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GOVERNOR

STATE OF ILLINOIS
GOVERNOR'S OFFICE OF
MANAGEMENT AND BUDGET

FISCAL YEAR 2014 FOURTH QUARTER FINANCIAL REVIEW

GENERAL FUNDS HIGHLIGHTS

Table I, below, sets forth General Funds year-to-date (YTD) highlights for the final quarter of State fiscal year 2014 (FY14). Table I reflects a net operating surplus of \$1,718 million.

Table I
GENERAL FUNDS HIGHLIGHTS
Fourth Quarter Review
FY2013 vs. FY2014
(in millions)

| | YTD | | | |
|---|-----------------|-----------------|------------------|-----------------|
| | FY13 | FY14 | \$ Change | % Change |
| General Funds Revenues ¹ | \$ 34,376 | \$ 34,616 | \$ 240 | 1% |
| Transfers In ² | 1,953 | 2,151 | \$ 198 | 10% |
| Total Receipts | 36,343 | 36,768 | \$ 425 | 1% |
| General Funds Expenditures ¹ | 29,381 | 29,881 | \$ 500 | 2% |
| Transfers Out ² | 5,075 | 5,222 | \$ 147 | 3% |
| Total Spending | 34,456 | 35,050 | \$ 594 | 2% |
| Net Operating Surplus/(Deficit) | \$ 1,887 | \$ 1,718 | \$ (169) | -9% |

¹Revenues reflected are cash basis. Expenditures are budget year basis.

²Transfers In/Out do not include Budget Stabilization Fund or intra-fund transfers.

³Does not include continuing appropriations.

General Funds Revenues totaled \$34,616 million, an increase of \$240 million over the fiscal year 2013 (FY13) year-end level. Transfers from other funds to the General Funds increased by \$198 million compared to the same period in FY13, as detailed in the Revenue Summary that follows.

FY14 year-to-date General Funds Expenditures totaled \$29,881 million at the end of the fourth quarter, an increase of \$500 million over the FY13 fourth 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 year-end revenues for FY14. General Funds Revenues (including Transfers-In and Federal Revenues) increased by \$425 million, or 1.2%, over the FY13 fourth quarter level.

Table II
GENERAL FUNDS REVENUES
Fourth Quarter Review
FY2013 vs. FY2014
(in millions)

| Source | Year to Date Actual | | | | Year to Date Budget | | | | Budgeted |
|--|---------------------|------------------|------------------|-------------|-----------------------|-----------------------|------------------|---------------|---------------------------------|
| | FY13 YTD | FY14 YTD | YTD Difference | | FY14 YTD Budget | FY14 YTD Actual | Variance | | FY14 Revised Total Budget |
| | | | Dollar Amount | Percent | | | Dollar Amount | Percent | |
| Gross Individual Income Tax | 18,324 | 18,388 | 64 | 0.3% | 18,012 | 18,388 | 376 | 102.1% | 18,012 |
| Less: Deposits to Income Tax Refund Fund | (1,785) | (1,746) | 39 | -2.2% | (1,711) | (1,746) | (35) | 102.0% | (1,711) |
| Net Individual Income Tax | 16,539 | 16,642 | 103 | 0.6% | 16,301 | 16,642 | 341 | 102.1% | 16,301 |
| Gross Corporate Income | 3,679 | 3,640 | (39) | -1.1% | 3,744 | 3,640 | (104) | 97.2% | 3,744 |
| Less: Deposits to Income Tax Refund Fund | (502) | (476) | 26 | -5.2% | (427) | (476) | (49) | 111.4% | (427) |
| Net Corporate Income Tax | 3,177 | 3,164 | (13) | -0.4% | 3,317 | 3,164 | (153) | 95.4% | 3,317 |
| Sales | 7,354 | 7,675 | 321 | 4.4% | 7,610 | 7,675 | 65 | 100.9% | 7,610 |
| Public Utility | 1,033 | 1,013 | (20) | -1.9% | 1,006 | 1,013 | 7 | 100.7% | 1,006 |
| Cigarette | 353 | 353 | 0 | 0.1% | 355 | 353 | (2) | 99.6% | 355 |
| Inheritance | 293 | 276 | (17) | -5.6% | 218 | 276 | 58 | 126.8% | 218 |
| Liquor | 165 | 165 | (0) | -0.3% | 166 | 165 | (1) | 99.1% | 166 |
| Insurance | 334 | 333 | (1) | -0.4% | 325 | 333 | 8 | 102.3% | 325 |
| Corporate Franchise | 205 | 203 | (2) | -1.2% | 203 | 203 | (0) | 99.8% | 203 |
| Investment Income | 20 | 20 | (0) | -0.3% | 17 | 20 | 3 | 117.3% | 17 |
| Cook County IGT | 244 | 244 | (0) | -0.1% | 244 | 244 | (0) | 99.9% | 244 |
| Other Sources | 504 | 624 | 120 | 23.9% | 572 | 624 | 52 | 109.2% | 572 |
| TOTAL STATE REVENUES | 30,221 | 30,713 | 492 | 1.6% | 30,334 | 30,713 | 379 | 101.2% | 30,334 |
| Federal Revenues | 4,154 | 3,903 | (251) | -6.0% | 4,113 | 3,903 | (210) | 94.9% | 4,113 |
| Transfers-In: | 1,953 | 2,151 | 198 | 10.2% | 2,278 | 2,151 | (127) | 94.4% | 2,278 |
| Lottery | 656 | 668 | 12 | 1.8% | 669 | 668 | (1) | 99.9% | 669 |
| Gaming/Gaming Taxes | 345 | 321 | (24) | -7.1% | 327 | 321 | (6) | 98.1% | 327 |
| Other Transfers-In | 952 | 1,163 | 211 | 22.1% | 1,282 | 1,163 | (119) | 90.7% | 1,282 |
| TOTAL RECEIPTS | \$ 36,343 | \$ 36,768 | \$ 425 | 1.2% | \$ 36,725 | \$ 36,768 | 43 | 100.1% | \$ 36,725 |

