Presented to:

Senate Joint Appropriations Committee

Economic and Revenue Outlook

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CGFA Background & Responsibilities

- Bi-Partisan, joint legislative commission, provides the General Assembly with information relevant to the Illinois economy, taxes and other sources of revenue and debt obligations of the State.
- Preparation of annual revenue estimates with periodic updates;
- Analysis of the fiscal impact of revenue bills;
- Preparation of State Debt Impact Notes;
- Periodic assessment of capital facility plans;
- Annual estimates of the liabilities of the State's group health insurance program and approval of contract renewals promulgated by the Department of Central Management Services;
- Implement the provisions of the State Facility Closure Act;
- Annual estimates of public pension funding requirements and preparation of pension impact notes.

CHANGE IN REAL GDP

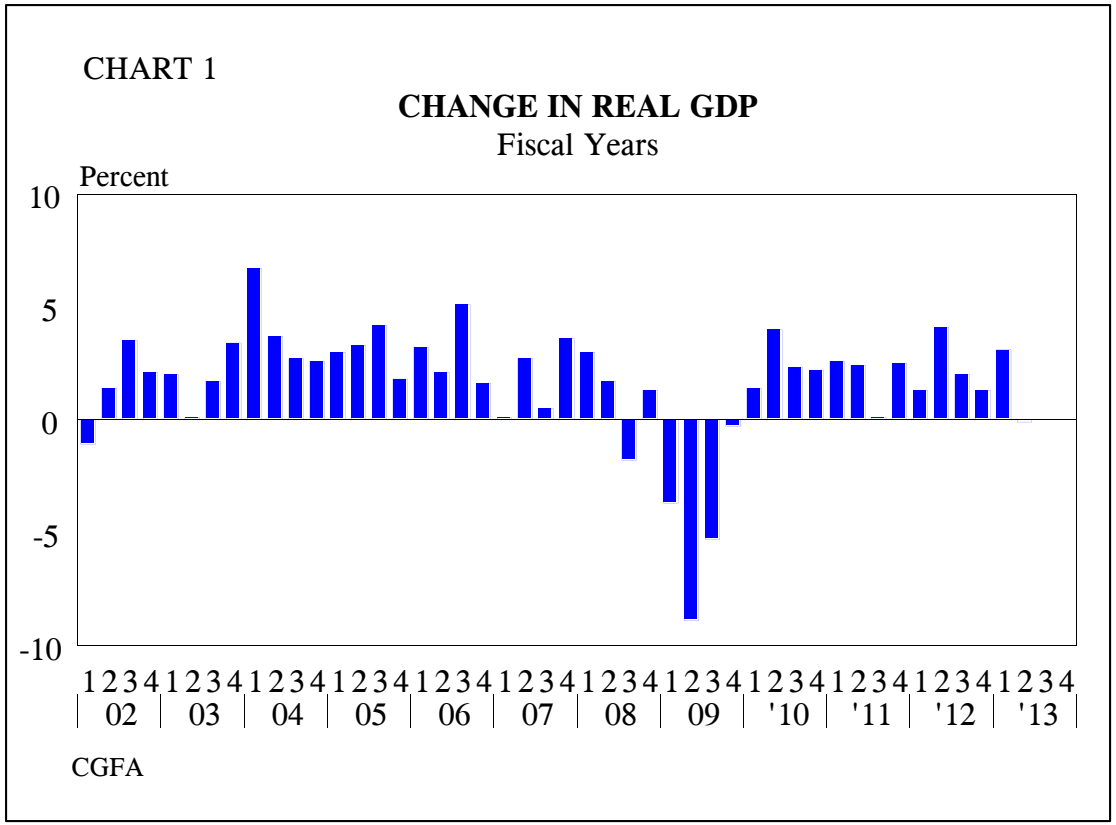
- As shown in the attached Chart 1, economic growth normally surges following a recession, and the deeper the recession in the past, the sharper has been the turnaround.

- This certainly was the case following the twin recessions in the early 1980s. A substantial, yet lesser, spurt in growth followed the mild 1990 recession as was true with the recovery from the mild recession in 2001.

- In contrast, following the recession that began at the end of 2007 and didn't end until June 2009, the recovery has exhibited the weakest growth in the post WWII era.

- GDP rose 2.4% in calendar 2010, 1.8% in 2011, 2.2% in 2012 with estimates it will rise 1.7% this year. In the latest quarter the advance report showed an actual dip of 0.1%.

- However, it takes sustained growth of 2.5% to 3% to make any dent in today's high unemployment rate.

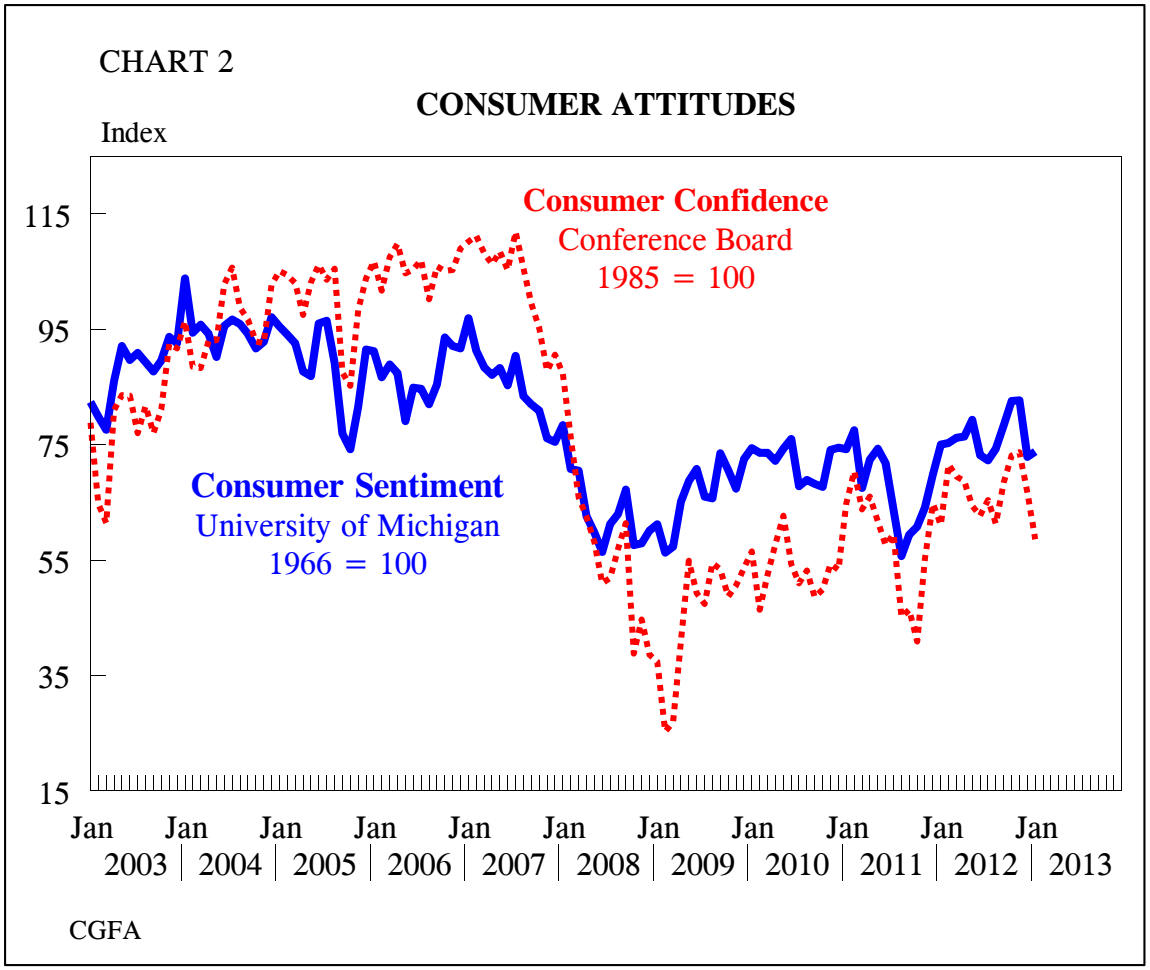


CONSUMER ATTITUDES

- The consumer sector, which generally accounts for two-thirds or more of total spending in the economy, has shown only modest improvement. Indeed, U.S. retail sales had declined for the third consecutive month by June before improving, although all-important holiday sales rose a modest 3%, about half that of the prior two years and the lowest since 2008.

- Chart 2 shows measures of consumer attitudes, which are signals as to their comfort level in increasing spending. Consumer attitudes as measured by either the University of Michigan's Consumer Sentiment Index or the Conference Board's Consumer Confidence Index had improved from the lows reached in early 2009 through spring, before losing substantial strength in the summer as a soft patch set in.

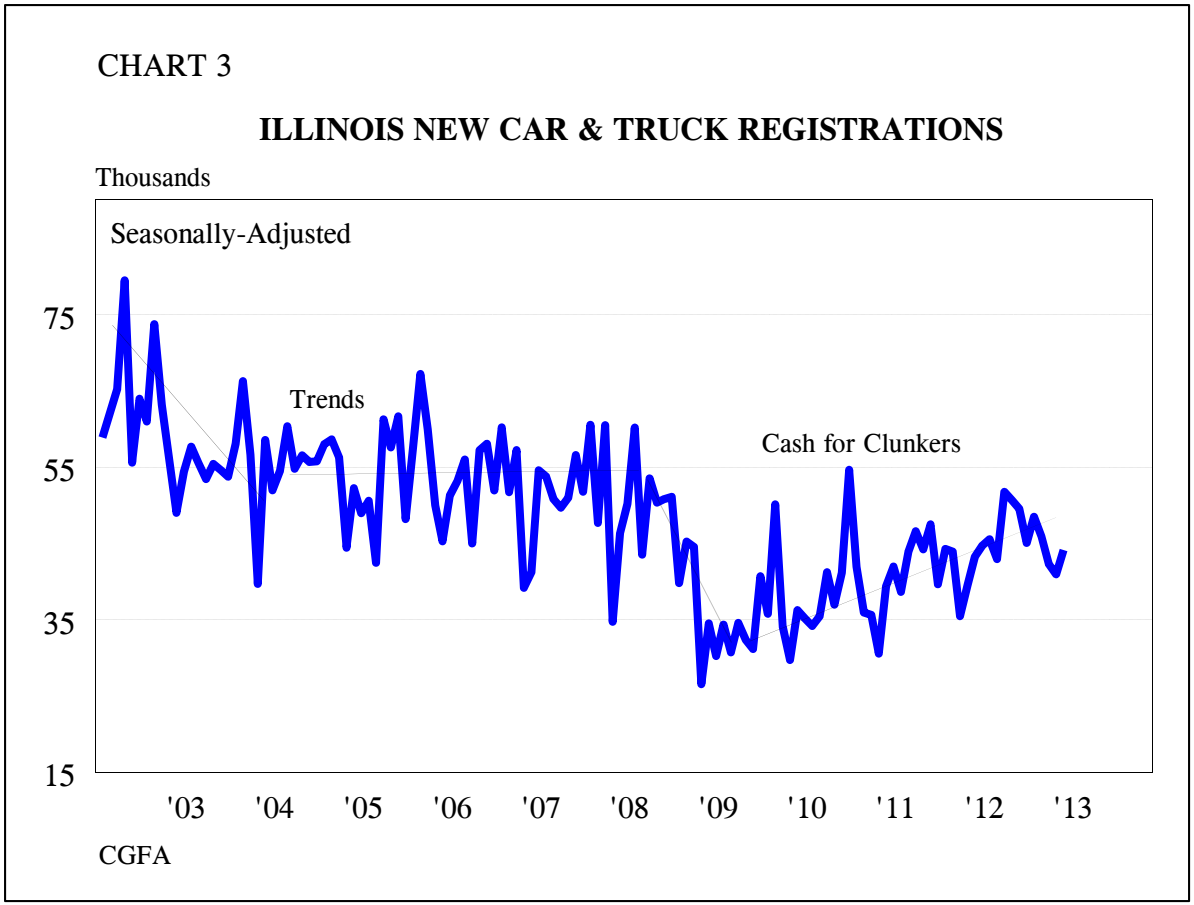
- Both the University of Michigan and Conference Board indices began to rise again, so that by March of last year they had recouped the ground lost during the previous summer's slump. However, confidences edged lower again back to the summer levels by the end of 2012 and dipped further in January this year.



ILLINOIS NEW VEHICLE SALES

- While retail sales have been lackluster, new vehicle sales have improved, as illustrated by car and truck registrations in Illinois in Chart 3. In part this reflects the aging of existing cars on the road, which has reached almost 11 years, the highest since 1995.

