
The Rail

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Politicians protect themselves – we advocate for people

By Matt Paprocki, President and CEO, Illinois Policy Institute



Charlie Ross is a barber in Chicago who struggled so much last year with high gas prices and inflation. When he had a lot of customers, he would run out of supplies such as hair oil, neck ties or Barbicide every few days. But when fewer people came in for cuts because of rising prices, he found it difficult to keep his doors open.

The last thing he needs to look forward to in 2023 is another tax hike.

"I feel like people behind the scenes that are already rich are using the middle class and poor to stay in that position," Charlie said. "Politicians don't feel it as much because they're already in a good position, but they're adding extra pain for people already struggling."

He's right.

Since 1996, less than 50 cents of every dollar paid in property taxes actually went to services for Illinoisans. Most of it went to teachers' pensions, government employee benefits and bonds and interest.

"People behind the scenes that are already rich are using the middle class and poor to stay in that position. Politicians don't feel it as much because they're already in a good position, but they're adding extra pain for people already struggling."

And now, state lawmakers are giving themselves a \$12,000 raise, which Gov. J.B. Pritzker signed into law. Among states where legislators aren't considered full-time workers, this makes members of the Illinois General Assembly the highest paid in the nation.

We will not let this scheme go unchecked. Elected officials work for us, not the other way around. They should feel the economic impact of the bills they pass.

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In this February edition of *The Rail*, you'll learn about not only what you can expect from our government in 2023, but also commonsense policy proposals to reform our state. You'll read:

- A breakdown of the \$12,000 pay raise for state legislators
- What we're likely to see in Pritzker's second term – property taxes, gas taxes, budget, executive orders, etc.
- An analysis of how Chicago Public Schools have spent more money on fewer students since CORE took over CTU in 2010 – all while proficiency in reading and math declined
- Four ideas to make Illinois better this year: 1) no new taxes, 2) a spending cap, 3) property tax relief and 4) cut down on business regulations.

- Lastly, a brief explanation of why it's so important to bring property taxes under control and make this a state everyone can afford to live in

Politicians and their cronies may be protecting themselves, but because of you, we're advocating for the people of Illinois.

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Thank you for your commitment to restoring Illinois' freedom and prosperity.

In liberty,



Matthew T. Paprocki
President
Illinois Policy Institute



Illinois lawmakers' pay 4th-highest in U.S. after Pritzker OKs \$12,000 raises

State lawmaker pay has increased by more than \$17,000 during Gov. J.B. Pritzker's administration. State representatives and senators make the most for jobs considered less than full time, 4th in the U.S. overall.

By Bryce Hill

Illinois' statewide elected officials received massive pay hikes to start the new year, as Gov. J.B. Pritzker signed off on raises for all the state's top leaders.

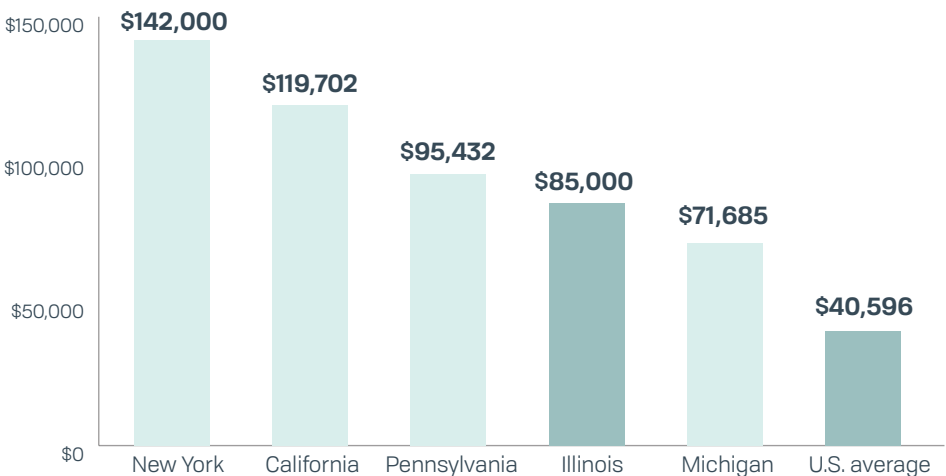
Now, base salary for members of the Illinois General Assembly starts at \$85,000, though many will receive even more than that after accounting for bonuses for committee responsibilities and leadership positions ranging from \$12,000 to \$16,000. Lawmakers also receive a per diem worth

