



Commission on Government Forecasting and Accountability

MONTHLY BRIEFING

OCTOBER 2009

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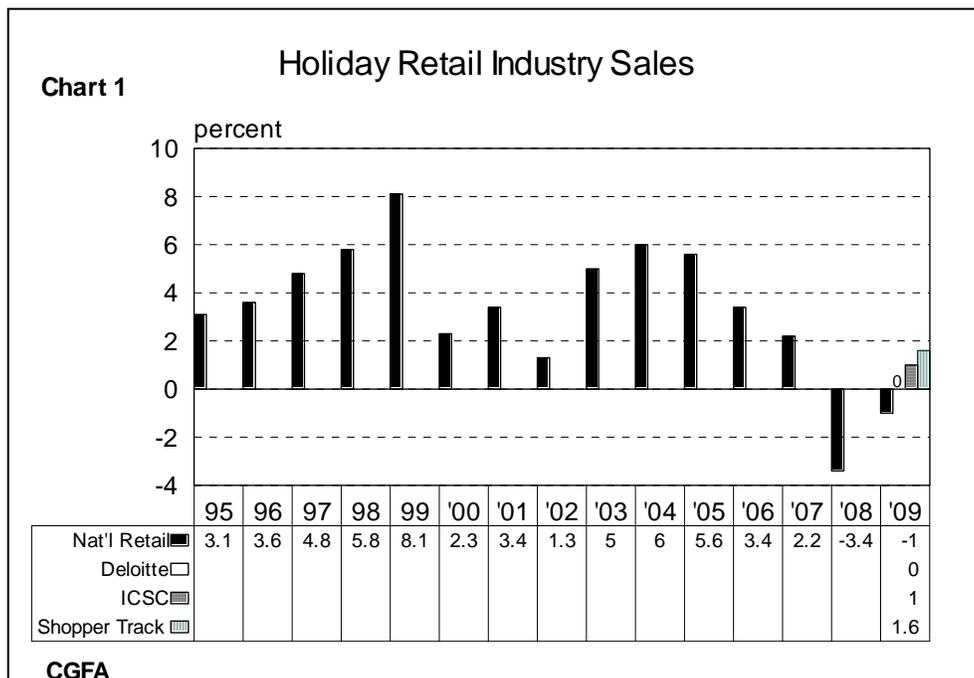
ECONOMY: What's in Store for the Holidays?

Edward H. Boss, Jr., Chief Economist

This is the time of the year when various industry groups release their forecasts for what is expected to develop during the upcoming holiday selling season. In other words, how buoyant will spending be during this critical time for retailers and in what form will it take. Looking at around this time last year, forecasts varied, although all called for smaller gains than the year before. One, Wachovia Economics Group, even saw a decline of from 0 to 2% that would have been the first time sales failed to meet the previous year's total since data became available in 1992. They were right (See **Monthly Briefing, November 2008**) as holiday sales fell by 3.4%. While their 2009 forecast will not be released until November 16th, other groups have submitted their early looks at the upcoming holiday period.

The National Retail Federation (NRF) makes the most notable forecast. It is the world's largest retail trade association with membership that comprise all retail formats including department, specialty, discount, catalog, Internet, independent stores, chain restaurants, drug and grocery stores. Its forecast calls for a one percent decline in November-December holiday sales to \$437.6 billion with an average \$682.74 the amount that Americans will spend. While this represents a second year of decline, it is not nearly as dramatic as the 3.4% falloff experienced in the 2008 holiday sales period.

The NRF survey indicates that the economy will impact two-thirds of families' spending this holiday season. Even though the recent advance release of GDP show the economy growing again in the third quarter of 2009 by a robust annual rate of 3.5%, following four consecutive and five out of the past six quarters of decline, apprehension remains strong.



Even while the recession probably will be deemed to have ended during the summer, unemployment remains at 26-year highs with little anticipation of any meaningful reduction many months away. Another likely trend this holiday season is the further increase in online purchases. NRF survey shows 50.6% of 18-24 year olds plan to shop online this holiday season with retailers emphasizing free shipping and use of social media such as Facebook, Twitter, etc. Indeed, nearly half of the online retailers expect sales to grow at least 15%.

Projections for holiday sales range from a slight decline to flat to a slight up tick. (See Chart1). Part of the variances stem from the different ways the groups look at the numbers. The NRF, which forecasts a 1% sales decline, looks at total sales. Deloitte, which works off the Commerce Department data,

indicate flat holiday sales. The International Council of Shopping Centers (ICSC) uses same-store sales that are expected to rise 1% in the traditional holiday November-December shopping season. At the upper end of the forecast spectrum is ShopperTrak, which tracks customer traffic at 45,000 stores and anticipates a rise of 1.6% in holiday sales.

There are several factors that will act as a restraint on holiday spending. In addition to high levels of unemployment there has been a renewed softening in consumer confidence. Thus, even while the savings rate has been on the rise, fears of economic uncertainty arising from sliding home prices to fears of losing ones job continue to inhibit the spending of those savings. These are factors on the demand side.

On the supply side, businesses have sharply pared inventories so that sales may be limited by the lack of supply.

All in all the industry is looking for overall weak holiday sales.

INDICATORS OF ILLINOIS ECONOMIC ACTIVITY			
<u>INDICATORS</u>	<u>SEPT. 2009</u>	<u>AUG. 2009</u>	<u>SEPT. 2008</u>
Unemployment Rate (Average)	10.5%	10.0%	6.7%
Annual Rate of Inflation (Chicago)	-0.5%	3.0%	-1.9%
—————			
	<u>LATEST MONTH</u>	<u>% CHANGE OVER PRIOR MONTH</u>	<u>% CHANGE OVER A YEAR AGO</u>
Civilian Labor Force (thousands) (September)	6,620	0.4%	-0.8%
Employment (thousands) (September)	5,922	-0.1%	-4.8%
New Car & Truck Registration (September)	51,470	24.8%	10.7%
Single Family Housing Permits (September)	841	9.6%	-27.6%
Total Exports (\$ mil) (August)	3,395	3.8%	-28.3%
Chicago Purchasing Managers Index (October)	54.2	17.5%	40.0%

REVENUE

October Revenues Rise on the Strength of Federal Sources and Fund Sweeps

Jim Muschinske, Revenue Manager

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 \$132 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. October had one less receipt day as compared to last year.

