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EXECUTIVE OFFICE OF THE GOVERNOR
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
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FISCAL YEAR 2021 FIRST QUARTER FINANCIAL REVIEW

FIRST QUARTER RESULTS

Fiscal Year 2021's (FY21) first quarter saw an increase in General Funds revenues due to delays in the final deadline for income tax filings and benefited from federal stimulus in response to the COVID-19 pandemic. First quarter expenditures increased by \$650 million compared to FY20 first quarter expenditures.

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

FIRST QUARTER REPORT HIGHLIGHT: DELAYED INCOME TAX FILING DATE

The federal and state level income tax filing date was delayed from April 15th to July 15th. Approximately \$1.2 billion of fiscal year 2020 income tax receipts fell into the first quarter of FY21.

ILLINOIS ECONOMIC INDICATORS

Illinois, along with the rest of the country, continues to fight through the economic recession caused by COVID-19. The state's unemployment rate, which reached a historical high of 16.8% in April 2020, has since declined to 11.0% by August. Nonfarm payroll and labor force participation rates also have declined over the same time period. Job losses in the retail, leisure and hospitality sectors and continuing unemployment will hinder economic growth; however, bright spots have emerged as the state moved into Phase 4.

In comparison to the fourth quarter of FY2020, consumers have resumed some amount of normal economic activity. Businesses have responded by slowly calling back laid-off workers, but the near future outlook remains uncertain as COVID-19 continues to have an impact. As the nation approaches cold and flu season, it is expected that some consumers may shift back to virtual economic transactions and job growth may slow.

On the alternate side of the economic spectrum, personal income and consumer spending was steady to prior year levels in the first quarter of FY21 due to federal stimulus programs. Personal income, which is the amount of income collectively received by individuals and households, grew by 10.5% from the third quarter to the fourth quarter of FY20, due to the expansion of workers able to claim unemployment insurance benefits and the additional \$600 a week in federal compensation. Consumer spending has largely followed suit, rebounding dramatically from April lows to pre-pandemic levels by the end of the quarter.

A major caveat to continued growth in all indices is the possibility of additional federal stimulus and a concrete solution to the COVID-19 pandemic. Work on a vaccine continues but one isn't expected until calendar year 2021 and spending negotiations between Congress and the White House currently seem at an impasse.

GENERAL FUNDS OVERVIEW

GENERAL FUNDS CASH FLOW				
First Quarter and Year-to-Date Review				
(\$ in millions)				
	First Quarter		Year-to-date	
	FY20 Actual	FY21 Actual	FY20 Actual	FY21 Actual
Beginning Backlog at Comptroller	\$ (5,161)	\$ (4,856)	\$ (5,161)	\$ (4,856)
Beginning Cash Balance	\$ 466	\$ 531	\$ 466	\$ 531
Revenues				
Individual Income Tax	\$ 4,261	\$ 5,468	\$ 4,261	\$ 5,468
Corporate Income Tax	568	870	568	870
Sales Tax	2,236	2,246	2,236	2,246
Other Sources/Transfers In	1,954	1,350	1,954	1,350
State Source Revenues	\$ 9,019	\$ 9,934	\$ 9,019	\$ 9,934
Federal Sources	863	787	863	787
Interfund Borrowing	0	0	0	0
Short Term Borrowing	0	0	0	0
Investment Borrowing	400	0	400	0
Total Revenues	\$ 10,282	\$ 10,721	\$ 10,282	\$ 10,721
Expenditures				
Current Year Vouchers	\$ 7,736	\$ 8,386	\$ 7,736	\$ 8,386
Prior Year Vouchers	1,224	1,479	1,224	1,479
Subtotal, Vouchers Presented	\$ 8,960	\$ 9,865	\$ 8,960	\$ 9,865
Posted Transfers Out	222	241	222	241
Transfer to GO Bond Debt Service Fund	624	627	624	627
Transfer to Repay Interfund Borrowing	0	12	0	12
Investment Borrowing Repayments	0	402	0	402
Prior Year Adjustments	(2)	(9)	(2)	(9)
Total Expenditures	\$ 9,804	\$ 11,138	\$ 9,804	\$ 11,138
End of Quarter Cash Balance	\$ 847	\$ 862	\$ 847	\$ 862
End of Quarter Backlog at Comptroller	\$ (5,064)	\$ (5,604)	\$ (5,064)	\$ (5,604)

