

What Nonprofit Stakeholders Need to Know About Budget Advocacy in Illinois

March 20, 2023

Center for Tax and Budget Accountability (CTBA)

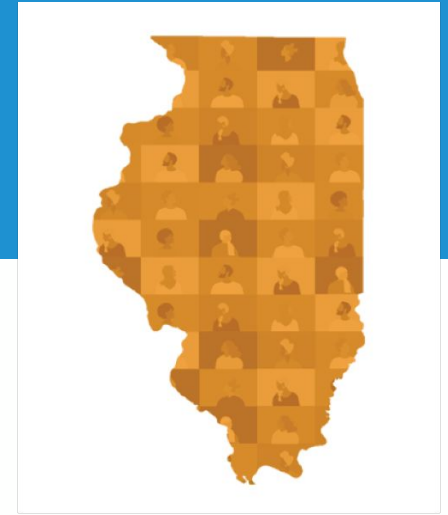
Center on Budget Policy and Priorities (CBPP)

League of Women Voters of Illinois (LWVIL)

Responsible Budget Coalition (RBC)

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Agenda



- Purpose of Event & Brief Panel Introductions
- Making Sense of the IL Budget Process
- IL's Budget (Structural Deficit 101)
- What IL Can Learn from Other States & Anti-Racist Budgeting
- Advocacy & Lobbying Basics
- Q&A
- Next Steps

Purpose of Event & Panel Introductions

- Responsible Budget Coalition
 - <https://www.facebook.com/ResponsibleBudgetCoalition/>
- Center for Budget and Tax Accountability
 - <https://www.ctbaonline.org>
- Center for Budget Policy and Priorities
 - <https://www.cbpp.org>
- League of Women Voters of Illinois
 - <https://www.lwvil.org>
- Forefront
 - <https://myforefront.org>

Making Sense of the Budget Process

Niya Kelly



IL's Budget (Structural Deficit 101)

Allison Flanagan

FY23 Revenue

Revenue Source	% Increase Over 4/22 Est.
Net Individual Income Tax	5.80%
Net Corporate Income Tax	24.20%
Sales Taxes	3.10%
Other Sources	5.40%
Transfers In	62.30%
Federal Sources	19.40%
Total General Funds	10.60%

FY24 Projected Revenue

Revenue	FY23	FY24
General Funds	\$51,359	\$49,994

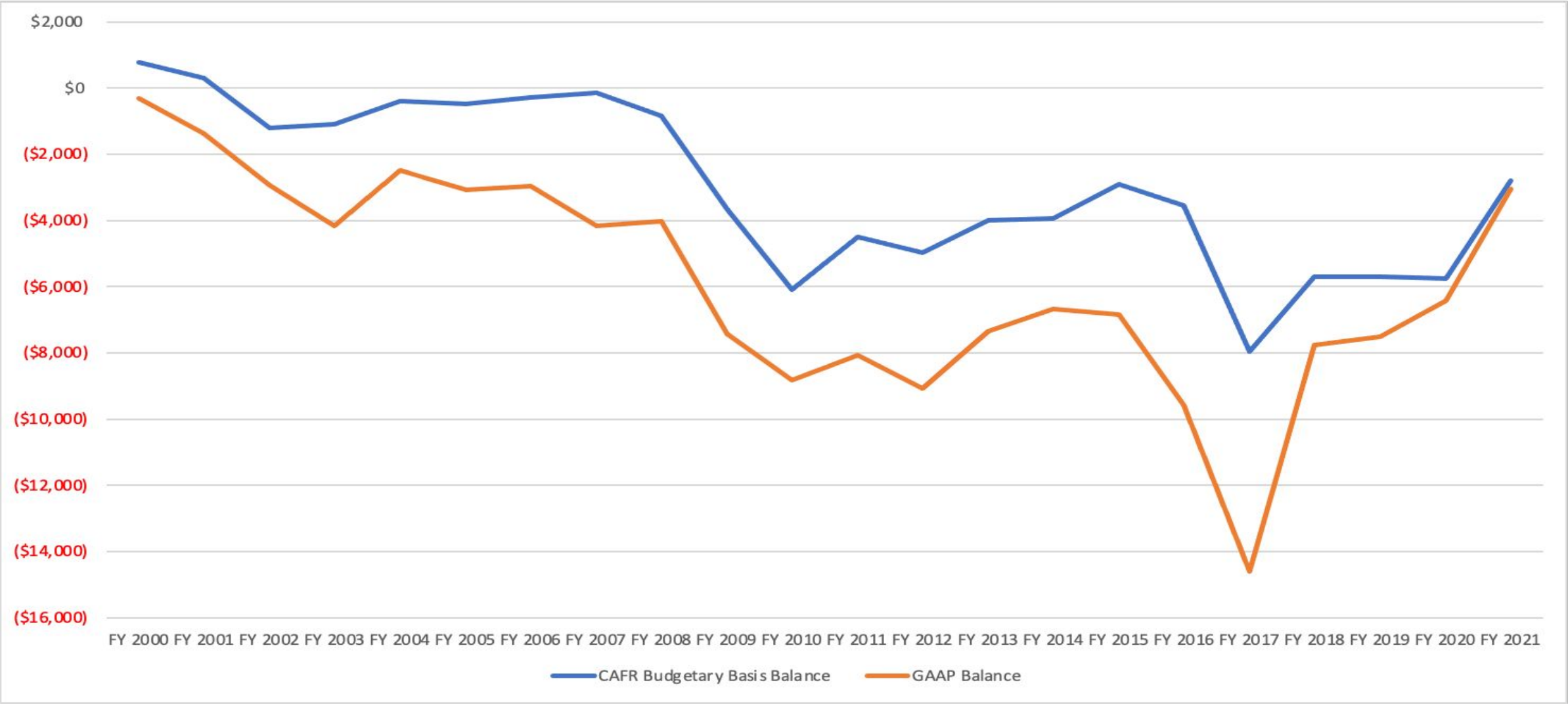
FY24 Proposed Gross General Fund Appropriations	\$49,998
Total Hard Costs	\$14,100
Debt Service (Pension & Capital Bonds)	\$1,596
Pension Contributions	\$10,231
Other Statutory Transfers Out	\$436
Group Health Insurance	\$1,837
Gross General Fund Service Appropriations	\$36,241
Healthcare (including Medicaid)	\$9,348
Early Childhood Education	\$673
K-12 Education	\$9,656
Higher Education	\$2,689
Human Services	\$9,627
Public Safety	\$2,2443
Other	\$1,204
Unspent Appropriations	(\$700)
Net General Fund Service Appropriations	\$35,541

