FY 2022 Economic Forecast and Revenue Estimate and FY 2021 Revenue Update

Presented by:

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Commission on Government Forecasting and Accountability

802 Stratton Office Building, Springfield, Illinois 62706

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http://cgfa.ilga.gov

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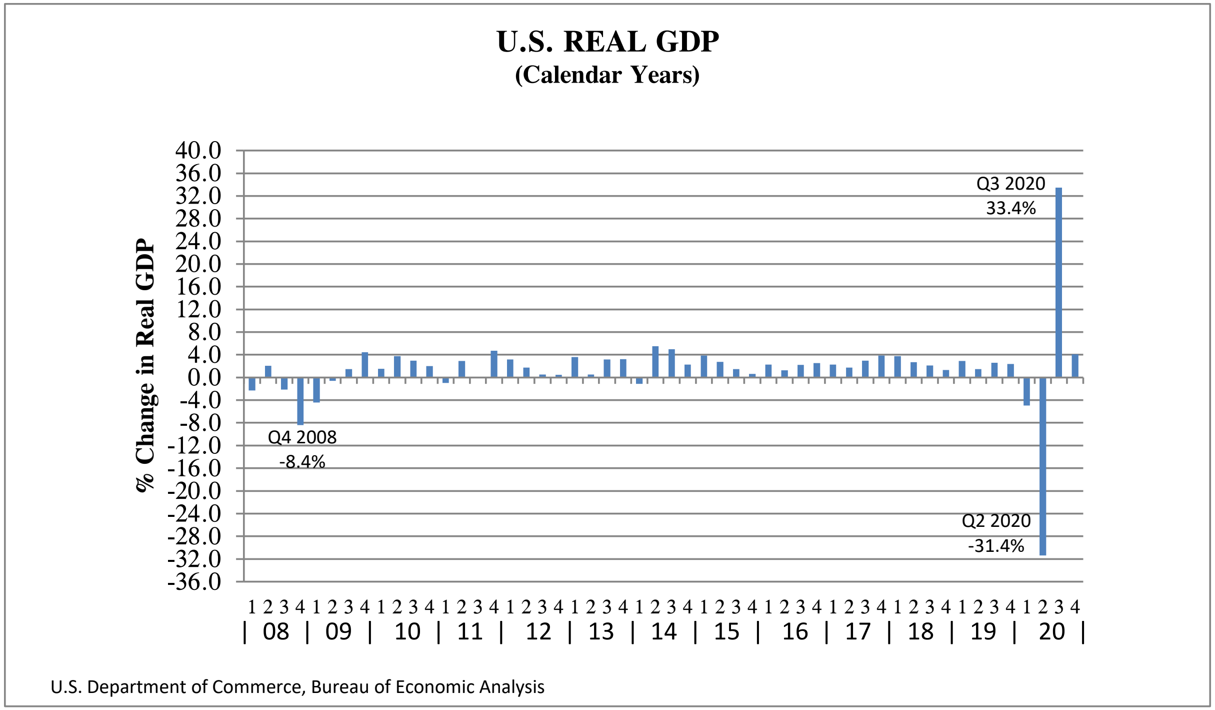
CGFA Background & Responsibilities

- Bi-Partisan, joint legislative commission, provides the General Assembly with information relevant to the Illinois economy, taxes and other sources of revenue and debt obligations of the State in addition to providing objective policy research for legislators and legislative staff.
- Prepares annual revenue estimates with periodic updates;
- Reports monthly on the State's financial and economic condition;
- Analyzes of the fiscal impact of revenue bills;
- Prepares State Debt Impact Notes;
- Periodically assesses capital programs;
- Annually estimates the liabilities of the State's group health insurance program and approves contract renewals promulgated by the Department of Central Management Services;
- Implements the provisions of the State Facilities Closure Act;
- Annually estimates public pension funding requirements and prepares pension impact notes;
- Provides non-partisan research for General Assembly Members and legislative staffs.

THE ECONOMY

Change in Real GDP

- The COVID-19 pandemic led to a cratering of the U.S. economy in terms of real Gross Domestic Product (GDP) in 2020.
- The economy began to erode in the first quarter of 2020 when it declined by 5.0%.
- The second quarter declined over 31% on an annualized basis which was the worst quarter for real GDP since tracking began in 1947.
- Third quarter growth of 33.4% reflected a rebound in GDP due to the reopening of the economy and the significantly smaller base established in the 2nd quarter.
- Results for the fourth quarter indicated continued growth of 4.1%.
- An aggregation of economic forecasts has a mean estimate for real GDP growth of 4.7% for 2021 and 3.6% for 2022.



Manufacturing PMI

- This chart shows the Purchasing Managers Index (PMI) for the manufacturing sector. A value of 50 or more meaning expansion and below 50 a contraction.

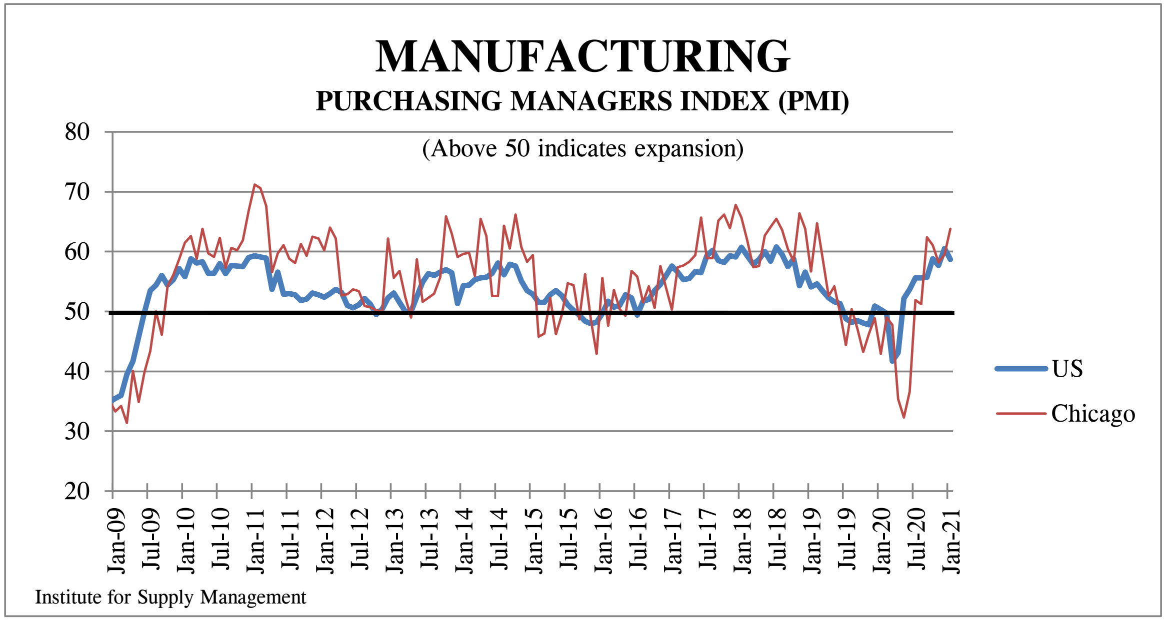
- The Manufacturing PMI index is based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment.

- August 2018 was the highest Manufacturing PMI level (60.8) for the U.S. since May of 2004.

- Since then, the Manufacturing PMI steadily declined prior to seeing a small increase in the beginning of 2020.

- Similar to real GDP, the Manufacturing PMI declined precipitously during the spring of 2020 due to COVID-19.

- However, in February of 2021, the Manufacturing PMI returned to its recent high of 60.8 suggesting a return to stronger growth.



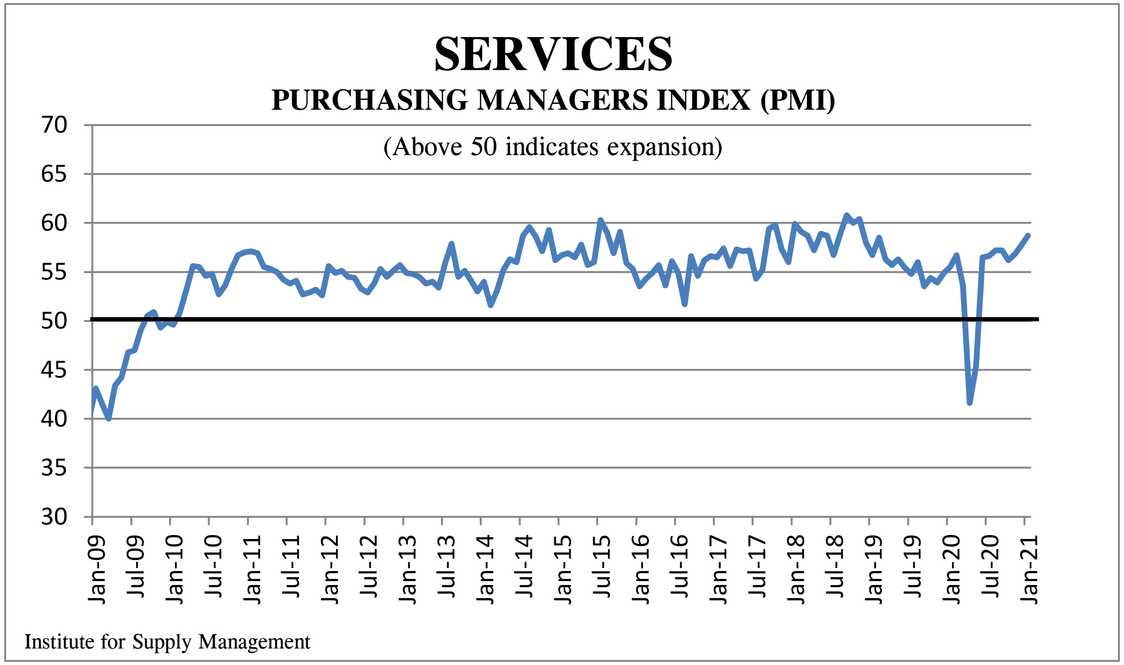
Services PMI

- The Services PMI (previously known as the Non-Manufacturing Index) is a composite index that is calculated as an indicator of the overall economic condition for the non-manufacturing sector, which is far larger than the manufacturing sector (representing over 80% of GDP).

- The Service PMI is a composite index based on the diffusion indexes for four of the indicators with equal weights: business activity, new orders, and employment – all of which are seasonally adjusted – and supplier deliveries.

- Similar to the Manufacturing PMI, the Services PMI saw a large decline during the spring due to COVID-19 but rebounded over the summer.

- The decline in this metric was similar in depth to the Great Recession but returned faster to an expansion level.



Consumer Price Index (CPI)

- The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

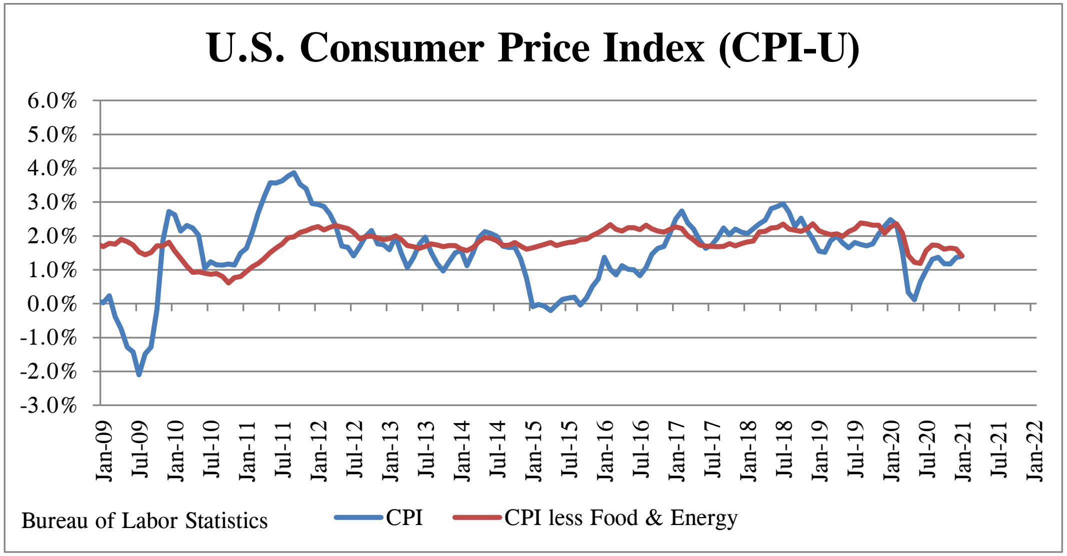
- The first chart shows the CPI for the U.S. as well as the CPI without food and energy included, which are two of the more volatile components of the index.

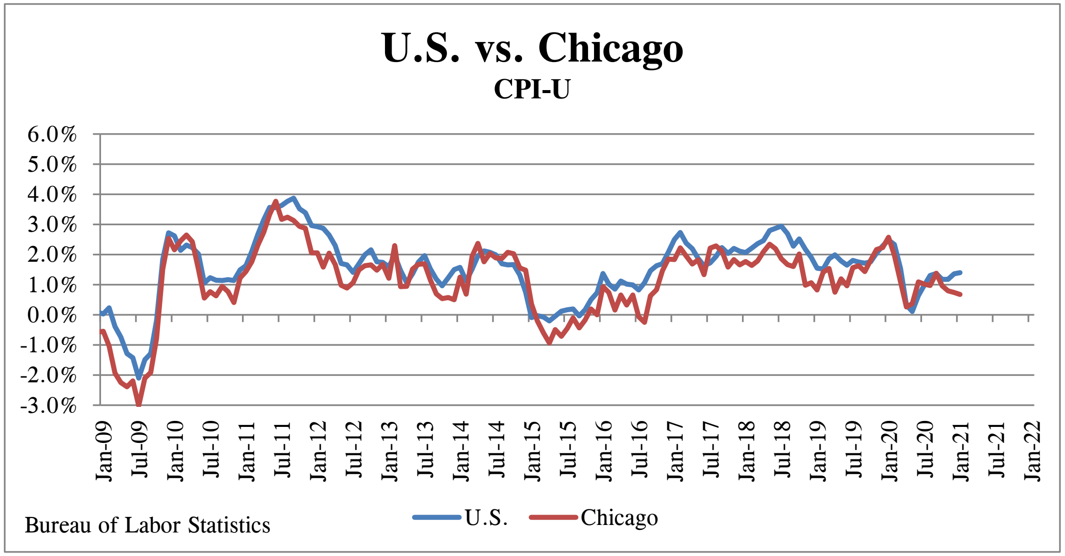
- While there was some price volatility around the time of the Great Recession, it was mostly steady between 1.5% to 2.0% between 2012 and 2017, especially when food and energy were removed.

- The CPI approached 3% in the summer of 2018 but went below 2% for most of 2019.

- The growth of consumer prices slowed due to COVID-19 but did not lead to actual price declines in general. Both measures have rebounded some but remain below 2.0% in recent months.

- Consumer prices for Chicago have basically tracked with the nation as a whole.





Producer Price Index (PPI)

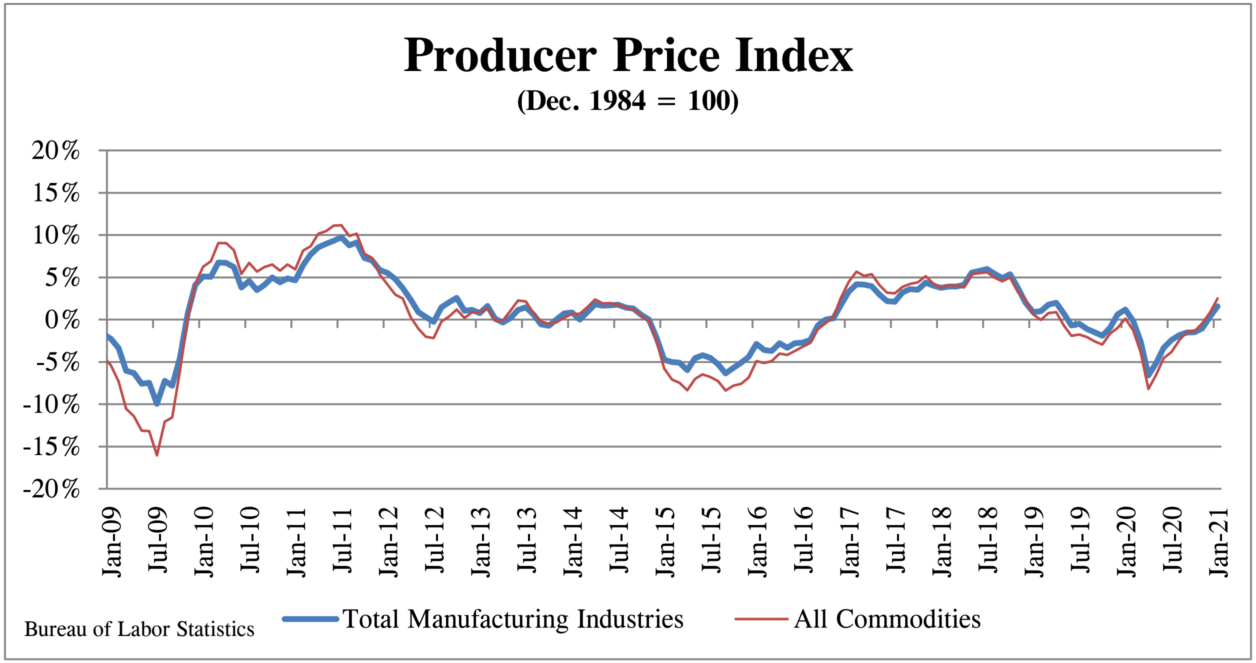
- The Producer Price Index (PPI) measures the average change over time in the selling prices received by domestic producers for their output. The prices included in the PPI are from the first commercial transaction for many products and some services.

