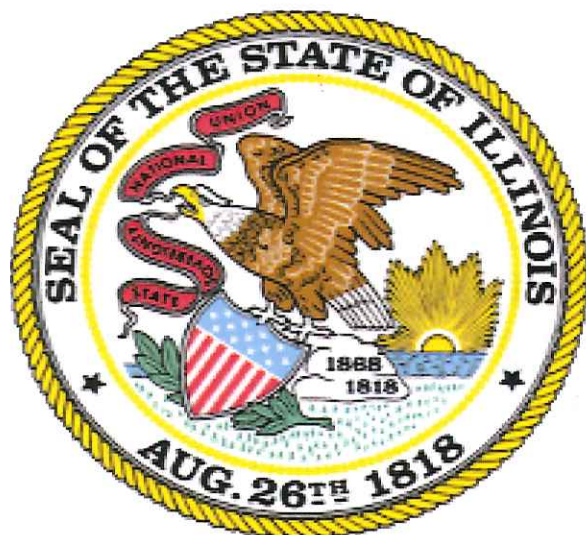


Presented to:

Illinois Chamber of Commerce

**FY 2016 Economic and Revenue Estimate
and FY 2017 Revenue Outlook**



Presented by:

Dan R. Long, Executive Director

Commission on Government Forecasting and Accountability

703 Stratton Office Building; Springfield, Illinois 62706

January 28, 2016

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<http://cgfa.ilga.gov>

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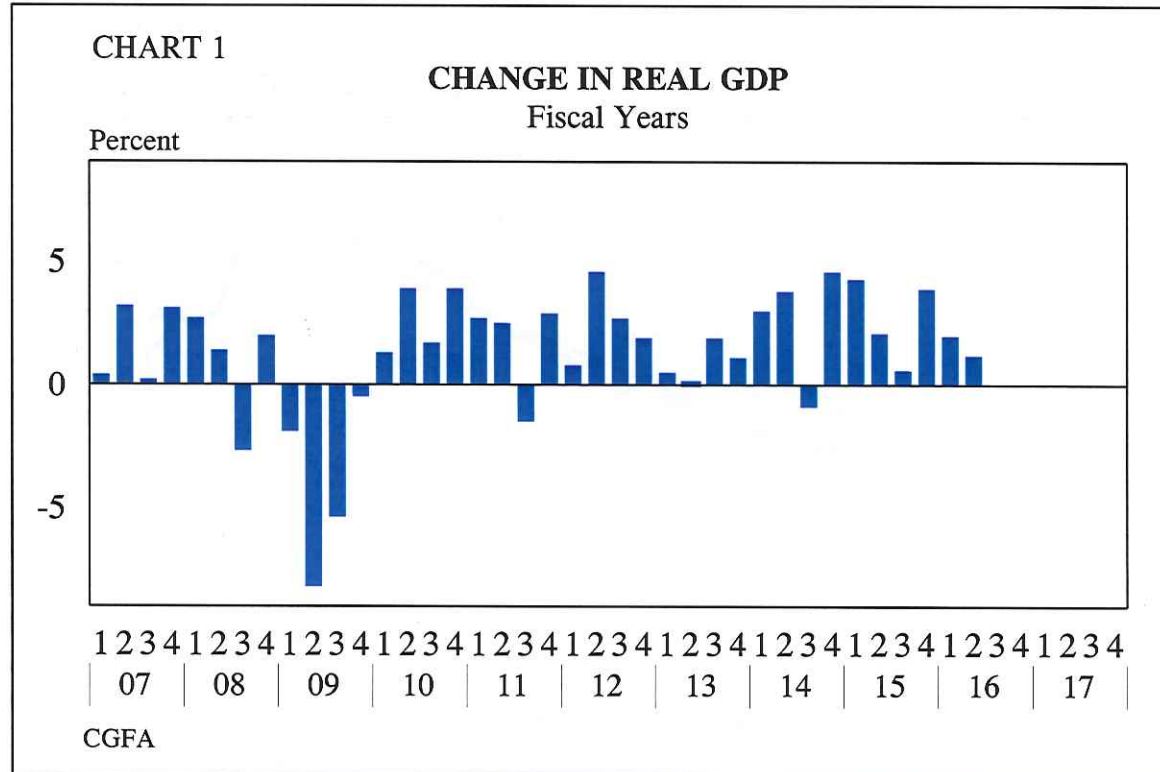
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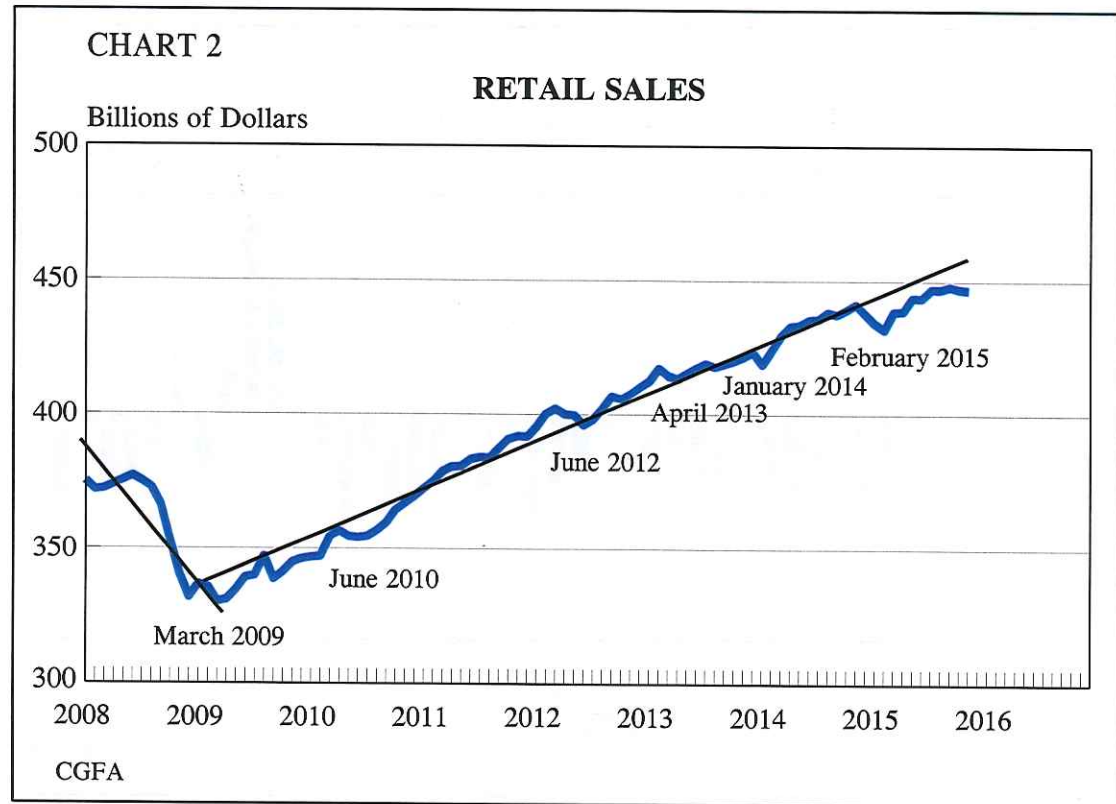
CHANGE IN REAL GDP

- Chart 1 shows quarterly GDP growth for the fiscal years 2007 through 2015.
- As can be seen, growth since the recovery began in the June 2009 growth held in a narrow range of 2% to 2 1/2%. This was well below that of earlier recoveries from recession and the weakest in the post WWII period.
- Moreover growth in 2015 ran at an annual rate of 2.4%, the same rate as in 2014.
- This tepid growth rate seems in conflict with a recovery in the housing market, a surprisingly sharp drop in the unemployment rate, and a surge in auto sales.



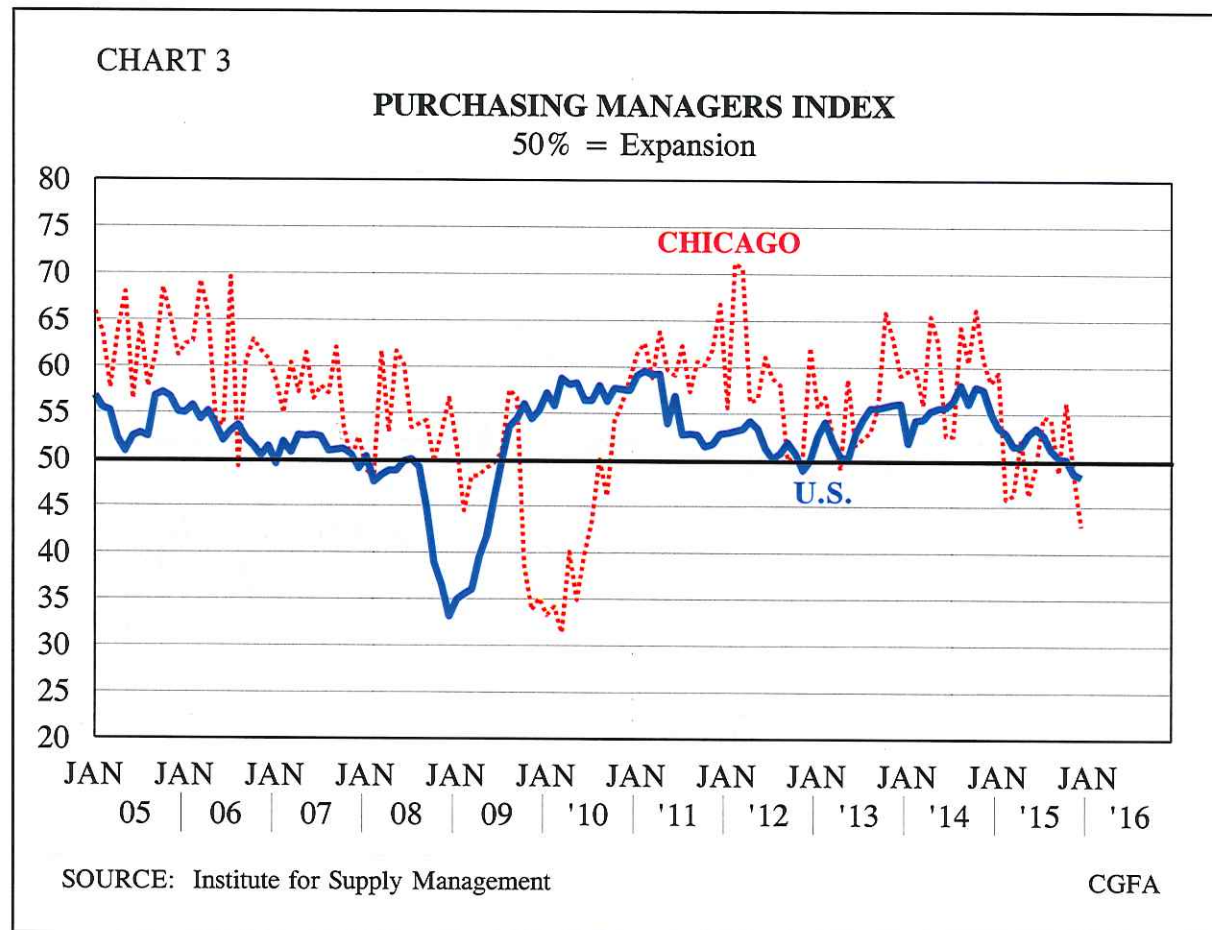
RETAIL SALES

- 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 they have been less than robust. For the first 11 months of the year sales were up a modest 2.0%.
- However, excluding strong motor vehicle and parts, the rise was only 0.8% and department store sales were 1.9% lower. And, while all the data are not in, Holiday Sales may have moderated even with a surge in online purchasing, and in the end are likely to have been disappointing. Moreover, other sectors of the economy also appear to be softening.