- Note, however, such programs as "cash for clunkers" did little to have a long lasting effect but rather fell off sharply after the program ended before eventually going back to trend.



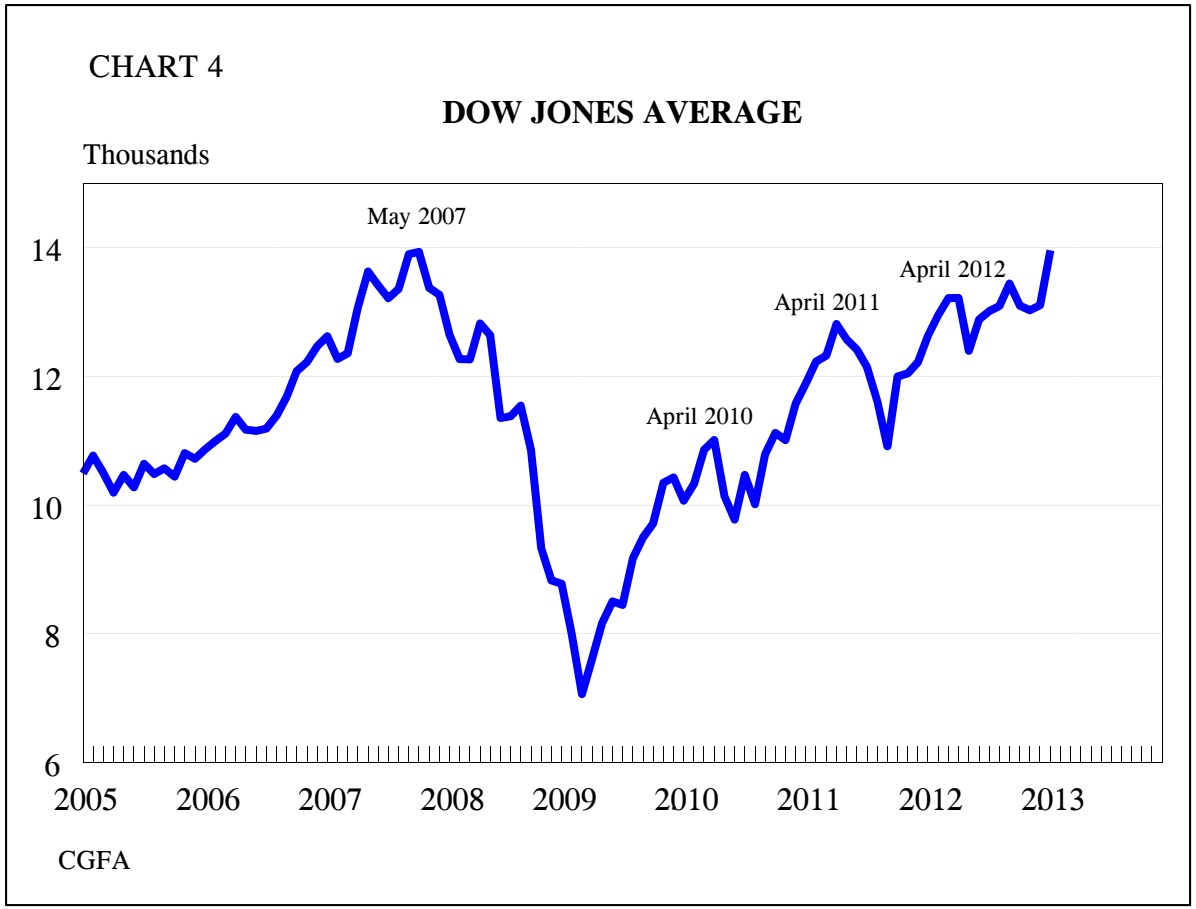
DOW JONES AVERAGE

- Despite a tepid consumer, there are some encouraging signs, and in areas that have not always been very supportive in recent years.

- In addition to improving auto sales, the stock market has been on an up trend bringing levels back to those seen prior to the past severe recession. This has restored values lost in many 401Ks during the severe market downturn.

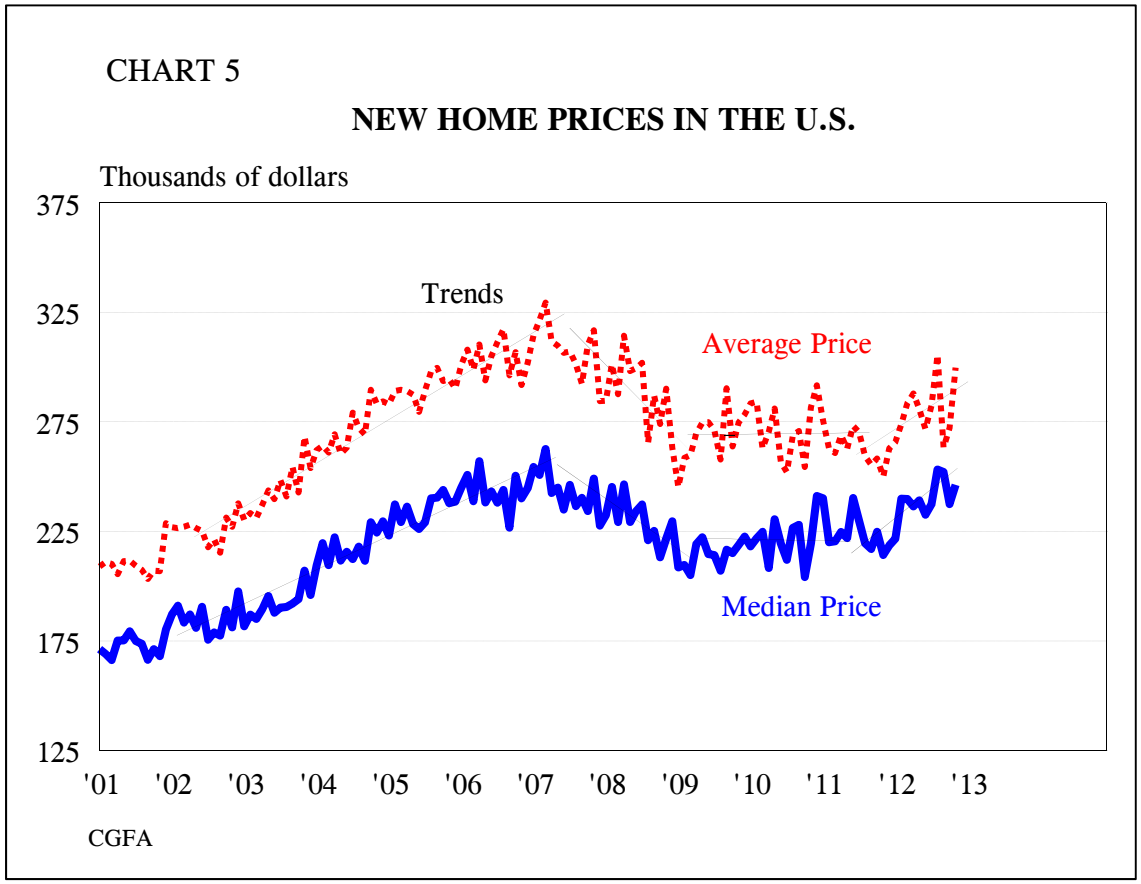
- Even so, as shown in Chart 4, the stock market has hit a soft patch in each of the past three years. In each case, however, the market resumed its upward path.

- Resurgence in the market late last year and in January has raised prices back to the highs reached in May 2007.



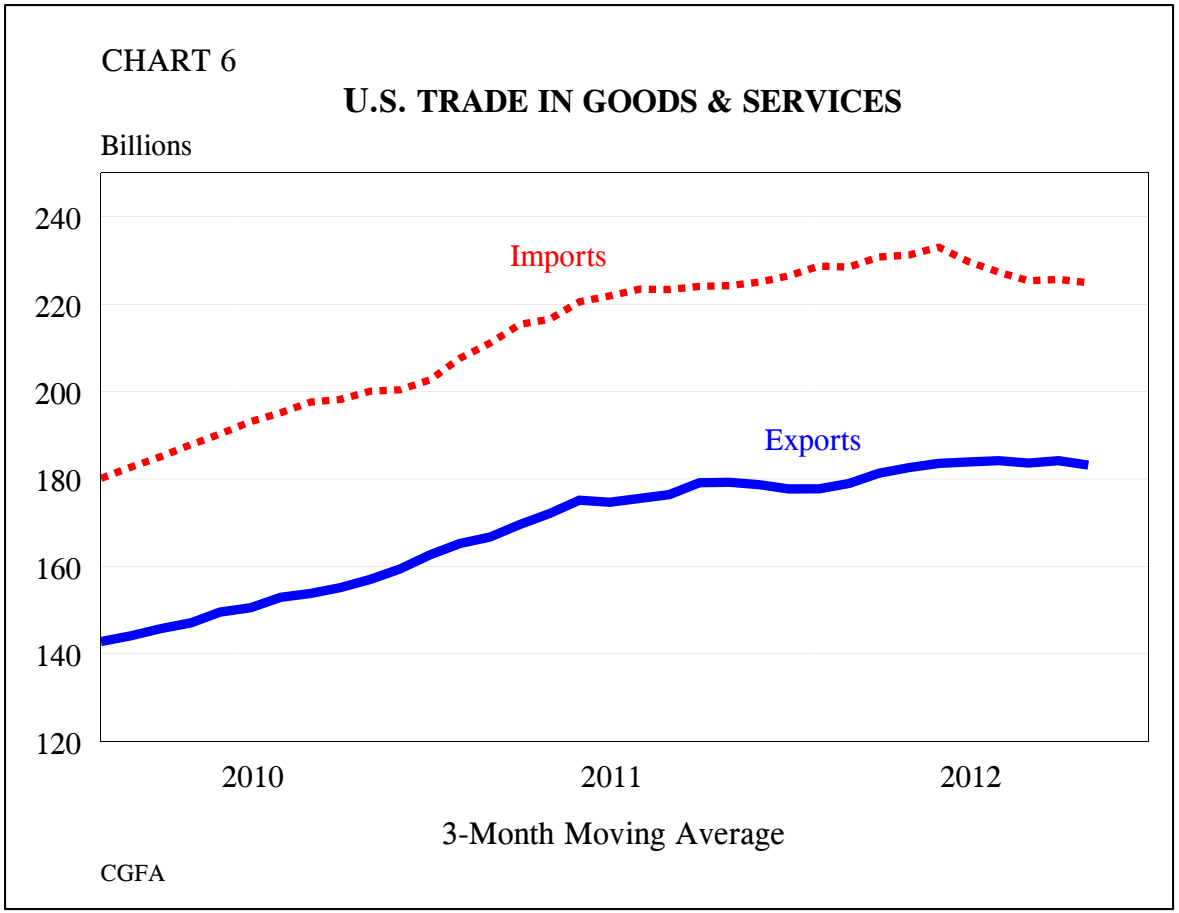
U.S. NEW HOME PRICES

- One of the major improving factors has been an end to the decline in home prices that occurred during the recession and continued well into the recovery.
- To most consumers the value of their home is the most important asset, and the sharp falloff in value, many to levels below what they owed, had depressed their attitudes.
- As shown in Chart 5, however, recent prices have been on the rise, ending the period of sharp declines, although varying by region.
- Many believed that a true recovery could not occur without contribution from the housing sector.



U.S. TRADE IN GOOD AND SERVICES

- Another favorable factor shows up in improvement in our balance of trade position as shown in Chart 6.
- Note that U.S. exports have held up despite much of Europe being in recession and slower growth in some emerging countries.
- At the same time our imports have edged lower despite continued growth in the U.S., albeit modest.
- Much of the reduction in imports reflects lessening dependence on oil as new methods of extraction have increased U.S. oil and gas production, derived in large part by hydrofracking on private lands.



