



# BUDGET & TAX POLICY INITIATIVE

## POLICY BULLETIN

May 13, 2010

### STATE BUDGET UPDATE

Legislators left Springfield on May 7 without agreeing on a budget for the fiscal year that begins in July. They plan to return later this month to finish their work. Before temporarily adjourning, the Senate passed House Bill 859, budget legislation described by its proponents as funding programs at about the same levels as FY 2010. However, the full amount of money needed to execute that proposal is not available. The Senate essentially passed a budget that authorizes appropriations without providing the required revenue.

Under this approach, most state agencies would get lump-sum funding rather than line-item appropriations from the General Funds, much as was done last year. In addition, \$3.46 billion would be appropriated to the Governor's Office to distribute among agencies, with \$2.2 billion of it designated for human services. The allocation of lump-sum funding to specific programs will be largely determined by various federal and state mandates.

#### Appropriations for Selected State Agencies under House Bill 859

	FY 2011 appropriation (in \$ millions)	Change from FY 2010
Department of Human Services	2,543.7	-36.9%
Department of Children and Family Services	579.0	-33.1%
Department on Aging	313.9	-52.2%
Department of Public Health	97.4	-32.0%
State Board of Education	7,025.6	-3.9%
State universities	1,393.8	0.0%
Illinois Community College Board	331.9	-7.5%
Illinois Student Assistance Commission	425.0	0.0%
DHFS medical assistance	6,870.2	3.2%
To be allocated by Governor's Office	3,466.0	-----

#### Key Affected Program Areas

##### *Human Services*

- The Department of Human Services (DHS) would receive a lump sum of \$2.54 billion, which represents a 37 percent reduction from FY 2010. Nearly all DHS programs are at risk under this budget: child care services; community mental health services, including initiatives supported by the Illinois Children's Mental Health Partnership; developmental disability services; home-visiting programs supporting new parents; domestic violence and sexual assault programs; after-school efforts such as Teen REACH; and various youth services programs.
- The Department of Children and Family Services (DCFS) is slated for a 33 percent reduction under this bill. Last year, however, pending budget cuts for DCFS were restored by federal court order.
- Most other agencies providing human services — including the Department on Aging and the Department of Public Health — would also be cut substantially.

## *Education*

- In the Illinois State Board of Education (ISBE) budget, General State Aid and mandated categorical grants would be funded at FY 2010 levels. Most remaining grants — including the Early Childhood Block Grant, ISBE resources for the Children’s Mental Health Partnership, and bilingual education — would be funded through a \$371 million lump sum. This would represent a 43 percent reduction from combined FY 2010 funding for these and various other smaller programs.
- State universities and the Illinois Student Assistance Commission, which provides financial aid through the Monetary Award Program and other grants, would both get level funding.
- The Illinois Community College Board would receive a 7.5 percent reduction.

## *Health Care*

- In the Department of Healthcare and Family Services (DHFS), medical assistance programs would receive a 3 percent increase, which would be lower than anticipated enrollment growth. HB 859 does not include an appropriation for state employee group insurance (\$1 billion in FY 2010), which is also administered by DHFS.

## *Other State Agencies*

- Most other agencies would be slated for level funding or relatively small cuts, in the neighborhood of 5 percent or less.

## **Policy Implications**

If this budget were enacted, the full impact on state programs and services would be determined by the allocation of the Governor’s lump-sum appropriations. The Governor is not required to distribute the entire \$3.46 billion.

The shape of the final General Funds budget will also be affected by policymakers’ approach to the state’s pension obligations. Legislators are considering a variety of options regarding pension contributions for FY 2011 — from borrowing to deferring payments altogether. The final decision will determine the amount of money available to fund other programs.

The Senate also passed House Bill 2428, the “Emergency Budget Act of Fiscal Year 2011,” which gives the Governor broad discretion to allocate funding as he sees fit. Should this bill become law, some programs could be capped at a particular number of participants or dollar amount, and service-provider rates and eligibility requirements could be impacted. HB 2428 also authorizes General Funds borrowing from special state funds, as well as the issuance of bonds that would be financed with part of the state’s share of tobacco settlement funds.

The House of Representatives has not voted on either HB 859 or the Emergency Budget Act, and final details could change. Nonetheless, these bills provide an overview of the approach legislative leaders are considering — and which programs could be most at risk.

Finally, the legislation passed by the Senate would do nothing to reduce the state’s massive backlog of delayed payments to public school districts, state universities, human service providers, and local governments. According to the State Comptroller, this backlog totaled \$4.4 billion as of April, and it is expected to reach \$6 billion by the end of June.

---

*For more information, please contact:* Larry Joseph (312-516-5556, [ljoseph@voices4kids.org](mailto:ljoseph@voices4kids.org)) or Kelley Talbot (312-516-5572, [ktalbot@voices4kids.org](mailto:ktalbot@voices4kids.org))