Commission on Government Forecasting and Accountability

MONTHLY BRIEFING *JUNE 2010*

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REVENUE: FY 2010 Revenues Plunge over $2 Billion—Income and Sales Tax Revenues Suffer Major Hits

Jim Muschinske, Revenue Manager

June revenues dropped $588 million to end the fiscal year. While the larger economic sources were mixed, the majority of the monthly drop was due to federal receipting. Similar to last month, not only was June a poor month for federal sources being receipted into the general funds due to origin of spending [from non-general funds], but it compared to a strong June last year when federal monies were made available through the federal stimulus program. June had the same number of receipting days as last year.

For the month, quite a few sources experienced gains, albeit minor in most instances. Gross corporate income taxes did manage a decent gain of $69 million, or $58 million net of refunds. Public utility taxes grew by $19 million, other sources by $13 million, and insurance taxes and fees by $3 million. A host of sources each grew $1 million for the month.

While the rate of decline improved from the year to date experience, gross personal income taxes still posted a drop of $17 million, or $15 million net of refunds. Sales taxes fell by $11 million, and interest income was off $8 million.

Overall transfers in June were down $77 million. While riverboat transfers grew $5 million, those gains were more than erased by an $82 million falloff in other transfers. As mentioned earlier, a $574 million falloff in federal sources to the general funds was due in large part to reimbursable spending taking place from non-general funds, as well as very large receipting last June made possible by federal stimulus payments.

Year End

For the fiscal year, base revenues were down $2.046 billion. Virtually all revenue sources have felt the recession's impact; particularly the larger ones most closely tied to economic sources. Of that decline, $1.527 billion or approximately 75% was due to the falloff from the "Big Three" revenue sources--personal income tax, corporate income tax, and sales tax. The recession's impact on employment, corporate profitability, and consumer activity, conspired to challenge revenues on a monthly basis. Even large gains in federal sources earlier in the fiscal year ultimately vanished as reimbursable spending slowed and was moved to non-general funds.

Gross personal income tax fell $789 million, or $712 million net of refunds. Sales tax receipts finished off $465 million. Gross corporate income tax was down $424 million, or $350 million net of refunds, while public utility taxes were down by $79 million. All other revenue sources netted an additional decline of $92 million.

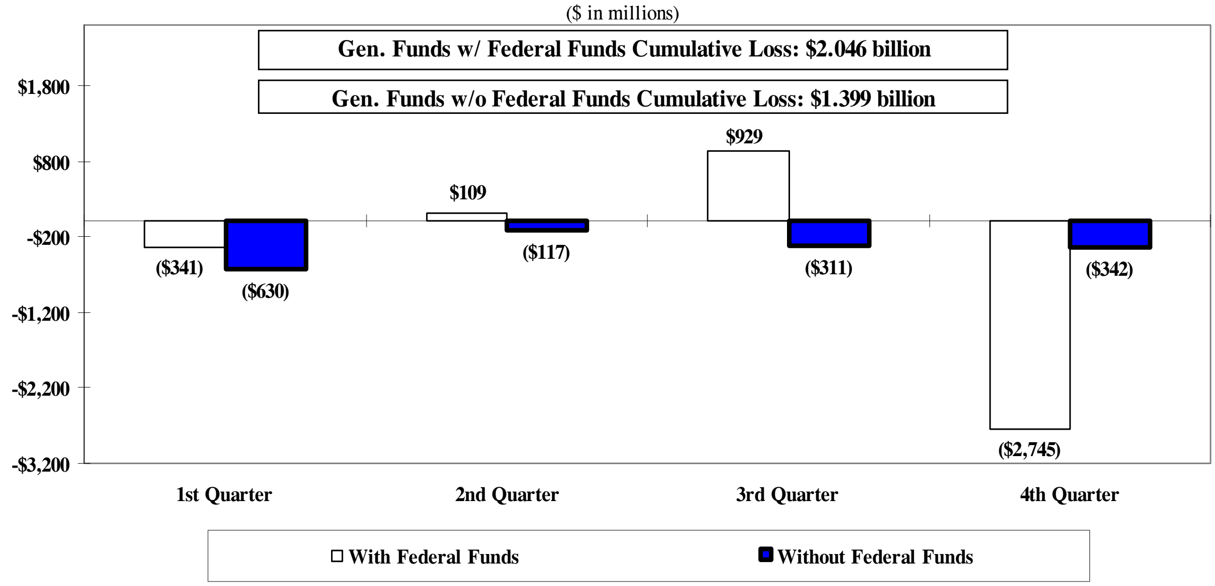
Overall transfers finished the fiscal year up $299 million mostly due to fund sweeps. With the massive drop in May and June, federal sources finished the year down $647 million reflecting reimbursable spending shifting from the general funds to non-general funds.

In retrospect, it is hoped that FY 2010 forever will be viewed as the nadir of revenues. Unfortunately, the immediate future is still quite somber as a weak recovery effort continues to suppress optimism about a meaningful economic turnaround. In addition, reluctance in Washington D.C. to render continued financial assistance to the states could significantly jeopardize what is already a precarious financial picture.

FY 2010 General Funds Performance by Quarter

***Compared to Same Prior Year Quarters**

($ in millions)



*Figures exclude short-term borrowing and Budget Stabilization Fund transfers.

First Quarter

Revenues began FY 2010 on a down note as base general funds revenues fell $406 million in July. The falloff was a combination of continued poor performance of the larger economically related revenue sources, as well as a large dip in federal receipts due to last year's reimbursable spending that was not repeated this July. Excluding $1.250 billion in short-term borrowing, base general funds revenues grew $209 million in August. The increase was due almost entirely to a strong performance in federal sources stemming from increased reimbursable spending [as well as a comparatively weak month last year]. Unfortunately, the economically related sources continued to falter with income and sales taxes experiencing large falloffs. A gain of $252 million in federal sources was not enough to offset losses in the economically related revenue sources as overall receipts fell $143 million in September. Despite the recession's end, personal and corporate income taxes as well as sales taxes continued to feel the bite of high unemployment, struggling corporate profits, and lackluster consumer sentiment.

Through the first quarter of FY 2010, overall base revenues were down $338 million. The decline was primarily attributed to continued weakness in the economically related areas such as income and sales taxes. While declines were expected early in the fiscal year, the magnitude of the falloffs were somewhat unsettling and serve as a reminder that despite being in the latter stages of the recession, revenues should not be expected to abruptly improve. If $282 million in gains from federal sources are excluded, the falloff grows to a much more alarming $630 million.

Second Quarter

A comparatively strong month for federal sources coupled with $77 million in fund sweeps, offset a falloff in most other areas. As a result, the month of October finished up $129 million. While corporate income tax enjoyed a brief rebound from earlier losses, personal income tax and sales tax receipts continued to struggle despite evidence of the recession's end. Another comparatively strong month for federal sources offset a falloff in most other revenue areas. As a result, the month of November finished up $156 million. Despite the monthly gain, the economically related sources showed little evidence that the recovery had manifested in positive receipt performance. In fact, since the month benefited by two extra receipting days, weakness in nonfederal areas was likely worse than reported. After experiencing four consecutive months of robust federal source receipting, December saw a pullback as compared to last year dropping $219 million. While overall transfers performed well, economically related sources posted losses resulting in a net drop of $179 million in monthly revenues.

Through the first half of the fiscal year overall base revenues were down $229 million. However, sizable growth in federal sources masks the extremely poor performance of the other revenue areas. Despite being in the early stages of a recovery, the larger economically related sources such as income and sales continued to suffer from the recession's effect. As continually mentioned in previous revenue briefings, it will be some time before improvement in receipts can be expected. If $517 million in federal sources gains are excluded, the falloff in receipts would be a much more troublesome $746 million.

Third Quarter

After experiencing a drop off the previous month, federal sources rebounded in January. While most of the economic sources continued to struggle, those losses were more than offset by federal reimbursements. As a result, net base monthly revenues grew $184 million. Federal sources posted another large month in February as reimbursable spending translated into receipts. While most economic sources continued to struggle, albeit at a slightly better pace, those losses were more than offset by federal reimbursements. As a result, net base monthly revenues grew $270 million. March revenues benefited from $517 million growth from federal sources with approximately $500 million resulting from federal education stimulus money. Overall revenues grew $475 million, meaning absent federal sources, all other revenues were down $42 million.

Through the first three-quarters of the fiscal year, overall base revenues were up $700 million. However, sizable growth in federal sources continued to mask the extremely poor performance of the other revenue areas. In fact, when $1.757 billion in federal source growth is excluded, all other revenue would be down a disastrous $1.057 billion.

As evidenced by the last recession in 2001, it took approximately four quarters before the recovery phase manifested in actual receipt improvement from personal income tax and sales tax. Given the current employment figures, there is little reason to anticipate a dramatic turnaround soon. However, it appears that minute improvement may be manifesting itself in income taxes, and even sales taxes may be seeking a bottom, although it will take several more months before it is confirmed.

Fourth Quarter

April revenues dropped $501 million from the same month last year. A large falloff in monthly federal source revenues, $345 million, was expected due to a shift from general funds spending on reimbursable spending to non-general funds. The drop in income taxes reinforces the view that we are still some time away from an expansion phase manifesting in sustained revenue growth. May revenues dropped $1.656 billion compared to the same month last year. While income taxes fared poorly, the vast majority [$1.484 billion] of the monthly drop was due to federal receipting. Not only was May a poor month for federal sources being receipted into the general funds due to origin of spending [from non-general funds], but it compared to a record May last year when federal monies were made available through the federal stimulus program. In addition, last year's $1 billion in short-term borrowing also aided spending on reimbursable programs. June revenues dropped $588 million to end the fiscal year. While the larger economic sources were mixed, the majority of the monthly drop was due to federal receipting. Similar to last month, not only was June a poor month for federal sources being receipted into the general funds due to origin of spending [from non-general funds], but it compared to a strong June last year when federal monies were made available through the federal stimulus program.

