Updated Economic and FY 2021

Revenue Outlook

Presented by:

Clayton Klenke, Executive Director and Jim Muschinske, Revenue Manager

Commission on Government Forecasting and Accountability

802 Stratton Office Building, Springfield, Illinois 62706

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http://cgfa.ilga.gov

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CGFA Background & Responsibilities

- Bi-Partisan, joint legislative commission, provides the General Assembly with information relevant to the Illinois economy, taxes and other sources of revenue and debt obligations of the State in addition to providing objective policy research for legislators and legislative staff.
- Prepares annual revenue estimates with periodic updates;
- Reports monthly on the State's financial and economic condition;
- Analyzes of the fiscal impact of revenue bills;
- Prepares State Debt Impact Notes;
- Periodically assesses capital programs;
- Annually estimates the liabilities of the State's group health insurance program and approves contract renewals promulgated by the Department of Central Management Services;
- Implements the provisions of the State Facilities Closure Act;
- Annually estimates public pension funding requirements and prepares pension impact notes;
- Provides non-partisan research for General Assembly Members and legislative staffs.

THE ECONOMY

CHANGE IN REAL GDP

- The COVID-19 pandemic has led to a cratering of the U.S. economy in terms of real Gross Domestic Product (GDP).

- The economy began to erode in the 1st quarter of 2020 when it declined by 5.0%.

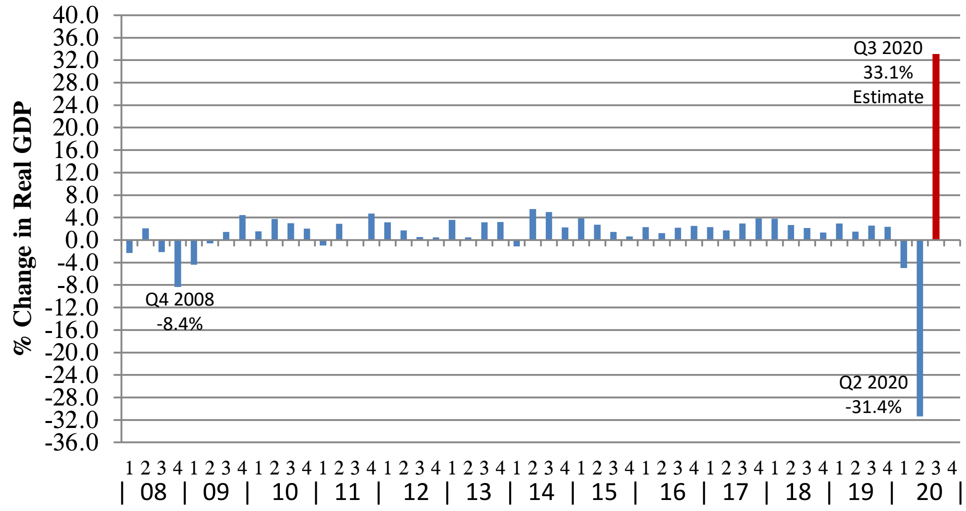
- The 2nd quarter declined over 31% on an annualized basis which was the worst quarter for real GDP since tracking began in 1947.

- The previous worst decline was 9.9% in the 1st quarter of 1958 due to the "Asian Flu" pandemic.

- A preliminary 3rd quarter growth of 33.1% reflects a rebound in GDP due to the reopening of the economy and the significantly smaller base established in the 2nd quarter.

- An aggregation of economic forecasts had a mean estimate for real GDP growth of -4.0% for 2020 and 3.7% for 2021.

U.S. REAL GDP
(Calendar Years)



U.S. Department of Commerce, Bureau of Economic Analysis, IHS Markit for Q3 2020 GDP estimate

MANUFACTURING PMI

- This chart shows the Purchasing Managers Index (PMI) for the manufacturing sector. A value of 50 or more meaning expansion and below 50 a contraction.

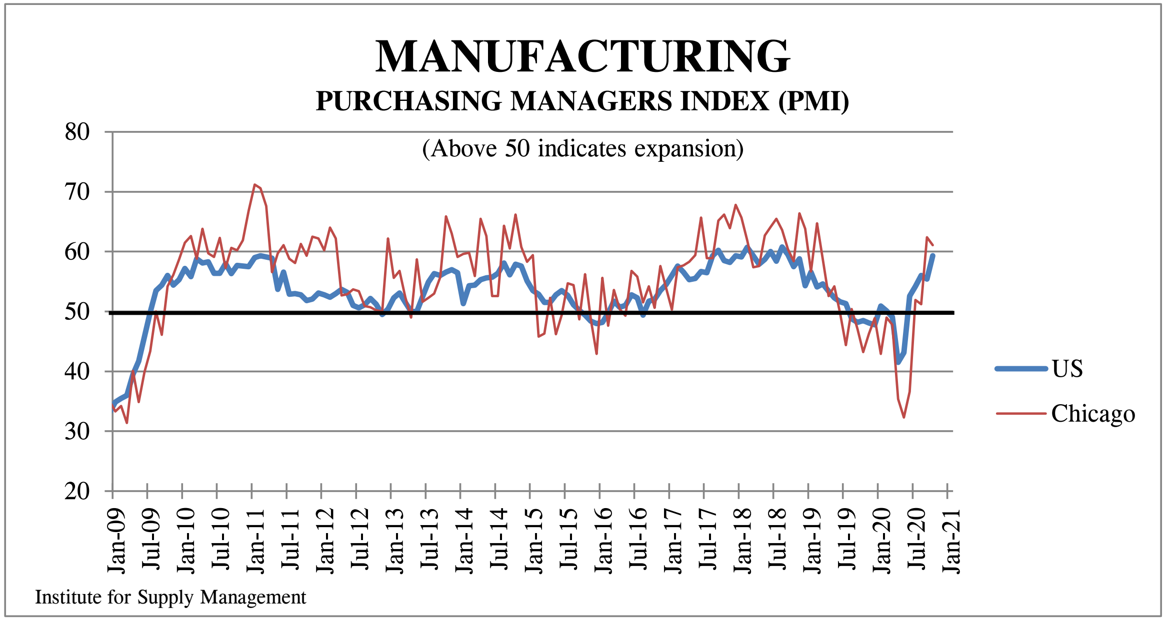
- The Manufacturing PMI index is based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment.

- August 2018 was the highest Manufacturing PMI level (60.8) for the U.S. since May of 2004.

- Since then, the Manufacturing PMI steadily declined prior to seeing a small increase in the beginning of 2020.

- Similar to real GDP, the Manufacturing PMI declined precipitously during the spring of 2020.

- While the decline in real GDP was historic, the decline in Manufacturing PMI was more similar to the depths seen during previous recessions and has already bounced back to an expansion level.



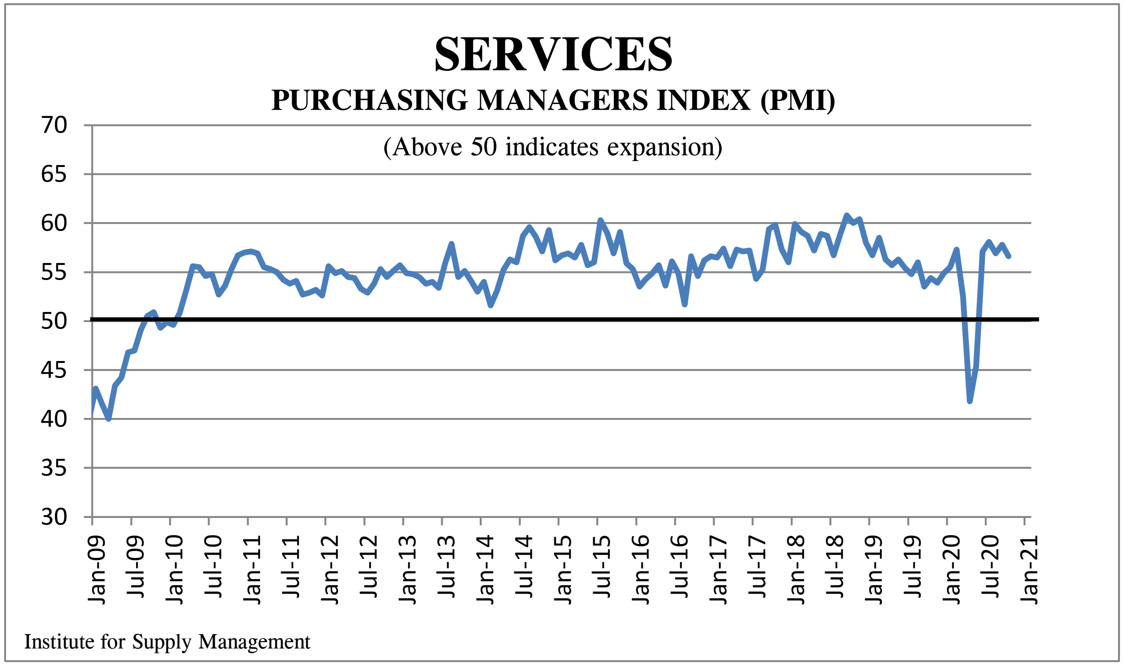
SERVICES PMI

- The Services PMI (previously known as the Non-Manufacturing Index) is a composite index that is calculated as an indicator of the overall economic condition for the non-manufacturing sector, which is far larger than the manufacturing sector (representing over 80% of GDP).

- The Service PMI is a composite index based on the diffusion indexes for four of the indicators with equal weights: business activity, new orders, and employment – all of which are seasonally adjusted – and supplier deliveries.

- Similar to the Manufacturing PMI, the Services PMI saw a large decline during the spring due to COVID-19 but has rebounded in the summer.

- The decline in this metric was similar in depth to the Great Recession but returned faster to an expansion level.



CONSUMER PRICE INDEX (CPI)

- The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

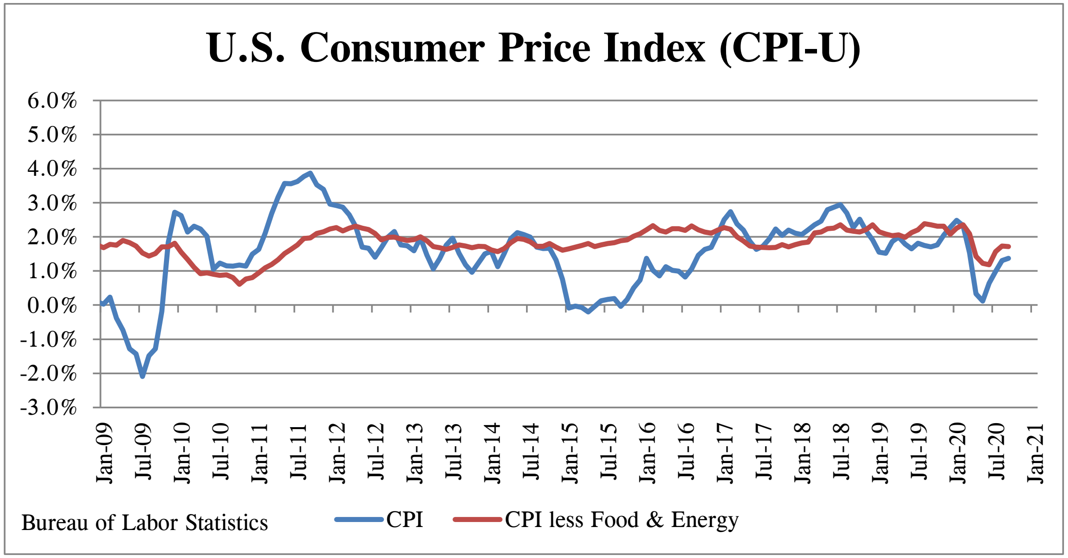
- The first chart shows the CPI for the U.S. as well as the CPI without food and energy included, which are two of the more volatile components of the index.

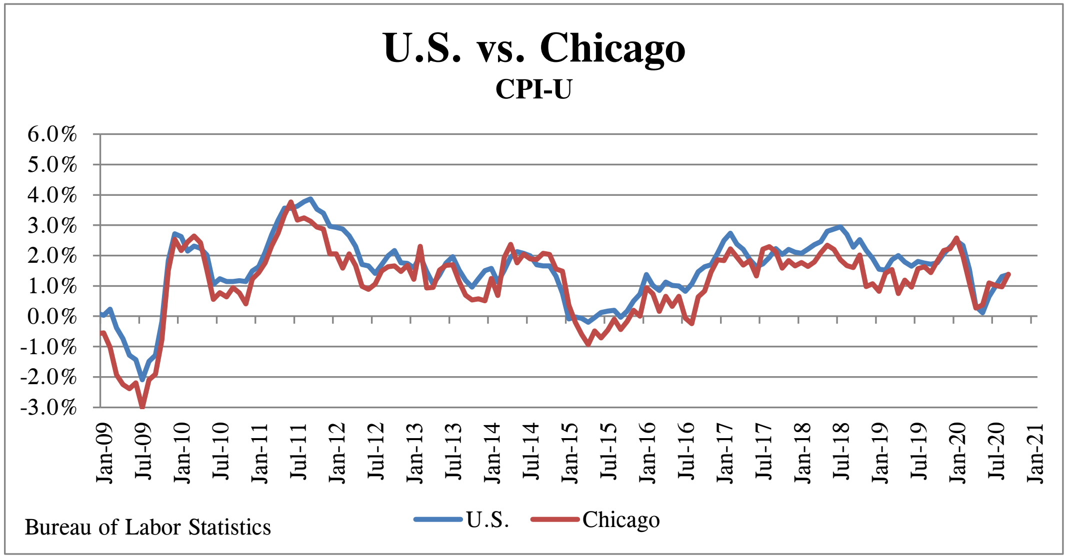
- While there was some price volatility around the time of the Great Recession, it was mostly steady between 1.5% to 2.0% between 2012 and 2017, especially when food and energy were removed.

