



Commission on Government Forecasting and Accountability

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MONTHLY BRIEFING FOR THE MONTH ENDED: JANUARY 2017

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ECONOMY: It's About Jobs

Edward H. Boss, Jr., Chief Economist

The advance report on GDP for the fourth quarter shows growth slowed sharply, from a strong 3.5% rate in the third quarter to an increase of only 1.9%, somewhat below what many had expected. When combined with a sluggish 1.1% annual rate in the first half of the year, brought GDP growth for all of 2016 was brought to 1.6%. This is a slowdown from the 2.5% rate for 2015, 2.4% in 2014, and on a par with the low 1.6% growth back in 2011. Average growth since 2010, the first full year of the recovery, has been 2.09%, making it the weakest economic expansion in the post WWII period. Despite the relative sluggishness, the unemployment rate has fallen sharply and remains at a low 4.7%, with some suggesting we are at or near full employment. This seems incongruous with the election results where lack of jobs seems to have become a major concern.

In assessing labor market conditions, one must look beyond the unemployment rate to understand the apparent dichotomy. One of many factors analysts point to is the U6 definition of unemployment that includes those marginally attached to the labor force as well as those that are part time for economic reasons. This data shows that the U6 unemployment rate nationally stands at 9.2%, almost double the 4.7% unemployment reported. In Illinois the unemployment rate stands at 5.7%, a full point above the national rate, with the U6 definition at 11%. Many analysts also refer to the labor force participation rate as a major factor, which remains at the lowest rate since the late 1970s. An aging workforce is likely one reason, but a large part can be explained by discouraged workers that have dropped out of the labor force. Many of the jobs that are available require a higher skill level than those looking for jobs have. At the same time, there has been a loss of many manufacturing jobs that generally are higher-paying.

Not long ago the unemployment rate for the Midwest consistently was running below the national rate, but now has caught up to the national 4.7% rate. The earlier reduction in the Midwest unemployment rate reflected sharp increases in energy production as new technological developments in drilling for oil and

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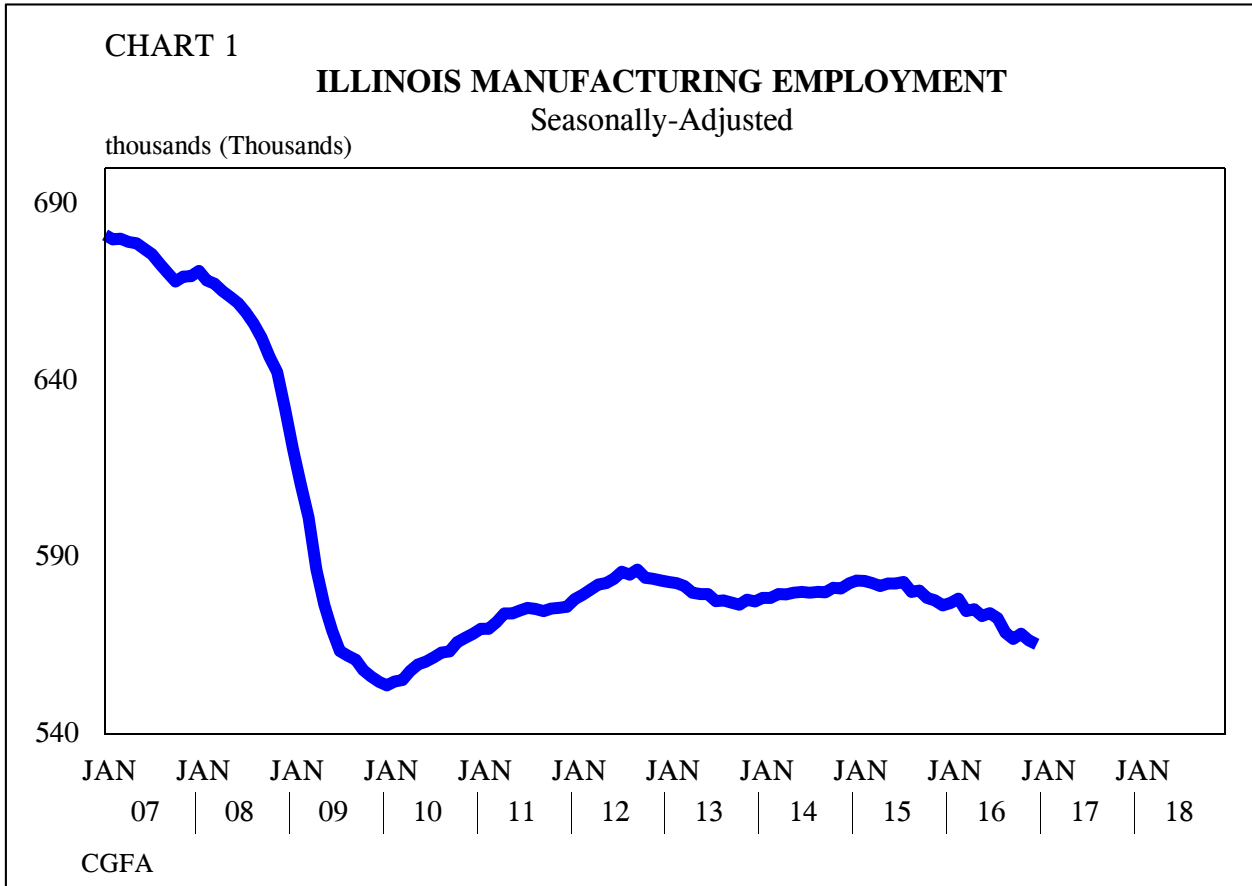
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resulting natural gas production in an era of record high energy prices drew employment into high-paying jobs in these states. As energy prices declined, however, production was cut back and with it jobs. In addition, a renewed weakening in Illinois' manufacturing employment added to upward pressure on the Midwest unemployment rate.

As illustrated in the above Chart, Illinois' manufacturing employment reached a low in early 2010 and, with the economic recovery underway, began to reverse its long-term downward trend for the first time in years. Manufacturing employment began to rise sharply, reaching a recent high by September 2012. The levels achieved then held relatively stable into 2015, before weakening again throughout last year. By December 2016 Illinois' manufacturing employment had reached its

lowest point since September 2010. Even so, there appears to be some renewed optimism that manufacturing employment will get a boost in the nation and benefit Illinois as well. Promises by the President were given to many manufacturers that had shifted or were planning to shift manufacturing plants out of the U.S. These included business tax reductions, incentives to repatriate funds held abroad and, most importantly, reduced regulations. Several firms announced revised plans not only to keep some plants in the U.S. but expand production and facilities.

At the same time, there were signs of potential job improvements even within last quarter's disappointing GDP report. Business nonresidential fixed investment rose, following a sharp decline in the 1st quarter and only modest

improvement in the 2nd and 3rd quarter. Residential investment also showed a strong gain following two consecutive quarters of decline. Most of the slowdown in 4th quarter GDP came from negative contributions from exports that declined while imports, which are a subtraction in the GDP, increased. The deterioration in the foreign trade sector reflects the strong U.S. dollar in the face of the weak economic performances of many of our trading partners and increased deficits in our trade balance. The federal government contribution to GDP also declined, primarily due to a sharp drop in defense spending.

