Statewide Public Policy Caucus
Heartland Community College – Normal, Illinois
June 22, 2017

Welcome

State Policy & Budget Update

Panel Discussion: Health & Safety Trainings
Dan Harris, Illinois Network of Child Care Resource & Referral Agencies
Marcy Mendenhall, SAL Family and Community Services
Pat Twymon, Wee are the World Home Day Care

Lunch

Federal Budget Update

Panel Discussion: Federal Policy Initiatives
Ireta Gasner, Ounce of Prevention Fund
Theresa Hawley, Illinois Action for Children
Kaylan Szafranski, EverThrive Illinois

Call to Action
Agenda

- Legislative Session Recap
  - ECE legislation
- State Budget Update
- What to Expect in the Coming Months

(Photo: Facebook, Illinois Action for Children)
Earlier this year, IAFC outlined a lofty policy agenda to address a range of ECE issues:
- Pass FY17 and FY18 Budgets
- Restore Access to CCAP
- Prevent Expulsions in Early Childhood Settings
- Support Early Childhood and K-12 Partnerships
- Maintain Investments in School Readiness Initiatives
Session Recap: IAFC Policy Priorities

- IAFC has been dedicated to advancing our priorities through:
  - Drafting and negotiating legislation
  - Collaborating with advocacy partners
  - Meeting with providers, state agencies, and other stakeholders
  - Engaging providers in advocacy

Senator Toi Hutchinson and IAFC’s Samir Tanna testify on SB1705 in Senate Human Services Committee. (Photo: Twitter, Illinois Senate Democrats)
Session Recap: ECE Legislation

HB3213 (Representative Wallace – Senator Hutchinson)

- Restores access to the Child Care Assistance Program (CCAP) for parents enrolled in non-TANF education and training programs
  - Adds education/training to priority populations for eligibility
  - Protects against disruptions in their education if eligibility is ever restricted in the future

- Illinois Action for Children estimates this would restore eligibility for at least 2,700 families and 4,000 children

- HB3213 passed the Senate with strong bipartisan support (51-0)

- IAFC is hopeful that the Governor will sign HB3213 into law
Session Recap: ECE Legislation

HB2663 (Representative Stratton – Senator Lightford)

- Ensures best practices in early childhood settings by prohibiting expulsions in licensed child care and programs receiving funds from the Illinois State Board of Education (ISBE)

- The legislation puts in place a process for providers, including:
  - Documentation
  - Attempting to access available resources
  - Engaging families in intervention and transitions

- Puts in place a system for data collection, which will help us understand the need for additional resources

Session Recap: ECE Legislation

HB2663 (Representative Stratton – Senator Lightford)

- Passed with strong bipartisan support in both House and Senate
  - HB2663 has been sent to the Governor

If HB2663 is signed into law, the Department of Children and Family Services (DCFS) will set specific guidelines and implementation details for licensed child care facilities through the rulemaking process.
Session Recap: ECE Legislation

HJR24 (Representative Willis – Senator Bertino-Tarrant)

- Creates Kindergarten Transition Advisory Committee
- Committee will develop legislative framework to encourage alignment between early childhood and K-12
- Encourage best practices for supporting transitions, such as:
  - Shared professional development opportunities
  - Data collection and data sharing
  - Family engagement
Session Recap: ECE Legislation

HB2426 (Representative Flynn Currie – Senator Aquino)

- Cleans up CPS Early Childhood Block Grant statute to clarify that block grant requirements are aligned statewide
  - ECBG funds are used to supplement, not supplant, other funds already being used for early childhood programs
  - Requirement for 25% of any new funds to be dedicated to birth-to-three programs is the responsibility of both CPS and ISBE
Session Recap: ECE Legislation

HB3167 (Representative Stratton – Senator Collins)

- Requires IDHS to conduct study to determine adequate compensation levels to attract, support, and retain quality early childhood workforce
  - Cost of Quality study or amend existing IDHS survey(s) to capture the required information
- Use the information to set base payment rates for CCAP
Next Steps for ECE Legislation

- We expect Governor Rauner to sign all ECE legislation
  - Still waiting for HB3213 and HB3167 to be sent to Governor, but the rest have been sent and should be signed soon

- IAFC will inform members of major changes and important news
  - When families in education and training gain eligibility
  - When expulsion rules are proposed, adopted
State Budget Update

