

5-2017

Governor Rauner's Turnaround Agenda from a Comparative State Policy Context

Marnie Leonard

Southern Illinois University Carbondale, mleonard@siu.edu

Follow this and additional works at: http://opensiuc.lib.siu.edu/ppi_papers

This Paper #50 in **The Simon Review** Series.

Recommended Citation

Leonard, Marnie. "Governor Rauner's Turnaround Agenda from a Comparative State Policy Context." (May 2017).

This Article is brought to you for free and open access by the Paul Simon Public Policy Institute at OpenSIUC. It has been accepted for inclusion in The Simon Review (Occasional Papers of the Paul Simon Public Policy Institute) by an authorized administrator of OpenSIUC. For more information, please contact opensiuc@lib.siu.edu.

Governor Rauner's Turnaround Agenda from a Comparative State Policy Context



By: Marnie Leonard

Paper #50 - May 2017

A Research Project of the Undergraduate Assistantship Program
directed by John Jackson and the Paul Simon Public Policy Institute

THE SIMON REVIEW

The Simon Review papers are occasional nonacademic papers of the Paul Simon Public Policy Institute at Southern Illinois University Carbondale. These papers examine and explore policy issues within the scope of the Institute's mission and in the tradition of the University.

Production and distribution of this paper is supported by the generosity of donors to the Friends of the Paul Simon Public Policy Institute Fund. To learn more about this fund, please visit www.paulsimoninstitute.org/donate.

The Paul Simon Public Policy Institute acts on significant and controversial issues impacting the region, the state, the nation, and the world. The Institute is committed to developing and working to implement approaches that could bring concrete, positive results in tackling some of the most difficult challenges in the public policy arena. The Institute focuses its efforts on fostering ethical conduct in government, opportunity and fair treatment for people in America and throughout the world, and promoting responsible citizenship for all Americans--but particularly for young Americans.

The Institute executes its mission by conducting nationally known public opinion polls (Simon Poll™ and The Southern Illinois Poll™) to inform decision makers and citizens, and analyzing public policy in this paper and other media. The Institute also provides and supervises paid internships and other learning opportunities for university students, hosts lectures and conferences with noted leaders in public policy, journalism and other fields, and provides leadership and civic education programs for high school students.

More information about the Institute can be found at www.paulsimoninstitute.org.

Feedback on this paper is welcome at our Facebook page at www.facebook.com/paulsimoninstitute or by mail at our address below. Please remember to 'like' us on Facebook.

This and other *The Simon Review* papers are also available online at www.thesimonreview.org or www.paulsimoninstitute.org/thesimonreview.

Paul Simon Public Policy Institute
Southern Illinois University Carbondale
Mail Code 4429
1231 Lincoln Drive
Carbondale, Illinois 62901

SIU SOUTHERN ILLINOIS UNIVERSITY
CARBONDALE **PAUL SIMON
PUBLIC POLICY INSTITUTE**

Abstract

The purpose of this research is to study Illinois Governor Bruce Rauner's Turnaround Agenda, which he initially unveiled in 2015 after taking office. His plan was meant to overhaul state government with goals that were largely focused on keeping businesses in Illinois and convincing new businesses to take root, but proposals like limiting union power and decreasing workers' compensation costs for employers have kept him at odds with Democratic lawmakers like House Speaker Michael Madigan and Senate President John Cullerton. This has led to an unprecedented budget stalemate in the Capitol as neither side is willing to compromise. Now, after two years of gridlock between Governor Rauner and Democrats in the Illinois House and Senate, the governor has had to put many items of his original 44-point Turnaround Agenda on hold. His wish list is down to seven key points: term limits, workers' compensation reform, education funding reform, a property tax freeze, pension reform, redistricting reform, and creating local "employee empowerment zones". Since the governor has said time and time again that the state's policies and economic climate causes residents and businesses to move to surrounding states, for each of the seven items I have outlined the background of the issue, the plan put forth by Governor Rauner, and drawn comparisons to the policies in place in neighboring states. Through these comparisons, readers can make comparisons with the competitor states as to whether these states are more business-friendly, how accurate the governor's claims are, and what Illinois could potentially look like under the laws of its surrounding states.

Table of Contents

Abstract	2
Introduction	6
Term Limits	15
Workers' Compensation	25
Education Funding Reform	34
Property Tax Freeze	41
Pension Reform	59
Redistricting Reform	77
Local "Employee Empowerment Zones"	98
Conclusion	111
References	119
Appendices	132

Figures and Charts ·

Figure 1	9
Figure 2	12
Chart 1	12
Chart 2	17
Chart 3	19
Chart 4	21
Chart 5	22
Chart 6	23
Figure 3	36
Figure 4	41
Figure 5	42
Figure 6	49
Figure 7	50
Figure 8	56
Chart 7	57
Figure 9	60
Figure 10	61
Chart 8	67
Figure 11.....	68
Chart 9	70
Figure 12	70
Chart 10	71
Figure 13.....	72
Chart 11.....	73
Figure 14.....	74
Chart 12	75
Figure 15	75
Figure 16	79
Map 1	80
Map 2	81
Chart 13	91
Chart 14	93
Figure 17	94
Figure 18	99

Chart 15	99
Figure 19	101
Figure 20	102
Figure 21.....	104
Figures 22 and 23	105
Figure 24.....	107
Figure 25	108
Figure 26	110

Introduction

After taking office in January 2015, Governor Bruce Rauner unveiled a 44-point plan, known as the Turnaround Agenda, to overhaul state government with goals that were largely focused on keeping businesses in Illinois and convincing new businesses to move to Illinois. To accomplish this, Governor Rauner proposed measures such as limiting union power and decreasing workers' compensation costs for employers, but these proposals have kept the governor at odds with Democratic leaders in Springfield, particularly House Speaker Michael Madigan and Senate President John Cullerton (Associated Press, 2016). Madigan, Cullerton and others say these would hurt middle-class families and the most vulnerable residents in the state. This has led to an unprecedented budget stalemate in the Capitol as neither side is willing to compromise. Governor Rauner demands his business-friendly measures be included in any budget bill and the Democrats have refused, worried about those measures' effects on workers (Burnett, 2016).

After a yearlong standoff, state lawmakers finally passed a stopgap measure on June 30, 2016. That stopgap budget simply got state agencies and higher education through the end of 2016 with partial funding. During the stalemate, spending continued through court orders and state law but funding to social services and public universities stopped or was drastically reduced. People were laid off and many services were cut or limited. When the temporary budget passed, K-12 public schools, a high priority with the governor, were granted full funding. Social services across the state were granted \$670 million, about 65 percent of what it cost to run them from the previous fiscal year, and \$720 million went to state facilities for things like utilities, food and gas and repairs to state vehicles. Higher education received \$1 billion, which for most public Illinois universities was about 82 percent of money received for the fiscal year 2015

(Garcia, 2017). Of this, \$655 million went to the universities and \$114 million went to community colleges. Additionally, \$151 million went to grants for low-income students that were promised but never paid the previous year (Garcia, Geiger, Dardick, 2016). Southern Illinois University received \$54 million of this, with \$5.3 million going to spring 2016 Monetary Awards Program (MAP) grants (Parker, 2016). MAP grants for the fall 2016 semester were not covered, so SIU fronted the costs for students who would normally receive them and will continue to do so through the spring of 2017.

Graduate assistantships have also been declining at SIU due to departments and the graduate school having less money to pay for them. For the 3,183 graduate students enrolled in the fall 2016 semester, there were 1,215 assistantships offered, university data shows. That pans out to one assistantship for every 2.6 students. By comparison, the graduate school enrolled 4,217 students and granted 1,791 assistantships in Fall 2010 (Southern Illinois University, 2016). Over the past 10 years, SIU reduced tenured and tenure track full-time faculty members by 173 professors, which university officials have attributed to the budget crisis, retirements and resignations (Leonard, 2016). SIU's graduate school enrolled 431 fewer students in 2016 than in 2015, and total enrollment for the university hit its lowest point since 1965 in the fall 2016 semester with just 15,987 enrolled. This is a 7.6 percent decrease from 2015 (Sitler, 2016). This is not a problem unique to SIU — Eastern Illinois University enrollment went down nearly 13 percent from 2015 to 2016, Northern Illinois University experienced a 5.5 percent decline in enrollment and Western Illinois University had 6.5 percent fewer students in 2016 than the previous year (Rhodes, Thayer, 2016). In 2016, Illinois lost about 16,000 freshmen to other state higher education institutions and only about 2,000 out-of-state students came to Illinois for public college (Strayer, 2016). Faced with uncertainty over the budget stalemate, which appears

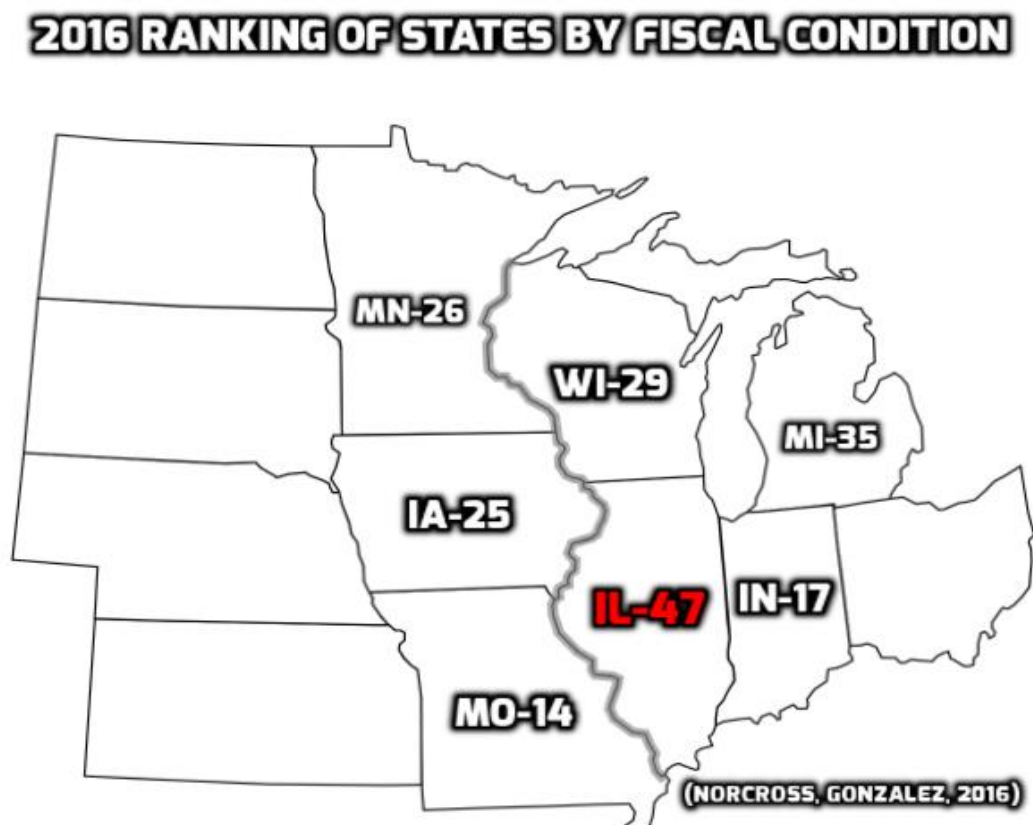
to have no end in sight, fewer students are willing to make a four-year commitment to Illinois public universities.

These economic woes are not a recent development for Illinois. Since the mid-1990s, spending by the state of Illinois has consistently outpaced revenues generated. A 2016 study by business economist Thomas Walstrum found that in the 1980s, Illinois was a “low-expenditure, low-revenue” state (Walstrum, 2016, p. 1), but starting in the 1990s, revenues stayed low while spending rose. This is due in large part to the state’s continually growing unfunded pension liabilities. In fact, when not accounting for pension funding, Illinois is a below-average spender compared to the state average — although the gap between Illinois spending and that average is shrinking, going from about 3.7 percentage points in 1998 to 1.2 percentage points in 2013 (Walstrum, 2016, p. 2). But because unfunded pensions have grown constantly from 1998 to 2013 — 1.6 percent of U.S. gross domestic product and 2.0 percent of Illinois gross state product, according to an analysis of U.S. Census Bureau data (Walstrum, 2016, p. 3)— it is “no longer appropriate to consider Illinois a low-expenditure state” (Walstrum, 2016, p.3).

When Illinois was a low-expenditure, low-revenue state, maintaining a balanced budget was more manageable. However, since the 1980s, Illinois spending has been more than 100 percent of its revenues, so for over 20 years the budget hasn’t been balanced and debt has grown. This is called a “structural deficit” which has plagued Illinois for over three decades. When the recession hit in 2008 and 2009, housing prices were particularly affected in Illinois because of the state’s heavy reliance on property taxes. Between 2006 and 2012, housing prices in Chicago fell by about 35 percent and have since only recovered by about 10 percent. Recovery has been slow due to “relatively high unemployment and fiscal problems,” according to a report by Swiss Bank UBS in 2016 (Holzhey, Skoczek, 2016, p. 16). This has further decreased

revenues for the state (Moser, 2016). According to the 2016 Mercatus Center Ranking of States by Fiscal Condition, Illinois is 47th of all 50 states and Puerto Rico on the basis of fiscal health in five separate categories. The state is 48th in terms of cash solvency, or having enough money to pay its bills. Illinois comes in 41st in budget solvency, or the ability to finance the fiscal year with the revenues it generates. Long-run solvency, being able to use assets to cover potential state emergencies and financial risks, puts the state second-to-last, and trust fund solvency — the level of debt in the state — comes in at 46th. Trust fund solvency includes pension liabilities, other postemployment benefits, and state debt. Of the five factors used in the report to measure a state's financial condition, Illinois did the best in service-level solvency, which compares how high taxes, spending and revenue are compared to how much money people in the state make.

Figure 1



Here, Illinois ranked 25th, but still — in no category was Illinois above average, and in four-fifths of the categories the state was in the bottom 10 rankings (Norcross, Gonzalez, 2016, p. 13, 15, 18, 25, 27).

Illinois lawmakers, particularly conservative ones, have repeated time and time again that the unfunded pensions, workers' compensation costs, and tax rates in Illinois make the state unappealing for businesses and drive residents away in droves.

In 2011, the Illinois Legislature passed a bill that raised the personal income tax by 66 percent and the corporate income tax by 45 percent in order to fix the then-\$15 billion deficit in the state budget. The measure was designed to take the personal income tax from three percent to five percent and the corporate income tax from 4.8 percent to seven percent. This bill was signed by then-Governor Pat Quinn after passing through both chambers with no Republican 'yes' votes. Republican lawmakers opposed the package because they said it would drive away businesses and residents — and Wisconsin Governor Scott Walker at the time told Illinois businesses to “Escape to Wisconsin” where they would feel more welcome. Republicans also worried that legislators would use the extra revenue to increase spending and send the state to bankruptcy, but Democrats said that wouldn't happen because the bill included a spending cap through 2015 that would send tax rates back to their original rates if the spending limits were exceeded (Guarino, 2012).

During the 2014 campaign between Quinn and Governor Rauner, Quinn advocated for the recent tax hikes to become permanent, rather than going back down in 2015, while Governor Rauner said they should go back down. Governor Rauner ran ads and released statements accusing Quinn of breaking his promises, and said the following in a March 2014 press release: “He promised his tax hike would be temporary. Today, he broke that promise, too, and is

doubling down on his failed policies” (Finke, 2014). Governor Rauner’s platform was initially that the hikes should go back down immediately in 2015, but in September of 2014, two months before the election was to take place, he changed his position by saying the tax rates should gradually go back to their original rates during his four-year term and the state should decrease its spending (Finke, 2014). In Quinn’s 2014 budget address, he didn’t mention Governor Rauner by name but said “Those who are telling you that Illinois can tax less and spend less and still expect to fund education are simply not telling you the truth” (Finke, 2014).

Governor Rauner was the eventual victor in this debate and the 2014 election. In January 2015, the personal income tax rate dropped from 5 percent to 3.75 percent and the corporate income tax rate went from 7 percent to 5.25 percent (Sector, Pearson, 2015). Illinois’ corporate income tax includes the 5.25 percent flat rate for federal taxable income and 2.5 percent personal property replacement tax on net income for “traditional corporations, S corporations, LLCs, and partnerships to pay a personal property replacement tax” (Steingold, 2013). For this reason, the state’s corporate income tax rate is often listed as 7.75 percent. These are the current rates and, as a point of comparison, the tax rates of surrounding states are as follows:

Figure 2

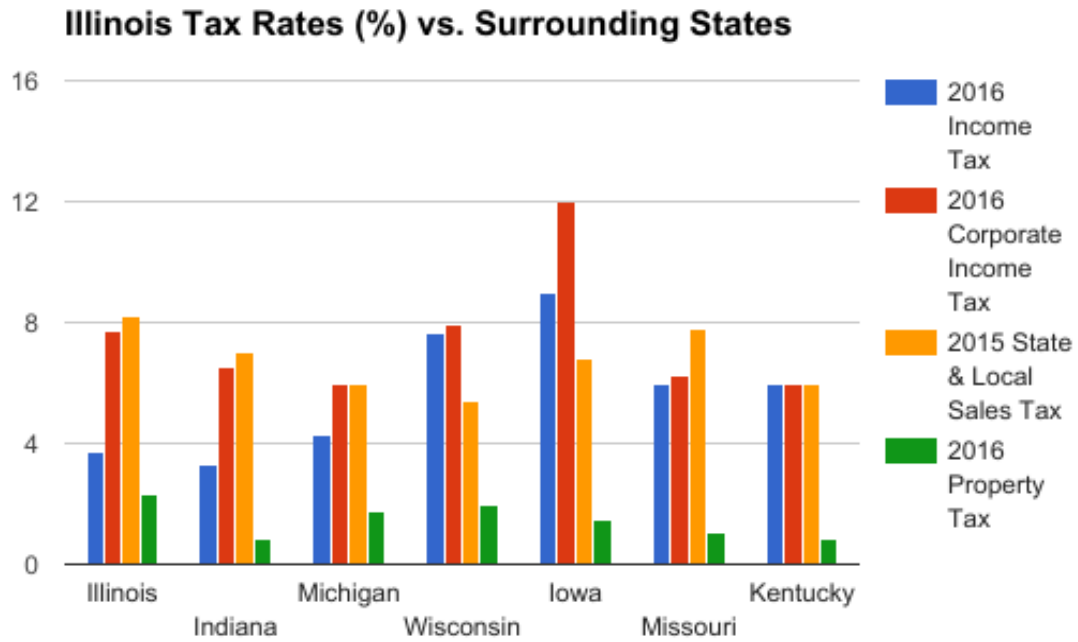


Chart 1

Illinois Tax Rates (percent) vs. Surrounding States

State	2016 Income	2016 Corporate Income	2015 State & Local Sales	2016 Property
Illinois	3.75	7.75	8.19	2.32
Indiana	3.3	6.5	7	0.86
Michigan	4.25	6	6	1.78
Wisconsin	7.65	7.9	5.43	1.96
Iowa	8.98	12	6.78	1.49
Missouri	6	6.25	7.81	1.02
Kentucky	6	6	6	0.85

(Data via The Tax Foundation (Walczak, 2015, 2016, Kaeding, 2016))

As state politicians frequently point out, Illinois has also been experiencing a net population loss for many years. In 2016, the net loss was over 100,000 people, which was the third year in a row that Illinois lost more residents than any other state (Jordan, 2016). Illinois was still the fifth most populous state in 2016, but if record numbers continue to change, soon this may not be the case. Every other Midwestern state's population showed increases (Craver, 2016).

The political climate is also a factor in the proposed reforms. Illinois has long been seen as one of the most politically corrupt states in the country. It reaches as far back as the mid-1800s when Governor Joel Aldrich Matteson was indicted for trying to make away with \$200,000 of stolen government scrip (Suddath, 2008) to 2009 when Rod Blagojevich became the first Illinois governor to be impeached, facing multiple corruption charges that included attempting to sell the U.S. Senate seat of then-President-elect Barack Obama (Associated Press, 2011). Four of the last seven governors of Illinois have gone to prison. Bruce Rauner tapped into voter frustration over this political and the fiscal climate during the 2014 gubernatorial election against incumbent Pat Quinn, who had served for six years as governor. Quinn was defeated by a surprising five-point margin (Hinz, 2014), after many pollsters predicted either a Quinn victory or a very narrow win for Governor Rauner (Real Clear Politics, 2014). Voters apparently decided they were ready for the "new direction" Governor Rauner had promised (Riopell, 2014).

After two years of gridlock between Governor Rauner and Democrats in the House and Senate, the governor has had to put many items of his original Turnaround Agenda on hold. He's down to seven main areas of focus: term limits, workers' compensation reform, education funding reform, a property tax freeze, pension reform, redistricting reform and creating local

“employee empowerment zones”. For each item, this report will outline Governor Rauner’s justification for the reform, his proposal, how his proposal compares with legislation and policies other states already have in place and any potential impacts of implementing his measures.

Term Limits

Illinois is seen as a notoriously politically corrupt state, as outlined in this report's introduction. Some see term limits as a cure for the problem, but as this section will detail, there is not necessarily connection between the two. Governor Rauner pushes for legislative term limits to bring "new faces and new ideas" to fix the problem of "entrenched political power" in Springfield, as he said in a July 2016 speech (Pearson, 2016). As a solution, Governor Rauner's Turnaround Agenda states:

“Fifteen other states impose term limits on state legislators. Most states impose a limit of eight to 12 years in each chamber. It's time for Illinois to adopt legislative term limits” and “The Illinois Constitution should be amended to limit a Representative or Senator from holding that office or combination of those offices for more than 10 years” (Rauner, 2014, p. 17).”

If a term limit amendment was passed, it would go before voters as a statewide referendum on the 2018 ballot and if passed, it would go into effect in 10 years (2028) because that would be the first year the incumbents serving when the limits were made law would no longer be eligible to run for re-election under the enacted term limits.

The governor also takes issue with the lack of competition in Illinois politics, saying that two-thirds of the races in the November 2016 elections were uncontested. He said in a July 2016 statement: "That's not democracy. That's a rigged system.” (Pearson, 2016). Governor Rauner says lawmakers are too worried about getting more power and enacting the will of interest groups rather than voters. On January 12, 2017 the Illinois Senate passed as a component of the “grand bargain” a 10-year leadership term limit for the Senate President and the Senate Minority Leader, but it has not put one in place for regular legislative terms. The Illinois House terms,

both for leaders and regular legislators, remain limitless, unless the House agreed to change its own rules for selecting its leaders (Hinz, 2017).

As a point of comparison, per the National Conference of State Legislators, the following states have legislative term limits:

Chart 2

Term Limits for State House of Representatives

State	Limit (Years)	Year Enacted	Year of Impact
Arizona	8	1992	2000
Arkansas	16*	1992	1998
California	12*	1990	1996
Colorado	8	1990	1998
Florida	8	1992	2000
Louisiana	12	1995	2007
Maine	8	1993	1996
Michigan	6	1992	1998
Missouri	8	1992	2002
Montana	8	1992	2000
Nevada	12	1996	2010
Ohio	8	1992	2000
Oklahoma	12*	1990	2004
South Dakota	8	1992	2000

- 1.1. *These limits represent the total number of years a legislator may serve in the House or the Senate--years may be split between the two chambers (Underhill, 2013).

Chart 3**Term Limits for State Senate**

State	Limit (Years)	Year Enacted	Year of Impact
Arizona	8	1992	2000
Arkansas	16*	1992	2000
California	12*	1990	1998
Colorado	8	1990	1998
Florida	8	1992	2000
Louisiana	12	1995	2007
Maine	8	1993	1996
Michigan	8	1992	2002
Missouri	8	1992	2002
Montana	8	1992	2000
Nebraska	8	2000	2006
Nevada	12	1996	2010
Ohio	8	1992	2000
Oklahoma	12*	1990	2004
South Dakota	8	1992	2000

- 1.2. *These limits represent the total number of years a legislator may serve in the House or the Senate--years may be split between the two chambers (Underhill, 2013).

It is noteworthy that the only states adjacent to Illinois on either of these lists are Missouri and Michigan. It is also noteworthy that only Arkansas, California and Oklahoma split their term limits between the House and Senate, meaning lawmakers could simply switch over to the other chamber when they hit their limit in one chamber. Though theoretically, term limits would bring in the “fresh faces” Governor Rauner wants in the legislature, in many states that already have them, this hasn’t happened because “lawmakers can legally subvert the spirit of restrictions by ping-ponging between legislative chambers” (Jones, 2017). Also, there is little evidence that newer legislators are less corrupt than the veterans. A 2004 study from the NCSL and the University of Maine stated that term limits caused Maine lawmakers to be “more partisan and ideological than in the past” (Powell, Jones, 2004, p. 38) and that an increase in splinter groups and caucuses made it more difficult for leaders to pull their members into one group together. Term limits can also give more power to lobbyists as less experienced lawmakers rely more on lobbyists to explain how past legislators voted on similar issues. Some say term limits also shift power to the governor and the executive branch as the legislature is less experienced and in need of more guidance. Chris Mooney, director of the Institute of Government and Public Affairs at the University of Illinois Springfield, said in 2013 that term limits are favored by governors because they make the legislature weaker, thereby making governors stronger as lawmakers increasingly need to yield to their influence. Mooney also found that term limits decrease institutional knowledge within the legislature, thereby decreasing the effectiveness of individual lawmakers and the body altogether (Mooney, 2013).

In 2015, poll and data analysis website FiveThirtyEight conducted a study of political corruption in each state based on four factors: corruption convictions, convictions per capita, reporter ratings (wherein reporters were asked for corruption analysis within their own states) and lack of stringent laws. Since a major argument for term limits is that they prevent corruption in state government, here is a breakdown of how Illinois' corruption ranking compares to each state with legislative term limits:

Chart 4

State	Corruption Convictions	Convictions per Capita	Reporter Rankings	Lack of Stringent Laws	Average of All Four Rankings
Illinois	3	6	2	40	12.75
Arizona	24	38	10	22	23.5
Arkansas	28	30	26	24	27
California	2	34	9	47	23
Colorado	31	44	36	19	32.5
Florida	4	18	13	34	17.25
Louisiana	9	1	(No data received)	15	8.33
Maine	40	27	38	5	27.5
Michigan	14	32	47	7	25
Missouri	18	23	25	36	25.5

Montana	36	8	24	21	22.25
Nebraska	45	43	40	46	43.5
Nevada	41	45	12	9	26.75
Ohio	7	14	20	18	14.75
Oklahoma	20	12	23	13	17
South Dakota	34	4	44	2	42

(Table data from Enten, 2016).

When an average of all four corruption rankings is taken, Illinois still comes out on top as the most corrupt state against all those with legislative term limits (except Louisiana, which is missing one data point), but is trailed by just two points by Ohio. California is one of two states that have had legislative term limits for the longest period of time, and is ranked second in corruption convictions out of all 50 states. The other, Maine, is ranked 5th in a lack of stringent corruption laws. Though it is hard to say which corruption factor should hold the most weight, it would seem term limits do not have a direct causation with corruption or a lack of it. Unlimited legislative terms, then, do not appear to be the root of the problem.

The following chart shows a comparison between the term limited states' corruption levels and fiscal condition rankings (all data from Enten, 2016 and Norcross, Gonzalez, 2016, p. 13):

Chart 5

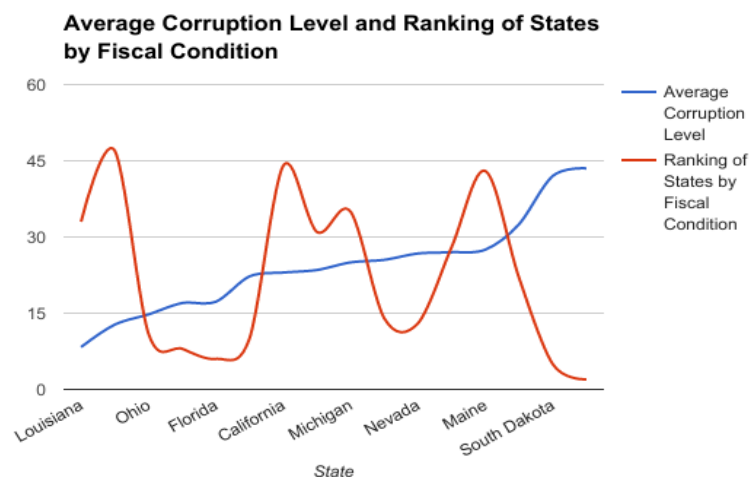


Chart 6

State	Average Corruption Level (Enten, 2016)	Ranking of States by Fiscal Condition (Norcross, Gonzalez, 2016)
Louisiana	8.33	33
Illinois	12.75	47
Ohio	14.75	11
Oklahoma	17	8
Florida	17.25	6
Montana	22.25	10
California	23	44
Arizona	23.5	31
Michigan	25	35
Missouri	25.5	14
Nevada	26.75	13
Arkansas	27	28
Maine	27.5	43
Colorado	32.5	22
South Dakota	42	5
Nebraska	43.5	2

Based on this information, there does not seem to be an obvious correlation between state corruption and fiscal condition. Although the two most corrupt states, Louisiana and Illinois, rank low financially, Maine, which is in the bottom fourth of corruption in states with term limits, is ranked 43rd in fiscal condition. Again, Maine has had term limits for the longest period of time of any other state except California. Illinois' term-limited neighboring state of Michigan is in the bottom half of rankings for state financial condition. Missouri seems to fare better fiscally, achieving the 14th best financial state in the country, but again, with the data showing varying degrees of financial success and anti-corruption, it is impossible to say if this is due to term limits or not. If the governor and legislators seek to end corruption in Illinois and improve state financial conditions, it seems that implementing legislative term limits may not be the cure-all.

