



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

**JB PRITZKER**  
**GOVERNOR**

November 13, 2020

**ALEXIS STURM**  
**DIRECTOR**

## Illinois Economic and Fiscal Policy Report

The Governor's Office of Management and Budget (GOMB), pursuant to 20 ILCS 3005/7.3, annually submits an Economic and Fiscal Policy Report to the General Assembly outlining the long-term economic and fiscal policy objectives of the state, along with the economic and fiscal policy intentions for the upcoming fiscal year and for the subsequent four fiscal years. The report also includes a review of the current fiscal year's enacted budget compared with the current outlook for the fiscal year along with fiscal and policy options that GOMB recommends for consideration by the General Assembly and the Governor to remedy any budgetary shortfalls in the current year or the five following fiscal years.

### ECONOMIC REVIEW

#### NATIONAL ECONOMIC CONDITIONS

The longest U.S. economic expansion on record came to an end in February 2020 as the COVID-19 pandemic sent the U.S. economy into a recession. The 128-month expansion shattered records dating back to 1854 and eclipsed the previous record from March 1991 to March 2001.<sup>1</sup> The first case of COVID-19 was reported in the United States on January 21, 2020.<sup>2</sup> On March 13, 2020, as the virus spread throughout the country, a national emergency was declared. Many state and local governments ordered the closure of schools<sup>3</sup> and non-essential businesses, such as theaters, gyms, sporting and concert venues and limited restaurants to take-out and delivery.<sup>4</sup> By early April, 90 percent of the U.S. population was under some form of "stay-at-home" order that limited daily movement to essential activities.<sup>5</sup> The actions taken to limit the spread of COVID-19 sharply impacted economic activity leading the National Bureau of Economic Research to officially recognize the U.S. had entered a recession in February.<sup>6</sup>

The 2020 recession is an unprecedented contraction. The Bureau of Labor Statistics reported that nationally 20.8 million jobs were lost in April, by far the largest drop in employment on record dating back to 1939.<sup>7</sup> After hovering near a historic low for nearly two years, the unemployment rate jumped from 3.5 percent in February to 14.7 percent in April, a record for data going back to 1948.<sup>8</sup> The U-6, a broader measure of unemployment that captures individuals too discouraged to search for work and part-time workers seeking full-time employment, jumped from 7.0 percent in February to 22.8 percent in April.<sup>9</sup> In

the second quarter of 2020, real GDP contracted by 31.4 percent, the largest contraction on record dating back to 1947. Personal consumption expenditures declined by 33.2 percent and business investment declined by 46.6 percent<sup>10</sup> during that same time period.

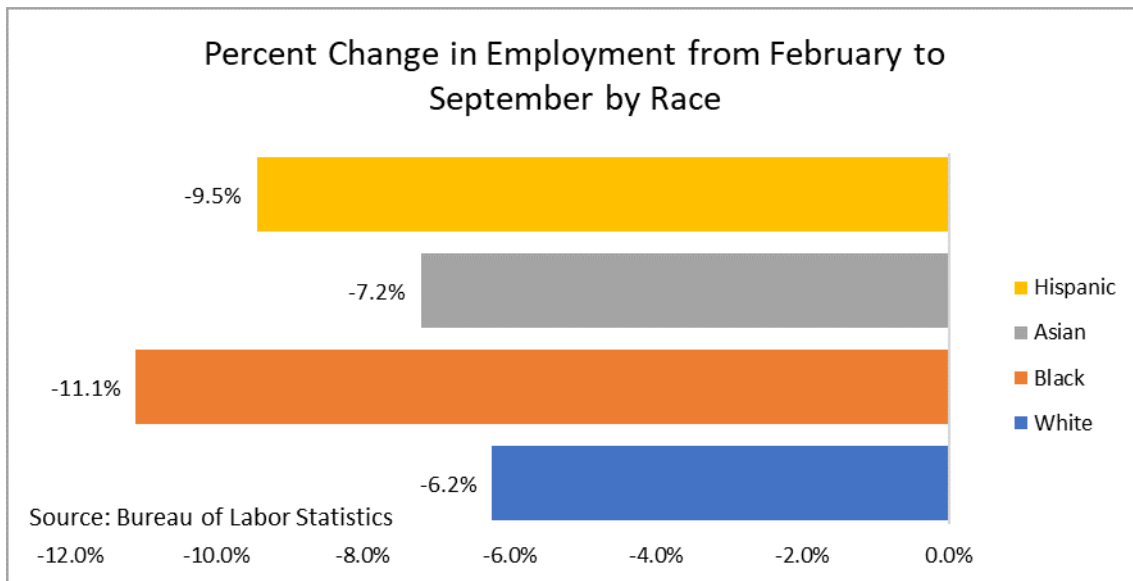
COVID-19 and the stay at home orders had a widespread impact on the economy, but the government-imposed closures appear to only be a part of what caused this massive contraction of employment and economic output. Austan Goolsbee and Chad Syverson, economists at the University of Chicago, examined “cellular phone records data on customer visits to more than 2.25 million individual businesses across 110 different industries.” They determined that “while overall consumer traffic fell by 60 percentage points, legal restrictions explain only 7 percentage points of this.” Consumer movement fell prior to shelter-in-place restrictions and “was highly influenced by the number of COVID deaths reported in the county.” However, the shutdown orders “did have a significant effect in reallocating consumer activity away from ‘nonessential’ to ‘essential’ businesses and from restaurants and bars toward groceries and other food sellers.”<sup>11</sup>

Since May, the economy has added back 11.4 million jobs, a little more than half of the jobs lost in March and April.<sup>12</sup> Real GDP in the third quarter of 2020 recovered about two-thirds of the losses seen since the fourth quarter of 2019,<sup>13</sup> with real GDP jumping at an annual rate of 33.1 percent, the highest on record.<sup>14</sup> However, with new daily confirmed cases of COVID-19 reaching new highs nationally in late October and early November, it remains to be seen whether the economic recovery will continue or will reverse.<sup>15</sup>

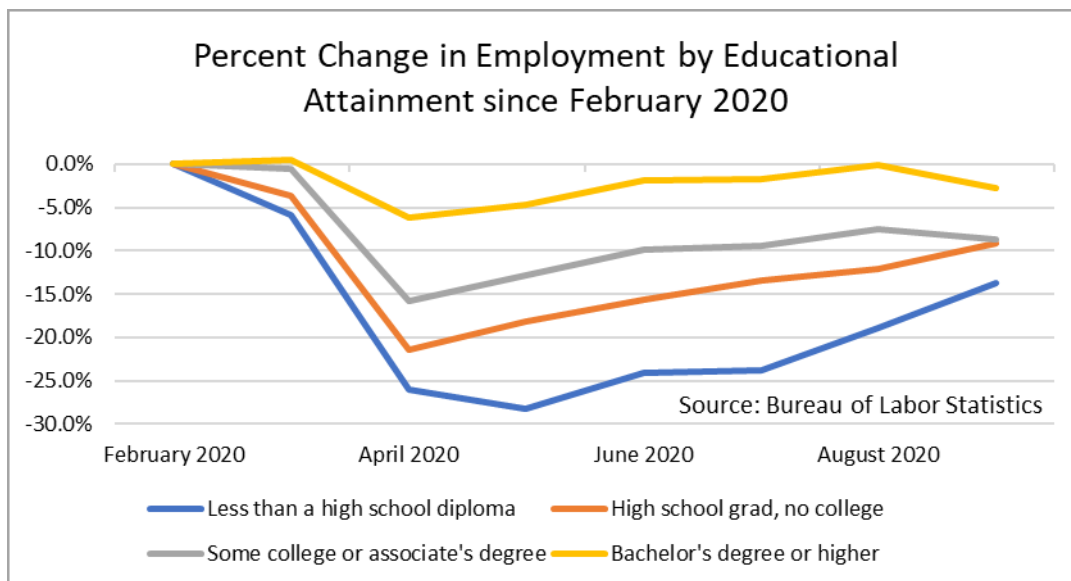
### *The COVID-19 Economy: The Pandemic’s Uneven Impact*

One key recommendation from public health officials has been for “social distancing” to limit potential exposure to COVID-19 – jobs that can be done remotely are often more secure. However, the ability to do work remotely is divided along racial, educational, income and occupational lines. According to the Labor Department, in 2017-2018, 60.1 percent of management, business and financial jobs could be done from home compared with 8.8 percent of Leisure & Hospitality jobs and 16.5 percent of Wholesale and Retail Trade jobs. Twenty-nine point nine percent of white employees and 37.0 percent of Asian employees had the ability to work from home compared to 19.7 percent of Black employees and 16.2 percent of Hispanic employees. Fifty-one point nine percent of employees with a bachelor’s degree or higher had the ability to work from home compared with 12.6 percent of high school graduates and 4.2 percent of employees who did not graduate from high school. Sixty-one point 5 percent of those earning greater than the 75<sup>th</sup> percentile had the ability to work from home compared to 9.2 percent of those earning less than or equal to the 25<sup>th</sup> percentile.<sup>16</sup>

As shown in the following chart, job losses have been heavier among Black and Hispanic workers compared to Asian and White workers.



