

***ILLINOIS ECONOMIC
and
FISCAL COMMISSION***

FY 2002 BUDGET SUMMARY



*SEPTEMBER 2001
703 STRATTON BUILDING
SPRINGFIELD, ILLINOIS 62706*

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and
FISCAL COMMISSION**

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FY 2002 BUDGET SUMMARY

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INTRODUCTION

Under Public Act 92-0067 (Senate Bill 502), which passed both the Senate and House unanimously, the Illinois Economic & Fiscal Commission is mandated by State Law to prepare and publish a ***BUDGET SUMMARY REPORT*** detailing Illinois' most recently passed budget. This report is to be made available to all citizens of the State of Illinois who request a copy. The summary report includes information pertaining to the major categories of appropriations, issues the General Assembly faced in allocating appropriations, comparisons with appropriations for previous State fiscal years and other information related to the current State of Illinois Budget.

EXECUTIVE SUMMARY

- The fiscal year 2002 budget, signed into law on June 11, 2001, includes total appropriations of \$51.75 billion, including \$23.36 billion in general funds appropriations. The FY 2002 Budget, as negotiated by the four respective caucuses and the Governor's Office, projects general funds revenues to total \$25.0 billion, an increase of \$894 million. Fiscal year 2002 expenditures are projected to total \$25.126 billion.
- On June 30, 2001, the fiscal year 2001 general funds balance was \$1.126 billion. On July 2, 2001, an additional \$225 million was transferred from the Tobacco Settlement Recovery Fund to the Budget Stabilization Fund to give the state a total cash balance of \$1.351 billion. The fiscal year 2002 projected end-of-year general funds balance is \$1.0 billion, and the balance in the Budget Stabilization Fund is projected to be \$230 million. In each year, the general funds balance is projected to exceed lapse period spending, resulting in positive budgetary balances.
- General funds appropriations increase \$644 million in fiscal year 2002, with \$460 million of the increase, or nearly 71 percent, dedicated to education.
- A projected \$270 million shortfall in the State's Medicaid budget was closed ensuring Illinois will continue to pay its bills on time.
- The second year of the state's earned income tax credit, which is equal to five percent of the federal government's earned income tax credit, will provide \$35 million in tax relief to low-income families in fiscal year 2002.
- The FY 2002 budget provides \$72 million in new dollars to fund the expanded Circuit Breaker/Pharmaceutical Assistance Program for low-income elderly and disabled citizens.
- The tuition tax credit will provide an estimated \$50 to \$75 million annually in income tax relief to families that pay school expenses to support their children's education.
- The budget allocates \$372.5 million from the Tobacco Settlement Recovery Fund in fiscal year 2002, with more than \$51 million earmarked for smoking prevention programs.
- \$107 million will fund the first full year of the expanded Circuit Breaker/Pharmaceutical Assistance Program, including a further expansion of the program to cover drugs for Osteoporosis.
- \$159 million is appropriated for projects in the VentureTECH program for biotechnology and medical technology projects.
- New general funds appropriations increase \$460 million, dedicating nearly 71 percent of general funds revenue growth of \$644 million to education. The total general funds appropriation for education is \$8.88 billion.

- The fiscal year 2002 budget increases funding for General State Aid by \$230.3 million. It includes the Education Funding Advisory Board's recommendation to increase the foundation funding level by \$135, from \$4,425 to \$4,560. The budget also changes the per pupil count in the General State Aid formula and creates a new poverty formula.
- The fiscal year 2002 education budget provides \$91 million in general funds to fund Teacher Retirement System pension and health care benefits for fiscal year 2002 and \$8.0 million in general funds to fund State Universities Retirement System benefits.
- The fiscal year 2002 capital budget includes \$740 million in new funding for the school construction program and a five-year, \$250 million initiative for the state's community college campuses.
- The fiscal year 2002 budget dedicates \$548 million, including \$159 million from the Tobacco Settlement Recovery Fund, to support infrastructure construction and other VentureTECH projects.
- The FY 2002 budget includes funding for a \$1.00 per hour wage increase to direct care workers for the developmentally disabled, which was effective and retroactive to March 1, 2001. An additional \$11.8 million was budgeted to fund a 2.0 percent cost-of-living adjustment for community providers, effective April 1, 2002.
- During fiscal year 2001, the Department of Public Aid took action to curb growth in the Medicaid program. These actions, coupled with a \$200 million supplemental appropriation, allowed fiscal year 2001 payment cycles to remain under 30 days. As a result of lower-than-projected liability, additional federal aid and other revenue sources, the Medicaid program will end fiscal year 2002 with a payment cycle of 30 days.
- The fiscal year 2002 GRF budget for the Department of Corrections increases \$89.5 million from \$1.213 billion to \$1.303 billion. The budget fully funds 2,677 new beds that opened during fiscal year 2001, including the new 2,257-bed Lawrence Correctional Center in Lawrence County and the 420-bed Illinois Youth Center in Kewanee.
- The FY 2002 budget funds the final year of the parole initiative, doubling the number of parole agents from 183 to 366 to better monitor more than 31,000 parolees.
- The budget for the Illinois State Police is \$385.7 million and provides funding for cadet classes that will graduate 100 officers in fiscal year 2002. The budget includes \$1.8 million in general funds and \$1.0 million from the State Police Vehicle Fund to replace 135 high-mileage patrol cars.
- The Department of Natural Resources' budget includes \$40 million for the third year of the four-year, \$160 million Illinois Open Land Trust plus an additional \$40 million for other land acquisitions under the program.
- The fiscal year 2002 budget for the Department of Commerce and Community Affairs (DCCA) provides an additional \$25 million in Build Illinois funds for the

Prime Sites program, to develop sites that will attract new business to the state or allow existing firms to expand.

- The Illinois Tomorrow program is allocated \$1.0 million to coordinate economic development and environmental planning, and an additional \$6.0 million in Coal Development Bond funds is budgeted for projects to increase the use of high sulfur coal in Illinois.
- In response to record-low winter temperatures and high home heating costs, the federal government provided additional funding for the Low Income Home Energy Assistance Program (LIHEAP). The enacted budget included a fiscal year 2001 supplemental of \$80 million for the program. In addition, eligibility for the program was increased from 125 percent to 150 percent of the federal poverty level, giving an additional 142,000 households the opportunity to receive assistance.
- The budget for the Department of Agriculture includes \$3.0 million for the Illinois *AgriFIRST* program, which will expand agribusiness, marketing opportunities and value-added ventures.
- Fiscal year 2002 marks the third year of the Illinois FIRST infrastructure initiative. The budget funds a \$2.3 billion road program to enable the Department of Transportation to build and repair roads and bridges statewide. The capital program also includes \$96.0 million for public transportation projects.
- The capital budget provides an additional \$50 million in appropriations for the Abraham Lincoln Presidential Library and Museum in Springfield, which will serve as an advance against future federal contributions.

THE BUDGET PROCESS

The Illinois Constitution requires the Governor to prepare and submit a state budget to the General Assembly that includes recommended spending levels for state agencies, estimated funds available from tax collections and other sources, and state debt and liabilities. The Bureau of the Budget, by statute a part of the Governor's office, is responsible for estimating revenues and developing budget recommendations that reflect the Governor's programmatic and spending priorities.

The budget process for the next fiscal year begins almost as soon as appropriations for the current fiscal year, which begins July 1, are enacted. Analysts and agency staff identify and estimate the cost of potential spending pressures for the next fiscal year, including maintaining or annualizing current program levels, expanding services for existing programs and initiating new programs. The Bureau reviews the revenue estimates for the current fiscal year and makes preliminary estimates for the coming fiscal year. The Illinois Economic and Fiscal Commission, a joint legislative commission, also makes preliminary revenue estimates for the coming fiscal year.

During November and December, a detailed financial and programmatic review is conducted of agency budgets. Funding requests typically exceed available resources. Once budget options are developed, they are presented to the Governor for his final decisions. Narrative statements explaining the budget and complete budget request forms are printed in the budget book.

Concurrent with the operations and grants budgeting process, agencies also develop a capital budget. The Capital Development Board conducts a technical review and prepares cost estimates for state facility projects for which it will be responsible. Other types of capital projects such as highway construction, mass transit and airport facilities, alternative energy or school facilities are reviewed by other state agencies. Once reviewed, projects are ranked by category considering need, availability of resources and the Governor's priorities regarding repair and maintenance projects versus new construction.

Appropriation bills are drafted to implement the Governor's budget recommendations. The budget may be introduced either as a series of agency appropriation bills or as a single piece of legislation.

The Governor presents his recommended budget to a joint session of the Illinois General Assembly. By law, the Governor must present his budget to the General Assembly no later than the third Wednesday in February of each year. In addition to the Governor's official presentation, briefings are held to acquaint legislators, their staffs, the media and others with the budget recommendations.

Legislative review of the Governor's budget recommendations begins almost immediately with hearings before House and Senate appropriation committees. Appropriation committees may adopt amendments to change the funding level recommended by the

Governor. Once adopted by the first committee, the appropriation bill moves to the full House or Senate for debate, amendment and a vote. Following passage in the first chamber, the appropriation bill moves to the second chamber, where a similar process takes place. Changes made in either chamber must ultimately be accepted by both for the bill to pass and be presented to the Governor.

As the budget moves through the legislature, any amendments as well as substantive legislation is analyzed to identify potential fiscal impacts. By statute, any proposed amendments to the budget and any substantive legislation with fiscal or revenue impacts must be accompanied by a Fiscal Note to describe such impacts. Final approval of the budget usually does not occur until the end of the legislative session. Appropriation bills require an immediate effective date in order to be available for expenditure at the beginning of the fiscal year, July 1. The Illinois Constitution requires a simple majority vote of the General Assembly for a bill passed on or before May 31 to take effect immediately. On or after June 1, a three-fifths vote of the General Assembly is required in order for a bill to take effect immediately.

Once the General Assembly passes the budget, the Governor must sign the appropriation bills before funds can be spent. If the Governor does not want to approve a specific appropriation, he may either line item veto (eliminate) it or reduce it. The rest of the appropriation bill is unaffected by these vetoes and becomes effective. Line items that have been vetoed or reduced must be reconsidered by the General Assembly during the fall session. The General Assembly may return an item to the enacted level by majority vote in both houses in the case of a reduction veto and by a three-fifths vote in the case of a line item veto.

If additional resources beyond those initially approved in the budget become necessary, a supplemental appropriation bill may be passed any time the General Assembly is in session.

BASIS OF BUDGETING

Over time, the Illinois budget has been viewed as balanced in several ways, both at the time it is presented by the Governor and at the time it is passed by the General Assembly. Illinois' daily activities and annual budget historically have been operated and presented on a cash basis. Expenditures are made from the available cash balances on hand, and the budget balances estimated expenditures with estimated resources. The state's Comprehensive Annual Financial Report, however, conforms with generally accepted accounting principles as prescribed in pronouncements of the Governmental Accounting Standards Board. Effective fiscal year 1999, Public Act 90-479 amended the Civil Administrative Code to provide guidance to the Governor, as he proposes the budget, and to the General Assembly, as it makes appropriations, regarding the balanced budget requirements in the state constitution. This act incorporates aspects of a modified accrual basis into the budget process for certain designated funds, including the general funds.

State law and the constitution require the Governor to prepare and submit to the General Assembly an Executive Budget for the next fiscal year, which sets forth the Governor's recommended appropriations, estimated revenues from taxes and other sources, estimated balance of funds available for appropriation at the beginning of the fiscal year, and the plan for expenditures during the fiscal year for every department of the state. Constitutionally, the Governor must balance the budget by proposing expenditure recommendations that do not exceed funds estimated to be available for the fiscal year. The budget includes most state funds but excludes locally-held funds and those state funds that are not subject to appropriation pursuant to state law. It is submitted by line item with accompanying program information, including personnel and capital detail, and performance and activity measures.

The General Assembly makes appropriations for all expenditures of public funds. Constitutionally, the General Assembly must balance the budget by appropriating amounts not to exceed funds they estimate to be available during the year. The Governor has the power to approve, reduce or veto each appropriation passed by the General Assembly, and the General Assembly may override these vetoes. Transfers in and out of funds pursuant to law or discretionary acts of the Governor are not part of the appropriation process.

The state general funds include the Common School Fund, the General Revenue-Common School Special Account Fund, the Education Assistance Fund and the General Revenue Fund. All state revenues, not otherwise restricted by law, including the majority of the state's major revenue sources, the income and sales taxes, are deposited into these funds to specifically fund education programs and to generally fund the rest of state government.

DESCRIPTION OF FUNDS

There are approximately 600 funds in the Illinois accounting system. These funds are separated into two categories --Appropriated and Non-Appropriated Funds.

The Appropriated Funds category is further broken into eight fund groups: General, Highway, Special State, Bond Financed, Debt Service, Federal Trust, Revolving and State Trust Funds. The Non-Appropriated Funds category is composed primarily of Federal and State Trust Funds, and includes a few Special State Funds.

General Funds receive the major portion of tax revenues and pay for the regular operating and administrative expenses of most state agencies. Components of the general funds are the General Revenue Fund, the Education Assistance Fund, the Common School Fund and the General Revenue-Common School Special Account Fund.

Highway Funds receive and distribute special assessments related to transportation, such as the motor fuel tax, and support the construction and maintenance of transportation facilities and activities of the state.

University Funds receive revenues such as fees, tuition and excess income from auxiliary enterprises at state universities and colleges, including related foundations and associations. Prior to fiscal year 1998, the General Assembly appropriated these funds for the support, operation and improvement of state-supported institutions of higher education. Starting in fiscal year 1998, the university funds became locally-held funds and, together with other funds administered by the universities, are not subject to appropriation.

Special State Funds are designated in Section 5 of the Finance Act as special funds in the State Treasury and not elsewhere classified. They represent a segregation of accounts restricted to the revenues and expenditures of a specific source.

Bond Financed Funds receive and administer the proceeds of various state bond issues.

Debt Service Funds account for the resources obtained and accumulated to pay interest and principal on debt obligations.

Federal Trust Funds are established pursuant to grants and contracts between state agencies and the federal government. The funds are administered for specific purposes established by the terms of the grants and contracts.

Revolving Funds finance the operations of state agencies that render services to other state agencies on a cost reimbursement basis. Appropriation of these funds is dependent upon intra-governmental service requirements and appropriations of other state agencies.

State Trust Funds are established by statute or under statutory authority for specific purposes.

Other Trust Funds receive and account for resources for subsequent disbursement to a designated recipient. Escrow funds are an example of an Other Trust Fund.

GLOSSARY

Activity Measure -information or data used to count the delivery of state services; for instance, the number of people served and the number of cases closed.

All Funds -every fund appropriated to or spent by an agency.

Annualize -to provide full-year funding in the next fiscal year when a program is started or a person is hired part way through the current fiscal year.

Appropriation -spending authority from a specific fund given by the General Assembly and approved by the Governor for a specific amount, purpose and time period.

Assessments -a levy imposed for a specific purpose, typically the medical assessment program under which the Department of Public Aid levies a fee on long-term care and other providers to help fund Medicaid liability.

Attrition -a natural reduction in caseload or staff; for example, from retirement or resignation.

Available Fund Balance -the total amount of money in a fund at a particular point in time, typically at the beginning of a month or the year.

Basis of Accounting -the method of accounting used to track and report state revenues and expenditures; for example, cash, budgetary or accrual.

Bond Fund -a fund that receives proceeds from the sale of bonds to be used for capital projects.

Bond Rating -an assessment of the credit risk with respect to a specific bond issue.

Bond Retirement and Interest Fund -a fund used to repay principal and interest on bonds or other debt obligations, typically spent pursuant to a continuing and irrevocable appropriation.

Budgetary Balance -available cash balance on June 30, minus lapse period spending for the fiscal year just ended.

Build Illinois -a state economic development and public infrastructure program begun in 1986 and primarily funded by dedicated state sales tax revenue bonds.

Capital -buildings, structures, equipment and land. Acquisition, development, construction and improvement of capital are typically funded through bond funds.

Case Management -monitoring and oversight of the delivery of services, which may include coordination of all services to a client.

Caseload -the number of clients being served at a point in time, sometimes used in the context of clients per staff.

Cash Flow -the amount of cash available for use during a period of time, calculated by subtracting spending from the sum of the receipts and the beginning balance.

Census -population measure, typically of clients in a facility or program.

Certificate of Participation -similar to bonds or other debt instruments, a security issued by the state or a third party that gives the holder a share of the stream of annual appropriated lease payments made by the state.

Client -a person or family receiving services, typically from a human service agency.

Commodities -line item for consumable items used in connection with current agency operations; for instance, household, medical or office supplies; food for those in institutions; coal, bottled and natural gas; and equipment costing less than \$100.

Common School Fund -one of four funds that comprise the state general funds. It is used to fund Elementary and Secondary Education. If revenues to the fund from the lottery, bingo, public utility, cigarette and sales taxes and from investment income, among others, are insufficient to make monthly general state aid payments, the Common School Fund receives automatic transfers from the General Revenue Fund.

Consent Decree -an agreement between both parties in a lawsuit that binds them and determines their rights and obligations. While made under sanction of the court, it does not bind the court, and it is not a judicial sentence.

Continuing Appropriation -statutory authority for the Comptroller and Treasurer to spend funds in the event the legislature fails to appropriate or appropriates an insufficient amount for a specified purpose. Examples of continuing appropriations are for debt service on state bonds or payments to the state retirement systems.

Contractual Services -line item for services provided by a non-state employee or vendor including, utilities; medical services for those in institutions; professional, technical or artistic consulting; and property and equipment rental.

Debt Service -payment of principal, interest and other obligations associated with the retirement of debt.

Dedicated Funds -revenues assessed and collected for a specific state program.

Divisions -organizational units within agencies designated as such for programmatic or administrative convenience.

Education Assistance Fund -one of four funds that comprise the state general funds. It is used to fund Elementary, Secondary and Higher Education. It receives 7.3 percent of the state income tax net of refunds, as well as wagering taxes paid to the state by riverboat casinos.

Electronic Data Processing -line item for lease or purchase of computer or other data processing equipment and related services including supplies, services and personnel.

Employee Retirement Contributions Paid by State (Pension Pick-Up) -line item for payment of an employee's required contribution to the State Employees' Retirement System, which an agency has chosen or contracted to make on behalf of the employee.

Entitlement -program benefits that must be provided in a timely fashion to those who meet eligibility criteria and that may not be taken away without due process.

Equipment -line item for non-consumable items of tangible personal property used in connection with current agency operations; for instance office furniture, vehicles or machinery, and scientific or other major instruments and apparatus.

Executive Branch -distinguished from the legislative and judicial branches of state government, it is charged with the detail of carrying out and effectuating the law through the day-to-day operations and activities of state government. The Governor, as chief executive officer of the state, is responsible for the operation and administration of state agencies.

Executive Order -a decree or mandate issued by the Governor for the purpose of interpreting or implementing a provision of the law. Executive orders often are used to reorganize and assign functions among executive agencies, create advisory and special commissions and boards or direct state agencies regarding policy.

Expenditure -state spending. Agencies submit vouchers to the Comptroller's Office, which prepares a state check (warrant) and maintains accounting records. Warrants are presented to the Treasurer, who maintains and invests state funds.

Federal Aid -funding provided by the federal government.

Fiscal Year -Illinois state government's fiscal year is July 1 through June 30. This is the period during which obligations are incurred, encumbrances are made and appropriations are expended. The federal government's fiscal year is October 1 through September 30.

Full Faith and Credit -a pledge or promise to repay general obligation debt; typically includes all of an issuer's taxing powers.

Full- Time Equivalent -a calculated measure of full-time employment for comparison purposes, in which each full-time employee works 37.5 hours per week for 52 weeks per year.

Fund -an account established to hold money for specific programs, activities or objectives.

General Funds -(usually lower-case) refers to the following group of funds, inclusively: the General Revenue Fund, the Education Assistance Fund, the Common School Fund, and the General Revenue -Common School Special Account Fund.

General Obligation Bonds -bonds issued for capital purposes as direct legal obligations secured by general tax revenues and guaranteed by the full faith and credit of the state.

General Revenue -Common School Special Account Fund -one of four funds that comprise the state general funds. It is used for accounting purposes to receive 25 percent of state sales tax and subsequently transfer these moneys to the Common School Fund.

General Revenue Fund -the largest of four funds that comprise the state general funds. It receives the majority of undedicated tax revenues, mostly income and sales taxes, for use generally to operate and administer state programs.

General State Aid -an unrestricted formula-driven grant that comprises the largest portion of state assistance to local school districts. The amount of funds a district receives depends on its financial need measured by three factors: its average daily attendance, its equalized assessed valuation of property and its local tax measured by its statutory tax rate.

