What Caused Current Budget Crisis?

• Historic recession caused substantial drop in FY09 revenues

• Result:
  o Estimated $3.9 billion backlog in unpaid bills at end of FY09
  o FY10 revenues inadequate to meet state’s responsibilities
Governor Quinn’s Original Budget Proposal, GA Response

- Governor Quinn’s March 18 budget proposal included modest revenue increase, and
  - Funded vital services
  - Trimmed more than $1 billion in spending
- General Assembly rejected Governor’s budget plan
  - Passed budget bills on May 31 leaving substantial spending shortfall
Governor’s Revised Budget Includes Additional $1 Billion in Cuts

- **State Operations** *(includes layoffs, 12 furlough days)*  
  $185 million
- **Medicaid**  
  $140 million
- **Grants**  
  $250 million
- **Education**  
  $175 million
- **Corrections**  
  $125 million
- **Additional Reserves**  
  $100 million
- **Other State offices, departments and agencies**  
  $25 million

**Total:** $1 billion
July 15 Budget

• After Governor’s veto of ‘partial’ budget bills, GA passed current plan
  o Borrows $3.4 billion to make FY10 pension payments
  o Appropriates lump sums instead of specific line items for grants and programs
    ▪ Includes $3.4 billion in unallocated funds
Fiscal Year 2010 Budget

Deeply Underfunded

• Governor’s Revised Budget
  ○ $29.5 billion

• Governor’s spending plan after $1 billion in cuts and pension adjustments
  ○ $27.5 billion

• Total spending authority in July 15 budget plan
  ○ $26.1 billion

$1.4 billion in Unmet Needs

• Does not include funds to pay down an estimated $3.9 billion backlog in unpaid FY09 bills

• Long payment cycle harms private agencies, small businesses
$3.4 Billion to be Allocated by the Governor

- $2.2 billion designated for human services
- $1.2 billion undesignated
Governor’s Allocation Principles

• Provide court-ordered services
• Preserve programs required by federal government
• Maximize state programs reimbursed or matched by federal funds
• To extent possible, provide programs required by state statute
• Support programs that meet basic health, life and safety needs
• Reduce demands on higher-cost programs by investing in less costly prevention and intervention services
Governor’s Allocation of $2.2 Billion for Human Services

• $1.4 billion for Department of Human Services includes developmental disabilities grants, addiction treatment programs and mental health programs

• $342 million for Department on Aging Community Care Program

• $272 million for Department of Children and Family Services

• $27 million for community adult education/GED services

• $18 million for RTA fare subsidies for seniors and persons with disabilities
Allocation of Undesignated $1.2 Billion

• $1 billion for Healthcare and Family Services includes
  o $300 million for Medicaid
  o $700 million for group health

• $150 million for State Board of Education includes
  o $85 million for early childhood education
  o $11 million for bilingual programs

• $40 million for Department of Public Health includes
  o $17 million for HIV/AIDS programs
  o $9 million for breast/cervical cancer screening programs

• $13 million for Amtrak
### After $3.4 Billion Allocation, Significant Shortfalls Remain in Vital Programs

<table>
<thead>
<tr>
<th>Program</th>
<th>Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicaid</td>
<td>($600 million)</td>
</tr>
<tr>
<td>Group health coverage for state employees, retirees and dependents</td>
<td>($600 million)</td>
</tr>
<tr>
<td>Pre K-12 education</td>
<td>($145 million)</td>
</tr>
<tr>
<td>College scholarships</td>
<td>($225 million)</td>
</tr>
<tr>
<td>Contingency reserve funds</td>
<td>+$180 million</td>
</tr>
<tr>
<td><strong>Unmet Needs</strong></td>
<td><strong>$1.4 billion</strong></td>
</tr>
</tbody>
</table>
New revenues must be found to restore funding for vital Fiscal Year 2010 programs and meet future obligations.

For more information regarding the Governor’s Allocation Plan, visit www.budget.illinois.gov