

# FACT SHEET

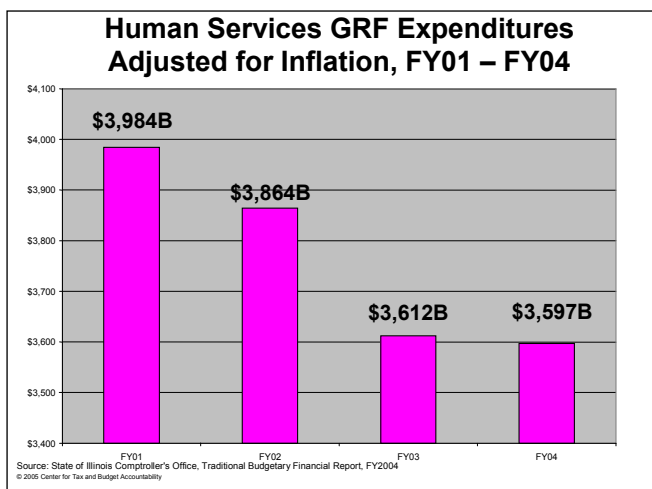
## Meeting Our Existing Obligations HB 2253, House Amend. 1- Cost of Doing Business Increase *A companion bill to HB/SB 750*

### What is “Cost of Doing Business”?

“Cost of Doing Business” (CODB) refers to the overhead costs that a business or organization incurs to provide its service (for example: rent, utilities, labor, materials, etc). A CODB adjustment provides annual funding increases to accommodate for inflation.

### Why does Illinois need a CODB for human services?

- **Due to annual revenue shortfalls, human service programs have suffered substantial funding cuts year after year.** Between 2001 and 2004, human services funding decreased by \$387 million after adjusting for inflation, or nearly 10%.
- **Numerous human service programs were cut in FY2006 in order to balance the state budget.** Emergency Assistance, State Family and Children’s Assistance, Homeless Prevention, Crisis Nurseries, Youth and Family Counseling and Employability Development Services – just to name a few – suffered funding cuts for fiscal year 2006.
- **Continued cuts in human services funding are threatening the human services infrastructure.** Without sufficient funding, human service providers are unable to adequately serve the poor and vulnerable populations they are dedicated to helping.
- **As a result, low-income children and families, the disabled and the poor elderly will suffer.** If human service programs continue to be cut due to revenue shortfalls, programs must curtail their services.



### How does HB 2253-ham1 work?

- **Creates a CODB Trust Fund.** \$175 million in 2007 dollars will be deposited in the Fund annually with new money generated from state sales tax revenue outlined in HB/SB 750; after the first year, the fund will grow with the Employment Cost Index.
- The CODB Fund **will be used for** a 3% cost of doing business adjustment annually for purchase of care contracts and grant agreements.
- **Eligible Departments include** the Department of Children and Family Services, Department of Human Services, Department of Public Health, Department of Healthcare and Family Services, Department on Aging, Office of the Attorney General, Department of Corrections, Department of Juvenile Justice, Department of Commerce and Economic Opportunity and a private community-based contractual provider or grantee.

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