



Commission on Government Forecasting and Accountability

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MONTHLY BRIEFING FOR THE MONTH ENDED: FEBRUARY 2015

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LATEST PUBLICATIONS

Fiscal Analysis of the Downstate Police and Downstate Fire Pension Funds in Illinois (P.A. 95-0950)

ECONOMY: Deja Vu?

Edward H. Boss, Jr., Chief Economist

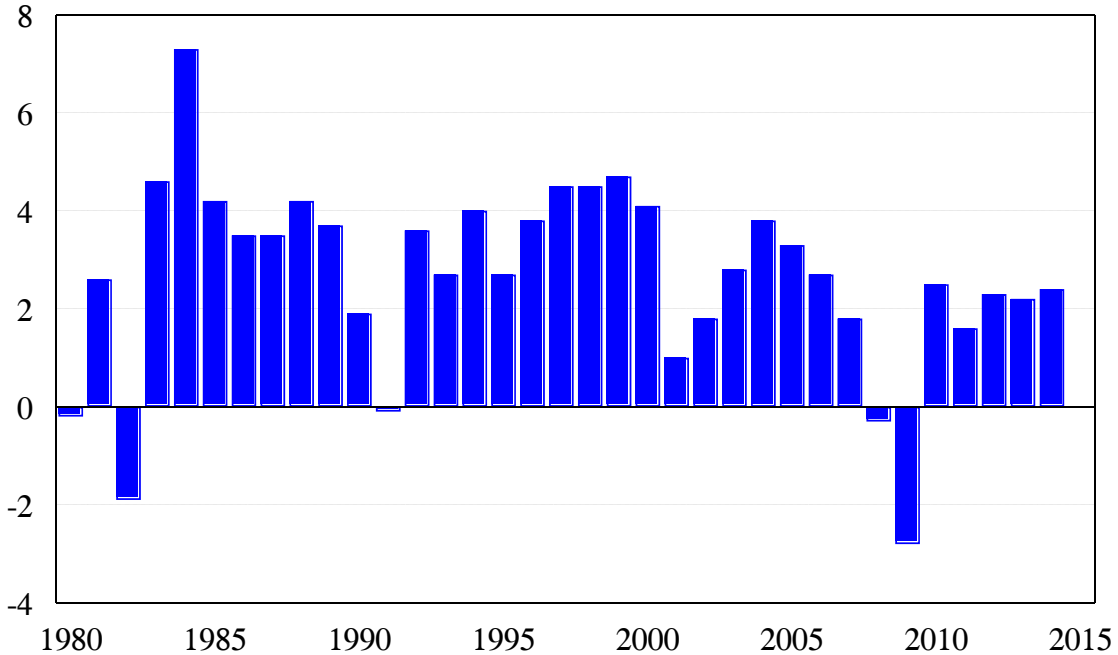
The economy through the first two months of 2015 is reminiscent of last year - that is one where a severe winter acts to dampen growth once again. Indeed, a year ago the economy actually contracted in its first quarter at a 2.1% annual rate. While this is unlikely to be repeated to the same extent this year, there can be no doubt that the weather has had a depressant effect on growth. For example, retail sales fell in both December and January. In January total sales were up only 2.8% from a year earlier and excluding autos, which had been strong, were up a modest 1.4%. The data are not adjusted for inflation, which a recently-applied new estimation system, shows the CPI index was down 0.1% in January from a year ago due mainly to the sharp drop in energy prices while the core rate that excludes food and energy was up 1.6% from a year earlier.

Another consumer - related expenditure and one that has been a major contributor to the economic recovery has been the sharp turnaround in the housing market. Even so, there has been some hesitation recently. For example, existing home sales fell 4.9% in January; new home sales edged down 0.2%; and new mortgage applications dropped 3.2% in the latest week, in part blamed on a slight rise in mortgage interest rates. New home prices also dropped in January to a median price of \$294,300, the lowest since September although up 9% from a year earlier. Latest measures of the Conference Board's Index of Consumer Confidence and the University of Michigan's Index of Consumer's Sentiment both turned down after being on a sharp upward path over the past year.

