



# Commission on Government Forecasting and Accountability

**MONTHLY BRIEFING**

**MARCH 2011**

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

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## **ECONOMY: Resiliency**

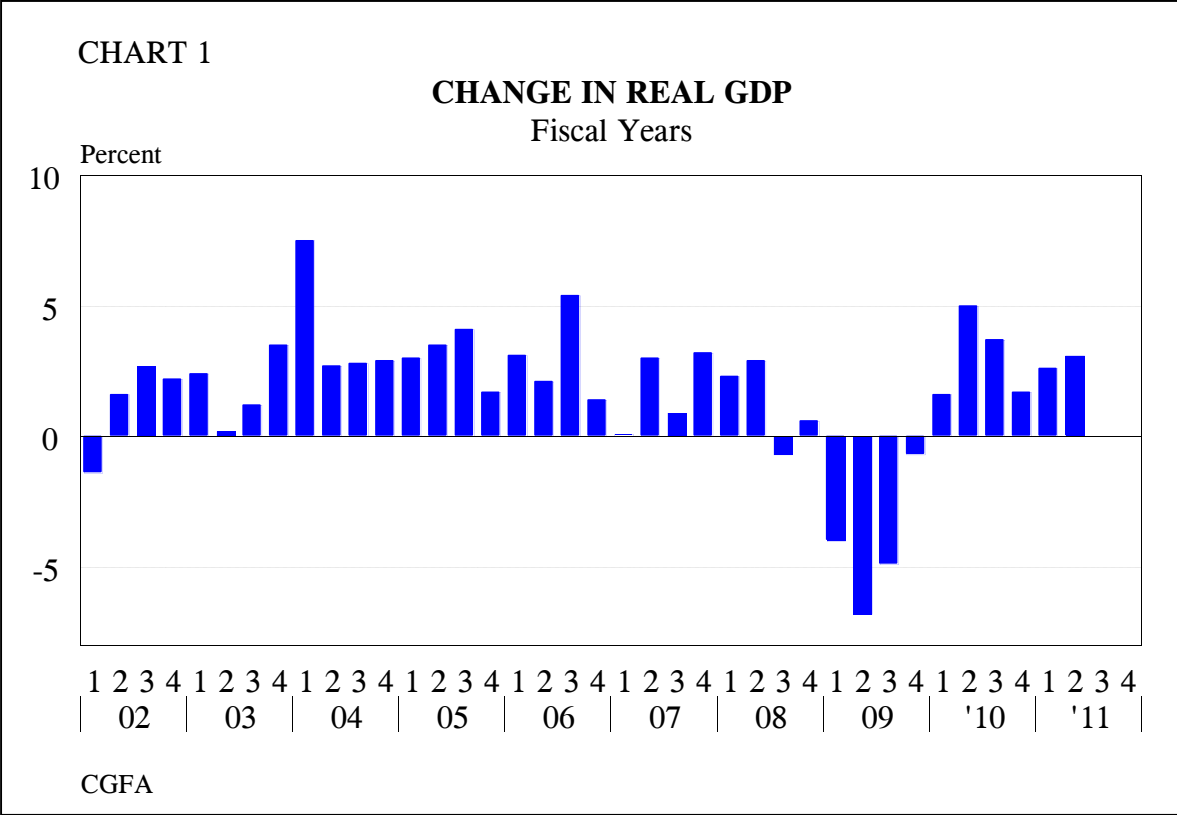
Edward H. Boss, Jr., Chief Economist

The U.S. economy is in its 21st month since the end of the past recession and, now with real GDP having exceeded its previous peak, has shifted from the recovery phase to the expansion phase of the business cycle. While it is heartening to see that the economy has recouped the output lost during the last recession, it has taken almost two years and still faces unacceptable high unemployment rates, continuing deterioration in the housing sector, a huge debt problem, and a myriad of exogenous factors, any one of which could have been significant enough to end the economy's upward path.

On March 25<sup>th</sup>, the Commerce Department issued the final report on the nation's gross national product for the last quarter of 2010. It showed the economy grew at an inflation-adjusted annual rate of 3.1%; up slightly from the last estimate of 2.8%. As shown in the attached chart, the economy has increased output in each of the past six quarters, in sharp contrast to the previous six quarters that had declined in five of those six quarters. This growth, while modest, took place in the face of many outside events that have at times severely shaken confidence and threatened to derail the economy.

One such worry once again coming to the forefront is the heavy debt position of countries particularly within the EU, at the moment Portugal and Ireland, and what corrective actions must be taken and the bailouts that may be necessary. The debt position of the U.S. government as well as several large States also remains a concern.

Distrust of paper currencies has been a factor driving up commodity prices, particularly prices of precious metals such as gold and silver not to mention triple digit oil prices priced in U.S. dollars.



