

# Illinois begins fiscal year without budget as austerity package is drawn up

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Illinois' fiscal year ended on June 30 without a state budget in place setting the stage for a government shutdown and the halting of crucial social services. Behind the scenes the Democrats and Republicans are working toward a grand bargain that will involve a combination of budget cuts, tax increases, and the implementation of some parts of Republican Governor Bruce Rauner's "Turnaround Agenda," which undermines key protections for public and private sector workers.

The Democrats—who control both houses of the state legislature—previously sent Rauner a budget that authorizes spending \$4 billion more than it projects in revenue. This was after the Democrats rejected Rauner's initial budget proposal, which included a \$2.2 billion shortfall but even more draconian cuts than those proposed by the Democrats. Since the Illinois governor possesses both line item and amendatory veto powers, the Democrats were basically inviting Rauner to take their plan and bring it closer to his. This would have allowed Democrats to avoid openly voting for Rauner's budget while achieving largely the same outcome.

Nevertheless, on June 25, Rauner vetoed almost the entirety of the Democrats' spending bills and declared he wouldn't agree to a budget deal until the legislature approved at least some aspects of his turnaround agenda. Recent reports indicate that Rauner has whittled down his proposal to five main "structural reforms" that are a combination of anti-worker provisions. The Democrats enjoy super-majorities in both legislative chambers allowing them to override Rauner's vetoes and pass whatever budget they like regardless of opposition from the governor. While Democrats have avoided this in order to share the political fallout for unpopular tax increases, they are

fully on board with Rauner's austerity program. Whatever tactical differences they have with the Republican governor the Democrats are just as committed to restructuring class relations along the lines of neighboring states such as Indiana.

According to Bob Bruno, a professor of labor and industrial relations at the University of Illinois at Chicago, the provisions being contemplated are "so draconian that they would practically strip away all of the standards and the level of benefits and working conditions and pay that workers are currently experiencing."

One of the main provisions discussed is a change to the state workers' compensation program. Currently, to be eligible in Illinois, a worker must prove that their injury was at least partly caused by their job. Rauner has proposed toughening the standard for eligibility so that the injury must be primarily caused by work-related activity to qualify. He is also seeking a reduction in the fee schedule paid to many health care providers by 30 percent, in order to bring them down to rates more in line with Medicare.

Rauner is also looking for a freeze on property taxes, and a requirement that any increases in property taxes be accomplished via referendum. As part of the cost controls for local governments that would be affected—including cities and school districts—Rauner wants these local governments to be able to opt out of paying locally-established prevailing construction wages and limit items over which workers can collectively bargain, such as the use of third-party contractors, health benefits, required levels of staffing, evaluation criteria, or issues like curriculum and standards in the case of school districts.

Additionally, Rauner seeks restrictions on lawsuits, which would impair the ability of people in Illinois to

file civil lawsuits against large corporations. Instead of being able to take legal action anywhere a corporation does business, plaintiffs would only be able to file if they are Illinois residents, if the incident in question occurred in Illinois, or if the company is headquartered in the state. Changes to civil liability would restrict the ability of those awarded damages to recoup the full amount from the corporate defendants.

The final two of Rauner's demands—term limits for state legislators and changes to the legislative redistricting process—are aimed squarely at the Democratic Party, and powerful Illinois House Speaker Michael Madigan in particular. The first would limit state legislators to a maximum of 10 years combined as members of either the House or Senate. The second would likely cost at least some Democrats their seats, as they have used their control of the legislature to rewrite the district maps to their advantage following census counts. As part of these provisions, Rauner is also looking for an end to union fair-share collection and to public employee union political contributions to those they negotiate with in government.

While some of those provisions, especially the last two, are unpalatable to the Democrats because they threaten their legislative seats and privileges, the first three are entirely in line with legislation the Democrats have enacted in recent years. Senate Bill 7, a school “reform” bill, which limited the issues teachers could bargain over to those accepted by employers, was backed by Chicago's Democratic Mayor Rahm Emanuel and the rest of the Democratic Party, as well as the teachers' unions.

In fact Rauner won office in last year's election primarily due to the abysmal anti-worker record of his Democratic predecessor, Pat Quinn. Quinn and the Democrats in the state legislature cut billions from the budget, targeting vulnerable populations like students and youth and those with mental health problems and developmental disabilities. Quinn made pension cuts a central issue of his administration. Under these conditions, the turnout for the 2014 governor's race was among the lowest on record, particularly in Chicago, and Rauner easily won.

It is very likely that the Democratic Party leadership in the state calculated that after years of Democratic dominance of the legislature and governor's office, it would be more effective to have a Republican like

Rauner as governor to deflect blame from them, while they continued to collaborate in imposing the dictates of the financial elite. Rauner, a close friend of Chicago's Democratic mayor, Rahm Emanuel, and an ally of his attacks on teachers and public education, was an ideal, known quantity to serve in this role.

With the new fiscal year beginning, Rauner has said that state workers will continue to show up and be paid, while the Democrats have pointed out that without a budget, there is no legal authority to do such a thing. On June 30, they passed a \$2.2 billion measure to fund certain areas of state government, which Rauner dismissed. It is quite possible that if the budget impasse continues much longer, workers face the prospect of not receiving paychecks while the precise level of cuts and turnaround provisions are worked out by Rauner and Madigan.

According to John Schomberg, a former deputy counsel to Quinn, vendors and providers of social services, particularly to the poor, elderly, and disabled “go forward at their own peril and sort of are taking the leap of faith that they will get paid.” Meanwhile, the American Federation of State, County and Municipal Employees (AFSCME) agreed to a one-month no-strike, no-lockout pledge with the Rauner administration as the contract covering 35,000 state workers expired. Despite the possibility that workers might not get paid, AFSCME Council 31 executive director Roberta Lynch issued a statement, declaring, “State employees will remain on the job, and as we have done in the past, AFSCME has prepared to take legal action to ensure that they are paid for their work on time and in full.”

According to the union, Rauner wants to eliminate any restrictions on mandatory overtime; eliminate all restrictions on subcontracting; allow employers to lay off bargaining unit members and replace them with vendor employees; restrict recall rights of laid off employees and restrict overtime pay.



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