



Nicole Blodgett <nblodgett@panaschools.com>

Fwd: Pritzker signs big taxing, big spending

1 message

Jason Bauer <jbauer@panaschools.com>
To: Nicole Blodgett <nblodgett@panaschools.com>

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July Board Meeting

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From: **State School News Service** <j.m.broadway74@gmail.com>
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To: <jbauer@panaschools.com>

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Pritzker signs big taxing, big spending

By Jim Broadway, Publisher, Illinois School News Service

Gov. JB Pritzker signed legislation Friday allocating \$45 billion to fund, among other things, \$33.2 billion in transportation projects (roads, bridges, rail and mass transit), \$2.9 billion in higher education deferred maintenance and new facilities, and \$415 million for PK-12 school maintenance projects.

The "Rebuild Illinois Capital Plan" was carried in [HB 62](#) and passed with bipartisan support (53-6 in the Senate; 95-18 in the House) in the final hours of the spring legislative session. The projects authorized in the bill will create an estimated 540,000 jobs, according to the [governor's office news release](#).

Where will the money come from? You'll notice if you fill your tank today that the state motor fuel tax has been doubled, from 19 cents per gallon of gas yesterday to 38 cents today. It's linked by law to the Consumer Price Index now, so it will rise automatically with inflation. (If the tax had been indexed to the CPI since the last time it was increased, in 1990, the rate would have risen over time to reach the same 38 cents you'll see at the pump today.)

Fees for car titles and registrations are also rising sharply today. All that taxing was enacted in [SB 1939](#), which passed the House 83-29 and the Senate 48-9. (Notice that it's easier to find votes for a bill that spends a truckload of money than it is for a bill to generate that amount in tax and fee increases.)

Gamblers will help pay for Rebuild Illinois. Pritzker also signed [SB 690](#), which at one point in the session was amended to impose PTELL tax caps on every school district. But by the time the adjournment gavel fell the bill was amended again, to multiply gambling opportunities for every math-challenged Illinoisan.

The bill authorizes - and taxes - sports betting, which Pritzker's office says will add \$58-to-102 million annually to the revenue stream for the Rebuild Illinois Capital Plan. It adds six new casinos, adds "gaming positions" to all casinos, puts slot machines at race tracks and video gambling terminals *right in your yard*.

The \$1.98 tax on a pack of cigarettes was yesterday; today it's \$2.98 per pack, which is estimated to add \$160 million in Rebuild Illinois revenue annually. (But, as of today, no one under 21 can be sold a pack of cigarettes, or any other tobacco or tobacco-like product, as a result of other legislation Pritzker had signed a few weeks ago.)

After you've paid more taxes on the gas you need to drive your car to Peoria or anywhere, you'll also pay a new tax to put your car in a parking garage; 6% on fees collected daily, or 9% on monthly or yearly fees. Also, somehow they've found a way to increase the sales tax you pay for online purchases. Ouch!

But Pritzker has not run out of bills to sign. As you know, I'm updating the status of 68 bills that would be of interest to public education professionals or advocates. [They are at this link](#). As you can see, all of the bills have been delivered to Pritzker (the legislature must do that within 30 days), but he's signed only six.

I have tried to group the bills by category and to describe in very general terms the effects they will have if the governor signs them into law. But you may have a better idea of what category a bill belongs in, or how to describe its effects better. Any suggestions you have will be welcome. Just use the contact link.

As most of you know, the constitution gives the governor 60 calendar days, from the date he receives a bill from the legislature, to take action on it. He can sign a bill into law (which is likely for all 68 of the bills) or veto it. A veto of any type can be overridden by three-fifths majority votes in both chambers.

Why do I believe Pritzker will sign all the education-related bills? Because the governor was on the scene, communicating non-stop with all four caucuses. He is said to be a good listener, a reasonable decider. For a newcomer to elective office, Pritzker helped shape policy outcomes like a seasoned veteran.

There were a few partisan differences, of course, like the one on Senate Joint Resolution Constitutional Amendment 1. [SJRC 1](#), you'll recall, was a resolution to ask the voters in November of 2020 if they want to change Illinois' flat-rate income tax system to a graduated-rate system, like most other states have.

Not a single Republican in the [House](#) or the [Senate](#) would vote to give Illinoisans that choice. GOP legislators just stood and recited talking points from the [Illinois Policy Institute](#), doing all they could to prevent the super-majority Democrats from putting the question on next year's general election ballot.

Were those talking points factual? Apparently not. The [Better Government Association's](#) fact-check process resulted in a ruling of "False" as applied to the "muddled" rationale expressed by Sen. Bill Brady (R-Bloomington), leader of the Senate Republican caucus, for wanting to keep the question away from the voters.

The BGA based its ruling on a [speech Brady gave](#) to the City Club of Chicago. It's a 28-minute bundle of platitudes mixed with falsehoods, if you have the time to click the link and listen. By action of the Democrat majorities, the tax question will be on the ballot next year. (GOP opposition was a major political mistake.)

The BGA, by the way, gave House Republican Leader Rep. Jim Durkin a generous "mostly false" score on his claim that: "There are parts of I-80 near Joliet that [school buses are not allowed to cross](#) because of the fragile nature of a bridge." Does anyone up north agree with Durkin about this?

