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# COOK-WITTER REPORT

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## ...to the contrary notwithstanding

**T**he State's budget crisis prompted a couple of historic firsts during the 2002 Spring Legislative Session. Governor George Ryan called legislators back to Springfield on Memorial Day to address a joint session of the Illinois General Assembly on the state's dismal budgetary condition. The tentative self-imposed adjournment date of May 17<sup>th</sup> had passed without an agreed budget, and legislative leaders were at an impasse. The Governor proposed drastic cuts in an attempt to forge a budget agreement prior to the statutory deadline of May 31<sup>st</sup>, when bills with an immediate effective date would require a 3/5<sup>th</sup> super majority. Legislators finally approved the spending portion of the budget Friday, May 31, but all the revenue bills failed to pass both chambers before the deadline.

The Memorial Day speech reflected the fact that Illinois' fiscal picture had worsened since Governor Ryan's initial budget address in February. Revenues dropped by \$1.3 billion, the worst financial situation in about 50 years. In fact, this was the first time since 1955



*Senate Appropriations Chairman Steve Rauschenberger (R-Elgin) leads the Senate action during the veto debates.*

that Illinois experienced no revenue growth. In the May 27<sup>th</sup> speech, the proposed spending for the General Revenue Fund (GRF) was \$260 million less than that proposed in February. Governor Ryan suggested \$511 million in additional spending cuts, while also proposing \$323 million be restored in programs he thought were cut too deeply. Some of the proposed restorations are as follows:

- Restore rates for Medicaid services by 50%
- Developmental disabilities and mental health services - \$75 million

- Homemakers program for the aged - \$8 million
- Appellate Defender's Office - \$2 million
- Immigrant Services - \$1.7 million
- Teen Reach program - \$1.3 million

Governor Ryan's Memorial Day budget proposed keeping Vienna Correctional Center open while closing several other correction facilities, and privatizing prison food services (\$25 million). He suggested reducing higher



*Senate Democratic Appropriations Spokesman Donne Trotter (D-Chicago) debates the Governor's veto messages.*

education spending (\$65 million) and cutting back on anti-smoking programs for an additional \$23 million. The austere budget included closing numerous state facilities and drastically scaling back various state grants and services. He also supported funding a new class of state police cadets and endorsed an early retirement program for state employees.

A 50 cent cigarette tax increase, combined with a tripling of the real estate transfer tax and a riverboat tax increase provided some of the alternatives for new revenue. Additionally, Ryan proposed \$1 billion in short term borrowing to help the cash flow problem and improve payments to state vendors. Transferring money from certain professional licensing funds generated another \$150 million for GRF.

By adjournment, on June 2, 2002, lawmakers approved a 40 cent cigarette tax and increased the riverboat tax. Legislators also gave Ryan the ability to borrow up to \$750 million against future payments of tobacco settlement money in House Bill 2828. A proposal floated by the gaming industry to auction off an unused riverboat casino license that might have generated more than \$500

million failed. General Assembly members also approved a plan to block business tax breaks tied to the federal economic stimulus package for a savings to the state of about \$240 million and to local governments of about \$150 million. Additionally, a \$1.6 billion capital spending plan that includes \$500 million for school construction was approved. Although legislators thought they passed a balanced budget, no one was happy about election year tax increases coupled with cuts in spending.

### Governor Calls Historic Spring Veto Session

Governor Ryan took another unprecedented action when he called the General Assembly into a special veto session on Monday, June 10<sup>th</sup> specifically for legislators to respond to the Governor's vetoes of specific items of the budget and a bill prohibiting the privatization of prison food services. On June 2, legislators passed a \$53 billion Fiscal Year 2003 state budget, but they added approximately \$277.5 million in spending above what the Governor requested in his Memorial Day budget proposal. Also, \$220 million of Ryan's proposed tax increases and revenue enhancements were not part of the package passed by the General Assembly leaving about a \$500 million shortfall. Normally, the General Assembly reviews the Governor's line item and reduction vetoes during the Fall Veto Session. In the end, legislators would sustain most of the more than \$500 million in budget cuts Governor Ryan sought.

