

Gov. Pritzker Provides Updated Revenue Projections Amid COVID-19 Crisis

April 15 2020 3:29 PM



CHICAGO – Building on measures to address the unprecedented economic challenges facing Illinois as a result of the COVID-19 pandemic, Governor JB Pritzker provided an update on the state’s revenue forecast outlook and efforts to provide fiscal stability during these unprecedented times.

COVID-19 has had a profound impact on the U.S. economy, leading to an unexpected loss of revenues across all 50 states, with early projections showing combined state budget deficits of \$500 billion over the next two years. In Illinois, general revenue funds are being revised down \$2.7 billion in fiscal year 2020 and \$4.6 billion in fiscal year

2021. With short term borrowing to bridge through this crisis, the total shortfall for fiscal year 2021 is \$6.2 billion when compared to the spending plan put forth by the Governor in February. That shortfall expands to \$7.4 billion if the constitutional amendment to move to a graduated income tax does not pass.

While states are slated to receive federal funding to address costs associated with the pandemic, this funding can not be used for the broader impact on COVID-19 on state revenue. Gov. Pritzker is working with our federal partners and calling on Congress to pass an additional aid package that will provide funding to states to make up for unprecedented nationwide revenue shortfalls.

“This is a public health crisis – but it is accompanied by massive economic disruption that’s unprecedented in modern history. Illinoisans are all too familiar with the pain the lack of a state budget can cause, so let me just say up front: we will not go without a state budget,” **said Governor JB Pritzker.** “We will need to make extraordinarily difficult decisions on top of the difficult decisions we’ve already made, but together with the state legislature we will make them and we will do so with an unswerving dedication to fairness. In the midst of a pandemic, I am more resolute than ever to protect those who are suffering physical and financial hardship from it.”

As the governor works to protect the health and safety of all Illinoisans he is taking several steps to shore up the state’s immediate fiscal health:

- Earlier this month, the Governor’s Office of Management and Budget directed agencies to take all possible steps to manage existing resources for the remainder of fiscal year 2020 by putting on hold all non-essential purchases and operational expenditures, freezing all travel that is not mission essential, and limiting all non-essential hiring. These actions are expected to save at least \$25 million for the general funds in fiscal year 2020. This is in addition to earlier efforts to identify efficiencies for the fiscal year 2021 budget, slated to save the state \$750 million over the next three years.
- Working with our partners, the Comptroller and Treasurer have extended \$400 million in investment borrowing agreements that were due to be repaid from the General Revenue Fund in March and April to July 2020. In coordination with the Governor’s Office of Management and Budget, the Comptroller has utilized interfund borrowing authority to transfer an additional \$323 million in March and April to the general funds.
- Additionally, the Governor, Comptroller and Treasurer will be moving forward with the issuance of up to \$1.2 billion in short-term borrowing in May under Article 9, Section 9(d) of the Constitution and Section 1.1 of the Short-Term Borrowing Act (30 ILCS 340) for situations where revenue forecasts do not meet projections.

About \$1 billion of the decline in revenue for fiscal year 2020 is attributable to the extension of the April 15 deadline for filing 2019 income tax returns to July 15. This action will cover funds lost due to that extension.

As the costs of fighting COVID-19 continue to grow, the Governor has directed nearly \$500 million in additional spending authority to IEMA through the emergency powers granted under the gubernatorial disaster proclamation. Much of this spending is concentrated on obtaining personal protective equipment for our frontline workers and ventilators to treat patients suffering from the most severe cases of COVID-19. An estimated \$170 million has been expended to date. Federal funding is expected to cover most of the costs the state is incurring in response to the COVID-19 pandemic.

The federal Coronavirus Aid, Relief and Economic Security (CARES) Act is a \$2 trillion disaster aid stimulus package that is estimated to provide more than \$9 billion to Illinois governments for a variety of programs from education, to aid for seniors and child nutrition to transit systems. It provides \$150 billion in direct aid for COVID-19 related expenditures to the states, of which Illinois is expected to receive \$4.9 billion – at least \$2.7 billion to the state of Illinois directly and up to \$2.2 billion to larger local governments.

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