

# State of Illinois



*Budget in Brief | Fiscal Year 2021 | JB Pritzker, Governor*



*Embargoed until 12:00 Noon, Wednesday, February 19, 2020*



## NOTICE

For Release at 12:00 Noon, Wednesday, February 19, 2020

There is a total embargo on the budget for fiscal year 2021 until 12:00 noon, Wednesday, February 19, 2020. This prohibition includes references to any and all material in this document. There must be no premature release of this document, nor should any of its contents be paraphrased, alluded to, or commented upon in stories prior to 12:00 noon, February 19, 2020.

Alexis Sturm, Director  
Governor's Office of Management and Budget

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# FISCAL YEAR 2021 BUDGET BRIEFING

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Governor's Office of Management and Budget  
February 19, 2020



# Fiscal Year 2021 Budget – Rebuilding Illinois - Stronger Each Day

The proposed fiscal year 2021 budget builds on the progress that Illinois has made in the last year.

- ✓ Restore Economic and Budgetary Stability
- ✓ Ensure a Responsibly Balanced Budget Through Reserves Dependent on Public Act 101-0008 Taking Effect
- ✓ Make Illinois the Best State in the Nation to Raise a Family
- ✓ Strengthen Illinois' Social Safety Network
- ✓ Reform the Criminal Justice System and Invest in Public Safety
- ✓ Rebuild Illinois' Infrastructure
- ✓ Keep Illinois a World Leader and Competitive in a Global Economy



## Governor Pritzker's First Year Accomplishments

- ✓ A balanced bipartisan state budget passed on time
- ✓ Approval and launch of Rebuild Illinois - a bipartisan historic capital plan
- ✓ Expanded childcare and preschool programs
- ✓ Record level of state K-12 funding
- ✓ Expanded vocational training, career and technical education, and college scholarships
- ✓ Investments in public safety through increased state troopers and a planned new forensics lab
- ✓ Legalizing adult-use cannabis with strong social equity provisions
- ✓ Suburban and downstate police and firefighter pension fund investment consolidation
- ✓ An increase in the state minimum wage
- ✓ Initiatives to provide equal pay for women and minorities, to expand apprenticeships and to set strong diversity goals in public works projects



# FY2021 INVESTMENT PRIORITIES

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## Governor Pritzker's FY2021 Investment Priorities

- ✓ Early Childhood Programs (Birth to Age 5)
- ✓ K-12 Education
- ✓ Higher Education
- ✓ Health and Social Services Programs
- ✓ Criminal Justice Reform and Public Safety
- ✓ Environmental and Cultural Resources
- ✓ Economic Development and Infrastructure



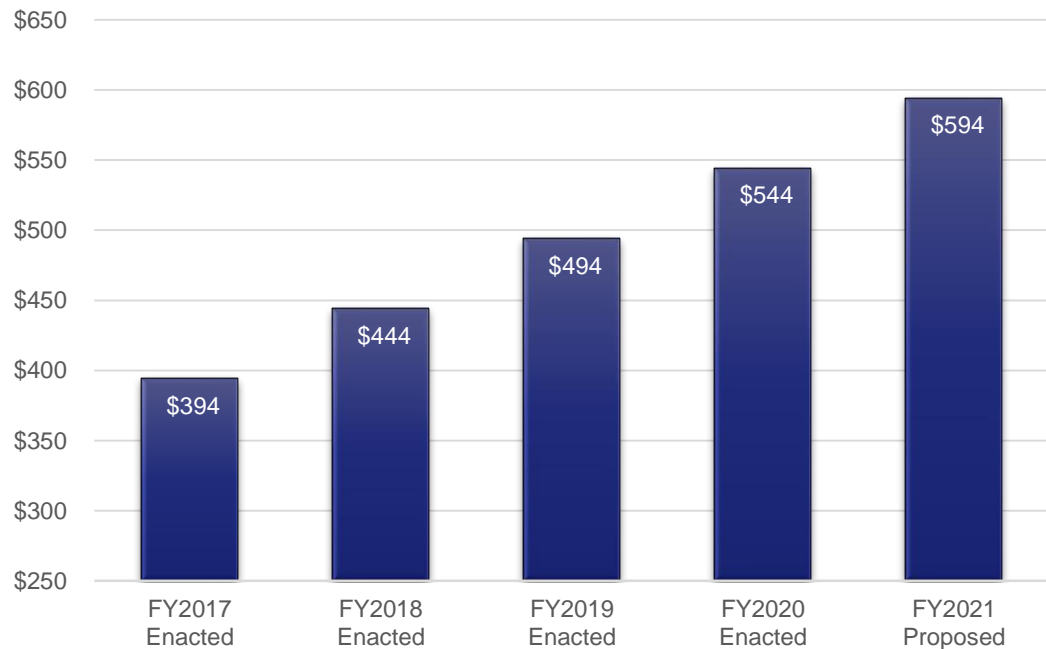
## Birth Through Five

### *Investing in Our Children*

**Making Illinois the best state in the nation to raise a family, with record early childhood funding to prepare all Illinois children for kindergarten and beyond.**

