The People's Agenda

A Path Towards Economic Prosperity for all Illinois Families

GRASSROOTS COLLABORATIVE

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Grassroots Collaborative builds power with working families through strategic community-labor organizing, grassroots leadership development, civic engagement, and research. We organize to win progressive policies and systems-change that improves the lives of low-to-moderate income residents and communities of color. We utilize popular education to build skills and analysis, and build organization that unites residents to create transformative change for a more just society.

Grassroots Collaborative unites ten grassroots groups in Illinois representing diverse constituencies of low-income people in order to create policy change on local and statewide levels. Members of the Collaborative are: Action Now, American Friends Service Committee, Brighton Park Neighborhood Council, Chicago Coalition for the Homeless, Chicago Teachers Union, Enlace Chicago, Illinois Hunger Coalition, Jane Addams Senior Caucus, ONE Northside, and SEIU Healthcare Illinois Indiana.

Acknowledgements

Grassroots Collaborative would like to thank all of the organizations and community leaders whose work inspired this document, and whose commitment to building a more just Illinois drives the People’s Agenda.

Project Team: Zulmarie Bosques, Patrick Brosnan, Sandy Craig, Terry Davis, Abbie Illenberger, Matthew Luskin, Amisha Patel, Nathan Ryan, Jazmine Salas, Greg Will. Big gratitude to Greg and Terry for helping it all come together.

Special thanks to staff from the Center on Tax and Budget Accountability and the Heartland Alliance for their research assistance, and to Professor Ron Baiman for research, guidance and assistance. Finally, we want to acknowledge the Chicago Coalition for the Homeless, Illinois Coalition for Immigrant and Refugee Rights, Logan Square Neighborhood Association, Southwest Organizing Project, Grow Your Own Teachers, Cure Violence—School of Public Health @ University of Illinois at Chicago, Access Living, Housing Action Illinois and SEIU Healthcare IL/IN/ MO/KS for their assistance in compiling the People’s Agenda Case Studies.
Our state needs a new path forward.

The People’s Agenda calls for renewed investment in the people of Illinois to create jobs, grow the economy, and put Illinois on sound financial footing.

Illinois is facing an unprecedented crisis. As we enter into the 9th month in Illinois without a budget, the devastating impacts are growing at an alarming rate. Programs are being dismantled, jobs are being lost, students are dropping out, and the climate of despair is growing.

Since 2002, Illinois legislators have been cutting funding to vital programs. Illinois ranks a dismal 43rd on spending on K-12 education, higher education, healthcare and human services. This lack of investment has been most keenly felt by low and middle income families, and has resulted in stifled economic growth and increased violence. Poverty has grown, and the lowest income workers in Illinois face one of the highest tax burdens in the nation.

If Illinois had kept up with funding education, healthcare, and human services at 2002 levels, the FY 2015 budget would have seen over $6.6 billion more for funding to the services and programs that every family in Illinois depends on. Illinois would have to increase its spending on core public services by $8 billion to spend at levels in line with state spending across the country. This increased funding would take Illinois from the bottom of the barrel to the middle of the pack in spending on vital public services. The extreme agenda is the status quo of cuts to working and middle class families.

By putting people back at the center of our priorities, the needed funding described in the People’s Agenda would support $323 million of additional economic activity in other parts of the Illinois economy. If the more visionary investments described in the People’s Agenda were enacted, these investments would support $4.2 billion of additional economic activity in other parts of the Illinois economy.

To do this, Grassroots Collaborative calls for a set of key reforms:
- Modernize the Tax Structure
- Invest in Communities and Create Jobs
- Reform Bank and Financial Industry Policies - End Predatory Financial Deals
- Create an Adequate and Equitable Funding Structure for Education
- End Protections and Preferential Treatment of Corporations and Wall St. over Working Families

The Turnaround Agenda is driving Illinois backwards. It is time to put people on the agenda, and move Illinois forward on a path of prosperity for all.
The People’s Agenda

Illinois needs a plan to put us on a path to prosperity.

This past year, Governor Rauner has aggressively pursued his Turnaround Agenda at the expense of working families. Across the state, families have been denied some of their most basic human needs, institutions vital to our public life such as universities and municipal governments have started to collapse, and state infrastructure is being put at risk.

The Turnaround Agenda, and the stalemate resulting from Rauner’s single-minded pursuit of it, is having a disastrous impact. Illinois needs a plan to put people first.

The People’s Agenda provides a new path forward that creates jobs, grows the Illinois economy, meets the challenges facing our state in a way that is fair and equitable to all residents, and helps Illinois families prosper. It sets Illinois on a path towards financial stability. It protects our state against the growing threat of extreme income inequality. It uses the substantial strength of our state’s economy to invest in the core areas that will ensure our state’s future growth and success.

Illinois is a wealthy state, yet that wealth is increasingly concentrated in a tiny percentage of our population. From 2009 to 2012, the top 1% in Illinois captured a whopping 97.2% of all income growth, far surpassing the overall Midwest average of 72%. This extreme, lopsided “progress” means that for millions of Illinois families, the state’s wealth is increasingly out of reach, and they are being left behind. This inequity and stagnation, however, did not just happen accidentally. Our economic and tax policies provide preferential treatment to large corporations, big banks and the very wealthy.

Illinois has the resources to meet the needs of all of its people. Yet, our state government continues to forward policies that are stifling economic opportunity for the majority, and has failed to make the moral choice to provide for our collective needs. It is imperative that we move a People’s Agenda that brings prosperity for all of the people of Illinois.

1 http://www.theguardian.com/business/ng-interactive/2015/apr/29/the-austerity-delusion
The People’s Agenda is built on the following principles:

- The people of Illinois are a smart investment. Investment in our community institutions, neighborhood programs, education and health care systems, and families is central to putting Illinois on sound financial footing. Continued disinvestment from Illinois’ communities has resulted in increased financial and social instability, which in turn carries hidden costs.
- Growing income inequality is bad for the Illinois economy.
- Our state should modernize its tax system, to reflect the 21st century economy and to ensure that everyone pays their fair share.
- Seniors, people with disabilities, veterans, and our children deserve a strong, well-funded support network.
- Equitable and adequate funding of public education, from Pre-K through university, is an essential building block to Illinois’s economic future.