94.4%

FY24 Projected / Accumulated Deficit

FY24 Year End	in Millions
Projected Accumulated Gen Fund Deficit	(\$1.152)
Deficit as a % of Net GF Service Appropriations	-3.2%

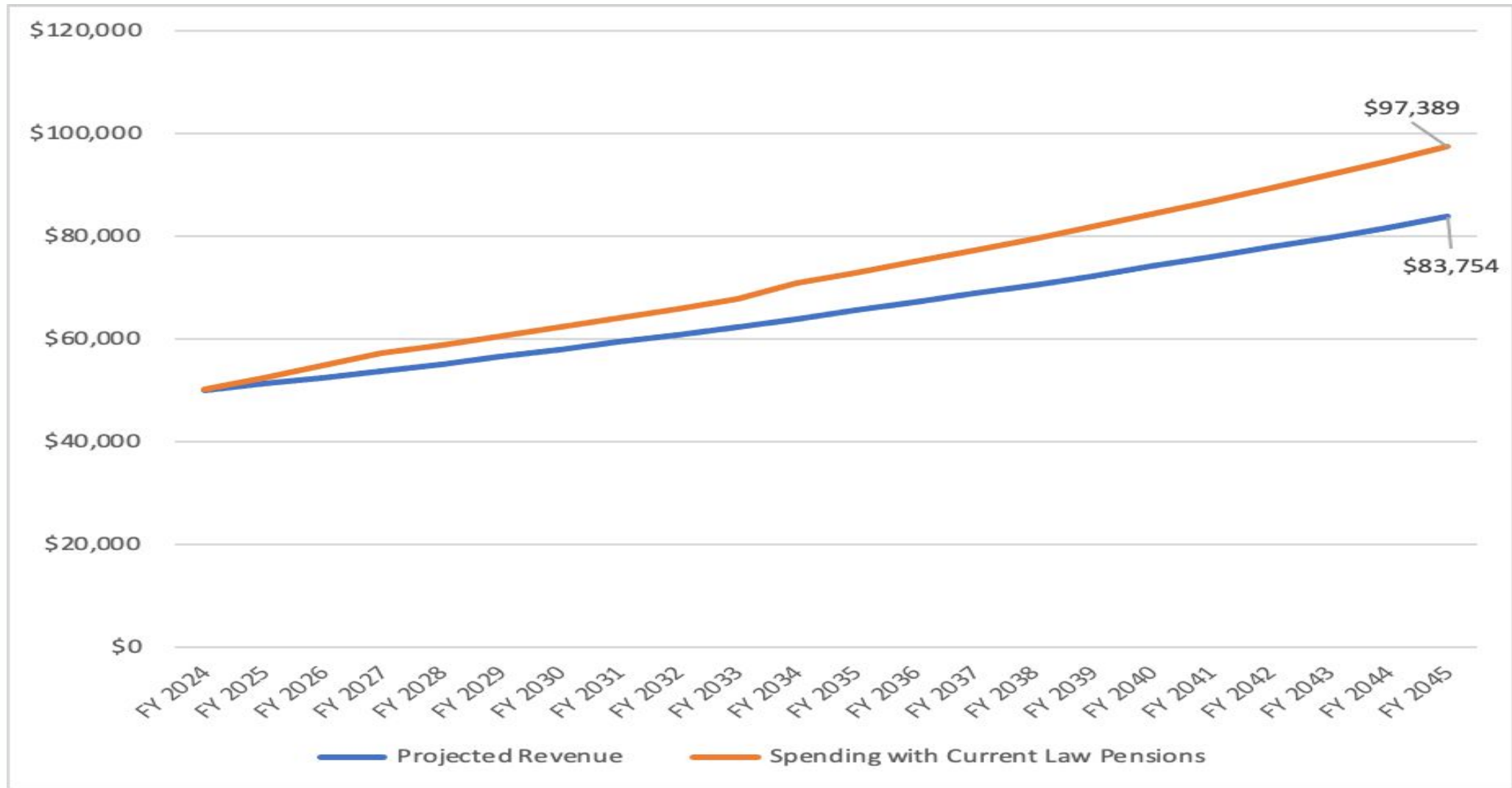
Illinois General Fund Budget Deficit FY 2002 – FY 2021