For the fiscal year, base revenues fell $2.046 billion. Clearly, FY 2010 will enter the history books as a disastrous year for revenues. Unfortunately, little evidence suggests that significant near-term improvement is likely. Instead, a combination of very modest improvement in the economic sources coupled with what appears to be an unlikely continuation of the ARRA from Washington D.C., paints an ugly portrait of the new fiscal year.

Review of the FY 2010 Revenue Assumptions

The table on page 8 illustrates that base revenues in FY 2010 fell $2.201 billion below assumptions used to implement the original FY 2010 budget. According to GOMB, the budget initially was implemented on the assumption that base revenues would grow $155 million. As is now known, not only did that modest growth not occur, but revenues actually fell $2.046 billion below last year's actuals.

Review of Most Recent Revenue Estimates

The table on page 9 demonstrates how the March 2010 estimates of both CGFA and GOMB performed relative to actuals. [It should be noted that both estimates include more recent projections for federal sources as more non-general funds reimbursable spending took place towards the end of the fiscal year rather than through the general funds.]

As shown, actual base revenues ended up being a net $110 million or 0.4% lower than CGFA's March estimate. While the estimates of state taxes and transfers were below actuals by $26 million, a plunge in federal sources at the end of fiscal year resulted in federal sources falling $136 million below latest expectations.

Similarly, actual revenues finished being a net $210 million or approximately 0.8% lower than GOMB's March estimate. In the case of GOMB, the estimates of state taxes and transfers were $74 million too high, while the federal source forecast was also off by $136 million.

GENERAL FUNDS RECEIPTS: JUNE

FY 2010 vs. FY 2009

($ million)

Revenue Sources	June FY 2010	June FY 2009	$ CHANGE	% CHANGE
State Taxes				
Personal Income Tax	$831	$848	($17)	-2.0%
Corporate Income Tax (regular)	256	187	$69	36.9%
Sales Taxes	562	573	($11)	-1.9%
Public Utility Taxes (regular)	95	76	$19	25.0%
Cigarette Tax	29	29	$0	0.0%
Liquor Gallonage Taxes	14	13	$1	7.7%
Vehicle Use Tax	3	2	$1	50.0%
Inheritance Tax (Gross)	35	34	$1	2.9%
Insurance Taxes and Fees	64	61	$3	4.9%
Corporate Franchise Tax & Fees	18	17	$1	5.9%
Interest on State Funds & Investments	2	10	($8)	-80.0%
Cook County IGT	0	0	$0	N/A
Other Sources	74	61	$13	21.3%
Subtotal	$1,983	$1,911	$72	3.8%
Transfers				
Lottery	66	66	$0	0.0%
Riverboat transfers & receipts	35	30	$5	16.7%
Proceeds from Sale of 10th license	0	0	$0	N/A
Other	103	185	($82)	-44.3%
Total State Sources	$2,187	$2,192	($5)	-0.2%
Federal Sources	$262	$836	($574)	-68.7%
Total Federal & State Sources	$2,449	$3,028	($579)	-19.1%
Nongeneral Funds Distribution:				
Refund Fund				
Personal Income Tax	($81)	($83)	$2	-2.4%
Corporate Income Tax	($44)	(33)	($11)	33.3%
Subtotal General Funds	$2,324	$2,912	($588)	-20.2%
Short-Term Borrowing	$0	$0	$0	N/A
Pension Contribution Fund Transfer	$0	$0	$0	N/A
Budget Stabilization Fund Transfer	$275	$50	$225	N/A
Total General Funds	$2,599	$2,962	($363)	-12.3%

CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding 2-Jul-10

GENERAL FUNDS RECEIPTS: YEAR END FY 2010 vs. FY 2009 ($ million)				
Revenue Sources	FY 2010	FY 2009	CHANGE FROM FY 2009	% CHANGE
State Taxes				
Personal Income Tax	$9,430	$10,219	($789)	-7.7%
Corporate Income Tax (regular)	1,649	2,073	($424)	-20.5%
Sales Taxes	6,308	6,773	($465)	-6.9%
Public Utility Taxes (regular)	1,089	1,168	($79)	-6.8%
Cigarette Tax	355	350	$5	1.4%
Liquor Gallonage Taxes	159	158	$1	0.6%
Vehicle Use Tax	30	27	$3	11.1%
Inheritance Tax (Gross)	243	288	($45)	-15.6%
Insurance Taxes and Fees	322	334	($12)	-3.6%
Corporate Franchise Tax & Fees	208	201	$7	3.5%
Interest on State Funds & Investments	26	81	($55)	-67.9%
Cook County IGT	244	253	($9)	-3.6%
Other Sources	431	418	$13	3.1%
Subtotal	$20,494	$22,343	($1,849)	-8.3%
Transfers				
Lottery	625	625	$0	0.0%
Riverboat transfers & receipts	383	430	($47)	-10.9%
Proceeds from Sale of 10th license	48	0	$48	N/A
Other	836	538	$298	55.4%
Total State Sources	$22,386	$23,936	($1,550)	-6.5%
Federal Sources	$5,920	$6,567	($647)	-9.9%
Total Federal & State Sources	$28,306	$30,503	($2,197)	-7.2%
Nongeneral Funds Distribution:				
Refund Fund				
Personal Income Tax	($919)	($996)	$77	-7.7%
Corporate Income Tax	($289)	($363)	$74	-20.4%
Subtotal General Funds	$27,098	$29,144	($2,046)	-7.0%
Short-Term Borrowing	$1,250	$2,400	($1,150)	N/A
Pension Contribution Fund Transfer	$835	$0	$835	N/A
Budget Stabilization Fund Transfer	$1,146	$576	$570	99.0%
Total General Funds	$30,329	$32,120	($1,791)	-5.6%

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

CGFA 2-Jul-10

Actual vs. FY 2010 Budget (per GOMB)				
Excludes short-term borrowing and cash flow transfers				
(millions)				
Revenue Sources	**Actual FY 2010 Revenues**	**GOMB FY 2010 Budget Assumptions Estimate Aug-09**	**$ Difference**	**% Difference**
State Taxes				
Personal Income Tax	$9,430	$10,200	($770)	-7.5%
Corporate Income Tax	$1,649	$1,373	$276	20.1%
Sales Taxes	$6,308	$6,394	($86)	-1.3%
Public Utility (regular)	$1,089	$1,150	($61)	-5.3%
Cigarette Tax	$355	$350	$5	1.4%
Liquor Gallonage Taxes	$159	$161	($2)	-1.2%
Vehicle Use Tax	$30	$25	$5	20.0%
Inheritance Tax (gross)	$243	$275	($32)	-11.6%
Insurance Taxes & Fees	$322	$325	($3)	-0.9%
Corporate Franchise Tax & Fees	$208	$205	$3	1.5%
Interest on State Funds & Investments	$26	$80	($54)	-67.5%
Cook County Intergovernmental Transfer	$244	$240	$4	1.7%
Other Sources	$431	$405	$26	6.4%
Subtotal	**$20,494**	**$21,183**	**($689)**	**-3.3%**
Transfers				
Lottery	$625	$645	($20)	-3.1%
Riverboat Transfers & Receipts	$383	$470	($87)	-18.5%
Proceeds from sale of 10th License	$48	$50	($2)	N/A
Other	$836	$1,056	($220)	-20.8%
Total State Sources	**$22,386**	**$23,404**	**($1,018)**	**-4.3%**
Federal Sources	**$5,920**	**$7,131**	**($1,211)**	**-17.0%**
Total Federal & State Sources	**$28,306**	**$30,535**	**($2,229)**	**-7.3%**
Nongeneral Funds Distribution:				
Refund Fund				
Personal Income Tax	($919)	($995)	$76	-7.6%
Corporate Income Tax	($289)	($241)	($48)	19.9%
Subtotal General Funds	**$27,098**	**$29,299**	**($2,201)**	**-7.5%**
Change from Prior Year	**($2,046)**	**$155**	**($2,201)**	**N/A**
Percent Change	**-6.9%**	**-1.2%**		
CGFA				

FY 2010 Actuals vs. Estimates: CGFA and GOMB ($ millions)					
Revenue Sources	**ACTUAL FY 2010**	**CGFA EST. Mar-10 FY 2010**	**DIFFERENCE ACTUALS FROM ESTIMATE**	**GOMB EST. Mar-10 FY 2010**	**DIFFERENCE ACTUALS FROM ESTIMATE**
State Taxes					
Personal Income Tax	$9,430	$9,500	($70)	$9,375	$55
Corporate Income Tax (regular)	$1,649	$1,550	$99	$1,588	$61
Sales Taxes	$6,308	$6,200	$108	$6,200	$108
Public Utility (regular)	$1,089	$1,100	($11)	$1,115	($26)
Cigarette Tax	$355	$350	$5	$350	$5
Liquor Gallonage Taxes	$159	$160	($1)	$161	($2)
Vehicle Use Tax	$30	$29	$1	$28	$2
Inheritance Tax (gross)	$243	$250	($7)	$278	($35)
Insurance Taxes & Fees	$322	$355	($33)	$350	($28)
Corporate Franchise Tax & Fees	$208	$200	$8	$205	$3
Interest on State Funds & Investments	$26	$30	($4)	$35	($9)
Cook County Intergovernmental Transfer	$244	$240	$4	$243	$1
Other Sources	$431	$379	$52	$350	$81
Subtotal	**$20,494**	**$20,343**	**$151**	**$20,278**	**$216**
Transfers					
Lottery	$625	$625	$0	$625	$0
Riverboat transfers & receipts	$383	$410	($27)	$470	($87)
Proceeds from sale of 10th license	$48	$50	($2)	$50	($2)
Other	$836	$921	($85)	$1,022	($186)
Total State Sources	**$22,386**	**$22,349**	**$37**	**$22,445**	**($59)**
Federal Sources*	**$5,920**	**$6,056**	**($136)**	**$6,056**	**($136)**
Total Federal & State Sources	**$28,306**	**$28,405**	**($99)**	**$28,501**	**($195)**
Nongeneral Funds Distribution:					
Refund Fund					
Personal Income Tax	($919)	($926)	$7	($915)	($4)
Corporate Income Tax	($289)	($271)	($18)	($278)	($11)
Subtotal General Funds	**$27,098**	**$27,208**	**($110)**	**$27,308**	**($210)**
Short Term Borrowing	**$1,250**	**$1,250**	**$0**	**$1,250**	**$0**
Pension Contribution Fund Transfer	**$835**	**$835**	**$0**	**$835**	**$0**
Budget Stabilization Fund Transfer	**$1,146**	**$1,146**	**$0**	**$1,146**	**$0**
Total General Funds	**$30,329**	**$30,439**	**($110)**	**$30,539**	**($210)**

* Both estimates reflect updated federal source estimates reflecting reimbursable spending changes since the March estimates per June's Official Preliminary Statement.