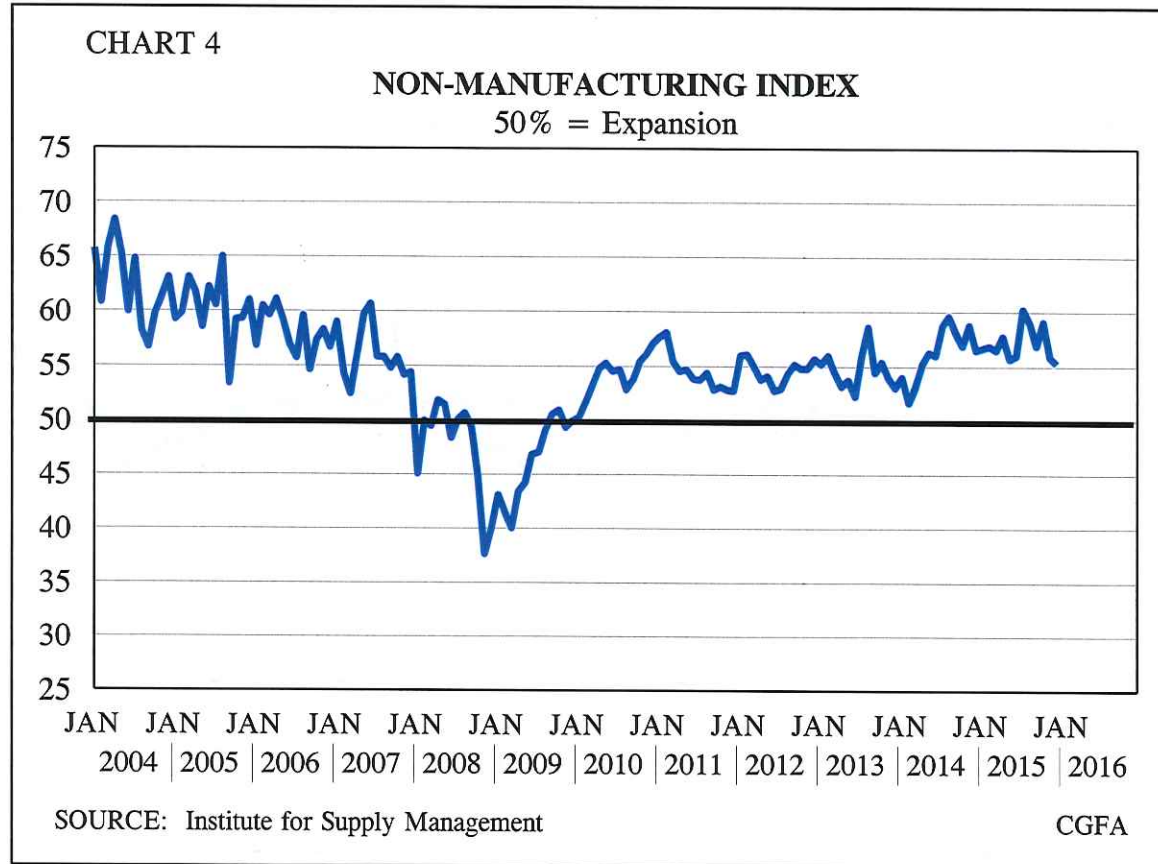
PURCHASING MANAGERS INDEX

- While the consumer accounts for the majority of spending in the economy and has been lethargic, business spending had been expanding, though with some volatility, since shortly after the expansion got under way in mid-2009.
- As Chart 3 shows, the index of manufacturing expanded (with an index number of 50 or more) for 40 consecutive months from August 2009, slightly after the recovery began, to October 2012.
- The sector began to improve again reaching a recent high in November 2014 only to weaken again, with both the National and Chicago measures contracting as 2015 ended.



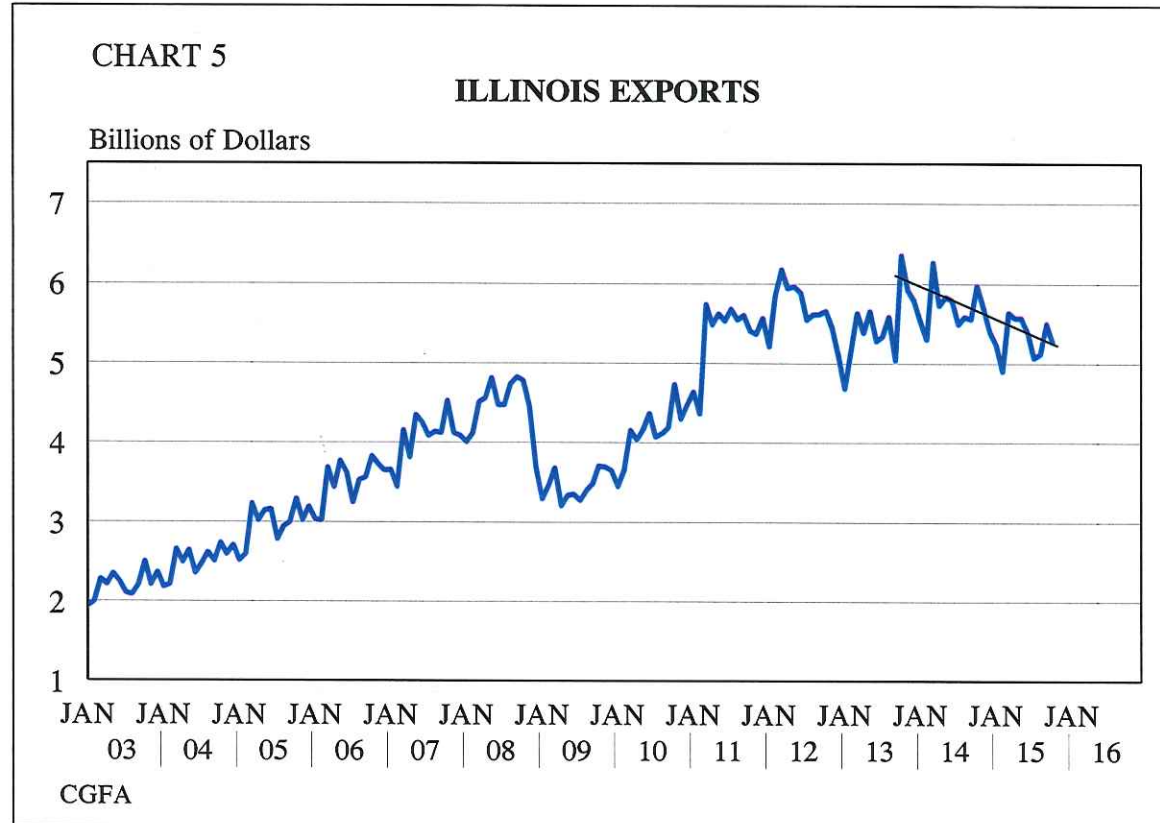
NON-MANUFACTURING INDEX

- A growing share of business has been in the non-manufacturing, or service sector. Chart 4 takes a look at this growing sector of the economy.
- Economic activity in the service sector, which had contracted for 12 straight months through August 2009, worked its way back to neutral by January 2010 before rising again.
- By July 2015, the index had expanded for 66 consecutive months. It traded in the mid-50s for the first half of 2015, showing little trend, before jumping to 60.3 in July, the highest level reached since June 2007 just prior to the last recession.
- Since then, while still expanding, the index leveled again out again before softening, reaching 55.3 at year end, and the lowest reading since April 2014.



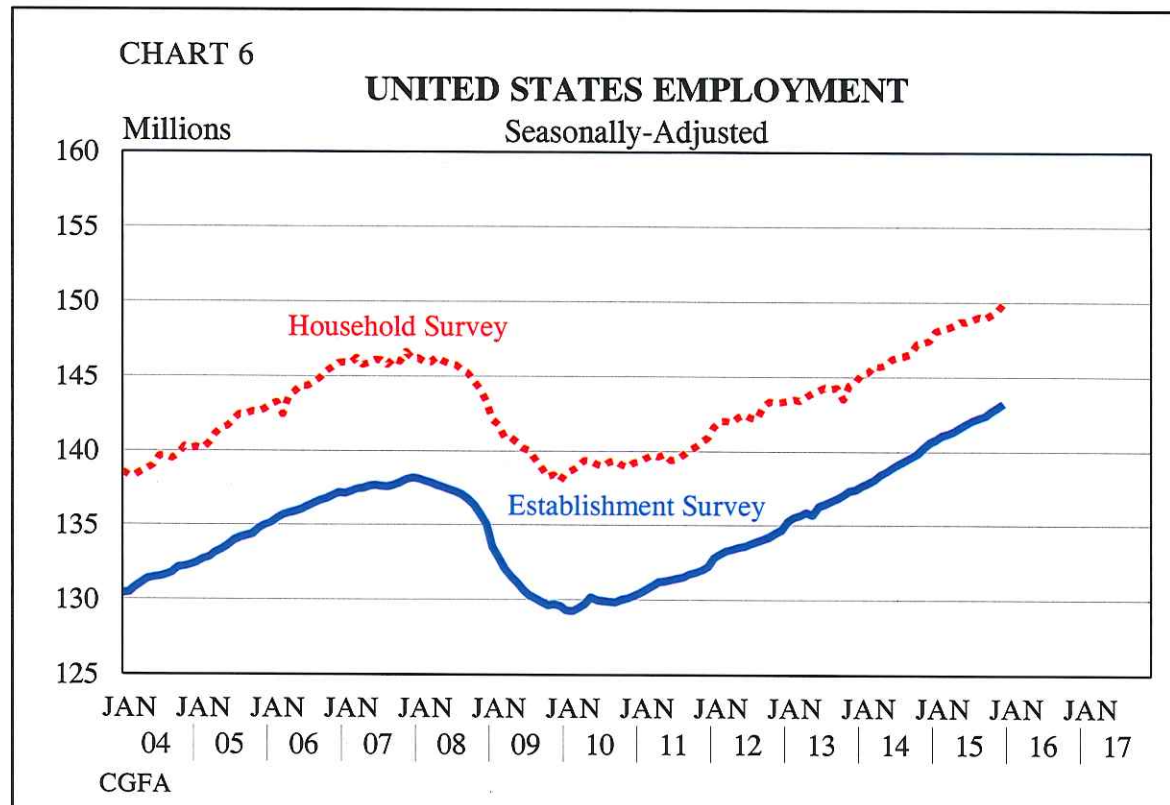
ILLINOIS EXPORTS

- As shown in Chart 5, Illinois export growth, while erratic, have continued to slow since March of 2014 following strong growth in the first three years of the recovery which began in mid-2009
- The softening in exports reflects recessions in much of Europe, which account for about 20% of U.S. exports, reduced growth in China and some of the emerging countries, and a strengthening in the U.S. dollar.
- This affects Illinois as it has been the fifth largest U.S. exporter.



