

"The State's Fiscal Crisis: Changing Our Collective Response"

Health and Medicine Policy Research Group

June 14, 2010

UIC Student Center West, Chicago Rooms A & B

Meeting Minutes

Start Time: 1:15pm

End Time: 4: 55pm

- I. Welcome and Introductions by Margie Schaps**
- II. Ralph Martire from Center for Tax and Budget Accountability (CTBA)**

See Power Point Presentation-"The State's Fiscal Crisis: Changing our Collective Response"

90% of the State's General Fund includes four main areas:

1. Education
2. Healthcare
3. Human Services
4. Public Safety

"Human Services" is made up primarily of mental health services and developmental disability services, but includes a wide range of services

Solutions to improve the IL tax system.

1. Progressive tax policy. Currently IL is regressive. The lowest income group pays the highest amount of taxes at 13% compared to top income group which pays 4.1%.
2. Income tax increase change from 3% to 5%- the media will spin this to say a 67% tax increase
3. Expand the sales tax to include consumer services.

Bottom line: Need \$7-8 billion increase in taxes to meet our revenue needs.

Question and Answer Session with Ralph Martire

1. *How do we get IL fiscal condition and solution out to the rest of the state? Specifically for public and voters?*

Engage boards of supervisors and the business community with issues. Letters to the editor. Continuously meet with elected representatives. Meetings with elected officials in their district.

2. *The poor education system in IL leads to a possible concern of industries being too scared to come to IL or bring their business to the*

state. How real is this concern?

There is no evidence of this actually happening. New Jersey for example increased taxes. Good business decisions are based on proximity to customers, location, and quality of service or product. States with higher taxes have not lost manufacturing jobs. The Civic Federation and the Civic Committee have endorsed raising taxes.

3. How could IL improve the education funding disparities?

Existing formula for school funding is not bad but it is not funded. More money at the “foundation level”- more funds for textbooks, teachers, technology etc. Drive these investments up for lower income schools.

4. How could changes to health policy implementation in IL happen?

Current system is so politically motivated and not policy driven. Incumbents do not worry about re-election, most go unopposed. Need to send a clear message that other qualified candidates will run for office. Hold elected officials more accountable.

III. Panel: Impact of Budget by Sector

Stephanie Altman

Program and Policy Director

Health & Disability Advocates

The most important aspect of health care reform, Maintenance of Effort (MOE) requires states to maintain eligibility and coverage of Medicaid program. States are mandated to keep eligibility until 2013 but no federal funds after 2010. Therefore other programs will be cut affecting all the other programs.

No set of guidelines at this point. Speculation that states will be prohibited in cutting eligibility for community based services and major Medicaid services.

Programs that do not receive Federal funds and are not prohibited are vulnerable to being cut. Worried about Illinois Cares Rx, state pharmaceutical program which helps people with disabilities could receive a \$70 million cut. All Kids state program is under scrutiny. Parts of AllKids that may get cut are: (i) higher income level families, and (ii) undocumented children or lower income kids.

Innovation funds and demonstration funds are examples of opportunities that Illinois health professionals should use and be sought.

Kathye Gorosh, MBA
EO of New Age Services Corporation

See Power Presentation "The State's Fiscal Crisis- Changing our Collective Response-Human Services Impact: Substance Abuse"

How human services works not always intelligible to people outside that field.

John Peller, MPP
Director of Government Relations
AIDS Foundation

Illinois financial situation/budget will worsen AIDS epidemic, lives of people with AIDS. For example, AIDS Drug Assistance Program will be hit hard despite increasing need for funding because people living with HIV/AIDS have a longer life expectancy. Not being able to expand program sufficiently may lead to premature deaths, worsen existing ethnic/racial disparities, and increase healthcare costs.

Funding for AIDS prevention, care, and housing programs face cuts of \$7.5 million.

Requests to Governor: AIDS assistance program refunded, funding for ancillary programs restored.

Sarah Schriber
Senior Policy Consultant
Court-Involved Girls
Health and Medicine Policy Research Group

Human Services programs impact youths leading up and after their incarceration. Juvenile Justice in Illinois has a 50% recidivism rate.

Need to think about and communicate how budgets of different organizations and agencies affect each other.

Juvenile Justice separated from Department of Corrections but maintained its budget and certain DOC programs, such as parole (which is problematic because youth parole is being organized by those who focus on adults).

A \$4 million grant was awarded to begin development of aftercare program with the goal of keeping youth engaged, providing services, and preventing recidivism. To establish a long-term program \$15-17 million is requested.

