



STATE OF ILLINOIS
EXECUTIVE OFFICE OF THE GOVERNOR
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
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FISCAL YEAR 2024 FIRST QUARTER FINANCIAL REVIEW

FIRST QUARTER RESULTS

Fiscal Year 2024's (FY24) first quarter saw a year-over-year increase of \$804 million in base general funds revenues due to continued strong receipts from sales taxes, investment income and income taxes. First quarter expenditures increased by \$1,561 million compared to FY23 first quarter expenditures.

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

FIRST QUARTER REPORT HIGHLIGHT: SALES TAXES

The sales taxes collected by the State of Illinois consist of two pairs of taxes, on goods and services, respectively: the retailers' occupation tax and the use tax, as well as the service occupation tax and the service use tax. The occupation taxes are imposed on the gross receipts of retailers and service providers, while the use taxes are imposed on those who use the tangible property associated with the purchases of goods and services, meaning that these taxes are assessed on purchases made outside Illinois for purchases within Illinois. Importantly, the service occupation tax and the service use tax are assessed only on tangible goods transferred incident to a sale of service, such as the lumber used by a carpenter paid to complete a project.

The taxes combine to a 6.25% rate, with 1.25% distributed to local governments through the Local Government Tax Fund and the County and Mass Transit Fund. This 6.25% tax is assessed across most goods, with partial or complete exemptions for goods such as groceries, medicines, and ethanol-based fuel. Because sales taxes are assessed on the nominal (not inflation-adjusted) prices of goods, a constant rate of consumption would result in sales taxes collected increasing according to the rate of inflation.

ILLINOIS ECONOMIC INDICATORS

The state's economic conditions have rather closely tracked those of the United States economy. State continues to show strong signs of growth in some areas such as unemployment and consumer spending. Inflation, particularly in housing and energy, continues to be a pressing issue.

The housing market in Illinois continues to struggle amid inadequate inventory and fluctuating interest rates. The demand for houses in the Chicago market saw some increases over the quarter but overall affordability continues to be an issue. Inflation has started to cool but energy prices and housing costs remain elevated year-over-year. Housing costs in the city of Chicago take up a large percentage of household income. It is estimated that housing accounts for about 36.6 percent of the area's household budget which is significantly higher than the 33.5 percent national average.

GENERAL FUNDS OVERVIEW

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

(\$ in millions)

	First Quarter		Year-to-date	
	FY23 Actual	FY24 Actual	FY23 Actual	FY24 Actual
Beginning Backlog at Comptroller	\$ (1,048)	\$ (341)	\$ (1,048)	\$ (341)
Beginning Cash Balance	\$ 2,063	\$ 3,852	\$ 2,063	\$ 3,852
Revenues				
Individual Income Tax	\$ 5,025	\$ 5,346	\$ 5,025	\$ 5,346
Corporate Income Tax	1,274	1,272	1,274	1,272
Sales Tax	2,760	2,782	2,760	2,782
Other Sources/Transfers In	1,576	1,901	1,576	1,901
State Source Revenues	\$ 10,635	\$ 11,301	\$ 10,635	\$ 11,301
Federal Sources	879	1,017	879	1,017
ARPA Reimbursement for Government Services	764	0	764	0
Total Revenues	\$ 12,279	\$ 12,318	\$ 12,279	\$ 12,318
Expenditures				
Current Year Vouchers	\$ 9,500	\$ 11,060	\$ 9,500	\$ 11,060
Prior Year Vouchers	1,384	1,670	1,384	1,670
Subtotal, Vouchers Presented	\$ 10,884	\$ 12,729	\$ 10,884	\$ 12,729
Posted Transfers Out	221	290	221	290
Transfer to GO Bond Debt Service Fund	652	451	652	451
Transfers to cash-fund capital projects	325	0	325	0
Prior Year Adjustments	(5)	(5)	(5)	(5)
Total Expenditures	\$ 12,078	\$ 13,464	\$ 12,078	\$ 13,464
End of Quarter Cash Balance	\$ 2,128	\$ 3,439	\$ 2,128	\$ 3,439
End of Quarter Backlog at Comptroller	\$ (912)	\$ (1,075)	\$ (912)	\$ (1,075)

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	\$ 3,852	\$ 3,852
Receipts	\$ 11,446	\$ 12,318
IIT	5,208	5,346
CIT	1,227	1,272
Sales	2,619	2,782
Other Sources	753	871
Transfers In	498	1,030
Federal Sources	1,141	1,017
Cash Expenditures	(13,759)	(14,709)
Cash Balance - Budget Stabilization Fund	\$ 1,952	\$ 1,979
Cash Balance - All other General Funds	\$ 1,539	\$ 1,461

Based on revenue projections revised in June 2023.

