

## **The Illinois Report 2009**

### **Chapter 2: Illinois' Fiscal Future and the State's Economy**

#### **Transcript of video interview with author Richard F. Dye**

“Given the effects on the budget of the current financial and economic crisis, we’re in bad shape. So, we’re in bad shape because we’re currently in a deficit, in a recession. We’re in bad shape looking forward with something called a structural deficit.

“If you give reasonable predictions as to the rate at which revenues grow, and the rate at which government obligations grow, those lines diverge just a couple of years out, and we’re, again, billions of dollars in deficit. For years, the government has dithered and not made fundamental choices about spending less or taxing more. They’ve moved future revenues into the present, they’ve moved costs into the future, and they’ve done this year after year after year. We’re in big trouble.

“We’re in big trouble before you consider the third thing. So, there’s the cyclical deficit, there’s the structural deficit; there’s also a demographic deficit. If you look out 10 or 20 years, you see the baby boomers retiring, and the effect of that on government budgets, which could be considerable. We don’t know that much about it because we haven’t studied the lines from these demographic changes. But all the concern with federal Social Security and the greater concern but less public notice of Medicare and Medicaid -- what this means for the state has not been noticed and has not been studied.”