



# Commission on Government Forecasting and Accountability

703 Stratton Ofc. Bldg., Springfield, IL 62706

**MONTHLY BRIEFING FOR THE MONTH ENDED: JUNE 2015**

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**REVENUE: Administration Executes \$454 million in Interfund Borrowing on Final Day of FY 2015--Overall FY 2015 Receipts Fall Within Range Predicted by CGFA--Overall Estimate of FY 2016 Remains Unchanged**  
Jim Muschinske, Revenue Manager

In a surprising move, the Governor elected to utilize interfund borrowing authority granted to him under P.A. 98-692 on the final day of FY 2015. The Act allowed the Governor to enter into up to \$650 million in interfund borrowing; however, the total borrowing was approximately \$454 million. According to statute, those borrowed funds must be paid back within 18 months from the date borrowed; effectively meaning repayment is not due until the mid-point of FY 2017 [see details of the borrowing on page 12].

Revenues in June fell \$475 million, excluding the above interfund borrowing. The decline was attributed to the lower income tax rates as well as a dismal month for federal sources. June had one more receipting day when compared to last year.

For the month, gross personal income taxes fell \$233 million, or \$219 million net of refunds due to comparatively lower tax rates. In addition, \$58 million was removed from general revenue and deposited into the Fund for Advancement of Education and the Commitment to Human services Fund. Gross corporate income taxes also fell due to lower rates, dropping \$72 million, or \$77 million net of refunds. Liquor as well as insurance taxes each suffered a minor \$1 million decrease in June.

Other sources spiked up \$88 million due to a sizable \$132 million receipt from the Build Illinois Escrow Account. [That deposit is triggered at the request of the Governor's Office of Management and Budget, and exceeded their earlier expectation of \$86 million]. Public utility taxes managed to end the year on an up note as monthly receipts grew \$25 million, largely due to the timing of receipts. Sales taxes grew a modest \$14 million, while inheritance tax again had a good month, rising \$9 million.

Again excluding the interfund borrowing, June transfers grew \$32 million. Fund sweeps amounted to \$49 million for the month, while other miscellaneous transfers fell \$9 million. Lottery transfers grew a scant \$1 million, while riverboat transfers actually declined \$9 million. All other miscellaneous transfers fell \$9 million for the month.

As mentioned earlier, federal sources finished an overall disappointing year by falling an additional \$287 million. The very poor month was a direct result of reimbursable spending, limited in large part to the lack of Medicaid bills being sent to the Comptroller. By the time a large volume of bills were presented for payment at the very end of the fiscal year, there was not enough time to execute the reimbursable spending. [Instead, it is anticipated that spending and subsequent reimbursement will occur in July].

## **Year End**

For the fiscal year, excluding the interfund borrowing as well as the Budget Stabilization Fund transfers, general funds finished at \$35.888 billion, or \$830 million less than base revenues received last year. It should be noted that the revenue picture was made brighter with the \$1.284 billion in fund sweeps. Absent that action, base revenues would have fallen a greater \$2.114 billion.

For the most part, despite lower income tax rates effective midway through the fiscal year, the income taxes performed quite admirably in FY 2015. Gross personal income taxes fell \$706 million, or \$729 million net of refunds. An additional \$242 million was removed

from general revenues and directed to both the newly created funds for education and health care. Gross corporate income tax dropped \$511 million, or \$474 million net of refunds. Public utility taxes were the only other tax source that suffered a decline for the fiscal year, albeit a relatively minor \$7 million.

A number of revenue sources were able to post yearly gains. Sales taxes performed quite well over most of the fiscal year as receipts grew \$354 million. Other sources rose \$108 million, fueled in large part by a considerably higher Build Illinois Escrow Account deposit. Inheritance tax receipts managed to outpace expectations for most of the fiscal year, growing \$57 million and likely due to the “wealth” factor created by market and investment conditions. All other sources that increased added an additional \$37 million in growth.

Overall transfers into the general funds, excluding the interfund borrowing, rose \$881 million. The growth was only made possible by \$1.284 billion in fund sweeps that were enacted in the final quarter per P.A. 99-0002. Lottery transfers grew \$11 million, while riverboat transfers dropped \$29 million, and other miscellaneous transfers declined \$51 million. Also, in comparison to last fiscal year, transfers from the Refund Fund were \$334 million lower.

Federal sources recorded a very poor year and experienced monthly declines in the majority of instances. Receipts reflected reimbursable spending from the general funds, and other than a boost in April made possible by the fund sweeps, underperformed expectations.

**Review of FY 2015 Revenue Estimates**

The FY 2015 budget was built on a revenue forecast of \$35.352 billion per HJR 100 that was passed in May 2014. In early March, the Commission released a revised forecast which was augmented later in the month by P.A. 99-0002 which called for \$1.318 billion in fund sweeps. In total, the FY 2015 forecast stood at \$35.417 billion heading into the final quarter of the fiscal year. Soon after, stronger than expected income tax receipts related to final payments stemming from robust market conditions and related non-wage income i.e. capital gains and dividend income, resulted in the Commission valuing the upward pressure on the FY 2015 forecast between \$300-\$500 million.