A rising tide lifts all boats. Illinois’ elected leaders have been draining the pool. It’s time to pursue a different path.

The People’s Agenda describes that path. It proposes a set of reforms based on the above principles: a budget framework, a package of new revenue options, and a set of investments in our communities.

Our Budget Shows Who We Are

At the heart of the People’s Agenda is a proposal for a new kind of budget. A budget is a moral document, one that reflects what we as a state believe to be important. It is a statement about who we are and what we value.

“Let your light so shine before men, that they may see your good works and give glory to your Father who is in heaven.” Matthew 5:16

Our budget should be developed in a transparent manner by the people of Illinois, not horse-traded in a back room in Springfield. It should not be used as a political hostage to extract concessions that serve one person’s ideological agenda.
The Illinois state budget lays out the financial plan for the vital programs and services of our state. The resources we allocate must be based on our values and the collective needs of our state. Considering our education, infrastructure, and safety needs, as well as the care needed for our more vulnerable residents such as children, seniors, the disabled, and the sick, we can determine the revenue needed, and raise it in a way that fairly distributes the burden of its cost.

Illinois needs well-resourced neighborhoods, strong schools, employment for those who can work and support for those who can’t, and homes for everyone. When we invest in our communities, we lay the basis for future prosperity. By tackling poverty, joblessness and hopelessness we build confidence and create the tools for success. Educational opportunities and healthcare for all are basic building blocks of every successful community. This not only makes sense morally; it also makes good economic sense.

**Illinois is a Low Spending State**

For years, budget discussions in Springfield have focused almost exclusively on cuts and reductions, while in reality it is greater investment that is needed. When measured against other states, Illinois is completely out of line with the norm in expenditures for public services. Illinois ranks 47th in the country in state spending on five public services including education and healthcare.

Illinois is not a poor state. It is the 15th wealthiest state relative to population, with a 2013 state Gross Domestic Product (GSP) per capita of $56,264. We have the fifth largest economy in the United States with a GSP of $725 Billion in 2013 ($736 Billion in 2014). If Illinois had even a median level of spending relative to other states it would be ranked 15th among the states in spending on these core public services instead of 47th.

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3 [http://www.epi.org/files/2013/A%20well-educated%20workforce%20is%20key%20to%20state%20prosperity.pdf](http://www.epi.org/files/2013/A%20well-educated%20workforce%20is%20key%20to%20state%20prosperity.pdf), p. 11
4 General Fund Expenditures minus "All Other" Expenditures - Capital Inclusive as compiled by Kaiser Family Foundation
5 Ibid.
6 Ibid.
7 Ibid.
8 Ibid.
9 [http://prospect.org/article/high-road-wins](http://prospect.org/article/high-road-wins)
Instead of continued discussion of cuts, Illinois needs to bring spending in line with other states, and have the funding needed for quality education, healthcare, and human services. Just to spend at the median level on these core public services relative to capacity among U.S. states, Illinois would need to increase its annual spending by 26%—approximately $8 billion.

Even in terms of per capita spending, Illinois ranks near the bottom at 43rd among the states. In 2013 Illinois spent $1,150 per person on core public services, while Kansas spent $1,841 per person and Minnesota, only slightly wealthier than Illinois, spent $2,742 per person—almost 2 ½ times as much as Illinois!

Illinois is not a high spending state—it is a low revenue state. Decades of structural deficits have resulted in chronic inability to pay for foundational expenses for education and human services. The cuts to the General Revenue Fund over the last 14 years have not fixed the state’s finances. It is clear that we will have to raise additional revenue for the state to meet its obligations, in order to make up for the $4.7 billion in annual revenue that was lost at the beginning of 2015 when the income tax was allowed to expire. We cannot cut our way out of this fiscal mess.

**Compared to our Midwestern Neighbors**

<table>
<thead>
<tr>
<th>State</th>
<th>% of GSP/capita spent on core public services</th>
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<tbody>
<tr>
<td>Minnesota</td>
<td>4.84%</td>
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<tr>
<td>Wisconsin</td>
<td>3.78%</td>
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<tr>
<td>Indiana</td>
<td>3.80%</td>
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<tr>
<td>Iowa</td>
<td>2.96%</td>
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<tr>
<td>Ohio</td>
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<tr>
<td>Missouri</td>
<td>2.18%</td>
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<tr>
<td>Illinois</td>
<td>2.04%</td>
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<td>Michigan</td>
<td>1.43%</td>
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Minnesota’s High Road

A good example of how forwarding a people’s agenda has revitalized a state’s economy is Minnesota. Under Governor Mark Dayton, Minnesota passed several key policy reforms, and has steadily grown their economy since 2010. They raised taxes on the wealthiest 2%, generating $1.13 billion in new revenue, increased state funding to education by $485 million, and increased renter and childcare tax credits. Minnesota’s employment growth increased by 4.8%, and their unemployment rate decreased by 3.1%. And today, they expect a $1.9 billion surplus.

Others agree that Minnesota is on the right track, and that high-road economics are sound economics. CNBC voted Minnesota America’s Top State for Business in 2015.
Cuts and Inequality

Since 2002, the state of Illinois has cut more than 25% from its public services budget (education, healthcare, human services).  

If FY2002 spending levels had been maintained from year to year, adjusting only for population growth and inflation, education, healthcare and human services appropriations for FY2015 would have totaled $27.6 billion, which is $6.6 billion more than actual FY2015 appropriations. This means that the range of revenue needed to restore the past 14 years of state disinvestment and bring Illinois up to the median level of state funding for services in the US is $6.6-8 billion. This investment would move Illinois from the bottom of the barrel to the middle of the pack.

The years of chronic disinvestment have taken its toll on Illinois families. Some cuts were sudden and prominent, as when Illinois cut $1.6 billion from its Medicaid budget in 2012, significantly reducing access to healthcare for many beneficiaries, especially working parents. Most of the lost billions, however, added up over years. A recent study from the Heartland Alliance shows that from 2000-2013, poverty in the state has grown by from 10.7% to 14.7%.

Their research further shows that the impact of Illinois’ escalating poverty is disproportionately felt by the Black and Latino families in the state.

