

The Illinois State Budget Impasse & HIV Services:

“A Case of Governmental Dysfunction”

The following is the first in a series of issue briefs surrounding issues that pertain to HIV prevention, education and care in the state of Illinois

THE ILLINOIS FISCAL LANDSCAPE

Illinois' budget crisis has deep roots within the Illinois government. While politics and intransigence may have caused the current stalemate, Illinois got to this point due to a tenuousness of our fiscal situation that has been caused by a number of specific factors: a flat income tax, a lack of sufficient revenue and the neglected Illinois public pensions systems.

Illinois' constitution mandates that the state's income tax be at a flat level, or an equal percentage regardless of one's income. Therefore, regardless of whether you make \$5,000 a year or \$5 million a year, you will pay the same percentage in Illinois tax. Many states, and the federal government, utilize a progressive tax that taxes lower income less, and higher income more.

In response to dipping revenue due to the Great Recession, Illinois raised its income tax rate in January 2011 to 5% from 3.75%. While this increase provided some respite, unless an extension would be passed by the legislature and signed by the governor, the increased revenue was written to expire Jan. 1, 2015. When Bruce Rauner won his bid for Governor in 2014, he asked that the legislature allow the temporary income tax to be allowed to expire. The General Assembly acquiesced to that request.

Illinois' constitution states that a pension benefit may not be “diminished or impaired,” meaning that a law could not be passed that would lessen the benefit a public employee could receive, once gaining the requisite years of service, upon retirement. After years of skipping pension payments, in 1996, then Governor Jim Edgar (R) and Speaker Michael Madigan (D) came together to pass a law to institute what is known as the “Edgar Pension Ramp.” This plan set pension payments initially low and scheduled them to be ramped up higher through the years so that the pension systems would be fully funded by 2044. This eased the burden on state budgets for a number of years, but as the payments ramped up, the state was put into a bind, being forced to put more and more dollars into pension payments without increasing the state's revenue. Though this has caused an increasing fiscal strain (in December 2015, then-Comptroller Leslie Munger announced that the state would be “delaying” its scheduled pension payment) the state has not made a move to extend the ramp and alleviate this strain.

OVER A YEAR WITHOUT A BUDGET

Upon the swearing in of Governor Bruce Rauner (R) in January 2015, Illinois plunged into a budget impasse created by the expiration of the 2011 state increase, an unwillingness to make unpopular cuts to reflect those lower revenue levels, and the unpopularity of certain reforms demanded be included as part of budget negotiations by Governor Rauner that he coined his “Turnaround Agenda.”

State government functions have limped along since the end of Fiscal Year (FY) 2015 due to court orders, consent decrees, continuing appropriations and bills passed to authorize spending of federal grants. Though there have been numerous piece of legislation introduced, such as a tax on incomes over a million dollars and a progressive income tax structure, none have passed that would enhance the state’s revenue shortfall, nor has either party been willing to make the unpopular, drastic, and unwanted cuts that would be needed to balance the budget based on current revenues.

THE DAMAGE DONE

HIV Providers in Illinois have been feeling the drastic, statewide effects of the budget impasse for some time now ¹:

- From July - December 2015, grantee HIV testing from the Quality of Life Fund decreased 62%, resulting in a 68% decrease in the number of positives found;
- Direct grant testing decreased 59%, with a 66% reduction in positives found;
- Regional Grant testing decreased 35% with a 70% reduction in positives found, all compared to the same period in 2014;
- In March 2016, the Families and Children’s AIDS Network stopped providing prevention services in Regions 2, 7, and 8;
- Central Illinois Friends of PWA stopped implementing Effective Behavioral HIV Prevention Interventions;
- Sisters and Brothers laid off both its Deputy Director and its Interventions Manager, impacting service delivery in several regions, and cut their Region 5 services to just one day per week;
- Fifth Street Renaissance in Springfield laid off four full-time and 3 part-time positions and reduced services;
- Jefferson County laid off two staff, reduced service hours, and have indicated they may need to close their HIV prevention program;
- Bethany Place’s (Belleville) Prevention Coordinator and entire prevention staff resigned due to non-payment;
- Macoupin County laid off their main prevention staff;

- Outreach and testing that is geared and targeted towards populations with the highest rate of new HIV infections have been significantly reduced, due largely to agencies not having the resources to conduct thoughtful, strategic targeting. As a result, suburban Cook County has seen a significant reduction in the amount of newly identified HIV-positive individuals;

Even with passage of the 2016 stopgap spending plan, which is detailed below, some HIV service providers will only receive 65% of their funding.

