STATE OF ILLINOIS
EXECUTIVE OFFICE OF THE GOVERNOR
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
SPRINGFIELD 62706

JB PRITZKER
GOVERNOR

ALEXIS STURM
DIRECTOR

FISCAL YEAR 2023 THIRD QUARTER FINANCIAL REVIEW

THIRD QUARTER RESULTS

Fiscal Year 2023's (FY23) third quarter saw a year-over-year decrease of $58 million in general funds revenues. Third quarter expenditures increased by $2,564 million compared to FY22 third quarter expenditures due to the passage of a midyear supplemental bill that included $1,820 million to pay off the remaining Unemployment Insurance Trust Fund balance.

Detailed third quarter and year-to-date information is presented on the following pages.

THIRD QUARTER REPORT HIGHLIGHT: FEDERAL SOURCES

While the State of Illinois receives Federal resources in many ways, many of these dollars flow directly to Federal Funds and Other State Funds, not the State's General Funds. Of the dollars which are received by the General Funds, the vast majority are matching funds for the Medical Assistance (Medicaid) program, meaning that the amount received is almost entirely based on the amount spent by state agencies, particularly the Department of Healthcare and Family Services.. Other mechanisms for federal dollars reaching the General Funds include but are not limited to matching funds for administrative costs related to Medicaid and SNAP, as well as Social Services Block Grant receipts.

ILLINOIS ECONOMIC INDICATORS

The state's economic conditions have closely tracked those of the United States economy over the last calendar year. The state and country have, in recent months, shown signs of stabilization in areas such as unemployment and consumer spending, although other measures including home sales are down and inflation, though decreasing, has continued to put pressure on consumers.

Prices in the Chicago area, as measured by CPI-U, increased by 0.83% in December according to the U.S. Bureau of Labor Statistics, but were up 4.4% since March 2022, a much slower pace of year-over-year growth than has been prevalent. CPI-U is a measure that examines the prices of a basket of goods and services for urban consumers. Across the Midwest, prices were up 0.59% month-over-month and 4.9% over the year, while nationwide prices increased 0.33% for the month and by 5.0% for the year.

General Funds Overview

GENERAL FUNDS CASH FLOW
Third Quarter and Year-to-Date Review
($ in millions)

	Third Quarter FY22 Actual	Third Quarter FY23 Actual	Year-to-date FY22 Actual	Year-to-date FY23 Actual
Beginning Backlog at Comptroller	**$ (3,258)**	**$ (1,475)**	**$ (2,204)**	**$ (1,348)**
Beginning Cash Balance	**$ 625**	**$ 2,023**	**$ 975**	**$ 2,063**
Revenues				
Individual Income Tax	$ 7,094	$ 6,492	$ 16,456	$ 16,722
Corporate Income Tax	760	731	2,863	3,327
Sales Tax	2,323	2,378	7,572	7,807
Other Sources/Transfers In	1,359	2,449	3,945	5,331
State Source Revenues	**$ 11,537**	**$ 12,050**	**$ 30,837**	**$ 33,186**
Federal Sources	1,355	784	3,551	2,850
Short Term Borrowing/Municipal Liquidity Facility	0	0	0	0
Investment Borrowing	0	0	0	0
ARPA Reimbursement for Government Services	0	0	439	763
Total Revenues	**$ 12,892**	**$ 12,834**	**$ 34,826**	**$ 36,802**
Expenditures				
Current Year Vouchers	$ 10,333	$ 12,897	$ 30,019	$ 34,342
Prior Year Vouchers	0	0	1,917	1,384
Subtotal, Vouchers Presented	**$ 10,333**	**$ 12,897**	**$ 31,936**	**$ 35,727**
Posted Transfers Out	42	117	359	416
Transfer to GO Bond Debt Service Fund	93	221	761	928
Transfer to Repay Interfund Borrowing	916	0	932	0
Transfers to fund tax relief programs	0	0	0	125
Transfers to Pension Stabilization Fund	0	0	0	200
Short Term Borrowing Repayments	302	0	1,052	0
Prior Year Adjustments	(17)	(14)	(30)	(38)
Total Expenditures	**$ 11,670**	**$ 13,221**	**$ 35,009**	**$ 37,358**
End of Quarter Cash Balance	$ 1,168	$ 2,007	$ 1,168	$ 2,007
End of Quarter Backlog at Comptroller	**$ (2,578)**	**$ (1,846)**	**$ (2,578)**	**$ (1,846)**