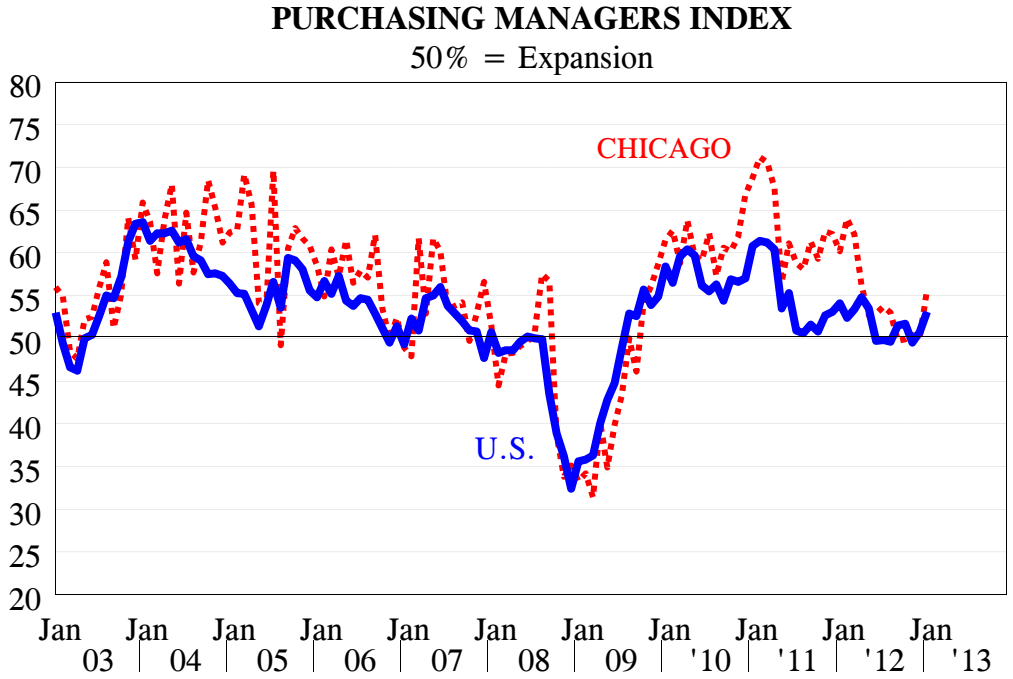
PURCHASING MANAGERS INDEX

- While the consumer accounts for the majority of spending in the economy and has been lethargic, business spending had been expanding for some time, helped in part by the continuing rise in corporate profits.

- There had been significant improvement in both the national and Chicago rate. As Chart 7 shows, the index of manufacturing has expanded (with more than 50% reporting that) for 34 consecutive months following a year of contraction.

- The strength of the index weakened the past three summers, reflecting soft patches the economy entered, but since last fall manufacturing had been trading around neutral, neither expanding nor contracting. However, data for January 2013 showed that both the national and Chicago numbers broke out from neutrality and rose to the highest levels since last spring

- At the same time, many companies are flush with funds so that once clarity on taxes, regulation, healthcare, etc. is determined, together with reduced energy prices; there is the potential for further expansion. Already manufacturing jobs have done better and, with the potential in time to have North America to become energy independent, manufacturing could strengthen substantially.



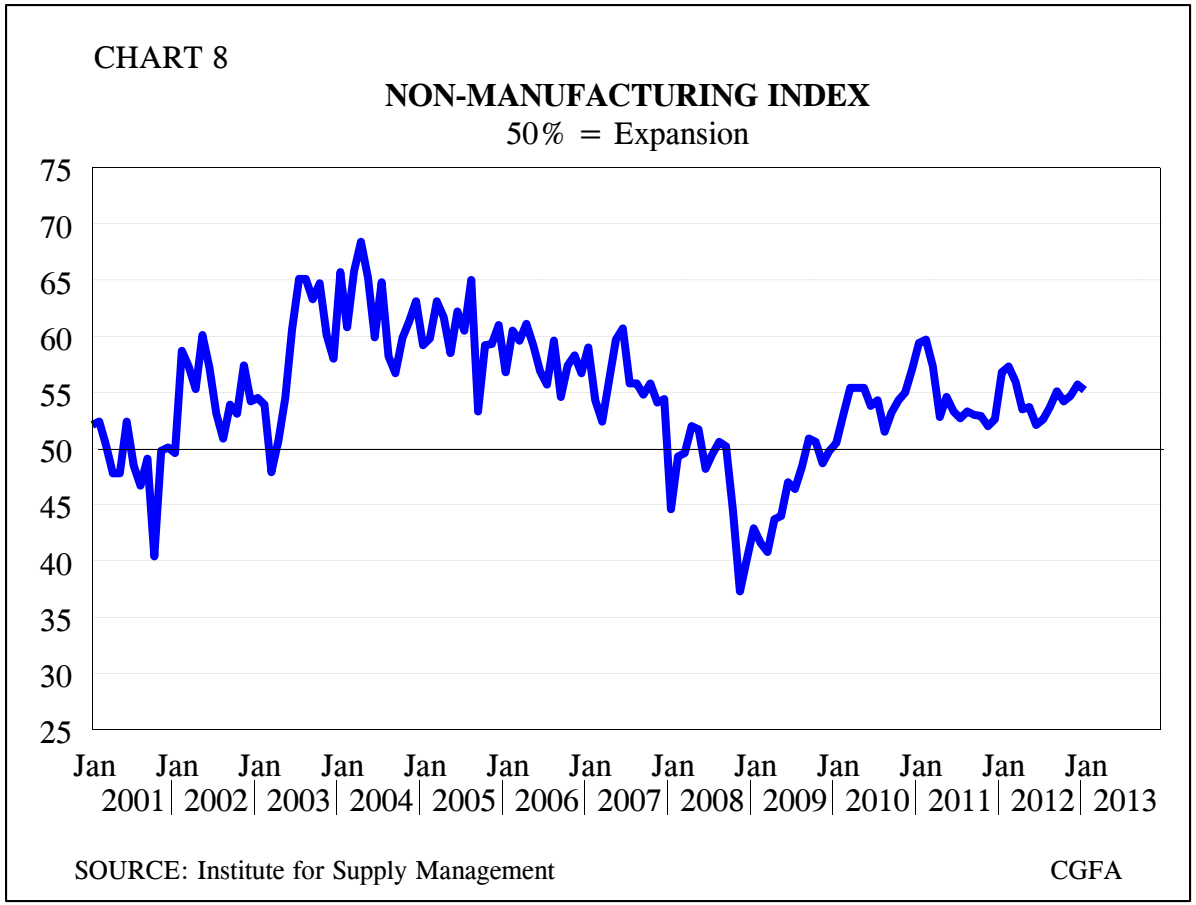
SOURCE: Institute for Supply Management CGFA

NON-MANUFACTURING INDEX

- A growing share of business has been in the non-manufacturing, or service sector. Chart 8 takes a look at this growing share of the economy.

- Economic activity in the non-manufacturing sector, which had declined for 11 straight months through October 2009, steadily worked its way back to neutral, or the 50% level, by January 2010. The index continued to expand erratically through February 2011.

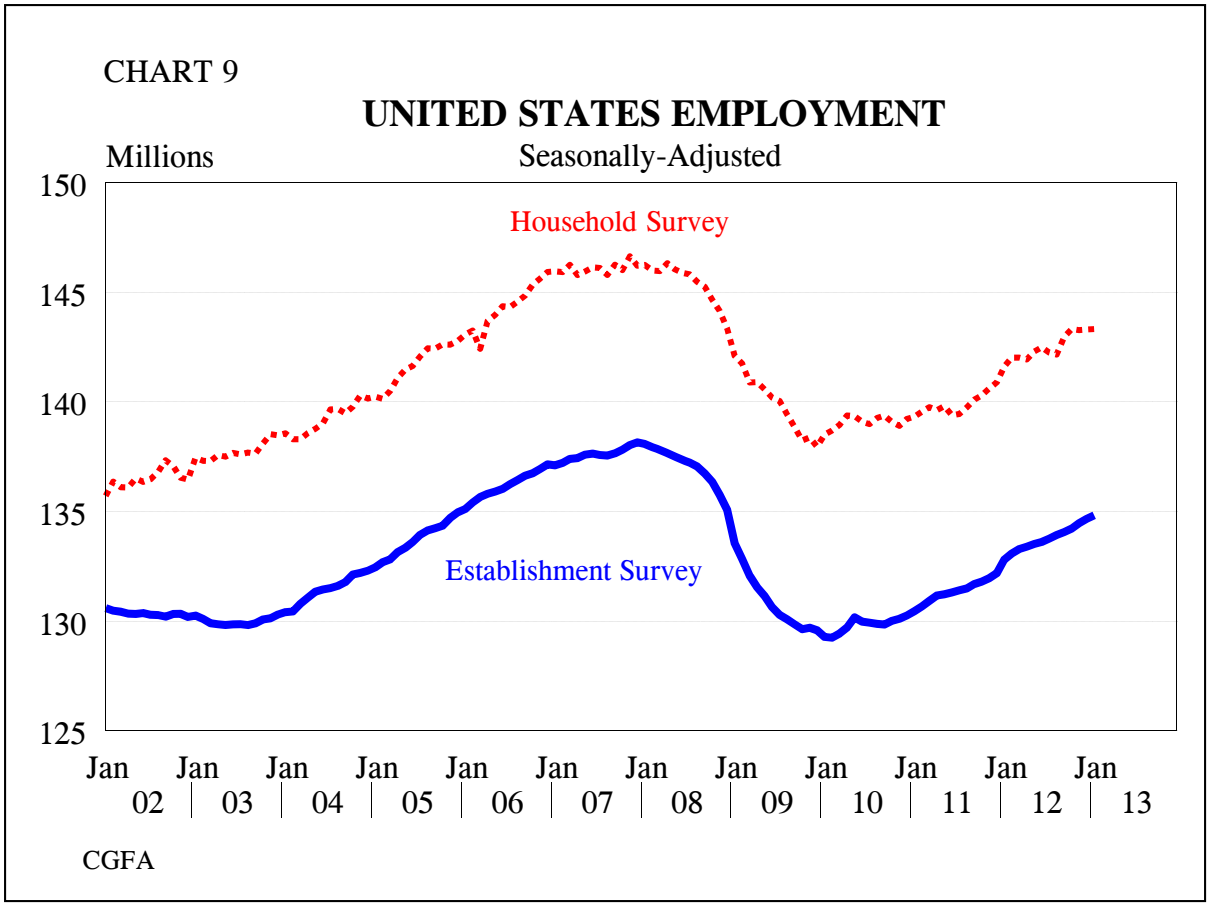
- Then its strength weakened as the economy hit a soft patch, held flat for six months, before rising again. In January of this year the index was 55.2, about where it has been for the prior 4 months.



UNITED STATES EMPLOYMENT

- Perhaps the largest deterrent to faster growth is the lack of significant progress on the job front. Non-farm payroll employment growth averaged 181,000 per month in 2012 according to new benchmark data, higher than the average job gain of 153,000 in 2011; even so the labor participation rate remained the lowest since the twin recessions of the early 1980s.

- Even while United States employment has been rising, since its low reached at the end of 2009 as measured by both the Household Survey used to measure the unemployment rate, and the Establishment Survey which measures payroll employment, the level of employment remains below the level in December 2007 at the beginning of the recession. (See Chart 9.)

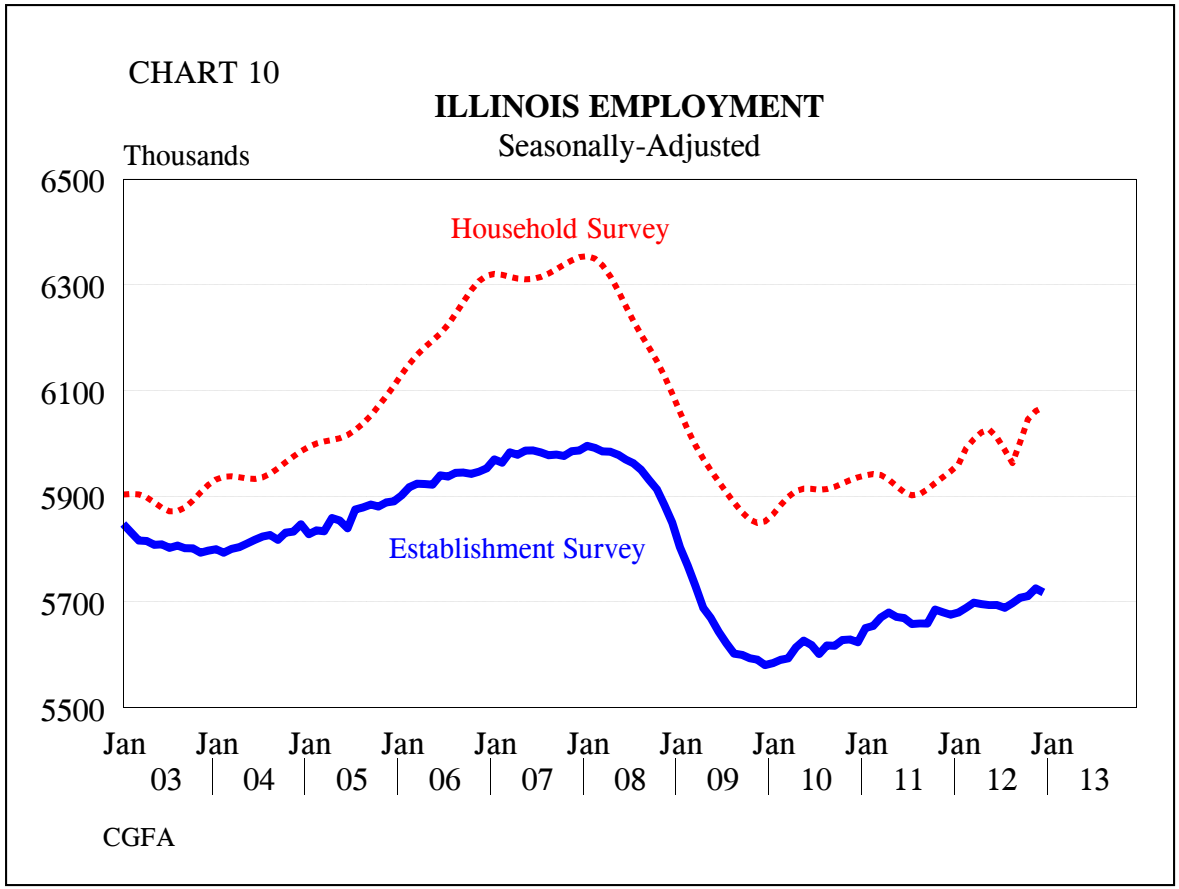


ILLINOIS EMPLOYMENT

- Illinois employment, like the U.S., also has shown some gains but remains at extremely low levels as illustrated in Chart 10.

