

**AGENDA  
REGULAR SESSION  
HIGHLAND CITY COUNCIL  
HIGHLAND AREA SENIOR CENTER  
187 WOODCREST DRIVE  
MONDAY, AUGUST 19, 2024  
6:30 PM**

**NOTE:** This is an in person meeting. However, anyone wishing to monitor the meeting via phone may do so by following the instructions on page 3 of this agenda.

**CALL TO ORDER / ROLL CALL / PLEDGE OF ALLEGIANCE:**

**MINUTES:**

- A. **MOTION** – Approve Minutes of August 5, 2024 Regular Session (attached)

**PUBLIC FORUM:**

- A. Citizens' Requests and Comments:

1. Highland Moose Lodge - Highland Moose Lodge Annual Chili Cook Off – Special Event Application – Kerry Fenton, Representative (attached)
2. 2024 Art in the Park – Special Event Application – Lynnette Schuepbach, Representative (attached)

**Anyone wishing to address the Council on any subject may do so at this time. Please come forward to the podium and state your name. Per Ordinance No. 3299, please limit your comments to 4 minutes or less.**

- B. Requests of Council:

- C. Staff Reports:

**NEW BUSINESS:**

- A. **MOTION** – Approve Mayor's Reappointment of Larry Munie to the Combined Planning & Zoning Board (attached)
- B. **MOTION** – Bill #24-84/RESOLUTION Waiving Customary Bidding Procedures and Authorizing The Purchase of a Ditch Witch SK1750 Stand-on Skid Steer from Charles Machine Works under the Sourcewell Program (attached)
- C. **MOTION** – Bill #24-85/RESOLUTION Authorizing and Directing Application to the Metro East Park and Recreation District (MEPRD) FY24 Community Planning Grant Program, for Assistance for the Purpose of Updating the Existing 2010 Trail Master Plan with an Updated Bicycle and Pedestrian Master Plan (attached)
- D. **MOTION** – Bill #24-86/RESOLUTION Approving and Authorizing the City of Highland's Application to the Agency for Community Transit (ACT) for the FY24 Community Action Grants Program, for Funding to Update the Existing 2010 Trail Master Plan (attached)

**Continued**

E. **MOTION** – Bill #24-87/RESOLUTION Approving Change Order Number One for the Korte Recreation Center Parking Lot Project (attached)

F. **MOTION** – Bill #24-88/ORDINANCE Declaring Real Property of the City of Highland Surplus and Authorizing its Sale Pursuant to 65 ILCS 5/11-76-1 and 65 ILCS 5/11-76-2, Specifically 516 9<sup>th</sup> Street (attached)

G. **Discussion** – Grocery Tax Implications (attached)

**REPORTS:**

A. **MOTION** – Accepting Expenditures Report #1272 for Aug. 3, 2024 through Aug. 16, 2024 (attached)

**EXECUTIVE SESSION:**

The City Council may conduct an Executive Session pursuant to the Illinois Open Meetings Act, only after citing exemptions allowing such meeting.

**ADJOURNMENT:**



Anyone requiring accommodations, provided for in the Americans with Disabilities Act (ADA), to attend this public meeting, please contact Jackie Heimbürger, ADA Coordinator, by 9:00 AM on Monday, August 19, 2024.

BE ADVISED this is a public meeting conducted in accordance with Illinois state law and may be recorded for audio and video content. City reserves the right to broadcast or re-broadcast the content of this meeting at City's sole discretion. City is not responsible for the content, video quality, or audio quality of any City meeting broadcast or re-broadcast.

**Directions for Public Monitoring of Highland City Council Meetings:**

The City of Highland is providing the following phone number for use by citizens to call in just before the start of this meeting:

**618-882-5625**

Once connected, you will be prompted to enter a conference ID number.

**Conference ID #: 867900**

This will allow a member of the public to hear the city council meeting.

**Note:** This is for audio monitoring of the meeting, only. Anyone dialing in will not be able make comments.

Anyone wishing to address the city council on any subject during the Public Forum portion of the meeting may submit their questions/comments in advance via email to [lhediger@highlandil.gov](mailto:lhediger@highlandil.gov) or, by using the citizens' portal on the city's website found here: [https://www.highlandil.gov/citizen\\_request\\_center\\_app/index.php](https://www.highlandil.gov/citizen_request_center_app/index.php).

Any comments received prior to 3:00 PM on the day of the meeting, will be read into the record.

CITY OF HIGHLAND-SPECIAL EVENT APPLICATION

Name of Event: Highland Moose Lodge Annual chili cook off

Type of Event:      Festival      Race X Other Fundraiser      Service      Parade  
     Other (please specify):     

Description of Event: Annual chili cook off + carshow

Location of Event: Downtown Square

Sponsoring Organization/Individual: Highland Moose lodge + Rusty Rodz

Event Responsible Party: (Moose) Kerry Fenton

Address: 1601 Lemah St. - Highland

Phone(s): (48) 780-5156

Email: fentonkerry@gmail.com

Date(s) of Set-up: Saturday Oct 19<sup>th</sup>

Event Date(s) / Times: Sunday Oct 20<sup>th</sup> 8am - 3pm

Date(s) of Tear-down: Sunday Oct 20<sup>th</sup>

Expected Attendance: 200+

Alcohol License Required: ☒ Yes ☐ No 7 Jaycees will get the license  
If yes, application submitted: ☐ Yes ☐ No

Sound Amplification System utilized: ☐ Yes ☐ No (Only available for the Square)  
If yes, hours of operation:     

Funding request of the Council:      Yes X No  
Amount requested: \$       
Purpose for Funding:     

Street Dept: Signage, Barricades, Street Closures (Specify): NO parking signs for the carshow

Electric Dept: Electrical Service, Lighting (Specify): use of the electric Pools



**Public Safety:** If anything needed in addition to below (Specify):

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**HCS Services:** Wi-Fi or other technological needs (Specify):

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**Other City Services:** Restrooms, City Officials (Specify):

Use of Restrooms at Plaza Park

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**Refuse Dumpsters (Charges Apply):** Contact Republic Services at 618-656-6883 to request a temporary dumpster.

**Signs:** Per the City of Highland's Municipal Code, signs are disallowed on public right-of-way. If you wish to display signs on right-of-way, please indicate the requested location of signs: Banner on Square Prior to event

*If approval is granted, signs must not be displayed within roundabouts or within any area that is difficult for vehicles to see around and creates a traffic safety issue. All signs within right-of-way must be displayed no more than two weeks prior to the event unless specifically requested and removed within two days after the event.*

**Specify Special Event or Ongoing Event (as defined above)** \_\_\_\_\_

**Specify Route Option #** \_\_\_\_\_ (listed on attached Maps)

Route must be approved by Public Safety director before application can be brought to council for approval.

**Check the boxes below for what Services apply and number of each service needed**

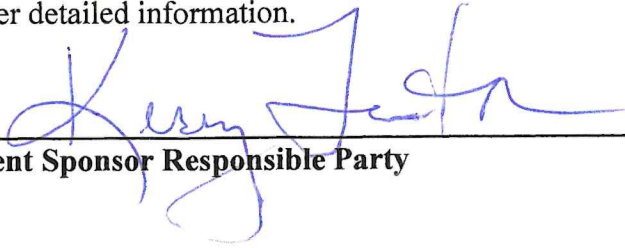
(See Page 1 & 2 and Race Option/Maps provided for more information)

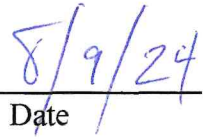
- ☐ **Police** – Number of officers needed for Event \_\_\_\_\_
- ☐ **EMS** – Number of Emergency Medics needed for Event \_\_\_\_\_
- ☐ **Fire** – Number of Firefighters needed for Event \_\_\_\_\_

**Application Checklist (Attachments):**

- ☐ Council Meeting Scheduled for approval
- ☐ Certificate of Insurance: (Must attached for approval)
  - Must be General liability
  - \$1 Million per occurrence/\$2 million aggregate
  - City named as "additional insured" If Event is on city property.
- ☐ Site Plan Rendering
- ☐ Evacuation Plan
- ☐ Fire Plan
- ☐ Parking Plan

**City Services Requested:** – Please attach additional documents such as maps, flyers or any other detailed information.

  
\_\_\_\_\_  
**Event Sponsor Responsible Party**

  
\_\_\_\_\_  
Date

\_\_\_\_\_  
**City Manager**

\_\_\_\_\_  
Date



# CITY OF HIGHLAND



## SPECIAL EVENT APPLICATION

Authorized under City Ordinance Sec. 64-3-1

**PURPOSE:** The City of Highland supports various community activities and festivals throughout the year. Establishing public safety and coordinating needs between the events and the city are the overall goals of this process. It is the responsibility of the specific event Sponsors to obtain, complete, and follow through the application process for city approval.

### **DEFINITIONS and FEES:**

**Special event:** A “Special Event” is defined as: (1) any event, race, gathering, demonstration, or service; (2) that occurs partially or completely within the jurisdiction of the City of Highland; (3) is expected to draw crowds in excess of one hundred fifty (150) attendees; and (4) is expected to or could disrupt normal daily functions within the City of Highland including but not limited to traffic congestion and excess noise; or could create a public health/safety concern without proper precautions or prior planning. Specific examples would include (but are not limited to): The Kirchenfest, Schweizerfest, 5K runs, parades, Art in the Park, Fourth of July Festivities, Madison County Fair, etc. The City Manager will make the final determination as to whether an event qualifies. This will be based upon the totality of the circumstances presented.

**Ongoing Event:** An "Ongoing Event" is defined as any event that occurs partially or completely within the jurisdiction of the City of Highland consecutively for a period of time that exceeds more than two times monthly. Specific examples would include (but are not limited to): automobile races, re-occurring sporting events not affiliated with HUSD5, weekly music festivals, and other weekly reoccurring events). The City Manager will make the final determination as to whether an event qualifies. This will be based on the totality of the circumstances presented and will require approval depending on requests of individual departments by their Directors.

### **Highland Public Safety Fees for Special Events:**

**Police Department:** The Highland Police Department will be paid at a rate of \$50.00 per officer per race event (runs or bicycle) when required for traffic control. The Highland Police Department will be paid at a rate of \$100.00 per officer per day, per event when officers are requested outside of the normal day-to-day operation.

**Emergency Medical Services Department:** No additional fees for Special Events unless organizers require service outside of the normal day-to-day operation.

### **Fire Department:**

No additional fees for Special Events unless organizers require service outside of the normal day-to-day operation.

**Highland Public Safety Fees for On-Going Events:**

**Police Department:** The Highland Police Department will be reimbursed at a rate of 1 ½ times the rate of the officer working the ongoing event. Scheduling will be arranged and agreed upon by the organizer, the Chief of Police or his/her designee.

**Emergency Medical Services Department:**

The Highland Emergency Medical Services Department will be paid at a rate of \$75.00 per half hour when requested for an ongoing event. Scheduling will be arranged and agreed upon by the organizer and the EMS Chief or his/her designee. The following are details of provided additional service:

- Two crew members to provide medical services throughout the event.
- Fuel charges consistent with leaded mile rate.
- Medical supplies used during the event
- Wear and tear on the truck for idle state

Trucks must remain in an idle state throughout the course of the event for patient comfort and to maintain moderate temperatures for medications and I.V. fluids. Scheduling will be arranged and agreed upon by the organizer and the Emergency Services Chief or his/her designee.

**Fire Department:**

The Highland Fire Department will be reimbursed at a rate of \$21.00 per firefighter per hour working the ongoing event. Scheduling will be arranged and agreed upon by the organizer and the Fire Chief or his/her designee.

**PROCEDURE:**

1. All Requests will be directed to Highland City Hall, to the attention of the Director of Support Services.
2. Applications will be available at Highland City Hall, Monday-Friday, 8:00 am to 5:00 pm or online through the City's web site.
3. Applications will be completed by the Event Sponsor and submitted at least 60 days prior to the event. The application must be signed by the Event Sponsor Responsible Party. Incomplete applications will not be accepted. If an application is accepted and later determined to be incomplete, the applicant will be notified by the Director of Support Services. Failure to provide information will result in denial of application.
4. The Director of Support Services will forward the application to all city departments that have responsibilities relating to the event. If necessary, a committee meeting involving the event Sponsor and city stakeholders may take place to clarify questions, determine specific needs, and address concerns.
5. The event Sponsor is required to obtain final approval for the special event from the City Manager. The City Council may announce the special event to the public at a scheduled Council meeting.

## CITY OF HIGHLAND-SPECIAL EVENT APPLICATION

**Name of Event:** \_\_\_\_\_

**Type of Event:** \_\_\_\_\_ Festival \_\_\_\_\_ Race \_\_\_\_\_ Other Fundraiser \_\_\_\_\_ Service \_\_\_\_\_ Parade  
\_\_\_\_\_ Other (please specify): \_\_\_\_\_

**Description of Event:** \_\_\_\_\_

\_\_\_\_\_

**Location of Event:** \_\_\_\_\_

**Sponsoring Organization/Individual:** \_\_\_\_\_

**Event Responsible Party:** \_\_\_\_\_

Address: \_\_\_\_\_

Phone(s): \_\_\_\_\_

Email: \_\_\_\_\_

**Date(s) of Set-up:** \_\_\_\_\_

**Event Date(s) / Times:** \_\_\_\_\_

**Date(s) of Tear-down:** \_\_\_\_\_

**Expected Attendance:** \_\_\_\_\_

**Alcohol License Required:** \_\_\_\_\_ Yes \_\_\_\_\_ No

If yes, application submitted: \_\_\_\_\_ Yes \_\_\_\_\_ No

**Sound Amplification System utilized:** \_\_\_\_ Yes \_\_\_\_ No (*Only available for the Square*)

If yes, hours of operation: \_\_\_\_\_

**Funding request of the Council:** \_\_\_\_\_ Yes \_\_\_\_\_ No

Amount requested: \$ \_\_\_\_\_

Purpose for Funding: \_\_\_\_\_

**Street Dept:** Signage, Barricades, Street Closures (Specify): \_\_\_\_\_

\_\_\_\_\_

**Electric Dept:** Electrical Service, Lighting (Specify):

\_\_\_\_\_

\_\_\_\_\_

**Public Safety:** If anything needed in addition to below (Specify):

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**HCS Services:** Wi-Fi or other technological needs (Specify):

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**Other City Services:** Restrooms, City Officials (Specify):

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**Refuse Dumpsters (Charges Apply):** Contact Republic Services at 618-656-6883 to request a temporary dumpster.

**Signs:** Per the City of Highland's Municipal Code, signs are disallowed on public right-of-way. If you wish to display signs on right-of-way, please indicate the requested location of signs: \_\_\_\_\_

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*If approval is granted, signs must not be displayed within roundabouts or within any area that is difficult for vehicles to see around and creates a traffic safety issue. All signs within right-of-way must be displayed no more than two weeks prior to the event unless specifically requested and removed within two days after the event.*

**Specify Special Event or Ongoing Event** (as defined above) \_\_\_\_\_

**Specify Route Option #** \_\_\_\_\_ (listed on attached Maps)

Route must be approved by Public Safety director before application can be brought to council for approval.

**Check the boxes below for what Services apply and number of each service needed**  
(See Page 1 & 2 and Race Option/Maps provided for more information)

- ☐ **Police** – Number of officers needed for Event \_\_\_\_\_
- ☐ **EMS** – Number of Emergency Medics needed for Event \_\_\_\_\_
- ☐ **Fire** – Number of Firefighters needed for Event \_\_\_\_\_

**Application Checklist (Attachments):**

- ☐ Council Meeting Scheduled for approval
- ☐ Certificate of Insurance: (Must attached for approval)
  - ☐ Must be General liability
  - ☐ \$1 Million per occurrence/\$2 million aggregate
  - ☐ City named as “additional insured” If Event is on city property.
- ☐ Site Plan Rendering
- ☐ Evacuation Plan
- ☐ Fire Plan
- ☐ Parking Plan



**City Services Requested:** – Please attach additional documents such as maps, flyers or any other detailed information.

*Lynnette Schneppach*

\_\_\_\_\_  
**Event Sponsor Responsible Party**

\_\_\_\_\_  
Date

\_\_\_\_\_  
**City Manager**

\_\_\_\_\_  
Date



## CERTIFICATE OF LIABILITY INSURANCE

HIGH129

OP ID: MD

DATE (MM/DD/YYYY)

08/14/2023

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER  
SIUA Inc/Rogier Insurance  
1016 Laurel St PO Box 98  
Highland, IL 62249-0098  
Rogier Insurance Agency, Inc.

CONTACT NAME: Rogier Insurance Agency, Inc.

PHONE (A/C, No, Ext): 618-654-2151

FAX (A/C, No): 618-654-3826

E-MAIL ADDRESS:

INSURER(S) AFFORDING COVERAGE

NAIC #

INSURER A : Grinnell Mutual Reinsurance

14117

INSURER B :

INSURER C :

INSURER D :

INSURER E :

INSURER F :

INSURED Highland Arts Council  
1216 Main St  
PO Box 33  
Highland, IL 62249

## COVERAGES

## CERTIFICATE NUMBER:

## REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATION MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:	X		0000291245	09/23/2023	09/23/2024	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	UMBRELLA LIAB EXCESS LIAB DED RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y / N <input type="checkbox"/>	N / A				PER STATUTE OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

For 'Art in the Park' to be held October 13 - 15, 2023.

## CERTIFICATE HOLDER

CITYH-1

City of Highland  
1115 Broadway  
PO Box 218  
Highland, IL 62249

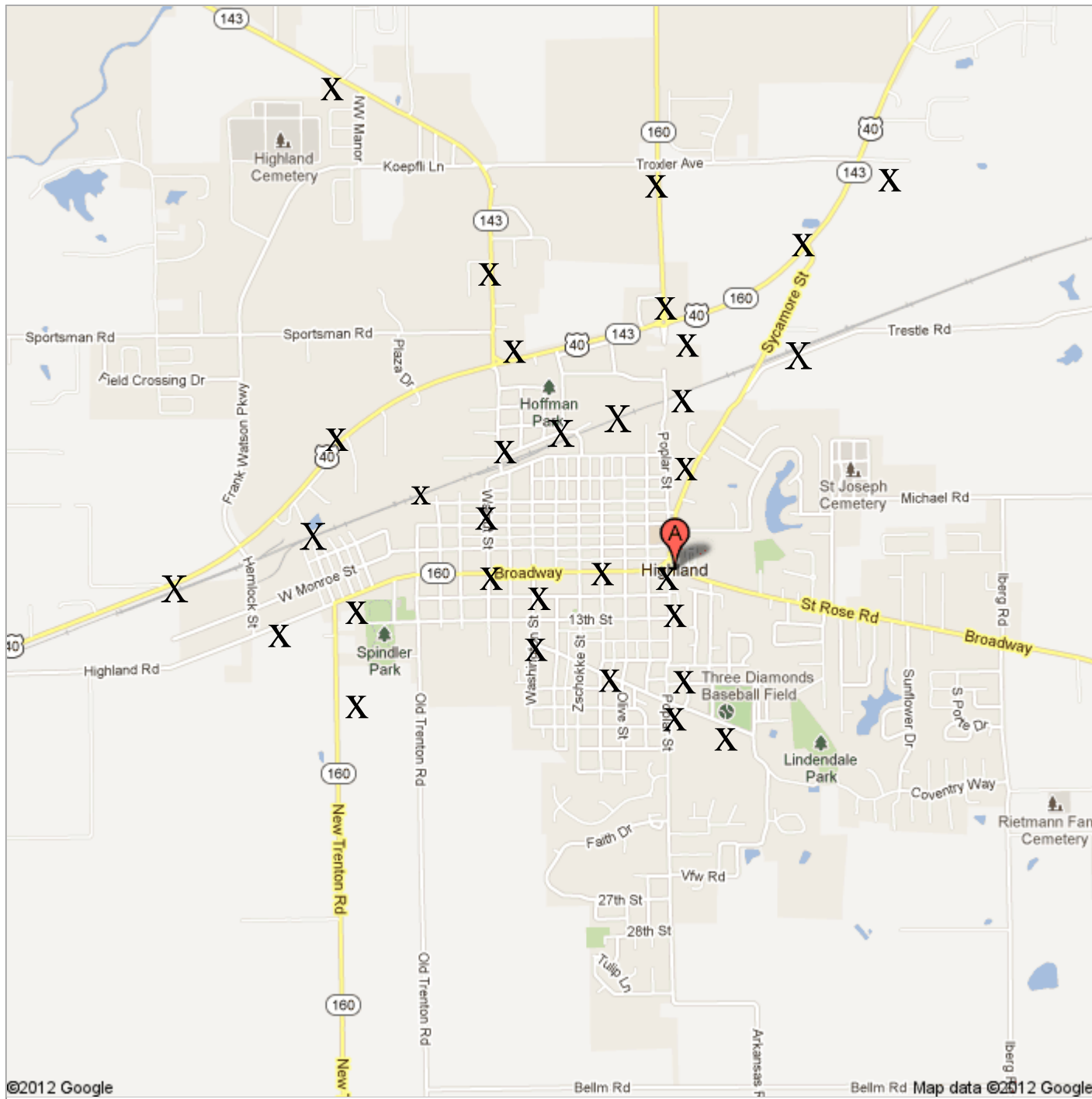
## CANCELLATION

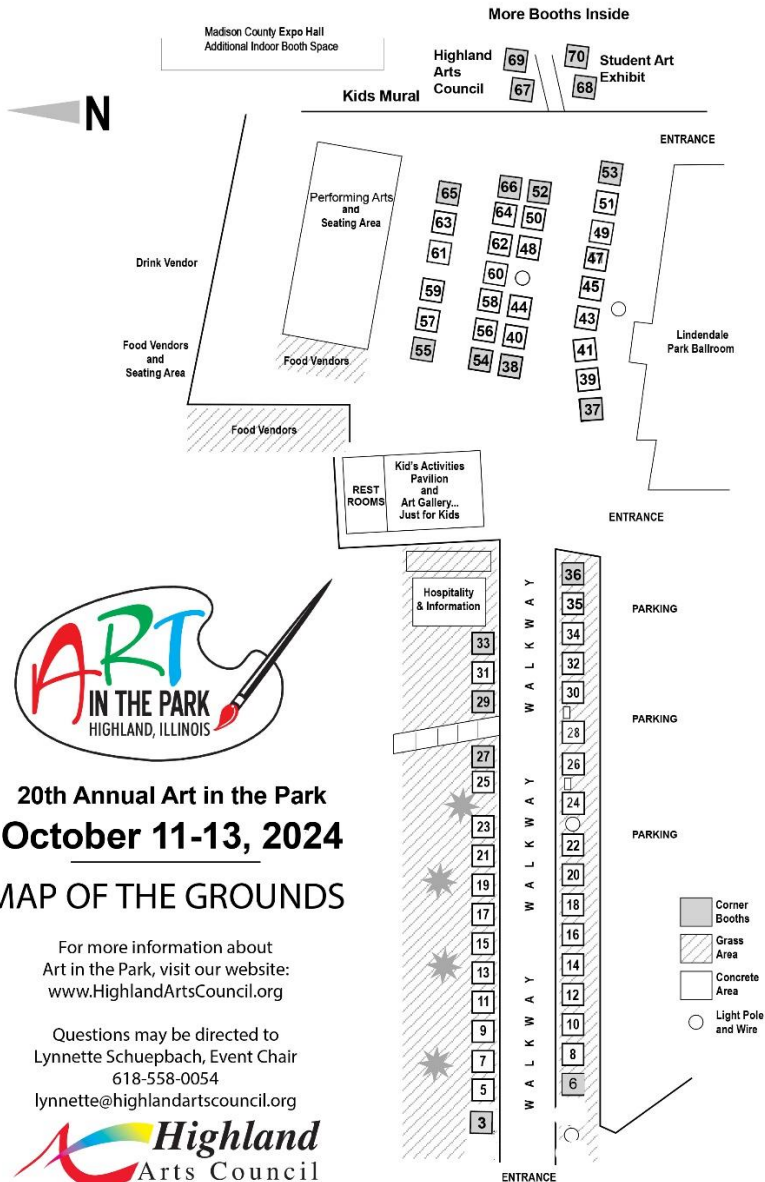
SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Rogier Insurance Agency, Inc.

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20th Annual Art in the Park  
October 11-13, 2024  
MAP OF THE GROUNDS

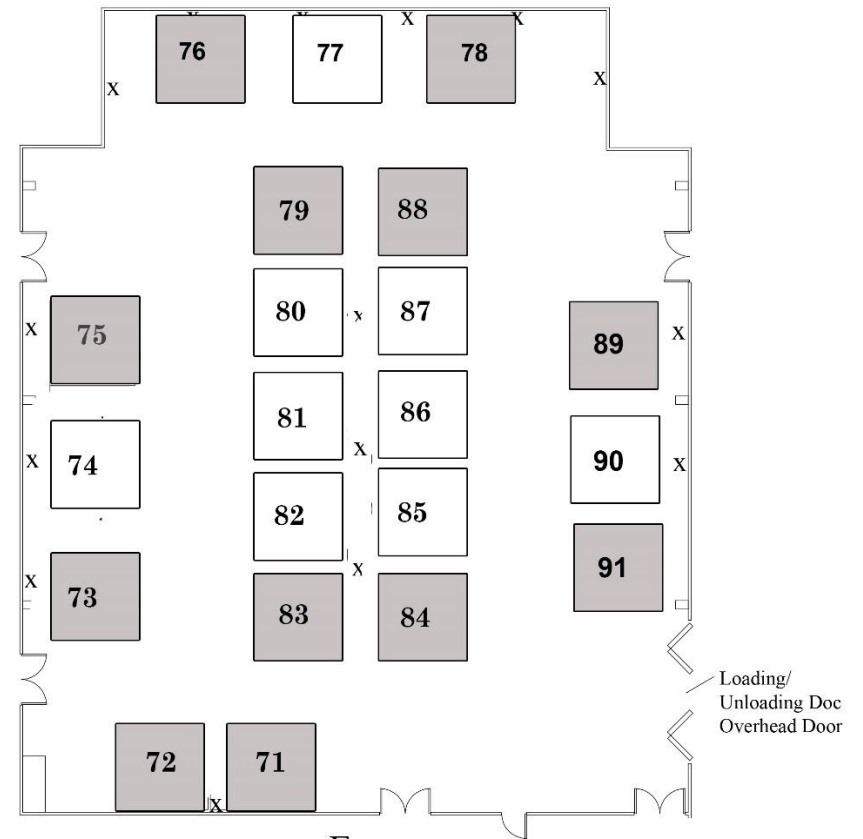
For more information about  
Art in the Park, visit our website:  
[www.HighlandArtsCouncil.org](http://www.HighlandArtsCouncil.org)

Questions may be directed to  
Lynnette Schuepbach, Event Chair  
618-558-0054  
[lynnette@highlandartscouncil.org](mailto:lynnette@highlandartscouncil.org)



Art in the Park Indoor Booths

For more information about  
Art in the Park, visit our website:  
[www.HighlandArtsCouncil.org](http://www.HighlandArtsCouncil.org)  
Questions may be directed to Lynnette Schuepbach, Event Chair  
618-558-0054 or [lynnette@highlandartscouncil.org](mailto:lynnette@highlandartscouncil.org)

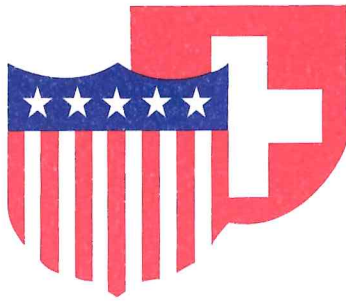


Entrance

October 11 - 13, 2024

Electric will be set between booths  
prior to set-up. Electric is  
provided. Please bring lighting,  
extension cords and electrical  
strips to accommodate your needs.

X Marks Electric outlets



# City of Highland

**MEMO TO:** City Council Members

**FROM:** Kevin B. Hemann, Mayor

**SUBJECT:** Reappointment to Combined Planning & Zoning Board

**DATE:** August 16, 2024

The term of Mr. Larry Munie of the Combined Planning and Zoning Board is set to expire on August 31<sup>st</sup>. He has proven to be an asset on the board and has agreed to serve an additional term.

I am therefore asking that you approve the reappointment of Larry Munie to the Combined Planning and Zoning Board for an additional five-year term, which will expire August 31, 2029.

If you have any questions regarding my recommendation to reappointment Mr. Munie, please contact me prior to the council meeting.



# City of Highland

## Department of Light and Power

**Memo to:** Chris Conrad, City Manager  
**From:** Dan Cook, Director of Light & Power  
**Date:** August 7, 2024  
**Subject:** Issuance of Purchase Order to Charles Machine Works for Stand-on Skid Steer

### RECOMMENDATION

I recommend that you seek council approval to utilize the Sourcewell Joint Purchasing Program and issue a purchase order to Charles Machine Works in the amount of \$70,234.55 for a Ditch Witch SK1750 Stand-on Skid Steer with bucket and trencher attachments as detailed in the attached quotation.

### DISCUSSION


This new unit will be a replacement for an existing Vermeer Trencher. The trencher has served us well however it has become unreliable. This new Stand-on Skid Steer will accept a multitude of attachments which makes it more versatile than the trencher it is replacing and the profile is smaller allowing us to gain access to rear easements with this unit that is not possible with the existing Vermeer unit.

### FISCAL IMPACT

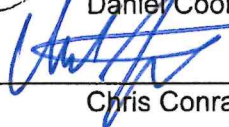
We have an allocated budget of \$80,000.00 for this Stand-on Skidsteer with accessories this fiscal year. If approved it will be invoiced to GL#101-104-5-530-00.

### CONCURRENCE

Recommended by: \_\_\_\_\_

  
Daniel Cook, Director of Light & Power

Approved by: \_\_\_\_\_

  
Chris Conrad, City Manager

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION WAIVING CUSTOMARY BIDDING PROCEDURES  
AND AUTHORIZING THE PURCHASE OF A DITCH WITCH SK1750 STAND-  
ON SKID STEER FROM CHARLES MACHINE WORKS UNDER THE  
SOURCEWELL PROGRAM**

**WHEREAS**, the City of Highland, Madison County, Illinois (hereinafter "City"), is a non-home rule municipality duly established, existing and operating in accordance with the provisions of the Illinois Municipal Code (Section 5/1-1-1 *et seq.* of Chapter 65 of the Illinois Compiled Statutes); and

**WHEREAS**, the Director of Light and Power has recommended to the City Council to waive normal and customary bidding procedures and award the purchase of a new Ditch Witch SK1750 Stand-On Skid Steer to Charles Machine Works ("CMW") for \$70,234.55 under the Sourcewell Program ("CMW Agreement") (*See Exhibit A*); and

**WHEREAS**, the Director of Light and Power has informed the City Council that the Ditch Witch Skid Steer under the CMW Agreement is compatible with a multitude of attachments, making it more versatile and more maneuverable than the unreliable Vermeer Trencher it is replacing (*See Exhibit A*); and

**WHEREAS**, City has determined it would be in the best interests of public health, safety, general welfare, and economic welfare to enter the CMW Agreement (*See Exhibit A*); and

**WHEREAS**, City has determined this purchase will be made under the Sourcewell Program (*See Exhibit A*); and

**WHEREAS**, City has determined it to be appropriate to waive the customary bidding procedures and purchase the Ditch Witch SK1750 Stand-On Skid Steer under the Sourcewell Program according to the CMW Agreement (*See Exhibit A*); and

**WHEREAS**, City authorizes and directs the City Manager and/or Mayor to execute any documents necessary to waive customary bidding procedures and enter the CMW Agreement (*See Exhibit A*).

**NOW, THEREFORE, BE IT RESOLVED, by the Mayor and City Council of the City of Highland, Illinois, as follows:**

*Section 1.* The foregoing recitals are incorporated herein as findings of the City Council of the City of Highland, Illinois.

*Section 2.* The CMW Agreement for purchase of the Ditch Witch SK1750 Stand-On Skid Steer under the Sourcewell Program (*See Exhibit A*) is approved.



*Section 3.* The City Manager and/or Mayor is directed and authorized, on behalf of the City of Highland, to execute any documents necessary to enter the CMW Agreement (*See Exhibit A*).

*Section 4.* This Resolution shall be known as Resolution No. \_\_\_\_\_, and shall be effective upon its passage and approval in accordance with Illinois law.

Passed by the City Council of the City of Highland, Illinois, and deposited and filed in the Office of the City Clerk, on the \_\_\_\_ day of \_\_\_\_\_, 2024, the vote being taken by ayes and noes, and entered upon the legislative records, as follows:

AYES:

NOES:

APPROVED:

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Kevin B. Hemann  
Mayor  
City of Highland  
Madison County, Illinois

ATTEST:

---

Barbara Bellm  
City Clerk  
City of Highland  
Madison County, Illinois



The Charles Machine Works, Inc.  
Ditch Witch Division  
1959 West Fir Avenue  
P.O.Box 66  
Perry, OK 73077  
Phone No : 1-800-654-6481  
Fax No : 580 336 0617  
Email : global@ditchwitch.com

#### Sold-to Party Address

CITY OF HIGHLAND  
NJPA # 77923  
PO BOX 218  
HIGHLAND IL 62249-0218

## Quotation

#### Information

Quotation No. 20214454  
Document Date 08/01/2024  
Customer No. 509623  
Dealership DITCH WITCH WORX (COLLINSVILLE)  
COLLINSVILLE  
PO \_\_\_\_\_  
Created by Jon McLarty

#### Global Account Price Quote Quote Valid until : 08/29/2024

TAXES ARE AN ESTIMATE AT TIME OF QUOTATION-ACTUAL TAX WILL BE CALCULATED AT TIME OF INVOICING. IF TAXES ARE QUOTED AND THIS IS A TAX EXEMPT TRANSACTION, PLEASE PROVIDE TAX EXEMPT CERTIFICATE OR LEASING DETAILS WITH YOUR PURCHASE ORDER.

FOR MODEL SPECIFICATIONS OR OTHER INFORMATION, VISIT OUR WEBSITE AT [WWW.DITCHWITCH.COM](http://WWW.DITCHWITCH.COM)

Page 1 of 2

#### Quotation Details

Qty	Material Description	Unit Price	Discount	Amount
	<i>SOURCEWELL CONTRACT</i> <i>110421-CMW</i> ***** <i>PER SOURCEWELL CONTRACT</i> <i>PLEASE ISSUE PURCHASE ORDER TO:</i> <i>CHARLES MACHINE WORKS</i> <i>1959 W FIR AVENUE</i> <i>PERRY, OK 73077</i> *****			
1EA	SK1750 - SK1750 With the following configuration: Rubber Tracks Wide Tracks 47 in Ground Drive Control 2 Lever Front Plate HD Welded Mini Plate Auxiliary Hydraulics Single Auxiliary Weight Kit No Color Standard Hydraulic Oil Standard			50,290.00
1EA	302-3209 - 60" BUCKET (1/2 CU YD)			1,848.98
1EA	190-2755 - FULL SIZE ATTACHMENT PLATE KIT			2,015.63
1EA	190-2759 - WEIGHT KIT			1,465.05

#### Confidentiality Notice:

This quote may contain confidential information. The information is intended only for the individual or entity named. If you are not the intended recipient, please immediately notify us at 1-800-654-6481 to arrange for return of the document.



The Charles Machine Works, Inc.  
Ditch Witch Division  
1959 West Fir Avenue  
P.O.Box 66  
Perry, OK 73077  
Phone No : 1-800-654-6481  
Fax No : 580 336 0617

#### Sold-to Party Address

CITY OF HIGHLAND  
NJPA # 77923  
PO BOX 218  
HIGHLAND IL 62249-0218

## Quotation

#### Information

Quotation No. 20214454  
Document Date 08/01/2024  
Customer No. 509623  
Dealership DITCH WITCH WORX (COLLINSVILLE)  
COLLINSVILLE  
PO \_\_\_\_\_  
Created by Jon McLarty

#### Global Account Price Quote Quote Valid until : 08/29/2024

TAXES ARE AN ESTIMATE AT TIME OF QUOTATION-ACTUAL TAX WILL BE CALCULATED AT TIME OF INVOICING. IF TAXES ARE QUOTED AND THIS IS A TAX EXEMPT TRANSACTION, PLEASE PROVIDE TAX EXEMPT CERTIFICATE OR LEASING DETAILS WITH YOUR PURCHASE ORDER.

FOR MODEL SPECIFICATIONS OR OTHER INFORMATION, VISIT OUR WEBSITE AT [WWW.DITCHWITCH.COM](http://WWW.DITCHWITCH.COM)

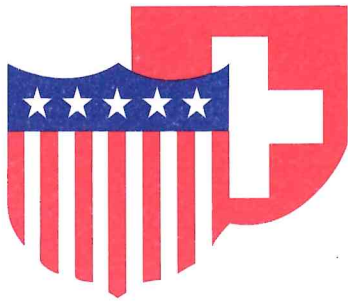
Page 2 of 2

#### Quotation Details

Qty	Material Description	Unit Price	Discount	Amount
1EA	CT484 - CT484 Digging Attachment			8,736.36
1EA	140-1481 - 50K BOOM ASM (48")			2,679.00
1EA	140-1471 - DANGER RESTRAINT BAR (48") (OAL 55.6")			165.69
1EA	135-1653 - 50K 2P CMB DURA/SHK B 74P 6.0"			2,083.84
		Corporate Account Price		69,284.55
		Total Freight		950.00
		<b>Total Amount</b>		<b>\$ 70,234.55</b>

#### Confidentiality Notice:

This quote may contain confidential information. The information is intended only for the individual or entity named. If you are not the intended recipient, please immediately notify us at 1-800-654-6481 to arrange for return of the document.



# City of Highland

**MEMO TO:** Christopher Conrad, City Manager

**FROM:** Joe Gillespie, Director of Public Works

**DATE:** August 15, 2024

**SUBJECT:** Metro East Park and Recreation District Grant Program  
Recommendation for Approval

## RECOMMENDATION

I recommend that you request council approval to apply for the Metro East Park and Recreation District (MEPRD) grant program to fund the updating of our Master Plan for trails and pedestrian ways.

## DISCUSSION

The MEPRD program offers up to \$40,000 in matching funds. We are anticipating applying for \$50,000 to update our Master Plan for trails and pedestrian ways. An updated plan will provide us with two benefits (1) a planning tool for sidewalks, trails, and other pedestrian ways, and (2) a master plan to use and show agencies for future funding requests.

## FISCAL IMPACT

If we receive grant approval, we will fund the plan upfront and apply the grant monies as reimbursement to our account.

## CONCURRENCE

Recommended by: \_\_\_\_\_  
Joe Gillespie, Director of Public Works

Approved by: \_\_\_\_\_  
Christopher Conrad, City Manager

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION AUTHORIZING AND DIRECTING APPLICATION  
TO THE METRO EAST PARK AND RECREATION DISTRICT (MEPRD) FY24  
COMMUNITY PLANNING GRANT PROGRAM, FOR ASSISTANCE FOR THE  
PURPOSE OF UPDATING THE EXISTING 2010 TRAIL MASTER PLAN  
WITH AN UPDATED BICYCLE AND PEDESTRIAN MASTER PLAN**

WHEREAS, the City of Highland, Madison County, Illinois (hereinafter “City”), is a non-home rule municipality duly established, existing and operating in accordance with the provisions of the Illinois Municipal Code (Section 5/1-1-1 et seq. of Chapter 65 of the Illinois Compiled Statutes); and

WHEREAS, City desires to apply for assistance from the Metro East Park and Recreation District (MEPRD) Community Planning Grant Program (“MEPRD Grant”) for the purpose of updating the existing Trail Master Plan as adopted in 2010 with an updated Bicycle and Pedestrian Master Plan (“Master Plan”); and

WHEREAS, City has determined that the updated Master Plan will provide City with revised bike trail location plans, locations for needed sidewalk additions, and other bicycle and pedestrian improvement projects to increase the likelihood and safety of walking and biking around Highland; and

WHEREAS, City anticipates that funds provided from the MEPRD Grant, along with funds provided through the Agency for Community Transit Community Action Grants Program, will fund the entire cost of the updated Master Plan; and

WHEREAS, City has determined it is in the best interests of public health, safety, general welfare, and economic welfare to apply for the MEPRD Grant; and

WHEREAS, the City Council finds that the City Manager and/or Mayor should be authorized and directed, on behalf of the City, to execute whatever documents are necessary to apply for the ACT Grants Program.

**NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF  
HIGHLAND, MADISON COUNTY, ILLINOIS:**

*Section 1.* The foregoing recitals are incorporated herein as findings of the City Council of the City of Highland, Illinois.

*Section 2.* City shall apply to the MEPRD Grant for funding to update the 2010 Trail Master Plan as stated herein.

*Section 3.* This Resolution shall be known as Resolution No. \_\_\_\_\_ and shall be effective upon its passage and approval in accordance with law.

Passed by the City Council of the City of Highland, Illinois, and deposited and filed in the Office of the City Clerk, on the \_\_\_\_\_ day of \_\_\_\_\_, 2024, the vote being taken by ayes and noes, and entered upon the legislative records, as follows:

AYES:

NOES:

APPROVED:

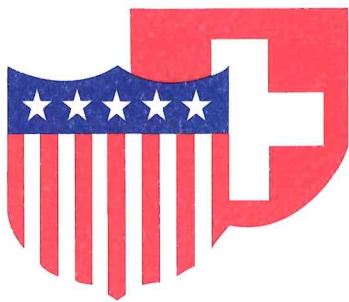
---

Kevin B. Hemann  
Mayor  
City of Highland  
Madison County, Illinois

ATTEST:

---

Barbara Bellm  
City Clerk  
City of Highland  
Madison County, Illinois



# City of Highland

**MEMO TO:** Christopher Conrad, City Manager  
**FROM:** Joe Gillespie, Director of Public Works  
**DATE:** August 15, 2024  
**SUBJECT:** Agency for Community Transit Grant Program  
Recommendation for Approval

## RECOMMENDATION

I recommend that you request council approval to apply for the Agency for Community Transit (ACT) grant program to fund the updating of our Master Plan for trails and pedestrian ways.

## DISCUSSION

The ACT program funds up to \$100,000 per project. We are anticipating applying for \$50,000 to update our Master Plan for trails and pedestrian ways. An updated plan will provide us with two benefits (1) a planning tool for sidewalks, trails, and other pedestrian ways, and (2) a master plan to use and show agencies for future funding requests.

## FISCAL IMPACT

If we receive grant approval, we will fund the plan upfront and apply the grant monies as reimbursement to our account.

## CONCURRENCE

Recommended by: \_\_\_\_\_  
Joe Gillespie, Director of Public Works

Approved by: \_\_\_\_\_  
Christopher Conrad, City Manager



**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION APPROVING AND AUTHORIZING THE CITY OF HIGHLAND'S  
APPLICATION TO THE AGENCY FOR COMMUNITY TRANSIT (ACT) FOR THE FY24  
COMMUNITY ACTION GRANTS PROGRAM, FOR FUNDING TO UPDATE THE  
EXISTING 2010 TRAIL MASTER PLAN**

WHEREAS, the City of Highland, Madison County, Illinois (hereinafter "City"), is a non-home rule municipality duly established, existing and operating in accordance with the provisions of the Illinois Municipal Code (Section 5/1-1-1 et seq. of Chapter 65 of the Illinois Compiled Statutes); and

WHEREAS, City desires to apply for assistance from the Agency for Community Transit Community Actions Grants Program ("ACT Grants Program") for the purpose of updating the existing Trail Master Plan as adopted in 2010 with an updated Bicycle and Pedestrian Master Plan ("Master Plan"); and

WHEREAS, City has determined that the updated Master Plan will provide City with revised bike trail location plans, locations for needed sidewalk additions, and other bicycle and pedestrian improvement projects to increase the likelihood and safety of walking and biking around Highland; and

WHEREAS, City desires to apply for \$50,000 through the ACT Grants Program, which in combination with the Metro East Park and Recreation District ("MEPRD") grant, City anticipates will fund the entire cost of the updated Master Plan; and

WHEREAS, City has determined it is in the best interests of public health, safety, general welfare, and economic welfare to apply for the ACT Grants Program; and

WHEREAS, the City Council finds that the City Manager and/or Mayor should be authorized and directed, on behalf of the City, to execute whatever documents are necessary to apply for the ACT Grants Program.

**NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE  
CITY OF HIGHLAND, MADISON COUNTY, ILLINOIS:**

*Section 1.* The foregoing recitals are incorporated herein as findings of the City Council of the City of Highland, Illinois.

*Section 2.* City shall apply to the ACT Grants Program for funding to update the 2010 Trail Master Plan as stated herein.

*Section 3.* This Resolution shall be known as Resolution No. \_\_\_\_\_ and shall be effective upon its passage and approval in accordance with law.

Passed by the City Council of the City of Highland, Illinois, and deposited and filed in the Office of the City Clerk, on the \_\_\_\_\_ day of \_\_\_\_\_, 2024, the vote being taken by ayes and noes, and entered upon the legislative records, as follows:

AYES:

NOES:

APPROVED:

---

Kevin B. Hemann  
Mayor  
City of Highland  
Madison County, Illinois

ATTTEST:

---

Barbara Bellm  
City Clerk  
City of Highland  
Madison County, Illinois

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION APPROVING CHANGE ORDER NUMBER ONE FOR THE KORTE  
RECREATION CENTER PARKING LOT PROJECT**

WHEREAS, the City of Highland, Madison County, Illinois (“City”), is a non-home rule municipality duly established, existing and operating in accordance with the provisions of the Illinois Municipal Code (Section 5/1-1-1 *et seq.* of Chapter 65 of the Illinois Compiled Statutes); and

WHEREAS, City previously contracted with Christ Brothers Asphalt, Inc. for a new parking lot at the Highland Recreation; and

WHEREAS, City has determined a change order should be accepted and approved for the Korte Recreation Center parking lot project (“Project”) based on the following:

1. the circumstances necessitating the change were not reasonably foreseeable at the time the contract was signed;
2. the change is germane to the original contract as signed;
3. the change is in the best interest of the City and authorized by law;

and

WHEREAS, the Director of Parks and Recreation has informed the City Council that Change Order Number One is necessary to provide for proper excavating and additional base rock in order to correct major integrity faults in the parking lot base which had been discovered during construction of the Project (*See Exhibit A*); and

WHEREAS, City has determined that Change Order Number One has increased the contract price of the Project by \$64,859.50 (*See Exhibit B*); and

WHEREAS, City has determined it is in the best interests of public health, safety, general welfare and economic welfare to approve Change Order Number One as stated herein (*See Exhibit B*); and

WHEREAS, City Council finds that the Mayor and/or City Manager should be authorized and directed, on behalf of City, to execute any documents required to approve Change Order Number One.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY  
OF HIGHLAND, MADISON COUNTY, ILLINOIS:**

*Section 1.* The foregoing recitals are incorporated herein as express findings of fact and legislative intent of the City Council of the City of Highland, Illinois.

*Section 2.* Change Order Number One (*See Exhibit B*) is approved.

*Section 3.* City Council finds that the Mayor and/or City Manager should be authorized and directed, on behalf of City, to execute any documents necessary to give effect to this Resolution, and approve Change Order Number One (*See Exhibit B*).

*Section 4.* This Resolution will be in full force and effect upon its passage and approval in accordance with the law.

Passed by the City Council of the City of Highland, Illinois, and deposited and filed in the office of the City Clerk on the \_\_\_\_\_ th day of \_\_\_\_\_, 2024, the roll call vote being taken by ayes and noes and entered upon the legislative record as follows:

AYES:

NOES:

APPROVED:

---

Kevin B. Hemann  
Mayor  
City of Highland  
Madison County, Illinois

ATTEST:

---

Barbara Bellm  
City Clerk  
City of Highland  
Madison County, Illinois



# HIGHLAND

PARKS & RECREATION... The *FUN* Theory!

To: City Manager, Chris Conrad, Mayor Kevin Hemann, and City Council  
From: Mark Rosen, Director of Parks & Recreation  
Date: August 14, 2024  
Subject: Korte Recreation Center Parking Lot – Change Order #1

---

## Recommendation

I am recommending that you seek approval for change order #1 for the Korte Recreation Center parking lot project.

## Discussion

The purpose for this change order is due to discovering major integrity faults at the base of approximately two-thirds of the parking lot. Had these areas been paved over without proper excavating and additional rock, the parking lot would not have been warranted and would have failed.

By making the necessary changes, the parking lot will have a more stable base and its longevity is more realistic. It should be noted that when the parking lot was paved in 2001, it was completed in early March and so early in the year that the frost did not have a chance to thaw. Quite frankly, the current contractor was amazed that we got 23 years out of the previous parking lot.

## Budget Impact

This change order will be an additional \$64,859.50. We have funds in our reserves to cover this cost.

---

Recommended By: Mark Rosen, Director of Parks & Recreation

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Approved By: Chris Conrad, City Manager



## BLR 13210 (Rev. 07/21/08)

Amount of original contract	\$	402,198.00
Amount of previously adjusted contract	\$	402,198.00
Amount of adjusted/final contract	\$	467,057.50

☒ addition

Total net ☐ deduction to date \$ 64,859.50 which is 16.1 % of Contract Price

State fully the nature and reason for the change Additional base rock was needed to ensure a solid base for paving operations.

When the net increase or decrease in the cost of the contract is \$10,000 or more or the time of completion is increased or decreased by 30 days or more, one of the following statements shall be checked.

- ☐ The undersigned has determined that the circumstances which necessitate this change were not reasonably foreseeable at the time the contract was signed.
- ☒ The undersigned has determined that the change is germane to the original contract as signed.
- ☐ The undersigned has determined that this change is in the best interest of the local agency and is authorized by law.

Signed

\_\_\_\_\_  
Municipal Official

\_\_\_\_\_  
Title of Municipal Official

\_\_\_\_\_  
Date



**ORDINANCE NO. \_\_\_\_\_**

**ORDINANCE DECLARING REAL PROPERTY OF THE CITY OF HIGHLAND  
SURPLUS AND AUTHORIZING ITS SALE PURSUANT TO 65 ILCS 5/11-76-1 AND 65  
ILCS 5/11-76-2, SPECIFICALLY 516 9TH STREET**

**WHEREAS**, the City of Highland, Madison County, Illinois (hereinafter “City”), is a non-home rule municipality duly established, existing and operating in accordance with the provisions of the Illinois Municipal Code (Section 5/1-1-1 et seq. of Chapter 65 of the Illinois Compiled Statutes); and

**WHEREAS**, 65 ILCS 5/11-76-1 provides, in pertinent part:

Sec. 11-76-1. Any city or village incorporated under any general or special law which acquires or holds any real estate for any purpose whatsoever, . . . has the power to . . . convey the real estate when, in the opinion of the corporate authorities, the real estate is no longer necessary, appropriate, required for the use of, profitable to, or for the best interests of the city or village. This power shall be exercised by an ordinance passed by three-fourths of the corporate authorities of the city or village then holding office, at any regular meeting or at any special meeting called for that purpose.

**WHEREAS**, 65 ILCS 5/11-76-2 provides, in pertinent part:

Sec. 11-76-2. An ordinance directing a sale . . . of real estate . . . shall specify the location of the real estate, the use thereof, and such conditions with respect to further use of the real estate as the corporate authorities may deem necessary and desirable to the public interest. Before the corporate authorities of a city or village make a sale, by virtue of such an ordinance, notice of the proposal to sell shall be published once each week for 3 successive weeks in a daily or weekly paper published in the city or village, or if there is none, then in some paper published in the county in which the city or village is located. The first publication shall be not less than 30 days before the day provided in the notice for the opening of bids for the real estate. The notice shall contain an accurate description of the property, state the purpose for which it is used and at what meeting the bids will be considered and opened, and shall advertise for bids therefor. All such bids shall be opened only at a regular meeting of the corporate authorities. The corporate authorities may accept the high bid or any other bid determined to be in the best interest of the city or village by a vote of 3/4 of the corporate authorities then holding office, but by a majority vote of those holding office, they may reject any and all bids. The consideration for such a sale may include but need not be limited to the provision of off-street parking facilities by the purchaser, which parking facilities may be made part of the municipal parking system. Such consideration also may include the provision of other public facilities by the purchaser.

The corporate authorities may provide by ordinance for the procedure to be followed in securing bids for the sale or lease of the subject property.

**WHEREAS**, City owns certain property identified as follows:

1. PPN# 01-2-24-05-06-101-012
2. Address: 516 9th Street, Highland, Illinois 62249
3. Legal Description: ORIGINAL TOWN LOT 5 50X140

(hereinafter “Property”); and

**WHEREAS**, in the opinion of this City Council, the Property is no longer necessary, appropriate, required for the use of, profitable to, or for the best interests of the City to retain, and should be declared surplus and sold; and

**WHEREAS**, City has determined to surplus and sell the Property pursuant to 65 ILCS 5/11-76-1 and 65 ILCS 5/11-76-2, and discloses the following:

1. Description of the Property:
  - a. PPN# 01-2-24-05-06-101-012
  - b. Address: 516 9th Street, Highland, Illinois 62249
  - c. Legal Description: ORIGINAL TOWN LOT 5 50X140
2. Use of the Property: Parking lot
3. Publication: Troy Times Tribune Newspaper:
  - a. On or about August 29, 2024;
  - b. On or about September 5, 2024;
  - c. On or about September 12, 2024;
4. Sealed bids to be accepted at Highland City Hall up to and including 4:00 PM on October 7, 2024, to be hand delivered to the Clerk or her designee. It will be the responsibility of the bidder to confirm the timely receipt of the bid;
5. Sealed bids will be opened at City Council Meeting on October 7, 2024, beginning at 6:30 PM;
6. The City Council may accept the high bid or any other bid determined to be in the best interest of the City by a vote of 3/4 of the corporate authorities then holding office, but by a majority of those holding office, they may reject any and all bids;

and

**WHEREAS**, City has determined it to be in the best interest of public health, safety, general welfare, and economic welfare to declare the Property surplus, and to sell the Property according to 65 ILCS 5/11-76-1 and 65 ILCS 5/11-76-2; and

**WHEREAS**, the City Manager and/or Mayor is authorized and directed to execute any document necessary to declare the Property surplus, and to sell the Property according to 65 ILCS 5/11-76-1 and 65 ILCS 5/11-76-2.

**NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Highland, Illinois, as follows:**

*Section 1.* The foregoing recitals are incorporated herein as findings of the City Council of the City of Highland, Illinois.

*Section 2.* City has determined that the Property shall be declared surplus, and sold according to 65 ILCS 5/11-76-1 and 65 ILCS 5/11-76-2.

*Section 3.* City provides the following notice according to 65 ILCS 5/11-76-1 and 65 ILCS 5/11-76-2:

1. Description of the Property:
  - a. PPN# 01-2-24-05-06-101-012
  - b. Address: 516 9th Street, Highland, Illinois 62249
  - c. Legal Description: ORIGINAL TOWN LOT 5 50X140
2. Use of the Property: Parking lot
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  - a. On or about August 29, 2024;
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5. Sealed bids will be opened at City Council Meeting on October 7, 2024, beginning at 6:30 PM;
6. The City Council may accept the high bid or any other bid determined to be in the best interest of the City by a vote of 3/4 of the corporate authorities then holding office, but by a majority of those holding office, they may reject any and all bids;

*Section 4.* This Ordinance shall be known as Ordinance No. \_\_\_\_\_ and shall be in full force and effect from and after its passage, approval, and publication in pamphlet form as provided by law.

Passed by the City Council and approved by the Mayor of the City of Highland, Illinois and deposited and filed in the office of the City Clerk on the \_\_\_\_ day of \_\_\_\_\_, 2024, the vote being taken by ayes and noes and entered upon the legislative record as follows:

AYES:

NOES:

APPROVED:

---

Kevin B. Hemann  
Mayor  
City of Highland  
Madison County, Illinois

ATTEST:

---

Barbara Bellm  
City Clerk  
City of Highland  
Madison County, Illinois





City of Highland  
1115 Broadway, PO Box 218  
Highland, IL 62249

**To:** Honorable Mayor Hemann and City Council

**From:** Chris Conrad-City Manager

**Date:** August 12, 2024

**Re:** Impact of the elimination of the Grocery Tax

---

As was discussed at the last council meeting, on August 5<sup>th</sup>, 2024 the Governor signed PA-103-0781 which will eliminate the 1% grocery tax statewide effective January 1, 2026. As part of the legislation, the State gave local governments, both Home Rule and Non-Home Rule, the ability to institute the 1% tax locally by council action.

We have included for your reference several articles, memorandums, and data that have been published by the Illinois Municipal League both about the tax and the potential implications to various communities. What is apparent from the data is the disparate impact this will have on various communities. For instance, West City with a population of 650 is anticipating a \$311K, impact to their revenues; whereas Park Forest with a population of 21,000 is only anticipating a \$100K impact. Mattoon and Marion are both roughly 15k in population, but Marion is expecting to lose about \$1.7 million where Mattoon is only anticipating losing about \$475K. The impact is really just dependent upon whether your community is a regional shopping hub or not or whether your community has a grocery store option or not.

### **Impact for Highland**

Based on available information from the IL Department of Revenue, we anticipate the elimination of the grocery tax to impact to our sales tax revenues \$330-\$350K per year. This is roughly 10% of our sales tax revenue, which is our largest unrestricted revenue source.



City of Highland  
1115 Broadway, PO Box 218  
Highland, IL 62249

This reduction is equal to almost 2 fiscal year's growth in the sales tax, so we would be going back almost 2 budget years in our revenue.

In the current budget year, our sales tax revenue is divided primarily between 3 departments.

- Public Safety: Police, Fire and Building and Zoning
  - 58.2%
- Streets: 25.9%
- Parks: KRC, Parks and Programs, Pool and Cemetery
  - 15.9%

This means that in order to absorb the reduced revenue into our budget we would be looking at potential budgets cuts in the following amounts based on a loss of \$330,000 annually:

- Public Safety: \$192,000.00
- Streets: \$86,000.00
- Parks: \$53,000.00

Based on this information, I asked the Directors to put together action plans for their respective departments that would address these revenue losses in the event the revenue is not replaced.

\*I want to caveat these plans are based on current budget numbers, historic rates of both operational cost and revenue growth increases and the estimated impact of this revenue loss. Deviations from these historic numbers in either the growth of revenues or increases in costs or the impact would require additional actions.\*

Those plans are as follows and are based upon the council not voting to continue the grocery tax:

**Public Safety:**

The public safety department is the largest benefactor of sales tax, which provides the bulk of the funding for those departments. In



City of Highland  
1115 Broadway, PO Box 218  
Highland, IL 62249

viewing the known personnel changes that are in store for these departments we are suggesting the difference be made up with changes in personnel at the police department, a reallocation of funding for the Public Safety Director's salary among the departments, and a few years of deficit spending until revenues can grow to make up the difference.

The Police department was already anticipating some reductions in personnel costs due to known retirements and the associated savings with long time employees leaving versus new employees at a reduced cost, in addition to potentially reducing an administrative position either completely or down to part-time. The reallocation of the PSD's salary makes sure that the "pain" is shared among the entire public safety division, so it will not just be the police department making the sacrifices.

While these moves will not achieve the full amount of the cuts required, we believe we have adequate reserves to make up the difference with deficit spending for two to four years to allow time for our general sales tax to grow over time to until they are back to a level necessary to adequately fund the services. So while this plan includes deficit spending, it allows us to maintain our current level of operational staffing and does not require any service cuts within the public safety division.

**Streets:**

We don't have a lot of room in the street department for cuts in personnel without having serious impacts on services. We currently have 7 employees and a supervisor and many jobs require multiple employees for safety. We propose a combination of deficit spending and freezing equipment purchases and replacements until revenues return to an adequate level. This will put an increased importance on maintenance and support to keep things operational, or we could look at equipment rentals in special circumstances to bridge the gap as well.





City of Highland  
1115 Broadway, PO Box 218  
Highland, IL 62249

### **Parks:**

While minor changes in staffing and equipment can make large differences in Streets and Public safety; parks is a harder area to make reductions without impacting programs/services. Playground equipment has gotten exponentially more expensive, labor costs have increased dramatically with changes in the min. wage laws; and it is more difficult to build reserves in these services.

In short, we are proposing another reduction in full-time employee headcount with the pending retirement next year of Director Rosen, spreading those duties among 2 existing employees (Director of Parks and Director of Recreation) and appointing 2 “Superintendents” under each of the new positions among existing employees. Each of the 4 would receive an increase in wages from the savings of Director Rosen’s salary, with the remainder going towards the proposed cuts.

We are also proposing an increase in fees at the Rec Center, pool, certain programs and pavilion rentals of about 4-5%, none of which have seen increases in quite some time. We also propose the cemetery board increase their fees for perpetual care to cover 100% of the cost of the cemetery operations, which would bring the fees in line with other cemeteries in the region. Currently the cemetery is subsidized by sales tax in the amount of about \$20,000.00 annually in addition to their other revenue sources.

We do not recommend deficit spending in the park and rec departments due to the difficulty in building reserves, needing reserves to cover potential grant opportunities when they arise or to cover unexpected emergency expenses at their many facilities. The proposed actions above both achieve the necessary cuts and put the department on a sustainable path financially long-term.



**Discussion:**

As pointed out above, these scenarios are based on the information we have today and is considering a best case scenario. Council is aware that since 2019, we have reduced our overall full-time employee headcount by 17 employees, this means we are running very lean in our departments. Any changes in operational costs, revenue growth, or the estimated impact of the elimination of the tax would require additional administrative actions, which would undoubtedly require staffing and service reductions.

The council will have 3 options:

1. We do nothing and allow the elimination to go into effect on January 1, 2026 and we implement the plans outlined above and any other corresponding cuts that may be required to meet the eventual impact.
2. We can choose to institute the tax locally by ordinance before October 1, 2025, which would mean no break in the collection of the tax come January 1, 2026.
3. We could wait and see the impact and then take action if the impact is more severe than council is prepared to deal with. This would create a break in the collection, and this type of "follow on" tax would not be able to be collected until either July 1 or January 1 of the following year depending upon when the council would take action.

Under the signed legislation, the tax is to be levied at 1%. So unlike other taxing authority we have, this one does not appear to allow for quarter of a percent increments. It appears to be all or nothing, which prevents a split the baby solution.

The legislature did provide both Home Rule and Non-Home Rule communities to institute this tax by ordinance. They also changed the requirement for Non-Home Rule Sales taxes as well. Under previous law, NHR entities could only pass the NHR sales tax by



City of Highland  
1115 Broadway, PO Box 218  
Highland, IL 62249

referendum, and the expenses were limited to the expenses outlined in the referendum. For instance, our NHR sales tax was passed by the voters for the specific purpose of road, sidewalk, water and sewer improvements. Under the new law, communities that have not already passed the NHR sales tax, could do so by ordinance and use the funds for general purposes and obligations.

Based on these law changes, **What are other communities doing?**

I have included in the packet of information a list provided by IML showing the estimated impact for various communities across the state. These discussions are going to be had on a case by case basis in each community based upon their estimated impact.

Some communities have come out and already committed to passing the tax locally because the impact is too great. Others who are anticipating a minor impact are taking a wait and see approach. Some who have not already passed a NHR sales tax are considering letting the grocery tax expire but passing a lesser percentage general sales tax on all items. (We do not have this option as we already have our own NHR sales tax through 2032.) These decisions will be unique to each community based upon their circumstances.



# Locally Imposed Grocery Sales Tax

July 11, 2024

BY ILLINOIS MUNICIPAL LEAGUE STAFF

August 5, 2024

The Illinois Municipal League (IML) played an integral role in securing the authority for both home rule and non-home rule municipalities to implement by ordinance a 1% locally imposed grocery sales tax (without need for referendum approval) following the elimination of the statewide grocery tax effective January 1, 2026.

While IML's preference was to maintain the status quo and for the tax to remain statewide, Public Act 103-0781 repeals the statewide tax on groceries. However, the authority to implement a 1% grocery sales tax locally by ordinance was approved as part of the same legislation.

IML advocated for a delayed implementation date of the statewide grocery tax repeal and the elimination of the Illinois Department of Revenue's (IDOR) administrative fees to collect and remit the tax, meaning municipalities will see no decrease or lapse in grocery tax revenue, if timely in implementing the tax locally.

The statewide tax will not be repealed until January 1, 2026; until then, nothing will change and no action will be necessary by municipalities. However, for those municipalities that wish to implement the tax locally on day one, there are important benchmarks to consider.

For municipalities, both home rule and non-home rule, that wish to implement a local grocery sales tax effective on January 1, 2026, the first step is to pass an authorizing ordinance. IML has developed a model ordinance that can be adopted locally, which is available on our website.<sup>1</sup> A certified copy of the ordinance must then be submitted to IDOR, postmarked by October 1, 2025, in order for the tax to be imposed beginning January 1, 2026. This will guarantee no lapse in revenues from this tax. Questions may be directed

to IDOR regarding their processes and rules. IDOR Local Tax Allocation Division (LTAD) contact information is available on their website,<sup>2</sup> or contact LTAD by phone at (217) 785-6518.

If a municipality chooses to wait to implement a local 1% grocery tax at a later date, please keep in mind that ordinances authorizing a local tax must be sent to IDOR and postmarked before April 1 for collection to begin on July 1, or postmarked after April 1 but before October 1, for collections to begin January 1 of the following year.

If your municipality does not wish to impose the grocery tax locally after the statewide expiration, no action is required and the 1% grocery tax will be automatically repealed within your jurisdiction on January 1, 2026.

IML suggests you consult with your municipal attorney prior to considering the adoption of this model ordinance. More resources are available at [iml.org/grocerytax](https://iml.org/grocerytax).

## IMPLEMENTATION TIMELINE

- **Now:** Municipalities that wish to implement the local grocery tax effective on January 1, 2026, should adopt IML's model ordinance now to ensure timely filing with the Illinois Department of Revenue.
- **Prior to October 1, 2025:** A certified copy of an ordinance authorizing the local implementation of a grocery sales tax must be submitted to IDOR, postmarked by October 1, 2025.
- **January 1, 2026:** The statewide grocery sales tax expires; only locally imposed grocery sales taxes will remain.

<sup>1</sup> <https://www.iml.org/page.cfm?category=5382>

<sup>2</sup> <https://tax.illinois.gov/localgovernments/contacts>

# **Estimated\* Annual Financial Impact of the Proposed Elimination of the 1% Grocery Tax on Illinois' Municipalities**

(As of 9:00 a.m. 5/31/2024)

<b>Municipality</b>	<b>Population</b>	<b>Estimated Annual Loss</b>
Algonquin	29,700	\$2 million
Alsip	19,063	\$670,000
Arlington Heights	77,676	\$1.3 million
Aurora	180,542	\$4.5 million
Bannockburn	1,013	\$555,506
Barrington	10,722	\$612,600
Batavia	26,098	\$1.1 million
Bedford Park	602	\$900,000
Bensenville	18,813	\$500,000
Benton	6,709	\$30,764
Bloomington	78,680	\$2 million
Bolingbrook	74,022	\$1.75 million
Bourbonnais	18,164	\$735,000
Bradley	15,419	\$800,000
Buffalo Grove	43,212	\$1.5 - 1.9 million
Burr Ridge	11,192	\$200,000
Cary	17,826	\$400,000
Champaign	88,302	\$2,703,704
Charleston	17,286	\$350,000
Chatham	14,437	\$300,000
Chicago	2,746,388	\$60 - 80 million
Clinton	7,004	\$250,000
Coal City	5,705	\$80,000
Coffeen	647	\$44,000
Collinsville	24,366	\$1.2 - 1.5 million
Countryside	6,420	\$700,000
Crest Hill	20,459	\$100,000
Crete	8,465	\$300,000
Creve Coeur	4,934	\$89,713
Crystal Lake	40,269	\$1.3 million
Darien	22,011	\$372,127

# **Estimated\* Annual Financial Impact of the Proposed Elimination of the 1% Grocery Tax on Illinois' Municipalities**

(As of 9:00 a.m. 5/31/2024)

<b>Municipality</b>	<b>Population</b>	<b>Estimated Annual Loss</b>
Decatur	70,522	\$2 million
Deerfield	19,196	\$500,000
DeKalb	40,290	\$750,000
Des Plaines	60,675	\$1,413,149
East Moline	21,374	\$579,702
Effingham	12,252	\$600,000
Elburn	6,175	\$118,838
Elgin	114,797	\$1.1 million
Flossmoor	9,704	\$200,000
Fox Lake	10,978	\$250,000
Freeport	23,973	\$800,000
Geneva	21,393	\$600,000
Genoa	5,298	\$100,000
Glen Carbon	13,842	\$1 million
Glencoe	8,849	\$200,000
Hanover Park	37,470	\$493,477
Hawthorn Woods	9,062	\$65,000
Herrin	12,352	\$350,000
Hickory Hills	14,505	\$440,000
Highland Park	30,176	\$1 million
Homer Glen	24,543	\$700,000
Homewood	19,463	\$650,000
Huntley	27,740	\$424,827
Joliet	150,362	\$3 million
Justice	12,600	\$65,000
Kankakee	24,052	\$1,059,000
La Grange Park	13,475	\$230,000
Lake Forest	19,367	\$408,913
Lake Zurich	19,759	\$1.76 million
Lexington	2,090	\$15,600
Libertyville	20,579	\$750,000 - \$800,000



## **Estimated\* Annual Financial Impact of the Proposed Elimination of the 1% Grocery Tax on Illinois' Municipalities**

(As of 9:00 a.m. 5/31/2024)

<b>Municipality</b>	<b>Population</b>	<b>Estimated Annual Loss</b>
Lily Lake	1,032	\$748
Lisle	24,223	\$245,000
Lockport	26,094	\$1 million
Lombard	44,476	\$500k - \$1.5 million
Machesney Park	22,950	\$250,000
Macomb	15,051	\$300,000
Mahomet	9,434	\$350,000
Marion	16,855	\$1.68 million
Mattoon	16,870	\$475,000
Midlothian	14,325	\$126,000
Milan	5,106	\$570,000
Mokena	19,887	\$850,000
Montgomery	20,262	\$800,000
Morris	14,613	\$1.5 million
Mount Carmel	7,015	\$147,000
Mount Vernon	14,600	\$1,217,141
Mundelein	31,560	\$500,000
Naperville	149,540	\$3.5 million
Niles	30,912	\$2.3 million
Normal	52,736	\$2.6 million
North Aurora	18,261	\$700,000
North Riverside	7,426	\$850,000
Northbrook	35,222	\$1.8 million
Northlake	12,840	\$550,000
Oak Lawn	58,362	\$2.2 million
O'Fallon	32,289	\$1.2 million
Olney	8,701	\$600,000
Oregon	3,604	\$43,000
Orland Hills	6,893	\$392,000
Orland Park	58,703	\$2.5 million
Oswego	34,585	\$1 million

## **Estimated\* Annual Financial Impact of the Proposed Elimination of the 1% Grocery Tax on Illinois' Municipalities**

(As of 9:00 a.m. 5/31/2024)

<b>Municipality</b>	<b>Population</b>	<b>Estimated Annual Loss</b>
Palatine	67,908	\$1.25 million
Palos Heights	12,068	\$350,000 - \$400,000
Palos Park	4,899	\$211,000
Park Forest	21,687	\$100,631
Peoria	113,150	\$4 million
Peotone	4,150	\$160,000
Plano	11,847	\$540,000
Princeville	1,636	\$231,759
Prospect Heights	16,058	\$600,000
Quincy	39,463	\$920,000
Red Bud	3,804	\$52,000
River Forest	11,717	\$1,170,768
River Grove	10,612	\$190,000 - \$200,000
Rock Island	36,636	\$1 million
Rockford	148,655	\$7 - 8 million
Rolling Meadows	24,200	\$500,000
Romeoville	39,863	\$900,000
Schaumburg	78,723	\$3.1 million
Sesser	1,888	\$30,000
Shiloh	14,098	\$450,000
Shorewood	18,186	\$500,000
Skokie	67,824	\$1.5 million
South Chicago Heights	4,026	\$400,200
South Elgin	23,865	\$212,286
South Holland	21,465	\$526,000
Sparta	4,095	\$200,000
Spring Grove	5,487	\$410,000
Springfield	114,394	\$3.8 million
St. Charles	33,081	\$1.6 million
Sterling	14,764	\$500k - \$1 million
Sugar Grove	9,278	\$200,000



## **Estimated\* Annual Financial Impact of the Proposed Elimination of the 1% Grocery Tax on Illinois' Municipalities**

(As of 9:00 a.m. 5/31/2024)

<b>Municipality</b>	<b>Population</b>	<b>Estimated Annual Loss</b>
Sycamore	18,577	\$717,086
Tinley Park	55,971	\$1.8 million
Urbana	38,336	\$1 million
Vandalia	7,458	\$175,000
Vernon Hills	26,850	\$1.75 million
Washington	16,071	\$500,000
West City	656	\$311,174
Western Springs	13,629	\$580,000
Westmont	24,429	\$1 million
Wheaton	53,970	\$2.1 million
Wheeling	39,137	\$660,000
Wilmette	28,170	\$550,000
Wilmington	5,664	\$72,000
Winnebago	2,940	\$120,000
Winnetka	12,744	\$240,000
Woodridge	34,158	\$300,000
Woodstock	25,630	\$257,439
Yorkville	21,533	\$298,888



# Should Illinois Eliminate the State Grocery Tax?

The state of Illinois imposes a “Retailer’s Occupation Tax” (ROT), or sales tax, of 6.25% on general merchandise and 1% on qualifying food, drugs, and medical appliances.<sup>1</sup> The 1% tax is charged on most food items for home consumption, or “food at home” (FAH) and is often referred to as a “grocery tax.” The state grocery tax plays a role in local government finance because a portion of state receipts are passed through to municipalities. Illinois is among 13 states that impose a grocery tax (Figueroa & Legendre, 2020).<sup>2</sup>

Grocery taxes are a controversial way to raise revenue. Because low-income households spend a much higher share of their income on food than better-off households, the concern is that the grocery tax may be regressive, so that low-income households end up paying more than their “fair share” of taxes. A tax on FAH may also encourage consumer substitution into less nutritious food away from home (FAFH). Because of this, the grocery tax could have an adverse impact on lower-income households’ health.

Under current law, one percentage point of the state’s 6.25% ROT (or 16% of state ROT

## Author

**Institute of Government and Public Affairs**

**Elizabeth T. Powers**, Interim Associate Director, Institute of Government and Public Affairs, Associate professor in the Department of Economics at the University of Illinois at Urbana-Champaign. An expert on family centered policies, including child care, she has assisted the Illinois Department of Human Services and other policy actors.

collections) is passed through to municipal governments.<sup>3</sup> Elimination of the grocery tax would lower ROT revenue by reducing the taxable base of retail sales.<sup>4</sup> In 2022 Gov. Pritzker and the General Assembly agreed to suspend the grocery tax for state fiscal year (SFY) 2023 (P.A. 102-0700). From July 1, 2022 through June 30, 2023, items formerly subject to the 1% tax rate (with the exception of medicines and drugs) were not subject to the state tax.<sup>5</sup> It is important to note that the elimination of the grocery tax only eliminates the portion of ROT revenue that is generated by grocery sales. The state still passes through a 1% ROT collected on non-grocery items. This means that the elimination of the grocery tax has a fairly small revenue impact relative to all ROT that is passed through to local governments.

<sup>1</sup> A detailed description of Illinois sales taxes can be found at <https://perma.cc/X3J8-MG4D>.

<sup>2</sup> The other states with grocery taxes are Arkansas (0.125%), Missouri (1.23%), Virginia (2.5%), Utah (3.0%), Alabama (4.0%), Hawaii (4.0%), Tennessee (4.0%), Oklahoma (4.5%), South Dakota (4.5%), Idaho (6.1%), Kansas (6.5%) and Mississippi (7.0%). Hawaii, Oklahoma, Idaho, and Kansas have a state tax credit to partly offset the cost of the tax for low-income households (Figueroa & Legendre, 2020).

<sup>3</sup> For more details on how the state ROT is distributed, see <https://perma.cc/6QG6-7QMG>.

<sup>4</sup> Items such as alcoholic beverages, soft drinks, and prepared food for immediate consumption would continue to be taxed at the 6.25% rate (see <https://perma.cc/Y7MH-L2F7>).

<sup>5</sup> Further details on the SFY 2023 suspension are available at <https://perma.cc/U8JV-B8AT>.

The state estimated a revenue reduction of \$360 million due to the elimination of the grocery tax in SFY 2023 (Gourdie, 2024), and local governments were reimbursed for their losses.<sup>6</sup>

The state grocery tax went back into effect on July 1, 2023. In his 2025 budget, Gov. Pritzker seeks to permanently eliminate the tax on July 1, 2024, without offering local governments any

**In announcing his proposal, Governor Pritzker argued that**

**“It’s one more regressive tax we just don’t need. If it reduces inflation for families from 4% to 3%, even if it only puts a few hundred bucks back in families’ pockets, it’s the right thing to do (Inklebarger, 2024).”**

compensating revenue stream.

This brief argues that the implications of eliminating the grocery tax are not so clear-cut. I consider the extent to which eliminating the

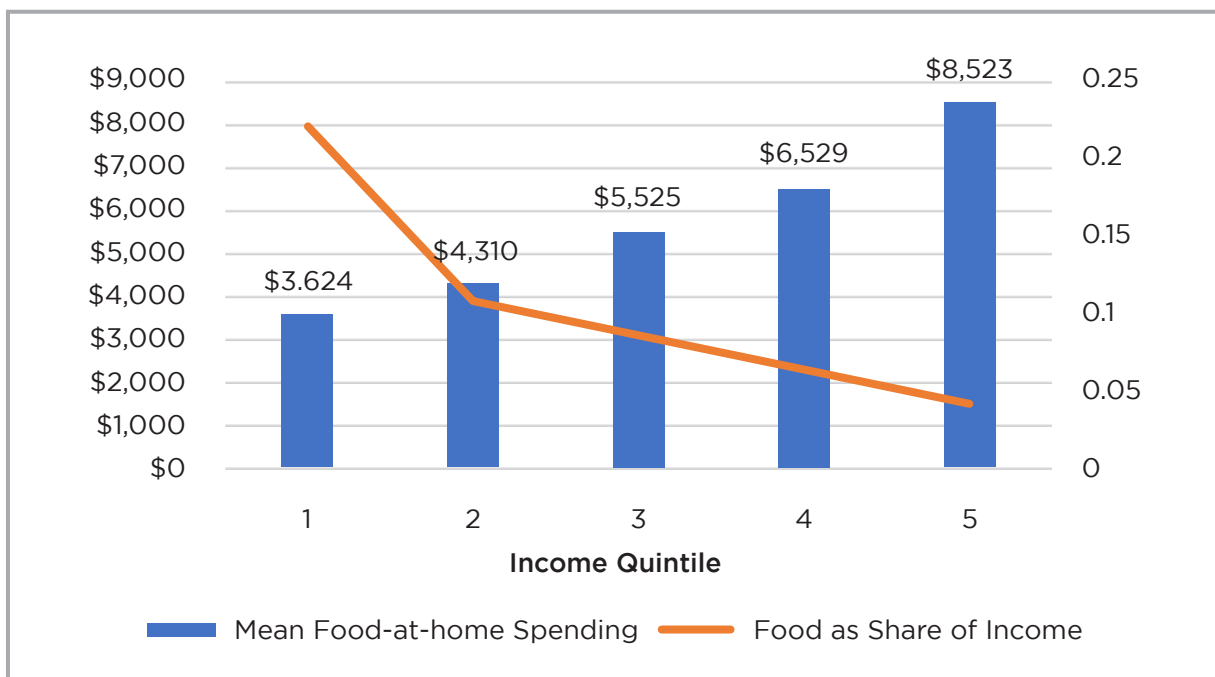
grocery tax would reduce household expenses, reduce tax regressivity, and encourage healthy diets. That analysis is followed by a discussion of the impact on municipal revenue and possible responses.

