

POINT/COUNTERPOINT: The political reactions to the governor’s proposed budget

EDITOR’S NOTE: For the past month the Illinois Business Journal has gathered reactions to Gov. JB Pritzker’s proposed \$45.4 million budget from across the political spectrum. Here is a sampling of voices from the debate.

Gov. Pritzker, a Democrat, from his budget message: “After decades of credit downgrades by the end of my second full fiscal year in office, Illinois received two credit upgrades. The first upgrades the state has received in over 20 years. The massive bill backlog that contained bills past due for as long as 500 days now contains only unpaid general fund bills averaging 15 days old. And that \$3.2 billion structural deficit, well today I’m pleased to announce Illinois will end this fiscal year with a \$1.7 billion surplus, the first of its kind in more than 25 years.”

From GOP gubernatorial candidate Jesse Sullivan, regarding the proposed tax relief package: “(It’s) nothing more than attempted bribery” ... and “a classic election year tactic.”

From House Republican Leader Jim Durkin, of Western Springs: “The governor’s budget address is always a wish-list, and this year it’s clear that the governor wishes to be re-elected. The budget laid out by Gov. Pritzker is packed with gimmicks and one-time tricks, but no structural reforms.”

From Senate President Don Harmon, D-Oak Park: “I’m not accustomed to good news in a budget speech. This is a budget proposal unlike any I’ve seen in my time in the Senate. It speaks to the work we’ve done, together, to bring stability to our state finances. That stability allows us to invest back in our state and provide relief to those hit hardest by the pandemic and associated economic downturn.”

Democratic Comptroller Susana

Mendoza, who said she expects the state’s credit rating to improve and the remaining bill backlog reduced under the \$45.4 billion proposed budget: “Since (Pritzker) took office, he’s been a wonderful partner in helping rewrite the state’s fiscal ship and having the ability to really hone in on paying down our debt as quickly as possible. The bill backlog will become just the normal cost of running a business.”

From Kevin Schmidt, of Millstadt, a Republican candidate for the 114th Legislative District: “Like a football player thumping his chest after making a play while his team is getting shellacked, Gov. Pritzker’s victory lap today seemed hollow. Illinois is indeed a great state full of great people, but the sad reality is our great state has been betrayed by incompetent leaders like JB Pritzker. Only two other states have a higher outmigration rate than Illinois. Instead of one-time tax relief gimmicks, we need permanent relief. Instead of spending increases, we need to reduce spending and fix long-term financial concerns such as the state’s pension systems.”

From Illinois Fuel and Retail Association CEO Josh Sharp, on the idea of temporarily freezing the Consumer Price Index gas tax increase scheduled for July 1, 2022, which would take Illinois’s gas tax from 39.2 cents per gallon to 41.4 cents per gallon, a 6.9 percent increase. “Illinois already has the second highest gasoline taxes in the country and Governor Pritzker’s proposal does nothing to change that. The Governor is correct that something needs to be done to address Illinois sky-high gas taxes, but more permanent solutions are needed.”

From state Rep. Katie Stuart, D-Edwardsville: “The Governor proposed a budget with a half billion

dollars in surplus to provide financial relief to working class families. With the proposed surplus, we will meet our full pension liabilities and avoid interest, allowing for huge savings down the line.”

From Ginger Ostro, Illinois Board of Higher Education executive director: “Higher education is the driver of inclusive economic growth, and the Governor’s budget makes equity-driven investments to close the gaps that have left Black, Brown, low-income, working adult, and rural students behind, while supporting our institutions to invest in talent development and innovation.” The budget creates more opportunities for working adults by expanding the financial assistance of the Monetary Award Program (MAP) grants; invests \$25 million to expand the health-care workforce with a new Pipeline for Advancement of Health-care Workforce program to encourage Illinoisans to enter health-care fields through community college; and an additional \$2.8 million to support recruitment and retention of nurse professionals.

From A.J. Wilhelmi, president and CEO of the Illinois Health and Hospital Association: “The Governor’s budget proposal importantly allocates resources to begin addressing healthcare staffing shortages, which have been worsened by the pandemic. We support the Governor’s proposed funding for programs designed to help bring more workers into health-care professions, and to help recruit and retain healthcare workers.”

From Americans For Prosperity State Director Jason Heffley: “Governor Pritzker offered a typical election year budget address full of short term proposals and gimmicks that will do nothing to improve the long term fiscal health of Illinois’ struggling families. In Gov. Pritzker’s first three

years, he enacted 24 permanent tax and fee hikes totaling \$5.2 billion per year. Now, in an election year he’s proposing \$1B in temporary election year tax cuts including some relief on the gas tax which he pushed to double in his first year. Illinois is 50th out of 50 states in credit rating, we are consistently one of the highest taxed states in the nation, and people are leaving more now than ever before for states with more opportunity.”

