



# Commission on Government Forecasting and Accountability

**MONTHLY BRIEFING**

**JUNE 2006**

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**REVENUE: Base Revenues Grow \$1.199 Billion Due to Economic Sources**

Jim Muschinske, Revenue Manager

General funds revenues ended FY 2006 on a positive note as overall receipts increased \$68 million in June. Despite a significant falloff in federal sources, gains in the economically related areas as well as transfers, more than offset that decline. June had the same number of receipting days as last year.

Sales tax receipts finished the year strong, rising \$73 million in June. Gross personal income tax also performed well with a gain of \$64 million or \$60 million net of refunds. Interest income posted an increase of \$7 million while public utility receipts rose by \$6 million. Vehicle use tax eked out a \$1 million gain.

Despite the overall monthly gain, a number of sources experienced declines in June. The Cook County IGT fell \$23 million due to timing of the transfer. Other sources fell by \$12 million, while inheritance tax receipts were off by \$10 million. Corporate franchise taxes declined by \$7 million and gross corporate income taxes by \$2 million (although on a net of refund basis receipts actually gained \$8 million). And, insurance taxes and fees dipped \$2 million to end the year.

June transfers rose by \$75 million due to chargeback activity and the hold harmless provision of the riverboat transfer. This gain occurred despite a \$23 million dip in monthly lottery transfers. In June, \$155 million was transferred in from the Gaming Fund, an \$82 million increase over the same month of last year. The dramatic increase was the result of the hold harmless provision enacted last year that set a defined amount that most of the riverboats had to meet. Other transfers increased \$16 million on increased transfer

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activity. As mentioned earlier, federal sources experienced a significant decline with receipts falling \$108 million.

### Year-End

Excluding short-term borrowing and related cash flow transfers, overall revenues grew by \$1.199 billion for the fiscal year. In general, the economically related sources performed very well throughout the fiscal year. However, offsetting some of those gains were falloffs in transfers such as the Cook County IGT, statutory fund sweeps and other transfers, as well as a scheduled drop in cigarette tax deposited into the general funds.

For the fiscal year, gross personal income tax receipts were up \$695 million, or \$656 million net of refunds. Sales tax receipts were up \$497 million, while gross corporate income taxes were up \$236 million, or \$256 million net of refunds. Interest income contributed \$80 million to the yearly advance while all other sources experiencing gains added another \$25 million.

Not all areas fared as well as the economically related sources. The Cook County IGT was off \$83 million in large part due to timing of the transfers but also because of an

anticipated decline in the total yearly transfer amount. The cigarette tax was down \$50 million due to a temporary change in the distribution of the tax early last fiscal year, inheritance taxes fell \$38 million, insurance taxes were off \$25 million, and other sources are down \$27 million.

For the fiscal year, excluding cash flow transfers, total transfers were down \$126 million. Despite a dip in June, lottery transfers performed very well this fiscal year and rose by \$56 million. Those gains were more than offset by a \$172 million decline in other fund transfers as well as \$10 million less in riverboat transfers. Federal sources contributed only \$34 million in year over year gains.

**In summary, receipts performed quite well in FY 2006, particularly the key areas related to the economy such as income and sales taxes. While rates of growth for these sources should moderate over the coming fiscal year, continued revenue improvement in FY 2006 was welcomed given the ongoing financial challenges that face the State.** Over the coming month the CGFA will be recalculating its FY 2007 forecast that will include the newly established FY 2006 base as well as legislative changes that impact revenues. This revised forecast will be presented in the July monthly briefing.

**GENERAL FUNDS RECEIPTS: JUNE**

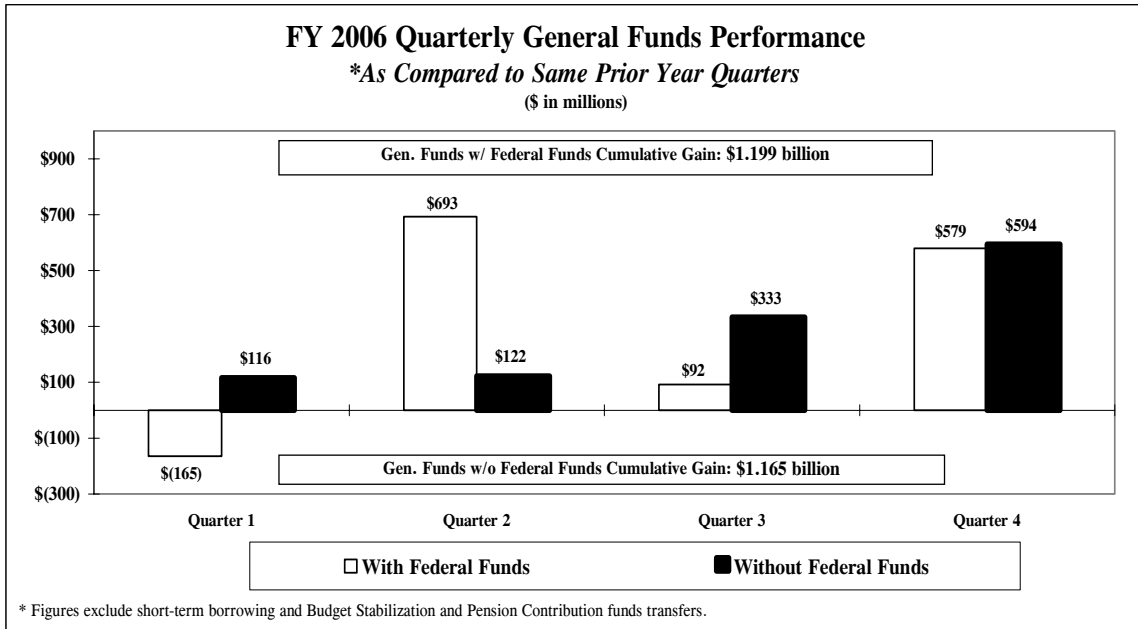
*FY 2006 vs. FY 2005  
(\$ million)*

<b>Revenue Sources</b>	<b>JUNE FY 2006</b>	<b>JUNE FY 2005</b>	<b>\$ CHANGE</b>	<b>% CHANGE</b>
<b>State Taxes</b>				
Personal Income Tax	\$839	\$775	\$64	8.3%
Corporate Income Tax (regular)	255	257	(\$2)	-0.8%
Sales Taxes	637	564	\$73	12.9%
Public Utility Taxes (regular)	97	91	\$6	6.6%
Cigarette Tax	33	33	\$0	0.0%
Liquor Gallonage Taxes	16	16	\$0	0.0%
Vehicle Use Tax	3	2	\$1	50.0%
Inheritance Tax (Gross)	20	30	(\$10)	-33.3%
Insurance Taxes and Fees	61	63	(\$2)	-3.2%
Corporate Franchise Tax & Fees	15	22	(\$7)	-31.8%
Interest on State Funds & Investments	17	10	\$7	70.0%
Cook County IGT	0	23	(\$23)	-100.0%
Other Sources	81	93	(\$12)	-12.9%
<b>Subtotal</b>	<b>\$2,074</b>	<b>\$1,979</b>	<b>\$95</b>	<b>4.8%</b>
<b>Transfers</b>				
Lottery	51	74	(\$23)	-31.1%
Riverboat transfers & receipts	155	73	\$82	112.3%
Other	191	175	\$16	9.1%
<b>Total State Sources</b>	<b>\$2,471</b>	<b>\$2,301</b>	<b>\$170</b>	<b>7.4%</b>
<b>Federal Sources</b>	<b>\$287</b>	<b>\$395</b>	<b>(\$108)</b>	<b>-27.3%</b>
<b>Total Federal &amp; State Sources</b>	<b>\$2,758</b>	<b>\$2,696</b>	<b>\$62</b>	<b>2.3%</b>
<b>Nongeneral Funds Distribution:</b>				
<b>Refund Fund</b>				
Personal Income Tax	(\$82)	(\$78)	(\$4)	5.1%
Corporate Income Tax	(\$51)	(61)	\$10	-16.4%
<b>Subtotal General Funds</b>	<b>\$2,625</b>	<b>\$2,557</b>	<b>\$68</b>	<b>2.7%</b>
<b>Short-Term Borrowing</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<b>Hospital Provider Fund (cash flow transfer)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<b>Budget Stabilization Fund Transfer</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<b>Total General Funds</b>	<b>\$2,625</b>	<b>\$2,557</b>	<b>\$68</b>	<b>2.7%</b>
CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding				
5-Jul-06				

