

**FY 2011 State of Illinois Budget Address-Pat Quinn  
March 10, 2010 FINAL DRAFT**

**Good Afternoon Honorable Members of the General Assembly. Speaker Madigan. President Cullerton. Minority Leader Cross. Minority Leader Radogno. Secretary of State White. Comptroller Hynes. Treasurer Giannoulas.**

**I also want to acknowledge Attorney General Madigan, who is under the weather and is unable to join us today.**

**Last March in my budget address, I stood here at this podium and told you that I'm an optimist.**

**That I have complete faith in the people of Illinois, and in our ability to meet any challenge.**

**I'm still an optimist.**

**But I'm also a realist.**

**And today, I'm here to talk about real numbers, and the real challenges, that we face in the coming fiscal year.**

**As you know, our state government is in financial crisis.**

**We must take action to solve our fiscal problems now, or we will pay the price for years to come.**

**We cannot afford to duck our responsibilities.**

**I'm not going to try to sugarcoat the situation: The problems we face today are daunting.**

**We are in a battle that we must win. We are fighting for Illinois.**

**I believe we can win this fight together – but only if we work together to create jobs, cut costs, and move forward.**

**We are in a crisis of historic proportions.**

**Even as this Great Recession is coming to an end, unemployment is still way too high.**

**For many Illinoisans, wages and benefits have tumbled.**

**Millions of men and women across our state are lying awake at night, wondering how they will pay their bills and get back on their feet.**

**This is a human tragedy. It's also a fiscal catastrophe for the State of Illinois.**

**When wages fall, state revenues fall, too.**

**When people lose their jobs, or take wage cuts, that sends income tax revenues plummeting.**

**And those who have held onto their jobs are thinking twice before they spend – which means sales tax receipts are down.**

**Due to the recession, there has been an historic drop in state revenues, amounting to billions of dollars.**

**And we don't expect state revenues to rebound in the coming fiscal year.**

**We're also facing the reality that our support from the federal stimulus program is coming to an end.**

**The American Recovery and Reinvestment Act has provided billions of dollars to help us preserve our education system and meet our Healthcare obligations.**

**But those federal stimulus dollars will not be available for education in the coming fiscal year.**

**In addition, we face a long standing fundamental problem: The State of Illinois has been spending more than it receives for decades, under both Democratic and Republican administrations.**

**As a result, our state has a structural deficit that has been silently ballooning – and today, we face a deficit of 13 billion dollars for the coming fiscal year.**

**We have five basic economic strategies to attack this fiscal crisis:**

- 1) Cutting spending.**
- 2) Strategic borrowing.**
- 3) Maximizing federal assistance.**
- 4) Creating new jobs that will put our people back to work.**

**and**

- 5) Improving state revenues.**

**This isn't going to be easy for anybody.**

**Although the upcoming budget for the state of Illinois is \$55.1 Billion, about half of that money comes from federal dollars and special funds.**

**That means we don't have the authority to decide how most of those dollars are spent.**

**Our spending power is pretty much limited to the dollars in our General Revenue Fund – about 27.4 billion dollars in the coming year.**

**Now, there are some people who say we should just cut across the board until we close our 13 Billion dollar deficit and our spending equals our revenues – even if that means draconian cuts in health, human services, education and public safety.**

**But that approach is both heartless -- and naïve.**

**Taking a chainsaw to our state budget for schools, for healthcare, for human-services, and public safety, is wrong.**

**Does that mean we can't make any meaningful cuts in our state spending?**

**No.**

**But it means that we must consider the financial impact – as well as the human cost – of every cut we make.**

**In the coming fiscal year, I have made substantial cuts in a number of important programs.**

**And to make sure that we are squeezing the best value possible out of every single tax dollar, my budget also calls for a number of strong belt-tightening measures.**

**Many of these ideas were taken from suggestions posted on our budget website – [budget.illinois.gov](http://budget.illinois.gov).**

**A few weeks ago, we asked for ideas from the public.**

**We received an overwhelming response – more than 13 thousand suggestions on how to address the state’s budget crisis.**

