FY16 Legislative Session Webinar

Illinois Action for Children

June 8, 2015
Agenda

• Overview of Revenue for FY15 and beyond
• FY15 Child Care Funding Crisis
• Governor Rauner’s Proposed FY16 Budget
• FY16 Budget Status
• Child Care Cuts Proposed on June 2, 2015
Overview of Revenue for FY15

• The state income tax rate went from 5% to 3.75% on January 1, 2015

• Impact on the FY15 Budget
  – The FY15 budget began the year about $2B lower than what’s needed to maintain the current level of programs
  – In addition, there continues to be a historical backlog of unpaid bills
  – Lawmakers took no budget or revenue action
FY15 Child Care Funding Crisis

- Child Care needed nearly $300 million to continue services in early 2015.
  - Underfunded by $84 million
  - Increased Caseload
  - Consistent Movement of Families to higher quality care
  - CCMS Issues

- Early Intervention was underfunded by $12 million
General Assembly passed HB 317 ad HB 318, solving the Child Care Funding Crisis for FY15.

– $1.3 billion in fund sweeps
– $300 million in cuts represented in a 2.25% cut to most grant programs
FY15 Child Care Funding Crisis

• Final Appropriation Levels for Early Childhood Programs:
  • Child Care - $494 million
  • Early Intervention - $85 million
  • Early Childhood Block Grant - $293 million
  • Bilingual Education - $62 million
Questions on FY 15?
Governor’s Proposed FY16 Budget

• Governor Rauner proposed:
  • $2.9 billion in pension and group health cuts
  • $1.3 billion in reduced revenue sharing to local gov’t entities
  • $1.5 billion in cuts to Medicaid
  • $900 million in other cuts — e.g. DHS, DCFS, public health, etc.
Governor’s Proposed FY16 Budget

• Governor’s Proposed Cuts to Child Care
  – $156 million cut to $338 million
  – Freeze intake for all children over age 5
  – Increase parent copays
  – Eliminate Relative Care

• Early Intervention
  – $23 million cut to $63 million
  – Reduce eligibility from 30% to 50% delay
Governor’s Proposed FY16 Budget

• Governor Proposed a $340 million Increase to the P-12 Education Budget:
  – $25 million restoration for the Early Childhood Block Grant (PFA/PI)
  – $290 million increase to General State Aid
  – Flat funding for Bilingual Education

• Other Proposed Cuts
  – Elimination of Teen REACH, Homeless Prevention Services
  – $147 million cut to DCFS
  – 31% cut to Higher Education
Governor’s Proposed FY16 Budget

• Proposed pension cuts impossible to achieve in FY16

• Cuts-only approach will have a lasting negative affect on families
FY2016 Budget Status

• Before the May 31st deadline, House and Senate Democrats passed an FY16 Budget.
• Annualizes $2.25% cut for most programs
• No Republican Support
• Budgets are currently being held by leaders for summer negotiations
Illinois Action for Children is a catalyst for organizing, developing and supporting strong families and Powerful communities where children matter most.

FY2016 Budget Status

Early Childhood
- $480 million for Child Care
- $82.5 million for Early Intervention
- $63 million for Bilingual Education
- $318 million for ECBG
- $13 million for Teen REACH
- $16.5 million for Home Visiting Programs
FY2016 Budget Status

P-12 Education Budget
- $265 million increase
- $25.3 million increase to ECBG
- $1.5 million increase to Bilingual Education
- $215 million increase to GSA

$15 million cut for DCFS
FY2016 Budget Status

• Key dates:
  – July 1st - Beginning of FY16
  – July 15th – First State Payroll in FY16 is due
  – August 20th - First payments to schools due

• Agencies cannot obligate funds they have not been appropriated – so no guarantees if services provided after July 1st will be reimbursed
Revenue

• Budget is incomplete without a companion revenue package

• Many revenue options have been presented – but no action taken
Governor’s Proposed Cuts – June 2, 2015

• Child care proposed changes include:
  – Increase parent co-pays
  – Stop intake for new families and create a waiting list
  – Require background checks for relative care-givers
Next Steps

• Legislature has been called into special session
• Governor wants non-budgetary issues (turn-around agenda) to be discussed before agreeing on a budget with revenue
• Stay tuned for alerts to take action and updates
• Governor’s press release on June 2nd suggest cuts are coming regardless of whether there is a budget or not on July 1.
Join Us

• State Policy Caucus on June 23rd in Peoria
  Registration now open on our website
  www.actforchildren.org

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  www.facebook.com/ILaction4children

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Questions?