



Institute for Illinois' Fiscal Sustainability at the Civic Federation

177 North State Street, Suite 400, Chicago, IL 60601 • 312.201.9066 fax 312.201.9041 • www.civicfed.org/iifs

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For more information, contact Laurence Msall at 312-201-9044

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CIVIC FEDERATION: ILLINOIS BUDGET DEFICIT NOW TOTALS AT LEAST \$12.8 BILLION

(CHICAGO) The Civic Federation's Institute for Illinois' Fiscal Sustainability released an independent examination of the enacted FY2010 State of Illinois budget today. The first-of-its-kind report is designed to provide Illinois residents with a resource to understand the spending and revenue trends that have led to the current fiscal crisis.

The enacted budget analysis shows that the State faces a two-year budget deficit going into FY2011 totaling at least \$12.8 billion. The Federation's report calculates that the FY2010 deficit has increased about \$2.0 billion from the FY2009 deficit, to \$5.7 billion. Next year, the State will have to cope with not only this year's deficit, but also with the loss of one-time revenue sources from FY2010 and additional expenditures. The loss of federal stimulus funds and proceeds from new FY2010 pension borrowing combined with increased debt service to pay for the pension borrowing and the required increase in the State's contribution to its retirement systems all contribute to the total deficit of \$12.8 billion.

The analysis compares the FY2010 enacted operating budget with both Governor Quinn's recommended FY2010 budget and the estimated FY2009 year-end budget. The General Assembly took an unusual approach to the FY2010 budget, making appropriations to departments in "lump-sum" amounts instead of making line item appropriations to specific programs. Revenue shortfalls due to overly optimistic projections and the recession have further muddied the budget waters. The Civic Federation has found that budget information is scattered across different sources, often with conflicting data. "Until now, there was no independent one-stop source available to service providers, stakeholders, and the media that clarifies Illinois' convoluted budget process and examines the status of the State's growing fiscal crisis," said Laurence Msall, President of the Civic Federation. "The Federation is hoping to fill that need with this report."

The report includes a comprehensive examination of appropriations, including how Governor Quinn allocated \$3.4 billion in lump sum appropriations to different agencies and programs. Revenue analysis examines issues such as the use of one-time revenue sources and borrowing, as well as declines in tax and other revenue sources, the largest of which is an 8.3% decline in personal income tax collections since the budget was enacted.

The Institute provides a detailed timeline of the FY2010 operating budget and capital budget process, giving the reader a bird's eye view of how the budget unfolded and when certain decisions were made. "Illinois' budget crisis affects every resident, business, and local government in the State," said Msall. "Understanding that crisis is the first step toward fixing it."

The Institute for Illinois' Fiscal Sustainability at the Civic Federation is made possible by a generous grant from the John D. and Catherine T. MacArthur Foundation. The Institute's mission is to improve the State's decision-making process by providing timely fiscal policy analysis and recommendations to State officials, the media, and the public through education and digital outreach. Please visit www.civicfed.org/iifs for more information.

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