



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

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FISCAL YEAR 2021 FOURTH QUARTER FINANCIAL REVIEW

FOURTH QUARTER RESULTS

Fiscal Year 2021's (FY21) fourth quarter saw a year-over-year increase of \$3,946 million in General Funds revenues due to strong tax receipts from its three main sources. Fourth quarter expenditures increased by \$1,456 million compared to FY20 fourth quarter expenditures.

Detailed fourth quarter and year-to-date information is presented on the following pages.

FOURTH QUARTER REPORT HIGHLIGHT: FEDERAL SUPPORT SPURS REVENUE REBOUND

Two major federal stimulus bills went into effect over the third quarter of fiscal year 2021, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the American Rescue Plan Act of 2021 (ARPA), leading to near record highs for economically related state revenues. Each bill provided both direct and indirect fiscal support to individuals and businesses, resulting in near record highs. Individual income taxes, nominally the largest single revenue source for the state, posted double digit increases over the quarter, even after accounting for the change in the FY20 tax filing deadline. Sales tax receipts grew by an estimated 48% compared to the fourth quarter FY20, while corporate receipts grew by 146%. The effects of federal stimulus have helped start a revenue rebound but more work is left to be done.

ILLINOIS ECONOMIC INDICATORS

The University of Illinois Flash Index climbed above the 100 mark for the first time in twelve months signaling a rebound in the state's revenues. Positive signs in other key economic indicators suggest that the on-going economic recovery is continuing along a positive pace.

Illinois per capita personal income increased by over 17% or \$10,000 year-over-year due in large part to federal transfer payments. Rising personal incomes have pushed personal consumption expenditures (PCE) upwards. PCE on goods reached an all-time high of \$5 million dollars in April 2021 and PCE on services have mostly returned to pre-pandemic levels. Disposable good consumption has been constant over the course of the pandemic, while the return to service consumption is due in large part to steady COVID vaccine adoption and renewed sense of security.

The state's unemployment rate reached a historical high of 17.2% in April 2020 but has since declined to 7.9% in June 2021. This amount a slight increase month-over-month, signaling that layoffs are still a major component of the job market. Many job openings are still available, and employers have addressed that slack in the labor market by increasing starting wages or offering incentives in an attempt to entice applicants. Only time will tell if these efforts are enough to lure workers back.

GENERAL FUNDS OVERVIEW

GENERAL FUNDS CASH FLOW Fourth Quarter and Year-to-Date Review

(\$ in millions)

	Fourth Quarter		Year-to-date	
	FY20 Actual	FY21 Actual	FY20 Actual	FY21 Actual
Beginning Backlog at Comptroller	\$ (6,933)	\$ (4,731)	\$ (5,161)	\$ (4,856)
Beginning Cash Balance	\$ 594	\$ 697	\$ 466	\$ 531
Revenues				
Individual Income Tax	\$ 4,755	\$ 7,041	\$ 18,471	\$ 22,525
Corporate Income Tax	680	1,672	2,081	3,563
Sales Tax	1,769	2,622	8,255	9,368
Other Sources/Transfers In	1,286	1,101	5,703	4,651
State Source Revenues	\$ 8,490	\$ 12,436	\$ 34,510	\$ 40,108
Federal Sources	1,266	970	3,551	4,744
Interfund Borrowing	207	0	462	0
Short Term Borrowing	1,198	0	1,198	1,998
Investment Borrowing	0	0	400	400
Total Revenues	\$ 11,161	\$ 13,406	\$ 40,120	\$ 47,250
Expenditures				
Current Year Vouchers	\$ 8,574	\$ 8,441	\$ 35,835	\$ 37,460
Prior Year Vouchers	0	0	1,335	1,545
Subtotal, Vouchers Presented	\$ 8,574	\$ 8,441	\$ 37,170	\$ 39,005
Posted Transfers Out	(4)	150	449	517
Transfer to GO Bond Debt Service Fund	448	94	1,870	1,529
Transfer to Repay Interfund Borrowing	130	123	280	140
Investment Borrowing Repayments	0	402	0	805
Short Term Borrowing Repayments	0	1,404	0	2,209
Prior Year Adjustments	(2)	(13)	(18)	(49)
Total Expenditures	\$ 9,146	\$ 10,602	\$ 39,752	\$ 44,156
End of Quarter Cash Balance	\$ 531	\$ 975	\$ 531	\$ 975
End of Quarter Backlog at Comptroller	\$ (4,856)	\$ (2,204)	\$ (4,856)	\$ (2,204)

Source: Illinois Office of the Comptroller

Note: Backlog figures do not include bills held at agencies. For information on bills held at agencies please refer to the Backlog Report at budget.illinois.gov or the Office of the Comptroller's Debt Transparency Report.

