

## Board of Directors

Steven H. Abbey  
David A. Abel  
Catherine M. Adduci  
Allan Ambrose\*  
A.G. Anglum\*  
Adrienne Archia  
Murray E. Ascher\*  
Alicia Berg  
Brian A. Bernardoni  
Roger Bickel  
J.D. Bindenagel  
Douglas H. Cameron  
Whitney Carlisle  
Victor Chang  
Timothy L. Christen  
Robert J. Christie  
Richard A. Ciccarone\*  
Jerry Cizek III\*  
Nancy J. Clawson  
Lew Collens\*  
Elizabeth G. Coolidge  
Ronald S. Cope  
Mary Culler  
Kework M. Derderian \*  
Julian C. D'Esposito  
Jon B. DeVries  
Thomas H. Donohoe  
Martin L. Eisenberg  
Jeff Emme  
Brian D. Fabes  
Timothy J. Faerber  
Timothy Fair  
Stephen B. Friedman  
Charles R. Gardner\*  
Sarah Garvey\*  
Anthony Gedeller  
Ronald J. Gidwitz  
Peter G. Glick  
Judith A. Gold\*  
Andrew F. Gottschalk\*  
Patrick J. Hagan\*  
Philip Hale  
M. Hill Hammock\*  
Albert C. Hanna  
David Hickerson  
Patricia M. Holden  
Margaret Houlihan Smith  
Lori Igleski  
Bennett Johnson III  
Blake Johnson  
James H. Kane  
Karen Kane  
William Ketchum  
Jim Kranjc\*  
Betsy LaVelle  
Stephen Legatzke  
Michael A. Lovett  
William Mack\*  
Linda Matkowski  
Glenn Mazade  
Thomas McNulty\*  
Timothy E. Moran  
Monica M. Mueller  
Michael E. Murphy \*  
Bert Nuehring\*  
Michael F. O'Brien  
Denise Obrochta  
Holly O'Connor  
Gregory O'Leary  
Sarah Pang  
Robert Pasin  
Donovan Pepper  
Moiria Pollard  
Bruce V. Rauner  
Judith Rice  
Alexander I. Rorke  
Scott Saef \*  
Kevin Scanlan  
John C. Sciacotta  
Patrick Sheahan  
James E. Spiotto\*  
Keith Staats  
Caryn Stancik  
Barbara Stewart \*  
Eugene S. Sunshine  
Theodore M. Swain\*  
Kent A. Swanson\*  
Courtney A. Thompson  
Allen Truesdell  
Thomas C. Vanden Berk  
Robert S. Vihon\*  
Daniel Wagner  
Sue E. Wallace\*  
John F. Ward\*  
John L. Ward  
Jeffrey D. Warner  
Andrew L. Weil  
Jerrod Wolf  
Corinne Wood  
Philip Zinn

# 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 • [civicfed.org](http://civicfed.org)

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

## GOVERNOR'S PROPOSED BUDGET WOULD PUT ILLINOIS FINANCES ON PATH TO RECOVERY

*First budget since the crisis began to offer real solutions to the State's problems*

(CHICAGO) In a new report released today, the Civic Federation's Institute for Illinois' Fiscal Sustainability supports Governor Quinn's proposed budget for FY2013. The \$57.4 billion budget proposal acknowledges the depth of the State's financial problems and would put Illinois finances on the road to recovery with major structural reforms to the State's Medicaid program and pension systems. This is the first time the Institute has supported a proposed budget in four years of providing fiscal policy analysis for the State of Illinois. The full 87-page report is available at [www.civicfed.org](http://www.civicfed.org).

"Illinois citizens have waited far too long for our leaders to make the difficult decisions necessary for fiscal recovery," said Civic Federation President Laurence Msall. "We are encouraged to see a budget proposal that finally addresses Illinois' fiscal crisis with sensible reforms that match the magnitude of the problem."

The Governor's proposed FY2013 budget makes several important steps toward Illinois' fiscal recovery. The proposal does not rely on borrowing and results in a modest operating surplus, a departure from the State's pattern of pushing current fiscal problems into future years. The operating surplus is based on underfunding of the Medicaid program, with Medicaid appropriations set at a level \$2.7 billion below the projected costs for the program.

The Governor's Medicaid reform proposal aims to eliminate this funding gap through a combination of program changes, reimbursement rate decreases for healthcare providers (excluding doctors) and resources from an increase in the State's cigarette tax. Although it is unfortunate that the State allowed the Medicaid program to get to the brink of collapse, the Governor's proposal is a reasonable effort to restructure the program given the severity of the crisis. The General Assembly cannot simply accept the Governor's proposed FY2013 Medicaid appropriation without cutting costs or increasing funding. Ignoring the funding gap and allowing unpaid Medicaid bills to grow to a total of \$4.5 billion by the end of FY2013 will jeopardize the program's survival.

Governor Quinn has also made a reasonable proposal to control the cost of the State's pension systems, which will consume more than 22% of State-source General Funds revenues in FY2013. The Governor's plan would reduce unfunded liabilities and establish an actuarially sound funding plan that requires shared sacrifice by both current employees and taxpayers. The Civic Federation cautions that more information is needed to confirm the plan's projected savings, understand the impact on annual State contributions and evaluate the phase-in periods for various changes in the Governor's proposal.

After years of mismanagement, the State is left with no easy answers for either pensions or Medicaid. Although the Governor's recommended FY2013 budget and reform proposals would keep the State's backlog of bills from growing, the Civic Federation is concerned that the State will still end FY2013 with a total of approximately \$9.1 billion in unpaid bills accumulated from previous years.

"The Civic Federation calls on the Illinois General Assembly to approve the Governor's pension and Medicaid reform plans or identify reasonable alternatives," said Msall. "Continued inaction will have devastating consequences for all Illinois residents."

*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](http://www.civicfed.org/iifs) for more information.*



### Officers

Thomas Livingston  
Chairman  
Mark Davis  
Vice Chairman  
Susan McKeever  
Vice Chairman  
Eileen Mitchell  
Vice Chairman  
Joseph B. Starshak  
Treasurer  
Laurence J. Msall  
President

\*Executive Committee  
\*Past Chairmen's Council