State of Illinois

Budget Briefing | Fiscal Year 2015 | Pat Quinn, Governor

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

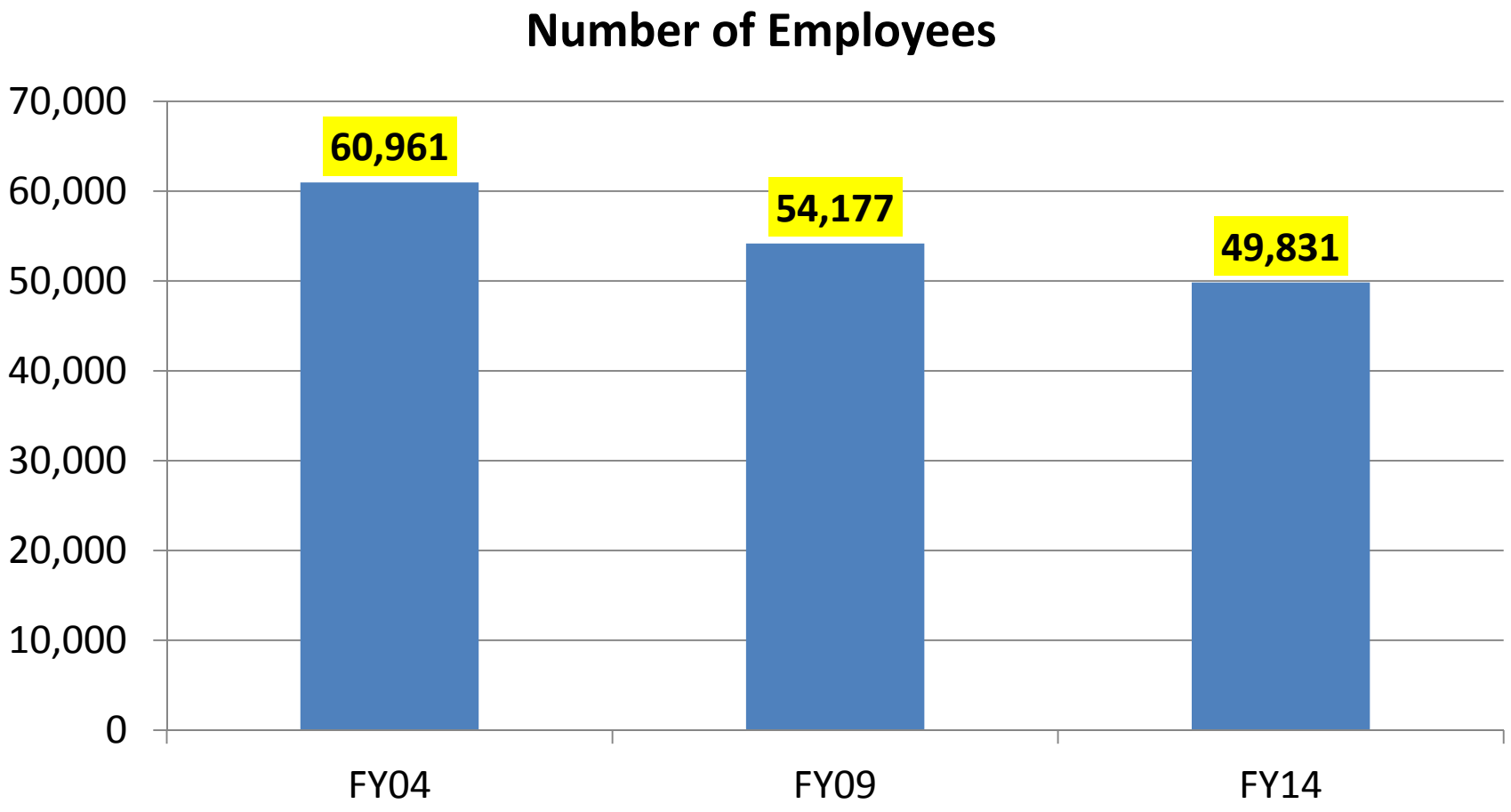
Economic Recovery

- 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

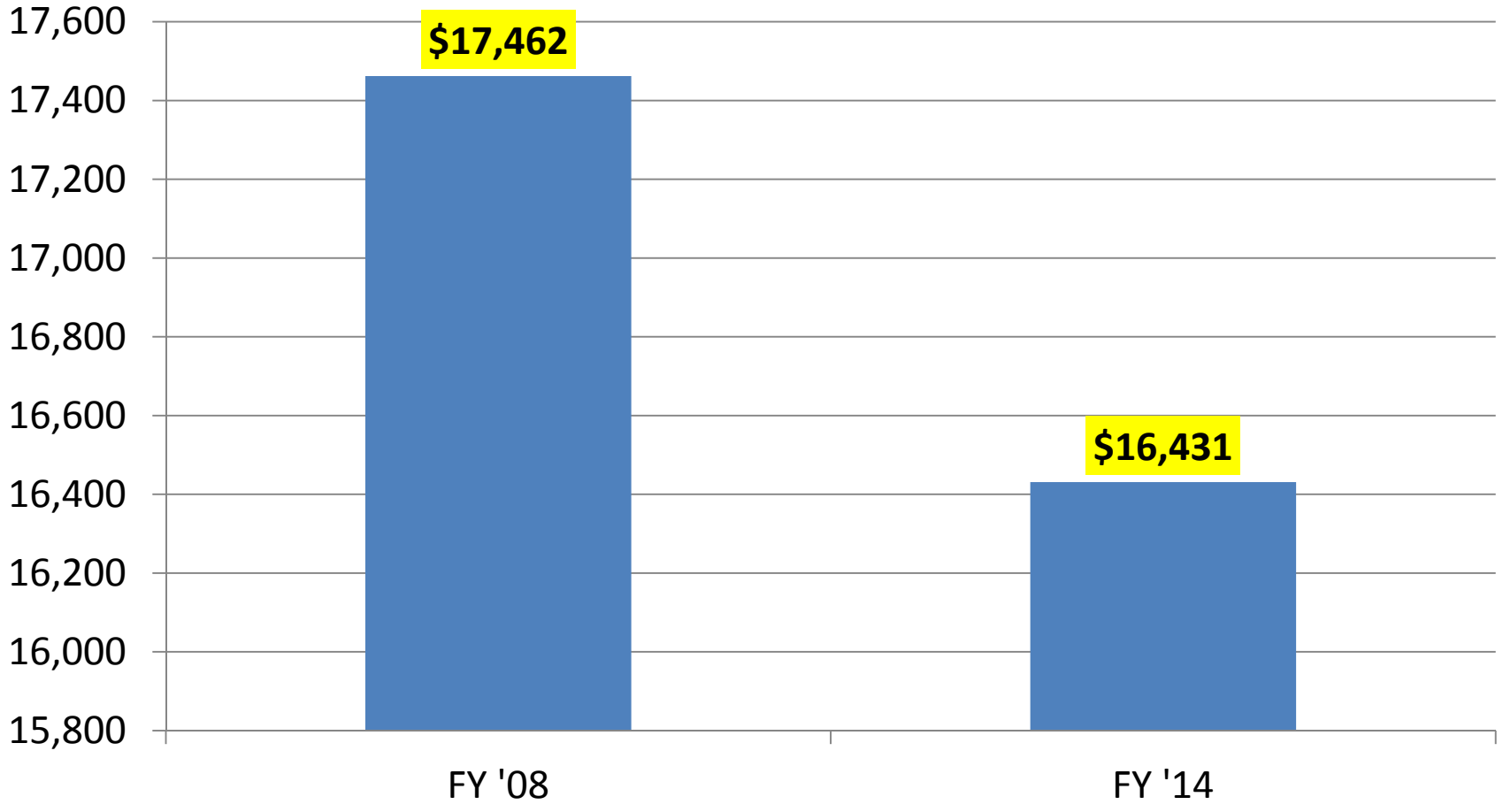
- **$5.7 billion** reduced spending during the last five years
  - Medicaid Overhaul $3.2 billion
  - Human Services $1.2 billion
  - Benefits $688 million
  - State Facilities $214 million
  - Leases & support services $330 million
  - Dept. of Agriculture $68 million

