

ILLINOIS
POLICY
INSTITUTE

ILLINOIS
POLICY

YEARS
OF

ANNUAL REPORT
2021

ILLINOIS POLICY INSTITUTE

MAKING THE POLITICALLY IMPOSSIBLE POLITICALLY INEVITABLE

TABLE OF

06 THE FIRST 20 YEARS:

A letter from Matt Paprocki

08 TURNING THE IMPOSSIBLE INTO
THE INEVITABLE

34 FINANCIALS

36 THE ILLINOIS POLICY INSTITUTE TEAM

CONTENTS

THE
RE
ARE
THE
WE
HO
H
W



The Illinois Policy Institute is the strongest voice for taxpayers in the state. We stand up for regular Illinoisans who deserve a voice in their government but have been ignored in favor of special interests for too long. We educate and engage Illinoisans from all walks of life to ensure our state is a place where everyone can thrive. Illinois is a place we should all be proud to call home.

THE ILLINOIS POLICY INSTITUTE BELIEVES

- The best policies empower people – and limit the power of government.
- All children should have access to educational opportunities that prepare them for the future.
- Workers deserve the right to choose whether a labor union serves their values and interests.
- A public pension system that threatens to bankrupt our state, drive down economic growth, and evaporate retirements for public-sector workers is immoral – but modest reforms can solve this crisis.
- That civil and personal liberties must be protected and preserved.
- Illinois should be a place where people of all talents, interests and cultural backgrounds can succeed with hard work and ingenuity.
- In effective, efficient, honest and transparent government that is accountable to taxpayers and residents in need, not political special interests.
- Property taxes must be brought under control so people are not forced out of their homes.
- Voters deserve choices at the ballot box and no politician is entitled to a “safe” seat.
- Economic policy should focus on creating jobs and opportunities for all.

THE FIRST 20 YEARS:

A letter from Matt Paprocki

This summer we reflect on the Illinois Policy Institute's 20 years of fighting for taxpayers and advancing prosperity, fairness and opportunity. We are grateful to you, our investors and partners, who share our vision of a better Illinois and whose generosity makes this work possible.

Twenty years ago, the institute began as a scrappy upstart organization. Our small staff filled many different roles to produce policy papers, talk with media and keep operations running. In fact, some of the furniture for our LaSalle Street office space was assembled by John Tillman.

The institute has grown a lot since then – we've expanded our policy focus, built out a cutting-edge marketing operation that reaches millions of people, and upgraded our communications strategy.

Our experts regularly appear in local and national media, from the Chicago Tribune, Crain's Chicago Business and WGN, to National Review, The Washington Post, The Wall Street Journal and Fox Business.

After a visit to our office earlier this year, the nationally syndicated columnist George Will wrote, "From 16 stories above the Chicago River, the reformers at the invaluable Illinois Policy Institute have stared into their state's fiscal abyss and devised solutions."

Over the years we have honed our research operation and adapted our policy solutions to the changing needs of the state. But what hasn't changed is our mission: The Illinois Policy Institute continues to strive to make Illinois a beacon of freedom and prosperity shining across

the Midwest. We focus on lifting the poor and marginalized through the miracle that is the free market system. Belief in the free market and individual freedom and dignity are foundational values that underpin everything the institute does.

And after years of effort, we are starting to see our dreams move closer to reality.

In 2018, the U.S. Supreme Court ruled on *Janus v. AFSCME*. This case changed government unions across the country by affirming a public-sector worker's right to refrain from associating with or financially supporting the unions that represent their workplaces. And now Illinois' largest government unions are missing 38,000 people who would have been pouring money into the unions if it weren't for the work of the Illinois Policy Institute.

In 2020, we worked with a coalition that defeated the job-killing progressive state income tax at the ballot box in overwhelming fashion.

We also saw the downfall of the most powerful state politician in United States history, former Illinois House Speaker Michael Madigan. We analyzed and spotlighted Madigan's insider dealings and stranglehold on the General Assembly for years.

And this led to the FBI viewing our website for Madigan content more than 1,200 times. That is an average of once a day, every day, for more than three years.

When Madigan stepped down in disgrace, before his indictment, the institute was ready with already-drafted ethics reforms to ensure this regime change resulted in a fairer and more transparent political climate in the state.

We have highlighted ordinary Illinoisans who have challenged state power to improve the lives of others. Lisa Creason is a nurse in Decatur who transformed her life and career by working to end licensing restrictions that denied second chances to too many former offenders.

Joe Ocol is the Chicago Public Schools teacher who bucked his union to show up for his students on Chicago's South Side and introduce kids from disadvantaged neighborhoods to the joy of competitive chess.

You are not alone. After 20 years, we have over 3,000 investors from every part of the state. Nearly 2 million people receive our emails. To put that into perspective, that is almost one of every two people expected to vote in Illinois' general election this November.

As we look ahead to the next 20 years, we are energized and ready to confront the challenges facing Illinois, and to work with our investors and like-minded reformers to make the Land of Lincoln a state more people want to call home. Thank you for partnering with us in this mission.

Sincerely,

Matthew T. Paprocki



MATT PAPROCKI
President



**TURNING THE IMPOSSIBLE
INTO THE INEVITABLE**

DURING THE PAST two decades, our investors and partners have helped us turn the politically impossible into the politically inevitable.

What follows is a summary of the high-water events that have marked our journey and set up a bright future. We'll describe how the Illinois Policy Institute has been:

- Fighting for a fairer Illinois by exposing corruption
- Protecting taxpayers' wallets by defeating a tidal wave of tax proposals
- Giving workers choice by enshrining new freedoms
- Pushing back on government overreach by fighting for change

Through the creation of these milestones, we have developed the most effective free market infrastructure for communication and citizen engagement in the state.

Our first 20 years are pointing to our next two decades of taxpayer wins.

To all who have shared your hearts and treasure to make this journey possible, thank you.

**WE HAVE DEVELOPED THE
MOST EFFECTIVE FREE MARKET
INFRASTRUCTURE IN THE STATE**

FIGHTING FOR A FAIRER ILLINOIS

MOST PEOPLE THOUGHT Illinois House Speaker Mike Madigan would only leave office in handcuffs or a casket.

But that's not what happened.

The longest-serving and most powerful House speaker in the history of the United States left Springfield in solemn silence on Jan. 13, 2021. He left on his own accord, after his colleagues took away his speaker's gavel.

Today, not only has Madigan been stripped of his power, but a federal corruption indictment may also strip him of his freedom. More importantly, the machine he built and the policies that protected it are slowly but surely being dismantled.

How did it come to this?

Madigan gave a hint in a statement released after four of his allies were indicted as part of a federal investigation into Commonwealth Edison's alleged, yearslong scheme to bribe the speaker.

"Some individuals have spent millions of dollars and worked diligently to establish a false narrative that I am corrupt and unethical," he said.

Madigan was ousted from the speakership because the Illinois Policy Institute succeeded in our multi-year campaign to educate Illinoisans about his power. As a result, Illinois House Democrats became more fearful of their constituents than of the speaker himself.



MADIGAN, THE MYSTERY

“We don’t want nobody nobody sent” is the most famous catchphrase for Chicago corruption. But a lesser-known mantra of the Daley Machine, and the title of a book exploring its operations, better captures how Madigan amassed and held power for decades: “Don’t make no waves, don’t back no losers.”

For decades, Michael Madigan was not a household name. He did not make waves. And he liked it that way.

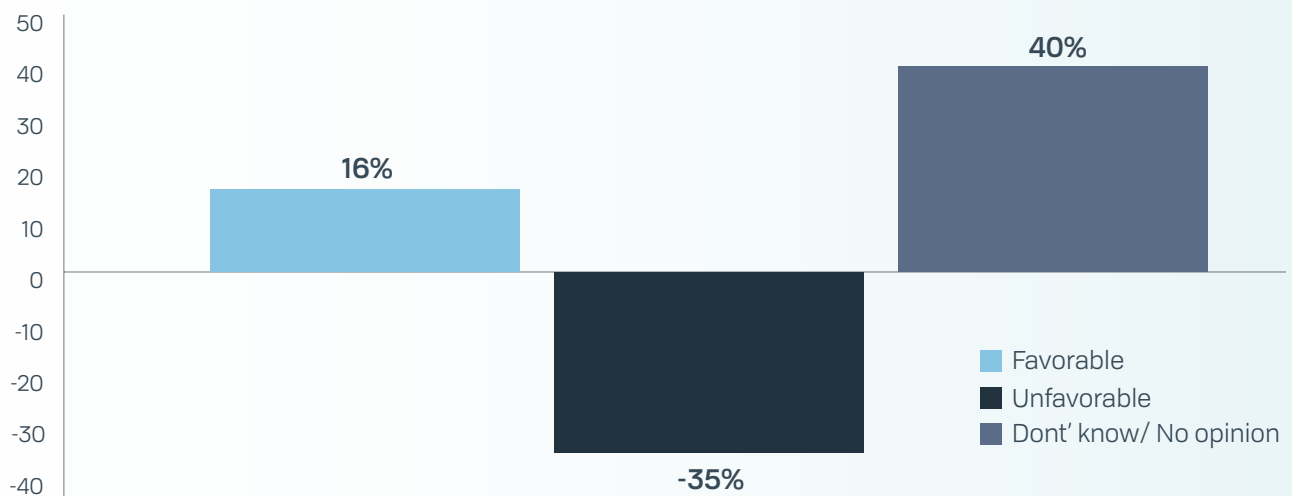
A 2012 poll (results below) found that despite serving nearly 30 years as speaker and nearly 20 years as chairman of the Democratic Party of Illinois, the most common opinion of Madigan was “don’t know” or “no opinion.”

