

AMERICANS FOR PROSPERITY

Initial Analysis of 2010 State Budget Proposal

- All data and analysis provided by members of the Illinois General Assembly -

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Appendix I

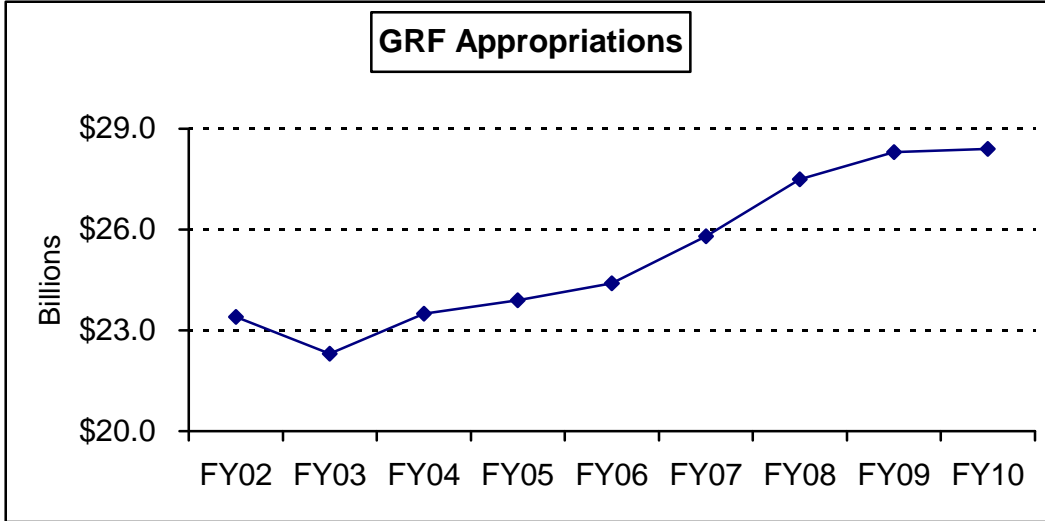
 Comparison of FY09 – FY10 Appropriations by Agency.

Fiscal Year 2010 State Budget Proposal

Reform. Responsibility. Recovery?

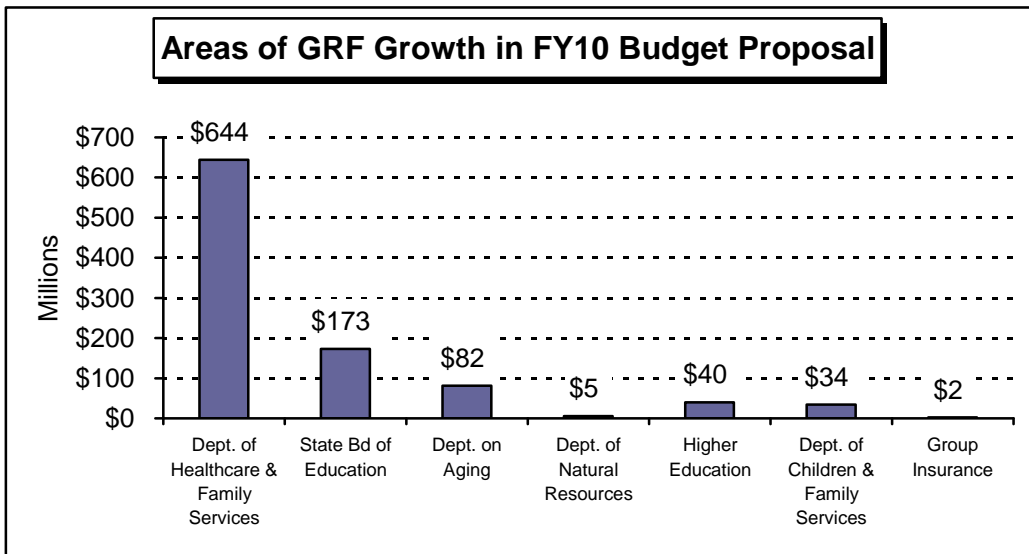
The Governor's FY10 Proposal for the State's Operating Budget totals \$52.9 billion. The GRF component of this budget totals \$28.4 billion which represents an increase of \$78.2 million or 0.3% over FY09 enacted appropriations.

The following chart reflects a recent history of GRF appropriations:



The small general funds increase for FY10 depicted in the above chart is misleading. The Governor has proposed to stop making State payments into the pension systems as of March 31st, 2009, giving \$700 million (\$550 million GRF) in budget relief to the FY09 budget. When this is taken into account and FY09 general funds spending is reduced by \$550 million, **FY10 general funds appropriations actually increase by \$628 million over FY09.**

The next chart illustrates where the general funds spending increases are budgeted:



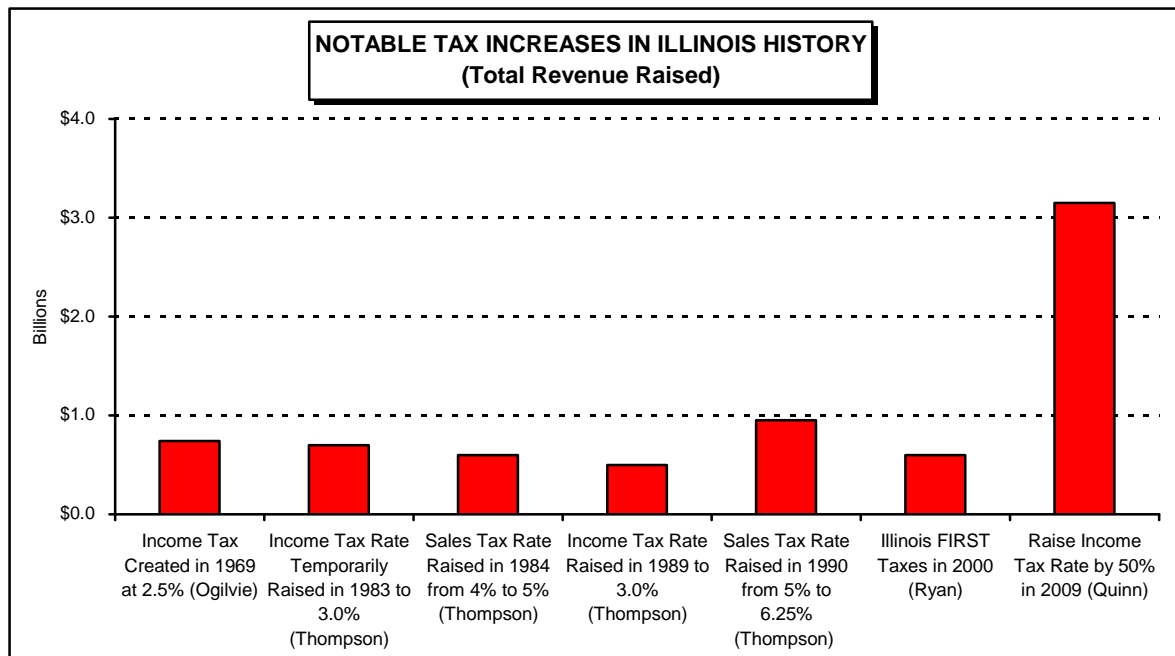
Reform?

Income Tax Increase:

Governor Quinn has based his FY10 budget proposal on three ideals, with reform being the first. The primary component of the new Governor's reform package consists of a **50% increase in income taxes**. This proposal includes raising the personal income tax by 1.5 percentage points, from 3% to 4.5%, and increasing the corporate income tax by 2.4 percentage points, from 4.8% to 7.2%. This proposal triples the personal exemption on income taxes from \$2,000 to \$6,000.

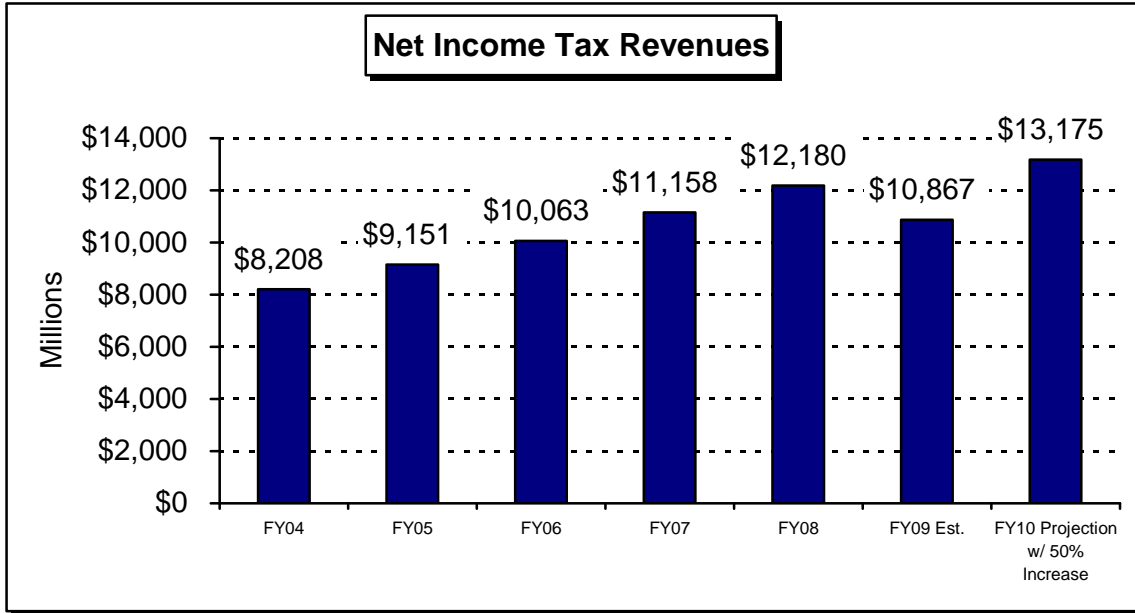
The Administration anticipates a net \$3.2 Billion increase in income tax revenues if this proposal is enacted. An additional \$2.8 Billion is expected in personal income tax receipts, with another \$350 million in corporate income tax receipts.

As the following chart indicates, the 50% income tax increase represents the largest tax increase in the history of the state.



In terms of revenue raised, **the Governor's tax increase is three times larger than any other major tax increase in Illinois history.**

The following table provides a look at the recent performance of income tax revenues, along with a projection for FY10:



Other Tax/Fee Increases:

- In addition to the 50% income tax increase being levied on the state's employers, businesses will be hit up for another \$287 million through changes in the tax code (closing corporate loopholes).
- Cigarettes will be taxed at an additional \$1 per pack generating \$350 million. Increasing the tax on other tobacco products will bring in another \$15 million.
- Motor Vehicle Registration fees will increase from \$79 to \$99, a 25% increase. This is expected to generate an additional \$180 million which will be used for debt service on road bonding.
- Drivers' License fees will double from \$10 to \$20, raising \$20 million that will be used for debt service on road bonding.
- Certificate of Title fees will increase from \$65 to \$105, generating an additional \$110 million to be used for debt service on transit projects.
- Transfer of Title fees will increase from \$15 to \$30 which generates an additional \$10 million for debt service on transit projects.

All said, this budget proposes over \$4 Billion in new taxes

Sales Tax Holiday:

The Governor has proposed a sales tax holiday lasting 10 days in August. The idea is to reduce the tax burden on families purchasing back-to-school items such as clothing, footwear and school supplies. There would be a limit on clothing and footwear of \$100 per item. This is expected to cost \$40 to \$50 million and will be paid for by reducing the retailers discount from 1.75% to 0.75%.

Chargebacks and Fund Sweeps:

This budget assumes the return of the Blagojevich practice of chargebacks, where money is transferred out of special funds into GRF to pay for the state services provided to support those special funds. This practice was eliminated after fiscal year 2007 as part of the final fiscal year 2005 budget deal struck in overtime. This budget contemplates \$50 million in chargeback revenue.

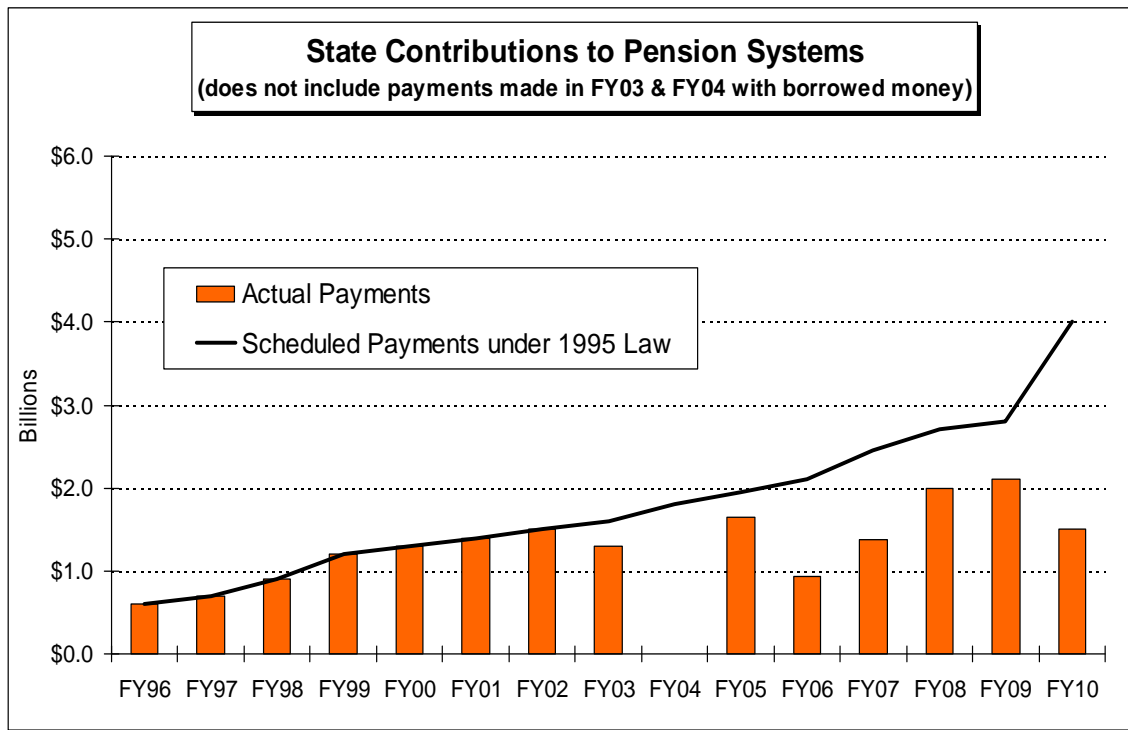
Additionally, the budget counts on \$200 million in direct fund sweeps in FY09 and another \$243 million in fund sweeps in FY10. No details have been provided about what funds the Governor intends to sweep.

Pensions:

Biggest-Ever Pension Raid. **Quinn's \$3.2 billion raid is the biggest shorting of our pension funds ever**, next to the previous record of \$2.3 billion taken under Blagojevich and Democratic leaders in FY06-07. Unless the benefit reforms are enacted and kept in place forever to generate savings, this \$3.2 billion is simply borrowing from the future.

As part of this \$3.2 billion diversion of cash from pensions into other spending, Quinn proposes to **stop making all State payments into the pension systems as of March 31st, 2009, giving \$700 million in budget relief to this year's budget.** Then he proposes paying only \$1.5 billion to the systems in FY10 – not the full \$4 billion required under the current formula. The \$1.5 billion covers only what the actuaries call “normal” costs – the present value of future benefits earned by system members through a year of work service next year. It includes no payment to chip away at our \$73 billion unfunded liability – not even a bit of interest on that growing debt. Current law would require a \$4.0 billion payment next year, covering the \$1.5 billion normal cost plus \$2.5 billion toward our debt.

All told, the \$1.5 billion FY10 payment plan shorts the systems \$2.5 billion next year, for a total two-year raid with the \$700 million FY09 holiday of \$3.2 billion. There is no plan for funding pensions beyond FY10; current law would require a \$5 billion payment in FY11.



Significant Reforms Proposed. Gov. Quinn wants legislators to enact sizable benefit reforms – which would be fiscally responsible if not used as an excuse for short-term budget relief. Unions undoubtedly will oppose these reforms which would make a “two-tiered” system with one set of benefits for current members, and less-generous benefits for new members. Quinn’s proposed reforms are as follows:

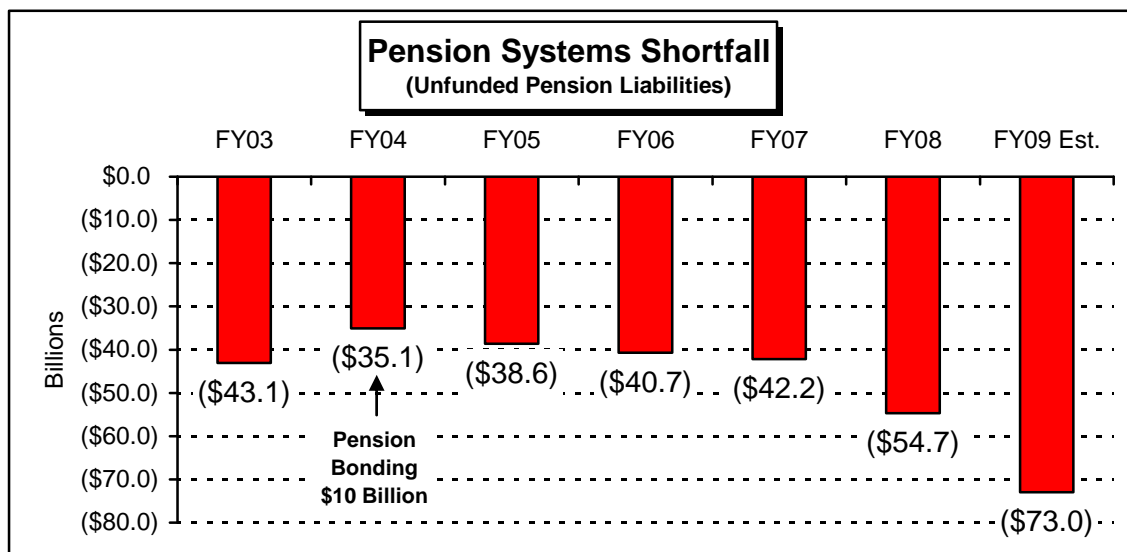
- Raise the retirement age for newly hired employees, teachers and all other pension system members to match eligibility for Social Security -- i.e., age 67 for those born after 1960, with reduced early retirement at age 62. The Rule of 85 would be repealed. (Currently, the typical full retirement age is 60; some retire as early as age 50).
- Reduce benefit formulas for newly hired/newly elected. Those system members with Social Security would get 1.5% of “final pay” per year of service (now, generally, 1.67% in regular State formula, 2.5% in the alternative formula). Those without Social Security (teachers, college staff, police, legislators, judges) would get 2.0% a year (now teachers and college staff get 2.2%; legislators up to 5% a year).
- “Final pay” on which benefits are calculated would be redefined to the average of final 8 years of salary which reduces benefits (now, we typically base benefits on the average of the highest 4 years of pay in last 10 years).
- Cost of Living Adjustment reduction to half of annual change in the Consumer Price Index or 3 percent, whichever is lower (now, automatic 3%). If this reform was in effect this year, with CPI at near zero, there would be virtually no COLA this year. The COLA would be applied only to initial benefits, not compounded annually as it is now, which is a big money saver for the State over the long term.

- New hires would pay 1 percent less of salary than current employees for this new lower benefit formula.
- Current members of systems (State employees, teachers and others) would pay an additional 2% of salary. (This means state employees go from 4% to 6%, a 50% increase or 2% pay cut; teachers would go from 9.4% to 11.4%, and legislators from 11.5% to 13.5%) This will bring in almost \$350 million more into the systems next year (and is not direct State budget relief). (Note: The Illinois Constitution prevents changes in benefits for current members, but does not bar increasing contributions.)

Similar to 2005 Proposal. Quinn's proposed reforms are similar to those proposed by Blagojevich in 2005 (though Blagojevich did not propose increased contributions or benefit formula changes). Only a few mini-reforms were enacted in 2005 and Blagojevich and Democratic leaders ramped up the raid from the Governor's proposed \$800 million in one year to \$2.3 billion over FY06-07, which also triggered lower payments for several years following.

This Quinn proposal is much more fiscally irresponsible and short-sighted than Blagojevich's plan. **Enacting reforms is admirable, and will give relief to taxpayers (the vast majority of whom have no pension plan), but we should take the savings as they actually materialize with new hires**, not frontloaded. Savings would be lower than now projected if any reforms are reversed or watered down in next 40 years. We should leave any actual savings to our children instead of living for today with Quinn's plan.

More Pension Bonding? Taking another page out of Blagojevich's playbook, **Quinn proposes selling more pension bonds** if market conditions are favorable. Market rates now are far above the 5% rate obtained on Blagojevich's \$10 billion pension bonds. (To date, the systems have earned \$1.8 billion in investment earnings on the "advance" \$7.3 billion contribution funded by the 2003 bonds. But we've paid \$2.3 billion in bond principal and interest payments, for a net loss to date of \$500 million. We're losing our arbitrage bet.)



Responsibility?

Spending Cuts:

Governor Quinn has proposed spending cuts totaling \$1.3 billion. These savings include:

- \$12 million in Mental Health Grant cuts.
- \$6 million in cuts to after school programs.
- \$26 million in cuts to DD grants
- \$36 million by requiring state employees to take four furlough days
- \$200 million by increasing health care contributions from state employees and retirees (this will require reopening the AFSCME contract).
- \$80 million through implementing across-the-board 2% reductions in grant programs, excluding healthcare and education programs.
- \$390 million through cuts and efficiencies to various agencies including:
 - ✓ Rolling the Historic Preservation agency into the Department of Natural Resources, and combining the State Labor Relations Board and the Education Labor Relations Board - \$2.3 million.
 - ✓ Consolidation of leases - \$6 million.
 - ✓ Services for seniors and persons with disabilities maintained at FY09 levels - \$44 million.

Bond Payment Holiday:

One of the most fiscally irresponsible one-time fixes in Gov. Quinn's budget is his proposal to **skip \$530 million in State general obligation bond payments next year**. This debt holiday would be created through a "debt restructuring" in which bonds are refinanced and principal payments pushed off to the future. This will give one-time budget relief next year, but increase payments in later years (FYs2012-2017). This payment holiday will leave a half-billion hole that will need filling in the FY11 budget.

