



June 6, 2018

Illinois State Budget

The Illinois General Assembly approved a bipartisan budget deal that invests in public education at all levels and balances through targeted savings, reforms and utilizing existing state revenues.

After many years of fighting for a balanced budget, this is an important step forward. This budget will help restore stability to Illinois, which is what we need. There remains more work to do, but this is a bipartisan accomplishment that we can hopefully build upon. The budget signed by the Governor is far from perfect.

The state's operating budget totals \$38.5 billion, which is a \$600 million increase over the current budget. That increase is largely due to education funding increases and making required pension payments.

Highlights include ...

Education:

\$350 million increase in K-12 education to honor the commitments made when lawmakers overhauled how the state funds public schools last year. The new funding formula ensures every school district will see an increase.

\$50 million increase for early childhood programs.

The budget deal does not include shifting millions in state pension costs onto local school districts.

State support for the retired teacher health insurance program (TRIP) is maintained.

Higher Education:

Higher education sees a 2 percent increase after years of budget cuts. That translates into a \$25 million increase for public universities and community colleges.

In addition, the state creates a \$25 million scholarship fund to be matched by public universities and community colleges. The goal of this new tuition assistance program is to keep Illinois students in Illinois attending Illinois schools.

The budget deal does not include shifting millions in state pension costs to universities and colleges.

Human Services:

The budget includes and funds a 50-cent wage increase for caregivers who work primarily with developmentally disabled individuals.

Numerous human service programs including those addressing epilepsy, autism, youth employment, addiction treatment and community mental health had been cut if not zeroed out in the governor's budget. They are funded in this budget deal.

Local Government:

Local governments would see a nearly \$120 million increase over the current budget.

A 10 percent cut in the Local Government Distributive Fund in the current budget is reduced to a 5 percent cut. That results in a nearly \$100 million increase for local governments.

The existing budget also implemented a 2 percent administrative fee for the state processing sales tax revenue for local governments. That fee is reduced to 1.5 percent in the FY19 budget. The result is an increase of nearly \$20 million going to local governments.

Financial details:

A more than \$1 billion budget hole wiped out through savings, reforms and utilizing other available revenues.

The state is authorized to tap into up to \$800 million sitting available in various state accounts. This allows the state to utilize that money now to fund programs and services and pay it back over the next two years.

A series of voluntary pension reforms are projected to bring in \$445 million in budget savings.

Those reforms include:

Inactive buyout: Former public sector workers vested in the program and owed an annuity when they reach the qualifying retirement age would gain the option of cashing out now for 60 percent of the value. Savings estimated at \$41 million

COLA buyout: Tier 1 employees owed a compounding 3 percent COLA in retirement would get the option of having the state buyout the compounded COLA for 70 percent of the value. Savings estimated at \$382 million.

Pension spiking: End of career raises would be limited to 3 percent, currently 6 percent. This means if school districts award end of career raises in excess of 3 percent, the retirement system charges them to cover the increased expense to state taxpayers. Savings estimated at \$22 million.

Sincerely,



La Shawn K. Ford
State Representative-Eighth District