Racial disparities in Illinois today are the result of generations of oppressive policies and practices. Those practices continue today - and have left families of color more vulnerable. The budget stalemate has increased the burden being borne by Black and Latino families. As the social safety net frays further, higher ed. institutions like Chicago State University face closure, students lose their MAP grants, and clinics are forced to layoff critical providers of care.

In Illinois, the poverty rate among Black residents is 30%, and among Latinos is 20%, compared to whites, whose poverty rate is 9%. Slashing programs that help low-income families hurt communities of color the most.

12 Center for Tax and Budget Accountability analysis of Illinois budget documents, Fiscal Years 2002-2016.
13 Ibid.
15 Ibid. page 8
Additionally, the ongoing disinvestment in our communities contributes directly to widening income inequality. The richest 5 percent of Illinois households have average incomes 14.6 times as large as the bottom 20 percent of households and 4.9 times as large as the middle 20 percent of households.\(^{16}\)

Governor Rauner has continued the failed approach of disinvestment. He pushed the 2011 Legislature to allow the income tax increase to expire, which further exacerbated issues resulting from the inadequacy of the revenue streams we use to fund basic services in Illinois.

Overall, the roll back cost the state almost $5 billion dollars—but the “benefits” of that roll back were concentrated in the hands of the wealthy.

Illinois ranks No. 5 in the nation for the least fair tax system. The poorest 20% pay 13.2% of their income in taxes, the third highest amount in the country. In comparison, the middle 60% pay 10.9%, while the top 1% pay 4.6%.

Pensions

Payments to Illinois’ five pension systems are also made out of the General Revenue Fund. We must address the financial impact of the pension funds’ current levels of unfunded liability.

The focus of pension reform needs to be on addressing state debt, not squeezing retirees. Currently, our growing pension payments are overwhelmingly dedicated to catching up on the debt service to our pension funds - not toward the payments to beneficiaries which have remained relatively steady at $1.2-$1.6 billion annually for the past 12 years.

Illinois public employees retire on very modest pensions—on average just $32,000/yr after a lifetime dedicated to public service. Many receive much less than this average amount.¹⁸

Most Illinois public employees are ineligible for Social Security. Unlike private-sector workers - police and firefighters, teachers and university employees, city of Chicago and Cook County employees don’t qualify for Social Security. Reducing the pension they earn would leave many public employees with little to fall back on in retirement.

Rather than use the unfunded liabilities as a rationale to justify more devastating cuts to our education, healthcare and human services infrastructure, we need to seek a sensible solution that allows us to stabilize our finances, keep our promises to retirees and does not starve the rest of the state’s infrastructure.

In order to address the unfunded pension liability, Illinois elected officials and pension fund trustees should pursue solutions like:

- A dedicated revenue stream to prevent the build up of this type of debt to our state’s retired workers. Dedicated revenue would allow a re-amortization of the debt owed to our pension systems, avoiding the worst repayment timelines and scenarios where pension funding is addressed at the expense of the retirees - the victims of our state’s historic under-funding.
- Conduct an asset allocation review and identify less costly and more effective diversification approaches. Given the underperformance of the Illinois State Board of Investment’s hedge fund investments over the last nine fiscal years, we should also require full and public fee disclosures from hedge fund managers and consultants and consider legislation and/or policies requiring such disclosure. This would help create significant savings by squeezing Wall Street instead of our retirees.¹⁹

2016-2017 Budget

The basic budget outline below serves as a starting point for how the state should prioritize its resources.

Budget cutting for more than a decade has seriously damaged our schools, our human services, and the most vulnerable populations—seniors, people with disabilities, and children. We need to repair the damage.

Future budgets for the state of IL should start from a foundation of restoring the cuts that have been made since 2002. Our proposed 2016 and 2017 budgets start at spending levels equivalent to the 2002 General Fund Budget for the state of Illinois.

<table>
<thead>
<tr>
<th>FY2002 General Fund appropriations, inflation adjusted ($ Millions)</th>
<th>FY2015 General Fund appropriations ($ Millions)</th>
<th>FY 2016 People’s Agenda Proposed Funding Levels ($ Millions)</th>
<th>FY 2017 People’s Agenda Proposed Funding Levels ($ Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-K-12 Education</td>
<td>$7,736</td>
<td>$6,755</td>
<td>$8,037</td>
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<tr>
<td>Healthcare</td>
<td>$9,060</td>
<td>$7,446</td>
<td>$9,499</td>
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<tr>
<td>Human Services</td>
<td>$7,284</td>
<td>$4,806</td>
<td>$7,569</td>
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<tr>
<td>Higher Ed</td>
<td>$3,506</td>
<td>$1,991</td>
<td>$3,643</td>
</tr>
<tr>
<td>Total Healthcare, Human Services and Education (General Revenue Fund)</td>
<td>$27,586</td>
<td>$20,998</td>
<td>$28,161</td>
</tr>
</tbody>
</table>


To build a state that is truly competitive, one that develops highly skilled workers and strong infrastructure, we need to move in the direction of full funding for the programs we know lift up all families and build strong communities.
Economic Impact of Human Service Spending

In addition to being vital for the health of Illinois communities, human services are an important part of local economies. Human services spending takes place locally and circulates locally.

Studies utilizing input-output models of state economies have shown how human services spending does more to support other economic activity within a state compared with industries more typically associated with economic development strategies, such as retail, hospitality, and financial services.

Funding human services therefore has significant economic impact throughout other parts of the state economy.

In the present, needed funding described in the People’s Agenda would support $323 million of additional economic activity in other parts of the Illinois economy.21

If the more visionary investments described in the People’s Agenda were enacted, these investments would support $4.2 billion of additional economic activity in other parts of the Illinois economy.


Expanding programs to meet the need

The People’s Agenda identified several case studies of program expansion that would provide multiple long term benefits to the state. Taken together these case studies paint a vision of the kind of change we could bring to our communities.

What follows is a summary of investments we recommend, both in the short term and in the near future. It should be noted that most of these programs pay for themselves in cost savings, job creation and the new economic activity they generate. This list is just a beginning. We know there are other vital needs that must be addressed and we look forward to working with our partners to generate those proposals as well.

