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POLICY BRIEF

Consequences of Inaction
The Effects of the Budget Stalemate on Revenue and Spending at the Midpoint of Fiscal Year 2016

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The state of Illinois is over halfway through Fiscal Year 2016 (FY16), which started on July 1, 2015, without a full enacted budget. In this report we use information provided by the Illinois Comptroller on spending and revenue for the first six months of FY16 to assess mid-year budget trends and explore the implications for the full year.

POLITICS AND POLICY

In February 2015, newly elected Republican Governor Bruce Rauner proposed a budget that purported to be balanced but relied on more than $2 billion in savings from a pension reform proposal based on an untested legal theory and the highly implausible assumption that it could survive both legislative scrutiny and legal challenges and be implemented on the first day of the new fiscal year.[1] The Democrat-controlled General Assembly countered by passing a budget for FY16 that was $4 billion in deficit without new sources of revenue. Governor Rauner vetoed most of the proposed budget, but did sign an appropriations bill for elementary and secondary education.[2,3] The governor announced his willingness to consider new revenue only if the General Assembly passed his business-friendly "Turnaround Agenda." There has been little progress in resolving these issues since the fiscal year began.[4]

UNDERLYING IMBALANCE WORSENED BY DECREASE IN INCOME TAX REVENUE

The state of Illinois has been running structural deficits for years by spending in excess of its sustainable revenue flows.[5] The Fiscal Year 2015 (FY15) budget was "balanced" only by using a number of non-sustainable practices—spending down pre-existing fund balances, borrowing, and shifting payment obligations to future years.[6] Moreover, the scheduled phase-out of the temporary 2011 increase in income tax rates meant revenues in FY16 would be nearly $2 billion lower than in already-problematic FY15.

SPENDING ON AUTOPILOT

At the beginning of FY16, only an annual appropriations bill for elementary and secondary education, including the state's contribution to the Teacher's Retirement System, was in force. A second appropriations bill (PA 099-0491) was enacted in December 2015, but this provided spending authority only for Illinois Lottery winnings, distribution of the local share of motor fuel taxes to local governments and a number of smaller items.[7,8] The remaining portion of government operations that require annual appropriations are still without spending authority.

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[1]Vock, D. C. (2015, October 28). Inside the Illinois face-off. *Governing*. http://www.governing.com/topics/politics/gov-illinois-bruce-rauner-budget.html

[2]Hinz, G. (2015, June 25). Rauner spikes Dems' budget—and then answers back. *Crain's Chicago Business*. http://www.chicagobusiness.com/article/20150625/BLOGS02/150629865/rauner-spikes-dems-budget-and-then-answers-back

[3]Corfman, T. A. (2015, June 24). The good news: Schools won't shut down. The bad news. *Crain's Chicago Business*. http://www.chicagobusiness.com/article/20150624/NEWS02/150629902/the-good-news-schools-wont-shut-down-the-bad-news

[4]Moser, W. (2016, January 29). Rauner Plays Down a Tax Hike, but Can the Pension Mess Be Fixed Without One? *Chicago Magazine*. http://www.chicagomag.com/city-life/January-2016/Illinois-budget-tax/

[5]Dye, R. F., Merriman, D. F., & Crosby, A. (2015). *Apocalypse Now? The Consequences of Pay-Later Budgeting in Illinois: Updated Projections from IGPA's Fiscal Futures Model*. University of Illinois Institute of Government and Public Affairs. http://igpa.uillinois.edu/system/files/FF_Apocalypse_Now_Jan_2015.pdf

[6]See, for example: Chicago Metropolitan Agency for Planning. (2015, March 31). State of Illinois FY15 Budget Modifications Approved. http://www.cmap.illinois.gov/about/updates/-/asset_publisher/UIMfSLnFfMB6/content/state-of-illinois-fy15-budget-modifications-approved

[7]Garcia, M. (2015, December 2). Rauner, Democrats strike deal on lottery payouts, gas tax money for towns. *Chicago Tribune*. http://www.chicagotribune.com/news/local/politics/ct-rauner-madigan-illinois-legislature-met-1203-20151202-story.html

