



# SPECIAL REPORT

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## Budget & Tax Policy Initiative



May 2009

# THE TIME IS NOW

## CHOOSING FISCAL AND SOCIAL RESPONSIBILITY FOR ILLINOIS

Larry Joseph\*

Voices for Illinois Children has long supported the goals of tax fairness and adequate revenues that are needed for improving education, expanding access to health care, and strengthening human services for children and families in Illinois. Over the past several years, the Budget & Tax Policy Initiative has developed a policy strategy that would link a higher individual income tax rate to a reform package with three components: raising the standard exemption, increasing the state earned income tax credit, and instituting a child tax credit.<sup>1</sup> In the context of the current fiscal and economic crisis, generating new revenue and improving tax fairness are especially imperative.

Two months ago, when Governor Quinn presented a state budget for the coming fiscal year, Illinois was facing a General Funds deficit of some \$12 billion for FY 2009 and FY 2010 combined. The federal American Recovery and Reinvestment Act (ARRA) will provide fiscal relief of about \$4 billion, but that would still leave a budget gap of about \$8 billion. The Governor's plan for reducing the deficit includes new revenue from state income taxes and other sources (\$4.5 billion), restructuring of state-funded pension systems (\$2.8 billion), and other reductions in spending (\$1.5 billion).

Public discussion of the state fiscal crisis and the Governor's budget plan has been distorted by a set of widespread myths about budget and tax policy in Illinois. The central myth is that the state's massive budget deficit was created by runaway spending. Opponents of higher taxes continue to believe that the budget gap can be closed by reducing costs in "bloated programs," by eliminating waste and fraud, by "cutting the fat." But those who want "spending cuts first" are either ignoring fiscal realities or asking the state to abdicate its social responsibilities.

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\* Lawrence B. Joseph, Ph.D., is director of the Budget & Tax Policy Initiative at Voices for Illinois Children.

<sup>1</sup> See "Generating New Revenue, Improving Tax Fairness: A Policy Strategy for Income Tax Reform in Illinois" (Budget & Tax Policy Initiative, Voices for Illinois Children, June 2007).

The state fiscal crisis has two components — a “cyclical deficit” produced by the deteriorating economy and a “structural deficit” rooted in the inability of the state’s revenue system to support established levels of services and other ongoing obligations over the long term. Nearly 60 percent of the cumulative deficit represents declining revenue because of the recession. Another 30 percent is related to the structural deficit: payments for state retirement systems (about 20%) and the backlog of unpaid Medicaid bills (about 10%). The remainder consists of the “inherited deficit,” which includes the estimated shortfall at the beginning of FY 2009 and the loss of expected revenue from a new riverboat casino license.<sup>2</sup>

The Governor’s budget has not been embraced by the General Assembly, and many members of both political parties have resisted the idea of a tax increase. This special report begins with an examination of some alternative budget scenarios and the implications of trying to close the deficit with spending cuts alone. Careful analysis shows that addressing both the cyclical and structural components of the state fiscal crisis will require even more revenue than has been proposed. The remainder of the report outlines an approach to income tax reform that can generate significantly more new revenue while improving tax fairness for low-income and middle-income families.

## **SOME BUDGET SCENARIOS**

The proposed FY 2010 budget already has sizeable spending cuts that would affect children and families. The Department of Human Services (DHS) would be hit especially hard. More than a dozen DHS programs are slated for reductions of 10-to-15 percent: the Illinois Children’s Mental Health Partnership, the Autism Program of Illinois, Healthy Families Illinois, Parents Too Soon, intensive prenatal services, and various youth services programs (see Exhibit 1).

The Governor’s Office recently delineated the much more severe consequences of a “doomsday budget” — a spending plan without any new state revenue and without any changes in state pensions. This budget would meet maintenance-of-effort requirements to access federal ARRA funds and some federal matching grants. The remaining deficit would have to be closed with \$7.5 billion in spending cuts. The doomsday budget would, for example, eliminate *all* state funding for early childhood education, student financial aid for higher education, the Children’s Health Insurance Program (CHIP), and All Kids health insurance expansion.

