

PROTESTANTS FOR THE COMMON GOOD

OPEN BOARD MEETING

Where Do We Go From Here? 2011 Legislative Briefing

February 15, 2011

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| I. | Welcome and Opening Prayer | The Rev. Philip Blackwell
Host Pastor and Chair, PCG Board of Directors |
| II. | Legislative Briefing | Jill Wood-Naatz, PCG Board Member
Courtney Eccles, PCG Staff
Moderators |
| | Sean Noble | Policy Director, Voices for Illinois Children
<i>IL Budget and Its Impact on Those Who Live in Poverty</i> |
| | Walter Boyd | Director, Protestants for the Common Good
<i>Criminal Justice Initiatives</i> |
| | Sarah Wochos | Policy Advocate, Environmental Law and Policy Center
<i>Environmental Issues</i> |
| | Alexander Sharp | Executive Director, Protestants for the Common Good
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| III. | Legislative Process | |
| | Paul Froehlich | Former State Representative, IL General Assembly
<i>How Advocates Can Influence the Legislative Process</i> |
| | Laura Dean Friedrich | Director, Protestants for the Common Good
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*We invite all of you to continue the conversation over light refreshments.
Thank you for coming!*

2011 Legislative Briefing

Presenters

Protestants for the Common Good

February 15, 2011

Sean Noble is a Policy Director at Voices for Illinois Children, a statewide, nonpartisan, nonprofit group of child advocates. He helps coordinate the development of Voices' policy agenda and advocacy efforts to support it, particularly legislative strategy to strengthen kids' learning and healthy development, as well as their families' economic security. He has worked extensively in campaigns to bolster early childhood education and to reform the unfairness and inadequacy of Illinois' revenue system. Before joining Voices in 2001, he spent a decade reporting for daily newspapers in Springfield and Elgin, Illinois. He closed his news career at Copley News Service's Chicago bureau. Sean holds two journalism degrees: a Master of Arts from the University of Illinois at Springfield, and a Bachelor of Arts from Northern Illinois University.

Walter Boyd is the director of Criminal Justice Programs at Protestants for the Common Good, where he crafts policy, builds constituencies, and advocates for positive legislation to protect the rights of and remove barriers for ex-offenders. His work, in coalition with others, has resulted in a number of significant pieces of legislation and administration reforms. Prior to coming to PCG, he served as Program Manager at North Lawndale Employment Network from 2001 to 2004. He also worked as a retention specialist in the Welfare-to-Work program at Dynamic Educational Systems, Inc. Walter has experience in the private sector as an entrepreneur and retail specialist. He received his Bachelor of General Studies with honors in the social sciences from Roosevelt University in 1992.

Sarah Wochos is a Policy Advocate at the Environmental Law and Policy Center and works to encourage clean energy development, energy efficiency, and global warming solutions throughout Illinois and the Midwest. She previously worked on energy policy at the Council of State Governments—Midwest and health policy at the University of Wisconsin Medical School. Sarah received her Master of Arts in Humanities from New York University in 2003 and her Bachelor of Arts from the University of Wisconsin in 1999.

Paul Froehlich retired from the Illinois House of Representatives in 2011 after serving eight years, representing the greater Schaumburg area. His claim to fame – or to notoriety – came in 2007, when he switched parties, walking from the Republican to the Democratic side of the aisle. Paul's time in public office has spanned two decades, including election to four offices prior to his arrival in the House. Before he became a full time legislator, Paul was a high school teacher, executive director of a nonprofit organization fighting against driving under the influence, and a traffic safety specialist for the Secretary of State.



Critical priorities for children in FY 2012

Two years of deep budget cuts and a high stack of unpaid bills have wreaked havoc on many of Illinois' most vital public services. Paying most dearly for these troubles are children, families and communities who depend on these most basic supports – from schools and health care to mental health and after-school programs, among other crucial human services.

We can do better, and we must. The recent approval of significant new state revenues represents a critical step toward more balance and responsibility in solving Illinois' considerable fiscal challenges. These new resources will help begin to return our state – over the course of several years – to more sound fiscal footing. It's also important we strengthen this work by continuing to determine strategic spending restraints. Together, we can start to stabilize the most important of state investments in children, families, and our collective future – research-proven efforts that help people in need today, and often save money tomorrow.

