

Pritzker Proposes Billions In New Spending, Doesn't Address Unemployment Debt

by Greg Bishop
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The Center Square – Gov. J.B. Pritzker says he believes in paying off the state's debt, but he didn't mention the state's \$4.5 billion unemployment trust fund debt that costs taxpayers tens of millions in interest during his State of the State and Budget address Wednesday.

Proposing a spending plan for the coming fiscal year that's billions of dollars more expensive than what he proposed for the current year, Pritzker laid out his fiscal 2023 budget priorities on Groundhog Day at the Old State Capitol in Springfield.

The governor offered up a spending plan of \$45.5 billion in state funds, nearly \$4 billion more than he proposed for the current fiscal year.

Despite increased spending, the election-year plan includes a freeze in grocery taxes and property tax rebates of up to \$300 per household. The governor is also proposing freezing the estimated 2.2 cent gas tax increase scheduled for July 1.

Pritzker said the extra gas tax money wasn't needed by the Illinois Department of Transportation.

"has collected enough infrastructure dollars already to allow us to freeze the gas tax for a year without affecting any of our road projects," Pritzker said.

The Illinois Chamber of Commerce was critical of Pritzker's address.

"We support the Governor's proposals that will temporarily lessen the tax burden on Illinois taxpayers, but we believe that his proposed array of tax cuts needs to be revised," Chamber President and CEO Todd Maisch said. "We join our friends in labor in expressing our concern that the Governor's proposal on the gas tax is an end run around the transportation lockbox amendment," which requires transportation-related tax revenue to be used on transportation projects.

Pritzker also proposes giving \$500 million more than required to the state's pensions for a total of more than \$10 billion.

"There is more work to do but pension payments as a percentage of our budget have finally flattened and are projected to decline," Pritzker said. "Great news for pensioners and taxpayers alike."

Adam Schuster, Illinois Policy Institute senior director of budget and tax research, said amending the constitution's pension protection clause is the only sustainable option to offset the state's \$140 billion in pension debt while still preserving earned benefits for retirees.

"That's the only reform that will ultimately solve the pension crisis," Schuster told The Center Square. "These pension buyouts and these small supplements in one year just aren't going to do it."

One thing the governor did not mention was the outstanding \$4.5 billion in unemployment trust fund debt. Illinois borrowed billions of dollars from the federal government to make mandatory unemployment payments after Pritzker shut down the state at the beginning of the pandemic, leading to massive spikes in layoffs. Schuster said neglecting that will mean higher taxes on employers and lower benefits for the unemployed.

“We absolutely can’t afford that,” Schuster said. “It would mean slower growth in jobs and slower growth in wages for Illinois workers.”

The Illinois Manufacturers’ Association advocates using remaining COVID-19 relief funds from federal taxpayers to pay down the debt.

“Manufacturers have time and again demonstrated our willingness to take on tough challenges and solve problems, and we remain prepared to work with the Governor and lawmakers to find solutions,” IMA President and CEO Mark Denzler said.

Leaving the unemployment debt unpaid means Illinois taxpayers are on the hook for up to \$100 million in interest.

Schuster also said the budget isn’t balanced despite claims it is. He said in his review of the budget, there’s still a \$1.5 billion deficit despite claims it’s balanced.

Lawmakers will now take the governor’s proposals into consideration for the fiscal year set to start July 1.