As shown in the table on page 5, actual FY 2015 general funds revenues, excluding interfund borrowing and Budget Stabilization Fund transfers,

totaled \$35.888 billion or \$471 million above the March forecast and falling in the range predicted by the Commission. In comparison to HJR 100, actual FY 2015 revenues exceeded that forecast by \$536 million.

**Overall Estimate of FY 2016 Remains Unchanged**

The Commission’s FY 2016 estimate presented in March was \$32.139 billion. A review of that estimate [based on current law], including performance over the final third of the fiscal year, FY 2015 actuals, and updated economic measures, indicates that while estimates of certain revenue sources have to be adjusted to some degree, the overall forecast remains unchanged as the competing pressures on that earlier estimate appear to offset each other. A summary of the updated outlook for FY 2016 is shown below, along with a more detailed comparison on page 8.

<b>Updated CGFA FY 2016 General Funds Forecast</b>			
<b>Based on Current Law</b>			
<b>(\$ millions)</b>	<b>FY 2016</b>	<b>FY 2016</b>	<b>\$</b>
<b>Revenue Source</b>	<b>July-15</b>	<b>Mar-15</b>	<b>Change</b>
<b>"Big Three"--Personal, Corporate, and Sales Taxes</b>	<b>\$23,381</b>	<b>\$22,937</b>	<b>\$444</b>
<b>All Other State Sources</b>	<b>\$3,210</b>	<b>\$3,164</b>	<b>\$46</b>
<b>Transfers In</b>	<b>\$1,626</b>	<b>\$1,630</b>	<b>(\$4)</b>
<b>Federal Sources</b>	<b>\$3,922</b>	<b>\$4,408</b>	<b>(\$486)</b>
<b>Total</b>	<b>\$32,139</b>	<b>\$32,139</b>	<b>\$0</b>

- As shown, the outlook for the “Big Three” economically related sources are improved by a net value of \$444 million. While the estimate of sales tax is unchanged, modest adjustments need to be made to the estimates of personal and corporate income taxes

based upon FY 2015 performance. However, as discussed in previous briefings, some of that positive performance in final payments is viewed as one-time and is not expected to repeat. Taking that into account, the upward adjustments are being

made to reflect slightly better underlying base growth in the year just ended.

- The estimates of all other State sources are revised up \$46 million in total and simply reflect actual FY 2015 base performance of those sources as well as any minor changes in their outlook for the new fiscal year. The estimates of transfers into the general funds have undergone a very minor \$4 million downward adjustment.
- The estimate of federal sources is being revised down \$486 million from the March forecast. The lower figure reflects the assumption that the Federal government will continue to

offset what is owed Illinois based on the amount the State owes the Feds related to Medicare premiums under the Medicaid program. The value of that offset is approximately \$425 million. The remaining downgrade in the forecast simply reflects lowered expectation of reimbursable spending and returns the overall estimate near FY 2014 levels. As discussed in more detail in the April monthly briefing, federal sources are governed by appropriation levels, available cash for spending, and what bills are paid by the Comptroller. Add to those considerable variables the additional ambiguity created by the current budget impasse, and forecasting federal sources has become more than challenging.

## FY 2015 Actuals vs. CGFA Estimates

(\$ millions)

<u>Revenue Sources</u>	<u>ACTUAL</u> <u>FY 2015</u>	<u>CGFA EST.</u> <u>March-15</u> <u>FY 2015</u>	<u>DIFFERENCE</u> <u>ACTUALS</u> <u>FROM</u> <u>ESTIMATE</u>
<b>State Taxes</b>			
Personal Income Tax	\$17,682	\$16,992	\$690
Corporate Income Tax (regular)	\$3,129	\$3,020	\$109
Sales Taxes	\$8,030	\$8,010	\$20
Public Utility (regular)	\$1,006	\$1,005	\$1
Cigarette Tax	\$353	\$355	(\$2)
Liquor Gallonage Taxes	\$167	\$165	\$2
Vehicle Use Tax	\$32	\$31	\$1
Inheritance Tax	\$333	\$300	\$33
Insurance Taxes & Fees	\$353	\$330	\$23
Corporate Franchise Tax & Fees	\$211	\$205	\$6
Interest on State Funds & Investments	\$24	\$25	(\$1)
Cook County Intergovernmental Transfer	\$244	\$244	\$0
<u>Other Sources</u>	<u>\$693</u>	<u>\$592</u>	<u>\$101</u>
<b>Subtotal</b>	<b>\$32,257</b>	<b>\$31,274</b>	<b>\$983</b>
<b>Transfers</b>			
Lottery	\$679	\$682	(\$3)
Riverboat transfers & receipts	\$292	\$290	\$2
Proceeds from sale of 10th license	\$10	\$10	\$0
Refund Fund transfer	\$63	\$63	\$0
Fund Sweeps	\$1,284	\$1,318	(\$34)
Inerfund Borrowing	\$0	\$0	\$0
<u>Other</u>	<u>\$665</u>	<u>\$678</u>	<u>(\$13)</u>
<b>Total State Sources</b>	<b>\$35,250</b>	<b>\$34,315</b>	<b>\$935</b>
<b>Federal Sources</b>	<b>\$3,330</b>	<b>\$3,676</b>	<b>(\$346)</b>
<b>Total Federal &amp; State Sources</b>	<b>\$38,580</b>	<b>\$37,991</b>	<b>\$589</b>
<b>Nongeneral Funds Distribution:</b>			
<b>Refund Fund</b>			
Personal Income Tax	(\$1,769)	(\$1,699)	(\$70)
Corporate Income Tax	(\$439)	(\$423)	(\$16)
Fund for Advancement of Education	(\$242)	(\$226)	(\$16)
Commitment to Human Services Fund	(\$242)	(\$226)	(\$16)
<b>Subtotal General Funds</b>	<b>\$35,888</b>	<b>\$35,417</b>	<b>\$471</b>
<b>Short Term Borrowing</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Interfund Borrowing</b>	<b>\$454</b>	<b>\$0</b>	<b>\$454</b>
<b>Budget Stabilization Fund Transfer</b>	<b>\$275</b>	<b>\$275</b>	<b>\$0</b>
<b>Total General Funds</b>	<b>\$36,617</b>	<b>\$35,692</b>	<b>\$925</b>