Child care for Working Parents and Universal Pre-K

**FY ’16 & ’17:** Expand income eligibility for subsidized child care to 300% of the Federal Poverty Level (FPL), or $72,900 for a family of four. Serves 75,000 additional children in middle-income families.

**Investment over FY’15:** $200 million

**Invest in Illinois Families:** Universal access to child care, free for low-income families and subsidized for other families, and universal preschool for all children ages three and four in Illinois. Raise minimum wages of childcare providers to $15/hr.

**Investment recommended:** $5.5 billion

Centers for Independent Living

FY ’16 & 17: A CIL is a private, non-residential, community-based, not-for-profit, consumer-controlled organization that provides these core services for people with disabilities: Advocacy; Peer Support; Independent Living Skills Development; and Information and Referral. They also facilitate transition from nursing homes to Home and Community-Based Services, and offer activities to prevent individuals from entering institutions and youth transition services. CILs currently serve 63,430 Illinois residents and their families.\(^1\)

Investment: $4.3 million annually\(^*\)
\(^*\)Already committed by the General Assembly.

Invest in Illinois Families Recommendation:
Fully fund the 22 Centers for Independent Living in Illinois. Not only are these services liberating for the individual, they provide significant cost-savings for the public.
Investment recommended: $4.8 million annually

Preventing and Ending Homelessness

FY ’16:
- Restore Homeless Prevention Funding to assist 14,000 households in avoiding homelessness.
- Increase Supportive Housing funding by $3.6 million to bring the total units up to 12,790 while leveraging already committed capital funding.
- Invest $5.6 million in Homeless Youth Programs serving 2,800 youth
- Maintain Funding of Emergency and Transitional Housing Programs at $9.4 million, serving 36,879 individuals

Investment: $60.4 million
Serves: 14,000 Households and 52,469 Individuals

Invest in Illinois Families Recommendation:
Fully fund homeless youth programs to serve all of Illinois young people experiencing homelessness (25,000). Make a capital investment of $200 million to develop supportive housing. Provide rental subsidies to the 318,000 low-income families that do not have access to affordable housing - to eliminate homelessness in our state.
Investment recommended: $1.86 billion


Grassroots Collaborative
Home Care for Seniors and People Living with Disabilities

**FY ’16:** Home care can save much more than it costs: it helps keep seniors and people with disabilities in their homes and communities and out of much more costly institutional settings. Pass legislation now to: (1) protect eligibility levels for in home care programs, (2) raise wages for home care providers to at least $15/hr, and (3) protect health benefits and training for personal assistants serving people with disabilities.

**Investment:** $267 million additional funding - $1.7 (’16) and $1.9 billion (’17) total  
**Serves:** More than 1320,000 Illinois residents and their families

**Invest in Illinois Families Recommendation:** Provide universal access for all individuals who cannot fulfill at least one Activity of Daily Living and adequate number of hours of care per week for all consumers. Stabilize the workforce with living wages and training.

**Investment recommended:** $1.6 billion in new funding ($3.3 billion total)  
**Expansion serves:** 101,500 new consumers

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Immigrant Services

**FY ’16:** Immigrants make up 13.5% of our state’s population. Illinois should reinstate funding for two key programs which provide needed resources and assistance to these communities. The New Americans Initiative (NAI) provides legal screening, application processing, and English and citizenship test preparation services in 25 languages. The Immigrant Family Resource Program (IFRP) is a network of 37 ethnic community-based organizations dedicated to providing equal access to health and safety-net services for immigrant communities.

**Investment:** $6.7 million  
**Serves:** More than 70,000 Illinois residents annually

**Invest in Illinois Families Recommendation:**  
Create increased opportunities for Illinois’ immigrant communities to fully contribute to the life of our state, by fully funding these successful and cost-effective programs

**Investment recommended:** $10 million
Developing Homegrown Teachers

**FY ’16 & 17:** Investing in the development of homegrown teachers, who teach in their own communities, has proven to be a very successful approach to teacher training in many underfunded school districts in Illinois. Grow Your Own helps low-income working adults return to school with loans for tuition and other services like child care, transportation and tutoring. It produces the most diverse teachers of any training program in the state.

**Investment:** $1.5 million annually*

*The IL Board of Higher Education (which is majority-appointed by the Governor) has already approved $1.5 million to fund the Grow Your Own Program. Now it needs to be passed by the legislature and signed by the Governor.

**Invest in Illinois Families Recommendation:**
To achieve equity, excellence and diversity in the new teacher pipeline, fund the Grow Your Own Program indefinitely.

Violence Prevention

**FY ’16:** CeaseFire Illinois operates in 6 cities throughout the state – Chicago, Maywood, Rockford, East St. Louis, Springfield, and North Chicago/Waukegan. Using a public health approach, CeaseFire has reduced violence across all six communities, showing reductions in shootings and killings of 41% to 73%, and reductions in shooting hot spots of up to 40%.

**Investment:** $4.5 million

**Invest in Illinois Families Recommendation:**
Illinois should invest in a significant program expansion that would allow the program to be employed more broadly in communities with the highest rates of violence, rather than just 1-2 police beats per district.

**Investment recommended:** $24.5 million

Parent Mentor Program

**FY ’16:** The Parent Mentor Program supports 655 parent mentors across 58 low-income schools in Chicago, Aurora, Bolingbrook, Country Club Hills, Moline, East Moline, Skokie, Summit, and Zion, serving 11,676 students. The Parent Mentor Program delivers tremendous impact inside the classroom and out at the cost of $150 per student.

**Investment:** $1.47 million*

*These funds have been approved as part of the K-12 education funding that was passed in 2015.

**Invest in Illinois Families Recommendation:**
For FY’17, expand the Parent Mentor Program to new school districts and communities. An additional investment of $533,000 will reach an additional 4,000 students.

**Investment Recommendation:** $2 million

Revenue

Illinois needs new revenue. We cannot solve our problems with cuts - working and middle class families have already been cut to the bone. Our current tax structure is regressive - Illinois taxes its lowest-income workers at the 4th highest rate in the nation, and is the 10th from the bottom in taxing its wealthiest. In order to reverse the growing poverty in Illinois, we need to raise new revenue by making sure that those who can best afford it—the wealthy, big banks, and corporations- pay their fair share.