## OVERVIEW OF FISCAL BALANCE

Because the state grocery tax is just 1%, a family would have to spend at least \$30,000 on FAH grocery items to obtain the “few hundred bucks” in savings mentioned by the Governor in the course of one year. **Figure 1** shows that average annual expenditures on FAH for 2022 (the latest available year) in the U.S. ranged from \$3,624 for the lowest-income households to \$8,523 for the highest-income households.<sup>7</sup> It would take a low-income family over 8 years to accumulate several hundred dollars in tax savings from the elimination of the grocery tax. The state grocery tax liability of higher-income households would go down the most due to their higher FAH spending, but even the highest quintile households would need more than 3 years to accrue several hundred dollars in savings.

*Figure 1. Food at Home Expenditures and Food at Home Expenditures as a Share of Household Income*

Notes: Data from Bureau of Labor Statistics Table 1101 available at <https://www.bls.gov/cex/tables/calendar-year/mean-item-share-average-standard-error/cu-income-quintiles-before-taxes-2022.pdf>.



<sup>6</sup> It is notable that in FY 2023, SNAP benefits were still enhanced due to COVID. Because SNAP purchases are not subject to tax, the revenue losses from foregoing the tax at that time were lower than they would be now that COVID provisions have expired.

<sup>7</sup> Arraying households from lowest to highest income, the first quintile selects the 20% of households with the lowest income, the second quintile the next 20% of households by income, and so on. The blue bars correspond to the axis on the left, while the line corresponds to the axis on the right.

## IS THE GROCERY TAX REGRESSIVE?

A tax is regressive when the amount paid is higher relative to income for lower than higher income families. **Figure 1** shows that the share of FAH expenditures in income are declining as income rises. Families in the lowest 20% of the income distribution spent 22.2% of their income on FAH in 2022. This share is cut in half at the second quintile (to 11.0%) and is below 5% of after-tax income for the wealthiest families.

**Table 1:** Mean Income and Food Expenditures by Income Quintile, 2022

Income Quintile Lower Limit	Mean Income	FAH Expenditures <sup>8</sup>	FAH expenditures as a Share of Income
\$0	\$14,191	\$3,624	0.22
\$25,807	\$37,441	\$4,310	0.11
\$50,092	\$65,659	\$5,525	0.09
\$83,696	\$108,730	\$6,529	0.07
\$140,363	\$244,025	\$8,523	0.04

Note: Data from Bureau of Labor Statistics Table 1101 available at <https://www.bls.gov/cex/tables/calendar-year/mean-item-share-average-standard-error/cu-income-quintiles-before-taxes-2022.pdf>.

Viewed in isolation, the spending patterns shown in **Figure 1** and **Table 1** suggest that Illinois' grocery tax is inherently regressive. But the important issue is not whether FAH expenditures are regressive but whether grocery tax payments are. The major means-tested federal nutrition program, the Supplemental Nutrition Assistance Program (SNAP), supports low income households' FAH purchases. Because SNAP-funded purchases are not subject to tax, SNAP is a key determinant of who bears the grocery tax. As a means-tested program, SNAP benefits are distributed disproportionately to lower income households, relieving many of them of the grocery tax burden. Therefore, to assess regressivity of the grocery tax, we must consider how much of FAH is financed by SNAP.

**Table 2** presents details of the calculations to determine after-SNAP regressivity of the grocery tax. Information on the distribution of SNAP benefits (the amount of FAH not subject to grocery tax) by income quintile is available for the entire U.S. for 2014 and is shown in column

2 of **Table 2**.<sup>9</sup> Column 3 repeats average FAH spending from Table 1 for convenience. The SNAP benefit shares to each quintile in column 2 are multiplied by total SNAP spending in Illinois for 2022 and divided by one-quarter of the number of households in Illinois to arrive at average SNAP-funded FAH purchases by quintile (column 4). Average taxable FAH spending is equal to average FAH spending less average SNAP-funded FAH purchases (column 5). Applying the grocery tax rate of 1% to taxable FAH spending yields the average amount of grocery tax paid in a year (column 6). The final column presents the average grocery tax divided by average income in each quintile.

Accounting for SNAP payments reduces the incidence of the grocery tax on the bottom quintile to 0.01%. The incidences are higher for the other quintiles, so the tax is not regressive with respect to the bottom of the income distribution (lowest quintile). However, the tax is regressive from the point of view of quintiles 2 and 3, because the income share declines from

<sup>8</sup> *Consumer Expenditures in 2022*. BLS Report 1107. Shane Meyers, Geoffrey D. Paulin, & Kristen Thiel. December 2023. <https://perma.cc/3DFF-Q6WJ>.

<sup>9</sup> This information from the Congressional Budget Office is reported in Reeves & Pulliam (2018). I assume that the U.S. and Illinois distributions of SNAP benefits over quintiles are similar, and that these distributions have not changed much in the past decade.

quintiles 2 and 3 through quintile 5. Therefore, accounting for SNAP considerably reduces, but does not eliminate, grocery tax regressivity.<sup>10,11</sup>

**Table 2:** Incidence of the Grocery Tax After SNAP Benefits

Quintile of Income	Share of SNAP Payments	Average FAH Expenditures	Average FAH Purchased with SNAP	Taxable FAH Spending	Average Grocery Tax	Tax as Share of Income
1	63.2	\$3,624	\$3,459.92	\$164.08	\$1.64	0.01%
2	24.6	\$4,310	\$1,346.74	\$2,963.26	\$29.63	0.08%
3	7.4	\$5,525	\$405.12	\$5,119.88	\$51.20	0.08%
4	1.1	\$6,529	\$60.22	\$6,468.78	\$64.69	0.06%
5	0	\$8,523	\$ -	\$8,523.00	\$85.23	0.04%

Notes: Data from Bureau of Labor Statistics Table 1101 available at <https://www.bls.gov/cex/tables/calendar-year/mean-item-share-average-standard-error/cu-income-quintiles-before-taxes-2022.pdf>. The distribution of SNAP benefits is from the Congressional Budget Office as reported in Reeves and Pulliam (2018).

## WOULD ELIMINATING THE GROCERY TAX IMPROVE NUTRITION?

Foods subject to the 1% grocery tax are generally more nutritious than other items in grocery stores (like soft drinks and candy) subject to the 6.25% rate as well as FAFH. By lowering the relative cost of healthy foods, eliminating the grocery tax may tilt consumption away from restaurant and junk food.

A USDA study provides evidence on this point (Dong & Stewart, 2021). The findings confirm that, consistent with the exemption of SNAP purchases from taxation, grocery taxes do not seem to impact the balance between FAH and FAFH consumption of SNAP-receiving households. Households with similar but somewhat higher incomes than SNAP recipients were found to increase their FAH spending very modestly when grocery taxes were lower. These findings reinforce the conclusion that benefits of eliminating the grocery tax are concentrated on households that are low, but not lowest, income.

## IMPLICATIONS OF REMOVING THE GROCERY TAX FOR MUNICIPAL BUDGETS

**“If [municipalities] want to impose a grocery tax on their local residents, they should be able to go do that,” [Governor Pritzker] said. “I don’t think it’s the right thing to do, I wouldn’t do it locally. Having said that, I understand the need for the dollar, and if they feel like they need them they should think about imposing that tax on their own (Vinicky, 2024).”**

In FY 2022, the state collected \$14.7B in total from the ROT applied to all taxable products (Mendoza, 2022). Of this amount, \$2.35B (16%), passed through to municipal governments. As noted, the state reported that the grocery tax suspension of 2022 reduced state payments to municipalities by \$360 million (Gourdie, 2024).<sup>12</sup>

<sup>10</sup> The regressivity analysis relies on quintile averages. Within each quintile, there is a range of grocery tax payments, so not every household pays the same average grocery tax. For example, there are individual households in the first quintile who do not receive SNAP, and so pay a higher-than-quintile-average grocery tax.

<sup>11</sup> Illinois has extremely high SNAP participation eligible households. Between 95% and 100% of eligible individuals participated in SNAP in Illinois in 2018, including 92% of eligible workers (see <https://perma.cc/3DFF-Q6WJ>). This implies that the incidence of the grocery tax could not be changed much through further efforts to recruit households to SNAP.

<sup>12</sup> The base of the state grocery tax would be larger in SFY 2025 under the grocery tax because SNAP enhancements expired in March 2023. Therefore the loss from suspending the tax in SFY 2025 is likely higher than \$360 million.



For municipalities, passing their own grocery tax is not a light lift. For one, politics may be a hindrance. Will the typical taxpayer understand that the 1% restoration of the grocery tax by a municipality is not a “new” tax? Many municipalities already impose sales taxes; an existing municipality grocery sales tax could be perceived as high to begin with, and taxpayers may frame an additional 1% tax increment as excessive in that context, even though it simply replaces the lost state tax.

The goal of ending the state grocery tax on July 1, 2024 does not appear to leave municipalities time to pass a “replacement” local sales tax until some of the next fiscal year has passed. Home-rule municipalities can levy a new sales tax rate as an ordinance, but this had to be accomplished by April 1, 2024 if a local grocery tax was to take effect on July 1, 2024. Non-home rule municipalities would need to mount a voter referendum by May 1, 2024 for a July 1, 2024 start (Illinois Municipal League, 2021). An ordinance or referendum result by October 1, 2024 would put the new municipal sales tax into effect mid-fiscal year. That means that if the state did repeal the grocery tax by July 1, 2024, even local governments moving expeditiously to institute a local grocery tax would lose half of SFY 2025’s potential revenue. Exactly how this plays out will depend on when (and whether) the state passes a law to repeal the grocery tax.

If the state chooses to eliminate the grocery tax without providing any compensating funds, and if municipalities are reluctant to impose an additional 1% grocery tax locally, they will need to turn to other sources of revenue or reduce expenditures. One possibility is to further raise the sales taxes on regular retail items to make up for the elimination of groceries from the sales tax base. However, because lower-income households buy other retail goods that cannot be purchased with SNAP benefits, and expenditures on these goods are comparatively high, this option is more regressive than the grocery tax. Property taxes—municipal governments’ other major option for raising revenue—are widely regarded as regressive (Institute on Taxation and Economic Policy, 2024). The state argues that by increasing pass-throughs from state income taxes to municipalities, it has already begun to ameliorate

the impact of the grocery tax elimination. Since the Illinois income tax is modestly progressive, this may be a good solution. However, the SFY 2025 budget does not include an increase in state allocations of the income tax to municipalities to make up for the loss of state grocery tax revenue.

## CONCLUSION

Grocery taxes are controversial. While not as regressive as is often portrayed because SNAP receipt exempts most of the FAH purchases of the lowest-income households from the tax, the grocery tax is regressive from the point of view of households in the lower-middle and middle of the income distribution. There is also some evidence that lower-income households not on SNAP shift their food consumption a little from FAFH into FAH when grocery taxes fall. Overall, this suggests that there are some benefits to eliminating the grocery tax for low and middle income households. However, given realistic levels of FAH expenditures, Illinois’ low grocery tax rate, and very small effects of taxing groceries on food consumption, the impact of Illinois’ grocery tax on any group of households is likely to be quite small.

While the savings to an individual household of lifting the grocery tax is very modest, the loss of tax revenue to municipalities is consequential, and the timetable caused by eliminating the tax on July 1, 2024 may lead to delays in implementing a local replacement. If municipalities do not cut spending, state increases in the amount of income tax that is passed on to municipalities may make up for lost revenue without increasing reliance on regressive taxes.

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**STATE OF ILLINOIS FY2025  
RECOMMENDED BUDGET:**  
*ANALYSIS AND RECOMMENDATIONS*



**THE CIVIC FEDERATION**

MAY 14, 2024





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# EXECUTIVE SUMMARY

The State of Illinois has made significant progress on stabilizing its finances, ending each of the past four fiscal years with budget surpluses. Those surpluses were driven by several factors: strong revenue performance via a strong economic recovery from COVID-19 and the State's enactment of budgets in better structural balance than past practice. The State has also prioritized payment of outstanding debt including COVID-related borrowing, interfund borrowing, the Unemployment Insurance Trust Fund and increased pension contributions while continuing to build up reserves through its contributions to the Budget Stabilization Fund and sustaining a normal bill payment schedule. Revenue growth has slowed in fiscal year 2024, but one-time revenue increases have nevertheless helped produce better-than-projected revenue performance overall. Together, prudent choices and improved revenue performance have moved the State from a crisis orientation to a more stabilized financial position. However, looking forward, there is more work to do.

The proposed FY2025 budget represents the first year the State has had an initial budget deficit to close since the start of the pandemic. Based on current projections, the State's revenues are expected to come in lower than projected expenditures in FY2025, resulting in a deficit of \$970 million. The Governor's proposal introduces a number of tax changes and enhancements that would close the budget deficit if approved by the General Assembly, thereby bringing the budget into technical balance. The Civic Federation understands the need for revenue enhancements to balance this year's budget and regards the Governor's proposal as a reasonable and prudent short-term measure, but we note that the State needs to be working towards sustainable, long-term revenue solutions.

Given signaling from the General Assembly that the proposed tax increases may not have enough support to pass, the Governor asked agency leadership teams to prepare for a budget scenario with \$800 million less in revenue.<sup>1</sup> This prudent anticipatory step will help assure a technically balanced budget for FY2025. The Civic Federation supports some of the State's long-term investments included in the proposed FY2025 budget, including an increase to the Evidence-Based Funding (EBF) formula for P-12 education and increased appropriations to the Monetary Award Program (MAP) grants for college students. We also recognize and commend the State's leadership in efforts to support the ongoing migrant crisis in various forms and levels of collaboration with Cook County and the City of Chicago. However, the Governor and Illinois General Assembly will need to balance these and other important programs against other competing priorities, particularly should the proposed tax revenues not be approved.

Given its more sustainable financial position, the logical next step for the State is to convene a public process to evaluate how discretionary spending choices are made and its overall revenue structure in order to better foster its regional competitiveness and overall economic growth. To achieve structural balance in future budgets and alleviate the burden on Illinois taxpayers, the

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<sup>1</sup> Jerry Nowicki, "[Analysis: 'Significant enough' opposition to Pritzker's revenue plan leads to call for cuts](#)," *Capitol News Illinois*, May 9, 2024. See also [Memorandum from the Office of the Governor to Agency Directors](#), May 8, 2024.

Civic Federation recommends that the State re-evaluate its tax structure to align better with the modern economy to make Illinois' tax rates more competitive with peer states and set Illinois up for future revenue growth. Again, while much progress has been made, there is more the State can do to address its fiscal challenges through strategic and long-term financial planning in order to alleviate the need for short-term funding solutions in future budgets.

The Civic Federation offers the following **key findings** on the Governor's recommended FY2025 State Budget:

- The \$52.7 billion proposed General Funds **operating budget** is a 4.5% increase from estimated year-end FY2024 spending of approximately \$50.4 billion—excluding FY2024 supplemental appropriations of \$1.2 billion.
- **Agency spending** (excluding pension contributions and transfers out of the General Funds for debt service and other purposes) will increase by \$1.9 billion, or 4.9%, from the FY2024 year-end estimate to \$40.4 billion.
  - The FY2025 budget includes proposed **supplemental FY2024 agency appropriations** of \$1.2 billion, including:
    - \$430 million to the Department of Healthcare and Family Services;
    - \$346.8 million to the Department of Human Services; and
    - \$188.3 million to the Department of Central Management Services.
    - The remaining appropriations are allocated to other agencies including the Department of Innovation and Technology, Department of Corrections, Department on Aging and Department of Children and Family Services.
  - After accounting for the FY2024 proposed supplemental appropriations, agency spending represents an increase of \$685 million, or 1.7%, from the prior year estimate.
- General Fund **revenues** are proposed at approximately \$53.0 billion for FY2025, an increase of \$779 million, or 1.5%, from the FY2024 year-end estimate of \$52.2 billion.
- The State is projected to end FY2025 with a \$128 million **surplus** after a proposed \$170 million contribution to the rainy day fund.
- The Governor's proposed budget fully meets the State's 50-year pension funding plan by making the statutorily required General Funds pension contribution of \$10.1 billion in FY2025. It also proposes increasing the 50-year funded ratio goal from 90% to 100%, which will add three additional years to the funding payment plan and extend its end date from FY2045 to FY2048. The proposal to reach 100% funding would therefore pay off the remaining \$33.6 billion in unfunded liabilities that would have remained after FY2045 and proposes making additional payments to the pension funds between FY2030 and FY2040 by using revenue freed from the retirement of the backlog and pension obligation bonds that are paid off in those years.
- The State has **paid down** a total of \$11 billion in debt between FY2022 and FY2025, which includes:

- COVID-related borrowing;
- Interfund borrowing;
- Delayed health insurance bills;
- Unemployment Trust Fund debt; and
- Supplemental contributions to the Pension Stabilization Fund.
- FY2025 is projected to end with \$447 million remaining in accounts payable, or outstanding bills. This is a major improvement from the larger backlog of bills in past years and represents a normal bill payment schedule, with the caveat that a significant portion of prior past due payables were settled with bonds, with approximately \$3 billion in principal remaining.
- The State of Illinois received approximately \$8.4 billion in Coronavirus State Fiscal Recovery Funds and Coronavirus Capital Projects Funds, all of which had been allocated by the end of June 2023 toward debt repayment, revenue replacement and programs and initiatives led by a variety of State agencies.

The Civic Federation **supports** the following aspects of the Governor's recommended FY2025 budget:

- The State's improved financial condition;
- Making statutorily required pension payments;
- Proposal for a new pension funding plan; and
- Proposal to evaluate Tier 2 pensions.

The Civic Federation has the following **concerns** about the Governor's recommended FY2025 budget:

- Spending pressure points in the FY2025 budget;
- Proposed revenue enhancements;
- The effect of the permanent elimination of the grocery sales tax on local governments; and
- The combined fiscal and operational crisis facing the public transit systems in Northeastern Illinois.

The Civic Federation offers the following **recommendations** to the Governor and Illinois General Assembly:

- Develop a long-term financial plan;
- Review and evaluate the effectiveness of all existing tax treatments;
- Develop a tax structure for a sustainable future;
- Identify additional offsetting revenue sources for local governments if the grocery tax is eliminated;
- Sustain a rainy day fund that meets best practice standards; and
- Reform the governance and funding structure of public transit in Northeastern Illinois.

# CIVIC FEDERATION POSITION

The Civic Federation recognizes the significant progress the State of Illinois has made over the past several years to stabilize its finances, moving away from a crisis orientation towards one of normalization. The Civic Federation urges the Governor and Illinois General Assembly to use this opportunity to come up with long-term plans to resolve the state's remaining fiscal challenges and put the State in a position to enhance economic growth. The State must continue to take action to address its worst in the nation pension funding levels, build up reserves to a more substantial level and avoid short-term solutions to close future budget gaps.

The following are summaries of the issues the Federation supports in the Governor's FY2025 budget proposal, issues of concern, and our recommendations for future planning for the Governor and General Assembly's consideration as they move through the budget enactment process and look to future years. We encourage long-term thinking about how the State of Illinois can improve its tax structure to be more competitive with other states and to generate enough revenue to support many competing state and local funding priorities.

## ISSUES THE CIVIC FEDERATION SUPPORTS

The Civic Federation supports the following aspects of the Governor's FY2025 State of Illinois budget:

### The State's Improved Financial Condition

The State of Illinois has made important financial progress in recent years. From fiscal years 2022 through 2024, its financial condition significantly improved, including paying down \$11 billion in debt. Included in the \$11 billion total was nearly \$2.0 billion in COVID-related borrowing, \$300 million in interfund borrowing, \$3.6 billion in delayed health insurance bills, \$4.1 billion repaid to the Unemployment Insurance Trust Fund and \$700 million in supplemental payments contributed to the Pension Stabilization Fund.<sup>2</sup> Due in part to these efforts to reduce the state's obligations, all three credit rating agencies have upgraded the State's credit ratings multiple times.

Additionally, the State has remained on a normal bill payment schedule after paying down \$16.7 billion in backlogged bills it had accumulated during the FY2015-FY2017 budget impasse. By the end of fiscal year 2023, the State had achieved a more than 97% reduction in accounts payable since FY2017 due in large part to the issuance of a \$6 billion General Obligation bond to pay vouchers incurred before July 1, 2017. However, the State still has \$3 billion in outstanding principal on the backlog bonds as of December 31, 2023. The reduction in the bill backlog and short-term borrowing has reduced the amount of interest the State pays on penalties. (For more about the State's bill backlog, see the Bill Backlog section of this report beginning on p. 26.) In March 2023, the Comptroller announced the State was on a normal bill

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<sup>2</sup> State of Illinois FY2025 Budget, p. 52-54.

payment schedule, with remaining debt comprised of bills due in less than 30 days and State account transfers. Since then, the State has not returned to extending bill payments like it did in previous fiscal years—even though it expects a \$970 million deficit in FY2025—which is a good budget practice. The State projects it will end FY2025 with \$447 million in payments outstanding by June 30, 2025, a figure representing the total amount of payments due within 30 days.<sup>3</sup> The Civic Federation supports the State’s decision to remain on a normal bill payment schedule and believes it is prudent for the State to continue doing so to remain in good financial condition.

## **Making Statutorily Required Pension Payments**

Governor Pritzker’s FY2025 budget proposes the State make its full statutorily required general funds pension payment of \$10.1 billion, a \$323 million increase over the \$9.8 billion required payment made in FY2024. The State also contributed supplemental amounts beyond the minimum required to the Pension Stabilization Fund in previous fiscal years. In FY2022 the State contributed an additional \$300 million to the Fund, and in FY2023 it contributed \$400 million, for a total of \$700 million in supplemental pension contributions.<sup>4</sup> The State was able to finance the extra payments by using higher-than-expected revenues.

However, despite these supplemental contributions, pension obligations still make up an extraordinarily high portion of total State spending. Contributions have grown to comprise over 20% of state-source general funds revenues.<sup>5</sup> Illinois’ retirement systems are among the most poorly funded of any state in the U.S. and the unfunded liabilities are expected to continue to grow until FY2027<sup>6</sup>. At the end of FY2023, actuarial unfunded liabilities for the State’s five pension funds totaled nearly \$141.4 billion and the combined funded ratio stood at 44.9%, near the bottom of most every national ranking by state. Under the current 50-year funding plan, the State’s unfunded pension liabilities have continued to grow despite pension contributions consuming large portions of the State’s spending. This is because the State’s current funding plan defers a large portion of required contributions to future years, meaning current contributions fall short of the “tread water” contribution that would keep the unfunded liability from growing.

The State has historically struggled to make its annual statutory contribution and implemented a number of gimmicks and changes to reduce the contribution, ranging from pension holidays to extending the timeline of payments to borrowing money to make the pension payments. Given this history, the Governor’s proposal to make the full pension contribution in FY2025, combined with the previous \$700 million in supplemental contributions in recent budgets shows progress. The Civic Federation commends the Governor for proposing to meet the statutorily required FY2025 pension payments but also cautions, as set forth in the next section,

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<sup>3</sup> State of Illinois FY2025 Budget, p. 54-55.

<sup>4</sup> State of Illinois FY2025 Budget, p. 80 and 82.

<sup>5</sup> For additional detailed analysis of the State’s five pension funds, see the Pensions section of this report beginning on p. 46.

<sup>6</sup> Illinois General Assembly, Commission on Government Forecasting and Accountability, *Special Pension Briefing*, November 2023, p. 12.



that pensions will remain a significant burden on future State budgets for the next two decades absent creative approaches to shore up funding and reduce liabilities.

## **Proposal for a New Pension Funding Plan**

The Governor's proposed FY2025 budget recommends increasing the State's current 50-year pension funding plan for its five retirement systems from 90% funding by fiscal year 2045 to 100% funding by fiscal year 2048.<sup>7</sup> Adding three additional years to the funding plan would bring the State to a 100% funded level, which is similar to peer states' funding plans. It would also present a plan to pay off the \$33.6 billion in unfunded liabilities that would have remained in FY2046. Additionally, the plan would increase the State's contributions toward pensions by utilizing half of the revenue freed up once its backlog bonds and pension obligation bonds are paid off in 2030 and 2034.<sup>8</sup> These plans would represent another step in the right direction for the state on its pension burden.

The current 90% ratio target goal for the State's retirement system, and subsequent statutory changes have enabled the deferment of a large portion of the required contributions to future years, allowing the State to fund more immediate priorities in its annual budgets at the expense of its pension funds. Consequently, the State is still experiencing negative amortization of its pension funds, that is it not contributing enough to decrease the unfunded liability. The State estimates pension contributions will increase from nearly \$11 billion in FY2026 to over \$18 billion by fiscal year 2045.

The Civic Federation supports the Governor's proposal and believes it is a well-considered option to rationalize the State's pension funding schedule. The General Assembly would need to approve this proposal. We strongly urge them to do so before the spring legislative session ends in May.

## **Proposal to Evaluate Tier 2 Pensions**

The Civic Federation strongly supports the Governor's FY2025 budget proposal to review the Tier 2 pensionable earnings cap and potentially adjust it to match the Social Security Wage Base to ensure compliance with federal law. We agree that first evaluating before making any benefit adjustments is the prudent way to address compliance with federal Safe Harbor guidelines. The Federation has been on record calling for a comprehensive, statewide analysis of Tier 2 benefits before changes are implemented.<sup>9</sup>

The Federation acknowledges that the lower benefit structure of Tier 2 pension plans, which applies to Illinois government employees hired since January 1, 2011, *may* fall out of compliance with Social Security Safe Harbor rules which require that government workers who do not participate in Social Security must receive certain minimum benefits that are deemed

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<sup>7</sup> State of Illinois FY2025 Budget, p. 59.

<sup>8</sup> State of Illinois FY2025 Budget, p. 60.

<sup>9</sup> The Civic Federation, "[Before Enhancing Tier 2 Benefits, Evaluate the Financial Impact of Illinois Pension Proposals](#)," April 28, 2023.

equivalent to Social Security.<sup>10</sup> Of the State of Illinois' five pension plans, most of the Teachers' Retirement System (TRS) and State Universities Retirement System (SURS) members, including some of the State Employees' Retirement System (SERS) members, are not covered by Social Security.

We also support the Governor's recommendation to adjust the maximum pensionable salary to match the Social Security Wage Base such that both grow at the same rate over time. This is the simplest and least costly way to assure Illinois' pension plans meet Safe Harbor tests. Enacting any other Tier 2 pension benefit enhancements would be far more costly and could undo much of the progress that Tier 2 benefits have made to curb unsustainable growth in pension costs.

## CIVIC FEDERATION CONCERNS

The Civic Federation has the following concerns about the Governor's recommended FY2025 budget:

### Spending Pressure Points in the FY2025 Budget

The Governor's budget proposes significant increases in certain areas of the budget, which are funded by proposed revenue enhancements and increased revenues. Proposed FY2025 operating appropriations will increase by approximately \$1.9 billion, or 4.9% from the FY2024 year-end estimate prior to supplemental FY2024 appropriations.<sup>11</sup> This figure includes agency expenditures and employee group health insurance but excludes statutorily mandated pension contributions to the State's five pension funds, the Chicago Teacher's Pension Fund and transfers out of the General Fund to other funds. The Governor's proposal also includes nearly \$1.2 billion in supplemental agency expenditures to close out the 2024 fiscal year. These supplemental appropriations, if approved by the General Assembly, will be funded through a projected FY2024 budget surplus. After accounting for the \$1.2 billion in supplemental FY2024 appropriations, the FY2025 proposal represents an increase of \$685 million, or 1.7% from prior year estimated expenditures.

Before addressing our concerns, the Federation notes there are several positive aspects related to agency spending in this year's budget. First, we appreciate that the FY2025 General Funds budget walk down this year separates the FY2024 supplemental appropriations from the FY2024 year-end estimate, making it easier for the reader to see how those supplementals will impact FY2024 spending in each program area. Second, the Civic Federation supports many increases in spending in the FY2025 budget. Among these are a proposed increase of \$350 million to the evidence-based funding formula to fund P-12 education, which addresses historic underfunding of Illinois' education systems, as well as other smaller increases to support higher education and the Monetary Award Program (MAP). We similarly have supported efforts to

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<sup>10</sup> See the Civic Federation's issue brief, "[Tier 2 Pensions and the Safe Harbor Issue: Explained](#)," November 7, 2023.

<sup>11</sup> State of Illinois FY2025 Budget, p. 75.

restore funding levels for critical programs that were reduced or held flat as a result of the FY2015-2017 budget impasse.

However, the Federation is concerned about how the State will sustain increased spending levels in FY2025 and beyond. In addition to a significant increase in education, spending within the Department of Human Services is set to increase by \$716 million, or 7.0%, prior to supplemental appropriations of \$420 million, for programs like the Home Illinois initiative and the Home Services program for people with developmental disabilities.<sup>12</sup> The cost of health insurance for employees and retirees is also anticipated to increase significantly. Group health insurance within the General Funds is budgeted to increase by \$490 million from the FY2024 estimate, prior to supplemental appropriations. The State expects an increase in total health insurance liabilities of 17%, from \$3.2 billion in FY2024 to \$3.8 billion in FY2025,<sup>13</sup> which is driven in part by prescription drug prices, including for the expansion of injectable weight-loss drug coverage to all state insurance plans, estimated to add approximately \$210 million above existing costs.<sup>14</sup>

The supplemental appropriations, likewise, represent additional spending pressures that are addressed outside of the annual budget enactment process. This raises a broader issue with the budgeting process, which involves passing hundreds of pages of legislation at the tail end of the General Assembly session each spring, with little time for sufficient vetting and explanation. In the absence of immediate improvements to the budget adoption process, the Governor's Office of Management and Budget could do a better job of describing the need for and programs supported by the \$1.2 billion in supplemental FY2024 appropriations in the annual budget book.

Increased FY2025 spending levels, some of which are within the State's control and some beyond the State's discretion, may create pressure points that are difficult to sustain in future years in the event of an economic downturn or weak revenue performance. Additionally, the State will need to make choices in the forthcoming years about how to prioritize funding considering the many competing needs of state and local government agencies, including transit systems and school districts will be competing for limited state resources in the near future. The Governor's Office and Illinois General Assembly must develop a plan for prioritizing both reoccurring and new agency spending based on a framework that evaluates spending effectiveness. The Federation also urges the State to re-evaluate Illinois' tax structure to ensure that the State is employing the most effective forms of taxation and generating sustainable revenues that keep pace with rising costs over time.

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<sup>12</sup> State of Illinois FY2025 Budget, p. 39 and 339.

<sup>13</sup> Commission on Government Forecasting and Accountability, [FY2025 Liabilities of the State Employees' Group Health Insurance Program](#), March 2024, p. 6.

<sup>14</sup> Dave McKinney, "[Weight-loss drug coverage for Illinois State workers could cost hundreds of millions of dollars](#)," WBEZ, April 30, 2024.

## Proposed Revenue Enhancements

The Governor's budget proposes a number of revenue enhancements to close the \$970 million FY2025 budget gap,<sup>15</sup> including:

- Extending the limit on corporate net operating loss deductions, which were set to expire, through tax year 2027, at a new threshold of \$500,000 compared to the current limit of \$100,000, which is projected to yield \$526 million;
- Capping the Retailers' Discount of 1.75% that Illinois retailers are allowed to recoup for the cost of collecting sales taxes on behalf of the state. The proposed cap is \$1,000 per month, which would only impact 1% of retailers. This is expected to generate \$101 million for the State's General Funds and \$85 million for local governments;
- Increasing the Sports Wagering Tax rate from 15% to 35%, of which the increased portion of the tax collected above 15% would be transferred to the General Fund. This is expected to generate an additional \$200 million in revenue;
- Setting the standard personal income tax deduction at \$2,250, which reflects a one-year Consumer Price Index (CPI) adjustment but is a lower deduction than would otherwise occur under existing state statute. This change would increase General Funds revenue by \$93 million;
- Making a supplemental \$175 million deposit into the Public Transportation Fund from the Road Fund, thereby reducing the need for General Funds to be diverted; and
- Directing a \$25 million increase in the distribution of part of the Real Estate Transfer Tax to the General Fund, rather than the Open Space Lands Acquisition and Development Act (only for FY2025).

While these enhancements represent appropriate short-term solutions to increase revenue and balance this year's budget, they do not comprise a full ongoing solution to the State's structural budget shortfall. Additionally, the possibility that the General Assembly does not support and pass the proposed tax increases could result in a major revenue shortfall. Given this potential scenario, the Governor has asked agency leadership teams to prepare for a budget scenario with \$800 million less in revenue.<sup>16</sup> This is a prudent step to maintain a balanced budget for FY2025.

The State's strong pandemic recovery, which has yielded higher-than-expected resources over the past several years, has begun to slow and there is still risk of a future recession. Compounding this issue is the State's tax structure, which is both antiquated and comparatively volatile. According to a recent study, Illinois carries the highest tax burden in the nation for a typical middle-class family, with the highest combined income, sales and property tax rate as a percentage of income.<sup>17</sup> It is also one of the few states that still does not tax services despite

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<sup>15</sup> For more detail about the FY2025 budget gap, see the Budget Balancing and Bill Backlog section of this report beginning on p. 21.

<sup>16</sup> Jerry Nowicki, "Analysis: 'Significant enough' opposition to Pritzker's revenue plan leads to call for cuts," *Capitol News Illinois*, May 9, 2024. See also [Memorandum from the Office of the Governor to Agency Directors](#), May 8, 2024.

<sup>17</sup> Doug Milnes, "[Americans Are Moving to the Most Tax-Friendly States in the Country](#)," March 19, 2024.

the fact that it constitutes a significant portion of its overall economy and, if done prudently, is one of the more equitable forms of taxation.<sup>18</sup>

To achieve structural balance in future budgets and alleviate the burden on Illinois taxpayers, the Civic Federation recommends that the State take on a re-evaluation of its revenue structure to position itself for long-term growth. A more updated tax system that aligns with the modern economy would increase the State's competitiveness and alleviate the need for short-term funding solutions in future budgets.

## Permanent Elimination of the Grocery Sales Tax

The Civic Federation is concerned about the impact of the elimination of the State's grocery tax on municipal governments. The State of Illinois currently collects a 1% retailer's occupation tax on qualifying food, drugs and medical appliances, which is distributed to municipalities. The Governor's FY2025 budget proposes the permanent elimination of the 1% tax applied to food purchased for consumption at home, often referred to as the grocery tax. The Illinois Municipal League (IML) estimates that the repeal will result in a \$325 million reduction in funding to local governments Statewide.<sup>19</sup>

The Governor's FY2023 Budget called for a one-year suspension of the Grocery Tax but included a \$360 million reimbursement to municipalities to account for the loss. The State appropriated \$325 million as grocery tax replacement to local governments in FY2022 and another \$75 million in FY2023. The Federation supported this initiative because the total impact on the State budget was limited and local governments were held harmless.<sup>20</sup>

The proposed permanent repeal contains no such reimbursement, though the Governor's budget notes that several tax treatment changes and revenue enhancements in the proposed budget could increase state revenues distributed to local governments. Among these proposed tax changes is a cap on the retailers' discount which, if approved, could result in \$85 million in sales taxes directed to local governments, thereby partially offsetting the loss in revenue from the grocery tax. The Governor also argues that state revenue sources have increased to local governments in recent years based on pass-throughs from State income taxes and a number of other tax sources.<sup>21</sup> Another reason cited for eliminating the grocery tax is that it is regressive and negatively impacts lower and middle-income households. Additionally, local governments would be able to enact their own locally imposed version of the tax.

However, the new revenue sources available to local governments also represent an increase in the overall tax burden paid by taxpayers for things like motor fuel, sales taxes, cannabis and video gaming. The FY2025 budget also does not include an increase for allocations from income

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<sup>18</sup> Amanda Vinicky, "[Illinois Taxes Goods. But What About Services?](#)", *WTTW*, July 2, 2019.

<sup>19</sup> [Memo](#) from Illinois Municipal League to Local Governments, February 22, 2024.

<sup>20</sup> Civic Federation, [State of Illinois FY2023 Recommended Budget: Analysis and Recommendations](#), p. 6.

<sup>21</sup> See [Gov. J.B. Pritzker: Get rid of the grocery tax. Period.](#), *Chicago Tribune*, March 18, 2024; and State of Illinois FY2025 Budget, p. 62-63.

tax revenues to municipalities to account for lost revenue.<sup>22</sup> The loss in revenue could mean significant budget holes for many municipalities. Further, the tax would only offer modest benefits to low- and middle-income households, according to a report by the Institute of Government and Public Affairs at the University of Illinois,<sup>23</sup> although this finding is disputed by the Governor's office.<sup>24</sup>

The Civic Federation offers a recommendation to on p. 18 of this report.

## Public Transit Systems in Northeastern Illinois Remain in Crisis

Northeastern Illinois' mass transit agencies—CTA, Metra and Pace, which are overseen by the Regional Transportation Authority—are fast approaching a looming fiscal crisis. The transit agencies face an [estimated \\$730 million deficit](#) beginning in 2026 after federal pandemic relief funds are depleted. This represents approximately 20% of the system's operating budget and will continue to grow unless it is addressed. The revenue decline is largely due to reductions in farebox revenue as ridership has failed to return to pre-COVID 19 pandemic levels and federal pandemic relief funds run out. Ridership is projected to increase to 349 million trips in 2024, but this is just [62% of the ridership level of 562 million](#) in 2019. The Illinois General Assembly must take action to significantly reform the governance structure and funding of the Chicago region's transit systems in order to ensure the economic sustainability of the region.

A [recent report](#) from the Civic Federation recommends consolidating the Regional Transportation Authority (RTA), CTA, Metra and Pace into a single transit agency as a strong step toward solving these and other problems. In the report, the Civic Federation cites the [Plan of Action for Regional Transit](#) (PART) developed by the [Chicago Metropolitan Agency for Planning](#) (CMAP), which included analysis of several governance reform options. The PART report also informed [proposed legislation](#) for a new Metropolitan Mobility Authority that was introduced to the General Assembly on April 29, 2024. The Civic Federation supports consolidation of the transit agencies; for more on this issue, see our recommendation, Reform the Governance and Funding Structure of Public Transit in Northeastern Illinois, beginning on p. 19.

## CIVIC FEDERATION RECOMMENDATIONS

The Civic Federation offers the following recommendations to the Governor and the General Assembly as they develop the final FY2025 budget:

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<sup>22</sup> University of Illinois, Institute of Government and Public Affairs, [Policy Spotlight: Should Illinois Eliminate the State Grocery Tax?](#), April 11, 2024.

<sup>23</sup> University of Illinois, Institute of Government and Public Affairs, [Policy Spotlight: Should Illinois Eliminate the State Grocery Tax?](#), April 11, 2024.

<sup>24</sup> Joe Deacon, ["Pritzker administration official defends grocery tax cut as report projects modest relief for families,"](#) *WCBU*, April 29, 2024.

## Develop a Long-Term Financial Plan

Illinois is in better financial shape than it has been for a long time. This gives the State an excellent opportunity to develop a long-term, sustainable plan to provide critical services and economic growth.

The Governor and General Assembly undoubtedly recognize the urgency of growing the State's economy while addressing its long-term challenges, such as unfunded pension liabilities and infrastructure needs. While current projections show slowing but still strong revenues, many uncertainties remain regarding the likelihood of a recession. Also, spending pressure from the State's pension systems will continue to mount, rising an estimated \$7.3 billion or more in the next 20 years<sup>25</sup> and continuing to crowd out spending for other public services. Thus, it is imperative that key stakeholders work together to carefully consider what the State can afford to spend, reassess its revenue streams and determine how best to address the cost of mounting long-term obligations. The best way to do this would be for the State to develop a long-term financial plan that lays out the challenges the State faces and proposes structural solutions to those challenges.