DJJ budget is \$141 million budget, leaving \$180,000 per kid per year. However, it is important to look at how we are spending that money. Illinois spends more money on Juvenile Justice than on education, family-case management, and other important services that lead to positive social outcomes.

DJJ running on progressive, innovative programs on grants but a system cannot be sustained by grant funding. Now, organizational changes could cause more problems. Governor Quinn, to save money, has merged DJJ and Department of Children and Family Services (DCFS). While the merger could produce economies of scale that could prove beneficial to young people, if not done thoughtfully, it could be very problematic (due to the non-coinciding needs of the 1,400 juveniles in the DOC system and the 16,000 youths in the DCFS system).

Kelley Talbot

Policy Associate

Voices for Illinois Children

Outlook for services for kids and families look grim. About 10% of Illinois children suffer from mental health disease severe enough to cause impairment. Of these youth, 80% need treatment but don't get it, with the economic downturn only exacerbating the situation.

Mental health services being severely cut, especially services to underserved and/or rural areas. Educational support also is jeopardized, such as for pre-school (cut by \$38 million) and after-school programs. Programs with small budgets suffer from risk of being "zeroed".

State Board of Education "crisis" with a \$1.8 billion bill backlog will lead to overcrowded classrooms, teacher lay-offs.

Services to kids serves as preventive measure, saves money in long-run. Current system places disproportionate burden on working families.

There is a need to discuss meaningful reforms, increasing efficiency, revenues.

Frank Anselmo, MPA

CEO of Community Behavioral Healthcare Association of Illinois

Please see Power-Point presentation "Addressing Illinois Community Health Crisis"

Packets were distributed including a study done by the Urban Institute about the Consequences of Missouri's Medicaid Cutbacks.

The next 18 months will be “horrific” with cuts, revenue enhancements, and increased efficiency.

Panel Discussion: How to Work Together to Address Fiscal Crisis

John Peller, MPP

We need to talk about out the whole human services sector and look beyond "silo" way of thinking. For example: AIDS/HIV prevention includes addressing drug use, mental health services.

Stephanie Altman

We need to maintain coalition-type planning. Also, losing infrastructure from relatively "small" cuts may take as many as 30 years to recover due to personnel lay-offs and other factors. We should address that change in revenue is needed because cuts are not going to be enough.

Kelley Talbot

PR problem exists: we need to be able to "sell" services and maintain [public] awareness to fight inefficiency stereotype. Personal conversations should not be underestimated.

Sarah Schriber

The way the budget is written is inaccessible, not understandable. We need to distill information into "understandable chunks" and to understand how decisions are made. Stories from different sectors and showing how different sectors are connected are powerful vignettes.

Kathye Gorosh

A need exists for a coordinated approach to express to decision-makers how the cuts impact us.

IV. Panel: Global Impacts and Moving Forward

Jack Kaplan

Director of Public Policy and Advocacy

United Way of Metropolitan Chicago and United Way Illinois

Please see Power-Point “State Budget Impact on Human Services: State's Fiscal Crisis- Changing our Collective Response.”

Human Services are vital; much needed advocacy must illustrate this.

1. Value of Human Services:

Important part of the economy, services relied upon.

2. Survey Findings

High degree of sensitivity to budget cuts. Slow and delaying rate of payments.

3. Financial Stress Test

Conducted by United Way.

4. State Budget Concerns

Cut of \$4 billion in budget to Human Services. Payments to providers delayed by 6 months. Depletion of reserves. "Operating on day-to-day basis."

5. Illinois Partners

United Way helped establish Illinois Partners for Human Services, network of 500 organizations across human services sector.

6. Advocacy Focus

7. What's Your Legacy?

John Bouman

Executive Director

Sgt. Shriver National Center on Poverty Law

Responsible Budget Coalition provides path through crisis and cures structural cause of deficit. Grew out of last year's budget crisis. Coalition convened last summer for unified advocacy in favor of tax increases to fix revenue system.

Growing participation from across different silos, an "interesting confluence of groups", including competitors. The need for new revenue sources unites. Goes against anti-government, anti-tax ideology.

About 500 groups in Coalition. Shared position: no harmful cuts, significant new revenue, fairer revenue system to fix structural deficit. Not shared: spending (groups in coalition consider sector). "All better off with a bigger pie."

Coalition's common messaging relies on "market research" and calls for honest, forthright leadership in crisis as well as financial responsibility. Responsibility in this case requires money/taxes. Message that values government services.