The doomsday budget outlines a worst-case scenario, but a less extreme version would also be devastating. For example, assume a budget with no tax increases but with pension contributions at the reduced level proposed by the Governor. The proposed budget contains \$30.7 billion in GF spending (see Exhibit 2). Elementary-secondary education, higher education, and Medicaid, which account for about \$17 billion, are largely protected by the ARRA’s State Fiscal Stabilization Fund. Various other programs (about \$1.2 billion) are also tied to federal grants. Pension contributions, debt service for pension obligation bonds, and employee group insurance account for another \$3.1 billion. Statutory transfers — which mostly consist of revenue sharing with local governments and debt service for general obligation bonds — amount to \$2.3 billion. The General Assembly would probably be reluctant to cut funding for the Department of Corrections (\$1.2 billion), Department of Children and Family Services (\$900 million), Department on Aging (\$620 million), and Department of Juvenile Justice (\$125 million).

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<sup>2</sup> See “Roots of the State Fiscal Crisis: Budgetary Myths and Realities in Illinois” (Budget & Tax Policy Initiative, Voices for Illinois Children, May 2009).

**Exhibit 1: Department of Human Services, Proposed General Funds Budget Cuts for Selected Programs, FY 2011 (in \$ millions)**

	FY 2009 Approp.	FY 2009 Est. exp.	FY 2010 Proposed	Change in approp.	Pct. change
Mental health and development disabilities					
Children's Mental Health Partnership	2,940	2,880	2,586	-354	-12.0%
Autism Program of Illinois	4,900	4,609	4,119	-782	-15.9%
Community health					
Healthy Families Illinois	11,248	11,248	10,123	-1,125	-10.0%
Intensive Prenatal Case Management	5,047	4,793	4,288	-759	-15.0%
Parents Too Soon	7,711	7,711	6,940	-771	-10.0%
Teen Parent Services	7,021	6,662	5,959	-1,062	-15.1%
Youth services					
Community Services	6,854	6,645	5,960	-894	-13.0%
Comprehensive Community Services	12,757	12,372	11,096	-1,661	-13.0%
Delinquency Prevention	1,548	1,467	1,312	-236	-15.2%
Homeless Youth Services	4,653	4,395	3,929	-723	-15.5%
Juvenile Intervention Services	588	570	511	-77	-13.1%
Juvenile Justice Reform	3,696	3,515	3,145	-551	-14.9%
Unified Delinquency Intervention	3,019	2,861	2,559	-460	-15.2%
Youth Programs	18,733	18,156	16,283	-2,450	-13.1%

Source: Governor's Office of Management and Budget.

**Exhibit 2: Major Components of the General Funds Budget, FY 2010**

	\$ millions	Share
Total proposed spending from General Funds	30,662	100.0%
State Board of Education	7,627	24.9%
Higher education	1,775	5.8%
Department of Healthcare and Family Services	7,574	24.7%
Other spending tied to federal grants	1,214	4.0%
Pension contributions	1,528	5.0%
Debt service for Pension Obligation Bonds	465	1.5%
Statutory transfers	2,306	7.5%
Employee group insurance	1,060	3.5%
Department of Corrections	1,244	4.1%
Department of Children and Family Services	899	2.9%
Department on Aging	620	2.0%
Department of Juvenile Justice	125	0.4%
Subtotal	26,437	86.2%
Remainder	4,225	13.8%

All these items total more than 85 percent of the GF budget. The remainder is about \$4.2 billion — close to the amount of new state revenue recommended by the Governor. The bottom line is that without increased revenue, there would be *no money* left for the rest of the GF budget. This would include most programs in the Department of Human Services: mental health services, developmental disability services, home care services for people with physical disabilities, community health programs, and youth services. “Zero funding” would also apply to the Department of Public Health, the Department of Veterans’ Affairs, the Illinois State Police, and the Illinois Mathematics and Science Academy, as well as all state constitutional officers, judicial agencies, and the General Assembly.

Even if the state averts a doomsday budget for FY 2010, the fiscal crisis will not be over. Revenues from federal ARRA funds are temporary.<sup>3</sup> By the end of FY 2010, Illinois will have spent its entire allocation from the State Fiscal Stabilization Fund, and the enhanced federal matching rate for Medicaid is in effect only through the middle of state FY 2011.

We cannot assume that economic recovery and renewed revenue growth will quickly produce balanced budgets. During the last recession, state tax revenue declined 3 percent in both FY 2002 and FY 2003 and then grew by less than 4 percent in FY 2004. The current recession is more severe and likely to last longer. According to recent projections, state tax revenue in FY 2009 will be about 7 percent lower than the previous year and will decline another 7 percent in FY 2010.<sup>4</sup> It is likely to take several years for revenues to return to FY 2008 levels.

