



## **ALLIANCE LEGISLATIVE REPORT (95-73)**

### **MORE BUDGET DRAMA IN CAPITOL**

Governor Rod Blagojevich called lawmakers into special session this week to take further action on the fiscal year 2009 State budget and to address the statewide public infrastructure legislation. The legislature approved bills containing the spending for the next fiscal year on May 31. The bills were not transmitted to the Governor until June 30, however, as both House Speaker Michael Madigan and Senate President Emil Jones, Jr. held on to the bills for the full 30 days allowed before sending approved bills to the Governor's office.

The Governor then, before taking action on the budget bills, called in legislators this week to approve additional revenue bills in order to balance the budget. Governor Blagojevich stated that the budget sent to him was out of balance with expenditures amounting to nearly \$2 billion more than the available revenue. He wants the House of Representatives to approve his revenue enhancements – sale of the State Lottery, issuance of pension obligation bonds, and authorization for fund “sweeps” – to provide the necessary revenue to pay for the State's programs. The Senate approved those bills before adjournment at the end of May.

#### **GOVERNOR MAKES CUTS**

Speaker Madigan, whose chamber has already shunned these types of revenue generators before, scheduled an all-day “Committee of the Whole” Wednesday to discuss the budget bills and the capital projects legislation. But before the House had completed its hearing, the Governor held a press conference announcing that he had cut nearly \$1.5 billion from the FY '09 budget. The Governor then ordered the legislature to meet today (Thursday) to address the budget vetoes.

#### **SCHOOL CONSTRUCTION CUT – AGAIN**

Operating expenses for public schools were spared by the Governor in his budget vetoes as General State Aid, categorical grants, and other major budget line items were unscathed. However, the \$148.5 million the legislature included in the budget for school construction grants for those 24 school districts that have been waiting for the past five years was cut from the budget by the Governor.

The only other education cut was the elimination of the \$5 million computer laptop pilot program championed by Lieutenant Governor Pat Quinn.

As for reduction vetoes, the Governor reduced the State Board of Education's personnel line items across the board at a rate of about 15%. This amounts to \$2.63 million. How this will affect ISBE staffing is unknown at this time.

## WHAT HAPPENS NEXT?

The House of Representatives will return to Springfield next Tuesday, Wednesday, and Thursday to address the Governor's budget vetoes. Now that the vetoes of the budget bills have been read into the record in the General Assembly, the first chamber (the House for House bills and the Senate for Senate bills) has 15 days to act on the veto. The bill sponsor can either make a motion to accept the Governor's changes or to override the Governor's changes. It takes a 3/5 vote to restore a budget item in which the Governor exercised a line item veto; it takes a majority vote to restore the total amount of funding that the Governor eliminated through a reduction veto.

All parts of the budget that were not vetoed by the Governor become law. So, elementary and secondary education, for the FY '09 budget, will see an increase of approximately \$360 million over the FY '08 level. Most of the increase was allocated to the General State Aid formula resulting in an increase of the per pupil foundation level by \$225. Transition aid will increase by \$31 million and early childhood education will increase by \$32.4 million. You can find other budget line items in Alliance Legislative Report 95-70 at: [www.iasb.com/govrel/alr9570.cfm](http://www.iasb.com/govrel/alr9570.cfm)

## CONSTRUCTION BILL HITS ANOTHER SNAG

As noted earlier, in the special session this week lawmakers were to address the public infrastructure bill that will provide funding for construction of roads, bridges, and schools throughout Illinois. While most every legislator supports the capital projects bill, they have never agreed on how to fund such a massive works project. As the ideas of increasing income taxes, sales taxes, gasoline taxes, etc. fell off of the table, the only revenue source left seems to be gaming expansion.

Several gaming bills have been debated over the past 15 months, but none have been approved by both chambers of the legislature. In May, the Senate approved **HB 2651 (Molaro)** which would expand gaming and provide over \$30 billion in funding for construction projects and education.

Today, however, the House of Representatives defeated HB 2651 on a vote of 47-55-3.

Though the City of Chicago desperately wants a land-based casino, the Mayor opposed this draft of the bill because of the cost the city would have to pay for the casino license (approximately \$500 million). The horse track owners strongly support being able to have slot machines at their tracks, but many still opposed the bill because of other provisions. This setback will likely put off the passage of a gaming/construction bill until November.

HB 2651 contained the following provisions:

- Allows for a land-based casino in Chicago (70% of moneys received by the City from casino goes to a "gaming endowment fund" in which 40% would be used for Chicago roads, bridges, and mass transit and 60% would be used for infrastructure for Chicago schools, parks, and museums
- Allows for 2 more riverboat casino licenses

- Allows for additional gaming positions at existing riverboat casinos
- Allows for electronic poker
- Allows for slot machines at horse race tracks
- Allocates 30% of gaming revenue to the newly established “FOCUS” Fund (Focusing on Children, Uplifting Schools). This fund is then divided as follows:
  - 60% to GSA
  - 15% to ADA Block Grant
  - 5% to Fast Growth
  - 5% to re-enroll dropouts
  - 15% to early childhood
- Creates a new “Chicago Public Schools Capital Needs Board” under the School Construction Law to make recommendations to the ISBE as to which Chicago schools receive grant money
- There are no “school accountability” provisions included in the bill.

### **SENATE STILL WORKING**

The Senate was still in session at the time of the writing of this report. Though no announcement has yet been made, it is likely that the Senate, too, will be in session later this month to address the Governor’s vetoes of the FY ’09 budget bills.

*\*The legislative report is written and edited by the lobbyists of the Illinois Association of School Boards to provide information to the members of the organizations that comprise the Statewide School Management Alliance.*

**Alliance Legislative Reports:**  
**Bill Text/Status: Illinois General Assembly**

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