Grant -an award or contribution to be used either for a specific or a general purpose, typically with no repayment provision.

Group Insurance -line item for life and health insurance program for all state employees, retirees and their dependents.

Headcount -a statement of the number of employees for some period of time, typically either the actual number of staff working or a calculated full-time equivalent.

Highway Fund -a fund that receives special dedicated revenues related to transportation; for example, the motor fuel tax or federal highway trust funds, to be used to support the construction and maintenance of transportation facilities and activities.

Hiring Lag -the- savings in personal services and benefits associated with the time period between an employee leaving the job and a replacement being hired.

Illinois FIRST -a \$12 billion, multi-year public works initiative begun in 1999 and funded by a combination of local, state and federal resources.

Income Tax Surcharge -a temporary increase of 0.5 percent in the state personal income tax and 0.8 percent in the corporate income tax established in July 1989 to fund education, local governments and property tax relief. Subsequently, in July 1991, one-half of the surcharge was made permanent and dedicated to education. The remaining one-half was made permanent in July 1993.

Infant Mortality -measure of infant deaths during the first year of life per 1000 live births.

Judicial Branch -distinguished from the legislative and executive branches of state government, it is charged with interpreting and applying laws.

Lapse -the portion of an appropriation that is not spent during the authorized period, typically the fiscal year, including the lapse period.

Lapse Period -the two-month period following the fiscal year (July 1 to August 31) when agencies can liquidate liabilities incurred before the end of that fiscal year (June 30). Public Act 89-511, effective in fiscal year 1997, reduced the lapse period from three months to two months.

Lapse Period Spending -spending that occurs during the lapse period from the previous year's appropriation.

Legislative Branch -distinguished from the judicial and executive branches of state government, it is charged with making and enacting the law, including appropriations.

Legislative Transfer -reallocation of appropriation amounts among line items by the General Assembly during the fiscal year. Distinguished from a two-percent transfer, which may be accomplished by the executive branch without participation of the legislative branch.

Line Item -specific purpose of an appropriation; for instance, personal services, retirement, printing or travel.

Liquidate -to settle or pay a debt or to convert assets into cash.

Local Government Distributive Fund -receives 1/10 of the income tax proceeds to the general funds, via a transfer, for distribution to units of local government based on population. Funds may be used for any purpose.

Lump Sum -appropriation line for a general program purpose without specific line items identified.

Managed Care -the process of coordinating and controlling all services provided to a client to assure efficient and effective results.

Mandate -a law or regulation that generally should be followed, whether or not funding is provided. The State Mandates Act permits certain regulations and laws to be ignored if funding is not provided.

Match -contribution to program required to receive a program grant, may be either money, "hard match", or services, "soft match".

Medicaid -public assistance financed jointly by the state and federal governments to provide medical care for individuals who meet certain eligibility criteria.

Moral Obligation -a duty that is not binding or enforceable by law, typically debt service on bonds issued by others that the state agrees to consider funding if the issuer is unable to pay. There is no legal guarantee the state will make such payments.

Other Funds -all state and federal funds except the four general funds.

Other Operations -administrative non-grant expenses of state agencies except salaries and payments for fringe benefits; for example, contractual services, travel, printing and telecommunications.

Per Diem -by the day. An amount of so much for each day.

Performance Measure -information or data used to determine the quality and outcomes of state services; for instance, the number of people who receive jobs following job counseling and employment services or the number of people who remain off drugs following treatment services.

Personal Services -line item for salary payments to employees. Phase-In -staged expenditure pattern, such as initiating a program, hiring employees or opening an institution over time (see Annualize).

Pilot Program -tentative model for future full scale development, typically a program operated in a limited area or targeted to a limited population to analyze its effectiveness before expanding its scope.

Position Title -name and description of a job.

Printing -line item for contractual services, materials and supplies used to produce and print information; for example, letterhead stationery, annual reports and forms.

Program Area -major organizational categories of state government, including education, human services, public safety, environment and business regulations, economic development and infrastructure and government services.

Reappropriation -an unspent appropriation that continues into the next fiscal year, typically for a capital or other multi-year project or liability.

Recommended -Governor's budget requests presented to the General Assembly for its approval.

Refunding Bonds -bonds issued to refinance other outstanding bonds, which generally were originally issued at higher interest rates.

Refunds -line item for return of funds to the rightful owner, typically return of overpaid taxes or fees.

Repair and Maintenance -line item for upkeep, restoration and improvement of equipment and facilities in connection with current agency operations.

Reserve -portion of appropriation intentionally set aside and not spent, either to increase lapse or as a contingency for increased liabilities in other line items.

Resources -all assets available for use by agencies, whether appropriated or not.

Retirement -line item for employer's share of contributions to the state retirement system.

Revenues -receipts from taxes, fees, assessments, grants and other payments used to fund programs.

Revolving Fund -receives intergovernmental payments charged for providing central operational services, such as computer, purchasing, state garage and telecommunications.

Road Fund -receives motor fuel tax and other transportation-related revenues for use to operate the Department of Transportation, Illinois State Police and the Secretary of State's Office and to build and maintain roads, bridges and other transportation facilities.

Social Security -line item for employer's share of contributions to the Federal Insurance Contributions Act (FICA) tax.

Special State Funds -all state funds except the general funds, bond-financed funds, debt service funds and state trust funds.

State Agency -government organization created by statute to administer and implement particular legislation.

Statute -a law enacted by the General Assembly and approved by the Governor.

Substitute Care -a program to place children away from their families in foster homes or residential facilities.

Supplemental Appropriation -additional spending authority given by the General Assembly during the fiscal year, following passage of the initial budget.

Transfer -reallocation of resources, typically movement of money from one fund to another or shift of appropriation authority among line items by the legislative or the executive branch.

Trust Fund -receives revenues assessed and collected for a specific state program.

Two Percent Transfer -reallocation of appropriation amounts by the Governor during the fiscal year. Limited to two percent of an agency's appropriation by fund for specific operations lines. Distinguished from a legislative transfer, which requires approval by the legislative branch.

Voids -checks (warrants) that are not cashed.

Voucher -document requesting payment submitted to the Comptroller, who then writes and issues a warrant.

Warrant - check issued by the Comptroller to a third party who cashes it with the Treasurer.

Zero Coupon Bonds -bonds without interest coupons for semi-annual payment. Interest accrues over the life of the bond and is paid on maturity along with the principal.

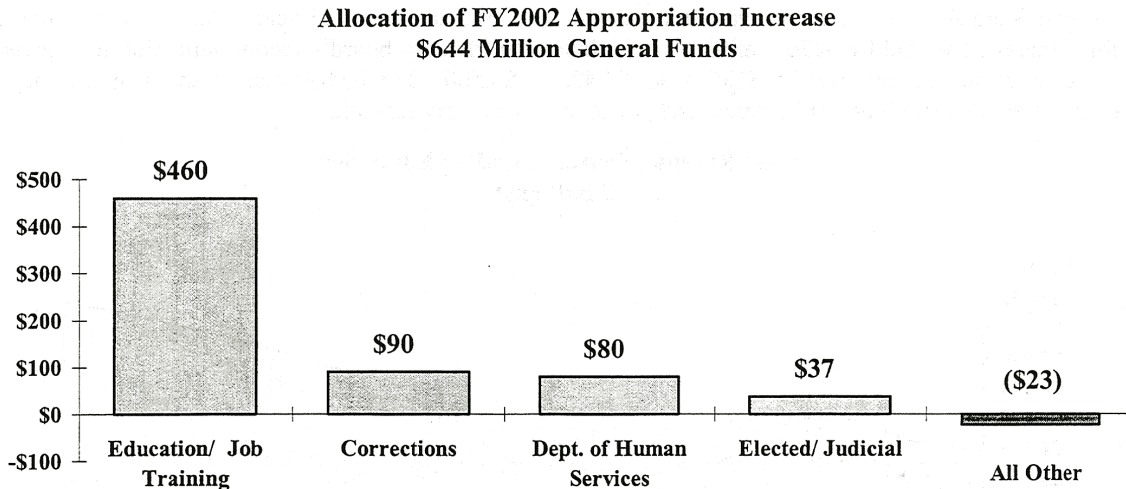
FY 2002 BUDGET BILLS

<i>Bill #</i>	<i>Sponsor</i>	<i>Description</i>	<i>Public Act #</i>
<i>FY 2002 Budget bill</i>			
HB 3440	H: Madigan, MJ – Daniels S: Rauschenberger - Trotter	SFY 2002 Omnibus Budget Appropriations Bill	92-0008
<i>FY 2002 Bond Authorization bills</i>			
HB 2125	H: Daniels – Madigan, MJ S: Weaver	General Obligation Bond Act increase	92-0013
HB 3489	H: Madigan, MJ – Daniels S: Weaver	Build Illinois Bond Act increase	92-0009
<i>FY 2002 Budget Implementation bills</i>			
HB 3491	H: Madigan, MJ – Daniels S: Rauschenberger	FY 2002 Budget Implementation (Human Services) Act	92-0010
HB 3493	H: Madigan, MJ – Daniels S: Rauschenberger	FY 2002 Budget Implementation (State Finance) Act	92-0011

BUDGET SUMMARY

The fiscal year 2002 budget, signed into law on June 11, 2001, includes total appropriations of \$51.75 billion, including \$23.36 billion in general funds appropriations. The FY 2002 Budget, as negotiated by the four respective caucuses and the Governor's Office, projects General funds revenues to total \$25.0 billion, an increase of \$894 million. Fiscal year 2002 expenditures are projected to total \$25.126 billion. On June 30, 2001, the fiscal year 2001 general funds balance was \$1.126 billion. On July 2, 2001, an additional \$225 million was transferred from the Tobacco Settlement Recovery Fund to the Budget Stabilization Fund to give the state a total cash balance of \$1.351 billion. The fiscal year 2002 projected end-of-year general funds balance is \$1.0 billion, and the balance in the Budget Stabilization Fund is projected to be \$230 million. In each year, the general funds balance is projected to exceed lapse period spending, resulting in positive budgetary balances.

General funds appropriations increase \$644 million in fiscal year 2002, with \$460 million of the increase dedicated to education. The following chart outlines the allocation of the FY 2002 General Fund appropriation increase of \$644 million.



The fiscal year 2002 budget is based on Illinois' strong and diverse economy, but reflects the slower economic growth realized during fiscal year 2001. Revenue projections are premised on forecasts of slower economic growth, as well as anticipated low rates of inflation and slightly higher unemployment. Economists also project lower gains in wages and salaries, personal income and nonfarm payroll jobs.

The budget includes no tax increase, but provides ongoing tax relief to Illinois citizens. The second year of the state's earned income tax credit, which is equal to five percent of the federal government's earned income tax credit, will provide \$35 million in tax relief to low-income families in fiscal year 2002. The budget also provides \$72 million in new dollars to fund the expanded Circuit Breaker/Pharmaceutical Assistance Program for low-income elderly and disabled citizens. Effective January 1, 2001, the household income limit for the program was increased and the illnesses covered under the program were expanded. Finally, the tuition tax credit will provide an estimated \$50 to \$75 million annually in income tax relief to families that pay school expenses to support their children's education.

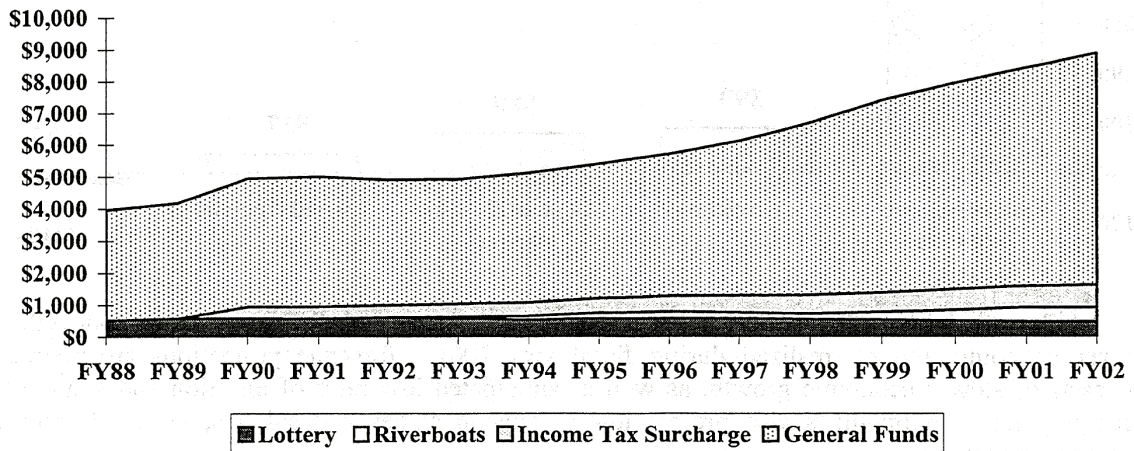
The budget allocates \$372.5 million from the Tobacco Settlement Recovery Fund in fiscal year 2002, with more than \$51 million earmarked for smoking prevention programs. To fund ongoing tax relief, \$35 million is allocated for the second year of the state's earned income tax credit and \$107 million will fund the first full year of the expanded Circuit Breaker/Pharmaceutical Assistance Program, including a further expansion of the program to cover drugs for Osteoporosis. Tobacco funds of \$25 million support medical research and treatment, and \$159 million is appropriated for projects in the Governor's VentureTECH initiative for biotechnology and medical technology projects.

EDUCATION FUNDING

New general funds appropriations increase \$460 million, dedicating nearly 71 percent of general funds revenue growth to education. The total general funds appropriation for education is \$8.88 billion.

The fiscal year 2002 budget increases funding for General State Aid by \$230.3 million. It includes the Education Funding Advisory Board's recommendation to increase the foundation funding level by \$135, from \$4,425 to \$4,560. The budget also changes the per pupil count in the General State Aid formula and creates a new poverty formula.

**State Revenue Sources Funding Education
(\$ millions)**



The education budget provides a general funds increase of \$38.6 million to fund mandated categorical programs at 100 percent for a third consecutive year. This funding reimburses school districts for the cost of mandated state programs such as special education, transportation and school lunches. The fiscal year 2002 education budget also provides \$91 million in general funds to fund Teacher Retirement System pension and health care benefits for fiscal year 2002 and \$8.0 million in general funds to fund State Universities Retirement System benefits.

Fiscal year 2002 funding for Early Childhood Education increases by \$4 million and a \$2 million increase is provided for the Jobs for Illinois Graduates program. Other increases include \$3 million for the Summer Bridge program and \$2 million for alternative schools.

The fiscal year 2002 budget increases funding for the state's Early Intervention program by \$25.7 million and transfers funding for the program from the Department of Human Services to the State Board of Education. The program helps disabled children from birth

through age three to reach their highest level of self-sufficiency and prepares them to achieve their fullest potential in school.

Funding for state colleges and universities increased by \$157 million. The Monetary Award Program receives an increase of \$10.7 million to raise the maximum award \$228, from \$4,740 to \$4,968. The budget provides an additional \$57.9 million for faculty salaries and an increase of \$9.0 million for adult education.

The fiscal year 2002 capital budget includes \$740 million in new funding for the school construction program and a five-year, \$250 million initiative for the state's community college campuses. Capital recommendations for the Board of Higher Education total \$248 million, including \$16 million to renovate the library at Chicago State University, \$40 million to renovate and expand the Fine Arts Center at Eastern Illinois University, and the initial \$15 million to build a \$30 million classroom and office building at the University of Illinois in Springfield.

VentureTECH FUNDING

The VentureTECH program is a multi-year initiative supporting research, development and infrastructure improvements in the sciences, biotechnology and information technology. The program includes capital funding for new higher education research facilities, funding for the new Illinois Virtual High School, as well as efforts linking the public and private sectors making Illinois more competitive in the changing global economy. In addition to the original VentureTECH proposal, FY 2002 expands the multi-year program to include projects targeting bioinformatics, biotechnology and nanotechnology.

The fiscal year 2002 budget dedicates \$548 million, including \$159 million from the Tobacco Settlement Recovery Fund, to support infrastructure construction and other VentureTECH projects. Among the projects to be funded is the fiscal year 2002 share of the state's \$30 million commitment for a biomedical building at Northwestern University.

The fiscal year 2002 budget also includes \$13.8 million in tobacco funding for the Excellence in Academic Medicine program, which provides academic medical centers that serve low-income patients with the matching funds needed to access federal and private dollars for research. VentureTECH also contains approximately \$6.0 million to promote new businesses and products resulting from Illinois research.

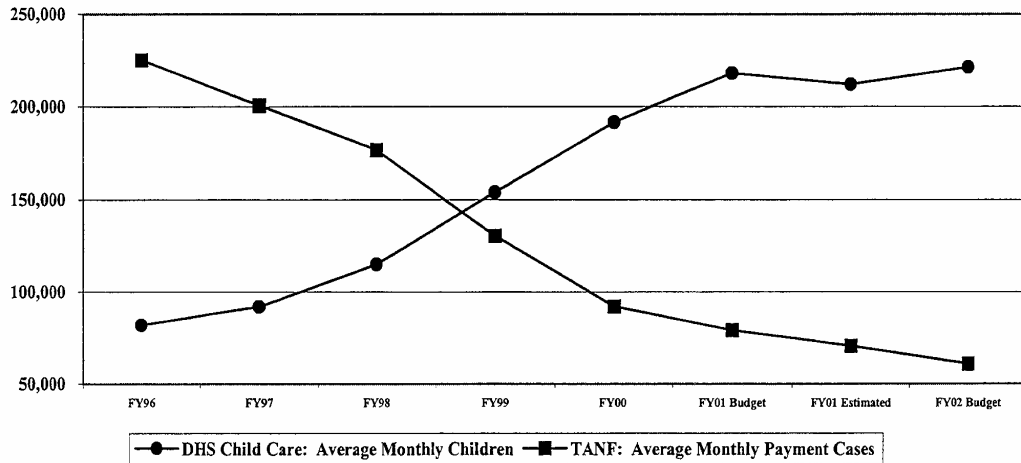
HEALTH AND HUMAN SERVICES

The fiscal year 2002 budget for the Department of Human Services (DHS) totals \$5.0 billion, including \$3.8 billion in general funds to support health and social service programs that help families continue to move from welfare to work. The FY 2002 budget

includes funding for a \$1.00 per hour wage increase to direct care workers for the developmentally disabled, which was effective and retroactive to March 1, 2001. An additional \$11.8 million was budgeted to fund a 2.0 percent cost-of-living adjustment for community providers, effective April 1, 2002.

The Department of Human Services expects its Temporary Assistance for Needy Families (TANF) caseload to continue to fall in fiscal year 2002 to an estimated 61,000 cases. To assist families entering the workforce, fiscal year 2002 funding for state-subsidized childcare will provide care to 221,000 children, an increase of 4.2 percent over the fiscal year 2001 estimate.

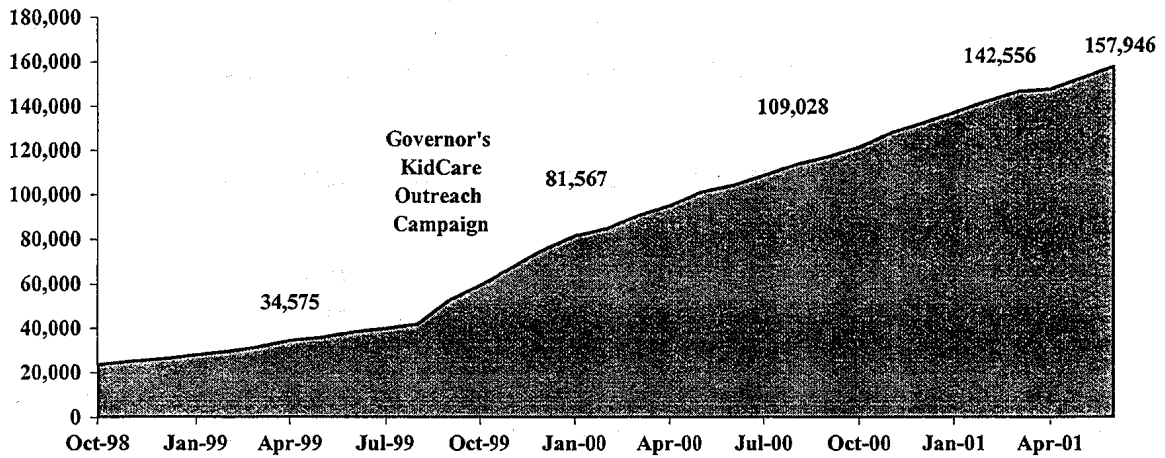
**TANF Cases at Lowest Level in 30 Years
Child Care Enrollment at All-Time High**



A \$3.5 million investment in the Workforce Advantage program will target economically disadvantaged communities to coordinate and leverage state programs benefiting the area. The FY 2002 budget also includes \$2.0 million in general funds for the Great START program, which benefits day care employees, and \$2.0 million for initiatives involving the state's juvenile justice system.