There are a number of revenue-producing strategies that we can use immediately to set our budget in the right direction. The proposals we present here are progressive, drawing revenue from those who can afford to pay and addressing the inequality which is weakening the fabric of our democracy.

Fair Tax

Illinois is one of only 8 states with a flat tax, forcing working class families to pay a higher effective tax rate than the wealthy. Most states have a graduated income tax, based on a simple principle that those who make more from the state’s economy should also contribute more to our public good. Even a modest graduated income tax could provide us with more than enough revenue to make up for the loss of $4.7 billion with the 2015 income tax sunset, and go a long way to reverse entirely the long decline of Illinois’ funding for education and human services.

The graduated income tax rates in use by numerous states, including many of our Midwestern neighbors, would raise significantly more revenue if applied to Illinois’ tax base.

- If we were to impose a set of graduated income tax rates equivalent to Oregon’s, where the highest rate is 9.9% for the very wealthy, Illinois could more than double its revenue from personal income tax. This would generate approximately $18.1 billion in new revenue.
- The same is true for Minnesota’s graduated income tax rates, which similarly top out at 9.85% for the wealthiest individuals. Minnesota’s rates would generate an estimated $13.6 billion in additional revenue.
- The income tax rates of Wisconsin, with a highest rate of 7.65%, could result in about 75% more revenue. We could generate $9.4 billion--more than enough to restore the cuts since 2002.

These examples make it very clear that by modernizing out tax structure and creating a graduated income tax, Illinois can generate adequate revenue. We could be well on the way to fiscal solvency, without burdening working families.

24 Institute on Taxation and Economic Policy
MILLIONAIRES TAX

Illinois has 280,266 millionaires\(^\text{26}\), the sixth most millionaires in the nation. In 2014, 64 % of voters in Illinois supported a Millionaires Tax. The proposal would place a 3% tax on incomes over $1 million and would generate $1 billion/year into public education, equal to $550 per student in Illinois. The legislation would help schools all across the state, as all new aid is per capita.

FINANCIAL TRANSACTION TAX

According to the New York Times this year, “A financial transaction tax (FTT)—a per-trade charge on the buying and selling of stocks, bonds and derivatives—is an idea whose time has finally come.”\(^\text{27}\) As more and more European countries adopt FTT’s, it becomes obvious that we should too.

The concept of a FTT is simple--just a small tax per trade. Since it is over 75% high-income people who do the trading in stocks and bonds, a tax like this is very progressive. Wall Street firms and ultra-wealthy investors have made huge profits from speculative trading on LaSalle Street. Raising revenue through gambling taxes on casinos primarily hits working class customers, but this type of gambling by bankers and billionaires has been left untouched, with traders paying no sales tax on these transactions. By charging even a small fee, an Illinois financial transaction tax has the potential to raise billions for the state.

END CORPORATE TAX LOOPHOLES

Corporations are supposed to pay taxes but, like rich people, rich corporations are really adept at avoiding payment. The Illinois tax code is full of provisions that let corporations dodge paying their fair share of taxes - through deductions, tax credits, depreciation, shifting money between subsidiaries, and other loopholes. \(\text{Over 2/3 of Illinois corporations pay no state income tax.}^{28}\)

We can close these loopholes and adopt measures like Oregon and Montana that require companies to report and pay taxes on money hidden in foreign tax havens. There are currently 3 different bills in the IL General Assembly that would close corporate tax loopholes. They would provide anywhere from $139 million to $2 billion in annual revenue.

\(^{26}\) http://www.huffingtonpost.com/reboot-illinois/how-many-millionaires-are_b_6721840.html
\(^{27}\) http://www.nytimes.com/2016/01/28/opinion/the-need-for-a-tax-on-financial-trading.html?_r=0

\(^{29}\) “90 Reasons We Need State Corporate Tax Reform: State Corporate Tax Avoidance in the Fortune 500, 2008 to 2012”; Citizens for Tax Justice and Institute on Taxation and Economic Policy; March 2014
Revenue

Passing Corporate Tax Transparency legislation is critical to creating a fair tax code. HB 3436 has been introduced through the work of Fair Economy Illinois. It would obligate publicly traded corporations who do business in our state to disclose how much they pay in taxes to Illinois and what loopholes and deductions they use to calculate their tax liability.


There are currently proposals to eliminate the following loopholes:

IL businesses keep a portion of the sales tax they collect for the state. Limiting the Sales Tax Vendor Discount to a business’ first million dollars in sales would generate $115 million in revenue.

The Foreign Dividend Subtraction, which allows a deduction on profits from foreign subsidiaries of companies located in Illinois, cost the state $360 million in FY2013 according to a report from the Comptroller on Tax Expenditures. This loophole rewards companies who move jobs outside of the state.

A significant corporate tax break is the Net Operating Loss Deduction which cost the state $219 million in FY2012 by allowing corporations to carry forward operating losses twenty years.

Illinois also allows a deduction for companies who produce goods in other states, known as the Federal Domestic Activities Production credit; essentially subsidizing economic activity that doesn’t create jobs in Illinois, and instead rewards states that attempt to pilfer business away from our state. It’s estimated that ending this loophole would generate $139 million each year.

In addition, repealing the Noncombination Rule, which allows corporations to file taxes as a subsidiary that is exempt from certain state taxes, would save the state approximately $25 million each year.

The Illinois General Assembly and Governor should take action to close these loopholes, restoring hundreds of millions of dollars in revenue to strengthen our annual budgets.

END BAD BANK DEALS

Illinois has 19 hedging interest rate swaps, which backfired in light of the 2008 financial crash, as a result of the emergency action taken by the Federal Reserve to slash interest rates to near zero to get the economy back on track. Even though interest rate swaps were pitched as instruments that would save taxpayers money by protecting cities and states from rising interest rates on
their variable-rate bonds, these deals became toxic drains on public coffers because Wall Street crashed the economy.

Illinois has spent $618 million on these swaps already, and the total cost to taxpayers could climb to $1.45 billion by the time these deals end in 2033. However, if the budget impasse continues and the state’s credit rating tumbles further, Illinois taxpayers could be hit with $124 million in termination penalties on some of its swaps as early as this November.\(^{30}\)

Attorney General Lisa Madigan needs to take the Wall Street banks to court to recoup this money, as other states have done. We could win back money and prevent decades of future losses by taking legal action, demanding that banks release taxpayers from this burden, and refusing future business to banks that refuse to renegotiate.