- Similar to the CPI, the PPI showed some heightened inflation pressure at the wholesale level in the summer of 2018 which has since declined.

- Since that time, the PPI has steadily slowed with actual declines in prices beginning in May of 2019.

- A small rebound in producer prices seen in early 2020 was put to an end by the effects of COVID-19.

- After declining severely in the spring of 2020, producer prices have changed from negative to positive but still remain muted.



Retail Sales

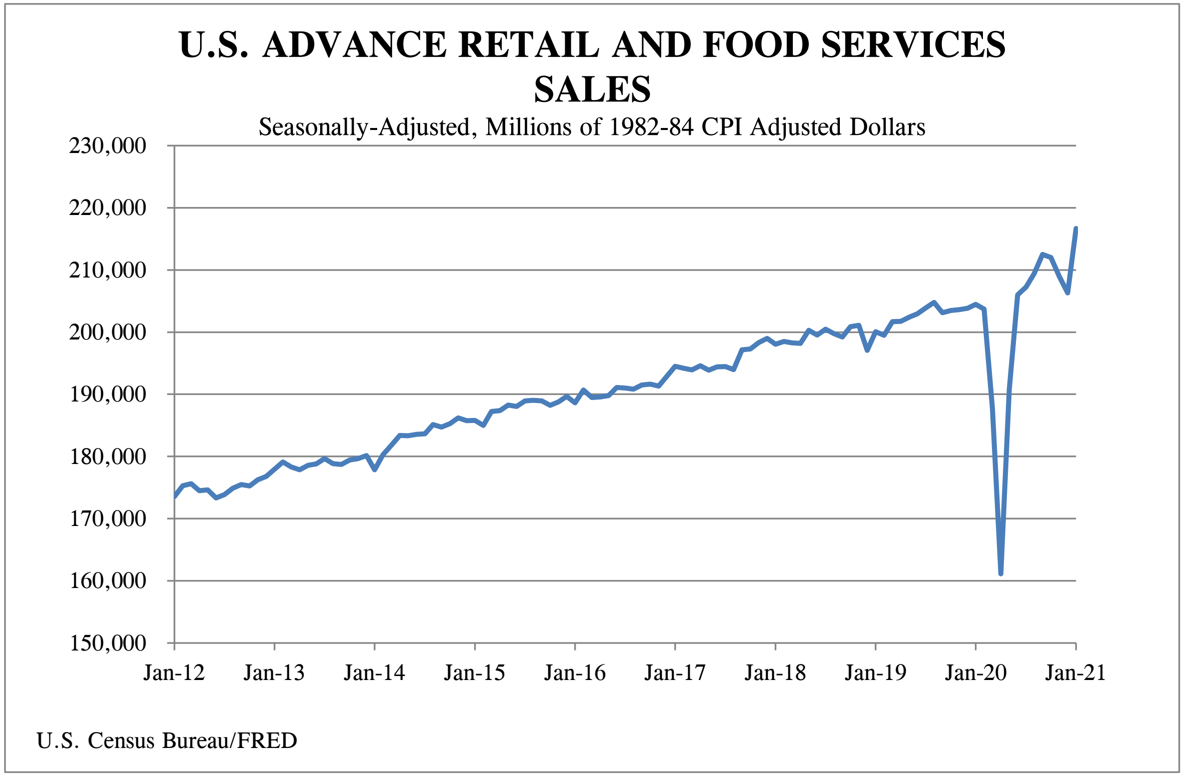
- The U.S. Census Bureau conducts the Advance Monthly Retail Trade and Food Services Survey to provide an early estimate of monthly sales by kind of business for retail and food service firms.

- Retail sales are sales by businesses that sell goods in small quantities directly to consumers.

- Based on the latest data, it shows that consumer goods spending had a V-shaped recovery.

- Consumer goods spending was likely buoyed by financial support from the federal government. This support appears likely to continue in the short-term but could affect future sales if removed.

- While consumer spending on goods has rebounded, the rebound in services, which is approximately twice as large, has been slower.



10-Year Treasury Rate

- The 10-year Treasury rate is a key rate tied to many transactions, particularly home mortgages, and is considered as an indicator of investor sentiment about the U.S. economy. When investors have confidence in the growth of the economy, the price of treasury bonds decreases and the yield (rate) increases, and vice versa.

- The 10-year treasury rate has been erratic. It went up to 3.25% in 2018 and gradually declined afterward. Prior to the COVID-19 recession that started in February of 2020, it was between 1.5% and 2%.

- When the coronavirus pandemic hit the U.S. economy, the rate sharply dropped to nearly as low as 0.5% in March and fluctuated until the fall.

- Since then, it has increased as the economy has improved. In the past few weeks, the rate rapidly rose due in part to the substantial COVID-19 relief packages and improved expectations about the COVID-19 situation. This rapid surge triggered concerns over inflation. After reaching as high as 1.6%, it is now around 1.5%.

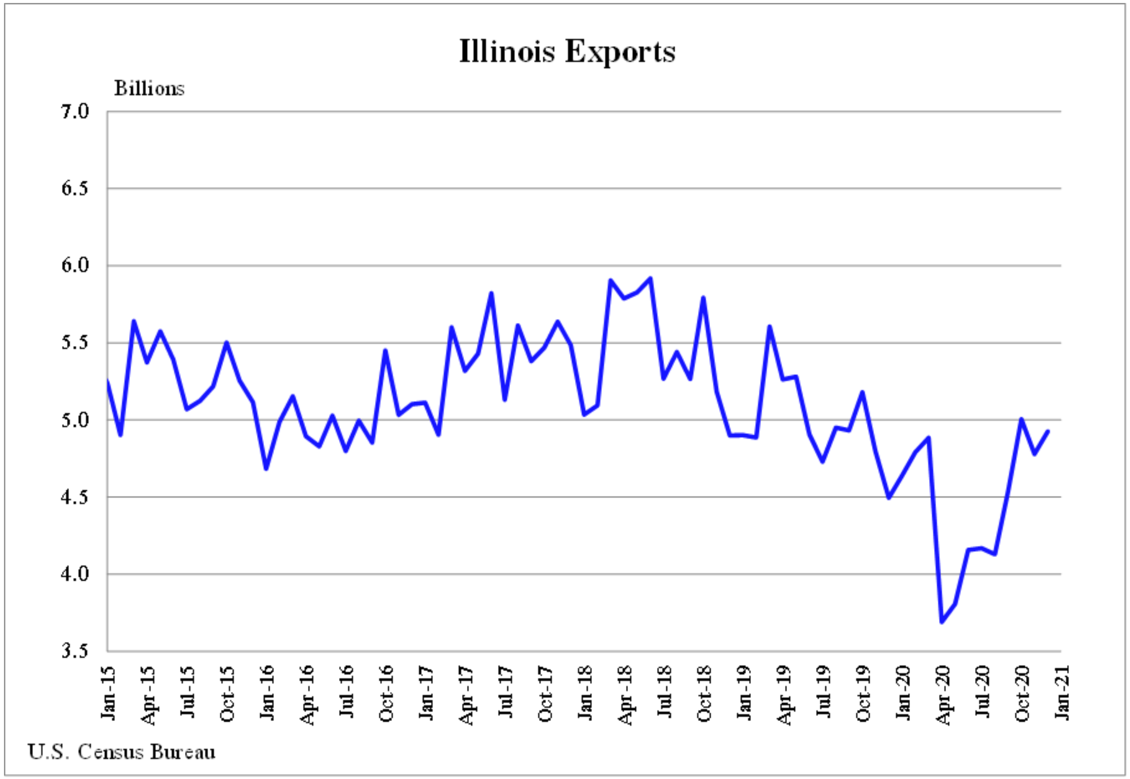
Illinois Exports

- Illinois exports, while erratic, started to reverse its downward slope in early 2016 and began to grow.

- Illinois exports surprisingly reached its highest peak since late 2014 at $5.92 billion in mid-2018 despite uncertainties such as trade conflicts between the U.S. and other countries. Since then, it declined in a volatile manner and went down further as the COVID-19 outbreak began.

- It fell to its lowest monthly level since early 2010 at $3.69 billion in April of 2020. This was 24% down from the previous month or a 30% drop compared to a year ago.

- After this steep decline, a rebound was seen due in part to reopening of the economy. As of December 2020, it had risen 9.6% from a year earlier.



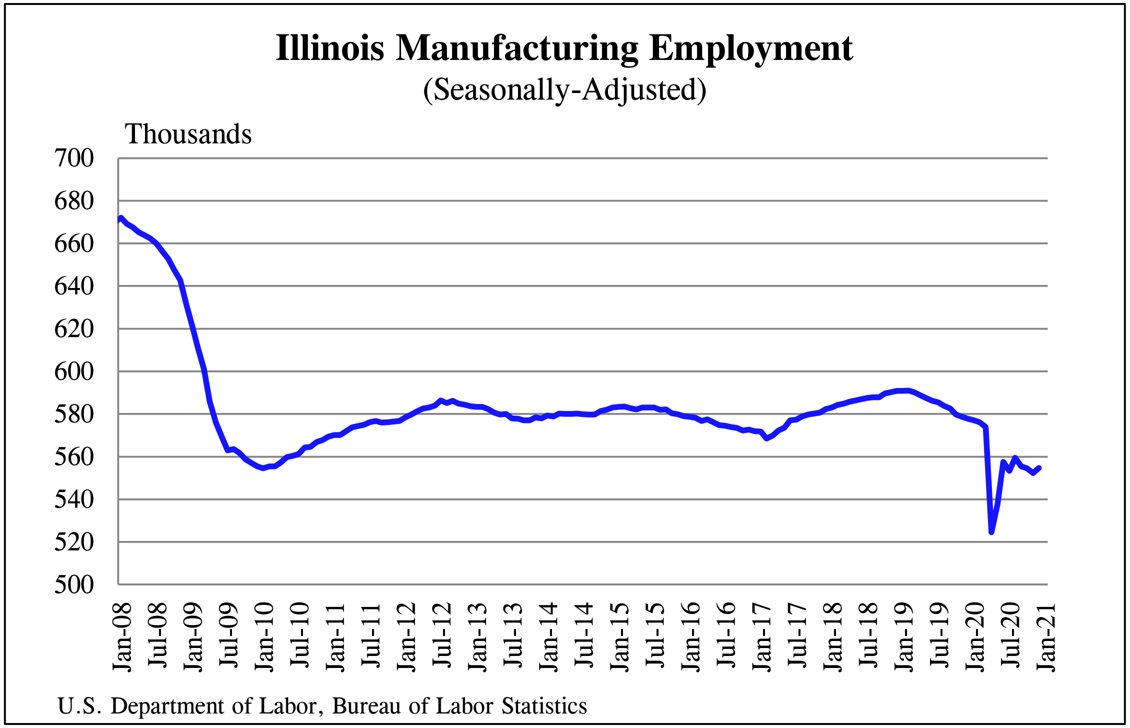
Illinois Manufacturing Employment

- The weakness in Illinois employment has centered in the manufacturing area. After experiencing a severe loss during the Great Recession, Illinois manufacturing employment finally began to improve around 2010. A few years later, however, it leveled out, followed by a decline in early 2019.

- Then, it significantly dropped further after the pandemic hit. In April 2020, the State lost approximately 49,000 manufacturing jobs over the previous month, the largest monthly decline on record.

- Since then, it quickly picked up again, but remains well below previous levels.

- IHS Markit projects that improvement in the State's manufacturing employment would roughly begin in 2022.



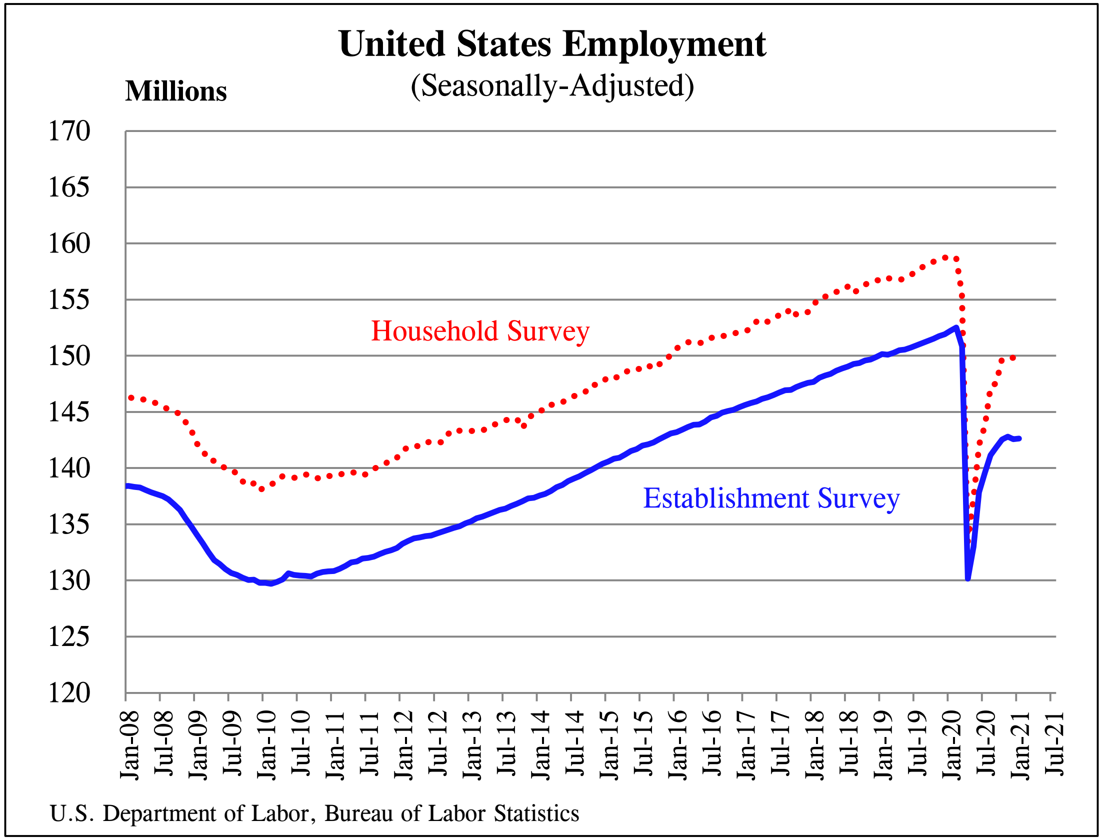
United States Employment

- Since a low reached at the end of 2009, United States employment had continuously increased and finally recouped all the jobs lost during the Great Recession in 5 years and maintained the upward trend until COVID-19 hurt the national economy.

- Due to social distancing and restrictions on economic activities to contain the spread of COVID-19, U.S. employment lost approximately 20 to 22 million jobs in April, the worst month since the Great Depression.

- In the 3rd quarter of 2020, the U.S. economy significantly rebounded, and thus more than half of lost jobs were regained.

- With the substantial stimulus packages by Congress and Fed's monetary policies, the U.S. employment has further improved. However, it is still below the pre-pandemic levels.