- Comparing Illinois to the nation, the more comprehensive establishment, or payroll, employment data for the nation had recovered its pre-recession level following the 2001 recession by early 2005, although it has yet to reach its pre-recession level in the current recovery.

- In contrast, Illinois never has recouped all the jobs lost during that 2001 recession before the next recession began, making the gap to reach a new high in the current recovery even more difficult for Illinois than for the nation as a whole.



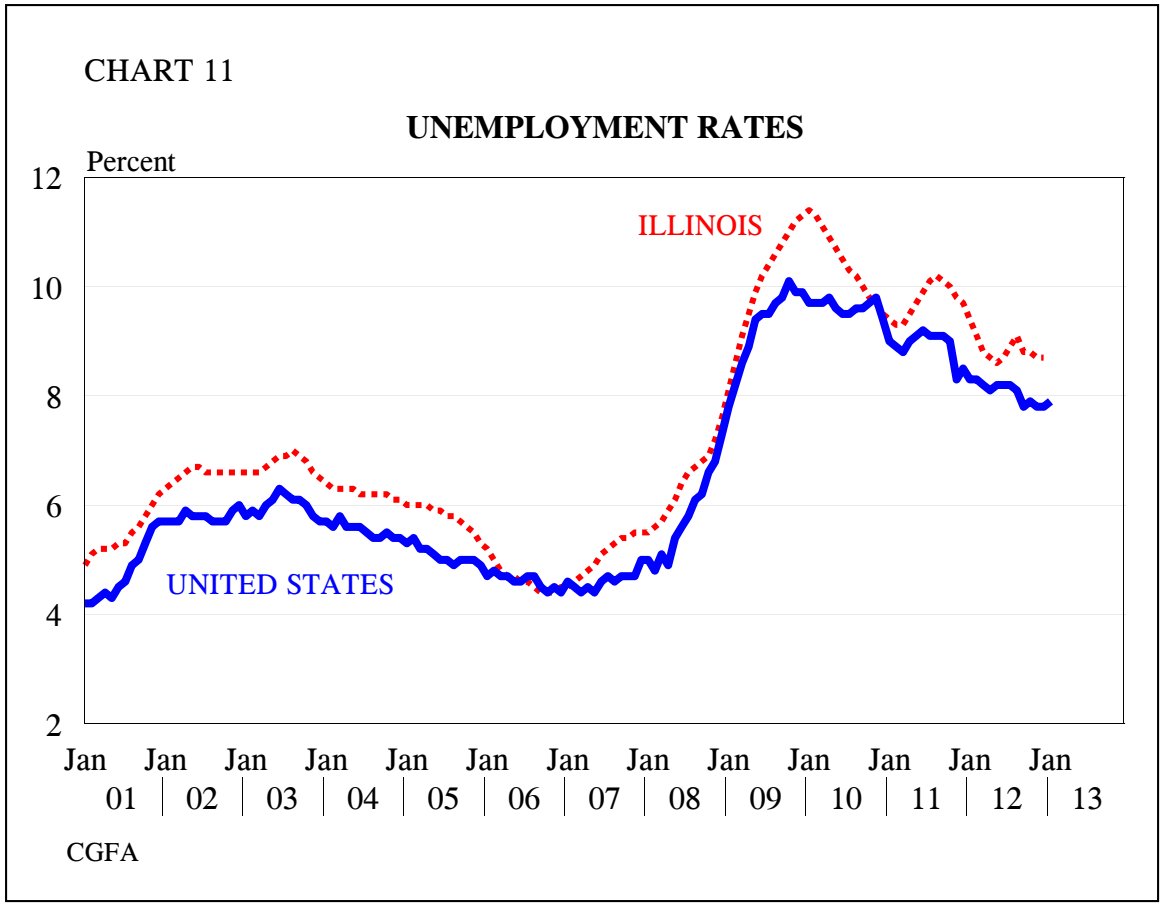
UNEMPLOYMENT RATES

- As shown in Chart 11, as a result of job losses during the recession, the unemployment rate rose from a low of 4.4% in early 2007 to a high of 10.1% by October 2009.

- The recovery that began in mid 2009, however, had shown only modest reductions in the unemployment rate. By January 2012 the unemployment rate had edged down to 8.1% edging slightly down to 7.8% in the final two months of 2012 before rising to 7.9% in January.

- As shown, the unemployment rate in Illinois continues to trail the U.S. pattern, at 8.7% in the latest month.

- With the economic growth seemingly stagnating at 2% or less, only little if any improvement can be expected in the months ahead.

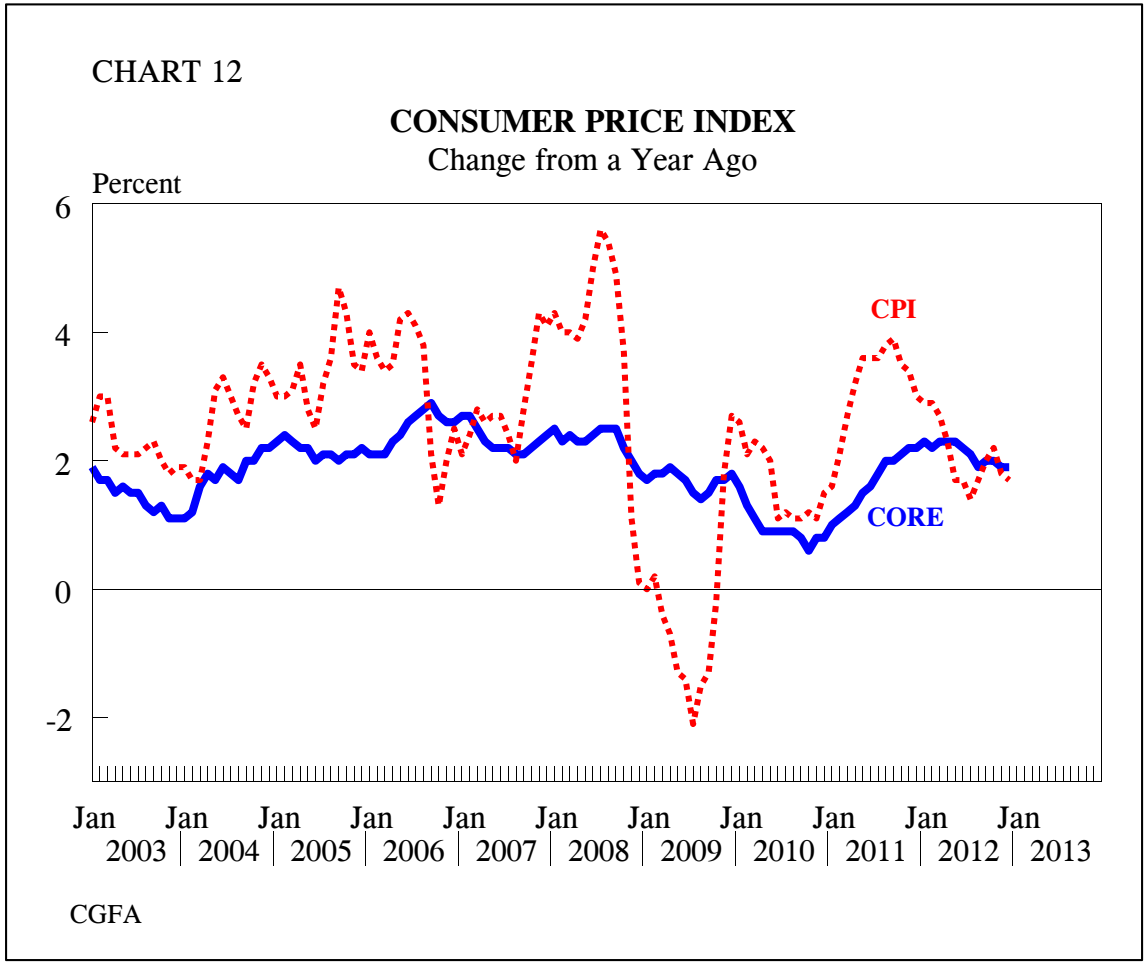


CONSUMER PRICE INDEX

- While monetary policy remains in a position to stimulate the economy, there remains the potential that inflationary pressures eventually could emerge once the economy picks up steam. Too often in the past the Federal Reserve has overstayed an easy policy stance only to have to make severe corrections later. However, such fears seem far off.

- As shown in Chart 12, December consumer prices were 1.7% higher than a year earlier and the core rate, which exclude the volatile food and energy sectors and followed closely by the Fed, was at 1.9%.

- The Federal Reserve is unlikely to veer away from an overall simulative credit policy and has indicated it would keep interest rates it can influence at current levels until the employment sector shows improvement.

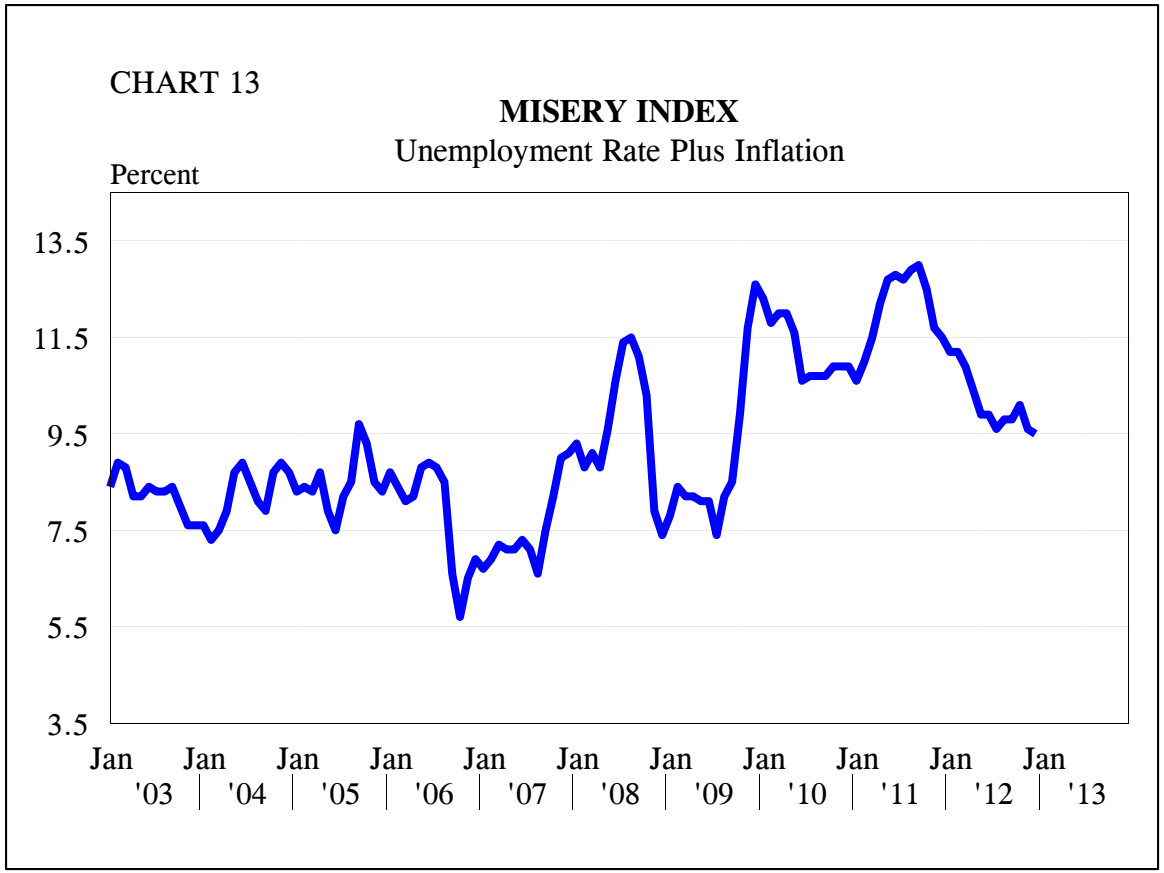


MISERY INDEX

- It has been the combination of a high unemployment rate and rising prices that has revived the concept of the "Misery Index" and raises the question as to whether you are better off today than you were before.

