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STATE OF ILLINOIS
GOVERNOR'S OFFICE OF
MANAGEMENT AND BUDGET

FISCAL YEAR 2015 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 2015 (FY15). Table I reflects a net operating loss of \$690 million.

Table I
GENERAL FUNDS HIGHLIGHTS
First Quarter Review
FY2014 vs. FY2015
(in millions)

	YTD			
	<u>FY14</u>	<u>FY15</u>	<u>\$ Change</u>	<u>% Change</u>
General Funds Revenues ¹	\$ 7,649	\$ 7,620	\$ (29)	0%
Transfers In ²	834	439	(395)	-47%
Total Receipts	8,483	8,059	(424)	-5%
General Funds Expenditures ¹	7,356	5,804	(1,552)	-21%
Transfers Out ²	1,817	1,180	(637)	-35%
Total Spending	9,173	6,984	(2,189)	-24%
Net Operating Surplus/(Deficit)	\$ (690)	\$ 1,075	\$ 1,765	-256%

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 Budget Stabilization Fund or intra-fund transfers.

General Funds revenues totaled \$7,620 million, a decrease of \$29 million, or .01%, over the fiscal year 2014 (FY14) quarter-end level. Transfers from other funds to the General Funds decreased by \$395 million, or 47.3%, as compared to the same period in FY14, as detailed in the Revenue Summary that follows.

FY15 quarter-end General Funds expenditures totaled \$5,804 million, a decrease of \$1,552 million, or 21.0%, over the FY14 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 FY15. General Funds revenues (including Transfers-In and Federal Revenues) decreased by \$424 million, or 5.0%, over the FY14 quarter-end level.

Table II
GENERAL FUNDS REVENUES
First Quarter Review
FY2014 vs. FY2015
(in millions)

Source	Year to Date Actual				Year to Date Budget				Budgeted FY15 Total Budget
	FY14 YTD Actual	FY15 YTD Actual	Difference Dollar Change	Difference Percent Change	FY15 YTD Budget	FY15 YTD Actual	Difference Dollar Change	Difference Percent Change	
Gross Individual Income Tax	\$ 3,987	\$ 4,089	\$ 102	2.6%	\$ 3,147	\$ 4,089	\$ 942	29.9%	\$ 16,993
Less: Deposits to Income Tax Refund Fund	(379)	(408)	(30)	7.8%	(307)	(408)	(102)	33.1%	(1,699)
Net Individual Income Tax	\$ 3,609	\$ 3,681	\$ 72	2.0%	\$ 2,841	\$ 3,681	\$ 840	29.6%	\$ 14,845
Gross Corporate Income	\$ 734	\$ 656	\$ (78)	-10.6%	\$ 506	\$ 656	\$ 150	29.6%	\$ 3,575
Less: Deposits to Income Tax Refund Fund	(98)	(92)	6	-6.3%	(71)	(92)	(21)	29.9%	(501)
Net Corporate Income Tax	\$ 636	\$ 564	\$ (72)	-11.3%	\$ 435	\$ 564	\$ 129	29.6%	\$ 3,071
Sales	\$ 1,939	\$ 2,034	\$ 95	4.9%	\$ 1,754	\$ 2,034	\$ 280	15.9%	\$ 7,847
Public Utility	\$ 239	\$ 236	\$ (3)	-1.4%	\$ 254	\$ 236	\$ (18)	-6.9%	\$ 1,031
Cigarette	88	88	0	0.0%	84	88	4	5.3%	355
Inheritance	46	84	38	83.7%	58	84	26	45.0%	190
Liquor	43	44	1	1.3%	45	44	(1)	-2.9%	167
Insurance	86	92	6	7.0%	81	92	11	13.7%	325
Corporate Franchise	52	52	0	0.0%	52	52	(0)	-0.9%	201
Investment Income	4	7	3	87.0%	4	7	3	63.2%	17
Cook County IGT	0	0	0	0.0%	0	0	0	0.0%	244
Other Sources	175	235	60	34.1%	132	235	103	78.0%	480
TOTAL STATE REVENUES	\$ 6,917	\$ 7,117	\$ 200	2.9%	\$ 5,740	\$ 7,117	\$ 1,377	24.0%	\$ 28,782
Federal Revenues	\$ 732	\$ 503	\$ (229)	-31.3%	\$ 1,052	\$ 503	\$ (549)	-52.2%	\$ 4,496
Transfers-In:	\$ 834	\$ 439	\$ (395)	-47.3%	\$ 866	\$ 439	\$ (427)	-49.3%	\$ 2,485
Lottery	143	145	2	1.7%	136	145	9	6.6%	682
Gaming/Gaming Taxes	108	86	(22)	-20.4%	99	86	(13)	-13.3%	334
Other Transfers-In	583	208	(375)	-64.3%	630	208	(422)	-67.0%	1,469
TOTAL RECEIPTS	\$ 8,483	\$ 8,059	\$ (424)	-5.0%	\$ 7,658	\$ 8,059	401	5.2%	\$ 35,763

