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Despair over state budget inaction

By Jim Nowlan

I despair. Speculation is rife among the cognoscenti of Illinois politics that our state may not have a sensible full-year budget, nor an accompanying plan to establish long-term fiscal stability, until 2019! This would be after the November 2018 elections for governor and lawmakers.

If so, unbelievable, unforgivable.

As readers appreciate, enacting a budget is the fundamental action and responsibility of a public body. A budget allocates our values, you might say: more for education this year, less for parks, whatever.

The budget also signals to businesses and our universities what the future will look like, in terms of taxation and likely available resources. Without such helpful signals, business is hesitant to invest within a state, as companies crave predictability and stability.

Meanwhile, our universities and the hundreds of social service agencies that carry out the mission of state government are largely cast adrift without a budget, floundering, some even closing.

For the past nearly two years now, Illinois has operated without a budget blueprint.

As most readers know, Governor Rauner and lawmakers, led by House Speaker Michael Madigan, have failed to come together on a budget.

Instead, federal and state courts have intervened, telling our state government it must keep spending for most people services, and at pre-2015 rates that are higher than would probably be put in place if governor and legislature could come together.

I talked with Ralph Martire, head of the Center for Tax and Budget Accountability in Chicago. CTBA is a left-leaning organization, yet its research is highly credible.

Here is his thumbnail sketch of where we are.

This fiscal year, our state's general funds are spending \$22 billion as a result of court-ordered outlays. Then there is \$12 billion in "hard expenditures" we must pay for debt service, pensions and transfers to local governments and Medicaid accounts.

We can add to those totals another \$6 billion in unpaid bills. For example, the state is as much as 673 days late in reimbursing medical providers for employee health care services.

[By the way, vendors who can do so are almost pleased to wait for payment, as they receive 12 percent penalty payments for doing so.]

These expenditures total \$40 billion for the year, but we have only \$30 billion in revenue coming into the general funds to pay all these bills.

Of course, we say we must tighten our belts. And of course we can always do some of that, but less than you might imagine.

Annual state pension payments of \$7.2 billion are mostly debt service for underfunding pensions and sweetening them in years past, and the state high court has said we must pay them.

Over the past decade or so, the state has also cut expenditures for schools, universities and social services significantly.

State employee numbers are down, from 89,000 in 2001 to 64,500 last year. For example, the 90 miles of state trails along the Hennepin Canal in central Illinois, where I enjoy walking, had 22 employees in 2008 yet now number just four.

All I am saying here is that cutting “waste and corruption,” the default budget-cutting option of the public, sure won’t alone erase a \$10 billion budget shortfall.

[Again, as many know, the governor and House speaker, from different parties and world views, never seriously tried at the beginning of Rauner’s term in 2015 to craft a budget.

[Neither has ever seriously reached out to the other, and neither has blinked as to who will do so first.

[These men, awash in overweening pride, are both equally to blame, in my eyes.]

To address the problem, my friend Martire would raise taxes much more than policymakers will ever do. He would boost the individual income tax to 5 percent while also broadening both that tax and the sales tax.

Whatever the ultimate compromise, every day of delay on a compromise budget plan only deepens our budget deficit.

The state of Illinois and its 13 million residents are being held hostage. Universities crumble and businesses flee or withhold investment, even though the state has incomparable strengths in transportation infrastructure, location, water and more.

This past year, our state’s newspapers came together. On a single day, they emblazoned their front pages with the simple cry from the heart: “Enough!” the headlines read.

The editors called for budget action—and alarmed policymakers responded, at least with a partial short-term budget to get them through the November elections.

It’s time for another such exhortation.

If—and I hope I'm proved wrong—the state goes until 2019 without a real budget, Gov. Rauner will go down as the worst governor in the history of our fine state. And our lawmakers will be viewed into posterity for having been as spineless as amoeba for failing to rise up and demand that governor and speaker lead the state to a better future.