### Call to Action

Every day that goes by without a budget causes Illinois more harm. This historic failure to enact a budget is reckless and irresponsible, and political leaders should act quickly and decisively.

But a budget that is not based in reality is only going to worsen the problem. We need a responsible budget, one that moves Illinois forward on a path to prosperity for all.

Our leaders need to find the courage to:

- Modernize the Tax Structure
- Invest in Communities and Create Jobs
- Reform Bank and Financial Industry Policies - End Predatory Financial Deals
- Create an Adequate and Equitable Funding Structure for Education
- End protections and preferential treatment of corporations and Wall St. over working families
- Provide for the real needs of our population in education and human services

It’s time to pass a budget that puts people on the agenda.

\(^{30}\) Saqib Bhatti, “Turned Around: report on how the swaps that were supposed to save Illinois millions turned toxic,” Refund America Project; [http://www.refundproject.org/#turned-around](http://www.refundproject.org/#turned-around)
Child care is an expensive burden for working families in Illinois. For a parent earning minimum wage full time in Illinois, they would need to spend 75% of their annual earnings paying for child care for an infant, and 55% of their annual earnings paying for care for a four year old.\textsuperscript{31}

**The Goal:**
To make child care assistance available to all working families in Illinois who need it. Illinois should be working towards providing universal access to subsidized, affordable child care, which would be free to low-income families and all other families would not pay more than 10% of their income, as well as universal preschool for all children ages three and four in Illinois. Child care providers would be paid living wages (at least $15/hour) so that they can support their families and to recognize providers for the incredibly important work they do to care for our state’s children.

Create parity for pre-K teachers and other early childhood educators with K-12 teachers.

**Expansion Serves:** All Illinois Families with Children Age 0-4

**Investment required:** $5.5 billion

**Let’s Get Started Now:**
In 2016 we can take important steps toward this goal. We can expand income eligibility for families to receive subsidized child care from the current (FY2015) rate of 185% of the Federal Poverty Level (FPL) in statute, which is $44,955 for a family of four, to 300% FPL, or $72,900 for a family of four.

**Expansion serves:** 75,000 additional children in middle-income families

**Cost:** $200 million in new funding ($1.38 billion in total)

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\textsuperscript{31} \url{http://www.epi.org/publication/child-care-affordability/#is-child-care-affordable}
Illinois’s home care programs (Home Services Program and Community Care Program) help more than 132,000 seniors and people with disabilities live independently in the community by assisting with routine activities such as preparing and eating meals or doing housework. However, tens of thousands of people either cannot access affordable, high quality, at-home personal care services at all, or cannot get access to sufficient hours of care. Without home care, they may experience deterioration of their well-being and risk losing their homes. **Home care can save much more than it costs: it helps keep seniors and people with disabilities in their homes and communities and out of much more costly institutional settings.**

**The Goal:**
To provide universal access to home care programs for all individuals who cannot fulfill at least one Activity of Daily Living. In addition, HSP and CCP should cover an adequate number of hours of care per week for all consumers. Currently some consumers (especially seniors) have their hours rationed. Caregivers would receive a wage of at least $15/hour—allowing them to provide for their families and stabilizing what is currently a high-turnover workforce.

**Expansion serves: 101,500 new individuals**

**Investment Required:** $1.6 billion in new funding ($3.3 billion in total)

**Let’s Get Started Now:** We should take action now to: (1) protect eligibility levels for home care programs from drastic cuts proposed by the Governor, (2) raise wages for home care providers serving seniors to at least $15/hr, and (3) protect health benefits and training for personal assistants serving people with disabilities. While these measures would increase home care funding levels in the coming year, this is a far cry from what our communities deserve.

**Program Serves: 132,500 individuals - 28,000 people with disabilities and 104,500 seniors**

**Cost:** $1.7 billion for FY’16 and $1.9 billion for FY’17

*Note on funding: Illinois home care programs are mostly funded through Medicaid, and therefore there is a one-to-one Federal match on state funds.*
Developing Homegrown Teachers to Serve Underfunded School Districts

Case Studies: A People’s Agenda

Schools in many underfunded districts in our state are facing massive teacher turnover, a widening cultural mismatch between students and teachers, and an achievement gap among low-income students. Investing in Grow Your Own (GYO) and the development of homegrown teachers who are committed to teaching in their own communities has proven a very successful approach to teacher training.

The majority of GYO candidates are low-income working adults. 74% percent of GYO candidates are women, 71% have dependents, and 86% work either full or part-time. They are returning to school after a long hiatus, or entering a higher education classroom for the first time. Through forgivable loans for tuition and intensive wrap-around services, the barriers that prevent many working people from returning to school are lifted.

GYO is helping to move low-income community members out of poverty and into a stable profession, enabling them to give back to their communities. GYO develops the most diverse teachers of any training program in the state. 91% of GYO graduates are teachers of color and the program’s placement rate is 79%. Our graduates commit to teaching in a high needs schools for at least five years.

The Goal:
To achieve equity, excellence and diversity in the new teacher pipeline. Increase the size of the GYO program to be able to support twice the number of teacher candidates.

Expansion serves: **400 teacher candidates, 8,400 students**

Investment required: **$3.5 million**

Let’s Get Started Now: The IL Board of Higher Education has already approved $1.5 million to fund the Grow Your Own Program. Fully fund GYO for the remainder of FY’16 and FY’17.

Cost: **$1.5 million**

Serves: **200 diverse, homegrown teacher candidates; 73 school communities and 4,200 students**

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**Samantha Sartin**

**GYO graduate**

By the time I was 19, I was a single mother with two daughters. But I didn’t want to be a stereotype. I had gotten my GED and I was determined to beat the odds. People say someone like me would never receive a college degree. I was determined to prove them wrong.

I started to study to become a teacher. I was really motivated by the social justice aspect of teaching. I want to teach in the inner city, in poor neighborhoods where a lot of kids don’t know anyone who’s been to college.