Our team got to work, chronicling Madigan’s wielding of the House rules, property tax law, legislative district mapmaking and more to amass and solidify his power.

One of the strategic imperatives at the Illinois Policy Institute is to make marketing a priority in all that we do. In fact, the size of our audience on social media alone allows us to run the biggest focus group in the state every single day. We know what Illinois voters are talking about – and how they’re talking about it.

Slowly but surely, the most common question we heard went something like this: “What do we do about Mike Madigan?”

What is your opinion of Illinois House Speaker Michael Madigan? (2012)



MADIGAN, THE MOVIE

Our Madigan campaign culminated in a feature-length documentary on the speaker: “Madigan: Power. Privilege. Politics.” The film earned more than 250 media mentions, 1 million views of the trailer alone, and more than 2 million views of all or parts of the documentary. The institute became the go-to expert on Madigan. Here’s how it played out:

1M trailer views

500K film views

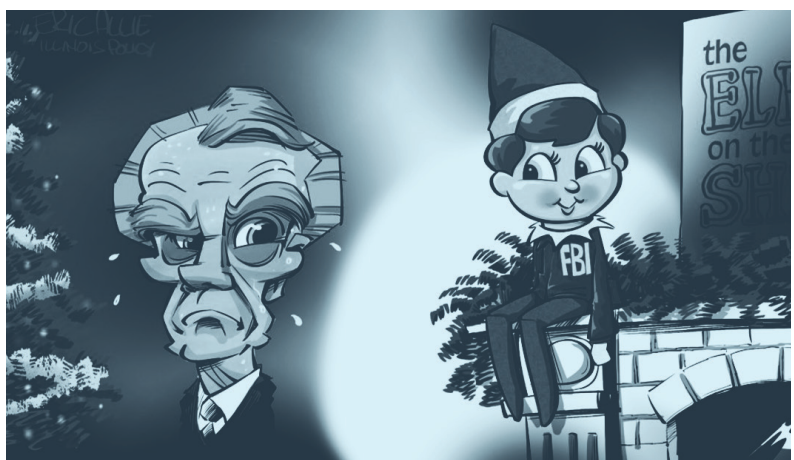
2K screening attendees

250 media placements

GO-TO EXPERTS on Madigan

Perhaps most notably, our Madigan content was viewed more than 1,200 times by the FBI’s Criminal Justice Information Services division. The most popular piece of content was our report on Madigan’s House rules, which described how Illinois granted more power to the speaker than any other state, with copious examples of bills killed or passed on the will of just one man.

The tide started to turn.



1,200 unique pageviews on Madigan content from the FBI

MADIGAN BECAME ONE OF THE MOST DISLIKED POLITICIANS IN THE NATION BY 2019

Madigan's approval rating plummeted. He became one of the most disliked politicians in the nation by 2019 – more than 70% of Illinoisans disapproved of the speaker, more than double his disapproval rating in 2012.

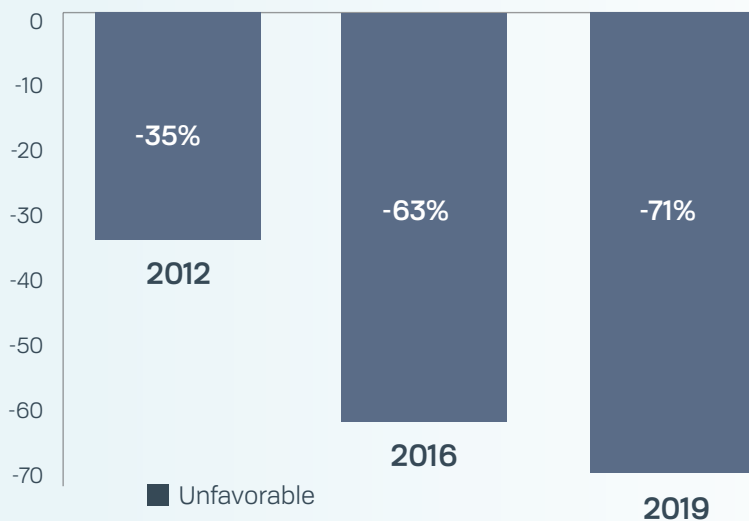
By 2021, in the wake of indictments implicating the speaker in a bribery scheme with utility giant Commonwealth Edison, Madigan was ousted by his own party from the role of speaker. His colleagues had to choose between their political careers and giving Madigan his 19th term as

speaker. They acted in their own self-interest – and Madigan's reign ended.

As the year ended, public opinion shifted dramatically (results below) as awareness of the Madigan Machine and its influence grew. In nine years, his unfavorable rating expanded by 36 points, with fully 71% of Illinoisans disapproving of the nation's longest-serving House speaker.

The polls were in. The jig was up. He was out.

What is your opinion of Illinois House Speaker Michael Madigan?

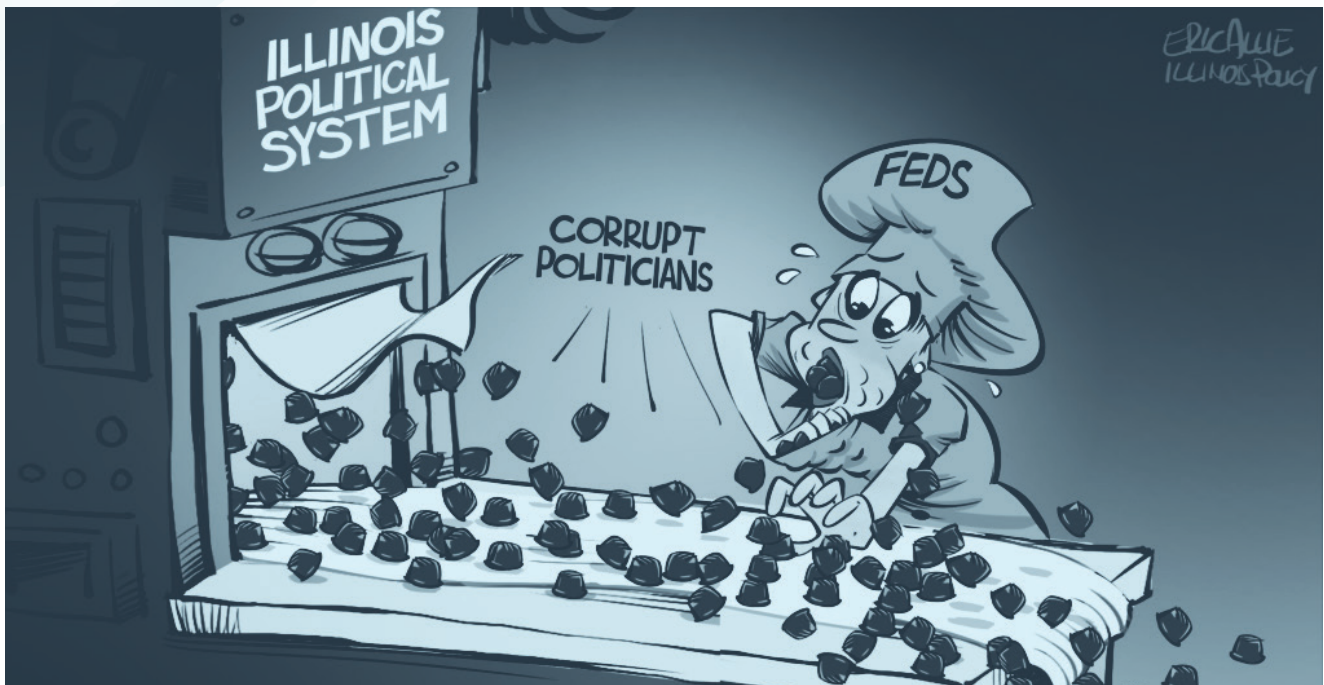


America's Last Machine Boss Goes Down

By AUSTIN BERG
February 28, 2021 6:30 AM



2021



ETHICS REFORM

But with Madigan's departure, there was still work to do. In the wake of the Madigan scandal, Illinois' incoming speaker made promises to tackle corruption in the state and to consider reforms to the House rules that enabled Madigan's consolidation of power. Several of the resulting reforms came from the institute's recommendations.

New House rules were adopted to force all bills in the Rules Committee – where popular bills would languish and die during Madigan's tenure – to be discharged to substantive committees, and to limit the term of the House speaker to 10 years.

The General Assembly also passed an omnibus ethics bill that expanded financial reporting for

public officials, allowed the Illinois Legislative Inspector General to open investigations without approval from the Legislative Ethics Commission, made up of lawmakers, and made some efforts to limit instances of lawmaker lobbying and of using the revolving door between lawmaker and lobbyist.

These reforms, although allowing some glaring loopholes and not nearly going far enough, were certainly a step in the right direction away from the days when Madigan held the gavel.

