



Jim Broadway

*Jim Broadway's*

## Illinois School News Service

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### Will massive implosion end state's crisis?

By Jim Broadway, Publisher, Illinois School News Service

Gov. Bruce Rauner has finally [called a special session](#) of the legislature - from June 21 to June 30 - to consider a plan "unveiled" this week to increase taxes, cap spending and enact some "reform's" Rauner has been demanding since before he was even elected, in hopes of ending the current budget crisis.

The proclamation [calling the legislators back](#) to the Capitol next Wednesday begins with 16 "whereas" statements, some of them self-evident and others dubious, and ends with a "therefore" call to action so broadly drafted that the legislators could do almost anything that could be considered budget-related.

Rauner's suggestion is that House Speaker Michael Madigan and Senate President John Cullerton simply have votes called on a series of bills filed this week by Republicans as a ["compromise" proposal](#) that was crafted without any discussion or negotiation with the Democrat majority caucuses. Compromises usually take at least two.

The seven-bill package includes a deeply-cut full year budget for all agencies, a four-year property tax freeze, a hyped-up version of local government consolidation, education funding that is "consistent with" recommendations of the school funding commission headed up by Secretary of Education Beth Purvis, workers compensation "reform, pension "reform" that includes the controversial "consideration model," and term limits on legislative leaders and constitutional officers.

I don't believe it will end in the way Rauner wants it to, but more on that later. First, some philosophy:

**There's an end to everything, eventually.** Well, that's just a theory, of course. [There are other theories](#) to consider. What else do we have to do while the state's fiscal crisis continues? One thing we can do is grapple with the theory that only a conspicuously obvious disaster would force a budget resolution in Illinois.

You might think the fact that the stack of unpaid bills, which totalled "only" about \$5 billion when Gov. Bruce Rauner took office in January of 2015, has grown now to [surpass the \\$15 billion mark](#), you might think that would be a conspicuously obvious disaster. I would agree, but apparently it is not conspicuous enough.

The fact that the state [owes billions of dollars](#) to non-profit organizations whose services are relied upon by the most vulnerable citizens - the aged, the handicapped, the indigent, the physically and mentally ill - you might think that would qualify as a conspicuously obvious disaster. But apparently it is not.

Okay, what about this. It's not a new idea. It's been talked about on the back benches of the legislature for more than a year now. Here it is: What if the school districts that rely heavily on state funding *are unable to open in the fall of 2017* because no appropriations bill has been enacted to authorize paying them?

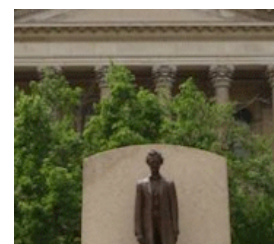
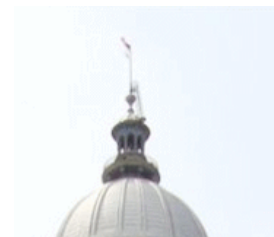
**Oh, yeah, that would be an extremely conspicuous** disaster. What are the chances? Right now, it looks real possible. The PK-12 schools were sheltered mostly from the state's failure to have a full budget for the last two years because budgets just for them were passed by the legislature and signed into law by Rauner.

It hasn't gone perfectly for the schools, however. The cash-strapped state is a billion or two behind in paying the schools for educational services that are mandated by law, that the state requires the schools to provide but doesn't have money to reimburse them. But even that "system" is not in place for FY 2018.

The new fiscal year begins July 1. There's no statutory authorization to support public education beyond that date. There will be efforts to get a "lifeline" budget - including PK-12 education - enacted by the end of the month. But any such bill would have to be bipartisan, and Rauner says he wouldn't sign it anyway.

Significantly, the House member who is most influential in his Republican caucus on education issues, who is one of the most dedicated advocates for education in either the House or the Senate, Rep. Robert Pritchard (R-Sycamore) believes [school closings will be necessary](#) to force the enactment of a budget.

**Compounding the fiscal stress on the state** are issues that are now percolating through the courts. Attorney General Lisa Madigan continues to press the argument that most state employees must not receive their salaries, must be laid off, when



there is no budget, no enacted appropriations authorizing payment to them.