[8]Garcia, M. (2015, December 7). Rauner signs bill to free up gas tax, lottery money. *Chicago Tribune*. http://www.chicagotribune.com/news/local/politics/ct-illinois-senate-lottery-gas-tax-met-1208-20151207-story.html

Table 1: Illinois All-Funds Revenue by Type: Actual FY15 and Mid-year FY16, Projected FY16

Type of Revenue	FY15 ($ mil.)	Mid-FY16 ($ mil.)	Percent of FY15 Spent as of mid-FY16	Full FY16 Projected ($ mil.)*	Projected change FY15 to FY16 (pct.)
Individual Income Taxes	15,914	6,108	38%	13,656	-14.2%
Sales Taxes	11,148	5,792	52%	11,495	3.1%
Federal Medicaid	10,491	5,185	49%	10,784	2.8%
Federal Other	6,212	2,862	46%	6,222	0.1%
Corporate Income Taxes	4,054	1,301	32%	3,567	-12.0%
Federal Transportation	2,031	925	46%	1,924	-5.3%
Medical Provider Assessments	1,961	999	51%	1,998	1.9%
Motor Vehicle And Operators	1,539	745	48%	1,619	5.1%
Public Utility Taxes	1,476	674	46%	1,453	-1.6%
Motor Fuel Tax	1,293	695	54%	1,362	5.3%
Lottery Receipts	1,261	602	48%	1,282	1.6%
Licenses, Fees & Registrations	1,223	588	48%	1,176	-3.8%
All Other Sources	6,969	3,550	51%	7,145	2.5%
Total	**65,574**	**30,025**	**46%**	**63,681**	**-2.9%**

*See Appendix Table A2 and accompanying text for method used to project full-year FY16 revenue for eacy type.

There are, however, a number of types of spending that have legal authorization separate from an annual appropriation. The "three C's"—continuing appropriations, consent decrees, and court orders—have put a big portion of FY16 spending on autopilot.

- **Continuing appropriations** are state laws covering such things as pension payments or debt service obligations granting spending authority on an on-going or multiple-year basis.
- **Consent decrees** are binding legal agreements to provide certain services made in order to settle a lawsuit. Currently, Illinois is operating under 80 consent decrees.[9]
- **Court orders** are binding obligations imposed by a court to provide certain services.

When the state of Illinois began FY16 without a budget, the Illinois State Comptroller was sued by a number of employee unions to compel continued payment under existing contracts. Other groups also sought court sanctions for continued payments.[10] One of the results was an *Agreed Interim Order* (Circuit Court of Cook County, July 7, 2015) that authorized payment for and listed all continuing appropriations and consent decrees.[11] The second key result was an *Order* (Circuit Court of St. Clair County) for "payment of wages to the Plaintiffs' members at their normal rates of pay;" this order also accepted the argument by the Comptroller that the state's payroll software could not separate contract and non-contract employees: "Further, at the request of the Comptroller, the court finds that this order authorizing payment is applicable to all other state employees."[12,13]

State spending for FY16 is on autopilot with respect to continuing appropriations, consent decrees, court orders, and labor costs. We look next at actual revenue collections and spending in Illinois in the first half of FY16.

MID-FY16 REVENUE AND SPENDING

We base our analyses on data supplied by the Illinois Office of the Comptroller (IOC). These data record state revenue and expenditures processed by the IOC during the first half of FY16.[14] Note that information on cash expenditures understates obligations incurred in the first six months of FY16, because of services provided but not

[9]Dunn, J. (2016, January 28). Illinois Issues: What Are Consent Decrees? *WUIS 91.9*. http://wuis.org/post/illinois-issues-what-are-consent-decrees#stream/0