The Illinois Policy Institute started the work, and we will finish it. Illinois' honor in government is being restored.

PROTECTING TAXPAYERS' WALLET

THE ILLINOIS POLICY Institute for 20 years has been the last line of defense for the competitive advantages that remain in Illinois' tax and business climate.

And yet, today, the Prairie State has the highest state and local tax burden for a median-income family of all 50 states. It's held that record since 2018, the year after the record-setting permanent state income tax hike.

Still, Gov. J.B. Pritzker signed 24 tax and fee hikes that collectively took \$5.24 billion more away from Illinois' families and businesses.

Illinois Policy Institute research was the first to expose that these tax hikes raised an average family's taxes by roughly \$680 per year permanently, leaving that family with a net tax hike for Pritzker's first term of \$2,165, even after the governor signed off on \$550 in temporary, single-year tax relief that expires after the November election.

**THE PRAIRIE STATE HAS THE
HIGHEST STATE AND LOCAL TAX
BURDEN FOR A MEDIAN-INCOME
FAMILY OF ALL 50 STATES.**

Here's an illustration of the impact of these taxes on Illinois' families:

Illinois Gov. J.B. Pritzker's tax take-and-give

Costs to the average Illinois family since new taxes were imposed during Gov. J.B. Pritzker's administration compared with the temporary tax relief being offered ahead of the Nov. 8 election.

Tax increase	\$ increase	Tax cut	\$ relief
Gas tax hikes	\$264.06	Property tax rebate	\$300.00
Vehicle registration fee	\$100.00	Suspend grocery tax 1 year	\$56.42
Parking garage tax	\$270.00	LIFT Credit	\$200.00
Online sales tax expansion	\$46.18	6-month delay in gas tax hike	\$0.00
Permanent increases over 4 years	\$2,720.99	Total 1-year relief	\$556.42
Net tax hike	\$2,164.57		

Calculations based on average Illinois income household with joint filers, one dependent

Against this backdrop, it's clear much more work remains to be done to turn Illinois into a state with prosperous markets, healthy finances and reasonable tax burdens.

The Illinois Policy Institute was created to be the strongest voice for taxpayers in the state – to

restore balance in a state captured by special interests and corrupt insider politics. Because of our investors, the institute has been crucial to every fight that defeated a tax hike proposal.

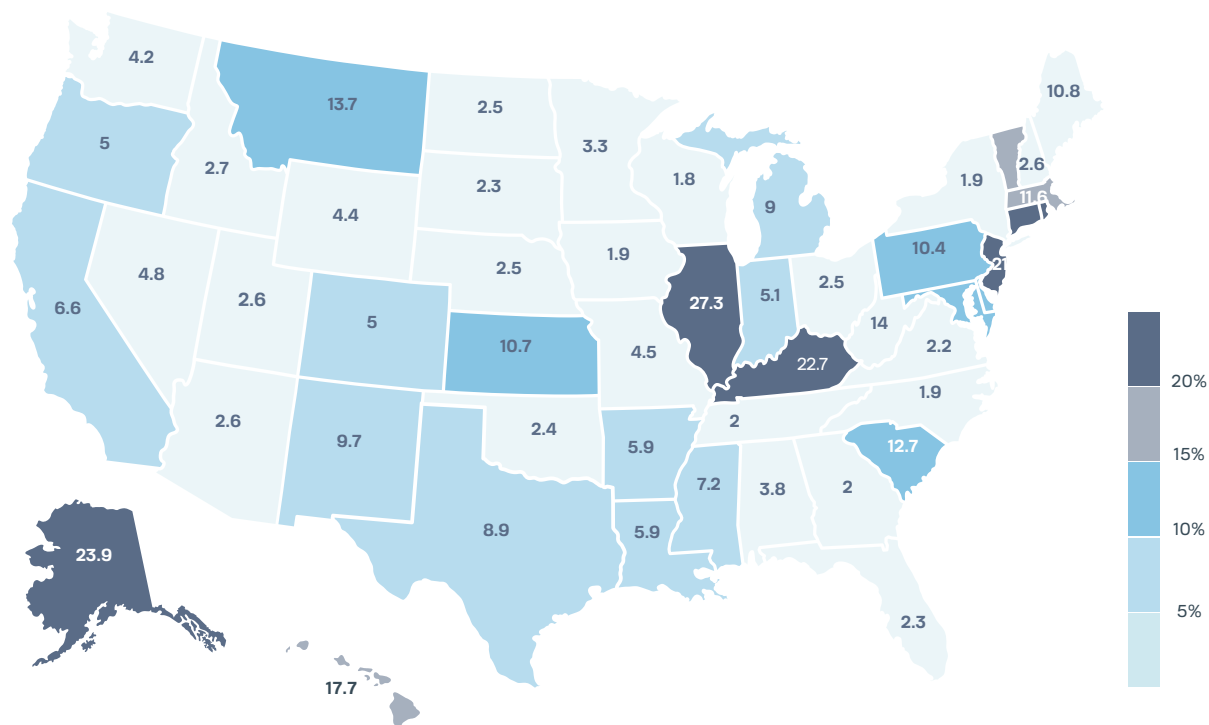
We're still watching.

THE PENSION GAME

Public pension debt is the most severe public policy challenge facing the state of Illinois. Most recently reported by Moody's Investors Service at \$313 billion, Illinois' pension debt is larger than any other state's relative to the size of its economy.

Illinois' pension crisis is nation's largest

Fiscal year 2021 unfunded pension debt to gross domestic product ratio



Illinois Policy Institute research has demonstrated the pension crisis is a root cause of virtually every other fiscal and economic challenge facing the state.

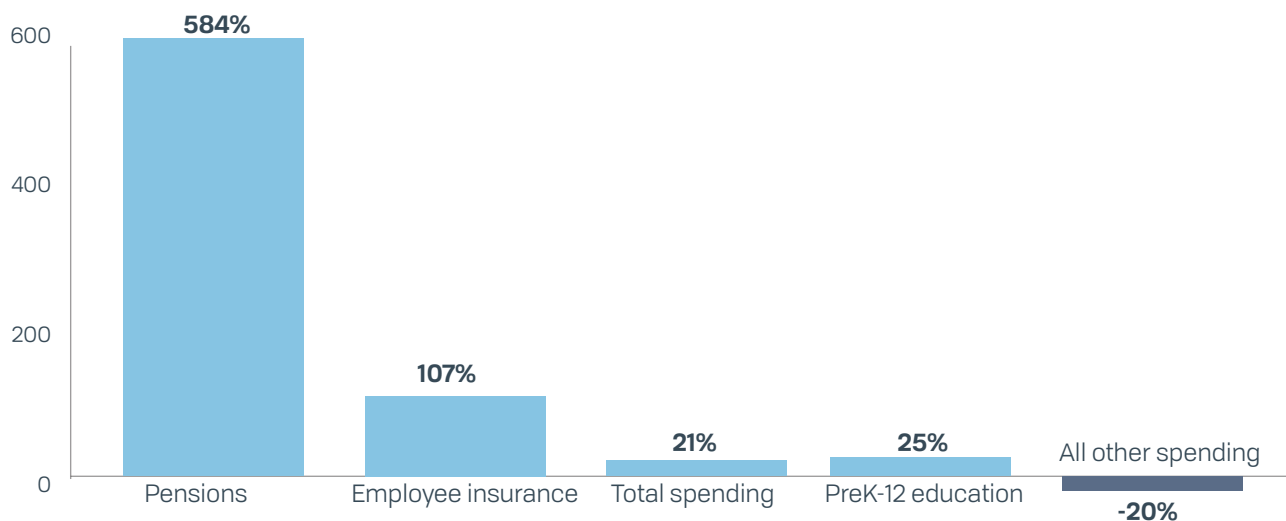
We've shown how growing pension costs in our state are consuming precious taxpayer dollars that should be serving schools, the poor and the disadvantaged. We're highlighting how the growth and influence of public-sector unions and the benefits in the collective bargaining agreements approved by the lawmakers they fund are driving our state's financial disaster.

**ILLINOIS POLICY
INSTITUTE RESEARCH
HAS DEMONSTRATED
THE PENSION CRISIS IS A
ROOT CAUSE OF VIRTUALLY
EVERY OTHER FISCAL AND
ECONOMIC CHALLENGE
FACING THE STATE.**

Here's what decades of unchecked influence looks like:

584% pension cost growth hurts core government services

Inflation adjusted growth in Illinois state expenditures by category, Fiscal Years 2000-2022



Source: Commission on Government Forecasting and Accountability, FOIA request to Governor's Office of Management and Budget, author's calculations
@illinoispolicy

But explaining the problem isn't enough.

In 2018, the institute redoubled efforts to fix the pension crisis. It released a hold harmless reform plan. Benefits earned for work already performed would still be recognized as an ironclad contract, but increases in future benefits for current workers and retirees would be subject to change.

In addition, we noted that replacing 3% compounding, post-retirement raises with a true cost of living adjustment tied to inflation, capping maximum benefits, and making other modest changes to plans would eliminate pension debt while preserving existing promises. The changes would save taxpayers \$50 billion over 25 years.