Below are listed some of those vital investments. In each case, [Voices for Illinois Children](#) urges state leaders to

- **Protect these services from further cuts and payment delays,**
- **Pay the bills they're already owed and restore the cuts they've already sustained, and**
- **Put our state back on track toward filling children's most basic needs, represented in these and other services.**

<i>Priority</i>	<i>Supports</i>	<i>FY 2011 adopted budget (GRF only)</i>	<i>2-year change from FY2009*</i>	<i>Comments</i>
Early Childhood Block Grant Programs	Preschool services for 3- and 4-year-olds; developmental services for at-risk infants and toddlers	\$342.2 million in ISBE	\$38.1 million cut (10 percent)	About 5,000 children lost preschool services due to cuts and unpaid bills in FY 2010; in FY 2011, payment delays were largely responsible for program closures that stripped preK services from more than 2,600 kids and took birth-to-3 services from about 10,000 even younger, at-risk children across the state
Illinois Children's Mental Health Partnership initiatives	Prevention, early intervention and treatment services to strengthen kids' social and emotional well-being	\$1.6 million in ISBE \$2.38 million in DHS**	\$1.4 million cut (46 percent) \$558,600 cut (19 percent)	About one in 10 Illinois children suffers from a mental illness severe enough to cause impairment – yet up to 80 percent of children and youth who need mental health services do not receive them. Budget cuts and delays mean we're falling shorter of meeting needs

Priority	Supports	FY 2011 adopted budget (GRF only)	2-year change from FY2009*	Comments
Home-visiting programs	Healthy Families Illinois (HFI) & Parents Too Soon (PTS): “Parent-coaching” for new moms and dads of at-risk children from birth to age 3	\$10.1 million for HFI in DHS** \$6.9 million for PTS in DHS**	\$1.1 million cut (10 percent) \$771,100 cut (10 percent)	Home-visiting programs reach less than 5 percent of the at-risk infants and toddlers who need help to ensure their optimal growth and safety – needs that can increase dramatically during times of economic stress on their families
Child care assistance	State-assisted child care for low-income, working parents – an integral part of many children’s early learning experiences	\$620 million in DHS**	\$21 million cut (3 percent)	Thousands of parents depend on child care as a job support, providing a dependable, affordable place for their children to learn while mom and dad are at work. But those parents already must brace for April 2011 increases in their co-pay fees for care, due to the loss of some federal funding. Further cuts would unduly add to these pressures
Teen REACH after-school programs	Help with homework, enrichment activities and healthy alternatives to the streets for children outside school hours	\$15.7 million in DHS**	\$4.6 million cut (21.7 percent)	More children and youths will be left to risky behaviors – including violence, alcohol and drug abuse – during “prime time for juvenile crime.” These behaviors carry an enormous cost to teens – and to society as a whole
Bilingual education	Second-language educational help for 190,000 children, for whom English is not the first language	\$63.4 million in ISBE	\$12.3 million cut (16 percent)	A growing population of English-language learners is too often left to struggle without the help they need to thrive inside and outside the classroom – with local schools left to pick-up many of the costs

Priority	Supports	FY 2011 adopted budget (GRF only)	2-year change from FY2009*	Comments
Early Intervention	For children birth to 3 with diagnosed developmental delays; provides therapies, counseling, social work and other services	\$69.1 million in DHS**	\$10 million cut (12.6 percent)	Budget cuts and unpaid bills mean more young children go undiagnosed and untreated for developmental delays or disabilities until they enter school – despite research showing early childhood is the most effective and important time to intervene in such challenges
Mental health – community services	Mental health services for both children and adults; many of the adults in question are parents, whose conditions affect entire families	\$231 million in DHS**	\$116.9 million cut (33.6 percent)	The Governor’s budget proposal for FY 2011 had forecast dire consequences: At least 4,200 non-Medicaid children were projected to lose mental health services, as well as at least 70,000 adults. Non-Medicaid, community-based services were to be slashed, and capacity grants significantly reduced

IMPORTANT NOTES

*** Figures reflect only budget cuts, and do not take into account the effects of long payment delays and unpaid bills that are often as or even more harmful to vital services**

**** Preliminary budget details are given for most DHS programs; final FY 12 details for that department remained unavailable in January 2011 – meaning service cuts could run even more deeply than reflected here**

For more information, please visit Voices online at www.voices4kids.org or contact:

- Policy Director Sean Noble (312-516-5566 or snoble@voices4kids.org)
- Assistant Policy Director Kelley Talbot (312-516-5572 or ktalbot@voices4kids.org)
- Policy Outreach Director Dawn Melchiorre (312-516-5557, dmelchiorre@voices4kids.org)

January 2011

SUPPORT HB 298

House Sponsor: Representative Constance Howard

HB 298 amends the record-sealing law to give the courts the discretion to seal the records of felony cases that ended in either **dismissal or acquittal** of the charges or **reversal or vacation** of a conviction. Currently, Illinois law does not allow the sealing of felony offenses resulting in acquittal or dismissal when a person has a prior conviction on their record. HB 298 seeks to eliminate this inconsistency by giving courts the discretion to seal felony dismissals and acquittals. Sealing allows eligible individuals to seek gainful employment without the stigma of a criminal record, while allowing access to the records to law enforcement agencies and certain governmental entities, such as schools. **Sealed records are always available to law enforcement.**

The Issue:

Currently, Illinois law treats felony arrests that ended in dismissals, acquittals, or reversals inconsistently (see chart on page 2 for detailed explanation). A person that has any conviction (ordinance, misdemeanor or felony) on their record cannot expunge and can only seal in Illinois. However, the law precludes the courts from even considering cases that do not result in conviction if it is for a felony offense that is not a Class 4 possession of drugs or prostitution (the only sealable felony convictions). HB 298 seeks to eliminate the inconsistencies in the law by allowing the courts to have discretion to seal all cases resulting in dismissal, acquittal, reversal or vacation.

The Record-Sealing Process – How it Works

The sealing process is adversarial, not automatic.

- Once a person files a sealing petition, law enforcement (prosecutors, state police and local arresting agencies) receive notice of the filing. Each agency has 60 days to object. If one of the agencies objects, the law requires the judge to set a hearing, where the judge must:

hear evidence on whether the petition should or should not be granted, and shall grant or deny the petition to expunge or seal the records based on the evidence presented at the hearing. 20 ILCs 2630(d)(7).

- Relief is **always** discretionary. Case law sets forth certain factors (“Wells” factors) for the courts to consider when ruling on a petition to expunge or seal, including:
 - ✓ Strength of the state’s case
 - ✓ Length of time between filing and the criminal record
 - ✓ The petitioner’s educational and employment history
 - ✓ Specific adverse consequences the petitioner would face if the petition was denied.
- For example, when the Cook County State’s Attorney’s Office objects to a sealing petition, the petitioner is required to appear in court, a state and federal background check is run by the ASA, and the court considers some or all of the following forms of evidence in support of the State’s objection: the petitioner’s entire criminal history, the court file, arrest reports, hearing and/or trial transcripts, court dispositions, recent drug test results, and/or witness testimony. The petitioner may also present witness testimony and/or documentation related to: the petitioner’s employment history, community involvement, fulfillment of familial obligations, continued sobriety, significant life changes, and need for sealing.

Even when a record is sealed, law enforcement agencies and certain governmental agencies still have access to those records. Unlike expungement, sealing does not destroy a person’s record. It simply removes the record from public view.

The Sealing Law's Gap in Felony Dismissals and Acquittals

Currently, if a person's criminal record consists of only arrests and no convictions, he may petition the court to expunge his criminal record.

If a person's criminal record consists of certain types of convictions (i.e., most misdemeanors, Class 4 felony drug possession, Class 4 felony prostitution), the court has the discretion to seal his criminal record.

If this conviction record also includes felony dismissals, the court's discretion to seal should extend to the petitioner's dismissals as well. Under the current sealing law, however, this is not always the case. Currently, courts have the discretion to seal these arrests if they result in some outcomes, but not others.