Skipping these payments is yet **another page that Gov. Quinn has taken out of former Gov. Blagojevich's playbook**. In 2003, Gov. Blagojevich refinanced bonds to skip over \$100 million of payments that year. The debt holiday game was shut down in 2004 through the enactment of the debt responsibility law, which was an initiative of Senate Republicans. **Quinn's \$530 million debt holiday will require the General Assembly to approve a major exception to the debt responsibility law.**

Recovery?

Capital Plan:

The Governor proposes a \$26 billion multi-year capital plan, dubbed "Illinois Jobs Now," creating an estimated 340,000 jobs. This program would be funded by:

- \$10.6 billion in State funds, including:
 - ✓ \$8.7 billion in bonds (see detail below) and
 - ✓ \$1.9 billion from the Road Fund;
- \$11.6 billion in traditional federal funding (mostly for roads);

- \$2 billion in federal stimulus funding; and
- \$2.4 billion in local match.

The Governor wants to spend this \$26 billion on these purposes:

- \$10.1 billion on the multi-year road program (FY10-15);
- \$3.9 billion on other road and bridge projects (total for roads and bridges, \$14 billion);
- \$3.2 billion for school construction (including \$1.6 billion State funds and \$1.6 billion local school district match). Schools on the 2002 list would be funded first, with traditional priorities followed after the 2002 list;
- \$920 million for higher education (including \$660 million for public universities, \$100 million for private universities and \$160 million for community colleges);
- \$2 billion on environmental, energy and technology projects;
- \$5.1 billion on mass transit (including \$100 million for rail and \$380 million for local airports);
- \$266 million on state facilities; and
- \$970 million on “economic development” projects (including health care facilities, affordable housing and remediation of brownfields).

A total of \$11 billion in new capital appropriations of this total \$26 billion is included in the FY10 proposed budget. A total of \$1 billion in capital bonds would be sold in FY10, with other projects cash-funded out of Road Fund. Most of the capital spending will occur in the next 4 to 5 years, with spending winding down in FY20 (total, 10 years). The last major State capital program was the \$12 billion Illinois FIRST program enacted in 1999.

Dedicated New Revenue for State Bonds. A total of \$8.7 billion of the State’s \$10.5 billion share of this program would be bonded. Debt service would peak at about \$800 million a year. Bonds follow “debt responsibility” requirements and would be repaid with these new dedicated revenues:

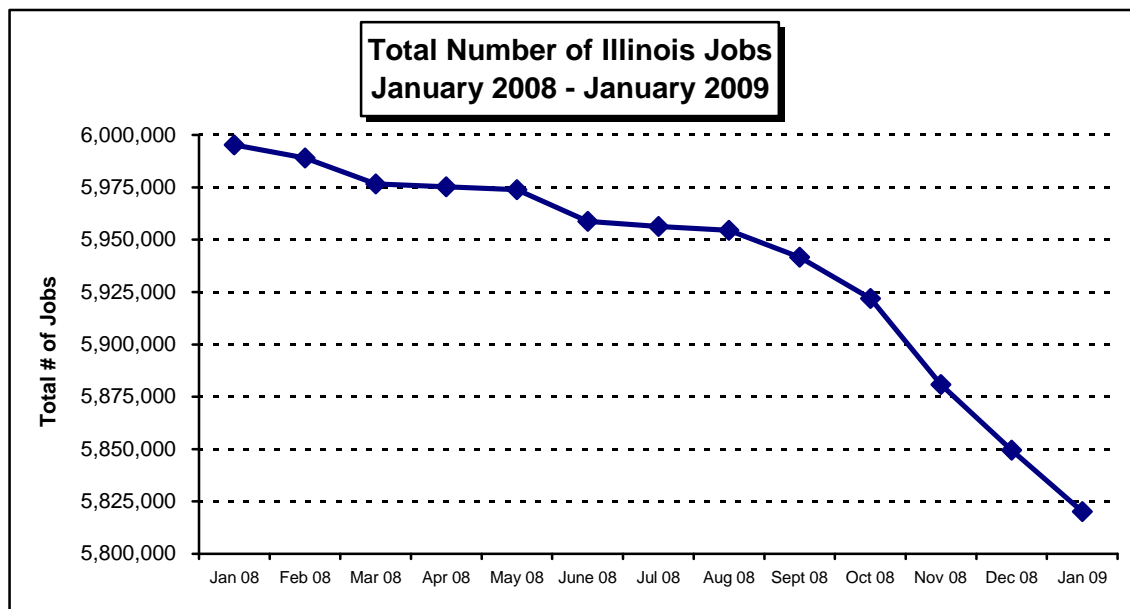
- \$4.2 billion in bonds for school construction, higher education and all other purposes except roads and transit, to be repaid with \$320 million a year in new income tax revenues. This \$320 million represents 10% of the increased revenues from the proposed income tax increases on individuals and businesses. Under this plan, local governments would not receive a 10% share of the increased income tax revenues, but they would continue to receive 10% of base income tax revenues. The Governor’s budget director argues that instead of getting the 10% share of new tax revenue, local governments will benefit from the capital program. Debt service on this \$4.2 billion would peak at about \$350 million, so this plan assumes some income tax revenue growth.
- \$3 billion in bonds for roads, highways and bridges to be repaid with \$150 million “surplus” Road Fund money each year and new revenues from these fee hikes:
 - \$180 million from raising the vehicle registration fee from \$79 to \$99 a year; and
 - \$20 million from increasing driver’s license issuance and renewal fees by \$10 to \$20.

- \$1.5 billion in bonds for mass transit to be repaid with new revenues from these fee hikes:
 - \$10 million from raising vehicle transfer fees from \$15 to \$30; and
 - \$110 million from raising certificate of title fees from \$65 to \$105.

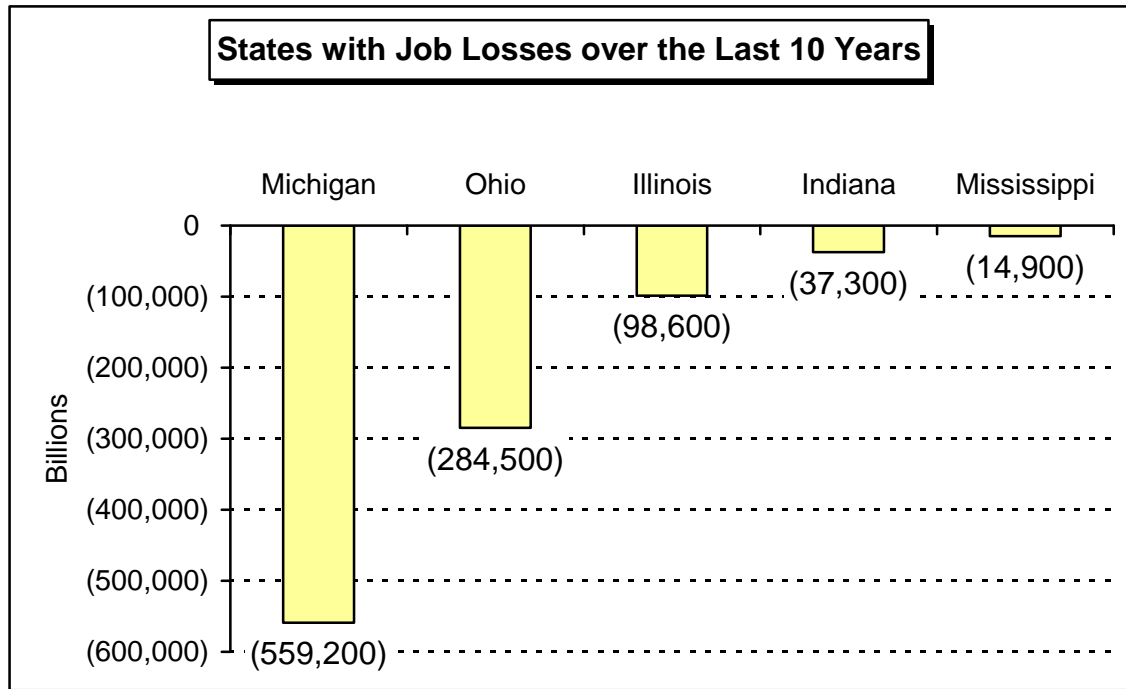
The Governor's plan does not call for any increase in the gas tax.

Jobs

Illinois ranks **46th in the nation** in job growth since the Democrats took control of state government in January of 2003. Illinois has lost 175,000 jobs over the last year alone. If there ever was a time to increase taxes on employers by 50%...this is not that time.



Illinois is one of only five states with fewer jobs today than it had 10 years ago:



If Illinois had grown at the national average of 7.5% over the last ten years, we would have over 500,000 additional jobs than we do today. These additional jobs would translate into an additional \$2 billion in annual tax revenues to the state.

Stimulus Funds

Medicaid:

The American Recovery and Reinvestment Act of 2009 (ARRA or federal stimulus) includes \$2.9 billion in enhanced federal Medicaid match (match was 50.32%, enhanced to 60.48%) over a 27 month period between October 2008 – December 2010. Of this amount, the State will receive \$2.6 billion and local governments will receive the remaining \$300 million.

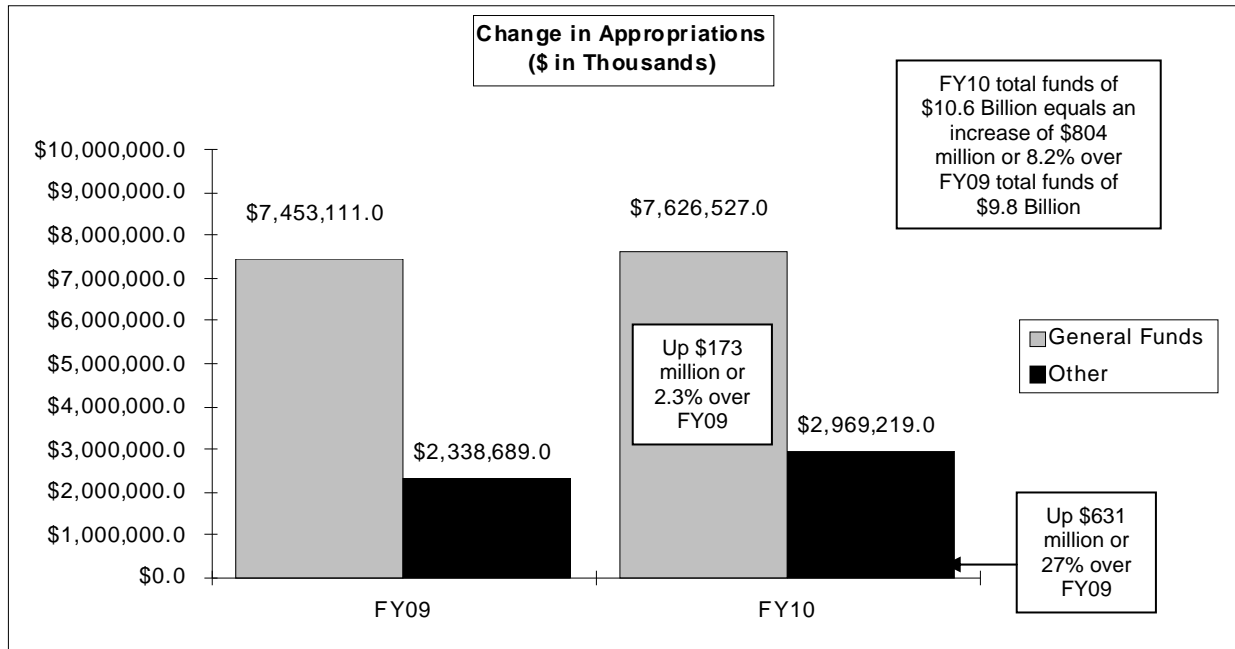
The State must meet two important requirements to receive the additional funding: bring the Medicaid payment cycle for most providers down to 30 days by June 1, 2009 (currently projected to near 100 days by the end of FY09 - \$2.5 billion backlog), and maintain program eligibility at the July 1, 2008 level.

It is estimated that the State will need to reduce the anticipated backlog by \$1.2 billion in order to achieve a 30-day payment cycle by June 1, 2009. The 30-day requirement will most likely necessitate speedy legislative approval for another round of short-term borrowing.

Education/Fiscal Stabilization:

A total of \$2.8 billion will be available to Illinois from the federal stimulus for education funding over the next two and a half years. The only caveat to receipt of these funds is that Illinois' funding level for education can not dip below the FY06 level. In terms of General Funds only and excluding TRS, we are currently \$1.3 billion over the FY06 funding level. With pensions, we are \$2 billion over the FY06 level. The Governor has recommended cutting elementary education General Funds by \$942.5 million and replacing that funding with \$1.1 billion federal stimulus dollars. This allows the new Administration to utilize the freed-up General Funds for other budget pressures. It also allows the Administration to claim a \$173 million increase for Elementary Education in the FY10 budget.

STATE BOARD OF EDUCATION



The Governor's FY10 budget request for Elementary and Secondary Education, excluding all Teachers Retirement funding, equals \$10.6 billion, an increase of \$804 million or 8.2% over FY09 appropriations. The Governor has actually recommended a \$942.5 million decrease in General Funds appropriations for Elementary Education in FY10. However, due to the addition of \$1.1 Billion in Federal Stabilization funding which has been classified under General Funds, he is able to show an increase of \$173 million or 2.3% over FY09. To be clear, not a dime of General Revenue Funds will go to increase Elementary Education funding in FY10. The increase to Elementary Education in FY10 is being driven by federal stabilization dollars as illustrated below:

FY09 GF Appropriation	\$7,453,110.7
FY10 GF Recommendation	\$6,510,613.2
Difference	-\$942,497.5
FY10 Federal Stimulus Dollars Classified as GF	\$1,115,913.3
GF "Increase" to EI Ed	\$173,415.8

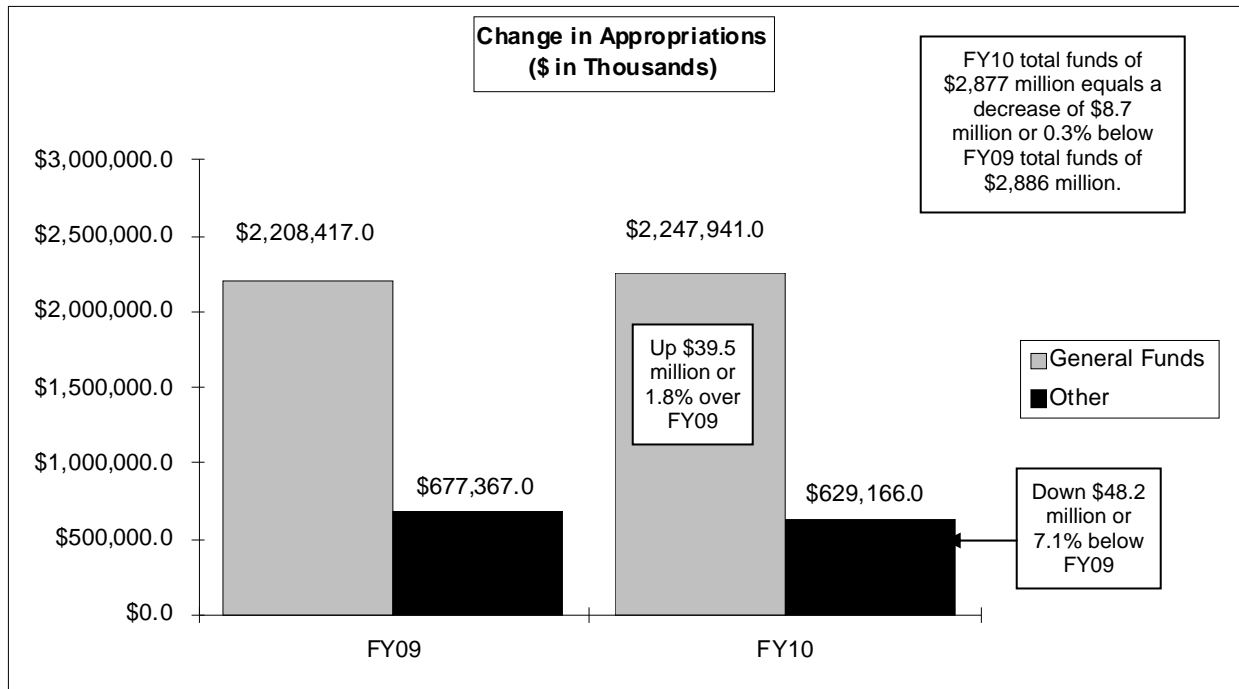
Funds from the stimulus for education are expected to total about \$2.8 billion over two and a half years. For FY10, this includes \$1.1 billion in funding from the State Fiscal Stabilization Fund, \$335 million in Title I grants and \$262 million in IDEA funding. Governor Quinn cut General Funds from lines such as General State Aid, Mandated Categoricals, Bilingual, Teacher and Administrator Mentoring and Truant Alternative and Optional Education. Those lines, while held harmless due to federal dollars, will be in serious trouble in a matter of two years. Governor Quinn has chosen to solve a portion of his budget problem on the backs of the school children.

Governor Quinn opted to take the State Board of Education's budget recommendation in lieu of crafting his own. **Please note that the current State Board of Education was hand-picked by Governor Blagojevich.** Following are the notable aspects of Governor Quinn's request:

- Includes \$4.7 billion for GSA which will fund a \$130 increase to the Foundation Level bringing it up to \$6,089 per pupil.
- Adopts the State Board of Education's proposal to begin the phase-out of the GSA Hold Harmless. This proposal requires \$8 million less in Hold Harmless funding.
- Fully funds the Mandated Categoricals resulting in a \$144.7 million increase in FY10.
- Adds \$12.5 million to Early Childhood education for COLAs for existing preschool programs and administrative expenses. No new slots will be added with this funding.
- Adopts the State Board of Education's proposal to significantly change the way Bilingual Education grants are distributed. This proposal will reduce the amount of funds going to Chicago School District 299 and shift those funds to all other schools in Illinois. The population of ELL (English Language Learners) in Illinois is primarily located outside of District 299. A total of \$83.6 million is requested for Bilingual which is an increase of \$7.9 million over FY09. Chicago will lose \$12.7 million, while downstate schools will pick-up an additional \$20.6 million. This proposal will require a change to the school code.

ISBE and the Governor have also recommended cutting around 26 programs for a savings of around \$111 million in FY10. The programs that have been eliminated are, for the most part, legislative add-ons that have, over the years, become a permanent part of the ISBE budget. The addition of three new programs in FY10 have a total cost of \$6.5 million and include funding for a Longitudinal Data System, funding for the American Diploma Project to review the Illinois Learning Standards and funding for online databases. The Administration claims that all three new funding requests are tied to federal stimulus dollars. This budget also supports a headcount increase of 28 positions over FY10 headcount. The General Funds cost of this headcount boost is \$5.2 million.

HIGHER EDUCATION



The Governor's FY10 General Funds request for Higher Education (excluding SURS) is \$2.2 billion which represents an increase of \$39.5 million or 1.8% over FY09. The Governor is recommending the utilization of \$103 million in federal stimulus funding to alleviate GRF pressures in Higher Education budget areas.

Public Universities

The Governor has requested a total of \$1.4 Billion GRF for the state's nine public universities for FY10. This represents an increase of \$16 million or 1.1% over FY09 appropriations. However, as is the case with Elementary Education, Governor Quinn did not provide one dime of the requested increase from actual General Revenue Funds. The entire amount the universities will receive over FY10 is being funded by General Stabilization dollars from the federal stimulus package.

The following table illustrates the Governor's request by university:

(\$s in thousands)	FY09 Approp.	FY10 Gov	\$ Change Gov Level	% Change Gov Level
Chicago State	\$42,112.0	\$42,532.0	\$420.0	1.0%
Eastern Illinois	50,567.0	51,403.0	836.0	1.7%
Governors State	28,324.0	28,608.0	284.0	1.0%
Illinois State	85,096.4	86,208.0	1,111.6	1.3%
Northeastern	43,402.0	43,837.0	435.0	1.0%
Northern Illinois	107,431.0	109,189.0	1,758.0	1.6%
Western Illinois	59,920.0	60,893.0	973.0	1.6%
Southern Illinois	233,317.0	235,638.0	2,321.0	1.0%
University of Illinois	743,420.0	751,247.0	7,827.0	1.1%
TOTAL	\$1,393,589.40	\$1,409,555.00	\$15,965.6	1.1%

Each university will also receive the following additional amount from the Education Stabilization fund:

(in thousands)	Amount
Chicago State	\$3,451.7
Eastern Illinois	2,957.0
Governors State	2,338.3
Illinois State	4,644.4
Northeastern	4,154.2
Northern Illinois	4,456.2
Western Illinois	3,528.5
Southern Illinois	15,663.3
University of Illinois	45,518.6
TOTAL	\$86,712.2

With this additional funding from the Education Stabilization fund, the universities as a group will be up \$103 million or 7.4% over FY09. While an increase to the universities is long overdue, the federal stimulus money will be gone in a little over two years leaving large shortfalls in funding.