Our pension solution has gained traction like none before it. Media are taking notice. The Chicago Tribune Editorial Board's 2022 candidate questionnaire explicitly asks candidates if they support the institute's reform plan through an amendment that would "allow a reduction of future benefit growth to levels that the state can afford, while keeping current earned benefits untouched."

There's no more ignoring the elephant in the room, which means we're closer than ever to fixing the crisis.



FAIR TAX FAIL

In February 2020, 65% of Illinoisans supported a graduated-rate income tax.

By Nov. 3, only 45% voted for Pritzker's center-piece tax policy, and it failed.

What happened?

How could the richest governor in the country pour \$58 million of his own money and so much of his political capital into a pro-tax hike campaign – and fail?

It's simple: Knowledge. During 2020, the voters of Illinois achieved information parity with the political leaders in Springfield.

For decades, politicians have gone to Springfield and introduced and passed legislation that has affected all our lives — then hidden the facts such as cost and whose crony benefited.

IN 2020, TAXPAYERS GOT THE FULL STORY ON WHAT PRITZKER'S PROGRESSIVE TAX WOULD HAVE MEANT FOR ILLINOIS: EVENTUAL TAX HIKES ON SMALL BUSINESSES, RETIREES AND THE MIDDLE CLASS.

But for this ballot referendum, a revolution in information on public policy leveled the playing field between Springfield and the people of Illinois.

In 2020, taxpayers got the full story on what Pritzker's progressive tax would have meant for Illinois: eventual tax hikes on small businesses, retirees and the middle class.

That's why the Illinois Policy Institute joined retirees from Cook County in a free and equal elections lawsuit that exposed the bias in the progressive tax ballot language and the risk for Illinois retirees.

Retirees got the message.

From July to October, awareness among Illinoisans over age 55 of the fact that the progressive tax opened the door to a retirement tax went up 30 percentage points. At the same time, their opposition to the progressive tax went up 18 points.

In the fall of 2020, property taxes were the final straw. Despite promises that the graduated tax would offset the second-highest property taxes in the nation, no relief proposals ever materialized from Springfield's property tax task force. Researchers at the institute found the typical Illinois family could have expected to pay \$244 more in state and local taxes the next year, even with the progressive tax savings.

Illinoisans wised up to the fact that the progressive tax removed their constitutional safeguards, and that lawmakers would be able to change the graduated rates at will. The middle class saw the threat, because they knew the



state's \$313 billion pension debt would mean they would be the next target for higher taxes.

Pritzker said voters were deceived into voting against his tax proposal, but the truth is he was the one trying to sell a lemon – so unsure of his product's reliability that even the ballot included a sales pitch. The facts were never on his side

and all it took was a little truth-telling to expose the threats a progressive tax posed to the state and everyone in it.

Thanks to you, the progressive tax is dead, and Illinoisans are ready to hold politicians to account for the mess they've made of the state's finances.

DEFENDING SMALL BUSINESS, THE ENGINE OF JOB CREATION

Small businesses in Illinois have a big impact. They are a dynamic job creator and tax payer.

They're also a big target for policymakers.

Today, the onslaught continues. Pritzker succeeded in securing 24 new methods to extract resources from Illinois families and businesses; he would have added more but for the efforts of

the Illinois Policy Institute. One of those was a \$1 billion tax hike on small businesses that would have been a job killer.

No other organization noticed the attempt to hike taxes on vulnerable small businesses by up to \$1 billion using lame duck lawmakers – until the Illinois Policy Institute sounded the alarm and mobilized opposition.

**FOR 20 YEARS, THE ILLINOIS POLICY
INSTITUTE HAS USED RESEARCH AND
STORYTELLING TO DEMONSTRATE HOW
ILLINOIS' PUBLIC POLICY CHALLENGES
REQUIRE SYSTEMIC REFORMS,
NOT HIGHER TAXES.**

Pritzker brought it back again during the regular session. Again, it failed.

Taxes, pensions and business reforms: We hold politicians accountable with the truth. While media and politicians make misleading claims about Illinois' population growth and financial conditions, the institute provides Illinoisans with accurate information, debunking false claims.

For 20 years, the Illinois Policy Institute has used research and storytelling to demonstrate how Illinois' public policy challenges require systemic reforms, not higher taxes.

Because of you, the institute has planted the seeds of solutions and the ground has never been more fertile.

GIVING WORKERS CHOICE

38 MILLION WENT missing from Illinois government union coffers in 2021 and Illinois' largest government unions are missing 38,000 people.

It wasn't the result of fraud or any economic factors. It was members leaving in droves – and taking their money with them.

These members had had enough. Enough political shenanigans, enough strikes, enough self-centered leadership.

And they wanted out.

During the past 20 years, the Illinois Policy Institute has been there to lay the groundwork and lead the way to worker freedom for state and local employees trapped in their unions.

The institute's involvement started in 2014. We learned of Pam Harris, an Illinois mom whose family received a modest Medicaid subsidy to defray the costs of caring for her son. Because of that stipend, then-Gov. Pat Quinn—in concert with the Service Employees Interna-

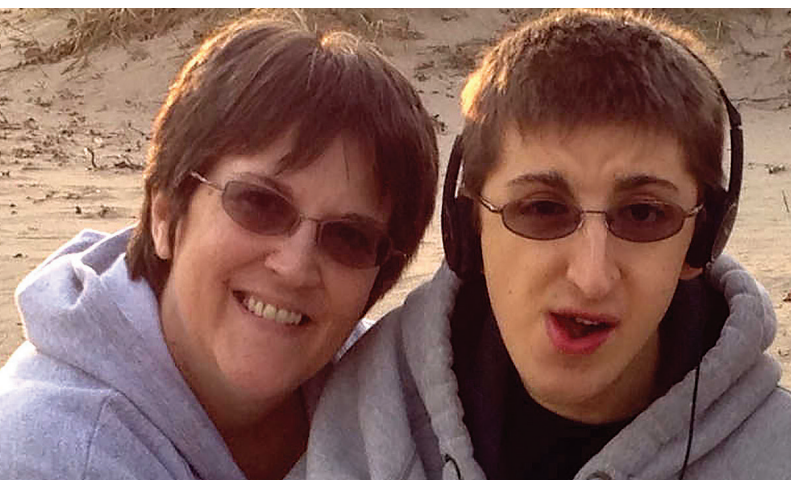
tional Union—chose to define Harris and Illinoisans like her as government workers. That meant a piece of every check flowed not to her son's care, but to SEIU coffers.

Pam challenged this scheme and took her case, *Harris v. Quinn*, all the way to the U.S. Supreme Court – and won. The court ruled caregivers such as Pam are not government workers and cannot be forced to pay union dues or fees.

The impact of *Harris* extended far beyond Illinois, freeing tens of thousands of home health caregivers across the nation from forced unionization.

Following the decision, the institute mounted a comprehensive opt-out campaign. Our efforts helped more than 13,000 Illinois in-home caregivers – 50% of home caregivers at the time – exercise their rights. This resulted in an estimated loss of \$5.7 million in union fees in the first year alone, and millions of dollars in the years since.

This was a powerful result because it established a beachhead for freedom, where workers could



Pam Harris

no longer be coerced into union membership. Parents were free to invest in their children's care rather than union operations.

The court's decision in *Harris* hinted it was ready to extend this freedom to all state and government workers – if it had the right case.

The institute set out to identify prospective plaintiffs for a labor reform case that would free all state and local government workers from the clutches of unions.

That led the institute to Mark Janus, an Illinois state worker who loved his work but didn't believe the government should force him to pay money to a union to keep his job.

In conjunction with the Liberty Justice Center and the National Right to Work Legal Defense Foundation, we filed Mark's case.

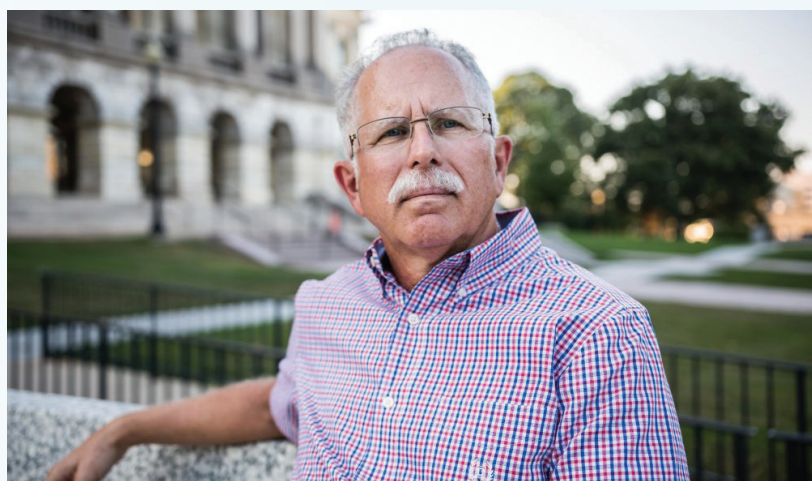
In 2018, the U.S. Supreme Court heard *Janus v. AFSCME* – and ruled that forcing state and local government workers to pay fees to a union was unconstitutional.

Because we persisted, 5 million government workers across the nation are now able to decide for themselves whether to join or pay money to a union.