On Tuesday, June 11<sup>th</sup>, the Senate debated and voted on each of the 234 individual cuts suggested by Ryan in his budget vetoes. According to General Assembly rules, a vetoed bill starts in its chamber of origin, therefore the House was allowed to vote only on the 22 vetoes the Senate voted to override. The Senate sustained more than 200 vetoes worth nearly \$450 million, both of which are records. The previous high was the \$350 million sustained during the 1988 veto session. Of the 22 vetoes the Senate voted to override, 21 were line item reductions requiring a simple majority vote to pass. One total item veto override restored \$2 million of an appropriation from the Tobacco Settlement Recovery Fund to the Senior Help Line, and this total veto required a 3/5 majority vote to override. Eleven of the re-

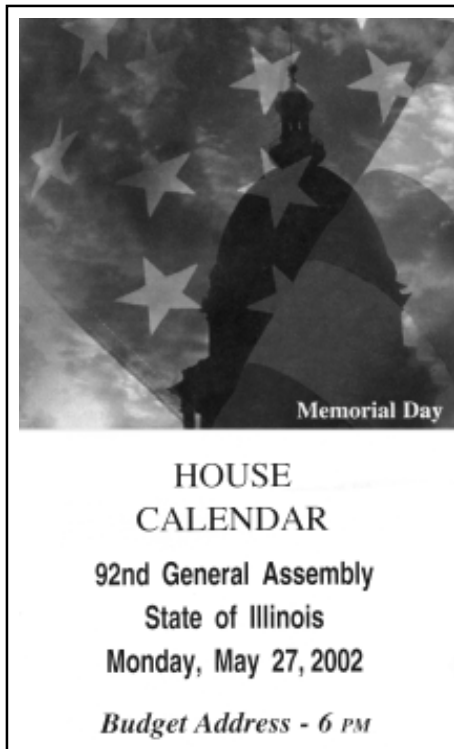
stored line item reductions affected appropriations to the State Board of Education for the following areas: transporting common school children and students with disabilities; early childhood grants; tuition for children with disabilities; bilingual education; supplementary payments to school districts; and general apportionment state aid. Lawmakers also restored \$500,000 to the Secretary of State general administrative group for personal services. The restored cuts total \$46.8 million. The remaining line item reductions are divided up among nine state universities for a total of \$5.8 million. Overriding the 22 vetoes restored \$55.1 million.

The Senate allowed to stand the Governor's controversial veto of House Bill 3714, which prohibited the Department of Corrections from contracting with private vendors for food services. Ryan estimates this will result in savings of about \$25 million. The following facilities are just a few of those slated for closure at the conclusion of the special session: the Lincoln Development Center, Zeller Mental Health Center, Sheridan Correctional Center, and a Greene County work camp. A two percent cost-of-living adjustment for community service providers for people with developmental disabilities and mental illness failed to withstand the final round of cuts. Thousands of state jobs will be cut and grants for fifth-year college students were eliminated.

The Illinois Economic & Fiscal Commission added to the bad news with the announcement that Illinois monthly revenues dropped yet again. Tax receipts for May were down \$224 million, and the possibility remains that legislators may need to revisit the budget if the state's revenues continue to decline. The budget dominated this session as it usually does, but this year

it took on added significance as legislators and the Governor grappled with ways to deal with a budget picture that worsened each day.

The 92<sup>nd</sup> General Assembly outstripped the previous four legislative cycles in the number of bills introduced. However, the actual percentage of bills sent to the Governor was about half of the previous cycle (See Table 1.). Of the 200 house bills and 148 senate bills sent to the Governor during this Spring legislative session, 31 house bills and seven senate bills were passed from the first year.



*Graphic designed for the Special Session called by Governor George Ryan. The House calendar covers usually include graphics to note holidays or special occasions such as the Memorial Day budget address. Photo on this calendar taken by Russ Nagel.*

## Other Legislation of Interest

Although the budget dominated the news and discussion this Spring, the General Assembly accomplished a great deal in areas outside the state's spending plan. The following bills have been sent to Governor Ryan and await his signature. **House Bill 5870** (Righter) amends the Phenylketonuria Testing Act. As a result, the Department of Public Health now must provide an expanded screening program for metabolic and genetic disorders for all newborn infants starting July 1, 2002. **Senate Bill 1953** (Cronin) would not allow prospective teachers to enroll in teacher programs until they have passed the basic skills test required for teacher certification.

