



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

SECOND QUARTER RESULTS

Fiscal Year 2025's (FY25) second quarter saw a year-over-year increase of \$278 million in total revenues due to stronger-than-expected receipts from individual income taxes, sales taxes, and transfers in, offsetting declines from federal sources. Second quarter expenditures increased by \$257 million compared to FY24 second quarter expenditures.

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

SECOND QUARTER REPORT HIGHLIGHT: SPORTS WAGERING

Legalized in 2019, Illinois has become a thriving market for sports wagering, spurred by the proliferation of online and mobile betting. Sports betting has seen a steady climb in revenue since its inception and is projected to continue rising. Sports wagering can be measured through the number of wagers placed, the handle (total money wagered, also referred to as stake), the total payout to bettors, the adjusted gross receipts (AGR) from sports wagering, and the tax revenues, deposited into the Sports Wagering Fund and then transferred to the Capitol Projects Fund and the General Revenue Fund. The number of wagers increased from 304.7 million in FY23 to 336 million in FY24. Handles, payouts, and the adjusted gross receipts from sports wagering all continued to increase, with AGR totaling \$1.1 billion in FY24. In FY25 as of December 2024, Statewide AGR was already at \$609 million, on track to surpass FY24 totals, and \$127 million in tax revenues for the State. A new progressive tax system was enacted for sports wagering starting July 1, 2024. The sports wagering tax system was changed from a flat rate to a graduated rate in calendar year 2024.

ILLINOIS ECONOMIC INDICATORS

Overall, the state's economic conditions continue to track rather closely to the United States economy. Illinois continues to show signs of growth in some areas such as labor force participation and consumer spending. Inflation particularly in Chicago continues to increase above the regional and national averages.

The housing market in Illinois continues to struggle due to lower inventory and constant demand the average home price continues to increase. 30-year fixed mortgage interest rates increased slightly but sales figures have remained higher than anticipated.

GENERAL FUNDS OVERVIEW

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

(\$ in millions)

	Second Quarter		Year-to-date	
	FY24 Actual	FY25 Actual	FY24 Actual	FY25 Actual
Beginning Backlog at Comptroller	\$ (1,075)	\$ (1,904)	\$ (341)	\$ (966)
Beginning Cash Balance	\$ 3,439	\$ 2,927	\$ 3,852	\$ 4,671
Revenues				
Individual Income Tax	\$ 5,587	\$ 6,005	\$ 10,934	\$ 11,938
Corporate Income Tax	1,153	1,016	2,425	2,159
Sales Tax	2,686	2,816	5,468	5,532
Other Sources/Transfers In	1,308	1,616	3,209	2,990
State Source Revenues	\$ 10,733	\$ 11,452	\$ 22,037	\$ 22,619
Federal Sources	1,668	1,163	2,685	2,073
ARPA Reimbursement for Government Services	0	65	0	65
Total Revenues	\$ 12,402	\$ 12,680	\$ 24,722	\$ 24,756
Expenditures				
Current Year Vouchers	\$ 12,158	\$ 12,414	\$ 23,218	\$ 24,425
Prior Year Vouchers	0	4	1,671	1,748
Subtotal, Vouchers Presented	\$ 12,157	\$ 12,418	\$ 24,888	\$ 26,173
Posted Transfers Out	39	49	330	359
Transfer to GO Bond Debt Service Fund	243	264	693	975
Prior Year Adjustments	(19)	(19)	(24)	(37)
Total Expenditures	\$ 12,420	\$ 12,712	\$ 25,887	\$ 27,470
End of Quarter Cash Balance	\$ 3,544	\$ 3,047	\$ 3,544	\$ 3,047
End of Quarter Backlog at Comptroller	\$ (1,199)	\$ (2,056)	\$ (1,199)	\$ (2,056)

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)

	Second Quarter	
	Projected	Actual
Cash Balance, Beginning	\$ 3,971	\$ 2,927
Receipts	\$ 24,291	\$ 24,756
IIT	11,478	11,938
CIT	2,293	2,159
Sales	5,442	5,532
Other Sources	1,837	1,783
Transfers In	1,233	1,207
Federal Sources	2,008	2,073
Cash Expenditures	(26,892)	(26,858)
Cash Balance - Budget Stabilization Fund	\$ 2,221	\$ 2,220
Cash Balance - All other General Funds	\$ 1,370	\$ 825

Based on revenue projections revised in November 2024.

