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MEMORANDUM

To: Valerie Klans
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From: Terry Steczo

Re: Legislative Report

Date: February 28, 2015

Respiratory Sunset – Making Progress

Progress is the appropriate word to describe activity relating to House Bill 408, the ten-year extension of the Respiratory Care Practice Act. Over the last few weeks ISRC has met with legislative staffs, as well as representatives from hospitals and nursing homes to answer questions, explain changes that we have recommended, and to consider suggestions made by the other parties. Thus far, the process has been smooth with reasonable dialogue and constructive suggestions being the focal point.

A number of language clarifications offered to ISRC are under review. Once final decisions to accept them are made our sponsor and legislative staffs will be informed and House Bill 408 will hopefully begin its journey from through the General Assembly.

The House committee deadline is March 27 so it is expected that a hearing will be scheduled before that date.

Chess Match Begins

It's hard to describe the mood of the Capitol and other observers last week when the Governor presented his budget outline to the General Assembly. For the most part, it depended on your viewpoint. Some described it as Armageddon and draconian, while others who had been urging fiscal discipline and state government belt tightening were joyous. Both groups are extremely cautious about what happens next and hope that when the smoke clears on May 31, or whenever the session ends, that there is both a sense of fiscal discipline and compassion that sets the state on the road to recovery but also takes into account critical services for those who depend on them.

For sure, the Rauner administration's method of conducting business is far different than his predecessors. His administration thus far has kept things under wraps until they decide it's time to unveil; they had no preceding day press availability to provide a glimpse and explanation of their budget; they provided an initial budget teeming with consequences with a stern, parent-like

suggestion that they mean business; they surprised everyone by not including one cent of new revenue to their proposed budget to offset any cuts; and they left the door open to further talks and discussions on the final FY 2016 budget. While government observers have found some of these activities unusual, they probably mirror standard operating procedure in the Governor's former domain.

One thing the Governor did say during his budget address does point to some flexibility and the process that he expects to follow during the next few months of budget negotiations. He said, "Some in the General Assembly are eager to discuss new revenue. But before revenue is discussed, reform is essential. Before we ask the people of Illinois to pay more to fund state government, we must ensure taxpayers are getting value for their money." That puts the mention of revenue on the table, but only after whatever reforms he really has in mind are discussed and negotiated. Like the Speaker, who plays his cards close to the vest, so apparently does the Governor. If his true agenda is practical and negotiable then the budget discussion can wind up with a satisfactory result. If it's a wartime agenda then, as Hall of Fame sportscaster Harry Caray frequently remarked, "There's danger here, Cherie."

The budget that the Governor proposed effectively reduces state spending by \$6.6 billion and certainly provides an effective worst case scenario. Even the very few categories that were increased, such as some elementary and secondary education funding, received those funds through shifting from other places within the same category. So as negotiations move forward Democrats have signaled their intention to put at least some revenue proposals on the table. The Speaker revived his call for a 3% millionaire surcharge but that would take two years and a Constitutional Amendment to enact. Governor Rauner, during his campaign mentioned an expansion of services taxes and ending some "corporate welfare". Those certainly might be on the table. If his suggested service tax expansion is approved it would raise over \$600 million. That's not anywhere near \$6.6 billion, but from that discussion could come others, like speculation that we might wind up with some income tax deal that would be less than the level that just expired and with a built in phase-out. Since there's no way the Democratic legislature will accept what they were presented, and the last thing either wants is a prolonged summer battle, a negotiated settlement that includes some revenue might be the order of the day. Such a deal would make the Governor look sage and flexible while reforms and cuts can be phased in to allow a permissible level of disruption to state programming. Perception in politics is everything and the Governor is today perceived as someone who is no-nonsense and, so far, unyielding. That's where the arrow would point if there would happen to be a government shut-down this summer and that's what the administration should be trying to avoid.

Beanbag, This Ain't

One of the most enduring political adages that often describes difficult choices elected officials sometimes are confronted with is the inimitable, "Politics ain't beanbag". First coined in the late 1800s, the phrase has a place at or near the top of political maxims because it rings so true. Politicians hate making tough decisions and try to avoid them at all costs, especially any that could be career-inhibiting. What's worse in their eyes is having those tough decisions forced on them by outside forces for the most part beyond their control. Welcome to the 2015 session of the Illinois General Assembly.