## GENERAL FUNDS RECEIPTS: JUNE

FY 2015 vs. FY 2014

(\$ million)

<b>Revenue Sources</b>	<b>June FY 2015</b>	<b>June FY 2014</b>	<b>\$ CHANGE</b>	<b>% CHANGE</b>
<b>State Taxes</b>				
Personal Income Tax	\$1,446	\$1,679	(\$233)	-13.9%
Corporate Income Tax (regular)	391	463	(\$72)	-15.6%
Sales Taxes	705	691	\$14	2.0%
Public Utility Taxes (regular)	80	55	\$25	45.5%
Cigarette Tax	29	29	\$0	0.0%
Liquor Gallonage Taxes	14	15	(\$1)	-6.7%
Vehicle Use Tax	3	3	\$0	0.0%
Inheritance Tax	34	25	\$9	36.0%
Insurance Taxes and Fees	63	64	(\$1)	-1.6%
Corporate Franchise Tax & Fees	13	13	\$0	0.0%
Interest on State Funds & Investments	2	2	\$0	0.0%
Cook County IGT	0	0	\$0	N/A
Other Sources	178	90	\$88	97.8%
<b>Subtotal</b>	<b>\$2,958</b>	<b>\$3,129</b>	<b>(\$171)</b>	<b>-5.5%</b>
<b>Transfers</b>				
Lottery	72	71	\$1	1.4%
Riverboat transfers & receipts	20	29	(\$9)	-31.0%
Proceeds from Sale of 10th license	0	0	\$0	N/A
Refund Fund transfer	0	0	\$0	N/A
Fund sweeps	49	0	\$49	N/A
Other	102	111	(\$9)	-8.1%
<b>Total State Sources</b>	<b>\$3,201</b>	<b>\$3,340</b>	<b>(\$139)</b>	<b>-4.2%</b>
<b>Federal Sources</b>	<b>\$105</b>	<b>\$392</b>	<b>(\$287)</b>	<b>-73.2%</b>
<b>Total Federal &amp; State Sources</b>	<b>\$3,306</b>	<b>\$3,732</b>	<b>(\$426)</b>	<b>-11.4%</b>
<b>Nongeneral Funds Distribution:</b>				
<b>Refund Fund</b>				
Personal Income Tax	(\$144)	(\$158)	\$14	-8.9%
Corporate Income Tax	(\$55)	(50)	(\$5)	10.0%
<b>Fund for Advancement of Education</b>	(\$29)	0	(\$29)	N/A
<b>Commitment to Human Services Fund</b>	(\$29)	0	(\$29)	N/A
<b>Subtotal General Funds</b>	<b>\$3,049</b>	<b>\$3,524</b>	<b>(\$475)</b>	<b>-13.5%</b>
<b>Short-Term Borrowing</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<b>Interfund Borrowing</b>	<b>\$454</b>	<b>\$0</b>	<b>\$454</b>	<b>N/A</b>
<b>FY'13/14 Backlog Payment Fund</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>Total General Funds</b>	<b>\$3,503</b>	<b>\$3,524</b>	<b>(\$21)</b>	<b>-0.6%</b>
CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding				2-Jul-15

## GENERAL FUNDS RECEIPTS: YEAR END

FY 2015 vs. FY 2014

(\$ million)

