



BUILDING BETTER LIVES

The FY2011 Illinois budget: More questions than answers for kids' well-being

A policy update – June 2, 2010

Legislators have finished most of their state-budget work for the fiscal year that begins in July. However, several key questions remain about Illinois' ability to safeguard the well-being of kids and families:

- **Will there be budget cuts?**

Yes. Although the FY2011 budget has been characterized as providing the resources necessary to keep programs largely level-funded from the previous year, that's not the case. Agencies' operating budgets were cut 5 percent and lawmakers gave the Governor sweeping powers to hold-back funding from programs, including the ability to hold-back significant "reserves" from agencies and special funds. Moreover, legislators made no attempt to reduce the nearly \$6 billion backlog of bills that's constantly forcing schools, human services and public-safety efforts to cut back – and even shut down.

- **Which vital services for children will be cut, and how deeply?**

These details remain to be seen. For the second year, lawmakers handed-off to the Governor their traditional responsibility for helping to set specific appropriations amounts for individual programs. In the coming days and weeks, he'll determine how to distribute funding from "lump-sum" dollar amounts that legislators approved for individual state agencies (and an extra allocation for the Governor to assign as he wishes). Fundamentally important programs – from preschool to mental health to after-school services – remain at risk.

- **What are the budget's new revenue sources?**

The only new revenue involves one-time sources of funding that will go away next year. These include issuing bonds to be financed with part of the proceeds from Illinois' tobacco-lawsuit settlement (\$1.2 billion), an amnesty period to allow payment of overdue taxes (\$250 million), and borrowing money from special state funds (\$1 billion).

- **What's still missing from revenues?**

The House of Representatives failed to approve a cigarette tax increase the Senate had OK'd. Yet even more significantly, the Senate lacked the votes to authorize \$3.7 billion in borrowing that the House had approved to make mandated contributions to state pensions. Senators adjourned, planning to return to Springfield and take that vote in the coming weeks. Although additional borrowing does not address the huge problem of unfunded pension liabilities, deferring payments altogether would be far more costly in the long run.

More fundamentally, what's still needed is a comprehensive, sustainable and responsible solution to our state's massive budget problems, to better-protect the priorities that are most important to children and families. What's still needed is a balanced approach to revenues and reforms.

- **What about other reforms and cost-saving measures?**

Legislators approved furlough days for themselves and other top state leaders, as well as prohibiting cost-of-living increases for a variety of state officials. They reduced their own per diem payments and increased transparency measures to cast more "sunshine" on the budgeting process.

However, other core reforms – again, including those in the adequacy, fairness and modernization of our state revenue system – fell by the wayside.

Watch [Voices' State Budget Action Center](#) for further updates and analysis of Illinois' unfolding budget situation and its effects on children and families.