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EXECUTIVE OFFICE OF THE GOVERNOR
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
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FISCAL YEAR 2025 FIRST QUARTER FINANCIAL REVIEW

FIRST QUARTER RESULTS

Fiscal Year 2025's (FY25) first quarter saw a year-over-year decrease of \$243 million in total revenues due to weaker receipts from corporate income taxes, sales taxes, and federal sources. First quarter expenditures increased by \$951 million compared to FY24 first quarter expenditures.

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

GENERAL FUNDS OVERVIEW

GENERAL FUNDS CASH FLOW First Quarter and Year-to-Date Review

(\$ in millions)

| | First Quarter | | Year-to-date | |
|--|----------------|----------------|----------------|----------------|
| | FY24 Actual | FY25 Actual | FY24 Actual | FY25 Actual |
| Beginning Backlog at Comptroller | \$ (1,103) | \$ (966) | \$ (1,103) | \$ (966) |
| Beginning Cash Balance | \$ 3,852 | \$ 4,671 | \$ 3,852 | \$ 4,671 |
| Revenues | | | | |
| Individual Income Tax | \$ 5,346 | \$ 5,934 | \$ 5,346 | \$ 5,934 |
| Corporate Income Tax | 1,272 | 1,142 | 1,272 | 1,142 |
| Sales Tax | 2,782 | 2,716 | 2,782 | 2,716 |
| Other Sources/Transfers In | 1,902 | 1,375 | 1,902 | 1,375 |
| State Source Revenues | \$ 11,302 | \$ 11,167 | \$ 11,302 | \$ 11,167 |
| Federal Sources | 1,017 | 910 | 1,017 | 910 |
| ARPA Reimbursement for Government Services | 0 | 0 | 0 | 0 |
| Total Revenues | \$ 12,318 | \$ 12,076 | \$ 12,318 | \$ 12,076 |
| Expenditures | | | | |
| Current Year Vouchers | \$ 11,060 | \$ 12,011 | \$ 11,060 | \$ 12,011 |
| Prior Year Vouchers | 1,670 | 1,744 | 1,670 | 1,744 |
| Subtotal, Vouchers Presented | \$ 12,729 | \$ 13,754 | \$ 12,729 | \$ 13,754 |
| Posted Transfers Out | 290 | 311 | 290 | 311 |
| Transfer to GO Bond Debt Service Fund | 450 | 711 | 450 | 711 |
| Prior Year Adjustments | (5) | (18) | (5) | (18) |
| Total Expenditures | \$ 13,464 | \$ 14,758 | \$ 13,464 | \$ 14,758 |
| End of Quarter Cash Balance | \$ 3,439 | \$ 2,927 | \$ 3,439 | \$ 2,927 |
| End of Quarter Backlog at Comptroller | \$ (1,836) | \$ (1,904) | \$ (1,836) | \$ (1,904) |

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)

| | First Quarter | |
|---|---------------|-----------|
| | Projected | Actual |
| Cash Balance, Beginning | \$ 4,671 | \$ 4,671 |
| Receipts | \$ 12,088 | \$ 12,076 |
| IIT | 5,588 | 5,934 |
| CIT | 1,245 | 1,142 |
| Sales | 2,707 | 2,716 |
| Other Sources | 906 | 954 |
| Transfers In | 472 | 421 |
| Federal Sources | 1,170 | 910 |
| Cash Expenditures | (15,981) | (16,008) |
| Cash Balance - Budget Stabilization Fund | \$ 2,193 | \$ 2,189 |
| Cash Balance - All other General Funds | \$ 778 | \$ 739 |

GENERAL FUNDS REVENUES SUMMARY

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

(\$ in millions)

