



Commission on Government Forecasting and Accountability

703 Stratton Ofc. Bldg., Springfield, IL 62706

MONTHLY BRIEFING FOR THE MONTH ENDED: AUGUST 2017

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ECONOMY: Illinois Exports Strengthen

Edward H. Boss, Jr., Chief Economist

Illinois exports rose in June 2017 to \$5.8 billion, the highest level since April 2014 and the fourth largest increase among the states following California, New York, and Nevada. More important, as shown in the chart on the next page, is that the increase represents a continuation of an upward movement begun in recent months, reversing the downward trend that developed in late 2015.

The emphasis on trade has intensified in recent years as the U.S. has had the largest trade deficit since 1975. The greatest deficit is with China which makes up 40% of the U.S. deficit, primarily in consumer electronics, clothing and machinery. Moreover, many of the U.S. imports sold by American companies are raw materials to be assembled more cheaply in China. This practice, while counting as U.S. imports, nonetheless does outsource U.S. manufacturing jobs. The second largest deficit is with Japan and the third is Germany.

The continued and rising U.S. trade deficits and both proposed and current trade agreements have become major issues in the country. The trans-pacific trade pact (TTP) has become very divisive. Supporters say it would be a boon to all the nations involved and a pivot to Asia, binding the participants closer to the U.S. At the same time, opponents see this as a loss of control and act to further perpetuate the export of U.S. manufacturing jobs to low wage countries.

Similarly, NAFTA (North American Trade Agreement) is the largest world's trade agreement and the deficit the U.S. has with its NAFTA partners is in the process of being renegotiated. The opening round of talks opened up in Washington on Sunday, August 20th. As reported in the Chicago Tribune, "In a joint statement issued Sunday upon the conclusion of the first session, trade officials from the

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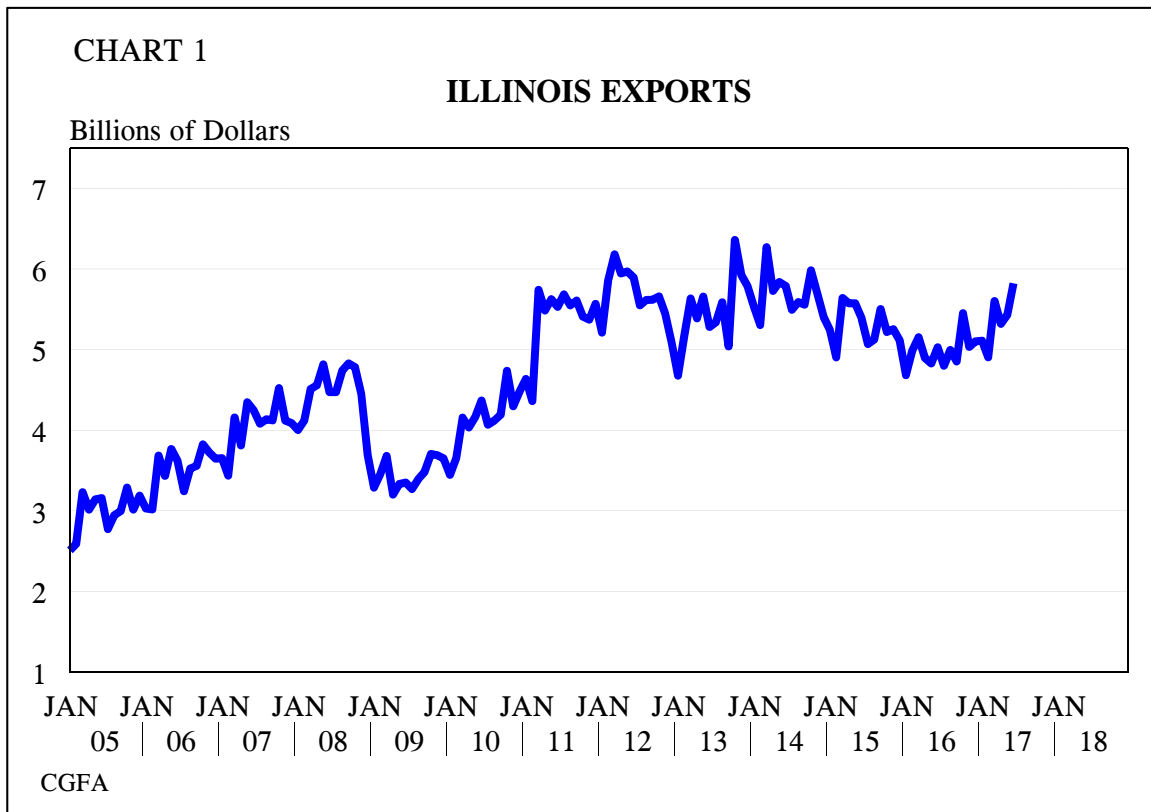
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FY 2018 Budget Summary



U.S., Canada, and Mexico outlined an aggressive schedule for future meetings.” The accelerated pace aims to wrap up by the end of 2017 or early 2018, prior to Mexico’s election next summer and U.S. mid-term elections in the fall.

