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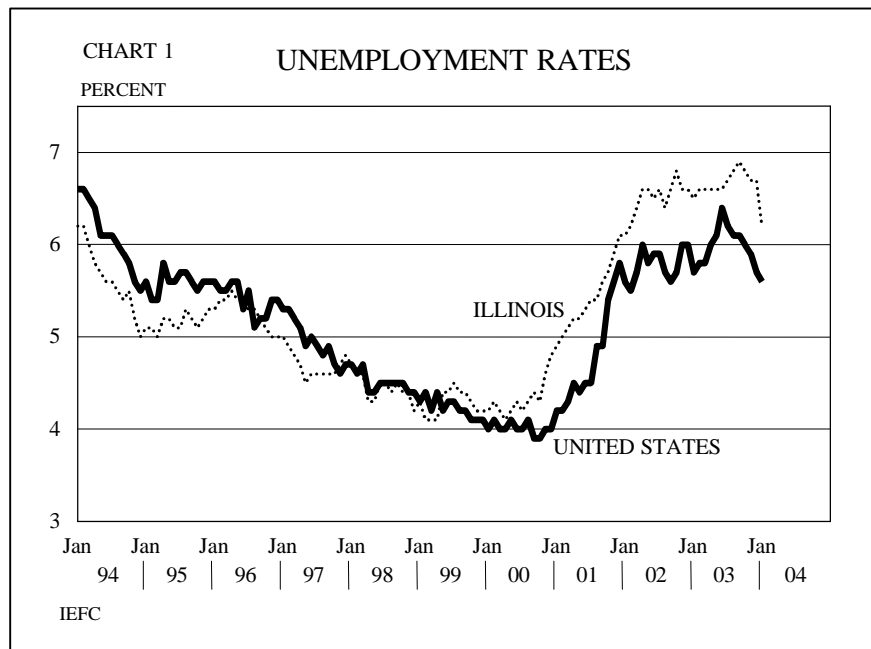
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#### **ECONOMY:** How Bad is the Job Situation?

Edward H. Boss, Jr., Chief Economist

The number one concern on people's minds, according to most recent polls, is the state of the economy and, more specifically, the job situation. Not only has this been a major topic in the current political debate, but also both the University of Michigan and the Conference Board cite it as the largest factor causing a disturbing falloff in their consumer confidence measures for February. The lack of job creation in an economy that, by most macro measures, has been growing strongly in recent months has been disturbing. This problem was highlighted in recent days as Administration spokesmen apparently backed off their earlier forecasts of the expected number of new jobs likely to be created during the year. A look at some of the data on employment perhaps can shed some light on the apparent discrepancy between economic growth and job creation.

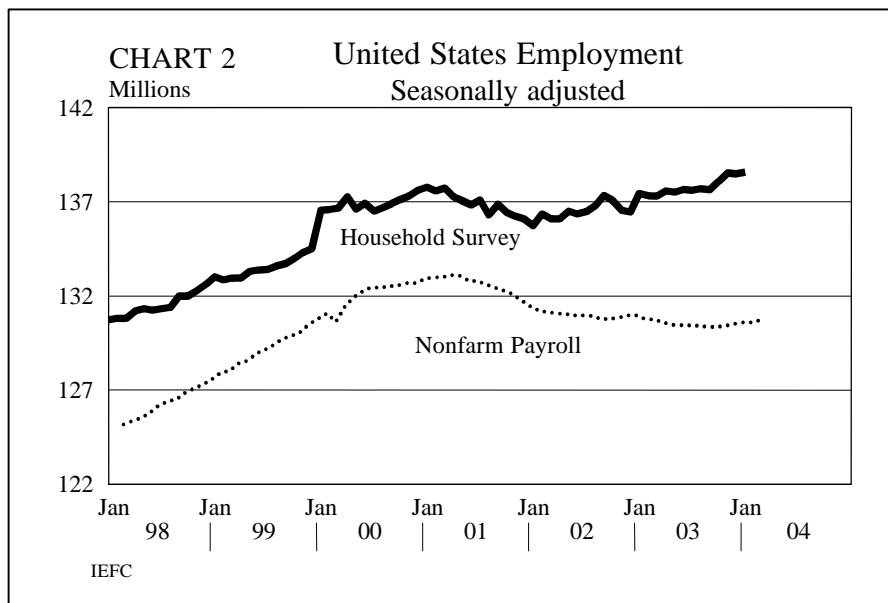
The unemployment rate data would seem to run counter to recent employment concerns. As shown in Chart 1, the national unemployment rate has been on a downward path, falling



consistently from a recent high of 6.4% in June 2003 to 5.6% by January 2004. And, while Illinois has lagged the nation as a whole, its unemployment rate also has edged down from a recent high of 6.9% in September 2003 to 6.2% in January 2004. The data come from the Household Survey, which provides numbers on the size of the labor force, employment, and unemployment, and is derived from a sample survey of about 60,000 households conducted by the U.S. Census Bureau for the Bureau of Labor Statistics. From this survey, as the national unemployment rate was falling, employment was rising, jumping by 1.12 million in the 12 months ended January 2004.

