

# **Budgeting for Results**

**October 21, 2011**

**2:00-4:00 PM**

**Room 16-145 James R. Thompson Center, Chicago**

**OMB Conference Room, 621 Stratton Building, Springfield**

Commissioners Participating (Chicago):

*Cristal Thomas, Deputy Governor*

*State Representative Kent Gaffney*

*Maria de Jesus Prado, Prado & Renteria*

*Larry Joseph, Voices for Illinois Children*

*John Kamis, Senior Advisor to the Governor*

*Jim Lewis, Chicago Community Trust*

*Lyle Logan, Northern Trust Bank*

*John Bouman, Sargent Shriver National Center on Poverty Law*

*Alex Rorke, Co-Chair, Governor's Economic Recovery Commission*

Commissioners Participating (Springfield):

*Steve Schnorf, Budget Consultant*

Commissioners Participating (Telephone):

*Lieutenant Governor Sheila Simon*

## **Meeting:**

### **I. Approval of the Minutes from the October 6, 2011 Meeting**

John Kamis called the meeting to order at 2:12 PM. Chairman Kotowski was not able to attend the meeting due to a scheduling conflict. Minutes from the October 6, 2011 BFR Commission meeting will be approved at the next BFR Commission meeting on Monday, October 24<sup>th</sup>, from 10:30 AM to 12:30 PM in the Department of Human Services conference room on the 7<sup>th</sup> Floor of 401 S. Clinton, Chicago, and in the GOMB conference Room in Springfield, located in room 621 of the Stratton Building.

### **II. Update and Follow Up**

- a. Communication: Share Point

John Kamis encouraged Commissioners to share comments on drafts of documents through the Share Point website. Commissioners should not post anything to Share Point that they are not comfortable sharing with the public. Documents on Share Point represent rough drafts of the Commission's work.

### III. Report Structure

#### a. Update on draft structure

Bob Kettlewell described the timeline of the November report to Commissioners. Governor's Office Staff sent a list of compiled recommendations to Commissioners on Friday, October 21<sup>st</sup>. Commissioners will develop a consensus on issues at the October 21<sup>st</sup> meeting, and on the following meeting on Monday, October 24<sup>th</sup>. Commissioners will receive a draft report on Tuesday or Wednesday (October 25<sup>th</sup> or October 26<sup>th</sup>). A final meeting will occur on Friday, October 28<sup>th</sup> or Monday, October 31<sup>st</sup> and will serve as the final Commission meeting before submission of the November report. The final meeting will likely occur as a conference call. Governor's Office Staff will work with Commissioners to schedule the conference call to approve the November report. After the Commission finishes its November report, it will continue to meet on a regular basis over the next year in order to receive updates on GOMB's efforts in implementing BFR.

#### b. Results, Goals, and Sub-goals Document

***Process:*** Commissioners decided to identify items on the Results, Goals, and Sub-goals document on which they have a clear consensus and to later debate items on which they lack a reachable consensus.

Commissioners immediately began reviewing the Results, Goals, and Sub-goals document that was last updated on September 15<sup>th</sup>. They debated how this document should be incorporated into the November report. Additionally, Commissioners debated whether or not to include sub-goals in the report at all. Commissioners reached the consensus that they would include the six results in the November report, but that the goals and sub-goals will serve as only examples (instead of endorsements) of potential goals and sub-goals. Commissioners agreed that the Results, Goals, and Sub-goals document will be contextualized as an improvement upon the previous draft sent to agencies by GOMB, and it will represent a framework for the Commission to use in moving forward with BFR. However, it will not constitute more than a guideline. The Results, Goals, and Sub-goals document will be located in the Appendix of the report.

#### c. Compiled Recommendations Document

***Process:*** Commissioners decided to examine each recommendation on the Compiled Recommendations document in order to identify items on which they have a clear consensus. The Commission agreed to review the document over the weekend and submit any additional changes to Governor's Office Staff. The Recommendation numbers correspond to the number as put forth on the Compiled Recommendations document.

### Results Recommendations:

- **Recommendation #1:** Separate Medicaid from the Department of Human Services

Commissioners reached a consensus that a seventh result should be included in the recommendations of the Commission's November report. They debated whether this new result would include Medicaid or would expand to include Health Care more generally. They also debated whether this new result should be categorized as a result or as part of the allocations process, and whether Medicaid spending should be broken out into General Revenue Funds, Federal Funds, and Other State Funds. Commissioners agreed that they would add a seventh result to "Ensure High Quality Health Care for All Illinois Residents," and include an explanation of how they arrived at this recommendation, in the November report.

- Recommendation #2: Employee Group Insurance Categorized as "Mandatory" Spending

Commissioners noted that this recommendation was not included before the seventh category was created. They agreed to refrain from placing employee group insurance under any result.