In evaluating progress on the job front, it may be necessary to do this in the context of additional measures to the reported unemployment rate. For example, if the labor force participation rate were to increase, while it might lead to a rise in the reported unemployment

rate, it would be a positive for the economy to have a larger share of the populace contributing to growth. The U6 definition here might paint a better picture. When one looks at nonfarm payroll employment, it may be distorted. For example, some employers cut back the number of hours an employee can work in order to avoid mandatory insurance under the Affordable Care Act. This forced many to have more than one job to make ends meet. Since the payroll employment report gets its data from the employee records, they would be double counted. Should the job situation improve to the point when one job would suffice, it would depress nonfarm payroll totals but again could be a healthy sign. Finally, as occurred during the federal stimulus program years ago, one must assess what is the appropriate measure, the actual number of new jobs, the number of “jobs saved” that may be difficult to determine, or a combination of both.

INDICATORS OF ILLINOIS ECONOMIC ACTIVITY

<u>INDICATORS</u> *	<u>DEC. 2016</u>	<u>NOV. 2016</u>	<u>DEC. 2015</u>
Unemployment Rate (Average)	5.7%	5.6%	6.1%
Annual Rate of Inflation (Chicago)	-0.2%	0.2%	1.9%
—————			
	<u>LATEST</u>	<u>% CHANGE</u>	<u>% CHANGE</u>
	<u>MONTH</u>	<u>OVER PRIOR</u>	<u>OVER A</u>
		<u>MONTH</u>	<u>YEAR AGO</u>
Civilian Labor Force (thousands) (December)	6,561.7	0.0%	0.3%
Employment (thousands) (December)	6,187.2	-0.1%	0.7%
NonFarm Payroll Employment (December)	6,002,600	-16,700	28,400
New Car & Truck Registration (December)	47,181	6.5%	-7.3%
Single Family Housing Permits (December)	559	-27.5%	-6.5%
Total Exports (\$ mil) (November)	5,033.0	-7.7%	-4.2%
Chicago Purchasing Managers Index (January)	50.3	-6.7%	-9.5%

* Due to monthly fluctuations, trend best shown by % change from a year ago

Illinois Employment and Wage Update

Eric Noggle, Senior Revenue Analyst

In January 2017, the Bureau of Labor Statistics released their preliminary state-by-state employment figures for the month of December. This new data provides the Commission with a preliminary look at Illinois' employment performance for calendar year 2016, and provides a quantitative comparison tool to see how Illinois' job totals compare to years past and to other states across the nation.

The latest figures (non-farm, seasonally adjusted) show that there were approximately 6.0

million people employed in Illinois at the end of 2016. This figure is up 0.5% over the December 2015 total. This rate of change ranks Illinois 38th in the nation in terms of a state's employment change between December 2015 and December 2016. Illinois' job totals at the end of 2016 are 5.3% higher than they were five years ago (ranking Illinois 38th); up 0.9% compared to 10 years ago (ranking Illinois 42nd), up 1.5% compared to 15 years ago (ranking Illinois 46th); and up 4.9% compared to 20 years ago (ranking Illinois 47th). These national rankings can be seen below.

Total Nonfarm Employment Year-Over-Year Change (Year over Year Comparisons are Compared to December 2016 Data) (Employment Values in thousands)											
	Current Value (Dec 2016)	Current Value vs. 1-Yr Ago	Rank of Change	Current Value vs. 5-yrs Ago	Rank of Change	Current Value vs. 10-yrs Ago	Rank of Change	Current Value vs. 15-Yrs Ago	Rank of Change	Current Value vs. 20-yrs Ago	Rank of Change
Alabama	1,976.2	1.0%	27	5.5%	37	-0.6%	45	4.3%	40	7.1%	46
Alaska	334.6	-1.4%	49	0.9%	49	6.2%	19	16.1%	14	27.2%	12
Arizona	2,717.0	1.3%	22	11.6%	12	2.0%	36	20.9%	7	40.6%	6
Arkansas	1,232.2	0.4%	39	4.7%	39	2.7%	32	7.7%	34	12.9%	35
California	16,606.6	2.0%	11	14.1%	6	7.9%	12	14.0%	17	28.2%	10
Colorado	2,627.4	1.9%	14	15.1%	4	14.1%	4	20.0%	8	36.0%	7
Connecticut	1,678.0	-0.1%	44	2.9%	47	-0.8%	47	0.2%	50	4.9%	48
Delaware	458.5	0.5%	35	10.0%	15	4.2%	28	10.1%	25	20.6%	24
Dist. Of Columbia	785.6	2.3%	8	7.8%	20	13.7%	5	19.7%	10	27.0%	13
Florida	8,462.9	3.1%	2	15.9%	2	5.3%	22	18.9%	11	35.3%	8
Georgia	4,433.4	2.4%	6	13.2%	10	7.0%	16	13.0%	20	23.5%	17
Hawaii	655.2	2.1%	10	9.5%	16	5.1%	23	20.0%	9	23.1%	19
Idaho	700.7	1.9%	13	13.3%	9	8.4%	10	24.4%	5	41.2%	4
Illinois	6,002.6	0.5%	38	5.3%	38	0.9%	42	1.5%	46	4.9%	47
Indiana	3,083.7	0.8%	29	7.4%	22	3.2%	31	6.3%	35	8.7%	43
Iowa	1,582.1	0.5%	37	5.7%	36	4.5%	26	9.1%	30	13.5%	34
Kansas	1,392.4	-0.7%	47	3.6%	44	1.7%	38	3.7%	42	11.5%	38
Kentucky	1,919.4	0.6%	34	7.1%	24	3.9%	30	8.2%	33	14.4%	32
Louisiana	1,975.4	-0.2%	45	3.3%	46	4.7%	25	3.9%	41	8.3%	45
Maine	610.9	0.0%	43	2.5%	48	-0.9%	48	1.3%	47	11.5%	37
Maryland	2,713.4	1.1%	25	6.2%	33	4.3%	27	9.6%	27	21.4%	21
Massachusetts	3,590.4	2.1%	9	9.4%	17	9.2%	7	8.9%	31	16.7%	31
Michigan	4,363.6	1.7%	16	9.2%	18	1.6%	40	-2.9%	51	-0.7%	51
Minnesota	2,919.3	1.5%	20	7.7%	21	5.7%	20	9.4%	29	18.4%	27
Mississippi	1,133.6	-1.0%	48	3.8%	43	-1.6%	50	0.9%	48	3.3%	50
Missouri	2,847.8	2.3%	7	6.4%	29	1.9%	37	5.1%	38	9.6%	42
Montana	465.3	0.9%	28	6.7%	25	6.2%	18	18.9%	12	27.6%	11
Nebraska	1,021.3	0.7%	33	6.4%	30	7.3%	13	11.4%	24	20.7%	23
Nevada	1,306.0	3.0%	4	15.4%	3	1.4%	41	25.7%	4	50.1%	1
New Hampshire	672.6	1.7%	17	6.7%	26	4.1%	29	8.5%	32	20.1%	25
New Jersey	4,086.4	0.3%	40	5.8%	35	0.2%	43	2.4%	45	11.3%	39
New Mexico	830.5	0.3%	41	3.8%	42	-0.9%	49	9.6%	28	18.3%	28
New York	9,413.1	1.2%	24	7.9%	19	8.6%	9	11.4%	23	17.9%	29
North Carolina	4,360.2	2.0%	12	10.5%	14	6.3%	17	13.7%	18	21.4%	22
North Dakota	436.9	-1.8%	50	6.0%	34	22.7%	1	32.6%	2	40.8%	5
Ohio	5,517.2	0.8%	30	7.2%	23	1.7%	39	0.8%	49	3.5%	49
Oklahoma	1,657.5	-0.3%	46	4.1%	41	4.9%	24	9.7%	26	19.8%	26
Oregon	1,863.1	3.3%	1	14.3%	5	8.3%	11	17.8%	13	23.3%	18
Pennsylvania	5,900.1	0.5%	36	3.4%	45	2.0%	35	4.5%	39	10.1%	41
Rhode Island	492.1	0.7%	31	6.6%	27	-0.7%	46	3.1%	44	10.4%	40
South Carolina	2,070.1	1.7%	18	12.4%	11	7.1%	15	15.5%	16	22.6%	20
South Dakota	437.3	1.4%	21	6.3%	31	8.6%	8	16.1%	15	25.8%	15
Tennessee	2,989.5	1.6%	19	11.3%	13	7.2%	14	12.6%	21	17.0%	30
Texas	12,141.3	1.8%	15	13.7%	8	18.9%	2	28.8%	3	44.6%	3
Utah	1,437.1	2.8%	5	17.5%	1	17.0%	3	34.2%	1	47.4%	2
Vermont	315.8	4.7%	32	4.1%	40	2.5%	33	5.5%	37	14.0%	33
Virginia	3,951.7	1.3%	23	6.5%	28	5.4%	21	13.1%	19	24.0%	16
Washington	3,292.7	3.0%	3	14.1%	7	12.6%	6	22.0%	6	32.7%	9
West Virginia	763.7	0.3%	42	-1.1%	50	-0.1%	44	3.4%	43	8.5%	44
Wisconsin	2,932.8	1.0%	26	6.2%	32	2.4%	34	5.6%	36	11.9%	36
Wyoming	278.7	-2.8%	51	-3.6%	51	-1.7%	51	12.6%	22	25.9%	14

