



ILLINOIS STATE COMPTROLLER'S QUARTERLY

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AND DEBT TRANSPARENCY ACT

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YEAR-OVER-YEAR GENERAL FUNDS REVENUES INCREASE BY MORE THAN \$1 BILLION, INVESTMENT TOOL KEPT BILL BACKLOG IN CHECK

Estimated bill backlog drops to lowest level since early days of budget impasse

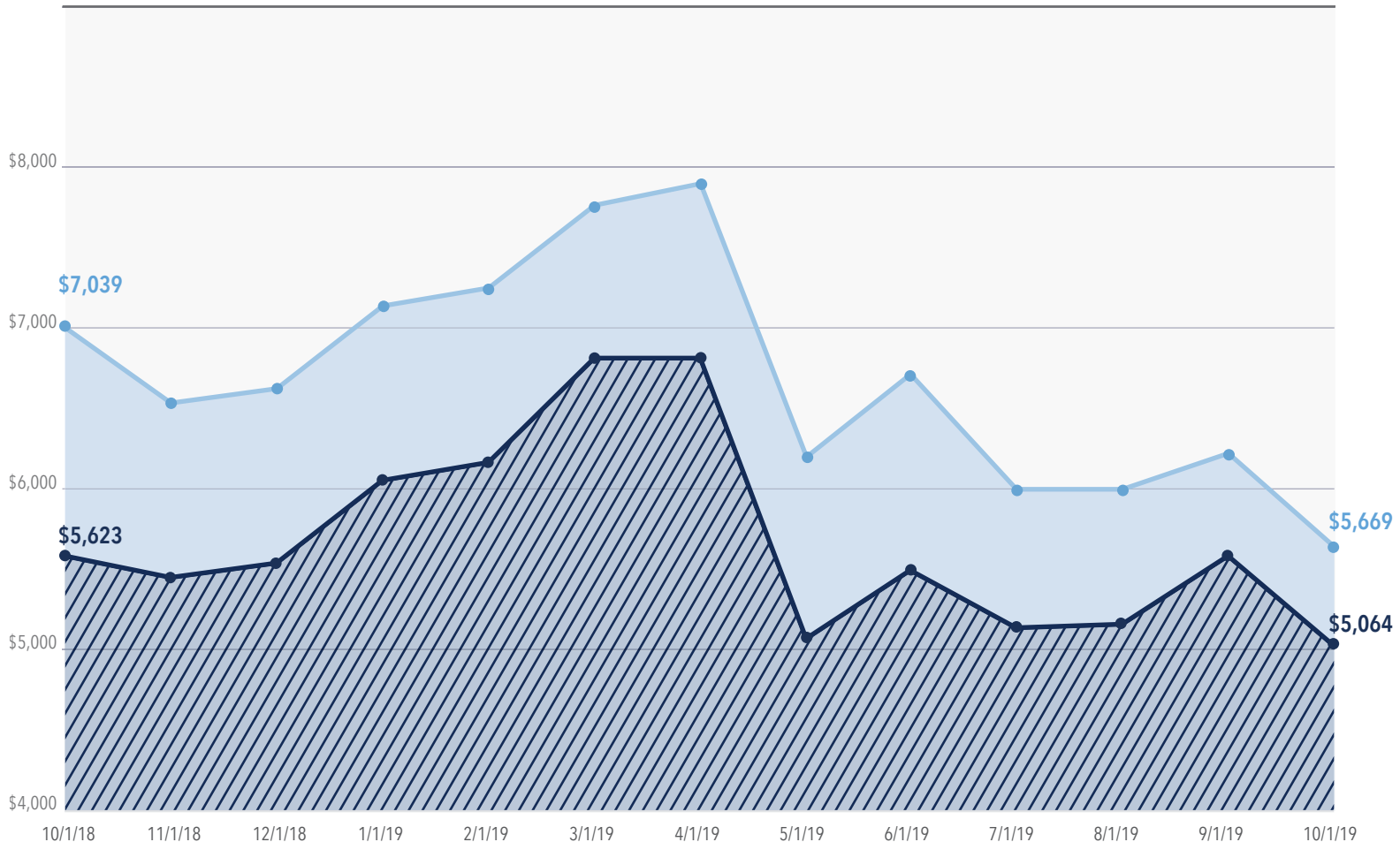
BACKLOG VOUCHER REPORT

Estimated General Funds Backlog based on Dept Transparency Act Report agency submissions.

Amounts in millions of dollars

ESTIMATED GENERAL
FUNDS BACKLOG

IOC PAYABLES



Riding stronger income tax receipts and additional federal dollars, Illinois ended the first quarter of fiscal year 2020 with a \$1.211 billion year-over-year increase in General Funds revenues.

The quarter also saw the lowest estimated daily bill backlog (\$5.572 billion at the end of the day July 17) since around the time the 736-day budget impasse began in 2015. Further, the quarter closed with the estimated backlog under \$6 billion for several consecutive days. Prior to July, this had not happened since a four-day period in spring 2016.

Aiding in the drop in the backlog was a large infusion of funds from the Income Tax Refund Fund, which is used

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to pay individual and corporate income tax refunds. Per state law, the balance in the fund every June 30, after refunds have been paid to taxpayers, transfers to the state's General Revenue Fund. On June 30, 2019, the balance of the Income Tax Refund Fund was \$617 million; in contrast, on June 30, 2018, the balance was \$327.1 million. The Illinois Office of Comptroller worked with the Illinois Department of

Revenue to ensure the transfer of \$400 million to GRF in July and \$217 million in August.