- Recommendation #4: Language of Result #5

Commissioners agreed to change the language of Result 5 from "Provide a high quality of life to residents" to "Maintain a high quality of cultural and environmental resources for residents and visitors of Illinois."

- Recommendation #5: Shift the Department of Employment Security from Human Services to Economic Well-Being/Development

Commissioners decided to disregard this recommendation.

- Recommendation #6: Shift the Illinois Violence Prevention Authority from Public Safety to Human Services

Commissioners decided to disregard this recommendation.

- Recommendation #7: Change descriptors for Goals and Priorities from "Citizen" to "Resident"

Commissioners agreed to make changes from "citizen" to "resident" where appropriate.

- Recommendation #8: Re-name Result 6 (Government Services)

Commissioners decided to disregard this recommendation.

- Recommendation #12: RESULT 3: Change in Language

Commissioners reached the consensus to add the word "safety" to Result 3, so that it reads: "Illinois has adequate public safety mechanisms/infrastructure in place to protect the lives, safety, and property of residents."

- Recommendation #20: RESULT 4 and 5: Change in Language

Commissioners agreed to change the wording of Result 4 by removing the word "minimal," so that it reads: "Illinois assures that all resident, but particularly children, the elderly, and disabled, are able to experience a ~~minimal~~ quality life." Additionally, Commissioners decided to change

the wording of Result 5 by removing the word “high,” so that it reads: “Illinois provides a ~~high~~ quality life to residents.”

### **Presentation of Sub-goals:**

Commissioners debated whether the sub-goals would need to be addressed because of the addition of the seventh result. They reaffirmed their consensus to include the Results, Goals, and Sub-Goals document (from September 15<sup>th</sup>) in the Appendix of the November Report, along with corresponding public testimony. The Results, Goals, and Sub-Goals document will be contextualized as an example of a more-fully-developed document than GOMB provided to state agencies, and the Commission will continue to work on it over the next year.

## **IV. Allocations Discussion**

***Process:** Commissioners examined the “Allocations of Budget to Results” section on the Compiled Recommendations document and went through each item to discern any consensus.*

The Commission reiterated its consensus to refrain from offering specific percentages for allocations in the November report.

### **Revenue Estimates:**

Commissioners agreed that the budget process would work better if all parties (i.e., the governor, legislative leaders, and state agencies) could agree on a single revenue number. Other states have a process in place by which they come to a consensus on a revenue forecast prior to developing their state budgets. Additionally, other states mandate a revenue consensus decision by a certain date. They have found that the consensus deadline does not become a stalling tactic; instead, it strengthens the credibility of the overall revenue projections. Commissioners debated the process by which the General Assembly could arrive at a single revenue number. Commissioners pointed out that the process of arriving at a common revenue number is laid out in state statute, but the statute does not apply to the governor. Commissioners discussed potential processes that involve experts from state agencies, the legislature, the governor, and outside experts. Commissioners reached a consensus that the House and the Senate should follow state statute and agree on a single revenue number, while better coordinating with the governor. Commissioners further reached a consensus that the Commission will work with the General Assembly and the governor on identifying a single date by which a consensus on a revenue number for the budget must be reached.

### **Allocation Decisions:**

**Recommendation #1:** Predetermined, fixed shares for Results should not occur at the beginning of the budget process:

- Commissioners decided to refrain from discussing this item in depth without Chairman Kotowski present. They reached the consensus that they would caution the General Assembly against conducting the budget process like they did last year.

Recommendation #2: Decisions regarding allocations of revenue should distinguish between state and federal resources, in addition to funds outside of GRF:

- Commissioners decided that this point falls under the Jim Lewis Method.

Recommendation #3: The Governor and the General Assembly should consider the recent funding history of various agencies and programs when determining budget allocations:

- The Commission chose to disregard this item.

Recommendation #4: The refined Lewis proposal states that the process for calculating the allocation of state funds across the six results constitutes a six step process:

The refined Lewis Method starts with work from state agencies. It maximizes federal and local funding (especially Medicaid and school funding formulas) and declines to spend GRF when funding is available from another source. GRF and state controlled funds are allocated based on three categories: survival, growth, and amenities. This method provides a clear way of communicating State priorities. Jim Lewis explained that this method does not constitute a specific recommendation, but provides the Commission with a general idea of the allocations process. Commissioners reached the consensus that the Lewis Method provides a general methodology and framework for future BFR work. The Commission wants to look at this method as it moves forward with the November report.

## **V. Mandates Discussion**

Commissioners ran out of time, and as a result, did not discuss mandates.

## **VI. Next Steps**

Jennie Sutcliffe briefly identified and explained additional documents that were provided to the BFR Commission. The next BFR meeting will be held on Monday, October 24<sup>th</sup> from 10:30 AM to 12:30 PM in the Department of Human Services Conference Room (401 S. Clinton) in Chicago and in the Governor's Office of Management and Budget Conference Room (621 Stratton Building) in Springfield.