Factors Contributing to Reduced Deficit

- Federal COVID Relief received since FY 2020 / how it was utilized
 - Without the \$4.7 billion in COVID Relief Funds used for replacing General Fund revenue between FY 2020 and FY 2023, the accumulated deficit would increase from \$1.152 billion to a potential \$5.847 billion depending on how funds were appropriated
- Total State Revenue Growth since FY 2020
- Repayment of Debts and Interest
- ***Without intervention, Illinois will be unable to continue reducing the annual accumulated deficit***

The Problem: Illinois has a Structural Deficit (Full Funding of EBF—Normal Economy), \$ millions



Factors Contributing to Ongoing Deficit

- To what extent is spending (i.e. human services) the cause?
- Decades of poor tax policy
 - Proposed solutions: Higher rates overall combined with credits for lower income filers; Broad based sales tax (goods + services)
- Pension ramp / debt structure (not cost of benefits)
 - Proposed solution: Front loaded re-amortization

Other States/Anti-Racist Budgeting

Whitney Tucker

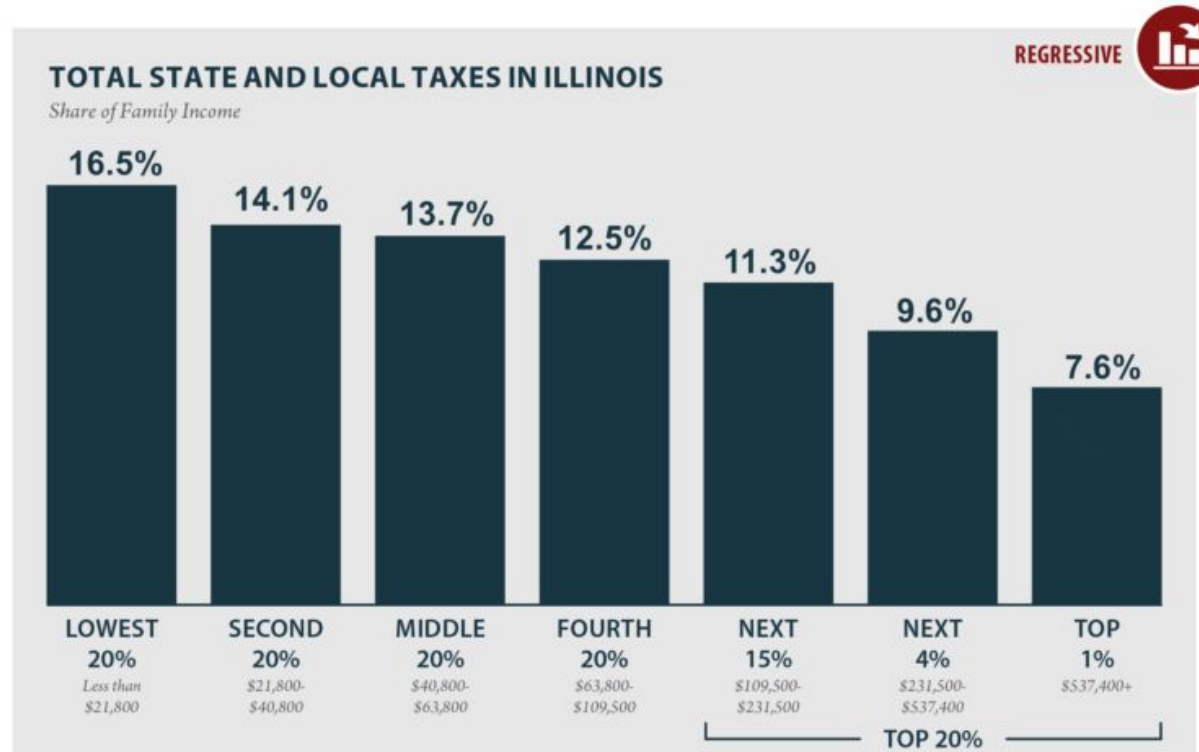
Explicitly Racist Tax Policies of the Past