Workers' Compensation

In the 2016 Oregon Workers' Compensation Premium Rate Ranking Summary, Illinois ranked the 8th highest in the nation (including Washington D.C.) for workers' compensation premiums, with an index of \$2.23 per \$100 of payroll. Our surrounding states are lower, in some cases drastically — Iowa ranks 24th with an index of \$1.86, Michigan is 34th at a \$1.57 index, Kentucky is 36th with an index of \$1.52, Ohio comes in 40th with a \$1.45 premium, and Indiana — one of Governor Rauner's main models — is 50th with just \$1.05 per \$100 on the average payroll (Day, Manley, & Dotter, 2016, p. 2). According to Governor Rauner's Turnaround Agenda, these high costs for Illinois businesses drive jobs to other states (Rauner, 2014, p. 4)

The major problem, Governor Rauner says, is that Illinois has very low causation standards for claim payouts. There is no bigger bone of contention in the workers' compensation conflict than the dispute over causation. "Causation" here refers to the burden an employee bears of proving that an injury happened on the job or in the course of employment. It must be shown that the job was primarily responsible for the injury sustained (Hein). In 2011, legislative reforms were passed to the existing workers' compensation law to increase causation standards by adding the American Medical Association guidelines to the factors that determine permanent partial disability (PPD). The AMA Guides are now one of five elements the Illinois Workers' Compensation Commission uses to resolve disputes between employees and employers during trials. The factors are written in the Workers Compensation Act as follows:

"In determining the level of permanent partial disability, the Commission shall base its determination on the following factors: (i) the reported level of impairment pursuant to subsection (a); (ii) the occupation of the injured employee; (iii) the age of the employee at the time of the injury; (iv) the employee's future earning capacity; and (v) evidence of

disability corroborated by the treating medical records. No single enumerated factor shall be the sole determinant of disability. In determining the level of disability, the relevance and weight of any factors used in addition to the level of impairment as reported by the physician must be explained in a written order.”

Subsection (a) in the Act reads: “The most current edition of the American Medical Association's "Guides to the Evaluation of Permanent Impairment" shall be used by the physician in determining the level of impairment” (Illinois Workers' Compensation Act, p. 35).

The introduction of the AMA guidelines was also intended to provide more uniformity in PPD awards, but the 2011 legislation that added the Guides to the Act is too vague and subject to interpretation (Rusin, 2014, p. 24). Since the guidelines are also typically more “conservative” in determining PPD, as Governor Rauner says, making their use mandatory should reduce awards (Rauner, 2014, p. 4).

A major concern that arises from primarily using AMA Guides in workers’ compensation cases over the other four factors is that AMA Guides are used to determine impairment, not disability. Impairment, as defined in the sixth and latest addition of the *AMA Guides to the Evaluation of Permanent Impairment*, is “A significant deviation, or loss of use of any body structure or body function in an individual with a health condition, disorder, or disease”

Disability is defined as “Activity limitations and/or participation restrictions in an individual with a health condition, disorder, or disease” (Rondinelli, 2007, Gatchel, 2014, p. 301).

Therefore, impairment cannot be used to determine the level of disability that arises from an injury regarding certain jobs. If a professional guitarist and a mailman both lose a finger in the course of their employment, the impairment level would be the same under the AMA Guides, but the mailman would not have as large a disability as the guitarist because the mailman can still

perform his/her job duties, while the guitarist would be unable to perform his/her job duties and is totally disabled.

In the Turnaround Agenda, Governor Rauner makes the following proposal to reform the workers' compensation standards for the state:

“The language that limits the Commission from using only one of the five factors to determine PPD should be eliminated. This will allow (though not mandate) a Commissioner to solely base an award on the AMA guidelines. The language that limits a Commissioner to only considering a treating physician's medical records should also be eliminated. Instead, the Commission should be able to review both a treating physician's and an independent medical examiner's records to provide a more balanced view of the medical condition” (Rauner, 2014, p. 4).

Many dispute this reform, saying that the AMA Guides themselves state the difference between impairment and disability and that the Guides' impairment ratings were never intended to be the sole determining factor in PPD cases. A report from Capron & Avgerinos, P.C., a personal injury law firm based in Chicago, states the following:

“The 6th edition of the AMA Guides to the Evaluation of Permanent Impairment notes that ‘the relationship between impairment and disability remains both complex and difficult, if not impossible to predict...’ Further, the guide states that ‘in disability evaluation, the impairment rating is one of several determinants of disablement.’ The Guides also clarify the difference between impairment and disability. According to the AMA Guides, impairment is a ‘significant deviation, loss, or loss of use of any body structure or body function in an individual with a health condition, disorder or disease.’

Disability, however, is defined as the ‘activity limitations and/or participation restrictions in an individual with a health condition, disorder, or disease.’”

To use the Guides as the sole determining factor would be a “detriment to the injured worker”, it goes on to say, and giving a Commissioner the discretion to only base their decision off the AMA Guides would result in less uniformity in awards (Capron, Averginos, 2016).

However, another personal injury defense firm, Rusin Maciorowski & Friedman Ltd., argues that the AMA Guides should be the primary factor, unless another of the four determinants makes a significant difference in the case:

“A fair reading of the statute implies that if the other factors significantly alter the impairment rating, then they should be considered in granting permanent partial disability in excess of the impairment rating. Not surprisingly, there has been significant controversy concerning this section. For the most part, impairment ratings as calculated pursuant to the AMA guidelines are remarkably lower than what the Illinois Workers’ Compensation Commission has routinely awarded for permanent partial disability” (Rusin, 2014).

This report says the application of AMA Guides should result in more uniformity in decision making, not less, because “the proper application of the AMA guidelines really is not subject to that much variation. Most doctors, if they properly apply the AMA guidelines to a claimant will end up with the same or a very similar impairment rating. The guidelines intentionally are not open to that much interpretation, subjectivity and variation. Depending on the evaluator, there could a variation in impairment ratings between doctors of 1 percent to 3 percent, but it is unlikely that there would be a major difference in an impairment rating from petitioner’s expert

or respondent's expert" (Rusin, 2014). Rusin says there is "no question" that implementing the use of the AMA Guides has lowered awards for PPD:

"The Commission has not given any specific general direction to the arbitrators on what they should award for PPD. However, so far we are seeing that current PPD awards are being reduced by approximately 20 percent to 30 percent from where they used to be in similar situations prior to September 1, 2011" (Rusin, 2014).

The reason the awards haven't been reduced by a higher percentage is that the Commission still tends to base their decisions on past case precedents rather than applying the AMA Guide's impairment ratings. Not every case presented to the Commission supplies an independent medical examination (IME) result (which is where a doctor would give a patient an impairment rating) with their evidence. In a November 28, 2011 memo, the Illinois Workers Compensation Commission Chairman Mitch Weisz said "An impairment report is not required to be submitted by the parties with a settlement contract. If an impairment rating is not entered into evidence, the Arbitrator is not precluded from entering a finding of disability" (Illinois Workers' Compensation Commission, 2011). Rusin says a continuation of these practices will result in workers' compensation payouts staying high, and therefore costs for businesses staying higher than they would otherwise be:

"The AMA Guides should serve as the primary basis for the percentage award of permanent partial disability. Some increase in the percentage award of permanent partial disability should be considered in the event that the other four factors set forth in the statute create a basis for a finding of disability in excess of the impairment rating" (Rusin, 2014).

To study how the Illinois Workers' Compensation Commission (WCC) is applying (or not applying) the AMA Guides in cases, see Appendix A.

As a point of comparison, Governor Rauner frequently uses Indiana as an example of a neighboring state that is drawing businesses away from Illinois because of its workers' compensation premiums, which are among the lowest in the country. Illinois has the 8th highest workers' compensation premiums, while Indiana has the second-to-lowest. Indiana's system is structured differently, and in a way that often leads to smaller award amounts for injured workers and, consequently, lower costs for businesses. Here is how the two acts compare:

Use of AMA Guides:

In Illinois, AMA Guides are used along with four other factors in determining awards given to claimants:

"The Commission was and is required to use a case-by-case approach to evaluate the effect of a disability on the life of the particular worker before it," according to a 2013 report by T. Fritz Levenhagen at the Levenhagen Law Firm, P.C. (Levenhagen, 2013, p. 2).

In Indiana, AMA Guides are the sole determining factor in workers' compensation claims. The Workers' Compensation Act of Indiana states:

"[Permanent Partial Impairment] Examinations by Employer's Physician; Second Opinions:

An injured employee's PPI is most often assessed by the treating physician.

Physicians use the American Medical Association's Guides to the Evaluation of Permanent Impairment in evaluating the employee's impairment rating. A PPI rating is stated by the doctor in terms of a percentage of loss or loss of use of a

body part or the whole body, for example “The employee has suffered a loss of 10 percent to the hand,” or “The employee’s impairment is 25 percent to the whole body” (Indiana Workers’ Compensation Act, section IX).

Choice in physician:

The Illinois Workers’ Compensation Act states:

“The employee may at any time elect to secure his own physician, surgeon and hospital services at the employer’s expense. The employee shall have the right to make an alternative choice of physician from such Panel if he is not satisfied with the physician first selected” (Illinois Workers’ Compensation, p. 24).

The Indiana Workers’ Compensation Act states:

“With few exceptions, the employer/insurance carrier has the right to direct medical care in Indiana. In most cases, the employer provides a physician, free of charge, for the treatment of an employee’s injuries. If the employer fails to provide ‘reasonable and necessary’ medical treatment, the employee may go to any physician. However, if the employer/carrier refuses to pay for the treatment, the employee or the medical provider may have to file with the Board to seek reimbursement” (Indiana Workers’ Compensation Act, section VII).

Waiting period for benefits:

The Illinois Workers’ Compensation Commission Handbook on Workers’ Compensation and Occupational Diseases states:

“[Temporary total disability] is not paid for the first three lost workdays, unless the employee misses 14 or more calendar

days due to the injury” (Illinois Workers' Compensation Commission, 2013, p. 4).

Indiana Workers Compensation Handbook states:

“When a compensable injury renders an employee unable to work, compensation for lost wages is paid starting on the eighth day. However if the employee is still disabled, on the twenty-second day after the injury, the employee will receive compensation for the first seven days.

The first weekly installment of compensation is due fourteen (14) days after the disability begins. Not later than fifteen (15) days from the date that the first installment is due, the employer/carrier must tender to the employee an Agreement to Compensation, along with compensation due, or request an extension of time. Ind. Code §22-3-3-7(b)” (Indiana Workers’ Compensation Act, section VIII).

Conclusion

The Indiana system is much more favorable toward the employer and not the employee in these disputes. It is argued that a physician using AMA Guides is more equipped to gauge an employee's impairment than an arbitrator, and therefore the ratings supplied by doctors grant a reliable determination of how much an injured worker should be awarded. But the AMA Guides are used only in determining impairment, and therefore cannot judge how much an injury actually impacts an employee’s job. In Illinois, the AMA Guides are only one of five determining factors, which is seen as being more favorable to employees because the other four factors can help determine how their ability to do their job may be compromised due to an injury.

The rating provided by a physician can be disputed through the claimant's other medical records and testimony, and the AMA Guides state their purpose as being "to generate more certainty and uniformity in the rating of permanent impairment" (Levenhagen, 2013, p. 3) but these arbitrators' decisions show that there is not a great deal of uniformity in these cases. Some argue that the AMA Guides should be the primary determination, and if any of the other four factors significantly alter the finding of a physician then, those four factors should be given more weight over the physician's rating. This could lead to lower payouts and alleviate the high costs of workers' compensation on employers while still providing injured employees the chance to have higher payouts if other factors are significant in their case.

Education Funding Reform

Recent reports show a significant disparity in funding between different public school districts in Illinois. In the 2015 Funding Gap report from the Education Trust, it states the following: “In six states, the highest poverty districts receive substantially fewer state and local funds than their lowest poverty counterparts. By far the largest gap is in Illinois, where the highest poverty districts receive nearly 20 percent less state and local funding than the lowest poverty districts. To close achievement gaps, schools need funding that is equitable — funding that accounts for the fact that it simply costs more to educate low-income students, many of whom start school academically behind their more affluent peers” (Ushomirsky, Williams, 2015). Funds are not allocated progressively, the report says, which results in the poorest districts receiving 19 percent fewer dollars than the wealthiest districts.

This can be traced to another key item on Governor Rauner’s agenda, property taxes. The Illinois State Constitution states:

“The State shall provide for an efficient system of high quality public educational institutions and services. Education in public schools through the secondary level shall be free. There may be such other free education as the General Assembly provides by law.

The State has *the primary responsibility* for financing the system of public education”

(Ill. Const. art. X, § 1.)

However, according to the Illinois School Funding Reform Commission’s 2016 overview of education local, state and federal funding, in 2016 local sources accounted for 64.9 percent of funding for schools while state sources accounted for just 26.5 percent (Illinois State Board of Education, 2016, p. 2). When the state’s contribution is so low, school districts are forced to raise their property tax levies or cut programs and personnel. There is also a problem with the Illinois

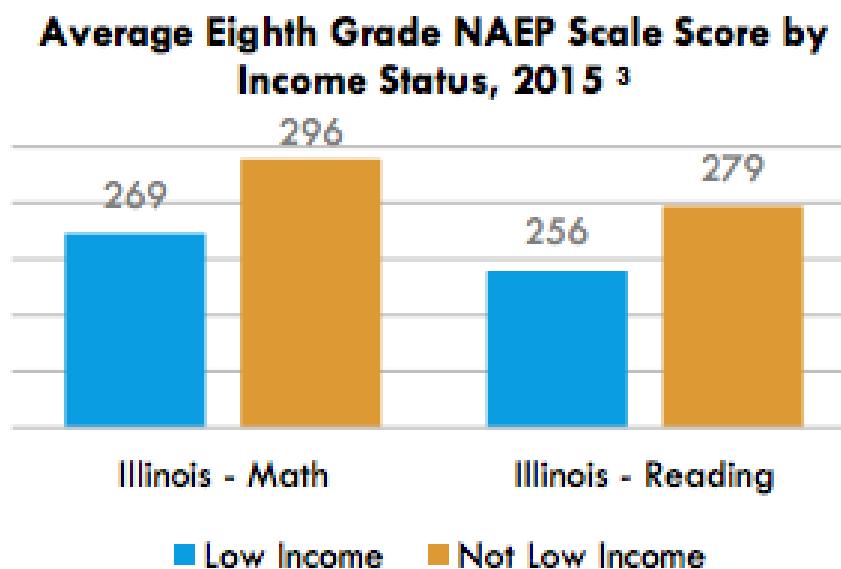
income tax system because it is required by the Illinois Constitution to be a flat rate instead of graduated, as the federal income tax is (Ill. Const. art. IX, § 3). This places a disproportionate burden on those in the lowest tax brackets. General State Aid (GSA) is set up to distribute funds based on property taxes and the income of the population within the district. Districts with lower property wealth are meant to receive more GSA (Illinois State Board of Education, 2016, p. 11). However, there are certain loopholes in the GSA funding formulas that can be used by districts to underreport their wealth.

One of these has to do with tax-increment financing, which lets towns borrow against their future tax revenues to invest in immediate projects and developments. According to Illinois Policy, this means school districts can not report over \$18 billion in property value in certain economic zones (Klingner, 2014). The district's average daily attendance is also used in determining additional funding for schools showing a decline in enrollment (*General State Aid Overview – February 2017*, 2017, p. 11).

In the absence of state funding, the property tax has become increasingly depended upon by school districts. This means high-income areas with higher property wealth, where students are already typically at an advantage in terms of resources, have been able to spend more on hiring good teachers and extracurricular activities, while those low-income districts with lower property wealth are forced to cut corners. This has helped to create an achievement gap between low and high income students in the state. According to a 2016 report from Illinois Vision 20/20, an educational policy organization advocating for equitable funding in Illinois, "income status accounts for 54 percent of the variance in the percentage of students meeting Illinois standards in ELA and math at the district level. Illinois' inadequate funding structure reinforces the

disadvantages already found among children living in communities with low property values”
(The State of Illinois Education, 2016).

Figure 3



(Chart from Illinois Vision 20/20)

The overreliance on property taxes is exacerbated by the state financial crisis. In July 2016, the Commission on Government Forecasting and Accountability analyzed the stopgap budget agreement passed by lawmakers in June and reported that the state would be at a \$10 billion deficit by the end of 2016 (O'Connor, Tareen, 2016). This comes from the state's unfunded pension liabilities and other debt-services, as well as the long standing structural deficit. These unpaid bills mean the state has to allocate about 15 percent of the general fund to the debts, leaving less in General State Aid for school district allocation and forcing schools to rely on property taxes more heavily.

Governor Rauner's proposed fix for this problem in the Turnaround Agenda states:

“Student and Career Success Package:

Increase state support for pre-K-12 education, especially for low-income families.

Give local school boards the ability to modify overly burdensome unfunded mandates.

Lift the arbitrary cap on public charter schools, reduce funding disparities for public charters and provide more high-quality educational options to students through tax credit scholarships” (Rauner, 2014, p. 26).

After resisting educational funding reform for nearly a year and calling it a distraction from budget talks, Governor Rauner appointed a commission of lawmakers in July and gave them a February 1st deadline for their proposal on how best to change the way state funds are doled out to schools (Geiger, 2016). The report said the state needs to spend at a minimum \$3.5 billion over the next ten years for all districts to meet or exceed their adequacy targets (Illinois School Funding Reform Commission, 2017, p. 4). The state should also be allocating more money to districts with more high poverty-level students, students with disability and English language learners, according to the report. It was also determined that high-poverty districts receive an average of 20 percent fewer state dollars than wealthy districts. The commission decided Illinois should establish a “a unique funding target (“adequacy”) for each district that reflects the particular needs of children in that district and will lead to improved outcomes for students” (Illinois School Funding Reform Commission, 2017, p. 6). However, the report didn't delve into any specifics of how best to do this, providing little in the way of dollar amounts or formulas that the General Assembly might use. There were also topics listed that the 25-member commission was unable to reach agreement on, such as relieving school districts from the

mandates imposed on them by the state or whether parents who send their children to private schools should receive tax credits. Some lawmakers on the commission, such as longtime funding reform advocate Senator Andy Manar, D-Bunker Hill, expressed disappointment that the commission was unable to introduce a funding reform bill before the General Assembly, but Manar went on to say the Rauner administration should be introducing legislation on the issue as well (Finke, 2017).

Reps. Barbara Flynn Currie, William Davis, Rita Mayfield and Emily McAsey, all Democrats wrote a letter addressed to Dr. Elizabeth Purvis, Governor Rauner's Secretary of Education and the head of the Commission. The letter stated that the report Purvis and the Commission released did not take into account the state's overreliance on property taxes to fund public schools and did not go into enough specific proposal details, especially regarding how to allocate more funding to school districts with high poverty levels (Currie, Davis, Mayfield, McAsey, 2017). It isn't entirely clear what Governor Rauner's ideal solution would be. He has said with "the financial pressures that school districts are facing, the state is facing, the city of Chicago is facing, there's a lot of motivation to try to improve the system," (Geiger, 2016) but Governor Rauner hasn't yet offered any proposals for how to do that. Raising taxes and reducing state monies to wealthier districts to divert funds to poorer areas are proposals that have been floated by various reform advocates, but Governor Rauner has so far not endorsed this. Part of the reason for his hesitancy may be that the richer districts, which tend to be in the wealthier Chicago suburbs, would lose some funding. These districts are a part of his political base. He called the commission's report a "roadmap" that could be used to draft legislation for education funding reform (Finke, 2017). House Speaker Michael Madigan is pushing for a tax increase for millionaires to fund public education, but Governor Rauner has opposed this.

Another suggestion from Governor Rauner involves eliminating unfunded mandates in schools. In a September 2015 letter to lawmakers, Governor Rauner said mandate relief would save school districts \$200 million each year (Garcia, 2015). The state imposes around 100 mandates on schools, and Governor Rauner is particularly focusing on eliminating outside contract restrictions for things like janitorial services and transportation, driver education classes, and physical education requirements. This proposal can be seen to be part of a national movement on the part of Republicans and conservatives to “privatize” more governmental functions and services. If a district can’t or doesn’t want to abide by a mandate, they can apply for a waiver, but this takes hearings and state approval. Illinois Association of School Administrators communications director Michael Chamness says the association supports eliminating unfunded mandates that don’t relate to public safety or civil rights. Chamness also says school boards should be able to decide the appropriate mandates for their own districts (Bock, 2015).

The numbers show a clear disparity between wealthy and poor school districts in Illinois. Rich districts get more state money, and poor districts get less. Nearly 65 percent of school district funding comes from local sources, i.e. property taxes, instead of from the state. This makes Illinois a regressive funding state. In progressive states such as Connecticut, when reliance on property wealth creates a funding gap, the state closes the gap by supplying more money to high poverty districts to even things out. In Connecticut, this means the highest poverty school districts actually end up with about 5 percent more funding than low poverty districts (Ushomirsky, Williams, 2015, p. 6). Our system ultimately leads to Illinois having the worst funding gap in the country. Part of this can also be attributed to the flat income tax rate in Illinois, which, again, can be called regressive because it tends to affect the most those with the

lowest incomes. The other key player in this issue is the overreliance on property taxes, which will be discussed further in the next section. The School Funding Reform Commission's suggestion of establishing "a unique funding target ("adequacy") for each district that reflects the particular needs of children in that district and will lead to improved outcomes for students" sounds like it could be a step in the right direction, but it's still vague and doesn't give much indication of how it would work beyond giving additional resources to students from low-income families, English language learners and those with disabilities. Until a way to close the education funding gap is worked out and passed by lawmakers, Illinois students in districts with the fewest resources and highest poverty will continue to receive the short end of the stick.

Property Tax Freeze

According to a 2015 Report from the Tax Foundation, Illinois has the second-highest property taxes in the country at a rate of 2.32 percent (Walczak, 2015).

Figure 4

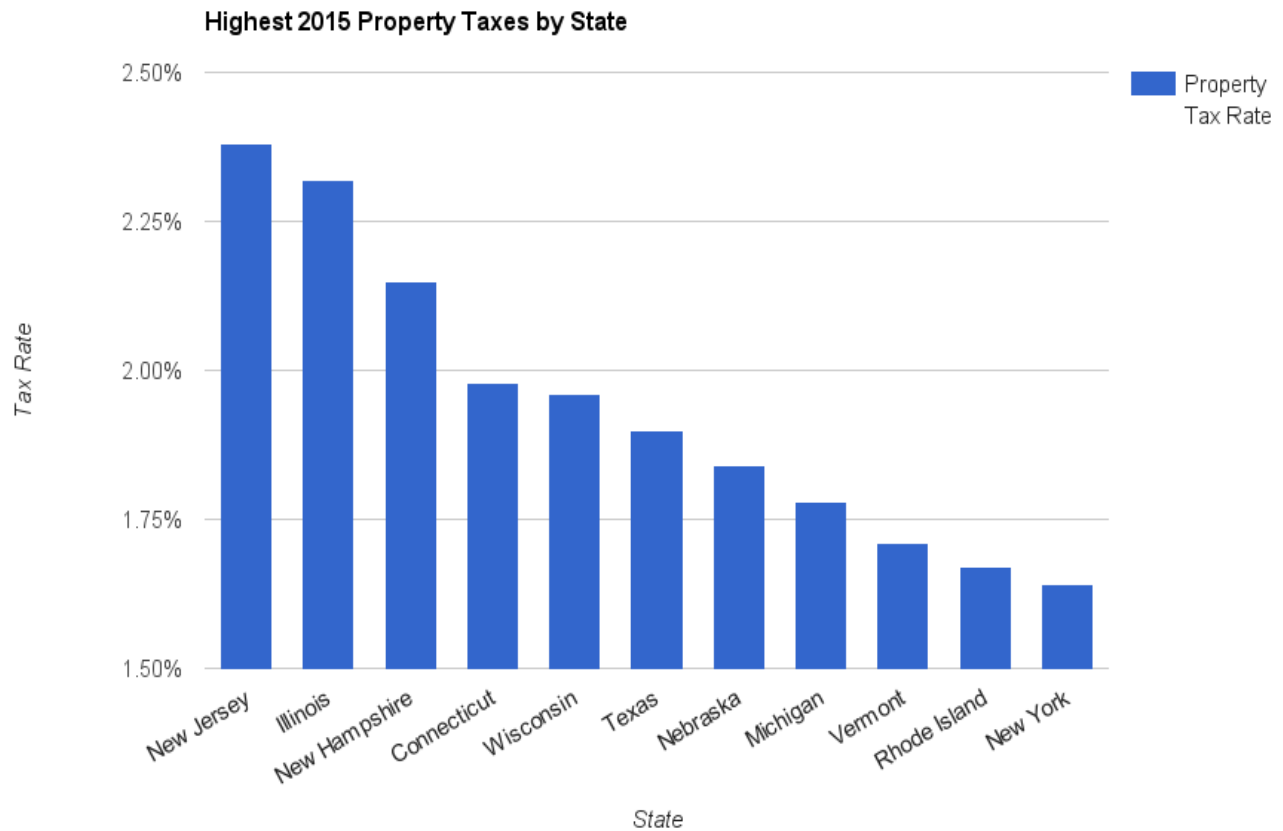
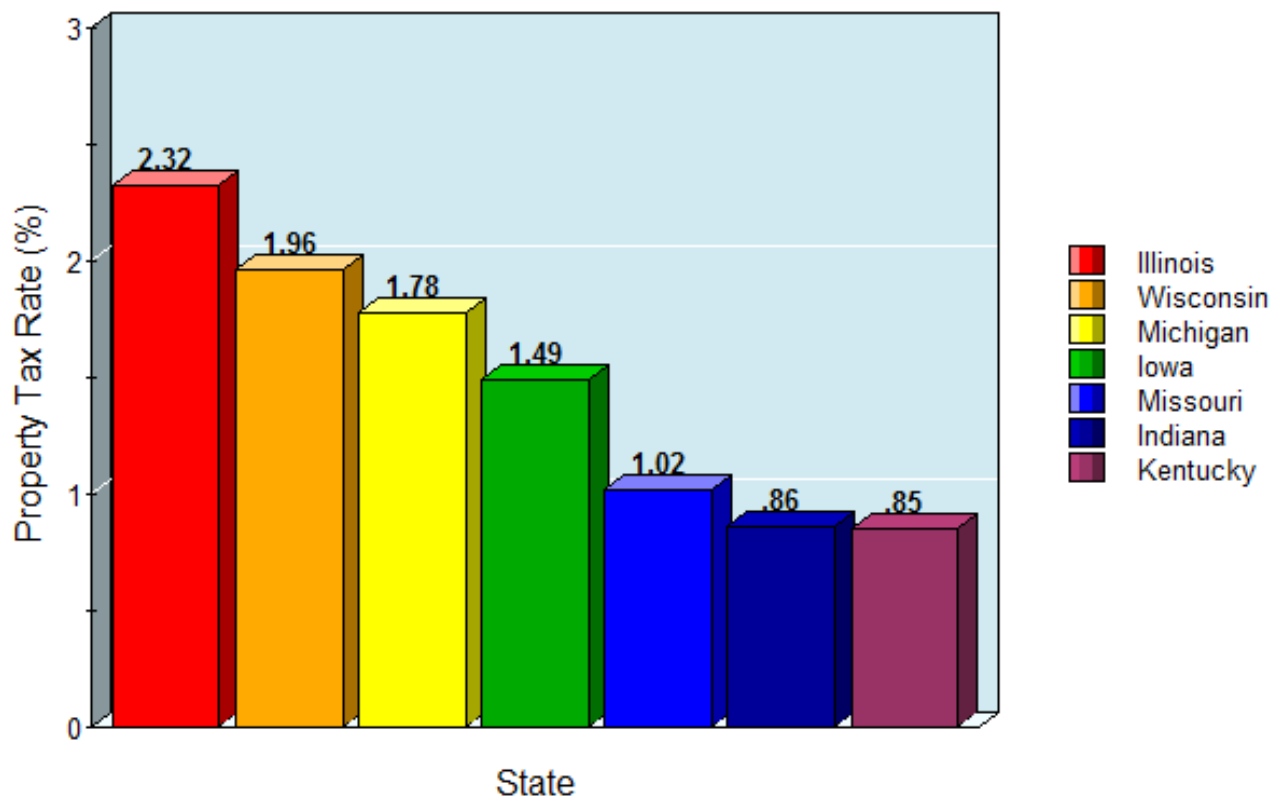


Figure 5

2016 Illinois Property Tax Rates vs. Surrounding States



(2015 Tax Foundation property tax rates, Walczak, 2015)

Governor Rauner argues that this drives businesses away to nearby states where they can pay less for their business properties (Rauner, 2014, p. 10-11).

As a solution, Governor Rauner's Turnaround Agenda states:

“Starting in property tax year 2016, payable in 2017, all property tax extensions from local taxing districts will be equal to the extension from 2015.