Other notable changes to the Higher Education budget include:

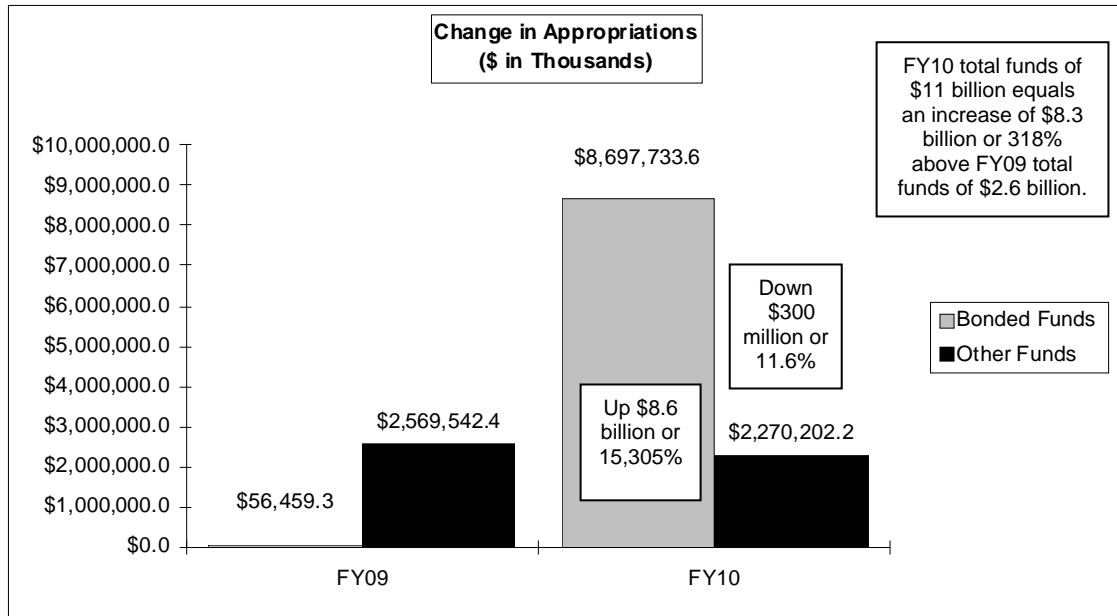
Illinois Community College Board

- **Base Operating Grants** - The addition of \$11.7 million from federal fiscal stabilization funding will support an increase to the Base Operating Grant for FY10. General Funds for this appropriation will be decreased by \$2.1 million netting a \$9.6 million increase for Base Operating Grants for FY10.
- **Equalization Grants** – \$4.4 million in General Funds for Equalization will be cut and the shortfall will be filled with \$4.4 million in federal fiscal stabilization funds holding the Equalization grants harmless in FY10.

Illinois Student Assistance Commission

- **Monetary Award Program** - The Governor has requested a \$21 million increase to MAP grants. This increase is funded entirely by General Funds.
- **Illinois Veterans Grants** – The Governor has recommended a \$9.3 million cut to the IVG program for FY10. This is due to enhanced federal veterans benefits that are supposed to become available to Illinois veterans due to the passage of the **Post-9/11 GI Bill** in 2008. ISAC will receive no direct funding from the federal government for these benefits. However, their FY10 budget request includes this cut of \$9.3 million also. ISAC believes that because the new federal benefits are more generous than the IVG, a substantial number of veterans will opt to use the new federal program as opposed to the IVG, thereby reducing the demand for IVG significantly.
- **Federal Recovery - PELL Grants** - Beginning July 1, 2009, the Federal Department of Education will provide an additional \$500 to each eligible PELL grant student, increasing the award from \$4,850 to \$5,350. In Illinois an additional 10,000 students will receive awards totaling around \$65 million. Half of these students are also MAP recipients.

CAPITAL DEVELOPMENT BOARD (NEW PROJECTS ONLY)



The FY10 budget request totals \$11 billion, which is an increase of \$8.3 billion, or 318% above FY09 appropriations. The bonded portion of the request totals \$8.7 billion, which is an increase of \$8.6 billion, or 15,305% above FY09 bonded appropriations.

Illinois Jobs Now!, Governor Quinn’s multi-year capital plan totals \$26 billion and has four funding components. The Administration claims that this program will create 340,000 jobs by providing funding for school construction, road construction, bridge repair, natural resource protection, public transit improvements, investments in energy and the environment and economic development, affordable housing and community health centers.

The four funding components Illinois Jobs Now! are as follows:

Purpose (\$s in millions)	State	Federal	Local	Stimulus	Total
Multiyear Road Program (FY10-15)	\$1,898	\$7,499	\$725	\$0	\$10,122
Roads & Bridges	3,000	0	0	936	\$3,936
Education	2,546	0	1,600	25	\$4,171
Environment/Energy/Technology	506	1,023	50	375	\$1,954
Transportation	1,520	3,020	0	564	\$5,104
State Facilities	252	15	0	0	\$267
Economic Development	875	0	0	96	\$971
Total	\$10,597	\$11,557	\$2,375	\$1,996	\$26,525

Bond Authorization Request

The Governor is requesting General Assembly approval (with a 3/5ths vote) for \$8.7 billion in new bond authorization, including:

- \$1.5 billion for school construction matching grants, \$100 million for school maintenance grants and \$25 million for early childhood capital projects. The prioritization list remains the same and those schools awaiting awards since 2002 would be awarded first.
- \$662 million for capital improvements at the state's public universities, \$100 million for capital needs at private universities and \$158 million for community colleges.
- \$878 million for economic development including \$450 million for Community Revitalization, \$300 million for Prime Sites, River's Edge and Community Reinvestment, \$100 million for Healthcare Facilities and \$25 million for Affordable Housing.
- \$6.4 billion in transportation infrastructure funding including \$4.7 billion for roads and bridges, \$1.5 billion for transit, \$23.8 million for railways and \$157 million for aeronautics.
- \$258 million for Natural Resources including \$45 million for the Conservation Reserve Enhancement Program (CREP), \$15 million for Illinois Rivers 2020, \$82.5 million for waterway improvements and over \$89 million for the Natural Areas Program.
- \$497 million for Environmental Protection such as Wastewater and Drinking Water improvements and Brownfields assessment, clean-up and rehabilitation.
- Over \$300 million will be included for various research projects such as \$95 million for creation of a supercomputing facility at the U of I, \$50 million for Coal Revival grants and \$20 million for renewable Fuels.
- Funding is included for improvements to various state facilities including a \$15 million appropriation for planning and development of a new veterans' home in Chicago and \$2.5 million for planning and development of a new forensics lab in Belleville.

A total of \$1 billion in capital bonds would be sold in FY10, with other projects cash-funded out of Road Fund. Most of the capital spending will occur in the next 4 to 5 years, with spending winding down in FY20 (total, 10 years). The last major State capital program was the \$12 billion Illinois FIRST program enacted in 1999.

Dedicated New Revenue for State Bonds. As mentioned, a total of \$8.7 billion of this program would be bonded. Debt service would peak at about \$800 million a year. Bonds follow "debt responsibility" requirements and would be repaid with these new dedicated revenues:

- **\$4.2 billion in bonds for school construction, higher education and all other purposes except roads and transit, to be repaid with \$320 million a year in new income tax revenues.** This \$320 million represents 10% of the increased revenues from the proposed income tax increases on individuals and businesses. Under this plan, local governments would not receive a 10% share of the increased income tax revenues, but they would continue to receive 10% of base income tax revenues. The Governor's budget director argues that instead of getting the 10% share of new tax revenue, local

governments will benefit from the capital program. Debt service on this \$4.2 billion would peak at about \$350 million, so this plan assumes some income tax revenue growth.

- **\$3 billion in bonds for roads, highways and bridges to be repaid with \$150 million “surplus” Road Fund money each year and new revenues from these fee hikes:**
 - \$180 million from raising the vehicle registration fee from \$78 to \$99 a year; and
 - \$20 million from increasing driver’s license issuance and renewal fees by \$10 to \$20.
- **\$1.5 billion in bonds for mass transit to be repaid with new revenues from these fee hikes:**
 - \$10 million from raising vehicle transfer fees from \$15 to \$30; and
 - \$112 million from raising certificate of title fees by \$65 to \$105.

The following is a list of new projects that will be funded in the FY10 budget:

AGENCY AND PROJECT (\$ THOUSANDS)	FY10 Amount
AGRICULTURE	
Agriculture Premium Fund	
Illinois State Fairgrounds-Springfield-Sangamon County-Various projects	\$600.0
DuQuoin State Fairgrounds-Perry County-Various projects	250.0
Fund Total	\$850.0
Illinois Jobs Now Fund	
Statewide-Grants to Soil and Water Conservation Districts	\$2,612.5
Illinois State Fairgrounds - Sangamon County - Replace HVAC in Administration Building	3,212.0
Illinois State Fairgrounds - Sangamon County - Replace Administration Building Roof	2,220.5
Centralia - Animal Diagnostics Lab - Clinton County - Replace Roof	615.0
Illinois State Fairgrounds - Sangamon County - Electrical System Upgrade	600.0
Fund Total	\$9,260.0
Partners for Conservation Projects Fund	
Statewide-Grants to Soil and Water Conservation Districts	\$2,612.5
AGENCY TOTAL	\$12,722.5
CAPITAL DEVELOPMENT BOARD	
Illinois Jobs Now Fund	
Statewide - For State Facility Escalation Costs	\$17,000.0
Statewide - Emergency Repairs and Hazardous Material Abatement	10,000.0
AGENCY TOTAL	\$27,000.0
CENTRAL MANAGEMENT SERVICES	
Illinois Jobs Now Fund	
Statewide - for Infrastructure Improvement, Hardware and Shared Services	\$13,500.0
James R. Thompson Center - Chicago - Cook County - HVAC Renovation and Upgrade	4,150.0
Elgin Regional Office Building - Kane County - Upgrade HVAC System	2,461.0
Chicago Medical Center - Cook County - Install Emergency Generator/Upgrade Electrical System	2,000.0
Statewide - CMS - Renovate State-Owned Property	2,000.0
Collinsville Regional Office Building - Madison County - Replace Roof	1,980.0
James R. Thompson Center - Chicago - Cook County - Plan/Begin Electrical System/Life Safety Upgrades	1,000.0
AGENCY TOTAL	\$27,091.0

COMMERCE & ECONOMIC OPPORTUNITY**Illinois Jobs Now Fund**

UIUC - Petascale Computing Facility	\$60,000.0
Fermilab - Illinois Accelerator Research Center	17,000.0
Argonne Nat'l Lab - Advanced Protein Crystallization Facility	13,000.0
Abraham Lincoln Capital Airport/Air National Guard - realign the front entrance road	3,000.0
UIUC - Information trust Institute-CHPT	2,000.0
Energy Development	75,000.0
Community Revitalization	450,000.0
Statewide - Community Reinvestment Fund	250,000.0
Healthcare Facilites	100,000.0
Statewide - Affordable Housing	25,000.0
Statewide - Prime Sites	25,000.0
Statewide - River Edge - Brownfield Redevelopment Program	25,000.0
Fund Total	\$1,045,000.0

Port Development Revolving Loan Fund

Statewide - Port Development Revolving Loan Program	\$3,000.0
Fund Total	3,000.0

AGENCY TOTAL	\$1,048,000.0
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DEPARTMENT OF CORRECTIONS**Illinois Jobs Now Fund**

Centralia Correctional Center - Clinton County - Replace Roofing Systems	\$3,333.0
Dixon Correctional Center - Lee County - Replace Fire Alarm System	3,300.0
Vandalia Correctional Center - Fayette County - Replace Roofing Systems	2,343.0
Lincoln Correctional Center - Logan County - Upgrade Fire Alarm System	2,147.0
Vienna Correctional Center - Johnson County - Replace Windows	2,118.0
Stateville Correctional Center - Joliet - Will County - Replace X House Locks	1,597.0
Jacksonville Correctional Center - Morgan County - Upgrade Fire Alarm System	1,596.0
Vienna Correctional Center - Johnson County - Replace Roofing	940.0
Logan Correctional Center - Logan County - Replace Housing Unit Roofs	829.0
Southwestern Illinois Correctional Center - St. Clair County - Replace Roofing Systems	825.0
Vandalia Correctional Center - Fayette County - For an Emergency Generator	815.0
AGENCY TOTAL	\$19,843.0

ELEMENTARY EDUCATION**Illinois Jobs Now Fund**

Statewide for a grant for Technology Immersion	\$5,000.0
Statewide - School Construction Grants	1,500,000.0
Statewide - For School Maintenance Grants	100,000.0
Statewide - For Grants for Pre-K Construction	25,000.0
AGENCY TOTAL	\$1,630,000.0

ENVIRONMENTAL PROTECTION AGENCY**Illinois Jobs Now Fund**

Water Revolving State Match	\$60,400.0
Statewide-Grants to locals & privately owned community water supplies for sewer systems, wastewater treatment facilities and drinking water infrastructure projects	50,000.0
Statewide-Leaking Underground Storage Tank (LUST) Program	25,000.0
Statewide - IEPA - River Edge Municipal Brownfields Grant Program	5,300.0
Fund Total	\$140,700.0

Water Revolving Fund

Statewide-Wastewater Loan Program	\$204,000.0
Statewide-Drinking Water Loan Program	152,000.0
Fund Total	\$356,000.0
AGENCY TOTAL	\$496,700.0

DEPARTMENT OF HUMAN SERVICES

Illinois Jobs Now Fund

Choate Mental Health Center - Anna - Union County - Life Safety Improvements	\$7,296.0
Illinois School for the Deaf - Jacksonville - Install Sprinkler Systems in Dormitories and Elementary Building	3,841.0
McFarland Mental Health Center - Springfield - Sangamon County - Upgrade Fire Alarm System	2,800.0
McFarland Mental Health Center - Sangamon County - Replace Roofs - Kennedy and Administration Bldgs	2,226.0
Choate Mental Health Center - Anna - Union County - Upgrade Fire Alarm System	2,085.0
Chicago-Read Mental Health Center - Cook County - Replace Emergency Generator	1,391.0
Alton Mental Health Center - Madison County - Life Safety Improvements	932.0
Jacksonville Developmental Center - Morgan County - Upgrade Life/Fire Safety	581.0
Kiley Development Center - Waugkegan - Lake County - Upgrade Building C Ceiling	444.0
Illinois School for the Visually Impaired - Jacksonville - Morgan County - Replace Roofing Systems	392.8
Fox Developmental Center - Dwight - Livingston County - Upgrade Life/Fire Safety	353.0
AGENCY TOTAL	\$22,341.8

ILLINOIS EMERGENCY MANAGEMENT AGENCY

Illinois Jobs Now Fund

For Safety and Security Improvements at Various Public Universities, Private Colleges, or CCs	\$25,000.0
AGENCY TOTAL	\$25,000.0

ILLINOIS FINANCE AUTHORITY

Ambulance Revolving Loan Fund

Statewide - Loans to Fire Depts, FPDs, Townships or non-profit Ambulance Services	\$4,000.0
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Fire Truck Revolving Loan Fund

Statewide - Loans to Fire Depts, FPDs & Townships FD's	6,000.0
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AGENCY TOTAL	\$10,000.0
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JUVENILE JUSTICE

Illinois Jobs Now Fund

Illinois Youth Center - Kewanee - Henry County - Replace Sprinkler System	\$6,500.0
Illinois Youth Center - St. Charles - Kane County - Upgrade HVAC	606.0
Illinois Youth Center - Joliet - Will County - Replace Roofs	425.9
Illinois Youth Center - Pere Marquette - Jersey County - Replace Roof	221.0
AGENCY TOTAL	\$7,752.9

MILITARY AFFAIRS
Illinois Jobs Now Fund

Shiloh, Mt. Vernon, and Carbondale Armories - Complete Construction/Purchase Equipment	\$400.0
AGENCY TOTAL	\$400.0

NATURAL RESOURCES

Abandoned Mined Lands Reclamation Council Federal Trust Fund

Statewide-Grants & contract for research, planning & construction to eliminate hazards of abandoned mines	\$6,000.0
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Abandoned Mined Lands Reclamation Set-Aside Fund

Statewide-Grants & contract for research, planning & construction to eliminate hazards of abandoned mines	1,500.0
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Adeline Jay Geo-Karis Illinois Beach Marina Fund

Rehabilitation, Reconstruction, Repair, Replace Fixed Assets and Improve Facilities at North Pt. Marina	375.0
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Federal Title IV Fire Protection Assistance Fund

Statewide-Rural Community Fire Protection Programs	325.0
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Flood Control Land Lease Fund

Statewide-Disbursements of federal flood control monies to counties	800.0
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Forest Reserve Fund

USFS - provides pass through payments to counties w. National Forests in lieu of property taxes	500.0
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Illinois Forestry Development Fund

Federal Recovery - For the Purpose of Advancing Forestry Resources in Illinois	\$15,000.0
Statewide-Timber Growers Forestry Management Practices	625.0
Statewide-Forest Stewardship Technical Assistance 300.0	300.0

Fund Total	\$15,925.0
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Illinois Habitat Fund

Statewide-Preservation and maintenance of High Quality Habitat Lands	\$1,215.0
Statewide-Preservation and maintenance of fish & wildlife habitat	225.0

Fund Total	\$1,440.0
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Illinois Jobs Now Fund

Statewide - Open space grants to local governments for acquisition and/or development of land for public use	\$50,000.0
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Statewide-Illinois River Basin Conservation Reserve Enhancement Program	45,000.0
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Water resource management projects as authorized by subsection (g) of Section 3 of the GO Bond Act	42,015.0
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Water resource management projects as authorized by subsection (g) of Section 3 of the GO Bond Act	40,500.0
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Statewide-State Match for Corps Projects - Projects under Federal Water Resources Development Act	14,950.0
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Lincoln-Herdon Law Office Historic Site - Springfield - Purchase and Restore Tinley Shop	1,000.0
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Illinois Beach State Park - Lake County - Shoreline Stabilization	1,000.0
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Pyramid State Park - Perry County - Renovate Galum Building For Mine Rescue Station	848.0
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Lincoln's Tomb - Springfield - Sangamon County - Interior Restoration	700.0
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Starved Rock State Park & Lodge - LaSalle County - Replace Roofing Systems	500.0
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Giant City State Park - Replace Sewer Treatment System	491.0
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Sparta World Shooting Complex - Randolph County - Infrastructure Improvements	450.0
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I&M Canal - Grundy County - Repair DuPage River Spillway	364.3
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Rock Cut State Park - Winnebago County - Rehabilitate Water & Sewer Systems	350.0
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Jake Wolf Memorial Hatchery - Mason County - Replace/Upgrade Electrical Service	348.0
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Nauvoo State Park - Hancock County - ADA Improvements	328.4
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Big River State Forest - Mercer County - ADA Improvements	322.6
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Wayne Fitzgerald State Recreation Area - Franklin County - Roof replacements	262.0
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Fund Total	\$199,429.3
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Land and Water Recreation Fund

Statewide-Federal 50% reimbursement grant-in-aid program for state outdoor recreation planning, acquisition and development initiatives and grants to local units of government for land acquisition projects for public outdoor recreation purposes	\$6,200.0
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Natural Areas Acquisition Fund

Statewide-Acquisition, preservation and stewardship of natural areas	3,000.0
Off-Highway Vehicle Trails Fund	
Statewide-Grants for Off-Highway Vehicle Trails	600.0
Open Space Lands Acquisition and Development Fund	
Statewide - Open Space Lands Acquisition and Development (OSLAD) grants	17,000.0
Park and Conservation Fund	
Statewide-Bicycle Path Grant Program	\$3,000.0
Statewide-Recreational Trails Program	2,000.0
Statewide-Maintenance of sites	2,000.0
Statewide-Program for acquisition, development and maintenance of public bike paths on state lands and provide portion of cost share for federal SAFETEA-LU related projects	750.0
Fund Total	\$7,750.0
Plugging and Restoration Fund	
Statewide-Landowner Grant Program authorized under the Illinois Oil and Gas Act	110.0
Snowmobile Trail Establishment Fund	
Statewide-Snowmobile Trails (Nonprofit Clubs/Organizations)	80.0
State Boating Act Fund	
Statewide - Development of Boating Access Facilities on state-owned bodies of water and at state-owned properties along the major rivers	1,500.0
Statewide-Boat Access Area Development Grants - assist. to local government agencies for public boat and canoe access areas	725.0
Grant to Chain O'Lakes-Fox River Waterway Management Agency for operating expenses	\$150.0
Statewide-Snowmobile Trails (Local Government) Grants	120.0
Statewide-Boating Infrastructure Grant Program (Big-P)	75.0
Fund Total	\$2,570.0
State Furbearer Fund	
Statewide-Conservation of furbearing mammals per Section 5/1.32 of the Wildlife Code	99.0
State Migratory Waterfowl Stamp Fund	
Statewide-Attracting waterfowl and improve public migratory waterfowl areas	\$500.0
Statewide-Migratory waterfowl restoration	144.0
Statewide-North American Waterfowl Management Plan	144.0
Fund Total	\$788.0
State Parks Fund	
Statewide-Multiple Use Facilities (park and trail purposes)	150.0
State Pheasant Fund	
Statewide-Conservation of pheasants per Section 5/1.31 of the Wildlife Code	495.0
Wildlife and Fish Fund	
Statewide-Construction & renovation of waste reception facilities for recreational boaters & grants	100.0
Statewide-North American Waterfowl Management Plan - for the protection and/or development of waterfowl areas in Canada or the United States that provide waterfowl for the Mississippi Flyway	100.0
Fund Total	\$200.0
AGENCY TOTAL	\$265,336.3

REVENUE

Illinois Jobs Now Fund

Willard Ice Building - Springfield - Sangamon County - Parking Ramp Completion	\$2,791.0
Willard Ice Building - Springfield - Sangamon County - Emergency Generator Repair	120.0
AGENCY TOTAL	\$2,911.0

STATE POLICE

Illinois Jobs Now Fund

ISP - AIG Complex - For Emergency Generator/Mainframe	\$3,000.0
ISP - St. Clair County - Construct Metro East Forensic Lab	2,500.0
AGENCY TOTAL	\$5,500.0

TRANSPORTATION

Federal Local Airport Fund

Statewide - Financial Assistance to Airports (Federal & Local Share) \$137,000.0

Federal Mass Transit Trust Fund

Statewide - Grant for Federal Share of Capital, Operating, Consultant Services & Tech Asst 16,000.0

Grade Crossing Protection Fund

Statewide - Installation of Grade Crossing Protection or Grade Separations 24,750.0

Rail Freight Loan Repayment Fund

Statewide - Rail Freight Loan Repayment Program (Federal) 1,045.0

Road Fund

Statewide Road Improvements - Local Share of Road fund/Road Program 499,185.7

Statewide - Transportation & Related Construction 95,000.0

Statewide - Maintenance, Traffic & Physical Research/Formal Contract (A) 30,129.1

Statewide - Apportionment to Counties Under One Million in Population 21,800.0

Northeastern Illinois - Federal Pass Through Funding for C.R.E.A.T.E Program 20,000.0

Statewide - Township Bridge 15,000.0

Statewide - Maintenance, Traffic and Physical Research/Formal Contract (B) 13,150.0