**We heard from Kevin in Jerseyville, who told us to cut back even further on travel expenses for state employees.**

**We heard from Raul in Chicago, who told us to take a second look at the cost of big state contracts.**

**We heard from Tom in Naperville, who told us to enact meaningful public pension reform.**

**Those comments -- and thousands more like them -- helped to shape every part of this budget that I am presenting today.**

**And we will continue to use the tools of electronic democracy to bring in new, creative ideas from the public.**

**So I thank the people of Illinois for their good ideas and their good sense.**

**Following the advice of thousands of Illinoisans, the cuts I am proposing today include \$214 million in spending reductions for state operations.**

**We can also save another \$300 million in the coming year -- and billions more in the years to come -- by stabilizing our public pension systems.**

**My budget also calls for a \$300 million reduction in the amount of income tax revenue the state shares with local governments.**

**And finally – and this is the most painful cut of all- we must reduce spending on elementary, secondary and higher education by 1.3 billion dollars.**

**That represents a 17 percent cut in state funding to grammar schools and high schools.**

**I am making this cut with the great reluctance, and only because the current fiscal emergency leaves me no choice. These cuts are the unavoidable consequence of a bipartisan refusal – year after year -- to confront fiscal reality.**

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**But even with all of these difficult cuts, we cannot make ends meet in the coming fiscal year without further action.**

**We also need to make wise use of our borrowing power until the economy recovers and state revenues improve.**

**Again, I know there are some critics who say that the State of Illinois should not borrow any more money.**

**But when we fail to pay our bills, we are basically borrowing money from public schools, colleges, social service agencies, small business owners, and other community partners throughout Illinois.**

**And under the law, we are required to pay 12 percent annual interest on many of those late payments.**

**Paying our bills late is not right, and it's not smart. So instead of forcing our vendors to float us a loan, the State of Illinois needs to borrow money strategically -- at reasonable market interest rates.**

**That way, the state saves millions of dollars in reduced interest payments -- and our vendors won't have to figure out how to make payroll while they're waiting month after month for payment from the state.**

**Another key to our budget proposal is bringing more federal dollars back to Illinois.**

**Over the past year, we've done an excellent job in winning federal dollars -- putting thousands of people in Illinois back to work.**

**We're going to keep working in partnership with President Obama and our congressional delegation to make sure Illinois gets its fair share of the dollars we send to Washington.**

**But we need to do even more to help turn our economy around -- and to build a long-term solution to our state's chronic fiscal problems.**

**Our top priority for the coming year must be creating jobs for the people of Illinois.**

**More jobs mean more tax revenues -- and less spending on unemployment, Medicaid and other social programs.**

**We want to make sure there's a job for every living, breathing person in Illinois who wants to work.**

**That's why I'm committed to Illinois Jobs Now! – our state's first comprehensive public works program in more than a decade.**

**By combining state and federal resources, we are creating and supporting more than 400,000 new jobs in Illinois.**

**Repairing our roads, making our bridges safe, improving our water systems, modernizing our rail network, and building 21st century schools.**

**Over the past year, we've had some real successes in working with Illinois businesses to create and preserve jobs.**

**This year, Illinois was the winner when Ford Motor Company was looking for a place to produce the new Explorer S-U-V.**

**We beat every other state in the nation – and every province in Canada.**

**As a result, Ford is investing hundreds of millions of dollars in its Illinois Assembly plant – and creating 1,200 new manufacturing jobs to build the new fuel-efficient Ford Explorer right here in Illinois.**

**When we took action to help Keystone Steel and Wire in Bartonville, we saved hundreds of jobs – and helped a company founded in 1889 keep its doors open.**

**And by developing a package that combined a targeted investment of state dollars with \$91 million in private funds, we made it possible for UPS to improve and modernize major facilities in Illinois.**

