



# State of Illinois

Budget Briefing | Fiscal Year 2015 | Pat Quinn, Governor





**FIVE YEAR BLUEPRINT  
TO SECURE ILLINOIS' ECONOMIC  
FUTURE  
FY 2015-2019**



## Guiding Principles

- Provide Tax Relief for middle class and working families
- Stable, predictable state finances
- Avoid extreme and radical cuts to schools and critical services while expanding educational opportunities
- Continue to pay down the backlog of bills
- Continue efficiencies and fiscal discipline



## Addressing the Financial Crisis

- After inheriting the nation's worst financial crisis, the Governor implemented major structural reforms to restore fiscal stability:
  - Unprecedented spending cuts
  - Comprehensive pension reform
  - Historic collective bargaining agreement with unprecedented savings



## Economic Recovery

- Illinois' economy is seeing promising signs of growth following the worst recession since the Great Depression.
  - Created 257,400 new private sector jobs
  - 9,000 more businesses registered in Illinois
  - Lowest unemployment in five years
  - Ranked #3 in the country for corporate location and expansion by *Site Selection Magazine*



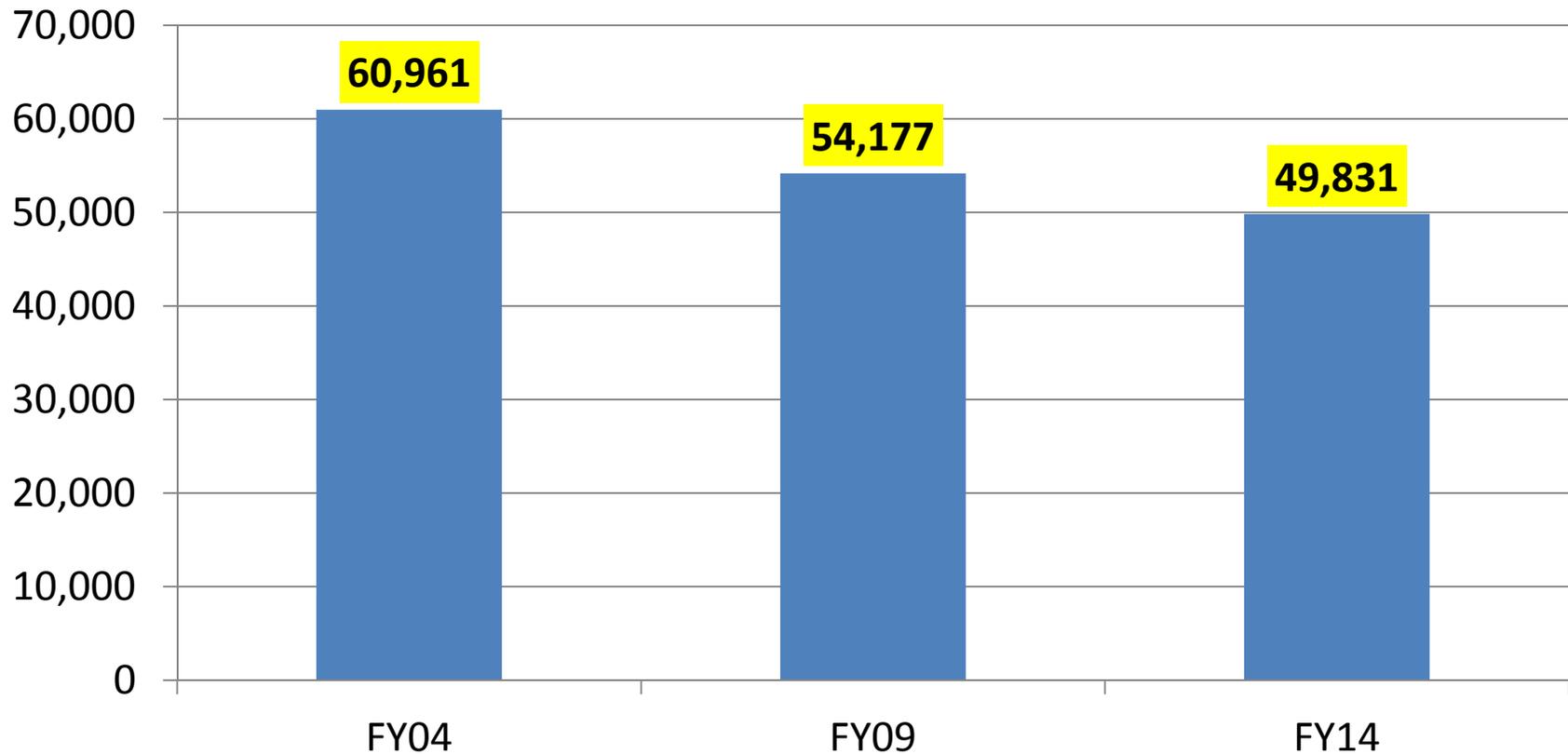
## Unprecedented Spending Cuts

- **\$5.7 billion** reduced spending during the last five years
  - Medicaid Overhaul \$3.2 billion
  - Human Services \$1.2 billion
  - Benefits \$688 million
  - State Facilities \$214 million
  - Leases & support services \$330 million
  - Dept. of Agriculture \$68 million



