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Sargent Shriver National Center on Poverty Law

If Housing Matters, Then Revenue Matters: State Budget Advocacy

*John Bouman, President
Sargent Shriver National Center on Poverty Law
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Shriver Center

- Mission: provides national leadership in advancing laws and policies that secure justice to improve the lives and opportunities of people living in poverty
- Advocacy, communications, training
- Housing Justice program -- Kate Walz (director) and Jeremy Bergstrom
- Budget and Tax program – John Bouman and Dan Lesser

The General Funds Budget

- Disclaimer: numbers here from 2013 and not precise; concepts and magnitude
- General funds – checkbook = \$34-35B
- Whole budget = about \$66B
- General funds budget is 90% healthcare, human services (including housing), education, higher ed, public safety
- Balance is capital spending and special funds (e.g., road fund)



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Major General Fund Spending (2013)

- Fixed costs (debt, pension): \$9.3B
- Pre-K to 12 Education: \$6.9B
- Health Care: \$6.7B
- Human Services: \$4.1B
- Government Services: \$2.1B
- Public Safety: \$2.1B
- Higher Education: \$2.0B
- Total: \$34.2B



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Major General Funds Revenues (2013)

- Individual Income Tax -- 44.9%
- Sales Tax -- 21.8%
- Federal Sources -- 11.7%
- Corporate Income Tax – 7.4%
- Public Utility – 3.2%
- Lottery and Riverboat Gaming – 2.9%
- Other – 8.1%



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Structural Deficit – Revenue Problem

- Historic consensus on spending priorities
- Spending trending down
- Revenue system poorly designed – both inadequate and unfair
- Inadequate: revenue does not grow with inflation; thus increasingly behind spending inflation – alligator jaws
- Unfair: among most regressive in the nation; poor pay much more as pct. of household income



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Consequences of Structural Deficit

- Unpaid bills
 - First Blagojevich budget cites \$5B deficit
- Nationally lowest state contribution to public education (pressure on property tax)
- Over-borrowing
- Cut human services staff and programs
- Fail to meet needs or make key investments
- Gimmicks: lottery, sell the lottery, gambling boats, sell the toll way, fund sweeps



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That was before the recession...

- Chronic crisis became train wreck
- Mounting unpaid bills
- Annual cuts to important human services
- Raids on special funds – e.g., Low Income Housing Trust Fund
- Medicaid cuts
- Pension reform process



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Responsible Budget Coalition

- Common self interest – very big tent
- Principles: Adequate revenue to fund state priorities and make smart investments; no more cuts; fairness in raising revenue and in making any cuts
- Huge field, communications, policy and legislative effort
- 2011 temporary income tax increase

2011 Revenues Immensely Helpful

- State bond rating moved from “negative” to “stable”
- \$10B in additional cuts or unpaid bills avoided in FY2011 and FY2012
- Unpaid bills reduced by \$6B between FY2010 and FY2014 (60%)
- Healthcare reform proceeded
- Jobs were saved
- People in need were served



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Even With the 2011 Revenues...

- Illinois a low-spending state – $\frac{3}{4}$ of states spent more as % of residents' income
 - Illinois has cut spending on vital priorities for years. Between FY09-FY14:
 - K-12 down 17%
 - Higher Ed down 18% (MAP down 12%)
 - Pre-school down 30%
 - Community Mental Health down 26%
- Housing – cuts or raids on Trust Fund



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FY15 Budget – Disaster in Waiting

- 2011 Revenue rolls back January 1
- \$2B scheduled to be lost as result
- Did not vote to extend the 2011 revenues
- But also did not make corresponding cuts
- Used borrowing and gimmicks to get through election
- January disaster looms unless...
- Revenue is extended in the legislative sessions after the election



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Longer Term Problems, Too...

- FY16 and beyond -- \$5B in lost revenue
- Repay this year's emergency loans with interest
- Corresponding cuts
- Reverse progress on paying bills
- Bond rating downgraded
- No progress on larger problem of the structural deficit and tax fairness



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Where Do Things Stand?

- General Assembly must make 2011 revenue permanent or replace the revenues
- Governor Quinn supports
- Candidate Rauner – revenue should expire but maybe needs to be over four years
- General Assembly – needs work, worried about reaction of voters

- NEED TO HEAR FROM CONSTITUENTS



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Action During Election Season

- 501(c)(3) cannot take sides; can advocate on issues
- RBC: endorse, join committees, use fact sheets, respond to alerts
- Demonstrate how state funds used and needed – cannot afford cuts
- Ask for specifics from candidates
- Ask for support against cuts and in favor of adequate revenue to avoid cuts
- Ask position on extending 2011 revenue level

Action After Election

- Increase intensity – legislative phase right up to swearing in of new GA and Gov in mid-Jan
- RBC: endorse, respond to alerts, take recommended actions, use fact sheets
- Continue to demonstrate need and resist any further cuts
- Call in promises made during election
- Write to local papers
- Visit legislators in district over holidays
- Call, email, write to delegation



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You Are Difference-Making

- The opposition generates many calls and emails from its zealots
- The effort needs full participation
- **WHATEVER** you can do matters
- The effort needs a strong outside game just as much or more as it needs skillful advocacy under the Dome
- Do not spectate, this matters to you and to the mission of every organization in this room



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Citations

- “The Illinois State Budget and Tax Primer”, and various other publications, Center for Tax and Budget Accountability, www.ctbaonline.org
- Various publications, Voices for Illinois Children, Fiscal Policy Center, www.voices4kids.org



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