[10]There are several relevant court documents that are summarized and included as attachments to Emergency Motion for Direct Appeal Pursuant to Supreme Court Rule 302(B) and Other Relief, People of the State of Illinois vs. Leslie Geissler Munger, no. 119525, accessible via: http://www.illinoiscourts.gov/SupremeCourt/SpecialMatters/2015/071315_119525_MOT.pdf. The motion was denied by the Supreme Court, leaving payments in place. The Supreme Court decision is accessible via: http://www.illinoiscourts.gov/SupremeCourt/SpecialMatters/2015/071715_119525_ORDER.pdf

[11]People of the State of Illinois vs. Leslie Geissler Munger, 15 CH 10243, http://www.illinoisattorneygeneral.gov/pressroom/2015_07/People_v_Munger_Agreed%20Interim%20Order_July7_2015.pdf

[12]See: People of the State of Illinois vs. Leslie Geissler Munger, no. 119525, http://www.illinoiscourts.gov/SupremeCourt/SpecialMatters/2015/071315_119525_MOT.pdf

[13]Geiger, K. (2015, July 9). Downstate judge rules state workers should be paid in full. *Chicago Tribune*. http://www.chicagotribune.com/news/local/politics/ct-downstate-judge-rules-state-workers-should-be-paid-in-full-20150709-story.html

[14]The appendix provides more detail about the official data from the Illinois Office of Comptroller that we use.

yet billed or bills not yet approved by agencies and sent to the Comptroller for payment. Mid-year revenue numbers are a bit cleaner and provide a more accurate reflection of the flow of financial resources available to Illinois. Extrapolating full FY16 revenue and expenditures based on the mid-year data that we have available requires some assumptions about the normal fluctuation of activities during the year (economists call this "seasonality"). We discuss our approach to this below and in the Appendix.

REVENUE COLLECTIONS IN THE FIRST HALF OF FY16

Table 1 (page 2) shows FY15 and mid-FY16 data on revenue. It is important to note two conventions followed in this report based on our Fiscal Futures Project. First, we analyze a broad "all-funds" measure of the Illinois budget that includes nearly twice as much revenue and spending as the four General Funds. This avoids confusion and misrepresentation due to fund shifting. Second, our "sustainable" revenue measure includes annual flows of taxes, fees, federal grants and many smaller sources, but excludes as "one-time" or "non-sustainable" things like pre-existing fund balances or any form of new borrowing (see Appendix).

In FY15 Illinois had about $65.6 billion in all-funds sustainable revenue. The largest sources of revenue were the individual income tax ($16 billion), sales taxes ($11 billion) and federal Medicaid reimbursements ($10.5 billion). As of December 31, 2015 (the mid-point of FY16), IOC data show that the state had revenue of only about $30 billion or 46 percent of FY15 revenue. We use various methods (explained in the Appendix) to extrapolate these mid-year data and to project FY16 revenue for each source under current law. As shown in Table 1, we project the state will have final FY16 revenue of about $63.7 billion—a decline of $1.9 billion (2.9 percent) from FY15. Essentially all of this decline is the result of projected declines in revenue from the personal income tax ($2.3 billion or 14.2 percent) and the corporate income tax ($0.5 billion or 12.0 percent), due to the phase-out of the temporary tax increases enacted in January 2011. This decrease is offset somewhat by a projected 3.1 percent increase in sales tax revenue. Thus, the decline in revenue is primarily driven by policy change (declines in the personal and corporate income tax rates midway through FY15) rather than changes in the tax base as a result of changes in economic activity.

SPENDING IN THE FIRST HALF OF FY16

Despite the lack of a full legislated budget, Illinois government spending continues for the reasons discussed above.[15] Table 2 (page 4) shows data on FY15 and mid-FY16 expenditures by agency or category. In FY15, Illinois made nearly $70 billion in expenditures. By December 31, 2015 (i.e., mid-FY16), the state had spent only about $28 billion or 40 percent of FY15 spending. The ratio of mid-FY16 to full year FY15 expenditures for specific agencies ranges from a low of less than one percent (state employee health care) to a high of 55 percent (Environmental Protection Agency). While we would not necessarily expect expenditures to occur smoothly throughout the fiscal year, these ratios provide a useful indicator of the degree to which government services may have been diminished by the budget stalemate.