Higher oil prices also reflect spreading unrest in the Middle East including concerns over the U.S. that is now engaged in its third ongoing war in the area. On top of all these factors, the fallout from the historic earthquake in Japan and disastrous tsunami, continued strong after-shocks, and worsening fallout emanating from the failed nuclear power facilities have caused widespread disruptions, not only in Japan but also in many countries that depend upon their output, particularly

electronics for use in automobiles, cellphones, and other devices. Yet, despite these shocks, the U.S. economy has continued to improve, showing its resiliency.

The upward movement of the U.S. economy, albeit at a modest pace this far into an economic recovery and expansion, continues despite a barrage of shocks, any one of which could end it. Any additional shocks or worsening in the ones already being faced will test this resiliency further.

## INDICATORS OF ILLINOIS ECONOMIC ACTIVITY

INDICATORS	<u>FEB. 2011</u>	<u>JAN. 2011</u>	<u>FEB. 2010</u>
Unemployment Rate (Average)	8.9%	9.0%	11.1%
Annual Rate of Inflation (Chicago)	7.9%	5.7%	1.8%
<b>—————</b>			
	<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) (February)	6,615	-0.5%	-0.3%
Employment (thousands) (February)	6,026	-0.4%	2.1%
New Car & Truck Registration (February)	28,832	-30.6%	13.1%
Single Family Housing Permits (February)	369	26.8%	-30.1%
Total Exports (\$ mil) (January)	4,636	3.4%	32.9%
Chicago Purchasing Managers Index (March)	70.6	-0.8%	20.0%

### \$3.7 billion in Pension Obligation Bonds

Lynnae Kapp, Sr. Bond Analyst

The Governor's Office of Management finalized the \$3.7 billion Pension Bond sale in March 2011. The bonds have an eight-year maturity and sold with a true interest cost of 5.56%. The payment schedule for all three

series of Pension Bonds is shown in the table on the following page. Combined debt service payments will range from \$1.3 billion to \$1.8 billion during the next eight years (FY 2011 to FY 2019), and will pay off the 2010 and 2011 Pension Bonds.

**COMBINED DEBT SERVICE OF 2003, 2010 and 2011 PENSION OBLIGATION BONDS AND NOTES**

Fiscal Year	FY 2003 \$10 BILLION PENSION OB BONDS			FY 2010 \$3.466 BILLION PENSION OB NOTES			FY 2011 \$3.7 BILLION PENSION OB BONDS			COMBINED TOTALS		
	2003 Principal	2003 Interest	2003 POB Total	2010 Principal	2010 Interest	2010 PON Total	2011 Principal	2011 Interest	2011 POB Total	Total Principal	Total Interest	Grand Total
FY 2004	\$0	\$481,038,333	\$481,038,333							\$0	\$481,038,333	\$481,038,333
FY 2005	0	496,200,000	\$496,200,000							\$0	\$496,200,000	\$496,200,000
FY 2006	0	496,200,000	\$496,200,000							\$0	\$496,200,000	\$496,200,000
FY 2007	0	496,200,000	\$496,200,000							\$0	\$496,200,000	\$496,200,000
FY 2008	50,000,000	496,200,000	\$546,200,000							\$50,000,000	\$496,200,000	\$546,200,000
FY 2009	50,000,000	494,950,000	\$544,950,000							\$50,000,000	\$494,950,000	\$544,950,000
FY 2010	50,000,000	493,550,000	\$543,550,000							\$50,000,000	\$493,550,000	\$543,550,000