Beanbag, Part 1, is the state of the state economy and the need to get our fiscal mess under control. Numbers describing the extent of the problem vary, sometimes greatly, but there is no question that it's not getting any better. The General Assembly did try in the three years prior to the current fiscal year to try to keep a lid on expenses by creating a budget cap, extracting fixed costs and allowing the remainder, up to the cap level, to be allocated for services. Any extra

funds received from additional tax revenues from the strengthening economy were earmarked for debt reduction. In three years the debt was halved, but the smoke and mirrors budget enacted last session caused backsliding and grew the deficit. In the past, some increased taxes and some judicious cutting would be their prescription for a cure, but there's a new Governor in town and things are looking a whole lot different.

State law stipulates that the Governor present a budget that is a true reflection of available revenues. That's what the legislature got last week and it wasn't pretty. Other governors in the past have talked about doomsday budgets but this one showed what a real doomsday budget looked like. So much so that sweat started to gush from legislative pores before the Governor's speech was half over. Lots of legislative friends will be negatively impacted if the Governor's initial plan is enacted. It probably won't but in the end there will most likely be some severe cuts in various places and that is and will make legislators from both parties extremely uncomfortable.

Beanbag, Part 2, pretty much involves the GOP side of the legislative equation. The good news for them is that with the election of a Republican governor they become relevant in the legislative process again. That's also the bad news. Over the last twelve years Republican legislators have been able to sit back and force Democrats to make the decisions on state policy questions, especially revenue. Not anymore. And Governor Rauner has told each caucus in no uncertain terms that he expects their support for whatever he does.

Just after his inauguration Governor Rauner met with members of both the House and Senate Republican caucuses. He told them that there were going to be ten unspecified votes that he would need from them this session ... and he wanted their voted on all of them, not some, and there would be problems between him and those who didn't. According to reports, he also mentioned the \$20 million campaign fund that he had created. Obviously, these will not be easy votes. So relevancy comes with a price. How high, nobody knows.

Bill Introductions End; Committee Deadline Looms

One thing that is markedly differentiates state legislatures from to the Congress is the speed at which they work. State legislatures handle business much more quickly, and often in a tighter time frame. In the General Assembly the bill introduction deadline now has passed with over 6,000 bills introduced, a higher total than the 5,800 that were introduced in 2013, with most of them coming in the last few weeks. The next step in the process is to hear as many of those bills as possible in House and Senate committees between now and March 27, the committee hearing deadline. Obviously, it's going to be impossible for that many bills to receive hearings in that short of time. Bill sponsors who are highly committed, have done their homework, and have lined up whatever support they need for their proposals will see them move forward. Those that haven't, and those who have filed legislation primarily for discussion purposes or more obtuse reasons will see their proposals languish, waiting for next year or longer.

How many of these ideas actually have a shot at making it all the way home, to the Governor's desk his consideration? Over the past number of years that number is in the neighborhood of 10%. So the odds of submitting legislation and seeing it become law are somewhat slim. Some bill sponsors are more prolific and well-prepared and take the advancement of ideas and public policy seriously. Their proposals will fare well. Others who take the process less seriously or who care more for publicity or controversy have a generally tougher time having success.

However, by time the legislative session end date of May 31 approaches the General Assembly will have acted on more proposals in a five month span than the Congress will consider in two

years, or more. State legislatures resemble the lost stepchildren of government. Media outlets focus their attention primarily on local, city government or on national, federal issues. Little attention is paid to the Illinois General Assembly generally until the waning hours of their sessions. It means that state legislators in Illinois can go about their business, often in a bipartisan manner, make decisions on legislation and policy, and bypass the need for conflict and controversy that often occurs when legislative bodies become the center of media attention.

Legislative Transition

Rep. Avery Bourne (R-Litchfield) has been selected to replace Rep. Wayne Rosenthal

Session Schedule/Deadline Dates

Here are relevant dates for the legislative session:

- March 27 – House/Senate Committee Deadline
- March 28 – April 13 – Spring Recess
- April 24 – House/Senate 3rd Reading Deadline
- May 8 – House Committee Deadline (Senate Bills)
- May 15 – Senate Committee Deadline (House Bills)
- May 22 – House/Senate 3rd Reading Deadline
- May 31 – Session Adjournment