The Department of Public Aid's (DPA) budget totals \$8.0 billion, including nearly \$5.3 billion in general funds, to continue to provide health care to uninsured children. Through May 2001, about 158,000 children and pregnant women were enrolled in the KidCare program, and enrollments are projected to continue growing in fiscal year 2002.

Growth In KidCare Enrollments



During fiscal year 2001, DPA took action to curb growth in the Medicaid program. These actions, coupled with a \$200 million supplemental appropriation, allowed fiscal year 2001 payment cycles to remain under 30 days. As a result of lower-than-projected liability, additional federal aid and other revenue sources, the Medicaid program will end fiscal year 2002 with a payment cycle of 30 days.

The FY 2002 budget restores \$22 million in pharmacy reimbursement reductions implemented in fiscal year 2001. It also provides \$70 million to update long-term care rates to account for more recent cost reports, and provides additional targeted hospital funding.

The Department of Children and Family Services (DCFS) has led the nation in coordinating adoptions for three years in a row. The agency projects there will be 5,550 adoptions and guardianships in fiscal year 2001 and 5,105 in fiscal year 2002. Funding for adoptions and guardianships increases \$36.7 million, or 17.0 percent.

The fiscal year 2002 budget for DCFS provides a \$6.4 million increase in overall funding, while general funds appropriations decline nearly \$2.0 million. Due to a number of reforms, the department has significantly reduced the number of children taken into state custody each year. These changes, together with a dramatic increase in the number of children being moved into permanent homes, are expected to result in a 13.7 percent reduction in the foster care caseload in fiscal year 2001 and a 10.1 percent reduction in fiscal year 2002. As a result, the foster care budget for fiscal year 2002 decreases by \$33.8 million, or 8.2 percent, from fiscal year 2001.

The Department on Aging's Community Care Program, which provides services to eligible persons who might otherwise be placed in nursing homes, has a funding level of \$205.5 million to allow the department to serve approximately 40,670 clients a month.

PUBLIC SAFETY

The fiscal year 2002 GRF budget for the Department of Corrections increases \$89.5 million from \$1.213 billion to \$1.303 billion. The budget fully funds 2,677 new beds that opened during fiscal year 2001, including the new 2,257 -bed Lawrence Correctional Center in Lawrence County and the 420-bed Illinois Youth Center in Kewanee. The budget also funds the final year of the parole initiative, doubling the number of parole agents from 183 to 366 to better monitor more than 31,000 parolees.

The budget for the Illinois State Police is \$385.7 million and provides funding for cadet classes that will graduate 100 officers in fiscal year 2002. The budget includes \$1.8 million in general funds and \$1.0 million from the State Police Vehicle Fund to replace 135 high-mileage patrol cars. A general funds increase of \$1.5 million will increase the number of forensic scientists working with state and local police agencies to solve crimes.

ILLINOIS' NATURAL RESOURCES

The Department of Natural Resources' budget includes \$40 million for the third year of the four-year, \$160 million Illinois Open Land Trust plus an additional \$40 million for other land acquisitions under the program. About \$11.7 million in new funds is budgeted for ongoing activities under the Conservation 2000 program to preserve and enhance wildlife habitats and to increase recreational facilities. The enacted budget dedicates \$9.5 million for the Conservation Reserve Enhancement Program, a \$500 million, multi-year federal-state program to reduce erosion and restore wetlands and habitats along the Illinois River.

The Environmental Protection Agency's fiscal year 2002 budget increases \$179.7 million to accommodate the appropriations needed to initiate a new leveraged water revolving loan program. The agency's budget provides \$12 million to fund the 20 percent match required to capture \$60 million in federal funds, \$70 million for loan repayments as well as an additional \$50 million to be generated by leveraging the existing Water Pollution Control Revolving Loan program. These funds help local governments install and improve sewer and wastewater treatment facilities.

Similarly, the budget includes \$7 million to provide the 20 percent match required to capture \$35 million in federal funds, \$3 million for loan repayments and an additional \$25 million to be generated by leveraging the Drinking Water Revolving Loan program. These funds assist local governments and privately owned community water suppliers with funding for drinking water infrastructure projects.

The budget also includes \$2.0 million for the Green Illinois initiative, which incorporates pollution prevention and energy efficiency practices into the operations of state and local government. An additional \$1 million in funding is allocated for the Household

Hazardous Waste Collection program. A total of \$5.4 million in state resources is budgeted for the Illinois Rivers 2020 initiative.

ECONOMIC DEVELOPMENT AND INFRASTRUCTURE

The fiscal year 2002 budget for the Department of Commerce and Community Affairs (DCCA) provides an additional \$25 million in Build Illinois funds for the Prime Sites program, to develop sites that will attract new business to the state or allow existing firms to expand. A \$3.9 million increase from the Tobacco Settlement Recovery Fund will support an expansion of marketing technology initiatives to enhance Illinois' role as the fourth largest technology economy in the country. The Illinois Tomorrow program is allocated \$1.0 million to coordinate economic development and environmental planning, and an additional \$6.0 million in Coal Development Bond funds is budgeted for projects to increase the use of high sulfur coal in Illinois. Funding for the Industrial Training Program increases by \$1.5 million to upgrade the skills of an additional 5,800 workers at 200 companies.

In response to record low winter temperatures and high home heating costs, the federal government provided additional funding for the Low Income Home Energy Assistance Program (LIHEAP). The enacted budget included a fiscal year 2001 supplemental of \$80 million for the program. In addition, eligibility for the program was increased from 125 percent to 150 percent of the federal poverty level, giving an additional 142,000 households the opportunity to receive assistance.

The budget for the Department of Agriculture includes \$3.0 million for the Illinois *AgriFIRST* program, which will expand agribusiness, marketing opportunities and value-added ventures.

Fiscal year 2002 marks the third year of the Illinois FIRST infrastructure initiative. The budget funds a \$2.3 billion road program to enable the Department of Transportation to build and repair roads and bridges statewide. The capital program also includes \$96.0 million for public transportation projects.

The capital budget also provides an additional \$50 million in appropriations for the Abraham Lincoln Presidential Library and Museum in Springfield, which will serve as an advance against future federal contributions. New appropriations totaling \$126 million will fund the rehabilitation and preservation of existing state facilities, ranging from mental health centers and prisons to parks, historic sites and office buildings.

FEDERAL AID

Illinois citizens are benefiting from ongoing efforts to obtain additional federal resources. In fiscal year 2000, federal funding to Illinois increased to more than \$63.0 billion, an increase from \$54.4 billion in fiscal year 1998. Grants to state agencies increased to

more than \$9.8 billion in fiscal year 2001, an 18 percent increase from the \$8.3 billion total in fiscal year 1999.

Major accomplishments at the federal level that are benefiting the people of Illinois include the continuation of the Medicaid intergovernmental transfer agreement, the authorization and funding for Illinois Rivers 2020, funding for the reconstruction of the Stevenson Expressway and Wacker Drive in Chicago, and full funding agreements for the state's major mass transit systems including Metra, Pace and the Chicago Transit Authority in Cook County and the Metrolink in the Metro East area.

Additional highlights from the 106th Congress that benefit Illinois include:

- **Child Care Block Grant** -Illinois received a total of \$192 million, including \$74.3 million in discretionary funds, an increase of \$39 million.
- **Low Income Home Energy Assistance** -Illinois will receive \$79.1 million, an increase of \$17 million. In addition, Illinois has received \$52.8 million in emergency funds.
- **Abraham Lincoln Presidential Library and Museum** -Congress has authorized \$50 million in federal funds for the presidential library complex in Springfield.
- **Ethanol Pilot Plant** -Illinois has been allocated \$14 million in fiscal year 2001 for an ethanol pilot plant at Southern Illinois University - Edwardsville through the Agriculture Risk Management Act of 2000.
- **Class Size Reduction** -Illinois received \$67.8 million, an increase of \$13.5 million from fiscal year 2000, to hire new teachers.
- **Individuals with Disabilities Education Act** -Illinois will receive \$281 million, an increase of \$58 million from fiscal year 2000, to pay 15 percent of the average per pupil expenditure for students with disabilities.
- **Chicago Shoreline** -The Army Corps of Engineers received \$19.2 million to provide storm damage protection for the Lake Michigan shoreline.

FINANCIAL HIGHLIGHTS

The recommended level of appropriations from all funds in fiscal year 2002 is \$51.755 billion. Appropriations are made from individual funds, the names of which are indicative of either the purpose of the appropriation or the major source of the funds' receipts. For accounting purposes and convenience, these funds are assigned to various fund groupings. The following table shows appropriations by major fund group.

Appropriations By Fund Group
Fiscal Year 2002
(\$ millions)

	<u>Appropriation Level</u>	<u>Percent of Total</u>
General Funds	23,363	45.1
Special State Funds	10,261	19.9
Highway Funds	6,173	11.9
Federal Trust Funds	4,913	9.5
General Obligation Bond Funds	5,066	9.8
All Other Funds	<u>1,979</u>	<u>3.8</u>
Total	51,755	100.0

The largest fund group, in terms of dollars, is the general funds. This fund group represents 45 percent of total recommended appropriations and consists of the General Revenue Fund, the Common School Fund, the Education Assistance Fund and the General Revenue-Common School Special Account Fund. The general funds support the largest proportion and most varied group of state programs. In addition to providing the majority of education, health and welfare funding, the general funds also support the executive, legislative and judicial branches of state government. The general funds are commonly known as the state's *operating funds*.

Within the special state fund group are all of the appropriated funds associated with the Build Illinois program, including the Build Illinois Bond Fund and the Build Illinois Bond Retirement and Interest Fund. These funds are shown here because they are *direct, limited obligation* debt instruments, in contrast to the state's general obligation bonds, which are accorded the *full faith and credit of the state* pledge. Also included within this fund group is the State Lottery Fund. It is projected that about 34 percent of lottery proceeds will be transferred into the Common School Fund for elementary and secondary education. This group also includes the provider funds. There are nearly 310 more funds in this fund group, supporting such diverse activities as medical assistance, children's services, environmental cleanup, financial regulation and health insurance.

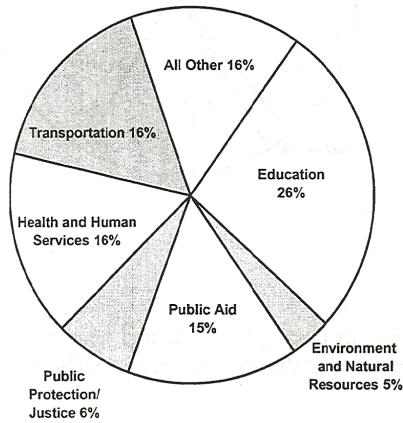
The highway funds include the State Construction Account Fund, the Road Fund, the Grade Crossing Protection Fund and the Motor Fuel Tax funds. The majority of these receipts come from motor vehicle registration fees, driver's license fees, motor fuel taxes and federal reimbursements for highway and highway-related activities. The highway funds appropriations support transportation-related activities and constitute a mechanism for returning a portion of road-related fees to local governments.

The federal trust funds support a variety of state programs. Nearly 60 percent of the federal money is for educational and employment-related programs. Federal support is also given for the elderly, persons with a mental illness, child health, community development, transportation, energy and other health and human services programs.

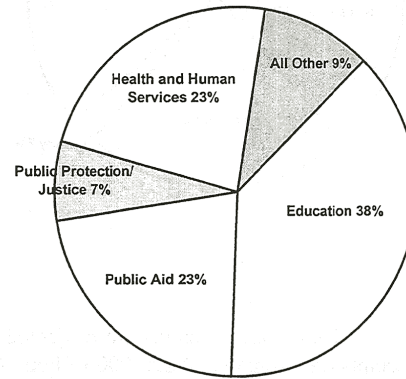
Appropriations also may be grouped according to purpose. The following charts show appropriations by major purpose, identifying the principal spending activities of state government. The charts show that the major portions of the state's resources are allocated to education and public assistance and social service programs.

**Fiscal Year 2002 Appropriations by Major Purpose
Percent of Total**

All Funds Total - \$51.755 Billion



General Funds - \$23.363 Billion



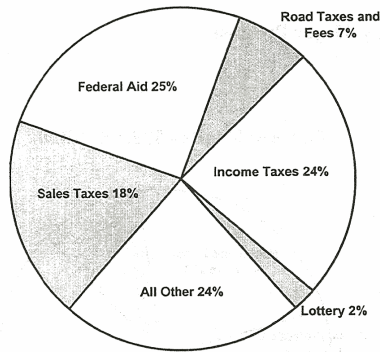
More than one-fourth of the state's total budget, \$13.3 billion, is dedicated for educational purposes. The recommended appropriations for medical assistance, income support, child and community care programs and other health and social services total over \$16.1 billion. Within the *all other* category are lottery prizes, economic development programs, the state's health and life insurance programs and the budgets of elected officials.

The all fund appropriations total exceeds total revenues due to reappropriations, appropriations that lapse and appropriation authority necessary to move certain moneys between funds within the State Treasury.

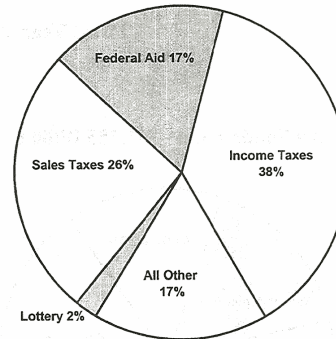
The following two charts identify the major revenue sources for all appropriated funds and the general funds.

**Fiscal Year 2002 Revenues by Source
Percent of Total**

All Appropriated Funds - \$39.500 Billion



General Funds - \$25.000 Billion



Total state revenues are projected to be \$39.5 billion in fiscal year 2002, and general funds receipts are estimated at \$25.0 billion. As agreed to by the budget negotiators, consisting of the four legislative caucuses and the Governor's Office, General funds revenues are estimated to increase \$894 million from fiscal year 2001.

Revenues from the income and sales taxes are the major source of state funds, accounting for 42 percent of all receipts and 64 percent of general funds receipts.

The major components of the *all other sources* category in all appropriated funds are the bond sale receipts, utility taxes, group insurance, intergovernmental payments, cigarette taxes, and riverboat gaming taxes and fees.

The following table summarizes the state's general funds financial plan. The fiscal year 02 plan assumes an ending balance of \$1.0 billion and includes lapse period spending of \$850 million.

**The Fiscal Year 2002 Budget Plan
(\$ millions)**

	<u>FY01</u>	<u>FY02</u>	<u>\$ Change</u>
Beginning Balance	1,517	1,126	(391)
Revenues	24,106	25,000	894
Expenditures	24,497	25,126	629
Ending Balance	1,126	1,000	(126)
Available Cash	24,497	25,126	629
Prior Year Lapse Period Spending	740	800	60
Transfers Out	2,217	2,285	(68)
Current Year Lapse Period Spending	800	850	50
Permanent Lapse	364	457	93
Refunded Warrants	15	15	0
Appropriations after Supplementals	22,719	23,363	644
Budgetary Balance	326	150	(176)

CAPITAL PROJECTS AND PROGRAMS

The fiscal year 2002 capital budget reflects the state's goal to maintain and upgrade existing facilities and infrastructure. The budget includes the third year of the \$12 billion, five-year Illinois FIRST initiative, which is designed to build, repair and upgrade the state's infrastructure. The primary objectives of the program are to maintain and improve the highway and mass transit systems, construct and repair schools, clean-up environmental hazards and upgrade water and sewer systems. Additionally, the fiscal year 2002 budget includes a \$554 million enhancement to the Build Illinois program to expand the state's commitment to the infrastructure needs of higher education and research, economic development and the health of Illinois children. The capital budget includes nearly \$145 million in Tobacco Settlement Recovery funds to support the VentureTECH program, which will facilitate the construction necessary for technology research and development. The fiscal year 2002 budget also includes construction funds for new buildings at public universities and other state-operated facilities. Fiscal year 2002 capital appropriations include the following:

- The Build Illinois program includes \$250 million to implement a new construction program to benefit the state's 47 community colleges. The Environmental Protection Agency will be redirecting \$75 million of Build Illinois reappropriations to construct centralized wastewater systems for unsewered communities where public health or water quality problems exist. The budget also provides \$20 million in funding for Chicago's Field Museum, expanding research and education capacities through a Collection Research Center. An appropriation of \$9 million will create the Children's Comprehensive Diabetes Care Center at the University of Chicago Children's Hospital to assist in providing the most sophisticated medical treatment available for children with diabetes. The fiscal year 2002 budget provides \$25 million in appropriations to extend the Prime Sites Program, which develops sites to attract businesses to Illinois.
- Appropriations totaling more than \$2.3 billion will fund new and ongoing road projects. The Illinois FIRST program will allow the state to maintain the existing system, modernize older infrastructure, add new lanes to mitigate congestion and build new roads to support economic development.
- Appropriations totaling \$242 million will continue to help local communities fund wastewater treatment facilities and meet federal requirements. New state funding of \$12 million will be provided to match \$60 million of federal funds to support the Water Pollution Control Revolving Loan program.
- Appropriations totaling \$95 million will be used to help local communities fund projects to meet federal safe drinking water requirements. New state funding of \$7 million will be provided to match \$35 million in federal funds to support the Drinking Water Revolving Loan program.

- Public transportation will receive grants totaling \$96 million, including \$76 million for the Regional Transportation Authority, \$5 million for downstate transit systems and \$15 million for Operation Green Light.
- The capital budget provides \$740 million in new bond proceed appropriations for construction projects at elementary and secondary schools.
- Funds for capital projects at the state's higher education institutions total \$248 million, including \$30 million to maintain and rehabilitate existing structures and academic buildings. The higher education budget also includes \$40 million for the Fine Arts Center at Eastern Illinois University; \$32 million to complete the \$40 million state match necessary for the Siebel Computer Science Building at the University of Illinois at Urbana-Champaign; \$15 million for a classroom and office building at the University of Illinois at Springfield; and \$16 million for renovation of the library building at Chicago State University.
- New appropriations of \$50 million serve as an advance for federal funding of the Abraham Lincoln Presidential Library and Museum in Springfield, in addition to the fiscal year 2001 state contribution of \$50 million. The fiscal year 2002 budget also appropriates \$47 million to construct a new office building for the Illinois State Police, enabling them to consolidate personnel from the State Armory and several other Springfield locations.
- Existing state facilities, ranging from mental health centers and prisons, to parks, historic sites and office buildings, will be rehabilitated and preserved with funding from new appropriations totaling \$126 million.

GOALS, GUIDELINES AND ORGANIZATION

Goals of the Capital Budget. The projects recommended in the budget meet the following three goals: allocating scarce capital investment resources in the most efficient manner, balancing the need for capital investment with available resources and selecting prudent and flexible financing mechanisms that distribute the burden of payment among those benefiting from the capital investment.

Statewide Capital Guidelines. The following guidelines, listed in order of importance, were used to select projects for inclusion in the fiscal year 2002 capital budget:

1. Protection of Life and Safety. The most fundamental guideline used in the selection process is to determine if the project is needed to assure a safe environment for citizens, clients and state employees. Examples of projects selected under this guideline include installing fire detection and prevention devices in buildings, rehabilitating unsafe bridges and transit structures and correcting structural deficiencies.

2. Protection of Infrastructure and Assets. The state performs regular maintenance and rehabilitation work on highways, buildings and other state facilities to protect state property, provide safe conditions and minimize future costs. Road and bridge

rehabilitation, roof replacement, replacement of wastewater treatment systems and dam or levee improvements are projects included in the capital budget.

3. **Completion of Ongoing Projects.** Each year, funds are provided for the continuation or completion of ongoing construction projects. For example, funds may be allocated to purchase the equipment necessary to open a recently constructed building.

4. **Cost Savings.** Projects selected under this guideline are funded to improve efficiency and reduce the state's cost of operations. Examples include the installation of insulation, energy-efficient windows and doors and computer-controlled heating, ventilation and cooling systems.

In addition to these guidelines, several other factors were considered during the selection process:

- A project may have an impact on future operating costs. For example, the construction of a prison, veterans' home or highway will require future operating, maintenance and rehabilitation costs. In selecting projects for the fiscal year 2002 capital budget, certain projects that would require an increase in future operating expenditures were excluded.
- External factors, including legal, intergovernmental or environmental concerns, can alter project priority.

The following charts detail capital projects included in the fiscal year 2002 enacted budget.

