

# Illinois



## **MOVING FORWARD**

**Stabilizing Our Budget**

**Building & Growing Our Economy**

STATE BUDGET  
FISCAL YEAR 2013



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# **WHAT WE HAVE ACHIEVED WORKING TOGETHER**

**Capital & Illinois Jobs Now!**

**Education reform**

**Pensions**

**Medicaid**

**Workers' compensation reform**

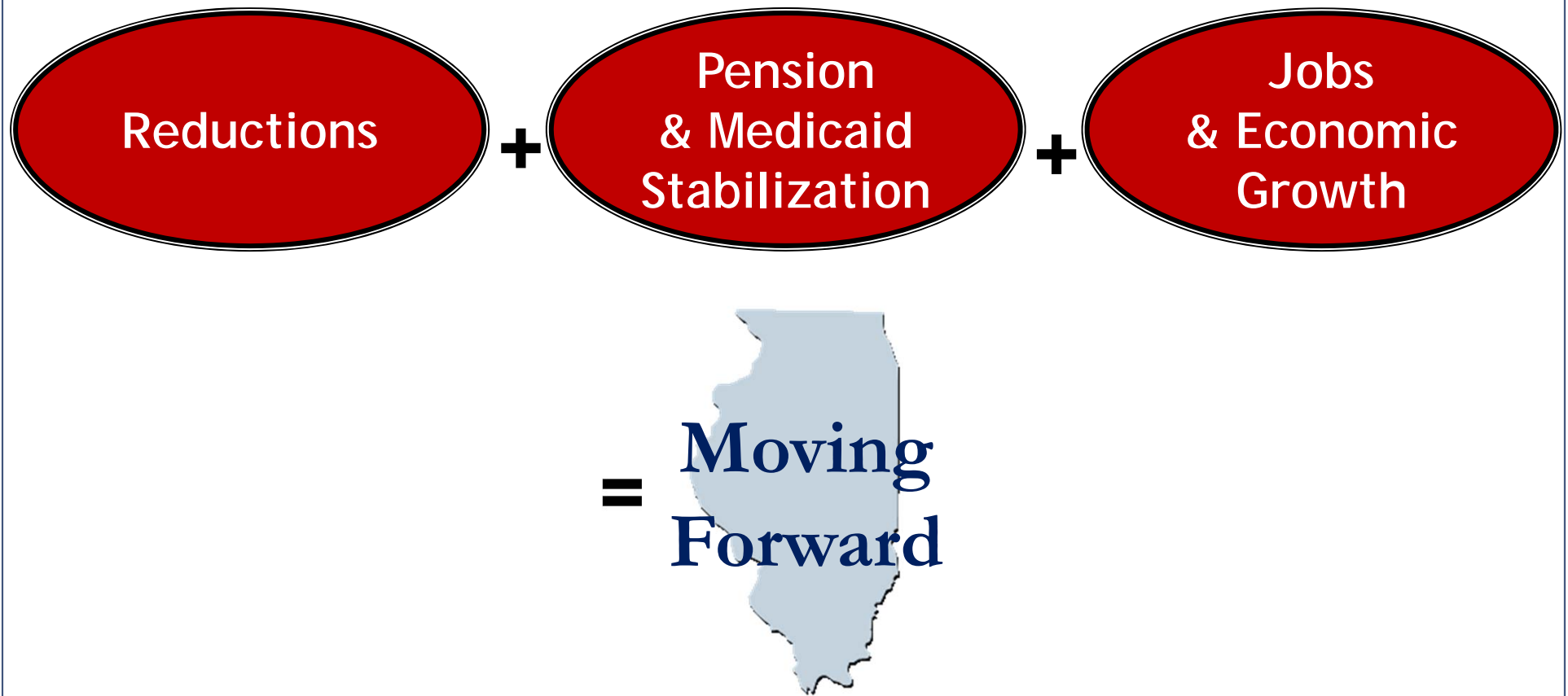
**Tax fairness**

**Unemployment insurance reform**

**Ethics reform**

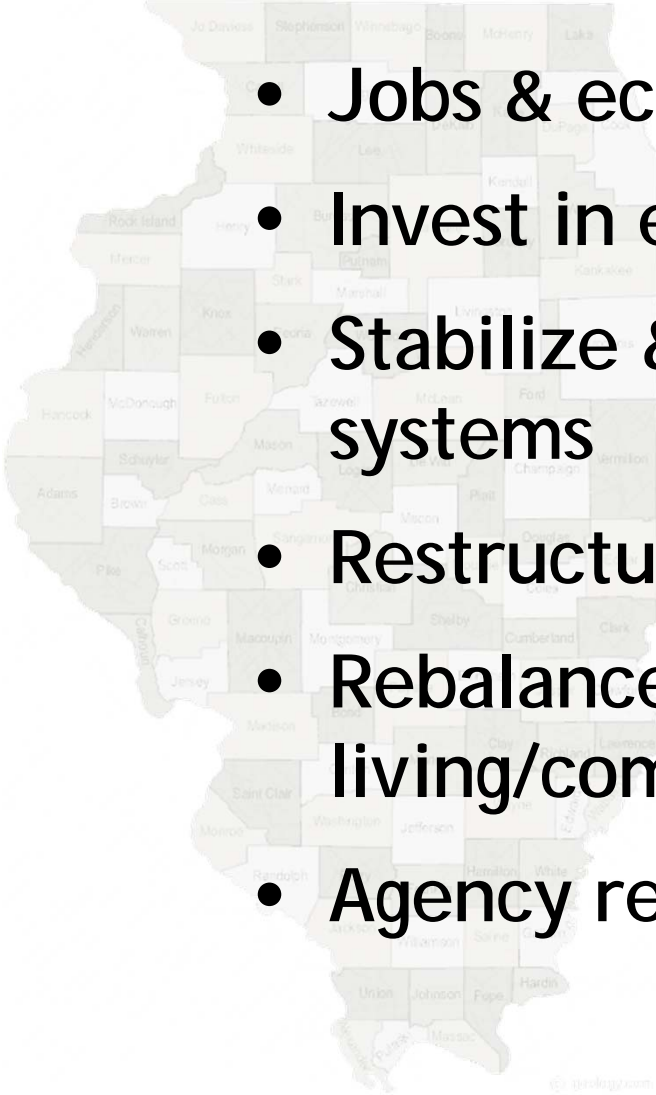
**McCormick Place Reform**

**Environmental permit streamlining**





## GOVERNOR'S PRIORITIES

- 
- A light gray map of Illinois, showing the outlines of its counties. The map is positioned behind the list of priorities.
- Jobs & economic growth
  - Invest in education
  - Stabilize & strengthen pension systems
  - Restructure Medicaid system
  - Rebalance institutional living/community care
  - Agency reductions & efficiencies



## JOBS & ECONOMIC GROWTH

### What we are doing

- Illinois added nearly 53,000 jobs last year
- Illinois has added nearly 100,000 jobs since our recovery began in January 2010
- Growth achieved through
  - Investments in infrastructure
  - Passing important legislation, such as workers' compensation reform, to make state an even better place to do business
  - Encouraging growth in an internationally competitive and productive economy