- ✓ Increases State Early Childhood Block Grant - **\$50 million**
- ✓ Strengthens Child Care Assistance Program to provide care to nearly 140,000 children monthly - **\$100 million increase**
- ✓ Increases Early Intervention Program funding - **\$7 million**
- ✓ Additional **\$13.5 million** federal funding to improve quality of preschool programs
- ✓ Increases home visiting services to an additional 500 families to provide coaching and support beginning with pregnancy and continuing through the first few years of the lives of their children - **\$4.25 million**

**Early Childhood Block Grant Funding  
(Dollars in Millions)**





## K-12 Funding

*Historic funding for K-12 schools, helping to alleviate local property tax burdens*

**The recommended fiscal year 2021 budget continues to put Illinois on the right path to equitably serve every child in Illinois with adequate funding.**

- ✓ **Increases Evidence-Based Funding - \$350 million**
- ✓ **Improves the teacher pipeline through recruitment and retention of diverse and effective educators - \$16.5 million**
- ✓ **Funds new Student Care Department at ISBE - \$2.2 million**
- ✓ **Increases funding for transportation and special education grants - \$51.3 million**
- ✓ **Pilots a new program for Community Partnerships for Student Health and Well-Being - \$2 million**
- ✓ **Maintains support for Career and Technical Education at \$43 million**



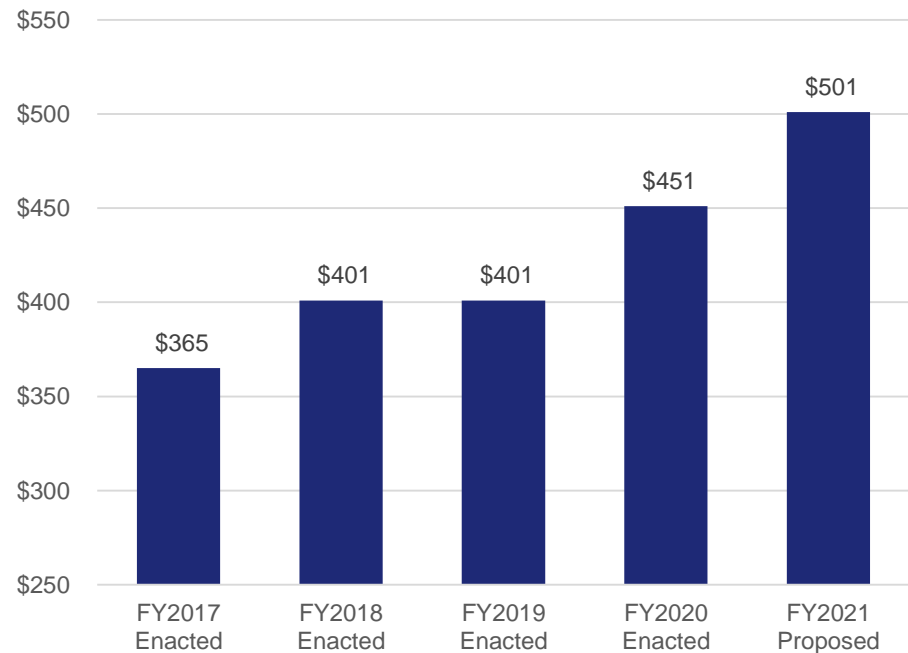
## Higher Education

### *Investing in Our Colleges and Universities*

#### **Increasing college affordability and expanding economic opportunity.**

- ✓ Increases Monetary Award Program (MAP) funding - **\$50 million**
- ✓ Dedicates **15% of MAP awards** to community college students
  - ✓ Tuition-free community college for MAP eligible students in families with incomes under \$45,000 w/federal Pell Grant
- ✓ Includes funding for the 3<sup>rd</sup> year of AIM HIGH Pilot Program - **\$35 million**
- ✓ Increases public university operations funding - **\$55.6 million**
- ✓ Increases community college operations funding - **\$14.9 million**
- ✓ Creates a new community college apprenticeship grant program - **\$5 million**
- ✓ Continues **\$500 million** in investments in innovative research facilities through Discovery Partners Institute and Illinois Innovation Network

MAP Grant Appropriations  
(\$ millions)