Grow Your Own Teachers was a transformative experience for me. They transformed my entire vision of teaching and helped put so many things into perspective. It made me the teacher that I am. I always felt welcome in the program. It was never competitive or combative. When I was the new person, I never felt nervous or like I didn’t belong. We were always encouraging each other.

And the GYO mission is powerful. Getting more African Americans and Latinos into teacher prep programs and then growing the pool of teachers who look like students.

Things that you hear about students in schools like this on the West Side are simply not true. The news is always feeding negative images. My students can be rowdy sometimes, but they are smart and intellectual and I let them know how great they are.

All of this budget cutting is ending careers before they even get started. GYO is a great program for African American and Latino teachers and for African American and Latino students. People need to know how much GYO makes a difference.
Centers for Independent Living

“Living independently does not mean doing everything for one’s self, but being in control of decisions made about one’s self. This is the foundation which Centers for Independent Living (CILs) are founded.” A CIL is a private, non-residential, community-based, not-for-profit, consumer-controlled organization that assists people with disabilities to live independently through four mandated core services: Advocacy; Peer Support; Independent Living Skills Development; and Information and Referral. As a result of the recent passage of federal legislation, the Workforce Innovation and Opportunity Act (WIOA), CILs will soon be required to add three additional services, which most CILs already provide. These services include facilitating transition from nursing homes to the community with necessary supports, services to prevent individuals from entering institutions and youth transition services.

The Goal:
Fully fund the 22 Centers for Independent Living in Illinois, enabling these community-based organizations to provide the services necessary to assist individuals living with disabilities in their pursuit to live independently. This investment in home and community-based services leads to better outcomes for the individuals served, allowing them freedom and dignity, and is a cost effective use of taxpayer dollars.

Investment required: $4.8 million

Let’s Get Started Now:
The IL General Assembly has already approved the appropriation of $4.3 million in funding to support the Centers. The state of Illinois has asked the CILs to continue providing services, with the assumption that they will one day be paid. As an example, Access Living, the CIL that serves Chicago, is owed $1.1 million by the state of Illinois (for a variety of services, including those covered by the CIL appropriation). The legislature and the Governor should pass a budget immediately, that includes the $4.3 million that has already been approved and committed.

Cost: $4.3 million
Serves: 63,430 Illinois residents and their families

Fatima Salgado
GYO candidate

Grow Your Own has been resourceful—whenever we have questions, they always have help on the table. Financially, Grow Your Own has been the best support. I hate talking about the possibility of the program losing funding. Grow Your Own works. You’re going to take away the one thing that will help us complete our education? It’s ridiculous. I’ve done a lot in my 21 years of life to deserve my bachelor’s degree. And I’m battling for the money to stay in school and finish? I don’t deserve that and my fellow candidates don’t deserve it. I see it on their faces. They’re worried. I’m worried, too.

It’s not just about us or our tuition. It’s about knowing how to prepare students in our community. They need to have a strong foundation. Many of them are constantly told “No, you can’t do that.” We candidates are all going to create a cultural classroom environment where the students feel safe and know they are worthy as human beings. Classrooms lack that now.
Case Studies: A People’s Agenda

Homeless Services

Homeless Youth Programs, Supportive Housing, Emergency and Transitional Housing Programs, and Homeless Prevention Services provide assistance to people experiencing or possibly about to experience homelessness. Some of these programs not only meet the immediate need of shelter and permanent stable housing but also provide case management, counseling, substance abuse counseling, and employment and educational opportunities. Without housing assistance and supportive services people may once again become homeless, unemployed, end up in adult and juvenile jail, or institutionalized.

Homeless Prevention Services provide small grants to people facing a temporary crisis, such as loss of a job or a health care emergency. Historically it has had a very high success rate in avoiding homelessness (88%). \(^{33}\) Significant cost saving to the state can be seen from providing permanent supportive housing to those individuals that are interacting with costly systems such as health care institutions and nursing homes. The costs of providing someone with supportive housing in the community is $37,000 less per year than the cost of housing that person in a nursing home or institution—a 72.4% reduction in cost. \(^{34}\)

Offering housing and supportive services to homeless youth reduces the higher costs of juvenile incarceration, Department of Children and Family Services care, and chronic homelessness and maximizes matching federal dollars. As an example, the average cost of providing housing and homeless services to a homeless youth in Illinois is $16,700\(^{35}\) (the state contributes $1,953)\(^{36}\) while the cost to the state to incarcerate a youth is $111,000\(^{37}\) and to provide substitute care in DCFS is $48,328. \(^{38}\)

The Goal:
We can end homelessness in Illinois. We need prevention services and youth programs - to prevent homelessness before it happens and to ensure that youth do not become chronically homeless. We need new investment of $200 million in the development of supportive housing. Funding at this level would build housing for 2,000 households. By providing rental subsidies to the 318,000 low-income families that do not have access to affordable housing we could eliminate homelessness in our state.


\(^{34}\) Illinois Housing Development Authority Fiscal Year 2013 Annual Report


\(^{36}\) In FY 2014 the Homeless Youth Program was funded at $4.6 million and served 2,355 youth. Illinois Department of Human Services, Homeless Youth Program. (2014).


Investment required:

| Expansion of Prevention Services and Homeless Youth Programs | $61 million in additional funds (annual) |
| Creation of New Affordable Housing | $200 million (over 5-7 years) |
| Rental Subsidies | $1.6 billion |

Expansion Serves: 318,000 households; 25,000 youth experiencing homelessness

Let’s Get Started Now:
RESTORE HOMELESS PREVENTION FUNDING TO $11 MILLION.
This program provides one-time rental and utility assistance, which has prevented or ended homelessness for 109,652 families since 2000. This funding prevents families from entering the more costly emergency shelter system. Restoring Prevention funding to $11 million will prevent homelessness for a total of 14,000 households.

INCREASE FUNDING FOR SUPPORTIVE HOUSING TO $34.4 MILLION.
Over 12,000 people live in supportive housing in the state. Supportive housing addresses the state’s consent decrees and provides individuals at risk of homelessness with a stable environment and an opportunity for health improvement and reduced medical expenses. This funding level includes an increase of $3.6 million, which would leverage approximately $28 million for 15 new projects. These projects would serve 790 more people.