For the month, sales tax dropped \$90 million reflecting continued consumer hesitation to spend. Gross personal income taxes fell \$64 million, or \$57 million net of refunds, while public utility receipts were down \$23 million. Inheritance tax declined \$9 million, other sources \$8 million, liquor taxes \$7 million, and vehicle use \$1 million. [The drop in liquor taxes was expected as it appeared consumers stocked up the previous month in anticipation of higher liquor taxes].

A few sources posted gains in October. Most notably was a \$25 million increase in gross corporate income taxes, or \$21 million net of refunds. Insurance taxes grew \$3 million, while corporate franchise taxes and interest earning each managed to post a \$1 million gain.

Overall transfers grew \$115 million in October, due mostly to fund sweeps.

Riverboat gaming transfers rose \$10 million, and lottery transfers increased \$6 million. Other transfers picked up \$99 million due to the second quarterly installment of fund sweeps. As mentioned, federal sources posted a sizable gain, up \$186 million due to a large increase in reimbursable spending.

Year to Date

Through the first third of the fiscal year overall base revenues are down \$209 million. Despite being in the early stages of a recovery, the larger economically related sources such as income and sales continue to suffer from the recession's effect. As mentioned in previous revenue briefings, it will be some time before improvement in receipts can be expected. If \$475 million in federal sources gains are excluded, the falloff in receipts is a much more sobering \$684 million.

Through October, gross personal income tax is down \$341 million, or \$307 million net of refunds. Sales tax is down a stunning \$335 million reflecting a very cautious consumer while gross corporate income tax is off \$89 million, or \$73 million net of refunds. Public utility taxes are off \$49 million. All remaining sources contributed to a net drop of \$38 million.

With the second quarter funds sweeps, overall transfers are up \$118 million. Other transfers are up \$143 million, while riverboat transfers are down \$25 million. After enjoying three consecutive months of significant growth due to reimbursable spending, federal sources are up \$475 million.

GENERAL FUNDS RECEIPTS: OCTOBER

FY 2010 vs. FY 2009

(\$ million)

Revenue Sources	Oct. FY 2010	Oct. FY 2009	\$ CHANGE	% CHANGE
State Taxes				
Personal Income Tax	\$689	\$753	(\$64)	-8.5%
Corporate Income Tax (regular)	82	57	\$25	43.9%
Sales Taxes	515	605	(\$90)	-14.9%
Public Utility Taxes (regular)	79	102	(\$23)	-22.5%
Cigarette Tax	29	29	\$0	0.0%
Liquor Gallonage Taxes	6	13	(\$7)	-53.8%
Vehicle Use Tax	2	3	(\$1)	-33.3%
Inheritance Tax (Gross)	12	21	(\$9)	-42.9%
Insurance Taxes and Fees	6	3	\$3	100.0%
Corporate Franchise Tax & Fees	19	18	\$1	5.6%
Interest on State Funds & Investments	2	1	\$1	100.0%
Cook County IGT	0	0	\$0	N/A
Other Sources	27	35	(\$8)	-22.9%
Subtotal	\$1,468	\$1,640	(\$172)	-10.5%
Transfers				
Lottery	61	55	\$6	10.9%
Riverboat transfers & receipts	60	50	\$10	20.0%
Other	116	17	\$99	582.4%
Total State Sources	\$1,705	\$1,762	(\$57)	-3.2%
Federal Sources	\$469	\$283	\$186	65.7%
Total Federal & State Sources	\$2,174	\$2,045	\$129	6.3%
Nongeneral Funds Distribution:				
Refund Fund				
Personal Income Tax	(\$67)	(\$74)	\$7	-9.5%
Corporate Income Tax	(\$14)	(10)	(\$4)	40.0%
Subtotal General Funds	\$2,093	\$1,961	\$132	6.7%
Short-Term Borrowing	\$0	\$0	\$0	N/A
Hopital Provider Fund (cash flow transfer)	\$0	\$0	\$0	N/A
Budget Stabilization Fund Transfer	\$40	\$0	\$40	N/A
Total General Funds	\$2,133	\$1,961	\$172	8.8%

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

3-Nov-09

GENERAL FUNDS RECEIPTS: YEAR TO DATE

FY 2010 vs. FY 2009

(\$ million)

Revenue Sources	FY 2010	FY 2009	CHANGE FROM FY 2009	% CHANGE
State Taxes				
Personal Income Tax	\$2,794	\$3,135	(\$341)	-10.9%
Corporate Income Tax (regular)	373	462	(\$89)	-19.3%
Sales Taxes	2,122	2,457	(\$335)	-13.6%
Public Utility Taxes (regular)	330	379	(\$49)	-12.9%
Cigarette Tax	117	117	\$0	0.0%
Liquor Gallonage Taxes	61	55	\$6	10.9%
Vehicle Use Tax	11	11	\$0	0.0%
Inheritance Tax (Gross)	68	92	(\$24)	-26.1%
Insurance Taxes and Fees	92	82	\$10	12.2%
Corporate Franchise Tax & Fees	68	68	\$0	0.0%
Interest on State Funds & Investments	14	24	(\$10)	-41.7%
Cook County IGT	0	13	(\$13)	-100.0%
Other Sources	124	131	(\$7)	-5.3%
Subtotal	\$6,174	\$7,026	(\$852)	-12.1%
Transfers				
Lottery	188	188	\$0	0.0%
Riverboat transfers & receipts	160	185	(\$25)	-13.5%
Other	290	147	\$143	97.3%
Total State Sources	\$6,812	\$7,546	(\$734)	-9.7%
Federal Sources	\$2,062	\$1,587	\$475	29.9%
Total Federal & State Sources	\$8,874	\$9,133	(\$259)	-2.8%
Nongeneral Funds Distribution:				
Refund Fund				
Personal Income Tax	(\$272)	(\$306)	\$34	-11.1%
Corporate Income Tax	(\$65)	(\$81)	\$16	-19.8%
Subtotal General Funds	\$8,537	\$8,746	(\$209)	-2.4%
Short-Term Borrowing	\$1,250	\$0	\$1,250	N/A
Hospital Provider Fund (cash flow transfer)	\$0	\$0	\$0	N/A
Budget Stabilization Fund Transfer	\$316	\$276	\$40	14.5%
Total General Funds	\$10,103	\$9,022	\$1,081	12.0%

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

CGFA

3-Nov-09

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 will be transferred quarterly, or as they become available. In October, the quarterly amounts transferred netted

\$77.5 million, after approximately \$7.5 million in retransfers were made back to the original funds due to appropriation needs. Year-to-date, there has been \$164.6 million in fund sweeps, as shown in the following table.

