IEFC Illinois Economic and Fiscal Commission
MONTHLY REVENUE BRIEFING MARCH 2004
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PENSIONS: Long-term Impact of Governor's FY 2005 Retirement Funding 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, as shown in Table 1, on the following page. The SERS and TRS certified amounts include the required FY 2005 contribution for the 2002 Early Retirement Incentive Program (ERI) and the amount of debt service by which each system reduced the State retirement contributions is shown. 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.

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 Board of Trustees of the Systems, as shown in Table 1. 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.

TABLE 1

FY 2005 Certified Contributions vs.
Governor's Budget Book Recommendation
($ in millions)

System	Certified Contributions			Budget Book Recommendations			
	Certified Contribution	Debt Services	Total State Cost	Budget Book	Debt Service	Total State Cost	Difference
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)
TOTAL	**$1,952.4**	**$496.2**	**$2,448.5**	**$1,425.4**	**$496.2**	**$1,921.5**	**($527.0)**

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 (GOMB), 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 contri-butions was included in Public Act 88-0593, which is the legislation that created the current funding plan.

Long-Term Effect of Governor's Funding Proposals on the State-funded Retirement Systems

In response to the Governor's proposed reduction in funding, the State-funded retirement systems have projected the long-term impact on the funded ratio of the systems, as well as the effect on the required State contributions. Table 2 provides a summary of the impact on total contributions, assuming the proposed reduction in contributions due to savings associated with the issuance and sale of the pension obligation bonds. In addition, the projections assume that a $70 million ERI contribution would be made to SERS in FY 2005 and then no additional ERI contributions would be made. Effectively, the ERI liability would be added to the rest of the SERS liability and no separate contribution would be required.

TABLE 2

State-funded Retirement Systems
Impact of Governor's Funding Proposals
($ in millions)

System	Short-Term Impact (2005-2008) FY 2005 Reduction	Total Reduction	Current Break Even	Long-Term Impact (2009-2045) Contribution Increases	Proposed Break Even	Long-Term Cost
TRS	$127.0	$508.0	7.04%	$7,568.0	7.86%	$7,060.0
SERS	356.5	1,403.0	7.04%	12,844.0	7.93%	11,441.0
SURS	36.6	146.6	7.04%	2,190.1	7.72%	2,043.5
JRS	4.2	16.8	7.00%	213.4	7.76%	196.6
GARS	0.8	3.2	7.00%	40.6	7.76%	37.4
TOTAL	**$525.1**	**$2,077.6**	**N/A**	**$22,856.0**	**N/A**	**$20,778.5**

As Table 2 illustrates, reducing the contributions FY 2005 through FY 2008, per the Governor's budget book recommendation, will result in a $2.1 billion decrease in State contributions to the retirement systems in those years. The current funding plan does not allow the retirement systems to "recoup" the amount of the lower contributions until FY 2034. Therefore, the long-term cost of the proposal is extraordi-narily high ($20.1 billion), as the principal and interest (8.5%) will have to be repaid between FY 2034 and FY 2045, which is the end of the current funding plan when the systems must reach a 90% funded ratio.

Change in Pension Contribution Fund Transfers Per P.A. 93-0665 (HB 0585)

Background:

From the proceeds of last spring's sale of $10 billion in pension obligation bonds, $2.16 billion was deposited into the newly created Pension Contribution Fund (with the remainder, approximately $7.3 billion being disbursed to the retirement systems). In June of 2003, $300 million was transferred into the GRF to repay the State for a portion of FY 2003's retirement costs. Of the remaining $1.86 billion in the PCF, the FY 2004 budget plan called for $1.6 billion to be transferred throughout the fiscal year to the GRF to repay the State for retirement costs. Anytime a payment was made for retirement purposes (regardless of what fund that payment was made from), it would trigger a transfer from the PCF to the GRF. Through March 17th, approximately $1.395 billion had been transferred to the GRF. While the FY 2004 budget assumed $1.6 billion in such transfers, it appeared that all of the remaining $1.86 billion would have been transferred within FY 2004.