**GENERAL FUNDS RECEIPTS: YEAR END**  
**FY 2006 vs. FY 2005**  
(\$ million)

<b>Revenue Sources</b>	<b>FY 2006</b>	<b>FY 2005</b>	<b>CHANGE FROM FY 2005</b>	<b>% CHANGE</b>
<b>State Taxes</b>				
Personal Income Tax	\$9,568	\$8,873	\$695	7.8%
Corporate Income Tax (regular)	1,784	1,548	\$236	15.2%
Sales Taxes	7,092	6,595	\$497	7.5%
Public Utility Taxes (regular)	1,074	1,056	\$18	1.7%
Cigarette Tax	400	450	(\$50)	-11.1%
Liquor Gallonage Taxes	152	147	\$5	3.4%
Vehicle Use Tax	34	32	\$2	6.3%
Inheritance Tax (Gross)	272	310	(\$38)	-12.3%
Insurance Taxes and Fees	317	342	(\$25)	-7.3%
Corporate Franchise Tax & Fees	181	181	\$0	0.0%
Interest on State Funds & Investments	153	73	\$80	109.6%
Cook County IGT	350	433	(\$83)	-19.2%
Other Sources	441	468	(\$27)	-5.8%
<b>Subtotal</b>	<b>\$21,818</b>	<b>\$20,508</b>	<b>\$1,310</b>	<b>6.4%</b>
<b>Transfers</b>				
Lottery	670	614	\$56	9.1%
Riverboat transfers & receipts	689	699	(\$10)	-1.4%
Other	746	918	(\$172)	-18.7%
<b>Total State Sources</b>	<b>\$23,923</b>	<b>\$22,739</b>	<b>\$1,184</b>	<b>5.2%</b>
<b>Federal Sources</b>	<b>\$4,725</b>	<b>\$4,691</b>	<b>\$34</b>	<b>0.7%</b>
<b>Total Federal &amp; State Sources</b>	<b>\$28,648</b>	<b>\$27,430</b>	<b>\$1,218</b>	<b>4.4%</b>
<b>Nongeneral Funds Distribution:</b>				
<b>Refund Fund</b>				
Personal Income Tax	(\$933)	(\$894)	(\$39)	4.4%
Corporate Income Tax	(\$356)	(\$376)	\$20	-5.3%
<b>Subtotal General Funds</b>	<b>\$27,359</b>	<b>\$26,160</b>	<b>\$1,199</b>	<b>4.6%</b>
<b>Short-Term Borrowing</b>	<b>\$1,000</b>	<b>\$765</b>	<b>\$235</b>	<b>N/A</b>
<b>Hospital Provider Fund (cash flow transfer)</b>	<b>\$0</b>	<b>\$982</b>	<b>(\$982)</b>	<b>N/A</b>
<b>Budget Stabilization Fund Transfer</b>	<b>\$276</b>	<b>\$276</b>	<b>\$0</b>	<b>N/A</b>
<b>Total General Funds</b>	<b>\$28,635</b>	<b>\$28,183</b>	<b>\$452</b>	<b>1.6%</b>
SOURCE: Office of the Comptroller, State of Illinois: Some totals may not equal, due to rounding.				
CGFA				5-Jul-06

## FY 2006 REVENUE RECAP



### First Quarter

Overall July general revenue receipts fell \$202 million to begin the fiscal year. While most of the economically related revenue sources performed well, an expected decline in federal sources more than offset gains experienced in other areas. Excluding a \$343 million decline in federal sources due to last year's short-term borrowing, all other revenues posted a \$141 million gain. In August, overall receipts rose \$55 million. While federal sources recovered and posted decent gains, other revenue source performance was mixed. Excluding \$89 million in federal source gains, receipts in all other areas fell \$34 million. Other transfers contributed heavily to that loss as the timing of statutory funds sweeps resulted in a monthly falloff. In September, most of the larger economically related sources performed quite well. However, those gains were

more than offset by losses in other areas such as transfers and federal sources. Federal sources aside, other revenue sources posted a \$9 million monthly increase.

**Through the first three months of the fiscal year, overall revenues were down \$165 million. However, the loss was due primarily to the timing and magnitude of fund sweeps as well as last year's significant jump in federal sources related to earlier short-term borrowing. Absent those items, revenues for the most part performed fairly well, rising \$116 million.**

### Second Quarter

Receipts increased \$179 million in October as most of the revenue sources posted gains. The majority of the increase stemmed from a very good

month for federal sources, which were up \$182 million. However, excluding federal sources, the monthly change totaled -\$3 million, reflecting the timing of statutory fund sweeps and other transfers. Overall general funds revenues were up \$563 million in November, excluding \$1 billion in short-term borrowing. The large increase resulted from a huge gain in federal sources that was directly related to the short-term borrowing and subsequent reimbursement from Medicaid spending. Federal sources aside, with few exceptions, the other revenue sources performed quite well, up \$117 million. In December, general funds revenues fell \$49 million. The decline resulted from a falloff in federal sources as well as a slowdown in a variety of transfers. The remaining revenue sources experienced mixed results. Excluding a \$57 million drop in federal sources, all other sources gained a modest \$8 million. For the quarter, overall receipts grew \$693 million, but a much lower \$122 million gain if federal sources are excluded.

**With the fiscal year half over, excluding the \$1 billion in short-term borrowing, overall revenues were up \$528 million. While most of that gain can be attributed to reimbursement on Medicaid spending due to November's short-term borrowing, sources most closely tied to the economy continued to do well. However, offsetting some of those gains were falloffs in transfers such as the Cook County IGT, riverboat transfers, chargebacks and statutory fund sweeps. Excluding the growth**

**generated by federal sources, the year over year gain was a more modest \$238 million.**

### **Third Quarter**

The third quarter began on a mostly positive note as overall revenues grew \$106 million on the strength of the economic sources as well as timing of certain transfers. The increase occurred despite a drop of \$104 million in federal sources, meaning non-federal sources gained \$210 million for the month. Overall February receipts grew by \$267 million, in part aided by \$58 million in federal sources. However, even absent that gain, all other revenue sources grew a robust \$209 million due mainly to strong sales tax performance and transfer activity. Overall general funds revenues fell \$282 million in March [excludes last year's \$765 million in Hospital Provider Fund cash flow transfers]. The drop was due primarily to a significant falloff in federal sources that reflected last year's short-term borrowing as well as lower transfer activity. Excluding federal sources, the month still would have been negative, although by a lower \$86 million. In the third quarter, overall receipts, excluding short-term borrowing and related cash flow transfers, rose \$92 million. Excluding federal sources, receipts increased \$333 million.

