Fiscal Focus

A Publication of the Illinois State Comptroller

DANIEL W. HYNES
COMPTROLLER

www.ioc.state.il.us

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In This Issue:

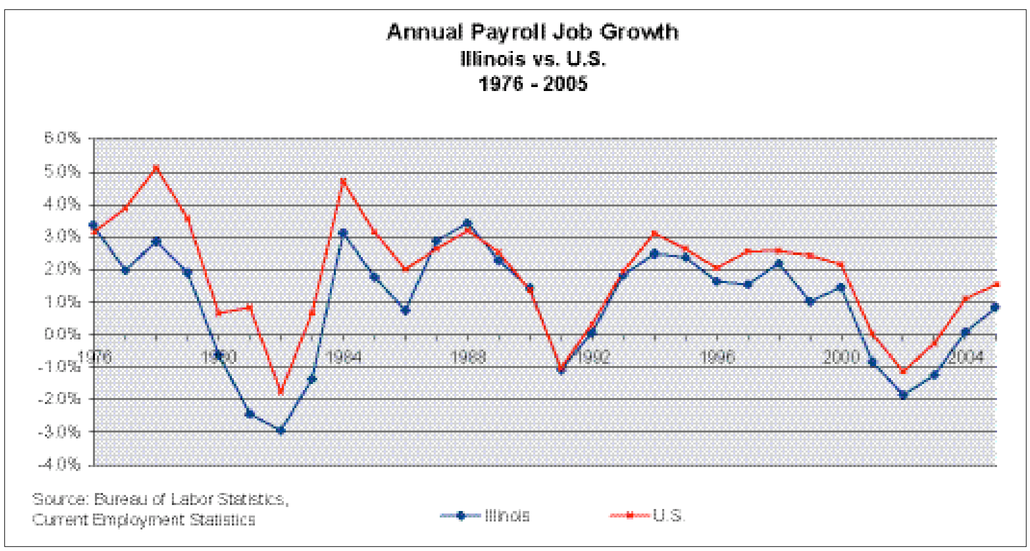
Jobs and Employment in Illinois' Economy

The health of the state's economy drives the fiscal position of state government as many of Illinois' revenue sources are dependent on a strong economic condition. For instance, individual income tax revenues are dependent on working Illinoisans earning good salaries, while the corporate income tax is tied to strong profits by corporations. Sales tax collections are driven by Illinoisans' purchases of tangible goods and a strong economy obviously allows people to spend more on these items. The structure of the state's economy has gone through many changes during the last few decades reflecting shifts in the global marketplace as has the national economy.

Job Growth

According to the U.S. Bureau of Labor Statistics (BLS), in 2005 there were 5.87 million nonfarm payroll jobs in Illinois based on surveys of businesses. Although jobs in Illinois were still below the high reached in 2000 of 6.05 million jobs, this was the second consecutive year of increases after three straight years of job losses.

For most of the last 30 years, Illinois has seen slow and steady growth in payroll jobs, with declines occurring in years associated with economic recessions, including four years of sharp declines in the early 1980s. According to BLS, Illinois had 4.57 million payroll jobs in 1976, which translates into an increase of 28.5% since that time.



The chart above shows annual growth in jobs in Illinois compared to growth in the U.S. economy. Over the last 30 years, the national economy suffered job losses in

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FROM THE COMPTROLLER

Dear Readers:

This issue of *Fiscal Focus* reviews a number of issues relevant to state government revenues. As Illinois and many other states develop new budgets for the upcoming fiscal year, estimates of the revenues likely to be available are a critical component of the deliberations.

The health of the national and state economies plays a key role in the flow of revenue to the state treasury. In general, when times are good businesses profit and jobs are plentiful. Not only do corporate and individual income tax collections increase, but sales tax collections also improve as greater numbers of workers have more income to spend for goods and services. However, the underlying structure of a state's economy, as well as state tax policies, can influence how much improved economic performance translates into increased state revenue. For example, while Illinois had an increase in nonfarm payroll jobs from 4.57 million in 1976 to 5.87 million in 2005, the manufacturing share of total jobs dropped from about a quarter to a tenth during the same period. The corresponding growth in the service sector was not accompanied by a change in basic state tax policies.

Other articles look at the tax revenues raised from lotteries and gaming, the impact of selected income tax credits, and what some other states have done regarding the sale or lease of state government assets.

Your comments about this or our other publications are always welcome. Your input can be directed to (217)782-6000 in Springfield, (312)814-2451 in Chicago, or via the web site at www.ioc.state.il.us.

Sincerely,

Daniel W. Hynes
Comptroller

Fiscal Focus

Fiscal Focus is one of the ways the Comptroller's Office strives to assist taxpayers and the people of Illinois. This report is designed to provide fiscal information of general interest.

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State Assets: Public or Private Control?

Although statistics show that revenues from income and sales taxes have had positive growth rates recently, states continue to face rising costs in areas such as health care and education that are outpacing the growth in base revenues. Many elected officials would prefer to fund government services without raising taxes, and state governments are looking at a broad array of ideas to raise revenues to balance state budgets. One method that has generated recent attention is the sale or lease of state assets.

Leasing Toll Roads

The governor of Indiana sought to raise funds for road and bridge projects by leasing the state's 157-mile Toll Road and received a bid of $3.8 billion for a 75-year lease from a partnership of Australian and Spanish companies. On March 14, 2006, the legislature narrowly approved legislation that gives the governor until June 30 to close the deal.

The Indiana Toll Road, designated for most of its length across northern Indiana as Interstates 80 and 90, generates about $100 million per year in toll and concession revenues. However, the Toll Road lost money in five of the last seven years primarily because tolls had not been raised in more than 20 years and road and bridge maintenance costs exceeded revenues.

The proposed lease would have the Australian-Spanish partnership pay Indiana $3.8 billion immediately, and be responsible

State Assets continued, page 4

Lady Luck Provides for the States

Gambling provides significant revenues in many states, with lotteries and casinos as the largest sources. According to the North American Association of State and Provincial Lotteries (NASPL), 40 states collected revenues from lotteries in fiscal year 2004. Although Illinois and other states have operated lotteries for over 30 years, new lotteries have continued to spring up in recent years, with Tennessee and North Dakota starting up lotteries in 2004 and North Carolina passing enabling legislation in 2005. Casinos (either commercial or racetrack) provided revenues to 13 states in 2004, not including Indian casinos, according to the American Gaming Association (AGA).

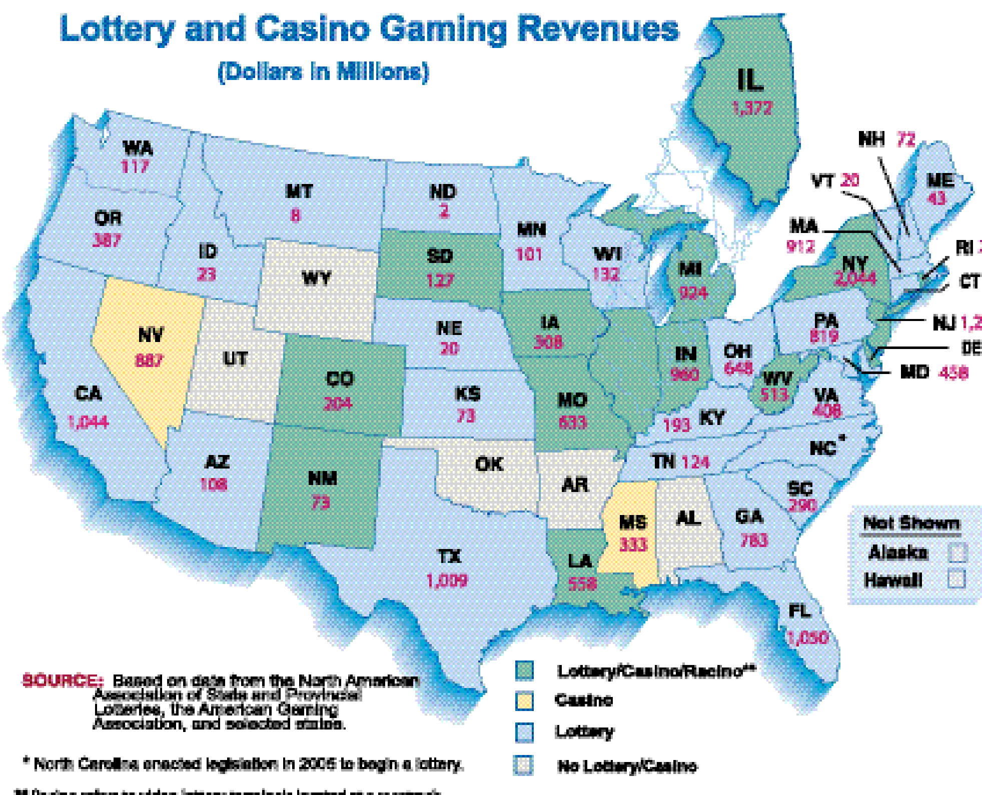
Gaming revenues often are targeted to specific programs. Many states, including Illinois, have earmarked gaming revenues for elementary and secondary education. Georgia, Kentucky, and New Mexico use a large amount of their lottery revenues to fund college scholarships. Colorado targets some of its revenues for environmental purposes. Pennsylvania directs its lottery revenues to programs for older residents. South Dakota uses revenues from its video lottery for property tax relief.

According to fiscal year 2004 data on lottery revenues to states, New York received approximately $1.9 billion in revenues, the highest among the states. Three other states received more than $1 billion – Florida, California and Texas. Illinois was 11th among the 40 states in lottery revenues, receiving approximately $570 million in fiscal year 2004.

The AGA reports that 11 states have commercial casinos within their borders. In calendar year 2004, casinos in Nevada reported the highest amount of gaming activity based on the number of casinos (258) and the casinos' gross revenues. New Jersey casinos were in second place in revenue production with only 12 casinos producing just under half of the gross revenues that Nevada reported. However, the tax rates vary significantly by state. The highest amount of gaming tax revenue for state and local governments in 2004 was collected in Nevada ($887 million); however, due to the relatively high tax rates here, Illinois reported almost $761 million in tax revenues to state and local governments – the 2nd highest total in the country.

Adding together the NASPL fiscal year 2004 state lottery revenue figures to the AGA statistics of the calendar year 2004 gaming tax revenues to state and local governments, it is apparent that the amount of gaming tax revenues collected varies widely among the states. The numbers provided in the graphic below do not directly correspond to a fiscal year since the AGA numbers are for a calendar year, but overlap enough to provide a general picture.

New York collected the most from its lottery and casinos in this timeframe, collecting more than $2 billion. Illinois was second among the states with $1.37 billion from the state's lottery and casino taxes. New Jersey was a close third with approximately $1.26 billion in revenues. At the low end of the states were Montana and North Dakota with less than $10 million in revenues from the states' lotteries in fiscal year 2004. ■



State Assets concluded from page 2

for maintenance, improvements, and other operating costs. In return, the partnership would keep all toll revenues collected. Toll rates will be frozen until the partnership installs electronic tolling, a process that could take from 12 to 15 months. Indiana officials maintain that the lease sets out conditions for the state to revoke the contract, if necessary, and resume operation of the Toll Road while still keeping the money.

Selling Student Loan Portfolios

In January the governor of Missouri proposed selling all of the assets of the Missouri Higher Education Loan Authority to raise revenues to fund college construction, a student scholarship endowment, and investments in biotechnology. This proposal to close down the agency through a one-time liquidation would have required the approval of the state legislature not only for the sale of the Authority, but also for the expenditure of the proceeds.

Faced with opposition from some legislators, economists and college loan officials, the Authority's Board of Directors instead voted to sell about 50% of their $5 billion portfolio of student loans through competitive bidding over the next 3 1/2 years. The Board noted that selling some of the assets would not require legislative approval, although lawmakers would have to vote on the expenditure of the proceeds.

The Board's proposal is complicated by the fact that in addition to selling $2.4 billion in consolidation loans, the Authority would continue to buy about $1.5 billion in new student loans to build its portfolio back up. If the Authority generates $2.55 billion from the sale, $2.4 billion would be used to retire some of its bond debt or to invest in new loans. The remainder of about $150 million, plus an estimated savings of $60 million from reduced bond debt, would allow the Authority to "turn over" $210 million to the state by September 2006. By selling off additional loans over a 3 1/2-year period, the state could receive an additional $240 million through 16 quarterly installments of $15 million each from December 31, 2006 to September 30, 2010. None of the Authority's 280 employees would have to be laid off under this proposal.