Further assisting keeping the backlog in check was the renewal of the State Treasurer's Office's investment tool, authorized via 15 ILCS 520/22.5 (Public Act 100-1107). The STO invested \$400 million of the state's portfolio into the backlog in September, which the IOC used primarily to pay state employee health insurance bills.

The quarter ended with no Medicaid bills more than 90 days old pending at the IOC, which limited the amount of late payment interest penalties owed on unpaid principal.

While the drop in the bill backlog was a step

in the right direction, the state is entering into the lower-revenue generating months of fall, which will likely result in an upward swing in the estimated backlog in the second quarter. And still faced with a backlog greater than \$6 billion, the state still has much work to do to ensure fiscal stability.

As of September 30, \$645 million of the \$783 million in interfund borrowing that occurred in fiscal years 2018 and 2019 remains outstanding. Almost \$138 million has been repaid through September 30. The fiscal year 2020 budget implementation bill (Public Act 101-0010) extended the repayment of interfund borrowing amounts to 48 months from the date the funds were borrowed.

Faced with a backlog greater than \$6 billion, the state still has much work to do to ensure fiscal stability.

QUARTERLY HIGHLIGHTS AND DEBT TRANSPARENCY ACT REVIEW



Pursuant to the Debt Transparency Act, state agencies reported \$605 million in estimated liabilities during the September 2019 reporting period, the lowest agency-held liability amount reported since the IOC began tracking agency liabilities informally in 2013.

Combined with \$5.064 billion in payables at the IOC for the end of the day September 30, the state ended the quarter with a Debt Transparency Act-adjusted estimated bill backlog of \$5.669 billion. Compared to the fiscal year 2019 fourth quarter, IOC payables decreased by 2% (\$97 million from \$5.161 billion), and the DTA-adjusted backlog decreased by 6% (\$350 million from \$6.019 billion). Compared to one year ago, IOC payables decreased by 10% (\$559 million from \$5.623 billion) and the DTA-adjusted backlog decreased by 19% (\$1.37 billion from \$7.039 billion).¹

“Refusing to acknowledge the long-term revenue challenges facing this state could result in more forced austerity, like we suffered during the 736-day budget impasse between 2015 and 2017.” – Comptroller Susana A. Mendoza

During the first quarter of the 2020 fiscal year, the high-water mark of IOC payables totaled \$6.418 billion on September 19, while the lowest amount of IOC payables for the quarter dropped to \$4.619 billion on July 12 – the lowest IOC payables amount since the first year of the two-year budget impasse. The average daily amount of IOC payables for the quarter was \$5.498 billion, while the average daily DTA-adjusted bill backlog was \$6.271 billion over 64 business days.

The IOC continued to utilize cash management tools authorized by the General Assembly to stem the state’s backlog of unpaid bills. In September, the IOC borrowed \$400 million from other state funds, \$200 million of which must be repaid with interest to the state’s investment portfolio in March 2020 and \$200 million in April 2020. Under the same investment tool in 2018, last April the IOC finalized repayment of \$700 million invested at interest rates ranging from

3.62% to 3.78%, far lower than the 12% interest penalty due on many of the state’s bills when not paid promptly.

The General Funds cash balance ended the quarter with \$847 million, compared to \$502 million one year ago. When outstanding vouchers are considered, the General Revenue Fund – Illinois’ main operating account – closed the quarter with a cash balance of negative \$3.911 billion, compared to negative \$4.612 billion one year ago.