**FISCAL YEAR 2002 CAPITAL PROGRAM
(\$ THOUSANDS)**

AGENCY AND PROJECT	AMOUNT
DEPARTMENT OF AGRICULTURE	
Capital Development Fund	
<i>Statewide:</i>	
Conservation 2000 program	2,750.0
<i>Illinois State Fairgrounds - DuQuoin:</i>	
Repair roofs-5 horse barns	300.0
Upgrade utilities-Phase I	700.0
<i>Illinois State Fairgrounds - Springfield:</i>	
Renovate comfort stations	1,100.0
Renovate grandstand area	1,120.0
Upgrade electrical systems	1,000.0
Build Illinois Fund	
<i>Illinois State Fairgrounds - DuQuoin:</i>	
Install shell over show horse arena	2,660.0
Hayes House maintenance and renovations	600.0
<i>Illinois State Fairgrounds - Springfield:</i>	
Repair/replace roofing systems	800.0
Upgrade storm/sanitary & water systems	851.0
Tobacco Settlement Recovery Fund	
<i>Illinois State Fairgrounds - Springfield:</i>	
Upgrade chemistry/seed lab systems	344.0
CAPITAL DEVELOPMENT BOARD	
Capital Development Fund	
<i>Executive Mansion - Springfield:</i>	
Building maintenance	600.0
<i>Statewide:</i>	
Abate hazardous material	2,050.0
ADA projects	2,000.0
Retrofit/upgrade mechanical refrigeration equipment	650.0
General Assembly renovations	8,500.0
Complete Joliet C.C. renovation	50.0
Tobacco Settlement Recovery Fund	
<i>Statewide:</i>	
Repair minor problems & emergencies	1,000.0
Survey for & abate asbestos containing materials	1,000.0
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES	
Capital Development Fund	
<i>James R. Thompson Center, Chicago:</i>	
Rehab HVAC/boilers, Phase II	1,400.0

**FISCAL YEAR 2002 CAPITAL PROGRAM
(\$ THOUSANDS)**

AGENCY AND PROJECT	AMOUNT
Paris State Garage:	
Replace roof/improve exterior	380.0
Suburban North Regional Office Facility, Des Plaines:	
Rehab exterior and upgrade atrium	400.0
Build Illinois Fund	
Champaign Regional Office Building:	
Rehab HVAC system	165.0
Illinois Center for Rehabilitation and Education, Chicago:	
Update kitchen and plumbing	565.0
Replace roof	305.0
Tobacco Settlement Fund	
Illinois Center for Rehabilitation & Education, Chicago:	
Tuckpoint exterior building	1,045.0
DEPARTMENT OF COMMERCE AND COMMUNITY AFFAIRS	
Capital Development Fund	
Argonne:	
True GRID	2,500.0
Coal Development Fund	
Coal Program:	
Statewide - various coal development projects	6,000.0
Build Illinois Fund	
Statewide:	
Various capital improvement projects	321,900.0
Prime Sites Program	25,000.0
DEPARTMENT OF CORRECTIONS	
Capital Development Fund	
Centralia Correctional Center:	
Upgrade building automation system-FY02	1,100.0
Upgrade electrical	200.0
Danville Correctional Center:	
Boiler upgrade-FY02	300.0
Dixon Correctional Center:	
Plan facility upgrade for health care use	1,200.0
Replace doors and locks-FY02	1,300.0
Renovate water tower-FY02	2,800.0
Upgrade water distribution system-FY02	2,000.0
East Moline Correctional Center:	
Replace windows-FY02	605.0

**FISCAL YEAR 2002 CAPITAL PROGRAM
(\$ THOUSANDS)**

AGENCY AND PROJECT	AMOUNT
<i>Graham Correctional Center:</i>	
Upgrade electrical	2,000.0
Upgrade building automation system-FY02	200.0
<i>Hill Correctional Center, Galesburg:</i>	
Rehab showers-FY02	1,140.0
Replace doors and locks-FY02	500.0
<i>Illinois River Correctional Center, Canton:</i>	
Rehab showers-FY02	635.0
<i>Illinois Youth Center, Harrisburg:</i>	
Construct vocational and medium/confinement	10,250.0
<i>Illinois Youth Center, Joliet:</i>	
Replace roof top unit at administration building	195.0
<i>Illinois Youth Center, St. Charles:</i>	
Rehab water tower-FY02	1,300.0
Upgrade roofing systems-FY02	100.0
<i>Illinois Youth Center, Valley View:</i>	
Rehab water tower-FY02	300.0
<i>Illinois Youth Center, Warrenville:</i>	
Improve site utilities	345.0
Upgrade roofing systems-FY02	330.0
<i>Joliet Correctional Center:</i>	
Transfer switch and emergency generator	980.0
Upgrade water distribution system-FY02	980.0
<i>Lincoln Correctional Center, Logan County:</i>	
Replace copper supply lines-FY02	1,145.0
<i>Logan Correctional Center, Lincoln:</i>	
Upgrade roofing systems-FY02	260.0
<i>Menard Correctional Center, Chester:</i>	
Plan and construct replacement of admin bldg.	1,000.0
Replace sally port	925.0
<i>Sheridan Correctional Center:</i>	
Replace doors and locks-FY02	1,300.0
Upgrade electrical	905.0
<i>Southwestern Correctional Center, E. St. Louis:</i>	
Replace sewer lines	405.0
<i>Stateville Correctional Center, Joliet:</i>	
Replace windows in B house	2,500.0
<i>Taylorville Correctional Center:</i>	
Rehab showers-FY02	845.0
<i>Vienna Correctional Center:</i>	
Replace doors and locks-FY02	1,000.0
Upgrade HVAC/rehab water lines-6 housing units	1,800.0
<i>Western Illinois Correctional Center, Mt. Sterling:</i>	
Rehab showers-FY02	635.0
Build Illinois Fund	
<i>Hill Correctional Center, Galesburg:</i>	
Upgrade building automation system-FY02	540.0

**FISCAL YEAR 2002 CAPITAL PROGRAM
(\$ THOUSANDS)**

AGENCY AND PROJECT	AMOUNT
<i>Joliet Correctional Center:</i>	
Replace water tower	1,200.0
<i>Vandalia Correctional Center:</i>	
Upgrade water distribution system-FY02	600.0
<i>Vienna Correctional Center:</i>	
Repair water tower FY02	400.0
ENVIRONMENTAL PROTECTION AGENCY	
Anti-Pollution Bond Fund	
<i>Statewide:</i>	
Wastewater treatment program	12,000.0
Drinking water program	7,000.0
Build Illinois Fund	
<i>Statewide:</i>	
Deposit into Hazardous Waste Fund	10,000.0
Brownfields Program	2,000.0
BOARD OF HIGHER EDUCATION	
Capital Development Fund	
<i>Statewide:</i>	
Capital renewal (repair and maintenance)	20,000.0
Chicago State University	322.7
Eastern Illinois University	515.5
Governors State University	189.7
Illinois State University	1,021.3
Northeastern Illinois University	383.7
Northern Illinois University	1,159.0
Western Illinois University	792.2
Southern Illinois University - Carbondale	1,624.7
Southern Illinois University - Edwardsville	763.1
University of Illinois - Chicago	2,777.3
University of Illinois - Springfield	229.1
University of Illinois - Urbana/Champaign	4,150.0
Illinois Community College Board	6,071.7
Digitalization projects	4,886.7
<i>CHICAGO STATE UNIVERSITY</i>	
Library building	16,000.0
Technology improvement and deferred maintenance	3,000.0
<i>CITY COLLEGES of CHICAGO</i>	
Technology improvement and deferred maintenance	9,000.0

**FISCAL YEAR 2002 CAPITAL PROGRAM
(\$ THOUSANDS)**

AGENCY AND PROJECT	AMOUNT
<i>EASTERN ILLINOIS UNIVERSITY</i>	
Fine Arts Center renovation and expansion	40,003.0
<i>ILLINOIS STATE UNIVERSITY</i>	
Shroeder Hall	17,500.0
<i>ILLINOIS VALLEY COMMUNITY COLLEGE</i>	
Asbestos projects	6,000.0
<i>MATH AND SCIENCE ACADEMY</i>	
Gymnasium mezzanine level	2,000.0
<i>NORTHEASTERN ILLINOIS UNIVERSITY</i>	
Remodeling & expansion for buildings C, E & F	9,064.3
<i>SOUTHERN ILLINOIS UNIVERSITY</i>	
Planning addition and renovations to Morris Library	1,918.9
<i>UNIVERSITY OF ILLINOIS, SPRINGFIELD</i>	
Classroom office building	15,000.0
<i>UNIVERSITY OF ILLINOIS, CHAMPAIGN</i>	
Siebel Computer Science Building	32,000.0
<i>WESTERN ILLINOIS UNIVERSITY</i>	
Memorial Hall	12,000.0
Tobacco Settlement Recovery Fund	
<i>SOUTHERN ILLINOIS UNIVERSITY</i>	
Construct cancer center	14,500.0
Advanced technical worker training facility	1,100.0
<i>UNIVERSITY OF ILLINOIS</i>	
Chemical sciences building	6,400.0
Biotech genomic facility	67,500.0
Supercomputing application facility	27,000.0
Tech. Transfer incubator facility	5,000.0
College of Medicine at Peoria	1,500.0
Build Illinois Bond Fund	
<i>Statewide:</i>	
Capital renewal (repair and maintenance)	10,000.0
Chicago State University	160.4
Eastern Illinois University	257.8
Governors State University	94.9
Illinois State University	510.7
Northeastern Illinois University	191.8
Northern Illinois University	579.5
Western Illinois University	396.1
Southern Illinois University - Carbondale	812.8
Southern Illinois University - Edwardsville	381.6
University of Illinois - Chicago	1,388.6
University of Illinois - Springfield	114.6
University of Illinois - Urbana/Champaign	2,075.4
Illinois Community College Board	3,035.8
Illinois Community College Board - enhanced construction program	50,000.0

**FISCAL YEAR 2002 CAPITAL PROGRAM
(\$ THOUSANDS)**

AGENCY AND PROJECT	AMOUNT
HISTORIC PRESERVATION AGENCY	
Capital Development Fund	
<i>Abraham Lincoln Presidential Library, Springfield:</i>	
Construct library and museum	50,000.0
<i>Bishop Hill Historic Site, Henry County:</i>	
Restore interior and exterior	1,000.0
<i>Lincoln's New Salem Historic Site, Menard County:</i>	
Rehab saw and grist mill	750.0
<i>Shawneetown Bank Historic Site, Gallatin County:</i>	
Rehab exterior	1,620.0
Build Illinois Fund	
<i>Mt. Pulaski Courthouse Historic Site, Logan County:</i>	
Rehab interior and exterior	240.0
Tobacco Settlement Recovery Fund	
<i>Lincoln Log Cabin State Historic Site:</i>	
New roads/parking areas/lighting plaza/ped. bridge	400.0
DEPARTMENT OF HUMAN SERVICES	
Capital Development Fund	
<i>Alton Mental Health Center:</i>	
Repair/replace roofs-FY02	150.0
Complete forensics center	3,900.0
Plan a treatment and detention facility	4,000.0
<i>Chester Mental Health Center:</i>	
Renovate medical diagnostic, Phase II	996.0
Replace smoke/heat detectors	395.0
<i>Chicago-Read Mental Health Center, Cook County:</i>	
Replace/repair roofs	800.0
<i>Fox Developmental Center, Dwight:</i>	
Plan/Begin Replacement of interior doors/flooring/walls	1,205.0
<i>Howe Developmental Center, Tinley Park:</i>	
Replace/repair roofs	1,300.0
Replace HVAC systems and duct work	500.0
<i>Illinois School for the Deaf, Jacksonville:</i>	
Repair/replace roofs-FY02	370.0
Renovate high school building	1,200.0
<i>Illinois School For The Visually Impaired, Jacksonville:</i>	
Plan/Begin Renovation of building # 18	350.0
<i>Jacksonville Developmental Center:</i>	
Plan/begin upgrade mech components in power plant	800.0
<i>Kiley Developmental Center:</i>	
Rehab/replace roofs	300.0

**FISCAL YEAR 2002 CAPITAL PROGRAM
(\$ THOUSANDS)**

AGENCY AND PROJECT	AMOUNT
<i>Mabley Developmental Center:</i>	
Plan/Begin Renovation of residential buildings	1,630.0
<i>Murray Developmental Center:</i>	
Plan/begin boiler house renovation	250.0
<i>Shapiro Developmental Center:</i>	
Replace water main and valve, Phase II	1,900.0
Repair/replace roofs-FY02	415.0
Build Illinois Fund	
<i>Chester Mental Health Center:</i>	
Complete renovation of kitchen	175.0
<i>Choate Mental Health and Developmental Center:</i>	
Install courtyard/rec area at Dogwood & Rosebud	200.0
<i>Singer Mental Health Center, Rockford:</i>	
Repair/replace roofs-FY02	310.0
<i>Tinley Park Mental Health Center:</i>	
Upgrade life/safety-Oak Hall & Spruce, Phase II	310.0
Tobacco Settlement Recovery Fund	
<i>Statewide:</i>	
Tuckpoint masonry	515.0
<i>Zeller Mental Health Center, Peoria County:</i>	
Install energy management system	245.0
JUDICIAL BRANCH	
Capital Development Fund	
<i>Second Appellate Court, Elgin:</i>	
Various miscellaneous improvements	547.0
Tobacco Settlement Recovery Fund	
<i>Third Appellate Court, Ottawa:</i>	
Tuckpoint & repair exterior	175.0
Replace roofs over vault and garage	16.6
MEDICAL DISTRICT COMMISSION	
Capital Development Fund	
<i>Medical Center District, Chicago:</i>	
Upgrade research center	710.0
Utility improvements	800.0
Land acquisition & site development	4,000.0

**FISCAL YEAR 2002 CAPITAL PROGRAM
(\$ THOUSANDS)**

AGENCY AND PROJECT	AMOUNT
DEPARTMENT OF MILITARY AFFAIRS	
Capital Development Fund	
<i>Champaign Armory:</i>	
Replace mechanical systems	1,196.0
<i>Galva Armory, Henry County:</i>	
Replace roof and renovate interior and exterior	600.0
<i>Kewanee Armory:</i>	
Rehab electrical/mechanical systems, restrooms	2,076.0
Renovate kitchen	448.0
<i>Macomb Armory:</i>	
Upgrade armory mechanical and electrical	978.0
<i>North Riverside Armory:</i>	
Rehab interior/exterior walls	618.0
<i>Northwest Armory, Chicago:</i>	
Replace mechanical systems	2,145.0
<i>Rock Falls Armory:</i>	
Replace mechanical systems/electrical systems	2,631.0
Build Illinois Fund	
<i>Lawrenceville Armory:</i>	
Rehab exterior/interior, replace roof	1,184.0
<i>Mt. Vernon Armory:</i>	
Replace exterior doors, refinish floor	145.0
DEPARTMENT OF NATURAL RESOURCES	
Capital Development Fund	
<i>Statewide:</i>	
Conservation 2000 Program	5,250.0
Grants for Museums Improvement Program	10,000.0
Open Land Trust Program	80,000.0
Corps of Engineers - Match for environment & habitat restoration	2,000.0
Lodge & concession maintenance	6,624.0
<i>Beaver Dam State Park:</i>	
Sewage system replacement	665.0
<i>Castile Rock State Park:</i>	
Rehab scenic overlook and water system	1,825.0
<i>Dixon Springs State Park:</i>	
Replace roofing systems	190.0
<i>Eldon Hazlet State Park:</i>	
Waterline replacement	575.0
<i>Hennepin Canal Parkway State Park:</i>	
Repair/replace roofing systems	115.0
<i>Moraine View State Park:</i>	
Upgrade water plant	180.0
<i>Pere Marquette State Park:</i>	
Upgrade youth camp sewer system	140.0
<i>Randolph Fish and Wildlife Area:</i>	
Replace roofing systems	65.0

**FISCAL YEAR 2002 CAPITAL PROGRAM
(\$ THOUSANDS)**

AGENCY AND PROJECT	AMOUNT
<i>Shabbona Lake State Park:</i>	
Repair/replace roofing systems	155.0
<i>Southern Illinois Mining Office:</i>	
Rehabilitate facility	150.0
<i>Springfield:</i>	
Plan and begin new state museum	3,600.0
<i>Starved Rock State Park and Lodge:</i>	
Upgrade water and sewer system	600.0
<i>William W. Powers Fish and Wildlife Area:</i>	
Replace sanitary sewer lines and lift station	890.0
Division of Water Resources	
<i>Flood Control - Federal Ongoing:</i>	
East St. Louis flood control rehabilitation	250.0
<i>Flood Control - Federal New:</i>	
East Chicago (Ford Heights)	1,000.0
East St. Louis & vicinity flood control	500.0
<i>Flood Control - State Ongoing:</i>	
Crystal Creek	1,600.0
Granite City area groundwater flood control	300.0
Kyte River (Rochelle)	1,750.0
Prairie/Farmers Creek	1,800.0
Small drainage and flood control	100.0
<i>State Facilities Rehabilitation:</i>	
Crisenberry Dam	2,000.0
Havana facility	150.0
W. B. Stratton Lock & Dam	350.0
<i>State Recreation Facilities:</i>	
Fox Chain of Lakes sea wall repair	200.0
Fox Chain of Lakes	2,000.0
Build Illinois Fund	
<i>Castle Rock State Park:</i>	
Repair/replace roofing systems	90.0
<i>Lake Michigan:</i>	
Shoreline project	7,000.0
<i>Morrison-Rockwood State Park:</i>	
Replace roofs	60.0
<i>Statewide:</i>	
Well capping program	2,000.0
<i>Weldon Springs State Park:</i>	
Improve campgrounds	350.0

**FISCAL YEAR 2002 CAPITAL PROGRAM
(\$ THOUSANDS)**

AGENCY AND PROJECT	AMOUNT
Tobacco Settlement Recovery Fund	
<i>Illinois Beach State Park - Lake County:</i>	
Stabilize shoreline	400.0
<i>Statewide:</i>	
Maintain lodge/concession program	494.4
<i>Wayne Fitzgerald State Park - Jefferson County:</i>	
Stabilize watershed shoreline	675.0
DEPARTMENT OF REVENUE	
Capital Development Fund	
<i>Willard Ice Building, Springfield:</i>	
Complete upgrade of plumbing system	3,000.0
Parking deck structural repairs	1,250.0
Repair interior and HVAC	3,855.0
Tobacco Settlement Recovery Fund	
<i>Willard Ice Building, Springfield:</i>	
Complete security system upgrade	200.0
SECRETARY OF STATE	
Capital Development Fund	
<i>5301 W. Lexington Avenue, Chicago:</i>	
Replace windows	583.0
<i>5401 North Elston, Chicago:</i>	
Replace windows	584.0
<i>9901 S. Martin L King Jr. Drive:</i>	
Replace windows	583.0
<i>Capitol Complex, Springfield:</i>	
Complete stone restoration Phase II	3,000.0
<i>Power Plant, Springfield:</i>	
Provide new water service	80.0
<i>Statewide: (went to Leg. Space Needs)</i>	
Renovate and upgrade various facilities	2,250.0
Build Illinois Fund	
<i>Capital Complex, Springfield:</i>	
Upgrade fire alarm systems-FY02	160.0
STATE BOARD OF EDUCATION	
School Construction Fund	
<i>Statewide:</i>	
Grants for facility construction	740,000.0

FISCAL YEAR 2002 CAPITAL PROGRAM
(\$ THOUSANDS)

AGENCY AND PROJECT	AMOUNT
DEPARTMENT OF STATE POLICE	
Capital Development Fund	
<i>Central Administration Buildings, Springfield:</i>	
Construct central office building	47,000.0
Build Illinois Fund	
<i>Ullin District 22-Pulaski County:</i>	
Upgrade HVAC system	250.0
DEPARTMENT OF TRANSPORTATION	
Transportation Series A Fund	
<i>Highways:</i>	400,000.0
Transportation Series B Fund	
<i>Mass Transit:</i>	
RTA Grants	91,000.0
Downstate Grants	5,000.0
<i>Aeronautics:</i>	
Statewide Grants	33,586.4
<i>Rail:</i>	
Statewide Grants	20,000.0
DEPARTMENT OF VETERANS' AFFAIRS	
Capital Development Fund	
<i>Quincy Veterans Home:</i>	
Replace roofing systems	185.0
Build Illinois Fund	
<i>LaSalle Veterans Home:</i>	
Plan expansion of facility	1,000.0
<i>Manteno Veterans Home:</i>	
Construct equipment storage building	2,485.0
Tobacco Settlement Recovery Fund	
<i>LaSalle Veterans Home:</i>	
Install wall protection	120.0
Replace lighting	90.0
Upgrade tempered water systems	50.0
<i>Manteno Veterans Home:</i>	
Install dehumidifiers/humidifiers	515.0
<i>Quincy Veterans Home:</i>	
Renovate power plant equipment	715.0

