

Presented to:

HOUSE REVENUE & FINANCE COMMITTEE

FY 2018 Economic Forecast and Revenue Estimate



Presented by:

Dan R. Long, Executive Director -- Jim Muschinske, Revenue Manager

Commission on Government Forecasting and Accountability

703 Stratton Office Building; Springfield, Illinois 62706

June 23, 2017

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<http://cgfa.ilga.gov>

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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.

THE ECONOMY



STATE OF ILLINOIS FORECAST REPORT

Prepared for the State of Illinois Commission on Government Forecasting and Accountability Moody's Analytics -- January 2017

Summary

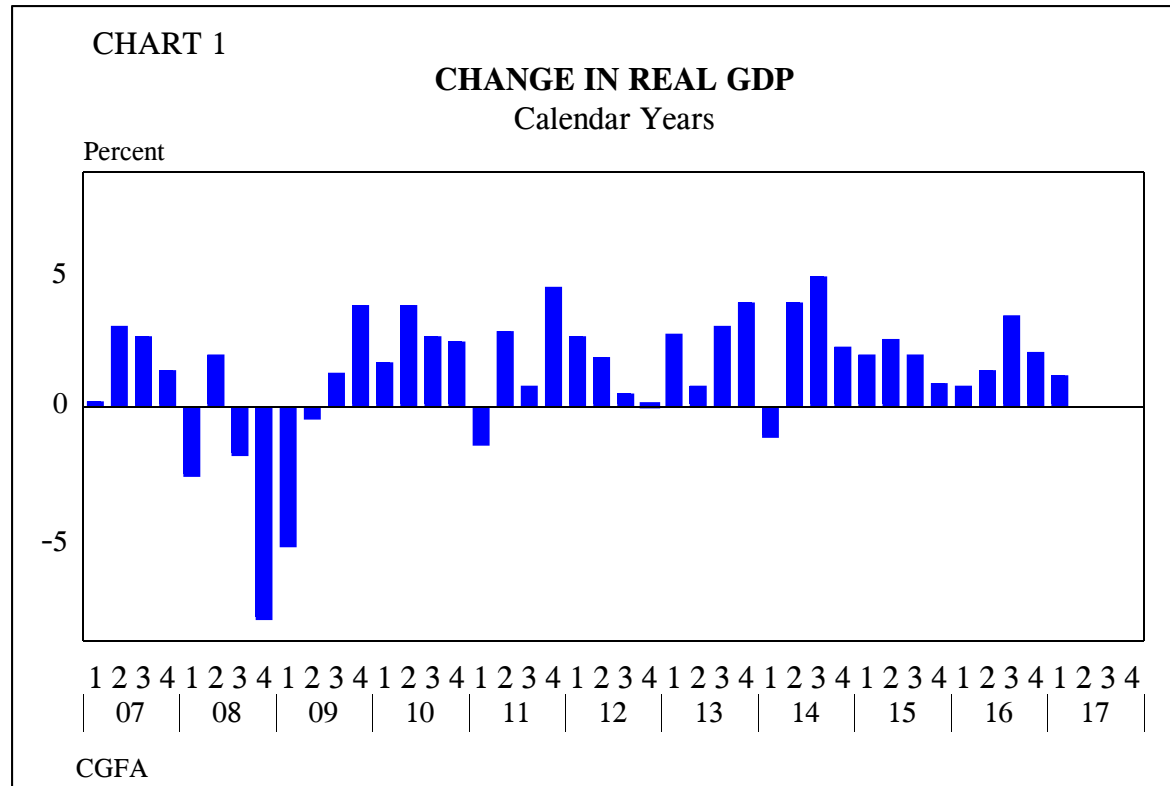
Illinois is one of the Midwest's weakest links, reflecting both soft job creation and the state's descent into fiscal quicksand. The state trails the nation in most metrics and political gridlock is imposing significant economic costs. The jobless rate has resumed its descent after rising late last year into early 2016, but much of the decline owes to a sharp drop in the labor force and population losses.

Payroll employment is growing at the slowest pace since 2010. Service-providing industries are slowly advancing, but goods producers are cutting back, weighed down by low oil prices, weak global growth, an inventory overhang, and the strong U.S. dollar. Downstate is hurting more than Chicago, which relies much more heavily on service industries for growth. The manufacturing slump has been punishing to export-oriented manufacturing centers such as Decatur, Peoria, and the Quad Cities. The state's performance gap with the region and nation will narrow over the next several years, but manufacturing's struggles and dismal public finances will keep Illinois an underperformer.

Longer term, Illinois has a lot of what businesses need to thrive—talent, access to customers, and capital, transportation hubs—but painful fiscal reforms are needed before it can fully capitalize on these strengths. To be a solid-performer longer term, the state must navigate its fiscal challenges without doing lasting damage to its business climate. The state's demographics present it with another challenge, as an aging population coupled with a trend toward fewer workers hampers job and income gains, which are forecast to be below average over the extended forecast horizon.

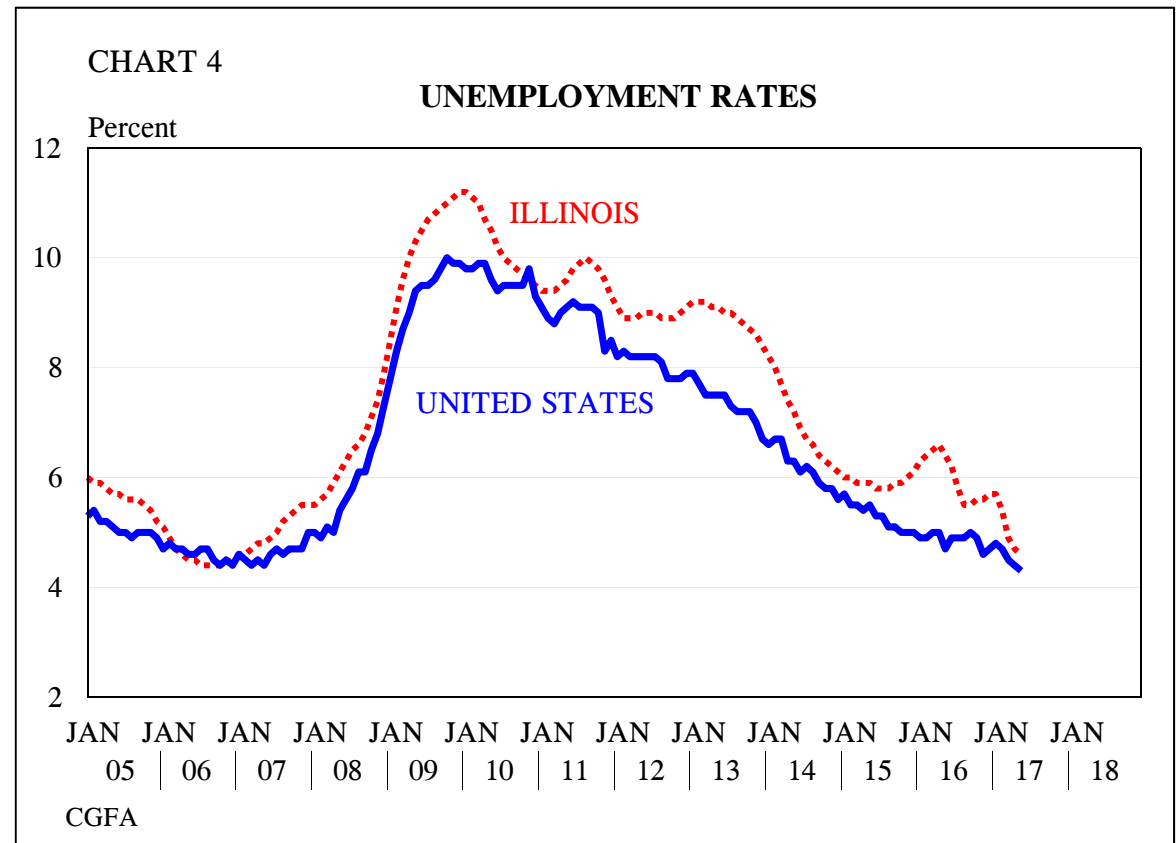
CHANGE IN REAL GDP

- Chart 1 shows quarterly GDP growth for the years 2007 through the first quarter of 2017 on a calendar basis.
- As can be seen, after the severe recession, the recovery that began in the June 2009 has been erratic on a quarterly basis. Overall, however, it has been the weakest recovery in the post WWII period.
- In 2016 the economy grew 1.6%, a slowdown from 2.5% in 2015, 2.4% in 2014, and on a par with the 1.6% rate back in 2011.
- On a fiscal year basis, in the first half of FY 2017 the rate was 2.8% continuing on an erratic basis with the third quarter at 3.5% followed by 2.1% in the fourth quarter of fiscal 2017. In the first quarter of fiscal 2018 growth slowed to 1.2%.