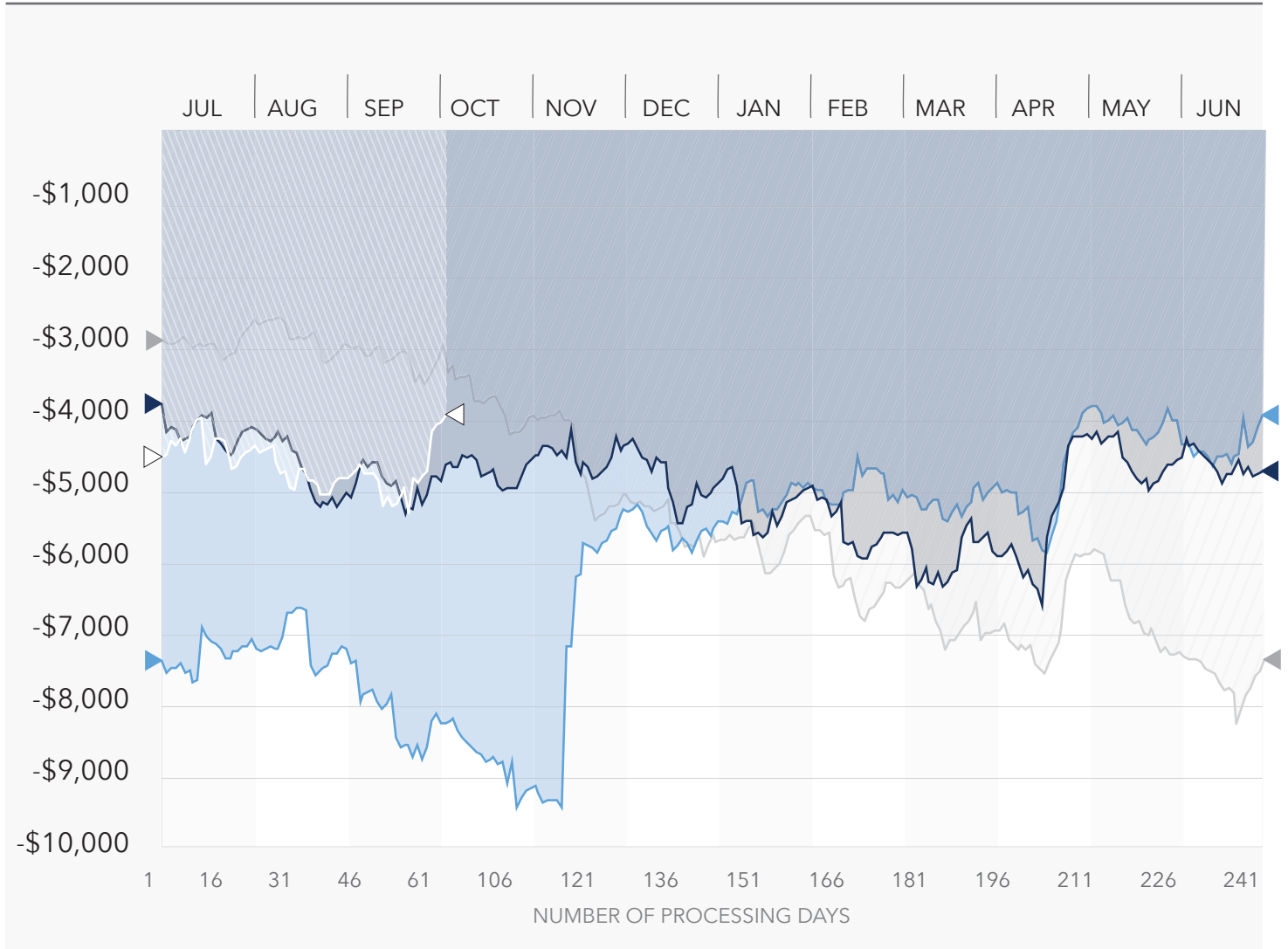
¹ The total estimated backlog must be adjusted based on held bills reported at the agency level, which are not reported to the Illinois Office of Comptroller until after the final day of each month.

During the first quarter of fiscal year 2020, the lowest amount of IOC payables dropped to \$4.619 billion – the lowest IOC payables amount since the two year budget impasse.

COMPARISON OF GENERAL REVENUE FUND DAILY CASH BALANCES

FY 2017-FY 2020 adjusted to reflect unpaid bills
Amounts in millions of dollars

▶ FY 2017 ▶ FY 2018 ▶ FY 2019 ▶ FY 2020





Growth in income taxes, along with increased federal receipts and transfers-in through the first three months of fiscal year 2020 led to a General Funds total base revenue increase of \$1.211 billion, or 14.0%. Factors impacting the state’s base revenues this year include:

INDIVIDUAL INCOME TAX:

Individual income tax receipts increased by \$238 million, or 5.9%, through the first quarter of the fiscal year.

CORPORATE INCOME TAX:

Corporate income tax receipts increased by \$37 million, or 7.0%, through the first quarter of the fiscal year.

SALES TAX:

Sales tax revenues through September of the fiscal year increased by \$79 million, or 3.7%.

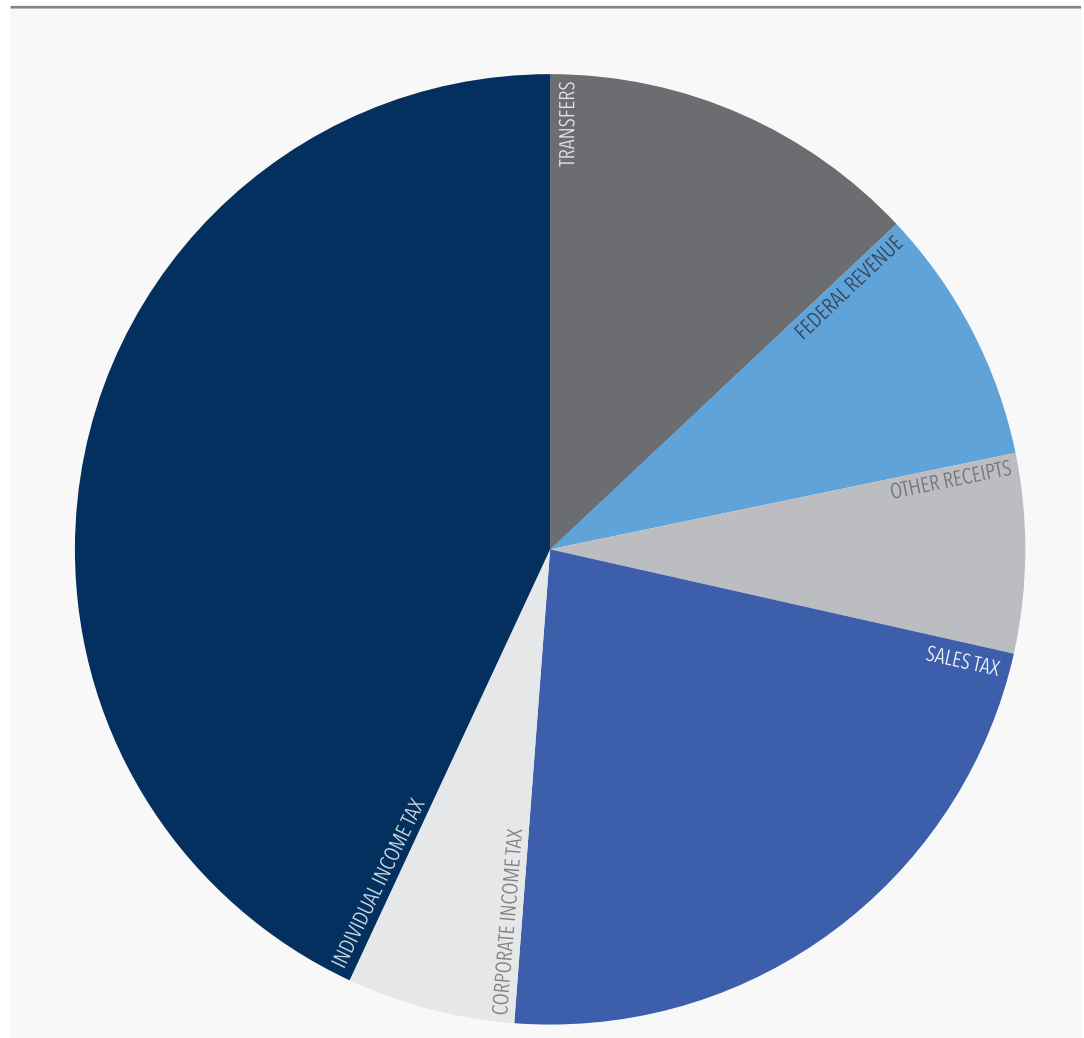
TRANSFERS:

