July 11, 2017

Our State Budget, Part Two

With the bipartisan House override of the governor's veto, we finally have a budget for our state after almost three years without one. But, as I said on the floor of the House, this budget plan is not a compassionate budget, and is instead a compromise that is brought on by the threat of a junk bond rating, not by the pain of the people. Pension payments for retired police and others have also driven the amount of debt now borne by our state, and current pensions have been saved through this process. But, are taxpayers getting their money's worth? Taxpayers pay large amounts for police pensions, and we know that we spent $50 million of taxpayer dollars last year on settlements and judgments and attorney's fees related to the Chicago Police Department. Our police need to do better by the taxpayers whose money goes to them.

This is just one example of how we have to work harder to create accountability to make sure our hard-earned taxpayer money is well-spent. State, county and city employees should work hard and always remember who their bosses are - their taxpaying neighbors. I take my responsibility as state representative seriously and try to fulfill by responsibilities to the best of my abilities, as taxpayers pay me through taxes on their earnings. Let's make sure that what we pay for in our state budget really is money well spent.

Taxpayers who are reading this letter must know that without their hard-earned taxes paid to the government, our state couldn't function. Paying your taxes is your permit to demand quality education, safe and clean communities, clean water, safe roads and bridges, and - the bottom line - to protect our common welfare. Our taxes pay for political and religious liberty and a representative and orderly government. We must respond to the recent tax increase by demanding better for our community. Let's unite and demand better.

I hope you will attend my Town Hall Meeting to explore and discuss how Illinois collects and spends your tax dollars. The meeting will have experts from the Center for Tax and Budget Accountability, the Illinois Department of Revenue, and accountants to discuss Illinois' new tax policies. The Town Hall Meeting will be held on August 31, 2017 from 6:30 - 8:30 p.m. at Loretto Hospital.

Here is a summary of what is in the recently passed state budget:

It's a $36.1 billion balanced budget. It authorizes less spending than Gov. Rauner introduced in his $37.3 billion plan in February. It incorporates key ideas from plans put forth by both Democrats and Republicans.

Key components

$2.5 billion in spending cuts, including 5 percent across-the-board cuts to state agencies and departments, plus reductions to various state programs, grants and other expenditures

$1.5 billion in pension savings

Ensures K-12 schools will open in the fall and includes money for an evidence-based school funding model

Offers stability to state universities and community colleges, which have not been fully funded in two years and have undergone dramatic cuts and tuition hikes, driving students to pursue degrees out of state

Funds Monetary Award Program (MAP) grants for college students

Pays down about $8 billion of the state's backlog of unpaid bills - which currently stands at $15 billion - through a combination of borrowing and fund sweeps

Changes the state income tax rates, closes tax loopholes and offers tax credits for low- and middle-income individuals and families. Total revenue: $36.4 billion

- Personal income tax rate will go to 4.95 percent from 3.75 percent. Generates $4.453 billion annually. This is a 1.2 percentage point increase, or a 32-percent increase in the tax rate.
- Corporate income tax rate will go to 7 percent from 5.25 percent. Generates $514 million annually.
- Both changes are permanent and both are retroactive to July 1, 2017.

There are no service taxes, no soda taxes, and no satellite or streaming taxes in this proposal.

Illinois would continue to be one of few states that do not tax retirement income.

Increases the Earned Income Tax Credit to 14 percent from 10 percent in 2017; increases to 18 percent in 2018.

Increases the cap on the Education Expense Credit to $750 per family from $500.

Creates a new tax credit of up to $250 for educators who use personal funds to purchase classroom supplies.

Means tests the Education Expense Credit, the Personal Exemption and the Property Tax Credit; they would only be available for those making less than $250,000 per year (single filers) or $500,000 per year (joint filers).

Reinstates the Research and Development Tax Credit

Sincerely,

La Shawn K. Ford
State Representative-Eighth District