# Funding our Commitments

## *Proactive solutions to inherited debts*

- ✓ Budget proposes to proactively stabilize College Illinois! prepaid tuition program.
  - ✓ According to 2019 actuarial reports, the program will be \$481 million short of what is needed to pay for current contracts.
  - ✓ FY2021 budget calls for the first annual contribution of \$27 million to address the deficit over 14 years.
  - ✓ Starting payments now could save up to \$100 million over the life of the program.
- ✓ Calls for annual increases in funding for retired community college staff health insurance plan.
  - ✓ Currently, the plan is on track to have a two year backlog (\$115 million) by the end of FY2021.
  - ✓ Proposes an increase in contributions from the state and participants to eliminate the backlog and rebalance the program funding.



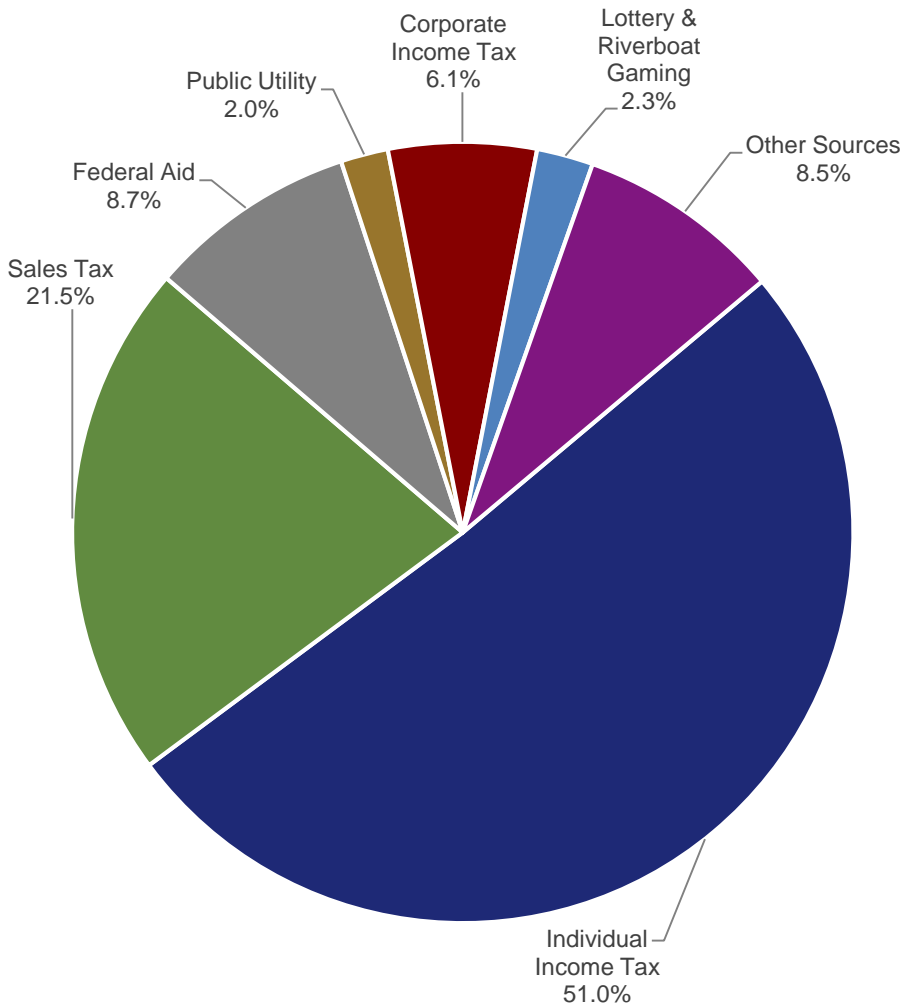
# BUDGET WALK DOWN

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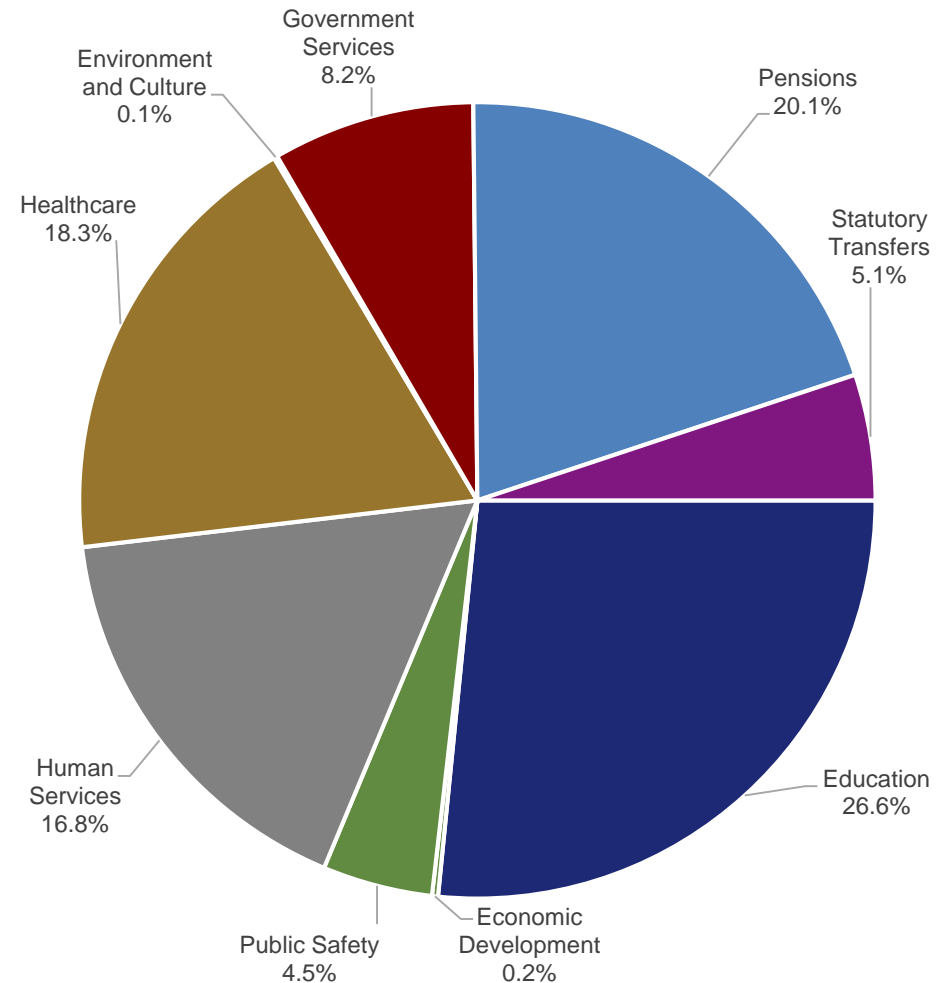


## FY2021 General Funds Budget

### Revenues: \$42.1 billion



### Expenditures: \$42.0 Billion



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## FY2020 and FY2021 General Funds Revenues Summary

- ✓ Base General Funds revenues are estimated to total \$40.7 billion, a \$656 million, or 1.6%, increase from FY2020 revised base estimates.
- ✓ Revenues from adult-use cannabis are expected to generate \$46 million for transfer to the General Funds in FY2021.
- ✓ An additional \$1.435 billion is forecast to be deposited into the General Funds if income tax rates under PA 101-0008 go into effect on January 1, 2021.