- As shown in Chart 13, the Misery Index was at a reading of 9.5% in December, with a 1.7% inflation rate and a 7.8% unemployment rate.

- The peak rate during the past recession was 12.7%, and prior to then in a range of 6-8%.



CHANGE IN REAL GDP

- Chart 14 shows three alternative forecasts of the U.S. economy in the years FY 2013 and FY 2014. The **BASELINE** shows the most likely solution with a 60% chance of occurrence. This forecast has the economy continuing to rise at a slow pace through FY 2013 followed by slightly stronger gains in FY 2014.

- A more **OPTIMISTIC** scenario, with a 20% chance of happening, however, shows stronger gains continuing through FY 2014. (A so-called **V** shaped recovery).

- Finally a **PESSIMISTIC** alternative is provided, also with a 20% chance, which shows that after a dip in growth in the second quarter of 2013 and again in the fourth quarter, only meager growth is anticipated in FY 2014.

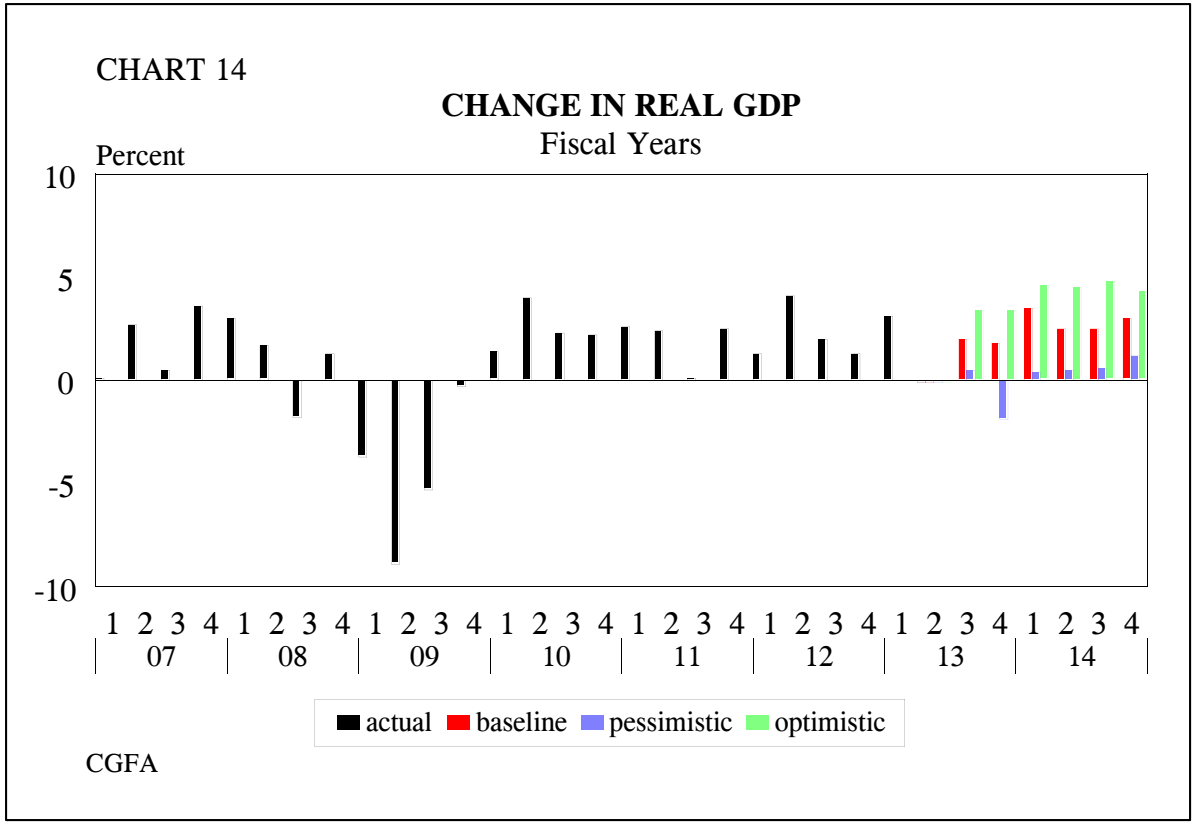


CHART 15: BASELINE FORECAST -- FEBRUARY 2013

($ Change from prior year levels)

REAL (2005 $)	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimated	FY 2014 Estimated
Gross Domestic Product	-3.2	0.2	2.2	2.0	1.8	2.4
Personal Consumption	-2.3	0.1	2.4	2.3	1.8	2.2
Durable	-9.8	2.8	7.6	6.6	7.6	4.2
Nondurable	-2.6	0.7	2.7	1.2	1.1	2.1
Services	-0.9	-0.5	1.8	1.6	1.2	1.9
Fixed Investment	-21.3	-6.7	10.0	9.3	5.3	8.6
Exports	-5.7	2.8	9.2	4.8	1.8	4.4
Imports	-10.7	0.0	10.0	3.2	0.9	3.9
Government	2.9	3.0	-1.7	-2.9	-0.9	-1.3
Federal	7.2	5.6	1.0	-3.5	-2.0	-2.1
State & Local	0.5	1.3	-3.4	-2.5	-0.7	-0.4
OTHER MEASURES						
Personal Income (Current $)	-0.9	-1.3	5.5	3.6	3.2	4.1
Personal Consumption (Current $)	-0.9	1.4	4.6	4.4	3.1	3.4
Before Tax Profits (Current $)	-16.2	30.8	13.8	7.7	1.4	1.3
Consumer Prices	1.4	1.0	2.0	3.0	1.7	1.5
Unemployment Rate (Average)	7.6	9.7	9.3	8.6	7.8	7.5

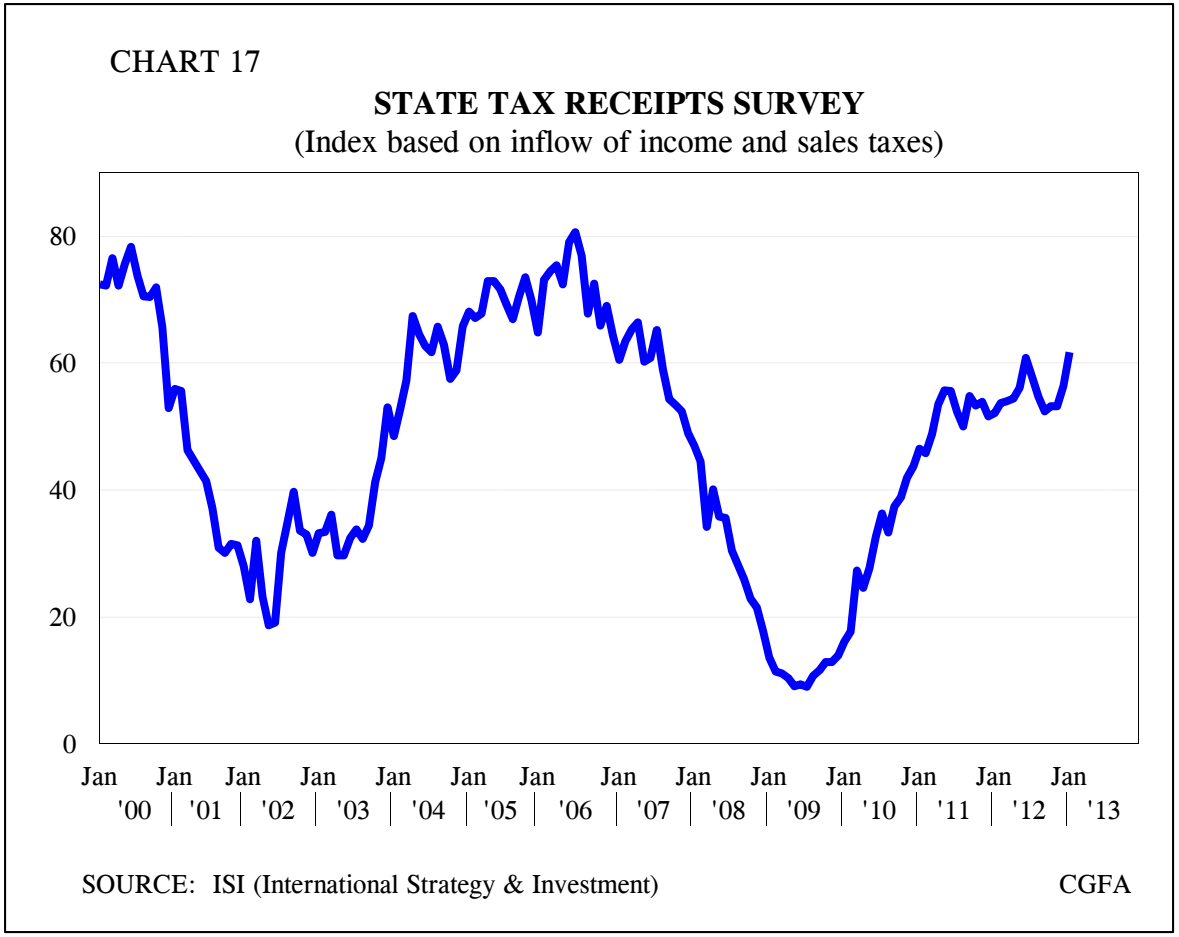
CHART 16: ILLINOIS FORECASTS

Calendar Years	2009 Actual	2010 Actual	2011 Actual	2012 Estimated	2013 Estimated	2014 Estimated
Total Employment (Ths)	5,656.8	5,613.2	5,665.4	5,713.0	5,783.5	5,852.9
% Change	-4.9	-0.8	0.9	0.8	1.2	1.2
Population (Ths)	12,802.1	12,844.3	12,873.4	12,909.9	12,955.4	13,006.3
% Change	0.4	0.3	0.2	0.3	0.4	0.4
Personal Income (Bil $)	525.4	539.9	567.5	583.5	602.8	626.2
% Change	-5.3	2.8	5.1	2.8	3.3	3.9
OTHER MEASURES						
Private Housing Starts	10.9	10.9	11.3	14.1	18.1	22.9
Unemployment Rate Avg.	10.0	10.5	9.8	8.7	8.4	8.3