- **Income Taxes (\$90 million increase):** Individual Income Tax year-end net receipts increased by \$103 million, or 0.6%, over the FY13 fourth quarter level. Corporate Income Tax year-end net receipts decreased by \$13 million, or 0.4%, over the FY13 fourth quarter level.
- **Sales Taxes (\$321 million increase):** Sales Tax year-end receipts increased by \$321 million, or 4.4%, over the FY13 fourth quarter level.
- **Inheritance Taxes (\$17 million decrease):** Inheritance Tax quarter-end receipts decreased 5.6% from the FY13 fourth quarter level.
- **All Other Sources (\$97 million increase):** Several categories of state taxes yielded slightly less revenue in the fourth quarter of the current fiscal year over the previous fiscal year. Still, total revenue from all other sources saw growth.
- **Federal Revenues (\$251 million decrease):** FY14 year-end federal sources of revenue decreased by \$251 million, or 6.0%, compared to the FY13 fourth quarter level.
- **Transfers-In (\$198 million increase):** Transfers-in increased by \$198 million, or 10.2%, compared to the FY13 year-end level.

GENERAL FUNDS EXPENDITURES SUMMARY

Table III, below, sets forth General Funds expenditures through the final quarter of FY14. General Funds expenditures through the end of the year totaled \$29,881 million, an increase of \$500 million over the FY13 year-end level.

Table III
GENERAL FUNDS EXPENDITURES
Fourth Quarter Review
FY2013 vs. FY2014
(in millions)