Rather than the Household survey, attention has centered on payroll employment, particularly manufacturing, which is derived from a separate survey. As illustrated in Chart 2, while historically these two surveys have more or less tracked each other, the gap between them has widened sharply over the past two years.

The Establishment Survey, or payroll data, is based on information collected from the payroll records of about 160,000 businesses and government agencies covering approximately 400,000 individual work-sites. While seemingly harder data and therefore more reliable given that they are based on actual payrolls rather than a survey of households, the data have their flaws. Chiefly among the shortfalls are that they double count people who may have multiple jobs, and are thus on more than one payroll, and perhaps more importantly, the fact that most new jobs come from small businesses and the self-employed which may not be captured in the survey. The payroll data show a loss of 35,000 jobs in the past year with the entire decline accounted for by manufacturing which lost more than 530,000. This is in sharp contrast to the more than a million jobs added in the Household Survey. It should be pointed out, however, that the decline in manufacturing jobs is not new, indeed; these jobs have been declining for almost six years.



There is no one reason why the disparity between the Household and Establishment data has been so great. In the past, however, the Household survey has tended to lead the Establishment, or payroll statistics, as it takes time for new businesses to be reflected in the later. While it also may be true that the Household Survey can tend to inflate employment gains, other data sources suggest the payroll data as reported may be understating employment gains.

There has been a definite improving trend developing toward lower initial unemployment claims being filed, the employment component of manufacturing released by the Institute of

Supply Management has been expanding, overall demand continues to increase above trend, and the latest survey released by the National Association of Manufactures showed optimism. In what has been forecast as the biggest increase in manufacturing since 1999, the National Association of Manufactures survey found that many more firms are planning to add jobs than cut them this year...while 63% anticipate keeping employment stable, 31% expect to hire new workers and only 6% expect layoffs. All these indicators suggest that employment totals should begin to improve. Only time, of course, will tell. The next employment report is scheduled to be released on Friday, March 5<sup>th</sup>.

### INDICATORS OF ILLINOIS ECONOMIC ACTIVITY

<u>INDICATORS</u>	<u>January 2004</u>	<u>December 2003</u>	<u>January 2003</u>
Unemployment Rate (Average)	6.2%	6.7%	6.5%
Annual Rate of Inflation (Chicago)	-5.8%	-0.7%	1.0%
<hr style="border: 2px solid black;"/>			
	<u>LATEST MONTH</u>	<u>% CHANGE OVER PRIOR MONTH</u>	<u>% CHANGE OVER A YEAR AGO</u>
Civilian Labor Force (thousands) (January)	6,388	0.7%	1.1%
Employment (thousands) (January)	5,989	1.2%	1.4%
New Car & Truck Registration (January)	51,436	-6.4%	-4.4%
Single Family Housing Permits (January)	2,580	16.9%	18.5%
Total Exports (\$ mil) (December)	2,361	6.9%	15.1%
Chicago Purchasing Managers Index (February)	63.6	-3.5%	15.8%

## REVENUE

Fund Chargebacks Boost Revenues  
in February  
Jim Muschinske, Revenue Manager

February general revenue receipts, excluding Pension Contribution Fund transfers, rose \$359 million. The increase was due to a large gain in other transfers related to anticipated fund chargebacks. In addition, a number of other revenue sources were able to generate monthly gains. If \$150 million in Pension Contribution Fund transfers are included, overall general funds revenues were up \$509 million. February had the same number of receipting days as the same month last year.

The vast majority of revenue sources managed to post gains in February. Sales taxes led the advancers with receipts up \$26 million for the month. Gross personal income taxes increased \$24 million although, due to a higher refund percentage, actually fell \$2 million on a net basis. Cook County intergovernmental transfers jumped \$23 million, while other sources added \$17 million. Corporate taxes and fees added \$12 million to the monthly gain and gross corporate income taxes rose \$9 million, but on a net of refund basis added only \$6 million. Insurance taxes and fees continued to do well, generating gains of \$7 million for the month, while public utility taxes added \$6 million.

