

CENTER FOR TAX AND BUDGET ACCOUNTABILITY

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State of Illinois Budget Outlook



For:

Thursday, November 11, 2010 - Webinar
The Illinois Budget Crisis—Key Information
for Human Service Leaders

Presented by:
Ralph Martire
Executive Director

(i) Revenue Needs in FY 2011	
• Carry Forward of Unpaid Bills from FY2010	\$ 6.0 B
• Repayment of Debt/Prior Fund Transfers	\$ 4.61 B
• Required Pension Payment	\$ 3.52 B
• Initial General Fund Approps FY2011	\$26.32 B
• Total Revenue Initially Needed in FY 2011	\$40.45 B
(ii) Anticipated FY 2011 Recurring Revenue	
• Estimated 2011 Own Source Gen Fund Revenue	\$21.26 B
• Estimated 2011 Federal Transfers	\$ 5.30 B
• Total Recurring Revenue	\$26.56 B
(iii) Initial FY2011 Operating Deficit	(-\$13.89 B)
• Initial Operating Deficit as % of Initial GF Approps	(-52.8%)
(iv) Cuts From Initial GF Approps	
• Initial FY2011 Spending Cuts Announced in July 2010	\$1.42 B
(v) FY2011 General Fund Approps Remaining after July 2010 Cuts	
	\$24.9 B
(vi) FY2011 Operating Deficit After July 2010 Cuts	(-\$12.47B)
• Remaining Operating Deficit as % of Revised GF Approps	50.1%
(vii) One-Time, Nonrecurring Revenue/Debt Created for FY2011 GF	
• Securitization of Tobacco Litigation Proceeds	\$1.20 B
• Tax Amnesty Program	\$ 0.25 B
• Raiding Special Funds	\$1.00 B
• Carry Forward of Federal ARRA Transfers	\$0.55 B
• Total One-Time Nonrecurring Revenue	\$3.00 B
• One-Time Revenue as % of Revised FY2011 GF Approps	12.0%
(viii) Remaining FY2011 Deficit	(-\$9.47 B)
• As Percentage of GF Approps (After July 2010 Cuts)	(-38.0%)

**ILLINOIS FY2011
GENERAL FUND
BUDGET
UNDER HB859,
SA 1, 2 AND 3**

OVER \$9 OUT OF \$10 OF G.F. ARE SPENT ON:

- **EDUCATION
(K-12, PLUS HIGHER ED) 35%**
- **HEALTHCARE 30%**
- **HUMAN SERVICES 21%**
- **PUBLIC SAFETY 5%
91%**

WHY THE ONGOING DEFICIT PROBLEMS? NOT WASTEFUL SPENDING

CATEGORY	FY 2000 Actual	FY2000 Adjusted to FY2011 for CPI & Population	FY2011 Enacted	Difference FY2000 - FY2011 CPI & Population	FY2000 - FY2011 ECI & Population	Difference FY2000 - FY2011 ECI & Population
GENERAL FUND	\$21.29 B		\$28.46			
-PENSION	(- \$1.23 B)		(- \$3.520)			
GENERAL FUND/ CURRENT SERVICES	\$20.06 B	\$26.29	\$24.94	(-\$1.348 B) (-5.1%)	\$29.98 B	(- \$5.035 B) (-16.8%)

CONSIDER THE STORY FOR EDUCATION

CATEGORY	FY2000 Actual	FY2000 Adj to FY2011 CPI and Population	FY2011 Enacted	DIFF	FY2000 Adj to FY2011 ECI and Population	DIFF
K-12 ED	\$4.844 B	\$6.342 B	\$7.067 B*	\$725 M	\$7.250 B	(-\$183 M) -2.5% (-\$783 M) -14%
HIGHER ED	\$2.379 B	\$3.115 B	\$2.120 B	(-\$995 M)	\$3.560 B	(-\$1.440 B) -40.5%