<u>Revenue Sources</u>	<u>FY 2015</u>	<u>FY 2014</u>	<u>CHANGE FROM FY 2014</u>	<u>% CHANGE</u>
<b>State Taxes</b>				
Personal Income Tax	\$17,682	\$18,388	(\$706)	-3.8%
Corporate Income Tax (regular)	3,129	3,640	(\$511)	-14.0%
Sales Taxes	8,030	7,676	\$354	4.6%
Public Utility Taxes (regular)	1,006	1,013	(\$7)	-0.7%
Cigarette Tax	353	353	\$0	0.0%
Liquor Gallonage Taxes	167	165	\$2	1.2%
Vehicle Use Tax	32	29	\$3	10.3%
Inheritance Tax	333	276	\$57	20.7%
Insurance Taxes and Fees	353	333	\$20	6.0%
Corporate Franchise Tax & Fees	211	203	\$8	3.9%
Interest on State Funds & Investments	24	20	\$4	20.0%
Cook County IGT	244	244	\$0	0.0%
Other Sources	693	585	\$108	18.5%
<b>Subtotal</b>	<b>\$32,257</b>	<b>\$32,925</b>	<b>(\$668)</b>	<b>-2.0%</b>
<b>Transfers</b>				
Lottery	679	668	\$11	1.6%
Riverboat transfers & receipts	292	321	(\$29)	-9.0%
Proceeds from Sale of 10th license	10	10	\$0	0.0%
Refund Fund transfer	63	397	(\$334)	N/A
Fund sweeps	1,284	0	\$1,284	N/A
Other	665	716	(\$51)	-7.1%
<b>Total State Sources</b>	<b>\$35,250</b>	<b>\$35,037</b>	<b>\$213</b>	<b>0.6%</b>
<b>Federal Sources</b>	<b>\$3,330</b>	<b>\$3,903</b>	<b>(\$573)</b>	<b>-14.7%</b>
<b>Total Federal &amp; State Sources</b>	<b>\$38,580</b>	<b>\$38,940</b>	<b>(\$360)</b>	<b>-0.9%</b>
<b>Nongeneral Funds Distribution:</b>				
<b>Refund Fund</b>				
Personal Income Tax	(\$1,769)	(\$1,746)	(\$23)	1.3%
Corporate Income Tax	(\$439)	(\$476)	\$37	-7.8%
<b>Fund for Advancement of Education</b>	<b>(\$242)</b>	<b>\$0</b>	<b>(\$242)</b>	<b>N/A</b>
<b>Commitment to Human Services Fund</b>	<b>(\$242)</b>	<b>\$0</b>	<b>(\$242)</b>	<b>N/A</b>
<b>Subtotal General Funds</b>	<b>\$35,888</b>	<b>\$36,718</b>	<b>(\$830)</b>	<b>-2.3%</b>
<b>Short-Term Borrowing</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<b>Interfund Borrowing</b>	<b>\$454</b>	<b>\$0</b>	<b>\$454</b>	<b>N/A</b>
<b>FY'13/14 Backlog Payment Fund Transfer</b>	<b>\$0</b>	<b>\$50</b>	<b>(\$50)</b>	<b>N/A</b>
<b>Tobacco Liquidation Proceeds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<b>Pension Contribution Fund Transfer</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<b>Budget Stabilization Fund Transfer</b>	<b>\$275</b>	<b>\$275</b>	<b>\$0</b>	<b>0.0%</b>
<b>Total General Funds</b>	<b>\$36,617</b>	<b>\$37,043</b>	<b>(\$426)</b>	<b>-1.2%</b>
SOURCE: Office of the Comptroller, State of Illinois: Some totals may not equal, due to rounding.				
CGFA				2-Jul-15

## UPDATED CGFA FY 2016 ESTIMATE

Based on Current Law

(millions)

<u>Revenue Sources</u>	<u>FY 2016 July-15</u>	<u>FY 2016 Mar-15</u>	<u>\$ Difference</u>
<b>State Taxes</b>			
Personal Income Tax	\$15,173	\$14,766	\$407
Corporate Income Tax (regular)	\$2,830	\$2,700	\$130
Sales Taxes	\$8,280	\$8,280	\$0
Public Utility (regular)	\$990	\$990	\$0
Cigarette Tax	\$355	\$355	\$0
Liquor Gallonage Taxes	\$168	\$166	\$2
Vehicle Use Tax	\$32	\$32	\$0
Inheritance Tax	\$320	\$300	\$20
Insurance Taxes & Fees	\$353	\$335	\$18
Corporate Franchise Tax & Fees	\$212	\$206	\$6
Interest on State Funds & Investments	\$25	\$25	\$0
Cook County Intergovernmental Transfer	\$244	\$244	\$0
<u>Other Sources</u>	<u>\$511</u>	<u>\$511</u>	<u>\$0</u>
<b>Subtotal</b>	<b>\$29,493</b>	<b>\$28,910</b>	<b>\$583</b>
<b>Transfers</b>			
Lottery	\$689	\$693	(\$4)
Riverboat transfers and receipts	\$280	\$280	\$0
Proceeds from sale of 10th license	\$10	\$10	\$0
<u>Other</u>	<u>\$647</u>	<u>\$647</u>	<u>\$0</u>
<b>Total State Sources</b>	<b>\$31,119</b>	<b>\$30,540</b>	<b>\$579</b>
<b>Federal Sources</b>	<b>\$3,922</b>	<b>\$4,408</b>	<b>(\$486)</b>
<b>Total Federal &amp; State Sources</b>	<b>\$35,041</b>	<b>\$34,948</b>	<b>\$93</b>
<b>Nongeneral Funds Distribution:</b>			
<b>Refund Fund</b>			
Personal Income Tax [ 10% '15 & '16]	(\$1,517)	(\$1,477)	(\$40)
Corporate Income Tax [14% '15 & 16.5% '16]	(\$467)	(\$446)	(\$21)
<b>Fund for Advancement of Education</b>	(\$459)	(\$443)	(\$16)
<b>Commitment to Human Services Fund</b>	(\$459)	(\$443)	(\$16)
<b>Subtotal General Funds</b>	<b>\$32,139</b>	<b>\$32,139</b>	<b>\$0</b>