In 2017 – the last full year before the *Janus* decision – the six major government unions in Illinois reported more than 427,000 workers were paying union dues or fees.

As of 2021, that number was under 390,000, a 9% drop.

"THE UNION'S FIGHT IS NOT MY FIGHT. FOR YEARS IT SUPPORTED POLITICIANS WHO PUT THE STATE INTO ITS CURRENT BUDGET AND PENSION CRISES. ... THAT'S NOT PUBLIC SERVICE."



Mark Janus



Ifeoma Nkemdi

Our fight resonated with teachers, especially.

Ifeoma Nkemdi has been a Chicago Public Schools teacher for over 15 years. Nkemdi was also a proud Chicago Teachers Union member, even appearing on the news for the union when they went on strike.

As time went on, she realized going on strike did more harm than good. Nkemdi has two sons in the Chicago Public Schools system. She saw firsthand the toll strikes would have on their educations.

Teachers unions alone have seen a nearly 10% decrease in public school employees willing to put their hard-earned money into unions that don't represent their best interests.

In fact, the Illinois Federation of Teachers, the parent affiliate of Chicago Teachers Union, has seen a nearly 18% drop.

**"I WAS VERY
EMBARRASSED [TRYING
TO EXPLAIN THE STRIKES
TO MY 7-YEAR-OLD]. I
THOUGHT, 'DID I MAKE
A TERRIBLE DECISION
BRINGING HIM INTO CPS?
IS THIS WHAT'S GOING TO
HAPPEN EVERY FIVE YEARS,
OR EVERY ELECTION?'"**

Over 38,000 government employees in Illinois have stopped paying dues or fees to their unions since 2017

Every major government union has experienced losses since the *Janus v. AFSCME* decision

Union	2017 total	2017 total
AFSCME Council 31	65,042	55,182
IFT	101,046	83,071
IEA	140,971	135,798
SEIU Health	58,410	58,205
SEIU Local 1	33,893	33,653
SEIU Local 73	28,391	23,491
TOTAL	427,753	389,400

Unions' LM-2 reports filed with the U.S. Department of Labor for 2017 and 2021

In total, that translates to approximately \$38 million in dues and fees annually that is no longer flowing directly to these unions.

Despite the *Janus* victory, the unions haven't made it easy to get out.

Since *Janus*, the institute has directly communicated with hundreds of individuals, answering their

specific questions and helping them navigate the process when their unions create obstacles.

Because of you, they get truthful answers from the institute accompanied by genuine concern and a pursuit of freedom.

That isn't something they get from their unions.

**IN TOTAL, THAT TRANSLATES TO
APPROXIMATELY \$38 MILLION IN DUES
AND FEES ANNUALLY THAT IS NO LONGER
FLOWING DIRECTLY TO THESE UNIONS.**

PUSHING BACK ON GOVERNMENT OVERREACH

WHO SHOULD CONTROL your destiny?

At the Illinois Policy Institute, we know the best policies empower people – and limit the power of government.

That's why, over the years, we've stood up and fought for change when the scales become wildly unbalanced. Big government can prevent people from pursuing their dreams and providing for their loved ones. That's wrong.

Thankfully, we've helped people across the state put a stop to government overreach.

**"OVER THE YEARS,
WE'VE STOOD UP AND
FOUGHT FOR CHANGE
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UNBALANCED."**

**THE BEST POLICIES EMPOWER PEOPLE –
AND LIMIT THE POWER OF GOVERNMENT.**

FREEDOM AND FAIRNESS FOR CHICAGO FOOD CARTS

For over a decade, Claudia Perez could have been arrested just for selling her tamales around her Chicago neighborhood.

Since 2003, Perez has supported her family by owning and operating a food cart in Little Village, a primarily Latino neighborhood on Chicago's West Side. Her business has even let her put her children through college.

But for many years, Chicago was one of the only major cities in the U.S. to prevent hard-working people like Perez from running a food cart business. She and other vendors lived and worked in fear of expensive fines and harassment. They could be stripped of their livelihoods at the whim of the police and City Hall.

But today, because of Perez' bravery and the Illinois Policy Institute's determination, food carts are now legal in Chicago.

In less than a year, the institute improved the environment for food carts. We raised awareness of the issue through articles on our website and in legacy media, produced an economic impact report showing the city was missing out on



Claudia Perez

6,400 jobs and \$8 million in new local sales tax revenue, produced a short documentary on Perez that garnered over 1 million views, and supported the food cart vendors themselves. Aldermen, including the sponsor of the ordinance to overturn the ban, Roberto Maldonado, echoed this research, verbatim, on the City Council floor.

On Sept. 24, 2015, the Chicago City Council voted unanimously in favor of an ordinance to legalize food carts, giving thousands of street vendors across the city the freedom to make an honest living and opening the door for the next generation of culinary entrepreneurs.

Chicagoans love food carts. Now, their city laws reflect that.



(Senior Vice President Hillary Gowins, former Vice President of Policy Ted Dabrowski, Alderman Roberto Maldonado, Asociación de Vendedores Ambulantes Vice President Vicky Lugo and Institute for Justice Director Beth Kregor stand together in City Hall to support food cart legalization in September 2015.)

EMPOWERING PARENTS DURING COVID LOCKDOWNS

Private schools found a way to stay open during the pandemic while the majority of public schools remained closed. Teachers union bosses wanted to rewrite the rules to handicap their competition should another state of emergency arise.

When House Bill 2789, legislation that would give the state more authority over private and public schools, arose in May 2021, the Illinois Policy Institute was the first to sound the alarm. Our advocacy partner, Illinois Policy, connected parents and families with a way to do something about it: Tell lawmakers, "No!"

By May 28, 2021, nearly 17,000 Illinoisans filed witness slips against House Bill 2789, sending a message to state lawmakers that they didn't want the state overreaching with new rules to govern public and private schools.

**"THE INSTITUTE WILL
BE THERE TO STAND UP
FOR FAMILIES, KIDS AND
TEACHERS WHO DON'T
AGREE WITH POLITICALLY
MOTIVATED UNION LEADERS."**

Because parents were connected with ways to make their voices heard, the bill, which teachers unions had a hand in drafting, ultimately failed. That irked union bosses.



Sean Denny

"Unfortunately, due to a very, very well coordinated misinformation campaign, House Bill 2789 did in fact stall," Sean Denny, I director of government relations, said in a video. "However, I want to assure everyone that we are going to continue pushing that issue. We're going to continue pushing it during veto session in November and December."

Teachers union bosses will continue trying to consolidate power. The institute will be there to stand up for families, kids and teachers who don't agree with politically motivated union leaders.

A MOTHER'S WILL TO WIN

It's easy to get cynical about Illinois politics.

Frustration is the norm in Springfield. Optimism is an emotional liability.

But Lisa Creason doesn't play by those rules. When it comes to politics in the Land of Lincoln, the single mom from Decatur pulled off the biggest underdog story of 2016. She drove to Springfield nearly every day of the legislative session for two years to fight for her family.

And she won.

Lisa and team members from the Illinois Policy Institute spent over two years in Springfield pushing for change via Senate Bill 42, which allows a select group of ex-offenders to apply for occupational licenses in the health care industry.

Lisa's fight began because she wanted to break the cycle of incarceration that went back three generations in her family, starting by undoing a mistake she made as a teenager. When Lisa was 19, she stole money from a Subway cash register to buy food for her newborn daughter. She spent one year in prison.

A stray bullet killed her fiancé in 2002. She raised three kids on her own, started an anti-violence nonprofit and went to nursing school.



Lisa Creason

On the day she graduated, she called her mother in tears. She thought she could finally move her children out of subsidized housing, out of a dangerous neighborhood and off government assistance. She thought her hard work had finally paid off.

But then it all came tumbling down.

Because of a law passed in 2011, Lisa's teenage crime denied her the chance to apply for the state license she needed to become a registered nurse.

"To be told after all we've been through that I wasn't good enough ... it was devastating," she said.

Today, because of her determination and the institute's help in getting the law changed, Lisa works as a registered nurse, saving the lives of COVID-19 patients and fighting daily to overturn similar laws across the United States.

**EMPOWERING ENTREPRENEURS, FAMILIES AND PEOPLE WHO
JUST NEED A SECOND CHANCE IS INCREDIBLY IMPORTANT
WORK. OUR FINANCIAL PARTNERS MAKE THIS WORK TO
DEFEND AGAINST GOVERNMENT OVERREACH POSSIBLE.**

BUILDING A FREE-MARKET INFRASTRUCTURE FOR ILLINOIS

SINCE THE ILLINOIS Policy Institute launched 20 years ago, the media and social media landscapes have changed significantly. Yet we are still the best at influencing the narrative on key issues and reaching audiences in their homes.

Why?

Because of the investment in our engaged audience strategy. NPR Illinois may have put it best, describing our engaged audience infrastructure as a “viral content juggernaut.”

For too long, Illinois was ruled by special interests with taxpayers left paying the bills. But power

shifted when the Illinois Policy Institute entered the scene.