Despite the overall monthly increase, a few revenue sources recorded declines, albeit modest ones. Liquor taxes, inheritance taxes, and interest from investments each suffered \$1 million declines in the month of February.

As mentioned, transfers experienced a significant increase for the month rising \$240 million. Most of that gain was

recorded in other transfers as the result of approximately \$175 million in administrative fund chargebacks. When enacted, the FY 2004 budget assumed \$422 million in fund chargebacks. Up until February, only approximately \$10 million of those chargebacks had occurred. [For a detailed breakdown of the February chargebacks please see Page 5.] In addition, approximately \$59 million was swept into the general funds from the Efficiency Initiatives Revolving Fund (a newly created fund administered by CMS to receipt monies from cost savings measures). Riverboat transfers and receipts managed a \$2 million monthly gain, while lottery transfers were flat. Federal sources also helped the monthly advance as receipts were up \$27 million.

### Year to Date

Through the first two-thirds of the fiscal year, excluding revenues attributed to short-term borrowing and Budget Stabilization and Pension Contribution funds transfers, receipts are up \$1.543 billion over the same period of last fiscal year. The increase in federal source receipts still represents the vast majority of the revenue gains--nearly 70%. In addition, the tax amnesty program appears to have successfully accelerated revenues from later in FY 2004 into the first half of the fiscal year (as well as revenues from FY 2005 and beyond).

Tax amnesty appears to be the reason that gross corporate income taxes are up \$261 million, or \$154 million net of refunds. Approximately \$225 million in gross corporate income taxes (\$152 million net of refunds) were coded and reported under tax amnesty designation. Sales taxes are up \$165 million through February, with approximately \$94

million of that coded as tax amnesty. Gross personal income taxes are up \$72 million, although on a net of refund basis are actually down \$124 million. Cook County intergovernmental transfers are up \$38 million, while public utility taxes have risen \$25 million. All other sources experiencing gains total an additional \$43 million.

A number of sources are down through the first two-thirds of the fiscal year. Other sources are off by \$45 million, in part due to the timing of a tobacco settlement lawsuit last fiscal year. Inheritance taxes, despite decoupling, are still lagging and are lower by \$40 million. Other sources experiencing declines total an additional \$11 million.

Through February, overall transfers are up \$262 million. While lottery transfers are up \$14 million and riverboat transfers and receipts have increased \$54

million as the result of the increased wagering and admission tax, \$194 million of the increase is due to other transfers. As stated earlier, February experienced \$175 million in administrative fund chargebacks and \$59 million transferred from the Efficiency Initiatives Recovery Fund. Finally, federal sources are up dramatically for the year-- \$1.076 billion. That remarkable increase is due to \$422 million in flexible federal grants, a higher Medicaid reimbursement rate, and a concerted effort to spend down the Medicaid payment cycle.

In order to reach the Commission's estimate, base revenues must increase \$1.197 billion or 14.7% over the remainder of the fiscal year. As discussed in earlier briefings, that high rate of growth is significantly dependent on the future performance of many of the revenue adjustments used to craft the FY 2004 budget. The Commission has tentatively scheduled a meeting for March 24, 2004 to present a revised FY 2004 estimate as well as provide revenue forecasts for FY 2005.

### **Administrative Chargebacks**

Lynnae Kapp, Bond-Revenue Analyst

In February 2004, about \$175 million was ordered by the Governor's Office of Management and Budget to be transferred by the Office of the Comptroller from various funds into the General Revenue Fund as administrative chargebacks. The table on the

following page shows a breakout of each fund and the amount transferred for the chargeback, listed in descending order by amount. The two largest transfers came from the Road Fund equaling \$81.8 million and from the State Construction Fund for \$36.1 million. Coupled with the approximate \$10.4 million in chargebacks transferred in October, the total year-to-date chargebacks equal \$186 million.

