State of Illinois

Rating Agency Discussion

October 2025

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1. State of Illinois Overview

Strongest Fiscal Position in a Generation

Strong Operating Results, Significant Debt Paydown, & Investment in Rainy Day Funds Further Solidified in FY25

Historic fiscal progress resulting from a multi-pronged focus on fiscal prudence

- Seven consecutive balanced budgets passed on time; five years of outperformance/surpluses
  - FY 2026 budget package includes $100 million "bridge" reserve fund to help cover revenue shortfalls
  - Surpluses dedicated to debt paydown and building of cash reserves
- Eliminated the bill backlog; GRF bills released at IOC within one business day for the third FYE
- Strategic debt reduction of over $11 billion since FY 2022
- Built record Budget Stabilization Fund balance expected to grow to nearly $2.5 billion by the end of FY 2026

State tax revenue growth and sound fiscal policy is driving a stronger balance sheet

- FY 2021 - FY 2025 total budgetary basis surpluses in excess of $9 billion
- FYE 2025 General Funds cash balance **nearly 11%** of FY 2025 General Funds total revenue collections

Economy benefiting from economic development projects

- Strong Economic Development Team with constant attention from the Governor
- Historic $500 million investment in site readiness funding including $300 million for "Surplus to Success"
- Momentous investments in infrastructure with $45 billion in Rebuild IL Program and increased funding to education
- Deep, diverse, and growing economy over $1 trillion GDP – 5^{th} largest contributor to US GDP
- Private and public investments in new, forward-looking technologies and evolving industries such as quantum computing

Tackling pension commitments continues to be key priority

- FY 2026 budget sets aside $75 million for expected additional contributions to address Tier 2 safe harbor provisions
- Shift in pension beneficiaries population as active Tier 2 membership outnumbers active Tier 1 for the FIRST TIME
- Additional $200 million of bond funding authorized for Pension Acceleration program
- **Supplemental pension contributions of $700 million since FY 2022** are above statutory requirements and reduced the gap between actual contributions and ADC; **increased funded ratio by 5.8 percentage points overall from FY 2019 to FY 2024**
- OPEB liability decreased by $30.4 billion, or 57% from FY 2020 to FY 2025[1]

[Illinois' 2024 Economic Growth Plan]

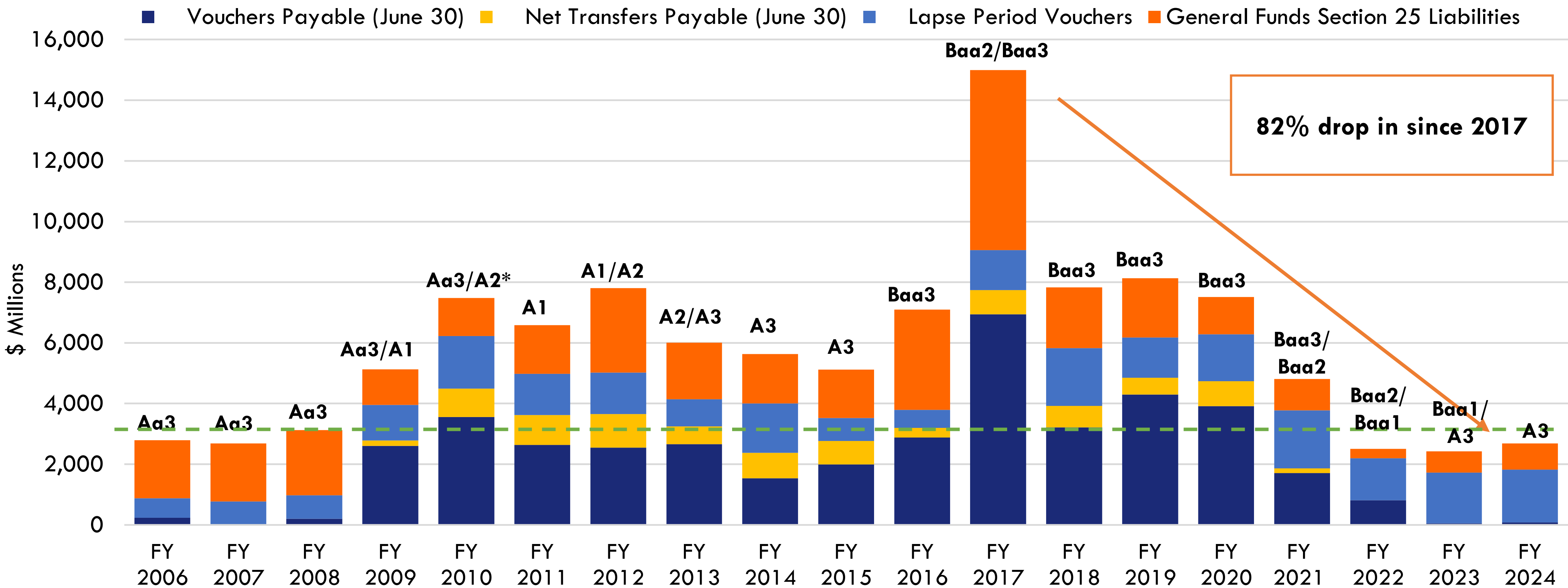
[1] FY2024 GOMB estimated liability will be incorporated into FY 2025 ACFR.

Ongoing Commitment to Minimizing Unpaid Bills

Broader Accounts Payable at Lowest Level in Two Decades while Budget Has Doubled

- For the third year in a row, the oldest GRF voucher pending at FYE was one business day old
- State has greatly reduced the amount processed via Section 25 exceptions[2]
- Clear picture of financial progress - FY 2024 Accounts Payable is 52% lower than the 20-year average

General Funds Accounts Payable Estimate[1]
(Budget Basis - Official Statement Table II-6)



Source: IOC Traditional Budgetary Financial Report (TBFR), Annual Comprehensive Financial Reports (ACFR), GOMB Est.

[1] Includes General Funds Lapse Period Transactions as reported in the TBFR. Lapse Period Transactions include vouchers on 6/30, transfers pending on 6/30, plus new warrants that come in July and August from expiring appropriations.

[2] Section 25 Liabilities are incurred in one Fiscal Year and payable from future Fiscal Year appropriations. This amount is the General Funds portion of Section 25 Liabilities.

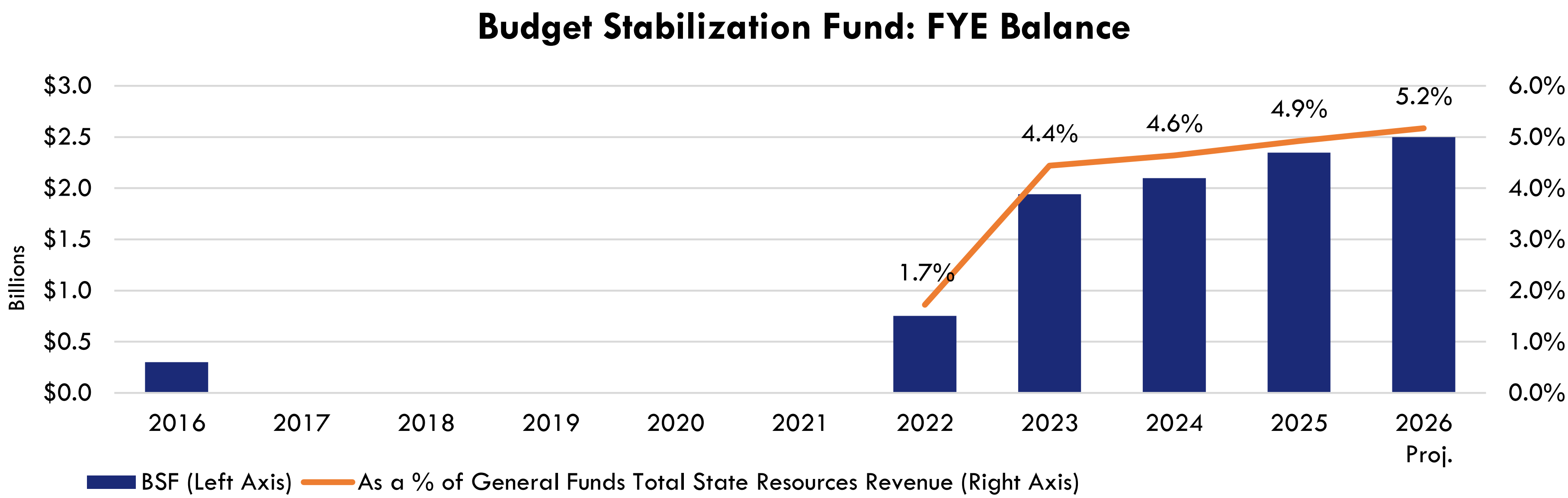
*Recalibration of sector ratings

Significant Growth in Budget Stabilization Fund

Better Positioned for Uncertainty than at Any Time in a Generation

- BSF balance of $2.39 billion as of September 30, 2025, represents 4.9% of enacted FY 2026 total State Resources Revenue
- $256 million deposited in FY 2025 through permanent, dedicated revenue sources:
  - 10% of cannabis tax revenues (approximately $25.1 million)
  - Monthly transfers of $3.75 million from General Revenue Fund ($45 million/year)
  - Repayment over 10 years from State's $450 million loan to UI Trust Fund (est. $45 million/year)
  - Interest earnings on Fund's balance ($96 million for FY 2025)
- $161 million of dedicated sources in FY 2026 proposed budget will bring the balance to nearly $2.5 billion
  - One year pause on annual $45 million transfer from General Revenue Fund

BSF balance is higher than peer states who maintain higher Moody's ratings (including higher than 10 states rated Aaa)[1]



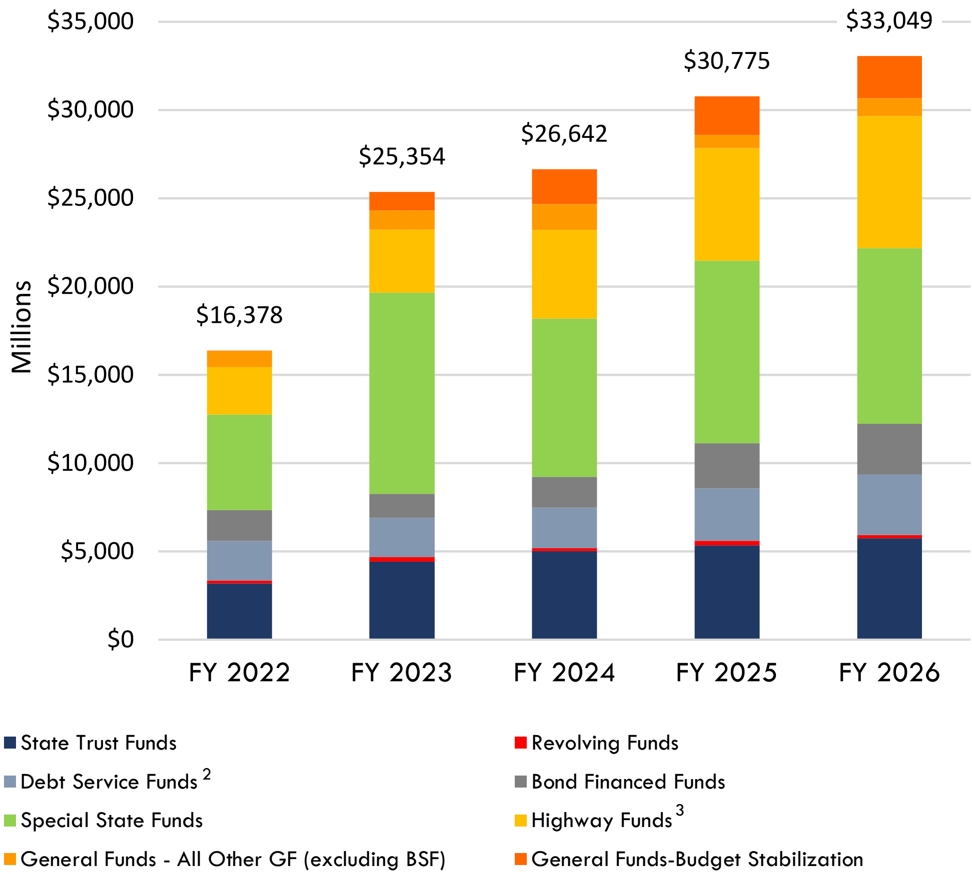
Raised target balance of Budget Stabilization Fund to 7.5% of revenues from 5%, demonstrating Illinois' commitment to responsible fiscal planning

[1] BSF cash balances as reported by the Pew Institute (represents 2024 data), https://www.pew.org/en/research-and-analysis/articles/2024/09/19/states-prioritize-reserves-as-fiscal-flexibility-declines, and state ratings as shown in the Moody's "State pension liabilities continue to delice, improving leverage metrics," report published on September 19, 2025.

