



# Commission on Government Forecasting and Accountability

**MONTHLY BRIEFING FOR THE MONTH ENDED: FEBRUARY 2012**

<http://www.ilga.gov/commission/cgfa2006/home.aspx>

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## GUEST EDITORIAL

Actuarial Funding Methods  
William B. Forna, FSA  
President, Pension Trustee  
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I know what you're thinking:  
*This is going to be the most  
fascinating piece I've ever  
read.* I'll do my best to hit  
that target, but hope you'll

forgive me if it barely cracks your top ten.

Actuarial funding methods for public pension plans are actually a relevant and timely topic, particularly in Illinois. I'll describe the most common methods, discuss the related proposal by the Government Accounting Standards Board (GASB), examine common practice outside Illinois, and look at Illinois in more detail.

### Entry Age Normal Actuarial Cost Method

By far the most common pension funding method used for public pensions is the Entry Age Normal Actuarial Cost Method, known simply as "Entry Age," or among those in the know, "EAN." To understand how this method works, imagine that you are just beginning your career and want to decide how much of your paycheck you should save for retirement. One way to decide is to subtract what you spend from the remainder your paycheck, and what's left is what you save. But we all know (even those of us in Illinois) that there's probably a better way to decide how much to save for retirement.

In order to make a wise decision, I would make a series of assumptions based on answers to these questions:

- When am I going to retire?
- How much will I need to live on once I've retired?
- How long will I live after retirement?
- What investment return will I earn on my savings?
- What's my salary going to be when I retire?

Once these questions are answered, you could figure out mathematically how much is needed to save from each paycheck. It would build up with investment return to an amount from which you could withdraw the amount needed to live on, and it would run out exactly when you die. This is very similar to EAN. We actuaries calculate the contribution rate needed for each employee at the time they start their career, or their "entry age.". The most important difference in EAN from my individual example is that rather than asking "How much will I need to live on?" we simply use the pension plan formula instead. Another difference is that actuaries use thousands of assumptions as to retirement age, age at death, salary growth, likelihood of disability, and more. In my simple example, we used single assumptions for retirement age and age at death.

Once this EAN normal cost is determined, the next step is to figure out if we're ahead or behind in funding. Based on how far along each employee is in their career, we can calculate how much should be in the pension fund based on the prior EAN contributions. This is what's called the Actuarial Liability (or Actuarial Accrued Liability, Accrued Liability, or AL, or just Liability). To the extent we don't have this amount in assets, we have an Unfunded Actuarial Liability (UL or UAL). Most plans these days have a UL, in part because of recent investment losses, but also because we haven't been contributing the full costs. So in addition to funding the normal cost, prudent funding policy would also fund part of the UL. I'll discuss this below.

#### Projected Unit Credit Actuarial Cost Method

The actuarial cost method widely used in the private sector, and occasionally (maybe 20%) used in the public sector, is Projected Unit Credit Actuarial Cost Method (PUC). This is conceptually quite different from EAN. Remember that under EAN, the starting question is "How much should I save?" while under PUC, the starting question is "What's my benefit worth?" For example, the latest benefit formula for SERS credits is 1.67% of final average pay for each year of service. So if you project your final average pay to be \$120,000, then the normal cost would be based on the present value of a projected lifetime benefit of 1.67% of \$120,000, or \$2,004 per year. For a 45 year-old, the present value of a \$2,004 per year lifetime benefit payable at 67 would be around \$4,000. So this would be the PUC normal cost, and the individual's actuarial liability would be based on years worked so far. For example, if that 45 year-old had worked 10 years so far, the AL would be about \$40,000.

While PUC is less common nationally, it is commonly used in Illinois. PUC tends to produce lower costs than EAN, except for older individuals. Note also that EAN is required by the Exposure Draft Standard of the Governmental Accounting Standards Board Statements on pensions.

### Amortization of Unfunded Liability

Whether you're using EAN or PUC, it's likely that you have an unfunded liability. As you can imagine, there are lots of ways to fund the UL. This can be considered as analogous to a mortgage. The typical home mortgage payment is a fixed dollar payment over thirty years. But public pension amortizations sometimes use a couple of modifications which tend to reduce the payment amount.