Transfers-in increased by \$690 million through the first quarter of fiscal year 2020, largely due to the increase from the Income Tax Refund Fund. Lottery Fund transfers decreased by \$28 million, and river-boat gambling transfers increased by \$1 million.

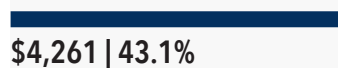
GENERAL FUNDS BASE REVENUES

Fiscal Year 2020, Quarter 1 | July 1, 2019 to September 30, 2019

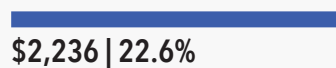
Total \$9,882 million | Amounts in millions of dollars



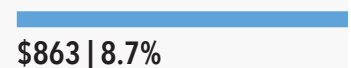
INDIVIDUAL INCOME TAX:



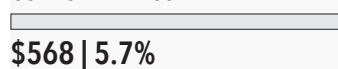
SALES TAX:



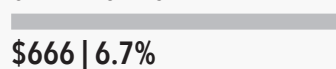
FEDERAL REVENUE:



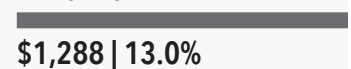
CORPORATE INCOME TAX:



OTHER RECEIPTS:



TRANSFERS:



BASE REVENUES

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TRANSFERS:

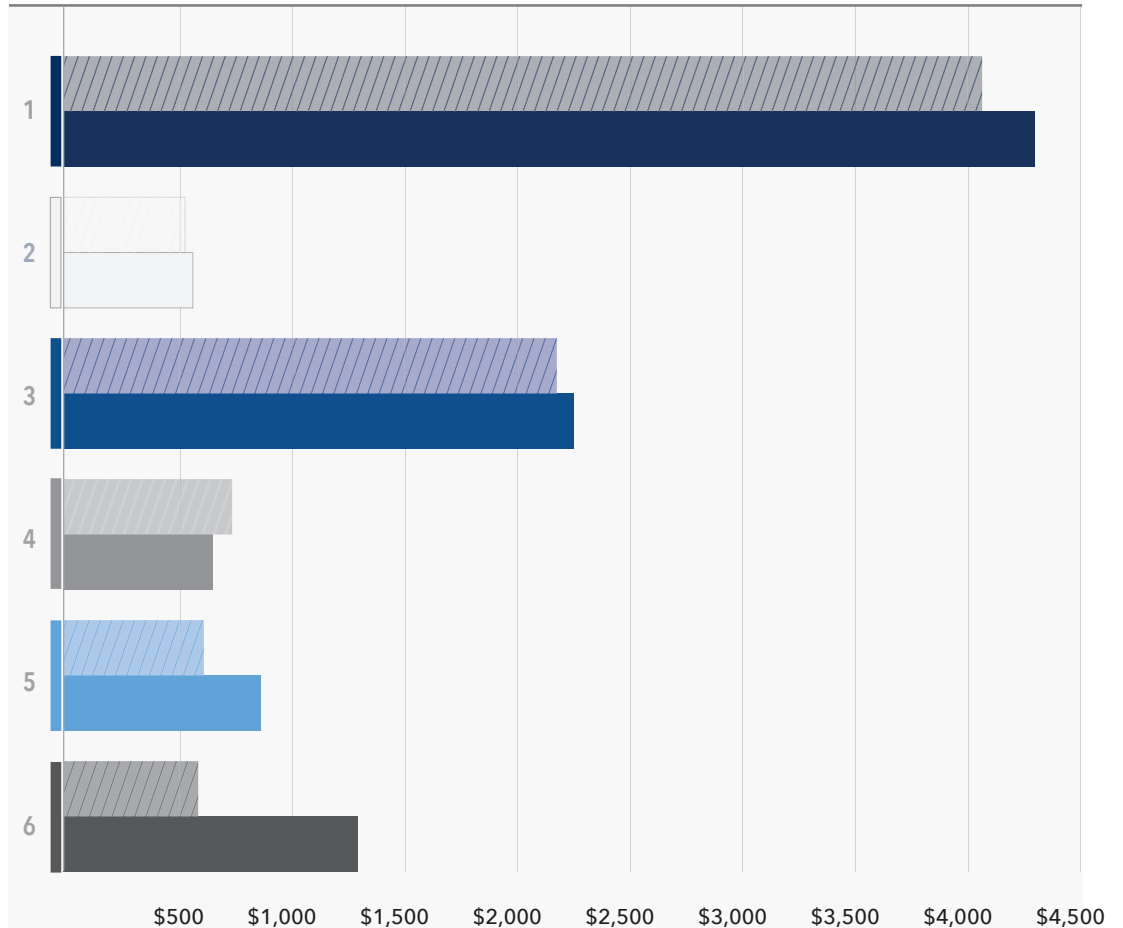
Transfers-in increased by \$690 million through the first quarter of fiscal year 2020, largely due to the increase from the Income Tax Refund