The following chart demonstrates how the sealing law treats cases inconsistently. Let's say that the police arrest John for felony theft. He has a conviction for disorderly conduct from six years ago. Here's how different scenarios can play out:

<i>Theft case outcome</i>	<i>Does the court have discretion to seal?</i>
John is released from the police station without charges	Yes
Felony charge filed → state's attorney downgrades charge, and John is <i>convicted</i> of misdemeanor theft	Yes
Felony charge filed → state's attorney also files a misdemeanor charge of theft. John is <i>convicted</i> of the misdemeanor offense, but his felony charge results in either acquittal, dismissal, or reversal.	Yes
Felony charge filed → John is acquitted	NO
Felony charge filed → the court dismisses the felony charge	NO
Felony charge filed → John is convicted of felony theft, but the appellate court reverses or vacates the conviction	NO

As this chart shows, the court could seal John's record where he was found guilty of a lesser charge or a companion misdemeanor offense, but the law prevents the court from sealing his record if there is no eligible companion charge and the case ultimately resulted in acquittal, dismissal, or reversal. This inconsistency is simply not fair.

- By withholding the court's discretion to seal any felony dismissal or acquittal, the law treats petitioners as if it assumes that *everyone* who has been arrested for an offense is guilty. Those that have been wrongfully accused do not even have the *opportunity* for the court to consider sealing their records.

HB 298 seeks to eliminate this inconsistency by giving courts the discretion to seal felony dismissals, acquittals, and reversals even when these charges occur without an eligible companion charge.

Criminal Justice Initiatives

The **Crime Reduction Act of 2009 (SB 1289)** established the Adult Redeploy Illinois program that increases public safety and saves money while it also increases alternatives to incarceration for non-violent offenders. Adult Redeploy Illinois provides financial incentives to local jurisdictions that design and implement community service plans for non-violent offenders instead of sending them to prison.

Grants are provided to counties, groups of counties or judicial circuits to increase community-based treatment and other community-based programming in their areas, in exchange for reducing the number of people they send to the Illinois Department of Corrections (IDOC), by 25% in a category with a penalty if they do not meet the reduction goal.

Adult Redeploy Illinois entered its pilot site implementation on January 1, 2011, with DuPage County, Macon County, Jersey County, St. Clair County, and Knox County. The results expected after the first year of implementation are the diversion of more than 157 offenders from IDOC, representing costs avoided to the state of more than \$1.6 million. This pilot program has the potential to generate \$4.5 million in cost avoidance that can then be used to continue funding to community-based programming.

The **Illinois Disproportionate Justice Impact Study Commission (IDJSC)** was established in October 2008 through **SB 2476**. The Commission “conducted original research with data from the Illinois State Police and the Office of the Clerk of Cook County, reviewed state drug laws, reviewed the literature on the consequences of high rates of incarceration, and received public testimony of facts and experiences from a variety of stakeholders.”

Most of the disproportionality in Illinois drug laws is related to drug possession charges. Nonwhites were arrested at a higher rate than whites relative to their representation in the general population throughout Illinois. In Cook County in 2005, almost 80 percent of those entering the felony court system were African-American followed by 13 percent Latino and 8 percent white, but the disproportionate incarceration of minorities for drug possession cannot be explained by differential drug use among people of different backgrounds. The Commission found that drug use among all ethnic groups has been comparable at 10.1% for African Americans, and 8.2% for whites.

Based on the findings of this work, the Commission has advanced recommendations intended to increase fairness and equality in the dispensation of justice relative to drug-related offenses.

Environmental Initiatives

Moving forward after the 2010 Legislative Session:

During the 2010 legislative session, the environmental community was extremely successful in advancing the importance of energy efficiency and the use renewable energies in Illinois, specifically solar power. We focused our efforts on a legislative package, called RENEW Illinois, that addressed industry barriers to expansion, provided incentives for residents and businesses, created thousands of new jobs, and moved Illinois away from its dependence on coal-powered electricity. While not all of the bills passed, lengthy negotiations resulted in the passage of **HB6202 – Illinois Solar Energy Ramp-Up** - which established annual benchmarks for solar production in Illinois, beginning in 2012, to ensure that we meet the requirements of Illinois Renewable Energy Portfolio Standard in 2015. Illinois is required to procure 6% of its total energy from solar sources by 2015, and interim goals will stimulate the Illinois solar economy, thereby guaranteeing success, i.e., compliance, by 2015. In addition, legislation ensuring that residential property owners are not legally restricted from installing renewable energy components, like solar panels, on their property passed at the end of session.

