

SNG-Strangest budget impasse I've ever seen-8-24-15

Strangest budget impasse I've ever seen

By Jim Nowlan

The Illinois Constitution declares that, “The General Assembly by law shall make appropriations for *all* (emphasis added) expenditures of public funds by the State”—but who cares what a state constitution says?

Apparently not the federal and state courts, which have declared that most state spending shall go on as if there were an approved budget in place, which there is not.

It's as if the head referee in a Bears-Packers game declared an official time out, but the teams on the field kept playing.

This puts Gov. Bruce Rauner in a difficult position, as it takes away about the only leverage he has to force the legislature to bargain with him on his “turnaround agenda” of business-friendly changes.

Indeed, I think the governor contributed to his own plight when he went to court to ask that state employees keep getting paid, even without a budget, to which a court agreed.

According to a recent *Chicago Tribune* article, spending equal to \$32 billion for the year is currently being doled out to programs and employees. This equals all the revenue that will come in during the year, even though there is no appropriation authority for most of that spending.

About the only people not being supported by spending—and they are important, sensitive populations—are children in day care, the disabled, and college students who have already been awarded state scholarships.

As I have said in this space earlier, even though the fault for our budget fiasco lies largely with recent Democratic governors and party majorities in the legislature, the guy in the governor's chair at present may bear the blame if fiscal stability isn't restored soon.

Former governor Jim Edgar put it this way: "Truthfully, the Democrats can walk away a lot easier than he (Rauner) can. They're not the governor. . . .It's not like they lay awake at night wondering if everything is working 100 percent."

Illinois provides for a strong governor's office. The chief executive has lots of appointment powers and several veto arrows in his quiver. But he cannot initiate legislation. If he could, lawmakers would be forced to vote on hugely popular term limits and redistricting reform, which are part of Rauner's agenda.

At some point, governor and legislature will agree on a spending plan that will be a mix of budget cuts and increased taxes, as the rate of spending at present is several billion dollars greater than the revenue expected to come in this year.

As a broken-down, one-time public university professor, I fear mightily that higher education spending will absorb big cuts. Gov. Rauner originally proposed reducing higher ed budgets by almost one-third, while the Democrat budget that Rauner vetoed proposed 6 percent cuts.

Public higher education, once a crown jewel in America's firmament, has been absorbing budget reductions across much of the country over recent years, which has pushed up tuition and thus student debt.

Universities are often thought to have other sources of revenue, such as endowments. For example, the University of Illinois at Urbana-Champaign has a \$2.3 billion endowment (Harvard has \$32 billion and University of Texas about \$20 billion [mostly oil wealth for the latter]).

At a typical 5 percent annual yield from endowment assets, this \$2.3 billion generates about \$100 million a year for the Urbana campus. While important, this represents only about 4 percent of its \$2.5 billion campus budget.

[The U. of I. came very late to the fund-raising game, comfortable that it would always have major state support, which today represents only one-third as much as student tuition revenue.

[In the 1980s, when I was teaching on the Urbana campus, I was asked by the campus foundation to go on a fund-raising speaking tour, which included a stop in Palm Beach, Florida.

[The foundation staffer on the trip was a fellow named Royster Hedgepath (you don't forget a name like that). He told me, maybe jocularly, that he invited every alum who lived within three blocks of the ocean front.

[At the spiffy cocktail reception, I asked one obviously well-fixed, older couple how often they heard from their alma mater.

["Oh, we never hear from the university," they responded. "This is the first time ever." And thus the relatively small endowment.]

But I have digressed, badly.

The Illinois Constitution has been shredded by the courts on this budget issue. The result is the strangest budget impasse I have ever seen.

If the courts had stayed out of the mess, it would have been resolved before now.

For the sake of the state's future, both governor and Democratic leaders need to compromise to establish a steady fiscal course for Illinois.