RESOURCES (\$ in millions)	Estimated FY 2020	Projected FY 2021	\$ Increase	% Increase
<b>State Sources: Revenues</b>				
Net Individual Income Taxes	19,435	20,126	691	3.6%
Net Corporate Income Taxes	2,490	2,489	(1)	0.0%
Net Sales Taxes	8,740	9,038	298	3.4%
All Other Sources	3,571	3,360	(211)	(5.9%)
<b>Total State Sources: Revenues</b>	<b>34,236</b>	<b>35,013</b>	<b>777</b>	<b>2.3%</b>
<b>State Sources: Transfers In</b>				
Lottery	700	728	28	4.0%
Riverboat Gaming	261	258	(3)	(1.0%)
Adult-Use Cannabis	15	46	31	213.7%
Other Transfers	1,675	1,000	(675)	(40.3%)
<b>Total State Sources</b>	<b>36,886</b>	<b>37,045</b>	<b>159</b>	<b>0.4%</b>
Federal Sources	3,154	3,651	497	15.8%
<b>SUBTOTAL, RESOURCES</b>	<b>40,040</b>	<b>40,696</b>	<b>656</b>	<b>1.6%</b>
Interfund Borrowing/Fund Reallocations	150	-	(150)	
Treasurer's Investment Borrowing	400	-	(400)	
PA 101-0008 Net Individual/Corporate Income Tax Revenues <sup>1</sup>	-	1,435	1,435	
<b>TOTAL RESOURCES</b>	<b>40,590</b>	<b>42,131</b>	<b>1,541</b>	<b>3.8%</b>

<sup>1</sup> PA 101-0008 takes effect January 1, 2021, adjusting individual and corporate income tax rates and generating an estimated \$1,435 million in FY2021 revenue for the general funds, if SJRCA 1 is adopted by the people of Illinois. If PA 101-0008 does not take effect, and no other additional revenues are realized, then estimated revenues for FY2021 will decline by \$1,435 million, certain appropriations will not take effect, and other transfers and borrowings will be used to maintain a balanced state budget.



