

# Democratic billionaire governor of Illinois proposes austerity budget

Brian Walker, Alexander Fangmann  
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On February 19, Democratic Governor J.B. Pritzker, a billionaire of the Hyatt hotel dynasty, delivered a speech before the Illinois General Assembly outlining his proposed new budget, the second of his administration since taking office in January 2019. Keeping spending essentially flat, the proposal would see miserly increases in K-12 education and social services, but only if voters approve a constitutional amendment instituting a graduated income tax in the November election.

The amendment, which Pritzker pushed as a candidate and after coming into office, allows the state to set up a graduated income tax, scrapping the state's constitutionally mandated flat tax. Under this formula, incomes between \$250,000 and \$500,000 would be taxed at 7.75 percent, those between \$500,000 to \$1 million at 7.85 percent, and those over \$1 million at 7.99 percent.

If the constitutional amendment passes, the aforementioned rates will become effective January 1, midway through the budget year. If that happens, a projected \$1.4 billion in potential new revenue from this graduated income tax would be deposited into the general fund, increasing total spending to \$42.1 billion, a 3.8 percent increase over the current year.

However, if the November constitutional referendum fails, then spending will revert to lower figures. For instance, although an extra \$350 million has been slated for K-12 education, based upon the state's three-year-old evidence-based funding system, that number would be reduced to only \$200 million, if the amendment does not pass.

Higher education spending, set to receive only a 5 percent increase if the amendment passes, after years of brutal cuts, would see no increase if it does not. Requesting additional funding, University of Illinois

president Timothy Killeen noted, "Adjusted for inflation, this increase would still be below ... our fiscal 2015 funding level."

For decades, under both Democratic and Republican governors, the consensus has been brutal austerity. As a percentage of state spending, higher education has seen the biggest cuts, with the Center for Tax and Budget Accountability reporting a 41 percent decrease from 2000 to 2015. Over the same period, human services were cut 34 percent and healthcare, including Medicaid, cut 22 percent.

The 2019 Governor's Office of Management and Budget Report identifies alternatives if the "Fair Tax" amendment fails to pass. These include either a 15 percent cut to essential services such as education, health care, public safety, or a tax increase at a flat rate on all Illinoisans by as much as 20 percent over the current rate, which would disproportionately affect working class households. In essence, the new budget holds education spending ransom to the fate of the new constitutional amendment. Should the referendum fail, there will be draconian spending cuts and income tax hikes in the near future.

Advancing the bipartisan consensus to shift costs onto workers, Pritzker's plan increases the corporate tax rate less than 1 percent, from 7 percent to 7.95 percent. In the new budget, the corporate income tax only accounts for 6.1 percent of revenue, while over two-thirds comes from individual income taxes (51 percent) and sales taxes (21.5 percent). According to new figures released by the state, the projected net corporate income tax for fiscal year 2021 shows no increase over 2020.

Both corporate and financial bodies hold vast quantities of wealth. For instance, the combined operating income of a handful of the major corporations

headquartered in Illinois, such as Abbott Laboratories, AbbVie, Allstate, Archer Daniels Midland, Boeing, Caterpillar, Discover Financial, Exelon, Illinois Tool Works, John Deere, McDonald's, Mondelēz International, United Airlines, and Walgreens Boots Alliance amount to about \$61.7 billion, according to the latest available figures.

So far, the response by those within the orbit of the state's Democratic Party has been rather predictable. On January 29, the Chicago Teachers Union (CTU) heaped praise on both the governor and the Democratic-controlled General Assembly, declaring, "Illinois is in a better position this year than it was at this time last year," and the state should "end tax breaks and handouts to billionaires who do not need them."

On February 19, the day the budget proposal was released, the CTU again praised Pritzker and his proposed budget, while chiding that "[w]ealthy developers shouldn't be able to jump the line in order to rake in money supposedly earmarked for Illinois' schoolchildren." This praise, combined with tepid proposals for further reform, is typical of the trade unions, who are wedded to the fortunes of the Democratic Party, the oldest capitalist party in the United States, and the capitalist system itself. It should be noted that the unions make demagogic criticism of billionaires and wealthy developers, they say nothing about the profit system itself, source of the wealth of the billionaires—and of the salaries, perks and stockholdings of the union officials themselves.

Notably, Pritzker's budget address touted \$175 million savings in health care costs from negotiations with state workers, this year alone, and \$650 million over three years. Highlighting his willingness to collaborate with the unions in attacks on workers, Pritzker said, "My predecessor treated them with scorn. He belittled their contributions, he aimed to undermine them at every turn." What former Illinois Governor Bruce Rauner failed to understand, Pritzker said, "was that when both parties come to the bargaining table in good faith, there's an opportunity for both sides to win."

Among the unions that have signed agreements with the Pritzker administration are AFSCME and the downstate Teamsters local. These agreements have included wage increases of only 11.5 percent over four years, after years of wage freezes under Rauner, health

insurance premium increases of \$52 per month on average for individuals and \$72 per month for families.

These rotten agreements only underscore the need to break from the Democratic Party and unions, who have collaborated in carrying out these attacks with the billionaires of the Democratic Party just as they do with the billionaires of the Republicans.



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