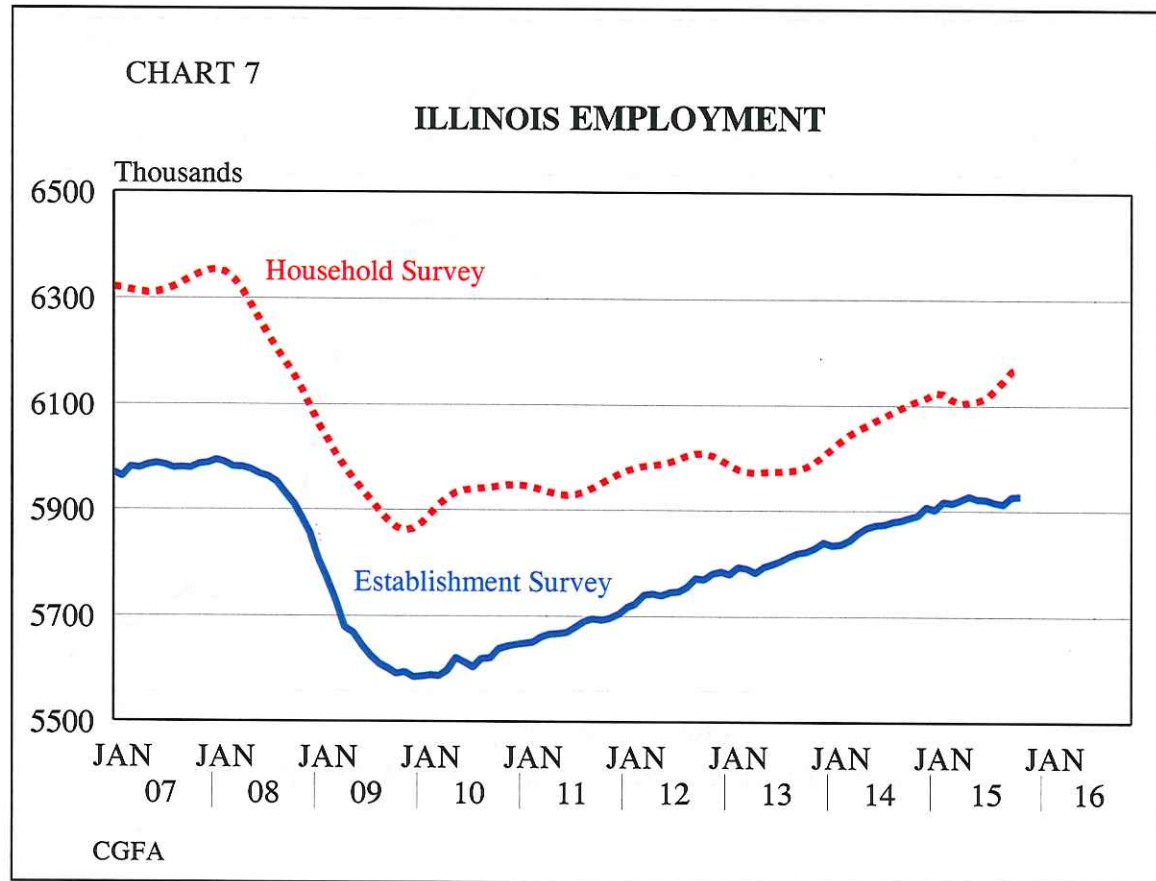
UNITED STATES EMPLOYMENT

- As shown in Chart 6, United States employment has been rising since its low reached at the end of 2009. All the jobs lost during the last recession had been recovered after 5 years and have been added to since. As this occurred, the business cycle ended its recovery phase and finally began its expansion phase.
- Even while employment growth has continued, however, the labor participation rate remains near its lowest level since 1978.



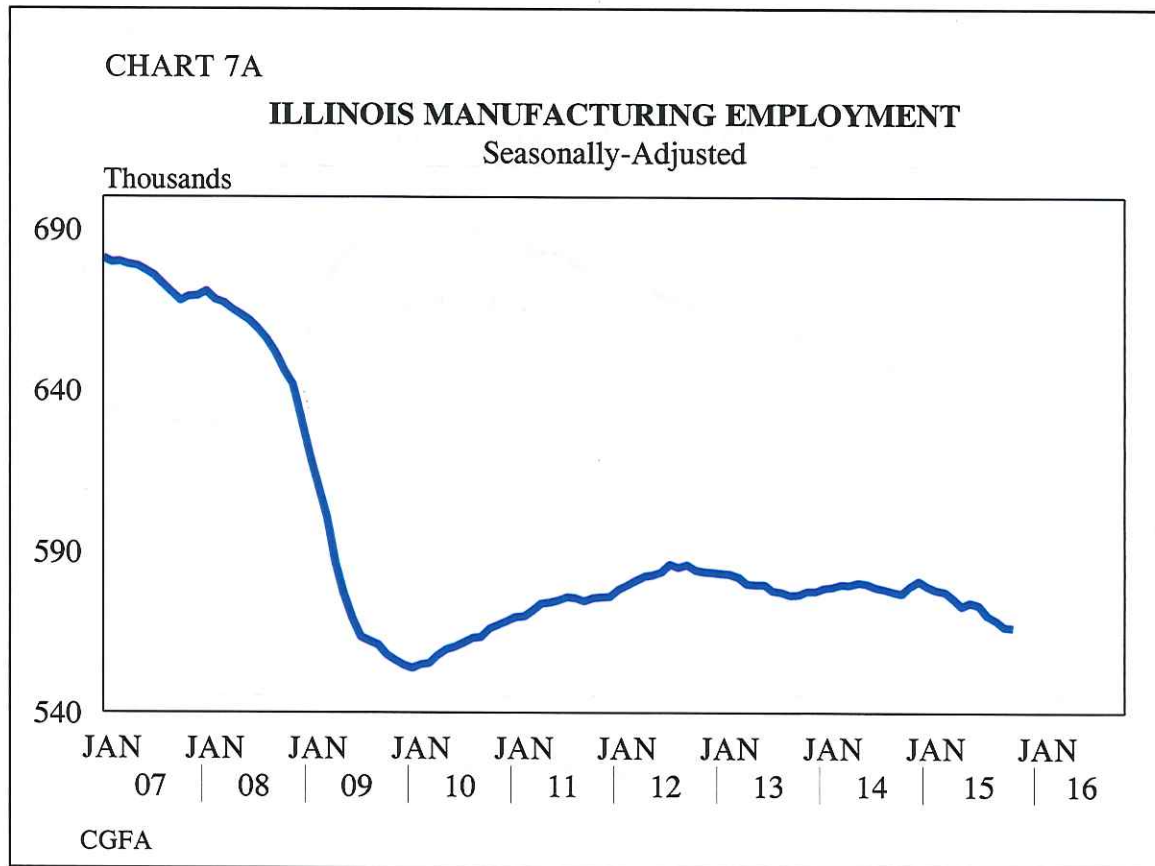
ILLINOIS EMPLOYMENT

- Like the U.S., Illinois Employment also has shown gains but they have been at a much slower pace as illustrated in Chart 7.
- 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 more difficult for Illinois.



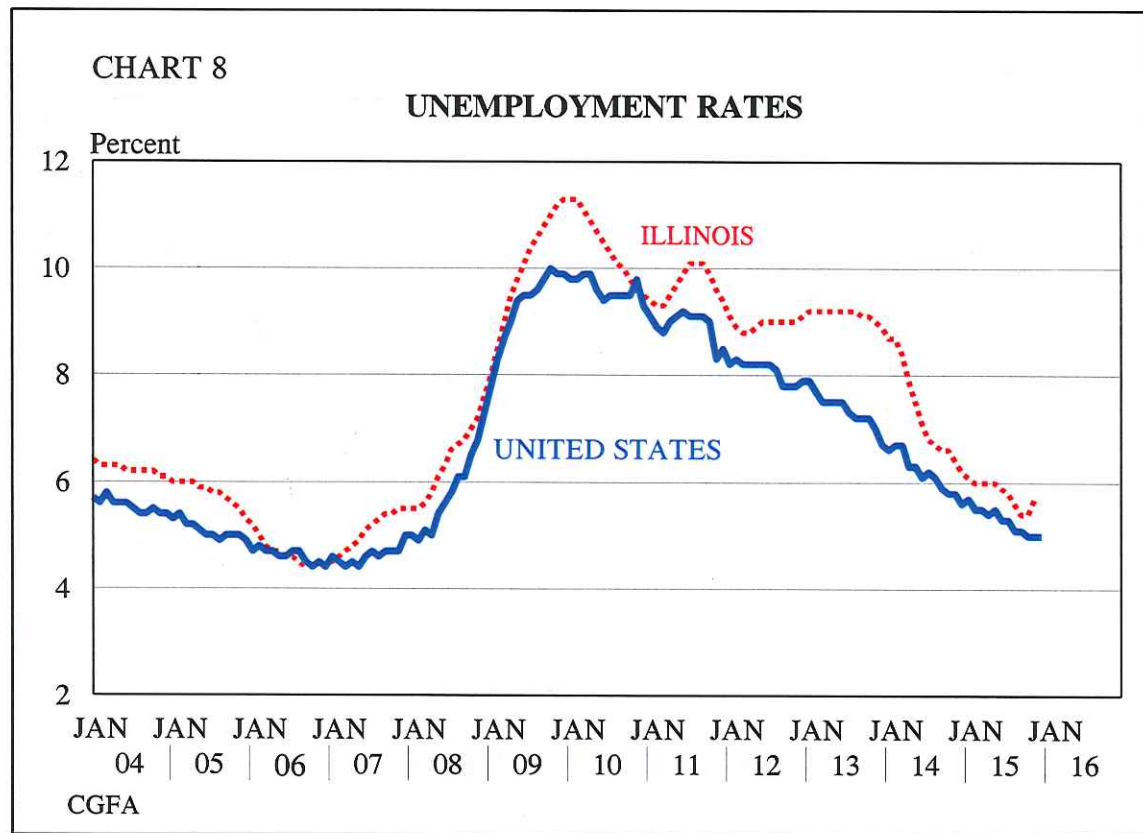
ILLINOIS MANUFACTURING EMPLOYMENT

- A major weakness in the Illinois employment data reflects the continuing loss of jobs in the manufacturing sector.
- As illustrated in Chart 7A, Illinois has lost 14,500 manufacturing jobs in the first 11 months of 2015, reaching its lowest level since October 2010.
- Moreover, the trend continues downward.



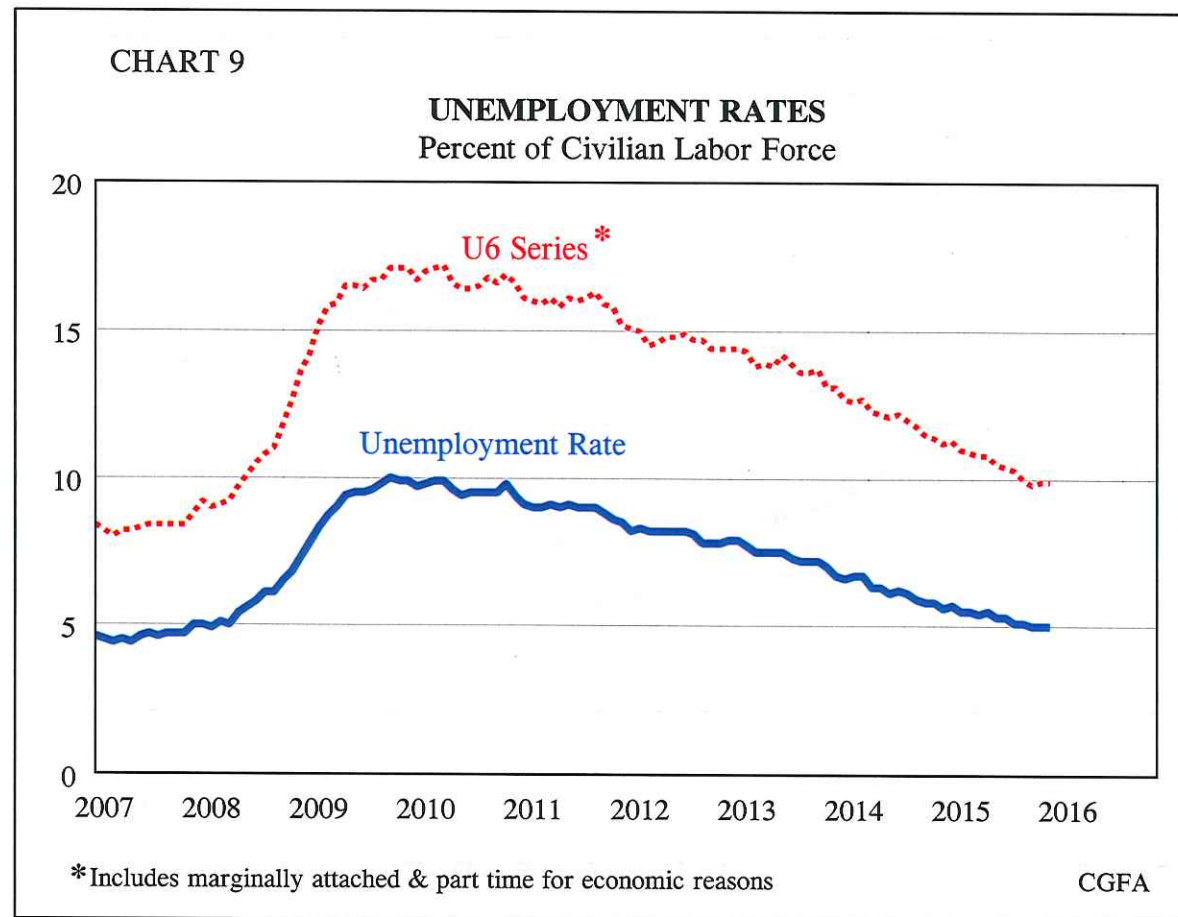
UNEMPLOYMENT RATES

- As shown in Chart 8, 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 reaching 5.0% in the final three months of 2015.
- Much of the decline came from people dropping out of the labor force.
- As shown, the unemployment rate in Illinois continues to trail the U.S. Even so, after dropping to 5.4% in September and October, the Illinois rate rose to 5.7% in November.