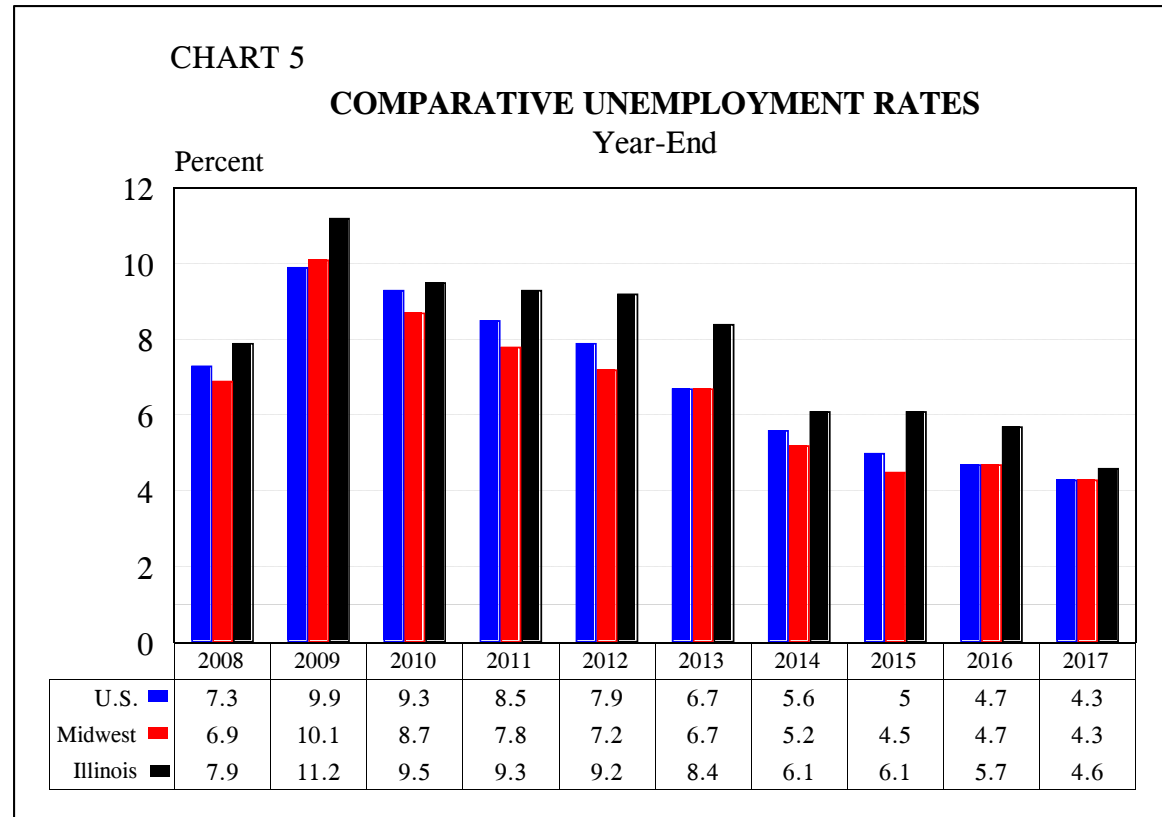
UNEMPLOYMENT RATES

- As shown in Chart 4, the gap between the nation's unemployment rate and that in Illinois has closed sharply in the past year.
- The two rates were virtually even as the recession got underway at the end of 2007.
- However, as the recovery began in mid-2009, the gap widened, with Illinois' rate reaching a high the 11% area from October 2009 through April 2010.
- While both rates then began to decline, the gap remained large before narrowing in 2013 into 2015, and once again in recent months.
- However, the recent declines in Illinois' unemployment rate are not a good sign. It is derived from the Household series and reflects a shrinking labor force, declining population, and a drop in the number of those employed in each of the past two months.



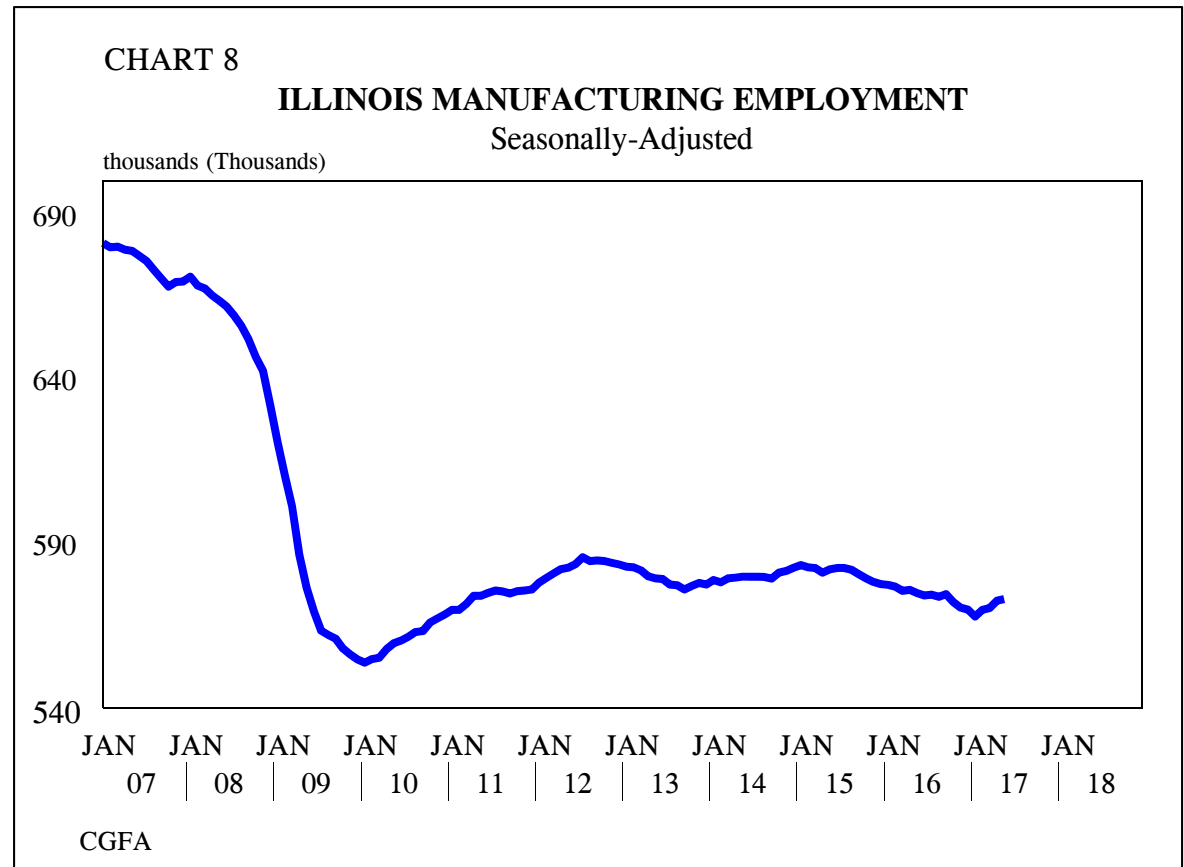
COMPARATIVE UNEMPLOYMENT RATES

- Unemployment rates have not moved in sync in recent years. Chart 5 shows comparative unemployment rates for the nation, Midwest, and Illinois.
- Starting in 2007, prior to the recession at year-end, Midwest and Illinois rates were similar and only slightly higher than the nation.
- Since 2010, unemployment in the Midwest fell below or at the national level as resurgence in several “rust belt” states from increased energy production caused an employment spurt.
- Unemployment in Illinois, however, continued to exceed both the national and Midwest rates. Latest data have the national rate at 4.3%, the Midwest at 4.3%, and the Illinois rate at 4.6%. Again, and mentioned in the previous chart, the latest data on Illinois rates come about due shrinkage in the state’s population, labor force and, more recently, the number employed.



ILLINOIS MANUFACTURING EMPLOYMENT

- As shown in Chart 8, the weakness in Illinois employment has centered in the manufacturing area.
- The long-term downward trend in manufacturing jobs seemed to reverse as the economic recovery began to improve by 2010. A few years later, however, it had leveled out, followed by renewed weakening throughout last year. At year end of 2016 the level of manufacturing jobs had fallen to the lowest level since the fall of 2010.
- There was a modest improvement in the past couple of months.
- Even so, the pattern of Illinois' manufacturing employment remains in sharp contrast to the improvement seen in other surrounding states in the so-called Midwest "rust belt".



CHANGE IN REAL GDP

- Chart 10 shows three alternative forecasts of the U.S. economy through 2018. The **BASELINE** shows the most likely solution with a 60% chance of occurrence and has the economy continuing to rise through 2018, although at a modest pace.
- A more **OPTIMISTIC** scenario, with a 20% chance of happening, shows somewhat stronger economic gains continuing through 2018 being somewhat stronger than in recent years.
- Finally, a **PESSIMISTIC** scenario, with a 20% chance of occurrence, is shown where the economy stalls in both the fourth quarter of 2017 and first quarter of 2018, before rising at a slow pace for several quarters bringing it back to the baseline as 2018 comes to a close.

