



BUDGET & TAX POLICY INITIATIVE

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ALTERNATIVE STATE BUDGET PLANS FOR FY 2012

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In mid-May, the Illinois House of Representatives and the Illinois Senate each passed a set of appropriations bills for FY 2012. These budget plans follow the Governor's proposed budget (released in February), adoption of revenue estimates and aggregate spending limits by each legislative chamber, and deliberations by House and Senate appropriations committees. In the aggregate, General Funds appropriations in the House budget are about \$1 billion lower than those in the Senate budget. This difference largely stems from different revenue estimates adopted by the two chambers. The Senate's estimates are derived from the Commission on Government Forecasting and Accountability, a bipartisan legislative agency that has statutory responsibility for providing revenue estimates to the General Assembly. The House estimates are based on projections from the Governor's Office of Management and Budget.¹

Table 1 shows funding levels for major state agencies under budget plans proposed by the Governor, House, and Senate. The data represent more than 90 percent of total agency appropriations from the General Funds. The Senate would provide substantially more funding than the House for the departments of Healthcare and Family Services, Human Services, and Corrections. House appropriations would be higher than Senate appropriations for state universities and the Department on Aging.

TABLE 1: Proposed FY 2012 General Funds Appropriations for Major State Agencies (in \$ millions)

	Governor				House			Senate			Diff. Senate - House
	FY11 Revised budget	FY12 Gov. budget	Chg. from FY11	Pct. chg.	FY12 House budget	Chg. from FY11	Pct. chg.	FY12 Senate budget	Chg. from FY11	Pct. chg.	
State Board of Education*	7,435	7,245	-190	-3%	6,851	-585	-8%	6,914	-522	-7%	63
State universities	1,309	1,309	0	0%	1,294	-15	-1%	1,246	-63	-5%	-48
Illinois Student Asst. Commission	425	450	25	6%	407	-18	-4%	447	22	5%	40
Illinois Community College Board	358	358	0	0%	361	3	1%	370	11	3%	9
DHFS medical assistance**	6,825	7,439	614	9%	6,902	77	1%	7,481	656	10%	579
Department of Human Services	3,803	3,318	-485	-13%	3,210	-594	-16%	3,459	-344	-9%	250
Excluding child care services***	3,101	3,034	-68	-2%	2,928	-173	-6%	3,175	74	2%	247
Dept. of Children & Family Services	833	840	7	1%	809	-25	-3%	840	7	1%	32
Department on Aging	629	799	170	27%	737	109	17%	702	73	12%	-36
Department of Public Health	141	137	-4	-3%	132	-9	-6%	140	-1	0%	8
Department of Corrections	1,210	1,278	68	6%	1,167	-43	-4%	1,272	62	5%	104
Illinois State Police	277	275	-2	-1%	270	-6	-2%	274	-3	-1%	4

* FY11 includes \$415 million in federal recovery funds (Education Jobs Fund).

** DHFS = Department of Healthcare and Family Services.

*** In the Governor's FY12 budget, \$418 million in funding for child care services is shifted outside the General Funds.

¹ See "[General Funds Revenue Estimates for FY 2012: Implications for Fiscal and Social Responsibility](#)" (Budget & Tax Policy Initiative, Voices for Illinois Children, March 2011).

State Board of Education

- The Senate budget would maintain General State Aid (GSA) at the FY 2011 level, while the House plan would reduce GSA by \$152 million. In either case, local school districts would lose \$415 million in extra FY 2011 resources from federal recovery funds.
- Grants for special education would be close to the FY 2011 level in the House budget but would be \$146 million lower in the Senate plan.
- The Early Childhood Block Grant, which was cut by 10 percent in FY 2010, would be reduced another 5 percent in the House budget. The Senate would keep funding at the FY 2011 level.
- Funding for the ISBE component of the Children's Mental Health Partnership has been cut 45 percent since FY 2009. The House would provide level funding for FY 2012, while the Senate plan contains a 10 percent reduction.

Department of Healthcare and Family Services

- The Governor's FY 2012 budget for DHFS reflects a 6 percent reduction in reimbursement rates for most medical assistance providers (\$552 million), savings from Medicaid reform initiatives (\$233 million), elimination of the Illinois Cares Rx program (\$107 million), and other policy changes. Nonetheless, projected General Revenue Fund (GRF) spending for medical assistance in FY 2012 is \$628 million higher than in FY 2011 — a result of continuing enrollment growth and shifts in appropriations from non-GRF budget lines.
- Senate GRF appropriations for DHFS medical assistance would be slightly above the Governor's proposed budget, while House appropriations would be \$537 million below the Governor's recommendation. In the absence of additional policy changes, the House budget would result in a longer payment cycle for service providers and more deferred liabilities.