Statewide - Apportionment to Needy Road Districts And Townships 10,014.3

Statewide - Motorist Damage to Highway Structures 5,500.0

Statewide - Permanent Improvements to IDOT facilities 5,400.0

Statewide - Apportionment to High Growth Cities 4,000.0

Statewide - Disposal of Hazardous Materials 1,158.6

Fund Total \$720,337.7

State Construction Account Fund

Statewide - Transportation and Related construction 930,000.0

State Rail Freight Loan Repayment Fund

Statewide - Rail Freight Loan Repayment Program (State) 2,700.0

Transportation Bond, Series A Fund

Statewide - Transportation and Related Construction 3,000,000.0

Transportation Bond, Series B Fund

Public Transit - Transportation Grants \$1,275,000.0

Downstate - Public Transit - Transportation Grants 225,000.0

Statewide - Grants for Air Navigation 20,000.0

Fund Total \$1,520,000.0

AGENCY TOTAL \$6,351,832.7

VETERANS AFFAIRS

Illinois Jobs Now Fund

Veterans Affairs- For the Construction of a New-200 Bed Facility \$15,000.0

Quincy Veterans Home - Adams County - Construct Central Chiller Plant 5,400.0

Quincy Veterans Home - Adams County - Plan and Begin Renovation of Kent, Schapers B and Elmore 1,056.0

Anna Veterans Home - Union County - Plan and Begin The Construction of a 40-50 Bed Addition 700.0

LaSalle Veterans Home - LaSalle County - For the Replacement of the Galvanized Cold Water Piping 210.0

AGENCY TOTAL \$22,366.0

STATEWIDE HIGHER EDUCATION

Illinois Jobs Now Fund

Statewide - For Miscellaneous Capital Improvements to Private Universities & Colleges \$100,000.0

Higher Education Capital Renewal Program 40,892.6

Statewide - Higher Education Escalation and Emergencies 25,000.0

AGENCY TOTAL \$165,892.6

CHICAGO STATE UNIVERSITY

Illinois Jobs Now Fund

Chicago State University - Renovation of Douglas Hall	\$19,500.0
AGENCY TOTAL	\$19,500.0

EASTERN ILLINOIS UNIVERSITY

Illinois Jobs Now Fund

Eastern Illinois University - Coles County - HVAC Life Sciences and Coleman Hall	\$4,757.1
Eastern Illinois University - Coles County - Equipment for Fine Arts Center	1,650.0
AGENCY TOTAL	\$6,407.1

GOVERNORS STATE UNIVERSITY

Illinois Jobs Now Fund

Governors State University - Will County - Teaching/Learning Complex	\$8,000.0
Governors State University - Will County - Campus Roadway Improvements	2,028.0
AGENCY TOTAL	\$10,028.0

COMMUNITY COLLEGE BOARD

Illinois Jobs Now Fund

William Rainey Harper College - Cook County - One Stop/Admissions and Campus/Student Life Center	\$40,623.9
Rock Valley College- Arts Instructional Building	26,711.9
William Rainey Harper College - Cook County - Engineering and Technology Center Renovations	20,336.8
Illinois Valley Community College - Community Instructional Center	16,323.1
Parkland College - Champaign County - Student Services Center Addition	15,442.1
Triton College - River Grove - Cook County - Rehabilitating the Technology Building	10,666.1
Statewide- Illinois Community College Board- Capital Renewal	9,107.6
Lakeland College - Mattoon - Coles County - Rural Development Technology Center	7,524.1
Joliet Junior College - Will County - Utilities Renovation	4,522.9
Lakeland College - Mattoon - Coles County - Student Services Building Addition	2,361.1
Elgin Community College - Kane County - Spartan Drive Extension	2,244.8
College of DuPage - DuPage County - Instructional Center Noise Abatement	1,544.6
Rend Lake College - Jefferson County - Art Program Addition	451.3
AGENCY TOTAL	\$157,860.3

MATHEMATICS & SCIENCE ACADEMY

Illinois Jobs Now Fund

Illinois Math and Science Academy - Aurora - Kane County - Main Building Addition and Residence Halls	\$6,260.0
Illinois Math and Science Academy - Aurora - Kane County - "A" Wing Laboratories Remodeling	3,600.0
AGENCY TOTAL	\$9,860.0

ILLINOIS STATE UNIVERSITY

Illinois Jobs Now Fund

Illinois State University - Mc Clean County - Renovation of the Visual Arts Center	\$54,250.1
AGENCY TOTAL	\$54,250.1

NORTHEASTERN ILLINOIS UNIVERSITY

Illinois Jobs Now Fund

Northeastern Illinois University - Cook County - Construct Education Building	\$72,977.2
AGENCY TOTAL	\$72,977.2

NORTHERN ILLINOIS UNIVERSITY

Illinois Jobs Now Fund

Northern Illinois University - De Kalb County - Renovation and Expansion of Stevens Building	\$22,517.6
Northern Illinois University - DeKalb County - Plan Computer Science and Technology Center	2,787.4
AGENCY TOTAL	\$25,305.0

SOUTHERN ILLINOIS UNIVERSITY

Illinois Jobs Now Fund

SIU - Edwardsville - Madison County - Construct Science Lab	\$78,867.3
SIU - Carbondale - Jackson County - Construct Transportation and Education Center	56,718.8
SIU - Carbondale - Jackson County - Morris Library Equipment	17,564.4
SIU - Carbondale - Jackson County - Communications Building	4,255.4
AGENCY TOTAL	\$157,405.9

UNIVERSITY OF ILLINOIS
Illinois Jobs Now Fund

University of Illinois - Urbana/Champaign - Champaign County - Renovate Lincoln Hall	\$57,304.0
University of Illinois - Urbana/Champaign - Champaign County - Construct Computer and Engineering	44,520.0
University of Illinois - Chicago - Cook County - Campus Infrastructure (College of Dentistry)	20,800.0
University of Illinois - Urbana/Champaign - Construct Post Harvest Crop Research Facility	20,034.0
University of Illinois - Rockford - Winnebago County - Construct National Rural Health Center	14,820.0
AGENCY TOTAL	\$157,478.0

WESTERN ILLINOIS UNIVERSITY
Illinois Jobs Now Fund

Western Illinois University - Mc Donough County - Construct Performing Arts Center	\$67,835.8
Western Illinois University - Rock Island County - Construct Quad-City Riverfront Campus	15,863.1
AGENCY TOTAL	\$83,698.9

OFFICE OF THE ARCHITECT OF THE CAPITOL
Illinois Jobs Now Fund

Capitol Building - Springfield - Renovation of HVAC and ADA Compliance - Phases II & III	\$43,761.5
Capitol Building - Springfield - Sangamon County - Upgrade Life/Safety Phases II and III	6,000.0
AGENCY TOTAL	\$49,761.5

OFFICE OF THE ATTORNEY GENERAL
Illinois Jobs Now Fund

Attorney General Building - Springfield - Sangamon County - Replace Electronic Balasts	\$959.0
Attorney General Building - Springfield - Sangamon County - Replace Roof	378.0
Attorney General Building - Springfield - Sangamon County - Renovate/Waterproof Terrace	190.0
AGENCY TOTAL	\$1,527.0

OFFICE OF THE SECRETARY OF STATE
Illinois Jobs Now Fund

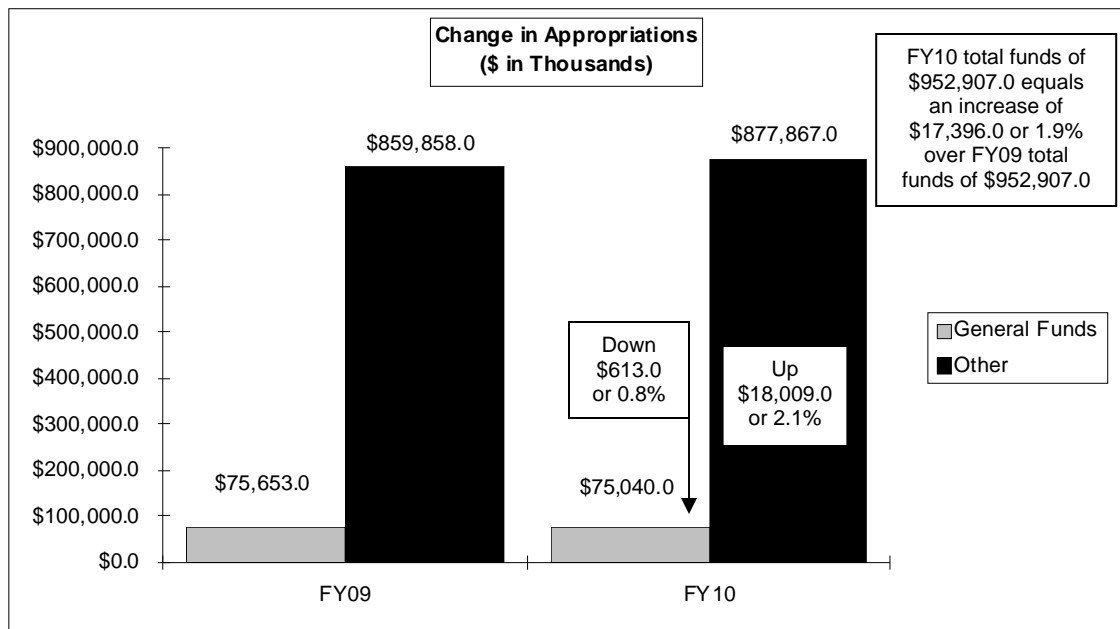
Drivers Services Facilities West, North, and South - Chicago - Cook County - HVAC Upgrades	\$2,074.0
Capitol Complex - Springfield - Plan/Begin Upgrade of High Voltage Distribution System	1,500.0
Howlett Building - Springfield - Sangamon County - Install Emergency Generator	791.0
Capitol Complex - Springfield - Sangamon County - Upgrade Fire Alarm Panels	771.0
Howlett Building - Springfield - Sangamon County - Replace Roofing Systems	662.0
Illinois State Library - Springfield - Sangamon County - Replace Roofing System	528.0
Howlett Building - Springfield - Sangamon County - Upgrade North Patio for Public Safety	461.0
AGENCY TOTAL	\$6,787.0

SUPREME COURT
Illinois Jobs Now Fund

Springfield Supreme Court Building - Plan and Begin Renovation of Former 4th Appellate Court Space	\$14,400.0
AGENCY TOTAL	14,400.0

GRAND TOTAL NEW CAPITAL **\$10,967,935.8**

CENTRAL MANAGEMENT SERVICES

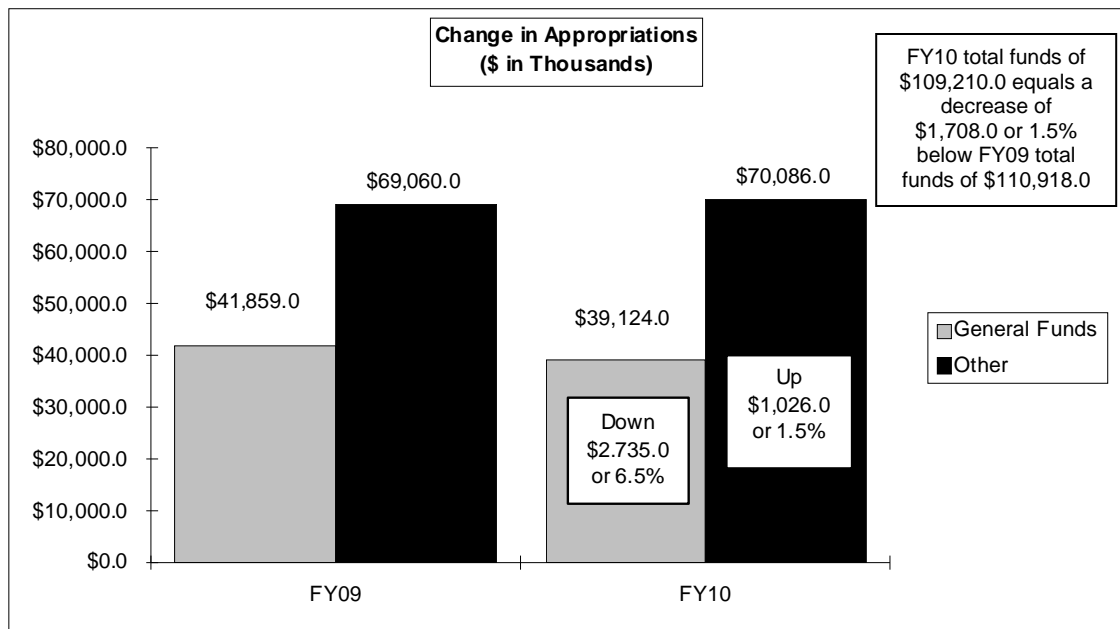


- The Department of Central Management Services is requesting \$75.0 million GRF in FY10, which is \$700,000 or 1.0% below the GRF appropriation of \$75.7 million in FY09.
 - The total GRF request for Personal Services and Fringe Benefits is to be \$36.1 million in FY10, which is \$600,000 or 1.7% less than the FY09 appropriation of \$36.7 million;
 - The total Contractual Services GRF request is to be \$20.7 million in FY10 up \$5.5 million or 26.7% from an FY09 appropriation of \$15.2 million;
 - The Education Technology GRF request is to be \$7.0 million in FY10 down \$6.2 million or 47% from an FY09 appropriation of \$13.2 million;
 - The Wage Claims GRF request is to be \$1.3 million in FY10 up nearly \$500,000 or 38.2% from an FY09 appropriation of \$809,500.

- The Department of Central Management Services is requesting \$877.9 million in OSF in FY10, which is \$18 million or 2.1% above the OSF appropriation of \$859.9 million in FY09.
 - The Operations and Refunds OSF request is to be \$252.1 million in FY10 up \$6.5 million or 2.6% from an FY09 appropriation of \$245.6 million;
 - The expenses related to the Management of Facilities OSF request is to be \$22.5 million in FY10 up \$3.8 million or 16.9% from an FY09 appropriation of \$18.7 million;
 - The Life Insurance Coverage under the State Employees Group Insurance Act OSF request is to be \$95.5 million in FY10 up \$5.0 million or 5.3% from an FY09 appropriation of \$90.5 million;

- The Provisions of Health Care Coverage as elected by eligible Members per the State Employees Group Insurance Act OSF request is to be \$22.8 million in FY10 up \$10 million or 43.9% from an FY09 appropriation of \$12.8 million.
- The Department of Central Management Services' All Funds request for FY10 totals \$952.9 million up \$17.5 million or 1.9% from an All Funds total appropriation of \$935.5 million in FY09.

DEPARTMENT OF AGRICULTURE

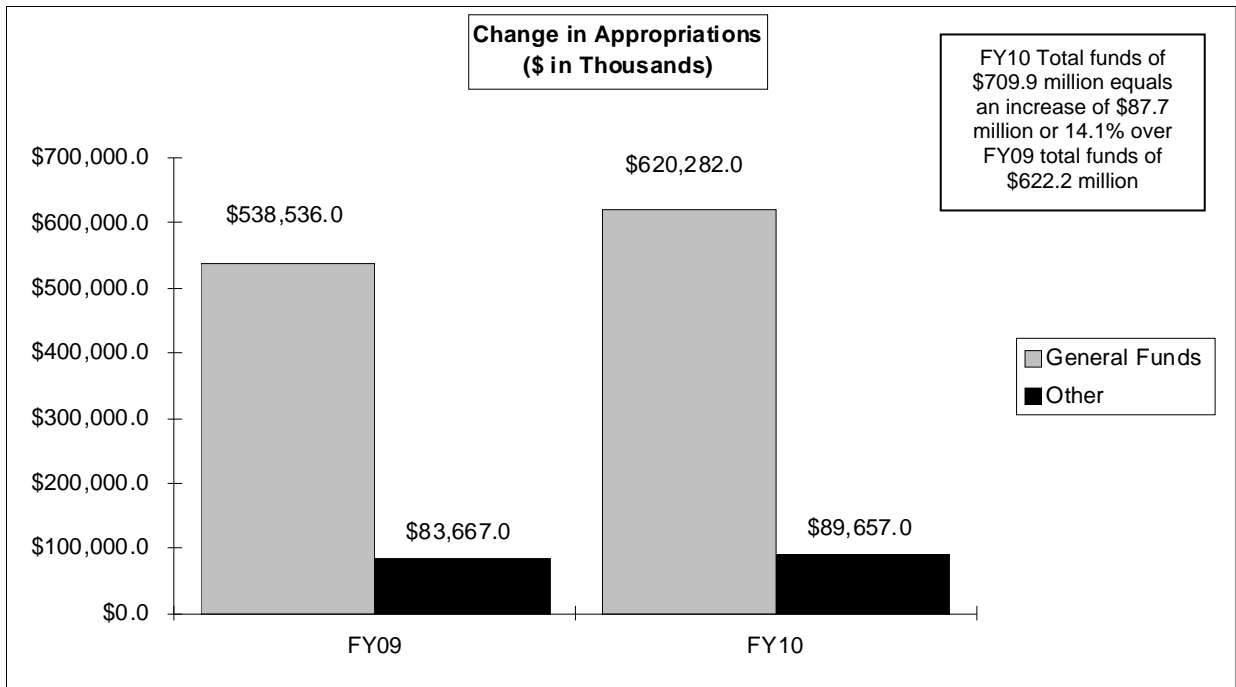


- The Department of Agriculture is requesting \$39.1 million GRF in FY10, which is \$2.8 million or 6.7% below the GRF appropriation of \$41.9 million in FY09.
 - The Department of Agriculture reports that it will cut 232,800 GRF from its budget bringing the total appropriation for the Development of the Illinois Grape and Wine Council to \$0 GRF in FY10.
- The Department of Agriculture is requesting \$55.6 million in OSF in FY10, which is \$3.3 million or 6.0% above the OSF appropriation of \$52.3 million in FY09.
 - The Department of Agriculture reports an outstanding supplemental appropriation of \$500,000 in OSF for FY09;
 - The Department of Agriculture reports that in FY10 the Operation of the Illinois State Fair (including entertainment contracts) will cost a total of \$4.3 million in OSF, which is \$300,000 more than the FY09 appropriation of \$4.0 million in OSF;
 - The Department of Agriculture reports that in FY10 the combined Awards and Premiums for the Illinois State Fair, the Grand Circuit Horse Racing at the Illinois State Fair, and the Awards to Livestock Breeders will total \$415,300 in OSF, which is \$111,500 or 26.9% more than the FY09 appropriation of \$303,800 in OSF;
 - The Department of Agriculture reports that in FY10 administration of the Pesticide Act will total \$4.4 million in OSF up \$1.3 million or 29.6% from an appropriation of \$3.1 million in FY09.

- FY10 federal funding at the Department of Agriculture is set to decrease by \$2.3 million or 13.7% from an appropriation of \$16.8 million in FY09 to a \$14.5 million appropriation in FY10.
 - The Department of Agriculture reports that in FY10 expenses related to various federal projects will total \$7.1 million in federal funds down \$2 million or 22.0% from an appropriation of \$9.1 million in FY09.

- The Department of Agriculture's All Funds request for FY10 totals \$109.2 million down \$1.7 million or 1.6% from an All Funds total appropriation of \$110.9 million in FY09.

DEPARTMENT ON AGING



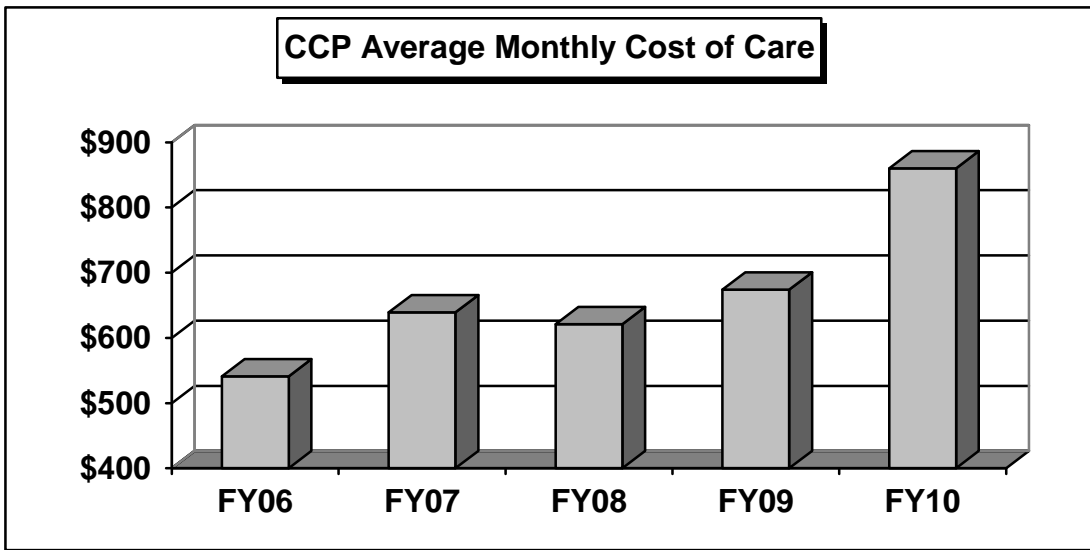
Notable Increases

The Department's budget is essentially contained in one line. Of the \$709.9 million proposed budget 79.5% is contained in the Community Care Program (CCP) line. At first glance the CCP appears to be increasing by \$141.2 million or 40.4%. When looking at the budget in greater detail additional FY10 costs are identified. The following table walks up in detail the "real" FY10 CCP request:

Line Item	FY 09 Appropriation	FY 10 Request	\$ Increase	% Increase
Community Care Program	\$349,213,000	\$490,367,200	\$141,154,200	40.4%
HB 4144 Wage and Insurance Increase	64,200,000	0	(64,200,000)	(100.0)%
Rollover of CCP	0	63,641,600	63,641,600	n/a
Rollover of Wage Increase	0	10,043,500	10,043,500	n/a
Total	\$413,413,000	\$564,052,300	\$150,639,300	36.4%

When looking at the detailed walkup there are \$73.6 million in services that were rendered in FY09 that are being rolled over to FY10. If the language in the final FY10 appropriations bill remains the same there is nothing to stop the Department from rolling over another \$74 million into FY11. If \$74 million were pushed into FY11 the real increase would be \$224.7 million or 54.4% over the FY09 appropriation. Please note there is no indication the Department is trying to control spending instead they are using a back door into Section 25 liability to push off costs to the next fiscal year.

