

Fiscal Fallout

Item 1: THE GENERAL FUNDS ARE NOT THE TOTAL STATE BUDGET

The Illinois state budget has well over 600 individual funds, but most discussion involves only the "General Funds." The *Fiscal Futures Project* constructs a more inclusive concept, "Consolidated Funds," which for FY 2009 covers \$61 billion in spending from 380 funds, not just the \$35 billion in the four general funds. The consolidated measure presents a better picture of the state's fiscal situation because it:

- is a consistent definition over time, thus a better measure of changes over time;
- is broader and brings important categories like, transportation, debt service, revenue transfers to local government, and federal grants fully into the analysis;
- means inter-fund transfers (which are common) can not be confused with changes in total receipts or spending.

The following table gives an idea of just how different the Consolidated Funds and General Funds measures are.

- The first column shows the FY 2009 amounts for the spending and cash receipts categories in our consolidated state budget.
- The second column shows the percent share of non-general funds in each category in FY 2008. Please note that to avoid double counting with inter-fund transfers, spending is assigned to the fund from which **final** payments are made.
 - The roughly 50 percent share of non-general funds in the total consolidated budget and the 90-100 percent shares for a number of individual categories show that **non-general funds are very important** in the overall budget.
 - Note that inter-fund transfers still affect the interpretation of shares for some categories. For example, while all final debt service payments are made from special funds, the payments are also reported as transfers out of the general fund. On the other hand, none of transfers of revenue to local governments and virtually no transportation spending flow through the general fund.
- The third column in the table shows the number of non-general funds that contribute to each category. Note the very large number of funds involved in most spending categories and in many of the receipts categories.

Source: Dye and Hudspeth, *The Fiscal Futures Project: Progress Report and Initial Results*, May 17, 2010. See Table 1, accompanying footnotes and text, and Appendixes 1-3.

The **Fiscal Fallout** series presents findings from IGPA's *Fiscal Futures Project*. For more on the project and links to the source documents, please go to: <http://igpa.uillinois.edu/content/fiscal-futures-project>.

Table 1: Spending and Receipts Components of Consolidated Illinois Budget, Dollar Totals and Non-General Fund Shares

<i>Spending Category</i>	Millions of Dollars (FY '09)	Pct. from/to Non-General Funds (FY '08)	Number of Non-General Funds (FY '08)
Medicaid	14,098	39.6	28
Elementary & Secondary Education	9,374	20.6	12
Human Services (expanded)	9,019	41.2	78
Transfer of Revenue to Local Governments	5,370	100.0	13
Transportation (including Tollway)	4,630	98.5	30
Debt Service	3,432	100.0	4
Pensions	2,514	43.5	10
Higher Education	2,442	10.6	24
State Employee Health Care	1,761	35.6	1
Management, Legislative & Judicial	1,704	51.7	100
Corrections	1,221	6.3	2
Public Safety & Health	973	60.1	103
Environmental, Resource & Agricultural	728	83.2	97
Economic Development	630	80.0	44
Capital Improvements (other)	331	99.8	9
Other Expenditures	2,864	100.0	200
Total Expenditures	61,090	51.0	376
<i>Receipt Category</i>			
Federal Funds	16,376	65.7	161
Personal Income Tax	9,224	14.5	2
General Sales Tax	9,036	28.1	4
Bond Issue Proceeds	3,316	100.0	2
Business Income Tax	2,779	46.2	3
Motor Fuel/Vehicle/Operator	2,978	100.0	34
Short-Term Borrowing	2,400	0.0	0
Public Utility Tax	1,969	39.5	8
Healthcare Provider Taxes	1,724	100.0	5
Gambling	1,557	99.7	9
Excise Taxes (other)	1,071	33.6	4
Licenses, Fees & Registrations	514	100.0	224
Investment Income	153	40.0	170
Fines, Penalties & Violations	106	99.0	94
Other Cash Receipts	5,164	100.0	100
Total Receipts	58,574	47.4	376

Source: *Project Summary*, May 2010, Table 1.