In order to achieve stability in the State's long-term finances, a comprehensive financial plan should meet the following goals:

- Ensure future annual operating budgets are balanced;
- Prevent a backlog of unpaid bills;
- Provide achievable spending limits;
- Avoid drastic revenue cliffs;
- Broaden the tax base if necessary to provide for sustainable revenue sources;
- Include additional assistance for local governments;
- Set aside reserves for an adequate rainy day fund; and
- Address Illinois' long-term challenges, such as unfunded pension liabilities and infrastructure needs.

The Government Finance Officers Association (GFOA) recommends that "all governments prepare and maintain a long-term financial plan that projects revenues, expenses, financial position, and external factors for all key funds and government operations at least five years into the future."<sup>26</sup> The GFOA additionally recommends that governments update their plans annually. The State of Illinois does release five-year budget forecasts but has not yet taken the next step of developing a long-term financial plan.

An essential element of the long-term financial planning process is that it be an open and public process involving all stakeholders, including legislators and local governments. It is also a key

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<sup>25</sup> Illinois General Assembly, Commission on Government Forecasting and Accountability, Special Pension Briefing, November 2023, p 12.

<sup>26</sup> Government Finance Officers Association, "[Best Practices: Long-Term Financial Planning](#)," March 4, 2022.



method of “[c]ommunicating long-term financial position to residents and other stakeholders, including rating agencies and bond investors.”<sup>27</sup>

Developing and implementing a long-term financial plan is not an easy undertaking. It involves many painful choices and the investment of time and energy on the part of stakeholders. But Illinois cannot simply hope that its remaining fiscal challenges will disappear on their own. They will not until they are addressed head-on.

## **Review and Evaluate the Effectiveness of All Existing Tax Treatments**

The State of Illinois provides a number of exemptions, deductions, credits, allowances and abatelements, referred to as tax expenditures, to individuals or organizations to further public policy goals. They represent reductions to the state treasury. In FY2022, according to the latest information available from the State Comptroller, the total impact of the State’s business and agricultural tax expenditures was approximately \$2.3 billion. Business tax expenditures provided specifically for economic development purposes totaled \$669 million.<sup>28</sup>

Before proposing further changes or enhancements to business and other tax expenditures, the State should commission a comprehensive review of these incentives. The review would clearly identify the goals and objectives of each program, require the transparent reporting of metrics that help determine whether goals are being met and provide for reduction or elimination of tax incentives that fail to produce promised results such as job creation.

The State of Washington, for example, regularly reviews the performance of tax expenditures to determine if they meet the goals set forth by the legislature when incentives are adopted and makes recommendations for changes when needed.<sup>29</sup> Illinois should follow a similar model.

## **Develop a Tax Structure for a Sustainable Future**

The Civic Federation urges the State to re-evaluate its tax structure to align better with the modern economy, to make Illinois more competitive with peer states and to set up the State for future revenue growth. The State of Illinois collects the majority of its revenue every fiscal year from three large tax sources—individual and corporate income taxes and sales taxes. The State also receives grants and reimbursements from the federal government but relies heavily on the above-mentioned tax sources as operating resources to support ongoing programs and services. Revenues have performed better than expected over the past few years, which in FY2024 was due to one-time sources including a higher-than-anticipated transfer from the Income Tax Refund Fund and a retroactive draw of Medicaid matching dollars.<sup>30</sup> The Commission on Government Forecasting and Accountability (COGFA) has also recently released revised revenue estimates for FY2024 showing revenue increases from the Governor’s year-end

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<sup>27</sup> Government Finance Officers Association, “[Best Practices: Long-Term Financial Planning](#),” March 4, 2022.

<sup>28</sup> Illinois State Comptroller, [Tax Expenditure Report](#), Fiscal Year 2022, pp. 6 and 8.

<sup>29</sup> [Washington Joint Legislative Audit and Review Committee](#).

<sup>30</sup> Illinois State FY2025 Budget, p. 83.



estimate of \$374 million, or 0.7%, due to strong revenue performance in corporate income taxes and increases in interest income projections.<sup>31</sup>

However, the State's revenue mix has historically shown a high level of volatility. Additionally, the Governor's proposed FY2025 budget includes State source revenue increases of \$1.1 billion, which incorporates a number of tax treatments and other changes that must be approved by the General Assembly. The State has also projected budget deficits for fiscal years 2026 through 2029 as expenditures are expected to outpace revenues in future years, though some of the deficits could be offset by the tax treatment changes included by the Governor in the FY2025 budget<sup>32</sup> Now that the State has allocated all of its American Rescue Plan Act funding, it needs to consider how it will continue investing in programs and services with a reliable and secure revenue source. It will be critical for the State to broaden its tax structure to reduce regressivity while promoting economic growth. The Civic Federation encourages the State to evaluate and develop an equitable and sustainable tax structure that would best benefit its economy in future years.

### **Identify Additional Offsetting Revenue Sources for Local Governments if the Grocery Tax is Eliminated**

As noted in an earlier concern (see Permanent Elimination of the Grocery Sales Tax), the Governor's budget proposes the permanent elimination of the 1% grocery sales tax which is collected by the State of Illinois and distributed to municipalities. The Civic Federation is concerned about the impact that this revenue loss could have on local governments, estimated at a total of \$325 million statewide. If the General Assembly chooses to move forward with eliminating the grocery tax, the Civic Federation recommends that the State consider both a reasonable timeline within which the tax would be phased out and other revenue sources to offset revenue loss to municipalities. As referenced in a report by the Institute of Government and Public Affairs, if the tax were eliminated effective July 1, 2024, that would not provide enough time for municipalities to levy a local replacement grocery sales tax beginning on July 1, and any efforts to pass local taxes thereafter would not be able to be implemented until mid-fiscal year.<sup>33</sup> The tax could be phased out over a period of time long enough to allow for additional analysis and to give local governments adequate time to implement revenue replacements. Additionally, the State should consider providing other sources of revenue to local governments to fully offset the revenue loss in the absence of a State or locally imposed grocery tax.

### **Sustain a Rainy Day Fund that Meets Best Practice Standards**

Building a financial cushion to deal with economic downturns is a key element in restoring the State to fiscal stability. According to public finance experts, all governments should place a

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<sup>31</sup> Commission on Government Forecasting and Accountability, March 2024 Monthly Briefing, p. 3.

<sup>32</sup> Governor's Office of Management and Budget, [Illinois Economic and Fiscal Policy Report](#), November 15, 2023.

<sup>33</sup> University of Illinois, Institute of Government and Public Affairs, [Policy Spotlight: Should Illinois Eliminate the State Grocery Tax?](#), April 11, 2024.

portion of their general operating revenues in a general reserve or “rainy day” fund.<sup>34</sup> Rainy day funds are savings accounts that governments can use to address revenue shortfalls or unanticipated expenditures and to help stabilize tax rates. Historically, Illinois has not had a functional rainy day fund, although a law was enacted in 2004 with a goal of maintaining 5% of General Funds revenues in an existing account called the Budget Stabilization Fund. The State had essentially no reserves at the onset of the COVID-19 pandemic, which put it at a serious disadvantage when the pandemic hit in 2020 and significantly reduced State revenue. Until recently, the fund had never received significant resources.

However, in FY2023, Public Act 102-1115 was enacted and it raised the targeted balance for the Fund from 5% of revenues to 7.5%. Over the past few fiscal years, the State has made significant contributions to the Fund. At the end of fiscal year 2023, the Budget Stabilization Fund had an account balance of \$2 billion. This means that the State would be able to operate for an estimated 13.8 days on its reserves. However, the median state within the United States has enough reserves to sustain 46 days of operations at that time. The State is projecting that the Fund will receive \$205 million in FY2024 and \$170 million in FY2025, which will bring the total estimated balance to \$2.3 billion.<sup>35</sup> This would represent 4.3% of FY2025 General Fund revenues.

The Civic Federation has long recommended that once the State has paid off its backlog of bills, it should begin to build up a more robust rainy day fund to be better positioned to deal with contingencies or emergencies in the future.<sup>36</sup> Furthermore, since the State has reduced its outstanding liabilities and contributed to the Pension Stabilization Fund, it should also implement and sustain a Budget Stabilization Fund balance that would allow the State to provide critical services during an economic downturn.

According to Pew Charitable Trusts, individual states’ rainy day fund balances may vary depending upon the state’s economic history. However, they suggest that each state define the purpose of the fund, the volatility of its tax revenue structure, and the level of coverage needed to best provide for its fiscal year budgets.<sup>37</sup> The Federation supports the Governor’s proposed contributions to the Budget Stabilization Fund as a prudent use of higher-than-expected revenues, but also recommends the state analyze effective ways to build this Fund for a sustainability of spending on programs in the future.

## **Reform the Governance and Funding Structure of Public Transit in Northeastern Illinois**

The current state of mass transit in Illinois impels a change to the governance structure that oversees the delivery of public transit services in the Chicago metropolitan region to improve service delivery and efficiency. In this moment of looming fiscal crisis and operational

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<sup>34</sup> Government Finance Officers Association, Best Practice: Appropriate Level of Unrestricted Fund Balance in the General Fund, September 2015.

<sup>35</sup> State of Illinois FY2025 Budget, p. 57.

<sup>36</sup> The Civic Federation, [2022 Legislative Agenda](#).

<sup>37</sup> The Pew Charitable Trusts, [States Build Their Reserves Amid Growing Uncertainties](#), October 18, 2022.

deficiency within Illinois' mass transit systems, the Civic Federation urges seizing the opportunity for true transformation by adopting centralized transit governance reform. Additional funding from the State of Illinois will be critical to resolving the crisis, but financial support must first be linked with structural reforms that would provide a more centralized, efficient governance system that focuses on regional challenges and leverages regional opportunities.

The Civic Federation calls on Governor Pritzker, the Illinois General Assembly, the RTA and the service boards to take this once-in-a-generation opportunity to fully restructure its major mass regional transit system by consolidating the three transit agencies—CTA, Metra and Pace—with the Regional Transportation Authority into a single regional transit agency.<sup>38</sup> Failing to reform the governance structure of the region's transit agencies would only lead to the continuation of flawed, inefficient transit services.

The Federation was pleased to see that legislation sponsored by State Senator Ram Villivalam and Representative Eva-Dina Delgado to accomplish this goal was introduced on April 29, 2024. House Bill 5823, part of a larger package of transit reform legislation, would consolidate the Regional Transportation Authority and its three service boards into a new Metropolitan Mobility Authority. The Federation urges the Illinois General Assembly to continue consideration of this proposal and take action before the \$730 million deficit hits the budgets of the RTA and the three transit service boards.

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<sup>38</sup> For more on this recommendation, see the Civic Federation's recently released report, "[Reforming Mass Transit Governance in the Chicago Region](#)."

# BUDGET ANALYSIS AND METHODOLOGY

This report is organized into two key parts: 1) The Civic Federation's position on the Governor's proposed FY2025 budget, which is a critique that highlights our key areas of support, concern and accompanying recommendations; and 2) Descriptive analysis of components of the FY2025 budget proposal.

The remaining sections of the report provide analysis of key budget components including:

- Balancing of the year-end FY2024 budget and upcoming FY2025 budget;
- The State's bill backlog status;
- Use of American Rescue Plan Act funds;
- Revenues;
- Expenditures;
- Pension funds; and
- Debt.

The Federation's analysis focuses primarily on the General Funds budget, which comprises approximately 42% of the total operating budget across all funds, including other state funds and federal funds. The General Funds are the key focus due to the way information is presented in the annual budget book and because the General Funds are where the State has the most discretion regarding how to allocate funds.

Key sources used to compile the analysis of the annual budget include:

- [The Fiscal Year 2025 Proposed Operating Budget](#) and other budget sources and reports made available on the [Office of Management and Budget website](#);
- Past year annual operating budgets; and
- Reports published by the [Commission on Government Forecasting and Accountability](#).

## BUDGET BALANCING AND BILL BACKLOG

This section presents the financial situation into which the State of Illinois will be entering the upcoming fiscal year, including year-end projections for FY2024 and projections for FY2025. After several years of surpluses, the Governor's proposed budget anticipates the State will enter FY2025 with a deficit, which the Governor proposes to close through a number of tax treatments described below.

### Changes to FY2024 Forecast

In November 2023, the Governor's Office of Management and Budget (GOMB) estimated that the State would end FY2024 with a surplus of \$1.6 billion.<sup>39</sup> However, the updated forecast released in the Governor's FY2025 proposed budget results in a substantially smaller surplus of

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<sup>39</sup> Illinois Governor's Office of Management and Budget, [FY2024 Economic and Fiscal Policy Report](#), p. 8.

\$68 million based on projected changes to revenues and proposed supplemental expenditures, including:<sup>40</sup>

- Revenue increases of \$199 million;
- Nearly \$1.6 billion in expenditure increases, including \$1.2 billion in proposed supplemental appropriations and a \$350 million transfer out for one-time FY2024 commitments.

The table below summarizes these changes to the year-end FY2024 budget projections.

**Changes to FY2024 Budget Projections**  
(in \$ millions)

Revenues		Expenditures	
Income Taxes	\$ -	Proposed Supplemental Appropriations	\$ (1,183)
Sales Taxes	\$ (45)	Reappropriations Adjustment	\$ 33
Transfers In	\$ 96	Lapsed Appropriations Estimate	\$ (60)
Federal Sources	\$ 20	Proposed Additional Transfer Out	\$ (350)
All Other Changes	\$ 128		
<b>Total</b>	<b>\$ 199</b>	<b>Total</b>	<b>\$ (1,560)</b>

Source: Illinois State FY2025 Budget, p. 64.

The above revenue and expenditure projection changes, combined with a \$205 million contribution to the Budget Stabilization Fund, reduce the originally projected surplus of \$1.6 billion to \$68 million, as shown below.

**Revisions to FY2024 Forecast**  
(in \$ millions)

Surplus from 5-Year Report	\$ 1,620
Increase to Revenue Forecast	\$ 199
Increase in Projected Expenditures	\$ (1,560)
Decrease in Transfers Out	\$ 14
Budget Stabilization Fund Contribution	\$ (205)
<b>Total</b>	<b>\$ 68</b>

Source: Illinois State FY2025 Budget, p. 64.

## FY2025 Budget Deficit and Gap Closing Actions

In November 2023, GOMB projected a FY2025 budget deficit of \$891 million.<sup>41</sup> However, updated revenue and expenditure projections released in February 2024 increased the projected deficit to \$970 million, accounting for \$350 million in natural revenue growth and a \$437 million increase in expenditures.

<sup>40</sup> Illinois State FY2025 Budget, p. 64.

<sup>41</sup> Illinois Governor's Office of Management and Budget, [Economic and Fiscal Policy Report](#), November 15, 2023, p. 9; Illinois Commission on Government Forecasting and Accountability, [FY2025 Economic Forecast and FY2024 Revenue Estimate Update](#), p. 36.

The resulting \$970 million budget gap is proposed to be eliminated through the following actions:<sup>42</sup>

- Extending the limit on corporate net operating loss deductions (increased from \$100,000 to \$500,000) through tax year 2027, yielding \$526 million;
- Capping the Retailers' Discount at \$1,000 per month, which will generate \$101 million;
- An increase in the Sports Wagering Tax rate from 15% to 35%, of which the portion of the tax between 15% and 35% would be transferred to the General Fund. This is expected to generate an additional \$200 million in revenue;
- Setting the standard income tax deduction at \$2,250, which reflects a one-year Consumer Price Index (CPI) adjustment that results in a lower deduction than would otherwise occur under existing state statute, thereby increasing revenue by \$93 million;
- Making a supplemental \$175 million deposit into the Public Transportation Fund from the Road Fund (thereby reducing the need for General Funds to be diverted); and
- Directing a \$25 million increase in the distribution of part of the Real Estate Transfer Tax to the General Fund, rather than the Open Space Lands Acquisition and Development Act (only for FY2025).

Collectively, the above measures will result in an additional \$1.1 billion in projected General Funds revenues. These revenue increases will be partially offset by the following additional measures:

- The creation of a new refundable child tax credit totaling \$12 million; and
- An increase in the corporate franchise tax exemption, which is expected to reduce revenues by \$10 million.

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<sup>42</sup> Illinois State FY2025 Budget, pp. 65-66.

Following these actions, the proposed FY2025 budget proposal anticipates an operating surplus of \$128 million. The following table summarizes how the State proposes closing the budget gap through the measures described above.

### Closing the FY2025 Budget Deficit

<b>Original Projected Deficit</b>	<b>\$</b>	<b>(891)</b>
<b>Adjustments Made to Close the FY2025 Budget Deficit</b>		
Natural Revenue Growth	\$	(358)
Expenditure Increases	\$	437
<b>Subtotal Adjustments</b>	<b>\$</b>	<b>79</b>
<b>Adjusted FY2025 Deficit (Deficit -Adjustments)</b>	<b>\$</b>	<b>(970)</b>
<b>Gap Closing Measures</b>		
Standard Deduction Adjustment	\$	93
New Refundable Child Tax Credit	\$	(12)
Modified Corporate Net Operating Loss Deduction Limitation Extension	\$	526
Road Fund Offset for Public Transportation Fund	\$	175
Retailer's Discount Cap Increase	\$	101
Corporate Franchise Tax Exemption Increase	\$	(10)
Real Estate Transfer Tax Transfer Distribution*	\$	25
Sports Wagering Tax Increase	\$	200
<b>Total Gap Closing Measures</b>	<b>\$</b>	<b>1,098</b>
<b>FY2025 Surplus</b>	<b>\$</b>	<b>128</b>

\*Distributes a portion of the Real Estate Transfer Tax to the General Fund rather than the Space Lands Acquisition and Development Fund (FY2025 only).

Source: Illinois Commission on Government Forecasting and Accountability, FY2025 Revenue Forecast and FY2024 Revenue Estimate Update, p. 36; Illinois State FY2025 Budget, pp. 65-66.

## STATE OF ILLINOIS FINANCIAL WALK DOWN FY2022-FY2025

The following table shows the operating budget walk down from FY2022 through FY2025. FY2022 (final) and FY2023 (preliminary) will end with surpluses of just under \$2 billion and \$803 million respectively due to the combination of strong revenue performance and the infusion of the American Rescue Plan Act revenue replacement funds. The State previously estimated a budget surplus of \$273 million for FY2024. Included in these numbers are supplemental expenditures and other uses of the projected FY2024 revenue increases, including:<sup>43</sup>

- Approximately \$1.2 billion in supplemental FY2024 spending;

<sup>43</sup> Illinois State FY2024 Budget, p. 84.

- A \$205 million Budget Stabilization Fund contribution; and
- A \$350 million transfer for one-time FY2024 commitments.

After accounting for these changes, the adjusted projected FY2024 surplus totals \$68 million.

The FY2025 budget projects a surplus of \$298 million. However, the Governor's proposal to transfer \$170 million of that surplus to the Budget Stabilization Fund would yield a net year-end surplus of \$128 million.

State of Illinois General Funds Financial Walk Down				
FY2022-FY2025				
(\$ in Millions)				
	FY2022 Final	FY2023 Preliminary	FY2024 Estimated	FY2025 Proposed
<b>Operating Resources</b>				
State Source Revenues	\$ 43,658	\$ 43,657	\$ 45,266	\$ 46,663
Federal Revenues	\$ 4,584	\$ 3,802	\$ 4,308	\$ 3,969
Statutory Transfers In	\$ 2,092	\$ 3,248	\$ 2,642	\$ 2,361
Comptroller Adjustments	\$ (38)	\$ (7)	\$ -	\$ -
ARPA Reimbursements	\$ 736	\$ 1,064	\$ -	\$ -
State CURE	\$ -	\$ 1,363	\$ -	\$ -
<b>TOTAL RESOURCES</b>	<b>\$ 51,032</b>	<b>\$ 53,127</b>	<b>\$ 52,216</b>	<b>\$ 52,993</b>
<b>Expenditures</b>				
Operating Budget Expenditures	\$ 30,763	\$ 35,178	\$ 37,842	\$ 38,037
Pension Contributions	\$ 9,363	\$ 9,632	\$ 9,813	\$ 10,135
State Group Insurance	\$ 2,750	\$ 1,831	\$ 1,837	\$ 2,327
<b>TOTAL OPERATING BUDGET EXPENDITURES</b>	<b>\$ 42,876</b>	<b>\$ 46,641</b>	<b>\$ 49,492</b>	<b>\$ 50,499</b>
<b>Expenditures: Transfers Out of General Funds</b>				
Statutory Transfers Out	\$ 722	\$ 1,282	\$ 443	\$ 445
Debt Service	\$ 1,230	\$ 1,149	\$ 1,658	\$ 1,751
Interfund Borrowing Repayment	\$ 933	\$ -	\$ -	\$ -
Pension Stabilization Fund	\$ -	\$ 400	\$ -	\$ -
Property Tax Rebate Checks	\$ 470	\$ 50	\$ -	\$ -
Income Tax Rebate	\$ 685	\$ -	\$ -	\$ 0
Grocery Tax Replacement	\$ 325	\$ 75	\$ -	\$ -
Short Term Borrowing Repayment	\$ 1,052	\$ -	\$ -	\$ -
Proposed Transfer to Fund #611*	\$ -	\$ -	\$ 350	\$ -
State CURE**	\$ -	\$ 1,239	\$ -	\$ 0
<b>TOTAL TRANSFERS OUT</b>	<b>\$ 5,417</b>	<b>\$ 4,195</b>	<b>\$ 2,451</b>	<b>\$ 2,196</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 48,293</b>	<b>\$ 50,836</b>	<b>\$ 51,943</b>	<b>\$ 52,695</b>
<b>General Funds Surplus/Deficit</b>	<b>\$ 2,739</b>	<b>\$ 2,291</b>	<b>\$ 273</b>	<b>\$ 298</b>
Proposed Set-Aside for Budget Stabilization Fund Contribution	\$ 746	\$ 1,188	\$ 205	\$ 170
Proposed Additional Pension Stabilization Fund Contribution	\$ -	\$ 200	\$ -	\$ -
Proposed Early Childhood Capital Investment	\$ -	\$ 100	\$ -	\$ -
<b>Adjusted General Funds Surplus/Deficit</b>	<b>\$ 1,993</b>	<b>\$ 803</b>	<b>\$ 68</b>	<b>\$ 128</b>

Totals may not sum due to rounding.

FY2024 total includes supplemental appropriations.

\* The Proposed Transfer to Fund #611 includes \$350 million in FY2024 for the Fund for Illinois' Future through the Budget Implementation Bill (BIMP) proposal.

\*\* An authorized transfer of \$1.239 million from the General Fund to the State Coronavirus Urgent Remediation Emergency (CURE) Fund in FY2023 to ensure that the State fully expended its federal dollars within the timeframe set by the federal government.

Source: Illinois State FY2024 Budget, pp. 67, 78; Illinois State FY2025 Budget, pp. 75, 86.



## BILL BACKLOG

Historically, Illinois has routinely managed budgetary shortfalls by delaying payments to vendors, school districts, local governments and universities, thereby increasing accounts payable by billions of dollars at the end of the fiscal year. This backlog led the State to begin each fiscal year in a deficit, requiring revenues from the current year to be used to pay off the previous year's bills, which in turn reduced the amount of revenues available for current year spending.

By law, the State has until six months after the end of a fiscal year to pay bills based on that year's appropriations.<sup>44</sup> Certain other bills consisting mainly of group health insurance and Medicaid bills, known as Section 25 liabilities, may be paid from appropriations in future years.<sup>45</sup>

The State has made significant progress in reducing its backlog of unpaid bills since its \$16.7 billion peak in 2017.<sup>46</sup> At the time, the State issued a \$6 billion General Obligation bond to pay vouchers incurred before July 1, 2017, to address the situation.<sup>47</sup> The \$6.5 billion in proceeds from the sale was to cut the unpaid bill backlog by \$7.5 billion, saving taxpayers an estimated \$4 billion to \$6 billion in interest costs through 2029 by paying off billions of dollars that were accruing interest penalties between 9% and 12% per year.<sup>48</sup> As of December 31, 2023, the outstanding principal on these bonds totaled nearly \$3 billion.<sup>49</sup>

The State used some of the \$3.2 billion in funds borrowed from the Municipal Liquidity Facility in FY2020 and FY2021 to manage the previous year's bills and pay down the Medicaid bill backlog, which generated enhanced federal reimbursements used to pay general obligations. The State paid off these funds in their entirety nearly two years ahead of schedule in January 2022, which will save taxpayers an estimated \$82 million in interest costs.<sup>50</sup>

The State also utilized another measure to manage the unpaid bills that allows the State to invest in its own backlogged debt using money from other State funds with sufficient liquidity.<sup>51</sup> The law gives the Illinois Treasurer the authority to invest up to \$2 billion with the Comptroller, who uses the funds to pay off pending unpaid bills and avoid high-interest penalties. The remaining \$405 million of this program was paid off during FY2021.

The Governor's FY2025 budget projects that there will be approximately \$1.5 billion in outstanding accounts payable and short-term debt as of June 30, 2024, consisting primarily of

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<sup>44</sup> 30 ILCS 105/25 (m).

<sup>45</sup> 30 ILCS 105/25.

<sup>46</sup> Illinois State Comptroller, [Accounts Payable Statement](#).

<sup>47</sup> The bond sale was authorized by Public Act 100-0023, enacted on July 6, 2017.

<sup>48</sup> Illinois State Comptroller, [Accounts Payable Statement](#).

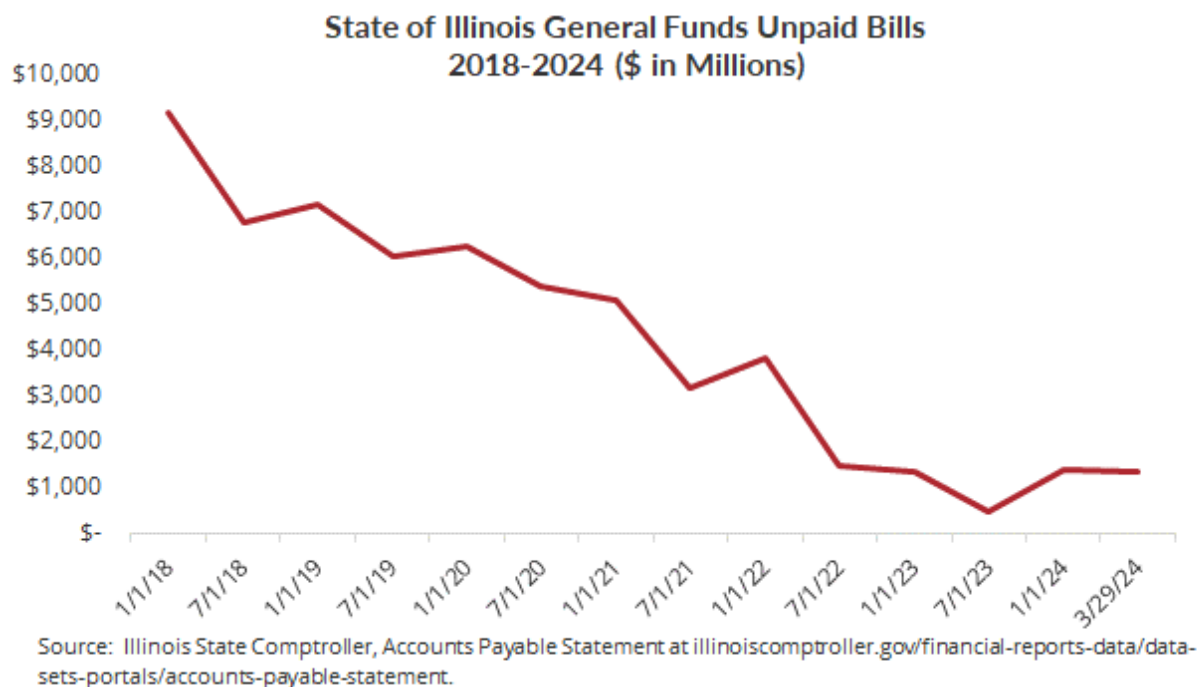
<sup>49</sup> Illinois State FY2024 Budget, p. 574.

<sup>50</sup> Illinois State Comptroller, ["Paying Off Loan Early Will Save Taxpayers \\$82 Million,"](#) January 5, 2022.

<sup>51</sup> Public Act 100-1107.

bills with a due date within 30 days and transfers owed to other State accounts.<sup>52</sup> This is a major improvement from the large backlog of bills in past years and represents a normal bill payment schedule.

The following chart shows the State's bill backlog at the beginning of each fiscal year from 2017-2024. As of March 29, 2024, the State's bill backlog was estimated at \$1.4 billion.



The Civic Federation has long recommended that the State of Illinois, once it made sufficient progress in paying down its unpaid bill backlog, should begin to rebuild its Budget Stabilization Fund, known as the “rainy day fund.”<sup>53</sup> Strong revenues in the previous few fiscal years have allowed the Governor to make more than \$2 billion in deposits into the fund since FY2022. The Governor’s FY2024 recommended budget includes a \$205 million deposit into the Budget Stabilization Fund, and another \$170 million for FY2025. Additionally, legislation was enacted that directs a 10-year repayment of \$450 million in State funds provided to the Unemployment Insurance Trust Fund into the Budget Stabilization Fund.<sup>54</sup>

## AMERICAN RESCUE PLAN ACT

As a result of six pieces of federal legislation enacted by the U.S. Congress in 2020 and 2021 to address the impact of COVID-19, governments across Illinois received a total of \$53.8 billion in stimulus funding, including the American Rescue Plan Act (ARPA). As part of ARPA, the State received \$8.1 billion in State Fiscal Recovery Funds (SFRF). These funds are allowed to be used

<sup>52</sup> Illinois State FY2024 Budget, pp. 54-55.

<sup>53</sup> See for example current and past Civic Federation Legislative Agendas and [State of Illinois Roadmaps](#).

<sup>54</sup> Illinois State FY2025 Budget, p. 57.

for supporting public health expenditures, addressing negative economic impacts caused by the public health emergency, replacing lost public sector revenue, providing premium pay for essential workers and investing in water, sewer and broadband infrastructure. They must be obligated by December 31, 2024, and spent by December 31, 2026.

The State also received \$254 million from the Coronavirus Capital Projects Fund as part of the ARPA funding, for a total of approximately \$8.4 billion in federal COVID-era stimulus money.<sup>55</sup> All of this funding had been allocated, and most of it was spent, by the end of FY2023.<sup>56</sup>

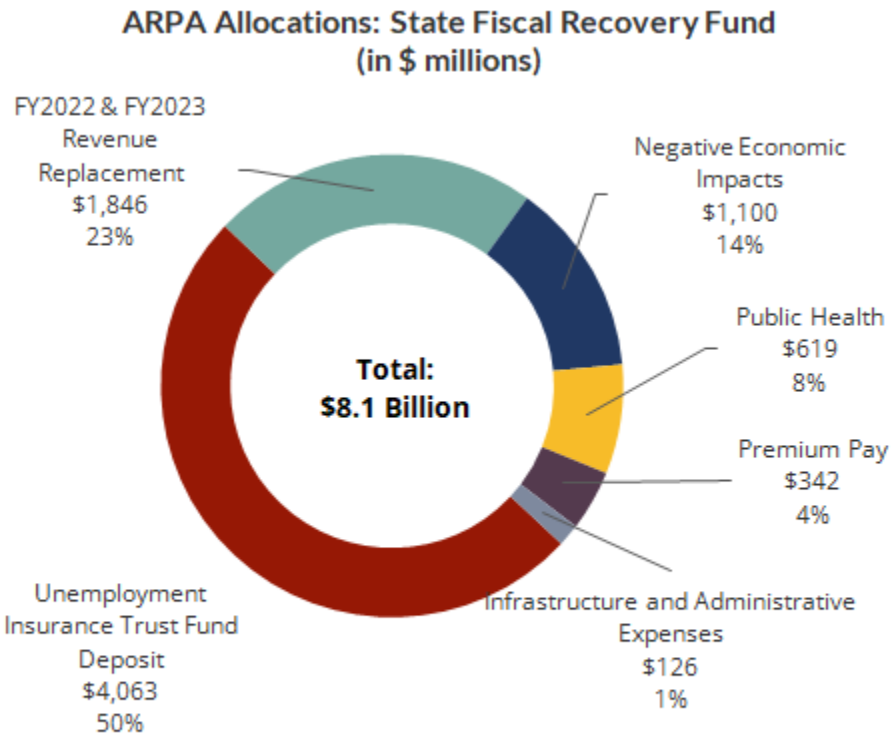
As of the end of fiscal year 2023, the State had allocated nearly half of the ARPA funds, or \$4.063 billion, to repay the Unemployment Insurance Trust funds the State of Illinois borrowed from the federal government to make unemployment payments during the worst of the pandemic, and another \$1.8 billion was allocated for revenue replacement. The remaining \$2.2 billion included \$1.1 billion allocated to a variety of State agencies for programs to address negative economic impacts of COVID-19, \$619 million for public health programs, \$88 million for infrastructure, \$342 million for premium pay to eligible essential workers and \$38 million for expenses to administer state and local recovery projects and programs.<sup>57</sup> These allocations are shown in the chart below.

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<sup>55</sup> Illinois State FY2025 Budget, p. 70.

<sup>56</sup> Illinois State FY2025 Budget, p. 71.

<sup>57</sup> Illinois State FY2025 Budget, p. 71. See also the [State of Illinois Recovery Plan](#), State and Local Fiscal Recovery Funds, Governor's Office of Management and Budget, 2023 Report, July 1, 2022-June 30, 2023.



Source: State of Illinois FY2025 Budget, p. 71; and State of Illinois Recovery Plan, State and Local Fiscal Recovery Funds, Governor's Office of Management and Budget 2023 Report, July 1, 2022-June 30, 2023, p. 3.

## REVENUES

The State of Illinois generates annual operating resources by collecting taxes and levying fees. These revenues are augmented by grants and reimbursements provided by the federal government.

The Governor's proposed FY2025 operating budget projects total revenues of \$109.8 billion across all funds. Of that amount, \$52.3 billion is available for General Funds spending.<sup>58</sup>

The General Funds support the regular operating and administrative expenses of most State agencies and are the funds over which the State has the most control. The operating budget also includes Other State Funds, which are accounts for activities funded by specific revenue sources that may only be used for specific purposes, and Federal Funds (other than those designated for General Funds), which support a variety of State programs with federal revenues. The remaining revenues that are not included in the General Funds are restricted for specific purposes, shared through revolving funds between government agencies, held in trusts or generally not available for discretionary spending by the General Assembly.

<sup>58</sup> State of Illinois FY2025 Budget, pp. 138-139.

This analysis focuses primarily on the revenue projections and proposals in the Governor's proposed FY2025 General Funds budget, and also includes an update on FY2024 revenue projections.

## FY2024 REVENUE PROJECTION CHANGES

Since the FY2024 State budget was enacted, projections for FY2024 year-end revenues have increased, but by less than in prior years.

The most recent numbers from February 2024 show a 3.2% increase, from \$50.6 billion to \$52.2 billion, from original projections in June 2023 when the FY2024 budget was enacted. GOMB attributes this upward revision to higher-than expected investment income returns, a higher-than-anticipated transfer from the Income Tax Refund Fund, and a retroactive draw of Medicaid matching dollars.<sup>59</sup>

**FY2024 Revenue Projection Increases**  
(in \$ millions)

	FY2024 Enacted	November 2023 Revision	February 2024 Revision	\$ Change	% Change
<b>State Sources</b>					
Individual Income Tax (Net)	\$ 25,711	\$ 25,711	\$ 25,711	\$ -	0.0%
Corporate Income Tax (Net)	\$ 5,116	\$ 5,169	\$ 5,169	\$ 53	1.0%
Sales Tax (Net)	\$ 10,415	\$ 10,576	\$ 10,531	\$ 116	1.1%
Other Revenues	\$ 5,487	\$ 6,273	\$ 6,496	\$ 1,009	18.4%
<b>Total State Resources</b>	<b>\$ 46,729</b>	<b>\$ 47,729</b>	<b>\$ 47,907</b>	<b>\$ 1,178</b>	<b>2.5%</b>
Federal Sources	\$ 3,883	\$ 4,288	\$ 4,308	\$ 425	10.9%
<b>Total Revenues</b>	<b>\$ 50,612</b>	<b>\$ 52,017</b>	<b>\$ 52,215</b>	<b>\$ 1,603</b>	<b>3.2%</b>

Sources: Illinois State FY2024 Enacted Budget General Funds Walkdown, June 7, 2023; "Illinois Economic and Fiscal Policy Report," Governor's Office of Management and Budget, November 15, 2023; Illinois State FY2025 Budget, p. 75.

Net corporate income tax and net sales tax revenues are projected to increase slightly by 1% and 1.1%, respectively. Individual income tax revenue projections have remained the same. Other revenues, which include all sources outside of individual income taxes, corporate income taxes and sales taxes, show an anticipated \$1 billion, or 18.4%, increase.

More recent estimates provided by the Commission on Government Forecasting and Accountability (COGFA) in March 2024 track similarly to GOMB's projections, but with \$374 million, or 0.7%, more in total revenue. The changes largely derive from strong revenue performance in corporate income taxes for the month of February 2024 that were not incorporated in GOMB's projections, as well as increases in interest income projections that were offset by lower sales tax projections. COGFA's projections also include an additional \$100 million in revenue from a statutory transfer from the Income Tax Refund Fund that was not

<sup>59</sup> Illinois State FY2025 Budget, p. 83.

accounted for in the proposed FY2025 budget.<sup>60</sup> COGFA's estimate for total revenue in FY2024 is nearly \$52.6 billion.

## FY2025 GENERAL FUND REVENUES

The following table shows the change in General Funds revenues between FY2024 year-end estimates and the proposed FY2025 budget. The FY2024 numbers incorporate the upward revisions released in February 2024 in the Governor's proposed FY2025 budget, discussed above. Total revenues from all sources are projected to increase by \$779 million, or 1.5%, which includes a number of tax treatment and other changes proposed by the Governor in the FY2025 budget, ranging from an extension of the net operating loss deduction limitation to a cap on the Retailers' Discount. See the Budget Balancing and Bill Backlog section for a more in-depth discussion of the revenue adjustments, which total approximately \$1.098 billion.

Sports Wagering receipts will contribute to the General Fund for the first time in FY2025 based on a proposed increase from 15% to 35% on adjusted sports gross wagering receipts. Upon authorization in 2019,<sup>61</sup> the State began imposing a 15% tax on adjusted sports wagering revenue to be used to fund infrastructure projects. The Governor's proposed FY2025 budget increases this tax to 35%, the additional 20 percentage points of which are slated to be transferred to the General Fund.<sup>62</sup> The increase is expected to generate \$200 million.

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<sup>60</sup> Illinois Commission on Government Forecasting and Accountability, [FY2025 Economic Forecast and FY2024 Revenue Estimate Update](#), March 2024, pp. 24 and 29.

<sup>61</sup> See [Public Act 101-0031](#).

<sup>62</sup> Illinois State FY2025 Budget, pp. 65 and 177.