Source: The Bureau of Labor Statistics at <http://www.bls.gov/sae/>. Data Compiled by CGFA.

The monthly employment data from the Bureau of Labor Statistics includes a wide variety of job-related data, including Statewide employment totals by

subsector, as well as each subsector's average weekly earnings. A summary of these figures are shown in the table below.

Average Employment Levels by Subsector in Illinois							
Non-Seasonally Adjusted Averages: 2010 to 2016 (in thousands)							
	2010	2011	2012	2013	2014	2015	2016
	Annual	Annual	Annual	Annual	Annual	Annual	Annual
	Average	Average	Average	Average	Average	Average	Average
Mining	9.1	9.6	10.2	9.7	9.9	9.5	9.1
Construction	198.3	195.7	189.1	191.4	201.7	213.0	215.0
Manufacturing	561.0	573.9	583.0	579.2	580.1	581.4	571.8
Trade, Transportation, and Utilities	1,125.6	1,143.8	1,156.3	1,164.4	1,179.7	1,200.5	1,207.0
Information	101.8	100.6	100.1	99.0	99.1	100.8	97.5
Financial Activities	371.6	371.2	374.3	377.5	376.5	379.8	377.9
Professional and Business Services	793.9	823.5	856.8	883.1	909.5	917.9	936.3
Education and Health Services	830.8	847.5	862.3	874.4	885.1	898.8	911.0
Leisure and Hospitality	515.4	522.2	536.1	545.9	558.2	575.8	594.6
Other Services	249.1	249.7	249.7	249.9	252.2	252.9	255.9
Government	853.8	837.9	832.4	829.9	827.4	830.3	831.2
Totals	5,610.4	5,675.6	5,750.3	5,804.4	5,879.5	5,960.6	6,007.2
Illinois' Annual % Change	-0.8%	1.2%	1.3%	0.9%	1.3%	1.4%	0.8%
Average Weekly Earnings and Employment Change by Subsector in Illinois							
Calendar Year Averages: 2010 to 2016							
	2010	2011	2012	2013	2014	2015	2016
	Annual	Annual	Annual	Annual	Annual	Annual	Annual
	Average	Average	Average	Average	Average	Average	Average
Mining*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Construction	\$1,237	\$1,275	\$1,282	\$1,259	\$1,296	\$1,333	\$1,334
Manufacturing	\$924	\$979	\$981	\$1,000	\$1,023	\$1,042	\$1,042
Trade, Transportation, and Utilities	\$693	\$733	\$767	\$790	\$805	\$807	\$807
Information	\$1,039	\$1,004	\$1,026	\$1,102	\$1,154	\$1,152	\$1,130
Financial Activities	\$1,035	\$1,054	\$1,130	\$1,115	\$1,183	\$1,244	\$1,330
Professional and Business Services	\$1,025	\$1,008	\$1,026	\$1,026	\$1,037	\$1,049	\$1,069
Education and Health Services	\$725	\$757	\$793	\$813	\$810	\$805	\$809
Leisure and Hospitality	\$319	\$322	\$336	\$324	\$340	\$365	\$378
Other Services	\$712	\$702	\$729	\$751	\$780	\$834	\$865
Government*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Illinois' Average Weekly Earnings*	\$799	\$820	\$846	\$857	\$875	\$889	\$900
% Change in Avg. Weekly Earnings	0.9%	2.6%	3.2%	1.2%	2.1%	1.7%	1.3%
* Because the Mining and Government subsectors' weekly earnings are not available from the Bureau of Labor Statistics, "Statewide Average Weekly Earnings" is calculated by using the weekly earnings of the other nine subsectors. The statewide value was calculated by multiplying each subsector's average jobs by its average earnings and divided the sum of these figures by the total number of jobs from these nine subsectors. Source: www.bls.gov							

From an annual average perspective, Illinois averaged 6.007 million jobs in 2016, which was a 0.8% increase over the 2015 average of 5.961 million jobs. This is the sixth consecutive year of positive growth in Statewide employment following three consecutive years of negative job growth suffered as a result of the Great Recession. But the 0.8% increase in 2016 was the lowest rate of change over this six-year span of positive growth.

In regards to earnings, the latest data shows that average weekly earnings

grew 1.3% in 2016. This follows weekly earnings growth averages in 2014 and 2015 of 2.1% and 1.7%, respectively. While the 2016 growth rates of employment and earnings were both positive, the rates are notably below the average rates of growth seen over the previous five years (0.8% growth in employment in 2016 compared to 5-year average growth of 1.2%; 1.3% growth in weekly earnings in 2016 compared to 5-year average growth of 2.2%). The below-average growth in these two metrics is manifesting in the lackluster performance of individual income tax receipts so far this fiscal year.

Although Illinois' job and wage figures have increased over the last several years, the growth may best be classified as disappointing, especially when compared to the job figures of other states across the nation. From a national perspective, Illinois has been slower than most in its recovery from the Great Recession. In a recent report prepared for the Commission from Moody's Analytics entitled, "State of Illinois Forecast Report":

Although the state's labor force has been volatile this year, it has trended lower since the recession. A decline in labor force participation has been especially pronounced in Illinois, with the decline since late 2007 above average for the Midwest.