**With three-fourths of the fiscal year completed, excluding the \$1 billion in short-term borrowing, overall revenues were up \$620 million. While only \$45 million of that gain can be attributed to growth in federal sources, other areas most closely tied to the economy continued to perform**

**above expectations. Absent gains associated with federal sources, all other revenues were still up an impressive \$575 million.**

#### **Fourth Quarter**

The final quarter of FY 2006 got off to a good start as April receipts increased \$87 million on good performance from income taxes that more than offset dips in transfers and other areas [excluding last year's \$214 million in Hospital Provider Fund cash flow transfers]. May revenues jumped significantly as overall revenues rose \$425 million. While federal sources contributed \$105 million to that gain, income taxes and sales taxes were exceptionally strong.

The fiscal year finished on a strong note as overall receipts gained \$68 million. Excluding a \$108 million fall off in federal sources, June receipts would have been up \$176 million. In the final quarter overall receipts rose by \$579 million, or \$594 million excluding federal sources.

**F**or the year, overall receipts gained \$1.199 billion, or \$1.165 billion excluding federal sources. The economically related sources such as income and sales taxes performed strong throughout the fiscal year. A falloff in transfers and in a few smaller revenue source areas prevented the gain from being even larger.

## REVIEW OF FY 2006 REVENUE ESTIMATE

The following table tracks the Commission's as well as the GOMB's official revenue forecasts over the course of the fiscal year. As shown, the FY 2006 budget was enacted based on the GOMB's estimate of \$26.671 billion, which was \$69 million lower than the Commission's July forecast of \$26.740 billion.

In November, the Commission increased its estimate by \$100 million due mostly to better than anticipated performance from the economically related revenue sources. The GOMB's first official revision was outlined in the February Budget Book when their initial forecast was increased by \$424 million. The GOMB revision also recognized better than expected performance from the economically related areas. In March, the Commission released its final official estimate which included an

upward revision of \$275 million as income and sales tax revenues continued to perform very well. *The Commission usually updates its forecast one final time in early to mid-May. However, with the early adjournment this spring, that official revision was not made. The May Monthly Revenue Briefing reflected an adjustment of \$39 million that was made to the Commission's estimate of federal sources due solely to approval of a supplemental appropriation for the Medicaid program.*

On May 2nd, during the last days of the spring session, the GOMB updated their estimate, this time revising their forecast up by \$151 million. And finally, based on a June 16, 2006 preliminary official statement, the GOMB increased its forecast yet again in the final month of the fiscal year, albeit by only \$16 million [a line by line accounting of that change was not made available].

<b>Actual FY 2006 General Revenues: \$27.359 billion</b>				
<b>Excludes short-term borrowing and cashflow transfers</b>				
	<b>CGFA Estimates</b>	<b>Difference From Actual</b>	<b>GOMB Estimates</b>	<b>Difference From Actual</b>
July-05	\$26,740	\$619	\$26,671	\$688
Aug-05	\$26,740	\$619	\$26,671	\$688
Sept-05	\$26,740	\$619	\$26,671	\$688
Oct-05	\$26,740	\$619	\$26,671	\$688
Nov-05	\$26,840	\$519	\$26,671	\$688
Dec-05	\$26,840	\$519	\$26,671	\$688
Jan-06	\$26,840	\$519	\$26,671	\$688
Feb-06	\$26,840	\$519	\$27,095	\$264
Mar-06	\$27,115	\$244	\$27,095	\$264
Apr-06	\$27,115	\$244	\$27,095	\$264
May-06	\$27,154	\$205	\$27,246	\$113
June-06	\$27,154	\$205	\$27,262	\$97



**FY 2006 Actuals vs. Estimates: CGFA and GOMB**

(\$ millions)

	ACTUAL	CGFA EST.*	DIFFERENCE	GOMB EST.	DIFFERENCE
	FY 2006	March- 06	ACTUALS	May- 06	ACTUALS
		FY 2006	FROM	FY 2006**	FROM
<u>Revenue Sources</u>			<u>ESTIMATE</u>		<u>ESTIMATE</u>
<b>State Taxes</b>					
Personal Income Tax	\$9,568	\$9,380	\$188	\$9,400	\$168
Corporate Income Tax (regular)	\$1,784	\$1,839	(\$55)	\$1,825	(\$41)
Sales Taxes	\$7,092	\$7,010	\$82	\$7,025	\$67
Public Utility (regular)	\$1,074	\$1,092	(\$18)	\$1,081	(\$7)
Cigarette Tax	\$400	\$400	\$0	\$400	\$0
Liquor Gallonage Taxes	\$152	\$150	\$2	\$151	\$1
Vehicle Use Tax	\$34	\$34	\$0	\$34	\$0
Inheritance Tax (gross)	\$272	\$265	\$7	\$285	(\$13)
Insurance Taxes & Fees	\$317	\$307	\$10	\$320	(\$3)
Corporate Franchise Tax & Fees	\$181	\$190	(\$9)	\$191	(\$10)
Interest on State Funds & Investments	\$153	\$136	\$17	\$145	\$8
Cook County Intergovernmental Transfer	\$350	\$350	\$0	\$350	\$0
<u>Other Sources</u>	<u>\$441</u>	<u>\$475</u>	<u>(\$34)</u>	<u>\$489</u>	<u>(\$48)</u>
<b>Subtotal</b>	<b>\$21,818</b>	<b>\$21,628</b>	<b>\$190</b>	<b>\$21,696</b>	<b>\$122</b>
<b>Transfers</b>					
Lottery	\$670	\$670	\$0	\$678	(\$8)
Riverboat transfers & receipts	\$689	\$688	\$1	\$688	\$1
<u>Other</u>	<u>\$746</u>	<u>\$700</u>	<u>\$46</u>	<u>\$715</u>	<u>\$31</u>
<b>Total State Sources</b>	<b>\$23,923</b>	<b>\$23,686</b>	<b>\$237</b>	<b>\$23,777</b>	<b>\$146</b>
<b>Federal Sources</b>	<b>\$4,725</b>	<b>\$4,751</b>	<b>(\$26)</b>	<b>\$4,751</b>	<b>(\$26)</b>
<b>Total Federal &amp; State Sources</b>	<b>\$28,648</b>	<b>\$28,437</b>	<b>\$211</b>	<b>\$28,528</b>	<b>\$120</b>
<b>Nongeneral Funds Distribution:</b>					
<b>Refund Fund</b>					
Personal Income Tax	(\$933)	(\$915)	(\$18)	(\$917)	(\$16)
Corporate Income Tax	(\$356)	(\$368)	\$12	(\$365)	\$9
<b>Subtotal General Funds</b>	<b>\$27,359</b>	<b>\$27,154</b>	<b>\$205</b>	<b>\$27,246</b>	<b>\$113</b>
<b>Short Term Borrowing</b>	<b>\$1,000</b>	<b>\$1,000</b>	<b>\$0</b>	<b>\$1,000</b>	<b>\$0</b>
<b>Budget Stabilization Fund Transfer</b>	<b>\$276</b>	<b>\$276</b>	<b>\$0</b>	<b>\$276</b>	<b>\$0</b>
<b>Total General Funds</b>	<b>\$28,635</b>	<b>\$28,430</b>	<b>\$205</b>	<b>\$28,522</b>	<b>\$113</b>
* CGFA March estimate for federal sources updated to account for \$80 million Medicaid supplemental. 07/05/06					
** A line by line breakdown of the GOMB's June estimate of \$27.262 billion was unavailable.					