Responsible Budget Coalition hopes to change focus from legislative strategy to issue campaign. Focus on general public. Go against message that taxes are universally bad. Next session, promising.

Visit www.abetterillinois.com for messages, tools, lobbying materials for legislators, local media "clipping" service.

Invitation for other groups to join by signing onto www.abetterillinois.com

Hank Scheff

Director of Research and Employee Benefits

AFSCME Council 31

AFSCME [American Federation of State, County, and Municipal Employees] represents 70,000 public employees. Commend leadership on Responsible Budget Coalition.

AFSCME concerned about fiscal situation for many years. Structural deficit papers every few years since the 1980s but economic growth periods obscured findings.

"We have broken down silos" in unimaginable ways. But there are still tendencies to promote own programs over others, which ultimately hurts everyone.

Human Services not high on political priority list, so need to stay on message about how necessary human services are.

No tax increase means human services will not be re-established, threaten to never again reach current status.

Stein's Law: if a long-term economic trend is unsustainable, it will eventually end. (But doesn't say when.)

Need to work together, do best job: comprehensive fiscal reform. Disappointed in Governor's "1% solution". Disastrous if something like this passed. Really need comprehensive fiscal reform.

AFSCME represents 40,000 state employees, State operations is tiny fraction of total budget (entire payroll for state agencies under control of governor is \$4 billion). State employees per capita: Illinois ranks 49-50th in US. However, employment numbers continue to go down since 2002. "Case loads are crushing", "lines are an embarrassment", and hours at state parks have been "cut down". Real cuts in public services such as for universities and schools. Now, school district face severe deficits.

"Every month that we dither, [the budget] gets worse." We need to raise \$6-8 billion in revenue every year, meanings 100s of millions every month.

Linda Rae Murray, MD/MPH

President-Elect

American Public Health Association and Chief Medical Officer, Cook County

Department of Public Health

We need to recognize fundamental, ideological reasons why we are in big trouble. First, corruption in this city and state are considered necessary for doing business and is accepted by population. Politicians are running-amok and are hesitant to pass taxes, and it is accepted.

Level of coalition-building is astounding, but we must make the right case. Despite evidence to the contrary, we act as though policy is made by rational thought. We limit ourselves to a definition of advocacy that is not productive (e.g. marches, meeting in offices). Great but only part of advocacy.

We must address dishonesty and the faulty beliefs encouraged by TV. Must address basic American philosophy that "only I can provide for my family, and anything else is a myth".

Coalition with common tag-line important step but not enough. We must learn how to engage anger, how to discuss what is in the common good in a reasonable, responsible way.

We must work on different ways to communicate with people in this state. Create a "new attitude" supporting a willingness to organize, recognize that politicians are dealing with "our" money. We must talk to neighbors and be real. We must take back our state and stand up for what is ours.

Panel Discussion: Our Collective Response

Audience-member question:

These silos must be so confusing to the taxpayers, especially with several organizations with similar duties and names. Is it a clear enough message?

On the community level, people understand.

John Bouman

Despite fears, redundancy not really a big issue. Dominant themes does not include redundancy; rather, we underpay, under-invest. There is an unmet need. The spending side of the Illinois budget is a product of consensus. However, we haven't found a way to pay for it. Need evidence of change from business-as-usual.

Hank Scheff

Difficult discussion for paying more. Cannot summarize into sound bytes. For example, Illinois has more local community government units than other states. We are confused by what we want, and addressing problems is also problematic.

Audience-member question:

Political situation foreboding. When confronted, democrats counter arguments against budget cuts with a mentality that "if you don't like it, wait until republicans get into office".

Hank Scheff

Democrats and republicans both culpable. Political situation a mess. Hope in working with Responsible Budget Coalition. Looks for a progressive budgeting structure in future.

John Bouman

Timidity among politicians regarding taxes must be challenged. Need to inform politicians and change their perceptions. Feel traction building. Must use appropriate messaging, etc.

Linda Rae Murray

Political accountability does not stop at the elections.

Audience-member question:

Is there an arena for continued participation under an umbrella that combines these groups?

John Bouman

Responsible Budget Coalition is a leading organization and intends to put itself out of business. Illinois Partners for Human Services (of which Responsible Budget Coalition is a member) is a longer-term, sector-based organizing effort.

Important websites:

Illinois Partners for Human Services

www.illinoispartners.org

www.ctbaonline.org

Responsible Budget Coalition:

www.abetterillinois.com