## JOBS & ECONOMIC GROWTH

### What we are doing

- Capital & Illinois Jobs Now!
  - Improved 5,948 miles of highway and 842 bridges
  - Built and renovated more than 400 schools
- Exports & manufacturing
  - Exports jumped almost 30% last year, nearly double national average
  - Resurgence of auto & heavy equipment manufacturing



## JOBS & ECONOMIC GROWTH

### 2012 Illinois Jobs Agenda

- Targeted tax cuts to promote growth
  - Hiring veterans tax credit
  - Child tax credit
  - Abolish natural gas tax
- Investment in education to prepare students for the jobs of tomorrow
- Affordable housing to help families and stabilize communities
- Clean water initiative to keep water safe, while creating thousands of jobs now





## JOBS & ECONOMIC GROWTH



### Continue commitment to capital

- Finish Illinois Jobs Now!
- 21<sup>st</sup> Century Schools
- Clean water
- Maintenance of state & higher education facilities



## INVEST IN EDUCATION

Governor Quinn has maintained K-12  
& higher education funding

**FY12 - \$8.86 billion**

**FY13 - \$8.95 billion**

- Early childhood funding +\$20 million over FY12
- Monetary Award Program (MAP) funding +\$50 million over FY12

Numbers reflect General Funds



# STABILIZE & STRENGTHEN PENSION SYSTEMS

**THE PROBLEM: PENSION SYSTEM  
DRAMATICALLY UNDERFUNDED, SQUEEZING  
THE REST OF THE BUDGET**

How did we get here?

