

SNG-Rauner budget talk-2-23 or 3-2-15

Rauner changes budget dynamic

By Jim Nowlan

In his maiden speech on state finance this past Wednesday [Feb. 18], GOP Gov. Bruce Rauner changed the dynamic of Illinois budgeting from an “incremental” process to that akin to “zero base budgeting,” which goes all the way back to former president Jimmy Carter’s days as governor of Georgia in the early 1970s.

The above sounds like academic-speak, so please let me explain.

Rauner proposed a budget that is balanced, at least in theory, without the necessity of nudging the recently reduced state income tax back up a bit, as many Democrats including Speaker of the House Mike Madigan feel is necessary.

The businessman governor proposed dramatic, some would say draconian, cuts not only in pensions, health care for state employees and higher education, but also for children who are wards of the state, kids with developmental disabilities, and the mentally ill.

This will force interest groups and advocates for all these spending initiatives to come to the legislature to make their cases for why the programs must be sustained at higher levels than Rauner wants.

Traditionally, government budget-making is done on an incremental basis. By this I mean that budgeters assume that last year’s base of spending is appropriate, and thus they can focus on the proposed increment, or increase, from the previous year’s level.

Incremental budgeting is the default method because multi-billion dollar budgets are so detailed, with thousands of spending lines, that there isn't thought to be enough time to review the base every year.

In contrast, zero base budgeting requires that each year the whole base of spending be re-examined. Jimmy Carter famously did this in Georgia but was unable to implement the method when he was president because of the aforementioned complexity and lack of time as well as opposition from Congress.

In his budget, Rauner did at least two things. He proposes totally eliminating many specific programs and he recommends 10-50 percent cuts in many agencies' overall budgets.

Details are lacking as I write, just in the wake of his talk, yet news reports suggest that in education, as one example, he proposes zeroing out spending for advanced placement, arts and foreign languages, agricultural education, "After School Matters," and a parent mentoring program, just to name a few.

At the same time, Rauner recommends a \$140 million cut in the state Department of Children and Family Services, reducing staffing levels by 10 percent, or 271 positions.

DCFS is an agency that has already seen its budget cut by 10 percent from 2008 to 2014 and its staffing of case workers, investigators and others slashed by 500 positions (from 3,117 to 2,601) in the same period.

Yet recently DCFS has been excoriated by the *Chicago Tribune* for failing to protect youth in residential treatment centers from gross abuse and neglect, among other shortcomings.

This even though DCFS has been under a federal court consent decree for the past 25 years, signed by the agency and the American Civil Liberties Union, which commits the agency to do a better job of caring for the children in its care.

So in this case, the advocate seeking to justify higher spending than Rauner proposes may indeed be the federal courts and the ACLU.

The forthcoming, more intensive budgetary process, which I predict will be extended throughout the spring legislative session and probably into the summer, will provide a healthy learning process for all concerned.

Many well-intentioned programs are created and funded but are never closely re-examined in subsequent years. Rauner's budget will change that.

I certainly think Rauner is sincere in believing the cuts he proposes (which I will go into in more detail in later columns) can be implemented without causing harm.

Democrats will generally think otherwise and will ultimately send him a budget that is somewhere between what the two sides want.

Rauner will probably veto such a budget, which the Democrats may not be able to override. This will mean a long summer of negotiations.

In the end, Rauner and the Democrats may be able to strike a grand bargain that includes some budget cuts, some revenue increases and some business-friendly changes in workers' compensation and other labor-related costs.

I will have plenty to write about.