One of the major drivers in the CCP request is for the cost of care. Again please note the FY10 budget includes \$74 million for the wage increase instituted in FY09. The following table demonstrates the increase of the average monthly cost of a CCP case:

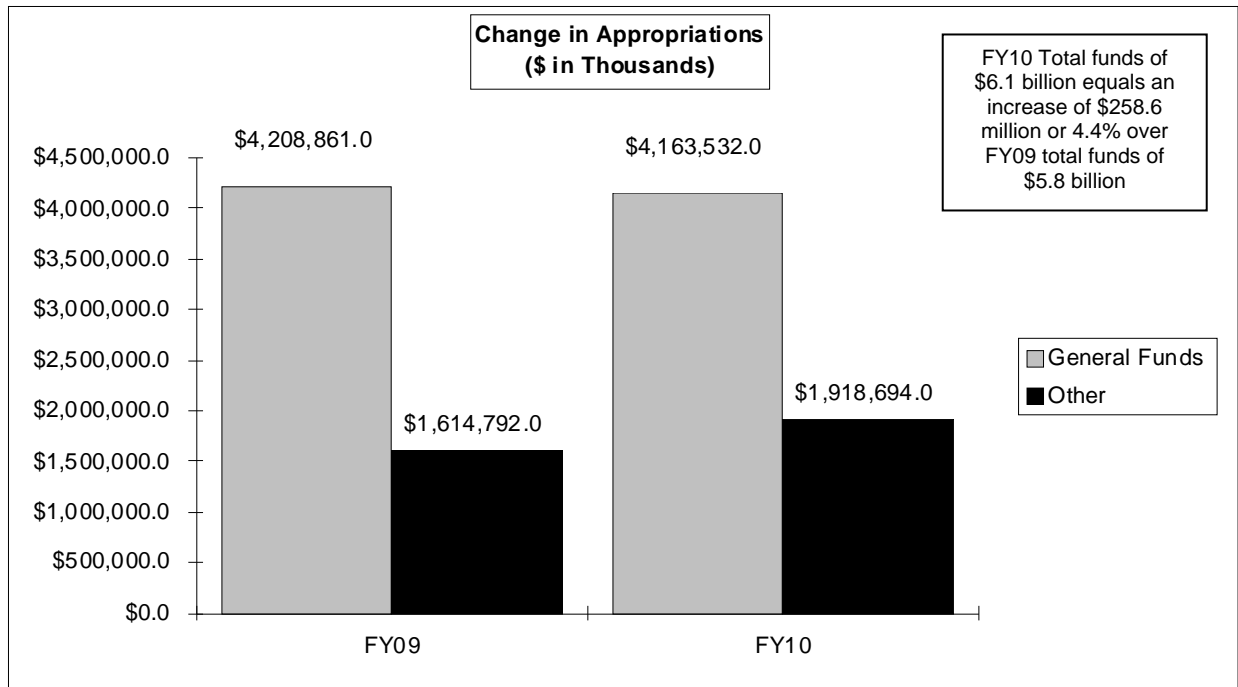


The department will receive \$6.0 million in stimulus money to extend nutrition and employment services to seniors.

Notable Cuts

The Red Tape Cutter Program has been eliminated in the proposed FY10 budget.

DEPARTMENT OF HUMAN SERVICES



The Feds to the Rescue

The Department of Human Services is being helped out by the federal government to the tune of \$147.6 million. The following is a brief description of the components of the stimulus package.

- Vocational Rehabilitation Services will be receiving a \$22.1 million increase from the stimulus package. The money will be split between Case Services, Independent Living and Older/Blind programs
- Child Care Services \$74 million – While the stimulus package contains \$74 million dollars the net increase to the program is only \$23.7 million, or 3.1% above the FY09 appropriation. It would appear as if the Department is pushing off FY10 liability into FY11.
- Emergency Food Program \$11.5 million – Illinois will receive \$3.8 million from FY10 through FY12 to distribute an additional 5.9 million pounds of food.
- Food Stamps will receive \$5 million in administrative costs.
- Women, Infants and Children will receive an additional \$25 million
- An additional \$10 million stimulus is in the DHS budget but is not identified by line item

Notable Items

Childcare Services – when factoring in the \$74 million in stimulus money Childcare Services is increasing by \$23.7 million or 4% over FY09 appropriations. This budget assumes deferring a portion of the liability into FY11.

Ligas vs. Maram – the department is requesting a \$20.1 million FY10 cost for the first year of funding. Additional costs included in the budget will move 180 clients from SODC into community care in FY10.

At first glance Howe Developmental Center appears to be cut by 41.1%, which leads one to believe that Howe will be closed in FY10. However, there is nothing to indicate such a movement in the overview. It is possible that the Developmental Disability Services line (which is increasing by 8.0%) will be used to supplement Howe and allow the Governor the flexibility to decide when or if to shutter the center.

Notable Cuts

The following programs received an across the board 10% cut:

- Addiction Prevention
- Rape Prevention
- Teen REACH
- Intensive Prenatal Performance Project
- Family Planning
- Teen Parent Services
- Youth Service programs associated with Juvenile Justice Reform
- Comprehensive Community Based Youth Services
- Unified Delinquency Intervention
- Delinquency Prevention
- Homeless Youth Services
- Juvenile Intervention Services Center
- Parents Too Soon
- Lewis & Clark
- Autism Project
- Children's Mental Health Partnership
- Scandinavian Lekotek Libraries.

Mental Health Grants are decreasing by \$13.9 million or 6.1% below the FY09 appropriation. This could make sense if the Governor is going ahead and shifting the census between other existing facilities in an attempt to receive federal match.

Notable Increases

Developmental Disability Grants are increasing by \$93.9 million or 8.1% above the FY09 appropriation.

- The Ligas vs. Maram court case is responsible for \$20.8 million
- The shifting from an SODC to community care is responsible for another \$8.8 million
- DCFS CILA's will receive another \$5.3 million in FY10.

- The biggest piece of the increase \$71.8 million which will be used for DD LTC Payment cycle to get the enhanced FMAP. By buying down the payment cycle the state will temporarily get a 60% match.

Home Services is increasing by \$26.6 million or 5.3% over the FY09 appropriation. The driving force behind the majority of this increase is due to the increased wages negotiated with SEIU.

Medicaid-Mentally Ill/Kid Care is increasing by \$10 million or 9.5% over the FY09 appropriation.

New Programs:

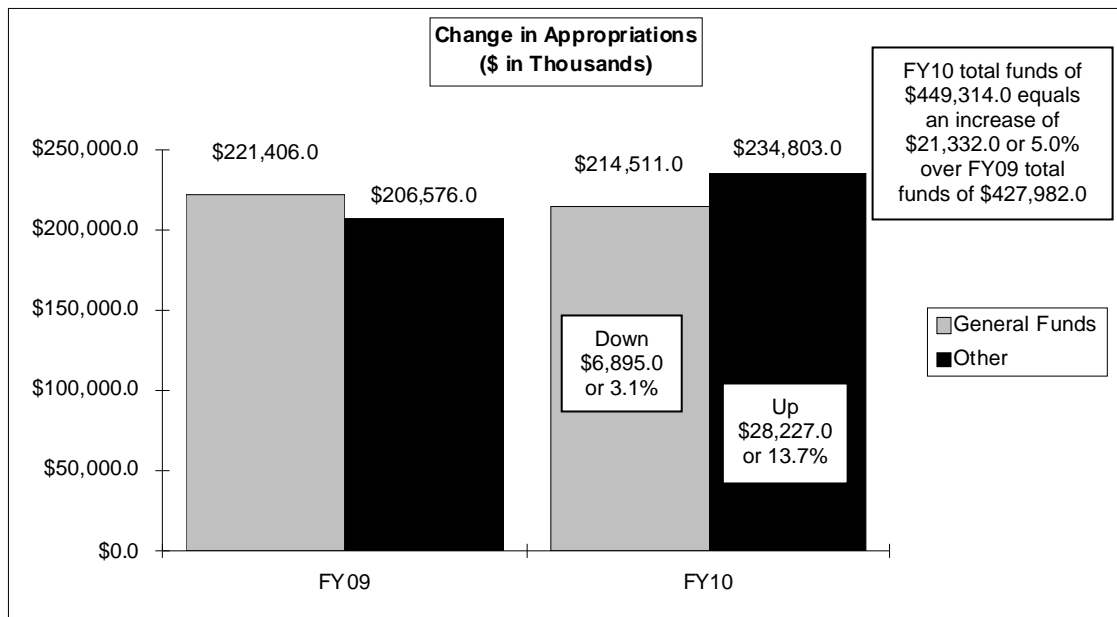
- \$1 million GRF for Food Pantries, this is in addition to the three year \$3.8 annual increase the state will receive from the stimulus program
- \$1 million OSF for Energy Conservation and Efficiency Program
- \$5 million OSF for Addiction Treatment/Medicaid Eligible
- \$3 million OSF one-time request for Behavioral Health Special Projects
- \$100,000 OSF Open Door Project
- \$30.5 million OSF for Emergency Disaster Flood Relief
- \$53.1 million OSF for a federal program Neighborhood Stabilization

Facility Rack-Up:

Facility*	FY09 Approp	FY10 Approp	\$ Change	% Change
Alton MHC	\$24,755,400	\$24,352,200	(\$403,200)	(1.6)%
Chester MHC	44,508,400	39,588,400	(4,920,000)	(11.1)%
Chicago-Read Mental Health	30,356,800	29,486,300	(870,500)	(2.9)%
Choate MHC	39,617,100	38,230,000	(1,387,100)	(3.5)%
Elgin MHC	68,847,100	65,817,700	(3,029,400)	(4.4)%
Fox DC	18,042,900	17,643,300	(399,600)	(2.2)%
Howe DC	55,039,400	32,382,200	(22,657,200)	(41.2)%
Jacksonville DC	32,078,400	29,358,100	(2,720,300)	(8.5)%
Kiley DC	30,502,200	31,186,200	684,000	2.2%
Lincoln DC	990,900	990,900	0	0.0%
Ludeman DC	44,707,900	44,603,900	(104,000)	(0.2)%
Mabley DC	10,584,400	10,851,800	267,400	2.5%
Madden MHC	34,217,500	31,474,400	(2,743,100)	(8.0)%
McFarland MHC	23,622,900	21,294,500	(2,328,400)	(9.9)%
Murray DC	37,083,500	38,541,500	1,458,000	3.9%
Shapiro DC	78,548,600	72,325,800	(6,222,800)	(7.9)%
Singer MH & DC	15,722,600	15,360,400	(362,200)	(2.3)%
Tinley Park & MHC	20,900,900	20,639,200	(261,700)	(1.3)%
School for the Visually Impaired	10,249,200	10,629,500	380,300	3.7%
School for the Deaf	19,622,700	19,918,800	296,100	1.5%
Center for Rehab & Education	<u>6,038,500</u>	<u>6,043,400</u>	<u>4,900</u>	<u>0.1%</u>
TOTAL	\$646,037,300	\$600,718,500	(\$45,318,800)	(7.0)%

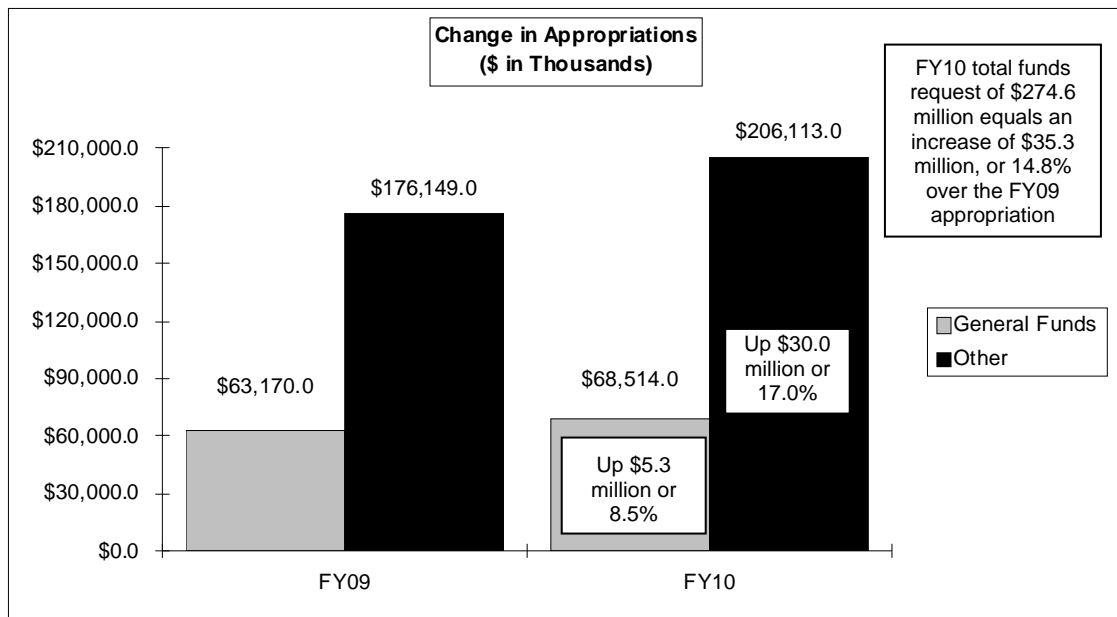
*It should be noted that the Governor intends to move another 8.2% of the census in SODC's into community based settings.

DEPARTMENT OF STATE POLICE



- The Governor's recommended budget includes a \$105.6 million Road Fund request. This represents a decrease of \$9.1 million or 7.9% below FY09 appropriations. Legislation is required to keep the Road Fund Cap at this level.
- Includes \$125,000 new OSF for expenses incurred for providing police escorts for over-dimensional loads. This new spending authority is due to **P.A. 95-787** which allows State Police to charge a fee for a police escort for oversized loads on the interstate.
- Includes \$6.2 million for 1 cadet class, which is expected to graduate a total of 100 cadets. The cadet class will start in May of 2009 and is expected to graduate in February of 2010.
- Includes a one time shift of \$14.9 million GRF to OSF for expenses related to law enforcement. GOMB states this transfer is due to a settlement State Police received and the shift is to alleviate GRF burden. When staff asked if this is a permanent shift from GRF, GOMB stated it is not, and they would have to "figure out something else for next year."
- Includes \$20 million in assumed federal stimulus dollars. GOMB states this is an approximation as there is no guarantee they will receive this funding.
- Includes an increase of \$2 million OSF for the State Police Vehicle Fund. Due to the passage of **P.A. 95-1009** which provides that beginning in FY10, a \$1 surcharge will be collected in addition to the vehicle registration fee to be deposited into the State Police Vehicle Fund. This increased fee provides additional funding for the replacement of police cars.

DEPARTMENT OF NATURAL RESOURCES



- The FY10 Governor's requested budget includes the merging of the Historic Preservation Agency into the Department of Natural Resources. Details include:
 - ❖ The portion allotted to Historic Sites totals approximately \$10.7 million All Funds. The FY09 appropriation for HPA was \$28.7 million All Funds.
 - ❖ The merger will result in an approximate headcount reduction of 20.
 - ❖ **The historic sites which were closed by Blagojevich will NOT be reopened for FY10.**

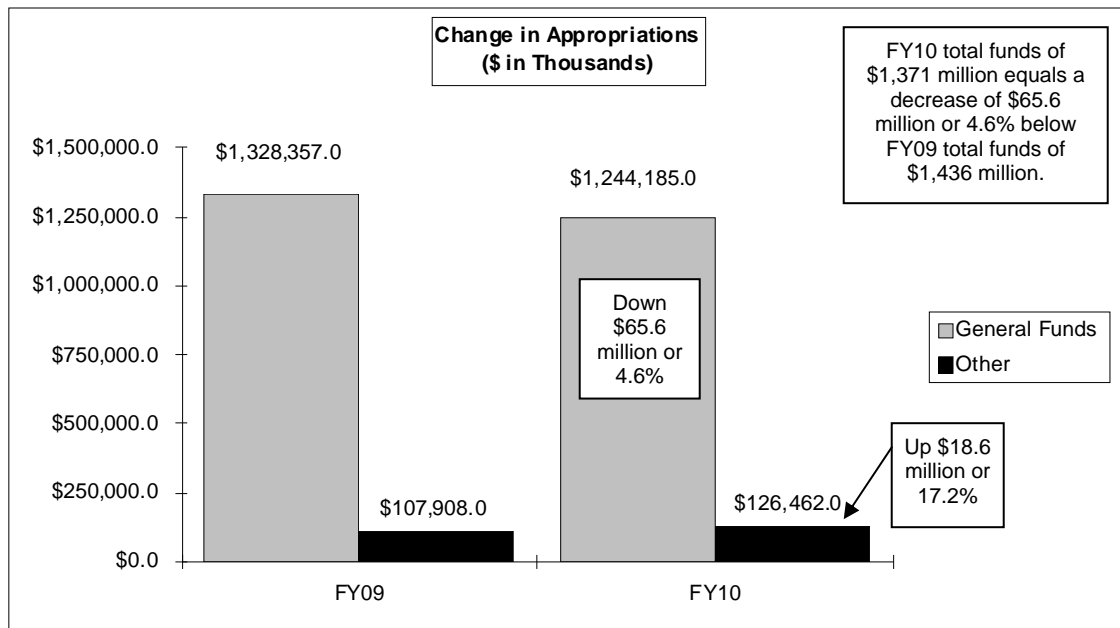
- **Includes new TAX and new and expanded fees.** The following list details the request :
 - ❖ NEW - Coal tax of .10 cents per ton = \$3 million in new revenues
 - ❖ NEW - State Park PARKING fee = \$2 million in new revenues
 - ❖ NEW – Equestrian Trail Use = \$400,000 in new revenues
 - ❖ INCREASE - Pheasant Hunting fee - \$25 now and will raise \$5 a year until the fee caps at \$50 (no details on new revenues given)
 - ❖ INCREASE – Resident Deer hunting – increases \$15-\$25 = \$800,000 in new revenue (no details on new revenues given)
 - ❖ INCREASE – various fishing and sporting licenses = \$1 million in new revenue
 - ❖ INCREASE – Water Resources Permit Fee = \$1 million in new revenue
 - ❖ INCREASE – Environmental Consultation Fee = \$1 million in new revenue

- There will be no changes to the Pheasant Hunting Program for FY10 (with the exception of the increased tag fee). GOMB was unable to give an exact amount designated to the program.

- Other new and expanded initiatives include the following:
 - ❖ Includes \$230,000 GRF for the Mainstreet Program. This represents an increase of \$205,400 or 835% increase over FY09 appropriations.

- ❖ Fully funds the Wildlife Prairie Park at \$790,000 GRF. The park received no funding in FY09.
- ❖ Includes \$1.7 million OSF for the Bikeways Program. This represents an increase of \$408,200 or 31.6% increase over FY09 appropriations.
- ❖ Includes new \$1 million OSF for Chronic Wasting Disease Programs. GOMB states this disease (a type of Mad-Cow, but in deer) is becoming a problem with the deer population in Wisconsin and this program is required to keep these deer from infesting northern Illinois.
- ❖ Includes \$1 million OSF for the Urban Forestry Program. This represents an increase of \$513,800 or 104.9% increase over FY09 appropriations. According to GOMB, this increase will be used to plant more trees in urban areas.
- ❖ Includes \$3.7 million OSF for Farm Lease Operations. This represents an increase of \$1.7 million or 82.4% over FY09 appropriations. GOMB was not able to expound on this increase at the time this analysis was written.
- ❖ Includes \$1 million OSF in new funding to repair damaged DNR facilities due to flooding.
- ❖ Includes new \$132,000 OSF to repair a pavilion in conservation world at the State Fairgrounds.
- ❖ Includes \$2.9 million OSF to “subgrantee payments”. This represents an increase of \$1.4 million or 93.3% over FY09 appropriations. GOMB states this is pass-through funding for “a few grants”. They were unable to give further details about on the nature of these grants.

DEPARTMENT OF CORRECTIONS

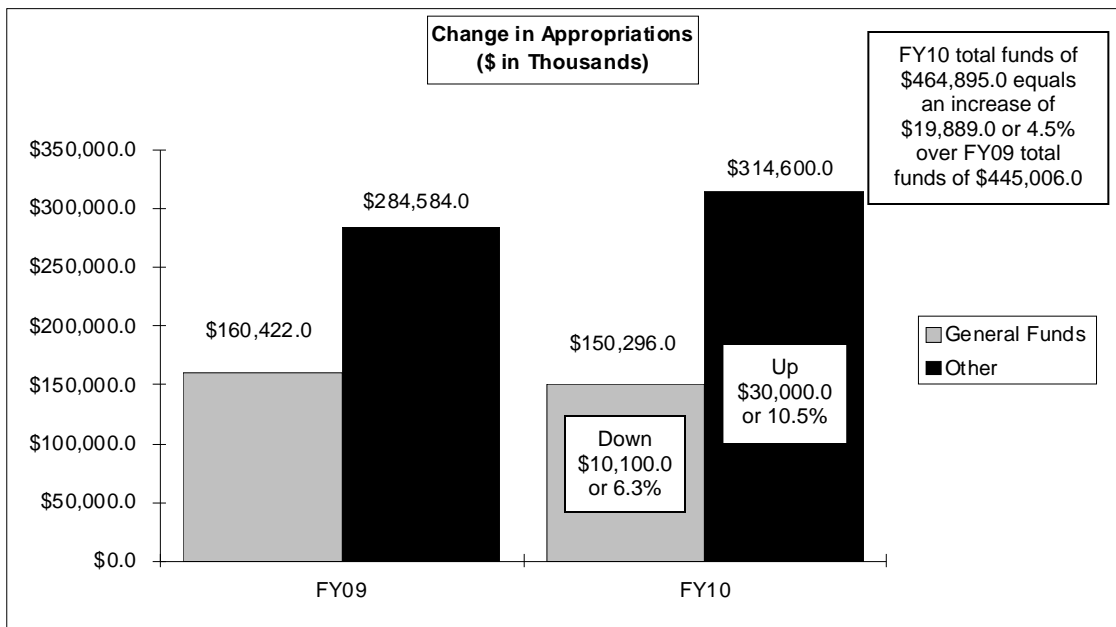


- The Governor is recommending a \$84 million or 6.3% GRF cut to the Department of Corrections for FY10.
- According to GOMB, by implementing a 12-hour shift for security staff and eliminating millions of dollars in overtime, this budget request will allow the Department to hire an additional 238 FTE Headcount in FY10.
- There are no additional funds included in the FY10 budget for Thomson CC. The Department received funding in FY07 to open the 200 bed minimum security wing. The remaining 1,600 bed maximum security wings will not open this year. Thomson is essentially operating as a minimum security facility. The cost to operate the minimum security wing at Thomson is 63% higher than per capita spending (\$21,000) for other minimum security facilities.
- The Department is asking for an additional \$20 million in appropriation authority to pursue various criminal justice initiatives that are part of the federal stimulus package. This appropriation authority is requested from the DoC Reimbursement and Education Fund.
- The majority of the decrease seen in the Field Services line is due to the elimination in \$21.5 million in legislative add-ons from the Department's budget and also due to the elimination of a \$12 million lump sum for additional front line staff.

