

## ILLINOIS Budget Report Card



THOUGH ILLINOIS REGROUPED after not being able to pass budgets in 2016 and 2017, enacting spending plans in the following years, the state continued to fare poorly in most budgetary categories evaluated by the Volcker Alliance.

For fiscal 2017 through 2019, Illinois received a D-minus average, the lowest possible grade, in budget maneuvers—the use of one-time revenues to achieve balance. For example, Illinois added to the 2019 budget \$300 million in assumed proceeds from the proposed sale of the seventeen-story James R. Thompson Center, a state office building in Chicago. It included the same assumed sale and revenue figure in the 2018 budget, but a transaction never took place, leaving the state with a hole to fill. Illinois also continued its practice of deferring scheduled expenditures to balance budgets:

As of October 2018, the state comptroller estimated a backlog of \$7.2 billion in unpaid vendor bills.

With the states’ second-poorest-funded public worker pension system (only Kentucky’s is worse), Illinois received a D-minus average in legacy costs, which cover pensions and other postemployment benefits (OPEB), principally health care. In 2018, Illinois pensions were funded at only 39 percent of estimated obligations—31 percentage points below the total for all states.

In contrast to its basement-dwelling budget maneuvers and legacy costs grades, Illinois earned a B average in transparency. A main driver of the score was its inclusion in the 2019 budget and other documents of cost estimates of deferred infrastructure maintenance, which exceed \$26 billion for state buildings, universities, roads, bridges, and local K–12 schools. Publication of the data helped Illinois score a top A annual grade for transparency in 2019. Only four other states—Alaska, California, Hawaii, and Tennessee—provide similar reports.

### EAST NORTH CENTRAL STATES SIDE BY SIDE: Three-Year Average Grades, 2017-19


	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Illinois	C	D-	D-	D	B
Indiana	C	A	B	A	B
Michigan	B	A	C	A	B
Ohio	D	C	C	C	B
Wisconsin	D	B	A	B	B
US AVERAGE	B	B	C	B	B


**NOTE** States are grouped by US Census Bureau divisions.


Average grades are based on annual numerical scores. For more information, download *Truth and Integrity in State Budgeting: The Balancing Act* at [VolckerAlliance.org](http://VolckerAlliance.org).


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BUDGET FORECASTING				
	2017	2018	2019	
	CATEGORY GRADE	<b>D</b>	<b>B</b>	<b>B</b>
	Consensus Revenue Forecasts	<b>X</b>	<b>X</b>	<b>X</b>
	Multiyear Expenditure Forecasts	<b>X</b>	✓	✓
	Multiyear Revenue Forecasts	<b>X</b>	✓	✓
	Revenue Growth Projections	<b>X</b>	✓	✓
<b>3-YEAR AVERAGE</b> <b>C</b>		<b>3-YEAR TREND</b> ↗		

BUDGET MANEUVERS				
	2017	2018	2019	
	CATEGORY GRADE	<b>D</b>	<b>D</b>	<b>D</b>
	Deferring Recurring Expenditures	<b>X</b>	<b>X</b>	<b>X</b>
	Revenue and Cost Shifting	<b>X</b>	<b>X</b>	<b>X</b>
	Funding Recurring Expenditures with Debt	<b>X</b>	<b>X</b>	<b>X</b>
	Using Asset Sales and Upfront Revenues	✓	<b>X</b>	<b>X</b>
<b>3-YEAR AVERAGE</b> <b>D</b>		<b>3-YEAR TREND</b> ↘		

LEGACY COSTS				
	2017	2018	2019	
	CATEGORY GRADE	<b>D</b>	<b>D</b>	<b>D</b>
	Public Employee OPEB Funding	<b>X</b>	<b>X</b>	<b>X</b>
	Public Employee Pension Funding	<b>X</b>	<b>X</b>	<b>X</b>
	Public Employee Pension Funded Ratio*	38%	39%	39%
<b>3-YEAR AVERAGE</b> <b>D</b>		<b>3-YEAR TREND</b> —		

RESERVE FUNDS				
	2017	2018	2019	
	CATEGORY GRADE	<b>D</b>	<b>D</b>	<b>D</b>
	Positive Reserve or General Fund Balance	<b>X</b>	<b>X</b>	<b>X</b>
	Reserve Funds Disbursement Policy	<b>X</b>	<b>X</b>	<b>X</b>
	Reserve Funds Replenishment Policy	✓	✓	✓
	Reserves Tied to Revenue Volatility	<b>X</b>	<b>X</b>	<b>X</b>
<b>3-YEAR AVERAGE</b> <b>D</b>		<b>3-YEAR TREND</b> —		

TRANSPARENCY				
	2017	2018	2019	
	CATEGORY GRADE	<b>B</b>	<b>B</b>	<b>A</b>
	Consolidated Budget Website	✓	✓	✓
	Provides Debt Tables	✓	✓	✓
	Discloses Deferred Infrastructure Replacement Costs	<b>X</b>	<b>X</b>	✓
	Discloses Tax Expenditures	✓	✓	✓
<b>3-YEAR AVERAGE</b> <b>B</b>		<b>3-YEAR TREND</b> ↗		

### KEY

✓	Followed best practice
<b>X</b>	Did not follow best practice

**BUDGET FORECASTING** evaluates whether and how states estimated long-term revenue and expenditure trends. **BUDGET MANEUVERS** evaluates whether states used one-time revenues, borrowings, asset sales, and other measures to achieve short-term budgetary balance. **LEGACY COSTS** evaluates whether states provided adequate funding, as defined by retirement system actuaries, for pensions and other promised retirement benefits for public workers. **RESERVE FUNDS** evaluates states' rainy day funds and other fiscal reserves, as well as any policies governing their use and replenishment. **TRANSPARENCY** evaluates the accessibility to the public of states' budget practices.

\* **SOURCE** Bloomberg; 2018 data also used for 2019.

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