Commission on Government Forecasting and Accountability

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ECONOMY: Happy Holidays for Retailers?

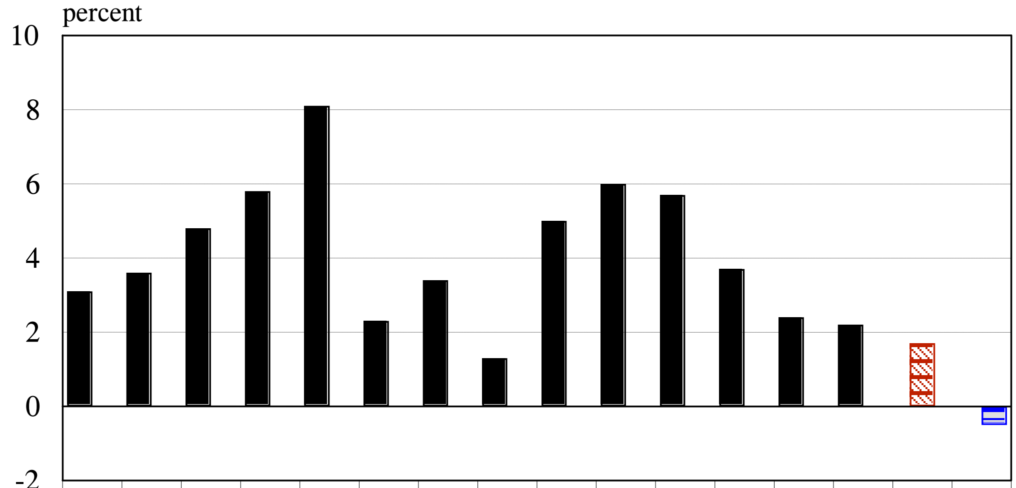
Edward H. Boss, Jr., Chief Economist

There can be little doubt that we are in the midst of one of the most important times of the year, holiday shopping. With it widely accepted that the U.S. economy is in recession and with consumer spending generally accounting for two-thirds of total spending in the economy, there is fear that weak holiday spending would signal that the economic downturn is deepening. The dismal outlook was not helped by the late November Commerce Department report that consumer spending plunged by 1% in October, worse than expected and the sharpest drop in seven years. Even taking out falling gasoline and energy prices, adjusting for price changes, spending fell for the fifth consecutive month, the longest period of decline since the 1990-91 recession. This report followed the government's preliminary release of gross domestic product that showed that inflation-adjusted GDP declined at a 0.5% rate in the July-September period, deeper than originally reported.

Holiday retail sales excluding auto, gasoline, and restaurants, account for about 20% of industry sales for the entire year. In turn, many analysts turn to Black Friday, the Friday after Thanksgiving, for a clue, although it is not always the best indicator for the holiday season performance. According to Shoppertrak, the holiday season got off to an okay, but not spectacular, start on Black Friday with sales up a steady 3% compared to 8% a year earlier. Things improved for the entire holiday weekend according to the National Retail Federation with shoppers spending 7.2% more per person than last year and more than 172 million shoppers visited stores and websites, up from 147 million last year. Retailers generally do about 10% of their holiday sales during the three-day-weekend starting with Black Friday. The concept behind Black Friday is that this is the day in which retail stores have enough sales to put them "in the black" for the

CHART 1

HOLIDAY RETAIL INDUSTRY SALES



	95	96	97	98	99	'00	'01	'02	'03	'04	'05	'06	'07	'08		
Nat'l Retail	3.1	3.6	4.8	5.8	8.1	2.3	3.4	1.3	5	6	5.7	3.7	2.4	2.2		
ICSC															1.7	
Wachovia																-0.5

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year – a term that alludes to the practice of recording losses in red and profits in black. While discounts were greater earlier this shopping season than in previous ones and traffic was heavy, few think this will result in strong holiday sales yet alone profits. Indeed, even before the season began, many store closings were being announced.

