

Illinois Republicans announce Chicago bankruptcy legislation

Kristina Betinis
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Amid a crippling six-month-long state budget impasse and plans to lay off several thousand Chicago teachers, Illinois Republican leaders Christine Radogno and Jim Durkin announced plans Wednesday to introduce legislation that would permit Chicago and its school district to file for bankruptcy. The bills are backed by Republican governor of Illinois and hedge fund billionaire Bruce Rauner.

Though both are still in draft stages, the *Chicago Sun-Times* reports that one bill will allow municipal bankruptcy proceedings, currently prohibited under state law, to begin for Chicago and the Chicago Public Schools (CPS). The other bill reportedly establishes state-appointed oversight boards for the city and the school district. Democrats control both the Illinois House and Senate.

Since the end of the last fiscal year on June 30, the state of Illinois has been without an operating budget, and Illinois state workers and Chicago teachers have been working without contracts.

Illinois House Speaker Michael Madigan and Senate President John Cullerton have been at loggerheads with the Republican governor for seven months over how precisely to enact cuts to pensions and the state budget. While the final form of the cuts has not been determined, they will almost certainly include hikes to pension and health care costs for teachers and other public sector workers, as well as pay freezes and wage and benefits cuts for new hires.

The current budget impasse has affected virtually all major aspects of state operations. Grants to low-income college students have ceased, resulting in 1,000 students dropping out of Illinois schools in the winter semester. School bus routes in poor rural areas have ceased running. Social services providing meals to the elderly, housing and counseling for victims of domestic abuse, and services to the homeless have been forced to

appeal directly to the public to remain active.

The bankruptcy legislation is part of Republican efforts to attack the most basic rights of workers. Rauner has repeatedly called for an end to collective bargaining for public employees and advocated low-wage “right-to-work” zones in economically depressed areas.

In comments Wednesday, Rauner targeted teachers directly, declaring, “I believe if we get involved we can take on the teachers union.” Aiming to tear up agreements with public sector workers generally, Rauner has stated that bankruptcy allows the state to “restructure its debts and contracts.”

Where Republicans tend to favor dispensing with labor unions altogether, the Democrats prefer to use the unions to enforce cuts and contain worker opposition. As Chicago mayor and one-time Obama administration official Rahm Emanuel said last year, “Asking organized labor to be part of the solution is a better way of getting to a result than saying that organized labor is the problem.”

Emanuel has not commented on the Republican announcement.

Jesse Sharkey, Chicago Teachers Union vice president and International Socialist Organization member, told the *Chicago Tribune* Wednesday that Rauner’s actions were “disruptive and unhelpful to the bargaining process right now. It’s a disruption and it’s also a stunt, because last time I checked Rauner doesn’t have anywhere near enough votes in the legislature to move any of the things he’s talking about.”

Sharkey added he believed the Emanuel administration was negotiating “seriously” with the CTU and talks had been “productive.”

Senate Leader Cullerton issued a statement on the planned legislation Wednesday declaring, “This is not going to happen. It’s mean-spirited and evidence of their total lack of knowledge of the real problems facing Chicago Public Schools. The unfair treatment of pension

systems by the state is the immediate cause of CPS' financial problem. That situation ought to be addressed rather than promoting this far-fetched notion that the state is somehow in the position to take over Chicago schools. This ridiculous idea only serves as a distraction from the state's problems that these two state leaders should be focusing on."

No strangers to enacting austerity, Cullerton and Madigan played key roles in former Democratic governor Pat Quinn's pension "reforms" that gutted the benefits of tens of thousands of state and municipal employees before the state Supreme Court, and subsequently a circuit court, declared that legislation unconstitutional.

Emanuel's appointee to head CPS Forrest Claypool issued a written statement, claiming the governor's plan is discriminatory: "The governor is defending a school funding system that is separate but unequal. Our children are facing systematic discrimination. CPS represents 20 percent of state enrollment but gets just 15 percent of state funding, even though 86 percent of our children live in poverty. The missing 5 percent represents nearly \$500 million, the exact amount of our budget gap. Our children's futures are just as important as those in the suburbs and downstate. But the state does not value them equally."

For his part, Claypool's plan remains to lay off as many as 5,000 teachers and slash school programming if the state of Illinois does not aid the city in covering the schools' \$480 million budget gap.

In addition to declining state funding and rising pension costs, a series of credit ratings agency downgrades have caused the city of Chicago and its school system's debt payments to balloon. In mid-2015 CPS announced \$200 million in budget cuts and 1,400 layoffs before making a \$634 million pension payment. Currently, CPS estimates it will pay \$356 million on its debt in 2016. The district has planned an \$875 million general obligation bond issue for January 27.



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