FY2010 FUND SWEEPS		PA 96-44 & 96-45					
No.	Fund	Statutory Amount	July	Sep	Oct	TOTAL	Remainder
0014	Food and Drug Safety Fund	\$6,800	\$1,700.00		\$1,700.00	\$3,400.00	\$3,400
0015	Penny Severns Breast, Cervical & Ovarian Cancer Research Fund	\$33,300	\$8,325.00		\$8,325.00	\$16,650.00	\$16,650
0018	Transportation Regulatory Fund	\$2,122,000	\$530,500.00		\$530,500.00	\$1,061,000.00	\$1,061,000
0022	General Professions Dedicated Fund	\$3,511,900	\$877,975.00		\$877,975.00	\$1,755,950.00	\$1,755,950
0023	Economic Research and Information Fund	\$1,120	\$280.00	\$280.00		\$560.00	\$560
0024	IL Dept. of AG Lab Services Revolving Fund	\$12,825	\$3,206.25		\$3,206.25	\$6,412.50	\$6,413
0031	Drivers Education Fund	\$2,244,000	\$561,000.00		\$561,000.00	\$1,122,000.00	\$1,122,000
0046	Aeronautics Fund	\$25,360	\$6,340.00		\$6,340.00	\$12,680.00	\$12,680
0047	Fire Prevention Fund	\$10,400,000	\$2,600,000.00		\$2,600,000.00	\$5,200,000.00	\$5,200,000
0048	Rural/Downstate Health Access Fund	\$1,700	\$425.00		\$425.00	\$850.00	\$850
0050	Mental Health Fund	\$24,560,000	\$6,140,000.00		\$6,140,000.00	\$12,280,000.00	\$12,280,000
0057	IL State Pharmacy Disciplinary Fund	\$2,054,100	\$513,525.00		\$513,525.00	\$1,027,050.00	\$1,027,050
0059	Public Utility Fund	\$960,175	\$240,043.75		\$240,043.75	\$480,087.50	\$480,088
0060	Alzheimer's Disease Research Fund	\$112,500	\$28,125.00		\$28,125.00	\$56,250.00	\$56,250
0067	Radiation Protection Fund	\$92,250	\$23,062.50		\$23,062.50	\$46,125.00	\$46,125
0069	Natural Heritage Endowment Trust Fund	\$250,000	\$62,500.00		\$62,500.00	\$125,000.00	\$125,000
0071	Firearm Owner's Notification Fund	\$256,400	\$64,100.00		\$64,100.00	\$128,200.00	\$128,200
0074	EPA Special State Projects Trust Fund	\$3,760,000	\$940,000.00			\$940,000.00	\$2,820,000
0078	Solid Waste Management Fund	\$1,200,000	\$300,000.00		(\$300,000.00)	\$0.00	\$1,200,000
0085	IL Gaming Law Enforcement Fund	\$141,000	\$35,250.00		\$35,250.00	\$70,500.00	\$70,500
0089	Subtitle D Management Fund	\$375,000	\$93,750.00		\$93,750.00	\$187,500.00	\$187,500
0093	IL State Medical Disciplinary Fund	\$11,277,200	\$2,819,300.00		\$2,819,300.00	\$5,638,600.00	\$5,638,600
0096	Cemetery Consumer Protection Fund	\$658,000	\$164,500.00		\$164,500.00	\$329,000.00	\$329,000
0100	Assistance to the Homeless Fund	\$13,800	\$3,450.00		\$3,450.00	\$6,900.00	\$6,900
0106	Accessible Electronic Information Services Fund	\$10,000	\$2,500.00		\$2,500.00	\$5,000.00	\$5,000
0109	CDLIS/AAMVAnet Trust Fund	\$110,000	\$27,500.00		\$27,500.00	\$55,000.00	\$55,000
0112	Comptroller's Audit Expense Revolving Fund	\$31,200	\$7,800.00		\$7,800.00	\$15,600.00	\$15,600
0113	Community Health Center Care Fund	\$450,000	\$112,500.00		\$112,500.00	\$225,000.00	\$225,000
0115	Safe Bottled Water Fund	\$15,000	\$3,750.00			\$3,750.00	\$11,250
0118	Facility Licensing Fund	\$363,600	\$90,900.00			\$90,900.00	\$272,700
0123	Hansen-Therkelsin Memorial Deaf Student College Fund	\$503,700	\$125,925.00		\$125,925.00	\$251,850.00	\$251,850
0127	IL Underground Utility Facilities Damage Prevention Fund	\$29,600	\$7,400.00		\$7,400.00	\$14,800.00	\$14,800
0130	School District Emergency Financial Assistance Fund	\$2,059,200	\$514,800.00		\$514,800.00	\$1,029,600.00	\$1,029,600