Contributing to this slow recovery is the fact that many of the jobs that have been

added in Illinois have been comparatively lower paying jobs. To understand this a little better, a closer look at the different subsectors of jobs in Illinois is necessary.

Over the last eight years (comparing average employment pre-recession totals of 2008 with 2016), the biggest improvement in the number of jobs in Illinois has been in "Education and Health Services" (up 14.0%). However, as shown below, this subsector is one of the lowest paying subsectors in terms of weekly earnings, with an average weekly earnings value of \$809. Illinois' largest employer of jobs is the "Trade, Transportation, and Utilities" subsector, employing over 1.2 million people. But, this subsector also has one of the lowest average weekly earnings totals in the State (2016 average weekly earnings value of \$807).

State Rankings of Illinois' Employment Subsectors						
Employment Values, Non-Seasonally Adjusted (in thousands)						
	2016 Average Employment Totals	2016 Sector Ranking by # Employed	2008 to 2016 % Change in Jobs	Jobs Ranking by 8-Yr Change	2016 Average Weekly Wage	2016 Sector Earnings Ranking
Mining	9.1	11	-6.9%	8	N/A	N/A
Construction	215.0	9	-16.8%	11	\$1,334	1
Manufacturing	571.8	6	-13.0%	9	\$1,042	5
Trade, Transportation, and Utilities	1,207.0	1	0.2%	4	\$807	8
Information	97.5	10	-14.7%	10	\$1,130	3
Financial Activities	377.9	7	-5.5%	7	\$1,330	2
Professional and Business Services	936.3	2	9.9%	3	\$1,069	4
Education and Health Services	911.0	3	14.0%	1	\$809	7
Leisure and Hospitality	594.6	5	11.6%	2	\$378	9
Other Services	255.9	8	-2.9%	6	\$865	6
Government	831.2	4	-2.9%	5	N/A	N/A

Note: Mining and Government subsectors' weekly earnings are not available from the Bureau of Labor Statistics

Equally troublesome is the fact that those subsectors with the highest weekly earnings were the subsectors that have lost the most jobs over the last eight years. For example, the subsector with the highest weekly earnings is "Construction", paying, on average, \$1,334 per week. However, construction jobs are down 16.8% over the last eight

years in Illinois. The next highest paying subsectors are "Financial Activities" (\$1,330 per week) and "Information" (\$1,130 per week), but employment in these categories are down 5.5% and 14.7%, respectively, since 2008.

When comparing the job growth of the various subsectors over the past year, the

results have been mixed. The largest growth from 2015 to 2016, in terms of both percentage change and job totals, came from the “Leisure and Hospitality” category, growing by 18.8 thousand or 3.3% over the past year. But, this is the lowest paying subsector in the State with

an average weekly wage of \$378. However, the subsector ranking 2nd in job growth was the “Professional and Business Services” subsector growing 18.4 thousand or 2.0% over the past year. This subsector has the 4th highest average earning ranking with an average earning value of \$1,069 per week.

State Rankings of Illinois' Employment Subsectors						
Employment Values, Non-Seasonally Adjusted (in thousands)						
	2015 to 2016 Change in Jobs (% Change)	Jobs Ranking by 1-Yr % Change	2015 to 2016 Change in Jobs (thousands)	Jobs Ranking by 1-Yr Change in Jobs	2016 Average Weekly Wage	2016 Sector Earnings Ranking
Mining	-4.3%	11	(0.4)	8	N/A	N/A
Construction	0.9%	5	2.0	6	\$1,334	1
Manufacturing	-1.6%	9	(9.6)	11	\$1,042	5
Trade, Transportation, and Utilities	0.5%	6	6.5	4	\$807	8
Information	-3.2%	10	(3.3)	10	\$1,130	3
Financial Activities	-0.5%	8	(1.9)	9	\$1,330	2
Professional and Business Services	2.0%	2	18.4	2	\$1,069	4
Education and Health Services	1.4%	3	12.3	3	\$809	7
Leisure and Hospitality	3.3%	1	18.8	1	\$378	9
Other Services	1.2%	4	2.9	5	\$865	6
Government	0.1%	7	0.9	7	N/A	N/A

Note: Mining and Government subsectors' weekly earnings are not available from the Bureau of Labor Statistics

The highest paying subsector is the “Construction” subsector. Although this category of jobs had only grew slightly in 2016 (+2,000 jobs or 0.9%), employment in this subsector has grown 7.8% over the past five years (Dec. 2016 vs Dec. 2011). But, while this rate of growth for a high-paying sector may, at first, appear encouraging, Illinois’ gain in construction jobs, compared to other states, has been disappointing (ranked 38th). Even more disappointing is comparing the number of construction jobs in Illinois today compared to 15 years ago. Construction jobs are down 25.5% in Illinois over this time period, ranking Illinois 50th in this rate of change. These statistics can be seen in the following table.

Another area of employment that continues to struggle in Illinois is manufacturing. Comparing December figures, employment in manufacturing

fell 1.9% between 2015 and 2016. This rate of change ranked Illinois 39th in the nation. This rate of decline in manufacturing jobs in Illinois is similar to its five-year rate of change of -1.8%. This ranks Illinois 40th in the nation for percentage change in manufacturing jobs for this time period. This is especially of concern when Illinois’ biggest competitors have seen their comparable job totals in this subsector improve at a notably higher rate than Illinois during this time frame (Indiana ranked 10th with a growth rate of +10.3%; Michigan ranked 3rd with growth rate of +14.8%; Ohio ranked 16th with growth rate of +6.4%). The following graph displays the discrepancy between the growth in manufacturing jobs in Illinois and the rest of the Midwest.

Other comparisons of how Illinois’ latest employment figures for each subsector compares to other states over the last

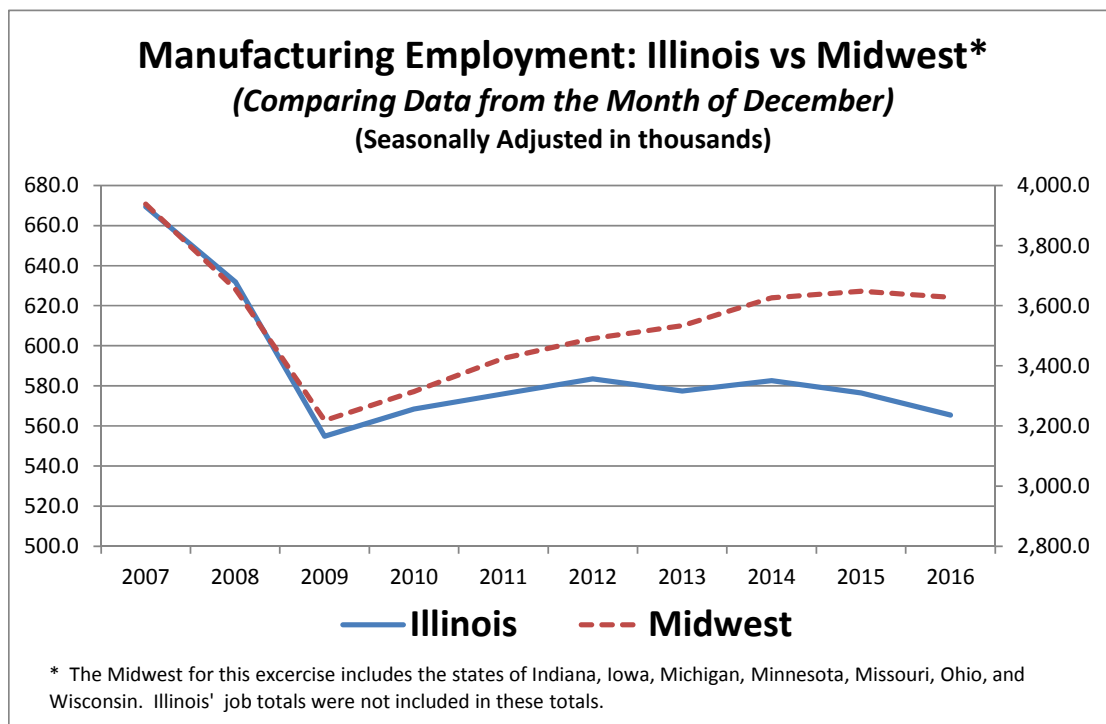
twenty years can be made by looking at the previously mentioned table. As shown, most comparisons show Illinois in

