

**Survey Results--Putting a Face on the Impact of the Fiscal Crisis in Illinois
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League of Women Voters Illinois**

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In an effort to provide a snapshot of the effects of the budget crisis on communities around the state, the League of Women Voters Illinois asked its Leagues to do a brief survey of some of the organizations, from municipalities to private organizations, receiving some state funding. Several Leagues participated in this effort, and we would like to recognize the following Leagues for their contribution: Glen Ellyn, Glenview, Wheaton, McLean County, Greater Rockford, LaGrange, Central Kane County, Homewood-Flossmoor, Elmhurst, and verbal testimony at an editorial board meeting from Rochelle. We tried to get a cross section of Leagues representing different sections of the state.

The following towns, townships, counties, and villages provided information: Belvidere, Rockton, Rockford, Bloomington, McLean County, DuPage County, Batavia, Burlington, Geneva, Kane County, Oswego, St. Charles, Aurora, LaGrange, Homewood, Flossmoor, Brookfield, Rochelle, Elmhurst, Wheaton, Glenview, Olympia Fields, Chicago Heights, and Glen Ellyn.

One League (Wheaton) opted to have an open discussion instead of gathering the information via survey. Please see the attached article from the Daily Herald. Another's forum (McLean County) was part of their "Living Democracy Project." Two (Greater Rockford and Rochelle) participated in an editorial board meeting for the local paper (see attached article). There were other forums and some Leagues were still considering a venue for presentation at the time this was compiled.

Agencies interviewed included public library systems, municipalities, park districts, police departments, school districts, post-secondary institutions, and human service agencies including day care providers, mental health providers, youth services, services for disabled children and adults, housing agencies, those who serve the homeless, and employment services.

Please see the attached questionnaire for the questions that were asked the interviewed agencies. Some of the agencies were interviewed in person while others choose to answer via electronic media.

The surveys done were detailed and thorough and should provide important discussion points in the communities they illustrated. For the compilation, we had to be mindful of length and privacy considerations. We hope this snapshot provides an opportunity to further educate citizens as to how they and their neighbors are being affected and open discussion as to what steps can and are being taken to rectify a truly dismal situation.

"It takes funding to have services, and without the services, there is a worse financial obligation - jail, unemployment, etc."

Common ground: Almost every agency interviewed is owed funds from FY 2010 and FY 2011. At least one had not been reimbursed for a portion of FY 2009 costs incurred.

(Due to the one-time tobacco settlement and the one-time tax amnesty program, a number of the FY 2010 bills were brought up to date. FY 2011 is still outstanding although the fiscal year is more than half over.)

Libraries: Six library systems responded. While the bulk of their budgets are property tax driven, they receive per capita grants from the state that cover the cost on new materials. Only one of these libraries had received their per capita grant money at the time of the survey and at least one has not received either 2010 or 2011's funds. The one library which had received its grant found it reduced 16%.

School Districts: Of the thirteen school districts which contributed information, all of them are owed funds from the state. There are still funds owed for FY 2010 and 2011's bills have not been paid. While one district said their General State Aid payments are currently up to date, it is still owed over \$3 M for each fiscal year (\$6M total) for transportation and mandated categorical payments. Other districts are also missing payments for special education and other mandated categoricals. Program costs for special education continue to rise but funding does not match these increases. Operating funds owed by the state to districts ranged from \$777,000 to \$14 M in the schools surveyed. One district was not only owed \$1.8 M in state aid but also \$14 M in construction funds. One district was still owed reimbursement for transportation costs incurred during the 2008-2009 school year (FY 2009). A concern raised was the draw down on reserves. (It must be said that those districts with reserves are more fortunate than others; many districts don't have reserves to fall back on and have had to revert to borrowing, paying interest that is not returned to them by the state.)

