

State Budget Update
Presentation to the Joint Caucus
Illinois Senate
 Feb. 9, 2010

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Overview

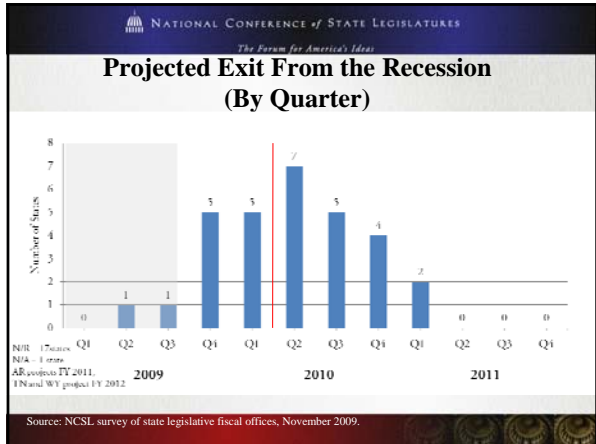
- The state revenue nightmare continues.
- A new round of budget gaps has opened and more are expected.
- To date, states have reported a total estimated budget gap of \$428.5 billion (FY 2008 through FY 2012).

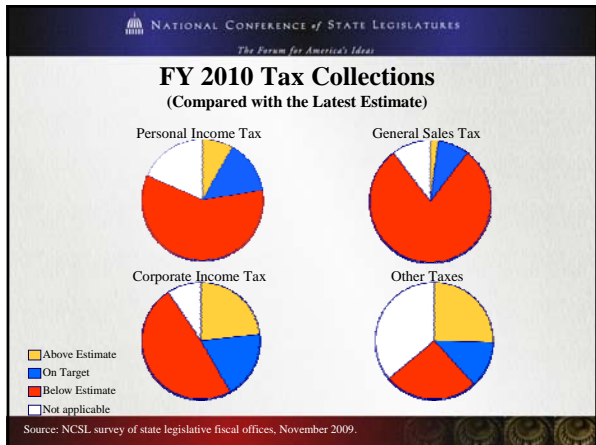
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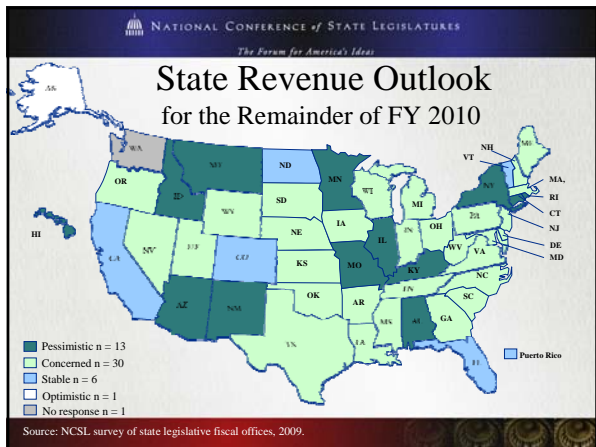
U.S. Business Cycle Downturns 1929-2009: Duration in Months

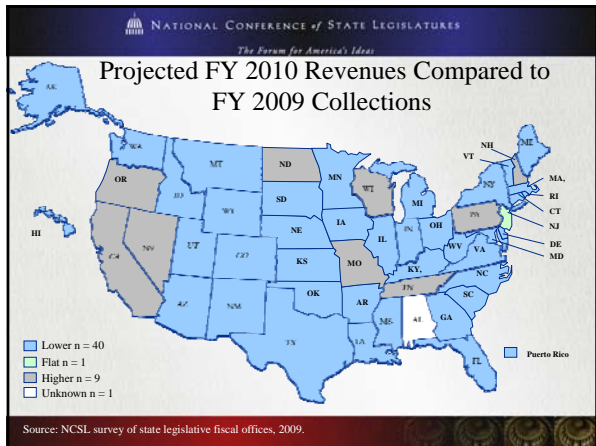
Year Range	Duration (Months)
1929-1933	45
1933-1934	13
1945-1946	11
1948-1949	11
1952-1954	10
1954-1955	10
1957-1958	10
1960-1961	11
1969-1970	11
1979-1982	25
1980-1982	25
1982-1983	4
1982-1983	16
1990-1991	11
1990-1991	11
2001-2003	24