GENERAL FUNDS REVENUES:

*First Quarter Year-over-Year Comparison
Amounts in millions of dollars*

FY 2019 Three-Month Total \$8,671 million

FY 2020 Three-Month Total \$9,882 million



1. INDIVIDUAL INCOME TAX:

FY 2019: \$4,023 | 46.4%
FY 2020: \$4,261 | 43.1%

3. SALES TAX:

FY 2019: \$2,157 | 24.9%
FY 2020: \$2,236 | 22.6%

5. FEDERAL REVENUE:

FY:2019 \$618 | 7.1%
FY 2020: \$863 | 8.7%

2. CORPORATE INCOME TAX:

FY 2019: \$531 | 6.1%
FY 2020: \$568 | 5.7%

4. OTHER RECEIPTS:

FY 2019: \$744 | 8.6%
FY 2020: \$666 | 6.7%

6. TRANSFERS:

FY:2019 \$598 | 6.9%
FY 2020: \$1,288 | 13.0%

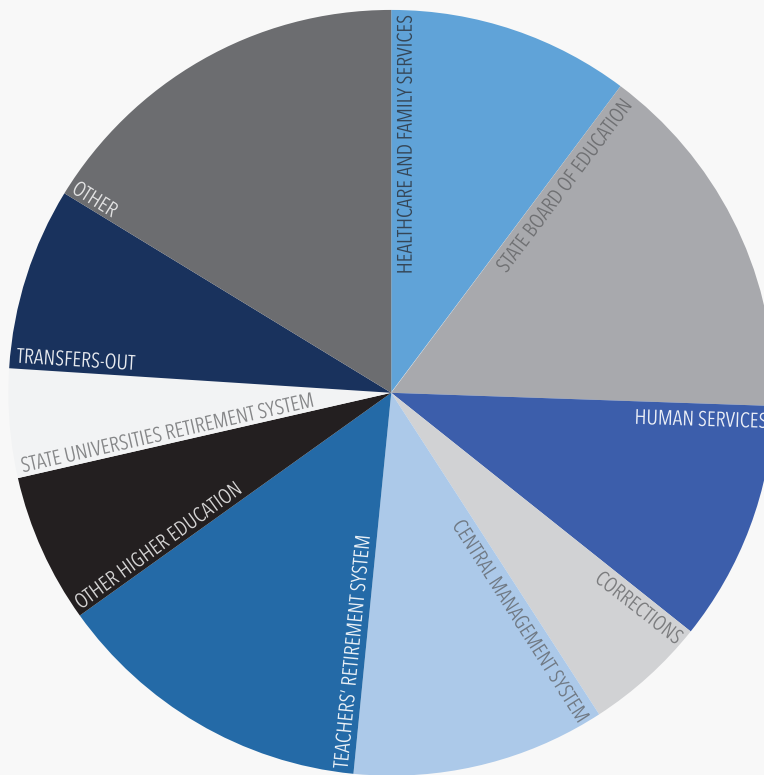
BASE EXPENDITURES



General Funds base spending – payments released by the IOC – increased by \$1.407 billion, or 16.6%, through September 2019. Warrants issued, including prior year adjustments, increased \$1.553 billion while transfers out decreased by \$146 million.

GENERAL FUNDS BASE EXPENDITURES

Fiscal Year 2020, Quarter 1 | July 1, 2019 to September 30, 2019
Total \$9,901 million | Amounts in millions of dollars



OTHER:

\$3,208 | 32.4%

TRANSFERS-OUT:

\$766 | 7.7%

STATE UNIVERSITIES RETIREMENT SYSTEM:

\$456 | 4.6%

OTHER HIGHER EDUCATION:

\$1,079 | 10.9%

TEACHERS' RETIREMENT SYSTEM:

\$1,339 | 13.5%

CENTRAL MANAGEMENT SYSTEM:

\$1,049 | 10.6%

CORRECTIONS:

\$510 | 5.2%

HUMAN SERVICES:

\$1,002 | 10.1%

STATE BOARD OF EDUCATION:

\$1,519 | 15.3%

HEALTHCARE AND FAMILY SERVICES

\$1,018 | 10.3%

SOCIAL SERVICES:

Department of Children and Family Services expenditures increased by \$70 million, or 35.9%. Vouchers presented by the Department on Aging increased by \$27 million, or 13.5%. Department of Human Services spending decreased by \$45 million (4.3%) and vouchers presented by the Department of Health and Family Services decreased by \$512 million (33.5%) for the first three months of the fiscal year.