Consider K-12 education, one of the few expenditure categories for which an appropriations bill has been enacted. As of mid-FY16 Illinois, had spent about 45 percent of the amount it spent in FY15. During the remainder of FY16, we expect that ratio to gradually rise to a little more than 100 percent since legislators and the governor agreed on an FY16 appropriation that was slightly greater than in FY15. Similarly, local government revenue sharing is governed by continuing appropriations bills that link local grants to specific revenue sources. As a result, revenue sharing with local governments is largely unaffected by the failure to enact a comprehensive budget and Illinois spent 46 percent of the FY15 amount by mid-FY16.

Unfortunately, for most categories of expenditures there is no simple method to project end-of-year expenditures in the absence of enacted appropriations, so in the last two columns we show only three items that can be projected from other information. First, the amount of revenue shared with local governments can be calculated from the projected amount of state revenue from each linked source. We project a year-over-year increase in shared revenue of 3.2 percent or $200 million.[16] Second, pension contributions are statutorily determined and official projections are a little more than $7.6 billion in FY16[17] which is a 13.4 percent (or $1.3 billion) increase over FY15. Third, debt service is obligated by formal borrowing agreements and payments must be made under the Illinois Constitution so we can project these payments. According to information from a recent bond disclosure statement, Illinois will spend $3.4 billion on debt service in FY16,[18,19] representing a 15.3 percent (or $0.6 billion) decline compared to FY15.

A few other categories of spending are relatively easy to estimate for the full year. The vast majority of spending by the Department of Healthcare & Family Services is for Medicaid reimbursements, which are matched by the

[15]For an attempt to quantify how much spending is authorized under each of these reasons, see Appendix Table A2 and the accompanying text.

[16]The increase in local revenue sharing while total state revenue is projected to fall is largely due to a feature of the 2010 law that temporarily increased income tax rates above 3 percent, but capped the local share at one-tenth of the revenue attributable to the 3 percent rate. So local governments did not share in the higher collections when the rate went up to 5 percent on January 1, 2011, nor—relevant to FY16—were they affected by the drop in collections when the rate went down to 3.75 percent on January 1 2015.

[17]Commission on Government Forecasting and Accountability. Illinois General Assembly. (2015, November). Special Pension Briefing. http://cgfa.ilga.gov/Upload/1115%20SPECIAL%20PENSION%20BRIEFING.pdf

[18]State of Illinois (2016, January 15). Official Statement: $480,000,000 State of Illinois General Obligation Bonds, Series of January 2016. https://www.illinois.gov/gov/budget/capitalmarkets/Documents/Official%20Statements/Official%20Statement%20-%20GO%20Bonds%20Series%20of%20January%202016.pdf

[19]Pierog, K. (2015, October 14). Illinois comptroller: cash crunch will delay pension payments. *Reuters*. http://www.reuters.com/article/us-usa-illinois-budget-idUSKCN0S82FE20151014

Table 2: Observed FY15 and Mid-FY16 and Selected Projections for FY16 All-Funds Expenditure