| | First Quarter | | Change: FY24 Actual to FY25 Actual | | Year-to-Date | | Change: FY24 Actual to FY25 Actual | |
|--|----------------|----------------|---------------------------------------|-------------------|----------------|----------------|---------------------------------------|-------------------|
| | FY24 Actual | FY25 Actual | Dollar Change | Percent Change | FY24 Actual | FY25 Actual | Dollar Change | Percent Change |
| Gross Individual Income Tax | \$ 6,292 | \$ 6,983 | \$ 691 | 11.0% | \$ 6,292 | \$ 6,983 | \$ 691 | 11.0% |
| Income Tax Refund Fund | (576) | (639) | (63) | 10.9% | (576) | (639) | (63) | 10.9% |
| Local Government Distributive Fund Deposit | (370) | (411) | (41) | 11.0% | (370) | (411) | (41) | 11.0% |
| Net Individual Income Tax | \$ 5,346 | \$ 5,934 | \$ 587 | 11.0% | 5,346 | 5,934 | \$ 587 | 11.0% |
| Gross Corporate Income | \$ 1,587 | \$ 1,426 | \$ (161) | (10.2%) | \$ 1,587 | \$ 1,426 | \$ (161) | (10.2%) |
| Income Tax Refund Fund | (222) | (200) | 22 | (10.0%) | (222) | (200) | (22) | 10.0% |
| Local Government Distributive Fund Deposit | (94) | (84) | (10) | 13.4% | (94) | (84) | (10) | 6.8% |
| Net Corporate Income Tax | \$ 1,272 | \$ 1,142 | \$ (129) | (10.2%) | \$ 1,272 | \$ 1,142 | \$ (129) | (10.2%) |
| Gross Sales Tax | \$ 2,991 | \$ 2,868 | \$ (122) | (4.1%) | \$ 2,991 | \$ 2,868 | \$ (122) | (4.1%) |
| Downstate Public Trans/Public Trans Deposits | (76) | (1) | 75 | (99.2%) | (76) | (1) | 75 | (99.2%) |
| Road Fund Deposit | (132) | (152) | (19) | 14.7% | (132) | (152) | (19) | 14.7% |
| Net Sales Tax | 2,782 | 2,716 | (66) | (2.4%) | 2,782 | 2,716 | (66) | (2.4%) |
| Public Utility | \$ 154 | \$ 168 | 14 | 9.3% | \$ 154 | \$ 168 | 14 | 9.3% |
| Cigarette | 54 | 52 | (1) | (2.6%) | 54 | 52 | (1) | (2.6%) |
| Inheritance | 157 | 145 | (12) | (7.7%) | 157 | 145 | (12) | (7.7%) |
| Liquor | 49 | 48 | (1) | (3.0%) | 49 | 48 | (1) | (3.0%) |
| Insurance | 144 | 150 | 6 | 3.9% | 144 | 150 | 6 | 3.9% |
| Corporate Franchise | 60 | 58 | (2) | (2.6%) | 60 | 58 | (2) | (2.6%) |
| Investment Income | 162 | 205 | 42 | 26.0% | 162 | 205 | 42 | 26.0% |
| Cook County IGT | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0.0% |
| Other | 91 | 127 | 36 | 39.7% | 91 | 127 | 36 | 39.7% |
| TOTAL STATE REVENUES | \$ 10,271 | \$ 10,745 | \$ 473 | 4.6% | \$ 10,271 | \$ 10,745 | \$ 473 | 4.6% |
| Federal Revenues | \$ 1,017 | \$ 910 | \$ (107) | (10.5%) | \$ 1,017 | \$ 910 | \$ (107) | (10.5%) |
| Transfers In | \$ 1,030 | \$ 421 | \$ (609) | (59.1%) | \$ 1,030 | \$ 421 | \$ (609) | (59.1%) |
| Lottery | 215 | 190 | (25) | (11.6%) | 215 | 190 | (25) | (11.6%) |
| Gaming/Gaming Taxes | 31 | 28 | (3) | (9.4%) | 31 | 28 | (3) | (9.4%) |
| Adult-Use Cannabis | 27 | 28 | 1 | 3.7% | 27 | 28 | 1 | 3.7% |
| Sports Wagering | 0 | 8 | 8 | 100.0% | 0 | 8 | 8 | 100.0% |
| Other | 757 | 167 | (590) | (77.9%) | 757 | 167 | (590) | (77.9%) |
| TOTAL REVENUES | \$ 12,318 | \$ 12,076 | \$ (243) | (2.0%) | \$ 12,318 | \$ 12,076 | \$ (243) | (2.0%) |

Source: Illinois Office of the Comptroller

Income Taxes: FY25 year-to-date (YTD) Individual Income Tax net receipts increased by \$587 million, or 11.0% from FY24, while FY25 YTD Corporate Income Tax (CIT) net receipts decreased by \$129 million, or 10.2%. \$495 million of income taxes were directly deposited into the Local Government Distributive Fund in the first quarter of FY25.

Sales Taxes: FY25 YTD Sales Tax net receipts decreased by \$66 million, or 2.4%, compared to the FY24 YTD level.

Federal Revenues: FY25 YTD base Federal Revenues decreased by \$107 million, or 10.5%, compared to the FY24 YTD level.

