

79th GENERAL ASSEMBLY  
SIXTH SPECIAL SESSION  
SEPTEMBER 9, 1976

1. PRESIDENT:

2. The Senate will come to order, the hour of nine having  
3. arrived. The prayer will be offered this morning by Reverend  
4. Dennis Bratton, Lakeside Christian Church, Springfield, Illinois.

5. REVEREND BRATTON:

6. I'll share with you part of the prayer that was offered  
7. in Congress, December of 1977. Be Thou present, oh God of  
8. Wisdon and direct the councils of this honorable assembly. Enable  
9. them to settle things on the best and surest foundation that  
10. order, harmony, peace, may be effectually restored and truth  
11. and justice religion and piety prevail and flourish among  
12. Thy people. Almighty Heavenly Father, it is our prayer even  
13. today two hundred years later that these men might be led  
14. by Your divine wisdon. Give them courage to stand and to  
15. speak the truth as they know it. Help them to see clearly,  
16. Father, what you would have them to do and give them strength  
17. for the task. Restore a right spirit within their hearts to  
18. want for every man, liberty. And give them the grace to see  
19. truth and liberty go hand and hand in a land that is free.  
20. This is our prayer, Father, in the name of Jesus Christ and  
21. through his merits, the Son, our Saviour. Amen.

22. PRESIDENT:

23. Reading of the Journal. Senator Johns.

24. SENATOR JOHNS:

25. Thank you, Mr. President. I move that reading and approval  
26. of the Journal of Wednesday, September the 8th, 1976 be postponed  
27. pending arrival of the printed Journal.

28. PRESIDENT:

29. You heard the motion. All in favor say Aye. Opposed  
30. Nay. The Ayes have it. The motion carries. Senator Brady,  
31. desire to make a motion with reference to a special order of  
32. business?

33. SENATOR BRADY:

34. No, I'm just talking.

35. SENATOR PARTEE:

1. When...we should have a motion first to go to a  
2. special order of business.

3. SENATOR BRADY:

4. I would like to offer that motion.

5. PRESIDENT:

6. Senator Brady moves that the Senate resolve itself  
7. into a Committee of the Whole for the purpose of special  
8. business. All in favor will say Aye. Opposed Nay. The Ayes  
9. have it. The motion carries. We are now in the order of  
10. Committee of the Whole. Senate Bills 1 through 6 may be  
11. considered. Senator Brady seeks recognition.

12. SENATOR BRADY:

13. Yes, Mr. President and fellow members. As we are now  
14. in a Committee of the Whole and addressing ourselves, on the  
15. Calendar first is Senate Bill No. 1.

16. PRESIDENT:

17. Just one moment, Senator. We have some witnesses who  
18. desire to be heard. We're going to ask them to all come down  
19. to the Secretary and give their names and designations and the  
20. bills on which they desire to testify setting forth, if possible,  
21. the side on which they prefer to offer their testimony.

22. Senator Brady, you're going to speak in Senator Wooten's  
23. mouth...mike, you'll have to use a deep voice.

24. SENATOR BRADY:

25. Thank you, Mr. President. It seems we finally found a  
26. working microphone here and so I would like at this point, to  
27. resume where we were at. We are in Session now regarding Senate  
28. Bills 1 through 6. As the sponsor of Senate Bill 1, I would  
29. like to say that we have several witnesses here who would like  
30. to make a statement as proponents of not only Senate Bill 1,  
31. but of the entire or most of the bills as they are before us  
32. today. I think that what would be best is if we could hear from  
33. all of these gentlemen and then I would like to sum up and answer  
34. any questions that I might be able to at that time, so...

35. PRESIDENT:

1. That...that period will be accorded to you. Would you give  
2. us the name of your first witness?

3. SENATOR BRADY:

4. Yes. The first witness will be the Superintendent  
5. of Education for the State of Illinois, the Illinois Office  
6. of Education, Doctor Joseph Cronin. Doctor Cronin.

7. PRESIDENT:

8. Doctor Cronin will come to this microphone, please.

9. DOCTOR CRONIN:

10. Thank you, very much. Joseph M. Cronin, State  
11. Superintendent of Education, and in support of the six bills  
12. before you. The State Board of Education and local school  
13. districts are grateful to the State Senate for the strong financial  
14. support that you have given to the schools of Illinois. You  
15. appropriated many more millions than the Governor, through reduction  
16. vetoes, has allowed the schools to have this year, either for  
17. general aide or for special education and other needed services.  
18. Thank you for your past support. The Governor in March of this  
19. year, announced the State could only spend one hundred and forty-  
20. eight million dollars in new money for education, including  
21. teacher retirement funds. The State Board of Education and my-  
22. self, had previously indicated that if we price tagged all the  
23. existing statutes and formulas and program needs for children  
24. and adults in the State of Illinois, this would require three  
25. hundred and twenty-five million and the Governor asked us to  
26. prioritize and as a result, we made many very painful reductions  
27. during the Spring of this year. The virtual elimination of  
28. summer school, cutbacks in school transportation and a proposal  
29. to reduce one-half of the increase in...of general aid to schools  
30. in terms of the new money for this year. In August of this year,  
31. the Governor cut this amount once again by the total of eighty-  
32. four million dollars including twenty-two million that you  
33. had appropriated for Whole Harmless provision. The end result  
34. is that the Governor who offered us a hundred and forty-eight

1. million dollars, in fact, approved less than one hundred  
2. million for the schools of Illinois. Now, what are the con-  
3. sequences, what are the needs before the State at this time?  
4. Dozens of school districts, large and small, have been  
5. squeezed. First in June of '75 you will recall, then in March  
6. of this year and then again in August. Many districts have  
7. fired teachers and administrators, frozen the salaries of their  
8. staffs or given token one or two percent increases and closed  
9. buildings. Chicago has...alone has closed two dozen buildings,  
10. Cahokia, three buildings, Evanston, three buildings, and so on.  
11. The City of Springfield couldn't offer any step increases to  
12. their teachers under their existing contracts, no money, state  
13. aid actually shrinking faster than enrollments, a strike, the  
14. court had to intervene and has given them sixty days to...to  
15. settle. Rockford has cut seven million dollars out of their  
16. existing fifty-five million dollar budget, has lopped off  
17. three hundred teachers from their staff, has cut out every single  
18. extracurricular activity, including football and...and basketball  
19. and held the line on...all extracurricular activities, as has the  
20. town of Sandwich, cut out all their interscholastic sports.  
21. Decatur is still working in contract negotiations. Here was a  
22. healthy school district one year ago with a million dollar cushion,  
23. now facing the next year a one million dollar deficit. Again, a  
24. well managed district, but one facing abrupt changes in assessments,  
25. cuts in State aid, and declining enrollments all at one time.  
26. The City of Peoria is down four hundred thousand dollars in  
27. state funds. Chicago, a few years ago, had a hundred and ninety  
28. days in their school calendar. It dropped to a hundred and  
29. seventy-six, last year sixteen days were lopped off their calendar  
30. bringing it down to a hundred and sixty days of instruction, sixteen  
31. days with no pay to teachers, no pay to the Superintendent  
32. or to any of the administrators or office staff. Economize,  
33. yes they have. They've squeezed and saved ten million dollars in their