- The CPI approached 3% in the summer of 2018 but went below 2% for most of 2019.

- The growth of consumer prices has slowed due to COVID-19 but did not lead to actual price declines in general. The CPI slowed to just over 1%, while the CPI less food and energy basically went to 0%.

- Consumer prices for Chicago have basically tracked with the nation as a whole.





PRODUCER PRICE INDEX (PPI)

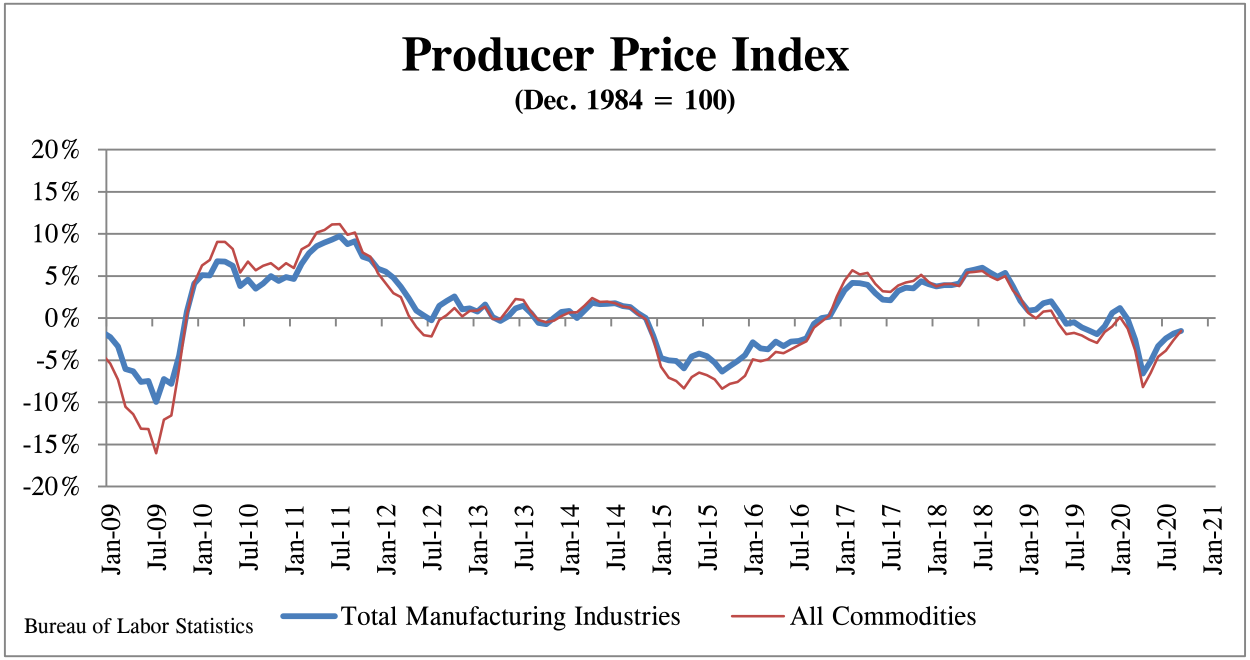
- The Producer Price Index (PPI) measures the average change over time in the selling prices received by domestic producers for their output. The prices included in the PPI are from the first commercial transaction for many products and some services.

- Like other economic variables, the PPI for the U.S. rose dramatically prior to the Great Recession and then fell precipitously.

- Similar to the CPI, the PPI showed some heightened inflation pressure at the wholesale level in the summer of 2018 which has since declined.

- Since that time, the PPI has steadily slowed with actual declines in prices beginning in May of 2019.

- A small rebound in producer prices seen in early 2020 was put to an end by the effects of COVID-19 as continued declines have been seen in recent months.



RETAIL SALES

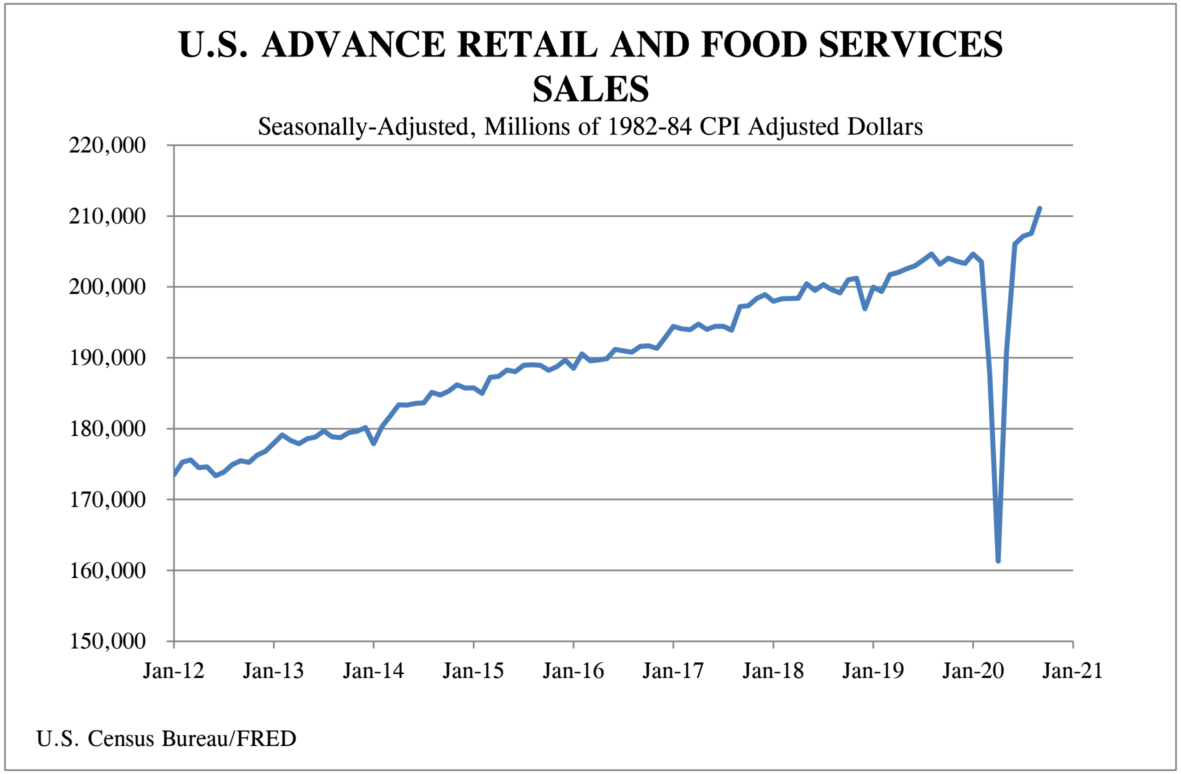
- The U.S. Census Bureau conducts the Advance Monthly Retail Trade and Food Services Survey to provide an early estimate of monthly sales by kind of business for retail and food service firms.

- Retail sales are sales by businesses that sell goods in small quantities directly to consumers.

- Based on the latest data, it appears that consumer goods spending has had a V-shaped recovery.

- Consumer goods spending has likely been buoyed by financial support from the federal government. This support could be limited in the future depending upon changing federal policy.

- While consumer spending on goods has rebounded, the rebound in services, which is approximately twice as large, has been slower.



10-YEAR TREASURY RATE

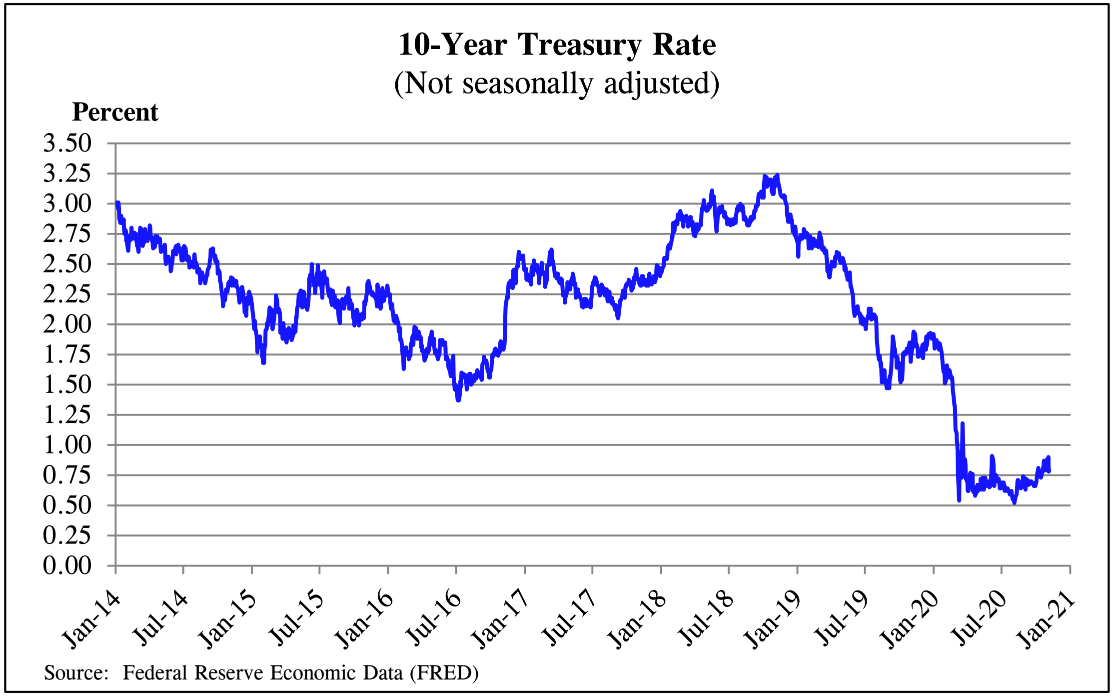
- The 10-year treasury rate is a key rate tied to many transactions, particularly home mortgages and is considered as an indicator of investor sentiment about the U.S. economy. When the confidence of investors in the economy is strong, the price of the treasury bonds decreases and the yield (rate) increases, and vice versa.

- The 10-year treasury rate has been erratic. It was moving up and down between 1.25% and 3.25% over the past 7 years prior to the COVID-19 pandemic.

- The rate sharply dropped to near 0.5% and fluctuated in spring and then mostly remained below 0.75% in summer as the effects of the COVID-19 hampered economic growth.

- As the economy gradually improved, the rate inched up in the past few months. As of early November, the 10-year treasury rate is around 0.8%.

- However, with the recent surge in the COVID-19 cases, IHS Markit, one of the Commission's economic forecasting services, projects the rate to fall again in the rest of 2020 or early 2021.



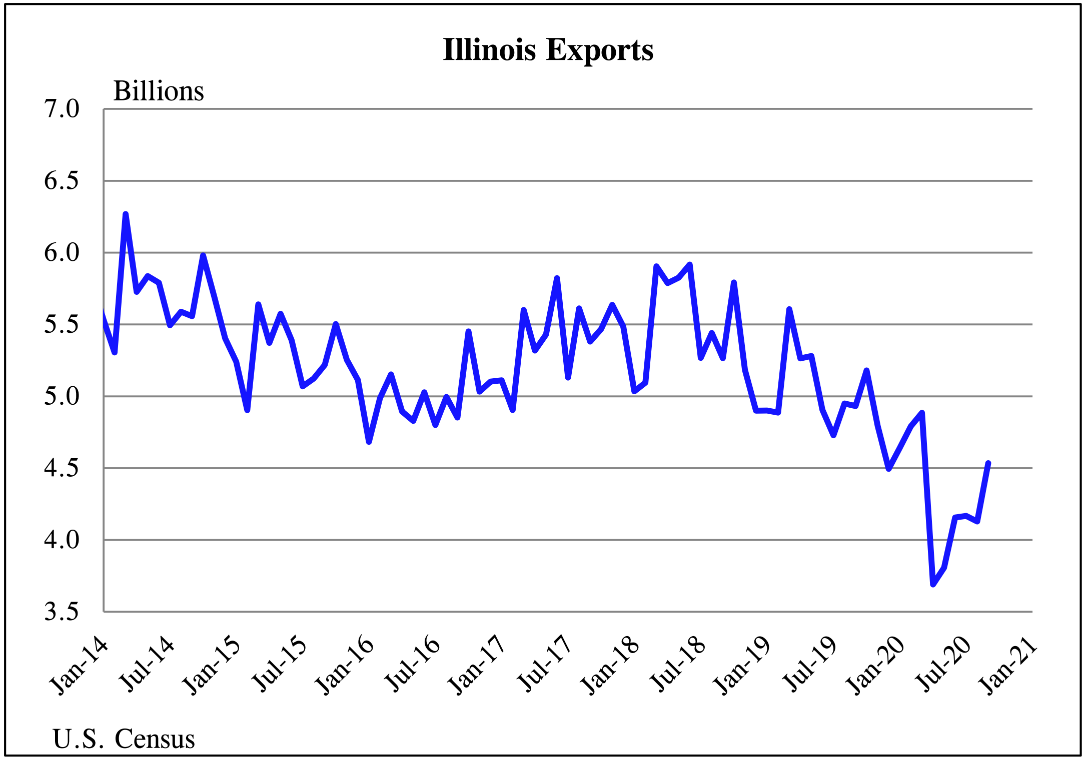
ILLINOIS EXPORTS

- Illinois exports, while erratic, started to reverse its downward slope in early 2016 and began to grow.

- Illinois exports surprisingly reached its highest peak since late 2014 at $5.92 billion in mid-2018 despite uncertainties such as trade conflicts between the U.S. and other countries. Since then, it declined in a volatile manner and went down further as the COVID-19 outbreak began.