Cash Balances Continue to Show Strong Growth

Cash Balances Double FY22 Levels; Provide Substantial Liquidity and Resources

Cash Balance by Fund Category[1]
As of September 30 of Each FY
($ in Millions)



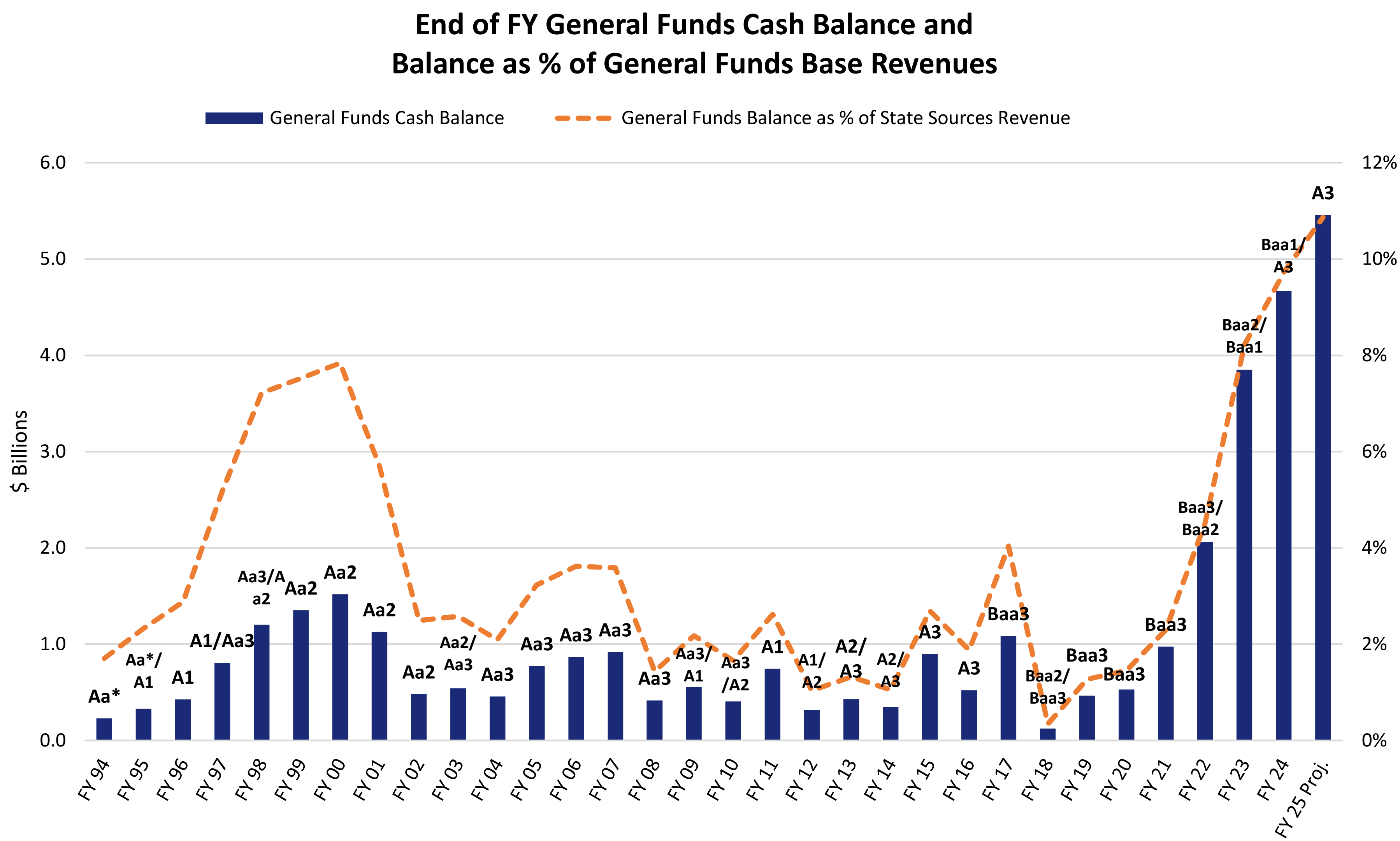
- **Total cash balances more than doubled between September of FY2022 and September of FY2026, a 101.8% increase**
  - Cash Balance of Total General Funds (including the Budget Stabilization Fund) increased by $2.46 billion (262.0%) during that period
  - Balance of Highway Funds increased by $4.791 billion (178.5%) during that time
- **Budget Stabilization Fund grew to record $2.39 billion by end of September 2025**
- **$2.27 billion (7.4%) increase in cash balances over the past year**
  - $320 million (3.2%) increase in Special State Fund Balances between September FY2025 and September FY2026

Source: Illinois Office of the Comptroller and the GOMB
Notes: Totals may not add due to rounding. Increase in cash balance in some cases may be temporary and partly due to the timing of expenditures.

1. Does not include Federal Trust Funds.
2. Includes the General Obligation Bond Retirement and Interest Fund.
3. Highway Funds are limited by the Illinois Constitution and State statute to support construction and maintenance of transportation and the debt service on certain GO Bonds issued for transportation projects.

Liquid Fund Balances Reach New Heights

General Funds Cash as a % of Revenues Eclipses FY 2000 High Point



Source: IOC Traditional Budgetary Financial Report; *GOMB estimate

Note: General Funds cash balance adjusted to include Budget Stabilization Fund from FY02 - FY17, prior to its inclusion in definition of General Funds. Base Revenues include state revenues, and exclude any short-term borrowings and federal and state transfers

Other Factors

Better Positioned for Uncertainty than at Any Time in a Generation

- Historically stable revenues with a track record of matching revenues to expenditures (per statutory requirements)
- State maintains a formal commitment to growing the Budget Stabilization Fund through dedicated revenues
- Proactive capital investment has resulted in a favorable capital asset depreciation ratio that is more in line with Aa category and Aaa rated states
- State Pension Contributions
  - $700 million of additional pension contributions
  - Governor continues to advocate for changing the statutory funding target to 100% by 2048 versus the current 90% by 2045
  - Continued funding consistent with statutory requirements along with supplement contributions
- Federal civilian workers comprised approximately 0.06% of the Illinois workforce in 2024
- Illinois is less reliant on federal funding for Medicaid than the national average (and than other higher rated states)[1]

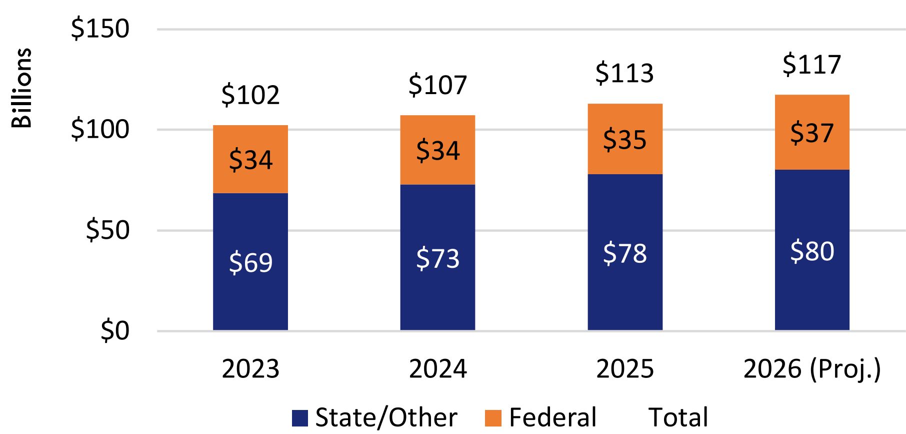
Source: Kaiser Family Foundation, FY 2023 Federal and State Share of Medicaid Spending, (https://www.kff.org/medicaid/state-indicator/federalstate-share-of-spending/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D).

Federal Funding Update

7% of the State's FY 2025 General Funds Revenues Came From Federal Sources

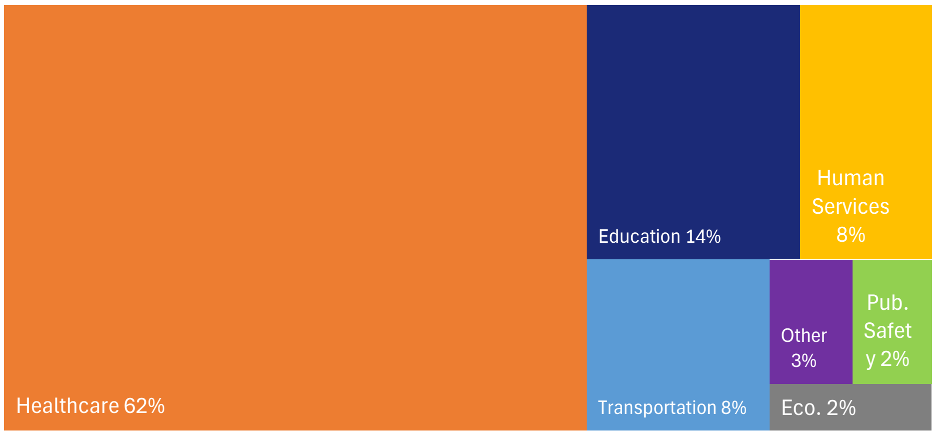
- Similar to other states, Illinois derives a material amount of revenues from federal grants and reimbursements
  - In FY 2025, approximately $35 billion of federal revenues were deposited into the State Treasury, of which, $21 billion was for Medicaid and Medicaid related programs
  - Illinois' 2024 per capita Federal Disaster Mitigation, Response, and Recovery grant funding was 9th lowest in the nation, when excluding COVID related funds
- If federal funding is reduced, the State has multiple avenues it can pursue to maintain a balanced budget
  - Illinois created an intermediary fund in FY26 (BRIDGE Fund) with close to $100 million to support state appropriations
    - This fund was created specifically to respond to unexpected lapses in federal support
  - Redirect State and other revenues toward critical programs and services
  - Recent Executive Order directing agencies to establish a **4% reserve** based on appropriations
  - Abstain from backfilling lost federal investment in certain programs
  - Strategically utilize historically strong liquidity position to bridge short-term funding gap

All Appropriated Funds Revenues by Source



Source: State of Illinois FY 2026 Proposed Budget, Table 11.A

FY25 Federal Fund Appropriations ($35B total)

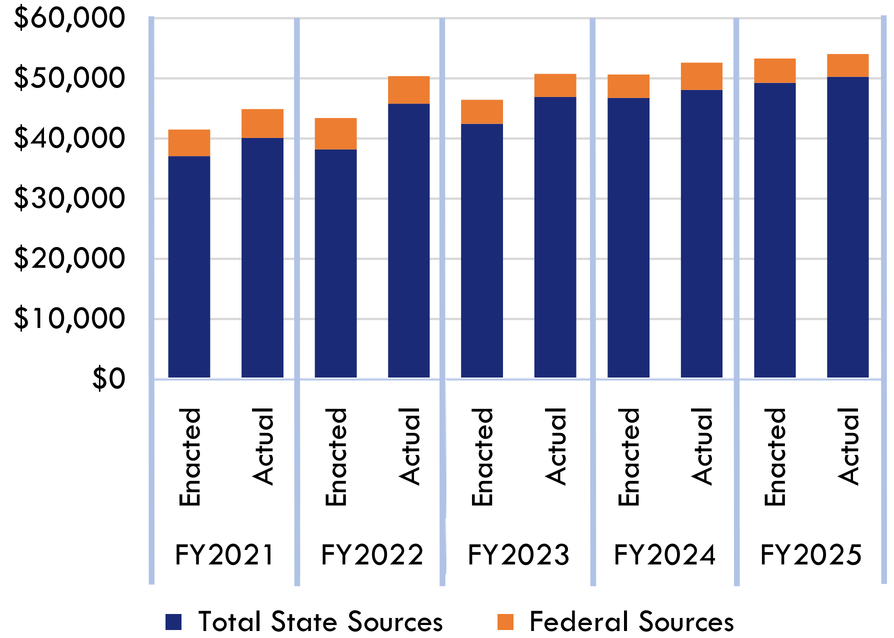


Source: The Illinois Office of Comptroller

Conservative Financial Projections and Reporting

- **Reliably conservative revenue forecasting**
  - The State has been conservative in its revenue forecasts and has five years of revenue outperformance
  - State utilizes independent Moody's Analytics, IHS Markit, and Consensus Economics Inc to instruct revenue forecasts
  - Major sources of revenues are tracked on a daily, monthly, and quarterly basis by GOMB and the Department of Revenue
- **Frequent, accessible reporting on revenue and expenditures**
  - GOMB prepares an annual long-term Economic and Fiscal Policy Report detailing policy objectives, revenue, and expenditure expectations for the next five years
  - GOMB publishes a quarterly report of revenues, expenditures, and other financing sources of major State funds
  - Per 20 ILCS 3005/7.4, GOMB must publish a monthly budget report that monitors General Fund revenues and expenditures compared to forecast along with certain transfers exceeding 2%
  - The Commission on Government Forecasting and Accountability (COGFA), a bipartisan legislative commission, releases a monthly report covering revenue estimates, economic forecasts, pension reports, and other updates on the State economy, taxes, and other sources of revenue and debt obligations of the State
  - COGFA is also responsible for estimating revenues for the legislative branch
  - Public access to state spending and expenditures through the Comptroller's website, in addition to the office publishing monthly reports such as the Debt Transparency Report

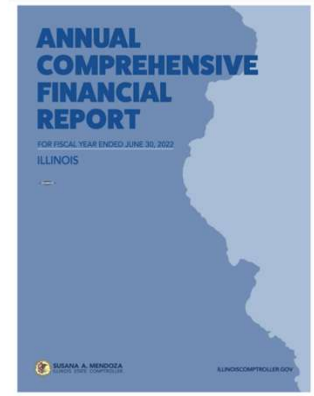
Budgeted Revenues to Actuals
FY 2021 - FY 2025



Streamlining ACFR Audit Process

Working to Address Audited Financial Report Timeliness

Statewide Transition



- The Office of Auditor General (OAG) transitioned to a statewide ACFR audit beginning with the FY 2025 ACFR, with fieldwork beginning in January 2025
- Staff from different constitutional officers meet regularly with the auditors to discuss the status of the audit and to prevent or minimize any significant delays the external auditors may face with obtaining audit evidence
- To assist agencies under the Governor, GOMB created an ACFR Internal Control (IC) Unit in November 2023, formalized by the enactment of PA 103-0866
- Currently, there are 43 separate financial statement audits/ separately presented financial statements in the ACFR. After the transition, this will be reduced to 28

GOMB ACFR IC Unit

- The ACFR IC Unit has two goals to assist agencies under the Governor with this multi-year transition:
  - Develop and implement the internal processes to manage the financial statement audit; and
  - Provide technical assistance and guidance to agencies with items such as improving internal controls, including information technology; enhancing the readiness of agencies for the statewide ACFR audit; and identifying and sharing best practices for agencies to document its internal controls
- ACFR IC Unit accomplishments from calendar year 2024 and 2025 include:
  - Implemented the Agency Fiscal Unit Development Site to connect state agency staff with best practices and other training resources to strengthen agency fiscal management
  - Released the Statutory Mandate and Agency Responsibility Tracker (SMART) application and policy to provide agencies under the jurisdiction of the Governor with an internal control to maintain a repository of state laws codified in the *Illinois Compiled Statutes* that impact agencies and their uses of public moneys;
  - Identified various agency internal control deficiencies/risks for financial reporting or the ACFR audit and collaborated with agencies to develop and implement corrective actions.