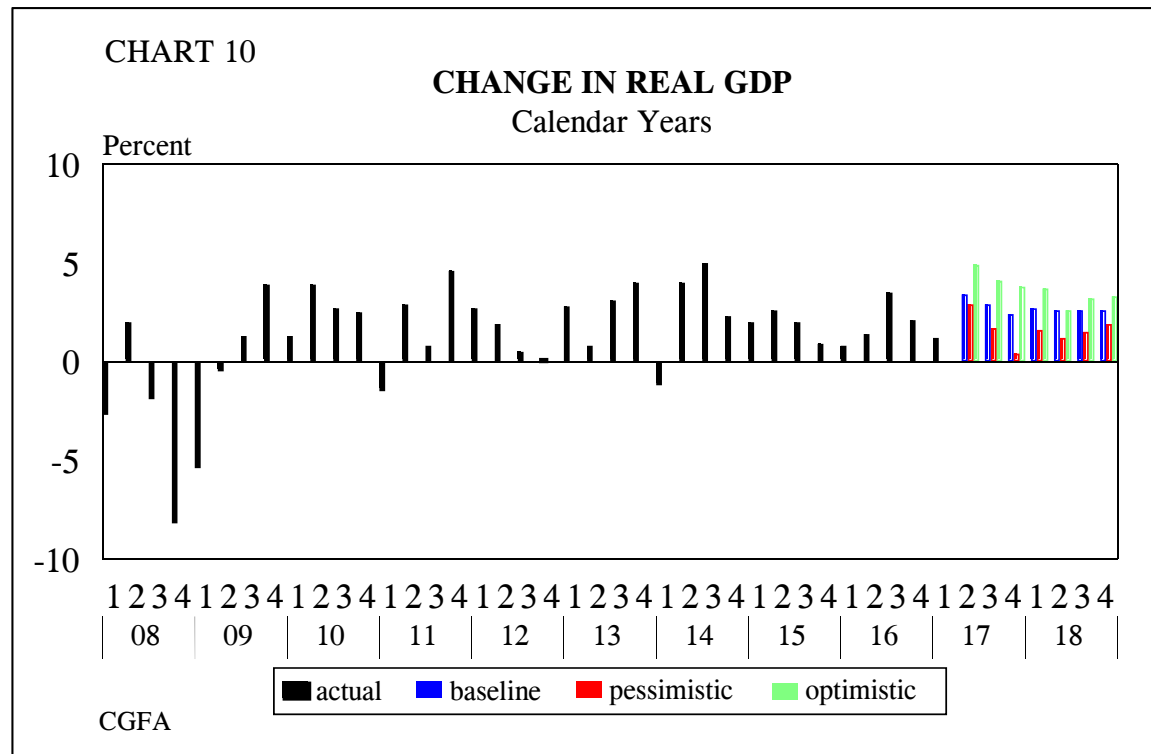


CHART 11: BASELINE FORECASTS -- MAY 2017

REAL (2009 \$) (Calendar Years)	2014	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Estimated	Estimated	Estimated
Gross Domestic Product	2.4	2.6	1.6	2.2	2.7	2.4
Personal Consumption	2.9	3.2	2.7	2.5	3.2	3.0
Durable	6.7	6.9	5.8	5.8	6.4	6.1
Nondurable	2.6	2.6	2.4	2.2	3.0	2.8
Services	2.3	2.8	2.3	2.0	2.7	2.5
Fixed Investment (Nonresidential)	6.0	2.1	-0.5	4.5	4.5	3.8
Exports	4.3	0.1	0.4	1.9	2.4	3.0
Imports	4.4	4.6	1.1	4.1	6.4	5.2
Government						
Federal	-2.5	0.0	0.6	0.1	-0.4	-1.1
State & Local	0.2	2.9	0.9	0.1	2.0	1.5
OTHER MEASURES						
Personal Consumption (Current \$)	4.4	3.5	3.9	4.3	4.6	4.8
After Tax Profits (Current \$)	2.5	-8.5	4.3	8.0	14.6	3.8
Unemployment Rate (Average)	6.2	5.3	4.9	4.5	4.2	4.0

CHART 12: ILLINOIS FORECASTS

Calendar Years	2014 Actual	2015 Actual	2016 Actual	2017 Est.	2018 Est.	2019 Est.
Real Gross State Product (BIL. 2009 \$)	679.3	686.0	692.4	700.0	712.6	723.4
% Change	1.5	1.0	0.9	1.1	1.8	1.5
Total Employment (Ths)	5,878.5	5,968.5	6,012.8	6,052.0	6,094.5	6,143.2
% Change	1.3	1.5	0.7	0.7	0.7	0.8
Population (Ths)	12,862.9	12,833.8	12,797.6	12,769.8	12,758.2	12,753.8
% Change	-0.1	-0.2	-0.3	-0.2	-0.1	0
Personal Income (Bil \$)	624.9	646.7	666.9	690.2	719.5	754.0
% Change	4.0	3.5	3.1	3.5	4.3	4.8
OTHER MEASURES						
Private Housing Starts (Ths)	19.2	16.5	21.2	20.2	24	25.7
Unemployment Rate Avg. %	7.0	5.9	5.9	5.1	5.2	5.3

SOURCE: Global Insight JUNE 2017

ILLINOIS BOND RATINGS

GO
Build Illinois
Universities



ILLINOIS' GENERAL OBLIGATION RATINGS HISTORY

Date of Rating Action	Fitch		S&P		Moody's	
	Rating	up/down	Rating	up/down	Rating	up/down
June 2017			BBB-	↓1x	Baa3	↓1x
February 2017	BBB	↓1x				
September 2016			BBB	↓1x		
June 2016			BBB+	↓1x	Baa2	↓1x
October 2015	BBB+	↓1x			Baa1	↓1x
June 2013	A-	↓1x			A3	↓1x
Jan 2013			A-	↓1x		
Aug 2012			A	↓1x		
Jan 2012					A2	↓1x
Jun 2010	A	↓1x			A1	↓1x
Mar-Apr 2010	<i>A-/A+ recal</i>	↓1x/↑2x			<i>Aa3 recal</i>	↑2x
Dec 2009			A+	↓1x	A2	↓1x
Mar-Jul 2009	A	↓2x	AA-	↓1x	A1	↓1x
Dec 2008	AA-	↓1x				
May 2003	AA	↓1x			Aa3	↓1x
Jun 2000	AA+	↑1x				
Jun 1998					Aa2	↑1x
Jul 1997			AA	↑1x		
Feb 1997					Aa3	↑1x
Sep 1996	AA	<i>initial rating</i>				
Feb 1995					A1	↓1x
Aug 1992			AA-	↓1x	Aa*	↓1x
Aug-Sep 1991			AA	↓1x	Aa1	↓1x
Mar 1983			AA+	↓1x		
Feb 1979			AAA	<i>initial rating</i>		
1973					AAA	<i>initial rating</i>

Agency Ratings Comparison	
Fitch/S&P	Moody's
AAA	Aaa
AA+	AA+
AA	Aa2
AA-	Aa3
A+	A1
A	A2
A-	A3
BBB+	Baa1
BBB	Baa2
BBB-	Baa3
BB+	Ba1
BB	Ba2
BB-	Ba3
B+	B1
B	B2
B-	B3
CCC+	Caa1
CCC	Caa2
CCC-	Caa3
CC	Ca
C	C

Note: "recal" means recalibration, when Fitch and Moody's revised their ratings on municipal bonds to match global/corporate ratings. These are not considered upgrades.

*Moody's rating of Aa was before that level had modifiers of Aa2 and Aa3, so it was considered one level inbetween AA1 and A1

BUILD ILLINOIS BOND RATINGS

Rating Agencies	Apr/July 2009	Oct 2009	Dec 2009	Mar-Apr 2010*	June 2010	Jan 2012	June 2013	Oct 2015	Jun 2016	Jun 2017
Fitch Ratings	AA	AA	AA	AA+	AA+	AA+	AA+	AA+	AA+	AA+
Standard & Poor's	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AA-
Moody's	Aa3	A1	A2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3

*Fitch and Moody's Recalibration.

ILLINOIS UNIVERSITIES' BOND RATINGS DOWNGRADES STANDARD & POOR'S

S & P	Ratings	2016 Downgrades	2017 Downgrades	Status
U of I	from AA-	to A+	to A/A then to A-/A-	May and June CreditWatch negative implications
ISU	from A+	to A	to A-/A-	June CreditWatch negative implications
SIU	from A	to BBB+	to BB/BB (junk)	May CreditWatch negative implications
WIU	from A-	to BBB-	to BB-/BB- (junk)	May CreditWatch negative implications
GSU	from BBB+	to BB+ (junk)	BB/BB (junk)	May CreditWatch negative implications
EIU	from A-	to BB (junk)	B/B (junk)	May CreditWatch negative implications
NEIU	from A-	to BB (junk)	to B/B (junk)	May CreditWatch negative implications

MOODY'S

Moody's	Ratings	2016 Downgrades	2017 Downgrades	Status
U of I	Aa3		A1/A1	outlook negative
ISU	from A3	to Baa1	Baa2/Baa3	outlook negative
SIU	from A3	to Baa2	Ba2/B1 (junk)	outlook negative
NIU	from A3	to Baa3	Ba2/Ba3 (junk)	outlook negative
GSU	from Baa1	to Ba1 (junk)	Ba3/B1 (junk)	outlook negative
NEIU	from Baa1	to Ba2 (junk)	to B1/B3 (junk)	outlook negative
EIU	from Baa1	to B1 (junk)	B2/Caa2 (junk)	outlook negative

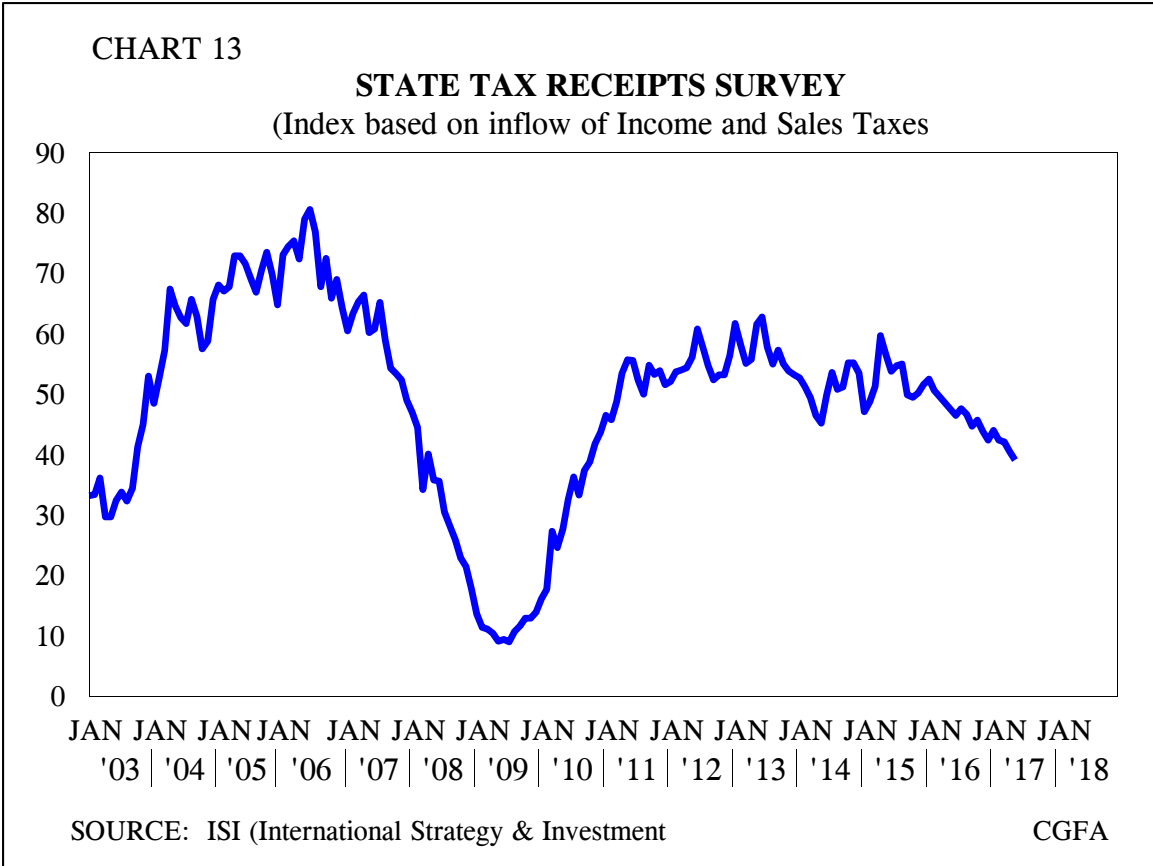
**Note: ratings listed are for each universities' version of auxiliary revenue bonds/COPS
S&P does not rate CSU or NIU. Moody's does not rate CSU or WIU.**