DOC FACILITIES & OPERATIONS

<u>Facility</u>	<u>FY09 Appropriation</u>	<u>FY10 Request</u>	<u>\$ Change</u>	<u>% Change</u>
Menard	\$74,909,600	\$70,606,000	(\$4,303,600)	(5.7)%
Pontiac	58,871,000	54,293,700	(4,577,300)	(7.8)%
Stateville	114,543,900	103,780,800	(10,763,100)	(9.4)%
Tamms	29,431,400	26,968,200	(2,463,200)	(8.4)%
Thomson	<u>10,531,800</u>	<u>8,775,000</u>	<u>(1,756,800)</u>	<u>(16.7)%</u>
Maximum Total	\$288,287,700	\$264,423,700	(\$23,864,000)	(8.3)%
Big Muddy	\$32,067,300	\$30,799,800	(\$1,267,500)	(4.0)%
Centralia	34,137,800	31,730,500	(2,407,300)	(7.1)%
Danville	32,776,100	31,003,400	(1,772,700)	(5.4)%
Decatur Women's	20,935,000	20,712,000	(223,000)	(1.1)%
Dixon	57,144,600	56,525,300	(619,300)	(1.1)%
Dwight/Kankakee	41,421,400	40,656,600	(764,800)	(1.8)%
Graham	40,070,400	39,381,100	(689,300)	(1.7)%
Hill	31,875,700	31,905,600	29,900	0.1%
Illinois River	33,792,100	35,133,800	1,341,700	4.0%
Lawrence	41,601,700	41,958,800	357,100	0.9%
Logan	34,710,400	32,707,000	(2,003,400)	(5.8)%
Pinckneyville	42,565,600	40,364,500	(2,201,100)	(5.2)%
Shawnee	36,320,800	35,156,500	(1,164,300)	(3.2)%
Sheridan	47,511,500	45,316,800	(2,194,700)	(4.6)%
Western	<u>36,531,000</u>	<u>34,107,100</u>	<u>(2,423,900)</u>	<u>(6.6)%</u>
Medium Total	\$563,461,400	\$547,458,800	(\$16,002,600)	(2.8)%
East Moline	\$26,607,200	\$26,688,400	\$81,200	0.3%
Jacksonville	39,897,600	39,390,000	(507,600)	(1.3)%
Lincoln	24,137,200	23,472,100	(665,100)	(2.8)%
Robinson	26,276,500	25,715,500	(561,000)	(2.1)%
Southwestern	29,908,500	29,031,800	(876,700)	(2.9)%
Taylorville	25,541,400	24,696,200	(845,200)	(3.3)%
Vandalia	35,420,800	33,411,800	(2,009,000)	(5.7)%
Vienna	<u>33,536,800</u>	<u>31,691,300</u>	<u>(1,845,500)</u>	<u>(5.5)%</u>
Minimum Total	\$241,326,000	\$234,097,100	(\$7,228,900)	(3.0)%
Public Safety Shared Services	5,804,300	7,677,900	1,873,600	32.3%
Field Services	150,887,000	118,198,900	(32,688,100)	(21.7)%
General Office	54,957,600	47,334,600	(7,623,000)	(13.9)%
School District	<u>23,632,600</u>	<u>24,994,400</u>	<u>1,361,800</u>	<u>5.8%</u>
Other Total	\$235,281,500	\$198,205,800	(\$37,075,700)	(15.8)%
GRF TOTAL	\$1,328,356,600	\$1,244,185,400	(\$84,171,200)	(6.3)%
Working Cap. Rev. Fund	\$42,908,200	\$41,461,600	(\$1,446,600)	(3.4)%
Reimbursement & Ed. Fund	<u>65,000,000</u>	<u>85,000,000</u>	<u>20,000,000</u>	<u>30.8%</u>
	\$107,908,200	\$126,461,600	\$18,553,400	17.2%
GRAND TOTAL	\$1,436,264,800	\$1,370,647,000	(\$65,617,800)	(4.6)%

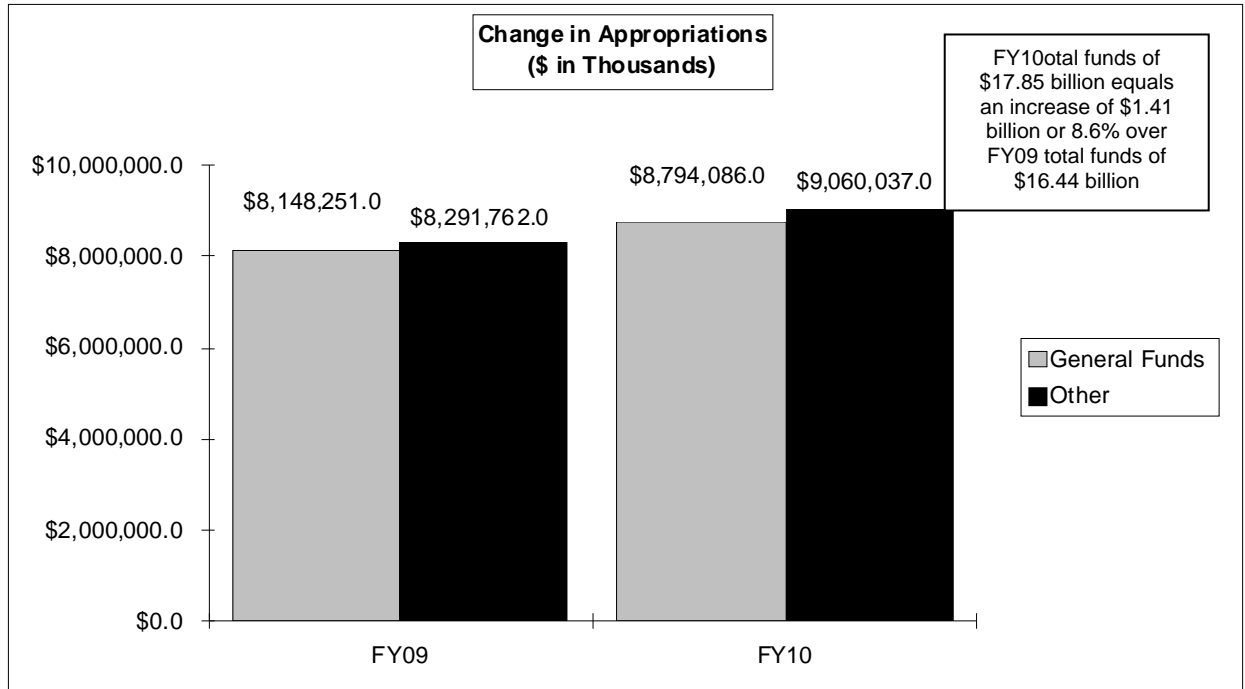
DEPARTMENT OF PUBLIC HEALTH



- The Department of Public Health is requesting \$150.3 million GRF in FY10, which is \$10.1 million or 6.3% below the GRF appropriation of \$160.4 million in FY09.
- The Department of Public Health is requesting \$102.8 million in OSF in FY10, which is \$6.6 million or 6.4% above the OSF appropriation of \$96.2 million in FY09.
 - \$5 million in new OSF in FY10 for expenses related to the Strategic Management and Resource Technology Department Operations Center (SMARTDOC) and other Public Health Programs;
 - \$1 million in additional OSF in FY10 for expenses related to administering the distribution of payments to Trauma Centers;
 - \$500,000 in new OSF for expenses related to the Healthy Smiles Program.
- FY10 federal funding at the Department of Public Health is set to increase by \$23.4 million or 11.1% from an appropriation of \$188.4 million in FY09 to a \$211.8 million requested appropriation in FY10.
 - \$15 million in additional federal funding in FY10 for expenses of federally funded health programs;
 - \$1.1 million in additional federal funding in FY10 for Maternal and Child Health Services;
 - \$9.2 million in new federal recovery funds in FY09 for immunizations (*see below*);
- The Department of Public Health reports a Federal Recovery Supplemental Request of \$9.2 million in federal funding for FY09.

- The 9.2 million in FY09 federal supplemental funds will be used for the purchase of vaccines and for related operations from the federal Immunization Program. The funds will also be used for development of prevention and wellness strategies that address chronic disease rates, and will be used to issue grants to help reduce health care associated infections;
 - These FY09 federal funds will also assist in the operation of community health centers, which the Department claims will expand health care for the uninsured and underserved populations in rural and urban areas. Federal scholarships and loan repayment programs will also be created to help train and educate primary care providers to include physicians, dentists and nurses.
-
- The Department of Public Health plans to maintain \$11 million in GRF in FY10 for the Illinois Breast and Cervical Cancer Program which was expanded by \$5 million in FY09.
 - The Department of Public Health plans to maintain \$1.5 million in OSF in FY10 for the AIDS Drug Assistance Program to continue the expanded income eligibility from 400% to 500% of the FPL as implemented in FY09.
 - The Department of Public Health headcount is recommended to be at 1,177 (FTE) in FY10, which represents an increase of 20 (FTE) over an estimated headcount of 1,157 (FTE) in FY09.
 - The Department of Public Health's All Funds request for FY10 totals \$464.9 million up \$19.9 million or 4.3% from an All Funds total appropriation of \$445.0 million in FY09.

DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES



*The FY09 appropriation level does not reflect a potential \$1.77 billion supplemental. The supplemental is necessary to bring the State within compliance with the prompt-payment provision of the American Recovery and Reinvestment Act of 2009 (ARRA or federal stimulus). The additional appropriation authority will also allow HFS to capture all stimulus dollars available to the State in FY09.

Whither the Reforms?

- No Managed Care reform.
- **The only significant reform to the HFS budget has nothing to do with Medicaid.**
- Instead of Medicaid reform, the Governor is going to pile another tax increase onto the state workers by making them and retired state employees pay an additional \$200 million for their health insurance.
- Without reform, this Governor will be forced to spend much of his tax increases maintaining a respectable Medicaid payment cycle once the federal stimulus runs out in the middle of FY11.

American Recovery and Reinvestment Act of 2009 (ARRA or federal stimulus)

- The federal stimulus includes \$2.9 billion in enhanced federal Medicaid match (match was 50.32%, enhanced to 60.48%) over a 27 month period between October 2008 – December 2010. Of this amount, the State will receive \$2.6 billion and local governments will receive the remaining \$300 million.
- The State must meet two important requirements to receive the additional funding: bring the Medicaid payment cycle for most providers down to 30 days by June 1, 2009 (currently projected to near 100 days by the end of FY09 - \$2.5 billion backlog), and maintain program eligibility at the July 1, 2008 level.
- It is estimated that the State will need to reduce the anticipated backlog by \$1.2 billion in order to achieve a 30-day payment cycle by June 1, 2009. The 30-day requirement will most likely necessitate speedy legislative approval for another round of short-term borrowing.

Payment Cycle Under Control?

- With the assumption of a \$1.49 billion GRF stimulus supplemental, the Department states that it will have an FY09 End-of-Year (EOY) payment cycle of just 23 days. This equates to an FY09 EOY Bills on Hand of just \$573.7 million.
- The Department assumes a 21 day payment cycle for FY10 with EOY bills on hand of \$575.7 million.

At What Cost?

- Although the FY09 supplemental request and the continuing enhanced federal match in FY10 will get the payment cycle under control, liability continues to grow apace. FY10 liability is estimated to increase to \$9.85 billion. This is up \$645.7 million or 7.0% over the FY09 level.
- The Blagojevich/Quinn Administration has increased Medicaid liability by over \$3.4 billion in just 7 years. This is a rate that is more than double the previous 10 years, which saw a \$2.3 billion increase.

What Does This Mean?

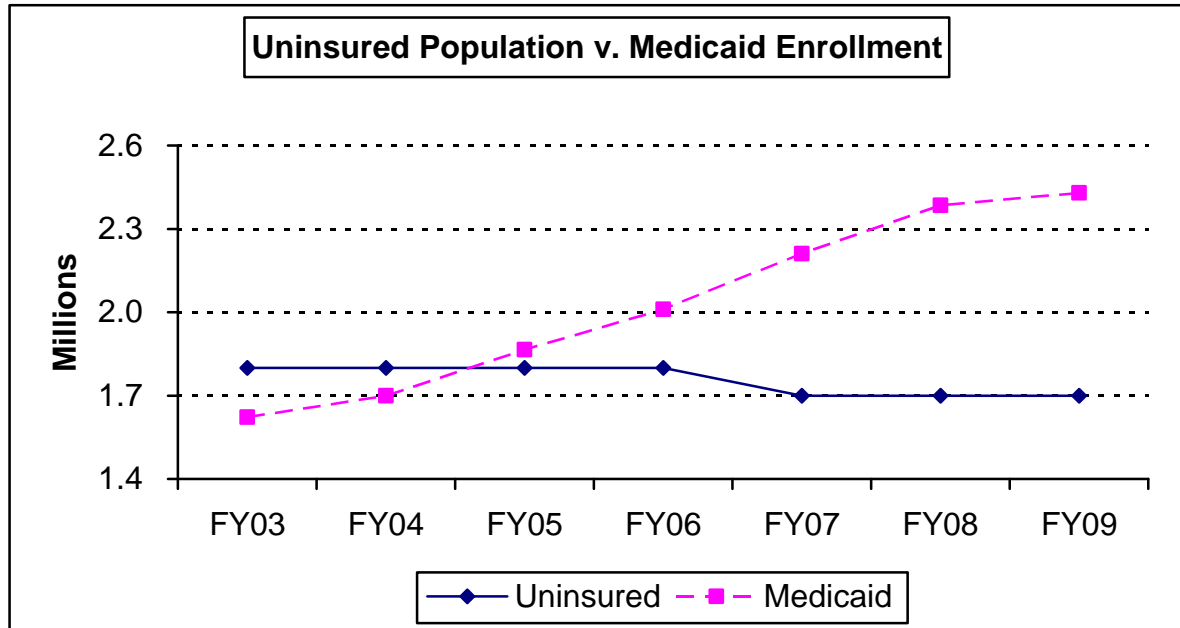
- The Governor's budget plan includes the use of the federal stimulus dollars to reduce the backlog of unpaid bills to a respectable level of \$573.7 million in FY09.
- Unfortunately, the backlog will be maintained at the same level for the duration of FY10 even though the Administration will be receiving over \$1 billion in additional federal match.
- What will happen in 2011 once the federal stimulus dollars run out?
- Will we see meaningful reforms or will we see the bill backlog explode?

Good Intentions, Bad Results

- We are told expanding Medicaid eligibility will reduce the numbers of the uninsured. This is simply not the case.

- With flat state population growth, the only explanation as to why the Medicaid rolls could explode under the Blagojevich/Quinn Administration without a corresponding reduction in the uninsured is that individuals are dropping private insurance.

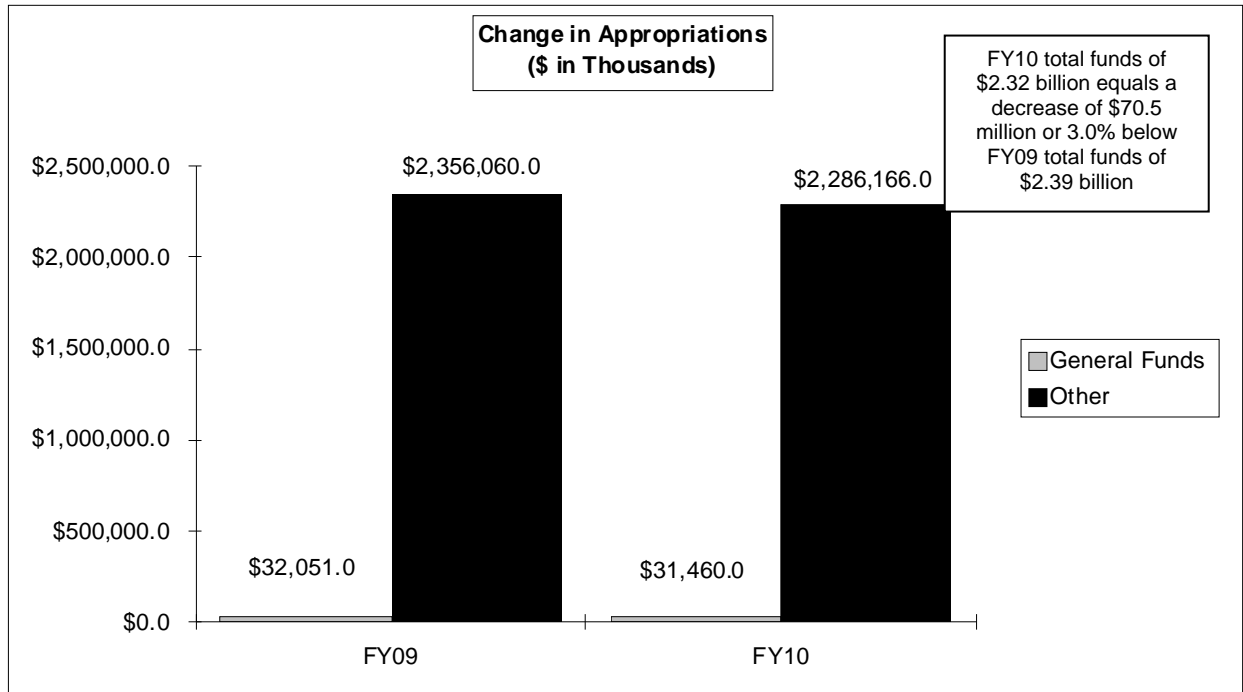
The following table provides a visual of the failed attempt to reduce the uninsured by expanding Medicaid:



Group Health Insurance

- The Department is requesting \$2.2 billion All Funds and \$1.06 billion GRF for Group Health Insurance in FY10. The total request is an increase of 8.6% over the FY09 appropriation.
- Please note that the Governor's budget assumes a \$200 million savings in GHI costs as part of his overall budget. The Governor has announced that state employees and retirees will pay more for their healthcare.
- Please note that the collective bargaining contracts will have to be reopened if this increase is to take place.

DEPARTMENT OF TRANSPORTATION



The Governor's recommended budget includes IDOT's operating budget only. This budget contains no Capital funds for transportation projects. The Department's Capital budget is included in the Capital Development Board's appropriation. However, discussion of the IDOT Capital budget will be included below. The total FY10 new Capital request for IDOT is \$6.35 billion. The total IDOT Capital appropriation request is \$12.8 billion, including \$1.5 billion from the federal stimulus.

The Department's Capital budget also includes a \$2.56 billion FY09 supplemental. This includes spending authority for all transportation funds allocated to the State from the federal stimulus as well as any funds the state may receive that are at the discretion of the Secretary of Transportation.

American Recovery and Reinvestment Act of 2009 (ARRA or federal stimulus)

Roads:

- \$936 million to Illinois for Highways and Bridges. These funds can be used for projects covered under existing programmatic guidelines as long as they can be obligated and completed within the timeframe described below.
- 70% or \$655 million for State projects. Of this portion, 3% or \$28 million is set aside for enhancements.
- 30% or \$281 million for Local Projects.

Transit:

- \$468 million to Illinois for Transit Capital. \$409 million to northeastern Illinois (RTA). \$37 million to downstate transit systems. \$21 million to rural areas.

Illinois Jobs Now! . . .

or New Leader, Same Song and Dance.

The new Governor has proposed a \$4.5 billion bonded Capital Plan for IDOT with a relatively familiar sounding name. As with the previous Governor, part of Quinn's proposal calls for cannibalizing a portion (\$150 million) of existing Road Fund dollars to cover some of the debt service on the \$3 billion road construction piece. This is simply unacceptable. Not only has the Governor proposed several billion dollars in tax and fee increases, he has failed to reduce road funds diversions. Again, he may be the new leader but this sounds like the same song and dance.

Road Program

- The Governor's FY10 recommended budget includes \$1.575 billion for the State's pay-as-you-go road program. This represents a reduction of \$375 million, or 19.2% below the FY09 base program.
- The FY10 Capital Plan includes a \$3 billion appropriation from transportation Series A bond funds. The bonds are to be sold over a 7-year period beginning in FY10.
- Specific projects for the FY10 program as well as the Multi-Year Program total are not yet available.

Transit

- The recommended budget includes \$1.5 billion in Transportation Series B bonds for transit. These funds are included as part of the Governor's Capital Plan.
- The recommended state operating assistance program for mass transit, excluding paratransit, totals \$588 million, which includes a reduction of \$42.2 million or 8.9% in state assistance to the Regional Transportation Authority (RTA) and an increase of \$25.5 million or 19.7% to the downstate public transportation systems.
- The proposed budget provides \$37.3 million Other Funds for the fare reimbursement program, which benefits students, the elderly and persons with disabilities in the RTA transit region and eligible downstate transit systems. This is level with FY09 appropriations.