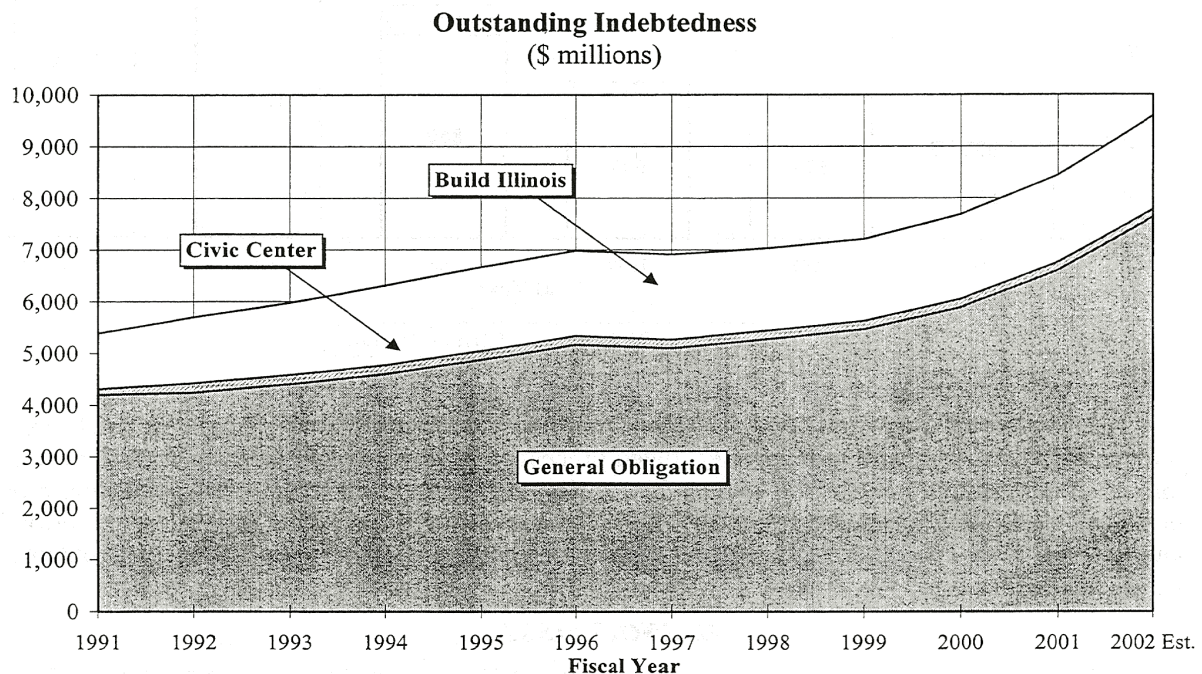
**FISCAL YEAR 2002 CAPITAL PROGRAM
(\$ THOUSANDS)**

AGENCY AND PROJECT	AMOUNT
LOCAL PROJECTS	
SCHOOL INFRASTRUCTURE FUND TOTAL	
City of Springfield	20,000.0
Bartlett bale fill land acquisition	7,000.0
Build Illinois Fund	
Illinois FIRST Projects	52,150.0
Chicago Field Museum	20,000.0
Loyola University	11,000.0
Joffrey Ballet	4,000.0
Rush Presbyterian Hospital	5,000.0
Beverly Arts Center	1,500.0
Blackburn College	1,500.0
Metropolitan Family Services	1,000.0
Roseland Hospital	1,500.0
City of Chicago Mt. Vernon Complex	1,200.0
Jewish Federation of Chicago	1,300.0
University of Chicago Juvenile Diabetes Center	9,000.0
Dominican University	2,000.0
Lutheran General	1,000.0
Lincoln College	1,000.0
Chinese/American Service League	1,000.0
Lawrence County Hospital	400.0
Millikin University	2,500.0
Holocaust Museum	5,000.0
Auto Defibrillators	800.0
Greenville College	1,000.0
Deer Creek Flood Control	1,000.0
Argonne Nanotech	2,000.0
IIT Biomedical	1,000.0
Tobacco Settlement Recovery Fund	
Northwestern University biomedical building	10,000.0
Northwestern University nanofabrication & molecular center	2,000.0
Argonne Rare Isotope Accelerator	2,000.0

DEBT MANAGEMENT

The state's capital program is financed largely through the issuance of general obligation and Build Illinois bonds. The full faith and credit of the state are pledged for the timely payment of interest and principal due on general obligation bonds. Build Illinois bonds are revenue bonds secured primarily by state sales tax revenues. Civic Center bonds are revenue bonds secured by statutory General Revenue Fund transfers into a debt service fund.

The chart below illustrates the history of debt issued by the state and amounts outstanding at the end of each fiscal year.

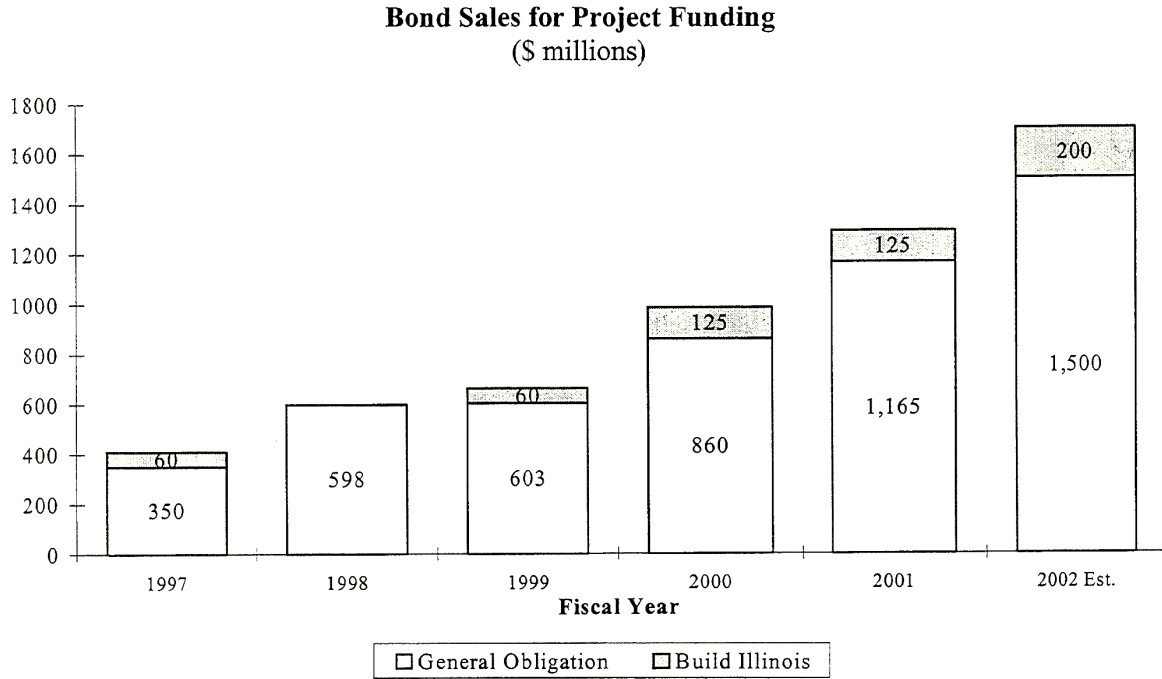


The financial community considers the level of state debt to be moderate and manageable. General obligation debt continues to be the largest component of state indebtedness.

STATE BOND SALES

Bond sales generate resources for funding the capital program. Capital spending plans proposed by state agencies and the Bureau of the Budget provide the basis for planning the amount, timing and composition of bond sales. Bond sale plans are developed during the budget process to match resources with planned capital spending. Modifications to the plan may occur as a result of legislative action or unanticipated spending fluctuations.

To avoid delays in construction and vendor payments, bonds are issued before balances in the bond funds are depleted. The following chart shows historical and projected bond sales, excluding sales for refunding purposes.



Pursuant to Public Act 91-39, effective June 15, 1999, state general obligation bonds are sold through either the competitive bid or negotiated process. For a negotiated sale, managers are selected through a competitive process for their ability to develop an appropriate financing structure, provide beneficial market analysis, reach investors targeted by the state and reduce the state's cost of borrowing. During fiscal years 2000 and 2001, all general obligation and Build Illinois bond sales were sold through a negotiated process.

ILLINOIS FIRST

In May 1999, Governor Ryan proposed the \$12 billion Illinois FIRST (Fund for Infrastructure, Roads, Schools and Transit) program to deal with the state's infrastructure needs. Legislative authorization for the program is included in Public Acts 91-36, 91-37, 91-38, and 91-39, effective June 15, 1999. The financing for the program consists of approximately \$4.3 billion in state bond sales, \$1.6 billion in Regional Transit Authority indebtedness, \$2.0 billion in "pay-as-you-go" projects, with federal funding and local matches also contributing to the financing.

Public Act 91-39 included an additional \$5.3 billion in authorization for general obligation bonds (including \$500 million for refunding), which help finance the state's ongoing capital program and portions of the Illinois FIRST program. The Illinois FIRST portion of the general obligation bond authorization increase was primarily for Transportation A (highways), Transportation B (mass transit), and School Construction bonds. Public Act 91-39 also included an additional \$754 million in authorization for Build Illinois bonds to help finance portions of the Illinois FIRST program. The bonds for the Illinois FIRST program are expected to be issued over seven years (through fiscal year 2006) to accommodate the anticipated spending needs.

MUNICIPAL BOND RATINGS

For each bond issue, the state applies for municipal bond ratings from Standard & Poor's, Moody's Investors Service and Fitch, Inc. The rating agencies review the state's current fiscal condition and financial plan, long-term economic and demographic characteristics, debt burden measures and other factors relevant to the state's ability to repay its debt.

The state's general obligation bonds currently carry an AA rating from Standard & Poor's, an Aa2 rating from Moody's and an AA+ rating from Fitch. Moody's upgraded the state's general obligation bond rating in February 1997 and June 1998. Standard & Poor's upgraded the rating in July 1997, and Fitch upgraded the rating in June 2000. The firms cited the state's strong financial improvement, conservative budget practices and solid and diversified economy. All of the rating agencies emphasize that the state's wealth and economic diversity continue to provide strong backing for its moderate level of debt. Build Illinois bonds are rated AAA by Standard & Poor's, Aa2 by Moody's and AA + by Fitch.

GENERAL OBLIGATION BONDS AUTHORIZED BY THE GENERAL ASSEMBLY

General obligation bonds of the state may be authorized by a vote of three-fifths of the members of each house of the General Assembly or by a majority of voters in a general election.

Under the General Obligation Bond Act, the state issues general obligation bonds for the purposes described below:

- Capital Development -to provide construction funds for higher education, corrections, conservation, child care facilities, mental and public health facilities, local governments, the Open Land Trust program and other state capital facilities and purposes.
- Transportation -to provide funds for the construction or reconstruction of highways, roads and bridges (Transportation A) and for mass transportation, rail facilities and aviation (Transportation B).

- School Construction -primarily to fund grants to school districts for school improvement projects authorized by the School Construction Law.
- Anti-Pollution -to provide money for the construction of municipal sewage treatment plants and solid waste disposal facilities, to make deposits into the Water Revolving Fund and U.S. Environmental Protection Fund, and for the payment of claims submitted to the State and approved for payment under the Leaking Underground Storage Tank Program.
- Coal and Energy Development -to fund research, development and demonstration of coal and alternate energy sources, and to provide financial assistance to electric generating facilities.
- Refunding -to refinance outstanding bonds that originally were issued with interest rates higher than current market rates.

Proceeds from the sale of general obligation bonds, excluding refunding bonds, are deposited into six bond funds according to uses and purposes for which the bonds were sold. These six bond funds are the Capital Development Fund, the Transportation Bond Series A Fund, the Transportation Bond Series B Fund, the School Construction Fund, the Anti-Pollution Fund and the Coal Development Fund.

The General Obligation Bond Act requires the Governor to include an appropriation in each state budget sufficient to pay the interest and principal due on bonds from a separate fund in the State Treasury named the General Obligation Bond Retirement and Interest Fund. The General Assembly is required to make annual appropriations from the General Obligation Bond Retirement and Interest Fund for debt service payments. In the event that the General Assembly fails to make such appropriations, the General Obligation Bond Act includes an irrevocable and continuing appropriation of all amounts necessary to make debt service payments.

The General Obligation Bond Act currently authorizes the state to issue \$15,265.0 million of multiple purpose general obligation bonds for projects. The act also authorizes the state to have \$2,839.0 million of refunding bonds outstanding.

The following table shows current authorization by category, proposed commitment levels and the current administration's proposal for new authorization.

**General Obligation Multipurpose Bonds
Authorization Summary**
(\$ millions)

<u>Bond Type</u>	<u>Prior Authorization</u>	<u>New Authorization Increase in Public Act 92-13</u>	<u>Current Authorization</u>
Capital Facilities	6,078.8	547.2	6,626.1
Transportation			
Series A	3,431.0	1.1	3,432.1
Series B	1,881.3	0.0	1,881.3
School Construction	2,220.0	0.0	2,220.0
Anti-Pollution	423.3	19.0	442.3
Coal Development	<u>163.2</u>	<u>500.0</u>	<u>663.2</u>
Total	14,197.6	1,067.4	15,265.0
Refunding	2,839.0	0.0	2,839.0

Indebtedness. As of June 30, 2001, the State of Illinois has issued \$12,851.3 million of bonds for projects, including \$4,430.0 million in bonds issued pursuant to old bond acts, and has issued an additional \$2,385.0 million of bonds for refundings as authorized by the General Obligation Bond Act. The amount of general obligation debt outstanding as of June 30, 2001, is \$6,600.0 million. The amount of general obligation bonds retired as of June 30, 2001, is \$8,636.3 million.

The following table lists the level of outstanding general obligation debt since fiscal year 1997.

General Obligation Debt Outstanding¹
(\$ millions)

<u>FY97 Actual</u>	<u>FY98 Actual</u>	<u>FY99 Actual</u>	<u>FY00 Actual</u>	<u>FY01 Actual</u>	<u>FY02 Estimated</u>
5,095.4	5,268.8	5,456.3	5,885.8	6,600.0	7,630.7

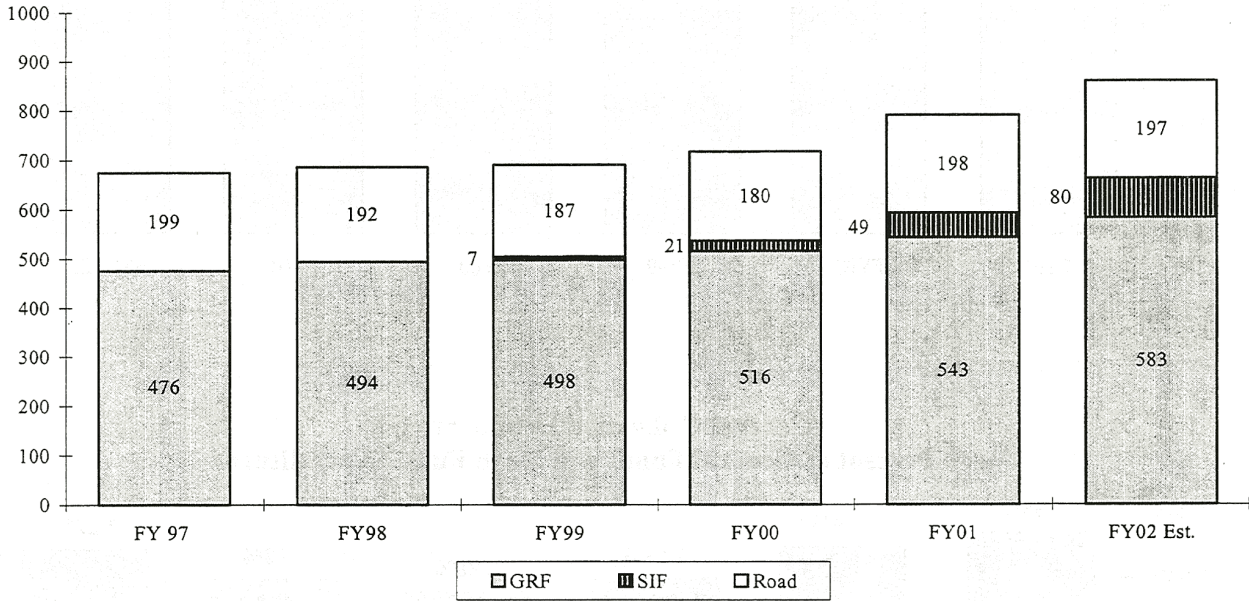
¹Debt outstanding measured at the end of each fiscal year.

Debt service on state general obligation bonds is paid from the General Obligation Bond Retirement and Interest Fund. This fund receives transfers from the Road Fund to pay debt service on bonds issued for Transportation A purposes (highways); from the School Infrastructure Fund and General Revenue Fund to pay debt service on bonds issued for School Construction Law purposes; and from the General Revenue Fund to pay debt service on bonds issued for all other purposes.

Debt service on the state's outstanding general obligation bonds is expected to total \$791 million for fiscal year 2001 and \$875 million for fiscal year 2002. The following chart

illustrates the portions of debt service supported by the Road Fund, School Infrastructure Fund and General Revenue Fund.

**General Obligation Debt Service
General Revenue, School Infrastructure Fund and Road Fund Portions
(\$ millions)**

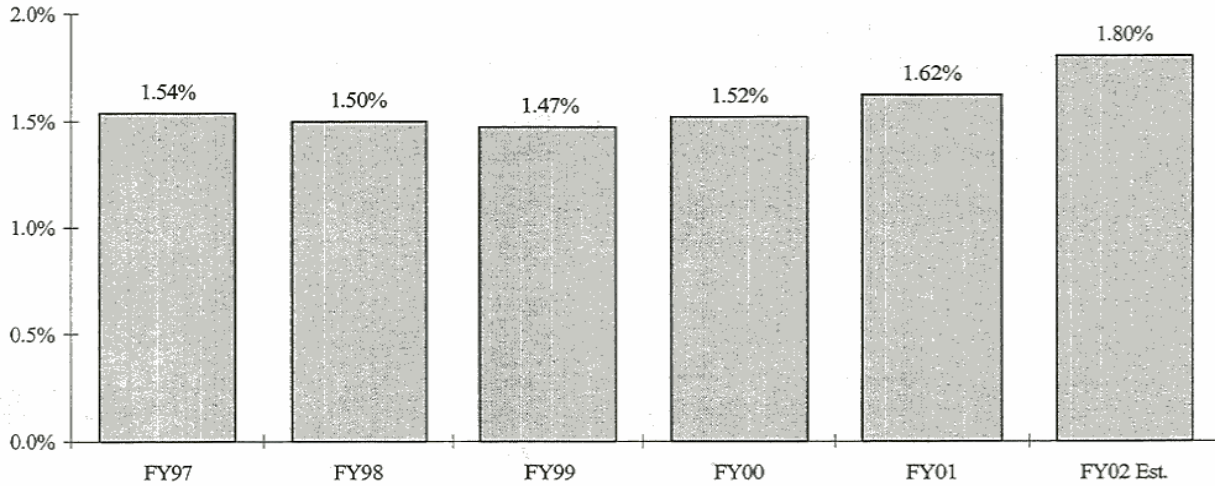


**General Obligation Debt Retired
(\$ millions)**

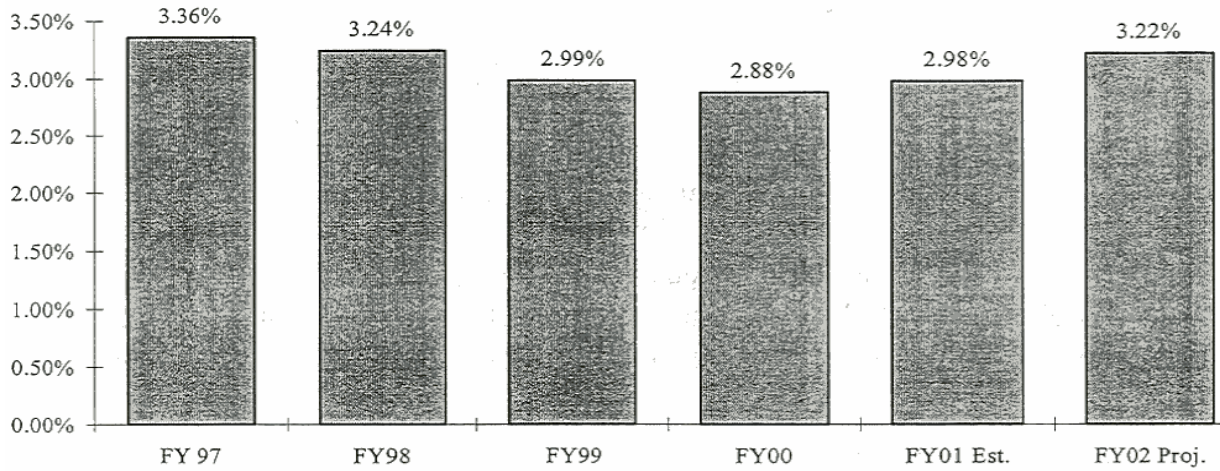
FY97	FY98	FY99	FY00	FY01	FY02
<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>
419.1	427.3	423.0	430.5	453.9	468.9

Debt Burden Measures. The financial community considers the amount of the state's outstanding debt to be moderate. Debt as a percentage of personal income, debt service as a percentage of expenditures and debt per capita are commonly used measures of debt burden.