1. budget last year, they've closed two dozen schools which  
2. eliminates that number of principals and custodial forces and  
3. everything else. They're working with my office on plans  
4. for a centralized kitchen to economize on food services and  
5. they're working on dozens of other economy measures. Still,  
6. inflation and other costs create a deficit of more  
7. than a hundred million dollars for Chicago which includes the  
8. fifty-five million penalty which under current law, I must,  
9. with no options invoke, and I did. But, faced with financial  
10. disaster, wanted to spread this over a period of time.  
11. My legal advisor assured me was possible, it has been contested  
12. and that issue right this moment is before a State court.  
13. But even so, Chicago needs your action on the more equitable  
14. one one seventy-six clause and so do...does any other school  
15. district faced with a sudden and unpredictable work stoppage  
16. need that protection in the future because a provision that  
17. made good sense when State aid was about fifteen or twenty  
18. or thirty percent now that State aid has risen to an average  
19. of almost fifty percent and in some districts of sixty  
20. or seventy percent, one percent a day is truly punitive  
21. and erodes the position of a school board in dealing with  
22. their employee organizations. A few other examples quickly.  
23. Bloomington and Quincy under the current school aid again by a  
24. quirk in the law which has the...the declining enrollment  
25. factor will get more than...will get two hundred thousand dollars  
26. less in State aid this year than they got a year ago. Suburban  
27. schools, affluent districts are not exempt from financial hardships.  
28. Highland Park, Rich Township and others have been affected  
29. negatively by the roll back, has had to let teachers go and cancel  
30. programs. Senate Bill 1 as amended will give more than seventy  
31. communities, most of them suburban, most of my school districts  
32. significant release. Many smaller towns and rural communities  
33. can use even the ten, twenty, or thirty thousand dollars provided

1. in these bills to meet their obligations this year and to avoid  
2. debt or to avoid further borrowing. The solutions are at hand.  
3. First, the tax collection speedup, the peoples' money, already  
4. paid, but not yet sent into the Treasury, ninety-five million  
5. dollars. Why should local schools borrow this year when the  
6. money is available now and, in fact, the money has been collected?  
7. The State Board of Education, a bipartisan body confirmed  
8. by this Senate, strongly endorses this vital feature, this keystone  
9. to the proposals before you this week. Second, the SB 1  
10. a so-called Jaffe bill as amended, helps most unit and elementary  
11. school districts in the State, helps those high school districts  
12. that were affected by the...the roll back, helps any board  
13. faced with a work stoppage now and in the future to get a fair  
14. and equitable penalty and helps the roll back districts recover  
15. the...the taxes to which they're entitled. The third major  
16. key, the fifty million dollars, it's not ideal. In some ways  
17. it is not sufficient, but it will help us in education, maintain  
18. existing services for children, it will keep dedicated teachers  
19. in the classroom and will allow all school districts to know  
20. how much money to plan on this year. And that I think, is the  
21. central feature, school districts must know what amount of  
22. money to plan on from the State of Illinois this year and in the  
23. current chaotic situation, they do not know and you, Ladies and  
24. Gentlemen, have this week, the opportunity to solve that problem.  
25. Thank you.

26. PRESIDENT:

27. Any questions of this witness? Senator Glass.

28. SENATOR GLASS:

29. Thank you, Mr. President. Superintendent Cronin, I have  
30. a couple of questions. One, can you give us the current status  
31. of the litigation involving your proposed three year spread  
32. of the Chicago penalty?

33. DOCTOR CRONIN:

34. Yes, the...there are several suits at the moment. The...the

1. most significant one is before a Cook County judge right now,  
2. Arguments were presented yesterday, oral testimony is to be heard  
3. almost immediately and we expect a...an almost immediate decision,  
4. probably the first of next week.

5. SENATOR GLASS:

6. Now, if that decision is favorable, do you expect that  
7. there will be further...that is favorable to your position,  
8. do you anticipate there will be further action in the Sangamon  
9. County lawsuit?

10. DOCTOR CRONIN:

11. The judge in Sangamon County refused to give up the  
12. venue on this, but informally, we believe that he will wait  
13. and see what the decision is in the Cook County...before making  
14. any judgement as to whether he must rule on that case. He  
15. could throw it out and say the issue has been decided or he could  
16. make a...an opinion of his own. There's no prediction there.

17. SENATOR GLASS:

18. Have your legal advisors given you any estimate as to when  
19. a final resolution of that may come in terms of appeals, et cetera?  
20. When will we really know whether...whether your...your action  
21. is...is going to be upheld?

22. DOCTOR CRONIN:

23. If there were appeals, there's no telling how long  
24. that could take, two weeks, a month, eight weeks. We don't  
25. know. It's...it's extremely difficult to tell in the case of a...  
26. of appeals. We do know that in terms of the immediate court  
27. case, the judge has every intention of making his decision next  
28. week because we must send out State aid payments or we must  
29. send out our vouchers over to the Comptroller by the middle of  
30. next week.

31. SENATOR GLASS:

32. All right. Now, if...if that action is upheld, as I  
33. understand it, there will be a...a one-third penalty this year

1. of about eighteen million plus dollars and that means Chicago  
2. would only get eighteen million less this year and further  
3. that...that that would be spread among all the school districts  
4. of the State so that the actual loss by Chicago, if your action  
5. is upheld the way I understand it, would be in the neighborhood  
6. of twelve million dollars. Would that be correct?

7. DOCTOR CRONIN:

8. Under the existing law, those are the...are the correct  
9. figures. Under the SB 1 which is before you, that of course,  
10. would be...would be dropped considerably, almost in half.

11. SENATOR GLASS:

12. All right. Now, one...one other question. On the...  
13. as I understand the Governor's Veto Message, he indicates that if  
14. the Legislature approves his...his amendatory veto, he then,  
15. would look favorably upon a...and...and also approves the...the speedup  
16. tax collection measures, he would look favorably on a supplementary  
17. appropriation for about fifty million dollars for education  
18. or...or at least he has indicated that there would be fifty  
19. million additional money for the schools. Now, is that...if that  
20. does happen, from...from my understanding of the situation, that  
21. money would be pretty well earmarked for the Chicago penalty  
22. and for the Whole Harmless Provisions. Is that Correct?

23. DOCTOR CRONIN:

24. No, that would also serve the other features in the...  
25. what was the Jaffe bill and help the...the downstate elementary  
26. and unit districts through the transportation and the rate access.

27. SENATOR GLASS:

28. Well, this is the question I have, though. It seems to me  
29. that the...if you price those out, that the Whole Harmless  
30. is...is anywhere from twenty-two to, I don't know. It's been  
31. estimated...