(Photos: Facebook, Illinois Action for Children)
State Budget Update

- General Assembly finished regular legislative session on May 31 without passing a budget for the 3rd year in a row.
  - Governor Rauner called for special session June 21 – June 30
    - Fiscal Year 2018 begins July 1
  - Now, it will take a 2/3 majority vote to pass a budget
    - Requires bipartisan support
Final Weeks of FY17

- **$15.1 billion backlog of bills** (Office of the Comptroller, 6/19/17)

- Several vital services, including IDHS Home Visiting programs, have not received payments in 2017

- Even services with appropriations, like P-12 education, are struggling, because of delayed payments

Williamson County early childhood advocates fighting to keep their pre-k programs open at Early Childhood Advocacy Day

(Photo: Facebook, Illinois Action for Children)
Governor's proposed FY18 budget has increases for many ECE services. These increases are in line with IAFC’s budget requests, reflecting increased costs associated with upcoming federal requirements for some programs and addressing unmet needs in others.

However, these critical investments can only be made when there is adequate revenue to pay for it. Every day without a budget, the backlog grows, requiring even more revenue and cuts to reach a balanced budget.

<table>
<thead>
<tr>
<th>Program</th>
<th>FY16 Actual (GRF)</th>
<th>FY17 Estimated (GRF)</th>
<th>FY18 Proposed (GRF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child Care</td>
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Data Source: Governor’s Office of Management and Budget, Illinois State Budget Fiscal Year 2018
FY18: Senate Budget

- Senate spent much of session negotiating a bipartisan “Grand Bargain” – mix of revenue, cuts, and reforms
  - Negotiations stalled numerous times

- Senate passed budget and revenue bills in the last week of May, with no Republican votes
  - House has not taken action on budget bills

SB6 – FY17 Supplemental & FY18 Appropriations
- FY17 supplemental appropriations for human services and higher education
- Increases to Child Care and ECBG for FY18
- Flat funding for EI and Home Visiting for FY18

SB9 – Revenue
- Increases personal income tax rate from 3.75% to 4.95%
- Increases corporate income tax
- Broadens tax base to include taxes on certain services
- Increases EITC to 15% of federal credit over 5 years
FY18: Senate Budget

The increase to child care in SB6 is not as large as the Governor's proposed increase, but given FY17 estimated spending and the decreased caseload, the amount in SB6 should sufficiently cover FY18 child care expenses.

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Data Sources: Governor’s Office of Management and Budget, Illinois State Budget Fiscal Year 2018; Illinois General Assembly, Senate Bill 6
FY18: Republican Budget

- Last week, Senate and House Republicans introduced a package of spending and reform bills
  - SB2214 – FY17 and FY18 appropriations

- The Republican budget plan is based on the increased revenues that the Democrats passed in SB9, but with some major changes
  - Temporary income tax increase (4 years) instead of permanent

- Governor has indicated he would sign this budget package if passed
FY18: Republican Budget

SB2214 has increases to child care and ECBG and cuts to Early Intervention and Home Visiting

- Increase to child care is about $77 million, which is significantly lower than the Governor’s proposal and the budget passed by the Senate Democrats

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Data Sources: Governor’s Office of Management and Budget, Illinois State Budget Fiscal Year 2018; Illinois General Assembly, Senate Bill 6; Senate Bill 2214
FY18 Proposals: Child Care

Child Care Assistance Program (CCAP)
General Revenue Fund Spending FY16-FY18

Data Sources: Governor’s Office of Management and Budget, Illinois State Budget Fiscal Year 2018; Illinois General Assembly, Senate Bill 6; Senate Bill 2214
Looking Ahead: Summer & Fall 2017

- If little progress is made on a full budget by July, we will need a bill authorizing distribution of federal pass-through funds
  - Child care centers and CCR&Rs are being paid with federal pass-through dollars

- The past two years, we have seen a stand alone education budget when there is no full budget
  - Some legislators have hinted at possibly not supporting this year – as a way to keep pressure on budget negotiations to make sure schools open in the fall

- Veto session in November
Upcoming Events

- **Early Childhood Health Call-In Day – June 23**
  - In partnership with Protect Our Care Illinois
  - Early childhood advocates will take action to preserve children’s access to health care
  - Calls to Congress to oppose cuts to Medicaid that would harm millions of Illinois children
  - Spread the word! #ILSaveACA #SaveMedicaid

- **Partner Plan Act Webinar – June 28 – 10:00–11:15AM**
  - Connecting child welfare and early childhood systems: How can cross-sector partnerships improve services and outcomes for children?
  - Register at www.partnerplanact.org
Contact the Policy Team

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Federal Policy Updates
Mercedes González
June 22, 2017
Agenda