The first modification is to base the amortization not as a fixed amount, but an amount which increases as payroll increases. Remember when you got that first home mortgage, and it was a bit of a stretch to make your salary cover all your expenses, including your mortgage? You bit the bullet in the first few years, hoping for salary increases over your lifetime to make the mortgage payments more manageable. If you could have paid a reduced amount in the early years, which increase as your pay increases, it would have made the mortgage more manageable. This is what many public pension funds do – the amortization schedule increases by a fixed amount (typically 3% to 4%) each year.

The second modification is analogous to refinancing. When you got your first 30-year mortgage, you may have planned on working for thirty more years, to have the mortgage paid off by the end of your career. You might have later refinanced and stretched back out to thirty years. But as one gets older, it's less prudent to refinance over a long period of time. While if a state or local government anticipated being around for thirty more years, it's not unreasonable to consider resetting the amortization period to thirty years. Many systems utilize this method every year, "rolling" the amortization perpetually at thirty years, and never getting down to 29, let alone getting to be fully funded.

The Illinois method is unique and unconventional. Illinois set the target funding level not at 100%, but at 90%. Illinois does not use the "rolling" technique, but does use the pay-based amortization technique. The target year for 90% funding is 2045 (more than thirty years from now), and included a "ramp up" where amortization contributions will not be the full amount determined under this method until 2010.

### GASB Proposed Changes

GASB Statements No. 25 and 27, those currently effective, have fairly flexible provisions for calculating pension costs. Both PUC and EAN are permitted, along with most other conventional (albeit uncommon) actuarial cost methods. GASB 25 and 27

permit amortization periods up to 30 years, amortization based on increasing payroll, and rolling amortization. The Illinois method falls outside of current GASB rules because its amortization period is more than 30 years and it aims at 90%, not 100%, amortization. But GASB is about to change.

The most important GASB change will impact all public systems and public employers, Illinois no more than any other public entity. That change is the break between accounting and cash funding. Remember that GASB is the Governmental *Accounting* Standards Board, and not the Government *financing* Standards Board. They're reminding us of this distinction.

GASB 25 and 27 have a concept known as Annual Required Contribution (ARC). But GASB has no authority over what a pension *contribution* should be, only authority of what is to be reported as an accounting cost. The ARC was widely accepted, however, as a prudent bogey for what should be *contributed* into a pension. Nearly all jurisdictions strove to contribute the ARC. Many considered whether a government contributed ARC as a black mark or gold star. Illinois was one of the few places where GASB-ARC was not even the goal.

But soon with the more rigid GASB standards and the explicit divorce between accounting and cash contributions, I predict that virtually all government will report two numbers – the GASB accounting cost, and their own “actuarially determined” contribution, and that these numbers will be quite different. So to some extent, Illinois’ deviation from old GASB will not be such an obvious black mark.

#### What is Good Funding Policy?

So we're in a state of flux. GASB has washed their hands of the responsibility to tell governments what to contribute, so other organizations are considering stepping into the void. There is a California Actuarial Advisory Panel which has developed some model funding guidelines. Some other organizations from actuarial groups to industry groups are considering developing or analyzing potential model funding guidelines. My hope is that some kind of model funding guidelines will be developed and generally accepted in the next two years. These will likely have the following features:

- Amortization over much shorter periods, probably 15 years
- No rolling amortization
- 100% target (not 90% as is used in Illinois)
- More rapid amortization for certain changes such as retroactive benefit increases
- Possible recommendation of EAN over PUC
- Limits on asset smoothing
- Enhanced disclosure, including sensitivity to differing discount rates

These are merely my predictions. We'll know much more in the next year. But for now, you can bet that actuarial funding methods for public pensions will continue to be a fascinating topic. Maybe even in your top ten.