| Agency | FY13 Enacted ¹ | FY14 Enacted ² | FY13 Expend YTD | FY14 Expend YTD | Change | FY13 Percent Spent | FY14 Percent Spent |
|--------------------------------------|------------------------------|------------------------------|-----------------------|-----------------------|---------------|--------------------------|--------------------------|
| Constitutional Officers ³ | \$ 674 | \$ 461 | \$ 640 | \$ 432 | \$ (208) | 67% | 40% |
| DHFS | \$ 7,043 | \$ 7,639 | \$ 6,642 | \$ 6,554 | \$ (88) | 50% | 42% |
| ISBE | \$ 6,550 | \$ 6,687 | \$ 6,449 | \$ 6,597 | \$ 148 | 46% | 46% |
| DHS | \$ 3,498 | \$ 3,267 | \$ 3,181 | \$ 2,895 | \$ (286) | 48% | 43% |
| Higher Education | \$ 1,980 | \$ 1,991 | \$ 1,954 | \$ 1,984 | \$ 30 | 66% | 67% |
| TRS ⁴ | \$ 2,777 | \$ 3,513 | \$ 2,776 | \$ 3,512 | \$ 736 | 50% | 50% |
| SURS ⁴ | \$ 1,253 | \$ 1,312 | \$ 1,253 | \$ 1,312 | \$ 59 | 45% | 47% |
| Corrections | \$ 1,179 | \$ 1,278 | \$ 1,056 | \$ 1,132 | \$ 76 | 44% | 45% |
| CMS | \$ 1,482 | \$ 1,514 | \$ 1,479 | \$ 1,474 | \$ (5) | 38% | 99% |
| DCFS | \$ 732 | \$ 696 | \$ 687 | \$ 646 | \$ (41) | 57% | 50% |
| Aging | \$ 1,100 | \$ 1,031 | \$ 941 | \$ 845 | \$ (96) | 50% | 38% |
| ISP | \$ 248 | \$ 286 | \$ 233 | \$ 229 | \$ (4) | 48% | 48% |
| Revenue | \$ 111 | \$ 111 | \$ 100 | \$ 102 | \$ 2 | 41% | 42% |
| DPH | \$ 125 | \$ 133 | \$ 92 | \$ 103 | \$ 11 | 37% | 37% |
| DNR | \$ 45 | \$ 46 | \$ 37 | \$ 40 | \$ 3 | 40% | 35% |
| IDOT | \$ 22 | \$ 22 | \$ - | \$ 1 | \$ 1 | 0% | 0% |
| DCEO | \$ 31 | \$ 44 | \$ 19 | \$ 23 | \$ 4 | 16% | 18% |
| All Others ⁴ | \$ 1,962 | \$ 2,083 | \$ 1,840 | \$ 1,949 | \$ 109 | 47% | 48% |
| Agency Totals | \$ 30,813 | \$ 32,114 | \$ 29,381 | \$ 29,881 | \$ 500 | 49% | 49% |

Source: IOC Data Warehouse and GOMB

¹ Includes supplementals and Governor's allocations.

² FY13 and FY14 Enacted numbers are per GOMB internal tracking via Table Track. Subject to change.

³ Constitutional Officers exclude Auditor General.

⁴ Does not include continuing appropriations.

FINANCIAL POSITION

Table IV, below, sets forth the General Funds financial position for the fourth quarter of FY14. The General Funds cash balance on June 30, 2014 was \$74 million. This reflects a balance below the FY13 year-end level, when the cash balance was \$154 million.

Table IV
FINANCIAL POSITION
Fourth Quarter Review
FY2013 vs. FY2014
(in millions)

| CASH BALANCE | <u>FY12</u> | <u>FY13</u> | <u>Change</u> |
|--|--------------------------|--------------------------|------------------------|
| General Funds Cash Balance (3/31) | \$ 134 | \$ 169 | \$ 36 |
| Change in Operating Cash for Q4 | 20 | (96) | (116) |
| Transfer In from Budget Stabilization Fund | - | - | - |
| General Funds Cash Balance (6/30) | <u>\$ 154</u> | <u>\$ 74</u> | <u>\$ (80)</u> |
| | | | |
| SELECT CURRENT LIABILITIES | | | |
| General Funds Accounts Payable (6/30) | \$ 3,280 | \$ 2,404 | \$ (876) |
| Total Select Current Liabilities | <u>\$ 3,280</u> | <u>\$ 2,404</u> | <u>\$ (876)</u> |
| | | | |
| NET WORKING CAPITAL (GF Cash less GF A/P) | <u>\$ (3,126)</u> | <u>\$ (2,330)</u> | <u>\$ 796</u> |

EMPLOYMENT HIGHLIGHTS

Table V, below, sets forth third quarter employment highlights. Nationally, the unemployment rate in June 2014 was 7.6%, down from 8.2% during the same period in 2013. Illinois' unemployment rate of 9.2% in June 2014 was slightly higher than its rate of 9.0% in June of the previous year. Additionally, total nonfarm employment in Illinois increased.