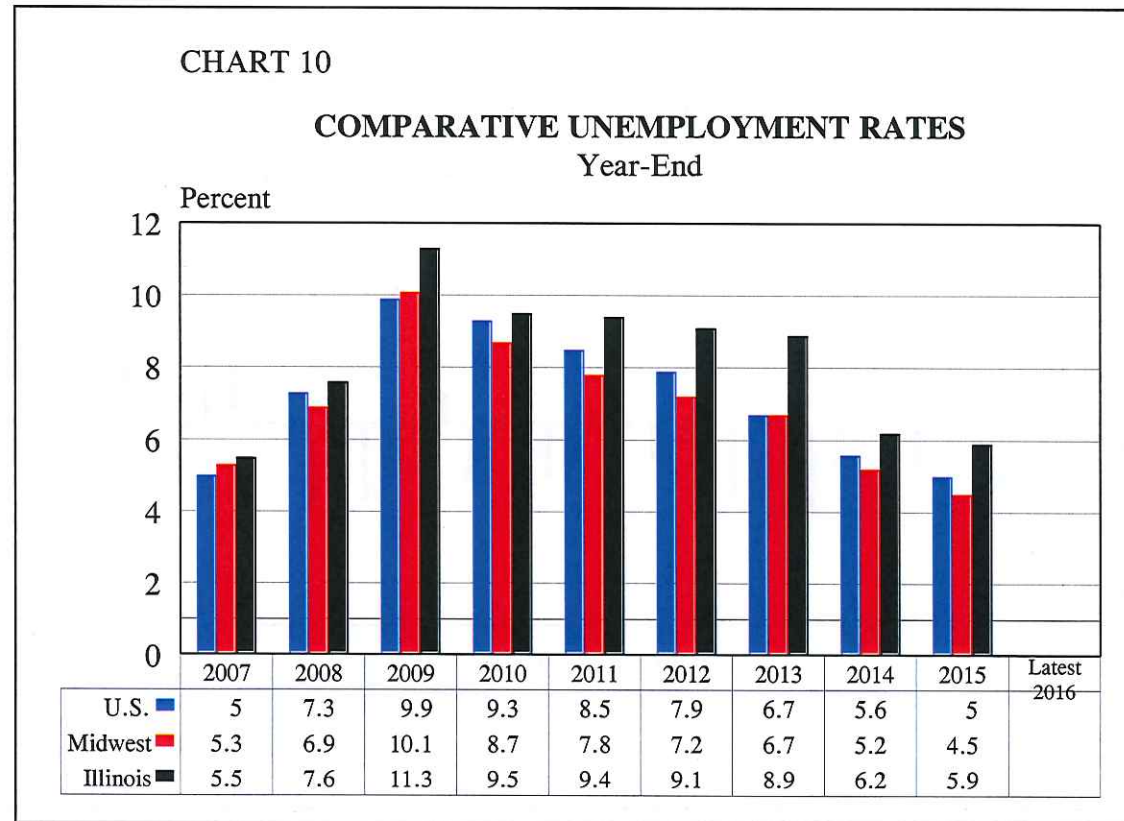
TWO UNEMPLOYMENT RATES

- Chart 9 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 slowly narrowed during the current recovery that began at mid 2009.
- In December the unemployment rate remained at 5.0% for the third consecutive month whereas the alternative measure held at 9.9% for the second month.



COMPARATIVE UNEMPLOYMENT RATES

- Unemployment rates have not moved in sync in recent years. Chart 10 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 this year in part because manufacturing in the "rust belt" showed resurgence.
- Unemployment in Illinois, however, began to exceed the national and Midwest rates and that gap continued in the latest month.



CHANGE IN REAL GDP

- Chart 11 shows three alternative forecasts of the U.S. economy through FY 2017. The **BASELINE** shows the most likely solution with a 65% chance of occurrence and has the economy continuing to rising moderately through FY 2017.
- A more **OPTIMISTIC** scenario, with a 15% chance of happening shows somewhat stronger economic gains continuing through FY 2017 somewhat stronger than in recent years.
- Finally, a **PESSIMISTIC** scenario, with a 20% chance of occurrence, is shown where the economy stalls, declines for two consecutive quarters, before rising at a slow pace for several quarters, and remaining below the Baseline. This would represent either a mild recession or very sluggish performance.

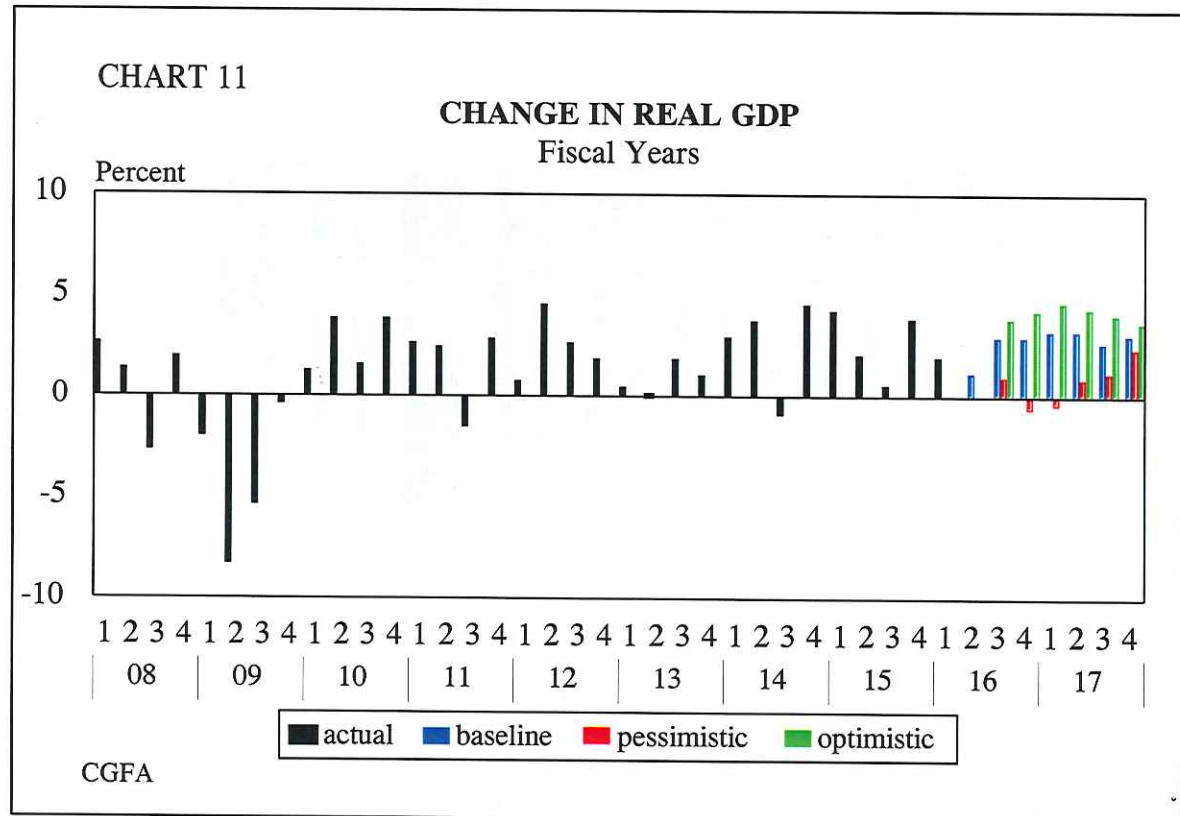


CHART 12: BASELINE FORECASTS -- JANUARY 2016

(\$ 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	1.4	1.4	3.4	2.2	3.0
Personal Consumption	1.7	1.4	2.1	4.3	2.9	3.2
Durable	6.0	7.1	4.8	6.9	5.8	7.2
Nondurable	0.7	1.2	2.0	2.4	3.1	3.0
Services	1.4	0.6	1.7	2.9	2.4	2.6
Fixed Investment	9.4	5.0	6.2	5.8	2.7	6.1
Exports	4.6	2.3	3.7	2.5	0.6	4.4
Imports	3.2	3.9	-0.5	4.9	4.0	6.7
Government	-2.6	-1.7	-2.6	0.2	1.6	1.2
Federal	-3.0	-3.2	-5.3	-0.7	1.6	1.5
State & Local	-2.3	-1.8	0.0	1.0	1.8	1.2
OTHER MEASURES						
Personal Consumption (Current \$)	4.2	3.0	3.5	4.0	3.5	4.9
Before Tax Profits (Current \$)	9.5	2.8	1.0	3.6	-1.8	5.2
Unemployment Rate (Average)	8.5	7.7	6.8	5.7	5.0	4.9

CHART 13: ILLINOIS FORECASTS

Calendar Years	2012 Actual	2013 Actual	2014 Actual	2015 Est.	2016 Est.	2017 Est.
Real Gross State Product (Mil. 2005 \$)	669,665	663,012	669,378	681,993	693,076	711,008
% Change	1.7	-1.0	1.0	1.9	1.6	2.6
Total Employment (Ths)	5,750.6	5,805.1	5,869.4	5,920.2	5,963.1	6,019.9
% Change	1.3	0.9	1.1	0.9	0.7	1.0
Population (Ths)	12,877.0	12,887.3	12,878.5	12,859.2	12,856.1	12,868.8
% Change	0.1	0.1	-0.1	-0.2	0.0	0.1
Personal Income (Bil \$)	593.0	599.1	613.6	635.5	659.2	689.2
% Change	4.1	1.0	2.4	3.6	3.7	4.5
OTHER MEASURES						
Private Housing Starts (Ths)	13.5	14.9	19.3	17.2	21.7	26.3
Unemployment Rate Avg. %	9.0	8.9	7.0	5.8	5.5	5.6

SOURCE: Global Insight JANUARY 2016

CORRECTIVE FY 2015 BUDGETARY ACTION

On March 26th the General Assembly passed HB 317 and HB 318. The Governor signed the bills into law the very next day. The bills served to help close the gap that had developed in the FY 2015 budget via appropriation cuts to most agencies as well as authorizing \$1.318 billion in fund sweeps. As shown below, when the swept funds are added to CGFA's base estimate, total general funds anticipated for FY 2015 totals \$35.417 billion.