- Historically, state didn't pay enough to fully fund the system
- Increased retiree benefits without sufficient revenues
- Great Recession market decline
- Some employers not directly responsible for the cost of paying for retirement benefits



# STABILIZE & STRENGTHEN PENSION SYSTEMS



## Working group

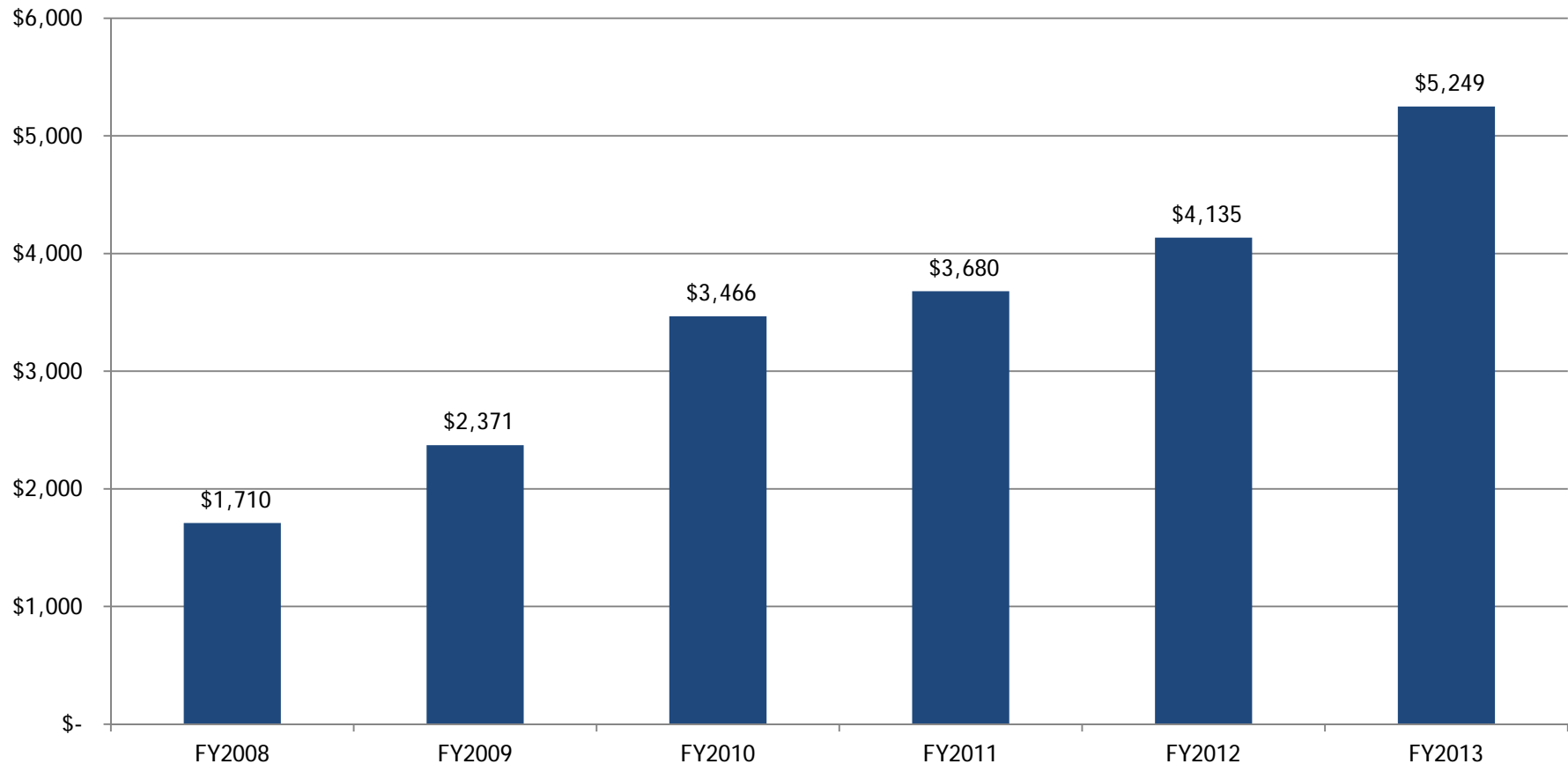
- Stabilize funding
- Balance contributions
- Examine benefits



