

State of Illinois

Fiscal Year End 2023 Update



September 2023

Strongest Fiscal Position in a Generation



Strong operating results, significant debt paydown, & investment in stabilization funds

Historic fiscal progress

- Record budget stabilization funding level expected to grow to over \$2.0 billion by FYE 2024
 - 4.2% of enacted 2024 revenues, and is expected to grow to 4.5% by FYE 2024
 - Raised the targeted balance of the Budget Stabilization Fund to 7.5% of revenues demonstrating Illinois' commitment to responsible fiscal planning
 - Established *permanent revenue streams* plus \$450M loan repayment from the UI Trust Fund
- Eliminated the bill backlog
- Reduced General Funds accounts payable
- Eliminated the UI Trust balance and strengthened UI Trust Fund for the future
- State's deep and diversified economy reaches a GDP of \$1 trillion

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

- FY 2022 and FY 2023 budgetary basis surpluses in excess of \$2 billion with continued surpluses estimated for FY 2024
- FY 2022 ACFR reported a \$1.479 billion General Fund surplus on a GAAP basis – the first surplus since 1985

Managing pension commitments continues to be a priority

- Recent \$200 million pension fund contribution brought the total additional pension fund contributions to \$700 million across FY 2022 and FY 2023
- Additional \$1 billion authorization for bond funding of pension buyouts, extending the program to 2026

Fiscal Performance Best in Two Decades

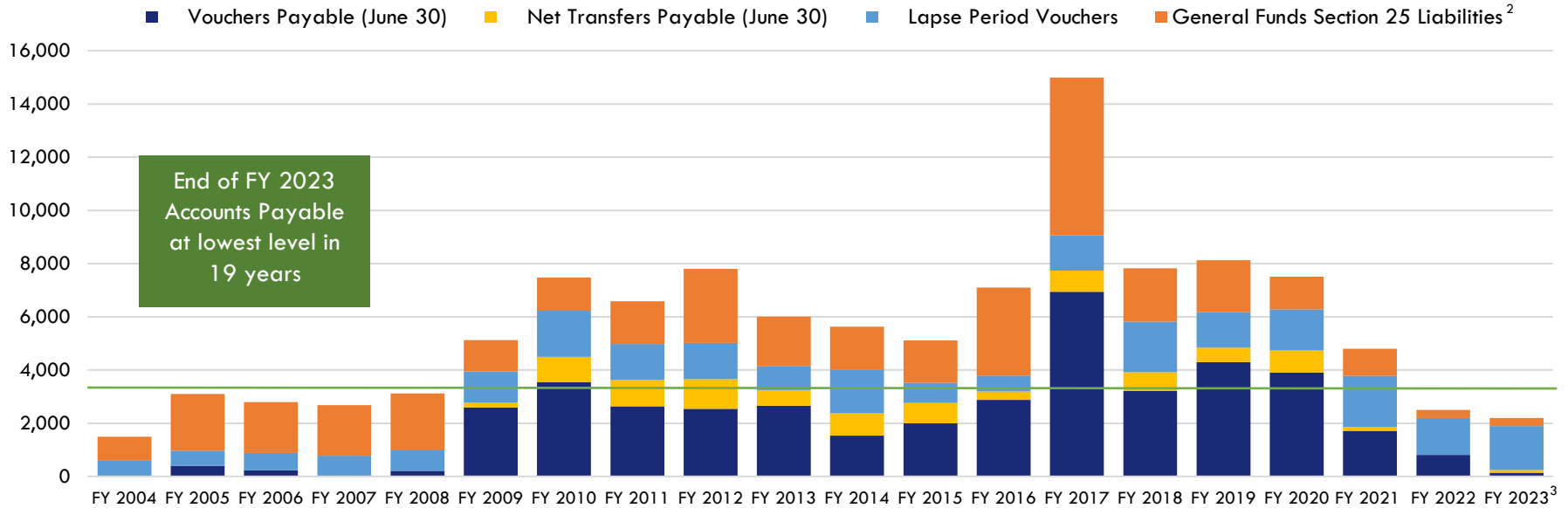


FY 2023 General Funds accounts payable estimated to be at lowest level since 2004