32. DOCTOR CRONIN:

33. At twenty-five.



1. SENATOR GLASS:

2. ...twenty-five million and the Chicago penalty is almost  
3. the same. So, it...it would look like to me that...that the  
4. money would be pretty well taken up in those two areas and that  
5. there would be virtually nothing left for the...for the rest of  
6. the schools unless I'm missing something.

7. DOCTOR CRONIN:

8. Yes, right...I've already made those adjustments for the  
9. Chicago penalty so, and by the way, they amount to something  
10. like 1.5, 1.6 percent in terms of the impact on other school  
11. districts. But having made that adjustment and feeling  
12. confident that the judge will uphold the administrative  
13. discretion that I exercised, that means that this fifty  
14. million will be added on to what school districts are receiving  
15. right now.

16. SENATOR GLASS:

17. Yeah, I...I guess what I...my comments would really go to  
18. the situation that if the judge did not uphold your position,  
19. and then...

20. DOCTOR CRONIN:

21. Oh, well that would change the whole...

22. SENATOR GLASS:

23. Yeah...right.

24. DOCTOR CRONIN:

25. If the judge says I do not have that administrative  
26. discretion, then again, all of the...the new money goes to both  
27. downstate and Chicago school districts.

28. SENATOR GLASS:

29. Right, well I just wanted to bring that out...

30. DOCTOR CRONIN:

31. All the school districts win both ways.

32. SENATOR GLASS:

33. Well, but if the judge does not uphold your three year  
34. spread, then, all of this new money would have to go to the

1. Chicago penalty and...and the Whole Harmless, wouldn't it?
2. I mean that it...
3. DOCTOR CRONIN:
4. No.
5. SENATOR GLASS:
6. ...seems to me there's twenty-five million in each
7. case.
8. DOCTOR CRONIN:
9. No, because I've taken that out of the existing pot
10. of 1.2 billion dollars and the fifty million would be over and
11. above that and would go essentially to downstate districts,
12. some of it would go to...go to Chicago but less than the quarter
13. which is what the...Chicago would get none of the twenty-
14. five million going into the Formula. They would get some
15. Whole Harmless or...
16. SENATOR GLASS:
17. Well, maybe we can clarify this later. But it seems
18. to me as I read the Governor's Veto Message that there...there
19. is, at the present time, a fifty-five million dollar penalty
20. chargeable against Chicago. If we revise the Formula to make it
21. one one seventy-six penalty per day, then the amount of that
22. penalty will be in the neighborhood of twenty-five million.
23. Or 24.9 or some...some fraction of that nature. We don't have
24. that money in the Formula now and in Chicago, it has to come
25. from somewhere. So, I...the way I read the message is that
26. it would come from this additional appropriation and...and the
27. Whole Harmless would cost a like amount. Maybe...maybe we can
28. get some clarification on those figures and an allocation as to
29. how that money would, in fact, be distributed.
30. DOCTOR CRONIN:
31. Yes, we can. We'll get that to you, Senator.
32. PRESIDENT:
33. The...there has been a request by a television studio to

1. take some movies or some pictures. Is leave granted?
2. Leave is granted. Senator Rock.
3. SENATOR ROCK:
4. I am not, I hope, recognized for the purpose of being
5. in the movies. Senator Glass, as I understand it in directing
6. my question to Doctor Cronin, I understand that under the
7. Brady bill which is Senate Bill 1, that suburban Cook County
8. will receive an additional eleven to twelve million dollars.
9. Is that correct?
10. DOCTOR CRONIN:
11. That is correct.
12. SENATOR ROCK:
13. You indicated in your opening statement, Doctor,
14. that you were supporting Senate Bills 1 through 6...
15. DOCTOR CRONIN:
16. 1 through 5...
17. SENATOR ROCK:
18. 1 through 5? God bless you.
19. PRESIDENT:
20. Senator Shapiro.
21. SENATOR SHAPIRO:
22. He said he was supporting all six bills.
23. PRESIDENT:
24. I think you misunderstood him. I...I didn't hear him
25. say that but it's now correct...it's now clarified. Senator
26. Shapiro, did you desire recognition?
27. SENATOR SHAPIRO:
28. Yes, Doctor Cronin, pursuing the same line of questioning
29. that Senator Glass started, regardless of what the court
30. decision is, the Chicago penalty is going to be assessed in full
31. either over a three year period or a one year period, is that not
32. correct?
33. DOCTOR CRONIN:

1. Absolutely. The law gives me no discretion in terms  
2. of not leveling that...

3. SENATOR SHAPIRO:

4. Absolutely.

5. DOCTOR CRONIN:

6. ...full funding.

7. SENATOR SHAPIRO:

8. If we pass and Senate Bill 1 becomes law effective  
9. immediately, then that penalty is reduced to one one seventy-  
10. six or approximately fifty-six hundredths of one percent. Is  
11. that not correct?

12. DOCTOR CRONIN:

13. Yes.

14. SENATOR SHAPIRO:

15. Which does away with the one percent penalty. Okay. Now,  
16. I think in your letter to Doctor Hannon, you pointed out that  
17. the figures show that the penalty is no longer fifty-five  
18. million but is somewhere in the neighborhood of 53.2 something  
19. or something of that nature. All right, then, if we pass that...  
20. this bill and the new penalty goes into effect, that reduces  
21. that penalty for Chicago to about approximately 30.26 million.  
22. Is that not correct?

23. DOCTOR CRONIN:

24. Yes.

25. SENATOR SHAPIRO:

26. Okay. Now, from my line of thinking whether it's  
27. paid in one year or three years, that would be a tremendous  
28. windfall but let's say that they are required to pay it in one  
29. years time. Thirty million goes back into the formula and since  
30. we are not fully funding, that money becomes available under the  
31. formula changes for redistribution to all the school districts  
32. throughout the State of which the Chicago system gets  
33. approximately a third. Is that not correct?

1. DOCTOR CRONIN:
2. Yes, they would get...
3. SENATOR SHAPIRO:
4. All right. So the net effect in passing this bill as far
5. as the Chicago penalty is concerned would be that their
6. net penalty for one year would be approximately twenty
7. million dollars. Is that not correct, thirty million less
8. a third or ten, twenty million net, is that approximately a correct
9. figure?
10. DOCTOR CRONIN:
11. Yes, I think that...
12. SENATOR SHAPIRO:
13. All right. So, when you compare twenty million to fifty-
14. three million which is a reduction in penalty of thirty-three
15. million, it's obvious to me that that would be a tremendous
16. benefit to one system in the State of Illinois, namely the Chicago
17. school district and it's also it makes it obvious to me that
18. this is nothing more than a bail-out for the City of Chicago.
19. In other words, we have had a penalty on the books for a number
20. of years that is...every other district throughout the State
21. has had to comply with. I don't know whether there's been any
22. in recent years and I do agree with you that the picture
23. has changed slightly but I do not agree with you that all of a
24. sudden that one percent penalty is bad just because it affects
25. one system and involves that amount of money, but no matter how
26. you look at it, whether the penalty is paid in one year or a
27. three year period, changing the penalty provision at this particular
28. point in time does create a windfall for one school system way
29. in excess of what any other school district throughout the State
30. will get and way in excess of what every other school district,
31. in total the whole twenty-five million for formula changes
32. will be getting if this bill becomes a law and becomes effective
33. in this particular fiscal year. I don't think anyone can argue
34. with that. It's just a matter of whether we're going to change the

1. penalty in the middle of the ball game and possibly have  
2. an effect on what the court is going to decide within the  
3. next few days, particularly if the Senate makes that change  
4. tomorrow.