It is not clear at this time whether this proposal can be implemented. The Missouri Attorney General has questioned whether the state can legally accept the $450 million in proceeds because of the status of the Authority. It was created as a non-profit corporation, and the originating legislation states that money the Authority generates "shall not be part of the revenue of the state." In addition, some legislators are questioning if proceeds from the asset sale would have to be used exclusively for services under the Authority's student aid mission, or if they could be used for any other state projects.

On a smaller scale, in 2004 the Rhode Island Student Loan Authority sold a portion of its student loan portfolio totaling approximately $175 million to the National Education Loan Network, Inc. (Nelnet) for a total of $180 million. Nelnet also paid the Authority $8 million for its fixed assets and the exclusive rights to originate loans for ten years. The Authority, established as a state agency, not as a non-profit corporation, used most of the proceeds to pay off $175 million in bond indebtedness. Of the remaining $13 million, the Authority paid the state $5 million in March of 2004, $5 million in March of 2005, with the remaining $3 million (now in an escrow account) due to be paid in March of 2007.

Public-Private Partnerships for New Capital Assets

Instead of using existing assets to obtain a quick infusion of private funds, some states are addressing their budget problems by experimenting with various types of public-private partnerships to develop capital assets using fewer public monies.

For example, Arizona implemented a Privatized-Lease-to-Own (PLTO) system in which a private developer financed the construction on state-owned property of two new buildings that the state would lease for 25 years with payments less than or equal to its current lease costs. Since the buildings are expected to have a life of 50 years, the state would occupy the buildings rent free for the second 25-year period. Arizona agencies moved into the buildings in 2002 and state officials are pleased that no up-front capital appropriations were required, the developer provided all of the financing (the state did not have to back the bonds), and the state will own a $100 million asset at the end of the lease.

Texas has signed an agreement with Cintra-Zachary, a Spanish-U.S. conglomerate, to develop the first 316-mile segment of the I-35 Trans Texas Corridor. This controversial project would cut a 1,200 foot-wide swath through central Texas with 6 passenger lanes, 4 truck lanes, 6 rail tracks for passenger and freight trains, and a 200-foot wide utility zone for water, electric, natural gas, petroleum, and telecommunications lines. It is estimated that the first segment will require $6 billion in private financing to design, build and operate, and Cintra-Zachary will pay Texas $1.2 billion for the right to collect tolls along the corridor for 50 years. Texas officials are hopeful that the infusion of private funds will enable them to build projects they could not afford to do on their own, and to build them more quickly than traditional methods of financing allow. ■

The Public Accountability Report: A Fiscal Responsibility

As the State's Chief Fiscal Officer, Comptroller Daniel W. Hynes has pledged his commitment to improving the accountability of state governmental agencies to the public they serve. This involves not only making sure that state resources are spent for the proper purposes, but also reporting on the efficiency, effectiveness, and outcomes of government programs. The Comptroller launched the Public Accountability Project in the belief that state government should be customer oriented, provide the most efficient services possible and be accountable to taxpayers.

Traditional governmental financial reporting and budgeting are designed to report to the public about how financial resources are acquired and used by governments, and to ensure that resources made available to state agencies are used in accordance with enacted laws. Traditional reporting addresses questions such as: How much revenue was received and how much was spent? How many people were employed by state government, or how much was spent for telephones and computers? How much was spent on education, or how many miles of highways were constructed?

Missing from the traditional financial reports, however, is a review of how well state agencies use their resources to provide the programs and services established in the laws and policies set by elected officials. What, in the broadest sense, did taxpayers get for the tax dollars spent? Are resources used effectively? Are children well schooled? Are highways safe and efficient? Is the environment being kept clean?

Service Efforts and Accomplishments

One method for answering such questions is Service Efforts and Accomplishments (SEA) reporting as advocated by the Governmental Accounting Standards Board (GASB), the agency designated to set standards for financial reporting by state and local governments. Recognizing the incompleteness of traditional financial reporting, the GASB proposed an initiative to stimulate SEA reporting by state and local governments. The goal of SEA reporting is to improve financial reports by linking information on the performance of government programs with the usual financial data. SEA reporting is in its experimental stages and the GASB is monitoring the experimentation by governments under their purview before issuing standards. At present, no generally accepted standards have been set for performance measures. However, Illinois has been designated (and now redesignated) by the GASB as an official "experimentation site" for SEA reporting.

The Goals of the Public Accountability Project

- Make state government more result-oriented.
- Increase public awareness of the degree of efficiency of state government programs.
- Facilitate informed decision-making on the allocation of state resources.
- Increase public accessibility to information about state government programs.

Information Included in the Report

The Comptroller's Office publishes an annual *Public Accountability Report* that includes information on the programs administered by state agencies. The report contains the following:

Program Table - The first part is an agency table that summarizes all programs administered by the agency along with the resources (or efforts), in terms of expenditures and staffing, dedicated to them.

Agency Narrative - The narrative gives the reader a brief description of the agency's mission, organization and performance. This overview helps to place the program descriptions in context.

Data Table -The third section is a table containing data on each program including:

A *Mission Statement* that gives a brief description of the purpose of the program; *Program Goals* or broad statements of the overall outcomes that the program is designed to accomplish; *Objectives* that provide measurable targets describing the results that the program is expected to accomplish during the fiscal year; *Input Indicators* that measure the "effort" put into the program, usually measured by actual expenditures and staffing; *Output Indicators* or activity measures, generally presenting the number of items or services produced; *Outcome Indicators* or measures of how well the program has addressed the stated goals, i.e., the program's "accomplishments"; and *Efficiency/Cost-Effectiveness Indicators,* which are measures of costs per unit of outputs or outcomes. Both Outcome and Efficiency/Cost Effectiveness Indicators may also include "External Benchmarks" or comparisons to similar programs in other states (or a national/regional average or ranking).

The fiscal year 2005 report includes 59 agencies that accounted for a significant part ($43.3 billion or 90.2%) of the $48 billion in appropriated expenditures made during fiscal year 2005. The report is available at www.ioc.state.il.us ■

A Look at Selected Income Tax Credits

The Illinois personal income tax is a broad-based tax with a limited number of deductions and credits. Starting with federal adjusted gross income (AGI), the major subtractions are the $2,000 standard exemption for taxpayers and their dependents, an additional exemption for the blind and elderly, social security and retirement income, and military pay.

Since the state income tax was enacted in 1969, three major credits have been established against this tax base, a property tax credit, an education expense credit and an earned income tax credit.

Property Tax and Education Expense Credits

Income tax relief for property taxes on the taxpayer's principal residence is currently provided by a 5% residential property tax income tax credit. The education expense credit enables a taxpayer who is the parent or guardian of one or more qualifying kindergarten through 12th grade students to receive a credit equal to 25% of qualified education expenses such as tuition, book fees, or lab fees. The total credit a family can claim is limited to $500.

Earned Income Tax Credit

The earned income tax credit (EIC) is equal to 5% of the federal earned income tax credit. The federal credit was established in 1975 as a means to decrease the tax burden of low income workers, while providing an incentive to remain in the labor force. Federal credits are adjusted each year. For the 2004 tax year, the earnings cap varied from $11,490 for single individuals with no children with a maximum federal credit of $390 for this category to an earnings cap of $35,458 with a maximum federal credit of $4,300 for married taxpayers with two or more children. Beginning with the 2003 tax year, any Illinois EIC credit in excess of tax liability may be refunded to the taxpayer.

Two examples will show how the state EIC reduces the state income tax burden on low income working families. Assume a family of one adult and two qualifying children had $15,000 of exclusively earned (wage and salary) income in 2004. Without the EIC, the tax liability from the 3% state income tax after deducting $6,000 for three standard exemptions would be $270 for an effective tax rate of 1.80%. The federal EIC would allow a $4,103 tax credit. The 5% state EIC credit of $205.15 would reduce the state income tax liability to $64.85 and the effective tax rate to 0.43% (see table). Increasing the family by one adult and raising the income to $25,000 reduces the state credit to $110.40 and the reduction in the effective tax rate from 2.04% to 1.60%.

EIC and Effective Tax Rate Examples

Family with 2 adults and 2 qualifying children Income $25,000, all earned	W/O EIC	W/ EIC
Income	$25,000.00	$25,000.00
Standard Deduction	$8,000.00	$8,000.00
Net Income	$17,000.00	$17,000.00
Illinois Tax	$510.00	$510.00
Federal EIC		$2,208.00
Illinois EIC		$110.40
Tax after Credit		$399.60
Effective Tax Rate	2.04%	1.60%

Family with 1 adult and 2 qualifying children Income $15,000, all earned	W/O EIC	W/ EIC
Income	$15,000.00	$15,000.00
Standard Deduction	$6,000.00	$6,000.00
Net Income	$9,000.00	$9,000.00
Illinois Tax	$270.00	$270.00
Federal EIC		$4,103.00
Illinois EIC		$205.15
Tax after Credit		$64.85
Effective Tax Rate	1.80%	0.43%

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Selected Tax Credit Liability by Adjusted Gross Income, 2004

AGI Bracket	Total Number of Tax Returns	%	Adjusted Gross Income	%	Property Tax Credit	%	Earned Income Tax Credit	%	Education Credit	%
< $25,000	2,276,170	40.3%	$20,520,113,434	5.1%	$26,735,662	6.5%	$64,990,151	91.6%	$3,436,057	5.1%
$25,000 to $50,000	1,362,736	24.1%	$49,638,458,723	12.4%	$66,764,363	16.1%	$5,936,532	8.4%	$12,096,209	17.8%
$50,000 to $100,000	1,327,827	23.5%	$93,860,119,348	23.5%	$152,552,844	36.9%	$0	0.0%	$27,064,082	39.9%
$100,000 to $200,000	687,187	12.2%	$235,519,287,617	58.9%	$104,242,581	25.2%	$0	0.0%	$17,664,562	26.0%
> $200,000					$63,309,852	15.3%	$0	0.0%	$7,643,119	11.3%
Total	5,653,920	100.0%	$399,537,979,122	100.0%	$413,605,302	100.0%	$70,926,683	100.0%	$67,904,029	100.0%

State Government Employment

As mentioned in the cover story, state government employment only represented a small portion of total nonfarm payroll jobs in Illinois in 2005. As seen in the accompanying graph, state government employment at the end of fiscal year 2005 was at its lowest point in the last thirty fiscal years. The graph reflects headcount at all state agencies and includes full time, part time, temporary and summer employees. At the end of fiscal year 2005 there were 72,646 state employees, 6.8% below the headcount at the end of 1976. This is significantly different from the 28.5% growth in total nonfarm payroll jobs in Illinois and 12.5% growth in Illinois' population during the same time period.