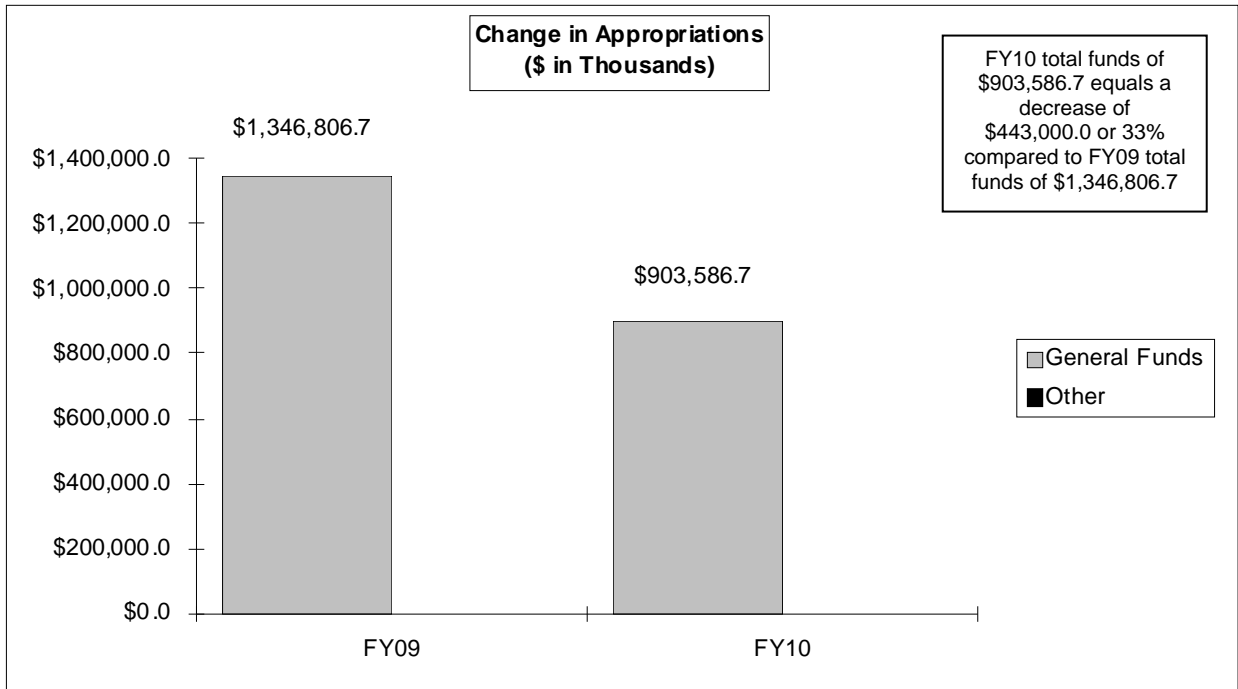
Airports

- The Governor's proposed budget includes \$137 million Federal/Local Airport Fund for airport safety improvements, runway rehabilitation and construction, and taxiways at local airports.
- The recommended budget includes \$20 million from Transportation B bonds to help regional airports with Capital expenses. This is part of the Governor's proposed Capital Plan.

Rail

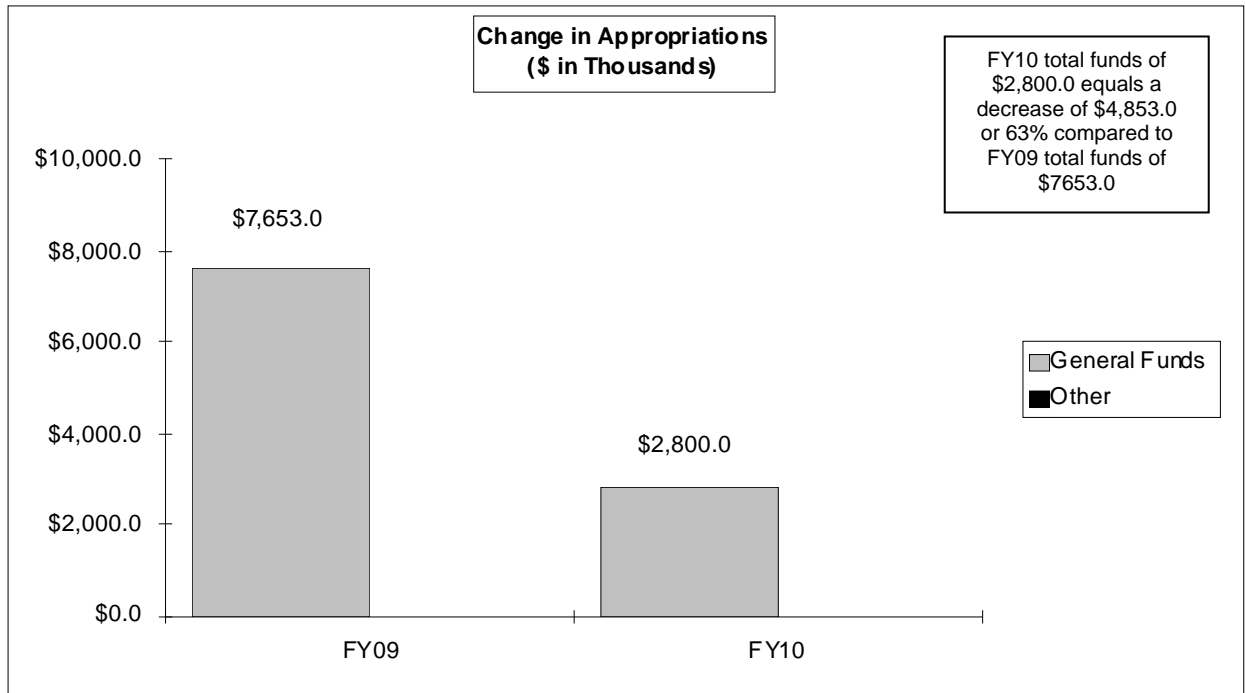
- The FY10 recommended budget includes \$28 million GRF for state support of Amtrak. This is level with the Fy09 appropriation. There is also \$750,000 Other Funds appropriation included as part of the Amtrak subsidy. These funds will come from a GRF transfer.
- The Capital Budget includes \$20 million in Federal pass through funds for the CREATE program. This program is intended to improve freight rail transportation through the Chicago region. It currently takes as much time for a freight train to pass through the Chicago region as it does for that train to travel from the west coast to Chicago.
- The rail freight program has a recommended appropriation level of \$3.7 million. The Department answers requests for assistance to construct and rehabilitate rail facilities from local governments, economic development groups, new and existing industries, and agribusiness and railroad companies.

TEACHERS RETIREMENT SYSTEM
AND CHICAGO TEACHERS PENSION



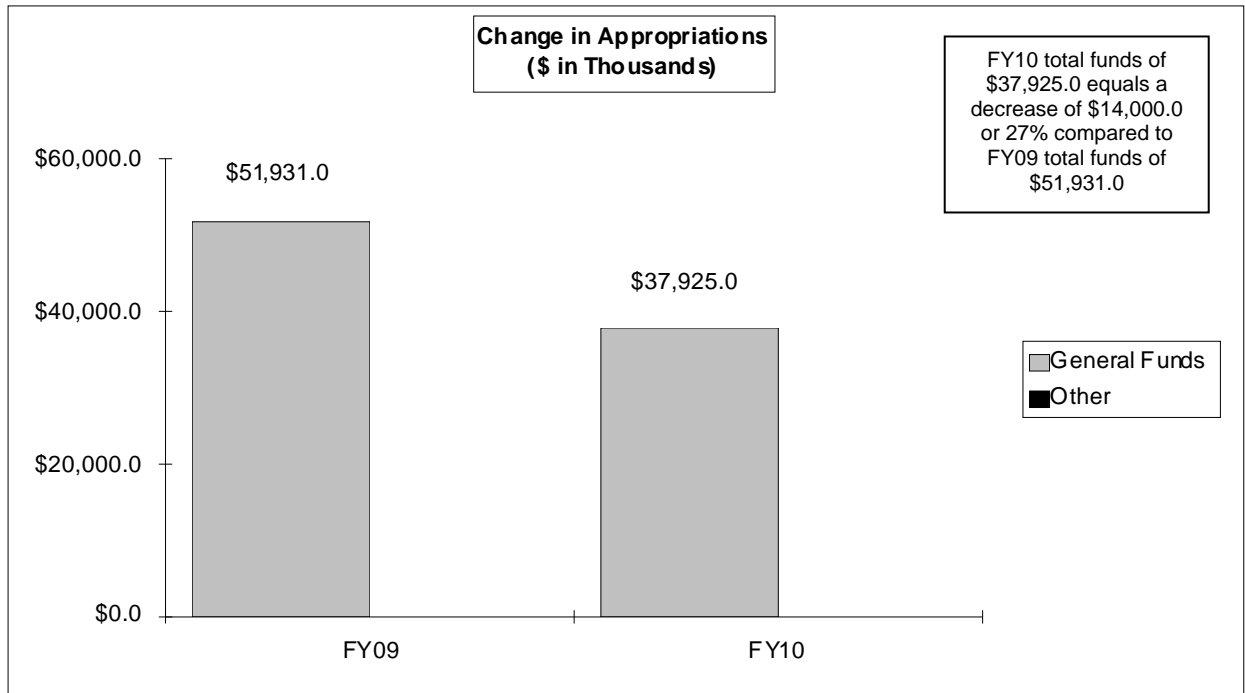
- The Governor proposes a decrease in the State's pension contribution to TRS next year. The FY10 contribution would cover only "normal" costs (the present value of benefits earned by members next year), with no payment on our \$73 billion unfunded liability. TRS's part of our pension debt is \$41 billion, with a paltry 41% funded ratio (assets covering liabilities) estimated as of December 31, 2008.
- Reforms for newly hired downstate/suburban teachers' pension benefits and an increased pension contribution of 2% of salary by current TRS members have been suggested by the Governor.
- TRS retiree health insurance is funded at \$79 million, a \$3.5 million increase over this year.
- The budget includes \$75 million for the Chicago teachers' pension fund. This includes the usual \$65 million (which is not required by law) and \$10 million required because the Chicago fund has dipped below 90% funded (Chicago teachers' fund has a funded ratio of 80% as of FY2007).

GENERAL ASSEMBLY RETIREMENT SYSTEM



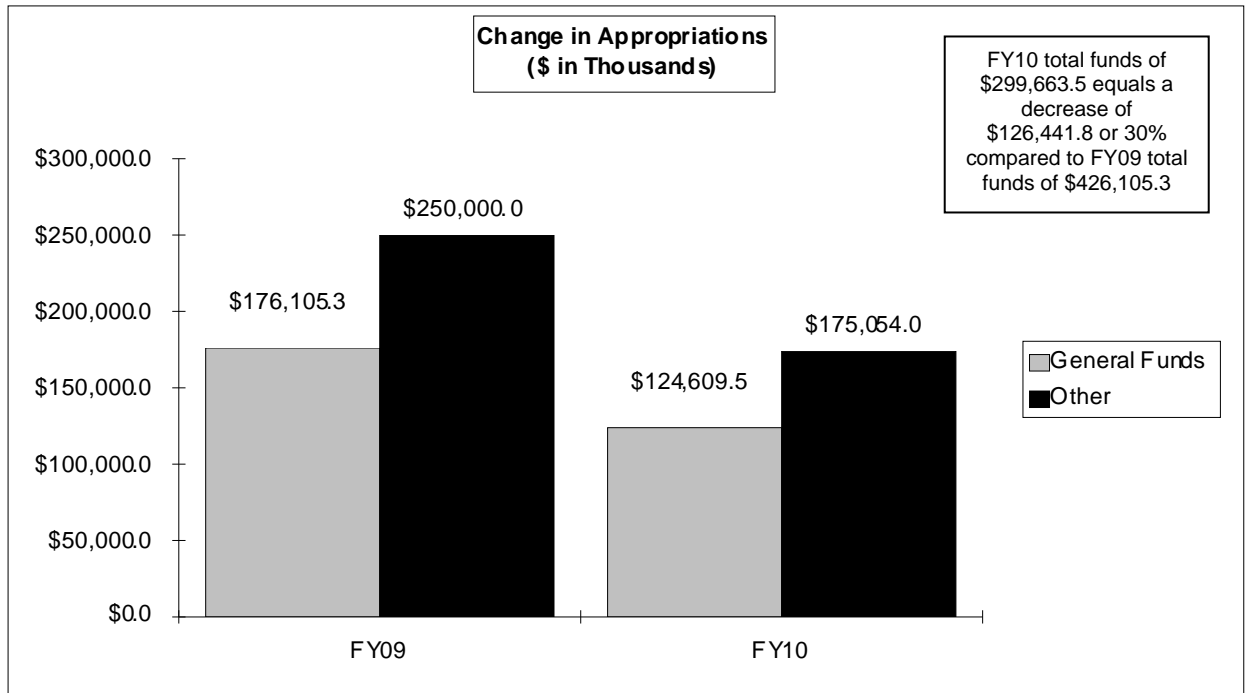
- The Governor proposes a decrease in the State's pension contribution to GARS next year. The FY10 contribution would cover only "normal" costs (the present value of benefits earned by members next year), with no payment on our \$73 billion unfunded liability. JRS's part of our pension debt is \$200 million, with a paltry 25% funded ratio (assets covering liabilities) estimated as of December 31, 2008
- Reforms for newly elected legislators' pension benefits and an increased pension contribution of 2% of salary by current members have been suggested by the Governor.

JUDGES RETIREMENT SYSTEM



- The Governor proposes a decrease in the State's pension contribution to JRS next year. The FY10 contribution would cover only "normal" costs (the present value of benefits earned by members next year), with no payment on our \$73 billion unfunded liability. JRS's part of our pension debt is \$1.1 billion, with a paltry 27% funded ratio (assets covering liabilities) estimated as of December 31, 2008.
- Reforms for new judges' pension benefits and an increased pension contribution of 2% of salary by current members have been suggested by the Governor.

STATE UNIVERSITIES RETIREMENT SYSTEM



- The Governor proposes a decrease in the State's pension contribution to SURS next year. The FY10 contribution would cover only "normal" costs (the present value of benefits earned by members next year), with no payment on our \$73 billion unfunded liability. SURS' part of our pension debt is \$15 billion, with a paltry 43% funded ratio (assets covering liabilities) estimated as of December 31, 2008.
- Reforms for newly hired university and community college staff and faculty's pension benefits and an increased pension contribution of 2% of salary by current SURS members have been suggested by the Governor.
- SURS retiree health insurance is funded at \$4.0 million, a \$143,200 increase over this year.

APPELLATE DEFENDER

- The FY10 budget is \$25 million, which is a decrease of \$1.5 million or 5.5% below the FY09 appropriation. The GRF portion of the request totals \$20.2 million, which is a decrease of \$1.4 million or 6.5% below the FY09 appropriation. The Appellate Defender is requesting a total of \$30.3 million, which is \$5.3 million over the Governor's recommended level.
- The Agency's budget proposal includes \$21 million for the Personal Services and Fringe Benefits line. This represents an increase of \$2.9 million, or 16.2% over the FY09 appropriation.
- Included in the Defender's FY10 budget proposal is \$433,400 in new GRF funding. \$350,000 to support the Juvenile Defender Resource Center, and \$83,400 to implement a Law Student Internship Program.
- There is a \$40,000 GRF request for Public Defender Training, which is an increase of \$20,000, or double the FY09 appropriation.

APPELLATE PROSECUTOR

- The FY10 budget is \$15.9 million, which is a decrease of \$460,000 or 2.8% below the FY09 appropriation. The GRF portion of the request totals \$9.6 million, which is a decrease of \$389,000 or 3.9% below the FY09 appropriation. The Appellate Prosecutor is requesting a total of \$21.3 million, which is \$5.5 million over the Governor's recommended level.
- The Agency's budget proposal includes \$6.2 million for the Personal Services and Fringe Benefits. This represents an increase of \$1.3 million or 26.4% over the FY09 appropriation.
- One of the Agency's initiatives is to establish salary schedules in order to attract and maintain the highest quality legal and support personnel. The Agency would also like to have a headcount increase of 4 in FY10.
- The proposed budget includes a \$3.4 million GRF grant to support filling appeals in Cook County. The FY10 request represents an increase of \$835,000, or 32.6% above the FY09 appropriation.
- A grant to support expenses incurred by State's Attorneys outside Cook County has been transferred from the Treasurer to the Appellate Prosecutor to administer. The FY10 request is \$1 million, which is level with the FY09 appropriation.
- The Agency is requesting \$250,000 GRF for Continuing Legal Education and \$80,000 GRF to support its Law Intern Program. Both appropriation lines received \$100 GRF in FY09.

ARTS COUNCIL

- GRF recommendation of \$15.3 million is \$618,000 or 3.9% below FY09 appropriations. However, overall funding for the Arts Council will increase by \$244,000 or 1.4%.
- All GRF grant lines are recommended to be cut between 2.8% and 3.0% in FY10.
- Operations lines are recommended to be cut 9.7% or \$228,300 in FY10.
- IAC will receive a new grant of \$362,000 from the federal stimulus and an additional \$500,000 in federal funds for the Education Leadership Institute in FY10.

CIVIL SERVICE COMMISSION

- The FY10 budget is \$418,000 which is a decrease of \$30,000 or 6.7% below the FY09 appropriation.
- The entire appropriation is GRF.

COMPREHENSIVE HEALTH INSURANCE PROGRAM (CHIP)

- The Department's GRF request is \$29.2 million, which is an increase of \$276,000 or 1.0% over the FY09 enacted appropriation.
- CHIP's ISL's indicate they should have funding of \$29.8 million for FY10.
- This number is predicated on the assumption that there would be little or no increase in any of the participation pools.
- This request assumes no reserve for the program.
- The Governor states he wants CHIP to start utilizing potential savings measures including prescription drug management and utilization of new technologies.

COURT OF CLAIMS

- The Court of Claims is requesting \$52.1 million GRF in FY10, which is \$10.4 million or 16.7% below the GRF appropriation of \$62.5 million in FY09; however, this request does not include the annual supplemental appropriation for Court of Claims awards which totaled \$10.5 million in FY09.

DEAF & HARD OF HEARING COMMISSION

- The Deaf & Hard of Hearing Commission is requesting \$135,000 in OSF in FY10 for implementation of the Interpreter for the Deaf Licensure Program, which is \$35,000, or 26.0% over the OSF appropriation of \$100,000 in FY09.
 - The additional \$35,000 in OSF for FY10 will allow the agency to increase public awareness and refine procedures to ensure efficient operation of the Interpreter for the Deaf Licensure Act.

DEPARTMENT OF CHILDREN AND FAMILY SERVICES

- The Department's FY10 appropriation of \$1.34 billion is \$9.6 million, or 0.7% over the FY09 level. The GRF request of \$899.3 million is \$34.3 million, or 4.0% over the FY09 level.
- The Administration is requesting a \$42.7 million GRF supplemental for FY09 to cover a shortfall in foster care payments and institutional group homes. Please note that the Department sustained \$44.8 million in FY09 vetoes to various lines.
- DCFS is requesting an increase of 174 headcount in FY10, 61 of which are in the Child Welfare and Child Protection lines. This increase is long overdue, especially considering the recent incident in which a woman tried to drown her baby in a toilet and did not have the child removed immediately.

DEPARTMENT OF COMMERCE AND ECONOMIC AFFAIRS

- Overall funding recommendation represents an increase of \$1.3 billion or 121.4% over FY09 appropriations.
- GRF funding is recommended to be cut by \$7.5 million or 11.9%.
- LIHEAP and the Home Weatherization Assistance programs will be transferred from Department of Healthcare and Family Services to DCEO.
- The Department will receive somewhere between \$935 million and \$1 billion in federal stimulus funding for economic development programs including promoting renewable energy, energy efficiency, clean coal technology, broadband development, job re-training, community development, electric grid expansion and science and technology research.
- The federal stimulus funding will allow the Department to hire approximately 50 additional staff in FY10.
- The Job Training and Economic Development (JTED) Program is not increased in this budget. It is held flat. Governor Blagojevich vetoed the appropriation in half in FY09. JTED is funded at \$1.4 million GRF.
- The Employer Training and Investment Program (ETIP) is increased by \$6.3 million in FY10. This increase would fully restore the veto by Governor Blagojevich in FY09.
- \$14.2 million in legislative add-ons have been removed from the Departments FY10 budget recommendation.
- Tourism funding is held flat at the FY09 level.

DEPARTMENT OF JUVENILE JUSTICE

- Governor Quinn has also classified Department of Juvenile Justice as a Human Service agency. This trend was initiated by his predecessor, Governor Blagojevich.
- The total request for DOJJ of \$142 million represents an increase of \$2.3 million or 1.7% over FY09 appropriations. The GRF portion of this request of \$124.7 million represents a decrease of \$1.7 million or 1.3% below FY09 appropriations.
- According to GOMB, this budget request will allow the DOJJ to hire an additional 25 staff. The majority of those hired will be located in the Youth Centers of DOJJ.
- The Pere Marquette IYC will be closed and operations will be consolidated into the Warrenton Youth Center. According to GOMB, savings will be achieved by closing an under-utilized facility and consolidating the care and treatment of girls at a single location.
- Please note, that Pere Marquette IYC is the only downstate female youth facility. Also, when IYC St. Charles was proposed to be closed there was a great outcry over the hardship parents would face if they were forced to travel further to visit their incarcerated sons.

- Following is a table detailing the FY10 Facilities Budget for the DOJJ facilities:

<u>Facility</u>	<u>FY09 Approp.</u>	<u>FY10 Request</u>	<u>\$ Change</u>	<u>% Change</u>
IYC Chicago	\$8,722,600	\$8,824,000	\$101,400	1.2%
IYC Harrisburg	22,086,100	20,514,200	(1,571,900)	-7.1%
IYC Joliet	17,228,600	18,993,800	1,765,200	10.2%
IYC Kewanee	18,358,100	19,165,800	807,700	4.4%
IYC Murphysboro	9,837,000	9,516,200	(320,800)	-3.3%
IYC Pere Marquette	4,282,400	954,800	(3,327,600)	-77.7%
IYC St. Charles	22,874,000	22,885,100	11,100	0.0%
IYC Warrenville	<u>8,885,900</u>	<u>9,867,400</u>	<u>981,500</u>	<u>11.0%</u>
Juvenile Facilities Total	\$112,274,700	\$110,721,300	(\$1,553,400)	-1.4%

DEPARTMENT OF LABOR

- The Department of Labor is requesting \$6.3 million GRF in FY10, which is \$500,000 or 7.4% below the GRF appropriation of \$6.8 million in FY09.
- The Department will receive \$1.5 million in federal funds for the Occupational Safety and Health Administration (OSHA) State Plan for public sector worksites.
 - The \$1.5 million in new federal funding will allow IDOL to raise awareness of health and safety issues, increase the frequency of safety inspections and assist public sector employers in complying with occupational safety and health standards to make public workplaces safer in Illinois;

DEPARTMENT OF REVENUE

- The FY10 budget is \$1.5 billion, which is an increase of \$281.8 million, or 22.7% over the FY09 appropriation. The GRF portion of the request totals \$153.8 million, which is a decrease of \$8.6 million, or 5.3% below the FY09 appropriation.
- Revenues from riverboat gambling in FY10 are expected to generate approximately \$478 million in recurring revenue for transfer into Education Funds and another \$100.0 million for payment to the state's riverboat communities.
- The Governor's office is also assuming the state will receive a one-time \$47.5 million payment for the 10th license. The remaining one-time revenue from the 10th license will not be paid until operations commence sometime during FY11.
- Revenues from the lottery in FY10 are expected to generate approximately \$645 million for transfer into Education Funds. It appears the new Administration has learned a lesson from the previous Administration and is not going to pursue the leasing of the lottery.
- The FY10 request includes additional funds to hire an audit class of 40 which would begin by June 2010.

