

## State Fiscal Crisis Talking Points

- Our state's success now and into the future depends on citizens and public agencies working together for the common good.
- The state budget is a blueprint for public solutions to shared problems, and it should reflect our core values and our priorities.
- We need to be courageous and make tough choices to raise adequate revenue and improve tax fairness. At the same time, we must recognize that protecting the well-being of children and families should be our top priority.

### Raising Adequate Revenue and Improving Tax Fairness

- Increasing the state income tax is the best way to raise *adequate* new revenue. Income tax revenues are Illinois' largest and most powerful revenue source, and this tax has not been raised in 20 years.
- Increasing the state income tax is also the *fairest* way to generate new resources, and can actually improve tax fairness for working families because it is based on people's ability to pay.
- Our current flat rate is not as fair to lower-income families as graduated rates would be, but the wise use of credits and exemptions can greatly improve tax progressivity.
  - For example, increasing the standard personal exemption as proposed by the Governor would lower the taxes of many lower- and middle-income families.
  - Also, raising the Earned Income Tax Credit (EITC) would target more relief specifically to the state's lowest-income families.
- Even before our national recession began to increase daily pressures on low- and middle-income families, they were struggling to cover life's basic necessities. Studies show low-income Illinois families pay a far greater percentage of their earnings in state and local taxes than do wealthier households.
- That's why income-tax fairness reforms are so important—because they're so needed by the families who are hit hardest by taxes, the recession, a miserable housing market, and rising bills for basic needs.

### Protecting Children's Well-Being Today and Tomorrow

- Illinois' massive fiscal and economic challenges put children's well-being at risk by threatening the many supports and services upon which they and their families depend.

- Cuts alone cannot fill our \$12.4 billion canyon of debt. Closing the deficit through cuts would have a devastating impact on Illinois' most vulnerable families, who are already being hit by service reductions.
- Some budget cuts are deeper and more painful than others—particularly when a child's fundamental well-being is very much at stake.
- Harmful cuts have already been proposed in a wide variety of programs that are critical to children and families' well-being, particularly in tough times.
  - These range from child care and after-school services to children's mental health initiatives and "parent-coaching" programs for new parents of at-risk infants and toddlers. These prevention-oriented programs help children avoid problems that are far more expensive, fiscally and socially, in the long run.
- A carefully crafted revenue increase would be a better plan for putting Illinois back on track to economic recovery than cutting direct services to kids and families, according to nationally renowned economists.
- These times of economic hardship are when Illinois' citizens and state leaders most need to take fiscally sound and responsible action and protect the well-being of children, families and communities.