- It fell to its lowest monthly level since early 2010 at $3.69 billion in April. This was down 24% from the previous month or a 30% drop compared to a year ago.

- After the brutal loss, a rebound was seen between May and September due in part to reopening of the economy. However, Illinois exports remain below pre-pandemic levels.



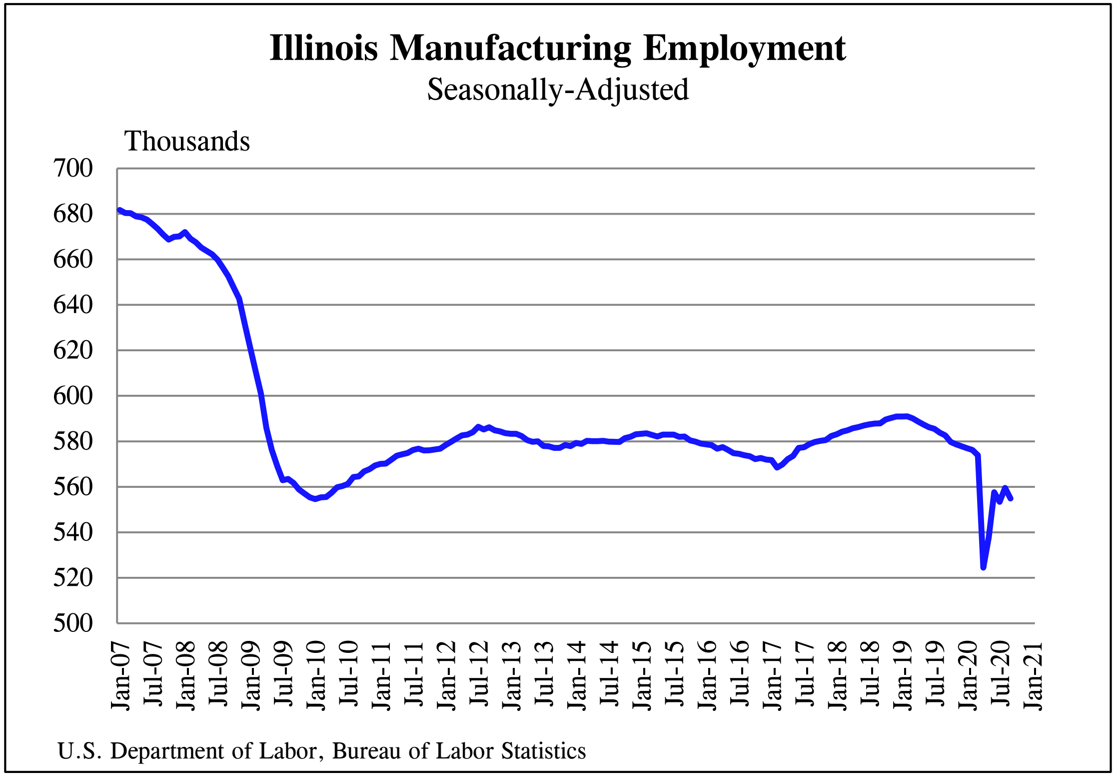
ILLINOIS MANUFACTURING EMPLOYMENT

- The weakness in Illinois employment has centered in the manufacturing area. After experiencing a severe loss during the 2007-2009 recession, Illinois manufacturing employment finally began to improve around 2010. A few years later, however, it leveled out, followed by a decline in early 2019.

- Then, it significantly dropped further after the pandemic hit. In April 2020, the State lost approximately 49,000 manufacturing jobs over the previous month, the largest monthly decline on record.

- Since then, it quickly picked up again, but there is still room left to recover to pre-COVID levels.

- IHS Markit projects that the improvement in the State's manufacturing employment would roughly begin in 2022.



UNITED STATES EMPLOYMENT

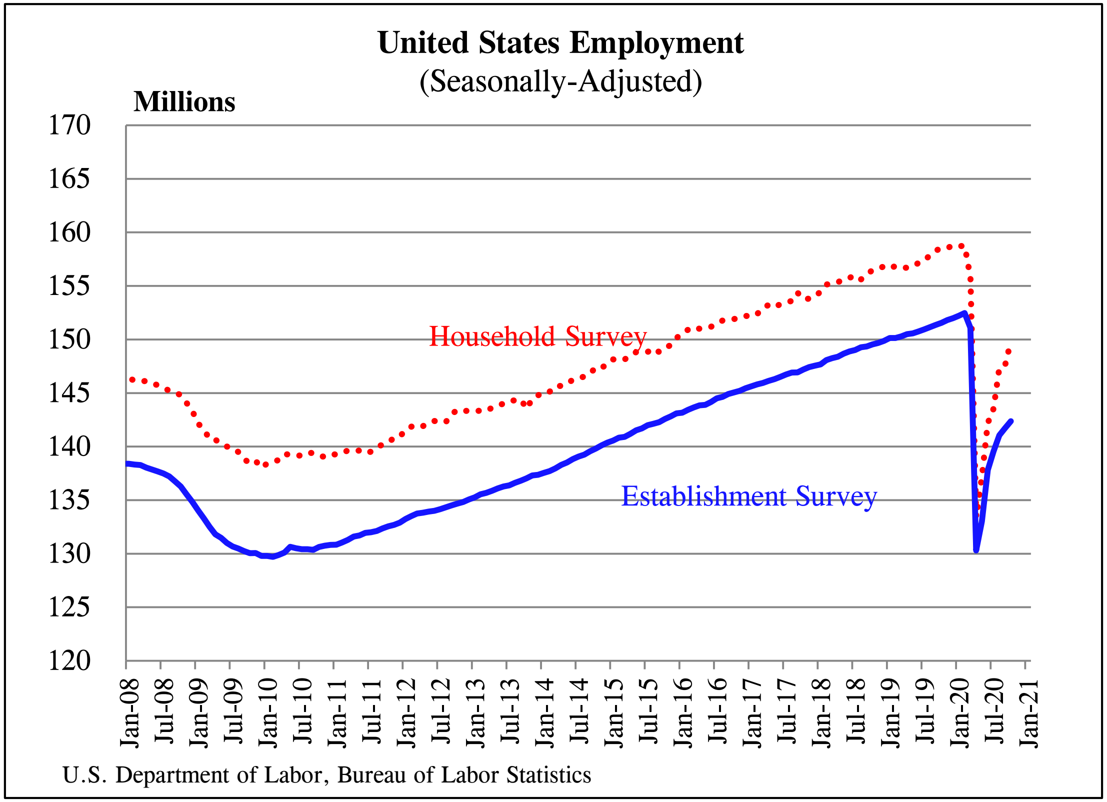
- Since a low reached at the end of 2009, United States employment had continuously increased and finally recouped all the jobs lost during the Great Recession in 5 years and maintained the upward trend until COVID-19.

- Economists agree that, due to the pandemic, the U.S. entered into recession, ending the longest expansion in its history.

- Due to restrictions on economic activities by the U.S. and states to contain the spread of COVID-19, the U.S. employment lost approximately 20 to 21 million jobs in April, the worst month since the Great Depression.

- In the 3rd quarter of 2020, the U.S. economy significantly rebounded, and more than half of lost jobs were regained, but still below the pre-pandemic levels.

- However, economists project that the growth could fade as additional federal financial assistance is not yet in sight and COVID-19 cases are again surging.



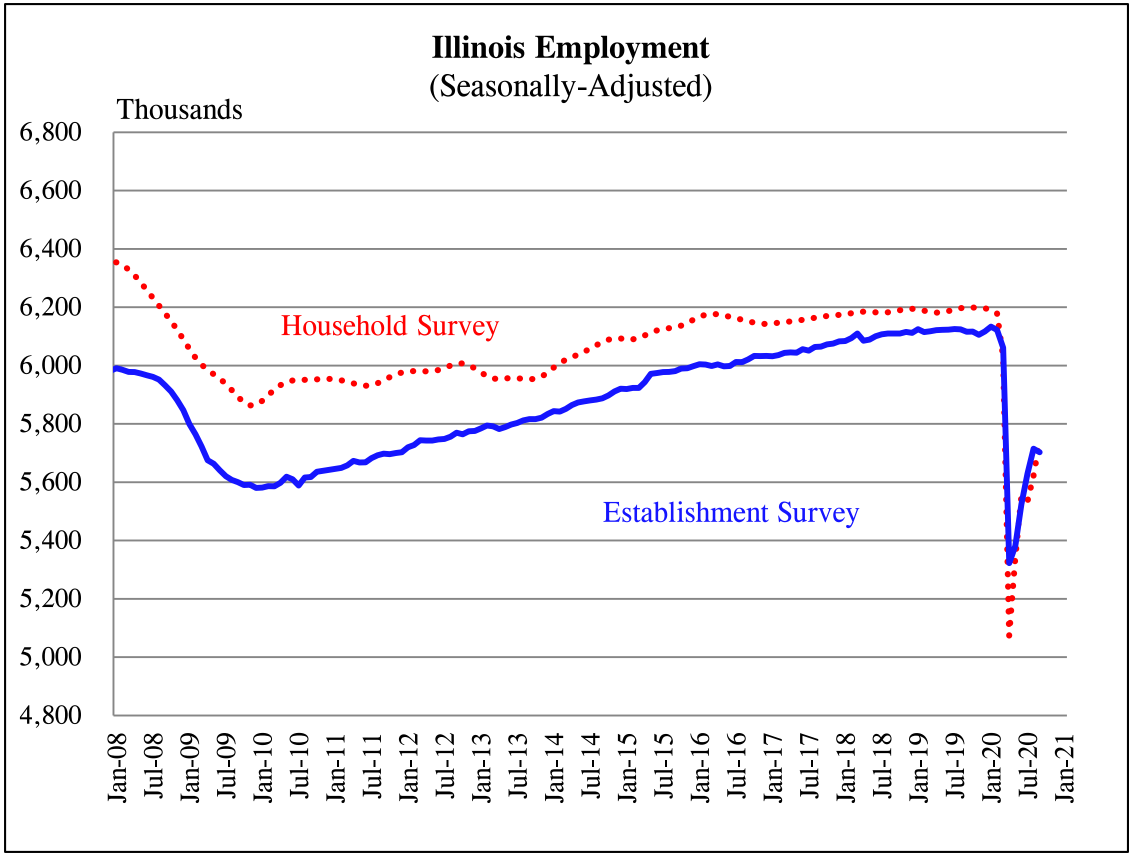
ILLINOIS EMPLOYMENT

- Like the U.S., Illinois employment experienced a severe drop due to the COVID-19 outbreak.

- The Establishment Survey showed the job losses that Illinois employment experienced during the 2007-2009 recession finally recovered around mid-2015. However, the improvement was completely erased by the effects of the pandemic in early 2020.

- Illinois employment was hit hardest in April, which synced with the drop in U.S. employment. Establishment Survey and Household Survey showed Illinois jobs declined by 12% and 16%, respectively in April, which were the biggest drops on record.

- Since then, it has rebounded as the Illinois economy slowly reopened. However, it is still significantly below where it was pre-pandemic, and concerns over the pace of the recovery persist.



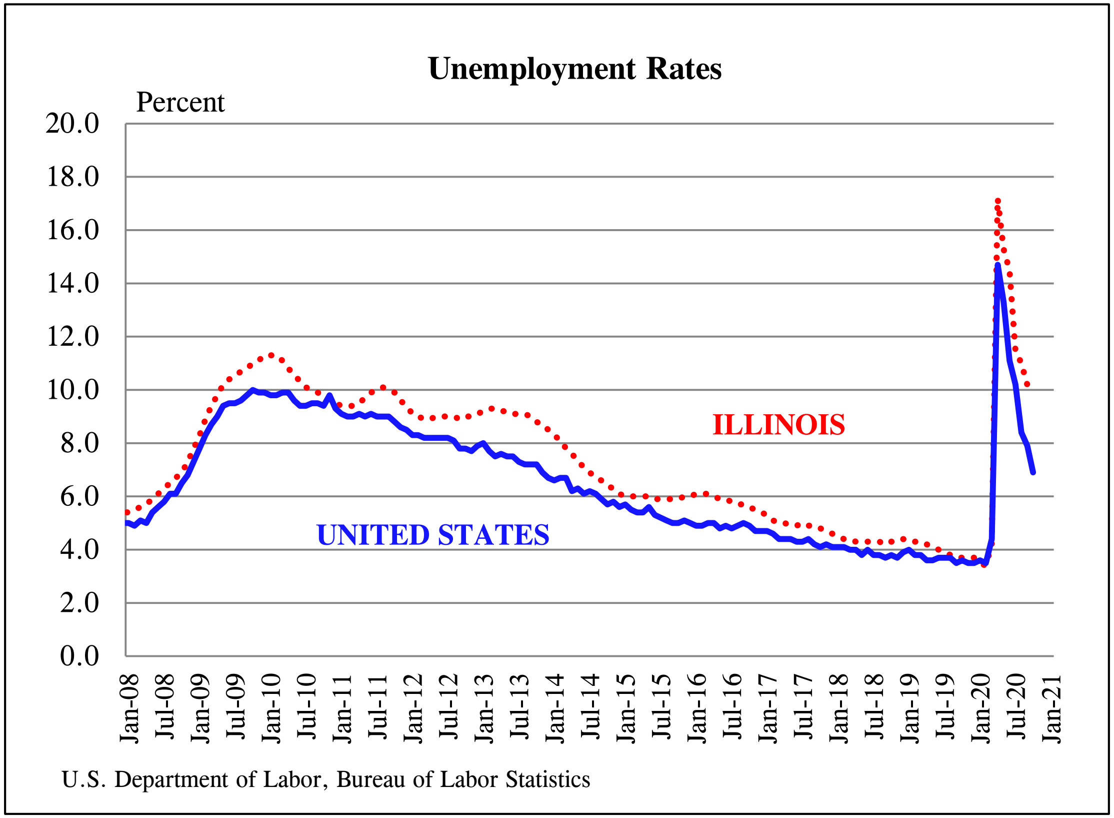
UNEMPLOYMENT RATES

- As shown in the chart, the gap between the nation's unemployment rate and that in Illinois has fluctuated over time, but they usually move in the same direction.