GENERAL FUNDS REVENUES SUMMARY

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

(\$ in millions)

	Second 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	\$ 6,575	\$ 7,067	\$ 491	7.5%	\$ 12,869	\$ 14,050	\$ 1,181	9.2%
Income Tax Refund Fund	(602)	(647)	(45)	7.4%	(1,178)	(1,285)	(108)	9.1%
Local Government Distributive Fund Deposit	(387)	(415)	(29)	7.5%	(756)	(826)	(69)	9.2%
Net Individual Income Tax	\$ 5,587	\$ 6,005	\$ 418	7.5%	\$ 10,934	\$ 11,938	\$ 1,004	9.2%
Gross Corporate Income	\$ 1,536	\$ 1,336	\$ (200)	(13.0%)	\$ 3,123	\$ 2,763	\$ (361)	(11.5%)
Income Tax Refund Fund	(299)	(245)	54	(17.9%)	(521)	(445)	(76)	14.6%
Local Government Distributive Fund Deposit	(84)	(75)	(9)	13.4%	(177)	(159)	(19)	6.8%
Net Corporate Income Tax	\$ 1,153	\$ 1,016	\$ (137)	(11.9%)	\$ 2,425	\$ 2,159	\$ (266)	(11.0%)
Gross Sales Tax	\$ 3,033	\$ 3,090	\$ 57	1.9%	\$ 6,023	\$ 5,958	\$ (65)	(1.1%)
Downstate Public Trans/Public Trans Deposits	(193)	(76)	117	(60.5%)	(269)	(77)	192	(71.5%)
Road Fund Deposit	(155)	(198)	(43)	28.0%	(287)	(349)	(63)	21.8%
Net Sales Tax	2,686	2,816	130	4.9%	5,468	5,532	64	1.2%
Public Utility	\$ 154	\$ 163	9	5.9%	\$ 308	\$ 331	23	7.6%
Cigarette	54	50	(4)	(7.1%)	108	103	(5)	(4.8%)
Inheritance	179	176	(3)	(1.7%)	335	321	(14)	(4.2%)
Liquor	44	43	(1)	(1.6%)	93	91	(2)	(2.3%)
Insurance	31	87	56	180.3%	175	237	61	35.0%
Corporate Franchise	47	42	(4)	(9.3%)	107	101	(6)	(5.6%)
Investment Income	146	184	38	26.4%	308	389	81	26.2%
Cook County IGT	0	0	0	0.0%	0	0	0	0.0%
Other	82	83	1	1.7%	174	210	36	20.9%
TOTAL STATE REVENUES	\$ 10,163	\$ 10,666	\$ 503	4.9%	\$ 20,435	\$ 21,412	\$ 977	4.8%
Federal Revenues	\$ 1,668	\$ 1,163	\$ (505)	(30.3%)	\$ 2,685	\$ 2,073	\$ (612)	(22.8%)
Transfers In	\$ 571	\$ 786	\$ 215	37.7%	\$ 1,601	\$ 1,207	\$ (394)	(24.6%)
Lottery	205	175	(30)	(14.6%)	420	365	(55)	(13.1%)
Gaming/Gaming Taxes	50	63	13	26.0%	81	91	10	12.5%
Adult-Use Cannabis	27	27	0	0.0%	54	55	1	1.9%
Sports Wagering	0	42	42	100.0%	0	51	51	100.0%
Other	289	479	190	65.7%	1,046	645	(401)	(38.3%)
TOTAL REVENUES	\$ 12,402	\$ 12,615	\$ 213	1.7%	\$ 24,721	\$ 24,692	\$ (29)	(0.1%)
ARPA Reimbursement for Government Services	0	65	65	100.0%	0	65	65	100.0%
TOTAL REVENUES	\$ 12,402	\$ 12,680	\$ 278	2.2%	\$ 24,721	\$ 24,756	\$ 35	0.1%