- The stimulus package includes \$346.0 million for two programs within the Department, the HOME Investment Partnership Program (\$96 million) and the Low Income Tax Credit Exchange Program (\$250 million). Both programs will help in capital investment for qualified low-income and affordable housing developments.

EAST ST. LOUIS FINANCIAL ADVISORY AUTHORITY

- The FY10 budget is \$240,000 which is exactly the same as the FY09 appropriation.
- The entire appropriation is GRF.

ENVIRONMENTAL PROTECTION AGENCY/POLLUTION CONTROL BOARD

- The Environmental Protection Agency's FY10 recommended budget request is \$309.6 million, which is \$22.3 million, or 7.8% over FY09 appropriations. **General Revenue Funds have been removed from EPA's FY10 budget request.** According to GOMB, this was achieved through decreasing the Vehicle Inspection Program by \$4 million per EPA's request.
- Includes \$53.1 million for reimbursements for Leaking Underground Storage Tanks. This request is equal to FY09 appropriations.
- Includes new \$500,000 OSF for the eWaste Recycling Program. This funding establishes a program for consumers and the public to return, recycle, and ensure the safe and environmentally sound disposal of electronic equipment.
- Includes new \$2 million OSF for hazardous waste mediation of Worthy Park, Illinois.
- Includes new \$546,300 OSF for laboratory analyses of samples taken at environmental spills and emergencies.
- New Federal Stimulus funding totaling approximately:
 - \$10.0 million for Brownfields and LUST Remediation;
 - \$3.2 million for Drinking Water Loan Program;
 - \$7.2 million for Water Pollution Control Loan Program;
 - \$6.0 million for Diesel Retrofit;
 - \$10.0 million for SuperFund Site Cleanup; and
 - \$1.8 million for Water Quality Planning .

GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET

- The FY10 budget is \$322.5 million which is a decrease of \$313,000 or 0.1% below the FY09 appropriation. The GRF portion of the request totals \$2.7 million, which is a decrease of \$271,000, or 9.2% below the FY09 appropriation.
- The Governor is requesting \$2.2 million GRF for Personal Services and Fringe Benefits. This is a decrease of \$262,200, or 10.4% below the FY09 appropriation.
- Includes \$1.8 million OSF for the expenses for the sale of bonds. This is a decrease of \$41,500, or 2.3% below the FY09 appropriation.

GUARDIANSHIP & ADVOCACY COMMISSION

- The FY10 budget is \$9,898,000 which is a decrease of \$717,000 or 6.8% below the FY09 appropriation. The GRF portion of the request totals \$9,710,000, which is a decrease of \$717,000 or 6.9% below the FY09 appropriation.

ILLINOIS COMMERCE COMMISSION

- The FY10 budget is \$131.5 million which is an increase of \$12.7 million, or 10.6% above the FY09 appropriation. The Commission's budget does not contain General Revenue Funds.
- The Commission plans to add 4 headcount positions compared to the estimated FY2009 headcount.
- The Commission will continue to "analyze electric markets" and encourage competition for residential customers (Illinois Market Monitoring Unit" at the ICC - HB 4977/PA 94-1095).
- The Commission will continue to monitor the utility's electric rate efficiency programs enacted in the 2007 ComEd/Ameren Electric Rate Deal Legislation (SB 1592/PA 95-481).

ILLINOIS CRIMINAL JUSTICE INFORMATION AUTHORITY (ICJIA)

- The Department's FY10 GRF request is \$3.7 million, which is an increase of \$54,000 or 1.5% over the FY09 enacted appropriation. The Department's All Funds appropriation request is \$130.9 million, which is an increase of \$48.1 million or 58.1% over the FY09 enacted appropriation.
- Federal Stimulus Funding includes dollars for additional law enforcement personnel, drug treatment programs, and support services and advocacy groups for victims of crime and domestic violence. It also includes funding for crisis intervention, counseling, emergency shelter and transportation, among other services. They are broken out in the following grants:
 - Justice Assistance Grants
 - \$23 million to local units of government and nonprofit organizations.
 - \$23 million to State agencies.
 - Crime Victim Assistance
 - \$100,000 to local units of government and nonprofit organizations.
 - \$1.3 million to State agencies.
 - Violence Against Women Grants and Awards
 - \$3 million to local units of government and nonprofit organizations.
 - \$1 million to State agencies.
- 15 new headcount at ICJIA for FY10.
 - There are no increases in Personal Services lines in GRF or Other State Funds so it is assumed the funding for these positions will come from the federal stimulus and apply to the above grant programs.

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION (IDFPR)

- The FY10 budget request from the Governor for the Department is \$78.8 million OSF which is a decrease of \$6.7 million, or 7.8% below the FY09 enacted appropriation.

However, when subtracting the portion relating to the Department of Insurance –**which is no longer included in IDFPR**- the Department is receiving a reduction of \$5.2 million or 8.2%.

- **The Department of Insurance is no longer contained in IDFPR's budget.** This is not a surprise considering Governor Quinn has stated to several media outlets over the past few weeks that he intends on separating the Department of Insurance from IDFPR. In FY04, Governor Blagojevich combined the Department of Insurance with the Office of Banks and Real Estate, the Department of Financial institutions, the Comprehensive Health Insurance Program, and the Department of Professional Regulation to create IDFPR. This was publicized as a cost savings measure at the time. **The Insurance Industry supports the effort to separate the Department of Insurance from IDFPR. The Department of Insurance will be described on a separate page of this document.**
- **Creates a new Call Center** to give Illinois Consumers a single source of information about all IDFPR regulated businesses and professions. No cost projections were provided.
- **Enable electronic license renewal** - Via the internet, touch tone phones and electronic funds transfers, by standardizing systems and expanding the use of technology as part of the License Streamlining Initiative that has been going on for several years. No cost projections were provided.
- **Eliminates appropriation line** for the Dental Health Study (\$75,000 in FY09 and FY08). It is unknown if this program has been folded into current operation lines at the Department. The amount is too small to make an assumption of its fate within the material provided by GMOB.
- **Eliminates appropriation line** for Grants for Real Estate Research and Education (\$70,000 in FY09 and FY08). It is unknown if this program has been folded into current operation lines at the Department. The amount is too small to make an assumption of its fate within the material provided by GMOB.
- **Eliminates appropriation line** for Financial Literacy Pilot Project grant of \$250,000. It is unknown if this program has been folded into current operation lines at the Department. The amount is too small to make an assumption of its fate within the material provided by GMOB.
- **Reduces headcount by 10.**
 - The Governor wants to start several broad initiatives within the current financial make up of the Agency that include the following:
 - Streamline regulatory bureaucracy and reduce costs.
 - Improve public knowledge of complaint resolution resources and other consumer protection functions.
 - Refine regulatory statutes and rules to improve efficiency and compliance.
 - Continue to look to technology to enhance service capacity and **reduce non-frontline headcount.**
 - Create an agency-wide standardized platform for licensing and enforcement activity.
- **IDFPR does NOT contain GRF funding.**

ILLINOIS DEPARTMENT OF INSURANCE (IDOI)

- The FY10 budget request from the Governor for the Department is \$20.7 million OSF which is a decrease of \$1.5 million, or 6.7% below the FY09 enacted appropriation. The Governor's FY10 proposed budget includes creating a stand alone agency that regulates the insurance industry (as it was for years before the Blagojevich Administration took over). **In March, 2009 the Governor will re-establish the Division of Insurance by Executive Order.**
- The Department of Insurance has been an entity of The Illinois Department of Professional Regulation (IDFPR) since FY04. Governor Quinn has stated to several media outlets over the past few weeks that he intends on separating the Department of Insurance from IDFPR. In FY04, Governor Blagojevich combined the Department of Insurance with the Office of Banks and Real Estate, the Department of Financial institutions, the Comprehensive Health Insurance Program, and the Department of Professional Regulation to create IDFPR. This was publicized as a cost savings measure at the time. **The Insurance Industry supports the effort to separate the Department of Insurance from IDFPR.**
- The proposed budget for IDOI includes two key budget initiatives, which GOMB states it does not know how the or where the funding will come from to implement. The initiatives will be paid for by current resources in the Agency budget as follows:
 - Effectively perform consumer protection and functional regulatory duties. Serve seniors by assisting with Medicare decision-making and the application process.
 - **Comply with new pension regulatory reform law.** Enhance technology capabilities to improve service capacity
- **IDOI does NOT contain GRF funding.**

ILLINOIS DEPARTMENT OF MILITARY AFFAIRS

- The FY10 All Funds budget request from the Governor for the Department is \$52.2 million, which is a decrease of \$400,000, or 0.8% below the FY09 enacted appropriation. The Department's GRF request is \$17.8 million, which is a decrease of \$1.3 million or a 6.8% decrease below the FY09 enacted appropriation.
- Includes 5 new head count.
- A reduction of almost \$200,000 for the Lincoln's Challenge Program.

ILLINOIS DEPARTMENT OF VETERANS' AFFAIRS

- The FY10 All Funds budget request from the Governor for the Department is \$120.9 million, which is a decrease of \$5.9 million, or 4.7% below the FY09 enacted appropriation. The Department's GRF request is \$66.3 million, which is a decrease of \$5.8 million, or 8.0% below the FY09 enacted appropriation. **Funding for Veteran homes and Field Service Offices are being reduced.**
- Cuts funding for current Veterans Homes and Field Offices

- **Field Offices will go from a FY09 level of \$5,638,100 to a reduced level of \$5,468,900.** This is a reduction of almost \$170,000, or 3% below the FY09 enacted appropriation.
- **Veteran Home funding will go from a FY09 level of \$94,753,000 to a reduced level of \$94,184,600.** This is a reduction of \$568,400, or 0.6% below the FY09 enacted appropriation.
- **Includes the FY09 funding for the LaSalle Veterans' Home Expansion.**
 - The Governor's office includes funding to operate and staff an additional 80 beds at the LaSalle Veterans' Home, 40 of which will be dedicated to serving veterans suffering with Alzheimer's disease or other forms of dementia, while the remaining 40 beds will be dedicated to regular skilled nursing beds.
 - It appears as if the Department intends to lapse over \$5 million in funding for the expansion and operations of the LaSalle Veterans home that was appropriated in FY09. It should be noted that the proposed funding for the LaSalle veterans home is over \$2 million less than what was appropriated in FY09. This is not a new initiative of the Quinn administration, it is merely the spending of monies lapsed by the previous administration. It is unknown as to why these funds are being lapsed in the current budget year.
- **Provides increased funding for the Veterans' Care Program.**
 - According to the Administration, this program offers veterans across Illinois access to affordable, comprehensive healthcare and is the first of its kind in the nation. **The Governor's budget provides \$2 million in funding to ensure that veterans struggling to gain access to healthcare services are cared for. There is no information stated as to where this funding would come from.**
- **Illinois Jobs Now! Capital Plan**
 - **This plan includes \$15 million for the design and planning of a new 200 bed veterans' home in the Chicago area.** This funding provides state match for the federal funding portion of the construction of the new home. **This would be part of the Capital Program.**
- **80 new headcount at the agency.**

ILLINOIS EMERGENCY MANAGEMENT AGENCY

- FY10 total funds request is \$588,174,000. This is an increase of \$170,252,000 or 41% above FY09 total agency enacted level of \$417,922,000. The main overall increase is reflected in more federal homeland security funds to the Chicago Urban Area line (UASI) and to the State Homeland Security Grant Program (SHGP).
- The FY10 GRF request is \$5,076,000. This is a decrease of \$10,369,000 or 67% below FY09 GRF enacted level of \$15,445,000. This is mainly due to a decrease in public disaster relief costs from prior years.
- Key initiatives:
 - Implement Preventive Radiological and Nuclear Detection (PRND) program.
 - Build upon the state's communications interoperability platform.

- Enhance environmental testing around the six nuclear power plants in Illinois.
- Provide NOAA weather radios.
- Implement a new Disaster Planning Cell.
- Improve local emergency response capabilities.
- Continue comprehensive training for local first responders.
- Enhance emergency communications.

ILLINOIS LAW ENFORCEMENT TRAINING AND STANDARDS BOARD

- The FY10 budget is \$13,659,300 which is a decrease of \$574,500, or 4% below the FY09 appropriation. There is no GRF request or Federal Funds request.
- In LETSB's three programs: Training Regulation and Expense Reimbursement, Law Enforcement Intern Program, and the Death Investigation Training, there is a decrease in each program from the FY09 appropriation of 4.1%, 3%, and 3%, respectively.
- For FY10 budget, LETSB's grants, which include Law Enforcement Camera Grant Act, and the Training and Training Services Grant, together total \$10,484,700 which is a decrease of \$599,200 or 5.4% below the FY10 appropriation.

ILLINOIS POWER AGENCY

- The FY10 budget request is \$5.1 million which is an increase of \$3.9 million or 308% over the FY09 appropriation. IPA will receive no GRF funding in FY10.
- \$1.3 million of the request will be used for repayment to GRF for operational expenses in FY08 and FY09. Of the remaining funds, \$3.3 million will be expended on FY10 expenses and \$550,000 will be deposited in the Illinois Power Agency Operations Fund, managed by the Treasurer.
- The Governor recommends that IPA increase headcount from 1 to 4 in FY10.
- IPA plans to conduct their first electricity auction in April of this year. However, Executive Director Mark Pruitt remains the only individual employed directly by the agency. Pruitt's term expired in January 2009.

ILLINOIS WORKERS' COMPENSATION COMMISSION (WCC)

- The Commission's FY10 request is \$21 million, which is a decrease of \$1.1 million, or 5.0% below the FY09 enacted appropriation.
- Headcount is flat for FY10.
- WCC contains no GRF funding.

JUDICIAL INQUIRY BOARD

- The Governor's FY10 budget recommendation is \$748,000 GRF, which is a decrease of \$31,000 or 4.0% below the FY09 appropriation. The Judicial Inquiry Board (JIB) is requesting a total of \$799,700, which is \$51,700 over the Governor's recommended level.
- JIB is requesting a \$29,600 increase in the Personal Services and Fringe Benefits line for FY10.
- There is a \$5,550 decrease in the Other Operations and Refunds line for FY10.

- This agency is solely funded with General Revenue Funds.

LABOR RELATIONS BOARD

- The Illinois Labor Relations Board is adding an Education Division. As a result, the Education Labor Relations Board, which is currently a stand alone state agency, will be eliminated. GOMB reports that for FY10, the Board is requesting a total of \$2.3 million, which is \$600,000 below the FY09 GRF appropriation of \$2.9 million.
 - GOMB staff provide that in FY10 the duplicative nature of the two boards made them prime candidates to consolidate, thus bringing a cost savings to the state by reducing headcount and other operations;
 - Both agencies are funded entirely by GRF in FY09, and under the FY10 consolidation will remain entirely funded by GRF.
- The Illinois Labor Relations Board presently has 43 headcount which is expected to decrease by 10 to a total recommended headcount of 33 in FY10.
 - Currently, there are 12 board members (7 at the IL Labor Relations Board and 5 at the Education Labor Relations Board). According to the GOMB, there will be reduced to 7 under the planned consolidation in FY10.

OFFICE OF THE ATTORNEY GENERAL

- The FY10 budget is \$75.8 million, which is a decrease of \$2.8 million or 3.6% below the FY09 appropriation. The GRF portion of the request totals \$37.4 million, which is a decrease of \$2.6 million or 6.5% below the FY09 appropriation. The Attorney General is requesting \$79.9 million, which is \$4.1 million over the Governor's recommended level.
- The Office of the Attorney General is requesting \$34.4 million GRF for Personal Services and Fringe Benefits. This represents an increase of \$1.2 million, or 3.5% over the FY09 appropriation.
- The AG budget includes \$2 million GRF to support the Equal Justice Grant program. This funding is level with the FY09 appropriation.
- \$1.6 million OSF to support the Charitable Trustees and Organizations program. This funding is level with FY09 appropriation.
- \$2.1 million OSF to administer the Whistle Blowers program. This funding is level with the FY09 appropriation.

OFFICE OF THE AUDITOR GENERAL

- The FY10 budget is \$26.7 million, which is a decrease of \$485,000, or 1.8% below the FY09 appropriation. The GRF portion of the request totals \$7.2 million, which is a decrease of \$485,000, or 6.4% below the FY09 appropriation. The Auditor General is requesting a total of \$30.6 million, which is \$3.9 million over the Governor's recommended level.
- The Auditor General is requesting \$6.8 million GRF for Personal Services and Fringe Benefits. This represents an increase of \$589,000, or 8.7% over the FY09 appropriation.

- \$22.3 million OSF to perform audits, studies, and investigations of state agencies. This is an increase of \$2.8 million, or 12.4% over the FY09 appropriation.

OFFICE OF THE GOVERNOR

- The FY10 budget is \$7.4 million, which is a decrease of \$705,000 or 8.7% below the FY09 appropriation. The GRF portion of the request totals \$7.3 million, which is a decrease of \$705,000 or 8.8% below the FY09 appropriation.
- The Governor is requesting \$5.7 million GRF for the Personal Services and Fringe Benefits line. This is a decrease of \$705,000, or 11.0% below the FY09 appropriation. This line contains all the Agency's budget cuts for FY10.
- Includes \$70,000 GRF to support ethnic celebrations and special receptions. This funding is level with the FY09 appropriation.

OFFICE OF THE LIEUTENANT GOVERNOR

- The FY10 budget is \$1.4 million, which is a decrease of \$797,000, or 37.1% below the FY09 appropriation.
- The total headcount for the Lieutenant Governor's office will decrease from 29 to 12 in FY10.
- The FY10 budget requests GRF funding for three designated purposes.
 - \$190,000 for the Expenses of the Illinois River Coordinating Council which is \$28,500, or a 15% increase from FY09.
 - \$364,000 for Operational and Grant Expenses of the Rural Affairs Council, which is an increase of \$54,600, or 17.6% over FY09.
 - \$800,000 for the Ordinary and Contingent Expenses of the Office of the Lieutenant Governor. This is a new request that will be used to pay for the day to day operations and salaries of the staff in the Lieutenant Governor's office.
- The Governor has eliminated all other funding requests, including Personal Services.

OFFICE'S OF THE SECRETARY OF STATE AND COMPTROLLER

- The Governor is recommending 5% cuts to the Comptroller and SOS FY10 budgets.

OFFICE OF THE STATE FIRE MARSHAL

- FY10 total funds request is \$27.8 million which is an increase of \$626,000 or 2.3% greater than the FY09 total funds appropriation. However, \$300,000 of this increase is in federal funds. OSFM receives no GRF funding.
- \$2.0 million is requested for FY10 to fund a new Small Equipment Grant.
- National Fire Incident Reporting System Information Technology Enhancement (NITE) grants for data collection were decreased by \$650,000 or 96% for FY10. This is in line with the goals of OSFM's PHOENIX project, which provides computers and training to districts to enter data into the Office's reporting system. As more and more fire districts have been trained and upgraded, the funding request has declined.

OFFICE OF THE TREASURER

- The FY10 budget is \$1.8 billion, which is an increase of \$870,000 over the FY09 appropriation. The GRF portion of the request totals \$19.2 million, which is a decrease of \$451,000, or 2.3% below the FY09 appropriation. The Office of the Treasurer is requesting \$26.5 million GRF, which is \$7.3 million over the Governor's recommended level.
- The Office of the Treasurer is requesting \$18.7 million GRF for Operations and Refunds. This represents an increase of \$6.2 million, or 49.8% over the FY09 appropriation.
- The Governor is recommending \$1.8 billion or an increase of \$870,000 OSF for FY10. The Office of the Treasurer is requesting 1.3 billion OSF which is a decrease of \$480 million, or 26.8% below the FY09 appropriation.
- The Office of the Treasurer's requested budget reduces Debt Service to \$1.2 billion, which is \$489 million below the FY09 appropriation.
- Reduces funding for principle payments to \$186.7 million, which is \$425.4 million below the FY09 appropriation. Reduces funding for interest payments to \$1 billion, which is \$63.6 million below the FY09 appropriation.

PROCUREMENT POLICY BOARD

- The FY10 budget is \$289,000 which is a decrease of \$9,000 or \$3.0% below the FY09 appropriation.
- The entire appropriation is GRF.

PROPERTY TAX APPEAL BOARD

- The FY10 budget is \$2,524,000 which is an increase of \$244,000 or 10.7% over the FY09 appropriation.
- The FY09 appropriation consisted of entirely GRF while the entire FY10 budget is funded through the Personal Property Tax Replacement Fund.

SUPREME COURT

- The FY10 budget is \$304.8 million, which is a decrease of \$2.7 million or 0.9% below the FY09 appropriation. The GRF portion of the request totals \$288.6 million, which is a decrease of \$2.7 million, or 0.9% below the FY09 appropriation. The Supreme Court is requesting a total of \$332.4 million, which is \$27.6 million over the Governor's recommended level.
- The Supreme Court's FY10 budget request includes \$224.9 million GRF for Personal Services and Fringe Benefits. This represents an increase of \$18.6 million, or 9.0% over the FY09 appropriation.
- There is a \$69.6 million GRF request for Probation Reimbursements, which is an increase of \$5.2 million, or 8.2% over the FY09 appropriation.
- The FY10 proposal contains a \$1 million GRF request for Mandatory Arbitration, which is an increase of \$245,300 or 32.3% over the FY09 appropriation.