

FORMULA FOR

Charge to Taxpayers
DEBT

\$3,500 PER TAXPAYER
\$38.5 BILLION
STATE OF ILLINOIS

DISASTER

Executive Summary

“In past years, the State has under funded pension systems to fix a budget hole, but we have never taken money from pensions to increase spending by a billion dollars.”

The new state budget pushed through the General Assembly in the final hours of the legislative session by Chicago Democrat Leaders and the Governor is a blueprint for financial disaster. The plan, drafted and passed over the strong objections of the House Republicans, robs pensions, sweeps funds and escalates our long term debt.

With a persistent billion dollar-plus budget shortfall, the Democrats chose to pass a \$54.5 billion budget that includes an additional \$1 billion in new government spending, mostly for projects in the City of Chicago. This increased spending was paid for by a massive pension raid scheme which diverts \$3.5 billion over five years, and will cost Illinois taxpayers \$38.5 billion to repay; that’s \$3,500 for every man, woman and child in Illinois!

What will be the result of this “raid-and-spend” plan? It is very likely that our fiscal condition will deteriorate to the point where a tax increase or drastic cuts to priorities such as health care and education may be necessary in the next five years.

Unable to defend their budget plan on its merits, the Democrats in recent weeks have resorted to trying to shift blame to Republicans, claiming we presented no alternatives to their disastrous plan. Nothing could be further from the truth. In the final weeks of session, we attempted to initiate discussions on a number of alternative revenue sources, cuts, holding the line on spending, reforming Medicaid, which currently consumes nearly 40% of our budget, and other fiscally responsible ways to address our ongoing budget crisis.

There were alternatives! Rather than discuss them with us, Democrats pushed through their own plan on a party-line vote that shortchanges suburban and downstate families and communities in order to divert more of our hard-earned tax dollars to the City of Chicago.

Table of Contents

Blagojevich Borrowing and Spending History	1-6
The True Cost of Democrats' FY 2006 Pension Raid	7-15
Democrats Escalate State Debt	16-19
Illinois' Medicaid Explosion	20-25
Democrats' FY 2006 Budget Pork	26-35
Our Plan	36

Blagojevich Spending History

Fiscal Year 2004 – 1st Budget

Budgets previous to the Democrats taking full control of state government reduced GRF spending by \$1.1 billion. Shortly after Governor Blagojevich was elected he announced that the State of Illinois still had a **\$5 billion budget deficit**. Regardless, instead of further reducing spending he increased spending based on borrowing and one-time revenues. These actions have caused a “structural budget deficit” that continue through today. The following outlines the policies and actions that created the continuing budget problems:

- Democrats increased spending by over \$1.1 billion in FY2004.
- KidCare eligibility expanded from 185% Federal Poverty Level (\$35,797 for a family of four) to 200% Federal Poverty Level (\$38,700 for a family of four). The Federal Poverty Level is \$19,350 for a family of four. This expansion added 65,000 children to the number eligible for KidCare coverage, at a cost of \$11 million gross/\$4 million net.
- FamilyCare expanded from 49% Federal Poverty Level (\$9,481 for a family of four) to 90% Federal Poverty Level (\$17,415 for a family of four). This expansion extended eligibility to 65,000 parents of KidCare children at a cost of \$63 million gross/\$22 million net.

Failed Revenue Sources

One-time revenue increases to pay for the new spending included the following that did not occur:

- Selling of the Thompson Center for \$200 million
- Selling of the Tollway Building for \$30 million
- Sale of the 10th riverboat license for \$350 million
- Sweep of the Environmental Trust Fund for \$125 million

In addition, other sources were used to increase base spending that were later repealed or reduced including the following:

- Commercial Distribution Fee (Rolling Stock Tax) for \$102 million
- Road Fund Sweep for \$144 million
- Graphic Arts tax exemptions for \$4 million
- Manufacturers Purchase Credit for \$20 million

How Did Blagojevich Pay for Increased Spending?

Pension Bonds - Borrowing

The FY2004 pension payment was made by contributing \$7.4 billion in bond proceeds while leaving the systems with \$10 billion in debt payments. This payment was a **one-time fix** and only provided short-term budget relief, but the debt from the bond sale will have to be paid back from the State for over 30 years.

Short-Term Borrowing

In addition, the Governor borrowed \$1.5 billion in short-term borrowing to help pay for increased spending and a backlog of Medicaid bills.

One-Time Federal Funds Increase

In FY2004, Illinois received a one-time increase in federal funds totaling \$678 million. This increase was due to an increased match in Medicaid, from 50% to 53%, which provided the State with approximately \$233 million and a one-time grant of \$422 million.

This one-time source of income helped fund failed revenue sources, such as the State property sales and the sale of the riverboat license previously mentioned. This \$678 million was not included in the budget plan passed for FY2004, and although spent by the Administration, the legislature never had the opportunity to appropriate these funds.

Fiscal Year 2005 – 2nd Budget

For the Governor's second budget he announced a \$1.7 billion "structural deficit" in the budget. The FY2005 budget was a bi-partisan agreement finalized in late July and included the following components to help close the deficit:

- Increased GRF by \$380 million more than FY2004, nearly \$400 million less than the Governor's introduced budget;
- Reduced across-the-board reductions totaling nearly \$200 million to help offset increases in education and Medicaid;
- Increased \$236 million for General State Aid and \$95 million for Mandated Categorical funding;
- Reduced Medicaid lines by 3.5% across-the-board which decreased spending by approximately \$220 million;
- Expanded FamilyCare from 90% Federal Poverty Level(\$17,415 for a family of four) to 133% Federal Poverty Level(\$25,735 for a family of four). This expansion cost \$63 million gross/\$22 million net;
- Unlike the previous year, a pension payment of \$1.8 billion was made, which fully funded the 1995 pension funding law while contributing \$70 million to paydown the 2002 early retirement liability; and
- Due to the continuing structural deficit caused by the FY2004 budget, the Governor again short-term borrowed \$850 million in June of 2004, just prior to the beginning of the FY2005 budget. Later in March, still in FY2005, the Governor again short-term borrowed another \$765 million. This borrowing was necessary because the state's fiscal condition did not and still does not support the current levels of spending.

Fiscal Year 2006 – 3rd Budget

Prior to the introduction of the Governor's third budget, it was estimated that the structural deficit continued to cause a "hole" of anywhere between \$1.2 billion to \$2 billion. This deficit continues because of the increased base spending of the FY2004 budget that relied on one-time revenues, failed revenues, and borrowing.

The Governor's third budget is a strictly partisan budget passed without a single Republican vote in the House and Senate. The FY2006 budget increases spending by over \$1 billion and includes the following:

- Education spending is increased by \$221.8 million for General State Aid and \$25.1 million for Mandated Categorical funding.
- FamilyCare expanded from 133% Federal Poverty Level(\$25,735 for a family of four)to 185% Federal Poverty Level(\$35,797 for a family of four). An estimated 74,000 additional parents will be eligible for coverage with 56,000 new parents expected to enroll. This increase is effective January 1, 2006, with a FY2006 cost of roughly \$7 million net to the State, but the expansion will annualize to a cost of \$63 million gross/\$22 net in future years.
- The pension payment is shorted by \$1.2 billion, and instead of using this funding for improving the structural deficit, it is used to provide funding for Democrat pork projects (outlined in a different section) and more increases in base spending.
- The budget includes nearly \$1.7 billion in new capital spending but the budget plan does not include a revenue stream to support the debt service, which will equate to approximately \$170 million each year.

- The budget for FY2006 does not address the \$1.6 billion Medicaid backlog of bills from FY2005, and it is estimated that this backlog will increase to \$1.74 billion at the end of FY2006.
- The Medicaid payment cycle continues to be approximately 80 days.

