

To: Interested Parties

From: Tim Nuding, Director, Governor's Office of Management & Budget

Date: May 30, 2016

Re: Short Term "Bridge" Appropriations Bill

After fully reviewing SB 2048, the Governor's Office of Management and Budget (GOMB) has confirmed our initial belief that the full year appropriations contained therein would result in total state general funds spending of \$40 billion – making it \$7.5 billion out of balance. GOMB continues to recommend a total veto of that unworkable spending plan.

Last week, I urged the General Assembly to focus on a comprehensive balanced budget alongside meaningful reforms to grow our economy. It has become abundantly clear that the legislative majority will not compromise and pass a balanced budget with reforms.

Progressing into Fiscal Year 2017 with no appropriations is not an acceptable alternative as schools must open in the fall, vendor and grantee patience has understandably worn thin and the continued delivery of critical life, health and safety state services would be in jeopardy.

As an option of last resort, the General Assembly should fulfill the Governor's long-standing request to pass a standalone appropriations bill for PK-12 education and also pass a fiscally responsible appropriations bill that serves as a bridge to keep government functioning and protects the public's health, welfare and safety.

Taking into account the very latest and disappointing developments in the status of negotiations, GOMB would support the following approach to keep government functioning and to protect the safety of the public during the continued impasse.

This proposal is not designed as a full-year budget. It is designed as a bridge plan that allows schools to open, keeps the lights on, protects public safety and prevents a government shutdown. It is fully funded and therefore fiscally responsible, unlike other potential short-term budget proposals that seek to impose piecemeal out-of-balance budgets for months at a time.

For Fiscal Year 2016:

1. Appropriate the remaining non-GRF line items that have yet to be appropriated in FY16.

a. Includes funding for homeless programs, domestic violence prevention programs, sexual assault programs, state parks, and the senior citizens real estate tax deferral program.

2. Utilize the balance in the Rainy Day Fund to pay outstanding bills at various state agencies from Fiscal Year 2016.

a. Funds for utilities, food and medical services at state prisons, mental health centers and veterans homes. These allocations would allow the state to make payments to the many municipal utilities that are owed money.

b. Funds for postage at agencies such as the Department of Revenue required for revenue collection and tax compliance.

3. Appropriate \$458 million from the Commitment to Human Services Fund – the amount estimated to be available in that fund by the end of the fiscal year – to provide payments to human services providers who are not covered by court orders or consent decrees.

For Fiscal Year 2017:

1. Appropriate full year funding for Early Childhood, Elementary & Secondary Education.

a. Recommend a standalone bill for education.

b. Full funding of general state aid, no proration.

c. Additional funds for hold harmless so that no school gets less money through the formula in FY17 than they did in FY16. Allows time to continue to discuss changes to the school aid formula for FY18.

d. Provides local schools with certainty of full year funding and ensures that all schools open on time in August.

2. Appropriate all federal funds, mirroring what was done in Fiscal Year 2016. This has no impact on the general revenue fund and will allow federal funds to flow directly through to providers, such as child care providers.

3. Appropriate non-GRF line items, including:

a. appropriations to restart mothballed capital projects in mid construction that were halted due to lack of appropriation authority in Fiscal Year 2016,

including projects for public universities and community colleges and including the flood plain buyout program.

- b. appropriations for emergency repairs at state facilities statewide.
- c. appropriations to fund the full road construction program in Fiscal Year 2017, including bridge repair and local government road allocations which are funded predominantly out of motor fuel tax funds and vehicle registration fees.
- d. appropriations to fund the state's low income heating and energy assistance program.
- e. appropriations for required debt service payments related to Met Pier bonds, Civic Center bonds, and Sports Facilities Authority bonds.
- f. ensure continued food delivery and utility services at our state veterans homes.

4. Appropriate \$600 million from the Education Assistance Fund for Higher Education. This is the amount expected to accrue to the Education Assistance Fund over the first six months of fiscal year 2017.

- a. Provides stop-gap funding for public universities and community colleges and the Illinois Math & Science Academy.
- b. Ensures those universities most at risk, including Chicago State University, Western Illinois University and Eastern Illinois University are able to open for and complete the fall semester.

5. Appropriate \$180 million from the Commitment to Human Services Fund for payments to human services providers not covered by court orders or consent decrees. This is the amount expected to automatically accrue into this fund in the first six months of Fiscal Year 2017.

6. GRF appropriations of \$450 million fully funded by non-repayment of interfund borrowing.

- a. Ensure food vendors get paid to continue food deliveries to our 24 hour residential facilities, including state prisons, state facilities for persons with developmental disabilities, state facilities for persons with mental illness.
- b. Ensure that utilities such as electricity and water services, and medical services continue to be provided to these same facilities.
- c. Ensure that our fuel vendors and vehicle maintenance vendors who provide the services needed to keep our state troopers on the road and keep our Department of Transportation trucks on the road, including salt distribution and snow removal in the winter months.
- d. Ensure that child support payments continue to be provided statewide.

e. Ensure purchase of cigarette tax stamps so that Illinois can continue to collect cigarette tax revenues.

f. Provide funding for the Secretary of State to help cover utility costs for critical government facilities.

7. All appropriations for FY17 could include language allowing those appropriations to be used to pay outstanding Fiscal Year 2016 bills, if necessary.