FY 2010 Special Transfers

Lynnae Kapp, Senior Analyst

FY 2010 Fund Sweeps to the General Revenue Fund were approved by Public Acts 96-0044 and 96-0045, in the amount of $351.7 million. Amounts were transferred quarterly, or as they became available. For the end of FY 2010, including retransfers that were made back to the original funds due to appropriation needs, the total funds swept equaled $283 million. This amount is approximately $69 million short of the original goal. Another $4 million in transfers from fee increases equals $287 million in total Special Transfers for FY 2010. The following tables detail these special transfers

	FEE INCREASE TRANSFERS (8j) IN FY 2010	
Fund #	**Fund Name**	**June**
0021	Financial Institution Fund	$1,500,000
0163	Weights and Measures Fund	$29,100
0731	IL Clean Water Fund	$2,500,000
0845	Environmental Protection Trust Fund	$200,000
	TOTAL	**$4,229,100**

	FY2010 FUND SWEEPS		PA 96-44 & 96-45												
No.	Fund	Statutory Amount	July	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	TOTAL	Remainder
0014	Food and Drug Safety Fund	$6,800	$1,700		$1,700			$1,700			$1,700			**$6,800**	**$0**
0015	Penny Severns Breast, Cervical & Ovarian Cancer Research Fund	$33,300	$8,325		$8,325			$8,325			$8,325			**$33,300**	**$0**
0018	Transportation Regulatory Fund	$2,122,000	$530,500		$530,500			$530,500			$530,500			**$2,122,000**	**$0**
0022	General Professions Dedicated Fund	$3,511,900	$877,975		$877,975			$877,975			$877,975			**$3,511,900**	**$0**
0023	Economic Research and Information Fund	$1,120	$280	$280				$280			$280			**$1,120**	**$0**
0024	IL Dept. of AG Lab Services Revolving Fund	$12,825	$3,206		$3,206			$3,206			$3,206			**$12,825**	**$0**
0031	Drivers Education Fund	$2,244,000	$561,000		$561,000			($69,000)	$561,000			$561,000		**$2,175,000**	**$69,000**
0046	Aeronautics Fund	$25,360	$6,340		$6,340			$6,340			$6,340			**$25,360**	**$0**
0047	Fire Prevention Fund	$10,400,000	$2,600,000		$2,600,000			$2,600,000			$2,600,000			**$10,400,000**	**$0**
0048	Rural/Downstate Health Access Fund	$1,700	$425		$425			$425			$425			**$1,700**	**$0**
0050	Mental Health Fund	$24,560,000	$6,140,000		$6,140,000			$6,140,000			$6,140,000			**$24,560,000**	**$0**
0057	IL State Pharmacy Disciplinary Fund	$2,054,100	$513,525		$513,525			$513,525			$513,525			**$2,054,100**	**$0**
0059	Public Utility Fund	$960,175	$240,044		$240,044			$240,044			$240,044			**$960,175**	**$0**
0060	Alzheimer's Disease Research Fund	$112,500	$28,125		$28,125			$28,125			$28,125			**$112,500**	**$0**
0067	Radiation Protection Fund	$92,250	$23,063		$23,063			$23,063			$23,063			**$92,250**	**$0**
0069	Natural Heritage Endowment Trust Fund	$250,000	$62,500		$62,500			$62,500			$62,500			**$250,000**	**$0**
0071	Firearm Owner's Notification Fund	$256,400	$64,100		$64,100			$64,100			$64,100			**$256,400**	**$0**
0074	EPA Special State Projects Trust Fund	$3,760,000	$940,000											**$940,000**	**$2,820,000**
0078	Solid Waste Management Fund	$1,200,000	$300,000		($300,000)			$0			$0			**$0**	**$1,200,000**
0085	IL Gaming Law Enforcement Fund	$141,000	$35,250		$35,250			$35,250			$35,250			**$141,000**	**$0**
0089	Subtitle D Management Fund	$375,000	$93,750		$93,750			($107,471)			$93,750			**$173,779**	**$201,221**
0093	IL State Medical Disciplinary Fund	$11,277,200	$2,819,300		$2,819,300	($172,000)	($159,400)	($620,000)		($895,000)	($258,000)		($885,000)	**$2,649,200**	**$8,628,000**
0096	Cemetery Consumer Protection Fund	$658,000	$164,500		$164,500			$164,500			$164,500			**$658,000**	**$0**
0100	Assistance to the Homeless Fund	$13,800	$3,450		$3,450			$3,450			$3,450			**$13,800**	**$0**
0106	Accessible Electronic Information Services Fund	$10,000	$2,500		$2,500			$2,500			$2,500			**$10,000**	**$0**
0109	CDLIS/AAMVAnet Trust Fund	$110,000	$27,500		$27,500			$27,500			$27,500			**$110,000**	**$0**
0112	Comptroller's Audit Expense Revolving Fund	$31,200	$7,800		$7,800			$7,800			$7,800			**$31,200**	**$0**
0113	Community Health Center Care Fund	$450,000	$112,500		$112,500			$112,500			$112,500	($450,000)		**$0**	**$450,000**
0115	Safe Bottled Water Fund	$15,000	$3,750			$3,750		$3,750			$3,750			**$15,000**	**$0**
0118	Facility Licensing Fund	$363,600	$90,900				$90,900			$90,900	$90,900			**$363,600**	**$0**
0123	Hansen-Therkelsin Memorial Deaf Student College Fund	$503,700	$125,925		$125,925			$125,925			$125,925			**$503,700**	**$0**
0127	IL Underground Utility Facilities Damage Prevention Fund	$29,600	$7,400		$7,400			$7,400			$7,400			**$29,600**	**$0**
0130	School District Emergency Financial Assistance Fund	$2,059,200	$514,800		$514,800			$514,800						**$1,544,400**	**$514,800**
0134	Mental Health Transportation Fund	$859	$215		$215			$215			$215			**$859**	**$0**
0151	Registered CPA Administration & Disciplinary Fund	$34,600	$8,650		$8,650			$8,650			$8,650			**$34,600**	**$0**
0152	State Crime Lab Fund	$142,880	$35,720		$35,720			$35,720			$35,720			**$142,880**	**$0**
0153	Agrichemical Incident Response Trust Fund	$80,000	$20,000		$20,000			$20,000			$20,000			**$80,000**	**$0**
0155	General Assembly Computer Equipment Revolving Fund	$101,600	$25,400		$25,400			$25,400			$25,400			**$101,600**	**$0**
0163	Weights and Measures Fund	$625,000	$156,250		$156,250			$156,250			$156,250			**$625,000**	**$0**
0175	IL School Asbestos Abatement Fund	$299,600	$74,900		$74,900			$74,900			$74,900			**$299,600**	**$0**
0179	Injured Workers' Benefit Fund	$3,290,560	$822,640		$822,640			$822,640		($856,652)			($1,329,548)	**$281,720**	**$3,008,840**
0184	Violence Prevention Fund	$79,500	$19,875		$19,875			$19,875			$19,875			**$79,500**	**$0**
0192	Professional Regulation Evidence Fund	$5,000	$1,250		$1,250			$1,250			$1,250			**$5,000**	**$0**

