If Housing Matters, Then Revenue Matters: State Budget Advocacy

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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)
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
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%
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
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
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
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
Even With the 2011 Revenues…

• Illinois a low-spending state – ¾ 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
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
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
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
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
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
Citations

• “The Illinois State Budget and Tax Primer”, and various other publications, Center for Tax and Budget Accountability, www.ctbaonline.org
