3-Year Budget Forecast
FY 2012 – FY 2014

Commission on Government Forecasting and Accountability

April, 2011

Commission on Government
Forecasting and Accountability

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INTRODUCTION

As part of Public Act 0958 of the 96th General Assembly, the Commission on Government Forecasting and Accountability has been directed to **"...develop a 3-year budget forecast for the State, including opportunities and threats concerning anticipated revenues and expenditures, with an appropriate level of detail."**

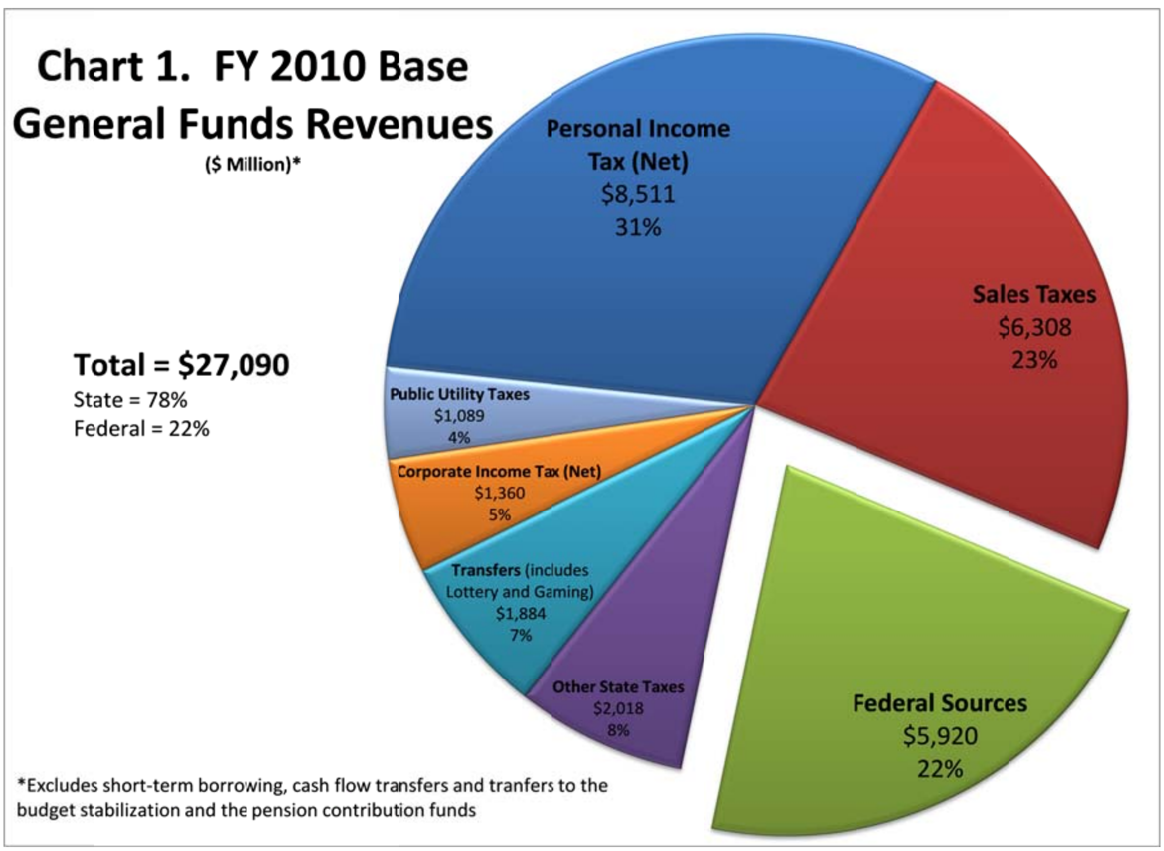
This report represents the Commission's initial effort towards developing the mandated 3-year budget forecast. It begins with an examination of the State of Illinois' General Funds revenue and expenditures over the last 15 years; then considers threats and opportunities to Illinois' budget; finally, it concludes with potential 3-year budget results based upon scenario analysis.

I. Illinois' Budget History

To begin analyzing Illinois' budget, an assessment of historical General Fund revenues and expenditures was conducted. The examined data was from the Illinois State Comptroller's annual report entitled "Traditional Budgetary Financial Report." The composition of base revenues and expenditures were evaluated. In addition, growth rates for both revenues and expenditures were calculated over various time periods. These assessments were then used to assist in the Commission's 3-year budget forecast.

Revenues

General Funds revenue totaled $27.1 billion in FY 2010. This amount excludes short-term borrowing, transfers to the budget stabilization fund and pension contribution fund, and other cash flow transfers. The largest component of base revenue came from the Personal Income Tax (Net) which equaled $8.5 billion after refunds. This amounted to 31% of total General Funds revenue. The next highest amount came from the Sales Tax which totaled $6.3 billion, or just over 23% of the total. Federal Sources contributed $5.9 billion (22%). Transfers (including lottery and gaming) added $1.9 billion. Public Utility Taxes revenues equaled $1.1 billion, while All Other State Taxes tallied $2.0 billion. Chart 1 illustrates the make-up of FY 2010 General Funds revenue.



Appendix A shows historical totals for General Funds revenue from FY 2001 to FY 2010. Three sources, Personal Income Tax (Net), Sales Taxes, and Federal Sources, annually contributed approximately 75% of total revenue. The proportional make-up of General Funds revenue has been relatively steady over the last decade although Federal Sources, which is highly dependent on Medicaid and related reimbursement rates, rose in importance FY 2009 and FY 2010. Federal Sources are expected to decrease in importance in future years as enhanced Federal reimbursement rates go away and economically related sources return to a more normal level of growth (adjusted for tax increases and related timing issues).