This will impact home rule and non-home rule units of government and both PTELL and non-PTELL counties.

It will still be possible for a property owner to see fluctuations in property tax bills due to an increase/decrease in value, new construction or the expiration of a tax increment financing district.

Through a referendum, voters may decide to break through the property tax freeze” (Rauner, 2014, p. 11).

The governor’s proposals have been met with criticisms due to the public school districts’ heavy reliance on property taxes for funding. According to the Illinois School Funding Reform Commission’s 2016 overview of education local, state and federal funding, in 2016 local sources accounted for 64.9 percent of funding for schools while state sources accounted for just 26.5 percent. When the state’s contribution is so low, school districts are forced to raise their property tax levies or cut programs (Illinois State Board of Education, 2016, p. 2). Any freeze of property taxes would disrupt funding and cause schools to need to find other ways to fund their programs. Again, Governor Rauner would have lawmakers get rid of unfunded mandates imposed on school districts, thereby saving some money on staff and other resources.

Senate President John Cullerton said in a 2015 statement:

“Education funding in Illinois is inappropriately reliant upon property taxes. For that reason, I have been clear from the beginning of negotiations with the Governor on his tax freeze plans. There can be no property tax freeze without companion reforms to fix Illinois’ broken school funding formula.

Any effort to restrict property taxes without first finding ways to shift the education funding burden is an attack on schools and a cap on opportunity for kids across the state.

For responsible property tax relief, we can work together to advance reforms that won't saddle schoolchildren and middle class workers with the burden of paying the price" (Cullerton, 2015).

Governor Rauner's response to these arguments is as follows: "We're going to give more state support for education. That eases up on the property tax burden, No. 1, and No. 2: We're going to empower local voters to get control of their local government costs and shrink the bureaucracy of the local governments. That frees up money for education. So it's a two-pronged approach: more state support and more local voter control of their government cost" (Long, Eldeib, Geiger, 2015).

In addition to getting rid of mandates, Governor Rauner is pushing for a consolidation of local government units, the largest number of which are school district and special districts. Local officials are concerned with this proposal because they say this consolidation would require combining entities to use the lowest tax rate of all the entities coming together and it would force joined townships, for example, to provide services to more people with less money. Getting rid of mandates such as restricting outsourcing of janitorial jobs is often seen as anti-union and a step toward privatization. In February 2017, the Senate passed a government consolidation measure as a part of the "grand bargain" budget deal package, but in order for this to take effect, all bills in the package must pass (Lindstrom, 2017).

Illinois ranks 15th in the nation in terms of financial aid to schools, according to the 2017 Quality Counts report by Education Week Research Center (Lloyd, 2017). According to the latest data from the United States Census Bureau, in 2014 state funding for Illinois elementary and secondary public schools accounted for \$11,163,462,000 of the \$30,407,109,000 public elementary and secondary education budget, or 36.7 percent (United States Census Bureau,

2016, p. 1). The average expenditure per student in 2016 was \$12,007 (Corrections to Quality Counts 2016, 2016), but it is clear from the U.S. Census Data that the majority of this expenditure comes from non-state sources.

As a point of comparison, it is helpful to study how surrounding states fund their school districts:

Indiana:

Indiana ranks 21st in the nation in terms of financial aid to schools, according to the 2017 Quality Counts report by Education Week Research Center (Lloyd, 2017). According to the latest data from the United States Census Bureau, in 2014 state funding in Indiana accounted for \$7,632,238,000 of the \$12,149,675,000 public elementary and secondary education budget, or 62.8 percent (United States Census Bureau, 2016, p. 1). The average expenditure per student in 2016 was \$11,093 (Corrections to Quality Counts 2016, 2016). State funding in Indiana is based on membership. Twice a year, schools send a headcount (their average daily membership, or ADM) to the state and they receive their foundation grant amount per student. In 2016, the foundation amount was \$4,984 and for 2017 it is \$5,105 per student (Morello, 2015). The state is currently trying to equalize the funding between the rich and poor school districts in the state, which is termed the “transition to foundation” (Morello, 2015). ADM is a narrower and more restrictive measure which often penalizes poor districts with more poor people who usually miss school more. Districts also receive aid based on their “at-risk” students, which are calculated using the “complexity index” (Morello, 2015). “At-risk” students used to be determined based on who received reduced-price and free lunch, but now the state distributes complexity money based on families who qualify for one of three federal low-income programs:

“foster care, the Supplemental Nutritional Assistance Program (food stamps) or Temporary Assistance for Needy Families (TANF)” (McInerney, 2015).

This could mean less state aid for children in a handful of the highest poverty districts where students qualify for reduced-price but not free lunch, but districts also receive more money if they have more disabled students, so that may help low-income districts because they tend to have more of these children (Elliot, 2015). English Language Learners are also part of the complexity index, and schools with large numbers of English Language Learners receive double the aid, in some cases. More funds are distributed based on the number of students who graduate with honors. This system is currently affecting urban area schools more so than rural school districts because urban Indiana schools are undergoing a decrease in enrollment, and foundation levels are based on student headcount (Morello, 2015).

Michigan:

Michigan ranks 34th in the nation in terms of financial aid to schools, according to the 2017 Quality Counts report by Education Week Research Center (Lloyd, 2017). Local school districts are primarily financed through local taxation and state and federal funding. In 1994, the state raised a number of taxes and the revenue generated from those raises went to the State School Aid Fund (SAF). The sales tax went from 4 percent to 6 percent and the 2 percent raise went to the SAF, the use tax increased by 2 percent, which went to SAF, and the cigarette tax went up from 25 cents to 75 cents per pack, with 63.4 percent of that increase going to the SAF (Summers, 2015, p. 4). Local property taxes are capped at six mills of the value of a home (one mill is equal to 1/1000, so if the home was

worth \$100,000, a homeowner would pay \$600 in property taxes), 24 mills of non-homestead properties (businesses, rentals, vacation homes, etc.) and 18 mills for schools (Summers, 2015, p. 9).

According to the latest data from the United States Census Bureau, in 2014 state funding in Michigan accounted for \$10,073,758,000 of the \$17,529,062,000 public elementary and secondary education budget, or 57.5 percent (United States Census Bureau, 2016, p. 1). The average expenditure per student in 2016 was \$12,188 (Corrections to Quality Counts 2016, 2016). Voters approve assessed mills on non-homesteads in their school districts and school districts can also ask voters to approve levy mills for debts (example: money spent to buy, maintain, or upgrade capital assets like land, machinery or facilities), sinking funds (example: buying land for future construction projects) and to supplement operational funding (Summers, 2015, p. 10). School districts receive a foundation amount of funding based on the pupil-count. Each district must levy 18 mills on non-homestead properties and the revenues from these mills are calculated by the state on a per-pupil basis. The state then deducts the local revenue amount from the minimum foundation level amount, which is set at \$4,200 per student (Summers, 2015, p. 13).

Wisconsin:

Wisconsin ranks 12th in the nation in terms of financial aid to schools according to the 2017 Quality Counts report by Education Week Research Center (Lloyd, 2017).

According to the latest data from the United States Census Bureau, in 2014 state funding accounted in Wisconsin for \$5,709,579,000 of the \$11,001,272,000 public elementary

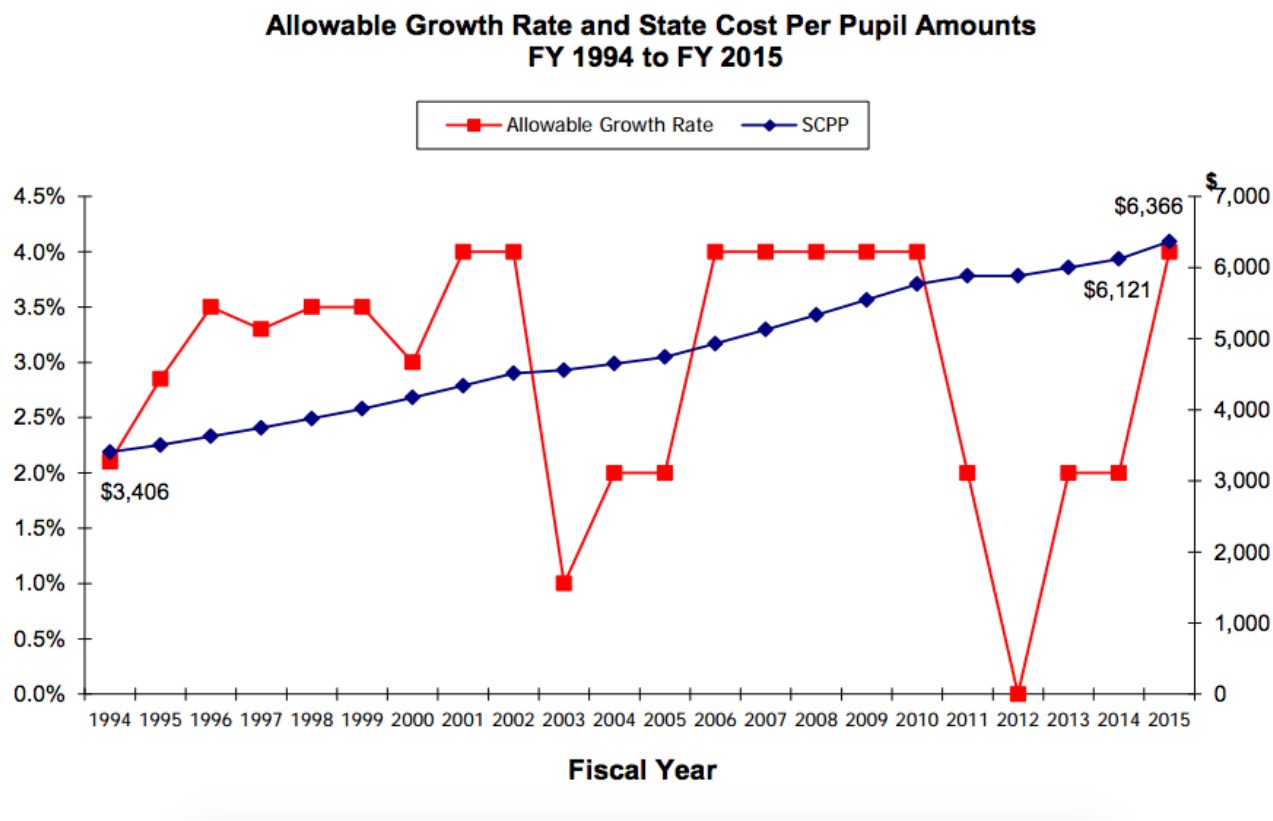
and secondary education budget, or 51.9 percent (United States Census Bureau, 2016, p. 1). The average expenditure per student in 2016 was \$12,031 (Corrections to Quality Counts 2016, 2016). Wisconsin uses a three-tiered formula to distribute state aid to public school districts. This involves three different equations that, when taken together, determine a district's Equalization Aid (State of Wisconsin, 2016). The state and local district each take a percentage of the cost. The district's portion is determined by the "percentage the district value per member is of the guaranteed valuation per member" (State of Wisconsin, 2016). Each district would take on the percentage of cost at that tier and the Equalization Aid would supply the difference. This method is used at all tiers, but each tier has different numbers. For a more detailed breakdown of the Wisconsin school funding formula, see Appendix B.

Iowa:

Iowa ranks 17th in the nation in terms of financial aid to schools according to the 2017 Quality Counts report by Education Week Research Center (Lloyd, 2017). According to the latest data from the United States Census Bureau, in 2014 state funding in Iowa accounted for \$3,247,115,000 of the \$6,194,941,000 public elementary and secondary education budget, or 52.4 percent (United States Census Bureau, 2016, p. 1). The average expenditure per student in 2016 was \$12,254 (Corrections to Quality Counts 2016, 2016). Until the 1970s, Iowa schools were funded similarly to Illinois — with an overreliance on property taxes (Snyder, 2013, p.1). In 1971, an enrollment-based model was put in place, which greatly increase state appropriations for school districts. State lawmakers

determine a Cost Per Pupil — in 2013, this was \$6,001. This serves as the minimum that all

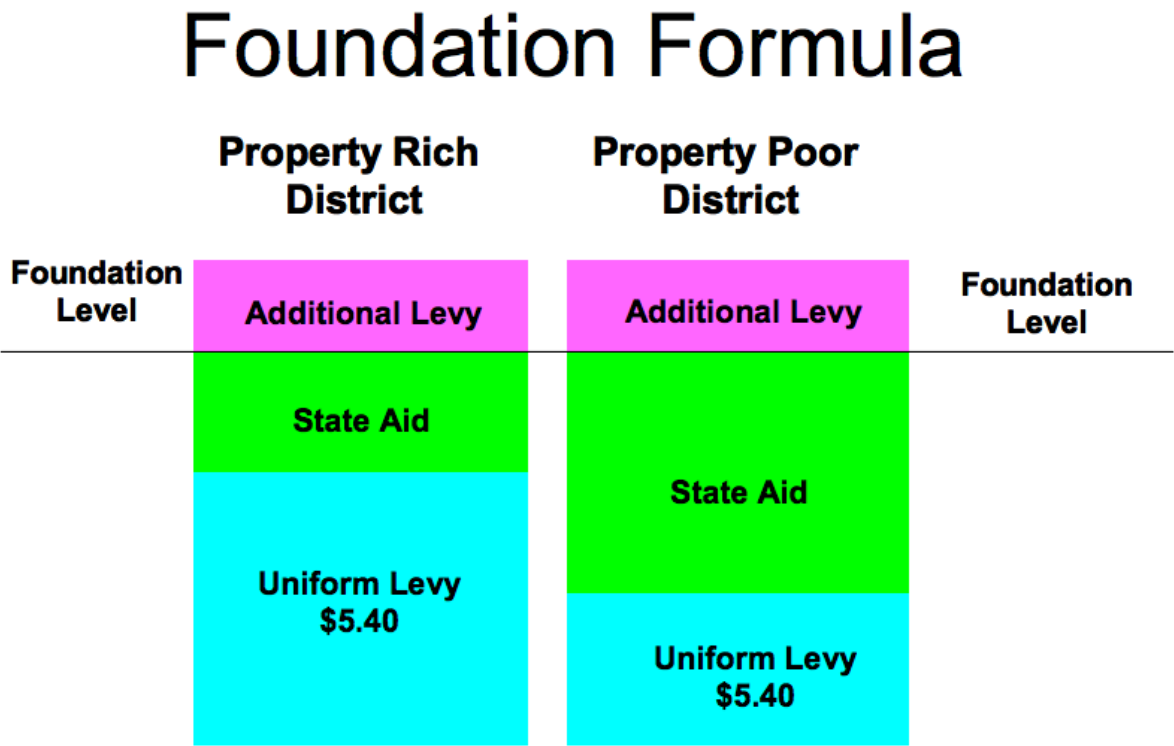
Figure 6



school districts must have for all pupils. The Governor recommends an Allowable Growth Rate to lawmakers. In 2013, this rate was two percent. So to get 2014’s actual State Cost Per Pupil, the minimum amount is multiplied by the Allowable Growth Rate. In 2013, this would mean 6,001 was multiplied by .02, which amounts to \$120. Thus, the minimum Cost Per Pupil for 2014 would be 6,001 plus 120, arriving at \$6,121 per pupil. The Cost Per Pupil increases yearly by this

system unless the allowable growth is set at zero. (Image below from Snyder, 2013).

Figure 7



School district funding is primarily determined by this cost per pupil amount and the number of students in that district. The district cost-per-pupil is multiplied by its weighted enrollment to calculate their total allocation (Oakley, Snyder, 2013, p. 7). In 2008, a law was put in place to allow schools to use any money left over from their state infrastructure allocation for property tax relief. Iowa allocates more state money to property-poor districts. (Above image from Oakley, Snyder, 2013).

Missouri:

Missouri ranks 31st in the nation in terms of financial aid to schools according to the 2017 Quality Counts report by Education Week Research Center (Lloyd, 2017). According to the latest data from the United States Census Bureau, in 2014 state funding in Missouri accounted for \$4,267,069,000 of the \$10,163,998,000 public elementary and secondary education budget, or 41.9 percent (United States Census Bureau, 2016, p. 1). The average expenditure per student in 2016 was \$10,928 (Corrections to Quality Counts 2016, 2016). Missouri schools are funded based on the following factors:

1. Weighted average daily attendance: This is the number of students who attend school daily, on average — districts can either choose the current year's average or either of the two previous year's (Riley, 2016). This number is weighted more if a district has an above average number of students that would typically require more resources, such as English language learners, special education and low-income students.
2. State adequacy target: This target is supposed to ensure every student's learning needs are being met and that funding is equitable between districts (Riley, 2016). This is set by the state based on how much top-performing districts spend in operational funding.
3. Dollar value modifier: This uses factors like pay and purchasing power to determine how much a district will need to pay employees. Districts with a higher cost of living tend to receive

more state funding than those with a lower cost of living (Riley, 2016).

4. Local effort: This number takes into account how much a district would be able to come up with themselves to fund education. The more revenue that can be generated through property taxes, the less it would receive from the state. However, this amount is “frozen in time” (Riley, 2016) based on a district’s 2005 property tax amount, which is the year before this funding formula was put in place.

Kentucky

Kentucky ranks 28th in the nation in terms of financial aid to schools according to the 2017 Quality Counts report by Education Week Research Center (Lloyd, 2017). According to the latest data from the United States Census Bureau, in 2014 state funding in Kentucky accounted for \$3,966,872,000 of the \$7,228,770,000 public elementary and secondary education budget, or 54.9 percent (United States Census Bureau, 2016, p. 1). The average expenditure per student in 2016 was \$10,562 (Corrections to Quality Counts 2016, 2016). The Kentucky General Assembly sets a per-pupil dollar amount for each budget cycle. The Guaranteed Base Funding multiplies the per-pupil amount by the district’s average daily attendance (ADA), which is taken from the end-of-the year average and adjusted for growth by drawing a comparison between the current year’s first two-month ADA and the prior year’s first two-month ADA (Kentucky General Assembly, 2015, p. 1). ADA is defined as “the aggregate days attended by pupils in a public school, adjusted for weather-related low attendance days if applicable, divided by

the actual number of days school is in session, after the five days with the lowest attendance have been deducted” (Kentucky General Assembly, 2015, p. 1).

There are additional statutes that take into account the extra costs associated with at-risk and English-language learning students and grant additional funding onto the Guaranteed Base Funding. At-risk student funding is determined based on the number of students who receive free lunch through the National School Lunch Program. The average daily membership of students who receive free lunch is multiplied by 15 percent of the Guaranteed Base Per Pupil amount. Exceptional Child Funding is given based on the students with “low incidence disabilities, moderate incidence disabilities, and high incidence disabilities” (Kentucky General Assembly, 2015, p. 2), and these are weighted at 2.35, 1.17 and 0.24, respectively. The weighting is multiplied by the Guaranteed Base Per Pupil amount to determine the additional dollar amount. The number of students receiving English Language Learning instruction is weighted at 9.6 and multiplied by the Guaranteed Base Per Pupil amount to determine additional funding. Local Effort funding comes from revenues generated by property taxes within the district. Each district must have a tax rate of 30 cents for every \$100 of assessed property and motor vehicle value. The Local Effort funding amount is subtracted by the Base Funding amount to come to the Calculated Funding Amount.

The Adjusted SEEK (Support Education Excellence in Kentucky) Funding is the amount a district receives once the add-ons like at-risk, Exceptional Child and

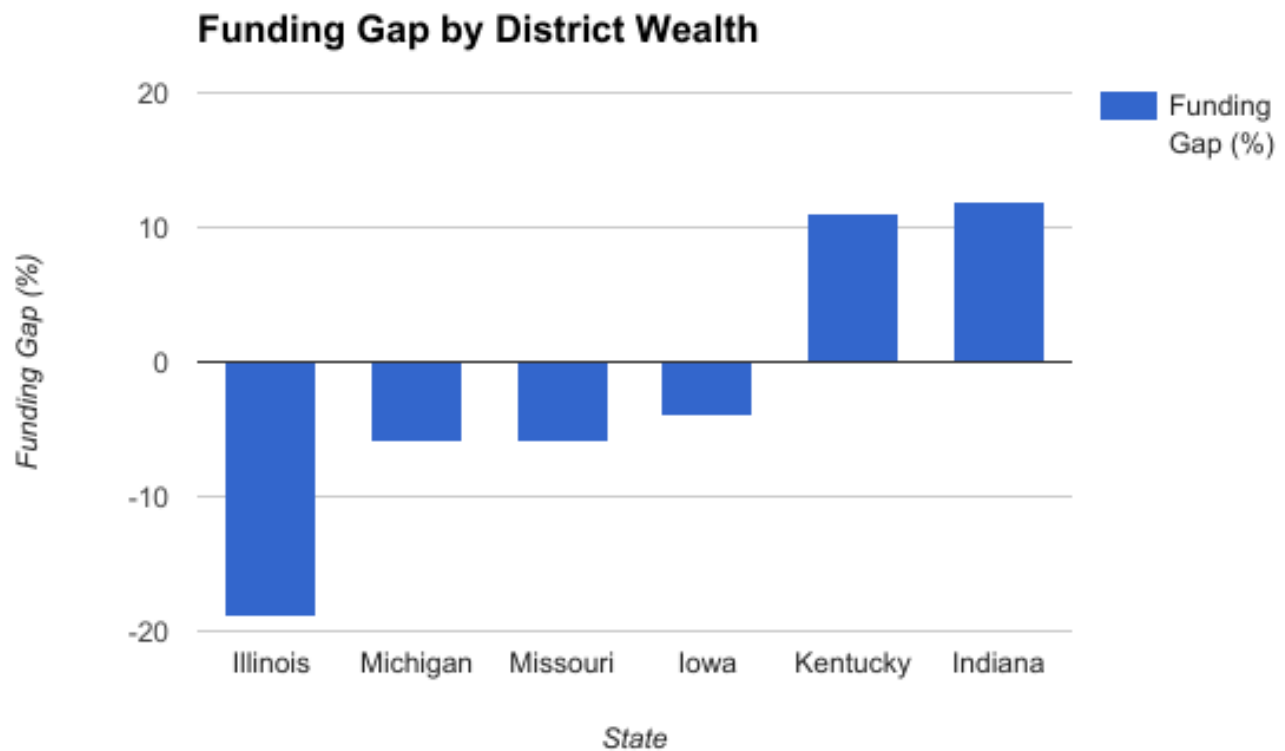
English Language-Learning funding has been calculated. Districts can raise their Local Effort levy up to 15 percent of the Adjusted SEEK Funding level. The General Assembly sets an equalization level during each budget session that gives more funding to districts with lower property wealth than those with higher property wealth.

In 1990, poorer school districts in Kentucky sued the state, saying the previous funding formula disadvantaged their schools. The courts found in their favor, saying lawmakers had to find a way to reduce the gap between funding for rich schools and funding for poor schools. This led to their current system, and within five years improved the testing scores, graduation rates and literacy levels in the state's public schools. However, this discrepancy still remains due to the property tax provision in the funding formula. A poor district like Wolfe County in Kentucky only receives an additional \$20 per student after a 4 percent property tax increase while a 4 percent increase in the wealthiest district in the state adds an additional \$450 per student (Sanchez, 2016).

It is clear that Illinois contributes the smallest percent amount of state money to school districts out of any surrounding states. As mentioned in the 'Education Reform' section of this report, the 2015 Funding Gap report from the Education Trust stated that the largest gap between rich and poor districts of any state in the country is in Illinois. Low poverty districts receive 19 percent more funding than high poverty districts. In Indiana, high poverty districts receive 12 percent more than low poverty districts, and in Michigan, low poverty districts receive 6 percent less. High poverty districts in Wisconsin get 6 percent more than low poverty districts and in

Iowa, low poverty districts receive 4 percent less. Poor Missouri school districts are allocated 4 percent less than wealthy ones and in Kentucky, poor districts get 11 percent more than their rich counterparts (Ushomirsky, Williams, 2015, p. 4).

Figure 8



As the chart shows, in Illinois, poorer districts receive 19 percent less funding than wealthy districts. In Indiana, poorer districts receive 12 percent more than wealthy districts (Ushomirsky, Williams, 2015, p. 4). Much of this discrepancy is due to the reliance on property taxes to fund Illinois schools, which means that districts with less property wealth have less for their schools than districts with high property wealth. Part of this could also be attributed to the use of average daily attendance, rather than enrollment, in determining part of general state aid funding in Illinois. Studies show that children from low income backgrounds are almost twice as likely to miss class than their wealthier peers (Nelson, 2014). The above chart and below table show that states that use enrollment, rather than attendance, to determine part of state aid are more likely to have more equitable funding between their poor and rich school districts.

Chart 7

State	Average Per Student Expenditure	State Ranking — financial aid to schools (Education Week Research Center Report)	Use of Average Daily Attendance vs. Enrollment for Foundation Funding Level	Overall Percent of Total 2014 Public Education Funding Provided by the State (U.S. Census Bureau)
Illinois	\$12,007	15th	Average daily attendance	36.7 percent
Indiana	\$11,093	21st	Enrollment (taken twice a year)	62.8 percent
Michigan	\$12,188	34th	Enrollment	57.5 percent
Wisconsin	\$12,031	12th	Enrollment	51.9 percent
Iowa	\$12,254	17th	Enrollment	52.4 percent
Missouri	\$10,928	31st	Average daily attendance (can choose any of the last three years)	41.9 percent
Kentucky	\$10,562	28th	Average daily attendance	54.9 percent

In order for a property tax freeze to not wreak havoc on Illinois schools, Governor Rauner and lawmakers would have to follow through on education funding reform and allocate more state money to school districts, especially the less wealthy districts. As discussed in the previous “Education Reform” section, any attempt to diminish property tax revenue would impact the source of 65 percent of school district funding, and ultimately would create a larger burden on low-income districts. Governor Rauner says a property tax freeze must be included in

any budget bill before he'll sign it, it is clear that a higher priority should be changing the way Illinois school districts are funded.

Pension Reform

The state's unfunded pension liabilities have now reached a record \$130 billion (McKinney, 2016). The Illinois State Constitution reads: "Membership in any pension or retirement system of the State, any unit of local government or school district, or any agency or instrumentality thereof, shall be an enforceable contractual relationship, the benefits of which *shall not be diminished or impaired*" (Ill. Const. art. XIII, § 5).

It was because of this that in May 2015, the Illinois Supreme Court declared unconstitutional a pension law that was aimed to scale back state worker benefits to try to alleviate the then-\$105 billion pension debt (Pearson, Geiger, 2015). This pension reform law, which was signed by Gov. Pat Quinn in 2013, stopped automatic yearly cost-of-living increases for retired state employees, changed the retirement age later for workers under 45 years of age from 60 to 67 years old and put a limit on the salary amounts used to determine pension benefits. Essentially, it created a two-tier pension system in which employees hired after January 1, 2011 have scaled-back benefits, because the Supreme Court's decision prohibited any decrease in benefits to state workers that were already employed and had contractually secured pensions.

The state tried to appeal on the basis that the fiscal crisis in the state justified the law changes, but Republican Justice Lloyd Karmeier, stated on behalf of all seven justices:

"Our economy is and has always been subject to fluctuations, sometimes very extreme fluctuations. The law was clear that the promised benefits would therefore have to be paid and that the responsibility for providing the state's share of the necessary funding fell squarely on the legislature's shoulders.

The General Assembly may find itself in crisis, but it is a crisis which other public

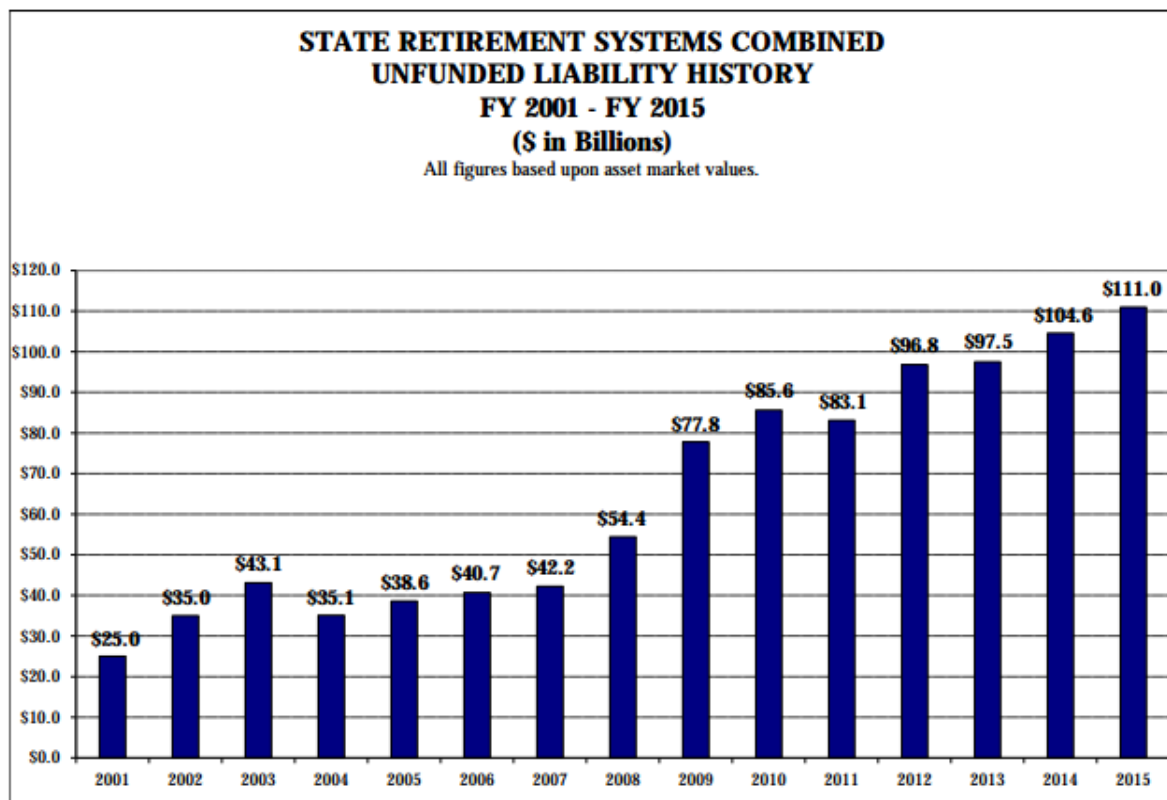
pension systems managed to avoid and ... it is a crisis for which the General Assembly itself is largely responsible.