Municipalities: The seven municipalities and two park districts that contributed to this snapshot have had to face a myriad of budget issues that include such things as shrinking sales tax dollars, climbing pension costs, and a steady decline and longer lag time in per capita grants from the state (three tax funds make up the state contribution: Local distributive funds, motor fuel tax, and a state use tax). One concern raised was that state lawmakers might try to raise money by reducing the share of state income tax revenues that municipalities received. If this was adopted, municipalities stand to lose considerable funds. While not every municipality faced every budget problem listed, these were spread throughout and resulted in belt-tightening, and they expect to face more difficult financial decisions in FY 2011. As one mayor noted, budgeting has never been this difficult. Many have drawn down on reserves they would like to see restored.

Police Departments: One village police department was interviewed and one was included in a municipality interview. While it was not indicated what was owed, the budget deficit has required the surveyed department to cut costs in most line items in its budget.

Public Post-Secondary Institution: While there was no financial information given, it was noted that the college receives fewer funds to support low-income students and that tuition costs are higher and prohibitive.

Human Services Organizations: Representatives from twenty-five private and public agencies, including mental health agencies, youth services, programs for disabled citizens, family crisis intervention, alcohol and drug counseling, shelter, eldercare, respite care, domestic violence, and preschool programs, provided information. Their services range from municipal to county-wide. Significant amounts of money were delayed to 12 of these agencies' budgets in 2010. Seven of the agencies reported decreased funding. Two were no longer able to serve previously Medicaid eligible clients who were cut from the Medicaid program. Most hadn't seen a budget increase in years, and the amount the state owed them this year ranged from \$38,000 to \$600,000. One agency is dealing with a delay in state payments of 7 months; at one point the state was \$1 M in arrears. Within the early childhood education community, there are concerns that, with the end of federal stimulus dollars, programs will be in jeopardy and the costs to families who can ill-afford it will rise.

What does this mean?

- **Several of the agencies have had to lay off staff. Consequences include unemployed workers who are no longer contributing dollars to the local economy, programs which are overstressed and staff who are working higher caseloads or cuts which have been made to the number of clients they can serve.**

Libraries: The libraries surveyed have not had to lay off staff but staffs are being asked to take on extra duties due to heightened demand for services. One district has asked staff to contribute numerous volunteer hours on committees to find ways to pool resources for greater efficiency.

School districts: Despite the Federal Jobs Act to rehire or retain staff, most of the school districts who contributed to this survey have lost teaching staff as well as support staff ranging from bi-lingual translators, social workers, library staff, aides, gifted and special education staff, clerical staff, instructional support coaches, and a police liaison. In addition, two of the ten school districts surveyed reported teachers are now teaching significantly larger classes.

Municipalities: Only two of the municipalities have had to directly lay off staff. However, municipalities reported delayed or canceled infrastructure projects due to funding cut backs, indirectly contributing to the lack of job creation. One of the municipalities has had to lay off workers including building inspectors, who will only be rehired should the building trade increase. Most deal with employee cutbacks through attrition rather than layoffs when possible.

Police Departments: The department surveyed has not filled the spots of three police officers, two part-time police officers, and two civilian workers. It also has had to eliminate its animal control personnel. The municipality which gave information on the effects of the budget cuts on its police department spoke to the extra burden put on its staff due to cutbacks in local social services. Without these, police have had to provide more police services than they did before. In addition, this department has had to lay off a technician.

Human Services Organizations: A central theme with all of these agencies is that there is no duplication of services within their areas, but with the fiscal crisis reducing or closing down mental health, emergency housing, pre-school, employment, and food pantry service agencies all around them, they are called upon to fill in the increasing gaps. Seven of the agencies report having to lay off staff while five others lost staff by attrition, leaving these positions open. One agency reported that staffs now routinely carry caseloads of 27-30 clients rather than the recommended caseload of 18-20. For one agency, staff cuts in the local Public Aid office has caused difficulty getting necessary paperwork processed for their clients, adding a layer of stress. More than one agency reported that staff salaries have been held flat with one agency reporting no staff salary increases for the past 5 years. Other coping strategies have been to ask staff to pay for a greater share of their benefits, some staff have taken on second jobs, some have reverted to using All Kids to provide medical care for their own children.