Looking beyond the recession, the structural deficit will not automatically disappear. For Illinois to address longstanding issues such as school finance reform, timely payments to health care providers, and adequate support for human services, the state must reform its outmoded revenue system. Addressing both the cyclical deficit and the structural deficit will require even more new revenue than the Governor has proposed.

## **A BALANCED APPROACH TO INCOME TAX REFORM**

The main source of new state revenue proposed by the Governor would be income taxes — \$2.9 billion from the individual income tax and \$300 million from the corporate income tax. The plan would raise the individual rate from 3 percent to 4.5 percent and increase the standard exemption from \$2,000 to \$6,000 (while eliminating the additional exemptions for the elderly and blind). Some critics have mis-characterized this plan as a 50 percent tax hike, but the larger exemptions mean that the average increase in tax liability would be closer to 33 percent.

Voices’ Budget & Tax Policy Initiative has designed an alternative approach with a 5 percent rate and a three-part reform package: a higher standard exemption, a larger state earned income tax credit, and a state version of the federal child tax credit. This balanced approach to income tax reform would generate about \$5 billion in new revenue, while still enhancing tax fairness through targeted tax credits and a more modest increase in the exemption.

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<sup>3</sup> See Donald J. Boyd, “What Will Happen to State Budgets When the Money Runs Out?” (Rockefeller Institute of Government, February 2009).

<sup>4</sup> Commission on Government Forecasting and Accountability, “FY 2010 Economic and Revenue Forecast and Updated FY 2009 Revenue Estimate” (April 2009).

## Standard Exemption

The simplest and most widely used tool for enhancing the progressivity of a flat-rate income tax is the personal or standard exemption. The exemption benefits all households, but its relative value is greatest for those at lower income levels. Consider the example of two-person households with incomes of \$10,000 and \$100,000. With a 3 percent income tax and no exemptions, both households would have the same “effective” tax rate (i.e., taxes as a percentage of total income). An exemption of \$2,000 per person would introduce some progressivity into the tax structure. The low-income household would pay \$180 (an effective rate of 1.8%), while the high-income household would pay \$2,880 (an effective rate of 2.88%).

Since the enactment of the Illinois income tax in 1969, the real value of the standard exemption has significantly eroded. In 1970, the exemption was \$1,000. For a family of two adults and two children, exemptions amounted to \$4,000, which was the same as the federal poverty level (FPL). Twenty-five years later, with the standard exemption at the same nominal level, exemptions for a family of four totaled only 26 percent of FPL. Between 1998 and 2000, the exemption was gradually increased to \$2,000. Nonetheless, for tax year 2009, exemptions for a family of four are only 36 percent of FPL (see Exhibit 3). Erosion of the standard exemption essentially amounts to a hidden tax increase — with a disproportionate impact on low-income households.

**Exhibit 3: Standard Exemptions for State Income Tax in Illinois**

	1970	1995	2009
Standard exemptions for family of four	\$4,000	\$4,000	\$8,000
Poverty level for family of four	\$3,968	\$15,455	\$22,050
Exemptions as pct. of federal poverty level	101%	26%	36%

The Governor’s plan would make the overall tax structure more progressive, but tripling the standard exemption would be very expensive. Under the current system, the cost of a \$2,000 exemption with a 3 percent tax rate is about \$720 million. With a 4.5 percent rate, the forgone revenue would be just over \$1 billion. Raising the exemption to \$6,000 would cost an additional \$2 billion. The three-part plan presented here would set the standard exemption at the same level as the federal personal exemption, which is indexed to inflation. Eight states currently base their exemptions on the federal exemption, which will be \$3,650 in tax year 2009. With a 5 percent tax rate, the cost of raising the exemption to that level would be \$990 million.

## Earned Income Tax Credit

The federal earned income tax credit (EITC) was originally designed to offset Social Security payroll taxes and strengthen work incentives for low-income families with children. More than 20 states have adopted their own versions of the EITC. The Illinois EITC is set at 5 percent of the federal credit. By contrast, EITCs as a proportion of the federal credit are substantially higher in New Mexico (10%), Delaware (20%), Maryland (25%), New York (30%), Vermont (32%), and several other states. Michigan’s recently enacted EITC was 10 percent of the federal EITC in 2008 and has been raised to 20 percent for 2009. Among the states with EITC’s in tax year 2009, only one offers a smaller credit than Illinois.