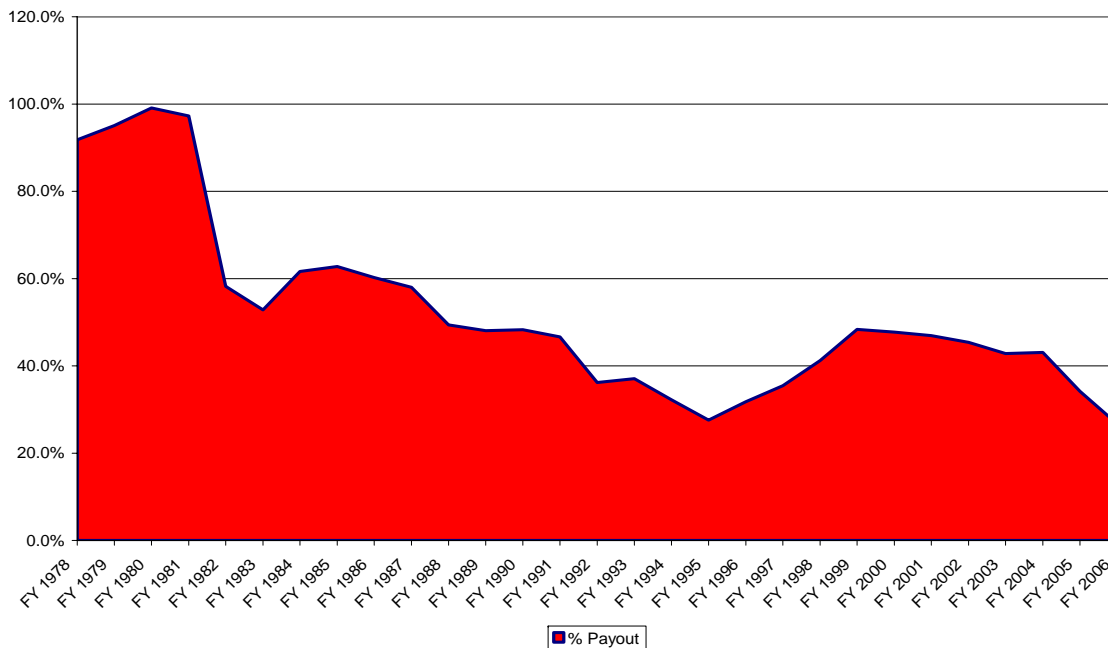
Because this budget plan does not attempt to fix the continuing budget deficit, the Governor will again need to short-term borrow in FY2006 to avoid cash flow problems.

Democrats' Pension Plan to Cost Every Illinoisan up to \$3,500

The Democrats destroyed the 1995 pension funding law and replaced it with a new fiscally irresponsible scheme. The new law would create the worst under funding the State has ever experienced, giving just \$27 dollars to the pension funds for every \$100 being paid-out. The State has never contributed so little to the pension funds on a dollar-for-dollar basis.

The plan would short the pension funds by approximately \$3.5 billion over the next 4 years with a long-term cost of at least \$38.5 billion over the life of the plan. When the total cost is divided by the number of people in the State, we will end up paying as much as \$3,500 a person to pay off the pension debt.

Percent of Payout FY 1978-FY 2006



The graph demonstrates the impact of the Democrats' Pension funding scheme.

Democrats Push **WORST** Multi-Year Pension Looting In State History

The True Cost of Pension Looting:

- The pension funds estimate that for every dollar the State diverts from pensions today an additional \$10 to \$12 in interest payments will be required before the pension debt is paid off.
- This current Governor is the only Governor since 1995 to never make a full pension payment in accordance with the 1995 funding law. The total long-term cost of this under funding could exceed \$40 billion.
- The State of Illinois has the worst funded pension systems in the country. Under the new Democrat funding formula, the State will be required to contribute at least **\$320 billion** to the pension funds over the next 40 years.
- This pension looting scheme will force the pension systems to sell assets jeopardizing retirement benefits for retirees and their dependents.
- The true cost of this desperate measure will not be known for years. As we continue to pay interest on this \$3.5 billion pension raid over the next 4 years, costs may exceed **\$40 billion** before our grandchildren pay for it.
- The Governor's so-called "savings" actually amounts to borrowing money from the pension systems at 8.5% interest, about twice the interest the State pays on other debt.

Worse Than "Business As Usual":

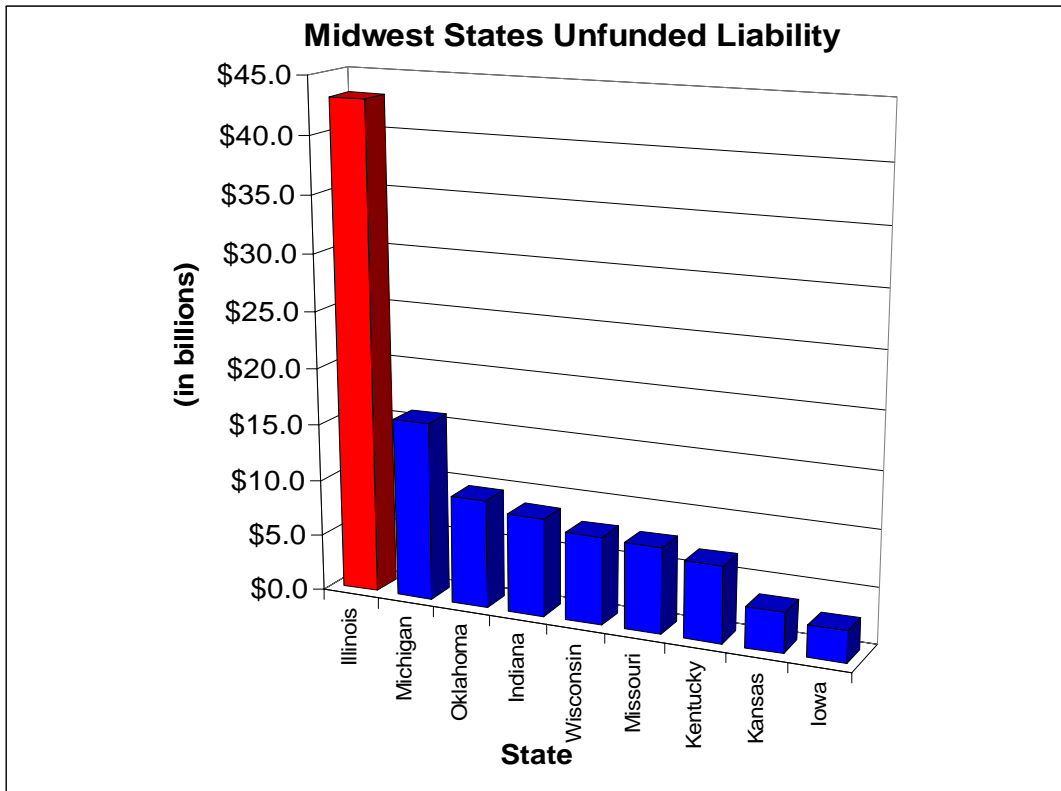
- The complexity of pension funding has allowed previous Governors to hide structural deficits through tricky pension accounting. The current scheme eclipses all others by driving the funding level down.
- The current scheme not only shorts the system, but does it for multiple years. In the past, we provided pension systems with \$40 or more for every \$100 they had to pay out. This plan provides less than \$30 for every \$100 paid out over 2 years.
- In past years, the State has under funded pension systems to fix a budget hole, but we have never taken money from pensions to increase spending by a billion dollars.

Chicago vs. Downstate:

- This proposal loots the downstate Teachers' Retirement System (TRS), which covers all teachers outside Chicago, to bail out the Chicago Transit Authority.
- When the pension looting is taken into account, this budget actually provides less education dollars for downstate schools because the TRS payment is part of education funding.
- The Chicago Teachers' Retirement System is fully funded under this budget, leaving Chicago to completely benefit from the pension raid.

State Of Illinois Pension Crisis

The State of Illinois has the worst funded pension system in the United States. The State has promised \$43 billion more in pension benefits than it has paid for and it has used the complexity of pension funding to hide structural deficits through tricky accounting.



Recognizing that our pension systems were nearing a funding crisis, the State adopted SB 533 during the 88th G.A. (PA 88-593). This pension funding law was designed to fully fund the systems over a 50 year period (1995-2045). The 1995 law gradually increases contributions to the pension systems until 2011 when contributions will be locked in as a level percent of payroll. Ultimately, the law was designed to bring our pension systems to 90% funded by 2045. The pension systems covered by the 1995 law include: State Employees, State Universities, Teachers, Judges and General Assembly.

The True Value of Pension Reform

Governor's Initial Reform Plan:

The Governor had initially proposed a number of pension reforms.