Flexibility in Both Revenue and Expenditures

Adaptability Throughout the Fiscal Year to Respond to Budget Pressures

Revenue Flexibility

- Strong revenue performance as State emerges from pandemic with CAGR of 6.53%
- The State has autonomy to raise revenue and did so by closing $655 million in corporate loopholes for FY 2022 and raising an estimated $872 million in ongoing operating budget revenues for FY 2026 including amnesty programs, increases in tax on sports wagering, and corporate income tax adjustments. In addition, Illinois is generating $2 billion in annual capital revenues for Rebuild Illinois
- No constitutional restrictions on raising revenues and only majority vote of legislature to raise revenues

Expenditure Flexibility

- **Balanced seven consecutive budgets** through ongoing cost savings measures and implementing new revenues thereby reducing the State's structural deficit
- Executive authority to instruct agencies to make mid-year budget adjustments, in December 2020 the Governor outlined more than $700 million in spending freezes for FY 2021, and in September 2025 the Governor released an Executive Order to proactively identify spending reductions and manage reserves in response to House Resolution 1
- High degree of expenditure flexibility, State has recently benefitted from ongoing cost cutting efficiencies
- There is a continuing appropriation in place to ensure bond repayment without action by the General Assembly

State's Toolbox

- ✓ **BRIDGE Fund –** Seeded with nearly $100 million of surplus transfers to cover short term emergencies and revenue shortfalls
- ✓ Executive Order for Agencies to establish a **4% Reserve** based on appropriations
- ✓ **Treasurer's Investment Borrowing Authority** allows additional funds to receive transfers to avoid payment delays and disruptions to payroll and critical operations if federal funds are delayed
- ✓ **Comptroller's Emergency Fund Transfer Authority** can cover short-term cash shortfalls for payroll related payments with GRF transfers up to 30 days from previously 7 days

Institutionalized Strong Governance

Long-Term Planning

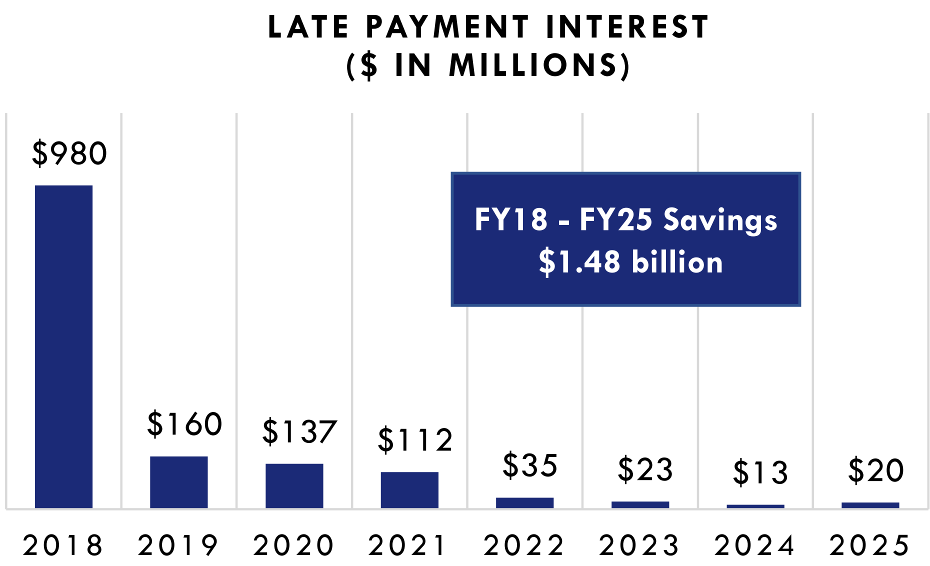
- Annual release of the Economic and Fiscal Policy Report looking ahead five fiscal years
- 30 years into 50-year Pension Statutory Funding Plan
  - Conservative investment portfolio and actuarial assumptions, with a continuing appropriation authority created in 1994
  - In 2011, established "two-tier" pension system to reduce pension payments
  - In 2018, created the Pension Buyout and AAI Reduction Programs offering accelerated pension benefit payments
- Realignment of the State's real estate portfolio, including consolidating leases in the Chicago Loop area
- Historic Rebuild Illinois multi-year capital program: largest capital program in state history, and one of the largest in the nation, investing in maintenance needs at state facilities and transportation infrastructure; while keeping a low debt burden with 75% of GO debt paid off in 10 years

Other Strong Governance Policies and Practices

- Illinois is constitutionally required to pass a balance budget for each fiscal year
- Reduced the number of active state treasury funds by approximately 40 funds by eliminating or consolidating funds in the enacted FY26 budget implementation bill to reduce the costs of fiscal administration, reporting, and audits
- GOBRI is a separate fund in the Treasury that is dedicated to the payment of debt service and segregation of funds for debt service begins 12 months in advance for principal payments and 6 months in advance for interest payments
- Statutory authority for short-term borrowing and interfund borrowing to enhance liquidity
- Negotiated OPEB liability savings resulting in 57% decline from FY 2020 to FY 2025
- Increasing staffing at state agencies to strengthen program and service delivery
  - Illinois has its highest workforce since 2008, growing from 50,544 employees in 2019 to 55,340 in 2025
  - Illinois has nearly cut its vacancy rate in half (14% in 2019 to 8% in 2025) and reduced its hiring timeline by 58% (269 days in 2019 to 111 in 2025)

Mitigating Financial Risks While Paying Off Debt

- Terminated all interest rate swap agreements and variable rate debt (2018)
- Paid off 2011 pension bonds in March 2019
- Implemented the pension buyout program that directly reduces the present value of liabilities
- Late payment interest greatly reduced
- Paid off Civic Center Bonds
- Paid off College Illinois
- Early COVID MLF Borrowing
- Paid off interfund borrowing
- Repaid Treasurer's Investment Borrowings
- Eliminated the UI Trust Fund Balance
- Defeased $449 million of Railsplitter debt
- $700 million additional pension contributions



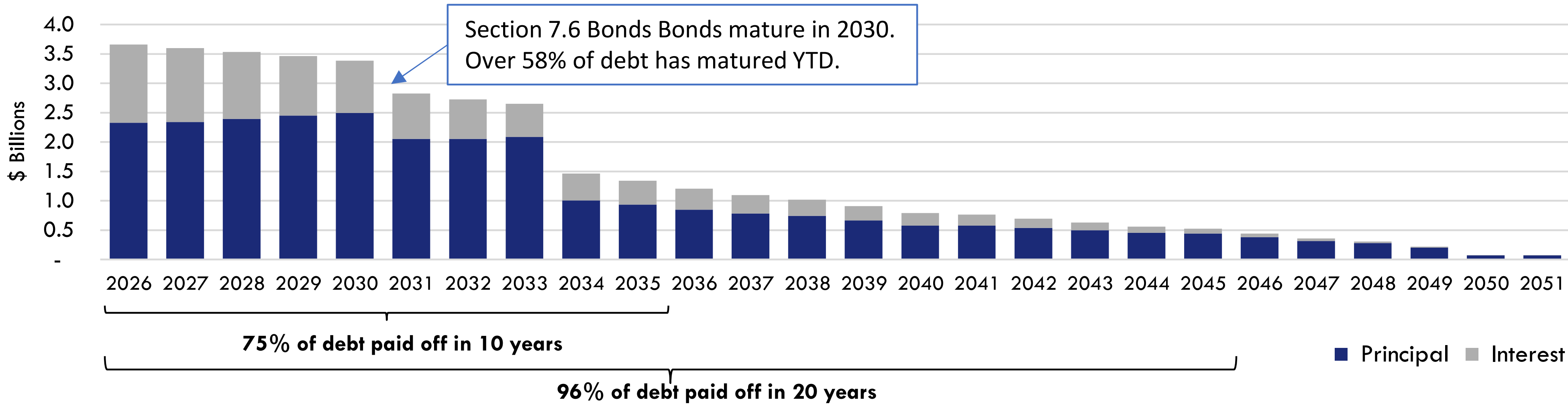
Source: Office of Auditor General, Office of the Comptroller

Restoring Illinois' Fiscal House Debt Paydowns ($ in millions)	
FY22:	
Early COVID borrowing repayment	$ 1,985
Unfunded College Illinois! liabilities	250
Additional Pension Contribution	300
Debt Transparency Act Accounts Payable Reduction	2,483
FY23:	
Additional Pension Contribution	400
Debt Transparency Act Accounts Payable Reduction	949
FY24/FY25/FY26:	
Railsplitter bonds defeasance (Sept 2023)	449
Estimated Accounts Payable Reduction	410
FY22/FY23 UI Trust Fund	4,063
Total Debt Paydown	**$ 11,289**

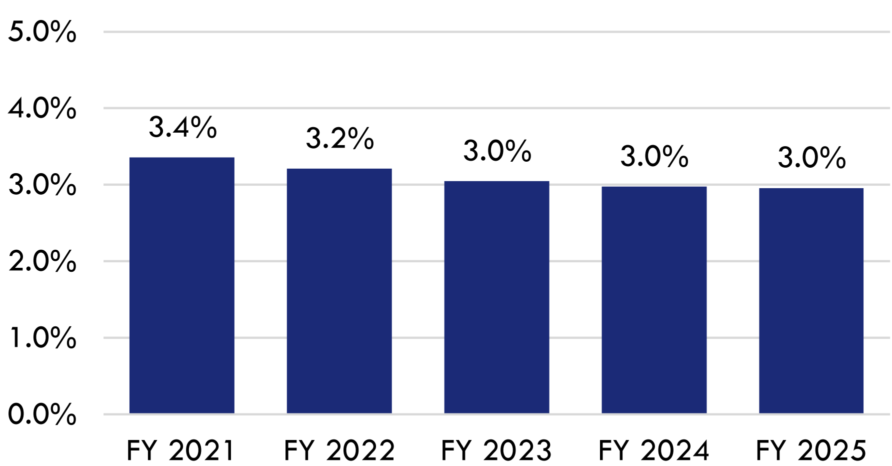
Illinois' Improving Debt Profile

Conservative Debt Levels Six Years into the State's Largest Capital Program

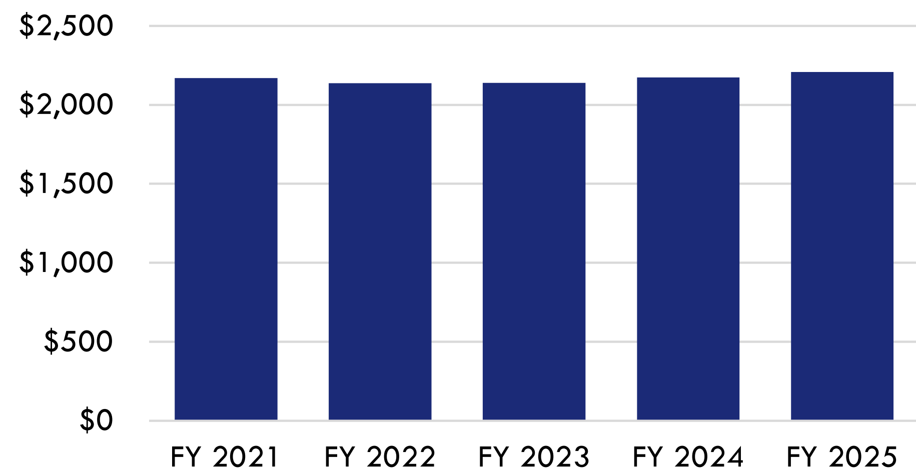
Existing General Obligation Debt Service by FY



Outstanding Long-Term GO Debt as a Percentage of Total Personal Income[1]



Outstanding Long-Term GO Debt per Capita[2]



Note: Total Personal Income and population data from the Bureau of Economic Analysis. Accessed June 27, 2025.

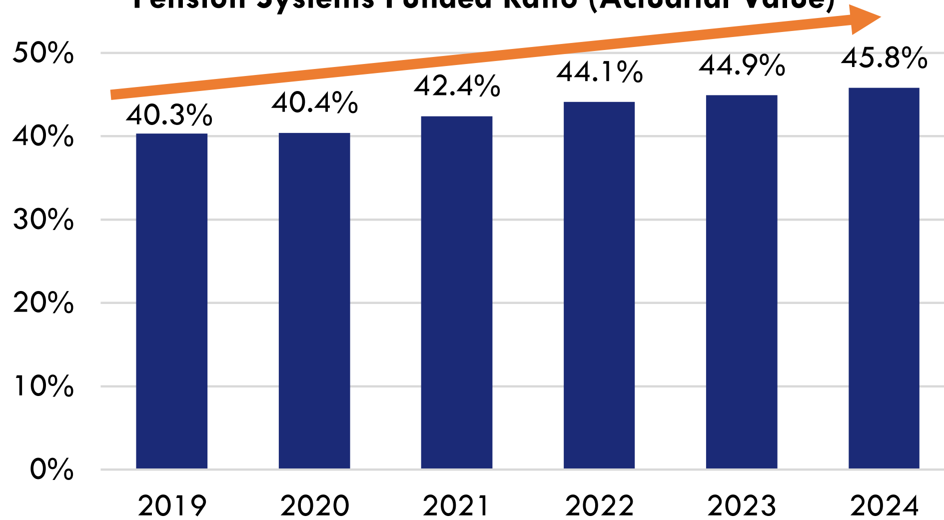
[1] GO Debt includes only debt issued under the General Obligation Bond Act and not debt issued under the Short-Term Borrowing Act or CURE Borrowing Act.