As shown in the chart below, job losses have been heavier among lesser educated workers. Employment among those with less than a high school diploma in May was 28.2 percent lower than February levels, while employment among those with at least a bachelor's degree in May was 4.7 percent below February levels. By September, employment among the former group was still 13.8 percent below February levels while employment among the latter group was 2.8 percent below February levels.<sup>17</sup>

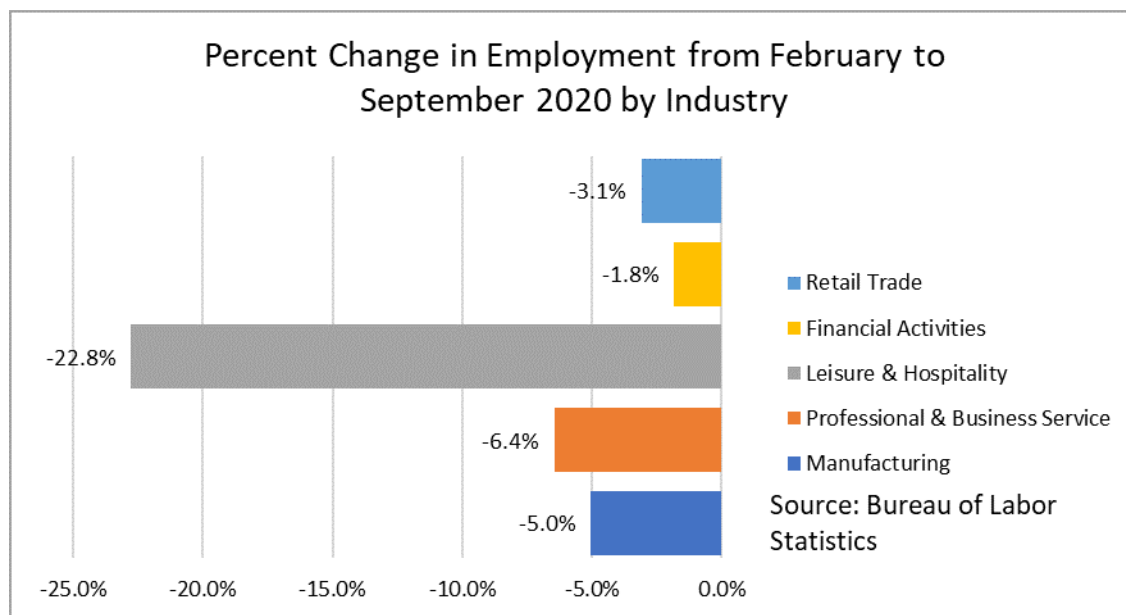


According to Evercore ISI economist Ernie Tedeschi, in August, “nearly 27 percent fewer people were employed in jobs paying less than \$16 an hour” compared to February 2020. The percentage difference for those earning more than \$28 per hour was 1.2 percent greater than February 2020, exhibiting how job losses have hit lower-income earners harder.

Higher earners have benefited from the housing and stock markets as well at the job market. The S&P 500 stock index recovered all of the year's losses and touched a new high in early September, although it has eased since then. Lower mortgage rates are also reaping benefits for homeowners in the form of favorable

refinancing opportunities. A one percent reduction on a standard 30-year mortgage can result in hundreds of dollars' worth of savings each month. According to the Census Bureau, in the third quarter of 2020, the homeownership rate among families earning above the median family income level was 80.2 percent compared to 54.7 percent among families earning less than the median family income level.<sup>18</sup>

Since March, the pandemic has led to less travel and shifted consumer behavior such that different segments of the economy have been impacted more than others. As shown in the chart below, job losses have been heaviest in the Leisure & Hospitality industry, with employment down 22.8 percent in September 2020 compared to February. Retail Trade occupations have recovered to 3.1 percent below February levels after falling by 15.2 percent in April compared to February, exceeding job losses seen in Financial Activities (-3.2 percent in April), Professional and Business Services (-10.7 percent in April) and Manufacturing (-10.6 percent in April).<sup>19</sup> Companies whose operations require face-to-face interaction, such as casinos, theaters, airlines, restaurants, factories and railroads, have been most vulnerable to the effects of the pandemic. Oil and gas companies have also suffered from the decline in commuting. Other companies have seen consumer demand shift in their favor. Restaurant expenditures were replaced by grocery shopping. Electronics retailers benefitted from people seeking entertainment at home. Spending at Home Depot and Lowe's increased dramatically as people found they had more time to do home improvement projects. The pandemic has accelerated the shift to online shopping and has been a boon to online retailers like Amazon.com Inc., which announced it will add 100,000 more employees across North America.<sup>20</sup>



The permanence of these shifts in consumer behavior remains to be seen. Bain & Company, a management consulting firm, has surveyed 9,500 consumers in the US, UK, Germany, France, Italy and Sweden on a quarterly basis, and said: "The majority of surveyed consumers say they will continue to replace nondigital experiences with the virtual substitute. COVID-19 has radically accelerated the shift to online commerce." For example, in the United States, "online grocery shopping made the equivalent of two years of progress during the first months of the pandemic." According to Bain, four key factors will influence the permanence of these shifts in consumer behavior after the pandemic is over: "the ease and frequency of performing that activity at home to the point that it has become a habit; the investment made that has created stickiness in at-home consumption; the ability to effectively substitute the out-of-

home experience into the home; and the degree of reluctance consumers have in returning to normal activity.” For example, the factors noted above could determine the degree to which streaming at home will replace movie-going, exercising at home will replace gym memberships, online shopping will replace face-to-face shopping, and other behaviors that will shape the appearance of the post-COVID-19 economy.<sup>21</sup> In terms of the shift toward remote work, S&P Global Market Intelligence’s quarterly COVID-19 flash survey, which surveyed approximately 400 “corporate decision-makers across a range of industries” from September 24 to October 9, found that 64 percent of organizations indicated that COVID-19 has led to a permanent and significant increase in remote working, while 33 percent of organizations said they would permanently reduce their office footprint.<sup>22</sup>

### ***Federal Fiscal and Monetary Response and Implications***

The federal government has enacted four stimulus packages to address the pandemic. The first, an \$8.3 billion package that provided funding for vaccine research and development, funding for telemedicine for seniors, medical supplies and support for state and local government health budgets, was signed into law on March 6, 2020.<sup>23,24</sup> The second, a \$100 billion package that provided funding for free COVID-19 testing, unemployment insurance, paid sick leave, health insurance for the poor and food aid, was signed into law on March 18, 2020.<sup>25</sup> The third package, the CARES Act, was a \$2.2 trillion economic relief stimulus package signed into law on March 27, 2020.<sup>26</sup> The CARES Act included \$300 billion in one-time stimulus checks to individuals, \$260 billion to fund an additional \$600 per week for unemployment assistance, \$350 billion in forgivable loans to small businesses, \$500 billion in funding for large corporations, \$100 billion for hospitals responding to COVID-19 and \$350 billion for state and local government COVID-19 related expenditures, including \$150 billion through the Coronavirus Relief Fund (CRF) to support direct COVID-19 response costs.<sup>27</sup> Illinois’ allocation from the CRF totaled \$3.5 billion. The fourth was the Paycheck Protection Program and Health Care Enhancement Act enacted April 24, 2020.