CGFA Estimated base FY 2015 general revenues	\$34.099 billion
Approved Fund Sweeps [P.A. 99-0002]	<u>\$ 1.318 billion</u>
TOTAL	\$35.417 billion

* An additional \$26 million in fund sweeps have passed the Senate and pending the House (SB 274)

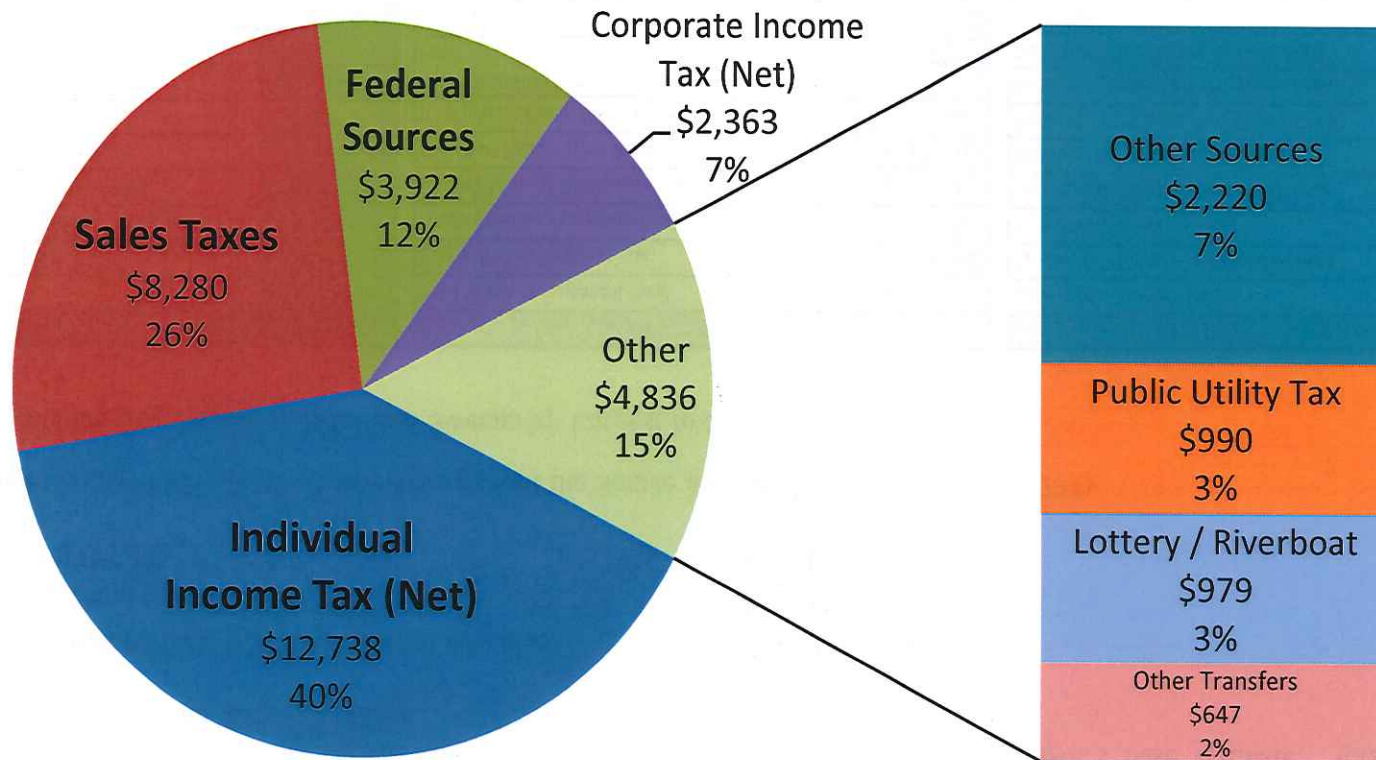
(Table below lists the Top 50 out of 106 Fund Sweeps by Largest to Smallest Amount)

Fund	Amount	Fund	Amount	Fund	Amount
Road Fund	\$250,000,000	Solid Waste Management Fund	\$15,000,000	State Police Services Fund	\$6,000,000
Local Government Tax Fund	\$200,000,000	Park and Conservation Fund	\$15,000,000	Teacher Certificate Fee Revolving Fund	\$5,000,000
IL Power Agcy Renewable Energy Resources Fd	\$98,000,000	Grade Crossing Protection Fund	\$10,000,000	Agricultural Premium Fund	\$5,000,000
Insurance Producer Administration Fund	\$70,313,800	IL State Medical Disciplinary Fund	\$10,000,000	Nursing Dedicated & Professional Fund	\$5,000,000
Downstate Transit Improvement Fund	\$70,000,000	State Rail Freight Loan Repayment Fund	\$10,000,000	Securities Investors Education Fund	\$5,000,000
Motor Fuel Tax Fund	\$50,000,000	IL Workers' Comp Commission Operations Fd	\$10,000,000	Public Health Special State Projects Fund	\$5,000,000
State Construction Account Fund	\$50,000,000	Public Infrastructure Construction Loan Revolving Fund	\$9,000,000	Metabolic Screening & Treatment Fund	\$5,000,000
State and Local Sales Tax Reform Fund	\$40,000,000	Vehicle Inspection Fund	\$8,000,000	Build IL Capital Revolving Loan Fund	\$5,000,000
County and Mass Transit District Fund	\$40,000,000	Wireless Service Emergency Fund	\$7,500,000	State Police Vehicle Fund	\$4,000,000
Real Estate License Admin Fund	\$30,000,000	Trauma Center Fund	\$7,000,000	Securities Audit and Enforcement Fund	\$4,000,000
Fund for the Advancement of Education	\$25,000,000	Registered CPAs' Admin & Disciplinary Fund	\$6,100,000	Tobacco Settlement Recovery Fund	\$4,000,000
Commitment to Human Services Fund	\$25,000,000	Motor Vehicle Theft Prevention Trust Fund	\$6,000,000	IL Health Facilities Planning Fund	\$3,746,000
Bank and Trust Company Fund	\$25,000,000	IL Affordable Housing Trust Fund	\$6,000,000	Mental Health Fund	\$3,000,000
Insurance Financial Regulation Fund	\$23,598,000	Natural Areas Acquisition Fund	\$6,000,000	ICJIA Violence Prevention Special Projects Fund	\$3,000,000
Fire Prevention Fund	\$23,000,000	Energy Efficiency Trust Fund	\$6,000,000	Renewable Energy Resources Trust Fund	\$3,000,000
Underground Storage Tank Fund	\$20,000,000	Partners for Conservation Fund	\$6,000,000	Pesticide Control Fund	\$3,000,000
Used Tire Management Fund	\$20,000,000			Coal Technology Development Assistance Fund	\$3,000,000

ESTIMATED FY 2016 GENERAL FUNDS REVENUES BY SOURCE

(\$ Millions)

Estimated Total General Funds Revenues: \$32.139 Billion



Excludes Budget Stabilization transfers and other cash flow transfers

Source: CGFA

CGFA 2016 GENERAL FUNDS FORECAST

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

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

- As shown, the outlook for the "Big Three" economically related sources are improved by a net value of \$444 million. While the estimate of sales tax is unchanged, modest adjustments need to be made to the estimates of personal and corporate income taxes based upon FY 2015 performance. However, as discussed in previous briefings, some of that positive performance in final payments is viewed as one-time and is not expected to repeat. Taking that into account, the upward adjustments are being made to reflect slightly better underlying base growth in the year just ended.

- The estimates of all other State sources are revised up \$46 million in total and simply reflect actual FY 2015 base performance of those sources as well as any minor changes in their outlook for the new fiscal year. The estimates of transfers into the general funds have undergone a very minor \$4 million downward adjustment.
- The estimate of federal sources is being revised down \$486 million from the March forecast. The lower figure reflects the assumption that the Federal government will continue to offset what is owed Illinois based on the amount the State owes the Feds related to Medicare premiums under the Medicaid program. The value of that offset is approximately \$425 million. The remaining downgrade in the forecast simply reflects lowered expectation of reimbursable spending and returns the overall estimate near FY 2014 levels. As discussed in more detail in the April monthly briefing, federal sources are governed by appropriation levels, available cash for spending, and what bills are paid by the Comptroller. Add to those considerable variables the additional ambiguity created by the current budget impasse, and forecasting federal sources has become more than challenging.

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 \$15.429 billion in FY 2015 to \$12.738 billion, a falloff of \$2.691 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, on a net basis, corporate income tax receipts are expected to fall from \$2.690 billion in FY 2015 to \$2.363 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 \$210 million is anticipated from the other source category due to the one-time nature of court settlement proceeds received in FY 2015.
- Excluding fund sweeps, overall transfers are expected to decline \$83 million. While lottery transfers should gain \$10 million, that modest uptick will be erased by a decline of \$12 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. While the estimate 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 UPDATED FY 2016 ESTIMATE vs. FY 2015 ACTUALS			
Based on Current Law			
(millions)			
	FY 2016	FY 2015	\$
	<u>July-2015</u>	<u>Actuals</u>	<u>Difference</u>
Revenue Sources			
State Taxes			
Personal Income Tax	\$15,173	\$17,682	(\$2,509)
Corporate Income Tax (regular)	\$2,830	\$3,129	(\$299)
Sales Taxes	\$8,280	\$8,030	\$250
Public Utility (regular)	\$990	\$1,006	(\$16)
Cigarette Tax	\$355	\$353	\$2
Liquor Gallonage Taxes	\$168	\$167	\$1
Vehicle Use Tax	\$32	\$32	\$0
Inheritance Tax	\$320	\$333	(\$13)
Insurance Taxes & Fees	\$353	\$353	\$0
Corporate Franchise Tax & Fees	\$212	\$211	\$1
Interest on State Funds & Investments	\$25	\$24	\$1
Cook County Intergovernmental Transfer	\$244	\$244	\$0
<u>Other Sources</u>	<u>\$511</u>	<u>\$693</u>	<u>(\$182)</u>
Subtotal	\$29,493	\$32,257	(\$2,764)
Transfers			
Lottery	\$689	\$679	\$10
Riverboat transfers and receipts	\$280	\$292	(\$12)
Proceeds from sale of 10th license	\$10	\$10	\$0
Refund Fund transfer	\$0	\$63	(\$63)
Fund Sweeps	\$0	\$1,284	(\$1,284)
<u>Other</u>	<u>\$647</u>	<u>\$665</u>	<u>(\$18)</u>
Total State Sources	\$31,119	\$35,250	(\$4,131)
Federal Sources	\$3,922	\$3,330	\$592
Total Federal & State Sources	\$35,041	\$38,580	(\$3,539)
Nongeneral Funds Distribution:			
Refund Fund			
Personal Income Tax [10% '15 & '16]	(\$1,517)	(\$1,769)	\$252
Corporate Income Tax [14% '15 & 16.5% '16]	(\$467)	(\$439)	(\$28)
Fund for Advancement of Education	(\$459)	(\$242)	(\$217)
Commitment to Human Services Fund	(\$459)	(\$242)	(\$217)
Subtotal General Funds	\$32,139	\$35,888	(\$3,749)
Including FY'15 Interfund Borrowing of \$454m	\$32,139	\$36,342	(\$4,203)

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

FY 2016 - What is Being Spent & What is Left?

What is Being Spent...

Purpose	Amount (\$ in millions)	Requirement
Pensions payments	\$6,643.6	Continuing appropriation
Health Insurance subsidies	\$113.0	Continuing appropriation
Debt service	\$2,137.0	Continuing appropriation
Transfers to local governments	\$2,333.8	per various statutes
Medicaid	\$7,864.1	Liability under current law
DCFS Services	\$665.8	Consent decree B.H. v. Tate
Human service programs tied to consent decrees	\$467.1	
State employee salaries	\$4,178.8	Court order
K-12 funding	\$6,937.9	P.A. 99-0500
Subtotal	\$31,341.1	

What is Left...