EDUCATION:

Expenditures by the State Board of Education declined by \$56 million (3.6%) so far for the fiscal year. This decrease is due to the timing of vouchers submitted for mandated categoricals, which are typically vouchered by the end of September each year but weren't recorded until October 1 (second quarter) this year. Vouchers presented by higher education agencies, excluding the retirement system, increased by \$28 million, or 4.7%.

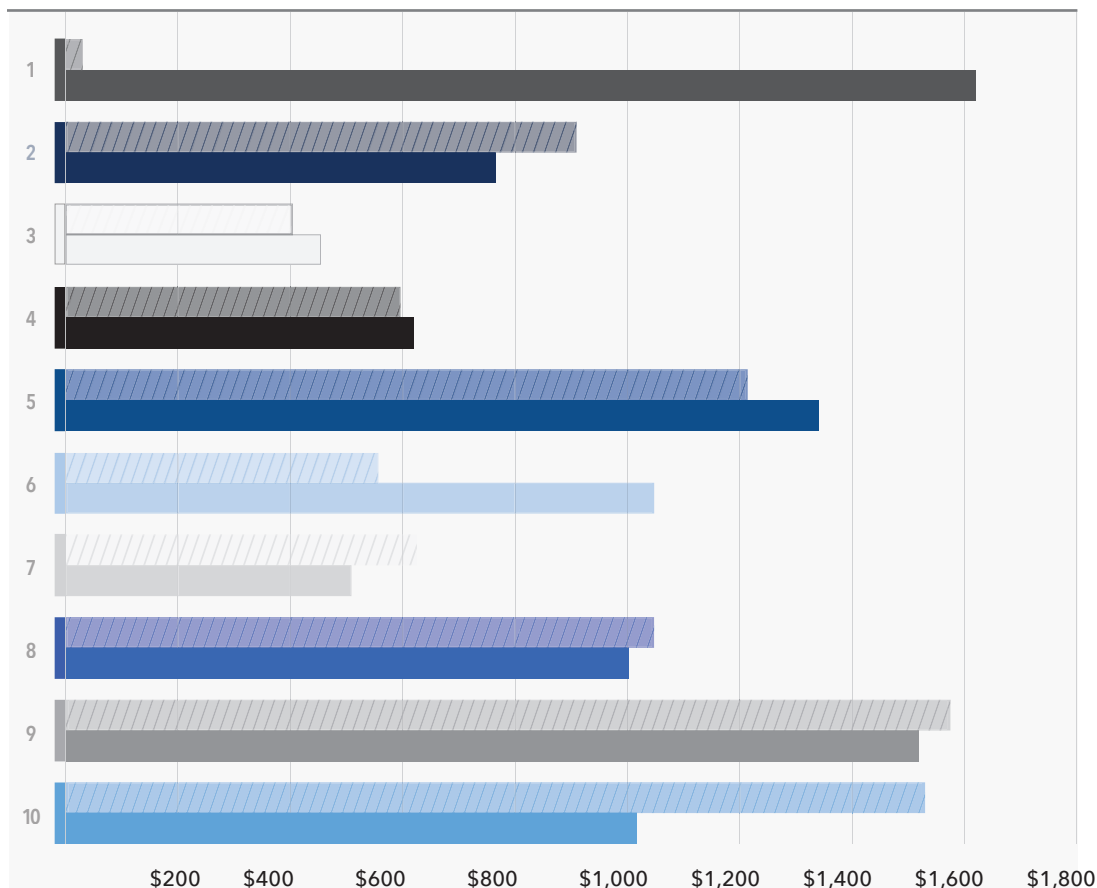
BASE EXPENDITURE

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GENERAL FUNDS BASE EXPENDITURES:

First Quarter Year-over-Year Comparisons
Amounts in millions of dollars

FY 2019 Three-Month Total \$8,463 million
FY 2020 Three-Month Total \$9,901 million



1. OTHER:

FY 2019: \$31 | 0.4%
FY 2020: \$1,619 | 16.4%

2. TRANSFERS-OUT:

FY 2019: \$912 | 10.8%
FY 2020: \$766 | 7.7%

3. STATE UNIVERSITIES RETIREMENT SYSTEM:

FY 2019: \$405 | 4.8%
FY 2020: \$456 | 4.6%

4. OTHER HIGHER EDUCATION:

FY 2019: \$595 | 7.0%
FY 2020: \$623 | 6.3%

5. TEACHERS' RETIREMENT SYSTEM:

FY 2019: \$1,216 | 14.4%
FY 2020: \$1,339 | 13.5%

6. CENTRAL MANAGEMENT SYSTEM:

FY 2019: \$559 | 6.6%
FY 2020: \$1,049 | 10.6%

7. CORRECTIONS:

FY 2019: \$624 | 7.4%
FY 2020: \$510 | 5.2%

8. HUMAN SERVICES:

FY 2019: \$1,047 | 12.4%
FY 2020: \$1,002 | 10.1%

9. STATE BOARD OF EDUCATION:

FY 2019: \$1,575 | 18.6%
FY 2020: \$1,519 | 15.3%

10. HEALTHCARE AND FAMILY SERVICES:

FY 2019: \$1,530 | 18.1%
FY 2020: \$1,018 | 10.3%

RETIREMENT SYSTEMS:

Teachers Retirement System expenditures increased by \$123 million, vouchers presented by the University Retirement System increased by \$51 million, and spending by the State Employees Retirement System increased by \$20 million.