# STABILIZE & STRENGTHEN PENSION SYSTEMS

\$ in millions

## General Funds Statutory Pension Contributions Growth

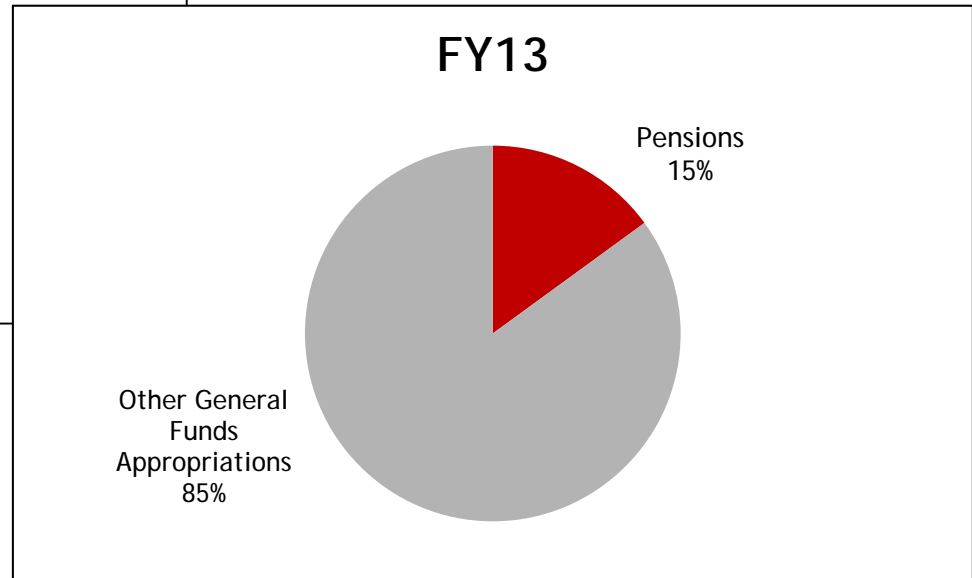
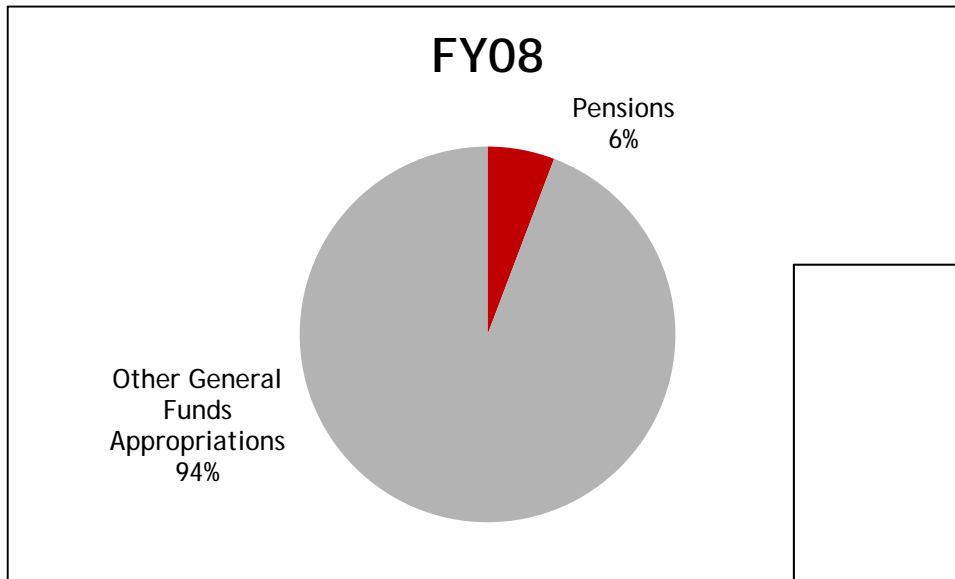


