

Illinois stops payments to university system, mass furloughs result

Our reporter
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The state of Illinois, confronting a deficit estimated at nearly \$13 billion, has ceased making scheduled payments to multiple state agencies, among them the University of Illinois, which is owed more than \$436 million in unpaid bills. The state is also behind in payments to all other Illinois public universities, including \$125 million owed to Southern Illinois University and \$62 million to Northern Illinois University.

In response, the University of Illinois has ordered a series of furloughs. All administrators, academic professionals and faculty—more than 11,000 employees at the campuses in Chicago, Champaign-Urbana, and Springfield—will be required to take 10 unpaid days of leave by mid-June of this year. Interim University of Illinois President Stanley Ikenberry announced the furloughs in a January 5 press release and e-mail to university faculty members and staff.

The press release also announced freezes on hiring and salary raises not deemed “of critical importance to ongoing operations.”

These emergency measures will do little to resolve the university’s funding shortfall caused by the state’s withholding of promised payments. While the university incurs expenditures of an average \$11 million per day, the furloughs and related measures are predicted to save it a mere \$17 million.

Ikenberry has suggested that layoffs and cuts to department funding may follow, and he extended a warning to students attending the state school system of the possibility of a substantial tuition hike in 2010. Ikenberry has even hinted that the university may not be able to finish its school year without the state providing a proportion of its outstanding payments.

Since July 1, 2009, the University has only received

\$51 million, 7 percent of the fiscal year’s \$743 million allotment from the state.

According to current Illinois comptroller and failed Democratic candidate for governor, Dan Hynes, the state has \$5.1 billion in unpaid bills, and the figure is growing rapidly.

Other agencies operating with unpaid bills from the state include an untold number of local offices that contract with Springfield to provide services, as well as the state’s library system and public school districts.

Stateline.org reported that the Vermilion County Health Department, which covers the city of Danville and surrounding areas, was short \$800,000 in state funding as of December 1, 2009.

As a result, Vermilion County public health administrator Stephen Laker “had to cut programs he had built up over a 39-year career,” including maternal and child care programs.

“For the last three recession cycles, it’s been common for states to reduce financial support for local governments during the recession, and once they come out of it, they restore most of what they’ve cut,” said Michael Pagano, dean of the College of Urban Planning and Public Affairs at the University of Illinois-Chicago.

But, as *Stateline* notes, “This time is different. Now local officials are wondering whether that money will ever come back.”

Funded through the state budget by the Illinois State Library and the secretary of state’s office, Illinois libraries have received only a third of their allotted budget for the current fiscal year. The unpaid bills come after a 17 percent budget reduction from 2009 that forced staff layoffs and the shutting down of programs and services such as inter-library lending.

Federal stimulus funds have provided a temporary funding source allowing most scheduled payments

from Illinois to its public schools to go forward. However, state grants for student transportation and special education programs were not received until January, and even then provided a small portion of the millions owed.

Its inability to make payments to its colleges, agencies, and contractors demonstrates that the state of Illinois is functionally bankrupt—in spite of two years of cutbacks targeting social program and the jobs and pay of state workers.

The worst is yet to come. The state budget review released January 22 places the current deficit at \$12.8 billion, third in the nation behind New York and California.

State lawmakers reject meaningful tax increases on the wealthy and Illinois' large number of big businesses. They offer no solution beyond more budget cuts—and accounting gimmickry. Governor Pat Quinn's proposal for the 2010 fiscal year does not balance the budget, but proposes transferring a \$334 million deficit into the state's Fiscal Year 2011.

The state's budget cuts, furloughs, and failure to make payments will only exacerbate the suffering of millions in the state, and will likely further dim long-term fiscal prospects.

Illinois' unemployment rate, 11.1 percent, is the highest in over 26 years. The budget deficit has been caused by a falloff in both income and sales tax revenue, which have, in turn, been caused by layoffs and wage cuts.

Illinois' fiscal and social crises are being transmitted into the political sphere, and especially the state Democratic Party, which has dominated the state capital for years. The Republican Party, which has been unable to win statewide elections for the better part of a decade and remains extremely unpopular, is now perceived to have a good chance to win the governor's mansion in 2010 and also the senatorial election—the seat formerly held by President Obama.



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