	Agency (or Group)	FY15 ($ mil.)	Mid-FY16 ($ mil.)	Percent of FY15 Spent as of mid-FY16	Full FY16 Projected ($ mil.)*	Projected change FY15 to FY16 (pct.)*
Local Governments	K-12 Education	8,903	3,990	45%		
	Local Govt Revenue Share	6,283	2,890	46%	6,484	3.2%
Higher Education	University Education	1,308	12	1%		
	Il Student Assistance Comm	560	84	15%		
	Il Community College Board	381	5	1%		
Executive Departments	Healthcare And Family Services	17,287	7,713	45%		
	Human Services	5,854	2,182	37%		
	Corrections	1,380	406	29%		
	Children And Family Services	1,118	481	43%		
	Aging	1,032	276	27%		
	Commerce And Econ Opportun	994	146	15%		
	Central Management	720	124	17%		
	Environmental Protect Agency	617	339	55%		
	Revenue	433	139	32%		
	Public Health	396	95	24%		
	State Police	337	127	38%		
	Natural Resources	289	59	21%		
	Public Safety (Other)	264	96	36%		
	Business Regulation	256	80	31%		
	Emergency Management Agcy	167	71	42%		
	Agriculture	68	18	26%		
Constitutional Branches	Elected Officers	797	296	37%		
	Judicial	397	176	44%		
	Legislative	91	38	42%		
State Government Employee Benefits	Pension Contribution	6,719	3,649	54%	7,617	13.4%
	Employee Healthcare	2,455	9	0%		
Infrastructure and Debt	Transportation	4,343	2,224	51%		
	Debt Service	4,050	1,595	39%	3,429	-15.3%
	Capital Development Board	668	21	3%		
Quasi-Business Operations	State Lottery	934	176	19%		
	Illinois Gaming Board	137	56	41%		
Unemployment Ins.	Employment Security	218	81	37%		
	ALL OTHER	337	95	28%		
	TOTAL	**69,794**	**27,745**	**40%**		

*See text and accompanying footnotes for sources for these three projections.

federal government, constrained by federal rules and subject to consent decrees. Thus, we expect end-of-FY16 spending on this category to be quite similar to end-of-year spending in FY15. Similarly, the vast majority of spending by the Department of Transportation comes as the result of federal matching grants or dedicated revenue and so is essentially unaffected by the lack of annual appropriations—we expect this spending to be similar to the previous year.

Although Illinois has thus far spent almost nothing on state employee healthcare, state employees continue to be insured and are undoubtedly accruing expenses for their care. Providers simply have not yet been paid. Thus, Illinois is effectively borrowing money from providers and will eventually have to make payments for FY16 that will probably be similar to those in FY15. The vast majority of expenditures for the state lottery are to compensate holders of winning tickets. Since funds to redeem larger tickets were not appropriated until December 7, 2015, the relatively low ratio of FY16 spending on that category simply reflects a large redemption backlog as of December 31, 2015.

Table 2 breaks out spending for 34 agencies or categories, but there are solid full-year FY16 projections for only three of these as discussed above. A rough benchmark for year-end FY16 spending for the omitted agencies is simply the amount of spending for that category in FY15. Adding the three projected FY16 amounts to the FY15 amounts for the remaining agencies results in a benchmark FY16 spending total of $70.3 billion. This is a benchmark, not a projection, for a number of reasons. First, the wording of continuing appropriations and court orders may require some types of spending to increase. Second, successful efforts by the governor or program administrators to cut costs or service levels for certain programs are not reflected in last year's spending. Third, and most important, without new revenue or reliance on borrowing or other non-sustainable sources, the state will fall billions of dollars short of the funds needed to achieve prior spending levels.

THE BOTTOM LINE

Comparing all-funds sustainable revenue for FY15 ($65.6 billion from Table 1) to all-funds spending in FY15 ($69.8 from Table 2), the reference year of FY15 had a structural deficit of $4.2 billion. Projected total sustainable revenue for FY16 (Table 1) is $63.7 billion, but the "benchmark" amount needed to achieve prior year spending levels is $70.3 billion—a deficit of $6.6 billion. An enormous deficit to start was made much worse by the scheduled drop in income tax rates and the scheduled increase in pension payments.

In other words, it will take more than a handshake, a vote and a signature to restore spending in FY16 to FY15 levels. There is a $6.6 billion deficit to deal with. Already over seven months into FY16, it is hard to imagine any new sources of sustainable revenue that could be adopted and cover a gap of this magnitude. That leaves either non-sustainable sources, i.e., some form of borrowing that shifts the burden—with interest—of paying for FY16 spending to Illinois taxpayers in future years or huge cuts to FY16 spending relative to FY15 levels.