Feb FY 2004 Surcharge Transfers to GRF		
Fund#	Fund Name	Amount
0011	Road Fund	\$81,819,670
0902	State Construction Account	\$36,132,250
0907	Health Insurance Reserve	\$6,437,115
0286	IL Affordable Housing Trust	\$3,804,000
0728	Drug Rebate Fund	\$3,378,674
0648	Downstate Public Transportation	\$3,188,882
0763	Tourism Promotion	\$2,933,200
0523	Department of Corrections Reimbursement	\$2,823,600
0421	Public Aid Recoveries Trust	\$2,531,704
0193	Local Government Health Insurance Reserve	\$2,052,900
0344	Care Providers For Persons with Developmental Disabilities	\$2,009,968
0483	Secretary of State Special Services	\$1,668,000
0026	Live & Learn	\$1,602,594
0925	Coal Technology Development Assistance	\$1,518,800
0619	Quincy Veterans Home	\$1,386,400
0457	Group Insurance Premium	\$1,314,200
0059	Public Utility	\$1,228,712
0608	Conservation 2000	\$1,120,000
0922	Insurance Producer Administration	\$1,070,000
0078	Solid Waste Management	\$995,200
0622	Motor Vehicle License Plate Fund	\$956,000
0031	Drivers Education	\$876,530
0795	Bank & Trust Company	\$815,120
0980	Manteno Veterans Home	\$803,600
0906	State Police Services	\$802,884
0054	State Pensions	\$747,502
0040	State Parks	\$665,600
0039	State Boating Act	\$664,552
0828	Hazardous Waste	\$624,000
0929	Violent Crime Victims Assistance	\$620,000
0921	DHS Recoveries Trust	\$592,000
0621	International Tourism Fund	\$581,200
0373	State Treasurer's Bank Service	\$540,000
0294	Used Tire Management	\$523,600
0969	Local Tourism	\$497,335
0156	Motor Vehicle Theft Prevention	\$494,240
0262	Mandatory Arbitration	\$470,000
0564	Renewable Energy Resources Trust Fund	\$461,200
0130	School District Emergency Financial Assistance	\$441,646
0850	Real Estate License Administration	\$424,000
0617	CDB Contributory Trust	\$375,709
0940	Self-Insurers Security	\$375,050
0944	Environmental Protection Permit & Inspection	\$333,600
0022	General Professions Dedicated	\$281,550
0018	Transportation Regulatory	\$256,200
0362	Securities Audit & Enforcement	\$197,250
0709	IL Thoroughbred Breeders	\$192,560
0538	IL Historic Sites	\$191,600
0163	Weights & Measures	\$181,600
0576	Pesticide Control	\$172,000
0214	Brownfields Redevelopment Fund	\$168,000
0577	Community College Health Insurance Security	\$155,846
0770	Digital Divide Elimination Fund	\$150,000
0021	Financial Institution	\$137,400
0975	Large Business Attraction	\$136,400
0896	Public Health State Projects	\$120,000
0438	IL State Fair	\$114,862
0422	Alternative Fuels Fund	\$114,800
0057	IL State Pharmacy Disciplinary	\$113,100
0298	Natural Areas Acquisition	\$101,850
	<b>Subtotal</b>	<b>\$175,486,255</b>

**James R. Thompson Center Mortgage**  
Lynnae Kapp, Bond-Revenue Analyst

The State of Illinois is in the process of taking out a \$200 million mortgage on the James R. Thompson Center. Proceeds are to be deposited into the General Revenue Fund per Public Act 93-0019. According to CMS

officials, State payments of \$14 million will be paid annually, with \$10 million going towards interest and \$4 million towards principal, leaving a balance of approximately \$147 million to be paid at the end of the 10 years. The State expects to get an interest rate around 5%, and pay a total of \$94 million in interest. Closing costs and fees are to equal approximately \$1.8 million.

**PENSIONS**

FY 2005 Budget Book Proposals  
Tim Blair, Pension Manager

**FY 2005 Certified Contributions to the State-funded Retirement Systems**

Per current law, the State-funded retirement systems have certified the required FY 2005 employer retirement contributions. Table 1 summarizes the FY 2005 required contributions to the State-funded retirement systems, as certified by the systems in November. It should be noted that the SERS and TRS

certified amounts include the required FY 2005 contribution for the 2002 Early Retirement Incentive Program (ERI). In addition, Table 1 provides the amount of debt service by which each system reduced the state retirement contributions. Even though the Systems do not receive this amount, the State is required to contribute that amount to the General Obligation Bond Retirement and Interest Fund. Therefore, the amount of debt service attributable to each system is added to the FY 2005 retirement contribution amount to determine total State cost for each system for FY 2005.