Our infrastructure has been critical to:

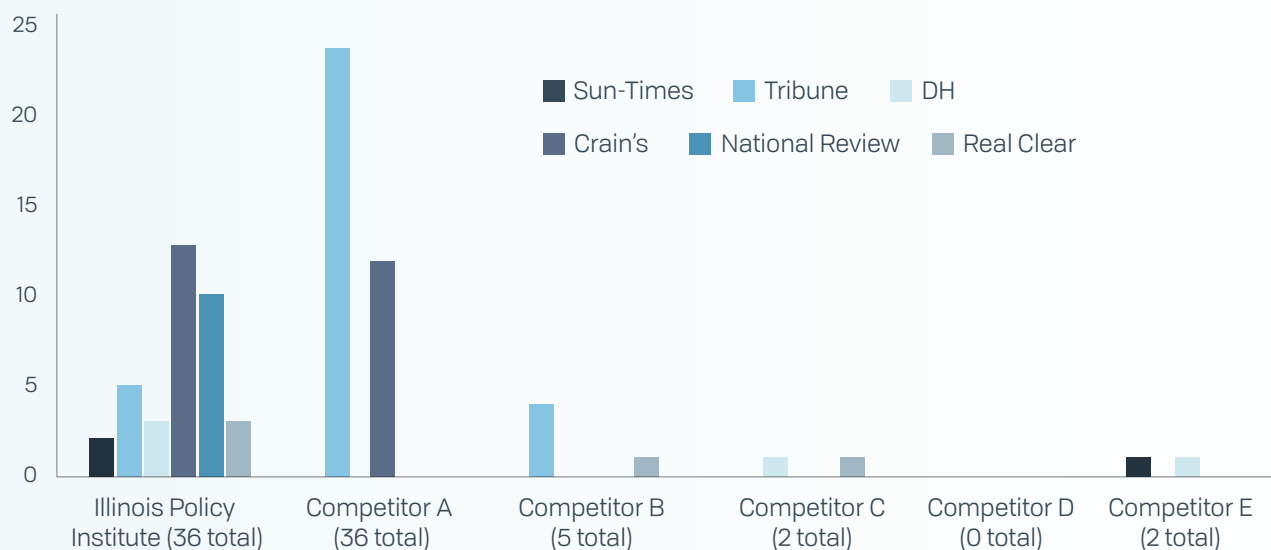
- Move voter sentiment on the progressive income tax from 30 percentage points in its favor to a 6-point defeat on Election Day.
- Change Illinois House Speaker Madigan’s unfavorable rating from 35% in 2012 to over 70% in 2019, leading to his downfall.
- Get the highest support for pension reform in Illinois history.

SHAPING THE NARRATIVE IN EARNED MEDIA

Despite the massive reduction in traditional media, the Illinois Policy Institute has grown its media footprint – and thanks to your investment, we’re doing it better than any other group in the state.

That’s because we’re doing something unique: writing and placing original opinion pieces to control our message and persuade voters.

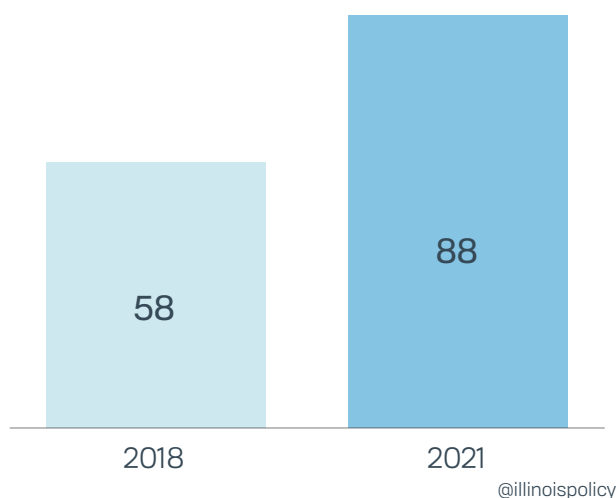
2021 editorial placements



As the accompanying chart shows, in 2021 the Illinois Policy Institute published significantly in top-tier targets, compared with other players, such as WirePoints, Better Government Association, or Civic Federation. We sat at the top of the leaderboard for opinion placements in targeted outlets for all of 2021. We also have grown our total number of published op-eds for four years continuously, reaching 88 opinion pieces across all print and online outlets last year.

The result is winning big on issues such as pensions, property taxes, outmigration, higher taxes and teachers unions.

Published opinion pieces grew from 2018 to 2021

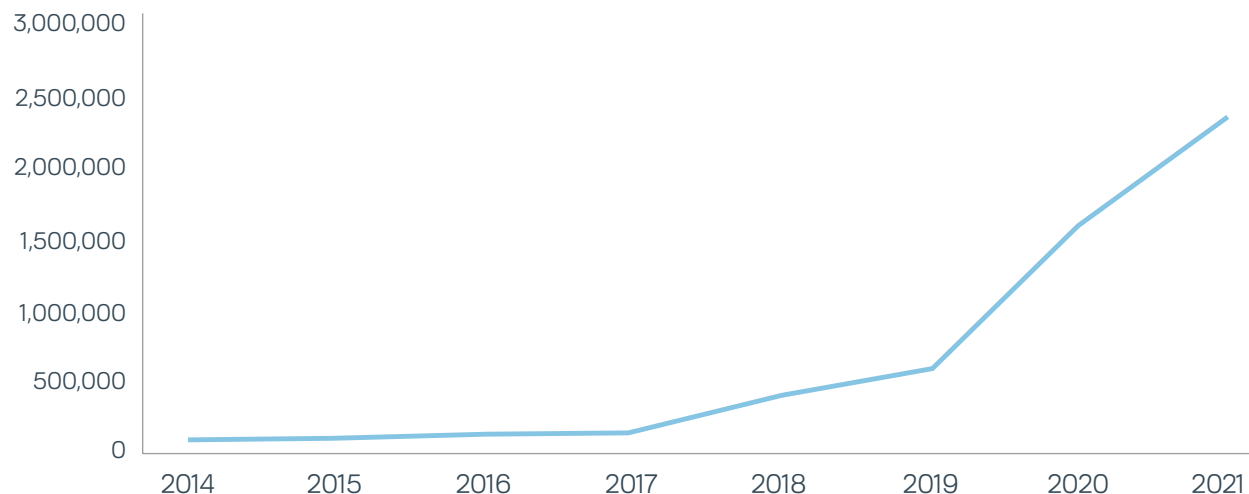


CONNECTING WITH AND ACTIVATING AUDIENCES

Our engaged audience strategy uses social media platforms to get Illinoisans to seek our email content, which we can deliver at a fraction of the cost of social media or TV advertising.

This allows us to build an asset that compounds over time, rather than folds up after every election cycle.

Engaged audience size, 2014-2021



Website traffic

Illinoisans have come to rely on our expertise at illinoispolicy.org. Our average annual web traffic since 2017 shows 15.9 million pageviews from 4.5 million unique users in Illinois. For example, on Nov. 3, 2020, the day of the election, over 530,000 readers visited our website.




Lincoln Lobby

The Lincoln Lobby was born in 2017 as a Facebook event page for a rally to vote against Madigan as Illinois' House speaker. Since then, it has grown to become the largest taxpayer activist group in the state, with more than 28,000 members. Lincoln Lobby members have acted in their communities, including contacting 20,000 voters in person, sending nearly 1 million text messages about the

progressive income tax, and generating more than 30,000 emails to lawmakers on a recent bill.

Social media growth

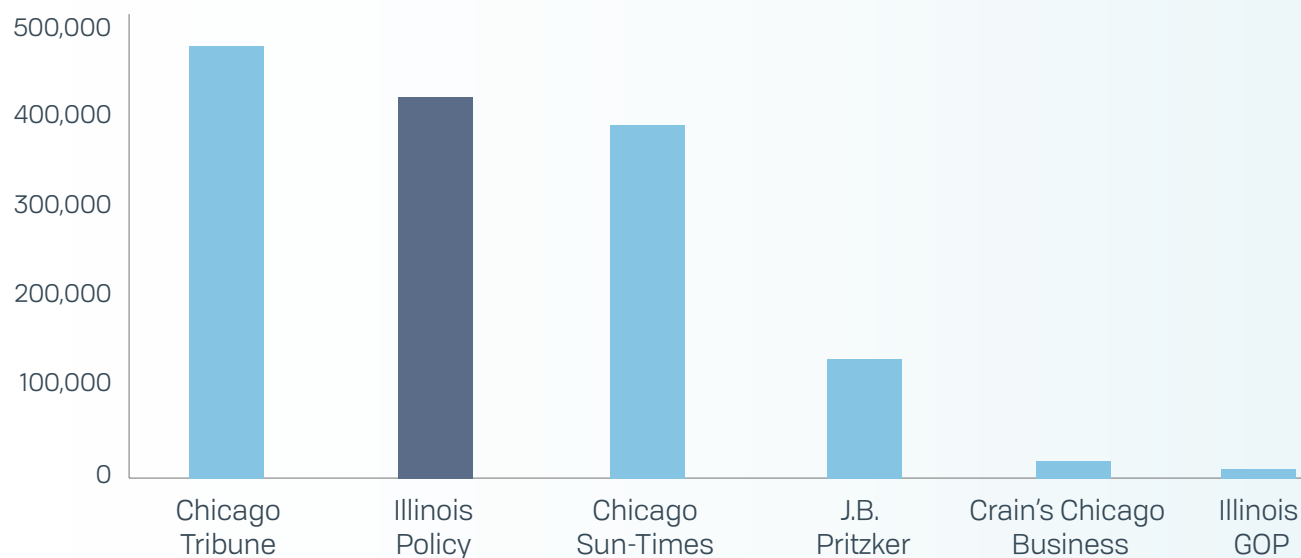
The Illinois Policy Institute's social media profiles have grown to outperform those of major politicians and legacy news outlets. We have built the largest policy megaphone in the state.