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



## CGFA UPDATED FY 2016 ESTIMATE vs. FY 2015 ACTUALS

Based on Current Law

(millions)

<u>Revenue Sources</u>	<u>FY 2016</u> <u>July-2015</u>	<u>FY 2015</u> <u>Actuals</u>	<u>\$</u> <u>Difference</u>
<b>State Taxes</b>			
Personal Income Tax	\$15,173	\$17,682	(\$2,509)
Corporate Income Tax (regular)	\$2,830	\$3,129	(\$299)
Sales Taxes	\$8,280	\$8,030	\$250
Public Utility (regular)	\$990	\$1,006	(\$16)
Cigarette Tax	\$355	\$353	\$2
Liquor Gallonage Taxes	\$168	\$167	\$1
Vehicle Use Tax	\$32	\$32	\$0
Inheritance Tax	\$320	\$333	(\$13)
Insurance Taxes & Fees	\$353	\$353	\$0
Corporate Franchise Tax & Fees	\$212	\$211	\$1
Interest on State Funds & Investments	\$25	\$24	\$1
Cook County Intergovernmental Transfer	\$244	\$244	\$0
<u>Other Sources</u>	<u>\$511</u>	<u>\$693</u>	<u>(\$182)</u>
<b>Subtotal</b>	<b>\$29,493</b>	<b>\$32,257</b>	<b>(\$2,764)</b>
<b>Transfers</b>			
Lottery	\$689	\$679	\$10
Riverboat transfers and receipts	\$280	\$292	(\$12)
Proceeds from sale of 10th license	\$10	\$10	\$0
Refund Fund transfer	\$0	\$63	(\$63)
Fund Sweeps	\$0	\$1,284	(\$1,284)
<u>Other</u>	<u>\$647</u>	<u>\$665</u>	<u>(\$18)</u>
<b>Total State Sources</b>	<b>\$31,119</b>	<b>\$35,250</b>	<b>(\$4,131)</b>
<b>Federal Sources</b>	<b>\$3,922</b>	<b>\$3,330</b>	<b>\$592</b>
<b>Total Federal &amp; State Sources</b>	<b>\$35,041</b>	<b>\$38,580</b>	<b>(\$3,539)</b>
<b>Nongeneral Funds Distribution:</b>			
<b>Refund Fund</b>			
Personal Income Tax [ 10% '15 & '16]	(\$1,517)	(\$1,769)	\$252
Corporate Income Tax [14% '15 & 16.5% '16]	(\$467)	(\$439)	(\$28)
<b>Fund for Advancement of Education</b>	(\$459)	(\$242)	(\$217)
<b>Commitment to Human Services Fund</b>	(\$459)	(\$242)	(\$217)
<b>Subtotal General Funds</b>	<b>\$32,139</b>	<b>\$35,888</b>	<b>(\$3,749)</b>
<b>Including FY'15 Interfund Borrowing of \$454m</b>	<b>\$32,139</b>	<b>\$36,342</b>	<b>(\$4,203)</b>
NOTE: Totals exclude Budget Stabilization transfers, and other cash flow transfers.			

## ECONOMY How Is It Doing?

Edward H. Boss, Jr. – Chief Economist

The third and final revision on the economy for the first quarter of 2015 was released and showed little change from the previous release on GDP. Real economic growth in the first quarter contracted at an annual rate of 0.2%, modestly less than the 0.7% decline in the second revision but in contrast with the 0.2% gain originally reported in the advance release. Moreover, unlike last year, which had seen a rebound in growth to 4.6% in the second quarter, based on reports over the past two months, most economists forecast growth at half or less than that rate during the three months ended in June. This would make it the slowest first half-year growth in many years.

Last year, GDP growth continued at a rapid 5% rate in the third quarter, raising expectations that the long-anticipated breakout from a slow 2% economy had finally arrived, only to slow again in 2014's final quarter. This brought the year's growth to 2.4%, making it the fifth consecutive year that the economy held in the range of 2% to 2 ½% and raising concerns that this year could be the sixth.

This is not to say that there has not been noticeable improvement in many areas of the economy recently. While it was continued improvement in business spending earlier in the recovery that helped offset a weak housing and consumer sector, more recently consumer spending and housing activity have shown improvement while

business spending and rising imports and weaker exports have been partial offsets. Moreover on the job front, there has been some gain in wages, reduced unemployment rates, although holding relatively stable for the past few months, and improved consumer spending.

Toward the end of July, the Bureau of Economic Analysis releases its annual revisions with even more complete data for the past three years. As there has been a tendency in recent years for weak first quarter results only to revive later, they may be smoothed by applying new seasonal adjustment patterns. More importantly, once every 5 years, the BEA does a comprehensive revision incorporating more complete and new source data, methodologies, changes in definitions and classifications, all the way back to 1929.