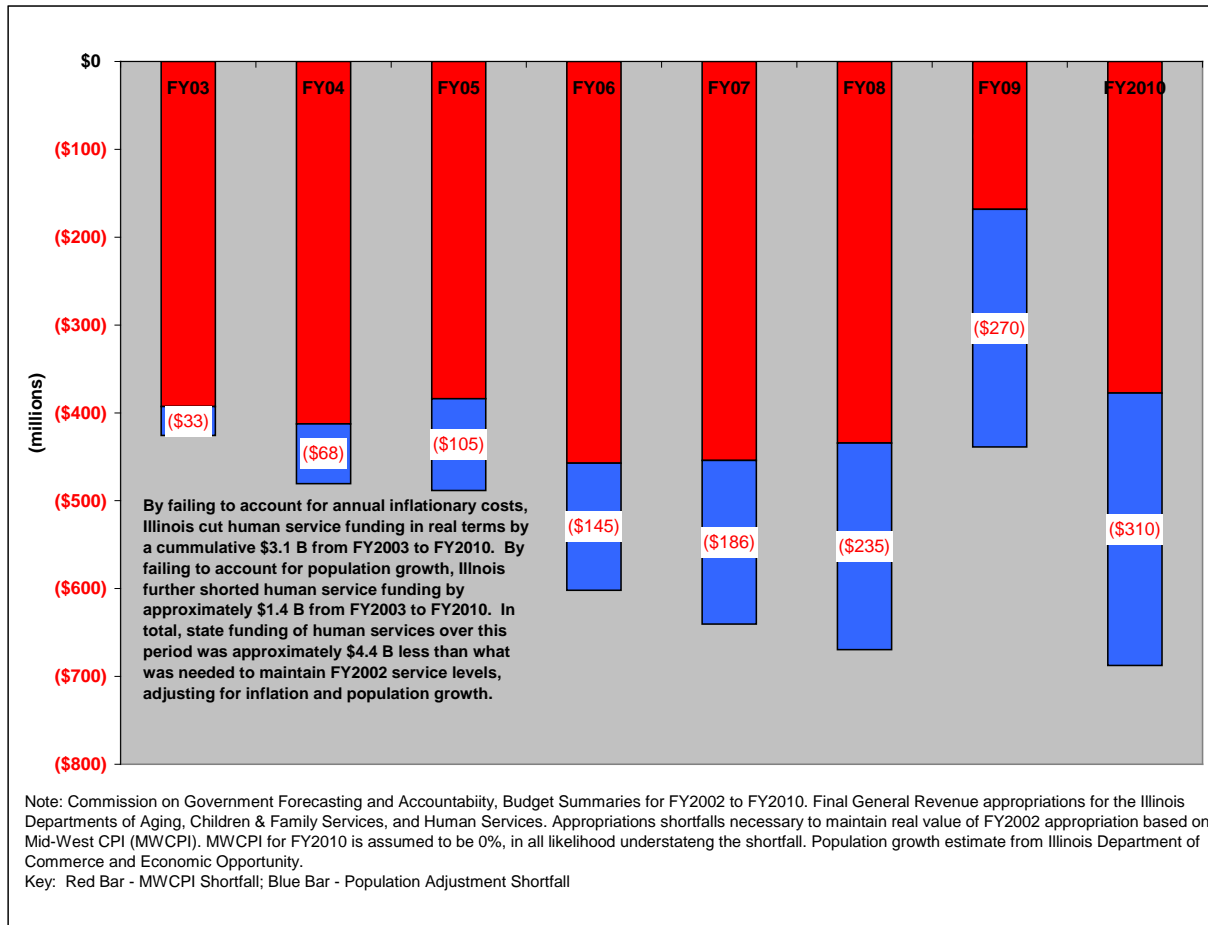
*Note, K-12 and other critical funding will be subject to a \$600 M 'hold back' in FY2011, that will result in a cut if the state does not pass new revenue.