FY2010 FUND SWEEPS		PA 96-44 & 96-45					
No.	Fund	Statutory					Remainder
		Amount	July	Sep	Oct	TOTAL	
0134	Mental Health Transportation Fund	\$859	\$214.75		\$214.75	\$429.50	\$430
0151	Registered CPA Administration & Disciplinary Fund	\$34,600	\$8,650.00		\$8,650.00	\$17,300.00	\$17,300
0152	State Crime Lab Fund	\$142,880	\$35,720.00		\$35,720.00	\$71,440.00	\$71,440
0153	Agrichemical Incident Response Trust Fund	\$80,000	\$20,000.00		\$20,000.00	\$40,000.00	\$40,000
0155	General Assembly Computer Equipment Revolving Fund	\$101,600	\$25,400.00		\$25,400.00	\$50,800.00	\$50,800
0163	Weights and Measures Fund	\$625,000	\$156,250.00		\$156,250.00	\$312,500.00	\$312,500
0175	IL School Asbestos Abatement Fund	\$299,600	\$74,900.00		\$74,900.00	\$149,800.00	\$149,800
0179	Injured Workers' Benefit Fund	\$3,290,560	\$822,640.00		\$822,640.00	\$1,645,280.00	\$1,645,280
0184	Violence Prevention Fund	\$79,500	\$19,875.00		\$19,875.00	\$39,750.00	\$39,750
0192	Professional Regulation Evidence Fund	\$5,000	\$1,250.00		\$1,250.00	\$2,500.00	\$2,500
0195	IPTIP Administrative Trust Fund	\$500,000	\$125,000.00		\$125,000.00	\$250,000.00	\$250,000
0198	Diabetes Research Checkoff Fund	\$8,800	\$2,200.00		\$2,200.00	\$4,400.00	\$4,400
0208	Ticket for the Cure Fund	\$1,200,000	\$300,000.00		\$300,000.00	\$600,000.00	\$600,000
0215	CDB Revolving Fund	\$346,000	\$86,500.00		\$86,500.00	\$173,000.00	\$173,000
0218	Professions Indirect Cost Fund	\$2,144,500	\$536,125.00		\$536,125.00	\$1,072,250.00	\$1,072,250
0222	State Police DUI Fund	\$166,880	\$41,720.00		\$41,720.00	\$83,440.00	\$83,440
0237	Medicaid Fraud and Abuse Prevention Fund	\$20,000	\$5,000.00		\$5,000.00	\$10,000.00	\$10,000
0238	IL Health Facilities Planning Fund	\$1,392,400	\$348,100.00		\$348,100.00	\$696,200.00	\$696,200
0240	Emergency Public Health Fund	\$875,000	\$218,750.00		\$218,750.00	\$437,500.00	\$437,500
0241	Transmitters of Money Act (TOMA) Consumer Protection Fund	\$50,000	\$12,500.00		\$12,500.00	\$25,000.00	\$25,000
0242	ISAC Accounts Receivable Fund	\$24,240	\$6,060.00		\$6,060.00	\$12,120.00	\$12,120
0245	Fair and Exposition Fund	\$1,257,920	\$314,480.00		\$314,480.00	\$628,960.00	\$628,960
0251	Dept. of Labor Special State Trust Fund	\$409,000	\$102,250.00		\$102,250.00	\$204,500.00	\$204,500
0256	Public Health Water Permit Fund	\$24,500	\$6,125.00		\$6,125.00	\$12,250.00	\$12,250
0258	Nursing Dedicated & Professional Fund	\$9,988,400	\$2,497,100.00		\$2,497,100.00	\$4,994,200.00	\$4,994,200
0259	Optometric Licensing & Disciplinary Board Fund	\$995,800	\$248,950.00		\$248,950.00	\$497,900.00	\$497,900
0270	Water Revolving Fund	\$4,960	\$1,240.00		\$1,240.00	\$2,480.00	\$2,480
0283	Methamphetamine Law Enforcement Fund	\$50,000	\$12,500.00		\$12,500.00	\$25,000.00	\$25,000
0285	Long Term Care Monitor/Receiver Fund	\$1,700,000	\$425,000.00		\$425,000.00	\$850,000.00	\$850,000
0287	Home Care Services Agency Licensure Fund	\$48,000	\$12,000.00		\$12,000.00	\$24,000.00	\$24,000
0288	Community Water Supply Lab Fund	\$600,000	\$150,000.00		\$150,000.00	\$300,000.00	\$300,000
0289	Motor Fuel and Petroleum Standards Fund	\$41,416	\$10,354.00		\$10,354.00	\$20,708.00	\$20,708
0290	Fertilizer Control Fund	\$162,520	\$40,630.00		\$40,630.00	\$81,260.00	\$81,260
0291	Regulatory Fund	\$307,824	\$76,956.00		\$76,956.00	\$153,912.00	\$153,912
0294	Used Tire Management Fund	\$8,853,552	\$2,213,388.00		\$2,213,388.00	\$4,426,776.00	\$4,426,776
0298	Natural Areas Acquisition Fund	\$1,000,000	\$250,000.00		\$250,000.00	\$500,000.00	\$500,000
0301	Working Capital Revolving Fund	\$6,450,000	\$1,612,500.00		\$1,612,500.00	\$3,225,000.00	\$3,225,000
0310	Tax Recovery Fund	\$29,680	\$7,420.00		\$7,420.00	\$14,840.00	\$14,840
0317	Professional Services Fund	\$3,500,000	\$875,000.00		\$875,000.00	\$1,750,000.00	\$1,750,000
0331	Treasurer's Rental Fee Fund	\$155,000	\$38,750.00		\$38,750.00	\$77,500.00	\$77,500
0340	Public Health Lab Services Revolving Fund	\$450,000	\$112,500.00		\$112,500.00	\$225,000.00	\$225,000
0341	Provider Inquiry Trust Fund	\$200,000	\$50,000.00		\$50,000.00	\$100,000.00	\$100,000
0342	Audit Expense Fund	\$5,972,190	\$1,493,047.50		\$1,493,047.50	\$2,986,095.00	\$2,986,095