- HIV tests in suburban Cook County have fallen by 35% since the start of the budget impasse³ ;

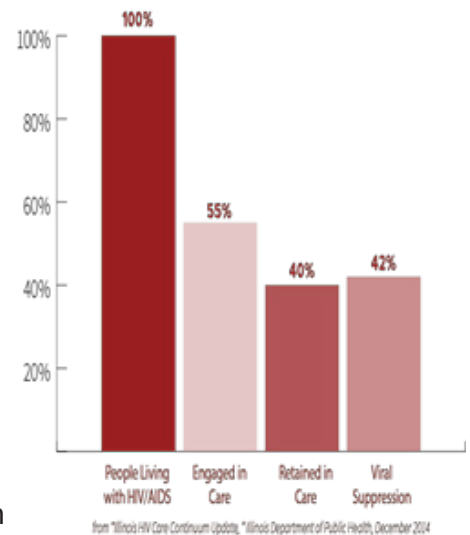
- The Jackson County Health Department has ceased providing HIV testing to recently released inmates in downstate Illinois;

- PrEP 4 Illinois, a program that was intended to cover costs of PrEP for those who required financial assistance, was appropriated \$1 million in the FY 15 budget; however, that program was ultimately zeroed out by the incoming Rauner administration. Canceling the PrEP4Illinois program deprived Illinoisans of financial assistance to access this game-changing HIV prevention medication;

- The AIDS Drug Assistance Program (ADAP) has been forced to rely solely on federal funds to operate;

- In June 2016, Center on Halsted, Illinois' largest provider of state-funded HIV testing, had received no state payment for HIV testing. The organization was uncertain if they would be able to continue to provide services without a budget in place⁴.

Former Comptroller Munger announced in July 2016 that the state would, despite the passage of the stopgap spending plan, be paying its bills 6 months behind schedule. She also estimated that the state would have \$10 billion in unpaid bills by the end of December 2016⁵.



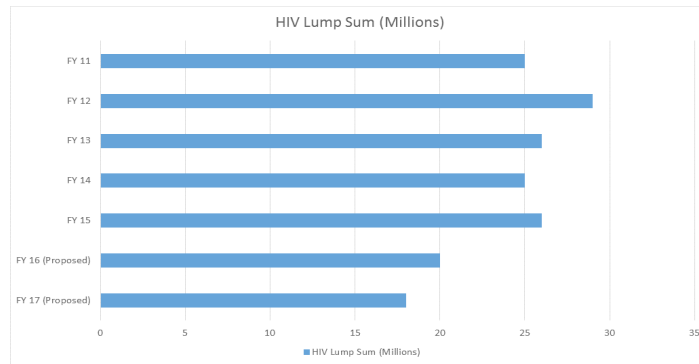
SB 2047 – THE STOPGAP SPENDING PLAN BILL

In late June 2016, the legislature passed and the governor signed into law SB 2047, a stopgap spending plan designed to alleviate pressure on the state's finances through the end of December 2016. The bill included appropriations for both FY 16 (which ran from July 1, 2015 through June 30, 2016) and FY 17 (which started July 1, 2016). There was no new revenue in the legislation, and thus there is at present debate on who will receive what funding and when, and whether the state has enough revenue to pay for these appropriations even through December. (source was existing funds in an account dedicated for these services)

SB 2047 contained appropriations for the African American HIV/AIDS Response Act (AAARA) for both FY 16 & 17, each at \$500,000, though not at levels sufficient for grants to be made for the program. In FY 15, the appropriation for AAARA was \$1.5 million, though those funds were never distributed by the state.

The bill also contains a line of funding for the HIV Lump Sum, which provides state funding for ADAP, HIV prevention and HIV education services, to be used both for FY 16 & 17, at \$17,923,800. In FY 15, the Lump Sum received \$26 million.

There are three lines of appropriations for supportive housing for both FY 16 & 17 that total \$13,729,600. In FY 15 alone, supportive housing received \$13,738,500.



THE HIV PUBLIC HEALTH CRISIS

HIV remains a public health crisis in the state of Illinois and around the world. In Illinois, there are over 1,800 new HIV infections each year. Of new HIV infections, 50% are within the African-American community, and 40% are among young people aged 20-29. Unfortunately, nearly 50% of people with HIV in Illinois are not getting any medical care or lifesaving HIV medications. Every nine-and-a-half minutes, someone in the U.S. is newly infected with HIV.

Here in Illinois, funding for the HIV Lump Sum, which includes the AIDS Drug Assistance Program (ADAP) and HIV prevention, treatment and education services, has been funded at roughly the same level since FY 2011, with the amount wavering between \$25 and \$29 million. Since Governor Rauner came into office, he has proposed merely \$20 million for FY 16 and \$18 million for FY 17. Every new HIV case prevented saves the state nearly \$400,000 per person in lifetime medical costs, so this drastic cut to preventive and treatment services has the potential to make the situation worse.

