



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

BRUCE RAUNER
GOVERNOR

FISCAL YEAR 2016 FIRST QUARTER FINANCIAL REVIEW

GENERAL FUNDS HIGHLIGHTS

Table I, below, sets forth General Funds year-to-date (YTD) highlights for the first quarter of State fiscal year 2016 (FY16). Table I reflects a net operating deficit of \$531 million.

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

	YTD			
	FY15	FY16	\$ Change	% Change
General Funds Revenues ¹	\$ 7,620	\$ 6,576	\$ (1,044)	(13.7%)
Transfers In ²	439	496	57	13.0%
Total Receipts	\$ 8,059	\$ 7,072	\$ (987)	(12.2%)
General Funds Expenditures ¹	\$ 5,792	\$ 6,466	\$ 674	11.6%
Transfers Out ²	1,180	1,138	(42)	(3.5%)
Total Spending	\$ 6,971	\$ 7,604	\$ 632	9.1%
Net Operating Surplus/(Deficit)	\$ 1,088	\$ (531)	\$ (1,619)	(148.8%)

¹Revenues 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.

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

General Funds' revenues totaled \$6,576 million, a decrease of \$1,044 million, or 13.7%, below the fiscal year 2015 (FY15) quarter-end level. Transfers from other funds to the General Funds increased by \$57 million, or 13.0%, as compared to the same period in FY15, as detailed in the Revenue Summary that follows.

FY16 quarter-end General Funds' expenditures totaled \$6,466 million, an increase of \$674 million, or 11.6%, above the FY15 first 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 first quarter of FY16. General Funds' revenues (including Transfers-In and Federal Revenues) decreased by \$987 million, or 12.2%, over the FY15 quarter-end level.

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

Source	Year to Date Actual				Year to Date Budget				Budgeted
	FY15 YTD Actual	FY16 YTD Actual	Difference Dollar Change	Percent Change	FY16 YTD Budget	FY16 YTD Actual	Difference Dollar Change	Percent Change	FY16 Total Budget
Gross Individual Income Tax	4,089	3,390	(700)	(17.1%)	3,117	3,390	273	8.8%	14,644
Income Tax Refund Fund Deposit	(409)	(331)	78	(19.2%)	(312)	(331)	(19)	6.0%	(1,464)
Fund for Advancement of Education Deposit	0	(103)	(103)	100.0%	(110)	(103)	6	(5.8%)	(440)
Commitment to Human Services Fund Deposit	0	(103)	(103)	100.0%	(110)	(103)	6	(5.8%)	(440)
Net Individual Income Tax	3,680	2,852	(828)	(22.5%)	2,586	2,852	267	10.3%	12,301
Gross Corporate Income	656	502	(154)	(23.5%)	528	502	(26)	(4.9%)	2,800
Income Tax Refund Fund Deposit	(92)	(76)	16	(17.1%)	(87)	(76)	11	(12.5%)	(462)
Fund for Advancement of Education Deposit	0	(0)	(0)	100.0%	(0.5)	(0)	0	(87.3%)	(2)
Commitment to Human Services Fund Deposit	0	(0)	(0)	100.0%	(0.5)	(0)	0	(87.3%)	(2)
Net Corporate Income Tax	564	426	(138)	(24.5%)	440	426	(14)	(3.2%)	2,335
Sales	2,034	2,052	17	0.8%	2,032	2,052	19	0.9%	8,204
Public Utility	236	211	(25)	(10.5%)	243	211	(32)	(13.1%)	1,008
Cigarette	88	88	0	0.0%	84	88	4	5.0%	355
Inheritance	83	77	(7)	(8.4%)	68	77	8	12.1%	275
Liquor	44	44	0	0.6%	44	44	(0)	(0.4%)	168
Insurance	92	92	0	0.4%	83	92	10	11.6%	340
Corporate Franchise	52	58	6	10.7%	52	58	6	10.8%	201
Investment Income	7	4	(4)	(52.2%)	3	4	1	34.8%	17
Cook County IGT	0	0	0	0.0%	0	0	0	0.0%	244
Other Sources	235	119	(116)	(49.3%)	153	119	(34)	(22.3%)	533
TOTAL STATE REVENUES	7,117	6,023	(1,094)	(15.4%)	5,788	6,023	235	4.1%	25,980
Federal Revenues	503	553	50	10.0%	898	553	(345)	(38.4%)	4,408
Transfers-In:	439	496	57	13.0%	460	496	36	7.9%	1,661
Lottery	145	136	(9)	(6.1%)	148	136	(12)	(8.2%)	696
Gaming/Gaming Taxes	86	80	(6)	(6.8%)	81	80	(1)	(1.5%)	273
Fund Reallocations	0	0	0	0.0%	0	0	0	0.0%	0
Other Transfers-In	208	280	72	34.5%	231	280	50	21.5%	692
TOTAL RECEIPTS	8,059	7,072	(987)	(12.2%)	7,147	7,072	(74)	(1.0%)	32,049

- **Income Taxes (\$966 net decrease):** Individual Income Tax quarter-end net receipts decreased by \$828 million, or 22.5%, over the FY15 first quarter level.

Corporate Income Tax quarter-end net receipts decreased by \$138 million, or 24.5%, over the FY15 first quarter level.