The Federal Reserve has also taken historic action to address the economic impact of the pandemic. In March 2020, the Federal Reserve cut the target range for the Federal Funds Rate, the rate at which banks lend each other excess reserves, from 1 percent to 0 to 0.25 percent at the same time it announced it would purchase \$500 billion in Treasury securities and at least \$200 billion of mortgage-backed debt to inject money into the economy, putting downward pressure on interest rates.<sup>28</sup> Additionally, the Federal Reserve announced it would support the commercial paper market to support the private sector’s short-term liquidity<sup>29</sup> and would support the corporate debt market through the purchase of investment-grade securities via a lending program aimed at “Main Street businesses,” and that its asset purchasing program would continue “in the amounts needed” rather than targeting a specific amount.<sup>30</sup>

The massive fiscal and monetary stimulus being implemented by the federal government is expected to lead to a rise in inflation in the future. Indeed, on August 27, 2020, the Federal Reserve announced a modification of its inflation policy, stating that instead of targeting 2 percent inflation, it would target average inflation of 2 percent over the long-run, implying that the Federal Reserve will permit inflation to exceed 2 percent and that interest rates are likelier to remain low.<sup>31</sup> Personal Consumption Expenditures-measured inflation on a year-over-year basis has trended upward since April, when it dipped to 0.48 percent. In August, the inflation rate reached 1.38 percent.<sup>32</sup> The stimulus has also led to a dramatic increase in federal debt as the federal government has been forced to rely heavily on borrowing in order to finance the stimulus. For the first time in more than 70 years, federal debt was higher than the size of the economy for the full federal fiscal year (which ended on September 30).<sup>33</sup>

## Economic Forecasts

This report will discuss the September 2020 pessimistic and baseline economic forecasts provided by IHS Markit (“IHS”), a national economic forecasting firm. Both forecasts reflect additional federal stimulus being passed to extend emergency unemployment benefits of \$300/week for a period of four months and to authorize a second round of one-time stimulus checks to households.

The baseline forecast, which IHS Markit gives a 50 percent probability, projects a more modest drop in GDP than the pessimistic scenario, which IHS gives a 30 percent probability. The baseline forecast anticipates U.S. real GDP growth to contract 4.0 percent in calendar year (CY) 2020, rebound 3.5 percent in CY2021, 3.6 percent in CY2022, 2.8 percent in CY2023, and 2.5 percent in CY2024. Conversely, the pessimistic scenario projects a 7.5 percent decline in CY2020 with a 4-quarter recession lasting through the end of the calendar year. Moving forward, this scenario projects a further contraction of 0.3 percent in CY2021, before rebounding 4.5 percent in CY2022 and 3.2 percent in CY2023.

The forecasts differ in their projections of the trajectory of the COVID-19 pandemic. The baseline scenario assumes rates of infection and death remain high until mid-CY2021, when a vaccine becomes available. Until then, this forecast assumes sporadic and halting attempts by states to reopen their economies. The pessimistic scenario projects an upturn of new cases and a slower pace of reopening state economies. These factors are projected in the pessimistic scenario to “result in some retrenchment of consumer spending, implying that the contraction will spill into the second half of the year.” This slows economic growth and worsens the position of the economy entering CY2021.

IHS's baseline assumes that the Federal Reserve maintains its rate near 0 percent until late CY2026, while the pessimistic assumes the rate stays at that level through CY2029. Both scenarios assume “aggressive quantitative easing and liquidity enhancement measures.”

For the purposes of this report, the pessimistic scenario has been adopted for the fiscal year 2021 revised projection, and a blend of the pessimistic and baseline scenarios has been used for the fiscal years beyond 2021.

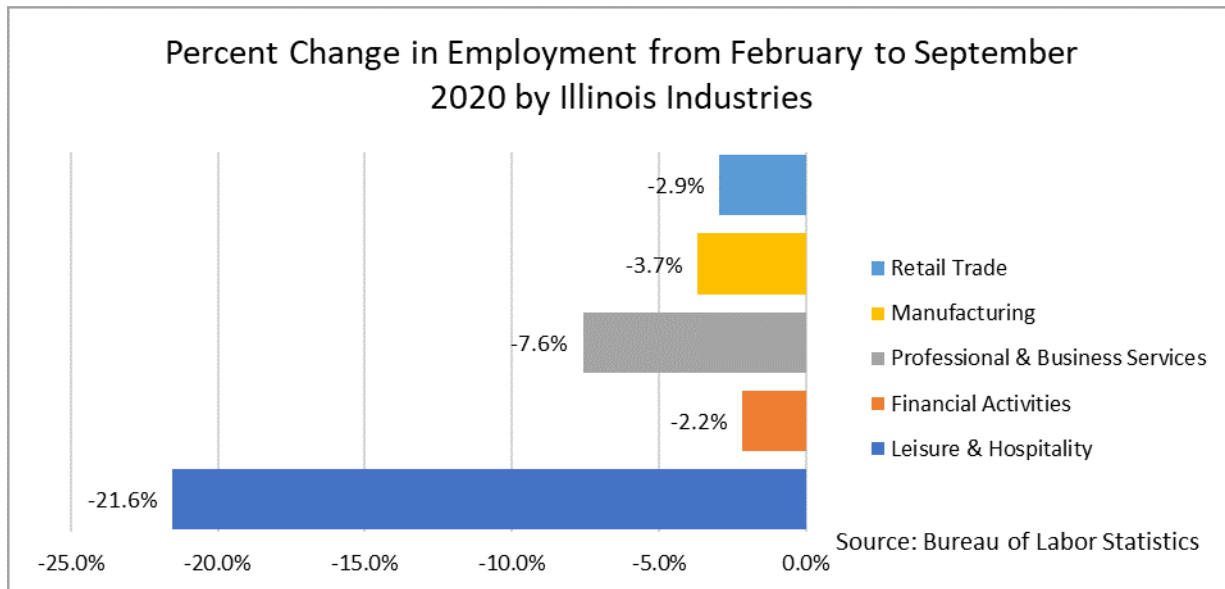
Variables	FY19	FY20		FY21		FY22		FY23		FY24		FY25	
		(p)	(b)	(p)	(b)	(p)	(b)	(p)	(b)	(p)	(b)	(p)	(b)
U.S. Real Gross Domestic Product	2.2%	-4.5%	-3.5%	2.3%	3.7%	3.5%	3.2%	3.5%	2.8%	3.0%	2.7%	2.5%	2.5%
Illinois Real Gross Domestic Product	2.2%	-7.5%	-4.0%	-0.3%	3.5%	4.5%	3.6%	3.2%	2.8%	3.4%	2.5%	2.5%	2.3%
Illinois Non-Farm Employment	1.4%	-7.4%	-5.6%	-0.6%	3.3%	3.8%	2.6%	3.4%	1.8%	3.3%	1.4%	1.5%	0.9%
Illinois Wage Disbursements	4.7%	-3.1%	-0.3%	1.7%	5.9%	6.1%	5.5%	4.7%	4.6%	4.8%	4.5%	4.2%	4.5%
Illinois Retail Sales	3.5%	-5.5%	-0.7%	2.4%	6.5%	4.9%	4.8%	4.5%	4.3%	4.1%	4.1%	4.0%	4.4%

Source: IHS Markit September 2020 Forecast (p/pessimistic) and (b/baseline) scenarios.