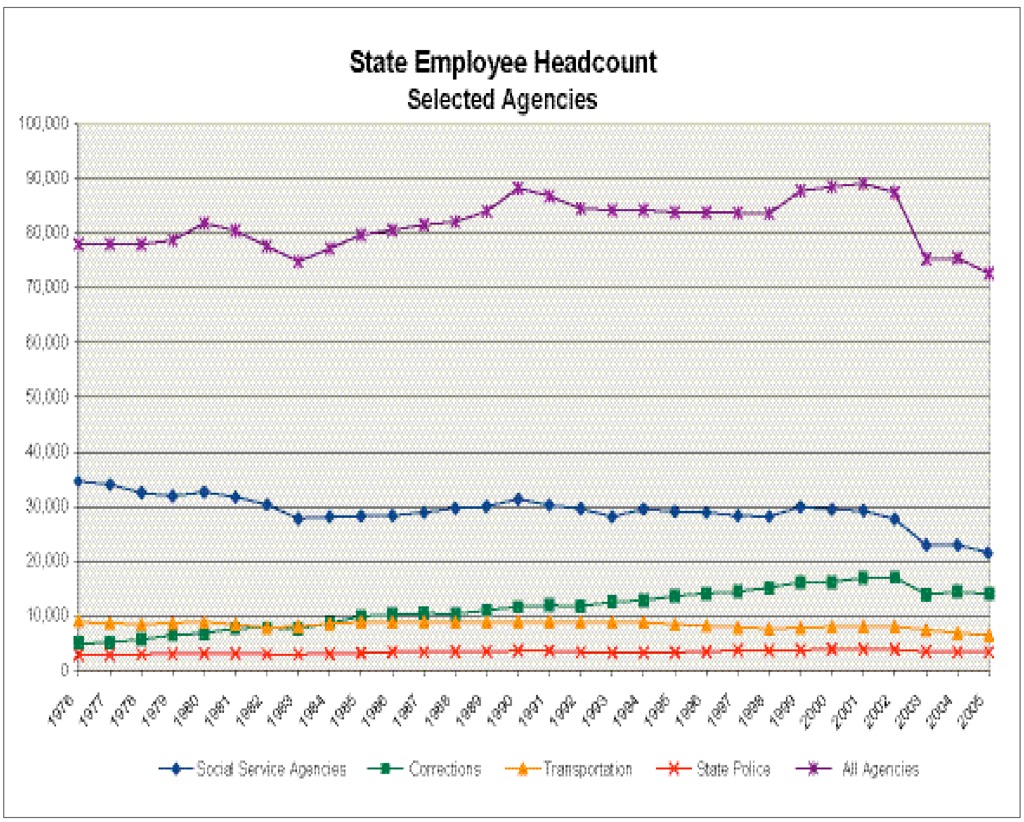
The graph shows that other relative low points occurred in the early 1980s and 1990s following recessions that impacted state revenues. The highest number of state employees over the thirty-year time period shown occurred only four fiscal years prior to 2005 in 2001 with 89,097. The 16,451 decline from 2001 to 2005 is 18.5%.

The largest factor in the recent decline was the Early Retirement Incentive (ERI) which allowed members of the State Employees' Retirement System to purchase up to five years of service and age enhancement and then leave state employment during the end of calendar year 2002. Between the end of fiscal year 2002 and fiscal year 2003, state employee headcount declined by 12,175.

The graph also shows headcount trends in four major areas of state employment. Social Service agencies account for the largest number of state employees with 21,564 or 29.7% of total employees in fiscal year 2005. Social Service agencies used to account for a much larger portion of total state employee headcount with 44.5% of all state workers falling under this umbrella of agencies in 1976. The decrease during this time period was 37.7%. Social service agencies include the current Departments of Human Services, Public Aid/Healthcare & Family Services, Children & Family Services, Public Health and Aging as well as the former Departments of Mental Health, Rehabilitation Services and Alcoholism and Substance Abuse. These agencies were combined for comparative purposes due to the shuffling of responsibilities over the past 30 years.

The Department of Corrections is the second largest state employer with 14,003 in fiscal year 2005. This is a substantial decrease from the 17,047 correctional workers in fiscal year 2002. However, over the thirty-year period examined, Corrections has had the biggest jump in state employees with only 4,898 state correctional employees in fiscal year 1976 – an increase of 185.9%. Corrections accounted for 6.3% of the state workforce in 1976 compared to 19.3% in 2005. Together, Corrections and the Social Service agencies account for 49.0% of state employees.

Other large state agencies identified in this graph in terms of employee headcount include the Department of Transportation and State Police. Transportation's headcount totaled 8,809 at the end of fiscal year 1976, but had fallen to 6,406 at the end of fiscal year 2005, a decrease of 27.3%. State Police increased from 2,877 employees at the end of fiscal year 1976 to 3,401 employees at the end of 2005, an increase of 2.3%. ■



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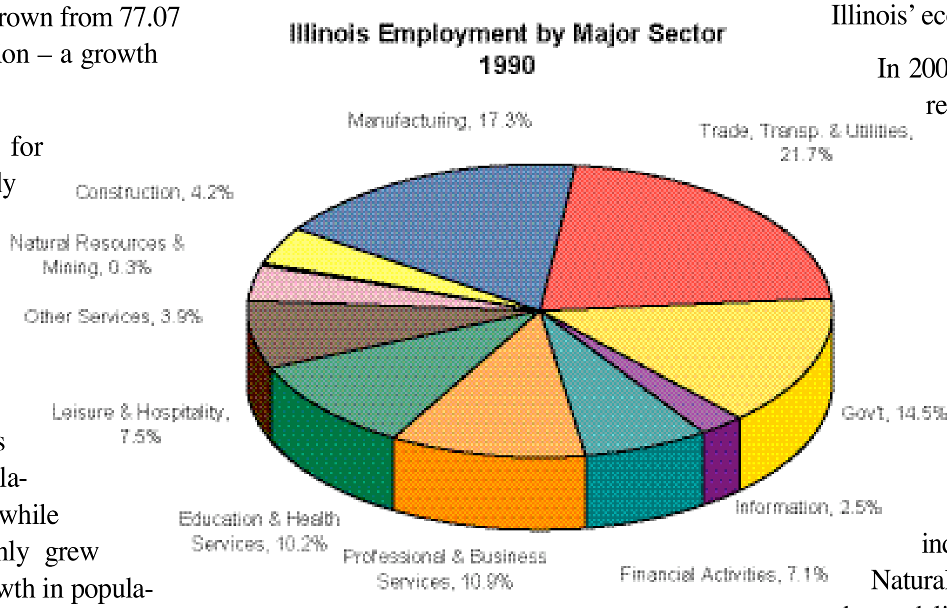
many of the same years that Illinois did, but during years of growth (particularly in the 1970s and 1980s), Illinois' growth did not reach the same levels seen nationwide. In the 1990s, job growth in Illinois kept up a similar pace, but has fared a little worse than the nation's in more recent years. Over the last 30 years, nonfarm payroll jobs in the U.S. have grown from 77.07 million to 133.46 million – a growth of almost 68%.

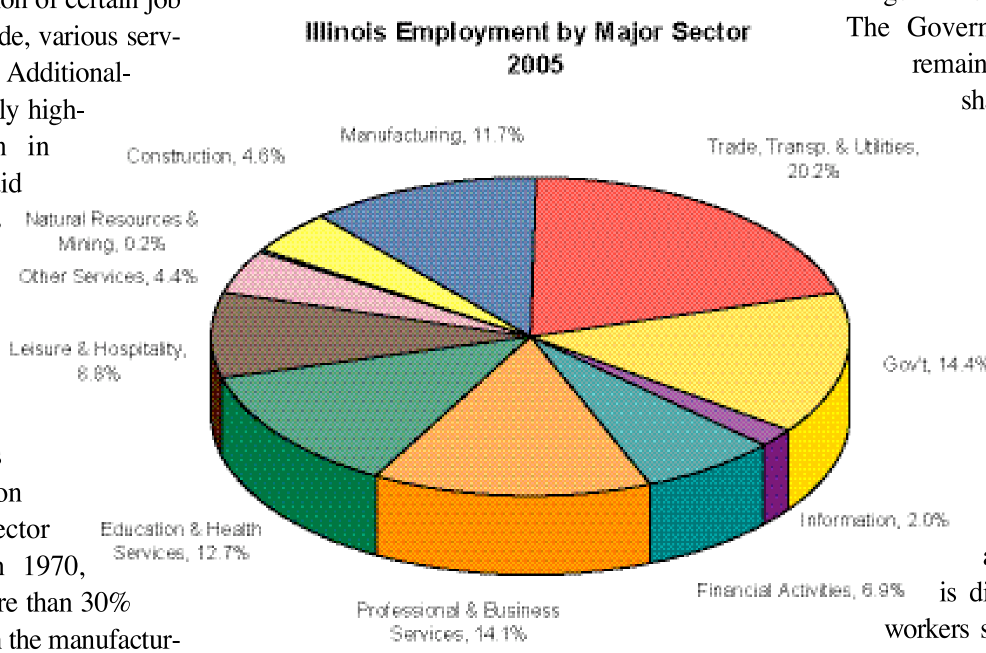
One major reason for faster growth nationally between 1976 and 2005 is the slower rate of population growth in Illinois compared to other states. According to the U.S. Census Bureau, the U.S. population grew by 35.5% while Illinois' population only grew by 12.5%. Strong growth in population supports the creation of certain job types such as retail trade, various services, and construction. Additionally, Illinois had a slightly higher job concentration in industrial sectors that did not grow during this time period.

Structure of Illinois' Economy

As one of the Great Lakes states, Illinois was highly dependent on the manufacturing sector for many years. In 1970, according to BLS, more than 30% of Illinois' jobs were in the manufacturing sector, while 27% of jobs were in manufacturing nationwide. Although manufacturing jobs are considered to be higher paying jobs, they also are perceived to be more susceptible to recession. Indeed, during the recessions over the last 30 years, Illinois' manufacturing sector downsized, and as a result, Illinois' manufacturing sector only encompasses 11.7% of all jobs today.

The accompanying pie charts show the breakdown of the state's jobs by major sector in 1990 and 2005 according to the Bureau of Labor Statistics (BLS) using the North American Industry Classification System (NAICS). BLS switched over to the NAICS in 2003 and revised detailed jobs data going back to 1990. Although this limits the time frame during which to make direct comparisons due to some job sector reclassifications, the NAICS conversion allows a more detailed breakout of jobs, including the service sector which was lumped under the simple heading of services prior to the change. NAICS also tries to more accurately classify employees according to job function. Even looking at this smaller time frame, the shifts in Illinois' economy are evident.





In 2005, the manufacturing sector represented only 11.7% of Illinois jobs, down from 17.3% in 1990, as manufacturing jobs dropped from approximately 915,000 to about 689,000 in 2005 – a drop of 24.7% during the last 15 years. The relative size of the other goods-producing industries – Construction and Natural Resources & Mining – has changed little over the last 15 years. The Government sector also has remained fairly constant as a share of total employment.

There was a large growth in the proportion of service jobs in the Illinois economy. Even during this relatively narrow time frame most of the growth in jobs occurred in these areas. The service sector is diversified, encompassing workers such as retail trade store and utility employees, attorneys, engineers, mechanics, and nurses.

Over the last 15 years, the Trade, Transportation & Utilities sector remained fairly constant as a share of total employment. The Information and Financial Activities sectors fell slightly as a share of all payroll

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jobs, with the Information sector (which includes media, publishing and telecommunications jobs) losing jobs. The number of Financial Activities sector jobs increased during this time, though not as rapidly as other sectors.

The bulk of growth has been in the remaining service-producing sectors. These include Professional & Business Services (including occupations such as accounting, attorneys, engineers and consultants), Education & Health Services (doctors and other health care providers, private university staffs), Leisure & Hospitality (which includes hotel and restaurant employees), and Other Services (which includes jobs such as mechanics, hairdressers, and charitable organization employees). The strongest job increases since 1990 were in the Professional & Business Services sector.

The accompanying table listing the 50 Top Illinois Private Sector Companies (ranked by employees) illustrates the strength of the various job sectors. According to this list, Jewel and Wal-Mart are the two largest employers in the state, each employing more than 30,000 people; these jobs are primarily counted under the Trade sector. Several large health care groups and private universities are among the largest employers in the state – Advocate Health Care Network, University of Chicago, Rush University Medical Center, and Northwestern University – and would be primarily counted under the Education & Health Services sector. Traditional large Illinois manufacturers – such as Caterpillar Inc. and Deere & Company – employ far fewer people than many of the largest retail trade and health care groups. Other large employers include those primarily counted in the Financial Activities sector – such as J.P. Morgan Chase, State Farm, Allstate and La Salle Bank N.A.