GENERAL FUNDS REVENUE



STATE TAX RECEIPTS SURVEY

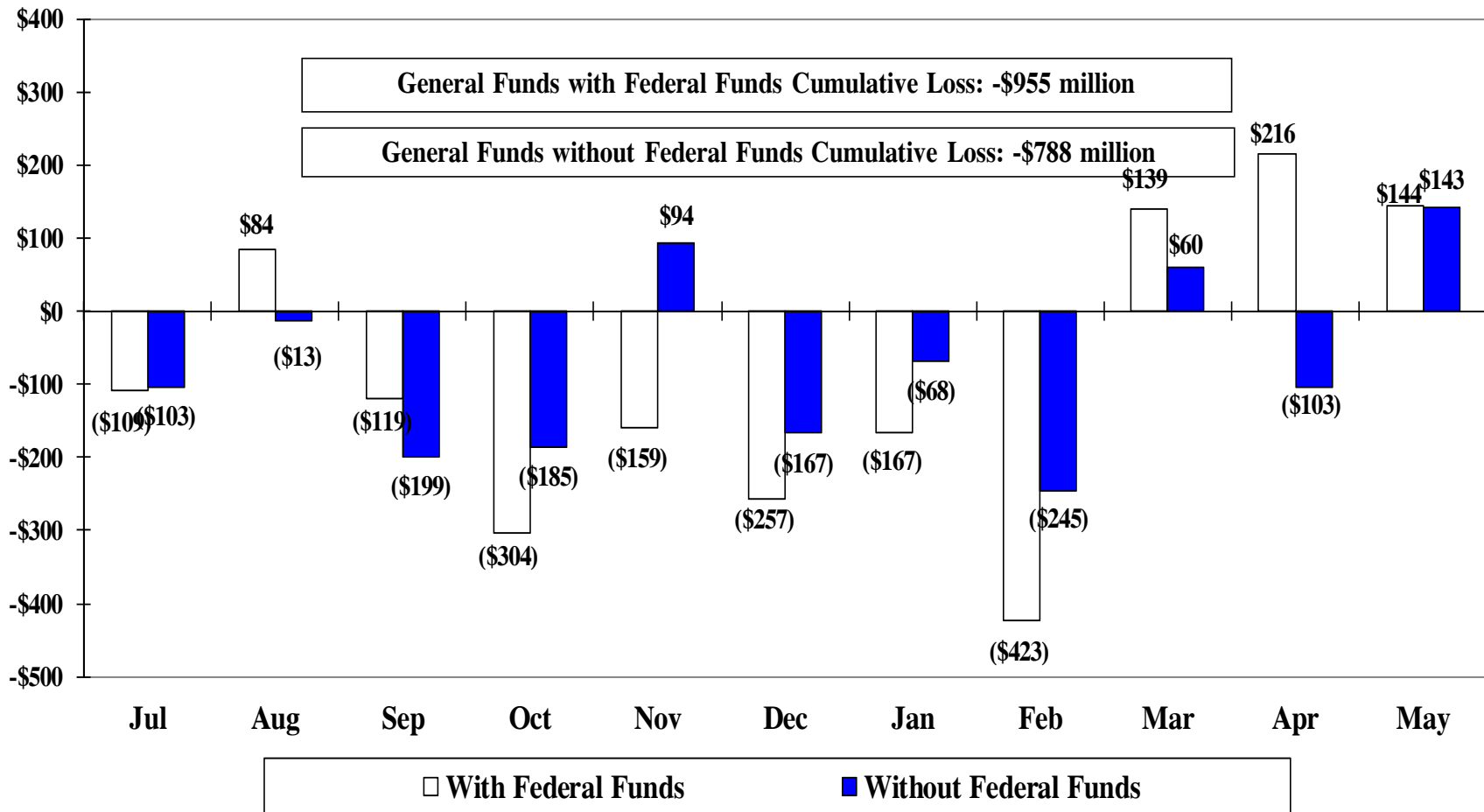
- Chart 13 shows an index created from a sample of states to replicate the overall direction and relative performance of income and sales taxes in the country. Illinois is one of 16 participating states in the survey which represents 2/3rds of the U.S. population.
- While our performance may be one, if not the worse, of the States showing a weakening receipt pattern, there is little doubt that the overall index has been on a significant weakening trend for the past two years.



Average Employment Levels by Subsector in Illinois								
Non-Seasonally Adjusted Averages: 2010 to 2017 [thru Apr] (in thousands)								
	2010	2011	2012	2013	2014	2015	2016	2017 Avg.
	Annual	Annual	Annual	Annual	Annual	Annual	Annual	thru
	Average	Average	Average	Average	Average	Average	Average	April
Mining	9.1	9.6	10.2	9.7	9.9	9.3	8.0	7.9
Construction	198.3	195.7	189.1	191.4	201.7	213.6	217.0	195.6
Manufacturing	561.0	573.9	583.0	579.2	580.1	581.3	574.1	567.6
Trade, Transportation, and Utilities	1,125.6	1,143.8	1,156.3	1,164.4	1,179.7	1,201.4	1,208.8	1,192.9
Information	101.8	100.6	100.1	99.0	99.1	101.0	98.7	98.7
Financial Activities	371.6	371.2	374.3	377.5	376.5	380.7	383.2	389.3
Professional and Business Services	793.9	823.5	856.8	883.1	909.5	923.4	934.6	920.8
Education and Health Services	830.8	847.5	862.3	874.4	885.1	899.4	914.3	926.5
Leisure and Hospitality	515.4	522.2	536.1	545.9	558.2	578.3	594.0	574.4
Other Services	249.1	249.7	249.7	249.9	252.2	252.0	250.7	247.9
Government	853.8	837.9	832.4	829.9	827.4	829.1	829.3	830.8
Annual Average Totals	5,610.4	5,675.6	5,750.3	5,804.4	5,879.4	5,969.5	6,012.7	5,952.3
Illinois' Annual % Change	-0.8%	1.2%	1.3%	0.9%	1.3%	1.5%	0.7%	-1.0%
Jan-Apr Average Totals	5,514.0	5,582.0	5,654.3	5,709.7	5,768.9	5,852.2	5,931.5	5,952.3
Jan-Apr Avg. % Change	-2.7%	1.2%	1.3%	1.0%	1.0%	1.4%	1.4%	0.3%
Average Weekly Earnings and Employment Change by Subsector in Illinois								
Calendar Year Averages: 2010 to 2017 [thru Apr]								
	2010	2011	2012	2013	2014	2015	2016	2017 Avg.
	Annual	Annual	Annual	Annual	Annual	Annual	Annual	thru
	Average	Average	Average	Average	Average	Average	Average	April
Mining*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Construction	\$1,236	\$1,282	\$1,291	\$1,265	\$1,302	\$1,339	\$1,336	\$1,314
Manufacturing	\$926	\$978	\$982	\$1,000	\$1,022	\$1,042	\$1,042	\$999
Trade, Transportation, and Utilities	\$693	\$734	\$766	\$790	\$805	\$807	\$806	\$802
Information	\$1,040	\$1,005	\$1,027	\$1,102	\$1,155	\$1,153	\$1,129	\$1,169
Financial Activities	\$1,036	\$1,054	\$1,131	\$1,116	\$1,184	\$1,244	\$1,330	\$1,408
Professional and Business Services	\$1,024	\$1,007	\$1,027	\$1,025	\$1,038	\$1,049	\$1,073	\$1,095
Education and Health Services	\$724	\$757	\$792	\$814	\$810	\$806	\$808	\$802
Leisure and Hospitality	\$319	\$322	\$337	\$323	\$340	\$365	\$377	\$380
Other Services	\$712	\$703	\$728	\$751	\$780	\$834	\$864	\$856
Government*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Illinois' Annual Average Weekly Earnings*	\$799	\$820	\$846	\$856	\$875	\$890	\$902	\$904
% Change in Avg. Weekly Earnings	0.9%	2.7%	3.2%	1.2%	2.2%	1.7%	1.3%	0.3%
Jan-Apr Average Weekly Totals	\$792	\$809	\$841	\$846	\$870	\$885	\$893	\$904
% Change in Jan-Apr Avg. Earnings	0.5%	2.1%	4.0%	0.6%	2.8%	1.8%	0.9%	1.3%
* Because the Mining and Government subsectors' weekly earnings are not available from the Bureau of Labor Statistics, "Statewide Average Weekly Earnings" is calculated by using the weekly earnings of the other nine subsectors. The statewide value was calculated by multiplying each subsector's average jobs by its average earnings and divided the sum of these figures by the total number of jobs from these nine subsectors.								
Source: www.bls.gov								

FY 2017 Monthly General Funds Performance

**July thru May as Compared to Same Prior Year Months*
(\$ in millions)



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

YEAR-TO-DATE FY 2017 GENERAL FUNDS (July-May)

Despite three consecutive months of decent growth, with only one month remaining in the fiscal year, base receipts are off \$955 million, or 3.5%. As discussed in monthly briefings, receipt weakness is widespread, and has resulted in disappointing performances in the key areas of income and sales taxes as well as federal sources.

To date, gross corporate income taxes are down \$909 million, or \$799 million net of refunds. Inheritance tax, true to its volatile nature, declined \$58 million. Public utility taxes are off of last year's pace by \$55 million. Cigarette taxes are down, falling \$11 million through May, and the vehicle use tax is behind last year's pace by \$1 million.