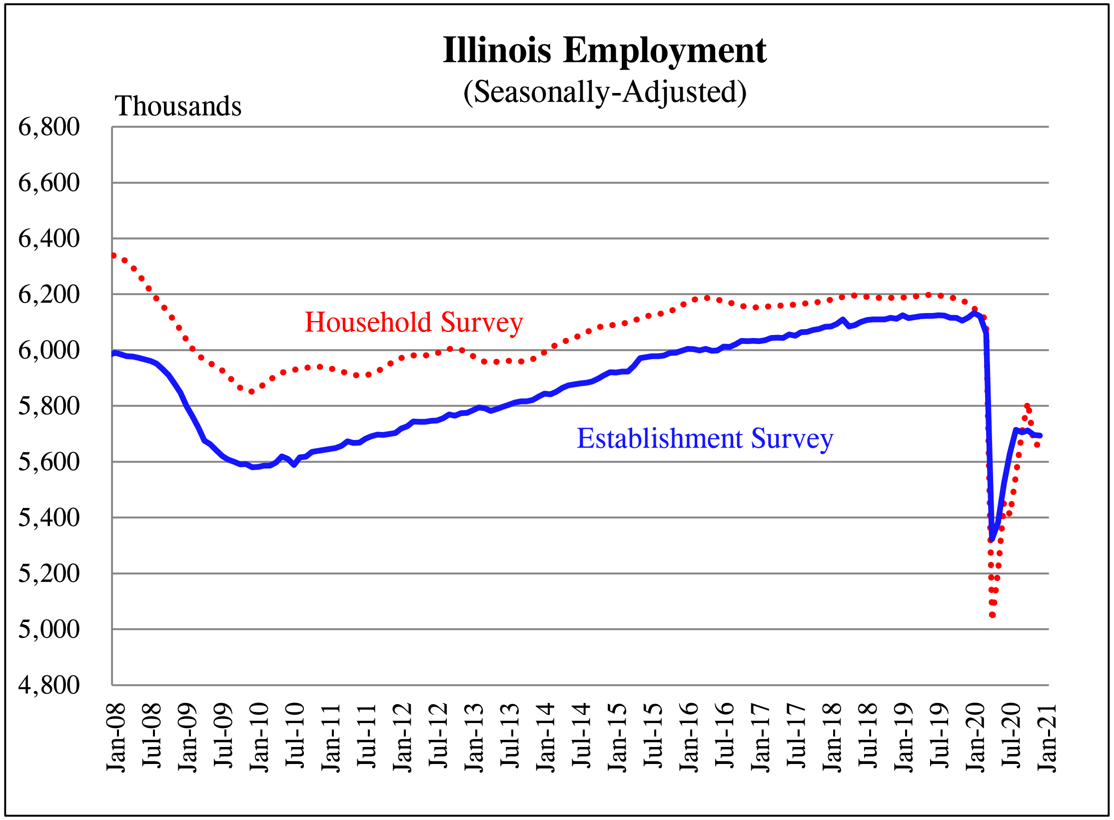
Illinois Employment

- Like the U.S., Illinois employment experienced a severe drop due to the COVID-19 outbreak.

- The Establishment Survey showed the job losses that Illinois employment experienced during the 2007-2009 recessions finally recovered around mid-2015. However, the improvement was completely erased by the effects of COVID-19 in early 2020.

- Illinois employment was hit hardest in April, which synced with the sharp drop in U.S. employment. Establishment Survey and Household Survey showed Illinois jobs declined by 12% and 18%, respectively in April, which were the biggest drops on record.

- Since then, it has rebounded as the Illinois economy slowly reopened. However, it is still significantly below where it was previously.



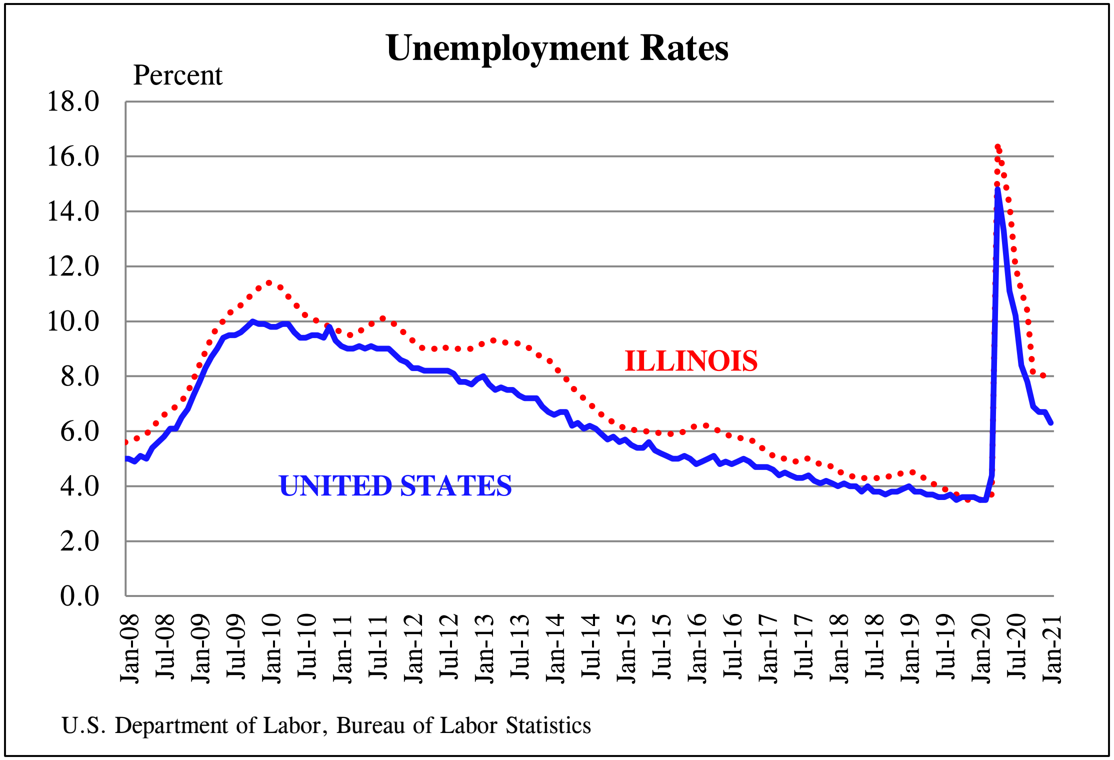
Unemployment Rates

- As shown in the chart, the gap between the nation's unemployment rate and that in Illinois has fluctuated over time, but they usually move in the same direction.

- As the U.S. economy was in its longest expansion, unemployment rates for both had declined as the recovery from the Great Recession got underway.

- However, the COVID-19 outbreak caused severe damage to the economy, both at the national and state levels. In April, the unemployment rates for the U.S. and the State surged to 14.8% and 16.5%, respectively, the highest and largest monthly percentage increase in the history of the data.

- As the economic activities picked up, the rates went down as well. In December 2020, the unemployment rates for the U.S. and Illinois stood at 6.7% and 8.0%, respectively. Then, the U.S. rate fell further to 6.3% in January 2021.



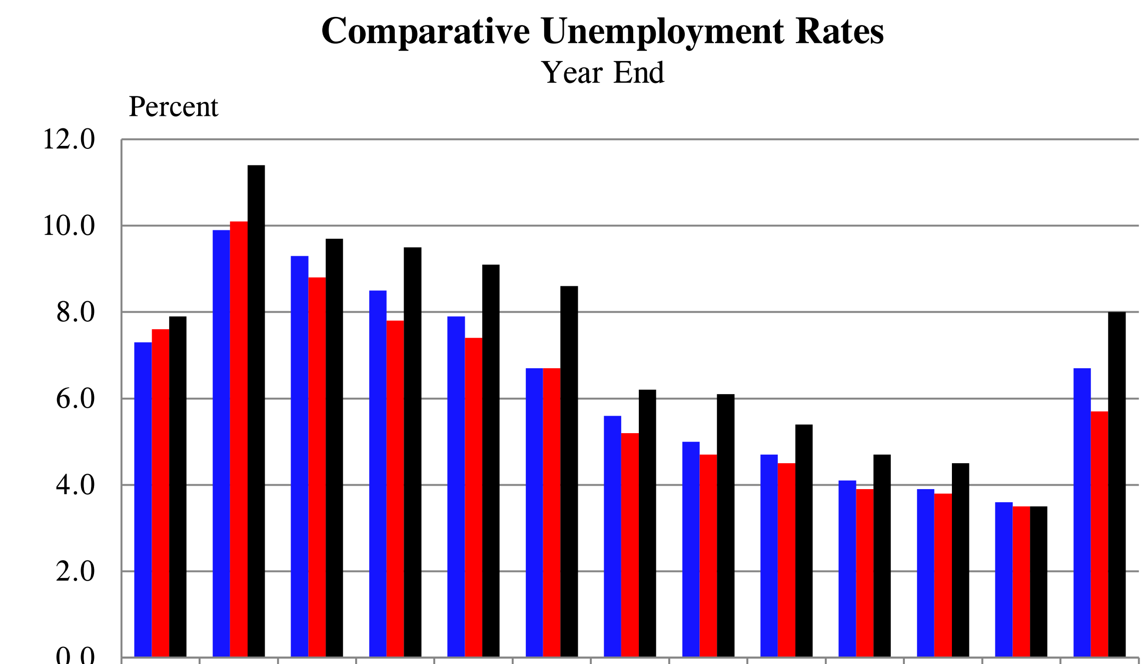
Comparative Unemployment Rates

- The chart shows comparative unemployment rates for the nation, Midwest, and Illinois.

- In 2008, Midwest and Illinois rates were similar and only slightly higher than the nation. However, beginning in 2009, the difference in the rates between Illinois and the others widened. Since 2010, unemployment in the Midwest fell below or at the national level as resurgence in several "rust belt" states from increased energy production caused an employment spurt.

- More than a decade after trying to catch up with both the nation and Midwest, Illinois finally succeeded to lessen the gap until COVID-19 hit. The rates in April were at least four times higher than where they were prior to the pandemic.

- Since April, the labor market has improved nationwide. The recent data as of December of 2020 had the national and Midwest rate at 6.7% and 5.7%, respectively, and the Illinois rate at 8.0%. Then, the U.S. rate fell further to 6.3% in January of 2021 (not shown in the chart).



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
U.S.	7.3	9.9	9.3	8.5	7.9	6.7	5.6	5.0	4.7	4.1	3.9	3.6	6.7
Midwest	7.6	10.1	8.8	7.8	7.4	6.7	5.2	4.7	4.5	3.9	3.8	3.5	5.7
Illinois	7.9	11.4	9.7	9.5	9.1	8.6	6.2	6.1	5.4	4.7	4.5	3.5	8.0

U.S. Department of Labor, Bureau of Labor Statistics

Average Employment Levels by Subsector in Illinois
Non-Seasonally Adjusted Averages: 2010 to 2020 (in thousands)

	Annual Average										
Subsector	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Mining	9.1	9.6	10.2	9.7	9.9	9.3	8.1	7.8	7.9	8.3	7.3
Construction	198.3	195.8	189.1	191.4	201.7	213.6	218.7	220.3	226.1	226.7	216.0
Manufacturing	561.3	574.3	583.4	579.7	580.5	582.1	575.0	575.9	587.2	585.5	556.2
Trade, Transportation, and Utilities	1,123.6	1,141.6	1,153.9	1,162.0	1,177.4	1,198.8	1,208.5	1,210.5	1,211.5	1,204.9	1,159.7
Information	101.9	100.5	100.2	98.9	99.0	100.4	98.5	97.5	94.7	95.4	89.9
Financial Activities	372.7	372.3	375.6	379.0	378.1	382.5	386.6	394.9	402.9	411.1	404.6
Professional and Business Services	794.2	824.1	857.1	883.2	909.4	921.9	931.4	941.6	947.6	944.8	884.0
Education and Health Services	831.6	848.3	863.2	875.3	886.1	900.3	915.2	923.7	932.2	939.4	899.1
Leisure and Hospitality	515.5	522.4	536.5	546.4	558.7	578.9	597.3	610.7	617.6	621.1	474.7
Other Services	249.2	249.7	249.7	249.9	252.2	252.1	251.4	252.8	254.3	255.4	237.8
Government	852.2	839.0	832.2	828.0	825.7	826.5	822.0	819.3	819.8	825.4	794.9
Annual Average Totals	**5,609.6**	**5,677.6**	**5,751.1**	**5,803.5**	**5,878.7**	**5,966.4**	**6,012.7**	**6,055.0**	**6,101.8**	**6,118.0**	**5,724.1**
Illinois' Annual % Change	**-0.8%**	**1.2%**	**1.3%**	**0.9%**	**1.3%**	**1.5%**	**0.8%**	**0.7%**	**0.8%**	**0.3%**	**-6.4%**

Average Weekly Earnings and Employment Change by Subsector in Illinois
Calendar Year Averages: 2010 to 2020

	Annual Average										
Subsector	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Mining*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Construction	$1,236	$1,282	$1,291	$1,263	$1,317	$1,374	$1,392	$1,377	$1,424	$1,488	$1,445
Manufacturing	$923	$978	$981	$993	$1,016	$1,033	$1,043	$1,045	$1,086	$1,117	$1,154
Trade, Transportation, and Utilities	$693	$734	$766	$788	$808	$813	$811	$823	$860	$872	$902
Information	$1,040	$1,005	$1,027	$1,102	$1,155	$1,153	$1,129	$1,202	$1,333	$1,432	$1,532
Financial Activities	$1,036	$1,054	$1,131	$1,140	$1,230	$1,314	$1,349	$1,368	$1,400	$1,425	$1,534
Professional and Business Services	$1,024	$1,007	$1,027	$1,025	$1,038	$1,049	$1,073	$1,087	$1,130	$1,183	$1,236
Education and Health Services	$724	$757	$792	$814	$810	$806	$808	$805	$815	$824	$855
Leisure and Hospitality	$319	$322	$343	$338	$352	$368	$375	$391	$405	$426	$430
Other Services	$712	$703	$728	$751	$780	$834	$864	$840	$861	$928	$1,014
Government*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Illinois' Annual Average Weekly Earnings*	**$799**	**$820**	**$847**	**$859**	**$880**	**$897**	**$906**	**$914**	**$946**	**$976**	**$1,029**
% Change in Avg. Weekly Earnings	**0.9%**	**2.7%**	**3.3%**	**1.4%**	**2.5%**	**1.9%**	**1.0%**	**0.8%**	**3.6%**	**3.1%**	**5.4%**
Annualized Wage/Employment Comparison	**0.1%**	**3.9%**	**4.6%**	**2.3%**	**3.9%**	**3.4%**	**1.8%**	**1.5%**	**4.4%**	**3.4%**	**-1.4%**

* Because the Mining and Government subsectors' weekly earnings are not available from the Bureau of Labor Statistics, "Statewide Average Weekly Earnings" is calculated by using the weekly earnings of the other nine subsectors. The statewide value was calculated by multiplying each subsector's average jobs by its average earnings and dividing the sum of these figures by the total number of jobs from these nine subsectors.

