

Illinois budget cuts gouge education, social services

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On July 1, Illinois Governor Pat Quinn signed off on the state's fiscal year 2011 budget, including \$1.4 billion in spending cuts. The budget represents a reduction of around 5 percent as compared to the previous year.

Described in detail during a public announcement by the governor were cuts in the hundreds of millions, primarily in the areas of education and human services. These are merely a prelude for further cuts on the horizon due to the extreme financial crisis facing the state government.

The largest of the detailed spending cuts was made to the Department of Human Services, which is to lose \$312.6 million, or nearly 8 percent of its funding. Although these cuts are expected to impact a wide variety of programs, the *Chicago Sun-Times* reported that programs for the mentally ill and developmentally disabled were particularly targeted.

Much of the money would have been dispersed to public and non-profit agencies, some of whom are now reporting that they are being told to expect reductions in state funding of 50 percent. According to several reports, programs were generally spared the more likely they were to be eligible for matching federal Medicaid money.

Kristin McRae, CEO of Envision Unlimited, an agency providing services to the developmentally disabled, told the *Chicago Tribune*, "These are real lives they're affecting. It's just like they're looking at numbers and moving them around." Her agency expects to lose 10 percent of its funding, and she has laid-off 30 workers. Speaking to the dire situation developing, and to the likelihood that these cuts will be made, McRae said, "I hold out no hope."

Education in Illinois was dealt a further blow with the announcement of a \$241 million reduction in state

funding for primary and secondary education. Although crafted in such a way as to leave the \$6,119 per-pupil base payment unaffected, the effect will no doubt be the same as if that amount had been reduced outright.

Quinn's budget formally makes the reductions most directly to school transportation, reduced by 24 percent, reading improvement block grants, which are to be completely eliminated, and textbook loans. Dave Comerford, a spokesman for the Illinois Federation of Teachers, told WBEZ radio that he believes the cuts will affect class sizes.

Not to be spared were the state's colleges and universities, who will see their funding reduced by \$100 million. The bulk of the reduction, \$86 million, was funded by federal stimulus money—which has now run out. The remaining \$14 million in cuts was made to grants that assist community college students with physical or developmental disabilities. University of Illinois President Michael Hogan indicated the school would be considering tuition increases and borrowing to cover the shortfall, and would attempt to lean on faculty-dependent research money. According to the *Tribune*, some university advisory committees are recommending job cuts.

Other announced cuts include \$41.9 million from the state prison system, as well as \$17 million in public health spending. The cuts to the latter are primarily to programs for prostate cancer awareness, immunization, and women's health promotion. Though a comparatively small outlay, these public health programs are crucial, and their elimination is likely to result in needless deaths.

Speaking to the *Sun-Times* in reaction to Quinn's announced cuts, Tony Paulauski, executive director of the Arc of Illinois, a disability advocacy group, said that "it really is a dismantling of the human services

safety network right now in Illinois,” further stating that “the human toll is going to be just awful.”

Expressing the attitude of the ruling class toward spending on social services, Governor Quinn stated during the presentation, “I’ve got to adopt a budget for our state that still invests in Illinois, the important things, and cuts back everything that’s not a priority.”

Compounding these open budgetary assaults on social spending is the state’s backlog of unpaid bills, currently amounting to about \$5 billion. Speaking to the *New York Times*, Illinois Comptroller Dan Hynes explained that “this is what the state owes right now to schools, rehabilitation centers, child care, the state university—and it’s getting worse every single day.” These unpaid bills are the direct result of the Illinois legislature’s budget for the last fiscal year, which did not account for about \$6 billion in spending. Because the current fiscal year’s budget resorts to the same tactic, there is every indication that this situation will become much worse, representing *de facto* budget cuts. Providers of social services at all levels, including schools, are being forced to lay off staff or shut their doors in response.

Underscoring the nature of the payment delay as a form of budget cut, Randy Kangas, associate vice president of planning and budget at the University of Illinois told the *Chicago Tribune* that “the appropriation at this point should only be looked at as a ceiling; it can only go down from there.” The university’s share of the cuts made to higher education amount to \$46 million, but it still waits on \$279 million it was promised for last year.

According to the *Tribune*, local school districts are still owed \$1.3 billion by the state for the fiscal year that ended on June 30. Because in many cases they must alert teachers and staff of layoffs prior to the upcoming school year, many of these districts are not changing course in regard to their own previously announced budget cuts and layoffs. Speaking to the newspaper, Ben Schwarm, a lobbyist for the Illinois Association of School Boards, said, “The fact that they’re saying they’ve got the money in the budget is one thing. Until they actually send the check, I think the school districts are wary.”

Many agencies and providers have been taking out loans to pay bills and wages while they await their state payments. Eastern Illinois University, owed \$20

million, plans on borrowing \$7 million under a recently passed state law that permits universities to take out short-term loans against expected state payments.

The financial situation in which the state of Illinois finds itself has raised the specter of insolvency and has invited comparisons to Greece. With a budget of \$24.9 billion, and a deficit now of about \$11.5 billion, Illinois has been relying heavily on borrowing and accounting tricks. The state expects to borrow \$3.7 billion to fund this year’s payment to the state pension, which is thought by Fitch Ratings to be the most underfunded in the country. Due in part to this plan, the state’s credit rating has been downgraded by several of the rating agencies, and vies with California for the worst. According to a Bloomberg report, credit-default swaps on Illinois bonds are more expensive than for any other state.

These are clear signals that continued access to credit on the part of Illinois is going to require a concerted campaign on the part of the Democrats, who control both houses of the state legislature, as well as the governor, to slash social spending and raise taxes dramatically, especially the heavily regressive state income tax. Politically unable to announce bigger cuts just yet due to the upcoming election, this is the real meaning of the decision to give Quinn unprecedented budgetary powers under the Emergency Budget Act, which allows the governor to adjust executive branch budgets without the approval of the legislature.



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