P.A. 93-0665

When HB 585 was signed into law on March 5th, 2004, it essentially froze transfers from the PCF to the GRF, and instead directed the balance (approximately $465 million) to the various retirement systems. The reason given for this legislation was to get the monies to the systems as soon as possible so that they could invest it (to earn more than it was in the PCF). So, instead of getting $1.6 billion in PCF transfers in FY 2004, only $1.395 billion was transferred to GRF. Also, as a consequence of the Act, approximately $50 million from other funds will be directly deposited into the GRF and $48 million will be transferred from the State Pension Fund to the GRF related to retirement contributions. ***Therefore, in total, after the implementation of the Act, the GRF will receipt $1.493 billion related to this issue, rather than $1.6 billion, a net reduction of $107 million.***

	Pre- P.A. 93-0665	Post- P.A. 93-0665	Difference
Total Transfers from PCF to GRF	$1.6 billion	$1.395 billion	-$205 million
Direct receipt from non-GRF funds	$0	$50 million	$50 million
Transfer from SPF to GRF	$0	$48 million	$48 million
TOTAL impact to GRF	**$1.6 billion**	**$1.493 billion**	**-$107 million**

Fiscal Year 2005 Estimated Liabilities for the State Employees' Group Insurance Program

Mike Moore, Revenue Analyst

The Governor has requested that a total of $1,720.0 million be appropriated for the State Employees' Group Health and Life Insurance program for FY 2005. The requested FY 2004 appropriation for the Group Health Insurance Program was $1,609.0 million. The following table represents historical appropriation and liability amounts, per CMS. The Illinois Economic and Fiscal Commission's (IEFC) FY 2005 estimate of liability is $1,716.1 million, $19.6 million more than CMS.

According to CMS, the Group Insurance Program will fall $16 million short in the payment of FY 2004 claims, and expects a shortfall in FY 2005 of $36.8 million. Currently, the payment cycles for preferred providers is 42 days, while non-preferred providers have a payment cycle of 49 days.

The FY 2005 monthly cost of an employee in the indemnity plan is expected to increase 13.7% over the FY 2004 cost. The monthly cost of an employee in the managed care plan is expected to increase 13.8% over the FY 2004 cost. In comparison, the FY 2004 monthly cost for an employee in the indemnity plan increased 14.7% over the FY 2003 cost. FY 2004 monthly costs for an employee in the managed care plan increased 15.5% over FY 2003.

Appropriation and Liability History
FY 2001 –2005
($ in Millions)

Fiscal Year	Appropriation	CMS Liability	IEFC Liability
FY 2001	$1,085.0	*$1,085.1	-
FY 2002	$1,262.7	*$1,177.5	-
FY 2003	$1,390.9	*$1,319.7	
FY 2004	$1,609.8	*$1,502.0	
FY 2005	*$1,720.0	*$1,696.5	*$1,716.1

*Estimated

The table below shows a detailed comparison of the IEFC estimate for the various cost components and the CMS projection for FY 2005.

FY 2005 GROUP HEALTH INSURANCE LIABILITY ($ in Millions)			
Liability Component	**FY 2004 CMS Estimate**	**FY 2005 CMS Estimate**	**FY 2005 IEFC Estimate**
QCHP Medical	$502.4	$564.9	$574.3
QCHP Prescriptions	$193.7	$234.5	$238.2
Dental (QCHP/MC)	$73.0	$74.2	$74.7
HMO	$540.8	$618.4	$621.6
Open Access Plan	$68.9	$79.7	$81.3
POS	$0	$0	$0
Mental Health	$9.6	$10.0	$10.0
Vision	$11.5	$11.9	$11.9
Administrative Services (QCHP)	$23.3	$24.7	$25.2
Life	$64.8	$67.3	$67.2
Special Programs (Admin/Int/Other)	$14.0	$11.0	$11.6
TOTAL	**$1,502.0**	**$1,696.5**	**$1,716.1**
% Increase over FY 2004 CMS Estimate		12.9%	14.3%

The Commission's FY 2005 estimate is $19.6 million higher than the FY 2005 estimate from CMS. IEFC's 2005 HMO liability estimate is $3.2 million higher than CMS, IEFC's indemnity medical estimate is $9.4 million higher than CMS, and IEFC's Dental estimate is $500 thousand higher than CMS. IEFC's FY 2005 estimate for prescriptions is $3.7 million higher than the CMS estimate.

