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EXECUTIVE OFFICE OF THE GOVERNOR
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
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FISCAL YEAR 2024 THIRD QUARTER FINANCIAL REVIEW

THIRD QUARTER RESULTS

Fiscal Year 2024's (FY24) third quarter saw a year-over-year increase of \$79 million in general funds revenues due to strong receipts from estate taxes, federal revenues, investment income and individual income taxes. Third quarter expenditures decreased by \$473 million compared to FY23 third quarter expenditures.

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

THIRD QUARTER REPORT HIGHLIGHT: SPORTS WAGERING

With the passage of legislation permitting sports betting in June 2019, and operations beginning in March 2020, Illinois quickly emerged as a lucrative market for sports wagering. The introduction of online and mobile betting platforms further accelerated this growth, increasing the convenience for residents to participate.

In the initial years post-legalization, Illinois has experienced a rapid increase in sports betting revenues. 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. The number of wagers increased from 221.7 million individual wagers in FY22 to 304.7 million in FY23. Handles, payouts, and the adjusted gross receipts from sports wagering all continued to increase, with AGR totaling \$949 million in FY23. In FY24 as of February 2024, Statewide AGR was already at \$726 million, on pace to shatter the FY23 total, and \$109 million in tax revenues for the State. The vast majority of sports wagering AGR, and its corresponding tax revenues come from online wagers since its legalization, greatly increasing the volume of bets placed. Currently, sports wagering AGR is taxed at 15%.

ILLINOIS ECONOMIC INDICATORS

The state's economic conditions have rather closely tracked those of the United States economy. State continues to show modest signs of growth in some areas such as employment and consumer spending while inflation and prices continue to be a pressing issue.

The labor market in Illinois continues show strength amid a high interest rate environment. The demand for labor remains steady as the unemployment rate has remained virtually the same over the last 5 months. Total state nonfarm payroll continues grow over the year at modest levels. Incomes and employment in the Chicagoland metro area have grown. As inflation in energy and housing start to stabilize, households may have more discretionary income.

GENERAL FUNDS OVERVIEW

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

(\$ in millions)

	Third Quarter		Year-to-date	
	FY23 Actual	FY24 Actual	FY23 Actual	FY24 Actual
Beginning Backlog at Comptroller	\$ (1,475)	\$ (1,199)	\$ (1,348)	\$ (341)
Beginning Cash Balance	\$ 2,023	\$ 3,544	\$ 2,063	\$ 3,852
Revenues				
Individual Income Tax	\$ 6,492	\$ 6,785	\$ 16,722	\$ 17,719
Corporate Income Tax	730	653	3,327	3,078
Sales Tax	2,378	2,382	7,807	7,850
Other Sources/Transfers In	2,448	1,897	5,331	5,105
State Source Revenues	\$ 12,049	\$ 11,718	\$ 33,187	\$ 33,751
Federal Sources	784	1,196	2,850	3,881
ARPA Reimbursement for Government Services	0	0	763	0
Total Revenues	\$ 12,833	\$ 12,912	\$ 36,802	\$ 37,633
Expenditures				
Current Year Vouchers	\$ 12,897	\$ 12,424	\$ 34,342	\$ 35,641
Prior Year Vouchers	0	0	1,384	1,671
Subtotal, Vouchers Presented	\$ 12,897	\$ 12,424	\$ 35,726	\$ 37,312
Posted Transfers Out	117	55	416	385
Transfer to GO Bond Debt Service Fund	221	334	928	1,027
Transfers to fund tax relief programs	0	0	125	0
Transfers to Pension Stabilization Fund	0	0	200	0
Prior Year Adjustments	(14)	(16)	(38)	(41)
Total Expenditures	\$ 13,222	\$ 12,796	\$ 37,358	\$ 38,683
End of Quarter Cash Balance	\$ 2,007	\$ 3,769	\$ 2,007	\$ 3,769
End of Quarter Backlog at Comptroller	\$ (1,846)	\$ (1,308)	\$ (1,846)	\$ (1,308)

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)

	Third Quarter	
	Projected	Actual
Cash Balance, Beginning	\$ 3,023	\$ 3,544
Receipts	\$ 12,361	\$ 12,912
IIT	7,058	6,785
CIT	510	653
Sales	2,408	2,382
Other Sources	1,161	1,168
Transfers In	493	728
Federal Sources	731	1,196
Cash Expenditures	(14,389)	(14,747)
Cash Balance - Budget Stabilization Fund	\$ 2,011	\$ 2,059
Cash Balance - All other General Funds	\$ 995	\$ 1,710

Based on revenue projections revised in February 2024.