5. DOCTOR CRONIN:

6. As we discussed the number, Senator, I would remind  
7. you that the Chicago schools are composed of twenty-seven  
8. school districts, each of them the size of Decatur or Peoria  
9. or Springfield. I also want to remind the Senate that the  
10. children of Chicago twenty years ago and now living in suburban  
11. school districts, so we musn't see this as a issue of the big  
12. city versus the neighborhoods where many of them will choose  
13. to live in years to come. Also, Chicago is in a...is in the  
14. hole in part because the actions of 1975 put them thirty  
15. million dollars...gave them thirty million dollars less than  
16. they had expected through all the existing statutes and  
17. formulas. So my action was not to help out one school district.  
18. It was looking first at the financial necessities, the possibility  
19. of bankruptcy, the possible involvements of...of banks in  
20. terms of what action they would take in terms of a larger school  
21. district in the State. It was a responsible and prudent act  
22. to make sure that we didn't have the kind of situation that has  
23. plagued New York City.

24. SENATOR SHAPIRO:

25. Well, so much for that thing. I'd like to get into the  
26. other provisions provided by Senate Bill 1. In your opinion  
27. or if you have the facts and figures there, what are the  
28. total cost for this fiscal year of the proposed formula changes?  
29. Is a hundred and eight million approximately correct?

30. DOCTOR CRONIN:

31. For this year or subsequent years?

32. SENATOR SHAPIRO:

33. For this year. Just for this year. The year we're in now.

1. Would...
2. DOCTOR CRONIN:
3.       You mean those features that would take effect this
4. year?
5. SENATOR SHAPIRO:
6.       Yes.
7. DOCTOR CRONIN:
8.       They're in the neighborhood of twenty-five million.
9. SENATOR SHAPIRO:
10.       Wouldn't...wouldn't the ten cent reduction have a
11. price tag of approximately fifty million?
12. DOCTOR CRONIN:
13.       This is for unit...unit school districts?
14. SENATOR SHAPIRO:
15.       Yeah. Okay.
16. DOCTOR CRONIN:
17.       But it...
18. SENATOR SHAPIRO:
19.       The...the five cent reduction for the elementary increase,
20. is that going to cost somewhere in the neighborhood of thirteen to
21. fourteen million?
22. DOCTOR CRONIN:
23.       Yes.
24. SENATOR SHAPIRO:
25.       Okay. The Transportation Tax Rate has a price tag of
26. twenty-four million?
27. DOCTOR CRONIN:
28.       Yes.
29. SENATOR SHAPIRO:
30.       Okay. And if you add all of those up, does that not...oh,
31. and the weighted ADA about thirty million?
32. DOCTOR CRONIN:
33.       That would not take effect this year, Senator.

1. SENATOR SHAPIRO:
2.       Okay, so...
3. DOCTOR CRONIN:
4.       We have eighty-seven.
5. SENATOR SHAPIRO:
6.       Yeah, would then a hundred and eight for this year
7. be an accurate figure and...and an additional thirty million
8. for next year?
9. DOCTOR CRONIN:
10.       That's...that's higher than our numbers for this year.
11. We have eighty.
12. SENATOR SHAPIRO:
13.       Well, anyway, considering that we are...
14. PRESIDENT:
15.       Just a moment. For what purpose does Senator Rock
16. arise?
17. SENATOR ROCK:
18.       Just a point of order, Senator Shapiro has effectively,
19. I suppose, attempted at least to some kind of an assassination of
20. the Chicago school district problem. He keeps throwing around
21. a hundred and eight million dollars and as I add up what he just
22. said with forty-eight, where's...where's the rest of it?
23. PRESIDENT:
24.       Senator Shapiro.
25. SENATOR SHAPIRO:
26.       There's more involved than that. I'm...I'm sorry.
27. I am looking at the wrong bill. Okay, we have fifty million
28. cost for the ten cent reduction in the unit districts. Thirteen
29. to fourteen million for the five cent cost for the elementary
30. districts. Twenty-four million for the cost of the...inclusion
31. of the transportation rate and twenty-two million...or twenty-
32. five million for the cost of the Whole Harmless provision, which is
33. in Senate Bill 1.



1. DOCTOR CRONIN:

2. Those would be the full costs.

3. SENATOR SHAPIRO:

4. The full...that's right. That's what I mean. Now,

5. since we are only putting twenty-five or fifty million in,

6. that means that there's going to be further proration

7. if this bill becomes effective this year. Is that not correct?

8. DOCTOR CRONIN:

9. These amounts would be prorated.

10. SENATOR SHAPIRO:

11. That's right. In other words, we are not putting in

12. enough money to fund these changes. Is that not correct?

13. DOCTOR CRONIN:

14. It would require more.

15. SENATOR SHAPIRO:

16. Than...than is available. All right. In other words,

17. then, the proration without formula changes, as I understand it,

18. would be around ninety-five percent for this year if we do

19. nothing in this fiscal year.

20. DOCTOR CRONIN:

21. We've got 93.6.

22. SENATOR SHAPIRO:

23. All right.

24. DOCTOR CRONIN:

25. At the moment.

26. PRESIDENT:

27. Senator Rock.

28. SENATOR ROCK:

29. I...I hesitate to interrupt again, but if...if the sponsor

30. will yield, he is talking, apparently about significant dollar

31. figures and as I read this or attempt to understand at least,

32. we're talking about a significant amount of money that has nothing

33. whatever to do with the Chicago school system. And I just wanted

34. to make that perfectly clear in case it's not. There is twenty-

1. four million dollars as using his figures for downstate  
2. transportation which does not in any way include the Chicago  
3. system, twenty-five million for Whole Harmless which does not  
4. in any way include the Chicago system and how...how many other numbers.  
5. Senator?

