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STATE OF ILLINOIS
GOVERNOR'S OFFICE OF
MANAGEMENT AND BUDGET

FISCAL YEAR 2015 THIRD QUARTER FINANCIAL REVIEW

GENERAL FUNDS HIGHLIGHTS

Table I, below, sets forth General Funds year-to-date (YTD) highlights for the third quarter of State fiscal year 2015 (FY15). Table I reflects a net operating loss of \$1,799 million.

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

	YTD			
	<u>FY14</u>	<u>FY15</u>	<u>\$ Change</u>	<u>% Change</u>
General Funds Revenues ¹	\$ 24,347	\$ 23,308	\$ (1,039)	-4%
Transfers In ²	1,645	1,213	(432)	-26%
Total Receipts	25,991	24,520	(1,471)	-6%
General Funds Expenditures ¹	22,526	22,976	450	2%
Transfers Out ²	4,041	3,343	(698)	-17%
Total Spending	26,567	26,319	(248)	-1%
Net Operating Surplus/(Deficit)	\$ (576)	\$ (1,799)	\$ (1,223)	212%

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 \$23,308 million, a decrease of \$1,039 million, or 4%, below the fiscal year 2014 (FY14) quarter-end level. Transfers from other funds to the General Funds decreased by \$432 million, or 26%, as compared to the same period in FY14, as detailed in the Revenue Summary that follows.

FY15 quarter-end General Funds expenditures totaled \$22,976 million, a increase of \$450 million, or 2%, above the FY14 third 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 \$1,471 million, or 5.7%, over the FY14 quarter-end level.

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

Source	Year to Date Actual				Year to Date Budget				Budgeted
	FY14 YTD Actual	FY15 YTD Actual	Difference Dollar Change	Percent Change	FY15 YTD Budget	FY15 YTD Actual	Difference Dollar Change	Percent Change	FY15 Total Budget
Gross Individual Income Tax	12,906	12,651	(256)	-2.0%	11,619	12,651	1,032	8.9%	16,993
Income Tax Refund Fund Deposit	(1,225)	(1,265)	(40)	3.3%	(1,162)	(1,265)	(103)	8.9%	(1,699)
Fund for Advancement of Education Deposit	0	(91)	(91)	100.0%	(37)	(91)	(54)	144.1%	(225)
Commitment to Human Services Fund Deposit	0	(91)	(91)	100.0%	(37)	(91)	(54)	144.1%	(225)
Net Individual Income Tax	11,680	11,203	(477)	-4.1%	10,382	11,203	821	7.9%	14,845
Gross Corporate Income	2,392	2,064	(328)	-13.7%	1,917	2,064	147	7.7%	3,100
Income Tax Refund Fund Deposit	(321)	(289)	31	-9.8%	(268)	(289)	(21)	7.8%	(434)
Fund for Advancement of Education Deposit	0	(0)	(0)	0.0%	(0.2)	(0)	0	-50.5%	(1)
Commitment to Human Services Fund Deposit	0	(0)	(0)	0.0%	(0.2)	(0)	0	-50.5%	(1)
Net Corporate Income Tax	2,072	1,775	(297)	-14.3%	1,649	1,775	126	7.7%	2,664
Sales	5,675	5,977	302	5.3%	5,899	5,977	79	1.3%	7,950
Public Utility	774	764	(10)	-1.3%	773	764	(8)	-1.1%	1,015
Cigarette	265	263	(2)	-0.6%	265	263	(2)	-0.8%	355
Inheritance	185	240	55	29.9%	202	240	38	19.0%	275
Liquor	125	125	1	0.6%	126	125	(1)	-0.5%	167
Insurance	207	220	14	6.6%	207	220	13	6.4%	325
Corporate Franchise	159	158	(1)	-0.9%	156	158	2	1.4%	201
Investment Income	14	18	4	29.1%	13	18	5	35.4%	17
Cook County IGT	120	150	30	25.0%	144	150	6	0.0%	244
Other Sources	459	463	5	1.0%	424	463	39	9.3%	599
TOTAL STATE REVENUES	21,735	21,358	(376)	-1.7%	20,239	21,358	1,119	5.5%	28,657
Federal Revenues	2,612	1,949	(663)	-25.4%	2,695	1,949	(746)	-27.7%	3,676
Transfers-In:	1,645	1,213	(432)	-26.3%	1,338	1,213	(126)	-9.4%	3,054
Lottery	470	478	7	1.6%	480	478	(2)	-0.5%	682
Gaming/Gaming Taxes	275	247	(27)	-9.9%	213	247	35	16.2%	268
Fund Reallocations	0	0	0	0.0%	0	0	0	0.0%	1,318
Other Transfers-In	900	487	(412)	-45.8%	645	487	(158)	-24.5%	786
TOTAL RECEIPTS	25,991	24,520	(1,471)	-5.7%	24,273	24,520	247	1.0%	35,387

- **Income Taxes (\$774 net decrease):** Individual Income Tax quarter-end net receipts decreased by \$477 million, or 4.1%, over the FY14 third quarter level.

Corporate Income Tax quarter-end net receipts decreased by \$297 million, or 14.3%, over the FY14 third quarter level.

