATISTICS</b>                  | <u>November FY15</u> | <u>November FY16</u> | <u>Change</u> |
|---|----------------------|----------------------|---------------|
| Total Nonfarm Employment, Illinois            | 5,891,500            | 5,927,200            | 35,700        |
| Unemployment Rate, Illinois                   | 6.2%                 | 5.7%                 | -0.5          |
| Unemployment Rate, United States              | 5.8%                 | 5.0%                 | -0.8          |
| Labor Force Participation Rate, Illinois      | 64.7%                | 64.8%                | 0.1           |
| Labor Force Participation Rate, United States | 62.9%                | 62.5%                | -0.4          |

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