## FY 2006 SPECIAL TRANSFERS

Lynnae Kapp, Bond Analyst

Special transfers in FY 2006 to the General Revenue Fund were part of the FY 2006 budget resulting from Public Act 94-0091. These special transfers include: fund sweeps, administrative chargebacks, and increased fee revenues. Revenues from increased fees go directly into their specific funds or into the General Revenue Fund through Other Sources. The increased fee revenues reported here are transfers from these other funds to the General Revenue Fund after the fees have been receipted.

June had a final flurry of transfers from fee increases and chargebacks, while there were some reversals for chargebacks and fund sweeps from funds that did not have enough money to cover expenditures. Special transfers to the General Revenue Fund for FY 2006 include approximately \$129.4 million in fund sweeps and repealed funds, \$130.0 million in chargebacks, and \$35.3 million of increased fee revenue transfers. Total special transfers for FY 2006 equal \$294.7 million, a decrease of \$211 million (41.7%) over FY 2005.

Special Transfers in FY 2006 (Unofficial)						
FUND #	FUND NAME	Chargebacks	Statute (Funds Sweep)	Repealed Funds	Fee Increase	TOTAL
0014	Food & Drug Safety	\$111,560	\$421,401			\$532,961
0016	Teacher Certificate Fee Revolving Fund		\$982,399			\$982,399
0017	Keep IL Beautiful Fund			\$10,352		\$10,352
0018	Transportation Regulatory Fund				\$435,940	\$435,940
0021	Financial Institution Fund	\$434,600	\$2,448,690		\$2,214,500	\$5,097,790
0022	General Professions Dedicated Fund	\$932,600	\$3,975,808			\$4,908,408
0023	Economic Research and Information Fund	\$4,300	\$49,005			\$53,305
0024	IL Dept. of Ag. Laboratory Services Fund	\$62,400	\$174,795			\$237,195
0031	Drivers Education		\$30,152			\$30,152
0036	IL Veterans' Rehabilitation	\$345,200	\$218,940			\$564,140
0039	State Boating Act	\$450,000	\$401,824		\$1,400,000	\$2,251,824
0040	State Parks	\$867,696	\$1,045,889			\$1,913,585
0043	Military Affairs Trust Fund	\$23,000	\$68,468			\$91,468
0045	Agricultural Premium Fund	\$329,000				\$329,000
0046	Aeronautics Fund	\$5,625	\$2,186			\$7,811
0048	Rural/Downstate Health Access Fund		\$4,644			\$4,644
0049	Industrial Hygiene Reg and Enforcement Fund		\$3,564			\$3,564
0057	IL State Pharmacy Disciplinary Fund	\$394,500				\$394,500
0059	Public Utility				\$70,000	\$70,000
0067	Radiation Protection		\$0			\$0
0069	Natural Heritage Endowment Trust Fund		\$557,264			\$557,264
0071	Firearm Owner's Notification Fund	\$18,600	\$3,960			\$22,560
0074	EPA Special State Projects Trust		\$284,263			\$284,263
0078	Solid Waste Management		\$6,587,173			\$6,587,173
0085	Illinois Gaming Law Enforcement		\$650,646			\$650,646
0089	Subtitle D Management Fund		\$169,744		\$800,000	\$969,744
0094	DCFS Training Fund		\$704,053			\$704,053
0098	DuQuoin State Fair Harness Racing Trust Fund		\$3,368			\$3,368
0111	Toxic Pollution Prevention Fund		\$28,534			\$28,534
0113	Community Health Center Care Fund		\$104,480			\$104,480
0114	Emergency Response Reimbursement Fund		\$15,873			\$15,873
0118	Facility Licensing Fund	\$24,900	\$22,958			\$47,858
0119	IL Rural Bond Bank Trust Fund			\$35		\$35

<b>Special Transfers in FY 2006 (Unofficial)</b>						
<b>FUND #</b>	<b>FUND NAME</b>	<b>Chargebacks</b>	<b>Statute (Funds Sweep)</b>	<b>Repealed Funds</b>	<b>Fee Increase</b>	<b>TOTAL</b>
0123	Hansen-Therkelsen Memorial Deaf Student College	\$1,900				\$1,900
0124	Workers Compensation Benefit Trust Fund		\$199,931			\$199,931
0126	New Technology Recovery			\$4,177		\$4,177
0127	IL Underground Utility Facilities Damage Prevention Fund		\$2,175			\$2,175
0128	Youth Alcohol & Substance Abuse Prevention Fund		\$29,995			\$29,995
0130	School District Emergency Financial Assistance		\$2,130,848			\$2,130,848
0137	Plugging & Restoration	\$41,280				\$41,280
0145	Explosives Regulatory	\$8,700	\$23,125			\$31,825
0146	Aggregate Operation Regulatory	\$23,074	\$32,750			\$55,824
0147	Coal Mining Regulatory Fund	\$17,800	\$127,583			\$145,383
0151	Registered CPA Administration & Disciplinary Fund	\$49,100				\$49,100
0152	State Crime Laboratory	\$61,000	\$44,965			\$105,965
0153	Agrichemical Incident Response Trust Fund		\$419,830			\$419,830
0154	EPA Court Trust Fund		\$338,646			\$338,646
0156	Motor Vehicle Theft Prevention Fund	\$50,240	\$1,415,361			\$1,465,601
0159	ISBE Teacher Certificate Institution Fund		\$122,117			\$122,117
0161	ISBE GED Testing Fund		\$146,196			\$146,196
0162	ISBE School Bus Driver Permit Fund			\$192		\$192
0163	Weights and Measures	\$233,736	\$1,078,121		\$30,100	\$1,341,957
0167	Registered Limited Liability Partnership Fund	\$250,000	\$150,000			\$400,000
0173	Emergency Planning & Training		\$28,845			\$28,845
0175	Illinois School Asbestos Abatement	\$51,000	\$183,191			\$234,191
0184	Violence Prevention Fund	\$82,806				\$82,806
0185	SOS Special License Plate Fund		\$520,200			\$520,200
0192	Professional Regulation Evidence Fund		\$2,817			\$2,817
0195	IPTIP Administrative Trust Fund	\$552,982				\$552,982
0207	Pollution Control Board State Trust Fund		\$410,651			\$410,651
0213	Response Contractors Indemnification Fund		\$126			\$126
0215	Capital Development Board Revolving		\$453,054			\$453,054
0220	DCFS Childrens' Services	\$12,291,980				\$12,291,980
0222	State Police DUI Fund	\$51,700				\$51,700
0229	Sports Facilities Tax Trust Fund		\$0			\$0
0237	Medicaid Fraud/Abuse Prevent		\$60,306			\$60,306
0238	IL Health Facilities Planning Fund	\$138,900	\$23,066			\$161,966
0240	Emergency Public Health Fund	\$137,784	\$139,997		\$250,000	\$527,781
0242	ISAC Accounts Receivable Fund		\$26,374			\$26,374
0245	Fair & Exposition Fund	\$132,900				\$132,900
0246	State Police Vehicle	\$1,000	\$22,899			\$23,899
0248	Racing Board Fingerprint License Fund		\$16,835			\$16,835
0251	Dept. of Labor Special State Trust Fund		\$359,895			\$359,895
0255	Credit Enhancement Development			\$51		\$51
0256	Public Health Water Permit Fund		\$17,624			\$17,624
0258	Nurse Dedicated & Professional Fund	\$802,800				\$802,800
0259	Optometric Licensing & Disciplinary Committee Fund	\$89,800				\$89,800
0261	Underground Resource Conservation Enforcement	\$53,160	\$294,251			\$347,411
0265	State Rail Freight Loan Repayment Fund		\$1,147,727			\$1,147,727
0274	Self-Insurers Administration Fund		\$286,964			\$286,964
0276	Drunk & Drugged Driving Prevention Fund		\$51,220			\$51,220
0277	Pollution Control Board Fund		\$23,004			\$23,004
0282	Hazardous Waste Occup. Licensing Fund		\$14,939			\$14,939
0285	Long-Term Care Monitor/Receiver Fund	\$79,104	\$427,850			\$506,954
0286	IL Affordable Housing Trust	\$5,679,272				\$5,679,272
0288	Community Water Supply Lab		\$716,232			\$716,232

