

February 8, 2023

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**New Civic Committee Report: Accelerating Progress to Secure Illinois' Future
by Stabilizing State Finances**

Business leaders support State leadership's recent actions to address the State's long-standing fiscal issues and call for dialogue on additional actions to benefit all who live in Illinois.

CHICAGO – Illinois' finances and the fiscal discipline shown by State leadership have improved in recent years, but the job isn't done according to a new report from the Civic Committee of the Commercial Club of Chicago.

The report, *Securing Illinois' Future: Stabilizing State Finances to Promote Long-Term Growth*, outlines the importance of addressing the uncertainty of the State's fiscal situation to provide important benefits for the people of Illinois.

"The Governor and State legislative leaders have taken important steps recently to improve the State's finances. We support their actions and believe that further actions should be considered that will benefit all who live in Illinois," said Jay Henderson, Chair of the Civic Committee's State Finance Task Force.

The report focuses on three core pillars that are critical to secure Illinois' finances and are the foundation on which a range of potential actions should be evaluated. Achieving the three pillars outlined in the report will ensure that:

- Parents will not have to worry about education funding being sacrificed to pay for legacy obligations
- Residents will be assured that the State will have the resources to provide the government services they rely on
- Pensioners will not have to worry about whether their retirement income payments are secure, and
- Jobs and opportunities are plentiful because of increased levels of investments by companies operating in Illinois, creating more jobs for working families.

The first pillar is that the State should develop a comprehensive plan for addressing its fiscal challenges and this plan should incorporate input from a wide range of stakeholders.

The second pillar is that the focus of the actions to be implemented should be designed to achieve an AA rating for the State in 5 years. 80% of all states have a credit rating of AA or higher. Illinois' current credit rating is BBB+ which is the lowest among all 50 states. This rating reflects two recent credit rating upgrades, which were the first upgrades achieved in two decades. A critical element of achieving an AA credit rating is to implement a new credible funding plan to address the unfunded pension liabilities of the State.

The third pillar is that the State should ensure financial sustainability by eliminating structural annual budget deficits in the foreseeable future.

"The purpose of this report from the Civic Committee is to provide a foundation for discussion with Governor Pritzker and State legislative leaders to identify and prioritize policies that provide for a stronger, secure future for our State," said Jennifer Scanlon, Chair of the Civic Committee of the Commercial Club of Chicago.

The report discusses several potential policy actions to address the complex set of fiscal issues facing the State. These actions include:

1. Implement a new accelerated pension funding plan that will save the State approximately \$40 billion in pension contributions over the next 22 years and will fully fund 100% of the State's pension liabilities, rather than the current target of 90%. The Civic Committee would support a personal and corporate income tax surcharge for 10 years to pay for the accelerated pension funding on the condition that the funds raised in the surcharge are legally obligated to be contributed (in a lock-box style approach) to the new accelerated pension funding plan and incremental funding of the Rainy Day Reserve Fund.
2. Continue the progress on building the State's Rainy Day Reserve Fund to \$6 billion within 5 years from the current level of \$2 billion to align with credit rating expectations of comparable AA-rated states.
3. Revise certain tax policies to enhance the State's economic competitiveness and raise revenues without making Illinois an outlier as compared to most other states.
4. Identify and implement long-term reductions in expenditures in targeted areas to ensure that the comprehensive plan includes expenditure reductions to support strategic incremental investments that are important for the long-term success of the State.

"The Civic Committee recognizes that there may be other ways to address the State's fiscal challenges and will support other actions beyond those identified in the report if they are integrated into a comprehensive plan that when taken together will achieve each of the

three pillars outlined in the report,” said Derek Douglas, President of the Civic Committee of the Commercial Club of Chicago.

“We look forward to supporting the Governor and state legislative leaders in working together to continue the important progress they have achieved in improving the State’s finances,” said Scanlon.

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