PROVIDE $5.6 MILLION FOR HOMELESS YOUTH PROGRAMS.
Homeless youth programs provide outreach services, emergency shelter, and longer-term housing for unaccompanied homeless youth. 82% of unaccompanied youth served by this program in Illinois moved into safe, stable housing. This program reduces the higher costs of juvenile incarceration, Department of Children and Family Services care, and chronic homelessness and maximizes matching federal dollars.

MAINTAIN FUNDING OF EMERGENCY AND TRANSITIONAL HOUSING AT $9.4 MILLION.
In FY ‘15 over 100 agencies provided comprehensive shelter services to 36,879 people across the state. Even at this funding level, Illinoisans were turned away 45,836 times during the same fiscal year due to insufficient resources.

Cost: $55.4 million
Case Studies: A People’s Agenda

Services for Immigrant Families

Serves: 26,000 Households; 54,411 Individuals

The State of Illinois is home to 1.8 million immigrants. Immigrants make up 13.5% of our state’s population and 17.5% of our state’s workforce. Of these immigrants, 850,000 are US citizens, and another 370,000 are currently eligible to become citizens. The Immigrant Services Line Item (ISLI) has provided funding for two key programs serving these Illinois residents.

The New Americans Initiative (NAI) is an integrated citizenship campaign that uses grassroots and media outreach in 25 languages to provide legal screening, application processing, and English and citizenship test preparation services to immigrants throughout Illinois. In the past 10 years, the New Americans Initiative (NAI) has assisted 105,394 immigrants to become U.S. citizens. Last year with state funding NAI processed 10,588 citizenship applications.

The Immigrant Family Resource Program (IFRP) is a network of 37 ethnic community-based organizations dedicated to providing equal access to health and safety-net services for immigrant communities. In FY14, the Immigrant Family Resource Program (IFRP) partners assisted 71,088 individuals (an 18% increase from the previous fiscal year) to access safety net programs, at a low cost of $59.33 per active case. IFRP also helped Illinois to meet the mandates of Title VI/Civil Rights Act and the Quinones Consent Decree.

The Goal:
The NAI and IFRP should be fully funded to perform at peak levels. With an increasing number of eligible candidates for citizenship, reliable and adequate funding is needed for Illinois’ immigrant communities to access the resources they need to thrive.

Investment require: $10 million annually

Let’s Get Started:
Illinois should recommit to these effective programs, by restoring funding to the Immigrant Services Line Item. Our immigrant communities enrich our state through their labor and cultural contributions; they should not be forgotten.

Cost: $6.7 million for FY ‘16
Serves: More than 70,000 Illinois residents
The Parent Mentor Program supports 655 parent mentors working with children in the early grades across 58 low-income schools in Chicago, Aurora, Bolingbrook, Country Club Hills, Moline, East Moline, Skokie, Summit, and Zion.

Parent mentors are recruited and trained by local schools and community organizations. They spend 2 hours per day tutoring students or in training. Different than volunteers who come and go, parent mentors are a daily support in their assigned classroom.

The data demonstrates the effectiveness of the Parent Mentor Program. Evaluations show:

- reading and math scores rise;
- teachers are able to spend more 1-1 time with students;
- school staff and parents develop increased trust;
- the number of parent mentors who read with their own children increased nearly 15 fold;
- and 92% of children of parent mentors graduate from high school, 87% of those students went on to college.

The Parent Mentor Program delivers all of this impact at the cost of $150 per student – a very cost-effective program.

**The Goal:**
Expand the program to new schools and districts. The program regularly receives inquiries from schools and organizations around Illinois. It is time to open a new RFP process.

**Investment required:** $2 million annual (an increase of $533,700 over FY’16)
**Expansion serves:** an additional 4,000 students

**Let’s Get Started Now:**
In FY’16, continue to invest in the Parent Mentor Program at its current funding levels.

**Cost:** $1.47 million (in state funding, which is combined with private funds)
**Serves:** 11,676 students
Case Studies: A People’s Agenda

Violence Prevention

CeaseFire Illinois is the Illinois branch of the Cure Violence Organization. CeaseFire had its first program in 2000 in the West Garfield Park neighborhood where it achieved a 67% drop in shootings and killings. Following four more replications of the new model – averaging a 42% drop in shootings and killings – the work was expanded to 15 communities and in 2004, Chicago had a 25% drop in killings, with a 50% drop in the CeaseFire zones. Since then CeaseFire has been active in 16 communities in Chicago and 7 communities in Illinois (Chicago, Maywood, Rockford, East St. Louis, Springfield, and North Chicago/Waukegan).

An evaluation supported by the U.S. Department of Justice which showed statistically significant results across all seven communities, reductions in shootings and killings of 41% to 73%, reductions in shooting hot spots of up to 40%, and the elimination of retaliation killings in 5 of 8 communities. Gun violence has a horrible emotional and social cost to our communities. It also has a financial cost. Every $1 spent on CeaseFire saves $15.77 in total costs due to gun violence. Unfortunately, most CeaseFire activity has been suspended since March 2015 because of the budget impasse.

The Goal:
Expand CeaseFire, so that its effective violence prevention methodology can be applied more broadly. Illinois should invest in a significant program expansion that would allow the program to be employed more thoroughly in communities with the highest rates of violence, rather than in just 1-2 police beats per district. By adopting a community-wide approach, CeaseFire’s successful methodology can have a much larger impact.


40  CeaseFire Program Highlights via ICJIA State Grant July 2013 – March 2015 (FY14 & 15)
Expansion impact: Fully funding CeaseFire at this level would allow it to expand its program to into the broader community areas circled on the map above. In recent years, most program activity was concentrated in the Ceasefire beats shown above (indicated by the diagonal red lines).

Investment Required: $24,468,000

Let’s Get Started Now:
CeaseFire Illinois lost all of its state funding for FY’16. We should begin by immediately reinstating the funding for CeaseFire Illinois, allowing the program to re-establish itself in all 7 cities. This would have an immediate impact of reversing the 74% decrease in mediations in these communities. It would also address the 14.53% increase in shootings that occurred during the first half of FY’16.

Cost: $4.8 million for FY ’16
* Includes $258,329 due for unreimbursed expenses for FY’14
Serves: residents of 16 Chicago Communities and 6 other Illinois Cities.