GENERAL FUNDS REVENUES SUMMARY

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

(\$ in millions)

	Third Quarter		Change: FY23 Actual to FY24 Actual		Year-to-Date		Change: FY23 Actual to FY24 Actual	
	FY23 Actual	FY24 Actual	Dollar Change	Percent Change	FY23 Actual	FY24 Actual	Dollar Change	Percent Change
Gross Individual Income Tax	\$ 7,624	\$ 7,986	\$ 362	4.7%	\$ 19,637	\$ 20,853	\$ 1,216	6.2%
Income Tax Refund Fund	(705)	(731)	(26)	3.6%	(1,817)	(1,909)	(92)	5.1%
Local Government Distributive Fund Deposit	(426)	(469)	(43)	10.1%	(1,098)	(1,226)	(128)	11.7%
Net Individual Income Tax	\$ 6,492	\$ 6,785	\$ 293	4.5%	16,722	17,719	\$ 996	6.0%
Gross Corporate Income	\$ 917	\$ 893	\$ (24)	(2.6%)	\$ 4,178	\$ 3,843	\$ (335)	(8.0%)
Income Tax Refund Fund	(133)	(191)	(58)	43.9%	(606)	(538)	(68)	11.2%
Local Government Distributive Fund Deposit	(54)	(48)	(6)	13.4%	(245)	(226)	(18)	6.8%
Net Corporate Income Tax	\$ 730	\$ 653	\$ (77)	(10.5%)	\$ 3,327	\$ 3,078	\$ (248)	(7.5%)
Gross Sales Tax	\$ 2,689	\$ 2,750	\$ 61	2.3%	\$ 8,650	\$ 8,774	\$ 123	1.4%
Downstate Public Trans/Public Trans Deposits	(182)	(216)	(34)	18.5%	(472)	(484)	(12)	2.6%
Road Fund Deposit	(129)	(153)	(23)	18.0%	(372)	(439)	(67)	18.1%
Net Sales Tax	2,378	2,382	4	0.2%	7,807	7,850	43	0.6%
Public Utility	\$ 239	\$ 225	(14)	(5.7%)	\$ 577	\$ 533	(43)	(7.5%)
Cigarette	49	41	(8)	(15.5%)	172	149	(23)	(13.1%)
Inheritance	113	142	29	25.5%	380	478	98	25.8%
Liquor	42	38	(4)	(10.4%)	138	132	(6)	(4.3%)
Insurance	103	124	21	20.5%	313	299	(13)	(4.2%)
Corporate Franchise	58	51	(7)	(11.3%)	174	156	(17)	(10.0%)
Investment Income	138	184	46	33.3%	251	492	241	96.1%
Cook County IGT	244	244	0	0.1%	244	244	0	0.0%
Other	118	119	1	0.8%	320	294	(26)	(8.3%)
TOTAL STATE REVENUES	\$ 10,704	\$ 10,988	\$ 284	2.7%	\$ 30,425	\$ 31,424	\$ 999	3.3%
Federal Revenues	\$ 784	\$ 1,196	\$ 412	52.6%	\$ 2,850	\$ 3,881	\$ 1,031	36.2%
Transfers In	\$ 1,346	\$ 728	\$ (618)	(45.9%)	\$ 2,763	\$ 2,328	\$ (435)	(15.8%)
Lottery	186	215	29	15.6%	486	635	149	30.6%
Gaming/Gaming Taxes	36	44	8	22.2%	130	125	(5)	(3.9%)
Adult-Use Cannabis	27	29	2	6.7%	83	83	(0)	(0.2%)
Other	1,096	440	(656)	(59.9%)	2,064	1,485	(579)	(28.1%)
SUBTOTAL REVENUES	\$ 12,833	\$ 12,912	\$ 79	0.6%	\$ 36,039	\$ 37,633	\$ 1,595	4.4%
ARPA Reimbursement for Government Services	0	0	0	100.0%	763	0	(763)	(100.0%)
TOTAL REVENUES	\$ 12,833	\$ 12,912	\$ 79	0.6%	\$ 36,802	\$ 37,633	\$ 832	2.3%