## ILLINOIS' ECONOMIC CONDITIONS AND FORECAST

Illinois' economic performance during the pandemic has largely tracked with the rest of the nation, although every state has handled its response to COVID-19 differently. After reaching a historic low of 3.4 percent in February of 2020 (slightly below the national rate), the state's unemployment rate jumped to 17.2 percent in April 2020, and has since trended downward, landing at 10.2 percent in September (compared to 7.7 percent in the Great Lakes Region and 7.9 percent in the nation in September).<sup>34</sup> The state's Real GDP contracted by 29.7 percent compared to -31.4 percent for the nation and -33.2 percent for the Great Lakes Region.<sup>35</sup>

Similar to the nation as a whole, the recession’s impact on Illinois’ economy has been uneven across different industries and is driven in part by the ability to work from home. Employment in Leisure & Hospitality is down 23.4 percent compared to pre-pandemic levels, while other sectors such as Retail Trade, Manufacturing and Financial Activities have recovered to a much greater extent (see chart below).



Direct job losses in major industry sectors have further increased unemployment in other sectors, as the individuals affected reduce their spending. It is estimated that for each job lost to COVID-19, another .38 jobs will be lost in connected industries<sup>36</sup>. This impact can be further exaggerated if the direct job losses are centered in a region’s economic center. Job losses have been highest in the Chicago-Naperville-Arlington Heights (-8.1%) and Peoria (-6.1%) metropolitan areas.<sup>37</sup> Since February, the Chicago-Naperville-Arlington Heights metropolitan area’s job losses have been heaviest in the Leisure and Hospitality (19.5% decline in employment), Other Services (7.2% decline in employment) and Government (6.9% decline in employment) industries. Since February, Peoria’s job losses have been heaviest in the Leisure and Hospitality (43.4% decline in employment), Government (11.2% decline in employment) and Professional and Business Services (7.3% decline in employment) industries.<sup>38</sup>

### Small Business Activity

Preliminary reports indicate that small businesses have suffered the worst during the pandemic. Restaurants, bars, bookstores, hair salons, and other commercial establishments that rely on in-person activity suffering a larger share of the diminished economic activity. Data retrieved from the Small Business Administration indicate that over 24,000 Illinois recipients received loans of more than \$150,000 from the Paycheck Protection Program<sup>39</sup>. Businesses can use PPP loans for eligible payroll or mortgage costs and can apply for loan forgiveness once loan proceeds have been exhausted. Small business closures in Cook County and all Illinois collar counties led to a precipitous decline in the share of businesses open during March and April, while data for the central and southern regions of the state suggest that small business closures followed a similar decline but at a lower rate. Each of the counties have since recovered somewhat as time has progressed but all remain below their January 2020 levels<sup>40</sup>. Surveys conducted by both the U.S. Census Bureau’s Small Business Pulse Survey (SBPS) and Opportunity Insights Economic Tracker have charted small business responses throughout the pandemic and recovery and uncovered a



litany of concerns, ranging from low amounts of cash on hand, impact of declining revenues and concerns with reopening operations before a vaccine comes to market. It is believed that additional funding through PPP will be authorized but stalemates in negotiations between Congress and the White House have delayed a deal.

### *Illinois Per Capita Personal Income*

Illinois per capita personal income increased from \$59,896 in the first quarter of calendar year 2020 to \$66,224 by the end of the 2<sup>nd</sup> quarter of CY2020. Per capita income measures individual income (including wages, salaries, and government transfers – stimulus checks and other government assistance) and is helpful in examining large population sizes and standards of living. The largest factor in the growth in per capita income is the additional \$600 a week in federal payments authorized by the Federal Pandemic Unemployment Compensation (FPUC) program. The deadline to apply for FPUC benefits expired on July 31<sup>st</sup> but applicants that were submitted prior to the deadline are granted their full amount.

## **A REVIEW OF THE ENACTED FISCAL YEAR 2021 BUDGET**

On June 10, 2020, the Governor signed the State’s fiscal year 2021 budget into law. The fiscal year 2021 budget directs more than \$5 billion in federal aid from the federal COVID response acts<sup>41</sup> to public health, social services, small businesses, local governments, and households, including allocations of the remaining \$3.3 billion from the Coronavirus Relief Fund for state agency operational costs, local government grants, grants to small businesses and child care providers, rental and mortgage assistance programs, and healthcare provider support payments.

At the time of the budget’s enactment<sup>42</sup>, the estimated fiscal year 2021 general funds base revenues totaled \$36.769 billion, approximately \$4 billion lower than the estimated amounts at the time the Governor’s budget was introduced in February 2020 due to the forecasted impact of COVID-19 on the state’s economy. Fiscal year 2021 base expenditures in the enacted budget were projected to total \$43.067 billion, reflecting essentially flat funding for preK-12 education, higher education, public safety and health care costs, and reduced funding for government services. Limited increases were included for social service programs and Medicaid costs. The fiscal year 2021 budget also provided for the repayment of \$1.2 billion for the June 2020 short-term borrowing necessitated by the federal delay in the income tax filing date from April 2020 to July 2021 – crossing state fiscal years. Additionally, the enacted fiscal year 2021 budget reflected reductions of operating appropriations of \$200 million in general funds and another \$140 million in transportation funds from the Governor’s introduced levels.

To address the revenue shortfall created by the uncertain impact of the pandemic on the state’s economy and potential cashflow challenges during the year, the budget package also included authorization for additional interfund borrowing (estimated to total \$150 million in fiscal year 2021) and created the CURE Borrowing Act (Public Act 101-630).<sup>43</sup> While additional funding for state and local government fiscal stabilization has been included in many of the potential federal stimulus packages discussed at the national level, the CURE Borrowing Act would allow Illinois to borrow up to \$5 billion if needed in the absence of direct federal support – to be repaid within three years – from the Federal Reserve’s Municipal Liquidity Facility (MLF).

Additionally, the enacted fiscal year 2021 budget would have benefited from an estimated additional \$1.274 billion in revenues under Public Act 101-0008, if the proposed constitutional amendment removing the requirement for flat income tax rates had been approved by voters at the November 3, 2020 election.



However, this amendment did not meet the required vote threshold for approval and Public Act 101-0008 will not go into effect.

Congress has not enacted funding for states and local governments as of this time. The base general funds forecasted expenditures in the enacted budget exceeded revenues by \$4.874 billion, which was projected to be addressed by a combination of additional federal funding, utilizing the borrowing authority from the Municipal Liquidity Facility, and spending controls. In April 2020, GOMB ordered agency directors to put on hold all non-essential purchases and operational expenditures, freeze all non-essential travel, and limit all non-essential hiring. In addition, in September 2020, directors were asked to identify potential 5 percent reserves from most fiscal year 2021 appropriations. The State currently has approximately 5,000 vacant positions in the agencies under the Governor.

### Updated Fiscal Year 2021 Projections

Following a review of the fiscal year 2021 revenue performance year-to-date, GOMB is identifying several revisions to the budget forecast as outlined in the following table. Through the first four months of fiscal year 2021, income and sales taxes had exceeded budget forecasts by significant margins<sup>44</sup>, which has led to a \$1.84 billion increase in the revenue forecast from those sources. In total, the base general funds revenue forecast has been revised upwards by \$2.2 billion, while aligning with the economic projections under the IHS pessimistic forecast for fiscal year 2021 as described earlier. Offsetting this forecast revision upwards is a small increase in forecasted base expenditures and the removal of projected revenues from Public Act 101-0008/Section 7.6 borrowing backup. The revised deficit, without additional federal stimulus funds, borrowing or revenues from Public Act 101-0008, is \$3.918 billion.

Changes to FY 2021 Projections			
(\$ in Millions)			
Revenues		Expenditures	
Income Taxes	\$ 1,476	SERS Prior Year Underpayment	
Sales Taxes	364	Continuing Appropriation	\$ 79
Transfers In*	(33)	Debt Issuance Timing	(71)
Federal Sources*	225	Interfund Borrowing Repayment	5
All Other Changes	211	<b>Total Changes</b>	<b>\$ 13</b>
<b>Total Base Revenue Changes</b>		<b>\$ 2,243</b>	
<b>Revision to Forecast</b>			
<b>(Deficit) without Federal Stabilization</b>		<b>\$(4,874)</b>	
Increase to Base Revenue Forecast		2,243	
Remove PA 101-0008/Section 7.6			
Backup Borrowing		(1,274)	
Increase in Projected Expenditures		(13)	
<b>Revised Surplus/(Deficit)</b>		<b>\$(3,918)</b>	

\*Includes a shift of \$100 million from Transfers In to Federal Sources due to a reclassification of anticipated federal reimbursement through the State CURE Fund from being classified as Transfers In in the previous FY21 estimate to being classified as Federal Sources. Federal Sources also includes an increase of \$70 million for enhanced FMAP for an additional quarter.