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)		
	First Quarter	
	Projected	Actual
Cash Balance, Beginning	\$ 531	\$ 531
Receipts*	\$ 9,803	\$ 10,721
IIT	4,780	5,468
CIT	546	870
Sales	2,044	2,246
Other Sources	667	805
Transfers In	571	545
Interfund Borrowing	50	-
Federal Sources	1,145	787
Certificate Proceeds	-	-
Cash Expenditures	(9,934)	(10,390)
Cash Balance, Ending	\$ 400	\$ 862

GENERAL FUNDS REVENUES SUMMARY

GENERAL FUNDS REVENUES								
First Quarter and Year-to-Date Review								
(\$ in millions)								
	First 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	\$ 4,996	\$ 6,395	\$ 1,399	28.0%	\$ 4,996	\$ 6,395	\$ 1,399	28.0%
Income Tax Refund Fund	(475)	(576)	(101)	21.3%	(475)	(576)	(101)	21.3%
Local Government Distributive Fund Deposit	(260)	(353)	(93)	35.8%	(260)	(353)	(93)	35.8%
Net Individual Income Tax	\$ 4,261	\$ 5,468	\$ 1,207	28.3%	\$ 4,261	\$ 5,468	\$ 1,207	28.3%
Gross Corporate Income	\$ 709	\$ 1,086	\$ 377	53.2%	\$ 709	\$ 1,086	\$ 377	53.2%
Income Tax Refund Fund	(101)	(152)	(51)	50.5%	(101)	(152)	(51)	50.5%
Local Government Distributive Fund Deposit	(40)	(64)	(24)	60.0%	(40)	(64)	(24)	60.0%
Net Corporate Income Tax	\$ 568	\$ 870	\$ 302	53.2%	\$ 568	\$ 870	\$ 302	53.2%
Gross Sales Tax	\$ 2,291	\$ 2,295	\$ 4	0.2%	\$ 2,291	\$ 2,295	\$ 4	0.2%
Downstate Public Trans/Public Trans Deposits	(55)	(49)	6	(10.9%)	(55)	(49)	6	(10.9%)
Net Sales Tax	2,236	2,246	10	0.4%	2,236	2,246	10	0.4%
Public Utility	188	175	(13)	(6.9%)	188	175	(13)	(6.9%)
Cigarette	62	79	17	27.4%	62	79	17	27.4%
Inheritance	64	136	72	112.5%	64	136	72	112.5%
Liquor	48	46	(2)	(4.2%)	48	46	(2)	(4.2%)
Insurance	100	184	84	84.0%	100	184	84	84.0%
Corporate Franchise	62	86	24	38.7%	62	86	24	38.7%
Investment Income	49	28	(21)	(42.9%)	49	28	(21)	(42.9%)
Cook County IGT	0	0	0	0.0%	0	0	0	0.0%
Other	93	71	(22)	(23.7%)	93	71	(22)	(23.7%)
TOTAL STATE REVENUES	\$ 7,731	\$ 9,389	\$ 1,658	21.4%	\$ 7,731	\$ 9,389	\$ 1,658	21.4%
Federal Revenues	\$ 863	\$ 787	\$ (76)	(8.8%)	\$ 863	\$ 787	\$ (76)	(8.8%)
Transfers In	\$ 1,288	\$ 545	\$ (743)	(57.7%)	\$ 1,288	\$ 545	\$ (743)	(57.7%)
Lottery	128	165	37	28.9%	128	165	37	28.9%
Riverboat Gaming	75	0	(75)	(100.0%)	75	0	(75)	(100.0%)
Adult-Use Cannabis	0	13	13	100.0%	0	13	13	100.0%
Interfund Borrowing	0	0	0	0.0%	0	0	0	0.0%
Other	1,085	367	(718)	(66.2%)	1,085	367	(718)	(66.2%)
SUBTOTAL REVENUES	\$ 9,882	\$ 10,721	\$ 839	8.5%	\$ 9,882	\$ 10,721	\$ 839	8.5%
Investment Borrowing	400	0	(400)	(100.0%)	400	0	(400)	(100.0%)
Short Term Borrowing	0	0	0	100.0%	0	0	0	100.0%
TOTAL REVENUES	\$ 10,282	\$ 10,721	\$ 439	4.3%	\$ 10,282	\$ 10,721	\$ 439	4.3%