With positive performances over the last three months, gross personal income tax receipts are up by \$282 million, but only ahead by \$48 million on a net basis. Contributing to the overall positive performance is the reclassification of pass-through withholdings [which in previous years would have been receipted under corporate income tax designation]. Other sources are up \$132 million, in large part to a one-time \$84 million deposit of an SERS repayment. Interest income has grown \$10 million, liquor taxes and corporate franchise taxes each have grown \$2 million, and insurance taxes are ahead by \$1 million. While sales taxes grew only \$1 million for the year, that performance is misleading as the Department of Revenue has indicated that in the months of April/May, they diverted approximately \$170 million in general funds sales tax receipts to other local government funds which receive sales tax distributions.

Overall transfers are down \$60 million, while federal sources remain \$167 million behind last year's pace.

GENERAL FUNDS RECEIPTS: YEAR TO DATE				
FY 2017 vs. FY 2016				
(\$ million)				
Revenue Sources	FY 2017	FY 2016	CHANGE FROM FY 2016	% CHANGE
State Taxes				
Personal Income Tax	\$14,062	\$13,780	\$282	2.0%
Corporate Income Tax (regular)	1,294	2,203	(\$909)	-41.3%
Sales Taxes	7,331	7,330	\$1	0.0%
Public Utility Taxes (regular)	803	858	(\$55)	-6.4%
Cigarette Tax	313	324	(\$11)	-3.4%
Liquor Gallonage Taxes	156	154	\$2	1.3%
Vehicle Use Tax	27	28	(\$1)	-3.6%
Inheritance Tax	239	297	(\$58)	-19.5%
Insurance Taxes and Fees	321	320	\$1	0.3%
Corporate Franchise Tax & Fees	189	187	\$2	1.1%
Interest on State Funds & Investments	31	21	\$10	47.6%
Cook County IGT	244	244	\$0	0.0%
Other Sources	508	376	\$132	35.1%
Subtotal	\$25,518	\$26,122	(\$604)	-2.3%
Transfers				
Lottery	633	618	\$15	2.4%
Riverboat transfers & receipts	252	260	(\$8)	-3.1%
Proceeds from Sale of 10th license	10	10	\$0	0.0%
Refund Fund transfer	4	77	(\$73)	-94.8%
Fund sweeps	0	0	\$0	N/A
Other	498	492	\$6	1.2%
Total State Sources	\$26,915	\$27,579	(\$664)	-2.4%
Federal Sources				
Total Federal & State Sources	\$29,202	\$30,033	(\$831)	-2.8%
Nongeneral Funds Distribution:				
Refund Fund				
Personal Income Tax	(\$1,576)	(\$1,344)	(\$232)	17.3%
Corporate Income Tax	(\$224)	(\$334)	\$110	-32.9%
Fund for Advancement of Education	(\$430)	(\$429)	(\$1)	N/A
Commitment to Human Services Fund	(\$430)	(\$429)	(\$1)	N/A
Subtotal General Funds	\$26,542	\$27,497	(\$955)	-3.5%
Short-Term Borrowing	\$0	\$0	\$0	N/A
Interfund Borrowing	\$0	\$0	\$0	N/A
Budget Stabilization Fund Transfer	\$0	\$125	(\$125)	-100.0%
Total General Funds	\$26,542	\$27,622	(\$1,080)	-3.9%

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

CGFA

1-Jun-17

REVIEW OF MARCH FY 2017 REVISION

FY 2017 General Funds Forecast Revised CGFA Estimate			
(\$ millions)	Mar-17	July-16	Difference
"Big Three"-Net Personal, Net Corporate, & Sales	\$22,343	\$23,000	(\$657)
All Other State Sources	\$3,251	\$3,177	\$74
Transfers In	\$1,615	\$1,606	\$9
Federal Sources	\$3,000	\$3,100	(\$100)
Total	\$30,209	\$30,883	(\$674)
Including Revenues to the:			
Fund for Advancement of Education	\$453	\$461	(\$8)
Commitment to Human Serviced Fund	\$453	\$461	(\$8)
Total General Funds & FAE/CHFS	\$31,115	\$31,805	(\$690)

- In March, primarily based on poor performance through that period, the Commission revised down its FY 2017 estimate by \$674 million (see accompanying tables). The vast majority of the downgrade came from the forecasts of the “Big Three” –personal, corporate and sales taxes, as the outlook was reduced by \$657 million.
- While personal income tax has performed modestly better than expected since the revision, continued significant weakness in corporate income taxes have provided offsetting pressure. In addition, in the months of April/May, the IDoR indicated that they diverted approximately \$140 million in sales taxes from general fund to other local government funds which receive sales tax distribution but whose balances dipped below acceptable levels. Taken in total, and despite these variances in certain revenue source lines, overall the non-federal estimate have held up decently, though overall will likely fall modestly short of expectations.
- While a modest \$100 million downward revision of the federal source estimate was made in March, the Commission warned during testimony at numerous legislative hearings that the State’s cash strapped position could result in reimbursable spending and resulting federal sources fallings hundreds of millions below even the revised estimate. Those comments appear prophetic as absent a late surge in Medicaid spending, federal sources are likely to fall well below the March forecast. (Recent court action may impact reimbursable spending going forward, but likely will come too late to significantly boost FY 2017 revenues).

FY 2017 GENERAL FUNDS REVENUE REVISED CGFA ESTIMATE			
	(millions)		
	FY 2017 CGFA Mar-17	FY 2017 CGFA July-2016	\$ Difference
Revenue Sources			
State Taxes			
Personal Income Tax	\$15,300	\$15,557	(\$257)
Corporate Income Tax (regular)	\$1,750	\$2,286	(\$536)
Sales Taxes	\$8,215	\$8,215	\$0
Public Utility (regular)	\$883	\$943	(\$60)
Cigarette Tax	\$353	\$353	\$0
Liquor Gallonage Taxes	\$171	\$171	\$0
Vehicle Use Tax	\$30	\$30	\$0
Inheritance Tax	\$285	\$285	\$0
Insurance Taxes & Fees	\$405	\$380	\$25
Corporate Franchise Tax & Fees	\$205	\$206	(\$1)
Interest on State Funds & Investments	\$28	\$25	\$3
Cook County Intergovernmental Transfer	\$244	\$244	\$0
<u>Other Sources</u>	<u>\$647</u>	<u>\$540</u>	<u>\$107</u>
Subtotal	\$28,516	\$29,235	(\$719)
Transfers			
Lottery	\$719	\$705	\$14
Riverboat transfers and receipts	\$265	\$270	(\$5)
Proceeds from sale of 10th license	\$10	\$10	\$0
Interfund Borrowing	\$0	\$0	\$0
<u>Other</u>	<u>\$621</u>	<u>\$621</u>	<u>\$0</u>
Total State Sources	\$30,131	\$30,841	(\$710)
Federal Sources	\$3,000	\$3,100	(\$100)
Total Federal & State Sources	\$33,131	\$33,941	(\$810)
Nongeneral Funds Distribution:			
Refund Fund			
Personal Income Tax [11.2% '17]	(\$1,714)	(\$1,742)	\$28
Corporate Income Tax [17.25% '17]	(\$302)	(\$394)	\$92
Fund for Advancement of Education	(\$453)	(\$461)	\$8
Commitment to Human Services Fund	(\$453)	(\$461)	\$8
Subtotal General Funds	\$30,209	\$30,883	(\$674)

FY 2017 COMPARISON – CGFA and GOMB

FY 2017 General Funds Forecast CGFA [Mar-17] vs. GOMB [Feb-17]			
(\$ millions)	CGFA	GOMB	Difference
"Big Three"- Net Personal, Net Corporate, & Sales	\$22,343	\$22,622	(\$279)
All Other State Sources	\$3,251	\$3,281	(\$30)
Transfers In	\$1,615	\$1,667	(\$52)
Federal Sources	\$3,000	\$3,162	(\$162)
Total	\$30,209	\$30,732	(\$523)
Including Revenues to the:			
Fund for Advancement of Education	\$453	\$473	(\$20)
Commitment to Human Serviced Fund	\$453	\$473	(\$20)
Total General Funds & FAE/CHFS	\$31,115	\$31,677	(\$562)

The accompanying tables compare the revised FY 2017 Commission's estimate to the one presented in the Governor's Budget Book. As shown, the Commission's estimate of base general funds is \$523 million below the forecast presented by GOMB. For comparison purposes, the above table demonstrates that if the estimates of the Fund for Advancement of Education and the Commitment to Human Serviced Fund are included [which is the assumption used by GOMB] in the definition of general funds, the difference grows slightly to \$562 million.

The forecasts of all other revenue sources are overall very similar, differing only by \$30 million, while the estimate of transfers into the general funds is separated by \$52 million. While the GOMB reduced its estimate of federal sources by a significant \$647 million from their November 2016 forecast, their revised estimate is still viewed as too optimistic given reimbursable spending levels needed to reach their mark.

It is believed that since February, internally the GOMB has unofficially revised down their estimate to levels nearer CGFA.