System	GRF/ CSF	SPF	Total Contribution	Debt Service	Total State Cost
TRS	\$862.8	\$44.2	\$907.0	\$293.7	\$1,200.7
SERS	720.0	18.7	738.7	93.8	832.5
SURS	254.6	15.4	270.0	97.2	367.2
JRS	30.6	1.4	32.0	9.6	41.6
GARS	4.5	0.2	4.7	1.8	6.5
<b>Total</b>	<b>\$1,872.4</b>	<b>\$80.0</b>	<b>\$1,952.4</b>	<b>\$496.2</b>	<b>\$2,448.5</b>

**Governor's Budget Book Recommendations  
FY 2005 Contributions**

The Governor's FY 2005 Budget Request does not reflect the amounts certified in November 2003 by the Boards of Trustees of the Systems, as shown in Table 2.

TABLE 2 <b>FY 2005 Certified Contributions vs. Governor's Budget Book Recommendation</b> (\$ millions)							
System	Certified Contributions			Budget Book Recommendation			Difference
	Certified Cont.	Debt Service	Total State Cost	Budget Book	Debt Service	Total State Cost	
TRS	\$907.0	\$293.7	\$1,200.7	\$779.8	\$293.7	\$1,073.5	(\$127.2)
SERS	738.7	93.8	832.5	380.6	93.8	474.4	(358.1)
SURS	270.0	97.2	367.2	233.3	97.2	330.5	(36.7)
JRS	32.0	9.6	41.6	27.8	9.6	37.4	(4.2)
GARS	4.7	1.8	6.5	3.9	1.8	5.7	(0.8)
<b>TOTAL</b>	<b>\$1,952.4</b>	<b>\$496.2</b>	<b>\$2,448.5</b>	<b>\$1,425.4</b>	<b>\$496.2</b>	<b>\$1,921.5</b>	<b>(\$527.0)</b>

The Budget Book recommendation of \$1,425.4 million may be compared to the certified contributions totaling \$1,952.4 million, for a total proposed reduction of \$527 million. Including debt service, which must be paid under either scenario, the Governor's budget proposes cutting total State retirement cost for FY 2005 from \$2,448.5 million to \$1,921.5 million.

Of the proposed \$527.0 million reduction, approximately \$312 million is the result of decreasing the required SERS ERI contribution from \$382 million to \$70 million. According to the Governor's Office of Management and Budget, the additional \$215 million reduction is the result of "savings" associated with the issuance and sale of the pension obligation bonds. Essentially, the Governor has proposed reducing FY 2005 retirement contributions to reflect the favorable

interest rate on the pension obligation bonds. This "savings" is divided among all of the systems, and reduces FY 2005 contributions to TRS by \$127.2 million, while the reductions for SERS and SURS are \$46.2 million and \$36.7 million, respectively. The Budget Book outlines \$860 million in "savings" due to the lower than assumed interest rate on the pension obligation bonds, although only \$215 million in "savings" is recognized in FY 2005.

It should be noted that unless the Continuing Appropriation Act is amended to provide that certified State retirement contributions are not covered by the Act, the Systems could request the Comptroller pay the full amount of the certified contributions. The continuing appropriation for retirement contributions was included in Public Act 88-0593, which is the legislation that created the current funding plan.



**Chicago Teachers' Pension Fund**

The Budget Book does provide for a State contribution for the Chicago Teachers' Pension Fund in the amount of slightly more than \$65 million. The State has historically contributed \$65 million to the Fund, although the FY 2004 contribution was not appropriated directly to the Fund, but rather was included in the appropriation for the Illinois State Board of Education. Of this annual appropriation, the Fund earmarks \$40 million

to subsidize retiree health insurance costs (per IRS rules).

The Budget Book specifies the FY 2005 appropriation (\$65 million) would be earmarked for the Chicago Teachers' Pension Fund, but will actually be appropriated to the Chicago Public Schools.

**Targeted SERS Early Retirement Incentive**

The Budget Book recommends another SERS Early Retirement Incentive targeting employees who work in an administrative or non-frontline function. The program isn't outlined in the Budget Book, but would have the goal of removing 2,000 employees from the State Payroll.