- **Entire programs have been cut and fewer people are being served in programs they need.**

Libraries: The libraries all reported severe cuts to or elimination of the state funded library systems that provide local libraries with training on and consultation for technology management, acts as a purchasing agent for to defray costs for required data bases, and is a conduit for interlibrary loans. Several thousand items per month are transferred through this system, saving acquisition costs. One library estimated it would cost \$40,000 to continue such a service on its own. In addition, MLS will not be continued which will add another layer of cost to library budgets. The state per capita funds generally provide for the purchase of new materials and subscriptions for data bases and software. Should these funds be cut back or eliminated, cash-strapped libraries will find their task of serving the public ever more difficult.

School Districts: Schools report a variety of programs as cut, severely reduced, or somewhat reduced. One district saw its preschool program cut, leaving 240 preschoolers without important services. As many of the children and their parents are Spanish speaking, the translators, social worker, and program itself was a critical entry into their public school education. Although a local YWCA was able to pick up 1/3 of the children, it will not provide services or transportation, leaving some of the neediest families' children without essential preschool services.

Other districts reported reductions in or elimination of reading improvement grants, special education, transportation, ELL grants, text book loans, 8th grade foreign language instruction, technology upgrades, a Primary Education Thinking Skill program, and professional development. One district reported repairing rather than replacing needed infrastructure--a stop gap measure.

Police: The surveyed police department spoke to increasing difficulty of following up on investigations and to time and resource delays. It was noted that other law enforcement such as the state police and FBI have identified thresholds of dollar loss before investing resources in a follow-up. It also eliminated its animal control services.

Municipalities: Most of the towns surveyed relied on attrition rather than direct lay-offs.

Post-Secondary Institution: It was reported that many talented low income students, often the first in their families to attend college or even high school, could not complete their educational plans because tuition costs have risen and financial supports have shrunk. The point was made that the opportunity to reverse poverty trends among this population has gotten smaller.

Human Services Organizations: Most of these agencies are now reduced to putting potential new clients onto months-long waiting lists. Several mentioned that other state agencies in the area had shut down or no longer accepting clients, so it now falls to them to pick up the slack. Seven agencies had to cut their own hours and/or services. One agency used to serve 150 children in a foster care adaptation program and is now only able to serve 40. Another is down by 50 clients. The pattern is clear: All report that as their ability to serve their communities is decreasing, the need for services is increasing.

Six of the agencies reported that the funding sources were mandating more regulatory requirements (paperwork, forms, and documentation), even when months behind in their obligations.

Some have had to neglect infrastructure and became no-frills agencies providing the bare minimum to clients. Four agencies report that they now have waiting lists, unheard of in the past. Fundraising has been attempted by three of them as well, but in the current economy, 2010 has not produced the needed results for any of them. Numerous problems came up with regard to clients not being able to find services whether they were on or off Medicaid, and uninsured. The agencies are scrambling for creative ways to serve their clients as well as using time that could be better spent on clients, creating ways to simply keep the agency open.

- **Recession has meant for almost all the agencies a greater need for their services but fewer program dollars and fewer people being served when the need is greatest. The effect on children is particularly devastating- loss of stability, larger classroom sizes, families under stress, staff under stress dealing with more duties.**

Libraries: Every library surveyed cited a burgeoning need for services. One library noted an 80% increase in materials borrowing. With the rise in unemployment, there has been a huge surge in computer usage as people job search or print resumes. As many are not computer literate; this requires extra staff time to help them. At least one library has tried to meet this head on by providing computer classes but cannot meet the demand. This library also finds its preschool classes over capacity as parents use them as de facto preschool programs. The libraries also reported being used more often as family entertainment and try to meet the demand by providing family events. Summers bring a spike in school age usage putting further stress on over-stretched staff. Despite the public demand for more services, libraries find it difficult to meet the need. As one librarian said, our public survey of library patrons showed that what they appreciated most about the library was the quality of service; yet this is the very thing they stand to lose.