FY 2017 GENERAL FUNDS REVENUE CGFA vs. GOMB [Current Law]			
(millions)			
	FY 2017 CGFA Mar-17	FY 2017 GOMB Feb-17	\$ Difference
Revenue Sources			
State Taxes			
Personal Income Tax	\$15,300	\$15,665	(\$365)
Corporate Income Tax (regular)	\$1,750	\$1,814	(\$64)
Sales Taxes	\$8,215	\$8,155	\$60
Public Utility (regular)	\$883	\$899	(\$16)
Cigarette Tax	\$353	\$353	\$0
Liquor Gallonage Taxes	\$171	\$171	\$0
Vehicle Use Tax	\$30	\$29	\$1
Inheritance Tax	\$285	\$275	\$10
Insurance Taxes & Fees	\$405	\$395	\$10
Corporate Franchise Tax & Fees	\$205	\$205	\$0
Interest on State Funds & Investments	\$28	\$26	\$2
Cook County Intergovernmental Transfer	\$244	\$244	\$0
<u>Other Sources</u>	<u>\$647</u>	<u>\$684</u>	<u>(\$37)</u>
Subtotal	\$28,516	\$28,915	(\$399)
Transfers			
Lottery	\$719	\$720	(\$1)
Riverboat transfers and receipts	\$265	\$270	(\$5)
Proceeds from sale of 10th license	\$10	\$10	\$0
Interfund Borrowing	\$0	\$0	\$0
<u>Other</u>	<u>\$621</u>	<u>\$667</u>	<u>(\$46)</u>
Total State Sources	\$30,131	\$30,582	(\$451)
Federal Sources	\$3,000	\$3,162	(\$162)
Total Federal & State Sources	\$33,131	\$33,744	(\$613)
Nongeneral Funds Distribution:			
Refund Fund			
Personal Income Tax [11.2% '17]	(\$1,714)	(\$1,754)	\$40
Corporate Income Tax [17.25% '17]	(\$302)	(\$313)	\$11
Fund for Advancement of Education	(\$453)	(\$473)	\$20
Commitment to Human Services Fund	(\$453)	(\$473)	\$20
Subtotal General Funds	\$30,209	\$30,732	(\$523)

ABSENT LEGISLATIVE CHANGES, ONLY MODEST REVENUE GROWTH CAN BE EXPECTED IN FY 2018

- Expectations for the upcoming fiscal year are fairly modest for the most closely-tied major economic sources. At this time, growth expectations for base personal income taxes would be approximately 2.5%, reflecting current trends related to employment and wage outlooks. In terms of corporate income taxes, given a continued poor profits picture, even no growth could be seen as improvement after what appears to be a very disappointing FY 2017. Sales tax expectations will remain modest, likely in the 2% growth range. Therefore, base growth of the “Big Three” is expected to be \$553 million. Positively impacting overall growth expectations of income taxes are the secondary impacts of proposed refund percentages as well as timing aspects related to IDoR’s new accounting system. These items are expected to add \$228 million. All told, a preliminary view of growth from the “Big Three” would be approximately \$781 million.
- All other state sources are fairly stagnant from year to year, but a one-time SERS repayment in FY 2017 will result in a modest decline in year over year expectations in FY 2018—in the amount of \$29 million.
- Total transfers are expected to increase by approximately \$75 million at this time.
- Federal sources are largely dependent on reimbursable spending, available resources, and actual Comptroller spending priorities—all of which are highly variable at this point. However, the federal source estimate presented in the Budget Book seems to be much more realistic than GOMB’s recent projections, primarily due to updated assumptions related to Medicare federal offset methodology. At this time, the Commission would be comfortable utilizing the GOMB’s estimate of \$3.111 billion in FY 2018. That would translate into \$111 million in growth from current year CGFA expectations. If FY 2017 falls short, it could result in the movement of reimbursable spending and subsequent federal sources into FY 2018, thereby increasing year over year growth.

CGFA FY 2018 GENERAL FUNDS FORECAST

FY 2018 and Revised FY 2017 Estimates			
CGFA [March-17]			
(\$ millions)	FY 2018	FY 2017	Difference
"Big Three"-Net Personal, Net Corporate, & Sales	\$23,124	\$22,343	\$781
All Other State Sources	\$3,222	\$3,251	(\$29)
Transfers In	\$1,690	\$1,615	\$75
Federal Sources	\$3,111	\$3,000	\$111
Total	\$31,147	\$30,209	\$938
Including Key GOMB Assumptions in Budget Book			
Proceeds from sale of Thompson Center	\$300	\$0	\$300
Includes FAE/CHSF in General Funds Definition	\$942	\$906	\$36
Total GOMB Assumptions	\$1,242	\$906	\$336
Total General Funds	\$32,389	\$31,115	\$1,274

The Commission's FY 2018 estimate of general funds revenues, based on current law, is \$31.147 billion, reflecting a net increase of \$938 million from the revised FY 2017 forecast. The following provides a brief overview of the assumptions used to develop the estimates of the larger economic sources. A more detailed table as well as additional discussion of components of the forecast can be found on the following page.

"The Big Three"

- The estimate of gross personal income tax assumes underlying base growth of 2.5%. The modest outlook reflects current trends related to struggling job growth and muted earnings performance. The assumed decrease in refund percentage [10%] in FY 2018 versus 11.2% in FY'17 will have the effect of increasing overall net income taxes by \$497 million or 3.9%.
- Consistent with a view of continued poor corporate profits picture, the estimate of gross corporate income tax assumes no underlying growth in FY 2018. However, the Commission is adopting a similar view as the IDoR that the marked impact that the new ledger system has had on FY 2017 corporate income taxes will normalize, resulting in some positive year over year impacts. As a result, a net increase in corporate receipts is assumed to be \$119 million [somewhat lower than the IDoR's assumed net gain of \$140 million].
- Sales tax receipts are expected to grow a modest \$165 million or 2.0%.

CGFA FY 2018 GENERAL FUNDS FORECAST

(continued)

All Other State Sources

- Public utility taxes are expected to increase \$15 million. Despite a long term downward trend in public utility taxes due to continued loss of landline phone service, some growth is forecasted due to a one-time accounting change at IDoR that negatively impacted FY'17 telecommunications receipts.
- Other sources are expected to fall \$48 million due to the one-time nature of SERS prior year overpayment deposited in FY'17 [\$84 million].

Transfers

- Overall transfers are expected to grow \$75 million in FY 2018. The lottery transfer is expected to be flat reflecting lack of growth due to some slippage of the FY 2016 transfer into FY 2017. Riverboat gaming transfers are expected to continue its slow decline, falling \$3 million, while all other miscellaneous transfers are expected to rise by \$78 million. That growth is assumed to occur with expected improvement in transfers from the Capital Projects Fund. By law, each year \$245 million is to be transferred into the general fund from the Capital Projects Fund. Over the last several fiscal years, insufficient balances in the Fund have prevented the full transfer and pressure to make-up those short falls is increasing.

Federal Sources

- For now, the Commission will accept the GOMB's expected level of federal sources for FY 2018, at \$3.111 billion. For a number of fiscal years, the GOMB has utilized a higher than probable federal source forecast due to assuming Medicare premium spending/reimbursement, rather than the actual practice of the federal government "offsetting" Illinois's reimbursement by what is owed for Medicare premiums under the Medicaid program. GOMB has now adjusted down their forecasts to a more realistic level, reflecting the "offset" methodology. Ultimately, federal sources are dependent on appropriation levels (in normal years), available resources, and actual reimbursable spending executed by the Comptroller. In addition, over the last several fiscal years, there has been a shift in reimbursable spending away from the general funds toward non-general funds such as the Provider Relief Fund.

<i>FY 2018 and Revised FY 2017 Estimates</i>			
CGFA			
(millions)			
	FY 2018 CGFA	FY 2017 CGFA	\$
	<u>Mar-17</u>	<u>Mar-17</u>	<u>Difference</u>
Revenue Sources			
State Taxes			
Personal Income Tax	\$15,688	\$15,300	\$388
Corporate Income Tax (regular)	\$1,900	\$1,750	\$150
Sales Taxes	\$8,380	\$8,215	\$165
Public Utility (regular)	\$898	\$883	\$15
Cigarette Tax	\$353	\$353	\$0
Liquor Gallonage Taxes	\$173	\$171	\$2
Vehicle Use Tax	\$30	\$30	\$0
Inheritance Tax	\$280	\$285	(\$5)
Insurance Taxes & Fees	\$410	\$405	\$5
Corporate Franchise Tax & Fees	\$203	\$205	(\$2)
Interest on State Funds & Investments	\$32	\$28	\$4
Cook County Intergovernmental Transfer	\$244	\$244	\$0
<u>Other Sources</u>	<u>\$599</u>	<u>\$647</u>	<u>(\$48)</u>
Subtotal	\$29,190	\$28,516	\$674
Transfers			
Lottery	\$719	\$719	\$0
Riverboat transfers and receipts	\$262	\$265	(\$3)
Proceeds from sale of 10th license	\$10	\$10	\$0
Interfund Borrowing	\$0	\$0	\$0
<u>Other</u>	<u>\$699</u>	<u>\$621</u>	<u>\$78</u>
Total State Sources	\$30,880	\$30,131	\$749
Federal Sources	\$3,111	\$3,000	\$111
Total Federal & State Sources	\$33,991	\$33,131	\$860
Nongeneral Funds Distribution:			
Refund Fund			
Personal Income Tax [11.2% '17; 10% '18]	(\$1,569)	(\$1,714)	\$145
Corporate Income Tax [17.25% '17; 17.5% '18]	(\$333)	(\$302)	(\$31)
Fund for Advancement of Education	(\$471)	(\$453)	(\$18)
Commitment to Human Services Fund	(\$471)	(\$453)	(\$18)
Subtotal General Funds	\$31,147	\$30,209	\$938

FY 2018 OUTLOOK COMPARISON – CGFA and GOMB

The accompanying table compares FY 2018 revenue outlooks between the Commission and the GOMB. As shown, the overall difference to the base estimate equates to \$329 million or approximately 1%, with the Commission’s forecast being the lower. For presentation purposes, the highlighted area includes those Key GOMB revenue assumptions presented in the Budget Book. When included, those factors result in a slightly higher \$355 million in differences.

- On a net basis, the Commission’s estimate of the “Big Three” is \$338 million lower than the GOMB forecast. Since both agencies utilize similar growth forecasts for FY 2018, the differences are more the result of FY 2017 base estimate differences, rather than any significant disagreement in the underlying economic outlook for next fiscal year.
- While the Commission is somewhat higher than GOMB in the forecast of all other state sources, that \$42 million difference is mostly offset by a \$33 million lower estimate of transfers.
- Both forecasts assume the same level of federal sources in FY 2018.
- As shown, the GOMB includes in their FY 2018 forecast a couple of key revenue assumptions totaling \$1.268 billion. First, they again anticipate selling the Thompson Center and depositing those proceeds into the general funds. The value utilized this time is \$300 million, whereas last year they only assumed \$200 million. Secondly, the GOMB has adopted the view that the Fund for Advancement of Education and the Commitment to Human Serviced Fund should be considered as part of the general funds. When those two items are included in both estimates, the differences between the forecasts grows slightly to \$355 million.