Top Illinois Private Sector Companies
(Ranked by Size)

COMPANY	EMPLOYEES	COMPANY	EMPLOYEES	COMPANY	EMPLOYEES
Jewel Food Stores Inc.	36,300	Dominicks	10,600	Alexian Brothers	5,700
Wal-Mart Stores Inc.	32,800	Target Corporation	10,400	Northern Trust Group	5,400
Advocate Health Care Network	25,200	Allstate Insurance Company Inc.	10,300	AON	5,300
United Parcel Service, Inc.	20,000	Walgreen Co.	10,250	Harris Trust & Savings Bank	5,200
Sears Roebuck and Co. Inc.	19,600	La Salle Bank N. A.	9,400	Kohls	5,200
Caterpillar Inc.	18,100	Rush University Medical Center	8,500	Northwestern Memorial Hospital	5,200
SBC Communications	17,000	J.C. Penney Corporation, Inc.	7,900	R R Donnelley & Sons Company	5,100
Archdiocese of Chicago	15,500	Deere & Company	7,700	Loyola University Health System	5,000
J.P. Morgan Chase	15,300	Provena Health	7,600	Lucent Technologies Inc.	4,900
UAL Corporation	15,200	O S F Healthcare System	7,500	Lutheran General Hospital	4,900
Motorola	15,000	Northwestern University	7,200	Baxter International	4,800
Hewitt Holdings LLC	14,000	Evanston Northwestern Healthcare/Evanston Hospital	7,000	Fed-Ex	4,700
Abbott Laboratories	13,750	Exelon	6,700	Illinois Tool Works Inc.	4,600
State Farm Insurance Company	13,000	Menard, Inc.	6,200	Ameren Corporation	4,400
University of Chicago	13,000	Resurrection Health Care	6,000	B P America Inc.	4,400
Home Depot U.S.A., Inc.	11,000	McDonalds	5,900	Comcast	4,400
American Airlines, Inc.	10,800	HSBC	5,800	Tribune Company	4,400

Source: Crain's Chicago Business, Illinois Department of Employment Security, and Dun & Bradstreet as reported by the Department of Commerce and Economic Opportunity.

Updated: June, 2005

Structure of the United States Economy

The shifts in the relative importance of the different job sectors are not isolated to Illinois. The national economy has undergone similar shifts in the last few decades. The pie chart on page 10 demonstrates the breakout of jobs by sector nationally as of 2005. Whereas Illinois once was more dependent on manufacturing than the nation as a whole, it is apparent from comparing the Illinois and U.S. employment charts that Illinois' economy has shifted to very closely mirror the national economy.

Illinois remains slightly more dependent on manufacturing than the nation as a whole (only 10.7% of U.S. jobs are in manufacturing compared to 11.7% in Illinois). Illinois' relative Trade, Transportation and Utilities sector is slightly larger than the nation as a whole, as is Illinois' Financial Activities sector. Among the growing service sectors, Illinois has a slightly higher share of Professional & Business Service jobs and slightly smaller share of Leisure & Hospitality jobs than the U.S.

Illinois has a noticeably smaller Government sector, largely due to a relatively small state government sector (only 2.6% of all jobs are classified by BLS as state government jobs in Illinois compared to 3.8% nationally). The Construction and Mining sectors are also smaller in Illinois than nationwide.

Reduction in Manufacturing Jobs

As noted earlier, both Illinois and the nation as a whole had large manufacturing

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sectors at the beginning of the 1970s. As changes occurred in the global economy over the last four decades, manufacturing plants have moved between states or moved to other countries. Additionally, advances in technology enabled workers to become more productive, allowing companies to use fewer workers.

The change in classification system used by BLS makes it difficult to compare the manufacturing sector data for Illinois from the 1970s to more recent data. For instance, the 2005 manufacturing jobs number was more than a 40% reduction in the total number of manufacturing jobs reported by BLS in 1976 under the earlier system. A portion of the drop since 1976 is attributable to NAICS moving some jobs previously classified as manufacturing to other sectors, such as Information or Professional and Business Services. However, the annual growth numbers across the old and new systems are consistent in the years where analysis overlaps and therefore can be used to compare the growth and/or decline in Illinois manufacturing employment to that found nationally.

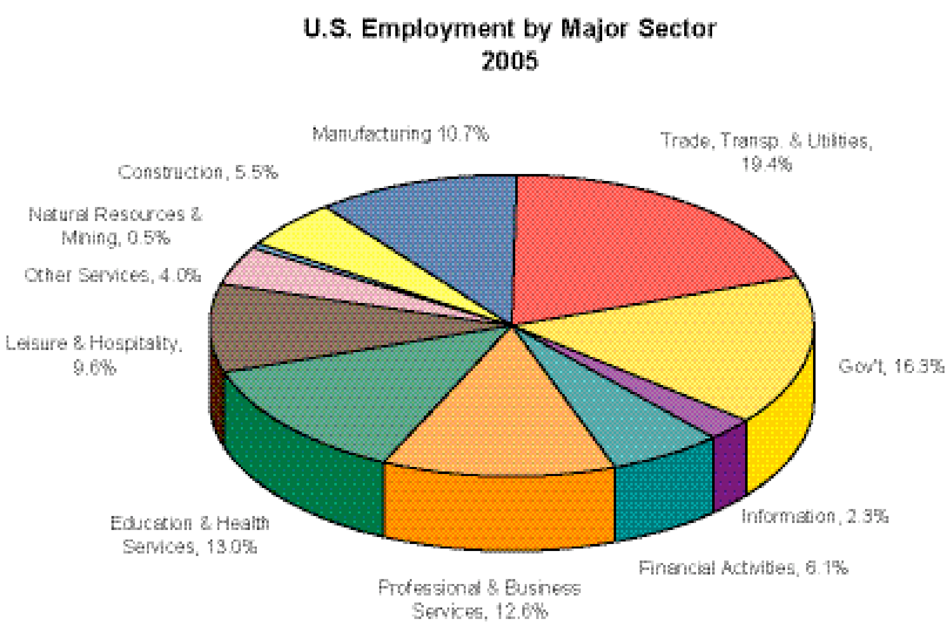
The graph on page 11 illustrates the annual growth rate in manufacturing jobs in Illinois and the United States. It is apparent from this chart that employment in the manufacturing sector has been on a general decline since the mid-1970s. The early 1980s were more difficult for Illinois' manufacturing sector than the nation as a whole, including one year where more than 10% of Illinois' manufacturing jobs were lost. Additionally, in Illinois and nationwide, the manufacturing sector has shrunk every year since 1999.

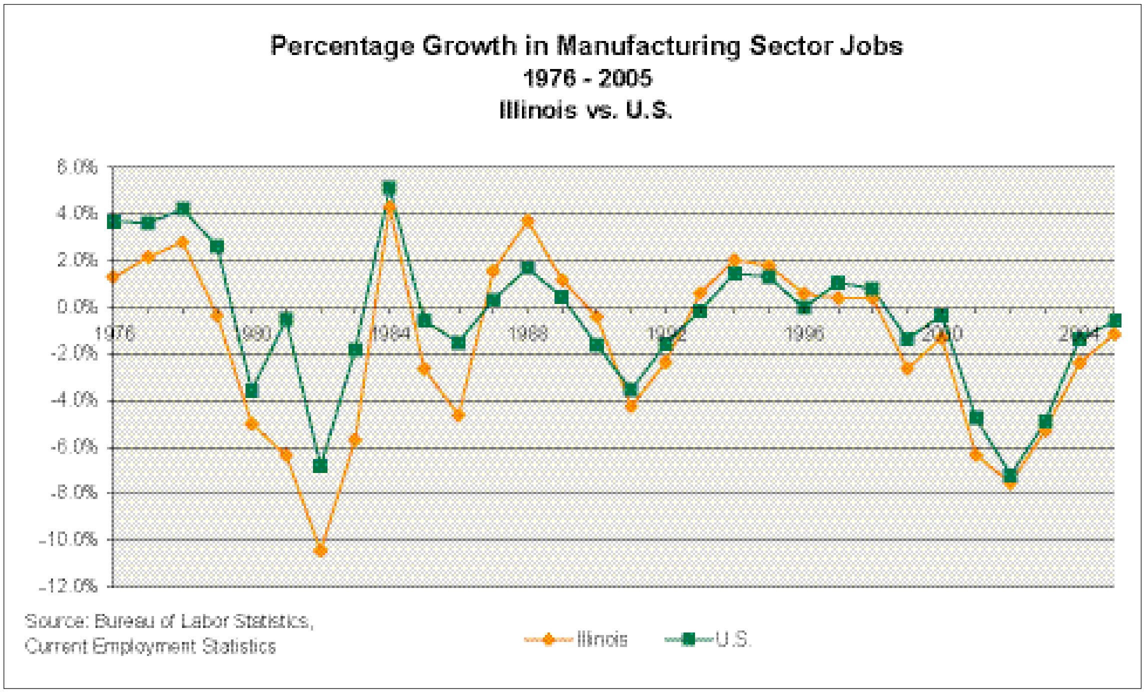
During eight of the last 30 years, Illinois' growth in manufacturing employment exceeded the national rate – in the late 1980s and the early 1990s – but only by a small amount. In general, however, Illinois' growth/decline has closely mirrored the national pattern. It is interesting to note that Illinois offered its first business incentive in 1979 (a sales tax exemption on manufacturing equipment), then continued to offer more incentives in the 25 years since then – with seemingly little impact on the relative growth rate of Illinois manufacturing employment.

Condusion

Illinois has a broadly diversified economy which over the last 30 years has undergone significant shifts in employment similar to changes seen in the entire United States. As of the end of 2005, Illinois had an employment base that closely mirrored that of the national economy. Although job growth has been somewhat weaker than what was seen nationally over the last 30 years, it was still strong relative to the state's population growth.

The striking shifts in Illinois' economy over the last 30 years or even since 1990, merit notice by the state's policy makers. It appears from this review that past or current tax policies and credits aimed at Illinois' manufacturers benefit a diminishing number of firms and employees and do not appear to have made a significant difference relative to the evolution of the employment sectors in the United States as a whole. As the economy has changed, the service sector has increased in importance as Illinois' citizens demand more services such as health care, education, financial advice, and leisure. The growth is likely to remain concentrated in these areas as these jobs tend to be worker intensive and require direct interaction with people. These shifts should be taken into account as changes to the state's economic development policies and revenue structures are discussed in the coming years. ■





Top Five Public and Private Employers by Region

Employer	Employees
Northwest Region	
Deere & Company	8,250
Rock Island Arsenal	6,400
Wal-Mart	4,500
Trinity Medical Center	2,650
Tyson Fresh Meats	2,400
West Central Region	
Western Illinois University	2,200
Blessing Hospital	2,000
Methode Electronics	1,500
Farmland Foods, Inc.	1,265
Quincy School District	1,250
Southwestern Region	
Scott Air Force Base	13,000
Wal-Mart	4,000
Olin Corp	3,500
United States Steel Corp	3,000
Southern Illinois University	2,300
Northeast Region	
US Government	57,600
Chicago Public Schools	49,300
City of Chicago	39,675
Jewel-Osco	34,000
Cook County	25,450

Employer	Employees
Northern Stateline Region	
Rockford Memorial Health Services	4,400
Rockford School District #205	4,100
Swedish American Hospital	2,900
Hamilton Sundstrand Corp.	2,600
Daimler-Chrysler	2,000
Central Region	
State of Illinois	22,700
Archer Daniels Midland Company	3,400
St John's Hospital	3,400
Wal-Mart	3,200
Memorial Medical Center	3,200
Southern Region	
Southern Illinois University	4,600
Wal-Mart	2,600
Southern Illinois Hospital Service	2,000
Continental Tire	2,000
Champion Laboratories, Inc.	1,700

Employer	Employees
North Central Region	
Caterpillar	18,000
State Farm Insurance	14,000
Methodist Medical Center	7,000
OSF Healthcare	6,000
St. Francis Medical Center	5,000
East Central Region	
University of Illinois	9,900
Carle Clinic	2,400
Carle Foundation Hospital	2,100
Provena Covenant Medical Center	1,800
Wal-Mart	1,500
Southeast Region	
Wal-Mart	3,400
North American Lighting	2,200
Eastern Illinois University	1,850
R R Donnelley Printing Company	1,600
Sarah Bush Lincoln Health Center	1,275

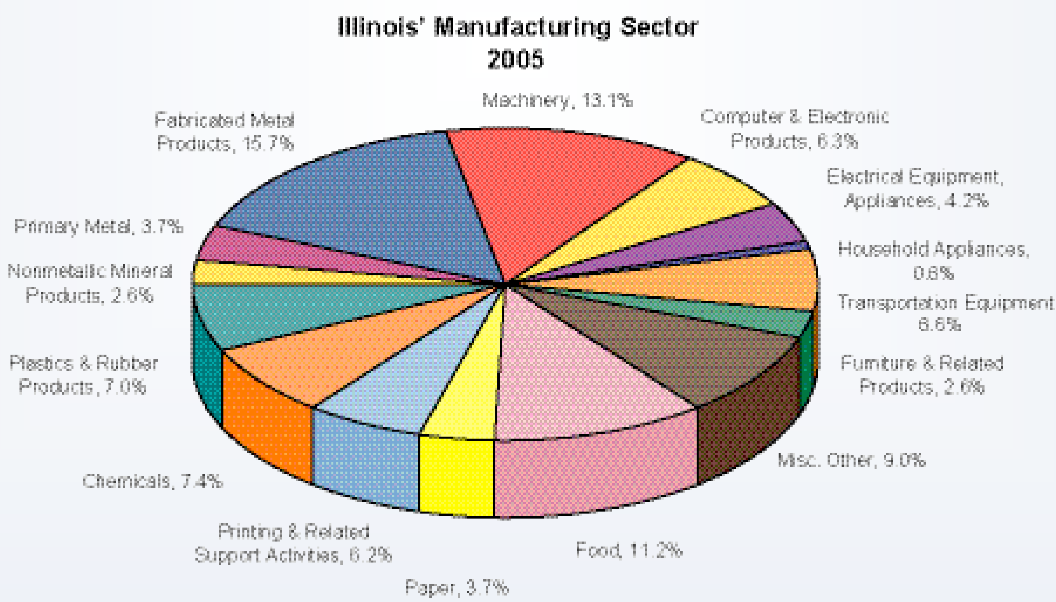
Data from the months of August - December, 2005, as reported by the Department of Commerce and Economic Opportunity.