With the revisions, fiscal year 2021 base revenues and transfers in from other State funds are estimated to total \$39.011 billion, an increase of \$952 million (2.5 percent) from fiscal year 2020 base levels.

The State's three largest revenue sources, individual income tax, corporate income tax and state sales tax, are estimated to total \$30.076 billion in deposits to the general funds, a net increase of \$1.269 billion (4.4 percent) when compared to fiscal year 2020. This estimate assumes deposits of \$1.837 billion into the Local Government Distributive Fund, Public Transportation Fund and Downstate Public Transportation Fund from income and sales tax receipts prior to the deposit of these revenue sources into the general funds. Fiscal year 2021 income tax revenues reflect approximately \$1.2 billion in individual and corporate income tax revenues shifted from fiscal year 2020 to fiscal year 2021 due to the delay in the April 2020 final income tax filing deadline.

Other state source revenues are projected to total \$3.323 billion, a \$52 million increase from fiscal year 2020 levels. Transfers to the general funds are projected to total \$1.703 billion, a decrease of \$728 million (23.6 percent) from fiscal year 2020. This decrease is primarily due to a larger than usual transfer in from the Income Tax Refund Fund in fiscal year 2020. The fiscal year 2020 total was \$617 million transferred from this fund, compared to \$281 million in fiscal year 2021. Additionally, due to the estimated impact of COVID-19-related capacity limits at the State's casinos and the adjustment to a new graduated tax structure for gambling receipts, the transfer in from the State Gaming Fund is projected to decrease from \$195 million in fiscal year 2020 to \$0 in fiscal year 2021.

Federal revenues are projected to total \$3.909 billion, an increase of \$358 million (9.9 percent) from fiscal year 2020 federal revenues. This was revised upwards from previous estimates due to two factors: the extension of the COVID-19 federal emergency declaration, which should enable the state to receive enhanced FMAP for an additional quarter and an estimated \$155 million in anticipated reimbursement from federal Coronavirus Relief Fund moneys for State spending from the general funds (\$100 million of this amount was included in previous fiscal year 2021 forecasts under as anticipated transfers into the general funds).

Additionally, fiscal year 2021 revenue estimates include \$150 million in interfund borrowing.

The fiscal year 2021 budget's revised estimated operating expenditures are \$39.115 billion, an increase from fiscal year 2020 of \$1.785 billion (4.7 percent). Statutory transfers out of the general funds are projected to decrease by approximately \$16 million to \$423 million in fiscal year 2021 from fiscal year 2020 transfers out of \$440 million. Debt service for GO Bonds is projected to total \$1.824 billion from the general funds. Fiscal year 2021 expenditures also include \$100 million for estimated interfund borrowing repayments by the Comptroller and \$1.217 billion in repayments for the June 2020 Short-Term Borrowing. Additionally, \$400 million in Treasurer's investment borrowing repayments are estimated for fiscal year 2021, from agreements that were set to expire in fiscal year 2020 but were extended into fiscal year 2021 for cash flow purposes. The fiscal year 2020 Treasurer's investment borrowing was repaid in July 2020.

As noted above, the revised fiscal year 2021 shortfall without additional federal stimulus funds is projected to total \$3.918 billion. Governor Pritzker continues to work with Illinois' congressional delegation to advocate for federal fiscal stabilization dollars for state and local governments. Regardless of whether additional stimulus dollars materialize, the Governor will explore the following options to address the current year shortfall as well as deficits in future years:

- Carry out governor-directed spending reserves at agencies under his authority.
- Enact additional spending reductions or revenue enhancements as approved by the legislature.

- Exercise a prudent level of MLF borrowing under the CURE Borrowing Act. Any amounts borrowed must be repaid within three years, putting additional pressure on out-year budgets.

## FIVE YEAR BUDGETARY FORECAST

Pursuant to 20 ILCS 3005/7.3, attached to this report is a financial walk down of the budgetary outlook for fiscal year 2021 through fiscal year 2026.

The projections assume growth in revenues under existing law in fiscal year 2021 following the pessimistic IHS economic forecast and a blend of pessimistic and baseline forecasts for the rest of the forecast period. Expenditure projections are driven by statutory increases in pension payments based on end of fiscal year 2020 actuarial results, projected debt service amounts, and moderate increases in other spending. Expenditure projections are trend growth numbers that assume no significant reforms or spending controls aside from what is in current statute. Agency directors have been asked to submit reductions in their fiscal year 2022 budget requests, but those reductions have not been factored into these projections.

### *Estimated Resources*

GOMB estimates that under current statutes, general funds revenues for fiscal year 2020 will total \$39.161 billion. The general funds revenue projection includes one-time revenues from authorized interfund borrowing but does not include additional revenues from future federal stabilization programs or Municipal Liquidity Facility borrowing.

Revenue estimates going forward are based on projections provided by the Illinois Department of Revenue economists based on a blend of the IHS's pessimistic and baseline forecasts. Fiscal year 2022 individual and corporate income tax revenues are projected to be lower than fiscal year 2021 levels as the fiscal year 2021 totals will be approximately \$1.2 billion higher than base levels due to the shift of the April 2020 income tax final filing date to July 2020.

The diversion rate of 9.0 percent of total individual income tax revenues in fiscal year 2021 to the Income Tax Refund Fund is assumed to increase to 9.5 percent in fiscal year 2022 and the remainder of the forecast after adjusting for the effect of additional final income tax payments in July 2020. The corporate income tax forecast assumes a refund fund diversion rate of 14.0 percent in fiscal year 2021 that will fall to 13.5 percent in fiscal year 2022 and adjust back towards 14.0 percent over the remainder of the forecast.

Fiscal year 2021 sales tax revenues are estimated to total \$8.210 billion. Fiscal year 2022 and future years reflect the impact of the gradual shift of state sales tax on motor fuel purchases from the general funds to the Road Fund.

Fiscal year 2021 estimated base general funds receipts for federal sources total \$3.909 billion. This estimate is based on appropriations that are expected to generate federal match if payments are released timely and enhanced FMAP of 6.4 percent on Medicaid expenditures related to the COVID-19 federal emergency declaration. Federal reimbursements for Medicaid spending generally are returned to the same fund that was used for the original expenditure. It is assumed that the Department of Healthcare and Family Services will continue to maximize use of general funds for Medicaid spending, which will produce moderate growth over the forecast horizon, but with the drop off of enhanced FMAP in the fourth quarter of fiscal year 2021, fiscal year 2022 reimbursements will be lower. The fiscal year 2021 estimate

also includes an estimated \$155 million in reimbursement for COVID-19 related spending from federal Coronavirus Relief Fund dollars.

### *Estimated Expenditures*

Fiscal year 2021 estimated general funds spending in the financial walk down totals \$43.080 billion, including repayment of the June 2020 short-term borrowing and \$400 million in Treasurer investment borrowing carried over to fiscal year 2021. Future-year spending estimates are based on increasing evidence-based funding for education by \$350 million a year, moderate growth rates in the various categories of state spending from fiscal year 2021 appropriations, pension spending growth consistent with end of fiscal year 2020 projections, and no significant changes to base programs.

### *Fiscal Year Results*

As noted above, GOMB estimates fiscal year 2021 expenditures will exceed base revenue projections by \$3.918 billion. This is excluding any additional revenues that may flow into the general funds from federal stabilization payments or additional revenue enhancements or spending adjustments. The Governor is committed to work with the legislature to ensure that fiscal year 2021 budget is able to achieve balance.

A balanced fiscal year 2021 budget would allow the state's outstanding accounts payable to be maintained at the \$6.2 billion level seen at the end of fiscal year 2020.<sup>45</sup> This level was \$1 billion lower than the state's backlog at the end of June 2019, and nearly \$1.8 billion below the amount of accounts payable when Governor Pritzker took office.

