



Tuesday, June 30, 2009

State legislature tries to hammer out budget deal

Pols back off on cuts to social service agencies

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The Illinois General Assembly reconvened Monday and Tuesday in Springfield to reach some type of resolution regarding the state's current deficit - an amount that has recently flip-flopped between estimates of \$7 billion and \$12 billion.

The House voted 101-7 on Monday to pass a bill that would temporarily free up \$2.2 billion in pension obligations.

The borrowed \$2.2 billion would be granted to social services and it would allow the state to make its full \$4 billion pension payment for the approaching fiscal year. However, how the state will make the following year's payment is anybody's guess.

The plan will grant social services 70 percent of the funding that Gov. Pat Quinn initially sought to attain by proposing an increase in income tax from 3 percent to 4.5 percent.

Previously, state legislators had proposed cutting funds to many social service organizations as a means to balance the state's budget; however, members of the General Assembly heard an array of concerns and qualms from constituents on both sides of the issue.

Although state Rep. John Fritchey (D-11th) voted against Quinn's prior proposal for a 50 percent income tax hike, he did state in a letter to constituents that he believes "the only sustainable source to [state] revenues will come through an increase in the income tax."

However, he vowed to only support such a measure if property tax relief was provided and there was a reevaluation of funding to education.

"I'm hearing from people that are taxed to death," state Rep. James Durkin (R-82) said.

In such a trying economic climate, a bump in the state's income tax at this time may seem a bit much. However, Illinois, which is the fifth most populous state, is ranked 33rd in the nation in terms of individual income tax collections.

Durkin did express "sensitivity" to the issue of slashing social service funding, and advocated the need for bipartisan negotiations "to reform pensions and Medicaid," as a step in the right direction towards balancing the state's budget; issues that were not wholly addressed Monday.

State Rep. Michael Zalewski (D- 21st), who represents parts of both Riverside and Brookfield, said he supported the idea of a "two-tier pension system." Under such a system, a new employee would not get the same retirement benefits as an older employee, who might be protected under a grandfather clause.

Zalewski also called for reform in Medicaid spending - the largest single state expense, which accounts for 40 percent of general fund appropriations - and a freeze in state hiring as necessary courses of action.

The Medicaid population has grown around 7.8 percent annually between 2003 and 2008, according to the 2009 report of the Taxpayer Action Board (TAB) of Illinois. If it continues at such a rate, Medicaid spending could reach \$22 billion by 2019.

This would account for 50 percent of the projected state budget, which, in turn, could result in a reduction in the allocation of funding to education and public safety.

TAB has called for improvements in technology, patient care, prevention, prescription drug cost-saving measures and a maximizing of federal matching funds for beneficiaries as instrumental steps to the revamping of the state's Medicaid program.

The concept of reducing Medicaid spending comes, however, comes at time in which the baby boomer generation will be eligible recipients. Currently only 7 percent of enrollees are seniors, although they make up 20 percent of the shared cost. It is only realistic to assume that the number of enrollees will increase in the near future because of the size of this generation and the rising unemployment rate.

A slash in social service funding could prove counterproductive. While layoffs will undoubtedly be inevitable; the reduction or elimination of many of the services provided by these agencies could end up costing families and the state more money in the future.

For example, a senior citizen receiving general assistance at home from a social service agency will cost the state or the family significantly less than placing that individual in a private institution.

There was an air of uncertainty among lawmakers as to what would happen in Springfield before the end of the 2009 fiscal year, yesterday after The Landmark's press time, and there is no guarantee that the General Assembly and Gov. Quinn will see eye-to-eye.

State Rep. Bob Biggins (R-41st), who represents parts of North Riverside, Riverside and Brookfield, commented on the ever-changing nature of budget negotiations, stating "in this business things can change within an hour and a half."