Both Mexico and Canada are likely to want to keep NAFTA largely as is with its duty free trade among the countries while agreeing to update the agreement in areas such as e-commerce and other cross-border issues to reflect changes in the economy since its passage. On the other end of the spectrum, the U.S. is expected to push for significant changes such as reported by the Tribune including “provisions for substantial American – not just North American – content on cars that qualify for duty-free trade; the elimination of a NAFTA panel for settling certain disputes; and “Buy

American” preferential treatment for domestic businesses that bid on U.S. government procurement contracts.” In a recent speech in Arizona, however, the President expressed doubts as to whether a compromise to save NAFTA could be reached as the countries involved were so far apart.

The recent gain in exports in part reflect the improvement in the pace of economic activity from near-recession levels in economies abroad and an increase in their demand for both manufactured and non-manufactured goods. Moreover, U.S. price competitiveness has benefited from a weakening in the strength of the dollar over the past few months. At the same time, manufacturing jobs have been bolstered as 2017 has evolved with U.S. employment rising and the unemployment rate reaching low levels. Finally,

announcements of new and proposed manufacturing sites coming into the U.S. from other countries augers well for

further export improvement. Still uncertain, however, will be the effect on U.S. exports from renegotiations or the cancellation of trade agreements.

INDICATORS OF ILLINOIS ECONOMIC ACTIVITY			
<u>INDICATORS *</u>	<u>July 2017</u>	<u>June 2017</u>	<u>July 2016</u>
Unemployment Rate (Average)	4.8%	4.7%	5.8%
Annual Rate of Inflation (Chicago)	2.2%	0.0%	2.2%
	<u>LATEST MONTH</u>	<u>% CHANGE OVER PRIOR MONTH</u>	<u>% CHANGE OVER A YEAR AGO</u>
Civilian Labor Force (thousands) (July)	6,438.7	-0.3%	-1.2%
Employment (thousands) (July)	6,130.5	-0.4%	-0.2%
NonFarm Payroll Employment (July)	6,049,000	2,100	33,200
New Car & Truck Registration (July)	48,120	-10.3%	-8.0%
Single Family Housing Permits (July)	1,044	-7.2%	16.2%
Total Exports (\$ mil) (June)	5,822	7.2%	21.3%
Chicago Purchasing Managers Index (August)	58.9	0.0%	15.2%

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

Illinois Employment and Wage Update (Part 1)

Eric Noggle, Senior Revenue Analyst

At the end of August, the Bureau of Labor Statistics released their “final” job and wage figures for the month of June 2017, thereby providing final end-of-year statistics for FY 2017. This monthly dataset includes a wide

variety of job-related information, including Statewide employment totals by subsector, as well as each subsector’s average weekly earnings. A summary of these figures for Illinois is shown in the table on the following page.

Average Employment Levels by Subsector in Illinois Non-Seasonally Adjusted Averages: Fiscal Years 2010 to 2017								
	FY 2010 Average	FY 2011 Average	FY 2012 Average	FY 2013 Average	FY 2014 Average	FY 2015 Average	FY 2016 Average	FY 2017 Average
Mining	9.0	9.4	10.0	10.0	9.8	9.9	8.6	8.0
Construction	205.1	197.0	192.5	188.8	195.4	208.6	217.5	215.3
Manufacturing	558.3	568.7	578.4	583.1	578.4	581.8	578.0	571.8
Trade, Transportation, and Utilities	1,124.4	1,134.3	1,150.4	1,159.9	1,170.9	1,190.7	1,207.6	1,208.2
Information	103.6	100.9	100.5	99.6	98.6	100.1	100.0	99.2
Financial Activities	373.5	371.2	372.3	376.5	376.8	378.2	382.2	388.2
Professional and Business Services	777.6	809.4	840.0	868.5	898.6	916.0	929.8	940.1
Education and Health Services	821.7	840.0	855.4	868.6	879.8	890.9	907.4	921.8
Leisure and Hospitality	513.5	518.5	529.4	541.3	552.0	566.0	588.7	595.9
Other Services	254.1	248.5	250.0	249.3	251.4	252.2	251.7	250.0
Government	858.3	844.2	833.5	832.3	826.3	828.8	828.0	828.6
Fiscal Year Average Totals	5,599.2	5,642.0	5,712.3	5,777.9	5,837.9	5,923.3	5,999.4	6,027.0
Illinois' Annual % Change	-3.7%	0.8%	1.2%	1.1%	1.0%	1.5%	1.3%	0.5%
Average Weekly Earnings and Employment Change by Subsector in Illinois Fiscal Year Averages: 2010 to 2017								
	FY 2010 Average	FY 2011 Average	FY 2012 Average	FY 2013 Average	FY 2014 Average	FY 2015 Average	FY 2016 Average	FY 2017 Average
Mining*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Construction	\$1,231	\$1,249	\$1,285	\$1,272	\$1,273	\$1,334	\$1,317	\$1,354
Manufacturing	\$891	\$964	\$978	\$988	\$1,010	\$1,034	\$1,052	\$1,019
Trade, Transportation, and Utilities	\$677	\$710	\$754	\$781	\$800	\$803	\$807	\$808
Information	\$1,046	\$1,023	\$1,007	\$1,060	\$1,141	\$1,151	\$1,140	\$1,149
Financial Activities	\$1,063	\$1,027	\$1,104	\$1,115	\$1,154	\$1,211	\$1,273	\$1,379
Professional and Business Services	\$1,028	\$1,020	\$1,014	\$1,028	\$1,034	\$1,036	\$1,061	\$1,081
Education and Health Services	\$723	\$735	\$779	\$802	\$817	\$802	\$813	\$802
Leisure and Hospitality	\$321	\$323	\$330	\$327	\$328	\$354	\$371	\$384
Other Services	\$714	\$704	\$714	\$739	\$763	\$808	\$852	\$857
Government*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Illinois' Annual Average Weekly Earnings*	\$794	\$808	\$835	\$851	\$867	\$880	\$896	\$905
% Change in Avg. Weekly Earnings	1.3%	1.8%	3.3%	1.9%	2.0%	1.5%	1.8%	1.0%