FY 2018 General Funds Forecast			
CGFA [Mar-17] vs. GOMB [Feb-17]			
(\$ millions)	CGFA	GOMB	Difference
"Big Three"- Net Personal, Net Corporate, & Sales	\$23,124	\$23,462	(\$338)
All Other State Sources	\$3,222	\$3,180	\$42
Transfers In	\$1,690	\$1,723	(\$33)
Federal Sources	\$3,111	\$3,111	\$0
Total	\$31,147	\$31,476	(\$329)
Including Key GOMB Assumptions in Budget Book			
Proceeds from sale of Thompson Center	\$300	\$300	\$0
Includes FAE/CHSF in General Funds Definition	\$942	\$968	(\$26)
Total GOMB Assumptions	\$1,242	\$1,268	(\$26)
Total General Funds	\$32,389	\$32,744	(\$355)

BASE GROWTH ASSUMPTIONS FOR FY 2018

- CGFA's estimated rate of growth for base personal income tax is 2.5% whereas the GOMB is utilizing a similar 2.7% assumption. Both estimates reflect a continued weak jobs outlook and subdued wage growth. The forecast is well below the 5-year base growth average of 4.4%.
- Both agencies are assuming no growth in base corporate income tax receipts, indicative of a continuing weak corporate profits picture. What growth does materialize will be driven by adjustments related to the new ledger accounting system at IDoR which has significantly contributed to lower receipts for FY 2017, but should not repeat in FY 2018 due to its second year since implementation.
- The Commission is assuming base growth of 2.0% in the estimate of sales taxes, while the GOMB utilizes a similar 1.8%. The lower expected rate of growth compares with a 5-year average of 3.4%.

Base Growth Assumptions for FY' 18 "The Big Three"			
	<u>CGFA</u>	<u>GOMB</u>	<u>5 yr. avg</u>
PIT [base]	2.5%	2.7%	4.4%
CIT [base]	0.0%	0.0%	2.1%
Sales	2.0%	1.8%	3.4%

General Funds - FY 2017 & FY 2018

(Including Revenues from Fund for Advancement of Education & Commitment to Human Services Fund)

Expenditures, Revenues/Resources, and Resulting Estimated Deficit

\$ in millions

Expenditures.....

Purpose	FY 2017 Amount	AutoPilot FY 2018 Amount	Notes
K-12 Education	\$7,474	\$7,474	per GOMB FY 2018 Budget Book
Higher Education	\$1,830	\$1,950	per GOMB FY 2018 Budget Book
Economic Development	\$54	\$62	per GOMB FY 2018 Budget Book
Public Safety	\$1,714	\$1,831	per GOMB FY 2018 Budget Book
Human Services	\$5,973	\$6,174	per GOMB FY 2018 Budget Book
Healthcare	\$7,221	\$7,134	per GOMB FY 2018 Budget Book
Environment and Culture	\$64	\$68	per GOMB FY 2018 Budget Book
Government Services	\$1,224	\$1,322	per GOMB FY 2018 Budget Book
Pensions	\$6,931	\$7,889	per GOMB FY 2018 Budget Book
Statutory Transfers Out	\$2,424	\$2,517	per GOMB FY 2018 Budget Book
Debt Service: Capital & Pension Bonds	\$2,247	\$2,351	per GOMB FY 2018 Budget Book
Repay Interfund Borrowing	\$15	\$0	per GOMB FY 2018 Budget Book
Group Insurance	\$1,810	\$1,850	per GOMB FY 2018 Budget Book
Unspent Appropriations	-\$761	-\$812	per GOMB FY 2018 Budget Book
Subtotal	\$38,220	\$39,810	

Revenues/Resources.....

	FY 2017 Estimate	FY 2018 Estimate	Notes
Subtotal of General Funds Revenues:	\$30,209	\$31,147	CGFA March 2017 Estimate
Fund for Advancement of Education:	\$453	\$471	CGFA March 2017 Estimate
Commitment to Human Services Fund:	\$453	\$471	CGFA March 2017 Estimate
PPRT Fund for Higher Education:	\$97	\$70	Stop Gap Budget (P.A. 99-0524)
Budget Stabilization Fund:	\$275	\$0	Utilizes Funds w/o Repayment (P.A. 99-0524)
Accumulated Balance in CHSF:	\$484	\$0	Not Spent in FY 2016
Total Revenues:	\$31,971	\$32,159	
Fiscal Year Resulting Deficit:	-\$6,249	-\$7,651	
Est. Cumulative Deficit Balance:	-\$15,000	-\$22,651	

Updated 6/07/2017

DEVELOPMENT OF CGFA ESTIMATES

Econometric Firms—The Commission utilizes the services of IHS Global Insight, Moody’s Analytics and Consultant Robert Dieli, Ph.D. They provide a wealth of economic measures and forecasts, both on a national and state specific basis, which are utilized to varying degrees during the estimating process.

Data Sources—The Commission utilizes actual receipt data via the Comptroller’s warehouse. Additional tax collection data reports prepared by the DoR, as well as employment and earning reports produced by the Bureau of Labor Statistics and IDES are also utilized, as are other pertinent data that may be necessary and available.

Forecasting models—Depending on the revenue source being forecasted, model complexity can range from the very simple to fairly complex. Several smaller sources with relatively low volatility need nothing more than simple trend analysis to produce accurate forecasts, while the estimates of the larger more economically driven revenue sources such as income and sales benefit from more sophisticated econometric models which utilize regressions and various time series techniques.

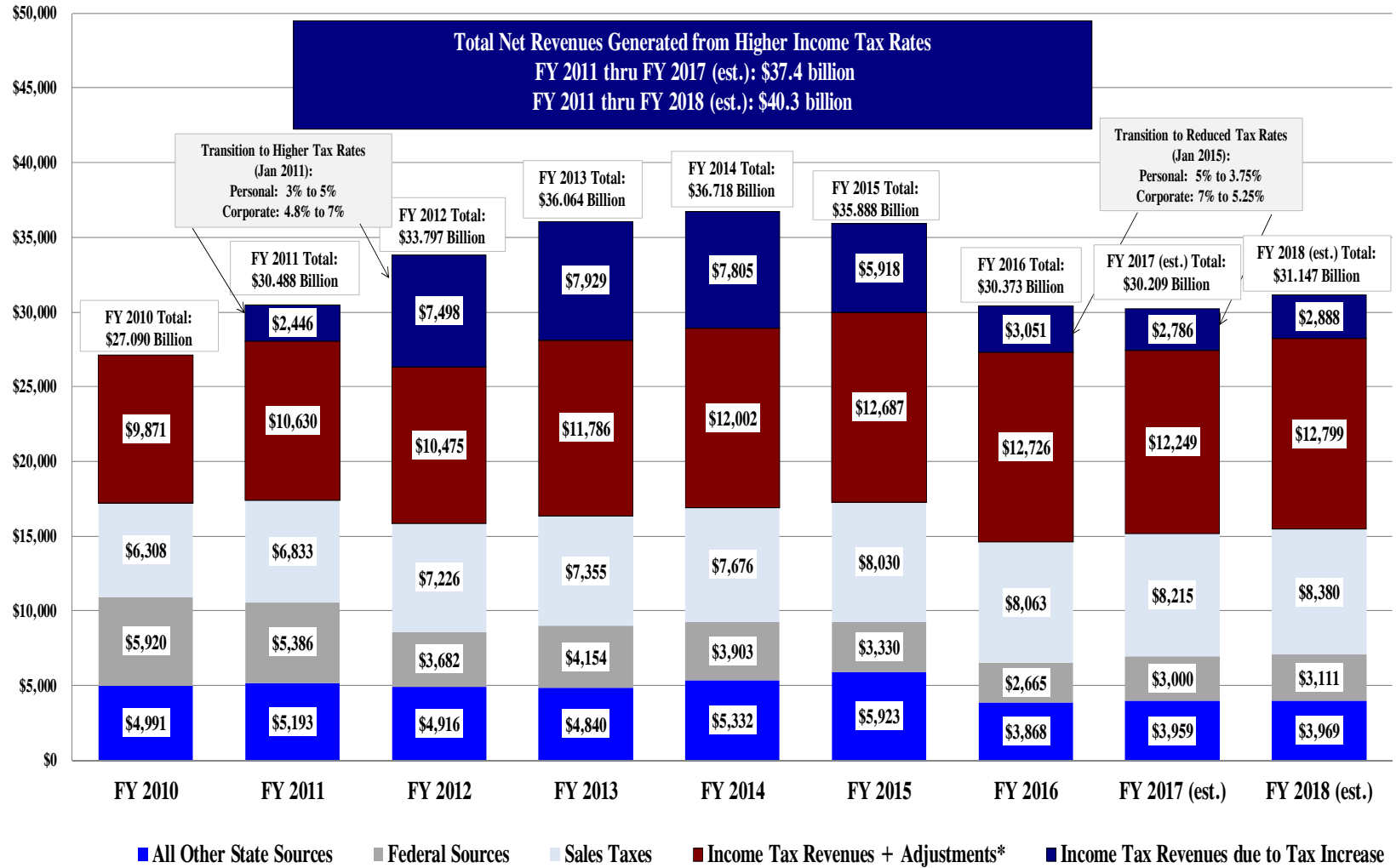
Application of Adjustments—Often times a base forecast must be adjusted by factors such as tax changes made at either the federal or state level that will disrupt historical receipt patterns, either by acceleration or delay. As has been the case in FY 2017/18, impacts related to IDOR accounting procedures must also be included. These are usually one-time phenomena, but must be accounted for by adjusting the estimate. Examples include tax rates, credits, deductions, exemptions, amnesty, etc.

Review Process and Tests of Reasonableness— Before a forecast is presented, it must pass internal review. In other words, the forecast must make sense. Any questionable forecast is reexamined for error. Accuracy of the estimates is reviewed during each forecasting period and, if necessary, appropriate revisions to the models are made in an effort to improve accuracy.

Composition of General Funds Tax Revenues between FY 2010 and FY 2018 (est.)

[Excludes Budget Stabilization and Pension Contribution Fund Transfers, Short-Term Borrowing, and Related Transfers]

\$ in millions



* The adjustments added/subtracted to the base revenues include the impacts from bonus depreciation, tax amnesty, refund percentage changes, and the costs of tax expenditures implemented by P.A. 97-0636 and P.A. 97-0652.