Funding Pension Obligations

Pension Costs Have Begun to Level Off

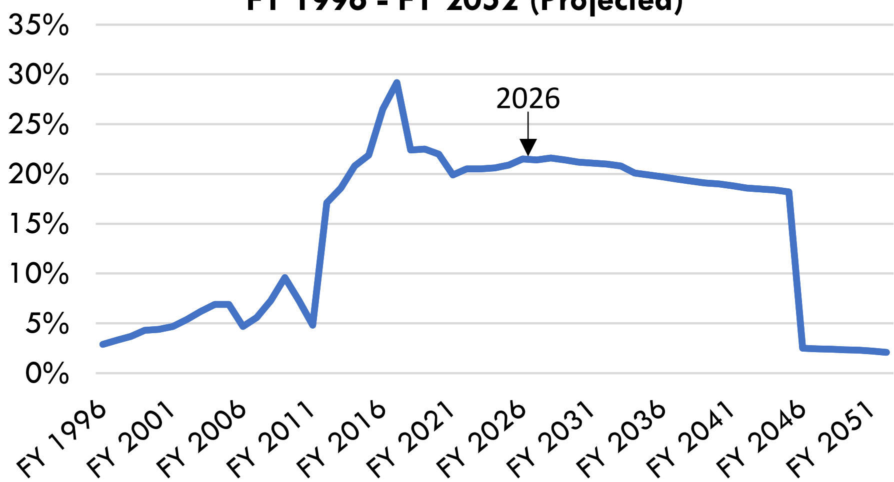
- Plan in place to reach 90% funded ratio by 2045
- FY 2026 Enacted budget fully funds certified contributions of $10.6 billion from General Funds
  - Contributions projected to constitute approximately 21% of State's General Funds expenditures
- FY 2026 Enacted budget package sets aside an additional $75 million to address Tier 2 Wage Base

Pension Systems Funded Ratio (Actuarial Value)



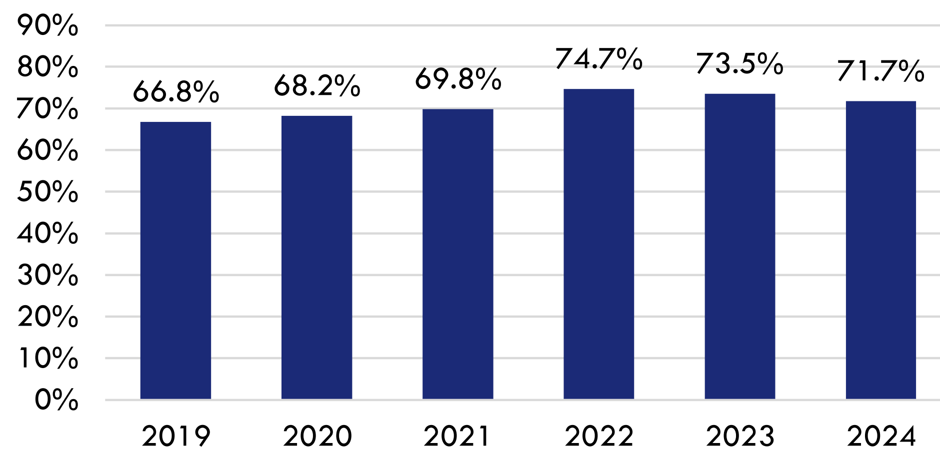
Source: Annual Valuation Reports of the Retirement Systems

General Funds Pension Cost, Including Debt Service, as a Percentage of Total GF Revenue Projections FY 1996 - FY 2052 (Projected)



Source: Commission on Government Forecasting & Accountability, Auguste 2025
Notes: FY 2023 through FY 2045 projections of State pension contributions come from the retirement systems' actuarial valuations. Projections beyond FY 2045 were estimated by the Governor's Office of Management and Budget.

State Contribution as a Percentage of ADC



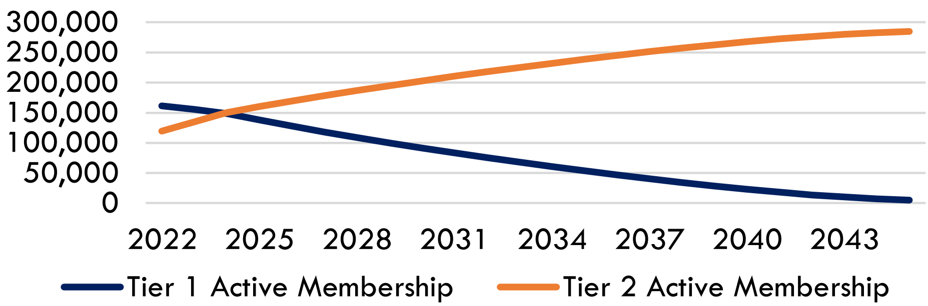
Source: Annual Comprehensive Financial Reports of the Retirement Systems for the fiscal years ending June 30, 2019, through June 30, 2023, FY2024 from State Pension Systems

Reducing Liabilities & Building Assets to Close the Gap

Reducing Liabilities

- **2-Tier System.** Illinois created "2-tier" pension system in 2011, significantly lowering baseline pension costs
  - Tier 2 active membership exceeded Tier1 membership at FYE 2024 by 1,570 members, which will accelerate improvements in the funded ratio

Projected Active Membership Across Five State Systems by Tier FY 2024 through FY 2045[1]



- **Pension Acceleration Program.** Discounted State pension buyout program established in 2018 (PA 100-587) and extended in 2022 (PA 102-718) have reduced PV of future liabilities by an estimated $2.9 billion as of July 2025
  - PA 104-008 authorized $200 million to fund the program through FY 2026 sunset

Building Assets

- **Additional Contributions.** The State contributed an additional $700 million to the systems above certified amounts across FY 2022 and FY 2023
  - These contributions will save taxpayers an estimated $2.4 billion by FY 2045
  - First time since the 1994 plan was enacted that the State provided contributions above certified amounts
- **Pre-Payments.** The Illinois Pension Code (as amended by PA 103-0588) allows for "pre-payments" to the retirement systems that will result in additional investment return
  - IOC made first pension pre-payment on July 15, 2024, which included $422 million in pre-payments[2]
- **Investment Returns.** Investment returns, on average, have exceeded assumptions over the past 5 years

The pension buyout program directly reduces the present value of liabilities and the pension funding gap without relying on future investment performance

[1] Projections of State pension contributions come from the Retirement System Actuaries from 2024 valuations.
[2] IOC, "Comptroller Susana Mendoza Orders First Pension Pre-payments Under New Rules" press release July 15, 2024

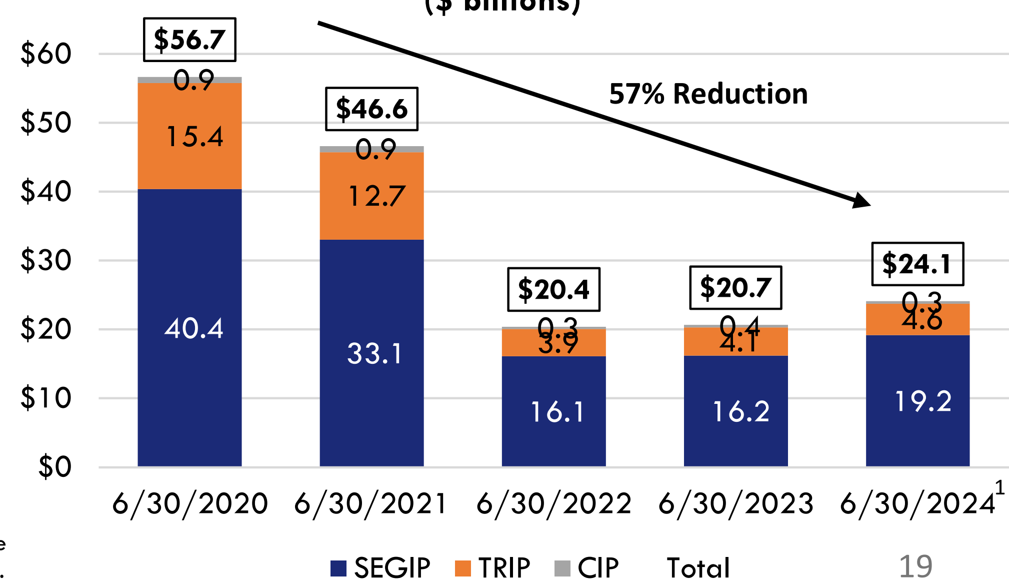
Other Post Employment Benefits Reductions

Proactive Cost Management is significantly Reducing OPEB Liabilities

- State contributes to three OPEB programs for retirees:
  - State Employees Group Insurance Program (SEGIP) for State and university employees and their dependents
  - Teachers' Retirement Insurance Program (TRIP) for retired teachers covered by TRS pension system
  - College Insurance Program (CIP) for retired community college employees outside of Chicago
- While the State is the primary funder for SEGIP, the TRIP and CIP programs are jointly funded by the State, local employers, active employees, and retirees
  - Of the FY 2025 TRIP OPEB liability, the State was allocated 57.6% as a non-employer contributing entity
  - Of the FY 2025 CIP OPEB liability, the State was allocated 50%

- Actuarial Valuations reflect the results of proactive management to reduce costs in the State's health insurance programs with an estimated 56% reduction in State OPEB liability since 2020
- Updated analysis based on claim and enrollment experience, premium changes, and changes in OPEB-related assumptions led to a significant drop in estimated OPEB liability
- Favorable Medicare Advantage Prescription Drug (MAPD) premium rates significantly reduced MAPD premium rates from previous years

State's Proportionate Share of Total OPEB Liability ($ billions)



Source: FY 2024 Actuarial Valuations, FY 2021 - FY 2023 ACFRs, and FY 2024 Interim ACFR . Pursuant to GASB 75, reflects state share for TRIP and CIP.
Note: FY 2022 information will be incorporated into FY 2023 ACFR. FY 2023 information will be incorporated into FY 2024 ACFR. FY 2024 information will be incorporated into FY 2025 ACFR.
[1] GOMB Estimate

2. Conclusion

The State is Positioned for Resilience

Broad, Diverse, and Growing State Economy	▪ Fifth largest economy in the country with deeply diverse industry base – no sector makes up more than 21% ▪ National hub for trade, travel, corporate headquarters, and higher education – 37.7% of IL residents have an undergraduate degree or higher ▪ Increasing per capita income, 4.2% CAGR since 2020Q2– Higher PCI than the nation and Great Lakes region ▪ Private and public investments in new, forward-looking technologies and evolving industries such as quantum
Strong Financial Management	▪ Record Budget Stabilization Fund expected to grow to $2.5 billion by FYE 2026, or 5.2% of revenues ▪ **General Funds cash balance reached 11% of General Funds Based Revenues** providing significant liquidity growth ▪ Consistent reduction of State's liabilities as evidenced by the Bill Backlog elimination and debt defeasances ▪ Growing cash balances, conservative budgeting, and improved reporting transparency ▪ Oldest General Revenue Fund voucher pending was **one business day** for the third FYE in a row ▪ Revenue generating and expenditure flexibility with a **track record of fiscal prudence**
Pension Funding Progress	▪ FY 2026 budget package sets aside $75 million for additional contributions to address Tier 2 safe harbor provisions ▪ Shift in pension beneficiary population as active Tier 2 membership outpaces active Tier 1 for the FIRST TIME ▪ Additional $200 million of bond funding authorized for Pension Acceleration program permanently reduces pension liability ▪ Supplemental pension payments of $700 million since FY 2022 ▪ Conservative investment earning assumptions reduced to 6.8%, below the national average ▪ The Illinois Pension Code allows for "pre-payments" by retirement systems that will result in additional investment return
Conservative Debt Portfolio	▪ Equal annual principal payments requirement leads to 75% of GO debt paid off in 10 years, 96% of GO debt paid off in 20 years ▪ Outstanding debt is 100% fixed rate with no variable rate debt or interest rate swap agreements
Moderating Long-Term Liabilities	▪ Reduced short-term and medium-term debt outstanding by over $11 billion ▪ OPEB liability decreased by estimated $32 billion or 57% from FY 2021 to FY 2025 ▪ Funded ratio improved from 40.3% to 46.1% from FY 2019 to FY 2024

Appendix A – Budget Update

General Funds Year-to-Date Revenues

GOMB's Monthly Report in Accordance with 20 ICLS 3005/7.4

- In accordance with 20 ILCS 3005/7.4, GOMB's monthly report contains information regarding General Funds revenues, General Funds expenditures, and appropriation line transfers in excess of 2% in a fiscal year

- Through September, individual income tax collections are 3.5% above what was assumed when the FY 2026 enacted budget was enacted

- Illinois' Actual Total Revenues are $289 million, or 2.4%, above the spring 2025 projections budget through September