Source: Illinois Office of the Comptroller
Note: Backlog figures do not include bills held at agencies. For information on bills held at agencies please refer to the Backlog Report at budget.illinois.gov or the Office of the Comptroller's Debt Transparency Report.

GENERAL FUNDS CASH FLOW
Comparison: Projected versus Actual
($ in millions)

	Third Quarter Projected	Third Quarter Actual
Cash Balance, Beginning	**$ 2,023**	**$ 2,023**
Receipts	**$ 12,688**	**$ 12,832**
IIT	6,210	6,492
CIT	751	731
Sales	2,298	2,378
Other Sources	968	1,103
Transfers In	1,374	1,346
Interfund Borrowing	-	-
Investment Borrowing	-	-
Federal Sources	1,087	784
ARPA Reimbursement	-	-
Certificate Proceeds	**-**	**-**
Cash Expenditures	**(13,729)**	**(14,068)**
Short-Term Borrowing Repayment	**-**	**-**
Cash Balance - Budget Stabilization Fund	**$ 1,060**	**$ 1,220**
Cash Balance - All other General Funds	**$ 590**	**$ 787**

Based on revenue projections revised in February 2023.

GENERAL FUNDS REVENUES SUMMARY

GENERAL FUNDS REVENUES
Third Quarter and Year-to-Date Review

($ in millions)