\$155 per day and mileage of 58.5 cents per mile when traveling in official capacities.

Lawmakers in Illinois are now the fourth-highest paid in the nation, behind only New York, California and Pennsylvania. Among states where legislatures are considered less than "full-time," Illinois' lawmakers are the highest paid, according to data from the National Conference of State Legislatures.

Illinois lawmakers No. 4 for legislative pay in U.S

Current state lawmakers pay. Illinois is highest amongst lawmakers who are less than full-time



The National Conference of State Legislatures classifies Illinois as “full-time lite,” meaning they serve smaller districts and work shorter sessions than full-time lawmakers, but are highly paid, employ large staffs and perform legislative work for at least 80% of their jobs.

The National Conference of State Legislatures classifies Illinois as “full-time lite,” meaning they serve smaller districts and work shorter sessions than full-time lawmakers, but are highly paid, employ large staffs and perform legislative work for at least 80% of their jobs. Lawmakers are in session for about 70 days a year.

During Pritzker’s administration, annual base salaries for lawmakers have

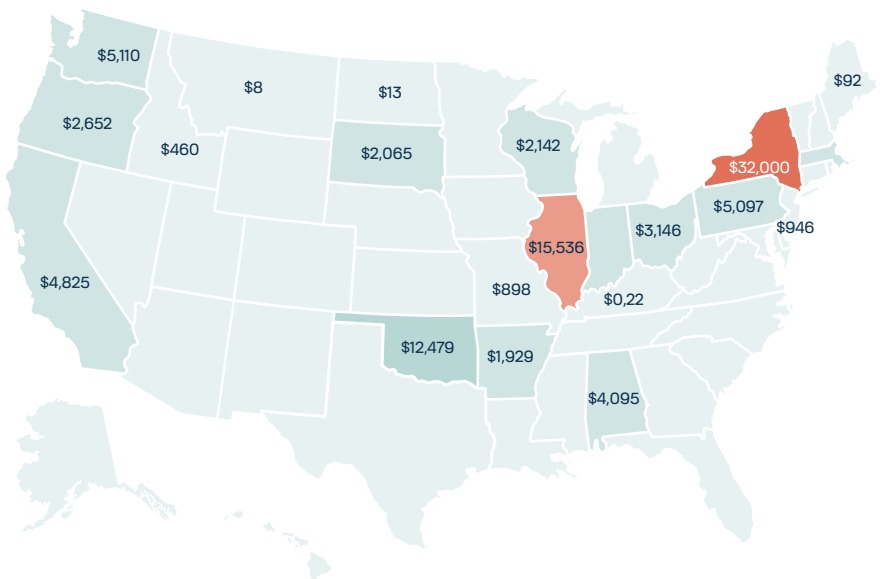
increased by \$17,164. Prior to the Pritzker administration, members of the General Assembly—who were still among the highest paid in the nation—had not received salary increases since 2008.

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Since 2020—the farthest back comparable data is available—lawmaker pay has increased more in Illinois than every other state except New York, which raised state lawmaker pay by \$32,000—now up to \$142,000—on Jan. 7 of this year, making them the highest paid in the nation. Oklahoma’s lawmakers have received the third-largest increase in base salary since 2020, with annual base salaries increasing by \$12,479, according to NCSL.