State Payroll Reduced

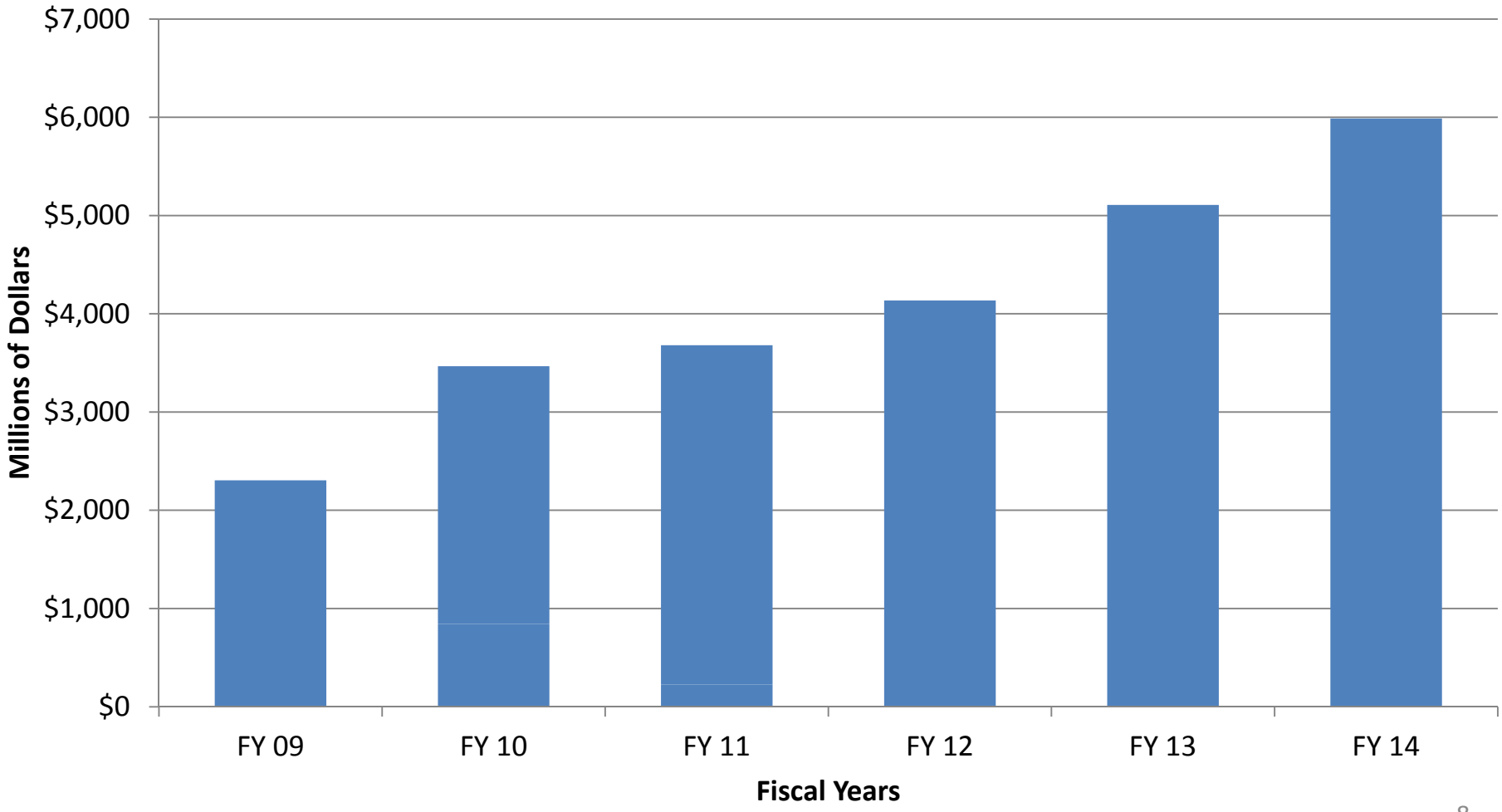


GRF Discretionary Spending Continues to be Lower than '08

(millions)