EITC income thresholds and maximum credits are adjusted annually for inflation. In tax year 2008, the maximum federal EITC was \$4,824 for families with two or more children. The credit was gradually phased out for single parents with earnings above \$15,750 and for married couples with earnings above \$18,750 (see Exhibit 4). ARRA includes two important EITC changes, both effective for tax years 2009 and 2010. The legislation creates a higher benefit tier for families with three or more children. In addition, the phase-out income thresholds are increased for married couples regardless of family size.

**Exhibit 4: Federal Earned Income Tax Credit, Tax Years 2008 and 2009**

Earned income	Tax Year 2008				Tax Year 2009					
	Single head of household		Married filing jointly		Single head of household			Married filing jointly		
	One child	Two or more children	One child	Two or more children	One child	Two children	Three or more children	One child	Two children	Three or more children
5,000	1,709	2,010	1,709	2,010	1,709	2,010	2,250	1,709	2,010	2,250
10,000	2,917	4,010	2,917	4,010	3,043	4,010	4,500	3,043	4,010	4,500
15,000	2,917	4,824	2,917	4,824	3,043	5,028	5,657	3,043	5,028	5,657
20,000	2,232	3,922	2,712	4,553	2,471	4,274	4,903	3,270	5,327	5,956
25,000	1,433	2,869	1,913	3,500	1,672	3,221	3,850	2,471	4,274	4,903
30,000	634	1,816	1,114	2,447	873	2,168	2,797	1,672	3,221	3,850
35,000	0	763	315	1,394	74	1,115	1,744	873	2,168	2,797
40,000	0	0	0	341	0	62	191	74	1,115	1,744
45,000	0	0	0	0	0	0	0	0	62	691
50,000	0	0	0	0	0	0	0	0	0	0

### Child Tax Credit

The federal child tax credit (CTC) is targeted more broadly than the EITC. Families can receive a credit of up to \$1,000 per qualifying child under age 17. The CTC is phased out beginning at the \$110,000 income level for married couples filing jointly and at \$75,000 for single heads-of-household (see Exhibit 5). Single-parent households receive the same credit per child as two-parent households, and there are no limits on credits for additional children. In contrast to EITC, the child tax credit is only partially refundable and is not indexed to inflation.

The ARRA expands the child tax credit by lowering the minimum income eligibility level to \$3,000 for tax years 2009 and 2010. The threshold was \$11,770 in 2007 but was temporarily reduced to \$8,500 in 2008. Without the ARRA changes, it would have been \$12,550 in 2009. Under the revised policy, a family with two children and earnings of \$16,333 or more will be eligible for the fully refundable CTC.

**Exhibit 5: Federal Child Tax Credit, Tax Years 2008 and 2009**

Single head-of-household			Married filing jointly		
Tax Year 2008			Tax Year 2008		
Earned income	One child	Two children	Earned income	One child	Two children
5,000	0	0	5,000	0	0
7,500	0	0	7,500	0	0
10,000	225	225	10,000	225	225
12,500	600	600	12,500	600	600
15,000	975	975	15,000	975	975
17,500	1,000	1,350	17,500	1,000	1,350
20,000	1,000	1,876	20,000	1,000	1,725
22,500 to 75,000	1,000	2,000	22,500 to 110,000	1,000	2,000
80,000	750	1,750	115,000	750	1,750
85,000	500	1,500	120,000	500	1,500
90,000	250	1,250	125,000	250	1,250
95,000	0	1,000	130,000	0	1,000
100,000	0	750	135,000	0	750
105,000	0	500	140,000	0	500
110,000	0	250	145,000	0	250
115,000	0	0	150,000	0	0

Tax Year 2009			Tax Year 2009		
Earned income	One child	Two children	Earned income	One child	Two children
5,000	300	300	5,000	300	300
7,500	675	675	7,500	675	675
10,000	1,000	1,050	10,000	1,000	1,050
12,500	1,000	1,425	12,500	1,000	1,425
15,000	1,000	1,800	15,000	1,000	1,800
17,500	1,000	2,000	17,500	1,000	2,000
20,000	1,000	2,000	20,000	1,000	2,000

No changes at all other income levels

**EFFECTS ON FAMILIES**

This section presents estimated changes in state income tax liability under two different reform plans with a 5 percent tax rate. Reform Plan A has the standard exemption at the same level as the federal exemption (\$3,650 in tax year 2009), the state EITC at 15 percent of the federal credit, and a state child tax credit at 25 percent of the federal CTC. Reform Plan B raises the exemption to \$4,000 and the state EITC to 20 percent of the federal EITC, but it does not include a child tax credit. Both plans would generate about the same amount of new revenue from the individual income tax.