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*William (Flick) Forna is founder and president of [Pension Trustee Advisors](#). He is a retirement consultant and actuary with more than 30 years of industry experience. Forna has expertise in broad retirement topics, including financing, plan design, bond analysis, asset-liability studies, retiree healthcare, and legislative testimony. He has performed consulting services for 22 statewide retirement systems from Alaska to Puerto Rico. An author and instructor on various retirement topics, Forna is known for his ability to teach complex concepts to lay audiences. He co-authored "[A Better Bang for the Buck—The Economic Efficiencies of Defined Benefit Plans](#)" with the National Institute of Retirement Security in 2008. Forna is a Fellow of the Society of Actuaries, an Enrolled Actuary under ERISA, a Member of the American Academy of Actuaries, and Fellow of the Conference of Consulting Actuaries.*

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## **PENSIONS**

### **The Chicago Teachers' Pension Fund**

#### **Chicago Board of Education and State Contributions for FY 2013**

Dan Hankiewicz, Pension Manager

Public Act 89-0015 established a funding plan for the Chicago Teachers' Pension Fund under which the Chicago Board of Education was required to make a minimum annual contribution to the fund in an amount sufficient to achieve a 90% funding ratio by the end of Fiscal Year 2045. For fiscal years 1999 through 2010, the Board's contribution was to be increased in equal annual increments so that by Fiscal Year 2011, the Board of Education was making contributions as a level percentage of payroll each year through FY 2045.

Public Act 90-0548 revised the funding plan to stipulate that the Chicago Board

of Education need not make pension contributions unless the funded ratio drops below 90%. As shown in Table 1 below, the funded ratio stood at 59.9% at the end of Fiscal Year 2011. P.A. 96-0889, which implemented a second tier of pension benefits for Chicago teachers hired after Jan. 1, 2011, repealed the funding provisions of P.A. 89-0015 and set in place a new funding requirement under which the Chicago Board of Education must make contributions to CTPF between FY 2014 and FY 2059 in order for CTPF to attain a 90% funding ratio by FY 2059. The Act set Board of Education contribution levels in statute for Fiscal Years 2011 – 2013.

Table 1

Summary of Financial Condition  
Chicago Teachers' Pension Fund  
(\$ in Millions)

Fiscal Year	Accrued Liability	Actuarial Assets	Unfunded Liability	Funded Ratio
2002	11,025.5	10,640.9	384.6	96.5%
2003	11,411.5	10,494.8	916.7	92.0%
2004	12,105.7	10,392.2	1,713.5	85.8%
2005	13,295.9	10,506.5	2,789.4	79.0%
2006	14,035.6	10,948.0	3,087.6	78.0%
2007	14,677.2	11,759.7	2,917.5	80.1%
2008	15,203.7	12,069.4	3,134.3	79.4%
2009	15,683.2	11,493.3	4,189.9	73.3%
2010	16,319.7	10,952.3	5,367.4	67.1%
<b>2011</b>	<b>16,940.6</b>	<b>10,140.6</b>	<b>6,800.0</b>	<b>59.9%</b>

Public Act 90-0582 requires the state to contribute 0.544% of the fund's total teacher payroll when the CTPF funded ratio drops below 90%. The state will make a \$10.9 million contribution to the Chicago Teachers' Pension Fund in FY 2013 in accordance with this provision. Based on the fund's June 30, 2011 actuarial valuation, the Chicago Teachers'

Pension Fund had a funded ratio of 59.9%, as shown in Table 1 above. Therefore, the Chicago Board of Education will be required to make an FY 2013 contribution of \$196.0 million. P.A. 96-0889 stipulated that any contributions received by the State, other than those received in accordance with P.A. 90-582, shall be treated as a credit against the required Board of Education contributions.