General Funds Q1 Revenues ($ in millions)	FY26 YTD Budgeted	FY26 YTD Actual	Dollar Variation	Percent Variation
Individual Income Tax	$ 5,945	$ 6,153	$ 208	3.5%
Corporate Income Tax	1,141	927	(214)	-18.8%
Sales Tax	2,720	2,800	80	2.9%
Public Utility	160	163	2	1.3%
Cigarette	51	47	(4)	-6.9%
Estate	136	211	75	54.8%
Liquor	48	45	(4)	-7.8%
Insurance	110	161	51	46.5%
Corporate Franchise	58	56	(2)	-3.8%
Investment Income	200	178	(22)	-10.9%
Cook County IGT	-	-	-	0.0%
Other	90	94	5	5.1%
TOTAL STATE REVENUES	**$ 10,661**	**$ 10,835**	**$ 173**	**1.6%**
Federal Revenues	963	1,035	72	7.5%
TOTAL FEDERAL REVENUES	**$ 963**	**$ 1,035**	**$ 72**	**7.5%**
Transfers In				
Lottery	$ 174	$ 186	$ 12	6.9%
Gaming	31	52	21	66.5%
Adult-Use Cannabis	30	27	(2)	-8.3%
Sports Wagering	53	64	11	19.9%
Other	325	327	2	0.5%
TOTAL TRANSFERS IN	**$ 613**	**$ 655**	**$ 42**	**6.9%**
TOTAL REVENUES	**$ 12,237**	**$ 12,526**	**$ 289**	**2.4%**

General Funds Year to Date Expenditures and Transfers

GOMB's Monthly Report in Accordance with 20 ICLS 3005/7.4

- The Illinois Pension Code allows the IOC to request from the State retirement systems additional pension vouchers for a given month. This pension "pre-payment" allows the retirement systems to pay annuitants directly and to keep the investment for longer, potentially accruing additional investment returns

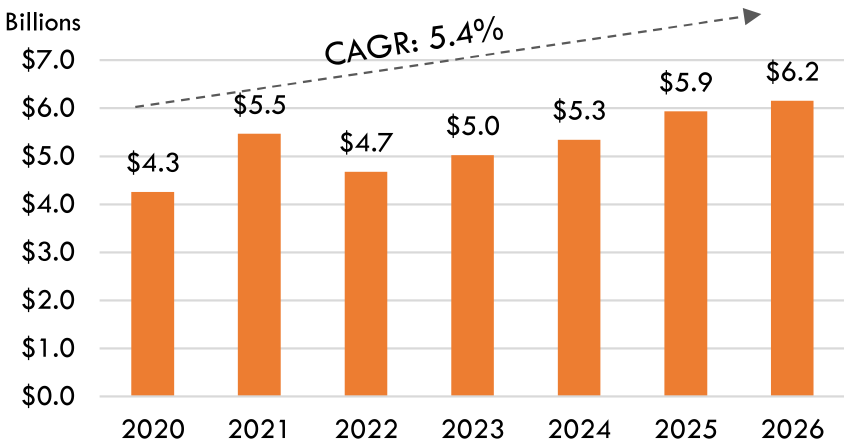
- There are no transfers from FY26 appropriations that exceed the 2% limit

General Funds Q1 Expenditures ($ millions)	FY26 YTD Budgeted	FY26 YTD Actual	Dollar Variation	Percent Variation
Healthcare and Family Services	$ 1,690	$ 1,842	$ 152	9.0%
State Board of Education	2084	2011	(73)	-3.5%
Retirement Systems	2634	4403	1,769	67.2%
Chicago Teacher's Pension System	89	161	72	80.3%
Dept of Human Services	1303	1290	(13)	-1.0%
Department on Aging	272	282	10	3.6%
Department of Corrections	397	317	(80)	-20.2%
Group Insurance (CMS)	507	625	118	23.3%
Higher Education	718	598	(120)	-16.7%
Other Agencies	985	1017	32	3.3%
TOTAL EXPENDITURES	**$ 10,679**	**$ 12,546**	**$ 1,867**	**17.5%**

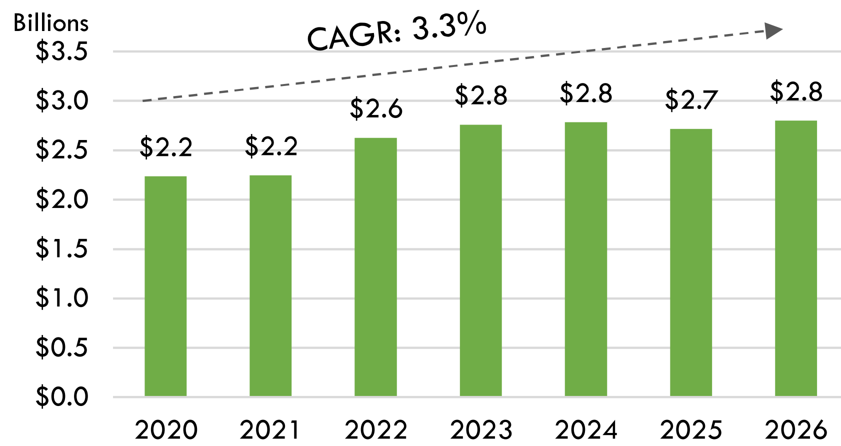
First Quarter Revenue Growth

Continued Growth in Income and Sales Tax Revenues

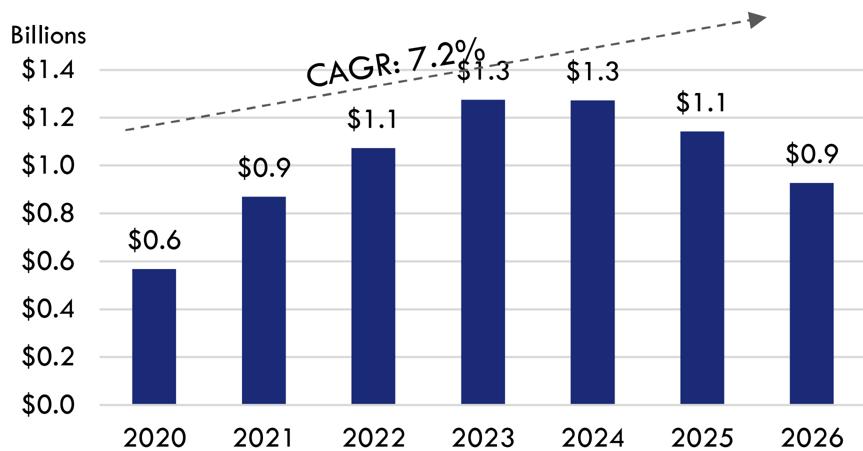
Historical Q1 Individual Income Tax Revenues



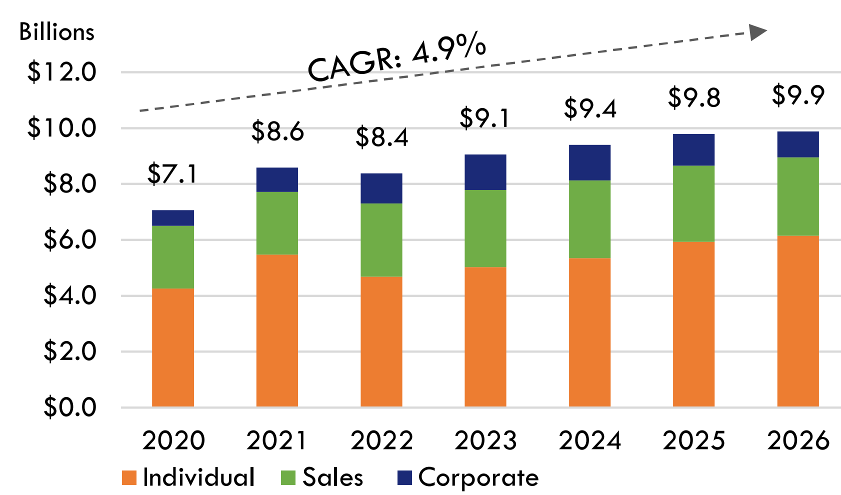
Historical Q1 Sales Tax Revenues



Historical Q1 Corporate Income Tax Revenues



Historical Income and Sales Tax Revenues (Combined)

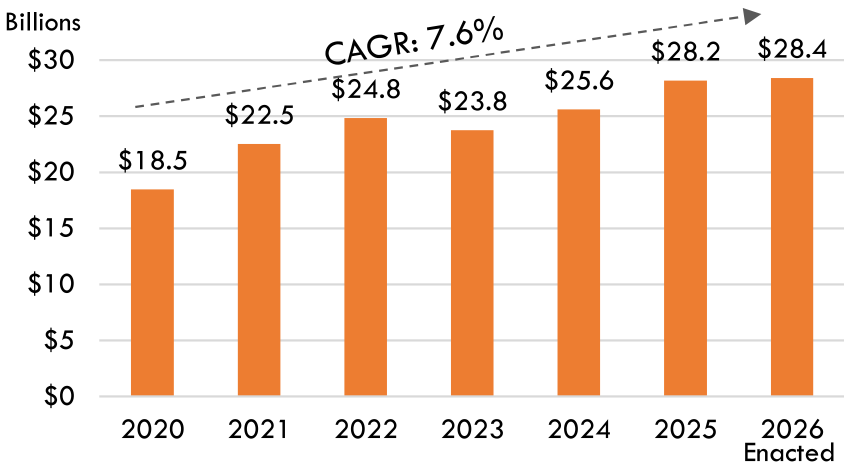


Source: IOC and GOMB.

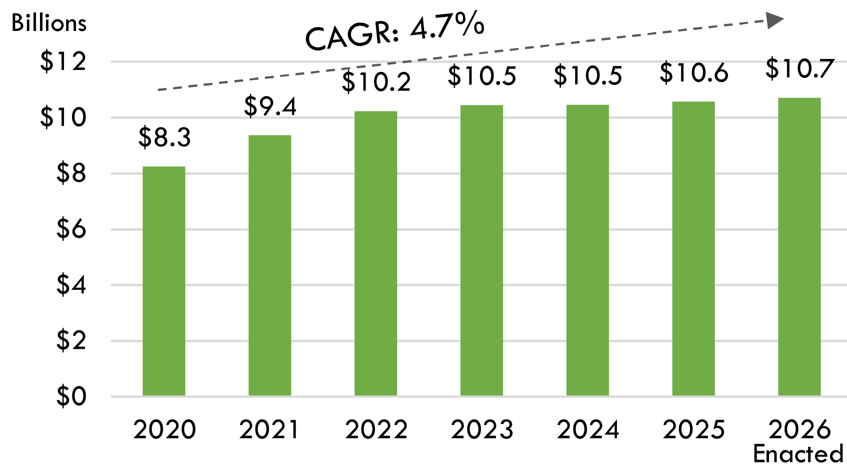
Positive Income and Sales Tax Performance

Growth in Income and Sales Tax Revenues Continues

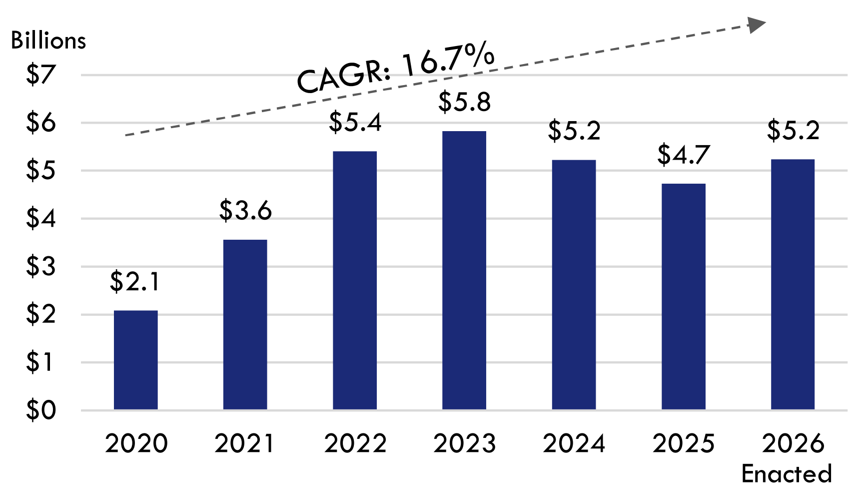
Historical Individual Income Tax Revenues



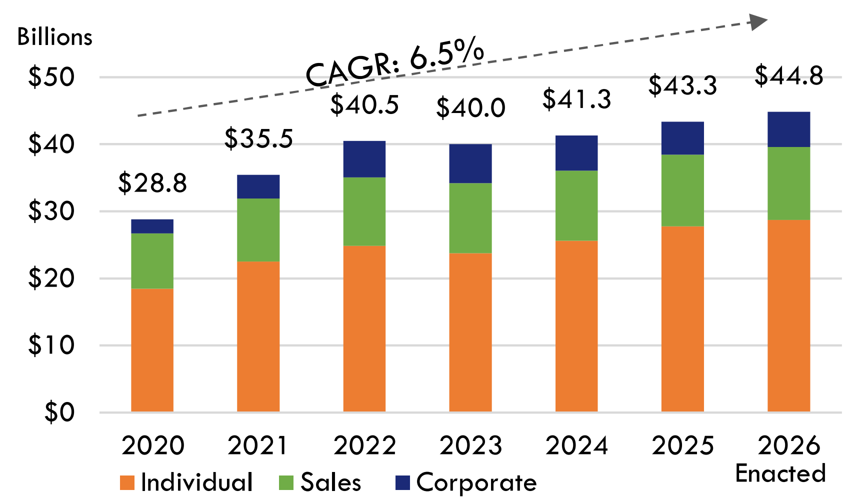
Historical Sales Tax Revenues



Historical Corporate Income Tax Revenues



Historical Income and Sales Tax Revenues (Combined)



Source: Preliminary Official Statement.

