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THE VOLCKER ALLIANCE
Working for Effective Government



NEWS RELEASE

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New research by the University of Illinois and the Volcker Alliance could prevent future budgeting crises in Illinois, other states

Findings identify flaws in Illinois budgeting practices and establish best practices for transparency and accountability in state budgets

CHICAGO, Ill.—New research finds that Illinois does not follow basic principles of sound budgeting recommended by fiscal experts, and suggests ways that Illinois and other states can reform practices to avoid fiscal crises in the future.

Two reports released today by a team of researchers from the [University of Illinois Institute of Government and Public Affairs](#) (IGPA) and the [Volcker Alliance](#) demonstrate ways states can improve transparency and accountability. The reports will be presented at an event at the Union League Club of Chicago featuring a panel of experts on state finance. The event will be hosted by IGPA, the Volcker Alliance, and the Federal Reserve Bank of Chicago.

A working paper released by the Volcker Alliance, a nonpartisan organization established in 2013 by former Federal Reserve Board Chairman Paul A. Volcker, sets forth six basic principles of sound budgeting for states and provides ten recommendations for improved budgetary transparency, including disclosure of 1) the use of one-time revenue sources to cover recurring expenditures, 2) deferrals of spending, and 3) underfunding of infrastructure maintenance and public-worker retirement obligations.

“In order for elected officials to be able to govern effectively and citizens to be accurately informed about policy choices, states have to provide comprehensible information about their budgets,” said William Glasgall, Director of State and Local Programs for the Volcker Alliance. “This paper highlights some existing best practices and demonstrates the direction states need to be heading.”

Researchers from IGPA's Fiscal Futures Project found that Illinois' budget practices are badly in need of reform. They assert, “The buy-now, pay-later content choices of the past were facilitated, even disguised, by then-existing procedural and reporting practices. Reform of these practices would improve budget transparency and accountability, and help prevent Illinois from getting into such dire fiscal straits in the future.”

The IGPA team suggests five concrete steps that Illinois can take today: 1) Refine and expand multiyear budget planning, 2) Require meaningful fiscal notes to accompany legislation, 3) Modify cash-only budget reporting to include significant changes in liabilities and assets, 4) Clearly identify non-sustainable or one-time revenue sources, and 5) Adopt a broad-based budget reporting frame with meaningful spending and revenue categories consistently defined over time.

ABOUT THE EVENT

Transparency and Accountability in State Budgeting: Challenges for Illinois and Other States

The reports will be presented and discussed on Monday, December 7 at the Union League Club of Chicago from 8:30 to 11:00 a.m. In addition to presentations of the reports, the event will feature an introduction by **Richard Ravitch**, former Lieutenant Governor of New York, Co-Chairman of the State Budget Crisis Task Force and Director of the Volcker Alliance. The presentations will be followed by economic and political analysis by a panel of experts including **William Glasgall**, Director of State and Local Programs for the Volcker Alliance, **Brian Sigriz**, Director of State Fiscal Studies, National Association of State Budget Officers, **Richard Mattoon**, Senior Economist at the Federal Reserve Bank of Chicago, **Jamey Dunn**, Editor of *Illinois Issues* magazine and WUIS radio, and **Lisa Washburn**, Managing Director of Municipal Market Analytics Inc. [Learn more about the event and RSVP here.](#)

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About the Institute of Government and Public Affairs: IGPA seeks to improve public policy and government performance by producing and distributing cutting-edge research and analysis of public policy issues and providing public engagement that enlightens and educates elected officials, students and the general public. Learn more at igpa.uillinois.edu.

About the Volcker Alliance: The Volcker Alliance was launched in 2013 by former Federal Reserve Board Chairman Paul A. Volcker to address the challenge of effective execution of public policies and to rebuild public trust in government. The nonpartisan Alliance works toward that broad objective by partnering with other organizations – academic, business, governmental, and public interest – to strengthen professional education for public service, conduct needed research on government performance, and improve the efficiency and accountability of governmental organization at the federal, state, and local levels. Learn more at volckeralliance.org.

About the Federal Reserve Bank of Chicago: The Chicago Fed serves the Seventh Federal Reserve District, an economically diverse region that includes all of Iowa and most of Illinois, Indiana, Michigan and Wisconsin. The Seventh District has a large national share of many important economic sectors. The Chicago Fed has a head office in Chicago and a branch office in Detroit. Learn more at chicagofed.org.