GENERAL FUNDS REVENUES SUMMARY

GENERAL FUNDS REVENUES								
First Quarter and Year-to-Date Review								
(\$ in millions)								
	First Quarter		Change: FY23 Actual to FY24 Actual		Year-to-Date		Change: FY23 Actual to FY24 Actual	
	FY23 Actual	FY24 Actual	Dollar Change	Percent Change	FY23 Actual	FY24 Actual	Dollar Change	Percent Change
Gross Individual Income Tax	\$ 5,901	\$ 6,224	\$ 323	5.5%	\$ 5,901	\$ 6,224	\$ 323	5.5%
Income Tax Refund Fund	(546)	(508)	38	(7.0%)	(546)	(508)	38	(7.0%)
Local Government Distributive Fund Deposit	(330)	(370)	(40)	12.1%	(330)	(370)	(40)	12.1%
Net Individual Income Tax	\$ 5,025	\$ 5,346	\$ 321	6.4%	\$ 5,025	\$ 5,346	\$ 321	6.4%
Gross Corporate Income	\$ 1,738	\$ 1,588	\$ (150)	(8.6%)	\$ 1,738	\$ 1,588	\$ (150)	(8.6%)
Income Tax Refund Fund	(370)	(222)	148	(39.9%)	(370)	(222)	148	(39.9%)
Local Government Distributive Fund Deposit	(94)	(94)	0	(0.2%)	(94)	(94)	0	(0.2%)
Net Corporate Income Tax	\$ 1,274	\$ 1,272	\$ (2)	(0.2%)	\$ 1,274	\$ 1,272	\$ (2)	(0.2%)
Gross Sales Tax	\$ 2,933	\$ 2,990	\$ 57	1.9%	\$ 2,933	\$ 2,990	\$ 57	1.9%
Downstate Public Trans/Public Trans Deposits	(76)	(76)	0	(0.3%)	(76)	(76)	0	(0.3%)
Road Fund Deposit	(97)	(132)	(35)	36.0%	(97)	(132)	(35)	36.0%
Net Sales Tax	\$ 2,760	\$ 2,782	\$ 22	0.8%	\$ 2,760	\$ 2,782	\$ 22	0.8%
Public Utility	\$ 179	\$ 154	(25)	(14.0%)	\$ 179	\$ 154	(25)	(14.0%)
Cigarette	63	54	(9)	(14.3%)	63	54	(9)	(14.3%)
Inheritance	118	157	39	33.1%	118	157	39	33.1%
Liquor	50	49	(1)	(2.0%)	50	49	(1)	(2.0%)
Insurance	132	144	12	9.1%	132	144	12	9.1%
Corporate Franchise	57	60	3	5.3%	57	60	3	5.3%
Investment Income	57	162	105	184.2%	57	162	105	184.2%
Cook County IGT	0	0	0	0.0%	0	0	0	0.0%
Other	123	91	(32)	(26.0%)	123	91	(32)	(26.0%)
TOTAL STATE REVENUES	\$ 9,838	\$ 10,271	\$ 433	4.4%	\$ 9,838	\$ 10,271	\$ 433	4.4%
Federal Revenues	\$ 879	\$ 1,017	\$ 138	15.7%	\$ 879	\$ 1,017	\$ 138	15.7%
Transfers In	\$ 797	\$ 1,030	\$ 233	29.2%	\$ 797	\$ 1,030	\$ 233	29.2%
Lottery	150	215	65	43.3%	150	215	65	43.3%
Gaming/Gaming Taxes	41	31	(10)	(24.4%)	41	31	(10)	(24.4%)
Adult-Use Cannabis	29	27	(2)	(6.9%)	29	27	(2)	(6.9%)
Other	577	757	180	31.2%	577	757	180	31.2%
SUBTOTAL REVENUES	\$ 11,514	\$ 12,318	\$ 804	7.0%	\$ 11,514	\$ 12,318	\$ 804	7.0%
ARPA Reimbursement for Government Services	764	0	(764)	(100.0%)	764	0	(764)	(100.0%)
TOTAL REVENUES	\$ 12,279	\$ 12,318	\$ 39	0.3%	\$ 12,279	\$ 12,318	\$ 39	0.3%

