

US: Illinois state budget crisis threatens social programs, workers' pay

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Illinois is once again faced with a budget crisis accompanied by the invocation of doomsday scenarios, mass layoffs, and slashed social programs. The Illinois fiscal year began July 1, and after two weeks of special legislative sessions at the behest of Governor Pat Quinn, no agreement has been reached on the state's budget. Quinn vetoed the part of the budget that funds social services on Wednesday. The veto affects 20 percent of the budget.

The governor stated that the Democratic Party-controlled legislature had proposed major cuts to social spending to avoid raising the state income tax rate. Quinn said, "The legislature decided to slash human services, the budget for the important programs that help vulnerable people, mostly people who have no lobbyists, who don't have political action committees, who don't have friends in high places, who have workers in their agencies that are receiving very modest salaries but they do it because they love the job, they love people."

However, Quinn did not order legislators to remain in session. Instead, House Speaker Michael Madigan and Senate President John Cullerton set reconvention for July 14—the date many major payments come due, including state workers' paychecks, according to the *Chicago Tribune*.

The impasse throws many critical social programs into financial crisis. The governor warned that without a tax increase, social service providers could see their state funding cut by 50 percent or more. Quinn said in a statement that organizations that continued to provide services without the backing of a court order for

funding were operating "at the risk of not being paid." The *Chicago Tribune* reported Thursday that nine social service organizations have already filed lawsuits over the funding break-off.

Conflicting figures put the state deficit between \$7 billion and \$12 billion, with the governor's office estimating a shortfall of \$9.2 billion. If accurate, this would represent a \$2.2 billion increase over last year's shortfall of \$7 billion. To blame are the usual suspects: rising expenses and falling tax revenue as the national recession deepens, impacting particularly hard the once industrialized Midwest. Compounding the problem is the state's \$3.2 billion in unpaid bills—payments that can take as long as 98 days to be issued.

A list provided by *State Journal-Register* detailing the social programs and recipients that would be affected if additional revenue is not secured is populated by essential programs for the most vulnerable members of society:

"65,000 people with alcohol and substance addictions would lose treatment; 80,000 low-income working mothers would lose childcare services that allow them to keep their jobs; Over 20,000 seniors would lose the services they need to stay in their homes; 15,000 kids' foster parents would see their support cut in half; 23,000 adoption subsidies would be cut; 175,000 people would lose community mental health services, dramatically increasing homelessness, institutionalization and incarceration rates; All rehabilitation programs for people with disabilities would be eliminated; 56,000 victims of domestic violence and sexual assault would lose services; 5,500 people with disabilities would lose their community-

based services; 463,000 children and teens would lose critical services in areas such as substance abuse, teen pregnancy, violence and delinquency.”

Unfortunately, the list is hardly exhaustive of what is at stake. Governor Quinn claims that 2,200 state employees could lose their jobs if he has to cut \$1 billion in state spending. The governor has also suggested that state employees take 12 unpaid furlough days and have their wages frozen—a proposal that has been rejected outright by the American Federation of State, County, and Municipal Employees (AFSCME), the state’s largest employee union. The determination of state employees and agencies that benefit from state funding to resist any new cuts was underscored last week when as many as 5,000 workers protested in Springfield outside the State House.

On the one side is Democratic Governor Quinn, with a proposed tax hike of 3 to 4.5 percent for individuals and a corporate tax increase of 4.8 percent to 6 percent. Without the additional revenue from such a tax increase, Quinn claims all of his threats will become a necessity.

On the other side is the Democratic-controlled state legislature, which has accomplished little since sending Quinn an unrealistic, bare-bones budget at the end of May. Following the May 31 deadline for the passage of a fully funded budget, a super majority is now required for any new budget or tax increase. This has leveraged the Republican minority, emboldening them to resist even the slightest increase in taxes.

Looming large over the entire budget debate are the elections coming in 2010. In line with the general foot-dragging is the Republican proposal of a temporary budget to keep the state operating until an agreement can be reached on spending cuts. This breathing room presumably could be used to reach the November 2 filing deadline for candidates who wish to challenge the incumbent in the February primary.

The other option currently being considered is a temporary redirection of \$2.2 billion from state employee pensions.

Notably absent from the debate is any attempt to reform the Illinois flat income tax system which inevitably hits the state’s working class and impoverished the hardest. Much of the working population has been economically devastated in the course of the current recession—only the latest chapter in the conscious, decades-long drive to de-industrialize the Midwest. An increase in the income tax and/or the slashing of social programs depended upon by millions can only exacerbate the plight of people already on the precipice of ruin.



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