Source: Illinois Office of the Comptroller

Income Taxes: FY24 year-to-date (YTD) Individual Income Tax net receipts increased by \$996 million, or 6.0% from FY23, while FY24 YTD Corporate Income Tax (CIT) net receipts decreased by \$248 million, or 7.5%. \$517 million of income taxes were directly deposited into the Local Government Distributive Fund in the third quarter of FY24.

Sales Taxes: FY24 YTD Sales Tax net receipts increased by \$43 million, or 0.6%, from the FY23 YTD level.

Federal Revenues: FY24 YTD base Federal Revenues increased by \$1,031 million, or 36.2%, compared to the FY23 YTD level.

Transfers In: FY24 YTD Transfers In decreased by \$435 million, or 15.8%, compared to the FY23 YTD 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 FY24. Total State Revenues (not including Transfers In) were \$261 million, or 0.8%, below the February 2024 budgeted level. Federal Revenues were up \$490 million, or 14.5%, above the February 2024 budgeted level.

GENERAL FUNDS REVENUES				
Year-to-Date Budgeted versus Actual				
	(\$ in millions)			
	FY24 YTD Budgeted*	FY24 YTD Actual	Dollar Change	Percent Change
Gross Individual Income Tax	\$ 21,160	\$ 20,853	\$ (307)	(1.5%)
Income Tax Refund Fund	(1,936)	(1,909)	27	(1.4%)
Local Government Distributive Fund Deposit	(1,244)	(1,226)	18	(1.5%)
Net Individual Income Tax	\$ 17,980	\$ 17,719	\$ (261)	(1.5%)
Gross Corporate Income	\$ 3,778	\$ 3,843	\$ 65	1.7%
Income Tax Refund Fund	(529)	(538)	(9)	1.7%
Local Government Distributive Fund Deposit	(223)	(226)	(3)	1.6%
Net Corporate Income Tax	\$ 3,026	\$ 3,078	\$ 52	1.7%
Gross Sales Tax	\$ 8,843	\$ 8,774	\$ (70)	(0.8%)
Downstate Public Trans/Public Trans Deposits	(489)	(484)	5	(1.1%)
Road Fund Deposits	(449)	(439)	10	(2.2%)
Net Sales Tax	\$ 7,905	\$ 7,850	\$ (55)	(0.7%)
Public Utility	\$ 545	533	(12)	(2.2%)
Cigarette	153	149	(4)	(2.4%)
Inheritance	452	478	26	5.8%
Liquor	137	132	(6)	(4.0%)
Insurance	354	299	(55)	(15.4%)
Corporate Franchise	171	156	(14)	(8.3%)
Investment Income	427	492	65	15.2%
Cook County IGT	244	244	0	0.0%
Other	292	294	1	0.5%
TOTAL STATE REVENUES	\$ 31,685	\$ 31,424	\$ (261)	(0.8%)
Federal Revenues	\$ 3,391	\$ 3,881	\$ 490	14.5%
Transfers In	\$ 2,070	\$ 2,328	\$ 258	12.5%
Lottery	638	635	(3)	(0.5%)
Gaming/Gaming Taxes	110	125	15	13.6%
Adult-Use Cannabis	85	83	(2)	(2.4%)
Other	1,237	1,485	248	20.0%
TOTAL REVENUES	\$ 37,146	\$ 37,633	\$ 487	1.3%

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

*Budgeted figures are based on historical averages as well as information from the Department of Revenue on timing of income tax deposits. Estimates were compiled in February 2024.

Income Taxes: Individual Income Tax net receipts through the third quarter were \$261 million, or 1.5%, lower than budgeted levels. Corporate Income Tax net receipts through the third quarter were \$52 million, or 1.7%, higher than the budgeted levels.

Sales Taxes: Sales Tax net receipts through the third quarter were \$55 million, or 0.7%, lower than the budgeted levels.

Transfers In: Transfers In through the third quarter were \$258 million, or 12.5%, higher than budgeted levels.

