

SNG-Readers balance budget-5-29-17

Readers balance Illinois state budget

By Jim Nowlan

In response to my recent challenge, 40 readers provided detailed proposals as to how they would close the gap of about \$7 billion between spending and revenue in the Illinois state budget.

While there was sure no consensus among readers, predominant recommendations roughly mirror what will likely come out of Springfield in the coming weeks.

[As you might recall, I provided readers a necessarily limited template of possible budget cutting and revenue increase options.]

Only two respondents seemed to deny reality, at least as I see it, by saying, “No tax increases, no way,” and “We’ll just have to do without, as we did at home when I was a child.” Both suggestions are appealing, though probably not useful at the moment.

Here is a summary of the more detailed responses, obviously representing an unscientific sample:

As for budget cuts, only a few suggested cutting K-12 education, and those few said every budget line, including education, should take a small 1-3 percent cut across the board.

Ditto for Medicaid. One reader also called for at least small co-pays for beneficiaries. Illinois does require a \$3.90 copay for many Medicaid services, with the provider responsible for collecting.

Several readers expressed great exasperation with our annual public employee pension costs, which are multiples of what would be normal, because of requirements to rebuild the woefully inadequate pension asset base.

A respondent lambasted the high pensions and the 3 percent annual increase, adding, “It does not take a genius to see this as a totally mathematically unworkable method that cannot possibly maintain acceptable funding without bankrupting state taxpayers.”

One reader recommended changing the state constitution to clamp down on pensions; unfortunately, such wouldn’t affect pension benefits already earned and obligated, which the state Supreme Court said cannot be diminished.

When it comes to revenue increases, slightly more than half of respondents supported taxing sales of “a wide array of services.” Here the obvious should be noted: Readers were not happy about being put in a position to have to raise revenues, in this way or any other.

About half the readers okayed the idea of increasing the individual income tax rate back to 5 percent, the rate from 2011-2014.

There was similar support for taxing retirement income. I doubt, however, this will ever be done. There is an old maxim in politics: Once you give the public something, like excluding retirement income from taxation, it is almost impossible to grab it back, politically.

Even though seniors as an age group are doing much better today than in the 1970s, when the exclusion was enacted, most elected officials see taxing retirement as a third rail in politics. The lawmakers supporting such might well receive deadly high-voltage shocks from many seniors, who vote at high levels.

Slightly less than half of readers okayed the idea of eliminating the 5 percent credit on income taxes from local property taxes paid. Several said they didn’t even know there was such a credit.

In sum, I think readers are about where lawmakers will come out.

Senate Bill 9 is probably a template for final action. The bill would increase the individual income tax rate to near 5 percent, boost the corporate tax rate, and impose the sales tax on a few services, such as dry cleaning and auto repair.

Unfortunately, the SB9 as it stands May 22 (when I sent this column off) would not raise nearly enough revenue to balance the state budget.

Readers did offer several other fascinating ideas for changes in state government that might induce timely action by lawmakers and limit costs, to wit:

- No budget, no pay for lawmakers;
- declining pay for lawmakers as tenure in office lengthens;
- one government pension only (I have known people with two and more state and local government pensions, plus Social Security), and
- elimination of pensions for lawmakers (which has been proposed this year). (Disclosure: I receive \$29,000 a year from the state university pension system; no other state pensions.)

Based on the responses to my balance-the-budget challenge, I would say that readers of this space are overall quite intelligent, caring, and concerned, yet pull-your-hair-out exasperated about the present budget impasse.

And the winners are: My assistant has drawn five names from the sheaf of printed-out email responses. The five will—hold the excitement down, if you can—receive copies of my racy novel about Illinois politics from the 1940-70s, “The Editor’s Wife.”

The winners are (first names only, as several asked as much): Sam, Doug, Anne, Susan, and Steven.