6. PRESIDENT:

7. Senator Shapiro.

8. SENATOR SHAPIRO:

9. Oh, and Senator Rock, I made no illusion that these  
10. formula changes had anything to do with the City of Chicago.  
11. I said I was off of that one. The point I'm trying to make  
12. is that we...is Senate Bill 1 effective this year has tremendous  
13. fiscal implications in excess of a hundred million dollars and  
14. we are only putting in fifty million dollars to fund that,  
15. which leads to a further proration somewhere in the neighborhood  
16. of eighty-nine to ninety percent. In other words, a further  
17. reduction in the amount of money that the school districts  
18. will be getting as compared to what they should get if we  
19. were to implement these formula changes.

20. DOCTOR CRONIN:

21. They would get additional money and they would get  
22. additional money in this year. The...it is true the proration  
23. will be just under ninety-one percent.

24. SENATOR SHAPIRO:

25. Plus...plus the fact, Doctor, that the Whole Harmless  
26. provision only guarantees those high school districts that they  
27. will get what they got last year. In other words, on one hand  
28. we're taking it away from them because of formula changes  
29. and the other hand we're coming in with twenty-five million  
30. and say we're giving it back to you to make sure you don't  
31. have a reduction.

32. DOCTOR CRONIN:

33. That's not just high school districts.

1. SENATOR SHAPIRO:

2. I'm aware of that, but predominately high school districts  
3. because they do not share in this unless they happen to have  
4. a transportation system and...you know, but they do not involve  
5. in...they are not involved in any of the qualifying reductions.

6. DOCTOR CRONIN:

7. But several of those...several dozens of those high  
8. schools would be benefited by another provision in the...in  
9. SB 1 that deals with the roll back provisions. So they would  
10. have greater access to their local resources.

11. SENATOR SHAPIRO:

12. Now, in the statement that I had on my desk when  
13. I came, Doctor Cronin, and I don't have it handy at the present,  
14. I think there was a comment in there that we should sustain  
15. the Governor's recommended changes in 3518. I assume that to mean  
16. that we should sustain the...the changes that he has suggested  
17. for becoming effective July 1st, '77, is that correct?

18. DOCTOR CRONIN:

19. No, those...I think that was his...his alternative  
20. if you did not take action now, then...then these changes would  
21. not be effect...till next July. We would like action...  
22. favorable action at this time so that some of this new money  
23. can flow to school districts this year and so they can plan  
24. on it.

25. SENATOR SHAPIRO:

26. In other words, you are telling us that you would prefer  
27. this bill becoming effective in this year with these formula  
28. changes which we cannot fund this year and an excellent chance  
29. that we may not be able to fully fund next year, but we...we know  
30. if we go ahead and spend a hundred million of next years  
31. revenue this year that the money will not be there plus reducing the  
32. penalty drastically for the Chicago school system with them  
33. coming up with the biggest gainer of any system throughout the

1. State. You think that is a more logical approach than  
2. just implementing all these changes in the next fiscal year  
3. when we have a new Governor and when we can have a chance to discuss  
4. this further and when your task force will be coming in with  
5. its recommendations. They may not go along with any of these  
6. changes. What's going to happen then?

7. DOCTOR CRONIN:

8. I've looked at the plight of school districts such as  
9. Rockford, and Springfield, and these dozens of downstate  
10. districts right now, this year as has the State Board of  
11. Education and that's...that...not just what happens to Chicago  
12. is what has affected our recommendations.

13. SENATOR SHAPIRO:

14. But the miniscule amount of money that we are putting  
15. in this year will not help those...will not bail those districts  
16. out. They have other problems that the State can never solve.

17. DOCTOR CRONIN:

18. Oh, it will make a...it will make a substantial difference  
19. in terms of Springfield and Peoria in terms of...of helping  
20. them just cope with their problems of meeting payrolls this  
21. year and to honoring their obligations to teachers and...

22. SENATOR SHAPIRO:

23. I...

24. DOCTOR CRONIN:

25. ...children.

26. SENATOR SHAPIRO:

27. I don't belittle the fact that it will help, but I do  
28. question whether it'll help enough. I think it's still going  
29. to be the same thing, when the new school year starts next  
30. summer or next fall, they're going to want...be wanting full  
31. funding, by putting these formula changes into effect this year  
32. it's going to delay full funding at least one more year, possibly  
33. two years. It...it just keeps being put off further and further  
34. in the future as far as achieving the fifty percent, because if we

1. put these changes into effect this year, the price tag for  
2. full funding next year is a minimum of a hundred and seventy-  
3. five million out of a proposed five hundred million dollar  
4. revenue increase. If we take a hundred million out of that to  
5. fund additional spending for this year, we're down to the point  
6. where there's not going to be an awful lot of money left  
7. to fund other agencies and other educational programs for  
8. next year. And we haven't even discussed special education,  
9. school transportation, special ed transportation, school lunch,  
10. right down the line. We haven't even discussed those and there's  
11. no chance that we can do anything with those in the Fall Veto-  
12. Override Session particularly if we go ahead and take this action  
13. today.

14. PRESIDENT:

15. The Chair would remind everyone that these bills will be  
16. debated and that the focal point of these hearings is for  
17. questions. Senator Davidson.

18. SENATOR DAVIDSON:

19. Doctor Cronin, you gave us a letter this morning saying  
20. the Office of Education supports accelerated collection. Is this  
21. the position of the Office or the position of the State Board  
22. of Education?

23. DOCTOR CRONIN:

24. State Board of Education twice this spring had a chance  
25. to vote on that proposal and twice they endorsed it, enthusiastically.

26. SENATOR DAVIDSON:

27. Second question, in this Spring Session of the Legislature,  
28. your office put forth one billion three hundred million dollars  
29. as necessary funds for full funding of the school formula. Correct?

30. DOCTOR CRONIN:

31. Yes.

32. SENATOR DAVIDSON:

33. Secondly, then, with the advent of supporting a collection

1. of ninety-five million dollars, I take it you're now  
2. willing to settle for fifty million dollars to go on additional  
3. funding for education which still leaves the education fund  
4. with what the Governor has given plus the fifty, a good hundred  
5. million dollars short of what you recommended for full funding  
6. and my question to you and the Board of Education is why  
7. you're willing to try to settle for the fifty when you're  
8. putting forth ninety-five million when we need the whole  
9. package for education?

10. DOCTOR CRONIN:

11. Because that's what is available right now. I would  
12. prefer the higher amount. School districts need the higher  
13. amount. We're being realistic in terms of the proposal before  
14. you at this time.

15. SENATOR DAVIDSON:

16. Well, my question then back to you, Sir, is you're  
17. being realistic at ninety-five million if it passes, the whole  
18. ninety-five million's available, not just fifty million and I  
19. would suggest that the Board of Education be in scrapping for  
20. the whole amount for education if the funding is as critical as  
21. you have stated it. Would you be receptive to an amendment  
22. to Senate Bill 1 which you are now in support of that ninety-  
23. five million if the acceleration program were passed would  
24. be earmarked entirely into this common school fund?

25. DOCTOR CRONIN:

26. If...if appropriated, we certainly would voucher it and  
27. send it out to the school districts.

28. SENATOR DAVIDSON:

29. That's not answering my question. I'm asking would you  
30. be receptive to an amendment of ninety...for the ninety-five  
31. million to be locked in?

