

State budget basics

By Jim Nowlan

A local government official who is savvy about government budgets stopped me on the street the other day. Couldn't the present state budget impasse be solved, he asked, by simply cutting discretionary spending in the budget by \$4 billion, to eliminate the gap between the budget passed by the Democrats and the revenue that will come in this year?

The short answer is No, it can't be. Otherwise, tight-fisted governor Bruce Rauner would simply have imposed line-item and reduction vetoes totaling \$4 billion on the enacted

Democratic budget bills

Some background.

The annual state budget of \$74 billion represents about \$5,700 per person. Seems like we could find \$4 billion to cut; after all, that represents only 5.4 percent of the total.

Half the budget is distributed to health care providers, social service agencies, schools and universities. Three million of our 13 million people receive health care through Medicaid. Two million school students and more than half a million public college and university students receive state support.

Thousands of mentally ill and disabled youngsters and adults are supported. More than 47,000 prison inmates are cared for (it was only 7,000 when I was a young legislator in 1970).

Funding for our 16,000 miles of highways and other transportation services represents a surprisingly small, to me anyway, 7.8 percent of the total state budget.

Public safety and the courts, debt service and refunds represent another 12 percent of the budget, the latter two which must be paid.

Actually running our day-to-day state government and paying employees takes only 17.8 percent of our budget, or \$13 billion. This is where we tend to look for waste and corruption.

As many readers know, annual pension payments of \$8.2 billion, or 11 percent of the budget, represent the albatross around the state's neck.

Most of this amount goes to shovel in money to make up for decades of underpayment by the state. The state Supreme Court has said we have no wiggle room to reduce these obligations, which will go into the future as far as the eye can see.

In contrast, neighboring Wisconsin has a pension system about the same size as our state systems, because smaller Wisconsin includes its local government employees. Wisconsin has throughout history fully funded its pensions, so its annual payments to keep up to date are only \$1 billion.

This means that Illinois has about \$7 billion in dead weight payments that go to pay for the sins of our fathers and are not available for education, people services, parks, what have you.

Without the pension obligations, our state would be in fine shape, and we wouldn't need to talk about tax increases. We could fund education better.

So where can we cut?

Well, we have already been cutting for a number of years now. Our budget problems are not new.

For example, in 1999, Illinois had 88,000 state employees (not including university faculty and staff); today we have 64,000, a reduction of 26 percent in state jobs.

Since 2008, state expenditures other than for pensions and health care have been essentially flat, while inflation in that period has gone up 10 percent. Expenditures for children in the care of the state and for higher education have gone down, and would go down further in the Dems' budget.

In my area, where I take my walks, the state historic site at Jubilee College near Peoria has been closed, and a nearby state park has blocked off big sections of scenic picnicking grounds, for lack of funds.

What more can be done?

I propose that the Illinois Auditor General be empowered to audit the performance and efficiency of the thousands of private vendors that provide services to the state.

For example, the *Chicago Tribune* last year took a look at a number of state-funded private social service agencies and found that they were paying salaries of as much as \$350,000 to their top executives, more than twice as much as the state is paying to its own agency heads, the ones who let the contracts.

There are always places that cuts can be made in a sprawling operation like a state government.

But not \$4 billion worth of cuts, certainly not in the short term.

If only it weren't for the pension albatross.