School Districts: For the schools surveyed, this has meant primarily larger class sizes and fewer supports in place for students needing special services such as ELL and reading improvement. In one district, elementary class sizes are at 30 children, an all-time high, with high school classes even larger.

As mentioned before, one district has lost funding for its preschool program, leaving 240 children and their families without the assistance of a social worker or bi-lingual translators for non-English speakers. Another district reported an increase in parents seeking residential placement of severely disabled students at district expense because they can no longer receive in-home support and therapy. One district has seen an historic rise in low income students as measured by free and reduced lunch applications.

Police: The police department surveyed noted that the department was able to provide emergency response services with the reduced resources with which they have to work. However, without restoring the staff and resources they once had, it's difficult to deal proactively with quality of life issues important to a community. It said that proactive policing and social programs help both victims and offenders and addresses potential victims and offenders by preventing criminal activity altogether. For one department, cut backs in social services that provided after-school mentoring to youth have left children unsupervised, along with cut-backs to those services providing drug and alcohol counseling have led to more police intervention. Another has seen an increase in calls for service that involve family issues, suicide attempts, property maintenance issues, etc. It has also seen increased drug usage involving heroin.

Municipalities: One cut a town-funded preschool program and an arts grant. As mentioned before, two of the municipalities are delaying or cancelling public works projects. According to one town administrator interviewed whose village is part of a regional body of 40+ municipalities, one method employed by many communities is to cut residents' basic services (police, fire and public works) and defer capital projects. For some of the municipalities, difficulties arise in the form of home foreclosures and lack of housing starts. This has required the municipalities to provide basic maintenance on the foreclosed properties and take on the cost of unpaid water bills. Lack of housing starts has meant lack of important revenue from water and sewer hook-ups. So far, the towns responding have kept property taxes stable but said that, traditionally, when one source of revenue goes down, the dependency on the other increases.

Human Services: While none of the agencies interviewed came out ahead this fiscal year, the human services lost the most ground in cuts to programs and clients served. Because they are the agencies of last resort for many people, lack of services are far-reaching, hitting many of the other agencies that we interviewed. One after another, agencies spoke of how lost mental health services, drug and alcohol counseling, youth programs, preschool slots, Eldercare have had an impact on their communities; how their goals providing intervention to many they serve to prevent them from becoming part of a long term problem are becoming more difficult to attain. For some, particularly those who serve children and at-risk families, it is a matter of safety. As addressed in the section on Police Departments, police are seeing increasing problems and needs that they must address because services that were once available no longer fill the need; a job that is not really appropriate for them to address. Some of the human service agencies interviewed spoke of clients being inappropriately hospitalized, given stop gap medications, and sent back to the streets or to the agency which referred them. Some clients can no longer get the appropriate medications or adaptive equipment that they need because Medicaid no longer

covers them while some agencies are struggling to fill mandates such as regular psychological evaluations because funds are no longer available. Others addressed the loss of housing and employment services for disabled or homeless clients. Two of the agencies which provide services for disabled people are struggling to keep their clients out of state institutions. Many of the state institutions do not provide the quality that these agencies offer and cost about \$160,000 per person per year; approximately 3 times the cost of better, more appropriate group home care. When asked about the difficulty fulfilling mandates, the responses ranged from--N/A to “we are being asked to meet even more unfunded mandates than before with less funds to do so.”

- **What steps have the agencies interviewed taken to keep programs intact and maximize budgets while still providing the best possible services that can be provided?**

Libraries: The libraries cited heavier than normal dependence on “Friends of the Library” fundraising and donations as well as outside grants to help them meet funding needs. Some spoke of using up budget reserves and two spoke of the difficulties tax caps put on libraries which seek increased property tax levies. As one library respondent put it, libraries might be able to survive for a while with flat funding but eventually they will be faced with a budget deficit they could only avoid if successful in passing a property tax referendum. One library system is exploring merging five of its systems as a cost saving measure.