Source: Illinois Office of the Comptroller

Income Taxes: FY21 year-to-date (YTD) Individual Income Tax net receipts increased by \$1,207 million, or 28.3% from the FY20 YTD level due to the extension of the tax filing date.

FY21 YTD Corporate Income Tax (CIT) net receipts increased by \$302 million, or 53.2%, from the FY20 level. \$417 million of income taxes were directly deposited into the Local Government Distributive Fund in the first quarter of FY21.

Sales Taxes: FY21 YTD Sales Tax net receipts increased by \$10 million, or 0.4%, from the FY20 YTD level.

Public Utilities: FY21 YTD Public Utility receipts decreased by \$13 million, or 6.9%, from the FY20 YTD level.

Cigarette: FY21 YTD Cigarette receipts increased by \$17 million, or 27.4%, from the FY20 YTD level.

Federal Revenues: FY21 YTD Federal Revenues decreased by \$76 million, or 8.8%, compared to the FY20 YTD level.

Transfers In: FY21 YTD Transfers In decreased by \$743 million, or 57.7%, compared to the FY20 YTD level. This increase is primarily attributable to a \$616 million deposit from the Income Tax Refund Fund in FY20. 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. The FY21 transfer from this fund totaled \$281 million.

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 \$1,352 million, or 16.8%, above the revised August 2020 budgeted level. Federal revenues were \$358 million, or 16.8%, below the August 2020 budgeted level.

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	\$ 5,592	\$ 6,395	\$ 803	14.4%
Income Tax Refund Fund	(503)	(576)	(73)	14.5%
Local Government Distributive Fund Deposit	(308)	(353)	(45)	14.6%
Net Individual Income Tax	\$ 4,780	\$ 5,468	\$ 688	14.4%
Gross Corporate Income	\$ 682	\$ 1,086	\$ 404	59.2%
Income Tax Refund Fund	(95)	(152)	(57)	60.0%
Local Government Distributive Fund Deposit	(40)	(64)	(24)	60.0%
Net Corporate Income Tax	\$ 546	\$ 870	\$ 324	59.3%
Gross Sales Tax	\$ 2,087	\$ 2,295	\$ 208	10.0%
Downstate Public Trans/Public Trans Deposits	(43)	(49)	(6)	14.0%
Net Sales Tax	\$ 2,044	\$ 2,246	\$ 202	9.9%
Public Utility	211	175	(36)	(17.1%)
Cigarette	62	79	17	27.4%
Inheritance	75	136	61	81.3%
Liquor	42	46	4	9.5%
Insurance	87	184	97	111.5%
Corporate Franchise	47	86	39	83.0%
Investment Income	41	28	(13)	(31.7%)
Cook County IGT	0	0	0	0.0%
Other	102	71	(31)	(30.4%)
TOTAL STATE REVENUES	\$ 8,037	\$ 9,389	\$ 1,352	16.8%
Federal Revenues	\$ 1,145	\$ 787	\$ (358)	(31.3%)
Transfers In	\$ 621	\$ 545	\$ (76)	(12.2%)
Lottery	133	165	32	24.1%
Gaming/Gaming Taxes	0	0	0	0.0%
Adult-Use Cannabis	9	13	4	44.4%
Fund Reallocations	0	0	0	0.0%
Interfund Borrowing	50	0	(50)	0.0%
Other	429	367	(62)	(14.5%)
SUBTOTAL REVENUES	\$ 9,804	\$ 10,721	\$ 917	9.4%
Investment Borrowing	0	0	0	0.0%
Short Term Borrowing	0	0	0	0.0%
TOTAL REVENUES	\$ 9,804	\$ 10,721	\$ 917	9.4%

