



## Fight for Illinois' Future

### The IFT's guiding principles in the campaign for needed revenue

Like many other state governments across the nation, Illinois faces its worst fiscal crisis in modern history. The Illinois General Assembly and governor must act to save state government services and public education from severe cuts that will harm the people, students and economy of our state. Illinois must respond to this crisis to help families in trouble, improve infrastructure and assist our schools.

The resources that will be available from President Obama's federal stimulus package will help close our state budget gap. Federal funds for health care will significantly reduce the amount owed to Medicaid and health care providers, as well as other state vendors.

However, Illinois' share of the federal stimulus plan will not resolve our state's budget crisis. The stimulus package is a short-term boost, not a permanent solution. Only new revenue from state government can bring long-term fiscal solvency to our state budget. A combination of new state and federal funds will help meet the state's obligations to public education, public services and working families. These new dollars will provide jobs while improving roads, mass transit and schools. It is time for state government leaders to address the revenue crisis that faces Illinois.

#### The IFT believes any new funding must:

- draw from sustainable revenue streams;
- enable the state to reach EFAB recommended levels of school funding;
- be used to raise state funding support of higher education;
- restore staff levels in state agencies;
- pay down current debt to health care providers and other service vendors;
- enable the state to capture federal resources for road construction, transit and educational facilities; and,
- reduce the unfunded liability of the public pension systems.

#### Nobel economics laureates support revenue increases during economic downturns

Critics opposed to revenue increases cite the current recession as a reason to cut taxes. Our response to their opposition is best stated by two Nobel Prize winners in economics,\* who declare that cutting state government services and public employees in a recession is actually **more** costly to the economy than raising taxes. They agree that raising revenue helps the overall economy by generating a significant net increase in economic activity.

\*Professor Paul Krugman, Princeton University, 2008 Nobel Prize in economics  
"Fifty Herbert Hoovers," NY Times, Op-Ed, Dec. 29, 2008

\*Professor Joseph Stiglitz, Columbia University, 2001 Nobel Prize in economics,  
"Budget Cuts vs. Tax Increases at the State Level: Is One More Counter-Productive than the Other During a Recession?" Center on Budget and Policy Priorities, Washington D.C.  
Nov. 6, 2008.

**The IFT calls on state leaders to adopt measures to generate new revenue to meet the long-term needs of Illinois.**