Outlet	Followers
 Facebook	369,000
 Twitter	34,000
 Youtube	6,000

For example, compare the Illinois Policy Institute's total Facebook engagements, where viewers like, comment or share a post, to those of the Chicago Tribune, Chicago Sun-Times and J.B. Pritzker. One of our most popular piec-

es of content in 2022 reached over 5.3 million individuals and earned over 200,000 engagements. That's equivalent to the residents of Aurora, the second-largest city in Illinois, engaging with the post.

Illinois Policy engagement rivals largest players in state policy and politics



"For a nation to tax itself into prosperity is like a man standing in a bucket and trying to lift himself up by the handle."

Winston Churchill

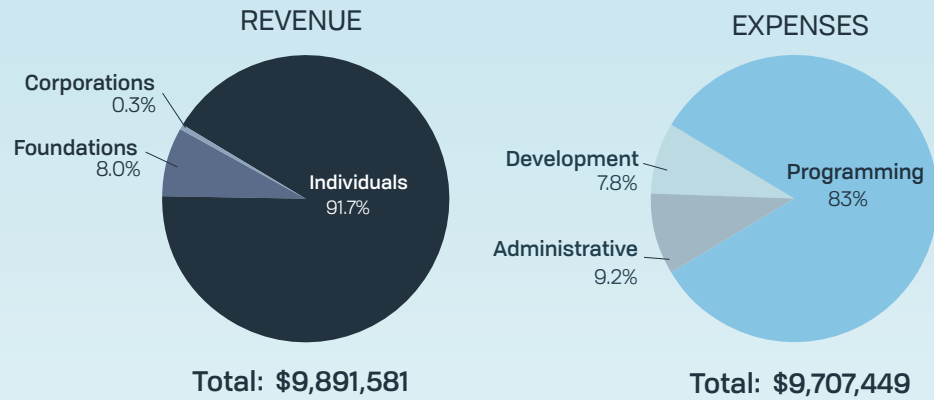


The Policy Shop

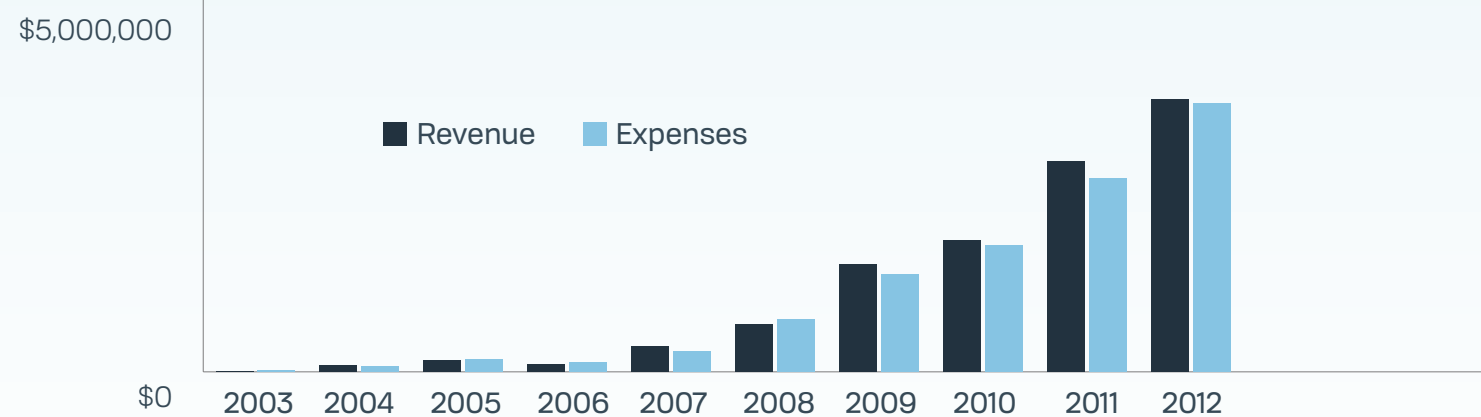
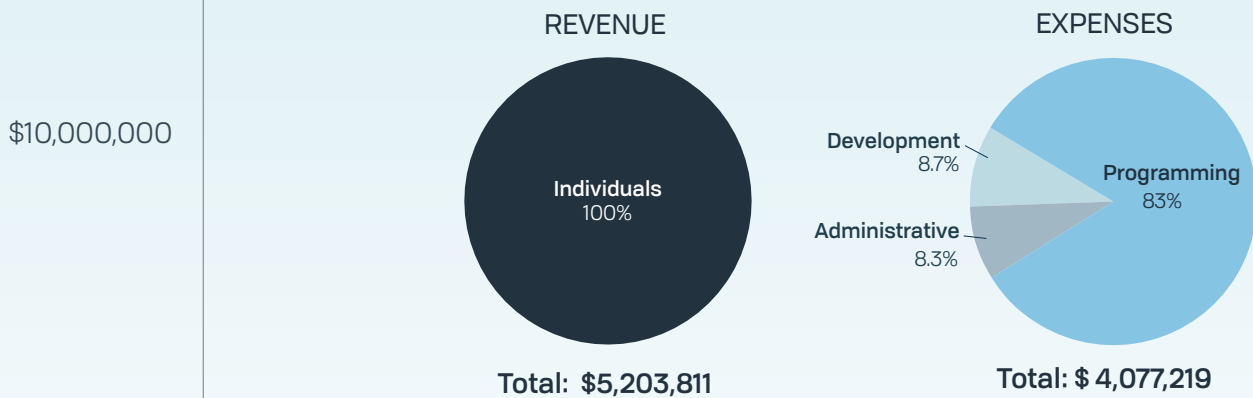
We launched a brand-new newsletter and podcast in 2021 designed to serve Illinois professionals. The result is the Illinois Policy Institute's most popular communication ever and a go-to, trusted source for quick analysis on public policy issues. Our newsletter averages 50,000 opens, which is more than the population of most Chicago suburbs. The companion podcast generates nearly 500 listeners per episode. For context, the average podcast gets only 27 listeners per episode.

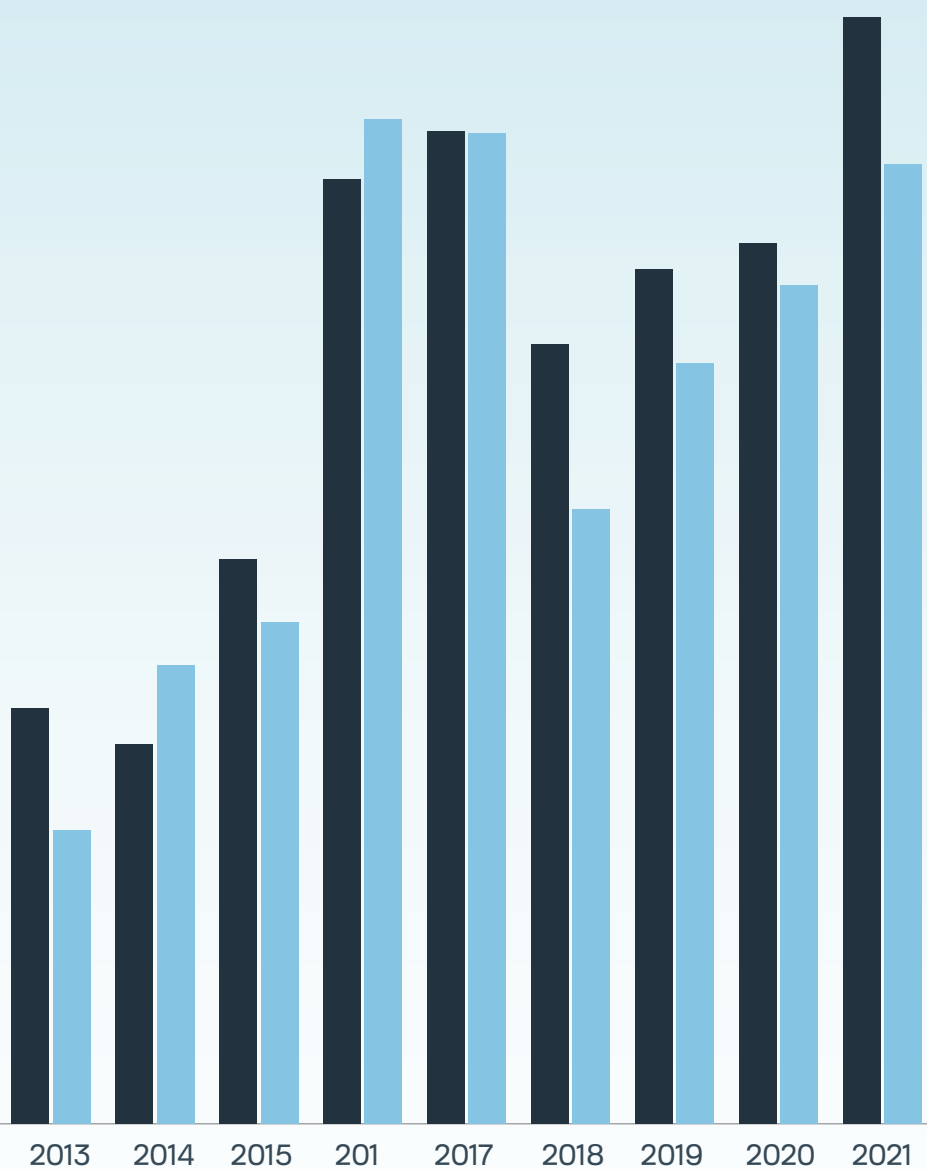
OUR GROWTH OVER 20 YEARS

ILLINOIS POLICY INSTITUTE, 2021



ILLINOIS POLICY, 2021





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'02

- Illinois Policy Institute founded.