Illinois lawmakers get 2nd-biggest pay boost since 2020

Change in state lawmaker compensation since 2020



Montana and Kentucky changes are per day while North Dakota compensation change is per month

Map: @illinoispolicy. Source: National Conference of State Legislatures, Senate Bill 1720, CBS News.



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While lawmakers have secured pay raises that far outpace the near-record inflation experienced in 2022, Illinoisans' incomes have failed to keep up. Workers are facing the second-highest unemployment rates in the nation, and the state's tax burden continues a meteoric rise.

Rather than giving themselves massive raises like the lame ducks of the past legislative session did in their final days, the lawmakers of the 103rd General Assembly should focus on substantive relief for their constituents.

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Bryce Hill is the director of fiscal and economic research with the Illinois Policy Institute.

Will Pritzker's 2nd term bring more tax hikes, emergency orders?

Illinois has reached the four-year mark with Gov. J.B. Pritzker's administration. What do the past four years tell Illinoisans about what to expect in his second term?

By Dylan Sharkey

Property taxes

While Pritzker reduced residents' future property tax payments after consolidating 650 state police and firefighter pension funds in 2019 and sent out one-time rebate checks averaging \$200, Illinoisans' overall property taxes have still gone up \$2,228 since he took office.

Illinois homeowners now spend the second most on property taxes in the U.S. and double the national average. Pritzker's initial campaign promise of property tax reform seems to have been lost.

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Gas taxes

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He also added automatic annual hikes for inflation that drove the rate to 39.2 cents but delayed the 2022 increase until after the election—leading to a hike of 42.4 cents Jan. 1 with a second hike coming July 1 expected to take the rate to 44.3 cents.

Ending the automatic annual gas tax hike would be a taxpayer-friendly move, especially for low-income Illinoisans as the nation faces a recession.

Unemployment Insurance Fund

Pritzker and state lawmakers missed opportunities to refill the state's Unemployment Insurance Trust Fund and repay a federal loan using federal COVID-19 funds, incurring an estimated \$50 million or more in interest. But then he signed a bipartisan agreement from lawmakers to refill the fund and pay off the last of the federal debt.

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The law saves taxpayers from an extra \$20 million in interest that would have been due next September.



Illinois budget

Pritzker has repeatedly claimed to have balanced the state budget each year since taking office, including a \$46.5 billion budget for fiscal year 2023—the largest ever passed in Illinois’ history.

But there was also \$14 billion in new federal relief funds to the state, counties and municipal governments during the pandemic that were used to boost spending.

Illinois was also the only state to rely on emergency borrowing from the Federal Reserve to shore up its budget during the pandemic, bringing in an additional \$3.2 billion.

Pritzker did use these fungible relief dollars to refill the state’s rainy-day fund to over \$1 billion and pay off \$1.098 billion in pre-paid tuition and state employee health insurance debt.

Pritzker secured six credit upgrades for Illinois since 2021—the first upgrades on state bond ratings in more than two decades. Even so, the state still boasts the worst credit rating in the nation and state leaders show little fiscal restraint.

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Executive orders

Just ahead of his inauguration for his second term, Pritzker issued his 38th COVID-19 disaster proclamation, extending his emergency powers through Feb 5.

When the newest proclamation ends, Pritzker will have held emergency powers for 1,060 of 1,483 days in office, or over 70% of his tenure.

None of Illinois' neighbor states are ruled through emergency powers. As of Jan. 26, Illinois was one of just seven states nationwide still calling the COVID-19 pandemic an emergency after Kansas let its order expire.

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Four years down, four to go. Let's hope for the welfare of Illinois' taxes, population and business community that Pritzker's past isn't the state's future.



Dylan Sharkey is the assistant editor with the Illinois Policy Institute.

Chicago Public Schools spends 55% more on 20% fewer students than in 2010

Over 87,000 students have left Chicago Public Schools and student proficiency rates have dropped since the militant Caucus of Rank-and-File Educators took over the Chicago Teachers Union in 2010. All that, and 55% higher costs.

