

Chicago Tribune

Bumpy ride ahead for state budget

Democrats gird for cuts; Quinn puts target on Medicaid

By Ray Long and Monique Garcia, Chicago Tribune reporters

February 8, 2012

SPRINGFIELD — Speaker **Michael Madigan** on Tuesday outlined grim budget news to **House Democrats** who left a closed-door meeting predicting deep budget cuts, particularly in health care for the poor.

"Fasten your seat belts. It's going to be a very bumpy ride," Rep. **Elaine Nekritz**, D-Northbrook, said as she emerged from the gathering.

The problem in state government continues to be one of income versus expenses, despite last year's major income-tax increase.

Madigan's memos laid out scenarios for how much additional money could come in during the next budget year that starts July 1. If revenue grows a modest 2 percent, the state would collect an additional \$568 million. If it grows 4 percent, which one lawmaker suggested is unlikely, the state would gain about \$1.13 billion.

But the amount of new money isn't likely to be enough to cover the increased costs of public worker pensions, which are expected to increase by \$957 million. And that doesn't take into account the desire to increase spending in the rest of the budget, especially on politically popular areas like education.

The situation leaves rising costs of the **Medicaid** program for the poor and pensions as pressure points for lawmakers. They are shaping up as targets for areas of potentially large cuts, including who is eligible and what care is given.

In Chicago, Gov. **Pat Quinn** predicted Medicaid costs might need to be reduced by \$2 billion. The state spends about \$15 billion a year on the program. Some lawmakers wondered if the cuts could be deeper. Rep. **Sara Feigenholtz**, the Chicago Democrat who chairs a House committee overseeing Medicaid and social services, said the potential cuts are "breathhtaking."

"We're going to have to take a very close look at eligibility and services and optional (medical care) and see how we can come up with a blend of reforms that are going to get 60

votes," Feigenholtz said, referring to the number of votes needed to pass a bill." It's not going to be an easy task."

Quinn said some savings can come from cutting the reimbursement rate for doctors, hospitals and pharmacies that provide services. It'll be a tough sell with the state's powerful health care lobby geared up to oppose such cuts.

"Nobody will get scalped in the system, but everybody's going to get a haircut," Quinn said.

The governor's comments came during a speech to a packed **City Club of Chicago** lunch. After being hammered for not offering much in the way of details during his State of the State speech last week, Quinn let out a few Tuesday.

Quinn said the state should examine pension changes that include raising the retirement age for workers. The governor will face a strong fight from the state's public employee unions after declaring that he wants to change benefits for current workers — an area he's been hesitant to approach in the past.

"Everything must be on the table" when it comes to pension reform, Quinn said, including lowering cost-of-living increases, hiking the retirement age and asking employees to pay more for benefits. The governor also wants to examine shifting some of the pension burden to universities and local school districts, saying they pay little or nothing toward the cost of retirement benefits for their workers.

Quinn would not say whether he would support efforts to revamp the state's pension payment structure, which requires the state to make larger contributions each year in what was supposed to be an effort to fund the system by 90 percent by the year 2045.

The governor said the state will not prosper on cuts alone and said he will propose closing some corporate tax loopholes in an effort to raise more money for early childhood education and state-funded scholarships for college students. Dumping business tax breaks has proved politically difficult in the past.

"We'll ask the loophole lobby: 'What's more important, early childhood education for a 4-year-old or your loophole?' " Quinn said.

[*rlong@tribune.com*](mailto:rlong@tribune.com)

[*mcgarcia@tribune.com*](mailto:mcgarcia@tribune.com)

Twitter @RayLong