- As the U.S. economy was in its longest expansion, unemployment rates for both had declined as the nation recovered from the Great Recession.

- However, the COVID-19 outbreak caused severe damage to the economy both at the national and state levels. In April, the unemployment rates for the U.S. and the State surged to 14.7% and 17.2%, respectively, the highest and largest monthly percentage increase in the history of the data.

- But as economic activities picked up, the rates went down as well. In September 2020, the unemployment rates for the U.S. and Illinois stood at 7.9% and 10.2%, respectively. Then, the U.S. rate fell further to 6.9% in October.



COMPARATIVE UNEMPLOYMENT RATES

- The chart shows comparative unemployment rates for the nation, Midwest, and Illinois.

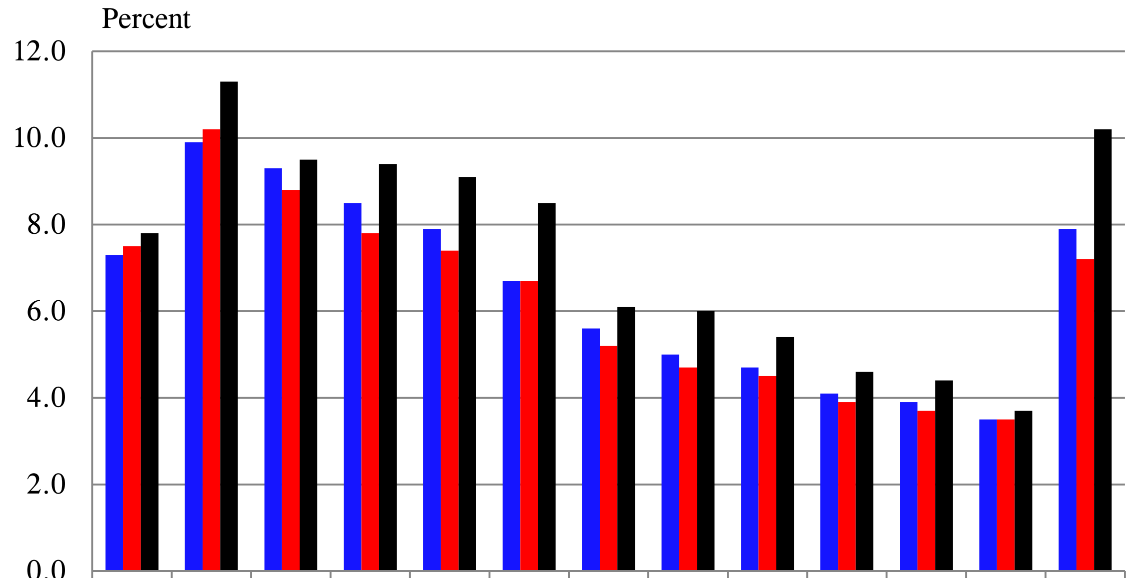
- In 2008, Midwest and Illinois rates were similar and only slightly higher than the nation. However, beginning in 2009, the rates between Illinois and the others widened. Since 2010, unemployment in the Midwest fell below or at the national level as resurgence in several "rust belt" states from increased energy production caused an employment spurt.

- More than a decade after trying to catch up with both the national and Midwest, Illinois finally succeeded to tighten the gap until the recession caused by COVID-19 began. The rates in April were at least four times higher than where they were prior to the pandemic.

- With some recent improvements, data as of September of 2020 had the national and Midwest rate at 7.9% and 7.2%, respectively, and the Illinois rate at 10.2%. Then, the U.S. rate fell further to 6.9% in October (not shown in the chart).

Comparative Unemployment Rates

Year End



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 (Sep.)
U.S.	7.3	9.9	9.3	8.5	7.9	6.7	5.6	5.0	4.7	4.1	3.9	3.5	7.9
Midwest	7.5	10.2	8.8	7.8	7.4	6.7	5.2	4.7	4.5	3.9	3.7	3.5	7.2
Illinois	7.8	11.3	9.5	9.4	9.1	8.5	6.1	6.0	5.4	4.6	4.4	3.7	10.2

U.S. Department of Labor, Bureau of Labor Statistics

Average Employment Levels by Subsector in Illinois

Non-Seasonally Adjusted Averages: Fiscal Years 2010 to 2020 (in thousands)

	Fiscal Year Annual Average										
Subsector	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Mining	9.0	9.4	10.0	10.0	9.8	9.9	8.6	7.9	7.7	8.2	7.9
Construction	205.1	197.0	192.6	188.8	195.4	208.7	217.6	219.1	223.4	227.0	221.0
Manufacturing	558.6	569.1	578.8	583.5	578.9	582.2	579.1	572.5	582.5	589.1	569.6
Trade, Transportation, and Utilities	1,122.7	1,132.1	1,148.1	1,157.5	1,168.5	1,188.3	1,204.9	1,210.5	1,212.7	1,208.1	1,181.4
Information	103.6	100.8	100.4	99.7	98.5	99.9	98.9	99.2	95.1	95.1	93.8
Financial Activities	374.7	372.3	373.5	377.9	378.3	379.9	384.2	390.4	398.9	407.5	409.6
Professional and Business Services	777.7	809.9	840.5	868.6	898.7	915.3	927.8	935.6	945.1	948.4	916.6
Education and Health Services	822.4	840.8	856.2	869.5	880.7	891.9	908.8	920.1	928.3	934.1	925.5
Leisure and Hospitality	513.7	518.7	529.6	541.7	552.4	566.6	589.9	604.6	614.1	620.4	550.7
Other Services	254.2	248.6	250.0	249.3	251.4	252.2	251.7	251.9	253.5	255.2	245.2
Government	856.7	843.3	836.0	830.0	825.1	826.9	823.6	820.0	818.9	821.5	815.9
Fiscal Year Average Totals	**5,598.2**	**5,641.9**	**5,715.7**	**5,776.4**	**5,837.6**	**5,921.7**	**5,995.2**	**6,031.9**	**6,080.3**	**6,114.7**	**5,937.3**
Illinois' Annual % Change	**-3.7%**	**0.8%**	**1.3%**	**1.1%**	**1.1%**	**1.4%**	**1.2%**	**0.6%**	**0.8%**	**0.6%**	**-2.9%**

Average Weekly Earnings and Employment Change by Subsector in Illinois

Fiscal Year Averages: 2010 to 2020

	Fiscal Year Annual Average										
Subsector	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Mining*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Construction	$1,231	$1,249	$1,285	$1,269	$1,282	$1,349	$1,383	$1,383	$1,386	$1,471	$1,467
Manufacturing	$891	$964	$978	$984	$1,002	$1,026	$1,044	$1,033	$1,064	$1,103	$1,135
Trade, Transportation, and Utilities	$677	$710	$754	$778	$799	$809	$811	$811	$840	$873	$882
Information	$1,046	$1,023	$1,007	$1,060	$1,141	$1,151	$1,140	$1,149	$1,265	$1,392	$1,483
Financial Activities	$1,063	$1,027	$1,104	$1,120	$1,192	$1,281	$1,327	$1,366	$1,366	$1,413	$1,473
Professional and Business Services	$1,028	$1,020	$1,014	$1,028	$1,034	$1,036	$1,061	$1,081	$1,105	$1,155	$1,211
Education and Health Services	$723	$735	$779	$802	$817	$802	$813	$802	$805	$820	$839
Leisure and Hospitality	$321	$323	$330	$341	$341	$362	$372	$383	$396	$416	$432
Other Services	$714	$704	$714	$739	$763	$808	$852	$857	$845	$884	$975
Government*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Illinois' Annual Average Weekly Earnings*	**$794**	**$808**	**$835**	**$851**	**$871**	**$888**	**$903**	**$907**	**$925**	**$963**	**$1,001**
% Change in Avg. Weekly Earnings	**1.3%**	**1.8%**	**3.3%**	**2.0%**	**2.3%**	**2.0%**	**1.7%**	**0.4%**	**2.0%**	**4.1%**	**3.9%**
Annualized Wage/Employment Compar	**-2.4%**	**2.6%**	**4.6%**	**3.1%**	**3.3%**	**3.4%**	**3.0%**	**1.1%**	**2.8%**	**4.7%**	**0.9%**

* Because the Mining and Government subsectors' weekly earnings are not available from the Bureau of Labor Statistics, "Statewide Average Weekly Earnings" is calculated by using the weekly earnings of the other nine subsectors. The statewide value was calculated by multiplying each subsector's average jobs by its average earnings and divided the sum of these figures by the total number of jobs from these nine subsectors.

Source: www.bls.gov

ILLINOIS EMPLOYMENT PERFORMANCE BY SUBSECTOR

Performance of Illinois' Subsectors of Employment in 2020 thru September

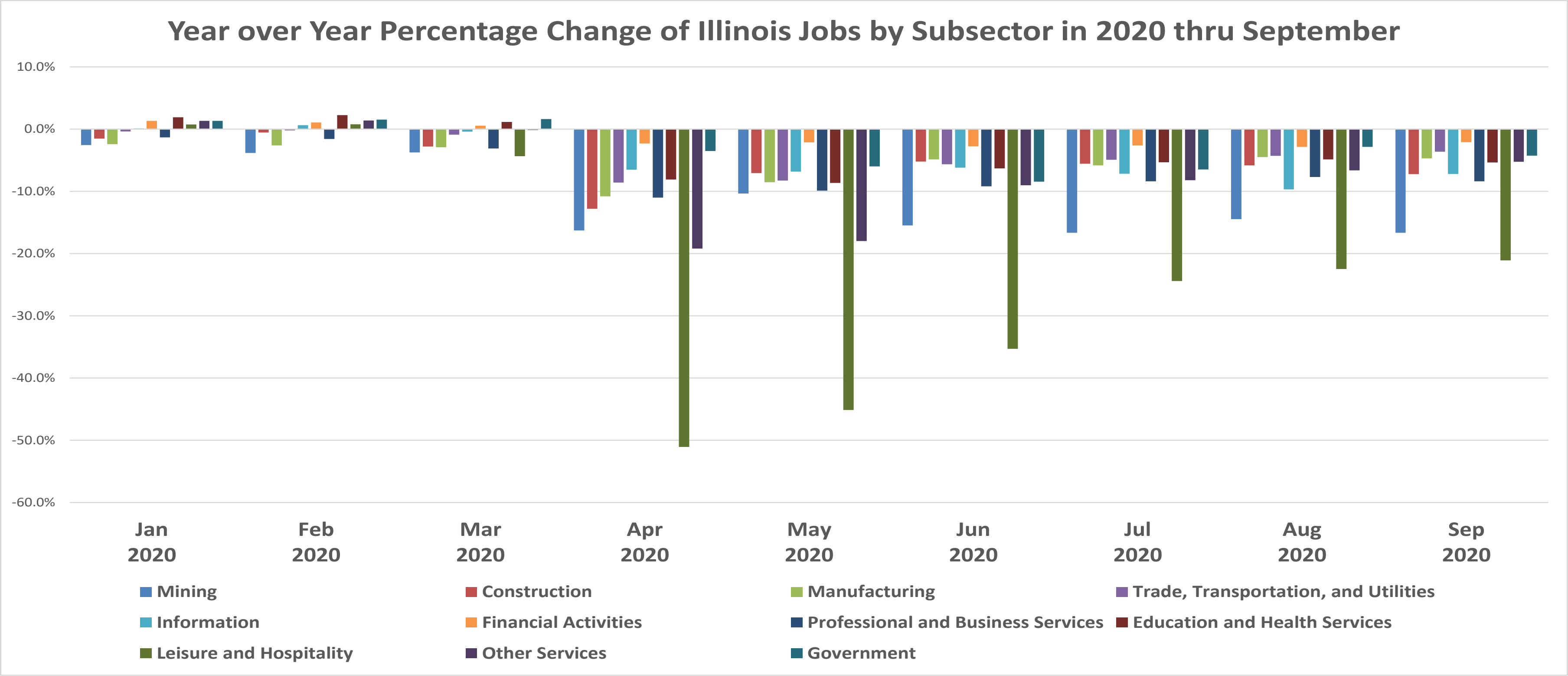
Subsector	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020	Jul 2020	Aug 2020	Sep 2020	Sep 2020 %Ch Rank	Jobs in Sep 2020	Ranking	Sep 2020 Yr/Yr Job Ch.	Ranking	2020 Avg Wkly Wage	Ranking
	vs. 2019 value										*(in thous.)*		*(in thous.)*			
Mining	-2.6%	-3.8%	-3.8%	-16.3%	-10.3%	-15.5%	-16.7%	-14.5%	-16.7%	10	7.0	11	(1.4)	1	N/A	N/A
Construction	-1.5%	-0.6%	-2.8%	-12.8%	-7.0%	-5.2%	-5.6%	-5.8%	-7.2%	8	224.4	9	(17.5)	5	$1,437	3
Manufacturing	-2.4%	-2.6%	-2.9%	-10.8%	-8.5%	-4.9%	-5.8%	-4.5%	-4.7%	4	555.2	5	(27.3)	6	$1,143	5
Trade, Transportation, and Utilities	-0.4%	-0.2%	-0.9%	-8.6%	-8.3%	-5.7%	-4.9%	-4.3%	-3.6%	2	1,155.3	1	(43.5)	8	$896	7
Information	0.1%	0.6%	-0.4%	-6.5%	-6.8%	-6.2%	-7.2%	-9.7%	-7.2%	7	87.7	10	(6.8)	2	$1,528	1
Financial Activities	1.3%	1.1%	0.5%	-2.3%	-2.1%	-2.8%	-2.6%	-2.9%	-2.1%	1	403.1	7	(8.7)	3	$1,517	2
Professional and Business Services	-1.3%	-1.6%	-3.1%	-11.0%	-9.9%	-9.2%	-8.4%	-7.7%	-8.4%	9	875.8	3	(80.3)	10	$1,228	4
Education and Health Services	1.9%	2.2%	1.1%	-8.1%	-8.7%	-6.3%	-5.3%	-4.9%	-5.4%	6	886.9	2	(50.3)	9	$848	8
Leisure and Hospitality	0.7%	0.8%	-4.3%	-51.1%	-45.1%	-35.3%	-24.4%	-22.5%	-21.1%	11	495.2	6	(132.4)	11	$429	9
Other Services	1.3%	1.4%	-0.2%	-19.2%	-18.0%	-9.0%	-8.2%	-6.6%	-5.2%	5	240.5	8	(13.3)	4	$1,008	6
Government	1.3%	1.5%	1.6%	-3.5%	-6.0%	-8.4%	-6.5%	-2.9%	-4.3%	3	800.7	4	(35.8)	7	N/A	N/A
Overall	**0.1%**	**0.2%**	**-1.0%**	**-12.9%**	**-12.0%**	**-9.7%**	**-7.9%**	**-6.8%**	**-6.8%**		**5,731.8**		**(417.3)**			
Overall Change in Jobs (thousands)	**7.2**	**12.4**	**(63.3)**	**(785.4)**	**(741.5)**	**(598.4)**	**(486.9)**	**(419.5)**	**(417.3)**							