FY13 introduced budget assumes \$160 million contribution through Unclaimed Property Fund, which would reduce contribution from General Funds to \$5,089 million



# STABILIZE & STRENGTHEN PENSION SYSTEMS

## Pension Cost as % of Total General Funds Revenues

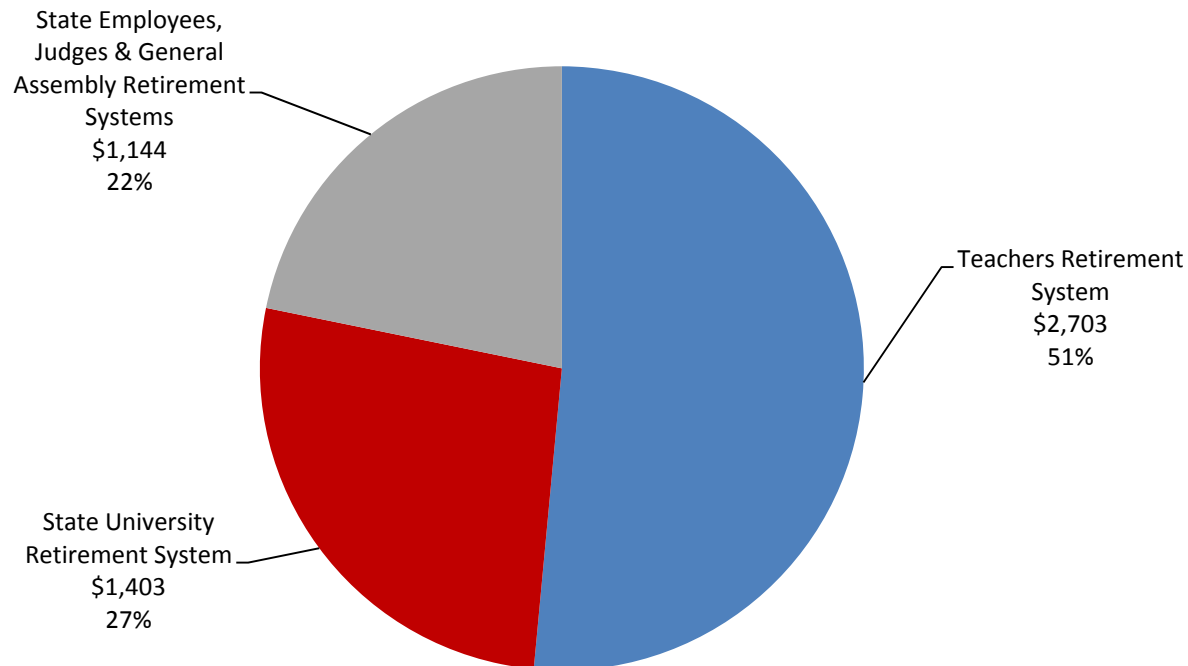




# STABILIZE & STRENGTHEN PENSION SYSTEMS

## General Funds Allocation to Pension Funds

FY13





## RESTRUCTURE MEDICAID SYSTEM

**THE PROBLEM: LIABILITY MUST BE CUT  
BY \$2.7 BILLION TO AVOID INCREASING  
BILL BACKLOG**

How did we get here?