Over the last decade, General Funds revenue has grown at a relatively slow pace. Total Federal and State Sources have grown at an average rate of 1.7% per year. This is slower than in previous time periods. This was due to two recessions and no major expansions in the income or sales taxes occurred during the analyzed time period. Four of the ten years analyzed actually had declines when compared to the previous year. Of the three biggest sources, Federal Sources averaged the highest growth rate at 5.3%. This growth was primarily due to two large bumps in funding in FY 2004 and FY 2009. The Personal Income Tax (Net) grew approximately 1.3%, while Sales Taxes grew only 0.5%. The economically related sources growth rates have been heavily affected by the last two years where each source was down between 6% and 10% in each year. Table 1 shows growth rates for each revenue source.

When data from the late 1990's are included into the data analysis, overall revenue growth increases to 3.3%. Personal income tax grew at 3.4% per year, while sales tax receipts averaged growth of 2.1%. Federal Sources grew at a rate of 5.2% which was very similar to its 10-year average.

It must be noted that all of the averages shown are being significantly affected by the results of FY 2010. If FY 2010 was excluded from the 10-year and 15-year averages, total base revenues would have grown at rates of 2.6% and 4.0% instead of 1.7% and 3.3%. The Commission points this out to emphasize how much of a drag the Great Recession has had on State finances.

TABLE 1. GENERAL FUNDS REVENUE GROWTH RATES
FY 1996 - FY 2010
($ million)*

Revenue Sources	1-Year Average	3-Year Average	5-Year Average	10-Year Average	15-Year Average
State Taxes					
Personal Income Tax (Net)	-7.7%	-2.9%	1.7%	1.3%	3.4%
Sales Taxes	-6.9%	-4.0%	-0.7%	0.5%	2.1%
Other State Taxes	-4.4%	-3.5%	-3.5%	0.8%	4.1%
Transfers (includes Lottery and Gaming)	18.3%	-4.4%	-2.4%	4.6%	4.6%
Corporate Income Tax (Net)	-20.5%	-7.4%	4.4%	2.7%	4.1%
Public Utility Taxes	-6.8%	-1.2%	0.7%	-0.1%	2.8%
Total State Sources	**-6.2%**	**-3.9%**	**-0.1%**	**1.0%**	**3.0%**
Federal Sources	**-9.9%**	**9.6%**	**5.8%**	**5.3%**	**5.2%**
Total, Base Revenues	**-7.0%**	**-1.7%**	**0.8%**	**1.7%**	**3.3%**

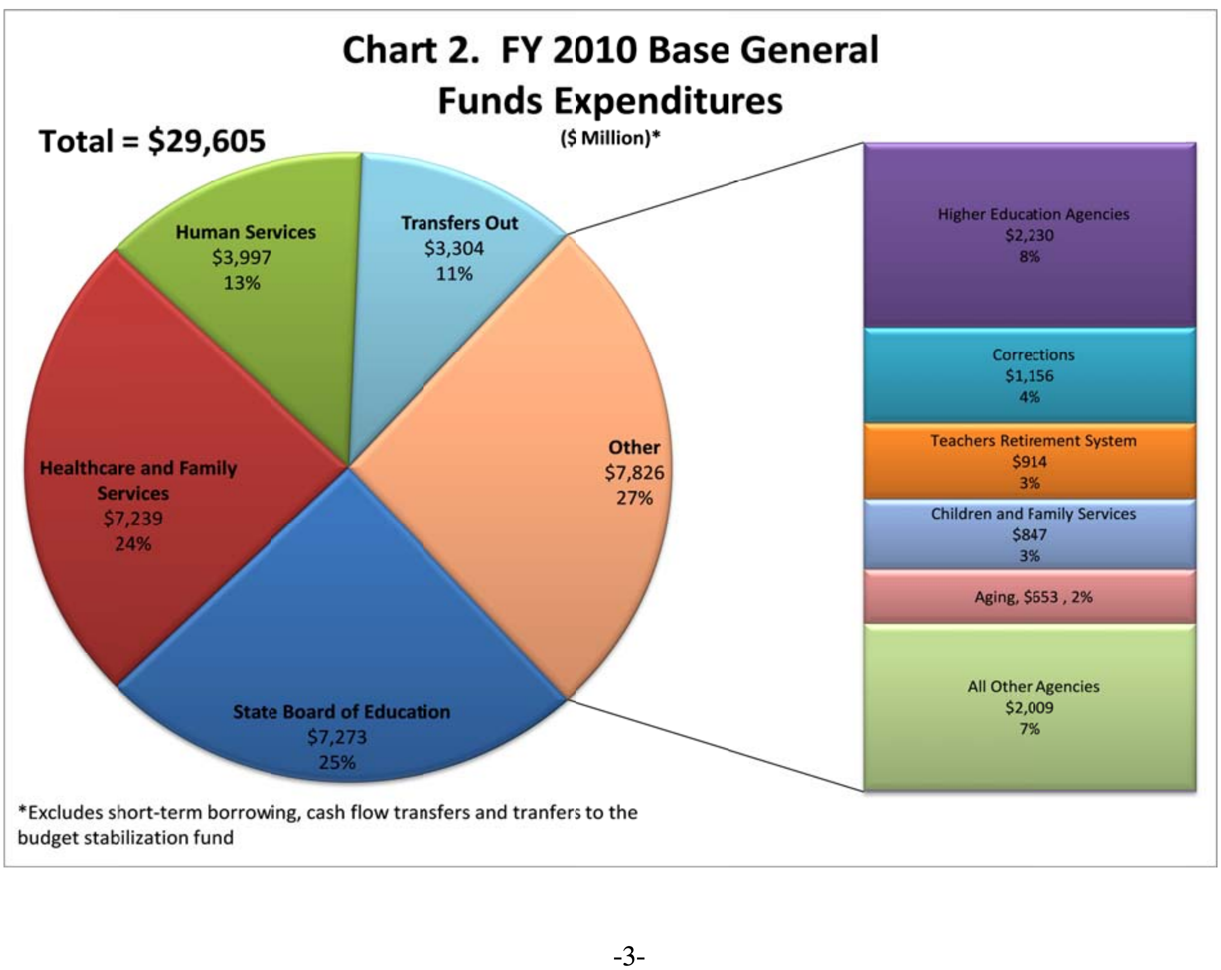
*Excludes short-term borrowing, cash flow transfers, and tranfers to the budget stabilization and the pension contribution funds