No.	FY2010 FUND SWEEPS Fund	Statutory Amount	PA 96-44 & 96-45 July	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	TOTAL	Remainder
0195	IPTIP Administrative Trust Fund	$500,000	$125,000		$125,000			$125,000			$125,000			**$500,000**	**$0**
0198	Diabetes Research Checkoff Fund	$8,800	$2,200		$2,200			$2,200			$2,200			**$8,800**	**$0**
0208	Ticket for the Cure Fund	$1,200,000	$300,000		$300,000			$300,000			$300,000			**$1,200,000**	**$0**
0215	CDB Revolving Fund	$346,000	$86,500		$86,500			$86,500			$86,500			**$346,000**	**$0**
0218	Professions Indirect Cost Fund	$2,144,500	$536,125		$536,125			$536,125			$536,125			**$2,144,500**	**$0**
0222	State Police DUI Fund	$166,880	$41,720		$41,720			$41,720			$41,720			**$166,880**	**$0**
0237	Medicaid Fraud and Abuse Prevention Fund	$20,000	$5,000		$5,000			$5,000			$5,000	($5,000)		**$15,000**	**$5,000**
0238	IL Health Facilities Planning Fund	$1,392,400	$348,100		$348,100			$348,100			$348,100			**$1,392,400**	**$0**
0240	Emergency Public Health Fund	$875,000	$218,750		$218,750			$218,750			$218,750			**$875,000**	**$0**
0241	Transmitters of Money Act (TOMA) Consumer Protection Fund	$50,000	$12,500		$12,500				$12,500		$12,500			**$50,000**	**$0**
0242	ISAC Accounts Receivable Fund	$24,240	$6,060		$6,060			$6,060			$6,060			**$24,240**	**$0**
0245	Fair and Exposition Fund	$1,257,920	$314,480		$314,480			$314,480			$314,480			**$1,257,920**	**$0**
0251	Dept. of Labor Special State Trust Fund	$409,000	$102,250		$102,250			$102,250			$102,250			**$409,000**	**$0**
0256	Public Health Water Permit Fund	$24,500	$6,125		$6,125							$12,250		**$24,500**	**$0**
0258	Nursing Dedicated & Professional Fund	$9,988,400	$2,497,100		$2,497,100					$2,497,100		$2,497,100		**$9,988,400**	**$0**
0259	Optometric Licensing & Disciplinary Board Fund	$995,800	$248,950		$248,950	($17,000)	($8,000)	($61,562)		$248,950	$248,950			**$909,238**	**$86,562**
0270	Water Revolving Fund	$4,960	$1,240		$1,240			$1,240			$1,240			**$4,960**	**$0**
0283	Methamphetamine Law Enforcement Fund	$50,000	$12,500		$12,500			$12,500			$12,500			**$50,000**	**$0**
0285	Long Term Care Monitor/Receiver Fund	$1,700,000	$425,000		$425,000			$425,000			$425,000			**$1,700,000**	**$0**
0287	Home Care Services Agency Licensure Fund	$48,000	$12,000		$12,000			$12,000			$12,000			**$48,000**	**$0**
0288	Community Water Supply Lab Fund	$600,000	$150,000		$150,000			$97,853		($170,256)		($227,597)		**$0**	**$600,000**
0289	Motor Fuel and Petroleum Standards Fund	$41,416	$10,354		$10,354			$10,354						**$31,062**	**$10,354**
0290	Fertilizer Control Fund	$162,520	$40,630		$40,630			$40,630			$40,630			**$162,520**	**$0**
0291	Regulatory Fund	$307,824	$76,956		$76,956			$76,956			$76,956		($245,000)	**$62,824**	**$245,000**
0294	Used Tire Management Fund	$8,853,552	$2,213,388		$2,213,388			$2,213,388			$2,213,388			**$8,853,552**	**$0**
0298	Natural Areas Acquisition Fund	$1,000,000	$250,000		$250,000			$250,000			$250,000			**$1,000,000**	**$0**
0301	Working Capital Revolving Fund	$6,450,000	$1,612,500		$1,612,500			$1,612,500						**$4,837,500**	**$1,612,500**
0310	Tax Recovery Fund	$29,680	$7,420		$7,420			$7,420			$7,420			**$29,680**	**$0**
0317	Professional Services Fund	$3,500,000	$875,000		$875,000			$875,000			$875,000			**$3,500,000**	**$0**
0331	Treasurer's Rental Fee Fund	$155,000	$38,750		$38,750			$38,750			$38,750			**$155,000**	**$0**
0340	Public Health Lab Services Revolving Fund	$450,000	$112,500		$112,500						$112,500			**$337,500**	**$112,500**
0341	Provider Inquiry Trust Fund	$200,000	$50,000		$50,000			$50,000			$50,000			**$200,000**	**$0**
0342	Audit Expense Fund	$5,972,190	$1,493,048		$1,493,048			$1,493,048			$1,493,048			**$5,972,190**	**$0**
0356	Law Enforcement Camera Grant Fund	$2,631,840	$657,960		$657,960			$657,960			$657,960			**$2,631,840**	**$0**
0357	Child Labor and Day & Temporary Labor Services Enforcement Fund	$490,000	$122,500		$122,500			$122,500			$122,500			**$490,000**	**$0**
0360	Lead Poisoning Screening, Prevention, and Abatement Fund	$100,000	$25,000		$25,000			$25,000			$25,000			**$100,000**	**$0**
0365	Health & Human Services Medicaid Trust Fund	$6,920,000	$1,730,000		$1,730,000			$1,730,000			$1,730,000			**$6,920,000**	**$0**
0366	Prisoner Review Board Vehicle & Equipment Fund	$147,900	$36,975		$36,975			$36,975			$36,975			**$147,900**	**$0**
0368	Drug Treatment Fund	$4,400,000	$1,100,000			$1,100,000				$1,100,000			$1,100,000	**$4,400,000**	**$0**
0369	Feed Control Fund	$625,000	$156,250		$156,250			$156,250			$156,250			**$625,000**	**$0**
0370	Tanning Facility Permit Fund	$20,000	$5,000		$5,000			$5,000			$5,000			**$20,000**	**$0**
0371	Innovations in Long-term Care Quality Demonstration Grants Fund	$300,000	$75,000		$75,000			$75,000			$75,000			**$300,000**	**$0**
0372	Plumbing Licensure and Program Fund	$1,585,600	$396,400		$396,400			$396,400			$396,400			**$1,585,600**	**$0**

No.	FY2010 FUND SWEEPS Fund	Statutory Amount	July	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	TOTAL	Remainder
			PA 96-44 & 96-45												
0373	State Treasurer's Bank Services Trust Fund	$6,800,000	$1,700,000		$1,700,000				($484,540)					**$2,915,460**	**$3,884,540**
0376	State Police Motor Vehicle Theft Prevention Trust Fund	$46,500	$11,625		$11,625			($23,250)			$11,625	($11,625)		**$0**	**$46,500**
0378	Insurance Premium Tax Refund Fund	$58,700	$14,675		$14,675			$14,675			$14,675			**$58,700**	**$0**
0386	Appraisal Administration Fund	$378,400	$94,600		$94,600			$94,600			$94,600			**$378,400**	**$0**
0387	Small Business Environmental Assistance Fund	$24,080	$6,020		$6,020			$6,020			$6,020			**$24,080**	**$0**
0388	Regulatory Evaluation and Basic Enforcement Fund	$125,000	$31,250		$31,250			$31,250			$31,250			**$125,000**	**$0**
0394	Gaining Early Awareness and Readiness for Undergraduate Programs Fund	$15,000	$3,750		$3,750			$3,750			$3,750			**$15,000**	**$0**
0397	Trauma Center Fund	$4,000,000	$1,000,000		$1,000,000			$1,000,000			$1,000,000			**$4,000,000**	**$0**
0398	EMS Assistance Fund	$110,000	$27,500		$27,500			$27,500			$27,500			**$110,000**	**$0**
0417	State College and University Trust Fund	$20,204	$5,051		$5,051			$5,051			$5,051			**$20,204**	**$0**
0418	University Grant Fund	$5,608	$1,402		$1,402			$1,402			$1,402			**$5,608**	**$0**
0419	DCEO Projects Fund	$1,000,000												**$0**	**$1,000,000**
0422	Alternate Fuels Fund	$2,000,000	$500,000		$500,000			$500,000			$500,000			**$2,000,000**	**$0**
0429	Multiple Sclerosis Research Fund	$27,200	$6,800		$6,800			$6,800			$6,800			**$27,200**	**$0**
0430	Livestock Management Facilities Fund	$81,920	$20,480		$20,480			$20,480			$20,480			**$81,920**	**$0**
0431	Second Injury Fund	$615,680	$153,920		$153,920			$153,920			$153,920			**$615,680**	**$0**
0440	Agricultural Master Fund	$136,984	$34,246		$34,246			$34,246			($15,754)			**$86,984**	**$50,000**
0444	High Speed Internet Services & Information Technology Fund	$3,300,000	$825,000		$825,000			$825,000			$825,000			**$3,300,000**	**$0**
0452	IL Tourism Tax Fund	$250,000	$62,500		$62,500			$62,500			$62,500			**$250,000**	**$0**
0474	Human Services Priority Capital Program Fund	$7,378,400	$1,844,600		$1,844,600			$1,844,600						**$5,533,800**	**$1,844,600**
0485	Warrant Escheat	$1,394,161	$348,540		$348,540			$348,540			$348,540			**$1,394,161**	**$0**
0514	State Asset Forfeiture Fund	$321,600	$80,400		$80,400			$80,400			$80,400			**$321,600**	**$0**
0517	Police Training Board Services Fund	$8,000	$2,000		$2,000			$2,000			$2,000			**$8,000**	**$0**
0520	Federal Asset Forfeiture Fund	$1,760	$440		$440			$440			$440			**$1,760**	**$0**
0523	Dept. of Corrections Reimbursement and Education Fund	$250,000	$62,500		$62,500			$62,500			$62,500			**$250,000**	**$0**
0524	Health Facility Plan Review Fund	$1,543,600	$385,900		$385,900			$385,900			$385,900			**$1,543,600**	**$0**
0528	Domestic Violence Abuser Services Fund	$11,500	$2,875		$2,875			$2,875			$2,875			**$11,500**	**$0**
0536	LEADS Maintenance Fund	$166,800	$41,700		$41,700			$41,700			$41,700			**$166,800**	**$0**
0537	State Offender DNA ID System Fund	$615,040	$153,760		$153,760			$153,760			$153,760			**$615,040**	**$0**
0538	IL Historic Sites Fund	$250,000	$62,500		$62,500			$62,500			$62,500			**$250,000**	**$0**
0543	Comptroller's Administrative Fund	$134,690	$33,673		$33,673			$3,698			$33,673			**$104,716**	**$29,974**
0546	Public Pension Regulation Fund	$0												**$0**	**$0**
0552	Workforce, Technology and Economic Development Fund	$2,000,000												**$0**	**$2,000,000**
0562	Pawnbroker Regulation Fund	$26,400	$6,600		$6,600			$6,600			$6,600			**$26,400**	**$0**
0564	Renewable Energy Resources Trust Fund	$13,408,328	$3,352,082		$0	($3,352,082)		$0			$0			**$0**	**$13,408,328**
0567	Charter Schools Revolving Loan Fund	$82,000	$20,500		$20,500			$20,500				$20,500	($10,000)	**$72,000**	**$10,000**
0569	School Technology Revolving Loan Fund	$1,230,000	$307,500		$307,500			$307,500			$307,500			**$1,230,000**	**$0**
0571	Energy Efficiency Trust Fund	$1,490,000	$372,500		$372,500			$372,500			$372,500			**$1,490,000**	**$0**
0576	Pesticide Control Fund	$625,000	$156,250		$156,250			$156,250			$156,250			**$625,000**	**$0**
0581	Juvenile Accountability Incentive Block Grant Fund	$10,000	$2,500		$2,500			($5,000)			$2,500		($2,500)	**$0**	**$10,000**
0604	Multiple Sclerosis Assistance Fund	$8,000	$2,000		$2,000			$2,000						**$6,000**	**$2,000**
0605	Temporary Relocation Expenses Revolving Grant Fund	$460,000	$115,000		($115,000)				$115,000					**$115,000**	**$345,000**
0608	Partners for Conservation Fund	$8,200,000	$2,050,000		$2,050,000			$2,050,000			$2,050,000			**$8,200,000**	**$0**