- Deferral of Medicaid bills to future years
- Federal stimulus expired
- Fee-for-service system
- Enrollment growth due to recession





## RESTRUCTURE MEDICAID SYSTEM



- Liability reductions
- Modernized eligibility standards
- Utilization controls
- Rate reduction & reform
- Accelerate integrated managed care
- Coordination of long-term care programs
- Protect against fraud & abuse



## REBALANCE INSTITUTIONAL & COMMUNITY CARE

### FY13 budget presentation

Appropriations for:

- Institutional long-term care
- Community-based care
- Transitions

Coordinated  
long-term  
care

*Long-term care reform ensures sustainable programs offering quality care at less cost to the state*



## REBALANCE INSTITUTIONAL & COMMUNITY CARE

- Governor Quinn is committed to increasing community care options and improving the quality of life for people who require continuous care
- The approach will allow for the safe and smart transition of care for some of our most vulnerable citizens to community care settings



## REBALANCE INSTITUTIONAL & COMMUNITY CARE

- FY13 budget includes funding to ensure smooth transitions & coordinated care
- Continue movement of services from costly institutions to supportive community settings
- Compliance with consent decrees
- FY13 Human Services facility closures
  - Jacksonville, Tinley Park, Singer (Rockford) & Murray (Centralia)



## AGENCY REDUCTIONS & EFFICIENCIES

Most agencies were tasked with reducing their budgets approximately 9%

### DOC closures

- Tamms, Dwight
- Adult Transition Centers—  
Peoria, Crossroads Chicago,  
Westside Chicago, Decatur,  
Aurora, Carbondale

### DHS consolidations

- 24 local offices across the state

### FY13 Juvenile Justice closures

- Joliet, Murphysboro

### Agriculture consolidation

- Centralia lab

### DCFS consolidations

- Chicago Division, Chicago  
Emerald, Skokie

### ISP consolidations

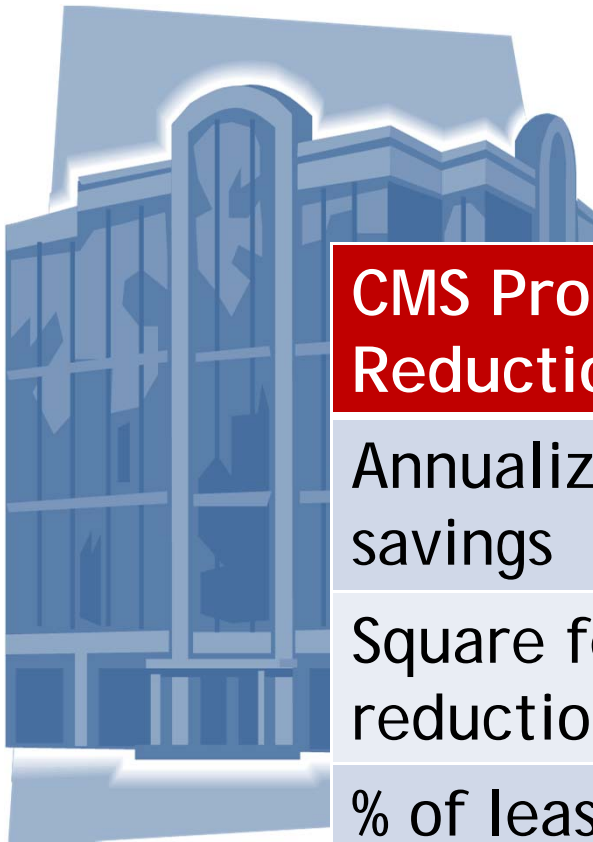
- Carbondale forensic lab
- 16 telecommunications centers