- **Income Taxes (\$0 net change):** Effective January 1, 2011, Public Act 96-1496 increased the Individual Income Tax rate from 3.0% to 5.0% and the Corporate Income Tax rate from 4.8% to 7.0%.

Individual Income Tax quarter-end net receipts increased by \$72 million, or 2.0%, over the FY14 first quarter level.

Corporate Income Tax quarter-end net receipts decreased by \$72 million, or 11.3%, over the FY14 first quarter level.

- **Sales Taxes (\$95 million increase):** Sales Tax quarter-end receipts increased by \$95 million, or 4.9%, from the FY14 first quarter level.
- **All Other Sources (\$105 million increase):** Inheritance Tax quarter-end receipts increased by \$38 million, or 83.7%, from the FY14 first-quarter-end level. FY15 quarter-end Public Utility Taxes decreased by \$3 million, or 1.4%, from the FY14 first quarter level. Other Sources quarter-end receipts increased by 60 million, or 34.1%, from the FY14 first quarter level.

- **Federal Revenues (\$229 million decrease):** FY15 quarter-end Federal Sources of revenue decreased by \$229 million, or 31.3%, compared to the FY14 first quarter level.
- **Transfers-In (\$395 million decrease):** Transfers-in decreased by \$395 million, or 47.3%, compared to the FY14 first quarter level.

GENERAL FUNDS EXPENDITURES SUMMARY

Table III, below, sets forth General Funds Expenditures through the first quarter of FY15. General Funds Expenditures through the end of the first quarter totaled \$5,804 million, a decrease of \$1,550 million, or 21.0%, from the FY14 level. Pension expenses are included for both years.

Table III
GENERAL FUNDS EXPENDITURES
First Quarter Review
FY2014 vs. FY2015
(in millions)

