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MEMORANDUM

To: Valerie Klans
Matt Kincaid

From: Terry Steczo

Re: Legislative Report

Date: January 30, 2015

House Bill 408

ISRC Legislation to modify the Practice Act and extend it for ten years has been introduced by Rep. Michael Zalewski (D-Riverside). Rep. Zalewski is the Chairman of the House Committee on Health Care Licenses.

During the next few months it is going to be important for ISRC members to monitor the process of the legislation and be aware of the implications of any further changes. 2015 represents the first attempt at renewing the Respiratory Care Practice Act since it received its initial approval in 2005. It will also be important for ISRC members to begin contacting state legislators and requesting their support. Also, at the appropriate time members will be provided instruction as to how to submit electronic witness slips when the extension legislation is heard in legislative committees, and ways to make voices as effective as possible during this very important year.

“Soon” To Come Soon

During his quest for the governorship candidate Bruce Rauner was understandably pretty agile in avoiding specifics as to how he would resolve the state’s myriad of fiscal problems. From the Nixon “secret plan” to end the Vietnam War to a plethora of other non-incumbent candidates who have offered little by way of explicit detail, it’s the advantage of non-office holders running against incumbents to hold back the details and give voters an air of confidence that they’ll be able to do what the incumbent can’t or hasn’t. But eventually the time comes when those winning candidates have to show their hands, and for masses of inquiring minds, they’ll get “what they want to know” possibly in just a few days at best, or a few short weeks at most.

Since the inauguration the Governor has been pushing all the right buttons in his attempts to acclimate everyone from citizens, interest groups and others to his style of governing. So far his attempts at bi-partisanship and inclusion have played well, with just a few minor hiccups. He has repeatedly pointed out the obvious (that past state administrations have not had their hand on the fiscal rudder of the state) and, to some, the more ominous and oblique (state structural reforms will be on the way and a major emphasis of the new guard). But, all that having been said, the

details of all those plans have yet to emerge. The best anyone has heard thus far, with the exception of the non-essential services budget freeze that was announced at the inauguration and a request by the budget office for agencies to prepare 20% budget cuts for the remainder of this fiscal year, is that plans will be revealed “soon”. There are two upcoming “soons” that should provide the first real picture that the Governor intends to paint during his term.

On Wednesday, February 4 the Governor is scheduled to give his State of the State address to the General Assembly. For the most part Governors in the past have used this address to lay out their future vision for the state. In this case, most are hoping that there will be some issue clarity. A smidgen of detail would go along way too. There wasn't much provided in the Transition Report that was issued before the inauguration and during the campaign the Governor indicated his wish to see the temporary income tax increase expire (granted) and also extend a myriad of promises to provide additional funding to education and other areas. We've heard about the need for restructuring state government and government spending but nothing specific beyond that. So the first major opportunity for everyone to get a glimpse of what may be in store, as well as how the ship of state can right itself will be during the State of the State message, and everyone is waiting with bated breath for the answers.

After February 4 passes, the clock will be pointing to the “zero hour” at noon on February 18 when the Governor will present his budget. At this point all cards will be on the table and the machinations of the new administration will be open for all to see. This presentations is where the “rubber will meet the road” and will provide the ultimate view into what the plans for the next fiscal year and beyond will be. Over the past few weeks reports have emerged indicating that the state may actually be in far worse shape than previously thought. That's not a pretty thought, especially in light of the loss of the temporary income tax revenue that vanished on January 1. Add to that the probability that pension reform and associated costs will wind up back at square one in the next few months and you begin to wonder how anyone can serve as our fiscal Moses and lead us to the solvency Promised Land.

Last week, Governor Rauner announced the appointment of three individuals that he has designated as his "Turnaround Team". Donna Arduin was described by the Governor as having established a reputation for bringing government spending under control, having worked for various Republican administrations around the country; Trey Childress is a former Chief Operating Officer having served two administrations in the state of Georgia; and Linda Lingle is a former two term governor of the state of Hawaii. They will be the architects of the structural changes that the new administration foresees as an absolute necessity to begin the fiscal turnaround.