**GENERAL FUNDS RECEIPTS: FEBRUARY**

*FY 2004 vs. FY 2003  
(\$ million)*

<b>Revenue Sources</b>	<b>FEB. FY 2004</b>	<b>FEB. FY 2003</b>	<b>\$ CHANGE</b>	<b>% CHANGE</b>
<b>State Taxes</b>				
Personal Income Tax	\$640	\$616	\$24	3.9%
Corporate Income Tax (regular)	15	6	\$9	150.0%
Sales Taxes	430	404	\$26	6.4%
Public Utility Taxes (regular)	78	72	\$6	8.3%
Cigarette Tax	33	33	\$0	0.0%
Liquor Gallonage Taxes	7	8	(\$1)	-12.5%
Vehicle Use Tax	2	2	\$0	0.0%
Inheritance Tax (Gross)	14	15	(\$1)	-6.7%
Insurance Taxes and Fees	13	6	\$7	116.7%
Corporate Franchise Tax & Fees	22	10	\$12	120.0%
Interest on State Funds & Investments	4	5	(\$1)	-20.0%
Cook County IGT	67	44	\$23	52.3%
Other Sources	32	15	\$17	113.3%
<b>Subtotal</b>	<b>\$1,357</b>	<b>\$1,236</b>	<b>\$121</b>	<b>9.8%</b>
<b>Transfers</b>				
Lottery	48	48	\$0	0.0%
Riverboat transfers & receipts	22	20	\$2	10.0%
Other	245	7	\$238	3400.0%
<b>Total State Sources</b>	<b>\$1,672</b>	<b>\$1,311</b>	<b>\$361</b>	<b>27.5%</b>
<b>Federal Sources</b>	<b>\$292</b>	<b>\$265</b>	<b>\$27</b>	<b>10.2%</b>
<b>Total Federal &amp; State Sources</b>	<b>\$1,964</b>	<b>\$1,576</b>	<b>\$388</b>	<b>24.6%</b>
<b>Nongeneral Funds Distribution:</b>				
<b>Refund Fund</b>				
Personal Income Tax	(\$75)	(\$49)	(\$26)	53.1%
Corporate Income Tax	(\$5)	(2)	(\$3)	150.0%
<b>Subtotal General Funds</b>	<b>\$1,884</b>	<b>\$1,525</b>	<b>\$359</b>	<b>23.5%</b>
<b>Short-Term Borrowing</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<b>Budget Stabilization Fund Transfer</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<b>Pension Contribution Fund Transfer</b>	<b>\$150</b>	<b>\$0</b>	<b>\$150</b>	<b>N/A</b>
<b>Total General Funds</b>	<b>\$2,034</b>	<b>\$1,525</b>	<b>\$509</b>	<b>33.4%</b>

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

2-Mar-04

**GENERAL FUNDS RECEIPTS: YEAR TO DATE**

*FY 2004 vs. FY 2003*

(\$ million)

<b>Revenue Sources</b>	<b>FY 2004</b>	<b>FY 2003</b>	<b>CHANGE FROM FY 2003</b>	<b>% CHANGE</b>
<b>State Taxes</b>				
Personal Income Tax	\$5,136	\$5,064	\$72	1.4%
Corporate Income Tax (regular)	698	437	\$261	59.7%
Sales Taxes	4,229	4,064	\$165	4.1%
Public Utility Taxes (regular)	677	652	\$25	3.8%
Cigarette Tax	266	266	\$0	0.0%
Liquor Gallonage Taxes	85	86	(\$1)	-1.2%
Vehicle Use Tax	23	22	\$1	4.5%
Inheritance Tax (Gross)	135	175	(\$40)	-22.9%
Insurance Taxes and Fees	168	139	\$29	20.9%
Corporate Franchise Tax & Fees	104	91	\$13	14.3%
Interest on State Funds & Investments	37	47	(\$10)	-21.3%
Cook County IGT	257	219	\$38	17.4%
Other Sources	188	233	(\$45)	-19.3%
<b>Subtotal</b>	<b>\$12,003</b>	<b>\$11,495</b>	<b>\$508</b>	<b>4.4%</b>
<b>Transfers</b>				
Lottery	349	335	\$14	4.2%
Riverboat transfers & receipts	453	399	\$54	13.5%
Other	592	398	\$194	48.7%
<b>Total State Sources</b>	<b>\$13,397</b>	<b>\$12,627</b>	<b>\$770</b>	<b>6.1%</b>
<b>Federal Sources</b>	<b>\$3,607</b>	<b>\$2,531</b>	<b>\$1,076</b>	<b>42.5%</b>
<b>Total Federal &amp; State Sources</b>	<b>\$17,004</b>	<b>\$15,158</b>	<b>\$1,846</b>	<b>12.2%</b>
<b>Nongeneral Funds Distribution:</b>				
<b>Refund Fund</b>				
Personal Income Tax	(\$601)	(\$405)	(\$196)	48.4%
Corporate Income Tax	(\$225)	(\$118)	(\$107)	90.7%
<b>Subtotal General Funds</b>	<b>\$16,178</b>	<b>\$14,635</b>	<b>\$1,543</b>	<b>10.5%</b>
<b>Short-Term Borrowing</b>	<b>\$0</b>	<b>\$700</b>	<b>(\$700)</b>	<b>N/A</b>
<b>Budget Stabilization Fund Transfer</b>	<b>\$226</b>	<b>\$226</b>	<b>\$0</b>	<b>0.0%</b>
<b>Pension Contribution Fund Transfer</b>	<b>\$1,264</b>	<b>\$0</b>	<b>\$1,264</b>	<b>N/A</b>
<b>Total General Funds</b>	<b>\$17,668</b>	<b>\$15,561</b>	<b>\$2,107</b>	<b>13.5%</b>