The latest figure (Sep 2020) shows that Illinois jobs are down 6.8% (-417,300 jobs) compared to the same month a year prior. While concerning, this is an improvement from previous months when the job losses were down as much as 12.9% (-785,400 jobs in April 2020).

There is a wide variance between subsectors in regard to job losses. In September, the losses ranged from a 21.1% decline in the "Leisure and Hospitality" subsector to a more modest 2.1% decline in jobs in the "Financial Activities" subsector.

Despite the overall declines in employment, the State has not seen a similar decline in income related tax receipts thus far. Part of this is due to the wage level of the subsectors hurt most by the job losses. For example, the hardest hit subsector, "Leisure and Hospitality", has by far the lowest average weekly wage of the major subsectors in Illinois ($429/wk). In contrast, the "Financial Activities" subsector has been hurt the least by the recent employment losses, but is among the highest wage earning subsectors in the State ($1,517/wk).

DECLINE IN ILLINOIS JOBS



The graph above displays the immediate impact that the COVID-19 pandemic had on Illinois jobs, starting in April 2020. It also shows how the falloff has slowly improved from its initial decline, but still remains well below levels from a year prior.

Also shown is the variance in the levels of declines by subsector. Here, the drastic impact on job levels in the lower-paying "Leisure and Hospitality" subsector can clearly be seen. In September 2020, jobs in this subsector made up 8.6% of total Illinois jobs. However, 31.7% of the lost jobs (as compared to a year ago) came from this sector of employment.

ECONOMIC FORECASTS

CONSENSUS FORECAST

The Consensus Forecasts – USA report from Consensus Economics summarizes economic outlooks for the United States from twenty-five different economic forecasters monthly.

These include:

- Econometric Firms (IHS Markit/Moody's Analytics)
- Professional Business Associations (National Association of Home Builders)
- Academic Institutions (Univ. of Maryland/Georgia State Univ.)
- Individual Businesses (Eaton Corporation/Ford Motor Company)

The following table shows the economic forecasts along with historical data for relevant economic indicators.

U.S. ECONOMIC FORECASTS

The forecasts presented are the mean forecast from 25 different economic forecasters.

Economic Indicator	**2017 Actual**	**2018 Actual**	**2019 Actual**	**2020 Forecast**	**2021 Forecast**
Real GDP*	2.3%	3.0%	2.2%	-4.0%	3.7%
Nominal GDP*	4.3%	5.5%	4.0%	-2.9%	5.4%
Real Disposable Personal Income*	3.1%	3.6%	2.2%	5.9%	-2.5%
Real Personal Consumption*	2.6%	2.7%	2.4%	-4.4%	4.4%
Real Government Consumption and Investment*	0.9%	1.8%	2.3%	1.6%	-0.2%
Real Business Investment*	3.7%	6.9%	2.9%	-5.8%	2.3%
Nominal Pre-tax Profits*	4.5%	6.1%	0.3%	-12.7%	3.8%
Consumer Prices*	2.1%	2.4%	1.8%	1.2%	2.0%
Core PCE Prices (excluding Food/Energy)*	1.7%	2.0%	1.7%	1.5%	1.8%
Producer Prices*	3.2%	3.0%	0.8%	-1.1%	2.0%
Employment Costs*	2.5%	2.8%	2.7%	2.5%	2.0%
Auto & Light Truck Sales (inc. imports) mn	17.1	17.2	16.9	14.2	15.8
Housing Starts, mn units	1.21	1.25	1.30	1.34	1.39
Unemployment Rate (%)	4.4%	3.9%	3.7%	8.4%	6.8%

*average % change over previous calendar year

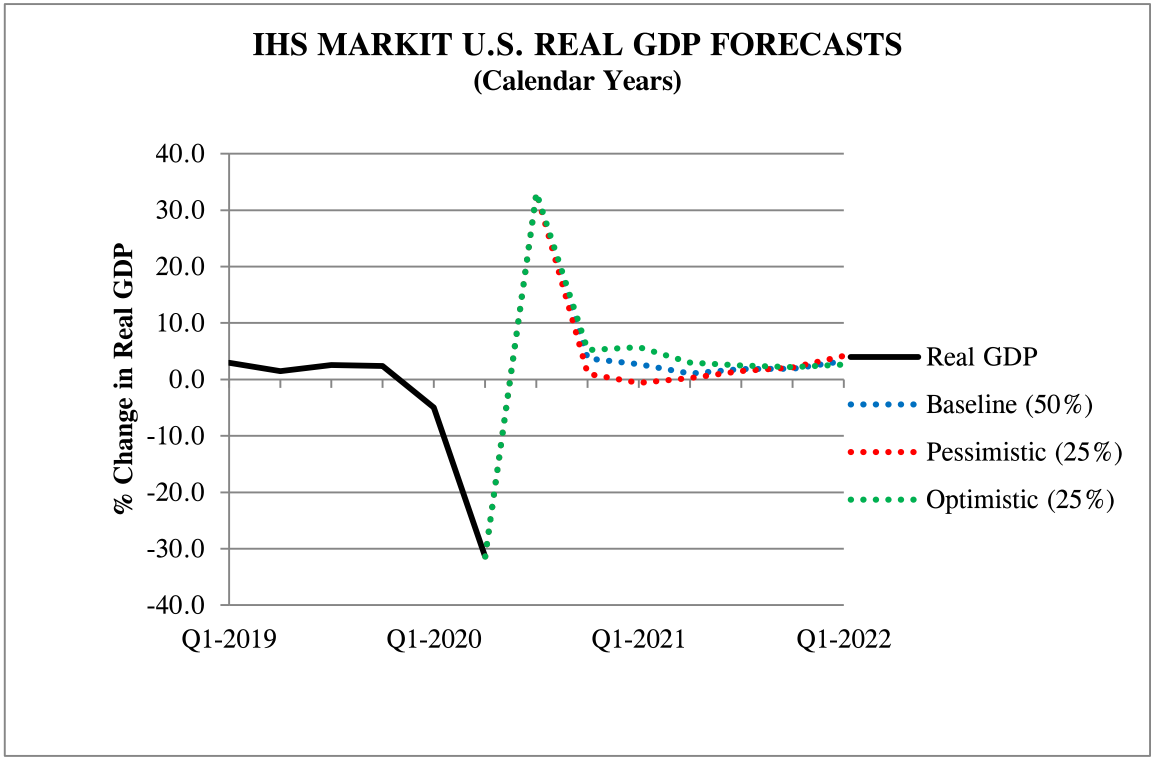
Source: Consensus Economics, October 2020

U.S. REAL GDP FORECAST SCENARIOS

- The **BASELINE** shows the most likely scenario with a 50% chance of occurrence. GDP contracts 3.6% in 2020 as growth in the fourth quarter slows to a 3.7% rate in the absence of fiscal stimulus. Growth rebounds 3.1% in 2021 and 2.5% in 2022. GDP crosses previous peak level in early 2022.

- A more **PESSIMISTIC** scenario with a 25% probability has GDP falling 3.7% in 2020 as the recovery stalls in the fourth quarter. GDP grows 1.6% in 2021 and 2.9% in 2022. GDP crosses previous peak level in mid-2022.

- A final 25% likely **OPTIMISTIC** scenario has a quick rebound with strong growth over the next three quarters. GDP contracts 3.5% in 2020 as fourth quarter GDP growth scores a 5.2% rate. Growth rebounds 4.6% in 2021 and 2.5% in 2022. GDP crosses previous peak level in mid-2021.



IHS MARKIT – NOVEMBER 2020

IHS MARKIT U.S. ECONOMIC FORECAST SCENARIOS
NOVEMBER 2020*

	Baseline (50%)	Pessimistic (25%)	Optimistic (25%)
GDP Growth	GDP contracts 3.6% in 2020 as growth in the fourth quarter slows to a 3.7% rate in the absence of fiscal stimulus. Growth rebounds 3.1% in 2021 and 2.5% in 2022. GDP crosses previous peak level in early 2022	GDP falls 3.7% in 2020 as the recovery stalls in the fourth quarter. GDP grows 1.6% in 2021 and 2.9% in 2022. GDP crosses previous peak level in mid-2022	GDP contracts 3.5% in 2020 as fourth-quarter GDP growth scores a 5.2% rate. Growth rebounds 4.6% in 2021 and 2.5% in 2022. GDP crosses previous peak level in mid-2021
Consumer Spending	Spending falls 3.9% in 2020 before bouncing back 3.6% in 2021 and 2.2% in 2022	Spending plunges 4.1% in 2020 before bouncing back 2.0% in 2021 and 2.4% in 2022	Falls 3.8% in 2020 and rises 5.2% in 2021 and 2.1% in 2022
Business Fixed Investment	Falls 4.8% in 2020. Recovers 1.9% in 2021 and grows 3.4% in 2022	Plummets 5.0% in 2020, then rises 1.3% in 2021 and 4.0% in 2022	Drops 4.7% in 2020, then increases by 4.8% in 2021 and 3.9% in 2022
Monetary Policy	Fed keeps the federal funds rate at the zero bound through late 2026; aggressive "quantitative easing" and liquidity enhancement measures	Fed keeps the federal funds rate at the zero bound through 2029; aggressive "quantitative easing" and liquidity enhancement measures	Fed keeps the federal funds rate at the zero bound until early 2024; aggressive "quantitative easing" and liquidity enhancement measures
Consumer Confidence	Recovers strongly in 2020 Q4, continuing to climb gradually through 2023	Remains below the baseline over the entire forecast interval	Outperforms baseline over the entire forecast interval
Inflation (PCE)	Core personal consumption (PCE) price inflation is 1.4% in 2020, 1.9% in 2021, and 2.0% in 2022	Core personal consumption (PCE) price inflation is 1.4% in 2020 and 2021; slows to 0.9% in 2022	Core personal consumption (PCE) price inflation is 1.4% in 2020 and accelerates to 2.1% in 2021 and 2.3% in 2022

*Annual percent changes are fourth-quarter over fourth-quarter.