1. No new benefits without a defined funding source.
2. Limiting all end of career salary increases to 3%, unless the local employer (school district) is willing to pay for the liability.
3. Eliminating the money purchase option under the State University Retirement System and the Teachers' Retirement System for new employees.
4. Increasing retirement age for all employees to 65 years old with 8 years of service. (Now all systems allow for retirement at 60 and many have a 35 years of service and out provision.)
5. Elimination of the cost of living adjustment (COLA).
6. Restricting the Alternative Formula to Sworn Police Officers.
7. Lowering the interest rate in the money purchase formula for current employees in the State University Retirement System.

The 2006 value of all of these benefit reductions was calculated by the Commission on Government Forecasting and Accountability to be less than \$100 million, but the proposal called for taking savings that would occur 20 or 30 years out to justify under funding the systems by \$820 million for 2006.

Final Democrat Pension Scheme:

The final Democrat agreement includes pension reforms valued at less than \$30 million for FY2006 along with a \$1.2 billion FY2006 pension grab. The pension reforms in the final agreement included:

1. No new benefits without a defined funding source.
2. Limit all end of career salary increases to 6%, unless the local employer is willing to pay for the liability.
3. Eliminate the money purchase formula in SURS and TRS.
4. Place minor restrictions on Alternative Formula members.

Based on the Governor's own actuarial projections, the Democrat plan contains less than one-quarter of the pension reform savings included in the original proposal. The reduced FY2006 state contribution of roughly \$1 billion falls \$1.2 billion short of the original certified contribution level to the pension funds. The actuarial savings for FY2006 due to the pension reforms in the budget is projected to be approximately \$30 million, or 40 times less than what the legislation shorts the pension funds by.

Looting Pensions: An Act of Desperation

Other State's Costly Mistakes

City of San Diego, California

"Allowing San Diego to die, one library, one park, one community service officer at a time." San Diego City Attorney Michael Aguirre, May 26, 2005.

"San Diego's pension board probably violated California's conflict of interest law in 1996 and 2002 by giving City Hall the green light to under-fund the retirement system in exchange for employee benefit increases, a law firm concluded in a report made public yesterday." This was the summary in the San Diego Union-Tribune on May 26, 2005 as a result of continuing investigation of the nation's 7th-largest city's pension-funding scandal, which has produced an accumulated actuarial deficit of "\$1.4 billion or more" in a system with assets of \$3.6 billion.

"I'm scared to death because I might not be able to make my house payments," commented Sandi Lehan, city police officer. Speaking to the Associated Press on May 22, Lehan responded to reports that the city was considering lowering pay for serving police officers in order to pay pensions for retirees. The scandal has forced Mayor Dick Murphy to resign and has led to criminal conflict of interest charges against six current and former pension fund trustees. Murphy will step down on July 15.

The San Diego scandal has already hit city services hard. Although it is located in a desert area, the city was forced to stop replacing water and sewer pipes in December 2004. Numerous other cuts in city services are planned or threatened.

State of Louisiana

"There is enough gambling going on in this state without gambling with retiree pension checks." Louisiana State Treasurer Mary Landrieu, December 14, 1994.

The Louisiana Treasurer "blew the whistle" in December 1994 after learning that the Louisiana State Employees Retirees System (LA-SERS) had invested \$166 million in derivatives. News accounts indicated that the State suffered at least \$43 million in losses as a result of liquidating its "investments" in the highly risky securities.

City of Providence, Rhode Island

"There's serious and there's cataclysmic." Providence City Solicitor Charles R. Mansolillo, April 3, 2000.

The City of Providence and its municipal pension system stared into the prospect of bankruptcy in 2000 as a result of a lawsuit filed by disgruntled employees over the promise of enriched pensions. The city's mayor (who later was convicted of a felony) had promised in 1991 to pay compounded 6% annual increases to the pensions paid to retired city police officers and firefighters. The city was forced to vacate the agreement, embittering retirees who had risked their lives in defense of the city's public safety. In a bitter lawsuit settled in 2000 by the state Supreme Court, the city was allowed to vacate the agreement and break its promise to public safety pensioners.

City of Houston, Texas

"Oops, I need \$1.5 billion." Thomas Judson, Houston, March 4, 2004.

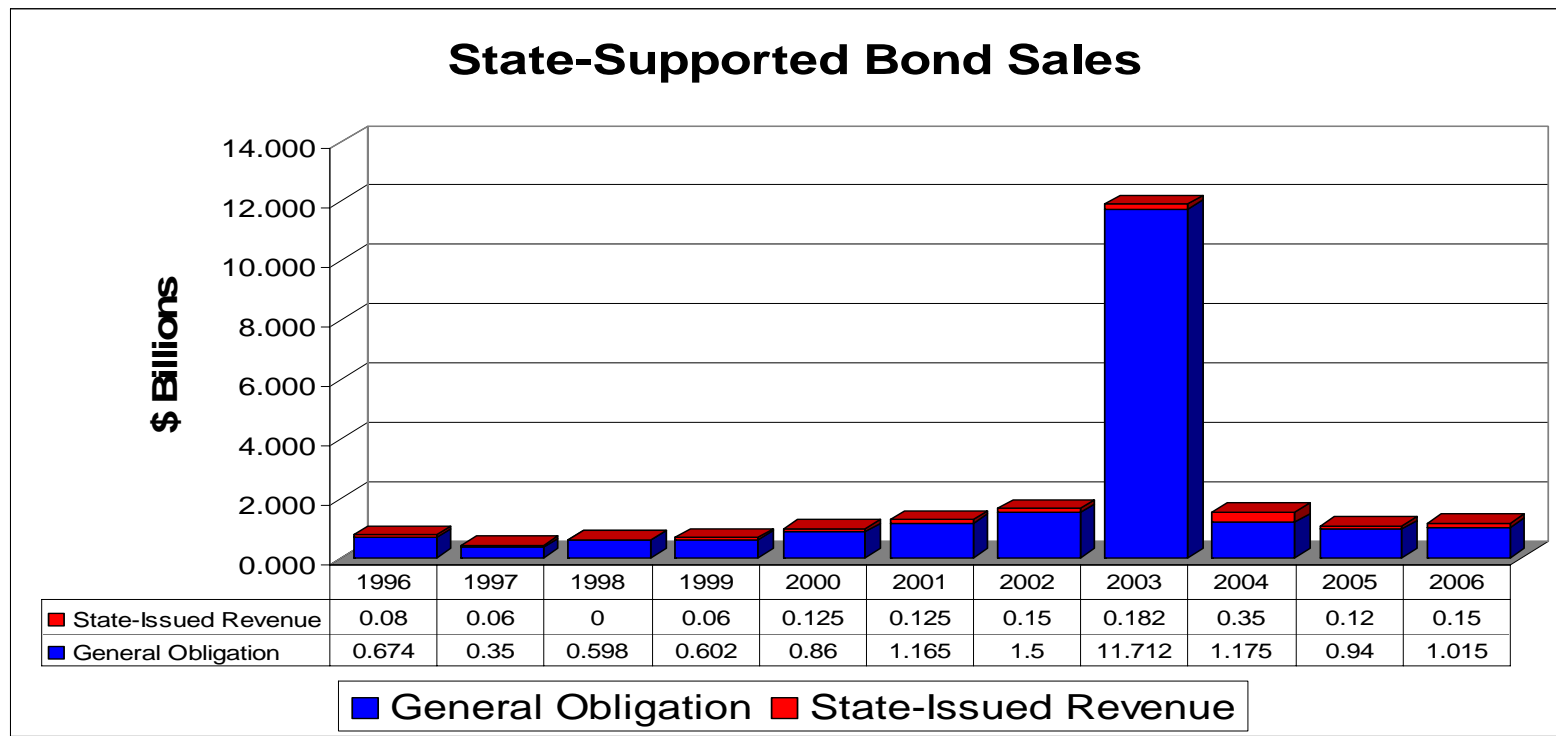
The City of Houston discovered in March 2004 that its pension systems had accrued an actuarial deficit of at least \$1.5 billion – although another estimate suggested the shortfall, which would have to be made up by city taxpayers over the next 18 years, was actually closer to \$1.8 billion. The shortfall was blamed on generous state employers making promises to employees without setting aside a stream of money to make the promises good. "What seemed a good idea then now looks ruinous," wrote a reporter for the *New York Times* on May 5, 2004.