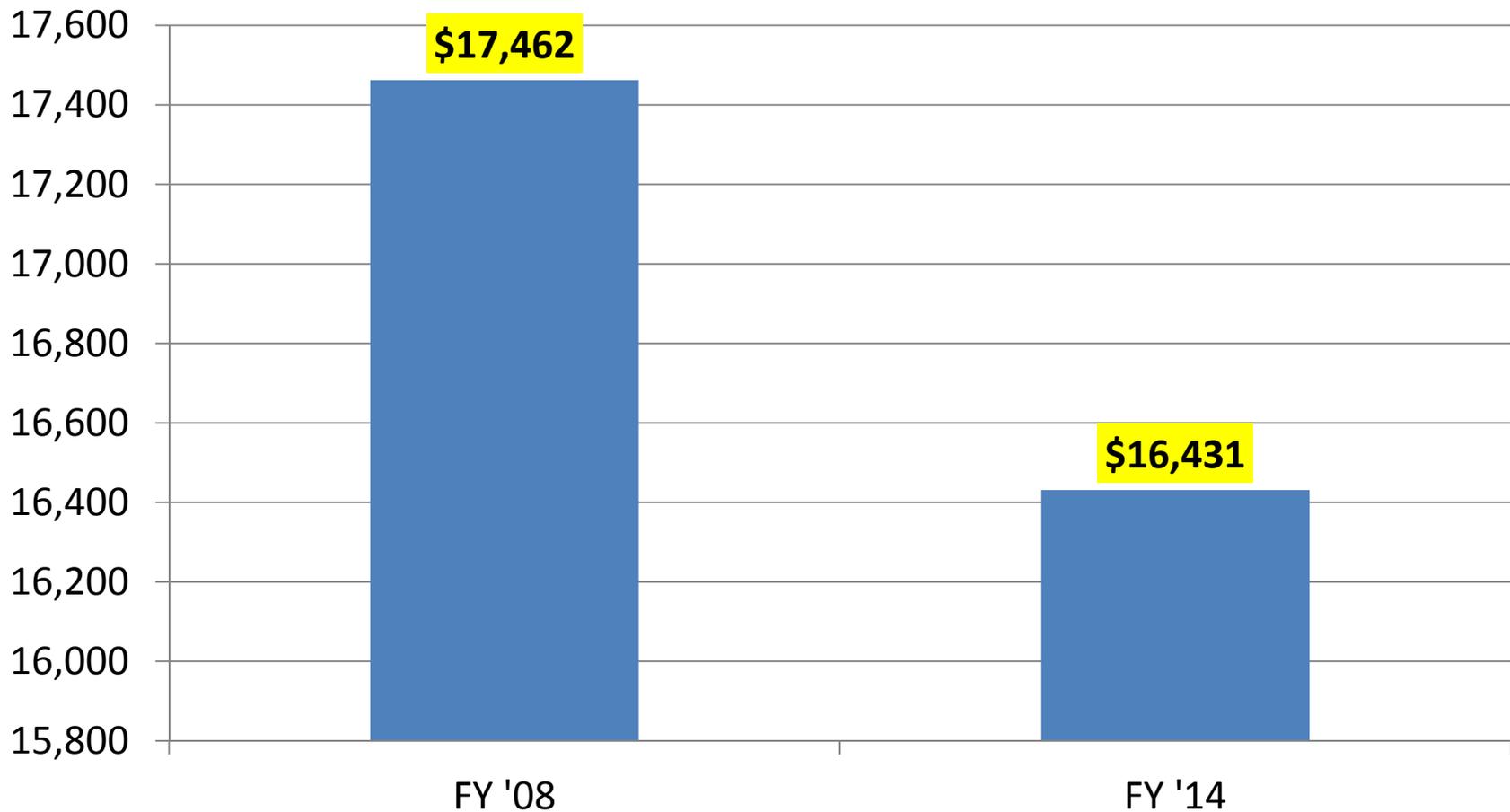
# State Payroll Reduced

Number of Employees



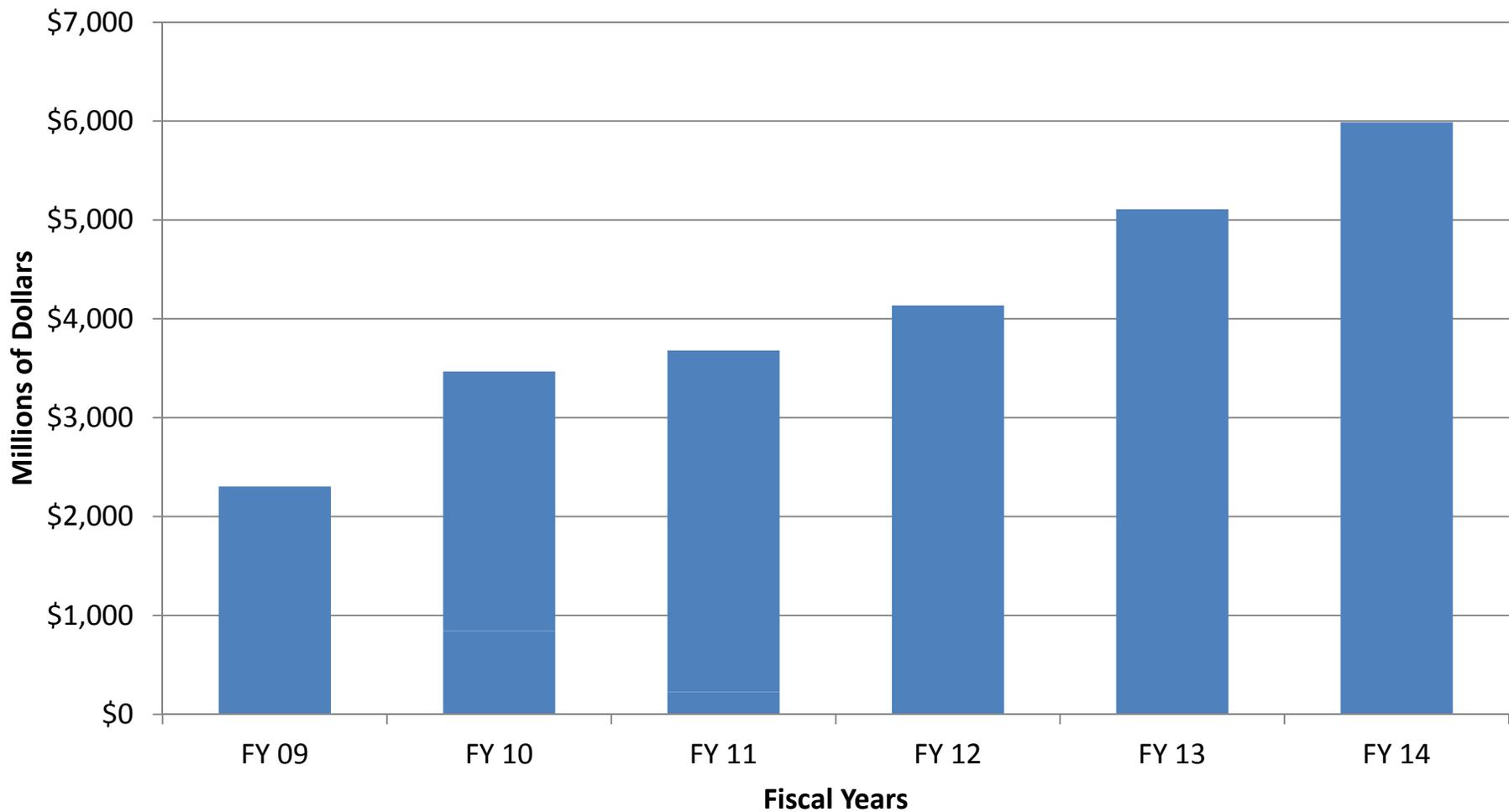