Source: Illinois Office of the Comptroller

Income Taxes: FY24 year-to-date (YTD) Individual Income Tax net receipts increased by \$321 million, or 6.4% from FY23, while FY24 YTD Corporate Income Tax (CIT) net receipts decreased by \$2 million, or 0.2%. \$463 million of income taxes were directly deposited into the Local Government Distributive Fund in the first quarter of FY24.

Sales Taxes: FY24 YTD Sales Tax net receipts increased by \$22 million, or 0.8%, from the FY23 YTD level.

Federal Revenues: FY24 YTD base Federal Revenues decreased by \$138 million, or 15.7%, compared to the FY23 YTD level due to federal matches on reimbursable spending.

Transfers In: FY24 YTD Transfers In increased by \$233 million, or 29.2%, compared to the FY23 YTD level.

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 FY24. Total State Revenues (not including Transfers In) were \$464 million, or 4.7%, above the June 2023 budgeted level. Federal Revenues were down \$124 million, or 10.9%, above the June 2023 budgeted level.

GENERAL FUNDS REVENUES				
Year-to-Date Budgeted versus Actual				
	(\$ in millions)			
	FY24 YTD Budgeted*	FY24 YTD Actual	Dollar Change	Percent Change
Gross Individual Income Tax	\$ 6,129	\$ 6,224	\$ 94	1.5%
Income Tax Refund Fund	(561)	\$ (508)	53	(9.5%)
Local Government Distributive Fund Deposit	(360)	\$ (370)	(10)	2.7%
Net Individual Income Tax	\$ 5,208	\$ 5,346	\$ 138	2.6%
Gross Corporate Income	\$ 1,531	\$ 1,588	\$ 56	3.7%
Income Tax Refund Fund	(214)	(222)	(8)	3.7%
Local Government Distributive Fund Deposit	(90)	(94)	(3)	3.7%
Net Corporate Income Tax	\$ 1,227	\$ 1,272	\$ 45	3.7%
Gross Sales Tax	\$ 2,827	\$ 2,990	\$ 163	5.8%
Downstate Public Trans/Public Trans Deposits	(76)	(76)	(0)	0.6%
Road Fund Deposits	(133)	(132)	0	(0.3%)
Net Sales Tax	\$ 2,619	\$ 2,782	\$ 163	6.2%
Public Utility	\$ 174	154	(20)	(11.5%)
Cigarette	58	54	(4)	(6.9%)
Inheritance	99	157	58	59.2%
Liquor	50	49	(1)	(1.1%)
Insurance	132	144	12	9.1%
Corporate Franchise	43	60	17	39.5%
Investment Income	80	162	82	102.5%
Cook County IGT	0	0	0	0.0%
Other	118	91	(27)	(22.6%)
TOTAL STATE REVENUES	\$ 9,807	\$ 10,271	\$ 464	4.7%
Federal Revenues	\$ 1,141	\$ 1,017	\$ (124)	(10.9%)
Transfers In	\$ 498	\$ 1,030	\$ 532	107.0%
Lottery	168	215	47	28.2%
Gaming/Gaming Taxes	48	31	(17)	(35.4%)
Adult-Use Cannabis	31	27	(4)	(12.9%)
Other	251	757	506	201.6%
SUBTOTAL REVENUES	\$ 11,446	\$ 12,318	\$ 872	7.6%
Investment Borrowing	0	0	0	0.0%
Short Term Borrowing	0	0	0	0.0%
ARPA Reimbursement for Government Services	0	0	0	0.0%
TOTAL REVENUES	\$ 11,446	\$ 12,318	\$ 872	7.6%

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 June 2023.

Income Taxes: Individual Income Tax net receipts through the first quarter were \$138 million, or 2.6%, higher than budgeted levels. Corporate Income Tax net receipts through the first quarter were \$45 million, or 3.7%, higher than the budgeted levels.

