



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

BRUCE RAUNER
GOVERNOR

FISCAL YEAR 2017 SECOND QUARTER FINANCIAL REVIEW

GENERAL FUNDS CASH FLOW

The table below sets forth General Funds Cash Flow second quarter and year-to-date comparisons between fiscal year 2016 (FY16) and FY17. This table reflects a FY17 cash balance of \$163 million, and pending vouchers and transfers at the Office of the Comptroller of \$6,197 million.

GENERAL FUNDS CASH FLOW				
Second Quarter and Year-to-Date Review				
(\$ in millions)				
	FY16	FY17	FY16	FY17
	2nd Quarter	2nd Quarter	Year-to-Date	Year-to-Date
Beginning Backlog at Comptroller	\$ (3,656)	\$ (4,197)	\$ (2,830)	\$ (3,444)
Beginning Cash Balance	\$ 291	\$ 309	\$ 621	\$ 246
Revenues				
Individual Income Tax	\$ 2,846	\$ 2,754	\$ 5,698	\$ 5,438
Corporate Income Tax	\$ 401	\$ 199	\$ 827	\$ 487
Sales Tax	\$ 2,091	\$ 2,086	\$ 4,143	\$ 4,188
Other Sources/Transfers In	\$ 1,112	\$ 1,153	\$ 2,302	\$ 2,282
State Source Revenues	\$ 6,450	\$ 6,192	\$ 12,970	\$ 12,395
Budget Stabilization Fund	\$ -	\$ -	\$ 125	\$ -
Federal Sources	\$ 743	\$ 282	\$ 1,296	\$ 1,006
Total Revenues	\$ 7,194	\$ 6,474	\$ 14,391	\$ 13,401
Expenditures				
Current Year Vouchers	\$ 6,426	\$ 7,543	\$ 12,891	\$ 13,341
Prior Year Vouchers	\$ -	\$ (42)	\$ 752	\$ 588
Subtotal, Vouchers Presented	\$ 6,426	\$ 7,501	\$ 13,643	\$ 13,929
Posted Transfers Out	\$ 643	\$ 592	\$ 1,272	\$ 1,243
Transfer to GO Bond Debt Service Fd	\$ 460	\$ 526	\$ 968	\$ 1,059
Prior Year Adjustments	\$ (6)	\$ (1)	\$ (7)	\$ 5
Total Expenditures	\$ 7,523	\$ 8,619	\$ 15,876	\$ 16,237
End of Quarter Cash Balance	\$ 298	\$ 163	\$ 298	\$ 163
End of Quarter Backlog at Comptroller	\$ (3,992)	\$ (6,197)	\$ (3,992)	\$ (6,197)

SOURCE: Illinois Office of the Comptroller Records.

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.

General Funds' second quarter revenues totaled \$6,474 million, a decrease of \$720 million, or 10.0%, below the FY16 second quarter level, including a decrease of \$461 million, or 62.0%, in Federal Sources due primarily to decreases in reimbursable spending on Medicaid.

FY17 second quarter General Funds' expenditures totaled \$8,619 million, an increase of \$1,096 million, or 14.6%, above the FY16 second quarter level.

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

GENERAL FUNDS REVENUES SUMMARY

GENERAL FUNDS REVENUES								
Second Quarter and Year-to-Date Review								
(in millions)								
	FY16 2nd Quarter	FY17 2nd Quarter	Dollar Change	Percent Change	FY16 YTD	FY17 YTD	Dollar Change	Percent Change
Gross Individual Income Tax	3,378	3,331	(47)	(1.4%)	6,767	6,579	(188)	(2.8%)
Income Tax Refund Fund	(329)	(382)	(53)	16.1%	(660)	(737)	(77)	11.7%
Fund for Advancement of Education	(101)	(97)	4	(4.2%)	(205)	(202)	3	(1.4%)
Commitment to Human Services Fund	(101)	(97)	4	(4.2%)	(205)	(202)	3	(1.4%)
Net Individual Income Tax	2,846	2,754	(92)	(3.2%)	5,698	5,438	(260)	(4.6%)
Gross Corporate Income	474	242	(232)	(49.0%)	976	590	(386)	(39.6%)
Income Tax Refund Fund	(72)	(42)	29	(41.0%)	(148)	(102)	46	(31.0%)
Fund for Advancement of Education	(0)	(0)	0	(59.5%)	(0)	(0)	0	(48.2%)
Commitment to Human Services Fund	(0)	(0)	0	(59.5%)	(0)	(0)	0	(48.2%)
Net Corporate Income Tax	401	199	(202)	(50.4%)	827	487	(340)	(41.1%)
Sales	2,091	2,086	(5)	(0.3%)	4,143	4,188	45	1.1%
Public Utility	220	205	(15)	(7.0%)	431	412	(19)	(4.4%)
Cigarette	88	84	(5)	(5.3%)	177	172	(5)	(2.7%)
Inheritance	116	59	(57)	(49.2%)	192	138	(54)	(28.2%)
Liquor	42	45	3	6.0%	86	89	3	3.7%
Insurance	69	59	(9)	(13.4%)	161	167	6	3.9%
Corporate Franchise	53	52	(1)	(2.1%)	111	109	(3)	(2.4%)
Investment Income	6	8	1	20.3%	10	15	5	45.2%
Cook County IGT	56	56	0	0.0%	56	56	0	0.0%
Other Sources	85	199	113	132.4%	205	313	108	53.0%
TOTAL STATE REVENUES	736	766	30	4.0%	12,097	11,584	(513)	(4.2%)
Federal Revenues	743	282	(461)	(62.1%)	1,296	1,006	(290)	(22.4%)
Transfers In:	376	387	11	2.9%	873	811	(62)	(7.1%)
Lottery	176	181	5	3.1%	312	346	35	11.1%
Gaming/Gaming Taxes	91	89	(2)	(2.1%)	171	166	(5)	(3.0%)
Other Transfers In	110	117	8	6.9%	390	299	(91)	(23.4%)
TOTAL RECEIPTS	7,194	6,474	(720)	(10.0%)	14,266	13,401	(864)	(6.1%)