The distribution of cuts necessary to get through FY16 across different agencies and programs will be very uneven. First in line to be paid with the limited resources available are those already paid in the first six months of FY16. Second in line—and mostly the same group—are those with spending authority from annual FY16 appropriations, continuing appropriations, consent decrees or court orders. Last in line—and on the chopping block—are those with authority to pay only labor costs. A rough indication of the favored and vulnerable groups is given by the column in Table 2 that shows mid-FY16 spending as a percent of FY15 levels. Agencies with the lowest percentage already paid are, in general, most vulnerable. •

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APPENDIX
DATA AND METHODS

1. “All-Funds” scope. Following earlier work of the Fiscal Futures Project, the frame of reference for reporting is not limited to just Illinois’ four General Funds. Rather this analysis includes over 700 funds comprising nearly the entire state budget. This eliminates the confusion and difficulty caused by transfers in and out of the General Funds.[1]

2. Data source. The source of data for this report is the Illinois Office of the Comptroller. Information was obtained (by Freedom of Information Act request) for all of FY15 and for FY16 at close of business December 31, 2015. The Comptroller’s website allows the public to query expenditures and revenue for completed years and to-date for the current year broken down in many different ways. Our data files are, in effect, the full detail that supports the public access queries.

2.1. Revenue. The unit of analysis in the receipts file is the combination of “fund,” “agency” and “source.” Detailed revenue source codes are aggregated to “type of revenue” using information from the IOC website. To focus on sustainable sources of revenue, borrowing is not counted. Transfers from one fund to another are excluded (except for transfers from funds outside the reporting frame).

2.2. Expenditure data. The unit of analysis in the expenditure file is the combination of “fund,” “agency,” and “object of expenditure” (plus a few other measures not relevant here). To avoid double counting, transfers from one fund to another are excluded and each expenditure is assigned to the fund making the final payment. One exception to this is that transfers to funds outside the reporting frame are treated as expenditures.

3. Separation of key spending types from agencies. The “agency”—branch, department, office, board, commission, or authority—is the unit used here for reporting most expenditures. Because four types of spending are worthy of separate analysis, they are removed from the often multiple agencies to which they are assigned in the source data. “Object of expenditure” codes are used to separate: (a) state pension contributions; (b) debt service payments; (c) state employee healthcare and (d) revenue transfers to local government.

Note, for example, that this means that while Table 2 shows very low FY16 payments to higher education, the state’s contributions to the State University Retirement System have been made but are shown in a different category.

4. Authorized spending for FY16. In order to interpret the information in Table 2 we investigated the legal authority for spending by each agency or group. As discussed in the text, there is no overall budget appropriated for FY16. Instead, piecemeal spending authority comes from an initial appropriation for just K-12 education and various continuing resolutions, consent decrees, and court orders. To roughly identify the authorized sub-categories of spending in the data, we relied on several sources and assumptions as described below. Our findings are summarized in Table A1 (page 7) and were used in drawing conclusions noted in the text. Table A1 gives the share of mid-FY16 spending authorized through each method. The methods may not be mutually exclusive—e.g. some spending may be justified both as a consent decree and labor costs—and in many cases none of the methods completely identifies all of the authorized sub-categories.

4.1. IOC coding of the spending authority for some items. In the FY16 expenditure data file, a text field (used for a different purpose in prior years) labels a number of items as “continuing appropriation,” “consent decree,” or “court order.” Combining the latter two as a single category, data records were coded as subject to “continuing appropriation” or “court authority.”

4.2. July 2015 Agreed Interim Order. When FY16 began without a budget bill, Illinois Comptroller Leslie Geissler Munger agreed to a court order authorizing certain payments.[2] Identifying specific funds from which continuing appropriations were authorized allowed the coding of additional spending items as “continuing appropriations.”

4.3. Labor costs. As already noted, another court order authorized payments for all state workers. Object codes for state employee salaries and other payroll costs are used to identify labor costs thus authorized. Note that this will not reveal all labor costs, in particular because of cases where labor and other operating expenses are combined under a “lump sum” allocation code.

