

SNG-Rauner budget strategy flawed-10-26-15/revised

Rauner budget strategy flawed

By Jim Nowlan

Bruce Rauner has cast the budget stalemate as a kind of Armageddon—the decisive battle between good and evil. His problem is that no matter how things turn out, the battle between him and the Democrats in the legislature won't be decisive.

The walls won't come tumbling down (to mix biblical metaphors) on the Democrats, who hold big majorities in the legislature, in one fell swoop.

Democrats know that Rauner's strategy of demanding big changes from them or he won't sign a tax increase is a flawed and hollow threat.

The governor will, unfortunately, have to support a tax increase, back toward the 5 percent rate for individuals that obtained until January of this year, or he and the Dems cannot balance a budget. Already, it looks as if the state will fail to make an upcoming pension payment, which is what got us into this mess in the first place.

There are two major problems, one of which cannot be overcome, so far as I can see, and the other which we as a society don't know yet how to grapple with.

First, the funding to replenish the state's public employee pension funds each year takes \$8 billion off the top of a \$35 billion state general funds budget. If we didn't have that burden, our budget situation would be hunky-dory, and wouldn't take much or any tax increase.

But the state high court has said the state must meet this obligation.

Second, the bottom appears to be falling out of our society, maybe in slow motion, so we don't fully notice it, and this imposes big costs on both federal and state budgets.

By this I mean that more and more of us are becoming dependent on the state. Eighty percent of black families are headed by a single parent; the figure is now up to about half among whites. Half of all school children in Illinois qualify for free or reduced price lunches.

Most single moms simply don't make enough to make it. So they need help through Medicaid (state and federal dollars), housing (mostly federal), day care (state), and other social services.

At the same time, jobless, alienated, listless young men with only high school educations, no longer able to go to CAT or the Harvester Works for middle class jobs, are turning to drugs, disability if they can get it, and sometimes crime.

All of this imposes ever increasing costs on governments.

But back to the immediate budget impasse.

The budget stalemate is hurting both GOP constituencies (business) and those of the Dems (the poor and struggling).

Few businesses in their right minds would locate in Illinois right now, with its unstable and unpredictable fiscal and tax future.

At the other end of the spectrum, thousands of single mothers have been cut off day care support as a result of the lack of a budget, making it difficult if not impossible for them to get to work each day.

But we now have a test of wills between Gov. Rauner and Speaker Madigan, two proud men. Neither will be the first to ask the other to the bargaining table, unless pushed.

So we need forces that will push the two, in lock step, to meet at the center of the bridge.

For Rauner, the push could come from Mayor Rahm Emanuel, who needs Rauner to approve necessary changes in problem-plagued Chicago, and from business leaders, who worry about the future of both Chicago and the state.

On the Dems' side, it should be their rank-and-file lawmakers who do the pushing but, alas, they cower in fear of Madigan. Yet it is their folks who are being hurt by the stalemate, so they should muster the courage to tell their leader to bargain, or else. But I'm afraid they lack the fortitude.

[The drumbeat to solve the budget impasse is growing louder. Popular, former GOP governor Jim Edgar and Comptroller Leslie Munger, a Rauner appointee, have both recently chastised Rauner publicly for not coming to the bargaining table.]

We all know how this is going to turn out. Rauner will get some budget reductions and cost-cutting reforms in workers' compensation and maybe unemployment insurance. The Dems will get the tax increase, which will forestall deep, deep cuts in social service programs.

For his part, Rauner must focus on the 2016 elections (which he is already doing), telling voters, "See, the Dems are intransigent on necessary reforms, so we have to throw the bums out of the legislature."

Right now, nobody is winning, in fact we're losing.

Let's all start pushing.