



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

BRUCE RAUNER
GOVERNOR

FISCAL YEAR 2016 SECOND QUARTER FINANCIAL REVIEW

GENERAL FUNDS HIGHLIGHTS

Table I, below, sets forth General Funds year-to-date (YTD) highlights for the second quarter of State fiscal year 2016 (FY16). Table I reflects a net operating deficit of \$866 million.

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

	YTD			
	FY15	FY16	\$ Change	% Change
General Funds Revenues ¹	\$ 15,267	\$ 13,393	\$ (1,874)	(12.3%)
Transfers In ²	812	873	61	7.5%
Total Receipts	\$ 16,079	\$ 14,266	\$ (1,813)	(11.3%)
General Funds Expenditures ¹	\$ 14,817	\$ 12,891	\$ (1,925)	(13.0%)
Transfers Out ²	2,279	2,241	(38)	(1.7%)
Total Spending	\$ 17,096	\$ 15,132	\$ (1,963)	(11.5%)
Net Operating Surplus/(Deficit)	\$ (1,017)	\$ (867)	\$ 150	(14.8%)

¹Revenues reflected are cash basis. Expenditures reflect each fiscal year beginning July 1st and ending June 30th. Cash Payments made after the conclusion of the fiscal year for expenses incurred during the fiscal year (lapse period) are not included.

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

General Funds' revenues totaled \$13,393 million, a decrease of \$1,872 million, or 12.3%, below the fiscal year 2015 (FY15) quarter-end level. Transfers from other funds to the General Funds increased by \$61 million, or 7.5%, as compared to the same period in FY15, as detailed in the Revenue Summary that follows.

FY16 quarter-end General Funds' expenditures totaled \$12,891 million, a decrease of \$1,925 million, or 13.0%, below the FY15 second 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 second quarter of FY16. General Funds' revenues (including Transfers-In and Federal Revenues) decreased by \$1,812 million, or 11.3%, below the FY15 quarter-end level.

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

Source	Year to Date Actual				Year to Date Budget				Budgeted FY16 Total Budget
	FY15 YTD Actual	FY16 YTD Actual	Difference Dollar Change	Percent Change	FY16 YTD Budget	FY16 YTD Actual	Difference Dollar Change	Percent Change	
Gross Individual Income Tax	8,226	6,767	(1,459)	(17.7%)	6,216	6,767	551	8.9%	14,644
Income Tax Refund Fund Deposit	(823)	(660)	163	(19.8%)	(622)	(660)	(38)	6.2%	(1,464)
Fund for Advancement of Education Deposit	0	(205)	(205)	100.0%	(187)	(205)	(18)	9.7%	(440)
Commitment to Human Services Fund Deposit	0	(205)	(205)	100.0%	(187)	(205)	(18)	9.7%	(440)
Net Individual Income Tax	7,403	5,698	(1,705)	(23.0%)	5,221	5,698	477	9.1%	12,301
Gross Corporate Income	1,313	976	(337)	(25.7%)	1,089	976	(113)	(10.4%)	2,708
Income Tax Refund Fund Deposit	(184)	(148)	36	(19.6%)	(186)	(148)	38	(20.3%)	(462)
Fund for Advancement of Education Deposit	0	(0)	(0)	100.0%	(1)	(0)	0	(49.4%)	(2)
Commitment to Human Services Fund Deposit	0	(0)	(0)	100.0%	(1)	(0)	0	(49.4%)	(2)
Net Corporate Income Tax	1,129	827	(302)	(26.7%)	902	827	(75)	(8.3%)	2,242
Sales	4,136	4,143	6	0.2%	4,162	4,143	(19)	(0.5%)	8,205
Public Utility	460	431	(29)	(6.4%)	461	431	(30)	(6.5%)	977
Cigarette	177	177	(0)	-0.1%	177	177	(0)	(0.1%)	355
Inheritance	156	192	36	23.0%	137	192	55	40.0%	275
Liquor	85	86	1	0.9%	87	86	(1)	(0.7%)	168
Insurance	161	161	(0)	(0.0%)	154	161	7	4.5%	340
Corporate Franchise	102	111	9	8.7%	105	111	7	6.3%	201
Investment Income	11	10	(1)	(4.8%)	8	10	2	25.6%	17
Cook County IGT	56	56	0	0.0%	50	56	6	0.0%	244
Other Sources	332	205	(127)	(38.3%)	243	205	(38)	(15.7%)	533
TOTAL STATE REVENUES	14,209	12,096	(2,112)	(14.9%)	11,706	12,096	391	3.3%	25,858
Federal Revenues	1,058	1,296	238	22.5%	1,831	1,296	(535)	(29.2%)	4,408
Transfers-In:	812	873	61	7.5%	886	873	(13)	(1.5%)	1,661
Lottery	306	312	6	1.9%	324	312	(12)	(3.8%)	696
Gaming/Gaming Taxes	181	171	(10)	(5.7%)	170	171	1	0.4%	273
Fund Reallocations	0	0	0	0.0%	0	0	0	0.0%	0
Other Transfers-In	325	390	65	19.8%	392	390	(2)	(0.5%)	692
TOTAL RECEIPTS	16,078	14,266	(1,812)	(11.3%)	14,422	14,266	(157)	(1.1%)	31,927

- **Income Taxes (\$2,007 net decrease):** Individual Income Tax net receipts through the second quarter decreased by \$1,705 million, or 23.0%, from the FY15 first-half level.

Corporate Income Tax net receipts through the second quarter decreased by \$302 million, or 26.7%, from the FY15 mid-year level.