FY 2011	50,000,000	491,900,000	\$541,900,000	\$693,200,000	\$109,277,049	\$802,477,049				\$743,200,000	\$601,177,049	\$1,344,377,049
FY 2012	100,000,000	490,125,000	\$590,125,000	\$693,200,000	\$101,061,628	\$794,261,628		\$194,500,800	\$194,500,800	\$793,200,000	\$785,687,428	\$1,578,887,428
FY 2013	100,000,000	486,375,000	\$586,375,000	\$693,200,000	\$81,887,716	\$775,087,716		\$199,488,000	\$199,488,000	\$793,200,000	\$767,750,716	\$1,560,950,716
FY 2014	100,000,000	482,525,000	\$582,525,000	\$693,200,000	\$58,866,544	\$752,066,544	\$100,000,000	\$199,488,000	\$299,488,000	\$893,200,000	\$740,879,544	\$1,634,079,544
FY 2015	100,000,000	478,575,000	\$578,575,000	\$693,200,000	\$30,646,372	\$723,846,372	\$300,000,000	\$195,462,000	\$495,462,000	\$1,093,200,000	\$704,683,372	\$1,797,883,372
FY 2016	100,000,000	474,525,000	\$574,525,000				\$600,000,000	\$181,929,000	\$781,929,000	\$700,000,000	\$656,454,000	\$1,356,454,000
FY 2017	125,000,000	470,175,000	\$595,175,000				\$900,000,000	\$152,163,000	\$1,052,163,000	\$1,025,000,000	\$622,338,000	\$1,647,338,000
FY 2018	150,000,000	464,737,500	\$614,737,500				\$900,000,000	\$103,878,000	\$1,003,878,000	\$1,050,000,000	\$568,615,500	\$1,618,615,500
FY 2019	175,000,000	458,212,500	\$633,212,500				\$900,000,000	\$52,893,000	\$952,893,000	\$1,075,000,000	\$511,105,500	\$1,586,105,500
FY 2020	225,000,000	449,550,000	\$674,550,000							\$225,000,000	\$449,550,000	\$674,550,000
FY 2021	275,000,000	438,412,500	\$713,412,500							\$275,000,000	\$438,412,500	\$713,412,500
FY 2022	325,000,000	424,800,000	\$749,800,000							\$325,000,000	\$424,800,000	\$749,800,000
FY 2023	375,000,000	408,712,500	\$783,712,500							\$375,000,000	\$408,712,500	\$783,712,500
FY 2024	450,000,000	390,150,000	\$840,150,000							\$450,000,000	\$390,150,000	\$840,150,000
FY 2025	525,000,000	367,200,000	\$892,200,000							\$525,000,000	\$367,200,000	\$892,200,000
FY 2026	575,000,000	340,425,000	\$915,425,000							\$575,000,000	\$340,425,000	\$915,425,000
FY 2027	625,000,000	311,100,000	\$936,100,000							\$625,000,000	\$311,100,000	\$936,100,000
FY 2028	700,000,000	279,225,000	\$979,225,000							\$700,000,000	\$279,225,000	\$979,225,000
FY 2029	775,000,000	243,525,000	\$1,018,525,000							\$775,000,000	\$243,525,000	\$1,018,525,000
FY 2030	875,000,000	204,000,000	\$1,079,000,000							\$875,000,000	\$204,000,000	\$1,079,000,000
FY 2031	975,000,000	159,375,000	\$1,134,375,000							\$975,000,000	\$159,375,000	\$1,134,375,000
FY 2032	1,050,000,000	109,650,000	\$1,159,650,000							\$1,050,000,000	\$109,650,000	\$1,159,650,000
FY 2033	1,100,000,000	56,100,000	\$1,156,100,000							\$1,100,000,000	\$56,100,000	\$1,156,100,000
<b>TOTAL</b>	<b>\$10,000,000,000</b>	<b>\$11,933,713,333</b>	<b>\$21,933,713,333</b>	<b>\$3,466,000,000</b>	<b>\$381,739,309</b>	<b>\$3,847,739,309</b>	<b>\$3,700,000,000</b>	<b>\$1,279,801,800</b>	<b>\$4,979,801,800</b>	<b>\$17,166,000,000</b>	<b>\$13,595,254,442</b>	<b>\$30,761,254,442</b>

