



BRUCE RAUNER
GOVERNOR

STATE OF ILLINOIS
GOVERNOR'S OFFICE OF
MANAGEMENT AND BUDGET

FISCAL YEAR 2015 SECOND QUARTER FINANCIAL REVIEW

GENERAL FUNDS HIGHLIGHTS

Table I, below, sets forth General Funds year-to-date (YTD) highlights for the first quarter of State fiscal year 2015 (FY15). Table I reflects a net operating loss of \$544 million.

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

	YTD			
	FY14	FY15	\$ Change	% Change
General Funds Revenues ¹	\$ 15,268	\$ 15,266	\$ (2)	0%
Transfers In ²	1,240	812	(428)	-34%
Total Receipts	16,508	16,078	(430)	-3%
General Funds Expenditures ¹	15,195	14,343	(852)	-6%
Transfers Out ²	2,896	2,279	(617)	-21%
Total Spending	18,091	16,622	(1,469)	-8%
Net Operating Surplus/(Deficit)	\$ (1,583)	\$ (544)	\$ 1,040	-66%

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 \$15,266 million, a decrease of \$2 million, or 0%, below the fiscal year 2014 (FY14) quarter-end level. Transfers from other funds to the General Funds decreased by \$428 million, or 34%, as compared to the same period in FY14, as detailed in the Revenue Summary that follows.

FY15 quarter-end General Funds expenditures totaled \$14,343 million, a decrease of \$852 million, or 6%, below the FY14 first 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 \$430 million, or 2.6%, over the FY14 quarter-end level.

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

Source	Year to Date Actual				Year to Date Budget				Budgeted FY15 Total Budget
	FY14 YTD Actual	FY15 YTD Actual	Difference Dollar Change	Percent Change	FY15 YTD Budget	FY15 YTD Actual	Difference Dollar Change	Percent Change	
Gross Individual Income Tax	\$ 7,927	\$ 8,226	\$ 299	3.8%	\$ 6,266	\$ 8,226	\$ 1,960	31.3%	\$ 16,993
Less: Deposits to Income Tax Refund Fund	(753)	(823)	(70)	9.2%	(611)	(823)	(212)	34.7%	(1,699)
Net Individual Income Tax	\$ 7,174	\$ 7,403	\$ 229	3.2%	\$ 5,655	\$ 7,403	\$ 1,748	30.9%	\$ 14,845
Gross Corporate Income	\$ 1,530	\$ 1,313	\$ (217)	-14.2%	\$ 1,098	\$ 1,313	\$ 215	19.6%	\$ 3,575
Less: Deposits to Income Tax Refund Fund	(205)	(184)	21	-10.3%	(154)	(184)	(30)	19.5%	(501)
Net Corporate Income Tax	\$ 1,325	\$ 1,129	\$ (196)	-14.8%	\$ 944	\$ 1,129	\$ 185	19.6%	\$ 3,071
Sales	\$ 3,895	\$ 4,136	\$ 241	6.2%	\$ 3,577	\$ 4,136	\$ 560	15.7%	\$ 7,847
Public Utility	\$ 468	\$ 460	\$ (8)	-1.6%	\$ 502	\$ 460	\$ (42)	-8.4%	\$ 1,031
Cigarette	177	177	(0)	0.0%	176	177	0	0.3%	355
Inheritance	129	156	27	20.7%	119	156	37	30.7%	190
Liquor	85	85	0	0.1%	83	85	3	3.3%	167
Insurance	154	160	7	4.5%	152	160	8	5.5%	325
Corporate Franchise	107	102	(4)	-4.0%	106	102	(4)	-4.0%	201
Investment Income	9	11	2	18.7%	12	11	(1)	-9.1%	17
Cook County IGT	26	56	30		50	56	6	0.0%	244
Other Sources	259	332	73	28.2%	223	332	109	48.9%	480
TOTAL STATE REVENUES	\$ 13,808	\$ 14,208	\$ 400	2.9%	\$ 11,599	\$ 14,208	\$ 2,609	22.5%	\$ 28,782
Federal Revenues	\$ 1,460	\$ 1,057	\$ (403)	-27.6%	\$ 2,061	\$ 1,057	\$ (1,003)	-48.7%	\$ 4,496
Transfers-In:	\$ 1,240	\$ 812	\$ (427)	-34.5%	\$ 1,674	\$ 812	\$ (862)	-51.5%	\$ 2,485
Lottery	314	306	(8)	-2.6%	303	306	3	1.1%	682
Gaming/Gaming Taxes	211	181	(30)	-14.1%	214	181	(33)	-15.3%	334
Other Transfers-In	715	325	(390)	-54.5%	1,158	325	(833)	-71.9%	1,469
TOTAL RECEIPTS	\$ 16,508	\$ 16,078	\$ (430)	-2.6%	\$ 15,334	\$ 16,078	744	4.9%	\$ 35,763

- Income Taxes (\$33 net increase):** Individual Income Tax quarter-end net receipts increased by \$229 million, or 3.2%, over the FY14 first quarter level.