Purpose	Amount (\$ in millions)	Notes	GA FY 2016 reduction/increase	Notes
Group Insurance	\$1,766.1	Represents 63% of estimated liability	\$601.1	Carried gov intro level
Higher Ed	\$1,939.3	Level to FY 2015	(\$78.0)	6.5% reduction to universities
Remaining K-12 grants	\$52.4	Level to FY 2015		
Human Services programs and grants	\$3,090.8	Reflects GA FY16 budget, which is most reflective of liability and includes reductions to distributive grants		
Other state programs and grants	\$167.4	Level to FY 2015		
Subtotal	\$7,016.0			
Total All	\$38,357.1			

**ABSENT LEGISLATIVE CHANGES, ONLY MODEST REVENUE GROWTH CAN
BE EXPECTED IN FY 2017**

- Current expectations for the upcoming fiscal year are fairly modest. As the most likely outlook calls for continued growth in the range of 3%. That translates into net revenue growth of the State's largest economic revenue sources (income and sales taxes) of only \$500-\$750 million.
- Most of the other revenue sources experience little if any growth due to fairly stagnant receipts.
- Federal sources are reliant upon reimbursable spending. Due to the current unsettled budgetary situation, it's nearly impossible to guess what levels of spending will be approved in the upcoming fiscal year.

Value of Higher Income Tax Rates

- As shown in more detail on the following page, each 1% increase in the current rates for personal and corporate income tax would generate approximately \$4 billion over a full year.

Other Revenue Ideas Discussed Include:

- HB 4300 proposes to eliminate various tax incentives, create new revenue streams, and redirect current revenue distributions. When coupled with the bill's proposed new tax incentives, it is estimated that approximately \$800-\$900 million would result in FY 2017.
- Some have also discussed taxing services. However, the value of that revenue gain varies greatly and depends on "what services" would be included.
- More fund sweeps and interfund borrowing. The potential exists for similar actions taken in FY 2015 when approximately \$1.3 billion was swept from various funds as well as \$454 million of interfund borrowing.

FY 2016 Impact of Changing Income Tax Rates

\$ in billions

Values are net revenues (removes amounts to Refund Fund at current rates) but does not remove revenues for the Fund for Advancement of Education and the Commitment to Human Services Fund

Tax Rate Change on January 1, 2016*					
	PIT Rate	PIT Revenues	CIT Rate	CIT Revenues	Combined
Current Law	3.75%	\$13.656	5.25%	\$2.363	\$16.019
0.25% Increase	4.00%	\$14.042	5.50%	\$2.396	\$16.437
Difference	0.25%	\$0.386	0.25%	\$0.033	\$0.419

	PIT Rate	PIT Revenues	CIT Rate	CIT Revenues	Combined
Current Law	3.75%	\$13.656	5.25%	\$2.363	\$16.019
0.5% Increase	4.25%	\$14.427	5.75%	\$2.429	\$16.856
Difference	0.50%	\$0.771	0.50%	\$0.066	\$0.837

	PIT Rate	PIT Revenues	CIT Rate	CIT Revenues	Combined
Current Law	3.75%	\$13.656	5.25%	\$2.363	\$16.019
1% Increase	4.75%	\$15.198	6.25%	\$2.494	\$17.692
Difference	1.00%	\$1.543	1.00%	\$0.131	\$1.674

	PIT Rate	PIT Revenues	CIT Rate	CIT Revenues	Combined
Current Law	3.75%	\$13.656	5.25%	\$2.363	\$16.019
Increase to Prev. Rates	5.00%	\$15.584	7.00%	\$2.592	\$18.175
Difference	1.25%	\$1.928	1.75%	\$0.229	\$2.157

Tax Rate Change on July 1, 2016					
	PIT Rate	PIT Revenues	CIT Rate	CIT Revenues	Combined
Current Law	3.75%	\$13.656	5.25%	\$2.363	\$16.019
0.25% Increase	4.00%	\$13.656	5.50%	\$2.363	\$16.019
Difference	0.25%	\$0.000	0.25%	\$0.000	\$0.000

	PIT Rate	PIT Revenues	CIT Rate	CIT Revenues	Combined
Current Law	3.75%	\$13.656	5.25%	\$2.363	\$16.019
0.5% Increase	4.25%	\$13.656	5.75%	\$2.363	\$16.019
Difference	0.50%	\$0.000	0.50%	\$0.000	\$0.000

	PIT Rate	PIT Revenues	CIT Rate	CIT Revenues	Combined
Current Law	3.75%	\$13.656	5.25%	\$2.363	\$16.019
1% Increase	4.75%	\$13.656	6.25%	\$2.363	\$16.019
Difference	1.00%	\$0.000	1.00%	\$0.000	\$0.000

	PIT Rate	PIT Revenues	CIT Rate	CIT Revenues	Combined
Current Law	3.75%	\$13.656	5.25%	\$2.363	\$16.019
Increase to Prev. Rates	5.00%	\$13.656	7.00%	\$2.363	\$16.019
Difference	1.25%	\$0.000	1.75%	\$0.000	\$0.000

* The values shown would be the impact if the tax change took place on January 1, 2016. Since we are past this date, it is assumed that a new tax rate would be allowed to be retroactive to January 1, 2016. If this happens, some withholding taxes will have already been processed at the previous tax rate. Payments to make up this tax rate discrepancy in these withholding payments would likely be made up as final payments during the April 2017 filing period, likely impacting FY 2017 instead of FY 2016. The amount that would be pushed into FY 2017 due to this retroactive action is not known as it would depend on the date that the tax change is signed into law, which is unknown.

FY 2017 Impact of Changing Income Tax Rates

\$ in billions

Values are net revenues (removes amounts to Refund Fund at current rates) but does not remove revenues for the Fund for Advancement of Education and the Commitment to Human Services Fund

Tax Rate Change on January 1, 2016					
	PIT Rate	PIT Revenues	CIT Rate	CIT Revenues	Combined
Current Law	3.75%	\$13.955	5.25%	\$2.387	\$16.342
0.25% Increase	4.00%	\$14.862	5.50%	\$2.489	\$17.351
Difference	0.25%	\$0.907	0.25%	\$0.102	\$1.009

	PIT Rate	PIT Revenues	CIT Rate	CIT Revenues	Combined
Current Law	3.75%	\$13.955	5.25%	\$2.387	\$16.342
0.5% Increase	4.25%	\$15.769	5.75%	\$2.591	\$18.360
Difference	0.50%	\$1.814	0.50%	\$0.204	\$2.019

	PIT Rate	PIT Revenues	CIT Rate	CIT Revenues	Combined
Current Law	3.75%	\$13.955	5.25%	\$2.387	\$16.342
1% Increase	4.75%	\$17.584	6.25%	\$2.796	\$20.380
Difference	1.00%	\$3.630	1.00%	\$0.408	\$4.038

	PIT Rate	PIT Revenues	CIT Rate	CIT Revenues	Combined
Current Law	3.75%	\$13.955	5.25%	\$2.387	\$16.342
Increase to Prev. Rates	5.00%	\$18.492	7.00%	\$3.102	\$21.594
Difference	1.25%	\$4.538	1.75%	\$0.715	\$5.253

Tax Rate Change on July 1, 2016					
	PIT Rate	PIT Revenues	CIT Rate	CIT Revenues	Combined
Current Law	3.75%	\$13.955	5.25%	\$2.387	\$16.342
0.25% Increase	4.00%	\$14.794	5.50%	\$2.472	\$17.266
Difference	0.25%	\$0.840	0.25%	\$0.084	\$0.924

	PIT Rate	PIT Revenues	CIT Rate	CIT Revenues	Combined
Current Law	3.75%	\$13.955	5.25%	\$2.387	\$16.342
0.5% Increase	4.25%	\$15.635	5.75%	\$2.556	\$18.190
Difference	0.50%	\$1.680	0.50%	\$0.168	\$1.849

	PIT Rate	PIT Revenues	CIT Rate	CIT Revenues	Combined
Current Law	3.75%	\$13.955	5.25%	\$2.387	\$16.342
1% Increase	4.75%	\$17.315	6.25%	\$2.723	\$20.038
Difference	1.00%	\$3.361	1.00%	\$0.336	\$3.696

	PIT Rate	PIT Revenues	CIT Rate	CIT Revenues	Combined
Current Law	3.75%	\$13.955	5.25%	\$2.387	\$16.342
Increase to Prev. Rates	5.00%	\$18.156	7.00%	\$2.974	\$21.130
Difference	1.25%	\$4.201	1.75%	\$0.587	\$4.788

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	\$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	\$0	\$0
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

STATE OF ILLINOIS
GOVERNOR'S OFFICE OF MANAGEMENT & BUDGET
THREE YEAR BUDGET PROJECTION (GENERAL FUNDS), FY17-FY19

(\$ in Millions)	Actual 2015	Estimated 2016	Forecast 2017	Forecast 2018	Forecast 2019
RESOURCES					
State Sources: Revenues					
Net Individual Income Taxes	15,433	12,301	12,618	13,091	13,613
Net Corporate Income Taxes	2,686	2,242	2,341	2,425	2,503
Sales Taxes	8,030	8,205	8,390	8,620	8,840
Public Utility Taxes	1,006	977	958	940	922
All Other Taxes	2,421	2,133	2,135	2,137	2,139
Total State Sources: Revenues	29,576	25,858	26,442	27,214	28,016
State Sources: Transfers In					
Lottery	-	-	-	-	-
Riverboat Gaming Taxes	678	696	710	724	739
Other Transfers	292	273	276	278	281
Fund Reallocations	727	692	692	692	692
	1,284	-	-	-	-
Total State Sources	32,557	27,519	28,120	28,908	29,728
Federal Sources	3,331	4,408	4,452	4,497	4,542
TOTAL REVENUES	35,888	31,927	32,572	33,405	34,270
Cash Flow Resources					
Inter Fund Borrowing	454	-	-	-	-
GRAND TOTAL RESOURCES	36,342	31,927	32,572	33,405	34,270
EXPENDITURES					
1. Education					
K-12 Education	8,504	8,143	8,290	8,440	8,593
Higher Education	6,555	6,572	6,703	6,838	6,974
	1,950	1,571	1,587	1,603	1,619
	104	63	64	65	66
2. Economic Development	1,619	1,619	1,652	1,685	1,718
3. Public Safety	5,407	4,936	5,034	5,135	5,238
4. Human Services	7,178	7,997	8,291	8,664	9,078
5. Healthcare	67	54	55	55	56
6. Environment and Culture	2,873	2,876	2,907	2,977	3,050
Group Health Insurance	1,565	1,650	1,708	1,768	1,829
Government Services	1,308	1,226	1,199	1,210	1,220
8. Pensions	6,047	6,631	6,930	7,103	7,233
K-12 Education Pensions	3,413	3,743	3,986	4,096	4,178
State Universities' Pensions	1,347	1,411	1,482	1,517	1,543
State Employees' Pensions	1,286	1,477	1,462	1,490	1,512
9. Below the line adjustments					
Unspent Appropriations (Salvage)	(1,024)	(251)	(255)	(260)	(265)
Total Operating Budget	30,775	32,068	32,967	33,864	34,766
Statutory Transfers Out	2,489	2,405	2,460	2,531	2,605
Debt Service: Capital & POBs ¹	2,094	2,080	2,292	2,309	1,923
Repay Interfund Borrowing	-	-	454	-	-
Total Additional Expenditures	4,583	4,485	5,206	4,840	4,528
GRAND TOTAL EXPENDITURES	35,358	36,553	38,173	38,704	39,294
Comptroller Budgetary Basis Adjustments²	47				
General Funds Budgetary Surplus/(Deficit)	1,031	(4,626)	(5,601)	(5,300)	(5,024)
End of Fiscal Year Backlog of Bills	4,403	9,029	14,631	19,930	24,955