State of Illinois

"After 30 years of the state's procrastination, the pension burden has grown backbreaking. Illinois' five pension funds are \$35 billion in the red, a serious shortfall for a state with a general operating budget of \$43 billion this year. Illinois owes \$2.6 billion this year, and within five years that will reach \$4 billion annually. By comparison the state will spend \$5.9 billion total on kindergarten through 12th-grade education next year." *Business Week*, June 2005.

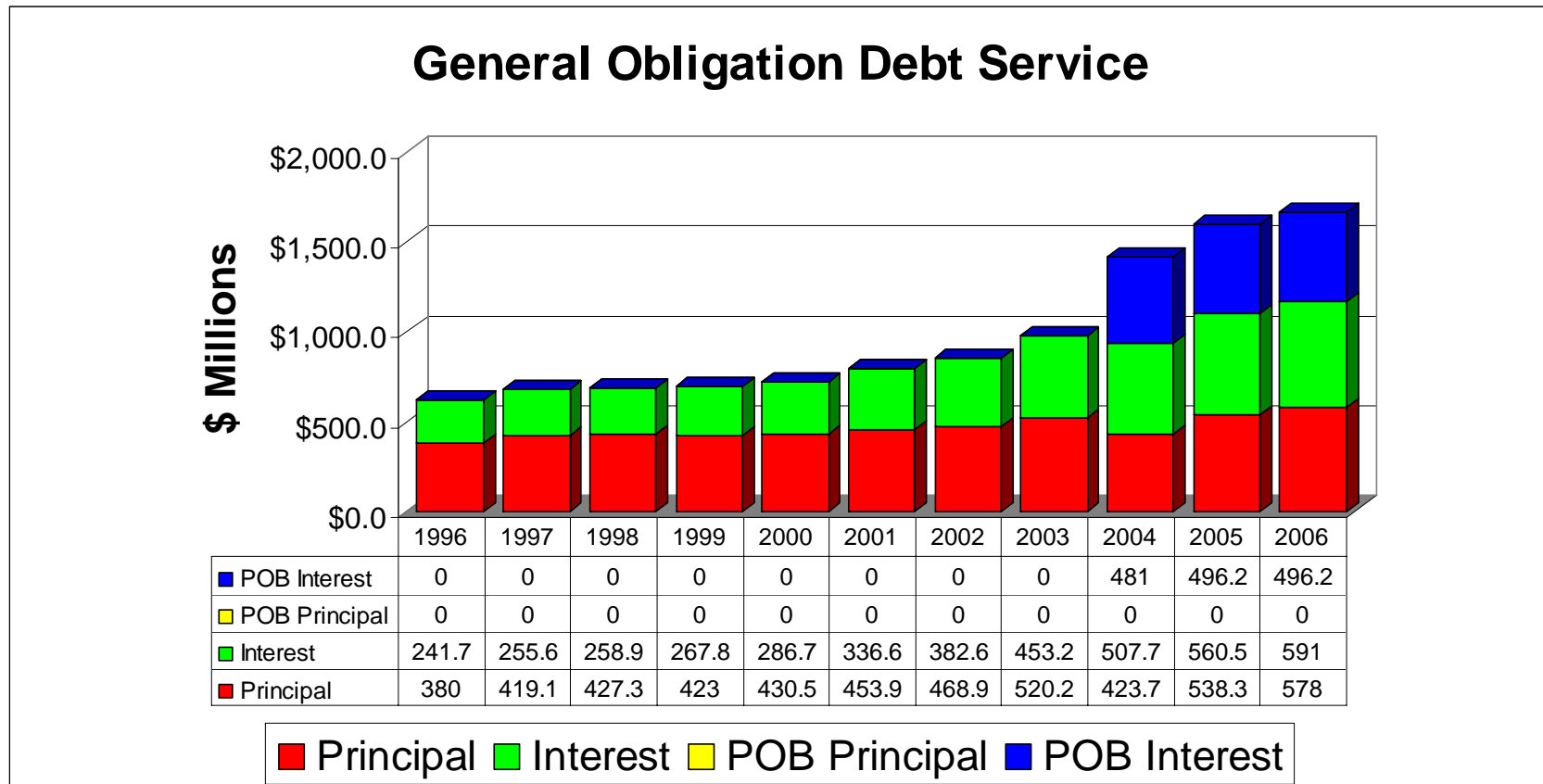
Democrats Escalate State Debt

Unlike other forms of debt such as pension debt and Medicaid debt, bonded debt is a hard debt that has to be paid off on an inflexible payment schedule. Since taking control of state government in 2003, the Democrats have incurred more hard debt than all previous Governors combined. Since first selling bonds in 1962 the State had never issued more than \$8 billion in general obligation debt until the Democrats took over in 2003. At the close of 2003 the State's general obligation debt had more than doubled to \$18.8 billion.



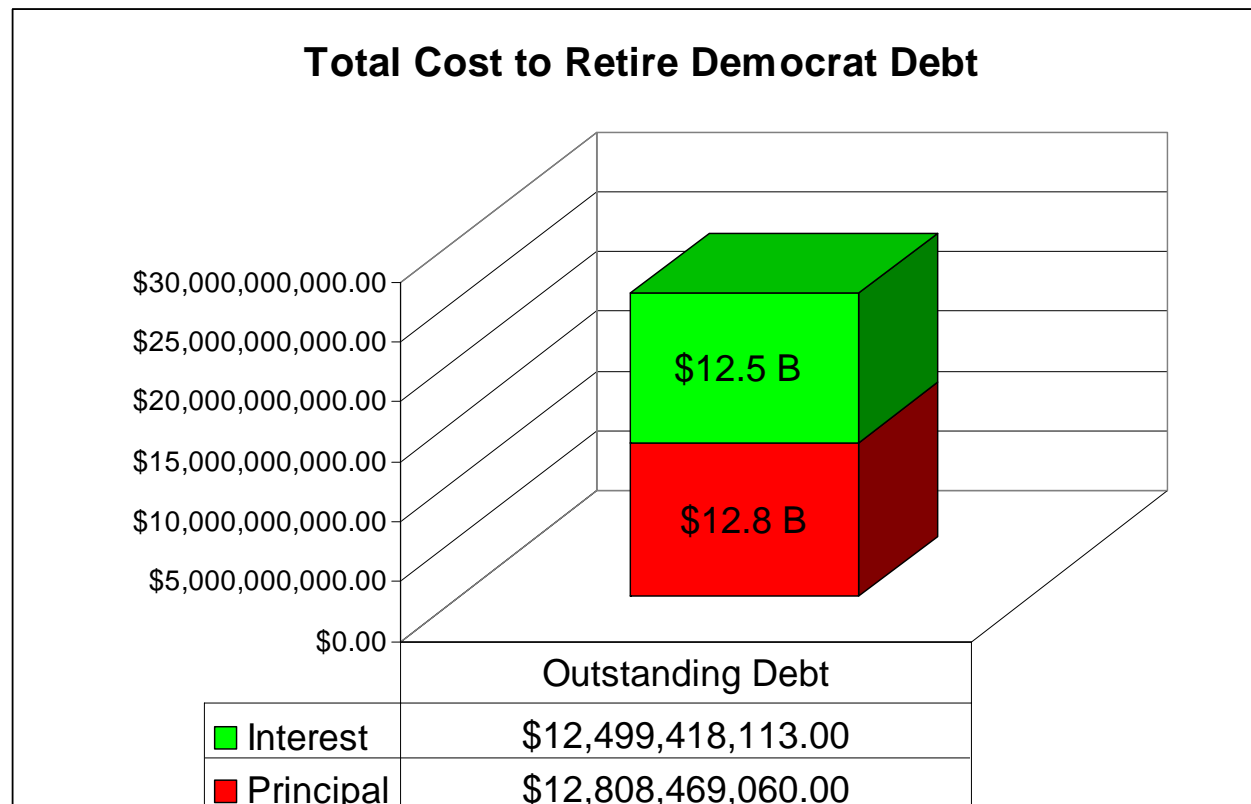
Interest Payments More Than Double To \$1 billion

This unprecedented borrowing has put an ever growing pressure on the State's budget as the interest payments on our debt have more than doubled to \$1 billion a year. Worse yet, the back-loaded nature of this debt has locked the State into paying at least \$1 billion a year in debt service until 2034.