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 July 2020.

Income Taxes: Individual Income Tax net receipts through the first quarter were \$688 million, or 14.4%, higher than budgeted levels. Corporate Income Tax net receipts through the first quarter were \$324 million, or 59.3%, higher than the budgeted levels.

Sales Taxes: Sales Tax net receipts through the first quarter were \$202 million, or 9.9%, higher than the budgeted levels.

Public Utilities: Public Utility receipts through the first quarter were \$36 million, or 17.1%, lower than budgeted levels.

Transfers In: Transfers In through the first quarter were \$26 million, or 4.6%, lower than budgeted levels.

GENERAL FUNDS EXPENDITURES SUMMARY

The table below sets forth FY20 and FY21 first quarter and year-to-date General Funds spending from appropriations for those fiscal years. General Funds expenditures for the first quarter of FY21 totaled \$8,386 million, an increase of \$650 million, or 8.4%, from the FY20 level.

GENERAL FUNDS EXPENDITURES				
First Quarter and Year-to-Date Review				
(\$ in millions)				
Agency	First Quarter		Year-to-Date	
	FY20 Actual Spending	FY21 Actual Spending	FY20 Actual Spending	FY21 Actual Spending
Constitutional Officers ¹	\$ 75	\$ 81	\$ 75	\$ 81
DHFS	984	1,407	984	1,407
ISBE	1,436	1,565	1,436	1,565
DHS	586	862	586	862
Higher Education	579	592	579	592
SERS	372	382	372	382
TRS	1,236	1,319	1,236	1,319
SURS	456	491	456	491
Corrections	277	244	277	244
CMS	1,012	688	1,012	688
DCFS	199	219	199	219
Aging	141	146	141	146
ISP	47	62	47	62
Revenue	9	10	9	10
DPH	41	20	41	20
DNR	8	10	8	10
IDOT	0	0	0	0
DCEO	1	1	1	1
All Others	277	287	277	287
Agency Totals	\$ 7,736	\$ 8,386	\$ 7,736	\$ 8,386