the middle to bottom half of the nation in job growth when comparing Illinois' job figures with other states across the nation.

Illinois Employment by Subsector Year-Over-Year Change (Comparisons are by December 2016 vs December of Past Years) (Employment Values in thousands)									
	Current Value (Dec 2016)	Current Value vs. 1-Yr Ago	Ranking of Change	Current Value vs. 2-Years Ago	Ranking of Change	Current Value vs. 3-Years Ago	Ranking of Change	Current Value vs. 4-Years Ago	Ranking of Change
Mining and Logging	9.0	-2.2%	14	-11.8%	18	-6.3%	14	-10.0%	19
Construction	208.1	-4.5%	44	-0.4%	42	7.5%	34	9.6%	32
Manufacturing	565.4	-1.9%	39	-3.0%	41	-2.1%	40	-3.1%	41
Trade, Transp., and Util.	1,203.1	0.37%	33	1.1%	33	2.7%	33	3.7%	37
Information	96.3	-2.9%	34	-3.5%	34	-2.1%	28	-3.5%	25
Financial Activities	377.0	-0.8%	44	-0.1%	44	0.0%	44	0.2%	41
Prof. and Bus. Serv.	947.3	3.5%	12	3.3%	31	5.0%	31	9.1%	25
Ed. and Health Services	910.3	0.4%	47	2.2%	44	3.5%	44	5.1%	32
Leisure and Hospitality	595.7	2.0%	28	5.6%	26	8.3%	20	9.8%	23
Other Services	256.1	0.7%	26	1.5%	30	2.1%	33	2.6%	25
Government	834.3	0.2%	31	0.5%	29	1.0%	26	0.2%	31
Totals	6,002.6								

	Current Value (Dec 2016)	Current Value vs. 5-Yrs Ago	Ranking of Change	Current Value vs. 10-Yrs Ago	Ranking of Change	Current Value vs. 15-Yrs Ago	Ranking of Change	Current Value vs. 20-Yrs Ago	Ranking of Change
Mining and Logging	9.0	-8.2%	17	-11.8%	21	-9.1%	21	-26.8%	28
Construction	208.1	7.8%	38	-23.7%	44	-25.5%	50	-10.3%	48
Manufacturing	565.4	-1.8%	40	-16.9%	37	-27.2%	35	-37.0%	38
Trade, Transp., and Util.	1,203.1	4.6%	36	-0.2%	32	-0.2%	41	-0.4%	47
Information	96.3	-4.0%	24	-16.3%	27	-32.8%	33	-32.4%	40
Financial Activities	377.0	1.5%	41	-8.8%	46	-7.8%	47	-4.0%	48
Prof. and Bus. Serv.	947.3	13.5%	23	11.1%	35	19.6%	39	34.3%	41
Ed. and Health Services	910.3	6.3%	34	18.6%	33	29.9%	38	42.1%	43
Leisure and Hospitality	595.7	13.1%	22	12.7%	29	22.3%	34	30.1%	35
Other Services	256.1	2.4%	33	-1.6%	38	2.0%	36	12.0%	37
Government	834.3	0.3%	31	-1.3%	40	-2.8%	45	3.6%	44
Totals	6,002.6								

Source: The Bureau of Labor Statistics at <http://www.bls.gov/sae/>. Data Compiled by CGFA.



In terms of unemployment, the latest numbers from the Bureau of Labor Statistics show that Illinois' seasonally adjusted unemployment rate is at 5.7% (December 2016, preliminary). While this figure has improved from the December 2015 rate of 6.1%, the latest rate has inched higher than the rates of the previous four months. Illinois' unemployment rate also remains conspicu-

ously higher than the U.S. rate of 4.7%. A list of the unemployment rates of all states is displayed in the following table. As shown, Illinois' rate of 5.7% ranks Illinois 45th in the nation when compared to other states. Only the District of Columbia (5.8%), West Virginia (5.9%), Louisiana (6.1%), Alabama (6.2%), New Mexico (6.6%), and Alaska (6.7%) currently have a higher unemployment rate than Illinois.

