

# **Governor Quinn's "Tough Choices" Budget Proposal**

Under the Illinois Constitution, the Governor is required to submit a balanced budget to the Illinois General Assembly. Although faced with a record deficit, Governor Quinn is proposing a financially and socially responsible balanced budget for Fiscal 2010.

Governor Quinn's "Tough Choices" Budget Proposal will greatly improve the state's financial health, preserve more than 100,000 jobs statewide, pay off debts to vendors and small businesses on time, support a strong bond rating and put Illinois back on the road to economic recovery.

Governor Quinn's "Tough Choices" Budget Proposal:

- Maintains the State of Illinois' fundamental commitment to education, healthcare, social services and public safety;
- Focuses funding on cost-effective, fiscally responsible ways to deliver necessary services;
- Funds programs and services as required by federal and state law;
- Invests in programs to make sure that Illinois receives every possible dollar in federal matching and stimulus funds;
- Fulfills the State's obligation to the public employee retirement systems;
- Includes an additional \$1 billion in spending cuts.

# Fiscal Year 10 Budget Gap

## DEFINING THE GAP

Restore spending to the Governor's level	\$5.0 billion
Spending exceeds revenue in budget passed by General Assembly	\$1.2 billion
Repay FY09 short-term borrowing for May/anticipated June	\$2.3 billion
Pay FY09 bills proposed to be funded from fund sweeps and pension restructuring in FY09	\$0.7 billion

<b>TOTAL BUDGET GAP</b>	<b>\$9.2 BILLION</b>
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## CLOSING THE GAP

Net cuts in spending	\$1.0 billion
Net new revenue	\$4.3 billion
Potential savings from pension payment restructuring	\$2.2 billion
Additional federal match from restoration of spending	\$1.7 billion

<b>TOTAL GAP CLOSING</b>	<b>\$9.2 BILLION</b>
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**Governor Pat Quinn**  
**State of Illinois**  
**Fiscal Year 2010 Budget**  
*Tough Choices – Not Bad Choices*

**Highlights and Principles**

- Based on sound revenue estimates
- Captures maximum federal match and stimulus funds
- Reduces payment delays on social services, health providers and small businesses – reducing exposure to 12 percent annual interest costs
- Makes \$1 billion in additional reductions:
  - State Operations (includes layoffs,12 furlough days)..... **\$185 million**
  - Medicaid and Health Insurance..... **\$140 million**
  - Grants..... **\$250 million**
  - Education..... **\$175 million**
  - Corrections..... **\$125 million**
  - Additional Reserves..... **\$100 million**
  - Other State offices, departments and agencies not under the Governor..... **\$25 million**
- Incorporates restructuring of debt and fund sweeps
  - Long-term debt restructuring
  - Pension Obligation Notes
  - Fund sweeps

# Governor Quinn's *Tough Choices* Budget

## \$1 Billion in Targeted Spending Cuts

The State of Illinois faces a \$9.2 billion gap in its Fiscal Year 2010 budget. To close that gap, Governor Quinn is proposing a budget that includes:

- \$2.2 billion in pension obligation notes, which free up cash for vital state services
- \$4.2 billion in revenues from an income tax increase
- \$1.8 billion in additional federal matching funds
- \$1 billion in targeted spending cuts

These proposed cuts are necessary to balance the FY10 budget, as required by the Illinois State Constitution. These cuts also are needed to keep the burden on taxpayers as low as possible while allowing the State of Illinois to provide fundamental services to residents hit hard by the current economic recession.

The General Assembly's 50 percent budget would force devastating, across-the-board cuts in funding to social service providers and result in more than 100,000 lost jobs statewide.

The Governor's Tough Choices budget makes difficult but responsible cuts that will preserve as many vital state services as possible and support Illinois' economy.

The proposed cuts include:

### **\$185 million in state operations, employee furloughs and layoffs**

12 furlough days

More than 1,600 layoffs of non-DOC staff

### **\$140 million in Medicaid and health insurance**

Includes \$100 million saved by moving Medicaid patients to managed care

### **\$250 million in grants**

Cuts will be targeted to maximize federal matching funds

### **\$175 million from education**

Maintains funding at FY09 levels and preserves all federal ARRA funds

### **\$125 million from the Department of Corrections**

More than 1,000 layoffs of DOC personnel

### **\$100 million in reserves**

**\$25 million from other State offices, departments and agencies  
not under the Governor**

**Department of Human Services** cuts total \$238 million and include:

- Reducing headcount by 870 positions
- 12 furlough days
- 10 percent reduction in most grants to social service agencies

**Department of Children and Family Services** cuts total more than \$16 million and include:

- 12 furlough days
- 10 percent reduction in some grants to social service agencies

**Department of Healthcare and Family Services** cuts total \$150 million and include:

- Reducing headcount by 66 positions
- 12 furlough days
- \$100 million managed care savings in Medicaid spending
- \$40 million reduction in Illinois Cares Rx

**Department on Aging** cuts total more than \$9 million and include:

- 12 furlough days
- 10 percent cut in some programs and grants
- \$20 million reduction in Circuit Breaker grants

**Department of Public Health** cuts total \$13 million and include:

- 12 furlough days
- 10 percent cuts in many grants

**Illinois State Board of Education** cuts total \$174 million and include:

- Maintaining funding at FY2009 level

**Department of Corrections** cuts total \$125 million and include:

- Reducing headcount by more than 1,000 positions
- 12 furlough days
- Downsizing some correctional facilities

**Department of Juvenile Justice** cuts total nearly \$8 million and include:

- Reducing headcount by 105 positions
- 12 furlough days

**Department of Veterans' Affairs** cuts total \$9 million and include:

- 12 furlough days

**Department of Natural Resources** cuts total more than \$11 million and include:

- Reducing headcount by 67 positions
- 12 furlough days

**Department of Agriculture** cuts total more than \$9 million and include:

- 12 furlough days
- \$10 million cut in grants to local agencies, programs and organizations

**Department of Revenue** cuts total more than \$15 million and include:

- Reducing headcount by 69 positions
- 12 furlough days
- \$4.6 million cut in grants to local governments

**Illinois State Police** cuts total nearly \$20 million and include:

- Reducing headcount by 303 positions
- 12 furlough days
- Eliminating class of 100 cadets

**Department of Commerce & Economic Opportunity** cuts total more than \$10 million and include:

- 12 furlough days
- \$9 million cut from grants and lump sum payments

**Central Management Services** cuts total nearly \$8 million and include:

- 12 furlough days
- \$5 million cut in contractual services

**Other agency** cuts total more than \$2 million.

**Additional reserves on spending** total at least \$100 million.

**Additional reductions** in other State offices, departments and agencies not under the Governor total \$25 million.