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

IEFC

2-Mar-04

**GENERAL FUNDS GROWTH NEEDED TO MEET ESTIMATE**

*FY 2004 ESTIMATE vs. FY 2003 ACTUAL*

(\$ million)

<u>Revenue Sources</u>	<u>ESTIMATE</u>	<u>FYTD</u>	<u>AMOUNT</u>	<u>FYTD</u>	<u>GROWTH</u>	<u>%</u>
	<u>FY 2004</u>	<u>2004</u>	<u>NEEDED</u>	<u>2003</u>	<u>NEEDED</u>	<u>CHANGE</u>
			<u>FY 2004 EST.</u>			
<b>State Taxes</b>						
Personal Income Tax	\$8,220	\$5,136	\$3,084	\$5,064	\$169	5.8%
Corporate Income Tax (regular)	1,095	698	\$397	437	(\$177)	-30.8%
Sales Taxes	6,265	4,229	\$2,036	4,064	\$41	2.1%
Public Utility Taxes (regular)	1,000	677	\$323	652	(\$31)	-8.8%
Cigarette Tax	400	266	\$134	266	\$0	0.0%
Liquor Gallonage Taxes	125	85	\$40	86	\$3	8.1%
Vehicle Use Tax	35	23	\$12	22	\$0	0.0%
Inheritance Tax (Gross)	225	135	\$90	175	\$28	45.2%
Insurance Taxes and Fees	332	168	\$164	139	(\$10)	-5.7%
Corporate Franchise Tax & Fees	150	104	\$46	91	(\$5)	-9.8%
Interest on State Funds & Investments	75	37	\$38	47	\$19	100.0%
Cook County IGT	400	257	\$143	219	\$7	5.1%
Other Sources	1,403	188	\$1,215	233	\$1,099	947.4%
<b>Subtotal</b>	<b>\$19,725</b>	<b>\$12,003</b>	<b>\$7,722</b>	<b>\$11,495</b>	<b>\$1,143</b>	<b>17.4%</b>
<b>Transfers</b>						
Lottery	540	349	\$191	335	(\$14)	-6.8%
Riverboat transfers & receipts	717	453	\$264	399	\$109	70.3%
Other	915	592	\$323	398	\$132	69.1%
<b>Total State Sources</b>	<b>\$21,897</b>	<b>\$13,397</b>	<b>\$8,500</b>	<b>\$12,627</b>	<b>\$1,370</b>	<b>19.2%</b>
<b>Federal Sources</b>	<b>\$4,950</b>	<b>\$3,607</b>	<b>\$1,343</b>	<b>\$2,531</b>	<b>(\$66)</b>	<b>-4.7%</b>
<b>Total Federal &amp; State Sources</b>	<b>\$26,847</b>	<b>\$17,004</b>	<b>\$9,843</b>	<b>\$15,158</b>	<b>\$1,304</b>	<b>15.3%</b>
<b>Nongeneral Funds Distribution:</b>						
<b>Refund Fund</b>						
Personal Income Tax	(\$965)	(\$601)	(\$364)	(\$405)	(\$131)	56.2%
Corporate Income Tax	(356)	(225)	(\$131)	(118)	\$24	-15.5%
<b>Subtotal General Funds</b>	<b>\$25,526</b>	<b>\$16,178</b>	<b>\$9,348</b>	<b>\$14,635</b>	<b>\$1,197</b>	<b>14.7%</b>
<b>Short-Term Borrowing</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$700</b>	<b>(\$975)</b>	<b>N/A</b>
<b>Budget Stabilization Fund Transfer</b>	<b>\$226</b>	<b>\$226</b>	<b>\$0</b>	<b>\$226</b>	<b>\$0</b>	<b>N/A</b>
<b>Proceeds from Pension Obligation Bonds</b>	<b>\$1,600</b>	<b>\$1,264</b>	<b>\$336</b>	<b>\$0</b>	<b>\$36</b>	<b>12.0%</b>
<b>Total General Funds</b>	<b>\$27,352</b>	<b>\$17,668</b>	<b>\$9,684</b>	<b>\$15,561</b>	<b>\$258</b>	<b>2.7%</b>
<b>IEFC</b>						<b>2-Mar-04</b>