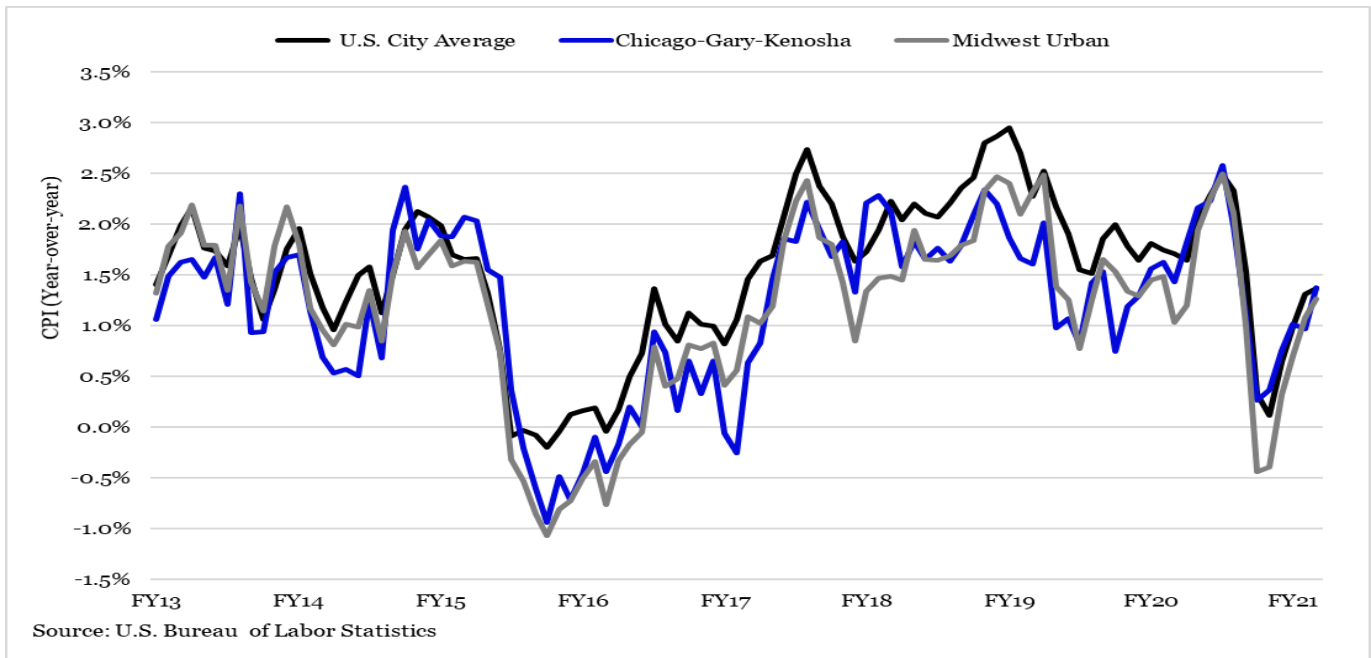
Source: Illinois Office of the Comptroller and Governor's Office of Management and Budget. Totals may not add due to rounding.

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

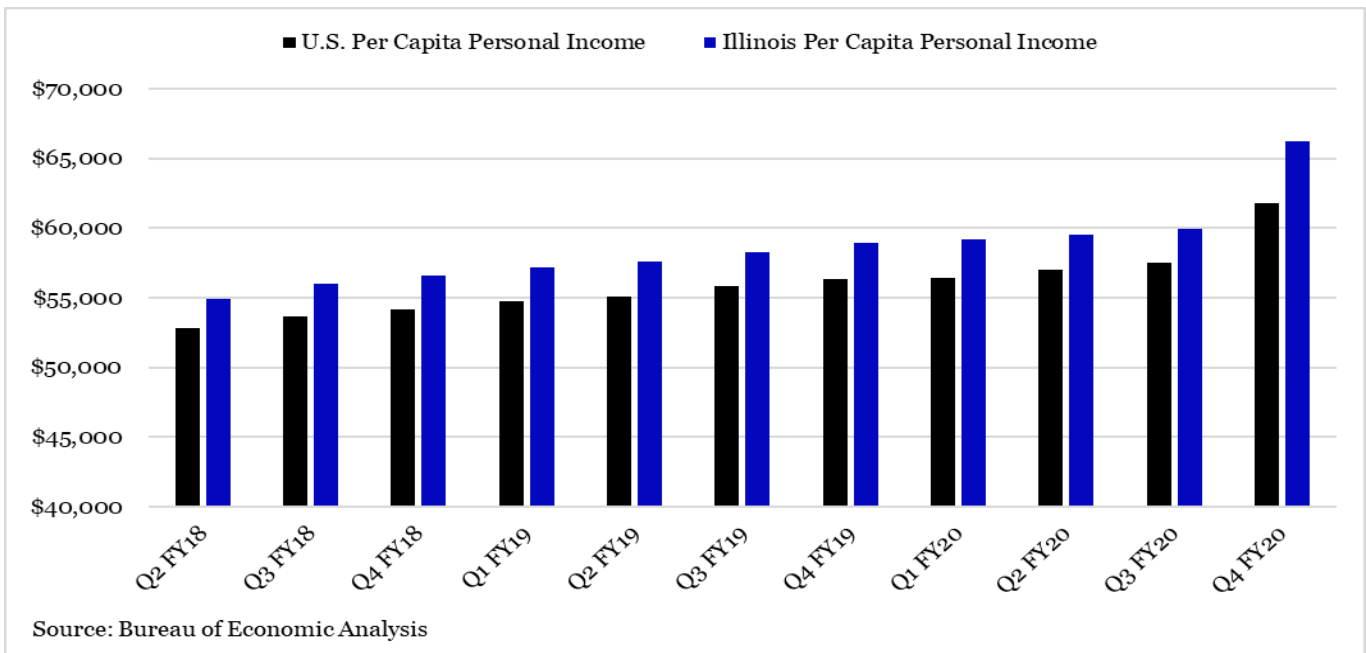
¹ Constitutional Officers exclude Auditor General.