Expenditures

Based on preliminary data from the Illinois Comptroller, total General Funds expenditures were $32.8 billion in FY 2010. This was 6.3% lower than in FY 2009. This amount was made up of $26.3 billion in warrants issued and $6.5 billion in transfers out. Base General Funds expenditures amounted to $29.6 billion in FY 2010. Base expenditures exclude short-term borrowing, transfers to the budget stabilization fund, and cash flow transfers. This was a decline of -10.2% from FY 2009 when base expenditures equaled $33.0 billion.

Of the $29.6 billion in base General Funds expenditures in FY 2010, the largest portion came from the Illinois State Board of Education (ISBE). ISBE had expenditures of $7.3 billion, which was just above the $7.2 billion spent by the Department of Healthcare and Family Services (DHFS). Each of these made up approximately 1/4th of expenditures. The Department of Human Services (DHS) spent $4.0 billion, while Higher Education Agencies totaled $2.2 billion. Transfers Out made up $3.3 billion or 11% of total expenditures. Appendix B. highlights expenditures for the last 10 fiscal years.

Over the last ten years, the base General Fund expenditures have grown at an average rate of 2.7% per year. The fastest growing expenditure category was Transfers Out (net) which grew over 10% per year. This high level of growth was due to a surge in Transfers Out (net) in FY 2005 when it grew from $1.5 billion to $3.7 billion largely due to an increase in debt payments. This was single year growth of over 140%. The next highest growth



was seen in the Teachers Retirement Fund which grew 8.0% per year. ISBE and DHFS, the two largest agencies in FY 2010, grew at an average of 4.2% and 5.5% per year respectively. The Department of Aging has averaged expenditure growth of almost 15% over the last five years including over 21% growth in FY 2010. Table 2 contains year-over-year percentage changes by agency over different time periods during the past fifteen years.

The growth rates in Table 2 are somewhat skewed as FY 2010's growth rate of -10.2% is lowering all of the averages considerably similar to revenues. The 10-year average increase in total base expenditures excluding FY 2010 was 4.5%, while the 15-year average would have been 4.9%. The Commission believes that spending growth of 4.0%-4.5% per year has been the norm over the last fifteen years rather than the 10-year and 15-year averages calculated below which are heavily influenced by FY 2010.

TABLE 2. GENERAL FUNDS EXPENDITURES GROWTH RATES
FY 2001 - FY 2010
($ million)

WARRANTS ISSUED	1-Year Average*	3-Year Average	5-Year Average	10-Year Average	15-Year Average
BY AGENCY					
State Board of Education	-1.1%	4.0%	4.9%	4.2%	4.8%
Healthcare and Family Services	-24.2%	-0.5%	10.2%	5.5%	3.1%
Human Services	-3.5%	1.0%	1.3%	1.6%	n/a
Higher Education Agencies	-7.0%	-0.3%	0.3%	-0.3%	1.8%
Corrections	-11.6%	1.5%	-0.4%	0.6%	3.6%
Teachers Retirement System	-40.1%	11.3%	6.4%	8.0%	502.3% **
Children and Family Services	-6.5%	3.6%	2.6%	-0.6%	0.8%
Aging	21.6%	15.9%	14.7%	n/a	n/a
All Other Agencies	-2.2%	-0.3%	-3.8%	-2.3%	-1.2%
Prior Year Adjustments	21.4%	16.2%	-16.3%	1.0%	-3.1%
Total Warrants Issued (14 months)	**-11.7%**	**1.5%**	**3.4%**	**2.5%**	**3.7%**
Transfers					
Transfers Out, Net	3.7%	3.6%	-1.7%	10.8%	9.8%
Total, Base Expenditures	**-10.2%**	**1.7%**	**2.7%**	**2.7%**	**3.9%**