Property Tax Limits

Supermajority Requirements

State Sales Taxes

This is What Structural Racism Looks Like



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Anti-Racist State Budgeting Basics

- **Raise enough revenue.**
Consult [CBPP's Revenue Options](#) menu.
- **Raise revenue equitably.**
As Massachusetts did last year.
- **Prioritize people most in need.**
Like the 11 states with CTCs.
- **Be transparent.**
As with Ohio's interactive state budget.
- **Engage community in a meaningful way.**
This requires protecting democracy.

Advocacy & Lobbying Basics

Holly Ambuehl

Federal Law

Federal IRS law regulates how much lobbying is permitted

- 501(c)(4) – Unlimited lobbying
- 501(c)(3) – Limited lobbying
 - Allowed for public charities; includes community foundations
- Private foundations – NO lobbying

Advocacy vs. Lobbying

Advocacy (is any of these)

- Research
- Policy Analysis
- Organizing
- Litigation
- Education (like this)

Lobbying (is all of these)

- Direct contact
- With a covered elected official
- About specific legislation
- Asking them to take a specific action
- Includes appropriations

Illinois Law

Action

- Which activities are you doing?

Audience

- At whom are you directing your action?

Method

- Direct or indirect (grassroots)?

Expenditure

- Paying people? / spending money?

Exceptions

- Does an exception apply?

Illinois Law

- Sweeping lobbying definition (“influence” and “goodwill”)
- Key test: Any amount of lobbying while being compensated or reimbursed more than \$500 for expenses
 - Alternative: use uncompensated Board members, other volunteers
- Expanded list of covered officials; local officials now covered (except Chicago)
- Rules about using consultants
- Exemptions for grassroots events and communications
- Activity in an open meetings never subject to registration
- Details and links on Forefront website

Summary: State and Chicago Requirements

State

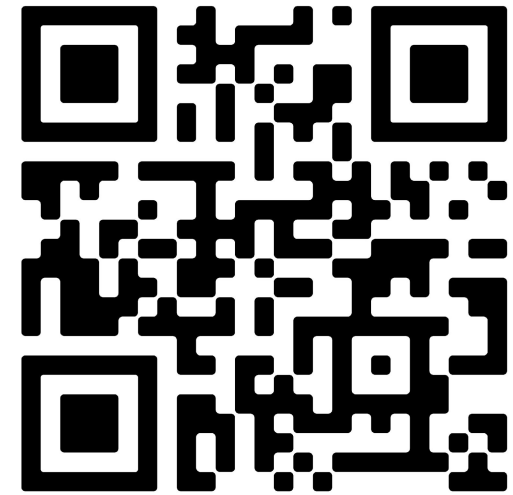
- \$300 per entity, plus
- \$300 per lobbyist
- No 501c3 exemptions for fees or reporting
- Bi-weekly reports required
- Semi-annual attestation required
- Reports limited to expenditures
- Salary not reported

City of Chicago

- Fee refunded for 501c3s
- Policy in place – not enforcing 501c3 requirements (subject to change)
- Quarterly reports required
- Narrative reports
- Salary is reported

Resources: Lobbying Questions

- Bolder Advocacy
 - State guides and general resources
 - Hotline 866-NP-LOBBY (866-675-6229)
 - E-mail: advocacy@afj.org
- State/local (elobbyist@ilsos.gov)
- Chicago (BOE-ELF@cityofchicago.org)
- Holly (hambuehl@myforefront.org)



Lobby Rules

Get Involved!

- Nonprofit leaders should engage in democratic process
- At every level of government
- Advocacy and lobbying are not dirty words
- Use your voice and expertise

Questions?