Chart 1 shows various forecasts of retail sales expectations for 2008. The National Retail Federation (NRF) in its late September report forecast sales to rise by 2.2%. The NRF is the world's largest retail trade association with membership that comprises all retail formats including department, specialty, discount, catalog, Internet, independent stores, chain restaurants, drug and grocery stores representing 1.6 million retail establishments. The forecast gain would be the smallest since 2002 and well below the 10-year average of 4.4%. It is important to note that despite an encouraging start this year, the NRF did not alter its sales forecast. Even smaller holiday sales gains are anticipated by the International Council of Shopping Centers (ICSC) where sales in November and December are forecast to rise by 1.7%. Wachovia Economics Group who sees holiday sales falling for the first time on record since data became available on a comparable basis in 1992, forecast even weaker sales, with a decline of between 0 and 2%, with their best estimate being a decline of 0.5%.

Despite encouraging sales reports for the Black Friday holiday weekend, Shoppertrak warns that there is no guarantee deep discounts will continue after the weekend that could slow spending. In addition, most observers agree that the economy is in the midst of the worst recession at least since 1981-82, a weak employment situation with the likelihood of even more job losses reported out for November this coming Friday, and an ongoing credit crunch, all factors likely to depress sales. Moreover, because of the late date of Thanksgiving, consumers have just 27 days to shop this year as opposed to 32 days last year. About the only positive is the respite in the stock market decline in the last few days of November and the sharp fall in gasoline prices, although these may be too little too late to offset the negatives.

While it is far too early to judge the final outcome of holiday sales for 2008, there appear to be more negative than positive forces at work. As a result, forecasts toward the lower end of the forecast range, including prospects for an actual decline from last year, seem likely.

INDICATORS OF ILLINOIS ECONOMIC ACTIVITY

INDICATORS	OCT. 2008	SEPT. 2008	OCT. 2007
Unemployment Rate (Average)	7.3%	6.9%	5.3%
Annual Rate of Inflation (Chicago)	-11.7%	-2.8%	3.2%

	LATEST MONTH	% CHANGE OVER PRIOR MONTH	% CHANGE OVER A YEAR AGO
Civilian Labor Force (thousands) (October)	6,642	-1.0%	-1.3%
Employment (thousands) (October)	6,160	-1.4%	-3.3%
New Car & Truck Registration (October)	43,992	-5.3%	-26.4%
Single Family Housing Permits (October)	1,017	-12.5%	-52.7%
Total Exports ($ mil) (September)	4,828	1.9%	17.1%
Chicago Purchasing Managers Index (November)	33.8	-12.7%	-36.1%

REVENUE
November Revenues Fall Due to Fewer Processing Days and Continued Weak Federal Sources

Jim Muschinske, Revenue Manager

November revenues fell $344 million as lower reimbursable spending caused federal sources to drop $106 million. In addition, three fewer receipting days this month in comparison to last year likely contributed to significant declines in personal income tax and sales tax. Monthly processing days often vary from year to year, although usually by only one or two days. It is very unusual for a month to gain/lose three days. Next month will benefit by having two extra receipting days.

Gross personal income tax receipts suffered the largest declines as revenues were down $141 million, or $126 million net of refunds. Again, part of that decline is attributed to fewer processing days. Similarly, sales tax also experienced negative returns in November as receipts fell $50 million. Inheritance tax dropped $46 million in large part due to last year's unusually large November. Interest income continued to fall, off $18 million, other sources lost $12 million, insurance taxes were down $10 million, public utility eased $4 million, and the Cook County IGT dipped $3 million.

While overall receipts fell for the month, a few sources managed to post gains in November. Gross corporate income tax grew $50 million, or $41 million net of refunds. The increase was due to last year's computer system conversion at the Department of Revenue. Last year, virtually no corporate income tax was receipted in November due to the conversion, but was subsequently made up last December. Corporate franchise taxes managed to grow $8 million, while liquor taxes eked out a $1 million gain.

Overall transfers fell $19 million in November. Riverboat transfers continued their disappointing performance falling $15 million, while other transfers dipped $4 million. Lottery transfers were flat for the month. Federal sources were down again for the month, falling $106 million.

