

**Advocacy Update – Illinois State Budget for FY2018**

On July 6, 2017, the Illinois House of Representatives overrode the Governor’s veto and passed a balanced budget.

The General Assembly enacted three budget bills:

SB 0006, the spending plan <http://www.ilga.gov/legislation/publicacts/100/PDF/100-0021.pdf>>,

SB 0009, the revenue plan: <http://www.ilga.gov/legislation/publicacts/100/PDF/100-0022.pdf>>, and the

SB 0042 – the Budget Implementation Bill (BIMP) <http://www.ilga.gov/legislation/publicacts/100/PDF/100-0023.pdf>>

The following summary was prepared by State Representative Greg Harris (D-13th) and shared with ICMHA.

The balanced budget package contains the following:

  \*   Cuts over $3 billion from current spending levels.
  \*    Pays down $8 billion of our backlog of old bills.
  \*   Closes tax loopholes.
  \*   Spends less than the Governor's introduced budget.
  \*   $1.4 billion in pension reform savings
  \*   Same income tax rate as the Republican proposed tax increase
  \*    $350 million more for K-12 education, as well as $50 million increase for early childhood education.
  \*   Restores Research and Development Tax Credit and expands to the Manufacturing Equipment tax credit to attract new businesses and jobs to Illinois

Here are more details on some of the major items in each of the three budget bills:

Balanced Budget Plan (SB 0006)

  \*   $1 billion in savings from across the board budget reductions to state operations and bureaucracy
  \*   $350 million increase for Elementary and Secondary Education as part of Evidence Based Model of school funding reform
  \*   $50 million increase for Early Childhood Education
  \*   Increase in proration for Student Transportation to 84.6%
  \*   Full funding for Bilingual Education
  \*   $3.2 million increase for Agricultural Education
  \*   $15 million increase to After School Programs
  \*   $8.5 million increase to Soil and Water Conservation Districts
  \*   $10 million increase to Cooperative Extension Services, County Fair and Agricultural Societies
  \*   $19 million in Job Training Grants
  \*   Both State and Federal LIHEAP fully funded
  \*   MAP grants increased by 10%
  \*   Operations of colleges, universities and community colleges funded at 90% of FY15 levels
  \*   Fully fund Community Care Program for seniors (CCP). No funding for Governor's proposed CRP program
  \*   $10 million increase in Meals on Wheels for Seniors
  \*   Fully funds Medicaid
  \*   Fully funds pension and group health
  \*   Provides rate increases for disability, home service, senior services, mental health, substance abuse and SLF workers
  \*   Restores childcare assistance to 185% of FPL and restores access to families enrolled in education or training programs
  \*   Fully funds Domestic Violence Shelters
  \*   Increases funding for violence prevention, mental health, substance abuse, services for at-risk youth, after school programs and Ceasefire
  \*   Restores Governor's cuts to DD programs, Epilepsy Program, Autism Program, Teen Reach, Immigrant Integration and Welcoming Centers, Arc of Illinois, Homelessness Prevention and Homeless Youth services, Children's Place, Youth Summer jobs and others
  \*   Increases funding for HIV/AIDS and Breast and Cervical Cancer screening and treatment
  \*   Funds the new Chicago Veteran's Home

Revenue Plan (SB 0009)

  \*   Individual Income Tax Rate of 4.95%, Corporate Tax Rate of 7%, The same rates as in the House/Senate GOP proposal
  \*   Corporate Tax Loopholes closed: QPAI deduction, Combined Reporting, Outer Continental Shelf
  \*   Means tests Education Expense Tax Credit, Property Tax Credit and Standard Exemption for high-income earners ($250,000 per year individual/$500,000 per year joint)
  \*   Modernizes State Tax Lien Act and Revised Uniform Unclaimed Property Tax Act to increase revenue
  \*   Doubles  Earned Income Tax Credit (EITC) to provide tax relief for low and moderate income families
  \*   Increases the Education Tax Credit by 50%
  \*   Adds a Research and Development (R&D) Tax Credit
  \*   Expands the Manufacturing, Machinery and Equipment Tax Credit to include graphic arts
  \*   Creates a Classroom Supplies Tax Credit of up to $250 for teachers who use personal income to purchase classroom supplies

Budget Implementation (BIMP) Bill (SB 0042)

  \*   Increases the Personal Needs Allowance for developmentally disabled individuals to $60 per month
  \*   Creates a Community Care Program Task Force to work with all stakeholders to develop recommendations on strategies to reduce costs and liabilities, modernize and increase efficiencies of the CCP program
  \*   Authorizes direct deposit (instead of transfers) of tax receipts to Local Government Distributive, Public Transit and Downstate Public Transit funds
  \*   Provides the AMTRAK operating subsidy
  \*   Authorizes $8 billion in payments for the backlog of old bills at the Comptroller's Office
     \*   $1.2 billion in interfund borrowing to be repaid within 24 months
     \*   $300 million in fund sweeps from a selection of funds
     \*   Provides up to $6 billion GO Bond authorization for back bill payment, to be repaid via a level principle method
     \*   Allows Drug Rebate Fund funds to be used for Medicaid payments
     \*   Anticipates $2 billion in Federal matching funds for Medicaid payments
     \*   This is in addition to over $800 million in existing cash in the Commitment to Human Services and Educational Assistance Funds which are appropriated in SB6 to pay back bills of social service agencies and higher education
  \*   Authorizes MPEA to restructure its debt and pay back remaining deficiency payment to the State ($42 million)  and a creates a reserve fund to protect against future shortfalls
  \*   Implements several pension reforms to reduce costs and help stabilize several pension systems
     \*   Requires contributions from State Pensions Fund to SURS to be a portion of the certified contribution rather than in addition to them.
     \*   Authorizes GRF share of SERS to be appropriated directly
     \*   Implements a limited cost shift for high salary SURS/TRS employees whose salaries exceed that of the Governor.
     \*   Requires recertification of the state systems to reflect Nov 1, 2017 changes
     \*   Includes the Chicago Municipal and Laborers Pension Reform proposal from SB14
     \*   Provides clarifying language for Chicago Firefighters Fund regarding COLAs for members in or after 1955 through 1965
     \*   Implements a Tier 3 defined benefit plan for Tier 2 members (if they elect) and future non-covered hires in SERS, SURS and TRS
  \*   In FY18 only, allows Governor to reserve up to 5% in OSF amounts appropriated (does not include Common School Fund, General Revenue Common School Special Account, Educational Assistance Fund, Fund for the Advancement of Education, Commitment to Human Service Fund or Bond Stabilization Fund)
  \*   In FY18 only, authorizes 4% transferability between operation lines for Executive Branch agencies (does not include other constitutional offices, legislative or judicial branches)
  \*   Establishes a Maintenance of Effort (MOE) for Special Education in local school districts
  \*   Extends FY17 lapse period by 1 month to allow agencies extra time to process FY17 vouchers

**Editor’s Note:** Attached please find the House analyses of these three bills reflecting final action by the Senate and House.