HUMAN SERVICES

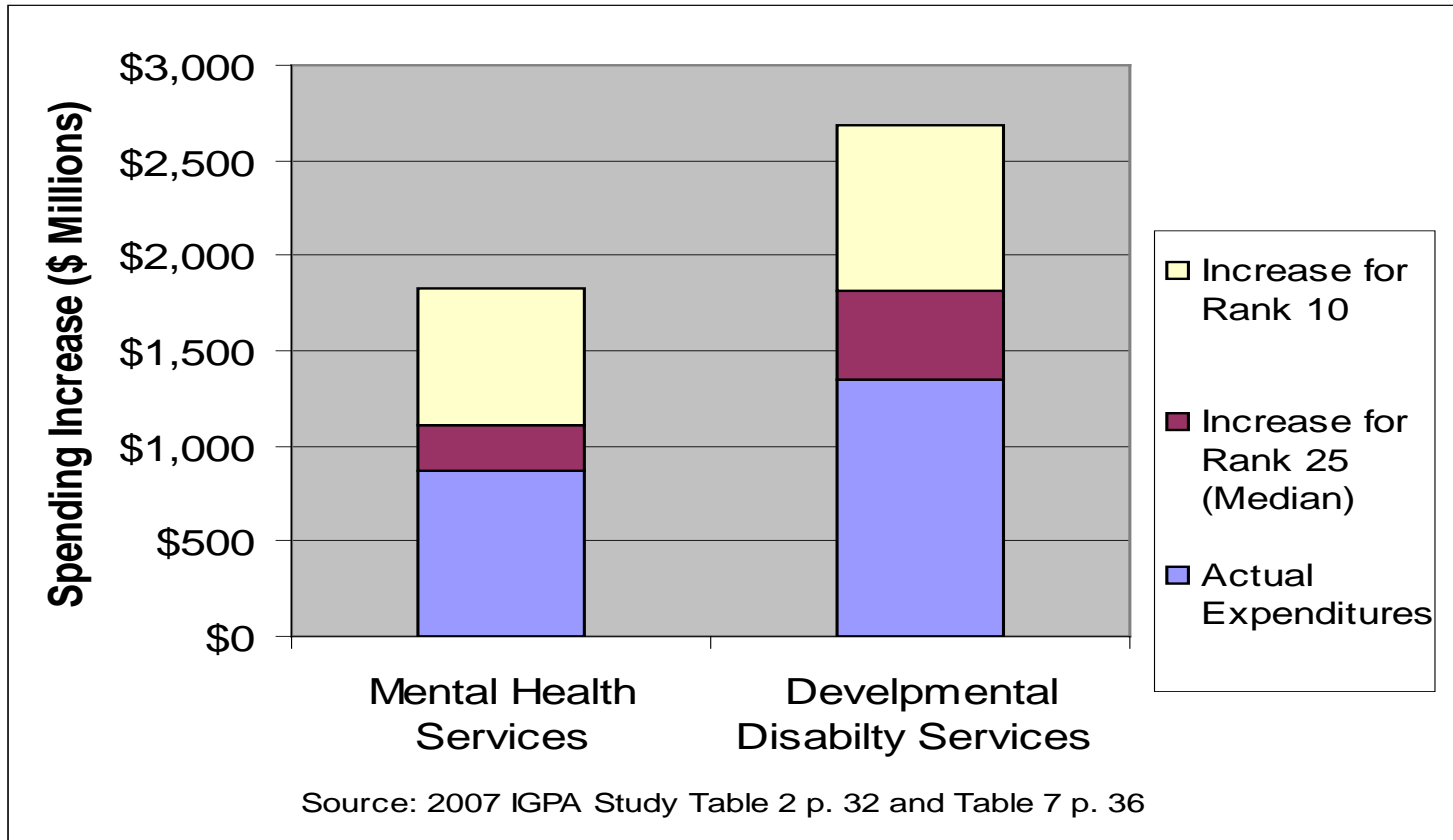
CATEGORY	FY2000 Actual	FY2000 Adj to FY2011 CPI and Population	FY2011 Enacted	DIFF	FY2000 Adj to FY2011 ECI and Population	DIFF
HUMAN SERVICES	\$4.599 B	\$6.021 B	\$4.929 B	(-\$1.092 B)	\$6.883 B	(-\$1.953 B) -28.0%

THE REAL IMPACT: \$4.4 BILLION LOST

Amount by Which Illinois General Fund State Spending on Human Service Programs Falls Short of Keeping Pace with Inflationary Costs and Population Growth From FY2002 to FY2010