Appendix B – Economy

Positioning Illinois for Growth

Record Breaking Infrastructure Investments

- Rebuild Illinois launched in 2019; $45 billion infrastructure program, largest in the nation, modernizing roads, bridges, airports, ports, and universities
- As of the end of FY24, Illinois had built or modernized 6,541 miles of highways and improved 686 structures
- In 2021, Congress authorized Infrastructure Investment and Jobs Act (IIJA), directing over $18 billion additional capital dollars to Illinois, including:
  - $350 million for broadband equity, access and deployment
  - $321 million for drinking water loan program and emerging contaminants
  - $305 million towards wastewater systems
- Major Projects include:
  - I-80 Joliet Business Corridor Improvement Projects
  - McCluggage Bridge in Peoria
  - Expansion of I-57 in Southern Illinois
  - Reconstruction of I-255 in Metro East

McCluggage Bridge

I-57 Expansion Downstate

MidAmerica Airport Expansion

Auburn/Gresham Metra Station

Corporate Investments and Expansions

Open for Business Illinois 5-Year Economic Growth Plan

"In the last five years, we've seen unprecedented response from companies that are seeing the investment made in Illinois and deciding that is the kind of ethos and vision they need in the home of their next business expansion," said **Governor JB Pritzker.** "We're continuing that work more ambitiously than ever before, continuing to focus on a sustainable economic future that leaves no Illinoisan behind."

Illinois' 2024 Economic Growth Plan is a five-year plan guiding Illinois' economic development priorities and programming. It builds upon Illinois' prior success by outlining a roadmap to attract record-level investments, create jobs, and support communities over the next five years while laying the foundation for economic growth for generations to come.

The Plan is the result of an extensive research, planning, and stakeholder engagement process involving hundreds of stakeholders from every corner of the economic development ecosystem, including local communities and experts from a range of industries.

The Plan is guided by **four** overarching economic development goals:

- Focus on high growth sectors and continue overall business climate improvements
- Advance comprehensive economic development efforts for business growth and attraction
- Promote equitable growth by empowering workers, entrepreneurs, and communities
- Build out the new clean energy economy

Long-term growth with focus on **key growth industries** such as:

- Life sciences
- Quantum computing, AI, and microelectronics
- Clean energy production and manufacturing
- Advanced manufacturing
- Next generation agriculture, agriculture tech, and food processing
- Transportation, distribution, and logistics

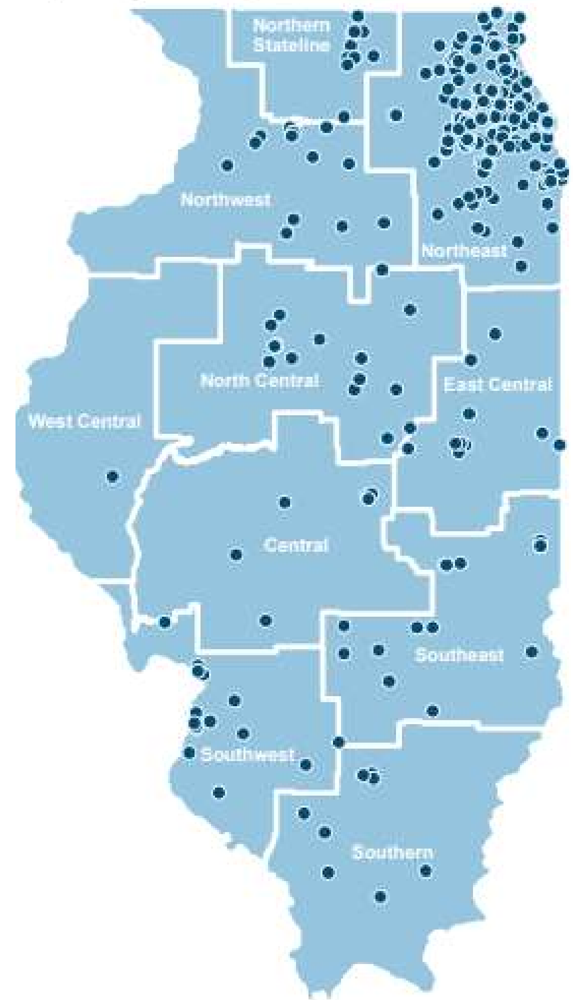
Corporate Investments and Expansions

Business Expansion Across Illinois as CNBC Ranking Increases From 30th to 13th Since 2019

Attractive Sites for Investments Across the State:

- The **State's FY2026 Enacted Budget** includes $300 million for the "Surplus to Success" Program, which will convert underutilized state properties to site-ready locations for businesses to invest in Illinois. There is an additional $200 million allocated for DCEO's site readiness program. This $500 million represents the largest investment in site readiness in state history
- **Site Selection** reported that Illinois' expansion and relocation projects grew 20% in 2024 from 2023, after 664 companies expanded or relocated in 2024. This is up from 2023's number of 552 expansions or relocations
- Governor Pritzker announced in January 2025 that the **State's incentive programs** led to $12.5 billion in private sector investments in 2024, doubling the previous year's investment of $6.3 billion
- In 2024, **Rivian,** located in Normal, chose Illinois to build its new highly-anticipated R2 model. The company committed to investing $1.5 billion, creating 500 new manufacturing jobs in the next five years, and retaining 6,000 jobs at the facility
- **Wieland** announced it will invest $500 million to modernize and upgrade its East Alton facility in January 2024. The new facility broke ground in March 2025 and will retain 800 jobs throughout the State
- In December 2024, a new $820 million investment by **Avina Clean Hydrogen** for a sustainable aviation fuel project was announced in Southwest Illinois. The project is expected to create at least 150 full-time jobs
- In January 2025, Governor Pritzker announced that **Fortune Brands Innovations** had chosen Deerfield as the site of its headquarters, creating at least 400 new jobs in the area with the capacity to grow to 1,000 jobs
- In March 2025, the Governor announced that **Epic Medical,** a medical device manufacturing company, will make a $25 million investment and open its first U.S facility in Pekin

Mid-Size and Large Businesses Relocating or Expanding in Illinois, 2019-24 [1]



Note: Based on CNBC's Top States for Business. Ranking as of 2025 Report.

[1] Open for Business: Illinois 2024 Economic Growth Plan

Quantum is Booming in Illinois

National Leader in Quantum Computing, Communications, and Sensing

- Illinois is home to 4 out of 10 quantum centers, 2 out of 5 USDOE national quantum science research centers, as well as the first quantum startup accelerator program – Duality.

- **Collaborating with world-class research institutions**
  - University of Illinois, UChicago, Northwestern, Argonne, Fermilab, Chicago Quantum Exchange

- **Federal and State Investments**
  - No state has received more National Quantum Initiative Act funding
  - Recently announced the Illinois Quantum and Microelectronics Park – supported by $500 million in the State's FY25 budget
  - Receiving funding from DoD's DARPA for research and development of quantum technologies

- **Commercialization**
  - IBM, Google, well-funded startups, Fortune 500 customers all gathering around use-cases for quantum

Illinois Quantum and Microelectronics Park

$500 Million Investment in America's Largest Quantum Computing Project

- Illinois Quantum and Microelectronics Park (IQMP) will be a vibrant campus anchored by PsiQuantum.
  - DARPA- Illinois Quantum Proving Ground, IBM, and Diraq among planned tenants
  - Broke ground in September 2025
- South Chicago site chosen for its large acreage – facilitating future expansion, power capacity, multiple water sources including Lake Michigan and Calumet River, water (slip) access, proximity (5mi) to University of Chicago and Chicago Quantum Exchange partners
- Facility buildout estimated to create 1,700 jobs at peak construction and 150 permanent new jobs representing a range of professions including technicians, operators, scientists, engineers, site managers, and logistics workers, and others
- Will leverage Illinois' diverse supply chain to develop and build the facility's specialized equipment – including custom tool manufacturers, chemical suppliers, and more across the State's manufacturing sector
- IQMP to be governed by Board of Managers representing key stakeholders in the park: University of Illinois System, University of Chicago, Northwestern University, Chicago State University, City Colleges of Chicago, Argonne, Fermilab, and private sector representation

Image Credit: PsiQuantum

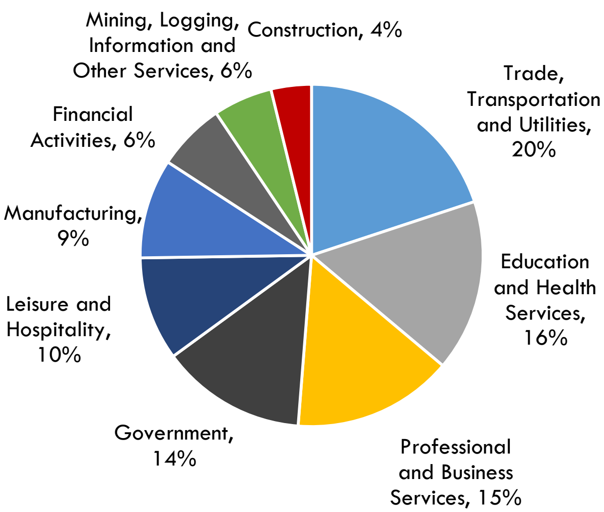
Illinois' Strong Economic Foundation

Pillars of Illinois Economy Demonstrate Ongoing Strength and Resilience

Strong and Diverse Economy

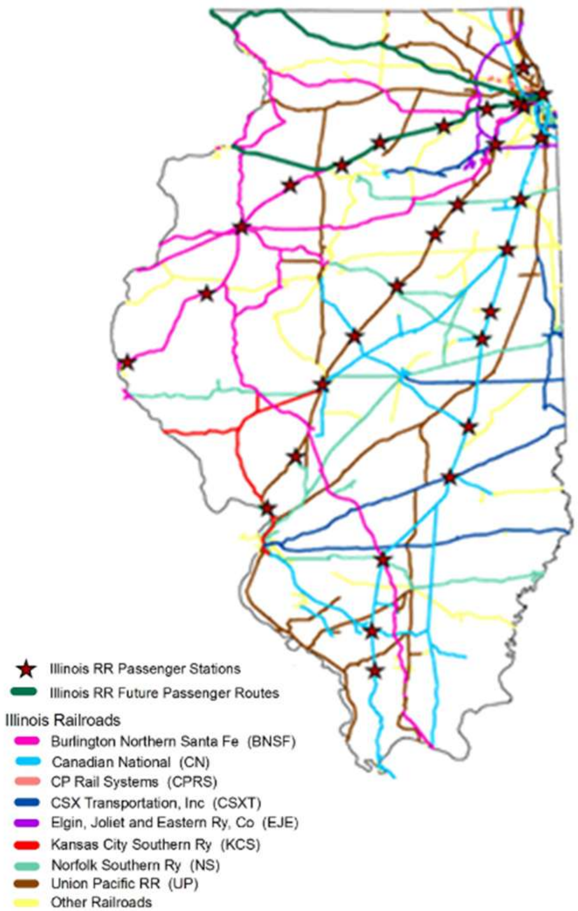
- Deep and diversified economy with no single industry comprising more than 21%
- Home to 32 Fortune 500 companies with continued expansions
- Illinois' GDP grew 31% since Q1 2020 ($882 billion), reaching $1.2 trillion in Q1 CY 2025, fifth among U.S. states

IL Non-Agricultural Payroll Jobs by Industry CY 2024



Expansive Transportation and Logistics Network

- State is home to the 4th and 31st busiest U.S. airports by passengers - O'Hare and Midway
- All of the nation's class 1 transcontinental railroads operate within the State



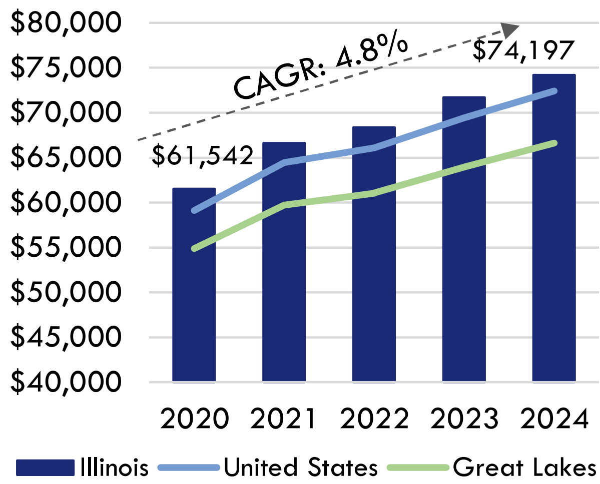
Highly Educated Population

- Illinois is home to top-ranked universities, bringing continued inflows of talented and educated individuals to the State
- As of 2024, 39.2% of Illinois residents have college degrees compared to 37.2% nationally

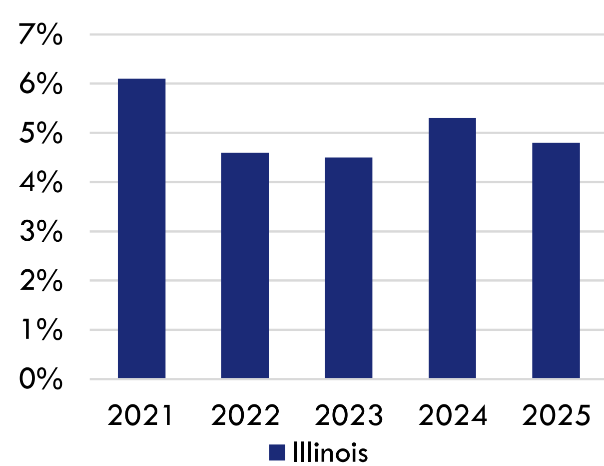
ILLINOIS | Northwestern University | The University of Chicago | Loyola University Chicago | DePaul University | Columbia College Chicago | UIC | Northern Illinois University | Illinois State University | SIU Carbondale | Illinois Wesleyan University | Illinois Institute of Technology