In addition to the weather, sectors other than the consumer have shown some weakening. For example, U.S. exports are under downward pressure due in part to relative weak economies abroad and exasperated by a strengthening dollar and the labor dispute at West Coast ports. In December, the latest data available, U.S. exports fell by 0.8% from

CHART 1

REAL GROSS DOMESTIC PRODUCT
Percent Change



CGFA

November which in turn had fallen from October's level. Even though the strike was settled in late February, the leader of the Port of Los Angeles was quoted that it would take three months to return to normal. Thus, this softness is likely to continue to be reflected in upcoming economic data. While the U.S. is the third largest exporter, it accounts for only about 13% of GDP. Within the U.S., Illinois is the fifth largest exporter and the December data for the State shows exports were down 5.1% in December and 6.6% for last year.

Business spending also appears to have softened. In the just released first GDP revision to the fourth quarter of

2014, in addition to the downturn in imports, there was a deceleration in business spending. Nonresidential fixed investment slowed from a gain of 8.9% in the previous quarter to 4.8% last quarter. The slowing in business spending also was reflected in the Purchasing Managers Index measuring activity in the manufacturing sector which, while continuing to expand, fell for three consecutive months since a high reached in October. Moreover, the Chicago Purchasing Managers Index which, while more volatile tends to move in tandem with the national series, plunged. In just released data for February, the Chicago Index showed actual contraction with a reading of 45.8 for the first time since April 2013.

Similarly, the Nonmanufacturing Index, or service sector, while continuing to expand, was at its lowest level since June in the last two months. In addition to business spending being partly responsible for the downward adjustment to last quarter's GDP, real federal government spending declined at a 7.5% annual rate after rising at a 9.9% annual rate in the previous quarter. For the year as a whole, real federal government spending declined by 1.9% whereas real state and local expenditures rose a modest 1.0%.

In conclusion, after the contraction in real growth in the first quarter of last year with a negative annual rate of 2.1%, a spring and summer rebound with

growth rates of 4.6% and 5% in the second and third quarters, gave some observers the impression that the U.S. had freed itself from sluggishness and was on its way to successively stronger growth. However, as shown in Chart 1 on the previous page, instead the slowdown in the final quarter of the year held the year's growth to 2.4%, making it the fifth year in a row that the economy has been essentially stuck in a 2% to 2.5% range. Thus, the current expansion continues to be the weakest in the post WWII period. With another severe winter this year, the question arises if we are once again going to repeat last year's performance pattern or finally break out; returning to what was previously much faster growth.

INDICATORS OF ILLINOIS ECONOMIC ACTIVITY

<u>INDICATORS</u> *	<u>JAN. 2015</u>	<u>DEC. 2014</u>	<u>JAN. 2014</u>
Unemployment Rate (Average) **	N/A	N/A	N/A
Annual Rate of Inflation (Chicago)	-1.6%	-4.8%	0.4%
<hr style="border: 1px solid black;"/>			
	<u>LATEST</u>	<u>% CHANGE</u>	<u>% CHANGE</u>
	<u>MONTH</u>	<u>OVER PRIOR</u>	<u>OVER A</u>
		<u>MONTH</u>	<u>YEAR AGO</u>
Civilian Labor Force (thousands) (January) **	N/A	N/A	N/A
Employment (thousands) (January) **	N/A	N/A	N/A
NonFarm Payroll Employment (January) **	N/A	N/A	N/A
New Car & Truck Registration (January)	52,221	0.1%	12.0%
Single Family Housing Permits (January)	407	-42.2%	20.1%
Total Exports (\$ mil) (December)	5,402	-5.1%	-6.6%
Chicago Purchasing Managers Index (February)	45.8	-22.9%	-23.4%
* Due to monthly fluctuations, trend best shown by % change from a year ago			
** Data delayed until March 12 th due to historical revisions			

Illinois Employment and Wage Update

Eric Noggle, Senior Revenue Analyst

With 2014 now complete, the following section takes a look at Illinois' employment performance and how Illinois' latest job figures compare with the rest of the nation. The most recent data from the Bureau of Labor Statistics (December 2014, preliminary) places Illinois' seasonally adjusted unemployment rate at 6.2%. While this

figure is noticeably lower than the December 2013 rate of 8.6%, Illinois' unemployment rate remains higher than the U.S. rate of 5.6%. As shown below, Illinois' seasonally adjusted unemployment rate of 6.2% currently ranks Illinois in 35th place. This ranking, while still disappointing, is a significant improvement from a year ago when Illinois was ranked 49th in the nation.