- **Sales Taxes (\$17 million increase):** Sales Tax quarter-end receipts increased by \$17 million, or 0.8%, from the FY15 first quarter level.
- **All Other Sources (\$145 million decrease):** Inheritance Tax quarter-end receipts decreased by \$7 million, or 8.4%, from the FY15 first quarter level. FY15 quarter-end Public Utility Taxes decreased by \$25 million, or 10.5%, from the FY15 first quarter level. Other Sources quarter-end receipts decreased by \$116 million, or 49.3%, from the FY15 first quarter level.
- **Federal Revenues (\$50 million increase):** FY15 quarter-end Federal Sources of revenue increased by \$50 million, or 10.0%, compared to the FY15 first quarter level.

- **Transfers-In (\$57 million increase):** Transfers-in increased by \$57 million, or 13.0%, compared to the FY15 first quarter level.

GENERAL FUNDS EXPENDITURES SUMMARY

Table III, below, sets forth General Funds' expenditures through the first quarter of FY16. General Funds' expenditures through the end of the first quarter totaled \$6,466 million, an increase of \$674 million, or 11.6%, from the FY15 level.

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

Agency	FY15 Enacted Appropriation ¹	FY16 Enacted Appropriation ²	FY15 Expend	FY16 Expend	Change	FY15 Percent Spent	FY16 Percent Spent
Constitutional Officers ^{3,4}	\$ 426	\$ -	\$ 90	\$ 61	\$ (29)	21%	0%
DHFS	\$ 7,178	\$ -	\$ 480	\$ 2,010	\$ 1,530	7%	0%
ISBE	\$ 6,555	\$ -	\$ 1,328	\$ 1,360	\$ 31	20%	0%
DHS	\$ 3,450	\$ -	\$ 690	\$ 679	\$ (11)	20%	0%
Higher Education	\$ 1,950	\$ -	\$ 457	\$ 6	\$ (451)	23%	0%
TRS	\$ 3,577	\$ -	\$ 897	\$ 972	\$ 75	25%	0%
SURS ⁴	\$ 1,352	\$ -	\$ 311	\$ 402	\$ 91	23%	0%
Corrections	\$ 1,324	\$ -	\$ 208	\$ 179	\$ (29)	16%	0%
CMS	\$ 1,608	\$ -	\$ 438	\$ 3	\$ (435)	27%	0%
DCFS	\$ 680	\$ -	\$ 166	\$ 156	\$ (10)	24%	0%
Aging	\$ 912	\$ -	\$ 143	\$ 3	\$ (139)	16%	0%
ISP	\$ 256	\$ -	\$ 50	\$ 46	\$ (3)	19%	0%
Revenue	\$ 98	\$ -	\$ 18	\$ 16	\$ (2)	19%	0%
DPH	\$ 131	\$ -	\$ 29	\$ 10	\$ (18)	22%	0%
DNR	\$ 49	\$ -	\$ 9	\$ 7	\$ (2)	18%	0%
IDOT	\$ 6	\$ -	\$ 0	\$ -	\$ (0)	0%	0%
DCEO	\$ 46	\$ -	\$ 3	\$ 1	\$ (1)	7%	0%
All Others ⁴	\$ 2,133	\$ -	\$ 476	\$ 554	\$ 78	22%	0%
Agency Totals	\$ 31,729	\$ -	\$ 5,792	\$ 6,466	\$ 674	18%	0%

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

¹ FY15 includes supplemental appropriations

² Complete FY16 Appropriations have not been enacted.

³ Constitutional Officers exclude Auditor General.

⁴ Includes continuing appropriations.

NOTE: As of 9/30/2015, 3 months of the fiscal year have passed. This represents 25% of the fiscal year.

FINANCIAL POSITION

Table IV, below, sets forth the General Funds' financial position for the first quarter of FY16. The General Funds' cash balance on September 30, 2015 was \$291 million. This reflects an increase of \$176 million from the FY15 quarter-end level, when the cash balance was \$115 million.

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

	<u>FY15</u>	<u>FY16</u>	<u>Change</u>
CASH BALANCE			
General Funds Cash Balance (6/30)	74	621	477
Change in Operating Cash for Q1	317	(205)	(522)
Transfer In from Budget Stabilization Fund	275	125	(150)
General Funds Cash Balance (9/30)	115	291	176
SELECT CURRENT LIABILITIES			
General Funds Accounts Payable (9/30)	5,161	6,100	939
Short-Term Borrowing Payable (9/30)	0	0	0
Total Select Current Liabilities	5,161	6,100	939
NET WORKING CAPITAL (GF Cash less GF A/P)	(5,046)	(5,809)	(763)

EMPLOYMENT HIGHLIGHTS

Table V, below, sets first quarter employment highlights. Nationally, the unemployment rate in August 2016 was 5.1%, down from 6.1% during the same period in 2015. Illinois' unemployment rate of 5.6% in August 2016 reflected a decrease from the state's unemployment rate of 6.5% in August 2015. Additionally, total nonfarm employment in Illinois increased, led by increases in the Construction, Professional and Business Services and Education and Health Services sectors.

Table V
EMPLOYMENT HIGHLIGHTS
First Quarter Review
FY2015 vs. FY2016

EMPLOYMENT STATISTICS	<u>August FY15</u>	<u>August FY16</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	5,879,200	5,920,400	41,200
Unemployment Rate, Illinois	6.5%	5.6%	-0.9
Unemployment Rate, United States	6.1%	5.1%	-1.0
Labor Force Participation Rate, Illinois	64.7%	64.4%	-0.3
Labor Force Participation Rate, United States	62.9%	62.6%	-0.3

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