SOURCE: Illinois Office of the Comptroller Records.

NOTE: Totals may not add due to rounding. Excludes Budget Stabilization Fund transfers into the General Funds.

Income Taxes: Individual Income Tax net receipts through the second quarter decreased by \$260 million, or 4.6% from the FY16 year-to-date level.

Corporate Income Tax net receipts through the second quarter decreased by \$340 million, or 41.1%, from the FY16 level.

Sales Taxes: Sales Tax receipts through the second quarter increased by \$45 million, or 1.1%, from the FY16 level.

Public Utilities: Public Utility receipts through the second quarter decreased by \$19 million, or 4.4%, from the FY16 level.

Inheritance: Inheritance receipts through the second quarter decreased by \$54 million, or 28.2%, from the FY16 level.

All Other Sources: All Other Sources are up \$108 million YTD, or 53.0%, from the FY16 level, due primarily to an \$83.7 million prior fiscal year overpayment to the State Employees' Retirement System that was refunded to the General Funds in November.

Federal Revenues: FY17 Federal Sources through the second quarter decreased by \$290 million, or 22.4%, compared to the FY16 level.

Transfers-In: Transfers-in decreased by \$62 million YTD, or 7.1%, compared to the FY16 level.

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 FY17. Total State Revenues (not including Transfers In) were \$604 million, or 5.0%, below the budgeted level. Federal revenues were \$653 million, or 39.3%, below the budgeted level.

GENERAL FUNDS REVENUES Year-to-Date Budgeted versus Actual				
(in millions)				
	FY17 YTD Budgeted	FY17 YTD Actual	Dollar Change	Percent Change
Gross Individual Income Tax	6,900	6,579	(321)	(4.7%)
Income Tax Refund Fund	(772)	(737)	36	(4.6%)
Fund for Advancement of Education	(207)	(202)	5	(2.5%)
Commitment to Human Services Fund	(207)	(202)	5	(2.5%)
Net Individual Income Tax	5,713	5,438	(275)	(4.8%)
Gross Corporate Income	902	590	(312)	(34.6%)
Income Tax Refund Fund	(156)	(102)	53	(34.4%)
Fund for Advancement of Education	(0)	(0)	0	(48.2%)
Commitment to Human Services Fund	(0)	(0)	0	(48.2%)
Net Corporate Income Tax	746	487	(258)	(34.7%)
Sales	4,229	4,188	(42)	(1.0%)
Public Utility	438	412	(25)	(5.8%)
Cigarette	177	172	(5)	(2.6%)
Inheritance	137	138	0	0.3%
Liquor	88	89	1	1.6%
Insurance	160	167	7	4.6%
Corporate Franchise	105	109	4	3.6%
Investment Income	10	15	5	52.2%
Cook County IGT	52	56	4	0.0%
Other Sources	335	313	(21)	(6.4%)
TOTAL STATE REVENUES	12,188	11,584	(604)	(5.0%)
Federal Revenues	1,659	1,006	(653)	(39.3%)
Transfers In:	834	811	(23)	(2.7%)
Lottery	343	346	3	0.9%
Gaming/Gaming Taxes	168	166	(3)	(1.5%)
Other Transfers In	322	299	(23)	0.0%
TOTAL RECEIPTS	14,681	13,401	(1,280)	(8.7%)

SOURCE: Illinois Office of the Comptroller Records and Governor's Office of Management and Budget.

Income Taxes: Individual Income Tax net receipts through the second quarter were \$275 million, or 4.8%, lower than the budgeted levels. Corporate Income Tax net receipts through the first quarter were \$258 million, or 34.7%, lower than budgeted levels.

