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Contact: Dea C. Meyer
Civic Committee
312/853-1200

New Civic Committee Task Force Report Asserts that State Nearing “Financial Tipping Point”

CHICAGO –March 2, 2009 – The State Finance Task Force of the Civic Committee of The Commercial Club of Chicago released an updated report today which states that Illinois’ “financial position has deteriorated dramatically” in the past two years, and that Illinois is now nearing a “financial tipping point” beyond which the State could face loss of businesses, investment, and jobs. The report is available at www.civiccom.org.

A little over two years ago, the Civic Committee issued a report entitled, “*Facing Facts: A Report of the Civic Committee’s Task Force on Illinois State Finance.*” That report provided an in-depth analysis of the State’s financial condition, highlighting dramatically increasing liabilities associated with funding pensions and health care costs for State employees and retirees, and growing Medicaid costs. The group called on State leaders to address these escalating obligations so that they “would not become a huge burden to future generations.”

In its new report, the Civic Committee finds that the State’s annual budget gap has grown to over \$8 billion. In addition, the State’s unfunded obligations have risen to \$116 billion or more.

“Although our original report was widely praised for its frank and accurate assessment of the situation, not one of our recommendations has been seriously pursued,” said W. James Farrell, Chairman of the Civic Committee’s State Finance Task Force and retired Chairman and CEO of Illinois Tool Works. “In the intervening years the situation has become dramatically worse, snowballing to the point of an immediate crisis.”

“We are nearing a financial ‘tipping point’ where businesses and citizens in general may start to steer clear of Illinois or even to leave it in order to avoid having to bear the compounded burden of the deferred costs of the past and the normal operating costs of future years,” said R. Eden Martin, President of the Civic Committee of The Commercial Club.

In its new report, the Civic Committee Task Force strongly asserts that fiscal reforms and cost cutting must take place before any new revenue measures are pursued. “We can -- and should -- implement real cost reductions and budgetary reforms now,” said Task Force Chairman Farrell. “And in order to keep the pressure for these reforms at full throttle, revenue measures should not be pursued unless and until real changes on the cost side are in place.”

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The Civic Committee Task Force met over the course of the past several months and enlisted the expertise of private and public sector experts. Task Force members include Donald G. Lubin, Julian C. Mack, John W. Madigan, R. Eden Martin, Andrew J. McKenna, Bruce V. Rauner, Richard L. Thomas, David B. Weinberg, and Thomas J. Wilson. Assistance was provided by the Taxpayer Federation of Illinois, The Civic Federation, Hewitt Associates, and McKinsey & Company, Inc.

“Good government in a democracy involves making hard choices,” said R. Eden Martin, President of the Civic Committee. “Citizens who live in Illinois and pay taxes here, and the businesses located here, make hard choices everyday – especially in tough financial times. Their government should do no less.”

“We stand ready to help,” said Lester Crown, Chairman of the Civic Committee. “Our member companies, and other consultants with whom we have worked, have the fiscal and budget expertise to provide advice and counsel as part of a serious effort to evaluate these issues.”

The Civic Committee of The Commercial Club of Chicago is a non-profit organization comprised of senior executives from the Chicago region’s leading corporations, professional firms, and universities. The mission of the Civic Committee is to improve the economic and social well being of the Chicago region. Among its past initiatives have been O’Hare expansion and Chicago School Reform.

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