SOURCE: Global Insight January 2013

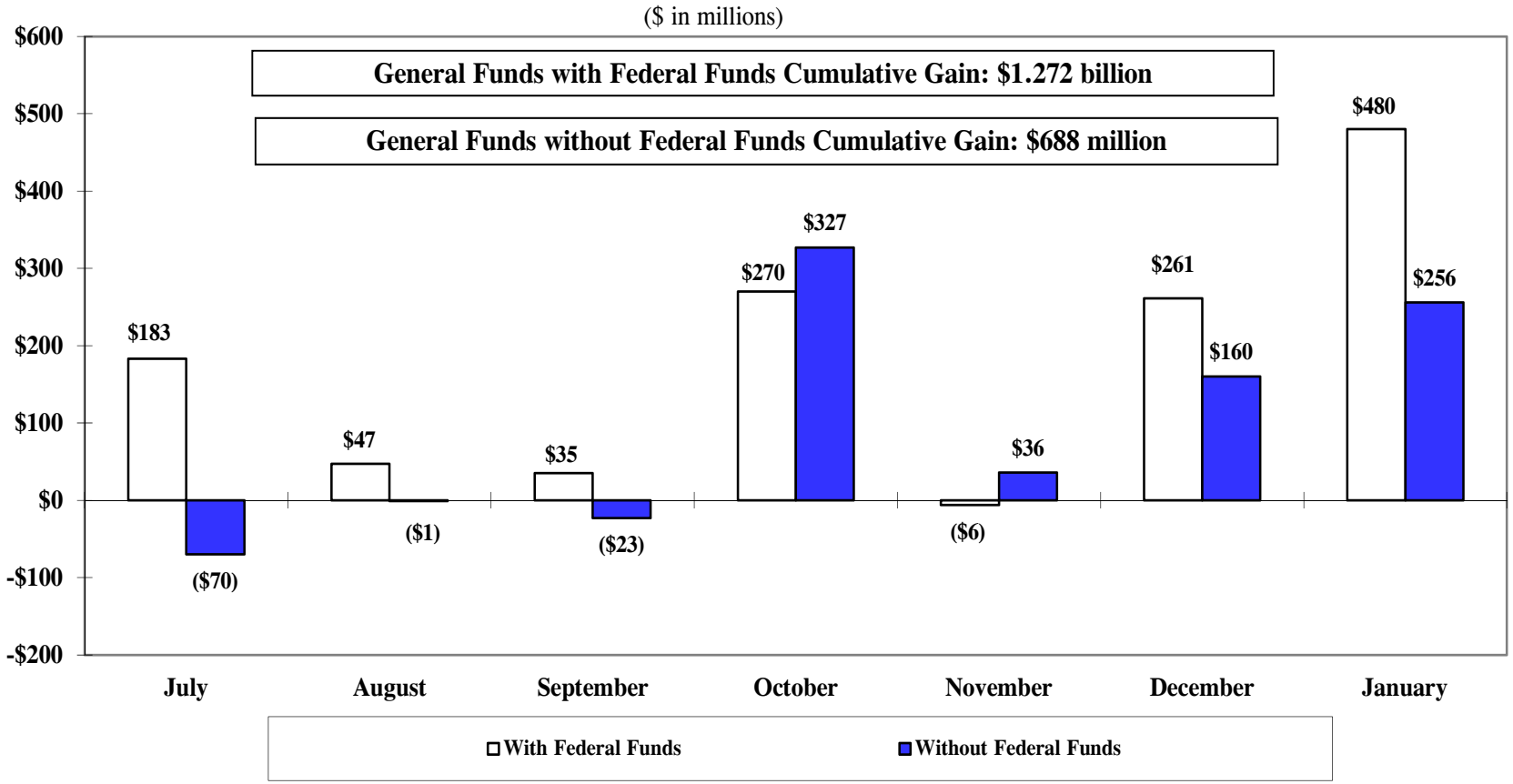
STATE TAX RECEIPTS SURVEY

- As shown in Chart 17, State revenues improved sharply following an all time low Index number of 9 reached in July 2009.
- The Index is based upon data from 16 states including Illinois that have diverse geographic and population characteristics.
- In June 2012 the Index reached 60.8, the highest level since the summer of 2007 but then began edging down, however, by January of this year it reached a level of 61.7, back to the level of the summer of 2007.
- Overall receipts nevertheless are at levels still well below those reached at this stage of the previous recovery.



REVIEW OF FY 2013 REVENUES TO DATE

The chart below demonstrates how FY 2013 revenues have performed through January, both with and without federal sources.



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

FY 2013 YEAR-TO-DATE

- Through January, overall base revenues have grown $1.272 billion. Gross personal income taxes were up $690 million, or $533 million net of refunds. Gross corporate income taxes increased $300 million [$300 million net of refunds as well]. Due to the lagged timing of receipts related to a prior tax change, inheritance tax was up $69 million. All other tax sources totaled a net gain of $42 million.

- The performance of both personal and corporate income taxes has been quite good. However, expectations should be tempered by certain timing issues that have yet to be realized as well as numerous legislative changes that may interrupt historic receipt patterns. Some examples include: implementation timing of rate increase that resulted in a positive FY'12 impact of an estimated $500 million during last spring—that will not recur in FY'13. Also, changes related to federal expensing, net operating loss, and other tax changes all add uncertainty and may impact receipts over the remaining months.

- Overall transfers were down $256 million. The falloff was due in part to the one-time $73 million sale of the 10th license last year, as well as timing related to last year's settlement of protested liquor taxes. Federal sources have managed to post a $584 million gain through January due to higher general funds spending on Medicaid bills. It is anticipated that Medicaid spending will begin to slow, as well as, shift to non-GRF funding sources. As a result, current rates of growth of federal sources are expected to reverse course over the next five months.

GENERAL FUNDS RECEIPTS: YEAR TO DATE
FY 2013 vs. FY 2012
($ million)

Revenue Sources	FY 2013	FY 2012	CHANGE FROM FY 2012	% CHANGE
State Taxes				
Personal Income Tax	$9,704	$9,014	$690	7.7%
Corporate Income Tax (regular)	1,513	1,213	$300	24.7%
Sales Taxes	4,337	4,312	$25	0.6%
Public Utility Taxes (regular)	579	601	($22)	-3.7%
Cigarette Tax	206	206	$0	0.0%
Liquor Gallonage Taxes	104	103	$1	1.0%
Vehicle Use Tax	16	16	$0	0.0%
Inheritance Tax (Gross)	180	111	$69	62.2%
Insurance Taxes and Fees	165	152	$13	8.6%
Corporate Franchise Tax & Fees	129	114	$15	13.2%
Interest on State Funds & Investments	12	11	$1	9.1%
Cook County IGT	56	56	$0	0.0%
Other Sources	248	239	$9	3.8%
Subtotal	$17,249	$16,148	$1,101	6.8%
Transfers				
Lottery	356	347	$9	2.6%
Riverboat transfers & receipts	242	234	$8	3.4%
Proceeds from Sale of 10th license	0	73	($73)	N/A
Other	306	506	($200)	-39.5%
Total State Sources	$18,153	$17,308	$845	4.9%
Federal Sources	$2,231	$1,647	$584	35.5%
Total Federal & State Sources	$20,384	$18,955	$1,429	7.5%
Nongeneral Funds Distribution:				
Refund Fund				
Personal Income Tax	($946)	($789)	($157)	19.9%
Corporate Income Tax	($212)	($212)	$0	0.0%
Subtotal General Funds	$19,226	$17,954	$1,272	7.1%
Short-Term Borrowing	$0	$0	$0	N/A
FY'13 Backlog Payment Fund Transfer	$264	$0	$264	N/A
Tobacco Liquidation Proceeds	$0	$0	$0	N/A
Pension Contribution Fund Transfer	$0	$0	$0	N/A
Budget Stabilization Fund Transfer	$275	$275	$0	0.0%
Total General Funds	$19,765	$18,229	$1,536	8.4%

SOURCE: Office of the Comptroller, State of Illinois: Some totals may not equal, due to rounding.
CGFA 1-Feb-13

CGFA and GOMB FY 2013 ESTIMATES

- The accompanying table demonstrates the differences between CGFA's revised February 2013 FY 2013 estimate and GOMB's three-year Budget published in January 2013. As shown, in total, the two agencies are similar with CGFA being slightly higher than GOMB by $185 million, or approximately one-half of one-percent.

- While CGFA is higher than GOMB in the estimates of income taxes, CGFA is lower than the GOMB in the estimates of sales tax, public utility tax, and federal sources. At this point of the fiscal year, CGFA is not yet comfortable assuming that reimbursable spending will be at the level required in order to meet the GOMB forecast.

- *It should also be noted that neither forecast presented here includes $264 million in transfers to the FY 2013 Backlog Payment Fund as those monies are not viewed as true additional revenue.*

FY 2013 GENERAL FUNDS REVENUE COMPARISON: CGFA vs. GOMB

($ Millions)

Revenue Sources	FY 2013 CGFA Feb-13	FY 2013 GOMB 3-yr. Jan-13	$ Difference
State Taxes			
Personal Income Tax	$17,325	$16,923	$402
Corporate Income Tax	$3,200	$2,921	$279
Sales Taxes	$7,265	$7,335	($70)
Public Utility (regular)	$1,030	$1,101	($71)
Cigarette Tax	$355	$355	$0
Liquor Gallonage Taxes	$164	$163	$1
Vehicle Use Tax	$27	$29	($2)
Inheritance Tax (gross)	$260	$242	$18
Insurance Taxes & Fees	$350	$285	$65
Corporate Franchise Tax & Fees	$199	$203	($4)
Interest on State Funds & Investments	$20	$20	$0
Cook County Intergovernmental Transfer	$244	$244	$0
Other Sources	$402	$405	($3)
Subtotal	**$30,841**	**$30,226**	**$615**
Transfers			
Lottery	$656	$649	$7
Riverboat transfers and receipts	$353	$350	$3
Proceeds from sale of 10th license	$10	$10	$0
Other*	$758	$689	$69
Total State Sources	**$32,618**	**$31,924**	**$694**
Federal Sources	**$3,800**	**$4,231**	**($431)**
Total Federal & State Sources	**$36,418**	**$36,155**	**$263**
Nongeneral Funds Distribution:			
Refund Fund			
Personal Income Tax [9.75%]	($1,689)	($1,650)	($39)
Corporate Income Tax [14.0%]	($448)	($409)	($39)
Subtotal General Funds	**$34,281**	**$34,096**	**$185**

NOTE: Totals exclude Budget Stabilization transfers, and other cash flow transfers.
CGFA

*Other transfers do not include $264 million from the FY'13 Backlog Payment Fund

A LOOK AHEAD TO FY 2014

While CGFA's first official estimate for FY 2014 will not be presented until March of 2013, interest is already building around next revenue projections. Unfortunately, most views are that FY 2014 will be saddled with continued struggles related to employment gains and overall unspectacular economic performance. As shown in the table, revenues in FY 2014 are expected to grow just over $800 million, or 2.3%.

- In terms of income taxes, at this early juncture, base personal income taxes are expected to post 2.3% growth, and base corporate income taxes are expected to be flat. Due to year-over-year impacts of federal bonus depreciation, corporate tax growth rates will be adjusted positively, thereby able to produce somewhat higher gains than base growth.
- Sales tax is expected to continue to struggle, likely in the neighborhood of 1.1%. The tepid growth reflects a full-year of higher federal payroll taxes as well as unimpressive consumer activity.
- Very little growth can be expected from non-economic sources as well as transfers.
- Federal sources are dependent on reimbursable spending which are in turn dependent on appropriations as well as available resources. At this time, federal sources are assumed to grow approximately 5% in the upcoming fiscal year – reflecting a continued effort to pay down old bills.

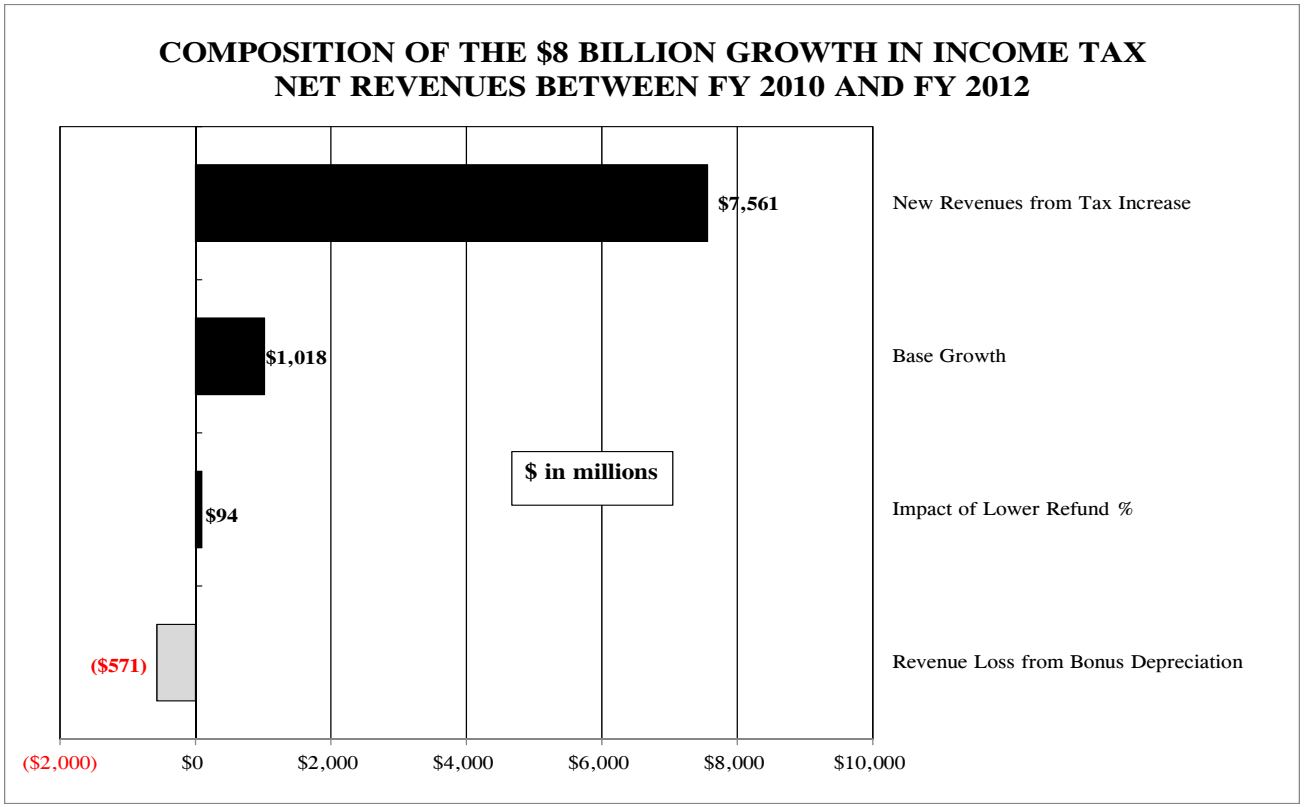
PRELIMINARY FY 2014 GENERAL FUNDS REVENUE
CGFA ESTIMATES
(millions)