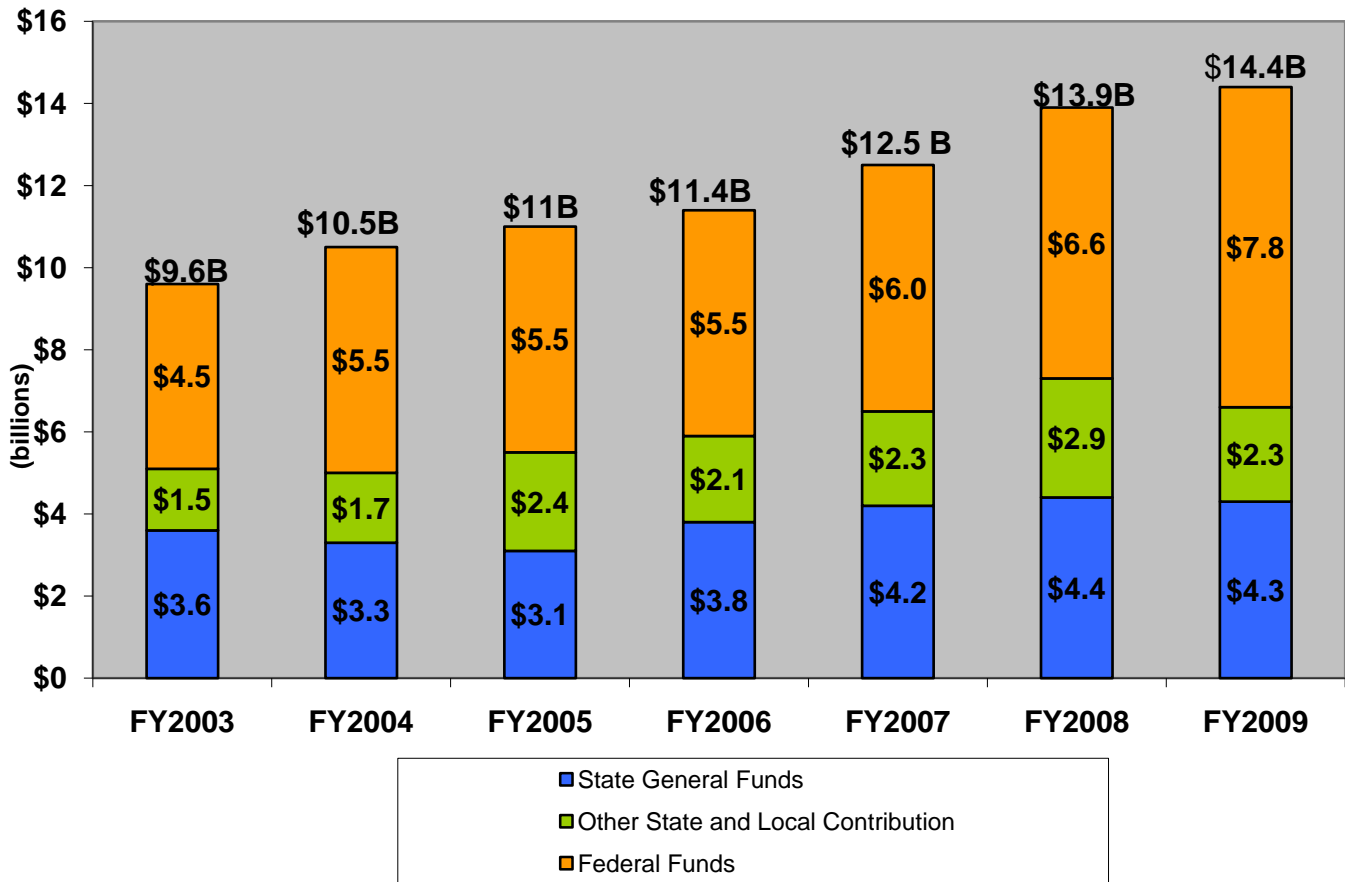


ILLINOIS SPENDING INCREASES NECESSARY TO ACHIEVE HIGHER PER INCOME RANKINGS IN FY 2002 HUMAN SERVICE FUNDING



AS FOR HEALTHCARE, WELL.....

Medicaid Spending by Funding Source (Federal, State and Local)



Data Source: National Association of State Budget Officers, Annual State Expenditure Reports.