Other transfers will decrease by 36.9%, mostly based on a \$405 million decrease in the Income Tax Refund Fund Transfer.<sup>63</sup> Federal revenues will also decrease based on a one-time retroactive Medicaid claim draw in FY2024.<sup>64</sup>

State of Illinois General Funds Revenues: Estimated FY2024 and Governor's Recommended FY2025 (in \$ millions)					
			\$ Change	% Change	
State Taxes and Fees	FY2024 Est.	FY2025 Proj.	FY2024-FY2025	FY2024-FY2025	
<b>Income Taxes (net)</b>					
Individual (net)	\$ 25,711	\$ 26,690	\$ 979	3.8%	
Corporate (net)	\$ 5,169	\$ 5,477	\$ 308	6.0%	
Sales Taxes	\$ 10,531	\$ 10,874	\$ 343	3.3%	
Public Utility Taxes	\$ 700	\$ 701	\$ 1	0.1%	
Cigarette Tax	\$ 208	\$ 200	\$ (8)	-3.8%	
Liquor Gallonage Taxes	\$ 184	\$ 182	\$ (2)	-1.1%	
Estate Tax	\$ 575	\$ 525	\$ (50)	-8.7%	
Insurance Taxes & Fees	\$ 514	\$ 522	\$ 8	1.6%	
Corporate Franchise Tax & Fees	\$ 228	\$ 208	\$ (20)	-8.8%	
Interest on State Funds & Investments	\$ 548	\$ 300	\$ (248)	-45.3%	
Cook County Intergovernmental Transfer	\$ 244	\$ 244	\$ -	0.0%	
Other Sources	\$ 653	\$ 741	\$ 88	13.5%	
<b>Total State Taxes and Fees</b>	<b>\$ 45,265</b>	<b>\$ 46,664</b>	<b>\$ 1,399</b>	<b>3.1%</b>	
<b>Transfers and Adjustments</b>					
Lottery	\$ 850	\$ 902	\$ 52	6.1%	
Gaming	\$ 155	\$ 177	\$ 22	14.2%	
Sports Wagering	\$ -	\$ 200	\$ 200		
Adult-Use Cannabis	\$ 116	\$ 123	\$ 7	6.0%	
Other Transfers	\$ 1,521	\$ 959	\$ (562)	-36.9%	
<b>Total Transfers and Adjustments</b>	<b>\$ 2,642</b>	<b>\$ 2,361</b>	<b>\$ (281)</b>	<b>-10.6%</b>	
<b>Total State Revenues</b>	<b>\$ 47,907</b>	<b>\$ 49,025</b>	<b>\$ 1,118</b>	<b>2.3%</b>	
Federal Sources	\$ 4,308	\$ 3,969	\$ (339)	-7.9%	
<b>Total Revenue</b>	<b>\$ 52,215</b>	<b>\$ 52,994</b>	<b>\$ 779</b>	<b>1.5%</b>	

Note: Numbers may differ slightly from the FY2025 Budget Book due to rounding.

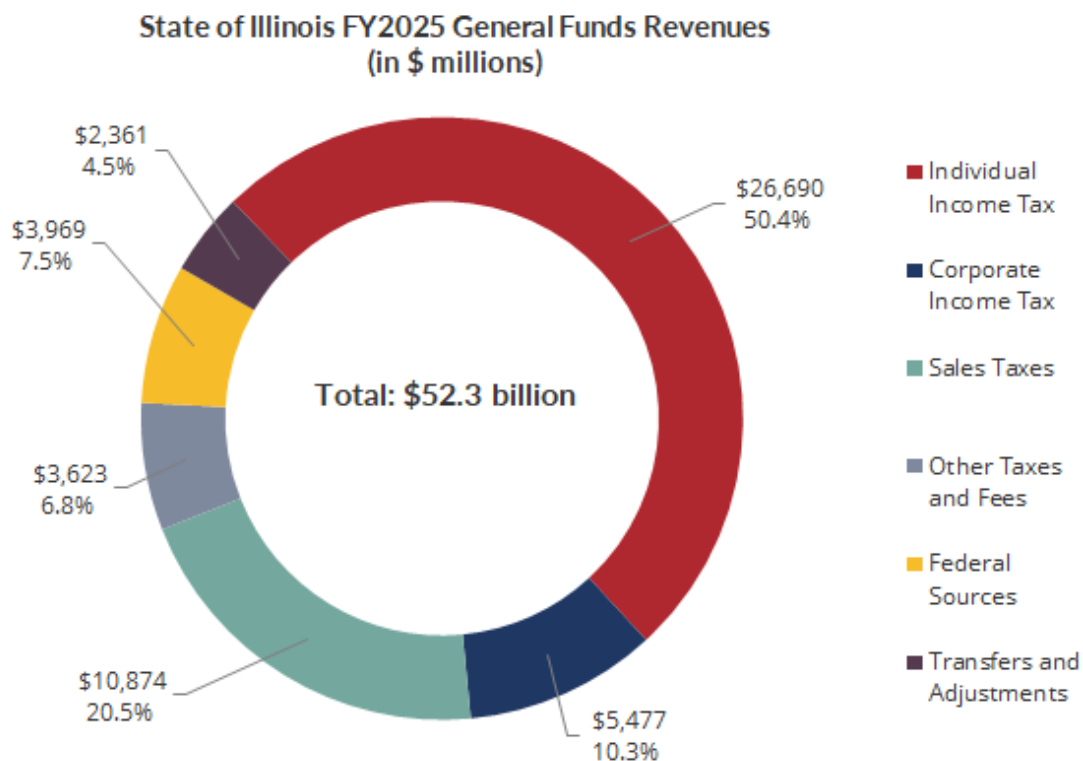
Source: Illinois State FY2025 Budget, p.139.

As shown in the following chart, the State relies heavily on two elastic, or economically sensitive revenues: individual and corporate income and sales taxes, which account for a combined 81.2% of all General Funds revenue.

<sup>63</sup> Illinois State FY2025 Budget, p. 177.

<sup>64</sup> Illinois State FY2025 Budget, p. 178. See Governor's Office of Management and Budget, [Internal Review Identifies Additional Federal Match Owed to State For Developmental Disability Services Provided](#), August 11, 2023.

Individual and corporate income taxes will together provide 60.7% of all General Funds revenue in FY2025, or \$32.2 billion. The single largest revenue source for the proposed FY2025 budget is individual income taxes, which are expected to total \$26.7 billion, or 50.4%, of all revenues. Sales taxes are projected to be the second-largest revenue source at \$10.9 billion, or 20.5%, of all General Funds revenues.



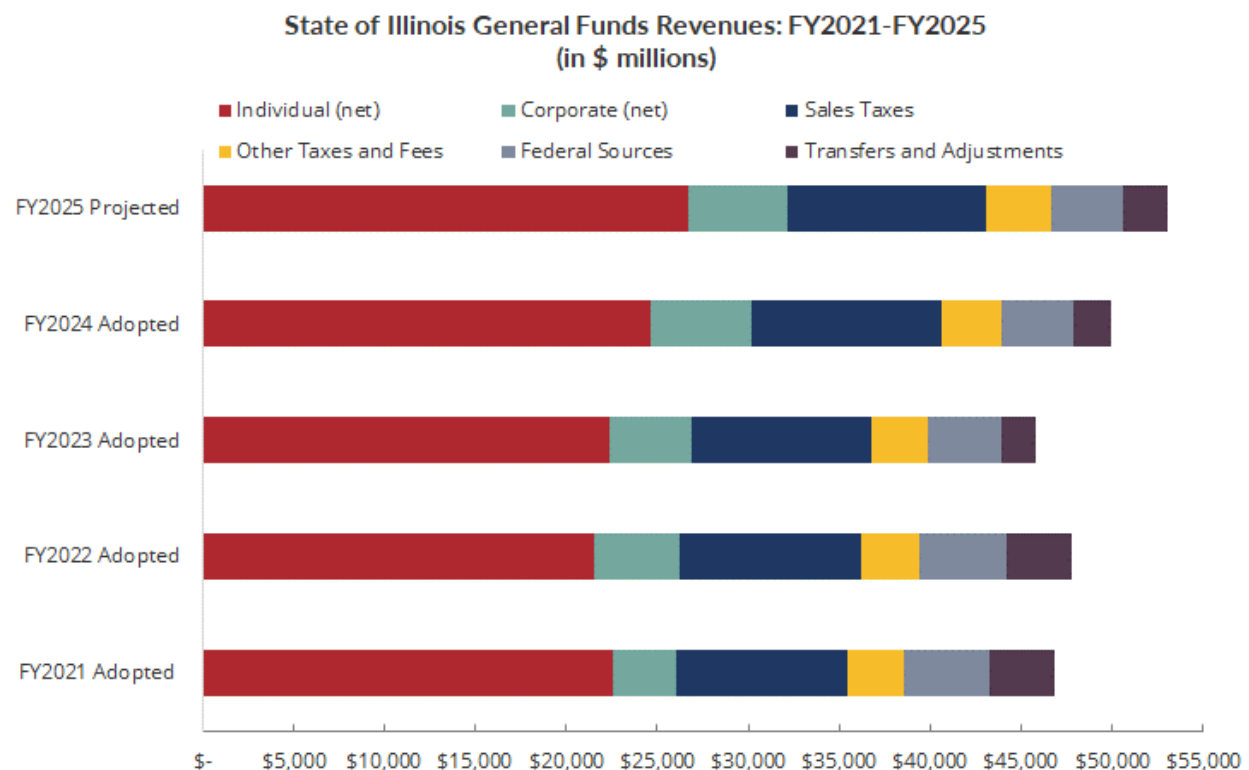
Source: Illinois State FY2025 Budget, p. 139.

The next chart presents a five-year trend of Illinois General Funds revenues by major source. It is important to note that FY2021 income tax numbers are artificially high based on a one-time tax filing extension in FY2020 that shifted a portion of FY2020 revenues into FY2021.<sup>65</sup> Fiscal

<sup>65</sup> Illinois State FY2024 Budget, p. 71.



years 2023 through 2024 reflect stronger-than-expected economic trends, and FY2025 reflects increased revenue from new tax treatments.



Source: Illinois State FY2025 Budget, p. 139.

## Income Taxes

Individual and corporate income taxes constitute the State's largest and third-largest individual revenue sources, accounting for more than half of all General Funds revenue. On July 6, 2017, after a number of years in which income tax rates fluctuated, the General Assembly permanently established the corporate income tax rate at 7% and raised the individual rate to 4.95%.<sup>66</sup>

The following table shows gross income taxes collected by the State from FY2021 actuals through FY2025 proposed budget projections, including the funds transferred to pay for tax refunds and provided to local governments through the Local Government Distributive Fund (LGDF). The gross amount less the two deductions is the net income tax revenue amount collected by the State. Over the five-year period, total net income tax proceeds are expected to increase by 23.3%, from \$26.1 billion in FY2021 to \$32.2 billion. During the same period, net individual income tax proceeds are expected to increase by 18.5%, or \$4.2 billion, and net corporate income tax receipts are projected to increase by \$1.9 billion, or 53.6%. The share allocated to the LGDF, traditionally 10% of revenues derived from pre-2011 tax rates (equivalent

<sup>66</sup> [Public Act 100-0022](#), July 6, 2017.

to 6.06% of individual income taxes and 6.85% of corporate income taxes at current rates, was reduced by 10% to increase State revenues in FY2018. The holdback was reduced to 5% in fiscal years 2019-2021. Since then, there has not been a holdback.

State of Illinois General Funds: Total Income Tax Revenues									
FY2021-FY2025									
(in \$ millions)									
Income Tax Increment	FY2021	FY2022	FY2023	FY2024 Est.	FY2025 Proj.		Five-year	Five-year	
Individual Income Tax							\$ Change	% Change	
Tax Rate	4.95%	4.95%	4.95%	4.95%	4.95%				
Individual Income Tax	\$ 25,582	\$ 26,625	\$ 25,641	\$ 25,516	\$ 26,452	\$ 870		3.4%	
Pass-Through Entities*	\$ 768	\$ 2,512	\$ 2,401	\$ 4,742	\$ 4,958	\$ 4,190		545.6%	
<b>Gross Individual Income Tax</b>	<b>\$ 26,350</b>	<b>\$ 29,137</b>	<b>\$ 28,042</b>	<b>\$ 30,258</b>	<b>\$ 31,410</b>	<b>\$ 5,060</b>		<b>19.2%</b>	
Refund Fund Transfer	\$ (2,372)	\$ (2,695)	\$ (2,594)	\$ (2,769)	\$ (2,874)	\$ (502)		21.2%	
Deposits into LGDF	\$ (1,453)	\$ (1,602)	\$ (1,568)	\$ (1,779)	\$ (1,846)	\$ (393)		27.0%	
<b>Net Individual Income Tax</b>	<b>\$ 22,525</b>	<b>\$ 24,840</b>	<b>\$ 23,880</b>	<b>\$ 25,710</b>	<b>\$ 26,690</b>	<b>\$ 4,165</b>		<b>18.5%</b>	
<b>Corporate Income Tax</b>									
Tax Rate	7.00%	7.00%	7.00%	7.00%	7.00%				
<b>Gross Corporate Income Tax</b>	<b>\$ 4,451</b>	<b>\$ 6,831</b>	<b>\$ 7,186</b>	<b>\$ 6,453</b>	<b>\$ 6,836</b>	<b>\$ 2,385</b>		<b>53.6%</b>	
Refund Fund Transfer	\$ (625)	\$ (1,026)	\$ (1,042)	\$ (903)	\$ (957)	\$ (332)		53.1%	
Deposits into LGDF	\$ (262)	\$ (398)	\$ (421)	\$ (380)	\$ (403)	\$ (141)		53.8%	
<b>Net Corporate Income Tax</b>	<b>\$ 3,565</b>	<b>\$ 5,407</b>	<b>\$ 5,723</b>	<b>\$ 5,170</b>	<b>\$ 5,476</b>	<b>\$ 1,911</b>		<b>53.6%</b>	
<b>Total Income Taxes (net)</b>	<b>\$ 26,090</b>	<b>\$ 30,247</b>	<b>\$ 29,603</b>	<b>\$ 30,880</b>	<b>\$ 32,166</b>	<b>\$ 6,076</b>		<b>23.3%</b>	

\* The State began reporting income from pass-through business entities, such as partnerships and S-corporations, separately from other individual income starting in FY2017.

Note: Numbers may differ slightly from the FY2025 Budget Book due to rounding.

Source: Illinois State FY2025 Budget, pp. 167-168.

## Individual Income Tax

Projections for net individual income tax receipts in the General Fund in FY2025 total \$26.7 billion, which is \$979 million, or 3.7%, above the FY2024 year-end estimate. FY2024 net individual income tax receipts are expected to increase by \$1.8 billion from FY2023, which almost entirely reflects a growth in Pass-Through Entity (PTE) payments over the prior year, as well as increases in wages and employment.<sup>67</sup> PTE income includes income received by individuals through partnerships, fiduciaries and S-corporations that “passes through” to individual income statements rather than being taxed as corporate income and were enabled through legislation<sup>68</sup> signed by the Governor in FY2022.<sup>69</sup> The most recent State projections reflect continuing economic growth and proposed changes to the Illinois Income Tax Act, including the creation of the refundable child tax credit and an adjustment to the standard deduction for tax year 2024.<sup>70</sup>

## Corporate Income Tax

Net corporate income tax revenue shows an increase of \$306 million, or 5.9%, from FY2024 projections, bringing the total from \$5.2 billion to \$5.5 billion. Corporate income tax receipts

<sup>67</sup> Illinois State FY2025 Budget, p. 168.

<sup>68</sup> [Public Act 102-0658](#).

<sup>69</sup> Illinois Commission on Government Forecasting and Accountability, [May 2023 Monthly Briefing](#), p. 4.

<sup>70</sup> Illinois State FY2025 Budget, p.168.

have begun to decline from their strong pandemic recovery that continued through FY2024 based on cooling inflation and the incorporation of the PTE reconciliation described above. The increase projected for FY2025 is due to the Governor's proposed continuation of the net operating loss deduction limitation at a new threshold over the next three years and also accounts for an anticipated change in the base allocation formula between corporate income tax and PTE withholding tax.<sup>71</sup> Over the five-year period, net corporate income tax receipts have increased by \$1.9 billion, or 53.6%.

## Sales Tax

Sales taxes were strong during the pandemic as federal stimulus dollars and expanded unemployment benefits supported consumers' disposable personal income. Further, federal stimulus dollars, combined with the shift in consumption patterns from services, which largely are not taxable in Illinois, to goods, which are taxable, engendered an increase of taxable income. This growth is projected to taper off, as taxable consumption has yet to increase in FY2024 based on declining motor fuel prices, high mortgage and interest rates, the spending shift back toward services from goods and consistently high consumer prices.<sup>72</sup> General Fund receipts from sales taxes have also seen decreased growth due to increasing deposits into the Road Fund as the State implements a five-year shift of the State portion of the motor fuel tax from the General Fund to the Road Fund.

Despite these changes, net sales tax receipts are expected to increase by \$343 million, or 3.3%, in FY2025, based on an additional \$175 million Road Fund offset deposit into the Public Transportation Fund and a proposed \$1,000 monthly cap on the 1.75% Retailers Discount.<sup>73</sup>

## Other State-Source Revenue

Total General Funds revenues from State sources other than income and sales taxes, including public utility, liquor, cigarette, estate and other taxes, will total \$3.6 billion. This reflects an expected decrease of 6%, or \$231 million, from FY2024 to FY2025 that is largely based on a decline in interest on State funds and investments.

Transfers and adjustments, such as lottery, gaming and cannabis revenues, are predicted to decrease by \$281 million, from \$2.6 billion in FY2024 to \$2.4 billion in FY2025. The largest source for this decline derives from a lower transfer from the Income Tax Refund Fund.<sup>74</sup> The Commission on Government Forecasting and Accountability (COGFA) reported in January 2024 that the decline in transfers to the Income Tax Refund Fund is due to the transfer value returning to a more typical level when compared to FY2023 levels, which was significantly higher due to stronger than expected income tax performance during that fiscal year.<sup>75</sup>

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<sup>71</sup> Illinois State FY2025 Budget, p. 169.

<sup>72</sup> Illinois State FY2025 Budget, pp. 169-170.

<sup>73</sup> Illinois State FY2025 Budget, p. 170.

<sup>74</sup> Illinois State FY2025 Budget, pp. 83 and 177.

<sup>75</sup> Illinois Commission on Government Forecasting and Accountability, [January 2024 Monthly Briefing](#), p. 6

## Federal Revenues

Federal revenues are expected to decrease by 7.9%, from \$4.3 billion in FY2024 to \$4 billion in FY2025, due to a decline in Medical Assistance from a one-time retroactive draw tied to waiver services for Medicaid reimbursements.<sup>76</sup>

## APPROPRIATIONS AND EXPENDITURES

The recommended FY2025 operating budget proposes total appropriations of \$123.2 billion, including \$51.3 billion in General Funds spending authority.<sup>77</sup> The budget proposal also includes \$53.6 billion in appropriations from Other State Funds and \$18.3 billion in Federal Funds appropriations.

General Funds support the regular operating and administrative expenses of most agencies and are the funds over which the State has the most control.<sup>78</sup> Other State Funds are accounts for activities funded by specific revenue sources that may only be used for specific purposes. Federal Funds (other than those designated for General Funds) use federal revenues to support a variety of State programs.

Proposed General Funds expenditures total \$52.7 billion.<sup>79</sup> General Funds expenditures include both spending from appropriations and transfers from General Funds to other State accounts to make interest and principal payments on borrowings as well as for other legislatively required purposes.

## TOTAL APPROPRIATIONS BY FUND TYPE

Recommended total appropriations of \$123.2 billion in FY2025 represent a decrease of \$1.9 billion, or 1.6%, from enacted appropriations of \$121.3 billion in FY2024. Proposed FY2025 General Funds appropriations increase by nearly \$2.1 billion, or 4.4%, from \$49.2 billion the year before. Total appropriations grew by \$17.6 billion, or 16.6%, from \$105.7 billion in FY2021, while General Funds appropriations increased by \$10.6 billion, or 26.2%, over the five-year

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<sup>76</sup> Illinois State FY2024 Budget, pp. 83 and 178. See Governor's Office of Management and Budget, [Internal Review Identifies Additional Federal Match Owed to State For Developmental Disability Services Provided](#), August 11, 2023.

<sup>77</sup> Illinois State FY2025 Budget, p. 107.

<sup>78</sup> The definition of General Funds was changed in FY2018 to include three additional funds: the Fund for the Advancement of Education, Commitment to Human Services Fund and Budget Stabilization Fund.

<sup>79</sup> Illinois State FY2025 Budget, p. 86.

period. The following table shows enacted appropriations by type of fund from FY2021 through FY2024 and proposed appropriations for FY2025.

State of Illinois Appropriations by Fund Type: FY2021-FY2025 (in \$ millions)									
	FY2021 Enacted*	FY2022 Enacted*	FY2023 Enacted*	FY2024 Enacted*	FY2025 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
General Funds	\$ 40,695	\$ 43,750	\$ 47,722	\$ 49,198	\$ 51,339	\$ 2,141	4.4%	\$ 10,644	26.2%
Other State Funds	\$ 38,728	\$ 43,347	\$ 50,103	\$ 51,356	\$ 53,646	\$ 2,291	4.5%	\$ 14,919	38.5%
Federal Funds	\$ 26,229	\$ 30,678	\$ 25,132	\$ 20,765	\$ 18,254	\$ (2,511)	-12.1%	\$ (7,974)	-30.4%
<b>Total**</b>	<b>\$ 105,651</b>	<b>\$ 117,775</b>	<b>\$ 122,956</b>	<b>\$ 121,320</b>	<b>\$ 123,240</b>	<b>\$ 1,920</b>	<b>1.6%</b>	<b>\$ 17,589</b>	<b>16.6%</b>
*Enacted appropriations for FY2021, FY2022 and FY2023 include original and supplemental appropriations. Enacted appropriations for FY2024 include the proposed supplemental appropriations total of approximately \$1.2 million.									
**Totals may not sum due to rounding.									
Source: Illinois State FY2025 Budget, p.107; Illinois State FY2024 Budget, p.98 and Illinois State FY2023 Budget, p. 91.									

Total enacted appropriations do not accurately reflect State spending because spending from Other State Funds and Federal Funds is often significantly below appropriated amounts. In FY2023, for example, actual spending from Other State Funds was \$39.8 billion, 20.6% below the \$50.1 billion appropriated.<sup>80</sup> Actual spending from Federal Funds in FY2023 was \$11.1 billion, 56.0% below the \$25.1 billion adjusted appropriation. General Funds spending from appropriations typically reflects a much lower level of unspent appropriations. Appropriations from Other State Funds and Federal Funds do not affect the projected operating surplus, which is based on General Funds revenues and expenditures.

Appropriations for Federal Funds declined over the five-year period by \$8.0 billion, or 30.4%, from \$26.2 billion in FY2021 to \$18.3 billion in FY2025. The decrease is due to the State appropriating nearly all of the \$8.1 billion provided to them through the American Rescue Plan Act (ARPA) by the end of June 2023, which was allocated through the Coronavirus State Fiscal Recovery Fund (SFRS). The majority of the final allocations of the ARPA funds included \$4.063 billion to repay the Unemployment Insurance (UI) Trust Fund advances; \$1.8 billion used for revenue replacement; \$619 million for public health initiatives; \$88 million for infrastructure; \$1.1 billion to address negative economic impacts of COVID-19; \$342 million for premium pay; and approximately \$38 million for expenses to administer state and local recovery projects and programs.<sup>81</sup> The proposed FY2025 budget includes the continued use of the remaining ARPA Coronavirus State and Local Fiscal Recovery Funds (SLFRF) to support capital projects including the improvement of water and sewer infrastructure.

## GENERAL FUNDS APPROPRIATED SPENDING

To understand State spending pressures, it is helpful to distinguish appropriated agency spending from pension contributions and group insurance payments. The legislature generally has more discretion over agency appropriations than the other two spending categories.<sup>82</sup>

<sup>80</sup> Illinois State FY2025 Budget, p. 107.

<sup>81</sup> Illinois State FY2025 Budget, p. 71.

<sup>82</sup> Medicaid is considered as discretionary in this analysis, even though most spending changes in the Medicaid program require changes in State law, administrative rules and/or approval from the federal government.

Pension contributions are based on State law, determined by Illinois' five retirement systems and covered by continuing appropriations. Continuing appropriations are funds that the Illinois Comptroller and Treasurer are statutorily authorized to spend in the event the legislature fails to appropriate or insufficiently appropriates for a particular purpose.<sup>83</sup> Group insurance consists mainly of health insurance for employees and retirees, which is required by State law and union contracts.

The following table shows appropriated spending for these categories from FY2021 through FY2024 and proposed appropriated spending for FY2025. The FY2022 and FY2023 pension contributions in the table below are certified amounts and do not include additional pension stabilization fund contributions totaling \$700 million. In FY2022 \$300 million above the certified amount was contributed to the fund, to help pay down the State's pension debt, and in FY2023 an additional \$400 million was provided to fund. In FY2024, the State increased its contribution to the retirement systems by \$181 million from prior year levels based on the certified required amounts. Additionally, these certified contributions will increase again in FY2025 by \$322 million.<sup>84</sup>

State of Illinois General Funds Appropriated Expenditures by Category: FY2021-FY2025 (in \$ millions)									
	FY2021	FY2022	FY2023 Actual	FY2024 Est.	FY2025 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Agency Appropriations Spent*	\$ 28,681	\$ 30,763	\$ 35,178	\$ 37,842	\$ 38,037	\$ 195	0.5%	\$ 9,356	32.6%
Pension Contributions**	\$ 8,624	\$ 9,363	\$ 9,632	\$ 9,813	\$ 10,135	\$ 322	3.3%	\$ 1,511	17.5%
Group Insurance	\$ 2,022	\$ 2,750	\$ 1,831	\$ 1,837	\$ 2,327	\$ 490	26.7%	\$ 305	15.1%
<b>Total</b>	<b>\$ 39,327</b>	<b>\$ 42,876</b>	<b>\$ 46,641</b>	<b>\$ 49,492</b>	<b>\$ 50,499</b>	<b>\$ 1,007</b>	<b>2.0%</b>	<b>\$ 11,172</b>	<b>28.4%</b>
*Enacted expenditures in FY2022, FY2023 and FY2024 include supplementary appropriations.									
**The FY2022 and FY2023 pension contributions do not include proposed pension stabilization fund contributions totalling \$700 million.									
Source: Illinois State FY2025 Budget, pp.75 and 86; Illinois State FY2024 Budget, pp.67 and 78; Illinois State FY2023 Budget, pp. 60 and 70.									

Proposed agency spending from appropriations is expected to increase by \$195 million, or 0.5%, to \$38.0 billion in FY2025, up from \$37.8 billion in FY2024. The FY2024 Agency Appropriations of \$37.8 billion include proposed total supplemental appropriations of approximately \$1.2 billion, including \$430 million to the Department of Healthcare and Family Services (HFS), \$346.8 million to the Department of Human Services (DHS) and \$188.3 million to the Department of Central Management Services. The remaining appropriations will be allocated to other agencies including the Department of Innovation and Technology, Department of Corrections, Department on Aging and the Department of Children and Family Services (DCFS).<sup>85</sup>

Over a five-year period, agency spending is projected to increase by \$9.4 billion, or 32.6%, from \$28.7 billion in FY2021.

<sup>83</sup> Illinois State FY2025 Budget, p. 620.

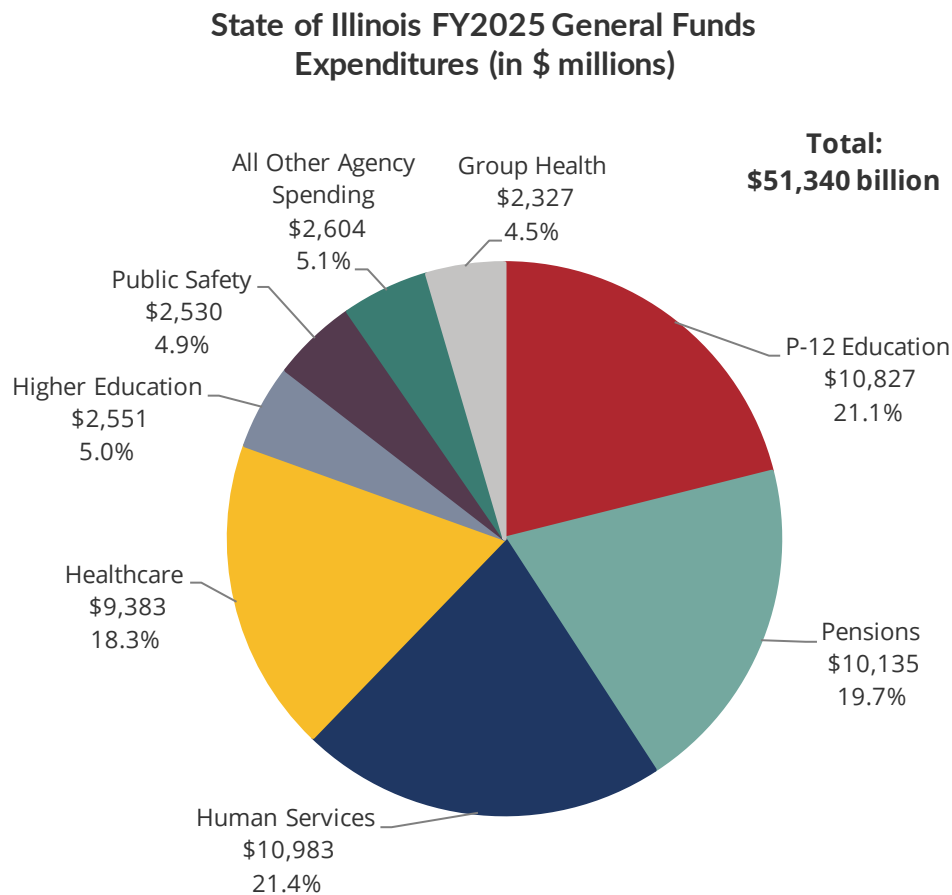
<sup>84</sup> Illinois State FY2025 Budget, p. 80-85.

<sup>85</sup> Illinois State FY2025 Budget, pp. 84 and 136.

The FY2025 budget proposes to increase General Funds pension contributions by \$322 million, or 3.3%, to \$10.1 billion, up from \$9.8 billion in FY2024. The proposed FY2025 contribution is equal to the certified full amount required under existing state law.<sup>86</sup>

Proposed FY2025 General Funds group health insurance payments will increase by \$490 million from the prior year to \$2.3 billion. The increase is due to 2025 liabilities for statewide Group Insurance through the Department of Central Management Services.<sup>87</sup> However, as of fiscal year 2022, the State has reduced its healthcare liabilities by 56% due to effective negotiations.<sup>88</sup>

## GENERAL FUNDS PROPOSED AGENCY EXPENDITURES BY AREA



Source: State of Illinois FY2025 Proposed Budget, p. 75.

Note: Does not include unspent appropriations or transfers out of General Funds.

<sup>86</sup> Illinois State FY2025 Budget, p. 85.

<sup>87</sup> Illinois State FY2025 Budget, p. 272.

<sup>88</sup> Illinois State FY2024 Budget, p. 66.



The chart above shows the State of Illinois' proposed FY2025 General Funds expenditures. These do not include unspent appropriations or transfers out of General Funds. The Proposed FY2025 budget includes P-12 Education appropriations of \$10.8 billion, or 21.1% of General Funds. Approximately \$11.0 billion, or 21.4%, is for Human Services and \$9.4 billion, or 18.3%, is for Healthcare. About \$2.3 billion, or 4.5%, of General Funds will go towards Group Health Insurance payments. Additional expenditures include \$10.1 billion, or 19.7%, for Pension contributions and \$2.6 billion, or 5.0%, for Higher Education. Approximately \$2.5 billion, or 4.9%, will go to Public Safety and \$2.6 billion, or 5.1%, for All Other Agency Spending. All Other Agency Spending includes State contributions to the Chicago Teacher's Pension Fund and the areas of Economic Development, Environment and Culture and Government Services.<sup>89</sup> The following table explains in detail the agency expenditures and appropriations from FY2021 to FY2025. It details spending by area of government, based on the categories in the budget book.<sup>90</sup> Actual spending by area is shown for FY2021 through FY2023, estimated expenditures for FY2024 and proposed appropriations for FY2025. The list of agencies in each category can be found in the Appendix of this report.

**State of Illinois General Funds Agency Expenditures and Appropriations by Area:**  
**FY2021-FY2025 (in millions)**

	FY2021	FY2022	FY2023	FY2024 Est.	FY2025	Two-Year	Two-Year	Five-Year	Five-Year
	Exps.	Exps.	Exps.	Exps.	Proposed	\$ Change	% Change	\$ Change	% Change
P-12 Education*	\$ 8,897	\$ 9,327	\$ 9,764	\$ 10,365	\$ 10,827	\$ 462	4.5%	\$ 1,930	21.7%
Higher Education**	\$ 1,973	\$ 2,292	\$ 2,253	\$ 2,539	\$ 2,551	\$ 12	0.5%	\$ 578	29.3%
Human Services	\$ 7,177	\$ 7,705	\$ 10,839	\$ 10,267	\$ 10,983	\$ 716	7.0%	\$ 3,806	53.0%
Healthcare	\$ 8,179	\$ 7,853	\$ 8,596	\$ 9,292	\$ 9,383	\$ 91	1.0%	\$ 1,204	14.7%
Public Safety	\$ 1,915	\$ 2,036	\$ 2,343	\$ 2,515	\$ 2,530	\$ 15	0.6%	\$ 615	32.1%
All Other Agency Spending***	\$ 1,906	\$ 2,423	\$ 2,464	\$ 2,570	\$ 2,604	\$ 34	1.3%	\$ 698	36.6%
<b>Total</b>	<b>\$ 30,047</b>	<b>\$ 31,636</b>	<b>\$ 36,259</b>	<b>\$ 37,548</b>	<b>\$ 38,878</b>	<b>\$ 1,330</b>	<b>3.5%</b>	<b>\$ 8,831</b>	<b>29.4%</b>

\*P-12 Education does not include contributions to the Teachers' Retirement System or the Teachers' Retirement Insurance Program.

\*\*Higher Education does not include contributions to the State Universities Retirement System or the College Insurance Program.

\*\*\*All Other Agency Spending includes the State contribution to the Chicago Teachers' Pension Fund and the areas of Economic Development, Environment and Culture and Government Services (excluding group insurance).

Source: Illinois State FY2025 Budget, p.75; Illinois State FY2024 Budget, p.67 and Illinois State FY2023 Budget, p. 60.

## P-12 Education

Among the State's proposed FY2025 expenditures, appropriations for preschool to secondary education will increase from the prior year by \$462 million, or 4.5%, from \$10.4 billion in FY2024 to \$10.8 billion in FY2025. The Governor's proposed budget meets the \$350 million annual funding target increase that was part of the State's 2017 evidence-based school funding law. The \$350 million increase was also included in the enacted budgets for FY2024, FY2023, FY2022 and FY2020, but not the pandemic-impacted budget for FY2021. Since FY2021, there has been a \$1.8 billion increase in annual funding to help achieve the Evidence-Based Funding (EBF) formula statutory target.<sup>91</sup> The five-year increase of \$1.9 billion, or 21.7%, in P-12 funding

<sup>89</sup> Illinois State FY2025 Budget, p. 75.

<sup>90</sup> Illinois State FY2025 Budget, p. 75.

<sup>91</sup> Illinois State FY2025 Budget, p. 33.



comes almost entirely from increases in FY2022, FY2023, FY2024 and the projected FY2025 budget.<sup>92</sup>

The EBF school funding reform law required that the State for the first time pay for part of the pension benefits earned each year by Chicago Public Schools (CPS) teachers.<sup>93</sup> However, those CPS pension costs, estimated at \$354 million in FY2025, are not included in the education category in the budget; they instead are shown in All Other Agency Spending in the table above.<sup>94</sup>

The proposed FY2025 budget is providing over \$400 million in funding for the second year of the Governor's Smart Start Illinois early childhood initiative, which is a multi-year program that will provide a comprehensive approach to investments focused on preparing children to be lifelong learners. The budget is also proposing \$13 million in operational funding for the new Department of Early Childhood to develop needed operational infrastructure before merging pieces that support early childhood education in various areas of state government. The budget also appropriates an increase of \$75 million for the Early Childhood Block Grant to expand access to support services and preschool availability. Additionally, \$200 million, plus additional federal dollars, will go toward increased compensation for early childhood workers.<sup>95</sup>

## Higher Education

Proposed spending for higher education increases by \$12 million, or 0.5%, to nearly \$2.6 billion in FY2025, up from \$2.5 billion in FY2024.<sup>96</sup> Higher education includes: nine public universities<sup>97</sup>; the Illinois Community College Board, which distributes funds to 48 community colleges; and the Monetary Award Program (MAP), which provides college tuition grants for low income students.<sup>98</sup> The FY2025 budget increases General Funds support for universities and community colleges by \$30.6 million, or 2%, compared to FY2024 levels. The budget will provide an additional \$10 million for MAP, which would provide sufficient funding for approximately 146,000 students. The budget is also proposing \$5 million in new funds for the continuation of

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<sup>92</sup> P-12 education funding does not include State contributions to the Teachers' Retirement System, the pension fund for teachers outside of Chicago, or to the Teachers' Retirement Insurance Program, which provides health insurance for retired teachers outside of Chicago.

<sup>93</sup> The State has responsibility for both the normal cost and unfunded liability of the Teachers' Retirement System, which covers teachers outside of Chicago.

<sup>94</sup> Illinois State FY2025 Budget, p. 75. The budget book includes CPS normal pension costs (which include retiree health insurance) in the category of Government Services.

<sup>95</sup> Illinois State FY2025 Budget, p. 32.

<sup>96</sup> Illinois State FY2025 Budget, p. 75.

<sup>97</sup> WTTW News [reported](#) that the Commission on Equitable Public University Funding issued a new report in March 2024 calculating that public universities in the State are underfunded by approximately \$1.4 billion.

<sup>98</sup> Higher education also includes the Illinois Board of Higher Education, Math and Science Academy and State Universities Civil Service System. Higher education budget numbers presented here do not include State contributions to the State Universities Retirement System and College Insurance Program or group health insurance payments for university employees and retirees.

the Early Childhood Access Consortium for Equity scholarships<sup>99</sup>, which were previously funded by the federal government.<sup>100</sup>

## Human Services

Proposed appropriations for human services increase by \$716 million, or 7.0%, to approximately \$11.0 billion in FY2025, up from \$10.3 billion in FY2024. Over the five-year period, proposed human services spending increases by \$3.8 billion, or 53.0%, to \$11.0 billion in FY2025, up from \$7.2 billion in FY2021. The Human Services category includes not only the Department of Human Services, but the Departments on Aging, Children and Family Services, Juvenile Justice, Employment Security, Human Rights, Public Health, Veterans' Affairs and several others.

The FY2025 General Funds budget proposal for the Department of Human Services (DHS) is \$7.3 billion, an increase of \$652 million, or 9.0%, up from estimated FY2024 spending of \$6.6 billion.<sup>101</sup> The additional funding includes \$50 million for services for people with developmental disabilities through programs such as the Home Illinois initiative, which includes investments for eviction mitigation, shelter diversion, scattered site housing and court-based rental assistance. The proposed budget also includes a \$116 million increase to support services for people with developmental disabilities through the State's *Ligas* consent decree. Meanwhile, the Home Services Program will receive an increase of \$116 million for expected caseload growth and liability increases, and a \$19.0 million increase to support mental health care and treatment for forensic inpatient and outpatient services, the suicide and crisis hotline, and the *Williams* and *Colbert* consent decrees.<sup>102</sup>

The proposed FY2025 General Funds budget for the Department on Aging is \$1.6 billion, an increase of \$165.4 million over estimated spending of \$1.4 billion in FY2024.<sup>103</sup> Additional funding includes an increase of \$104.4 million to accommodate caseload growth and utilization as well as the proposed rate increase of \$1.15 per hour, effective January 1, 2024. There is also a \$3.0 million increase for the Home-Delivered Meals Program.<sup>104</sup> The Department of Children and Family Services will receive an additional \$76.2 million in General Funds appropriations in FY2025, or a 5.2% increase over FY2024. The increase will support additional staff positions and maintain funding for current programs and various State initiatives, including a modernized case management system and supports for other programs.<sup>105</sup>

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<sup>99</sup> The [Illinois Student Assistance Commission](#) provides scholarships to students who work in early childhood education that are seeking additional credentials and/or a degree in early childhood education.

<sup>100</sup> Illinois State FY2025 Budget, pp. 34 -35.

<sup>101</sup> Illinois State FY2025 Budget, p. 339.

<sup>102</sup> Illinois State FY2025 Budget, pp. 39 and 339.

<sup>103</sup> Illinois State FY2025 Budget, p. 258.

<sup>104</sup> Illinois State FY2025 Budget, p. 40.

