

Illinois to balance budget by cutting social services

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The Illinois House of Representatives and Senate last week both passed their proposed budgets for the upcoming fiscal year starting July 1. Though the two budget bills differ in regard to the level of cuts to be imposed, the Democrats who control the General Assembly's chambers are in agreement that the state's deficit will be addressed primarily through vicious cuts to health care, education, workers' compensation, and aid to municipalities.

Under the House budget plan, spending on human services--through the Department of Healthcare and Family Services, the Departments of Human Services, Public Health, Veterans Affairs, and the Human Rights Commission--will see a cut of \$750 million from current levels. This would mean a reduction of approximately 6 percent from the current allocation of \$12.3 billion. Spending on travel and telecommunication for most of these agencies is reduced by 50 percent, and labor costs are frozen at current levels or set at slightly below. These measures will reduce the ability of state employees to deliver services.

Perhaps most cruel are the planned reductions in spending on developmental and mental health programs that benefit some of the most vulnerable segments of the population. Under the House budget, state-run developmental centers and mental health facilities would see reductions of 18.4 percent. Kathy Hazelwood, of the Association for Individual Development, told the Chicago Tribune that with further cuts "you're going to find these people are going to be in shelters, in the jails."

Reportedly wiping away tears as she announced the approved human services cuts, committee chair Sara Feigenholtz said, "Many of us wake up at 3 o'clock in the morning and wonder who it is we're hurting." Nonetheless, she defended the cuts, saying, "...it's like why does a robber rob a bank? Because that's where the money is."

Needless to say the Democratic politician never suggested that the wealth of the financial and corporate elite—where the money really is—should be taxed to maintain the services, which the state's 13 million people depend on.

The House also seeks to cut Medicaid payments to hospitals by \$463 million, which will have a devastating effect on many hospitals. Also planned, though part of a separate bill, are reductions in the fees paid to medical providers for treatment of workers' compensation injuries.

Democratic House Speaker Michael Madigan has placed great importance on reducing workers' compensation costs for Illinois businesses, and has made passage of his "reform" plan a priority. The law would make the court system responsible for approving claims instead of the current state board, and would make workers do more to prove they were injured as a result of their jobs. Madigan, contemptuous of workers who are injured on the job, said: "Today, workers' compensation is a club among doctors, lawyers and sometimes labor unions which is not working in the best interest of the injured worker. I think that ought to be changed."

An analysis by the Illinois Hospital Association concluded that between the slashing of payments for workers' compensation and Medicaid, the number of Illinois hospitals operating at a loss would be increased by about 40 percent, totaling approximately half of the state's 200 hospitals. The IHA press release indicated that a survey of its member institutions, taken with the assumption of Medicaid cuts of only \$300 million, revealed that 9 out of 10 hospitals would be in a difficult position and that 2 out of 3 would be forced to implement service reductions and layoffs.

IHA Executive Vice President Howard Peters said, "These Medicaid cuts would be devastating, forcing many hospitals to eliminate health care services and jobs, and in some cases, close. Health care 'deserts' will result, with

services no longer available in many parts of the state for everyone, not just Medicaid patients."

General state aid for public schools is to be reduced by 4 percent under the House budget plan, and will likely result in further layoffs of teachers and other educational staff. Early childhood education programs are even harder hit proportionally, with a 5 percent reduction. At the same time that the House was working on the budget legislation, a reactionary education "reform" bill was also passed which introduces performance evaluations, guts teacher tenure, and restricts Chicago teachers from striking. (See: "Illinois education 'reform' bill passes with bipartisan support".)

Democratic Governor Pat Quinn's initial budget proposal included a plan to borrow between \$8.75 and \$4.5 billion to pay off the backlog of unpaid bills the state has accrued over several years. Previous budgets were balanced through a conscious decision to delay payment to a wide variety of public and private service providers, from community development and youth programs to state universities and public schools. This decision has forced some service providers into bankruptcy. Others have had to either cut their own budgets and lay off workers, or raise fees or tuition.

The delay of payments to service providers will likely continue regardless of exactly which budget plan is approved, as it is expected that even with all of the proposed spending cuts, as well as the 67 percent increase in the highly regressive personal income tax that was passed in January, the state will still have an effective deficit of at least \$7 billion.

The budget proposals prepared by the House and Senate differ by over \$1 billion, with the House proposal coming in at \$33.2 billion in total spending, compared to the Senate's total of \$34.3 billion. The Illinois House embraced austerity at the outset of the budget process, and worked closely with the Republicans to craft a budget plan that would meet their approval.

Although Quinn's plan would have seen the state catch up somewhat with payments, the plan to borrow such large sums was deeply opposed by wide layers of the ruling elite who are already worried about the prospect of the state defaulting on its debt and are wary of risking further deterioration of the state's credit rating. Instead, both the House and Senate began work on cuts, with the Senate's budget coming in at a level between that of the Governor and the House.

In April, it was reported that Quinn circulated a memo to legislative leaders suggesting that state income tax

transfers to municipalities be suspended. Presented as a plan to get municipalities to lobby their state representatives and senators to approve the loans he is seeking, it is becoming more likely that a reduction in payments will simply be used to shift a portion of the state's budget deficit onto municipalities, which will result in mass layoffs and suspension in services at the local level.

Already burdened by delays in the payment of the income tax transfers, the loss of approximately \$100 million per month by Illinois municipalities would take a huge toll. According to a report in the Chicago Tribune, the Chicago suburb of Tinley Park would lose 11 percent of its revenue. Chicago will get \$220 million per year under conditions in which the city expects a deficit of \$500-700 million, and Cook County, which just closed a large shortfall through mass layoffs earlier this year, would receive \$7.7 million.

With both the House and Senate budget proposals headed for the reconciliation process, it is unclear exactly what the level of cuts will be. Regardless, they will be substantial. In addition, because any budget bill not approved by May 31 requires approval by a three-fifths vote, rather than a simple majority, House Democrats can simply stall until that point, after which they could point to their need for Republican votes to justify passage of their reactionary program.

What is clear is that the Democrats in Illinois, as in other states and at the national level, are waging a war against the social programs and living standards of the working class no less brutal than their Republican counterparts.



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