- Federal FY17 Spending Bill
- Trump’s FY18 Proposed Budget
- What to Expect in the Coming Months
  - Tax Reform
  - Reauthorization Bills
  - AHCA Vote
- Policy Basics
  - Possible Medicaid Reforms
  - Block Grants vs Entitlement Programs
  - Tax Policy

(Photo: Facebook, Illinois Action for Children)
Federal Spending Bill for FY17

- $1.18 trillion in total spending
  - $515.5 billion for non-defense discretionary programs

- Child Care & Development Block Grant - $95 million increase
  - To adequately fund CCDBG, we needed $1.1 billion

- Head Start - $85 million increase
  - $5 million will be for Early Head Start partnerships

- Nutrition Programs
  - Women, Infants, and Children (WIC) - flat-funded at $6.35 billion
  - Child Nutrition Programs - $644 million increase
  - Supplemental Nutrition Assistance Program (SNAP) - $2.4 billion decrease
Federal Spending Bill for FY17

- 21st Century Community Learning Centers - $25 million increase
- Preschool Development Grants – Flat funded at $250 million
- Department of Education
  - $1.2 billion cut
  - Individuals with Disabilities Education Act (IDEA) is flat funded
    - Part B (3-21 years old): $368 million
    - Part C (0-2 years old): $459 million
Trump Administration’s FY18 Budget Proposal

- Released in late May for FY18 beginning on October 1st
- Large cuts to non-defense discretionary programs
  - Cut NDD spending by 2% each year in order to reduce the deficit and increase Defense spending
- Main goals -
  - Reform social welfare programs
  - Shift costs to states
Department of Health & Human Services (HHS)

- Head Start
  - Funding cut by $85 million
  - Total: $9.17 billion
  - Same as FY16

- Child Care & Development Block Grant (CCDBG)
  - Funding cut by $95 million
  - Total: $2.76 billion
  - Same as FY16

- Social Services Block Grant – eliminated
  - Funds are also used for child care

- Temporary Assistance for Needy Families (TANF)
  - Proposed funding cut of $21.6 billion over 10 years (13% cut)

- Low Income Home Energy Assistance Program (LIHEAP) - eliminated
Department of Health & Human Services (HHS)

- Medicaid Program
  - Reduce spending by $610 billion over 10 years
  - Providing states the option to create:
    - Block grant
    - Per Capita Cap program

- Children’s Health Insurance Program (CHIP)
  - Reauthorizes program for 2 years until 2019
  - Reduce the enhanced Federal Matching Percentage for Illinois from 88 percent to 65 percent
  - Reduce eligibility from 300 percent of FPL to 250 percent of FPL
  - Increase state flexibility
Medicaid and ALL Kids (CHIP) serve Illinois’s most vulnerable children.

A large share of at-risk children rely on public coverage, as reflected by the percentage of Illinois children in each group below that depend on Medicaid and ALL Kids (CHIP) for health care they need to thrive:

- **84%** - Children living in or near poverty.
- **45%** - Infants, toddlers, and pre-schoolers during the early years that are key to their healthy development and school readiness.
- **42%** - Children with disabilities or other special health care needs such as juvenile diabetes, congenital heart conditions, or asthma.
- **100%** - Children in foster care who face poverty, family dysfunction, neglect, and abuse that result in high rates of chronic health, emotional, and developmental problems.
- **50%** - Newborns in families to assure a healthy delivery and strong start during their critical first year of life.

Source: Center for Children & Families, Georgetown University Health Policy Institute
Supplemental Nutrition Assistance Program (SNAP)
- $193 billion cut over 10 years
- Stricter work requirements
- Changes to the Federal match
  - By 2020, state match of 10%
  - By 2023, state match of 25%
    - According to CBPP, Illinois would have to spend approximately $5.297 Billion / 10 years

Women, Infants, and Children (WIC)
- Funding cut by $200 million
Department of Education

- Individuals with Disabilities Education Act (IDEA)
  - Part B (3-21 years old): $367.5 million
  - Part C (0-2 years old): $345.7 million