Pension Contribution Increases

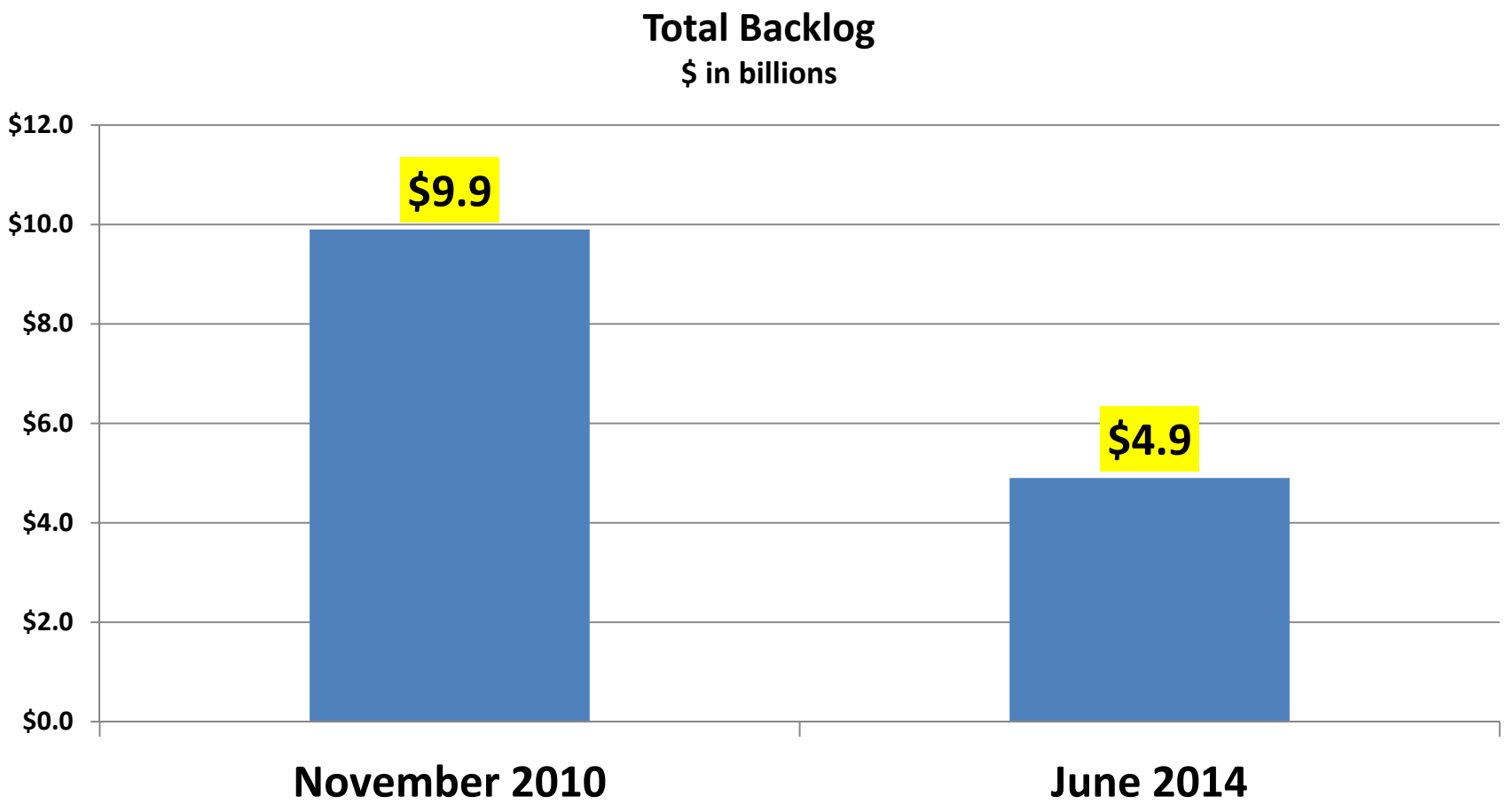


Accomplished Comprehensive Pension Reform

- Moody's stated this bill "**may be the largest reform package implemented**" by any state in the nation.

  - *Moody's Investors Service, Issuer Comment: "Illinois Pension Reform Legislation is Credit Positive," Dec. 6, 2013*

Reducing Backlog of Bills



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)

	FY14	FY15 Governor's Proposed Budget	Not Recommended: Extreme, Radical Cuts
General Funds	$36,725	$38,575	$34,934 (-$3,641)

EXPENDITURES (Millions)

	FY14	FY15 Governor's Proposed Budget	Not Recommended: Extreme, Radical Cuts
General Funds	$36,627	$36,820 ($1,275 property tax relief, $480 bills)	$34,600 (-$3,495)

FY15 Fixed Costs

	FY15 Budget
Pensions	$6.2 billion
Medicaid	$7.1 billion
Debt Service	$2.2 billion
Transfers	$3 billion
Group Health Insurance	$1.5 billion
Total	**$20 billion**

FY15 Program Costs

	FY 15 Governor's Proposed Budget	**FY15 Not Recommended**
Education	$8.797 billion	**$7.796 billion (-$1.001 billion)**
Economic Development	$109 million	**$68 million (-$41 million)**
Public Safety	$1.638 billion	**$1.246 billion (-$392 million)**
Human Services	$5.716 billion	**$4.604 billion (-$1.112 billion)**
Environment and Culture	$68 million	**$54 million (-$14 million)**
General Services	$1.067 billion	**$866 million (-$201 million)**

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