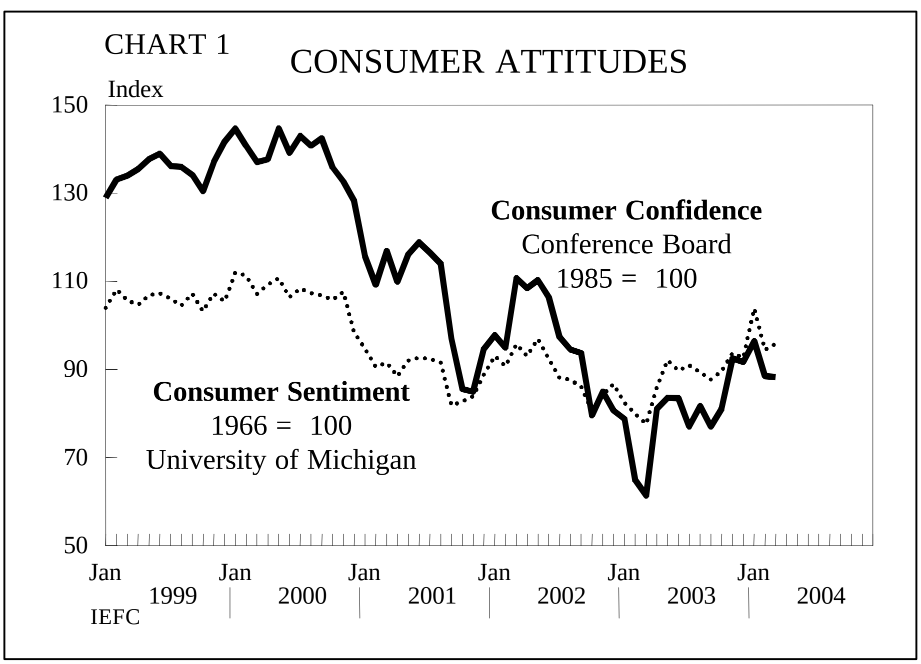
The IEFC estimates approximately $1,716.1 million would be required to fully fund the FY 2005 liabilities of the Group Health Insurance Program. This estimate is $214.1 million or 14.3% more than the FY 2004 estimated liability of $1,502.0 million.

ECONOMY
Pessimism Remains as Expansion Broadens
Edward H. Boss Jr., Chief Economist

Despite overwhelming evidence of continued economic improvement, an aura of pessimism seems to pervade the attitudes of consumers. This was brought home again on Tuesday by the release of the Conference Board's Consumer Confidence Index for March. The index now stands at 88.3, virtually unchanged from 88.5 in February, but down from 92.5 as recently as last November. Similarly, the University of Michigan's Consumer Sentiment Index has shown some deterioration in the past two months. Moreover, both indices are well below the levels seen a few years ago. (See Chart 1 below.)

One of the more interesting observations in the Conference Board's March Survey was a shift in perceptions, i.e. consumers increased their perception of the current conditions while optimism about future conditions continued to wane. Once again labor market conditions seemed to dominate the survey. "*While consumers claimed business conditions were more favorable in March than last month, they also claimed jobs were less readily available. The labor market not only continues to dampen consumers' present-day spirits, but is also making them less optimistic about the short-term outlook.*"

As pointed out in IEFC'S "**PRELIMINARY FY 2005 REVENUE ESTIMATE",** an unusually large gap has developed between the Household and Payroll surveys of employment. Over the past year (February 2003-February 2004) the Household survey shows a gain of 1.3 million jobs while the Payroll survey shows a scant gain of only 122,000 jobs. From the previous peak of economic activity in March 2001 prior to the recession, the Household survey shows a gain of only 449,000 jobs while the politically-sensitive Payroll survey shows a well-publicized loss of 2.3 million jobs.