December 2014 Unemployment Rates (Seasonally Adjusted) for States and Historical Highs/Lows						
<i>NATIONAL RATE = 5.6%</i>						
State	Dec 2014		Historical High		Historical Low	
	Rate	Ranking	Date	Rate	Date	Rate
Alabama	5.7	28	Dec. 1982	14.3	Apr. 2007	3.2
Alaska	6.3	37	Jun. 1986	11.5	Apr. 2007	5.9
Arizona	6.7	43	Jan. 1983	11.6	Jul. 2007	3.5
Arkansas	5.7	28	Jul. 1983	10.1	Nov. 2000	4.0
California	7.0	49	Oct. 2010	12.4	Jan. 2001	4.7
Colorado	4.0	7	Oct. 2010	9.1	Jan. 2001	2.6
Connecticut	6.4	40	Nov. 2010	9.5	Oct. 2000	2.1
Delaware	5.4	21	Dec. 1976	9.3	Feb. 1989	2.8
District of Columbia	7.3	51	Feb. 1983	11.6	May 1989	4.8
Florida	5.6	27	Mar. 2010	11.4	Aug. 2006	3.3
Georgia	6.9	48	Jan. 2010	10.4	Dec. 2000	3.3
Hawaii	4.0	7	Jan. 1976	9.9	Dec. 2006	2.3
Idaho	3.7	6	Feb. 1983	9.6	Mar. 2007	2.7
Illinois	6.2	35	Feb. 1983	12.9	Feb. 1999	4.2
Indiana	5.8	31	Jan. 1983	12.7	Apr. 1999	2.6
Iowa	4.1	10	Mar. 1983	8.6	Oct. 1999	2.5
Kansas	4.2	11	Aug. 2009	7.5	Apr. 1979	3.0
Kentucky	5.7	28	Jan. 1983	12.0	June 2000	4.1
Louisiana	6.7	43	Nov. 1986	12.8	July 2006	3.6
Maine	5.5	23	Jan. 1977	9.0	Jan. 2001	3.1
Maryland	5.5	23	Nov. 1982	8.4	Feb. 2008	3.3
Massachusetts	5.5	23	Jan. 1976	11.1	Oct. 2000	2.6
Michigan	6.3	37	Dec. 1982	16.8	Mar. 2000	3.3
Minnesota	3.6	5	Dec. 1982	9.1	Mar. 1999	2.5
Mississippi	7.2	50	Apr. 1983	13.5	Apr. 2001	4.9
Missouri	5.4	21	Feb. 1983	10.6	Jan. 2000	2.8
Montana	4.2	11	Mar. 1983	8.8	Dec. 2006	3.1
Nebraska	2.9	2	Feb. 1983	6.7	Feb. 1998	2.2
Nevada	6.8	46	Nov. 2010	13.9	Apr. 2000	3.8
New Hampshire	4.0	7	Sept. 1992	7.6	May 1987	2.1
New Jersey	6.2	35	Dec. 1976	10.7	July 2000	3.6
New Mexico	6.1	34	Mar. 1983	10.0	June 2007	3.4
New York	5.8	31	Nov. 1976	10.3	Apr. 1988	4.0
North Carolina	5.5	23	Feb. 2010	11.3	Mar. 1999	3.1
North Dakota	2.8	1	Feb. 1983	6.8	Apr. 2014	2.5
Ohio	4.8	17	Jan. 1983	13.9	Jan. 2001	3.8
Oklahoma	4.2	11	June 1983	9.2	Dec. 2000	2.8
Oregon	6.7	43	Jan. 1983	12.1	Feb. 1995	4.7
Pennsylvania	4.8	17	Mar. 1983	12.9	Mar. 2000	4.0
Rhode Island	6.8	46	Mar. 2010	11.9	July 1988	2.9
South Carolina	6.5	41	Dec. 2009	11.9	Mar. 1998	3.2
South Dakota	3.3	3	Feb. 1983	6.0	Mar. 2000	2.5
Tennessee	6.6	42	Jan. 1983	12.8	May 2000	3.9
Texas	4.6	16	Nov. 1986	9.3	Jan. 2001	4.2
Utah	3.5	4	Mar. 1983	10.0	Mar. 2007	2.4
Vermont	4.2	11	Jan. 1976	8.8	Apr. 2000	2.4
Virginia	4.8	17	Jan. 1983	7.8	Dec. 2000	2.2
Washington	6.3	37	Nov. 1982	12.2	May 2007	4.4
West Virginia	6.0	33	Mar. 1983	18.1	Mar. 2008	3.9
Wisconsin	5.2	20	Jan. 1983	11.5	Feb. 2000	3.0
Wyoming	4.2	11	Jan. 1987	9.1	Apr. 1979	2.3

Note: The December 2014 figures are preliminary. Rates shown are a percentage of the labor force. Data refer to place of residence. Series begin in January 1976. Historical highs and lows show the most recent month that a rate was recorded in the event of multiple occurrences. Estimates for at least the latest five years are subject to revision early in the following calendar year.