* FY 2010 spending was 18 months as lapse period spending was extended 4 months

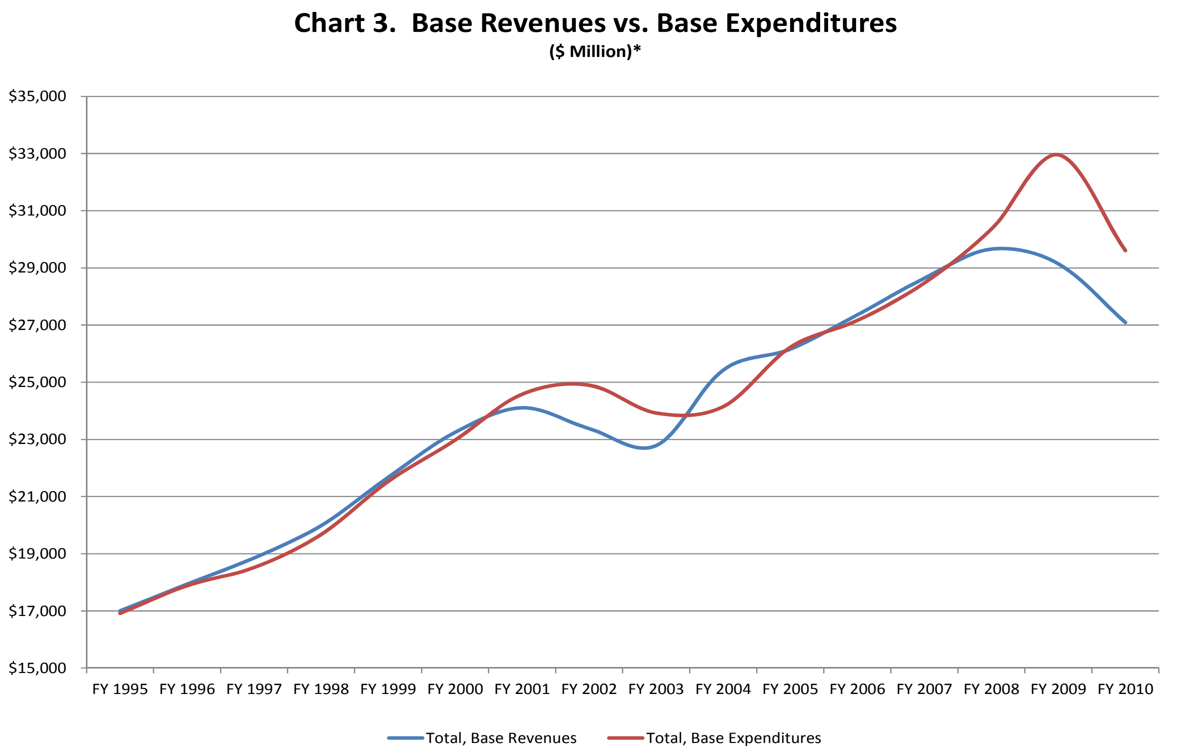
** This high growth rate in TRS is due to a single huge increase in FY 1996 (7,375%) when expenses went from $4 million to $299 million. Excluding that year the average would have been 11.4%.

II. Threats and Opportunities

Coming out of the Great Recession, Illinois faces a tough fiscal situation. General Fund expenditures have outgrown revenues in the last decade. The State continues to have to deal with increasing pension and healthcare costs, while still needing to take care of a back-log of unpaid bills. The economy remains the biggest threat to State finances. While the Illinois economy continues to show signs of improvement, due to the importance of the economy on the main revenue sources (income and sales taxes) and its linkage with the demand for government services, it remains a threat to the State's financial condition if it were to return to a recessionary stage.

An opportunity exists to improve the economy of Illinois by balancing the State budget and clearing up the back-log of unpaid bills. The structural deficit can be seen when base revenues and expenditures are compared. Chart 3 shows that State spending roughly matches revenues in good years (like the late 90's), while significant deficits occur in bad years (2002, 2003, 2009, 2010). Illinois has had surpluses in nine of the sixteen fiscal years between 1995 and 2010. Those surpluses averaged $317 million or 1.4% of revenues. The deficits on the other hand averaged $1.4 billion or 5.5% of revenues. The deficit grew significantly in the last two years as expenditures were $3.8 billion and $2.5 billion more than revenues in FY 2009 and FY 2010.

In April of 2011, the Comptroller estimated that the back-log of unpaid bills would amount to approximately $8 billion by the end of FY 2011. These unpaid bills are a significant threat to the Illinois economy. By not paying these bills in a timely manner, the State is likely



*Excludes short-term borrowing, cash flow transfers and tranfers to the budget stabilization and the pension contribution funds hindering other potential economic activity. This hindering of economic activity dampens the potential for job growth which would bring in more revenue in the form of taxes.

Balancing the budget will also help deal with another threat to the State's finances, which is increasing pension costs. Total state contribution to the five pension systems is expected to be $4.9 billion in FY 2012, $5.3 billion in FY 2013, and $5.8 billion in FY 2014. These increases are expected to eat up a significant portion of the natural growth in revenues over the next few years. By delaying or skipping payments into the retirement systems, the State will have to expend more money in the future to make up for lost returns.

Another threat to the State is the potential for a decrease in the State's bond rating. The more unstable a State's finances are the more the cost of borrowing will be. Illinois' debt has had one of the lowest ratings of all the States. Steps taken to solve the structural deficit, like the increase in the income tax, improve the State's fiscal stability and therefore decrease its borrowing costs.

A threat also exists concerning Federal Source revenues. Federal Source revenue has been significantly higher in the last few years and is expected to decrease in the coming years. From FY 2005 through FY 2007, Federal Sources were approximately $4.7 billion per year. In FY 2009 they increased to $6.6 billion and totaled $5.9 billion in FY 2010. They are expected to equal approximately $5.5 billion in FY 2011 but then drop to $4.8 billion in FY 2012. They are likely to increase again in FY 2013 and 2014 but this $700 million decrease in FY 2012 will have to be accounted for.

The changing demographics of Illinois residents also are a threat to Illinois' economic well-being. As stated in the Commission's "State of Illinois Forecast" prepared by Moody's Analytics, an important determinant of the prospects for the Illinois economy is its demographic profile, which is considerably weaker than the national average. Population growth has been weakening steadily since 1992, reaching as low as 0.3% per annum, before reversing in 2006 to its present rate of 0.5%. However, much of this reversal appears to be tied to declining house prices, which have slowed migration across the U.S. Our latest forecast projects the state's population growth rate falling back to 0.4% by mid-decade.