The national unemployment rate is derived from the Household survey and shows a decline in the rate of unemployment from a recent peak of 6.4% last June to 5.6% in January and February. While 5.6% is higher than the 4% to 5% rates seen in the late 1990s, it is not high historically. In 1982 and 1983 the rate averaged 9.7% and 9.6%, respectively, averaged 6.2% during the decade of the 1970s, 7.3% in the 1980s, and 5.75% in the entire decade of the 1990s. Illinois' unemployment rate peaked at 6.9% last September falling to 6.2% by February. The Employment report for March will be issued on Friday, April 2.

While employment gains may be lagging, there are several indicators in recent weeks that suggest the breath of the economic expansion is widening to more sectors. February durable goods orders rose a strong 2.5%, mortgage refinancings increased, both new and existing home sales climbed, the M2 money supply rose, personal incomes gained 0.4%, jobless claims were near a three-year low, and corporate profits increased 29% from a year earlier, the biggest jump in almost 20 years. Looking at the table, **INDICATORS OF ILLINOIS ECONOMIC ACTVITY,** Illinois while lagging the nation, nevertheless, also has shown improvement. For example, despite a gain of 1.3% in the size of the civilian labor force, employment grew a sharper 1.7% with the unemployment rate in Illinois falling to 6.2% from 6.6%. Housing remains strong with new single-family building permits up a strong 11.2% from a year earlier, State exports are up a strong 12.4%, and the Chicago Purchasing Manager's Index is 19.0% higher than in March 2003.

Certainly the threat of domestic terrorism, the war in Iraq, higher gas prices, and other worries can be detrimental to consumer confidence. Yet the economy, despite its progress, seems to be the inhibiting factor. With the advent of Spring and the prospect for some improvement in employment, a more realistic assessment of events may yet emerge in the months ahead.

INDICATORS OF ILLINOIS ECONOMIC ACTIVITY

INDICATORS	February 2004	January 2004	February 2003
Unemployment Rate (Average)	6.2%	6.3%	6.6%
Annual Rate of Inflation (Chicago)	6.5%	-0.6%	1.2%

	LATEST MONTH	% CHANGE OVER PRIOR MONTH	% CHANGE OVER A YEAR AGO
Civilian Labor Force (thousands) (February)	6,391	0.0%	1.3%
Employment (thousands) (February)	5,994	0.1%	1.7%
New Car & Truck Registration (February)	N/A	N/A%	N/A%
Single Family Housing Permits (February)	2,591	0.4%	11.2%
Total Exports ($ mil) (January)	2,178	-7.8%	12.4%
Chicago Purchasing Managers Index (March)	57.6	-9.4%	19.0%

REVENUE

Federal Sources, Good Base Growth, and Extra Receipting Days Boost March Revenues

Jim Muschinske, Revenue Manager

March general revenue receipts, excluding Pension Contribution Fund transfers, rose $396 million. The increase was due to a large gain in federal sources, good performance from most of the economically-tied sources, as well as two extra receipting days. In addition, approximately $22 million in Administration-directed transfers took place via administrative chargebacks, increased fee transfers, and under authority of Executive Order 2003-10. If $131 million in Pension Contribution Fund transfers are included, overall general funds revenues were up $527 million.

All of the various revenue sources were either flat or experienced increases in March, demonstrating the broad based nature of the monthly increase. Gross personal income taxes posted the largest gain, up $72 million for the month, although due to this year's higher refund percentage, the net increase was reduced to $42 million. Sales tax receipts posted a gain of $58 million, while gross corporate income taxes rose $43 million (up $19 million net of refunds). Public utility taxes benefited considerably from the extra receipting days and, as a result, were up $31 million for the month. Other sources rose $20 million, in part due to approximately $6 million resulting from P.A. 93-665 discussed earlier. Insurance taxes and fees had another good month rising $6 million, and inheritance taxes finally posted an up month, albeit only a $3 million increase. Finally, both liquor taxes and interest income managed each to post a $1 million gain.

Overall transfers were up $69 million for the month. The increase is comprised of a $24 million gain in lottery transfers, a $14 million increase in riverboat transfers and receipts, and a $31 million increase in other transfers. In March, approximately $22 million was transferred from a variety of funds into the general revenue fund (see next section on page 12). As mentioned earlier, Federal sources significantly helped the monthly advance as receipts rose $146 million.