So, after months and months of waiting expectantly for the debut, the actual performance is about to begin.

A Double-Edged Sword

In January, 1973 Governor Dan Walker took the oath of office and let everyone know that it was a new day in Springfield and that things the old ways were out and that things were going to change. Walker, a Democrat, had very trying relations with the Republican majorities in the General Assembly but also with members of his own party who had difficulty embracing what the administration wanted to accomplish. In order to at least find support within his own party ranks Walker fielded a slate of candidates that challenged incumbent legislators in primary elections. Some won, some lost, but the intraparty warfare lasted for the remainder of Walker's term of office. Even though Democrats won legislative majorities in 1974 due to the Watergate scandal Walker's program was a non-starter, as was his 1976 re-election effort. He lost his

primary election that year to then-Secretary of State Michael Howlett. Yes, there were some other overriding issues that helped cause Walker's demise but his decision to make war on his own party contributed greatly. It's a road that has to be travelled with great caution if you're going to make that trip.

Just prior to taking office Governor Rauner announced the creation of a \$20 million political action committee designed to help re-election efforts of those legislators who help take the tough votes that are going to have to be taken to help the Governor's agenda. Many GOP legislators will be comforted by the potential help they could receive in possibly difficult election races if they vote for revenue increases, impactful program cuts and other issues that might not play too well with their constituencies. But, the road could be a very bumpy one.

The GOP legislative caucus in both the House and the Senate is notoriously anti-tax. Getting support for any revenue increase initiatives is going to be a huge challenge for the Governor and he's going to need at least half of the members of his party to contribute their votes in order for Democrats to provide the remainder. Any initiatives coming from the Governor to increase revenue and his putting pressure on legislative Republicans to go along is going to create a party schism. Trying to keep that divide from getting too wide is going to be a test of leadership skills. Those that are ardent anti-tax advocates and who lose those battles to the Governor's efforts are not going to be happy and may exact revenge in a number of ways.

Secondly, any legislator flirting with supporting revenue increases, even temporary ones, will have their eyes on the election calendar. The first concern will be whether or not they'll face a primary election challenge and whether they can overcome it. Remember that election petitions will be on the street in early September so there won't be much time between a legislator's vote and election announcements so incumbents won't have a whole lot of time to explain it to constituents. A promise by the Governor's PAC to them cover them with campaign funds might make them a bit more comfortable but can an opponent harping about an incumbents vote for higher taxes in very anti-tax territory be overcome by a massive infusion of contributions? We may have an opportunity to find out.

There is also a third possible scenario and that reflects any decision of the Governor to remove the naysayers from the legislature and elect some friends. Again, can a massive infusion of campaign cash rule the day? In many of those Republican areas a legislator can never go wrong opposing taxes so how likely is it that the Governor, regardless of the almost limitless capability to provide campaign resources to a challenger? It's not very likely and would provide the Governor with another potential foe for his agenda.

A twenty million dollar PAC can, to some, be quite persuasive. But it's never a sure thing. When these dice get rolled that had be a lot of forethought as to how the bet gets placed because the result, if wrong, will be an affirmation of the old adage that those who don't learn from history are doomed to repeat it.

Supreme Court Pension Reform Arguments Scheduled for March

The beginning of the final phase of the journey of Senate Bill 1 is about to begin but no one knows the exact final destination. Will it be the peak of the mountain reached after a number of years of discussion, compromise and, most of all, hope? Or will the trek wind up right back where the journey started? All signs point to a big "thumbs down" from the Court, but there is really no way to tell until the final judicial decision is announced, probably sometime in May or June.