	Third Quarter		Change: FY22 Actual to FY23 Actual		Year-to-Date		Change: FY22 Actual to FY23 Actual	
	FY22 Actual	FY23 Actual	Dollar Change	Percent Change	FY22 Actual	FY23 Actual	Dollar Change	Percent Change
Gross Individual Income Tax	**$ 8,322**	**$ 7,624**	**$ (698)**	**(8.4%)**	**$ 19,304**	**$ 19,637**	**$ 333**	**1.7%**
Income Tax Refund Fund	(770)	(705)	64	(8.4%)	(1,786)	(1,817)	(31)	1.7%
Local Government Distributive Fund Deposit	(458)	(426)	31	(6.9%)	(1,062)	(1,098)	(36)	3.4%
Net Individual Income Tax	**$ 7,094**	**$ 6,492**	**$ (602)**	**(8.5%)**	**16,456**	**16,722**	**$ 266**	**1.6%**
Gross Corporate Income	**$ 960**	**$ 917**	**$ (43)**	**(4.4%)**	**$ 3,617**	**$ 4,178**	**$ 561**	**15.5%**
Income Tax Refund Fund	(144)	(133)	11	(7.6%)	(543)	(606)	(63)	11.6%
Local Government Distributive Fund Deposit	(56)	(54)	2	(3.9%)	(211)	(245)	(34)	16.2%
Net Corporate Income Tax	**$ 760**	**$ 731**	**$ (30)**	**(3.9%)**	**$ 2,863**	**$ 3,327**	**$ 464**	**16.2%**
Gross Sales Tax	**$ 2,566**	**$ 2,689**	**$ 124**	**4.8%**	**$ 8,100**	**$ 8,650**	**$ 550**	**6.8%**
Downstate Public Trans/Public Trans Deposits	(209)	(182)	27	(13.0%)	(442)	(472)	(30)	6.9%
Road Fund Deposit	(34)	(129)	(96)	282.6%	(86)	(372)	(285)	330.4%
Net Sales Tax	**2,323**	**$ 2,378**	**$ 55**	**2.4%**	**7,572**	**$ 7,807**	**$ 235**	**3.1%**
Public Utility	$ 217	$ 239	22	10.0%	$ 565	$ 577	12	2.1%
Cigarette	55	48	(7)	(12.7%)	192	172	(20)	(10.4%)
Inheritance	124	113	(11)	(8.7%)	433	380	(53)	(12.3%)
Liquor	42	43	1	1.4%	140	138	(2)	(1.7%)
Insurance	118	103	(15)	(12.8%)	305	313	8	2.5%
Corporate Franchise	50	58	8	15.0%	162	174	12	7.3%
Investment Income	5	138	133	2660.7%	11	251	240	2181.8%
Cook County IGT	244	244	(0)	(0.1%)	244	244	(0)	(0.1%)
Other	102	118	16	15.7%	244	320	76	31.1%
TOTAL STATE REVENUES	**$ 11,134**	**$ 10,704**	**$ (429)**	**(3.9%)**	**$ 29,188**	**$ 30,423**	**$ 1,236**	**4.2%**
Federal Revenues	**$ 1,355**	**$ 784**	**$ (571)**	**(42.1%)**	**$ 3,551**	**$ 2,850**	**$ (701)**	**(19.7%)**
Transfers In	**$ 402**	**$ 1,346**	**$ 944**	**234.7%**	**$ 1,648**	**$ 2,763**	**$ 1,115**	**67.7%**
Lottery	182	186	4	2.2%	591	486	(105)	(17.8%)
Gaming/Gaming Taxes	26	36	10	38.5%	112	130	18	16.2%
Adult-Use Cannabis	31	27	(4)	(12.3%)	84	83	(1)	(1.0%)
Other	163	1,096	933	572.6%	861	2,064	1,203	139.7%
SUBTOTAL REVENUES	**$ 12,891**	**$ 12,833**	**$ (58)**	**(0.4%)**	**$ 34,387**	**$ 36,037**	**$ 1,650**	**4.8%**
Investment Borrowing	0	0	0	0.0%	0	0	0	100.0%
Municipal Liquidity Facility	0	0	0	0.0%	0	0	0	100.0%
ARPA Reimbursement for Government Services	0	0	0	100.0%	439	763	324	73.8%
TOTAL REVENUES	**$ 12,891**	**$ 12,833**	**$ (58)**	**(0.4%)**	**$ 34,826**	**$ 36,802**	**$ 1,976**	**5.7%**

Source: Illinois Office of the Comptroller

Income Taxes: FY23 year-to-date (YTD) Individual Income Tax net receipts increased by $266 million, or 1.6% from FY22, while FY23 YTD Corporate Income Tax (CIT) net receipts increased by $464 million, or 16.2%. $1,343 million of income taxes were directly deposited into the Local Government Distributive Fund in the first three quarters of FY23.

Sales Taxes: FY23 YTD Sales Tax net receipts increased by $235 million, or 3.1%, from the FY22 YTD level.

Federal Revenues: FY23 YTD Federal Revenues have decreased by $701 million, or 19.7%, compared to the FY22 YTD level.

Transfers In: FY23 YTD Transfers In increased by $1,115 million, or 67.7%, compared to the FY22 YTD level, driven by $1,481 million in transfers from the Income Tax Refund Fund to the General Revenue Fund.

GENERAL FUNDS REVENUES BUDGETED VERSUS ACTUALS SUMMARY

The table below sets forth General Funds year-to-date budgeted revenues versus year-to-date actual revenues for FY23. Total State Revenues (not including Transfers In) were $501 million, or 1.7%, above the February 2023 budgeted level. Federal Revenues were $296 million, or 9.4%, below the February 2023 budgeted level.