Source: <http://www.bls.gov/web/laus/lausthl.htm>

The latest employment data (non-farm, seasonally adjusted) show that there were approximately 5.880 million people employed in Illinois in December 2014. This is an improvement of 0.9% over December 2013, which ranks Illinois 43rd in the nation in terms of a state's employment change between December 2013

and December 2014. Illinois' job totals are 3.2% higher than they were three years ago (ranking Illinois 38th), up 5.3% compared to five years ago (ranking Illinois 35th) up 0.6% compared to 10 years ago (ranking Illinois 45th), and up 6.6% compared to 20 years ago (ranking Illinois 48th). These national rankings can be seen below.

Total Nonfarm Employment Year-Over-Year Change (Year over Year Comparisons are Compared to December 2014 Data) (Employment Values in thousands)											
	Current Value (Dec 2014)	Current Value vs. 1-Year Ago	Rank of Change	Current Value vs. 3-yrs Ago	Rank of Change	Current Value vs. 5-yrs Ago	Rank of Change	Current Value vs. 10-yrs Ago	Rank of Change	Current Value vs. 20-yrs Ago	Rank of Change
Alabama	1,948.2	1.6%	23	3.9%	31	4.5%	44	1.4%	44	9.2%	46
Alaska	340.9	0.6%	50	2.8%	40	6.9%	26	11.2%	9	31.4%	12
Arizona	2,605.4	2.5%	11	7.2%	10	9.4%	12	6.7%	19	49.4%	4
Arkansas	1,207.7	1.9%	19	2.6%	43	4.5%	43	3.5%	35	14.8%	36
California	15,643.9	2.1%	16	8.1%	6	10.5%	6	5.5%	22	26.8%	14
Colorado	2,467.2	2.6%	10	8.2%	5	11.4%	4	12.2%	6	37.3%	7
Connecticut	1,690.2	1.6%	27	3.6%	35	5.2%	36	2.1%	43	8.7%	47
Delaware	444.4	2.7%	8	6.6%	14	8.3%	19	3.5%	32	22.6%	21
Dist. Of Columbia	761.9	1.9%	18	4.5%	25	8.2%	20	12.5%	5	17.1%	29
Florida	7,911.2	3.0%	5	8.3%	4	11.0%	5	3.8%	29	34.8%	9
Georgia	4,180.8	2.7%	9	6.8%	13	8.7%	15	5.5%	23	23.7%	19
Hawaii	632.4	1.4%	31	5.6%	16	8.5%	17	6.7%	18	17.6%	28
Idaho	647.8	1.5%	29	4.9%	22	7.3%	24	8.4%	13	38.6%	6
Illinois	5,880.3	0.9%	43	3.2%	38	5.3%	35	0.6%	45	6.6%	48
Indiana	3,023.6	2.0%	17	5.1%	20	8.9%	13	2.6%	40	9.6%	45
Iowa	1,560.6	1.1%	39	4.3%	27	6.7%	29	6.4%	21	16.6%	31
Kansas	1,395.5	0.9%	42	4.0%	29	5.4%	34	4.7%	25	17.8%	27
Kentucky	1,878.3	1.8%	22	3.9%	32	6.8%	28	3.7%	31	15.4%	33
Louisiana	1,992.2	1.5%	30	4.3%	28	6.0%	32	3.5%	34	13.8%	38
Maine	609.2	0.8%	44	2.3%	49	2.8%	49	-0.4%	46	13.2%	40
Maryland	2,629.3	0.8%	48	2.9%	39	5.1%	39	3.7%	30	21.1%	25
Massachusetts	3,447.6	1.8%	21	5.2%	18	7.9%	22	7.3%	14	16.9%	30
Michigan	4,170.4	1.1%	38	4.6%	24	8.7%	16	-5.2%	51	-0.9%	51
Minnesota	2,844.8	1.2%	35	5.0%	21	8.0%	21	5.4%	24	21.1%	26
Mississippi	1,120.3	0.0%	51	2.3%	47	3.2%	48	-0.8%	47	4.7%	49
Missouri	2,795.0	1.6%	26	4.4%	26	5.1%	38	3.1%	36	11.4%	41
Montana	457.8	1.6%	28	5.1%	19	7.3%	23	10.2%	10	32.1%	10
Nebraska	990.6	0.8%	45	3.2%	37	5.5%	33	6.8%	17	22.0%	23
Nevada	1,220.4	2.3%	14	7.9%	7	8.3%	18	2.9%	39	60.0%	1
New Hampshire	652.9	1.3%	33	3.5%	36	4.5%	45	3.5%	33	22.6%	20
New Jersey	3,957.8	0.7%	49	2.4%	46	2.5%	51	-1.6%	48	10.2%	43
New Mexico	824.3	1.6%	24	2.8%	41	2.7%	50	3.1%	37	22.3%	22
New York	9,072.2	1.2%	36	4.0%	30	6.9%	27	6.8%	16	15.3%	34
North Carolina	4,218.7	2.8%	6	6.9%	12	9.7%	9	8.8%	12	23.8%	18
North Dakota	476.2	5.4%	1	15.5%	1	29.3%	1	39.8%	1	58.9%	2
Ohio	5,330.4	1.2%	37	3.7%	34	6.5%	30	-1.6%	49	3.3%	50
Oklahoma	1,681.9	2.2%	15	5.6%	17	8.9%	14	11.9%	7	28.3%	13
Oregon	1,748.0	3.0%	4	7.5%	8	9.8%	8	7.2%	15	24.8%	16
Pennsylvania	5,812.3	0.9%	41	1.9%	50	4.2%	46	2.4%	41	10.9%	42
Rhode Island	478.9	1.6%	25	3.8%	33	5.0%	41	-2.1%	50	9.9%	44
South Carolina	1,968.0	2.4%	12	7.1%	11	10.3%	7	6.5%	20	21.6%	24
South Dakota	421.5	0.8%	46	2.6%	42	5.2%	37	9.3%	11	25.5%	15
Tennessee	2,840.6	2.4%	13	5.6%	15	9.6%	10	4.1%	28	15.0%	35
Texas	11,783.3	4.0%	2	10.4%	3	15.4%	2	23.0%	2	48.9%	5
Utah	1,353.9	3.9%	3	10.6%	2	15.3%	3	20.6%	3	53.4%	3
Vermont	310.2	1.3%	34	2.3%	48	5.0%	40	2.1%	42	15.6%	32
Virginia	3,797.3	0.8%	47	2.4%	45	4.7%	42	4.5%	26	24.7%	17
Washington	3,094.0	2.7%	7	7.2%	9	9.5%	11	11.6%	8	31.8%	11
West Virginia	772.8	1.0%	40	1.1%	51	4.1%	47	4.5%	27	13.3%	39
Wisconsin	2,902.3	1.9%	20	4.9%	23	7.0%	25	2.9%	38	14.7%	37
Wyoming	297.1	1.4%	32	2.5%	44	6.4%	31	15.1%	4	35.2%	8

