



Illinois Issues blog

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To spend or to cut?

By Jamey Dunn

A group representing business leaders called for Illinois to spend more on early childhood programs on the same day a conservative think tank presented a plan to cut the state's budget.

Ready Nation/America's Edge is a national nonprofit that promotes early childhood education as a way to strengthen the economy. Today, the group released a study which claims that every \$1 invested in early childhood programs creates \$1.94 in economic growth. The study says that if Illinois provided preschool to all families in need who wanted it, the expansion would create 15,000 new jobs in the sector and 4,000 jobs in other areas of the economy. The proposal would cost the state an estimated \$630 million.

Business leaders who support the group's message say that investment in early childhood education now will produce the workforce they will need in the future. Lisa Savegnago, who is president of Nameplate & Panel Technology in Carol Stream, says that preschool is where children start to learn "creativity, critical thinking and the ability to collaborate in teams," which are all skills that she is looking for in employees. She said that access to preschool would also help businesses immediately by giving their workers a viable option for childcare. She said that a lack of access to childcare leads to more absenteeism from parents and higher employee turn over rates. "When you take all of this into account, it's not difficult to see why employers see it as their business to care about early childhood education," she said.

Sean Noble, who works in the group's Illinois office, said that the organization is calling for a \$25 million increase in early childhood spending for the Fiscal Year 2015 budget. The main funding source for early childhood programs avoided a reduction during the current fiscal year but suffered deep cuts over the previous four fiscal years. Noble says that \$25 million would help get such programs back on track. The number is in line with budget recommendations from the Illinois State Board of Education and Gov. Pat Quinn. Noble says the group is advocating that the state continue to increase funding in the coming fiscal years. While the group agrees on putting more money into early childhood education, Noble said there is no consensus on how to pay for it. The Illinois members of Ready Nation/America's Edge are not backing any particular revenue source. Quinn called for an extension of the temporary income tax increase to fund all levels of education.

Members of the group said that they recognize that the state is in a tight fiscal situation, but they say the data indicates that cutting early childhood education is counterintuitive at a time when Illinois is in need of economic growth. "It's staggering to me to see this report and how we can benefit from early childhood education," said Collinsville Mayor John Miller.

You can read [the group's report here](#). Also, *Illinois Issues* Managing Editor Maureen Foertsch McKinney wrote a [column for the current issue of the magazine about the long-term costs of cutting early childhood programs](#).

Meanwhile, the Illinois Policy Institute released a plan today to cut the state's budget and allow the temporary income tax increase to sunset as scheduled in the current law.

That tax is set to begin stepping down in 2015. The group is calling for several sweeping changes including:

- Eliminating additional education funding for school districts that have property tax caps or spend property tax on local development through tax increment financing districts.
- Eliminating additional funding for poor students in districts that have affluent local tax bases
- Eliminating revenue sharing with local governments
- Reducing the state's payroll by 10 percent and ending automatic cost of living pay increases for state workers
- Shifting the future pension benefits of public employees into a 401K-style program
- Means testing for pension cost of living adjustments (COLAs)
- Giving Medicaid patients a subsidy to purchase insurance in the private market

Many of the group's proposals are highly controversial and some have been floated before. For instance, when Gov. Pat Quinn proposed reducing the portion of income tax revenues that local governments get, governors from all over the Illinois descended on the Statehouse to lobby against it. Quinn quickly backed away from the idea.

The institute's more natural political allies, Republican lawmakers, may balk at some of the ideas presented here, too. Suburban lawmakers with property-tax wealthy school districts will likely not support the education funding proposals. How to handle the funding for schools that have local property tax caps and tax increment financing districts was also a hot-button issue as a bipartisan group of senators evaluated ways to revamp the state's current school funding formula.

The Policy Institute seems undaunted by the tough political road many of their suggestions would face. Ted Dabrowski, vice president of policy at the institute, said in a written statement accompanying the report: "Tax relief is in the immediate future and Illinois needs bold leadership that will make sure it happens. Sunsetting the tax hike is more than a promise — it's the law. And it can be achieved."

You can [read the full report here](#).

Posted by Illinois Issues Statehouse bureau at 5:41 PM