Year to Date

Through November, overall base revenues are down $751 million. The majority of the decline is attributed to $402 million less from federal sources, as well as $197 million less from transfers. Throughout the first part of the fiscal year, the Commission has repeatedly raised concerns regarding revenue. Not only will items such as increased refund percentages, lower miscellaneous transfers, and lack of federal source growth, serve to hamper revenue performance—but the combined impact of those items with an economy officially in recession, spells serious budgetary problems.

To date, gross personal income tax is down $42 million, or $38 million net of refunds. While part of the significant falloff in November receipts can be explained by fewer receipt processing days, it still reinforces the fragile state of the State's largest general funds revenue source. With the employment picture far from bottom, expect the bad news to continue into the second half of the fiscal year and beyond. Sales tax is down $12 million year to date, and continues to reflect lackluster performance amid troubling auto sales and consumer sentiment. While gross corporate income tax is up $57 million, or $47 million net of refunds, the comparative gain is primarily the result of last year's system conversion at the Department of Revenue. Absent that change, the rate of growth likely would be minimal, with the specter of significant declines lurking during the second half of the fiscal year.

Not surprisingly, interest income has suffered greatly as the result of much lower rates of return as well as investable balances, with returns down $72 million. A $59 million falloff from inheritance tax also has contributed to the year to date decline. A number of other sources have faired poorly and have posted losses over the first five months totaling another $44 million.

Other than the aforementioned gains from corporate income tax, the only other tax sources experiencing any growth come from public utility taxes—up $24 million, and a $2 million gain from liquor taxes.

Through November, overall transfers continue to lag last year's levels. Other transfers are off $102 million, gaming transfers down by $80 million, and lottery transfers by $15 million. Federal reimbursements continue to fall well behind last year's pace, off $402 million, although they would accelerate rapidly if a short-term borrowing plan were enacted similar to those undertaken in past fiscal years.

GENERAL FUNDS RECEIPTS: NOVEMBER

FY 2009 vs. FY 2008
($ million)

Revenue Sources	**Nov. FY 2009**	**Nov. FY 2008**	**$ CHANGE**	**% CHANGE**
State Taxes				
Personal Income Tax	$581	$722	($141)	-19.5%
Corporate Income Tax (regular)	50	0	$50	N/A
Sales Taxes	543	593	($50)	-8.4%
Public Utility Taxes (regular)	74	78	($4)	-5.1%
Cigarette Tax	29	29	$0	0.0%
Liquor Gallonage Taxes	15	14	$1	7.1%
Vehicle Use Tax	2	2	$0	0.0%
Inheritance Tax (Gross)	20	66	($46)	-69.7%
Insurance Taxes and Fees	0	10	($10)	-100.0%
Corporate Franchise Tax & Fees	24	16	$8	50.0%
Interest on State Funds & Investments	7	25	($18)	-72.0%
Cook County IGT	53	56	($3)	-5.4%
Other Sources	23	35	($12)	-34.3%
Subtotal	$1,421	$1,646	($225)	-13.7%
Transfers				
Lottery	45	45	$0	0.0%
Riverboat transfers & receipts	45	60	($15)	-25.0%
Other	10	14	($4)	-28.6%
Total State Sources	$1,521	$1,765	($244)	-13.8%
Federal Sources	$145	$251	($106)	-42.2%
Total Federal & State Sources	$1,666	$2,016	($350)	-17.4%
Nongeneral Funds Distribution:				
Refund Fund				
Personal Income Tax	($56)	($71)	$15	-21.1%
Corporate Income Tax	($9)	0	($9)	N/A
Subtotal General Funds	$1,601	$1,945	($344)	-17.7%
Short-Term Borrowing	$0	$0	$0	N/A
Hopital Provider Fund (cash flow transfer)	$0	$0	$0	N/A
Budget Stabilization Fund Transfer	$0	$0	$0	N/A
Total General Funds	$1,601	$1,945	($344)	-17.7%

CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding 1-Dec-08

GENERAL FUNDS RECEIPTS: YEAR TO DATE

FY 2009 vs. FY 2008

($ million)

Revenue Sources	FY 2009	FY 2008	CHANGE FROM FY 2008	% CHANGE
State Taxes				
Personal Income Tax	$3,716	$3,758	($42)	-1.1%
Corporate Income Tax (regular)	512	455	$57	12.5%
Sales Taxes	3,000	3,012	($12)	-0.4%
Public Utility Taxes (regular)	453	429	$24	5.6%
Cigarette Tax	146	146	$0	0.0%
Liquor Gallonage Taxes	70	68	$2	2.9%
Vehicle Use Tax	13	15	($2)	-13.3%
Inheritance Tax (Gross)	112	171	($59)	-34.5%
Insurance Taxes and Fees	82	93	($11)	-11.8%
Corporate Franchise Tax & Fees	91	101	($10)	-9.9%
Interest on State Funds & Investments	31	103	($72)	-69.9%
Cook County IGT	65	71	($6)	-8.5%
Other Sources	155	170	($15)	-8.8%
Subtotal	$8,446	$8,592	($146)	-1.7%
Transfers				
Lottery	233	248	($15)	-6.0%
Riverboat transfers & receipts	230	310	($80)	-25.8%
Other	158	260	($102)	-39.2%
Total State Sources	$9,067	$9,410	($343)	-3.6%
Federal Sources	$1,732	$2,134	($402)	-18.8%
Total Federal & State Sources	$10,799	$11,544	($745)	-6.5%
Nongeneral Funds Distribution:				
Refund Fund				
Personal Income Tax	($362)	($366)	$4	-1.1%
Corporate Income Tax	($90)	($80)	($10)	12.5%
Subtotal General Funds	$10,347	$11,098	($751)	-6.8%
Short-Term Borrowing	$0	$1,200	($1,200)	N/A
Hospital Provider Fund (cash flow transfer)	$0	$300	($300)	N/A
Budget Stabilization Fund Transfer	$276	$276	$0	0.0%
Total General Funds	$10,623	$12,874	($2,251)	-17.5%

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

CGFA 1-Dec-08

FY 2009 Economic and Revenue Update

On November 19, 2008, the Commission met to discuss the economy as well as the revenue outlook. The following section provides some highlights of the revenue picture. For a copy of the full presentation, please see the Commission's website.

The table on the following page shows the Commission's updated forecast of FY 2009 revenues. Overall base revenues are estimated to be $29.109 billion, a decrease of $550 million or 1.9% from the previous year. The projections are based upon a significant slowing of receipts from the economically related sources as the recession begins to manifest in reduced tax collections.

While the FY 2009 budget was implemented with the hopes of recording $792 million in actual growth—actual performance through the first part of the year, coupled with a worsening outlook for the remainder of the fiscal year, point to revenues falling well short of those expectations. Noteworthy items include:

- In terms of personal income tax, a continued worsening of the employment picture will impact withholding taxes going forward, while final and estimated payments are expected to suffer as non-wage income has plummeted.
- Corporate income tax, often more responsive to changing trends, is expected to dive in the second half of the fiscal year due to a myriad of problems related to corporate profits and an unfavorable business climate.
- Sales taxes are expected to falter reflecting low consumer confidence, horrendous auto sales, and a weak holiday season.
- Interest earnings have been steadily eroding with no hope of any near-term turnaround.
- Riverboat transfers are expected to suffer large losses in the coming months and, due to the graduated tax structure, will have no opportunity to reverse those trends in the second half.
- While the estimate includes $435 million for sale of the 10^{th} license, this merely reflects the highest bid amount of the current auction process. Final negotiations are still ongoing and could change these numbers significantly. Although based on other bids, it would appear unlikely that figure will be exceeded.

It would be unrealistic to believe the State will be immune from the impact of the current recession. By most estimates, we are only now entering the most difficult period, meaning a slowdown is looming, and revenues are in the crosshairs.