FY2010 FUND SWEEPS		PA 96-44 & 96-45					
No.	Fund	Statutory				TOTAL	Remainder
		Amount	July	Sep	Oct		
0356	Law Enforcement Camera Grant Fund	\$2,631,840	\$657,960.00		\$657,960.00	\$1,315,920.00	\$1,315,920
0357	Child Labor and Day & Temporary Labor Services Enforcement Fund	\$490,000	\$122,500.00		\$122,500.00	\$245,000.00	\$245,000
0360	Lead Poisoning Screening, Prevention, and Abatement Fund	\$100,000	\$25,000.00		\$25,000.00	\$50,000.00	\$50,000
0365	Health & Human Services Medicaid Trust Fund	\$6,920,000	\$1,730,000.00		\$1,730,000.00	\$3,460,000.00	\$3,460,000
0366	Prisoner Review Board Vehicle & Equipment Fund	\$147,900	\$36,975.00		\$36,975.00	\$73,950.00	\$73,950
0368	Drug Treatment Fund	\$4,400,000	\$1,100,000.00			\$1,100,000.00	\$3,300,000
0369	Feed Control Fund	\$625,000	\$156,250.00		\$156,250.00	\$312,500.00	\$312,500
0370	Tanning Facility Permit Fund	\$20,000	\$5,000.00		\$5,000.00	\$10,000.00	\$10,000
0371	Innovations in Long-term Care Quality Demonstration Grants Fund	\$300,000	\$75,000.00		\$75,000.00	\$150,000.00	\$150,000
0372	Plumbing Licensure and Program Fund	\$1,585,600	\$396,400.00		\$396,400.00	\$792,800.00	\$792,800
0373	State Treasurer's Bank Services Trust Fund	\$6,800,000	\$1,700,000.00		\$1,700,000.00	\$3,400,000.00	\$3,400,000
0376	State Police Motor Vehicle Theft Prevention Trust Fund	\$46,500	\$11,625.00		\$11,625.00	\$23,250.00	\$23,250
0378	Insurance Premium Tax Refund Fund	\$58,700	\$14,675.00		\$14,675.00	\$29,350.00	\$29,350
0386	Appraisal Administration Fund	\$378,400	\$94,600.00		\$94,600.00	\$189,200.00	\$189,200
0387	Small Business Environmental Assistance Fund	\$24,080	\$6,020.00		\$6,020.00	\$12,040.00	\$12,040
0388	Regulatory Evaluation and Basic Enforcement Fund	\$125,000	\$31,250.00		\$31,250.00	\$62,500.00	\$62,500
0394	Gaining Early Awareness and Readiness for Undergraduate Programs Fund	\$15,000	\$3,750.00		\$3,750.00	\$7,500.00	\$7,500
0397	Trauma Center Fund	\$4,000,000	\$1,000,000.00		\$1,000,000.00	\$2,000,000.00	\$2,000,000
0398	EMS Assistance Fund	\$110,000	\$27,500.00		\$27,500.00	\$55,000.00	\$55,000
0417	State College and University Trust Fund	\$20,204	\$5,051.00		\$5,051.00	\$10,102.00	\$10,102
0418	University Grant Fund	\$5,608	\$1,402.00		\$1,402.00	\$2,804.00	\$2,804
0419	DCEO Projects Fund	\$1,000,000				\$0.00	\$1,000,000
0422	Alternate Fuels Fund	\$2,000,000	\$500,000.00		\$500,000.00	\$1,000,000.00	\$1,000,000
0429	Multiple Sclerosis Research Fund	\$27,200	\$6,800.00		\$6,800.00	\$13,600.00	\$13,600
0430	Livestock Management Facilities Fund	\$81,920	\$20,480.00		\$20,480.00	\$40,960.00	\$40,960
0431	Second Injury Fund	\$615,680	\$153,920.00		\$153,920.00	\$307,840.00	\$307,840
0440	Agricultural Master Fund	\$136,984	\$34,246.00		\$34,246.00	\$68,492.00	\$68,492
0444	High Speed Internet Services & Information Technology Fund	\$3,300,000	\$825,000.00		\$825,000.00	\$1,650,000.00	\$1,650,000
0452	IL Tourism Tax Fund	\$250,000	\$62,500.00		\$62,500.00	\$125,000.00	\$125,000
0474	Human Services Priority Capital Program Fund	\$7,378,400	\$1,844,600.00		\$1,844,600.00	\$3,689,200.00	\$3,689,200
0485	Warrant Escheat	\$1,394,161	\$348,540.25		\$348,540.25	\$697,080.50	\$697,081
0514	State Asset Forfeiture Fund	\$321,600	\$80,400.00		\$80,400.00	\$160,800.00	\$160,800
0517	Police Training Board Services Fund	\$8,000	\$2,000.00		\$2,000.00	\$4,000.00	\$4,000
0520	Federal Asset Forfeiture Fund	\$1,760	\$440.00		\$440.00	\$880.00	\$880
0523	Dept. of Corrections Reimbursement and Education Fund	\$250,000	\$62,500.00		\$62,500.00	\$125,000.00	\$125,000
0524	Health Facility Plan Review Fund	\$1,543,600	\$385,900.00		\$385,900.00	\$771,800.00	\$771,800
0528	Domestic Violence Abuser Services Fund	\$11,500	\$2,875.00		\$2,875.00	\$5,750.00	\$5,750
0536	LEADS Maintenance Fund	\$166,800	\$41,700.00		\$41,700.00	\$83,400.00	\$83,400
0537	State Offender DNA ID System Fund	\$615,040	\$153,760.00		\$153,760.00	\$307,520.00	\$307,520
0538	IL Historic Sites Fund	\$250,000	\$62,500.00		\$62,500.00	\$125,000.00	\$125,000
0543	Comptroller's Administrative Fund	\$134,690	\$33,672.50		\$33,672.50	\$67,345.00	\$67,345
0546	Public Pension Regulation Fund	\$0				\$0.00	\$0
0552	Workforce, Technology and Economic Development Fund	\$2,000,000				\$0.00	\$2,000,000