Diversity of Illinois' Manufacturing Sector

The 689,000 manufacturing jobs in Illinois in 2005 were spread among a wide range of products. The accompanying pie chart shows the approximate breakdown of manufacturing jobs according to the Bureau of Labor Statistics.

The largest group within the manufacturing sector is the Fabricated Metal Products sector, which makes up 15.7% of the total. These jobs include those at machine shops, hardware manufacturers, and forging and stamping plants. The second largest is Machinery manufacturing – where various industrial, agricultural, construction and mining machinery manufacturing jobs are counted. Illinois also retains a significant presence in Transportation Equipment manufacturing and Plastics & Rubber Products manufacturing (such as tires).

Other significant manufacturing sub-sectors include Chemical manufacturing (where jobs in pharmaceutical and fertilizer manufacturing are included) and Computer & Electronic Products manufacturing (which includes computers and communications products). Another large manufacturing sector is the Food sector, which includes soybean processing among other types of food manufacturing. ■



Selected Income Tax Credits concluded from page 6

A Review of 2004 Returns

While middle-income taxpayers are more likely to pay the residential property taxes and elementary and secondary school tuition and fees that qualify for the property tax and education expense credits, the earned income credit exclusively benefits low-income Illinois taxpayers. For the 2004 tax year, 744,000 Illinois income tax returns claimed $71 million in earned income credits. These returns accounted for only one-third of all returns filed with adjusted gross incomes (AGIs) below $25,000. The average credit was $95 with 91.6% claimed by taxpayers with AGIs below $25,000 and the remaining 8.4% by taxpayers with AGIs between $25,000 and $50,000.

Although both of the remaining two major tax credits primarily benefit middle-income Illinois taxpayers, the education expense credit provides greater benefits to a smaller number of taxpayers than the property tax credit. For the 2004 tax year, 207,000 Illinois income tax returns claimed $68 million in education expense credits with an average $328 credit. In contrast, 2.35 million returns (or 42% of all returns) claimed $414 million in property tax credits with an average $176 credit.

The table lays out the percentage of tax returns and adjusted gross incomes from each AGI bracket and compares it to the share of credits claimed by each AGI bracket. The share for education expense and property tax credits that go to tax filers with AGIs below $50,000 and between $50,000 and $100,000 is greater than the share of total AGI reported for each group. Both credits are particularly of benefit to the middle $50,000 to $100,000 group, which reported 23.5% of AGI compared to 36.9% of property tax credits and 39.9% of education credits. ■

Economic Revenues Continue to Improve

Revenues driven by the state's economy continue to exceed expectations and spur an increase in base revenues. With $1 billion in short-term borrowing in November and base revenue growth of $620 million, there has been a dramatic improvement in the backlog of payables. The effort of the Comptroller's Office to dedicate short-term borrowing dollars to the backlog of Medicaid vouchers in order to utilize federal matching reimbursements has had a measurable impact.

While this action by the IOC has been largely successful, a payables backlog of $744 million still remains. As seen in the accompanying chart, the adjusted General Revenue Fund (GRF) balance at the end of the third quarter was a negative $474 million. The GRF cash balance on March 31, 2006 was $270 million with a backlog of $744 million in unpaid bills. It should be noted that the GRF balance includes $235 million in charge-back and fee transfers which have not been recognized by the State Treasurer due to that office's concerns about the constitutionality of these transactions.

Due to the unexpected strength of the economy, income and sales tax estimates have recently been revised upward. Increased revenues from income and sales taxes are vital to improving the state's fiscal position as well as to offset one-time revenues occurring last year and a slowing in the growth of federal sources.

Base Revenues

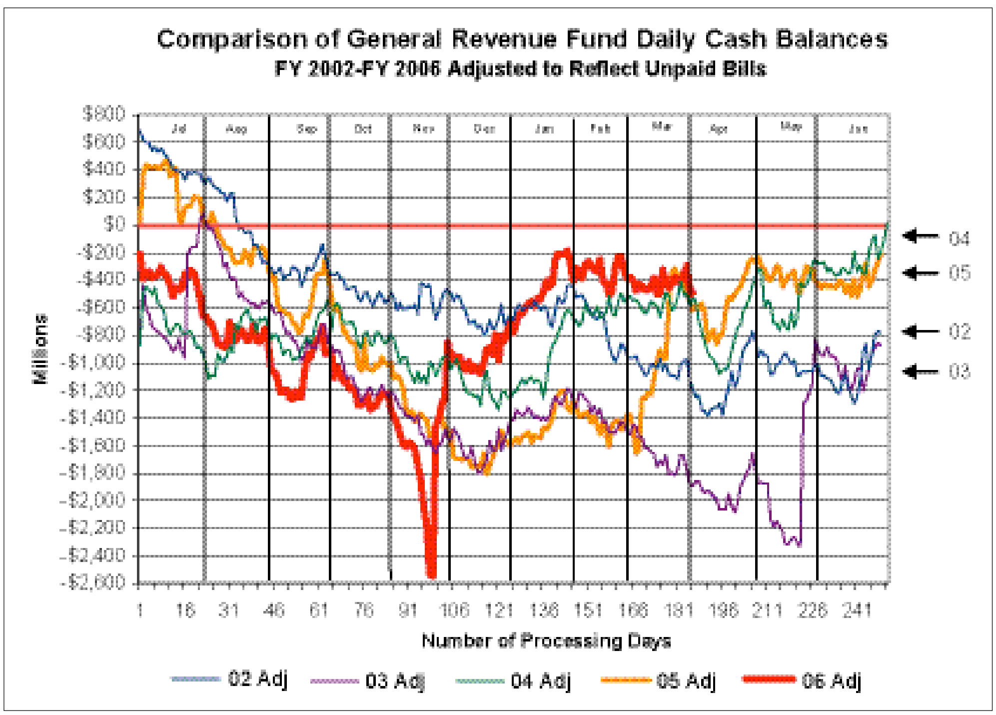
Through the first nine months of fiscal year 2006, base revenues increased $620 million or 3.3% from $18.940 billion to $19.560 billion. This growth is due to increases in economic driven revenues and federal sources which have been partially offset by a decline in transfers.

Cash receipts from state sources increased $671 million or 4.9% driven by the growth in economic revenues. Individual income tax receipts increased $349 million or 6.4% and corporate income taxes were up $166 million or 23.5%. Sales taxes grew by $345 million or 7.0%. The growth in sales tax revenues was impacted by the spikes in gasoline prices but consumers may have reduced other purchases. All other receipt sources were down $189 million due to expected declines in cigarette taxes, riverboat gambling taxes, and Cook County intergovernmental transfers. Last year there was a one-time $50 million diversion of cigarette taxes to the General Funds, riverboat gambling tax rates changed with receipts down $101 million, and the Cook County transfer agreement was reduced this year with receipts down $83 million.

All other transfers dropped $618 million due primarily to a one-time transfer last year of $433 million from the Medicaid Provider Relief Fund to pay debt service on the June 2004 $850 million short-term borrowing. There were fund sweeps of approximately $253 million last year compared to $101 million completed so far this year. Also, there was $131 million in chargeback transfers by the end of the third quarter compared to $40 million so far this year. The decline in other transfers was offset by increased transfers from gambling. Lottery Fund transfers were up $66 million and State Gaming Fund transfers increased by $22 million. It should be noted that riverboat gambling tax rates reverted to prior levels and the diversion formerly directed to the Common School Fund ceased. The net result is that revenues from riverboat gambling are down $79 million. The decline in riverboat gambling revenues should be offset by the hold harmless provision which will impact transfers in June.

Federal sources increased $479 million or 14.3% due primarily to the growth in Medicaid spending that was afforded by

Economic Revenues continued, page 14



Economic Revenues Continue To Improve concluded from page 13

the short-term borrowing in November and is expected to slow with reduced Medicaid spending over the last quarter of fiscal year 2006.

Base Expenditures

Through March, base General Funds spending increased $714 million or 3.6%. When repayment for short-term borrowing in fiscal year 2006 and cash flow transfers in fiscal year 2005 are factored in, fiscal year 2006 expenditures in the first nine months were $224 million above last year. As expected, there was a large increase in Medicaid spending over the first three quarters of the fiscal year due to the Comptroller's plan to shrink the backlog in payments to Medicaid providers. This plan was enabled by the $1 billion in short-term borrowing.

The increase in both the amount and pace of spending is directly attributable to the planned jump in Medicaid grant spending by the Department of Healthcare and Family Services (DHFS). Medicaid grant spending of $5.210 billion is up $1.165 billion or 28.8% from last year. Medicaid appropriations in fiscal year 2006 have increased $1.203 billion or 23.9%. This increase follows a $505 million decrease from the year before that was enabled by short-term borrowing utilized in fiscal year 2004 to take advantage of increased reimbursement rates.

In the first nine months of fiscal year 2006, 83.2% of Medicaid appropriations was expended. Due to the expedition of Medicaid payments in the first three quarters of fiscal year 2006, only $1.052 billion of Medicaid appropriations for fiscal year 2006 remain. On a monthly basis, GRF spending for Medicaid averaged $577 million per month in the first nine months of the fiscal year. Absent a supplemental appropriation, monthly spending for the last quarter of the fiscal year will average only $351 million. This slowdown will alleviate pressure on the cash strapped GRF but will also lead to a buildup in the backlog of Medicaid payments at DHFS.

Transfers out of $2.275 billion in the first nine months of fiscal year 2006 are $1.382 billion or 37.8% less than the $3.657 billion transferred in the first nine months of last fiscal year. Last fiscal year, $1.646 billion was transferred to the General Obligation B. R. & I. Fund compared to $1.098 billion in the first nine months this year. The $598 million difference in the two years is due primarily to the repayment of fiscal year 2004 borrowing in 2005. In addition, $765 million in short-term borrowing was transferred from the GRF last March and none this year.

Other areas of spending which decreased from last year include teachers retirement grants (down $234 million or 33.9%) and all other grants (down $1 million or 0.1%).

Other areas of spending which increased include State Board of Education grants (up $199 million or 5.0%), Human Services grants (up $55 million or 2.4%), higher education grants (up $39 million or 6.4%), higher education operations (up $66 million or 5.2%) and other agency operations (up $50 million or 1.4%).

The decline in teachers retirement grant spending and the small increase in agency operations are due to decreased funding for the pension systems. It should also be noted that the increase in higher education operations will not continue as appropriations are down for the year, again due in part to decreased pension funding.

What Lies Ahead

Spending for Medicaid and higher education operations will decline in the final quarter of fiscal year 2006 as the appropriation authority for these functions diminishes. This slowdown will relieve some pressure on GRF but will also lead to a renewed buildup in the backlog of Medicaid payments awaiting processing at the Department of Healthcare and Family Services.