By Hannah Max

The Caucus of Rank-and-File Educators, or CORE, has been at the helm of the Chicago Teachers Union since 2010, overseeing higher taxes for fewer students and poorer academic performance.

Nearly 410,000 students were enrolled in Chicago Public Schools at the beginning of the 2009-2010 school year. This fall, about 322,000 students remained.

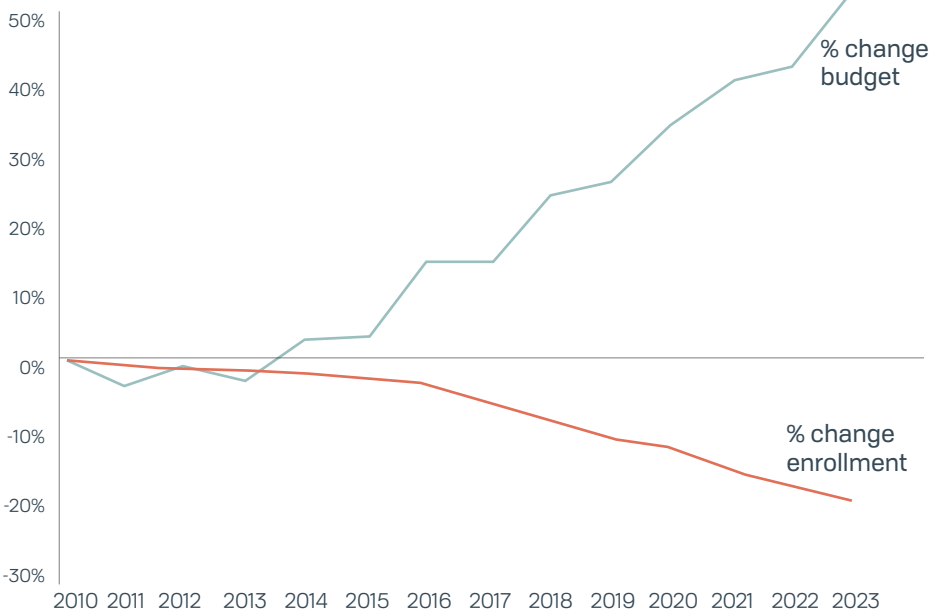
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The district's demands on taxpayers ballooned by 55% during that time. CPS will collect more than \$7 billion from state and local taxpayers in fiscal year 2023. That number was \$4.5 billion in fiscal year 2010.

Chicago enrollment drops despite 55% larger district budget

Chicago Public Schools budgets have increased by 55% while student enrollment has decreased by 21%, based on own source revenues for fiscal years 2010 to 2023.



Source: Chicago Public Schools

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But dropping enrollment is not the only concern about the district since CORE took over in 2010.

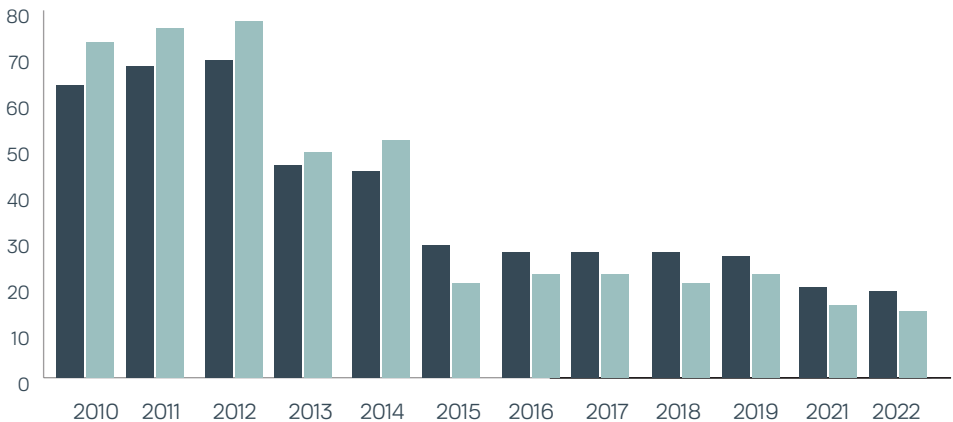
Between 2010 and 2014, the share of students considered proficient in reading dropped by 29%; in math, that share dropped 30%.

