



Budget plans have lawmakers eyeing calendar

Can they rein in spending enough to reduce tax hike by 2015?

By Ray Long and Monique Garcia, Tribune reporters

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SPRINGFIELD — When Democrats pushed through a major state income tax increase in January, they promised more than half of it would go away in four years.

Now as [Illinois](#)' political leaders bear down on a new state budget, the decisions they make about how much to spend will go a long way toward determining whether they'll be able to live up to that pledge.

Three approaches are dominating discussion at the Capitol heading into the May 31 deadline to get a plan in place. Democratic [Gov. Pat Quinn](#) wants to spend the most, including more on schools. The House wants to spend less, including cuts to education and social services. The Senate falls somewhere between.

"It's clear you've got to be able to control the spending. No doubt about it," said Dan Long, the executive director of the General Assembly's budget forecasting commission. "You can't be letting spending grow significantly. You may even have to go below (current levels)."

That's a four-year mission that's almost impossible.

It would take a no-growth spending plan over the next three years to put the budget into the black, according to a new report from the bipartisan Commission on Government Forecasting and Accountability. Keeping a balanced budget when the tax hike expires will be a struggle, especially because Illinois continues to lug billions of dollars in overdue bills.

Historically, most lawmakers want to spend more — not less — each year. There are rising health care costs, state worker salaries and pensions, and social service needs, plus a desire for more money for schools.

"Anybody who believes we are going to ever eliminate that tax (increase) better think again," said Republican Rep. Mark Beaubien, a Barrington Hills budget expert who opposed the tax hike. "We're not going to ever eliminate that tax. ... We need the money."

Nonetheless, part of the income-tax increase Democrats approved in January is temporary. Individuals are paying 5 percent instead of 3 percent, but come 2015 it's supposed to drop back to 3.75 percent.

[House Speaker Michael Madigan](#), Senate President [John Cullerton](#) and Quinn came together over the winter to muscle through the tax increase. But this spring, they are staking out different positions on how much to spend on social services, health care and education.

"The entire budget's going to be cut," Madigan said.

The speaker's utterances carry much weight in Springfield, and Madigan placed a sizable marker on the bargaining table. So far, he has shown little interest in backing away.

"We adopted a number in the House," Madigan said Friday. "We're going to stay under it. That's what we're going to do."

Allied with Democrat Madigan is [Rep. Tom Cross](#), the House Republican leader. The Madigan-Cross spending plan is \$33.2 billion out of the state's main checking account. That's about \$1 billion less than what the Cullerton-led Senate Democrats want to spend and about \$2.2 billion less than Quinn's version.

At this point, the House plan would come closest to the first-year level the state's budget forecasting commission says is needed to right the financial ship and eventually allow some of the tax hike to go away.

Spending less now also helps Madigan, chairman of the Democratic Party, as he looks to supply political cover for rank-and-file Democrats taking heat for supporting the January tax increase.

Rep. [Frank Mautino](#), a budget expert, said the House approach comes "with the assumption we will not be able to pass" legislation to extend the tax hike beyond four years. "A lot of people aren't going to be willing to reinstate it," said Mautino, D-Spring Valley.

Cross is more confident. "There's a path there to not continue the tax increase," he said. "We feel pretty good about that."

In the Senate, Cullerton is choosing to focus on the budget that takes effect July 1.

"We don't know what's going to happen four years from now," Cullerton said. "Congress might end [Medicaid](#) as we know it. The economy might dramatically improve, and we bring in more money than we anticipate now."

The three factions differ on where — and how much — to cut.

One version of the Madigan-Cross proposal would reduce education money from the current year's level. Senate Democrats are looking at potential cuts, and Quinn wants more money for schools.

On the other hand, Quinn is calling for 6 percent cuts to health care provided by hospitals, nursing homes, doctors and other caregivers. Senate Democrats have countered with cuts only half that deep.

The Illinois Hospital Association fears the cuts would cause some hospitals to close and create pockets of health care "deserts" around the state, said Howard Peters, the group's executive vice president.

Rep. [Sara Feigenholtz](#), D-Chicago, chairs the appropriations committee that is wrestling over how to hold down the growing health care costs of Medicaid and social services for the poor and addicted.

Potential cuts under consideration have Feigenholtz worried that Illinois will hit a "tipping point, where we're starting actually to make decisions about people's lives."

What's clear is that lawmakers are driving the budget process after dumping it into Quinn's lap the previous two years.

It's the governor's job to start the ball rolling, and in February Quinn proposed a budget that would spend \$35.4 billion. He has been highly reluctant to make major cuts and can wield the veto pen on the budget that ends up on his desk.

"You have to take one day at a time and one year at a time, and that's what we're doing with our fiscal budget this year," Quinn said. "My job is to solve the problem today."

Left mostly on the sidelines thus far are Senate [Republicans](#), who argue the state should spend \$5 billion less than what Quinn wants. But they have yet to put specifics on paper, saying they're fearful the Democrats would use it for political fodder instead of treating it seriously.

Quinn also wants to borrow money to pay down a backlog of bills. At first, it was \$8.75 billion. The Tribune reported last month that the governor would settle for \$4.5 billion at this point. He also wants to suspend monthly payments to cities and towns throughout the state until he gets the borrowing authority, but Cullerton isn't on board.

Whatever the state's leaders decide, their moves in the next three-plus weeks are likely to impact the state's financial position four years down the road.

Cullerton says the decision on whether the income tax hike should be made permanent should be debated, but he prefers it to be part of the governor's race leading to the election in November 2014. The biggest part of the tax hike will expire a month later.

Of course, there is another view: Make the increase permanent and take the heat.

That's popular among groups who think lawmakers should have gone all-in back in January.

"It's disingenuous for them to have claimed that this is a four-year tax increase that's set to expire," said Ralph Martire, executive director of the Center for Tax and Budget Accountability. "They did the right thing by raising revenue. They did the wrong thing by making it temporary."