Year-to-Date

Through the first three-fourths of the fiscal year, excluding revenues attributed to short-term borrowing, Budget Stabilization and Pension Contribution Fund transfers, receipts are up $1.940 billion over the same period last fiscal year. The increase in federal source receipts still represents the vast majority of the revenue gains—63%, but the acceleration of monies due to the tax amnesty program as well as administrative chargebacks and other fund transfers have significantly contributed to the increase.

Due in large part to tax amnesty, gross corporate income taxes are up $304 million, or $173 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 $222 million through March, with approximately $94 million of that coded as tax amnesty. Gross personal income taxes are up $143 million, although on a net of refund basis are actually down $82 million. Public utility taxes have grown by $57 million, while Cook County intergovernmental transfers are up $37 million. All other sources experiencing gains total an additional $50 million.

A few sources are down though the first nine months of the fiscal year. Inheritance taxes, despite decoupling, are still lagging and are lower by $37 million. Other sources are off by $23 million, and interest from investments are down $9 million.

Through March, overall transfers are up $330 million. While lottery transfers are up $38 million and riverboat transfers and receipts have increased $66 million as the result of the increased wagering and admission tax, $226 million of the increase is due to other transfers. Of that amount, approximately $185 million is due to administrative chargebacks, $18 million due to requested transfers related to fee increases, and $5 million due to Executive Order 2003-10. Finally, federal sources continue to be up dramatically for the year-- $1.222 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.

Revised FY 2004 Estimate & Preliminary FY 2005 Forecast

On March 24th, the Commission presented a revised FY 2004 estimate as well as a preliminary forecast for the up-coming fiscal year. While specifics of the estimates can be found in the recently mailed report (also available on our web site), in summary:

Excluding short-term borrowing, Budget Stabilization Fund and Pension Contribution Fund transfers, the Commission revised its FY 2004 general funds forecast down by $304 million to $25.222 billion. The revised estimate reflects an increase of $2.436 billion or 10.7% over the prior fiscal year. If all revenues are included (short-term borrowing and the afore-mentioned transfers), the overall revised estimate represents a decrease of $509 million from the earlier forecast, which is a $1.856 billion or 7.4% increase over last year.

In addition to base adjustments, the revised forecast incorporates a number of items such as: accelerations due to tax amnesty accounted for in the individual lines; removal and/or changes in assumed adjustments used in earlier forecasts, i.e. sale of 10th license and Environmental Trust fund transfer; and, the impact of recently signed HB 585 (P.A. 93-0665).

Excluding $803 million in Governor proposed "deficit reduction sources" as well as Pension Contribution Fund and Budget Stabilization Fund transfers, base FY 2005 general funds are expected to increase only $37 million or 0.1%, to $25.259 billion. If all of those elements are included, since no Pension Contribution Fund transfers will occur in FY 2005, the overall forecast falls $505 million or 1.9% from the prior fiscal year's estimate, to $26.338 billion.

Despite projected base growth of the larger economically-related sources such as income and sales tax being in the 3% - 3.5% range, a number of items will serve to curtail growth in FY 2005. The impact of the tax amnesty program will have consequences next year due to the accelerated revenues that will not be available in FY 2005. In addition, one-time revenues such as sale of State properties, certain transfers, and federal windfalls will be absent in FY 2005. Somewhat offsetting these items is the movement of $350 million from the sale of the 10th riverboat license from FY 2004 into FY 2005 (although the sale seems to be far from finalized). While the Governor has proposed $803 million in various deficit reduction sources, since legislative approval is required, it's unclear at this time what/if any of those measures will be adopted.

March Chargebacks, Fee Transfers, and Executive Order 2003-10

Lynnae Kapp, Revenue/Bond Analyst

In March of FY 2004, a number of fund transfers took place as a result of Public Act 93-0032 and Executive Order 2003-10. Under Public Act 93-0032, the Director of the Office of Management and Budget can direct fund transfers via administrative chargebacks (30 ILCS 105/8h) as well as from increased fee revenues (30 ILCS 105/8j). In addition, Executive Order 2003-10 authorizes the consolidation and transfer of facilities management, internal audit, and staff legal functions from agencies directly responsible to the Governor to Central Management Services.