CGFA ESTIMATE FY 2009 vs. ACTUAL FY 2008 (millions)				
Revenue Sources	**CGFA FY 2009 Estimate Nov-08**	**Actual FY 2008**	**$ Difference**	**% Difference**
State Taxes				
Personal Income Tax	$11,200	$11,187	$13	0.1%
Corporate Income Tax	$2,000	$2,201	($201)	-9.1%
Sales Taxes	$7,115	$7,215	($100)	-1.4%
Public Utility (regular)	$1,200	$1,157	$43	3.7%
Cigarette Tax	$350	$350	$0	0.0%
Liquor Gallonage Taxes	$160	$158	$2	1.3%
Vehicle Use Tax	$32	$32	$0	0.0%
Inheritance Tax (gross)	$331	$373	($42)	-11.3%
Insurance Taxes & Fees	$315	$298	$17	5.7%
Corporate Franchise Tax & Fees	$205	$225	($20)	-8.9%
Interest on State Funds & Investments	$75	$212	($137)	-64.6%
Cook County Intergovernmental Transfer	$256	$302	($46)	-15.2%
Other Sources	$434	$442	($8)	-1.8%
Subtotal	**$23,673**	**$24,152**	**($479)**	**-2.0%**
Transfers				
Lottery	$630	$657	($27)	-4.1%
Riverboat Transfers & Receipts	$465	$564	($99)	-17.6%
Sale of 10th Riverboat License [approx.]	$435	$0	$435	N/A
Other	$554	$679	($125)	-18.4%
Total State Sources	**$25,757**	**$26,052**	**($295)**	**-1.1%**
Federal Sources	**$4,794**	**$4,815**	**($21)**	**-0.4%**
Total Federal & State Sources	**$30,551**	**$30,867**	**($316)**	**-1.0%**
Nongeneral Funds Distribution:				
Refund Fund*				
Personal Income Tax	($1,092)	($867)	($225)	26.0%
Corporate Income Tax	($350)	($341)	($9)	2.6%
Subtotal General Funds	**$29,109**	**$29,659**	**($550)**	**-1.9%**
Change from Prior Year Estimate	**($550)**	**$1,019**	**($1,569)**	**-154.0%**
Percent Change	**-1.9%**	**3.6%**		**0.0%**
Short-Term Borrowing	$0	$2,400	($2,400)	N/A
Hospital Provider Fund (cash flow transfer)	$0	$1,503	($1,503)	N/A
Budget Stabilization Fund Transfer	$276	$276	$0	0.0%
Total General Funds	$29,385	$33,838	($4,453)	-13.2%

*The FY 2009 estimate based on refund percentages at 9.75% for PIT and 17.5% for CIT.

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REVENUE SHORTFALL:
CGFA's FY 2009 Estimate vs. Budgeted Expectations

Unofficially, the FY 2009 budget was based upon revenues of $30.451 billion. As shown in the accompanying table, CGFA's estimate of $29.109 billion is $1.342 billion less than those budgeted figures. In recent weeks, the Department of Revenue has indicated that receipts from income and sales taxes could fall $800 million to $1 billion short of budgeted amounts. CGFA's latest estimate falls within that framework, as net personal, net corporate, and sales taxes comprise $828 million of the expected revenue shortfall. However, in addition to those items:

- Interest income, due to much lower rates of return as well as investable balances is expected to continue to free fall and end the year $105 million under budgeted projections.
- Riverboat transfers continue to suffer significant losses and should end the year approximately $177 million below budget estimates.
- The sale of the 10th license was hoped to bring in $575 million, however, the current highest bid was $140 million less than that amount. While the bidding process is still ongoing, it would appear unlikely that the budgeted figure will be reached.
- Other transfers will fall $124 million shy of budgeted amounts. It was never clear how the GOMB expected to reach their transfer estimate. The Commission's estimate even includes $80 million for one-year of the yet to be federally approved hospital assessment program.