FY2010 FUND SWEEPS		PA 96-44 & 96-45					
No.	Fund	Statutory				TOTAL	Remainder
		Amount	July	Sep	Oct		
0562	Pawnbroker Regulation Fund	\$26,400	\$6,600.00		\$6,600.00	\$13,200.00	\$13,200
0564	Renewable Energy Resources Trust Fund	\$13,408,328	\$3,352,082.00		\$0.00	\$3,352,082.00	\$10,056,246
0567	Charter Schools Revolving Loan Fund	\$82,000	\$20,500.00		\$20,500.00	\$41,000.00	\$41,000
0569	School Technology Revolving Loan Fund	\$1,230,000	\$307,500.00		\$307,500.00	\$615,000.00	\$615,000
0571	Energy Efficiency Trust Fund	\$1,490,000	\$372,500.00		\$372,500.00	\$745,000.00	\$745,000
0576	Pesticide Control Fund	\$625,000	\$156,250.00		\$156,250.00	\$312,500.00	\$312,500
0581	Juvenile Accountability Incentive Block Grant Fund	\$10,000	\$2,500.00		\$2,500.00	\$5,000.00	\$5,000
0604	Multiple Sclerosis Assistance Fund	\$8,000	\$2,000.00		\$2,000.00	\$4,000.00	\$4,000
0605	Temporary Relocation Expenses Revolving Grant Fund	\$460,000	\$115,000.00		(\$115,000.00)	\$0.00	\$460,000
0608	Partners for Conservation Fund	\$8,200,000	\$2,050,000.00		\$2,050,000.00	\$4,100,000.00	\$4,100,000
0611	Fund for Illinois' Future	\$3,000,000	\$750,000.00		\$750,000.00	\$1,500,000.00	\$1,500,000
0613	Wireless Carrier Reimbursement Fund	\$13,650,000	\$3,412,500.00		\$3,412,500.00	\$6,825,000.00	\$6,825,000
0621	International Tourism Fund	\$5,043,344	\$1,260,836.00		\$1,260,836.00	\$2,521,672.00	\$2,521,672
0631	IL Racing Quarterhorse Breeders Fund	\$1,448	\$362.00		\$362.00	\$724.00	\$724
0635	Death Certificate Surcharge Fund	\$900,000	\$225,000.00		\$225,000.00	\$450,000.00	\$450,000
0637	State Police Wireless Service Emergency Fund	\$1,329,280	\$332,320.00		\$332,320.00	\$664,640.00	\$664,640
0638	IL Adoption Registry & Medical Information Exchange Fund	\$8,400	\$2,100.00		\$2,100.00	\$4,200.00	\$4,200
0641	Auction Regulation Administration Fund	\$361,600	\$90,400.00		\$90,400.00	\$180,800.00	\$180,800
0642	DHS State Projects Fund	\$193,900	\$48,475.00		\$48,475.00	\$96,950.00	\$96,950
0643	Auction Recovery Fund	\$4,600	\$1,150.00		\$1,150.00	\$2,300.00	\$2,300
0649	Motor Carrier Safety Inspection Fund	\$389,840	\$97,460.00		\$97,460.00	\$194,920.00	\$194,920
0653	Coal Development Fund	\$320,000	\$80,000.00		\$80,000.00	\$160,000.00	\$160,000
0658	State Off-set Claims Fund	\$400,000				\$0.00	\$400,000
0677	ISAC Contracts and Grants Fund	\$128,850	\$32,212.50		\$32,212.50	\$64,425.00	\$64,425
0690	DHS Private Resources Fund	\$1,000,000	\$250,000.00		\$250,000.00	\$500,000.00	\$500,000
0702	Assisted Living and Shared Housing Reg. Fund	\$122,400	\$30,600.00		\$30,600.00	\$61,200.00	\$61,200
0705	State Police Whistleblower Reward and Protection Fund	\$3,900,000	\$975,000.00		\$975,000.00	\$1,950,000.00	\$1,950,000
0708	Illinois Standardbred Breeders Fund	\$134,608	\$33,652.00		\$33,652.00	\$67,304.00	\$67,304
0712	Post Transplant Maintenance and Retention Fund	\$85,800	\$21,450.00		\$21,450.00	\$42,900.00	\$42,900
0714	Spinal Cord Injury Paralysis Cure Research Trust Fund	\$300,000	\$75,000.00		\$75,000.00	\$150,000.00	\$150,000
0716	Organ Donor Awareness Fund	\$115,000	\$28,750.00		\$28,750.00	\$57,500.00	\$57,500
0718	Community Mental Health Medicaid Trust Fund	\$1,030,900	\$257,725.00		\$257,725.00	\$515,450.00	\$515,450
0731	IL Clean Water Fund	\$8,649,600	\$2,162,400.00		\$2,162,400.00	\$4,324,800.00	\$4,324,800
0733	Tobacco Settlement Recovery Fund	\$10,000,000	\$2,500,000.00		\$2,500,000.00	\$5,000,000.00	\$5,000,000
0738	Alternative Compliance Market Account Fund	\$9,984	\$2,496.00		\$2,496.00	\$4,992.00	\$4,992
0739	Group Worker's Compensation Pool Insolvency Fund	\$42,800	\$10,700.00		\$10,700.00	\$21,400.00	\$21,400
0740	Medicaid Buy-In Program Revolving Fund	\$1,000,000	\$250,000.00		\$250,000.00	\$500,000.00	\$500,000
0746	Home Inspector Admin Fund	\$1,225,200	\$306,300.00		\$306,300.00	\$612,600.00	\$612,600
0750	Real Estate Audit Fund	\$1,200	\$300.00		\$300.00	\$600.00	\$600
0760	Marine Corps Scholarship Fund	\$69,000	\$17,250.00		\$17,250.00	\$34,500.00	\$34,500
0763	Tourism Promotion Fund	\$30,000,000	\$7,500,000.00		\$7,500,000.00	\$15,000,000.00	\$15,000,000
0774	Oil Spill Response Fund	\$4,800	\$1,200.00		\$1,200.00	\$2,400.00	\$2,400
0776	Presidential Library and Museum Operating Fund	\$169,900	\$42,475.00		\$42,475.00	\$84,950.00	\$84,950