FY 2004 Executive Order 2003-10
Transfers Initiated By CMS

Fund Name	March 2004
Road Fund	$619,912.00
Motor Fuel Tax - State Fund	$257,852.00
Financial Institution Fund	$169,025.00
Wildlife & Fish Fund	$1,220.00
Agricultural Premium Fund	$477.00
Radiation Protection Fund	$21,783.00
Solid Waste Management Fund	$78,245.00
Clean Air Act (CAA) Permit Fund	$88,885.00
Capital Development Board Revolving Fund	$222,505.00
Professions Indirect Cost Fund	$531,144.00
Guardianship & Advocacy Fund	$1,033.00
Statistical Services Revolving Fund	$117,230.00
State Lottery Fund	$36,796.00
Illinois Clean Water Fund	$140,701.00
Child Support Administration Fund	$268,756.00
Tourism Promotion Fund	$100,788.00
Federal Surface Mining Control & Reclamation Fund	$3,435.00
Bank & Trust Company Fund	$556,808.00
Nuclear Safety Emergency Preparedness Fund	$21,060.00
Health Insurance Reserve Fund	$64,354.00
Insurance Producer Administration Fund	$158,250.00
Insurance Financial Regulation Fund	$178,607.00
Fire Prevention Fund	$218,485.00
Underground Storage Tank Fund	$33,936.00
Motor Vehicle Theft Prevention Fund	$5,800.00
Credit Union Fund	$68,724.00
Savings & Residential Finance Regulation Fund	$504.00
Appraisal Administration Fund	$7,346.00
Supplemental Low Income Energy Assistance Fund	$46,143.00
Pawnbroker Regulation Fund	$6,096.00
Auction Regulation Administration Fund	$4,357.00
Real Estate License Administration Fund	$784.00
Traffic & Criminal Conviction Surcharge Fund	$59,006.00
Intra-Agency Services Fund	$498,725.00
Criminal Justice Information Systems Trust Fund	$13,960.00
Petroleum Violation Fund	$85,339.00
Coal Technology Development Assistance Fund	$120,722.00
TOTAL	**$4,808,793.00**

Transfers per Fee Increases [P.A. 93-32 (30 ILCS 105/8j)]

Industrial Commission Operations Fund	$18,000,000.00
TOTAL	**$18,000,000.00**

Chargebacks pre P.A. 93-32 (30 ILCS 105/8h)

Live and Learn Fund (net*)	-$1,026,427.00
TOTAL	**-$1,026,427.00**

*The February chargeback transfer of $1.6 million from the Live and Learn Fund was transferred back to that fund in March. A March amount of $0.6 million was transferred from the Live and Learn Fund to the General Revenue Fund, netting a -$1.0 million for the month.

GENERAL FUNDS RECEIPTS: MARCH

FY 2004 vs. FY 2003
($ million)

Revenue Sources	**MARCH FY 2004**	**MARCH FY 2003**	**$ CHANGE**	**% CHANGE**
State Taxes				
Personal Income Tax	$629	$557	$72	12.9%
Corporate Income Tax (regular)	256	213	$43	20.2%
Sales Taxes	513	455	$58	12.7%
Public Utility Taxes (regular)	129	98	$31	31.6%
Cigarette Tax	33	33	$0	0.0%
Liquor Gallonage Taxes	9	8	$1	12.5%
Vehicle Use Tax	3	3	$0	0.0%
Inheritance Tax (Gross)	17	14	$3	21.4%
Insurance Taxes and Fees	60	54	$6	11.1%
Corporate Franchise Tax & Fees	16	16	$0	0.0%
Interest on State Funds & Investments	5	4	$1	25.0%
Cook County IGT	23	23	$0	0.0%
Other Sources	32	12	$20	166.7%
Subtotal	$1,725	$1,490	$235	15.8%
Transfers				
Lottery	68	44	$24	54.5%
Riverboat transfers & receipts	42	28	$14	50.0%
Other	72	41	$31	75.6%
Total State Sources	$1,907	$1,603	$304	19.0%
Federal Sources	$401	$255	$146	57.3%
Total Federal & State Sources	$2,308	$1,858	$450	24.2%
Nongeneral Funds Distribution:				
Refund Fund				
Personal Income Tax	($74)	($44)	($30)	68.2%
Corporate Income Tax	($82)	(58)	($24)	41.4%
Subtotal General Funds	$2,152	$1,756	$396	22.6%
Short-Term Borrowing	$0	$0	$0	N/A
Budget Stabilization Fund Transfer	$0	$0	$0	N/A
Pension Contribution Fund Transfer	$131	$0	$131	N/A
Total General Funds	$2,283	$1,756	$527	30.0%