GENERAL FUNDS REVENUES
Year-to-Date Budgeted versus Actual

($ in millions)

	FY23 YTD Budgeted*	FY23 YTD Actual	Dollar Change	Percent Change
Gross Individual Income Tax	**$ 19,307**	**$ 19,637**	**$ 330**	**1.7%**
Income Tax Refund Fund	(1,786)	$ (1,817)	(31)	1.7%
Local Government Distributive Fund Deposit	(1,079)	$ (1,098)	(18)	1.7%
Net Individual Income Tax	**$ 16,442**	**$ 16,722**	**$ 281**	**1.7%**
Gross Corporate Income	**$ 4,203**	**$ 4,178**	**$ (26)**	**(0.6%)**
Income Tax Refund Fund	(609)	(606)	3	(0.6%)
Local Government Distributive Fund Deposit	(246)	(245)	1	(0.6%)
Net Corporate Income Tax	**$ 3,348**	**$ 3,327**	**$ (21)**	**(0.6%)**
Gross Sales Tax	**$ 8,562**	**$ 8,650**	**$ 88**	**1.0%**
Downstate Public Trans/Public Trans Deposits	(476)	(472)	4	(0.9%)
Road Fund Deposits	(360)	(372)	(12)	3.3%
Net Sales Tax	**$ 7,726**	**$ 7,807**	**$ 81**	**1.0%**
Public Utility	$ 548	577	28	5.2%
Cigarette	179	172	(7)	(3.9%)
Inheritance	341	380	39	11.5%
Liquor	141	138	(3)	(2.4%)
Insurance	328	313	(15)	(4.7%)
Corporate Franchise	173	174	1	0.7%
Investment Income	157	251	94	59.9%
Cook County IGT	244	244	0	0.0%
Other	296	320	24	8.1%
TOTAL STATE REVENUES	**$ 29,922**	**$ 30,423**	**$ 501**	**1.7%**
Federal Revenues	**$ 3,146**	**$ 2,850**	**$ (296)**	**(9.4%)**
Transfers In	**$ 2,858**	**$ 2,763**	**$ (94)**	**(3.3%)**
Lottery	452	486	34	7.5%
Gaming/Gaming Taxes	128	130	2	1.6%
Adult-Use Cannabis	95	83	(12)	(12.4%)
Other	2,183	2,064	(119)	(5.4%)
SUBTOTAL REVENUES	**$ 35,926**	**$ 36,037**	**$ 111**	**0.3%**
Investment Borrowing	0	0	0	0.0%
Short Term Borrowing	0	0	0	0.0%
ARPA Reimbursement for Government Services	763	763	0	0.0%
TOTAL REVENUES	**$ 36,689**	**$ 36,800**	**$ 111**	**0.3%**

Source: Illinois Office of the Comptroller and Governor's Office of Management and Budget
*Budgeted figures are based on historical averages as well as information from the Department of Revenue on timing of income tax deposits. Estimates were compiled in February 2023.

Income Taxes: Individual Income Tax net receipts through the third quarter were $281 million, or 1.7%, higher than budgeted levels. Corporate Income Tax net receipts through the third quarter were $21 million, or 0.6%, lower than the budgeted levels.

Sales Taxes: Sales Tax net receipts through the second quarter were $81 million, or 1.0%, higher than the budgeted levels.

Transfers In: Transfers In through the third quarter were $94 million, or 3.3%, lower than budgeted levels.

OUTLOOK FOR FUTURE GENERAL FUNDS REVENUES

The table below sets forth the future outlook for General Funds revenues for FY23. The table below reflects anticipated revenues to be receipted compared against year-to-date collections.