January 6, 2016

¹ Includes only bonds issued through January 2016

² Adjustments include Prior Year Adjustments and Transfers Due to General Funds

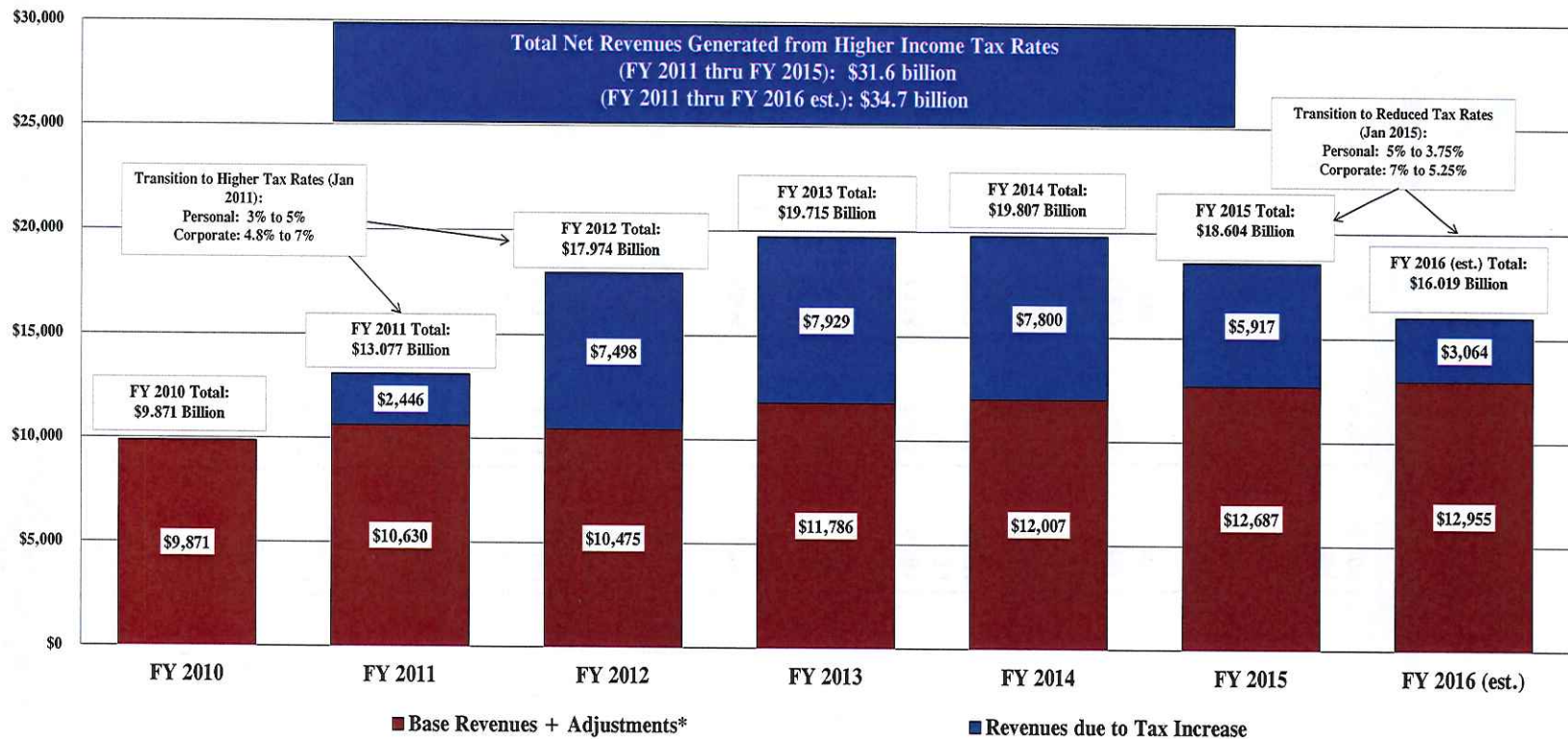
All projected revenues and expenditures are subject to change during the budget development process.

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.

FY 2016-FY 2017 PENSION PAYMENT INCREASE

FY 2017 Estimated Pension Appropriation by Fund (\$ in Millions)

System	GRF	Other State Funds	Total*
TRS	3,986.6	\$0.0	\$3,986.6
SURS	1,481.9	\$190.0	\$1,671.9
SERS	1,363.3	\$734.1	\$2,097.4
GARS	21.7	\$0.0	\$21.7
JRS	131.3	\$0.0	\$131.3
Total	\$6,984.8	\$924.1	\$7,908.9

* The amounts shown above in the "Total" column reflect the State systems' preliminary FY 2017 certification pursuant to P.A. 97-0694, the State Actuary Law. This chart is meant to be an estimate only insofar as the FY 2017 appropriation by fund is concerned. SERS 2017 estimated appropriation includes a total of \$82.97 million in 2003 POB debt service. Of this amount, according to SERS, \$53.93 millions comes from GRF and \$29.04 million comes from OSF. The SERS "Other State Funds" amount is based upon an assumption that 65% of SERS' FY 2017 appropriation will come from GRF, while 35% will come from Other State Funds. The SURS "Other State Funds" amount assumes that SURS will receive an FY 2017 appropriation from the State Pension Fund in the same amount that SURS is expected to receive from the State Pension Fund in FY 2016. SURS' historical appropriation from the State Pension Fund varies from year to year.

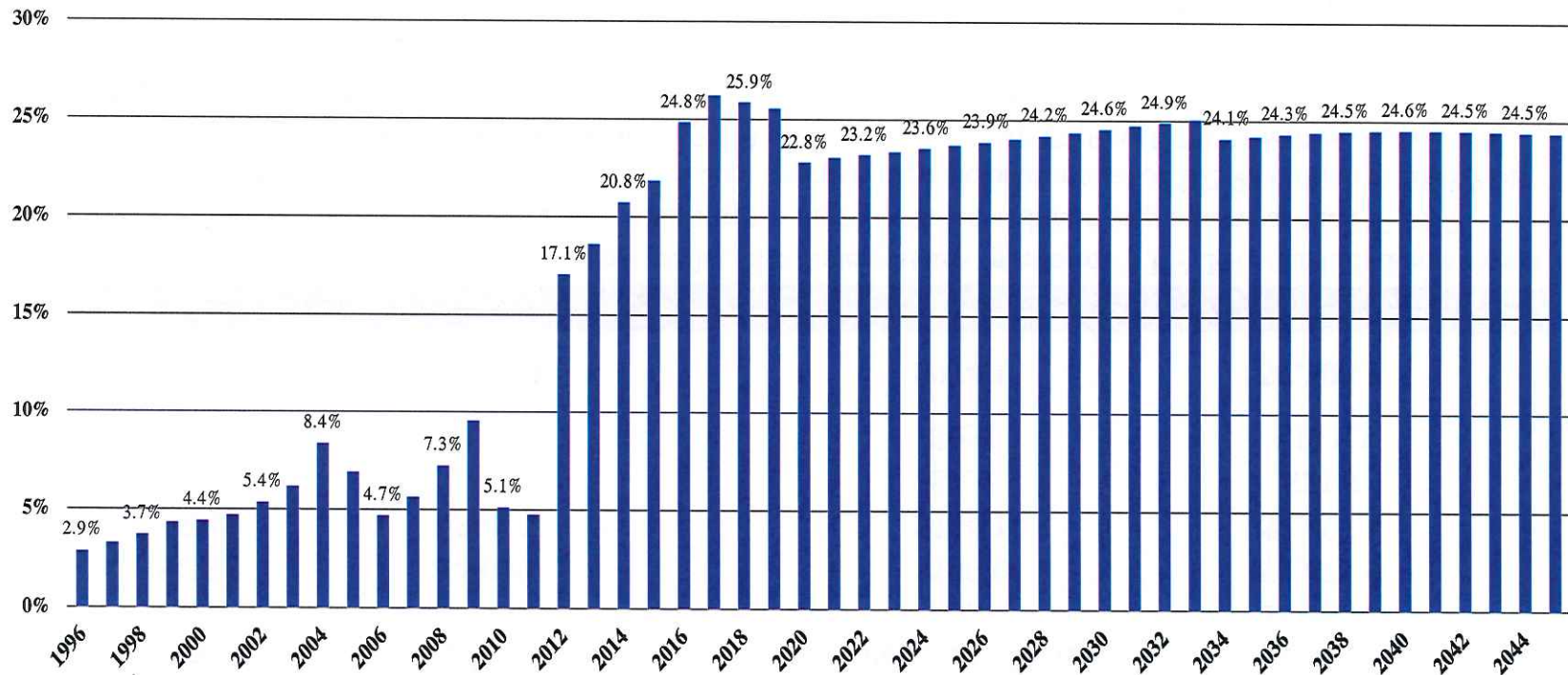
Total FY 2016 Pension Appropriation: \$ 7,617.3 Million

Total FY 2017 Pension Appropriation: \$ 7,908.9 Million

Total Increase, FY 17 over FY 16: \$ 291.6 Million

GRF PENSION COST AS A PERCENTAGE OF TOTAL GENERAL FUNDS

**GRF Pension Cost as a Percentage of Total General Funds
Current Law
FY 1996 - FY 2045 (Projected)**

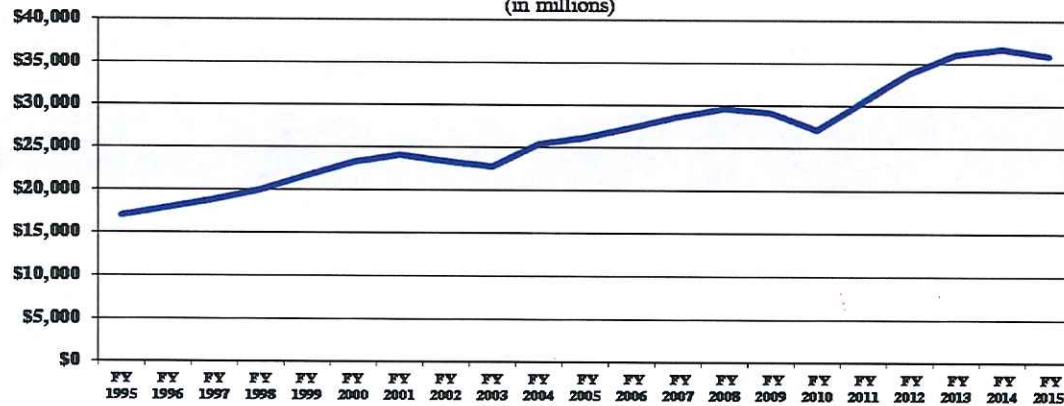


Notes: All future projections of State pension contributions come from the Retirement System Actuaries.
 Only the GRF portion of the regular pension appropriation plus pension bond debt service is shown here.
 GRF FY 2016-2045 projections provided by CoGFA's revenue staff.
 Approximately 65% of SERS' total annual appropriation is assumed to come from GRF while the rest comes from other State Funds not shown here.
 FY 2010 and FY 2011 amount do not reflect the pension bond/note proceeds pursuant to P.A. 96-0043 and P.A. 96-1497.