* Because the Mining and Government subsectors' weekly earnings are not available from the Bureau of Labor Statistics, "Statewide Average Weekly Earnings" is calculated by using the weekly earnings of the other nine subsectors. The statewide value was calculated by multiplying each subsector's average jobs by its average earnings and divided the sum of these figures by the total number of jobs from these nine subsectors.
Source: www.bls.gov

From a fiscal year average perspective, Illinois averaged 6.027 million jobs in FY 2017, which was a 0.5% increase over the FY 2016 average of 5.999 million jobs. This is the seventh consecutive year of positive growth in Statewide employment following three consecutive years of negative job growth suffered as a result of the Great Recession. But the 0.5% increase in FY 2017 was the lowest rate of change over this seven-year span of positive growth.

In regards to earnings, the data shows that average weekly earnings grew a

disappointing 1.0% in FY 2017. This was the weakest growth rate for earnings in the past several years, and noticeably below the previous six fiscal year's growth rate average of 2.0%. The below-average growth in both employment figures and earnings provides some explanation for the lackluster performance of economically-tied revenue sources this past fiscal year.

Although Illinois' job and wage figures have improved over the last several years, the growth may best be classified as disappointing, especially when

compared to the job figures of other states across the nation. At the end of FY 2017, Illinois' growth in total employment ranked the State 40th in the nation for the rate of change in jobs between June 2016 and June 2017. *(These statistics will be discussed in further detail in the Commission's next monthly report).* Exacerbating the situation is the fact that many of the jobs that have been added in Illinois have been comparatively lower paying jobs. To understand this a little better, a closer look at the different subsectors of jobs in Illinois is necessary.

Over the last decade (comparing average employment pre-recession totals of FY 2008 with FY 2017), the biggest improvement in the number of jobs in Illinois has been in "Education and Health Services" (up 17.0%). However, as shown below, this subsector is one of the lowest paying subsectors in terms of weekly earnings,

with an average weekly earnings value of \$802. Illinois' largest employer of jobs is the "Trade, Transportation, and Utilities" subsector, employing over 1.2 million people. But, this subsector also has one of the lowest average weekly earnings totals in the State (FY 2017 average weekly earnings value of \$808).

Equally troublesome is the fact that those subsectors with the highest weekly earnings were the subsectors that have lost the most jobs over the last decade. For example, the subsector with the highest weekly earnings is "Financial Activities", paying, on average, \$1,379 per week. However, jobs in this subsector are down 4.3% since FY 2008. The next highest paying subsectors are "Construction" (\$1,354 per week) and "Information" (\$1,149 per week), but employment in these categories are down 19.2% and 14.4%, respectively, since FY 2008.

State Rankings of Illinois' Employment Subsectors						
Employment Values, Non-Seasonally Adjusted (in thousands)						
	FY 2017 Average Employment Totals	FY 2017 Sector Ranking by # Employed	FY08 to FY17 Change in Jobs (% Change)	Jobs Ranking by 8-Yr Change	FY17 Avg Weekly Wage	FY17 Sector Earnings Ranking
Mining	8.0	11	-19.0%	10	N/A	N/A
Construction	215.3	9	-19.2%	11	\$1,354	2
Manufacturing	571.8	6	-14.5%	9	\$1,019	5
Trade, Transportation, and Utilities	1,208.2	1	-0.5%	4	\$808	7
Information	99.2	10	-14.4%	8	\$1,149	3
Financial Activities	388.2	7	-4.3%	6	\$1,379	1
Professional and Business Services	940.1	2	8.8%	3	\$1,081	4
Education and Health Services	921.8	3	17.0%	1	\$802	8
Leisure and Hospitality	595.9	5	11.7%	2	\$384	9
Other Services	250.0	8	-4.8%	7	\$857	6
Government	828.6	4	-2.8%	5	N/A	N/A

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

With that being said, there have been signs of improvement over the past fiscal year. The subsector ranking 2nd in job growth over the past year was the “Professional and Business Services” subsector growing 10.3 thousand or 1.1%. This subsector has the 4th highest average earning ranking with a value of \$1,081 per week. And despite having a decade decline of 4.3%, the highest earning sector, “Financial

Activities” improved 1.6% in FY 2017, adding 6,000 jobs over the past fiscal year.