Sales Taxes: Sales Tax receipts through the second quarter were \$42 million, or 1.0%, lower than budgeted levels.

Public Utilities: Public Utility receipts through the second quarter were \$25 million, or 5.8%, lower than budgeted levels.

Other Sources: Other Sources through the second quarter were \$21 million, or 6.4%, below budgeted levels.

Federal Revenues: FY17 Federal sources of revenue through the second quarter were \$653 million, or 39.3%, lower than budgeted revenues.

Transfers-In: Transfers-in through the second quarter were \$23 million, or 2.7%, lower than budgeted levels.

GENERAL FUNDS EXPENDITURES SUMMARY

The table below sets forth FY16 and FY17 second quarter and year-to-date General Funds spending from appropriations for those fiscal years. General Funds expenditures for the second quarter of FY17 totaled \$7,543 million, an increase of \$1,117 million, or 17.4%, from the FY16 level.

GENERAL FUNDS EXPENDITURES				
Second Quarter and Year-to-Date Review				
(in millions)				
Agency	FY16 Expend 2nd Quarter ¹	FY17 Expend 2nd Quarter	FY16 Expend YTD ¹	FY17 Expend YTD
Constitutional Officers ^{2,3}	\$ 74	\$ 74	\$ 135	\$ 158
DHFS	\$ 1,144	\$ 1,877	\$ 3,153	\$ 2,287
ISBE	\$ 1,843	\$ 1,958	\$ 3,202	\$ 3,403
DHS	\$ 802	\$ 810	\$ 1,482	\$ 1,518
Higher Education	\$ 6	\$ 105	\$ 12	\$ 700
SERS ³	\$ 332	\$ 327	\$ 703	\$ 655
TRS ³	\$ 963	\$ 1,027	\$ 1,935	\$ 2,063
SURS ³	\$ 292	\$ 384	\$ 693	\$ 778
Corrections	\$ 220	\$ 260	\$ 399	\$ 493
CMS	\$ 5	\$ 103	\$ 8	\$ 161
DCFS	\$ 174	\$ 168	\$ 330	\$ 305
Aging	\$ 248	\$ 124	\$ 251	\$ 226
ISP	\$ 61	\$ 61	\$ 107	\$ 107
Revenue	\$ 19	\$ 23	\$ 35	\$ 39
DPH	\$ 11	\$ 13	\$ 22	\$ 24
DNR	\$ 9	\$ 9	\$ 16	\$ 17
IDOT	\$ -	\$ -	\$ -	\$ -
DCEO	\$ 2	\$ 2	\$ 4	\$ 3
All Others ³	\$ 222	\$ 217	\$ 405	\$ 404
Agency Totals	\$ 6,426	\$ 7,543	\$ 12,891	\$ 13,341

Source: IOC Data Warehouse and GOMB.

¹ Represents YTD figures for the same time period last fiscal year.

² Constitutional Officers exclude Auditor General.

³ Includes continuing appropriations.

EMPLOYMENT HIGHLIGHTS

The table below shows recent employment highlights. Nationally, the unemployment rate in November of FY17 was 4.6%, down from 5.0% during the same period last fiscal year. Illinois' unemployment rate of 5.6% in November of FY17 reflected a decrease from the state's unemployment rate of 6.0% during the same period last fiscal year. Additionally, total nonfarm employment in Illinois increased 43,000 year-over-year, led by increases in Leisure and Hospitality and Professional and Business Services.

EMPLOYMENT HIGHLIGHTS			
State and National Review			
EMPLOYMENT STATISTICS	<u>September FY16</u>	<u>September FY17</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	5,972,900	6,016,300	43,400
Unemployment Rate, Illinois	5.9%	5.5%	(0.4)
Unemployment Rate, United States	5.1%	5.0%	(0.1)
Labor Force Participation Rate, Illinois	64.8%	65.1%	0.3
Labor Force Participation Rate, United States	62.4%	62.9%	0.5
EMPLOYMENT STATISTICS	<u>October FY16</u>	<u>October FY17</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	5,993,100	6,022,600	29,500
Unemployment Rate, Illinois	5.9%	5.6%	(0.3)
Unemployment Rate, United States	5.0%	4.9%	(0.1)
Labor Force Participation Rate, Illinois	64.8%	65.1%	0.3
Labor Force Participation Rate, United States	62.5%	62.8%	0.3
EMPLOYMENT STATISTICS	<u>November FY16</u>	<u>November FY17</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	5,982,500	6,025,500	43,000
Unemployment Rate, Illinois	6.0%	5.6%	(0.4)
Unemployment Rate, United States	5.0%	4.6%	(0.4)
Labor Force Participation Rate, Illinois	64.9%	65.1%	0.2
Labor Force Participation Rate, United States	62.5%	62.7%	0.2
Source: Illinois Department of Employment Security and United States Department of Labor			