GENERAL FUNDS BALANCE INFORMATION

GENERAL FUNDS REVENUE HISTORY: FY 1995 - FY 2015

Excludes Budget Stabilization and Pension Contribution Fund Transfers, Short-Term Borrowing, and Related Transfers
(in millions)

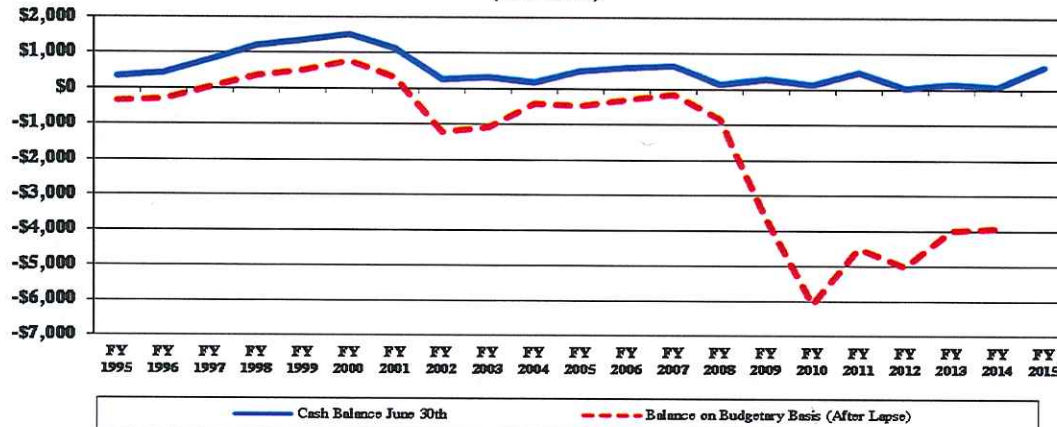


General Funds	Annual \$ Change	% Change
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	(in millions)		
FY 1995	\$17,002	\$1,416	9.1%
FY 1996	\$17,936	\$934	5.5%
FY 1997	\$18,854	\$918	5.1%
FY 1998	\$19,984	\$1,130	6.0%
FY 1999	\$21,674	\$1,690	8.5%
FY 2000	\$23,250	\$1,576	7.3%
FY 2001	\$24,106	\$856	3.7%
FY 2002	\$23,379	-\$727	-3.0%
FY 2003	\$22,786	-\$593	-2.5%
FY 2004	\$25,428	\$2,642	11.6%
FY 2005	\$26,160	\$732	2.9%
FY 2006	\$27,359	\$1,199	4.6%
FY 2007	\$28,640	\$1,281	4.7%
FY 2008	\$29,659	\$1,019	3.6%
FY 2009	\$29,144	-\$515	-1.7%
FY 2010	\$27,090	-\$2,054	-7.0%
FY 2011	\$30,488	\$3,398	12.5%
FY 2012	\$33,797	\$3,309	10.9%
FY 2013	\$36,064	\$2,267	6.7%
FY 2014	\$36,718	\$654	1.8%
FY 2015	\$35,888	-\$830	-2.3%

GENERAL FUNDS BALANCES - CASH BASIS

FY 1995 - FY 2015
(in millions)



Cash Balance June 30th	Lapse Spending	Balance on Budgetary Basis (After Lapse)
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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)
FY 2015	\$621	N/A	N/A

DETAILED GENERAL FUNDS REVENUE HISTORY FY 2007 - FY 2015 & FY 2016 [Estimated]

(\$ Million)

	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	Actual Receipts FY 2015	CGFA July-15 FY 2016
Revenue Sources										
State Taxes										
Personal Income Tax	\$10,424	\$11,187	\$10,219	\$9,430	\$12,301	\$17,000	\$18,323	\$18,388	\$17,682	\$15,173
Corporate Income Tax (regular)	2,121	2,201	2,073	1,649	2,277	2,983	3,679	3,640	3,129	2,830
Sales Taxes	7,136	7,215	6,773	6,308	6,833	7,226	7,355	7,676	8,030	8,280
Public Utility Taxes (regular)	1,131	1,157	1,168	1,089	1,147	995	1,033	1,013	1,006	990
Cigarette Tax	350	350	350	355	355	354	353	353	353	355
Liquor Gallonage Taxes	156	158	158	159	157	164	165	165	167	168
Vehicle Use Tax	33	32	27	30	30	29	27	29	32	32
Inheritance Tax (Gross)	264	373	288	243	122	235	293	276	333	320
Insurance Taxes and Fees	310	298	334	322	317	345	334	333	353	353
Corporate Franchise Tax & Fees	193	225	201	208	207	192	205	203	211	212
Interest on State Funds & Investments	204	212	81	26	28	21	20	20	24	25
Cook County Intergovernmental Transfer	307	302	253	244	244	244	244	244	244	244
Other Sources	449	442	418	431	404	399	462	585	693	511
Subtotal	\$23,078	\$24,152	\$22,343	\$20,494	\$24,422	\$30,187	\$32,493	\$32,925	\$32,257	\$29,493
Transfers										
Lottery	622	657	625	625	632	640	656	668	679	689
Gaming Fund Transfer [and related]	685	564	430	431	324	413	360	331	302	290
Other	939	679	538	828	1,226	885	688	1,113	2,012	647
Total State Sources	\$25,324	\$26,052	\$23,936	\$22,378	\$26,604	\$32,125	\$34,197	\$35,037	\$35,250	\$31,119
Federal Sources	\$4,703	\$4,815	\$6,567	\$5,920	\$5,386	\$3,682	\$4,154	\$3,903	\$3,330	\$3,922
Total Federal & State Sources	\$30,027	\$30,867	\$30,503	\$28,298	\$31,990	\$35,807	\$38,351	\$38,940	\$38,580	\$35,041
Nongeneral Funds Distribution:										
Refund Fund										
Personal Income Tax	(\$1,016)	(\$867)	(\$996)	(\$919)	(\$1,076)	(\$1,488)	(\$1,785)	(\$1,746)	(\$1,769)	(\$1,517)
Corporate Income Tax	(371)	(341)	(363)	(289)	(426)	(522)	(502)	(476)	(439)	(467)
Fund for Advancement of Education	0	0	0	0	0	0	0	0	(242)	(459)
Commitment to Human Services Fund	0	0	0	0	0	0	0	0	(242)	(459)
Subtotal General Funds	\$28,640	\$29,659	\$29,144	\$27,090	\$30,488	\$33,797	\$36,064	\$36,718	\$35,888	\$32,139
Change from Prior Year	\$1,281	\$1,019	(\$515)	(\$2,054)	\$1,344	\$3,309	\$2,267	\$654	(\$830)	(\$3,749)
Percent Change	4.7%	3.6%	-1.7%	-7.0%	4.6%	10.9%	6.7%	1.8%	-2.3%	-10.4%
Short-Term Borrowing	\$900	\$2,400	\$2,400	\$1,250	\$1,300	\$0	\$0	\$0	\$454	\$0
FY' 13/14 Backlog Payment Fund Transfer	\$0	\$0	\$0	\$0	\$0	\$0	\$264	\$50	\$0	\$0
Tobacco Liquidation Proceeds	\$0	\$0	\$0	\$0	\$1,250	\$0	\$0	\$0	\$0	\$0
HPF and HHSMTF Transfers	\$456	\$1,503	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Budget Stabilization Fund Transfer	\$276	\$276	\$576	\$1,146	\$535	\$275	\$275	\$275	\$275	\$275
Pension Contribution Fund Transfer	\$0	\$0	\$0	\$843	\$224	\$0	\$0	\$0	\$0	\$0
Total General Funds	\$30,272	\$33,838	\$32,120	\$30,329	\$33,797	\$34,072	\$36,603	\$37,043	\$36,617	\$32,414
Change from Prior Year	\$1,637	\$3,566	(\$1,718)	(\$1,791)	\$1,677	\$275	\$2,531	\$440	(\$426)	(\$4,203)
Percent Change	5.7%	11.8%	-5.1%	-5.6%	5.2%	0.8%	7.4%	1.2%	-1.2%	-11.5%

SOURCE: CGFA

ALL APPROPRIATED FUNDS REVENUE FY 2006 to FY 2016

(\$ millions)

<u>REVENUE SOURCES</u>	<u>ACTUAL RECEIPTS FY 2006</u>	<u>ACTUAL RECEIPTS FY 2007</u>	<u>ACTUAL RECEIPTS FY 2008</u>	<u>ACTUAL RECEIPTS FY 2009</u>	<u>ACTUAL RECEIPTS FY 2010</u>	<u>ACTUAL RECEIPTS FY 2011</u>	<u>ACTUAL RECEIPTS FY 2012</u>	<u>ACTUAL RECEIPTS FY 2013</u>	<u>ACTUAL RECEIPTS FY 2014</u>	<u>Mar-15 Estimate FY 2015</u>	<u>Mar-15 Estimate FY 2016</u>
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

ILLINOIS BOND RATINGS

- Moody's downgraded Illinois in October 2015:
 - G.O. and Build Illinois Bond ratings - from A3 to Baa1 with a negative outlook
 - State Civic Center and MPEA Bonds - from Baa1 to Baa2
 - 3 State public universities were downgraded from two levels from Baa1 to Baa3
GSU, EIU, WIU
 - Northeastern Illinois University was downgraded from Baa1 to Baa2
 - Northern and Southern Illinois Universities were downgraded from A3 to Baa1
- Fitch downgraded Illinois in October 2015:
 - General Obligation Bonds from A- to BBB+ with a stable outlook.
 - Metropolitan Pier & Exposition Authority (McCormick Place and Navy Pier) from A- to BBB+
 - Illinois Sports Facility Authority from A- to BBB+
- S&P rates Illinois at A- with a negative outlook, still viewing IL as having sufficient liquidity to fund debt service payments with the ability to meet its debt obligations as they come due.
- **Fitch and Moody's both stated in their analyses that the downgrades were related to the budget impasse causing a "deterioration of the state's financial flexibility" (Fitch, October 19, 2015).**
- **Other factors mentioned are the state's continuing structural problems, including ballooning pension payments and liabilities, bill payment backlogs and the cuts to income taxes which have lowered revenues.**

ILLINOIS' GENERAL OBLIGATION RATINGS HISTORY

Date of Rating Action	Fitch		S&P		Moody's	
	Rating	up/down	Rating	up/down	Rating	up/down
October 2015	BBB+	↓1x			Baa1	↓1x
June 2013	A-	↓1x			A3	↓1x
Jan 2013			A-	↓1x		
Aug 2012			A	↓1x		
Jan 2012					A2	↓1x
Jun 2010	A	↓1x			A1	↓1x
Mar-Apr 2010	A-/A+ recal	↓1x/↑2x			Aa3 recal	↑2x
Dec 2009			A+	↓1x	A2	↓1x
Mar-Jul 2009	A	↓2x	AA-	↓1x	A1	↓1x
Dec 2008	AA-	↓1x				
May 2003	AA	↓1x			Aa3	↓1x
Jun 2000	AA+	↑1x				
Jun 1998					Aa2	↑1x
Jul 1997			AA	↑1x		
Feb 1997					Aa3	↑1x
Sep 1996	AA	<i>initial rating</i>				
Feb 1995					A1	↓1x
Aug 1992			AA-	↓1x	Aa*	↓1x
Aug-Sep 1991			AA	↓1x	Aa1	↓1x*
Mar 1983			AA+	↓1x*		
Feb 1979			AAA	<i>initial rating</i>		
1973					AAA	<i>initial rating</i>

Note: "recal" means recalibration, when Fitch and Moody's revised their ratings on municipal bonds to match global/corporate ratings. These are not considered upgrades.

*Moody's rating of Aa was before that level had modifiers of Aa2 and Aa3, so it was considered one level inbetween AA1 and A1

Agency Ratings Comparison	
Fitch/S&P	Moody's
AAA	Aaa
AA+	Aa1
AA	Aa2
AA-	Aa3
A+	A1
A	A2
A-	A3
BBB+	Baa1
BBB	Baa2
BBB-	Baa3
BB+	Ba1
BB	Ba2
BB-	Ba3
B+	B1
B	B2
B-	B3
CCC+	Caa1
CCC	Caa2
CCC-	Caa3
CC	Ca
C	C

Illinois Current Condition

- According to the Comptroller's Office, unpaid bill total \$8.0 billion, and the amount is growing.
- The unfunded Pension Liability is \$111,048 billion at market value and \$112,897 billion using asset smoothing.
- The latest GASB Report on the Group Insurance Program has the unfunded liability at \$35 billion. The actuaries are working on a new report with updated numbers which will increase the unfunded liability.
- The State's bonded indebtedness is \$29.2 billion.
- A loss of over 14,000 manufacturing jobs in 2015.
- A current trend of people moving out of Illinois.

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.