Still, the largest growth from FY 2016 to FY 2017, in terms of job total and percentage change, came from “Education and Health Services”. Again, this is one of the lowest paying sectors in Illinois with an average weekly wage of \$802.

State Rankings of Illinois' Employment Subsectors						
Employment Values, Non-Seasonally Adjusted (in thousands)						
	FY16 to FY17 Change in Jobs (% Change)	Jobs Ranking by 1-Yr % Change	FY16 to FY17 Change in Jobs (thousands)	Jobs Ranking by 1-Yr Change in Jobs	FY17 Avg Weekly Wage	FY17 Sector Earnings Ranking
Mining	-7.1%	11	(0.6)	7	N/A	N/A
Construction	-1.0%	9	(2.2)	10	\$1,354	2
Manufacturing	-1.1%	10	(6.1)	11	\$1,019	5
Trade, Transportation, and Utilities	0.0%	6	0.6	6	\$808	7
Information	-0.8%	8	(0.8)	8	\$1,149	3
Financial Activities	1.6%	2	6.0	4	\$1,379	1
Professional and Business Services	1.1%	4	10.3	2	\$1,081	4
Education and Health Services	1.6%	1	14.4	1	\$802	8
Leisure and Hospitality	1.2%	3	7.3	3	\$384	9
Other Services	-0.7%	7	(1.7)	9	\$857	6
Government	0.1%	5	0.6	5	N/A	N/A

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

And while the second highest paying sector, “Construction” jobs, declined slightly (-1.0%) in FY 2017, the 215,300 jobs in this sector is a marked improvement over the average of 188,800 jobs in this subsector just four short years ago.

Further analysis on how the fluctuations of Illinois’ employment sectors compare to the rest of the nation will be provided in next month’s monthly publication.

Special Transfers for FY 2018
Lynnae Kapp, Senior Bond Analyst

Public Act 100-0023 (SB 0042 BIMP) allowed for \$1.2 billion in Interfund Borrowing and \$293 million in fund sweeps during FY 2018. The Interfund Borrowing will include transfers from unspecified special state funds to general funds and the Health Insurance Reserve Fund up to and outstanding at any one time

of \$1.2 billion. Additional transfers and retransfers may occur between funds as needed due to insufficient cash in the originator fund, as long as the amount outstanding is still at or below \$1.2 billion. Amounts shall be repaid to the original funds with interest within 24 months of the date borrowed from general funds.

FY 2018 Interfund Borrowing (Public Act 100-0023)		
	Transfer from Fund	Transfer to GRF
Fund #	Fund Name	August 2017
0836	Illinois Power Agency Renewable Energy Resources	\$150,000,000
	TOTAL	\$150,000,000

P.A. 100-0023 also allows for Sweeps (statutory transfers) of \$293 million from the following list of funds into one of these four state funds: General Revenue Fund, Budget Stabilization Fund, Healthcare Provider Relief Fund or the Health Insurance Reserve Fund. If any of the originator funds have insufficient cash through this time period (FY 2018), then transfers shall be made from GRF only in

such amount as is immediately necessary to satisfy outstanding expenditure obligations on a timely basis, subject to the provisions of the State Prompt Payment Act or if an original transfer would jeopardize federal funding or violate a court order. Transfers back to GRF are allowed when funds are available. Any time there is a retransfer of funds, it will come from GRF.

Sweeps to GRF in FY 2018 [PA100-23]					
Fund #	Fund Name	Up to Amount	August	Total YTD	Remainder
0021	Financial Institution Fund	\$328,200		\$0	\$328,200
0022	General Professions Dedicated Fund	\$612,700		\$0	\$612,700
0023	Economic Research and Information Fund	\$11,000		\$0	\$11,000
0040	State Parks Fund	\$662,000		\$0	\$662,000
0047	Fire Prevention Fund	\$10,000,000	2,500,000.00	\$2,500,000	\$7,500,000
0050	Mental Health Fund	\$1,101,300	1,101,300.00	\$1,101,300	\$0
0057	Illinois State Pharmacy Disciplinary Fund	\$2,000,000		\$0	\$2,000,000
0067	Radiation Protection Fund	\$4,500,000		\$0	\$4,500,000
0068	Hospital Licensure Fund	\$1,000,000	1,000,000.00	\$1,000,000	\$0
0075	Compassionate Use of Medical Cannabis Fund	\$2,500,000	2,500,000.00	\$2,500,000	\$0
0076	Illinois National Guard Billeting Fund	\$100,000		\$0	\$100,000
0078	Solid Waste Management Fund	\$13,900,000		\$0	\$13,900,000
0082	Distance Learning Fund	\$180,000		\$0	\$180,000