Special Transfers in FY 2006 (Unofficial)						
FUND #	FUND NAME	Chargebacks	Statute (Funds Sweep)	Repealed Funds	Fee Increase	TOTAL
0289	Motor Fuel and Petroleum Standards Fund		\$19,673			\$19,673
0290	Fertilizer Control Fund		\$207,398		\$108,000	\$315,398
0291	Regulatory Fund		\$55,246			\$55,246
0292	Securities Investors Education Fund		\$100,000			\$100,000
0294	Used Tire Management Fund		\$1,918,500		\$5,600,000	\$7,518,500
0295	SOS Interagency Grant Fund		\$40,900			\$40,900
0296	IL Executive Mansion Trust Fund		\$56,154			\$56,154
0297	Guardianship & Advocacy Fund	\$5,800	\$27,289			\$33,089
0298	Natural Areas Acquisition Fund	\$1,350,224				\$1,350,224
0299	Open Space Lands Acquisition and Development	\$3,154,720				\$3,154,720
0301	Working Capital Revolving Fund	\$2,500,000	\$1,404,868			\$3,904,868
0303	State Garage Revolving Fund		\$0			\$0
0304	Statistical Services Revolving Fund		\$3,635,837			\$3,635,837
0308	Paper and Printing Revolving Fund		\$48,476			\$48,476
0309	Air Transportation Revolving Fund		\$181,478			\$181,478
0310	Tax Recovery Fund		\$113,591			\$113,591
0312	Communications Revolving Fund		\$12,999,839			\$12,999,839
0314	Facilities Management Revolving Fund		\$0			\$0
0315	Efficiency Initiatives Revolving Fund		\$6,178,298			\$6,178,298
0316	IL Prescription Drug Discount Program Fund	\$3,100				\$3,100
0317	Professional Services Fund	\$1,221,000	\$46,222			\$1,267,222
0323	Motor Vehicle Review Board Fund		\$250,000			\$250,000
0325	Community MH and DD Services Provider Participation Fee Trust			\$46,637		\$46,637
0332	Workers Compensation Revolving Fund		\$520,285			\$520,285
0335	Criminal Justice Information Projects Fund		\$18,212			\$18,212
0336	Environmental Lab Certification Fund	\$49,600	\$62,039			\$111,639
0339	IL Community College Board Contracts and Grants Fund		\$9			\$9
0340	Public Health Services Revolving Fund	\$67,000	\$92,276			\$159,276
0341	Provider Inquiry Trust Fund	\$60,000	\$207,098			\$267,098
0342	Audit Expense	\$1,185,400				\$1,185,400
0344	Care Providers for Persons w/ Developmental Disabilities	\$318,400	\$2,378,270			\$2,696,670
0348	Nursing Home Grant Assistance Fund			\$145		\$145
0360	Lead Poisoning, Screening, Prevention & Abatement Fund	\$156,375				\$156,375
0361	State Appellate Defender Special State Projects Fund		\$5,955			\$5,955
0362	Securities Audit and Enforcement	\$1,280,000	\$3,400,000			\$4,680,000
0363	Dept. Business Service Spec. Ops Fund		\$2,000,000			\$2,000,000
0368	Drug Treatment Fund	\$118,300	\$160,030			\$278,330
0369	Feed Control Fund	\$76,032	\$478,234		\$63,977	\$618,243
0370	Tanning Facility Permit Fund	\$6,882	\$64,571			\$71,453
0371	Innovations in Long-term Care Quality Demonstration Grants Fund		\$0			\$0
0372	Plumbing Licensure & Program Fund	\$127,624				\$127,624
0375	Natural Heritage Fund		\$834			\$834
0376	State Police Motor Vehicle Theft Prevention Fund		\$164,843			\$164,843
0378	Insurance Premium Tax Refund Fund	\$180,000				\$180,000
0380	Corporate Franchise Tax Refund Fund		\$500,000		\$1,050,921	\$1,550,921
0382	Dept. of Insurance State Trust Fund		\$18,009			\$18,009
0384	Tax Compliance & Administration	\$88,960	\$429,377			\$518,337
0386	Appraisal Administration	\$218,500	\$250,000		\$600,000	\$1,068,500
0387	Small Business Environmental Assistance Fund	\$24,100	\$13,686			\$37,786
0388	Regulatory Evaluation and Basic Enforcement Fund	\$3,800	\$64,221			\$68,021
0389	Sexual Assault Services Fund		\$12,210			\$12,210
0390	IL Habitat Endowment Trust Fund		\$0			\$0
0397	Trauma Center Fund	\$1,319,344				\$1,319,344