OUTLOOK FOR FUTURE GENERAL FUNDS REVENUES

The table below sets forth the future outlook for General Funds revenues for FY24. The table below reflects anticipated revenues to be received compared against year-to-date collections.

PROJECTED GENERAL FUNDS REVENUES			
Year-to-Date Actuals versus Annual Forecast			
(\$ in millions)			
	FY24 YTD Actual	FY24 Annual Forecast*	Remainder of Forecast*
Receipts	\$ 37,633	\$ 52,104	\$ 14,471
IIT	17,719	25,711	7,992
CIT	3,078	5,169	2,091
Sales	7,850	10,531	2,681
Other Sources	2,777	3,809	1,032
Transfers In	2,328	2,576	248
Federal Sources	3,881	4,308	427
Total Base Revenues	37,633	52,104	14,471

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

*Fiscal year 2024 forecast was updated in February 2024 using historical averages, national and regional economic activity data, and tax-related information provided by the Department of Revenue.

Through the third quarter of FY24, total base State General Funds revenues have showed mixed performance against the revised February 2024 annual revenue forecast. Taxes closely linked to economic activity, (income and sales taxes) were lower than the forecast amount. Income from investments, estate taxes, and federal sources have performed well against their forecast amount. The timing of Federal receipts depends mostly on vouchers available for reimbursable spending. If an above average amount of vouchers are paid earlier in the fiscal year, receipts towards the back end will decrease. GOMB continues to monitor the national and state economy for changes which might impact the forecast. Annual forecasts can be recalculated when actuals do not meet expectations.

GENERAL FUNDS EXPENDITURES SUMMARY

The table below sets forth FY23 and FY24 third quarter and year-to-date General Funds spending from appropriations for those fiscal years. General Funds expenditures for the third quarter of FY24 totaled \$12,424 million, a decrease of \$473 million, or 3.7%, from the FY23 level.

GENERAL FUNDS EXPENDITURES				
Third Quarter and Year-to-Date Review				
(\$ in millions)				
Agency	Third Quarter		Year-to-Date	
	FY23 Actual Spending	FY24 Actual Spending	FY23 Actual Spending	FY24 Actual Spending
Constitutional Officers ¹	\$ 106	\$ 115	\$ 308	\$ 342
DHFS	1,887	2,307	6,360	7,317
ISBE	2,624	2,803	6,980	7,393
DHS	1,418	1,705	3,569	4,307
Higher Education	525	596	2,002	2,244
SERS	416	419	1,281	1,356
TRS	1,574	1,604	4,735	4,827
SURS	526	535	1,682	1,669
Corrections	444	459	1,125	1,197
CMS	464	614	1,529	1,530
DCFS	309	340	855	976
Aging	363	363	829	925
ISP	81	80	223	233
Revenue	12	12	34	34
DPH	43	58	142	136
DNR	15	16	46	48
DCEO	9	38	18	96
All Others	2,082	357	2,625	1,010
Agency Totals	\$ 12,897	\$ 12,424	\$ 34,342	\$ 35,641