Strong economy driven revenue performance was dedicated towards reducing unpaid bills

- Using the State’s broader measure of A/P (OS Table 5), FY 2023 levels est at the lowest level in 19 years
- Section 25 Liabilities expected to be at the lowest level in recent history

**General Funds Accounts Payable Estimate¹
(Budget Basis - Official Statement Table 5)**



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

¹ This amount includes General Funds Lapse Period Transactions as reported in the TBFR. Lapse Period Warrants plus 6/30 Vouchers and Net Transfers Payable. Lapse period vouchers are expenditures that occur in the months following the fiscal year end, but are utilizing prior fiscal year 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

³ FY 2023 amounts are preliminary and subject to change, based on IOC DTA report and Governor’s Office of Management and Budget(GOMB) estimates.

Accounts Payable Down 94% in 3 Years

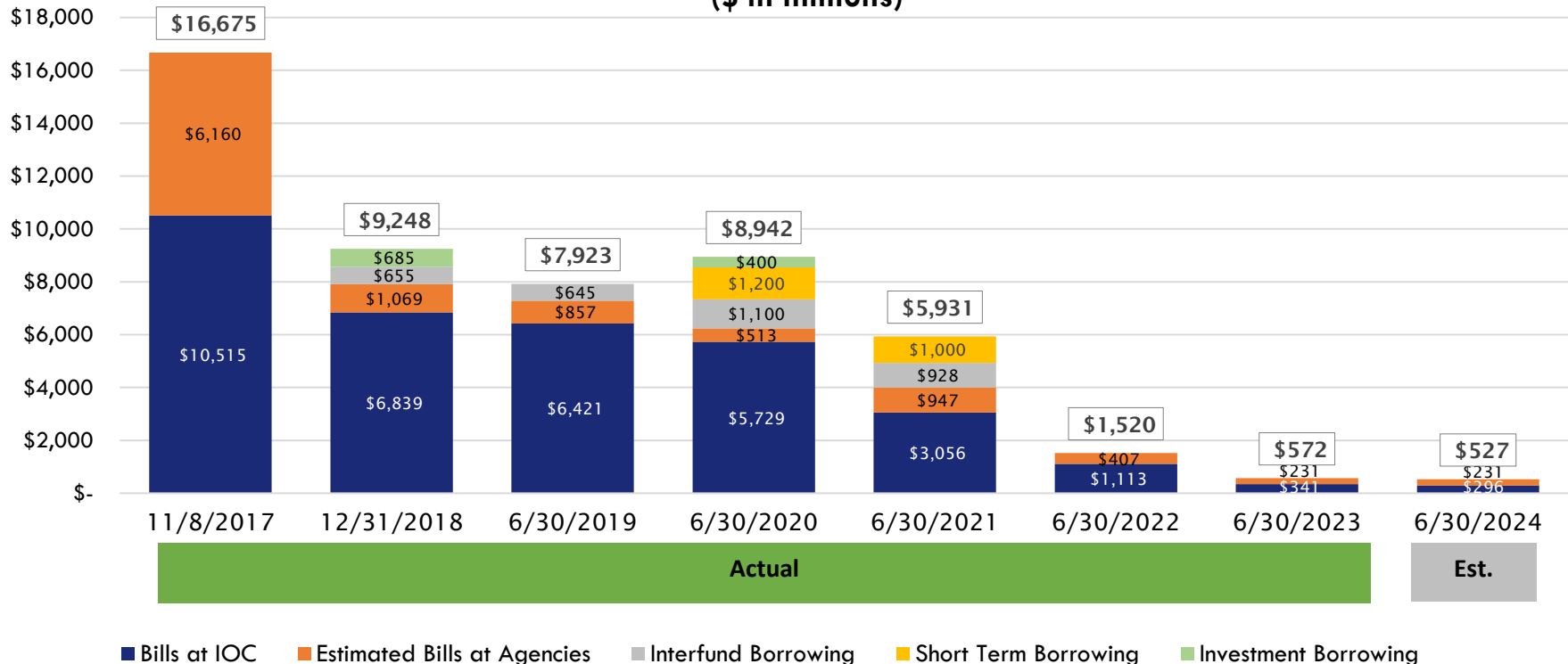


Reduced by \$1 billion since June 2022

End of FY 2023 accounts payable estimate totals \$572 million

- Reduction of \$8.4 billion (94%) since June 2020 and nearly \$1 billion (62%) reduction since June 2022
- Primarily include bills under 30 days and transfers to other State accounts