**General Obligation Debt
as a Percent of Personal Income**



**General Obligation Debt Service
as a Percent of General Funds and Road Fund Expenditures**



General Obligation Debt Per Capita

<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>
<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>
\$424	\$437	\$450	\$474	\$528	\$607

BUILD ILLINOIS

The Build Illinois program, initiated in 1985, expands state efforts in economic development by funding initiatives in business development, infrastructure construction and replacement, education and environmental protection. The program is funded primarily by bonds. Originally authorized at \$948 million in bonds and \$380 million from current tax revenues, the Build Illinois authorization has been adjusted several times to the current authorization level of \$2,852 million in bonds. The Build Illinois bonds are dedicated state tax revenue bonds.

Fiscal year 2002 will be the seventeenth year of Build Illinois. Public Act 91-39, effective June 15, 1999, increased authorization by \$754 million. Proceeds issued under this increase in authorization will be used over seven years, through fiscal year 2006, to fund local infrastructure projects as part of the Illinois FIRST program. Public Act 92-9, effective June 11, 2001, increased authorization by \$688.7 million to the current bond authorization level of \$3,540.7 million. Bond sales are scheduled to meet anticipated expenditure needs. Build Illinois bonds are rated AAA by Standard and Poor's, Aa2 by Moody's Investors Service and AA+ by Fitch, Inc.

The primary source of funding for current expenditures and debt service on the bonds is the 3.8 percent portion of sales taxes deposited into the Build Illinois Fund. Excess receipts from state taxes pledged to pay debt service on bonds issued for McCormick Place also are available for the Build Illinois program as a supplemental coverage. Since January 1, 1990, monthly transfers from the State and Local Sales Tax Reform Fund have provided additional revenues for debt service on Build Illinois bonds.

Authorization. Build Illinois debt may be issued in accordance with authorized amounts as approved by a three-fifths vote of the General Assembly. Current authorization and the administration's proposal for new authorization for Build Illinois bonds (other than refunding bonds) are shown in the following table.

Build Illinois Authorization			
(\$ millions)			
	<u>Prior</u>	New Authorization	
	<u>Authorization</u>	Increase in	Current
		<u>Public Act 92-9</u>	<u>Authorization</u>
Infrastructure and Transportation ¹	2,029.9	370.1	2,400.0
Business Development	114.3	25.0	139.3
Education	559.1	292.2	851.3
Environmental Protection	<u>148.7</u>	<u>1.5</u>	<u>150.2</u>
Total	2,852.0	688.7	3,540.7

¹All bond sale expenses and discounts are attributed to the infrastructure category.

Since the inception of the Build Illinois program, 29 series of bonds have been issued. Of those bonds, \$2,237 million has been issued to fund projects and \$1,065.1 million has been issued to refund outstanding bonds. As of June 30, 2001, \$1,690.4 million of Build Illinois bonds remain outstanding.

REFUNDING

Since 1986, the state has issued 12 series of refunding bonds to reduce general obligation debt service payments. Proceeds from the refunding issues are used to exercise the state's call options on high-interest bonds. A call option is an option to redeem bonds prior to maturity in the manner described in the bond documents. In effect, the state issues low-interest bonds to retire high-interest bonds prior to maturity, which reduces its debt service costs.

The following table summarizes present-value savings and nominal savings achieved from general obligation refundings that have been issued since 1986. The nominal savings column compares the debt service obligations of the state prior to a refunding with debt service after a refunding is completed. Savings may occur over a long period of time. By using a discount factor, nominal savings amounts can be shown in present-value terms, the value at the time the refunding bonds were issued.

Savings from Refunding General Obligation Bonds
(\$ millions)

<u>Issue</u>	<u>Total Nominal Savings</u>	<u>Present Value Savings</u>
Series of April 1986	18.0	10.1
Series of April 1987	27.1	16.0
Series of August 1989	4.2	6.0
Series of March 1992	21.4	21.1
Series of August 1992	6.5	6.3
College Savings Bonds, Series of October 1992	8.3	6.5
Series of June 1993	14.4	12.8
Series of January 1994	33.7	27.9
Series of December 1995	38.3	25.1
Series of February 1997	4.7	3.8
Series of April 1998	7.7	5.9
Series of March 1999	9.3	9.3
Series of April 2001	<u>4.4</u>	<u>4.5</u>
Total	198.0	155.3

Since February 1987, the state has issued six series of Build Illinois refunding bonds to reduce debt service costs. The table below summarizes the savings achieved from the first five series of refunding bonds.

Savings from Refunding Build Illinois Bonds
(\$ millions)

<u>Issue</u>	<u>Total Nominal Savings</u>	<u>Present Value Savings</u>
Series C, February 1987	14.2	6.5
Series O, November 1991	11.3	5.8
Series Q, September 1992	28.3	14.0
Series S, September 1993	22.9	14.2
Series Y, December 1997	17.3	10.9
Series of March 2001	<u>11.1</u>	<u>9.0</u>
Total	105.1	60.4

GENERAL FUNDS OUTLOOK

General funds revenues account for about 63 percent of total state revenues. The Common School Fund, the Education Assistance Fund, the General Revenue Fund and the General Revenue- Common School Special Account Fund make up the state's general funds. Sales and income taxes are the largest single components. Other major sources include public utility, cigarette, liquor, inheritance, insurance, lottery, riverboat gaming, corporate franchise taxes and intergovernmental payments. Additionally, interest income earned on state cash balances, federal aid and transfers from non-general funds contribute to the state's general funds.

General fund revenues for fiscal year 2001 totaled \$24,106 million. Fiscal year 2002 general fund revenues are estimated to increase \$894 million to total \$25,000 million.

INCOME TAXES

Beginning July 31, 1969, an Illinois income tax was imposed on income earned or received in Illinois. Effective July 1, 1989, the income tax rates were increased temporarily. The individual income tax rate was increased from 2.5 percent to 3.0 percent, and the corporate income tax rate was increased from 4.0 percent to 4.8 percent. Public Act 87-17, effective July 1991, extended these income tax rates until June 30, 1993, and made one-half of the rate increase permanent. The remaining half of the increase in income tax rates was made permanent in July 1993 by Public Act 88-89.

The starting point for the Illinois individual income tax is federally-adjusted gross income (AGI). The Illinois return then adds income not taxed at the federal level (for example, "tax-exempt" bonds) to arrive at a total income figure. Income not taxed by the state but included in AGI, such as social security and qualified retirement pensions, are deducted to determine a base income figure. The base income is then reduced by the number of

federally claimed exemptions and any additional exemptions to arrive at a taxable income figure.

Prior to the 1998 tax year, each individual income tax filer could deduct \$1,000 for each personal exemption claimed from adjusted gross income. Since tax year 1990, individuals who are blind and/or over 65 years of age can claim an additional personal exemption when filing their Illinois individual income tax. Public Act 90-613 phases in a doubling of the deduction for personal exemptions over a three-year period. The deduction increased from \$1,000 to \$1,300 for tax year 1998, and to \$1,650 for tax year 1999 before reaching \$2,000 in tax year 2000. The additional exemption for individuals who are blind and/or over 65 years of age remains at \$1,000. Tax relief due to the increased value of the personal exemption is estimated to be in the range of \$326 million per year on an ongoing basis beginning in fiscal year 2001.

Five percent of real property taxes paid by individuals on their principal residence can be taken as a credit against personal income taxes. For tax year 1998, this credit reduced tax liabilities by \$287.9 million.

An income tax credit equal to 25 percent of qualified education expenses exceeding \$250 per year of a full-time pupil enrolled in a kindergarten through 12 education program was enacted by Public Act 91-9. The tax credit cannot exceed \$500 per household in any one year and is expected to reduce individual income tax liability by \$50 million to \$75 million annually beginning in fiscal year 2001.

Public Act 91- 700, effective May 11, 2000, created an Illinois Earned Income Tax Credit for taxable years 2000, 2001 and 2002. The credit is equal to five percent of the federal earned income tax credit taken on the federal income tax return but may not reduce the taxpayer's liability below zero nor be carried forward to a subsequent tax year. It is anticipated that a total of \$35 million to \$50 million in additional tax relief a year will be provided to between 525,000 and 765,000 Illinois tax filers beginning in fiscal year 2001.

Throughout the year, taxes are remitted based upon estimated income, the current tax rate and the number of exemptions claimed. To accommodate overpayment of taxes, a portion of the taxes collected are allocated to the Income Tax Refund Fund. As part of tax relief legislation, Public Act 90-613 set the refund rates in statute at 7.1 percent for individual income taxes and 19.0 percent for corporate income taxes for fiscal years 1999 through 2001. After fiscal year 2001, refund allocations will be determined by formula, the numerator being the prior year refunds paid or approved for payment minus the amounts transferred to the Refund Fund from the Tobacco Settlement Recovery Fund and the denominator being the prior year tax collections, except that in fiscal year 2002, the annual percentage shall in no event exceed 7.6 percent of individual income tax collections and 23.0 percent of corporate income tax collections. After allocations to the refund fund, general funds receipts from individual income taxes were \$7,996 million in fiscal year 2001 and are estimated at \$8,350 million in fiscal year 2002.

Individual Income Taxes

(\$ millions)

<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>
6,847	7,226	7,686	7,996	8,350

The starting point for the Illinois corporate income tax is federal taxable income. After additions, such as Illinois income and replacement taxes deducted in deriving federal taxable income, and subtractions, such as contributions to certain job training projects, a base income is determined. The base income is then apportioned by formula to calculate Illinois' share of the corporation's income. After subtracting a base exemption of \$1,000, which is prorated, a net income figure is determined against which a tax rate of 4.8 percent is applied to determine tax liability. Prior to Public Act 90-613, the base income was apportioned based upon a four-factor formula. Public Act 90-613 changed the formula to one based solely on sales in Illinois. The change was phased in over a three-year period beginning in fiscal year 1999 and is estimated to provide annual tax relief of \$63 million in fiscal year 2001 and beyond.

Corporate income tax receipts into the general funds were \$1,036 million in fiscal year 2001 and are estimated at \$1,055 million in fiscal year 2002.

Corporate Income Taxes

(\$ millions)

<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>
1,136	1,121	1,237	1,036	1,055

SALES TAXES

In Illinois, a sales tax is imposed on the purchase price of tangible personal property for use or consumption.

Effective January 1, 1990, the Sales Tax Reform Act (Public Act 85-1135) established a uniform state and local sales tax base with a single rate of 6.25 percent. Under this sales tax system, the state, municipal, county and county supplemental taxes were combined into a single tax. The state continues to receive only that portion (5.0 percent) associated with the "old" state sales tax rate, while the remaining 1.25 percent tax is distributed to local governments.

Not all purchasers are subject to the sales tax nor are all purchases. Exempt organizations include state, local and federal governments along with not-for-profit organizations that are exclusively charitable, religious or educational and certain licensed day care centers. Exempt purchases include food, drugs and medical appliances, traded-in property, farm chemicals and machinery, manufacturing machinery and equipment,

building materials for remodeling or construction of real estate in an enterprise zone, jet fuel and petroleum products purchased by High Impact Service Facilities, rolling stock and various other products. It is estimated that these exemptions have narrowed the sales tax base by roughly 31 percent. In addition, the state's portion of the sales tax on gasoline was suspended during the first half of fiscal year 2001. The suspension is estimated to have provided \$150 million in tax relief.

"Without the suspension, sales tax growth in fiscal years 2001 was 1.3 percent and is estimated at 4.8 percent in fiscal year 2002. Given the suspension, sales tax revenues are projected to grow by \$442 million, or 7.4 percent, in fiscal year 2002.

Sales Taxes (\$ millions)				
<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>
5,274	5,609	6,027	5,958	6,400

PUBLIC UTILITY TAXES

Public utility tax revenues consist of taxes on electricity, natural gas and telecommunications. Since January 1, 1986, the tax for natural gas has been the lesser of five percent of gross receipts or 2.4 cents per therm. Effective January 1, 1998, Public Act 90-548 amended the Telecommunications Excise Tax Act by raising the tax on all telecommunications billed to Illinois consumers from five to seven percent of gross receipts. Since February 1, 1998, one-half of the additional revenue received from this new tax is deposited into the School Infrastructure Fund and one-half is deposited into the Common School Fund. Public Act 90-561, effective August 1, 1998, shifted the tax on electricity to a per kilowatt-hour tax on end-user usage, with the marginal tax rate declining as usage increases during the month. Non-residential customers may opt to be "self-assessing" purchasers and pay at the rate of 5.1 percent of the purchase price of the electricity that is used or consumed in a month. Municipal systems and electric cooperatives are taxed at the lesser of 5.0 percent of purchase price or 0.32 cents per kilowatt hour.

Public Utility Taxes (\$ millions)				
<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>
912	1,019	1,116	1,146	1,200

CIGARETTE TAX

Effective December 4, 1997, Public Act 90-548, in part, amended the Cigarette Tax and the Cigarette Use Tax Acts by increasing the cigarette tax from 2.2 to 2.9 cents per cigarette, or from 44 cents to 58 cents per pack of 20 cigarettes. Beginning in January 1998, deposits into the general funds increased from \$25.0 million per month to \$33.3 million per month as a result of the law change. The Metropolitan Fair and Exposition Authority Reconstruction Fund continues to receive \$4.8 million annually. Following the passage of Public Act 90-587, effective July 1, 1998, all remaining revenues are deposited in the Long Term Care Provider Fund.

Cigarette Tax (\$ millions)

<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>
346	403	400	400	400

LIQUOR TAXES

The state imposes a tax on businesses who make or distribute alcoholic beverages within Illinois. The tax was first enacted in 1934 with the rates based on gallonage and alcohol content. Until passage of the Illinois FIRST program as contained in Public Act 91-38, effective June 15, 1999, there had been no changes in the tax rates for 30 years.

Public Act 91-38 increased the taxes on alcoholic beverages to the rates shown in the following table:

<u>Item</u>	<u>Old Tax Rate</u>	<u>New Tax Rate</u>
Beer	7¢ per gallon	18.5¢ per gallon
Alcohol <=14%	23¢ per gallon	73¢ per gallon
Alcohol >14% but <20%	60¢ per gallon	73¢ per gallon
Alcohol >=20%	\$2.00 per gallon	\$4.50 per gallon

The overall volume of liquor sales has not declined since the tax changes. The drop in liquor tax receipts in fiscal year 2001 is principally due to a portion of the taxes being deposited into the state's Protest Fund due to a challenge as to the legality of the new tax rates.

Liquor Tax (\$ millions)

<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>
57	57	128	124	130

INHERITANCE TAX

On December 1, 1982, Public Act 82-1021 eliminated the state inheritance tax. The state collects an estate "pick-up" tax equal to the maximum state tax credit allowed against the estate's federal estate tax liability. An estate's tax bill does not change, but a portion of the money is paid to Illinois instead of the federal government. The Comptroller reports the state's portion of estate taxes as the inheritance tax.

Inheritance Tax				
(\$ millions)				
<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>
250	347	348	361	395

INSURANCE TAX

The insurance privilege tax previously constituted more than 80 percent of the total insurance taxes and fees receipted into the general funds. The privilege tax was levied at two percent and was paid by out-of-state insurance companies on premiums written in Illinois, less offsets permitted for payments specified by statute. On October 23, 1997, the Illinois Supreme Court ruled that the state's privilege tax violated the uniformity clause of the Illinois Constitution by requiring out-of-state insurance companies to pay a tax from which domestic companies were exempt. As a result of the court's decision, fiscal year 1998 insurance tax revenues dropped to \$91 million.

Public Act 90-583 addressed the constitutional problems by replacing the privilege tax with a new premium tax, which is levied at the same rate on all foreign and domestic insurance companies. In addition, retaliatory taxes are imposed on foreign (non-Illinois) companies whose state imposes taxes or fees on Illinois companies in excess of Illinois taxes and fees charged to companies from the host state.

Insurance Tax				
(\$ millions)				
<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>
91	208	209	246	250

CORPORATE FRANCHISE TAXES AND FEES

In order to do business in Illinois, corporations must pay franchise taxes and license fees. There is an initial tax of 0.15 percent of paid-ill capital when beginning business in the state, an additional tax of 0.15 percent of any increase in paid-in capital during the year, and an annual tax of 0.10 percent of paid-ill capital. In addition to the fee of filing an

annual report, fees are levied for filing articles of incorporation, amendment, merger or consolidation and dissolution.

Corporate Franchise Tax
(\$ millions)

<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>
118	117	138	146	150

INVESTMENT INCOME

Income is earned on the cash balances of various state funds from the following kinds of investments: repurchase agreements, commercial paper, time deposits and certificates of deposit. Interest income is apportioned between the funds based upon each fund's proportion of the total balance of all invested funds, or by specific statutory direction. The general funds receive the largest share of investment income.

Investment Income
(\$ millions)

<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>
182	212	233	274	275

OTHER STATE SOURCES

Other state sources are composed of miscellaneous taxes and fees, intergovernmental payments and transfers from the Build Illinois escrow account. Of the estimated \$94 million increase in fiscal year 2002, \$75 million will come from the Build Illinois escrow account.

Other State Sources
(\$ millions)

<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>
371	446	478	686	780

FEDERAL AID

Receipts to the general funds from the federal government consist of grants and reimbursements for public aid, social services and other programs. The amount of federal receipts will vary in any given fiscal year dependent upon the level of state spending, federal matching rates and the amount of block grant funds awarded.

Federal Aid					
(\$ millions)					
	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>
Medical Assistance	2,438	2,689	2,800	3,231	3,185
Social Services Block Grant	52	102	119	115	86
Temporary Assistance to Needy Families	471	443	382	435	463
Child Care Block Grant	86	135	236	163	92
All Other Federal Aid	<u>277</u>	<u>349</u>	<u>354</u>	<u>376</u>	<u>354</u>
Total	3,324	3,718	3,891	4,320	4,180

TRANSFERS-IN

Funds, including lottery and riverboat gaming tax receipts, are transferred into the general funds from non-general funds, according to statute. Gaming Fund transfers area expected to grow by \$5 million, or 1.1 percent, in fiscal year 2002. Both Other Transfers- In, which is comprised of 20 or so funds, and the Lottery Fund are projected to grow by 1.8 percent.

Transfers-In					
(\$ millions)					
	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>
Lottery	560	540	515	501	510
Riverboat Gaming	170	240	330	460	465
Other Transfers-In	346	411	514	452	460

IEFC/BUREAU OF THE BUDGET FY 02 REVENUE COMPARISON

The following table provides a detailed comparison between the Bureau of the Budget and the Illinois Economic & Fiscal Commission estimates of FY 2002 general funds revenues. As shown, the Commission's estimate is \$174 million less than the BoB forecast. The BoB is considerably more optimistic in their forecasts of income taxes and slightly more optimistic in their estimate for sales tax. Absent those items, the other smaller sources are quite similar in dollar magnitude.