Transfers In: FY25 YTD Transfers In decreased by \$609 million, or 59.1%, compared to the FY24 YTD level. This decrease is largely attributable to the timing and amount of the Income Tax Refund Fund transfer. In FY24, \$554.8 million was transferred from the Income Tax Refund Fund into the General Revenue Fund, while in FY25, \$252.8 million is estimated to be transferred during the second quarter of fiscal year 2025.

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 FY25. Total State Revenues (not including Transfers In) were \$299 million, or 2.9%, above the April 2024 budgeted level. Federal Revenues were \$260 million, or 22.2%, below the April 2024 budgeted level.

| GENERAL FUNDS REVENUES | | | | |
|--|-----------------------|--------------------|------------------|-------------------|
| Year-to-Date Budgeted versus Actual | | | | |
| | (\$ in millions) | | | |
| | FY25 YTD Budgeted* | FY25 YTD Actual | Dollar Change | Percent Change |
| Gross Individual Income Tax | \$ 6,577 | \$ 6,983 | \$ 406 | 6.2% |
| Income Tax Refund Fund | (602) | (639) | (37) | 6.1% |
| Local Government Distributive Fund Deposit | (387) | (411) | (24) | 6.1% |
| Net Individual Income Tax | \$ 5,588 | \$ 5,934 | \$ 346 | 6.2% |
| Gross Corporate Income | \$ 1,554 | \$ 1,426 | \$ (128) | (8.2%) |
| Income Tax Refund Fund | (217) | (200) | 17 | (7.8%) |
| Local Government Distributive Fund Deposit | (92) | (84) | 8 | (8.7%) |
| Net Corporate Income Tax | \$ 1,245 | \$ 1,142 | \$ (103) | (8.3%) |
| Gross Sales Tax | \$ 2,879 | \$ 2,868 | \$ (11) | (0.4%) |
| Downstate Public Trans/Public Trans Deposits | (5) | (1) | 4 | (88.5%) |
| Road Fund Deposits | (167) | (152) | 15 | (9.2%) |
| Net Sales Tax | \$ 2,707 | \$ 2,716 | \$ 9 | 0.3% |
| Public Utility | \$ 165 | 168 | 3 | 1.8% |
| Cigarette | 54 | 52 | (2) | (3.1%) |
| Inheritance | 143 | 145 | 2 | 1.6% |
| Liquor | 51 | 48 | (3) | (6.2%) |
| Insurance | 144 | 150 | 6 | 4.2% |
| Corporate Franchise | 66 | 58 | (8) | (11.5%) |
| Investment Income | 172 | 205 | 33 | 18.9% |
| Cook County IGT | 0 | 0 | 0 | 0.0% |
| Other | 111 | 127 | 16 | 14.6% |
| TOTAL STATE REVENUES | \$ 10,446 | \$ 10,745 | \$ 299 | 2.9% |
| Federal Revenues | \$ 1,170 | \$ 910 | \$ (260) | (22.2%) |
| Transfers In | \$ 472 | \$ 421 | \$ (51) | (10.8%) |
| Lottery | 220 | 190 | (30) | (13.6%) |
| Gaming/Gaming Taxes | 39 | 28 | (11) | (27.2%) |
| Adult-Use Cannabis | 30 | 28 | (2) | (5.3%) |
| Sports Wagering | 15 | 8 | (7) | (44.8%) |
| Other | 169 | 167 | (2) | (1.4%) |
| TOTAL REVENUES | \$ 12,088 | \$ 12,076 | \$ (12) | (0.1%) |

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

*Budgeted figures are based on information from the Department of Revenue on timing of income tax deposits.

Income Taxes: Individual Income Tax net receipts through the first quarter were \$346 million, or 6.2%, higher than budgeted levels. Corporate Income Tax net receipts through the first quarter were \$103 million, or 8.3%, lower than budgeted levels.

Sales Taxes: Sales Tax net receipts through the first quarter were \$9 million, or 0.3%, higher than the budgeted levels.

Transfers In: Transfers In through the first quarter were \$51 million, or 10.8%, lower than budgeted levels.