IHS Markit

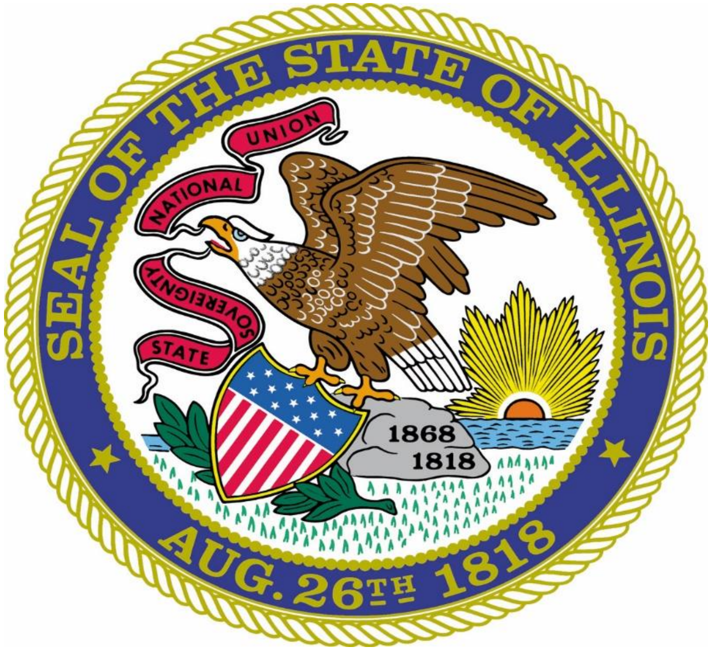
U.S. FORECASTS -- NOVEMBER 2020

(Percent Change of Real 2012 $ on Calendar Year Basis, Q4/Q4 for Annual Rates)

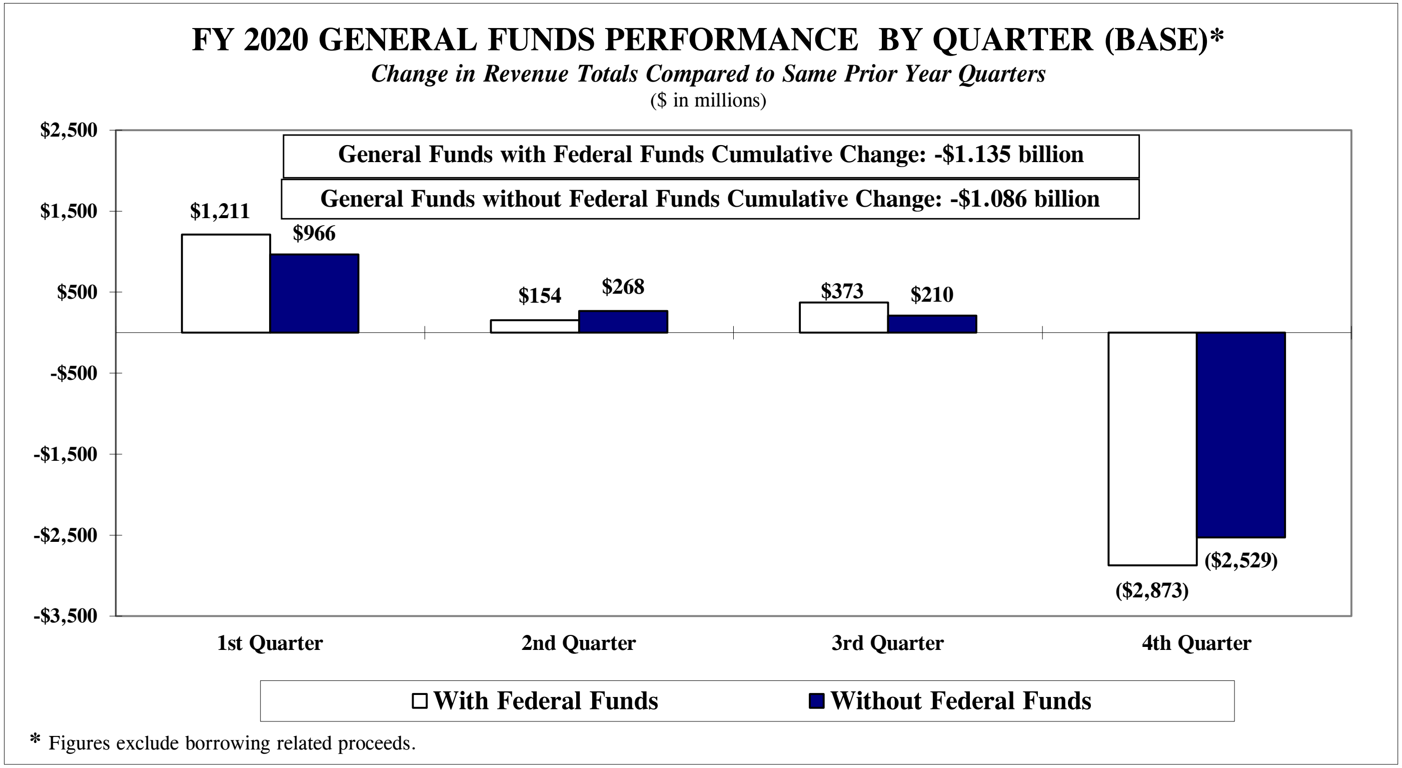
	2019	2020			2021		
	Actual	Pessimistic	Baseline	Optimistic	Pessimistic	Baseline	Optimistic
Gross Domestic Product	2.3%	-3.2%	-2.6%	-2.2%	0.8%	1.9%	3.3%
Personal Consumption	2.5%	-3.3%	-2.5%	-2.1%	1.1%	2.1%	3.5%
Durable	5.7%	8.7%	11.5%	12.2%	-2.4%	-1.6%	0.3%
Nondurable	2.7%	2.3%	3.0%	3.4%	1.0%	-0.2%	1.0%
Services	1.9%	-6.8%	-6.2%	-5.9%	1.7%	3.4%	4.9%
Fixed Investment (Nonresidential)	1.4%	-4.7%	-4.2%	-3.5%	1.0%	1.6%	4.7%
Exports	0.4%	-13.4%	-12.7%	-12.7%	7.5%	9.6%	10.3%
Imports	-1.9%	-5.4%	-5.0%	-4.8%	-1.0%	5.1%	8.2%
Government							
Federal	4.8%	1.8%	1.8%	1.8%	1.0%	0.6%	0.9%
State & Local	1.9%	-2.7%	-2.7%	-2.7%	0.0%	0.8%	0.8%
OTHER MEASURES							
Personal Consumption (Current $)	4.0%	-2.1%	-1.2%	-0.9%	2.2%	4.2%	6.0%
Before Tax Profits (Current $)	4.7%	-13.7%	-11.4%	-9.2%	-9.1%	-4.3%	-1.2%
Unemployment Rate (Average Q4)	3.5%	7.0%	6.8%	6.8%	6.0%	5.4%	4.5%

IHS Markit

GENERAL FUNDS REVENUE



FY 2020 REVENUE RECAP



Excluding proceeds from the Treasurer's Investment program as well as interfund and short-term borrowing, FY 2020 base general funds revenues ended $1.135 billion below the previous year's levels. Through the first three-fourths of the fiscal year, revenues had performed quite well. That all changed in the final quarter as economic and subsequent revenue impacts related to COVID-19 abruptly manifested. In addition, receipt timing related to income tax deadline changes also factored into the year-over-year revenue loss.

FY 2020 REVENUE ESTIMATES vs. ACTUALS

The table compares the last official estimates of both CGFA and GOMB/IDoR that were presented during the early stages of the COVID-19 crisis [April/May]. In an attempt to reflect the uncertainty of economic conditions, subsequent tax receipt implications, and policy decisions at both state and federal levels, both agencies adjusted their previous respective forecasts for FY 2020 down approximately $2.2 billion.

As shown, excluding borrowing related items, the Commission's revised estimate was only $125 million, or three-tenths of a percent below FY 2020 actuals. The GOMB/IDoR revision was nearly as accurate, with a differential from actuals of $218 million, or six-tenths of a percent.

FY 2020 REVENUE ACTUALS VS. CGFA & IDOR/GOMB ESTIMATES
($ millions)

Revenue Sources	ACTUAL FY 2020	CGFA EST. May-20 FY 2020	DIFFERENCE ACTUALS FROM ESTIMATE	IDOR/ GOMB EST. April-20 FY 2020	DIFFERENCE ACTUALS FROM ESTIMATE
State Taxes					
Personal Income Tax	$21,657	$21,484	$173	$21,220	$437
Corporate Income Tax (regular)	$2,596	$2,633	($37)	$2,732	($136)
Sales Taxes	$8,691	$8,475	$216	$8,407	$284
Public Utility (regular)	$831	$838	($7)	$846	($15)
Cigarette Tax	$267	$272	($5)	$263	$4
Liquor Gallonage Taxes	$177	$175	$2	$174	$3
Vehicle Use Tax	$26	$27	($1)	$30	($4)
Inheritance Tax	$283	$280	$3	$295	($12)
Insurance Taxes & Fees	$361	$400	($39)	$380	($19)
Corporate Franchise Tax & Fees	$210	$225	($15)	$237	($27)
Interest on State Funds & Investments	$137	$145	($8)	$155	($18)
Cook County Intergovernmental Transfer	$244	$244	$0	$244	$0
Other Sources	$725	$800	($75)	$833	($108)
Subtotal	**$36,205**	**$35,998**	**$207**	**$35,816**	**$389**
Transfers					
Lottery	$630	$550	$80	$550	$80
Riverboat transfers & receipts	$195	$195	$0	$204	($9)
Proceeds from sale of 10th license	$10	$10	$0	$10	$0
Refund Fund transfer	$617	$617	$0	$617	$0
Other	$989	$1,045	($56)	$1,100	($111)
Total State Sources	**$38,646**	**$38,415**	**$231**	**$38,297**	**$349**
Federal Sources	**$3,551**	**$3,613**	**($62)**	**$3,613**	**($62)**
Total Federal & State Sources	**$42,197**	**$42,028**	**$169**	**$41,910**	**$287**
Nongeneral Funds Distribution:					
Refund Fund					
Personal Income Tax	($2,058)	($2,041)	($17)	($2,016)	($42)
Corporate Income Tax	($370)	($375)	$5	($389)	$19
LGDF--Direct from PIT	($1,128)	($1,119)	($9)	($1,106)	($22)
LGDF--Direct from CIT	($145)	($147)	$2	($153)	$8
Downstate Pub/Trans--Direct from Sales	($436)	($411)	($25)	($404)	($32)
Subtotal General Funds	**$38,060**	**$37,935**	**$125**	**$37,842**	**$218**
Interfund Borrowing	**$462**	**$462**	**$0**	**$473**	**($11)**
Treasurer's Investment Borrowing	**$400**	**$400**	**$0**	**$400**	**$0**
Short Term Borrowing	**$1,198**	**$1,200**	**($2)**	**$1,200**	**($2)**
Total General Funds	**$40,120**	**$39,997**	**$123**	**$39,915**	**$205**

ENACTED FY 2021 BUDGET PLAN [MAY 2020]

GENERAL FUNDS - BUDGET PLAN FY 2021 Expenditures, Revenues/Resources, and Resulting Estimated Surplus {Amounts per Legislative Staffs and GOMB} *$ in millions*	
Revenues/Resources	
Revenue Source	**FY 2021 Estimate [May-2020]**
Personal Income Taxes (Net):	$18,352
Corporate Income Taxes (Net):	$2,122
Sales Tax (Net):	$7,453
All Other State Sources:	$3,252
Transfers In:	$1,558
Federal Sources:	$3,684
Interfund Borrowing:	$300
Federal Stabilization/Municipal Liquidity Facility	$5,000
P.A. 101-8 Revenues/Section 7.6 GO Bond Borrowing	$1,274
Total Revenues:	**$42,995**
Expenditures	
Purpose	**FY 2021 Amount**
K-12 Education:	$8,896
Higher Education:	$1,943
Pensions:	$8,624
Human Services:	$7,077
Healthcare:	$8,014
Group Insurance:	$1,922
Government Services:	$1,570
Public Safety:	$1,910
Economic Development:	$81
Environment and Culture:	$61
Debt Service:	$1,709
Short Term Borrowing/Treasurer Borrowing Repay	$1,738
Statutory Transfers Out:	$425
Lapsed Appropriations:	-$1,062
Subtotal	**$42,908**
Fiscal Year Estimated "Surplus":	**$87**

GRF REVENUE ASSUMPTIONS per ENACTED BUDGET

The accompanying table displays the revenue projections totaling $42.995 billion utilized during final passage of the enacted FY 2021 budget [May-20]. At that time, base revenue projections of $36.421 billion were augmented by an additional $6.574 billion from other key revenue assumptions.

Projections of the major State source revenues including large economic areas such as income and sales taxes utilized updated GOMB and CGFA forecasts provided in April/May, at the height of COVID-19 economic uncertainty. Outlooks were adjusted to account for the major disruption the virus was expected to have on employment, profits, and consumer spending. At that time, the underpinnings of the estimates of the major economic related sources could be best characterized as falling toward the conservative end of forecasted scenarios. In addition:

- The budget assumed $300 million from interfund borrowing and/or fund reallocations.
- Per P.A. 101-0630, the enacted budget also assumed borrowing up to $5 billion [outstanding at one-time] from the Federal Reserve Municipal Liquidity Facility [MLF] per Section 13(3) of the Federal Reserve Act. Illinois sold $1.2 billion of G.O. Certificates to the MLF in June 2020, which are scheduled to be paid back by June 2021. [see page 32]

A key inclusion in the enacted budget was $1.274 billion in assumed proceeds from the passage of SJRCA 1 [the graduated income tax] with a presumption of potentially utilizing Section 7.6 borrowing [Income Tax Proceed Bonds] should the amendment fail.