PROJECTED GENERAL FUNDS REVENUES
Year-to-Date Actuals versus Annual Forecast

($ in millions)

	FY23 YTD Actual	FY23 Annual Forecast*	Remainder of Forecast*
Receipts	**$ 36,983**	**$ 50,596**	**$ 13,613**
IIT	16,722	23,881	7,159
CIT	3,327	5,723	2,396
Sales	7,807	10,390	2,583
Other Sources	2,606	3,321	714
Transfers In	2,623	3,268	645
Federal Sources	3,897	4,013	116
Total Base Revenues	**36,983**	**50,596**	**13,613**

Source: Illinois Office of the Comptroller and Governor's Office of Management and Budget

*Fiscal year 2023 forecast was updated in February 2023 using historical averages, national and regional economic activity data, and tax-related information provided by the Department of Revenue.

Through the third quarter of FY23, total base State General Funds revenues have had uneven performances resulting in a slim margin against the updated February 2023 forecast. Net individual income tax has exceeded its forecast by 1.7%, while net individual corporate taxes were slightly below the forecast by 0.6%. Sales tax are at forecast. Federal revenues are running less than forecast and may require a revision.

GENERAL FUNDS EXPENDITURES SUMMARY

The table below sets forth FY22 and FY23 third quarter and year-to-date General Funds spending from appropriations for those fiscal years. General Funds expenditures for the third quarter of FY23 totaled $12,897 million, an increase of $2,564 million, or 24.8%, from the FY22 level driven by a mid-year supplemental appropriation found in Public Act 102-1122 and Public Act 102-1121.

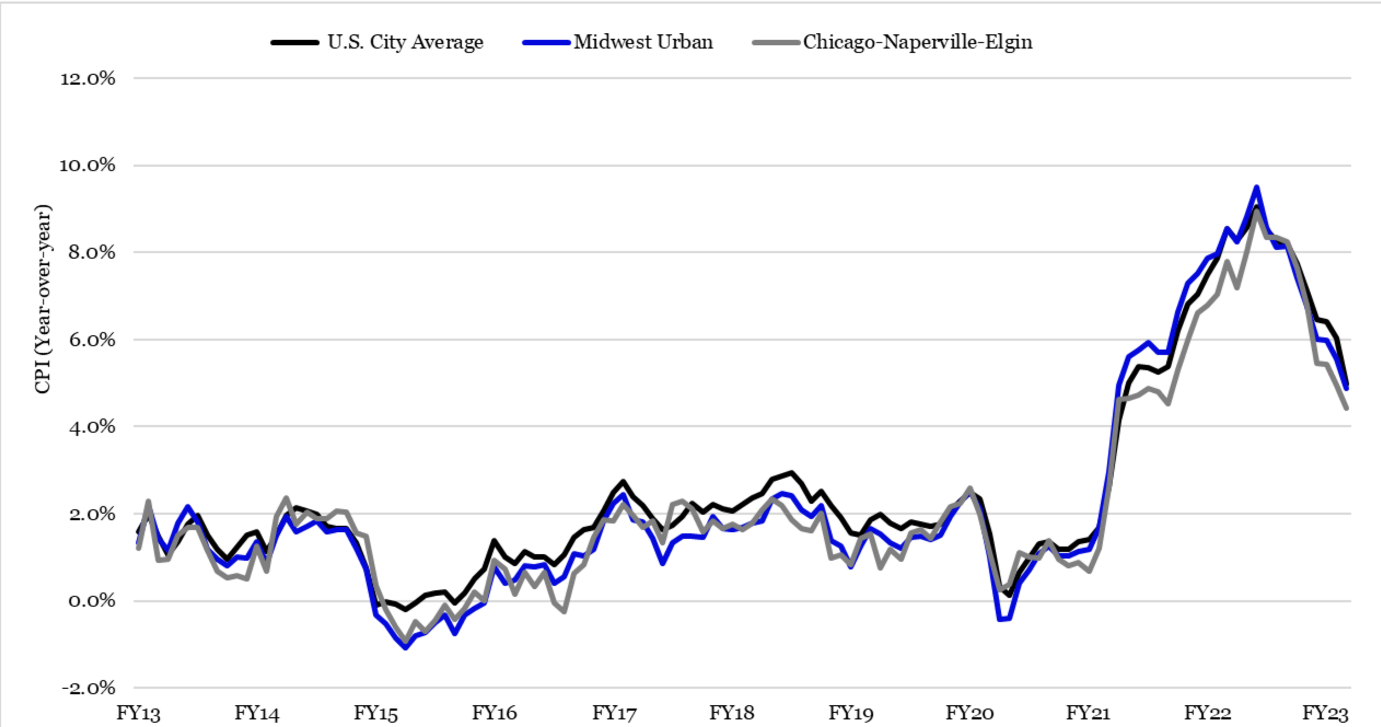
GENERAL FUNDS EXPENDITURES
Third Quarter and Year-to-Date Review
($ in millions)