- End of FY 2024 Accounts Payable expected to be close to end of FY 2023 level

Accounts Payable and Outstanding Borrowing (\$ in millions)



Source: Actuals – Comptroller Debt Transparency Reports, <https://illinoiscomptroller.gov/financial-reports-data/find-a-report/debt-transparency-report>, Estimates - GOMB

¹ Short Term borrowing encompasses the issuance of the 2020 CURE Borrowing Act Notes and the 2020 Short-Term Certificates (together, the “MLF Borrowings”)

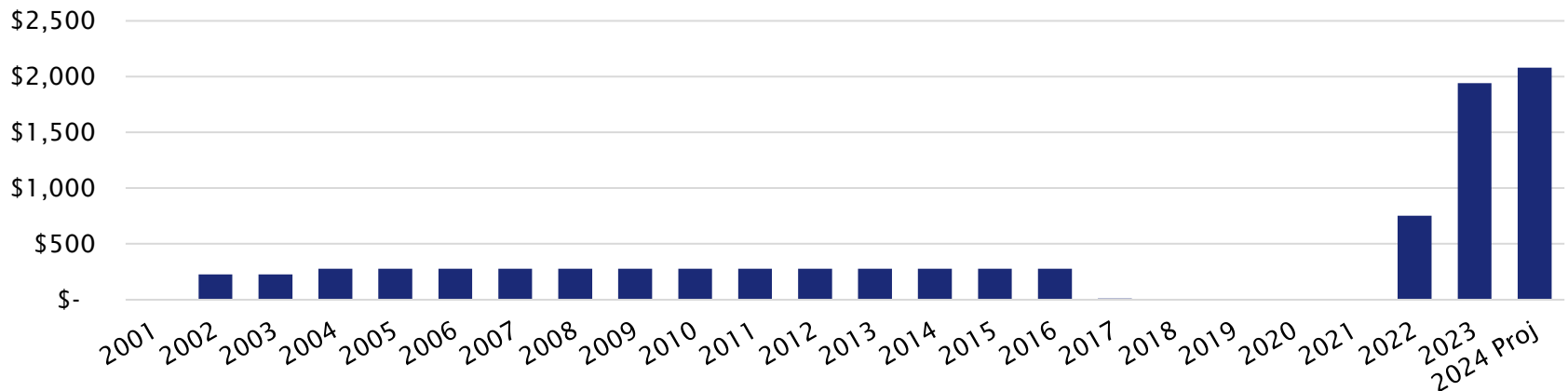
Record Setting Budget Stabilization Fund



Committed to a new era of fiscal responsibility by planning for a 'rainy day'

- Record setting balance of \$1.965 billion as of August 31st
 - \$746 million deposited into the fund in FY 2022
 - \$1.155 billion deposited in FY 2023 plus \$34 million of earned interest
- \$138 million estimated to be deposited in FY 2024 with ongoing dedicated revenue sources:
 - 10% of cannabis tax revenues (approximately \$25 million)
 - Monthly transfers of \$3.75 million from GRF beginning July 1, 2023 (\$45 million/year)
 - Repayment over 10-years from State's \$450 million loan to UI Trust Fund (est \$45 million/year)
 - Interest earnings on the fund's balance (\$23 million estimate for FY 2024)
- Balance projected to total over \$2 billion by FYE 2024