ALL OTHER:

Vouchers from all other agencies increased by \$438 million. The Department of Central Management Services had the largest increase among the other major agencies at \$490 million, a majority of which was funding for state employee health insurance. Expenditures for the Department of Corrections decreased by \$114 million, while Department of State Police spending was flat when compared to the first quarter of the prior fiscal year.

TRANSFERS-OUT: Transfers-out through the first quarter decreased by \$146 million (16.0%).

GENERAL FUNDS TRANSACTIONS:

Exhibit 1 | Amounts in millions of dollars



	September		Change	Three Months		Change	
	2018	2019		FY 2019	FY 2020	Amount	Percent
AVAILABLE CASH BALANCE, BEGINNING	\$ 374	\$ 552	\$ 178	\$ 125	\$ 466	\$ 341	272.8 %
Revenues:							
State Sources:							
Cash Receipts:							
Income Taxes:							
Individual	\$ 1,553	\$ 1,723	\$ 170	\$ 4,023	\$ 4,261	\$ 238	5.9 %
Corporate	400	451	51	531	568	37	7.0
Total, Income Taxes	1,953	2,174	221	4,554	4,829	275	6.0
Sales Taxes	713	713	0	2,157	2,236	79	3.7
Other Sources:							
Public Utility Taxes	58	56	(2)	187	188	1	0.5
Cigarette Taxes	28	26	(2)	93	62	(31)	(33.3)
Inheritance Tax (gross)	21	23	2	89	64	(25)	(28.1)
Liquor Gallonage Taxes	15	15	0	46	48	2	4.3
Insurance Tax and Fees	72	65	(7)	107	100	(7)	(6.5)
Corporation Franchise Tax and Fees	26	31	5	58	62	4	6.9
Investment Income	7	19	12	26	49	23	88.5
Cook County IGT	0	0	0	0	0	0	0.0
Other	30	26	(4)	138	93	(45)	(32.6)
Total, Other Sources	257	261	4	744	666	(78)	(10.5)
Total, Cash Receipts	\$ 2,923	\$ 3,148	\$ 225	\$ 7,455	\$ 7,731	\$ 276	3.7 %
Transfers In:							
Lottery Fund	\$ 61	\$ 52	\$ (9)	\$ 156	\$ 128	\$ (28)	(17.9) %
State Gaming Fund	26	34	8	74	75	1	1.4
Special Bond Proceeds	0	0	0	0	0	0	0.0
Other Funds	75	250	175	368	1,085	717	194.8
Total, Transfers In	\$ 162	\$ 336	\$ 174	\$ 598	\$ 1,288	\$ 690	115.4 %
Total, State Sources	\$ 3,085	\$ 3,484	\$ 399	\$ 8,053	\$ 9,019	\$ 966	12.0 %
Federal Sources	\$ 83	\$ 413	\$ 330	\$ 618	\$ 863	\$ 245	39.6 %
Total, Base Revenues	\$ 3,168	\$ 3,897	\$ 729	\$ 8,671	\$ 9,882	\$ 1,211	14.0 %
Treasurer's Investments	200	400	200	200	400	200	100.0
Treasurer's Investments - Contingency							
Fund Exchange	0	0	0	0	0	0	0.0
Interfund Borrowing	0	0	0	0	0	0	0.0
Total, Revenues	\$ 3,368	\$ 4,297	\$ 929	\$ 8,871	\$ 10,282	\$ 1,411	15.9 %
Expenditures:							
By Agency:							
Healthcare and Family Services	\$ 409	\$ 208	\$ (201)	\$ 1,530	\$ 1,018	\$ (512)	(33.5) %
State Board of Education	836	718	(118)	1,575	1,519	(56)	(3.6)
Human Services	334	393	59	1,047	1,002	(45)	(4.3)
Teachers Retirement	402	443	41	1,216	1,339	123	10.1
University Retirement System	128	155	27	405	456	51	12.6
All Other Higher Education	333	279	(54)	595	623	28	4.7
Corrections	95	276	181	624	510	(114)	(18.3)
State Employees Retirement System	117	124	7	352	372	20	5.7
Central Management Services	171	172	1	559	1,049	490	87.7
Children and Family Services	61	127	66	195	265	70	35.9
Aging	74	73	(1)	200	227	27	13.5
State Police	16	21	5	65	65	0	0.0
All Other	118	201	83	453	515	62	13.7
Total	\$ 3,094	\$ 3,190	\$ 96	\$ 8,816	\$ 8,960	\$ 144	1.6 %
Regular Transfers Out	308	216	(92)	912	766	(146)	(16.0)
Prior Year Adjustments	0	0	0	(3)	(2)	1	(33.3)
Vouchers Payable Adjustment	(162)	596	758	(1,231)	177	1,408	N/A
Total, Base Expenditures	\$ 3,240	\$ 4,002	\$ 762	\$ 8,494	\$ 9,901	\$ 1,407	16.6 %
Transfers to Repay Treasurer's Investments	0	0	0	0	0	0	0.0
Transfers to Repay Treasurer's Investments - Contingency Fund Exchange	0	0	0	0	0	0	0.0
Transfers to Repay Interfund Borrowing	0	0	0	0	0	0	0.0
Total, Expenditures	3,240	4,002	762	8,494	9,901	1,407	16.6
AVAILABLE CASH BALANCE, ENDING	\$ 502	\$ 847	\$ 345	\$ 502	\$ 847	\$ 345	68.7 %