Source: Illinois Office of the Comptroller

Income Taxes: FY25 year-to-date (YTD) Individual Income Tax net receipts increased by \$418 million, or 7.5% from FY24, while FY25 YTD Corporate Income Tax (CIT) net receipts decreased by \$137 million, or 11.9%. \$490 million of income taxes were directly deposited into the Local Government Distributive Fund in the second quarter of FY25.

Sales Taxes: FY25 YTD Sales Tax net receipts increased by \$130 million, or 4.9%, compared to the FY24 YTD level.

Federal Revenues: FY25 YTD base Federal Revenues decreased by \$505 million, or 30.3%, compared to the FY24 YTD level.

Transfers In: FY25 YTD Transfers In increased by \$215 million, or 37.7%, compared to the FY24 YTD level. This increase is largely attributable to the new Sports Wagering transfer in that started in FY25 and the timing of the Income Tax Refund Fund transfer in. This transfer can be initiated at any time throughout the fiscal year.

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 \$361 million, or 1.7%, above the November 2024 budgeted level. Federal Revenues were \$65 million, or 3.2%, above the November 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	\$ 13,508	\$ 14,050	\$ 542	4.0%
Income Tax Refund Fund	(1,236)	\$ (1,285)	(49)	4.0%
Local Government Distributive Fund Deposit	(794)	\$ (826)	(32)	4.0%
Net Individual Income Tax	\$ 11,478	\$ 11,938	\$ 460	4.0%
Gross Corporate Income	\$ 2,863	\$ 2,763	\$ (100)	(3.5%)
Income Tax Refund Fund	(401)	(445)	(44)	11.1%
Local Government Distributive Fund Deposit	(169)	(159)	10	(6.0%)
Net Corporate Income Tax	\$ 2,293	\$ 2,159	\$ (134)	(5.9%)
Gross Sales Tax	\$ 5,875	\$ 5,958	\$ 83	1.4%
Downstate Public Trans/Public Trans Deposits	(85)	(77)	8	(9.9%)
Road Fund Deposits	(348)	(349)	(1)	0.4%
Net Sales Tax	\$ 5,442	\$ 5,532	\$ 90	1.6%
Public Utility	\$ 311	331	20	6.6%
Cigarette	102	103	1	0.6%
Inheritance	331	321	(10)	(3.0%)
Liquor	92	91	(1)	(0.9%)
Insurance	317	237	(80)	(25.3%)
Corporate Franchise	97	101	4	3.7%
Investment Income	395	389	(6)	(1.5%)
Cook County IGT	0	0	0	0.0%
Other	192	210	18	9.6%
TOTAL STATE REVENUES	\$ 21,050	\$ 21,411	\$ 361	1.7%
Federal Revenues	\$ 2,008	\$ 2,073	\$ 65	3.2%
Transfers In	\$ 1,233	\$ 1,207	\$ (26)	(2.1%)
Lottery	393	365	(28)	(7.1%)
Gaming/Gaming Taxes	99	91	(8)	(8.0%)
Adult-Use Cannabis	57	55	(2)	(3.5%)
Sports Wagering	70	51	(19)	(27.1%)
Other	614	645	31	5.0%
TOTAL REVENUES	\$ 24,293	\$ 24,691	\$ 398	1.6%
ARPA Reimbursement for Government Services	0	65	65	0.0%
TOTAL REVENUES	\$ 24,293	\$ 24,757	\$ 464	1.9%

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 second quarter were \$460 million, or 4.0%, higher than budgeted levels. Corporate Income Tax net receipts through the second quarter were \$134 million, or 5.9%, lower than budgeted levels.