We will continue working to advance renewable energy initiatives and policies that encourage energy efficiency. The remaining pieces of the RENEW Illinois legislative package include:

- allowing home-owners access to low-interest loans to cover the up-front costs of solar panels or energy and water-efficiency improvements;
- expanding Illinois' net-metering regulations (under net metering, when a household with a renewable energy source like solar panels produces more electricity than it can use, utilities buy back the excess and supply it to other energy users), an arrangement that encourages more residents and businesses to invest in renewable energy systems);

Other Environmental Efforts for 2011

CHICAGO:

Clean Power Ordinance: Sponsored by Alderman Joe Moore, the ordinance will require the Fisk Generating System, located in Pilsen, and the Crawford Generating Station, located in Little Village, to reduce their emissions of soot, particulate matter, and carbon dioxide. Both power plants were built in the early 1900's and were last updated in the 1950's. The Federal Clean Air Act of 1990 set standards for coal-fired power plants with the expectation that new plants (which would be subject to the federal emissions requirements) would eventually replace all the older plants. Instead, both Fisk and Crawford have intentionally avoided or bypassed modifications that would meet the federal standards. According to the U.S. Environmental Protection Agency, Fisk and Crawford have emitted an estimated 45,000 tons of pollution (soot and particulate matter) over the past three years. In 2007 alone, the two plants released the same amount of CO₂ as 872,000 cars (nearly 5 million metric tons of CO₂). The ordinance calls for a substantial reduction in soot, particulate matter, and CO₂ emissions; provides the plants with four years to comply fully with the new emission standards; and allows the plants to switch to natural gas—a capacity they already have. **Status** – The ordinance must be voted on in committee and then by the entire city council. Currently, the focus is getting support from aldermen and the mayor (as well as mayoral candidates).

STATE:

Hydraulic Fracturing Disclosure (SB2058): State Senator Frerichs has introduced SB2058 which will require companies involved with hydraulic fracturing (also known as “fracking”) to disclose the chemicals being used in the process. During the fracking process, a deep well is drilled and chemicals and water are injected in order to break apart deep horizontal layers of shale deposits. As the shale fractures, natural gas is captured. In

other states where fracking has been used, ground water has been contaminated by the chemicals injected into the well. Dramatic videos of homeowners being able to light their faucets on fire because of the natural gas being released into homeowner's water supply are available online. While this process has not yet been used in Illinois, the shale deposits in most of the state may make it possible. PCG will work with our partners at Faith in Place on this particular piece of legislation. **Status** – The bill has been introduced but not yet assigned to any committee.

Environmental Justice Act (SB2193): PCG will be working with a few other environmental groups to create and pass legislation that would protect the most vulnerable residents of Illinois and those who are more often affected by climate change, air and water pollution, and the locations of dirty power plants. The bill will define which communities/neighborhoods in Illinois are the most vulnerable and lay out protections for those areas – including requirements for locating new facilities in those areas – as well as prioritize them when it comes to funding for revitalizing brown fields. **Status** – Sen. Toi Hutchinson has agreed to sponsor the legislation – it is still in the process of being drafted.

Illinois Minimum Wage Bill SB1565

Sen. Kimberly Lightford is sponsoring a bill this year to increase the state’s minimum wage. We are seeking co-sponsors who believe that people who work for a living deserve a living wage.

Background

- Illinois’s minimum wage is currently just \$8.25 per hour, or roughly \$16,500 per year for a full-time worker.
- For tipped workers, like waitresses, carwash attendants, and nail salon workers, the minimum wage is even lower – just 60 percent of the full minimum wage, or \$4.95 per hour.
- If the minimum wage had kept pace with inflation over the last 40 years, it would be over \$10 per hour today.

In a recent statewide poll, 71 percent of Illinois voters support this kind of increase in the minimum wage.

What the bill will do

- Over several years, it will gradually restore Illinois’ minimum wage back to its historic value – the inflation-adjusted equivalent of \$1.60 in 1968 dollars.
- It will do that by increasing the minimum wage by 50 cents plus inflation each year until it reaches that level.
- Based on current inflation projections by the Congressional Budget Office, those increases would look like the following:

Year	2011	2012	2013	2014
Increase	65 ¢	60 ¢	65 ¢	50 ¢
Wage	\$8.90	\$9.50	\$10.15	\$10.65

- After 2014, the minimum wage would then simply be adjusted each year to keep pace with the rising cost of living. That would translate to annual increases of between 15 and 30 cents. Ten states have adopted this approach in recent years, which ensures that the minimum wage does not fall again in real value each year.
- The bill will also raise the minimum wage for tipped workers from 60 percent of the minimum wage to 100 percent. Seven states including Minnesota currently require tipped workers such as waitresses, car wash workers and nail salon employees to be paid 100 percent of the minimum wage. They have found that it substantially reduces the high poverty rates faced by these workers.
- Equally important, it will inject billions of dollars in new consumer spending into Illinois’s economy, as working families spend the higher wages on necessities at local businesses.