Source: www.bls.gov

Illinois Employment Performance By Subsector

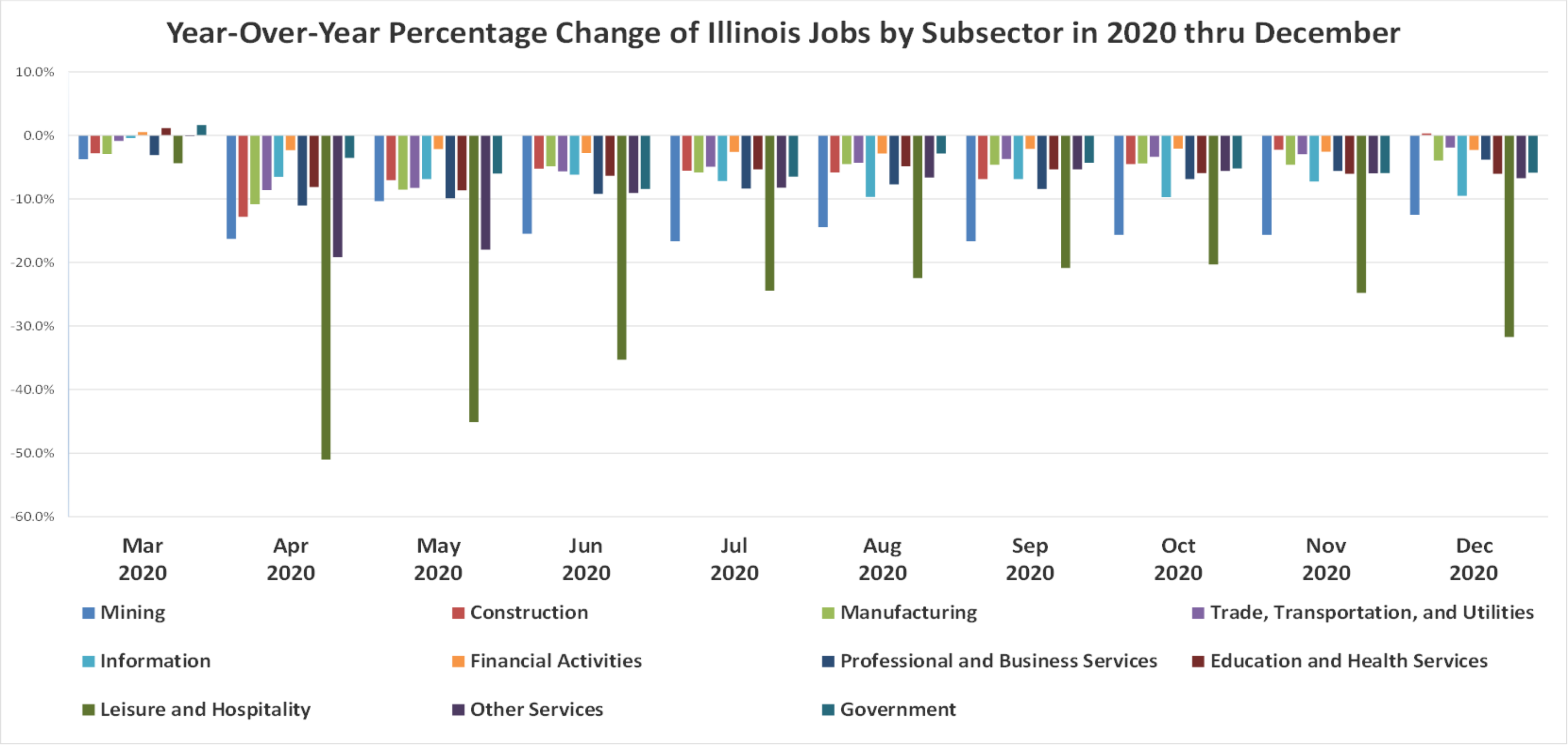
Performance of Illinois' Subsectors of Employment in 2020 thru December (preliminary)																	
Subsector	Mar 2020	Apr 2020	May 2020	Jun 2020	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	Dec 2020	Dec'20 %Ch Rank	Jobs in Dec 2020	Rank	Dec'20 Yr/Yr Job Ch.	Rank	2020 Avg Wkly Wage	Rank
	vs. 2019 value											*(in thous.)*		*(in thous.)*			
Mining	-3.8%	-16.3%	-10.3%	-15.5%	-16.7%	-14.5%	-16.7%	-15.7%	-15.7%	-12.5%	10	7.0	11	(1.0)	2	N/A	N/A
Construction	-2.8%	-12.8%	-7.0%	-5.2%	-5.6%	-5.8%	-6.9%	-4.5%	-2.2%	0.3%	1	214.6	9	0.7	1	$1,445	3
Manufacturing	-2.9%	-10.8%	-8.5%	-4.9%	-5.8%	-4.5%	-4.6%	-4.4%	-4.6%	-4.0%	5	556.7	5	(23.0)	6	$1,154	5
Trade, Transportation, and Utilities	-0.9%	-8.6%	-8.3%	-5.7%	-4.9%	-4.3%	-3.7%	-3.4%	-2.9%	-1.9%	2	1,212.8	1	(23.5)	7	$902	7
Information	-0.4%	-6.5%	-6.8%	-6.2%	-7.2%	-9.7%	-6.9%	-9.7%	-7.2%	-9.5%	9	87.5	10	(9.2)	3	$1,532	2
Financial Activities	0.5%	-2.3%	-2.1%	-2.8%	-2.6%	-2.9%	-2.1%	-2.1%	-2.5%	-2.3%	3	404.1	7	(9.4)	4	$1,534	1
Professional and Business Services	-3.1%	-11.0%	-9.9%	-9.2%	-8.4%	-7.7%	-8.4%	-6.8%	-5.6%	-3.8%	4	900.1	2	(35.7)	8	$1,236	4
Education and Health Services	1.1%	-8.1%	-8.7%	-6.3%	-5.3%	-4.9%	-5.3%	-5.9%	-6.0%	-6.0%	7	896.8	3	(57.6)	10	$855	8
Leisure and Hospitality	-4.3%	-51.1%	-45.1%	-35.3%	-24.4%	-22.5%	-20.8%	-20.3%	-24.8%	-31.7%	11	416.0	6	(193.4)	11	$430	9
Other Services	-0.2%	-19.2%	-18.0%	-9.0%	-8.2%	-6.6%	-5.4%	-5.6%	-6.0%	-6.7%	8	239.4	8	(17.3)	5	$1,014	6
Government	1.6%	-3.5%	-6.0%	-8.4%	-6.5%	-2.9%	-4.3%	-5.2%	-5.9%	-5.9%	6	796.0	4	(49.7)	9	N/A	N/A
Overall	**-1.0%**	**-12.9%**	**-12.0%**	**-9.7%**	**-7.9%**	**-6.8%**	**-6.8%**	**-6.5%**	**-6.7%**	**-6.8%**		**5,731.0**		**(419.1)**			
Overall Change in Jobs (thousands)	**(63.3)**	**(785.4)**	**(741.5)**	**(598.4)**	**(486.9)**	**(419.5)**	**(415.2)**	**(403.4)**	**(413.9)**	**(419.1)**							

At the end of 2020, employment data from the Bureau of Labor Statistics showed that Illinois jobs were down 6.8% (-419,100 jobs) compared to the same month a year prior. While this level of decline slightly worsened over the last couple of months of the calendar year, it was still an improvement from previous months when the job losses were down as much as 12.9% (-785,400 jobs in April 2020).

There is a wide variance between subsectors in regard to job losses. In December, the losses ranged from a 31.7% decline in the "Leisure and Hospitality" subsector to a slight increase in jobs of 0.3% in the "Construction" subsector.

Despite the overall declines in employment, the State has not seen a similar decline in income related tax receipts thus far. Part of this is due to the wage level of the subsectors hurt most by the job losses. For example, the hardest hit subsector, "Leisure and Hospitality", has by far the lowest average weekly wage of the major subsectors in Illinois ($430/wk). In contrast, the "Construction" subsector has been hurt the least by the recent employment losses, but is among the highest wage earning subsectors in the State ($1,445/wk).

Decline In Illinois Jobs



The graph above displays the immediate impact that the COVID-19 pandemic has had on Illinois jobs, starting in April 2020. It also shows how the falloff slowed from its initial decline, but worsened at the end of the year. State-imposed restrictions on various businesses in response to the virus have contributed to this fluctuation.

Also shown is the variance in the levels of declines by subsector. Here, the drastic impact on job levels in the lower-paying "Leisure and Hospitality" subsector can clearly be seen. In December 2020, jobs in this subsector made up 7.3% of total Illinois jobs. However, 46.1% of the lost jobs (as compared to a year ago) came from this sector of employment.

ECONOMIC FORECASTS

Consensus Forecast

The Consensus Forecasts – USA report from Consensus Economics summarizes economic outlooks for the United States from twenty-seven different economic forecasters monthly.

These include:

- Econometric Firms (IHS Markit/Moody's Analytics)
- Professional Business Associations (National Association of Home Builders)
- Academic Institutions (Univ. of Maryland/Georgia State Univ.)
- Individual Businesses (Eaton Corporation/Ford Motor Company)

The following table shows the economic forecasts along with historical data for relevant economic indicators.

U.S. ECONOMIC FORECASTS

The forecasts presented are the mean forecast from 27 different economic forecasters.

Economic Indicator	**2018 Actual**	**2019 Actual**	**2020 Actual**	**2021 Forecast**	**2022 Forecast**
Real GDP*	3.0%	2.2%	-3.5%	4.7%	3.6%
Nominal GDP*	5.5%	4.0%	-2.3%	6.8%	5.8%
Real Disposable Personal Income*	3.6%	2.2%	6.0%	1.3%	-0.1%
Real Personal Consumption*	2.7%	2.4%	-3.9%	5.2%	3.8%
Real Government Consumption and Investment*	1.8%	2.3%	1.1%	0.3%	1.2%
Real Business Investment*	6.9%	2.9%	-4.0%	6.1%	5.2%
Nominal Pre-tax Profits*	6.1%	0.3%	-5.6%**	10.8%	3.6%
Consumer Prices*	2.4%	1.8%	1.3%	2.3%	2.2%
Core PCE Prices (excluding Food/Energy)*	2.0%	1.7%	1.4%	1.8%	2.0%
Producer Prices*	3.0%	0.8%	-1.3%	2.8%	2.3%
Employment Costs*	2.8%	2.7%	2.6%	2.4%	2.7%
Auto & Light Truck Sales (inc. imports) mn	17.2	16.9	15.2	16.5	16.7
Housing Starts, mn units	1.25	1.30	1.40	1.50	1.52
Unemployment Rate (%)	3.9%	3.7%	8.1%	5.9%	4.7%

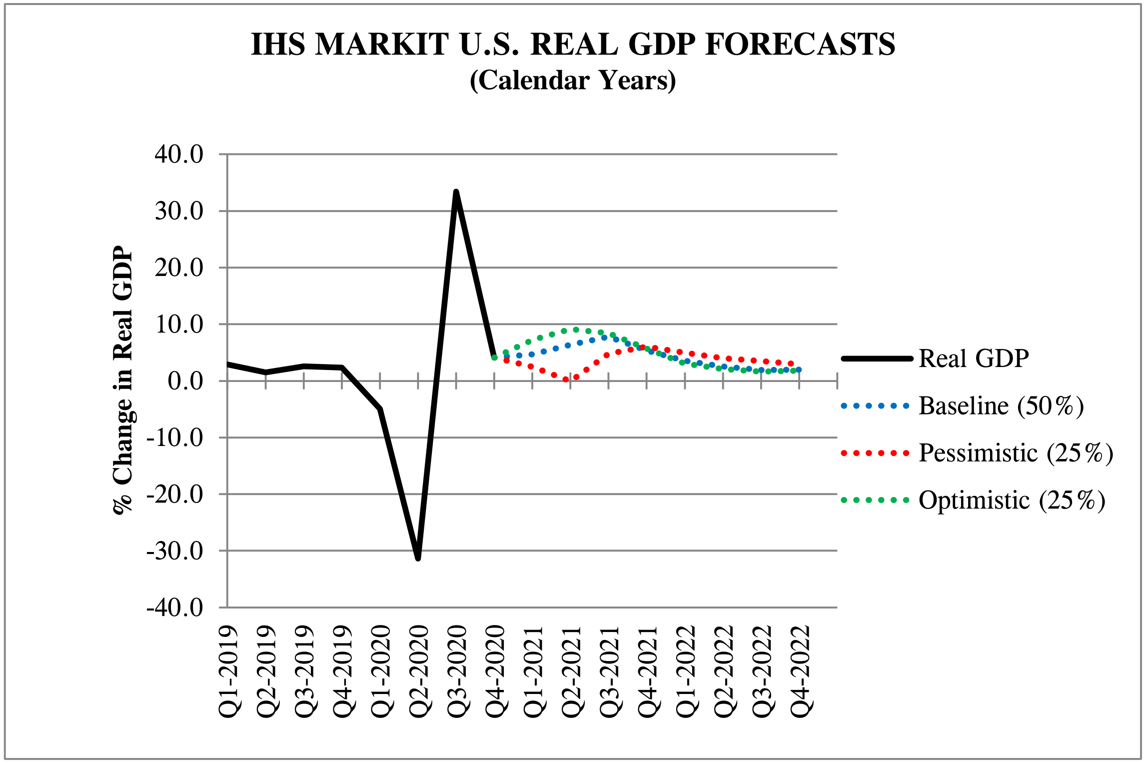
*average % change over previous calendar year
** consensus estimate
Source: Consensus Economics, February 2021

U.S. Real GDP Forecast Scenarios

- The **BASELINE** shows the most likely scenario with a 50% chance of occurrence. Real GDP rebounds 6.1% in 2021 as growth marks a 4.7% rate in the first quarter and surpasses the prior peak in the second quarter, accelerating further through the third quarter. Growth slows to 2.5% in 2022 and 2023.

- A more **PESSIMISTIC** scenario with a 25% probability has the recovery stumbling as consumers hunker down and wait longer for vaccination. Real GDP rises 3.3% in 2021 and only passes the pre-pandemic peak in the fourth quarter. Growth picks up to 3.9% in 2022 and slips to 3.0% in 2023.

- A final 25% likely **OPTIMISTIC** scenario has the easing of containment measures, vaccines and still more stimulus driving a faster recovery. Real GDP surges 7.6% in 2021, flying past its previous peak in the second quarter amid still more stimulus. GDP rises 2.1% in 2022 and 2.5% in 2023.



IHS MARKIT – FEBRUARY 2021

IHS MARKIT U.S. ECONOMIC FORECAST SCENARIOS
FEBRUARY 2021*

	Baseline (50%)	Pessimistic (25%)	Optimistic (25%)
GDP Growth	Real GDP rebounds 6.1% in 2021 as growth marks a 4.7% rate in the first quarter and surpasses the prior peak in the second quarter, accelerating further through the third. Growth slows to 2.5% in 2022 and 2023.	Real GDP rises 3.3% in 2021 and only passes the pre-pandemic peak in the fourth quarter. Growth picks up to 3.9% in 2022 and slips to 3.0% in 2023.	Real GDP surges 7.6% in 2021, flying past its previous peak in the second quarter amid still more stimulus. GDP rises 2.1% in 2022 and 2.5% in 2023.
Consumer Spending	Spending jumps 5.9% in 2021 as wide-spread inoculation enables a third-quarter surge. Spending growth marks 3.2% in 2022 and 2.9% in 2023.	Spending recovers 3.5% in 2021 and picks up to 4.2% in 2022 before slipping to 3.3% in 2023.	Surges 8.0% in 2021, slows to 3.1% in 2022, and then rises to 3.3% in 2023.
Business Fixed Investment	Jumps 7.5% in 2021 and remains strong at 5.0% in 2022 and 4.7% in 2023.	Grows 5.5% in 2021 and 2022, and 5.0% in 2023.	Rises 9.3% in 2021, 5.6% in 2022, and 4.7% in 2023.
Monetary Policy	Fed keeps the funds rate at the zero bound through mid-2024; current pace of asset purchases maintained through 2021 before tapering over 2022.	Fed keeps the federal funds rate at the zero bound though mid-2027; aggressive "quantitative easing" and liquidity enhancement measures.	Fed keeps the federal funds rate at the zero bound until mid-2023.
Consumer Confidence	Rebounds strongly starting in the second quarter of 2021 and approaches prior highs by the end of 2023.	Remains below the baseline over the entire forecast interval.	Outperforms baseline over the entire forecast interval.
Inflation (PCE)	Core personal consumption (PCE) price inflation rises from 1.4% in 2020 to 1.8% in 2021 and 1.9% in 2022 and 2023.	Core PCE price inflation slows to 1.1% in 2021, 0.7% in 2022, and rises to 0.9% in 2023.	Core PCE price inflation accelerates to 2.0% in 2021 and 2.2% in 2022, edging down to 2.1% in 2023.

*Annual percent changes are fourth-quarter over fourth-quarter.