<sup>105</sup> Illinois State FY2025 Budget, pp. 38 and 278.

## Healthcare

The State's healthcare category refers to the Department of Healthcare and Family Services (HFS), which is the Illinois agency mainly responsible for Medicaid, the joint federal-state program that pays for healthcare for low-income people. Proposed FY2025 General Funds appropriations for Medicaid of nearly \$9.4 billion are projected to increase by \$91 million, or 1.0%, from estimated spending of \$9.3 billion in FY2024. This represents an increase of \$1.2 billion, or 14.7%, over the past five years, up from \$8.2 billion in FY2021.

The differences between General Funds spending and appropriations for HFS vary widely because the agency frequently does not spend a sizable portion of its appropriations.<sup>106</sup> Additionally, trends in Medicaid spending are difficult to track because of heavy reliance on other State accounts, shifts in funding such as the increase in the Medicaid reimbursement rate during the pandemic and the reduction to the reimbursement rate this year after the end of the federal pandemic emergency, as well as recent changes in the program including the expansion of Medicaid coverage under the Affordable Care Act (ACA) and the enrollment of recipients in managed care organizations (MCOs).

The projected increase in General Funds appropriations in FY2024 for the Department of Healthcare and Family Services (HFS) is due mostly to Medicaid program rate increases and programmatic changes effective in the middle of fiscal year 2024. Additionally, \$629 million will be provided in FY2025 for the Health Benefits for Immigrant Seniors and Health Benefits for Immigrant Adults programs.<sup>107</sup>

## Public Safety

The Public Safety area of government includes the Department of Corrections, State Police, Criminal Justice Information Authority and many others, as shown in the Appendix of this report. Proposed General Funds appropriations for Public Safety increase by \$15 million, or 0.6%, to \$2.53 billion in FY2025, up from the FY2024 total of \$2.52 billion. Over a five-year period, public safety appropriations represent an increase of \$615 million, or 32.1%, from \$1.9 billion in FY2021.

In FY2025, the proposed budget increases appropriations to violence prevention programs like the Reimagine Public Safety Act and the Restore, Reinvest and Renew Grants Program.<sup>108</sup> The Criminal Justice Information Authority (CIJA) will invest \$3.1 million for Trauma Recovery Centers and \$200 million for the Restore, Reinvest, and Renew Grants Program, which will allow for

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<sup>106</sup> HFS' unspent General Funds appropriations relate partly to Medicare premiums, which the State pays for recipients who are eligible for both programs. Instead of waiting for State payments, federal authorities in recent years have deducted the amount owed from Medicaid reimbursements. Because HFS does not know in advance whether the federal government will reduce revenues or require payment, the Medicare premium amount continues to be appropriated in the agency's budget (and included in the lump sum unspent amount for the overall budget).

<sup>107</sup> Illinois State FY2024 Budget, pp. 40 and 381.

<sup>108</sup> Illinois State FY2025 Budget, p. 43.

additional grants to be awarded and flexibility in administering them. The Criminal Justice Information Authority also includes \$1 million for a nationally established web-based data collection and reporting system known as InfoNet for victim service providers as well as a \$150,000 increase in funding for Bullying Prevention services.<sup>109</sup>

The Department of Corrections will use the \$22.6 million proposed increase in funding to increase compensation for staff at 28 correctional facilities across the State and \$2 million for the expansion of the construction workforce vocational training program, which is funded by the federal government.<sup>110</sup> The Illinois State Police will also receive \$5.3 million in General Funds to support two cadet classes to hire and train 100 additional sworn troopers. Additionally, smaller appropriations in the proposed FY2025 budget will help fund Illinois State Police laboratory enhancements. This includes a voluntary program offered to Illinois schools known as Safe2Help and contractual services.<sup>111</sup>

## GENERAL FUNDS EXPENDITURES

Total expenditures from General Funds are expected to increase by \$752 million, or 1.4%, to \$52.3 billion in FY2025, up from approximately \$51.9 billion estimated in FY2024. The increase is due to the state group insurance and pension contributions, which is offset by a decline in total transfers out. Over the five-year period, expenditures increased by nearly \$9.0 billion, or 20.5%, from \$43.7 billion in FY2021.

State of Illinois General Funds Expenditures:  
FY2021-FY2025 (in \$ millions)\*

	FY2021	FY2022	FY2023 Prelim.	FY2024 Est.	FY2025 Proposed	Two-Year \$ Change	Two-Year % Change	Five-Year \$ Change	Five-Year % Change
Agency Appropriations <sup>1</sup>	\$ 29,995	\$ 31,593	\$ 36,204	\$ 38,732	\$ 38,877	\$ 145	0.4%	\$ 8,882	29.6%
(Unspent Appropriations) <sup>2</sup>	\$ (1,314)	\$ (830)	\$ (1,026)	\$ (890)	\$ (840)	\$ 50	-5.6%	\$ 474	-36.1%
Net Agency Appropriations Spent	\$ 28,681	\$ 30,763	\$ 35,178	\$ 37,842	\$ 38,037	\$ 195	0.5%	\$ 9,356	32.6%
Pension Contributions	\$ 8,624	\$ 9,363	\$ 9,632	\$ 9,813	\$ 10,135	\$ 322	3.3%	\$ 1,511	17.5%
State Group Insurance	\$ 2,022	\$ 2,750	\$ 1,831	\$ 1,837	\$ 2,327	\$ 490	26.7%	\$ 305	15.1%
<b>Net Appropriations Spent</b>	<b>\$ 39,327</b>	<b>\$ 42,876</b>	<b>\$ 46,641</b>	<b>\$ 49,492</b>	<b>\$ 50,499</b>	<b>\$ 1,007</b>	<b>2.0%</b>	<b>\$ 11,172</b>	<b>28.4%</b>
<b>Statutory Transfers Out</b>									
Legislatively Required Transfers	\$ 517	\$ 722	\$ 1,282	\$ 443	\$ 445	\$ 2	0.5%	\$ (72)	-13.9%
Proposed Pension Stabilization Fund Contribution	\$ -	\$ -	\$ 400	\$ -	\$ -	\$ -	0.0%	\$ -	0.0%
Property Tax Rebate Checks	\$ -	\$ 470	\$ 50	\$ -	\$ -	\$ -	0.0%	\$ -	0.0%
Grocery Tax Replacement to Local Governments	\$ -	\$ 325	\$ 75	\$ -	\$ -	\$ -	0.0%	\$ -	0.0%
Income Tax Rebate	\$ -	\$ 685	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	0.0%
Proposed Transfer to Fund #611 <sup>3</sup>	\$ -	\$ -	\$ -	\$ 350	\$ -	\$ (350)	-100.0%	\$ -	0.0%
State CURE Fund <sup>4</sup>	\$ -	\$ -	\$ 1,239	\$ -	\$ -	\$ -	0.0%	\$ -	0.0%
Repayment of Interfund Borrowing <sup>5</sup>	\$ 140	\$ 933	\$ -	\$ -	\$ -	\$ -	0.0%	\$ (140)	-100.0%
Total Debt Service <sup>6</sup>	\$ 1,529	\$ 1,230	\$ 1,149	\$ 1,658	\$ 1,751	\$ 93	5.6%	\$ 222	14.5%
Municipal Liquidity Facility Repayments	\$ 2,209	\$ 1,052	\$ -	\$ -	\$ -	\$ -	0.0%	\$ (2,209)	-100.0%
<b>Total Transfers Out</b>	<b>\$ 4,395</b>	<b>\$ 5,417</b>	<b>\$ 4,195</b>	<b>\$ 2,451</b>	<b>\$ 2,196</b>	<b>\$ (255)</b>	<b>-10.4%</b>	<b>\$ (2,199)</b>	<b>-50.0%</b>
<b>Total Expenditures</b>	<b>\$ 43,722</b>	<b>\$ 48,293</b>	<b>\$ 50,836</b>	<b>\$ 51,943</b>	<b>\$ 52,695</b>	<b>\$ 752</b>	<b>1.4%</b>	<b>\$ 8,973</b>	<b>20.5%</b>

\*Totals may not sum due to rounding.

<sup>1</sup>Agency Appropriations in FY2024 include the proposed supplemental appropriations of \$1,183 million.

<sup>2</sup>Unspent appropriations include Comptroller prior year adjustments of \$43 million in FY2022 and \$55 million in FY2023.

<sup>3</sup>The Proposed Transfer to Fund #611 includes \$350 million in FY2024 for the Fund for Illinois' Future through the Budget Implementation Bill (BIMP) proposal.

<sup>4</sup>An authorized transfer of \$1,239 million from the General Fund to the State Coronavirus Urgent Remediation Emergency (CURE) Fund in FY2023 to ensure that the State fully expended its federal dollars within the timeframe set by the federal government.

<sup>5</sup>Repayment of interfund borrowing includes \$140 million in FY2021 and \$933 million in FY2022 from the FY2018 - FY2022 interfund borrowing authority.

<sup>6</sup>Total Debt Service includes: Capital Bonds, Pension Bonds, Section 7.6 Bonds and Pension Acceleration Bonds.

Sources: Illinois State FY2025 Budget, pp. 75, 86, 570; Illinois State FY2024 Budget, pp. 67, 78, 546; Illinois State FY2023 Budget, pp. 60, 70, 516.

<sup>109</sup> Illinois State FY2025 Budget, p. 44.

<sup>110</sup> Illinois State FY2025 Budget, p. 44.

<sup>111</sup> Illinois State FY2025 Budget, p. 46.

Transfers out of General Funds consist of legislatively required transfers and debt service transfers. Legislatively required transfers move funds from General Funds to Other State Funds for various programs and purposes. Outgoing debt service transfers are used to make debt service payments. Total transfers out in FY2024 will decline by \$255 million, or 10.4%, to \$2.3 billion in FY2025, down from \$2.5 billion in FY2024, and by \$2.2 billion, or 50.0%, from \$4.4 billion in FY2021.

In FY2025 legislatively required transfers will remain relatively flat, only increasing by \$2 million, or 0.5%, to \$445 million, up from \$443 million in FY2024. The increase is due to a multitude of small investments including Tourism Promotion, Revolving Workers' Compensation claims and the School Infrastructure Fund.<sup>112</sup> Debt service transfers will increase by \$93 million to \$1.8 billion in FY2025, up from \$1.7 billion in FY2024. Debt service includes payments to capital bonds, pension bonds, section 7.6 bonds and pension acceleration bonds.

## PENSIONS

Illinois' retirement systems are among the most poorly funded of any state.<sup>113</sup> At the end of FY2023, actuarial unfunded liabilities totaled nearly \$141.4 billion and the combined funded ratio stood at 44.9%. The unfunded liability and funded ratio based on the market value of assets were \$142.2 billion and 44.6%.<sup>114</sup> Based on a wide array of economic and demographic assumptions, if the funded ratio were 100%, pension assets would be sufficient to cover projected pension benefits when they are owed.

The State's 50-year funding plan, which began in FY1996, requires the five retirement systems to reach 90% funding by FY2045. The five systems are: the Teachers' Retirement System, which covers public school teachers outside Chicago; the State Employees' Retirement System, for most State employees who are not eligible for another State plan; the State Universities Retirement System, for faculty and staff of universities and community colleges; the Judges' Retirement System; and the General Assembly Retirement System. To achieve the 90% funding goal, annual State contributions for all funds are currently projected to rise to \$18.7 billion in the next 21 years<sup>115</sup> from \$10.9 billion in FY2024.<sup>116</sup>

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<sup>112</sup> Illinois State FY2025 Budget, [General Transfers Out Addendum](#), pp. 49 and 137.

<sup>113</sup> The Pew Charitable Trusts, "[States Shored Up Pension Plans in 2021, but More Is Needed](#)," *Issue Brief*, November 8, 2023..

<sup>114</sup> Illinois General Assembly, Commission on Government Forecasting and Accountability, [Special Pension Briefing](#), November 2023, p. 2-3.

<sup>115</sup> Illinois General Assembly, Commission on Government Forecasting and Accountability, [Special Pension Briefing](#), November 2023, p. 12.

<sup>116</sup> Illinois General Assembly, Commission on Government Forecasting and Accountability, [Special Pension Briefing](#), November 2023, p. 12. The \$10.9 billion contribution is for all funds.

The State's unfunded pension liabilities are expected to continue growing until FY2027 despite increasing contributions.<sup>117</sup> The State's funding plan and subsequent statutory changes deferred a large portion of required contributions to future years, which funded other priorities in annual budgets at the expense of the pension funds. This means the State is still experiencing negative amortization of its pension funds and is not contributing enough to decrease the unfunded liability.

The Governor's FY2025 budget includes a proposal to increase the goal of the 50-year funding program to 100% by FY2048, which would increase the State's contributions to the pensions from half of the budgetary savings when its backlog bonds and pension obligation bonds are paid off in 2030 and 2034. The Governor additionally proposes making changes to how annual gains and losses in the funds, compared to actuarial assumptions, are amortized in order to prevent swings in State payments during the final years of the funding schedule. The Civic Federation supports these proposals as well-considered options to rationalize the State's pension funding schedule.

Finally, the FY2025 proposed budget recommends that the State's pension funds and the General Assembly review changing the Tier 2 pensionable salary cap to the Social Security wage base for State employees who do not receive Social Security to ensure the Tier remains compliant with federal law. This recommendation is in line with the Civic Federation's recommendations as expressed in its analysis of the FY2024 proposed State budget, its testimony provided to the Illinois House Committee on Personnel and Pensions in 2023 and a joint Tier 2 safe harbor explainer released in November 2023 with the Civic Committee of the Commercial Club of Chicago.<sup>118</sup>

The next chart shows the State's annual pension contributions within the General Funds, including transfers from pension bonds, as a portion of General Funds revenue from State sources (which exclude federal funding or other non-State revenue sources).<sup>119</sup> Pension costs as a share of General Funds State-source-only revenue grew from 8.3% in FY2008 to an estimated 22.9% in the proposed FY2025 budget.<sup>120</sup> The peak was 30.7% in FY2017 during the budget impasse. Total pension costs increased over this period from \$2.1 billion in FY2008 to

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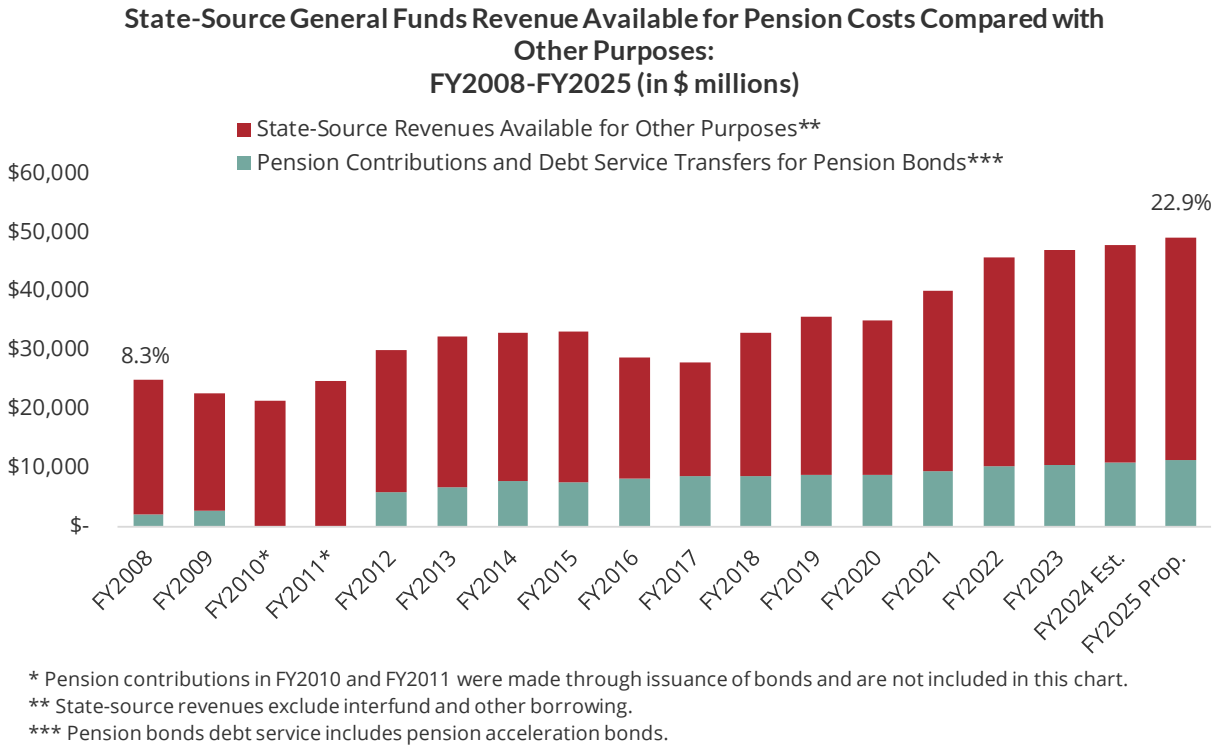
<sup>117</sup> Illinois General Assembly, Commission on Government Forecasting and Accountability, [Special Pension Briefing](#), November 2023, p. 12.

<sup>118</sup> See [FY2024 Proposed State Budget Analysis](#), [Written Testimony](#), [Tier 2 Safe Harbor Explainer](#).

<sup>119</sup> General Funds revenues in Illinois include State-source revenues as well as federal revenues, which are mainly reimbursements for Medicaid spending.

<sup>120</sup> General Funds pension contributions account for approximately 89% of total State contributions. State of Illinois, General Obligation Bonds, Series of December 2023ABC, [Official Statement](#), November 28, 2023, p. A-16.

\$11.2 billion in FY2025. Pension contributions for FY2010 and FY2011 are not shown in the chart because they were paid from bond proceeds instead of General Funds.

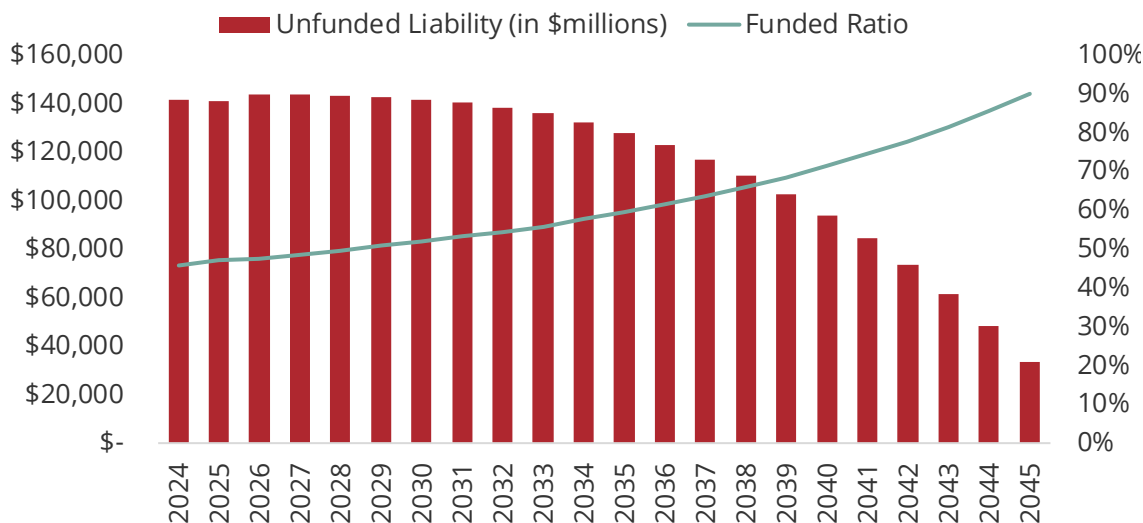


The following chart shows the most recent estimates of total unfunded liabilities and combined funded ratios for the State's five retirement systems from FY2024 through FY2045. The projections are based on preliminary data from FY2023 and do not account for the Governor's pension funding proposal included in the FY2025 proposed budget. For charts showing the



potential impact of the Governor’s proposed changes to the funding schedule and enhanced contributions, see page 59-61 of the FY2025 Illinois State Budget book.<sup>121</sup>

### State of Illinois Retirement Systems Projected Financial Condition: FY2024 to FY2045



Source: Illinois General Assembly, Commission on Government Forecasting and Accountability, *Special Pension Briefing*, November 2023, p. 12.

## CONDENSED HISTORY OF THE STATE OF ILLINOIS’ EFFORTS TO ADDRESS STATE PENSION BENEFITS

The following sections provide brief summaries of the State of Illinois’ initiatives to address public pension benefit levels.

### Tier 2

To address budgetary pressures due to increasing pension costs, the State in 2011 created a second, significantly less generous Tier 2 of benefits for new employees.<sup>122</sup> Among other benefit changes, new employees receive automatic annual increases upon retirement of 3% or one-half of the rise in the Consumer Price Index, whichever is less, on a simple-interest basis. The increase for workers hired before 2011 is 3% per year on a compounded basis. State contributions are expected to decline over time as new employees represent a larger share of the workforce.<sup>123</sup> However, the low Tier 2 benefits, which were not matched by lower employee

<sup>121</sup> [Illinois State FY2025 Budget](#).

<sup>122</sup> Public Act 96-0889, enacted on April 14, 2010.

<sup>123</sup> State of Illinois, General Obligation Bonds, Series of December 2023ABC, [Official Statement](#), November 28, 2023, B-32.



contributions, may not be sustainable due to legal and equity issues. Many Tier 2 members are paying more than the full cost of their benefits, effectively subsidizing the State by helping to pay down its unfunded liability. Most State employees are not currently covered by Social Security, but Tier 2 benefit caps might eventually be considered too low to meet minimum standards for exemption from Social Security coverage.<sup>124</sup> For more on Tier 2 pensions and the Civic Federation's position on this issue, see p. 10.

## Tier 1 Pension Reform

Efforts to reduce pension benefits for existing employees and retirees have been blocked by the Illinois Supreme Court. Legislation enacted in 2013 for four of the five State funds included an actuarially sound employer pension contribution schedule and a limitation on the automatic annual benefit increase for both current employees and retirees, among other provisions.<sup>125</sup> The high court ruled in 2015 and 2016 that the State law and subsequent benefit changes enacted for two City of Chicago pension funds<sup>126</sup> violated the pension protection clause in the Illinois Constitution.<sup>127</sup> That clause states that pension benefits are part of a contractual relationship and cannot be diminished or impaired.<sup>128</sup>

## Pension Buyout Programs

Public Act 100-0587, which was effective June 4, 2018, created two voluntary pension buyout plans for members of the three largest retirement systems: TRS, SERS and the State Universities Retirement System (SURS). The two voluntary plans are intended to reduce State costs by allowing members to give up future benefits in exchange for immediate payments.<sup>129</sup> One offers certain employees who are about to retire upfront cash payments in exchange for lower automatic annual increases in their benefits. The other offers an opportunity for inactive members of the pension plans to take a lump sum payment of 60% of the current value of their benefits. While the programs were slow to roll out, they are now accounting for some liability reductions and budgetary savings. According to GOMB, the buyout program has reduced liabilities by approximately \$2.0 billion and the State's FY2025 contributions to SERS and TRS are

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<sup>124</sup> Civic Federation and Civic Committee, "[Tier 2 Pensions and Safe Harbor Explained](#)," November 7, 2023.

<sup>125</sup> Public Act 98-0599, enacted on December 5, 2013.

<sup>126</sup> Public Act 98-0641, enacted on June 9, 2014.

<sup>127</sup> The Illinois Supreme Court opinions are available at <http://www.illinoiscourts.gov/OPINIONS/SupremeCourt/2015/118585.pdf> and <http://www.illinoiscourts.gov/Opinions/SupremeCourt/2016/119618.pdf> (last accessed on May 15, 2019).

<sup>128</sup> Ill. Const. art. XIII, sec. 5.

<sup>129</sup> For more information, see the Institute for Illinois' for Fiscal Sustainability at the Civic Federation blogs: "Examining Pension Savings in Illinois' FY2019 Budget," July 5, 2018, <https://www.civicfed.org/iifs/blog/examining-pension-savings-illinois-fy2019-budget>; "Illinois FY2019 Budget Still Faces Major Hurdles," October 5, 2018, <https://www.civicfed.org/iifs/blog/illinois-fy2019-budget-still-faces-major-hurdles>; State of Illinois Pension Contributions to Rise in FY2020, but by how Much," November 9, 2018, <https://www.civicfed.org/iifs/blog/state-illinois-pension-contributions-rise-fy2020-how-much>; "Illinois Budget Deficit Projected to Exceed \$1 Billion in FY2019," November 20, 2018, <https://www.civicfed.org/iifs/blog/illinois-budget-deficit-projected-exceed-1-billion-fy2019>; "Illinois' Pension Buyout Savings Far Less than Expected," July 18, 2019, <https://www.civicfed.org/iifs/blog/illinois-pension-buyout-savings-far-less-expected>.

\$40 million and \$96 million lower, respectively, than they would have been absent the buyout program.<sup>130</sup>

To pay for the buyouts, the legislation originally authorized the issuance of up to \$1 billion in bonds and included a sunset date for the program of June 30, 2024. Public Act 102-718 increased the authorization to \$2 billion and extended the sunset date to June 30, 2026. As of December 2023, the State had issued \$1.5 billion in pension buyout bonds.<sup>131</sup>

Of the three funds, SERS was the system with the largest expected savings and has had the highest take-up rate. As of October 2023, SERS has processed payments totaling \$422.1 million for the accelerated pension benefits, with 26.2% of eligible retirees opting into the automatic annual increase (AAI) reduction program, and \$20.6 million for the buyout program. Participation in the AAI reduction program is 26.7% and the average payout is \$119,600. Participation in the pension buyout program is less than 1%. TRS has expended bond proceeds of \$809.1 million as of October 2023, with a 20.3% participation rate in the AAI reduction program with an average payout of \$130,841, and 10.8% participation in the buyout program with an average payout of \$123,432. SURS has expended bond proceeds of \$41.3 million as of June 30, 2023, and participation ranged between 1-1.6%.<sup>132</sup>

## DEBT BURDEN AND RATINGS

The State of Illinois currently pays debt service on four major types of bonds: General Obligation (GO) bonds for capital projects, GO bonds for pension obligations, GO bonds to pay backlogged bills and Build Illinois revenue Bonds.

All GO bonds are guaranteed by a pledge of the full faith and credit of the State. This is a legally binding commitment to pay both principal and interest on these loans as required by the bond agreements prior to directing revenues to any other use of State funds. The State is authorized under the General Obligation Bond Act to issue bonds to fund a variety of capital investments including roads, schools, mass transit, environmental projects and other facilities.<sup>133</sup>

In 2003, the State amended the GO Bond Act to include the authorization to issue \$10 billion in **Pension Obligation bonds** (POBs) to increase the assets in its pension funds and make required annual contributions to the State's five retirement systems. The State issued additional POBs in FY2010 and FY2011; these were retired in 2015 and 2019, respectively. There is no ongoing statutory authority to issue additional POBs at this time. The outstanding principal for POBs as

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<sup>130</sup> [Illinois State FY2025 Budget](#), p. 58.

<sup>131</sup> State of Illinois, General Obligation Bonds, Series of December 2023ABC, [Official Statement](#), November 28, 2023, p. B-36.

<sup>132</sup> State of Illinois, General Obligation Bonds, Series of December 2023ABC, [Official Statement](#), November 28, 2023, p. B-36.

<sup>133</sup> General Obligation Bond Act, 30 ILCS 330/1.

of December 31, 2023, was approximately \$7.2 billion and total debt service outstanding, including interest, was nearly \$9.3 billion.<sup>134</sup>

In 2018, the General Assembly authorized the issuance of up to \$1 billion in **pension acceleration bonds** to reduce pension liabilities. In May 2022, the State increased the authorization for these bonds to \$2 billion.<sup>135</sup> Pension acceleration bonds are intended to finance the cost of two programs:<sup>136</sup>

- The first program provides an accelerated pension benefit payment equal to 60% of the actuarial present value of future pension benefits in lieu of all future benefits to inactive, vested members of the Teachers' Retirement System (TRS), State Universities Retirement System (SURS) and State Employees' Retirement System (SERS) who have terminated employment but have not yet received a retirement annuity.
- The second program provides an accelerated pension benefit payment at the time of retirement to any Tier 1 member of TRS, SURS or SERS who elects to receive pension annuities with a reduced 1.5 percent non-compounded Annual Automatic Increase (AAI) in lieu of the standard 3 percent compounded Tier 1 AAI. This payment is equal to 70% of the difference in the actuarial present value of the AAIs.

The principal outstanding on these pension acceleration bonds as of December 31, 2023, was \$1.3 billion.<sup>137</sup>

The General Assembly approved legislation in 2017 authorizing the issuance of \$6 billion in bonds to pay down the State's **unpaid bill backlog**.<sup>138</sup> These are called **Section 7.6 bonds**. In November 2017, the State issued the bonds at an interest rate of 3.5%. The bonds will mature in November 2029. The principal outstanding on these bonds as of December 31, 2023, was \$3 billion.<sup>139</sup> Public Act 101-0300 amended Section 7.6 to authorize the issuance of an additional \$1.2 billion in backlog bonds. The state has not yet declared its intentions as to when these bonds will be issued.<sup>140</sup>

Illinois also uses several types of revenue bonds to fund capital projects. Unlike GO bonds, revenue bonds are not guaranteed by the full faith and credit of the State, but rather pledge a portion of specific State revenues. The largest ongoing revenue bond issuances are the **Build Illinois Bonds**, which were first issued in 1985. Build Illinois Bonds are backed by a pledge of the State's portion of sales tax receipts<sup>141</sup> and by various revenue sources that fund the Capital Projects Fund. As of December 31, 2023, there were nearly \$2.3 billion in principal outstanding for Build Illinois Bonds.<sup>142</sup>

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<sup>134</sup> Illinois FY2025 State Budget, p. 587.

<sup>135</sup> Illinois FY2025 State Budget, p. 574.

<sup>136</sup> Illinois FY2025 State Budget, p. 574.

<sup>137</sup> Illinois FY2025 State Budget, p. 587.

<sup>138</sup> 30 ILCS 330/7.6 *General Obligation Bond Act. Income Tax Proceed Bond*.

<sup>139</sup> Illinois FY2025 State Budget, p. 573.

<sup>140</sup> Illinois FY2025 State Budget, p. 573.

<sup>141</sup> Build Illinois Bond Act, 30 ILCS 425.

<sup>142</sup> Illinois FY2025 State Budget, p. 588.

In 2019, the General Assembly approved and Governor Pritzker signed into law a \$45.0 billion multi-year capital plan called **Rebuild Illinois**. This was the first state capital plan since the Illinois Jobs Now! capital plan that was approved in 2010.<sup>143</sup> The FY2025 capital budget proposes appropriations of approximately \$51.0 billion; this includes new spending and reappropriation authority.<sup>144</sup> Additional information about the FY2025 capital budget will be provided in a subsequent Civic Federation report.

Furthermore, two state-related agencies, the Illinois Sports Facilities Authority and the Metropolitan Pier and Exposition Authority, also issue debt that is not backed by the full faith and credit of the State.

## DEBT SERVICE

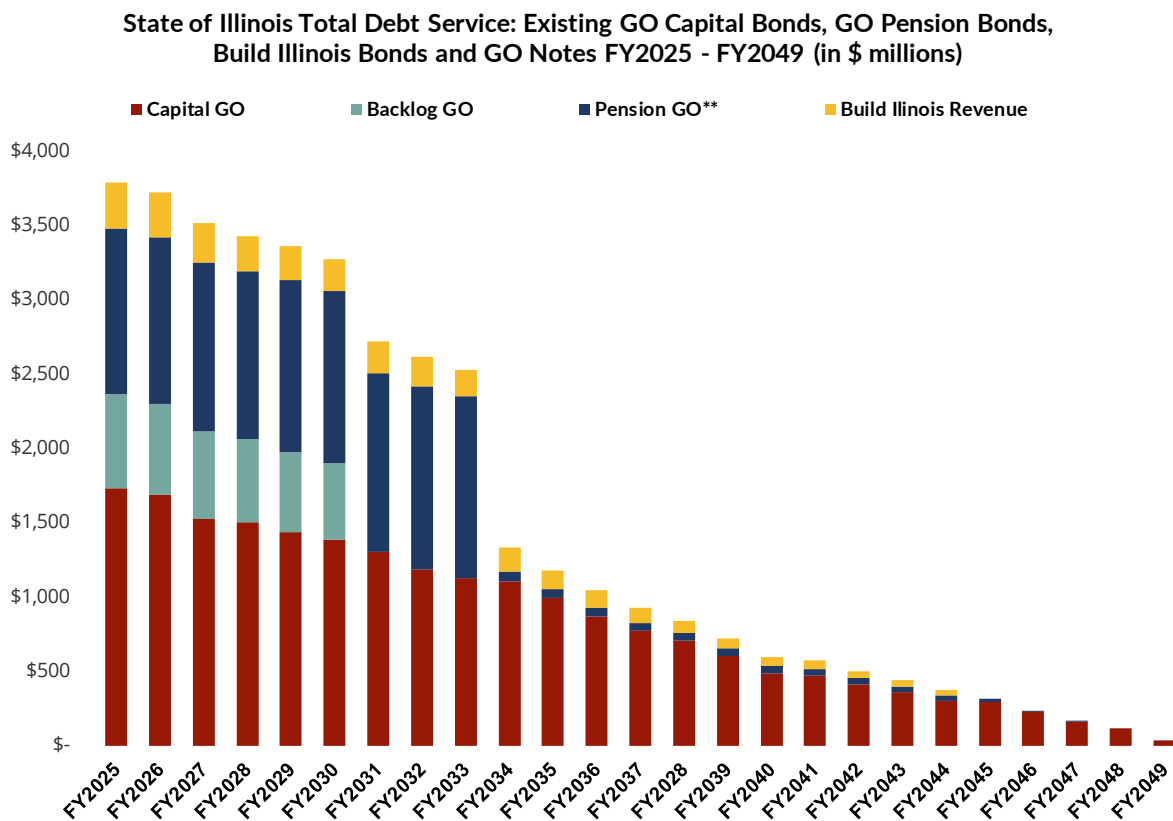
Debt service is the total cost of issuing debt, including the principal or the amount originally borrowed and interest. In FY2025, the State of Illinois is scheduled to pay debt service totaling nearly \$3.8 billion. The largest portion of the FY2025 debt service payment is due on capital purpose GO bonds totaling \$1.7 billion, followed by Pension Obligation and Pension Acceleration bonds at \$1.1 billion, backlog bonds at \$635.5 million, and Build Illinois revenue Bonds at \$308.0 million. Total cumulative debt service on existing GO and revenue bonds will be \$38.3 billion from FY2025 through FY2049.

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<sup>143</sup> Public Acts 96-0004, 96-0035, 96-0039, 96-0819.

<sup>144</sup> Illinois FY2025 State Capital Budget, p. 20.

The following chart shows total debt service for existing Pension Obligation bonds, GO capital bonds, other capital bonds and GO notes from FY2025 through FY2049, as of the issuance of the FY2025 recommended state budget.



\*\* Includes Pension Acceleration and Pension Obligation Bonds  
Source: Illinois FY2025 State Budget, pp. 586-588.

## DEBT SERVICE TRANSFERS

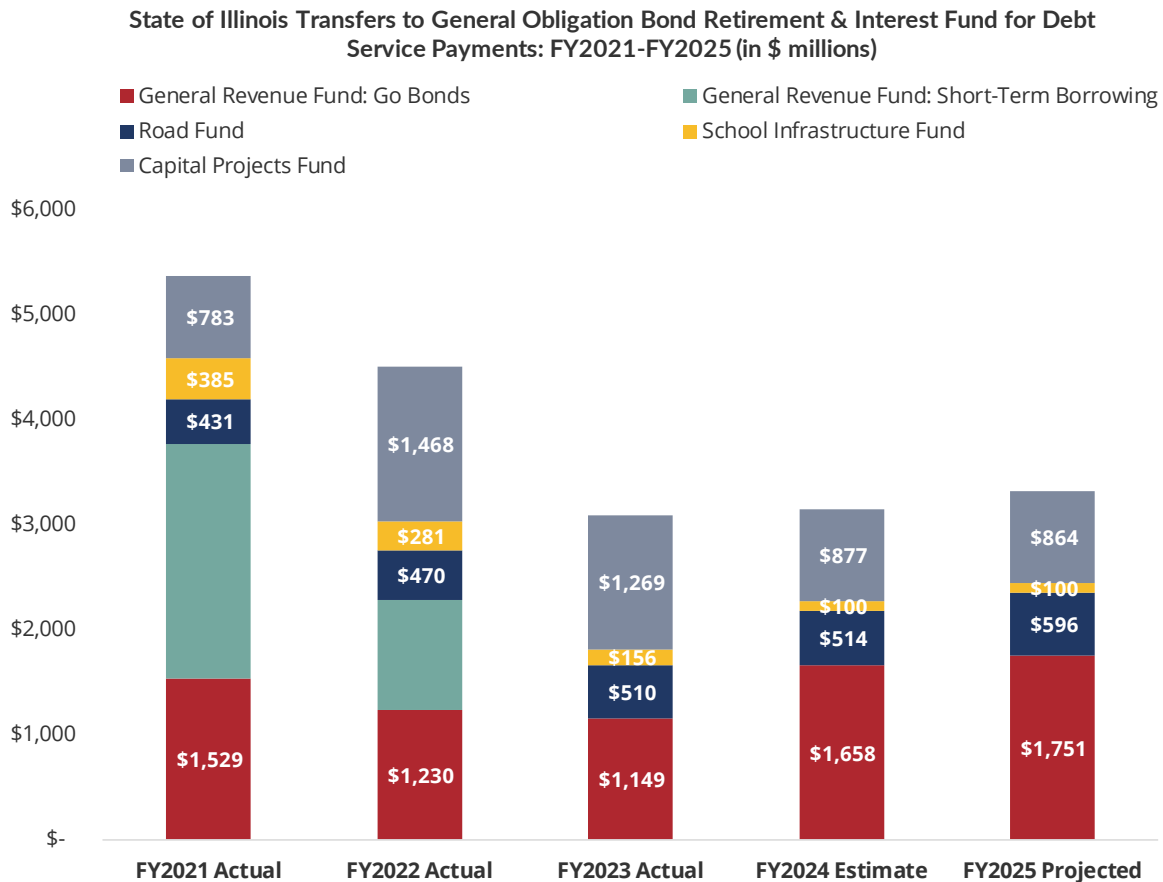
A portion of the State's total debt service repayment each year is made through a transfer from the General Revenue Fund to the General Obligation Bond Retirement and Interest Fund (GOBRI). In addition, transfers are also made from the Road Fund, School Infrastructure Fund and Capital Projects Fund to GOBRI. Build Illinois Bonds are paid through sales taxes diverted outside the General Funds and through the Capital Projects Fund. Other funds are used to pay for the remaining debt service.

The total debt service transfer to GOBRI for FY2025 will total \$3.3 billion. This is an increase of \$162 million from FY2024. Between FY2021 and FY2025, these costs will fall by 38.3% or \$2.0 billion, due primarily to the retirement of short-term debt, falling from \$5.3 billion to \$3.3 billion.<sup>145</sup>

<sup>145</sup> Illinois FY2025 State Budget, p. 570.

Transfers to GOBRI from the General Funds alone will total \$1.8 billion in FY2025, up from \$1.7 billion in FY2024.

The following chart shows the transfers to the General Obligation Bond Retirement and Interest Fund for FY2021 through FY2025.



## BUILD ILLINOIS BOND PROGRAM

Part of the funding to pay for Build Illinois Bonds debt service is diverted from the State's portion of sales tax receipts prior to being deposited into the General Funds. The State is required to transfer the larger of either 3.8% of its share of the sales taxes collected each year or one-eighth of the certified annual debt service requirement owed on all outstanding Build Illinois revenue bonds. Although these bonds are not paid for through a General Funds transfer, the cost of the Build Illinois revenue bonds reduces the amount of sales tax revenues that would otherwise be available to fund the annual operating budget.<sup>146</sup>

<sup>146</sup> Illinois FY2025 State Budget, p. 575 and 30 ILCS 425, Sec. 13; 35 ILCS 120, Sec. 3.

