

Presented to:

FY 2016 Economic Forecast and Revenue Estimate and FY 2015 Revenue Update



Presented by:

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Commission on Government Forecasting and Accountability
703 Stratton Office Building; Springfield, Illinois 62706

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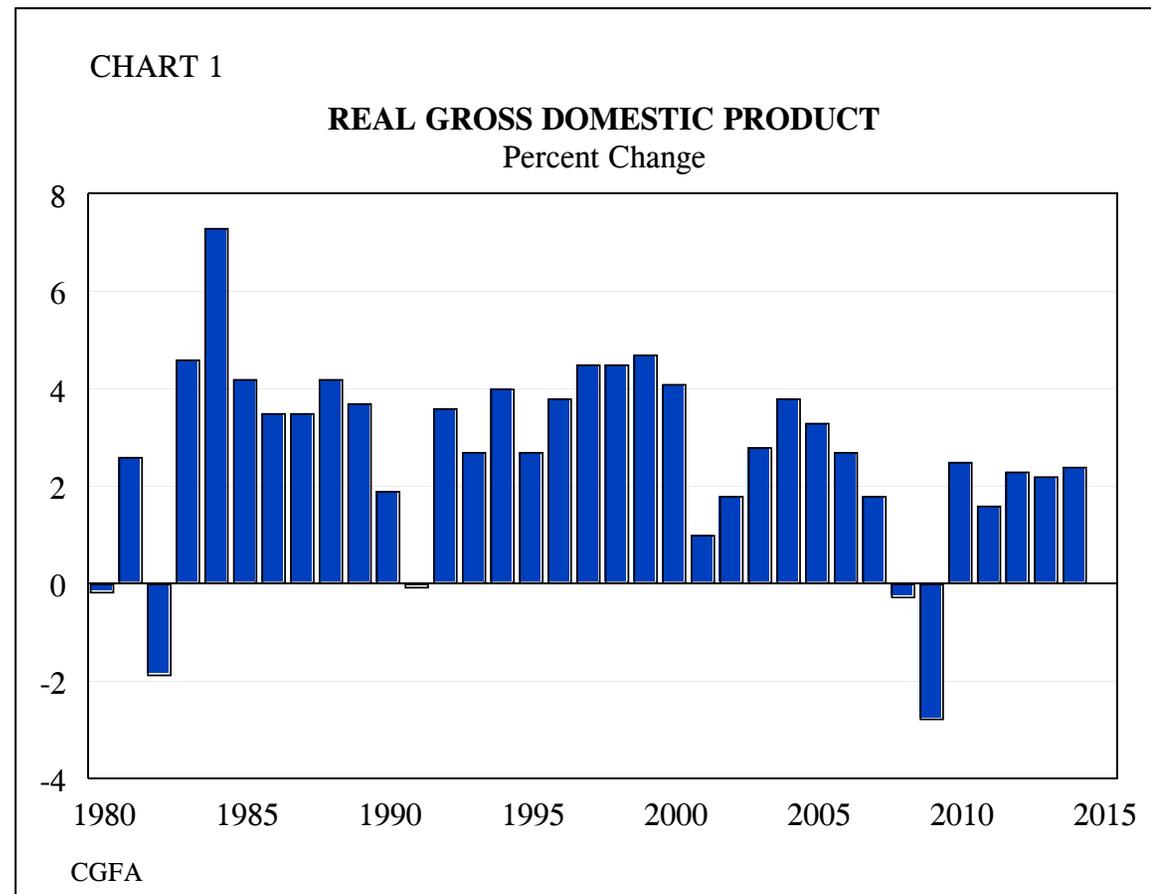
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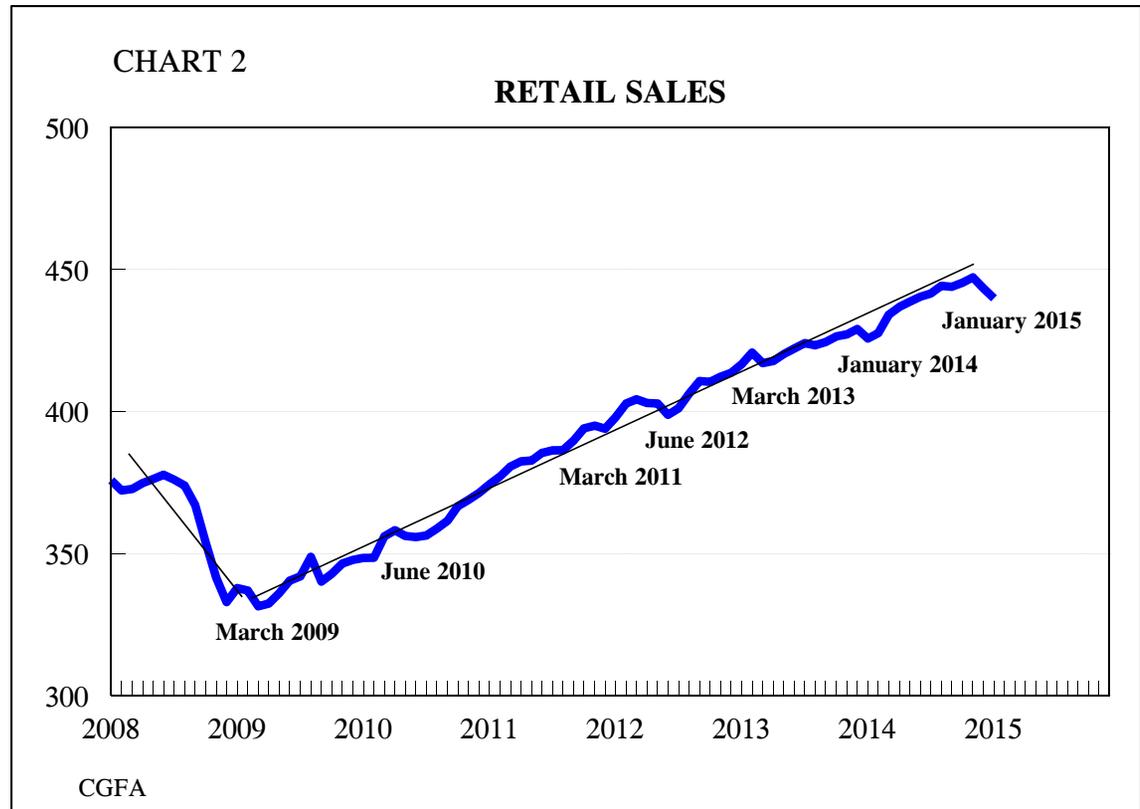
CHANGE IN REAL GDP

- Chart 1 shows GDP growth for the years 1980 through 2014, encompassing 5 recessions followed by recoveries and expansions.
- The chart shows actual contraction in growth for the years incorporating the twin recessions of the 1980s, the 1990-91 recession; the brief 2001 recession and the “great recession” that began at the end of 2007 and continued until June 2009.
- As can be seen, not only was the decline in growth the steepest during the last recession but the ensuing recovery and expansion was the slowest, indeed the weakest in the post WWII period. The growth that followed the last recession was in the 2% area, about half the rate in the 1980s and 1990s, and slower than the expansion in the first half of the 2000s.



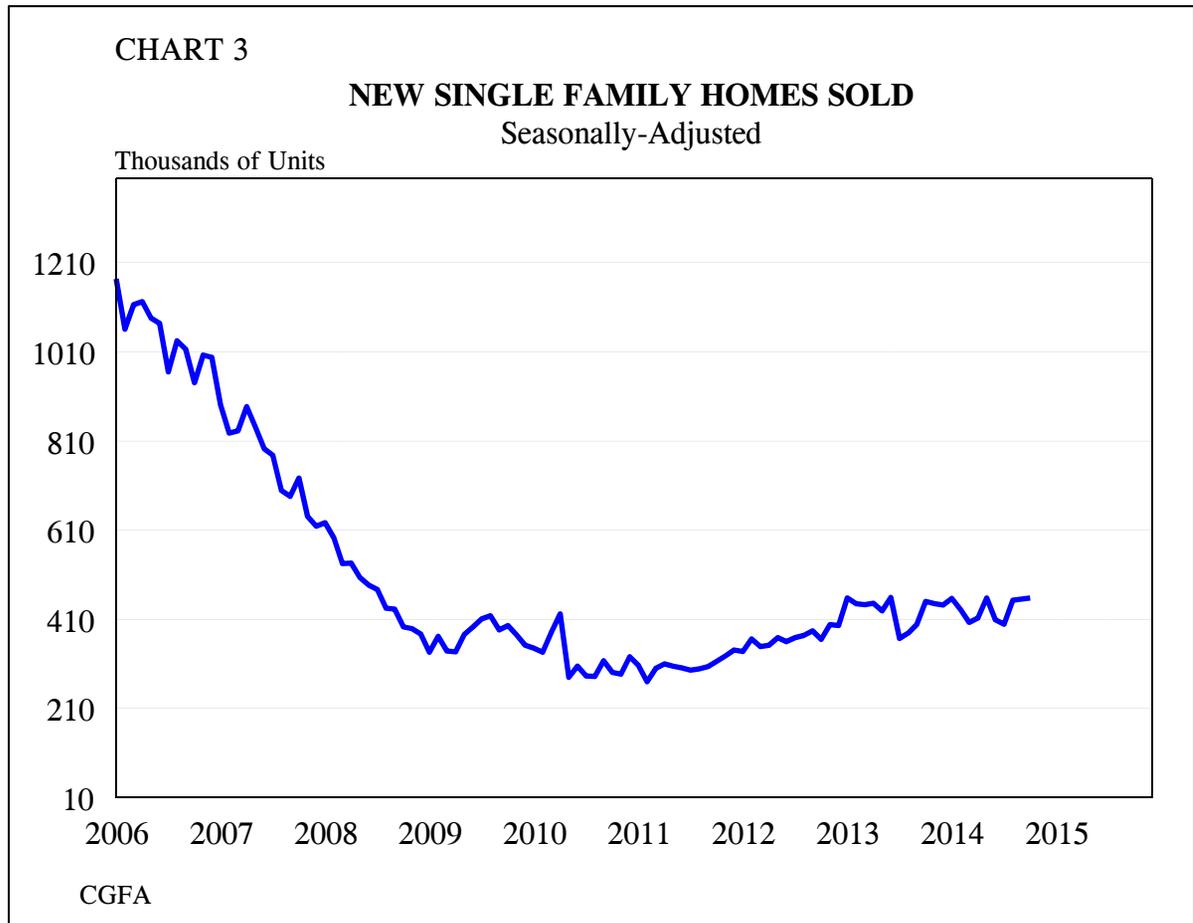
RETAIL SALES

- To explain the slower recovery it is important to look at the major sectors that make up GDP.
- The consumer accounts for about 70% of GDP spending and, therefore, is critical to growth. The less-than-stellar performance during this recovery helps to explain the slow growth path of the overall economy.
- Retail sales continued to rise but, as shown in Chart 2, for most of the recovery, have been less than robust. Moreover, sales fell in each of the last two months, with January 2015 sales not adjusted for inflation up a modest 3.3% from January 2014.
- Further improvement in the labor markets, and particularly incomes, will be required for further improvement.



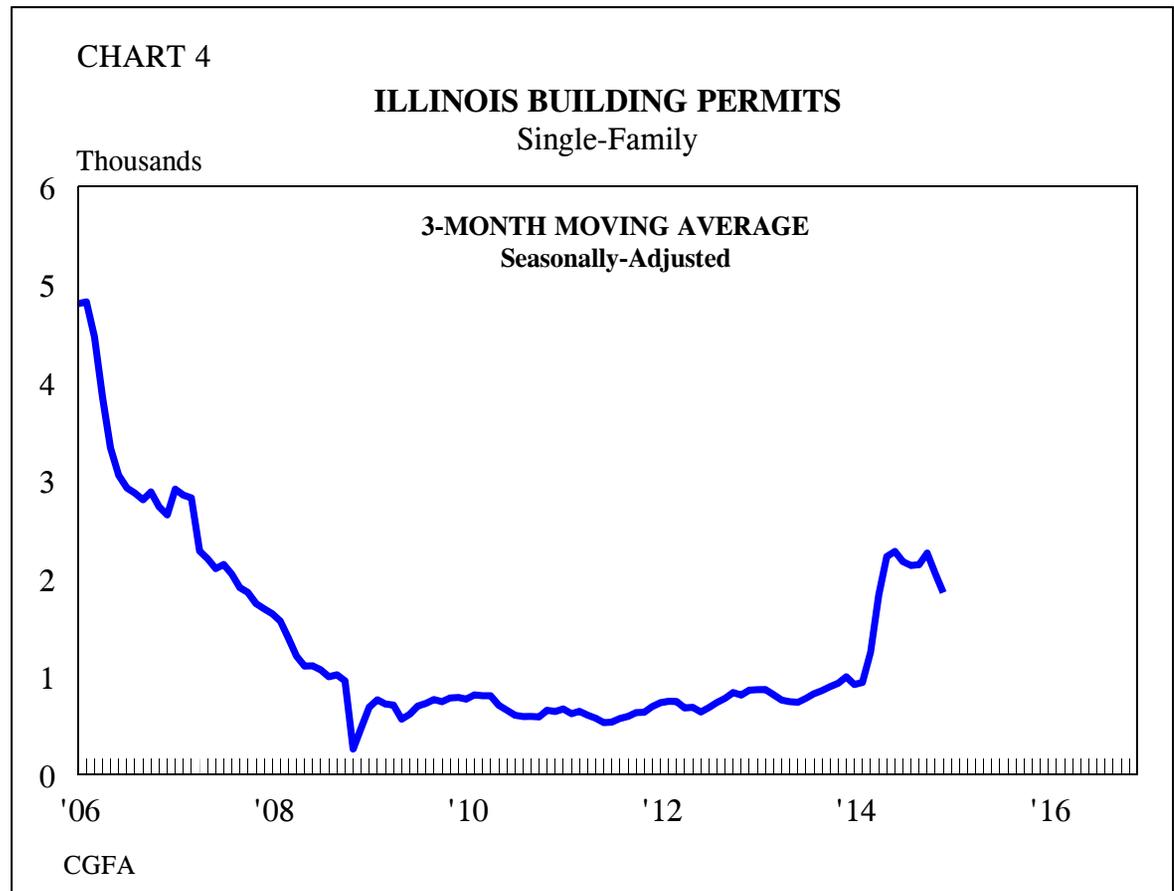
SINGLE FAMILY HOME SALES

- Another consumer-related expenditure is the housing sector. Housing prices have recovered not only erasing previous declines but reaching new highs.
- Even so, with home prices rising, earnings stagnant, and some uptick in mortgage rates, there has been erosion in housing affordability.
- Thus, much of the improvement has come in the form of multi-unit housing and from investors with easy access to credit.
- Indeed, existing homes account for almost 90% of current sales.
- As shown in Chart 3, newly built single-family homes have shown only modest gains and its only new construction, particularly for single-family homes, that account for economic growth.