**Budget Stabilization Fund
EOY Balance
(\$ in millions)**



PA 102-1115 raised the targeted balance of the fund to 7.5 percent of revenues from 5 percent demonstrating Illinois' commitment to responsible fiscal planning

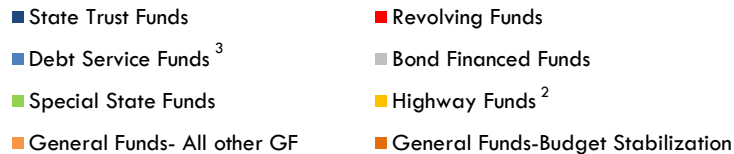
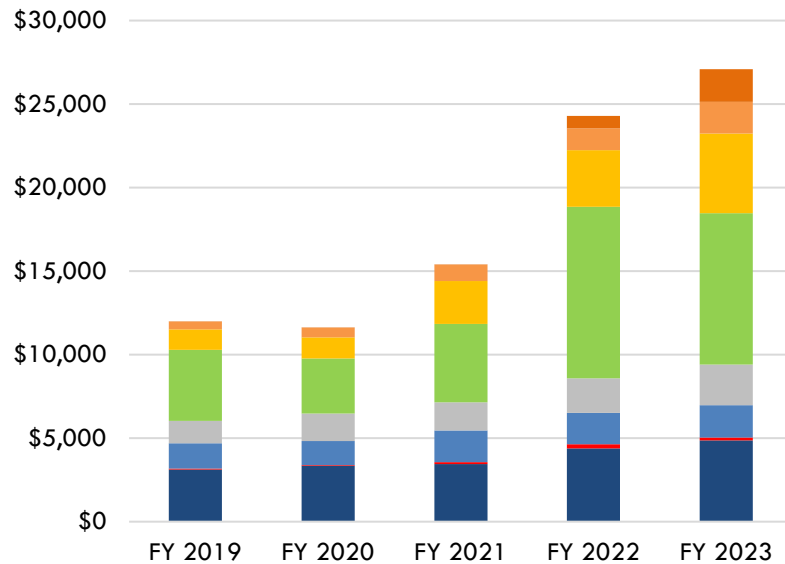
Strong Cash Balances



Illinois' cash position continues to outperform previous years

- The State's cash balance was \$27 billion as of July 1, 2023

Cash Balance by Fund Category¹
As of July 1, 2023
(\$ in millions)



Cash Balance by Fund Category
As of July 1, 2023
(\$ in millions)

Fund Category ¹	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
General Funds- Budget Stabilization	\$3	\$4	\$6	\$752	\$1,940
General Funds- All other GF	462	572	969	1,312	1,912
Highway Funds ²	1,228	1,272	2,568	3,389	4,764
Special State Funds	4,259	3,289	4,699	10,275	9,078
Bond Financed Funds	1,330	1,642	1,684	2,073	2,425
Debt Service Funds ³	1,518	1,442	1,893	1,869	1,935
Revolving Funds	62	40	116	247	180
State Trust Funds	3,113	3,344	3,447	4,383	4,854
July 1st Amounts	\$11,975	\$11,560	\$15,382	\$24,300	\$27,088

Source: Illinois Office of the Comptroller and GOMB.

Note: Totals may not add due to rounding. Increase in cash balance is temporary and partly due to the timing of expenditures.

¹ Does not include Federal Trust Funds.

² 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.

³ Includes the General Obligation Bond Retirement and Interest Fund.