Moody's also noted opportunities related to the Illinois economy. Moody's highlighted Illinois' diverse economy that would continue to diversify into service-producing industries while nurturing its more efficient and smaller traditional manufacturing core. Opportunities for the Chicago area to continue to grow as a leading center for business and financial services exist, while the outlook for transportation/distribution industries remains positive. Downstate areas of growth are likely to be healthcare (especially in regional healthcare centers such as Peoria, Rockford, and Springfield) and agriculture. Moody's entire report can be found at http://www.ilga.gov/commission/cgfa2006/Home.aspx.

III. 3-Year Budget Forecasts

Below is the Commission's 3-year estimate for base General Funds revenues. Base General Funds revenue is estimated to be $30.5 billion in FY 2011, $34.3 billion in FY 2012, $35.7 billion in FY 2013, and $37.0 billion in FY 2014. The Income Taxes and Sales Taxes continue to be the largest sources of revenue along with Federal Sources. Base revenues are expected to grow 12.5% in FY 2012 mainly due to increased Income Taxes. Revenue growth is estimated at 4.2% and 3.6% in FY 2013 and FY 2014. [Estimates do not assume decoupling from federal depreciation provisions related to the Corporate Income Tax. This results in $600 million less corporate income tax in FY 2012 compared to decoupling.]

In addition to these base revenues for FY 2011, four additional one-time transactions were included in forming the revenues used for FY 2011 in the scenario analysis. Table 4 exhibits these one-time transactions. The first transaction was short-term borrowing in the

TABLE 3. CGFA ESTIMATES FY 2011-FY 2014 (Base Revenues)
(millions)

Revenue Sources	Actual FY 2010	CGFA FY 2011 Estimate Mar-11	CGFA FY 2012 Estimate Mar-11	CGFA FY 2013 Estimate Mar-11	CGFA FY 2014 Estimate Mar-11
State Taxes					
Personal Income Tax	$9,430	$12,210	$17,300	$17,388	$17,952
Corporate Income Tax	$1,649	$2,387	$2,631	$3,453	$3,545
Sales Taxes	$6,308	$6,696	$6,739	$6,970	$7,194
Public Utility (regular)	$1,089	$1,125	$1,136	$1,151	$1,166
Cigarette Tax	$355	$355	$355	$355	$355
Liquor Gallonage Taxes	$159	$159	$161	$163	$166
Vehicle Use Tax	$30	$29	$29	$30	$30
Inheritance Tax (gross)	$243	$132	$196	$275	$275
Insurance Taxes & Fees	$322	$310	$315	$323	$331
Corporate Franchise Tax & Fees	$208	$203	$202	$205	$207
Interest on State Funds & Investments	$26	$35	$35	$35	$114
Cook County Intergovernmental Transfer	$244	$244	$244	$244	$244
Other Sources	$431	$358	$379	$403	$422
Subtotal	**$20,494**	**$24,243**	**$29,722**	**$30,995**	**$32,001**
Transfers					
Lottery	$625	$632	$645	$658	$676
Riverboat transfers and receipts	$383	$377	$357	$389	$403
Proceeds from sale of 10th license	$48	$0	$75	$10	$10
Other	$828	$1,209	$614	$671	$683
Total State Sources	**$22,378**	**$26,461**	**$31,413**	**$32,723**	**$33,773**
Federal Sources	**$5,920**	**$5,506**	**$4,844**	**$5,134**	**$5,443**
Total Federal & State Sources	**$28,298**	**$31,967**	**$36,257**	**$37,857**	**$39,216**
Nongeneral Funds Distribution:					
Refund Fund*					
Personal Income Tax [9.75%]	($919)	($1,068)	($1,514)	($1,521)	($1,571)
Corporate Income Tax [17.5%]	($289)	($418)	($461)	($604)	($620)
Total, Base Revenues	**$27,090**	**$30,481**	**$34,282**	**$35,732**	**$37,025**
Change from Prior Year Estimate		**$3,391**	**$3,801**	**$1,450**	**$1,293**
Percent Change		**12.5%**	**12.5%**	**4.2%**	**3.6%**

*The FY 2012-14 estimates based on current refund percentages at 9.75% for PIT and 17.5% for CIT.

NOTE: Totals exclude short-term borrowing, Budget Stabilization transfers, and other cash flow transfers.

CGFA

TABLE 4. ONE-TIME TRANSACTIONS INCLUDED IN FY 2011 REVENUE (millions)	
Revenue Sources	**FY 2011**
Short-Term Borrowing	$1,300
Repayment of Short-Term Borrowing	($1,317)
Pension Obligation Bond Proceeds	$3,680
Tobacco Revenue Liquidation	$1,250
Total, One-Time Revenue	**$4,913**
CGFA	

amount of $1.3 billion. The State will repay this amount plus an additional $17 million in interest. The State also received pension obligation bond proceeds in the amount of $3.7 billion. Tobacco revenue liquidation brought in an additional $1.25 billion. The net result of these transactions was to add $4.9 billion to FY 2011 revenue, thereby reducing the budgetary deficit from what it otherwise would be. These transactions cannot be assumed to occur again in the future, and therefore, will not be included in future years. Adding the $4.9 billion to the Commission's FY 2011 base revenue estimate of $30.5 billion results in total revenues for FY 2011 of $35.4 billion.