Sales Taxes: Sales Tax net receipts through the first quarter were \$163 million, or 6.2%, higher than the budgeted levels.

Transfers In: Transfers In through the first quarter were \$532 million, or 107%, higher than budgeted levels.

OUTLOOK FOR FUTURE GENERAL FUNDS REVENUES

The table below sets forth the future outlook for General Funds revenues for FY24. The table below reflects anticipated revenues to be received compared against year-to-date collections.

PROJECTED GENERAL FUNDS REVENUES			
Year-to-Date Actuals versus Annual Forecast			
(\$ in millions)			
	FY24 YTD Actual	FY24 Annual Forecast*	Remainder of Forecast*
Receipts	\$ 12,318	\$ 50,611	\$ 38,294
IIT	5,346	25,711	20,365
CIT	1,272	5,116	3,844
Sales	2,782	10,415	7,633
Other Sources	871	3,337	2,466
Transfers In	1,030	2,150	1,120
Federal Sources	1,017	3,883	2,866
Total Base Revenues	12,318	50,611	38,294

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

*Fiscal year 2024 forecast was updated in June 2023 using historical averages, national and regional economic activity data, and tax-related information provided by the Department of Revenue.

Through the first quarter of FY24, total base State General Funds revenues have performed well against the enacted June 2023 annual revenue forecast. Net sales taxes have done well, exceeding its quarterly forecast by 6.2%. Income from investment have exceeding their forecast by over 100%. Federal Revenues have not performed well against their forecast amount, but that source depends mostly on vouchers available for reimbursable spending. Annual forecasts can be recalculated when actuals do not meet expectations.

GENERAL FUNDS EXPENDITURES SUMMARY

The table below sets forth FY23 and FY24 first quarter and year-to-date General Funds spending from appropriations for those fiscal years. General Funds expenditures for the first quarter of FY24 totaled \$11,060 million, an increase of \$1,561 million, or 16.4%, from the FY23 level.

GENERAL FUNDS EXPENDITURES				
First Quarter and Year-to-Date Review				
(\$ in millions)				
Agency	First Quarter		Year-to-Date	
	FY23 Actual Spending	FY24 Actual Spending	FY23 Actual Spending	FY24 Actual Spending
Constitutional Officers ¹	\$ 90	\$ 101	\$ 90	\$ 101
DHFS	1,832	2,601	1,832	2,601
ISBE	1,800	1,811	1,800	1,811
DHS	784	1,108	784	1,108
Higher Education	584	789	584	789
SERS	449	518	449	518
TRS	1,500	1,619	1,500	1,619
SURS	695	674	695	674
Corrections	257	284	257	284
CMS	605	605	605	605
DCFS	248	281	248	281
Aging	195	230	195	230
ISP	59	62	59	62
Revenue	10	10	10	10
DPH	45	29	45	29
DNR	15	14	15	14
DCEO	4	42	4	42
All Others	329	282	329	282
Agency Totals	\$ 9,500	\$ 11,060	\$ 9,500	\$ 11,060