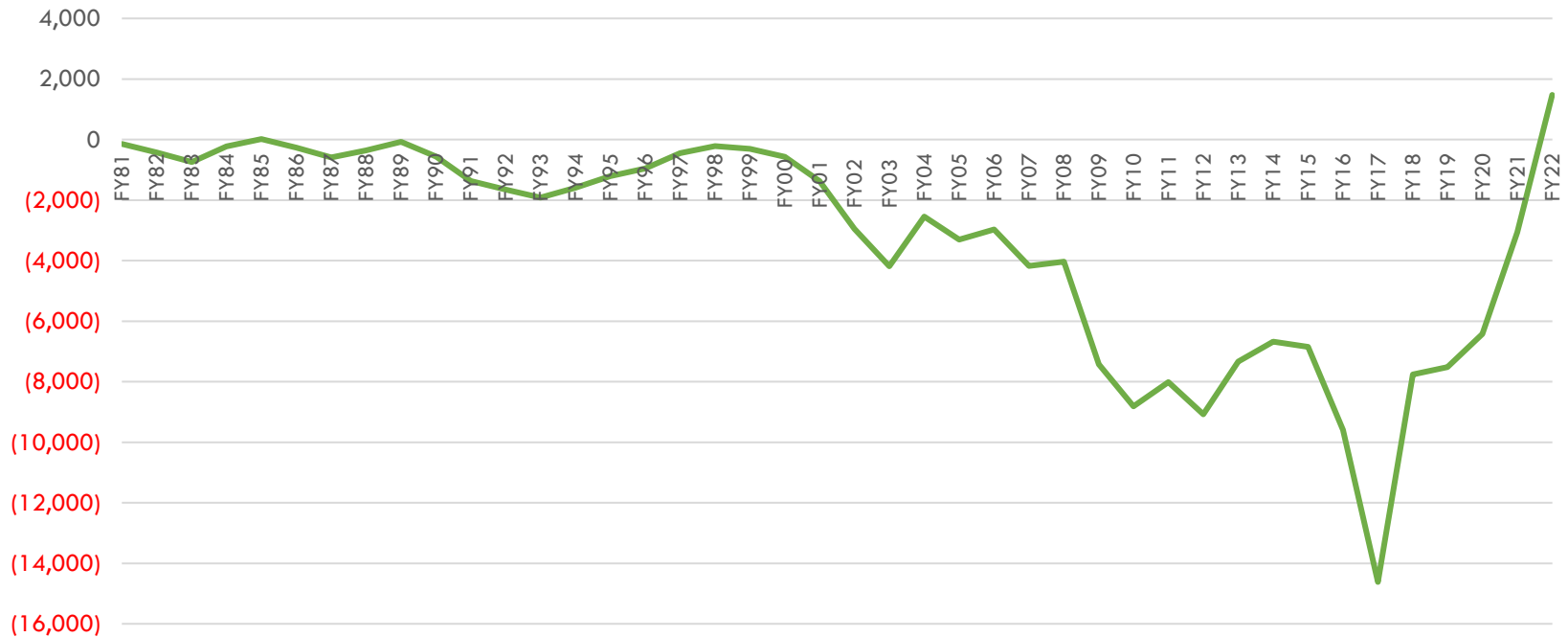
\$1.5 Billion GAAP Basis Surplus



FY 2022 GAAP basis General Fund surplus first in nearly 40 years

- Strong cash balances and lower Accounts Payable in GRF-like funds leads to first GAAP basis surplus since the 1980s
- GAAP basis consolidates into 'General Fund' multiple state funds, including Medicaid program funds and funds dependent on General Revenue Fund transfers
- Balance increase of \$16 billion in the 5 years since FY 2017

General Fund GAAP Balance
(\$ in millions)



FY 2022, FY 2023 & FY 2024 General Funds Revenues Summary



FY 2023 Revenues exceeded forecast; State continues to conservatively forecast revenues

- Excluding COVID-related federal receipts, FY 2023 General Fund revenues of \$50.708 billion reflected a \$375 million (0.7%) increase from FY 2022
- Enacted FY 2024 Revenues project a \$97 million (0.2%) decrease from FY 2023 when excluding COVID-related federal receipts
- FY 2024 Enacted Individual Income Taxes are estimated to increase by 8.3% above FY 2023
 - Growth largely related to updated allocations of business tax collections by the Department of Revenue
- Net projected Corporate Income Taxes projected to decline by \$712 million reflecting a 12.2% decrease from FY 2023
- FY 2023 State CURE transfers were movements of ARPA SLFRF dollars to ensure dollars fully expended in allowed timeframe. State funds were transferred to cover existing State CURE Fund appropriations¹