IHS Markit

U.S. FORECASTS -- FEBRUARY 2021

(Percent Change of Real 2012 $ on Calendar Year Basis, Q4/Q4 for Annual Rates)

	2020	2021			2022		
	Actual	Pessimistic	Baseline	Optimistic	Pessimistic	Baseline	Optimistic
Gross Domestic Product	-2.5%	3.3%	6.1%	7.6%	3.9%	2.5%	2.1%
Personal Consumption	-2.6%	3.5%	5.9%	8.0%	4.2%	3.2%	3.1%
Durable	11.9%	2.1%	3.6%	5.1%	2.8%	2.7%	3.0%
Nondurable	4.3%	4.1%	3.6%	5.0%	1.7%	1.3%	1.6%
Services	-6.8%	3.5%	7.1%	9.5%	5.3%	3.9%	3.5%
Fixed Investment (Nonresidential)	-1.3%	5.5%	7.5%	9.3%	5.5%	5.0%	5.6%
Exports	-11.0%	8.4%	10.7%	11.7%	8.2%	6.9%	6.2%
Imports	-0.6%	10.2%	12.0%	16.1%	0.2%	0.0%	1.4%
Government							
Federal	2.5%	11.6%	11.3%	11.3%	-10.0%	-10.7%	-10.4%
State & Local	-2.5%	1.3%	2.2%	2.2%	1.9%	1.4%	1.4%
OTHER MEASURES							
Personal Consumption (Current $)	-1.4%	4.7%	7.9%	10.4%	4.9%	5.1%	5.3%
Before Tax Profits (Current $)	-6.1%	-10.6%	2.0%	2.5%	11.7%	3.5%	1.3%
Unemployment Rate (Average Q4)	6.7%	5.5%	5.0%	4.2%	4.8%	3.9%	3.5%

IHS Markit

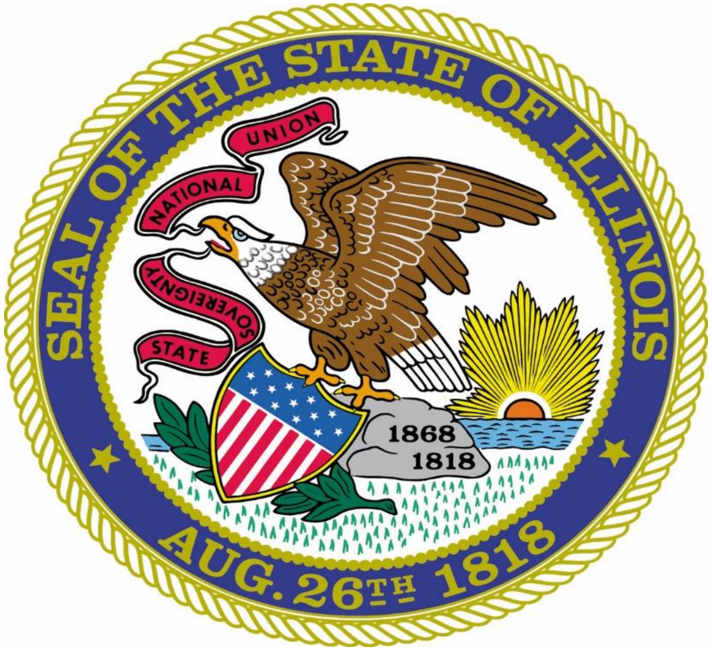
ILLINOIS FORECASTS -- FEBRUARY 2021

(Calendar Years, Q4/Q4 for Annual Rates)

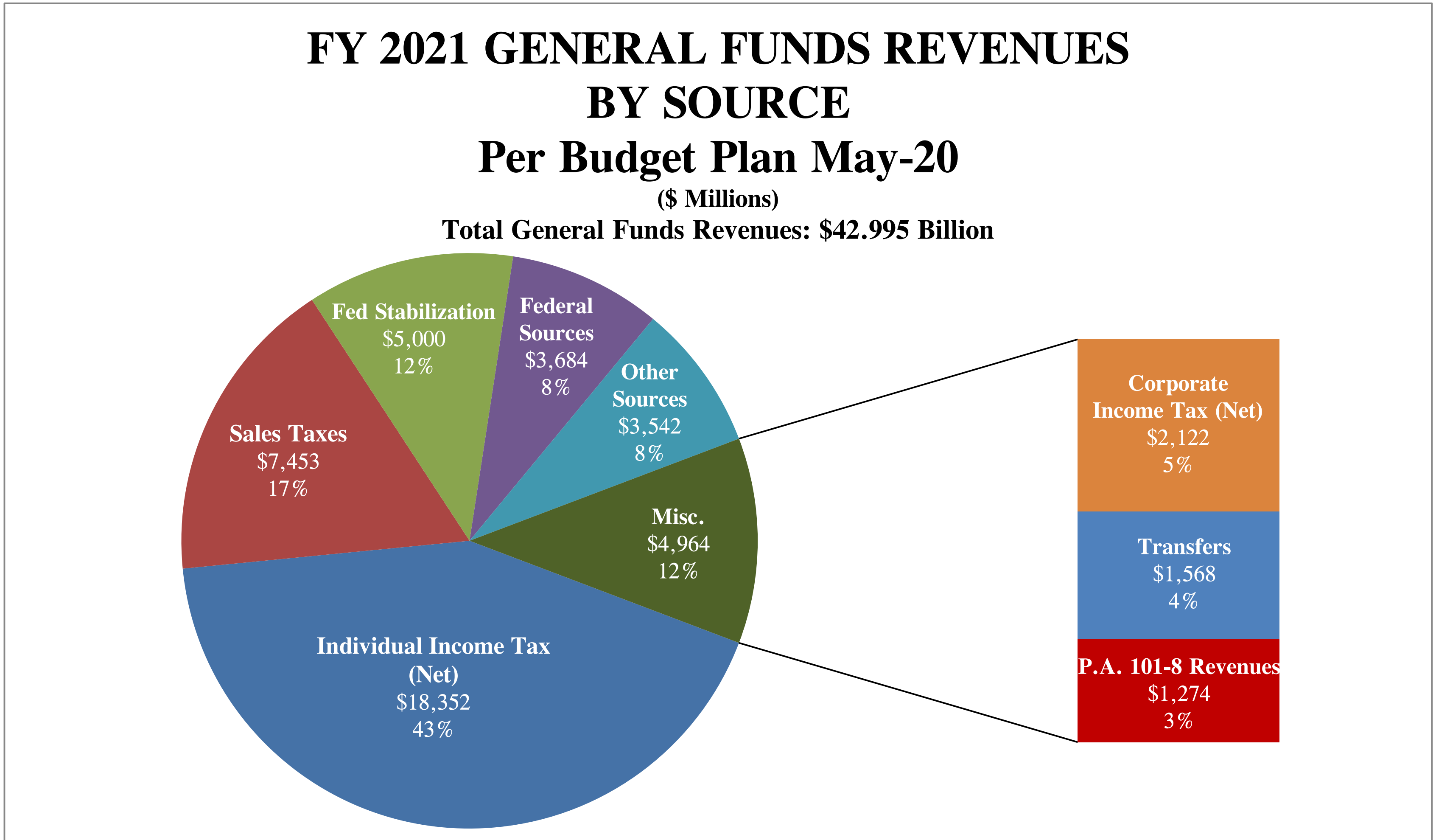
	2020	2021			2022		
		Pessimistic	Baseline	Optimistic	Pessimistic	Baseline	Optimistic
Real Gross State Product (Billions 2012$)	753.8	779.3	800.3	812.7	804.2	815.4	824.4
% Change	-2.7%	3.4%	6.2%	7.8%	3.2%	1.9%	1.4%
Total Employment (1,000's)	5,701.0	5,856.9	5,933.2	5,995.2	5,997.6	6,101.8	6,125.0
% Change	-6.7%	2.7%	4.1%	5.2%	2.4%	2.8%	2.2%
Population (1,000's)	12,546.9	12,495.7	12,495.7	12,495.7	12,475.8	12,475.8	12,475.8
% Change	-0.7%	-0.4%	-0.4%	-0.4%	-0.2%	-0.2%	-0.2%
Personal Income (Billions $)	787.1	781.5	796.7	811.8	802.8	823.8	840.3
% Change	4.9%	-0.7%	1.2%	3.1%	2.7%	3.4%	3.5%
Private Housing Starts (1,000's)	17.2	18.4	19.2	20.5	17.2	18.3	19.8
% Change	-9.5%	6.7%	11.7%	18.9%	-6.1%	-4.6%	-3.4%
Unemployment Rate Average % (Q4)	7.3%	6.1%	5.5%	4.7%	5.2%	4.2%	3.9%

IHS Markit

GENERAL FUNDS REVENUE



A Look Back



The budget plan assumed revenue from the passage of the Graduated Income Tax (P.A. 101-8)

Review of Revenue Assumptions per Enacted FY21 Budget [May-20]

The accompanying table displays the revenue projections totaling $42.995 billion utilized during final passage of the enacted FY 2021 budget [May-20]. At that time, base revenue projections of $36.421 billion were augmented by an additional $6.574 billion from other key revenue assumptions.

Projections of the major State source revenues, including large economic areas such as income and sales taxes, utilized updated GOMB and CGFA forecasts provided in April/May, at the height of COVID-19 economic uncertainty. Outlooks were adjusted to account for the major disruption the virus was expected to have on employment, profits, and consumer spending. At that time, the underpinnings of the estimates of the major economic related sources could be best characterized as falling toward the conservative end of forecasted scenarios. In addition:

- The budget assumed $300 million from interfund borrowing and/or fund reallocations.
- Per P.A. 101-0630, the enacted budget also assumed borrowing up to $5 billion [outstanding at one-time] from the Federal Reserve Municipal Liquidity Facility [MLF] per Section 13(3) of the Federal Reserve Act. Illinois sold $1.2 billion of G.O. Certificates to the MLF in June 2020, which are scheduled to be paid back by June 2021.

A key inclusion in the enacted budget was $1.274 billion in assumed proceeds from the passage of SJRCA 1 [the graduated income tax] with a presumption of potentially utilizing Section 7.6 borrowing [Income Tax Bonds] should the amendment fail.

FY 2021 GENERAL FUNDS REVENUE
REVENUE ASSUMPTIONS
[Amounts per GOMB and Legislative Staffs]
($ millions)

Revenue Sources	FY 2021 Final Budget Assumptions
State Taxes	
Personal Income Tax	$21,468
Corporate Income Tax (regular)	$2,649
Sales Taxes	$7,819
Public Utility (regular)	$828
Cigarette Tax	$257
Liquor Gallonage Taxes	$176
Vehicle Use Tax	$30
Inheritance Tax	$310
Insurance Taxes & Fees	$400
Corporate Franchise Tax & Fees	$217
Interest on State Funds & Investments	$170
Cook County Intergovernmental Transfer	$244
Other Sources	$610
Subtotal	**$35,178**
Transfers	
Lottery	$636
Riverboat transfers and receipts	$103
Proceeds from sale of 10th license	$10
Refund Fund	$0
Other	$819
Total State Sources	**$36,746**
Federal Sources [Base]	**$3,684**
Subtotal Federal & State Sources	**$40,430**
Nongeneral Funds Distribution:	
Refund Fund	
Personal Income Tax [9% '21]	($1,932)
Corporate Income Tax [14% '21]	($371)
Local Government Distributive Fund	
Personal Income Tax	($1,184)
Corporate Income Tax	($156)
Sales Tax Distribution to the PTF and DPTF	($366)
Subtotal General Funds	**$36,421**
Interfund Borrowing/Fund Reallocations	$300
Federal Stabilization/Municipal Liquidity Facility	$5,000
P.A. 101-8 Revenues [Graduated Income Tax if SJRCA 1 is adopted]	$1,274
Total Revenues General Funds	**$42,995**

The Federal Reserve Municipal Liquidity Facility (MLF)

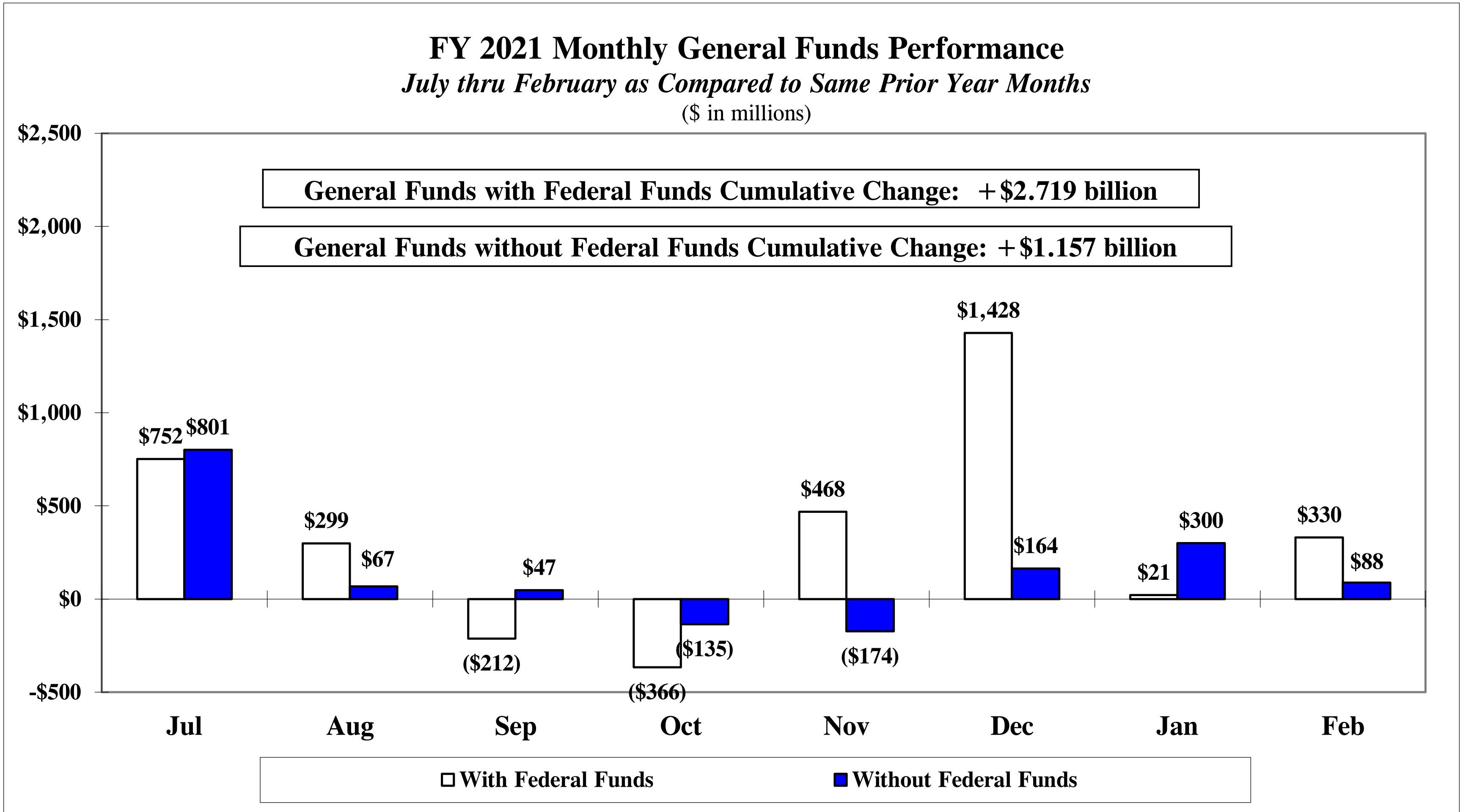
- The Municipal Liquidity Facility was established under Section 13(3) of the Federal Reserve Act, with approval of the Treasury Secretary, under the Coronavirus Aid, Relief, and Economic Security Act introduced in March 2020. The MLF may buy up to $500 billion in debt from state and local governments affected by the COVID-19 pandemic.

- The MLF allowed Illinois to borrow a total of $9.677 billion, through December 31, 2020, with up to a 3-year maturity, through negotiated or competitive sale.

- Illinois passed Public Act 101-0630 which created the Coronavirus Urgent Remediation Emergency (CURE) Borrowing Act, allowing the State to borrow from Federal programs related to COVID-19 in an amount up to $5 billion outstanding at one time, with a 10-year maturity, through negotiated (in FY 2020 & FY 2021) or competitive sale.

- Illinois sold $1.2 billion of G.O. Certificates to the MLF in June 2020 in a negotiated sale, to be paid back by June 2021. Prior to the MLF expiration at end of December 2020, Illinois borrowed an additional $2 billion from the program. Repayment is expected to occur over the next three years.

FY 2021 General Funds Revenue Performance to Date



* Figures exclude short-term borrowing and Budget Stabilization Fund transfers.

Revenues Year to Date [Thru February]

Excluding borrowing related activity, through the first two-thirds of the fiscal year base receipts are up $2.719 billion. In addition to December's surge in federal sources, that growth also reflects the timing of income tax receipts related to the filing deadline extension. Through February, combined net income tax receipts are up $1.982 billion. While over half of those gains continue to be attributed to the shift of FY 2020 final payments into early FY 2021, very respectable underlying base income tax receipting must be recognized as well. Also impressive is the continued positive trend of sales tax receipt performance. While overall levels of growth are fairly modest at 2.4%, given that rate reflects a post-pandemic versus pre-pandemic period, sales tax performance continues to impress.

All of the other revenue sources combined have declined a net $143 million. While exceptional performance has been seen from inheritance tax and insurance tax, those gains have been more than erased by lower public utility tax receipts as well as timing related to one-time court settlement proceeds receipted last fiscal year, shown in the "other sources" category.

Overall transfers are off considerably, down $858 million, reflecting the lack of riverboat gaming transfers [$195 million], significantly lower Income Tax Refund transfer levels [$336 million], as well as lower other miscellaneous transfers [$438 million]. With another comparatively strong month of receipting in February, federal sources are up $1.562 billion year to date.

