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FACT SHEET

ILLINOIS STATE DEFICIT PROBLEMS

January 12, 2010

Below is a short walk-down of the FY2010 and FY2011 budget pictures—with a focus on the hole that will exist next year, based on the debt and one-time, nonrecurring revenue being used for FY2010.

Illinois' State FY2010 Budget Breakdown	
APPROPRIATIONS	\$26.08 B*
ONE-TIME, NONRECURRING REVENUES	
Debt Proceeds from issuance of five-year Pension Notes	\$3.466 B
Federal Stimulus	\$1.966 B
Fund Sweeps	\$.352 B
Debt Restructuring	\$.475 B
TOTAL NONRECURRING REVENUE	\$6.259 B**
<p>* Note: The FY2010 budget figure does NOT include at least \$4.0 B in past due, unpaid bills carried forward from FY2009. The Appropriation figure also does not include the \$3.466 B in Pension Note proceeds used to fund state pensions though pension payments have historically been included in General Fund appropriations.</p> <p>**Note: That means over 21% of the \$29.55 B FY2010 budget (\$26.08 B plus \$3.466 B in Pension Fund payments) is covered with one-time, nonrecurring revenues not available in FY2011.</p>	

Illinois' FY2011 Starting Budget Shortfall—Minimum	
Replacement of one-time FY2010 revenues and debt	\$6.259 B
First installment of five-year Debt Service on Pension Notes	\$.800 B
Carry Forward of Operating Deficits from FY2009/2010*	\$4.0 B
Estimated revenue decline in FY2010	\$.900 B
Increase in required pension contribution under the Pension Ramp**	\$1.2 B
TOTAL MINIMUM FY2011 STARTING DEFICIT***	\$13.159 B
<p>* <i>The Illinois State Comptroller's Quarterly</i> of January 2010 estimates that the state will have a backlog of \$8.75 B in unpaid bills by the start of FY2011, and \$5.1 B as of December 2010. However, many of these bills are presumably for items that are covered in FY2010 budget appropriations. We estimate that a \$4.0 B backlog of unpaid bills not covered by FY2010 appropriations will be carried in FY2011.</p> <p>** Note: In 1995, Illinois passed a pension ramp bill requiring significant, annual increases in the state's contribution to its public employee retirement systems, to make up for a decades long practice of failing to make the full, employer contribution into the system. That is why the pension contribution escalates by \$1.2 billion next year. It is also why Illinois has an unfunded liability in excess of \$74 billion today.</p> <p>***The Starting Deficit for FY2011 is over 45% of the \$29.55 B FY2010 on-line and off-line Appropriation.</p>	

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