Sales Taxes: Sales Tax net receipts through the second quarter were \$90 million, or 1.6%, higher than the budgeted levels.

Transfers In: Transfers In through the second quarter were \$26 million, or 2.1%, 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	\$ 24,756	\$ 53,543	\$ (28,787)	
IIT	11,938	26,992	(15,054)	
CIT	2,159	5,299	(3,140)	
Sales	5,532	10,696	(5,164)	
Other Sources	1,783	3,971	(2,188)	
Transfers In	1,207	2,561	(1,354)	
Federal Sources	2,073	4,024	(1,951)	
	65	-	65	
Total Base Revenues	24,756	53,544	(28,787)	

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

*Fiscal year 2025 forecast data as of November 2024.

Using historical averages, national and regional economic activity and tax-related information from the Department of Revenue, GOMB updated its annual revenue forecast in November 2024.

Through the second quarter of FY25, the state collected 46.2% of its total base State General Funds revenue estimate compared to the year before, when the state collected 47.4% of its total base State General Funds revenue collections. Through the second quarter, the state collected \$11.9 billion or 44.2% of its estimated amount of individual income taxes. In FY24, the state collected around 42.5% of its annual individual income tax collection through the second quarter. FY25 collections for corporate income taxes and sales taxes have accounted for 40.7% and 51.7% 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 second quarter and year-to-date General Funds spending from appropriations for those fiscal years. General Funds expenditures for the second quarter of FY25 totaled \$12,414 million, an increase of \$256 million, or 2.1%, from the FY24 level.

GENERAL FUNDS EXPENDITURES				
Second Quarter and Year-to-Date Review				
(\$ in millions)				
Agency	Second Quarter		Year-to-Date	
	FY24 Actual Spending	FY25 Actual Spending	FY24 Actual Spending	FY25 Actual Spending
Constitutional Officers ¹	\$ 126	\$ 137	\$ 227	\$ 250
DHFS	2,409	2,480	\$ 5,010	\$ 4,441
ISBE	2,779	2,857	\$ 4,590	\$ 4,839
DHS	1,495	1,845	\$ 2,602	\$ 3,002
Higher Education	859	953	\$ 1,649	\$ 1,648
SERS	419	483	\$ 937	\$ 1,142
TRS	1,604	894	\$ 3,223	\$ 3,343
SURS	460	408	\$ 1,134	\$ 1,201
Corrections	453	435	\$ 737	\$ 772
CMS	311	580	\$ 916	\$ 1,348
DCFS	355	378	\$ 636	\$ 689
Aging	332	366	\$ 562	\$ 612
ISP	91	91	\$ 153	\$ 174
Revenue	12	12	\$ 21	\$ 22
DPH	49	92	\$ 78	\$ 108
DNR	18	18	\$ 32	\$ 33
DCEO	16	11	\$ 58	\$ 58
All Others	371	374	\$ 653	\$ 741
Agency Totals	\$ 12,158	\$ 12,414	\$ 23,218	\$ 24,425