### CMS consolidations

- 4 state garages



# AGENCY REDUCTIONS & EFFICIENCIES



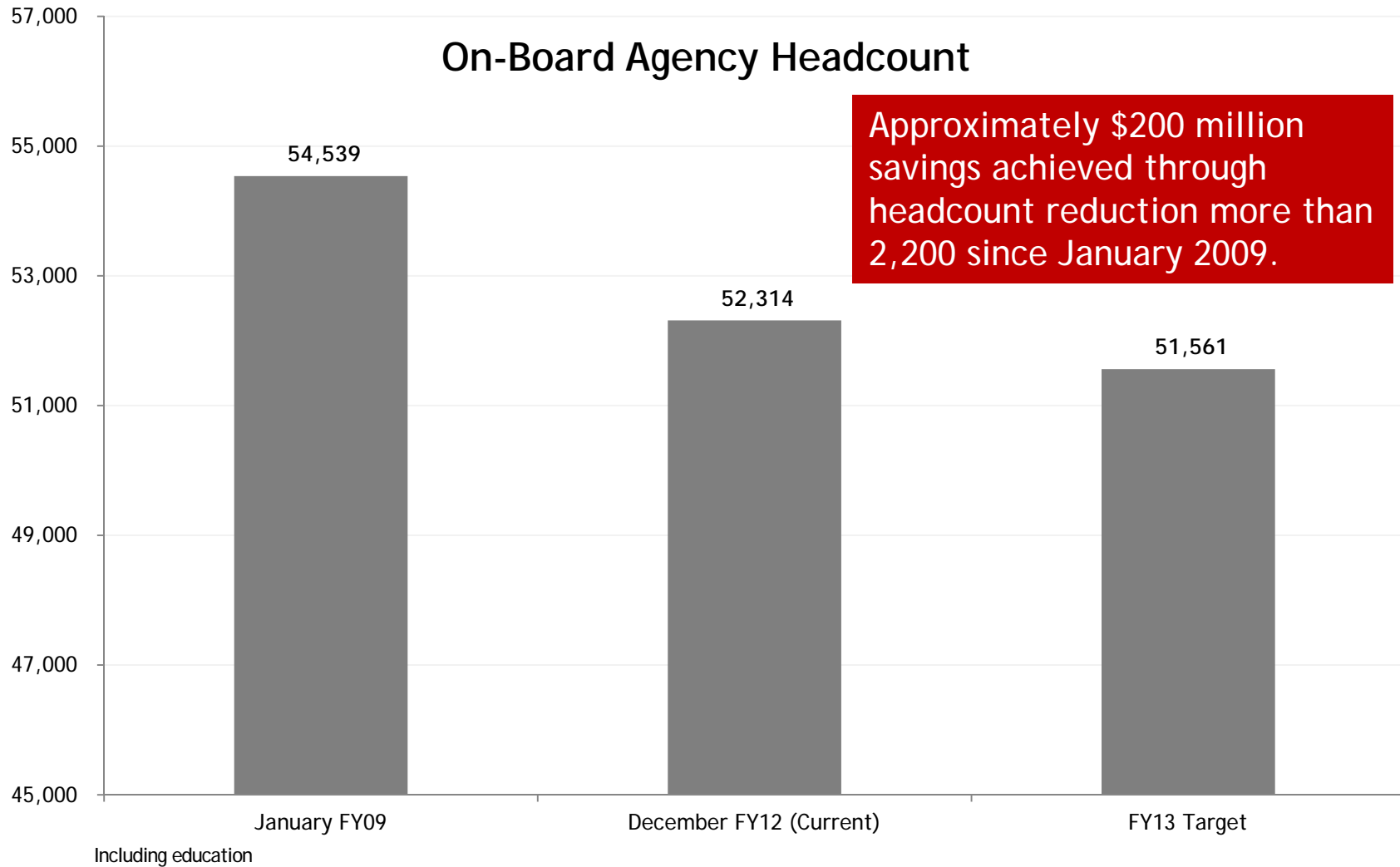
## CMS Property Management Lease Reductions Since January 2009

Annualized lease savings	\$43,591,362
Square feet reduction	1,929,843
% of leased square feet eliminated	21.4%

Through January 2012



# AGENCY REDUCTIONS & EFFICIENCIES





# THE INTRODUCED BUDGET

## Budgeting for Results

- Budgeting based on existing revenues
- Fund policy priorities that are most important to moving Illinois forward
- Three-year projection
- Budgeting for Results commission
- Increase transparency & accountability





# THE INTRODUCED BUDGET

<b>FY13 Total General Funds Resources</b>	<b>\$33,940,000,000</b>
<b>FY13 Total General Funds Expenditures</b>	<b>\$33,777,000,000</b>
<b>Balance for Debt Reduction</b>	<b>\$163,000,000</b>

Expenditures include appropriations and transfers out



# THE INTRODUCED BUDGET

## General Funds Agency Appropriations History

\$ in millions