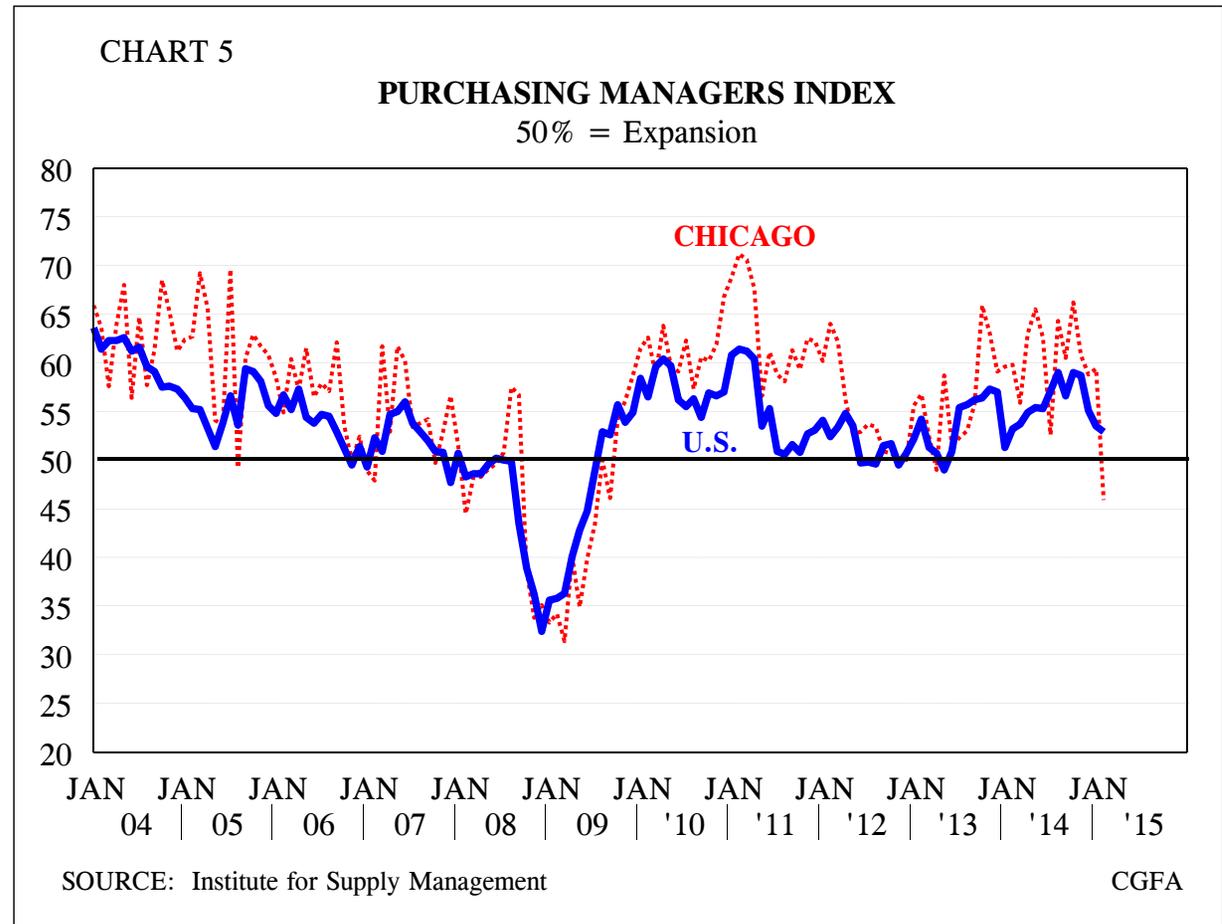
ILLINOIS BUILDING PERMITS – SINGLE FAMILY

- The sluggish performance of single-family new housing starts has been even more pronounced in Illinois than the regional and national figures as pointed out by Moody's Analytics in their State of Illinois Forecast Report done for the Commission earlier this year.
- As noted in the report, the state has underperformed the region and nation and “the weakness can be traced to failed fiscal policy, a slow housing upturn, and stalled manufacturing industry downstate.”
- The slow housing upturn in Illinois is illustrated in Chart 4 that shows new building permits, a precursor to single-family housing starts, in the state.
- And, while there has been some recent improvement, the levels of permits remain at extremely low levels from earlier years.



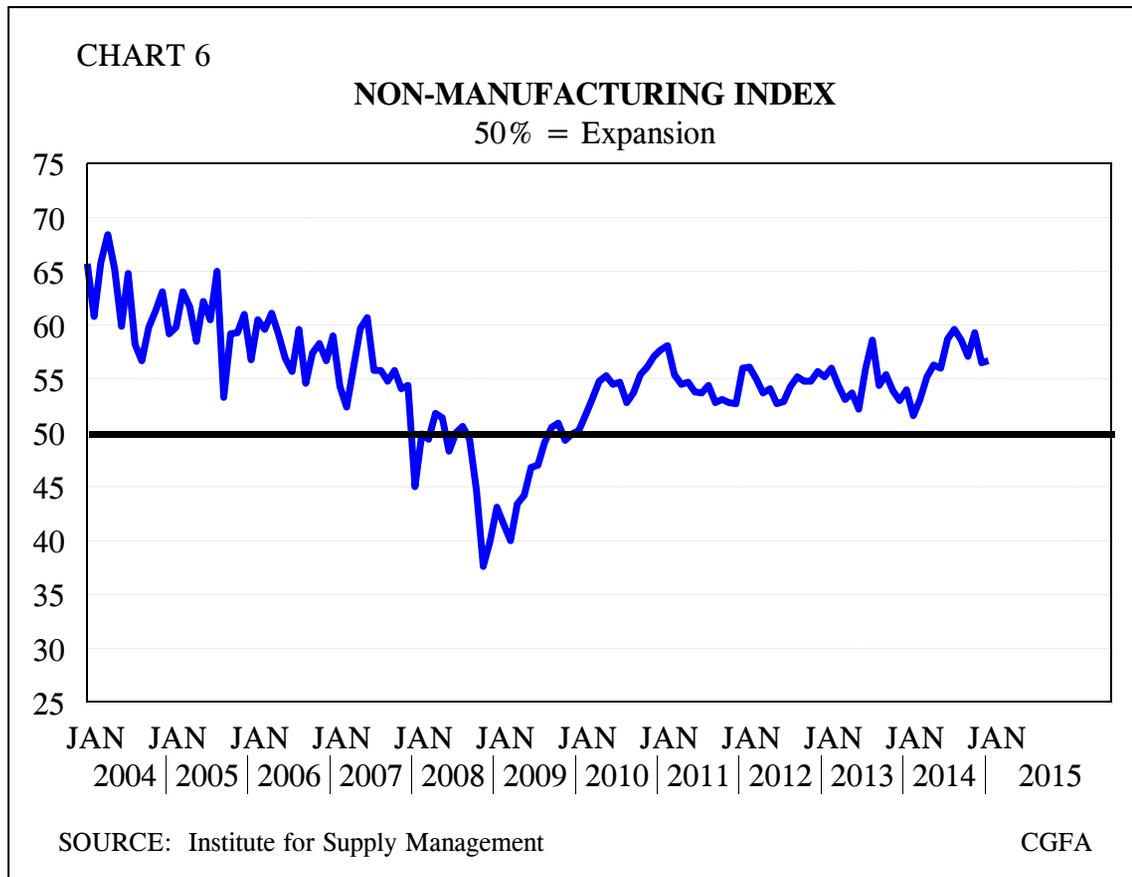
PURCHASING MANAGERS INDEX

- While the consumer accounts for the majority of spending in the economy and has been lethargic, business spending had been expanding.
- As Chart 5 shows, the index of manufacturing expanded (with more than 50% reporting that) for 34 consecutive months from August 2009, slightly after the recovery got underway, to May 2012.
- However, the indices weakened, fluctuating around 50, not rising again on a sustained basis until a year later in June 2013. Manufacturing turned positive for 20 consecutive months, before weakening in the past 4 months. In February the U.S. rate fell to the lowest level in a year while the Chicago rate plummeted, at 45.8 actually shows a contraction in manufacturing, the first time since April 2013.



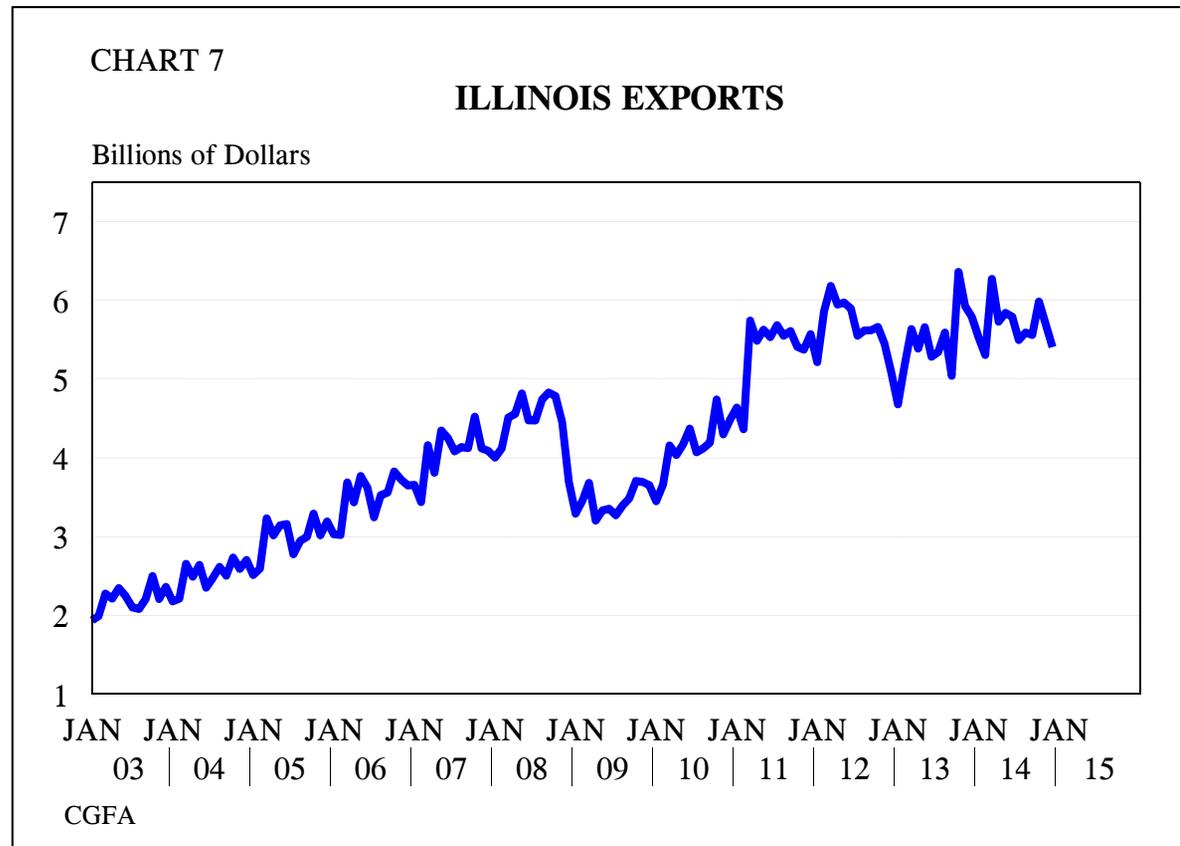
NON-MANUFACTURING INDEX

- A growing share of business has been in the non-manufacturing, or service sector. Chart 6 takes a look at this sector of the economy.
- Economic activity in the non-manufacturing sector, which had contracted for 12 straight months through August 2009, worked its way back to neutral by January 2010 before rising again.
- By January 2015, the index had expanded for 60 consecutive months. It had plunged to 51.6 last February to reach its lowest level since January 2010, but that was blamed mainly on weather. It rose to 59.3 in October 2014, among the highest since mid-2007, but by this January had edged down to 56.7, well below levels experienced prior to the last recession.



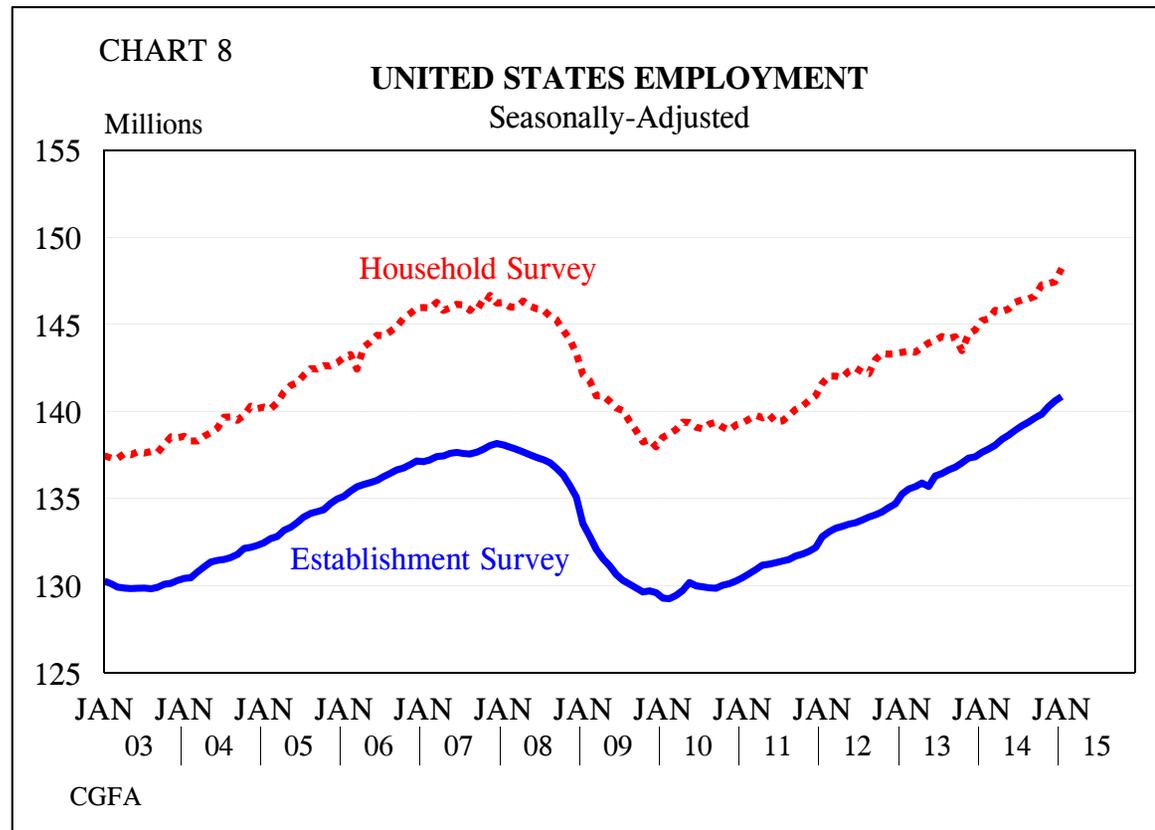
ILLINOIS EXPORTS

- As shown in Chart 7, Illinois export growth slowed into this year, reflecting recessions in much of Europe, which account for about 20% of U.S. exports, and reduced growth in some of the more important emerging countries. This affects the State as we have been the fifth largest U.S. exporter.
- Even so, the path has been choppy. In the last few months increased uncertainties overseas and a prolonged dock strike have caused imports to slow even as the U.S. continues to expand.
- A favorable factor to our trade deficit, however, has been our reduced level of imports due to a lessening dependence on imported oil as new methods of extraction, mainly on private lands, have increased U.S. oil and gas production.