From state Rep. Amy Elik, R-Fosterburg: “(The budget) is nothing more than a mirage. It may seem appealing but once you find out the details, his proposal fails to address the fiscal crisis the state of Illinois is faced with today. It was just two years ago when Pritzker went all-in to support the graduated income tax hike and when it failed, he threatened Illinoisans with a large income tax increase or massive loss of services. And now during an election year he is dangling tax cuts in the hopes that voters forget his desperation to increase taxes over the last couple years? Keep in mind, his proposal is only temporary to get through the election, how about he support making these tax cuts permanent?”

From Sen. Rachelle Crow, D-Glen Carbon: “Increasing funding for public education, making college more accessible, recruiting additional law enforcement officers and supporting other public safety measures all coincide with my priorities in the Senate. Illinois needs a fiscally responsible budget that prioritizes recovery for our communities.”

The governor’s fiscal year 2023 budget proposal now goes to the Illinois General Assembly for consideration. If authorized by the legislature and signed by the governor, the budget would go into effect on July 1, 2022. Capitol News Illinois provide some reaction for this compilation.

Some particulars of the final spending plan of the governor’s first term

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Each year in February, Illinois’ governor proposes to lawmakers a spending plan for the upcoming fiscal year. The General Assembly then spends the next several months negotiating which proposals to include and which to scrap before sending the budget back to the governor for consideration.

Gov. JB Pritzker has delivered his fourth proposed budget, this one for fiscal year 2023 which will begin July 1 and outlined spending plans for an anticipated \$1.7 billion surplus for the fiscal year that will end June 30.

In the upcoming budget, the governor asks lawmakers to spend \$45.4 billion from its general revenue funds, which are the main discretionary spending accounts for state lawmakers. Revenues are projected at \$45.8 billion, with about \$41.8 billion from state sources and the rest from the federal government.

The budget spends about \$1.6 billion less than the one for the current fiscal year, based upon updated estimates from the governor’s office.

Below is a look at some of the

major expenditures and new initiatives proposed by the governor.

Pension contributions: Illinois’ largest general revenue fund expenses continue to be K-12 education and pensions. The latter will make up 20.7 percent of the proposed general revenue spending in the upcoming budget, or about \$9.6 billion.

The governor has proposed adding another \$500 million to the pension payment beyond what is required by law in fiscal years 2022 and 2023.

The governor proposed spending \$300 million of the surplus from the current fiscal year to pay down pensions, with \$200 million added to the statutory payment in the upcoming budget.

The governor’s office estimated the \$500 million increase beyond statutory amounts would reduce unfunded liabilities – which sit at about \$130 billion – by about \$1.8 billion. A pension buyout program previously approved by the General Assembly has reduced that liability by about \$1.4 billion, according to the governor’s office.

K-12 Education: Approximately 21 percent of the budget is dedicated to Pre-K-12 education, an increase of \$498 million from one year ago.

That includes \$350 million for the evidence-based funding formula for

K-12 schools, which prioritizes new money toward the schools furthest from their “adequacy” target, which takes into account class sizes, a local district’s property values and other factors.

The budget asks for another \$54.4 million to provide early childhood education services to another 7,100 children, and another \$96 million in transportation and special education grants for schools.

Another \$12 million would be added to the Regional Offices of Education budget to address truancy and chronic absenteeism, and agriculture education funding would increase by \$2 million.

Temporary tax relief: The governor cited rising inflation as the basis for creating about \$1 billion in temporary tax relief for motor fuel, groceries and property taxes.

The motor fuel tax relief would not lower gas prices, but it would prevent an annual increase to the motor fuel tax that is written into law from taking effect this year. It prevents a hike of 2.2 cents per gallon of gas, according to the governor’s office – a taxpayer savings it pegged at \$135 million.

Motor fuel tax money does not go to the general revenue fund, but rather to road construction projects. The tax

holiday does not appear to affect a proposed \$46.5 billion capital infrastructure budget, which is mostly an extension of the 2019 Rebuild Illinois plan.

The governor also proposed rolling back a 1 percent state grocery tax for the fiscal year, a taxpayer savings pegged at \$360 million. The state would reimburse local governments for the effect of the tax holiday.

Illinoisans currently eligible for a 5 percent property tax credit under current law – that is, joint filers earning below \$500,000 and single filers earning below \$250,000 – would be eligible for another 5 percent property tax credit under the proposal, up to \$300. The taxpayer savings is estimated at \$475 million.

Rainy day fund: Illinois’ “rainy day fund” at its height contained only about \$300 million since its 2001 creation, but that was spent down to almost nothing during a budget impasse under Republican former Gov. Bruce Rauner and Democratic leaders in the General Assembly.

Pritzker’s budget proposes adding \$600 million to the fund with a supplemental budget from the current fiscal year, while dedicating \$279 million to the fund in FY2023 to bring the balance up to \$879 million.