4.4. Appropriations. PA 099-0005 (effective July 1, 2015) appropriated grants to local school districts. While the full detail of this bill was not coded by line item to the data file, the total amount covers virtually all of the spending of the Illinois State Board of Education (SBOE). Accordingly, all spending of this agency was coded as appropriated. PA 099-0491 (effective December 7, 2015) appropriated a long list of mostly small items. Only the two largest items in this bill were coded in the dataset as appropriated—distribution of lottery prizes and distribution of the local share of motor fuel taxes. Note that given the short time between December 7 and 31, this will have little impact in mid-year numbers shown in Table A1.

[1]Dye, R. F., & Hudspeth, N. (2015, January 16). *Fiscal Futures Project Documentation: January 2015*. University of Illinois Institute of Government and Public Affairs. http://igpa.uillinois.edu/system/files/FF_Documentation_Jan_2015.pdf

[2]People of the State of Illinois vs. Leslie Geissler Munger, 15 CH 10243, http://www.illinoisattorneygeneral.gov/pressroom/2015_07/People_v_Munger_Agreed%20Interim%20Order_July7_2015.pdf

Table A1: Amount and Legal Authority for Expenditures: Mid-FY 2016

	Agency (or Group)	Expenditure ($ mil.)	Type of Legal Authority for Expenditure* Labor	Con't Approp	Consent Degree or Court Order	FY16 Approp	Combined Total with Identified Legal Authority**	No Identified Legal Authority
			(percent)					
Local Governments	K-12 Education	3,990	0%	0%	0%	100%	100%	0%
	Local Govt Revenue Share	2,890	0%	91%	0%	9%	100%	0%
Higher Education	University Education	12	0%	0%	65%	0%	65%	35%
	Il Student Assistance Comm	84	4%	84%	5%	0%	93%	91%
	Il Community College Board	5	11%	0%	26%	0%	26%	74%
Executive Departments	Healthcare & Family Services	7,713	1%	0%	99%	0%	99%	1%
	Human Services	2,182	9%	0%	64%	0%	65%	35%
	Corrections	406	1%	0%	100%	0%	100%	0%
	Children & Family Services	481	20%	0%	0%	0%	20%	80%
	Aging	276	1%	0%	91%	0%	91%	9%
	Commerce & Economic Opportun	146	0%	0%	7%	0%	7%	93%
	Central Management	124	31%	0%	99%	0%	99%	1%
	Environmental Protect Agency	339	6%	0%	10%	0%	12%	88%
	Revenue	139	13%	0%	42%	0%	43%	58%
	Public Health	95	28%	0%	32%	0%	39%	61%
	State Police	127	0%	0%	92%	0%	92%	8%
	Natural Resources	59	26%	0%	88%	0%	92%	8%
	Public Safety (Other)	96	12%	0%	70%	0%	70%	30%
	Business Regulation	80	52%	2%	57%	0%	59%	43%
	Emergency Management Agcy	71	11%	0%	12%	0%	12%	88%
	Agriculture	18	19%	0%	83%	0%	91%	9%
Constitutional Branches	Elected Officers	296	36%	17%	42%	0%	61%	42%
	Judicial	176	6%	98%	0%	0%	99%	2%
	Legislative	38	9%	100%	0%	0%	100%	0%
State Government Employee Benefits	Pension Contribution	3,649	0%	100%	5%	0%	100%	0%
	Employee Healthcare	9	0%	0%	100%	0%	100%	0%
Infrastructure and Debt	Transportation	2,224	9%	0%	9%	0%	9%	91%
	Debt Service	1,595	0%	100%	0%	0%	100%	0%
	Capital Development Board	21	26%	0%	54%	0%	54%	46%
Quasi-Business Operations	State Lottery	176	2%	43%	3%	97%	100%	0%
	Illinois Gaming Board	56	8%	0%	35%	0%	35%	65%
Unemployment Ins.	Employment Security	81	0%	100%	0%	0%	100%	1%
	ALL OTHER	95	7%	4%	76%	0%	81%	19%

*See accompanying text for how each type of authority was identified.
**The combined total may be less than the sum of the four identified categories because of overlap. For example, a particular expenditure may be authorized both because it for labor and because it is suject to a consent decree.