GENERAL FUNDS CASH FLOW Comparison: Projected versus Actual

(\$ in millions)

	Fourth Quarter	
	Projected	Actual
Cash Balance, Beginning	\$ 400	\$ 697
Receipts*	\$ 11,505	\$ 13,406
IIT	5,746	7,041
CIT	1,206	1,672
Sales	2,372	2,622
Other Sources	887	731
Transfers In	474	370
Interfund Borrowing	-	-
Investment Borrowing	-	-
Federal Sources	821	970
Certificate Proceeds	-	-
Cash Expenditures	(11,505)	(11,725)
Short-Term Borrowing Repayment	(1,281)	(1,404)
Cash Balance, Ending	\$ 400	\$ 975

GENERAL FUNDS REVENUES SUMMARY

GENERAL FUNDS REVENUES Fourth Quarter and Year-to-Date Review

(\$ in millions)

	Fourth Quarter		Change: FY20 Actual to FY21 Actual		Year-to-Date		Change: FY20 Actual to FY21 Actual	
	FY20 Actual	FY21 Actual	Dollar Change	Percent Change	FY20 Actual	FY21 Actual	Dollar Change	Percent Change
Gross Individual Income Tax	\$ 5,575	\$ 8,237	\$ 2,662	47.7%	\$ 21,657	\$ 26,350	\$ 4,693	21.7%
Income Tax Refund Fund	(530)	(742)	(212)	40.0%	(2,058)	(2,372)	(314)	15.3%
Local Government Distributive Fund Deposit	(291)	(454)	(164)	56.4%	(1,128)	(1,453)	(325)	28.8%
Net Individual Income Tax¹	\$ 4,755	\$ 7,041	\$ 2,286	48.1%	\$ 18,471	\$ 22,525	\$ 4,054	21.9%
Gross Corporate Income	\$ 848	\$ 2,089	\$ 1,241	146.3%	\$ 2,596	\$ 4,451	\$ 1,855	71.4%
Income Tax Refund Fund	(121)	(294)	(173)	143.0%	(370)	(625)	(255)	69.0%
Local Government Distributive Fund Deposit	(47)	(123)	(76)	160.2%	(145)	(262)	(117)	81.0%
Net Corporate Income Tax²	\$ 680	\$ 1,672	\$ 992	145.9%	\$ 2,081	\$ 3,563	\$ 1,482	71.2%
Gross Sales Tax	\$ 1,896	\$ 2,776	\$ 880	46.4%	\$ 8,691	\$ 9,799	\$ 1,108	12.7%
Downstate Public Trans/Public Trans Deposits	(127)	(154)	(27)	21.4%	(436)	(430)	6	(1.4%)
Net Sales Tax	1,769	2,622	853	48.2%	8,255	9,368	1,113	13.5%
Public Utility	187	175	(12)	(6.4%)	831	751	(80)	(9.6%)
Cigarette	58	75	17	29.3%	267	281	14	5.2%
Inheritance	89	71	(18)	(20.2%)	283	450	167	58.9%
Liquor	42	44	2	4.8%	177	177	0	0.2%
Insurance	138	133	(5)	(3.6%)	361	480	119	32.9%
Corporate Franchise	20	65	45	225.0%	210	322	112	53.4%
Investment Income	20	10	(10)	(50.0%)	137	57	(80)	(58.1%)
Cook County IGT	94	0	(94)	(100.0%)	244	244	0	0.0%
Other	275	158	(117)	(42.5%)	761	339	(422)	(55.4%)
TOTAL STATE REVENUES	\$ 8,127	\$ 12,066	\$ 3,939	48.5%	\$ 32,078	\$ 38,558	\$ 6,480	20.2%
Federal Revenues	\$ 1,266	\$ 970	\$ (296)	(23.4%)	\$ 3,551	\$ 4,744	\$ 1,193	33.6%
Transfers In	\$ 570	\$ 370	\$ (200)	(35.1%)	\$ 2,893	\$ 1,550	\$ (1,343)	(46.4%)
Lottery	195	221	26	13.3%	630	777	147	23.3%
Riverboat Gaming	0	0	0	0.0%	195	0	(195)	(100.0%)
Adult- Use Cannabis	14	26	12	85.7%	18	71	53	294.8%
Interfund Borrowing	207	0	(207)	(100.0%)	462	0	(462)	(100.0%)
Other	154	123	(31)	(20.1%)	1,588	702	(886)	(55.8%)
SUBTOTAL REVENUES	\$ 9,963	\$ 13,406	\$ 3,443	34.6%	\$ 38,522	\$ 44,852	\$ 6,330	16.4%
Investment Borrowing	0	0	0	0.0%	400	400	0	0.0%
Short Term Borrowing	1,198	0	(1,198)	(100.0%)	1,198	1,998	800	66.7%
TOTAL REVENUES	\$ 11,161	\$ 13,406	\$ 2,245	20.1%	\$ 40,120	\$ 47,250	\$ 7,130	17.8%