32. DOCTOR CRONIN:

33. One of the concerns about the ninety-five million and in

1. response to a comment Senator Shapiro made as well, if we  
2. were to give your recommendation to the ninety-five million  
3. some of that ninety-five million would be recommended to go back  
4. into certain special education programs but a certain adult  
5. education programs that are underfunded for this year, so no,  
6. we would say not all the ninety-five million should go to  
7. distributive aid although we agree with you more than fifty  
8. million is...is...

9. SENATOR DAVIDSON:

10. Then you...then you're saying you'd be receptive for  
11. an amendment for the ninety-five million to go to education  
12. with part of it being prorated to the special education, et cetera,  
13. it's been underfunded rather than totally to the common school fund?

14. DOCTOR CRONIN:

15. Yes, but we understand some of those actions might be  
16. taken in November rather than now.

17. SENATOR DAVIDSON:

18. Thank you.

19. PRESIDENT:

20. Senator Morris.

21. SENATOR MORRIS:

22. Thank you, Mr. President. I have one question. Senator  
23. Davidson, I think has confused the issue a little bit and I'd  
24. like to get back to it. Senate Bill 1 as I understand it,  
25. is not an Appropriations bill, so I don't understand where an  
26. amendment of...to ninety-five million makes anything. I think,  
27. Senator Davidson, are you talking about Senate Bill No. 2? I...

28. PRESIDENT:

29. Senator Davidson.

30. SENATOR DAVIDSON:

31. Well, when the witness checked in, he checked in support of  
32. all five bills and I surmise that we're talking about the whole  
33. five bills of the package. Actually, we talked about all six  
34. bills and he really...opening statement said he was in favor of all

1. six and then later corrected himself. So, whether we're  
2. talking about 1, 2, 3, 4, 5, he did come out in favor of all  
3. of the first five so the appropriation has to be there somewhere,  
4. Senator Morris.

5. SENATOR MORRIS:

6. I know, but you kept...

7. PRESIDENT:

8. Senator Morris.

9. SENATOR MORRIS:

10. ...you kept referring to Senate Bill 1, would you take  
11. an amendment and I think it would probably be illegal to put  
12. an amendment for an appropriation onto a bill that is  
13. substantive and not an appropriation and we ought to make  
14. sure we get clear because I'm sure the school children in  
15. Springfield have...understand a little bit about the legislative  
16. process and I'd hate to see them confused by their Senator  
17. on the appropriation process.

18. PRESIDENT:

19. Senator Knuppel. Just a moment. Senator Davidson.

20. SENATOR DAVIDSON:

21. Since he directed a challenge to me, I think I should have  
22. the courtesy of being able to respond.

23. PRESIDENT:

24. Well, you...all right. Go ahead.

25. SENATOR DAVIDSON:

26. Senator Morris, your point may or may not be well  
27. taken. We are...talked about the five. The appropriation bill  
28. is Senate Bill 2, is it not? The question I asked Doctor Cronin  
29. was he, the Board of Education, receptive to an amendment not  
30. saying Senate Bill 1 or any other. I didn't say the...the bill  
31. number per se. I...we talked about all five.

32. PRESIDENT:

33. Senator Brady.



1. SENATOR BRADY:

2. Yes, Mr. President. I wonder if...if we might,  
3. Superintendent at...at my request came over here this  
4. morning to answer as many questions as possible addressing  
5. himself to these bills. I don't mean to try to hurry anybody  
6. along but he has the meeting of the State Board of Education  
7. this morning at 9:30 and I would hope that anybody who has  
8. any questions for him, we could...we could direct them to the  
9. Superintendent and they...he isn't suggesting that. I'm just  
10. asking whether the Body could do that.

11. PRESIDENT:

12. Well, just a moment, now. Let's not get excited.  
13. This is a Hearing of the Whole and there are several witnesses  
14. to be heard. The Chair would appreciate if the questioning  
15. is directed to the...to the persons testifying and further that  
16. the speeches and expository remarks be reserved to debate, where  
17. it may be duly recorded for posterity. Senator Knuppel.

18. SENATOR KNUPPEL:

19. Well, I agree with the Chair...

20. PRESIDENT:

21. Wait just a moment. You don't have the mike...turn...give  
22. the gentleman a mike please. Oh,...would you move over to the  
23. next mike? Please?

24. SENATOR KNUPPEL:

25. Well, while I agree with the Chairman, I think Doctor  
26. Cronin's presence here is one helluva lot more important  
27. than it is before the Board of Education today. All right.

28. SENATOR ROCK:

29. Senator, we just...we just...

30. SENATOR KNUPPEL:

31. Now, if I understood the Doctor Cronin correctly, when  
32. he was talking, he said, and I don't know just...I lost him  
33. somewhere and I don't know which funds he was talking about

1. but he said most of this money was going to go to suburban  
2. Cook County and the City of Chicago and I was left with the  
3. impression that what was going to go to downstate schools  
4. would be twenty thousand here, or ten thousand there and that  
5. sounds kind of miniscule when you're talking about millions of  
6. dollars and I'd like an explanation, you know. Just exactly  
7. where is this money that we're talking about here going?  
8. Do you have a breakdown and if we don't have a breakdown,  
9. Doctor, can we have one before we vote on the bill because  
10. if...if it's going be Chicago and Cook County and downstate's  
11. going to get twenty thousand here and ten thousand there, to  
12. hell with it. Now, I'd like to know where the money's going.  
13. PRESIDING OFFICER: (SENATOR ROCK)  
14. The...the Doctor will...will, in fact, I'm sure, have  
15. a printout. I attempted to dissuade that illusion...  
16. SENATOR KNUPPEL:  
17. Well, I'd like...  
18. PRESIDING OFFICER: (SENATOR ROCK)  
19. ...that was made by Senator Shapiro.  
20. SENATOR KNUPPEL:  
21. ...yeah, I'd like...I'd like for him to try to explain  
22. his statement because I clearly and distinctly heard that  
23. statement and I don't know, maybe it had to do with some small  
24. part of the money or something else, but I definitely know  
25. that's in the record because I wrote it down.  
26. PRESIDING OFFICER: (SENATOR ROCK)  
27. Appreciate that, Senator.  
28. DOCTOR CRONIN:  
29. I did say that even the smaller, rural school districts  
30. will get some such as ten or twenty or thirty thousand. The  
31. amount of money that a Springfield, Rockford, a Bloomington,  
32. a Normal, the other medium size cities, would be substantially  
33. larger. In many cases, a hundred thousand in...in several

1. instances half a million, in the case of Rockford, eight hundred,  
2. nine hundred thousand dollars. So, enough to make a substantial  
3. difference downstate. We will get you a figure of how much  
4. outside of Cook County, Senator, but the number...