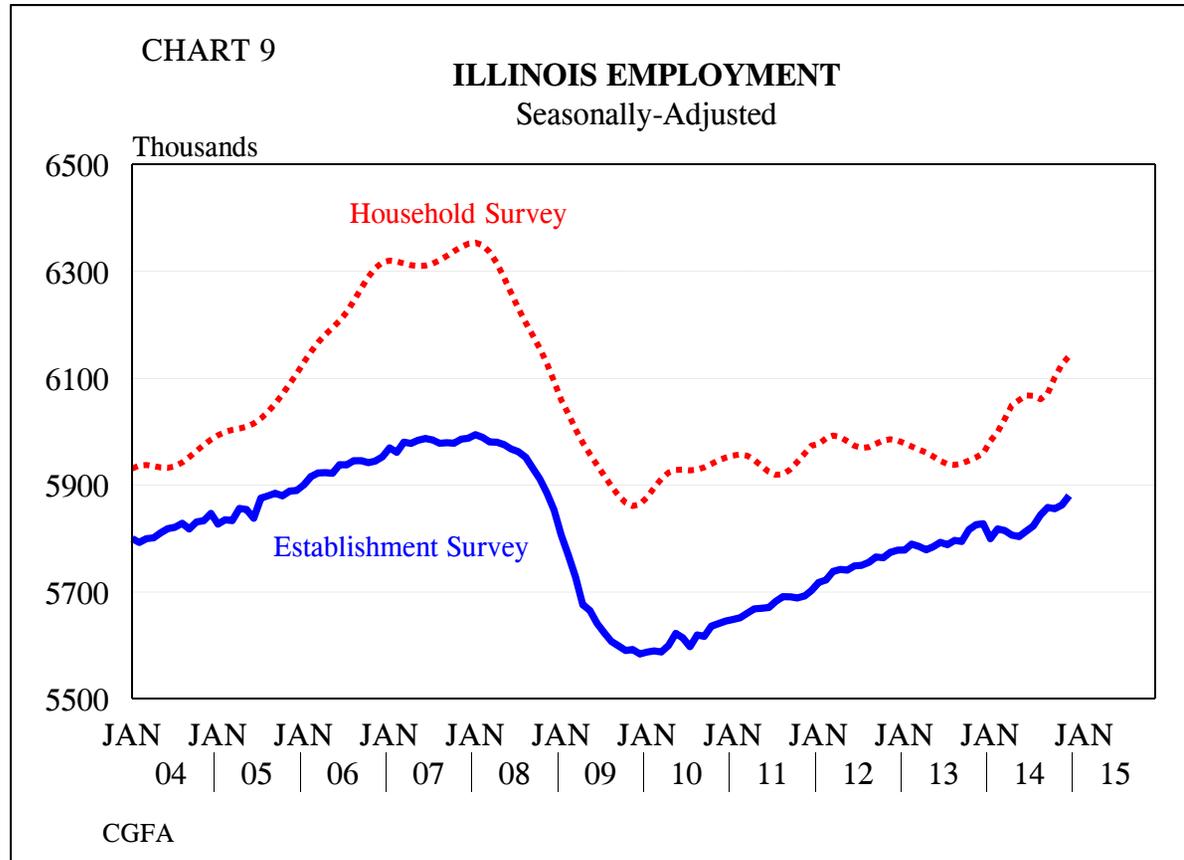
UNITED STATES EMPLOYMENT

- Perhaps the largest deterrent to more rapid growth has been the slow progress on the job front.
- As shown in Chart 8, United States employment has been rising since its low at the end of 2009. Finally, after five years, all the jobs lost during the last recession had been recovered and began to be added to. As this occurred, the business cycle ended its recovery phase and finally began its expansion phase.
- January's employment report coupled with upward revisions showed renewed strength.
- Even so, the labor participation rate remains near its lowest level since 1978.



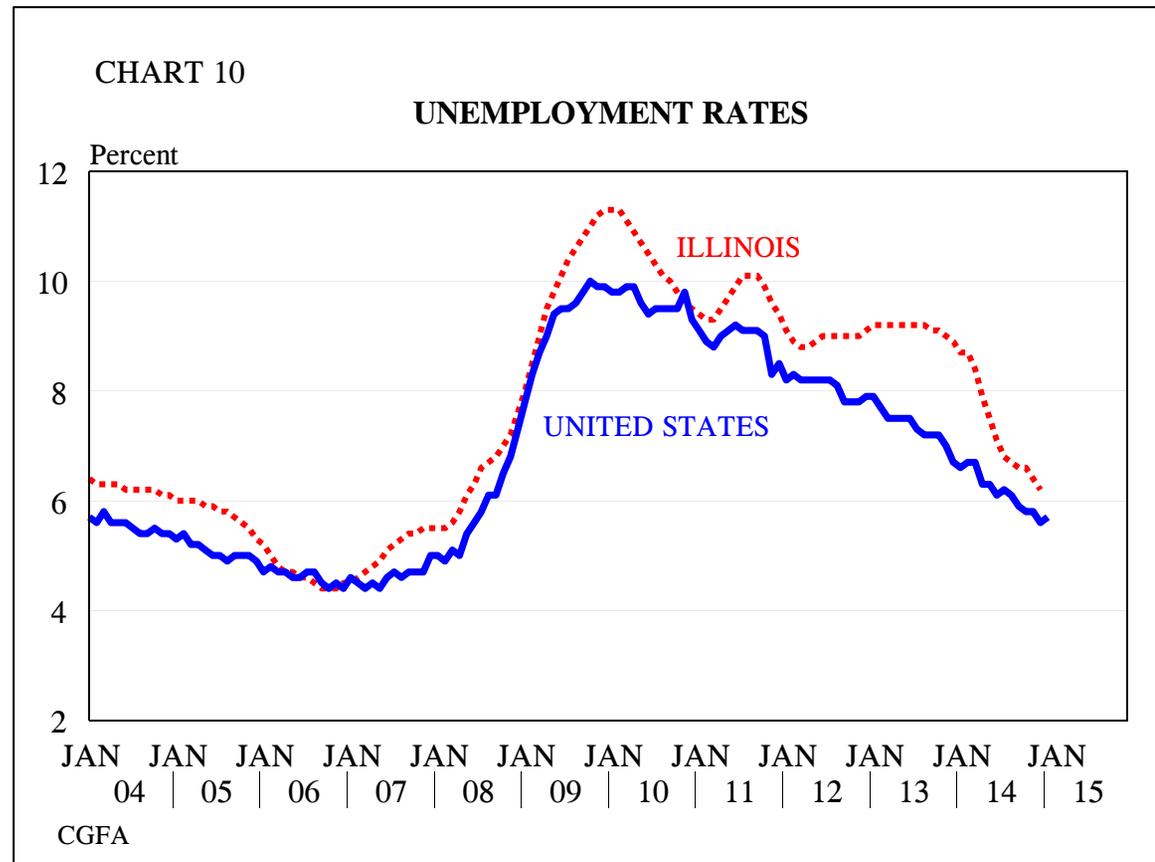
ILLINOIS EMPLOYMENT

- Illinois employment, like the U.S., also has shown gains but remains at extremely low levels as illustrated in Chart 9.
- As mentioned, it took 5 years for U.S. employment to finally recoup all the jobs lost during the 2007 recession.
- In contrast, Illinois never did recoup the job loss during the previous recession before the last recession set in at the end of 2007. As a result Illinois is still in a recovery rather than expansion phase of a business cycle.
- Thus, the gap to reach a new high in employment in the current recovery will be even more difficult to reach for Illinois.



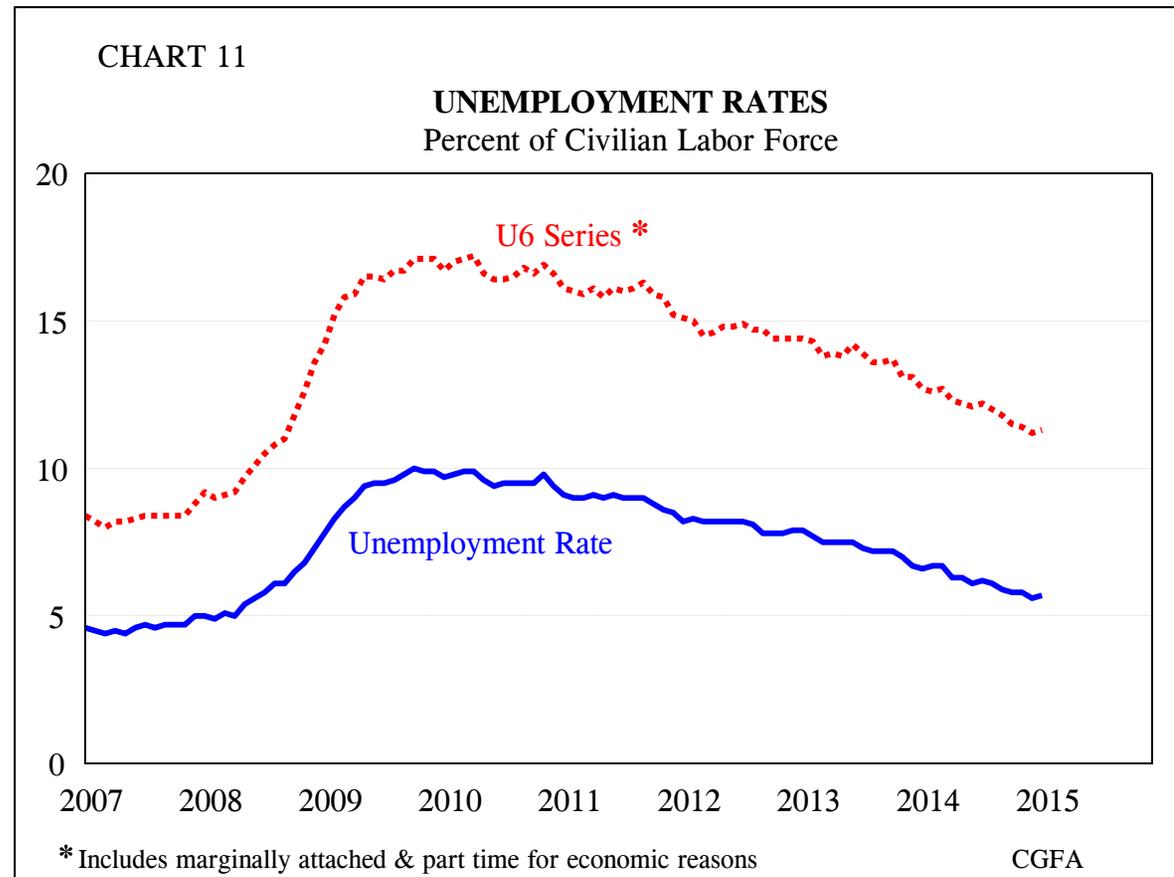
UNEMPLOYMENT RATES

- As shown in Chart 10, as a result of job losses during the recession, the national unemployment rate rose from a low of 4.4% in late 2006 and early 2007 to a high of 10.0% by October 2009.
- In the recovery that began in mid 2009, however, the unemployment rate showed only moderate improvement. By January 2012, the unemployment rate had edged down to 8.2%. However, in ensuing months the rate fell sharply and by January of this year was at 5.7%.
- Much of the decline, however, came from people dropping out of the labor force.
- As shown, the unemployment rate in Illinois continues to trail the U.S. Even so, Illinois' rate hit 6.2% in December, its lowest rate since mid-2008.



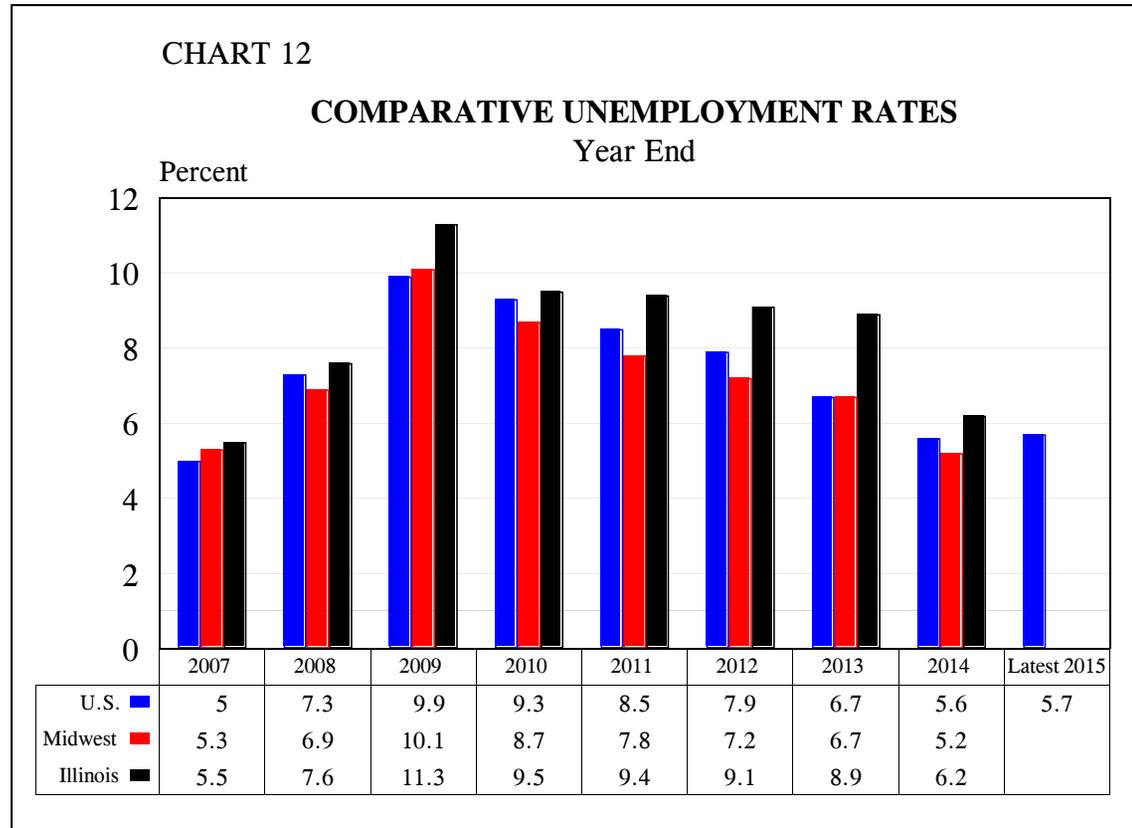
UNEMPLOYMENT RATES

- Chart 11 shows two measures of unemployment issued by the Department of Labor. The lower line is the rate of those unemployed as a percent of the civilian labor force.
- The upper line shows total unemployed, plus those marginally attached workers plus total employed part time for economic reasons, as a percent of all.
- As shown, the gap between the two widened sharply following the recession that got underway at the end of 2007 and has narrowed only slightly during the current recovery that began at mid 2009.
- In January the unemployment rate was 5.7% whereas the alternative measure was almost double at 11.3%.



COMPARATIVE UNEMPLOYMENT RATES

- Unemployment rates have not moved in sync in recent years. Chart 12 shows comparative unemployment rates for the nation, Midwest, and Illinois.
- Starting in 2007, prior to the recession at year-end, Midwest and Illinois rates were similar and only slightly higher than the nation.
- Since 2010, unemployment in the Midwest fell below the national rate and this continued through 2012 because manufacturing in the "rust belt" showed resurgence.
- Unemployment in Illinois, however, began to exceed the national and Midwest rates and that gap increased further through last year, although narrowing recently.



CHANGE IN REAL GDP

- Chart 13 shows three alternative forecasts of the U.S. economy in the years through FY 2016. The **BASELINE** shows the most likely solution with a 70% chance of occurrence and has the economy rising moderately through FY 2016.
- A more **OPTIMISTIC** scenario, with a 15% chance of happening, however, shows stronger gains continuing through FY 2016.
- Finally, a **PESSIMISTIC** scenario, also with a 15% chance of occurrence, is shown where the economy stalls for several quarters and growth remains below the baseline though 2016.