GENERAL REVENUE FUND TRANSACTIONS:

Exhibit 1A | Amounts in millions of dollars



	September		Change	Three Months		Change	
	2018	2019		FY 2019	FY 2020	Amount	Percent
AVAILABLE CASH BALANCE, BEGINNING	\$ 94	\$ 106	\$ 12	\$ 7	\$ 70	\$ 63	900.0 %
Revenues:							
State Sources:							
Cash Receipts:							
Income Taxes:							
Individual	\$ 1,346	\$ 1,468	\$ 122	\$ 3,432	\$ 3,630	\$ 198	5.8 %
Corporate	369	415	46	488	522	34	7.0
Total, Income Taxes	1,715	1,883	168	3,920	4,152	232	5.9
Sales Taxes	531	531	0	1,608	1,667	59	3.7
Other Sources:							
Public Utility Taxes	54	52	(2)	173	173	0	0.0
Cigarette Taxes	22	20	(2)	73	48	(25)	(34.2)
Inheritance Tax (gross)	21	23	2	89	64	(25)	(28.1)
Liquor Gallonage Taxes	15	15	0	46	48	2	4.3
Insurance Tax and Fees	72	65	(7)	107	100	(7)	(6.5)
Corporation Franchise							
Tax and Fees	26	31	5	58	62	4	6.9
Investment Income	7	18	11	26	48	22	84.6
Cook County IGT	0	0	0	0	0	0	0.0
Other	29	26	(3)	137	92	(45)	(32.8)
Total, Other Sources	246	250	4	709	635	(74)	(10.4)
Total, Cash Receipts	\$ 2,492	\$ 2,664	\$ 172	\$ 6,237	\$ 6,454	\$ 217	3.5 %
Special Bond Proceeds Transfer	0	0	0	0	0	0	0.0
Transfers In	74	250	176	366	1,084	718	196.2
Total, State Sources	\$ 2,566	\$ 2,914	\$ 348	\$ 6,603	\$ 7,538	\$ 935	14.2 %
Federal Sources	\$ 83	\$ 413	\$ 330	\$ 618	\$ 863	\$ 245	39.6 %
Total, Base Revenues	\$ 2,649	\$ 3,327	\$ 678	\$ 7,221	\$ 8,401	\$ 1,180	16.3 %
Interfund Borrowing	0	0	0	0	0	0	0.0
Treasurer's Investments	200	400	200	200	400	200	100.0
Treasurer's Investments - Contingency							
Fund Exchange	0	0	0	0	0	0	0.0
Transfer from Budget Stabilization Fund	0	0	0	4	4	0	0.0
Total, Revenues	\$ 2,849	\$ 3,727	\$ 878	\$ 7,425	\$ 8,805	\$ 1,380	18.6 %
Expenditures:							
By Agency							
Healthcare and Family Services	\$ 409	\$ 208	(201)	\$ 1,530	\$ 1,018	(512)	(33.5)
State Board of Education	532	396	(136)	771	762	(9)	(1.2)
Human Services	334	393	59	1,047	1,002	(45)	(4.3)
University Retirement System	128	154	26	404	454	50	12.4
All Other Higher Education	97	88	(9)	139	153	14	10.1
Corrections	95	276	181	624	510	(114)	(18.3)
State Employees Retirement System	117	124	7	352	372	20	5.7
Central Management Services	171	172	1	559	1,049	490	87.7
Children and Family Services Aging	61	127	66	195	265	70	35.9
State Police	10	12	2	100	84	(16)	(16.0)
All Other	16	21	5	65	65	0	0.0
Total	128	223	95	484	557	73	15.1
Total	\$ 2,098	\$ 2,194	\$ 96	\$ 6,270	\$ 6,291	\$ 21	0.3 %
Regular Transfers Out	760	707	(53)	1,831	1,836	5	0.3
Prior Year Adjustments	(1)	0	1	(1)	(2)	(1)	100.0
Vouchers Payable Adjustment	54	745	691	(700)	563	1,263	N/A
Total, Base Expenditures	\$ 2,911	\$ 3,646	\$ 735	\$ 7,400	\$ 8,688	\$ 1,288	17.4 %
Transfers to Repay Budget Stabilization	0	0	0	0	0	0	0.0
Transfers to Repay Treasurer's Investments	0	0	0	0	0	0	0.0
Transfers to Repay Treasurer's Investments							
-	0	0	0	0	0	0	0.0
Contingency Fund Exchange	0	0	0	0	0	0	0.0
Transfers to Repay Interfund Borrowing	2,911	3,646	735	7,400	8,688	1,288	17.4
Total, Expenditures	\$ 32	\$ 187	\$ 155	\$ 32	\$ 187	\$ 155	484.4 %
AVAILABLE CASH BALANCE, ENDING							