Sweeps to GRF in FY 2018 [PA100-23]					
Fund #	Fund Name	Up to Amount	August	Total YTD	Remainder
0085	Illinois Gaming Law Enforcement Fund	\$62,000		\$0	\$62,000
0089	Subtitle D Management Fund	\$1,000,000		\$0	\$1,000,000
0091	Clean Air Act Permit Fund	\$911,600		\$0	\$911,600
0093	Illinois State Medical Disciplinary Fund	\$5,000,000	5,000,000.00	\$5,000,000	\$0
0113	Community Health Center Care Fund	\$800,000		\$0	\$800,000
0115	Safe Bottled Water Fund	\$150,000		\$0	\$150,000
0119	Foreclosure Prevention Program Graduated Fund	\$2,500,000	2,500,000.00	\$2,500,000	\$0
0137	Plugging and Restoration Fund	\$1,200,000	1,200,000.00	\$1,200,000	\$0
0145	Explosives Regulatory Fund	\$280,000		\$0	\$280,000
0146	Aggregate Operations Regulatory Fund	\$500,000		\$0	\$500,000
0148	Mental Health Reporting Fund	\$624,100		\$0	\$624,100
0150	Rental Housing Support Program Fund	\$760,000		\$0	\$760,000
0151	Registered Certified Public Accountants' Admin and Disciplinary Fund	\$1,500,000	1,500,000.00	\$1,500,000	\$0
0152	State Crime Laboratory Fund	\$150,500		\$0	\$150,500
0156	Motor Vehicle Theft Prevention Trust Fund	\$6,000,000	6,000,000.00	\$6,000,000	\$0
0163	Weights and Measures Fund	\$256,100		\$0	\$256,100
0166	State Police Merit Board Public Safety Fund	\$58,200		\$0	\$58,200
0199	Illinois Fisheries Management Fund	\$2,000,000		\$0	\$2,000,000
0209	State Police Firearm Services Fund	\$7,200,000		\$0	\$7,200,000
0211	DHS Technology Initiative Fund	\$2,250,000	2,250,000.00	\$2,250,000	\$0
0218	Professions Indirect Cost Fund	\$1,409,500	1,409,500.00	\$1,409,500	\$0
0222	State Police DUI Fund	\$57,100		\$0	\$57,100
0233	Intercity Passenger Rail Fund	\$500,000		\$0	\$500,000
0238	Illinois Health Facilities Planning Fund	\$2,500,000		\$0	\$2,500,000
0241	TOMA Consumer Protection Fund	\$200,000		\$0	\$200,000
0243	Credit Union Fund	\$176,200		\$0	\$176,200
0244	Residential Finance Regulatory Fund	\$127,000		\$0	\$127,000
0258	Nursing Dedicated and Professional Fund	\$5,000,000	5,000,000.00	\$5,000,000	\$0
0261	Underground Resources Conservation Enforcement Fund	\$700,000		\$0	\$700,000
0265	State Rail Freight Loan Repayment Fund	\$6,000,000		\$0	\$6,000,000
0276	Drunk and Drugged Driving Prevention Fund	\$90,000		\$0	\$90,000
0277	Pollution Control Board Fund	\$300,000		\$0	\$300,000
0286	Illinois Affordable Housing Trust Fund	\$5,000,000	5,000,000.00	\$5,000,000	\$0
0290	Fertilizer Control Fund	\$4,100,000		\$0	\$4,100,000
0291	Regulatory Fund	\$330,000		\$0	\$330,000
0293	State Furbearer Fund	\$200,000		\$0	\$200,000
0294	Used Tire Management Fund	\$17,500,000		\$0	\$17,500,000
0298	Natural Areas Acquisition Fund	\$2,000,000	2,000,000.00	\$2,000,000	\$0
0318	ICJIA Violence Prevention Special Projects Fund	\$100,000		\$0	\$100,000
0335	Criminal Justice Information Projects Fund	\$400,000		\$0	\$400,000
0336	Environmental Laboratory Certification Fund	\$200,000		\$0	\$200,000
0341	Provider Inquiry Trust Fund	\$500,000		\$0	\$500,000
0344	Care Provider Fund for Persons with a Developmental Disability	\$1,000,000		\$0	\$1,000,000