This is one of those years. *“All those changes are designed to more accurately portray the evolving economy. For instance this year's comprehensive revision-the 14th in our history – includes changes to the way we classify spending on research and development of artistic goods like TV shows, recorded music, and movies.”* Thus, a clearer picture of the U.S. economic performance over the past and present will emerge. This will give policymakers a better reference as guide to appropriate policy actions, particularly when to finally return to market-determined interest rates.

## INDICATORS OF ILLINOIS ECONOMIC ACTIVITY

<u>INDICATORS</u> *	<u>MAY 2015</u>	<u>APRIL 2015</u>	<u>MAY 2014</u>
Unemployment Rate (Average)	6.0%	6.0%	7.1%
Annual Rate of Inflation (Chicago)	4.1%	1.5%	-0.5%
<b>—————</b>			
	<u>LATEST</u>	<u>% CHANGE</u>	<u>% CHANGE</u>
	<u>MONTH</u>	<u>OVER PRIOR</u>	<u>OVER A</u>
		<u>MONTH</u>	<u>YEAR AGO</u>
Civilian Labor Force (thousands) (May)	6,497.9	0.0%	-0.4%
Employment (thousands) (May)	6,105.8	0.0%	0.7%
NonFarm Payroll Employment (May)	5,929,500	9,200	62,100
New Car & Truck Registration (May)	54,045	-2.4%	-12.4%
Single Family Housing Permits (May)	1,105	11.1%	7.6%
Total Exports (\$ mil) (April)	5,372	-4.7%	-6.1%
Chicago Purchasing Managers Index (June)	49.4	6.9%	-24.6%
* Due to monthly fluctuations, trend best shown by % change from a year ago			

## FY 2015 INTERFUND BORROWING

Lynnae Kapp, Senior Analyst

Public Act 98-0682 allowed for the transfer of up to \$650 million from special funds of the State to the General Revenue Fund in FY 2015. On June 30, \$454 million in Interfund Borrowing was transferred to the General Revenue

Fund from the following funds. The borrowing must be transferred back to the funds of origin, with any interest that would have accrued had the transfer not occurred, within 18 months after the date on which they were borrowed.

	FY 2015 Interfund Borrowing	June 2015
0016	Teacher Certificate Fee Revolving Fund	\$2,000,000
0044	Lobbyist Registration Administration Fund	\$1,000,000
0093	IL State Medical Disciplinary Fund	\$5,000,000
0119	Foreclosure Prevention Program Graduated Fund	\$3,000,000
0159	ISBE Teacher Certificate Institute Fund	\$1,000,000
0209	State Police Firearm Services Fund	\$6,000,000
0246	State Police Vehicle Fund	\$2,000,000
0285	Long Term Care Monitor/Receiver Fund	\$2,000,000
0292	Securities Investors Education Fund	\$5,000,000
0299	Open Space Lands Acquisition & Development Fund	\$40,000,000
0362	Securities Audit & Enforcement Fund	\$4,000,000
0371	Equality in Long-Term Care Quality Fund	\$5,800,000
0539	Death Penalty Abolition Fund	\$8,000,000
0550	Supplemental Low Income Energy Assistance Fund	\$75,000,000
0568	School Infrastructure Fund	\$179,000,000
0640	Fund for Advancement of Education	\$17,681,000
0644	Commitment to Human Services Fund	\$60,000,000
0697	Roadside Memorial Fund	\$1,375,000
0731	IL Clean Water Fund	\$2,000,000
0733	Tobacco Settlement Recovery Fund	\$15,000,000
0796	Nuclear Safety Emergency Preparedness Fund	\$1,500,000
0845	Environmental Protection Trust Fund	\$1,000,000
0891	Foreclosure Prevention Program Fund	\$2,000,000
0906	State Police Services Fund	\$5,000,000
0962	Park and Conservation Fund	\$10,000,000
	<b>TOTAL</b>	<b>\$454,356,000</b>

## FY 2015 SPECIAL TRANSFERS

Lynnae Kapp, Senior Analyst

FY 2015 Fund Sweeps to the General Revenue Fund were approved by Public Act 99-0002 in the amount of \$1.318 billion, with specific amounts coming from specific funds. Amounts were transferred from April through June, and funds that had insufficient amounts had funds transferred back to them. At the end of FY 2015, including retransfers that were made back to the original funds

due to appropriation needs, the total funds swept equaled \$1.284 billion. This amount is approximately \$34 million short of the original goal. The Act also allowed \$48 million to be transferred from the Federal High Speed Rail Trust Fund to the General Obligation Bond Retirement and Interest Fund, which occurred in June. The following table details these special transfers.