Source: Illinois Office of the Comptroller

¹FY20 Actuals include \$22.5 million in amnesty payments deposited into the Common School Fund.

²FY20 Actuals include \$25 million in amnesty payments deposited into the Common School Fund.

Income Taxes: FY21 year-to-date (YTD) Individual Income Tax net receipts increased by \$4,054 million, or 21.9% from the FY20 YTD level due to stronger withholding and estimated payments. FY21 YTD Corporate Income Tax (CIT) net receipts increased by \$1,482 million, or 71.2%, from the FY20 level due in large part to high corporate income. \$1,715 million of income taxes were directly deposited into the Local Government Distributive Fund through the fourth quarter of FY21.

Sales Taxes: FY21 YTD Sales Tax net receipts increased by \$1,113 million, or 13.5%, from the FY20 YTD level.

Public Utilities: FY21 YTD Public Utility receipts decreased by \$80 million, or 9.6%, from the FY20 YTD level.

Cigarette: FY21 YTD Cigarette receipts increased by \$14 million, or 5.2% to the FY20 YTD level.

Federal Revenues: FY21 YTD Federal Revenues increased by \$1,193 million, or 33.6%, compared to the FY20 YTD level due to federal matches on reimbursable spending.

Transfers In: FY21 YTD Transfers In decreased by \$1,343 million, or 46.4%, compared to the FY20 YTD level. This decrease is primarily attributable to a \$616 million deposit from the Income Tax Refund Fund in FY20, that fell to \$281 million in FY21. The Income Tax Refund Fund receives a percentage of individual and corporate income tax collections and puts them aside for refunds. Excess balances are transferred into the General Revenue Fund several months after the tax filing deadline has passed.

GENERAL FUNDS REVENUES BUDGETED VERSUS ACTUALS SUMMARY

The table below sets forth General Funds year-to-date budgeted revenues versus year-to-date actual revenues for FY21. Total State Revenues (not including Transfers In) were \$1,855 million, or 5.1%, above the revised May 2021 budgeted level. Federal revenues were \$150 million, or 3.3%, above the May 2021 budgeted level, but largely reflect a timing shift of revenues forward as the MLF borrowing was directed to Medicaid bills.

GENERAL FUNDS REVENUES				
Year-to-Date Budgeted versus Actual				
	(\$ in millions)			
	FY21 YTD Budgeted*	FY21 YTD Actual	Dollar Change	Percent Change
Gross Individual Income Tax	\$ 24,835	\$ 26,350	\$ 1,515	6.1%
Income Tax Refund Fund	(2,235)	(2,372)	(137)	6.1%
Local Government Distributive Fund Deposit	(1,370)	(1,453)	(83)	6.1%
Net Individual Income Tax	\$ 21,230	\$ 22,525	\$ 1,295	6.1%
Gross Corporate Income	\$ 3,866	\$ 4,451	\$ 585	15.1%
Income Tax Refund Fund	(541)	(625)	(84)	15.6%
Local Government Distributive Fund Deposit	(228)	(262)	(34)	15.1%
Net Corporate Income Tax	\$ 3,097	\$ 3,563	\$ 466	15.0%
Gross Sales Tax	\$ 9,544	\$ 9,799	\$ 255	2.7%
Downstate Public Trans/Public Trans Deposits	(426)	(430)	(4)	0.9%
Net Sales Tax	\$ 9,118	\$ 9,368	\$ 250	2.7%
Public Utility	767	751	(16)	(2.1%)
Cigarette	280	281	1	0.3%
Inheritance	444	450	6	1.3%
Liquor	176	177	1	0.8%
Insurance	469	480	11	2.3%
Corporate Franchise	300	322	22	7.4%
Investment Income	70	57	(13)	(18.0%)
Cook County IGT	244	244	0	0.0%
Other	508	339	(169)	(33.2%)
TOTAL STATE REVENUES	\$ 36,703	\$ 38,558	\$ 1,855	5.1%
Federal Revenues	\$ 4,594	\$ 4,744	\$ 150	3.3%
Transfers In	\$ 1,654	\$ 1,550	\$ (104)	(6.3%)
Lottery	762	777	15	1.9%
Gaming/Gaming Taxes	0	0	0	0.0%
Adult-Use Cannabis	62	71	9	14.6%
Fund Reallocations	0	0	0	0.0%
Interfund Borrowing	0	0	0	0.0%
Other	830	702	(128)	(15.4%)
SUBTOTAL REVENUES	\$ 42,952	\$ 44,852	\$ 1,900	4.4%
Investment Borrowing	0	400	400	0.0%
Short Term Borrowing	1,998	1,998	0	0.0%
TOTAL REVENUES	\$ 44,950	\$ 47,250	\$ 2,300	5.1%