OUTLOOK FOR FUTURE GENERAL FUNDS REVENUES

The table below reflects the anticipated revenues expected to be received during FY25 compared against year-to-date collections. Estimates are updated throughout the fiscal year to reflect changes in information.

| PROJECTED GENERAL FUNDS REVENUES | | | |
|--|----------------------------|--------------------------------------|-----------------------------------|
| Year-to-Date Actuals versus Annual Forecast | | | |
| (\$ in millions) | | | |
| | FY25 YTD Actual | FY25 Annual Forecast* | Remainder of Forecast* |
| Receipts | \$ 12,076 | \$ 53,281 | \$ (41,205) |
| IIT | 5,934 | 26,507 | (20,573) |
| CIT | 1,142 | 5,378 | (4,236) |
| Sales | 2,716 | 10,907 | (8,191) |
| Other Sources | 954 | 3,904 | (2,950) |
| Transfers In | 421 | 2,561 | (2,140) |
| Federal Sources | 910 | 4,024 | (3,114) |
| Total Base Revenues | 12,076 | 53,281 | (41,205) |

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

Through the first quarter of FY25, the state collected 22.7% of its total base State General Funds revenue estimate. Through the first quarter of FY24, the state collected 23.4% of its total base State General Funds revenue collections. Through the first quarter, the state collected \$5.9 billion or 22.4% of its estimated amount. In FY24, the state collected around 20.9% of its annual income tax collection during the first quarter. FY25 collections for corporate income taxes and sales taxes accounted for 21.2% and 24.9% respectively. Both sources are behind the prior year collections. These three sources account for around 80% of annual revenues and variances in collections can have significant impact on projected totals. GOMB continues to monitor both state and national economic conditions to ensure that revenue forecasts reflect the most accurate data possible.

GENERAL FUNDS EXPENDITURES SUMMARY

The table below sets forth FY24 and FY25 first quarter and year-to-date General Funds spending from appropriations for those fiscal years. General Funds expenditures for the first quarter of FY25 totaled \$12,011 million, an increase of \$951 million, or 8.6%, from the FY24 level.

| GENERAL FUNDS EXPENDITURES | | | | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| First Quarter and Year-to-Date Review | | | | |
| (\$ in millions) | | | | |
| Agency | First Quarter | | Year-to-Date | |
| | FY24 Actual Spending | FY25 Actual Spending | FY24 Actual Spending | FY25 Actual Spending |
| Constitutional Officers ¹ | \$ 101 | \$ 113 | \$ 101 | \$ 113 |
| DHFS | 2,601 | 1,960 | \$ 2,601 | \$ 1,960 |
| ISBE | 1,811 | 1,982 | \$ 1,811 | \$ 1,982 |
| DHS | 1,108 | 1,157 | \$ 1,108 | \$ 1,157 |
| Higher Education | 789 | 695 | \$ 789 | \$ 695 |
| SERS | 518 | 659 | \$ 518 | \$ 659 |
| TRS | 1,619 | 2,450 | \$ 1,619 | \$ 2,450 |
| SURS | 674 | 793 | \$ 674 | \$ 793 |
| Corrections | 284 | 337 | \$ 284 | \$ 337 |
| CMS | 605 | 768 | \$ 605 | \$ 768 |
| DCFS | 281 | 311 | \$ 281 | \$ 311 |
| Aging | 230 | 246 | \$ 230 | \$ 246 |
| ISP | 62 | 83 | \$ 62 | \$ 83 |
| Revenue | 10 | 10 | \$ 10 | \$ 10 |
| DPH | 29 | 16 | \$ 29 | \$ 16 |
| DNR | 14 | 16 | \$ 14 | \$ 16 |
| DCEO | 42 | 46 | \$ 42 | \$ 46 |
| All Others | 282 | 367 | \$ 282 | \$ 367 |
| Agency Totals | \$ 11,060 | \$ 12,011 | \$ 11,060 | \$ 12,011 |