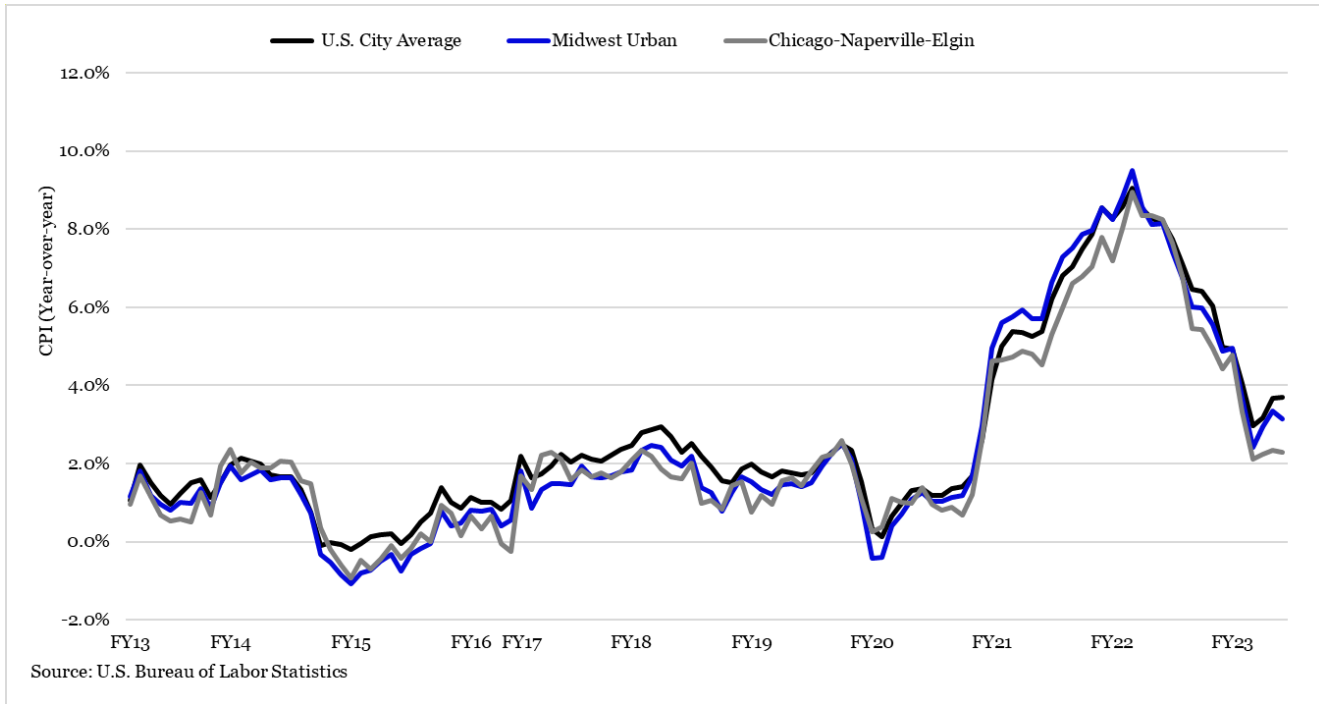
Source: Illinois Office of the Comptroller and Governor's Office of Management and Budget. Totals may not add due to rounding.

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

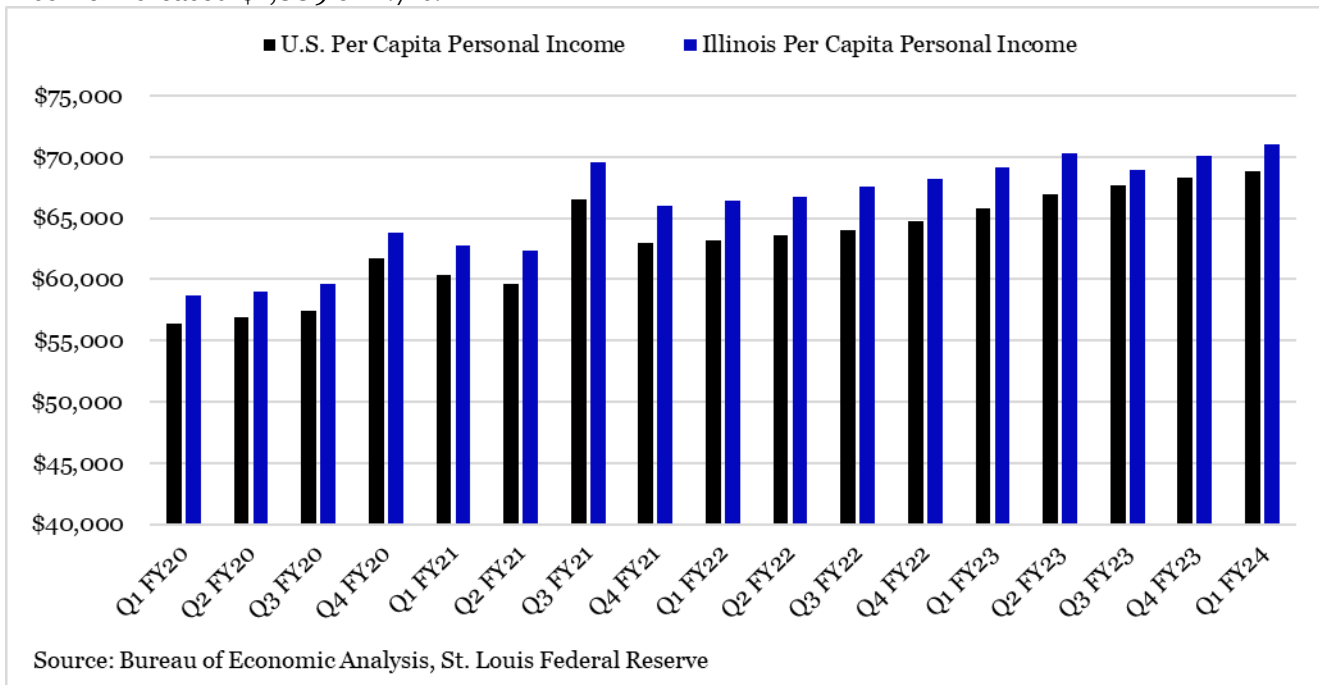
¹ Constitutional Officers exclude Auditor General.