It is our obligation, however, just as it is theirs, to ensure that the law is followed. That is true at all times. It is especially important in times of crisis when, as this case demonstrates, even clear principles and long-standing precedent are threatened. Crisis is not an excuse to abandon the rule of law. It is a summons to defend it” (Pearson, Geiger, 2015).

Governor Rauner has now proposed a different law, because the Illinois Pension Code states all pension agreements through 2014 must be 90 percent funded by 2045:

“For State fiscal years 2012 through 2014, the minimum contribution to the System to be made by the State for each fiscal year shall be an amount determined by the System to be sufficient to bring the total assets of the System up to 90 percent of the total actuarial liabilities of the System by the end of State fiscal year 2045” (Illinois Pension Code, § 108-2-124).

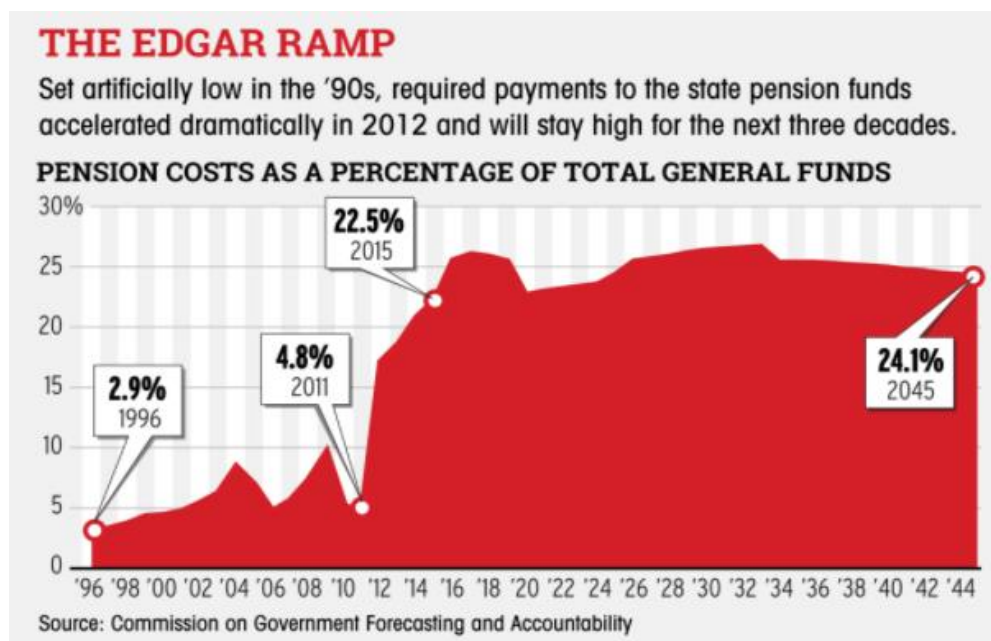
Figure 9



(History of unfunded pension liabilities in Illinois, Illinois Commission on Government Forecasting and Accountability, 2015, p. 34).

This is an issue Illinois has been struggling with for decades. The state has shorted pension payments to provide budgetary relief for quite some time. From 1985 to 2012, the state underpaid pension funds by \$41.2 billion dollars, the Commission on Government Forecasting and Accountability calculated in 2013 (McKinney, 2015). In 1989, Public Act 86-1273, which took effect on August 23, 1989, enacted a 3 percent annual cost of living increase for retirees in all 5 of the state pension plans, which only led to the unfunded liability getting larger and larger. In 1994, Republican Gov. Jim Edgar created what is known as the “Edgar ramp” with the goal of stabilizing the state retirement system within 50 years. Edgar’s aim was to have the pension funds 90 percent funded by 2045. Under this plan, payments from the state to pension funds would be low for 15 years before ramping upward as years passed. The modest initial payments did little to alleviate the accumulated pension debt, and shifted “costs to the future and, as a result, created significant financial stress and risks for the state,” as the Securities and Exchange Commission reported in 2013 (United States Securities and Exchange Commission, 2013, section 7).

Figure 10



(Chart above from McKinney, 2015).

Many blame the Edgar ramp for the majority of the unfunded pension liability crisis but Edgar blames later lawmakers for not adjusting the ramp for pension enhancements, the 3 percent cost of living increase act and the skipped pension payments from 2006-7 under Gov. Rod Blagojevich (McKinney, 2015).

Public Act 90-0582, passed in 1998, implemented a benefit increase for retirees in the Teachers' Retirement System, allowing them to earn creditable service at a rate of 2.2 percent of their final average salary for each year of service (Illinois General Assembly, 1998). In 2001, Public Act 92-0014 was passed. This Act increased the maximum retirement annuity for alternative formula employees to 80 percent of their final average salary (Illinois General Assembly, 2001). In 2002, Public Act 92-0566 was passed, which created an early retirement incentive for members of the Teachers Retirement System and the State Employees Retirement System by letting them buy up to 5 years of service credit and age enhancement (Illinois General Assembly, 2002). They were then required to retire between July 1, 2002 and December 31, 2002. About 11,000 workers took advantage of this and many were eligible to receive benefits immediately, increasing the pension liabilities by \$2.3 billion (McKinney, 2015).

In another bill passed in 2003, the Legislature approved Gov. Rod Blagojevich's plan to borrow \$10 billion, and of that, \$7.3 billion went toward payment of pension liabilities. In 2005, a bill introduced before the Illinois General Assembly was aimed at stopping pension abuses such as artificially raising end-of-career salaries so pension payments would be more for retirees, as some school districts had been doing. This bill also included a provision to allow the state to skip \$2 billion in pension payments to try to close a gap in the state's budget. Its supporters said it would save the state \$35 billion through 2005, so the skipped payments would not be a

problem to make up (McKinney, 2015). This is called a “pension holiday” and has been a frequent practice in Illinois.

The 2008 stock market crash resulted in huge investment losses for the five state pension systems and added another \$9.3 billion to the pension debt (McKinney, 2015). The next major pension movement in the state was the aforementioned 2013 bill from Gov. Pat Quinn that attempted to halt the compounded annual cost-of-living increases. The Supreme Court ruling in May 2015 established those increases can never be taken back, and the state is obligated to pay what it promised workers they would receive. These provisions all taken together created and exacerbated the state pension problem. From 1995 to 2005, the state’s accumulated pension debt went from \$19.5 billion to \$38.6 billion, a 97 percent increase (Commission on Government Forecasting and Accountability, 2006, p. 4).

There are five major state-run pension systems; these are the State Employees Retirement System (SERS), the State Universities Retirement System (SURS), the Teachers’ Retirement System (TRS), the Judges’ Retirement System (JRS) and the General Assembly Retirement System (GARS).

Governor Rauner’s Turnaround Agenda proposes the following reform to the state pension plans SERS, SURS, TRS and GARS:

Tier 1 pension members’ service was frozen from July 1, 2015 and all new employees were hired under a Tier 2 service. Under Tier 2, retirement age is 67 years old after 10 years of service and an annuity is based on the highest eight of the last 10 years of service. The yearly Final Average Salary cannot be more than \$111,600 as “automatically increased by the lesser of 3 percent or one-half of the annual increase in the [consumer price index] during the preceding year” (Rauner, 2014, p.23).

Cost of living adjustments are equal to whichever is smaller, 3 percent or half of the yearly increase in the consumer price index. They are not compounded. Overtime is not pensionable salary and for TRS and SURS, the 6 percent limit on their final average salary increase will be tied to the annual spike in the consumer price index. There is also the choice of a pension “buyout”, not unlike the way many 401k retirement plans work in the private sector. This would be a partial pension buyout for Tier 1 members — if they choose to take a reduction to the existing Tier 1 cost of living adjustment, they could get a lump sum amount of money and move to a defined contribution plan as opposed to a defined benefit plan. The lump sum would move into a new account and be the starting balance for the 401k-style account. In this, both employees and their employers (in this case, the state of Illinois) make payments to the account.

Instead of pensions being 90 percent funded by 2045, Governor Rauner proposed that they be 100 percent funded and “contribution increases caused by investment return assumption changes will be smoothed over a five-year period” (Rauner, 2014, p. 23). As the upcoming chart from Braun shows, in 2015, Wisconsin and South Dakota pensions were 100 percent funded and North Carolina, Oregon, Tennessee and Idaho were at 90 percent funded (Braun, 2015).

In the Turnaround, the governor outlines the following savings if the four pension systems undergo these reforms:

“FY16 reduction of \$2.2 billion in contribution, lowering the GRF contribution from \$6.6 billion to \$4.4 billion.

Over \$100 billion in total state contribution savings from FY16 – FY45.

Immediate unfunded liability reduction of \$25 billion” (Rauner, 2014, p. 23).

In addition to these immediate reforms, Governor Rauner also wants a constitutional amendment added that would change pensions from being a contractual right for newly hired state employees. In the Turnaround Agenda, he states:

“The Illinois Constitution details that pension system membership is a contractual right. While it is the position of the Governor’s Office that such protection only applies to currently earned benefits, the Illinois Constitution should be amended to explicitly apply only to historically-earned benefits, not to benefits that may be accrued through future work” (Rauner, 2014, p. 24).

Teachers, university workers, lawmakers and downstate police and firefighters are lumped into one proposal where they can choose to continue receiving the three percent compounded cost-of-living adjustment annually to their pensions but no longer have future wage increases count in determining benefits. Otherwise, they could take smaller annual increases and have future raises still count toward benefits. These increases would go off the Tier-2 plan which was put in place for state employees hired after January 1, 2011 (Finke, 2015).

Some in the Illinois Senate have their own, albeit very similar, pension proposal. The latest plan being pushed by Senate President John Cullerton would change benefits for Tier-1 plan members but would give them a choice. Cullerton's proposal, which would not apply to the judge or state employee retirement systems, center around the 3 percent compounded annual cost-of-living increases Tier-1 members are granted. It would give Tier-1 workers two choices: either continue receiving the cost-of-living increases but have the salary the increases are calculated on frozen, or take an annual increase amounting to either 3 percent or half the inflation rate, whichever is less, and the annual raises would not be compounded. With the second option, a worker wouldn't be able to collect on their annual increases until reaching the

age of 65 but they would get a 10 percent decrease in the amount they are obliged to contribute to their pensions and a 10 percent lump sum of what the employee has contributed to their pension so far (Finke, 2017). Some unions say this is unconstitutional because it would infringe on benefits already promised to retirees, but Cullerton says since it is voluntary, it is constitutional. The Senate President's office estimates his proposal saving Illinois \$700 million to \$1 billion annually.

This plan was part of the “grand bargain” budget deal being advanced jointly by Cullerton and Senate Minority Leader Christine Radogno. The deal includes a minimum wage and personal income tax hike as well as proposals for a property tax freeze and workers’ compensation reform, two must-have pieces of legislation for Gov. Governor Rauner. In his annual budget address before the Illinois General Assembly on February 15, 2017, Governor Rauner said he wants Cullerton’s proposal to apply to all state pension plans, as it currently leaves out the State Employees Retirement System which also involves American Federation of State, County and Municipal Employees, with whom the governor is in a contractual impasse (Finke, 2017). When senators voted on the pension reform component of the package on February 8, 2017, it failed 18-29, with 10 voting “present.” It had no Republican support, and Radogno called it a “breach” of her agreement with Cullerton and said they had agreed not to call any votes until the bill’s language was clearer (Sfondeles, 2017). Though the grand bargain plan may still be on track, Cullerton’s pension reform plans have hit a roadblock. The following tables and charts outline the money received by retirees under state plans, the amount the state and recipients contribute to their respective plans and a comparison of Illinois pension liabilities with its surrounding states:

Chart 8

Average Benefits by Retirement System FY16				
	Average monthly retirement benefits	Average monthly disability benefits	Average monthly survivor benefits	Number of benefit recipients
Teachers' Retirement System ¹	\$4,521	\$2,308	\$1,944	117,650
State Employees' Retirement System ²	\$3,225	\$2,468	\$971	70,031
State University Retirement System ³	\$2,397	\$1,888	\$1,628	63,146
Judges' Retirement System ⁴	\$11,333	0	\$6,004	1,144
General Assembly Retirement System ⁵	\$5,009	0	\$2708	415

¹ Teachers' Retirement System Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016

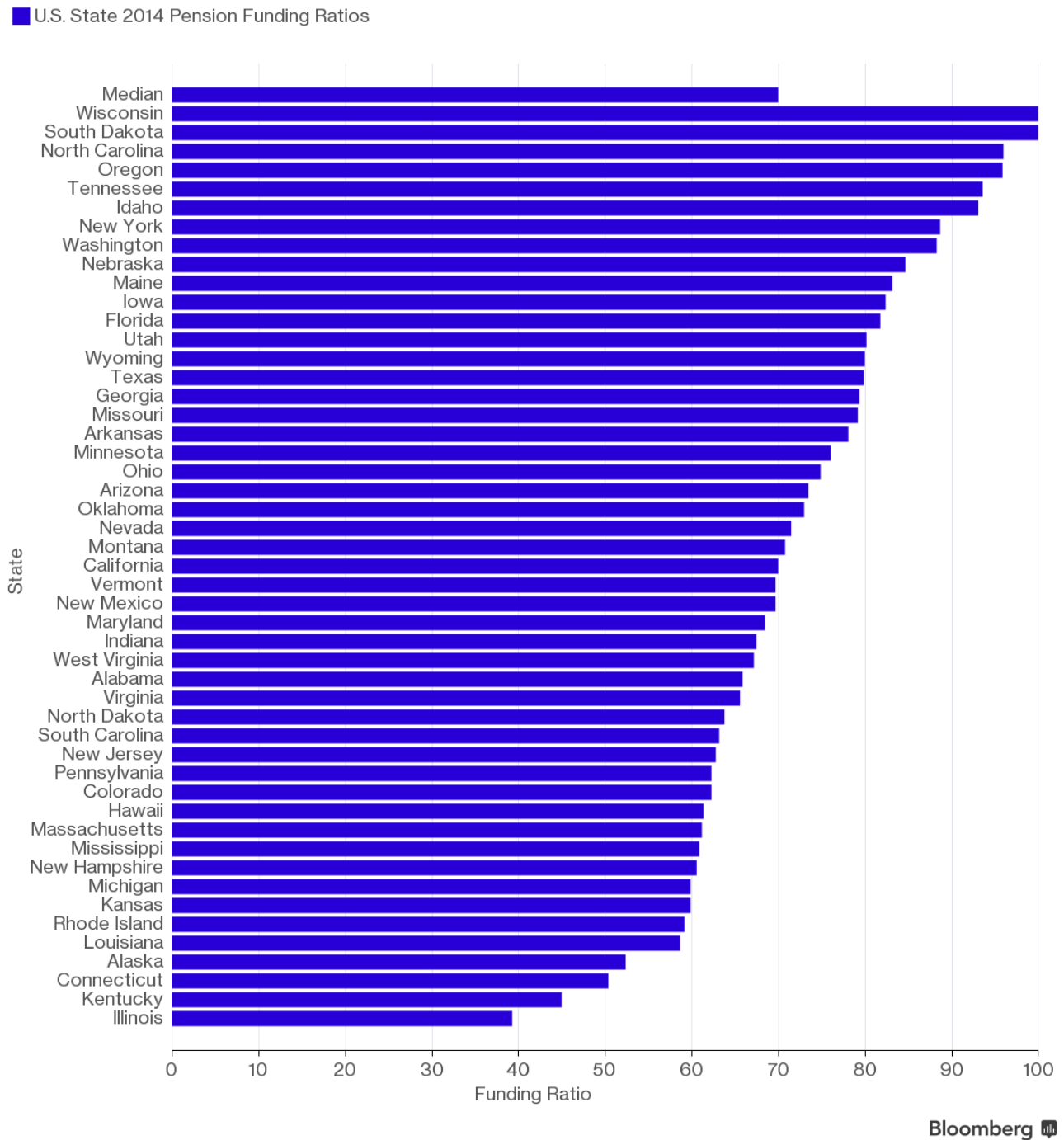
² State Employees' Retirement System of Illinois Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016

³ State Universities' Retirement System Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2016

⁴ Judges' Retirement System Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2016

⁵ General Assembly Retirement System Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2016

Figure 11



(Figure above from Braun, 2015).

As a point of comparison, the following are the pension liabilities of surrounding states compared to that of Illinois:

1. Illinois — 47.1 percent funded, ranked 50/50
2. Indiana — 63.1 percent funded, ranked 35/50
3. Michigan — 61.6 percent funded, ranked 39/50
4. Wisconsin — 99.9 percent funded, ranked 2/50
5. Iowa — 82.3 percent funded, ranked 13/50
6. Missouri — 73.3 percent funded, ranked 22/50
7. Kentucky — 48.9 percent funded, ranked 49/50
 - a. Notably, neighboring Kentucky is the next-lowest funded pension system in the country.

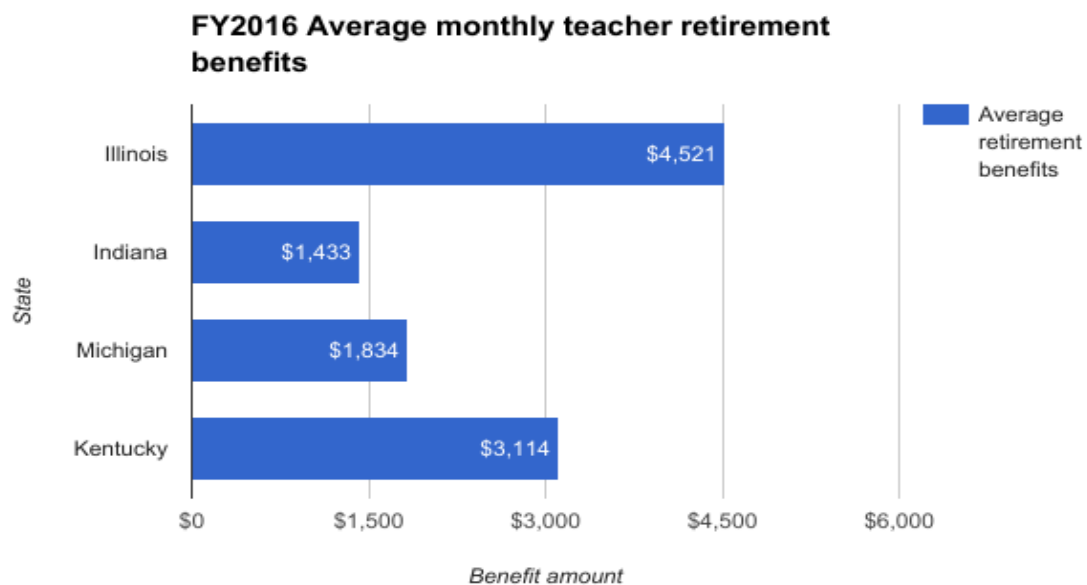
Data based on a “Fitch Ratings analysis of Bureau of Economic Analysis data (personal income per capita); and National Association of State Retirement Administrators analysis of most recent state data from 2014 or 2013 (funded pension obligations)” (Kuriloff, Martin, 2015).

Since the teacher retirement system is often a state’s largest sponsored pension system, the following is a comparison of the teacher retirement systems of Illinois and those surrounding states that keep separate data for teacher pension funds:

Chart 9

State	FY2016 Average monthly teacher retirement benefits	Number of retirement benefit recipients
Illinois ⁶	\$4,521	105,937
Indiana ⁷	\$1,433	57,552
Michigan ⁸	\$1,834	187,546
Kentucky ⁹	\$3,114	47,121

Figure 12



⁶ *Teachers' Retirement System Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016*

⁷ *Indiana Public Retirement System Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016*

⁸ *Michigan Public School Employees' Retirement System Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2016*

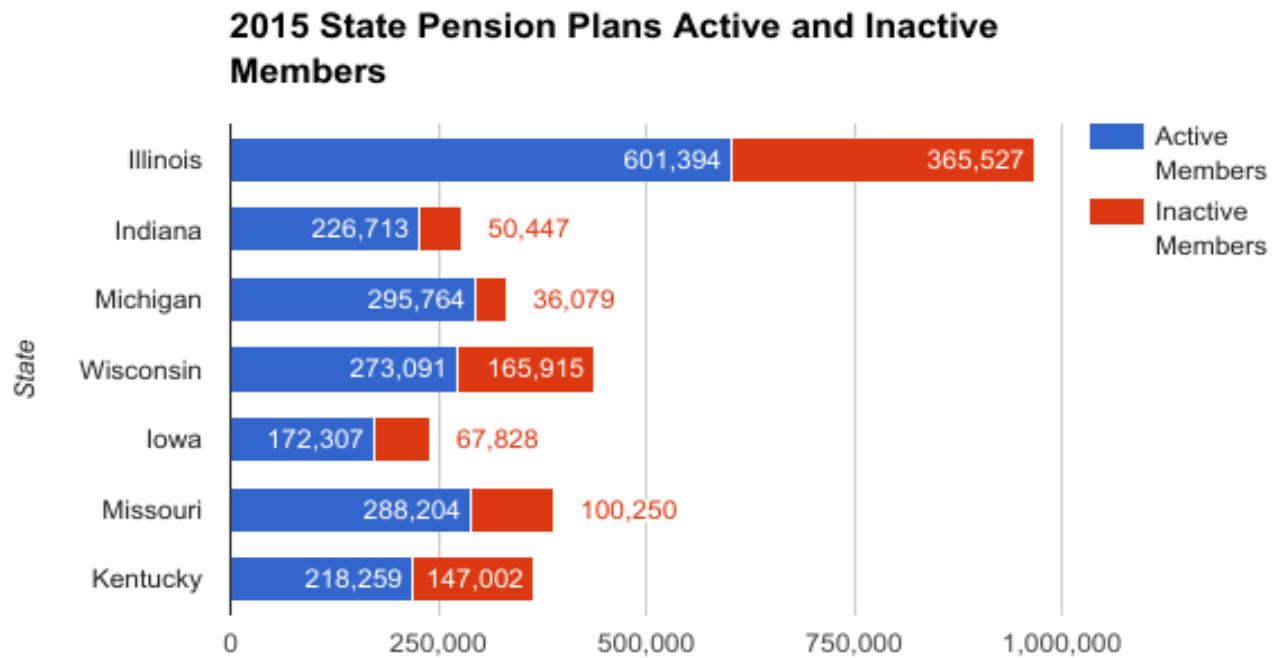
⁹ *Teachers' Retirement System of the State of Kentucky Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016*

The following charts provide a more detailed comparison of Illinois and surrounding state pension systems (all data from United States Census Bureau 2015 Annual Survey of Public Pensions):

Chart 10

State	Systems		Total Members	Active Members		Inactive Members	
	State	Local		Members	Percent of total	Members	Percent of total
Illinois	6	654	966,921	601,394	62.20 percent	365,527	37.80 percent
Indiana	8	239	277,160	226,713	81.80 percent	50,447	18.20 percent
Michigan	6	142	331,843	295,764	89.13 percent	36,079	10.87 percent
Wisconsin	1	3	439,006	273,091	62.21 percent	165,915	37.79 percent
Iowa	4	8	240,135	172,307	71.75 percent	67,828	28.25 percent
Missouri	12	78	388,454	288,204	74.19 percent	100,250	25.81 percent
Kentucky	6	28	365,261	218,259	59.75 percent	147,002	40.25 percent

Figure 13¹⁰



¹⁰ An active member is one who is still making contributions and accumulating assets. An inactive member is one who no longer makes contributions to their pension but has not yet started to receive their retirement benefits.

Chart 11

State	Total employer and employee contributions	Employee Contributions		Government Contributions		Earnings on investments
		Contributions	Percent of total	Contributions	Percent of total	
Illinois	\$12,744,871	\$2,738,744	21.49 percent	\$10,006,127	78.51 percent	\$8,117,747
Indiana	\$2,228,342	\$350,551	15.73 percent	\$1,877,791	84.27 percent	\$1,687,968
Michigan	\$4,787,637	\$661,508	13.82 percent	\$4,126,129	86.18 percent	\$3,440,909
Wisconsin	\$2,089,569	\$963,512	46.11 percent	\$1,126,057	53.89 percent	\$5,816,893
Iowa	\$1,257,655	\$491,077	39.05 percent	\$766,578	60.95 percent	\$1,309,527
Missouri	\$3,049,574	\$966,078	31.68 percent	\$2,083,496	68.32 percent	\$4,090,531
Kentucky	\$1,957,416	\$600,283	30.67 percent	\$1,357,133	69.33 percent	\$1,728,922

Figure 14

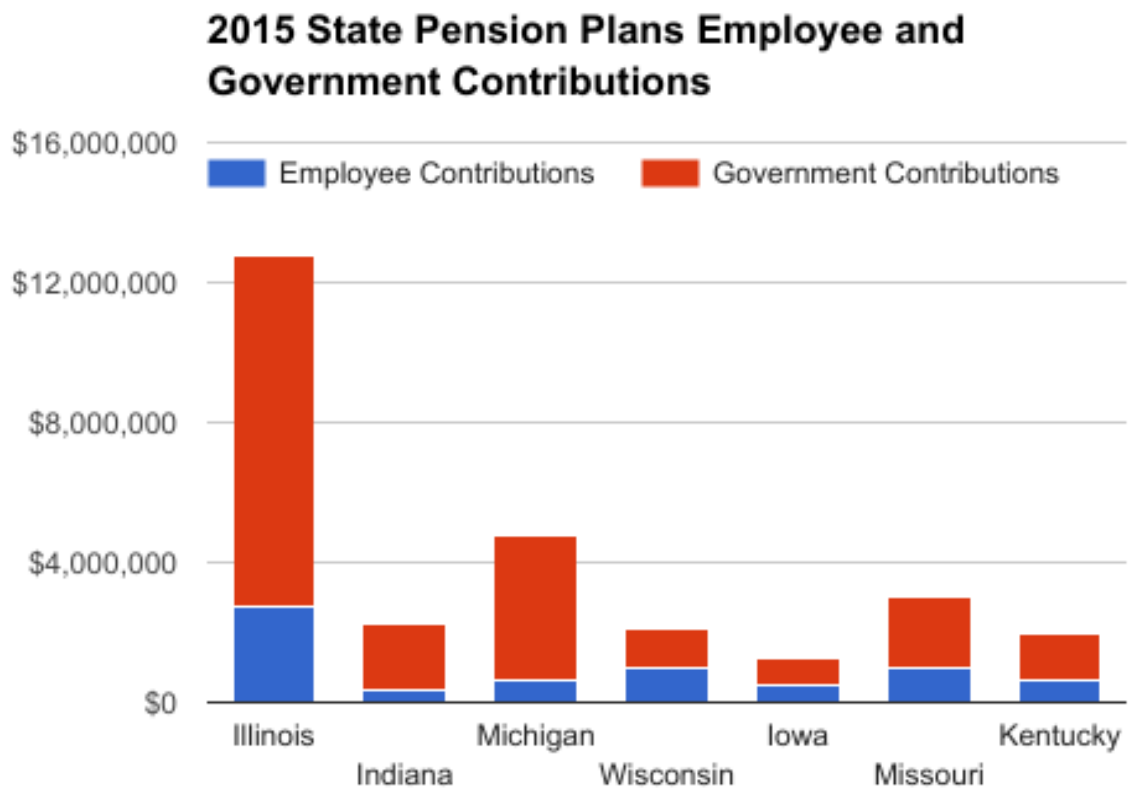
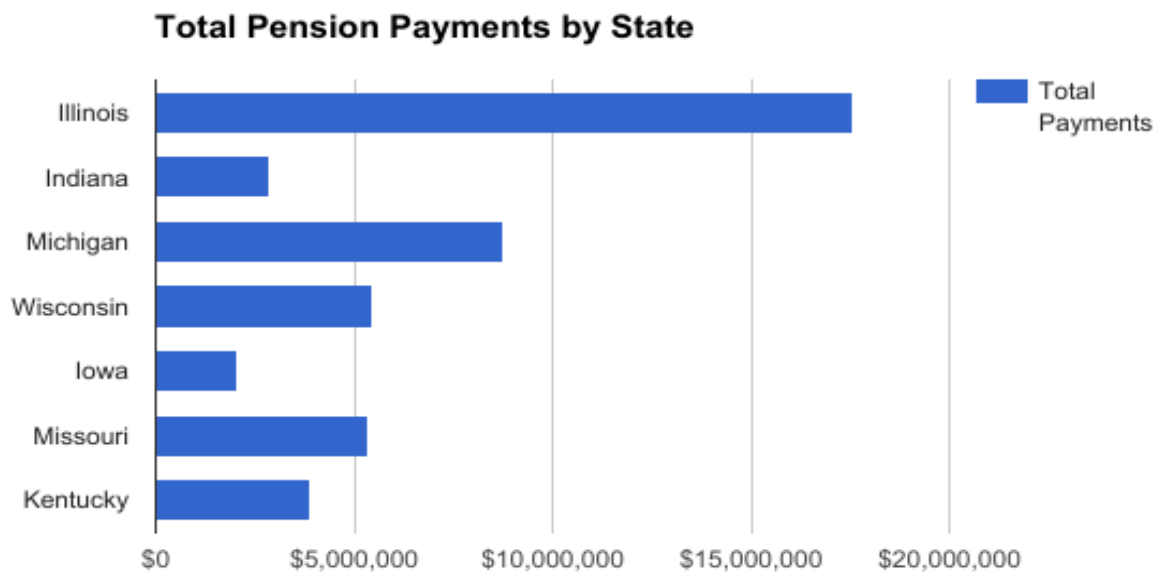


Chart 12

State	Total Payments	Benefits	Withdrawals	Other
Illinois	\$17,557,862	\$16,540,643	\$329,865	\$687,353
Indiana	\$2,891,115	\$2,467,535	\$185,424	\$238,162
Michigan	\$8,776,832	\$8,111,731	\$209,493	\$455,611
Wisconsin	\$5,474,485	\$5,025,773	\$42,118	\$406,593
Iowa	\$2,069,216	\$1,927,608	\$48,238	\$93,372
Missouri	\$5,336,873	\$4,585,567	\$113,833	\$637,474
Kentucky	\$3,869,169	\$3,666,352	\$52,280	\$150,537

Figure 15



Illinois, ranked dead last in terms of unfunded pension liabilities in the country, is clearly in desperate need of reform when compared to surrounding states like Wisconsin (ranked 2nd), Iowa (ranked 13th) and Missouri (ranked 22nd). Illinois also has more members in its state-sponsored pension systems, with 966,921 compared to Wisconsin's 439,006, Iowa's 240,135 and Missouri's 388,454. This means the government contributes more in total outlays to pension systems, \$10,006,127,000 to Wisconsin's \$1,126,057,000, Iowa's \$766,578,000 and Missouri's \$2,083,496,000 annually. For years the state has shorted pension payments to provide budgetary relief (McKinney, 2015). Had the government been making proper contributions all along, instead of the frequent practice of taking pension holidays, the unfunded liabilities might not have grown so large. Governors and legislators from both parties had to participate in this deficit spending practice over a long period of Illinois history to produce this level of pension debt.