- **Sales Taxes (\$6 million increase):** Sales Tax receipts through the second quarter increased by \$6 million, or 0.2%, from the FY15 first-half level.
- **All Other Sources (\$111 million decrease):** FY16 Public Utility Taxes decreased through the second quarter by \$29 million, or 6.4%, from the FY15 first-half level. Other Sources receipts through the second quarter decreased by \$127 million, or 38.3%, from the FY15 first-half level.
- **Federal Revenues (\$239 million increase):** FY16 Federal Sources of revenue through the second quarter increased by \$239 million, or 22.6%, compared to the FY15 first-half.
- **Transfers-In (\$61 million increase):** Transfers-in increased by \$61 million, or 7.5%, compared to the FY15 first-half level.

GENERAL FUNDS EXPENDITURES SUMMARY

Table III, below, sets forth General Funds' expenditures through the second quarter of FY15 and FY16. General Funds' expenditures through the end of the second quarter totaled \$12,891 million, a decrease of \$1,925 million, or 13.0%, from the FY15 level.

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

Agency	FY15	FY16	FY15	FY16	Change	FY15	FY16
	Enacted	Enacted	Expend	Expend ⁵		Percent Spent	Percent Spent
	Appropriation ^{1,2}	Appropriation ³					
Constitutional Officers ⁴	\$ 425	\$ -	\$ 185	\$ 135	\$ (51)	44%	N/A
DHFS	\$ 7,313	\$ -	\$ 2,256	\$ 3,153	\$ 898	31%	N/A
ISBE	\$ 6,605	\$ -	\$ 3,110	\$ 3,202	\$ 92	47%	N/A
DHS	\$ 3,087	\$ -	\$ 1,588	\$ 1,482	\$ (106)	51%	N/A
Higher Education	\$ 1,991	\$ -	\$ 1,359	\$ 12	\$ (1,347)	68%	N/A
State Employees' Retirement	\$ 1,149	\$ -	\$ 474	\$ 703	\$ 229	41%	N/A
TRS	\$ 3,576	\$ -	\$ 1,791	\$ 1,935	\$ 144	50%	N/A
SURS	\$ 1,352	\$ -	\$ 653	\$ 693	\$ 41	48%	N/A
Corrections	\$ 1,220	\$ -	\$ 547	\$ 399	\$ (148)	45%	N/A
CMS	\$ 1,588	\$ -	\$ 862	\$ 8	\$ (854)	54%	N/A
DCFS	\$ 696	\$ -	\$ 355	\$ 330	\$ (25)	51%	N/A
Aging	\$ 933	\$ -	\$ 387	\$ 251	\$ (136)	42%	N/A
ISP	\$ 248	\$ -	\$ 121	\$ 107	\$ (14)	49%	N/A
Revenue	\$ 95	\$ -	\$ 41	\$ 35	\$ (6)	43%	N/A
DPH	\$ 133	\$ -	\$ 54	\$ 22	\$ (32)	40%	N/A
DNR	\$ 45	\$ -	\$ 20	\$ 16	\$ (4)	44%	N/A
IDOT	\$ 6	\$ -	\$ 0	\$ -	\$ (0)	0%	N/A
DCEO	\$ 46	\$ -	\$ 10	\$ 4	\$ (7)	22%	N/A
All Others	\$ 2,145	\$ -	\$ 1,004	\$ 405	\$ (599)	47%	N/A
Agency Totals	\$ 32,653	\$ -	\$ 14,817	\$ 12,891	\$ (1,925)	45.4%	N/A

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

¹ FY15 includes YTD supplemental appropriations.

² Represents YTD figures from the last fiscal year.

³ Complete FY16 appropriations have not been enacted.

⁴ Constitutional Officers exclude Auditor General.

⁵ Includes continuing appropriations and court ordered spending.

FINANCIAL POSITION

Table IV, below, sets forth the General Funds' financial position for the second quarter of FY16. The General Funds' cash balance on December 31, 2015 was \$298 million. This reflects an increase of \$155 million from the FY15 second quarter-end level, when the cash balance was \$142 million.

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

	<u>FY15</u>	<u>FY16</u>	<u>Change</u>
CASH BALANCE			
General Funds Cash Balance (9/30)	115	291	176
Change in Operating Cash for Q2	27	6	(21)
Transfer In from Budget Stabilization Fund	0	0	0
General Funds Cash Balance (12/31)	142	298	155
SELECT CURRENT LIABILITIES			
General Funds Accounts Payable (12/31) ¹	6,923	6,807	(116)
Short-Term Borrowing Payable (12/31)	0	0	0
Total Select Current Liabilities	6,923	6,807	(116)
NET WORKING CAPITAL (GF Cash less GF A/P)	(6,781)	(6,509)	271

¹ Reflects vouchers at the Illinois Office of the Comptroller and payables at state agencies

EMPLOYMENT HIGHLIGHTS

Table V, below, sets second quarter employment highlights. Nationally, the unemployment rate in November of FY16 was 5.0%, down from 5.8% during the same period last fiscal year. Illinois' unemployment rate of 5.7% in November of FY16 reflected a decrease from the state's unemployment rate of 6.2% during the same period last fiscal year. Additionally, total nonfarm employment in Illinois increased, led by increases in the Professional and Business Services and Education and Health Services sectors.

Table V
EMPLOYMENT HIGHLIGHTS
Second Quarter Review
FY2015 vs. FY2016

EMPLOYMENT STATISTICS	<u>November FY15</u>	<u>November FY16</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	5,891,500	5,927,200	35,700
Unemployment Rate, Illinois	6.2%	5.7%	-0.5
Unemployment Rate, United States	5.8%	5.0%	-0.8
Labor Force Participation Rate, Illinois	64.7%	64.8%	0.1
Labor Force Participation Rate, United States	62.9%	62.5%	-0.4

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