Over the last quarter of the fiscal year the state must repay another $725 million in short-term borrowing ($275 million was repaid in the third quarter) plus interest along with $276 million in statutorily mandated repayments to the Budget Stabilization Fund. Last fiscal year $1.044 billion was repaid in the fourth quarter.

Through nine months of this fiscal year the state has $93 million more in vouchers payable than last year and $2 million more in spendable cash from the General Revenue Fund. These two factors would lead to the conclusion that this fiscal year will end in about the same financial condition as last year. However, given that the state now has significantly less unexpended appropriations than last year and that economic revenues continue to perform above expectations, there is room for optimism for improvement in the fiscal condition of the General Revenue Fund by the end of the fiscal year compared to last fiscal year. ■

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GENERAL FUNDS REVENUES, EXPENDITURES AND BALANCES
(Dollars in Millions)

	Nov. 2005	Five Months FY 2006	Change From Prior Year $	Change From Prior Year %
Total General Funds				
Available Balance	$ 572	$ 497	$ 315	173.1 %
Revenues	3,308	11,897	1,577	15.3
Expenditures	3,343	11,857	1,546	15.0
Ending Balance	$ 537	$ 537	$ 346	181.2 %
General Revenue Fund				
Available Balance	$ 238	$ 198	$ 174	N/A %
Revenues	2,980	10,251	1,542	17.7
Expenditures	3,003	10,234	1,514	17.4
Ending Balance	$ 215	$ 215	$ 202	N/A %
Common School Special Account Fund				
Available Balance	$ 72	$ 16	$ 4	33.3 %
Revenues	141	738	52	7.6
Expenditures	137	678	53	8.5
Ending Balance	$ 76	$ 76	$ 3	4.1 %
Education Assistance Fund				
Available Balance	$ 252	$ 255	$ 131	105.6 %
Revenues	96	514	42	8.9
Expenditures	139	560	65	13.1
Ending Balance	$ 209	$ 209	$ 108	106.9 %
Common School Fund				
Available Balance	$ 10	$ 28	$ 6	27.3 %
Revenues	321	1,229	150	13.9
Expenditures	294	1,220	123	11.2
Ending Balance	$ 37	$ 37	$ 33	825.0 %

Note: Total General Funds excludes interfund transfers while the individual funds include such transfers. Numbers may not add due to rounding.

GENERAL FUNDS REVENUES
(Dollars in Millions)

Revenues:	Nov. 2005	Five Months FY 2006	Change From Prior Year $	Change From Prior Year %
State Sources:				
Cash Receipts:				
Income Taxes:				
Individual	$ 549	$ 2,924	$ 189	6.9 %
Corporate	10	339	82	31.9
Total, Income Taxes	$ 559	$ 3,263	$ 271	9.1 %
Sales Taxes	561	2,947	202	7.4
Other Sources:				
Public Utility Taxes	91	429	34	8.6
Cigarette Taxes	33	166	(50)	(23.1)
Inheritance Tax (gross)	28	107	(6)	(5.3)
Liquor Gallonage Taxes	10	62	(1)	(1.6)
Insurance Taxes and Fees	1	84	(11)	(11.6)
Corporation Franchise Tax and Fees	16	79	3	3.9
Investment Income	12	54	33	157.1
Cook County IGT	49	89	(81)	(47.6)
Riverboat Gambling Taxes	0	4	(65)	(94.2)
Other	28	180	1	0.6
Total, Other Sources	$ 268	$ 1,254	$ (143)	(10.2) %
Total, Cash Receipts	$ 1,388	$ 7,464	$ 330	4.6 %
Transfers In:				
Lottery Fund	$ 71	$ 285	$ 70	32.6 %
State Gaming Fund	55	275	17	6.6
Other Funds	16	172	(620)	(78.3)
Total, Transfers In	$ 142	$ 732	$ (533)	(42.1) %
Total, State Sources	$ 1,530	$ 8,196	$ (203)	(2.4) %
Federal Sources	$ 778	$ 2,425	$ 780	47.4 %
Total, Base Revenues	**$ 2,308**	**$ 10,621**	**$ 577**	**5.7 %**
Short-Term Borrowing	1,000	1,000	1,000	N/A
Transfer from Budget Stabilization Fund	0	276	0	0.0
Total, Revenues	$ 3,308	$ 11,897	$ 1,577	15.3 %

GENERAL FUNDS ANALYSIS OF EXPENDITURES
(Dollars in Millions)

Expenditures:	Nov. 2005	Five Months FY 2006	Change From Prior Year $	Change From Prior Year %
Awards and Grants:				
Healthcare & Family Services	$ 1,087	$ 3,881	$ 1,498	62.9 %
Elem. & Sec. Education:				
State Board of Education	398	2,017	38	1.9
Teachers Retirement	51	253	(113)	(30.9)
Total, Elem. & Sec. Education	$ 449	$ 2,270	$ (75)	(3.2) %
Human Services	237	1,355	49	3.8
Higher Education	114	371	33	9.8
All Other Grants	103	536	(24)	(4.3)
Total, Awards and Grants	$ 1,990	$ 8,413	$ 1,481	21.4 %
Operations:				
Other Agencies	$ 407	$ 2,075	$ 8	0.4 %
Higher Education	192	758	118	18.4
Total, Operations	$ 599	$ 2,833	$ 126	4.7 %
Regular Transfers Out	$ 280	$ 1,139	$ (856)	(42.9) %
All Other	$ 0	$ 6	$ (44)	(88.0) %
Vouchers Payable Adjustment	$ 474	$ (534)	$ 839	N/A
Total, Base Expenditures	**$ 3,343**	**$ 11,857**	**$ 1,546**	**15.0 %**
Transfers to Repay GRF Short-Term Borrowing	0	0	0	0.0
Total, Expenditures	$ 3,343	$ 11,857	$ 1,546	15.0 %

COMPARISON OF SPENDING FOR OPERATIONS BY OBJECT
(Dollars in Millions)

	Nov. 2005	Five Months FY 2006	Change From Prior Year $	Change From Prior Year %
Personal Services:				
Regular Positions	$ 329	$ 1,513	$ 70	4.9 %
Other Personal Services	18	87	10	13.0
Total, Personal Services	$ 347	$ 1,600	$ 80	5.3 %
Contribution Retirement	30	145	(58)	(28.6)
Contribution Social Security	15	72	1	1.4
Contribution Group Insurance	109	441	41	10.3
Contractual Services	48	268	56	26.4
Travel	1	7	(1)	(12.5)
Commodities	8	50	3	6.4
Printing	1	3	0	0.0
Equipment	1	14	(1)	(6.7)
Electronic Data Processing	1	18	(1)	(5.3)
Telecommunications	3	23	0	0.0
Automotive Equipment	2	10	2	25.0
Other Operations	33	182	4	2.2
Total, Operations	$ 599	$ 2,833	$ 126	4.7 %

COMPARISON OF SPENDING FOR AWARDS AND GRANTS
(Dollars in Millions)

	Nov. 2005	Five Months FY 2006	Change From Prior Year $	Change From Prior Year %
State Board of Education:				
General State Aid	$ 323	$ 1,291	$ 46	3.7 %
All Other	75	726	(8)	(1.1)
Healthcare & Family Services	1,087	3,881	1,498	62.9
Human Services	237	1,355	49	3.8
Higher Education:				
Student Assistance Commission	39	174	20	13.0
Community College Board	75	175	6	3.6
Other	0	22	7	46.7
Teacher's Retirement	51	253	(113)	(30.9)
Children and Family Services	39	250	(13)	(4.9)
Aging	23	120	13	12.1
Revenue	0	6	1	20.0
All Other	41	160	(25)	(13.5)
Total, Awards and Grants	$ 1,990	$ 8,413	$ 1,481	21.4 %

GENERAL FUNDS REVENUES, EXPENDITURES AND BALANCES
(Dollars in Millions)

	Dec. 2005	FY 2006	Six Months Change From Prior Year $	Six Months Change From Prior Year %
Total General Funds				
Available Balance	$ 537	$ 497	$ 315	173.1 %
Revenues	2,298	14,195	1,528	12.1
Expenditures	2,349	14,206	1,608	12.8
Ending Balance	$ 486	$ 486	$ 235	93.6 %
General Revenue Fund				
Available Balance	$ 215	$ 198	$ 174	N/A %
Revenues	1,950	12,201	1,513	14.2
Expenditures	1,967	12,201	1,514	14.2
Ending Balance	$ 198	$ 198	$ 173	692.0 %
Common School Special Account Fund				
Available Balance	$ 76	$ 16	$ 4	33.3 %
Revenues	149	887	53	6.4
Expenditures	150	828	58	7.5
Ending Balance	$ 75	$ 75	$ (1)	(1.3) %
Education Assistance Fund				
Available Balance	$ 209	$ 255	$ 131	105.6 %
Revenues	132	646	59	10.1
Expenditures	141	701	105	17.6
Ending Balance	$ 200	$ 200	$ 85	73.9 %
Common School Fund				
Available Balance	$ 37	$ 28	$ 6	27.3 %
Revenues	272	1,501	127	9.2
Expenditures	296	1,516	155	11.4
Ending Balance	$ 13	$ 13	$ (22)	(62.9) %

Note: Total General Funds excludes interfund transfers while the individual funds include such transfers. Numbers may not add due to rounding.

GENERAL FUNDS REVENUES
(Dollars in Millions)

Revenues:	Dec. 2005	FY 2006	Six Months Change From Prior Year $	Six Months Change From Prior Year %
State Sources:				
Cash Receipts:				
Income Taxes:				
Individual	$ 629	$ 3,553	$ 216	6.5 %
Corporate	215	554	135	32.2
Total, Income Taxes	$ 844	$ 4,107	$ 351	9.3 %
Sales Taxes	594	3,541	208	6.2
Other Sources:				
Public Utility Taxes	112	541	30	5.9
Cigarette Taxes	33	200	(50)	(20.0)
Inheritance Tax (gross)	27	134	(4)	(2.9)
Liquor Gallonage Taxes	17	79	3	3.9
Insurance Taxes and Fees	63	147	(21)	(12.5)
Corporation Franchise Tax and Fees	13	92	5	5.7
Investment Income	11	65	37	132.1
Cook County IGT	0	89	(104)	(53.9)
Riverboat Gambling Taxes	0	4	(80)	(95.2)
Other	43	223	18	8.8
Total, Other Sources	$ 319	$ 1,574	$ (166)	(9.5) %
Total, Cash Receipts	$ 1,757	$ 9,222	$ 393	4.5 %
Transfers In:				
Lottery Fund	$ 45	$ 330	$ 50	17.9 %
State Gaming Fund	70	345	27	8.5
Other Funds	20	191	(665)	(77.7)
Total, Transfers In	$ 135	$ 866	$ (588)	(40.4) %
Total, State Sources	$ 1,892	$ 10,088	$ (195)	(1.9) %
Federal Sources	$ 406	$ 2,831	$ 723	34.3 %
Total, Base Revenues	**$ 2,298**	**$ 12,919**	**$ 528**	**4.3 %**
Short-Term Borrowing	0	1,000	1,000	N/A
Transfer from Budget Stabilization Fund	0	276	0	0.0
Total, Revenues	$ 2,298	$ 14,195	$ 1,528	12.1 %

GENERAL FUNDS ANALYSIS OF EXPENDITURES
(Dollars in Millions)

Expenditures:	Dec. 2005	FY 2006	Six Months Change From Prior Year $	Six Months Change From Prior Year %
Awards and Grants:				
Healthcare & Family Services	$ 308	$ 4,189	$ 1,291	44.5 %
Elem. & Sec. Education:				
State Board of Education	732	2,749	102	3.9
Teachers Retirement	51	304	(143)	(32.0)
Total, Elem. & Sec. Education	$ 783	$ 3,053	$ (41)	(1.3) %
Human Services	241	1,596	54	3.5
Higher Education	30	401	39	10.8
All Other Grants	132	668	(2)	(0.3)
Total, Awards and Grants	$ 1,494	$ 9,907	$ 1,341	15.7 %
Operations:				
Other Agencies	$ 410	$ 2,485	$ 12	0.5 %
Higher Education	156	913	107	13.3
Total, Operations	$ 566	$ 3,398	$ 119	3.6 %
Regular Transfers Out	$ 145	$ 1,285	$ (892)	(41.0) %
All Other	$ 0	$ 6	$ (45)	(88.2) %
Vouchers Payable Adjustment	$ 144	$ (390)	$ 1,085	N/A
Total, Base Expenditures	**$ 2,349**	**$ 14,206**	**$ 1,608**	**12.8 %**
Transfers to Repay GRF Short-Term Borrowing	0	0	0	0.0
Total, Expenditures	$ 2,349	$ 14,206	$ 1,608	12.8 %

