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ALLIANCE LEGISLATIVE REPORT (99-5)

GOVERNOR RAUNER LAYS OUT BUDGET PLAN

Governor Bruce Rauner delivered his first State Budget Address to unveil his plan to get the State back on sound fiscal ground. But the budget blueprint was laden with what will be contentious and controversial proposals. Saying that it is “make or break time” in Illinois, he presented his plan with brevity and few specifics, though the Budget Book does contain much more detail (<http://www2.illinois.gov/gov/budget/Pages/default.aspx>). Click on “Operating Book” for the specifics.

The Governor proposes a \$25 million increase in early childhood education and a \$300 million increase in K-12 education for Fiscal Year 2016, most dedicated to General State Aid. Most other Illinois State Board of Education (ISBE) line items are held flat. However, some budget lines were eliminated, such as Regional Safe Schools and Agriculture Education. He preserves funding for community colleges and Monetary Assistance Program Grants, but slashes funding (\$387 million) for colleges and universities, citing that they have \$2.5 billion in endowments.

In this budget that would “eliminate the \$6.2 billion structural deficit”, other “winners” in the budget include the Department of Corrections (hiring 473 new corrections officers) and mental health programs (\$58 million increase).

So where does the money come from to allow for increased spending in these areas?

- **Future pensioners.** The Governor proposes to save the State nearly \$3 billion by, beginning July 1, providing that all participants in a State pension system (presumably this would include TRS) would start earning pension benefits equal to the benefits in “Tier II” plans.

Employees would “keep what they have already earned”, but going forward the benefits would be the lesser amount of those who were hired after January 1, 2011 (Tier II).

Employees hired before 2011 would have a choice to take a lump sum buyout option and a defined contribution plan or a reduction in cost-of-living adjustments in the Tier I plan.

- **Municipalities.** The Governor would eliminate the provision which transfers \$6 billion to municipalities that comes from State income tax receipts. “Those governments are currently sitting on more than \$15 billion in cash reserves”, according to Governor Rauner.
- **Medicaid.** The Governor would reinstitute Medicaid reforms “saving \$320 million” and by “reinstating aggressive reviews of eligibility saving an additional \$75 million”.

Along with the controversial issues of the pension changes and Medicaid cuts, the Governor has requested reforms to the workers compensation, unemployment insurance, tort, and tax laws.

The address today is only the beginning of the budget-making process in the Capitol. Appropriations committees in both the House of Representatives and Senate will begin their work on creating a budget over the next few weeks. The wrangling will go on until the waning days of session at the end of May. Or maybe longer.

This legislative report was written and edited by the lobbyists of the Illinois Association of School Boards to provide information to the members of the organizations that comprise the Statewide School Management Alliance.

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