## FY2020 and FY2021 General Funds Expenditures Summary

- ✓ The proposed FY2021 General Funds budget has estimated expenditures totaling \$42.0 billion.
- ✓ The budgeted expenditures reflect the Governor's commitments to education and health and human services.
- ✓ The proposed budget reflects full payment of the certified FY2021 pension contribution.
- ✓ Estimated FY2021 budgetary surplus of \$108 million.

EXPENDITURES (\$ in millions)	Estimated FY 2020	Projected FY 2021	\$ Increase	% Increase
<b>EXPENDITURES</b>				
Education	10,826	11,430	604	5.6%
Economic Development	68	105	36	53.3%
Public Safety	1,867	1,922	55	2.9%
Human Services	6,565	7,238	673	10.3%
Healthcare (Medicaid)	7,464	7,890	426	5.7%
Environment and Culture	61	62	1	1.6%
Government Services	3,645	3,536	(109)	(3.0%)
Pensions	8,113	8,624	511	6.3%
Unspent Appropriations	(1,023)	(981)	42	(4.1%)
<b>Total Operating Budget<sup>1</sup></b>	<b>37,586</b>	<b>39,826</b>	<b>2,240</b>	<b>6.0%</b>
Statutory Transfers Out	393	401	8	2.1%
Debt Service	1,827	1,706	(121)	(6.6%)
Interfund Borrowing Repayment	170	90	(80)	(47.1%)
Investment Borrowing Repayment	408	-	(408)	N/A
<b>Total Additional Expenditures</b>	<b>2,798</b>	<b>2,197</b>	<b>(601)</b>	<b>(21.5%)</b>
<b>TOTAL EXPENDITURES</b>	<b>40,385</b>	<b>42,023</b>	<b>1,639</b>	<b>4.1%</b>

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## Proposed Fiscal Year 2021 Budgetary Reserves

- ✓ The budget proposal is structured so that it will be balanced with or without the revenues resulting from PA 101-0008.
- ✓ The proposal includes budgetary reserves in the event the rates under PA 101-0008 do not take effect.

Reserve Action	Amount (\$ millions)
Reserve Proposed 5% Increase for University Operations	\$ 55.6
Reserve Proposed 5% increase for Community College Operating Grants	\$ 14.9
Reserve Proposed Increase in Funding for School District Mandated Categorical Lines	\$ 40.3
Reserve a Portion of Proposed School District Evidence-Based Funding Increase	\$ 150.0
Reserve Proposed First Year of Supplemental Funds for College Illinois!	\$ 27.0
Reserve Half Year of School Maintenance Capital Program	\$ 20.0
<b>Subtotal, Education</b>	<b>\$ 307.8</b>
Reserve Proposed FY21 Medicaid Provider Rate Increases	\$ 42.0
Reserve Portion of FY21 Contribution for State Employee Group Insurance Costs	\$ 400.0
Reserve Proposed FY21 Rate Increase for Department on Aging Community Care Program	\$ 40.0
<b>Subtotal, Healthcare/Human Services</b>	<b>\$ 482.0</b>
Reserve Costs for Proposed May 2021 State Police Cadet Class	\$ 3.5
<b>Subtotal, Public Safety</b>	<b>\$ 3.5</b>
Implement State Agency Targeted Hiring Freeze Beginning December 1, 2020	\$ 75.0
Reserve Proposed FY21 Awards for Open Space Land Acquisition and Development Grants	\$ 29.8
Reserve 5% of Income Tax Revenue Sharing with Local Governments	\$ 73.0
Reserve 5% of Sales Tax Revenue Sharing with Local Governments	\$ 25.0
Reserve Road Fund to Cover Additional Amounts for Transit Costs	\$ 100.0
Reserve Payment of Corporate Income Tax Refunds	\$ 300.0
<b>Subtotal, State and Local Government</b>	<b>\$ 602.8</b>
<b>Total</b>	<b>\$ 1,396.1</b>

Note: Additionally, the allocation of new funds for pensions (\$100 million) and the Budget Stabilization Fund (\$50 million) would be reserved.



# Need Additional Information?

- ✓ Please visit the Governor's Office of Management and Budget website to download a copy of the *Fiscal Year 2021 Budget* book, the *Fiscal Year 2021 Capital Budget* or to view the Interactive Budget portal.
- ✓ <https://www2.illinois.gov/sites/budget/Pages/default.aspx>