## OUTSTANDING DEBT

The following table shows the total principal, interest and debt service for State of Illinois debt outstanding in FY2021 and FY2025. Total debt service will decline by 15.6%, or \$7.1 billion, falling from \$45.4 billion to \$38.3 billion.

Between FY2021 and FY2025, the State of Illinois is expected to reduce the principal on outstanding bonds by 13.9% or \$4.5 billion. This is a decrease from \$32.6 billion to \$28.0 billion.

Total interest owed on the State's outstanding debt will decline by roughly \$2.6 billion over this five-year period. Interest owed on pension bonds will be \$1.6 billion less in FY2025 than it was in FY2021. Outstanding interest on capital purpose GO bonds will decrease by \$49.0 million over the five-year period. The interest owed on all outstanding Build Illinois Bond debt will rise by \$40.3 million over five years, from \$711.9 million in FY2021 to \$752.2 million in FY2025.

The GO Note debt service represents payments due for the \$2 billion three-year short-term note borrowed on December 17, 2020, from the federal Municipal Liquidity Facility to fund costs associated with the COVID-19 pandemic. This debt was retired by January 2022.<sup>147</sup>

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<sup>147</sup> Illinois FY2023 State Budget, p. 60.

Total pension debt service will decline by approximately \$2.3 billion, from \$13.4 billion to \$11.1 billion between FY2021 and FY2025. In the same period, general obligation debt service will rise slightly by \$32.3 million to an amount of \$20.7 billion.

**State of Illinois Total Outstanding Debt Service:**  
**General Obligation and Build Illinois Bonds Five-Year Comparison 2021-2050**  
(in \$ millions)

	FY2021	FY2022	FY2023	FY2024	FY2025	5-Year \$ Change	5-Year % Change
<b>Principal</b>							
GO Capital	\$ 14,186.9	\$ 14,335.0	\$ 14,640.3	\$ 15,335.5	\$ 14,268.0	\$ 81.1	0.6%
GO Pension	\$ 9,263.0	\$ 9,201.6	\$ 9,114.1	\$ 7,650.0	\$ 8,494.5	\$ (768.5)	-8.3%
GO Backlog	\$ 5,000.0	\$ 4,500.0	\$ 4,000.0	\$ 3,500.0	\$ 3,000.0	\$ (2,000.0)	-40.0%
GO Note	\$ 2,000.0	\$ -	\$ -	\$ -	\$ -	\$ (2,000.0)	-100.0%
Build Illinois	\$ 2,108.9	\$ 2,246.5	\$ 2,047.3	\$ 2,459.4	\$ 2,278.7	\$ 169.8	8.1%
Other Revenue	\$ 5.4	\$ -	\$ -	\$ -	\$ -	\$ (5.4)	---
<b>Total Principal</b>	<b>\$ 32,564.2</b>	<b>\$ 30,283.1</b>	<b>\$ 29,801.7</b>	<b>\$ 28,944.9</b>	<b>\$ 28,041.2</b>	<b>\$ (4,523.0)</b>	<b>-13.9%</b>
<b>Interest</b>							
GO Capital	\$ 6,507.2	\$ 6,387.6	\$ 6,643.9	\$ 7,194.9	\$ 6,458.4	\$ (48.8)	-0.7%
GO Pension	\$ 4,155.3	\$ 3,294.8	\$ 3,458.1	\$ 3,054.3	\$ 2,596.5	\$ (1,558.8)	-37.5%
GO Backlog	\$ 1,243.7	\$ 1,007.2	\$ 795.7	\$ 609.3	\$ 447.8	\$ (795.9)	-64.0%
GO Note	\$ 204.8	\$ -	\$ -	\$ -	\$ -	\$ (204.8)	-100.0%
Build Illinois	\$ 711.9	\$ 685.5	\$ 597.7	\$ 838.6	\$ 752.2	\$ 40.3	5.7%
Other Revenue	\$ 0.20	\$ -	\$ -	\$ -	\$ -	\$ (0.2)	---
<b>Total Interest</b>	<b>\$ 12,823.1</b>	<b>\$ 11,375.1</b>	<b>\$ 11,495.4</b>	<b>\$ 11,697.1</b>	<b>\$ 10,254.9</b>	<b>\$ (2,568.2)</b>	<b>-20.0%</b>
<b>Debt Service</b>							
GO Capital	\$ 20,694.1	\$ 20,722.6	\$ 21,284.2	\$ 22,530.4	\$ 20,726.4	\$ 32.3	0.2%
GO Pension	\$ 13,418.3	\$ 12,496.4	\$ 12,572.2	\$ 10,704.3	\$ 11,091.0	\$ (2,327.3)	-17.3%
GO Backlog	\$ 6,243.7	\$ 5,507.2	\$ 4,795.7	\$ 4,109.3	\$ 3,447.8	\$ (2,795.9)	-44.8%
GO Note	\$ 2,204.8	\$ -	\$ -	\$ -	\$ -	\$ (2,204.8)	-100.0%
Build Illinois	\$ 2,820.8	\$ 2,932.0	\$ 2,645.0	\$ 3,298.0	\$ 3,030.9	\$ 210.1	7.4%
Other Revenue	\$ 5.6	\$ -	\$ -	\$ -	\$ -	\$ (5.6)	---
<b>Total Debt Service</b>	<b>\$ 45,387.3</b>	<b>\$ 41,658.2</b>	<b>\$ 41,297.1</b>	<b>\$ 40,642.0</b>	<b>\$ 38,296.1</b>	<b>\$ (7,091.2)</b>	<b>-15.6%</b>

Note: Figures as of December 31 of each calendar year.

Sources: Illinois FY2021 State Budget, pp. 525-527; and Illinois FY2022 State Budget, pp. 516-518; FY2023 Illinois State Budget, pp. 531-533; Illinois FY2024 Budget, pp. 561-563; and Illinois FY2025 Budget, pp. 586-588.

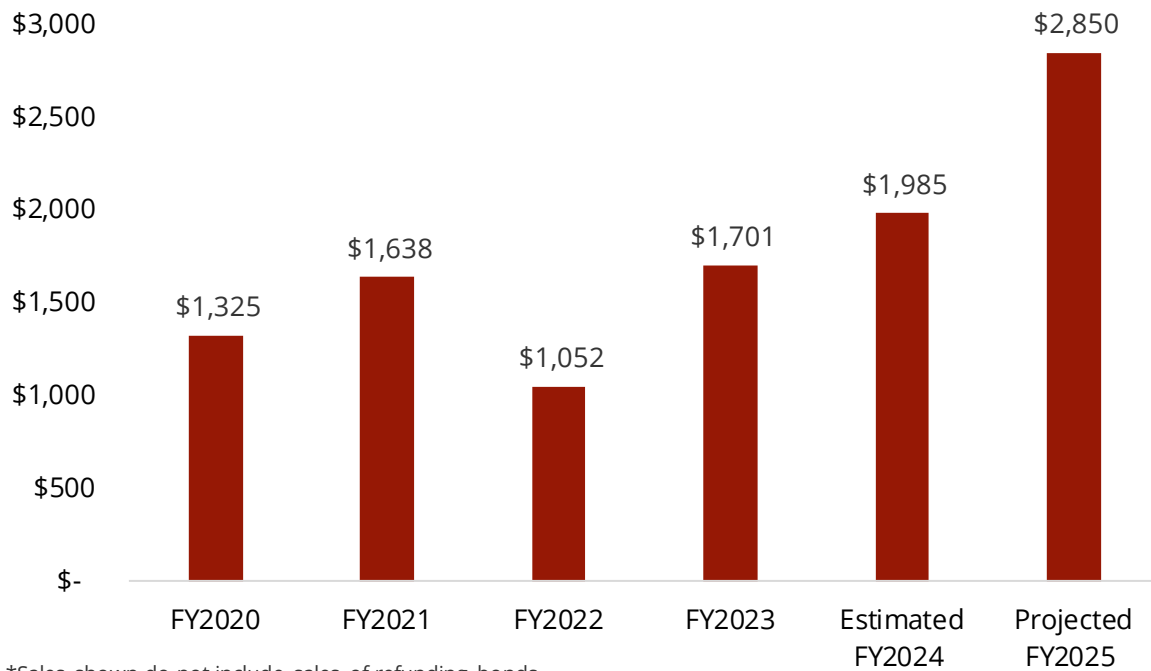
## NEW GENERAL OBLIGATION DEBT ISSUES IN FY2024 AND FY2025

In the FY2025 Budget Book, the State announced that it would issue nearly \$2.9 billion in new GO bonds to fund capital projects. This is an increase from the \$1.9 billion planned for issuance in the current 2024 fiscal year. The new bond issues will be used to finance a number of capital projects that have progressed from the planning and design stages to the construction phase.<sup>148</sup> The bond issues over the five years from FY2021 through FY2025 will support projects in the State's Rebuild Illinois capital plan approved in June 2019.

<sup>148</sup> State of Illinois FY2025 Budget, p. 570.



### General Obligation New Capital Bond Sales FY2020-FY2025 (in \$ millions)



\*Sales shown do not include sales of refunding bonds.  
Source: Illinois FY2025 State Budget, p. 571.

## BOND RATINGS

Bond ratings are one of the factors that weigh heavily in determining the interest rates the State must pay to issue debt. The following chart shows the current ratings for Illinois' General Obligation Bonds and Build Illinois Bonds. The current State of Illinois ratings are all investment grade.

### State of Illinois: Current Bond Ratings as of March 2024

Company	GO Bonds		Build Illinois Bonds	
	Rating	Outlook	Rating	Outlook
Moody's Investor's Services	A3	Stable	A3	Stable
S & P Global Ratings	A-	Stable	A	Stable
Fitch Ratings	A-	Stable	A+	Stable
Kroll Bond Rating Agency	Not Rated	N/A	AA+	Stable

Source: State of Illinois FY2025 Budget, p. 582.

## RECENT RATING AGENCY ACTIONS

In January 2024 **Fitch Ratings** assigned an A+ with a stable outlook credit rating for \$600 million in new State of Illinois Build Illinois sales tax revenue bonds and affirmed the same rating for Illinois Build Illinois senior and junior obligation sales tax revenue bonds.<sup>149</sup>

In November 2023 **Fitch Ratings** upgraded the State of Illinois' general obligation bonds to A- with a stable outlook from the previous rating of BBB+ with a positive outlook. The rating was based on the State's increased reserves, improved budget management and the significant paydown of outstanding accounts payable. Fitch also upgraded the State's Build Illinois revenue bonds to A+ from A; the upgrade reflected the improved financial situation of the State and confidence that state sales tax deposits would increase over time.<sup>150</sup>

In March 2023 **Fitch Ratings** revised the State of Illinois's rating outlook to positive from stable and assigned a BBB+ rating to the State's \$2.5 billion in general obligation bonds. The change reflected the State's plans to increase its reserve fund contributions and its improved fiscal resilience.<sup>151</sup>

**Moody's Investors Services** upgraded the State of Illinois' issuer rating from Baa1 to A3 on March 14, 2023. Concurrently, it also increased the credit ratings of the State's general obligation and Build Illinois sales tax bonds to A3 from Baa1. Moody's cited continued improvement in the State's financial situation for the upgraders, including expansion of fiscal reserves, increased payments toward outstanding liabilities such as the pension funds and improved governance processes. The rating agency warned, however, that Illinois continues to face large long-term liability pressures that constrain its fiscal flexibility.<sup>152</sup>

In February 2023 **Standard and Poor's Global Ratings** raised its credit rating to A- from BBB+ with a stable outlook on the State of Illinois' outstanding long-term general obligation debt. It also raised the rating to A from A- on the State's Build Illinois junior and senior lien sales tax bonds. The reasons given for the upgrade were the State's increased repayment of its liabilities, increases in the Budget Stabilization Fund and a slowing of growth in statutorily required pension fund growth.<sup>153</sup>

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<sup>149</sup> Fitch Ratings. [Fitch Rates \\$600MM Build Illinois Bonds 'A+'](#); Outlook Stable, January 3, 2024.

<sup>150</sup> Fitch Ratings. [Fitch Upgrades Illinois' IDR to 'A-' and Rates \\$875MM GO Bonds 'A-'](#); Outlook Stable, November 7, 2023.

<sup>151</sup> Fitch Ratings. Rating Action Commentary. Fitch Revises State of Illinois's Rating Outlook to Positive; Rates Illinois' \$2.5B GO Bonds 'BBB+', March 29, 2023, at <https://www.fitchratings.com/research/us-public-finance/fitch-revises-state-of-illinois-rating-outlook-to-positive-rates-illinois-2-5b-go-bonds-bbb-29-03-2023>.

<sup>152</sup> Moody's Investors Services, Rating Action: Moody's upgrades the State of Illinois to A3; outlook stable, March 14, 2023, at [https://www.moody.com/research/Moodys-upgrades-the-State-of-Illinois-to-A3-outlook-stable--PR\\_908032205](https://www.moody.com/research/Moodys-upgrades-the-State-of-Illinois-to-A3-outlook-stable--PR_908032205).

<sup>153</sup> S & P Global Ratings. State of Illinois GO Debt Rating Raised to 'A-' from 'BBB+' on Improved Liquidity. February 23, 2023.

# APPENDIX:

## LIST OF STATE OF ILLINOIS AGENCIES BY OUTCOME AREA

The appendix shows the categorization of State agencies that appears in the FY2025 budget.<sup>154</sup>

### **P-12 Education**

Illinois State Board of Education

### **Higher Education**

Illinois Board of Higher Education

Chicago State University

Eastern Illinois University

Governors State University

Northeastern Illinois University

Western Illinois University

Illinois State University

Northern Illinois University

Southern Illinois University

University of Illinois

Illinois Community College Board

Illinois Student Assistance Commission

Illinois Mathematics and Science Academy

State Universities Civil Service System

### **Economic Development**

Agriculture

Commerce and Economic Opportunity

Labor

Transportation

Illinois Commerce Commission

Human Rights Commission

Illinois Sports Facilities Authority

Southwestern Illinois Development Authority

### **Public Safety**

Corrections

Financial and Professional Regulation

Insurance

Military Affairs

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<sup>154</sup> State of Illinois, Governor's Office of Management and Budget, "[Illinois Economic and Fiscal Policy Report](#)," p. 16, November 15, 2023.

State Police  
Environmental Protection Agency  
Illinois Criminal Justice Information Authority  
Illinois Workers' Compensation Commission  
Law Enforcement Training and Standards Board  
Prisoner Review Board  
Property Tax Appeal Board  
Illinois Emergency Management Agency  
Illinois Labor Relations Board  
State Fire Marshal

### **Human Services**

Aging  
Children and Family Services  
Juvenile Justice  
Employment Security  
Human Rights  
Human Services  
Public Health  
Veterans' Affairs  
Illinois Deaf and Hard of Hearing Commission  
Illinois Guardianship and Advocacy Commission  
Illinois Council on Developmental Disabilities

### **Healthcare**

Healthcare and Family Services

### **Environment and Culture**

Natural Resources  
Illinois Arts Council  
Abraham Lincoln Presidential Library and Museum

### **Government Services (including employee health insurance)**

General Assembly and Legislative Agencies  
Auditor General  
Supreme Court and Illinois Court System  
Supreme Court Historic Preservation Commission  
Courts Commission  
Judicial Inquiry Board  
State Appellate Public Defender  
State's Attorneys Appellate Prosecutor  
Court of Claims  
Governor  
Lieutenant Governor  
Attorney General

Secretary of State  
State Comptroller  
State Treasurer  
State Board of Elections  
Central Management Services  
Innovation and Technology  
Lottery  
Revenue  
Governor's Office of Management and Budget  
Office of the Executive Inspector General  
Executive Ethics Commission  
Capital Development Board  
Civil Service Commission  
Commission on Equity and Inclusion  
Procurement Policy Board  
Illinois Independent Tax Tribunal  
Illinois Gaming Board  
Illinois Racing Board  
Liquor Control Commission  
Other Government Services<sup>155</sup>  
Chicago Teachers' Pension and Retirement System

**Pensions**

Teachers' Retirement System  
State Universities' Retirement System  
General Assembly Retirement System  
Judges' Retirement System  
State Employees' Retirement System

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<sup>155</sup> Includes contributions to the Teachers' Retirement Insurance Program, College Insurance Program, operational expenses of the State Employees' Retirement System, and any additional appropriation authority needed to address the shortfall in contributions to the system in prior years (approximately \$99 million in fiscal year 2024).

**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE IMPLEMENTING A MUNICIPAL GROCERY RETAILERS' OCCUPATION TAX AND A MUNICIPAL GROCERY SERVICE OCCUPATION TAX**

WHEREAS, the Illinois Municipal Code, 65 ILCS 5/1-2-1, provides that the corporate authorities of each municipality may pass all ordinances and make all rules and regulations proper or necessary, to carry into effect the powers granted to municipalities, with such fines or penalties as may be deemed proper; and,

WHEREAS, the City of Highland is a non-home rule Illinois municipality pursuant to the Constitution of the State of Illinois of 1970, as amended; and,

WHEREAS, Section 8-11-24 of the Illinois Municipal Code (65 ILCS 5/8-11-24) provides that, beginning on January 1, 2026, all Illinois municipalities may impose a tax “upon all persons engaged in the business of selling groceries at retail in the municipality” (the “Municipal Grocery Tax”) (65 ILCS 5/8-11-24); and,

WHEREAS, the Municipal Grocery Retailers’ Occupation Tax may be imposed “at the rate of 1% of the gross receipts from these sales” (65 ILCS 5/8-11-24); and,

WHEREAS, any Municipal Grocery Retailers’ Occupation Tax shall be administered, collected and enforced by the Illinois Department of Revenue; and,

WHEREAS, Section 8-11-24 of the Illinois Municipal Code (65 ILCS 5/8-11-24) requires any municipality imposing a Municipal Grocery Retailers’ Occupation Tax under Section 8-11-24 of the Illinois Municipal Code (65 ILCS 5/8-11-24) to also impose a Service Occupation Tax at the same rate, “upon all persons engaged, in the municipality, in the business of making sales of service, who, as an incident to making those sales of service, transfer groceries” as “an incident to a sale of service” (the “Municipal Grocery Service Occupation Tax”) (65 ILCS 5/8-11-24); and,

WHEREAS, any Municipal Grocery Service Occupation Tax shall be administered, collected and enforced by the Illinois Department of Revenue; and,

WHEREAS, the City Council believes that it is appropriate, necessary and in the best interests of the City of Highland and its residents, that the City levy a Municipal Grocery Retailers’ Occupation Tax as permitted by Section 8-11-24 of the Illinois Municipal Code (65 ILCS 5/8-11-24); and,

WHEREAS, the City Council believes that it is appropriate, necessary and in the best interests of the City of Highland and its residents, that the City levy a Municipal Grocery Service Occupation Tax as permitted by Section 8-11-24 of the Illinois Municipal Code (65 ILCS 5/8-11-24); and,

NOW, THEREFORE, be it ordained, by the City Council of the City of Highland as follows:

*Section 1. Incorporation of Recitals.* The foregoing recitals shall be and are hereby incorporated as findings of fact as if said recitals were fully set forth herein.

*Section 2. Municipal Grocery Retailers' Occupation Tax Imposed.* A tax is hereby imposed upon all persons engaged in the business of selling groceries at retail in this municipality at the rate of 1% of the gross receipts from such sales made in the course of such business while this Ordinance is in effect. The imposition of this tax is in accordance with and subject to the provisions of Section 8-11-24 of the Illinois Municipal Code (65 ILCS 5/8-11-24).

*Section 3. Municipal Grocery Service Occupation Tax.* A tax is hereby imposed upon all persons engaged in this municipality in the business of making sales of service, who, as an incident to making those sales of service, transfer groceries as an incident to a sale of service. The rate of this tax shall be the same rate identified in Section 2, above. The imposition of this tax is in accordance with and subject to the provisions of Section 8-11-24 of the Illinois Municipal Code (65 ILCS 5/8-11-24).

*Section 4. Illinois Department of Revenue to Administer Both Taxes.* The taxes hereby imposed, and all civil penalties that may be assessed as an incident thereto, shall be collected and enforced by the Department of Revenue of the State of Illinois. The Illinois Department of Revenue shall have full power to administer and enforce the provisions of this Ordinance.

*Section 5. Clerk to file Ordinance with Illinois Department of Revenue.* As required under Section 8-11-24 of the Illinois Municipal Code (65 ILCS 5/8-11-24), the Clerk is hereby directed to file a certified copy of this Ordinance with the Illinois Department of Revenue on or before October 1, 2025.

*Section 6. Effective Date.* The taxes imposed by this Ordinance shall take effect on January 1, 2026.

*Section 7. Repeal of Conflicting Provisions.* All ordinances, resolutions and policies or parts thereof, in conflict with the provisions of this Ordinance are, to the extent of the conflict, expressly repealed on the effective date of this Ordinance.

*Section 8. Severability.* If any provision of this Ordinance or application thereof to any person or circumstances is ruled unconstitutional or otherwise invalid, such invalidity shall not affect other provisions or applications of this Ordinance that can be given effect without the invalid application or provision, and each invalid provision or invalid application of this Ordinance is severable.

*Section 9. Headings/Captions.* The headings/captions identifying the various sections and subsections of this Ordinance are for reference only and do not define, modify, expand or limit any of the terms or provisions of the Ordinance.

*Section 10. Publication.* The Clerk is directed by the corporate authorities to publish this Ordinance in pamphlet form. This Ordinance shall be in full force and effect after its passage and publication in accordance with 65 ILCS 5/1-2-4.

*Section 11.* This Ordinance shall be known as Ordinance No. \_\_\_\_\_ and shall be in full force and effect from and after its passage, approval, and publication in pamphlet form as provided by law.

Passed by the City Council of the City of Highland, Illinois, and deposited and filed in the Office of the City Clerk, on the \_\_\_\_ day of \_\_\_\_\_, 2025, the vote being taken by ayes and noes, and entered upon the legislative records, as follows:

AYES:

NOES:

ABSENT:

APPROVED:

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Kevin Hemann, Mayor  
City of Highland  
Madison County, Illinois

ATTEST:

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Barbara Bellm, City Clerk  
City of Highland  
Madison County, Illinois



City of Highland  
1115 Broadway, PO Box 218  
Highland IL 62249



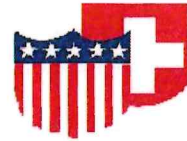
Check No.	Vendor/Employee	Transaction Description	Date	Amount
Fund: 009 Parks & Rec Fund				
Department: 016 Parks & Recreation				
15022	KRISTOPHER CALDWELL	THURSDAY NIGHT PERFORMANCE 08/08/24	08/08/2024	2,500.00
Total for Department: 016 Parks &				2,500.00
Total for Fund:009 Parks & Rec Fund				2,500.00
<u>Grand Total</u>				<u>2,500.00</u>

Accepted by City Council August 19, 2024

Mayor: \_\_\_\_\_ Clerk: \_\_\_\_\_

EXPENDITURE LISTING #1272  
FROM 08/03/2024 TO 08/16/2024

City of Highland  
1115 Broadway, PO Box 218  
Highland IL 62249



CHECK NO	VENDOR NAME	INVOICE DESCRIPTION	DEPARTMENT	CHECK/PAYMENT DATE	GROSS AMOUNT
2,373	AMAZON CAPITAL SERVI	1 QTY AA BATTERIES	00100000 115700	8/9/2024	67.99
2,373	AMAZON CAPITAL SERVI	1 QTY ERASERS, 2 QTY TIME CARDS	00100000 115700	8/9/2024	69.49
2,392	City Of Highland	JULY CENTRAL PURCHASING	00100000 115700	8/9/2024	7.00
2,412	Highland's Tru Buy	CENTRAL PURCHASING	00100000 115700	8/9/2024	220.91
2,426	LOGSDON STATIONERS	SUPPLIES FOR CENTRAL PURCHASING	00100000 115700	8/9/2024	369.10
2,464	TRIPACK INC.	SUPPLIES FOR CENTRAL PURCHASING	00100000 115700	8/9/2024	1,420.12
TOTAL					2,154.61
2,482	Verizon Wireless - S	VERIZON WIRELESS CHARGES	00110011 531000	8/15/2024	498.38
2,470	Ameren Illinois	GAS SERVICE	00110011 533000	8/9/2024	50.18
2,394	DE LAGE LANDEN FINAN	COPIER USAGE/LEASE	00110011 534000	8/9/2024	266.67
2,394	DE LAGE LANDEN FINAN	COPIER USAGE/LEASE	00110011 534000	8/9/2024	280.00
2,468	Watts Copy Systems	COPIER USAGE/LEASE	00110011 534000	8/9/2024	33.66
2,468	Watts Copy Systems	COPIER USAGE/LEASE	00110011 534000	8/9/2024	318.01
2,476	WALMART COMMUNITY/ C	WAL-MART OPERATING ACCOUNT	00110011 538000	8/9/2024	132.97
2,477	JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	00110011 538000	8/13/2024	67.98
2,378	AssuredPartners Corn	JUNE MONTHLY FSA PLAN ADMINISTRATION	00110011 539000	8/9/2024	145.00
2,378	AssuredPartners Corn	JUNE MONTHLY DEBIT CARD FEE	00110011 539000	8/9/2024	43.50
2,411	Highland Area Christ	JULY 2024 GOOD SAMARITAN	00110011 539000	8/9/2024	159.03
2,428	LOYET-ARCHITECTS	CITY OF HIGHLAND CITY HALL REVISIONS JOB #2246	00110011 539000	8/9/2024	2,439.10
2,454	Southwestern Illinois	SWICOM MEETING-CITY MANAGER MAYOR H HOLZINGER08/24	00110011 539000	8/9/2024	75.00
2,476	WALMART COMMUNITY/ C	WAL-MART OPERATING ACCOUNT	00110011 539031	8/9/2024	44.19
2,356	CDW G Inc	BCDA EMAIL PROT GTWY DEF SUB 1MO	00110011 539050	8/9/2024	728.55
2,373	AMAZON CAPITAL SERVI	1 QTY CRAFT STAMP RED	00110011 541000	8/9/2024	3.99
2,476	WALMART COMMUNITY/ C	WAL-MART OPERATING ACCOUNT	00110011 541000	8/9/2024	229.16
2,365	WEX BANK	JULY FUEL	00110011 542000	8/9/2024	63.28
2,373	AMAZON CAPITAL SERVI	1 QTY IPHONE CASE - JACKIE	00110011 543000	8/9/2024	12.99
2,373	AMAZON CAPITAL SERVI	1 QTY UNIVERSAL WALL MOUNT AND VESA MOUNT	00110011 543000	8/9/2024	29.97
2,392	City Of Highland	JULY CENTRAL PURCHASING	00110011 543000	8/9/2024	293.53
2,463	TRENDY TEES & MORE	2 QTY POLOS FOR L HEDIGER	00110011 544000	8/9/2024	60.00
2,366	Ace Hardware	ACE OPERATING SUPPLIES	00110011 545000	8/9/2024	30.01
2,356	CDW G Inc	1 QTY CRESTRON CONFERENCING SOUND BAR	00110011 547000	8/9/2024	1,008.16
TOTAL					7,013.31
2,431	MARK MCKINNEY	REIM MEALS CELLEBRITE OPERATOR TRAINING 07/24	00120012 524000	8/9/2024	96.86
2,482	Verizon Wireless - S	VERIZON WIRELESS CHARGES	00120012 531000	8/15/2024	732.29
2,468	Watts Copy Systems	COPIER USAGE/LEASE - CONTRACT RENEWAL	00120012 534000	8/9/2024	43.62
2,450	Reding Tire & Batter	SQUAD 2 225/60R18 FALKEN SINCERA ST80A/S TIRE DISP	00120012 536010	8/9/2024	156.65
2,450	Reding Tire & Batter	OLF SQT DEXOS	00120012 536010	8/9/2024	43.95
2,450	Reding Tire & Batter	OLF 6 QUARTS	00120012 536010	8/9/2024	43.05
2,477	JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	00120012 538000	8/13/2024	24.99
2,414	ILEAS	ILEAS 2024 ANNUAL MEMBERSHIP 07/01/24-06/30/25	00120012 539000	8/9/2024	120.00
2,430	MADISON COUNTY INFOR	POLICE DEPT LEADS LEASE FROM MADISON CO.	00120012 539000	8/9/2024	24.28
2,476	WALMART COMMUNITY/ C	WAL-MART OPERATING ACCOUNT	00120012 539000	8/9/2024	86.79
2,356	CDW G Inc	BCDA EMAIL PROT GTWY DEF SUB 1MO	00120012 539050	8/9/2024	857.25
2,482	Verizon Wireless - S	VERIZON WIRELESS CHARGES	00120012 539050	8/15/2024	324.53
2,429	Madison County Anima	PD STRAY DOGS MAY-JUNE	00120012 539089	8/9/2024	25.00
2,373	AMAZON CAPITAL SERVI	1 QTY LIQUID HAND SOAP	00120012 541000	8/9/2024	61.09
2,476	WALMART COMMUNITY/ C	WAL-MART OPERATING ACCOUNT	00120012 541000	8/9/2024	20.97
2,365	WEX BANK	JULY FUEL	00120012 542000	8/9/2024	5,298.65
2,373	AMAZON CAPITAL SERVI	1 QTY BATTERY REPLACEMENT ML 150LRX	00120012 543000	8/9/2024	24.88
2,392	City Of Highland	JULY CENTRAL PURCHASING	00120012 543000	8/9/2024	208.09
2,477	JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	00120012 543000	8/13/2024	8.98
2,424	Leon Uniform Company	CARGOTRS, UNDERVEST L/SS/SLV APEX PANT STRYKE PANT	00120012 544000	8/9/2024	622.48
2,373	AMAZON CAPITAL SERVI	5 BLAND- JACKET,WBOTTLE,LUNCHBOX,TSHIRTS,SHOES,PAN	00120012 544001	8/9/2024	924.53
2,373	AMAZON CAPITAL SERVI	1 QTY CUFF CASE, 1 QTY MAGAZINE POUCH, TACNEX BELT	00120012 544001	8/9/2024	88.30
2,390	CHRISTOPHER FLAKE	DICKS HOODIES FLAKE REIMBURSEMENT	00120012 544001	8/9/2024	156.03
2,390	CHRISTOPHER FLAKE	FLAKE REIMBURS HOODIE GLIJS	00120012 544001	8/9/2024	80.55
2,424	Leon Uniform Company	KINGERY ENDEAVOR CARRIER	00120012 544001	8/9/2024	310.00
2,455	Splish Splash Auto B	CAR WASHES CITY POLICE CARS AND ELECTRIC DEPARTMEN	00120012 546000	8/9/2024	116.00
TOTAL					10,499.81
2,436	Moran Economic Devel	TECHNICAL P&Z-EMAIL COMMUNICATION/SOLAR PROJ	00120013 523000	8/9/2024	260.00
2,482	Verizon Wireless - S	VERIZON WIRELESS CHARGES	00120013 531000	8/15/2024	51.82
2,356	CDW G Inc	BCDA EMAIL PROT GTWY DEF SUB 1MO	00120013 539050	8/9/2024	171.45
2,482	Verizon Wireless - S	VERIZON WIRELESS CHARGES	00120013 539050	8/15/2024	108.03
2,365	WEX BANK	JULY FUEL	00120013 542000	8/9/2024	84.03
2,482	Verizon Wireless - S	VERIZON WIRELESS CHARGES	00120014 531000	8/15/2024	9.51
2,462	THE MAIL BOX STORE	UPS GROUND -AIR CLEANING TECH	00120014 532000	8/9/2024	24.99
2,474	ED M. FELD EQUIPMENT	SEAT, 9V BATTERY,FUNCTIONTEST,LABOR ANNUAL TESTING	00120014 536000	8/9/2024	1,239.06
2,482	Verizon Wireless - S	VERIZON WIRELESS CHARGES	00120014 536000	8/15/2024	5.43
2,442	Overhead Door Compan	4 QTY LUBRICATE AND SUPPLIES	00120014 538000	8/9/2024	534.00
2,477	JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	00120014 538000	8/13/2024	59.98
2,376	APEX FITNESS CENTER	FIRE DEPARTMENT MEMBERSHIP 05/01/24-06/30/24	00120014 539000	8/9/2024	210.00
2,468	Watts Copy Systems	COPIER USAGE/LEASE	00120014 539000	8/9/2024	79.83
2,356	CDW G Inc	BCDA EMAIL PROT GTWY DEF SUB 1MO	00120014 539050	8/9/2024	42.75
2,482	Verizon Wireless - S	VERIZON WIRELESS CHARGES	00120014 539050	8/15/2024	263.37
2,358	Huels Oil Co	JULY DIESEL FUEL	00120014 542000	8/9/2024	268.33
2,365	WEX BANK	JULY FUEL	00120014 542000	8/9/2024	345.36
2,373	AMAZON CAPITAL SERVI	1 QTY 2 PK WALL FILE ORGANIZER	00120014 543000	8/9/2024	35.57

2,477 JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	00120014 543000	8/13/2024	38.98
2,381 Banner Fire Equipmen	2 QTY 6"METAL BADGE, 2 QTY RATCHET COVER	00120014 544000	8/9/2024	1,052.34
2,474 ED M. FELD EQUIPMENT	10 QTY FIRE ARMOR GLOVE L, 10 QTY FIRE ARMOGLV XL	00120014 544000	8/9/2024	2,240.00
2,373 AMAZON CAPITAL SERVI	CREDIT FOR INV #1KXX-YDHM-7CTV	00120014 546000	8/9/2024	-34.39
2,373 AMAZON CAPITAL SERVI	1 QTY LED BULB REPLACEMENT BULBS	00120014 546000	8/9/2024	34.39
2,373 AMAZON CAPITAL SERVI	1 QTY COMBO LED HEADLIGHT HIGH/LOW BEAM	00120014 546000	8/9/2024	45.88
2,439 O'Reilly Automotive	1 QTY CAPSULE	00120014 546000	8/9/2024	95.49
2,472 CITY OF HIGHLAND	FIRE DEPT-TRUCK 1592-OILFILTER,AIRFITLER,OIL,WIPER	00120014 546000	8/9/2024	117.29
2,477 JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	00120014 546000	8/13/2024	72.45
2,386 Bound Tree Medical	FIRE DEPT SUPPLIES	00120014 547000	8/9/2024	460.34
2,476 WALMART COMMUNITY/ C	WAL-MART OPERATING ACCOUNT	00120014 547000	8/9/2024	19.88
		TOTAL		7,936.16
2,482 Verizon Wireless - S	VERIZON WIRELESS CHARGES	00140017 531000	8/15/2024	244.47
2,438 Northtown Auto & Tra	BOOM MOWER - HOSE, 6G-6FIX, 6G-8MB, 11" SD	00140017 536000	8/9/2024	70.05
2,482 Verizon Wireless - S	VERIZON WIRELESS CHARGES	00140017 536000	8/15/2024	5.43
2,472 CITY OF HIGHLAND	STREET & ALLEY TRUCK #67 MAINTENANCE	00140017 536010	8/9/2024	1,673.04
2,422 KEITH'S LAWNCARE	MAIN ST. & WALNUT LAWNCARE- JULY 7, 10, 20, 27	00140017 539000	8/9/2024	250.00
2,473 Cooperative Response	BASEFEEJULY,CRCAGENT,CRCAGENTDIALOUT,CRCCLINKUSE	00140017 539000	8/9/2024	293.20
2,356 CDW G Inc	BCDA EMAIL PROT GTWY DEF SUB 1MO	00140017 539050	8/9/2024	300.15
2,358 Huels Oil Co	JULY DIESEL FUEL	00140017 542000	8/9/2024	1,457.27
2,358 Huels Oil Co	DHS-PREM OFF-ROAD DIESEL	00140017 542000	8/9/2024	543.47
2,365 WEX BANK	JULY FUEL	00140017 542000	8/9/2024	908.48
2,366 Ace Hardware	ACE OPERATING SUPPLIES	00140017 543000	8/9/2024	75.52
2,373 AMAZON CAPITAL SERVI	2 QTY TEEJET RXTENDED RANGE SPRAY	00140017 543000	8/9/2024	21.04
2,389 CENTRAL RUBBER EXTRU	5: 1/8"X48"X96" HDPE VIRGIN NATURAL SHEETS	00140017 543000	8/9/2024	290.00
2,392 City Of Highland	JULY CENTRAL PURCHASING	00140017 543000	8/9/2024	107.02
2,421 JOURNAL PRINTING	SIGNS: NO PARKING/PARADE R. & NO PARKING/OILING	00140017 543000	8/9/2024	338.00
2,438 Northtown Auto & Tra	3/8" SWIV HOSE CON	00140017 543000	8/9/2024	24.29
2,477 JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	00140017 543000	8/13/2024	230.16
2,477 JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	00140017 544000	8/13/2024	117.98
2,433 McKay Auto Parts Inc	IN-LINE FLUID FILTER	00140017 545000	8/9/2024	4.00
2,477 JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	00140017 549000	8/13/2024	72.99
		TOTAL		7,026.56
2,482 Verizon Wireless - S	VERIZON WIRELESS CHARGES	00770007 531000	8/15/2024	51.82
2,356 CDW G Inc	BCDA EMAIL PROT GTWY DEF SUB 1MO	00770007 539050	8/9/2024	42.75
		TOTAL		94.57
2,384 Beelman Logistics LL	MFT - CHIP 182.24 T., \$26.80 P/T	00840000 543000	8/9/2024	4,884.05
2,449 Red E Mix LLC	7 BAG- 6.5 CY, \$169 P/CY, CALC. CHL., SUPER-P	00840000 543000	8/9/2024	1,157.00
2,449 Red E Mix LLC	7 BAG- 5 CY, \$169 P/CY, CALC. CHL., SUPER-P	00840000 543000	8/9/2024	890.00
2,471 Christ Bros Inc	HMA - 7.96 T., \$77 P/T	00840000 543000	8/9/2024	612.92
		TOTAL		7,543.97
2,370 ALISON NORTH	REIM FOR BACKYARD LIFEGAURDS TRAINING	00960009 524000	8/9/2024	50.00
2,482 Verizon Wireless - S	VERIZON WIRELESS CHARGES	00960009 531000	8/15/2024	395.30
2,472 CITY OF HIGHLAND	PARK&REC - ROSENS JEEP PATRIOT MTN/REPAIR	00960009 536010	8/9/2024	83.21
2,387 BUILDINGSTARS INC	KRC MONTHLY CLEANING SERVICE BILL	00960009 538000	8/9/2024	2,913.00
ACH IL Department Of Rev	JULY SALES TAX	00960009 539000	8/5/2024	81.00
ACH IL Department Of Rev	JUNE SALES TAX	00960009 539000	8/5/2024	94.00
2,357 ENERGY WISE	KRC ROOFTOP UNIT	00960009 539000	8/9/2024	18,712.00
2,357 ENERGY WISE	NEW BLADES FOR OEM MOTORS FOR KRC AC UNIT	00960009 539000	8/9/2024	5,051.00
2,385 Belleville News-Demo	YEARLY NEWSPAPER SUBSCRIPTION	00960009 539000	8/9/2024	887.94
2,403 Foresight Services I	KRC PARKING LOT PRE-CON MEETING	00960009 539000	8/9/2024	785.00
2,413 IL OFFICE OF THE STA	CERTIFICATE OF OPERATION - ANNUAL RENEWAL	00960009 539000	8/9/2024	75.00
2,441 Orkin Exterminating	KRC MONTHLY PEST CONTROL	00960009 539000	8/9/2024	82.09
2,356 CDW G Inc	BCDA EMAIL PROT GTWY DEF SUB 1MO	00960009 539050	8/9/2024	256.95
2,373 AMAZON CAPITAL SERVI	3 QTY HANGING FILE FRAME LETTER SIZE	00960009 541000	8/9/2024	41.91
2,373 AMAZON CAPITAL SERVI	2 QTY LOGITECH WEBCAM	00960009 541000	8/9/2024	139.98
2,373 AMAZON CAPITAL SERVI	1 QTY MONEY COUNTER MACHINE	00960009 541000	8/9/2024	99.99
2,392 City Of Highland	JULY CENTRAL PURCHASING	00960009 543000	8/9/2024	498.45
2,476 WALMART COMMUNITY/ C	WAL-MART OPERATING ACCOUNT	00960009 543000	8/9/2024	416.48
2,354 William F. Brockman	KRC CONCESSIONS SUPPLIES	00960009 543050	8/9/2024	322.62
2,444 Pepsi	KRC CONCESSIONS SUPPLIES	00960009 543050	8/9/2024	449.92
2,458 Switzer Food and Sup	KRC CONCESSIONS SUPPLIES	00960009 543050	8/9/2024	257.39
2,371 All American Sports w	Hoodies for KRC and HCP Guards	00960009 544000	8/9/2024	215.00
2,366 Ace Hardware	ACE OPERATING SUPPLIES	00960009 545000	8/9/2024	38.94
2,467 ULINE SHIPPING SUPPL	KRC URINAL BLOCKS AND SCRAPER	00960009 545000	8/9/2024	420.43
2,373 AMAZON CAPITAL SERVI	1 QTY FURNITURE DOLLY MOVER	00960009 547000	8/9/2024	44.99
		TOTAL		32,412.59
2,482 Verizon Wireless - S	VERIZON WIRELESS CHARGES	00960016 531000	8/15/2024	9.51
2,374 Ameren Illinois	WCC EVERGREEN CT ST LITE	00960016 533000	8/9/2024	57.00
2,446 Productivity Plus Ac	MIDWEST TRACTOR - TORO MOWER OIL CHANGE SERVICE	00960016 536000	8/9/2024	389.86
2,446 Productivity Plus Ac	MIDWEST TRACTOR - 1 QTY WIPER BLADE, SEAL RUB, KNOB	00960016 536000	8/9/2024	95.27
2,446 Productivity Plus Ac	MIDWEST TRACTOR - 2 QTY BELT-V WIT	00960016 536000	8/9/2024	380.58
2,450 Reding Tire & Batter	NEW TIRE FOR TORO MOWER	00960016 536000	8/9/2024	126.60
2,477 JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	00960016 536000	8/13/2024	868.52
2,482 Verizon Wireless - S	VERIZON WIRELESS CHARGES	00960016 536000	8/15/2024	5.43
2,427 LOU FUSZ FORD OF HIG	PARKS TRUCK REPAIRS	00960016 536010	8/9/2024	92.98
2,472 CITY OF HIGHLAND	PARK&REC - TRUCK #38 MTN/REPAIR	00960016 536010	8/9/2024	198.38
2,437 NEGWER DOOR SYSTEMS	WCC DOOR WORK	00960016 538000	8/9/2024	135.00
ACH IL Department Of Rev	JULY SALES TAX	00960016 539000	8/5/2024	96.00
ACH IL Department Of Rev	JUNE SALES TAX	00960016 539000	8/5/2024	459.00
2,404 FROST ELECTRIC SUPPL	GARDEN CLUB AREA LIGHT REPAIRS	00960016 539000	8/9/2024	896.78
2,410 Hediger's Backhoe In	PUMP DOG PARK	00960016 539000	8/9/2024	400.00
2,410 Hediger's Backhoe In	SILVER LAKE PUMP BOAT RAMP	00960016 539000	8/9/2024	200.00
2,419 It's Party Time	PLAYGROUND AT SILVER LAKE BOUNCE HOUSES	00960016 539000	8/9/2024	575.00
2,437 NEGWER DOOR SYSTEMS	PERIMETER SEAL FOR WCC	00960016 539000	8/9/2024	59.64