Broad and Strong State Economy

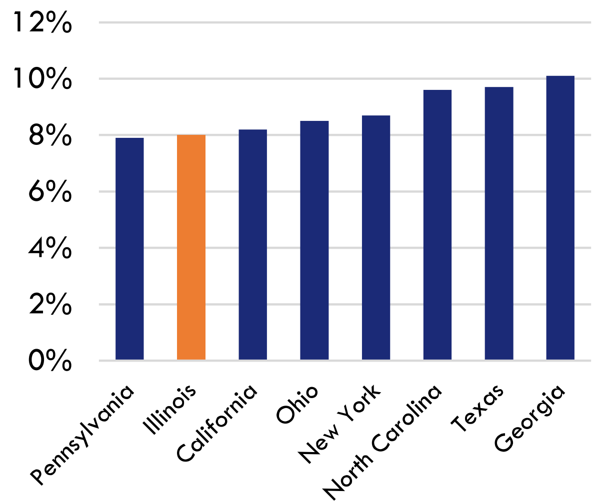
Rising Per Capita Income



Stable Unemployment Rate



Turnover Rate Q2 2024

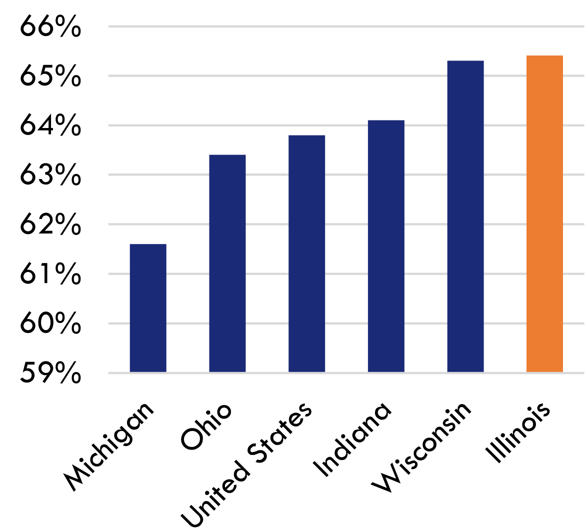


Pillars of Illinois Economy Demonstrate Ongoing Strength

- Illinois has consistently exceeded the average states' per capita income ranking 1st in the Midwest, 3rd among the most populous states, and 14th overall among all states
- In Q2 of 2024, Illinois tied for 3rd in the nation among all states for the lowest employee turnover rates and was 2nd of the top 9 most populus states*, which means higher worker retention and tenure among new hires
- In 2024, Illinois had the second highest workforce participation rate of the top 10 most populus states, and the highest among the Great Lakes region – allowing for a larger tax base

*Alaska, Massachusetts, Missouri and Michigan data not currently available

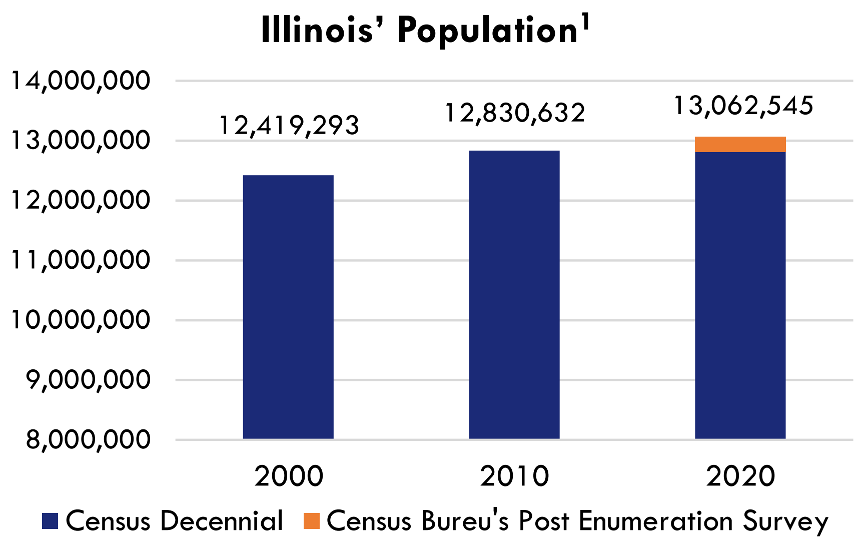
Population in Workforce 2024

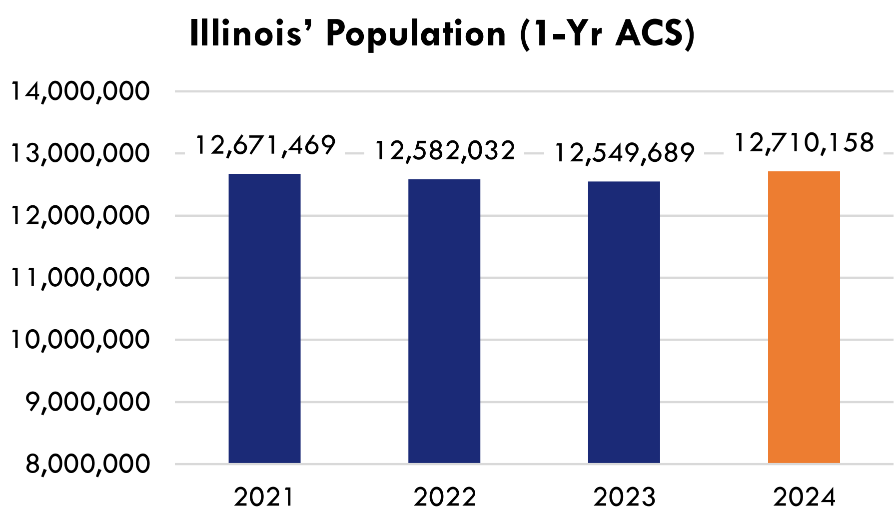


Appendix C – Demographics

Illinois' Stable Population

State Experienced Largest 1-Year Population Growth in Great Lakes Reigon





- Illinois' population topped **13 million** for the first time. Population is estimated to have **grown not diminished—** contrary to news headlines
  - Census Bureau's Post Enumeration Survey (PES) report issued on 5/8/22 found that Illinois had its population **significantly undercounted** by the 2020 Census (by ~250,000 people)
- Illinois' population grew 2010 – 2020 to retake its place as the 5th largest state
  - 1-year ACS reports year-over-year population growth
- U of I Researchers found[3] net improvement in income, wealth, educational attainment, and careers because of net (in and out) migration
  - Education levels in Illinois rose during study period, driven by domestic and foreign migration
- Out-movers tended to have lower incomes than in-movers
  - Most-cited (39%) reason for leaving Illinois was job-related, followed by "family reasons" (23%)
  - Tax-base growth outpaced population growth during study period
  - Taxpayers at study's highest income level ($500K+) grew by 52%
  - Earned Income Tax beneficiaries decreased by 11%

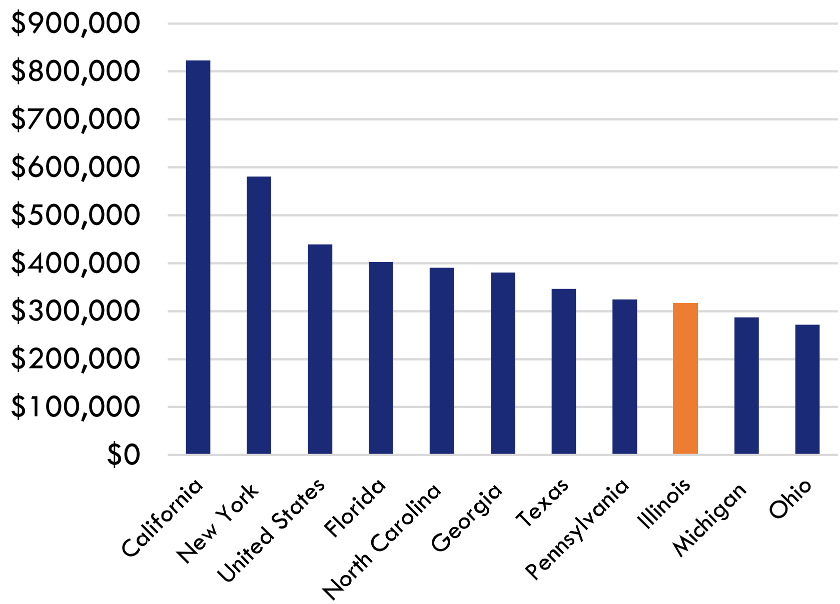
1. U.S. Bureau of Labor Statistics, data as of March 1, 2023 - Note: Adjusted Illinois population is for illustration purposes only. The Census Bureau's Post Enumeration Survey (PES) is a follow-up survey to the census count meant to examine the results for accuracy through additional statistical sampling. Adjusted total includes the estimated 250,000 undercount found in 2020 Post-Enumeration Survey Estimation Report plus the April 1, 2020 State of Illinois's population base estimate of 12,812,545 as of December 2022 Source: U.S. Census, www2.census.gov/programs-surveys/decennial/coverage-measurement/pes/census-coverage-estimates-for-people-in-the-united-states-by-state-and-census-operations.pdf
2. Bureau of Economic Analysis retrieved February 14, 2023. The Great Lakes region includes Illinois, Indiana, Michigan, Ohio and Wisconsin.
3. "A Decade of Illinois' Migration: Providing Demographic, Geographic, and Socioeconomic Context," Economic Policy Institute and U of I Urbana-Champaign, issued October 10, 2023.

Housing Affordability in Illinois

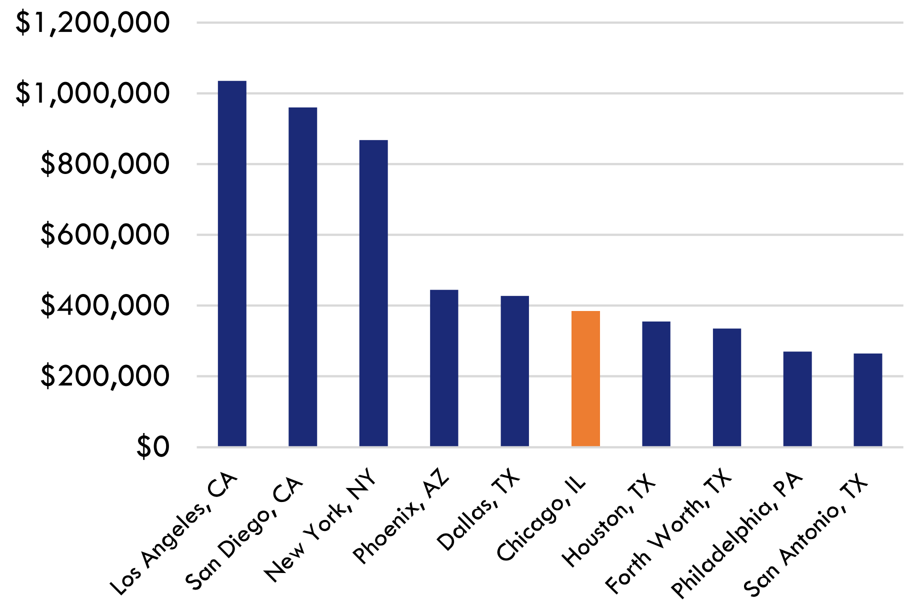
High Quality of Life at a Lower Price Point

- Of the 10 most populous states, only Michigan and Ohio have a more affordable median home price [1]
- Illinois' median home is 39% ($122,219) less than the median in the U.S.
- Illinois has the 4th lowest median home price to median household income ratio
- Of the 10 most populous cities, Chicago has the fifth most affordable median home price
- Chicago's median home price in August 2025 was $385,000, making it more affordable than Phoenix or Dallas

Median Home Price, Most Populous States



Median Home Price, Most Populous Cities



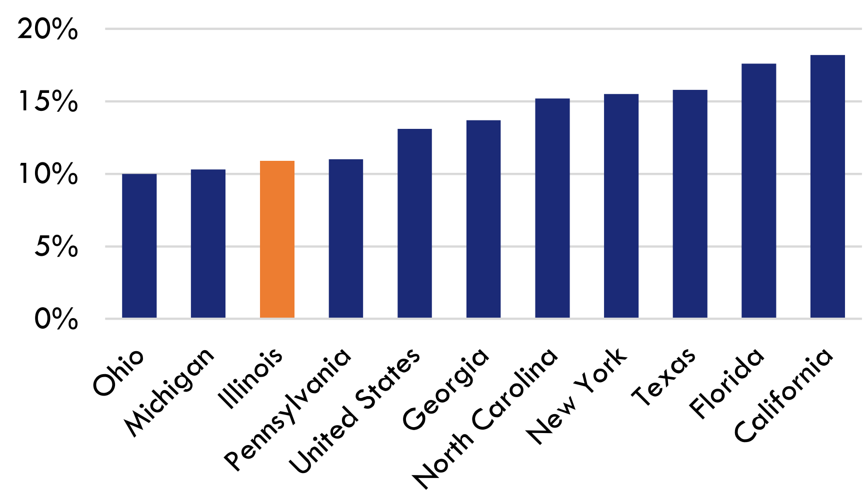
[1] Redfin Data, August 2025

Illinois Poverty Metrics

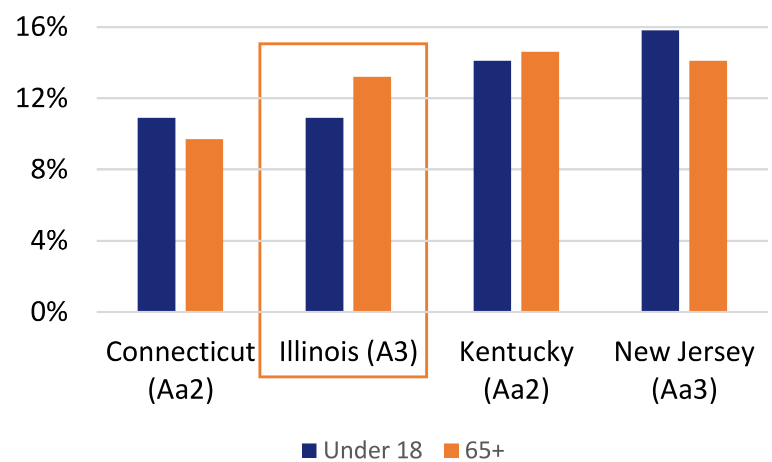
Illinois Has Lower Poverty Rate than Nationwide Average