Table A2: Projection Method for FY16 End-Year All-Funds Revenue by Type of Revenue

Type of Revenue	Projected FY16 Revenue ($mil.)	Revenue Projection Method (see notes)	Factor
Individual Income Taxes	13,656	COGFA Gen. Funds	
Sales Taxes	11,495	COGFA Gen. Funds	
Federal Medicaid	10,784	Mid-FY16 / factor	0.48
Federal Other	6,222	Mid-FY16 / factor	0.46
Corporate Income Taxes	3,567	COGFA Gen. Funds	
Medical Provider Assessments	1,998	Mid-FY16 / factor	0.50
Federal Transportation	1,924	Mid-FY16 / factor	0.48
Motor Vehicle And Operators	1,619	Mid-FY16 / factor	0.46
Public Utility Taxes	1,453	COGFA Gen. Funds	
Motor Fuel Tax	1,362	Mid-FY16 / factor	0.51
Lottery Receipts	1,282	COGFA Gen. Funds	
Licenses, Fees & Registrations	1,176	Mid-FY16 / factor	0.50
Other Non-Tax Sources	1,935	Mid-FY16 / factor	0.46
Receipts From Revenue Producng	1,010	Mid-FY16 / factor	0.46
Cigarette Taxes	866	COGFA Gen. Funds	
Gifts And Bequests	806	Mid-FY16 / factor	0.50
Other Taxes	759	Mid-FY16 / factor	0.50
Insurance Taxes&Fees&Licenses	469	COGFA Gen. Funds	
Riverboat Wagering Taxes	429	Mid-FY16 / factor	0.62
Inheritance Tax	320	COGFA Gen. Funds	
Liquor Gallonage Taxes	285	COGFA Gen. Funds	
Corp Franchise Taxes & Fees	220	COGFA Gen. Funds	
Investment Income	53	COGFA Gen. Funds	

4.5. Adjustments. Key categories known to be covered by continuing appropriations—particularly state pension contributions, debt service costs, and the local share of sales and income taxes—were coded as such even if not identified in 4.1.

5. Revenue projections. Revenue projections for year-end FY16 were done by two methods.

5.1. Official estimates for General Funds revenue. At the beginning of FY16, the Commission on Government Forecasting and Accountability updated its estimates for year-end collections by source (COGFA, Monthly Briefing for the Month Ended: June 2015, p. 9). Calculations for each named source: (a) start with the official estimate of the FY16 full-year General Funds amount; and (b) are adjusted to reflect collections for All Funds included in the Fiscal Futures frame using the ratio of all-funds to General Funds collections from the data for FY15.

5.2. Actual revenue collections for first six months with "seasonal adjustment." For revenue sources not listed in the General Funds estimate, projection calculations start with actual FY16 collections for the first six months of the year. The simplest projection method would be to double the 6-month collections to estimate the 12-month amount, but some types of revenue show "seasonality," i.e., disproportionate collections in the first versus second half of the fiscal year. To look for seasonality, we use partial unaudited quarterly financial statements from the Governor's Office of Management and Budget (GOMB).[3] From this source we calculate a seasonality "factor" as (mid-year collections)/(end-year collections) for FY13, FY14, and FY15. The factors vary considerably across years and across revenue type, but the all-year all-source average is a mid-year factor of 0.46 (46 percent). Applying that factor to a mid-year collection amount of $100.0 million would result in a year-end projected amount of $217.4 million.

Table A2 shows the projection for each revenue source (same as shown in Table 1, plus the smaller ones that comprise "all other sources") the projection method and—for the mid-year method—the mid-year factor assumed. •

[3]These documents are available at: http://www.illinois.gov/gov/budget/Pages/Resources.aspx