**GENERAL FUNDS PERFORMANCE TO DATE**  
**GOVERNOR'S OFFICE OF MANANGEMENT AND BUDGET**

FY 2004 ESTIMATE vs. FY 2003 ACTUALS

(\$ million)

	*GOMB FEB-04 Estimate FY 2004	FYTD 2004	AMOUNT NEEDED FY 2004 Est.	FYTD 2003	GROWTH NEEDED	% CHANGE
<b>Revenue Sources</b>						
<b>State Taxes</b>						
Personal Income Tax	\$8,051	\$5,136	\$2,915	\$5,064	\$0	0.0%
Corporate Income Tax (regular)	1,296	698	\$598	437	\$24	4.2%
Sales Taxes	6,280	4,229	\$2,051	4,064	\$56	2.8%
Public Utility Taxes (regular)	1,062	677	\$385	652	\$31	8.8%
Cigarette Tax	450	266	\$184	266	\$50	37.3%
Liquor Gallonage Taxes	123	85	\$38	86	\$1	2.7%
Vehicle Use Tax	35	23	\$12	22	\$0	0.0%
Inheritance Tax (Gross)	240	135	\$105	175	\$43	69.4%
Insurance Taxes and Fees	333	168	\$165	139	(\$9)	-5.2%
Corporate Franchise Tax & Fees	175	104	\$71	91	\$20	39.2%
Interest on State Funds & Investments	50	37	\$13	47	(\$6)	-31.6%
Cook County IGT	440	257	\$183	219	\$47	34.6%
Other Sources	1,187	188	\$999	233	\$883	761.2%
<b>Subtotal</b>	<b>\$19,722</b>	<b>\$12,003</b>	<b>\$7,719</b>	<b>\$11,495</b>	<b>\$1,140</b>	<b>17.3%</b>
<b>Transfers</b>						
Lottery	540	349	\$191	335	(\$14)	-6.8%
Gaming Fund Transfer	639	453	\$186	399	\$31	20.0%
Other	1,128	592	\$536	398	\$345	180.6%
<b>Total State Sources</b>	<b>\$22,029</b>	<b>\$13,397</b>	<b>\$8,632</b>	<b>\$12,627</b>	<b>\$1,502</b>	<b>21.1%</b>
<b>Federal Sources</b>	<b>\$4,987</b>	<b>\$3,607</b>	<b>\$1,380</b>	<b>\$2,531</b>	<b>(\$29)</b>	<b>-2.1%</b>
<b>Total Federal &amp; State Sources</b>	<b>\$27,016</b>	<b>\$17,004</b>	<b>\$10,012</b>	<b>\$15,158</b>	<b>\$1,473</b>	<b>17.3%</b>
<b>Nongeneral Funds Distribution:</b>						
<b>Refund Fund</b>						
Personal Income Tax	(\$942)	(\$601)	(\$341)	(\$405)	(\$108)	46.4%
Corporate Income Tax	(415)	(225)	(\$190)	(118)	(\$35)	22.6%
<b>Subtotal General Funds</b>	<b>\$25,659</b>	<b>\$16,178</b>	<b>\$9,481</b>	<b>\$14,635</b>	<b>\$1,330</b>	<b>16.3%</b>
<b>Short-Term Borrowing</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$700</b>	<b>(\$975)</b>	<b>N/A</b>
<b>Budget Stabilization Fund Transfer</b>	<b>\$226</b>	<b>\$226</b>	<b>\$0</b>	<b>\$226</b>	<b>\$0</b>	<b>N/A</b>
<b>Proceeds from Pension Obligation Bonds</b>	<b>\$1,600</b>	<b>\$1,264</b>	<b>\$336</b>	<b>\$0</b>	<b>\$36</b>	<b>12.0%</b>
<b>Total General Funds</b>	<b>\$27,485</b>	<b>\$17,668</b>	<b>\$9,817</b>	<b>\$15,561</b>	<b>\$391</b>	<b>4.1%</b>

\* GOMB forecast based on information provided in FY 2005 Budget Book. For comparison sake, the GOMB figure of \$27.115 billion was adjusted by \$144 million (in other transfers) per actual FY 2004 "fund sweep" receipt experience. In addition, \$226 million was included for Budget Stabilization Fund transfers.