Department of Human Services

- Among all state agencies, DHS has been hit hardest by the state fiscal crisis of the past several years. Between FY 2009 and FY 2011, the department's GRF budget was cut by nearly \$300 million. The Governor's proposed budget for FY 2012 includes additional cuts for community-based programs, especially income assistance, mental health services, and addiction treatment.²
- Senate GRF appropriations for DHS would be \$141 million higher than the level in the Governor's FY 2012 budget, while the House plan would be \$108 million below the Governor's recommendation.
- Both legislative chambers would follow the Governor's budget in cutting TANF income assistance (from GRF and other funds) by one-third.
- The Governor's budget would eliminate funding for Children's Place, which offers specialized child care and related services for families affected by HIV/AIDS. Both the House and Senate plans would restore funding (\$488,000) for this program.
- GRF support for community mental health services would be increased by \$31 million in the Senate plan but reduced by \$34 million in the House plan. The House budget includes cuts of nearly 15 percent in services for children and adolescents.
- Both chambers would eliminate GRF support for the DHS component of the Children's Mental Health Partnership. DHS appropriations for the Partnership from *all funds* would be reduced by 38 percent.

² The Governor's FY 2012 budget also proposed transferring some programs from DHS to other human service agencies. The House and Senate budget bills did not follow those recommendations. All data in this document reflect the current location of human service programs.

- Healthy Families and Parents Too Soon are home visitation programs that are designed to improve maternal and child health, early childhood development, and child-parent interaction. GRF funding for both programs would be maintained at FY 2011 levels in the Senate plan and reduced by 1 percent in the House plan. Federal health care reform legislation includes new funding for home visitation. Illinois is eligible to receive about \$50 million over the next five years, but the state must meet certain maintenance-of-effort requirements. Any reduction in state funding would jeopardize these new federal resources.
- In the Governor's budget, funding for the Teen REACH after-school program would be cut by more than 85 percent. The House budget includes a 42 percent reduction, while the Senate would maintain funding at the FY 2011 level.
- GRF appropriations for domestic violence shelters and services would be \$8.8 million in the Governor's budget, \$14 million under the Senate plan, and \$18.8 million under the House plan.
- The Governor's budget proposal would cut GRF appropriations for addiction treatment services by more than half. By contrast, funding for addiction treatment would be 2 percent above the FY 2011 level in the Senate plan and 3 percent below FY 2011 in the House plan.
- Both the House and Senate would provide lump-sum appropriations for state-operated developmental disability centers, with aggregate reductions of 22 percent (about \$70 million).
- The House bill would also convert appropriations for state-operated mental health facilities to a lump sum, with funding cut by more than 20 percent (\$46 million). The Senate bill would provide line-item appropriations at the levels recommended by the Governor.

Department on Aging

- Both chambers would provide significant increases for the Community Care Program, although at lower levels than proposed by the Governor. The House budget includes \$15.7 million more than the Senate budget.
- Both the Governor's budget and the Senate budget would eliminate GRF support for the Circuit Breaker and Pharmaceutical Assistance programs. The House budget would maintain funding at the FY 2011 level (\$24.2 million).

Conclusion

In the final legislative phase of the budget process, the House and Senate will try to reconcile their differences regarding revenue estimates and spending priorities. The ultimate policy choices must involve shared sacrifice among state agencies and across the functions of state government. Legislators should also consider a strategy for maximizing existing revenue without new taxes. Such a strategy would include adopting reasonable General Funds revenue estimates, selectively utilizing resources from other state funds, leveraging federal funding opportunities, and preventing the loss of state revenue by decoupling Illinois tax law from federal "bonus depreciation" for businesses.³

The income tax increase enacted in January enabled the state to avert a full-scale budget meltdown, but the fiscal crisis is not yet over.⁴ There is still a significant backlog of unpaid bills, and some spending cuts for FY 2012 are inevitable. Nonetheless, policymakers can and should avoid additional damage to key programs affecting children, families, and communities in Illinois. The General Assembly must produce a state budget that reflects both fiscal and social responsibility.

³ See "[A Balanced Approach to a Responsible State Budget: Maximizing Revenue Without New Taxes](#)" (Budget & Tax Policy Initiative, Voices for Illinois Children, May 2011).

⁴ See, e.g., "Illinois Steps Back from Edge of Abyss," *Illinois State Comptroller's Quarterly*, April 2011.

Appendix: Selected House and Senate Appropriations Bills for FY 2012

State Board of Education	HB327	SB2458
State universities	HB3700	SB2443
Illinois Student Assistance Commission	HB3700	SB2443
Illinois Community College Board	HB3700, HB327	SB2443
Department of Healthcare and Family Services	HB3717	SB2454
Department of Human Services	HB3717	SB2450
Department of Children and Family Services	HB3717	SB2412
Department on Aging	HB3717	SB2407
Department of Public Health	HB3717	SB2437
Department of Corrections	HB2168	SB2403
Illinois State Police	HB2168	SB2474

About the Budget & Tax Policy Initiative

The Budget & Tax Policy Initiative (BTPI) at Voices for Illinois Children provides timely, credible, and accessible information and analysis on fiscal issues that affect children, families, and communities in Illinois. BTPI is a member of the State Fiscal Analysis Initiative (SFAI), a network of non-profit organizations in more than 35 states. SFAI is coordinated by the Center on Budget and Policy Priorities, a Washington, D.C.-based research organization and strategic policy institute that works on a range of federal and state issues.

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