The Supreme Court has ruled that the benefits already promised cannot be infringed on. When adjusting for inflation, liabilities increased by 450 percent from 1999 to 2013 (Furchtgott-Roth, 2016) and with a record \$130 billion in unfunded pensions, it seems that the standard proposal of increasing taxes and cutting spending cannot be relied upon to fix the problem. The remaining answer, short of repealing the constitutional amendment requiring pension obligations to be met annually, would be to fundamentally change the obligations for new workers. Cullerton's consideration model or Governor Rauner's 401k proposals, though not as secure for employees as the previous model for government pensions, seem to be the next best method for digging the state out of its pension hole.

Redistricting Reform

Governor Rauner also wants to reform how the state does redistricting. As it stands, congressional and state legislative district lines are drawn by the state legislature and subject to the governor's veto. If the legislature fails to agree on a new map, responsibility falls to an eight-member backup commission as provided for in the 1970 Illinois Constitution (Ill. Const. art. IV, § 3). Each minority and majority leader for each chamber selects two members, one legislator and one member of the public. If a majority of this commission cannot agree to a plan, the Supreme Court submits one person from each political party to the Secretary of State, who then randomly selects one to break the tie (Levitt, 2016). Illinois is the only state with this default to a random draw plan for settling a redistricting impasse.

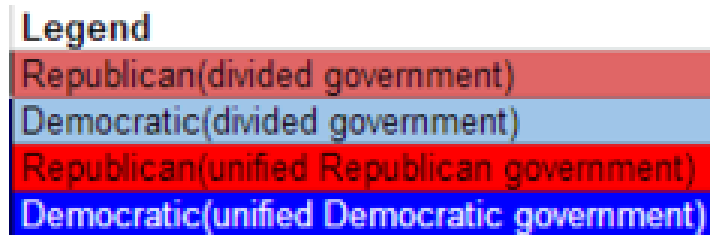
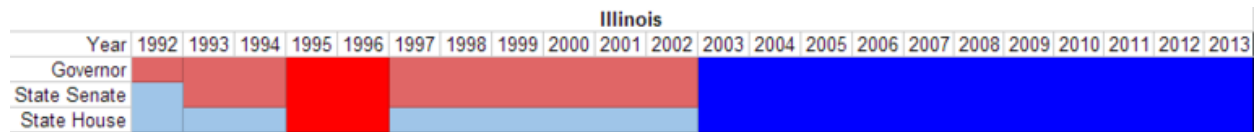
Lines are drawn based on population data from a federal census taken every 10 years. A 2011 bill requires legislative redistricting committees to hold at least one public hearing in one of four geographic districts in the state to receive input (Illinois General Assembly, 2011). Federal law requires districts to have equal population and not affect the voting power of racial or ethnic minority groups and the Illinois Voting Rights Act states that the Legislature, where legally possible, should draw districts in ways that allow minorities to sway elections to their choice of candidate, even if the federal Voting Rights Act did not require it (Levitt, 2016). State legislative districts must be "contiguous [meaning physically adjacent] and substantially equal in population" (Ill. Const. art. IV, § 3).

Critics of this system maintain that it allows politicians to create districts in a way that gets them elected by favoring one political party over another. The current districts were drawn by Democrats and approved by Democratic Gov. Pat Quinn in 2011 and has given Democrats supermajorities in the legislature. The Illinois Republican Party in September 2016 issued a

statement saying “Pat Quinn is the very reason Illinois doesn't already have fair maps. In 2011, Quinn signed into law the gerrymandered district lines we have today. Instead of standing up for reform when he was in charge of the state, Quinn worked with Mike Madigan to rig the political system in their favor” (Miller, 2016).

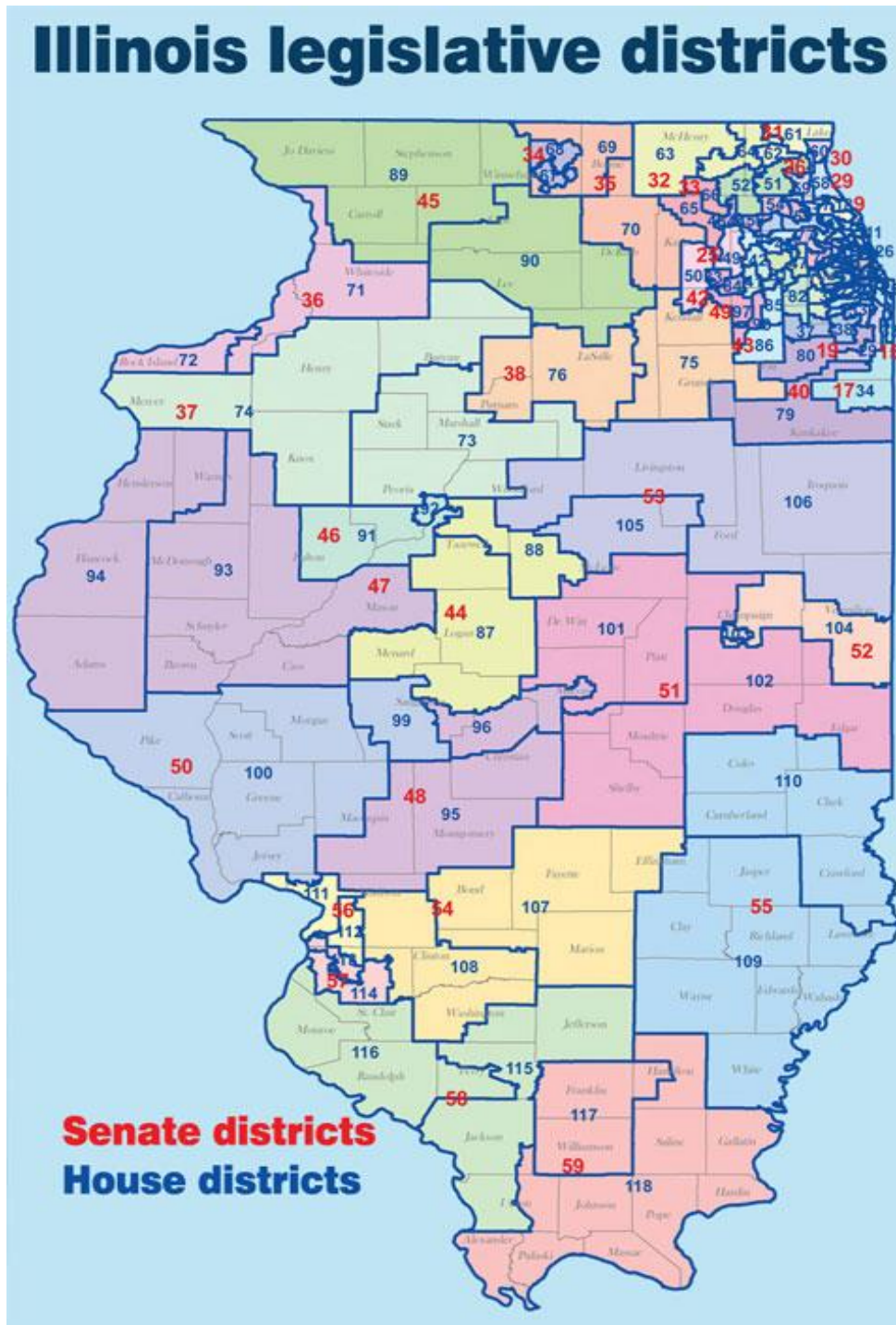
The 100th Illinois General Assembly, which took office on January 9, 2017, has a House of Representatives made of 67 Democrats and 51 Republicans. The Senate has 37 Democrats to 22 Republicans. This is a net gain of 4 and 2 seats for Republicans respectively in the 2016 elections. Democrats had the majority in 1992 in the Senate. Republicans held the majority in the Senate from 1993-2002 before Democrats retook control and have held a strong majority since. From 1992-2016 the Democrats only lost the majority to Republicans in the House for two years, in 1995 and 1996 (Illinois General Assembly, 2014). Illinois had Republican governors from 1992-2002, so during these years it was considered a ‘divided government’, since Democrats had control of the two chambers (again, except for 1995 and 1996 when Republicans controlled both the House and Senate). From 2003-2013, the governor and both chambers were Democratic, making it a ‘unified Democratic government’. With Governor Rauner in office as governor and a Democratic control of the General Assembly, the government is divided once more, meaning the last three years would be light blue rather than dark blue on the following timeline, which illustrates the history of partisanship in Illinois state government (image via Ballotpedia, “Illinois General Assembly”, 2014):

Figure 16



Map 1

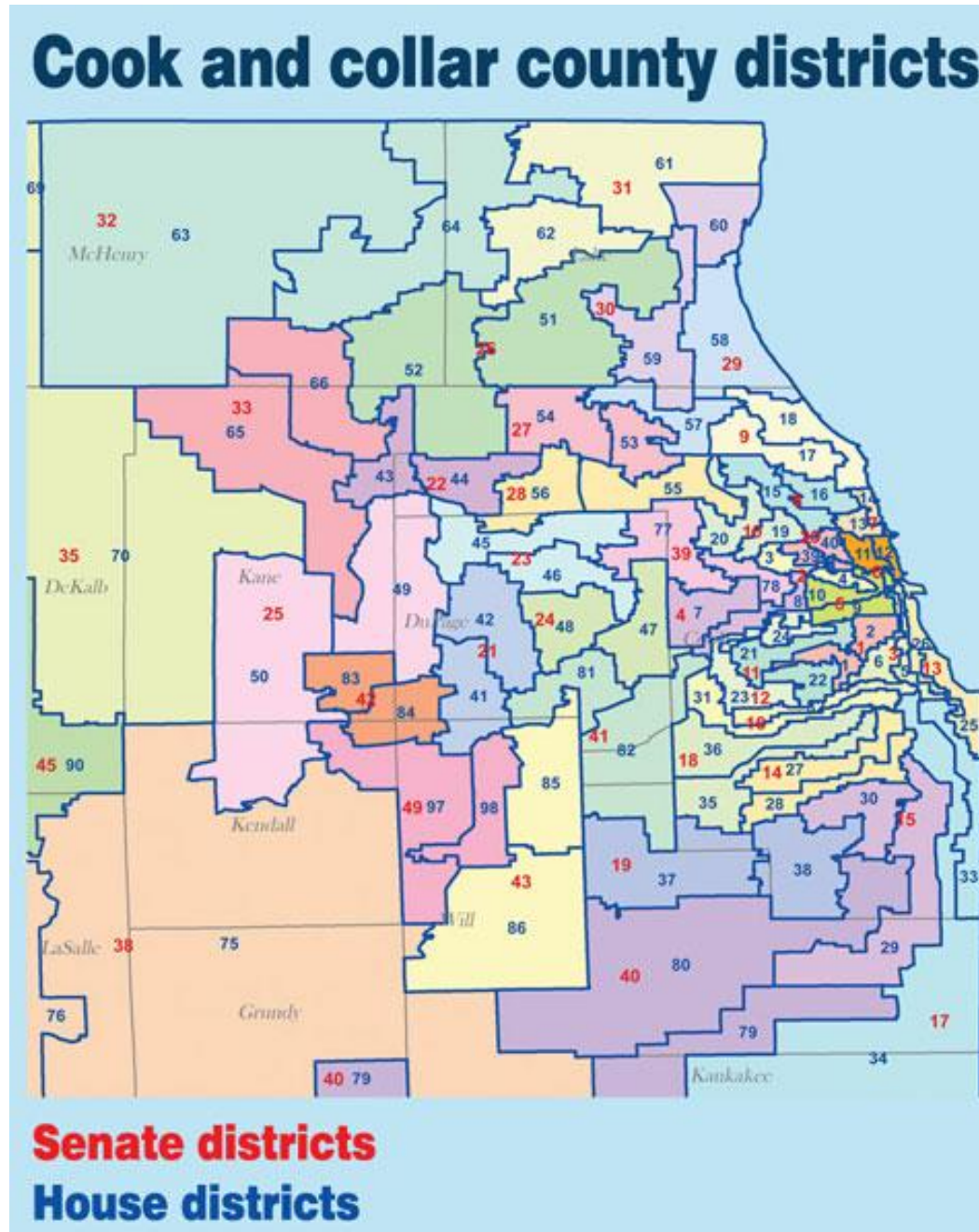
This is the most recent Illinois legislative district map¹¹:



¹¹ Illinois Legislative Districts. (2012). Retrieved February 21, 2017, from <http://illinoisissues.uis.edu/archives/2012/02/redistrictmaps.html>

Map 2

For a more detailed breakdown of Cook and collar county districts¹²:



¹² Illinois Legislative Districts. (2012). Retrieved February 21, 2017, from

<http://illinoisissues.uis.edu/archives/2012/02/redistrictmaps.html>

In April 2016, Governor Rauner endorsed the Independent Map Amendment coalition (Pearson, Geiger, 2016), which was a petition campaign that would put a measure before voters to decide whether or not to add an amendment to the state constitution to change the way legislative maps are drawn. If passed, this would form an independent commission made up of 11 people who would bring a plan to the Secretary of State every redistricting year by June 30 for legislative and representative districts.

The districts would be equal in population and meet the following criteria:

1. “The redistricting plan shall not dilute or diminish the ability of a racial or language minority community to elect the candidates of its choice, including when voting in concert with other persons
2. The redistricting plan shall respect the geographic integrity of units of local government
3. The redistricting plan shall respect the geographic integrity of communities sharing common social and economic interests, which do not include relationships with political parties or candidates for office. The redistricting plan shall not either intentionally or unduly discriminate against or intentionally or unduly favor any political party, political group or particular person. In designing the redistricting plan, the Commission shall consider party registration and voting history data only to assess compliance with the requirements in this subsection (a)” (Illinois Independent Redistricting Amendment, 2016)

Commissioners would be chosen by a 3-member Applicant Review Panel. Panel members are chosen by the Auditor General by March 1 on the years the federal decennial

census occurs. The Auditor General selects 30 applications from the pool of those submitted on the basis that the applicant is “a resident and registered voter of the State and has been for the four years preceding his or her application, has demonstrated understanding of and adherence to standards of ethical conduct and has been unaffiliated with any political party for the three years preceding appointment.” By March 31 of the same year, the Auditor General would publicly, randomly select the 3-member panel from the pool of 30.

By May 31, the Panel selects 100 potential commissioners from the pool of applicants who are “diverse and unaffected by conflicts of interest by considering whether each applicant is a resident and registered voter of the State and has been for the four years preceding his or her application, as well as each applicant’s prior political experience, relevant analytical skills, ability to contribute to a fair redistricting process and ability to represent the demographic and geographic diversity of the State.” All records of this selection process would be available to the public except for private information about applicants.

By no later than June 23, the Speaker and Minority Leader in the state House of Representatives and the President and Minority Leader in the Senate may remove as many as five potential commissioners. By no later than June 30, the panel would then publicly, randomly select 7 of the remaining commissioner pool who shall meet the following requirements:

1. “The seven Commissioners shall reside among the Judicial Districts in the same proportion as the number of Judges elected therefrom under Section 3 of Article VI of this Constitution
2. Two Commissioners shall be affiliated with the political party whose candidate for Governor received the most votes cast in the last general election for Governor, two Commissioners shall be affiliated with the political party whose

candidate for Governor received the second-most votes cast in such election and the remaining three Commissioners shall not be affiliated with either such political party

3. No more than two Commissioners may be affiliated with the same political party.

The Speaker and Minority Leader of the House of Representatives and the President and Minority Leader of the Senate would then each pick one Commissioner from the remaining applicants on the basis of the “appointee’s contribution to the demographic and geographic diversity of the Commission” (Illinois Independent Redistricting Amendment, 2016).

Once empowered, the Commission would act in public meetings to draw district lines, with the final plan requiring approval from:

1. “Seven Commissioners total
2. Two Commissioners from each political party whose candidate for Governor received the most and second most votes cast in the last general election for Governor
3. Two Commissioners not affiliated with either such political party” (Illinois Independent Redistricting Amendment, 2016).

All Commission meetings would need to be attended by a 6-Commissioner quorum and be given two-days public notice. In July 2016, a Cook County judge tossed the amendment from the ballot, saying it wasn’t within the state law’s time requirement for a petition-based amendment to the constitution to appear on the ballot in November 2016. This is the second second setback of this nature faced by the coalition in three years (Geiger, 2016). House Speaker Michael Madigan opposed the amendment, saying it would put protections ensuring minority representation in

jeopardy. Later, the State Supreme Court ruled that the plan was unconstitutional because it expanded the power of the State Auditor.

As a point of comparison, these are the surrounding states' redistricting procedures:

Indiana

1. State legislative lines and congressional lines are drawn by state legislators and subject to governor veto
2. If the state legislature does not come up with a plan, a backup commission takes the responsibility. This commission is made of 5 members — each legislative chamber's majority leader, the chair of each chamber's redistricting committee and a legislator chosen by the governor
3. Districts must comply with federal law which says each district must have about an equal population and the Voting Rights Act, which says districts cannot discriminate against minority populations.
4. Public hearing schedules are put together by the Senate majority leader to receive public input into district lines (Levitt, 2016).
5. This process is currently undergoing a two-year review by a 12-member legislative committee because critics say the small number of regulations allows political parties, specifically the Republican party, to draw lines to advantage their party in elections. When lines were drawn in 2011, the Republican majority Legislature created districts in a way that allowed them to increase their 60-member majority to a 69-member supermajority in the 2012 election cycle. Many are advocating for Indiana to adopt a non-partisan committee system to draw its lines (Carden, 2015).

Michigan

1. State legislative lines and congressional lines are drawn by state legislators and subject to governor veto
2. The State Supreme Court has sole authority to hear any challenges to either state or congressional districts
3. Public hearings are scheduled from both legislative houses for the public to give input to districts
4. Districts must comply with federal law, which says each district must have about an equal population and the Voting Rights Act, which says districts cannot discriminate against minority populations
5. Districts must be contiguous and separate as few counties, town and city boundaries as possible

Wisconsin

1. State legislative lines and congressional lines are drawn by state legislators and subject to governor veto.
2. State legislative lines must be drawn in the first legislative session after every Census. This is not required for congressional lines.
3. Each State Senate district must be made up of three State House districts
4. Districts must comply with federal law, which says each district must have about an equal population and the Voting Rights Act, which says districts cannot discriminate against minority populations.
5. Wisconsin law also says districts must be as compact as possible and not cut off county, town or precinct lines where possible (Levitt, 2016).
6. In the event of a legislative impasse, federal courts are responsible for imposing a redistricting plan. This has happened during three of the last four redistricting cycles (Keane, 2016, p. 19).
7. In 2016, a panel of three federal judges ruled that the 2011 map drawn by the Legislature was unconstitutional because it was gerrymandered to favor Republicans (Wines, 2016) and lawmakers were ordered to draw new maps by November 2017. Republicans are now working to get this ruling overturned (Marley, 2017).

Iowa

1. Iowa is usually considered the model for how to do redistricting in a non-partisan manner directed by neutral technocrats. It is often pointed to by reformers in Illinois and other states for the reforms they advocate.
2. State legislative lines and congressional lines are voted on by state legislators and subject to governor veto
3. During this process, lawmakers receive draft district maps from a nonpartisan advisory body and a bipartisan advisory commission. The body is called the Legislative Services Agency (LSA). It makes potential district plans under Iowa's redistricting statute criteria and, if the criteria seem open to interpretation, the LSA goes to the advisory commission.
4. Each legislative house minority and majority leader chooses one commissioner and the four selected commissioners agree on a fifth. No commissioner is allowed to hold elected office or partisan public office and must not be related to or employed by a federal or state lawmaker
5. The LSA and the commission work together to make a redistricting plan for state and congressional districts
6. An initial plan is presented to the legislature, and if it is rejected the LSA prepares another based on legislator input. If rejected twice, the LSA presents one final draft, which the legislature can modify at will. However, since this process became law in 1980, the Iowa legislature has always approved an LSA proposed plan.

7. The state Supreme Court has jurisdiction to hear challenges regarding the drawn districts
8. After the first LSA draft is submitted, a public copy is released and the advisory commission is obliged to hold at least three public hearings in different areas of the state. Feedback from these hearings is given to state lawmakers.
9. Districts must comply with federal law, which says each district must have about an equal population and the Voting Rights Act, which says districts cannot discriminate against minority populations
10. Where possible, State House districts should be contained within State Senate districts, and both should be contained within congressional districts (Levitt, 2016).

Missouri

1. State legislative lines and congressional lines are drawn by state legislators and subject to governor veto
2. Two separate political commissions draw the lines. In the House, each major party's congressional district committee select two members for each congressional district (which must not share the same state legislative district) and the governor selects one per district per party. In the Senate, each major party's state party committee selects 10 members and the governor selects 5 per party from that pool. Lobbyists cannot serve on either commission, and a plan must have support from 70 percent of commissioners to pass.
3. If no plan is put forth from commissioners, the State Supreme Court has the authority to choose six state appellate judges to draw the lines

4. At least three public input hearings must be held, and at least one of these must be after the commission submits their first plan draft
5. Districts must comply with federal law, which says each district must have about an equal population and the Voting Rights Act, which says districts cannot discriminate against minority populations
6. Districts must be contiguous and as compact as possible, and cannot divide county lines when drawing senatorial districts unless the law otherwise requires it (Levitt, 2016).

Kentucky

1. State legislative lines and congressional lines are drawn by state legislators and subject to governor veto
2. Districts must comply with federal law which says each district must have about an equal population and the Voting Rights Act, which says districts cannot discriminate against minority populations.
3. Districts must be contiguous and compact, and county lines and communities of interest must not be divided when drawing districts unless otherwise required by law
4. The Franklin Circuit Court, the county the state capital of Frankfort, Kentucky is in, has the sole authority to hear challenges to legislative district maps (Levitt, 2016).

Chart 13 — Redistricting Comparative Matrix 1

State	Who draws the lines?	Major redistricting process criteria
Illinois	-State Legislature, subject to governor veto	-Based on population data from a federal census taken every 10 years -Federal law requires districts to have equal population and not affect the voting power of racial or ethnic minority groups -Where possible, lines should be drawn to give minorities influence to sway election toward their chosen candidate -Districts must be contiguous
Indiana	-State Legislature, subject to governor veto	--Based on population data from a federal census taken every 10 years -Federal law requires districts to have equal population and not affect the voting power of racial or ethnic minority groups -Districts must be contiguous
Michigan	-State Legislature, subject to governor veto	-Based on population data from a federal census taken every 10 years -Federal law requires districts to have equal population and not affect the voting power of racial or ethnic minority groups -Districts must be contiguous and separate as few counties, town and city boundaries as possible
Wisconsin	-State Legislature, subject to governor veto	-Based on population data from a federal census taken every 10 years -Each State Senate district must be made up of three State House districts -Federal law requires districts to have equal population and not affect the voting power of racial or ethnic minority groups --Districts must be contiguous and separate as few counties, town and city boundaries as possible
Iowa	-State Legislature votes on a plan, which are subject to governor veto -Lawmakers receive draft plans from a nonpartisan advisory body and a bipartisan advisory commission. These bodies present potential district maps and the Legislature votes to approve them or not	-Federal law requires districts to have equal population and not affect the voting power of racial or ethnic minority groups ---Districts must be contiguous and compact -Districts must separate as few counties, town and city boundaries as possible -Where possible, State House districts should be contained within State Senate districts, and both

		should be contained within congressional districts
Missouri	<ul style="list-style-type: none"> -In the House, each party's congressional district committee picks two members for each congressional district (which must not share the same state legislative district) and the governor selects one per district per party -In the Senate, each major party's state party committee selects 10 members and the governor selects 5 per party from that pool -A plan must have support from 70 percent of commissioners to pass. 	<ul style="list-style-type: none"> -Based on population data from a federal census taken every 10 years -Federal law requires districts to have equal population and not affect the voting power of racial or ethnic minority groups ---Districts must be contiguous and compact -County lines must not be divided when drawing senatorial districts unless otherwise required by law
Kentucky	<ul style="list-style-type: none"> -State Legislature, subject to governor veto 	<ul style="list-style-type: none"> -Based on population data from a federal census taken every 10 years -Federal law requires districts to have equal population and not affect the voting power of racial or ethnic minority groups -Districts must be contiguous and compact -County lines and communities of interest must not be divided when drawing districts unless otherwise required by law

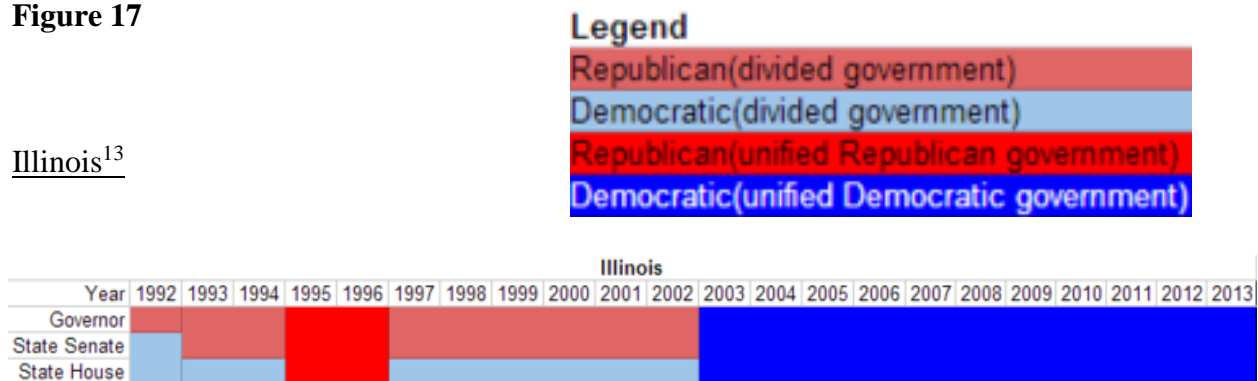
Chart 14 — Redistricting Comparative Matrix 2

State	In the case of redistricting impasse	Public input
Illinois	-8-member backup commission draws the lines. If they can't agree, Secretary of State randomly selects one person from a pool of two (one from each Party). This person breaks the tie.	-Redistricting committees hold at least one public hearing in one of four geographic districts
Indiana	-5-member backup commission draws the lines	-Public hearing schedules are put together by the Senate majority leader to receive public input into district lines
Michigan	-State Supreme Court has sole authority to hear any challenges to either state or congressional districts	-Public hearings are scheduled from both legislative houses
Wisconsin	-Federal courts are responsible for imposing a redistricting plan in the event of a legislative impasse	-No meetings, hearings held
Iowa	-The state Supreme Court has the sole appellate jurisdiction to hear challenges regarding the drawn districts	-After the first draft is submitted by the bipartisan commission, a public copy is released and the commission is obliged to hold at least three public hearings in different areas of the state
Missouri	-State Supreme Court has the authority to choose six state appellate judges to draw the lines	-At least three public input hearings must be held, and at least one of these must be after the commission submits their first plan draft
Kentucky	-The Franklin Circuit Court has the sole authority to hear challenges to state legislative district maps	-No meetings, hearings held

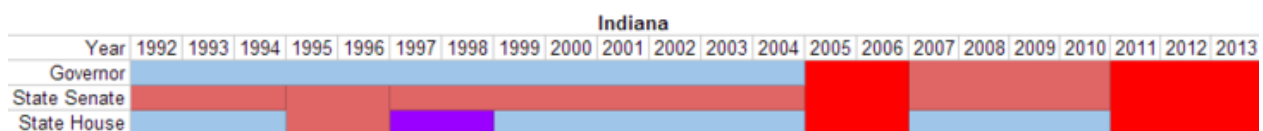
Obviously the partisan distribution between branches and within the legislative branch has a major impact on the likelihood of the legislature agreeing to a map which the governor will sign. Divided government often leads to an impasse. Unified government usually means the majority party draws the map to their advantage, which happened in Illinois and all the other states where the map is driven by the legislative branch.