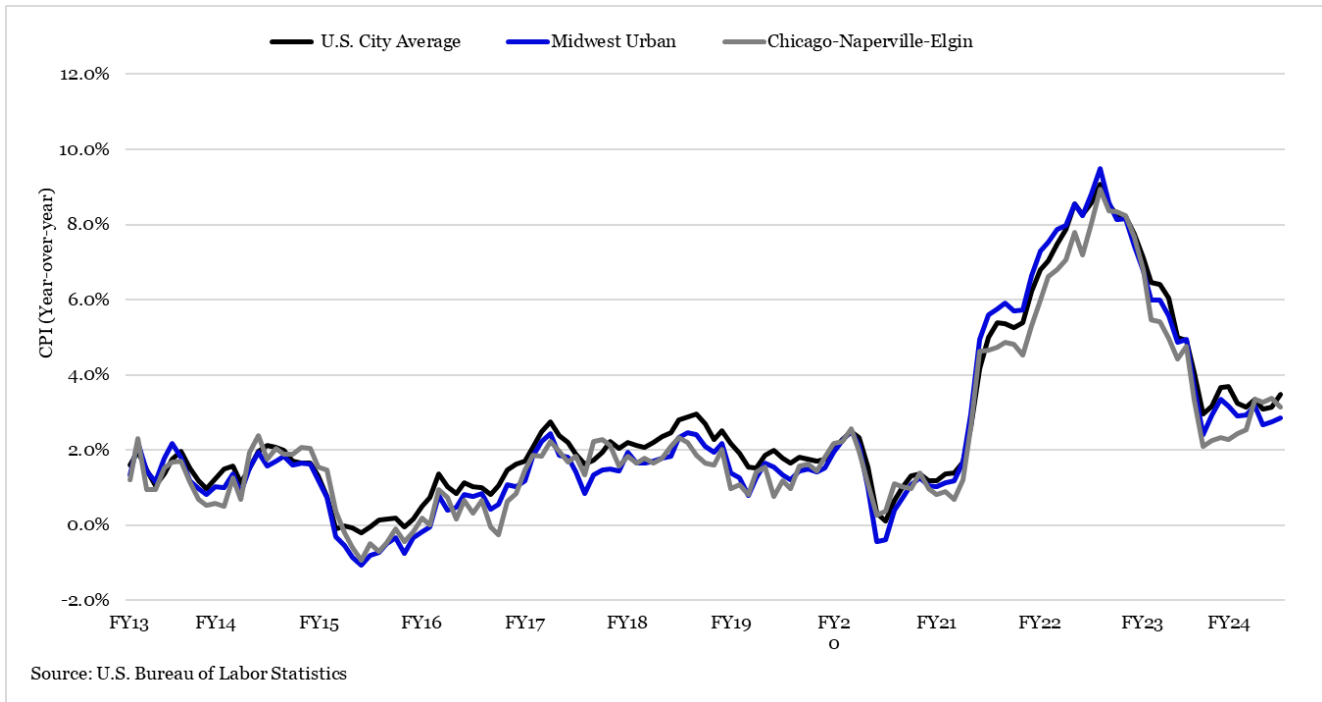
Source: Illinois Office of the Comptroller and Governor's Office of Management and Budget. Totals may not add due to rounding.

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

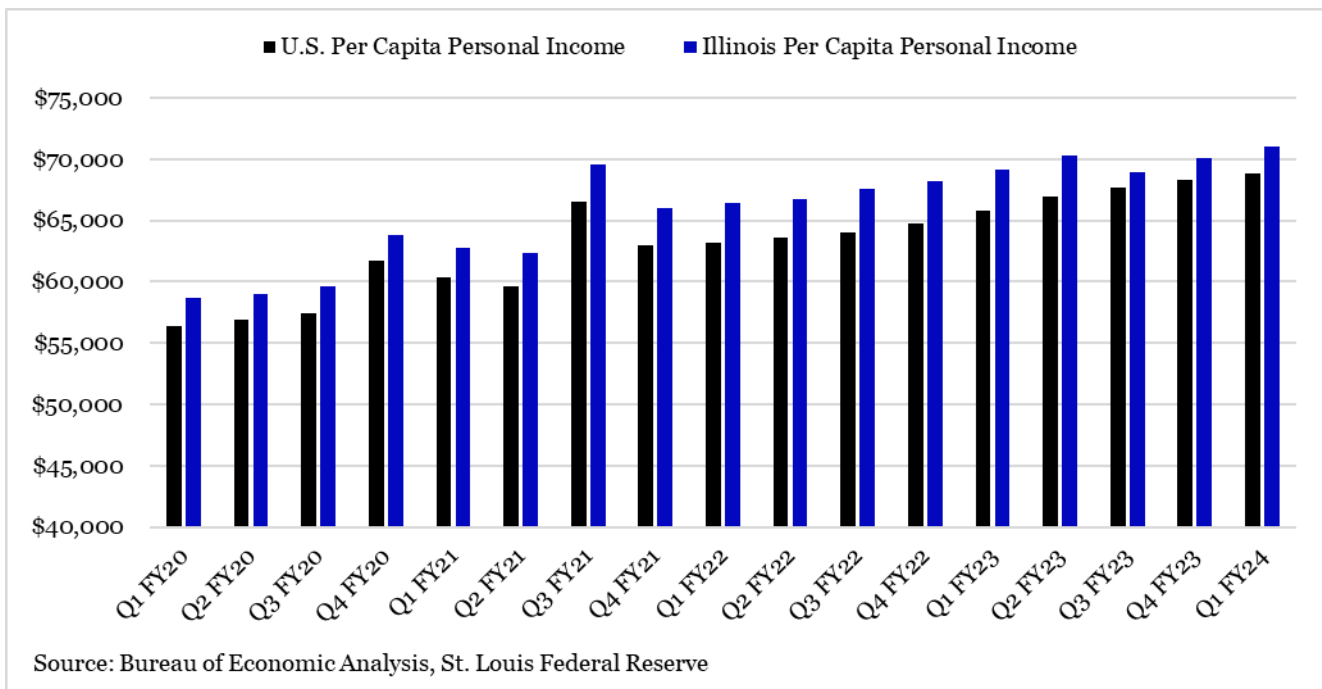
¹ Constitutional Officers exclude Auditor General.