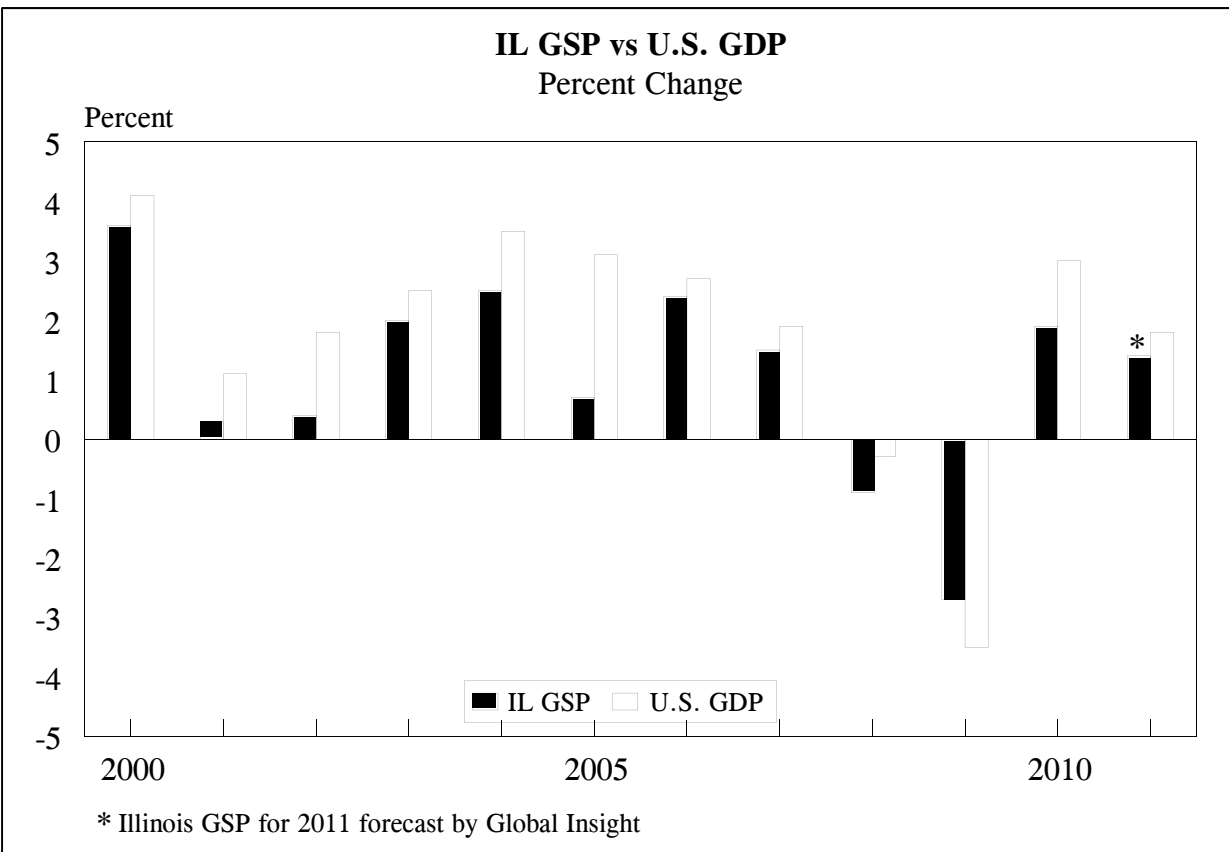
## ECONOMY

### Illinois' Recovery Lags

Edward H. Boss, Jr., Chief Economist

The Illinois economic recovery continues to lag that of the nation as a whole as well as most of its neighboring states. Even so, Illinois remains a relatively wealthy and diversified state. The State is one of the most diverse, is fifth largest in terms of Gross State Product, and ranks 16<sup>th</sup> in median income and 13<sup>th</sup> with those 25 years and older with at least a Bachelor's degree. Rather than its size and importance is its current performance that has not kept pace with many others in this current lethargic economic recovery, now underway for more than 2 ½ years, as it emerges from the longest recession seen in the post-World War II period.

Perhaps nowhere is this shown more than in its employment situation. (See last month's *Monthly Briefing*.) "In contrast (to the nation) Illinois never did recoup all the jobs lost during the previous recession before the next recession began, making the gap to reach a new high much more difficult. Thus, Illinois' job picture, while improving, continues to lag that shown for the nation as a whole as well as its surrounding states." The weakness in the State's employment situation is the result of its recent slower pace of economic growth that has remained below that of the nation as a whole as well as many of its neighbors.