We are at a unique time in the HIV epidemic following the advent of biomedical interventions like PrEP, which can prevent new infections. But effective means of HIV prevention requires a commitment from the state, and Illinois has not included funding for PrEP4Illinois program in proposed budgets since Governor Rauner used his executive authority to remove \$1 million in PrEP assistance from the FY 15 budget.

THE HIV COMMUNITY'S RESPONSE

In 2016, thanks to its many community partners, AFC has engaged 4,300 people in direct advocacy (up from only 170 in 2014 and 2,700 in 2015) and placed 50 stories with 25 million impressions among local and national media sources.

Over 100 individuals and organizations took to social media to advocate for Springfield to pass a positive budget on AFC's Virtual Advocacy Day. Advocates sent over 1,000 tweets/posts that reached over 150,000 social media users.

In addition to digital advocacy, AFC had its best Springfield Advocacy Days ever, with 62 advocates participating in April and 163 in May. That is 225 members of the community travelling to Springfield from throughout Illinois for a day of engaging in direct advocacy with their elected officials.

AFC staff has taken a prominent position in the Responsible Budget Coalition (RBC), a group of organizations dedicated to advocating for a budget that adequately funds services in Illinois, and increased our community advocacy network IL ASAP (Illinois Alliance for Sound AIDS Policy) to 57 active members throughout the state, up from 20 in 2014. The Illinois budget situation has fired up the community and engaged them like never before.

RECOMMENDED HIV FUNDING LEVELS

The following levels of appropriations would allow the HIV sector to continue its important work of HIV prevention, education, and treatment throughout Illinois:

- **Fully fund the HIV lump sum.** Historically, the HIV Lump Sum, which covers HIV prevention services, HIV education, and the state's portion of ADAP, has been funded between \$25 million and \$29 million, while the Rauner Administration has proposed appropriations of \$20 million and \$18 million, respectively.
- **Fully fund the African American HIV/AIDS Response Act (AAARA).** Historically funded at \$2 million, AAARA provides grants to community organizations that lead the charge on the local level. This line should be funded from the General Revenue Fund (GRF). The Rauner Administration has proposed appropriations for this line at \$500,000 for each fiscal year they have proposed a budget.
- **Fund PrEP4Illinois.** The FY 15 budget contained \$1 million to assist in payment for PrEP and has not been included in either of Governor Rauner's proposed budgets.
- **Invest in HIV supportive services that help people stay in care and healthy.** Investing in complete coverage for community outreach and retention workers, emergency housing assistance, medication adherence counseling and other services will link people with HIV to medical care.
- **Continue to support allowing ADAP to pay for ACA premium assistance.** To maintain their health and avoid hospital stays, low-income people with HIV will need help from ADAP to help pay ACA private insurance premiums and medication copays, which can be \$1,000 or more. A small investment in premiums by ADAP will help a low-income person with HIV afford private insurance and continue to take HIV medications.


- **Invest in Supportive Housing.** The Rauner Administration has proposed budgets that gut supportive housing funding in Illinois. AFC believes adequate state funding for supportive housing is critical.

POSSIBLE BUDGET SOLUTIONS

There are numerous solutions available to legislators and Governor Rauner that, taken together or separately, would improve the state's fiscal outlook and serve as a means to end this ongoing budget stalemate:

- **Pass a Budget.** A comprehensive budget is essential to have in place in order to provide stability and predictability.
- **Restore the 2011 Income Tax Rate to 5%.** While this would not solve Illinois' underlying structural issues, it would bring more revenue to the table.
- **Create a Progressive Tax Structure.** Also called the Fair Tax, this would base a person's tax rate on their income level, with higher earners paying more and lower earners paying less. This would require a constitutional amendment, and would serve as a revenue increase while also alleviating strain on low-wage earners.
- **Pass Comprehensive Pension Reform.** This will also likely require a constitutional amendment, as the Illinois Supreme Court has rejected laws passed that changed the pension benefit and health care benefits for pensioners.
- **Extend the Edgar Pension Ramp.** This option would increase revenue available for other services by lessening the amount to be paid each year to the pension systems.
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- **Close Corporate Tax Loopholes.** Loophole closure has been highlighted in the past. There are many such loopholes and exemptions in the Illinois tax code, such as exemptions for enterprise zones, newspaper ink and gasohol, that would increase state revenues, though would likely not be enough to fill the budget shortfall or address the structural issues.





Now is the time to add your voice to the choir calling for an end to the budget stalemate. Get involved by coming to our Advocacy Days, join our email network, like AFC on Facebook and follow AFC on Twitter (@AIDSChicago) to stay up to date on what is going on in Springfield and learn about how you can participate.

This document is authored by Dan Frey, Director of Government Relations (dfrey@aid schicago.org).



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