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 September FY20. In September FY20, the CPI for U.S. city average increased 1.4% year-over-year. The CPI for Chicago metropolitan area increased 1.4% and the CPI for Midwest region increased 1.3%.



The graph below compares the per capita personal income between U.S. and Illinois from the second quarter of FY18 to the fourth quarter of FY20. The U.S. per capita personal income increased \$4,318 or 7.5% from \$57,509 in the third quarter of FY20 to \$61,827 in the fourth quarter of FY20. Year-over-year, U.S. per capita personal income increased \$5,449 or 9.7%. In Illinois, per capita personal income increased \$6,303 or 10.5% from \$59,921 in the third quarter of FY20 to \$66,224 in the fourth quarter of FY20. Year-over-year, Illinois per capita personal income increased \$7,320 or 12.4%.



EMPLOYMENT HIGHLIGHTS

The table below shows recent Illinois and national employment highlights. Nationally, the unemployment rate in August of FY21 was 11.0%, up from 3.8% during the same period last fiscal year. Illinois' unemployment rate of 8.4% in August of FY20 reflected an increase of 4.7% from the state's unemployment rate of 3.7% during the same period last fiscal year.

Additionally, total nonfarm employment in Illinois decreased by 428,700 year-over-year in August, led by decreases in Leisure and Hospitality.

EMPLOYMENT HIGHLIGHTS			
State and National Review			
EMPLOYMENT STATISTICS	<u>June FY20</u>	<u>June FY21</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	6,213,500	5,322,300	(891,200)
Unemployment Rate, Illinois	4.0%	14.5%	10.5
Unemployment Rate, United States	3.7%	11.4%	7.7
Labor Force Participation Rate, Illinois	64.5%	65.1%	0.6
Labor Force Participation Rate, United States	63.0%	61.5%	(1.5)
EMPLOYMENT STATISTICS	<u>July FY20</u>	<u>July FY21</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	6,172,700	5,384,500	(788,200)
Unemployment Rate, Illinois	3.9%	11.3%	7.4
Unemployment Rate, United States	3.7%	10.2%	6.5
Labor Force Participation Rate, Illinois	64.5%	62.5%	(2.0)
Labor Force Participation Rate, United States	63.0%	61.4%	(1.6)
EMPLOYMENT STATISTICS	<u>August FY20</u>	<u>August FY21</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	6,123,900	5,695,200	(428,700)
Unemployment Rate, Illinois	3.8%	11.0%	7.2
Unemployment Rate, United States	3.7%	8.4%	4.7
Labor Force Participation Rate, Illinois	64.6%	63.6%	(1.0)
Labor Force Participation Rate, United States	63.2%	61.7%	(1.5)

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

ILLINOIS REAL ESTATE

The Illinois housing market continued to bounce back in September with increases in home sales and higher median prices. The time it took to sell a home in September averaged 44 days, an increase of 6.4 percent over last year. Available inventory totaled 40,047 homes for sale, a 35.8 percent decline from 62,406 homes in September 2019.