IEFC SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding 1-Apr-04

GENERAL FUNDS RECEIPTS: YEAR TO DATE

FY 2004 vs. FY 2003

($ million)

Revenue Sources	FY 2004	FY 2003	CHANGE FROM FY 2003	% CHANGE
State Taxes				
Personal Income Tax	$5,765	$5,622	$143	2.5%
Corporate Income Tax (regular)	954	650	$304	46.8%
Sales Taxes	4,742	4,520	$222	4.9%
Public Utility Taxes (regular)	806	749	$57	7.6%
Cigarette Tax	300	300	$0	0.0%
Liquor Gallonage Taxes	94	94	$0	0.0%
Vehicle Use Tax	26	25	$1	4.0%
Inheritance Tax (Gross)	152	189	($37)	-19.6%
Insurance Taxes and Fees	228	193	$35	18.1%
Corporate Franchise Tax & Fees	120	106	$14	13.2%
Interest on State Funds & Investments	42	51	($9)	-17.6%
Cook County IGT	280	243	$37	15.2%
Other Sources	222	245	($23)	-9.4%
Subtotal	$13,731	$12,987	$744	5.7%
Transfers				
Lottery	417	379	$38	10.0%
Riverboat transfers & receipts	493	427	$66	15.5%
Other	664	438	$226	51.6%
Total State Sources	$15,305	$14,231	$1,074	7.5%
Federal Sources	$4,008	$2,786	$1,222	43.9%
Total Federal & State Sources	$19,313	$17,017	$2,296	13.5%
Nongeneral Funds Distribution:				
Refund Fund				
Personal Income Tax	($675)	($450)	($225)	50.0%
Corporate Income Tax	($307)	($176)	($131)	74.4%
Subtotal General Funds	$18,331	$16,391	$1,940	11.8%
Short-Term Borrowing	$0	$700	($700)	N/A
Budget Stabilization Fund Transfer	$226	$226	$0	0.0%
Pension Contribution Fund Transfer	$1,395	$0	$1,395	N/A
Total General Funds	$19,952	$17,317	$2,635	15.2%

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

IEFC 1-Apr-04

GENERAL FUNDS GROWTH NEEDED TO MEET ESTIMATE

FY 2004 ESTIMATE vs. FY 2003 ACTUAL

($ million)