Sweeps to GRF in FY 2018 [PA100-23]					
Fund #	Fund Name	Up to Amount	August	Total YTD	Remainder
0356	Law Enforcement Camera Grant Fund	\$1,500,000	1,500,000.00	\$1,500,000	\$0
0368	Drug Treatment Fund	\$195,000		\$0	\$195,000
0369	Feed Control Fund	\$6,800,000		\$0	\$6,800,000
0372	Plumbing Licensure and Program Fund	\$89,000		\$0	\$89,000
0384	Tax Compliance and Administration Fund	\$2,800,000		\$0	\$2,800,000
0386	Appraisal Administration Fund	\$400,000		\$0	\$400,000
0387	Small Business Environmental Assistance Fund	\$294,000		\$0	\$294,000
0388	Regulatory Evaluation and Basic Enforcement Fund	\$150,000		\$0	\$150,000
0397	Trauma Center Fund	\$3,000,000	3,000,000.00	\$3,000,000	\$0
0422	Alternate Fuels Fund	\$1,300,000		\$0	\$1,300,000
0437	Quality of Life Endowment Fund	\$337,500		\$0	\$337,500
0440	Agricultural Master Fund	\$900,000		\$0	\$900,000
0474	Human Services Priority Capital Program Fund	\$3,200		\$0	\$3,200
0502	Early Intervention Services Revolving Fund	\$5,000,000		\$0	\$5,000,000
0514	State Asset Forfeiture Fund	\$185,000		\$0	\$185,000
0523	Department of Corrections Reimbursement and Education Fund	\$180,000		\$0	\$180,000
0524	Health Facility Plan Review Fund	\$78,200		\$0	\$78,200
0534	Illinois Workers' Compensation Commission Operations Fund	\$11,272,900	1,272,900.00	\$1,272,900	\$10,000,000
0535	Sex Offender Registration Fund	\$100,000		\$0	\$100,000
0536	LEADS Maintenance Fund	\$118,900		\$0	\$118,900
0537	State Offender DNA Identification System Fund	\$98,200		\$0	\$98,200
0539	Death Penalty Abolition Fund	\$309,800		\$0	\$309,800
0546	Public Pension Regulation Fund	\$100,300		\$0	\$100,300
0547	Conservation Police Operations Assistance Fund	\$1,400,000		\$0	\$1,400,000
0552	Workforce, Technology, and Economic Development Fund	\$65,000		\$0	\$65,000
0555	Good Samaritan Energy Trust Fund	\$29,000		\$0	\$29,000
0564	Renewable Energy Resources Trust Fund	\$12,000,000		\$0	\$12,000,000
0569	School Technology Revolving Loan Fund	\$1,500,000		\$0	\$1,500,000
0571	Energy Efficiency Trust Fund	\$7,600,000		\$0	\$7,600,000
0576	Pesticide Control Fund	\$400,000		\$0	\$400,000
0603	Port Development Revolving Loan Fund	\$410,000		\$0	\$410,000
0612	Statewide 9-1-1 Fund	\$5,926,000		\$0	\$5,926,000
0613	Wireless Carrier Reimbursement Fund	\$327,000		\$0	\$327,000
0632	Horse Racing Fund	\$197,900		\$0	\$197,900
0635	Death Certificate Surcharge Fund	\$70,500		\$0	\$70,500
0638	Illinois Adoption Registry and Medical Information Exchange Fund	\$80,000		\$0	\$80,000
0649	Motor Carrier Safety Inspection Fund	\$115,000		\$0	\$115,000
0665	Prescription Pill and Drug Disposal Fund	\$250,000		\$0	\$250,000
0674	State Charter School Commission Fund	\$100,000		\$0	\$100,000
0675	Electronics Recycling Fund	\$450,000		\$0	\$450,000
0690	DHS Private Resources Fund	\$1,000,000		\$0	\$1,000,000
0697	Roadside Memorial Fund	\$200,000		\$0	\$200,000
0705	State Police Whistleblower Reward and Protection Fund	\$625,700		\$0	\$625,700