Think state pensions are fully funded for FY 2020? Think again. The actuarial shortfall will be \$3 billion for the Teachers Retirement System alone in the fiscal year beginning July 1, as explained by Cinda Klickna, former president of the Illinois Education Association and longtime TRS governing board member.

[Cinda's analysis](#) was published recently in the *Illinois Times*, which is often a source of inconvenient truths. Essentially, she was telling the general public (well, at least the enlightened readers of *IT*) what I have been passing along to you, that the pension unfunded black hole still grows deeper every year.

The "pension ramp" bill signed - and praised - by former Gov. Jim Edgar is largely to blame. It sets payment figures loosely based on 1990s assumptions, not on updated actuarial data. So "fully funded" *by law* is a lot less than it is *in reality*. When it was enacted, I called the plan a long-fused bomb. Now, [Crain's says the same thing](#).

Don't let the Crain's piece scare you. The problem can be addressed, but not by Edgar's ramp. As Crain's reports, "'No plan is permanent. Things have to change,' Edgar says now." Actually, the ramp plan did *exactly what it was designed to do*; it let the culprits finish their political careers and retire before the havoc.

Truth is harsh, but maybe not quite that harsh. As brain scans suggest, no biases are stronger than self-serving biases. As irrational as it looked, the policymakers *wanted to believe* in the ramp. And so they did. Dissenting voices were simply ignored. Time passed. The bomb has exploded. A new plan is needed.

Since the Illinois Supreme Court has [ruled out contract violation](#), it's down to the math and - if we're thoughtful - to a bit of distributional justice. Who must pay? In most civil law, those who cause the damage (think of BP and the big oil spill) have to pay. But in this case, those who caused this crisis are mostly gone. Dead, even.

So the \$133-plus billions in unfunded pension liability (more than \$10,000 per man, woman and child in Illinois) will have to be *paid by innocent citizens*. Their parents and grandparents took the benefits (state services provided with money that *should have gone to pensions*) so the debt grew. And it still grows.

When everyone is innocent, the pool of payers should be expanded to be as large as possible, so the burden on each of them is as light as possible. To me, that suggests reamortizing, as [Ralph Martire has advised for years](#), but for as long a period of paydown as possible. Fifty years? No, make it a hundred. Or more.

But then lock in the payments as equal annual installments made on a continuing appropriation, altered only to track any actuarial fluctuations - with expulsion from the General Assembly as a penalty for anyone who even tries to lift the load before the paydown is complete. It will happen that way. Some day.

Snippets:

Speaking of money, UPI says pot may be a source. The news service [reports significant revenue](#) is flowing to such states as California, Colorado, Washington, Nevada, Oregon, Massachusetts, Alaska. Surely Illinois pot-smokers can outdo those in the other states (except California, of course), now that it's [legal in Illinois](#).

Who might we need? Mindy Sick! Back in February of 1995 [ISNS reported](#) that Mindy, then just 22, had been appointed by Gov. Jim Edgar as Assistant to the Governor. (He did hire great staffers.) She would advise Edgar on issues relating to elementary and secondary education. (The image at the link is the item scanned from the February 16, 1995 issue of ISNS, the 37th page ever distributed of this publication, which was then fax-delivered.)

Mindy helped Edgar shape many school policy issues - and he truly needed that help. She eventually returned to Harvard for a master's degree and also a doctorate. She is now [Dr. Mindy S Munger](#) and is part of the university's project on the [Next Generation of Teachers](#). Illinois (and most states) might benefit from that. Meanwhile, ISBE has been providing some incentives for school districts to [develop "effective" educators](#).

Only one-fourth of kids are ready for kindergarten? That's what the ISBE Kindergarten Individual Development Survey (KIDS) report [for the 2018-2019 school year](#) found. The survey was tested for five years in Illinois. Kindergarten teachers provide data to ISBE for "55 measures within 11 learning domains."

Four key concepts are: "Approaches to Learning and Self-Regulation, Social and Emotional Development, Language and Literacy, and Math." You can download and Excel file of all the data ISBE received from all school districts [at this link](#). Gone are the days when a kid just needed to know how to tie his shoes.

Betsy DeVos didn't approve of Donald Trump, had "serious policy differences" and reservations about the GOP nominee "as a person." She voted for another Republican candidate in the primaries. But she was a true multi-billionaire. That's a quality Trump can respect, [so he picked her](#) to rule the Department of Education.

A [somewhat redacted document](#) revealing the basis for conclusions such as those above, and others, a document that was assembled in the complicated process of "vetting" potential nominees for cabinet positions, is interesting reading.

The only way to contact me: Use the link below. As soon as you "submit" your message, it is sent to me by email. Your message may be complex and "attached" to a document, or it may be as simple as "call me."

IF YOU NEED TO SPEAK WITH ME directly, leave a phone number for me to call and tell me what would be a good time to converse. I am always connected to my email, and I promise to respond to you as soon as possible.

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Your input - questions, comments, suggestions - are valued. For twenty-four years ISNS has been guided by wisdom "from the field." To contribute in this way, just [click this link to my contact form](#).

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State School News Service, [347 S Durkin Dr, Springfield, IL 62704](#)

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Mr. Jason Bauer
Superintendent - Pana CUSD #8
[14 E. Main Street](#)
[Pana, IL 62557](#)