 Corporate Income Tax quarter-end net receipts decreased by \$196 million, or 14.8%, over the FY14 first quarter level.
- Sales Taxes (\$241 million increase):** Sales Tax quarter-end receipts increased by \$241 million, or 6.2%, from the FY14 first quarter level.
- All Other Sources (\$127 million increase):** Inheritance Tax quarter-end receipts increased by \$27 million, or 20.7%, from the FY14 first-quarter-end level. FY15 quarter-end Public Utility Taxes decreased by \$8 million, or 1.6%, from the FY14 first quarter level. Other Sources quarter-end receipts increased by 73 million, or 28.2%, from the FY14 first quarter level.
- Federal Revenues (\$403 million decrease):** FY15 quarter-end Federal Sources of revenue decreased by \$403 million, or 27.6%, compared to the FY14 first quarter level.
- Transfers-In (\$427 million decrease):** Transfers-in decreased by \$427 million, or 34.5%, compared to the FY14 first quarter level.

GENERAL FUNDS EXPENDITURES SUMMARY

Table III, below, sets forth General Funds Expenditures through the first quarter of FY15. General Funds Expenditures through the end of the first quarter totaled \$14,343 million, a decrease of \$852 million, or 5.6%, from the FY14 level. Pension expenses are included for both years.

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

Agency	FY14 Enacted Appropriation ¹	FY15 Enacted Appropriation ¹	FY14 Expend	FY15 Expend	Change	FY14 Percent Spent	FY15 Percent Spent
Constitutional Officers ²	\$ 461	\$ 425	\$ 183	\$ 185	\$ 1	40%	44%
DHFS	\$ 7,639	\$ 7,313	\$ 2,990	\$ 2,256	\$ (669)	39%	31%
ISBE	\$ 6,687	\$ 15,016	\$ 3,083	\$ 3,110	\$ 10	46%	21%
DHS	\$ 3,267	\$ 1,209	\$ 1,366	\$ 1,588	\$ 65	42%	131%
Higher Education	\$ 1,991	\$ 1,991	\$ 1,339	\$ 1,359	\$ (103)	67%	68%
TRS	\$ 3,513	\$ 3,576	\$ 1,756	\$ 1,791	\$ 20	50%	50%
SURS	\$ 1,312	\$ 1,352	\$ 618	\$ 653	\$ 12	47%	48%
Corrections	\$ 1,278	\$ 15,195	\$ 544	\$ 547	\$ 7	43%	4%
CMS	\$ 1,514	\$ 2,896	\$ 1,366	\$ 862	\$ (920)	90%	30%
DCFS	\$ 696	\$ 696	\$ 347	\$ 355	\$ 3	50%	51%
Aging	\$ 1,031	\$ 933	\$ 391	\$ 387	\$ 1	38%	42%
ISP	\$ 286	\$ 248	\$ 118	\$ 121	\$ (5)	41%	49%
Revenue	\$ 111	\$ 95	\$ 47	\$ 41	\$ (3)	42%	43%
DPH	\$ 133	\$ 133	\$ 49	\$ 54	\$ 1	37%	40%
DNR	\$ 46	\$ 45	\$ 16	\$ 20	\$ 2	34%	44%
IDOT	\$ 22	\$ 6	\$ 0	\$ 0	\$ -	0%	2%
DCEO	\$ 44	\$ 46	\$ 8	\$ 10	\$ -	17%	22%
All Others	\$ 2,083	\$ 2,133	\$ 977	\$ 1,004	\$ 28	47%	47%
Agency Totals	\$ 32,114	\$ 31,492	\$ 15,195	\$ 14,343	\$ (852)	47%	46%

¹Does not include continuing appropriations.

²Constitutional Officers excludes Auditor General.

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 first quarter of FY15. The General Funds cash balance on December 31, 2014 was \$142 million. This reflects a decrease from the FY14 quarter-end level, when the cash balance was \$204 million.

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

	<u>FY14</u>	<u>FY15</u>	<u>Change</u>
CASH BALANCE			
General Funds Cash Balance (9/30)	\$ 162	\$ 115	\$ (47)
Change in Operating Cash for Q1	42	1,209	\$ 1,167
Transfer In from Budget Stabilization Fund	-	-	\$ -
General Funds Cash Balance (12/31)	\$ 204	\$ 142	\$ (62)
SELECT CURRENT LIABILITIES			
General Funds Accounts Payable (12/31)	\$ 5,499	\$ 4,360	\$ (1,138)
Short-Term Borrowing Payable (12/31)	-	-	-
Total Select Current Liabilities	\$ 5,499	\$ 4,360	\$ (1,138)
NET WORKING CAPITAL (GF Cash less GF A/P)	\$ (5,295)	\$ (4,218)	\$ 1,076

EMPLOYMENT HIGHLIGHTS

Table V, below, sets forth first quarter employment highlights. Nationally, the unemployment rate in November 2014 was 5.8%, down from 7% during the same period in 2013. Illinois' unemployment rate of 6.4% in November 2014 reflected a decrease from in the state's unemployment rate of 9% in November 2013. Additionally, total nonfarm employment in Illinois increased, led by increases in the goods-producing and service-providing sectors.

Table V
EMPLOYMENT HIGHLIGHTS
Second Quarter Review
FY2014 vs. FY2015

EMPLOYMENT STATISTICS	<u>November-14</u>	<u>November-15</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	5,826,000	5,858,400	32,400
Unemployment Rate, Illinois	9.0%	6.4%	-2.6
Unemployment Rate, United States	7.0%	5.8%	-1.2
Labor Force Participation Rate, Illinois	65.1%	64.9%	-0.2
Labor Force Participation Rate, United States	63.0%	62.8%	-0.2

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