We Are One Illinois
Framework Recommendations – Summary

- **The Quinn Plan Does Not Solve Illinois' Core, Chronic Problem – the State's Continued Fiscal Irresponsibility and Unreliability**: The Quinn Plan doesn't solve Illinois' core, chronic problem – the state's failure to make consistent, actuarially-sound payments into the state's pension systems. On top of that, it reduces the share of money spent by retirees in their local economies.
- **The We Are One Illinois Proposal Not Only Solves Illinois' Core Problem through an Ironclad Guarantee…:** The We Are One coalition proposes the state adopt an ironclad guarantee for actuarially-sound payments. The guarantee would give Illinois employees – who faithfully paid into the system, regardless of the state's fiscal neglect – an unimpairable and enforceable contractual right to timely and sufficient payments. New Jersey pursued a similar statutory remedy to right itself after 13 years of insufficient payments, and New York State – which features one of the nation's best funded systems – has a similar constitutional guarantee.
- **…It Also Asks Shared Sacrifice of Public Workers…:** With a guarantee in place, employees could be asked to pay an additional 2% of their pensionable salaries, raising an estimated $350 million in revenue for the systems.
- **…and It Offers Replacement Revenue so the State Can Begin to Stop Borrowing from its Pension Systems:** In order to get Illinois to stop using the pension funds as a credit card to pay operating expenses, the coalition has put forth $2 billion in revenue options to bolster funding for vital services, such as education, health care, and public safety. The revenue is generated by reforming tax expenditures and closing certain tax loopholes – some of which benefit out-of-state or multinational businesses.
    - **Tax Loopholes Are Spending with Little Scrutiny**: Tax loopholes are simply spending by another name – except this form of spending gets a privileged place in Illinois' tax code. Tax loopholes traditionally get less attention during the budget process – yet they get their funding ahead of expenditures for education, human services, public safety, or other critical needs. All the while, the revenue forgone from tax loopholes grows over time – even while spending on services is cut.
    - **Tax Loopholes' Economic Effectiveness is Questionable**: A 2009 Illinois Department of Revenue review of the state's business incentives concluded, "There is scant evidence that economic development programs and incentives have significant impact on economic growth." This conclusion is echoed by the state legislature's Commission on Government Forecasting and Accountability, which said a literature review found "state and local tax cuts and incentives are not effective for stimulating economic activity or creating jobs in a cost-efficient manner." Business owners and site selection decision makers have consistently said factors other than state taxes or tax incentives, especially highway accessibility, labor costs, and the availability of skilled labor, play a larger role in investment and location decisions. This is consistent with the overwhelming body of research on business tax incentives, which shows that such incentives are ineffective at raising the level of a state's economic development.
- **The Bottom Line**: The We Are One Illinois coalition has put forward a proposal that recognizes that benefit cuts are neither legally permissible, equitable, nor economically sound. Instead, the coalition presents a plan based on the principle of shared sacrifice that requires the state to fund its retirement systems, asks more from its employees, and protects funding for vital public services by raising needed revenue.