	Third Quarter		Year-to-Date	
Agency	**FY22 Actual Spending**	**FY23 Actual Spending**	**FY22 Actual Spending**	**FY23 Actual Spending**
Constitutional Officers[1]	$ 84	$ 106	$ 254	$ 308
DHFS	2,000	1,887	5,830	6,360
ISBE	2,438	2,624	6,570	6,980
DHS	1,010	1,418	2,920	3,569
Higher Education	451	525	1,762	2,002
SERS	401	416	1,220	1,281
TRS	1,531	1,574	4,584	4,735
SURS	697	526	1,633	1,682
Corrections	364	444	1,003	1,125
CMS	395	464	1,625	1,529
DCFS	267	309	758	855
Aging	298	363	711	829
ISP	61	81	197	223
Revenue	12	12	34	34
DPH	22	43	88	142
DNR	13	15	30	46
DCEO	7	9	12	18
All Others	283	2,082	787	2,625
Agency Totals	**$ 10,333**	**$ 12,897**	**$ 30,019**	**$ 34,342**

Source: Illinois Office of the Comptroller and Governor's Office of Management and Budget. Totals may not add due to rounding.
Note: Lapse period spending is not included in this table.
[1] Constitutional Officers exclude Auditor General.

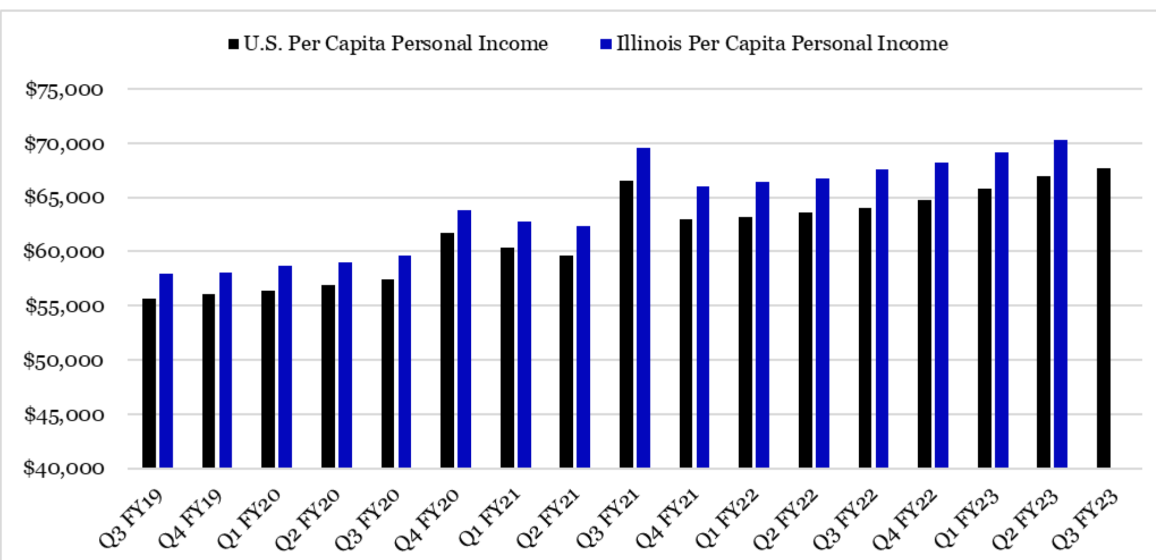
KEY ECONOMIC INDICATORS

The graph below shows the year-over-year increase in the Consumer Price Index (CPI) for All Urban Consumers, all items, in the U.S., Chicago metropolitan area, and Midwest from January FY13 to December FY23. In March FY23, the U.S. city average CPI was up 5.0 % year-over-year. The CPI for Chicago metropolitan area increased 4.4% and the CPI for Midwest region increased 4.9%.



Source: U.S. Bureau of Labor Statistics

The graph below compares the per capita personal income between the U.S. and Illinois from the third quarter of FY19 to the third quarter of FY23. The U.S. per capita personal income increased $762 or 1.14% from $66,914 in the second quarter of FY23 to $67,676 in the third. Year-over-year, U.S. per capita personal income increased $3,648 or 5.70%. In Illinois, data was not available for the third quarter of FY23. Per capita personal income increased by $975 or 1.41%, from $69.167 in the first quarter of FY23 to $70,301 in the second. Year-over-year, Illinois per capita personal income increased $2,784 or 4.19%.



Source: Bureau of Economic Analysis, St. Louis Federal Reserve

EMPLOYMENT HIGHLIGHTS