However, even with a balanced budget for fiscal year 2021, the underlying structural deficit of the state's budget has not been addressed. Sizeable deficits in the general funds budget are projected for fiscal years 2022 through 2026, ranging from \$4.8 billion in fiscal year 2022 and falling to \$4.2 billion by fiscal year 2026. To the extent any borrowing through the Municipal Liquidity facility is utilized, the gaps in the following three years would be larger. Changes to address this structural deficit will need to be undertaken.

## **POLICY OBJECTIVES AND INTENTIONS**

While Illinois is still dealing with the public health challenges and economic impact of the COVID-19 pandemic, Governor Pritzker remains committed to achieving fiscal stability in Illinois' budget and spurring statewide economic growth. Investing in Illinois' people, the state's educational system, its programs to assist the most vulnerable and its infrastructure will strengthen the economy and ensure that Illinois is a strong competitor in the global marketplace.

Looking ahead to the fiscal year 2022 budget and recognizing that Illinois continues to face significant financial challenges, there are limited ways to address the structural deficit of the state budget in the absence of the tax rate structure flexibility that would have been provided under the changes in the proposed constitutional amendment.

*Spending reductions.* The Governor continues to instruct agency directors to responsibly manage the limited resources of State government. He believes the people of Illinois expect the best programs and services, as well as the most efficient and effective use of their tax dollars. Agency directors have been asked to include in their fiscal year 2022 budget requests options to potentially achieve a 10 percent reduction from fiscal year 2021 appropriations.

However, a structural deficit of the size that Illinois is facing cannot be addressed by spending cuts alone. Dramatic cuts in state services would stifle long-term economic growth for Illinois. The Governor believes that support for quality education, access to health care, and sufficient social services for when people need a helping hand to get back on their feet are all part of the essential functions of state government. However, along with servicing our debt and meeting our pension obligations, these costs make up over 75 percent of the budget. Across-the-board cuts to state government spending means these areas will not go untouched.

*Revenue adjustments.* As the cuts that would be required to bring Illinois' budget to balance would harm education and human services programs and damage essential areas of the state's economy, the Governor continues to believe that cuts alone cannot be the solution and revenue adjustments need to be considered as well. The Governor will work with the legislature to identify corporate and business tax loopholes that can be closed and tax adjustments that can be made that will minimize the impact to lower- and middle-class families while ensuring that Illinois can meet its financial responsibilities. Furthermore, the Governor will continue to work with the Congressional delegation to support additional federal funding to help Illinois bridge the loss of revenues brought on by the COVID-19 pandemic.

## ESTIMATED INTEREST EXPENSES

The State Prompt Payment Act (30 ILCS 540/3-2) establishes a specified timeframe in which bills for goods and services shall be paid. If the bills are not paid within the specified time frame, an interest penalty is applied for each month, or portion thereof, until final payment is made. Similarly, the Illinois Insurance Code (215 ILCS 5/368a and 5/370a) establishes timely pay for healthcare services under the State Employees Group Health Insurance Program. If healthcare services bills are not paid within the specified time frame, the healthcare service provider is entitled to interest for each month, or portion thereof, until final payment is made.

In order to calculate the interest due to an eligible vendor or provider, an agency must know two critical dates: the date the proper bill or invoice was received by the agency and the date the payment to the eligible vendor or provider was issued by the Illinois Office of the Comptroller. With that information, agencies can then calculate the amount of days that passed beyond the established payment timeframes and the appropriate interest due to the vendor or provider. Until such time as a bill is paid, the agencies are not able to calculate interest. The Comptroller's office determines which bills get paid and when, making it difficult for the agencies to project an interest amount.

With respect to the State Employees Group Health Insurance Program, the Department of Central Management Services (CMS) has been able to estimate that the program will incur approximately \$35 million in interest expense in fiscal year 2021 from delayed payments in fiscal year 2020 and prior years – notably lower than in the last five years. In this instance, CMS can project its fiscal year 2021 interest costs due to known fiscal year 2020 interest carry-over. Future interest expense estimates cannot be made due to fluctuations in when invoices are received and the payment timing decisions made by the Comptroller, but until a further reduction in unpaid bills occurs, the state is likely to continue accruing interest penalties.

**STATE OF ILLINOIS  
GENERAL FUNDS FINANCIAL WALK DOWN**

	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected
<i>(\$ in millions)</i>						
<b>RESOURCES</b>						
<b>State Sources: Revenues</b>						
Net Individual Income Taxes	19,528	19,440	20,309	21,178	22,047	22,916
Net Corporate Income Taxes	2,338	2,179	2,202	2,264	2,333	2,442
Net Sales Taxes	8,210	8,547	8,895	9,240	9,585	9,865
Public Utility Taxes	813	789	766	742	719	695
All Other Sources	2,510	2,388	2,341	2,313	2,323	2,335
<b>Total State Sources: Revenues</b>	<b>33,399</b>	<b>33,344</b>	<b>34,513</b>	<b>35,736</b>	<b>37,007</b>	<b>38,253</b>
<b>State Sources: Transfers In</b>						
Lottery	675	689	702	716	731	745
Gaming	-	130	129	127	126	125
Adult-Use Cannabis	46	60	77	96	110	116
Other Transfers	982	737	737	737	737	737
<b>Total State Sources</b>	<b>35,102</b>	<b>34,959</b>	<b>36,158</b>	<b>37,413</b>	<b>38,712</b>	<b>39,976</b>
Federal Sources	3,909	3,550	3,621	3,693	3,767	3,843
<b>SUBTOTAL, RESOURCES</b>	<b>39,011</b>	<b>38,509</b>	<b>39,779</b>	<b>41,107</b>	<b>42,479</b>	<b>43,819</b>
Interfund Borrowing/Fund Reallocations	150	-	-	-	-	-
<b>TOTAL RESOURCES</b>	<b>39,161</b>	<b>38,509</b>	<b>39,779</b>	<b>41,107</b>	<b>42,479</b>	<b>43,819</b>
<b>EXPENDITURES</b>						
<b>1. Education</b>	<b>10,839</b>	<b>11,228</b>	<b>11,617</b>	<b>12,008</b>	<b>12,399</b>	<b>12,791</b>
PreK-12 Education	8,896	9,246	9,596	9,946	10,296	10,646
Higher Education	1,943	1,982	2,021	2,062	2,103	2,145
<b>2. Economic Development</b>	<b>81</b>	<b>81</b>	<b>82</b>	<b>83</b>	<b>84</b>	<b>84</b>
<b>3. Public Safety</b>	<b>1,910</b>	<b>1,976</b>	<b>2,039</b>	<b>2,097</b>	<b>2,156</b>	<b>2,217</b>
<b>4. Human Services</b>	<b>7,077</b>	<b>7,358</b>	<b>7,552</b>	<b>7,775</b>	<b>8,006</b>	<b>8,243</b>
<b>5. Healthcare</b>	<b>8,014</b>	<b>8,014</b>	<b>8,255</b>	<b>8,503</b>	<b>8,758</b>	<b>9,020</b>
<b>6. Environment and Culture</b>	<b>61</b>	<b>62</b>	<b>62</b>	<b>63</b>	<b>64</b>	<b>64</b>
<b>7. Government Services</b>	<b>3,569</b>	<b>3,584</b>	<b>3,668</b>	<b>3,759</b>	<b>3,853</b>	<b>3,949</b>
Group Health Insurance	1,922	1,989	2,058	2,130	2,205	2,282
Chicago Teachers' Pension System	267	277	282	286	289	292
Government Services	1,380	1,317	1,328	1,343	1,359	1,375
<b>8. Pensions</b>	<b>8,624</b>	<b>9,368</b>	<b>9,640</b>	<b>9,954</b>	<b>10,269</b>	<b>10,590</b>
K-12 Education Pensions	5,141	5,694	5,875	6,078	6,309	6,536
State Universities' Pensions	1,781	1,888	1,960	2,045	2,103	2,167
State Employees' Pensions	1,702	1,786	1,805	1,831	1,857	1,888
<b>9. Unspent Appropriations</b>	<b>(1,062)</b>	<b>(1,007)</b>	<b>(1,037)</b>	<b>(1,069)</b>	<b>(1,102)</b>	<b>(1,135)</b>
<b>Total Operating Budget</b>	<b>39,115</b>	<b>40,664</b>	<b>41,879</b>	<b>43,173</b>	<b>44,485</b>	<b>45,823</b>
Statutory Transfers Out	423	430	437	444	452	459
Debt Service	1,824	1,941	1,909	1,885	1,871	1,747
Interfund Borrowing Repayment	100	276	240	432	150	-
Treasurer's Investment Borrowing Repayment	400	-	-	-	-	-
Short Term Borrowing Repayment	1,217	-	-	-	-	-
<b>Total Additional Expenditures</b>	<b>3,965</b>	<b>2,647</b>	<b>2,586</b>	<b>2,760</b>	<b>2,473</b>	<b>2,206</b>
<b>TOTAL EXPENDITURES</b>	<b>43,080</b>	<b>43,311</b>	<b>44,465</b>	<b>45,933</b>	<b>46,958</b>	<b>48,029</b>
<b>General Funds Surplus/(Deficit)</b>	<b>(3,918)</b>	<b>(4,802)</b>	<b>(4,686)</b>	<b>(4,826)</b>	<b>(4,479)</b>	<b>(4,211)</b>
<b>End of Fiscal Year Backlog of Bills</b>	<b>(10,160)</b>	<b>(14,962)</b>	<b>(19,648)</b>	<b>(24,474)</b>	<b>(28,953)</b>	<b>(33,164)</b>