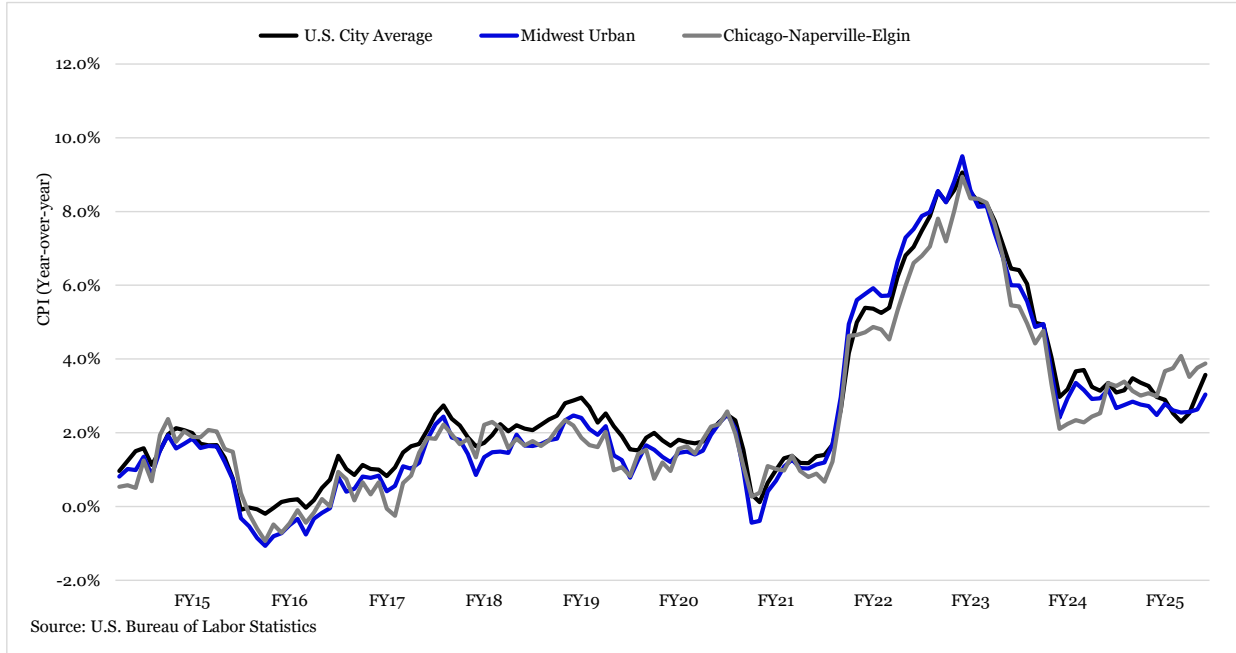
Source: Illinois Office of the Comptroller and Governor's Office of Management and Budget. Totals may not add due to rounding.

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

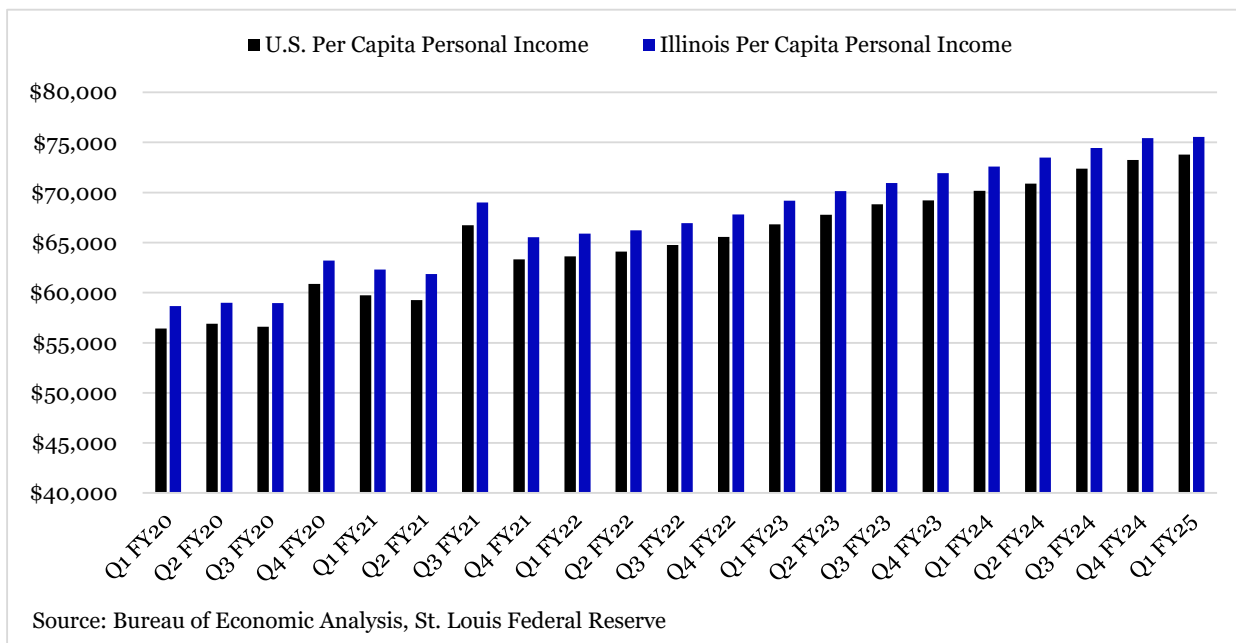
¹ Constitutional Officers exclude Auditor General.

