

**McDonough County Interagency Council Meeting**  
**June 16, 2010**

**Speakers:** Representative Rich Meyers and Senator John Sullivan

**Members present:**

Kate McGruder	Early Beginnings/ROE #26
Lisa Fulkerson	U of I Extension Center
Maggie Brooks	NCBHS
Sue McCance	DHS-FCRC
Josh Mercer	WIRC Victim Services
Janet John	Preschool for All/ROE #26
Melissa Tschirgi	PACT Head Start
Sarah Baca	PACT Head Start
Amie Weir	Salvation Army
Cynthia Stiffler	DHS-CHP
Dennis Danowski	Macomb Public Library
Dustin Gorder	WCI/CIL
Janice Fink	WCI/CIL
Brian Davenport	DHS-DRS
Tammy McIlhenny	Early Beginnings/ROE #26
Lynne Ruben	Macomb Area AARP
Jack Beard	Macomb Senior Citizens
Missy Kolowski	Alzheimer's Association
Kelly Shiraki	MDH Outreach Services
Susan Thompson	Addus Healthcare
Erika Parks	Catholic Charities
Jade Powers	Catholic Charities
Cynthia Sheffler	McDonough County Health Department
Lynn VanPelt	McDonough County Health Department
Dorcus Word	McDonough County Health Department
Robin Newe	McDonough County Health Department
Briane Gasparovich	Alternatives for the Older Adult
Kristen Stevens	Alternatives for the Older Adult
Linda Oprian	Birthright
Deb Richards	Division of Specialized Care for Children
Debbie Cole	DSCC
Jill Beck	United Way
Kim Lampitt	BBBS
Cathy E. Rigg	Samaritan Well
Bill Jaconbs	McDonough Housing Authority
Donnice Hamilton	Early Beginnings/ROE #26
Kathy Millard	McDonough Housing Authority
Lashonna Taylor	McDonough Housing Authority

**Speakers for today:** Senator John Sullivan and Representative Rich Meyers

*Senator John Sullivan spoke first:*

- The General Assembly has passed the FY11 budget. Two pieces of the budget that have not been completed.
  - General funds budget = 26 billion dollars and the rest of the 50 billion is Federal money. This is 325 million less than last year. The State has seen a tremendous loss of revenue in income tax, corporate tax and sales tax and that is where a bulk of our revenue comes from.
  - 3.5 billion drop in these three taxes. This is a huge part of the fiscal deficit now.
  - The State usually sees a natural gradual growth, but in 2008 there was a sharp drop in revenue of 3.5 billion.
  - They are anticipating a small growth in revenue in FY11.
  - The General Assembly has given the Governor extraordinary power to manage the budget.
  - Legislature couldn't agree so the Governor wanted the ability to manage the budget so the legislature gave it to him.
- The state administers over 600 various funds. Some funds have no money in them currently and others have millions of dollars. The average balance is 3-8 billion dollars in them, but this fluctuates.
- The General Assembly allowed the Governor to borrow out of these funds and this is where he will pay the interest for these loans. The Governor is hoping to reduce the cuts by borrowing, but is trying to come up with other options.
  - The State will receive tobacco securitization. This is where the State will receive money from the tobacco industry-about 300 million. Then the State will sell the interest from this tobacco money. The State will receive a lump sum of 1.2 billion from the company that buys it. Will not be selling all of it.
  - There have been a number of steps put in place to insure that the State has accountability. Contracts over a certain amount must be rebid. Members of the General Assembly will take a 4000 pay cut and a reduction in travel stipend.
  - The pension obligation has not been completed yet. The State is required to make a 4 billion dollar payment to various pensions. This is required by law but the State does not have the money to do it so they proposed to borrow the money and pay it back over 8 years. This piece of legislation passed the house but not in the senate. Primarily a cash flow issue. Over in the House there were two republicans who supported it but in the senate some democrats have not supported it and the senate republicans have not supported it in addition.
  - They have also proposed an increase in the cigarette tax: \$1.00 over two years per pack. This should raise 325 million dollars. This money will go to early childhood education. This legislation has passed the Senate but not the House. There is a hole in education money because of this.
  - Sullivan has been vocal on his support of the State maintaining services at somewhat the same levels of the year. He emphasizes that we will need a tax increase. HS 174 Bill if passed would raise the income tax from 3 to 5%. Also would broaden the sales tax to include additional services. This bill passed the Senate but has not been called in the

House yet. - Currently, the State is 5-6 billion in back log of unpaid bills, If HB 174 is passed this would not exist.

- Last year (FY10), the State borrowed about 6 billion dollars and now they have to pay it back. "We have dug ourselves in such a deep hole. We will need to pass a tax increase in Illinois or make drastic cuts like 5 or 6 billion or raise some additional revenue. We have to do both increase in revenue and budget cuts. We have to get our fiscal house in order and this is what it will take to do it."

***Ending Comments from John Sullivan:***

Unpaid bills: Giving the Governor power to borrow – my hope that he will use that ability to help reduce the payment cycle. He has some flexibility and a lot of bills to consider. The Governor has indicated that he will do this. This will help in the short-term, but not long-term. Only three options – cut services, raise taxes, or a combination of both.

Representative Rich Meyers:

Rich spoke of the following legislation that passed toward the end of the session that will help the economy:

- A bill to improve McCormick Place in Chicago (a big exhibit hall). Reform McCormick Place and reduce costs which will bring conferences back to Illinois and generate taxes and fees that will benefit the State Illinois.