IEFC-BoB COMPARISON-FY 2002

(\$ in millions)

Revenue Sources	BoB Jul-01 FY 2002	IEFC Jul-01 FY 2002	Difference
State Taxes			
Personal Income Tax	\$9,037	\$8,955	(\$82)
Corporate Income Tax	\$1,370	\$1,318	(\$52)
Sales Taxes	\$6,400	\$6,378	(\$22)
Public Utility (regular)	\$1,200	\$1,180	(\$20)
Cigarette Tax	\$400	\$400	\$0
Liquor Gallonage Taxes	\$130	\$135	\$5
Vehicle Use Tax	\$35	\$35	\$0
Inheritance Tax (gross)	\$395	\$376	(\$19)
Insurance Taxes & Fees	\$250	\$260	\$10
Corporate Franchise Tax & Fees	\$150	\$151	\$1
Interest on State Funds & Investments	\$275	\$265	(\$10)
Cook County Intergovernmental	\$245	\$245	\$0
Transfer			
Other Sources	\$500	\$497	(\$3)
Subtotal	\$20,387	\$20,195	(\$192)
Transfers			
Lottery	\$510	\$505	(\$5)
Gaming Fund Transfer	\$465	\$465	\$0
Other	\$460	\$465	\$5
Total State Sources	\$21,822	\$21,630	(\$192)
Federal Sources	\$4,180	\$4,180	\$0
Total Federal & State Sources	\$26,002	\$25,810	(\$192)
Nongeneral Funds Distribution:			
Refund Fund			
Personal Income Tax	(\$687)	(\$681)	\$6
Corporate Income Tax	(\$315)	(\$303)	\$12
Total General Funds	\$25,000	\$24,826	(\$174)
Change from Prior Year Estimate	\$894	\$720	
Percent Change	3.7%	3.0%	

TABLE I
Appropriations by Agency
(Fiscal Years - \$ thousands)

	FY2000 Actual	FY2001 Actual w/Supp	FY2002 Recommended	FY2002 Passed GA/rr
LEGISLATIVE AGENCIES	79,713.8	93,732.7	86,917.1	98,270.5
GENERAL REVENUE	66,046.3	79,523.8	71,876.8	80,529.3
OTHER STATE FUNDS	13,667.5	14,208.9	15,040.2	17,741.2
General Assembly	41,263.0	53,430.5	45,430.5	51,838.8
General Revenue	41,137.6	53,298.9	45,298.9	51,702.6
Other State Funds	125.4	131.6	131.6	136.2
Auditor General	17,360.7	17,340.8	18,152.1	18,339.5
General Revenue	5,098.6	5,353.5	5,353.5	5,540.9
Other State Funds	12,262.1	11,987.3	12,798.6	12,798.6
Economic and Fiscal Commission				
General Revenue	741.2	778.3	778.3	874.0
Commission on Intergovernmental Cooperation				
General Revenue	1,159.7	1,217.7	1,217.7	1,260.3
Legislative Information System	6,914.4	7,920.1	7,920.1	9,283.7
General Revenue	6,114.4	6,320.1	6,320.1	7,683.7
Other State Funds	800.0	1,600.0	1,600.0	1,600.0
Legislative Audit Commission				
General Revenue	187.2	196.5	196.5	227.0
Legislative Printing Unit				
General Revenue	2,128.3	2,234.8	2,234.8	2,313.0
Legislative Research Unit				
General Revenue	1,814.6	1,905.4	1,905.4	2,058.3
Legislative Reference Bureau				
General Revenue	2,446.8	2,569.1	2,569.1	2,659.0
Gen. Assembly Retirement System	3,951.0	4,305.0	4,678.0	4,678.0
General Revenue	3,471.0	3,815.0	4,168.0	4,168.0
Other State Funds	480.0	490.0	510.0	510.0
Space Needs Commission		419.3		3,273.9
General Revenue	399.3	419.3	419.3	577.5
Other State Funds	0.0	0.0	0.0	2,696.4
Joint Committee on Administrative Rules				
General Revenue	1,008.2	1,059.0	1,059.0	1,096.1
Pension Laws Commission				
General Revenue	339.4	356.4	356.4	368.9

TABLE I
Appropriations by Agency
(Fiscal Years - \$ thousands)

	FY2000 Actual	FY2001 Actual w/Supp	FY2002 Recommended	FY2002 Passed GA/rr
JUDICIAL AGENCIES	321,785.8	345,665.2	360,371.4	367,637.3
GENERAL REVENUE	303,677.9	325,442.6	339,245.4	346,511.4
OTHER STATE FUNDS	14,797.8	16,782.7	18,001.0	18,001.0
FEDERAL FUNDS	3,310.0	3,440.0	3,125.0	3,125.0
 Courts	276,631.9	294,922.8	305,288.7	307,788.7
General Revenue	268,211.9	286,166.0	296,181.8	298,681.8
Other State Funds	8,420.0	8,756.8	9,106.9	9,106.9
 Judges' Retirement System	21,388.0	24,218.0	27,532.0	27,532.0
General Revenue	19,228.0	22,048.0	25,232.0	25,232.0
Other State Funds	2,160.0	2,170.0	2,300.0	2,300.0
 Judicial Inquiry Board				
General Revenue	600.0	630.0	652.1	652.1
 State Appellate Defender	12,916.2	14,875.2	15,445.1	20,145.1
General Revenue	11,356.2	12,124.0	12,548.3	17,248.3
Other State Funds	1,050.0	2,111.2	2,571.8	2,571.8
Federal Funds	510.0	640.0	325.0	325.0
 State's Attorneys Appellate				
Prosecutor	10,249.7	11,019.3	11,453.5	11,519.5
General Revenue	4,281.9	4,474.6	4,631.2	4,697.2
Other State Funds	3,167.8	3,744.7	4,022.3	4,022.3
Federal Funds	2,800.0	2,800.0	2,800.0	2,800.0
 ELECTED OFFICIALS	1,248,917.3	1,504,575.9	1,458,504.2	1,461,288.6
GENERAL REVENUE	295,770.0	310,027.4	323,702.4	325,237.5
OTHER STATE FUNDS	940,266.4	1,038,379.7	1,121,648.2	1,122,897.4
FEDERAL FUNDS	11,880.9	14,404.4	13,153.7	13,153.7
CONTINUING APPROPRIATIONS	1,000.0	141,764.4	0.0	0.0
 Governor	10,426.9	10,736.5	10,949.2	11,109.1
General Revenue	10,326.9	10,636.5	10,849.2	11,009.1
Other State Funds	100.0	100.0	100.0	100.0
 Lieutenant Governor	3,276.5	3,191.5	3,191.5	3,297.6
General Revenue	3,031.5	3,031.5	3,031.5	3,137.6
Other State Funds	245.0	160.0	160.0	160.0
 Attorney General	58,949.6	67,242.6	66,728.5	66,828.6
General Revenue	39,220.1	41,281.1	42,725.9	42,826.0
Other State Funds	16,729.5	20,454.1	19,602.6	19,602.6
Federal Funds	3,000.0	5,507.4	4,400.0	4,400.0
 Secretary of State	339,484.1	376,640.8	369,982.8	372,500.4
General Revenue	174,162.2	183,607.8	191,483.1	192,851.5
Other State Funds	156,691.6	184,402.7	170,026.9	171,176.1
Federal Funds	8,630.3	8,630.3	8,472.8	8,472.8

TABLE I
Appropriations by Agency
(Fiscal Years - \$ thousands)

	FY2000 Actual	FY2001 Actual w/Supp	FY2002 Recommended	FY2002 Passed GA/rr
Comptroller.	52,611.3	55,717.0	57,818.9	57,719.6
General Revenue.	50,213.6	52,501.5	55,979.8	55,780.4
Other State Funds.	2,147.1	2,948.8	1,558.2	1,658.3
Federal Funds.	250.6	266.7	280.9	280.9
State Treasurer.	784,168.9	991,047.5	949,833.3	949,833.3
General Revenue.	18,815.7	18,969.0	19,632.9	19,632.9
Other State Funds.	764,353.2	830,314.1	930,200.4	930,200.4
Continuing Appropriations.	1,000.0	141,764.4	0.0	0.0
DEPARTMENTS.	27,657,230.9	30,925,398.2	31,352,884.9	32,879,026.4
GENERAL REVENUE.	12,385,750.4	13,285,059.1	13,528,046.2	13,449,547.1
OTHER STATE FUNDS.	12,955,227.5	15,103,558.7	15,162,169.8	16,779,235.5
FEDERAL FUNDS.	2,316,253.0	2,536,780.4	2,662,669.0	2,650,243.9
Aging.	270,391.5	295,788.0	296,721.3	297,773.2
General Revenue.	217,791.7	235,519.2	234,860.5	235,912.4
Other State Funds.	0.0	1,850.0	1,050.0	1,050.0
Federal Funds.	52,599.8	58,418.8	60,810.8	60,810.8
Agriculture.	125,141.6	134,515.8	140,865.1	143,415.3
General Revenue.	67,323.6	74,850.6	76,355.8	78,906.0
Other State Funds.	50,519.7	52,034.6	54,879.7	54,879.7
Federal Funds.	7,298.3	7,630.6	9,629.6	9,629.6
Central Management Services.	2,177,094.6	2,339,616.3	2,574,207.0	2,588,707.0
General Revenue.	672,023.5	726,024.9	761,524.9	759,824.9
Other State Funds.	1,505,071.1	1,613,591.4	1,812,682.1	1,828,882.1
Children and Family Services	1,403,017.3	1,412,037.3	1,418,572.1	1,418,446.9
General Revenue	925,255.6	927,420.7	927,220.7	925,465.6
Other State Funds.	466,529.8	466,077.3	470,668.8	472,298.7
Federal Funds.	11,231.9	18,539.3	20,682.6	20,682.6
Commerce & Community Affairs ¹	1,359,641.0	1,894,069.2	1,359,558.1	2,136,872.6
General Revenue.	89,454.4	102,917.9	108,961.1	115,120.1
Other State Funds.	890,491.3	1,333,811.4	786,466.3	1,557,621.8
Federal Funds.	379,695.3	457,339.9	464,130.7	464,130.7
Corrections.	1,244,435.4	1,349,076.9	1,463,582.0	1,448,703.5
General Revenue.	1,125,677.5	1,213,718.3	1,318,098.3	1,303,219.8
Other State Funds.	118,757.9	135,358.6	145,483.7	145,483.7
Employment Security ¹	562,260.2	575,042.3	592,366.5	592,071.8
General Revenue.	8,926.4	8,926.4	8,926.4	8,926.4
Other State Funds.	88,517.6	2,017.6	2,017.6	2,017.6
Federal Funds.	464,816.2	564,098.3	581,422.5	581,127.8
Financial Institutions ²				
Other State Funds.	8,696.1	9,571.1	10,198.1	10,198.1

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Appropriations by Agency
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	FY2000 Actual	FY2001 Actual w/Supp	FY2002 Recommended	FY2002 Passed GA/rr
Human Rights	9,150.4	9,337.4	9,808.4	9,808.4
General Revenue	7,021.3	7,106.0	7,454.3	7,454.3
Federal Funds	2,129.1	2,231.4	2,354.1	2,354.1
Human Services ³	4,466,571.9	4,793,281.7	4,920,693.6	5,003,682.7
General Revenue	3,455,631.2	3,722,335.2	3,787,068.7	3,802,542.0
Other State Funds	227,524.4	281,199.8	294,690.8	364,040.8
Federal Funds	783,416.4	789,746.7	838,934.1	837,099.9
Insurance	27,046.0	31,434.6	33,637.6	33,637.6
General Revenue	455.8	478.6	492.6	492.6
Other State Funds	25,990.2	30,256.0	32,445.0	32,445.0
Federal Funds	600.0	700.0	700.0	700.0
Labor	6,575.9	6,964.6	7,135.9	7,354.4
General Revenue	6,330.5	6,705.5	6,981.7	7,200.2
Other State Funds	245.4	259.1	154.2	154.2
Lottery				
Other State Funds	364,480.7	357,342.2	357,342.2	357,342.2
Military Affairs	28,957.2	30,991.4	31,795.6	31,911.2
General Revenue	12,926.1	14,102.1	14,775.7	14,775.7
Other State Funds	1,653.3	1,773.9	1,893.4	2,009.0
Federal Funds	14,377.8	15,115.4	15,126.5	15,126.5
Natural Resources	629,590.4	699,754.5	657,149.2	765,887.1
General Revenue	161,775.1	164,619.2	143,033.1	157,712.8
Other State Funds	433,886.6	506,168.6	486,250.8	581,196.4
Federal Funds	33,928.7	28,966.8	27,865.3	26,978.0
Nuclear Safety	31,620.6	32,468.0	31,187.7	31,187.7
General Revenue	556.7	762.9	786.0	786.0
Other State Funds	30,663.9	31,305.1	30,001.7	30,001.7
Federal Funds	400.0	400.0	400.0	400.0
Professional Regulation	23,899.8	25,209.6	30,368.8	30,468.8
General Revenue	1,603.4	1,685.8	1,712.5	1,712.5
Other State Funds	22,296.4	23,523.8	28,656.3	28,756.3
Public Aid ⁴	7,156,774.2	7,735,039.7	7,796,284.400	8,017,287.9
General Revenue	4,913,048.0	5,329,001.1	5,374,001.100	5,264,676.3
Other State Funds	2,243,726.2	2,406,038.6	2,422,283.300	2,752,611.6
Public Health ⁵	229,103.4	265,088.3	287,022.8	322,805.4
General Revenue	109,333.5	121,124.1	122,056.2	124,865.3
Other State Funds	35,191.3	59,280.7	78,332.5	111,256.0
Federal Funds	84,578.6	84,683.5	86,634.1	86,684.1

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Appropriations by Agency
(Fiscal Years - \$ thousands)

	FY2000 Actual	FY2001 Actual w/Supp	FY2002 Recommended	FY2002 Passed GA/rr
Revenue.	774,291.1	1,144,994.2	977,764.4	979,464.4
General Revenue.	248,346.1	250,805.1	250,374.4	250,374.4
Other State Funds.	525,945.0	894,189.1	727,390.0	729,090.0
State Police	362,650.9	373,295.9	385,131.7	385,751.6
General Revenue.	224,693.8	239,330.9	249,056.7	249,056.7
Other State Funds.	119,750.3	115,758.2	117,868.2	118,488.1
Federal Funds.	18,206.8	18,206.8	18,206.8	18,206.8
Transportation	6,326,718.0	7,336,581.5	7,890,271.0	8,185,027.1
General Revenue.	99,778.1	98,647.5	93,060.3	99,278.0
Other State Funds.	5,764,527.4	6,747,828.9	7,262,126.6	7,560,123.9
Federal Funds.	462,412.4	490,105.1	535,084.1	525,625.2
Veterans' Affairs.	69,122.9	73,897.8	81,221.5	81,221.5
General Revenue.	37,798.2	38,977.2	41,245.1	41,245.1
Other State Funds.	30,762.9	34,322.8	39,288.6	39,288.6
Federal Funds.	561.8	597.8	687.8	687.8
OTHER AGENCIES	4,472,576.9	5,173,355.8	5,492,027.2	5,740,823.3
GENERAL REVENUE.	285,398.6	288,590.9	290,443.1	282,146.6
OTHER STATE FUNDS.	3,886,442.2	4,400,883.9	4,893,971.7	5,150,097.2
FEDERAL FUNDS.	300,260.6	301,157.0	307,612.500	308,579.6
CONTINUING APPROPRIATIONS.	475.6	182,724.0	0.0	0.0
Illinois Arts Council.	22,652.9	20,456.5	20,257.9	20,626.5
General Revenue.	17,577.9	19,541.7	19,607.9	19,976.5
Other State Funds.	4,375.0	264.8	0.0	0.0
Federal Funds.	700.0	650.0	650.0	650.0
Office of Banks and Real Estate ²				
Other State Funds.	27,063.8	29,446.5	33,218.5	33,218.5
Bureau of the Budget	247,444.3	440,375.0	269,748.0	269,748.0
General Revenue.	3,081.7	3,226.0	3,323.0	3,323.0
Other State Funds.	243,887.0	254,425.0	266,425.0	266,425.0
Continuing Appropriations.	475.6	182,724.0	0.0	0.0
Capital Development Board.	2,482,232.4	2,919,094.8	3,257,520.9	3,429,269.8
General Revenue.	69,565.7	53,037.2	47,219.0	40,385.0
Other State Funds.	2,412,666.7	2,866,057.6	3,210,301.9	3,388,884.8
Civil Service Commission				
General Revenue.	419.9	435.8	452.4	452.4
Illinois Commerce Commission	38,495.1	40,988.9	47,610.7	47,815.7
General Revenue.	1,042.8	1,684.0	1,667.2	1,667.2
Other State Funds.	37,452.3	39,304.9	45,943.5	46,148.5

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Appropriations by Agency
(Fiscal Years - \$ thousands)

	FY2000 Actual	FY2001 Actual w/Supp	FY2002 Recommended	FY2002 Passed GA/rr
Illinois Comprehensive Health				
Insurance Plan Board				
General Revenue.	17,324.3	27,324.3	42,000.0	32,000.0
Court of Claims.				
General Funds.	49,479.6	45,192.4	38,206.5	48,178.4
Other State Funds.	40,856.9	39,122.5	35,202.7	41,898.7
Federal Funds.	6,786.9	5,008.7	2,878.8	5,435.5
	1,835.8	1,061.1	125.0	844.2
Drycleaner Environmental Response				
Trust Fund Council ⁶				
Other State Funds.	3,000.0	5,543.5	4,103.8	5,983.8
East St. Louis Financial				
Advisory Authority				
General Revenue.	304.3	298.9	313.9	313.9
Environmental Protection Agency ⁶				
General Revenue.	986,213.1	1,026,442.3	1,137,840.7	1,206,175.3
Other State Funds.	29,940.2	30,478.7	30,470.1	30,220.1
Federal Funds.	909,967.0	949,447.9	1,058,340.1	1,126,986.8
	46,305.9	46,515.7	49,030.5	48,968.4
Environmental Protection				
Trust Fund Commission				
Other State Funds.	2,500.0	2,995.0	2,995.0	2,995.0
Guardianship & Advocacy Commission				
General Revenue.	7,795.7	8,345.6	8,906.7	9,166.7
Other State Funds.	7,615.7	8,145.6	8,696.7	8,956.7
	180.0	200.0	210.0	210.0
Historic Preservation Agency				
General Revenue.	27,048.2	24,655.5	19,705.2	23,788.1
Other State Funds.	16,301.8	17,543.7	16,539.6	17,669.9
	10,746.4	7,111.8	3,165.6	6,118.2
Human Rights Commission				
General Revenue.	2,083.1	1,639.1	1,630.5	1,630.5
Illinois Criminal Justice				
Information Authority				
General Revenue.	120,882.7	121,262.0	134,942.6	134,942.6
Other State Funds.	6,213.6	6,369.6	6,302.6	6,302.6
Federal Funds.	19,779.3	20,002.6	28,901.1	28,901.1
	94,889.8	94,889.8	99,738.9	99,738.9
Illinois Deaf and Hard of Hearing Commission				
General Revenue.	511.1	685.0	726.6	726.6

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Appropriations by Agency
(Fiscal Years - \$ thousands)

	FY2000 Actual	FY2001 Actual w/Supp	FY2002 Recommended	FY2002 Passed GA/rr
Illinois Educational				
Labor Relations Board				
General Revenue.	1,618.9	1,699.8	1,814.9	1,814.9
Illinois Emergency				
Management Agency				
General Revenue.	169,406.1	170,155.4	170,282.2	170,592.2
Other State Funds.	15,315.9	15,469.1	15,595.9	15,595.9
Federal Funds.	1,857.9	925.0	925.0	925.0
	152,232.3	153,761.3	153,761.3	154,071.3
Illinois Farm				
Development Authority				
General Revenue.	3,921.2	5,440.0	1,250.0	1,250.0
Illinois Health Care Cost				
Containment Council				
General Revenue.	1,378.3	1,416.5	1,839.0	1,839.0
Other State Funds.	1,193.3	1,211.5	1,601.8	1,601.8
	185.0	205.0	237.2	237.2
Illinois Labor				
Relations Board				
General Revenue.	1,946.4	2,186.6	2,358.8	2,358.8
Illinois Medical				
District Commission				
General Revenue.	6,195.6	7,317.9	5,482.2	6,183.9
Other State Funds.	907.7	1,153.1	1,182.2	1,182.2
	5,287.9	6,164.8	4,300.0	5,001.7
Illinois Council on				
Developmental Disabilities				
Federal Funds.	4,110.8	4,093.1	4,120.8	4,120.8
Illinois Rural Bond Bank Authority				
General Revenue.	264.5	270.0	283.5	283.5
Illinois Sports				
Facilities Authority				
Other State Funds.	18,000.0	18,000.0	32,179.0	32,179.0
Illinois Violence				
Prevention Authority.				
General Revenue.	16,850.0	17,858.0	19,504.8	19,504.8
Other State Funds.	14,900.0	15,900.0	17,523.4	17,523.4
	1,950.0	1,958.0	1,981.4	1,981.4
Industrial Commission				
General Revenue.	10,565.1	11,448.8	11,400.7	11,494.1

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Appropriations by Agency
(Fiscal Years - \$ thousands)