The Commission used these revenue estimates to present various budget scenarios using different spending levels as spending will change based upon priorities that will be determined during budget negotiations. Eight budget scenarios were analyzed using two different FY 2011 spending bases and four different spending growth rates. The first FY 2011 spending base, $33.5 billion, was taken from the enacted FY 2011 budget from July 2010. The second FY 2011 spending base, $32.8 billion, was from the revised budget from February 2011. **The Commission believes that the July enacted spending level is a better representation of typical spending as the February revised FY 2011 spending number has larger than normal Medicaid expenditures being paid for from non-general funds, both are provided for comparison purposes.** No debt restructuring was assumed in any scenario.

Four spending growth rates were then applied to each of these FY 2011 spending bases. The first growth was 0.0% or flat. This was done to demonstrate what would happen if spending was held constant over the next three years. The second growth rate was 2.7%. The 2.7% growth rate was the 10-year average growth in base expenditures from FY 2001 – FY 2010. The next spending growth rate was 4.0% which is what typical spending increases have been over the last 15 years if you exclude FY 2010. The last spending levels used were the spending limits mandated by Public Act 096-1496. As part of Public Act 096-1496, spending limits were put into place for General Revenue fund expenditures for Fiscal Years 2012 – 2015. The spending limits rise significantly in FY 2012 and then limit growth to 2% per year. If spending is higher than the set limits in any fiscal year, the increase in the income tax rate would revert back to the old rates that were in effect prior to Public Act 096-1496.

Results of this scenario analysis can be found in Table 5. Table 5 contains revenues, spending, operating surplus/deficit, and cumulative surplus/deficit information for each scenario. The cumulative surplus/deficit data assumes a cumulative deficit of -$6.3 billion at the beginning of FY 2011, per unaudited February 2011 figures [Chapter 2-13 FY 2012 Budget Book].

The scenarios conducted using no growth in spending (Scenarios 1 and 5) led to operating surpluses in each forecasted year with the surpluses being larger in Scenario 5 as this scenario had the smaller FY 2011 spending base. A surplus of $3.5 billion was achieved and the cumulative deficit was changed to a surplus of $2.1 billion in FY 2014 under Scenario 1. These numbers grew to $4.2 billion and a cumulative surplus of $5.0 billion under scenario 5. Scenarios 1 and 5 were the only scenarios under which there was a cumulative surplus by FY 2014.

The scenarios analyzed using average spending growth (Scenarios 2 and 6) had smaller operating surpluses. Scenario 2 actually continued an operating deficit in FY 2012 though this was relatively small at $125 million. The operating surplus was $735 million in FY 2014 under Scenario 2. The cumulative deficit was shrunk to -$3.4 billion. The budget was better under Scenario 6 as there was an operating surplus in all three years and the cumulative surplus was reduced to -$438 million.

Scenarios 3 and 7 were calculated using growth of 4.0% which is what typical spending increases have been over the last 15-years. Scenario 3 had $500 to $600 million operating deficits in all three years and the cumulative deficit grew to -$6.1 billion. Scenario 7 had small operating surpluses ($144 - $270 million) in all three years. The cumulative deficit improved to -$3.1 billion.

In the scenarios that used the spending caps as the spending levels (Scenarios 3 and 6) there was an operating deficit in each of the years forecast and the cumulative deficit grew significantly. Scenario 3 saw operating deficits between -$1.3 billion and -$2.5 billion and ended FY 2014 with a cumulative deficit of over $10 billion. Scenario 8 was only marginally better as the operating deficits were the same but the cumulative deficit was -$9.3 billion.

TABLE 5. 3-YEAR BUDGET SCENARIOS
($ million)

***This analysis assumes a cumulative deficit of ($6,315) at the beginning of FY 2011.**

Scenario 1: Enacted Budget - July 2010, then Flat Spending

	Revenues	Flat Spending	Operating Surplus/Deficit	Cumulative Surplus/Deficit*
FY 2011	$35,394	$33,502	$1,892	($4,423)
FY 2012	$34,282	$33,502	$780	($3,643)
FY 2013	$35,732	$33,502	$2,230	($1,413)
FY 2014	$37,025	$33,502	$3,523	$2,110

Scenario 2: Enacted Budget - July 2010, then 2.7% Spending Growth (10-year average)

	Revenues	2.7% Growth Spending	Operating Surplus/Deficit	Cumulative Surplus/Deficit*
FY 2011	$35,394	$33,502	$1,892	($4,423)
FY 2012	$34,282	$34,407	($125)	($4,548)
FY 2013	$35,732	$35,336	$396	($4,151)
FY 2014	$37,025	$36,290	$735	($3,416)

Scenario 3: Enacted Budget - July 2010, then 4.0% Spending Growth (Typical Spending)

	Revenues	4.0% Growth Spending	Operating Surplus/Deficit	Cumulative Surplus/Deficit*
FY 2011	$35,394	$33,502	$1,892	($4,423)
FY 2012	$34,282	$34,842	($560)	($4,983)
FY 2013	$35,732	$36,236	($504)	($5,487)
FY 2014	$37,025	$37,685	($660)	($6,147)

Scenario 4: Enacted FY 2011 Budget - July 2010, then Spending Caps

	Revenues	Spending Caps Spending	Operating Surplus/Deficit	Cumulative Surplus/Deficit*
FY 2011	$35,394	$33,502	$1,892	($4,423)
FY 2012	$34,282	$36,818	($2,536)	($6,959)
FY 2013	$35,732	$37,554	($1,822)	($8,781)
FY 2014	$37,025	$38,305	($1,280)	($10,061)