Agency	FY14	FY15	FY14	FY15	Change	FY14	FY15
	Enacted	Enacted	Expend	Expend		Percent Spent	Percent Spent
	Appropriation ¹	Appropriation ¹					
Constitutional Officers ²	\$ 461	\$ 425	\$ 89	\$ 90	\$ 1	19%	21%
DHFS	\$ 7,639	\$ 7,313	\$ 1,149	\$ 480	\$ (669)	15%	7%
ISBE	\$ 6,687	\$ 6,605	\$ 1,318	\$ 1,328	\$ 10	20%	20%
DHS	\$ 3,267	\$ 3,087	\$ 625	\$ 690	\$ 65	19%	22%
Higher Education	\$ 1,991	\$ 1,991	\$ 560	\$ 457	\$ (103)	28%	23%
TRS ³	\$ 3,513	\$ 3,576	\$ 877	\$ 897	\$ 20	25%	25%
SURS ³	\$ 1,312	\$ 1,352	\$ 299	\$ 311	\$ 12	23%	23%
Corrections	\$ 1,278	\$ 1,220	\$ 201	\$ 208	\$ 7	16%	17%
CMS	\$ 1,514	\$ 1,588	\$ 1,358	\$ 438	\$ (920)	90%	28%
DCFS	\$ 696	\$ 696	\$ 163	\$ 166	\$ 3	23%	24%
Aging	\$ 1,031	\$ 933	\$ 142	\$ 143	\$ 1	14%	15%
ISP	\$ 286	\$ 248	\$ 55	\$ 50	\$ (5)	19%	20%
Revenue	\$ 111	\$ 95	\$ 21	\$ 18	\$ (3)	19%	19%
DPH	\$ 133	\$ 133	\$ 28	\$ 29	\$ 1	21%	22%
DNR	\$ 46	\$ 45	\$ 7	\$ 9	\$ 2	15%	20%
IDOT	\$ 22	\$ 6	\$ -	\$ -	\$ -	0%	0%
DCEO	\$ 44	\$ 46	\$ 3	\$ 3	\$ -	7%	6%
All Others	\$ 2,083	\$ 2,133	\$ 460	\$ 488	\$ 28	22%	23%
Agency Totals	\$ 32,114	\$ 31,492	\$ 7,356	\$ 5,804	\$ (1,552)	23%	18%

¹Does not include continuing appropriations.

²Constitutional Officers excludes Auditor General.

³Does not include continuing appropriations.

Note: Tables in this report may not add due to rounding.

FINANCIAL POSITION

Table IV, below, sets forth the General Funds Financial Position for the first quarter of FY15. The General Funds cash balance on September 30, 2014 was \$115 million, including intra-year cash flow borrowing of \$275 million from the Budget Stabilization Fund. This reflects a decrease from the FY14 quarter-end level, when the cash balance was \$162 million, including the same amount (\$275 million) of cash flow borrowing from the Budget Stabilization Fund.

Table IV
FINANCIAL POSITION
First Quarter Review
FY2014 vs. FY2015
(in millions)

	<u>FY14</u>	<u>FY15</u>	<u>Change</u>
CASH BALANCE			
General Funds Cash Balance (6/30)	\$ 154	\$ 74	\$ (80)
Change in Operating Cash for Q1	283	316	\$ 33
Transfer In from Budget Stabilization Fund	275	275	\$ -
General Funds Cash Balance (9/30)	<u>\$ 162</u>	<u>\$ 115</u>	<u>\$ (47)</u>
SELECT CURRENT LIABILITIES			
General Funds Accounts Payable (9/30)	\$ 4,603	\$ 2,717	\$ (1,887)
Total Select Current Liabilities	<u>\$ 4,603</u>	<u>\$ 2,717</u>	<u>\$ (1,887)</u>
NET WORKING CAPITAL (GF Cash less GF A/P)	<u>\$(4,441)</u>	<u>\$ (2,602)</u>	<u>\$ 1,840</u>

EMPLOYMENT HIGHLIGHTS

Table V, below, sets forth first quarter employment highlights. Nationally, the unemployment rate in September 2014 was 5.9%, down from 7.2% during the same period in 2013. Illinois' unemployment rate of 6.6% in September 2014 reflected a decrease from in the state's unemployment rate of 9.1% in September 2013. Additionally, total nonfarm employment in Illinois increased, led by increases in the goods-producing and service-providing sectors.

Table V
EMPLOYMENT HIGHLIGHTS
First Quarter Review
FY2014 vs. FY2015

EMPLOYMENT STATISTICS	<u>September-14</u>	<u>September-15</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	5,794,600	5,863,600	69,000
Unemployment Rate, Illinois	9.1%	6.6%	-2.5
Unemployment Rate, United States	7.2%	5.9%	-1.3
Labor Force Participation Rate, Illinois	65.2%	64.5%	-0.7
Labor Force Participation Rate, United States	63.2%	62.7%	-0.5

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