All told, when the falloff in the most closely tied economic sources are combined with expected shortfalls in the other above lines, the total revenue shortfall climbs to $1.342 billion. Unfortunately, as recent history has taught us, improvement will not occur overnight, in fact, the effect of this recession will be felt for some time—with the worst perhaps to come in FY 2010.

CGFA vs. Unofficial FY 2009 Budget (per GOMB)
(millions)

Revenue Sources	CGFA FY 2009 Estimate Nov-08	Unofficial FY 2009 Budget Assumptions Estimate Aug-08	$ Difference	% Difference
State Taxes				
Personal Income Tax	$11,200	$11,559	($359)	-3.1%
Corporate Income Tax	$2,000	$2,348	($348)	-14.8%
Sales Taxes	$7,115	$7,332	($217)	-3.0%
Public Utility (regular)	$1,200	$1,110	$90	8.1%
Cigarette Tax	$350	$350	$0	0.0%
Liquor Gallonage Taxes	$160	$161	($1)	-0.6%
Vehicle Use Tax	$32	$31	$1	3.2%
Inheritance Tax (gross)	$331	$275	$56	20.4%
Insurance Taxes & Fees	$315	$325	($10)	-3.1%
Corporate Franchise Tax & Fees	$205	$205	$0	0.0%
Interest on State Funds & Investments	$75	$180	($105)	-58.3%
Cook County Intergovernmental Transfer	$256	$256	$0	0.0%
Other Sources	$434	$504	($70)	-13.9%
Subtotal	**$23,673**	**$24,636**	**($963)**	**-3.9%**
Transfers				
Lottery	$630	$664	($34)	-5.1%
Riverboat Transfers & Receipts	$465	$642	($177)	-27.6%
Sale of 10th Riverboat License [approx.]	$435	$575	($140)	N/A
Other	$554	$678	($124)	-18.3%
Total State Sources	**$25,757**	**$27,195**	**($1,438)**	**-5.3%**
Federal Sources	**$4,794**	**$4,794**	**$0**	**0.0%**
Total Federal & State Sources	**$30,551**	**$31,989**	**($1,438)**	**-4.5%**
Nongeneral Funds Distribution:				
Refund Fund*				
Personal Income Tax	($1,092)	($1,127)	$35	-3.1%
Corporate Income Tax	($350)	($411)	$61	-14.8%
Subtotal General Funds	**$29,109**	**$30,451**	**($1,342)**	**-4.4%**
Change from Prior Year	**($550)**	**$792**	**($1,342)**	**-169.4%**
Percent Change	**-1.9%**	**2.7%**		**0.0%**
Short-Term Borrowing	$0	$0	$0	N/A
Hospital Provider Fund (cash flow transfer)	$0	$0	$0	N/A
Budget Stabilization Fund Transfer	$276	$276	$0	0.0%
Total General Funds	$29,385	$30,727	($1,342)	-4.4%

*The FY 2009 estimate based on refund percentages at 9.75% for PIT and 17.5% for CIT.

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Looking Ahead to FY 2010
Keep Your Seatbelts Buckled – It's Going to Stay Bumpy

Most economic forecasts are calling for a more severe recession than the last two experienced in 1990 and 2001, perhaps as deep as slowdowns experienced in the early 1970s and early 1980s. Recent history indicates that any slowing may manifest in severe consequences for State revenues.

- By most measures, the 2001 recession was considered quite shallow, both in terms of depth as well as duration. And yet, Illinois revenues suffered a record two consecutive years of actual declines, falling between 3.0% in FY 2002 and another 2.5% in FY 2003.
- During the 2001 recession, non-adjusted employment fell 37 consecutive months on a month vs. same month prior-year basis. This would indicate that even if the current recession were to end sometime in early to mid-2009, the lingering effects should drift well into FY 2010. In fact, gross personal income tax suffered year over year declines through FY 2003, well after the recovery phase had begun.
- Similarly, gross corporate income tax also suffered multiple years of declines, falling on average over 17% in FY 2001 and FY 2002, and a third year drop of 3.0% in FY 2003.
- Sales tax held up somewhat better during the last slowdown, experiencing only one year of decline with FY 2001 dropping 1.1%. However, it is uncertain if the consumer will be able to hold up as well this go around. Consumer confidence is at record lows, the upcoming holiday season is expected to be dismal, and new car sales have plummeted. This retrenchment of the consumer cannot be expected to turn around overnight.
- In addition, while a one-time influx of revenue related to the sale of the 10th riverboat license should occur sometime in FY 2009, little revenue from the actual operation of the license should be expected for quite some time. As a result, a significant year-over-year falloff will likely result.