The latest full year data of GDP broken down by state, released by the U.S. Bureau of Economic Analysis, is for the year 2010. U.S. real growth had fallen by 0.3% in 2008, worsened to a decline of 3.5% in 2009, but then reversed course and rose by 2.6% in 2010. In the Great Lake states (Illinois, Indiana, Ohio, Indiana and Michigan) the recession was somewhat deeper. GDP fell by 1.9% and 3.7% in 2008 and 2009 respectively, but also rose by 2.6% in 2010. While overall growth rates were similar for both the nation and the Great Lakes in 2010, there were wide divergences among the states in that region. Fastest growth that year was in Indiana at 4.6%, followed by Michigan at 2.9%, Wisconsin at 2.5%, Ohio at 2.1% and finally Illinois last at 1.9%.

It is not surprising that Illinois' growth, as well as the Great Lake states, has lagged that of the nation. It is in the established Midwest where growth has not kept pace with faster growing areas in the South as well as, at least until recently, declines in the importance of manufacturing. Illinois' growth vs. the nation is exhibited in the attached chart that illustrates the gap that continues to be displayed between the two over the past several years. What is more surprising than its national comparison is the weakening role it is playing within the region, especially recently.

In an independent report done by Moody's Analytics for the Commission early this year, the recent performance of the State as well as its near-term outlook does not alter this weakening comparison.

Quoting from the report, "*Although recession risks have faded in recent months, the Illinois economy is not out of the woods yet. In fact, following some better economic signs at the end of last year, growth is expected to moderate in the first half of 2012 as consumer spending slows, support from inventory rebuilding wanes, and foreign demand weakens. The state's poor finances will also apply restraint, and job and income growth is expected to fall short of the national and Midwest averages in 2012.*" (For those interested in the full report, it can be found in its entirety on the Commission's website (see link below).

In conclusion, recent government reports signify that, while growth has improved in Illinois during the current economic recovery, it is lagging that shown by the economy as a whole as well as that recorded by the other Great Lake states. Moreover, this recent trend is likely to continue both in the near term and beyond, according to an independent forecast commissioned by the CGFA from Moody's Analytics.

<http://www.ilga.gov/commission/cgfa2006/Upload/2012FebMoodysEconomyILforecast.pdf>



## INDICATORS OF ILLINOIS ECONOMIC ACTIVITY

INDICATORS	<u>JAN. 2012</u>	<u>DEC. 2011</u>	<u>JAN. 2011</u>
Unemployment Rate (Average)	9.4%	9.7%	9.4%
Annual Rate of Inflation (Chicago)	5.4%	-5.5%	2.1%
<hr style="border: 2px solid black;"/>			
	<u>LATEST</u> <u>MONTH</u>	<u>% CHANGE</u> <u>OVER PRIOR</u> <u>MONTH</u>	<u>% CHANGE</u> <u>OVER A</u> <u>YEAR AGO</u>
Civilian Labor Force (thousands) (January)	6,579	-0.1%	0.3%
Employment (thousands) (January)	5,959	0.2%	-0.3%
New Car & Truck Registration (January)	44,268	9.0%	6.5%
Single Family Housing Permits (January)	352	-23.9%	20.9%
Total Exports (\$ mil) (December)	5,566	3.6%	24.2%
Chicago Purchasing Managers Index (February)	64.0	6.3%	-10.1%

### REVENUE

#### February Revenues Up – Modest Growth Continues to Offset Poor Federal Receipts

Jim Muschinske, Revenue Manager

While federal sources again suffered a monthly drop, overall base revenues reported another decent month in February, posting gains of \$219 million. It should be mentioned that we are now beginning to compare against the post-income tax period of last year. As a result, rates of growth will slow over the remainder of the year. February had one more receipting day compared to last year.

Gross personal income tax grew \$284 million, or \$259 million net of refunds. Gross corporate income taxes grew \$20 million, or \$16 million net of refunds. Sales taxes also performed fairly well, rising \$22 million. As expected, inheritance tax receipts jumped as a consequence of tax changes which went

into effect January 2011, up \$22 million. Corporate franchise taxes grew \$5 million in February, while liquor taxes and insurance taxes each managed a gain of \$1 million.