5. SENATOR KNUPPEL:

6. Well, not just outside Cook County. I'd like to know  
7. when I vote on a bill that involves money, just how many  
8. million dollars is going to the City of Chicago, how much  
9. is going...at least break it down between those districts  
10. which are in the City of Chicago, those that are outside in Cook  
11. County and those in downstate, because I want to know how  
12. many...how much is going to go to Quincy and I want to know how  
13. much is going to go to Mattoon and Farmington, yeah, and  
14. Porta and so forth. And I was just left with the impression  
15. from the way it was bucked off here, that...that the biggest  
16. part of it was going to go to suburban Cook County and Chicago  
17. and then he said, well, yeah, but there will be some small  
18. sums of money for some of the other downstate schools. Now,  
19. I...I realize that they're smaller and that it will be proportionately  
20. smaller, but if this is a bill that's designed to give only  
21. relief to big communities and...and the relief if not proportionate  
22. to small schools, then...then I don't know why I should be voting  
23. for it, you see. Okay?

24. DOCTOR CRONIN:

25. Two-thirds of the money will go to downstate schools  
26. and take one city in your district as an example, Senator, Quincy  
27. would benefit by some quarter of a million dollars with this  
28. package of bills.

29. SENATOR KNUPPEL:

30. Well, this is what I want to know about every school  
31. district.

32. PRESIDING OFFICER: (SENATOR ROCK)

33. I'm sure the Doctor will make a printout available.

34. Senator Merritt.

1. SENATOR MERRITT:

2. Yes, Doctor Cronin. As I understand it, in my district  
3. I don't know whether you're familiar with it or not, is the  
4. City of Mattoon. That particular district, I believe, closed  
5. one day early and I am informed on reliable sources, that  
6. they were assessed, naturally through the one percent rate  
7. and that they were not given the opportunity of paying that  
8. over a three year period, was all assessed payable in one year.  
9. And I realize that's miniscule compared to your twenty-four,  
10. I believe you said, districts in Chicago, but it's not miniscule  
11. when you relate it to one of those districts in Chicago.

12. DOCTOR CRONIN:

13. Yes, I am familiar with your district, Senator, and have  
14. visited and of course, am concerned about the impact of this bill  
15. in helping the nearby school district of Charleston, which is also  
16. going through even more serious financial problems. We're concerned,  
17. but we don't offer any kind of a two or three year break  
18. without a great deal of consideration of can the school district  
19. weather the storm, can they get through the next year. And to take  
20. your district for an example, Mattoon comparatively is in  
21. stronger shape than many other school districts whereas  
22. Charleston is virtually...

23. SENATOR MERRITT:

24. Well,...

25. DOCTOR CRONIN:

26. ...on the ropes financially, so we would look at the  
27. individual case before making that kind of decision.

28. SENATOR MERRITT:

29. Well, I don't believe it quite answered the question.  
30. It looks like to me then, it's up to the decretion, as you take  
31. it, of the...of your office and the Board to decide when...

32. DOCTOR CRONIN:

33. Yes, we're...

1. SENATOR MERRITT:
2. ...you're going to apply...
3. DOCTOR CRONIN:
4. ...we worked with...
5. SENATOR MERRITT:
6. ...and when you're not.
7. DOCTOR CRONIN:
8. We did work closely with Mattoon in terms of their
9. options which included making up the school days and I believe
10. in fact, a former superintendent of Mattoon is here, I believe
11. Mattoon made up a number of the school days that were missed
12. in the strike and fully realizing that the fact that they would
13. be one less than the required number would mean a small penalty
14. would be assessed to that district, but they preferred to take that
15. penalty rather than make the school days up. Chicago, on the other
16. hand, not only wasn't able to make the...the days up, but they
17. had to close schools sixteen days early because they had just
18. run out of cash, their own and the State's, early because of the
19. thirty million dollar cut-back in State aid.
20. SENATOR MERRITT:
21. Well, in my opinion, whether you make that judgement or not,
22. I think Mattoon was just as seriously hurt financially as
23. any other districts.
24. DOCTOR CRONIN:
25. I respect that, Senator.
26. PRESIDING OFFICER: (SENATOR ROCK)
27. Senator Mitchler.
28. SENATOR MITCHLER:
29. Thank you, Mr. President. Doctor Cronin, in your opening
30. remarks, you cited some of the problems that we had in many of the
31. school districts throughout the State, citing Springfield, Rockford,
32. and some others. Now, when we go back home and we talk to the
33. people about all of these figures, millions of dollars here and so

1. much for Chicago, they have to relate that to what we do for  
2. their respective school districts. Now, I know my thirty-ninth  
3. legislative district, we...we have many school districts that  
4. are going to get substantially more as a result of the formula  
5. enacted and passed this year than some other school districts  
6. in the legislative district I represent. For example, a release  
7. the other day showed...indicated that the Will County schools,  
8. the twenty-eighth school districts, would receive 1.5 million  
9. dollars more in the fiscal year coming up than in the past. That  
10. was a news release by Superintendent Rachich. Now, there are  
11. perhaps, some school districts within Will County that may  
12. be less. I believe Troy school district is not going to have  
13. an increase. So, when we come down here now, the people back  
14. home, when they ask us what we're doing, I ask you this question.  
15. If we act favorably on the accelerated tax collection legislation,  
16. and put that through, if we act favorably in accepting the  
17. amendatory veto of Governor Walker to provide the additional  
18. restoration for some forty-eight million dollars, I believe it is,  
19. of the eighty-four or five that he reduced by his amendatory veto,  
20. would that...would that solve these problems that you enumerated  
21. in your opening remarks in Springfield, Rockford, some of the  
22. other schools?

23. DOCTOR CRONIN:

24. I would hate to use the word "solve" or imply that it would  
25. totally solve these problems. It would bring about substantial  
26. relief at this time and most important and really fundamental, it would  
27. allow those school districts to know precisely how much money they're  
28. going to receive from the State during this school year. So,  
29. I would make those modest claims. The problems would not be totally  
30. solved. Some of them they've got...some of the answers they've  
31. got to provide themselves, but they've done a great deal of belt  
32. tightening already in the...in these school districts and some  
33. of the problems, the State can help itself.

1. SENATOR MITCHLER:

2. In other words, Doctor Cronin, you feel that the action  
3. that I cited that if this Body would take at this time, it would  
4. give the school districts an idea now instead of waiting until...

5. DOCTOR CRONIN:

6. That's right.

7. SENATOR MITCHLER:

8. ...the veto Session coming up in November how they stood.

9. DOCTOR CRONIN:

10. We've had a hundred school districts not know how to settle  
11. a...a teacher contract because they weren't sure how much money  
12. they're going...going to receive from the State this year. In the...  
13. the Governor's veto of the Jaffe bill, although we agreed with the  
14. way he came down on the various provisions, the whole notion of  
15. the amendatory veto makes it extremely difficult to know  
16. precisely how much aid is going to go to those school districts.  
17. So, action will clarify it for this year. In terms of solving  
18. the problems totally, I don't know if we can ever do that but  
19. we certainly will, as Senator Shapiro indicated, come in...in time  
20. for the new Session with a long range plan for the next four or  
21. five years.