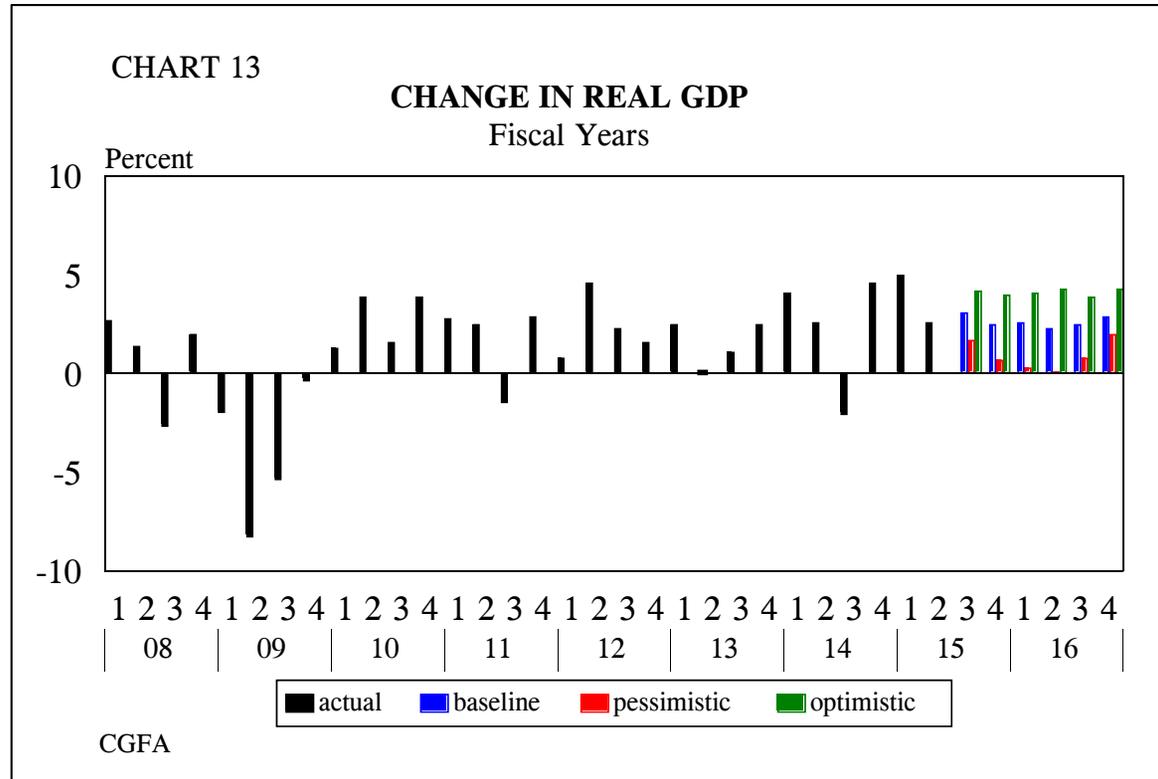


CHART 14: BASELINE FORECASTS -- FEBRUARY 2015

(\$ Change from prior year levels)

| REAL (2009 \$) | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 |
|-----------------------------------|---------|---------|---------|---------|-----------|-----------|
| | Actual | Actual | Actual | Actual | Estimated | Estimated |
| Gross Domestic Product | 2.0 | 2.0 | 1.8 | 3.7 | 2.6 | 2.9 |
| Personal Consumption | 1.8 | 2.1 | 2.4 | 4.5 | 3.6 | 3.0 |
| Durable | 5.9 | 7.5 | 6.0 | 8.1 | 6.9 | 6.3 |
| Nondurable | 0.7 | 1.3 | 1.9 | 2.6 | 3.6 | 2.9 |
| Services | 1.5 | 1.5 | 2.0 | 2.5 | 3 | 2.5 |
| Fixed Investment | 8.8 | 4.4 | 6.8 | 6.6 | 4.5 | 6.7 |
| Exports | 4.5 | 2.4 | 3.7 | 3.5 | 2.7 | 4.1 |
| Imports | 3.3 | 0.9 | 2.6 | 5.1 | 6.9 | 5.5 |
| Government | -2.6 | -1.0 | -1.8 | 0.7 | 0.7 | 0.3 |
| Federal | -3.2 | -2.9 | -5.1 | 0.2 | -0.3 | -0.7 |
| State & Local | -2.2 | -0.5 | 0.9 | 1.3 | 1.4 | 0.9 |
| OTHER MEASURES | | | | | | |
| Personal Income (Current \$) | 5.3 | 4.0 | 2.6 | 3.0 | 5.4 | 5.4 |
| Personal Consumption (Current \$) | 4.2 | 3.5 | 3.7 | 3.7 | 4.4 | 5.1 |
| Before Tax Profits (Current \$) | 9.5 | 5.5 | 1.2 | 5.6 | 6.2 | 0.0 |
| Consumer Prices | 2.3 | 2.3 | 2.4 | 2.4 | 2.4 | 2.4 |
| Unemployment Rate (Average) | 8.6 | 7.7 | 6.8 | 5.7 | 5.4 | 5.2 |

CHART 15: ILLINOIS FORECASTS

| Calendar Years | 2012 Actual | 2013 Actual | 2014 Actual | 2015 EST. | 2016 EST. | 2017 EST. |
|---|----------------|----------------|----------------|--------------|--------------|--------------|
| Real Gross State Product (Mil. 2005 \$) | 665.613 | 671.407 | 682.132 | 697.154 | 711.711 | 727.241 |
| % Change | 1.4 | 0.9 | 1.6 | 2.2 | 2.1 | 2.2 |
| Total Employment (Ths) | 5,749.9 | 5,796.9 | 5,831.3 | 5,910.7 | 5,996.8 | 6,053.0 |
| % Change | 1.3 | 0.8 | 0.6 | 1.4 | 1.5 | 0.9 |
| Population (Ths) | 12,876.0 | 12,887.6 | 12,881.2 | 12,894.6 | 12,927.5 | 12,966.5 |
| % Change | 0.1 | 0.1 | -0.1 | 0.1 | 0.3 | 0.3 |
| Personal Income (Bil \$) | 592.0 | 605.2 | 621.2 | 643.4 | 672.3 | 706.0 |
| % Change | 4.3 | 2.2 | 2.6 | 3.6 | 4.5 | 5.0 |
| OTHER MEASURES | | | | | | |
| Private Housing Starts (Ths) | 13.5 | 14.9 | 19.0 | 17.1 | 22.5 | 30.8 |
| Unemployment Rate Avg. % | 9.0 | 9.1 | 7.3 | 6.5 | 6.5 | 6.5 |

SOURCE: Global Insight February 2015

HOUSE JOINT RESOLUTION 100

On May 31, 2014, the Illinois House adopted HJR 100 as the official revenue estimate for the new fiscal year. In early May, CGFA released a revised FY 2015 estimate totaling \$34.662 billion. HJR 100 augmented that forecast by incorporating two additional components. SB 274 [P.A. 98-682] allowed for \$650 million of interfund borrowing to take place as directed by the Governor. Borrowed funds must be paid back within 18 months from the date borrowed. In addition SB 741 [P.A. 98-651] increased the statutory required transfer from the Hospital Provider Fund to the GRF by \$40 million. As a result, HJR 100 assumed revenues would total \$35.352 billion, or a reduction in general funds of \$1.366 billion from actual FY 2014 levels.

| Illinois FY 2015 Estimate per HJR 100 (May-14) | |
|---|-----------------|
| (\$ in Millions) | |
| CGFA May-14 Revised Estimate | \$34,662 |
| Plus Interfund Borrowing (SB 274) | \$650 |
| Plus Hospital Provider Transfer (SB 741) | \$40 |
| TOTAL HJR 100 | \$35,352 |
| Actual FY 2014 Base Revenue | \$36,718 |
| Change from FY 2014 | (\$1.366) |

COMPARISON OF HJR 100 and FY 2014 ACTUALS

FY 2015 Revenues Will Suffer Significant Drop As Income Tax Rates Adjust Down

The \$35.352 billion in assumed revenue per HJR 100 represents a drop in base general funds revenues of \$1.366 billion from FY 2014 actuals. Not surprisingly, the majority of the drop off is the result of the scheduled rollback of the temporary income tax increase. Relatedly, per statute, beginning February 2015, two newly created funds [the Fund for Advancement of Education and the Commitment to Human Services Fund] began receipting some income tax monies that heretofore were deposited into the general funds. The net impact of this new diversion was an estimated \$402 million of income tax revenues being removed from the State's general funds.

Also contributing to the anticipated decline is an expected drop in revenues from other sources [one-time FY 2014 revenues not expected to repeat], inheritance tax receipts reflecting full-year incorporation of a higher exemption level, and Refund Fund transfers falling from \$397 million in FY 2014 to only \$100 million in FY 2015.

Partially offsetting the above declines are the newly enacted interfund borrowing provisions which allows the Governor to direct up to \$650 million of monies from other State funds into the General Revenue Fund. Also helping to mitigate the falloff in revenues is an expected increase in federal sources of \$370 million, as well as \$166 million growth in sales tax receipts.

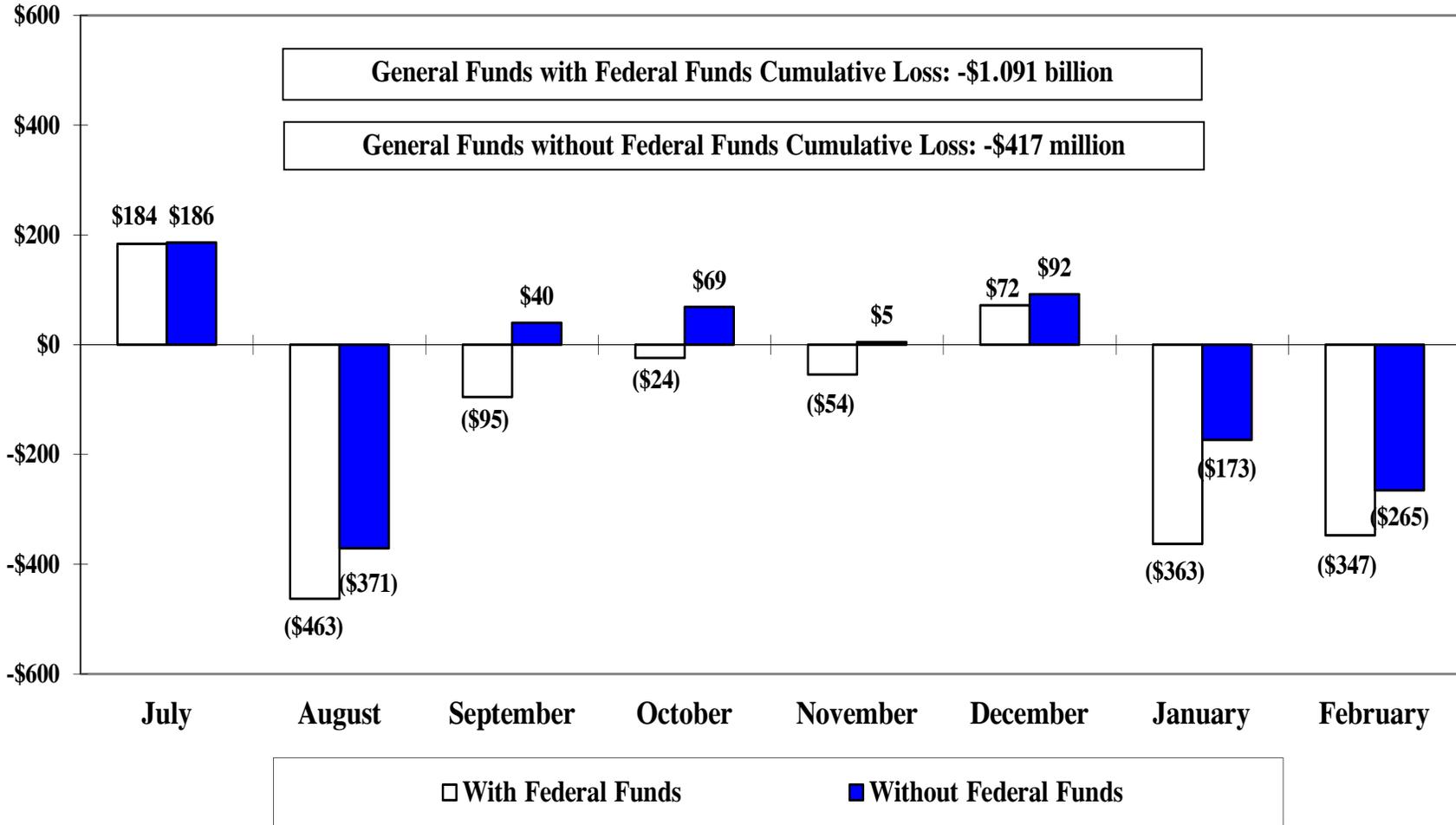
While underlying growth of the larger economic related revenue sources are expected to return positive, albeit relatively modest rates of growth—scheduled income tax rate reductions along with other aforementioned elements will result in the expected revenue decline of \$1.366 billion.

| FY 2015 GENERAL FUNDS REVENUE | | | |
|---|---------------------------------------|----------------------------|--------------------------|
| HJR 100 vs. FY 2014 Actuals | | | |
| (millions) | | | |
| Revenue Sources | FY 2015 HJR 100 May-14 | FY 2014 Actuals | \$ Difference |
| State Taxes | | | |
| Personal Income Tax | \$16,942 | \$18,388 | (\$1,446) |
| Corporate Income Tax | \$3,267 | \$3,640 | (\$373) |
| Sales Taxes | \$7,842 | \$7,676 | \$166 |
| Public Utility (regular) | \$1,005 | \$1,013 | (\$8) |
| Cigarette Tax | \$355 | \$353 | \$2 |
| Liquor Gallonage Taxes | \$165 | \$165 | \$0 |
| Vehicle Use Tax | \$29 | \$29 | \$0 |
| Inheritance Tax (gross) | \$205 | \$276 | (\$71) |
| Insurance Taxes & Fees | \$330 | \$333 | (\$3) |
| Corporate Franchise Tax & Fees | \$205 | \$203 | \$2 |
| Interest on State Funds & Investments | \$25 | \$20 | \$5 |
| Cook County Intergovernmental Transfer | \$244 | \$244 | \$0 |
| Other Sources | \$486 | \$585 | (\$99) |
| Subtotal | \$31,100 | \$32,925 | (\$1,825) |
| Transfers | | | |
| Lottery | \$682 | \$668 | \$14 |
| Riverboat transfers and receipts | \$300 | \$321 | (\$21) |
| Proceeds from sale of 10th license | \$10 | \$10 | \$0 |
| Refund Fund transfer | \$100 | \$397 | (\$297) |
| Interfund Borrowing | \$650 | \$0 | \$650 |
| Other | \$790 | \$716 | \$74 |
| Total State Sources | \$33,632 | \$35,037 | (\$1,405) |
| Federal Sources | \$4,273 | \$3,903 | \$370 |
| Total Federal & State Sources | \$37,905 | \$38,940 | (\$1,035) |
| Nongeneral Funds Distribution: | | | |
| Refund Fund | | | |
| Personal Income Tax [9.5% '14; 10% '15] | (\$1,694) | (\$1,746) | \$52 |
| Corporate Income Tax [13.4% '14; 14% '15] | (\$457) | (\$476) | \$19 |
| Fund for Advancement of Education | (\$201) | \$0 | (\$201) |
| Commitment to Human Services Fund | (\$201) | \$0 | (\$201) |
| Subtotal General Funds | \$35,352 | \$36,718 | (\$1,366) |
| NOTE: Totals exclude Budget Stabilization transfers, transfers from FY 2013/14 Backlog Payment Fund, and other cash flow transfers. | | | |
| CGFA | | | |

FY 2015 Monthly General Funds Performance

**July thru February as Compared to Same Prior Year Months*

(\$ in millions)



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

FY 2015 REVENUE PERFORMANCE

In terms of the larger economically related sources, both personal income tax and sales tax have met and generally out performed expectations during the first part of the fiscal year while corporate income tax receipts have underperformed. Taken in total, the pressures basically net out.

