State of the State of Illinois
Illinois Financial Forecast Forum

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NIU Naperville
January 30, 2015
Overview

• National issues
  – Slow recovery picking up pace
  – Long run outlook
  – Inequality
  – Long term fiscal imbalance

• Illinois
  – Poor relative economic performance
  – Short and long term fiscal imbalance
  – Challenges to Gov. Rauner
National Data

Employment After Recessions

Percentage Difference From End of Recession

Average Recovery

Current Recovery

Quarters After End of Recession
Illinois

Chart 3: Illinois Per Capita Income as Percentage of U. S.
Figure 1: U.S. and Illinois median household income (thousands of 2012 dollars)

Figure 3: Illinois Civilian Labor Force and Employee Nonfarm Payrolls, 2007-2014

- Labor force for November 2013 is down 116,500 from February.
- Employment has recovered somewhat, but is still well below 2008 levels.

Source: research.stlouisfed.org
The Illinois index is a measure of future economic activity (100 = no growth). Analysis by the Institute of Government and Public Affairs, University of Illinois.
Figure 1: Illinois All-Funds Structural Budget Gap Projections to FY 2025 With and Without December 2013 Pension Reforms, Cash Gap with Reduction of Tax Rates per Existing Law

Figure 2: Illinois All-Funds Structural Budget Gap Projections to FY 2025 With and Without December 2013 Pension Reforms, Cash Gap with Tax Rates Kept Up After 2014
**Figure 4:** Unpaid bills for all funds (not just General Funds) from FY 2007 to FY 2013*

*Illinois Office of the Comptroller, Comptroller’s Quarterly, FY 2007-2013. Does not include invoices held at agencies before warrants (authorizations to pay) are issued. 2008 is an estimate.*
Challenges to Governor Rauner

• Immediate--Fiscal 2015
  • Ratcheting down of income tax rates
  • Court ruling on pensions

• Long-run issues
  – Slow growth
  – Structural deficit including unfunded pensions
  – Promises
    • Expiration of income tax increases
    • Property tax freeze
    • Support for education