For more information, please contact Madeline Talbott at Action Now: (312) 217 2456.

Raise the Minimum Wage – Rebuilding an Economy that Works for All of Us
(as of February 11 2011)

Action Now
Arise Chicago
Centro de Trabajadores Unidos: Immigrant Workers' Project
Chicago Coalition for the Homeless
Chicago Jobs Council
Chicago NOW
Chicago Teachers Union
Chicago Workers Collaborative
Citizen Action/IL
Heartland Alliance
IL Action for Children
IL AFL-CIO
Illinois Hunger Coalition
Illinois Maternal and Child Health Coalition
Illinois NOW (National Organization for Women)
Interfaith Leadership Project
Latino Union
NELA-IL (National Employment Lawyers Association – IL Chapter)
North/Northwest Suburban NOW
Project IRENE
Protestants for the Common Good
Restaurant Opportunities Center (ROC) Chicago
Sargent Shriver National Center on Poverty Law
SEIU Healthcare
SEIU Illinois State Council
SEIU Local 1
SOUL – Southsiders Organizing for Unity and Liberation
Women Employed
Working Hands Legal Clinic



THE ROCKY ROAD TO FISCAL RESPONSIBILITY

Larry Joseph

The recently enacted income tax increase is an essential step toward resolving the prolonged fiscal crisis in Illinois. Prior to this legislation, the projected General Funds budget deficit for FY 2012 was estimated at \$15 billion, which represents about 60% of FY 2011 appropriations for all state agencies. The new revenue package is expected to generate about \$7 billion over a full year. The temporary tax increase will enable the state to improve its credit rating, reduce the massive backlog of unpaid bills, and avert a full-scale fiscal meltdown. But it is not a panacea.

The state fiscal crisis is a product of both short-term and long-term factors: a *cyclical deficit* resulting from the Great Recession and a *structural deficit* resulting from an inadequate state revenue system that does not keep pace with long-term economic growth. The recession has severely battered state budgets across the nation. In Illinois, General Funds revenue from state sources plummeted by nearly \$2 billion in FY 2009 and dropped another \$1.7 billion during FY 2010.

The clearest manifestation of the structural deficit involves chronic underfunding of state pension obligations. Under a 50-year funding plan adopted in 1995, the state's annual contributions have been increasing substantially over the past several years. In FY 2008, GF pension costs, including both mandated contributions and pension-related debt service, totaled about \$2 billion. In FY 2012, those costs will exceed \$5 billion, even though mandated state contributions will be 20% lower than originally anticipated as a result of legislation enacted last spring.

Over the past several years, federal recovery funds have protected some important areas of the state budget — most notably, General State Aid to local school districts and Medicaid. But these funds will no longer be available after FY 2011. Many other programs and services have already been hit hard by the fiscal crisis. In the State Board of Education budget, for example, areas hurt by funding cuts since FY 2009 have included preschool programs, bilingual education, social-emotional learning, and student transportation. More than a dozen other programs have been eliminated entirely. Among all state agencies, the Department of Human Services has been most severely impacted by budget cuts. Funding for community-based service providers has been slashed by nearly 20% since FY 2009. The results include significant service reductions in mental health, developmental disabilities, and other programs for vulnerable populations.

A balanced and responsible solution to the state budget crisis requires a significant amount of new revenue, strategic restraints on spending, and meaningful fiscal reforms. The recently adopted revenue package is a big step forward, but it does not solve the entire problem. The legislation included no provisions to mitigate the effects of higher taxes on low-income families. Without debt restructuring bonds, the backlog of unpaid bills, which totaled \$6.4 billion at the end of December, will be reduced by only about \$2 billion by the end of FY 2011. Additional spending cuts remain inevitable, and state policymakers will face difficult choices in setting budget priorities. Since the tax increase is temporary, it will improve the short-term fiscal outlook, but it cannot address the long-term structural deficit. Finally, we need policy decisions that reflect both fiscal and social responsibility, which will require greater budget transparency from both the executive and legislative branches.