FY2010 FUND SWEEPS		PA 96-44 & 96-45					
No.	Fund	Statutory					Remainder
		Amount	July	Sep	Oct	TOTAL	
0796	Nuclear Safety Emergency Preparedness Fund	\$6,000,000	\$1,500,000.00		(\$696,849.00)	\$803,151.00	\$5,196,849
0820	DCEO Energy Projects Fund	\$2,176,200	\$544,050.00		(\$544,050.00)	\$0.00	\$2,176,200
0821	Dram Shop Fund	\$500,000	\$125,000.00		\$125,000.00	\$250,000.00	\$250,000
0823	Illinois State Dental Disciplinary Fund	\$187,300	\$46,825.00		\$46,825.00	\$93,650.00	\$93,650
0828	Hazardous Waste Fund	\$800,000	\$200,000.00		\$200,000.00	\$400,000.00	\$400,000
0831	Natural Recourses Restoration Trust Fund	\$7,700	\$1,925.00		\$1,925.00	\$3,850.00	\$3,850
0835	State Fair Promotional Activities Fund	\$1,672	\$418.00		\$418.00	\$836.00	\$836
0844	Continuing Legal Education Trust Fund	\$10,550	\$2,637.50		\$2,637.50	\$5,275.00	\$5,275
0845	Environ Protection Trust Fund	\$625,000	\$156,250.00		\$156,250.00	\$312,500.00	\$312,500
0849	Real Estate Research and Education Fund	\$1,081,000	\$270,250.00		\$270,250.00	\$540,500.00	\$540,500
0851	Federal Moderate Rehabilitation Housing Fund	\$44,960	\$11,240.00		\$11,240.00	\$22,480.00	\$22,480
0865	Domestic Violence Shelter and Service Fund	\$55,800	\$13,950.00		\$13,950.00	\$27,900.00	\$27,900
0866	Snowmobile Trail Establishment Fund	\$5,300	\$1,325.00		\$1,325.00	\$2,650.00	\$2,650
0878	Drug Traffic Prevention Fund	\$11,200	\$2,800.00		\$2,800.00	\$5,600.00	\$5,600
0879	Traffic and Criminal Conviction Surcharge Fund	\$5,400,000	\$1,350,000.00		\$1,350,000.00	\$2,700,000.00	\$2,700,000
0888	Design Professionals Admin and Investigation Fund	\$73,200	\$18,300.00		\$18,300.00	\$36,600.00	\$36,600
0896	Public Health Special State Projects Fund	\$1,900,000	\$475,000.00		\$475,000.00	\$950,000.00	\$950,000
0900	Petroleum Violation Fund	\$1,080	\$270.00		\$270.00	\$540.00	\$540
0906	State Police Services Fund	\$7,082,080	\$1,770,520.00		\$1,770,520.00	\$3,541,040.00	\$3,541,040
0909	Illinois Wildlife Preservation Fund	\$9,900	\$2,475.00		\$2,475.00	\$4,950.00	\$4,950
0910	Youth Drug Abuse Prevention Fund	\$133,500	\$33,375.00		\$33,375.00	\$66,750.00	\$66,750
0922	Insurance Producer Administration Fund	\$12,170,000	\$3,042,500.00		\$3,042,500.00	\$6,085,000.00	\$6,085,000
0925	Coal Technology Development Assistance Fund	\$1,856,000	\$464,000.00		\$464,000.00	\$928,000.00	\$928,000
0934	Child Abuse Prevention Fund	\$250,000	\$62,500.00		\$62,500.00	\$125,000.00	\$125,000
0938	Hearing Instrument Dispenser Examining and Disciplinary Fund	\$50,400	\$12,600.00		\$12,600.00	\$25,200.00	\$25,200
0942	Low-level Radioactive Waste Facility Development and Operation Fund	\$1,000,000	\$250,000.00		\$250,000.00	\$500,000.00	\$500,000
0944	Environmental Protection Permit and Inspection Fund	\$755,775	\$188,943.75		\$188,943.75	\$377,887.50	\$377,888
0945	Landfill Closure and Post-Closure Fund	\$2,480	\$620.00		\$620.00	\$1,240.00	\$1,240
0951	Narcotics Profit Forfeiture Fund	\$86,900	\$21,725.00		\$21,725.00	\$43,450.00	\$43,450
0954	IL State Podiatric Disciplinary Fund	\$200,000	\$50,000.00		\$50,000.00	\$100,000.00	\$100,000
0963	Vehicle Inspection Fund	\$5,000,000	\$1,250,000.00		\$1,250,000.00	\$2,500,000.00	\$2,500,000
0969	Local Tourism Fund	\$10,999,280	\$2,749,820.00		\$2,749,820.00	\$5,499,640.00	\$5,499,640
0973	Build IL Capital Revolving Loan Fund	\$3,856,904	\$964,226.00		\$964,226.00	\$1,928,452.00	\$1,928,452
0974	IL Equity Fund	\$3,520	\$880.00		\$880.00	\$1,760.00	\$1,760
0975	Large Business Attraction Fund	\$13,560	\$3,390.00		\$3,390.00	\$6,780.00	\$6,780
0984	International and Promotional Fund	\$42,040	\$10,510.00		\$10,510.00	\$21,020.00	\$21,020
0993	Public Infrastructure Construction Loan Revolving Fund	\$2,811,232	\$702,808.00		\$702,808.00	\$1,405,616.00	\$1,405,616
0997	Insurance Financial Regulation Fund	\$5,881,180	\$1,470,295.00		\$1,470,295.00	\$2,940,590.00	\$2,940,590
	Total	\$351,738,973	\$87,084,743.25	\$280.00	\$77,482,782.25	\$164,567,805.50	\$187,171,168

September 2009 G.O. Bond Sale Costs of Issuance
Lynnae Kapp, Bond Analyst

In September 2009, the State sold \$400 million in General Obligation bonds, mainly for transportation projects. Under the Debt Responsibility requirements adopted in 2004, costs of issuance (excluding bond insurance) for bonds sales are required to be at or

below 0.50% of the bond sale amount. The cost of issuance for the September 2009 issuance was 0.45%, as shown in the Cost of Issuance Disclosure below which is provided by the Governor's Office of Management and Budget as required by law.

State of Illinois - General Obligation Bonds
\$400,000,000 Series of April 2009
Cost of Issuance Disclosure

Line Item	Status	Participation Percentage	Amount	Total
Underwriting Syndicate	Merril Lynch & Co.	0.00%	1,568,530.00	
		0.00%	-	1,568,530.00
Underwriting Expenses	Bond Market Association Fee		N/A	
	GASB Fee		N/A	
	Dalcomp per bond Fee		N/A	
	Dalcomp Wire Charges		N/A	
	Depository Trust Company Fee		N/A	
	CUSIP		N/A	
	Day Loan on Gross Proceeds		N/A	
	Total as Component of Successful Purchaser's Bid		-	-
	Subtotal Underwriting Expenses		0.39%	1,568,530.00
Bond Counsel	Drinker Biddle & Reath LLP	Base Fee	Expenses	Total
		60,000.00	5,006.41	65,006.41
Financial Advisor	First South West	20,000.00		20,000.00
Budget & Cashflow advisor	Ronald D. Picur, PhD.	20,000.00	-	20,000.00
Market Pricing Advisor	N/A	-	-	-
				40,000.00
Rating Agencies	Moody's Investor Services	37,550.00	-	37,550.00
	Standard and Poor's	30,000.00	-	30,000.00
	Fitch Ratings	23,500.00	-	23,500.00
				91,050.00
Printing, shipping & advertising	ImageMaster Printing & Delivery	4,735.63	-	4,735.63
	Thomson Financial	1,800.00	-	1,800.00
	Bid Platform - Ipreo	1,500.00	-	1,500.00
Dissemination Agent	Digital Assurance Certification, LLP	2,500.00	-	2,500.00
	Sub total			206,592.04
	Remainder to be deposited in Project Funds by the State Treasurer			42,957.96
	Subtotal Expenses (Excluding Underwriting Fees)			0.06%
				249,550.00
	Total Expense (Excluding Bond Insurance)			0.45%
				1,818,080.00
	Maximum Allowable Expenses (Par amount x 0.5% or \$5 per \$1,000)			0.50%
				2,000,000.00
	Total Expenses (Including Bond Insurance)			1,818,080.00
MBE/WBE FIRM SUBTOTALS	Underwriting Services	MBE/WBE	0.00%	-
	Legal Services	MBE/WBE	0.00%	-
	Financial Advisory Services	MBE/WBE	0.00%	-