Public utility taxes dropped \$24 million in February, other sources were down \$19 million, while cigarette taxes and interest income each dropped \$1 million.

Overall transfers declined \$9 million in February. While other transfers managed to grow \$7 million, lottery transfers offset that gain, falling \$7 million. In addition, riverboat transfers also dropped for the month, down \$9 million. Finally, federal sources again dropped, this month down \$53 million.

## Year to Date

Through the first two-thirds of the fiscal year, absent short-term borrowing, tobacco settlement proceeds and Budget Stabilization Fund transfers, base general funds revenues are up \$1.903 billion. The increase has been fueled by comparatively higher income tax receipts stemming from the January 2011 rate increases as well as continued strong sales tax receipts. Those items have been more than enough to overcome a significant falloff in federal sources that resulted from less reimbursable spending as well as a return to a lower federal matching rate [under ARRA, states enjoyed approximately two years of higher reimbursable match which has now ended].

To date, gross personal income taxes are up \$3.832 billion, or \$3.497 billion net of refunds. Gross corporate income taxes are up \$225 million, or \$213 million net of refunds. Sales taxes have increased \$261 million, while all other revenue sources displayed a decline of \$45 million.

Overall transfers are down \$184 million, primarily as the result of \$354 million of interfund borrowing that took place last fiscal year through February. Other transfers are down \$258 million, while regular riverboat transfers are up \$4 million [the final payment of \$73 million is related to the sale of the 10<sup>th</sup> license]. Lottery transfers are down \$3 million for the year. Federal source receipts suffered a significant drop

falling \$1.839 billion due to lower reimbursable spending as well as reduced reimbursement rates previously enjoyed under ARRA.

## Updated FY 2012 CGFA and GOMB Forecasts

*On February 28<sup>th</sup>, the official CGFA Economic and Revenue Forecasts were presented and discussed at a CGFA hearing. A detailed report of the update can be found on the Commission's website. A brief summary follows.*

The State's latest enacted budget [per the February 2012 Budget Book] assumes revenues will be \$33.221 billion. Taking into account the latest federal source estimate released by GOMB, which reflects the Administration's updated reimbursable spending plan, CGFA's review of this year's revenues yields a forecast of \$33.392 billion. The following table provides an abbreviated view of the current fiscal year, comparing updated CGFA and GOMB revenue projections. CGFA still maintains that revenues will surpass budgeted assumptions. As shown, while CGFA's overall estimates of State sources and transfers have not meaningfully changed since July 2011, those same estimates of GOMB have been revised up and are now much closer to CGFA's view. Both estimates reflect the Administration's latest reimbursable spending plan and much lower estimate of federal sources, per the FY 2013 Budget Book.

CGFA FY 2012 Update vs. GOMB FY 2012 Update per Budget Book							
General Funds \$millions	CGFA Estimates FY'12			GOMB Estimates FY'12			CGFA vs. GOMB
	July-11	Feb-12	Change	Aug-11	Feb.-12	Change	
State Sources	\$27,749	\$27,763	\$14	\$26,989	\$27,587	\$598	\$176
Transfers	\$1,838	\$1,824	(\$14)	\$1,810	\$1,829	\$19	(\$5)
<u>Federal Sources</u>	<u>\$4,350</u>	<u>\$3,805</u>	<u>(\$545)</u>	<u>\$4,325</u>	<u>\$3,805</u>	<u>(\$520)</u>	<u>\$0</u>
<b>Total</b>	<b>\$33,937</b>	<b>\$33,392</b>	<b>(\$545)</b>	<b>\$33,124</b>	<b>\$33,221</b>	<b>\$97</b>	<b>\$171</b>

### View Of FY 2013 Revenues

As shown, CGFA's estimate of FY 2013 revenues is \$33.990 billion, reflecting estimated growth of \$598 million. Those figures are very similar to the GOMB estimate of \$33.940 billion and \$719 million in growth, as presented in the FY 2013 Budget Book. Underlying assumptions include continued modest

rates of growth in the economic sources as well as recent legislative changes enacted in the fall veto session. The federal source estimate reflects the Administration's planned spending on reimbursable programs per the 2013 Budget Book. Obviously, the federal source number will be affected by final appropriations as well as available resources.