The following timelines show the history of partisanship in Illinois and surrounding states from 1992-2013:

Figure 17

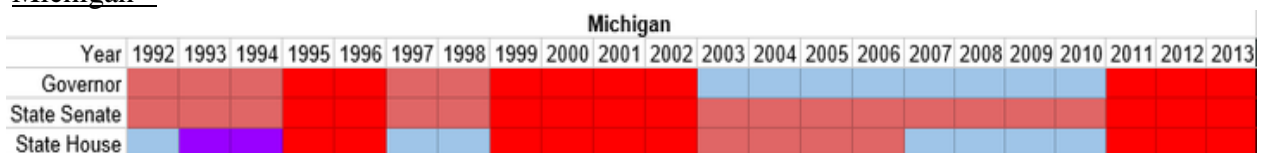


Indiana¹⁴



*In 1997 and 1998, the State House was split.

Michigan¹⁵



*In 1993 and 1994, the State House was split.

¹³ Illinois General Assembly, 2014

¹⁴ Indiana General Assembly, 2014

¹⁵ Michigan General Assembly,

Wisconsin¹⁶

		Wisconsin																					
Year	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Governor																							
State Senate																							
State House																							

Iowa¹⁷

		Iowa																						
Year	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		
Governor																								
State Senate																								
State House																								

*In 2005 and 2006, the State Senate was split.

Missouri¹⁸

	Missouri																						
Year	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Governor																							
State Senate																							
State House																							

Kentucky¹⁹

		Kentucky																					
Year	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Governor																							
State Senate																							
State House																							

¹⁶ Wisconsin General Assembly, 2014

¹⁷ Iowa General Assembly, 2014

¹⁸ Missouri General Assembly, 2014

¹⁹ Kentucky General Assembly, 2014

In Illinois, Democrats have generally been in the majority. Although they lost their trifecta in 2014 with the election of Governor Rauner, the State House of Representatives has been Democratic for all but two years since 1992 and both legislative chambers have been Democratic since 2003. Indiana has had a more varied history. From 1992 to 2004, the state was under a Democratic governor but a Republican Senate. In the State House, party control flipped four times between 1992 and 2004 before Republicans gained a trifecta in 2011. Michigan has had a party split since 1992, with the Republican party having a trifecta in 1996 and 1996, from 1999 to 2002 and again from 2011 to the present. Wisconsin has seen a Republican shift, as many states did from 2010 and onward, but historically its governor and legislature have been split between the two parties. Iowan Republicans have done well in the State House, holding the majority from 1993 to 2006 and again from 2011 to the present, while Democrats have often held office as governor or in the State Senate. However, in Iowa the partisan distribution is less directly relevant because of the major role played by the nonpartisan Legislative Services Agency. Democrats in Missouri had a trifecta from 1993 to 2000 but since 2003, Republicans have held both legislative chambers. Finally, Kentucky, which was a Democratic trifecta state from 1992 until 1999, has since been split between parties, with Republicans often controlling the State Senate and Democrats in office as governor and state representatives.

Studying these timelines, it seems clear that Illinois is one of the least varied between its surrounding states in terms of partisan history. It has historically either been mostly controlled by the Republicans or mostly controlled by Democrats, while a state like Indiana has had more frequent party turnover. States like Missouri and Kentucky, though once dominated by Democrats, have seemed in recent years to more evenly divide power between parties. Since

2014 they have been unified under Republican control. Though Missouri uses a bipartisan commission to draw its legislative lines, these commissions are partisan and selected by the legislature and the governor. Kentucky and Illinois have very similar redistricting methods. In Iowa, where lawmakers receive draft plans from a nonpartisan advisory body and a bipartisan advisory commission, the chambers have tended to be more evenly divided between the two parties than in Illinois. This could suggest that a separate, bipartisan commission might help with partisanship in Illinois, but again, even states like Kentucky, Indiana, Michigan and Wisconsin, which have redistricting methods similar to Illinois, have had more varied legislatures than Illinois. Given the data, there does not seem to be conclusive evidence that a separate commission would change the party makeup in the state legislature.

Local “Employee Empowerment Zones”

An “employee empowerment zone”, as Governor Rauner calls them, is essentially a right-to-work zone at the local level. Right-to-work laws say no employee can be obliged to join or not join a union as an employment condition, which means employees could still benefit from union negotiated benefits without having to pay dues to be members of that union (Garcia, 2015). States with right-to-work laws still require contracts to cover all workers, not just union employees (“Right to Work Laws”, 2016). Governor Rauner says creating these “employee empowerment zones” in which employees could choose whether or not to join a union would make Illinois more attractive to businesses (Rauner, 2014, p. 9). Other advocates for right-to-work states say this creates faster job growth. According to a National Institute for Labor Relations Research analysis of Bureau of Labor Statistics job growth data, in the 24 right-to-work states private-sector job growth was at 9.7 percent from 2005-2015, a nearly 3 percentage point lead over the national average (National Institute for Labor Relations Research, 2016).

There is a perception that the state of Illinois is burdened with a large number of state employees, but compared to the surrounding states, Illinois has the smallest number of full-time state employees (FTEs) per 10,000 people. In fact, of all 50 states, Illinois has the second-to-smallest number of state employees per capita²⁰:

²⁰ States With Most Government Employees: Totals and Per Capita Rates. (2014). Retrieved February 11, 2017, from <http://www.governing.com/gov-data/public-workforce-salaries/states-most-government-workers-public-employees-by-job-type.html>

Figure 18

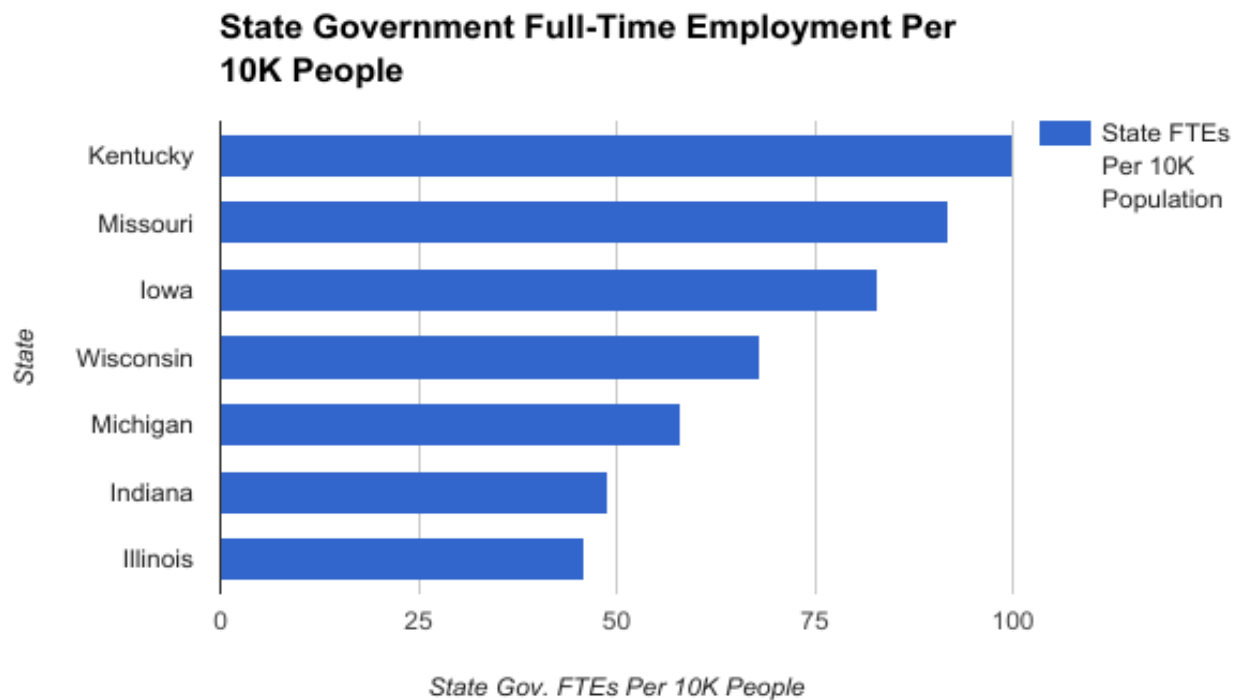


Chart 15

State	State Gov. FTE Employment	State FTEs Per 10K Population
Kentucky	44,292	100
Missouri	55,890	92
Iowa	25,907	83
Wisconsin	33,321	68
Michigan	67,024	58
Indiana	30,223	49
Illinois	63,199	46

(All data from States With Most Government Employees: Totals and Per Capita Rates, 2014)

(Figure below via National Institute for Labor Relations Research, 2016)²¹

²¹ The National Institute for Labor Relations Research is an organization that advocates for right-to-work laws, and refers to non-RTW states as “forced-unionism” states.

Figure 19

Percentage Growth in Non-Farm, Private-Sector Payroll Employment (2005-2015)	Right To Work States	9.7%
	Forced-Unionism States	5.8%
	National Average	6.8%

Source: Department of Labor, Bureau of Labor Statistics (BLS)

Percentage Growth in Total Private Sector, Non-Farm Employment (2004-2014)	Right To Work States	15.9%
	Forced-Unionism States	9.6%
	National Average	11.6%

Department of Commerce, Bureau of Economic Analysis (BEA)

Percentage Real Growth in Private Sector Employee Compensation (2005-2015)	Right To Work States	16.9%
	Forced-Unionism States	12.4%
	National Average	13.2%

BEA, BLS

Cost of Living-Adjusted Per Capita Disposable Personal Income (2005)	Right To Work States	\$41,112
	Forced-Unionism States	\$38,212
	National Average	\$39,618

Missouri Economic Research and Information Center (MERIC); BEA

Growth in Number of Residents Aged 35-54 (2005-2015)	Right To Work States	3.1%
	Forced-Unionism States	-6.2%
	National Average	-3.0%

U.S. Department of Commerce, Bureau of the Census (BOC)

According to the American Legislative Exchange Council (ALEC), from 2003-2013 right-to-work states also had more gross state product growth compared to non-right-to-work states (58.8 percent to 44.3 percent) and more personal income growth (57.9 percent to 45.8 percent) (Wilterdink, 2016)²².

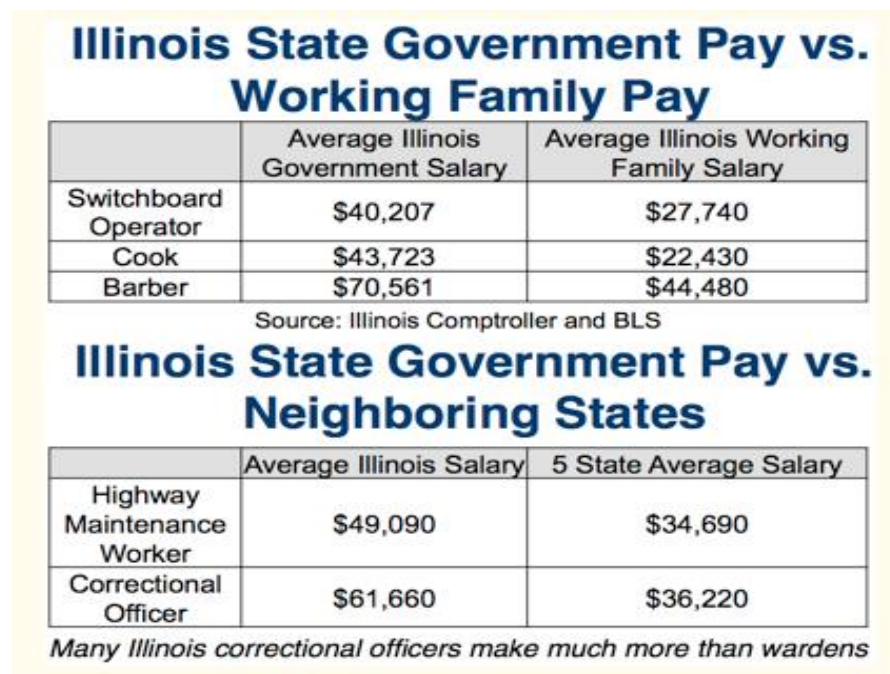
Governor Rauner's proposal would be to allow establishment of "employee empowerment zones" in any county in the state. The Turnaround Agenda states:

²² It should be noted that ALEC is a strongly conservative non-profit organization which advocates a series of policies for the states.

“An employee empowerment zone could be established either (i) by ordinance or resolution adopted by the governing board or council of the local government or (ii) by referendum proposed by petitions signed by at least 5 percent of registered voters in the jurisdiction. The proponents would decide whether the employee empowerment zone would apply to public sector employees, private sector employees, or both” (Rauner, 2014, p. 9).

In a February 2015 memo to state legislators, Governor Rauner said he wants state unions to operate more like federal unions, saying “government can not force its employees to participate in or fund labor union activities that they do not support” (Miller, 2015). Union supporters maintain that right-to-work states usually show lower wages for workers, fewer benefits, and less protection rights of workers.

Figure 20²³

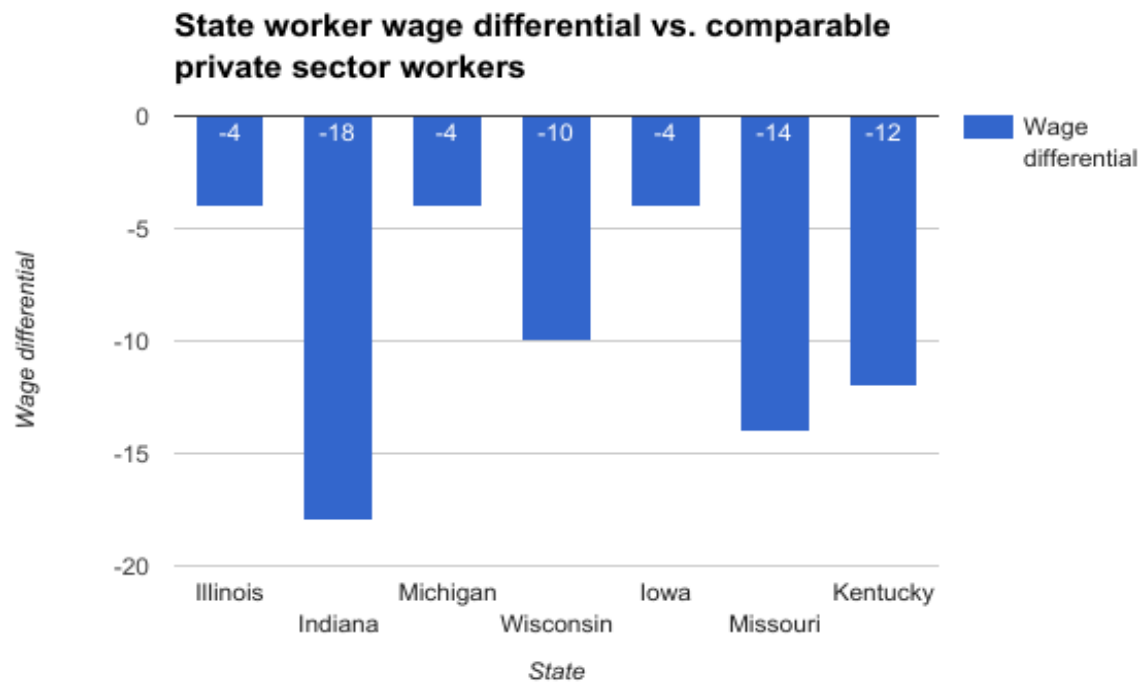


²³Figure above from Governor Rauner’s slide presentation included in a February 2015 memo to state legislators, (Miller, 2015)

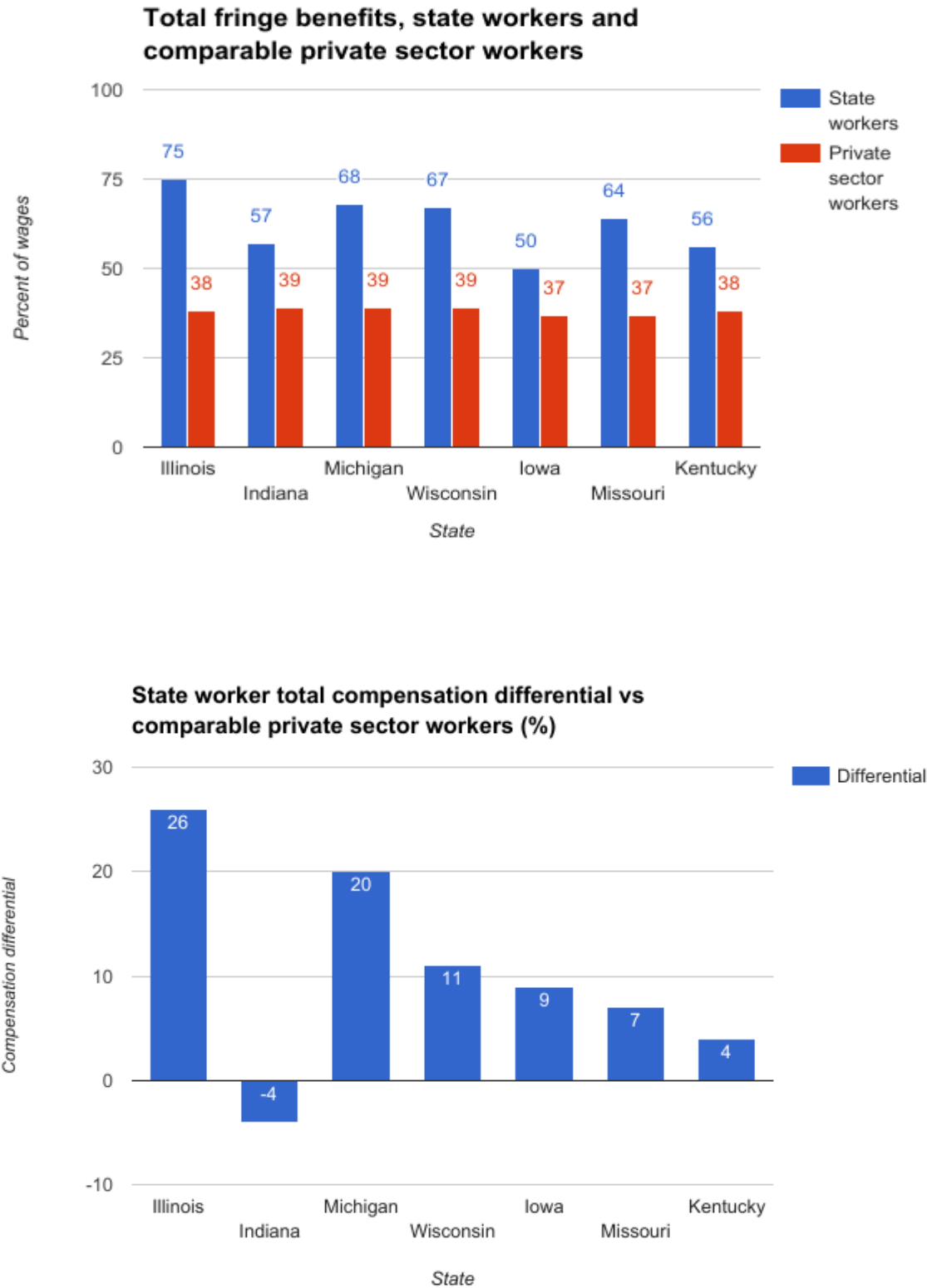
The information in the images above may be factually correct, but responsible comparisons of public and private sector compensation take into account education level, fringe benefits, firm size and other job characteristics that impact pay. A study conducted through the American Enterprise Institute for Public Policy Research defines total compensation as both salary and benefits, and researchers Andrew Biggs and Jason Richwine point out that most economists reject the method used by Governor Rauner above of comparing public and private sector jobs in similar occupations because “when comparable occupations do exist, [one] cannot be sure that either the job requirements or the skills of the employees who fill those jobs are equal between sectors” (Biggs, Richwine, 2014, p. 6). In their study, they found that, when controlling for education and other factors affecting employment, most state employees suffer from a salary penalty but the fringe benefits state workers earn are still enough to make government work more attractive than the private sector. Additionally, among lower-educated workers the gap between public and private sector compensation is significantly in favor of the public sector employee. As education level increases, compensation swings in the other direction — highly educated state workers suffer from compensation penalties compared to similarly educated private sector workers:

“[Public sector employees] with less than a high school education receive a total compensation premium of 22 percent; high school graduates receive a compensation premium of 19 percent; individuals with some college receive a premium of 13 percent; college graduates receive a premium of 2 percent; master’s degree holders a penalty of 3 percent; professional degree holders a penalty of 17 percent; and PhDs a penalty of 18 percent” (Biggs, Richwine, 2014, p. 46).

Figure 21



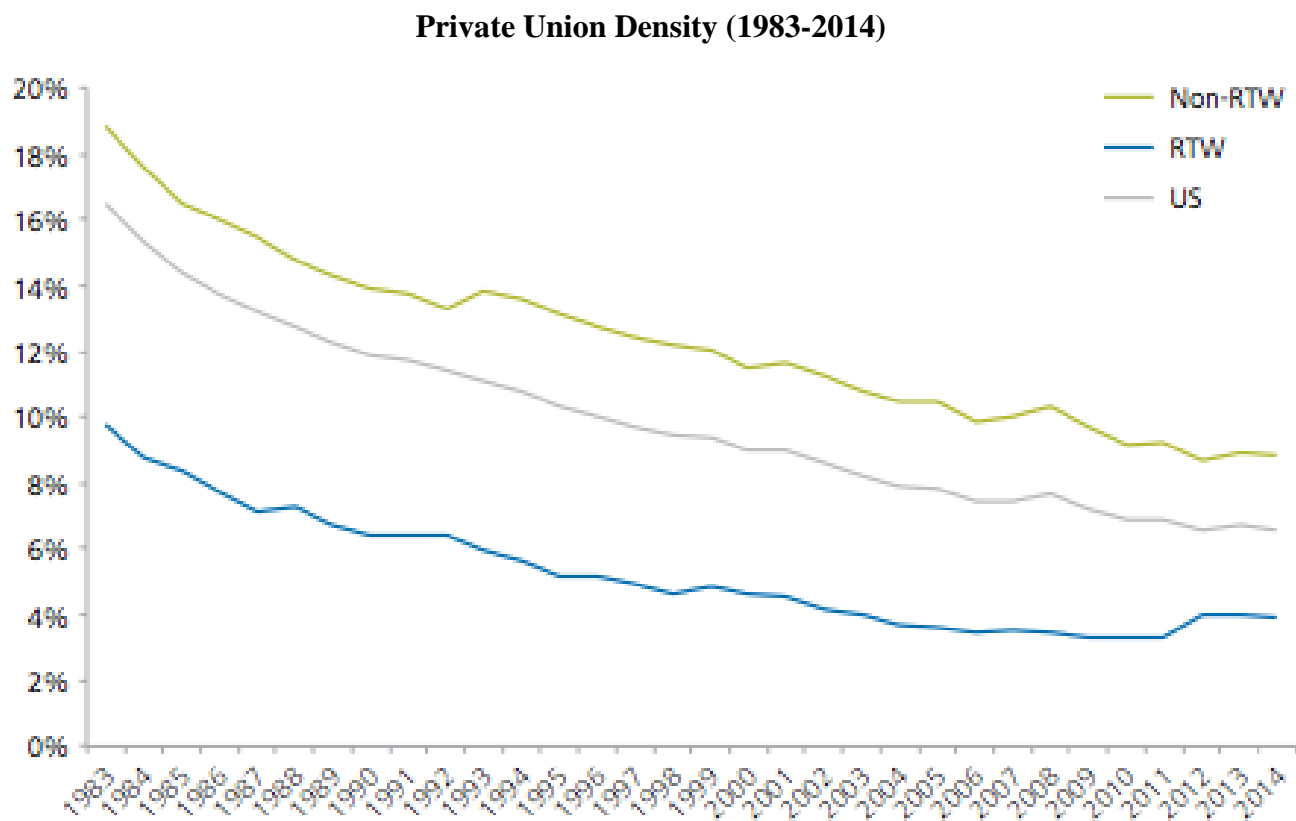
Figures 22 and 23



(All data in the above charts is from Biggs, Richwine, 2014)

Opponents of right-to-work laws say they reduce the number of union employees which leads to pay reductions for employees. A 2014 study conducted by Robert Bruno, a professor of labor and employment relations at the University of Illinois, and Frank Manzo IV, the policy director of the Illinois Economic Policy Institute, found that these laws reduce worker income by an average of 3.2 percent, lower percentage of workers covered by a health insurance plan by 3.5 percent and a pension plan by 3 percent and reduce union membership by 9.6 percent (Ciciora, 2014). A 2015 study from Nera Economic Consulting also found that union members in private sector jobs throughout the nation fell from 16 percent in 1983 to seven percent in 2014. However, membership in RTW states has been lower than non-RTW states. In 2014, the study found, four percent of private sector employees in RTW states were union members while almost nine-percent were union members in non-RTW states (Eisenach, 2015, p. 4).

Figure 24



Source: Current Population Survey (available at <http://www.unionstats.com/>). Note: [1] Data excludes the District of Columbia and US Territories. [2] States that passed RTW legislation during the time period, such as Texas, which became a RTW state in 1993, are counted as non-RTW states before the passage of RTW laws and as RTW states after the passage of RTW laws.

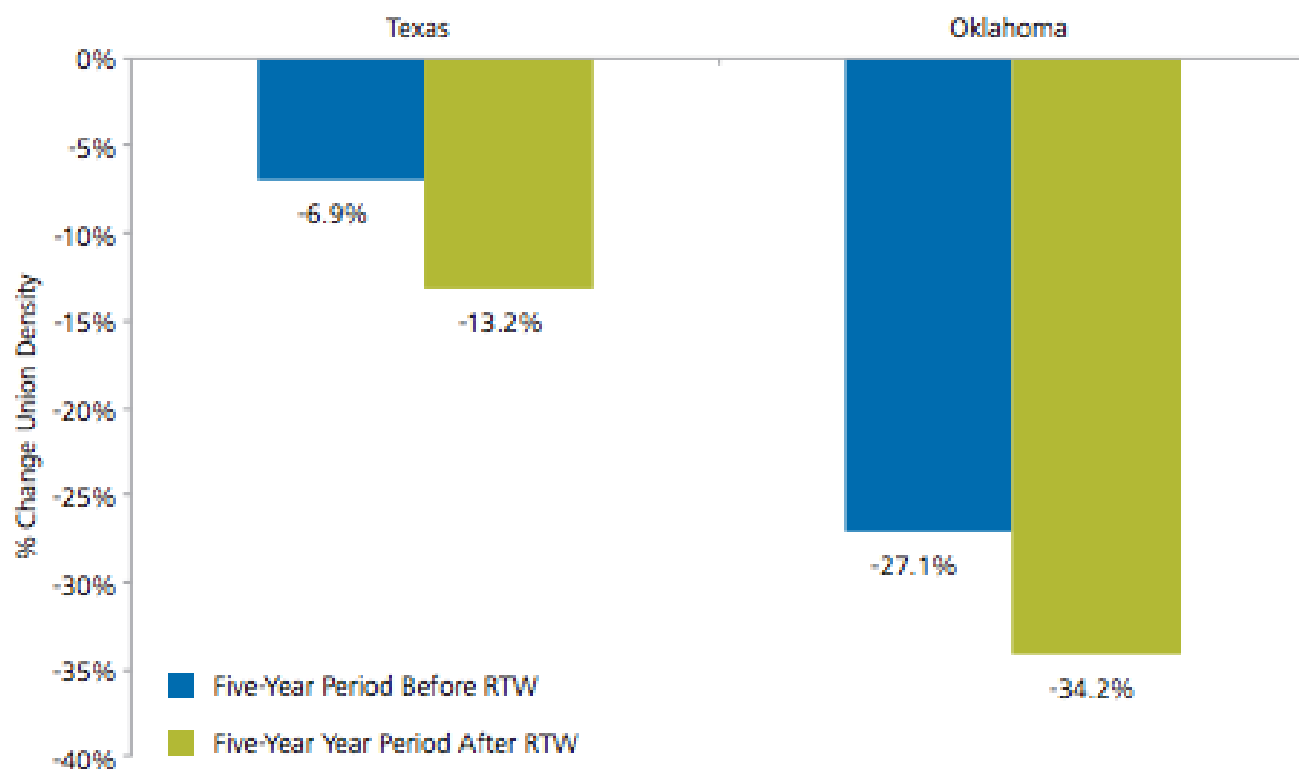
(Image, Eisenach, 2015, p. 19)²⁴.