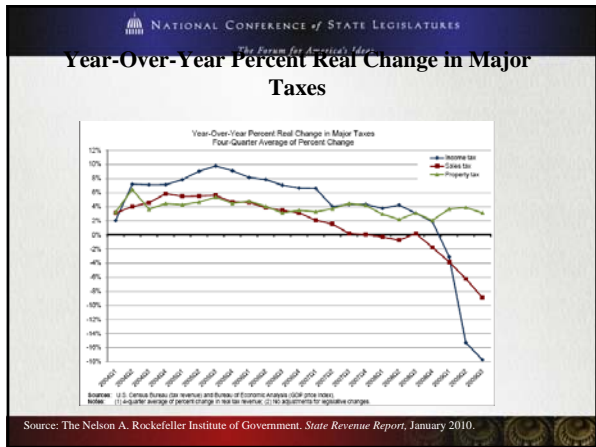
Source: National Bureau of Economic Research

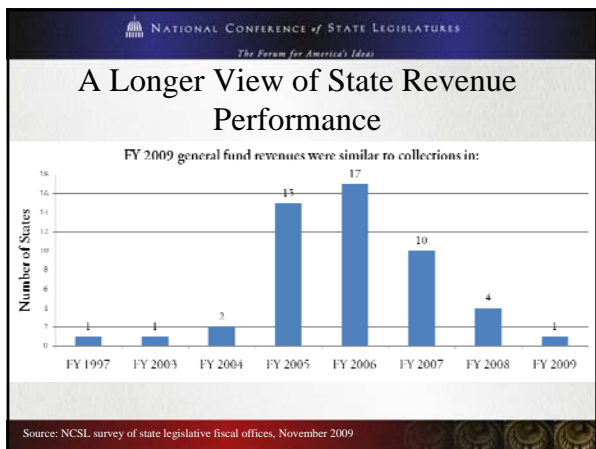


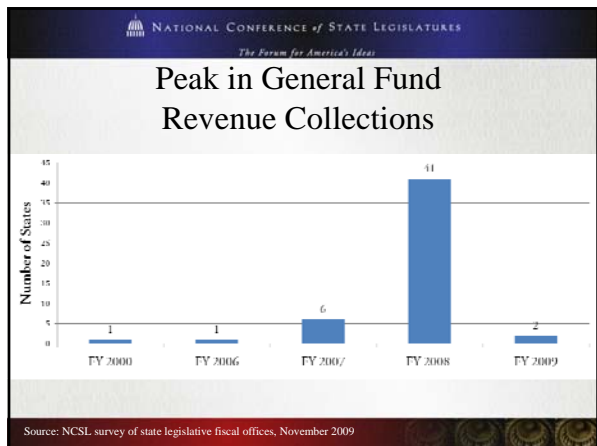


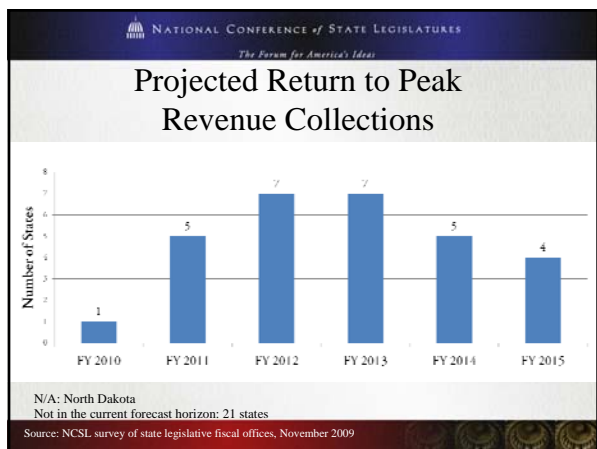


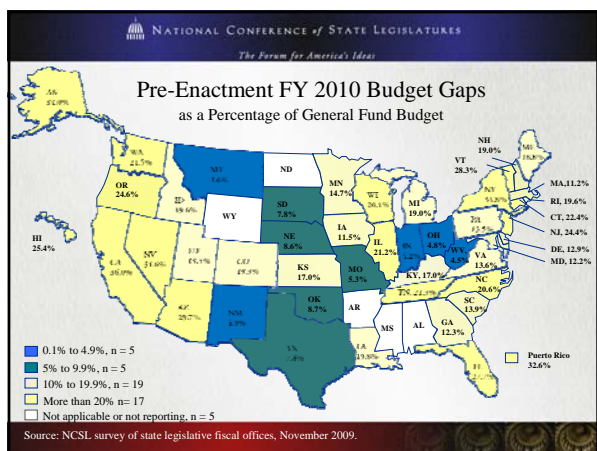


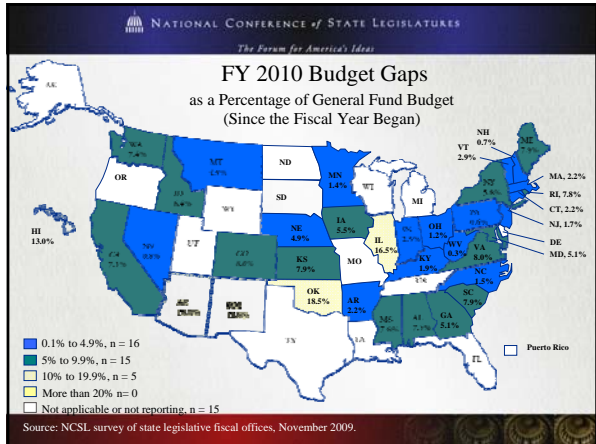


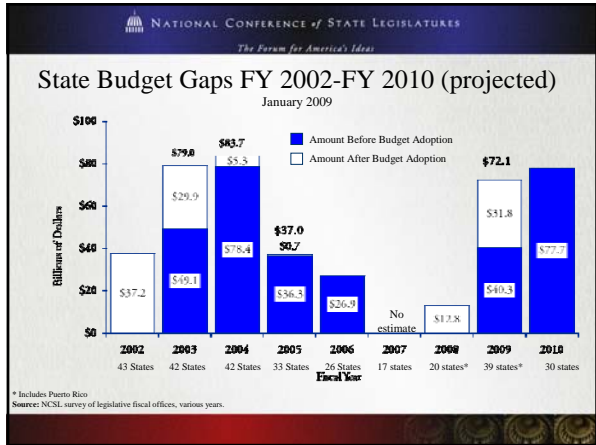


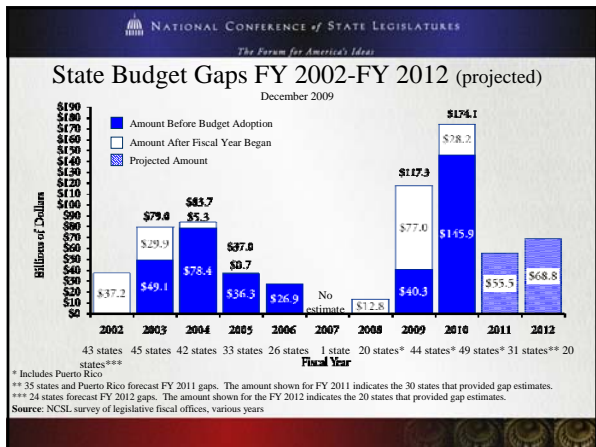












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Budget Gap Numbers

Past and Current Recession

Past Recession		Current Recession	
Fiscal Year	Amount (in Billions)	Fiscal Year	Amount (in Billions)
2002	\$37.2	2008	\$12.8
2003	\$79.0	2009	\$117.3
2004	\$83.7	2010	\$174.1*
2005	\$37.0	2011	\$55.5**
2006	\$26.9	2012	\$68.8**
Total	\$263.8	Total	\$428.5*

Past Recession: March 2001 to November 2001 (8 months)
Current Recession: Began December 2007 to Q3 of 2009† (20-21 months)
† Gray bar denotes end/projected end of recession
*Preliminary figure
** Projected figure

Source: NCSL survey of state legislative fiscal offices, various years.



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Conclusion

- The state fiscal situation range from "grim" and "dire" to "guarded" and "cautious."
- The states are facing a "cliff" once ARRA funding ends.
- State budget recovery remains several years away.

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The Waves Keep Crashing

Michael Keefe, August 20, 2009

www.ncsl.org
For more information