CGFA FY 2013 Outlook vs. GOMB FY 2013 per Budget Book							
General Funds \$millions	CGFA Estimates FY'13			GOMB Estimates FY'13			CGFA vs. GOMB
	FY'12	FY'13	Growth	FY'12	FY'13	Growth	
State Sources	\$27,763	\$28,229	\$466	\$27,587	\$28,205	\$618	\$24
Transfers	\$1,824	\$1,826	\$2	\$1,829	\$1,800	(\$29)	\$26
<u>Federal Sources</u>	<u>\$3,805</u>	<u>\$3,935</u>	<u>\$130</u>	<u>\$3,805</u>	<u>\$3,935</u>	<u>\$130</u>	<u>\$0</u>
<b>Total</b>	<b>\$33,392</b>	<b>\$33,990</b>	<b>\$598</b>	<b>\$33,221</b>	<b>\$33,940</b>	<b>\$719</b>	<b>\$50</b>

Note: The refund percentages used by both CGFA and GOMB in FY'13 are 9.75% for personal income tax and 14.0% for corporate income tax [utilized in 2013 Budget Book]. Those are slightly different from the current FY'12 percentages of 8.75% and 17.5%, respectively. Every 1% change in the personal refund tax rate equates to approximately \$169m, whereas every 1% change in the corporate refund rate equates to approximately \$30.7m

### House Passes Revenue Estimates

On March 1<sup>st</sup>, 2012, the Illinois House of Representative passed HJR68 and HR707. Both pieces of legislation include the

adopted revenue estimate of that chamber for FY 2013, \$33.719 billion. That figures represents an estimate \$271 million lower than CGFA, and \$221 million lower than GOMB.

## GENERAL FUNDS RECEIPTS: FEBRUARY

FY 2012 vs. FY 2011

(\$ million)

<u>Revenue Sources</u>	<u>Feb. FY 2012</u>	<u>Feb. FY 2011</u>	<u>\$ CHANGE</u>	<u>% CHANGE</u>
<b><i>State Taxes</i></b>				
Personal Income Tax	\$1,249	\$965	\$284	29.4%
Corporate Income Tax (regular)	57	37	\$20	54.1%
Sales Taxes	505	483	\$22	4.6%
Public Utility Taxes (regular)	68	92	(\$24)	-26.1%
Cigarette Tax	29	30	(\$1)	-3.3%
Liquor Gallonage Taxes	9	8	\$1	12.5%
Vehicle Use Tax	2	2	\$0	0.0%
Inheritance Tax (Gross)	23	1	\$22	N/A
Insurance Taxes and Fees	15	14	\$1	7.1%
Corporate Franchise Tax & Fees	20	15	\$5	33.3%
Interest on State Funds & Investments	1	2	(\$1)	-50.0%
Cook County IGT	94	94	\$0	0.0%
Other Sources	28	47	(\$19)	-40.4%
<b><i>Subtotal</i></b>	<b>\$2,100</b>	<b>\$1,790</b>	<b>\$310</b>	<b>17.3%</b>
<b><i>Transfers</i></b>				
Lottery	31	38	(\$7)	-18.4%
Riverboat transfers & receipts	12	21	(\$9)	-42.9%
Proceeds from Sale of 10th license	0	0	\$0	N/A
Other	21	14	\$7	50.0%
<b><i>Total State Sources</i></b>	<b>\$2,164</b>	<b>\$1,863</b>	<b>\$301</b>	<b>16.2%</b>
<b><i>Federal Sources</i></b>	<b>\$205</b>	<b>\$258</b>	<b>(\$53)</b>	<b>-20.5%</b>
<b><i>Total Federal &amp; State Sources</i></b>	<b>\$2,369</b>	<b>\$2,121</b>	<b>\$248</b>	<b>11.7%</b>
<b><i>Nongeneral Funds Distribution:</i></b>				
<b><i>Refund Fund</i></b>				
Personal Income Tax	(\$109)	(\$84)	(\$25)	29.8%
Corporate Income Tax	(\$10)	(6)	(\$4)	66.7%
<b><i>Subtotal General Funds</i></b>	<b>\$2,250</b>	<b>\$2,031</b>	<b>\$219</b>	<b>10.8%</b>
<b><i>Short-Term Borrowing</i></b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<b><i>Tobacco Liquidation Proceeds</i></b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<b><i>Pension Contribution Fund Transfer</i></b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<b><i>Budget Stabilization Fund Transfer</i></b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<b><i>Total General Funds</i></b>	<b>\$2,250</b>	<b>\$2,031</b>	<b>\$219</b>	<b>10.8%</b>
CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding				1-Mar-12

