A Stronger Illinois

A Chartbook on Budgeting for the Future by Investing in the Well-Being of Our Children, Families, and Communities

FISCAL POLICY CENTER
AT VOICES FOR ILLINOIS CHILDREN
We envision A Stronger Illinois —
A state of opportunity and widespread prosperity.
A state where our children, families, schools, businesses, communities, and local economies thrive.

To move towards this Illinois, we need to make decisions today that will shore up — not undermine — our future.

We need to raise the resources needed to pay our bills and make strategic investments that will yield high returns in the form of a stronger economy and avoided costs.

And we need to be disciplined in order to sustain these actions, knowing that the decisions we make today impact not only our own futures, but also that of our children and future generations.
The children of today are the workforce, parents, and taxpayers of tomorrow. Their well-being is the thing that will most determine our future economic and social success.

A large and increasing number of our children — through no fault of their own — are not receiving the early investments they need to set them up for a lifetime of success. This includes:

- Nutritious food
- Parents with steady, good-paying jobs
- Health care and a regular family physician
- Quality child care and early education
- Safe communities

Source: Kids Count 2014, Annie E. Casey Foundation
When a child’s basic needs aren’t satisfied, their present and future well-being suffers. And failure to improve the well-being of these young lives is costly to all of us.

In contrast, ensuring a better start for Illinois children is an investment that yields high returns of a stronger economy and avoided costs, and also has the potential to increase with each successive generation.

**Investments in A Stronger Illinois**

- Access to health services and quality of care that support children’s physical, cognitive, and social-emotional development.
- Tax credits that allow low- and moderate-income families to keep more of their earnings so they can afford to keep working.
- Affordable, quality child care for low-income families so parents can keep working and provide basic necessities for their children.
- Increased access to high-quality preschool so all children enter kindergarten ready to learn.
- A public education system that provides all children opportunities to develop the skills needed to succeed in a complex global economy.
- Safe places for our children and youth to go after school that bolster their success from kindergarten to college and into their careers.
- Increased college access for more students, helping them find good-paying jobs and creating a stronger workforce.

Over the past several decades, Illinois has increased the investments made in our children’s well-being. These investments have resulted in dramatic gains for our state, including sharp reductions in the number of children who lack health insurance and tens of thousands more children who can attend preschool.
However, poor policy choices have undermined and continue to threaten these critical investments, compromising the well-being of our children and eroding the foundation of Illinois’ future prosperity.
To make matters worse, the state is now losing billions of dollars in revenue due to the 25 percent decrease of the income tax rates as of January 1, 2015. There now is a gigantic hole in Illinois’ budget that will be virtually impossible to fill without a new round of deep and painful cuts to all non-mandated areas of the budget, including critical investments in child well-being.¹

The loss of billions of dollars in revenue from the recent decrease in income tax rates is equal to a cut of 25 - 33% for all non-mandated parts of the budget, including many critical investments in improving child well-being.

Cuts to investments in children’s well-being would cause immediate harm. The long-term consequences could be even more devastating:

- **Chronic stress from poverty that permanently impacts brain development, impairing later learning and economic outcomes.**
- **Insufficient school readiness, leading to increased costs for remedial and special education.**
- **A less educated and competitive workforce.**
- **Lost future productivity and tax revenues.**

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¹ A detailed explanation of the Fiscal Policy Center’s estimates of cuts needed to balance the budget in fiscal year 2016, which begins July 2015, can be found at www.voices4kids.org/estimatedcuts/.

### Sample Impact of Cuts on Children and Families

<table>
<thead>
<tr>
<th>Impact</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Families not receiving support to avoid homelessness</td>
<td>1,000</td>
</tr>
<tr>
<td>Children losing access to affordable child care</td>
<td>35,000 - 47,000</td>
</tr>
<tr>
<td>Children losing access to preschool</td>
<td>17,000 - 23,000</td>
</tr>
<tr>
<td>Funding lost for K-12 education</td>
<td>$1 billion</td>
</tr>
<tr>
<td>Youth losing access to afterschool opportunities</td>
<td>3,700 - 4,900</td>
</tr>
<tr>
<td>Low-income students denied college tuition assistance</td>
<td>35,000 - 46,000</td>
</tr>
</tbody>
</table>
In doing the important work of crafting balanced budgets and creating financial stability, it is a mistake to sell out the current well-being of our children and the future well-being of our state.

There are responsible solutions to the state’s financial challenges that will put us on the path towards a stronger Illinois:

- **Raise the revenue our state needs to pay its bills and make strategic investments in the well-being of our children and the future of the state.**

  New revenue should be raised in a manner that asks everyone to pay their fair share — Currently, [Illinois' tax system](#) requires those struggling just to make ends meet to pay a higher share of their income in total taxes than the wealthy.

- **Stimulate economic growth by investing in the tried-and-true building blocks of economic growth — like schools, safe communities, and transportation.**

  As good as they may sound, [tax cuts have a negligible effect on creating jobs and building a strong economy](#), and in many cases [harm state economies](#). Businesses grow with increased consumer demand and locate in places where employees want to live.

- **Cost-savings from increased government efficiency should be realized where there are opportunities to do so.** However, Illinois can’t solve the fiscal challenges it faces through reduction in spending alone and shouldn’t cut the investments necessary to strengthen our economy and build a stronger Illinois.
To build a stronger Illinois, we must invest in the well-being of our children and the families and communities in which they develop.

To build a stronger Illinois, the policy choices we make now must shore-up and not undermine these investments.