FY15 FUND SWEEPS		507F		
No.	Fund	Statutory Amount	TOTAL	Remainder
0011	Road Fund	\$250,000,000	\$250,000,000	\$0
0012	Motor Fuel Tax Fund	\$50,000,000	\$50,000,000	\$0
0014	Food and Drug Safety Fund	\$1,000,000	\$1,000,000	\$0
0016	Teacher Certificate Fee Revolving Fund	\$5,000,000	\$5,000,000	\$0
0019	Grade Crossing Protection Fund	\$10,000,000	\$10,000,000	\$0
0021	Financial Institution Fund	\$1,573,600	\$1,573,600	\$0
0022	General Professions Dedicated Fund	\$2,000,000	\$2,000,000	\$0
0044	Lobbyist Registration Administration Fund	\$1,000,000	\$1,000,000	\$0
0045	Agricultural Premium Fund	\$5,000,000	\$5,000,000	\$0
0047	Fire Prevention Fund	\$23,000,000	\$18,200,000	\$4,800,000
0050	Mental Health Fund	\$3,000,000	\$3,000,000	\$0
0057	Illinois State Pharmacy Disciplinary Fund	\$2,700,000	\$2,700,000	\$0
0067	Radiation Protection Fund	\$1,500,000	\$1,500,000	\$0
0068	Hospital Licensure Fund	\$500,000	\$500,000	\$0
0072	Underground Storage Tank Fund	\$20,000,000	\$20,000,000	\$0
0078	Solid Waste Management Fund	\$15,000,000	\$15,000,000	\$0
0089	Subtitle D Management Fund	\$1,000,000	\$1,000,000	\$0
0093	IL State Medical Disciplinary Fund	\$10,000,000	\$10,000,000	\$0
0118	Facility Licensing Fund	\$1,000,000	\$1,000,000	\$0
0151	Registered CPAs' Admin & Disciplinary Fund	\$6,100,000	\$6,100,000	\$0
0156	Motor Vehicle Theft Prevention Trust Fund	\$6,000,000	\$6,000,000	\$0
0159	SBE Teacher Certification Institute Fund	\$1,800,000	\$1,800,000	\$0
0163	Weights and Measures Fund	\$2,000,000	\$2,000,000	\$0
0186	State and Local Sales Tax Reform Fund	\$40,000,000	\$40,000,000	\$0
0188	County and Mass Transit District Fund	\$40,000,000	\$40,000,000	\$0
0189	Local Government Tax Fund	\$200,000,000	\$172,000,000	\$28,000,000
0199	IL Fisheries Management Fund	\$500,000	\$500,000	\$0
0215	CDB Revolving Fund	\$1,500,000	\$1,500,000	\$0
0233	Intercity Passenger Rail Fund	\$370,000	\$370,000	\$0
0238	IL Health Facilities Planning Fund	\$3,746,000	\$3,746,000	\$0
0240	Emergency Public Health Fund	\$500,000	\$500,000	\$0
0241	TOMA Consumer Protection Fund	\$1,500,000	\$1,500,000	\$0
0245	Fair and Exposition Fund	\$1,000,000	\$1,000,000	\$0

	<b>FY15 FUND SWEEPS</b>	<b>507F</b>		
<b>No.</b>	<b>Fund</b>	<b>Statutory Amount</b>	<b>TOTAL</b>	<b>Remainder</b>
0246	State Police Vehicle Fund	\$4,000,000	\$4,000,000	\$0
0258	Nursing Dedicated & Professional Fund	\$5,000,000	\$5,000,000	\$0
0261	Underground Resources Conservation Enforcement Fund	\$500,000	\$500,000	\$0
0265	State Rail Freight Loan Repayment Fund	\$10,000,000	\$10,000,000	\$0
0286	IL Affordable Housing Trust Fund	\$6,000,000	\$6,000,000	\$0
0287	Home Care Services Agency Licensure Fund	\$1,000,000	\$1,000,000	\$0
0290	Fertilizer Control Fund	\$500,000	\$500,000	\$0
0292	Securities Investors Education Fund	\$5,000,000	\$5,000,000	\$0
0294	Used Tire Management Fund	\$20,000,000	\$20,000,000	\$0
0298	Natural Areas Acquisition Fund	\$6,000,000	\$6,000,000	\$0
0306	I-Fly Fund	\$1,545,000		\$1,545,000
0316	IL Prescription Drug Discount Program Fund	\$257,100	\$257,100	\$0
0318	ICJIA Violence Prevention Special Projects Fund	\$3,000,000	\$3,000,000	\$0
0327	Tattoo & Body Piercing Establishment Registration Fund	\$250,000	\$250,000	\$0
0340	Public Health Lab Services Revolving Fund	\$500,000	\$500,000	\$0
0341	Provider Inquiry Trust Fund	\$1,300,000	\$1,300,000	\$0
0362	Securities Audit and Enforcement Fund	\$4,000,000	\$4,000,000	\$0
0368	Drug Treatment Fund	\$1,000,000	\$1,000,000	\$0
0369	Feed Control Fund	\$1,000,000	\$1,000,000	\$0
0372	Plumbing Licensure & Program Fund	\$200,000	\$200,000	\$0
0386	Appraisal Administration Fund	\$400,000	\$400,000	\$0
0397	Trauma Center Fund	\$7,000,000	\$7,000,000	\$0
0422	Alternate Fuels Fund	\$1,500,000	\$1,500,000	\$0
0438	IL State Fair Fund	\$1,000,000	\$1,000,000	\$0
0440	Agricultural Master Fund	\$400,000	\$400,000	\$0
0474	Human Services Priority Capital Program Fund	\$1,680,000	\$1,680,000	\$0
0514	State Asset Forfeiture Fund	\$250,000	\$250,000	\$0
0524	Health Facility Plan Review Fund	\$1,000,000	\$1,000,000	\$0
0534	IL Workers' Comp Commission Operations Fund	\$10,000,000	\$10,000,000	\$0
0552	Workforce, Tech & Economic Development Fund	\$300,000	\$300,000	\$0
0559	Downstate Transit Improvement Fund	\$70,000,000	\$70,000,000	\$0
0564	Renewable Energy Resources Trust Fund	\$3,000,000	\$3,000,000	\$0
0571	Energy Efficiency Trust Fund	\$6,000,000	\$6,000,000	\$0
0576	Pesticide Control Fund	\$3,000,000	\$3,000,000	\$0
0608	Partners for Conservation Fund	\$6,000,000	\$6,000,000	\$0
0612	Wireless Service Emergency Fund	\$7,500,000	\$7,500,000	\$0
0635	Death Certificate Surcharge Fund	\$1,500,000	\$1,500,000	\$0
0638	IL Adoption Registry & Medical Info Exchange Fund	\$232,000	\$232,000	\$0