Sweeps to GRF in FY 2018 [PA100-23]					
Fund #	Fund Name	Up to Amount	August	Total YTD	Remainder
0708	Illinois Standardbred Breeders Fund	\$500,000		\$0	\$500,000
0709	Illinois Thoroughbred Breeders Fund	\$500,000		\$0	\$500,000
0714	Spinal Cord Injury Paralysis Cure Research Trust Fund	\$300,000		\$0	\$300,000
0731	Illinois Clean Water Fund	\$4,400,000		\$0	\$4,400,000
0740	Medicaid Buy-In Program Revolving Fund	\$300,000		\$0	\$300,000
0746	Home Inspector Administration Fund	\$500,000		\$0	\$500,000
0763	Tourism Promotion Fund	\$5,000,000	5,000,000.00	\$5,000,000	\$0
0770	Digital Divide Elimination Fund	\$1,347,000		\$0	\$1,347,000
0792	Cemetery Oversight Licensing and Disciplinary Fund	\$50,900		\$0	\$50,900
0795	Bank and Trust Company Fund	\$917,400		\$0	\$917,400
0796	Nuclear Safety Emergency Preparedness Fund	\$6,000,000	4,500,000.00	\$4,500,000	\$1,500,000
0797	Department of Human Rights Special Fund	\$100,000		\$0	\$100,000
0816	Money Laundering Asset Recovery Fund	\$63,700		\$0	\$63,700
0817	State Police Operations Assistance Fund	\$1,022,000	1,022,000.00	\$1,022,000	\$0
0821	Dram Shop Fund	\$365,000		\$0	\$365,000
0823	Illinois State Dental Disciplinary Fund	\$1,500,000	1,500,000.00	\$1,500,000	\$0
0828	Hazardous Waste Fund	\$431,600		\$0	\$431,600
0831	Natural Resources Restoration Trust Fund	\$2,100,000		\$0	\$2,100,000
0845	Environmental Protection Trust Fund	\$265,000		\$0	\$265,000
0849	Real Estate Research and Education Fund	\$250,000		\$0	\$250,000
0850	Real Estate License Administration Fund	\$3,000,000	3,000,000.00	\$3,000,000	\$0
0866	Snowmobile Trail Establishment Fund	\$150,000		\$0	\$150,000
0879	Traffic and Criminal Conviction Surcharge Fund	\$638,100		\$0	\$638,100
0891	Foreclosure Prevention Program Fund	\$2,500,000	2,500,000.00	\$2,500,000	\$0
0892	Abandoned Residential Property Municipality Relief Fund	\$6,600,000	6,600,000.00	\$6,600,000	\$0
0896	Public Health Special State Projects Fund	\$10,000,000	10,000,000.00	\$10,000,000	\$0
0905	Illinois Forestry Development Fund	\$264,300		\$0	\$264,300
0906	State Police Services Fund	\$3,500,000	3,500,000.00	\$3,500,000	\$0
0920	Metabolic Screening and Treatment Fund	\$5,000,000	5,000,000.00	\$5,000,000	\$0
0921	DHS Recoveries Trust Fund	\$5,515,000	1,000,000.00	\$1,000,000	\$4,515,000
0922	Insurance Producer Administration Fund	\$15,000,000	15,000,000.00	\$15,000,000	\$0
0925	Coal Technology Development Assistance Fund	\$9,500,000	9,500,000.00	\$9,500,000	\$0
0936	Rail Freight Loan Repayment Fund	\$1,000,000	1,000,000.00	\$1,000,000	\$0
0942	Low-Level Radioactive Waste Facility Development and Operation Fund	\$1,300,000		\$0	\$1,300,000
0944	Environmental Protection Permit and Inspection Fund	\$461,800		\$0	\$461,800
0954	Illinois State Podiatric Disciplinary Fund	\$200,000		\$0	\$200,000
0973	Illinois Capital Revolving Loan Fund	\$1,263,000	1,263,000.00	\$1,263,000	\$0
0974	Illinois Equity Fund	\$535,000		\$0	\$535,000
0975	Large Business Attraction Fund	\$1,562,000		\$0	\$1,562,000
0984	International and Promotional Fund	\$37,000		\$0	\$37,000
0993	Public Infrastructure Construction Loan Revolving Fund	\$1,500,000		\$0	\$1,500,000
0997	Insurance Financial Regulation Fund	\$10,941,900	10,941,900.00	\$10,941,900	\$0
	TOTAL	\$292,826,300	\$126,060,600	\$126,060,600	\$166,765,700

REVENUE

August Gains Reflect Tax Rate Changes, Fund Sweeps/Interfund Borrowing, and Strong Federal Sources

Jim Muschinske, Revenue Manager

Excluding \$150 million in proceeds from interfund borrowing, base general funds revenues increased \$814 million in August. Not surprisingly, gains were experienced in income taxes, reflecting the recently enacted higher tax rates. In addition to the aforementioned interfund borrowing, \$126 million in funds sweeps also was executed of the total allowable amount of \$293 million [P.A. 100-23]. These additional one-time revenues contributed to comparatively stronger reimbursable spending and resulting federal reimbursements. August had the same number of receipting days as the prior year.

Gross personal income tax receipts, reflecting the higher income tax rate and increased \$261 million, or \$241 net of refunds and other changes enacted under P.A. 100-23. [See July briefing for further discussion of these changes]. Gross corporate income taxes also reflected higher rates, growing \$23 million, or \$17 net of refunds and other changes. Other sources grew \$4 million as did inheritance tax receipts. Insurance taxes posted a \$3 million gain, while interest earnings grew \$2 million and corporate franchise taxes managed to eke out a \$1 million monthly advance.

Only a couple of sources experienced small losses for the month. Cigarette taxes fell \$4 million, although that dip was due more to timing related to last year's receipting. Sales taxes stumbled late in the month, down \$2 million, or \$19 million net of direct receipts to downstate transportation funds.

Overall transfers benefitted from \$126 million in funds sweeps and posted a monthly gain of \$67 million. Federal sources surged \$497 million due to higher reimbursable spending made possible from other revenue growth including the aforementioned fund sweeps and interfund borrowing.

Year To Date

Excluding the recent \$150 million from interfund borrowing, base general funds grew \$1.049 billion during the first two months of the fiscal year. Increased income tax receipts stemming from the recently enacted higher tax rates, fund sweeps as well as a surge in federal sources resulted in this large gain.

Through August, gross personal income taxes are up \$398 million, or \$408 million net of refunds and other changes. Gross corporate income taxes are ahead of last year by \$62 million, or \$44 million net. Overall sales taxes are up by \$27 million; although once direct sales tax receipts diverted to the transportation funds is included, net receipts are actually down \$6 million. All the other smaller revenue sources posted a combined increase of \$27 million.

Overall transfers, boosted by the recent \$126 million in August fund sweeps, are up by \$65 million. Federal sources have reflected much higher reimbursable spending early in the fiscal year, generating \$511 million in growth.