COMPARISON OF SPENDING FOR OPERATIONS BY OBJECT
(Dollars in Millions)

	Dec. 2005	FY 2006	Six Months Change From Prior Year $	Six Months Change From Prior Year %
Personal Services:				
Regular Positions	$ 315	$ 1,828	$ 56	3.2 %
Other Personal Services	18	105	14	15.4
Total, Personal Services	$ 333	$ 1,933	$ 70	3.8 %
Contribution Retirement	17	161	(71)	(30.6)
Contribution Social Security	14	86	1	1.2
Contribution Group Insurance	102	543	50	10.1
Contractual Services	39	307	53	20.9
Travel	1	9	(1)	(10.0)
Commodities	11	60	4	7.1
Printing	1	4	1	33.3
Equipment	3	17	(2)	(10.5)
Electronic Data Processing	2	20	(1)	(4.8)
Telecommunications	4	27	(1)	(3.6)
Automotive Equipment	3	13	3	30.0
Other Operations	36	218	13	6.3
Total, Operations	$ 566	$ 3,398	$ 119	3.6 %

COMPARISON OF SPENDING FOR AWARDS AND GRANTS
(Dollars in Millions)

	Dec. 2005	FY 2006	Six Months Change From Prior Year $	Six Months Change From Prior Year %
State Board of Education:				
General State Aid	$ 347	$ 1,638	$ 88	5.7 %
All Other	385	1,111	14	1.3
Healthcare & Family Services	308	4,189	1,291	44.5
Human Services	241	1,596	54	3.5
Higher Education:				
Student Assistance Commission	21	195	19	10.8
Community College Board	1	176	6	3.5
Other	8	30	14	87.5
Teacher's Retirement	51	304	(143)	(32.0)
Children and Family Services	78	329	3	0.9
Aging	22	142	14	10.9
Revenue	3	9	0	0.0
All Other	29	188	(19)	(9.2)
Total, Awards and Grants	$ 1,494	$ 9,907	$ 1,341	15.7 %

GENERAL FUNDS REVENUES, EXPENDITURES AND BALANCES
(Dollars in Millions)

	Jan. 2006	Seven Months FY 2006	Change From Prior Year $	Change From Prior Year %
Total General Funds				
Available Balance	$ 486	$ 497	$ 315	173.1 %
Revenues	2,405	16,600	1,634	10.9
Expenditures	2,354	16,560	1,648	11.1
Ending Balance	$ 537	$ 537	$ 301	127.5 %
General Revenue Fund				
Available Balance	$ 198	$ 198	$ 174	N/A %
Revenues	2,073	14,274	1,616	12.8
Expenditures	2,008	14,209	1,533	12.1
Ending Balance	$ 263	$ 263	$ 257	N/A %
Common School Special Account Fund				
Available Balance	$ 75	$ 16	$ 4	33.3 %
Revenues	158	1,045	64	6.5
Expenditures	150	978	69	7.6
Ending Balance	$ 83	$ 83	$ (1)	(1.2) %
Education Assistance Fund				
Available Balance	$ 200	$ 255	$ 131	105.6 %
Revenues	111	757	57	8.1
Expenditures	130	831	134	19.2
Ending Balance	$ 181	$ 181	$ 54	42.5 %
Common School Fund				
Available Balance	$ 13	$ 28	$ 6	27.3 %
Revenues	285	1,787	164	10.1
Expenditures	288	1,805	178	10.9
Ending Balance	$ 10	$ 10	$ (8)	(44.4) %

Note: Total General Funds excludes interfund transfers while the individual funds include such transfers. Numbers may not add due to rounding.

GENERAL FUNDS REVENUES
(Dollars in Millions)

	Jan. 2006	Seven Months FY 2006	Change From Prior Year $	Change From Prior Year %
Revenues:				
State Sources:				
Cash Receipts:				
Income Taxes:				
Individual	$ 997	$ 4,550	$ 304	7.2 %
Corporate	46	600	160	36.4
Total, Income Taxes	$ 1,043	$ 5,150	$ 464	9.9 %
Sales Taxes	628	4,169	247	6.3
Other Sources:				
Public Utility Taxes	64	605	29	5.0
Cigarette Taxes	33	233	(50)	(17.7)
Inheritance Tax (gross)	24	158	(8)	(4.8)
Liquor Gallonage Taxes	11	90	2	2.3
Insurance Taxes and Fees	3	150	(23)	(13.3)
Corporation Franchise Tax and Fees	15	107	2	1.9
Investment Income	12	78	44	129.4
Cook County IGT	34	122	(71)	(36.8)
Riverboat Gambling Taxes	0	4	(86)	(95.6)
Other	47	270	23	9.3
Total, Other Sources	$ 243	$ 1,817	$ (138)	(7.1) %
Total, Cash Receipts	$ 1,914	$ 11,136	$ 573	5.4 %
Transfers In:				
Lottery Fund	$ 45	$ 374	$ 50	15.4 %
State Gaming Fund	35	380	17	4.7
Other Funds	67	259	(624)	(70.7)
Total, Transfers In	$ 147	$ 1,013	$ (557)	(35.5) %
Total, State Sources	$ 2,061	$ 12,149	$ 16	0.1 %
Federal Sources	$ 344	$ 3,175	$ 618	24.2 %
Total, Base Revenues	$ 2,405	$ 15,324	$ 634	4.3 %
Short-Term Borrowing	0	1,000	1,000	N/A
Transfer from Budget Stabilization Fund	0	276	0	0.0
Total, Revenues	$ 2,405	$ 16,600	$ 1,634	10.9 %

GENERAL FUNDS ANALYSIS OF EXPENDITURES
(Dollars in Millions)

	Jan. 2006	Seven Months FY 2006	Change From Prior Year $	Change From Prior Year %
Expenditures:				
Awards and Grants:				
Healthcare & Family Services	$ 319	$ 4,508	$ 1,207	36.6 %
Elem. & Sec. Education:				
State Board of Education	421	3,171	147	4.9
Teachers Retirement	51	355	(173)	(32.8)
Total, Elem. & Sec. Education	$ 472	$ 3,526	$ (26)	(0.7) %
Human Services	228	1,825	43	2.4
Higher Education	55	455	52	12.9
All Other Grants	107	774	3	0.4
Total, Awards and Grants	$ 1,181	$ 11,088	$ 1,279	13.0 %
Operations:				
Other Agencies	$ 367	$ 2,852	$ (56)	(1.9) %
Higher Education	171	1,084	134	14.1
Total, Operations	$ 538	$ 3,936	$ 78	2.0 %
Regular Transfers Out	$ 286	$ 1,571	$ (828)	(34.5) %
All Other	$ 1	$ 7	$ (44)	(86.3) %
Vouchers Payable Adjustment	$ 348	$ (42)	$ 1,163	N/A
Total, Base Expenditures	$ 2,354	$ 16,560	$ 1,648	11.1 %
Transfers to Repay GRF Short-Term Borrowing	0	0	0	0.0
Total, Expenditures	$ 2,354	$ 16,560	$ 1,648	11.1 %

COMPARISON OF SPENDING FOR OPERATIONS BY OBJECT
(Dollars in Millions)

	Jan. 2006	Seven Months FY 2006	Change From Prior Year $	Change From Prior Year %
Personal Services:				
Regular Positions	$ 331	$ 2,159	$ 55	2.6 %
Other Personal Services	16	121	15	14.2
Total, Personal Services	$ 347	$ 2,280	$ 70	3.2 %
Contribution Retirement	17	178	(86)	(32.6)
Contribution Social Security	15	101	1	1.0
Contribution Group Insurance	45	589	12	2.1
Contractual Services	49	356	62	21.1
Travel	1	10	(1)	(9.1)
Commodities	10	70	3	4.5
Printing	1	4	0	0.0
Equipment	1	18	(2)	(10.0)
Electronic Data Processing	2	22	(2)	(8.3)
Telecommunications	5	32	0	0.0
Automotive Equipment	2	15	4	36.4
Other Operations	43	261	17	7.0
Total, Operations	$ 538	$ 3,936	$ 78	2.0 %

COMPARISON OF SPENDING FOR AWARDS AND GRANTS
(Dollars in Millions)

	Jan. 2006	Seven Months FY 2006	Change From Prior Year $	Change From Prior Year %
State Board of Education:				
General State Aid	$ 323	$ 1,961	$ 106	5.7 %
All Other	98	1,210	41	3.5
Healthcare & Family Services	319	4,508	1,207	36.6
Human Services	228	1,825	43	2.4
Higher Education:				
Student Assistance Commission	48	243	30	14.1
Community College Board	6	182	9	5.2
Other	1	30	13	76.5
Teacher's Retirement	51	355	(173)	(32.8)
Children and Family Services	53	381	7	1.9
Aging	27	169	21	14.2
Revenue	1	10	0	0.0
All Other	26	214	(25)	(10.5)
Total, Awards and Grants	$ 1,181	$ 11,088	$ 1,279	13.0 %

GENERAL FUNDS REVENUES, EXPENDITURES AND BALANCES
(Dollars in Millions)

	Feb. 2006	FY 2006	Eight Months Change From Prior Year $	Eight Months Change From Prior Year %
Total General Funds				
Available Balance	$ 537	$ 497	$ 315	173.1 %
Revenues	1,941	18,541	1,901	11.4
Expenditures	1,985	18,545	1,885	11.3
Ending Balance	$ 493	$ 493	$ 331	204.3 %
General Revenue Fund				
Available Balance	$ 263	$ 198	$ 174	N/A %
Revenues	1,651	15,925	1,829	13.0
Expenditures	1,674	15,883	1,766	12.5
Ending Balance	$ 240	$ 240	$ 237	N/A %
Common School Special Account Fund				
Available Balance	$ 83	$ 16	$ 4	33.3 %
Revenues	137	1,182	88	8.0
Expenditures	146	1,124	87	8.4
Ending Balance	$ 74	$ 74	$ 5	7.2 %
Education Assistance Fund				
Available Balance	$ 181	$ 255	$ 131	105.6 %
Revenues	63	820	66	8.8
Expenditures	93	924	122	15.2
Ending Balance	$ 151	$ 151	$ 75	98.7 %
Common School Fund				
Available Balance	$ 10	$ 28	$ 6	27.3 %
Revenues	306	2,092	208	11.0
Expenditures	287	2,091	200	10.6
Ending Balance	$ 29	$ 29	$ 14	93.3 %

Note: Total General Funds excludes interfund transfers while the individual funds include such transfers. Numbers may not add due to rounding.