## Married Couples with Two Children

Families of four with two children, the “breakeven point” — that is, the income level at which their tax liability would be the same as under the current system — would be \$49,500. For families with incomes above \$49,500 but below \$150,000, the combination of the higher exemption and child tax credit would mitigate the effects of the higher tax rate. Under Plan B, the breakeven point would be \$36,000 (see Exhibits 6 and 7). At incomes above \$144,000, taxes would be higher under Plan A than under Plan B.

- *\$20,000 income level:* Under the current system, families of four with incomes just below poverty level (\$22,050 in 2009) would pay over \$100 in Illinois income taxes after accounting for the state EITC. These families would be eligible for refundable tax credits of almost \$1,000 under Plan A and about \$800 under Plan B.
- *\$40,000 income level:* These low-income families would get a \$300 tax cut under Plan A but would face a small tax increase under Plan B.
- *\$50,000 income level:* These families would see their income tax liability increase by \$10 under Plan A and by \$440 under Plan B.
- *\$65,000 income level:* For families of four with earnings close to the median family income in Illinois, Plan A would raise their taxes by \$310 (\$26 per month). Under Plan B, the tax increase would be more than twice as large (\$740).

At higher income levels, the increased state tax liability would be partially offset for families that itemize deductions on their federal income tax returns. (More than 90% of tax filers with incomes at or above \$100,000 take itemized deductions.) For example, a married couple with two children and an income of \$100,000 would have their state income taxes increased by \$1,010 under Plan A, but they could reduce their federal income tax liability by about \$250.

**Exhibit 6: Estimated State Income Tax Liability for Married Couple with Two Children, Tax Year 2009**

Earned income	As pct. of poverty level	Current system	Reform Plan A		Reform Plan B	
			New tax liability	Change	New tax liability	Change
\$20,000	91%	109	-984	-1,093	-806	-914
\$30,000	136%	499	-213	-712	56	-443
\$40,000	181%	904	603	-302	977	73
\$50,000	227%	1,260	1,270	10	1,700	440
\$60,000	272%	1,560	1,770	210	2,200	640
\$70,000	317%	1,860	2,270	410	2,700	840
\$80,000	363%	2,160	2,770	610	3,200	1,040
\$90,000	408%	2,460	3,270	810	3,700	1,240
\$100,000	454%	2,760	3,770	1,010	4,200	1,440

Current system: tax rate at 3%, standard exemption at \$2,000, EITC at 5% of federal EITC.

Plan A: tax rate at 5%, exemption at \$3,650, state EITC at 15% of federal, child tax credit at 25% of federal.

Plan B: tax rate at 5%, exemption at \$4,000, state EITC at 20% of federal.

**Exhibit 7: Married Couple with Two Children,  
Estimated Changes in State Income Tax Liability, Tax Year 2009**



### Single Parents with Two Children

Exhibits 8 and 9 show estimated changes in income tax liability for single-parent families with two children. The income categories differ from those for married couples to reflect the lower average earnings of single-parent households, as well as the fact that the data are for families of three. The breakeven points relative to the current system would be \$43,000 under Plan A and \$31,000 under Plan B. For families with incomes above \$110,000, taxes would be higher under Plan A than under Plan B.

- **\$15,000 income level:** A single-parent family with an income of \$15,000 (just below 100% of FPL) would have no state income tax liability and would get refundable tax credits under both plans.
- **\$25,000 income level:** Single parents with two children and earnings of \$25,000 (the median income for a single-parent family in Illinois) would pay substantially less income tax than they do now. These families would get tax cuts of \$690 under Plan A and about \$400 under Plan B.
- **\$45,000 income level:** At this income level (about 250% of FPL), single parents with two children would pay only slightly more (\$33) under Plan A but would face a \$480 tax increase under Plan B.
- **\$60,000 income level:** These families would see their taxes increase by \$333 under Plan A and \$780 under Plan B.