Table V
EMPLOYMENT HIGHLIGHTS
Fourth Quarter Review
FY2013 vs. FY2014

| STATEWIDE EMPLOYMENT STATISTICS | <u>Jun-13</u> | <u>Jun-14</u> | <u>Change</u> |
|---|----------------------|----------------------|----------------------|
| Total Nonfarm Employment, Illinois | 5,740,000 | 5,785,800 | 45,800 |
| Unemployment Rate, Illinois | 9.0% | 9.2% | 0.2% |
| Unemployment Rate, United States | 8.2% | 7.6% | -0.6% |
| Labor Force Participation Rate, Illinois | 65.9% | 65.5% | -0.4% |
| Labor Force Participation Rate, United States | 63.8% | 63.5% | -0.3% |

Source: Illinois Department of Employment Security (Seasonally Adjusted Data)

FISCAL AND BALANCED BUDGET NOTE SUMMARY

Over the course of the fall and spring legislative sessions, the legislature may request a note from the Governor's Office of Management and Budget to explain the budget or fiscal impact of particular pieces of legislation. Notes were requested and provided for the following bills. A summary of the notes issued by the Governor's Office of Management and Budget to the General Assembly may be found by bill number at www.ilga.gov.

98th General Assembly - Fall 2013 Session

Balanced Budget Notes

| Bill | Subject Matter |
|------------------|--|
| SB10 HA1 | Withdrawn |
| SB1342 HA3&4 | Mandatory Minimum |
| SB1342 HA5 | Mandatory Minimum |
| SB1342 Engrossed | Mandatory Minimum |
| SB1955 HA4 | Compassionate Use of Medical Cannabis Pilot Program Act |
| SB66 HA6 | Cook County Inter-Track Wagering Locations |
| SB114 HA2 | Conceal Carry Amendment |
| SB1961 HA2 | Board of Trustees State Universities and Downstate Teacher Articles of the Illinois Pension Code |
| HB1002 SA1 | Lebanon Community Unit School District 9 bond authority |

98th General Assembly - Spring Session 2014

Balanced Budget Notes

| Bill | Subject Matter |
|--------------------|--|
| HB4318 Introduced | PPV Leases |
| HB2946 HA1 | Lapse Appropriations |
| HB4557 Introduced | SoS Parking Fees |
| HB5537 Introduced | ISBE Interventions |
| HB4609 HA1 | Safety |
| HB5569 HA1 | Conversion Therapy Prohibition |
| HB4075 HA1 | Vehicle Code |
| HB2496 HA2 | Lapse Appropriations |
| HB3820 HA4 | Grant Accountability And Transparency Act |
| SB3287 | WCC-Wholly Owned Service Organizations |
| SB2187 HA2 | Clinical Psychologist Licensing Act Prescription Amendment |
| SB2187 HA4 | Clinical Psychologist Licensing Act Prescription Amendment |
| SB2187 HA5 | Clinical Psychologist Licensing Act Prescription Amendment |
| HB6066 HA1 | FY15 Appropriations |
| HB 5379 Introduced | Illinois Power Agency |
| HB 6021 HA1 | State Board of Education |
| HB 6022 Introduced | Educational Labor Relations Board |
| HB 6023 HA1 | State Universities Civil Service System |
| HB 6024 HA1 | Illinois Student Assistance Commission |
| HB 6025 HA1 | Illinois Community College Board |
| HB 6026 HA1 | University of Illinois |
| HB 6027 HA1 | Southern Illinois University |
| HB 6028 HA1 | Northern Illinois University |
| HB 6029 HA1 | Illinois State University |
| HB 6030 HA1 | Western Illinois University |
| HB 6031 HA1 | Northeastern Illinois University |