The table below shows recent Illinois and national employment highlights. Nationally, the unemployment rate in March of FY23 was 3.5%, down from 3.6% during the same period last fiscal year. Illinois' unemployment rate of 4.4% in March of FY23 reflected a decrease of 0.1 percentage points from the state's unemployment rate of 4.5% during the same period last fiscal year.

Additionally, total nonfarm employment in Illinois increased by 131,100 year-over-year in March, with March employment gains led by increases in the Leisure & Hospitality, Educational & Health Services and Government sectors.

EMPLOYMENT HIGHLIGHTS
State and National Review

EMPLOYMENT STATISTICS	January FY22	January FY23	Change
Total Nonfarm Employment, Illinois	5,942,000	6,103,900	161,900
Unemployment Rate, Illinois	4.8%	4.5%	(0.3)
Unemployment Rate, United States	4.0%	3.4%	(0.6)
Labor Force Participation Rate, Illinois	64.4%	64.6%	0.2
Labor Force Participation Rate, United States	62.2%	62.4%	0.2
EMPLOYMENT STATISTICS	**February FY22**	**February FY23**	**Change**
Total Nonfarm Employment, Illinois	5,969,700	6,114,600	144,900
Unemployment Rate, Illinois	4.6%	4.5%	(0.1)
Unemployment Rate, United States	3.8%	3.6%	(0.2)
Labor Force Participation Rate, Illinois	64.5%	64.6%	0.1
Labor Force Participation Rate, United States	62.2%	62.5%	0.3
EMPLOYMENT STATISTICS	**March FY22**	**March FY23**	**Change**
Total Nonfarm Employment, Illinois	5,988,800	6,119,900	131,100
Unemployment Rate, Illinois	4.5%	4.4%	(0.1)
Unemployment Rate, United States	3.6%	3.5%	(0.1)
Labor Force Participation Rate, Illinois	64.6%	64.7%	0.1
Labor Force Participation Rate, United States	62.4%	62.6%	0.2

Source: Illinois Department of Employment Security and United States Department of Labor.

ILLINOIS REAL ESTATE

In March 2023, statewide home sales (including single-family homes and condominiums) of 11,178 homes sold was 19.9 percent lower than 13,959 sold in March 2022. Also in March 2023, the monthly median price of $259,000 in March 2023 was 0.4 percent less than it was the year before at $260,000. In March, home sold on average in 39 days, up from 36 days a year ago. Available housing inventory in March 2023 totaled 17,379 homes for sale, a 16.2 percent decline from March 2022 when 20,735 homes were on the market.