General Funds Resources (\$ in millions)	Actual FY 2022	Preliminary Final FY 2023	Enacted FY 2024	Percent Change
RESOURCES				
State Sources: Revenues				
Net Individual Income Taxes	24,839	23,750	25,711	8.3%
Net Corporate Income Taxes	5,407	5,828	5,116	-12.2%
Net Sales Taxes	10,234	10,451	10,415	-0.3%
Public Utility Taxes	750	751	721	-4.0%
All Other Sources	2,428	2,877	2,616	-9.1%
Total State Sources: Revenues	43,658	43,657	44,578	2.1%
State Sources: Transfers In				
Lottery	820	726	759	4.5%
Gaming	140	157	175	11.5%
Adult-Use Cannabis	115	111	116	4.5%
Other Transfers	1,017	2,254	1,100	-51.2%
Total State Sources	45,750	46,905	46,728	-0.4%
Federal Sources	4,583	3,803	3,883	2.1%
SUBTOTAL, RESOURCES	50,333	50,708	50,611	-0.2%
ARPA Reimbursement for Essential Services	737	1,063	-	-
State CURE	-	1,363	-	-
TOTAL RESOURCES WITH COVID- RELATED FEDERAL RECEIPTS	51,070	53,134	50,611	-4.7%

Note: Totals may not add due to rounding

¹ See GOMB's [July 2023 Report to Legislative Budget Oversight Commission](#), p. 4

FY 2022, FY 2023 & FY 2024 General Funds Expenditures Summary



Budget surpluses, reduced debt, strong liquidity

- Preliminary FY 2023 budgetary surplus of \$2.2 billion, allocated:
 - \$1.188 billion to Budget Stabilization Fund
 - Nearly \$800 million towards reduction in bills pending at Comptroller’s office
- FY 2023 Pension Stabilization Contribution - \$400 million
- Total Enacted FY 2024 General Funds expenditures are \$50.43 billion

General Funds Expenditures (\$ in millions)	Actual FY 2022	Preliminary FY 2023	Enacted FY 2024
EXPENDITURES			
Education	11,619	12,017	12,905
Economic Development	179	340	432
Public Safety	2,036	2,343	2,515
Human Services	7,705	10,839	10,295
Healthcare	7,853	8,596	9,292
Environment and Culture	117	99	102
Government Services	4,577	3,856	3,779
Unspent Appropriations (est)	(950)	(1,000)	(820)
Total Operating Budget	33,136	37,089	38,500
EXPENDITURES: PENSIONS			
K-12 Education Pensions	5,694	5,894	6,043
State Universities' Pensions	1,883	1,904	1,918
State Employees' Pensions	1,786	1,834	1,851
Total Pension Costs	9,363	9,632	9,813
EXPENDITURES: TRANSFERS OUT			
Statutory Transfers Out	722	1,282	429
Pension Stabilization Fund Contribution	300	400	-
Property Tax Rebate Checks to Individuals	470	50	-
Grocery Tax Replacement to Local Governments	325	75	-
Income Tax Rebate Checks to Individuals	685	-	-
Interfund Borrowing Repayment	933	-	-
COVID-Related Debt Repayment (MLF)	1,052	-	-
State CURE	-	1,239	-
GO Bond Debt Service	1,230	1,149	1,686
Total Transfers Out	5,717	4,196	2,115
TOTAL EXPENDITURES	48,216	50,917	50,428
General Funds Surplus/(Deficit)	2,854	2,217	183
Budget Stabilization Fund Contribution	(720)	(1,188)	(138)
Adjusted General Funds Surplus/(Deficit)	2,134	1,029	45

Note: Totals may not add due to rounding