December 2016 Unemployment Rates (Seasonally Adjusted) for States and Historical Highs/Lows						
<i>NATIONAL RATE = 4.7%</i>						
State	Dec 2016		Historical High		Historical Low	
	Rate	Ranking	Date	Rate	Date	Rate
New Hampshire	2.6	1	July 1992	7.4	Mar. 1988	2.2
Massachusetts	2.8	2	Jan. 1976	10.7	Oct. 2000	2.6
South Dakota	2.8	2	Jan. 1983	5.9	July 2000	2.4
Hawaii	2.9	4	Jan. 1976	10.4	Dec. 2006	2.4
Colorado	3.0	5	Oct. 2010	8.9	Dec. 2000	2.7
North Dakota	3.0	5	Mar. 1983	6.2	Jan. 1998	2.5
Utah	3.1	7	Mar. 1983	9.6	Mar. 2007	2.3
Vermont	3.1	7	Feb. 1976	8.8	Mar. 2000	2.6
Nebraska	3.4	9	Feb. 1983	6.3	Oct. 1990	2.3
Iowa	3.6	10	Jan. 1983	9.1	Mar. 2000	2.4
Idaho	3.7	11	Dec. 1982	10.2	June 2007	2.9
Maine	3.8	12	Jan. 1977	9.0	Dec. 2000	3.2
Arkansas	3.9	13	Feb. 1983	10.3	May 2016	3.8
Minnesota	3.9	13	Jan. 1983	8.9	Mar. 1999	2.5
Indiana	4.0	15	Dec. 1982	12.6	Oct. 2000	2.9
Montana	4.0	15	May 1983	8.8	Feb. 2007	2.9
Wisconsin	4.0	15	Jan. 1983	11.9	July 1999	3.0
Virginia	4.1	18	Dec. 1982	7.9	Nov. 2000	2.1
Kansas	4.2	19	Sept. 2009	7.3	Aug. 1978	2.9
Maryland	4.2	19	Mar. 1982	8.5	Dec. 1999	3.3
Delaware	4.3	21	Dec. 1976	9.8	June 1988	3.0
South Carolina	4.3	21	Jan. 1983	11.8	Apr. 1998	3.5
Connecticut	4.4	23	Jan. 1976	10.0	Oct. 2000	2.2
Missouri	4.4	23	Apr. 1983	10.6	Jan. 2000	3.1
Oregon	4.6	25	May 2009	11.9	May 2016	4.5
Texas	4.6	25	Nov. 1986	9.2	Dec. 2000	4.0
New Jersey	4.7	27	Jan. 1977	10.7	May 2000	3.5
Arizona	4.8	28	Dec. 1982	11.5	July 2007	3.7
Kentucky	4.8	28	Feb. 1983	12.1	May 2000	4.0
Wyoming	4.8	28	Dec. 1986	9.4	May 1979	2.5
Florida	4.9	31	Jan. 2010	11.2	Apr. 2006	3.1
New York	4.9	31	Jan. 1976	10.4	May 1988	4.0
Ohio	4.9	31	Jan. 1983	14.0	Apr. 2001	3.8
Tennessee	4.9	31	Jan. 1983	12.9	Mar. 2000	3.7
Michigan	5.0	35	Dec. 1982	16.5	Mar. 2000	3.2
Oklahoma	5.0	35	Apr. 1983	8.9	Dec. 2000	2.9
Rhode Island	5.0	35	Aug. 2009	11.3	May 1988	2.9
Nevada	5.1	38	Nov. 2010	13.7	Jan. 1999	3.7
North Carolina	5.1	38	Mar. 2010	11.3	Apr. 1999	3.0
California	5.2	40	Oct. 2010	12.2	Dec. 2000	4.7
Washington	5.2	40	Nov. 1982	12.2	June 2007	4.6
Georgia	5.4	42	Dec. 2010	10.5	Nov. 2000	3.4
Mississippi	5.6	43	Apr. 1983	12.8	Jan. 2001	5.0
Pennsylvania	5.6	43	Feb. 1983	12.7	May 2000	4.0
Illinois	5.7	45	Feb. 1983	13.1	Feb. 1999	4.1
District of Columbia	5.8	46	Sept. 1983	11.3	Sept. 1989	4.8
West Virginia	5.9	47	Feb. 1983	18.8	Aug. 2008	4.1
Louisiana	6.1	48	Nov. 1986	13.1	Oct. 2007	3.9
Alabama	6.2	49	Dec. 1982	15.5	Apr. 2007	3.8
New Mexico	6.6	50	Mar. 1983	10.5	Aug. 2007	3.7
Alaska	6.7	51	Aug. 1986	11.2	June 2007	6.3

Note: The December 2016 figures are preliminary. Rates shown are a percentage of the labor force. Data refer to place of residence. Series begin in January 1976. Historical highs and lows show the most recent month that a rate was recorded in the event of multiple occurrences. Estimates for at least the latest five years are subject to revision early in the following calendar year.

Source: <http://www.bls.gov/web/laus/lausthl.htm>

REVENUE

January Receipts Drop As Weaker Income Tax and Federal Sources Offset Other Gains

Jim Muschinske, Revenue Manager

Overall base revenues fell \$167 million in January. As in prior months, continued weaker income taxes along with poor federal sources more than offset gains experienced by the other revenue sources, adding further concern to observations made in last month's briefing. January did have one more receipting day than the same prior year period.

The poor year for gross corporate income taxes continued with monthly receipts falling \$60 million, or \$52 million net of refunds. Gross personal income tax receipts dropped by \$57 million, or \$70 million net of refunds and diversions to the Fund for Advancement of Education and Commitment to Human Services Fund. Other sources dropped \$18 million in January, while public utility tax receipts fell \$12 million for the month. Interest income dipped a modest \$1 million.

While overall revenues declined, a number of sources managed to post gains. Sales taxes grew \$49 million, which represents two consecutive months of good growth. Corporate franchise taxes unexpectedly surged, jumping \$29 million. Insurance taxes rose \$17 million, cigarette taxes by \$5 million--making up for an earlier shortage, inheritance taxes grew by \$4 million and vehicle use tax by \$1 million.

Overall transfers fell \$20 million in January. Lottery transfers dropped by \$13 million, while other miscellaneous transfers dipped \$7 million. Federal sources experienced another weaker month, this time falling \$99 million

below last year, reflecting reimbursable spending levels from the general funds.

Year To Date

Through January, base receipts are off \$1.031 billion, or 5.9%. The past months performance did little in the way of alleviating concerns over FY 2017 revenues spelled out in last month's briefing, particularly the disturbing observations made regarding the "Big Three". While sales tax now has managed to post back to back months of decent performance, those gains were more than erased with continued drops in both personal and corporate income taxes.

To date, gross corporate income taxes are off \$444 million, or \$390 million net of refunds. Gross personal income tax is down \$245 million or \$332 million if refunds and diversions to the education and human service funds are included. As mentioned, sales taxes may have done better in Dec/Jan but have still only grown \$94 million or 2.0%. Overall transfers are down \$81 million and only the one-time nature of a SERS repayment has allowed all other sources to post a \$66 million combined increase.

With continued dramatic falloffs month after month in federal sources, receipts are behind last year's dismal pace by \$388 million. Absent an infusion of resources that could be committed to reimbursable spending, the outlook for a meaningful recovery for federal sources is grim.

JANURARY
FY 2017 vs. FY 2016
(\$ million)

Revenue Sources	Jan. FY 2017	Jan. FY 2016	\$ CHANGE	% CHANGE
State Taxes				
Personal Income Tax	\$1,775	\$1,832	(\$57)	-3.1%
Corporate Income Tax (regular)	20	80	(\$60)	-75.0%
Sales Taxes	720	671	\$49	7.3%
Public Utility Taxes (regular)	72	84	(\$12)	-14.3%
Cigarette Tax	26	21	\$5	23.8%
Liquor Gallonage Taxes	20	20	\$0	0.0%
Vehicle Use Tax	2	1	\$1	100.0%
Inheritance Tax	27	23	\$4	17.4%
Insurance Taxes and Fees	32	15	\$17	113.3%
Corporate Franchise Tax & Fees	43	14	\$29	207.1%
Interest on State Funds & Investments	2	3	(\$1)	-33.3%
Cook County IGT	0	0	\$0	N/A
Other Sources	30	48	(\$18)	-37.5%
Subtotal	\$2,769	\$2,812	(\$43)	-1.5%
Transfers				
Lottery	51	64	(\$13)	-20.3%
Riverboat transfers & receipts	34	34	\$0	0.0%
Proceeds from Sale of 10th license	0	0	\$0	N/A
Refund Fund transfer	0	0	\$0	N/A
Fund sweeps	0	0	\$0	N/A
Other	33	40	(\$7)	-17.5%
Total State Sources	\$2,887	\$2,950	(\$63)	-2.1%
Federal Sources	\$316	\$415	(\$99)	-23.9%
Total Federal & State Sources	\$3,203	\$3,365	(\$162)	-4.8%
Nongeneral Funds Distribution:				
Refund Fund				
Personal Income Tax	(\$198)	(\$179)	(\$19)	10.6%
Corporate Income Tax	(\$4)	(12)	\$8	-66.7%
Fund for Advancement of Education	(\$39)	(42)	\$3	-7.1%
Commitment to Human Services Fund	(\$39)	(42)	\$3	-7.1%
Subtotal General Funds	\$2,923	\$3,090	(\$167)	-5.4%
Short-Term Borrowing	\$0	\$0	\$0	N/A
Interfund Borrowing	\$0	\$0	\$0	N/A
Budget Stabilization Fund Transfer	\$0	\$0	\$0	N/A
Total General Funds	\$2,923	\$3,090	(\$167)	-5.4%
CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding				1-Feb-17