- Illinois is ranked 26th amongst states for lowest poverty rates among under 18 and 65+ age group[1]
- Illinois is 1.2 percentage points below the nationwide average for both age groups

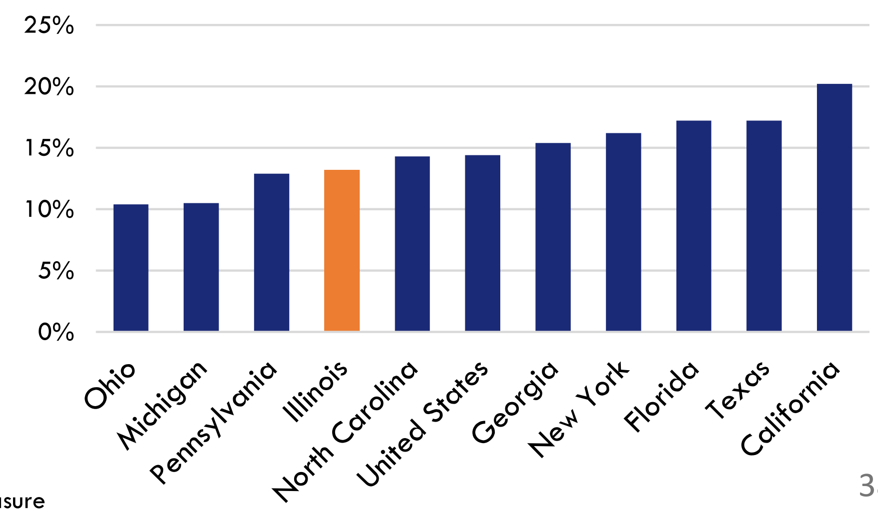
Proportion of People Below 18 Living in Poverty



Poverty Rates Among Recently Upgraded States and Illinois



Proportion of People 65+ Living in Poverty

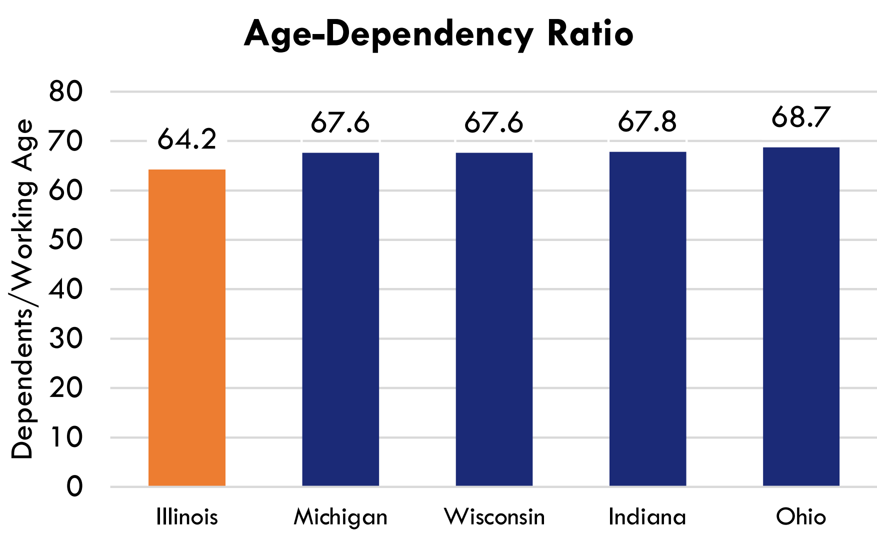


*U.S. Census Bureau 2022-2024 average, based on the Supplemental Poverty Measure

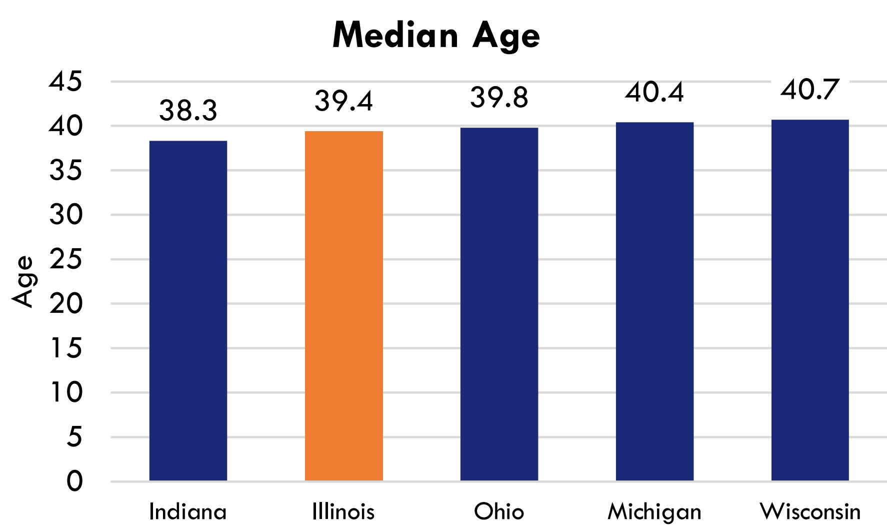
[1] U.S. Census Bureau, Current Population Survey, 2023 to 2025 Annual Social and Economic Supplement

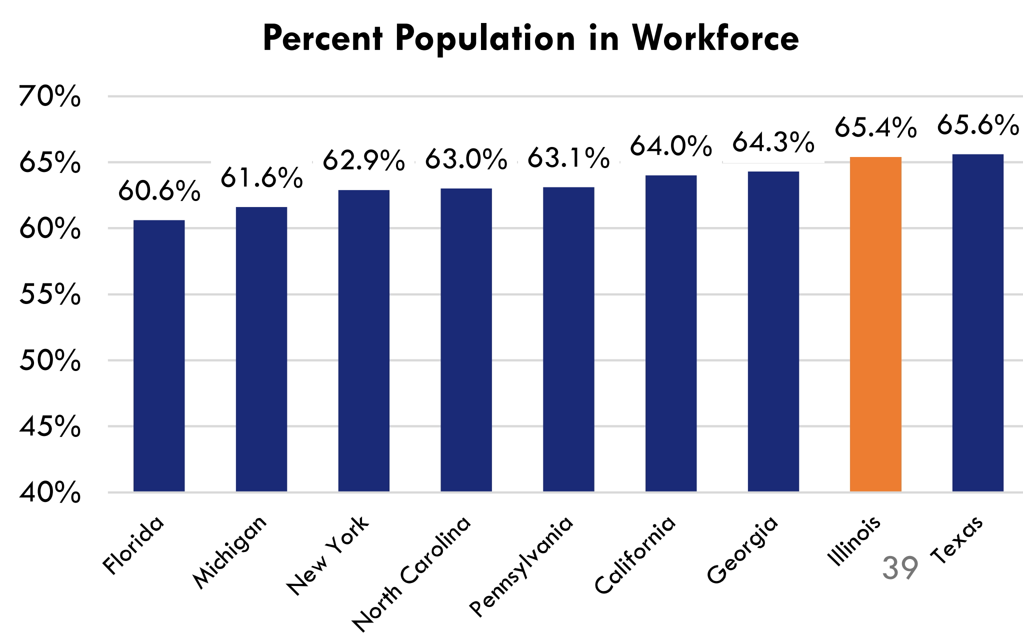
Robust Illinois Workforce Fundamentals

Illinois Has Lowest Age-Dependency Ratio Among Great Lakes States and Lower than US



- Illinois maintains the **lowest age-dependency ratio (ADR)** (dependents/working-age adults) in the Great Lakes region while having the region's second-lowest median age— signs of a healthier economy with less stress on workforce and government resources
  - Illinois' age-dependency ratio is lower than the national ADR of 65.2
- Illinois has the **second lowest median age** in the Great Lakes region— a sign Illinois will have future workers to replace future retirees
- Illinois has the **highest** workforce in the Great Lakes region, second-highest participation rate among the top-10 population states, fourth highest overall in the US

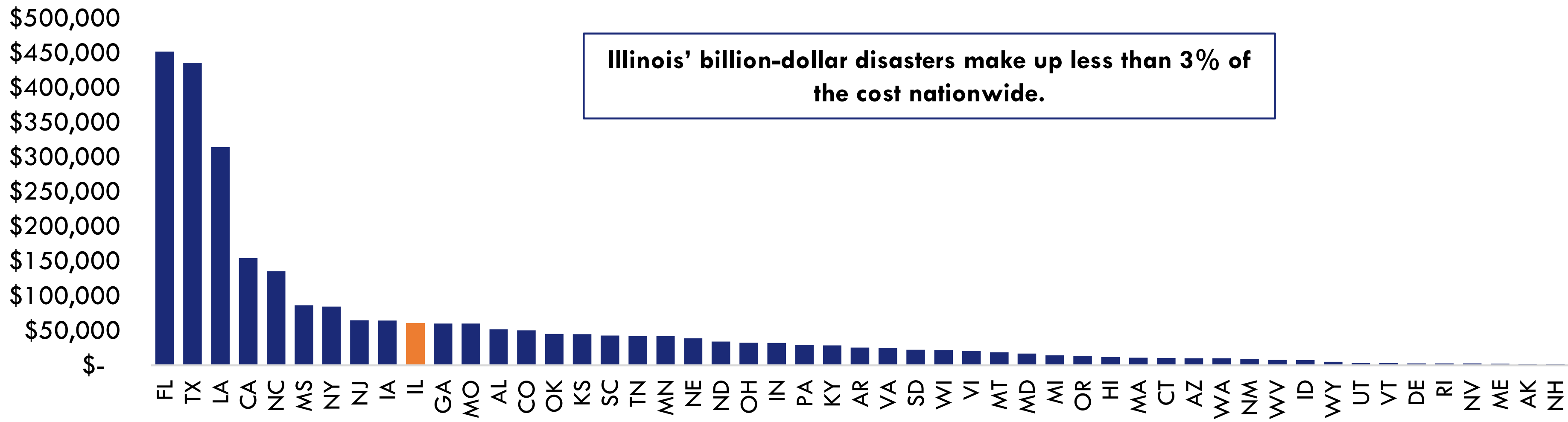




1. U.S. Census Bureau, American Community Survey 1-Year Estimates 2024

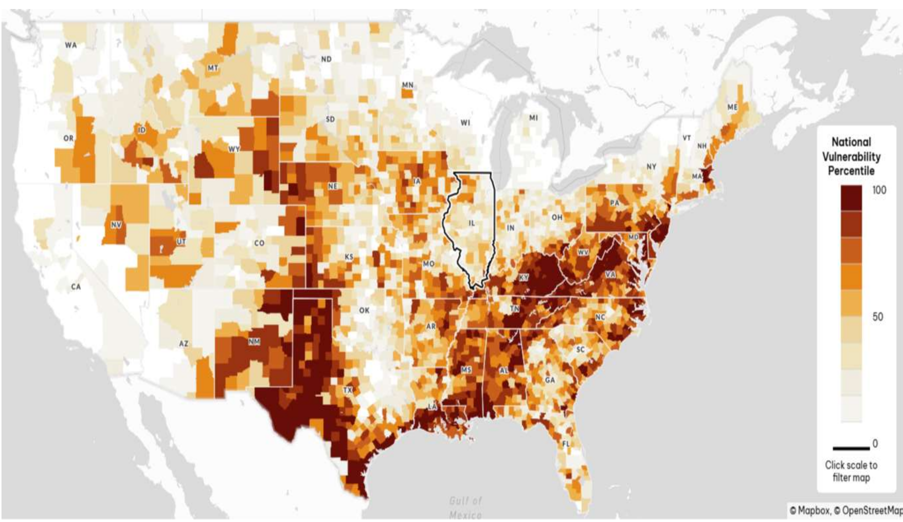
Climate and Energy Rankings

Billion-Dollar Disasters Costs ($ in Millions, CPI Adjusted), 1980-2024



Illinois' billion-dollar disasters make up less than 3% of the cost nationwide.

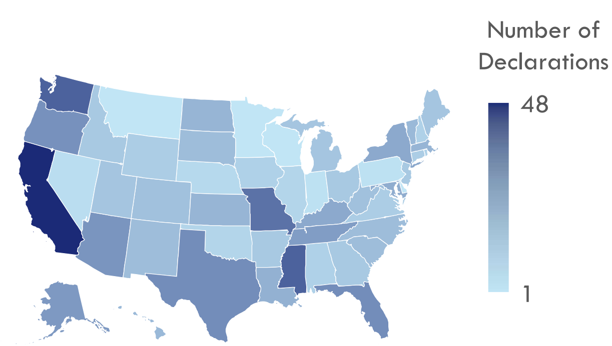
Climate Vulnerability Index



Illinois is ranked 38th among states and D.C for sensitivity to climate impacts

Illinois has only 5 FEMA disaster declarations for this period, tied for 9th fewest

Number of FEMA Disaster Declarations by State 2021- Present



Source: NOAA National Centers for Environmental Information (NCEI) U.S. Billion-Dollar Weather and Climate Disasters (2025)
Source: U.S Climate Vulnerability Index, climatevulnerabilityindex.org
Source: OpenFEMA Dataset: FEMA Web Disaster Declarations