- **Sales Taxes (\$302 million increase):** Sales Tax quarter-end receipts increased by \$302 million, or 5.3%, from the FY14 third quarter level.
- **All Other Sources (\$95 million increase):** Inheritance Tax quarter-end receipts increased by \$55 million, or 29.9%, from the FY14 third quarter level. FY15 quarter-end Public Utility Taxes decreased by \$10 million, or 1.3%, from the FY14 third quarter level. Other Sources quarter-end receipts increased by \$5 million, or 1.0%, from the FY14 third quarter level.
- **Federal Revenues (\$663 million decrease):** FY15 quarter-end Federal Sources of revenue decreased by \$663 million, or 25.4%, compared to the FY14 third quarter level.

- **Transfers-In (\$432 million decrease):** Transfers-in decreased by \$432 million, or 26.3%, compared to the FY14 third quarter level.

GENERAL FUNDS EXPENDITURES SUMMARY

Table III, below, sets forth General Funds Expenditures through the third quarter of FY15. General Funds Expenditures through the end of the third quarter totaled \$22,976 million, an increase of \$450 million, or 2.0%, from the FY14 level. Pension expenses are included for both years.

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

Agency	FY14 Enacted Appropriation ¹	FY15 Enacted Appropriation ^{1,3}	FY14 Expend	FY15 Expend	Change	FY14 Percent Spent	FY15 Percent Spent
Constitutional Officers ²	\$ 461	\$ 516	\$ 334	\$ 278	\$ (56)	73%	54%
DHFS	\$ 7,639	\$ 7,223	\$ 4,551	\$ 4,766	\$ 215	60%	66%
ISBE	\$ 6,687	\$ 6,652	\$ 4,863	\$ 4,917	\$ 54	73%	74%
DHS	\$ 3,267	\$ 3,459	\$ 2,156	\$ 2,247	\$ 91	66%	65%
Higher Education	\$ 1,991	\$ 1,962	\$ 1,807	\$ 1,786	\$ (20)	91%	91%
TRS	\$ 3,513	\$ 3,577	\$ 2,634	\$ 2,685	\$ 51	75%	75%
SURS	\$ 1,312	\$ 1,352	\$ 994	\$ 1,169	\$ 174	76%	86%
Corrections	\$ 1,278	\$ 1,307	\$ 857	\$ 839	\$ (18)	67%	64%
CMS	\$ 1,514	\$ 1,608	\$ 1,369	\$ 1,288	\$ (81)	90%	80%
DCFS	\$ 696	\$ 680	\$ 523	\$ 529	\$ 6	75%	78%
Aging	\$ 1,031	\$ 913	\$ 606	\$ 601	\$ (4)	59%	66%
ISP	\$ 286	\$ 242	\$ 177	\$ 174	\$ (4)	62%	72%
Revenue	\$ 111	\$ 97	\$ 76	\$ 65	\$ (10)	68%	67%
DPH	\$ 133	\$ 131	\$ 76	\$ 74	\$ (2)	57%	57%
DNR	\$ 46	\$ 48	\$ 25	\$ 31	\$ 6	55%	63%
IDOT	\$ 22	\$ 6	\$ 0	\$ 0	\$ 0	1%	7%
DCEO	\$ 44	\$ 46	\$ 13	\$ 20	\$ 7	29%	43%
All Others	\$ 2,083	\$ 2,133	\$ 1,465	\$ 1,507	\$ 42	70%	71%
Agency Totals	\$ 32,114	\$ 31,950	\$ 22,526	\$ 22,976	\$ 450	70%	72%

¹Does not include continuing appropriations.

²Constitutional Officers excludes Auditor General.

³Appropriation values are as of March 31, 2015. These values are subject to change as the IOC continues to implement the actions taken in Public Act 99-0001 (HB317).

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 third quarter of FY15. The General Funds cash balance on March 31, 2015 was \$205 million. This reflects an increase of \$36 million from the FY14 quarter-end level, when the cash balance was \$169 million.

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

	<u>FY14</u>	<u>FY15</u>	<u>Change</u>
CASH BALANCE			
General Funds Cash Balance (12/31)	204	142	(62)
Change in Operating Cash for Q3	(35)	63	97
Transfer In from Budget Stabilization Fund	0	0	0
General Funds Cash Balance (3/31)	169	205	36
SELECT CURRENT LIABILITIES			
General Funds Accounts Payable (3/31)	\$4,459	\$5,687	\$1,228
Short-Term Borrowing Payable (3/31)	0	0	0
Total Select Current Liabilities	4,459	5,687	1,228
NET WORKING CAPITAL (GF Cash less GF A/P)	(4,290)	(5,482)	(1,192)

EMPLOYMENT HIGHLIGHTS

Table V, below, sets forth third quarter employment highlights. Nationally, the unemployment rate in March 2015 was 5.5%, down from 6.6% during the same period in 2014. Illinois' unemployment rate of 6.0% in March 2015 reflected a decrease from the state's unemployment rate of 7.7% in March 2014. Additionally, total nonfarm employment in Illinois increased, led by increases in the Trade, Transportation, & Utilities and Construction sectors.

Table V
EMPLOYMENT HIGHLIGHTS
Third Quarter Review
FY2014 vs. FY2015

EMPLOYMENT STATISTICS	<u>March-14</u>	<u>March-15</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	5,843,700	5,915,300	71,600
Unemployment Rate, Illinois	7.7%	6.0%	-1.7
Unemployment Rate, United States	6.6%	5.5%	-1.1
Labor Force Participation Rate, Illinois	65.2%	64.6%	-0.6
Labor Force Participation Rate, United States	63.2%	62.7%	-0.5

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