Academic proficiency among CPS students has been declining in recent years, based on achievement reports for grades three through eight filed by the district with the Illinois State Board of Education.

Between 2010 and 2014, the share of students considered proficient in reading dropped by 29%; in math, that share dropped 30%. After a change in state testing – between 2015 and 2022 – student proficiency dropped 33% in reading and 31% in math.

Chicago Public Schools students drop in reading, math

Academic proficiency rates decline among Chicago Public School 3rd through 8th graders since the militant Caucus of Rank-and-file Educators took over Chicago Teachers Union leadership in 2010.



Academic proficiency measured by CPS students in grades 3-8 scoring 4 or 5 on the ISAT, PARCC or IAR achievement tests, as reported by ISBE. Note: In 2015, Illinois adopted Common Core standards for testing.

Source: Illinois State Board of Education

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At the end of the past school year, just 20% of third through eighth graders on average were proficient in reading and 15% in math.

Why are families leaving and students struggling?

The militant bargaining tactics used too often by CTU leaders to get their demands met have not been in the best interests of CPS students and families – or taxpayers.

CTU has gone on strike twice and walked out on students three times since CORE took over union leadership in 2010. A year ago the union illegally walked out on students over COVID-19 protocols, giving

parents just hours to scramble for a back-up plan after the union decided not to show up for in-person classes.

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Parent Sarah Sachen has seen her kids struggle in the wake of repeated school closures caused by the union.

“When the union calls a strike, it impacts families financially, educationally, socially,” Sachen said. “CTU wants to keep pushing and striking for demands not even related to education and I don’t want the CTU to have any more power to do that. Learning should not be impeded or stopped for the union’s political games.”

“When the union calls a strike, it impacts families financially, educationally, socially. CTU wants to keep pushing and striking for demands not even related to education and I don’t want the CTU to have any more power to do that. Learning should not be impeded or stopped for the union’s political games.”

The union acts as though it faces no consequences for interrupting students’

learning and instead celebrates its use of strike power. Its website proudly claims it “spread the new gospel” of strike power and instigated strikes in public school districts across the country after its 2012 strike.

CPS parents are tired of watching teachers walk out on their children and seeing their students’ learning sacrificed for union leader demands. Taxpayers are also weary of CTU’s militancy.

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The union’s most recent contract with the district came on the heels of a two-week strike during which students missed 11 days of classroom instruction. CTU leaders flexed their muscles over staffing decisions and social agendas in the district, and taxpayers were called upon to carry the cost of the expensive contract.

The contract included teacher raises despite district teacher salaries growing 75% faster than the salaries of everyday



Chicagoans during the 10 years leading up to the 2019 strike. And those same Chicagoans were expected to pay for the more-expensive contract which was projected to cost residents an average of \$80 a year in higher property taxes.

CTU wants to eliminate Illinois' only school choice program, the Invest in Kids Act. This scholarship program provides a choice for low-income families and students who can't afford schooling options outside the public system but are seeking a better fit beyond traditional neighborhood schools.

While CTU frequently walks out on students, it is also fighting against giving parents and students other options outside traditional neighborhood schools. CTU wants to eliminate Illinois' only school choice program, the Invest in Kids Act. This scholarship program provides a choice for low-income families and students who can't afford schooling options outside the public system but are seeking a better fit beyond traditional neighborhood schools.

If CTU and its allies get their way, over 9,000 low-income students across the state will lose their scholarships to attend private school.