Source: Illinois Office of the Comptroller and Governor's Office of Management and Budget

*Budgeted figures are based on historical averages as well as information from the Department of Revenue on timing of income tax deposits. Estimates were compiled in May 2021.

Income Taxes: Individual Income Tax net receipts through the fourth quarter were \$1,295 million, or 6.1%, higher than budgeted levels. Corporate Income Tax net receipts through the fourth quarter were \$466 million, or 15.0%, higher than the budgeted levels.

Sales Taxes: Sales Tax net receipts through the fourth quarter were \$250 million, or 2.7%, higher than the budgeted levels.

Public Utilities: Public Utility receipts through the fourth quarter were \$16 million, or 2.1% lower than the budgeted levels.

Transfers In: Transfers In through the fourth quarter were \$104 million, or 6.3%, lower than budgeted levels.

GENERAL FUNDS EXPENDITURES SUMMARY

The table below sets forth FY20 and FY21 fourth quarter and year-to-date General Funds spending from appropriations for those fiscal years. General Funds expenditures for the fourth quarter of FY21 totaled \$8,441 million, a decrease of \$133 million, or 1.6%, from the FY20 level.

GENERAL FUNDS EXPENDITURES				
Fourth Quarter and Year-to-Date Review				
(\$ in millions)				
Agency	Fourth Quarter		Year-to-Date	
	FY20 Actual Spending	FY21 Actual Spending	FY20 Actual Spending	FY21 Actual Spending
Constitutional Officers ¹	\$ 83	\$ 93	\$ 327	\$ 337
DHFS	1,535	1,480	6,275	6,978
ISBE	2,393	2,342	8,744	8,728
DHS	1,011	903	3,643	3,845
Higher Education	129	170	1,892	1,885
SERS	372	382	1,638	1,605
TRS	1,319	1,362	4,946	5,277
SURS	390	236	1,644	1,785
Corrections	325	315	1,332	1,348
CMS	247	293	2,060	2,059
DCFS	119	194	774	926
Aging	266	277	893	942
ISP	70	67	258	261
Revenue	10	11	40	44
DPH	30	37	119	116
DNR	9	9	38	39
DCEO	11	4	19	14
All Others	254	266	1,191	1,269
Agency Totals	\$ 8,574	\$ 8,441	\$ 35,835	\$ 37,460