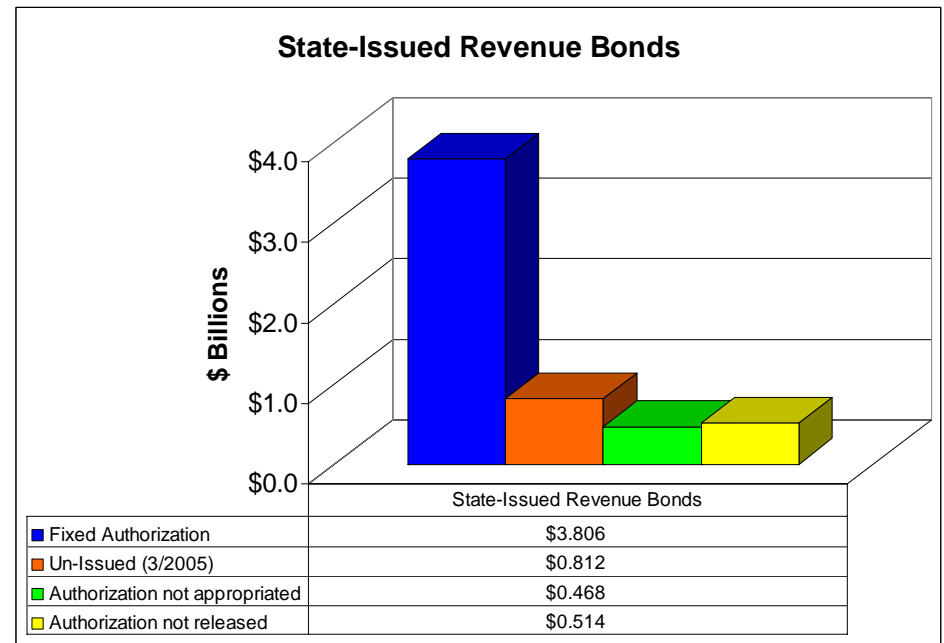
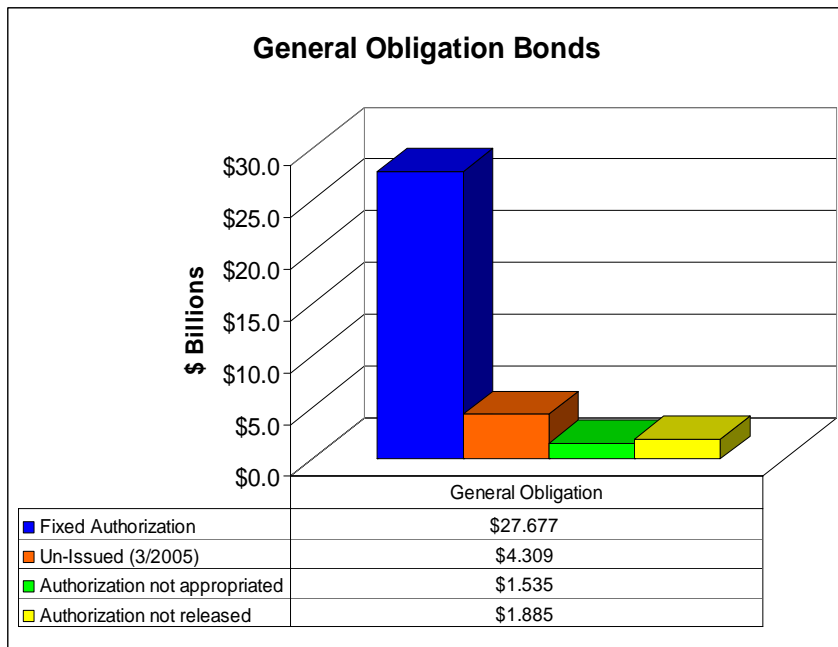
Long-Term Cost of “Borrow To Spend” Government

All of this borrowing has hidden a budget deficit. The State will eventually pay off this debt at a cost of approximately \$2,025 per person. The total cost to pay off the debt incurred since 2003 will be approximately \$25.3 billion in debt service payments. When that total is divided by the number of people in Illinois the total cost per-capita is approximately \$2,025.



Democrats Plan For Even More Debt

The FY2006 budget includes almost \$1.7 billion in new capital spending designed to erode all of the State's existing bond authority. The budget also includes the authority to sell another \$4.3 billion in bonds to help finance existing projects. If the State continues down this path, the total cost of borrowing from FY2003 until the end of FY2006 could end up costing us \$2,700 per person. The following charts illustrate the un-issued and non-appropriated bonds of which the FY2006 budget takes advantage.



Fiscal Health Of Unsustainable Medicaid Program Deteriorates.... Providers Foot the Bill

- Illinois' Medicaid program is growing at a rate that endangers payments to providers.
- In the FY2006 budget book, Governor Blagojevich identified the Medicaid program as "unsustainable" with "the costs of the Medicaid program growing at a rate in excess of state revenue growth."
- Unfortunately, the Governor has not addressed this unsustainable growth, and has actually made the problem worse by increasing eligibility and program liabilities without paying for these increases.
- To deal with increased liabilities, the Governor has increased the payment delay to Medicaid providers and is pushing off more bills into the next fiscal year.
- Program expansions provide needed help for working families, but such expansions need to be paid for in a fiscally responsible way.

Medicaid Medical Liability FY 2003 - FY 2006



Medical liabilities (costs) paid for by the Medicaid program continue to grow, partly due to eligibility increases pushed by the Governor.

Medicaid Explosion

- One of every seven Illinoisans is now covered by Medicaid.
- Medicaid covers two of every five births.
- Medicaid covers two of every three nursing home residents.
- Medicaid provides health care coverage for one of every three kids.
- The FY2006 budget again expanded the FamilyCare program from 133%(\$25,735 for a family of four) of the Federal Poverty Level(FPL) to 185% Federal Poverty Level(\$35,797 for a family of four).

How is this unsustainable growth paid for?

IT'S NOT!

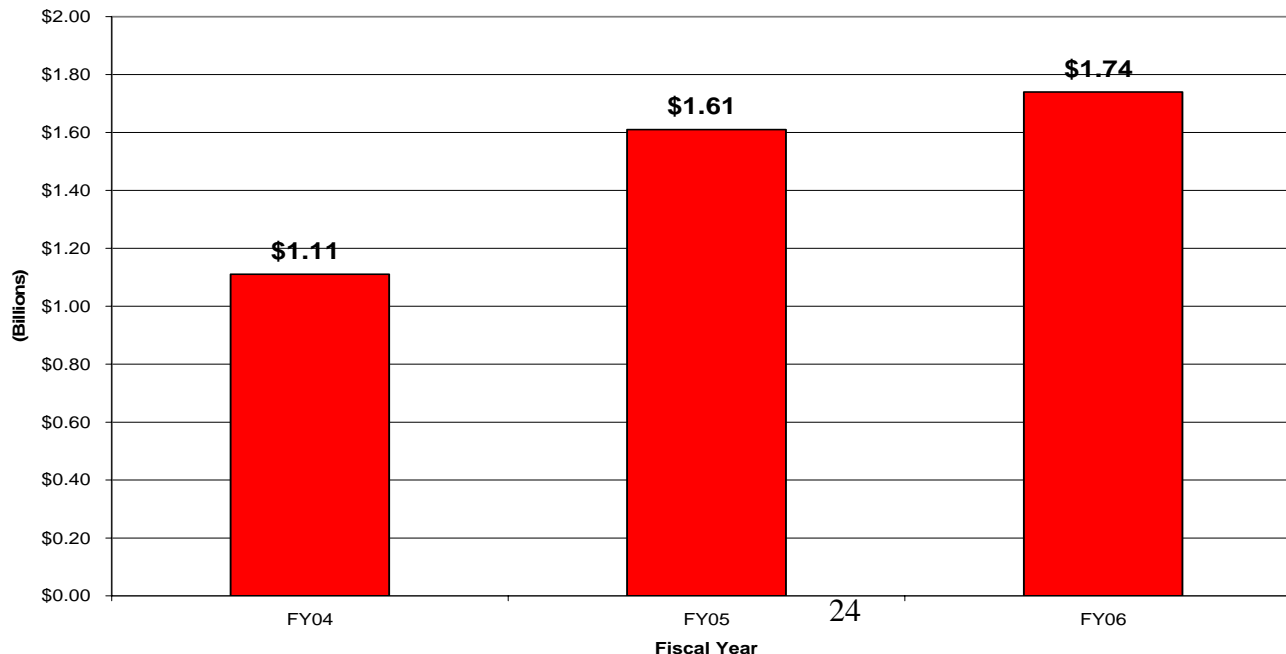
The Illinois Medicaid program continues to impose cost controls to cut benefits to enrollees and cut rates to providers. These minimal controls hurt enrollees and providers, but the savings do not cover the unsustainable growth or address the Medicaid bill backlog. The FY2006 budget cuts benefits and rates by:

- Ending coverage for over the counter medications, even if they are more cost effective than prescription drugs. [DHFS (Department of Healthcare and Family Services, formerly the Department of Public Aid) estimates this will cut \$110 million in drug coverage to Illinois seniors and others on Medicaid];
- Freezing outlier rates for complex hospital cases in the FY2006 budget, thereby cutting hospital rates by \$40 million; and
- Cutting payment rates to nursing homes by \$30 million.