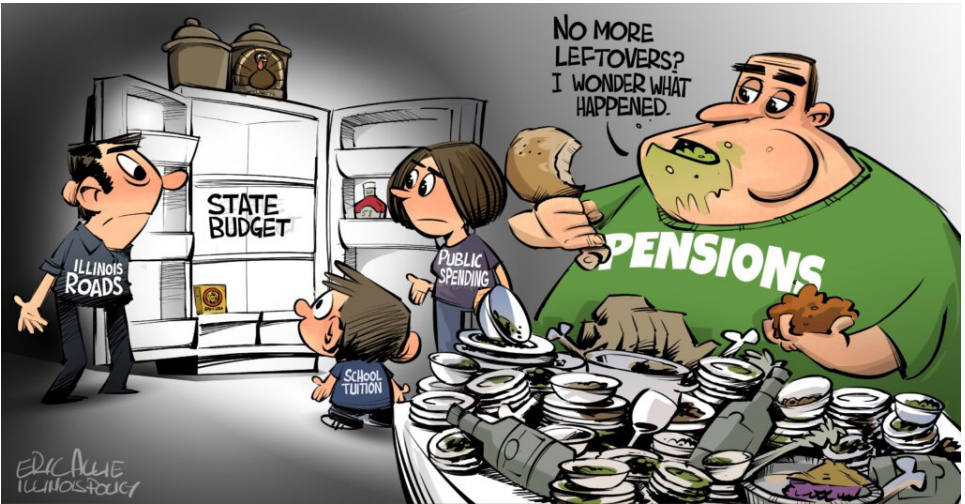
If CTU and its allies get their way, over 9,000 low-income students across the state will lose their scholarships to attend private school. The Invest in Kids Act should be expanded and made permanent to ensure families have educational choices.



Hannah Max is a policy research assistant with the Illinois Policy Institute.

These 4 things could fix Illinois in 2023

From The Policy Shop, Ep. 67



The 103rd Illinois General Assembly was inaugurated on Jan. 11. With new lawmakers in place, what are the laws they should enact to make life better for Illinoisans? Spoiler alert: Lower taxes wouldn't hurt.

1) Commit to no new taxes and no tax hikes. Lawmakers can start by alleviating Illinoisans' pain at the gas pump. While gas prices have fallen from their peak in Illinois, bad policy keeps gas prices the highest in the Midwest. It didn't help when Gov. J.B. Pritzker doubled the gas tax in 2019 and implemented automatic annual increases. As a result, Illinoisans pay the second-highest gas taxes in the nation.

While gas prices have fallen from their peak in Illinois, bad policy keeps gas prices the highest in the Midwest.

Pritzker also delayed the 2022 gas tax hike after the November election, so Illinoisans will see two gas tax increases this year. The first hike hit on New Year's Day, worth about 3 cents, and the regularly scheduled hike will follow on July 1, 2023. Together, the increases are expected to raise the state's gas tax to more than 44 cents per gallon.

2) Enact a spending cap and a true balanced budget requirement. Some long-term solutions to Illinois' budget woes? Remove the politics from budgeting: Tie growth in government spending to growth in Illinois' economy. A spending cap will give lawmakers a reasonable idea of what growth in revenues should look like so they can plan their budget accordingly.

With lawmakers budgeting the same way everyday residents do at home, Illinoisans could rest assured they're getting a state government they can afford.

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Another budgeting tool is a true "balanced budget" requirement that means lawmakers end the fiscal year with balanced books. Illinois' current system only requires prospective balance, meaning lawmakers only have to declare their proposed budget for the upcoming

fiscal year is balanced in order to meet the requirement. This doesn't make any sense compared to how good budgeting should be done.

3) Property tax relief – For residents facing the second-highest property taxes in the nation, three specific reforms could help: pension reform, a citizen empowerment act and a property tax freeze.