2,476 WALMART COMMUNITY/ C	WAL-MART OPERATING ACCOUNT	00960016 539000	8/9/2024	172.68
2,461 THE KWIK CONNECTION	06/05/24 -2 COL X3" AD W/COLOR (FARMERS MARKET)	00960016 539033	8/9/2024	72.00
2,356 CDW G Inc	BCDA EMAIL PROT GTWY DEF SUB 1MO	00960016 539050	8/9/2024	342.90
2,420 JAMES METTRICK	THURSDAY NIGHT PERFORMER 08/15/24	00960016 539057	8/9/2024	800.00
2,380 BALLOONATIC RN	PB & J VENDOR	00960016 539058	8/9/2024	250.00
2,399 ENCHANTED EVENTS	PB&J PERFORMER 8/9/24	00960016 539058	8/9/2024	530.35
2,476 WALMART COMMUNITY/ C	WAL-MART OPERATING ACCOUNT	00960016 539058	8/9/2024	198.82
2,412 Highland's Tru Buy	SENIOR CENTER	00960016 539065	8/9/2024	11.80
2,412 Highland's Tru Buy	SENIOR DAY	00960016 539065	8/9/2024	89.68
2,383 BASILICA OF ST LOUIS	YAH TOUR ON AUGUST 16TH	00960016 539066	8/9/2024	110.00
2,447 PROVINCE MOTHERHOUSE	YAH TOUR ON AUGUST 16TH	00960016 539066	8/9/2024	110.00
2,453 SHRINE OF ST. JOSEPH	YAH TOUR ON 8/16/24	00960016 539066	8/9/2024	110.00
2,358 Huels Oil Co	JULY DIESEL FUEL	00960016 542000	8/9/2024	641.46
2,365 WEX BANK	JULY FUEL	00960016 542000	8/9/2024	3,552.58
2,477 JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	00960016 542000	8/13/2024	50.95
2,366 Ace Hardware	ACE OPERATING SUPPLIES	00960016 543000	8/9/2024	94.97
2,373 AMAZON CAPITAL SERVI	1 QTY SPLIT WIRE LOOM TUBING	00960016 543000	8/9/2024	34.74
2,392 City Of Highland	JULY CENTRAL PURCHASING	00960016 543000	8/9/2024	750.18
2,405 FS Turf Solutions St	PARKS TURF SUPPLIES	00960016 543000	8/9/2024	772.00
2,412 Highland's Tru Buy	SENIOR CENTER	00960016 543000	8/9/2024	28.32
2,476 WALMART COMMUNITY/ C	WAL-MART OPERATING ACCOUNT	00960016 543000	8/9/2024	607.19
2,477 JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	00960016 543000	8/13/2024	572.63
2,476 WALMART COMMUNITY/ C	WAL-MART OPERATING ACCOUNT	00960016 543050	8/9/2024	65.86
2,463 TRENDY TEES & MORE	WORK SHIRTS FOR MARK	00960016 544000	8/9/2024	100.00
2,366 Ace Hardware	ACE OPERATING SUPPLIES	00960016 545000	8/9/2024	226.66
2,379 Aviston Lumber Compa	SILVER LAKE WOOD FOR REPLACEMENT POSTS	00960016 545000	8/9/2024	62.16
2,404 FROST ELECTRIC SUPPL	GARDEN CLUB REPLACEMENT LIGHTS	00960016 545000	8/9/2024	33.10
2,477 JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	00960016 545000	8/13/2024	222.93
2,477 JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	00960016 546000	8/13/2024	53.97
2,373 AMAZON CAPITAL SERVI	3 QTY DARWIN GRIP WEED EATER EXTENSION HANDLE	00960016 547000	8/9/2024	209.97
2,477 JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	00960016 547000	8/13/2024	253.95
2,417 IN THE SWIM	CHLORINE TABS FOR FOUNTAIN	00960016 549000	8/9/2024	290.98
	TOTAL			16,468.38
ACH IL Department Of Rev	JULY SALES TAX	00960503 539000	8/5/2024	294.00
ACH IL Department Of Rev	JUNE SALES TAX	00960503 539000	8/5/2024	415.00
2,356 CDW G Inc	BCDA EMAIL PROT GTWY DEF SUB 1MO	00960503 539050	8/9/2024	85.50
2,366 Ace Hardware	ACE OPERATING SUPPLIES	00960503 543000	8/9/2024	6.59
2,392 City Of Highland	JULY CENTRAL PURCHASING	00960503 543000	8/9/2024	149.50
2,476 WALMART COMMUNITY/ C	WAL-MART OPERATING ACCOUNT	00960503 543050	8/9/2024	1,039.51
2,371 All American Sportsw	Hoodies for KRC and HCP Guards	00960503 544000	8/9/2024	215.00
2,366 Ace Hardware	ACE OPERATING SUPPLIES	00960503 545000	8/9/2024	36.24
2,476 WALMART COMMUNITY/ C	WAL-MART OPERATING ACCOUNT	00960503 545000	8/9/2024	11.64
	TOTAL			2,252.98
2,427 LOU FUSZ FORD OF HIG	CEMETERY TRUCK REPAIRS	00960715 536010	8/9/2024	889.25
2,392 City Of Highland	JULY CENTRAL PURCHASING	00960715 543000	8/9/2024	36.00
2,405 FS Turf Solutions St	CEMETERY TURF SUPPLIES	00960715 543000	8/9/2024	282.00
2,477 JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	00960715 543000	8/13/2024	24.96
	TOTAL			1,232.21
2,355 CAPITAL ONE PUBLIC	CITY HALL REMODEL DEBT CERTIFICATES	01250000 562000	8/9/2024	44,668.25
	TOTAL			44,668.25
2,440 Oates Associates Inc	FEMA MAP REVISION STUDY PROJECT 16149	01270000 550500	8/9/2024	2,525.00
2,418 INDOFF INC	CITY HALL ADD ON	01270000 555000	8/9/2024	8,454.95
2,355 CAPITAL ONE PUBLIC	CITY HALL REMODEL DEBT CERTIFICATES	01270000 561000	8/9/2024	165,000.00
	TOTAL			175,979.95
2,440 Oates Associates Inc	PH2 & 3 6TH ST. CONST. SERV. 4-27 TO 5-24-24	05040050 550500	8/9/2024	3,387.50
2,360 ROOTERS AMERICAN MAI	STREET RESURFACING 2024 PW-02-24	05040050 554000	8/9/2024	71,985.40
	TOTAL			75,372.90
ACH SPRINGBROOK SOFTWARE	ACH SERVICES FOR JULY 2024	10100000 437120	8/16/2024	1,011.14
	TOTAL			1,011.14
2,482 Verizon Wireless - S	VERIZON WIRELESS CHARGES	10101101 531000	8/15/2024	166.44
2,457 SUMNER ONE INC.	COLOR OVERAGE CHARGE	10101101 534000	8/9/2024	226.53
2,482 Verizon Wireless - S	VERIZON WIRELESS CHARGES	10101101 536000	8/15/2024	5.43
2,377 Aramark Uniform Serv	RUG SERVICE	10101101 539000	8/9/2024	69.04
2,377 Aramark Uniform Serv	RUG SERVICE	10101101 539000	8/9/2024	69.04
2,456 SPRINGBROOK HOLDING	CIVICPAY TRANSACTION FEE	10101101 539000	8/9/2024	1,874.00
2,473 Cooperative Response	BASEFEEJULY,CRCAGENT,CRCAGENTDIALOUT,CRCINKUSE	10101101 539000	8/9/2024	1,368.25
2,476 WALMART COMMUNITY/ C	WAL-MART OPERATING ACCOUNT	10101101 539000	8/9/2024	12.78
2,356 CDW G Inc	BCDA EMAIL PROT GTWY DEF SUB 1MO	10101101 539050	8/9/2024	129.15
2,482 Verizon Wireless - S	VERIZON WIRELESS CHARGES	10101101 539050	8/15/2024	36.01
2,362 TANTALUS SYSTEMS INC	ANNUAL MAINTENANCE JAN 2024- DEC 2024	10101101 539300	8/9/2024	49,795.60
2,373 AMAZON CAPITAL SERVI	1 QTY EXPO DRY ERASE MARKERS	10101101 541000	8/9/2024	18.21
2,373 AMAZON CAPITAL SERVI	2 QTY FEBREEZE PLUG-IN, 1 QTY CLOROX TOILETWANDREF	10101101 541000	8/9/2024	59.75
2,365 WEX BANK	JULY FUEL	10101101 542000	8/9/2024	103.35
2,366 Ace Hardware	ACE OPERATING SUPPLIES	10101101 543000	8/9/2024	39.99
2,373 AMAZON CAPITAL SERVI	1 QTY EXILLY STANDARD CALCULATOR DESKTOP	10101101 543000	8/9/2024	9.99
2,392 City Of Highland	JULY CENTRAL PURCHASING	10101101 543000	8/9/2024	311.14
2,477 JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	10101101 545000	8/13/2024	49.99
2,455 Splish Splash Auto B	CAR WASHES CITY POLICE CARS AND ELECTRIC DEPARTMEN	10101101 546000	8/9/2024	14.00
	TOTAL			54,358.69
2,374 Ameren Illinois	GAS CHARGE- POWER PLANT	10101102 533000	8/9/2024	94.85
2,477 JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	10101102 538000	8/13/2024	259.98
2,377 Aramark Uniform Serv	JULY UNIFORM AND RUG SERVICE	10101102 539000	8/9/2024	74.29

2,465	TURF GATOR LLC	WEED CONTROL AT ROUND ABOUTS	10101102 539000	8/9/2024	109.00
2,476	WALMART COMMUNITY/ C	WAL-MART OPERATING ACCOUNT	10101102 539000	8/9/2024	61.50
2,356	CDW G Inc	BCDA EMAIL PROT GTWY DEF SUB 1MO	10101102 539050	8/9/2024	42.75
2,365	WEX BANK	JULY FUEL	10101102 542000	8/9/2024	401.84
2,366	Ace Hardware	ACE OPERATING SUPPLIES	10101102 543000	8/9/2024	228.89
2,439	O'Reilly Automotive	1 QTY DRILL BIT, 1 QTY DISPOSBLE GL	10101102 543000	8/9/2024	43.98
2,439	O'Reilly Automotive	1 QTY BATT CHARGER, 1 ATY TEST LEADS	10101102 543000	8/9/2024	59.48
2,476	WALMART COMMUNITY/ C	WAL-MART OPERATING ACCOUNT	10101102 543000	8/9/2024	79.78
2,477	JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	10101102 543000	8/13/2024	2.32
2,366	Ace Hardware	ACE OPERATING SUPPLIES	10101102 545000	8/9/2024	52.96
2,401	Fabick Power Systems	4 QTY ELEMENT A-A	10101102 545000	8/9/2024	580.88
2,439	O'Reilly Automotive	4 QTY BATTERY, CORE CHARGE, CORE EXCHANGE	10101102 545000	8/9/2024	497.16
2,446	Productivity Plus Ac	MIDWEST TRACTOR - 1 QTY CLUTCH-ANC	10101102 545000	8/9/2024	53.99
2,448	R P Lumber Co Inc	ROOF FLASHING FOR POWER PLANT	10101102 545000	8/9/2024	10.78
2,433	McKay Auto Parts Inc	TRUCK 60 FILTER & OIL	10101102 546000	8/9/2024	30.81
2,433	McKay Auto Parts Inc	TRUCK 60 AIR FILTER & CABIN AIR FILTER	10101102 546000	8/9/2024	31.97
2,438	Northtown Auto & Tra	CLAMP 3 1/2" TRUCK 67	10101102 546000	8/9/2024	11.70
2,438	Northtown Auto & Tra	CLAMP 3 7/8, 4" CLAMP, RETURN 3 1/2" CLAMP TRK 67	10101102 546000	8/9/2024	9.19
2,439	O'Reilly Automotive	1 QTY AIR FILTER, 1 QTY AIR FILTER, 1 QTY OIL FITL	10101102 546000	8/9/2024	169.23
2,439	O'Reilly Automotive	1 QTY AIR FILTER	10101102 546000	8/9/2024	-54.11
2,439	O'Reilly Automotive	2 QTY HD BRK SHOES	10101102 546000	8/9/2024	294.48
2,439	O'Reilly Automotive	2 QTY WEATHER STRP	10101102 546000	8/9/2024	25.98
2,439	O'Reilly Automotive	1 QTY 1GALP/SFLUID	10101102 546000	8/9/2024	19.79
2,439	O'Reilly Automotive	2 QTY HD BRK SHOES	10101102 546000	8/9/2024	-294.48
2,451	RUSH TRUCK CENTER S	S&A TRUCK 67	10101102 546000	8/9/2024	1,499.00
2,451	RUSH TRUCK CENTER S	S&A TRUCK 67	10101102 546000	8/9/2024	22.90
2,358	Huels Oil Co	DHS-PREM OFF-ROAD DIESEL	10101102 549000	8/9/2024	18,794.97
				TOTAL	23,215.86
2,382	BARKLEY SCHLAEFER	PER DIEM MEALS IMEA 08/12/24-08/15/24 B SCHLAEFER	10101104 524000	8/9/2024	117.00
2,406	GENE COX	PER DIEM MEALS IMEA 08/12/24-08/15/24 G COX	10101104 524000	8/9/2024	117.00
2,415	Illinois Municipal U	FOREMAN ACADEMY FOR GENE, CHRIS, BARKLEY	10101104 524000	8/9/2024	3,150.00
2,452	SCARBOROUGH CHRISTOP	PERDIEM MEALS IMEA 08/12/24-08/15/24 C SCARBOROUGH	10101104 524000	8/9/2024	117.00
2,482	Verizon Wireless - S	VERIZON WIRELESS CHARGES	10101104 531000	8/15/2024	94.13
2,374	Ameren Illinois	TOTAL LIGHTING CHARGE- VULLIET RD	10101104 533000	8/9/2024	39.90
2,470	Ameren Illinois	GAS CHARGE- UTILITY	10101104 533000	8/9/2024	64.80
2,388	Cee Kay Supply Inc	RENTAL NI300: NITROGEN-300 SIZE	10101104 534000	8/9/2024	19.28
2,372	Altec Industries Inc	PM & DIELECTRIC INSPECTION	10101104 536000	8/9/2024	1,558.89
2,372	Altec Industries Inc	PM & DIELECTRIC INSPECTION	10101104 536000	8/9/2024	1,190.39
2,372	Altec Industries Inc	PM & DIELECTRIC INSPECTION	10101104 536000	8/9/2024	1,029.56
2,372	Altec Industries Inc	BLOWN HOSE IN LOWER BOOM ON TRUCK 222	10101104 536000	8/9/2024	665.94
2,477	JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	10101104 538000	8/13/2024	511.45
2,375	ANIXTER INC.	GLOVE TESTING & 2 NEW GLOVES THAT FAILED	10101104 539000	8/9/2024	408.00
2,356	CDW G Inc	BCDA EMAIL PROT GTWY DEF SUB 1MO	10101104 539050	8/9/2024	385.65
2,482	Verizon Wireless - S	VERIZON WIRELESS CHARGES	10101104 539050	8/15/2024	144.04
2,358	Huels Oil Co	JULY DIESEL FUEL	10101104 542000	8/9/2024	1,939.90
2,365	WEX BANK	JULY FUEL	10101104 542000	8/9/2024	798.53
2,382	BARKLEY SCHLAEFER	GAS CHARGE DURING THE NATIONWIDE OUTAGE	10101104 542000	8/9/2024	81.01
2,366	Ace Hardware	ACE OPERATING SUPPLIES	10101104 543000	8/9/2024	5.99
2,373	AMAZON CAPITAL SERVI	1 QTY 8FT LED BULBS, 2QTY 4FT B LIGHT BULBS	10101104 543000	8/9/2024	217.59
2,375	ANIXTER INC.	7526A10G03 TRANSFORMER POTENTIAL	10101104 543000	8/9/2024	1,389.00
2,395	DECO SUPPLY	ELECTRICAL TAPE BLUE BROWNREW WHITE YELLOW	10101104 543000	8/9/2024	1,533.00
2,402	Fletcher Reinhardt C	CONNECTOR COVER	10101104 543000	8/9/2024	391.00
2,445	Power Line Supply	25 QTY KIT SPLICE MOLDED RUBBER	10101104 543000	8/9/2024	774.00
2,445	Power Line Supply	500 QTY CONDUIT PVC SCH40 2-1/2 INX10FT UL	10101104 543000	8/9/2024	1,170.00
2,445	Power Line Supply	500 QTY WASHER 3X3X1/4 SQ CRV FOR 5/8IN BOLT	10101104 543000	8/9/2024	720.00
2,459	Tallman Equipment Co	3/8 X 600FT SSR-1200 ULTRA GROUND ROPE- SAMSON	10101104 543000	8/9/2024	178.70
2,477	JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	10101104 543000	8/13/2024	86.84
2,375	ANIXTER INC.	GLOVE TESTING & 2 NEW GLOVES THAT FAILED	10101104 544000	8/9/2024	191.94
2,463	TRENDY TEES & MORE	EMBROIDERED LOGOS ON SHIRTS	10101104 544000	8/9/2024	256.00
2,477	JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	10101104 544000	8/13/2024	16.99
2,366	Ace Hardware	ACE OPERATING SUPPLIES	10101104 545000	8/9/2024	47.99
2,477	JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	10101104 545000	8/13/2024	206.39
2,362	TANTALUS SYSTEMS INC	250 QTY ITRON CENTROM,250 QTY TUNET SOFTWARE LIC	10101104 553060	8/9/2024	23,582.50
2,361	T.R. MILLER MILL CO.	Power Pole Quote 061824	10101104 554010	8/9/2024	16,021.25
				TOTAL	59,221.65
2,409	HEATHER KERNAN	HCS REFUND	11100000 111500	8/9/2024	80.05
				TOTAL	80.05
2,425	LOGICOMUSA	MONTHLY REGULATORY COMPLIANCE REMINDER AND FILINGS	11105111 522000	8/9/2024	330.00
2,482	Verizon Wireless - S	VERIZON WIRELESS CHARGES	11105111 531000	8/15/2024	169.03
2,457	SUMNER ONE INC.	COPIER USAGE/LEASE	11105111 534000	8/9/2024	156.40
2,480	SUMNER ONE INC.	COPIER USAGE/LEASE	11105111 534000	8/15/2024	156.24
2,480	SUMNER ONE INC.	COPIER USAGE/LEASE	11105111 534000	8/15/2024	156.62
2,482	Verizon Wireless - S	VERIZON WIRELESS CHARGES	11105111 536000	8/15/2024	5.43
2,477	JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	11105111 538000	8/13/2024	170.48
	ACH IL Department Of Rev	JUNE SALES TAX	11105111 539000	8/5/2024	138.00
2,377	Aramark Uniform Serv	RUG SERVICE	11105111 539000	8/9/2024	74.76
2,377	Aramark Uniform Serv	RUG SERVICE	11105111 539000	8/9/2024	74.76
2,416	ILLINOIS TELECOMMUNI	LOCALEXCHANGECARRIER&INTERCONNECTEDVOIP&WIRELESS	11105111 539000	8/9/2024	13.44
2,416	ILLINOIS TELECOMMUNI	LOCALEXCHANGECARRIER&INTERCONNECTEDVOIP&WIRELESS	11105111 539000	8/9/2024	13.70
2,396	DigitalArtz LLC	SOCIAL ENGINEERING RED FLAG POSTERS	11105111 539033	8/9/2024	228.93
2,397	Drive Social Media	SOCIAL MEDIA MONTHLY SERVICE	11105111 539033	8/9/2024	2,000.00
2,397	Drive Social Media	SOCIAL MEDIA MONTHLY SERVICE	11105111 539033	8/9/2024	2,000.00
2,432	Mastercard	JULY CREDIT CARD TRANSACTIONS IMMING	11105111 539033	8/9/2024	435.40
2,356	CDW G Inc	BCDA EMAIL PROT GTWY DEF SUB 1MO	11105111 539050	8/9/2024	256.95
2,475	GREAT LAKES DATA SYS	SMS OUTBOUND MESSAGING GEES	11105111 539050	8/9/2024	150.00
2,475	GREAT LAKES DATA SYS	BROADHUB SOFTWARE SUPPORT	11105111 539050	8/9/2024	1,254.00
2,359	Missouri Network All	AUGUST BLUEBIRD NETWORK	11105111 539051	8/9/2024	969.65



2,435	MOMENTUM TELECOM IN	AUGUST VOICE CONTENT FEE #325794	11105111 539051	8/9/2024	9,801.77
2,359	Missouri Network All	AUGUST BLUEBIRD NETWORK	11105111 539052	8/9/2024	10,668.00
2,391	Cinemax Home Box Off	JULY VIDEO CONTENT FEE	11105111 539052	8/9/2024	80.00
2,408	HBO Home Box Office	JULY VIDEO CONTENT FEE	11105111 539052	8/9/2024	270.00
2,478	4COM Inc	AUGUST 2024 PROGRAMMING	11105111 539052	8/15/2024	59,058.35
2,479	GRAY MEDIA GROUP LLC	JANUARY SUBSCRIBERS KMOV-D2	11105111 539052	8/15/2024	1,226.40
2,479	GRAY MEDIA GROUP LLC	JANUARY SUBSCRIBERS KMOV-D3	11105111 539052	8/15/2024	105.12
2,479	GRAY MEDIA GROUP LLC	JANUARY SUBSCRIBERS KMOV-D1	11105111 539052	8/15/2024	7,008.00
2,479	GRAY MEDIA GROUP LLC	FEBRUARY SUBSCRIBERS KMOV-D2	11105111 539052	8/15/2024	1,215.20
2,479	GRAY MEDIA GROUP LLC	FEBRUARY SUBSCRIBERS KMOV-D3	11105111 539052	8/15/2024	104.16
2,479	GRAY MEDIA GROUP LLC	FEBRUARY SUBSCRIBERS KMOV-D1	11105111 539052	8/15/2024	6,944.00
2,479	GRAY MEDIA GROUP LLC	MAY SUBSCRIBERS KMOV-D2	11105111 539052	8/15/2024	1,229.20
2,479	GRAY MEDIA GROUP LLC	MAY SUBSCRIBERS KMOV-D3	11105111 539052	8/15/2024	105.36
2,479	GRAY MEDIA GROUP LLC	MAY SUBSCRIBERS KMOV-D1	11105111 539052	8/15/2024	7,024.00
2,479	GRAY MEDIA GROUP LLC	JUNE SUBSCRIBERS KMOV-D2	11105111 539052	8/15/2024	1,225.00
2,479	GRAY MEDIA GROUP LLC	JUNE SUBSCRIBERS KMOV-D3	11105111 539052	8/15/2024	105.00
2,479	GRAY MEDIA GROUP LLC	JUNE SUBSCRIBERS KMOV-D1	11105111 539052	8/15/2024	7,000.00
2,479	GRAY MEDIA GROUP LLC	JULY SUBSCRIBERS KMOV-D2	11105111 539052	8/15/2024	1,227.80
2,479	GRAY MEDIA GROUP LLC	JULY SUBSCRIBERS KMOV-D3	11105111 539052	8/15/2024	105.24
2,479	GRAY MEDIA GROUP LLC	JULY SUBSCRIBERS KMOV-D1	11105111 539052	8/15/2024	7,016.00
2,481	Vantage Point Soluti	TIVO CONFIGURATION	11105111 539052	8/15/2024	1,377.50
2,359	Missouri Network All	AUGUST BLUEBIRD NETWORK	11105111 539053	8/9/2024	12,708.00
2,356	CDW G Inc	DELL 7020 I7-14700 512/32 W11P	11105111 539200	8/9/2024	5,645.32
2,358	Huels Oil Co	JULY DIESEL FUEL	11105111 542000	8/9/2024	109.03
2,365	WEX BANK	JULY FUEL	11105111 542000	8/9/2024	98.48
2,366	Ace Hardware	ACE OPERATING SUPPLIES	11105111 543000	8/9/2024	9.18
2,392	City Of Highland	JULY CENTRAL PURCHASING	11105111 543000	8/9/2024	182.69
2,472	CITY OF HIGHLAND	HCS-TRUCK 89 WIPER BLADES,OILFILTER,POWERSTEERINGF	11105111 546000	8/9/2024	267.28
2,373	AMAZON CAPITAL SERVI	1 QTY SURFACE PRO TABLET	11105111 547000	8/9/2024	1,164.98
2,373	AMAZON CAPITAL SERVI	1 QTY TRIPP LITE 5FT USB ADAPTER CABLE	11105111 547000	8/9/2024	17.15
2,373	AMAZON CAPITAL SERVI	10 QTY G SKILL RIPJAWS S5 SERIES RAM 32GB	11105111 547000	8/9/2024	989.90
2,373	AMAZON CAPITAL SERVI	1 QTY DISPLAY PORT ADAPTER, 4 QTY USB ADAPTER	11105111 547000	8/9/2024	94.93
2,373	AMAZON CAPITAL SERVI	SURFACE PRO 10, KEYBOARD	11105111 553000	8/9/2024	2,861.98
2,407	Graybar	4.8 MM JUMPERS	11105111 553000	8/9/2024	219.50
			TOTAL		156,018.31
2,482	Verizon Wireless - S	VERIZON WIRELESS CHARGES	20102201 531000	8/15/2024	51.82
2,456	SPRINGBROOK HOLDING	CIVICPAY TRANSACTION FEE	20102201 539000	8/9/2024	749.60
2,473	Cooperative Response	BASEFEEJULY,CRCAGENT,CRCAGENTDIALOUT,CRCLINKUSE	20102201 539000	8/9/2024	146.59
2,356	CDW G Inc	BCDA EMAIL PROT GTWY DEF SUB 1MO	20102201 539050	8/9/2024	42.75
			TOTAL		990.76
2,482	Verizon Wireless - S	VERIZON WIRELESS CHARGES	20102202 531000	8/15/2024	135.94
2,472	CITY OF HIGHLAND	WTP-BOAT-FULE PIPE JOINT	20102202 536000	8/9/2024	138.02
2,400	EVERLASTING ETCH	8X10 PLAQUE - TIM STEINMANN RETIREMENT	20102202 539000	8/9/2024	58.00
2,460	Teklab Inc	LAB TESTING DRINKING WATER	20102202 539023	8/9/2024	1,331.80
2,356	CDW G Inc	BCDA EMAIL PROT GTWY DEF SUB 1MO	20102202 539050	8/9/2024	171.45
2,365	WEX BANK	JULY FUEL	20102202 542000	8/9/2024	75.71
2,392	City Of Highland	JULY CENTRAL PURCHASING	20102202 543000	8/9/2024	64.52
2,366	Ace Hardware	ACE OPERATING SUPPLIES	20102202 545000	8/9/2024	82.96
2,477	JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	20102202 545000	8/13/2024	89.99
2,364	USALCO	DELPAC 2950	20102202 549000	8/9/2024	16,549.10
			TOTAL		18,697.49
2,482	Verizon Wireless - S	VERIZON WIRELESS CHARGES	20102203 531000	8/15/2024	144.99
2,482	Verizon Wireless - S	VERIZON WIRELESS CHARGES	20102203 536000	8/15/2024	2.71
2,356	CDW G Inc	BCDA EMAIL PROT GTWY DEF SUB 1MO	20102203 539050	8/9/2024	64.35
2,358	Huels Oil Co	JULY DIESEL FUEL	20102203 542000	8/9/2024	347.75
2,365	WEX BANK	JULY FUEL	20102203 542000	8/9/2024	943.70
2,366	Ace Hardware	ACE OPERATING SUPPLIES	20102203 543000	8/9/2024	51.47
2,392	City Of Highland	JULY CENTRAL PURCHASING	20102203 543000	8/9/2024	102.74
2,438	Northtown Auto & Tra	SIMPLE GREEN, PS FLUID, OIL DRY	20102203 543000	8/9/2024	21.30
2,477	JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	20102203 543000	8/13/2024	145.74
2,477	JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	20102203 544000	8/13/2024	133.98
2,366	Ace Hardware	ACE OPERATING SUPPLIES	20102203 545000	8/9/2024	19.98
2,477	JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	20102203 545000	8/13/2024	3.99
2,367	ADR HIGHLAND INC.	TIRE REPAIR - Truck 716	20102203 546000	8/9/2024	27.00
2,438	Northtown Auto & Tra	FUEL, OIL, LUBE, FILTERS, FUEL ELEMENT	20102203 546000	8/9/2024	254.46
2,438	Northtown Auto & Tra	COOLING SYS.	20102203 546000	8/9/2024	9.50
2,446	Productivity Plus Ac	LUBY-1 QTY PIN	20102203 546000	8/9/2024	18.90
2,446	Productivity Plus Ac	LUBY-1 QTY RADIO, SEPT 10TH CASE, REORDERED NEW P#	20102203 546000	8/9/2024	159.04
2,451	RUSH TRUCK CENTER S	TRANSMITTER - SPEEED SENSOR WS-24	20102203 546000	8/9/2024	95.00
2,477	JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	20102203 546000	8/13/2024	1.79
2,433	McKay Auto Parts Inc	9PC SPRAY GUN SET	20102203 547000	8/9/2024	77.65
2,477	JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	20102203 547000	8/13/2024	34.94
2,363	UNITED SYSTEMS & SOF	200: ITRON 100W PIT ENCODER 2 PORT/CONNECT.	20102203 553060	8/9/2024	22,102.81
			TOTAL		24,763.79
2,456	SPRINGBROOK HOLDING	CIVICPAY TRANSACTION FEE	30103301 539000	8/9/2024	749.60
2,473	Cooperative Response	BASEFEEJULY,CRCAGENT,CRCAGENTDIALOUT,CRCLINKUSE	30103301 539000	8/9/2024	146.60
2,356	CDW G Inc	BCDA EMAIL PROT GTWY DEF SUB 1MO	30103301 539050	8/9/2024	42.75
2,392	City Of Highland	JULY CENTRAL PURCHASING	30103301 543000	8/9/2024	11.09
			TOTAL		950.04
2,482	Verizon Wireless - S	VERIZON WIRELESS CHARGES	30103303 531000	8/15/2024	30.67
2,482	Verizon Wireless - S	VERIZON WIRELESS CHARGES	30103303 536000	8/15/2024	2.72
2,356	CDW G Inc	BCDA EMAIL PROT GTWY DEF SUB 1MO	30103303 539050	8/9/2024	64.35
2,358	Huels Oil Co	JULY DIESEL FUEL	30103303 542000	8/9/2024	347.76
2,366	Ace Hardware	ACE OPERATING SUPPLIES	30103303 543000	8/9/2024	4.50
2,392	City Of Highland	JULY CENTRAL PURCHASING	30103303 543000	8/9/2024	102.73

2,438 Northtown Auto & Tra	SIMPLE GREEN, PS FLUID, OIL DRY	30103303 543000	8/9/2024	21.31
2,477 JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	30103303 543000	8/13/2024	100.79
2,477 JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	30103303 544000	8/13/2024	133.99
2,366 Ace Hardware	ACE OPERATING SUPPLIES	30103303 545000	8/9/2024	19.99
2,477 JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	30103303 545000	8/13/2024	4.00
2,367 ADR HIGHLAND INC.	TIRE REPAIR - Truck 716	30103303 546000	8/9/2024	27.00
2,438 Northtown Auto & Tra	FUEL, OIL, LUBE, FILTERS, FUEL ELEMENT	30103303 546000	8/9/2024	254.47
2,451 RUSH TRUCK CENTER S	COOLING SYS.	30103303 546000	8/9/2024	9.50
2,446 Productivity Plus Ac	LUBY- 1 QTY PIN	30103303 546000	8/9/2024	18.90
2,446 Productivity Plus Ac	LUBY-1 QTY RADIO, SEPT 10TH CASE, REORDERED NEW P#	30103303 546000	8/9/2024	159.04
2,451 RUSH TRUCK CENTER S	TRANSMITTER - SPEED SENSOR WS-24	30103303 546000	8/9/2024	95.00
2,477 JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	30103303 546000	8/13/2024	1.79
2,433 McKay Auto Parts Inc	9PC SPRAY GUN SET	30103303 547000	8/9/2024	77.64
2,434 MIDWEST MUNICIPAL SU	6 1/2" HOLE SAW SDR 35 RED	30103303 547000	8/9/2024	278.96
2,477 JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	30103303 547000	8/13/2024	20.00
			TOTAL	1,775.11
2,482 Verizon Wireless - S	VERIZON WIRELESS CHARGES	30103304 531000	8/15/2024	123.84
2,369 Alert Electric Inc.	CHECK OUT BLOWER # 3 WRF	30103304 536000	8/9/2024	120.00
2,398 Durkin Equipment Co	QUARTERLY CALIBRATION	30103304 536000	8/9/2024	1,129.00
2,460 Teklab Inc	WRF MONTHLY EFFLUENT	30103304 539023	8/9/2024	73.90
2,356 CDW G Inc	BCDA EMAIL PROT GTWY DEF SUB 1MO	30103304 539050	8/9/2024	171.45
2,365 WEX BANK	JULY FUEL	30103304 542000	8/9/2024	357.33
2,392 City Of Highland	JULY CENTRAL PURCHASING	30103304 543000	8/9/2024	192.63
2,476 WALMART COMMUNITY/ C	WAL-MART OPERATING ACCOUNT	30103304 543000	8/9/2024	20.95
2,477 JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	30103304 543000	8/13/2024	33.47
2,366 Ace Hardware	ACE OPERATING SUPPLIES	30103304 545000	8/9/2024	25.14
2,434 MIDWEST MUNICIPAL SU	SUPPLIES - WRF	30103304 545000	8/9/2024	154.26
2,477 JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	30103304 545000	8/13/2024	63.39
2,477 JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	30103304 546000	8/13/2024	10.99
			TOTAL	2,476.35
2,482 Verizon Wireless - S	VERIZON WIRELESS CHARGES	40120401 531000	8/15/2024	411.18
2,466 U.S. BANK EQUIPMENT	COPIER USAGE/LEASE	40120401 534000	8/9/2024	169.83
2,482 Verizon Wireless - S	VERIZON WIRELESS CHARGES	40120401 536000	8/15/2024	5.43
2,393 COMMERCIAL ACCEPTANC	JULY COLLECTION AGENCY DUES	40120401 539024	8/9/2024	250.52
2,443 PAUL HARRE	OVERPAYMENT FROM AMBULANCE	40120401 539025	8/9/2024	75.00
2,356 CDW G Inc	BCDA EMAIL PROT GTWY DEF SUB 1MO	40120401 539050	8/9/2024	300.15
2,482 Verizon Wireless - S	VERIZON WIRELESS CHARGES	40120401 539050	8/15/2024	72.02
2,373 AMAZON CAPITAL SERVI	CREDIT FOR INV 1VYN-9GWL-4JKT	40120401 539200	8/9/2024	-507.09
2,358 Huels Oil Co	JULY DIESEL FUEL	40120401 542000	8/9/2024	197.37
2,365 WEX BANK	JULY FUEL	40120401 542000	8/9/2024	447.38
2,368 Airgas USA LLC	OXYGEN	40120401 543000	8/9/2024	261.31
2,373 AMAZON CAPITAL SERVI	1 QTY URBAN ARMOR GEAR FOR SURFACE PRO CASE	40120401 543000	8/9/2024	93.88
2,392 City Of Highland	JULY CENTRAL PURCHASING	40120401 543000	8/9/2024	99.51
2,373 AMAZON CAPITAL SERVI	CREDIT FOR INV 1KWK-PM7D-6QMJ	40120401 544000	8/9/2024	-24.49
2,477 JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING ACCOUNT	40120401 545000	8/13/2024	5.93
			TOTAL	1,857.93
2,423 KILLIAN AND ASSOCIAT	INTERVIEW WITH CHRISTOPHER R FLAKE	70221702 539000	8/9/2024	5,819.94
			TOTAL	5,819.94
2,456 SPRINGBROOK HOLDING	CIVICPAY TRANSACTION FEE	71304713 539000	8/9/2024	374.80
			TOTAL	374.80
2,469 WILLIAM DUNCAN	REIMBURSEMENT FOR INSURANCE OVERPAYMENT	80200000 221601	8/9/2024	1,019.47
			TOTAL	1,019.47
			<b>GRAND TOTAL</b>	<b>743,287.60</b>

Accepted by City Council August 19, 2024

Mayor:

Clerk: