



Budget Solutions 2011

A new way forward

The Problem

Illinois is in rough shape. The state faces \$6 billion in unpaid bills, and the unemployment rate is over 11.3%, the highest in 27 years. The state's bond rating is the second lowest in the nation. Pension plans for public employees are woefully underfunded, with a liability of over \$80 billion, and the state's increasing annual pension contribution is squeezing out spending on core government programs.

And yet, in the face of this record budget deficit, Governor Quinn has proposed *increasing* top line spending by \$3 billion and raising income taxes by 33%. Under Governor Quinn's 33% income tax increase plan, families with a taxable income of \$50,000 will pay an additional \$500 in taxes to the state – on top of the \$1,500 they're already paying. For many families, that's too much.

For years, Springfield's knee-jerk reaction to budget woes has been to search for more revenue from taxpayers. Meanwhile, growing government payroll and unpaid pension liabilities are crowding out core spending for the truly needy. This is unsustainable, and shortchanges future generations.

Our Solution

Budget Solutions 2011 offers an alternative budgeting plan that addresses our state's immediate problems rather than kicking the can further down the road. It contains three key elements:

1. Spending realignments.

We outline savings that would limit current year appropriations to \$21.299 billion in Fiscal Year 2011. Including the pension payment and transfers out, total spending would amount to \$26.969 billion. This equals outlays of \$2,089 per resident. No tax increases or borrowing is required to balance the budget.

2. Right-sizing government labor costs.

Roughly 24% of the cost cutting in our proposal pertains to government labor costs, which are out of range with current private-sector rates.

3. Pension funding reform.

State pension costs are ballooning and threaten to cut into core government services. Our Pension Funding & Fairness Act ensures that current pensions are funded while offering common-sense budget reforms.

Why This Works

Illinoisans – whether they're taxpayers struggling to pay the bills or government employees counting on a pension when they retire – deserve better. Budget Solutions 2011 lines up a sustainable path to fix our state's mounting budget woes.

	Quinn Budget	Budget Solutions
Operating Revenues Plus Transfers In		
State Sources	\$19.684	\$19.684
Federal Sources	\$6.032	\$5.300
Statutory Transfers In	\$1.728	\$1.728
Fund Sweeps	\$0.000	\$0.352
Total Revenues	\$27.444	\$27.064
Operating Expenditures and Transfers Out		
Appropriations	-\$24.777	-\$21.299
Unspent Appropriations	\$0.496	\$0.496
Pension Contributions	-\$4.157	-\$4.157
Savings from Pension Reform	\$0.267	\$0.267
Legislatively Required Transfers Out	-\$2.004	-\$0.400
Pension Obligation Bond	-\$1.611	-\$1.611
Debt Service Transfers for Capital Projects	-\$0.638	-\$0.265
Less: Reduced Transfer to Local Government Distributive Fund	\$0.308	\$0.000
Total Spending	-\$32.116	-\$26.969
Deficit/Surplus	-\$4.672	\$0.095