



70 East Lake Street, Suite 1700
Chicago, IL • 60601
www.ctbaonline.org

ILLINOIS IS ONE OF THE LOWEST SPENDING STATES IN THE NATION

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Illinois ranks 43rd among the states in state General Fund spending as a share of its Gross Domestic Product—and \$9 out of every \$10 in the Illinois General Fund goes to education, healthcare, human services and public safety.¹

Following is a breakdown of the math showing how Illinois ranks so low in spending—using all publicly available data sets:

Step 1: The Basic Concept, Just Divide General Fund Spending by State Gross Domestic Product

This is a capacity measure that shows that compared to other states Illinois is making a low public funding effort relative to its capacity. Put another way, despite a record budget shortfall that is north of \$13 billion, public spending in Illinois at the state level is very low—compared to other states.

But does this alone mean that Illinois is actually a low funder of public services?

A very wealthy state could conceivably make a low spending effort but still provide a high per-capita level of public services funding relative to other states. This would be analogous to a very wealthy community's local property tax funding of its public schools. It can have a low property tax rate (relative to other communities in Illinois) and still have high per-capita public education funding because it has so much property wealth to tax.

But it turns out that Illinois does not fund a high per-capita level of public services—quite the contrary. To see this you need to break down both Illinois' General Fund spending and its Gross Domestic Product (GDP) by population.

Step 2: To Determine Real Spending Compared to Other States, Divide Illinois Per-Capita General Fund Spending By its Per-Capita State Gross Domestic Product.

(a) The numerator:

General Fund Expenditures Divided by State Population

This provides an absolute measure of how well Illinois is funding its public services compared to other states, regardless of how wealthy it is. Simply comparing Illinois General Fund spending per-capita to

all other states' per-capita General Fund spending shows Illinois ranks just 37th among the states in total General Fund spending per-capita.²

Step 3: To Determine Real Relative Wealth Compared to Other States, Divide Illinois GDP by its Population.

(b) The denominator:

State Gross Domestic Product Divided by State Population

This provides a measure of how wealthy Illinois is compared to other states that takes into account both the state's economy and its population. Under this metric, Illinois ranked 13th in per-capita GDP in 2008.³

Step 4: To Understand Illinois General Fund Spending Ranking, Divide the Numerator in Step 2 by the Denominator in Step 3

To arrive at Illinois' final ranking of 43rd among the states in total General Fund spending, we simply divided the quotient obtained in part (a) above, by the quotient obtained in part (b) above and compared that spending per-capita figure to the rest of the states. Not surprisingly, result of dividing a low (ranked 37th) effort in per-capita or absolute level of funding by a large (ranked 13th) per-capita GDP state (taking size of population into account) *is an even lower overall ranking of General Fund spending relative to GDP of 43rd.*

But this very low capacity ranking is *not* because Illinois is so wealthy that it can afford to spend a very low share of its GDP on public services. *It's because, in spite of being a comparatively rich state, Illinois has an absolutely low level of funding of public services relative to other states.*

For More Information Contact:

Ron P. Baiman, Ph.D.
Director of Budget and Policy Analysis
(312) 332-1480
rbaiman@ctbaonline.org

Center for Tax and Budget Accountability
70 E. Lake Street, Suite 1700
Chicago, Illinois 60601
Fax: (312) 578-9258
www.ctbaonline.org

¹ State level General Fund expenditure data from the National Association of State Budget Officers/National Governor's Association 2008 "Annual Fiscal Survey of the States," most recent 2008 state GDP data from the U.S. Bureau of Economic Analysis, "Analysis of Governor Quinn's General Fund Budget Proposal for Fiscal Year 2011," Figure 1, p. 2, CTBA, March 2010.

² National Association of State Budget Officers/National Governor's Association data op. cit., and US. Census 2008 state population estimates.

³ 2008 US Bureau of Economic Analysis state GDP, and 2008 US Census state population data.