	FY2010 FUND SWEEPS		PA 96-44 & 96-45												
No.	Fund	Statutory Amount	July	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	TOTAL	Remainder
0611	Fund for Illinois' Future	$3,000,000	$750,000		$750,000			$750,000			$750,000			**$3,000,000**	**$0**
0613	Wireless Carrier Reimbursement Fund	$13,650,000	$3,412,500		$3,412,500			$3,412,500			$3,412,500			**$13,650,000**	**$0**
0621	International Tourism Fund	$5,043,344	$1,260,836		$1,260,836			$1,260,836			$1,260,836			**$5,043,344**	**$0**
0631	IL Racing Quarterhorse Breeders Fund	$1,448	$362		$362			$362			$362			**$1,448**	**$0**
0635	Death Certificate Surcharge Fund	$900,000	$225,000		$225,000			$225,000			$225,000			**$900,000**	**$0**
0637	State Police Wireless Service Emergency Fund	$1,329,280	$332,320		$332,320			$332,320			$332,320			**$1,329,280**	**$0**
0638	IL Adoption Registry & Medical Information Exchange Fund	$8,400	$2,100		$2,100			$2,100			$2,100			**$8,400**	**$0**
0641	Auction Regulation Administration Fund	$361,600	$90,400		$90,400					($36,000)				**$144,800**	**$216,800**
0642	DHS State Projects Fund	$193,900	$48,475		$48,475			$48,475			$48,475			**$193,900**	**$0**
0643	Auction Recovery Fund	$4,600	$1,150		$1,150			$1,150			$1,150			**$4,600**	**$0**
0649	Motor Carrier Safety Inspection Fund	$389,840	$97,460		$97,460			$97,460			$97,460			**$389,840**	**$0**
0653	Coal Development Fund	$320,000	$80,000		$80,000			$80,000			$80,000			**$320,000**	**$0**
0658	State Off-set Claims Fund	$400,000							$300,000		$100,000			**$400,000**	**$0**
0677	ISAC Contracts and Grants Fund	$128,850	$32,213		$32,213	($14,519)	($49,803)							**$103**	**$128,747**
0690	DHS Private Resources Fund	$1,000,000	$250,000		$250,000			$250,000			$250,000			**$1,000,000**	**$0**
0702	Assisted Living and Shared Housing Reg. Fund	$122,400	$30,600		$30,600			$30,600			$30,600			**$122,400**	**$0**
0705	State Police Whistleblower Reward and Protection Fund	$3,900,000	$975,000		$975,000			$975,000			$975,000			**$3,900,000**	**$0**
0708	Illinois Standardbred Breeders Fund	$134,608	$33,652		$33,652			$33,652			$33,652			**$134,608**	**$0**
0712	Post Transplant Maintenance and Retention Fund	$85,800	$21,450		$21,450			$21,450			$21,450			**$85,800**	**$0**
0714	Spinal Cord Injury Paralysis Cure Research Trust Fund	$300,000	$75,000		$75,000			$75,000			$75,000			**$300,000**	**$0**
0716	Organ Donor Awareness Fund	$115,000	$28,750		$28,750			$28,750				$28,750		**$115,000**	**$0**
0718	Community Mental Health Medicaid Trust Fund	$1,030,900	$257,725		$257,725			$257,725			$257,725			**$1,030,900**	**$0**
0731	IL Clean Water Fund	$8,649,600	$2,162,400		$2,162,400			$2,162,400			$2,162,400			**$8,649,600**	**$0**
0733	Tobacco Settlement Recovery Fund	$10,000,000	$2,500,000		$2,500,000						$5,000,000			**$10,000,000**	**$0**
0738	Alternative Compliance Market Account Fund	$9,984	$2,496		$2,496			$2,496			$2,496			**$9,984**	**$0**
0739	Group Worker's Compensation Pool Insolvency Fund	$42,800	$10,700		$10,700			$10,700			$10,700			**$42,800**	**$0**
0740	Medicaid Buy-In Program Revolving Fund	$1,000,000	$250,000		$250,000			$250,000			$250,000			**$1,000,000**	**$0**
0746	Home Inspector Admin Fund	$1,225,200	$306,300		$306,300			$306,300			$306,300			**$1,225,200**	**$0**
0750	Real Estate Audit Fund	$1,200	$300		$300			$300			$300			**$1,200**	**$0**
0760	Marine Corps Scholarship Fund	$69,000	$17,250		$17,250				$17,250			$17,250		**$69,000**	**$0**
0763	Tourism Promotion Fund	$30,000,000	$7,500,000		$7,500,000									**$15,000,000**	**$15,000,000**
0774	Oil Spill Response Fund	$4,800	$1,200		$1,200			$1,200			$1,200			**$4,800**	**$0**
0776	Presidential Library and Museum Operating Fund	$169,900	$42,475		$42,475			$42,475			$42,475			**$169,900**	**$0**
0796	Nuclear Safety Emergency Preparedness Fund	$6,000,000	$1,500,000		($696,849)	($803,151)		$1,500,000			$1,500,000	($1,462,787)	($1,537,213)	**$0**	**$6,000,000**
0820	DCEO Energy Projects Fund	$2,176,200	$544,050		($544,050)			$0			$0			**$0**	**$2,176,200**
0821	Dram Shop Fund	$500,000	$125,000		$125,000			$125,000			$125,000			**$500,000**	**$0**
0823	Illinois State Dental Disciplinary Fund	$187,300	$46,825		$46,825			$46,825			$46,825			**$187,300**	**$0**
0828	Hazardous Waste Fund	$800,000	$200,000		$200,000			$200,000			$200,000			**$800,000**	**$0**
0831	Natural Recourses Restoration Trust Fund	$7,700	$1,925		$1,925			$1,925			$1,925			**$7,700**	**$0**
0835	State Fair Promotional Activities Fund	$1,672	$418		$418			$418			$418			**$1,672**	**$0**
0844	Continuing Legal Education Trust Fund	$10,550	$2,638		$2,638									**$5,275**	**$5,275**
0845	Environ Protection Trust Fund	$625,000	$156,250		$156,250			$156,250			$156,250			**$625,000**	**$0**
0849	Real Estate Research and Education Fund	$1,081,000	$270,250		$270,250			$270,250						**$810,750**	**$270,250**

FY2010 FUND SWEEPS			PA 96-44 & 96-45												
No.	**Fund**	**Statutory Amount**	**July**	**Sep**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**June**	**TOTAL**	**Remainder**
0851	Federal Moderate Rehabilitation Housing Fund	$44,960	$11,240		$11,240			($22,480)			$0			**$0**	**$44,960**
0865	Domestic Violence Shelter and Service Fund	$55,800	$13,950		$13,950			$13,950			$13,950			**$55,800**	**$0**
0866	Snowmobile Trail Establishment Fund	$5,300	$1,325		$1,325			$1,325			$1,325			**$5,300**	**$0**
0878	Drug Traffic Prevention Fund	$11,200	$2,800		$2,800			$2,800			$2,800			**$11,200**	**$0**
0879	Traffic and Criminal Conviction Surcharge Fund	$5,400,000	$1,350,000		$1,350,000			$1,350,000			$1,350,000			**$5,400,000**	**$0**
0888	Design Professionals Admin and Investigation Fund	$73,200	$18,300		$18,300			$18,300			$18,300			**$73,200**	**$0**
0896	Public Health Special State Projects Fund	$1,900,000	$475,000		$475,000			$475,000			$475,000			**$1,900,000**	**$0**
0900	Petroleum Violation Fund	$1,080	$270		$270			$270			$270			**$1,080**	**$0**
0906	State Police Services Fund	$7,082,080	$1,770,520		$1,770,520			$1,770,520			$1,770,520			**$7,082,080**	**$0**
0909	Illinois Wildlife Preservation Fund	$9,900	$2,475		$2,475			$2,475			$2,475			**$9,900**	**$0**
0910	Youth Drug Abuse Prevention Fund	$133,500	$33,375		$33,375			$33,375			$33,375			**$133,500**	**$0**
0922	Insurance Producer Administration Fund	$12,170,000	$3,042,500		$3,042,500			$3,042,500			$3,042,500			**$12,170,000**	**$0**
0925	Coal Technology Development Assistance Fund	$1,856,000	$464,000		$464,000			$464,000			$464,000			**$1,856,000**	**$0**
0934	Child Abuse Prevention Fund	$250,000	$62,500		$62,500			$62,500			$62,500			**$250,000**	**$0**
0938	Hearing Instrument Dispenser Examining and Disciplinary Fund	$50,400	$12,600		$12,600			$12,600			$12,600			**$50,400**	**$0**
0942	Low-level Radioactive Waste Facility Development and Operation Fund	$1,000,000	$250,000		$250,000			$250,000			$250,000			**$1,000,000**	**$0**
0944	Environmental Protection Permit and Inspection Fund	$755,775	$188,944		$188,944			$188,944			$188,944			**$755,775**	**$0**
0945	Landfill Closure and Post-Closure Fund	$2,480	$620		$620			$620			$620			**$2,480**	**$0**
0951	Narcotics Profit Forfeiture Fund	$86,900	$21,725		$21,725			$21,725			$21,725			**$86,900**	**$0**
0954	IL State Podiatric Disciplinary Fund	$200,000	$50,000		$50,000			$50,000			$50,000			**$200,000**	**$0**
0963	Vehicle Inspection Fund	$5,000,000	$1,250,000		$1,250,000			$1,250,000			$1,250,000			**$5,000,000**	**$0**
0969	Local Tourism Fund	$10,999,280	$2,749,820		$2,749,820								$2,749,820	**$8,249,460**	**$2,749,820**
0973	Build IL Capital Revolving Loan Fund	$3,856,904	$964,226		$964,226			$964,226			$964,226			**$3,856,904**	**$0**
0974	IL Equity Fund	$3,520	$880		$880			$880			$880			**$3,520**	**$0**
0975	Large Business Attraction Fund	$13,560	$3,390		$3,390			$3,390			$3,390			**$13,560**	**$0**
0984	International and Promotional Fund	$42,040	$10,510		$10,510			$10,510			$10,510			**$42,040**	**$0**
0993	Public Infrastructure Construction Loan Revolving Fund	$2,811,232	$702,808		$702,808			$702,808			$702,808			**$2,811,232**	**$0**
0997	Insurance Financial Regulation Fund	$5,881,180	$1,470,295		$1,470,295			$1,470,295			$1,470,295			**$5,881,180**	**$0**
	Total	**$351,738,973**	**$87,084,743**	**$280**	**$77,482,782**	**($3,255,002)**	**($126,303)**	**$58,682,916**	**$521,210**	**$1,979,042**	**$59,762,132**	**$979,841**	**($159,441)**	**$282,952,202**	**$68,786,771**