	FY2000 Actual	FY2001 Actual w/Supp	FY2002 Recommended	FY2002 Passed GA/rr
Law Enforcement Training				
Standards Board				
Other State Funds.	12,581.5	12,654.6	13,761.3	13,761.3
Liquor Control Commission.	4,983.3	6,863.0	6,696.1	6,696.1
General Revenue.	0.0	400.0	350.0	350.0
Other State Funds.	4,983.3	6,463.0	6,346.1	6,346.1
Metropolitan Pier and Exposition Authority				
Other State Funds.	111,378.0	116,390.0	120,426.0	120,426.0
Pollution Control Board.	2,344.4	2,421.9	2,641.7	2,641.7
General Revenue.	870.4	885.6	938.5	938.5
Other State Funds.	1,474.0	1,536.3	1,703.2	1,703.2
Prairie State 2000 Authority				
General Revenue.	6,485.8	6,960.7	6,999.4	6,918.5
Prisoner Review Board				
General Revenue.	1,292.9	1,501.7	1,623.3	1,623.3
Property Tax Appeal Board				
General Revenue.	2,940.9	2,909.7	3,022.4	3,022.4
Illinois Racing Board				
Other State Funds.	11,550.3	28,287.6	28,301.4	28,301.4
Sex Offender Management Board				
Other State Funds.	0.0	25.0	30.0	30.0
Southwestern Illinois Development Authority				
General Revenue.	1,308.5	1,697.6	1,696.2	1,696.2
State Board of Elections				
General Revenue.	7,865.5	8,961.1	7,640.2	7,640.2
State Employees'				
Retirement System	12,844.4	10,619.0	10,418.7	10,418.7
General Revenue.	124.4	129.0	128.7	128.7
Other State Funds.	12,720.0	10,490.0	10,290.0	10,290.0
Continuing Appropriations.	0.0	0.0	0.0	0.0
Office of State Fire Marshal	26,255.7	18,162.3	17,193.7	18,113.7
General Revenue.	0.0	0.0	0.0	320.0
Other State Funds.	26,069.7	17,976.3	17,007.7	17,607.7
Federal Funds.	186.0	186.0	186.0	186.0

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	FY2000 Actual	FY2001 Actual w/Supp	FY2002 Recommended	FY2002 Passed GA/rr
State Police Merit Board				
General Revenue	842.7	834.5	881.0	881.0
Upper River Valley				
Development Authority				
General Revenue	195.5	0.0	0.0	0.0
ELEMENTARY AND SECONDARY				
EDUCATION⁷	7,126,752.4	7,659,479.0	8,031,531.900	7,983,279.5
GENERAL FUNDS	5,578,303.3	5,919,291.9	6,222,291.900	6,210,970.9
OTHER STATE FUNDS	210,397.2	250,146.5	159,788.000	149,328.0
FEDERAL FUNDS	1,338,051.9	1,490,040.6	1,649,452.0	1,622,980.6
HIGHER EDUCATION⁸	2,844,302.8	3,003,313.9	3,186,007.936	3,224,371.7
GENERAL FUNDS	2,378,859.1	2,511,002.2	2,668,002.200	2,667,675.6
OTHER STATE FUNDS	363,790.0	167,765.8	208,869.936	241,860.3
FEDERAL FUNDS	101,653.7	324,545.9	309,135.800	314,835.8
Board of Higher Education	344,332.8	356,387.5	24,610.0	396,745.3
General Funds	318,399.8	328,907.5	0.0	350,835.3
Other State Funds	22,923.0	14,170.0	11,000.0	32,300.0
Federal Funds	3,010.0	13,310.0	13,610.0	13,610.0
Chicago State University	39,760.4	41,405.8	0.0	44,027.4
General Funds	38,246.0	40,933.7	0.0	44,027.4
Other State Funds	1,514.4	472.1	0.0	0.0
Eastern Illinois University	48,443.7	56,537.6	6,439.5	61,089.8
General Funds	47,629.2	50,908.7	0.0	54,818.3
Other State Funds	814.4	5,628.9	6,439.5	6,271.5
Governors State University	25,219.9	26,749.6	0.0	28,045.9
General Funds	24,854.5	26,384.2	0.0	28,045.9
Other State Funds	365.4	365.4	0.0	0.0
Northeastern Illinois University	43,820.2	44,000.6	420.0	45,862.3
General Funds	40,330.4	42,610.1	0.0	45,396.8
Other State Funds	3,489.8	1,390.5	420.0	465.5
Western Illinois University	59,010.2	62,256.9	648.8	65,611.3
General Funds	58,151.9	61,407.4	0.0	65,047.8
Other State Funds	858.3	849.5	648.8	563.5
Illinois State University	83,485.0	87,954.4	190.5	93,588.2
General Funds	82,971.2	87,761.8	0.0	93,384.7
Other State Funds	513.8	192.6	190.5	203.5
Northern Illinois University	107,557.5	112,719.6	857.7	118,867.9
General Funds	106,361.1	111,612.7	0.0	118,176.2
Other State Funds	1,196.4	1,106.9	857.7	691.7

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	FY2000 Actual	FY2001 Actual w/Supp	FY2002 Recommended	FY2002 Passed GA/rr
Southern Illinois University	227,990.1	241,795.6	1,628.9	256,905.7
General Funds.	219,063.0	232,950.0	0.0	249,933.1
Other State Funds.	8,927.1	8,845.6	1,628.9	6,972.6
University of Illinois	796,700.4	844,646.3	116,791.9	928,986.3
General Funds.	712,541.9	754,440.7	0.0	803,624.7
Other State Funds.	84,158.5	90,205.6	116,791.9	125,361.6
Illinois Community College Board	382,573.1	409,626.0	63,287.6	433,690.5
General Funds.	328,927.0	347,433.6	0.0	372,665.2
Other State Funds.	32,452.4	38,998.7	39,287.6	60,025.3
Federal Funds.	21,193.7	23,193.7	24,000.0	1,000.0
Student Assistance Commission.	669,030.0	701,408.7	301,280.8	730,933.1
General Funds.	385,563.5	408,636.5	0.0	423,752.3
Other State Funds.	206,016.5	4,730.0	6,755.0	6,955.0
Federal Funds.	77,450.0	288,042.2	294,525.8	300,225.8
Mathematics & Science Academy.	15,076.9	16,452.7	2,050.0	18,576.7
General Funds.	14,516.9	15,642.7	0.0	16,526.7
Other State Funds.	560.0	810.0	2,050.0	2,050.0
Universities Civil Service Merit Board General Funds.	1,302.6	1,372.6	0.0	1,441.2
GRAND TOTAL.	43,751,279.8	48,705,520.8	49,968,244.6	51,754,697.5
GENERAL FUNDS.	21,293,805.6	22,718,937.8	23,443,607.9	23,362,618.4
OTHER STATE FUNDS.	18,384,588.6	20,991,726.2	21,579,488.7	23,479,160.5
FEDERAL FUNDS.	4,071,410.0	4,670,368.3	4,945,148.0	4,912,918.5
CONTINUING APPROPRIATIONS.	1,475.6	324,488.5	0.0	0.0

TABLE II
General Funds
Revenues by Source
(Fiscal Years - \$ millions)

Sources of Revenue	1999	2000	2001	Estimated 2002
Income Taxes.....	8,348	8,923	9,032	9,430
Individual.....	7,226	7,686	7,996	8,350
Corporate.....	1,122	1,237	1,036	1,055
Sales Taxes.....	5,609	6,027	5,958	6,400
Public Utility Taxes.....	1,019	1,116	1,146	1,200
Cigarette Taxes.....	403	400	400	400
Liquor Gallonage Taxes.....	57	128	124	130
Inheritance Tax.....	347	348	361	395
Insurance Tax and Fees.....	208	209	246	250
Corporate Franchise Taxes and Fees..	117	138	146	150
Interest on State Funds and Investments.....	212	233	274	275
Intergovernmental Transfer (IGT)	218	245	245	245
Other Tax Sources.....	227	233	441	535
Transfers-In:				
Lottery.....	540	515	501	510
Riverboat Gaming Taxes.....	240	330	460	465
Other Transfers.....	<u>411</u>	<u>514</u>	<u>452</u>	<u>460</u>
Total, State Sources.....	17,956	19,359	19,786	20,820
Federal Aid.....	<u>3,718</u>	<u>3,891</u>	<u>4,320</u>	<u>4,180</u>
Total Revenues.....	21,674	23,250	24,106	25,000

STATE OFFICERS' SALARIES

	<u>FY00^a</u>	<u>FY01</u>	<u>FY02</u>
GENERAL ASSEMBLY, OFFICERS AND MEMBERS, TOTAL			
Salaries, 118 Members, House of Representatives	\$ 6,322,558	\$ 6,581,804	\$ 6,914,300
Salaries, 59 Members, The Senate ¹	3,121,740	3,290,902	3,514,800
Additional Amounts, as Prescribed by Law for Party Leaders in Both Chambers as follows:			
Speaker of the House, President of the Senate and Minority Leaders of both Chambers	86,996	90,564	93,552
Majority Leader of the House	18,349	19,101	19,731
Assistant Majority and Minority Leaders in the Senate (11)	179,410	186,769	192,929
Assistant Majority and Minority Leaders in the House (12)	171,252	178,272	184,152
Majority and Minority Caucus Chairmen in the Senate	32,620	33,958	35,078
Majority and Minority Conference Chairmen in the House	28,542	29,712	30,692
Deputy Majority (2) and Deputy Minority (2) Leaders in the House	62,528	65,092	67,240
Chairmen and Minority Spokesman of Standing Committees in the Senate except the Rules Committee, the Committee on Committees and the Committee on the Assignment of Bills	261,024	271,712	298,214
Chairman and Minority Spokesmen of Standing and Selected Committees in the House ²	<u>701,502</u>	<u>781,172</u>	<u>894,642</u>
Total, General Assembly	\$10,986,521	\$11,529,058	\$12,245,330
Office of the Auditor General:			
Auditor General	104,647	108,938	112,533
Deputy Auditors General (2)	194,576	202,554	209,238
DEPARTMENTS:			
Aging:			
Director	82,429	95,000	98,135
Agriculture:			
Director	98,916	109,500	113,114
Assistant Director	82,429	93,000	96,069

^aOn July 1, 1999, salaries and per diems increased two percent pursuant to the recommendations of the Compensation Review Board. The increases only affect compensation when a new term or appointment begins.

¹A portion of the members did not receive a two percent base increase in fiscal year 2000, but these members are eligible in fiscal 2001.

²The 91st House expanded the number of committees from 32 to 43. The 92nd House expanded the number of committees from 43 to 50.

	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>
Central Management Services:			
Director	103,037	117,000	120,861
Assistant Directors (2)	173,106	199,000	205,568
Children and Family Services:			
Director	104,647	123,500	127,576
Commerce and Community Affairs:			
Director	98,916	117,000	120,861
Assistant Director	82,429	99,500	102,784
Corrections:			
Director	115,533	123,500	127,576
Assistant Directors (2)	164,858	210,000	216,930
Financial Institutions:			
Director	82,429	95,000	98,135
Assistant Director	70,890	81,000	83,673
Human Rights:			
Director	85,728	95,000	98,135
Human Services:			
Secretary	115,533	123,500	127,576
Assistant Secretaries (2)	181,348	210,000	216,930
Insurance:			
Director	90,674	109,500	113,114
Assistant Director	74,188	93,000	96,069
Labor:			
Director	90,674	102,000	105,366
Assistant Director	74,188	93,000	96,069
Chief Factory Inspector	41,215	42,905	44,321
Superintendent of Safety Inspection and Education	45,336	47,195	48,752
Military Affairs:			
Adjutant General	79,960	95,000	98,135
Chief Assistants to the Adjutant General (2)	141,780	162,000	167,346
Natural Resources:			
Director	98,916	109,500	113,114
Assistant Director	82,429	93,000	96,069
Mine Officers (6)	74,178	77,214	79,764
Miners' Examining Officers (4)	40,780	42,452	43,852
Nuclear Safety:			
Director	85,728	95,000	98,135
Professional Regulation:			
Director	90,674	102,000	105,366

	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>
Public Aid:			
Director	107,160	117,000	121,861
Assistant Director	90,674	99,500	102,784
Public Health:			
Director	107,160	123,500	127,576
Assistant Director	90,674	105,000	108,465
Revenue:			
Director	107,160	117,000	120,861
Assistant Director	90,674	99,500	102,784
State Police:			
Director	98,916	109,000	112,597
Assistant Director	82,429	93,000	96,069
Transportation:			
Secretary	107,160	123,500	127,576
Assistant Secretary	90,674	105,000	108,465
Veterans' Affairs:			
Director	79,960	95,000	98,135
Assistant Director	70,890	81,000	83,673
OTHER AGENCIES:			
Civil Service Commission:			
Chairperson ¹	19,013	25,000	25,825
Members (2) ²	29,102	70,296	72,615
Illinois Commerce Commission:			
Chairperson ³	101,748	105,920	113,836
Members (4) ^{2,4}	362,612	377,478	389,936
Court of Claims:			
Chief Judge	51,272	53,374	55,135
Judges (6)	283,962	295,602	305,358
Elections, State Board of:			
Chairperson	46,162	48,055	49,641
Vice Chairperson ¹	36,445	39,473	40,776
Members (6) ¹	173,444	185,358	191,472
Human Rights Commission:			
Chairperson	41,215	42,905	44,321
Members (12) ¹	436,470	463,368	478,656
Illinois Emergency Management Agency:			
Director	79,960	95,000	98,135

¹ Position(s) did not receive a two percent base increase in fiscal year 2000 but are eligible in fiscal year 2001.

² A portion of the members is eligible to receive the two percent increases, but the remainder are not eligible in fiscal years 2000, 2001 or 2002.

³ Position is not eligible to receive the two percent increases in fiscal year 2000 or 2001 but is eligible in fiscal year 2002.

⁴ Members were increased to four on 7/9/00.

	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>
Illinois Environmental Protection Agency:			
Director	98,916	109,500	113,114
Illinois Educational Labor Relations Board:			
Chairperson	82,429	85,809	88,641
Members (4) ¹	290,992	454,384	475,577
Illinois Labor Relations Boards: ⁴			
Chairperson	82,429	85,809	88,641
State Labor Relations Board Members (4) ²	145,496	308,920	319,116
Local Labor Relations Board Members (2)	148,376	154,460	159,558
Industrial Commission:			
Chairperson	98,916	102,972	106,370
Members (6) ³	556,911	591,228	610,740
Liquor Control Commission:			
Chairperson ⁴	22,977	32,000	33,056
Members (6) ^{2,5}	77,592	143,382	156,590
Secretary	29,676	30,893	31,912
License Appeal Commission (2 members per diem)	6,800	6,800	6,800
Pollution Control Board:			
Chairperson	95,605	99,525	102,809
Members (6) ³	554,688	577,428	596,484
Prisoner Review Board:			
Chairperson ³	72,785	78,831	81,432
Members (14) ^{2,6}	725,149	977,708	1,009,968
Property Tax Appeal Board:			
Chairperson ³	49,122	53,201	54,957
Members (4) ²	160,060	168,288	173,842
State Police Merit Board:			
Members (5 - per diem) ²	92,600	96,400	99,400
Secretary of State Merit Commission:			
Chairperson ³	10,340	14,150	14,617
Members (4) ²	39,196	42,040	43,427
Office of Small Business Utility Advocate: ⁷			
Small Business Utility Advocate	96,238	99,414
State Sanitary District Observer	24,728	25,742	26,591

¹Members were increased to six on 7/9/00. In addition, a portion of the members is not eligible to receive the two percent increases.

²A portion of the members is eligible to receive the two percent increases, but the remainder are not eligible in fiscal years 2000, 2001 or 2002.

³Position(s) did not receive the two percent increase in fiscal year 2000 but are eligible in fiscal year 2001.

⁴Previous board was abolished and a new board established on 7/9/00. State panel members were increased to four.

⁵Members were increased to six on 7/9/00.

⁶Members were increased to 14 on 7/9/00.

⁷Small Business Utility Advocate reappointed in February 2001.

	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>
APPOINTED STATE OFFICERS, FUNDS OTHER THAN GENERAL REVENUE			
State Fire Marshal (Fire Prevention Fund)	79,960	95,000	98,135
Racing Board (Agricultural Premium Fund): Members (11 - per diem) ¹	86,742	112,100	115,801
Lottery (State Lottery Fund): Director	90,674	102,000	105,366
Banks and Real Estate (Bank & Trust Company Fund): Commissioner	102,545	111,908	115,601
First Deputy Commissioner ²	94,656	103,059	106,460
Deputy Commissioner (2) ²	173,538	180,654	186,616
Employment Security (Title III Social Security and Employment Service Fund): Director	107,160	117,000	120,861
Board of Review Members (5)	75,000	75,000	75,000
EXECUTIVE BRANCH:			
Governor	140,132	145,877	150,691
Lieutenant Governor	107,160	111,554	115,235
Secretary of State	123,646	128,715	132,963
Attorney General	123,646	128,715	132,963
Treasurer	107,160	111,554	115,235
Comptroller	<u>107,160</u>	<u>111,554</u>	<u>115,235</u>
TOTAL, ALL STATE OFFICERS' SALARIES	\$21,808,590	\$24,036,043	\$25,182,266

¹A portion of the members is eligible to receive the two percent increases, the remainder are not eligible in fiscal years 2000, 2001 or 2002. In addition, members were increased to 11 on 7/9/00.

²Beginning in fiscal year 2002, the first deputy commissioner will be paid from the Savings and Residential Finance Regulatory Fund and one deputy commissioner will be paid from the Real Estate License Administration Fund.

Note: Above fiscal year 2002 data reflects a 3.3 percent cost of living adjustment effective July 1, 2001.

TABLE 1 FOOTNOTES

¹ Departments of Commerce and Community Affairs and Employment Security - Historical data reflects the functional transfer of the Workforce Investment Act, formerly the Job Training Partnership Act, from the Department of Commerce and Community Affairs to the Department of Employment Security: fiscal year 2000, \$323.2 million; and fiscal year 2001, \$322.1 million.

² Department of Financial Institutions/Office of Banks and Real Estate – Department of Financial Institution’s fiscal year 2001 appropriation includes \$180 thousand originally appropriated to the Office of Banks and Real Estate, transferred by interagency agreement for the development and operation of the Mortgage Awareness Program.

³ Department of Human Services – Historical data reflects the functional transfer of the Early Intervention Program from the department to the State Board of Education: fiscal year 2000, \$57.3 million; and fiscal year 2001, \$63.7 million.

⁴ Department of Public Aid - Historical data reflects the \$370 million transfer of the Special Education Medicaid Matching Fund appropriation from the State Board of Education to the Department of Public Aid in the fiscal year 2002 budget. Also see Footnote #7.

⁵ Department of Public Health - The \$3.4 million medical scholarship appropriations for all fiscal years are located within the Board of Higher Education’s budget.

⁶ Environmental Protection Agency/Drycleaner Environmental Response Trust Fund Council - Historical data has been revised to reflect the creation of the Drycleaner Environmental Response Trust Fund Council as a separate state agency.

⁷ Elementary and Secondary Education - The all funds appropriations for the teachers’ retirement components are as follows: fiscal year 2000, \$734.3 million; fiscal year 2001, \$832.0 million; and fiscal year 2002, \$923.4 million. Also see Footnote #3. Fiscal year 2001 data reflects the transfer of \$28,005.3 to the Board of Higher Education for adult education. Fiscal year 2002 funding is included in the Board of Higher Education. Also see Footnotes #3 and #4.

⁸ Higher Education - The all funds appropriations for the State Universities Retirement System are included within the data for the Board of Higher Education: fiscal year 2000, \$227.2 million; fiscal year 2001, \$235.4 million; and fiscal year 2002, \$243.4 million. Also see Footnotes #5 and #7.

The Governor’s recommended funding level for General Funds is not allocated among higher education entities.

BACKGROUND

The Illinois Economic and Fiscal Commission, a bipartisan, joint legislative commission, provides the General Assembly with information relevant to the Illinois economy, taxes and other sources of revenue and debt obligations of the State. The Commission's specific responsibilities include:

- 1) Preparation of annual revenue estimates with periodic updates;
- 2) Analysis of the fiscal impact of revenue bills;
- 3) Preparation of "State Debt Impact Notes" on legislation which would appropriate bond funds or increase bond authorization;
- 4) Periodic assessment of capital facility plans; and
- 5) Annual estimates of the liabilities of the State's group health insurance program and approval of contract renewals promulgated by the Department of Central Management Services.

The Commission also has a mandate to report to the General Assembly ". . . on economic trends in relation to long-range planning and budgeting; and to study and make such recommendations as it deems appropriate on local and regional economic and fiscal policies and on federal fiscal policy as it may affect Illinois. . . ." This results in several reports on various economic issues throughout the year.

The Commission publishes two primary reports. The "Revenue Estimate and Economic Outlook" describes and projects economic conditions and their impact on State revenues. "The Illinois Bond Watcher" examines the State's debt position as well as other issues directly related to conditions in the financial markets. The Commission also periodically publishes special topic reports that have or could have an impact on the economic well being of Illinois.

These reports are available from:

Illinois Economic and Fiscal Commission
703 Stratton Office Building
Springfield, Illinois 62706
(217) 782-5320
(217) 782-3513 (FAX)

Reports can also be accessed from our Webpage:

http://www.legis.state.il.us/commission/ecfisc/ecfisc_home.html