



The Institute for Illinois' Fiscal Sustainability

AT THE CIVIC FEDERATION

WHY YOU SHOULD CARE ABOUT THE STATE FISCAL CRISIS

Every resident of Illinois should care about the State crisis because if it is not already directly affecting you, your children, your parents or grandparents now, it soon will.

PEOPLE WHO CARE ABOUT THESE ISSUES SHOULD CARE ABOUT THE STATE CRISIS:

Education:

The State of Illinois provides funding for local school districts in the form of direct contributions, known as General State Aid, and the pass-throughs it provides from the federal government and other sources. As the Civic Federation discusses in the fiscal rehabilitation plan for Illinois, many local school districts are now facing budget cuts, teacher furloughs, and bond rating downgrades as a result of the State's delayed payments. The General Assembly is considering reducing education funding to help close the budget deficit.

- You may face higher property taxes if your local school district must compensate for reduced future funding from the state.
- Your local school district will face severe budget cuts if the State cuts its funding for education.

Higher Education:

Illinois also provides direct operating funding to the University of Illinois system, other public universities, community colleges, and other centers of higher education in the state. Illinois also provides funding for scholarships, grants, and other measures that make college possible for middle and low-income Illinois students.

Illinois public universities' ability to offer a world-class education to Illinois students regardless of their ability to pay is threatened as a result of the state fiscal crisis by:

- Tuition increases made necessary by funding lags
- Cuts to financial aid offerings
- A decrease in state schools' ability to keep and attract top talent

Fewer Illinois students with college degrees make the state less attractive to business and threaten the state's economic growth.

Social Services:

As documented in the fiscal rehab plan for the State of Illinois, providers of services to the disabled, elderly, mentally ill, and poor across Illinois are facing staff reductions and even closing their doors because of the State of Illinois' delays in payments. Such cutbacks threaten vital services to the state's most vulnerable populations.

Local Government Services:

Local governments around the state face an added burden to the recession in delayed state payments of pass-through revenues from the income tax and sales tax. The State crisis is directly affecting their debt ratings and therefore their ability to borrow, further curtailing governments' options to balance their own budgets. Spending cuts and/or local tax increases will be the likely result, further increasing the pain for taxpayers and vulnerable communities.

Mass Transit:

The Chicago Transit Authority, Metra, Pace and other mass transit organizations around Illinois rely on State funds. As with other local governments, Illinois has delayed payments to the transit agencies, forcing them to borrow to meet their payroll and other obligations. The State currently owes the Regional Transportation Authority that manages Chicago-area transit over \$250 million. The RTA recently announced that it only has enough cash on hand to fund Chicagoland transit for three months and service disruptions could be the result once the cash runs out. This would be catastrophic to the millions of transit-dependent riders, commuters, and businesses throughout the region.