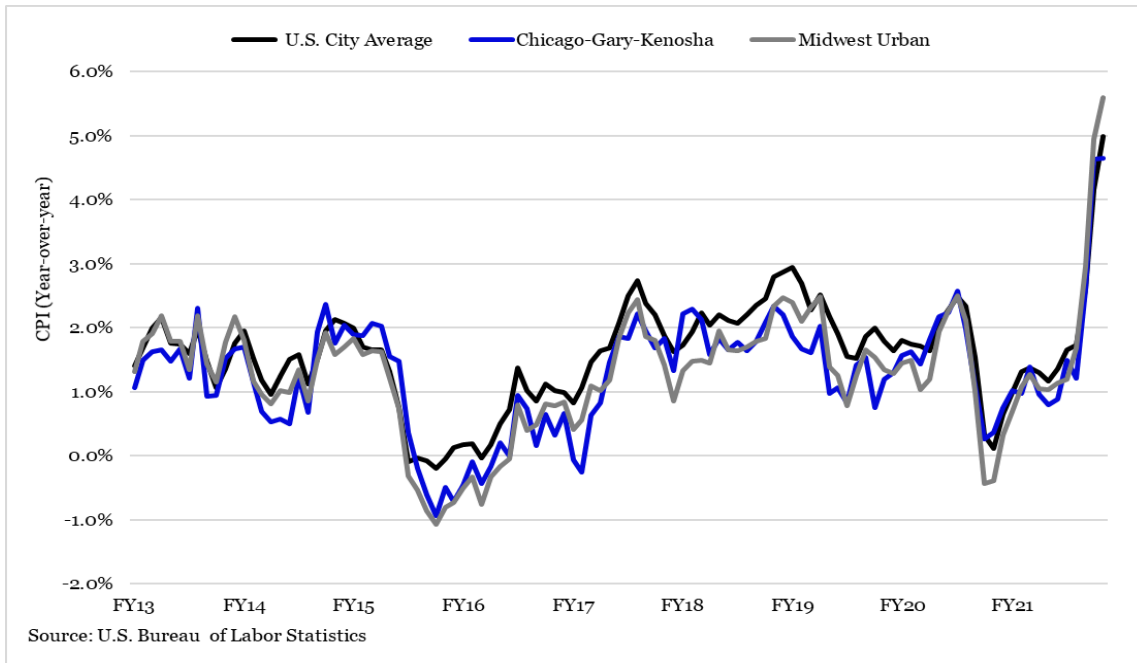
Source: Illinois Office of the Comptroller and Governor's Office of Management and Budget. Totals may not add due to rounding.

Note: Lapse period spending is not included in this table.

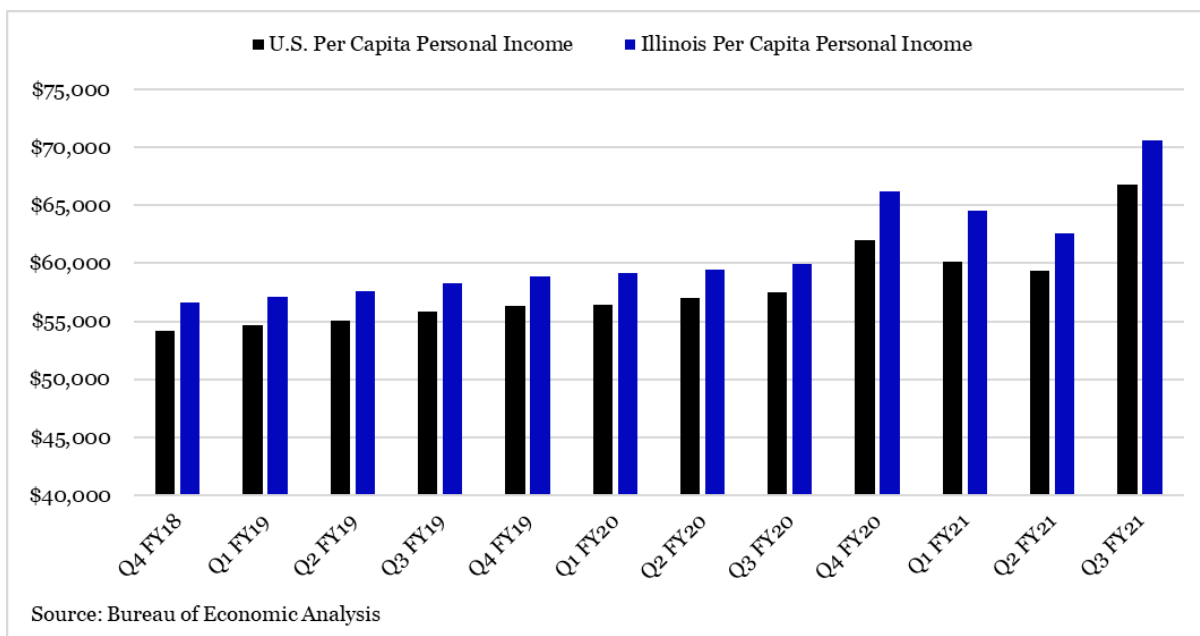
¹ Constitutional Officers exclude Auditor General.