Illinois will delay payments to providers and push more bills off into the next Fiscal Year.

- The FY2005 budget is based on a 75 day payment cycle. The FY2006 budget assumes a 76 day cycle.
- The delay for providers is worse than the payment cycle indicates. Because DHFS is increasing the payments associated with a day, \$130 million more in unpaid Medicaid bills will be pushed off into the next fiscal year.

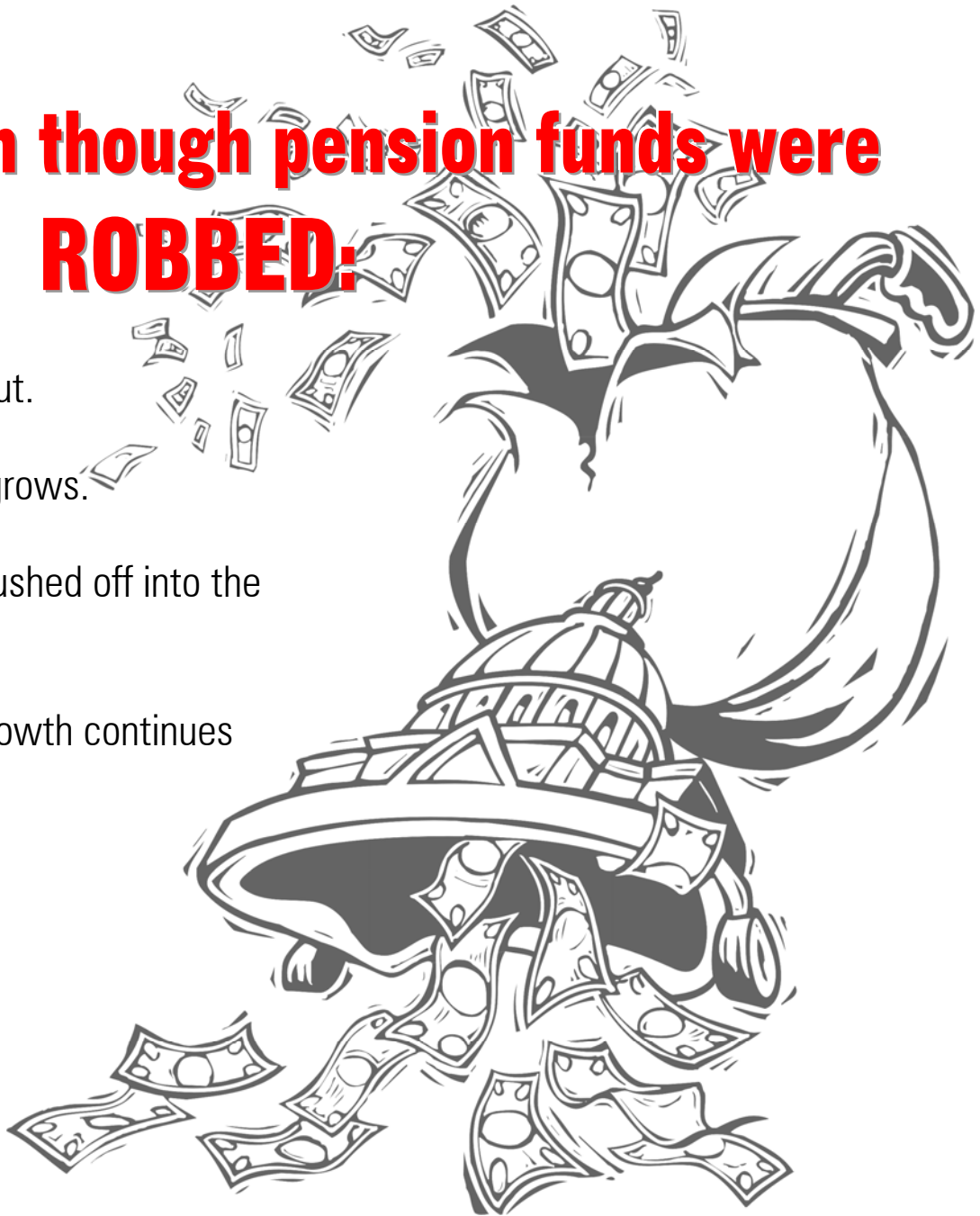
Medicaid Bills On Hand - End Of Fiscal Year



*Bills on hand at the end of FY2004 were \$260 million. The chart includes \$850 million in borrowing used to pay off bills while the federal matching rate was increased to 53%.

In the end, even though pension funds were **ROBBED:**

- ↓ Benefits and rates were cut.
- ↓ Medicaid payment cycle grows.
- ↓ More Medicaid bills are pushed off into the next fiscal year.
- ↓ Unsustainable program growth continues into the future.



Chicago Pork Projects

*As of June 23, 2005

<u>Program/Project</u>	<u>Agency</u>	<u>FY06 Appropriation</u>	<u>Comments</u>
Complete Help and Assistance Necessary for College Education (C.H.A.N.C.E.)	University of Illinois at Chicago	\$1,000,000	Targets the needs of inner city students in order to help them become successful in college
Sickle-cell clinic grant	University of Illinois at Chicago	\$1,000,000	
International Trade Center	Governors State University	\$331,000	International Trade Center Operations
Institute for Urban Education	Governors State University	\$650,000	New Initiative
Center for Excellence in Health Education	Governors State University	\$325,000	New Initiative
Funding for Chicago State University's Chicagoland Regional College Program	DCEO	\$3,500,000	For use in conjunction with Moraine Valley Community College and Morton College - Provides students working full time at UPS in Hodgkins, IL as a package handler on the Sunrise or Night shifts with a scholarship that covers tuition, fees, and educational expenses for part-time enrollment
HIV/AIDS Policy & Research Institute in the College of Health and Sciences	Chicago State University	\$400,000	
HIV/AIDS Policy & Research Institute in the College of Health and Sciences	Chicago State University	\$200,000	
Pilot program to improve retention and graduation rates for minority students	Northeastern Illinois University	\$170,000	
Property tax offset	City Colleges of Chicago	\$15,000,000	Assists City Colleges in offsetting funding losses due to tax caps - Downstate community colleges have not been held harmless for losses due to tax caps

Metro Chicago Hospital Poison Control Center	DPH	\$1,400,000	
For expenses for Hepatitis and HIV Preventative Health and Wellness Services to the re-entry population at transitional facilities at Dixmoor and Chicago	DPH	\$250,000	New Initiative
Edwin Feldman Developmental Center	DHS	\$200,000	New initiative for the HDEMS-Rep. Feigenholtz is involved with the Board of this organization
Gilead Outreach and Referral	DHS	\$500,000	Increased for the SDEMS per the Governor's office - Community Health Outreach Center to connect the uninsured with healthcare options located in Chicago
Cicero Memory Bridge	DHS	\$448,000	Teen Outreach Program at Unity Junior High School in Cicero-Added at the request of SDEMS - Located in Sen. Sandoval and Rep. Chavez's districts
CTA/Paratransit Funding	IDOT	\$54,000,000	Funds to be disbursed by the RTA to the CTA and PACE for paratransit services, with the amount to the CTA difficult to determine as PACE will begin to take over paratransit services starting July 1, 2005 (and be responsible for all paratransit services in the region starting July 1, 2006). The funds designated for paratransit will reduce the need for the CTA or RTA to use discretionary funds to pay for paratransit services, thus freeing up more discretionary funds for the CTA.
Chicago Property Tax Cap Assessment Study	DOR	\$100,000	Conduct a study to determine the impact of P.A. 93-715 known as the "Houlihan proposal" to cap property tax assessments in Cook County for 3 years
University of Illinois Cook County Cooperative Extension Service	DOAG	\$5,000,000	New appropriation for operational expenses and programs for the University of Illinois' Cook County Cooperative Extension Service