## Interfund Borrowing

Lynnae Kapp, Revenue Analyst

Public Act 96-0958 allowed the Governor to use Interfund Borrowing from July 1, 2010 through January 9, 2011. Public Act 95-1500, signed into law January 18, 2011, extended the use of Interfund Borrowing until June 30, 2011. Borrowing from any fund must be paid back within 18 months of the date borrowed.

In March, \$142 million was transferred from various funds to the General Revenue Fund through Interfund Borrowing. Year-to-Date Interfund Borrowing transfers equal \$496 million. Below is a break out of the amounts borrowed by Fund.

FY2011 INTERFUND BORROWING		PA 96-0958						TOTAL
No.	Fund	Aug	Sep	Oct	Nov	Dec	Mar	
0015	Penny Severns Breast, Cervical, and Ovarian Cancer Research Fund						\$354,200	\$354,200
0019	Grade Crossing Protection Fund						\$11,026,600	\$11,026,600
0021	Financial Institution Fund	\$1,783,000		\$169,000			\$1,000,000	\$2,952,000
0023	Economic Research and Information Fund						\$29,800	\$29,800
0025	Group Home Loan Revolving Fund				\$56,000			\$56,000
0046	Aeronautics Fund			\$10,000	\$43,000		\$20,500	\$73,500
0049	Industrial Hygiene Regulatory & Enforcement Fund	\$8,000					\$5,400	\$13,400
0057	IL State Pharmacy Disciplinary Fund	\$77,000						\$77,000
0060	Alzheimer's Disease Research Fund						\$134,900	\$134,900
0113	Community Health Center Care Fund	\$21,000		\$49,000	\$267,000	\$140,000	\$83,500	\$560,500
0114	Emergency Response Reimbursement Fund	\$33,000						\$33,000
0115	Safe Bottled Water Fund						\$21,700	\$21,700
0130	School District Emergency Financial Assistance Fund						\$294,700	\$294,700
0135	Heartsaver AED Fund						\$202,900	\$202,900
0137	Plugging and Restoration Fund						\$40,200	\$40,200
0145	Explosives Regulatory Fund						\$74,100	\$74,100
0146	Aggregate Operations Regulatory Fund						\$57,800	\$57,800
0150	Rental Housing Support Program Fund						\$5,857,000	\$5,857,000
0151	Registered CPA Administration & Disciplinary Fund	\$3,200,000		\$338,000			\$50,000	\$3,588,000
0152	State Crime Laboratory Fund						\$232,300	\$232,300
0156	Motor Vehicle Theft Prevention Fund				\$0			\$0
0163	Weights and Measures Fund	\$302,000	\$500,000	\$408,000		\$609,000	\$1,173,400	\$2,992,400
0189	Local Government Tax Fund		\$100,000,000					\$100,000,000
0197	Epilepsy Treatment & Education Grants-in-Aid Fund	\$26,000						\$26,000
0198	Diabetes Research Checkoff Fund	\$33,000					\$108,100	\$141,100
0208	Ticket For The Cure Fund						\$1,018,700	\$1,018,700
0215	CDB Revolving Fund	\$185,000	\$900,000	\$617,000		\$724,000	\$2,550,600	\$4,976,600
0225	Illinois Sports Facilities Fund						\$3,199,600	\$3,199,600
0228	Autism Research Checkoff Fund				\$63,000			\$63,000
0238	IL Health Facilities Planning Fund	\$372,000	\$300,000	\$157,000	\$538,000	\$521,000	\$575,400	\$2,463,400
0240	Emergency Public Health Fund						\$1,966,300	\$1,966,300
0241	Transmitters of Money Act (TOMA) Consumer Protection Fund	\$198,000					\$75,000	\$273,000
0245	Fair and Exposition Fund						\$449,400	\$449,400
0265	State Rail Freight Loan Repayment Fund	\$8,492,000						\$8,492,000
0277	Pollution Control Board Fund	\$61,000					\$3,900	\$64,900
0279	Debt Collection Fund	\$9,000			\$11,000		\$7,100	\$27,100
0285	Long Term Care Monitor/Receiver Fund						\$332,900	\$332,900
0286	IL Affordable Housing Trust Fund		\$15,000,000		\$3,000,000		\$8,573,700	\$26,573,700
0287	Home Care Services Agency Licensure Fund		\$25,000	\$63,000			\$461,200	\$549,200
0290	Fertilizer Control Fund						\$280,500	\$280,500
0292	Securities Investors Education Fund			\$1,000,000				\$1,000,000
0294	Used Tire Management Fund						\$3,986,800	\$3,986,800
0298	Natural Areas Acquisition Fund						\$3,460,400	\$3,460,400

