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

FY04: 60,961
FY09: 54,177
FY14: 49,831
GRF Discretionary Spending Continues to be Lower than ’08

(millions)

FY '08: $17,462
FY '14: $16,431
Governor Pat Quinn FY 2015-2019
SECURING ILLINOIS’ FINANCIAL FUTURE

Pension Contribution Increases

<table>
<thead>
<tr>
<th>Fiscal Years</th>
<th>Millions of Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 09</td>
<td>$2,000</td>
</tr>
<tr>
<td>FY 10</td>
<td>$3,000</td>
</tr>
<tr>
<td>FY 11</td>
<td>$4,000</td>
</tr>
<tr>
<td>FY 12</td>
<td>$5,000</td>
</tr>
<tr>
<td>FY 13</td>
<td>$6,000</td>
</tr>
<tr>
<td>FY 14</td>
<td>$7,000</td>
</tr>
</tbody>
</table>
Accomplished Comprehensive Pension Reform

• Moody’s stated this bill “may be the largest reform package implemented" by any state in the nation.

Reducing Backlog of Bills

Total Backlog
$ in billions

November 2010: $9.9
June 2014: $4.9
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)

<table>
<thead>
<tr>
<th></th>
<th>FY14</th>
<th>FY15 Governor’s Proposed Budget</th>
<th>Not Recommended: Extreme, Radical Cuts</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Funds</td>
<td>$36,725</td>
<td>$38,575</td>
<td>$34,934 (-$3,641)</td>
</tr>
</tbody>
</table>

### EXPENDITURES (Millions)

<table>
<thead>
<tr>
<th></th>
<th>FY14</th>
<th>FY15 Governor’s Proposed Budget</th>
<th>Not Recommended: Extreme, Radical Cuts</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Funds</td>
<td>$36,627</td>
<td>$36,820 ($1,275 property tax relief, $480 bills)</td>
<td>$34,600 (-$3,495)</td>
</tr>
</tbody>
</table>
# FY15 Fixed Costs

<table>
<thead>
<tr>
<th>Description</th>
<th>FY15 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pensions</td>
<td>$6.2 billion</td>
</tr>
<tr>
<td>Medicaid</td>
<td>$7.1 billion</td>
</tr>
<tr>
<td>Debt Service</td>
<td>$2.2 billion</td>
</tr>
<tr>
<td>Transfers</td>
<td>$3 billion</td>
</tr>
<tr>
<td>Group Health Insurance</td>
<td>$1.5 billion</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$20 billion</strong></td>
</tr>
</tbody>
</table>
## FY15 Program Costs

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