

Daily Herald, August 8, 2011 (Page 1 of 2)

Kotowski grades effect of state budget reform

By Kerry Lester

The proof, the old cliché goes, is in the pudding.

So, when state Sen. Dan Kotowski last year heralded the passage of legislation he sponsored reforming the way the state lays out its budget as “fundamentally the most important thing” he’d done in office since being elected in 2006, skeptics largely posed the same question.

Would it work?

Specifically, would it work in Illinois — a state that had a \$13 billion deficit, a huge backlog in unpaid bills, and a history of raiding pension funds to plug various holes.

Yet, this spring, the state, for the first time in years, passed a \$33.2 billion balanced budget on time in May, avoiding a special summer session filled with partisan gridlock.

The plan, while not the one preferred by Senate Democrats, including Kotowski, cuts across the board with a particular focus on operations and contractual line items. The state will spend \$7 billion less this year than last year.

Still, Kotowski has encountered resistance from within and outside his caucus when trying to implement the plan that was carried by Democratic state Rep. Carol Sente in the House.

The Park Ridge Democrat sat down with the Daily Herald recently to assess the success and failures of the program in year one, and outline what he feels needs to be done in the coming months.

Q. There are a lot of buzz words surrounding this plan. In layman’s terms, how does it really work?

A. Because it’s a zero-based budgeting model, we started with the amount of revenue the state takes in first, then deducted our fixed cost, and had all the state agencies come before us and outline deliverables. We then allocate money based on performance.

Q. Did you feel like any agency didn’t do its homework, and got cut as a result?

A. The East St. Louis Development Authority saw a big cut. They couldn’t produce, and they’d had an audit. Human services is the greatest challenge we face right now. I think this is where public policy runs into emotion. There are a lot of good quality programs out there that have a strong reputation, but there are also programs out there that have been able to receive funding in the past because they have had someone out there advocating for them that’s in a position of power and leadership.

Q. Are you the guy everybody’s complaining to if their budgets are getting cut?

A. Yeah, (Democratic Sen.) Heather Steans and I received a fair amount of that.

The greatest amount of pushback we get from people in our caucus is the entitlement programs. That’s the next big mountain to climb. You want to take care of the people who have the biggest amount of challenges, but you want to get it to the best producers. Budgeting for results helps takes that politics out of the process.

Q. But, do you feel your party was on board enough with this plan?

Daily Herald, August 8, 2011 (Page 2 of 2)

A. Well, we passed a budget that instituted cuts. We went from the governor introducing a \$36 billion budget to a \$33.2 billion one. (That said), I think there are challenges within my own party. The way we've always done budgets in the state is people have been very protective of programs within their own districts and haven't been held to standards of performance of an objective manager.

Q. Gov. Pat Quinn's initial budget did not include many of the cuts that he touted on the campaign trail. You were not publicly critical of that. Why? What did you do behind the scenes?

A. I didn't think I had to be, because the money was the money. He couldn't get around he only had a certain amount to spend. There are hills that you pick to die on. At the end of the day I want to see this reach fruition. It took us two years, but we got a law passed. Then (Quinn) introduced a budget that talks about outcomes but doesn't talk about how much money we have to spend. The governor does that but it's our responsibility to get out there and identify the amount of revenue. We ultimately put pressure on the governor because we were making cuts for him to make reductions.

Q. What needs to be done next?

A. For one, I'm going to put more pressure on the constitutional officers next year to cut their budgets. They all responded except for one. The attorney general (Lisa Madigan). Her argument is for every dollar she generates this amount of money for the state.

Q. So, if you were to give the plan a letter grade, how well would you say this went, overall?

A. I give myself an A for effort because I killed myself. But from where we need to be, I give it a C plus, B minus

Q. This plan does not deal with the state's pile of unpaid bills. How do you think the state should address that?

A. We're at \$3.3 billion (in unpaid bills) now with the comptroller's office. We were at \$6.4 billion. In terms of what we owed, that's about half. We're making progress with the revenue that's been coming in. I'm not going to tell you this is all going to be resolved in a year because it won't be.

Q. Republicans, like state Sen. Matt Murphy of Palatine, have noted that unless serious reforms take place, the state's tax increase won't be able to be rolled back. With this budgeting for results plan, are you pretty confident that it will be?

A. It has to be. We've made a commitment. What I don't have a lot of respect for is the inaction of people in the Senate when it came to introducing a simple piece of legislation to cut the budget.

Q. This plan is based on a multiyear model. So we should expect more cuts next year?

A. Smarter cuts. We may say we want to invest in something that's going to produce more. That's going to make the biggest difference. There's a lack of information about what's being produced with these

dollars. We're going to have that information and better make the case to cut, eliminate, or invest more money in programs that are making a difference or aren't making a difference.