Revenue Sources	FY'14 CGFA Feb-13	FY'13 CGFA Feb-13	$ Difference
State Taxes			
Personal Income Tax	$17,713	$17,325	$388
Corporate Income Tax	$3,391	$3,200	$191
Sales Taxes	$7,348	$7,265	$83
Public Utility (regular)	$1,032	$1,030	$2
Cigarette Tax	$355	$355	$0
Liquor Gallonage Taxes	$165	$164	$1
Vehicle Use Tax	$27	$27	$0
Inheritance Tax (gross)	$210	$260	($50)
Insurance Taxes & Fees	$350	$350	$0
Corporate Franchise Tax & Fees	$203	$199	$4
Interest on State Funds & Investments	$20	$20	$0
Cook County Intergovernmental Transfer	$244	$244	$0
Other Sources	$410	$402	$8
Subtotal	**$31,468**	**$30,841**	**$627**
Transfers			
Lottery	$669	$656	$13
Riverboat transfers and receipts	$356	$353	$3
Proceeds from sale of 10th license	$10	$10	$0
Other	$780	$758	$22
Total State Sources	**$33,283**	**$32,618**	**$665**
Federal Sources	**$4,000**	**$3,800**	**$200**
Total Federal & State Sources	**$37,283**	**$36,418**	**$865**
Nongeneral Funds Distribution:			
Refund Fund			
Personal Income Tax [9.75%]	($1,727)	($1,689)	($38)
Corporate Income Tax [14.0%]	($475)	($448)	($27)
Subtotal General Funds	**$35,081**	**$34,281**	**$800**

NOTE: Totals exclude Budget Stabilization transfers, $264m transfers from FY 2013 Backlog Payment Fund, and other cash flow transfers.
CGFA

HIGHLIGHTS OF 96-1496 (INCOME TAX INCREASE)

- **Increase Individual Income Tax Rate.** Increases the personal income tax rate from 3% to 5% in tax year 2011; to 3.75% in tax year 2015; and, to 3.25% in tax year 2025.
- **Increase Corporate Income Tax Rate.** Increases the corporate income tax rate from 4.8% to 7% in tax year 2011; to 5.25% in tax year 2015; and, to 4.8% in tax year 2025.
- **Temporarily Eliminate Net Operating Loss Deduction.** In the case of a corporation (other than a Subchapter S corporation), P.A. 96-1496 provides that no carryover deduction shall be allowed for tax years 2011, 2012, and 2013; provided that, for purposes of determining the taxable years to which a net loss may be carried, no taxable year for which a deduction is disallowed shall be counted.



Individual and Corporate New Tax Revenues Under P.A. 96-1496 (SB 2505) as Compared to Previous Law

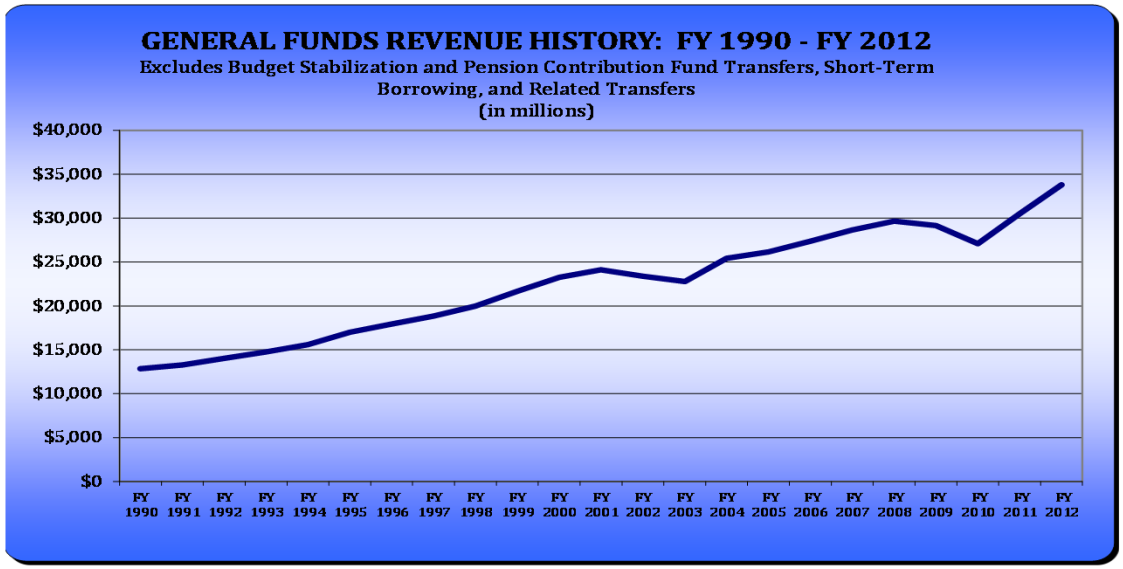
$ in millions

Denotates Transition Years of Scheduled Rate Reductions

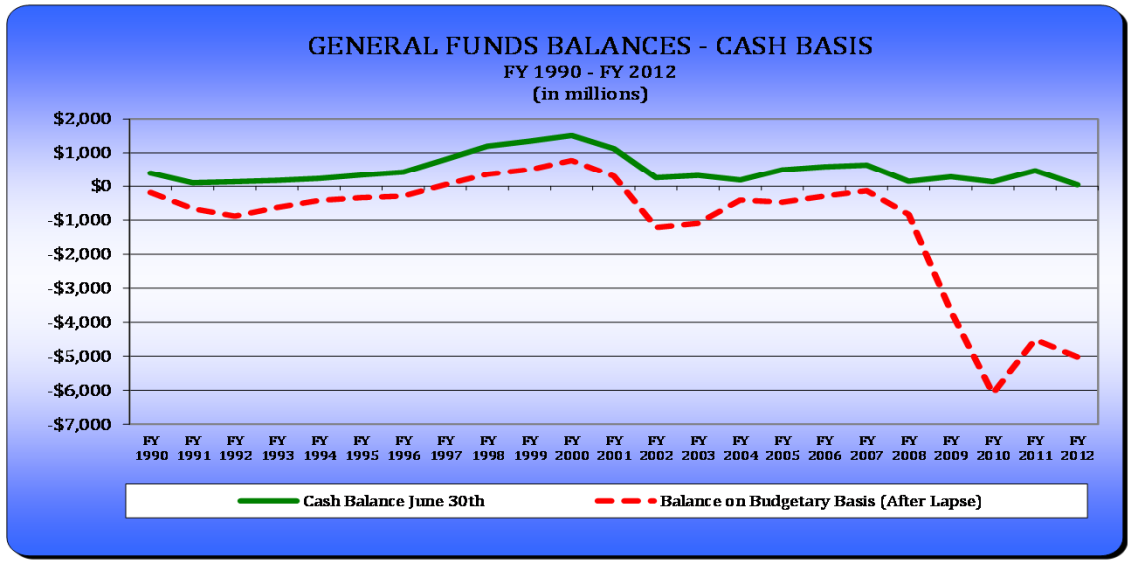
Fiscal Year	Total New Revenues	Amount to Refund Fund	Net Revenues from Personal Tax Increase	Net Revenues from Corporate Tax Increase	Total New Net Revenues from Tax Increases
FY 2011	$2,706	$254	$2,288	$164	$2,452
FY 2012	$8,407	$847	$6,512	$1,048	$7,560
FY 2013	$8,321	$868	$6,313	$1,140	$7,453
FY 2014	$8,482	$883	$6,458	$1,141	$7,599
FY 2015	$5,993	$617	$4,707	$669	$5,376
FY 2016	$3,182	$322	$2,619	$241	$2,860
FY 2017	$3,091	$311	$2,593	$188	$2,781
FY 2018	$3,162	$318	$2,652	$192	$2,845
FY 2019	$3,235	$325	$2,713	$197	$2,910
FY 2020	$3,310	$333	$2,776	$201	$2,977
FY 2021	$3,386	$340	$2,840	$206	$3,045
FY 2022	$3,464	$348	$2,905	$211	$3,115
FY 2023	$3,543	$356	$2,972	$215	$3,187
FY 2024	$3,625	$364	$3,040	$220	$3,260
FY 2025	$2,573	$259	$2,156	$158	$2,314
FY 2026	$1,244	$122	$1,103	$18	$1,121

Note: The income tax increase became effective January 1, 2011. The estimates include the impact from the suspenson of the N.O.L Deduction (FY 2012 thru FY 2014) and the limited reinstatement of the deduction (from P.A. 97-0636), but does not include any other impacts from P.A. 97-0636 AND P.A. 97-0652. The Commission assumes the FY 2013 refund percentages of 9.75% (personal) and 14.0% (corporate) for FY 2013 and thereafter. ESTIMATES AS OF FEBRUARY 2013.

GENERAL FUNDS BALANCE INFORMATION



	General Funds (in millions)	Annual $ Change	% Change
FY 1990	$12,841	-	-
FY 1991	$13,261	$420	3.3%
FY 1992	$14,032	$771	5.8%
FY 1993	$14,750	$718	5.1%
FY 1994	$15,586	$836	5.7%
FY 1995	$17,002	$1,416	9.1%
FY 1996	$17,936	$934	5.5%
FY 1997	$18,854	$918	5.1%
FY 1998	$19,984	$1,130	6.0%
FY 1999	$21,674	$1,690	8.5%
FY 2000	$23,250	$1,576	7.3%
FY 2001	$24,106	$856	3.7%
FY 2002	$23,379	-$727	-3.0%
FY 2003	$22,786	-$593	-2.5%
FY 2004	$25,428	$2,642	11.6%
FY 2005	$26,160	$732	2.9%
FY 2006	$27,359	$1,199	4.6%
FY 2007	$28,640	$1,281	4.7%
FY 2008	$29,659	$1,019	3.6%
FY 2009	$29,144	-$515	-1.7%
FY 2010	$27,090	-$2,054	-7.0%
FY 2011	$30,488	$3,398	12.5%
FY 2012	$33,797	$3,309	10.9%



	Cash Balance June 30th	Lapse Spending	Balance on Budgetary Basis (After Lapse)
FY 1990	$395	$586	($191)
FY 1991	$100	$766	($666)
FY 1992	$131	$1,018	($887)
FY 1993	$172	$802	($630)
FY 1994	$230	$652	($422)
FY 1995	$331	$672	($341)
FY 1996	$426	$718	($292)
FY 1997	$806	$761	$45
FY 1998	$1,202	$846	$356
FY 1999	$1,351	$848	$503
FY 2000	$1,517	$740	$777
FY 2001	$1,126	$826	$300
FY 2002	$256	$1,476	($1,220)
FY 2003	$317	$1,411	($1,094)
FY 2004	$182	$592	($410)
FY 2005	$497	$971	($474)
FY 2006	$590	$881	($291)
FY 2007	$642	$777	($135)
FY 2008	$141	$975	($834)
FY 2009	$280	$3,953	($3,673)
FY 2010	$130	$6,224	($6,094)
FY 2011	$469	$4,976	($4,507)
FY 2012	$40	$5,064	($5,024)

DETAILED GENERAL FUNDS REVENUE HISTORY FY 2003 - FY 2012

($ million)