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 April FY13 to September FY24. In September FY24, the U.S. city average CPI increased 3.7% year-over-year. The CPI for Chicago metropolitan area increased 3.2% and the CPI for Midwest region increased 2.3%.



The graph below compares the per capita personal income between the U.S. and Illinois from the first quarter of FY20 to the first quarter of FY24. The U.S. per capita personal income increased \$496 or 0.73% from \$68,305 in the fourth quarter of FY23 to \$68,801 in the first quarter of FY24. Year-over-year, U.S. per capita personal income increased \$2,985 or 4.7%. In Illinois, per capita personal income increased by \$931 or 1.35% from \$70,125 in the fourth quarter of FY23 to \$71,056 in the fourth quarter of FY24. Year-over-year, Illinois per capita personal income increased \$1,889 or 2.7%.



EMPLOYMENT HIGHLIGHTS

The table below shows recent Illinois and national employment highlights. Nationally, the unemployment rate in September of FY24 was 3.8%, up from 3.5% during the same period last fiscal year. Illinois' unemployment rate of 4.6% in September of FY24 reflected a decrease of 0.2 percentage points from the state's unemployment rate of 4.4% during the same period last fiscal year.

Additionally, total nonfarm employment in Illinois increased by 79,400 year-over-year in September, led by increases in the Trade, Transportation and Utilities, Manufacturing, and Leisure and Hospitality.

EMPLOYMENT HIGHLIGHTS			
State and National Review			
EMPLOYMENT STATISTICS	<u>July FY23</u>	<u>July FY24</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	6,063,800	6,153,500	89,700
Unemployment Rate, Illinois	4.4%	4.0%	(0.4)
Unemployment Rate, United States	3.5%	3.5%	0.0
Labor Force Participation Rate, Illinois	64.5%	64.4%	(0.1)
Labor Force Participation Rate, United States	62.1%	62.6%	0.5
EMPLOYMENT STATISTICS	<u>August FY23</u>	<u>August FY24</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	6,070,000	6,145,600	75,600
Unemployment Rate, Illinois	4.5%	4.1%	(0.4)
Unemployment Rate, United States	3.7%	3.8%	0.1
Labor Force Participation Rate, Illinois	64.4%	64.4%	0.0
Labor Force Participation Rate, United States	62.3%	62.8%	0.5
EMPLOYMENT STATISTICS	<u>September FY23</u>	<u>September FY24</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	6,079,600	6,159,000	79,400
Unemployment Rate, Illinois	4.6%	4.4%	(0.2)
Unemployment Rate, United States	3.5%	3.8%	0.3
Labor Force Participation Rate, Illinois	64.4%	64.5%	0.1
Labor Force Participation Rate, United States	62.3%	62.8%	0.5

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

ILLINOIS REAL ESTATE

The number of homes and sales dropped in August amid an increase in home prices rises and inadequate inventory. The time it took to sell a home in August averaged 23 days, the same time it took at this time last year. Available inventory totaled 20,082 homes for sale, a decrease of 31% since last year, and statewide home sales totaled 13,469, an 14% decrease year-over-year. The statewide median price was up 7.7% from last year. According to data from Freddie Mac, the monthly average 30 year fixed-rate mortgage rate rose to 7.20% in September 2023, compared to 6.11% in September 2022. The average rate rose from 6.84% at the beginning of the quarter to 7.20% at the end.