Scenario 5: Revised Budget Feb. 2011, then Flat Spending

	Revenues	Flat Spending	Operating Surplus/Deficit	Cumulative Surplus/Deficit*
FY 2011	$35,394	$32,787	$2,607	($3,708)
FY 2012	$34,282	$32,787	$1,495	($2,213)
FY 2013	$35,732	$32,787	$2,945	$732
FY 2014	$37,025	$32,787	$4,238	$4,970

Scenario 6: Revised Budget - Feb. 2011, then 2.7% Spending Growth (10-year average)

	Revenues	2.7% Growth Spending	Operating Surplus/Deficit	Cumulative Surplus/Deficit*
FY 2011	$35,394	$32,787	$2,607	($3,708)
FY 2012	$34,282	$33,672	$610	($3,098)
FY 2013	$35,732	$34,581	$1,151	($1,948)
FY 2014	$37,025	$35,515	$1,510	($438)

Scenario 7: Revised Budget - Feb. 2011, then 4.0% Spending Growth (Typical Spending)

	Revenues	4.0% Growth Spending	Operating Surplus/Deficit	Cumulative Surplus/Deficit*
FY 2011	$35,394	$32,787	$2,607	($3,708)
FY 2012	$34,282	$34,098	$184	($3,524)
FY 2013	$35,732	$35,462	$270	($3,255)
FY 2014	$37,025	$36,881	$144	($3,111)

Scenario 8: Revised FY 2011 Budget - Feb. 2011, then Spending Caps

	Revenues	Spending Caps Spending	Operating Surplus/Deficit	Cumulative Surplus/Deficit*
FY 2011	$35,394	$32,787	$2,607	($3,708)
FY 2012	$34,282	$36,818	($2,536)	($6,244)
FY 2013	$35,732	$37,554	($1,822)	($8,066)
FY 2014	$37,025	$38,305	($1,280)	($9,346)

APPENDIX A. DETAILED GENERAL FUNDS REVENUE HISTORY FY 2001 - FY 2010
($ million)

Revenue Sources	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
State Taxes											
Personal Income Tax	$8,273	$8,607	$8,086	$7,979	$8,235	$8,873	$9,568	$10,424	$11,187	$10,219	$9,430
Corporate Income Tax (regular)	1,527	1,279	1,043	1,011	1,379	1,548	1,784	2,121	2,201	2,073	1,649
Sales Taxes	6,027	5,958	6,051	6,059	6,331	6,595	7,092	7,136	7,215	6,773	6,308
Public Utility Taxes (regular)	1,116	1,146	1,104	1,006	1,079	1,056	1,074	1,131	1,157	1,168	1,089
Cigarette Tax	400	400	400	400	400	450	400	350	350	350	355
Liquor Gallonage Taxes	128	124	123	123	127	147	152	156	158	158	159
Vehicle Use Tax	38	34	38	34	35	32	34	33	32	27	30
Inheritance Tax (Gross)	348	361	329	237	222	310	272	264	373	288	243
Insurance Taxes and Fees	209	246	272	313	362	342	317	310	298	334	322
Corporate Franchise Tax & Fees	139	146	159	142	163	181	181	193	225	201	208
Interest on State Funds & Investments	233	274	135	66	55	73	153	204	212	81	26
Cook County Intergovernmental Transfer	245	245	245	355	428	433	350	307	302	253	244
Other Sources	194	407	512	349	439	468	441	449	442	418	431
Subtotal	**$18,877**	**$19,227**	**$18,497**	**$18,074**	**$19,255**	**$20,508**	**$21,818**	**$23,078**	**$24,152**	**$22,343**	**$20,494**
Transfers											
Lottery	515	501	555	540	570	614	670	622	657	625	625
Gaming Fund Transfer [and related]	330	460	470	554	661	699	689	685	564	430	431
Other	514	452	454	589	1,159	918	746	939	679	538	828
Total State Sources	**$20,236**	**$20,640**	**$19,976**	**$19,757**	**$21,645**	**$22,739**	**$23,923**	**$25,324**	**$26,052**	**$23,936**	**$22,378**
Federal Sources	**$3,891**	**$4,320**	**$4,258**	**$3,940**	**$5,189**	**$4,691**	**$4,725**	**$4,703**	**$4,815**	**$6,567**	**$5,920**
Total Federal & State Sources	**$24,127**	**$24,960**	**$24,234**	**$23,697**	**$26,834**	**$27,430**	**$28,648**	**$30,027**	**$30,867**	**$30,503**	**$28,298**
Nongeneral Funds Distribution:											
Refund Fund											
Personal Income Tax	($587)	($611)	($615)	($638)	($964)	($894)	($933)	($1,016)	($867)	($996)	($919)
Corporate Income Tax	(290)	(243)	(240)	(273)	(442)	(376)	(356)	(371)	(341)	(363)	(289)
Total, Base Revenues	**$23,250**	**$24,106**	**$23,379**	**$22,786**	**$25,428**	**$26,160**	**$27,359**	**$28,640**	**$29,659**	**$29,144**	**$27,090**
Change from Prior Year	$1,576	$856	($727)	($593)	$2,642	$732	$1,199	$1,281	$1,019	($515)	($2,054)
Percent Change	7.3%	3.7%	-3.0%	-2.5%	11.6%	2.9%	4.6%	4.7%	3.6%	-1.7%	-7.0%
Short-Term Borrowing	$0	$0	$0	$1,675	$0	$765	$1,000	$900	$2,400	$2,400	$1,250
HPF and HHSMTF Transfers	$0	0	0	0	0	982	0	456	1,503	0	0
Budget Stabilization Fund Transfer	$0	0	226	226	226	276	276	276	276	576	1,146
Pension Contribution Fund Transfer	$0	0	0	300	1,395	0	0	0	0	0	843
Total General Funds Revenue	**$23,250**	**$24,106**	**$23,605**	**$24,987**	**$27,049**	**$28,183**	**$28,635**	**$30,272**	**$33,838**	**$32,120**	**$30,329**
Change from Prior Year	$1,576	$856	($501)	$1,382	$2,062	$1,134	$452	$1,637	$3,566	($1,718)	($1,791)
Percent Change	7.3%	3.7%	-2.1%	5.9%	8.3%	4.2%	1.6%	5.7%	11.8%	-5.1%	-5.6%