State Budget Woes Affecting Group Insurance Payments

Mike Moore, Revenue Analyst

Statewide media outlets have recently reported on payment issues that State Employee Group Insurance Program (SEGIP) vendors and providers are facing. The State, with a multi-billion dollar budget deficit, has been forced to delay payments because cash flow into the SEGIP is not sufficient. According to the Governor's FY 2010 Allocation Plan, there is a \$600 million shortfall remaining in SEGIP funding.

Currently, the average payment for a Quality Care Health Plan (QCHP) claim is averaging 209 days. As of October 19, 2009, the total amount of QCHP claims being held by CIGNA is \$335 million. HMO providers are also seeing their payments being delayed. HFS has increased the amount of time it will take to make payments to HMO providers by 3 ½ months. The value of what is currently being held for managed care providers is \$103.6 million. HFS does believe that their cash management plan will allow for payments to all managed care through the remainder of FY 2010. However, the level of cash resources will necessitate a 3 ½ month delay in payment.

A secondary affect of the inability to pay vendors and providers in a timely fashion, is that the State must pay timely interest on late payments. Based upon the value of current and future payment delays to HMO providers, the projected amount of interest that will be paid to HMO's is \$10.5 million. Likewise, HFS estimates that \$18.1 million in late payment interest will be paid due to the CIGNA claims hold for the QCHP. Overall, the State will pay a total of \$28.6 million in interest charges.

There are currently an estimated 346,518 employees, dependents, and retirees in the SEGIP. Of that estimated total, 225,221 or 65% are enrolled in one of the State's eight managed care plans. The remaining 121,297 are insured under the Quality Care Health Plan.

It is unclear how this will affect State employees when they visit their physician, or other health care professionals. HFS states that the agency is not aware of any instances of employees being denied service.

PENSIONS

CGFA staff recently asked Louis Kosiba, Executive Director of the Illinois Municipal Retirement Fund (IMRF), to provide a commentary on the fund's investment performance since the 2008 market downturn. What follows below is a letter that Mr. Kosiba recently wrote to IMRF members summarizing the fund's investment experience since March of 2009:

IMRF RETIREE FUNDAMENTALS WHAT A DIFFERENCE A YEAR MAKES

In September 2008, the floor fell out from under the U.S. financial markets. We saw the closure of some well-known industry giants like Lehman Brothers; the collapse of the stock and bond markets; a steep drop in spending by consumers; and the beginning of steady increases in unemployment.

Today, the worst seems behind us (although unemployment continues to rise). The low point in the financial markets was March 9, 2009. Three of the last four columns I wrote to you focused on the security and sustainability of IMRF. I was optimistic that after the markets reached the bottom, there would be a solid rebound and that IMRF assets would receive a major lift. I did not know when that would happen or how large the rebound would be.

IMRF started this cycle with \$24 billion on January 1, 2008. By January 1, 2009, IMRF assets stood at \$18 billion. On March 9, 2009, assets totaled a little under \$16 billion.

By our latest count, assets exceed \$21 billion. Year to date returns are nearly 21%. We have gained over \$4 billion since March.

It will not be a smooth road to recovery for the U.S. economy or the IMRF portfolio. However, the basics are there for solid growth on both fronts.

IMRF employer contribution rates will be increasing next year. They will help offset some of the losses. These investment returns will hold down future employer rate increases. As a result of the consistent funding by employers, IMRF's diversified portfolio and our long-term view of investing; we can protect and ensure your financial security.

Knowing what has happened financially to friends and family during this severe recession, I hope you can take some solace in knowing IMRF and IMRF employers are working to guarantee your financial security.

Highlights of the State Employees' Retirement System's FY 2009 Actuarial Valuation
Mallory Morton, Pension Analyst

The State Employees' Retirement System Board of Trustees met on October 19th, 2009, to review the results of the system's FY 2009 actuarial valuation. The table below summarizes the key results from the FY 2009 valuation in comparison to the FY 2008 report. As shown in the chart below, the valuation shows two asset values for FY 2009: fair value and actuarial value. This is because of the enactment of P.A. 96-0043. Pursuant to the Act, the State-funded systems will recognize any unexpected investment gains or losses over a five-year period rather than recognizing them all at once. This change, known as "asset smoothing," has been adopted by virtually all of the Chicago and Cook County pension funds, including the CTA pension fund. Because asset smoothing will produce

an artificially higher asset level in FY 2009, the required FY 2011 state contribution to the systems pursuant to the current pension funding law will be lower than it would otherwise be had P.A. 96-0043 not been enacted. P.A. 96-0043 did not change the ultimate funding target of the 1995 funding law; the State is still required to reach a 90% funding ratio by FY 2045.

Commission staff will provide both market and actuarial asset values for all five State systems combined in a future briefing after all of the State systems have submitted their FY 2009 valuations. This information will also be contained in the Report on the Financial Condition of the State Retirement Systems, which will be published in early 2010.

State Employees' Retirement System Comparison of Key Results FY 2009 Actuarial Valuation		
	June 30, 2009	June 30, 2008
1. Number of Active Members	65,599	66,237
2. Accrued Actuarial Liability	\$25,298,346,092	\$23,841,280,102
3. Fair Value of Assets (FVA)	\$8,565,739,117	\$10,995,366,485
4. Unfunded Accrued Actuarial Liability based on FVA	\$16,732,606,975	\$12,845,913,617
5. Funded Ratio based on FVA	33.9%	46.1%
6. Actuarial Value of Assets (AVA)	\$10,999,953,527	\$10,995,366,485
7. Unfunded Accrued Actuarial Liability based on AVA	\$14,298,392,565	\$12,845,913,617
8. Funded Ratio based on AVA	43.5%	46.1%

The actual rate of return on the fair value of assets for the first fiscal year ended June 30, 2009, is -19.56 percent.