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 January FY13 to March FY24. In March FY24, the U.S. city average CPI increased 3.5% year-over-year. The CPI for Chicago metropolitan area increased 3.1% and the CPI for Midwest region increased 2.8%.



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 FY24. The U.S. per capita personal income increased \$496 or 0.73% from \$68,305 in the fourth quarter of FY23 to \$68,801 in the first quarter of FY24. Year-over-year, U.S. per capita personal income increased \$2,985 or 4.7%. In Illinois, per capita personal income increased by \$931 or 1.35% from \$70,125 in the fourth quarter of FY23 to \$71,056 in the first quarter of FY24. Year-over-year, Illinois per capita personal income increased \$1,889 or 2.7%.



EMPLOYMENT HIGHLIGHTS

The table below shows recent Illinois and national employment highlights. Nationally, the unemployment rate in March of FY24 was 3.8%, up from 3.5% during the same period last fiscal year. Illinois' unemployment rate of 4.4% in March of FY24 reflected a decrease of 0.2 percentage points from the state's unemployment rate of 4.6% during the same period last fiscal year.

Additionally, total nonfarm employment in Illinois increased by 26,100 year-over-year in March.

EMPLOYMENT HIGHLIGHTS			
State and National Review			
EMPLOYMENT STATISTICS	<u>January FY23</u>	<u>January FY24</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	6,108,900	6,099,700	(9,200)
Unemployment Rate, Illinois	4.4%	4.7%	0.3
Unemployment Rate, United States	3.4%	3.7%	0.3
Labor Force Participation Rate, Illinois	64.0%	64.6%	0.6
Labor Force Participation Rate, United States	62.4%	62.5%	0.1
EMPLOYMENT STATISTICS	<u>February FY23</u>	<u>February FY24</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	6,109,300	6,126,400	17,100
Unemployment Rate, Illinois	4.3%	4.8%	0.5
Unemployment Rate, United States	3.7%	3.9%	0.2
Labor Force Participation Rate, Illinois	64.0%	64.6%	0.6
Labor Force Participation Rate, United States	62.5%	62.5%	0.0
EMPLOYMENT STATISTICS	<u>March FY23</u>	<u>March FY24</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	6,113,000	6,139,100	26,100
Unemployment Rate, Illinois	4.6%	4.4%	(0.2)
Unemployment Rate, United States	3.5%	3.8%	0.3
Labor Force Participation Rate, Illinois	64.0%	64.6%	0.6
Labor Force Participation Rate, United States	62.6%	62.7%	0.1

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

ILLINOIS REAL ESTATE

The number of homes and sales continued to dip in Illinois, as the number of available homes in March 2024 dipped to its lowest point since 2008. March 2024 home sales dropped 11.9% compared to March 2023, while median home prices rose 9.5% year-over-year. Housing availability also remained an issue in Illinois, evidenced by a 14.2% drop in home sale availability in March 2024 compared to March 2023. Compared to February and January 2024, March saw the number of home sales rise significantly, from 6,896 and 7,576 homes sold in the first two months respectively, to 10,024 in March. According to data from Freddie Mac, the monthly average 30 year fixed-rate mortgage rose to 6.82%, an increase from 6.78% in February and 6.64% in January.