**Exhibit 8: Estimated State Income Tax Liability for Single Parent with Two Children, Tax Year 2009**

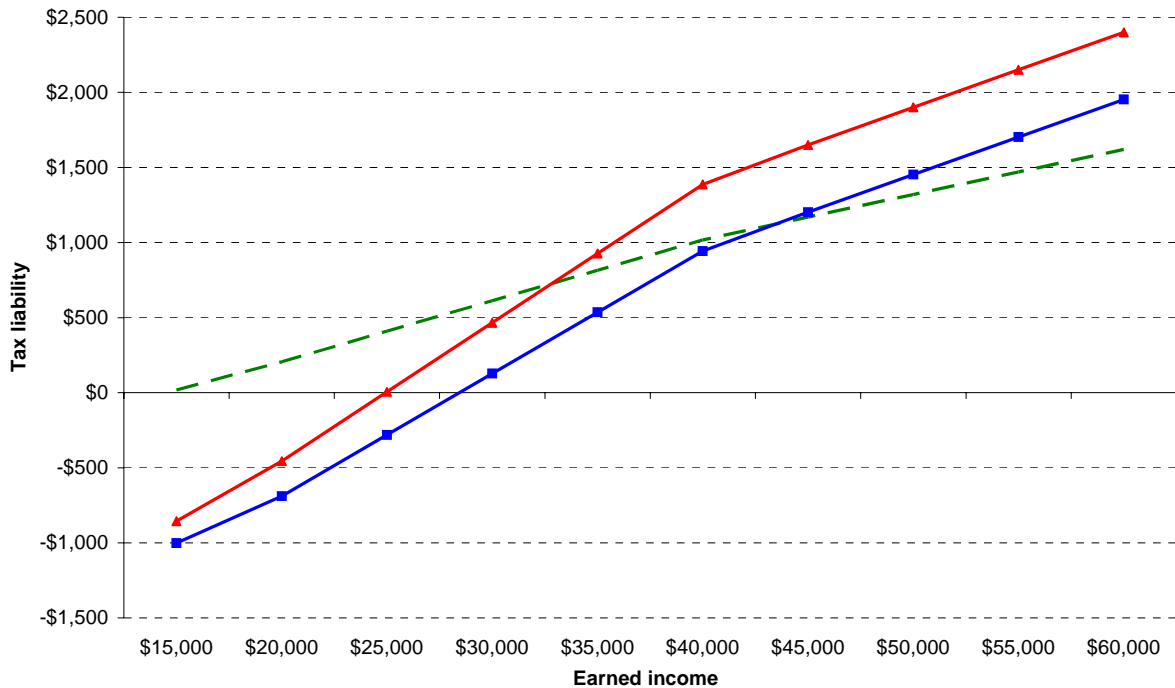
Earned income	As pct. of poverty level	Current system	Reform Plan A		Reform Plan B	
			New tax liability	Change	New tax liability	Change
\$15,000	82%	19	-1,002	-1,020	-856	-874
\$20,000	109%	206	-689	-895	-455	-661
\$25,000	137%	409	-281	-690	6	-403
\$30,000	164%	612	127	-484	466	-145
\$35,000	191%	814	535	-279	927	113
\$40,000	218%	1,017	943	-74	1,388	371
\$45,000	246%	1,170	1,203	33	1,650	480
\$50,000	273%	1,320	1,453	133	1,900	580
\$55,000	300%	1,470	1,703	233	2,150	680
\$60,000	328%	1,620	1,953	333	2,400	780

Current system: tax rate at 3%, standard exemption at \$2,000, EITC at 5% of federal EITC.

Plan A: tax rate at 5%, exemption at \$3,650, state EITC at 15% of federal, child tax credit at 25% of federal.

Plan B: tax rate at 5%, exemption at \$4,000, state EITC at 20% of federal.

**Exhibit 9: Single Parent with Two Children, Estimated Changes in State Income Tax Liability, Tax Year 2009**



— Current system: tax rate at 3%, standard exemption at \$2,000, EITC at 5% of federal EITC.  
—■ Plan A: tax rate at 5%, standard exemption at \$3,650, state EITC at 15% of federal, child tax credit at 25% of federal.  
—▲ Plan B: tax rate at 5%, standard exemption at \$4,000, state EITC at 20% of federal.