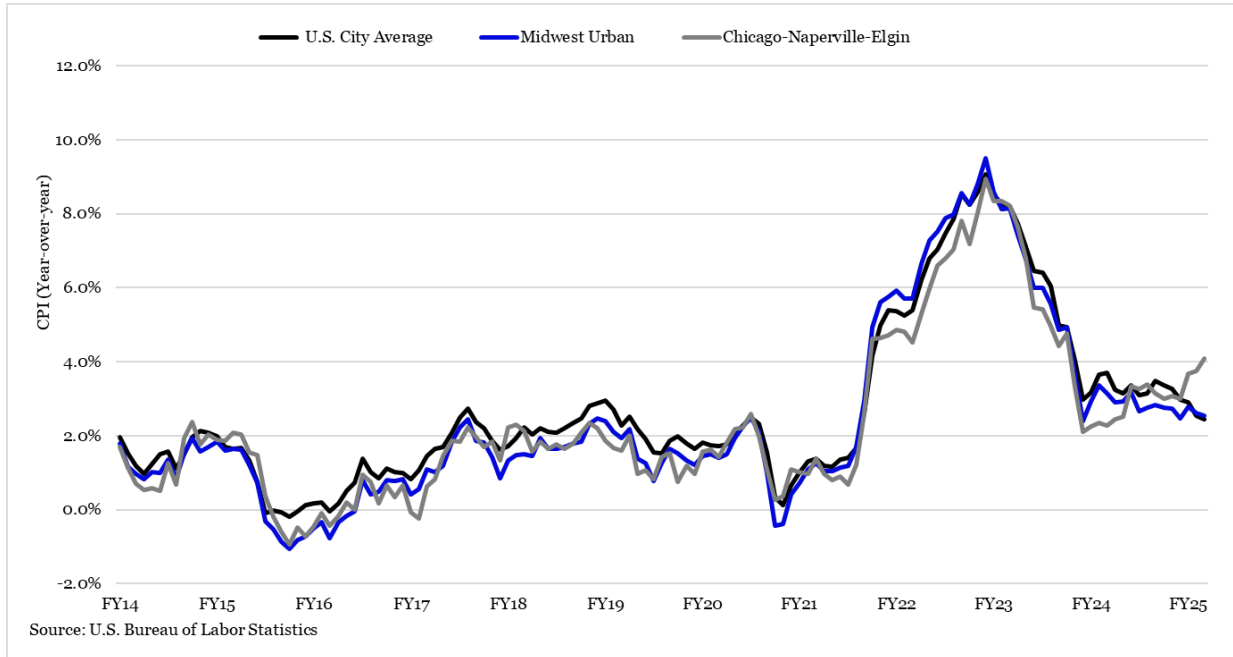
Source: Illinois Office of the Comptroller and Governor's Office of Management and Budget. Totals may not add due to rounding.

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

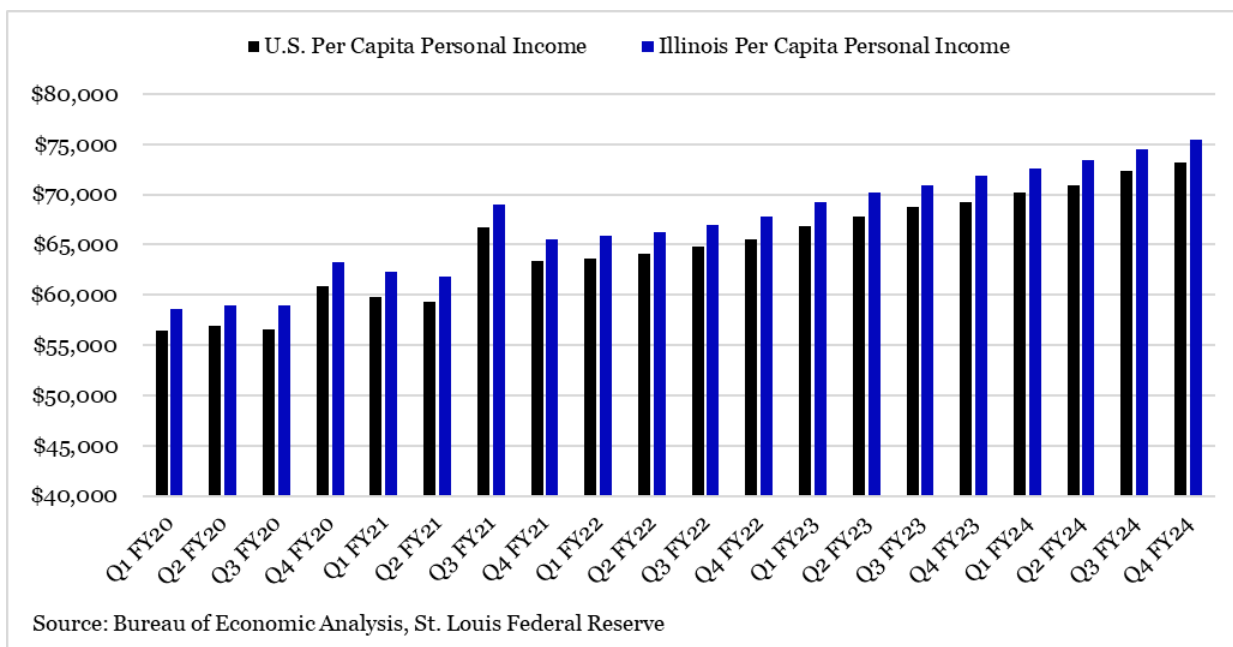
¹ Constitutional Officers exclude Auditor General.