**Special Transfers in FY 2006 (Unofficial)**

<b>FUND #</b>	<b>FUND NAME</b>	<b>Chargebacks</b>	<b>Statute (Funds Sweep)</b>	<b>Repealed Funds</b>	<b>Fee Increase</b>	<b>TOTAL</b>
0398	EMS Assistance Fund		\$40,923			\$40,923
0416	Armory Rental Fund		\$111,538			\$111,538
0417	State College and University Trust Fund		\$139,439			\$139,439
0418	University Grant Fund		\$23,881			\$23,881
0420	MAP Reserve Fund		\$879,700			\$879,700
0421	Public Aid Recoveries Trust	\$3,941,944	\$7,610,631			\$11,552,575
0422	Alternative Fuels Fund	\$124,800	\$1,056,833			\$1,181,633
0423	ISAC Higher EdNet Fund			\$1		\$1
0430	Livestock Management Facilities Fund		\$47,800			\$47,800
0431	Second Injury Fund		\$151,493			\$151,493
0434	Court of Claims Admin and Grant Fund		\$24,949			\$24,949
0438	IL State Fair		\$50,176			\$50,176
0440	Agricultural Master Fund		\$17,827			\$17,827
0441	Kaskaskia Commons Permanent Fund		\$0			\$0
0448	DORS State Project Fund			\$13,917		\$13,917
0452	IL Tourism Tax		\$647,749			\$647,749
0455	IL State Toll Highway Revenue Fund	\$11,046,900				\$11,046,900
0482	Unclaimed Property Trust	\$32,550,828				\$32,550,828
0483	Secretary of State Special Services		\$2,500,000			\$2,500,000
0502	Early Intervention Services Revolving Fund	\$83,392	\$1,044,935			\$1,128,327
0514	State Asset Forfeiture Fund	\$125,100	\$71,988			\$197,088
0517	Police Training Board Service Fund	\$1,900	\$1,540			\$3,440
0520	Federal Asset Forfeiture Fund		\$1,871			\$1,871
0523	Department of Corrections Reimbursement	\$1,150,000	\$2,208,323			\$3,358,323
0524	Health Facility Plan Review Fund	\$132,600	\$165,972			\$298,572
0525	Statewide Grand Jury Prosecution Fund		\$7,645			\$7,645
0535	Sex Offender Registration		\$7,647			\$7,647
0536	LEADS Maintenance	\$157,200	\$76,981			\$234,181
0537	State Offender DNA ID System Fund	\$198,700	\$81,740			\$280,440
0538	IL Historic Sites		\$134,366			\$134,366
0544	School Technology Revolving Fund			\$496		\$496
0546	Public Pension Regulation Fund	\$54,900	\$222,433			\$277,333
0548	Drycleaner Environ Response Fund		\$0			\$0
0555	Good Samaritan Energy Trust Fund		\$7,191			\$7,191
0562	Pawnbroker Regulation Fund	\$14,500	\$94,131		\$35,000	\$143,631
0564	Renewable Energy Resources Trust Fund		\$3,508			\$3,508
0567	Charter Schools Revolving Fund		\$650,721			\$650,721
0569	School Technology Revolving Loan fund	\$588,000	\$19,158			\$607,158
0571	Energy Efficiency Trust Fund	\$240,000	\$1,300,938			\$1,540,938
0573	Petroleum Resources Revolving Fund	\$29,800	\$0			\$29,800
0574	Off-Highway Vehicle Trails	\$0	\$244,815			\$244,815
0576	Pesticide Control		\$420,223		\$576,000	\$996,223
0582	DCFS Special Purposes Trust Fund		\$0			\$0
0589	Trans. Safety Highway Hire-back	\$24,000				\$24,000
0595	IL Rural Rehab Fund		\$8,190			\$8,190
0610	Energy Assistance Contribution			\$258,585		\$258,585
0614	Capital Litigation Fund	\$2,447,983				\$2,447,983
0621	International Tourism Fund	\$589,770				\$589,770
0628	IL Building Commission Revolving Fund			\$1,398		\$1,398
0629	Real Estate Recovery Fund	\$7,174				\$7,174
0632	Horse Racing	\$907,264				\$907,264
0634	IL Aquaculture Develop Fund			\$1		\$1
0635	Death Certificate Surcharge	\$150,544	\$1,134,341			\$1,284,885
0637	State Police Wireless Service Emergency Fund	\$118,800				\$118,800
0641	Auction Regulation Administration	\$51,000				\$51,000
0642	DHS State Projects Fund		\$89,917			\$89,917
0643	Auction Recovery Fund	\$5,178				\$5,178
0648	Downstate Public Transportation	\$5,771,800				\$5,771,800

Special Transfers in FY 2006 (Unofficial)						
FUND #	FUND NAME	Chargebacks	Statute (Funds Sweep)	Repealed Funds	Fee Increase	TOTAL
0649	Motor Carrier Safety Inspection	\$161,600	\$147,477			\$309,077
0650	Municipal Economic Development Fund	\$26,400				\$26,400
0651	Watershed Park Fund		\$19,786			\$19,786
0658	State Off-set Claims Fund		\$0			\$0
0669	Airport Land Loan Revolving Fund	\$5,920	\$1,669,970			\$1,675,890
0672	Homelessness Prevention Fund			\$3,697		\$3,697
0677	ISAC Contracts and Grants Fund		\$5,589			\$5,589
0684	DCFS Refugee Assistance Fund			\$328		\$328
0688	IEMA State Projects Fund		\$13			\$13
0702	Assisted Living and Shared Housing Reg. Fund	\$9,900	\$24,493			\$34,393
0703	State Whistleblower Reward & Protection		\$1,592			\$1,592
0705	Whistleblower Reward & Protection Fund	\$168,600	\$199,699			\$368,299
0708	IL Standardbred Breeders Fund	\$134,800				\$134,800
0709	IL Thoroughbred Breeders Fund	\$192,512				\$192,512
0712	Post Transplant Maintenance and Retention Fund		\$75,100			\$75,100
0720	Family Care Fund		\$22,585			\$22,585
0728	Drug Rebate Fund		\$17,315,821			\$17,315,821
0729	IL Century Network Special Purposes Fund			\$3,889		\$3,889
0731	IL Clean Water Fund		\$1,835,796		\$9,400,000	\$11,235,796
0738	Alternative Compliance Market Account Fund	\$8,000	\$53,120			\$61,120
0739	Group Worker's Compensation Pool Insolvency Fund		\$136,547			\$136,547
0740	Medicaid Buy-In Program Revolving Fund		\$318,894			\$318,894
0745	State's Attorneys Appellate Prosecutor's County Fund		\$70,101			\$70,101
0746	Home Inspector Administration	\$22,100	\$244,503			\$266,603
0753	IL Future Teachers Corps Scholarship Fund		\$4,836			\$4,836
0757	Child Support Administrative		\$1,117,266			\$1,117,266
0762	Local Initiative Fund		\$0			\$0
0763	Tourism Promotion	\$3,152,700				\$3,152,700
0769	Lawyers Assistance Program Fund		\$0			\$0
0770	Digital Divide Elimination Fund	\$401,200				\$401,200
0774	Oil Spill Response Fund		\$167,547			\$167,547
0776	Presidential Library and Museum Fund		\$727,250			\$727,250
0794	Metro-East Public Transportation Fund	\$742,700				\$742,700
0808	Medical Special Purpose Trust Fund		\$930,668			\$930,668
0821	Dram Shop		\$110,554		\$675,000	\$785,554
0823	IL State Dental Disciplinary Fund	\$21,500				\$21,500
0830	Dept. of Aging State Projects Fund		\$10,059			\$10,059
0831	Natural Recourses Restoration Trust Fund	\$13,400	\$63,002			\$76,402
0835	State Fair Promotional Activities Fund		\$8,734			\$8,734
0840	Hazardous Waste Research Fund	\$31,520	\$125,209			\$156,729
0844	Continuing Legal Education Trust Fund		\$23,419			\$23,419
0845	Environmental Protection Trust Fund		\$0			\$0
0849	Real Estate Research & Education	\$11,500				\$11,500
0850	Real Estate License Administration		\$1,500,000			\$1,500,000
0858	Land Reclamation Fund		\$0			\$0
0863	Cycle Rider Safety Training	\$0				\$0
0865	Domestic Violence Shelter & Service Fund	\$39,100				\$39,100
0866	Snowmobile Trail Establishment Fund		\$3,124			\$3,124
0878	Drug Traffic Prevention Fund	\$9,300	\$22,123			\$31,423
0884	DNR Special Projects Fund		\$301,649			\$301,649
0888	Design Professionals Administration & Investigation	\$104,100	\$51,701			\$155,801
0896	Public Health State Projects	\$353,600	\$816,202			\$1,169,802
0903	State Surplus Property Revolving Fund		\$0			\$0
0906	State Police Services	\$1,614,700				\$1,614,700
0907	Health Insurance Reserve	\$16,776,200				\$16,776,200