- Pre-School Development Grants
  - Reauthorized by ESSA in 2015
  - Defunded
<table>
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<tr>
<th>Program/Proposal</th>
<th>Ten-year cuts¹ (in billions of dollars)</th>
</tr>
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<tbody>
<tr>
<td>Affordable Care Act (ACA) repeal</td>
<td>-$1,250.0</td>
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<tr>
<td>Additional Medicaid cut</td>
<td>-$610.0</td>
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<tr>
<td>Supplemental Nutrition Assistance Program (SNAP)</td>
<td>-$193.2</td>
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<tr>
<td>Temporary Assistance for Needy Families (TANF)</td>
<td>-$21.8</td>
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<tr>
<td>Eliminate the Social Services Block Grant (SSBG) and shift some of its expenditures to Foster Care and Permanency</td>
<td>-$16.5</td>
</tr>
<tr>
<td>Supplemental Security Income (SSI)</td>
<td>-$9.0</td>
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<tr>
<td>Child Tax Credit (CTC) and Earned Income Tax Credit (EITC)²</td>
<td>-$28.0</td>
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<tr>
<td>Other mandatory</td>
<td>-$6.8</td>
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<tr>
<td>Estimated cut in discretionary low-income programs</td>
<td>-$400.5</td>
</tr>
<tr>
<td>Eliminate subsidized student loans³</td>
<td>-$38.9</td>
</tr>
<tr>
<td><strong>Total low-income cuts³</strong></td>
<td><strong>-$2.5 trillion</strong></td>
</tr>
</tbody>
</table>

¹ Net impact on spending, including small increases for some programs and excluding effects on tax receipts.
² The total CTC and EITC cut equals $40 billion, consisting of $28 billion in outlay reductions and $12.5 billion in tax increases.

Source: Center for Budget and Policy Priorities
Additional Budgetary Reforms

- CCAMPIS program is eliminated
- Job Training Program Grants are cut by 40 percent
- Plan to expand the standard deduction under the Child & Dependent Care Tax Credit – details unknown
- Parental Leave Plan
  - 6 weeks paid leave for both parents
  - Paid for my reforms to states’ Unemployment Insurance programs
What to Expect Next?

- Tax Reform
  - Child Care Tax Plan

- Programs up for reauthorization in 2017
  - Children’s Health Insurance Program (CHIP)
  - Maternal, Infant, and Early Childhood Home Visiting (MIECHV)

- American Health Care Act (AHCA) vote is likely to occur next Thursday
  - Bill was scheduled to be released today
Early Childhood Health Call-In Day

- **June 23rd** – call-in day to let our legislators know about the importance of protecting children’s access to health care, which is in jeopardy
  - 1 in 2 children in Illinois receive health care through Medicaid

- Spread the word!
  - #ECHealthDay
  - #ILSaveACA
  - #SaveMedicaid
QUESTIONS?
Affordable Care Act (ACA) vs. American Health Care Act (AHCA)

- Medicaid is an entitlement program
  - Everyone who is eligible, receives services
  - Cost sharing between the federal & state governments
    - Federal Matching Percentage for each state

- Option 1: Block Grant
  - Specific amount of funds set aside to be split among the 50 states
  - Allows for more state flexibility
    - States can set eligibility restrictions
  - Funding does NOT increase with need
  - Temporary Assistance for Needy Families (TANF)
Affordable Care Act (ACA) vs. American Health Care Act (AHCA)

- **Option 2: Per Capita Cap**
  - Limit on how much the federal government will reimburse states for each enrollee
  - Would reflect changes in enrollment unlike a block grant
  - Would not reflect changes in the cost of care
  - Gives states flexibility
    - BUT – may restrict medical services provided and change provider reimbursement rates
    - May implement cost-sharing between the state and the enrollee
### Block Grant vs Entitlement Program

**Temporary Assistance for Needy Families (TANF)**
- Due to state flexibility, less states are spending TANF funds on cash assistance/job training programs
- Since 1996, TANF has been level-funded
  - Funding has not even increased with inflation
  - TANF has become less effective/impactful over time because it reaches fewer families
  - FY1997 funding: $16.5 b
  - FY2016 funding: $16.5 b

**Supplemental Nutrition Assistance Program (SNAP)**
- Benefits are funded by the federal government
  - States have little flexibility to determine eligibility
  - Funding is responsive to need
    - FY2007: $33 billion
    - FY2010: $68 billion
Tax Credits

- **Tax Credit**
  - Individual/families **may** receive a refund if the credit is more than the amount of taxes owed
  - i.e.: Earned Income Tax Credit vs Child & Dependent Tax Credit

- **Tax Deduction**
  - Reduces the amount of income that can be taxed by the government
  - NOT refundable

- **Dependent Care Savings Account** - *(Trump proposal)*
  - Special account individuals/families can use to set aside money
  - Tax-free account
  - Can **only** use the funds for eligible expenses
QUESTIONS?