Revenue Sources	March-04 ESTIMATE FY 2004	FYTD 2004	AMOUNT NEEDED FY 2004 EST.	FYTD 2003	GROWTH NEEDED	% CHANGE
State Taxes						
Personal Income Tax	$8,110	$5,765	$2,345	$5,622	($12)	-0.5%
Corporate Income Tax (regular)	1,302	954	$348	650	($13)	-3.6%
Sales Taxes	6,265	4,742	$1,523	4,520	($16)	-1.0%
Public Utility Taxes (regular)	1,030	806	$224	749	($33)	-12.8%
Cigarette Tax	400	300	$100	300	$0	0.0%
Liquor Gallonage Taxes	122	94	$28	94	($1)	-3.4%
Vehicle Use Tax	35	26	$9	25	$0	0.0%
Inheritance Tax (Gross)	215	152	$63	189	$15	31.3%
Insurance Taxes and Fees	342	228	$114	193	($6)	-5.0%
Corporate Franchise Tax & Fees	160	120	$40	106	$4	11.1%
Interest on State Funds & Investments	50	42	$8	51	($7)	-46.7%
Cook County IGT	440	280	$160	243	$48	42.9%
Other Sources	878	222	$656	245	$552	530.8%
Subtotal	$19,349	$13,731	$5,618	$12,987	$531	10.4%
Transfers						
Lottery	550	417	$133	379	($28)	-17.4%
Riverboat transfers & receipts	654	493	$161	427	$34	26.8%
Other	1,048	664	$384	438	$233	154.3%
Total State Sources	$21,601	$15,305	$6,296	$14,231	$770	13.9%
Federal Sources	$4,987	$4,008	$979	$2,786	($175)	-15.2%
Total Federal & State Sources	$26,588	$19,313	$7,275	$17,017	$595	8.9%
Nongeneral Funds Distribution:						
Refund Fund						
Personal Income Tax	($949)	($675)	($274)	($450)	($86)	45.7%
Corporate Income Tax	(417)	($307)	($110)	(176)	($13)	13.4%
Subtotal General Funds	$25,222	$18,331	$6,891	$16,391	$496	7.8%
Short-Term Borrowing	$0	$0	$0	$700	($975)	N/A
Budget Stabilization Fund Transfer	$226	$226	$0	$226	$0	N/A
Proceeds from Pension Obligation Bonds	$1,395	$1,395	$0	$0	($300)	-100.0%
Total General Funds	$26,843	$19,952	$6,891	$17,317	($779)	-10.2%

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

FY 2004 ESTIMATE vs. FY 2003 ACTUALS

($ million)

Revenue Sources	*GOMB FEB-04 Estimate FY 2004	FYTD 2004	AMOUNT NEEDED FY 2004 Est.	FYTD 2003	GROWTH NEEDED	% CHANGE
State Taxes						
Personal Income Tax	$8,051	$5,765	$2,286	$5,622	($71)	-3.0%
Corporate Income Tax (regular)	1,296	954	$342	650	($19)	-5.3%
Sales Taxes	6,280	4,742	$1,538	4,520	($1)	-0.1%
Public Utility Taxes (regular)	1,062	806	$256	749	($1)	-0.4%
Cigarette Tax	450	300	$150	300	$50	50.0%
Liquor Gallonage Taxes	123	94	$29	94	$0	0.0%
Vehicle Use Tax	35	26	$9	25	$0	0.0%
Inheritance Tax (Gross)	240	152	$88	189	$40	83.3%
Insurance Taxes and Fees	333	228	$105	193	($15)	-12.5%
Corporate Franchise Tax & Fees	175	120	$55	106	$19	52.8%
Interest on State Funds & Investments	50	42	$8	51	($7)	-46.7%
Cook County IGT	440	280	$160	243	$48	42.9%
Other Sources	1,187	222	$965	245	$861	827.9%
Subtotal	$19,722	$13,731	$5,991	$12,987	$904	17.8%
Transfers						
Lottery	540	417	$123	379	($38)	-23.6%
Gaming Fund Transfer	639	493	$146	427	$19	15.0%
Other	1,128	664	$464	438	$313	207.3%
Total State Sources	$22,029	$15,305	$6,724	$14,231	$1,198	21.7%
Federal Sources	$4,987	$4,008	$979	$2,786	($175)	-15.2%
Total Federal & State Sources	$27,016	$19,313	$7,703	$17,017	$1,023	15.3%
Nongeneral Funds Distribution:						
Refund Fund						
Personal Income Tax	($942)	($675)	($267)	($450)	($79)	42.0%
Corporate Income Tax	(415)	(307)	($108)	(176)	($11)	11.3%
Subtotal General Funds	$25,659	$18,331	$7,328	$16,391	$933	14.6%
Short-Term Borrowing	$0	$0	$0	$700	($975)	N/A
Budget Stabilization Fund Transfer	$226	$226	$0	$226	$0	N/A
Proceeds from Pension Obligation Bonds	$1,600	$1,395	$205	$0	($95)	-31.7%
Total General Funds	$27,485	$19,952	$7,533	$17,317	($137)	-1.8%

* 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.

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