Cook County Juvenile Detention Center	DOC	\$7,500,000	2.9% increase over FY05
Cook County Boot Camp	DOC	\$1,250,000	2.9% increase over FY05
Additional personnel For Field Services Division of Department of Corrections	DOC	\$2,800,000	Includes 28 parole agents with services focused in the Chicago area
Operation Cease Fire Grants	DOC	\$3,000,000	For Chicago and surrounding neighborhoods
Subsidy for Cook County States Attorney's Office	Appellate Prosecutor	\$2,700,000	
Chicago Aerospace Initiative	ISBE	\$920,000	
Bilingual Education Funding	ISBE	\$1,000,000	
Grant to the Chicago Public Library	SOS	\$1,700,000	
Chicagoland Regional College Program	DCEO	\$3,500,000	Chicago State University
Tourism Promotion	DCEO	\$5,000,000	For a governmental entity with at least 2 million square feet of exhibition space that promotes trade exhibits and events within a county with a population of more than 3,000,000 - Metropolitan Pier and Exposition Authority
Chicago Manufacturing Extension Center	DCEO	\$1,000,000	
Ford Technical Training Center	DCEO	\$6,000,000	Ford Technical Training Center in Chicago Heights
Grant to Beverly Arts Center	DCEO	\$1,000,000	A multidisciplinary cultural center offering classes in art, music, dance and theatre
Little Black Pearl	DCEO	\$400,000	Non-profit serving youth in the Kenwood/Oakland, Woodlawn and Bronzeville neighborhoods on Chicago's south side
Alley Improvements - Village of Bellwood	DCEO	\$450,000	Rep. Yarbrough's district
Chicago Sinfonietta	DCEO	\$94,000	Diverse symphony orchestra
Albany Park Community Center, Inc.	Governor's Office	\$160,000	After School/Summer Teen Reach - Rep.Acevedo & Sen. del Valle (Latino Caucus)
Alivio Medical Center	Governor's Office	\$552,200	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Alliance of Logan Square	Governor's Office	\$50,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Anixter Center for the ACT program	DHS	\$182,500	Funding is in addition to the current FY05 contract (\$225.8)

Aspira - Teen Pregnancy Prevention	Governor's Office	\$90,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Aspiras Alternative High School	Governor's Office	\$20,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Avondale Elementary School	Governor's Office	\$20,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Barreto Boys and Girls Club	Governor's Office	\$50,000	After School Program - Rep.Acevedo & Sen. del Valle (Latino Caucus)
Barry Elementary School	Governor's Office	\$20,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Big Buddies Youth Services, Inc.	DHS	\$200,000	Test Preparation Project (TPP)
Blue Gargoyle Community Services	DHS	\$25,000	Funds for family learning programs and employment programs to assist children, adults, and families in developing the skills and confidence necessary to become independent and self-reliant
Boulevard Arts Center - After school and social service programming	DHS	\$75,000	
Boys and Girls Town (Holy Cross)	Governor's Office	\$900,800	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Brainerd Development Corporation	DCEO	\$150,000	Rep. M. Davis
Brentano Math and Science Academy	Governor's Office	\$20,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Brighton Park Ceasefire	DOC	\$250,000	Rep. Mendoza
Bronzeville Convention & Visitors Bureau	DCEO	\$225,000	Funds for attracting tourism and economic development to Chicago's near south side - Rep. Dunkin
Burbank Elementary School	Governor's Office	\$25,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Centro Romero Community Organization	DCFS & DHS	\$50,000	For use in providing child welfare services to high risk youth using the Teen REACH model
Chase Elementary School	Governor's Office	\$20,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Chicago Children's Museum grant	Governor's Office	\$81,000	Rep. Feigenholtz
Chicago International Film Festival - operational costs	DCEO	\$100,000	Rep. Dunkin
Chicago International House (Electronic) Music Festival	DCEO	\$200,000	For developing and operating the festival, contingent upon the festival obtaining support of the City of Chicago and private donors - Rep. Dunkin
Chicago Meals on Wheels	Dept. on Aging	Not stated	Sufficient funding for congregate centers providing meals to seniors to continue to serve the same numbers of seniors as are currently served - Rep. Patterson

Chicago State University HIV/AIDS Policy and Research Institute funding for for HIV/AIDS research	DPH	\$200,000	
Chicago Youth Centers	DHS	\$25,000	For after school youth services to serve kids in Chicago's toughest neighborhoods
Clara's House/West Englewood United Organization	DCFS	\$250,000	For providing housing assistance for vulnerable and at-risk families and an After-School Parent Involvement Education program
Corazon Community Services - Planning and Development Budget	Governor's Office	\$190,500	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Counseling Center of Lakeview	Governor's Office	\$100,000	Grant for psychosocial rehabilitation programs - Rep. Feigenholtz
Darwin Elementary School	Governor's Office	\$20,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Early Outreach: University of Illinois Chicago/ Chicago Public Schools Prep Program	DHS	\$200,000	For general operating expenses
East Village Youth Program - College Tutoring Program	Governor's Office	\$50,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
El Hogar del Nino	Governor's Office	\$300,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Erie Health Center	DHS	\$125,000	For services to non citizens and free health care for the uninsured
Erie Neighborhood House - After School Program	Governor's Office	\$100,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Esperanza School	DHS	\$250,000	Services for the developmentally disabled
Falconer Elementary School	Governor's Office	\$20,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Family Focus	Governor's Office	\$75,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Family Focus, Inc.	DCFS	\$25,000	For coordination with LAN Providers to support academic stability with elementary school age children and outreach support for children at risk of being suspended or expelled from school
Foss Park/North Chicago Ceasfire	DOC	\$250,000	Rep. Washington
Franciscan Outreach Association for AIDS/HIV prevention	DPH	\$75,000	
Future Understanding Toward an Ultimate Remedy Through Education (FUTURE)	DHS	\$30,000	After-school youth services (Ford Heights)

Garth Youth Services, Inc.	DHS	\$75,000	Funding for after school and social service programming
Girl Scouts -- IL Crossroads Council for after school youth services (Chicago and suburbs)	DHS	\$60,000	
Goethe Elementary School	Governor's Office	\$20,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Gwendolyn Brooks School	DHS	\$25,000	For youth after school programs - Rep. Graham
Harvey Academic Prep. Center	Governor's Office	\$25,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Heartland Alliance	Governor's Office	\$185,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Helping Hand Rehabilitation Center for an autism program (Countryside)	DHS	\$100,000	
Holy Cross (Teen Pregnancy)	Governor's Office	\$286,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Holy Cross Church street Intervention Program (Catholic Charities)	Governor's Office	\$150,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Howard Brown Health Center -- grant funding from the DPH for Hepatitis education and vaccines; for disease prevention; and for women's education	Governor's Office	\$58,000	Rep. Feigenholtz
Human Resource Development Institute funds for Minority AIDS prevention	DPH	\$400,000	
Hyde Park Art Center funding for disadvantaged youth after-school services	DHS	\$25,000	
Hyde Park Neighborhood Club for funding after-school youth services	DHS	\$25,000	
I Am ABLE Family Development Corp.	DCFS	\$50,000	Funding for providing services to enhance the functionality of families and their support systems
Illegible	Governor's Office	\$75,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Instituto del Progreso - Latino Teen Reach	Governor's Office	\$132,200	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Jamal Place, Inc.	DCFS	\$100,000	Funding to provide a transitional living program for adolescent males
Kelvyn Park High School	Governor's Office	\$50,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Lakeside Community Committee for after school youth programs	DHS	\$50,000	Rep. Jones
Lincoln Park Conservatory grant for a master plan for the conservatory	Governor's Office	\$61,000	Rep. Feigenholtz
Local Motions for youth after school programs	DHS	\$25,000	Rep. Graham