Source: The Bureau of Labor Statistics at <http://www.bls.gov/sae/>. Data Compiled by CGFA.

The monthly employment data from the Bureau of Labor Statistics includes a wide variety of job-related data, including Statewide employment

totals by subsector, as well as each subsector's average weekly earnings. A summary of these figures are shown in the table below.

Average Employment Levels by Subsector in Illinois							
Non-Seasonally Adjusted Annual Averages: 2008 to 2014 (thru December - Preliminary) (in thousands)							
	2008	2009	2010	2011	2012	2013	2014
	Average	Average	Average	Average	Average	Average	Average (prelim)
Mining	9.8	9.3	9.1	9.6	10.2	9.7	9.8
Construction	258.3	217.2	198.3	195.7	189.1	190.2	199.3
Manufacturing	657.4	576.7	561.0	573.9	583.0	579.2	573.9
Trade, Transportation, and Utilities	1,204.8	1,139.5	1,125.6	1,143.8	1,156.3	1,164.6	1,164.2
Information	114.4	106.4	101.8	100.6	100.1	99.0	97.2
Financial Activities	391.7	372.0	363.7	363.3	365.8	368.4	368.5
Professional and Business Services	859.9	787.8	801.9	831.4	864.4	883.3	903.1
Education and Health Services	801.3	816.4	833.1	848.5	862.7	876.7	884.2
Leisure and Hospitality	532.7	516.6	515.4	522.2	536.1	546.0	549.2
Other Services	263.6	257.9	249.1	249.7	249.7	250.2	252.8
Government	855.6	857.6	853.8	837.9	832.4	829.6	832.6
Totals	5,949.5	5,657.4	5,612.8	5,676.6	5,749.8	5,796.9	5,834.7
Illinois' Annual % Change	-0.5%	-4.9%	-0.8%	1.1%	1.3%	0.8%	0.7%