## Summary of Tax Reform Plans

The Governor's income tax plan — with a 4.5 percent tax rate and a \$6,000 exemption — would generate \$2.9 billion in new revenue. Plan A and Plan B would each produce about \$5 billion. Both plans would improve the standard exemption and state EITC as tax fairness tools. Plan A would have a slightly lower exemption and EITC than Plan B, but it would also institute a state version of the federal child tax credit. A state CTC would benefit both middle-income and low-income families — those with earnings too high to qualify for or significantly benefit from the EITC. For families with children, the breakeven points under Plan A would be substantially higher than under Plan B (see Exhibit 10).

### Exhibit 10: Summary of Income Tax Reform Plans, Tax Year 2009

	Governor's plan	Plan A	Plan B
Tax rate:	4.5%	5.0%	5.0%
Standard exemption:	\$6,000	\$3,650	\$4,000
EITC as pct. of federal:	5%	15%	20%
Child tax credit as pct. of federal:	-----	25%	-----
<b>Estimated new revenue (in \$ millions)</b>			
Revenue from higher tax rate	4,960	6,590	6,590
Tax offsets			
Increased standard exemption	-2,160	-990	-1,200
Elimination of elderly/blind exemption	50	0	0
Increased EITC	0	-220	-330
Child tax credit	0	-425	0
Total offsets	-2,110	-1,635	-1,530
New revenue from individual income tax	2,850	4,955	5,060
<b>Approximate breakeven points</b>			
Married couple with two children	\$56,000	\$49,500	\$36,000
Single parent with two children	\$42,000	\$43,000	\$31,000
Married couple with one child	\$42,000	\$35,000	\$31,000
Single parent with one child	\$28,000	\$29,500	\$23,000

Note: Revenue estimates do not adjust for transfers to the Local Government Distributive Fund.

## **CONCLUSION**

Policymakers in Illinois need to come to terms with the scope, magnitude, and gravity of the state fiscal crisis. A “bare bones” budget without any tax increases would not simply mean widespread spending cuts. It would entail shutting down large parts of state government, including services that are critical to the well-being of children and families.

The state must address both the cyclical deficit and the structural deficit, which will require significantly more revenue. The starting point should be increasing the individual income tax to *at least 5 percent*. This can be done without putting a heavy burden on low-income and middle-income families. With a balanced mix of tax fairness tools, the individual income tax can be made more progressive without trying to amend the state constitution.

Since the beginning of this decade, Illinois has made major strides in publicly funded early childhood education, child care assistance for low-income working families, and access to health care for children, although funding for these programs is still not adequate. In many other policy areas affecting children and families, especially in human services, state funding has not kept pace with inflation. Both the areas of progress and the areas of neglect are in serious jeopardy.

The General Assembly has very little time left before the end of the spring legislative session (May 31) and the end of the current fiscal year (June 30). Postponing politically difficult decisions by passing a provisional budget will only make matters worse. The time to choose fiscal and social responsibility is now.



## **About Voices for Illinois Children**

Voices for Illinois Children works across issue areas to improve the lives of children of all ages throughout our state so they grow up healthy, nurtured, safe, and well-educated. For 20 years, Voices has been helping opinion leaders and policymakers understand the issues facing children and families. The Voices network weaves through the state, engaging community leaders and people who care passionately about children.

## **About the Budget & Tax Policy Initiative**

The Budget & Tax Policy Initiative (BTPI) provides information and analysis to advocates and policymakers on a wide range of spending and revenue topics that have direct impact on the lives of children and families in Illinois. BTPI is part of the State Fiscal Analysis Initiative, a network of organizations coordinated by the Center on Budget and Policy Priorities in Washington, D.C.

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For more information, please contact Larry Joseph, Director of the Budget & Tax Policy Initiative, at 312-516-5556 or [ljoseph@voices4kids.org](mailto:ljoseph@voices4kids.org).



208 S. LaSalle St., Suite 1490 • Chicago, IL 60604-1120

Phone: 312-456-0600 • Email: [info@voices4kids.org](mailto:info@voices4kids.org) • Web: [www.voices4kids.org](http://www.voices4kids.org)

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B U I L D I N G   B E T T E R   L I V E S