In early January the Attorney General's Office filed a response with the Court contending that the "emergency police powers" of the state outweigh the Constitutional provisions that protect pension benefits. The General Assembly, in the preamble to Senate Bill 1, set forth an extensive series of justifications stipulating that due to fiscal and other circumstances an emergency has been created that requires extraordinary actions to be taken and the legislature was within its right to modify pension benefit protections. The Illinois Supreme Court, in what many consider a precursor, ruled last July that a statute modifying retiree health care benefit was unconstitutional giving rise to the opinion that the more far-reaching proposal doesn't stand much of a chance.

Last November, a Sangamon County circuit court judge ruled Senate Bill 1 unconstitutional and cited the pension protection language of the Illinois Constitution. That was not unexpected either given the Supreme Court's health care ruling of only a few months before. But what the judge didn't do was provide any guideline for what, if any, changes might be constitutionally acceptable. All interested parties are hoping that the Supreme Court doesn't do the same. If not, discussing any further reforms will be akin to the blind leading the blind with no guarantee that any new or different changes will fare any better, and will require another few years to be determined as court proceedings ensue.

Another factor in any conversations regarding a new direction of the Court says no will be the attitude and opinions of the new administration. As a candidate, Governor Rauner was opposed to Senate Bill 1 indicating that it didn't go far enough. He also has advocated replacing the current defined benefit plans with 401K-type plans. However, those ideas have not yet been spelled out, especially how the cost of paying the defined benefit costs while resources are diverted to any new scheme. Rightfully, he has indicated that he's reluctant to make any decisions on a new direction until the Supreme Court issues a final ruling. But, with the storm clouds gathering that time may be coming soon.

New Legislators Take Oath

Three new Senators and 17 new Representatives took the oath of office on January 14. Here is a list of their names, home cities, and who they replaces:

Sen. Chris Nybo (R-Elmhurst) replaces Sen. Kirk Dillard (R)
Sen. Neil Anderson (R-Rock Island) replaces Sen. Mike Jacobs (D)
Sen. Scott Bennett (D-Champaign) replaces Sen. Michael Frerichs (D)

Rep. Pamela Reaves-Harris (D) replaces Rep. Derrick Smith (D)
Rep. Margo McDermed (R-Mokena) replaces Rep. Renee Kosel (R)
Rep. Will Guzzardi (D-Chicago) replaces Rep. Maria Berrios (D)
Rep. Grant Wehrli (R-Naperville) replaces Rep. Darlene Senger (R)
Rep. Anna Moeller (D-Elgin) replaces Rep. Keith Farnham (D) (Spring Appointment)
Rep. Christine Winger (R- Wood Dale) replaces Rep. Dennis Reboletti (R)
Rep. Peter Breen (R-Lombard) replaces Rep. Sandra Pihos (R)
Rep. Keith Wheeler (R-Oswego) replaces Rep. Kay Hatcher (R)
Rep. Sheri Jesiel R- Winthrop Harbor) replaces Rep. Jo Ann Osmond (R) (Summer Appointment)
Rep. Steve Andersson (R-Geneva) replaces Rep. Timothy Schmitz (R)
Rep. Litesa Wallace (D-Rockford) replaces Rep. Charles Jefferson (D) (Summer Appointment)
Rep. Randy Frese (R-Paloma) replaces Rep. Jil Tracy (R)
Rep. Mark Batinick (R- Plainfield) replaces Rep. Tom Cross (R)
Rep. Carol Ammons (D-Urbana) replaces Rep. Naomi Jakobsson (D)
Rep. Tom Bennett (R-Gibson City) replaces Rep. Josh Harms (R)

Rep. Reggie Phillips (R-Charleston) replaces Rep. Brad Halbrook (R)
Rep. Terri Bryant (R-Murphysboro) replaces Rep. Mike Bost (R)

Session Schedule/Deadline Dates

Here are relevant dates for the legislative session:

- February 4 – Governor’s State of the State Address
- February 18 – Governor’s Budget Message
- February 20 – House Bill Introduction Deadline
- February 27 – Senate Bill Introduction Deadline
- 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