Average Weekly Earnings and Employment Change by Subsector in Illinois							
Annual Averages: 2008 to 2014 (thru December - Preliminary)							
	2008	2009	2010	2011	2012	2013	2014
	Average	Average	Average	Average	Average	Average	Average (prelim)
Mining*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Construction	\$1,137	\$1,212	\$1,236	\$1,278	\$1,284	\$1,262	\$1,295
Manufacturing	\$862	\$877	\$926	\$978	\$982	\$1,000	\$1,024
Trade, Transportation, and Utilities	\$670	\$670	\$693	\$734	\$766	\$790	\$806
Information	\$977	\$1,039	\$1,040	\$1,005	\$1,027	\$1,102	\$1,154
Financial Activities	\$1,006	\$1,068	\$1,036	\$1,054	\$1,131	\$1,116	\$1,181
Professional and Business Services	\$997	\$1,033	\$1,024	\$1,007	\$1,027	\$1,025	\$1,036
Education and Health Services	\$699	\$720	\$724	\$757	\$792	\$814	\$810
Leisure and Hospitality	\$310	\$325	\$319	\$322	\$337	\$323	\$340
Other Services	\$700	\$707	\$712	\$703	\$728	\$751	\$778
Government*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Statewide Average Weekly Earnings*	\$775	\$792	\$799	\$820	\$846	\$856	\$875
IL % Change in Avg. Weekly Earnings	-2.3%	2.1%	0.9%	2.6%	3.2%	1.2%	2.2%

* Because the Mining and Government subsectors' weekly earnings for Illinois 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

From an annual average perspective, Illinois averaged 5.835 million jobs in 2014, which was a 0.7% increase over the 2013 average of 5.797 million jobs. This is the fourth consecutive year of positive growth in Statewide employment following three consecutive years of negative job growth suffered during the Great Recession. However, despite these recent increases, the 2014 average still remains 1.9% below the 5.950 million jobs reported in 2008.

In regards to earnings, the latest data shows that average weekly earnings grew 2.2% in 2014. This follows weekly earnings growth averages in 2012 and 2013 of 3.2% and 1.2%, respectively. The growth rates of employment and earnings have allowed for some modest improvements in income related tax revenues (base growth) over the last couple of fiscal years. The 2014 employment growth of 0.7% and the weekly earnings growth rate of 2.2%

appear to coincide well with the results seen so far in withholding tax receipts (which are tied directly to wages), as this portion of income tax revenues (which roughly makes up 80% of total income tax receipts) are up 4.8% for the first half of FY 2015.

Despite the recent improvement in job and wage growth, from a national perspective, Illinois has been slow to recover from the Great Recession. In a recent report prepared for the Commission from Moody's Analytics entitled, "State of Illinois Forecast Report", the authors write:

Illinois' last recession was more severe than the nation's and its recovery has been weaker. The state has lagged the nation in income, output and employment over the last five years. The state's labor market is improving, but more slowly than elsewhere.

Contributing to this slow recovery is the fact that many of the jobs that have been added in Illinois have been comparatively lower paying jobs. To understand this a little better, a closer look at the different subsectors of jobs in Illinois is necessary.

Over the last six years (comparing average employment pre-recession totals of 2008 with 2014), the biggest improvement in the number of jobs in Illinois has been in "Education and Health Services" (up 10.3%). However, as shown below, this subsector is one of the lowest paying subsectors in terms of weekly earnings, with an average weekly earnings value of \$810. Illinois' largest employer of jobs is the "Trade, Transportation, and Utilities" subsector, employing over 1.164 million people. But, this subsector has one of the lowest average weekly earnings totals in the State (2014 average weekly earnings value of \$806).