Take the pension reform example: while Illinois' \$140 billion in unfunded pension liabilities in the five state retirement systems eat at the state budget, local governments are accountable for approximately another \$70 billion in local government pension debt, which consumes significant chunks of property tax dollars. Adopting a hold-harmless pension reform plan would uphold the state's pension promises to current workers and retirees and allow for adjustments to future benefits. This could put the state's financial affairs in order and help offer property tax relief.

For residents facing the second-highest property taxes in the nation, three specific reforms could help: pension reform, a citizen empowerment act and a property tax freeze.

Meanwhile a property tax freeze would limit local governments subject to the Property Tax Extension Limitation Law from increasing property tax extensions (total tax bills), unless they received voter approval.

4) Cut down on business regulations – To make it easier to do business, Illinois needs to cut back on its more-than-double the national average of business regulations. One clear step is to create a sunset commission designed to identify regulations for repeal.

Small businesses are the lifeblood of Illinois, and alleviating pressures on them is a must when it comes to attracting

new jobs and signaling Illinois is open for business. Businesses with fewer than 20 employees are the only companies that saw job growth after the pandemic hit.

Many Illinoisans who try to start businesses never open their doors when compared to other states, indicating there is something unique to Illinois' regulatory process that is holding them back.

Despite small businesses' contributions to the state, Illinois' leaders reward them by subjecting them to more regulatory hurdles than other states. Illinois has the third-highest number of state regulations with 278,475 individual restrictions and requirements, more than double the U.S. average. Many Illinoisans who try to start businesses never open their doors when compared to other states, indicating there is something unique to Illinois' regulatory process that is holding them back.

Trimming Illinois' costly regulations would free up resources that small business owners could use to reinvest in their businesses.

This legislative session promises to be a busy one: it's time lawmakers put taxpayer priorities first. Get this session off to a good start by calling, emailing or contacting your lawmakers to tell them what taxpayer priorities you'd like to see them take up.

THE [POLICY] SHOP

The Policy Shop is a weekly podcast tackling Illinois' most important issues.

Making our vision manifest

By Aidan Grogan

One of our core beliefs at the Illinois Policy Institute is that property taxes must be brought under control so people are not forced out of their homes.

Last year, Illinois property taxes were again the second-highest in the nation, with \$4,419, or 2.27%, paid on a home priced at state median value.

Yet government unions still weren't satisfied. They managed to barely limp a deceptively-titled "Workers' Rights Amendment" across the finish line in November, which our research shows may guarantee increases in property taxes for the average homeowner of \$2,100 during the next four years.

Countless Illinoisans who grew up, started families and worked here their entire lives are now fleeing our state because it's becoming unaffordable. Illinois loses a resident, on average, every 3 minutes and 43 seconds.

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Jerome Cooper was a Local 134 electrician whose family has lived in Illinois since 1968, and he was particularly concerned about Amendment 1 making it too expensive for him to continue living here.

"Higher property taxes from Amendment 1 would mean I'm gonna have to leave Illinois because I can't afford to stay here," Cooper said. "The same goes for most of my elderly neighbors. It'd be devastating."

With government union power now firmly cemented into the Illinois Constitution—which we argue violates national labor law—it is more important than ever for us to be a tax watchdog for Illinoisans such as Jerome Cooper.

"Higher property taxes from Amendment 1 would mean I'm gonna have to leave Illinois because I can't afford to stay here"

This is why a property tax freeze is so crucial in 2023. It would give taxpayers some breathing room while preventing government unions from using ordinary Illinoisans as a source of revenue.

Your contribution helped us beat Gov. J.B. Pritzker's progressive income tax amendment in 2020. The machine may attempt to churn out new taxes this year. It may treat taxpayers as fuel for its combustible engine. But we can put out the fire before it ignites.

Together, let's defeat the machine in 2023.

Thank you for giving us the ink to write Illinois' comeback story.



Aidan Grogan is the development writer with the Illinois Policy Institute.

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