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|--------------------|--|
| HB 6032 HA1 | Governors State University |
| HB 6033 HA1 | Eastern Illinois University |
| HB 6034 HA1 | Chicago State University |
| HB 6035 HA1 | Illinois Board of Higher Ed. / IMSA |
| HB 6051 Introduced | Illinois Council on Developmental Disabilities |
| HB 6052 HA1 | Human Rights Commission |
| HB 6053 HA1 | Guardianship & Advocacy Council |
| HB 6054 HA1 | Deaf & Hard of Hearing Commission |
| HB 6055 HA1 | Human Rights Department |
| HB 6056 HA1 | Veterans' Affairs |
| HB 6057 HA1 | Children & Family Services |
| HB 6066 HA1 | Pensions, Debt Services, Group Health Insurance, HPRF transfer |
| HB 6069 HA1 | Public Health |
| HB 6070 HA1 | Healthcare & Family Services |
| HB 6071 HA1 | Aging |
| HB 6072 HA1 | Human Services |
| HB 6075 HA1 | Illinois Emergency Management Agency |
| HB 6076 HA1 | Southwestern Illinois Economic Develop Authority |
| HB 6077 HA1 | Prisoner Review Board |
| HB 6078 Introduced | Metro Pier Exposition Authority |
| HB 6079 HA1 | Law Enforcement Training Standards Board |
| HB 6080 Introduced | Office of the State Fire Marshal |
| HB 6081 Introduced | Workers' Compensation Commission |
| HB 6082 HA1 | State Police Merit Board |
| HB 6083 Introduced | Sports Facilities Authority |
| HB 6084 HA1 | Criminal Justice Information Authority |
| HB 6085 Introduced | Capital Development Board |
| HB 6086 HA1 | Transportation |
| HB 6087 HA1 | Corrections |
| HB 6088 HA1 | Juvenile Justice |
| HB 6089 HA1 | State Police |
| HB 6090 HA1 | Military Affairs |
| HB 6091 HA1 | Labor |
| HB 6098 HA1 | Judicial Inquiry Board, Appellate Defender, Appellate Prosecutor |
| HB 6126 HA1 | Executive Ethics Commission |
| HB 6127 HA1 | Civil Service Commission |
| HB 6128 HA1 | Commerce Commission |
| HB 6129 Introduced | Drycleaner Trust Fund |
| HB 6130 HA1 | Executive Inspector General |
| HB 6131 Introduced | Environmental Protection Agency |
| HB 6132 HA1 | Historic Preservation Agency |
| HB 6133 Introduced | Gaming Board |
| HB 6134 Introduced | Racing Board |
| HB 6135 Introduced | Property Tax Appeal Board |
| HB 6136 HA1 | Independent Tax Tribunal |
| HB 6137 HA1 | Procurement Policy Board |
| HB 6138 HA1 | Labor Relations Board |

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|----------------------|--|
| HB 6139 HA1 | SERS (ops only) |
| HB 6145 HA1 | Arts Council |
| HB 6146 HA1 | Financial & Professional Regulation |
| HB 6147 HA1 | Employment Security |
| HB 6148 HA1 | Natural Resources |
| HB 6149 HA1 | Commerce & Economic Opportunity |
| HB 6150 HA1 | Revenue |
| HB 6151 HA1 | Central Management Services |
| HB 6152 HA1 | Agriculture |
| HB 6153 Introduced | Lottery |
| HB 6154 Introduced | Insurance |
| HB 6156 HA1 | FY15 Appropriation Bill - General Services |
| HB 6157 HA1 | Court of Claims |
| HB 6216 HA1 | Elections |
| HB3791 HA1 | FY15 Appropriation Bill |
| HB6156 HA2 | FY15 Appropriation Bill |
| HB6071 HA3 | FY15 Appropriation Bill - Department on Aging |
| HB6156 HA3 | FY15 Appropriation Bill - Constitutional Agencies |
| SB2187 HA3 | Clinical Psychologist Licensing Act Prescription Amendment |
| HB3836 HA1 | Abraham Lincoln Presidential Library and Museum |
| SB2758 HA1, 2,3,4 &5 | Secure Choice Savings Program |
| SB2187 HA4 | Clinical Psychologist Licensing Act Prescription Amendment |
| SB649 HA1&2 | Fracking |
| HB6093 | FY15 Appropriation Bill - Education |
| HB6094 | FY15 Appropriation Bill - Higher Education |
| HB6095 | FY15 Appropriation Bill - General Services |
| HB6096 | FY15 Appropriation Bill - Human Services |
| HB6097 | FY15 Appropriation Bill - Public Safety |
| HB6060 | FY14 Supplemental |
| SB2915 | DHS-Health Care Worker Registry |
| SB2774 | Tax Return Preparer Regulation |
| SB3557 | Assumed Business Name Renewal |
| SB3366 | ICC - Natural Gas Competition Report |
| SB2915 | DHS-Health Care Worker Registry |
| SB2774 | Tax Return Preparer Regulation |
| SB2758 HA6&7 | Secure Choice Savings Program |

98th General Assembly - Spring Session 2014

Fiscal Notes

| Bill | Subject Matter |
|-------------|--|
| HB6066 HA1 | FY15 Appropriation Bill - Healthcare and Family Services |
| HB6156 HA1 | FY15 Appropriation Bill - Office of the Governor |
| HB6098 HA1 | FY15 Appropriation Bill - LETSBE |
| HB3791 HA1 | FY15 Appropriation Bill - LAC |
| HB6156 HA2 | FY15 Appropriation Bill - Constitutional Agencies |