GENERAL FUNDS RECEIPTS: YEAR TO DATE

FY 2021 vs. FY 2020

($ million)

Revenue Sources	FY 2021	FY 2020	$ CHANGE	% CHANGE
State Taxes				
Personal Income Tax	$15,568	$13,759	$1,809	13.1%
Corporate Income Tax (regular)	2,052	1,540	512	33.2%
Sales Taxes	6,237	6,090	147	2.4%
Public Utility Taxes (regular)	492	562	(70)	-12.5%
Cigarette Tax	186	173	13	7.5%
Liquor Gallonage Taxes	121	122	(1)	-0.8%
Vehicle Use Tax	22	19	3	15.8%
Inheritance Tax	307	181	126	69.6%
Insurance Taxes and Fees	312	220	92	41.8%
Corporate Franchise Tax & Fees	235	200	35	17.5%
Interest on State Funds & Investments	46	113	(67)	-59.3%
Cook County IGT	150	150	0	0.0%
Other Sources	131	405	(274)	-67.7%
Subtotal	$25,859	$23,534	$2,325	9.9%
Transfers				
Lottery	$501	$390	$111	28.5%
Riverboat transfers & receipts	0	195	(195)	-100.0%
Proceeds from Sale of 10th license	0	0	0	N/A
Refund Fund transfer	281	617	(336)	-54.5%
Other	295	733	(438)	-59.8%
Total State Sources	$26,936	$25,469	$1,467	5.8%
Federal Sources	$3,383	$1,821	$1,562	85.8%
Total Federal & State Sources	$30,319	$27,290	$3,029	11.1%
Nongeneral Funds Distributions/Direct Receipts:				
Refund Fund				
Personal Income Tax	($1,401)	($1,307)	($94)	7.2%
Corporate Income Tax	(288)	(220)	(68)	30.9%
LGDF--Direct from PIT	(859)	(717)	(142)	19.8%
LGDF--Direct from CIT	(121)	(86)	(35)	40.7%
Downstate Pub/Trans--Direct from Sales	(221)	(250)	29	-11.6%
Subtotal General Funds	$27,429	$24,710	$2,719	11.0%
Treasurer's Investments	$400	$400	$0	0.0%
Interfund Borrowing	$0	$150	($150)	N/A
Short Term Borrowing	$1,998	$0	$1,998	N/A
Total General Funds	$29,827	$25,260	$4,567	18.1%

CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding 2-Mar-21

FY 2021 Revenue Observations and Updated Outlook

When initial FY 2021 revenue projections were updated in the April/May 2020 period, the State and the entire country were in significant mitigation protocols and economic apprehension was at record highs. While a heightened level of uncertainty compared to normal still exists, most economic measures such as GDP, employment, corporate profits, and consumer spending continue to out-perform earlier expectations. As discussed below, those improvements have also manifested in considerably better performance of the larger economic-related sources such as income and sales taxes, as compared to previous expectations.

- Through February, gross personal income tax is up by $1.809 billion, or $1.573 billion on a net basis. While over-half of that increase is related to the delayed final payment deadline that had the effect of boosting early FY 2021 receipts, personal income taxes continue to perform better than previously expected. There are a number of reasons for the better-than-expected performance: enhanced unemployment benefits serve to support withholding taxes off of what could have been much lower levels (see chart page 35); employment levels quickly improving off of initial lows related to the virus' impact; and, ability of individuals and companies to quickly adapt to working-from-home protocols.

- Similarly, corporate income taxes have also been able to out-pace earlier expectations. While gross receipts are up $512 million, or net $409 million above last year, most of those gains are similarly due to the final payment deadline being extended to early FY 2021. However, even accounting for that timing issue, through the first two-thirds of the fiscal year, actual receipts have been able to post considerable gains—a welcomed surprise given initial expectations.

- Continuing to impress is the speed in which the consumer and related sales tax receipts were able to recover from the disastrous spring months, a time when much of the economy was shuttered. Gross sales receipts fell near 20% in April and over 23% in May, before improving to a lesser falloff of 10.5% in June. At the beginning of FY 2021, gross sales tax receipts suffered minor declines in July and August before recovering to post gains over pre-COVID months with increases of 4.5% in September and 5.9% in October, before slipping 2.9% in November. Modest growth of 1.5% returned in December, while January increased by 3.7% and February jumped 7.3%. As a result, the year-to-date performance of 2.4% growth in gross sales is viewed very positively and illustrates the consumer's ability to adapt, which bodes well as we continue to head into the final months of the fiscal year.

- The enacted FY 2021 budget did not assume any transfers from the Income Tax Refund Fund, presumably due to the complications related to the delayed final payment deadline. However, after those delayed final payments were processed, and taking into account refund demand, the Department of Revenue was able to direct $281 million in refund transfers to the general funds in September.

FY 2021 Revenue Observations and Updated Outlook *(continued)*

- The enacted FY 2021 budget assumed only $103 million in riverboat gaming fund transfers, far below the $195 million transferred in the previous year. A reduction was expected due to: reduced gaming activity related to mitigation efforts; increased administrative costs associated with casino gaming expansion; and the imposition of a lower effective tax rate structure. However, with no gaming transfers to the general funds to date, and none anticipated per updated expectations, gaming transfers continue to be absent from the FY 2021 revenue outlook at this time.

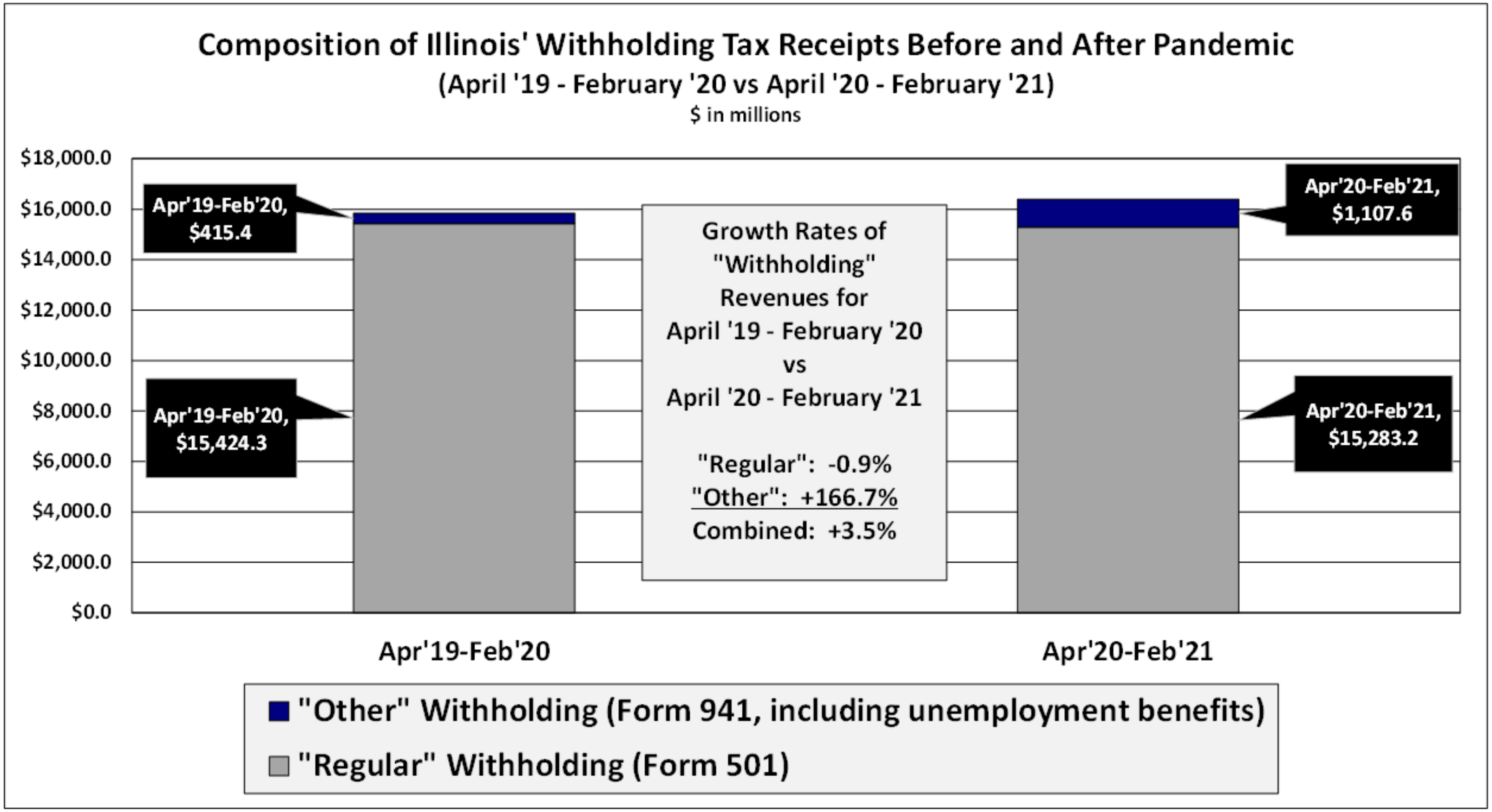
- Federal sources are once again exhibiting their usual monthly volatility. After underperforming during the first third of the fiscal year, federal sources have since surged and now stand $1.562 billion above last year's levels. Since the vast majority of federal sources is contingent on reimbursable Medicaid spending, receipts are mostly reliant on available resources and on efforts at the Comptroller's Office to pay Medicaid bills. The growth is largely dependent on the proceeds made available via the MLF borrowing.

- The initial enacted budget assumed $300 million in resources would be made available via interfund borrowing and/or fund reallocations. Earlier in the fiscal year, the GOMB had already cut that assumption to $150 million. The current expectation is that no interfund borrowing will occur in FY 2021.

- As discussed earlier, the enacted FY 2021 budget assumed up to $5 billion in resources made available via the Municipal Liquidity Facility [MLF]. In the closing days of November, the Governor made known his intent to again utilize the Federal Reserve's MLF. The State borrowed an additional $2 billion at a rate of 3.42% in December, with a 3-year maturity. Illinois previously borrowed $1.2 billion in June 2020. This first use of the MLF received a 3.36% interest rate and is scheduled to be paid off by June 2021.

- As a result of the failed vote on the graduated tax initiative, $1.274 billion of associated income tax receipts was removed from the FY 2021 revenue picture.

Change in Withholding Composition Lends Support to Solid Receipts



A contributing factor to why income tax revenues have continued to perform well, despite the declines in employment, is due to the tax revenues received from unemployment benefits paid in Illinois, which has skyrocketed since the pandemic began.

All of the unemployment benefits that a resident receives are subject to taxation, and are included on the Department of Revenue's Form 941. As highlighted in the chart, between April 2019 and February 2020, income tax revenues from Form 941 amounted to $415.4 million. During the virus-impacted months of April 2020 thru February 2021, this amount grew to $1.108 billion, a 166.7% increase compared to the prior year. Comparatively, "regular" withholding (Form 501) declined 0.9% during this time frame.

When combined, total withholding receipts are up +3.5% for this time period. The bottom line is that, though unemployment has escalated during the pandemic, the taxation of unemployment benefits has minimized the impact on Illinois' tax revenues, acting like a buoy and keeping withholding tax receipts at levels higher than otherwise would be expected given the jobs picture.

Strong Income and Sales Tax Performance and Surge in Federal Sources Supports Additional $2.864b Adjustment to FY 2021 Base Revenues—Overall Estimate Undergoes $4.712b Upward Revision after $1.998b MLF Borrowing—CGFA's Revised Estimate $596m Higher than Enacted Levels

As shown in the below table, after adjusting for actual receipt performance through the first two-thirds of the fiscal year, incorporating updated economic forecasts--but still retaining a conservative view given continued uncertainty-- the Commission has revised its base forecast for FY 2021 general funds revenue up $2.864 billion, to $41.593 billion. After including $1.998 billion in proceeds from the December 2020 MLF borrowing, the estimate of total revenues grows to $43.591 billion, which represents an overall upward adjustment of $4.712 billion from the Commission's immediately preceding forecast presented in November 2020.

At the time of the November 2020 forecast, the estimates for base general funds were $2.308 billion higher than that of the enacted budget [due to similar positive over-performance of the economic sources]. However, the elimination of $1.274 billion from the failure of the graduated tax initiative and removal of $5 billion from borrowing expectations per the Administration's updated budget plan resulted in an overall decrease of $4.116 billion from enacted budget levels [see CGFA's November report for details].

As displayed, when the Commission's March 2021 revised forecast is compared with enacted budget revenue assumptions, base growth is now $5.172 billion above those initial levels, or $596 million higher overall when updated for the failed outcome of the graduated tax initiative and actual MLF borrowing levels.

FY 2021 General Funds Revenue Estimates
Enacted Budget May-20; CGFA Update Nov-20; CGFA Revised March-21

($ millions)	Enacted May-20	CGFA Nov-20	CGFA Mar-21	Difference Mar-21 vs Enacted
Personal Income Taxes [Net]	$18,352	$19,553	$20,552	$2,200
Corporate Income Taxes [Net]	$2,122	$2,371	$2,769	$647
Sales Tax [Net]	$7,453	$8,183	$8,889	$1,436
All Other State Sources	$3,242	$3,192	$3,222	($20)
Transfers In	$1,568	$1,746	$1,777	$209
Federal Sources	$3,684	$3,684	$4,384	$700
Base General Funds	$36,421	$38,729	$41,593	$5,172
$ Change from Previous Estimate		$2,308	$2,864	
Interfund Borrowing/Fund Reallocations	$300	$150	$0	($300)
Federal Stabilization/Municipal Liquidity Facility	$5,000	$0	$1,998	($3,002)
P.A 101-8 Net Income Taxes [SJRCA 1]	$1,274	$0	$0	($1,274)
Total General Funds Revenues*	$42,995	$38,879	$43,591	$596
$ Change from Previous Estimate		($4,116)	$4,712	

*Table excludes $400m of Treasurer's Investment Borrowing Nov-20 expected to be repaid by end of FY'21

CGFA Revisions to FY 2021 Estimate (continued)

The estimate of gross personal income taxes has been revised up $1.170 billion, or $999 million from the Commission's November update. The revision adjusts for receipt growth coupled with a conservative, yet positive outlook over the remainder of the fiscal year. [Despite its increase, the estimate reflects the IDoR expectation that approximately $500 million will be foregone, assuming the State will not decouple from the appropriate provisions of the Federal Cares Act].

The estimate of gross corporate income taxes has been revised up $496 million, or $398 million net above the previous forecast. The estimate reflects stronger than anticipated receipt performance to date, but is tempered by anticipated one-time deductibility of expenditures from PPP loans, as well as a cautious approach with this historically volatile revenue source as it responds to the pandemic.

The outlook for gross sales tax has been adjusted up $700 million, or $706 on a net basis. While a year-to-date growth rate of 2.4% may not seem impressive during a regular fiscal year, this fiscal year has been anything but regular. To post positive growth over the pre-COVID period speaks to sales tax performance and the ability of the consumer to adjust behavior during the unprecedented period of uncertainty. No doubt the federal stimulus efforts have aided in this regard.

Due to uncertainty, the Commission delayed adjustment to the estimate of federal sources in November 2020. However, after the surge in reimbursable spending made possible by proceeds stemming from December's MLF borrowing, and accounting for actual receipt growth to date, the estimate will undergo a $700 million upward adjustment.

The March estimate will now include $1.998 billion resulting from proceeds via December's MLF borrowing actions. This reverses the removal of MLF in the November revision.

FY 2021 General Funds Revenue Estimates
Enacted Budget; CGFA Update Nov-20; CGFA Revised March-21
(millions)

Revenue Sources	FY 2021 Enacted Budget May-20	FY 2021 CGFA Update Nov-20	FY 2021 CGFA Revision March-21	21-Mar vs. Nov-20 Difference
State Taxes				
Personal Income Tax	$21,468	$22,872	$24,042	$1,170
Corporate Income Tax (regular)	$2,649	$2,961	$3,457	$496
Sales Taxes	$7,819	$8,618	$9,318	$700
Public Utility (regular)	$828	$796	$767	($29)
Cigarette Tax	$257	$271	$280	$9
Liquor Gallonage Taxes	$176	$178	$178	$0
Vehicle Use Tax	$30	$33	$33	$0
Inheritance Tax	$310	$330	$385	$55
Insurance Taxes & Fees	$400	$440	$469	$29
Corporate Franchise Tax & Fees	$217	$237	$255	$18
Interest on State Funds & Investments	$170	$80	$70	($10)
Cook County Intergovernmental Transfer	$244	$244	$244	$0
Other Sources	$610	$583	$541	($42)
Subtotal	**$35,178**	**$37,643**	**$40,039**	**$2,396**
Transfers				
Lottery	$636	$686	$745	$59
Riverboat transfers and receipts	$103	$0	$0	$0
Proceeds from sale of 10th license	$10	$10	$10	$0
Refund Fund	$0	$281	$281	$0
Other	$819	$769	$741	($28)
Total State Sources	**$36,746**	**$39,389**	**$41,816**	**$2,427**
Federal Sources [Base]	**$3,684**	**$3,684**	**$4,384**	**$700**
Subtotal Federal & State Sources	**$40,430**	**$43,073**	**$46,200**	**$3,127**
Nongeneral Funds Distribution:				
Refund Fund				
Personal Income Tax [9% '21]	($1,932)	($2,058)	($2,164)	($106)
Corporate Income Tax [14% '21]	($371)	($415)	($484)	($69)
Local Government Distributive Fund				
Personal Income Tax	($1,184)	($1,261)	($1,326)	($65)
Corporate Income Tax	($156)	($175)	($204)	($29)
Sales Tax Distribution to the PTF and DPTF	($366)	($435)	($429)	$6
Base General Funds	**$36,421**	**$38,729**	**$41,593**	**$2,864**
Interfund Borrowing/Fund Reallocations	$300	$150	$0	($150)
Federal Stabilization/Municipal Liquidity Facility	$5,000	$0	$1,998	$1,998
P.A. 101-8 Net Income Taxes [SJRCA 1]	$1,274	$0	$0	$0
Total General Funds Revenues*	**$42,995**	**$38,879**	**$43,591**	**$4,712**

*Table excludes $400m of Treasurer's Investment Borrowing Nov-20 expected to be repaid by end of FY'21

GOMB FY 2021 Revenue Estimates

The following table presents the GOMB FY 2021 forecasts since enactment, in a similar format to how the Commission's revised forecasts were displayed earlier on page 36.