## Key to Agencies by Outcome

### 1. Education

PreK-12 Education  
 State Board of Education  
 Higher Education  
 Board of Higher Education  
 Chicago State University  
 Eastern Illinois University  
 Governors State University  
 Northeastern Illinois University  
 Western Illinois University  
 Illinois State University  
 Northern Illinois University  
 Southern Illinois University  
 University of Illinois  
 Illinois Community College Board  
 Illinois Student Assistance Commission  
 Illinois Math and Science Academy  
 University Civil Service System

### 2. Economic Development

Agriculture  
 Commerce and Economic Opportunity  
 Illinois Power Authority  
 Labor  
 Transportation  
 Illinois Commerce Commission  
 Human Rights Commission  
 Illinois Sports Facilities Authority  
 Metropolitan Pier and Exposition Authority  
 Southwestern Illinois Development Authority

### 3. Public Safety

Corrections  
 Financial and Professional Regulation  
 Insurance  
 Military Affairs  
 State Police  
 Environmental Protection  
 Criminal Justice Information Authority  
 Educational Labor Relations Board  
 Workers' Compensation Commission  
 Law Enforcement Training and Standards Board  
 Prisoner Review Board  
 Property Tax Appeal Board  
 Emergency Management Agency  
 Labor Relations Board  
 State Police Merit Board  
 State Fire Marshal

### 4. Human Services

Aging  
 Children and Family Services  
 Juvenile Justice  
 Employment Security  
 Human Rights  
 Human Services  
 Public Health  
 Veterans' Affairs  
 Deaf and Hard of Hearing Commission  
 CHIP  
 Guardianship and Advocacy  
 Illinois Coroner Training Board  
 Council on Developmental Disabilities

### 5. Healthcare

Healthcare and Family Services

### 6. Environment and Culture

Natural Resources  
 Illinois Arts Council  
 Abraham Lincoln Presidential Library and Museum

### 7. Government Services (including employees health insurance)

General Assembly and Legislative Agencies  
 Auditor General  
 Supreme Court, Supreme Court Historic Preservation Commission  
 Judicial Inquiry Board  
 State Appellate Defender  
 State's Attorneys Appellate Prosecutor  
 Court of Claims  
 Governor  
 Lieutenant Governor  
 Attorney General  
 Secretary of State  
 State Comptroller  
 State Treasurer  
 State Board of Elections  
 Central Management Services  
 Lottery  
 Revenue  
 Innovation and Technology  
 Management and Budget  
 Office of the Executive Inspector General  
 Executive Ethics Commission  
 Capital Development Board  
 Civil Service Commission  
 Drycleaner Environmental Response Trust Fund Council  
 Procurement Policy Board  
 Independent Tax Tribunal  
 Gaming Board  
 Liquor Control Commission  
 Racing Board  
 Other Retiree Health Insurance Payments  
 Chicago Teachers' Pension and Retirement System

### 8. Pensions

Teachers' Retirement  
 State Universities' Retirement  
 GA Retirement System  
 Judges Retirement System  
 State Employees' Retirement



- 
- <sup>1</sup> “Determination of the February 2020 Peak in US Economic Activity,” National Bureau of Economic Research, June 8, 2020, accessed October 18, 2020, <https://www.nber.org/cycles/june2020.html>.
- <sup>2</sup> Roni Caryn Rabin, “First Patient With Wuhan Coronavirus Is Identified in the U.S.,” The New York Times, January 21, 2020, accessed October 17, 2020, <https://www.nytimes.com/2020/01/21/health/cdc-coronavirus.html>.
- <sup>3</sup> Erica L. Green, “Administration Offers Guidance to Schools as They Shut Down on Their Own,” The New York Times, March 13, 2020, updated July 29, 2020, accessed October 17, 2020, <https://www.nytimes.com/2020/03/13/us/politics/virus-school-closings-education.html>.
- <sup>4</sup> Irene Jiang, “Here’s the difference between an ‘essential’ business and a ‘nonessential’ business as more than 30 states have imposed restrictions,” Business Insider, March 31, 2020, accessed October 17, 2020, <https://www.businessinsider.com/what-is-a-nonessential-business-essential-business-coronavirus-2020-3>.
- <sup>5</sup> Candice Norwood, “Most states have issued stay-at-home orders, but enforcement varies widely,” PBS, April 3, 2020, accessed October 17, 2020, <https://www.pbs.org/newshour/politics/most-states-have-issued-stay-at-home-orders-but-enforcement-varies-widely>.
- <sup>6</sup> “Determination of the February 2020 Peak,” National Bureau of Economic Research.
- <sup>7</sup> “Employment, Hours, and Earnings from the Current Employment Statistics survey,” Bureau of Labor Statistics, accessed October 20, 2020.
- <sup>8</sup> Labor Force Statistics from the Current Population Survey,” Bureau of Labor Statistics, accessed October 20, 2020.
- <sup>9</sup> “Labor Force Statistics from the Current Population Survey,” Bureau of Labor Statistics, accessed October 20, 2020, <https://beta.bls.gov/dataViewer/view/timeseries/LNS13327709>.
- <sup>10</sup> “Table 1.1.1 Percent Change From Preceding Period in Real Gross Domestic Product,” Bureau of Economic Analysis, September 30, 2020, accessed October 20, 2020.
- <sup>11</sup> Austan Goolsbee and Chad Syverson, “Fear, Lockdown, and Diversion: Comparing Drivers of Pandemic Economic Decline 2020,” Becker Friedman Institute, June 17, 2020, accessed October 18, 2020, [https://bfi.uchicago.edu/wp-content/uploads/BFI\\_WP\\_202080v2.pdf](https://bfi.uchicago.edu/wp-content/uploads/BFI_WP_202080v2.pdf).
- <sup>12</sup> “Employment, Hours, and Earnings from the Current Employment Statistics survey,” Bureau of Labor Statistics.
- <sup>13</sup> “Table 1.1.3 Real Gross Domestic Product, Quantity Indexes,” Bureau of Economic Analysis, October 29, 2020, accessed November 3, 2020.
- <sup>14</sup> “Table 1.1.1 Percent Change From Preceding Period in Real Gross Domestic Product,” Bureau of Economic Analysis, October 29, 2020, accessed November 3, 2020.
- <sup>15</sup> “Covid in the U.S.: Latest Map and Case Count,” The New York Times,” November 3, 2020, accessed November 3, 2020, <https://www.nytimes.com/interactive/2020/us/coronavirus-us-cases.html?action=click&module=Top%20Stories&pgtype=Homepage>.
- <sup>16</sup> “Job Flexibilities and Work Schedules – 2017-2018 Data From the American Time Use Survey,” Bureau of Labor Statistics, September 24, 2019, accessed October 20, 2020, <https://www.bls.gov/news.release/pdf/flex2.pdf>.
- <sup>17</sup> “Labor Force Statistics from the Current Population Survey,” U.S. Bureau of Labor Statistics, accessed October 18, 2020.
- <sup>18</sup> “Quarterly Residential Vacancies and Homeownership, Third Quarter 2020,” Census Bureau, October 27, 2020, accessed November 3, 2020, <https://www.census.gov/housing/hvs/files/currenthvspress.pdf>.
- <sup>19</sup> “Employment, Hours, and Earnings from the Current Employment Statistics survey (National),” Bureau of Labor Statistics, accessed October 18, 2020.
- <sup>20</sup> Eric Morath, Theo Francis and Justin Baer, “The Covid Economy Carves Deep Divide Between Haves and Have-Nots,” The Wall Street Journal, October 5, 2020, accessed October 18, 2020, <https://www.wsj.com/articles/the-covid-economy-carves-deep-divide-between-haves-and-have-nots-11601910595>.
- <sup>21</sup> Francois Faelli, Sam Rovit, Charlott Apps and Leah Johns, “Shaping the Consumer of the Future,” Bain & Company, September 23, 2020, accessed October 19, 2020, <https://www.bain.com/insights/shaping-the-consumer-of-the-future/>.
- <sup>22</sup> S&P Global Market Intelligence, “Post-COVID-19 Corporate Environment will have lasting impact on Operating Conditions and Reshaping Workplace Practices, S&P Global Market Intelligence Survey finds,” Cision PR Newswire, October 21, 2020, accessed November 3, 2020, <https://www.prnewswire.com/news-releases/post-covid-19-corporate-environment-will-have-lasting-impact-on-operating-conditions-and-reshaping-workplace-practices-sp-global-market-intelligence-survey-finds-301156309.html>.
- <sup>23</sup> Caitlin Emma and Jennifer Scholtes, “House swiftly passes bipartisan \$8.3 billion coronavirus package,” Politico, March 4, 2020, accessed October 20, 2020, <https://www.politico.com/news/2020/03/04/house-coronavirus-funding-121065>.
- <sup>24</sup> Grace Segers, “Trump signs \$8.3 billion emergency package to combat coronavirus,” CBS News, March 6, 2020, accessed October 20, 2020, <https://www.cbsnews.com/news/trump-signs-8-3-billion-emergency-package-to-combat-coronavirus/>.