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

Questions and Answers about... *Raising the Minimum Wage in Illinois*

Q: What is the minimum wage?

A: *The current minimum wage in Illinois is \$8.25 an hour – about \$16,500 a year.* The minimum wage is the only policy that sets a floor on wages in the United States and has a significant impact on the pay scales of low-wage workers. The minimum wage reached its peak value in 1968. Inadequate federal and state action has caused it to erode in value over time. Had it kept pace with inflation, the minimum wage would be over \$10 today.

Q: Who will benefit from an increase in the minimum wage in Illinois?

A: The increase will primarily benefit low-income families who depend on the earnings from minimum wage workers to make ends meet. Of the workers who will get this proposed raise, over 80% are age 20 or older, over half work full-time and another third work between 20 hours and full-time.

Q: Should we raise the minimum wage in a struggling economy?

A: *Minimum wage increases stimulate the economy through increased consumer spending.*

Consumer spending drives 70 percent of the economy, and increasing demand is the key to jumpstarting production and rehiring. A raise in the minimum wage helps low-income households who immediately put the money back into the economy at the local grocery store, barber shop or gas station. The Economic Policy Institute [estimated](#) that the 2009 federal minimum wage increase from \$6.55 to \$7.25 an hour would generate \$5.5 billion in new consumer spending. A robust minimum wage can help build a sustainable economic recovery--without increasing costs to taxpayers. Despite opponents' claims, extensive research on state minimum wage increases shows no evidence that such increases result in job loss, even in times of economic recession.

Q: What have other states done?

A: *Illinois, is one of 17 states (and the District of Columbia) that have state minimum wages above the federal level.* Two of Illinois' regional neighbors, Michigan and Ohio, also have state minimum wages above the federal minimum. While Congress has failed to adequately raise the federal minimum wage, states have historically taken action and continue to do so. Currently,

efforts to raise the minimum wage are underway in Maryland, California, Delaware, Massachusetts and Maine. Ten states also “index” their minimum wage so that it is adjusted annually to keep up with inflation.

Q: What if we don’t raise the minimum wage?

A: The minimum wage – already badly eroded - will continue to lose value, dragging down pay for workers in the growing low wage industries that increasingly characterize our economy. Minimum wage earners in Illinois’ already have \$2/hour less in purchasing power than a minimum wage earner in the late 1960s, and their ability to cover basic expenses will continue to decline. Wage inequality – driven in part by the declining value of the minimum wage compared to other workers’ wages – will worsen. In addition, businesses that pay a living wage will face unfair competition from minimum wage employers taking advantage of the artificially low wage rate.

Q: Won’t employers flee to surrounding states with lower minimum wages?

A: No, most minimum wage employers are service sector businesses who are tied to our state because that is where their customers are: restaurants, including fast food; retail stores, such as Wal Mart and Target; healthcare services, such as nursing homes; temporary and day labor services. A study of Illinois’ 26% increase in the minimum wage in 2004 and 2005 showed that there were no employment losses in the fast food sector in Illinois as compared with Indiana (which had a lower minimum wage). Our proposal is to raise the minimum wage by 29% over four years, a much slower rate of increase.

Q: Won’t corporations who pay minimum wage layoff employees or go out of business if the minimum goes up?

A: No, most corporations are making very healthy profits again. In fact, they are cash-rich right now, because they are making money but are not hiring new workers. Employers say they will not increase hiring until demand for their services increases. In order to increase consumer demand, regular working families have to have more income. An increase in the minimum wage will put more than a billion dollars of demand back into our state economy.

Q: Low wage workers just got hit with a big income tax increase, without any increase in personal exemptions or Earned Income Tax Credit to protect their small incomes. Doesn’t that amount to a pay cut for the lowest income Illinois citizens?

A: Yes, while we support the income tax increase and the courage of the Democratic legislators who passed it, the Illinois tax system is very unfair to the lowest income workers. Minimum wage workers will see a significant reduction in their paychecks, which an increase in the minimum wage could serve to offset.



Illinois must pay its bills

Approve Senate Bill 3: debt-restructuring bonds

Pay long-neglected bills to providers of vital services, and return our state to more sound fiscal footing.