State Rankings of Illinois' Employment Subsectors						
Employment Values, Non-Seasonally Adjusted (in thousands)						
	2014 Avg (prelim) Employment Totals	2014 Sector Ranking by # Employed	2008 to 2014 % Change in Jobs	Jobs Ranking by 6-Yr Change	2014 Avg (prelim) Weekly Wage	2014 Sector Earnings Ranking
Mining	9.8	11	0.3%	4	N/A	N/A
Construction	199.3	9	-22.8%	11	\$1,295	1
Manufacturing	573.9	5	-12.7%	9	\$1,024	5
Trade, Transportation, and Utilities	1,164.2	1	-3.4%	6	\$806	7
Information	97.2	10	-15.1%	10	\$1,154	3
Financial Activities	368.5	7	-5.9%	8	\$1,181	2
Professional and Business Services	903.1	2	5.0%	2	\$1,036	4
Education and Health Services	884.2	3	10.3%	1	\$810	6
Leisure and Hospitality	549.2	6	3.1%	3	\$340	9
Other Services	252.8	8	-4.1%	7	\$778	8
Government	832.6	4	-2.7%	5	N/A	N/A

Note: Mining and Government subsectors' weekly earnings are not available from the Bureau of Labor Statistics

Equally troublesome is the fact that those subsectors with the highest weekly earnings were the subsectors that over the last six years have lost the most jobs in Illinois. For example, the subsector with the highest weekly earnings is

"Construction", paying, on average, \$1,295 per week. However, construction jobs are down 22.8% over the last six years in Illinois. The next highest paying subsectors are "Financial Activities" (\$1,181 per week) and "Information"

(\$1,154 per week), but employment in these categories are down 5.9% and 15.1%, respectively, since 2008.

These statistics show that Illinois' slow recovery has been, in part, because jobs have migrated from higher paying subsectors to lower paying subsectors. However, the most recent figures show

that a more encouraging trend may be developing. As shown below, between 2013 and 2014, the subsector with the biggest improvement was "Construction" increasing 4.8%. The next highest was the "Professional and Business Services" subsector, increasing 2.2% over the past year. Both of these are two of the higher paying employment subsectors in Illinois.

State Rankings of Illinois' Employment Subsectors						
Employment Values, Non-Seasonally Adjusted (in thousands)						
	2014 Avg (prelim)	2014 Sector	2013 to 2014	Jobs Ranking	2014 Avg	2014 Sector
	Employment	Ranking by #	% Change in	by	(prelim)	Earnings
	Totals	Employed	Jobs	1-Yr Change	Weekly Wage	Ranking
Mining	9.8	11	1.4%	3	N/A	N/A
Construction	199.3	9	4.8%	1	\$1,295	1
Manufacturing	573.9	5	-0.9%	10	\$1,024	5
Trade, Transportation, and Utilities	1,164.2	1	0.0%	9	\$806	7
Information	97.2	10	-1.8%	11	\$1,154	3
Financial Activities	368.5	7	0.0%	8	\$1,181	2
Professional and Business Services	903.1	2	2.2%	2	\$1,036	4
Education and Health Services	884.2	3	0.9%	5	\$810	6
Leisure and Hospitality	549.2	6	0.6%	6	\$340	9
Other Services	252.8	8	1.0%	4	\$778	8
Government	832.6	4	0.4%	7	N/A	N/A

Note: Mining and Government subsectors' weekly earnings are not available from the Bureau of Labor Statistics

Another encouraging sign for Construction jobs is that this subsector's levels in December 2014 were up 10.6% over December 2013 levels. This ranked Illinois as having the 5th highest rate of improvement over this time period for

this type of employment. However, excitement over this increase is tempered by the fact that Construction jobs remain 24.0% below levels from a decade ago (December 2004), which ranks Illinois as 45th in the nation.

REVENUE

February Receipts Down As Lower Income Tax Rates Continue — Federal Sources Again Weak

Jim Muschinske, Revenue Manager

Overall base revenues fell \$347 million in February. Income tax receipts are reflecting the lower rates that went into effect January 1st. In addition, February was the first month that the distribution of income tax was changed to include monies going to the Fund for Advancement of Education and the Commitment to Human Services Fund. Federal sources

experienced yet another disappointing month, marking the eighth consecutive decline in monthly revenues. (There were the same number of receipting days this month as in the last fiscal year.)

Gross personal income taxes fell \$219 million, or \$204 million net of refunds. In addition, another \$60 million of income

taxes were removed from general revenue and deposited into each of the two aforementioned funds. As a result, net personal income taxes going to the general funds fell \$324 million as compared to last year. Gross corporate income tax dropped \$15 million, or \$14 million net of refunds. Other sources fell \$3 million, while public utility receipts dipped \$2 million.