## GENERAL FUNDS RECEIPTS: YEAR TO DATE

FY 2012 vs. FY 2011

(\$ million)

<u>Revenue Sources</u>	<u>FY 2012</u>	<u>FY 2011</u>	<u>CHANGE FROM FY 2011</u>	<u>% CHANGE</u>
<b>State Taxes</b>				
Personal Income Tax	\$10,263	\$6,431	\$3,832	59.6%
Corporate Income Tax (regular)	1,270	1,045	\$225	21.5%
Sales Taxes	4,817	4,556	\$261	5.7%
Public Utility Taxes (regular)	669	723	(\$54)	-7.5%
Cigarette Tax	236	236	\$0	0.0%
Liquor Gallonage Taxes	112	108	\$4	3.7%
Vehicle Use Tax	18	19	(\$1)	-5.3%
Inheritance Tax (Gross)	134	117	\$17	14.5%
Insurance Taxes and Fees	167	163	\$4	2.5%
Corporate Franchise Tax & Fees	133	140	(\$7)	-5.0%
Interest on State Funds & Investments	12	22	(\$10)	-45.5%
Cook County IGT	150	150	\$0	0.0%
Other Sources	267	265	\$2	0.8%
<b>Subtotal</b>	<b>\$18,248</b>	<b>\$13,975</b>	<b>\$4,273</b>	<b>30.6%</b>
<b>Transfers</b>				
Lottery	378	381	(\$3)	-0.8%
Riverboat transfers & receipts	246	242	\$4	1.7%
Proceeds from Sale of 10th license	73	0	\$73	N/A
Other	527	785	(\$258)	-32.9%
<b>Total State Sources</b>	<b>\$19,472</b>	<b>\$15,383</b>	<b>\$4,089</b>	<b>26.6%</b>
<b>Federal Sources</b>	<b>\$1,853</b>	<b>\$3,692</b>	<b>(\$1,839)</b>	<b>-49.8%</b>
<b>Total Federal &amp; State Sources</b>	<b>\$21,325</b>	<b>\$19,075</b>	<b>\$2,250</b>	<b>11.8%</b>
<b>Nongeneral Funds Distribution:</b>				
<b>Refund Fund</b>				
Personal Income Tax	(\$898)	(\$563)	(\$335)	59.5%
Corporate Income Tax	(\$222)	(\$210)	(\$12)	5.7%
<b>Subtotal General Funds</b>	<b>\$20,205</b>	<b>\$18,302</b>	<b>\$1,903</b>	<b>10.4%</b>
<b>Short-Term Borrowing</b>	<b>\$0</b>	<b>\$1,300</b>	<b>(\$1,300)</b>	<b>-100.0%</b>
<b>Tobacco Liquidation Proceeds</b>	<b>\$0</b>	<b>\$1,250</b>	<b>(\$1,250)</b>	<b>N/A</b>
<b>Pension Contribution Fund Transfer</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<b>Budget Stabilization Fund Transfer</b>	<b>\$275</b>	<b>\$235</b>	<b>\$40</b>	<b>17.0%</b>
<b>Total General Funds</b>	<b>\$20,480</b>	<b>\$21,087</b>	<b>(\$607)</b>	<b>-2.9%</b>
SOURCE: Office of the Comptroller, State of Illinois: Some totals may not equal, due to rounding.				
CGFA				1-Mar-12