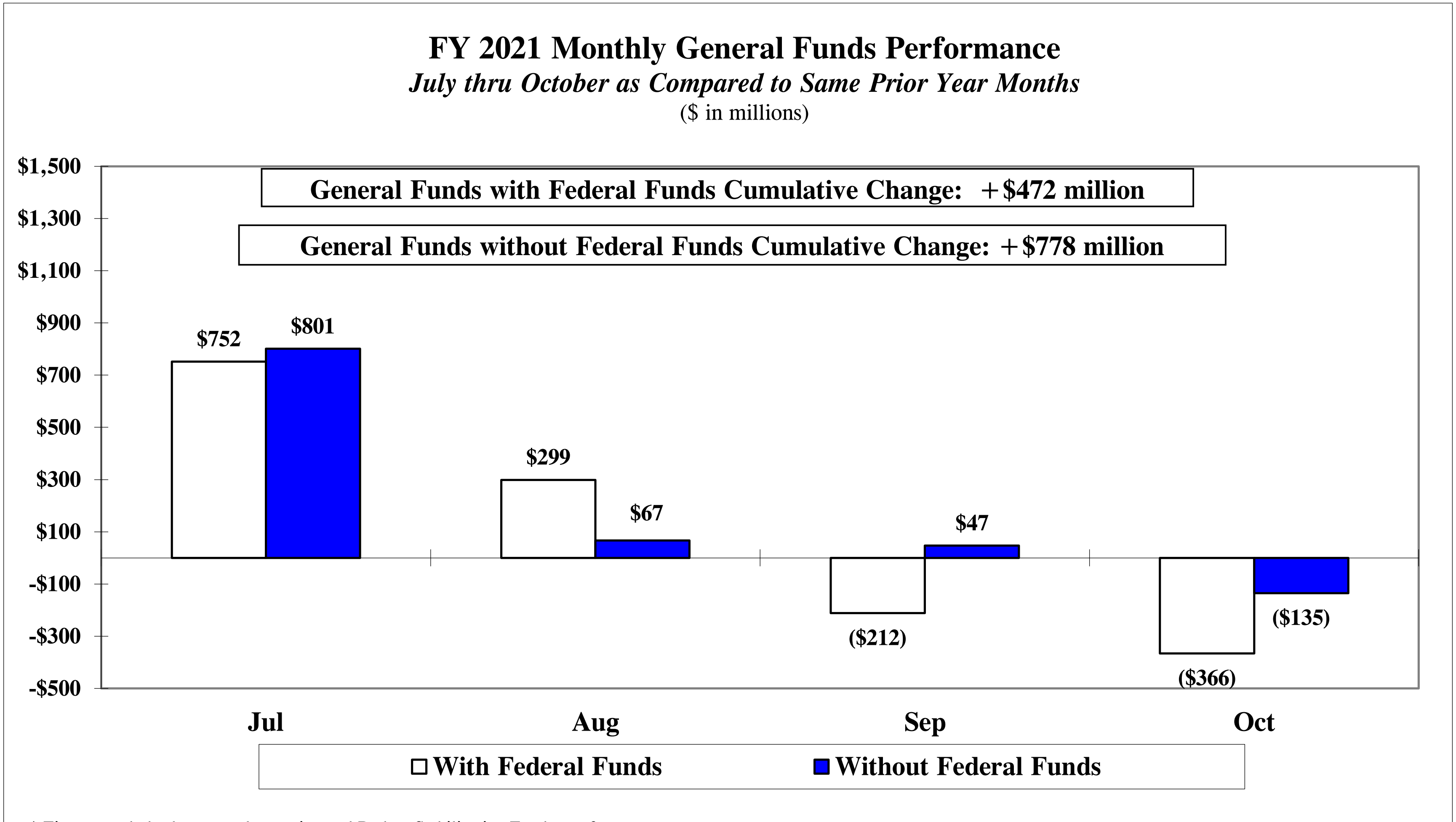
FY 2021 GENERAL FUNDS REVENUE
REVENUE ASSUMPTIONS
[Amounts per GOMB and Legislative Staffs]
($ millions)

Revenue Sources	FY 2021 Final Budget Assumptions
State Taxes	
Personal Income Tax	$21,468
Corporate Income Tax (regular)	$2,649
Sales Taxes	$7,819
Public Utility (regular)	$828
Cigarette Tax	$257
Liquor Gallonage Taxes	$176
Vehicle Use Tax	$30
Inheritance Tax	$310
Insurance Taxes & Fees	$400
Corporate Franchise Tax & Fees	$217
Interest on State Funds & Investments	$170
Cook County Intergovernmental Transfer	$244
Other Sources	$610
Subtotal	**$35,178**
Transfers	
Lottery	$636
Riverboat transfers and receipts	$103
Proceeds from sale of 10th license	$10
Refund Fund	$0
Other	$819
Total State Sources	**$36,746**
Federal Sources [Base]	**$3,684**
Subtotal Federal & State Sources	**$40,430**
Nongeneral Funds Distribution:	
Refund Fund	
Personal Income Tax [9% '21]	($1,932)
Corporate Income Tax [14% '21]	($371)
Local Government Distributive Fund	
Personal Income Tax	($1,184)
Corporate Income Tax	($156)
Sales Tax Distribution to the PTF and DPTF	($366)
Subtotal General Funds	**$36,421**
Interfund Borrowing/Fund Reallocations	$300
Federal Stabilization/Municipal Liquidity Facility	$5,000
P.A. 101-8 Revenues [Graduated Income Tax if SJRCA 1 is adopted]	$1,274
Total Revenues General Funds	**$42,995**

The Federal Reserve Municipal Liquidity Facility (MLF)

- The Municipal Liquidity Facility is established under Section 13(3) of the Federal Reserve Act, with approval of the Treasury Secretary, under the Coronavirus Aid, Relief, and Economic Security Act introduced in March 2020. The MLF may buy up to $500 billion in debt from state and local governments affected by the COVID-19 pandemic.
- The MLF would allow Illinois to borrow a total of $9.677 billion, through December 31, 2020, with up to a 3-year maturity, through negotiated or competitive sale.
- Illinois passed Public Act 101-0630 which created the Coronavirus Urgent Remediation Emergency (CURE) Borrowing Act, allowing the State to borrow from Federal programs related to COVID-19 in an amount up to $5 billion outstanding at one time, with a 10-year maturity, through negotiated (in FY 2020 & FY 2021) or competitive sale.
- Illinois sold $1.2 billion of G.O. Certificates to the MLF in June 2020 in a negotiated sale, to be paid back by June 2021.

FY 2021 GENERAL FUNDS REVENUE PERFORMANCE TO DATE



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

REVENUES YEAR TO DATE [THRU OCTOBER]

Despite the pandemic and continued economic uncertainty it has caused, through the first one-third of FY 2021, base receipts are up $472 million. The growth reflects the surge in July income tax receipts related to the filing deadline extension. Through October, combined net income tax receipts are up by $1.545 billion. While net sales taxes are up only $54 million, that modest yet surprising gain serves to demonstrate the consumer's recovery efforts from COVID-19 driven economic disruptions.

All of the other revenue sources combined have declined a net $111 million, principally due to the one-time court settlement proceeds receipted last fiscal year. Overall transfers are off considerably, down $710 million, reflecting the significantly lower Income Tax Refund transfer levels as well as other miscellaneous transfers. With another poor showing in October, federal sources are now down $306 million year to date.

GENERAL FUNDS RECEIPTS: YEAR TO DATE

FY 2021 vs. FY 2020

($ million)

Revenue Sources	FY 2021	FY 2020	$ CHANGE	% CHANGE
State Taxes				
Personal Income Tax	$8,009	$6,604	$1,405	21.3%
Corporate Income Tax (regular)	1,220	806	$414	51.4%
Sales Taxes	3,083	3,035	$48	1.6%
Public Utility Taxes (regular)	222	265	($43)	-16.2%
Cigarette Tax	100	85	$15	17.6%
Liquor Gallonage Taxes	62	62	$0	0.0%
Vehicle Use Tax	14	10	$4	40.0%
Inheritance Tax	153	85	$68	80.0%
Insurance Taxes and Fees	187	110	$77	70.0%
Corporate Franchise Tax & Fees	116	84	$32	38.1%
Interest on State Funds & Investments	34	66	($32)	-48.5%
Cook County IGT	0	0	$0	N/A
Other Sources	72	304	($232)	-76.3%
Subtotal	$13,272	$11,516	$1,756	15.2%
Transfers				
Lottery	250	174	$76	43.7%
Riverboat transfers & receipts	0	96	($96)	-100.0%
Proceeds from Sale of 10th license	0	0	$0	N/A
Refund Fund transfer	281	617	($336)	-54.5%
Other	151	505	($354)	-70.1%
Total State Sources	$13,954	$12,908	$1,046	8.1%
Federal Sources	$806	$1,112	($306)	-27.5%
Total Federal & State Sources	$14,760	$14,020	$740	5.3%
Nongeneral Funds Distributions/Direct Receipts:				
Refund Fund				
Personal Income Tax	($721)	($628)	($93)	14.8%
Corporate Income Tax	($171)	(115)	($56)	48.7%
LGDF--Direct from PIT	($442)	(344)	($98)	28.5%
LGDF--Direct from CIT	($72)	(45)	($27)	60.0%
Downstate Pub/Trans--Direct from Sales	($67)	(73)	$6	-8.2%
Subtotal General Funds	$13,287	$12,815	$472	3.7%
Treasurer's Investments	$0	$400	($400)	N/A
Interfund Borrowing	$0	$0	$0	N/A
Short Term Borrowing	$0	$0	$0	N/A
Total General Funds	$13,287	$13,215	$72	0.5%

CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding 12-Nov-20

FY 2021 REVENUE OBSERVATIONS AND UPDATED OUTLOOK

As mentioned, when FY 2021 revenue projections were updated in April/May, the State and the entire country were in significant mitigation protocols and economic apprehension was at record highs. While a heightened level of uncertainty compared to normal still exists, most economic measures such as GDP, employment, corporate profits, and consumer spending have substantially out-performed earlier expectations. As discussed below, those improvements have also manifested in considerably better performance of the larger economic-related sources such as income and sales taxes.

- Through October, gross personal income tax is up by approximately $1.4 billion, or $1.2 billion on a net basis. Of course, virtually all of that increase is related to the delayed final payment deadline that had the effect of boosting early FY 2021 receipts [with an accompanying decrease in prior FY 2020 performance]. That said, accounting for this timing anomaly related to final payments, personal income taxes have performed significantly better than expected in the spring. There are a number of reasons for the better-than-expected performance: enhanced unemployment benefits served to support withholding taxes off of what could have been much lower levels; employment levels quickly improving off of initial lows related to the virus' impact; and, ability of individual and companies to quickly adapt to working from home protocols.

- Similarly, corporate income taxes have also been able to out-pace earlier expectations. While gross receipts are up $414 million, or $331 million above last year, most of those gains are similarly due to the final payment deadline being extended to early FY 2021. However, even accounting for that timing issue, subsequent months of actual receipts have been able to post gains—a welcomed surprise given earlier expectations.

- Perhaps the most impressive, is the speed in which the consumer and related sales tax receipts were able to recover from the disastrous spring months, a time when much of the economy was shuttered. Gross sales receipts fell near 20% in April, and over 23% in May, before improving to a lesser falloff of 10.5% in June. Gross sales tax receipts suffered minor declines in July and August before recovering to post gains over pre-COVID months with increases of 4.5% in September and 5.9% in October. As a result, the year to date performance of 1.6% growth in gross sales is very impressive and illustrates the consumer's ability to adapt, which bodes well as we continue to head into still uncharted territory.

- The enacted FY 2021 budget did not assume any transfers from the Income Tax Refund Fund, presumably due to the complications related to the delayed final payment deadline. However, after those delayed final payments were processed, and taking into account refund demand, the Department of Revenue was able to direct $281 million in refund transfers to the general funds in September.

FY 2021 REVENUE OBSERVATIONS AND UPDATED OUTLOOK *(continued)*

- The FY 2021 budget assumed only $103 million in riverboat gaming fund transfers, far below the $195 million transferred in the previous year. A reduction was expected due to: reduced gaming activity related to mitigation efforts; increased administrative costs associated with casino gaming expansion; and the imposition of a lower effective tax rate structure. However, with no gaming transfers to the general funds to date, and none anticipated per updated GOMB expectations, those planned for gaming transfers are being removed from the FY 2021 revenue outlook at this time.

- Federal sources are once again exhibiting their usual monthly volatility. Through October, federal sources are down over $300 million, or nearly 28% from previous year's levels. Since the vast majority of federal sources is contingent on reimbursable Medicaid spending, receipts are mostly reliant on efforts at the Comptroller's Office to pay those vouchers. Obviously, the State's ability to manage cashflow is made more difficult with uncertainties related to the overall budget outlook now that the outcome of SJRCA 1 is known. In order to reach the enacted federal source estimate, receipts would have to quickly reverse course and grow nearly 18% over the remainder of the year. Even with anticipated enhanced federal Medicaid match per federal emergency actions, and reimbursements from other state COVID spending, that abrupt about-face may prove difficult absent an infusion of resources which could be directed towards reimbursable spending.

- The enacted budget assumed $300 million in resources made available via interfund borrowing and/or fund reallocations. Early in the new fiscal year, the GOMB had already cut that assumption to $150 million. It's unclear if even that reduced level of funds will be available to borrow. Continued inclusion of that assumption adds some risk, and expectations could be further tempered.

- As discussed earlier, the FY 2021 budget assumed up to $5 billion in resources made available via the Municipal Liquidity Facility [MLF]. With a current December 31st deadline for utilization, efforts to again utilize the MLF [$1.2 billion tapped in June] would have to begin in the near future. [However, it would not be at all surprising if the application deadline for MLF was extended].

- As the result of the vote on the Constitutional Amendment, $1.274 billion of associated income tax receipts must be removed from the FY 2021 picture. At time of enactment, the budget plan did reference Section 7.6 Borrowing Backup [Income Tax Proceed Bonds] as a potential replacement should the amendment fail. At this time it's unclear what budgetary action[s] will take place as a result of the amendment's outcome.

PERFORMANCE TO DATE SUPPORTS CAUTIOUS UPWARD $2.3b REVISION TO FY 2021 BASE REVENUES—BUT REMOVAL OF $6.1b IN OTHER REVENUE ASSUMPTIONS CREATES OVERALL $4.1b FALLOFF FROM ENACTED BUDGET

As shown, taking into account the aforementioned actual revenue performance through October, while still retaining a decidedly conservative view over the remainder of the fiscal year, the Commission's updated outlook of "base" FY 2021 general funds revenues represents an increase of $2.308 billion over the enacted budget. However, those gains have been significantly tempered by a corresponding reduction of $150 million in assumed interfund borrowing, uncertainty of $5 billion from Federal Stabilization/MLF actions, and the removal of $1.274 billion from assumed graduated income tax proceeds per the outcome of SJRCA 1. In total, the updated outlook of $38.879 billion represents a decline of $4.116 billion million from May 2020 enacted levels. Brief comments on the updated outlook are as follows:

FY 2021 General Funds Revenue Estimates
Enacted Budget May-20 vs CGFA Update Nov-20

($ millions)	Enacted May-20	CGFA Nov-20	Difference
Income Taxes [Net]	**$20,474**	**$21,924**	**$1,450**
Sales Tax [Net]	**$7,453**	**$8,183**	**$730**
All Other State Sources	**$3,242**	**$3,192**	**($50)**
Transfers In	**$1,568**	**$1,746**	**$178**
Federal Sources	**$3,684**	**$3,684**	**$0**
Base General Funds	**$36,421**	**$38,729**	**$2,308**
Interfund Borrowing/Fund Reallocations	**$300**	**$150**	**($150)**
Federal Stabilization/Municipal Liquidity Facility	**$5,000**	**$0**	**($5,000)**
P.A 101-8 Net Income Taxes [SJRCA 1]	**$1,274**	**$0**	**($1,274)**
Total General Funds Revenues	**$42,995**	**$38,879**	**($4,116)**

- The overall net increase of income tax receipts for FY 2021 has been revised up $1.45 billion which reflects an upgraded view of $1.2 billion from net personal income tax receipts, and $250 million in net corporate income tax revenue over enacted budget assumptions. While a significant increase over initial enacted budget assumptions, the updated forecast is positioned to accommodate a substantial slowing of income tax receipts.