**ILLINOIS IS LOW TAX
OVERALL**

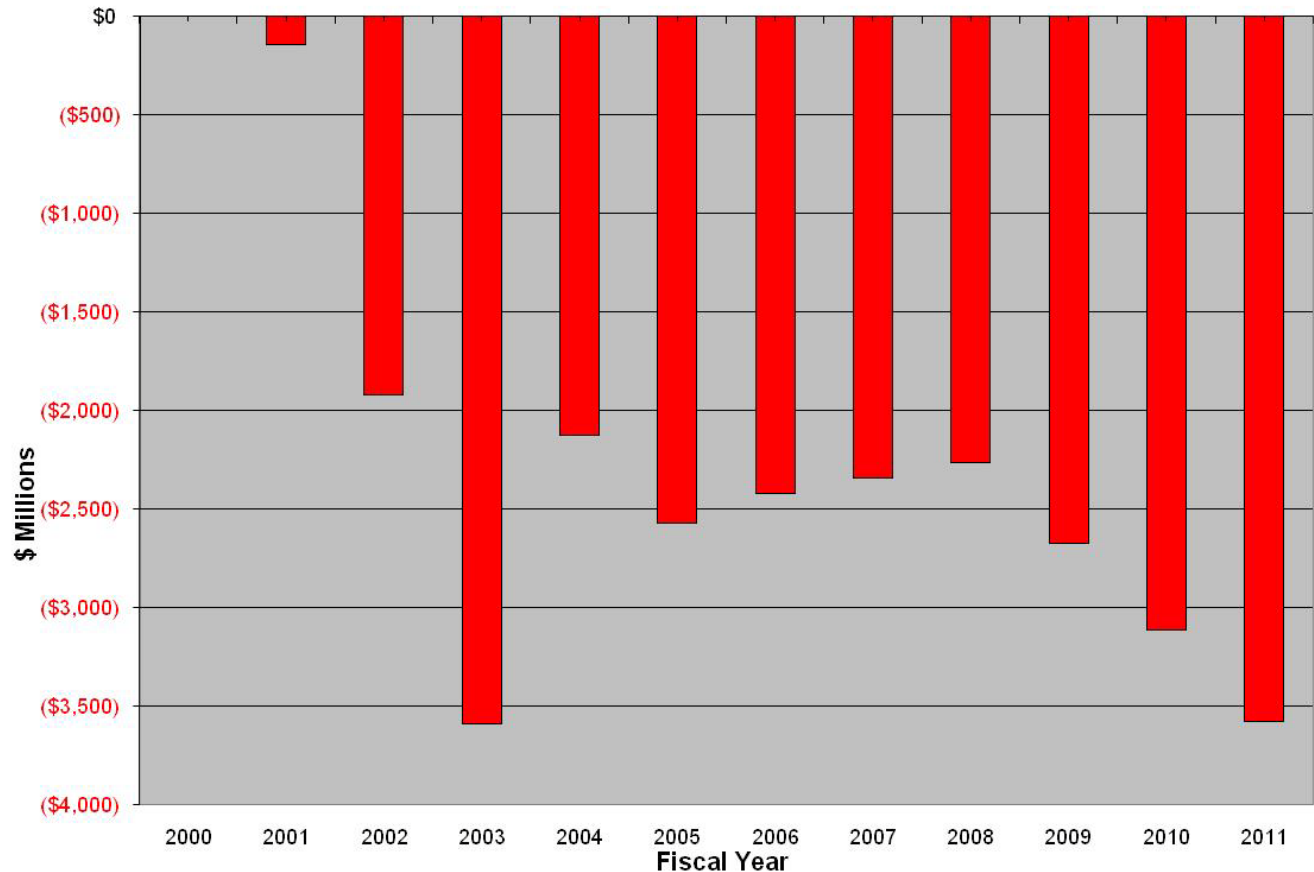
- **WHY THE ECONOMIC PROBLEMS?
– NOT TAX BURDEN**
- **ILLINOIS' TOTAL STATE *AND* LOCAL TAX BURDEN, AS A PERCENTAGE OF PERSONAL INCOME RANKS ONLY 44TH IN THE NATION (THROUGH 2008).**
- **THIS IS THE SECOND LOWEST COMPREHENSIVE TAX BURDEN IN THE MIDWEST (JUST THREE-TENTHS OF ONE PERCENT GREATER THAN MISSOURI).**
- **ILLINOIS ALSO RANKS ONLY 43RD IN STATE SPENDING AS A PERCENTAGE OF GDP AMONG THE STATES (2008 DATA).**

AS FOR TAXES, WELL

- **Why the Economic Problems?**
 - **NOT TAX BURDEN**
- **Illinois' total state *AND* local tax burden, as a percentage of personal income ranks only 44th in the nation (through 2008).**
- **This is the second lowest comprehensive tax burden in the Midwest (just three-tenths of one percent greater than Missouri).**
- **Illinois also ranks only 43rd in state spending as a percentage of GDP among the states (2008 data)**

THE REAL PROBLEM:

ILLINOIS STRUCTURAL DEFICIT ASSUMING FY2000 TO FY2008 ECONOMIC CONDITIONS AND FY 2000 BALANCED BUDGET APPROPRIATION (ADJUSTED FOR INFLATION AND POPULATION GROWTH)



STRUCTURAL DEFICIT

FOR MORE INFORMATION:

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