DETAILED GENERAL FUNDS REVENUE HISTORY FY 2008 - FY 2016 & FY 2017/18 [Estimated]

(\$ Million)

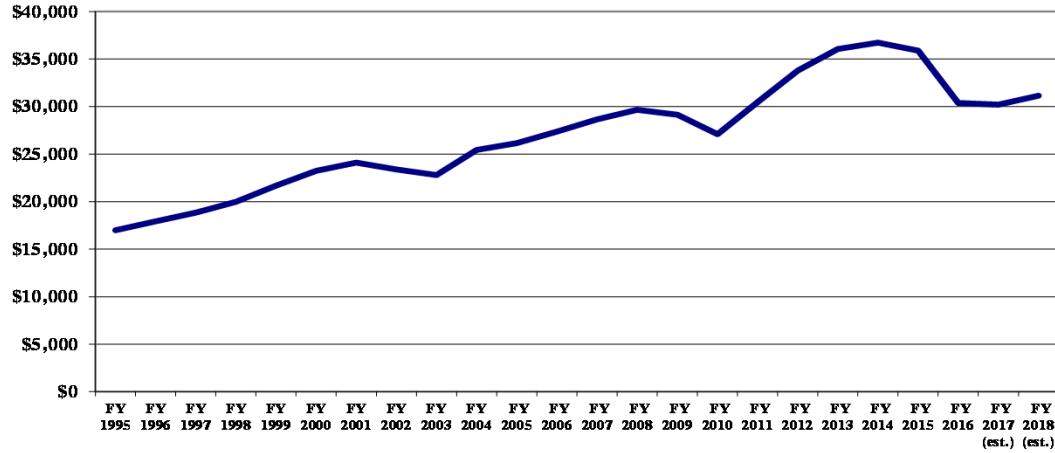
Revenue Sources	Actual Receipts FY 2008	Actual Receipts FY 2009	Actual Receipts FY 2010	Actual Receipts FY 2011	Actual Receipts FY 2012	Actual Receipts FY 2013	Actual Receipts FY 2014	Actual Receipts FY 2015	Actual Receipts FY 2016	CFGFA Feb-16 FY 2017	CGFA Feb-17 FY 2018
State Taxes											
Personal Income Tax	\$11,187	\$10,219	\$9,430	\$12,301	\$17,000	\$18,323	\$18,388	\$17,682	\$15,299	\$15,300	\$15,688
Corporate Income Tax (regular)	2,201	2,073	1,649	2,277	2,983	3,679	3,640	3,129	2,334	1,750	1,900
Sales Taxes	7,215	6,773	6,308	6,833	7,226	7,355	7,676	8,030	8,063	8,215	8,380
Public Utility Taxes (regular)	1,157	1,168	1,089	1,147	995	1,033	1,013	1,006	926	883	898
Cigarette Tax	350	350	355	355	354	353	353	353	353	353	353
Liquor Gallonage Taxes	158	158	159	157	164	165	165	167	170	171	173
Vehicle Use Tax	32	27	30	30	29	27	29	32	30	30	30
Inheritance Tax (Gross)	373	288	243	122	235	293	276	333	306	285	280
Insurance Taxes and Fees	298	334	322	317	345	334	333	353	398	405	410
Corporate Franchise Tax & Fees	225	201	208	207	192	205	203	211	207	205	203
Interest on State Funds & Investments	212	81	26	28	21	20	20	24	24	28	32
Cook County Intergovernmental Transfer	302	253	244	244	244	244	244	244	244	244	244
Other Sources	<u>442</u>	<u>418</u>	<u>431</u>	<u>404</u>	<u>399</u>	<u>462</u>	<u>585</u>	<u>693</u>	<u>534</u>	<u>647</u>	<u>599</u>
Subtotal	\$24,152	\$22,343	\$20,494	\$24,422	\$30,187	\$32,493	\$32,925	\$32,257	\$28,888	\$28,516	\$29,190
Transfers											
Lottery	657	625	625	632	640	656	668	679	677	719	719
Gaming Fund Transfer [and related]	564	430	431	324	413	360	331	302	287	275	272
Other	<u>679</u>	<u>538</u>	<u>828</u>	<u>1,226</u>	<u>885</u>	<u>688</u>	<u>1,113</u>	<u>2,012</u>	<u>627</u>	<u>621</u>	<u>699</u>
Total State Sources	\$26,052	\$23,936	\$22,378	\$26,604	\$32,125	\$34,197	\$35,037	\$35,250	\$30,479	\$30,131	\$30,880
Federal Sources	\$4,815	\$6,567	\$5,920	\$5,386	\$3,682	\$4,154	\$3,903	\$3,330	\$2,665	\$3,000	\$3,111
Total Federal & State Sources	\$30,867	\$30,503	\$28,298	\$31,990	\$35,807	\$38,351	\$38,940	\$38,580	\$33,144	\$33,131	\$33,991
Nongeneral Funds Distribution:											
Refund Fund											
Personal Income Tax	(\$867)	(\$996)	(\$919)	(\$1,076)	(\$1,488)	(\$1,785)	(\$1,746)	(\$1,769)	(\$1,493)	(\$1,714)	(\$1,569)
Corporate Income Tax	(341)	(363)	(289)	(426)	(522)	(502)	(476)	(439)	(362)	(302)	(333)
Fund for Advancement of Education	0	0	0	0	0	0	0	(242)	(458)	(453)	(471)
Commitment to Human Services Fund	0	0	0	0	0	0	0	(242)	(458)	(453)	(471)
Subtotal General Funds	\$29,659	\$29,144	\$27,090	\$30,488	\$33,797	\$36,064	\$36,718	\$35,888	\$30,373	\$30,209	\$31,147
Change from Prior Year	\$1,019	(\$515)	(\$2,054)	\$1,344	\$3,309	\$2,267	\$654	(\$830)	(\$5,515)	(\$164)	\$938
Percent Change	3.6%	-1.7%	-7.0%	4.6%	10.9%	6.7%	1.8%	-2.3%	-15.4%	-0.5%	3.1%
Short-Term Borrowing	\$2,400	\$2,400	\$1,250	\$1,300	\$0	\$0	\$0	\$454	\$0	\$0	\$0
FY'13/14 Backlog Payment Fund Transfer	\$0	\$0	\$0	\$0	\$0	\$264	\$50	\$0	\$0	\$0	\$0
Tobacco Liquidation Proceeds	\$0	\$0	\$0	\$1,250	\$0	\$0	\$0	\$0	\$0	\$0	\$0
HPF and HHSMTF Transfers	\$1,503	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Budget Stabilization Fund Transfer	\$276	\$576	\$1,146	\$535	\$275	\$275	\$275	\$275	\$125	\$0	\$0
Pension Contribution Fund Transfer	\$0	\$0	\$843	\$224	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total General Funds	\$33,838	\$32,120	\$30,329	\$33,797	\$34,072	\$36,603	\$37,043	\$36,617	\$30,498	\$30,209	\$31,147
Change from Prior Year	\$3,566	(\$1,718)	(\$1,791)	\$1,677	\$275	\$2,531	\$440	(\$426)	(\$6,119)	(\$289)	\$938
Percent Change	11.8%	-5.1%	-5.6%	5.2%	0.8%	7.4%	1.2%	-1.2%	-16.7%	-0.9%	3.1%

SOURCE: CGFA

GENERAL FUNDS BALANCE INFORMATION

GENERAL FUNDS REVENUE HISTORY: FY 1995 - FY 2018 (est.)

Excludes Budget Stabilization and Pension Contribution Fund Transfers, Short-Term Borrowing, and Related Transfers
(in millions)

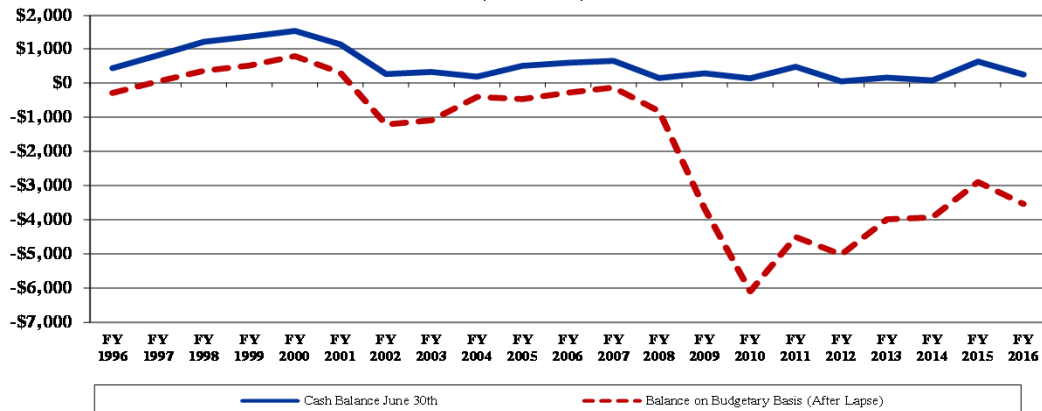


General Funds Annual \$ Change % Change
(in millions)

Fiscal Year	General Funds	Annual \$ Change	% Change
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%
FY 2013	\$36,064	\$2,267	6.7%
FY 2014	\$36,718	\$654	1.8%
FY 2015	\$35,888	-\$830	-2.3%
FY 2016	\$30,373	-\$5,515	-15.4%
FY 2017 (est.)	\$30,209	-\$164	-0.5%
FY 2018 (est.)	\$31,147	\$938	3.1%

GENERAL FUNDS BALANCES - CASH BASIS

FY 1995 - FY 2016
(in millions)



Cash Balance Balance on
June 30th Lapse Spending Budgetary Basis
(After Lapse)

Fiscal Year	Cash Balance June 30th	Lapse Spending	Balance on Budgetary Basis (After Lapse)
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)
FY 2013	\$154	\$4,142	(\$3,988)
FY 2014	\$74	\$4,005	(\$3,931)
FY 2015	\$621	\$3,521	(\$2,900)
FY 2016	\$246	\$3,789	(\$3,543)