School Districts: Most of the districts surveyed have used a combination of tactics to provide fiscal stability- use of reserve funds, program cuts, staff layoffs, pay freezes, outsourcing of services such as custodial and food service. Two will ask for an increase in property tax levies; others who have seen property taxes decline are watching this avenue carefully.

Police: The department surveyed has cuts costs in most line items in the budget, including programs, purchases, and repairs. To find alternative funding, it has instituted an administrative towing program to defer costs of police service.

Municipalities: One municipality is insulated more than its neighbors from the lag in State LGDF payments and lower home values because it was able to incorporate previously unincorporated land, resulting in overall stable property taxes. This town has also seen a rise in its sales tax due to a new Wal-Mart. Two interviewed count on their business district to generate taxes to cushion any lag from the state. Another replied that through belt-tightening and imposing new fees, it has managed to keep property tax levies flat. Even after belt-tightening and cuts, others are expecting to face more difficult financial decisions in 2011. There has also been an establishment of two-tier pension systems. In one town, no current employees are included in any benefit changes and the village relies on attrition (Voluntary Separation Program at age 55) to reduce the work force. Master Contracts are being introduced by the State to negotiate with the unions, and one village has saved \$600,000 using a consolidated contract service.

Human Services: Coping strategies include borrowing money to meet obligations (4 agencies). Those who reported borrowing or extending lines of credit to keep their doors open paid interest on the money. It is important to note that interest payments are dollars lost as the state does not pay them back. One agency cited its interest payment for FY 2010 as \$30,000. Several have begun using up their reserves, all have cut services offered, the majority has reduced hours of services, reduced number of clients served, increased workers' workloads, and cut employee benefits. One agency has invested in a tighter reporting structure and supervision, along with efficiency studies. In one case, similar area agencies cooperated to shift funding from one program to keep other programs running more effectively. One agency serving youth at risk cut one of the programs it provided to use that funding elsewhere. A number reported relying more on fundraising and grants, although these are reportedly more difficult to come by. Agencies also reported small economies--using up, making do, repairing rather than replacing needed equipment, finding as many ways as they can to reduce costs; as they say, using everything but the squeal so that funds can go towards client needs.

- **What steps can be taken to help agencies provide these critical services?**

For all of these agencies, the upside is that they are proud of their ability to serve and they were happy to propose solutions to "life in a fiscal crisis."

- A high priority on these agencies' wish list is for the State to be upfront with a realistic assessment of how late it will be with its payments and how much will be received.
- They would like to see the State restore enough funding so the the agencies can function as well as they used to, at least meeting the previous benchmark of services. Despite the rise in need, none asked for more funds--just restored funds.
- The point was made that the State should fund its obligations, which clearly it is not.
- Solutions generally included ways to raise more revenues, including an income tax increase and property tax levies.
- On a practical level, implementing new programs while not even funding existing programs should be out of the question.
- It was suggested that there needs to be parity around the state in terms of funding--no one part of the state should be favored over another.

McLean County asked the audience members at its "Living Democracy Project" to break into groups to respond to the best way to solve the fiscal crisis in Illinois and broke the answers down by category.

The results were as follows:

1. 4 groups suggested taxing pensions depending upon income levels.
2. 3 groups suggested a commission to look into revenue sources.
3. 2 groups asked that priorities be set for budget cuts.

4. 3 groups supported a progressive income tax.
5. 2 groups stated agreement with a tax increase with sunset clause to end it after the deficit was cleared.
6. 3 groups suggested that sales tax be broadened to cover additional services.
7. There were 6 mentions of concern for or limitation of burdens on the needy or lower income households.