November 2020 Update—Similar to the Commission, the GOMB also made substantial revisions to their forecast in November, reflecting stronger than originally anticipated recovery in the economic sources and higher federal sources. Base general funds were estimated to be $2.590 billion higher than assumed in the enacted budget. However, at that time, the failure of the graduated income tax initiative required its removal from the revenue picture. In addition, the GOMB eliminated additional proceeds assumed from MLF borrowing [$5 billion], as well as reduced anticipated interfund borrowing [$150m reduction]. All told, the GOMB forecast after the November revisions totaled a drop of $3.834 billion.

February Revision per Budget Book—Recently, GOMB again revised up their forecast of base revenues, mostly due to continued strong income and sales tax performance, as well as higher federal source revenues. As a result, their base February forecast was increased $2.471 billion over their previous November revision.

The GOMB's February outlook again reflects resources from MLF borrowing, which had been removed during the November adjustment. While the amount of $1.998 billion was far below the originally assumed $5 billion, it causes a surge in total available revenues in FY 2021. At the same time, the latest GOMB revision removed expected revenues via interfund borrowing—a reduction of $150 million from their November estimate. In total, the updated estimate raises the GOMB forecast by $4.319 billion from their earlier outlook.

Overall Change From Enactment–In total, the GOMB's February forecast of $43.480 billion is now $485 million higher than the original enacted assumed revenue estimate of $42.995 billion. The changes breakdown into higher base revenues of $5.061 billion, but are substantially offset by an accompanying $4.576 billion drop in other. [As presented earlier, a similar view of the Commission's FY 2021 forecast yields a base revenue adjustment of $5.172 billion over enacted levels, but when the same non-base items are included, the overall gain falls to $596 million over enacted assumptions].

FY 2021 General Funds Revenue Estimates--GOMB
Enacted Budget; GOMB Update Nov-20; GOMB Revised Feb-21

($ millions)	Enacted May-20	GOMB Nov-20	GOMB Feb-21	Difference Feb-21 vs Enacted
Personal Income Taxes [Net]	**$18,352**	**$19,528**	**$20,523**	**$2,171**
Corporate Income Taxes [Net]	**$2,122**	**$2,338**	**$2,620**	**$498**
Sales Tax [Net]	**$7,453**	**$8,210**	**$8,873**	**$1,420**
All Other State Sources	**$3,242**	**$3,313**	**$3,285**	**$43**
Transfers In	**$1,568**	**$1,713**	**$1,797**	**$229**
Federal Sources	**$3,684**	**$3,909**	**$4,384**	**$700**
Base General Funds	**$36,421**	**$39,011**	**$41,482**	**$5,061**
$ Change from Previous Estimate		**$2,590**	**$2,471**	
Interfund Borrowing/Fund Reallocations	**$300**	**$150**	**$0**	**($300)**
Federal Stabilization/Municipal Liquidity Facility	**$5,000**	**$0**	**$1,998**	**($3,002)**
P.A 101-8 Net Income Taxes [SJRCA 1]	**$1,274**	**$0**	**$0**	**($1,274)**
Total General Funds Revenues	**$42,995**	**$39,161**	**$43,480**	**$485**
$ Change from Previous Estimate		**($3,834)**	**$4,319**	

*Table excludes $400m of Treasurer's Investment Borrowing Nov-20 expected to be repaid by end of FY'21

Revised FY 2021 Revenue Estimate Comparison – CGFA and GOMB

The table below summarizes the differences between the Commission's revised March 2021 forecast and that of the GOMB presented in the February Budget Book. Both agencies have undergone marked revisions throughout the fiscal year, but now stand separated by a relatively modest level. As shown, CGFA's estimate of base general funds, as well as total resources, is $111 million higher than that of the GOMB. While similar overall, individual variance exists in some categories.

- Both agencies are quite close in the forecasts of the largest revenue source, personal income tax, as the estimates are separated by only $29 million, with the Commission being just slightly higher.

- There is some separation in the estimate of corporate income taxes as the Commission's outlook is higher by $149 million. While the underpinnings of the estimates appear to be similar, the Commission has been able to incorporate January and February strong actual performances in the revised forecast.

- The estimates of net sales tax receipts are very close, differing by only $16 million, as both projections reflect receipt performance to date and similar expectations over the final third of FY 2021.

FY 2021 General Funds Revenue Comparison CGFA [March-21] vs. GOMB [February-21]			
($ millions)	CGFA Mar-21	GOMB Feb-21	Difference
Personal Income Taxes [Net]	**$20,552**	**$20,523**	**$29**
Corporate Income Taxes [Net]	**$2,769**	**$2,620**	**$149**
Sales Tax [Net]	**$8,889**	**$8,873**	**$16**
All Other State Sources	**$3,222**	**$3,285**	**($63)**
Transfers In	**$1,777**	**$1,797**	**($20)**
Federal Sources	**$4,384**	**$4,384**	**$0**
Base General Funds	**$41,593**	**$41,482**	**$111**
Interfund Borrowing/Fund Reallocations	**$0**	**$0**	**$0**
Federal Stabilization/Municipal Liquidity Facility	**$1,998**	**$1,998**	**$0**
Total General Funds Revenues	**$43,591**	**$43,480**	**$111**
*Table excludes $400m of Treasurer's Investment Borrowing Nov-20 expected to be repaid by end of FY'21			

Revised FY 2021 Revenue Estimate Comparison – CGFA and GOMB (continued)

The Commission's estimates of the other miscellaneous revenue sources are lower by a net $63 million. The differential is due to the Commission having lower estimates of public utility taxes [$34m], interest income [$30m], all other sources [$25m], and insurance taxes [$18m]. Offsetting some of the lower CGFA estimates is the Commission's higher forecast of estate tax receipts [$44m].

The Commission's estimate of overall transfers is modestly lower by $20 million. The difference resides in lower expectations of combined miscellaneous transfers into the general funds.

At this time, the Commission is utilizing a similar outlook for federal sources as GOMB. Actual reimbursable spending, as well as Federal actions related to stimulus efforts that translate into direct assistance, could significantly impact the forecasts.

FY 2021 General Funds Revenue Comparison
CGFA March-21 vs. GOMB Revised Feb-21
(millions)

Revenue Sources	FY 2021 CGFA Revision March-21	FY 2021 GOMB Update Feb-21	$ Difference
State Taxes			
Personal Income Tax	$24,042	$24,008	$34
Corporate Income Tax (regular)	$3,457	$3,270	$187
Sales Taxes	$9,318	$9,302	$16
Public Utility (regular)	$767	$801	($34)
Cigarette Tax	$280	$288	($8)
Liquor Gallonage Taxes	$178	$176	$2
Vehicle Use Tax	$33	$32	$1
Inheritance Tax	$385	$341	$44
Insurance Taxes & Fees	$469	$487	($18)
Corporate Franchise Tax & Fees	$255	$250	$5
Interest on State Funds & Investments	$70	$100	($30)
Cook County Intergovernmental Transfer	$244	$244	$0
Other Sources	$541	$566	($25)
Subtotal	**$40,039**	**$39,865**	**$174**
Transfers			
Lottery	$745	$741	$4
Riverboat transfers and receipts	$0	$0	$0
Proceeds from sale of 10th license	$10	$10	$0
Refund Fund	$281	$281	$0
Other	$741	$765	($24)
Total State Sources	**$41,816**	**$41,662**	**$154**
Federal Sources [Base]	**$4,384**	**$4,384**	**$0**
Subtotal Federal & State Sources	**$46,200**	**$46,046**	**$154**
Nongeneral Funds Distribution:			
Refund Fund			
Personal Income Tax [9% '21]	($2,164)	($2,161)	($3)
Corporate Income Tax [14% '21]	($484)	($458)	($26)
Local Government Distributive Fund			
Personal Income Tax	($1,326)	($1,324)	($2)
Corporate Income Tax	($204)	($192)	($12)
Sales Tax Distribution to the PTF and DPTF	($429)	($429)	$0
Base General Funds	**$41,593**	**$41,482**	**$111**
Interfund Borrowing/Fund Reallocations	$0	$0	$0
Federal Stabilization/Municipal Liquidity Facility	$1,998	$1,998	$0
Total General Funds Revenues	**$43,591**	**$43,480**	**$111**

*Table excludes $400m of Treasurer's Investment Borrowing Nov-20 expected to be repaid by end of FY'21

CGFA FY 2022 General Funds Forecast [per Current Law]

As shown below, the Commission's FY 2022 base general funds forecast, per current law, is $40.396 billion. The projection represents a decline in base revenues of $1.197 billion, or a more pronounced drop of $3.195 billion if FY 2021's nearly $2 billion MLF borrowing is included in the comparison. The expected decline can be attributed to timing aspects related to the delayed spring 2020 final payments, and the impacts that this will have on year-over-year comparisons from FY 2020-22. In addition, higher than normal federal sources in FY 2021 are not expected to repeat, thereby resulting in another revenue line with projected year-over-year declines.

FY 2022 and Updated FY 2021 General Funds Revenue
CGFA Estimates [per Current Law]

($ millions)	FY 2022	FY 2021	Difference
Personal Income Taxes [Net]	**$20,106**	**$20,552**	**($446)**
Corporate Income Taxes [Net]	**$2,565**	**$2,769**	**($204)**
Sales Tax [Net]	**$9,018**	**$8,889**	**$129**
All Other State Sources	**$3,051**	**$3,222**	**($171)**
Transfers In	**$1,685**	**$1,777**	**($92)**
Federal Sources	**$3,971**	**$4,384**	**($413)**
Base General Funds	**$40,396**	**$41,593**	**($1,197)**
Interfund Borrowing/Fund Reallocations	**$0**	**$0**	**$0**
Federal Stabilization/Municipal Liquidity Facility	**$0**	**$1,998**	**($1,998)**
Total General Funds Revenues	**$40,396**	**$43,591**	**($3,195)**
*Table excludes $400m of Treasurer's Investment Borrowing Nov-20 expected to be repaid by end of FY'21			

While approximately $1.3 billion of income taxes were shifted from FY 2020 to early FY 2021, with another period of final payments from tax year 2020 expected in the next few months, FY 2021 benefited from essentially two final payment periods. FY 2022 will return to one final payment next spring, hence the drop in both personal and corporate income taxes.

Net personal income taxes are expected to total $20.106 billion in FY 2022. The forecast represents a net decline of $446 million, which reflects the timing impacts of the aforementioned delayed final payments into FY 2021. Timing elements aside, underlying base growth is a conservative 3%, a level likely to be achieved as the economy strengthens, employment levels improve, and personal income patterns normalize.

Net corporate income taxes are forecast to be $2.565 billion, which reflects a drop of $204 million from the FY 2021 revised estimate. Again, much of the drop is the result of timing related to delayed final payments which boosted FY 2021 receipts. Historically one of the most volatile revenue sources, sometimes deviating substantially from economic indicators, only minimal underlying growth is assumed next fiscal year.

CGFA FY 2022 Forecast (continued)

Net sales taxes are estimated to be $9.018 billion in FY 2022. The forecast reflects an overall modest increase of $129 million, which is just slightly better than average growth of approximately 2.8%--but is reduced by approximately $90 million related to P.A. 101-0032. Under that Act, beginning in FY 2022, the sales tax on motor fuel will gradually be redistributed from general funds to the Road Fund.

Combined, the other sources to the general funds are expected to total a net $3.051 billion. The outlook reflects an expected net decline of $171 million from the revised FY 2021 estimates. While the outlook for "other sources" is forecast to grow $38 million, that gain is offset with expected drops in public utility taxes [$16m], inheritance tax [$60m]—as receipts are expected to return to more historical levels, insurance taxes [$53m]—as volatile receipt patterns normalize, and corporate franchise tax [$70m]—the falloff the result of continued tax phase-out per P.A. 101-9 as well as earlier receipt pattern disruptions.

Transfers into the general funds are anticipated to total $1.685 billion in FY 2022, a decline of $92 million from FY 2021 levels. The falloff is expected due to lower Refund Fund transfers of approximately $131 million as well as $69 million less from other miscellaneous transfers. That decline is expected to be partially offset by the post-pandemic return of the gaming fund transfers [$98m] as well as a slight $10 million improvement in lottery transfers.

Federal sources are expected to be $3.971 billion in FY 2022, which reflects a drop of $413 million from the increased FY 2021 outlook. The decline is largely related to lower anticipated Coronavirus Relief Fund Reimbursements.

FY 2022 and Updated FY 2021 General Funds Revenue
CGFA Estimates [per Current Law]
(millions)

Revenue Sources	FY 2022 CGFA March-21	FY 2021 CGFA March-21	$ Difference
State Taxes			
Personal Income Tax	$23,584	$24,042	($458)
Corporate Income Tax (regular)	$3,240	$3,457	($217)
Sales Taxes	$9,486	$9,318	$168
Public Utility (regular)	$751	$767	($16)
Cigarette Tax	$272	$280	($8)
Liquor Gallonage Taxes	$179	$178	$1
Vehicle Use Tax	$30	$33	($3)
Inheritance Tax	$325	$385	($60)
Insurance Taxes & Fees	$416	$469	($53)
Corporate Franchise Tax & Fees	$185	$255	($70)
Interest on State Funds & Investments	$70	$70	$0
Cook County Intergovernmental Transfer	$244	$244	$0
Other Sources	$579	$541	$38
Subtotal	**$39,361**	**$40,039**	**($678)**
Transfers			
Lottery	$755	$745	$10
Riverboat transfers and receipts	$98	$0	$98
Proceeds from sale of 10th license	$10	$10	$0
Refund Fund	$150	$281	($131)
Other	$672	$741	($69)
Total State Sources	**$41,046**	**$41,816**	**($770)**
Federal Sources [Base]	**$3,971**	**$4,384**	**($413)**
Subtotal Federal & State Sources	**$45,017**	**$46,200**	**($1,183)**
Nongeneral Funds Distribution:			
Refund Fund			
Personal Income Tax [9% '21; 9.25% '22]	($2,181)	($2,164)	($17)
Corporate Income Tax [14% '21; 15% '22]	($486)	($484)	($2)
Local Government Distributive Fund			
Personal Income Tax	($1,297)	($1,326)	$29
Corporate Income Tax	($189)	($204)	$15
Sales Tax Distribution to the PTF and DPTF	($468)	($429)	($39)
Base General Funds	**$40,396**	**$41,593**	**($1,197)**
Interfund Borrowing/Fund Reallocations	$0	$0	$0
Federal Stabilization/Municipal Liquidity Facility	$0	$1,998	($1,998)
Total General Funds Revenues	**$40,396**	**$43,591**	**($3,195)**

*Table excludes $400m of Treasurer's Investment Borrowing Nov-20 expected to be repaid by end of FY'21

FY 2022 Outlook Comparison – CGFA and GOMB

As shown in the below table, the FY 2022 CGFA estimate of $40.396 billion is based on current law, while the GOMB forecast presented in the FY 2022 Budget Book totals $41.708 billion, but includes $1.497 billion of Governor proposed revenue initiatives [$932 million of "tax expenditure/loophole closures" and $565 million of redirected revenues from existing streams]. As such, comparing the CGFA and the GOMB FY 2022 estimates presents somewhat of a challenge. That being said, based simply on GOMB's presented forecast, the Commission's current law estimate is $1.312 billion less than the GOMB's forecast [with initiatives] of $41.708 billion.

In an attempt to offer a more meaningful comparison, the Commission has adjusted the GOMB estimate to "current law" levels, based on information provided in the FY 2022 Budget Book narratives. In doing so, the estimates close much of the gap, differing by $185 million, with the Commission's estimate per current law being higher than the adjusted GOMB forecast.

For ease of discussion, the table on page 44 presents the Governor's proposed revenue initiatives by type, as well as by revenue source. Obviously, should any of these items be implemented, the Commission's forecast would have to undergo adjustment.