Federal sources are down \$676 million thus far in the fiscal year, reflecting lower reimbursable spending from GRF. So far in FY 2015, federal sources have performed very poorly as each month experienced declines from the previous year. It is clear that absent an unexpected surge in general funds reimbursable spending [i.e. Medicaid], federal sources will fall well short of expectations anticipated in the adopted revenue forecast HJR 100.

As mentioned, the FY'15 budget assumed that \$650 million in interfund borrowing would be utilized. However, at this date, none of the borrowing has been executed, nor does the Administrative plan on exercising this option.

Significant downward pressure from Federal Sources coupled with the absence of Interfund Borrowing will force a significant downward revision in the FY 2015 estimate. Absent federal sources and interfund borrowing, on balance, revenues appear to be on track to reach the forecasted amounts.

| GENERAL FUNDS RECEIPTS: YEAR TO DATE | | | | |
|---|-----------------|-----------------|----------------------------|-----------------|
| <i>FY 2015 vs. FY 2014</i> | | | | |
| <i>(\$ million)</i> | | | | |
| Revenue Sources | FY 2015 | FY 2014 | CHANGE FROM FY 2014 | % CHANGE |
| State Taxes | | | | |
| Personal Income Tax | \$11,265 | \$11,311 | (\$46) | -0.4% |
| Corporate Income Tax (regular) | 1,504 | 1,746 | (\$242) | -13.9% |
| Sales Taxes | 5,377 | 5,089 | \$288 | 5.7% |
| Public Utility Taxes (regular) | 640 | 660 | (\$20) | -3.0% |
| Cigarette Tax | 228 | 234 | (\$6) | -2.6% |
| Liquor Gallonage Taxes | 114 | 114 | \$0 | 0.0% |
| Vehicle Use Tax | 20 | 18 | \$2 | 11.1% |
| Inheritance Tax | 204 | 167 | \$37 | 22.2% |
| Insurance Taxes and Fees | 183 | 174 | \$9 | 5.2% |
| Corporate Franchise Tax & Fees | 144 | 144 | \$0 | 0.0% |
| Interest on State Funds & Investments | 16 | 12 | \$4 | 33.3% |
| Cook County IGT | 150 | 120 | \$30 | 25.0% |
| Other Sources | 397 | 336 | \$61 | 18.2% |
| Subtotal | \$20,242 | \$20,125 | \$117 | 0.6% |
| Transfers | | | | |
| Lottery | 410 | 403 | \$7 | 1.7% |
| Riverboat transfers & receipts | 219 | 242 | (\$23) | -9.5% |
| Proceeds from Sale of 10th license | 0 | 0 | \$0 | N/A |
| Refund Fund transfer | 63 | 397 | (\$334) | N/A |
| Other | 342 | 372 | (\$30) | -8.1% |
| Total State Sources | \$21,276 | \$21,539 | (\$263) | -1.2% |
| Federal Sources | | | | |
| | \$1,616 | \$2,292 | (\$676) | -29.5% |
| Total Federal & State Sources | \$22,892 | \$23,831 | (\$939) | -3.9% |
| Nongeneral Funds Distribution: | | | | |
| Refund Fund | | | | |
| Personal Income Tax | (\$1,127) | (\$1,074) | (\$53) | 4.9% |
| Corporate Income Tax | (\$212) | (\$234) | \$22 | -9.4% |
| Fund for Advancement of Education | (\$60) | \$0 | (\$60) | N/A |
| Commitment to Human Services Fund | (\$60) | \$0 | (\$60) | N/A |
| Subtotal General Funds | \$21,432 | \$22,523 | (\$1,091) | -4.8% |
| Short-Term Borrowing | \$0 | \$0 | \$0 | N/A |
| FY'13/14 Backlog Payment Fund Transfer | \$0 | \$50 | (\$50) | N/A |
| Tobacco Liquidation Proceeds | \$0 | \$0 | \$0 | N/A |
| Pension Contribution Fund Transfer | \$0 | \$0 | \$0 | N/A |
| Budget Stabilization Fund Transfer | \$275 | \$275 | \$0 | 0.0% |
| Total General Funds | \$21,707 | \$22,848 | (\$1,141) | -5.0% |

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

5-Mar-15

| (\$ millions) Revenue Source | HJR 100 May-14 | Identified Revenue Pressures FY 2015 Revenue Performance Thru February | Revised CGFA March-15 |
|------------------------------------|-------------------|--|--------------------------|
| "Big Three"--PIT,CIT, Sales | \$25,498 | On balance, the larger most closely economically tied revenue sources have performed as expected through February. While corporate income tax receipts have been weaker than anticipated, their underperformance has been offset for the most part by better than expected receipting from sales tax and personal income tax receipts. DOWNWARD PRESSURE \$50M | \$25,448 |
| All Other State Sources | \$3,049 | Inheritance tax receipts have continued to surprise with much better than expected performance, presumably due to market conditions and subsequent estate valuation. In addition, unexpected court settlement proceeds received early in the fiscal year have contributed to better than expected receipting. UPWARD PRESSURE \$203M | \$3,252 |
| Transfers In | \$1,882 | HJR 100 assumed that \$100 million would be available to transfer from the Income Tax Refund Fund. However, actual transfers totaled only \$63 million. In addition, transfers from the Capital Projects Fund are anticipated to fall short of statutory expectations. DOWNWARD PRESSURE \$159M | \$1,723 |
| Federal Sources | \$4,273 | Federal source performance has been weaker than expected for the entire fiscal year. While some of the weakness can be attributed to Medicaid spending and subsequent reimbursement taking place from non-general funds, it is becoming increasingly unlikely that GRF reimbursable spending will be at levels necessary to reach the original estimate. Particularly if the statutorily allowed \$650m interfund borrowing does not occur. As a result, federal sources are expected to fall well short of budgeted expectations. DOWNWARD PRESSURE \$597M | \$3,676 |
| Interfund Borrowing | \$650 | The budget plan for FY'15 assumed and statutorily allowed for \$650m interfund borrowing. No such borrowing has occurred to date, and indications are that the Administration is not going to exercise that option at this time. The absence of that one-time cash infusion for reimbursable spending would serve as further reason for a reduction in the original federal source estimate. DOWNWARD PRESSURE \$650M | \$0 |
| Total | \$35,352 | As mentioned, overall the large economically related revenue sources have performed about as expected. And, since they represent over 72% of the total FY 2015 revenue picture, on balance of HJR 100 remains on track. That can be said even if the categories of "all other State sources" and "transfers in" are included as net pressures of those two categories are somewhat positive. It is only when federal sources and interfund borrowing are included does the overall view of HJR 100 become jeopardized. TOTAL DOWNWARD PRESSURE \$1.253B | \$34,099 |

REVISED FY 2015 ESTIMATE

The table presents an updated outlook for FY 2015 revenue. As shown, the updated forecast of \$34.099 billion represents a drop of \$1.253 billion from HJR 100.

-The estimate of gross personal income taxes is revised up \$50 million, (but -\$5 million net of refunds and fund distributions).

-Gross corporate income taxes have been disappointing during the first two-thirds of the fiscal year. Given current year to date performance, a meaningful downward adjustment of \$247 million gross, or \$213 net of refunds, is justified.

-Sales tax receipts have continued to impress, and have been able to demonstrate consistent growth over the fiscal year. While current growth rates are unlikely to continue indefinitely, year to date performance has done well enough to force an increase of \$168 million to the estimate.

-Inheritance tax receipts have done well thus far, likely due to the “wealth” effect caused by record high market conditions and asset performance. Performance through the first two thirds of the fiscal year equates to an upward revision of \$95 million.

-Other sources to the general funds are comprised of hundreds of miscellaneous sources. In July, approximately \$118 million in unexpected one-time court settlement proceeds were deposited into the general funds related to pharmaceutical companies. As a result, they need to be factored into the revised estimate. On a net basis the estimate of other sources to the general funds is being raised \$106 million.

-When HJR 100 passed, the assumption was that \$100 million would be transferred from the Income Tax Refund Fund [under current statute, end of year balances are moved back to the GRF]. However, at the end of the fiscal year, only \$63 million was available for that transfer, hence the downward adjustment of \$37 million. In addition, other miscellaneous transfers into the GRF are routinely done per statute. Overall expectations of those transfers have been tempered, resulting in a net downward adjustment of \$112 million.

-As mentioned earlier, HJR 100 allowed the Governor to utilize up to \$650 million in interfund borrowing [to be repaid within 18 months]. At this time, since the initiating agency [GOMB] is not calling for its execution, it is being removed from the forecast.

-Readers of the Commission’s monthly revenue briefing have been continually reminded of the underperformance of federal sources in FY 2015. While a focus on non-general funds reimbursable has played a key role, the Administration indicated that Medicaid liability improvement may also be playing a part. Regardless, disappointing federal source performance to date, along with subdued expectations, has resulted in a significant downward revision of \$597 million.

| FY 2015 GENERAL FUNDS REVENUE | | | |
|--|------------------------------|-----------------------------|------------------|
| HJR 100 vs. CGFA REVISED MARCH 2015 | | | |
| (millions) | | | |
| | FY 2015 HJR 100 May-14 | FY 2015 CGFA Mar-2015 | \$ Difference |
| Revenue Sources | | | |
| State Taxes | | | |
| Personal Income Tax | \$16,942 | \$16,992 | \$50 |
| Corporate Income Tax (regular) | \$3,267 | \$3,020 | (\$247) |
| Sales Taxes | \$7,842 | \$8,010 | \$168 |
| Public Utility (regular) | \$1,005 | \$1,005 | \$0 |
| Cigarette Tax | \$355 | \$355 | \$0 |
| Liquor Gallonage Taxes | \$165 | \$165 | \$0 |
| Vehicle Use Tax | \$29 | \$31 | \$2 |
| Inheritance Tax | \$205 | \$300 | \$95 |
| Insurance Taxes & Fees | \$330 | \$330 | \$0 |
| Corporate Franchise Tax & Fees | \$205 | \$205 | \$0 |
| Interest on State Funds & Investments | \$25 | \$25 | \$0 |
| Cook County Intergovernmental Transfer | \$244 | \$244 | \$0 |
| Other Sources | \$486 | \$592 | \$106 |
| Subtotal | \$31,100 | \$31,274 | \$174 |
| Transfers | | | |
| Lottery | \$682 | \$682 | \$0 |
| Riverboat transfers and receipts | \$300 | \$290 | (\$10) |
| Proceeds from sale of 10th license | \$10 | \$10 | \$0 |
| Refund Fund transfer | \$100 | \$63 | (\$37) |
| Interfund Borrowing | \$650 | \$0 | (\$650) |
| Other | \$790 | \$678 | (\$112) |
| Total State Sources | \$33,632 | \$32,997 | (\$635) |
| Federal Sources | \$4,273 | \$3,676 | (\$597) |
| Total Federal & State Sources | \$37,905 | \$36,673 | (\$1,232) |
| Nongeneral Funds Distribution: | | | |
| Refund Fund | | | |
| Personal Income Tax [9.5% '14; 10% '15] | (\$1,694) | (\$1,699) | (\$5) |
| Corporate Income Tax [13.4% '14; 14% '15] | (\$457) | (\$423) | \$34 |
| Fund for Advancement of Education | (\$201) | (\$226) | (\$25) |
| Commitment to Human Services Fund | (\$201) | (\$226) | (\$25) |
| Subtotal General Funds | \$35,352 | \$34,099 | (\$1,253) |

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

FY 2015 ESTIMATE COMPARISON – CGFA & GOMB

| FY 2015 ESTIMATE COMPARISONS -- CGFA, and GOMB | | | |
|---|-----------------|-----------------|--------------|
| (\$ millions) | CGFA | GOMB | CGFA vs GOMB |
| Revenue Source | Mar-15 | Feb-15 | 15-Mar |
| "Big Three"--Personal, Corporate, and Sales Taxes | \$25,448 | \$25,459 | (\$11) |
| All Other State Sources | \$3,252 | \$3,188 | \$64 |
| Transfers In | \$1,723 | \$1,746 | (\$23) |
| Federal Sources | \$3,676 | \$3,676 | \$0 |
| Interfund Borrowing | \$0 | \$0 | \$0 |
| Total | \$34,099 | \$34,069 | \$30 |

- The accompanying tables compare the revised FY 2015 Commission estimate to that of the forecast recently provided in the Governor's proposed budget. As shown, in total the outlooks are quite similar, although the Commission's estimate is slightly higher by \$30 million. Both estimates are presented under current law i.e. continuation of lower income tax rates as of January 1, 2015.
- The estimates of the "big three" are very similar, especially given the size of those combined sources. While the estimates of personal income taxes are nearly identical in FY 2015, the Commission is somewhat more conservative in its view of corporate income taxes given the weakness displayed year to date. Conversely, the Commission is somewhat higher in the outlook for sales taxes as receipts have consistently outperformed earlier expectations.
- All other tax source estimates are also very similar with only two sources demonstrating much difference as the CGFA estimates of inheritance tax and other source receipts being slightly higher than the GOMB estimate.
- Similarly, the estimates of transfers are quite close, with CGFA being above the GOMB in the outlook on riverboat transfers and other sources.
- The Commission has indicated repeatedly in its monthly briefings that federal sources were falling well short of budgeted expectations. Both revised estimates reflects year to date performance as well as future expectations given continued budgetary difficulties.
- While any difference could be viewed as significant given the State's precarious financial situation, when viewed in the context of a \$32 billion plus estimate, the slight difference between the forecasts is statistically negligible as very little separates the two views.

| FY 2015 GENERAL FUNDS REVENUE | | | |
|---|-----------------|-----------------|-------------------|
| CGFA REVISED vs. GOMB BUDGET BOOK | | | |
| (millions) | | | |
| | FY 2015 CGFA | FY 2015 GOMB | \$ |
| <u>Revenue Sources</u> | <u>Mar-2015</u> | <u>Feb-2015</u> | <u>Difference</u> |
| State Taxes | | | |
| Personal Income Tax | \$16,992 | \$16,993 | (\$1) |
| Corporate Income Tax (regular) | \$3,020 | \$3,100 | (\$80) |
| Sales Taxes | \$8,010 | \$7,950 | \$60 |
| Public Utility (regular) | \$1,005 | \$1,015 | (\$10) |
| Cigarette Tax | \$355 | \$355 | \$0 |
| Liquor Gallonage Taxes | \$165 | \$167 | (\$2) |
| Vehicle Use Tax | \$31 | \$29 | \$2 |
| Inheritance Tax | \$300 | \$275 | \$25 |
| Insurance Taxes & Fees | \$330 | \$325 | \$5 |
| Corporate Franchise Tax & Fees | \$205 | \$201 | \$4 |
| Interest on State Funds & Investments | \$25 | \$17 | \$8 |
| Cook County Intergovernmental Transfer | \$244 | \$244 | \$0 |
| <u>Other Sources</u> | <u>\$592</u> | <u>\$560</u> | <u>\$32</u> |
| Subtotal | \$31,274 | \$31,231 | \$43 |
| Transfers | | | |
| Lottery | \$682 | \$682 | \$0 |
| Riverboat transfers and receipts | \$290 | \$268 | \$22 |
| Proceeds from sale of 10th license | \$10 | \$10 | \$0 |
| Refund Fund transfer | \$63 | \$63 | \$0 |
| Interfund Borrowing | \$0 | \$0 | \$0 |
| <u>Other</u> | <u>\$678</u> | <u>\$723</u> | <u>(\$45)</u> |
| Total State Sources | \$32,997 | \$32,977 | \$20 |
| Federal Sources | \$3,676 | \$3,676 | \$0 |
| Total Federal & State Sources | \$36,673 | \$36,653 | \$20 |
| Nongeneral Funds Distribution: | | | |
| Refund Fund | | | |
| Personal Income Tax [9.5% '14; 10% '15] | (\$1,699) | (\$1,698) | (\$1) |
| Corporate Income Tax [13.4% '14; 14% '15] | (\$423) | (\$434) | \$11 |
| Fund for Advancement of Education | (\$226) | (\$226) | \$0 |
| Commitment to Human Services Fund | (\$226) | (\$226) | \$0 |
| Subtotal General Funds | \$34,099 | \$34,069 | \$30 |