FY2011 INTERFUND BORROWING				PA 96-0958				
No.	Fund	Aug	Sep	Oct	Nov	Dec	Mar	TOTAL
0299	Open Space Lands Acquisition & Development Fund		\$15,000,000				\$23,439,100	\$38,439,100
0306	I-FLY Fund	\$45,000						\$45,000
0310	Tax Recovery Fund	\$184,000		\$39,000	\$185,000			\$408,000
0316	IL Prescription Drug Discount Program Fund	\$256,000						\$256,000
0326	African-American HIV/AIDS Response Fund				\$1,415,000			\$1,415,000
0327	Tattoo and Body Piercing Establishment Registration Fund						\$102,500	\$102,500
0334	Ambulance Revolving Loan Fund				\$3,133,000	\$169,000		\$3,302,000
0336	Environmental Laboratory Certification Fund						\$102,000	\$102,000
0341	Provider Inquiry Trust Fund						\$490,600	\$490,600
0356	Law Enforcement Camera Grant Fund	\$2,212,000	\$99,000	\$211,000		\$100,000	\$426,600	\$3,048,600
0360	Lead Poisoning Screening, Prevention, and Abatement Fund						\$1,102,500	\$1,102,500
0362	Securities Audit and Enforcement Fund			\$2,000,000				\$2,000,000
0369	Feed Control Fund						\$202,000	\$202,000
0370	Tanning Facility Permit Fund						\$95,900	\$95,900
0375	Natural Heritage Fund		\$45,000		\$29,000		\$1,500	\$75,500
0378	Insurance Premium Tax Refund Fund	\$567,000						\$567,000
0384	Tax Compliance Administration Fund					\$8,555,000	\$4,249,900	\$12,804,900
0386	Appraisal Administration Fund	\$500,000		\$314,000			\$25,000	\$839,000
0387	Small Business Environmental Assistance Fund						\$22,700	\$22,700
0388	Regulatory Evaluation and Basic Enforcement Fund						\$52,000	\$52,000
0389	Sexual Assault Services Fund						\$102,600	\$102,600
0390	IL Habitat Endowment Trust Fund		\$11,600,000					\$11,600,000
0398	EMS Assistance Fund						\$140,600	\$140,600
0406	Comprehensive Regional Planning Fund	\$150,000						\$150,000
0417	State College and University Trust Fund						\$107,200	\$107,200
0418	University Grant Fund	\$9,000		\$18,000			\$24,500	\$51,500
0424	IL Power Agency Trust Fund	\$12,500,000	\$11,800,000				\$31,100	\$24,331,100
0425	Illinois Power Agency Operations Fund						\$3,321,500	\$3,321,500
0429	Multiple Sclerosis Research Fund	\$818,000	\$82,000	\$27,000			\$1,001,100	\$1,928,100
0430	Livestock Management Facilities Fund	\$30,000			\$20,000		\$6,800	\$56,800
0435	Charitable Trust Stabilization Fund	\$393,000	\$1,049,000	\$36,000	\$525,395		\$132,700	\$2,136,095
0437	Quality of Life Endowment Fund	\$1,112,000			\$1,004,000			\$2,116,000
0438	Illinois State Fair Fund						\$177,100	\$177,100
0445	Sex Offender Investigation Fund				\$57,000		\$11,800	\$68,800
0446	Employee Classification Fund	\$15,000						\$15,000
0449	Interpreters for the Deaf Fund	\$21,000					\$96,600	\$117,600
0469	Autoimmune Disease Research Fund	\$4,000			\$40,000			\$44,000
0474	Human Services Priority Capital Program Fund	\$1,648,000						\$1,648,000
0478	Predatory Lending Database Program Fund	\$550,000					\$100,000	\$650,000
0480	Secretary of State Identification Security and Theft Prevention Fund			\$5,000,000				\$5,000,000
0504	Wildlife Prairie Park Fund				\$46,000			\$46,000
0510	IL Fire Fighters' Memorial Fund	\$2,783,000		\$97,000	\$120,000		\$61,100	\$3,061,100
0514	State Asset Forfeiture Fund						\$549,100	\$549,100
0517	Police Training Board Services Fund						\$7,200	\$7,200
0518	Fire Service and Small Equipment Fund						\$81,900	\$81,900
0528	Domestic Violence Abuser Services Fund						\$28,900	\$28,900
0534	IL Workers' Compensation Commission Operations Fund		\$10,000,000		\$1,000,000	\$107,000		\$11,107,000
0535	Sex Offender Registration Fund	\$45,000			\$24,000		\$5,300	\$74,300
0537	State Offender DNA Identification System Fund						\$641,500	\$641,500
0548	Drycleaner Environmental Response Trust Fund						\$948,100	\$948,100
0552	Workforce, Technology, and Economic Development Fund						\$60,800	\$60,800
0555	Good Samaritan Energy Trust Fund						\$28,500	\$28,500
0559	Downstate Transit Improvement Fund		\$17,000,000					\$17,000,000