²⁴ Union membership has been steadily declining for decades. Right-to-work states have lower levels of union membership than non-right-to-work states.

In Texas and Oklahoma, which passed RTW laws in 1993 and 2001 respectively, union membership had already been declining but declined at an accelerated rate once the laws were passed.

Figure 25

Decline in Private Sector Union Density in Texas and Oklahoma (Five Years Before and After RTW) (Image below, Eisenach, 2015)



Source: Current Population Survey (available at <http://www.unionstats.com/>). Note: Texas and Oklahoma became RTW states in 1993 and 2001, respectively.

In Michigan, where RTW was passed in 2012, the number of employees represented by unions declined by 25,000 within 3 years, dropping from 656,000 in 2013 down to 631,000, according to a 2015 news release from the Bureau of Labor Statistics. Union membership went down by even more, from 633,000 to 585,000 within the same time period. However, Indiana,

where RTW was also passed in 2012, experienced an increase in union membership from 2013 to 2014. According to BLS data, union members went up by 50,000 — from 249,000 in 2013 to 299,000 in 2014. The number of workers represented by unions went from 275,000 to 335,000 during the same time period (Szal, 2015). Some attribute Indiana's increase to an improved economy and say the effects of RTW can't be seen yet.

Uric Dufrene, a professor of finance at Indiana University Southeast, said the most significant part of those numbers is that the RTW law has not yet showed a significant decrease for union members and representation (Suddeath, 2015). Jeff Harris, communications director for the Indiana State AFL-CIO, attributed the growth to an increase in public projects in the state, such as the construction of Lucas Oil Stadium and Interstate 69 additions (Suddeath, 2015).

The study by Bruno and Manzo also found that although right-to-work laws increase employment by an average of 0.4 percent, this is at the expense of labor force participation, which tended to fall at a rate of 0.5 percent (Ciciora, 2014). The two authors of this study did a hypothetical examination of what would happen if the state did adopt right-to-work laws. They found that the state's labor income would decline by \$12.3 billion, with federal income tax revenue falling by \$4.8 billion and state income tax revenue falling by \$500 million. Government assistance like food stamps and Earned Income Tax Credit benefits would increase by \$440 million in a year. The authors state:

“The question for policymakers is whether a small increase in the employment rate is worth a significant decrease in total labor income, a considerable decline in state income tax revenues, an even larger drop in federal income tax revenues and an increased erosion of public budgets.” (Ciciora, 2014).

From this study, it seems the negative impact RTW laws would have on the economy and union membership would outweigh the slight increase to the employment rate.

As a point of comparison, here is a complete list of right-to-work states. Of these states, only Wisconsin and Iowa are adjacent to Illinois. Missouri became a RTW state in 2017 when the governor switched from Democratic to Republican.

(image below from Eisenach, 2015, p. 11):

Figure 26

Table 2. Years Right-to-Work Legislation Enacted

State	Year Enacted
Arkansas	1944
Arizona	1946
Nebraska	1946
South Dakota	1946
Georgia	1947
Iowa	1947
North Carolina	1947
Tennessee	1947
Virginia	1947
North Dakota	1948
Nevada	1952
Alabama	1953
South Carolina	1954
Utah	1955
Kansas	1958
Mississippi	1960
Wyoming	1963
Florida	1968
Louisiana	1976
Idaho	1986
Texas	1993
Oklahoma	2001
Indiana	2012
Michigan	2012
Wisconsin	2015

Source: Johnny Xu, "The Effect of Adopting Right to Work Laws: A Paired State Approach," MPA/ MPP Capstone Projects, 2014; 2015 Wisconsin Act 1, Wisconsin State Legislature (10 March 2015) (available at <http://docs.legis.wisconsin.gov/2015/related/acts/1>).

Conclusion

When Bruce Rauner set his sights on becoming governor of Illinois, he had ambitious goals for the state and its problems. Though his gubernatorial bid was successful, after more than two years in office his 44-point Turnaround Agenda has had little to no success, and his policies have been blocked by the Democrat-controlled legislature at every turn. Still, the businessman-turned-politician remains committed to his insistence that Illinois needs to have a more business-friendly environment. Originally advocating for 44 reforms for the state, the “Turnaround Agenda”, the governor now tends to focus on seven he believes will turn around the Illinois economy, and in many cases, he points to surrounding states as policy models. After researching each of Governor Rauner’s favored reforms — workers’ compensation reform, education reform, a property tax freeze, implementing term limits, pension reform, redistricting and creating local “employee empowerment zones” — and comparing them to surrounding states, it seems that while some items have merit and warrant consideration by lawmakers, for other reforms there is little evidence to conclude they could fix the problems they’re intended to solve, according to the governor’s plan.

For workers’ compensation, Governor Rauner often points to Indiana’s system as an exemplar for Illinois. A 2016 Oregon Workers’ Compensation Premium Rate Ranking Summary placed Illinois’ premiums at 8th highest in the nation, and Indiana’s at 49th. However, upon studying Indiana’s Workers’ Compensation Act, it is clear that, while it seems to result in lower premiums for Indiana businesses, this comes at the expense of the employee. In Indiana, the American Medical Association “Guides to the Evaluation of Permanent Impairment” are the sole determinant in workers’ compensation cases, but the AMA Guides can only rate the impairment, not the disability, of an employee. The Guides, therefore, cannot judge how much an injury

actually impacts an employee's job. Make no mistake, the Illinois Workers' Compensation Act does need tweaking, as is clear from the fact that Illinois premiums are nearly double some of the surrounding states. Illinois introduces the AMA Guides as one of five determinants for workers' compensation payouts, but when studying decisions made by the Workers' Compensation Commission, one can see that oftentimes, an AMA impairment rating is not even introduced as evidence. This can lead to payouts being higher than they might otherwise be. Instead, the AMA Guides should be the primary (but not sole) determinant in these cases. If one of the four other factors significantly alters the context of the case, then those should be given heavier consideration. This could lead to lower payouts and alleviate the high costs of workers' compensation on employers while still providing injured employees the chance to have higher payouts if other factors are significant in their case.

In this report's study of education reform, it was apparent that there exists a clear disparity between wealthy and poor school districts in Illinois. Rich districts have much greater resources and spend more per pupil and poor districts less, which is largely due to school district's overreliance on property taxes. This is a regressive funding system that ultimately leads to Illinois having the worst funding gap between rich and poor districts in the country. Part of this can also be attributed to the flat income tax rate in Illinois, which, again, can be called regressive because it tends to affect the most those with the lowest incomes. The School Funding Reform Commission's suggestion of establishing "a unique funding target ("adequacy") for each district that reflects the particular needs of children in that district and will lead to improved outcomes for students" sounds like it could be a step in the right direction, but it's still vague and doesn't give much indication of how it would work beyond giving additional resources to students from low-income families, English language learners and those with disabilities. Until a

way to close the education funding gap is worked out and passed by lawmakers, Illinois students with the fewest resources and highest poverty will continue to receive the short end of the stick.

This leads to a third key reform area of the governor's — a property tax freeze. Because districts in Illinois get nearly 65 percent of funding from property taxes, a freeze on this revenue source could potentially wreak havoc on schools. Though the Quality Counts report ranked Illinois the second-highest in school funding of all the surrounding states, it is clear that Illinois contributes the smallest amount of money to school districts out of any surrounding states. Low poverty districts receive 19 percent more funding than high poverty districts. In Indiana, high poverty districts receive 12 percent more than low poverty districts, and in Michigan, low poverty districts receive 6 percent less. High poverty districts in Wisconsin get 6 percent more than low poverty districts and in Iowa, low poverty districts receive 4 percent less. Poor Missouri school districts are allocated 4 percent less than wealthy ones and in Kentucky, poor districts get 11 percent more than their rich counterparts (Ushomirsky, Williams, 2015, p. 4).

Much of this is due to the reliance on property taxes to primarily fund Illinois schools, but part of this could also be attributed to the use of average daily attendance, rather than enrollment, in determining part of general state aid funding in Illinois. Studies show that children from low income backgrounds are almost twice as likely to miss class than their wealthier peers (Nelson, 2014). Of the states surrounding Illinois, those that use enrollment, rather than attendance, to determine part of state aid to school districts are more likely to have more equitable funding between their poor and rich school districts. In order for Illinois school districts to remain functional under a property tax freeze, Governor Rauner and lawmakers would have to follow through on education funding reform and allocate more state money to school districts. The crux of the problem, of course, is where the state funding would be found.

The governor has not been entirely clear on the answer to this question, as has been the case with most of the reform commissions.

The governor calls for legislative term limits as a fix to the longstanding political corruption in Illinois and to bring new ideas and fresh faces to Springfield and enhance the business environment. When studying the 15 states that already have term limits (of which Missouri and Michigan are the only Illinois-adjacent players), there doesn't seem to be any correlation between adopting term limits and political corruption. Also, neither of the surrounding states with term limits is significantly better off in overall economic terms than Illinois.

In 2015, poll and data analysis website FiveThirtyEight conducted a study of political corruptness in each state based on four factors. When an average of all four corruption rankings is taken, Illinois comes out on top as the most corrupt state against all those with legislative term limits (except Louisiana, which is missing one data point), but is trailed by just two points by Ohio. California, one of two states that have had legislative term limits for the longest period of time, is ranked second in corruption convictions out of all 50 states. The other, Maine, is ranked 5th in a lack of stringent corruption laws. Based on this information, there also does not seem to be an obvious correlation between state corruption and fiscal condition. Although the two most corrupt states, Louisiana and Illinois, rank low financially, Maine, which is in the bottom fourth of corruption in states with term limits, is ranked 43rd in fiscal condition. Again, Maine has had term limits for the longest period of time than any other state except California.

Illinois' term-limited neighboring state of Michigan is in the bottom half of rankings for state financial condition. Missouri seems to fare better fiscally, achieving the 14th best financial state in the country, but again, with the data showing varying degrees of financial success and

anti-corruption, it is hard to say if this is due to term limits or not. Though this doesn't mean term limits wouldn't alleviate some of the corruption coming out of Springfield, the data suggests it wouldn't be the fix Governor Rauner is touting.

When it comes to pension reform, few would argue with Governor Rauner's assertion that the state is in trouble. Illinois, ranked dead last in terms of unfunded pension liabilities in the country, is clearly in desperate need of reform when compared to surrounding states like Wisconsin (ranked 2nd), Iowa (ranked 13th) and Missouri (ranked 22nd). For years the state has shortened pension payments to provide budgetary relief. Had the state government been making proper contributions all along, instead of Illinois' frequent practice of taking pension holidays, the unfunded liabilities would not have grown so large. Now, the Supreme Court has ruled that the benefits already promised cannot be infringed on. When adjusting for inflation, liabilities increased by 450 percent from 1999 to 2013 (Furchtgott-Roth, 2016) and with a record \$130 billion in unfunded pensions, it seems that the standard proposal of increasing taxes and cutting spending cannot be relied upon to fix a problem of this magnitude. The remaining answer, short of repealing the constitutional provision requiring pension obligations to be met (which the governor has advocated), would be to change the obligations for new workers. Senator Cullerton's consideration model or Governor Rauner's 401k proposals, though not as secure for employees as the previous model for government pensions, seem to be the next best method for digging the state out of its pension hole.

Governor Rauner wants to change how Illinois draws legislative districts, and he has endorsed the Independent Map Coalition proposal. This measure, if passed by voter referendum, would create an independent commission made up of 11 people who would bring a plan to the Secretary of State every redistricting year by June 30 for legislative and representative districts.

When studying redistricting methods and party makeup of surround state legislatures, there isn't conclusive evidence that this reform would create a more evenly distributed party makeup. The Illinois State Legislature has historically either been mostly controlled by the Republicans or mostly controlled by Democrats, while a state like Indiana has had more frequent party turnover. States like Missouri and Kentucky, though once dominated by Democrats, have tended in recent years to more evenly divide power between parties and then more recently still, they changed to Republican-dominant. Though Missouri uses a bipartisan commission to draw its legislative lines, Kentucky and Illinois have very similar redistricting methods. In Iowa, where lawmakers receive draft plans from a nonpartisan advisory body and a bipartisan advisory commission, the chambers have tended to be more evenly divided between the two parties than in Illinois. This could suggest that a separate, bipartisan commission might help with partisanship in Illinois, but again, even states like Kentucky, Indiana, Michigan and Wisconsin, which have redistricting methods similar to Illinois, have had more varied legislatures than Illinois. Given the data, there does not seem to be conclusive evidence that a separate commission would change the party makeup in the state legislature.

Creating local "employee empowerment zones", also known as right-to-work laws, is another major item on Governor Rauner's wishlist, but this policy has been shown to lead to reductions in worker pay, lower the percentage of workers covered by health insurance and with pension plans, and reduce union membership. In Texas and Oklahoma, which passed RTW laws in 1993 and 2001 respectively, union membership had already been declining but declined at an accelerated rate once the laws were passed. In Michigan, where RTW was passed in 2012, the number of employees represented by unions declined by 25,000 within 3 years, dropping from 656,000 in 2013 down to 631,000, according to a 2015 news release from the Bureau of Labor

Statistics. Though this pattern didn't hold in Indiana, where RTW was also passed in 2012. The Illinois neighbor experienced a 50,000 worker increase in union membership from 2013 to 2014. Right-to-work laws have been found to increase the overall state employment by an average of 0.4 percent, but this is at the expense of labor force participation, which tended to fall at a rate of 0.5 percent. One study even found that if Illinois adopted RTW laws, the state's total labor income would decline by \$12.3 billion, with federal income tax revenue falling by \$4.8 billion and state income tax revenue falling by \$500 million. Government assistance like food stamps and Earned Income Tax Credit benefits would increase by \$440 million in a year (Ciciora, 2014). The benefits to employers would come at a cost to the economy as a whole.

Many of the issues Governor Rauner has identified in his Turnaround Agenda are in desperate need of redress. The state is in financial distress. According to the 2016 Mercatus Center Ranking of States by Fiscal Condition, Illinois is 47th of all states and Puerto Rico on the basis of fiscal health in five separate categories. The state is 48th in terms of cash solvency, or having enough money to pay its bills. Illinois comes in 41st in budget solvency, or the ability to finance the fiscal year with the revenues it generates. Long-run solvency, being able to use assets to cover potential state emergencies and financial risks, puts the state second-to-last, and trust fund solvency — the level of debt in the state — comes in at 46th. Trust fund solvency includes pension liabilities, other postemployment benefits (OPEB) state debt. Of the five factors used in the report to measure a state's financial condition, Illinois did the best in service-level solvency, which compares how high taxes, spending and revenue are compared to how much money people in the state make. Here, Illinois ranked 25th, but still — in no category was Illinois above average, and in four-fifths of the categories the state was in the bottom 10 rankings (Norcross, Gonzalez, 2016, 13, 15, 18, 25, 27).

People have been leaving the state in droves for years, with more than 100,000 people leaving in 2016, and Illinois has long been labeled one of the most politically corrupt states in the country. This is a part of what made Governor Rauner's promise to "Shake up Springfield" so popular among voters. However, in practice it appears many of his policies would benefit businesses at the expense of workers. None of these proposals alone appear to provide the silver bullet to fix the state's ills. Some, like term limits, do not appear to be clearly related to the problems with the state's economy the governor claims they will solve.

More immediately, the local property tax freeze would certainly address the high rate Illinois suffers, but it also would reduce the ability of local units of government, especially school districts, to address their needs, which are in part caused by the state's failure to provide state funding. The budget impasse, which has not been helped by Governor Rauner's refusal to sign a budget bill that doesn't include term limits and a property tax freeze, has been a major detriment to many Illinois residents, and the state's public schools, community colleges, universities, and social agencies. With the state under unprecedented financial duress, it would appear that some of the governor's priorities are on reforms that won't yield the desired results for Illinois citizens.

References

- Associated Press. (2011, December 07). Long list of Illinois politicians convicted for corruption. Retrieved January 06, 2017, from <https://www.wbez.org/shows/wbez-blogs/long-list-of-illinois-politicians-convicted-for-corruption/86da77fb-c3e4-4d08-adb2-f1c42110afe8>
- Associated Press. (2016, June 01). 5 things you need to know about the Illinois budget crisis. Retrieved January 06, 2017, from <http://www.dailyherald.com/article/20160531/news/160539864/>
- Bernardo, R. (2016, April 11). 2016's States with the Highest & Lowest Tax Burdens. Retrieved February 11, 2017, from <https://wallethub.com/edu/states-with-highest-lowest-tax-burden/20494/>
- Biggs, A., & Richwine, J. (2014, April). Overpaid or Underpaid? A State-by-State Ranking of Public Employee Compensation (Rep.). Retrieved February 13, 2017, from American Enterprise Institute for Public Policy Research website: https://www.aei.org/wp-content/uploads/2014/04/-biggs-overpaid-or-underpaid-a-statebystate-ranking-of-public-employee-compensation_112536583046.pdf
- Bock, J. (2015, September 21). Illinois districts back Rauner plan to undo school mandates. Retrieved December 29, 2016, from http://www.stltoday.com/news/local/education/illinois-districts-back-rauner-plan-to-undo-school-mandates/article_676e8e2d-5562-5985-a809-0235afa2bbdd.html
- Braun, M. Z. (2015, October 12). State Pension Funding Levels in U.S. Improve for a Second Year. Retrieved November 30, 2016, from <https://www.bloomberg.com/news/articles/2015-10-13/state-pension-funding-levels-in-u-s-improve-for-a-second-year>
- Burnett, S. (2016, June 01). 5 things you need to know about the Illinois budget crisis. Retrieved January 07, 2017, from <http://www.dailyherald.com/article/20160531/news/160539864/>
- Capron, D. F., & Averginos, N. J. (2016). On Injury Law [Web log post]. Retrieved November 12, 2016, from <http://www.capronlaw.com/capronlawblog/>
- Carden, D. (2015, October 1). Indiana's redistricting process under the microscope. Retrieved February 11, 2017, from http://www.nwitimes.com/news/local/govt-and-politics/indiana-s-redistricting-process-under-the-microscope/article_41c2dd6e-8966-5a7e-a5ea-be7f848fcd3.html

- Ciciora, P. (2014, August 28). Workers in collective bargaining states subsidize low-wage earners in right-to-work states. Retrieved December 30, 2016, from <https://news.illinois.edu/blog/view/6367/204531>
- Corrections to Quality Counts 2016 (Rep.). (2016, January 26). Retrieved February 10, 2017, from Education Week website: <http://www.edweek.org/ew/qc/2016/corrections-to-quality-counts-2016.html>
- Craver, K. (2016, January 22). Out-migration from Illinois hits six digits: State population loss leads nation. Retrieved February 01, 2017, from <http://www.nwherald.com/2016/01/19/out-migration-from-illinois-hits-six-digits-state-population-loss-leads-nation/aw6o56j/>
- Cullerton, J. (2015). *President Cullerton on Governor Rauner's Property Tax Freeze Proposal* (Illinois, Illinois General Assembly, Office of Senate President John Cullerton). Springfield, IL.
- Currie, B., Davis, W., Mayfield, R., & McAsey, E. (2017). *Education Funding Commission Letter to Purvis* (Illinois General Assembly, House of Representatives). Springfield, IL.
- Day, C., Manley, M., & Dotter, J. (2016). *2016 Oregon Workers' Compensation Premium Rate Ranking Summary* (United States, State of Oregon, Department of Consumer and Business Services). Salem, OR: Information Technology and Research Section, Department of Consumer and Business Services.
- Eisenach, J. (2015). *Right-to-Work Laws: The Economic Evidence* (Rep.). NERA Economic Consulting.
- Elliott, S. (2015, February 16). State budget proposal shifts aid toward wealthy schools. Retrieved January 09, 2017, from <http://www.chalkbeat.org/posts/in/2015/02/16/state-budget-proposal-shifts-aid-toward-wealthy-schools/>
- Enten, H. (2016, March 14). Ranking The States From Most To Least Corrupt. Retrieved February 10, 2017, from <https://fivethirtyeight.com/datalab/ranking-the-states-from-most-to-least-corrupt/>
- Faster Growth in Right To Work States Benefits* (Rep.). (2016). National Institute for Labor Relations Research.

- Finke, D. (2014, March 27). Quinn makes case to leave state income tax increase in place. Retrieved February 04, 2017, from <http://www.sj-r.com/article/20140326/NEWS/140329542>
- Finke, D. (2014, September 28). Quinn, Rauner differ on tax policy. Retrieved February 04, 2017, from <http://www.sj-r.com/article/20140927/News/140929534>
- Finke, D. (2015, July 11). Questions and answers about Gov. Rauner's newest pension reform proposal. Retrieved November 30, 2016, from <http://www.sj-r.com/article/20150711/NEWS/150719899>
- Finke, D. (2017, February 01). School funding reform commission issues report, but no details. Retrieved February 03, 2017, from <http://www.sj-r.com/news/20170201/school-funding-reform-commission-issues-report-but-no-details>
- Finke, D. (2017, January 21). Illinois Senate to try again on pension reform. Retrieved February 15, 2017, from <http://www.sj-r.com/news/20170121/illinois-senate-to-try-again-on-pension-reform>
- Finke, D. (2017, February 15). Gov. Rauner rejects sales tax on food, medicine in budget speech. Retrieved February 16, 2017, from <http://www.pjstar.com/news/20170215/gov-rauner-rejects-sales-tax-on-food-medicine-in-budget-speech>
- Furchtgott-Roth, D. (2016, May 02). Congress can solve Illinois' pension crisis. Retrieved February 21, 2017, from <http://www.chicagotribune.com/news/opinion/commentary/ct-illinois-pensions-bankruptcy-congress-retirement-perspec-0429-jm-20160427-story.html>
- Garcia, M. (2015, February 07). Gov. Rauner wants Illinois to have right-to-work zones, which unions decry. Retrieved December 30, 2016, from <http://www.chicagotribune.com/news/nationworld/ct-bruce-rauner-union-right-to-work-met-20150208-story.html>
- Garcia, M. (2015, September 17). Rauner warns lawmakers on budget: Longer it takes, more painful it becomes. Retrieved December 29, 2016, from <http://www.chicagotribune.com/news/local/politics/ct-bruce-rauner-state-budget-impasse-met-0918-20150917-story.html>
- Garcia, M. (2017, January 03). Stopgap budget set to expire, returning Rauner-Madigan standoff to where it was last summer. Retrieved February 03, 2017, from

<http://www.chicagotribune.com/news/local/politics/ct-illinois-budget-2017-20161230-story.html>

Garcia, M., Geiger, K., & Dardick, H. (2016, July 02). Rauner signs stopgap budget, school funding bill — but relief from stalemate proves temporary. Retrieved January 07, 2017, from <http://www.chicagotribune.com/news/local/politics/ct-illinois-budget-impasse-madigan-rauner-met-0701-20160630-story.html>

Gatchel, R. J. (2014). *Handbook of Musculoskeletal Pain and Disability Disorders in the Workplace*. New York, NY: Springer.

Geiger, K. (2016, July 12). Rauner repositions on school funding formula with new panel. Retrieved November 29, 2016, from <http://www.chicagotribune.com/news/ct-bruce-rauner-education-funding-met-20160712-story.html>

Geiger, K. (2016, July 20). Judge knocks redistricting off Illinois ballot in loss for Rauner. Retrieved December 30, 2016, from <http://www.chicagotribune.com/news/local/politics/ct-illinois-redistricting-lawsuit-ruling-madigan-met-20160720-story.html>

General Assembly Retirement System Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2016 (Rep.). (2016). Retrieved February 20, 2017, from General Assembly Retirement System, State of Illinois website: <https://www.srs.illinois.gov/PDFILES/oldAnnuals/GA16.pdf>

General State Aid Overview – February 2017 (Rep.). (2017, February). Retrieved February 10, 2017, from ISBE State Funding and Forecasting website: https://www.isbe.net/Documents/gsa_overview.pdf

Guarino, M. (2011, January 12). Illinois tax increase: why lawmakers passed 66 percent income-tax hike. Retrieved February 04, 2017, from <http://www.csmonitor.com/USA/2011/0112/Illinois-tax-increase-why-lawmakers-passed-66-percent-income-tax-hike>

Hein, R. (n.d.). Medical Causation in Workers Compensation Cases Explained. Retrieved January 05, 2017, from <https://www.heinlegal.com/workers-compensation/how-the-workers-compensation-system-works-for-the-injured-in-mo/medical-causation-in-workers-compensation-cases-explained>

- Hinz, G. (2014, November 05). Rauner wins in a walk, but governing will be no stroll. Retrieved January 06, 2017, from <http://www.chicagobusiness.com/article/20141105/BLOGS02/141109909/rauner-wins-in-a-walk-but-governing-will-be-no-stroll>
- Hinz, G. (2017, January 12). Senate adopts leadership term limits. Retrieved February 15, 2017, from <http://www.chicagobusiness.com/article/20170112/BLOGS02/170119957/senate-adopts-leadership-term-limits>
- Holzhey, M., & Skoczek, M. (2016). UBS Global Real Estate Bubble Index: For housing markets of select cities 2016 (Rep.). Zurich, Sweden: Neidhart Schön, Zürich.
- Ill. Const. art. IV, § 2.
- Ill. Const. art. IX, § 3.
- Ill. Const. art. X, § 1.
- Ill. Const. art. XIII, § 5.
- Illinois General Assembly. (1998). Public Act 90-0582. Springfield, IL.
- Illinois General Assembly. (2001). Public Act 92-0014. Springfield, IL.
- Illinois General Assembly. (2002). Public Act 92-0566. Springfield, IL.
- Illinois General Assembly (2011). Senate Bill 3976. Springfield, IL.
- Illinois General Assembly. (2014, May). Retrieved December 30, 2016, from https://ballotpedia.org/Illinois_General_Assembly#Redistricting
- Illinois Governor: Rauner vs. Quinn [Poll Data]. (2014, November 05). Real Clear Politics.
- Illinois Pension Code, Illinois General Assembly § 108-2-124.
- Illinois, Illinois State Board of Education, Illinois School Funding Reform Commission. (2016). *Overview of Education Local, State and Federal Funding*. Springfield, IL.
- Illinois, Illinois Workers' Compensation Commission. (2013). Handbook on Workers' Compensation and Occupational Diseases. Illinois.
- Illinois Independent Redistricting Amendment. (2016). Retrieved December 30, 2016, from http://www.mapamendment.org/uploads/mapamendment/documents/illinois_independent_redistricting_amendment.pdf
- Illinois Legislative Districts. (2012). Retrieved February 21, 2017, from <http://illinoisissues.uis.edu/archives/2012/02/redistrictmaps.html>

Illinois School Funding Reform Commission. (2017). *Report to the General Assembly and Governor Rauner*. Springfield, IL.

Illinois State Board of Education, *State Funding and Forecasting*. (2016). General State Aid. Springfield, IL.

Illinois State Retirement Systems Financial Condition as of June 30, 2015, Illinois Commission on Government Forecasting and Accountability, (2015).

Illinois Workers' Compensation Act (Illinois General Assembly).

Illinois Workers' Compensation Commission. (2011). *Memorandum Re: Section 8.1b of the Act – Permanent Partial Disability Awards* [Press release]. Retrieved November 15, 2016, from <http://www.iwcc.il.gov/amamemo.pdf>

Indiana Public Retirement System Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016 (Rep.). (2016). Retrieved February 20, 2017, from Indiana Public Retirement System website: <http://www.in.gov/inprs/files/2016INPRSCAFRBook.pdf>

Indiana Workers' Compensation Act (Indiana General Assembly)

Indiana General Assembly. (2014, May). Retrieved February 21, 2017, from https://ballotpedia.org/Indiana_General_Assembly

Iowa General Assembly. (2014, May). Retrieved February 21, 2017, from https://ballotpedia.org/Iowa_General_Assembly

Jones, T. (2017, February 22). Want term limits? Be careful what you wish for. Retrieved February 23, 2017, from http://www.chicagobusiness.com/article/20170222/NEWS07/170229999/want-term-limits-be-careful-what-you-wish-for?AllowView=VDI3UXIKTzdDUGFCbkJiYkY1TDFaRUt1ajA0V0ErOVVFQT09#utm_medium=email&utm_source=ccb-politics&utm_campaign=ccb-politics-20170222

Jordan, J. (2016). *Utah is Nation's Fastest-Growing State, Census Bureau Reports* (United States Census Bureau).

Judges' Retirement System Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2016 (Rep.). (2016). Retrieved February 20, 2017, from Judges' Retirement System of Illinois website: <https://www.srs.illinois.gov/PDFILES/oldAnnuals/JRS16.pdf>

Kaeding, N. (2016). *State Corporate Income Tax Rates and Brackets for 2016* (Rep.). Washington, D.C. : The Tax Foundation.