**And we saved at least 3,000 jobs in our state.**

**But we can do even more to support Illinois businesses and create jobs.**

**Today, I am proposing the Illinois Small Business Job Creation Tax Credit.**

**It will provide a \$2,500 tax credit for each full-time job a small business creates in Illinois over the next year.**

**This credit will be limited to businesses with 50 or fewer employees.**

**Those small businesses are the backbone of our state's economy – and the key to our economic recovery.**

**We need to make sure they have the resources they need to grow and prosper.**

**Small business means big business in Illinois.**

**The Illinois Small Business Job Creation Tax Credit will help to create 20,000 new jobs.**

**And as we're creating those jobs, we must make sure that everyone gets a fair share of the benefits of economic recovery.**

**So I pledge to the working men and women of Illinois that, as we rebuild our state economy, we will defend the minimum wage.**

**We will fight to make sure everyone receives equal pay for equal work.**

**And we will never, ever allow workplace discrimination against good, hard-working men and women in the Land of Lincoln.**

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**Finally – I have one proposal that is not included in our budget plan.**

**I know that conventional wisdom says that it is impossible to pass new revenue in an election year.**

**But I also know that the people of Illinois share my conviction that education represents the best possible investment we can make.**

**Education is the key to Economic Opportunity.**

**Here are the plain facts:**

**In the current fiscal year, the federal stimulus program provided One Billion dollars in emergency funding for education in Illinois.**

**Those federal dollars made it possible to protect our education system from severe cuts in the current budget.**

**But those federal stimulus funds for education will end on July 1, 2010 --this year -- and right now, we do not have the revenues to replace those federal dollars.**

**I think it is wrong – and short-sighted – to cut education funding.**

**I do not believe that the people of Illinois want our young children crammed into overcrowded classrooms.**

**I do not believe the people of Illinois want to see promising young students forced out of college.**

**I do not believe the people of Illinois want us to balance our budget today by sacrificing the future of a generation of children.**

**So I am challenging you today to consider a wise and responsible alternative to damaging cuts in education funding.**

**My alternative is a one percent income tax surcharge for education.**

**That 1 percent will be enough to restore our education budget to current levels – and allow us to get caught up on some of the millions of dollars we owe to our public schools, community colleges and four-year universities.**

**I believe this 1 percent for education makes sense – and I think the people of Illinois will understand.**

**We must invest in the future – even in these tough economic times.**

**This is urgent.**

**We don't have six months.**

**We don't have six weeks.**

**I challenge the General Assembly to take immediate action to enact the 1 percent for education initiative.**

**If we can enact this emergency rescue plan promptly – we can keep 17,000 committed teachers from getting layoff notices in the next few weeks.**

**In every community in Illinois, there are parents sitting up late at night, at their kitchen tables, trying to figure out how to get through these tough times without sacrificing their kids education – their children's future.**

**We cannot walk away from teaching our kids.**

**In America, in Illinois, we adults sacrifice some of our present in order to help our children's future.**

**We are custodians of their future.**

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**It might seem easy to close our eyes, cross our fingers, and kick the can down the road.**

**But we can't do that.**

**The cost of doing nothing is too great.**

**I have made some difficult, painful choices in this budget.**

**You must make some tough choices as well.**

**Either by approving a plan for new education revenue.**

**Or by passing a budget that will starve public education at every level in every community in Illinois and force property taxes even higher.**

**We have a tough fight ahead of us. But I believe we can get through this difficult year together.**

**We cannot lose faith in the future of our state. The people of Illinois have been through tough times before.**

**We are strong; we are faithful; and we can meet every challenge that comes our way.**

**So let's work together and pass a budget that will get us through this fiscal year.**

**We can create new opportunities to improve our economy, increase our prosperity and get our fiscal house in order.**

**We must never give up. We will prevail.**

**Today, in every corner of Illinois, families are facing tough times and tough decisions.**

**They're not giving up.  
They're fighting with their heart and soul.  
They're fighting for the future of their children.**

**We don't have time for any more partisan battles or tactical politics.**

**So as we tackle this budget, let's remember:**

**We are fighting for our children, our jobs, and the future of our state.**

**We are fighting for Illinois.**

**Together, we can win.**

**And Make the Will of the People the Law of the Land.**

**Thank you.**

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