A small number of sources were able to post gains in February. Sales tax had another strong performance as receipts grew \$49 million, inheritance tax increased \$9 million, insurance taxes were up \$5 million, and interest income added \$2 million.

Overall transfers grew \$13 million for the month. Riverboat transfers added \$4 million, while other transfers grew \$9 million. As mentioned, federal sources suffered another poor month, falling \$82 million.

Year to Date

Through the first two-thirds of the fiscal year, overall base revenues are down \$1.091 billion. However, much of that decline was expected and due to: the much lower Refund Fund transfer into GRF; lower income tax rates as of January 2015; and, the change in income tax distribution change [the new distribution to the education and human services fund(s) primarily impact personal income, as very little corporate income meets the statutory definition of the type of income tax that falls under the new distribution].

Gross corporate income taxes are down \$242 million through the first eight

months, or \$220 million net of refunds. Gross personal income taxes are now down \$46 million, or \$219 million net of refunds and distributions to the two new funds. Public utility taxes are off \$20 million, and cigarette tax by \$6 million.

To date, sales tax receipts are ahead of last year's pace by \$288 million. Other sources are up \$61 million, while inheritance tax receipts are ahead of last year by \$37 million. The Cook County IGT has gained \$30 million while insurance taxes added \$9 million. Interest income is up a modest \$4 million and vehicle use tax eked out a \$2 million gain.

To date, overall transfers are down \$380 million due to the much lower Refund transfer which accounts for \$334 million of that falloff. Other transfers are off \$30 million while riverboat transfers are down \$23 million. Lottery transfers have managed to grow by \$7 million.

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

The Commission is scheduled to present its updated FY 2015 Revenue Forecast and FY 2016 Revenue Outlook on March 10th in Room C-1 of the Stratton Building at 11:00 am.

GENERAL FUNDS RECEIPTS: FEBRUARY

FY 2015 vs. FY 2014

(\$ million)

Revenue Sources	Feb. FY 2015	Feb. FY 2014	\$ CHANGE	% CHANGE
State Taxes				
Personal Income Tax	\$1,026	\$1,245	(\$219)	-17.6%
Corporate Income Tax (regular)	49	64	(\$15)	-23.4%
Sales Taxes	571	522	\$49	9.4%
Public Utility Taxes (regular)	87	89	(\$2)	-2.2%
Cigarette Tax	28	28	\$0	0.0%
Liquor Gallonage Taxes	10	10	\$0	0.0%
Vehicle Use Tax	2	2	\$0	0.0%
Inheritance Tax (Gross)	29	20	\$9	45.0%
Insurance Taxes and Fees	18	13	\$5	38.5%
Corporate Franchise Tax & Fees	16	16	\$0	0.0%
Interest on State Funds & Investments	3	1	\$2	200.0%
Cook County IGT	94	94	\$0	0.0%
Other Sources	28	31	(\$3)	-9.7%
Subtotal	\$1,961	\$2,135	(\$174)	-8.1%
Transfers				
Lottery	41	41	\$0	0.0%
Riverboat transfers & receipts	4	0	\$4	N/A
Proceeds from Sale of 10th license	0	0	\$0	N/A
Refund Fund transfer	0	0	\$0	N/A
Other	31	22	\$9	40.9%
Total State Sources	\$2,037	\$2,198	(\$161)	-7.3%
Federal Sources	\$208	\$290	(\$82)	-28.3%
Total Federal & State Sources	\$2,245	\$2,488	(\$243)	-9.8%
Nongeneral Funds Distribution:				
Refund Fund				
Personal Income Tax	(\$103)	(\$118)	\$15	-12.7%
Corporate Income Tax	(\$7)	(8)	\$1	-12.5%
Fund for Advancement of Education	(\$60)	0	(\$60)	N/A
Commitment to Human Services Fund	(\$60)	0	(\$60)	N/A
Subtotal General Funds	\$2,015	\$2,362	(\$347)	-14.7%
Short-Term Borrowing	\$0	\$0	\$0	N/A
FY'13/14 Backlog Payment Fund	\$0	\$0	\$0	N/A
Budget Stabilization Fund Transfer	\$0	\$0	\$0	N/A
Total General Funds	\$2,015	\$2,362	(\$347)	-14.7%
CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding				2-Mar-15

GENERAL FUNDS RECEIPTS: YEAR TO DATE

FY 2015 vs. FY 2014
(\$ million)

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

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

CGFA

2-Mar-15