GENERAL FUNDS REVENUES
(Dollars in Millions)

Revenues:	Feb. 2006	FY 2006	Eight Months Change From Prior Year $	Eight Months Change From Prior Year %
State Sources:				
Cash Receipts:				
Income Taxes:				
Individual	$ 575	$ 5,125	$ 302	6.3 %
Corporate	15	615	146	31.1
Total, Income Taxes	$ 590	$ 5,740	$ 448	8.5 %
Sales Taxes	544	4,713	344	7.9
Other Sources:				
Public Utility Taxes	109	715	40	5.9
Cigarette Taxes	33	266	(50)	(15.8)
Inheritance Tax (gross)	27	185	(15)	(7.5)
Liquor Gallonage Taxes	14	104	5	5.1
Insurance Taxes and Fees	17	166	(20)	(10.8)
Corporation Franchise Tax and Fees	15	122	6	5.2
Investment Income	14	92	51	124.4
Cook County IGT	94	216	(60)	(21.7)
Riverboat Gambling Taxes	0	4	(89)	(95.7)
Other	25	295	15	5.4
Total, Other Sources	$ 348	$ 2,165	$ (117)	(5.1) %
Total, Cash Receipts	$ 1,482	$ 12,618	$ 675	5.7 %
Transfers In:				
Lottery Fund	$ 69	$ 444	$ 75	20.3 %
State Gaming Fund	20	400	28	7.5
Other Funds	83	342	(552)	(61.7)
Total, Transfers In	$ 172	$ 1,186	$ (449)	(27.5) %
Total, State Sources	$ 1,654	$ 13,804	$ 226	1.7 %
Federal Sources	$ 287	$ 3,461	$ 675	24.2 %
Total, Base Revenues	**$ 1,941**	**$ 17,265**	**$ 901**	**5.5 %**
Short-Term Borrowing	0	1,000	1,000	N/A
Transfer from Budget Stabilization Fund	0	276	0	0.0
Total, Revenues	$ 1,941	$ 18,541	$ 1,901	11.4 %

GENERAL FUNDS ANALYSIS OF EXPENDITURES
(Dollars in Millions)

Expenditures:	Feb. 2006	FY 2006	Eight Months Change From Prior Year $	Eight Months Change From Prior Year %
Awards and Grants:				
Healthcare & Family Services	$ 301	$ 4,810	$ 1,218	33.9 %
Elem. & Sec. Education:				
State Board of Education	387	3,558	161	4.7
Teachers Retirement	51	405	(204)	(33.5)
Total, Elem. & Sec. Education	$ 438	$ 3,963	$ (43)	(1.1) %
Human Services	238	2,063	55	2.7
Higher Education	146	601	52	9.5
All Other Grants	59	833	(13)	(1.5)
Total, Awards and Grants	$ 1,182	$ 12,270	$ 1,269	11.5 %
Operations:				
Other Agencies	$ 434	$ 3,286	$ 16	0.5 %
Higher Education	131	1,215	129	11.9
Total, Operations	$ 565	$ 4,501	$ 145	3.3 %
Regular Transfers Out	$ 252	$ 1,822	$ (745)	(29.0) %
All Other	$ 1	$ 9	$ (42)	(82.4) %
Vouchers Payable Adjustment	$ (15)	$ (57)	$ 1,258	N/A
Total, Base Expenditures	**$ 1,985**	**$ 18,545**	**$ 1,885**	**11.3 %**
Transfers to Repay GRF Short-Term Borrowing	0	0	0	0.0
Total, Expenditures	$ 1,985	$ 18,545	$ 1,885	11.3 %

COMPARISON OF SPENDING FOR OPERATIONS BY OBJECT
(Dollars in Millions)

	Feb. 2006	FY 2006	Eight Months Change From Prior Year $	Eight Months Change From Prior Year %
Personal Services:				
Regular Positions	$ 296	$ 2,455	$ 50	2.1 %
Other Personal Services	15	136	16	13.3
Total, Personal Services	$ 311	$ 2,591	$ 66	2.6 %
Contribution Retirement	17	195	(105)	(35.0)
Contribution Social Security	14	115	1	0.9
Contribution Group Insurance	101	689	52	8.2
Contractual Services	70	426	99	30.3
Travel	2	12	0	0.0
Commodities	8	78	3	4.0
Printing	0	5	0	0.0
Equipment	1	19	(1)	(5.0)
Electronic Data Processing	3	25	(1)	(3.8)
Telecommunications	5	37	1	2.8
Automotive Equipment	1	16	4	33.3
Other Operations	32	293	26	9.7
Total, Operations	$ 565	$ 4,501	$ 145	3.3 %

COMPARISON OF SPENDING FOR AWARDS AND GRANTS
(Dollars in Millions)

	Feb. 2006	FY 2006	Eight Months Change From Prior Year $	Eight Months Change From Prior Year %
State Board of Education:				
General State Aid	$ 322	$ 2,283	$ 123	5.7 %
All Other	65	1,275	38	3.1
Healthcare & Family Services	301	4,810	1,218	33.9
Human Services	238	2,063	55	2.7
Higher Education:				
Student Assistance Commission	62	305	31	11.3
Community College Board	83	265	9	3.5
Other	1	31	12	63.2
Teacher's Retirement	51	405	(204)	(33.5)
Children and Family Services	15	396	(15)	3.6
Aging	24	192	21	12.3
Revenue	1	11	0	0.0
All Other	19	234	(19)	(7.5)
Total, Awards and Grants	$ 1,182	$ 12,270	$ 1,269	11.5 %

GENERAL FUNDS REVENUES, EXPENDITURES AND BALANCES
(Dollars in Millions)

	March		Nine Months	
			Change From Prior Year	
Total General Funds	2006	FY 2006	$	%
Available Balance	$ 493	$ 497	$ 315	173.1 %
Revenues	2,295	20,836	92	0.4
Expenditures	2,302	20,847	224	1.1
Ending Balance	$ 486	$ 486	$ 183	60.4 %
General Revenue Fund				
Available Balance	$ 240	$ 198	$ 174	N/A %
Revenues	1,965	17,890	42	0.2
Expenditures	1,935	17,818	57	0.3
Ending Balance	$ 270	$ 270	$ 159	143.2 %
Common School Special Account Fund				
Available Balance	$ 74	$ 16	$ 4	33.3 %
Revenues	138	1,320	88	7.1
Expenditures	140	1,264	90	7.7
Ending Balance	$ 72	$ 72	$ 2	2.9 %
Education Assistance Fund				
Available Balance	$ 151	$ 255	$ 131	105.6 %
Revenues	109	929	65	7.5
Expenditures	146	1,070	167	18.5
Ending Balance	$ 114	$ 114	$ 29	34.1 %
Common School Fund				
Available Balance	$ 29	$ 28	$ 6	27.3 %
Revenues	289	2,381	209	9.6
Expenditures	289	2,380	223	10.3
Ending Balance	$ 29	$ 29	$ (8)	(21.6) %

Note: Total General Funds excludes interfund transfers while the individual funds include such transfers. Numbers may not add due to rounding.

GENERAL FUNDS REVENUES
(Dollars in Millions)

	March		Nine Months	
			Change From Prior Year	
Revenues:	2006	FY 2006	$	%
State Sources:				
Cash Receipts:				
Income Taxes:				
Individual	$ 692	$ 5,817	$ 349	6.4 %
Corporate	258	873	166	23.5
Total, Income Taxes	$ 950	$ 6,690	$ 515	8.3 %
Sales Taxes	555	5,268	345	7.0
Other Sources:				
Public Utility Taxes	122	837	32	4.0
Cigarette Taxes	33	300	(50)	(14.3)
Inheritance Tax (gross)	18	203	(29)	(12.5)
Liquor Gallonage Taxes	10	115	4	3.6
Insurance Taxes and Fees	37	203	(22)	(9.8)
Corporation Franchise Tax and Fees	14	136	3	2.3
Investment Income	12	104	57	121.3
Cook County IGT	0	216	(83)	(27.8)
Riverboat Gambling Taxes	0	4	(101)	(96.2)
Other	27	321	0	0.0
Total, Other Sources	$ 273	$ 2,439	$ (189)	(7.2) %
Total, Cash Receipts	$ 1,778	$ 14,397	$ 671	4.9 %
Transfers In:				
Lottery Fund	$ 61	$ 504	$ 66	15.1 %
State Gaming Fund	40	440	22	5.3
Other Funds	58	400	(618)	(60.7)
Total, Transfers In	$ 159	$ 1,344	$ (530)	(28.3) %
Total, State Sources	$ 1,937	$ 15,741	$ 141	0.9 %
Federal Sources	$ 358	$ 3,819	$ 479	14.3 %
Total, Base Revenues	**$ 2,295**	**$ 19,560**	**$ 620**	**3.3 %**
Short-Term Borrowing	0	1,000	235	30.7
Transfer from Budget Stabilization Fund	0	276	0	0.0
Cash Flow Transfer - Hospital Provider Fund	0	0	(763)	(100.0)
Total, Revenues	$ 2,295	$ 20,836	$ 92	0.4 %

GENERAL FUNDS ANALYSIS OF EXPENDITURES
(Dollars in Millions)

	March		Nine Months	
			Change From Prior Year	
Expenditures:	2006	FY 2006	$	%
Awards and Grants:				
Healthcare & Family Services	$ 400	$ 5,210	$ 1,165	28.8 %
Elem. & Sec. Education:				
State Board of Education	661	4,219	199	5.0
Teachers Retirement	51	456	(234)	(33.9)
Total, Elem. & Sec. Education	$ 712	$ 4,675	$ (35)	(0.7) %
Human Services	237	2,300	55	2.4
Higher Education	51	652	39	6.4
All Other Grants	101	935	(1)	(0.1)
Total, Awards and Grants	$ 1,501	$ 13,772	$ 1,223	9.7 %
Operations:				
Other Agencies	$ 452	$ 3,738	$ 50	1.4 %
Higher Education	111	1,326	66	5.2
Total, Operations	$ 563	$ 5,064	$ 116	2.3 %
Regular Transfers Out	$ 178	$ 2,000	$ (892)	(30.8) %
All Other	$ 2	$ 11	$ (41)	(78.8) %
Vouchers Payable Adjustment	$ (217)	$ (275)	$ 308	N/A
Total, Base Expenditures	**$ 2,027**	**$ 20,572**	**$ 714**	**3.6 %**
Transfers to Repay GRF Short-Term Borrowing	275	275	275	0.0
Cash Flow Transfer - Hospital Provider Fund	0	0	(765)	(100.0)
Total, Expenditures	$ 2,302	$ 20,847	$ 224	1.1 %

COMPARISON OF SPENDING FOR OPERATIONS BY OBJECT
(Dollars in Millions)

	March		Nine Months	
			Change From Prior Year	
	2006	FY 2006	$	%
Personal Services:				
Regular Positions	$ 266	$ 2,721	$ 38	1.4 %
Other Personal Services	15	151	17	12.7
Total, Personal Services	$ 281	$ 2,872	$ 55	2.0 %
Contribution Retirement	30	224	(131)	(36.9)
Contribution Social Security	14	130	2	1.6
Contribution Group Insurance	101	790	67	9.3
Contractual Services	73	499	106	27.0
Travel	2	13	0	0.0
Commodities	10	88	2	2.3
Printing	1	6	1	20.0
Equipment	1	21	(1)	(4.5)
Electronic Data Processing	2	27	(3)	(10.0)
Telecommunications	5	42	(1)	(2.3)
Automotive Equipment	2	19	4	26.7
Other Operations	41	333	15	4.7
Total, Operations	$ 563	$ 5,064	$ 116	2.3 %

COMPARISON OF SPENDING FOR AWARDS AND GRANTS
(Dollars in Millions)

	March		Nine Months	
			Change From Prior Year	
	2006	FY 2006	$	%
State Board of Education:				
General State Aid	$ 322	$ 2,606	$ 141	5.7 %
All Other	339	1,613	58	3.7
Healthcare & Family Services	400	5,210	1,165	28.8
Human Services	237	2,300	55	2.4
Higher Education:				
Student Assistance Commission	49	354	20	6.0
Community College Board	0	265	8	3.1
Other	2	33	11	50.0
Teacher's Retirement	51	456	(234)	(33.9)
Children and Family Services	45	441	(6)	(1.3)
Aging	29	221	27	13.9
Revenue	1	13	1	8.3
All Other	26	260	(23)	(8.1)
Total, Awards and Grants	$ 1,501	$ 13,772	$ 1,223	9.7 %

Did You Know…

- ★ In 2005, there were 5.87 million nonfarm payroll jobs in Illinois. This is a 28.5% increase from the 4.57 million nonfarm payroll jobs in 1976.
- ★ Jewel Foods and Wal-Mart were the largest private sector employers in Illinois with 36,300 and 32,800 employees, respectively, in 2005.
- ★ For the 2004 tax year, 2.35 million individual income tax returns (42% of all returns) claimed $414 million in property tax credits for an average credit of $176.
- ★ Illinois ranked 11th out of 40 states in lottery revenues, receiving approximately $570 million in fiscal year 2004.
- ★ Illinois ranked 2nd behind only Nevada in the amount of casino tax revenues collected in calendar year 2004.
- ★ The following new reports for Fiscal Year 2005 are available on the website at www.ioc.state.il.us:
  - *The Public Accountability Report*
  - *The Fee Imposition Report*
  - *The Bonded Indebtedness and Long Term Obligations Report*
  - *The Receivables Report*

See inside this issue of *Fiscal Focus* for more information on employment and revenues. ■

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Fiscal Focus

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