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

CGFA 2016 GENERAL FUNDS FORECAST

| CGFA FY 2016 General Funds Forecast | | | |
|--|-----------------|-----------------|------------------|
| Based on Current Law | | | |
| (\$ millions) | FY 2016 | FY 2015 | \$ |
| Revenue Source | Mar-15 | Mar-15 | Change |
| "Big Three"--Personal, Corporate, and Sales Taxes | \$22,937 | \$25,448 | (\$2,511) |
| All Other State Sources | \$3,164 | \$3,252 | (\$88) |
| Transfers In | \$1,630 | \$1,723 | (\$93) |
| Federal Sources | \$4,408 | \$3,676 | \$732 |
| Interfund Borrowing | \$0 | \$0 | \$0 |
| Total | \$32,139 | \$34,099 | (\$1,960) |

As shown, the Commission's FY 2016 estimate of general funds revenue based on current law is \$32.139 billion. The forecast represents a decline of \$1.960 billion from the revised FY 2015 estimate and reflects the annualized impact of the lower income tax rates per statute along with continued diversion of income tax receipts to the Fund for Advancement of Education and the Commitment to Human Services Fund. Other points of note related to the forecast include:

- "Big Three" – As shown, combined receipts from personal income tax, corporate income tax and sales tax are expected to total \$22.937 billion in FY 2016. The estimate represents a drop of \$2.511 billion from these large economically related revenue sources that makes up approximately 72% of the total general funds estimate. Despite expected continued good performance from sales tax receipts, the annualized effects of the lower income tax rates and accompanying effects of diversions of the aforementioned funds will equate into a significant drop in revenues from these major revenue contributors. (A more detailed discussion can be found on the following page).

- A drop off of \$88 million is anticipated from all other state source revenues. In large part the decline is due to the one-time nature of court settlement proceeds received in FY 2015 but not expected to repeat next year. For the most part, the smaller miscellaneous general revenue lines are relatively flat and offer little in the way of growth.
- Overall transfers are expected to decline \$93 million. While lottery transfers should produce minor gains, riverboat gaming will continue to flag, and one time Refund Fund transfers will probably not recur, nor other miscellaneous transfers be able to generate any growth.
- Federal sources for FY 2016 are extremely difficult to predict, particularly given the Governor's announced spending plan. For now, the Commission will display a figure of \$4.408 billion for FY 2016 which is the same as that being carried by the GOMB under their "Maintenance/Autopilot" budget scenario. 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 significant programmatic Medicaid changes called for by the Governor, and it brews up a near impossible task of forecasting federal sources.

ADDITIONAL DISCUSSION OF FY 2016 SOURCE ESTIMATES

- Gross personal income tax receipts are expected to continue to decline as a full year of lower tax rates are experienced. Underlying that falloff, however, is a continued modest growth rate consistent with projected job and wage trends. In addition to the annualizing effects of the lower tax rate, FY 2016 will also result in a full year of diversions into the aforementioned new funds. [That is in comparison to just 5 months of impact in FY 2015 as current law begins the distribution change February 2015]. So, in total, net personal income tax receipts are expected to decline from \$14.841 billion in FY 2015 to \$12.403 billion, a falloff of \$2.438 billion.
- In similar fashion, corporate income taxes will also experience a full year's effect of lower tax rates. As a result, despite the expectation that underlying growth rates will regain some traction after what appears to be a disappointing FY 2015, on a net basis, corporate income tax receipts are expected to fall from \$2.597 billion in FY 2015 to \$2.254 billion in FY 2016.
- Sales tax receipts are expected to moderate from the strong growth being enjoyed in FY 2015, yielding an estimate of \$8.280 billion in FY 2016.
- A drop off of \$81 million is anticipated from the other source category due to the one-time nature of court settlement proceeds received in FY 2015.
- Overall transfers are expected to decline \$93 million. While lottery transfers should gain \$11 million, that modest uptick will be erased by a decline of \$10 million from riverboat gaming, a \$63 million decline due to no planned Refund Fund transfer, and an expected modest decline in all other miscellaneous transfers into the general funds.
- As mentioned earlier, Federal sources for FY 2016 are extremely difficult to predict. For now, the Commission will adopt a similar outlook as displayed by the GOMB under their "Maintenance/Autopilot" budget. While it may prove too aggressive given the revenue constraints that the State would likely find itself under given current law, the uncertainty at this time to accurately project appropriations, available cash, and actual reimbursable spending, makes any other alternative forecasts equally as unsure.

| CGFA FY 2016 & REVISED FY 2015 ESTIMATE | | | |
|--|-----------------|-----------------|-------------------|
| <i>Based on Current Law</i> | | | |
| (millions) | | | |
| <u>Revenue Sources</u> | FY 2016 | FY 2015 | \$ |
| | <u>Mar-2015</u> | <u>Mar-2015</u> | <u>Difference</u> |
| State Taxes | | | |
| Personal Income Tax | \$14,766 | \$16,992 | (\$2,226) |
| Corporate Income Tax (regular) | \$2,700 | \$3,020 | (\$320) |
| Sales Taxes | \$8,280 | \$8,010 | \$270 |
| Public Utility (regular) | \$990 | \$1,005 | (\$15) |
| Cigarette Tax | \$355 | \$355 | \$0 |
| Liquor Gallonage Taxes | \$166 | \$165 | \$1 |
| Vehicle Use Tax | \$32 | \$31 | \$1 |
| Inheritance Tax | \$300 | \$300 | \$0 |
| Insurance Taxes & Fees | \$335 | \$330 | \$5 |
| Corporate Franchise Tax & Fees | \$206 | \$205 | \$1 |
| Interest on State Funds & Investments | \$25 | \$25 | \$0 |
| Cook County Intergovernmental Transfer | \$244 | \$244 | \$0 |
| <u>Other Sources</u> | <u>\$511</u> | <u>\$592</u> | <u>(\$81)</u> |
| Subtotal | \$28,910 | \$31,274 | (\$2,364) |
| Transfers | | | |
| Lottery | \$693 | \$682 | \$11 |
| Riverboat transfers and receipts | \$280 | \$290 | (\$10) |
| Proceeds from sale of 10th license | \$10 | \$10 | \$0 |
| Refund Fund transfer | \$0 | \$63 | (\$63) |
| Interfund Borrowing | \$0 | \$0 | \$0 |
| <u>Other</u> | <u>\$647</u> | <u>\$678</u> | <u>(\$31)</u> |
| Total State Sources | \$30,540 | \$32,997 | (\$2,457) |
| Federal Sources | \$4,408 | \$3,676 | \$732 |
| Total Federal & State Sources | \$34,948 | \$36,673 | (\$1,725) |
| Nongeneral Funds Distribution: | | | |
| Refund Fund | | | |
| Personal Income Tax [10% '15 & '16] | (\$1,477) | (\$1,699) | \$222 |
| Corporate Income Tax [14% '15 & 16.5% '16] | (\$446) | (\$423) | (\$23) |
| Fund for Advancement of Education | (\$443) | (\$226) | (\$217) |
| Commitment to Human Services Fund | (\$443) | (\$226) | (\$217) |
| Subtotal General Funds | \$32,139 | \$34,099 | (\$1,960) |

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

COMPARISON OF FY 2016 REVENUE ESTIMATE - CGFA & GOMB

| FY 2016 General Funds Forecast | | | |
|--|-----------------|-----------------|-------------|
| CGFA vs. GOMB [Current Law/Maintenance/Autopilot] | | | |
| (\$ millions) | FY 2016 | GOMB | CGFA vs |
| Revenue Source | Mar-15 | Feb-15 | GOMB Feb-15 |
| "Big Three"--Personal, Corporate, and Sales Taxes | \$22,937 | \$22,839 | \$98 |
| All Other State Sources | \$3,164 | \$3,131 | \$33 |
| Transfers In | \$1,630 | \$1,671 | (\$41) |
| Federal Sources | \$4,408 | \$4,408 | \$0 |
| Interfund Borrowing | \$0 | \$0 | \$0 |
| Total | \$32,139 | \$32,049 | \$90 |

| With Governor's Proposed Changes to FY 2016 Revenues | | | |
|---|-----------------|-----------------|-------------|
| Distribution Change of Public Utility Tax | \$175 | \$175 | \$0 |
| Impact on Federal Sources [reduced spending] | (\$1,107) | (\$1,107) | \$0 |
| Fund for Advancement of Education | \$443 | \$442 | \$1 |
| Commitment to Human Services Fund | \$443 | \$442 | \$1 |
| Total Adjustments | (\$46) | (\$49) | \$3 |
| Subtotal General Funds w/adjustments | \$32,093 | \$32,000 | \$93 |

The accompanying tables compare the FY 2016 revenue outlooks between the Commission and the GOMB. As shown, the overall differences are quite minimal, only accounting for a difference of \$90 million based on "current law/maintenance/autopilot" assumptions.

Overall, the Commission is just slightly higher in the estimates of the "Big Three" due to slightly higher estimates of personal income and sales taxes that offset a more conservative view of next fiscal year's corporate income tax receipts.

All other State sources, as well as transfers in, show very minor differences. The estimates of federal sources reflect the GOMB view of federal sources based on the current Medicaid program and its liability demands. Obviously, appropriations levels, available cash, and bill payment priorities would ultimately dictate the federal source figure.

Also included in the tables are scenarios that include revenue changes proposed in the Governor's FY 2016 budget. Namely, a change in the distribution of public utility taxes valued at \$175 million, the inclusion of the income tax revenue being diverted under current law to the Fund for Advancement of Education and the Commitment to Human Services Fund—valued at approximately \$885 million.

Finally, the Governor's proposed budget assumed significant changes to the Medicaid program that would have the effect of reducing reimbursable spending and subsequently federal source receipts. While the value is shown as a difference of \$1.107 billion from the "maintenance/autopilot" version, as previously discussed, federal sources are dependent on appropriation levels, available cash, and bill payment priorities.

| FY 2016 GENERAL FUNDS REVENUE | | | |
|--|-----------------------------|-----------------------------|------------------|
| CGFA vs. GOMB BUDGET BOOK | | | |
| "Maintenance Based" | | | |
| (millions) | | | |
| Revenue Sources | FY 2016 CGFA Feb-2015 | FY 2016 GOMB Feb-2015 | \$ Difference |
| State Taxes | | | |
| Personal Income Tax | \$14,766 | \$14,644 | \$122 |
| Corporate Income Tax (regular) | \$2,700 | \$2,800 | (\$100) |
| Sales Taxes | \$8,280 | \$8,204 | \$76 |
| Public Utility (regular) | \$990 | \$1,008 | (\$18) |
| Cigarette Tax | \$355 | \$355 | \$0 |
| Liquor Gallonage Taxes | \$166 | \$168 | (\$2) |
| Vehicle Use Tax | \$32 | \$29 | \$3 |
| Inheritance Tax | \$300 | \$275 | \$25 |
| Insurance Taxes & Fees | \$335 | \$340 | (\$5) |
| Corporate Franchise Tax & Fees | \$206 | \$201 | \$5 |
| Interest on State Funds & Investments | \$25 | \$17 | \$8 |
| Cook County Intergovernmental Transfer | \$244 | \$244 | \$0 |
| Other Sources | \$511 | \$494 | \$17 |
| Subtotal | \$28,910 | \$28,779 | \$131 |
| Transfers | | | |
| Lottery | \$693 | \$696 | (\$3) |
| Riverboat transfers and receipts | \$280 | \$273 | \$7 |
| Proceeds from sale of 10th license | \$10 | \$10 | \$0 |
| Refund Fund transfer | \$0 | \$0 | \$0 |
| Interfund Borrowing | \$0 | \$0 | \$0 |
| Other | \$647 | \$692 | (\$45) |
| Total State Sources | \$30,540 | \$30,450 | \$90 |
| Federal Sources | \$4,408 | \$4,408 | \$0 |
| Total Federal & State Sources | \$34,948 | \$34,858 | \$90 |
| Nongeneral Funds Distribution: | | | |
| Refund Fund | | | |
| Personal Income Tax [10% '15 & '16] | (\$1,477) | (\$1,464) | (\$13) |
| Corporate Income Tax [14% '15 & 16.5% '16] | (\$446) | (\$462) | \$16 |
| Fund for Advancement of Education | (\$443) | (\$442) | (\$1) |
| Commitment to Human Services Fund | (\$443) | (\$442) | (\$1) |
| Subtotal General Funds | \$32,139 | \$32,049 | \$90 |

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

| Value of Including Governor's Proposed Changes to FY 2016 General Revenues | | | |
|---|-----------------|-----------------|-------------|
| Distribution Change of Public Utility Tax | \$175 | \$175 | \$0 |
| Impact on Federal Sources [reduced spending] | (\$1,107) | (\$1,107) | \$0 |
| Fund for Advancement of Education | \$443 | \$442 | \$1 |
| Commitment to Human Services Fund | \$443 | \$442 | \$1 |
| Total Adjustments | (\$46) | (\$49) | \$3 |
| Subtotal General Funds w/adjustments | \$32,093 | \$32,000 | \$93 |