- Similarly, the improved $730 million view of sales tax receipts reflects the much better than anticipated performance over the first third of the fiscal year, but still reflects a conservative outlook over the remainder and could accommodate substantial slowing should additional state-wide COVID mitigation efforts be necessary.

REVISIONS TO ESTIMATE *(continued)*

- The estimates of all other state sources are revised down a net $50 million from enacted budget assumptions.
- Transfers into the general funds are revised up a net $178 million, which reflects the unscheduled Income Tax Refund Fund transfer of $281 million, which is partially offset by the assumed lack of any meaningful gaming transfers in FY 2021 [a value of $103 million less than the enacted budget assumed].
- Federal sources have underperformed relative to expectations over the first third of the fiscal year. While the estimate is not undergoing adjustment at this time, substantial improvement must be shown over the remainder of the year for the estimate to be met.
- The enacted budget assumed $300 million from interfund transfers. Early in the fiscal year, the GOMB reduced that expectation to $150 million. While the Commission will, for now, include $150 million in its estimate, even that assumption could come under pressure should interfund transfer activity remain absent.
- For now, lack of activity related to Federal Stabilization efforts and/or further MLF borrowing action warrants removal of $5 billion of related expectations which were assumed at time of budget passage. Of course, actions at the Federal level as well as GOMB initiated borrowing will dictate future updates.
- With the failure of SJRCA 1 to garner enough support, the $1.274 billion that was included in the budget assumptions must be removed. It is unclear at this time if the Administration will utilize Section 7.6 borrowing as a back-up [Income Tax Proceeds Bonds].

FY 2021 General Funds Revenue Estimates
Enacted Budget May-20 vs CGFA Update Nov-20
(millions)

Revenue Sources	FY 2021 Enacted Budget May-20	FY 2021 CGFA Update Nov-20	$ Difference
State Taxes			
Personal Income Tax	$21,468	$22,872	$1,404
Corporate Income Tax (regular)	$2,649	$2,961	$312
Sales Taxes	$7,819	$8,618	$799
Public Utility (regular)	$828	$796	($32)
Cigarette Tax	$257	$271	$14
Liquor Gallonage Taxes	$176	$178	$2
Vehicle Use Tax	$30	$33	$3
Inheritance Tax	$310	$330	$20
Insurance Taxes & Fees	$400	$440	$40
Corporate Franchise Tax & Fees	$217	$237	$20
Interest on State Funds & Investments	$170	$80	($90)
Cook County Intergovernmental Transfer	$244	$244	$0
Other Sources	$610	$583	($27)
Subtotal	**$35,178**	**$37,643**	**$2,465**
Transfers			
Lottery	$636	$686	$50
Riverboat transfers and receipts	$103	$0	($103)
Proceeds from sale of 10th license	$10	$10	$0
Refund Fund	$0	$281	$281
Other	$819	$769	($50)
Total State Sources	**$36,746**	**$39,389**	**$2,643**
Federal Sources [Base]	**$3,684**	**$3,684**	**$0**
Subtotal Federal & State Sources	**$40,430**	**$43,073**	**$2,643**
Nongeneral Funds Distribution:			
Refund Fund			
Personal Income Tax [9% '21]	($1,932)	($2,058)	($126)
Corporate Income Tax [14% '21]	($371)	($415)	($44)
Local Government Distributive Fund			
Personal Income Tax	($1,184)	($1,261)	($77)
Corporate Income Tax	($156)	($175)	($19)
Sales Tax Distribution to the PTF and DPTF	($366)	($435)	($69)
Base General Funds	**$36,421**	**$38,729**	**$2,308**
Interfund Borrowing/Fund Reallocations	$300	$150	($150)
Federal Stabilization/Municipal Liquidity Facility	$5,000	$0	($5,000)
P.A. 101-8 Net Income Taxes [SJRCA 1]	$1,274	$0	($1,274)
Total General Funds Revenues	**$42,995**	**$38,879**	**($4,116)**

UPDATED FY 2021 REVENUE ESTIMATE COMPARISON – CGFA AND GOMB

The below table summarizes the differences between the Commission's revised forecast and that of the GOMB that was also released in November. Both agencies have made revisions to their respective earlier forecasts that include actual receipt performance over the first third of the fiscal year, as well as removing assumed revenues related to the outcome of the graduated income tax initiative. As of now, the estimates also remove earlier budgeted assumptions related to Federal Stabilization and/or MLF borrowing plans. Federal action and/or decisions at the GOMB would dictate further revisions should these items warrant.

Revised FY 2021 General Funds Revenue Estimates [Nov-20]
CGFA vs GOMB

($ millions)	CGFA	GOMB	Difference
Income Taxes [Net]	**$21,924**	**$21,866**	**$58**
Sales Tax [Net]	**$8,183**	**$8,210**	**($27)**
All Other State Sources	**$3,192**	**$3,313**	**($121)**
Transfers In	**$1,746**	**$1,713**	**$33**
Federal Sources	**$3,684**	**$3,909**	**($225)**
Base General Funds	**$38,729**	**$39,011**	**($282)**
Interfund Borrowing/Fund Reallocations	**$150**	**$150**	**$0**
Federal Stabilization/Municipal Liquidity Facility	**$0**	**$0**	**$0**
P.A 101-8 Net Income Taxes [SJRCA 1]	**$0**	**$0**	**$0**
Total General Funds Revenues	**$38,879**	**$39,161**	**($282)**

As shown, after incorporating the revised outlooks, the Commission's "base" as well as overall revenue estimate for FY 2021 is $282 million below the updated GOMB forecast.

A brief discussion of the differences are as follows:

- Both agencies have dramatically upgraded the view related to income taxes, as actual receipts have well exceeded earlier expectations. While substantial upward revisions have been made since budget enactment, both forecasts should still be considered very conservative, and could accommodate substantial slowing over the remainder of the fiscal year. That said, the Commission's overall net estimates of income taxes is $58 million higher than the revised GOMB forecast.
- Similarly, the estimates of sales taxes have undergone upward revisions since budget enactment. While the Commission's forecast is $27 million lower than the GOMB, both outlooks are viewed through a conservative lens and are able to accommodate substantial uncertainty related to mitigation efforts.
- All other state sources are separated by $121 million, with the Commission being lower overall. The Commission's estimate of lower public utility taxes and interest earnings estimates likely account for most of the differential [full details of the GOMB's November revision are not yet available].
- The Commission is $33 million higher in its estimate of transfers into the general funds. Since both agencies have adopted the view that no gaming funds will be transferred in FY 2021, the differential is due to slightly highter expectations of all of the other miscellaneous transfers into the general funds.
- While the GOMB chose to raise their federal source estimate $225 million during their November revision, due to disappointing year-to-date performance and required significant improvement needed just to meet the enacted budget level, the Commission has elected to retain the prior federal source estimate until actual receipt performance demonstrates marked improvement.
- At this time, both forecasts assume $150 million in interfund borrowing will occur in FY 2021. However, it should be mentioned that it may prove difficult to identify available funds required to meet that level.
- The updated comparisons remove the initial assumptions related to $5 billion from Federal Stabilization/MLF actions as well as $1.274 billion from failure to pass the graduated income tax initiative. Should federal government and/or GOMB backfill borrowing actions warrant, those values would have to be revisited.

GENERAL FUNDS REVENUE HISTORY

DETAILED GENERAL FUNDS REVENUE HISTORY FY 2012 - FY 2020 [Estimated FY 2021] ($ millions)

Revenue Sources	Actual Receipts FY 2012	Actual Receipts FY 2013	Actual Receipts FY 2014	Actual Receipts FY 2015	Actual Receipts FY 2016	Actual Receipts FY 2017	Actual Receipts FY 2018	Actual Receipts FY 2019	Actual Receipts FY 2020	Estimated Receipts [Nov-20} FY 2021
State Taxes										
Personal Income Tax	$17,000	$18,323	$18,388	$17,682	$15,299	$15,385	$20,784	$22,604	$21,657	$22,872
Corporate Income Tax (regular)	2,983	3,679	3,640	3,129	2,334	1,610	2,607	3,026	2,596	2,961
Sales Taxes	7,226	7,355	7,676	8,030	8,063	8,043	8,256	8,897	8,691	8,618
Public Utility Taxes (regular)	995	1,033	1,013	1,006	926	884	896	863	831	796
Cigarette Tax	354	353	353	353	353	353	344	361	267	271
Liquor Gallonage Taxes	164	165	165	167	170	171	172	172	177	178
Vehicle Use Tax	29	27	29	32	30	30	28	31	26	33
Inheritance Tax (Gross)	235	293	276	333	306	261	358	388	283	330
Insurance Taxes and Fees	345	334	333	353	398	391	432	396	361	440
Corporate Franchise Tax & Fees	192	205	203	211	207	207	207	247	210	237
Interest on State Funds & Investments	21	20	20	24	24	36	79	145	137	80
Cook County Intergovernmental Transfer	244	244	244	244	244	244	244	244	244	244
Other Sources	399	462	585	693	534	685	641	669	725	583
Subtotal	**$30,187**	**$32,493**	**$32,925**	**$32,257**	**$28,888**	**$28,300**	**$35,048**	**$38,043**	**$36,205**	**$37,643**
Transfers										
Lottery	640	656	668	679	677	720	719	731	630	686
Gaming Fund Transfer [and related]	413	360	331	302	287	280	282	279	205	10
Other	885	688	1,113	2,012	627	552	1,186	1,035	1,606	1,050
Total State Sources	**$32,125**	**$34,197**	**$35,037**	**$35,250**	**$30,479**	**$29,852**	**$37,235**	**$40,088**	**$38,646**	**$39,389**
Federal Sources	**$3,682**	**$4,154**	**$3,903**	**$3,330**	**$2,665**	**$2,483**	**$5,238**	**$3,600**	**$3,551**	**$3,684**
Total Federal & State Sources	**$35,807**	**$38,351**	**$38,940**	**$38,580**	**$33,144**	**$32,335**	**$42,473**	**$43,688**	**$42,197**	**$43,073**
Nongeneral Funds Distribution:										
Refund Funds/Direct Deposits										
Personal Income Tax Refund Fund	($1,488)	($1,785)	($1,746)	($1,769)	($1,493)	($1,724)	($2,037)	($2,193)	($2,058)	($2,058)
Corporate Income Tax Refund Fund	(522)	(502)	(476)	(439)	(362)	(278)	(457)	(470)	(370)	(415)
Fund for Advancement of Education	0	0	0	(242)	(458)	(464)	0	0	0	0
Commitment to Human Services Fund	0	0	0	(242)	(458)	(464)	0	0	0	0
LGDF--Direct from PIT	0	0	0	0	0	0	(1,022)	(1,175)	(1,128)	(1,261)
LGDF--Direct from CIT	0	0	0	0	0	0	(133)	(167)	(145)	(175)
Downstate Pub/Trans--Direct from Sales	0	0	0	0	0	0	(446)	(488)	(436)	(435)
Subtotal General Funds	**$33,797**	**$36,064**	**$36,718**	**$35,888**	**$30,373**	**$29,405**	**$38,378**	**$39,195**	**$38,060**	**$38,729**
Change from Prior Year	$3,309	$2,267	$654	($830)	($5,515)	($968)	$8,973	$817	($1,135)	$669
Percent Change	10.9%	6.7%	1.8%	-2.3%	-15.4%	-3.2%	30.5%	2.1%	-2.9%	1.8%
Short-Term Borrowing	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$1,198**	**$150**
Treasurer's Investments	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$750**	**$400**	**$0**
Interfund Borrowing	**$0**	**$0**	**$0**	**$454**	**$0**	**$0**	**$533**	**$250**	**$462**	**$0**
Income Tax Bond Fund Transfer	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$2,500**	**$0**	**$0**	**$0**
Transfer to Commitment Human Services	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$40**	**$0**	**$0**	**$0**
FY'13/14 Backlog Payment Fund Transfer	**$0**	**$264**	**$50**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Budget Stabilization Fund Transfer	**$275**	**$275**	**$275**	**$275**	**$125**	**$0**	**$0**	**$0**	**$0**	**$0**
Pension Contribution Fund Transfer	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Total General Funds	**$34,072**	**$36,603**	**$37,043**	**$36,617**	**$30,498**	**$29,405**	**$41,451**	**$40,195**	**$40,120**	**$38,879**
Change from Prior Year	$275	$2,531	$440	($426)	($6,119)	($1,093)	$12,046	($1,256)	($75)	($1,241)
Percent Change	0.8%	7.4%	1.2%	-1.2%	-16.7%	-3.6%	41.0%	-3.0%	-0.2%	-3.1%