Enough uncertainty exists to make estimating FY 2009 revenues difficult, extending that forecast horizon to FY 2010 compounds the challenge. However, based on recent history as well as most current views of the length and severity of this slowdown, there is little reason to expect an abrupt end to revenue difficulties.

PENSIONS

Financial Condition of the State Funded Pension Systems

Dan Hankiewicz, Pension Manager

Table 1 below shows the projected state pension contributions for FY 2010 and beyond based on the results of the retirement systems' respective June 30, 2008 actuarial valuations and FY 2010 certification amounts. The total FY 2010 contribution for all five systems will be $4,046.8 million. P.A. 88-593, commonly known as the "1995 funding law," requires that state contributions to the retirement systems must be made in order to achieve a 90% funded ratio by June 30, 2045. The Act stipulated that for fiscal years 2011 through 2045, the required state contribution will be calculated as a level percentage of payroll, following a 15-year phase-in, or "ramp," which began in FY 1996. If the FY 2010 contribution is made in accordance with the requirements of P.A. 88-0593, then FY 2010 will be the last year of the ramp. In FY 2011 and each fiscal year thereafter, contributions to the pension systems will be made as a level percentage of payroll, and the yearly increases will not be as drastic as in recent years.

It is worth noting that when commission staff released the 2008 Report on the Financial Condition of the State Retirement Systems in February, the actuaries for the five systems had projected a total FY 2010 contribution of $3,537.3 million (this projection was based on the June 30, 2007 actuarial valuations of the systems). This projection assumed an 8.5% return on investments in FY 2008. Hence, the total FY 2010 contribution will be approximately $510 million higher than originally assumed, due in large part to negative investment returns in FY 2008.

TABLE 1

STATE-FUNDED RETIREMENT SYSTEMS
Funding Projections Based on Laws in Effect on June 30, 2008
($ in millions)

Fiscal Year	TRS	SERS	SURS	JRS	GARS	TOTALS
2009	1,449.9	863.0	450.2	60.0	8.8	2,831.9
2010	**2,087.7**	**1,167.3**	**702.5**	**78.8**	**10.5**	**4,046.8**
2011	2,189.6	1,217.5	733.5	82.2	10.9	4,233.7
2012	2,267.1	1,265.3	760.4	85.5	11.3	4,389.6
2013	2,380.4	1,316.2	788.7	88.7	11.7	4,585.7
2014	2,494.3	1,362.7	818.8	91.7	12.2	4,779.7

Table 2 below outlines the financial condition of the State-funded retirement systems as of June 30, 2008. Commission staff is working on completing the 2009 Report on the Financial Condition of the State Retirement Systems, which will be made available in early 2009. The report will provide more detail as to future funding projections and the various actuarial gains and losses experienced by the five systems in FY 2008.

TABLE 2

State-Funded Retirement Systems
Financial Condition as of June 30, 2008
($ in Millions)

System	Accrued Liability	Assets	Unfunded Liability	Funded Ratio
TRS	$68,632.4	$38,430.7	$30,201.7	56.0%
SURS	$24,917.7	$14,586.3	$10,331.4	58.5%
SERS	$23,841.3	$10,995.4	$12,845.9	46.1%
JRS	$1,457.3	$612.7	$844.6	42.0%
GARS	$235.8	$75.4	$160.4	32.0%
Total	$119,084.5	$64,700.5	$54,384.0	54.3%