'03-'10

- Fought income tax hike proposal.
- Opposed tax increases disguised as education funding reform. (2005)
- Offered a voucher-based alternative to then-Gov. Rod Blagojevich's Preschool for All initiative. (2006)
- Called on Illinois lawmakers to unite behind "no tax hike" pledge. (2006)
- Fought and defeated Blagojevich's gross receipts tax and Illinois Covered government health care plan. (2007)
- Authored the Illinois Liberty Agenda, a bold plan to bring jobs and prosperity back to Illinois. (2008)
- Defeated then-Gov. Pat Quinn's plan to increase income taxes by 50 percent. (2009)
- Increased the number of charter schools allowed under the statewide cap. (2009)
- Defeated House Speaker Mike Madigan's plans to provide taxpayer funding for political campaigns. (2009)
- Presented Budget Solutions 2010, a first-ever liberty-inspired budget. This was the Illinois Policy Institute's first annual balanced budget proposal. (2009)
- Defeated Quinn's attempt to hike Illinois Income taxes. (2010)
- Introduced a line-by-line balanced state budget. (2010)
- Successfully lobbied for passage of school choice vouchers in the Senate. (2010)

'11

- Led the "repeal the tax hike" campaign after the passage of the 2011 income tax hike; nearly 10,000 Illinoisans signed a repeal petition.
- Successfully lobbied for legislation that created a new authorizing agency for charter schools, making it easier for new charter schools to open in the state.
- Protected the integrity of the Illinois Transparency and Accountability Portal and restored historical salary information to the site while supporting the passage of the Tax Transparency Act.
- Launched the Liberty Justice Center, a public interest law firm focused on protecting free markets and individual freedom.

'12

- Stopped a federal bailout of state and local pension debt.
- Stopped an Obamacare Expansion of Medicaid and blocked the establishment of a state-funded insurance exchange.
- Served as the leading voice for taxpayers and parents in the Chicago Teachers Union strike.
- Released the 2012 Illinois Piglet Book, highlighting nearly 200 instances of wasteful government spending.

'13

- Drafted, introduced and filed the first comprehensive free market legislative agenda in Illinois.
- Once again blocked passage of a state-funded Obamacare health insurance exchange.
- Liberty Justice Center filed an amicus brief in the U.S. Supreme Court case *Harris v. Quinn*.
- Audited all 102 Illinois counties for online transparency and made more county government information accessible.
- Worked to get the General Assembly to include a provision in the pension

bill for optional 401(k)-style plans for all five state-funded pension systems.

'14

- Illinois Policy Action, a 501(c)(4) organization, launches, becoming the Illinois Policy Institute's advocacy partner.
- Helped to defeat three tax hike proposals – a progressive tax, a millionaire tax and a permanent income tax hike – that would have cost taxpayers \$30 billion.
- Outlined the problem of a state-funded Obamacare health insurance exchange, and it failed to pass.
- Had 1.5 million visits to our website.
- Highlighted the detrimental aspects of anti-competitive regulation to shut down ridesharing services and activated our growing audience to rally against this proposal, which failed to pass.

'15

- Exposed the attempts of the American Federation of State, County and Municipal Employees to block the governor from representing taxpayers in contract negotiations. Due to public outcry, these attempts failed.
- Drew attention to lawmakers' push to increase the income tax to 5 percent, which ultimately failed.
- Informed the public about another attempt by lawmakers to impose a millionaire tax, which would have hit small businesses; it ultimately failed.
- Had over 2.5 million video views and 3 million website visits.
- Ended Chicago's ban on food carts through storytelling, economic impact research and grassroots efforts.
- Met with Mark Janus for the first time to hear about his experience with AFSCME and what can be done about worker freedom.

'16

- Exposed again AFSCME's efforts to block the governor from representing

taxpayers in contract negotiations. Our work showed AFSCME's demands would have cost taxpayers an extra \$3 billion. Due to public outcry, these attempts failed again.

- Built out storytelling and research to show lawmakers and the public why criminal justice reform is not only a moral imperative, but also an important policy to reduce costs to taxpayers. Because of our work, Illinois passed laws that reduce occupational licensing requirements and expand opportunity for record expungement for ex-offenders.
- Illinois Policy Action released groundbreaking documentary showing the sources of former House Speaker Madigan's power.

'17

- Stopped a veto override on Senate Bill 1905, which would have outlawed local right to work in Illinois.
- Following a 32 percent state income tax hike, our pressure led a record 34 politicians to resign their seats
- Fought for and passed into law a 70% reduction in LLC filing fees for small businesses. Before this change, Illinois had the highest filing fees in the country.
- Generated support to repeal a Cook County soda tax that made soda more expensive in Chicago than nearly anywhere else in the nation.
- Laid the groundwork necessary to finally bring school choice to Illinois, as legislators enacted the Invest in Kids Scholarship Tax Credit Program
- The U.S. Supreme Court agreed to hear Janus v. AFSCME.

'18

- The Liberty Justice Center won Janus v. AFSCME at the Supreme Court, effectively creating a right-to-work law for every government employee in the nation.
- Initiated an opt-out program to educate public-sector employees about their Janus rights.

- Stopped a progressive tax proposal that would have hiked taxes on Illinoisans earning as little as \$17,300 a year. Taxpayer savings: \$3.6 billion in the first year alone.
- Generated over 100,000 petition signatures to stop a proposed tax on vehicle miles traveled.
- Won the State Policy Network's Bob Williams Award for Outstanding Policy Achievement in the "Biggest Win for Freedom" category for our work on Janus v. AFSCME.
- Launched the Lincoln Lobby, Illinois' largest taxpayer activist community.

'19

- Following our long-running campaign to highlight the corruption of Madigan, a poll showed 71% of Illinoisans viewed the House Speaker unfavorably, up from 35% in 2012.
- Offered the only research on the costs of the Chicago Teachers Union strike. Our credibility earned us placements on every TV outlet in Chicago and influenced all three of the city's main legacy newspapers to oppose the strike.
- Successfully advocated for a new law waiving the fee associated with expunging the records of wrongfully arrested, charged, or convicted people in Cook County.
- Published groundbreaking research showing Illinoisans the true cost of corruption for the first time: more than \$550 million a year in lost economic opportunity. Between 2000 and 2017 the total loss was at least \$9.9 billion, or \$779 for each person in Illinois.

'20

- Tied Gov. J.B. Pritzker's proposed progressive tax to a retirement tax by filing a lawsuit, launching a series of advertisements, and getting 1,028 organic mentions in the media. The result was voters decisively rejected the "Fair Tax." Our polling revealed that the No. 2 reason for a "no" vote was

the progressive tax would make a retirement tax more likely.

- Partnered with the Liberty Justice Center and filed three lawsuits to stop public sector unions from imposing time restrictions on when members could stop dues and – as was happening in hundreds of cases – from ignoring opt-out requests altogether.
- Served as the leading source on the economic implications of the pandemic and associated lockdowns in Chicago and across Illinois.
- Forced Pritzker to walk back an executive order attempting to criminalize businesses that violated his shutdown order. Generated over 31,000 emails from constituents to lawmakers in 48 hours.

'21

- Our years of work to reveal the truth about Madigan culminated in the end of his reign. He was later unseated as speaker of the House.
- Killed a \$1 billion small business tax hike Pritzker tried to sneak through the lame duck legislative session.
- Our advocacy partner, Illinois Policy, launched the Full Slate Project to combat voter suppression in Illinois and give voters a choice at the ballot box for the first time in decades.
- Won the "Best Issue Campaign" Bob Williams Award for our defeat of the progressive income tax.
- Three years after we first highlighted Hayli Martinez's story, legislators passed "Hayli's Law," ensuring that local governments will not try to stop children from selling lemonade or other nonalcoholic mixed beverages on private property or in public parks.
- Pressured lawmakers to reform Illinois' extensive culture of corruption, leading to the enactment of an omnibus ethics package.
- Since 2017, 9% of workers represented by public sector unions have stopped paying dues or fees in Illinois, translating to as much as \$38 million per year no longer flowing into government union coffers. The 38,353 workers who opted out of their unions following Janus could nearly fill Wrigley Field.



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