KEY ECONOMIC INDICATORS

The graph below shows the year-over-year increase in the Consumer Price Index (CPI) for All Urban Consumers, all items, in the U.S., Chicago metropolitan area, and Midwest from July FY13 to May FY21. In May FY21, the CPI for U.S. city average increased 5.0% year-over-year. The CPI for Chicago metropolitan area increased 4.7% and the CPI for Midwest region increased 5.6%.



The graph below compares the per capita personal income between U.S. and Illinois from the fourth quarter of FY18 to the third quarter of FY21. The U.S. per capita personal income increased \$7,375 or 12.4% from \$59,395 in the second quarter of FY21 to \$66,770 in the third quarter of FY21. Year-over-year, U.S. per capita personal income increased \$9,261 or 16.1%. In Illinois, per capita personal income increased by \$7,936 or 12.7% from \$62,629 in the second quarter of FY21 to \$70,566 in the third quarter of FY21. Year-over-year, Illinois per capita personal income increased \$10,645 or 17.8%. Since Q3 FY20, Federal stimulus has accounted for a majority of growth in income.



EMPLOYMENT HIGHLIGHTS

The table below shows recent Illinois and national employment highlights. Nationally, the unemployment rate in May of FY21 was 5.8%, down from 13.3% during the same period last fiscal year. Illinois' unemployment rate of 6.7% in May of FY21 reflected a decrease of 8.6% from the state's unemployment rate of 15.3% during the same period last fiscal year.

Additionally, total nonfarm employment in Illinois increased by 390,600 year-over-year in May, led by increases in retail trade and leisure and hospitality sector.

EMPLOYMENT HIGHLIGHTS State and National Review

EMPLOYMENT STATISTICS	<u>March FY20</u>	<u>March FY21</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	6,090,700	5,731,000	(359,700)
Unemployment Rate, Illinois	4.0%	7.1%	3.1
Unemployment Rate, United States	4.4%	6.0%	1.6
Labor Force Participation Rate, Illinois	63.8%	61.8%	(2.0)
Labor Force Participation Rate, United States	62.6%	61.5%	(1.1)
EMPLOYMENT STATISTICS	<u>April FY20</u>	<u>April FY21</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	5,318,600	5,728,300	409,700
Unemployment Rate, Illinois	16.3%	7.1%	(9.2)
Unemployment Rate, United States	14.8%	6.1%	(8.7)
Labor Force Participation Rate, Illinois	59.8%	62.1%	2.3
Labor Force Participation Rate, United States	60.2%	61.7%	1.5
EMPLOYMENT STATISTICS	<u>May FY20</u>	<u>May FY21</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	5,329,800	5,720,400	390,600
Unemployment Rate, Illinois	15.3%	6.7%	(8.6)
Unemployment Rate, United States	13.3%	5.8%	(7.5)
Labor Force Participation Rate, Illinois	61.5%	62.2%	0.7
Labor Force Participation Rate, United States	62.6%	61.6%	(1.0)

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

ILLINOIS REAL ESTATE

The Illinois housing market continues to heat up with faster home sales and higher median prices in May. The time it took to sell a home in May averaged 32 days, down from 53 days last year. Available inventory totaled 17,675 homes for sale. The statewide median price was \$262,000, an increase of 21.8% from last year.

BALANCED BUDGET AND FISCAL NOTES

The table below lists the fiscal year 2021 balanced budget and fiscal notes prepared and filed pursuant to Public Act 87-688 otherwise known as the Balanced Budget Note Act. Balanced budget and fiscal notes are required on any supplemental appropriation bill or on any amendment to a supplemental appropriation bill.

Fiscal Year 2021 Report on Balanced Budget and Fiscal Notes	
101st General Assembly Fall 2020 Balanced Budget Notes	
Bill	Description
SB1792-HAM 4	Beauty Supply Disparity Study
SB1980-HAM 2	Property Tax and Housing Development
SB1480-HAM 2	Civil Rights Violations
SB1480-HAM 3	Equal pay registration certificate requirements
SB1792-HAM 3	Cannabis Equity Commission
SB558-HAM 4	Health Care and Human Service Reform Act
SB1199-HAM 2	Civil Administrative Code of Illinois
102nd General Assembly Spring 2021 Balanced Budget Notes	
Bill	Description
HB591	Medicaid - Pharmacy Access
SB818	Education - School Code
SB828-HAM 1	Election Code
SB828-HAM 2	Election Code
102nd General Assembly Spring 2021 Fiscal Notes	
Bill	Description
None filed	