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 December FY25. In December FY25, the U.S. city average CPI increased 3.6% year-over-year, an uptick compared to first quarter CPI increases. The CPI for Chicago metropolitan area increased 3.9% and the CPI for Midwest region increased 3.0%, 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 first quarter of FY25. The U.S. per capita personal income increased \$549, or 1.2%, from \$73,242 in the fourth quarter of FY24 to \$73,791 in the first quarter of FY25. Year-over-year, U.S. per capita personal income increased \$3,635, or 5.0%. In Illinois, per capita personal income increased by \$102 or 0.2% from \$75,434 in the fourth quarter of FY24 to \$75,536 in the first quarter of FY25, continuing to outpace national totals. Year-over-year, Illinois per capita personal income increased \$2,942, or 3.9%.



EMPLOYMENT HIGHLIGHTS

The table below shows recent Illinois and national employment highlights. Illinois' unemployment rate increased 0.5% from December FY24 to December FY25 to 5.2%, over a percent higher than the national unemployment rate. However, Illinois' labor force participation rate is 2.7% higher than the national rate. Total nonfarm employment grew by 3,400 during the quarter.

EMPLOYMENT HIGHLIGHTS			
State and National Review			
EMPLOYMENT STATISTICS	<u>October FY24</u>	<u>October FY25</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	6,101,900	6,153,200	51,300
Unemployment Rate, Illinois	4.8%	5.3%	0.5
Unemployment Rate, United States	3.8%	4.1%	0.3
Labor Force Participation Rate, Illinois	64.5%	65.1%	0.6
Labor Force Participation Rate, United States	62.7%	62.5%	(0.2)
EMPLOYMENT STATISTICS	<u>November FY24</u>	<u>November FY25</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	6,107,200	6,147,800	40,600
Unemployment Rate, Illinois	4.7%	5.3%	0.6
Unemployment Rate, United States	3.7%	4.2%	0.5
Labor Force Participation Rate, Illinois	64.5%	65.2%	0.7
Labor Force Participation Rate, United States	62.8%	62.5%	(0.3)
EMPLOYMENT STATISTICS	<u>December FY24</u>	<u>December FY25</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	6,100,600	6,156,600	56,000
Unemployment Rate, Illinois	4.7%	5.2%	0.5
Unemployment Rate, United States	3.8%	4.1%	0.3
Labor Force Participation Rate, Illinois	64.5%	65.2%	0.7
Labor Force Participation Rate, United States	62.5%	62.5%	0.0

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

ILLINOIS REAL ESTATE

The Illinois real estate market closed out 2024 with increases in homes sold and median prices compared to 2023. Home sales increased from October to December year-over-year to 2023, with December sales increasing 5.9% from 2023. The median sale of homes continued to reflect concerns about affordability, with a year-over-year increase of 10.8% in December, bringing the median to \$282,500. Increases in the median price reflect a strong buyer demand and an increase in housing sentiment as the new year approaches. Tight inventories, high market values, and stubborn mortgage rates continued to burden the real estate market as it did throughout 2024. The monthly average 30-year fixed-rate mortgage increased from 6.18% at the end of the first quarter of FY25 to 6.72% in December, ending the trend of lower mortgage rates seen in the summer months. Overall, Illinois closed out the year with strong sales numbers during the fall and winter months, in which home sales are typically less than in the spring and summer.