- 
- <sup>25</sup> Mariam Khan, "Trump signs coronavirus relief measure ensuring paid sick, emergency leave," ABC News, March 18, 2020, accessed October 20, 2020, <https://abcnews.go.com/Politics/mconnell-urges-colleagues-support-coronavirus-economic-relief-bill/story?id=69664853>.
- <sup>26</sup> Andrew Yaylor, Alan Fram, Laurie Kellman and Darlene Superville, "Trump signs \$2.2T stimulus after swift congressional votes," Associated Press, March 27, 2020, accessed October 20, 2020, <https://apnews.com/article/2099a53bb8adf2def7ee7329ea322f9d>.
- <sup>27</sup> Kelsey Snell, "What's Inside The Senate's \$2 Trillion Coronavirus Aid Package," NPR, March 26, 2020, accessed October 20, 2020, <https://www.npr.org/2020/03/26/821457551/whats-inside-the-senate-s-2-trillion-coronavirus-aid-package>.
- <sup>28</sup> Jeanna Smialek and Neil Irwin, "Fed Slashes Rates to Near-Zero and Unveils Sweeping Program to Aid Economy," The New York Times, March 15, 2020, accessed October 20, 2020, <https://www.nytimes.com/2020/03/15/business/economy/federal-reserve-coronavirus.html>.
- <sup>29</sup> Jeanna Smialek, Kate Kelly and Peter Eavis, "Fed Unveils Emergency Lending Programs as Companies Struggle to Raise Cash," The New York Times, March 17, 2020, accessed October 20, 2020, <https://www.nytimes.com/2020/03/17/business/economy/federal-reserve-coronavirus.html>.
- <sup>30</sup> Jeff Cox, "The Federal Reserve just pledged asset purchases with no limit to support markets," CNBC, March 23, 2020, accessed October 20, 2020, <https://www.cnbc.com/2020/03/23/fed-announces-a-slew-of-new-programs-to-help-markets-including-open-ended-asset-purchases.html>.
- <sup>31</sup> James Mackintosh, "A Flexible Fed Means Higher Inflation," The Wall Street Journal, August 30, 2020, accessed October 20, 2020, <https://www.wsj.com/articles/a-flexible-fed-means-higher-inflation-11598796001>.
- <sup>32</sup> "Table 2.8.4 Price Indexes for Personal Consumption Expenditures by Major Type of Product, Monthly," Bureau of Economic Analysis, October 1, 2020, accessed October 20, 2020.
- <sup>33</sup> Kate Davidson, "U.S. Budget Gap Tripled to Record \$3.1 Trillion in Fiscal 2020, Treasury Says," The Wall Street Journal, October 16, 2020, accessed October 2020, <https://www.wsj.com/articles/u-s-budget-gap-tripled-to-record-3-1-trillion-in-fiscal-year-2020-treasury-says-11602871210>.
- <sup>34</sup> "Local Area Unemployment Statistics," Bureau of Labor Statistics, accessed October 16, 2020.
- <sup>35</sup> "SAGDP9N Real GDP by State," Bureau of Economic Analysis, accessed October 18, 2020.
- <sup>36</sup> David Merriman, "The COVID-19 pandemic and small business in Illinois: A preliminary comparison of neighboring states," Institute of Government and Public Affairs, October 29, 2020, accessed October 2020, <https://files.elfsight.com/storage/e79b15a2-1214-4a1e-929f-be90aa84b052/1e4fa07a-2771-4ab8-8407-0c61279e2eb6.pdf>
- <sup>37</sup> "Local Area Unemployment Statistics," Bureau of Labor Statistics, accessed November 3, 2020.
- <sup>38</sup> "State and Area Employment, Hours, and Earnings," Bureau of Labor Statistics, accessed November 3, 2020.
- <sup>39</sup> Businesses in Illinois, Paycheck Protection Program loan data retrieved on October 30, 2020 <https://ppp.pubb.org/il/>
- <sup>40</sup> David Merriman, "The COVID-19 pandemic and small business in Illinois: A preliminary comparison of neighboring states," Institute of Government and Public Affairs, October 29, 2020, accessed October 2020, <https://files.elfsight.com/storage/e79b15a2-1214-4a1e-929f-be90aa84b052/1e4fa07a-2771-4ab8-8407-0c61279e2eb6.pdf>
- <sup>41</sup> See GOMB's June 2020 [Summary of Federal Coronavirus Response Funds and Anticipated Uses](#).
- <sup>42</sup> See p. 6 of GOMB's 4<sup>th</sup> [Quarter Financial Report](#) for the budget walkdown released in July 2020.
- <sup>43</sup> <https://ilga.gov/legislation/publicacts/101/PDF/101-0630.pdf>
- <sup>44</sup> See GOMB's monthly reports to the Legislative Budget Oversight Commission for additional details on monthly revenue performance when compared to estimates. <https://www2.illinois.gov/sites/budget/Pages/default.aspx>
- <sup>45</sup> Comptroller's June 2020 Debt Transparency Report. <https://illinoiscomptroller.gov/comptroller/assets/File/DTA/ReportSummary/ReportSummaryPeriodEnding202006.pdf> Historical Debt Transparency Reports are available on the Comptroller's website - <https://illinoiscomptroller.gov/financial-data/debt-transparency-reports-dtr/previous-debt-transparency-reports/>