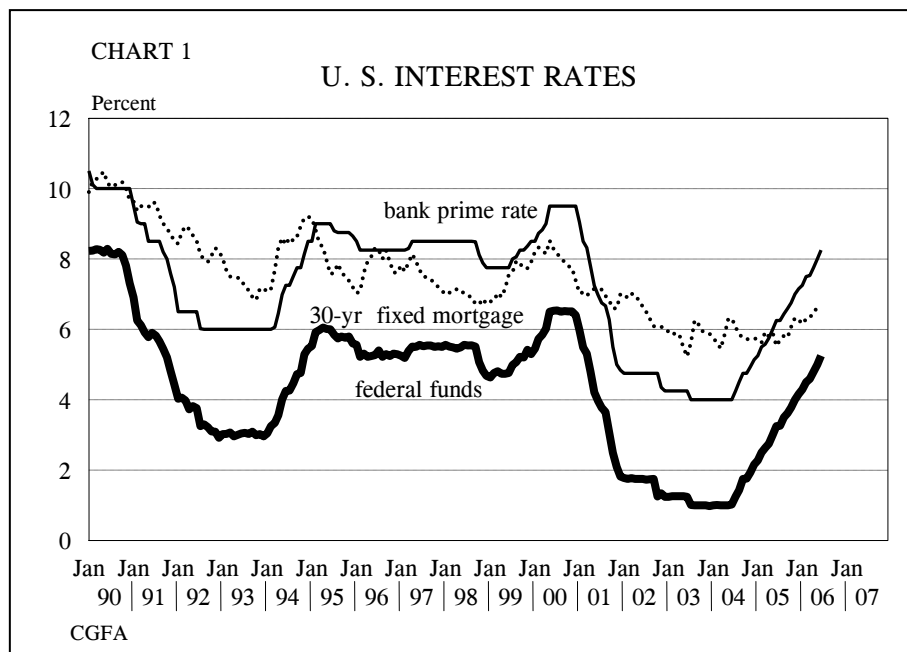
<b>Special Transfers in FY 2006 (Unofficial)</b>						
<b>FUND #</b>	<b>FUND NAME</b>	<b>Chargebacks</b>	<b>Statute (Funds Sweep)</b>	<b>Repealed Funds</b>	<b>Fee Increase</b>	<b>TOTAL</b>
0910	Youth Drug Abuse Prevention Fund		\$4,091			\$4,091
0914	Natural Recourses Information Fund	\$15,200	\$64,596			\$79,796
0921	DHS Recoveries Trust	\$1,118,900	\$1,591,834			\$2,710,734
0922	Insurance Producer Administration	\$1,118,148			\$8,000,000	\$9,118,148
0924	LT Governor's Grant Fund		\$188			\$188
0925	Coal Technology Development Assistance Fund	\$1,824,000				\$1,824,000
0927	IL National Guard Armory Construction Fund		\$31,469			\$31,469
0930	Sr. Citizen Real Estate Deferred Tax Revolving	\$276,000				\$276,000
0931	JJ Wolf Memorial for Conservation Investigation Fund		\$8,137			\$8,137
0938	Hearing Instrument Dispenser Examining and Disciplinary Fund	\$6,312	\$102,842			\$109,154
0944	Environmental Protection Permit & Inspection		\$180,571			\$180,571
0947	Governor's Grant Fund		\$1,592			\$1,592
0951	Narcotics Profit Forfeiture Fund		\$39,379			\$39,379
0954	Illinois State Podiatric Disciplinary Fund	\$0	\$317,239			\$317,239
0962	Park & Conservation	\$491,656	\$3,050,154			\$3,541,810
0969	Local Tourism Fund	\$612,800	\$132,876			\$745,676
0973	Build IL Capital Revolving Loan Fund		\$4,024,106			\$4,024,106
0974	IL Equity Fund		\$119,193			\$119,193
0975	Large Business Attraction Fund	\$55,040	\$340,777			\$395,817
0982	IL Beach Marina		\$177,801			\$177,801
0984	International & Promotional Fund	\$11,680				\$11,680
0993	Public Infrastructure Construction Loan		\$63,802			\$63,802
0996	Educational Labor Relations Board Fair Share Trust Fund		\$0			\$0
0997	Insurance Financial Regulation	\$1,520,800	\$800,000		\$4,000,000	\$6,320,800
	<b>General Funds TOTAL FY 2006</b>	<b>\$129,967,125</b>	<b>\$129,050,308</b>	<b>\$343,900</b>	<b>\$35,309,438</b>	<b>\$294,670,771</b>
	<b>General Funds TOTAL FY 2005</b>	<b>\$208,237,815</b>	<b>\$259,881,179</b>	<b>\$0</b>	<b>\$37,671,512</b>	<b>\$505,790,506</b>
	<b>Difference from Previous Year</b>	<b>-\$78,270,690</b>	<b>-\$130,830,871</b>	<b>\$343,900</b>	<b>-\$2,362,074</b>	<b>-\$211,119,735</b>

## ECONOMY: How Far is Too Far?

Edward H. Boss, Jr., Chief Economist

On June 29<sup>th</sup>, the Federal Reserve Open Market Committee raised key short-term interest rates by  $\frac{1}{4}\%$  for the 17<sup>th</sup> consecutive time since June 2004, resulting in a combined rise of 425 basis points for the federal funds rate, bringing it to the  $5\frac{1}{4}\%$  level. (See Chart 1) While the money and credit markets anticipated the increase in recent days, it was only last April that in testimony by the new Chairman of the Federal Reserve, Ben Bernanke, it was stated that *“even if in the Committee’s judgment the risks to its objectives are not entirely balanced, at some time in the future the Committee may decide to take no action at one or more meetings in the interest of allowing more time to receive information relevant to the outlook.”* This, however, was not to be the case with key short-term interest rates increased again in both May and June.

The latest increase in key short-term interest rates reflects concern by the monetary authorities over inflation at a time when the economy appears to remain on a sound footing. Upward price pressures have been building for some time with latest data showing consumer prices 4.2% higher in May than a year earlier. Even eliminating the spiraling price rises in the volatile food and energy sectors, prices are 2.4% higher than in May 2005, at the top of the range the Federal Reserve considers acceptable. Moreover, the rate of price increase has accelerated, with the gain on all items up at a 5.7% compound annual rate in the 3-months ended in May and the all items less food and energy, or **core**, inflation up at a 3.8% compound annual rate. In the statement accompanying the rate rise, the Federal Reserve stated that *“Readings on core*





*inflation have been elevated in recent months...the high levels of resource utilization and prices of energy and other commodities have the potential to sustain inflation pressures.”*

At the same time the Federal Reserve expressed concern about elevated core inflation, it was cognizant that... *“Recent indicators suggest that economic growth is moderating from its quite strong pace earlier this year partly reflecting a gradual cooling of the housing market and the lagged effects of increases in interest rates and energy prices.”* This is reflected in the Index of Leading Economic Indicators, which fell sharply in May for the third time in the past six months. Indeed, because it is well known that monetary policy operates with a significant lag, there are some concerns that the Federal Reserve may over stay its credit tightening policy, leading to deleterious effects on the economy. As shown in the Chart,

these key interest rates are on a path approaching levels that existed prior to the past two recessions that began in 1990 and again in 2001.