- Telecommunications rewrite – a step to allow the state to move forward through internet and wireless. Growth and innovation. Provide additional jobs.

- The General Assembly did not pass the "seniors ride free" legislation. The Governor did a veto this and that will require agencies to allow seniors to ride free. The General Assembly did not override the veto. They looking into setting limits on what seniors could ride free. The more seniors that ride free will provide more subsidies to the State.

- Nursing Home reform – came from the Nursing Home Commission. The reform protects the nursing home residents from violent offenders. Doing background checks have been done for sometime in down state Illinois. But upstate were seeing an increase in assaults.

- University borrowing bill was passed in the budget. Here in McDonough County, we have Western Illinois University. WIU is a major employer in our county. The Governor signed this bill. Universities borrowed money to keep up on payroll.

- Normally, Rich says the General Assembly does not adjourn by May 7<sup>th</sup> but the legislative session was orderly and major pieces of legislation came forward and the bills moved smoothly. Budget was the big hang up and still remains.

Rich Meyer's summary: Look at future revenue and a need for a tax increase and continue to look at our expenses. The new health care reform will not impact us immediately. But 200,000 could be eligible for Medicaid. In another 6 years, the State will be responsible for paying the costs of the additional people qualifying for Medicaid.

76.2% of the budget is appropriated for education, social services, and human service programs. When expenses are going up faster than revenue, how can we control the growth in expenses? Try to correct our structural deficit in the state.

**The following are answers to a variety of questions and discussions led by the audience:**

Rich Meyers: Managed care in Medicaid like HMO's. Most states are involved in managed care. Make sure that a person is eligible. Need to get a handle on cuts and just a revenue increase will be eaten up quickly.

Sullivan: Number of states and governors are attempting to sue the federal government. Governor Quinn is not on the list.

A question was raised on why there was an additional 526 FTE's in the state budget. Possible reasons for this are the Federal program expansion which might be resulting in additional state jobs. This money might be funding these positions. Overall, the number of state employees has been dropping. Illinois is back at the 1974 level of state employees. Not adding state employees – must have a good reason for it.

The Department of Corrections have been laying off staff, but possibly employees have been hired back because of 60 million dollar in overtime – hired back for more efficient use of State funds.

Bill Jacobs from the Housing Authority asked about the five State Police centers were going to be closed. This was going cut 33 million out of the State budget. Legislation was passed concerning the State Police cuts. Additional fine attached to traffic violations. The additional money will go to the State Police. This has alleviated the need to cut the five offices. Now all the police will get a cut of the money.

General Assembly ultimately passes the budget.

Dennis Danowski asked about the bonding rate. Bonding rating is going down. A+ to an A rating. Rating goes down the State can't get as good of a rate.

What can Sullivan and Meyers do in their area to make a difference. Senate has different set of rules than the house. There is a new president of the Senate. Now there is a new set of Senate rules. One new rule is if a consensus is made for a bill to be call from the Senate, it will be called.

House: The only way a change will occur in the rules of the House is if the majority party feels the president of the house is not representing the needs of the party. Then Rich could help vote in someone who would represent the group better. Currently, there are 118 representatives and there used to be over 170.

The two caucuses are not getting along at all. Even more lack of corporation right now. Can't blame just one caucus. We are a political body and everything done in Springfield is political in nature.

Two people running for Governor that have very different philosophies. Bill Brady and Pat Quinn. Bill Brady is not for a tax increase and Quinn has proposed a budget with a tax increase. Based on the outcome of that election, the General Assembly will follow the new Governor's philosophy.

Chicago vs. down state – no tax increase. House Democrat Caucus very diverse compared to the House Republican Caucus. Philosophies from liberal upstate to conservative downstate differ greatly.

What percentage of the deficit is in interest? Sullivan and Meyers did not know what the percentage currently is running for projected interest to borrowing.

Republican philosophy – private sectors should provide the most jobs compared to state government.

Sullivan and Meyer – talked about a temporary tax increase to pay off the back log unpaid bills. Republicans would possibly support this.

Drastic pension reform – cutting benefits for future state employees. Sullivan voted for and Meyer's voted against.

Sue McCance of DHS: In 1999, the state started taking 4% of her salary which went toward her retirement.

John Sullivan had a meeting and had to leave so Meyers continued to field questions.

What agencies do you see being cut? Meyers: Medicaid has been growing the fastest. Medicaid needs reform. Cut the waste of Medicaid not the program itself.

Meyers: Madigan is more worried about his democratic majority than policies.

When are FY10 payments coming? Meyers: The Governor was encouraged to use inter fund borrowing to pay off back bills. They extended the time to pay off back bills until December 2009. There is 4.5 billion in transfers out that are usually obligated out to local governments which have not been in recent years. Also, the State is required to make a 3 billion dollar pension payment. The Comptroller will take right off the top by law for pension payment.

How will all those being laid off affect the State budget? The unemployment is in a separate fund and it doesn't affect the state budget so they are not concerned about people using unemployment – only if they need to use Medicaid in addition. There is a 10 billion gap in funding that was not accounted for in the current approved budget.

The state of Illinois has a low individual income tax rate compared to other states but in the middle for combined tax – sales, real estate and individual income tax.

Agency Sharing: We ran out of time for agency sharing during this meeting.

Next meeting will be July 21 at 9:00 a.m. at the McDonough Health Department.