The employees' unions were first to take the question to court. They venue-shopped the case to St. Clair County where, as you would expect, a judge agreed with them. Madigan tried to get that judge to reconsider, but he wouldn't. So she took the case to an [appellate court in Mt. Vernon](#) this week.

The other case was filed by [an impressive coalition](#) which believes that, because they have contracts that were signed by Rauner Administration officials, and because state employees are being paid despite the state's lack of statutory authority (enacted appropriations) to pay them, their contracts should be honored.

Following the unions' example, they filed their case in St. Clair County and, what luck!, they got the same judge who ruled that state employees can get paid whether the legislature has appropriated funding for that or not, in spite of the clear language of the Illinois Constitution: "The General Assembly by law shall make appropriations for all expenditures of public funds by the State." (See [Article VIII, Section 2 \(b\).](#))

Arguments on that one also were conducted in the courtroom this week. We won't hear court opinions on these cases very soon, in all likelihood, but the potential for them to deepen the state's distress is apparent.

**As a bundle of pressure on state policymakers**, what's the scenario with the most punch? If the courts rule in favor of Attorney General Madigan on state employees' pay, that would effectively shut down every state office that's not directly involved with public health and safety (Medicaid, State Police, Corrections).

Even the most oblivious citizens would notice that, feel inconvenienced by that. Tens of thousands of state workers would be laid off. Facilities people are accustomed to using will close their doors. The state will conserve money that can go to pay unpaid bills - but the public will see the crisis more clearly.

What about the Pay Now Illinois Coalition? Their remedy is already in the law. They will get their money eventually, and with generous interest rates. So I don't believe they have a case. Timeliness is an issue, but the terms of their payment were enshrined in the law long before the debts now owed to them were incurred.

But that's just my opinion. Judges may feel otherwise. If so, if they order the state to make timely payments to these deserving organizations, that would heighten the pressure that's already strangling the policymakers.

**But failing to appropriate funds for the schools** - as Pritchard now suggests - that dynamic would create marches on the Capitol, angry citizens (especially mothers), converging on Springfield carrying torches and pitchforks, looking for Rauner, Madigan, Cullerton and anyone else in an elected position. It would be ugly.

Through two years of general gridlock, Rauner and the leaders have been careful to appropriate PK-12 education budgets. (There was no thought that school funding could continue without statutory authority - which might undermine the idea that state employees could get paid even without appropriations.)

Although Rauner has said he would not sign a "partial budget" again without a permanent property tax freeze and term limits, I'm hearing that he has directed staff to draft bill language for an education-only budget. The reason for that is clear. Nothing can happen that Michael Madigan believes should not happen.

That means any aspects of the Republican "compromise" that would permanently disable public union members or impose term limits on legislators is going to happen. The Speaker will not be coerced. He wants budget negotiations to be about a budget, not about social engineering that he sees as an attack on the middle class.

Rauner will do some blinking, or it will be three years without a budget.

**Pension "reform" bills are positioned** for action in the House. [HB 4045](#), sponsored by Rep. Barbara Currie (D-Chicago), who as Majority Leader is second only to Speaker Madigan in authority in that chamber, is just a third-reading vote away from reaching the Senate for consideration.

Meanwhile, [HB 4027](#), sponsored by House Minority Leader Durkin, is also just a vote away from reaching the Senate for consideration. Speaking of "consideration," both bills carry the concept in which pension members would be offered some of it if they will agree to reduced pensions in retirement.

What would they be offered? A guarantee that any future pay increases they receive will be "pensionable," will be factors in the calculation of their post-retirement pension benefits. What would they have to give up for that? The compounded 3% annual pension benefit increases guaranteed under current law.

Both bills have had their third-reading deadlines extended until June 30. They could be part of a budget agreement (one that would keep the schools open is said to be in the works), but they could face rough sledding in the Senate. A similar bill ([SB 11](#)) got thoroughly trounced [18-29-10](#) in that chamber in February.

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6/16/2017

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