FY2011 INTERFUND BORROWING				PA 96-0958				
No.	Fund	Aug	Sep	Oct	Nov	Dec	Mar	TOTAL
0562	Pawnbroker Regulation Fund	\$29,000						\$29,000
0564	Renewable Energy Resources Trust Fund						\$2,617,700	\$2,617,700
0567	Charter Schools Revolving Loan Fund						\$3,800	\$3,800
0569	School Technology Revolving Loan Fund				\$1,073,000	\$261,000	\$1,079,800	\$2,413,800
0570	Illinois and Michigan Canal Fund				\$81,000		\$2,900	\$83,900
0571	Energy Efficiency Trust Fund						\$1,375,000	\$1,375,000
0576	Pesticide Control Fund						\$2,627,700	\$2,627,700
0582	DCFS Special Purposes Trust Fund			\$102,000			\$120,100	\$222,100
0588	September 11th Fund	\$77,000		\$19,000	\$106,000		\$36,200	\$238,200
0589	Transportation Safety Highway Hire-back Fund						\$157,200	\$157,200
0605	Temporary Relocation Expenses Revolving Grant Fund						\$599,100	\$599,100
0608	Partners for Conservation Fund						\$3,489,600	\$3,489,600
0611	Fund for Illinois' Future						\$2,021,900	\$2,021,900
0613	Wireless Carrier Reimbursement Fund			\$1,114,000		\$302,000	\$5,249,500	\$6,665,500
0621	International Tourism Fund		\$1,000,000	\$950,000		\$764,000	\$2,529,200	\$5,243,200
0623	Special Olympics IL Fund	\$23,000						\$23,000
0626	Prostate Cancer Research Fund				\$25,000			\$25,000
0635	Death Certificate Surcharge Fund						\$1,053,000	\$1,053,000
0637	State Police Wireless Service Emergency Fund	\$985,000		\$259,000	\$741,000	\$151,000	\$589,200	\$2,725,200
0638	IL Adoption Registry & Medical Information Exchange Fund	\$4,000						\$4,000
0643	Auction Recovery Fund	\$288,000						\$288,000
0652	Over Dimensional Load Police Escort Fund						\$19,100	\$19,100
0654	Healthy Smiles Fund						\$22,600	\$22,600
0660	Academic Quality Assurance Fund	\$33,000	\$100,000	\$20,000			\$191,400	\$344,400
0661	Private College Academic Quality Assurance Fund	\$35,000		\$15,000			\$17,800	\$67,800
0669	Airport Land Loan Revolving Fund	\$90,000						\$90,000
0675	Electronics Recycling Fund						\$26,800	\$26,800
0678	FY09 Budget Relief Fund	\$14,000,000						\$14,000,000
0697	Roadside Memorial Fund	\$7,000	\$17,000	\$18,000	\$52,000		\$69,000	\$163,000
0702	Assisted Living and Shared Housing Regulatory Fund						\$122,400	\$122,400
0705	State Police Whistleblower Reward and Protection Fund		\$1,600,000	\$103,000	\$2,701,000		\$6,644,800	\$11,048,800
0706	Hunger Relief Fund						\$98,400	\$98,400
0714	Spinal Cord Injury Paralysis Cure Research Trust Fund	\$127,000		\$27,000	\$404,000		\$39,600	\$597,600
0725	Illinois Military Family Relief Fund						\$224,400	\$224,400
0731	IL Clean Water Fund		\$767,000	\$437,000		\$122,000	\$324,000	\$1,650,000
0738	Alternative Compliance Market Account Fund	\$202,000					\$150,200	\$352,200
0740	Medicaid Buy-In Program Revolving Fund	\$267,000		\$117,000	\$58,000		\$319,300	\$761,300
0744	IL Animal Abuse Fund	\$5,000					\$3,400	\$8,400
0746	Home Inspector Admin Fund	\$195,000		\$53,000			\$125,000	\$373,000
0750	Real Estate Audit Fund	\$151,000						\$151,000
0753	IL Future Teacher Corps Scholarship Fund	\$88,000		\$11,000			\$74,200	\$173,200
0754	IL AgriFIRST Program Fund				\$202,000		\$1,100	\$203,100
0764	Pet Population Control Fund						\$40,700	\$40,700
0774	Oil Spill Response Fund			\$14,000			\$20,000	\$34,000
0776	Presidential Library and Museum Operating Fund						\$1,420,600	\$1,420,600
0777	Crisis Nursery Fund				\$37,000		\$5,500	\$42,500
0778	Dept. of Human Rights Training & Development Fund	\$15,000						\$15,000
0784	Performance-enhancing Substance Testing Fund						\$55,000	\$55,000
0790	Private Sewage Disposal Program Fund						\$82,600	\$82,600
0794	Metro-East Public Transportation Fund	\$91,000						\$91,000
0795	Bank and Trust Company Fund		\$8,000,000					\$8,000,000
0797	Dept. of Human Rights Special Fund	\$136,000						\$136,000
0823	Illinois State Dental Disciplinary Fund	\$1,300,000		\$100,000				\$1,400,000

FY2011 INTERFUND BORROWING		PA 96-0958						
No.	Fund	Aug	Sep	Oct	Nov	Dec	Mar	TOTAL
0830	Dept. of Aging State Projects Fund		\$53,000					\$53,000
0836	IL Power Agency Renewable Energy Resources Fund		\$2,000,000	\$4,710,000				\$6,710,000
0840	Hazardous Waste Research Fund						\$150,600	\$150,600
0845	Environmental Protection Trust Fund		\$780,000	\$295,000		\$482,000	\$383,800	\$1,940,800
0849	Real Estate Research and Education Fund	\$241,000						\$241,000
0865	Domestic Violence Shelter and Service Fund						\$355,800	\$355,800
0866	Snowmobile Trail Establishment Fund						\$29,500	\$29,500
0878	Drug Traffic Prevention Fund			\$48,000			\$80,200	\$128,200
0888	Design Professionals Admin and Investigation Fund	\$143,000		\$175,000				\$318,000
0906	State Police Services Fund						\$3,157,500	\$3,157,500
0910	Youth Drug Abuse Prevention Fund						\$14,400	\$14,400
0922	Insurance Producer Administration Fund			\$1,531,000		\$2,059,000	\$7,198,400	\$10,788,400
0927	Illinois National Guard Armory Construction Fund						\$4,300	\$4,300
0930	Senior Citizens Real Estate Deferred Tax Revolving Fund						\$1,554,500	\$1,554,500
0940	Self-Insurers Security Fund				\$10,000,000			\$10,000,000
0942	Low-level Radioactive Waste Facility Development and Operation Fund		\$514,000				\$206,100	\$720,100
0954	Illinois State Podiatric Disciplinary Fund						\$30,000	\$30,000
0963	Vehicle Inspection Fund		\$2,800,000	\$15,260,000			\$922,300	\$18,982,300
0973	Illinois Capital Revolving Loan Fund						\$6,166,300	\$6,166,300
0974	Illinois Equity Fund						\$540,000	\$540,000
0975	Large Business Attraction Fund						\$610,400	\$610,400
0993	Public Infrastructure Construction Loan Revolving Fund			\$9,971,000	\$1,500,000		\$25,600	\$11,496,600
0997	Insurance Financial Regulation Fund	\$3,568,000	\$1,271,000	\$467,000		\$584,000	\$1,625,800	\$7,515,800
<b>Total</b>		<b>\$60,742,000</b>	<b>\$202,302,000</b>	<b>\$46,369,000</b>	<b>\$28,556,395</b>	<b>\$15,650,000</b>	<b>\$142,392,200</b>	<b>\$496,011,595</b>

