MOVING FORWARD
Stabilizing Our Budget
Building & Growing Our Economy
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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
Reductions + Pension & Medicaid Stabilization + Jobs & Economic Growth = Moving Forward
GOVERNOR’S 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!
- 21st Century Schools
- Clean water
- Maintenance of state & higher education facilities
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

Moving Forward

Working group
Stabilize funding
Balance contributions
Examine benefits
STABILIZE & STRENGTHEN PENSION SYSTEMS

General Funds Statutory Pension Contributions Growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Contributions (in millions)</th>
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<tbody>
<tr>
<td>FY2008</td>
<td>$1,710</td>
</tr>
<tr>
<td>FY2009</td>
<td>$2,371</td>
</tr>
<tr>
<td>FY2010</td>
<td>$3,466</td>
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<tr>
<td>FY2011</td>
<td>$3,680</td>
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<tr>
<td>FY2012</td>
<td>$4,135</td>
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<tr>
<td>FY2013</td>
<td>$5,249</td>
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</tbody>
</table>

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

FY08
- Pensions: 6%
- Other General Funds Appropriations: 94%

FY13
- Pensions: 15%
- Other General Funds Appropriations: 85%
STABILIZE & STRENGTHEN PENSION SYSTEMS

General Funds Allocation to Pension Funds

FY13

- Teachers Retirement System
  - $2,703
  - 51%

- State University Retirement System
  - $1,403
  - 27%

- State Employees, Judges & General Assembly Retirement Systems
  - $1,144
  - 22%
**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

Long-term care reform ensures sustainable programs offering quality care at less cost to the state
Governor Pat Quinn Fiscal Year 2013 Budget

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**

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<table>
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<tr>
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<tr>
<td>Annualized lease savings</td>
<td>$43,591,362</td>
</tr>
<tr>
<td>Square feet reduction</td>
<td>1,929,843</td>
</tr>
<tr>
<td>% of leased square feet eliminated</td>
<td>21.4%</td>
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Through January 2012
**Agency Reductions & Efficiencies**

On-Board Agency Headcount

- **January FY09**: 54,539
- **December FY12 (Current)**: 52,314
- **FY13 Target**: 51,561

Including education

Approximately $200 million savings achieved through headcount reduction more than 2,200 since January 2009.
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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>FY13 Total General Funds Resources</td>
<td>$33,940,000,000</td>
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<tr>
<td>FY13 Total General Funds Expenditures</td>
<td>$33,777,000,000</td>
</tr>
<tr>
<td>Balance for Debt Reduction</td>
<td>$163,000,000</td>
</tr>
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Expenditures include appropriations and transfers out.
THE INTRODUCED BUDGET

General Funds Agency Appropriations History

<table>
<thead>
<tr>
<th>Year</th>
<th>Appropriations ($ in millions)</th>
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<tbody>
<tr>
<td>FY2008</td>
<td>$25,729</td>
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<tr>
<td>FY2012</td>
<td>$25,252</td>
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<td>FY2013</td>
<td>$24,828</td>
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