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 FY14 to September FY25. In September FY25, the U.S. city average CPI increased 2.4% year-over-year. The CPI for Chicago metropolitan area increased 4.1% and the CPI for Midwest region increased 2.5%, showing CPI increasing at a higher rate in the Chicago metropolitan area than regional and national data.



The graph below compares the per capita personal income between the U.S. and Illinois from the first quarter of FY20 to the fourth quarter of FY24. The U.S. per capita personal income increased \$855, or 1.2%, from \$72,387 in the third quarter of FY24 to \$73,242 in the fourth quarter of FY24. Year-over-year, U.S. per capita personal income increased \$4,037, or 5.5%. In Illinois, per capita personal income increased by \$980 or 1.3% from \$74,454 in the third quarter of FY24 to \$75,434 in the fourth quarter of FY24, continuing to outpace national totals. Year-over-year, Illinois per capita personal income increased \$3,511, or 4.7%.



EMPLOYMENT HIGHLIGHTS

The table below shows recent Illinois and national employment highlights. Illinois' unemployment rate increased 0.6% from September FY24 to September FY25 to 5.3%, over a percent higher than the national unemployment rate. However, Illinois' labor force participation rate is 2.3% higher than the national rate. Total nonfarm employment grew by 13,800 during the quarter.

| EMPLOYMENT HIGHLIGHTS | | | |
|---|------------------------------|------------------------------|----------------------|
| State and National Review | | | |
| EMPLOYMENT STATISTICS | <u>July FY24</u> | <u>July FY25</u> | <u>Change</u> |
| Total Nonfarm Employment, Illinois | 6,119,200 | 6,153,900 | 34,700 |
| Unemployment Rate, Illinois | 4.4% | 5.2% | 0.8 |
| Unemployment Rate, United States | 3.5% | 4.3% | 0.8 |
| Labor Force Participation Rate, Illinois | 64.3% | 65.0% | 0.7 |
| Labor Force Participation Rate, United States | 62.6% | 62.7% | 0.1 |
| EMPLOYMENT STATISTICS | <u>August FY24</u> | <u>August FY25</u> | <u>Change</u> |
| Total Nonfarm Employment, Illinois | 6,118,400 | 6,160,600 | 42,200 |
| Unemployment Rate, Illinois | 4.6% | 5.3% | 0.7 |
| Unemployment Rate, United States | 3.8% | 4.2% | 0.4 |
| Labor Force Participation Rate, Illinois | 64.4% | 65.0% | 0.6 |
| Labor Force Participation Rate, United States | 62.8% | 62.7% | (0.1) |
| EMPLOYMENT STATISTICS | <u>September FY24</u> | <u>September FY25</u> | <u>Change</u> |
| Total Nonfarm Employment, Illinois | 6,132,300 | 6,167,700 | 35,400 |
| Unemployment Rate, Illinois | 4.7% | 5.3% | 0.6 |
| Unemployment Rate, United States | 3.8% | 4.1% | 0.3 |
| Labor Force Participation Rate, Illinois | 64.5% | 65.0% | 0.5 |
| Labor Force Participation Rate, United States | 62.8% | 62.7% | (0.1) |

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

ILLINOIS REAL ESTATE

Overall, the Illinois real estate market saw surging inventories available for sale over the summer months but showed mixed results in terms of sales. Home sales started off hot, with a 6.2% year-over-year increase in July. However, during August and September, home sales slipped to 6.5% and 8.5% decreases from 2023, while prices remained stubbornly high. The monthly median sale of \$290,000 in September 2024 was 7.4% higher than it was in September 2023. Median price increases reflect a competitive buyer market, even as inventories have improved from July-September. Despite slow home sale growth, the real estate market has a couple of bullish indicators signaling a change in fortune. Over the course of the first quarter of FY25, the monthly average 30 year fixed-rate mortgage dropped from 6.84% to 6.18% at the end of September. This data comes in the wake of a half percentage point reduction in September, along with an anticipated quarter percentage point cut in November. In addition to declining interest rates, housing inventories are projected to continue to increase in Illinois. Nevertheless, affordability remains a persistent concern to homebuying conditions.