## REVENUE

### March Revenues Up Despite Federal Source Falloff

Jim Muschinske, Revenue Manager

Overall base revenues grew \$395 million in March, as the increased income tax rates finally appear to manifest in receipt performance. That, in addition to underlying base growth in other areas plus \$142 million in interfund borrowing, was more than enough to offset another comparatively down month for federal sources. March had the same number of receipting days as last year.

Gross personal income tax grew \$575 million, or \$532 million net of refunds.

The monthly growth rate of 71.3% gross would indicate that after two months of lagging revenues since the tax rate increase, receipts are now reflecting full/or nearly full implementation of the rate increase. [When examining daily receipt patterns in March, it appears that there was some “slippage” of February receipts into March. As a result, February receipts may have been slightly better than actually receipted, while true March growth might be slightly lower]. While component breakout i.e. with-



holding, final, estimated payments is not yet available to the Commission for a couple weeks, overall March individual tax performance does not alter the Commission's view that the lagged implementation effect of the new rate will result in higher final payments in FY 2012. [See the Commission's recently released report "FY 2012 Economic Forecast and Revenue Estimate" which further explains and quantifies this lagged effect].

Gross corporate income tax was up \$28 million, or \$23 million net of refunds. Again, due to timing of corporate income tax payments, they have yet to reflect the higher tax increase. Sales tax continues to perform quite well, as receipts grew \$26 million for the month. Public utility tax rose \$8 million, insurance taxes by \$7 million, corporate franchise \$3 million, and liquor taxes by \$1 million.

As expected, inheritance tax continued to fall, down \$22 million for the month. Other sources posted a slight loss of \$5 million for March.

Overall transfers in March were up \$166 million due primarily to \$142 million of interfund transfer activity. Riverboat transfers increased \$7 million, Lottery transfers \$1 million, and other transfers up \$158 million. As mentioned, federal sources plunged \$344 million due to a comparatively high month last fiscal year.

## **Year to Date**

Excluding short-term borrowing, tobacco settlement bond proceeds, Pension Contribution Fund transfers, and Budget Stabilization Fund transfers, base general funds revenues are up \$1.401 billion through March. However, that increase takes into account approximately \$419 million in net revenues classified as related to tax amnesty. Some of this, however, is money that has been accelerated from the current fiscal year as well as from future fiscal years. In addition, year to date totals include approximately \$496 million in interfund borrowing.

**T**hrough March, and fueled by the recent tax change, gross personal income tax is up \$1.085 billion, or \$1.057 billion net of refunds. Sales tax receipts are up \$414 million, although a large proportion of that gain is likely due to the acceleration effects of the tax amnesty. Gross corporate income tax is up \$323 million, or \$240 million net of refunds. Again, those gains are primarily related to the tax amnesty.

Overall transfers are up \$441 million for the year, principally due to \$496 million in interfund borrowing that is somewhat offset by a loss of \$29 million in riverboat transfers. Federal sources, after falling again in March, are now down \$745 million for the year.

**GENERAL FUNDS RECEIPTS: MARCH**

FY 2011 vs. FY 2010

(\$ million)