Looking to the future, the Federal Reserve went on to state... *“the extent and timing of any additional firming that may be needed to address these risks will depend on the evolution of the outlook for both inflation and economic growth, as implied by incoming information. In any event, the Committee will respond to changes in economic prospects as needed to support the attainment of its objectives.”* This statement once again raised hopes of a pause in credit firming if the pace of economic activity does slow. In the immediate aftermath following the announcement, the stock market rallied with the DOW rising by over 200 points. There is no meeting scheduled for the Open Market Committee in July, with the next one scheduled for August 8th.

### INDICATORS OF ILLINOIS ECONOMIC ACTIVITY

<u>INDICATORS</u>	<u>MAY 2006</u>	<u>APR 2006</u>	<u>MAY 2005</u>
Unemployment Rate (Average)	4.6%	5.1%	5.8%
Annual Rate of Inflation (Chicago)	4.2%	0.6%	2.6%
<hr style="border: 1px solid black;"/>			
	<u>LATEST MONTH</u>	<u>% CHANGE OVER PRIOR MONTH</u>	<u>% CHANGE OVER A YEAR AGO</u>
Civilian Labor Force (thousands) (May)	6,507	-0.3%	0.7%
Employment (thousands) (May)	6,207	0.2%	1.9%
New Car & Truck Registration (May)	58,371	29.3%	-0.7%
Single Family Housing Permits (May)	4,405	12.5%	-5.6%
Total Exports (\$ mil) (April)	3,435	-6.8%	13.9%
Chicago Purchasing Managers Index (June)	56.5	-8.1%	5.6%

**PENSIONS: The Financial Condition of the  
Chicago Teachers' Pension Fund**  
Dan Hankiewicz, Pension Manager

Beginning in June, Commission staff will provide a snapshot of the financial condition of the non-state funded Illinois public retirement systems. We will begin this series by profiling the Chicago Teachers' Pension Fund. Table 1 below provides a statistical overview of active employees, employee annuitants, average teacher salary, and average retirement annuity for the last ten years.

<b>Chicago Teachers' Pension Fund Statistical Information</b>				
<u>Fiscal Year</u>	<u>Active Employees</u>	<u>Total Annuitants</u>	<u>Average Salary</u>	<u>Average Pension</u>
1996	32,824	10,926	\$38,957	\$24,926
1997	33,632	10,757	40,515	25,851
1998	34,875	10,739	41,119	26,819
1999	34,720	10,974	43,813	28,010
2000	35,400	11,197	46,611	29,305
2001	37,648	11,592	44,897	30,807
2002	37,374	11,999	47,066	30,721
2003	36,548	12,466	46,684	32,054
2004	37,362	12,947	47,311	33,657
2005	37,521	18,108	52,467	35,745

A ten-year history of the financial condition of the Chicago Teachers' Pension Fund is shown in Table 2 below:

<b>Chicago Teachers' Pension Fund Summary of Financial Condition</b> (\$ in Millions)				
<u>Fiscal Year</u>	<u>Accrued Liability</u>	<u>Net Assets</u>	<u>Unfunded Liability</u>	<u>Funded Ratio</u>
1997	\$7,248.1	\$7,264.7	\$(16.6)	100.2%
1998	8,015.6	7,798.4	217.2	97.3%
1999	8,551.9	8,620.1	(68.2)	100.8%
2000	9,940.4	9,612.2	328.2	96.7%
2001	10,392.7	10,387.6	5.1	100.0%
2002	11,025.5	10,640.9	384.5	96.5%
2003	11,411.5	10,494.8	916.8	92.0%
2004	12,105.7	10,392.2	1,713.5	85.8%
2005	13,295.9	10,506.5	2,789.4	79.0%

Public Act 88-0593 contained a statement that the General Assembly had, historically, contributed to the Chicago Teachers' Pension Fund between 20-30% of the annual state contribution to the Teachers' Retirement System, and that this level of state contributions should continue.

Public Act 89-0015 established a funding plan for the Chicago Teachers' Pension Fund under which the Chicago Board of Education is required to make a minimum annual contribution to the fund in an amount that will bring the funded ratio up to 90% by the end of Fiscal Year 2045. For fiscal years 1999 through 2010, the Board of Education's contribution is to be increased in equal annual increments so that by Fiscal Year 2011, the Board of Education is making contributions as a level percentage of payroll each year through FY 2045.

Public Act 90-0548 revised the funding plan outlined in Public Act 89-0015 to stipulate that the Board of Education need not make pension contributions unless the funded ratio drops below 90%. As shown in the chart above, the funded ratio fell to 85.8% in Fiscal Year 2004, which triggered an FY 2006 Board of Education contribution of \$26.3 million. The funded ratio dropped to 79% at the end of FY 2005, which will

require the Board of Education to make an FY 2007 pension contribution of \$80.3 million (as shown in the chart below under "Board of Ed. Contribution").

Public Act 90-582 requires the state to contribute 0.544% of the fund's total teacher payroll when the funded ratio drops below 90%. The state made a \$9.9 million contribution to the Chicago Teachers' Pension Fund in FY 2006 in accordance with this provision (as shown in the chart below in the "State Contribution" column). P.A. 94-0798 (SB 1520) contains a \$10.2 million state appropriation to the Chicago Teachers' Pension Fund for FY 2007.

The Chicago Teachers' Pension Fund also administers a health insurance program for employee annuitants, surviving spouses, and disability annuitants. Each year, the pension fund's board of trustees establishes a rebate percentage that is used to defray a portion of the retirees' health insurance costs. Current law provides that the amount of the state subsidy for defraying retiree health insurance costs in any one year may not exceed \$65 million plus any amounts authorized in previous years but not yet expended. P.A. 94-0798 contained the FY 2007 health care reimbursement of \$65.0 million (as shown below in the "State Health Care Subsidy" column).

Table 3

**Chicago Teachers' Pension Fund**  
**Projection of Chicago Board of Ed. and State Contributions**  
(\$ in Millions)

	<u>State Health Care Subsidy</u>	<u>State Contribution</u>	<u>Board of Ed. Contribution</u>	<u>Funded Ratio</u>
2006	\$65.0	\$9.9	\$26.3	78.4%
2007	65.0	10.2	80.3	79.1%
2008	65.0	10.5	131.0	78.9%
2009	65.0	10.7	183.8	78.8%
2010	65.0	10.9	238.9	78.9%
2011	65.0	11.2	245.9	79.0%
2012	65.0	11.5	253.4	79.1%
2013	65.0	11.8	261.3	79.3%
2014	65.0	12.1	270.0	79.4%
2015	65.0	12.4	279.3	79.5%
2016	65.0	12.8	289.3	79.6%
2017	65.0	13.1	300.0	79.7%
2018	65.0	13.5	310.8	79.8%
2019	65.0	13.9	322.5	80.0%
2020	65.0	14.4	334.6	80.1%
2030	65.0	19.9	487.7	82.4%
2040	65.0	27.3	693.7	86.7%
2045	65.0	32.7	844.5	90.0%