GENERAL FUNDS RECEIPTS: YEAR TO DATE**FY 2017 vs. FY 2016**

(\$ million)

Revenue Sources	FY 2017	FY 2016	CHANGE FROM FY 2016	% CHANGE
State Taxes				
Personal Income Tax	\$8,355	\$8,600	(\$245)	-2.8%
Corporate Income Tax (regular)	611	1,055	(\$444)	-42.1%
Sales Taxes	4,908	4,814	\$94	2.0%
Public Utility Taxes (regular)	485	515	(\$30)	-5.8%
Cigarette Tax	198	198	\$0	0.0%
Liquor Gallonage Taxes	109	106	\$3	2.8%
Vehicle Use Tax	17	19	(\$2)	-10.5%
Inheritance Tax	165	215	(\$50)	-23.3%
Insurance Taxes and Fees	199	175	\$24	13.7%
Corporate Franchise Tax & Fees	151	126	\$25	19.8%
Interest on State Funds & Investments	16	13	\$3	23.1%
Cook County IGT	56	56	\$0	0.0%
Other Sources	328	235	\$93	39.6%
Subtotal	\$15,598	\$16,127	(\$529)	-3.3%
Transfers				
Lottery	398	376	\$22	5.9%
Riverboat transfers & receipts	199	205	(\$6)	-2.9%
Proceeds from Sale of 10th license	0	0	\$0	N/A
Refund Fund transfer	0	77	(\$77)	-100.0%
Fund sweeps	0	0	\$0	N/A
Other	333	353	(\$20)	-5.7%
Total State Sources	\$16,528	\$17,138	(\$610)	-3.6%
Federal Sources	\$1,322	\$1,710	(\$388)	-22.7%
Total Federal & State Sources	\$17,850	\$18,848	(\$998)	-5.3%
Nongeneral Funds Distribution:				
Refund Fund				
Personal Income Tax	(\$937)	(\$838)	(\$99)	11.8%
Corporate Income Tax	(\$106)	(\$160)	\$54	-33.8%
Fund for Advancement of Education	(\$241)	(\$247)	\$6	N/A
Commitment to Human Services Fund	(\$241)	(\$247)	\$6	N/A
Subtotal General Funds	\$16,325	\$17,356	(\$1,031)	-5.9%
Short-Term Borrowing	\$0	\$0	\$0	N/A
Interfund Borrowing	\$0	\$0	\$0	N/A
Budget Stabilization Fund Transfer	\$0	\$125	(\$125)	-100.0%
Total General Funds	\$16,325	\$17,481	(\$1,156)	-6.6%
SOURCE: Office of the Comptroller, State of Illinois: Some totals may not equal, due to rounding.				
CGFA				
1-Feb-17				

Fitch Downgrades Illinois' General Obligation Bond Ratings to BBB

Lynnae Kapp, Senior Analyst

Fitch Ratings downgraded the State General Obligation Bonds to BBB from BBB+. “The downgrade of Illinois's IDR (Issuer Default Rating) and related ratings reflects the unprecedented failure of the state to enact a full budget for two consecutive years and the financial implications of spending far in excess of available revenues, which has resulted in increased accumulated liabilities and reduced financial flexibility. Even if the current attempts at a resolution to the extended impasse prove successful, Fitch believes that the failure to act to date has fundamentally weakened the state's financial profile.

“The Negative Watch reflects Fitch's expectation that the state's implementation of a solution, whether temporary or permanent, will be a challenge in the current political environment and that in the interim the state will continue to delay and defer payments in lieu of balancing the budget. While Fitch acknowledges that there is a plan being developed in the state Senate that contains elements that could ultimately resolve the impasse, its passage is uncertain and the timing of implementing solutions is unknown. Fitch expects to resolve the Rating Watch within the next six months based on an assessment of the state's fiscal trajectory as it starts fiscal 2018. If the state continues on the current path, a further downgrade would be warranted.

“Illinois has failed to capitalize on the economic growth of recent years to bolster its financial position. Rather, the decision to allow temporary tax increases to expire and the subsequent failure to develop a budget that aligns revenues with expenditures have resulted in a marked deterioration in the state's finances during this time of recovery. Illinois has adequate expenditure flexibility despite elevated carrying costs for debt

service and retiree benefits, with much of the broad expense-cutting ability common to most U.S. states. However, it is unlikely that reductions in state spending alone would be sufficient to achieve budgetary balance given the magnitude of the current budget gap. Funding demands associated with retiree benefits will continue to be a pressure, as these benefits are constitutionally protected... Once again, the state has displayed an unwillingness to utilize its extensive control over revenues and spending to address numerous fiscal challenges.”

Standard and Poor's lowered Illinois' GO bond rating from a BBB+ to BBB with a negative outlook in September 2016, after lowering the State from A- in June 2016. “The 'BBB' rating reflects our view of the state's: Long history of structural imbalance and a governmental framework that limits the state's ability to curb its spending in absence of an adopted budget; Top leadership's highly polarized views on how to address Illinois' fiscal imbalance, which has left the state without a fully adopted budget for a second year, and which continues to impede progress on fiscal realignment; Large projected operating deficit of approximately \$6 billion, which could lead to pressure on liquidity and increased payables that could rise to up to \$11 billion by fiscal year-end 2017, absent a budget compromise; Large net pension liability for its five pensions systems, which stood at \$116 billion (40.2% funded) on a Governmental Accounting Standards Board (GASB) Statement 68 basis, and which is expected to increase based on weak market returns over the past two years with limited likelihood of pension reform following the May 8, 2015 ruling that the state's pension reform efforts are unconstitutional and confirming the pension protections contained in Illinois' constitution; and Moderately high debt burden.”

S&P said they could still lower the State's rating further if the State does not adopt a budget and deal with its structural issues and liabilities. The rating agency also states that Illinois' ability to pay debt service could become compromised and the State is "particularly susceptible to any unanticipated economic stress or revenue under-performance."

Moody's Investors Service downgraded Illinois' General Obligation Bonds and Build Illinois Bonds one level from Baa1 to Baa2 in June 2016. "The rating downgrade reflects continuing budget imbalance due to political gridlock that for more than a year has kept Illinois from addressing revenue lost due to income tax cuts that took effect in January 2015. The state's structural budget gap equals at least 15% of general fund expenditures, if the state's underfunding of pension contribu-

tions is included. If this gap continues into a significant portion of the coming fiscal year, it will put pressure on operating fund liquidity and add to an already sizable bill backlog. We project that the backlog will surpass prior peak levels (about \$10 billion) in coming months, in the absence of a consensus on a budget that offsets the loss of revenue from the 2015 tax cuts. The potential for economic underperformance or unplanned liquidity demands heightens the risk of further financial weakening. Illinois benefits from a large and diverse economic base, legal provisions that ensure continued payment on debt even with no enacted budget, and powers common to US states, such as freedom to increase revenues or constrain spending. However, the long-running partisan standoff is impeding Illinois' ability to exercise these powers or to make progress addressing unfunded retiree benefit liabilities that far exceed those of other states."