New state revenues from a temporary income tax increase are an essential step on the path toward restoring Illinois to fiscal stability. Now we must be strategic in the use of those dollars. **SB 3 represents one wise use, allowing the state to restructure its debt, paying overdue bills that threaten the well-being of kids and families. And this can be done without incurring new debt, because restructuring would cover existing obligations to cash-strapped service providers.**

What SB 3 would do: This legislation would allow the state to issue debt-restructuring bonds during FY 2011 and FY 2012. The bonds would enable the state to more quickly pay a backlog of bills that – according to the Governor’s office – currently stands at \$6 billion.

- Without debt restructuring, our new revenue will enable the state to reduce those obligations by about \$2 billion by the end of FY 2011 – still leaving a \$4 billion backlog.
- With debt restructuring, the state could pay-down the remaining backlog. The bonds’ annual interest rate would be much lower than the monthly, 1 or 2 percent interest penalty that the state must pay to vendors who are owed overdue payments.

Background: Local schools, public universities, community-based agencies and other providers of vital services are owed billions of dollars by the state. Some of the bills stretch back six months. Without prompt payment, many entities have been forced to curtail services, lay off staff or even close, with harmful effects on kids and families in need. According to an Urban Institute survey of nonprofit human-service providers, Illinois’ late-payment problems were the nation’s worst in 2009 – and the problems have grown.

Such neglect has fueled a downward spiral in Illinois’ credit rating. That makes it harder and more expensive to borrow money to cover obligations. While heartened by Illinois’ commitment of new revenues to fixing its fiscal problems, Moody’s Investor Services nonetheless recently called our state outlook “negative, primarily reflecting uncertainty surrounding plans to address the state’s large balance of accounts payable.”

SB 3 is urgently needed as part of a balanced and responsible solution to Illinois’ fiscal crisis.

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Our Opinion: Republicans should help OK borrowing plan

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It's time for Republicans in the Illinois General Assembly to do what's right for the businesses, hospitals and schools in their districts that for months have been waiting for billions of dollars owed them by the state.

A bill now before the General Assembly would let the state pay its creditors, many of whom are small businesses already struggling in a weak economy, by borrowing \$8.75 billion. As we see it, this is not so much an acquisition of "new" debt as a transfer of existing debt. But rather than forcing school districts, health-care providers and businesses to make do on state IOU's, this plan will allow Illinois to give them actual money and sell its debt on the bond market. Bond buyers, after all, are in the business of holding debt for payoffs down the road.

Really, this should have been taken care of a month ago. Doing so would have meant payment reaching creditors in March, according to Rep. Frank Mautino, D-Spring Valley, the House's top budget negotiator. The tax increase plan approved by the General Assembly last month was designed to finance this borrowing while also providing much-needed revenue immediately. Democrats in the House and Senate were able to pass the tax increase without Republican votes. But to pass a borrowing bill requires a supermajority, which means some Republicans in both chambers must vote for it.

We could understand Republican opposition if this borrowing were for new spending. But this is money the state already owes — to constituents of Republicans and Democrats alike.

Some opponents have argued that the 67 percent income tax increase should be used to pay off the state's backlog of bills. We have two responses on that point. First, part of the tax increase does address the backlog by financing the borrowing. Second, paying those bills with new tax money will only lead us back to the same place. The tax increase, which is temporary, is designed mainly to address the state's budget deficit going forward.

We'd also be more supportive of Republican opposition if we could tie it to a specific demand. But we're getting various signals from the Republican camp, from a call to address the "structural deficit" to a demand for reform of the state's workers' compensation system to more budget cuts.

The Medicaid and pension reforms passed in the last session were major steps toward fixing the structural deficit. From where we stand, those measures appear to be just the start. If there are specific budget cuts to make, let's hear them.

We are on record as favoring workers' comp reform, and we believe the exposure of an outrageous tally of workers' comp payouts for repetitive stress injuries at Menard Correctional Center — uncovered in a series of stories by the Belleville News-Democrat — makes such a movement inevitable.

But we don't think this is the bill to hold hostage for nebulous demands for spending cuts or a workers' comp concession. Illinois' expensive and confounding workers' compensation system may be a hardship for business in Illinois, but so is waiting months for payment from the state.

If Republicans want economic stimulus for Illinois, they should pay the businesses, schools, hospitals and others that have been waiting patiently for their money for months. Leave the debt-holding to the professionals.