ILLINOIS COMPTROLLER, CGFA

APPENDIX B. GENERAL FUNDS EXPENDITURES HISTORY BY AGENCY FY 2001 - FY 2010

($ million)

WARRANTS ISSUED	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010*
BY AGENCY										
State Board of Education	$5,074	$5,292	$5,133	$5,471	$5,751	$6,045	$6,472	$6,995	$7,357	$7,273
Healthcare and Family Services	5,318	5,153	5,099	5,690	4,990	7,343	7,725	8,089	9,556	7,239
Human Services	3,728	3,668	3,502	3,597	3,747	3,817	3,885	4,086	4,144	3,997
Higher Education Agencies	2,470	2,637	2,471	2,284	2,210	2,190	2,269	2,195	2,398	2,230
Corrections	1,188	1,243	1,162	1,183	1,198	1,170	1,119	1,208	1,308	1,156
Teachers Retirement System	709	805	923	805	942	610	814	1,110	1,527	914
Children and Family Services	920	904	824	795	754	803	771	887	906	847
Aging	0	0	0	0	331	352	421	458	537	653
All Other Agencies	2,965	3,043	2,795	2,853	2,619	1,783	2,035	2,143	2,055	2,009
Prior Year Adjustments	(6)	(5)	(15)	(48)	25	(10)	(11)	(14)	(14)	(17)
Total Warrants Issued (14 months)	**$22,366**	**$22,740**	**$21,894**	**$22,630**	**$22,567**	**$24,103**	**$25,500**	**$27,157**	**$29,774**	**$26,301**
Transfers										
Transfers Out (14 months)	2,217	2,385	2,967	2,735	5,680	4,349	4,616	7,380	5,185	6,450
Total Expenditures	**$24,583**	**$25,125**	**$24,861**	**$25,365**	**$28,247**	**$28,452**	**$30,116**	**$34,537**	**$34,959**	**$32,751**
Change from Prior Year	$1,607	$542	($264)	$504	$2,882	$205	$1,664	$4,421	$422	($2,208)
Percent Change	7.0%	2.2%	-1.1%	2.0%	11.4%	0.7%	5.8%	14.7%	1.2%	-6.3%
Repayment of Short-Term Borrowing	**0**	**0**	**710**	**990**	**768**	**1,014**	**11**	**1,503**	**1,424**	**2,276**
Cash Flow Transfers	**0**	**0**	**0**	**0**	**979**	**0**	**1,356**	**2,400**	**300**	**870**
Budget Stabilization Fund Transfers	**0**	**226**	**226**	**226**	**276**	**276**	**276**	**276**	**276**	**0**
Total, Base Expenditures	**$24,583**	**$24,899**	**$23,925**	**$24,149**	**$26,224**	**$27,162**	**$28,473**	**$30,358**	**$32,959**	**$29,605**
Change from Prior Year	$1,607	$316	($974)	$224	$2,075	$938	$1,311	$1,885	$2,601	($3,354)
Percent Change	7.0%	1.3%	-3.9%	0.9%	8.6%	3.6%	4.8%	6.6%	8.6%	-10.2%

* FY 2010 spending was 18 months as lapse period spending was extended 4 months

ILLINOIS COMPTROLLER, CGFA

BACKGROUND

The Commission on Government Forecasting and Accountability (CGFA), a bipartisan, 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. The Commission's specific responsibilities include:

1) Preparation of annual revenue estimates with periodic updates;
2) Analysis of the fiscal impact of revenue bills;
3) Preparation of "State Debt Impact Notes" on legislation which would appropriate bond funds or increase bond authorization;
4) Periodic assessment of capital facility plans;
5) Annual estimates of public pension funding requirements and preparation of pension impact notes;
6) 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;
7) Administration of the State Facility Closure Act.

The Commission also has a mandate to report to the General Assembly ". . . on economic trends in relation to long-range planning and budgeting; and to study and make such recommendations as it deems appropriate on local and regional economic and fiscal policies and on federal fiscal policy as it may affect Illinois. . . ." This results in several reports on various economic issues throughout the year.

The Commission publishes several reports each year. In addition to a Monthly Briefing, the Commission publishes the "Revenue Estimate and Economic Outlook" which describes and projects economic conditions and their impact on State revenues. The "Bonded Indebtedness Report" examines the State's debt position as well as other issues directly related to conditions in the financial markets. The "Financial Conditions of the Illinois Public Retirement Systems" provides an overview of the funding condition of the State's retirement systems. Also published are an Annual Fiscal Year Budget Summary; Report on the Liabilities of the State Employees' Group Insurance Program; and Report of the Cost and Savings of the State Employees' Early Retirement Incentive Program. The Commission also publishes each year special topic reports that have or could have an impact on the economic well-being of Illinois. All reports are available on the Commission's website.

These reports are available from:

Commission on Government Forecasting and Accountability
703 Stratton Office Building
Springfield, Illinois 62706
(217) 782-5320
(217) 782-3513 (FAX)

http://www.ilga.gov/commission/cgfa2006/home.aspx