ILLINOIS' GENERAL OBLIGATION RATINGS HISTORY						
Date of Rating Action	Fitch		S&P		Moody's	
	Rating	up/down	Rating	up/down	Rating	up/down
February 2017	BBB	↓1x				
September 2016			BBB	↓1x		
June 2016			BBB+	↓1x	Baa2	↓1x
October 2015	BBB+	↓1x			Baa1	↓1x
June 2013	A-	↓1x			A3	↓1x
Jan 2013			A-	↓1x		
Aug 2012			A	↓1x		
Jan 2012					A2	↓1x
Jun 2010	A	↓1x			A1	↓1x
Mar-Apr 2010	A-/A+ recal	↓1x/↑2x			Aa3 recal	↑2x
Dec 2009			A+	↓1x	A2	↓1x
Mar-Jul 2009	A	↓2x	AA-	↓1x	A1	↓1x
Dec 2008	AA-	↓1x				
May 2003	AA	↓1x			Aa3	↓1x
Jun 2000	AA+	↑1x				
Jun 1998					Aa2	↑1x
Jul 1997			AA	↑1x		
Feb 1997					Aa3	↑1x
Sep 1996	AA	<i>initial rating</i>				
Feb 1995					A1	↓1x
Aug 1992			AA-	↓1x	Aa*	↓1x
Aug-Sep 1991			AA	↓1x	Aa1	↓1x
Mar 1983			AA+	↓1x		
Feb 1979			AAA	<i>initial rating</i>		
1973					AAA	<i>initial rating</i>

Agency Ratings Comparison	
Fitch/S&P	Moody's
AAA	Aaa
AA	Aa2
AA-	Aa3
A+	A1
A	A2
A-	A3
BBB+	Baa1
BBB	Baa2
BBB-	Baa3
BB+	Ba1
BB	Ba2
BB-	Ba3
B+	B1
B	B2
B-	B3
CCC+	Caa1
CCC	Caa2
CCC-	Caa3
CC	Ca
C	C

Note: "recal" means recalibration, when Fitch and Moody's revised their ratings on municipal bonds to match global/corporate ratings. These are not considered upgrades.

*Moody's rating of Aa was before that level had modifiers of Aa2 and Aa3, so it was considered one level inbetween AA1 and A1

State Employees Group Insurance Program Status Update
Anthony Bolton, Revenue/Pension Analyst

Over the past fiscal year, the lack of an enacted budget has resulted in the State Employee Group Insurance Program (SEGIP) building up a large backlog of unpaid claims. As of the end of December, approximately \$3.91 billion in SEGIP claims were being held by the state from various insurers, organizations, and companies. Of this total, the largest portion was approximately \$1.99 billion of HMO/Medicare Advantage claims. The second largest portion, Open Access Plans, totaled \$743 million. The third largest portion of the overall claims hold came from CIGNA, which had \$605 million in claims currently held by the state. Concurrently, the estimated time for claims to be held was 303-675 days for Managed Care/Medicare Advantage, 468-524 days for Open Access Plans, and 398-608 days for CIGNA. This information and other pertinent data is displayed on the chart on the next page. Without additional funding, claims will continue to build up and estimated claims hold times will increase due to no appropriation for Group Insurance.

As a result of the State Employees Group Insurance Program (SEGIP) building up a large backlog of unpaid claims from health care vendors, alternative options for payment have been explored. One option that has arisen in recent years is a program

called the Vendor Payment Program (VPP), which is organized through the Department of Central Management Services (CMS).

Under the VPP, vendors for the state of Illinois who would otherwise receive prompt payment interest would instead partner with a “qualified purchaser” who would purchase the voucher from them. The vendor would receive approximately 90% of the total invoice owed to them with the other 10% paid to them once the qualified purchaser is paid by the state. The qualified purchaser would keep any interest paid out by the state on the voucher. However, the State has not been able to pay out vouchers without appropriation, so CMS has switched to the Vendor Support Initiative program (VSI), which is procedurally similar to the Vendor Payment Program, but does not require a voucher to receive payment. As of September 15, 2016, approximately \$970 million in group insurance program debts had been purchased through the VSI program from Health Alliance, Blue Cross Blue Shield of Illinois, Fidelity, and Coventry. The primary companies currently purchasing Group Insurance vouchers from the State of Illinois are Vendor Assistance Program (VAP), Vendor Capital Finance LLC (VCF), and Illinois Financing Partners LLC (IFP).

Claims Hold Data for SEGIP

End of December 2016	
Total Claims Hold / Total Length of Claims Hold/Total Interest Owed (Including Past Due Interest)	\$3,911,279,230 / Varies 303 - 675 days / \$350,814,940 Interest Owed
CIGNA - PPO (and Member) / Claims Hold/ Interest	\$570,285,241/ 588 days / \$39,988,201
CIGNA - Non-PPO / Claims Hold/ Interest	\$34,879,815 / 665 days / \$2,781,665
Dental Claims Hold – PPO / Claims Hold / Interest	\$82,375,079 / 440 days / \$6,291,466
Dental - Non-PPO / Claims Hold / Interest	\$42,132,113 / 608 days / \$4,707,453
Magellan (Mental Health) Claims / Claims Hold / Interest	\$4,182,974 / 244 days / \$111,272
Coventry HMO / Claims Hold / Interest Owed	\$60,890,977 / 402 days / \$4,016,122
Health Alliance HMO / Claims Hold / Interest	\$1,001,114,119 / 675 days / \$89,543,348
HMO Illinois / Claims Hold / Interest	\$566,041,950 / 647 days / \$45,494,494
Blue Advantage / Claims Hold / Interest	\$80,694,099 / 647 days / \$6,037,604
HealthLink OAP / Claims Hold / Interest	\$618,264,352 / 524 days / \$35,964,311
Coventry OAP / Length of Claims Hold / Interest	\$125,077,093 / 468 days / \$6,197,884
Medco / Length of Claims Hold / Interest	\$64,587,669 / 630 days / \$57,274,012
CVS/Caremark / Length of Claims Hold / Interest	\$328,640,430 / 534 days / \$19,280,602
Coventry Medicare Advantage (MA) / Claims Hold / Interest Owed	\$10,301,888 / 494 days / \$882,960
Health Alliance MA / Claims Hold / Interest	\$1,942,758 / 555 days / \$143,588
Humana Benefit Plan MA / Claims Hold / Interest	\$343,375 / 525 days / \$37,606
Humana Health Plan MA / Claims Hold / Interest	\$6,767,867 / 525 days / \$728,626
United Healthcare MA / Claims Hold / Interest	\$258,692,843 / 303 days / \$25,781,211
Fidelity (Vision) / Claims Hold / Interest	\$9,766,130 / 310 days / \$511,208
Other Fees (ASC/etc.) / Claims Hold / Interest	\$44,298,459/372 to 433 days/\$5,041,306

The current interest owed on these claims is also noted in the above chart. The interest on held claims is reflective of the 9 to 12

percent interest rates mentioned in previous monthly reports and is not included in the total claims hold figure of \$3.91 billion.