- Kaeding, N. (2016). *State Individual Income Tax Rates and Brackets for 2016* (Rep.). Washington, D.C. The Tax Foundation.
- Keane, M. (2016, April 01). Redistricting in Wisconsin (Rep.). Retrieved February 11, 2017, from Wisconsin Legislative Reference Bureau website:
https://docs.legis.wisconsin.gov/misc/lrb/redistricting_information/redistricting_2016.pdf
- Kentucky General Assembly. (2014, May). Retrieved February 21, 2017, from
https://ballotpedia.org/Kentucky_General_Assembly
- Kentucky General Assembly. (2015). Support Education Excellence in Kentucky Executive Summary. Frankfort, KY: Kentucky General Assembly.
- Klingner, J. (2014). Understanding Illinois' Broken Education Funding System. Retrieved November 29, 2016, from <https://www.illinoispolicy.org/reports/understanding-illinois-broken-education-funding-system/>
- Kuriloff, A., & Martin, T. (2015, October 05). Does Your State Have A Pension Problem? Retrieved January 15, 2017, from http://graphics.wsj.com/table/Connecticut_102015
- Laffer, A., Moore, S., & Williams, J. (2016, April 12). Rich States, Poor States (Rep.). Retrieved February 11, 2017, from American Legislative Exchange Council website:
<https://www.alec.org/app/uploads/2016/04/2016-ALEC-Rich-States-Poor-States-Rankings.pdf>
- Leonard, M. (2016, September 28). Graduate assistantships at SIU have been on a decline for years. Here's why students say that's a problem. Retrieved January 07, 2017, from <http://dailyegyptian.com/59624/showcase/graduate-assistantships-at-siu-have-been-on-a-decline-for-years/>
- Levenhagen, T. (2013). *How the Workers' Compensation Commission is Applying the AMA Guides* (Rep.). IL: ISBA Workers' Compensation Law Section.
- Levitt, J. (2016). All About Redistricting--Illinois (Rep.). Los Angeles, CA: Loyola Law School.
- Levitt, J. (2016). All About Redistricting--Indiana (Rep.). Los Angeles, CA: Loyola Law School.
- Levitt, J. (2016). All About Redistricting--Iowa (Rep.). Los Angeles, CA: Loyola Law School.
- Levitt, J. (2016). All About Redistricting--Kentucky (Rep.). Los Angeles, CA: Loyola Law School.
- Levitt, J. (2016). All About Redistricting--Michigan (Rep.). Los Angeles, CA: Loyola Law School.

- Levitt, J. (2016). *All About Redistricting--Missouri* (Rep.). Los Angeles, CA: Loyola Law School.
- Levitt, J. (2016). *All About Redistricting--Wisconsin* (Rep.). Los Angeles, CA: Loyola Law School.
- Lindstrom, M. (2017, February 28). Illinois Senate passes 5 budget bills. Retrieved March 05, 2017, from <http://www.wandtv.com/story/34630199/illinois-senate-passes-5-budget-bills>
- Lloyd, S. (2017). *Quality Counts* (Rep.). Bethesda, MD: Education Week Research Center.
- Long, R., Eldeib, D., & Geiger, K. (2015, February 05). Gov. Rauner's property tax freeze proposal gets mixed reception. Retrieved November 30, 2016, from <http://www.chicagotribune.com/news/ct-rauner-property-tax-freeze-met-20150205-story.html>
- Marley, P. (2017, February 02). Wisconsin GOP to hire law firms to defend redistricting. Retrieved February 11, 2017, from <http://www.jsonline.com/story/news/politics/2017/02/01/wisconsin-gop-hire-law-firms-defend-redistricting/97368806/>
- McInerney, C. (2015, April 25). Legislative Budget Gives More Money To Students And Charters. Retrieved January 09, 2017, from <http://indianapublicmedia.org/stateimpact/2015/04/28/legislative-budget-money-students-charters/>
- McKinney, D. (2015). The Illinois pension disaster: What went wrong? Retrieved November 30, 2016, from <http://www.chicagobusiness.com/section/pensions>
- McKinney, D. (2016, November 16). Illinois' unfunded pension liabilities reach \$130 billion: study. Retrieved November 30, 2016, from <http://www.reuters.com/article/us-illinois-pensions-idUSKBN13B29N>
- Michigan General Assembly. (2014, May). Retrieved February 21, 2017, from https://ballotpedia.org/Michigan_State_Legislature
- Michigan Public School Employees' Retirement System Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2016* (Rep.). (2016). Retrieved February 20, 2017, from Michigan Public School Employees' Retirement System website: http://www.michigan.gov/documents/orsschools/MPSERS_CAFR_2016_FINAL_550678_7.pdf

- Missouri General Assembly. (2014, May). Retrieved February 21, 2017, from https://ballotpedia.org/Missouri_General_Assembly
- Mooney, C. (2013, September 18). Like term limits? Be careful what you wish for. Retrieved February 23, 2017, from <http://www.chicagobusiness.com/article/20130918/OPINION/130919804/like-term-limits-be-careful-what-you-wish-for>
- Morello, R. (2015, February 17). House GOP Budget Would Change How Schools Are Funded. Retrieved January 08, 2017, from <http://indianapublicmedia.org/stateimpact/2015/02/17/house-gop-budget-change-schools-funded/>
- Moser, W. (2016, August 16). Where Illinois's Fiscal Crisis Came From. Retrieved January 04, 2017, from <http://www.chicagomag.com/city-life/August-2016/Where-Illinoiss-Fiscal-Crisis-Came-From/>
- Miller, R. (2015, February 02). Rauner increases attack on state workers [Web log post]. Retrieved December 30, 2016, from <http://capitolfax.com/2015/02/02/rauner-increases-attack-on-state-workers/>
- Miller, R. (2016, September 02). How remap reform became Illinois' most politically weaponized issue. Retrieved November 30, 2016, from <http://www.chicagobusiness.com/article/20160902/OPINION/160909953/how-remap-reform-became-illinois-most-politically-weaponized-issue>
- Nelson, L. (2014, October 31). A simple way to help poor kids succeed: make sure they actually go to school. Retrieved February 10, 2017, from <http://www.vox.com/2014/10/31/7086575/absences-school-achievement-gap-chronic-absenteeism-truancy>
- Norcross, E., & Gonzalez, O. (2016). *Ranking of States by Fiscal Condition - Illinois* (Rep.). Arlington, VA: Mercatus Center.
- O'Connor, J., & Tareen, S. (2016, July 14). State report shows Illinois staring down \$8 billion deficit. Retrieved November 29, 2016, from <http://bigstory.ap.org/article/f59e373165ef4618a0fa5ce1ae547273/apnewsbreak-report-shows-illinois-staring-down-8b-deficit>

- Oakley, L., & Snyder, S. (2013). Iowa School Finance Formula Overview (Iowa Board of Education). Des Moines, IA.
- Parker, M. (2016, July 05). UPDATED: SIU will cover MAP grants for students this fall, but layoffs, other cuts underway. Retrieved January 07, 2017, from http://thesouthern.com/news/local/siu/updated-siu-will-cover-map-grants-for-students-this-fall/article_8181d962-d743-5d3f-8bf6-66c5578594d7.html
- Pearson, R. (2016, July 25). Rauner renews term limits push. Retrieved November 30, 2016, from <http://www.chicagotribune.com/news/local/politics/ct-bruce-rauner-term-limits-met-0726-20160725-story.html>
- Pearson, R., & Geiger, K. (2015, May 08). Illinois Supreme Court rules landmark pension law unconstitutional. Retrieved November 30, 2016, from <http://www.chicagotribune.com/ct-illinois-pension-law-court-ruling-20150508-story.html>
- Pearson, R., & Geiger, K. (2016, April 29). Rauner gets behind Illinois redistricting reform push for fall ballot. Retrieved December 30, 2016, from <http://www.chicagotribune.com/news/local/politics/ct-illinois-redistricting-amendment-met-0430-20160429-story.html>
- Powell, R., & Jones, R. (2004). First in the Nation: Term Limits and the Maine Legislature (Rep.). Retrieved February 23, 2017, from National Conference of State Legislatures website: <http://www.ncsl.org/Portals/1/documents/jptl/casestudies/Maine-FinalReportv2.pdf>
- Rauner, B. (2014). *The Illinois Turnaround* (United States, State of Illinois, Governor's Office).
Report on the 90% Funding Target of Public Act 88-0593 (Rep.). (2006). Springfield, IL: Commission on Government Forecasting and Accountability.
- Rhodes, D., & Thayer, K. (2016, September 09). Illinois public universities have fluctuating enrollment after difficult year. Retrieved January 07, 2017, from <http://www.chicagotribune.com/news/local/breaking/ct-illinois-universities-enrollment-met-20160908-story.html>
- Right to Work Laws. (2016). Retrieved December 30, 2016, from <http://www.workplacefairness.org/unions-right-to-work>

- Riley, C. (2016, January 09). How the Missouri school funding formula works. Retrieved January 12, 2017, from <http://www.news-leader.com/story/news/education/2016/01/09/how-missouri-school-funding-formula-works/75993642/>
- Riopell, M. (2014, November 05). 5 reasons why Rauner won. Retrieved January 06, 2017, from <http://www.dailyherald.com/article/20141105/news/141109180/>
- Rondinelli, R. D., MD, PhD . (2007). *AMA Guides to the Evaluation of Permanent Impairment* (6th ed.). Chicago: American Medical Association.
- Rusin, M. E. (2014, May). Review of Illinois Workers' Compensation. *Rusin Maciorowski & Friedman Ltd. Newsletter*.
- Sanchez, C. (2016, April 26). Kentucky's Unprecedented Success In School Funding Is On The Line. Retrieved January 24, 2017, from <http://www.npr.org/sections/ed/2016/04/26/475305022/kentuckys-unprecedented-success-in-school-funding-is-on-the-line>
- Sector, B., & Pearson, R. (2015, January 01). Illinois income tax rate falls by 25 percent. Retrieved February 04, 2017, from <http://www.chicagotribune.com/news/local/breaking/ct-illinois-income-tax-rate-falls-met-20141230-story.html>
- Sfondeles, T. (2017, February 08). Pension bill fizzles, but 'grand bargain' is 'still on track' Retrieved February 15, 2017, from <http://chicago.suntimes.com/news/pension-bill-fails-leaders-still-sold-on-passing-grand-bargain/>
- Sitler, R. (2016, October 10). SIU officials announce enrollment down 7.6 percent. Retrieved January 07, 2017, from http://thesouthern.com/news/local/siu/siu-officials-announce-enrollment-down-percent/article_95612a6e-6209-5418-9501-b153276d24b8.html
- Southern Illinois University, Institutional Research and Studies. (2016). *Assistantships 2010-2016*. Carbondale, IL: Southern Illinois University.
- State Employees' Retirement System of Illinois Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016* (Rep.). (2016). Retrieved February 20, 2017, from State Employees' Retirement System of Illinois website: <https://www.srs.illinois.gov/PDFILES/oldAnnuals/SERS16.pdf>
- The State of Illinois Education* (Rep.). (2016). Springfield, IL: Illinois Vision 20/20.

- State Universities' Retirement System Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2016* (Rep.). (2016). Retrieved February 20, 2017, from Illinois State Universities Retirement System website:
http://www.surs.org/sites/default/files/annual_report/COMP-FY2016.pdf
- Snyder, S. (2013). Overview of School Finance in Iowa (Iowa State Legislature , Legislative Services Agency). Des Moines, IA: Iowa State Legislature.
- State of Wisconsin, Department of Public Instruction. (2016). *Equalization Aid Formula* . Madison, WI: State of Wisconsin.
- States With Most Government Employees: Totals and Per Capita Rates. (2014). Retrieved February 11, 2017, from <http://www.governing.com/gov-data/public-workforce-salaries/states-most-government-workers-public-employees-by-job-type.html>
- Steingold, D. (2013, January). Illinois State Business Income Tax. Retrieved February 04, 2017, from <http://www.nolo.com/legal-encyclopedia/illinois-state-business-income-tax.html>
- Strayer, N. (2016, August 26). The Great Out-of-State Migration: Where Students Go. Retrieved January 07, 2017, from <http://www.nytimes.com/interactive/2016/08/26/us/college-student-migration.html>
- Suddath, C. (2008, December 11). A Brief History of Illinois Corruption. Retrieved January 06, 2017, from <http://content.time.com/time/nation/article/0,8599,1865681,00.html>
- Suddeath, D. (2015, February 01). Union membership nearing pre-right-to-work totals in Indiana. Retrieved December 30, 2016, from http://www.newsandtribune.com/news/union-membership-nearing-pre-right-to-work-totals-in-indiana/article_19f17016-aa47-11e4-97c5-d35719774059.html
- Summers, K. (2015). *The Basics of School Funding* (Michigan, State Senate Fiscal Agency). Lansing, MI.
- Szal, A. (2015, February 03). Number Of Union Jobs Varies In Recent Right-to-Work States. Retrieved December 30, 2016, from <https://www.manufacturing.net/article/2015/02/number-union-jobs-varies-recent-right-work-states>
- Teachers' Retirement System Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016* (Rep.). (2016). Retrieved February 20, 2017, from Teachers' Retirement System of the State of Illinois website: <http://trs.illinois.gov/pubs/cafr/FY2016/FY16.pdf>

- Teachers' Retirement System of the State of Kentucky Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016* (Rep.). (2016). Retrieved February 20, 2017, from Teachers' Retirement System of the State of Kentucky website: <https://trs.ky.gov/wp-content/uploads/2016/12/2016.CAFR-FINAL.pdf1>
- Tomaso, T. (2014). *AMA Impairment Ratings: Things Are Looking Up (Since the 2011 Amendments)* (Rep.). Champaign, IL: Heyl Royster.
- Underhill, W. (2013, March 13). The Term-Limited States. Retrieved December 30, 2016, from <http://www.ncsl.org/research/about-state-legislatures/chart-of-term-limits-states.aspx>
- United States Census Bureau, Educational Finance Branch. (2016). Public Education Finances: 2014. Washington, D.C.
- United States Census Bureau . (2015). *State and Locally-Administered Defined Benefit Pension Systems - All Data by State and Level of Government: 2015 Annual Survey of Public Pensions*. Washington, D.C.
- United States Securities and Exchange Commission. (2013). Order Instituting Cease and Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933.
- Ushomirsky, N., & Williams, D. (2015). *Funding Gaps 2015* (Rep.). The Education Trust.
- Walczak, J. (2015). *How High Are Property Taxes in Your State?* (Rep.). Washington, D.C. Tax Foundation.
- Walczak, J. (2015). *State and Local Sales Tax Rates in 2015* (Rep.). Washington, D.C. The Tax Foundation.
- Walstrum, T. (2016). *The Illinois budget crisis in context: A history of poor fiscal performance* (Rep.). Chicago, IL: The Federal Reserve Bank of Chicago.
- Wilterdink, B. (2016). Right-to-Work in 2016 (Rep.). American Legislative Exchange Council.
- Wines, M. (2016, November 21). Judges Find Wisconsin Redistricting Unfairly Favored Republicans. Retrieved February 11, 2017, from https://www.nytimes.com/2016/11/21/us/wisconsin-redistricting-found-to-unfairly-favor-republicans.html?_r=0
- Wisconsin General Assembly. (2014, May). Retrieved February 21, 2017, from https://ballotpedia.org/Wisconsin_State_Legislature

Appendix A

Illinois Workers' Compensation Case Studies

In *Zachary Johnson v Central Transport*, 11WC41328, filed July 24, 2012:

Zachary Johnson, a 28-year-old truck driver and loader for Central Transport, was inspecting a trailer before a trip on October 17, 2011 and was attempting to close the broken trailer door when it fell onto his right hand. His employers were notified and Johnson kept working. The next day, Johnson went to the doctor and got an x-ray that showed he had a closed right small finger metacarpal fracture. He was then inspected by Advanced Medical Specialists and placed on left-hand restricted work. By the end of November, x-rays showed his hand was getting better and he was released to full-duty on December 19th, 2011. Central Transport requested Johnson be examined by Dr. Cohen who said the injury would not permanently flare up in the cold (which Johnson claimed). In February 2012, Johnson was hired at a new job with JF Freight where he would be driving further and more often. Johnson said his hand hurt periodically, especially in the cold, driving over rough roads or hitting the gear shift. (Levenhagen, 2013, p. 6-8). On April 6, 2012 A Dr. Vender did an AMA Impairment exam on Johnson. Johnson told the doctor he had soreness and numbness still in his hand, and Dr. Vender found a 1 percent impairment to Johnson's right hand, 7 percent impairment of his finger and 0 percent of his whole person. In WCC Arbitrator Thompson-Smith's decision, she listed each of the five factors outlined in the Workers' Compensation Act as follows:

1. The reported level of impairment: Dr. Vender's rating was submitted for evidence. Johnson did not submit a rating that considered the AMA Guides.
2. The occupation of the injured employee: Johnson remains employed as a truck driver and now drives even more than he did before.
3. The age of the employee at the time of injury: Johnson was 28 years old, and because he is younger, the arbitrator decided his PPD may not be as bad as an older individual's would have been.
4. The employee's future earning capacity: Arbitrator Thompson-Smith concluded that there was nothing to suggest his future earnings would be in any way impacted by the injury, and his young age makes it likely he could have a long career as a truck driver.
5. Evidence of disability shown through medical records: The arbitrator said that the findings of Dr. Vender and Dr. Cohen supported the claims of Johnson.

Arbitrator Thompson-Smith reiterated that no single factor is the sole determinant and decided Johnson had suffered a 10 percent permanent loss to his right hand (Levenhagen).

Frederick Williams, a 45-year-old welder employed at Flexible Staffing, had job duties including welding, carrying equipment, and cutting metal. He was working on a 400-pound rail section on October 7, 2011 when the rail fell onto Williams' hand. He felt pain and saw that his arm didn't look right. His diagnosis was a distal biceps tendon rupture and he had surgery from a Dr. Arabindi on November 7, 2011 and received physical therapy from November 28th until February 8, 2012. On March 7th, 2012, Dr. Arabindi declared Williams to be at maximum medical improvement and noted he didn't have 5 to 10 degrees of full supination in his injured arm, meaning he wasn't able to fully turn it so the palm of his hand was facing outward. Though Williams said he still didn't have full strength in his arm, the doctor released him to full work duty on March 8th, 2012. He told Flexible Staffing he was released, but Flexible Staffing then told Williams he was no longer employed there. The employers then requested Williams be examined by Dr. Dr. Mark Levin who found that Williams could not fully extend his arm, this time unable to reach full supination or pronation (extension with the palm facing downward or inward). Dr. Levin gave Williams an AMA rating of 4 percent loss of the whole person or 5 percent loss of his right arm. Williams testified that he still has pain every day as well as numbness and tingling, and he finds welding difficult.

Arbitrator Thompson – Smith filed her decision taking the five factors of the Illinois Workers' Compensation Act into account:

1. Reported level of impairment: Thompson-Smith noted that Dr. Levin's AMA rating only determined impairment, not disability.

2. Occupation of the injured employee: Williams' job requires heavy work at times, and therefore his award would be more than someone who does light work.
3. Age of the employee: Thompson-Smith concluded Williams' award should be more because he is younger and will be living with his injury for longer than an older person would have to
4. Employee's future earning capacity: Though Williams' was medically released to his job, his future earnings may be affected because after his time away recovering he was told he no longer had a job by Flexible Staffing.
5. Evidence of disability corroborated by medical records: Williams' complaints of pain, numbness and tingling were supported by Dr. Arabindi, as well as the injury's permanence, since Dr. Arabindi concluded at maximum medical improvement Williams still lacked five to 10 degrees of supination in his injured arm.

Given all five factors together, Arbitrator Thompson-Smith decided Williams sustained a 30 percent loss of his right arm (Levenhagen, 2013, p. 8-11).

In *Dorris v. Continental Tire*, 11 WC 46624, filed in 2012:

Dorris sustained an injury to his left forearm and wrist while trying to release a caught tire from a mold in September of 2011. An MRI found he had a peripheral triangular fibrocartilage complex (TFCC) tear and in December he had surgery to repair it. Dorris returned to work with restrictions on December 12, 2011, beginning physical therapy simultaneously, and was released on May 7, 2012 by his surgeon. Dorris claimed at this

time he was 80 percent back to his pre-injury condition but he had sufficient strength and range of motion. During the case, Dorris said he still had pain in his left wrist and forearm, and although he was able to return to his same position at work, he had to alter his methods to make up for the pain in his hand.

The arbitrator made their decision pursuant to the five factors noted in the Illinois Workers' Compensation Act:

1. Reported level of impairment: Dr. David Brown, Dorris' surgeon, reported 6 percent upper extremity impairment. This rating was performed at the request of Continental Tire and nothing shows the petitioner presenting this impairment rating
2. Occupation of the injured employee: The arbitrator noted Dorris was able to return to his job and that it was relatively labor intensive, concluding that is PPD would be more than an individual with a lighter workload.
3. Age of the employee: Dorris was 38 at the time of injury, which the arbitrator decided made his PPD more extensive than an older individual because he would have to live with the injury for longer.
4. Employee's future earning capacity: The arbitrator did not find evidence of any diminished future earning capacity.
5. Evidence of disability corroborated by medical records: The petitioner's claim of pain in left wrist and forearm was supported by his medical records, which noted a loss of grip strength and range of motion.

Using these five factors, the arbitrator granted a 13 percent loss of use in the injured hand (Tomaso, 2014, p. 17-18).

In *Arscott v. Con-Way Freight, Inc.*, 12 WC 3876, filed in 2013:

Arscott is a truck driver who sustained an injury to his left knee when leaving his tractor. An MRI showed this to be a torn left meniscus, which was surgically repaired on May 22, 2012. Arscott was released to return to full duty on July 2, 2012, and declared to be at maximum medical improvement on August 7, 2012. During the case, Arscott said he was able to perform his job duties and perform an exercise program, but said he sometimes needed over-the-counter medication. The arbitrator noted the following based on the 5 factors in the Illinois Workers' Compensation Act:

1. Reported level of impairment: Dr. Sanjay Patari, who was hired by Con-Way Freight, Inc., found a 20 percent impairment of Arscott's leg or an 8 percent impairment to his whole person. The arbitrator's decision doesn't show an impairment rating given by the petitioner.
2. Occupation of the injured employee: The petitioner was able to return to his regular duties.
3. Age of the employee: Arscott was 57 years old at the time of the injury, but the impact of this age was not indicated in the decision.
4. Employee's future earning capacity: The arbitrator found no evidence to suggest a diminished future earning capacity.

5. Evidence of disability corroborated by medical records: The petitioner complained of continuing knee pain, which the arbitrator noted as “generally consistent with the surgery performed.”

Using these factors, a 20 percent loss of the leg was awarded (Tomaso).

In each of these cases, the impairment rating given by the treating physician was not given any more weight than the other four factors the arbitrator considered, and in each case, the impairment loss awarded by the arbitrator exceeded the impairment rating supplied by the doctor. Based on this, if the physician impairment rating was the sole determining factor, payouts to workers would tend to be lower.

Appendix B

A detailed breakdown of the Wisconsin school funding tier system

If a district has 500 members, spends \$11,000 per member, and values each member at \$200,000;

1. The Tier-1 calculation will use 500 members, \$1,000 of the per-member cost, and the same value-per-member cost of \$200,000
2. The Tier-2 calculation uses 500 members and \$7,000 of the per-member total, with a value-per-member cost of \$200,000
3. Tier-3 uses 500 members, the remainder of the per-member cost (\$3,000) and the same \$200,000 value-per-member cost (State of Wisconsin, 2016).

Here is a more detailed breakdown of the three tier systems:

Tier-1:

This calculation involves a state-determined “primary cost ceiling” (State of Wisconsin, 2016) of \$1,000 per school district member for districts that have a value per member that meets the “primary per-member guaranteed valuation”. The state per-member primary guarantee is the same percentage of the \$1,000 primary cost that must be paid by the district’s taxpayers . This example is provided by the State of Wisconsin Department of Public Instruction:

“If a district's per-member value is \$200,000, and the state per-member primary guarantee is \$2,000,000, then the district value (\$200,000) is 10 percent of the state primary guarantee (\$2,000,000). For this district, its tax base would be

required to fund 10 percent of \$1,000 per-member cost, or \$100. The state aid for this district at the primary level would be the difference between \$1,000 and

Primary Aid Calculation - Sample District

District factors used in the Primary Aid Calculation:

- Membership = 500
- Value per Member = \$200,000
- District Primary Per-Member Shared Cost = \$1,000

State factors used in the Primary Aid Calculation:

- Primary Guaranteed Valuation = \$2,000,000
- Primary Cost Ceiling = \$1,000

Local Support	\$200,000	=	10.00%	x	\$1,000.00	=	\$100.00
State Equal Aid	\$1,800,000	=	90.00%	x	\$1,000.00	=	\$900.00
Total	\$2,000,000	=	100.00%	x	\$1,000.00	=	\$1,000.00

\$100, or \$900 per member” (State of Wisconsin, 2016).

(Image, State of Wisconsin, 2016)

Tier-2

This calculation provides aid between \$1,000 and the state determined “secondary cost ceiling” (State of Wisconsin, 2016) for districts with value-per-member up to the secondary per-member guaranteed valuation. State law says the secondary cost ceiling level is 90 percent of the state average shared cost per member, so the secondary cost ceiling changes year to year, which is why secondary cost is defined as above \$1,000 but below the secondary cost ceiling. The percentage of the per-member cost a district’s taxpayers are obliged to pay is equal to the percentage the district’s per-member value is of the state’s per-member secondary guarantee. This example is provided by the State of Wisconsin Department of Public Instruction:

“If a district’s per-member value is \$200,000, and the state per-member secondary guarantee is \$800,000, then the district value (\$200,000) is 25 percent of the state secondary guarantee (\$800,000). For this district, its tax base would be required to fund 25 percent of the secondary cost. So if the secondary cost ceiling was \$8,000, the amount of secondary cost in this tier is \$7,000 (\$8,000 minus the \$1,000 already used in the primary tier). This district’s tax base would be required to fund 25 percent of \$7,000 of per-member cost, or \$1,750. The state aid for this district at the

secondary level would be the difference between \$7,000 and \$1,750, or

Secondary Aid Calculation - Sample District

District factors used in the Secondary Aid Calculation:

- Membership = 500
- Value per Member = \$200,000
- District Secondary Per-Member Shared Cost = \$7,000 (\$8,000 - \$1,000)

State factors used in the Secondary Aid Calculation:

- Secondary Guaranteed Valuation = \$800,000
- Secondary Cost Ceiling = \$8,000

Local Support	\$200,000	=	25.00%	x	\$7,000.00	=	\$1,750.00
State Equal Aid	\$600,000	=	75.00%	x	\$7,000.00	=	\$5,250.00
Total	\$800,000	=	100.00%	x	\$7,000.00	=	\$7,000.00

\$5,250 per member” (State of Wisconsin, 2016).

(Image, State of Wisconsin, 2016)

Tier-3:

This calculation provides aid above the state's secondary cost ceiling for districts that have a value per member up to the state "tertiary per-member guaranteed valuation" (State of Wisconsin, 2016). The tertiary per-member guaranteed valuation is 100 percent of the statewide average per-member value, per state law. The portion of the tier-3 per member cost required to be paid by a district's taxpayers is equal to the percentage the district's per-member value is of the state per-member tertiary guarantee (State of Wisconsin, 2016). This example is provided by the State of Wisconsin Department of Public Instruction:

"If a district's per-member value is \$200,000, and the state per-member tertiary guarantee is \$400,000, then the district value (\$200,000) is 50 percent of the state secondary guarantee (\$400,000). For this district, its tax base would be required to fund 50 percent of the tertiary cost. With the secondary cost ceiling at \$8,000, the amount of tertiary cost in this tier would be cost in excess of \$8,000, or \$3,000 in this case. This district's tax base would be required to fund 50 percent of \$3,000 of per-member cost at this tier, or \$1,500. The state aid for this district at the tertiary level would be the difference between \$3,000 and \$1,500, or \$1,500 per member" (State of Wisconsin, 2016).

Tertiary Aid Calculation - Sample District

District factors used in the Tertiary Aid Calculation:

- Membership = 500
- Value per Member = \$200,000
- District Tertiary Per-Member Shared Cost= \$3,000 (district cost ABOVE the secondary cost ceiling)

State factors used in the Tertiary Aid Calculation:

- Tertiary Guaranteed Valuation = \$400,000
- Secondary Cost Ceiling = \$8,000 (determines cost ABOVE the secondary ceiling)

Local Support	\$200,000	=	50.00%	x	\$3,000.00	=	\$1,500.00
State Equal Aid	\$200,000	=	50.00%	x	\$3,000.00	=	\$1,500.00
Total	\$400,000	=	100.00%	x	\$3,000.00	=	\$3,000.00

(Image, State of Wisconsin, 2016)

Combining all the tier funding from the examples, this district's total state school funding aid would be \$7,650: "This district's cost in the formula is \$5,500,000 (\$11,000 x 500).

Equalization Aid funds \$3,825,000 (\$7,650 x 500). The local property tax funds \$1,675,000 (\$11,000 - \$7,650 x 500)" (State of Wisconsin, 2016).

The Paul Simon Public Policy Institute

Southern Illinois University Carbondale

1231 Lincoln Drive - Mailcode 4429

Carbondale, IL 62901

www.paulsimoninstitute.org

facebook.com/paulsimoninstitute

twitter.com/psimoninstitute