	<b>FY15 FUND SWEEPS</b>	<b>507F</b>		
<b>No.</b>	<b>Fund</b>	<b>Statutory Amount</b>	<b>TOTAL</b>	<b>Remainder</b>
0640	Fund for the Advancement of Education	\$25,000,000	\$25,000,000	\$0
0644	Commitment to Human Services Fund	\$25,000,000	\$25,000,000	\$0
0708	IL Standardbred Breeders Fund	\$250,000	\$250,000	\$0
0709	IL Thoroughbred Breeders Fund	\$250,000	\$250,000	\$0
0714	Spinal Cord Injury Paralysis Cure Research Trust Fund	\$1,100,000	\$1,100,000	\$0
0733	Tobacco Settlement Recovery Fund	\$4,000,000	\$4,000,000	\$0
0740	Medicaid Buy-In Program Revolving Fund	\$1,700,000	\$1,700,000	\$0
0746	Home Inspector Admin Fund	\$1,000,000	\$1,000,000	\$0
0750	Real Estate Audit Fund	\$193,600	\$193,600	\$0
0754	IL AgriFIRST Program Fund	\$204,000	\$204,000	\$0
0784	Performance-Enhancing Substance Testing Fund	\$365,000	\$365,000	\$0
0795	Bank and Trust Company Fund	\$25,000,000	\$25,000,000	\$0
0821	Dram Shop	\$1,000,000	\$1,000,000	\$0
0823	IL State Dental Disciplinary Fund	\$1,500,000	\$1,500,000	\$0
0831	Natural Recourses Restoration Trust Fund	\$1,000,000	\$1,000,000	\$0
0836	IL Power Agency Renewable Energy Resources Fund	\$98,000,000	\$98,000,000	\$0
0849	Real Estate Research & Education Fund	\$500,000	\$500,000	\$0
0850	Real Estate License Admin Fund	\$30,000,000	\$30,000,000	\$0
0892	Abandoned Residential Property Municipality Relief Fund	\$700,000	\$700,000	\$0
0896	Public Health Special State Projects Fund	\$5,000,000	\$5,000,000	\$0
0902	State Construction Account Fund	\$50,000,000	\$50,000,000	\$0
0906	State Police Services Fund	\$6,000,000	\$6,000,000	\$0
0920	Metabolic Screening & Treatment Fund	\$5,000,000	\$5,000,000	\$0
0922	Insurance Producer Administration Fund	\$70,313,800	\$70,313,800	\$0
0925	Coal Technology Development Assistance Fund	\$3,000,000	\$3,000,000	\$0
0942	Low-Level Radioactive Waste Facility Dev & Op Fund	\$500,000	\$500,000	\$0
0943	Low-Level Radioactive Waste Facility Closure, Post-Closure Care & Compensation Fund	\$110,000	\$110,000	\$0
0954	IL State Podiatric Disciplinary Fund	\$200,000	\$200,000	\$0
0962	Park and Conservation Fund	\$15,000,000	\$15,000,000	\$0
0963	Vehicle Inspection Fund	\$8,000,000	\$8,000,000	\$0
0969	Local Tourism Fund	\$308,000	\$308,000	\$0
0973	Build IL Capital Revolving Loan Fund	\$5,000,000	\$5,000,000	\$0
0974	IL Equity Fund	\$500,000	\$500,000	\$0
0993	Public Infrastructure Construction Loan Revolving Fund	\$9,000,000	\$9,000,000	\$0
0997	Insurance Financial Regulation Fund	\$23,598,000	\$23,598,000	\$0
	<b>Total</b>	<b>\$1,318,396,100</b>	<b>\$1,284,051,100</b>	<b>\$34,345,000</b>
<b>FY 15 Sweep into General Obligation Bond Retirement &amp; Interest Fund - 507G</b>			<b>TOTAL</b>	<b>Remainder</b>
0433	Federal High Speed Rail Trust Fund	\$48,000,000	\$48,000,000	\$0