FY 2022 General Funds Estimate Comparison CGFA [Current Law] vs. GOMB [With Revenue Initiatives]				GOMB Estimates ADJUSTED		
($ millions)	CGFA	GOMB	Difference	Less Initiatives	To Current Law	Difference
Personal Income Taxes [Net]	**$20,106**	**$20,151**	**($45)**	**($181)**	**$19,970**	**$136**
Corporate Income Taxes [Net]	**$2,565**	**$3,058**	**($493)**	**($636)**	**$2,422**	**$143**
Sales Tax [Net]	**$9,018**	**$9,518**	**($500)**	**($460)**	**$9,058**	**($40)**
All Other State Sources	**$3,051**	**$3,159**	**($108)**	**($30)**	**$3,129**	**($78)**
Transfers In	**$1,685**	**$1,851**	**($166)**	**($190)**	**$1,661**	**$24**
Federal Sources	**$3,971**	**$3,971**	**$0**	**$0**	**$3,971**	**$0**
Total	**$40,396**	**$41,708**	**($1,312)**	**($1,497)**	**$40,211**	**$185**

Governor's FY 2022 Proposed Revenue Initiatives
by Type and by Revenue Source

$ in millions

By Type

Proposed Tax Expenditure and Loophole Changes	
Tax Credit Limit for Private School Scholarships	$14
Rolling Back Federal TCJA 100% Accelerated Depreciation Deduction (PIT)	$38
Aligning the tax treatment of foreign-source dividends and GITI to domestic dividends	$107
Rolling Back Federal TCJA 100% Accelerated Depreciation Deduction (CIT)	$177
Capping the corporate NOL Deduction for next three years at $100K per year	$314
Eliminating the add-on income tax credits for construction job payroll expenditures	$16
Removing production related tangible personal property from the MM&E Exemption	$56
Cap Retailers' Discount	$73
Accelerating the expiration of the remaining exemptions for biodiesel	$107
Eliminating the repeal of the corporate franchise tax	$30
Subtotal:	**$932**

Redirection of Existing Revenue Streams	
Impact of Retaining 10% of PIT Revenues earmarked for the LGDF	$130
Impact of Retaining 10% of CIT Revenues earmarked for the LGDF	$22
Prorating at 90% the sales tax portion to Transportation Funds	$52
$100M increase to the portion of state sales tax sharing that is covered by the Road Fund	$100
Delaying the shift of motor fuel related sales taxes to Road Fund	$72
Transfer $50M from the Open Space Lands Acquisition and Develop. Fund to Gen Funds	$50
Transfer $40M from the School Infrastructure Fund to the General Funds by freezing FY22 New School Maintenance grants ($50K matching funds)	$40
Transfer $100M in cigarette tax revenues from the Capital Projects Fund to the GRF	$100
Subtotal:	**$565**
TOTAL IMPACT	**$1,497**

By Revenue Source

Personal Income Tax Related Changes	
Tax Credit Limit for Private School Scholarships	$14
Rolling Back Federal TCJA 100% Accelerated Depreciation Deduction (PIT)	$38
Impact of Retaining 10% of PIT Revenues earmarked for the LGDF	$130
Subtotal:	**$181**

Corporate Income Tax Related Changes	
Aligning the tax treatment of foreign-source dividends and GITI to domestic dividends	$107
Rolling Back Federal TCJA 100% Accelerated Depreciation Deduction (CIT)	$177
Capping the corporate NOL Deduction for next three years at $100K per year	$314
Impact of Retaining 10% of CIT Revenues earmarked for the LGDF	$22
Eliminating the add-on income tax credits for construction job payroll expenditures	$16
Subtotal:	**$635**

Sales Tax Related Changes	
Removing production related tangible personal property from the MM&E Exemption	$56
Cap Retailers' Discount	$73
Accelerating the expiration of the remaining exemptions for biodiesel	$107
Prorating at 90% the sales tax portion to Transportation Funds	$52
$100M increase to the portion of state sales tax sharing that is covered by the Road Fund	$100
Delaying the shift of motor fuel related sales taxes to Road Fund	$72
Subtotal:	**$461**

Corporate Franchise Tax Related Changes	
Eliminating the repeal of the corporate franchise tax	$30
Subtotal:	**$30**

Other Transfer Related Changes	
Transfer $50M from the Open Space Lands Acquisition and Develop. Fund to Gen Funds	$50
Transfer $40M from the School Infrastructure Fund to the General Funds by freezing FY22 New School Maintenance grants ($50K matching funds)	$40
Transfer $100M in cigarette tax revenues from the Capital Projects Fund to the GRF	$100
Subtotal:	**$190**
TOTAL IMPACT	**$1,497**

Detailed General Funds Revenue History FY 2013 - FY 2020 and Estimated FY 2021-22 [Current Law March-21]
($ millions)

Revenue Sources	Actual Receipts FY 2013	Actual Receipts FY 2014	Actual Receipts FY 2015	Actual Receipts FY 2016	Actual Receipts FY 2017	Actual Receipts FY 2018	Actual Receipts FY 2019	Actual Receipts FY 2020	Estimated Receipts FY 2021	Estimated Receipts FY 2022
State Taxes										
Personal Income Tax	$18,323	$18,388	$17,682	$15,299	$15,385	$20,784	$22,604	$21,657	$24,042	$23,584
Corporate Income Tax (regular)	3,679	3,640	3,129	2,334	1,610	2,607	3,026	2,596	3,457	3,240
Sales Taxes	7,355	7,676	8,030	8,063	8,043	8,256	8,897	8,691	9,318	9,486
Public Utility Taxes (regular)	1,033	1,013	1,006	926	884	896	863	831	767	751
Cigarette Tax	353	353	353	353	353	344	361	267	280	272
Liquor Gallonage Taxes	165	165	167	170	171	172	172	177	178	179
Vehicle Use Tax	27	29	32	30	30	28	31	26	33	30
Inheritance Tax (Gross)	293	276	333	306	261	358	388	283	385	325
Insurance Taxes and Fees	334	333	353	398	391	432	396	361	469	416
Corporate Franchise Tax & Fees	205	203	211	207	207	207	247	210	255	185
Interest on State Funds & Investments	20	20	24	24	36	79	145	137	70	70
Cook County Intergovernmental Transfer	244	244	244	244	244	244	244	244	244	244
Other Sources	462	585	693	534	685	641	669	725	541	579
Subtotal	**$32,493**	**$32,925**	**$32,257**	**$28,888**	**$28,300**	**$35,048**	**$38,043**	**$36,205**	**$40,039**	**$39,361**
Transfers										
Lottery	656	668	679	677	720	719	731	630	745	755
Gaming Fund Transfer [and related]	360	331	302	287	280	282	279	205	10	108
Other	688	1,113	2,012	627	552	1,186	1,035	1,606	1,022	822
Total State Sources	**$34,197**	**$35,037**	**$35,250**	**$30,479**	**$29,852**	**$37,235**	**$40,088**	**$38,646**	**$41,816**	**$41,046**
Federal Sources	**$4,154**	**$3,903**	**$3,330**	**$2,665**	**$2,483**	**$5,238**	**$3,600**	**$3,551**	**$4,384**	**$3,971**
Total Federal & State Sources	**$38,351**	**$38,940**	**$38,580**	**$33,144**	**$32,335**	**$42,473**	**$43,688**	**$42,197**	**$46,200**	**$45,017**
Nongeneral Funds Distribution:										
Refund Funds/Direct Deposits										
Personal Income Tax Refund Fund	($1,785)	($1,746)	($1,769)	($1,493)	($1,724)	($2,037)	($2,193)	($2,058)	($2,164)	($2,181)
Corporate Income Tax Refund Fund	(502)	(476)	(439)	(362)	(278)	(457)	(470)	(370)	(484)	(486)
Fund for Advancement of Education	0	0	(242)	(458)	(464)	0	0	0	0	0
Commitment to Human Services Fund	0	0	(242)	(458)	(464)	0	0	0	0	0
LGDF--Direct from PIT	0	0	0	0	0	(1,022)	(1,175)	(1,128)	(1,326)	(1,297)
LGDF--Direct from CIT	0	0	0	0	0	(133)	(167)	(145)	(204)	(189)
Downstate Pub/Trans--Direct from Sales	0	0	0	0	0	(446)	(488)	(436)	(429)	(468)
Subtotal General Funds	**$36,064**	**$36,718**	**$35,888**	**$30,373**	**$29,405**	**$38,378**	**$39,195**	**$38,060**	**$41,593**	**$40,396**
Change from Prior Year	$2,267	$654	($830)	($5,515)	($968)	$8,973	$817	($1,135)	$3,533	($1,197)
Percent Change	6.7%	1.8%	-2.3%	-15.4%	-3.2%	30.5%	2.1%	-2.9%	9.3%	-2.9%
Short-Term Borrowing/MLF	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$1,198**	**$1,998**	**$0**
Treasurer's Investments	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$750**	**$400**	**$400**	**$0**
Interfund Borrowing	**$0**	**$0**	**$454**	**$0**	**$0**	**$533**	**$250**	**$462**	**$0**	**$0**
Income Tax Bond Fund Transfer	**$0**	**$0**	**$0**	**$0**	**$0**	**$2,500**	**$0**	**$0**	**$0**	**$0**
Transfer to Commitment Human Services	**$0**	**$0**	**$0**	**$0**	**$0**	**$40**	**$0**	**$0**	**$0**	**$0**
FY'13/14 Backlog Payment Fund Transfer	**$264**	**$50**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Budget Stabilization Fund Transfer	**$275**	**$275**	**$275**	**$125**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Total General Funds	**$36,603**	**$37,043**	**$36,617**	**$30,498**	**$29,405**	**$41,451**	**$40,195**	**$40,120**	**$43,991**	**$40,396**
Change from Prior Year	$2,531	$440	($426)	($6,119)	($1,093)	$12,046	($1,256)	($75)	$3,871	($3,595)
Percent Change	7.4%	1.2%	-1.2%	-16.7%	-3.6%	41.0%	-3.0%	-0.2%	9.6%	-8.2%

ALL APPROPRIATED FUNDS REVENUE FY 2013 to FY 2020 & ESTIMATED FY 2021-22 [Current Law]
($ millions)

REVENUE SOURCES	ACTUAL RECEIPTS FY 2013	ACTUAL RECEIPTS FY 2014	ACTUAL RECEIPTS FY 2015	ACTUAL RECEIPTS FY 2016	ACTUAL RECEIPTS FY 2017	ACTUAL RECEIPTS FY 2018	ACTUAL RECEIPTS FY 2019	ACTUAL RECEIPTS FY 2020	Current Law Estimate FY 2021	Current Law Estimate FY 2022
State Sources										
CASH RECEIPTS:										
Personal Income Tax (gross)	$18,324	$18,388	$17,682	$15,301	$15,385	$20,785	$22,604	$21,658	$24,042	$23,584
Corporate Income Tax (gross)	$3,679	$3,640	$3,132	$2,339	$1,614	$2,610	$3,029	$2,599	$3,457	$3,240
Sales Taxes	$9,054	$9,451	$9,908	$9,073	$9,053	$9,297	$10,094	$9,937	$10,704	$10,960
Short-Term Borrowing	$0	$0	$0	$0	$0	$0	$0	$1,198	$1,998	$0
Fund Transfers	$2,689	$2,322	$2,882	$460	$849	$3,413	$4,236	$4,176	$3,821	$3,053
State Employees Retirement System	$1,875	$2,136	n/a	n/a	n/a	$2,607	$2,774	n/a	n/a	n/a
Corporate Personal Property Replacement Taxes	$1,690	$1,657	$1,786	$1,628	$1,922	$1,790	$1,935	$1,881	$2,245	$2,149
Health Care Provider Assessment Fees & Taxes	$1,656	$2,413	$1,961	$2,080	$2,238	$2,343	$2,496	$3,590	$3,936	$3,835
Public Utility Taxes	$1,564	$1,498	$1,510	$1,417	$1,423	$1,409	$1,415	$1,347	$1,328	$1,305
Motor Vehicle & Operators Licenses	$1,462	$1,511	$1,539	$1,552	$1,585	$1,483	$1,599	$1,458	$1,495	$1,515
Lottery Tickets & Licenses	$1,388	$1,341	$1,589	$1,308	$1,341	$1,510	$1,330	$1,164	$1,360	$1,380
Motor Fuel Tax (gross)	$1,292	$1,326	$1,326	$1,354	$1,348	$1,368	$1,351	$2,319	$2,369	$2,511
Cigarette Taxes	$856	$860	$862	$845	$782	$764	$769	$851	$911	$888
Riverboat Gambling Taxes & Fees	$579	$533	$520	$494	$489	$482	$469	$370	$205	$340
Revolving Funds	$544	$595	$606	$242	$678	$533	$666	$579	$560	$580
Insurance Tax & Fees	$442	$443	$466	$515	$519	$552	$512	$470	$609	$540
Inheritance Tax (gross)	$309	$294	$355	$325	$278	$381	$413	$301	$410	$346
Liquor Gallonage Taxes	$280	$280	$283	$288	$294	$296	$297	$303	$306	$308
Optional Health Insurance Deductions	$269	$404	$376	$352	$340	$332	$340	$345	$385	$390
County Intergovernmental Transfers	$244	$244	$244	$244	$244	$244	$244	$244	$244	$244
Hotel Tax	$221	$227	$257	$264	$273	$281	$296	$251	$96	$126
Corporate Franchise Tax & Fees	$213	$211	$219	$216	$215	$216	$257	$219	$260	$190
Tobacco Settlement	$133	$163	$120	$84	$105	$227	$138	$128	$115	$113
Investment Income	$37	$52	$52	$52	$83	$163	$256	$237	$110	$110
Cannibis Regulation Fund	$0	$0	$0	$0	$0	$0	$0	$52	$150	$182
Sports Wagering	$0	$0	$0	$0	$0	$0	$0	$7	$48	$70
Video Gaming Tax	$29	$137	$235	$302	$356	$417	$474	$444	$517	$713
Other Taxes, Licenses, Fees & Earnings	$4,153	$3,995	$4,186	$4,275	$4,583	$4,757	$4,322	$4,550	$5,253	$5,016
Total, State Source Cash Receipts	**$52,982**	**$54,121**	**$52,096**	**$45,010**	**$45,997**	**$58,260**	**$62,316**	**$60,678**	**$66,934**	**$63,688**
Transfers in from Other State Funds:	$316	$315	$493	$249	$219	$339	$456	$324	$681	$328
TOTAL, STATE SOURCES	**$53,298**	**$54,436**	**$52,589**	**$45,259**	**$46,216**	**$58,599**	**$62,772**	**$61,002**	**$67,615**	**$64,016**
Federal Sources	$16,252	$17,095	$18,722	$19,033	$18,523	$20,940	$19,468	$25,410	$26,378	$28,027
Sale of Bonds	$1,872	$4,244	$42	$1,084	$2,977	$8,342	$2,005	$1,975	$3,675	$3,205
TOTAL, REVENUES - APPROPRIATED FUNDS	**$71,422**	**$75,775**	**$71,353**	**$65,376**	**$67,716**	**$87,881**	**$84,245**	**$88,387**	**$97,668**	**$95,248**
Short Term Borrowing	$0	$0	$0	$0	$0	$0	$0	$1,198	$1,998	$0
TOTAL BASE REVENUE - ALL APPROPRIATED	**$71,422**	**$75,775**	**$71,353**	**$65,376**	**$67,716**	**$87,881**	**$84,245**	**$87,189**	**$95,670**	**$95,248**

DEVELOPMENT OF CGFA ESTIMATES

Econometric Firms—The Commission utilizes the services of IHS Markit, Moody's Analytics, and Consensus Economics Inc. They provide a wealth of economic measures and forecasts, both on a national and state specific basis, which are utilized to varying degrees during the estimating process.

Data Sources—The Commission utilizes actual receipt data via the Comptroller's warehouse. Additionally, tax collection data reports prepared by the IDoR, as well as employment and earning reports produced by the Bureau of Labor Statistics and IDES are also utilized, as are other pertinent data that may be necessary and available.

Forecasting models—Depending on the revenue source being forecasted, model complexity can range from the very simple to fairly complex. Several smaller sources with relatively low volatility need nothing more than simple trend analysis to produce accurate forecasts, while the estimates of the larger more economically driven revenue sources such as income and sales benefit from more sophisticated econometric models which utilize regressions and various time series techniques.

Application of Adjustments—Often times a base forecast must be adjusted by factors such as tax changes made at either the federal or state level that will disrupt historical receipt patterns, either by acceleration or delay. A clear example of this was seen during the pandemic as a one-time delay in the tax deadline date resulted in tax receipts shifting to other fiscal years. Also, as has been the case in recent years, impacts related to IDOR accounting procedures must also be included. These are usually one-time phenomena, but must be accounted for by adjusting the estimate. Examples include tax rates, credits, deductions, exemptions, amnesty, etc.

Review Process and Tests of Reasonableness— Before a forecast is presented, it must pass internal review. In other words, the forecast must make sense. Any questionable forecast is re-examined for error. Accuracy of the estimates is reviewed during each forecasting period and, if necessary, appropriate revisions to the models are made in an effort to improve accuracy.