AUGUST
FY 2018 vs. FY 2017
(\$ million)

Revenue Sources	August FY 2018	August FY 2017	\$ CHANGE	% CHANGE
State Taxes				
Personal Income Tax	\$1,315	\$1,054	\$261	24.8%
Corporate Income Tax (regular)	37	14	\$23	164.3%
Sales Taxes	698	700	(\$2)	-0.3%
Public Utility Taxes (regular)	80	78	\$2	2.6%
Cigarette Tax	30	34	(\$4)	-11.8%
Liquor Gallonage Taxes	11	12	(\$1)	-8.3%
Vehicle Use Tax	3	3	\$0	0.0%
Inheritance Tax	15	11	\$4	36.4%
Insurance Taxes and Fees	26	23	\$3	13.0%
Corporate Franchise Tax & Fees	14	13	\$1	7.7%
Interest on State Funds & Investments	4	2	\$2	100.0%
Cook County IGT	0	0	\$0	N/A
Other Sources	36	32	\$4	12.5%
Subtotal	\$2,269	\$1,976	\$293	14.8%
Transfers				
Lottery	32	32	\$0	0.0%
Riverboat transfers & receipts	25	34	(\$9)	-26.5%
Proceeds from Sale of 10th license	0	0	\$0	N/A
Refund Fund transfer	0	0	\$0	N/A
Fund sweeps	126	0	\$126	N/A
Other	47	97	(\$50)	-51.5%
Total State Sources	\$2,499	\$2,139	\$360	16.8%
Federal Sources	\$641	\$144	\$497	345.1%
Total Federal & State Sources	\$3,140	\$2,283	\$857	37.5%
Nongeneral Funds Distributions/Direct Receipts:				
Refund Fund				
Personal Income Tax	(\$129)	(\$118)	(\$11)	9.3%
Corporate Income Tax	(\$6)	(2)	(\$4)	200.0%
Fund for Advancement of Education	\$0	(28)	\$28	-100.0%
Commitment to Human Services Fund	\$0	(28)	\$28	-100.0%
LGDF--Direct from PIT	(\$65)	0	(\$65)	N/A
LGDF--Direct from CIT	(\$2)	0	(\$2)	N/A
Downstate Pub/Trans--Direct from Sales	(\$17)	0	(\$17)	N/A
Subtotal General Funds	\$2,921	\$2,107	\$814	38.6%
Short-Term Borrowing	\$0	\$0	\$0	N/A
Interfund Borrowing	\$150	\$0	\$150	N/A
Budget Stabilization Fund Transfer	\$0	\$0	\$0	N/A
Total General Funds	\$3,071	\$2,107	\$964	45.8%
CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding				5-Sep-17

GENERAL FUNDS RECEIPTS: YEAR TO DATE

FY 2018 vs. FY 2017

(\$ million)

<u>Revenue Sources</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>\$ CHANGE</u>	<u>% CHANGE</u>
State Taxes				
Personal Income Tax	\$2,389	\$1,991	\$398	20.0%
Corporate Income Tax (regular)	106	44	\$62	140.9%
Sales Taxes	1,435	1,408	\$27	1.9%
Public Utility Taxes (regular)	146	140	\$6	4.3%
Cigarette Tax	59	59	\$0	0.0%
Liquor Gallonage Taxes	30	30	\$0	0.0%
Vehicle Use Tax	6	5	\$1	20.0%
Inheritance Tax	38	40	(\$2)	-5.0%
Insurance Taxes and Fees	42	31	\$11	35.5%
Corporate Franchise Tax & Fees	28	24	\$4	16.7%
Interest on State Funds & Investments	8	4	\$4	100.0%
Cook County IGT	0	0	\$0	N/A
Other Sources	77	74	\$3	4.1%
Subtotal	\$4,364	\$3,850	\$514	13.4%
Transfers				
Lottery	85	98	(\$13)	-13.3%
Riverboat transfers & receipts	54	53	\$1	1.9%
Proceeds from Sale of 10th license	0	0	\$0	N/A
Refund Fund transfer	0	0	\$0	N/A
Fund sweeps	126	0	\$126	N/A
Other	92	141	(\$49)	-34.8%
Total State Sources	\$4,721	\$4,142	\$579	14.0%
Federal Sources	\$994	\$483	\$511	105.8%
Total Federal & State Sources	\$5,715	\$4,625	\$1,090	23.6%
Nongeneral Funds Distributions/Direct Receipts:				
Refund Fund				
Personal Income Tax	(\$234)	(\$213)	(\$21)	9.9%
Corporate Income Tax	(\$19)	(7)	(\$12)	171.4%
Fund for Advancement of Education	\$0	(74)	\$74	-100.0%
Commitment to Human Services Fund	\$0	(74)	\$74	-100.0%
LGDF--Direct from PIT	(\$117)	0	(\$117)	N/A
LGDF--Direct from CIT	(\$6)	0	(\$6)	N/A
Downstate Pub/Trans--Direct from Sales	(\$33)	0	(\$33)	N/A
Subtotal General Funds	\$5,306	\$4,257	\$1,049	24.6%
Short-Term Borrowing	\$0	\$0	\$0	N/A
Interfund Borrowing	\$150	\$0	\$150	N/A
Budget Stabilization Fund Transfer	\$0	\$0	\$0	N/A
Total General Funds	\$5,456	\$4,257	\$1,199	28.2%

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

5-Sep-17