Logan Square Neighborhood Association - Parenting Mentoring	Governor's Office	\$70,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Mad Dads for youth after school programs	DHS	\$50,000	Rep. Graham
Mary Lyons Elementary	Governor's Office	\$25,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Metropolitan Apostolic Community Church for after school youth programs	DHS	\$100,000	Rep. Jones
Metropolitan Family Services	Governor's Office	\$50,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Milestone, Inc. Dental Clinic	DPH	\$76,700	Operational spending
Miracle Center, The	Governor's Office	\$25,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Monroe Elementary School	Governor's Office	\$20,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Mujeres Latina en Accion (Teen Pregnancy)	Governor's Office	\$100,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Near Northwest Neighborhood	Governor's Office	\$110,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
North Center for Handicapped Children	Governor's Office	\$20,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
North Lawndale Community News	DCEO	\$250,000	Funding for job training programs
Village of Olympia Fields	DCEO	\$40,000	Funding for an economic development and planning grant - Rep. Kelly
Passages - New Covenant Church	DHS	\$150,000	Funding for after school youth programs - Rep. Collins
Pilsen Athletic Conference (Sports Program)	Governor's Office	\$100,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Pilsen Little Belmont - Cragin Community Area Elementary School	Governor's Office	\$25,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Pilsen Little Village Mental Health - Children's Mental Health	Governor's Office	\$250,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Pleasant Valley Church for prevention programs	DHS	\$50,000	Rep. Graham
Prairie State College	GOMB & ICCB	\$180,000	In addition to any other funds granted to ICCB, operations funding will be received (Chicago Heights)
Project Hope for after school youth programs	DHS	\$10,000	Rep. M. Davis
Prosser Vocation High School (75% of students are disabled)	Governor's Office	\$25,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
PRUA	Governor's Office	\$50,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Rhema Word for youth after school programs	DHS	\$50,000	Rep. Graham
Rogers Park Ceasefire	DOC	\$250,000	Rep. Osterman
Safe Haven	Governor's Office	\$50,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Schubert Elementary School	Governor's Office	\$20,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)

Sequin - Auto Marketplace Center	Governor's Office	\$100,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Sinai Parenting Institute	DCFS	\$25,000	For providing parent training services for families identified as being at a high risk of child abuse
South East Alcohol and Substance Abuse Center for addiction services	DHS	\$25,000	
Southside/Wabash YMCA	DHS	\$25,000	Funding for after school programs
Southwest Organizing Project	Governor's Office	\$100,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
St. John Holiness for youth after school programs	DHS	\$50,000	Rep. Graham
St. Lukes United Church of Christ (After School Programs)	Governor's Office	\$50,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
St. Pius V (After School Program)	Governor's Office	\$100,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Teen Reach Albany Park	Governor's Office	\$50,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Truth and Deliverance for youth after school programs	DHS	\$50,000	Rep. Graham
Uhlich Children's Advantage Network	Governor's Office	\$300,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Union League Boys and Girls Club	Governor's Office	\$175,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Unward House	Governor's Office	\$100,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Waukegan Township	DHS	\$48,800	For funding for an Emergency Food and Shelter Program, \$3,000 of which shall specifically be used for a sprinkler system and carpet
Women's Resource Assistance Program funding for Youth After School Services (Harvey)	DHS	\$100,000	
Woodlawn East Community and Neighbors, Inc. funding for after school youth programs	DHS	\$25,000	
Yates Elementary School	Governor's Office	\$20,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)
Youth Service Project, Inc. (After School Programs)	Governor's Office	\$50,000	Rep.Acevedo & Sen. del Valle (Latino Caucus)

\$1 Billion in New Spending on Democrat Pet Projects

Here are a few examples:

<u>Program/Project</u>	<u>Agency</u>	<u>FY06 Approp.</u>	<u>Comments</u>
Lump sum "grants to community agencies"	DHS	\$3,000,000	\$3 million in lump sum "grants to community agencies, " in the DHS budget (ie. discretionary member project money)with no specifics. \$2 million of this money was added at the request of the Governor's office.
Lewis and Clark Community College	DHS	\$220,000	House Democrat add-on
Cicero Memory Bridge	DHS	\$448,000	Teen Outreach Program at Unity Junior High School in Cicero added at the request of the Senate Democrats.
Lump Sum / unknown expenditures	DCEO	\$375,000,000	Governor's distrectionary spending
Lump Sum / unknown expenditures	DCEO	\$50,000,000	Governor's distrectionary spending
Lump Sum / unknown expenditures	DCEO	\$70,000,000	Governor's distrectionary spending
Lump Sum / unknown expenditures	DCEO	\$58,000,000	Governor's distrectionary spending
Lump Sum / unknown expenditures	DCEO	\$60,000,000	Governor's distrectionary spending
Lump Sum / unknown expenditures	CDB	\$200,000,000	Governor's distrectionary spending
Lump Sum / unknown expenditures	DNR	\$20,000,000	Governor's distrectionary spending
Lump Sum / unknown expenditures	DNR	\$25,000,000	Governor's distrectionary spending
Cook County Ag co op	AG	\$5,000,000	Democrat add-on for Cook County AG
Creates 3 new programs (International Trade Center, Institute for Urban Education, and Center for Excellence in Health Education)	Governors State University	\$1,300,000	Democrat add-on

CTA Bailout	IDOT	\$45,000,000	This comprises more than half of the FY06 funds to be spent on mass transit by IDOT
Property Tax Impact Study for Cook County	Revenue	\$100,000	This is to be used by Revenue, so the Department can conduct a study regarding the impact of SB 2212, or the "Houlihan 7% cap bill," upon the residents of Cook County.
Cook County Juvenile Detention Center and Boot Camp	Corrections	\$8,750,000	
Chicago State University	DCEO	\$3,500,000	Funding for its Chicagoland Regional College Program
Chicago/Cook County governmental entity	DCEO	\$5,000,000	For a governmental entity with at least 2 million square feet of exhibition space that has as part of its duties the promotion trade exhibits and events within a county with a population of more than 3 million.
Beverly Arts Center	DCEO	\$1,000,000	Democrat add-on
Little Black Pearl	DCEO	\$400,000	Democrat add-on
Village of Bellwood	DCEO	\$450,000	Democrat add-on
Chicago Sinfonietta	DCEO	\$94,000	Democrat add-on
After School Programs	ISBE	\$12,200,000	This funding will be used as a slush fund for various member initiatives
Healthy Minds/Health Vision	ISBE	\$3,000,000	New Funding for the Chicago Public Schools
Unspecified grants to units of local government, not-for-profit organizations, community organizations and educational facilities	ISBE	\$2,300,000	This is essentially a slush fund for Senate Democrat members
Chicago Aerospace Initiative	ISBE	\$920,000	New Funding for the Chicago Public Schools
Cubes in the Classroom	ISBE	\$835,000	Increase in the Technology for Success line to fund a new Cubes in the Classroom initiative (a House Democrat project)
A new program that reimburses parents for transportation costs	ISBE	\$850,000	New funding to establish a program that reimburses parents for transportation costs (this program currently exists and ISBE's response was that this funding would cover those parents that don't qualify for the program).

Budget Options to Close \$1.2 Billion Hole of FY06

- Additional revenue options other than sales or income tax increases could have generated over \$600 million in FY2006.
- HMO reform could have saved the state \$200 million in FY2006 (\$100 million net GRF) if the Lewin recommendations were implemented. In five years, the savings would reach \$460 million (\$230 net GRF). This recommendation came from an independent group that was contracted by the State specifically to recommend how to reform our out of control Medicaid system. This plan would not lower or eliminate eligibility for any individuals.
- Amortizing the Early Retirement pension liability reform over a 40-year-period will save the State \$260 million. In FY2006, the State legitimately elected to take these savings. We supported this as the only change to the pension system, not on top of any pension raid. The Democrat budget plan did this, but they also raided the pensions.
- If education funding was kept at current levels, with no one getting less than the previous fiscal year, it would have cost only \$30 million.
- We could have done across-the-board reductions like we did in the bi-partisan agreement of FY2005. With the \$24.4 billion budget as the Governor introduced, 1% = \$244 million. One-half percent would equal \$122 million. So instead of getting \$100, the number received would be \$99.5. 50 cents out of \$100 – people should be able to accept that when the state continues to have a budget deficit.