GENERAL FUNDS BUDGET PLAN -- FY 2010 to FY 2016

GOMB

(\$ Millions)

| | Actuals June-10 FY 2010 | Actuals June-11 FY 2011 | Actuals June-12 FY 2012 | Actuals June-13 FY 2013 | Actuals Feb-15 FY 2014 | Enacted July-14 FY 2015 | "Auto Pilot" Feb-15 FY 2015 | Revised Feb-15 FY 2015 | "Auto Pilot" Feb-15 FY 2016 | Governor's Introduced Feb-15 FY 2016 |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|------------------------------|-------------------------------|-----------------------------------|------------------------------|-----------------------------------|---|
| Revenues [GOMB] | \$27,366 GOMB | \$30,163 GOMB | \$33,620 GOMB | \$36,363 GOMB | \$36,758 GOMB | \$35,763 GOMB | \$34,069 GOMB | \$34,069 GOMB | \$32,049 GOMB | \$32,000 GOMB |
| Appropriations* | \$26,354 | \$25,845 | \$25,447 | \$25,741 | \$26,158 | \$25,446 | \$25,446 | \$25,446 | \$27,028 | \$23,970 |
| Supplemental | | | | | | | \$556 | \$556 | \$0 | \$0 |
| less unspent approp | (\$896) | (\$350) | (\$374) | (\$556) | (\$667) | (\$334) | (\$950) | (\$950) | (\$251) | (\$653) |
| Net Approp Spending | \$25,458 | \$25,495 | \$25,073 | \$25,185 | \$25,491 | \$25,112 | \$25,052 | \$25,052 | \$26,777 | \$23,317 |
| Pension Contributions | \$3,466 | \$3,680 | \$4,135 | \$5,107 | \$5,989 | \$6,046 | \$6,059 | \$6,059 | \$6,822 | \$4,472 |
| Savings from Pension Stabilization | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Statutory Transfers Out | | | | | | | | | | |
| approx. Legislatively Required Transfers | \$1,067 | \$2,399 | \$2,473 | \$2,840 | \$2,963 | \$2,377 | \$2,385 | \$2,385 | \$2,482 | \$1,569 |
| Pension Obligation Bond Debt Service | \$564 | \$1,667 | \$1,607 | \$1,552 | \$1,655 | \$1,503 | \$1,502 | \$1,502 | \$1,419 | \$1,419 |
| Debt Service transfer for Capital Projects | \$670 | \$540 | \$453 | \$551 | \$603 | \$717 | \$689 | \$689 | \$710 | \$718 |
| Debt Service on FY10 Medicaid Borrowing | \$63 | \$189 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Property Taxpayers Relief Fund | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Interfund Borrowing Repayments/BSF | \$0 | \$0 | \$356 | \$132 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Transfers Out | \$3,304 | \$4,795 | \$4,889 | \$5,075 | \$5,221 | \$4,597 | \$4,576 | \$4,576 | \$4,611 | \$3,706 |
| Total Operating Spending and Transfers Out | \$32,228 | \$33,970 | \$34,097 | \$35,367 | \$36,701 | \$35,755 | \$35,687 | \$35,687 | \$38,210 | \$31,495 |
| Operating Deficit (Surplus) | (\$4,862) | (\$3,807) | (\$477) | \$996 | \$57 | \$8 | (\$1,618) | (\$1,618) | (\$6,161) | \$505 |
| Short-term Borrowing | \$1,250 | \$1,300 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Repay of Short-term Borrowing [w/ interest] | (\$2,276) | (\$1,322) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Pension Obligation Bonds | \$3,466 | \$3,680 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Tobacco Liquidation \$1.2b/Interfund borrow \$1.0b | \$0 | \$1,250 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Interfund Borrowing (per Emergency Budget Act) | | \$496 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Repayment Inter-fund borrowing | | (\$10) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Budget Stabilization Fund Repayment | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Voucher Payment Notes | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Proposed FY'11 GO Restructuring Bond | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Fiscal Emergency Budget Actions | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$1,618 | | |
| Budget Deficit (Surplus) | (\$2,422) | \$1,587 | (\$477) | \$996 | \$57 | \$8 | (\$1,618) | \$0 | (\$6,161) | \$505 |
| Budgetary Basis to Begin Year | (\$3,673) | (\$6,095) | (\$4,508) | (\$5,023) | (\$3,989) | (\$4,049) | (\$3,932) | (\$3,932) | (\$5,550) | (\$3,932) |
| Budget Deficit at End of Year | (\$6,095) | (\$4,508) | (\$4,985) | (\$3,989) | (\$3,932) | (\$4,041) | (\$5,550) | (\$3,932) | (\$11,711) | (\$3,427) |

* Source: GOMB-- FY 2016 Budget Book, Official Statements, and provided information.

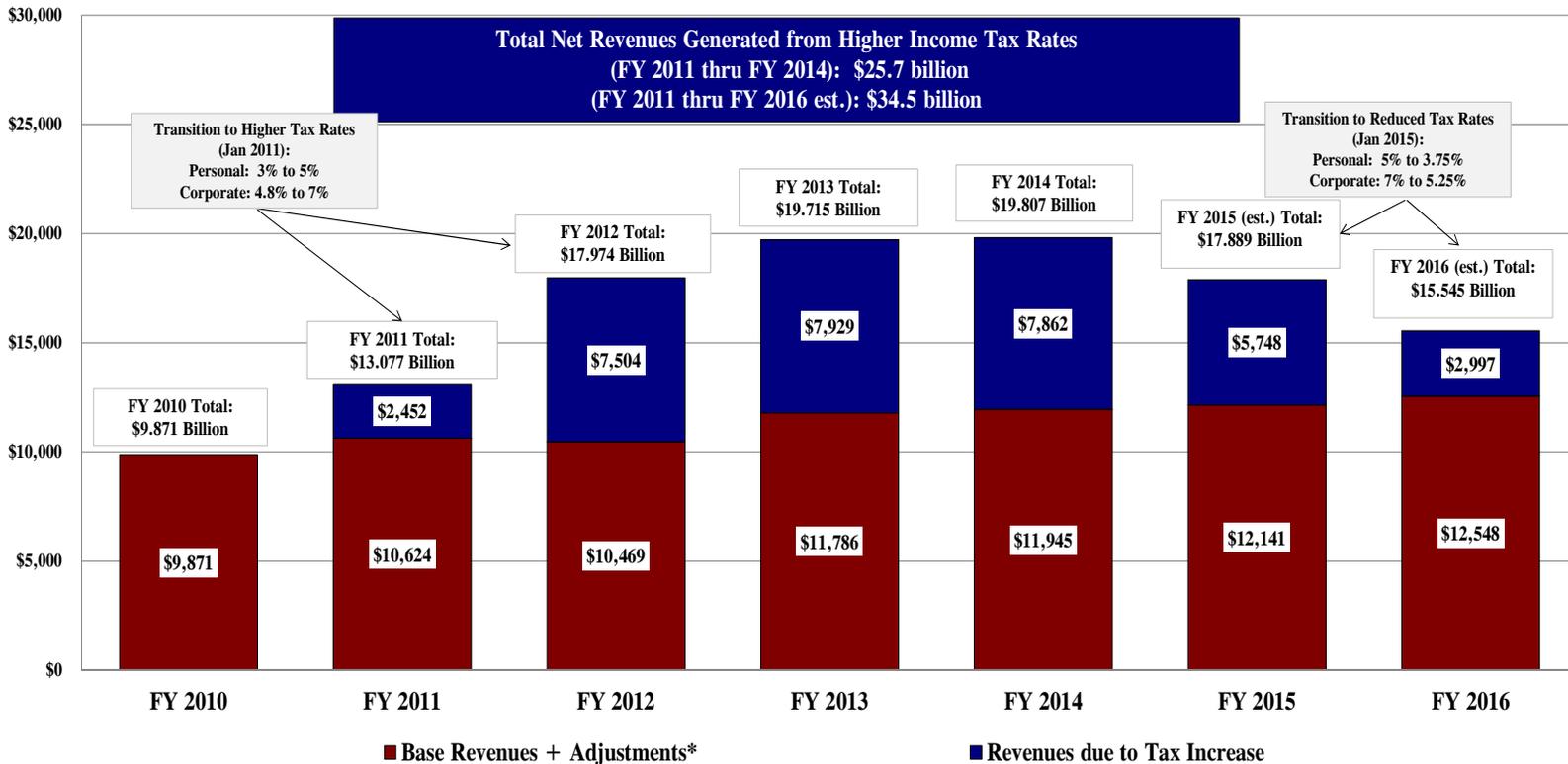
** Sum totals may not add due to rounding

HIGHLIGHTS OF 96-1496 (INCOME TAX INCREASE)

- Increase Individual Income Tax Rate.** Increases the personal income tax rate from 3% to 5% in tax year 2011; to 3.75% in tax year 2015; and, to 3.25% in tax year 2025.
- Increase Corporate Income Tax Rate.** Increases the corporate income tax rate from 4.8% to 7% in tax year 2011; to 5.25% in tax year 2015; and, to 4.8% in tax year 2025.

Composition of Income Tax Net Revenues between FY 2010 and FY 2016 (est.)

\$ in millions



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

Individual and Corporate New Tax Revenues Under P.A. 96-1496 (SB 2505) as Compared to Previous Law

\$ in millions

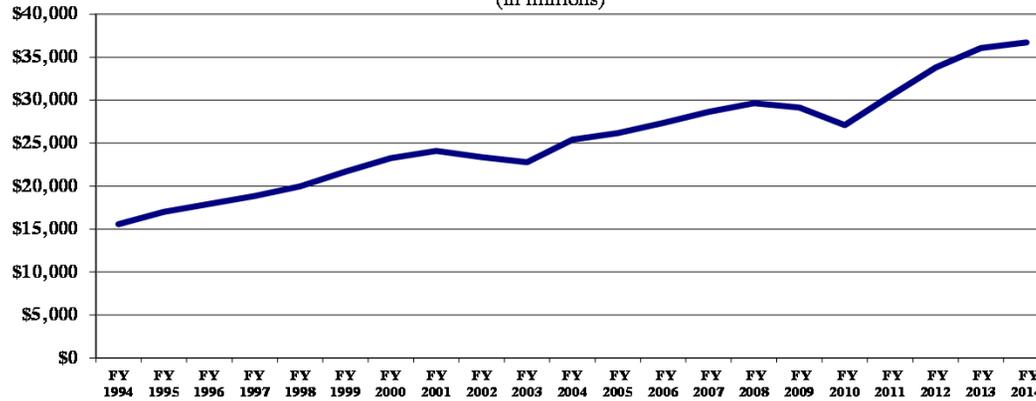
Denotes Transition Years of Scheduled Rate Reductions

| Fiscal Year | Total New Revenues | Amount to Refund Fund | Net Revenues from Personal Tax Increase | Net Revenues from Corporate Tax Increase | Total New Net Revenues from Tax Increases |
|-------------|--------------------|-----------------------|---|--|---|
| FY 2011 | \$2,706 | \$254 | \$2,288 | \$164 | \$2,452 |
| FY 2012 | \$8,339 | \$835 | \$6,512 | \$992 | \$7,504 |
| FY 2013 | \$8,854 | \$925 | \$6,673 | \$1,256 | \$7,929 |
| FY 2014 | \$8,744 | \$882 | \$6,720 | \$1,142 | \$7,862 |
| FY 2015 | \$6,424 | \$676 | \$5,029 | \$720 | \$5,748 |
| FY 2016 | \$3,351 | \$354 | \$2,750 | \$247 | \$2,997 |
| FY 2017 | \$3,290 | \$344 | \$2,749 | \$197 | \$2,946 |
| FY 2018 | \$3,371 | \$353 | \$2,812 | \$206 | \$3,018 |
| FY 2019 | \$3,454 | \$362 | \$2,877 | \$215 | \$3,092 |
| FY 2020 | \$3,539 | \$371 | \$2,943 | \$224 | \$3,168 |
| FY 2021 | \$3,627 | \$381 | \$3,011 | \$235 | \$3,246 |
| FY 2022 | \$3,716 | \$391 | \$3,080 | \$245 | \$3,325 |
| FY 2023 | \$3,808 | \$401 | \$3,151 | \$256 | \$3,407 |
| FY 2024 | \$3,902 | \$411 | \$3,224 | \$268 | \$3,491 |
| FY 2025 | \$2,938 | \$309 | \$2,433 | \$196 | \$2,629 |
| FY 2026 | \$1,327 | \$135 | \$1,169 | \$23 | \$1,193 |

NOTE: The income tax increase became effective January 1, 2011, and were reduced (from 5% to 3.75% for PIT and 7% to 5.25% for CIT) on January 1, 2015. The estimates include the impact from the suspension of the N.O.L Deduction (FY 2012 thru FY 2014), but does not include impacts from P.A. 97-0636 AND P.A. 97-0652. The Commission assumes the FY 2016 Budget Book refund percentages of 10% (PIT) and 16.5% (CIT) for FY 2016 and thereafter. ESTIMATES AS OF FEBRUARY 2015.

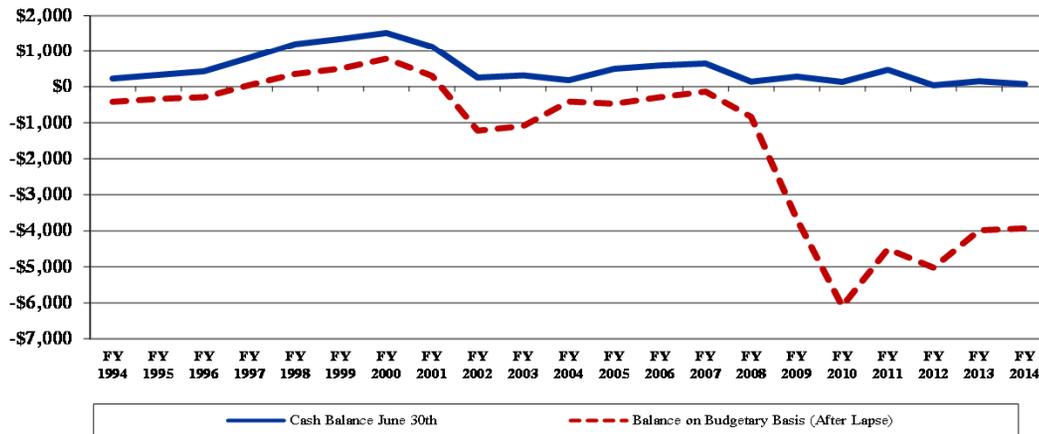
GENERAL FUNDS BALANCE INFORMATION

GENERAL FUNDS REVENUE HISTORY: FY 1994 - FY 2014
 Excludes Budget Stabilization and Pension Contribution Fund Transfers, Short-Term Borrowing, and Related Transfers
 (in millions)



| General Funds | Annual \$ Change (in millions) | % Change |
|---------------|-----------------------------------|----------|
| FY 1994 | \$836 | 5.7% |
| FY 1995 | \$1,416 | 9.1% |
| FY 1996 | \$934 | 5.5% |
| FY 1997 | \$918 | 5.1% |
| FY 1998 | \$1,130 | 6.0% |
| FY 1999 | \$1,690 | 8.5% |
| FY 2000 | \$1,576 | 7.3% |
| FY 2001 | \$856 | 3.7% |
| FY 2002 | -\$727 | -3.0% |
| FY 2003 | -\$593 | -2.5% |
| FY 2004 | \$2,642 | 11.6% |
| FY 2005 | \$732 | 2.9% |
| FY 2006 | \$1,199 | 4.6% |
| FY 2007 | \$1,281 | 4.7% |
| FY 2008 | \$1,019 | 3.6% |
| FY 2009 | -\$515 | -1.7% |
| FY 2010 | -\$2,054 | -7.0% |
| FY 2011 | \$3,398 | 12.5% |
| FY 2012 | \$3,309 | 10.9% |
| FY 2013 | \$5,576 | 6.7% |
| FY 2014 | \$2,921 | 1.8% |