## GRF Discretionary Spending Continues to be Lower than '08 (millions)





# Pension Contribution Increases





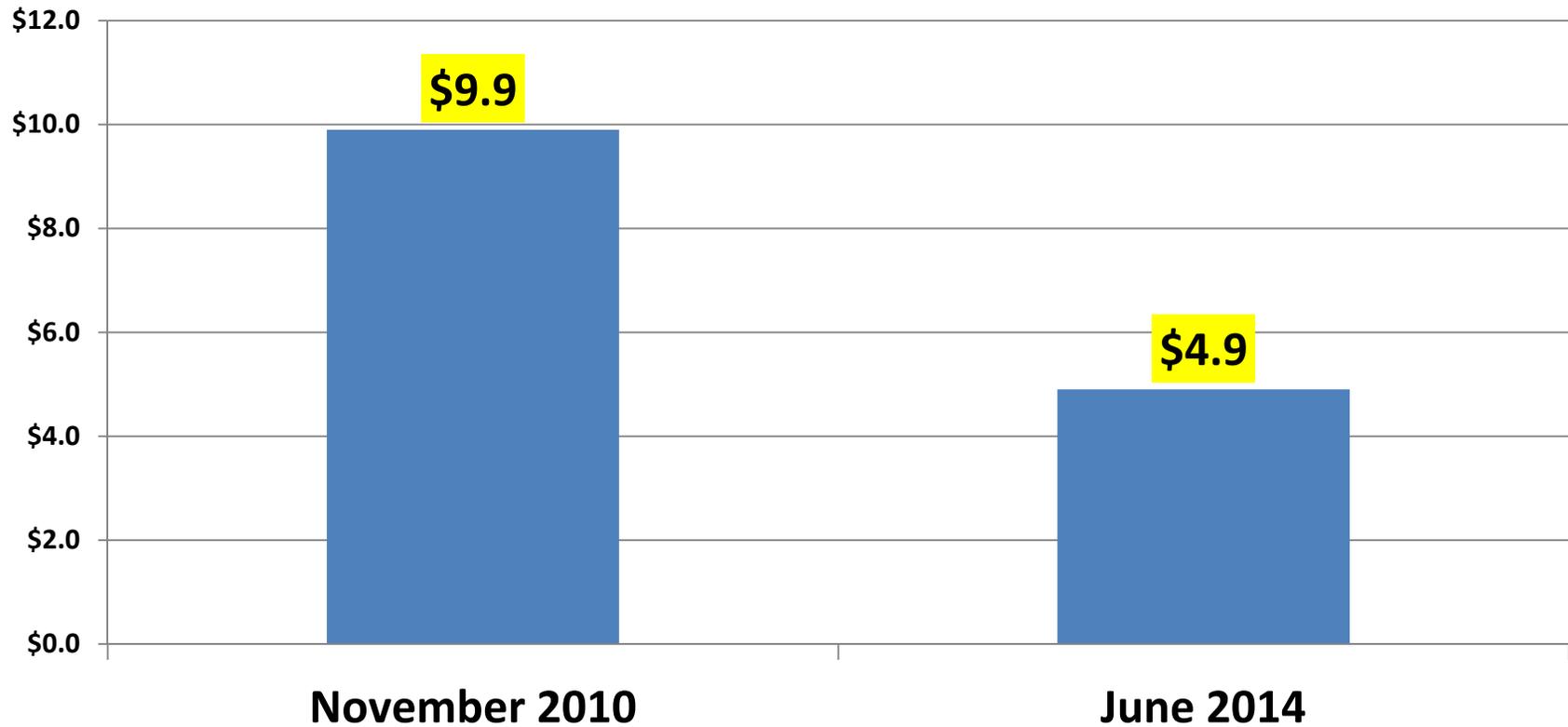
# Accomplished Comprehensive Pension Reform