All convicted felons must provide a DNA sample as a condition of release as a result of **Senate Bill 2024** (Dillard). Currently, only sex offenders must submit to the test. The expanded supply of DNA samples will be maintained in a State Police database. This bill would have a fiscal impact for the ISP of \$5.8 million in the first year and \$1.68 million annually thereafter. **House Bill 5934** (Klingler) allows victims of identity theft to recover actual damages, as well as court costs and punitive damages against the people who stole their identity. **Senate Bill 2130** (Philip) creates the Curator of the Executive Mansion Act. This bill would statutorily establish the position of curator of the Executive Mansion, the residence of Illinois governors with the pro-

vision that the governor appoints the person with the approval of the Senate. **House Bill 4696** (Monique Davis) is a response to events in Noble, Georgia where state officials discovered that requested cremations had not been performed in numerous instances. The legislation was pushed by Comptroller Daniel Hynes, whose office regulates cemeteries. Crematory operators would need a state license and be subject to regular inspections.

The September 11 terrorist attacks prompted **Senate Bill 1634** (Philip). The bill requires public high school students to recite the Pledge of Allegiance every school day. Currently, only public elementary and middle school students are required to do this. Another bill relating to September 11 is **House Bill 2058** (Johnson) Attorney General Jim Ryan's proposal. This bill has been revised since February when the Governor originally vetoed it. Most of the concerns raised in the veto message have been addressed, except that the bill still contains a death penalty provision. However, Governor Ryan argued earlier that a federal law already designates terrorism as a crime punishable by death, making the language redundant in this bill. This legislation creates several new crimes and grants law enforcement officials more tools, including expanded wiretapping authority, to fight terrorism. It now awaits the Governor's action.



**Table 1. Senate and House Bills Introduced and Passed by General Assembly: 1993-2002**

		Senate Bills	House Bills	Total
1993-94	Introduced	1,854	4,274	6,128
	Sent to Governor	325	450	775
	% Sent to Governor	17.5%	10.5%	12.6%
1995-96	Introduced	1,958	3,776	5,734
	Sent to Governor	354	392	746
	% Sent to Governor	18.1%	10.4%	13.0%
1997-98	Introduced	1,952	3,911	5,863
	Sent to Governor	409	478	887
	% Sent to Governor	21.0%	12.2%	15.1%
1999-2000	Introduced	1,961	4,717	6,678
	Sent to Governor	476	514	990
	% Sent to Governor	24.3%	10.9%	14.8%
2001-02	Introduced	2,422	6,295	8,717
	Sent to Governor	430	260	690
	% Sent to Governor	17.8%	4.1%	7.9%

*Source: Calculations completed by Cook-Witter, Inc. using data from Legislative Research Unit, Preface to Lawmaking, November 2000, p. 11, and Creative Resources.*

## 92<sup>nd</sup> Illinois General Assembly Fall Veto Session Schedule

**November – 2002** \_\_\_\_\_  
7 ..... Senate Session – House Perfunctory  
19-20-21 ..... Session – Both Chambers

**December – 2002** \_\_\_\_\_  
3-4-5 ..... Session – Both Chambers

## Cornerstone In Place

On June 10<sup>th</sup>, Governor George Ryan and First Lady Lura Lynn Ryan joined United States Senator Dick Durbin, Congressman Ray LaHood, Springfield Mayor Karen Hasara, members of the Abraham Lincoln Presidential Library and Museum Foundation Board, and the national Abraham Lincoln Bicentennial Commission in placing the cornerstone for the Abraham Lincoln Presidential Library, currently under construction in downtown Springfield. November 18<sup>th</sup> marks the date chosen for the library's ribbon cutting. The museum itself is slated to open in 2004.



## ...to the contrary notwithstanding

All 234 motions in the Senate were similar, with line and page numbers changed. For example, "Senator Rauschenberger moves that the item on page 395, line 27 through 29, of Senate Bill 2393 do pass, the item veto of the Governor to the contrary notwithstanding."



## PEOPLE IN TRANSITION

**Bridget Lamont**, director of policy and development for Governor Ryan, has been appointed to a three-year term on the Educational Labor Relations Board.

Governor Ryan's deputy chief of staff, **Kevin Wright**, has been appointed chairman of the Illinois Commerce Commission.

**Michael Morsch** has been named publisher of *Illinois Issues* magazine, as well as director of institute publications for University of Illinois-Springfield Institute for Public Affairs. Returning to Springfield, Illinois with an extensive journalistic background, Morsch succeeds **Ed Wojcicki**, who served as publisher for ten years, and is now associate chancellor for constituent relations at UIS.

**Maynard Crossland** has been appointed to replace **Susan Mogerman** as director of the Illinois Historic Preservation Agency. Mogerman resigned effective the end of the Spring legislative session.