Revenue Sources	Actual Receipts FY 2004	Actual Receipts FY 2005	Actual Receipts FY 2006	Actual Receipts FY 2007	Actual Receipts FY 2008	Actual Receipts FY 2009	Actual Receipts FY 2010	Actual Receipts FY 2011	Actual Receipts FY 2012
State Taxes									
Personal Income Tax	$8,235	$8,873	$9,568	$10,424	$11,187	$10,219	$9,430	$12,301	$17,000
Corporate Income Tax (regular)	1,379	1,548	1,784	2,121	2,201	2,073	1,649	2,277	2,983
Sales Taxes	6,331	6,595	7,092	7,136	7,215	6,773	6,308	6,833	7,226
Public Utility Taxes (regular)	1,079	1,056	1,074	1,131	1,157	1,168	1,089	1,147	995
Cigarette Tax	400	450	400	350	350	350	355	355	354
Liquor Gallonage Taxes	127	147	152	156	158	158	159	157	164
Vehicle Use Tax	35	32	34	33	32	27	30	30	29
Inheritance Tax (Gross)	222	310	272	264	373	288	243	122	235
Insurance Taxes and Fees	362	342	317	310	298	334	322	317	345
Corporate Franchise Tax & Fees	163	181	181	193	225	201	208	207	192
Interest on State Funds & Investments	55	73	153	204	212	81	26	28	21
Cook County Intergovernmental Transfer	428	433	350	307	302	253	244	244	244
Other Sources	439	468	441	449	442	418	431	404	399
Subtotal	**$19,255**	**$20,508**	**$21,818**	**$23,078**	**$24,152**	**$22,343**	**$20,494**	**$24,422**	**$30,187**
Transfers									
Lottery	570	614	670	622	657	625	625	632	640
Gaming Fund Transfer [and related]	661	699	689	685	564	430	431	324	413
Other	1,159	918	746	939	679	538	828	1,226	885
Total State Sources	**$21,645**	**$22,739**	**$23,923**	**$25,324**	**$26,052**	**$23,936**	**$22,378**	**$26,604**	**$32,125**
Federal Sources	**$5,189**	**$4,691**	**$4,725**	**$4,703**	**$4,815**	**$6,567**	**$5,920**	**$5,386**	**$3,682**
Total Federal & State Sources	**$26,834**	**$27,430**	**$28,648**	**$30,027**	**$30,867**	**$30,503**	**$28,298**	**$31,990**	**$35,807**
Nongeneral Funds Distribution:									
Refund Fund									
Personal Income Tax	($964)	($894)	($933)	($1,016)	($867)	($996)	($919)	($1,076)	($1,488)
Corporate Income Tax	(442)	(376)	(356)	(371)	(341)	(363)	(289)	(426)	(522)
Subtotal General Funds	**$25,428**	**$26,160**	**$27,359**	**$28,640**	**$29,659**	**$29,144**	**$27,090**	**$30,488**	**$33,797**
Change from Prior Year	$2,642	$732	$1,199	$1,281	$1,019	($515)	($2,054)	$1,344	$3,309
Percent Change	11.6%	2.9%	4.6%	4.7%	3.6%	-1.7%	-7.0%	4.6%	10.9%
Short-Term Borrowing	**$0**	**$765**	**$1,000**	**$900**	**$2,400**	**$2,400**	**$1,250**	**$1,300**	**$0**
Tobacco Liquidation Proceeds	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$1,250**	**$0**
HPF and HHSMTF Transfers	**$0**	**$982**	**$0**	**$456**	**$1,503**	**$0**	**$0**	**$0**	**$0**
Budget Stabilization Fund Transfer	**$226**	**$276**	**$276**	**$276**	**$276**	**$576**	**$1,146**	**$535**	**$275**
Pension Contribution Fund Transfer	**$1,395**	**$0**	**$0**	**$0**	**$0**	**$0**	**$843**	**$224**	**$0**
Total General Funds	**$27,049**	**$28,183**	**$28,635**	**$30,272**	**$33,838**	**$32,120**	**$30,329**	**$33,797**	**$34,072**
Change from Prior Year	$2,062	$1,134	$452	$1,637	$3,566	($1,718)	($1,791)	$1,677	$275
Percent Change	8.3%	4.2%	1.6%	5.7%	11.8%	-5.1%	-5.6%	5.2%	0.8%

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FY 2012 - FY 2014
Summary of Certified State Pension Contributions
State Retirement Systems Combined
Funding Requirements Under P.A. 88-593

($ in Millions)

System	FY 2012	FY 2013	FY 2014 *
TRS	$2,406.5	$2,703.5	$3,438.6
SERS	$1,450.8	$1,659.6	$1,743.9
SURS	$980.5	$1,402.8	$1,509.8
JRS	$63.6	$88.2	$126.8
GARS	$10.5	$14.2	$13.9
TOTAL	**$4,911.9**	**$5,868.3**	**$6,833.0**

Date: 11/2/2012

Compiled by: Commission on Government Forecasting and Accountability

* FY 2014 Preliminary Certification Amounts Shown Pursuant to P.A. 97-0694, the State Actuary Law. Certification Amounts Do Not Become Official until January 15th, 2013, After Initial Review by the State Actuary.

FY 2013 Pension Appropriation by Fund
P.A. 97-0685 (SB 2348)
($ Millions)

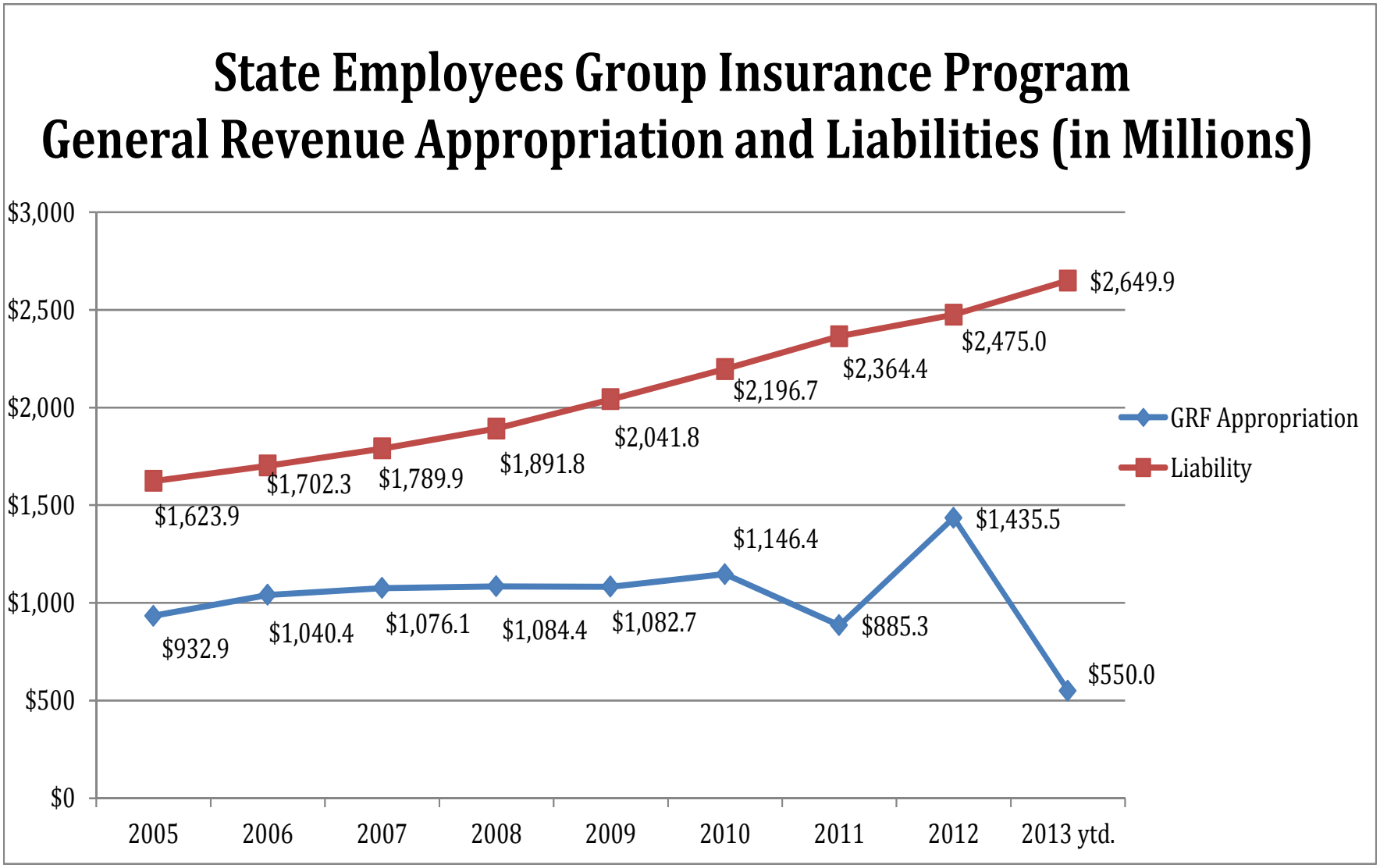
System	GRF	Other State Funds	Total
TRS	$2,703.5	$0.0	$2,703.5
SURS	$1,252.8	$150.0	$1,402.8
*SERS	$1,095.3	$564.3	$1,659.6
GARS	$14.2	$0.0	$14.2
JRS	$88.2	0	$88.2
Total	**$5,154.0**	**$714.3**	**$5,868.3**

*** SERS GRF appropriation includes $54.0 million in 2003 POB debt service. SERS "Other Funds" appropriation includes $27.8 milllion in 2003 POB debt service.**

FY 2014 Estimated Pension Appropriation
($ Millions)

System	GRF	Other State Funds	Total*
TRS	$3,438.6	$0.0	$3,438.6
SURS	$1,343.7	$166.1	$1,509.8
SERS	$1,151.0	$592.9	$1,743.9
GARS	$13.9	$0.0	$13.9
JRS	$126.8	0	$126.8
Total	**$6,074.0**	**$759.0**	**$6,833.0**

*** The amounts shown in the Total column reflect the individual FY 2014 certified amounts for each system pursuant to P.A. 88-593. These amounts also reflect the systems' final FY 2014 certification pursuant to P.A. 97-0694, the State Actuary Law. This chart is meant to be an estimate only insofar as the FY 2014 appropriation by fund is concerned. The SERS "Other State Funds" amount is based upon an estimate obtained from the retirement system. The SURS "Other State Funds" amount assumes that SURS will receive an FY 2014 appropriation from the State Pension Fund commensurate with the amount that was received by the system in FY 13. SURS' historical appropriation from the State Pension Fund varies widely from year to year.**


State Employees Group Insurance Program
General Revenue Appropriation and Liabilities (in Millions)
$3,000
$2,500
$2,000
$1,500
$1,000
$500
$0
2005
2006
2007
2008
2009
2010
2011
2012
2013 ytd.
$1,623.9
$1,702.3
$1,789.9
$1,891.8
$2,041.8
$2,196.7
$2,364.4
$2,475.0
$2,649.9
$932.9
$1,040.4
$1,076.1
$1,084.4
$1,082.7
$1,146.4
$885.3
$1,435.5
$550.0
GRF Appropriation
Liability

FY 2012 – FY 2013 BOND SALES & BOND RATINGS

Bond proceeds will be used for projects under the Illinois Jobs Now multi-year $31 billion capital plan.

✓ Build Illinois October 2011 -	$300 million	- TIC= 4.07%
✓ General Obligation January 2012 Series A -	$525 million	- TIC= 3.91%
✓ General Obligation January 2012 Series B -	$275 million taxable	- TIC= 5.30%
✓ General Obligation March 2012 -	$575 million	- TIC= 4.19%
✓ Build Illinois May 2012 -	$425 million	- TIC= 3.57%
✓ General Obligation Refunding May 2012	$1.8 billion	- TIC= 3.35%
✓ General Obligation Bonds September 2012	$ 50 million	- TIC= 2.49%
✓ General Obligation Bonds February 2013	$500 million	POSTPONED

- Moody's downgraded Illinois in January 2012:
  - G.O. and Build Illinois Bond ratings - from A1 to A2
  - State Civic Center and MPEA Bonds - from A2 to A3
  - State's public universities are on watch for possible downgrades due to their receipt of State funding, payments of which have been consistently late.
- S& P downgraded Illinois in August 2012 from A+ to A, and again in January 2013 to A-.
- **All 3 Rating Agencies have IL on Negative Watch, for possible downgrading, based on budget and pension funding concerns.**