



Nicole Blodgett <nbloodgett@panaschools.com>

Fwd: Capitol Watch: Graduated Income Tax Hangs Over Pritzker's Proposed Budget

1 message

Jason Bauer <jbauer@panaschools.com>
To: Nicole Blodgett <nbloodgett@panaschools.com>

Wed, Feb 19, 2020 at 4:43 PM

February Board Meeting

----- Forwarded message -----

From: **IASA** <iasa@iasaedu.org>

Date: Wed, Feb 19, 2020 at 4:38 PM

Subject: Capitol Watch: Graduated Income Tax Hangs Over Pritzker's Proposed Budget

To: <jbauer@panaschools.com>**Graduated Income Tax Hangs Over Pritzker's Proposed Budget**

As we mentioned previously in Capitol Watch, the passage of the graduated income tax would hang over everything this legislative session.

Like a giant storm cloud.

The governor proposed a \$40.7 billion state budget — virtually flat from the current state budget — but dangled the prospect of a \$1.4 billion revenue boost in the second half of the fiscal year that begins July 1 if voters approve the graduated income tax plan in November.

School funding will be wrapped up in the outcome of that vote in two significant ways. The first is Evidence-Based Funding. Gov. Pritzker proposed \$350 million additional for EBF, a figure he even admitted is “not nearly enough to fund schools properly.”

However, \$150 million of that amount will be held in reserves and only released if the graduated income tax passes, causing the new tax rate structure to kick in January 1, 2021, bringing with it the additional revenue.

That leaves \$200 million of new EBF dollars that would be distributed the first half of FY 2021 under Pritzker's budget proposal, primarily to Tier 1 districts and a small number of districts in Tier 2.

The other major area in school funding that will be impacted by the ballot initiative in November is mandated categorical payments. Pritzker's proposal keeps \$40 million of the

\$51.3 million budgeted for categorical payments in reserves. Just like EBF, the reserve dollars would be released in the second half of FY 2021, if the graduated income tax passes.

Essentially, Pritzker has proposed two budgets that are contingent on what happens with the graduated income tax. And, EBF and categorical payments aren't the only areas impacted. Other spending items on the "reserve" list include:

- \$70 million for university operations and community college spending.
- \$27 million for first year of supplemental funds for College Illinois!
- \$20 million in School Maintenance Grants.

Clearly, a lot is riding on the graduated income tax ballot initiative.

By the way, the change can take effect one of two ways: if three-fifths (or 60%) of people voting on the amendment approve it, or if a simple majority (50% plus one) of all voters, including those who skip the question on their ballots, approve it.

While the EBF news was not what we hoped for, there were highlights of the budget address that are notable, including:

- Pritzker proposed making the full payment into the state's different pension systems. An additional \$100 million would be paid if the graduated income tax is approved.
- \$50 million increase to the Early Childhood Block Grant (ECBG)
- Increase MAP funding by \$50 million.
- \$16.5 million to improve the teacher pipeline through recruitment and retention of diverse and effective educators.
- Maintain support of career and technical education at \$43 million.
- Pilot a new program for Community Partnerships for Student Health and Well-Being at \$2 million
- \$2 million to defray cost of Advanced Placement test fees for low-income students.

I want to close by saying, while today's announcement wasn't what we hoped for with EBF, the door hasn't closed.

We have until May to continue to advocate to the General Assembly that EBF is making a difference and the formula should be funded above minimum levels set forth in statute. A lot can happen between now and when the budget is signed. We will be sure to keep you updated on what unfolds.

Thanks for reading.

Sincerely,

Diane Hendren
Director of Governmental Relations
Illinois Association of School Administrators

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