Recent Illinois Ratings History

Lynnae Kapp, Senior Analyst

With the end of FY 2010 and its legislative session, the three rating agencies have weighed in on Illinois' current situation. In June, Fitch lowered the State's General Obligation bonds from A+ to A, while Moody's lowered both Illinois' G.O. bonds and Build Illinois bonds from Aa3 to A1.

ILLINOIS GENERAL OBLIGATION BOND RATINGS								
RATING AGENCIES	June 2000	May 2003	Dec 2008	Mar-July 2009	Dec 2009	Mar-Apr 2010	June 2010	MAXIMUM RATING
Fitch Ratings	AA+	AA	AA-	A	A	A-/A+*	A	AAA
Standard & Poor's	AA	AA	AA	AA-	A+	A+	A+	AAA
Moody's	Aa2	Aa3	Aa3	A1	A2	A2/Aa3*	A1	Aaa/Aa1

*Fitch and Moody's recalibrated their Municipal Bond ratings to be on a scale with their global ratings, thereby moving Illinois up to A+ and Aa3, respectively. These are NOT considered upgrades.

Current General Obligation Bonds Downgrades:

FITCH

December 2008	↓ 1x	AA-
July 2009	↓ 2x	A
March 2010	↓ 1x	A-
March 2010	recalibration	A+
June 2010	↓ 1x	A

The rating downgrade reflects the magnitude and persistent nature of the state's fiscal problems and passage of a budget for fiscal (FY) 2011 that does not address either the annual operating deficit or accumulated liabilities. Accounts payable are expected to remain high throughout the next fiscal year and the state expects to rely on additional deficit borrowing to close its projected budget gap. The state has not demonstrated the political willingness to take action during the fiscal crisis to restructure its budget to achieve balance and has relied almost exclusively on borrowing to close its sizeable budget gaps. The state's accounts payable backlog is projected to increase by more than $2 billion to $6.4 billion by the end of FY 2010, equal to 23% of general fund resources. The state continues to manage its budgetary deficit by deferring payments to vendors and others. The state's debt burden is rising and additional borrowing is expected under the $31 billion capital plan and with significant borrowing expected to close the projected FY 2011 budget gap. There is a large unfunded pension liability, despite the issuance of pension obligation bonds. The state passed bipartisan comprehensive pension reform (March 2010), which should lower its future pension liability but is not likely to have a significant near-term effect on financial operations.

S&P

March 2009	↓ 1x	AA-
December 2009	↓ 1x	A+

We believe that, following the passage of the fiscal 2011 budget, the state's budget gap and liquidity pressure remain significant and recurring actions to address these issues have been limited. Despite these credit challenges, we believe that there could be additional changes to the budget that could improve structural balance after the start of the fiscal year and in our view the Emergency Budget Act of 2011 provides enhanced authority to manage the budget and liquidity. The Emergency Act was approved by the legislature and the governor is expected to sign it. If structural changes are not made to the budget as expected, we could lower the rating. If structural changes are made to the budget and there are near-term prospects for improved performance and liquidity, the rating could be maintained.

The ratings were placed on CreditWatch with negative implications March 30, 2010. The approved budget for fiscal 2011 includes no meaningful revenue enhancement, and assumes some level of economic recovery in its revenue forecast. It includes broad-based spending reductions, and a significant reliance on debt issuance to fund the deficit that has been estimated at about $13 billion. The deficits from previous years (fiscals 2008-2010) are carried forward and are not addressed, and are estimated by the state to be $6 billion. We continue to believe that Illinois has the capacity to improve structural budget balance due to the absence of tax limitations or stringent constitutional or legal requirements related to spending that we see in other states, but its willingness to implement difficult and politically unpopular measures to restore budget balance remains questionable in our view.

MOODY'S			
	April 2009	↓ 1x	A1
	December 2009	↓ 1x	A2
	April 2010	recalibration	Aa3
	June 2010	↓ 1x	A1

Moody's Investors Service has lowered the State of Illinois' general obligation (G.O.) bond rating to A1 from Aa3, following the state's failure to enact significant recurring measures to address its structural budget imbalance for the fiscal year starting next month. This failure underscores a chronic lack of political will that indicates further erosion of an already weak financial position. In connection with the downgrade, ratings linked to Illinois' G.O. debt also have been lowered by one notch. These rating actions apply to Metropolitan Pier and Exposition Authority debt, which was downgraded to A2 from A1, and to Build Illinois sales-tax revenue bonds, which were downgraded to A1 from Aa3. Illinois' outlook, previously negative, has been revised to stable, because of the state's strong powers to control revenues and expenditures. Significant risks to the rating remain, however, given the state's likely reliance on inter-year cash-flow debt, delays of payments other than debt service, and various non-recurring resources, some of which are uncertain. The legislature's failure to enact substantial recurring budget-balancing measures is consistent with recent years, when infighting between the executive and legislative branches caused budget delays and allowed both the erosion of the state's finances and the widening of severe pension funding gaps. The longer the solutions to the state's challenges are deferred, the more difficult they will become to implement. We view the failure to enact significant new recurring fiscal measures as a troublesome indicator with respect to Illinois' governance and management profile.

Current Build Illinois Bonds Downgrade

MOODY'S			
	April 2009	↓ 1x	A1
	December 2009	↓ 1x	A2
	April 2010	recalibration	Aa3
	June 2010	↓ 1x	A1

BUILD ILLINOIS BOND RATINGS					
Rating Agencies	Apr/July 2009	Oct 2009	Dec 2009	Mar-Apr 2010*	June 2010
Fitch, Inc.	AA	AA	AA	AA+	AA+
Standard & Poor's	AAA	AAA	AAA	AAA	AAA
Moody's	Aa3	A1	A2	Aa3	A1

*Fitch and Moody's Recalibarion.

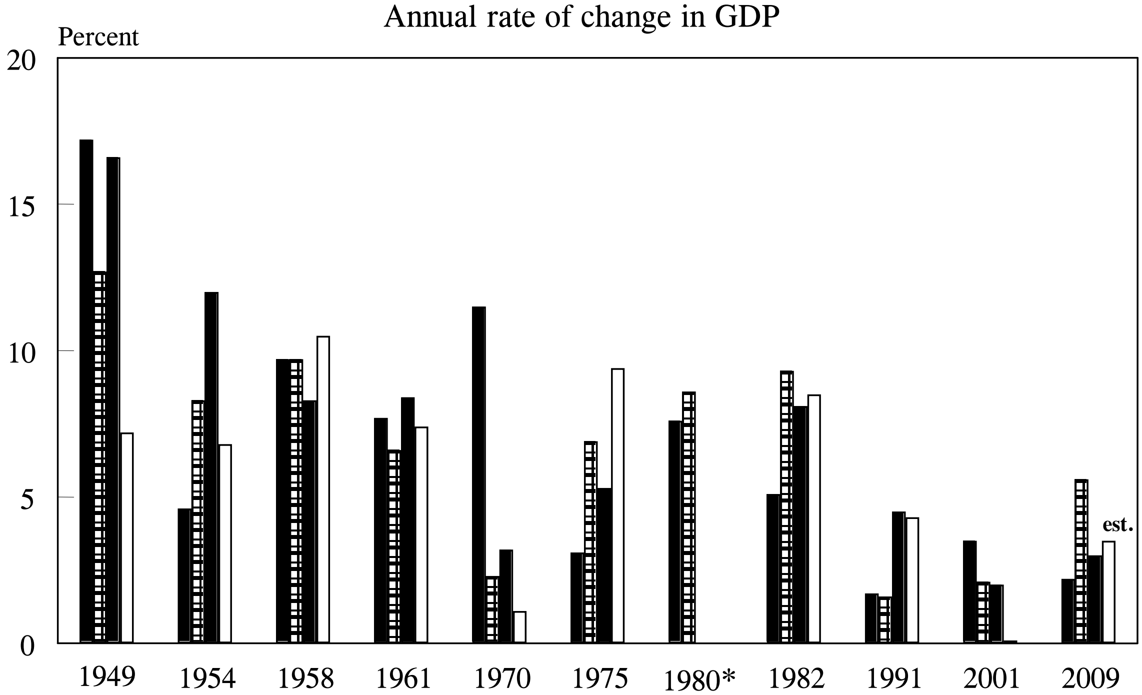
ECONOMY
Disappointing Recovery
Edward H. Boss, Jr., Chief Economist

The U.S. economic recovery from the worst recession in decades is approaching one year old this summer, yet there is much disappointment with the pace of advance. Chart 1 below, shows the real rate of economic growth in GDP during the first year of the previous 10 recoveries since 1949. On the surface, it illustrates that the pace of the latest economic recovery is well below earlier ones but differs little from that of the previous two, those in 1991 and 2001. Yet its similarities with the last two end there. The previous two economic recoveries followed mild recessions that were very brief in length. Those recessions showed declines in real GDP (from peak to trough) of 1.4% and 0.3% respectively, and each lasted only 8 months. In contrast, the last recession was severe, with real GDP declining 3.9% and lasting in duration 18 or 19 months.