GENERAL FUNDS BALANCES - CASH BASIS
 FY 1994 - FY 2014
 (in millions)



| | Cash Balance June 30th | Lapse Spending | Balance on Budgetary Basis (After Lapse) |
|---------|---------------------------|----------------|--|
| FY 1994 | \$230 | \$652 | (\$422) |
| FY 1995 | \$331 | \$672 | (\$341) |
| FY 1996 | \$426 | \$718 | (\$292) |
| FY 1997 | \$806 | \$761 | \$45 |
| FY 1998 | \$1,202 | \$846 | \$356 |
| FY 1999 | \$1,351 | \$848 | \$503 |
| FY 2000 | \$1,517 | \$740 | \$777 |
| FY 2001 | \$1,126 | \$826 | \$300 |
| FY 2002 | \$256 | \$1,476 | (\$1,220) |
| FY 2003 | \$317 | \$1,411 | (\$1,094) |
| FY 2004 | \$182 | \$592 | (\$410) |
| FY 2005 | \$497 | \$971 | (\$474) |
| FY 2006 | \$590 | \$881 | (\$291) |
| FY 2007 | \$642 | \$777 | (\$135) |
| FY 2008 | \$141 | \$975 | (\$834) |
| FY 2009 | \$280 | \$3,953 | (\$3,673) |
| FY 2010 | \$130 | \$6,224 | (\$6,094) |
| FY 2011 | \$469 | \$4,976 | (\$4,507) |
| FY 2012 | \$40 | \$5,064 | (\$5,024) |
| FY 2013 | \$154 | \$4,142 | (\$3,988) |
| FY 2014 | \$74 | \$4,005 | (\$3,931) |

DETAILED GENERAL FUNDS REVENUE HISTORY FY 2006 - FY 2014 & FY 2015 - FY 2016 [Estimated]

(\$ Million)

| <i>Revenue Sources</i> | Actual Receipts FY 2006 | Actual Receipts FY 2007 | Actual Receipts FY 2008 | Actual Receipts FY 2009 | Actual Receipts FY 2010 | Actual Receipts FY 2011 | Actual Receipts FY 2012 | Actual Receipts FY 2013 | Actual Receipts FY 2014 | Estimated Mar-15 FY 2015 | Estimated Mar-15 FY 2016 |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|--------------------------------|--------------------------------|
| State Taxes | | | | | | | | | | | |
| Personal Income Tax | \$9,568 | \$10,424 | \$11,187 | \$10,219 | \$9,430 | \$12,301 | \$17,000 | \$18,323 | \$18,388 | \$16,992 | \$14,766 |
| Corporate Income Tax (regular) | 1,784 | 2,121 | 2,201 | 2,073 | 1,649 | 2,277 | 2,983 | 3,679 | 3,640 | 3,020 | 2,700 |
| Sales Taxes | 7,092 | 7,136 | 7,215 | 6,773 | 6,308 | 6,833 | 7,226 | 7,355 | 7,676 | 8,010 | 8,280 |
| Public Utility Taxes (regular) | 1,074 | 1,131 | 1,157 | 1,168 | 1,089 | 1,147 | 995 | 1,033 | 1,013 | 1,005 | 990 |
| Cigarette Tax | 400 | 350 | 350 | 350 | 355 | 355 | 354 | 353 | 353 | 355 | 355 |
| Liquor Gallonage Taxes | 152 | 156 | 158 | 158 | 159 | 157 | 164 | 165 | 165 | 165 | 166 |
| Vehicle Use Tax | 34 | 33 | 32 | 27 | 30 | 30 | 29 | 27 | 29 | 31 | 32 |
| Inheritance Tax | 272 | 264 | 373 | 288 | 243 | 122 | 235 | 293 | 276 | 300 | 300 |
| Insurance Taxes and Fees | 317 | 310 | 298 | 334 | 322 | 317 | 345 | 334 | 333 | 330 | 335 |
| Corporate Franchise Tax & Fees | 181 | 193 | 225 | 201 | 208 | 207 | 192 | 205 | 203 | 205 | 206 |
| Interest on State Funds & Investments | 153 | 204 | 212 | 81 | 26 | 28 | 21 | 20 | 20 | 25 | 25 |
| Cook County Intergovernmental Transfer | 350 | 307 | 302 | 253 | 244 | 244 | 244 | 244 | 244 | 244 | 244 |
| Other Sources | 441 | 449 | 442 | 418 | 431 | 404 | 399 | 462 | 585 | 592 | 511 |
| Subtotal | \$21,818 | \$23,078 | \$24,152 | \$22,343 | \$20,494 | \$24,422 | \$30,187 | \$32,493 | \$32,925 | \$31,274 | \$28,910 |
| Transfers | | | | | | | | | | | |
| Lottery | 670 | 622 | 657 | 625 | 625 | 632 | 640 | 656 | 668 | 682 | 693 |
| Gaming Fund Transfer [and related] | 689 | 685 | 564 | 430 | 431 | 324 | 413 | 360 | 331 | 300 | 290 |
| Other | 746 | 939 | 679 | 538 | 828 | 1,226 | 885 | 688 | 1,113 | 741 | 647 |
| Total State Sources | \$23,923 | \$25,324 | \$26,052 | \$23,936 | \$22,378 | \$26,604 | \$32,125 | \$34,197 | \$35,037 | \$32,997 | \$30,540 |
| Federal Sources | \$4,725 | \$4,703 | \$4,815 | \$6,567 | \$5,920 | \$5,386 | \$3,682 | \$4,154 | \$3,903 | \$3,676 | \$4,408 |
| Total Federal & State Sources | \$28,648 | \$30,027 | \$30,867 | \$30,503 | \$28,298 | \$31,990 | \$35,807 | \$38,351 | \$38,940 | \$36,673 | \$34,948 |
| Nongeneral Funds Distribution: | | | | | | | | | | | |
| Refund Fund | | | | | | | | | | | |
| Personal Income Tax | (\$933) | (\$1,016) | (\$867) | (\$996) | (\$919) | (\$1,076) | (\$1,488) | (\$1,785) | (\$1,746) | (\$1,699) | (\$1,477) |
| Corporate Income Tax | (356) | (371) | (341) | (363) | (289) | (426) | (522) | (502) | (476) | (423) | (446) |
| Fund for Advancement of Education | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (226) | (443) |
| Commitment to Human Services Fund | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (226) | (443) |
| Subtotal General Funds | \$27,359 | \$28,640 | \$29,659 | \$29,144 | \$27,090 | \$30,488 | \$33,797 | \$36,064 | \$36,718 | \$34,099 | \$32,139 |
| Change from Prior Year | \$1,199 | \$1,281 | \$1,019 | (\$515) | (\$2,054) | \$1,344 | \$3,309 | \$2,267 | \$654 | (\$2,619) | (\$1,960) |
| Percent Change | 4.6% | 4.7% | 3.6% | -1.7% | -7.0% | 4.6% | 10.9% | 6.7% | 1.8% | -7.1% | -5.7% |
| Short-Term Borrowing | \$1,000 | \$900 | \$2,400 | \$2,400 | \$1,250 | \$1,300 | \$0 | \$0 | \$0 | \$0 | \$0 |
| FY'13/14 Backlog Payment Fund Transfer | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$264 | \$50 | \$0 | \$0 |
| Tobacco Liquidation Proceeds | \$0 | \$0 | \$0 | \$0 | \$0 | \$1,250 | \$0 | \$0 | \$0 | \$0 | \$0 |
| HPF and HHSMTF Transfers | \$0 | \$456 | \$1,503 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Budget Stabilization Fund Transfer | \$276 | \$276 | \$276 | \$576 | \$1,146 | \$535 | \$275 | \$275 | \$275 | \$275 | \$275 |
| Pension Contribution Fund Transfer | \$0 | \$0 | \$0 | \$0 | \$843 | \$224 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total General Funds | \$28,635 | \$30,272 | \$33,838 | \$32,120 | \$30,329 | \$33,797 | \$34,072 | \$36,603 | \$37,043 | \$34,374 | \$32,414 |
| Change from Prior Year | \$452 | \$1,637 | \$3,566 | (\$1,718) | (\$1,791) | \$1,677 | \$275 | \$2,531 | \$440 | (\$2,669) | (\$1,960) |
| Percent Change | 1.6% | 5.7% | 11.8% | -5.1% | -5.6% | 5.2% | 0.8% | 7.4% | 1.2% | -7.2% | -5.7% |

SOURCE: CGFA

ALL APPROPRIATED FUNDS REVENUE FY 2006 to FY 2016

(\$ millions)

| <u>REVENUE SOURCES</u> | ACTUAL RECEIPTS FY 2006 | ACTUAL RECEIPTS FY 2007 | ACTUAL RECEIPTS FY 2008 | ACTUAL RECEIPTS FY 2009 | ACTUAL RECEIPTS FY 2010 | ACTUAL RECEIPTS FY 2011 | ACTUAL RECEIPTS FY 2012 | ACTUAL RECEIPTS FY 2013 | ACTUAL RECEIPTS FY 2014 | Mar-15 Estimate FY 2015 | Mar-15 Estimate FY 2016 |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| State Sources | | | | | | | | | | | |
| CASH RECEIPTS: | | | | | | | | | | | |
| Personal Income Tax (gross) | \$9,568 | \$10,425 | \$11,187 | \$10,219 | \$9,430 | \$12,302 | \$17,000 | \$18,324 | \$18,388 | \$16,992 | \$14,766 |
| Corporate Income Tax (gross) | \$1,784 | \$2,120 | \$2,201 | \$2,073 | \$1,649 | \$2,285 | \$2,983 | \$3,679 | \$3,640 | \$3,020 | \$2,700 |
| Sales Taxes | \$8,425 | \$8,603 | \$8,733 | \$8,216 | \$7,752 | \$8,400 | \$8,851 | \$9,054 | \$9,451 | \$9,863 | \$10,195 |
| Short-Term Borrowing | \$1,000 | \$900 | \$2,400 | \$2,400 | \$1,500 | \$1,300 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Fund Transfers | \$1,590 | \$1,649 | \$1,619 | \$1,725 | \$1,576 | \$1,396 | \$2,366 | \$2,689 | \$2,322 | \$2,589 | \$2,051 |
| State Employees Retirement System | n/a | \$1,262 | \$1,358 | \$1,316 | \$1,258 | \$1,566 | \$1,764 | \$1,875 | \$2,136 | \$2,070 | \$2,111 |
| Corporate Personal Property Replacement Taxes | \$1,442 | \$1,651 | \$1,693 | \$1,487 | \$1,192 | \$1,537 | \$1,460 | \$1,690 | \$1,657 | \$1,585 | \$1,622 |
| Health Care Provider Assessment Fees & Taxes | \$890 | \$1,529 | \$2,189 | \$1,724 | \$1,575 | \$1,635 | \$1,677 | \$1,656 | \$2,413 | \$1,942 | \$1,955 |
| Public Utility Taxes | \$1,595 | \$1,666 | \$1,713 | \$1,741 | \$1,666 | \$1,691 | \$1,584 | \$1,564 | \$1,498 | \$1,471 | \$1,456 |
| Motor Vehicle & Operators Licenses | \$1,296 | \$1,288 | \$1,302 | \$1,302 | \$1,370 | \$1,494 | \$1,498 | \$1,462 | \$1,511 | \$1,555 | \$1,585 |
| Lottery Tickets & Licenses | \$984 | \$960 | \$997 | \$991 | \$1,074 | \$1,104 | \$1,502 | \$1,388 | \$1,341 | \$1,400 | \$1,193 |
| Motor Fuel Tax (gross) | \$1,477 | \$1,484 | \$1,369 | \$1,499 | \$1,371 | \$1,347 | \$1,324 | \$1,292 | \$1,326 | \$1,326 | \$1,319 |
| Cigarette Taxes | \$640 | \$639 | \$614 | \$582 | \$582 | \$588 | \$606 | \$856 | \$860 | \$843 | \$822 |
| Riverboat Gambling Taxes & Fees | \$817 | \$813 | \$688 | \$553 | \$532 | \$458 | \$611 | \$579 | \$533 | \$515 | \$507 |
| Revolving Funds | \$495 | \$515 | \$563 | \$505 | \$526 | \$565 | \$617 | \$544 | \$595 | \$540 | \$547 |
| Insurance Tax & Fees | \$393 | \$393 | \$384 | \$422 | \$411 | \$414 | \$447 | \$442 | \$443 | \$442 | \$449 |
| Inheritance Tax (gross) | \$272 | \$264 | \$373 | \$288 | \$243 | \$122 | \$235 | \$309 | \$294 | \$318 | \$318 |
| Liquor Gallonage Taxes | \$152 | \$162 | \$164 | \$164 | \$188 | \$182 | \$279 | \$280 | \$280 | \$281 | \$282 |
| Optional Health Insurance Deductions | \$196 | \$212 | \$224 | \$229 | \$263 | \$268 | \$266 | \$269 | \$404 | \$395 | \$400 |
| County Intergovernmental Transfers | \$421 | \$383 | \$345 | \$305 | \$261 | \$244 | \$244 | \$244 | \$244 | \$244 | \$244 |
| Hotel Tax | \$181 | \$199 | \$219 | \$203 | \$173 | \$192 | \$208 | \$221 | \$227 | \$241 | \$250 |
| Corporate Franchise Tax & Fees | \$189 | \$201 | \$234 | \$210 | \$216 | \$215 | \$200 | \$213 | \$211 | \$209 | \$208 |
| Tobacco Settlement | \$273 | \$285 | \$310 | \$340 | \$284 | \$290 | \$133 | \$133 | \$163 | \$120 | \$117 |
| Investment Income | \$261 | \$358 | \$357 | \$156 | \$46 | \$49 | \$43 | \$37 | \$52 | \$56 | \$60 |
| Other Taxes, Licenses, Fees & Earnings | \$4,601 | \$2,968 | \$3,197 | \$2,855 | \$3,207 | \$3,545 | \$3,586 | \$4,182 | \$4,132 | \$4,514 | \$4,679 |
| Total, State Source Cash Receipts | \$38,942 | \$40,929 | \$44,433 | \$41,505 | \$38,345 | \$43,189 | \$49,484 | \$52,982 | \$54,121 | \$52,531 | \$49,836 |
| Transfers in from Other State Funds: | \$250 | \$442 | \$329 | \$314 | \$223 | \$454 | \$361 | \$316 | \$315 | \$315 | \$315 |
| TOTAL, STATE SOURCES | \$39,192 | \$41,371 | \$44,762 | \$41,819 | \$38,568 | \$43,643 | \$49,845 | \$53,298 | \$54,436 | \$52,846 | \$50,151 |
| Federal Sources | \$12,366 | \$13,112 | \$13,702 | \$16,383 | \$18,284 | \$18,149 | \$14,669 | \$16,252 | \$17,095 | \$18,487 | \$18,134 |
| Sale of Bonds | \$1,484 | \$611 | \$181 | \$151 | \$8,551 | \$6,125 | \$4,099 | \$1,872 | \$4,244 | \$250 | \$1,250 |
| TOTAL, REVENUES - APPROPRIATED FUNDS | \$53,042 | \$55,094 | \$58,645 | \$58,353 | \$65,403 | \$67,917 | \$68,613 | \$71,422 | \$75,775 | \$71,583 | \$69,535 |
| Short Term Borrowing | \$1,000 | \$900 | \$2,400 | \$2,400 | \$1,500 | \$1,300 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL BASE REVENUE - ALL APPROPRIATED | \$52,042 | \$54,194 | \$56,245 | \$55,953 | \$63,903 | \$66,617 | \$68,613 | \$71,422 | \$75,775 | \$71,583 | \$69,535 |

CGFA Background & Responsibilities

- Bi-Partisan, joint legislative commission, provides the General Assembly with information relevant to the Illinois economy, taxes and other sources of revenue and debt obligations of the State.
- Preparation of annual revenue estimates with periodic updates;
- Analysis of the fiscal impact of revenue bills;
- Preparation of State Debt Impact Notes;
- Periodic assessment of capital facility plans;
- Annual estimates of the liabilities of the State's group health insurance program and approval of contract renewals promulgated by the Department of Central Management Services;
- Implement the provisions of the State Facility Closure Act;
- Annual estimates of public pension funding requirements and preparation of pension impact notes.