- **Moody's stated this bill "may be the largest reform package implemented" by any state in the nation.**
  - *Moody's Investors Service, Issuer Comment: "Illinois Pension Reform Legislation is Credit Positive," Dec. 6, 2013*



# Reducing Backlog of Bills

Total Backlog  
\$ in billions





## 5-Year Blueprint

# Securing Illinois' Financial Future

- Provide Tax Relief for the middle class and working families
- Stable, predictable state finances
- Avoid extreme and radical cuts to schools and critical services and expand educational opportunities
- Continue to pay down the backlog of bills
- Continue efficiencies and fiscal disciplines



# FY15 Proposed Budget Highlights

- Targeted tax relief for homeowners and working families
- Continue to pay down backlog of bills
- Increased funding for P-20 education to the highest level in Illinois history
- Invests \$100 million in Birth to Five Initiative
- Increased MAP Scholarships for students in need by \$50 million
- Workforce training incentives for businesses to help create new jobs and ensure a skilled workforce
- Programs to further reduce recidivism and drive down incarceration
- Improved behavioral health and disabilities programs to provide more quality care and achieve long term savings



## **Not Recommended**

- Great harm to children, working families, and the Illinois economy
- Thousands of teacher layoffs and increased class sizes
- Local property tax increases
- Thousands of frail elderly denied community care programs
- Thousands of low wage working parents lose child care
- Nursing home protections and oversight put at risk
- Hundreds of state trooper lay-offs
- Hundreds of millions of federal dollars lost
- Reduced critical services for people with disabilities



## FY15 Overview

### REVENUES (Millions)

	FY14	FY15 Governor's Proposed Budget	Not Recommended: Extreme, Radical Cuts
General Funds	\$36,725	\$38,575	\$34,934 (-\$3,641)

### EXPENDITURES (Millions)

	FY14	FY15 Governor's Proposed Budget	Not Recommended: Extreme, Radical Cuts
General Funds	\$36,627	\$36,820 (\$1,275 property tax relief, \$480 bills)	\$34,600 (-\$3,495)



## FY15 Fixed Costs

	FY15 Budget
Pensions	\$6.2 billion
Medicaid	\$7.1 billion
Debt Service	\$2.2 billion
Transfers	\$3 billion
Group Health Insurance	\$1.5 billion
<b>Total</b>	<b>\$20 billion</b>



# FY15 Program Costs

	FY 15 Governor's Proposed Budget	<b>FY15 Not Recommended</b>
Education	\$8.797 billion	<b>\$7.796 billion (-\$1.001 billion)</b>
Economic Development	\$109 million	<b>\$68 million (-\$41 million)</b>
Public Safety	\$1.638 billion	<b>\$1.246 billion (-\$392 million)</b>
Human Services	\$5.716 billion	<b>\$4.604 billion (-\$1.112 billion)</b>
Environment and Culture	\$68 million	<b>\$54 million (-\$14 million)</b>
General Services	\$1.067 billion	<b>\$866 million (-\$201 million)</b>



## Relief for Families

- **Property tax refund-** Every homeowner in Illinois will receive a \$500 property tax refund each year.
  - Property tax is the most unfair tax of all and not based on ability to pay.
- **Double the Earned Income Tax Credit-** Further doubling this anti-poverty, pro-job creating tax credit to provide relief to working families and strengthen our economy.



## Enhanced Fiscal Reforms

- Additional Fiscal Reforms to secure Illinois' long term financial future
  - **Spending caps**- strengthen spending cap to ensure state government doesn't spend beyond its means
  - **Rainy Day Fund**- ensure financial stability even in times of economic downturn and other emergencies



## Highlights of FY15-19

- Classroom funding to highest levels in Illinois history
- Long term certainty for taxpayers and businesses
- Continued spending restraint and fiscal reforms
- More tax relief for working families and businesses
- Pay down bills to \$2.2 billion within 5 years, less than a 30 day payment cycle, which is a common private sector standard
- Invest a total of \$1.5 billion in Birth to Five Initiative
- Double MAP Scholarships for students in need