CHART 1

FIRST 4 QUARTERS OF ECONOMIC RECOVERIES

Annual rate of change in GDP



* 1980 recovery lasted only 2 quarters

CGFA

Prior to the last recession there was a trend in business cycles whereby recessions were becoming shorter in length with periods of expansion being longer. Often recessions were correlated to swings in inventories; that is as demand slowed, inventories stacked up requiring cutbacks in production and employment to work off these excesses, leading to a period of recession. Eventually inventories were depleted to an extent that they could no longer meet demand, production was revved up and a recovery ensued. As businesses learned from the past and as technology improved, firms were better able to match inventories to demand, often with just-in-time inventory management, which reduced the length of recessions. Another possible factor in the U.S. was structural- - that is the U.S. economy was becoming more and more of a service related economy and less and less of a manufacturing one, making inventory corrections less of a factor.

Of course recessions most often are the result of exogenous outside factors, which act to destabilize the upward growth path of economic activity. For example, in the early 1980s the Iranian revolution sharply increased the price of oil. The Federal Reserve dramatically raised interest rates to stem rapidly rising inflation that followed. This led to a short recession in 1980 followed by a brief period of growth and then a deep recession in 1981. In the early 1990s, a combination of the oil price shock, new banking regulations arising from the S&L crisis and growing consumer pessimism led to a brief recession. In the early 2000s, economic growth came to an end as the dot.com bubble burst and in the aftermath of the 9/11 attacks. Then it was the collapse of the housing bubble and the failure of many financial institutions that served as the catalyst behind the recession that began at the end of 2007 and ended in the summer of 2009.

The last recession has been severe and often referred to the greatest recession since the Great Depression. However, the differences at that time and the latest recession are so great as not to be relevant. For example, while the last recession ended in 18 or 19 months, the first stage of the Great Depression, from August 1929 until March 1933, lasted 3 years and 7 months. While the decline in GDP from peak to trough was 3.9% in the last recession, a decline of 26.7% occurred in 1933. Finally, while the highest unemployment rate in the last recession was 10.2% in October 2009, during the Great Depression the peak unemployment rate was 35.3%. (As an aside, there was a higher peak unemployment rate in the early 1980 recession than in the last recession with an unemployment rate of 10.8% reached in November 1982.)

In conclusion, the economic recovery underway since last summer has been disappointing both in terms of its strength as well as in relation to most previous economic recoveries. Moreover, current business reports indicate the economy has hit a soft patch in recent months, although most forecasters foresee continuation of the recovery. At the same time, monetary policy already is extremely easy and there is growing resistance to further spending by the federal government due to huge budget deficits. In this climate, economic growth is likely to remain modest with prospects for any major improvement in the job market unlikely any time soon.

INDICATORS OF ILLINOIS ECONOMIC ACTIVITY

INDICATORS	MAY 2010	APRIL 2010	MAY 2009
Unemployment Rate (Average)	10.8%	11.2%	10.0%
Annual Rate of Inflation (Chicago)	0.6%	0.1%	1.5%

	LATEST MONTH	% CHANGE OVER PRIOR MONTH	% CHANGE OVER A YEAR AGO
Civilian Labor Force (thousands) (May)	6,694	0.0%	1.1%
Employment (thousands) (May)	5,973	0.5%	0.3%
New Car & Truck Registration (May)	37,722	-7.3%	14.1%
Single Family Housing Permits (May)	824	-10.6%	5.8%
Total Exports ($ mil) (April)	11,034	-2.9%	26.0%
Chicago Purchasing Managers Index (June)	59.1	-1.0%	48.1%

PENSIONS

Pension Legislation Overview: Spring 2010 Session

Dan Hankiewicz, Pension Manager

HB 4644
Sponsors: Poe (Bomke)

Passed House:	115-0-1
Passed Senate:	53-0-0
House Concurrence:	81-28-2

Optional Service Credit for Furlough Days – SERS, SURS

HB 4644 amends the State Employees article of the Illinois Pension Code to allow employees to establish up to 24 days of service credit for voluntary or involuntary furlough days taken during FY 2010 and FY 2011. The bill also amends the SURS article of the Pension Code to allow for the purchase of an unlimited number of furlough days during FY 2010 and FY 2011. In addition, HB 4644 allows elected county officials in IMRF and the Cook County pension fund to establish earnings credit for stipends received from the State. The bill requires employees in all systems to pay employee contributions, the employer's normal cost, plus interest to establish the credit.

HB 4788
Sponsors: Zalewski (Martinez)

Passed House:	83-32-0
Passed Senate:	57-0-0
House Concurrence:	112-0-0

Chicago Municipal Pension Fund – City Treasurer Board Appointee

HB 4788 amends the Chicago Municipal Article of the Pension Code to allow the City Treasurer, with the approval of the board of trustees of the fund, to appoint a designee from among employees of the city who are versed in the affairs of the treasurer's office to act in the absence of the treasurer. There are currently five members on the Chicago Municipal Pension Fund board: the City Comptroller, the City Treasurer, and 3 elected members of the fund. The Pension Code currently allows the City Comptroller to appoint a designee in the same manner as HB 4788 would allow the Treasurer to appoint a designee. The bill stipulates that the appointed designee must be versed in all matters pertaining to administering the provisions of the Chicago Municipal article of the Pension Code.

HB 4960
Sponsors: Poe (Harmon)

Passed House:	114-0-0
Passed Senate:	55-0-0

Clarification of the Definition of Beneficiaries under IMRF

Currently, under the IMRF Article of the Pension Code, "beneficiary" means the surviving spouse of an employee or of an employee annuitant, or if no surviving spouse survives, the person or persons designated by a participating employee or employee annuitant, or if no person so designated survives or if no designation is on file, the estate of the beneficiary annuitant. In addition, "beneficiary" means the estate of a surviving spouse annuitant where the employee or employee annuitant filed no designation, or no person designated survives at the death of a surviving spouse annuitant. HB 4960 provides that "beneficiary" also means any person or persons, trust, or charity designated as a beneficiary by an employee, former employee who has not yet received a retirement annuity or separation benefit, or employee annuitant.

Amortization Schedule for IMRF Municipalities and Instrumentalities with No Active Employees

Currently, each participating municipality and each participating instrumentality in IMRF will make payments to the fund if it has no participating employees with current earnings, which, over a period of 20 years will amortize any negative balance in its municipality reserve resulting from the award. HB 4960 makes changes to provide that each participating municipality and each participating instrumentality shall make payment to the fund if it has no participating employees with current earnings, an amount payable which, over a *closed* period of 20 years for participating municipalities and 10 years for participating instrumentalities will amortize any unfunded obligation.

Amortization Schedule for IMRF Municipalities and Instrumentalities with Fewer than Seven Employees

HB 4960 requires that each participating municipality and each participating instrumentality in IMRF shall make payment to the fund if it has fewer than 7 participating employees or a negative balance in its municipality reserve, the greater of (A) an amount payable that, over a period of 20 years, will amortize at the effective rate for that year any unfunded obligation or (B) the amount required by applying the municipality contribution rate to each payment of earnings paid to each of its participating employees.

Venue for IMRF Administrative Law Review Hearings

HB 4960 stipulates that the venue for actions brought under the Administrative Review Law shall be any county in which the IMRF Board maintains an office or the county in which the member plaintiff's employing participating municipality or participating instrumentality has its main office.

HB 5149

Sponsors: Reboletti (Hultgren)

Passed House:	115-0-0
Passed Senate:	53-0-0

Establishment of a Special Needs Trust – Downstate Police Article

Currently, under the Downstate Police Article of the Illinois Pension Code, a "beneficiary" is a person receiving benefits from a pension fund, including (but not limited to) retired pensioners, disabled pensioners, their surviving spouses, minor children, disabled children, and dependent parents. HB 5149 seeks to provide that if a special needs trust has been established for a disabled adult child, then the special needs trust may stand in lieu of the disabled adult child as a beneficiary.

HB 5262

Sponsors: Hatcher (Bomke)

Passed House:	79-32-0
Passed Senate:	53-0-1

Establishment of Service Credit in SERS for Periods of Layoffs

HB 5262 provides than an employee of the State who has been laid off but has returned to work for any State employment is able to establish creditable service in SERS for the period of the layoff under the following circumstances: (1) the applicant must apply for the creditable service within 6 months of the effective date of this Act, (2) the applicant will not receive credit for that period of service under any other provision of the Pension Code, (3) at the time of the layoff, the applicant cannot be in an initial probationary status consistent with the rules of the Department of Central Management Services, and (4) the total amount of creditable service established by the applicant cannot exceed 3 years.

HB 5511
Sponsors: Eddy (Righter)

Passed House:	109-3-0
Passed Senate:	55-0-0

Addition of Paris Cooperative High School in IMRF
HB 5511 allows the governing board of Paris Cooperative High School to become a participating instrumentality in IMRF. The bill clarifies that if the governing board of Paris Cooperative High School is unable to pay the required employer contributions to the fund, then the payments must be allocated among several school districts served in proportion to the number of students in average daily attendance for the last full school year for each district in relation to the total number of students in average attendance for such period for all districts served. In addition, HB 5511, as amended, states that if Paris Cooperative High School is dissolved, then their assets and obligations will be distributed among the school districts served in the same proportions.

HB 6152
Sponsors: Hoffman (Haine)

Passed House:	66-43-0
Passed Senate:	43-9-0

Participation in a Downstate Police Pension Fund – Village of Glen Carbon
Currently, the Illinois Pension Code stipulates that membership in a Downstate Police pension fund is contingent upon becoming a sworn police officer in a municipality that has established such a fund. The police officer must, within three months of his or her first appointment or reappointment, make a written application to the board of trustees of the pension fund in order to establish membership in the police pension fund.

HB 6152 allows a police officer who was excluded from participation in the Glen Carbon police pension fund by reason of his or her failure to make written application to the Board within three months of his or her first appointment or reappointment to elect to the participate in the fund. The police officer must make a written application to the board no later than January 1, 2011, and shall begin participation on the first day of the month following the month in which the application is received by the board.

SB 1642
Sponsors: Trotter (McCarthy)

Passed Senate:	56-0-0
Passed House:	104-13-0
Senate Concurrence:	56-5-0

Anti-Fraud Provision – Chicago Park Pension Fund
SB 1642 amends the Chicago Park article of the Pension Code to specify that none of the benefits provided for by the fund shall be paid to any person who is convicted of

any misdemeanor or felony relating to or arising out of or in connection with any attempt to defraud the pension fund.

Ordinary Disability Benefits – Cook County Pension Fund

Currently, an employee who becomes disabled and whose disability commences during any period of absence from duty other than a paid vacation may not receive ordinary disability benefits until he or she recovers from such disability and performs the duties of his or her position for at least 15 consecutive days. SB 1642 clarifies that this provision will only apply to employees whose disability commences during any period of absence from duty without pay.

SB 2554

Sponsors: Martinez (Poe)

Passed Senate:	50-0-0
Passed House:	115-0-0
Senate Concurrence:	47-0-0

Additional Employee Contributions in IMRF

Currently in IMRF, employees are permitted to make additional contributions for retirement annuity purposes, but such additional contributions cannot be in excess of 10% of salary. The selected rate of payment of earnings as additional contributions for retirement annuity purposes is applicable to all earnings beginning on the first day of the second month following consent of the Board. SB 2554 provides that the selected rate of payment of earnings as additional contributions for retirement annuity purposes will be applicable to all earnings paid (rather than earnings beginning on the first day of the second month) following receipt by the Board of written notice of election to make such contributions.

SB 3022

Sponsors: Jacobs (Burke)

Passed Senate:	51-0-0
Passed House:	103-3-5

Military Service Credit for Chicago, Downstate Police

Currently, under the Downstate Police article of the Pension Code, members may qualify for up to 5 years of creditable service for all periods of service in the military, naval, and air forces of the United States entered upon while an active police officer of a municipality. Neither the Chicago Police nor the Downstate Police articles of the Pension Code currently allow for the purchase of military service that was rendered prior to employment. SB 3022 allows officers to purchase up to two years of military service rendered before employment by making all applicable payments to the pension fund.

SB 3405
Sponsors: Raoul (McCarthy)

Passed Senate:	45-0-0
Passed House:	113-0-0

Social Security Payments by IMRF Municipalities, Instrumentalities
Currently, each participating municipality and each participating instrumentality in IMRF submit payments of contributions for Social Security purposes as required by the board and the State Agency established by the Social Security Enabling Act. Contributions of covered employees of IMRF for Federal Social Security purposes are paid to the State Agency in amounts and at a time designated by State laws and regulations. SB 3405 provides that each participating instrumentality and each participating municipality will make payment of contributions for Social Security purposes on behalf of covered employees and covered municipalities and participating instrumentalities as required by applicable State and federal laws and regulations. In addition, SB 3405 clarifies that each employee will make contributions for Federal Social Security taxes, for periods during which he or she is a covered employee, as required by the Social Security Enabling Act and State and federal law. SB 3405 authorizes that each participating municipality and instrumentality will deduct all normal and additional contributions for federal Social Security taxes as required by the Social Security Enabling Act from each payment of earnings payable to each employee who is entitled to any earnings, and remit all normal and additional contributions immediately to the IMRF board.

Fiscal Analysis of Public Act 96-0889
Senate Bill 1946 – Cullerton (Madigan)
Passed House: 92-17-7
Passed Senate: 48-6-3

I. Overview of Key Provisions of Public Act 96-0889 (SB 1946)
Effective Date
- January 1, 2011

Systems Impacted
- IMRF, Chicago Municipal, Cook County, Cook County Forest Preserve, Chicago Laborers, Chicago Park District, Metropolitan Water, SERS, SURS, TRS, Chicago Teachers (Judges and GA separate; CTA, Police, and Fire excluded)

Retirement Eligibility – Except State Policemen, Firefighters, and Correctional Guards
- Normal Retirement: 67 years old with 10 years of service
- Early Retirement: 62 years old with 10 years of service with a 6% per year reduction in benefits for each year age is under 67

- Annuity based on highest 8 years out of last 10 years of service
- Annual Final Average Salary may not exceed $106,800, as automatically increased by the lesser of 3% or one-half of the annual increase in the CPI-U during the preceding 12-month calendar year

Retirement Eligibility – State Policemen, Firefighters, and Correctional Guards
- Normal Retirement: 60 years old with 20 years of service
- State Policemen, Firefighters, DOC Guards are still eligible for Alternative Formula

Annual Increases in Annuity
- Increases begin at the later of the first anniversary of retirement or at age 67
- Increases equal to the lesser of 3% of one-half the annual increase in the CPI-U during the preceding 12-month calendar year; if increase in CPI is zero or if there is a decrease in CPI, then no COLA is payable
- Increase not compounded

Survivor Benefits
- 66.7% of the earned retirement benefit at death
- Increased by the lesser of 3% or one-half of the annual increase in the CPI-U during the preceding 12-month calendar year
- Increases not compounded

"Double Dipping" Prohibited
- Prohibition on simultaneously collecting a pension and a salary with public employer.

Chicago Teachers' Extension of Funding Plan
- Contributions specified in Fiscal Years 2011 – 2014
- New Goal: CTPF must reach 90% by 2059 (currently 2045)
- CTPF Actuary estimates re-amortization, together with second tier, will cost Chicago Public Schools $12.1 billion from FY 2011 – FY 2059

Retirement Eligibility – Judges and General Assembly
- Normal Retirement: 67 years old with 8 years of service
- Early Retirement: 62 years old with 8 years of service

Change in Benefit Formula – Judges and General Assembly
- 3% of Final Average Salary for each year of service
- Maximum annuity 60% of Final Average Salary
- Retirement annuity based on highest 8 out of final 10 years of service

Annual Increase in Annuity – Judges and General Assembly

- Increases begin after attainment of age 67
- Increases equal to the lesser of 3% or one-half of the annual increase in the CPI-U during the preceding 12-month calendar year
- Increases compounded

Annual Increase in Survivor's Annuity – Judges and General Assembly

- 66.7% of the earned retirement benefit at death
- Increased by the lesser of 3% or one-half of the annual increase in the CPI-U during the preceding 12-month calendar year
- Increases compounded

II. CGFA Actuarial Analysis of Change in Normal Cost under SB 1946

Based on the funding projections that the Commission's actuary performed for Senate Bill 1946 (see May 2010 CGFA monthly briefing), the normal cost as a percent of payroll for the benefits provided to newly hired employees under Senate Bill 1946 is estimated to be as follows:

Table 1

Retirement System	Normal Cost as a % of Payroll for the First Year for New Employees
TRS	4.79%
SERS	3.96%
SURS	2.36%
GARS	9.48%
JRS	3.51%

To determine the employer's share of the normal cost, the employee contribution rate needs to be deducted from the total normal costs (seen in Table 1). Because the total normal costs in Table 1 are all lower than the employee contribution rate for each of the five State Retirement Systems, the employee contribution is estimated to more than cover the total normal cost, thus resulting in *no employer's normal cost*.

Senate Bill 1946 has significantly reduced the benefits provided for new employees, but the employee contribution rate has remained unchanged at the level in effect for current employees. In addition, the normal costs in Table 1 represent the normal cost for new employees for the first year. The actuary notes that these employees can be expected to be relatively young. Under the projected unit actuarial cost method that is specified for each of the five State Retirement Systems under the Illinois Pension Code, normal costs are lower for younger employees and increase with the age of the employees. Therefore, the normal costs in Table 1 represent the normal cost for the second tier employees under Senate Bill 1946 only for the first year of the projections. Over future years, as more and more employees come under the second tier, the average age of the employees under the second tier of benefits will increase and, therefore, the normal cost will also increase.

The Commission's actuary has estimated that when all employees are covered under the second tier of benefits provided under Senate Bill 1946, the normal cost of the benefits provided under Senate Bill 1946 will be as follows:

Table 2

Retirement System	Long Term Normal Cost as a % of Payroll*
TRS	11.06%
SERS	8.08%
SURS	9.51%
GARS	11.41%
JRS	8.34%

* According to the Commission's actuary, the long-term normal costs will not be reached for 30-40 years.

Another reason for the relatively low normal cost of the benefits provided under Senate Bill 1946 is that Senate Bill 1946 caps the salary to be used for pension purposes to $106,800 per year, indexed for inflation. However, Senate Bill 1946 does not cap the salary on which employee contributions are to be made. Therefore, new employees would make contributions on their full salary, but would be eligible for a pension only on the capped salary. This has the impact of reducing the normal cost, particularly for any system where a significant portion of employees have salaries that exceed the cap. This is particularly the case under the Judges' Retirement System.

The changes included in Senate Bill 1946 (P.A. 96-0889) are projected to reduce accrued liability by $256.4 billion between FY 2011 and FY 2045 and reduce State contributions to the Retirement Systems by $71.1 billion over the same period.