



A stronger Illinois begins at home

Impact of State of Illinois FY15 Budget Fix on Programs to Create Affordable Housing and End Homelessness

On March 27, Governor Rauner signed into law a bipartisan budget agreement to address the FY15 budget shortfall for the remainder of the current fiscal year, which ends June 30, 2015. It was vitally important that a “fix” was developed to address the current year budget shortfall for programs like childcare subsidies, but it is troubling that much of the “savings” comes from continuing to reduce funding for “safety net” programs, such as those that create affordable housing and end homelessness.

Impact of Programmatic Budget Cuts

The agreement cuts funding for most General Revenue Fund line items by 2.25%, which in practice is a 9% cut for the final quarter of the fiscal year. Programs subject to the cuts include Supportive Housing Services, Homeless Youth and Homeless Prevention. The total cut from these programs was approximately \$735,500.

Impact of Fund “Sweeps” on Affordable Housing Trust Fund

The Affordable Housing Trust Fund is the state’s dedicated resource to create and preserve affordable housing. Creating and preserving affordable housing is the most important thing the State of Illinois can do to support efforts to end homelessness.

The budget agreement also “sweeps” funds from many dedicated revenue funds to help cover the budget shortfall. While most of the transfers aren’t from funds that meet basic human needs, some of the funds do, such as the Illinois Affordable Housing Trust Fund, which was subject to a \$6 million fund transfer.

Based on revenue collected this fiscal year to date, we estimate that total revenue for Trust Fund will be slightly more than \$42 million in FY15. As \$13.1 million is also being diverted from the Trust Fund to pay for human service programs historically paid for with General Revenue Funds (Emergency and Transitional Housing, Homeless Prevention and Homeless Youth), the \$6 million transfer means that 45% of the Trust Fund resources in FY15 are being used for purposes other than to create and preserve actual affordable housing units.

Increasing Revenue is Needed for a Responsible FY16 Budget

Housing Action Illinois is part of the Responsible Budget Coalition that is fighting against a state budget proposal from Governor Rauner that attempts to solve Illinois' longstanding budget crisis primarily through budget cuts to programs that meet basic human needs for people with the lowest incomes (including housing, health care, child care and much more). The budget proposal is grossly unfair, in that only people struggling just to get by bear the burden of the cuts and it lacks revenue enhancements that asks a bit more from people and companies with higher incomes.

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