<b>Revenue Sources</b>	<b>March FY 2011</b>	<b>March FY 2010</b>	<b>\$ CHANGE</b>	<b>% CHANGE</b>
<b>State Taxes</b>				
Personal Income Tax	\$1,381	\$806	\$575	71.3%
Corporate Income Tax (regular)	335	307	\$28	9.1%
Sales Taxes	521	495	\$26	5.3%
Public Utility Taxes (regular)	136	128	\$8	6.3%
Cigarette Tax	29	29	\$0	0.0%
Liquor Gallonage Taxes	11	10	\$1	10.0%
Vehicle Use Tax	3	3	\$0	0.0%
Inheritance Tax (Gross)	1	23	(\$22)	-95.7%
Insurance Taxes and Fees	37	30	\$7	23.3%
Corporate Franchise Tax & Fees	22	19	\$3	15.8%
Interest on State Funds & Investments	3	3	\$0	0.0%
Cook County IGT	0	0	\$0	N/A
Other Sources	33	38	(\$5)	-13.2%
<b>Subtotal</b>	<b>\$2,512</b>	<b>\$1,891</b>	<b>\$621</b>	<b>32.8%</b>
<b>Transfers</b>				
Lottery	64	63	\$1	1.6%
Riverboat transfers & receipts	17	10	\$7	70.0%
Proceeds from Sale of 10th license	0	0	\$0	N/A
Other	223	65	\$158	243.1%
<b>Total State Sources</b>	<b>\$2,816</b>	<b>\$2,029</b>	<b>\$787</b>	<b>38.8%</b>
<b>Federal Sources</b>	<b>\$591</b>	<b>\$935</b>	<b>(\$344)</b>	<b>-36.8%</b>
<b>Total Federal &amp; State Sources</b>	<b>\$3,407</b>	<b>\$2,964</b>	<b>\$443</b>	<b>14.9%</b>
<b>Nongeneral Funds Distribution:</b>				
<b>Refund Fund</b>				
Personal Income Tax	(\$121)	(\$78)	(\$43)	55.1%
Corporate Income Tax	(\$59)	(54)	(\$5)	9.3%
<b>Subtotal General Funds</b>	<b>\$3,227</b>	<b>\$2,832</b>	<b>\$395</b>	<b>13.9%</b>
<b>Short-Term Borrowing</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<b>Tobacco Liquidation Proceeds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<b>Pension Contribution Fund Transfer</b>	<b>\$224</b>	<b>\$0</b>	<b>\$224</b>	<b>N/A</b>
<b>Budget Stabilization Fund Transfer</b>	<b>\$0</b>	<b>\$60</b>	<b>(\$60)</b>	<b>N/A</b>
<b>Total General Funds</b>	<b>\$3,451</b>	<b>\$2,892</b>	<b>\$559</b>	<b>19.3%</b>
CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding				1-Apr-11

## GENERAL FUNDS RECEIPTS: YEAR TO DATE

FY 2011 vs. FY 2010

(\$ million)

<b>Revenue Sources</b>	<b>FY 2011</b>	<b>FY 2010</b>	<b>CHANGE FROM FY 2010</b>	<b>% CHANGE</b>
<b>State Taxes</b>				
Personal Income Tax	\$7,812	\$6,727	\$1,085	16.1%
Corporate Income Tax (regular)	1,379	1,056	\$323	30.6%
Sales Taxes	5,078	4,664	\$414	8.9%
Public Utility Taxes (regular)	859	830	\$29	3.5%
Cigarette Tax	266	263	\$3	1.1%
Liquor Gallonage Taxes	119	120	(\$1)	-0.8%
Vehicle Use Tax	22	21	\$1	4.8%
Inheritance Tax (Gross)	118	167	(\$49)	-29.3%
Insurance Taxes and Fees	200	204	(\$4)	-2.0%
Corporate Franchise Tax & Fees	162	157	\$5	3.2%
Interest on State Funds & Investments	25	20	\$5	25.0%
Cook County IGT	150	150	\$0	0.0%
Other Sources	297	292	\$5	1.7%
<b>Subtotal</b>	<b>\$16,487</b>	<b>\$14,671</b>	<b>\$1,816</b>	<b>12.4%</b>
<b>Transfers</b>				
Lottery	445	440	\$5	1.1%
Riverboat transfers & receipts	259	288	(\$29)	-10.1%
Proceeds from Sale of 10th license	0	0	\$0	N/A
Other	1,008	543	\$465	85.6%
<b>Total State Sources</b>	<b>\$18,199</b>	<b>\$15,942</b>	<b>\$2,257</b>	<b>14.2%</b>
<b>Federal Sources</b>	<b>\$4,282</b>	<b>\$5,027</b>	<b>(\$745)</b>	<b>-14.8%</b>
<b>Total Federal &amp; State Sources</b>	<b>\$22,481</b>	<b>\$20,969</b>	<b>\$1,512</b>	<b>7.2%</b>
<b>Nongeneral Funds Distribution:</b>				
<b>Refund Fund</b>				
Personal Income Tax	(\$684)	(\$656)	(\$28)	4.3%
Corporate Income Tax	(\$268)	(\$185)	(\$83)	44.9%
<b>Subtotal General Funds</b>	<b>\$21,529</b>	<b>\$20,128</b>	<b>\$1,401</b>	<b>7.0%</b>
<b>Short-Term Borrowing</b>	<b>\$1,300</b>	<b>\$1,250</b>	<b>\$50</b>	<b>4.0%</b>
<b>Tobacco Liquidation Proceeds</b>	<b>\$1,250</b>	<b>\$0</b>	<b>\$1,250</b>	<b>N/A</b>
<b>Pension Contribution Fund Transfer</b>	<b>\$224</b>	<b>\$843</b>	<b>(\$619)</b>	<b>N/A</b>
<b>Budget Stabilization Fund Transfer</b>	<b>\$235</b>	<b>\$726</b>	<b>(\$491)</b>	<b>-67.6%</b>
<b>Total General Funds</b>	<b>\$24,538</b>	<b>\$22,947</b>	<b>\$1,591</b>	<b>6.9%</b>

SOURCE: Office of the Comptroller, State of Illinois: Some totals may not equal, due to rounding.

CGFA

1-Apr-11