22. SENATOR MITCHLER:

23. Well, I appreciate your remarks, Doctor Cronin, because  
24. I think one of the things that we do in this Body because of our  
25. legislative processes, we do leave many of the local governments,  
26. particularly school districts, not knowing how much money  
27. they're going to have to operate because of our various formulas  
28. and getting into the Department of Local Government Affairs  
29. with their assessment program, the late taxes being set out, the  
30. late collection of taxes locally. And these have caused a  
31. considerable hardship. But, don't you think, Doctor Cronin,  
32. that we are in the very words of Senator Partee, sort of putting  
33. the cart before the horse in acting on a limited amount of funding  
34. for schools in a Special Session as this when we have a many,

1. I'm...I'm going to say hundreds of amendatory veto...vetoes  
2. of the Governor to consider in the November 17 Veto Session  
3. that could possibly be that we would sustain the Governor's  
4. vetoes, amendatory veto reductions, thereby having additional  
5. funds available that could be, perhaps, supplemented in  
6. educational appropriations in 1977 or at a later date, or if  
7. we would override the Governor's amendatory vetoes in many cases  
8. would not have that money available in General Revenue for  
9. further consideration at a future date? And don't you think  
10. that maybe we are putting the cart before the horse in a Special  
11. Session as we are now and only even confusing beyond what we  
12. already have the local school districts?

13. DOCTOR CRONIN:

14. Senator, I agree with your earlier statement that the  
15. school districts are confused now but they're dangling now.  
16. They don't know what they're going to receive finally in terms  
17. of their general aid. Yes, in the best of all worlds, it would  
18. be nice to clear up the other reduction vetoes or the amendatory  
19. vetoes but we know your time this season is especially, is very,  
20. very precious, and that five days may be as much time as  
21. the two Houses do have available. We would hope that we could  
22. clear up the distributive aid at this time and do it in a timely  
23. fashion so we can tell the school districts what to expect from  
24. the State of Illinois.

25. SENATOR MITCHLER:

26. Now, one final question, Doctor Cronin. This would have to  
27. do because...with the respect on what we are going to do for the  
28. children of the State of Illinois. Now, I know that the City  
29. of Rockford has curtailed many of it's atheletic programs. The  
30. City of Springfield has had...

31. PRESIDENT:

32. Just one moment, Senator. Is there leave for Steve  
33. Schickel and Channel 9 to take film? Leave is granted. Right ahead.



1. SENATOR MITCHLER:

2. (Foreign phrase)

3. PRESIDENT:

4. Go right ahead, Senator Mitchler.

5. SENATOR MITCHLER:

6. Thinking of the education of the children and getting into  
7. the money that will be channelled into the reading, writing  
8. and arithmetic to put it basically, many of the school districts  
9. have not arrived at contracts with their local teacher organizations.  
10. Primarily, the Chicago school district. I know that Mr. Heeley  
11. has indicated that the teachers would return to work without a  
12. contract and I know from past experience that he naturally is looking  
13. to see if what money is available. They do not know now.  
14. Now, naturally, when they come in with contracts, they'll be coming  
15. in with consideration for salary increases and much of this is  
16. very much warranted for the teachers as everyone else. Do you  
17. have any idea about the amount of money that the teachers'  
18. salaries, now I'm just talking about teachers' salaries will be  
19. required in a lump sum figure throughout the State of Illinois  
20. when it is known how much money is available...local school districts?

21. DOCTOR CRONIN:

22. We don't know that figure and we do not know it until after  
23. local school boards conclude their negotiations with their  
24. employees and I think that's appropriate. I...I do not favor  
25. negotiations being orchestrated on the...on the State level.  
26. I do want to rush to add that there are about six dozen downstate  
27. school districts that haven't concluded their negotiations and that  
28. Chicago not only is but one of those but, in the last two weeks  
29. appears to be one of the most reasonable and restrained in  
30. terms of their clamor for increased compensation. I also  
31. want to put a direct tie, a connection, between the money paid  
32. for teachers and the services given to...to children. I happen  
33. to reside in the Springfield school district, when you don't pay

1. teachers a sufficient wage or when you fire teachers and raise  
2. class size, your situations that my own child endured, a  
3. kindergarten of thirty-three students, which is a large class  
4. size for the...for the early grades. When you fire the...the  
5. teachers who could help whether in reading, or in physical  
6. education or the other subjects this has a direct effect on  
7. children.

8. SENATOR MITCHLER:

9. Well, the reason for that question is because the people,  
10. our constituents, the school districts, are not really in as  
11. great a favorable public relations attitude in many school  
12. districts to the mothers and fathers that have school children  
13. there about the type of education they're getting and they're  
14. very mindful about...and very much objectionable, at least  
15. in my district, to teachers' strikes that cause hardship on the  
16. families because the...the children are home and they are fully  
17. aware that one of the big thrusts of the organized teachers' unions  
18. is for salary increases. And at this time, Doctor Cronin, I would  
19. like to...this is the first time I've had an opportunity to face  
20. you, would say that you, in accepting a five thousand dollar a year  
21. increase in your new three year contract that was given to you  
22. two years, not at the fulfillment of your three year contract...

23. PRESIDENT:

24. For what purpose does Senator Rock arise?

25. SENATOR MITCHLER:

26. ...is setting a precedent in these...

27. PRESIDENT:

28. Just a moment...

29. SENATOR MITCHLER:

30. ...salary increases.

31. PRESIDENT:

32. ...Senator. Senator Rock, for what point do you arise?

33. SENATOR ROCK:

1. Point of order. We are...

2. PRESIDENT:

3. State your point.

4. SENATOR ROCK:

5. ...discussing, I hope, Senate Bill 1, the Brady bill,  
6. and nothing else and I would suggest that the gentlemen's remarks  
7. are totally out of order.

8. PRESIDENT:

9. I...the point is well taken. There might be reservation  
10. for that question at another time and a different forum.

11. Did you have further questions? Senator Bruce.

12.

13.

14.

15.

16.

17.

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19.

End of reel number one.

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33.

1. SENATOR BRUCE:

2. Mr. President and members of the Senate, they just turned  
3. off the TV cameras so my remarks will be briefer. Now, Dr. Cronin,  
4. some time in...several weeks ago, you made the decision to take  
5. the Chicago penalty and spread it over three years. Is that correct?  
6. Can you give me the precise date?

7. DR. CRONIN: ,

8. Yes, I...I so notified Superintendent Hannon on August 13th.

9. SENATOR BRUCE:

10. Yes. And on August 13th, you made a release from your  
11. office in which you stated that given legal advice and legal  
12. opinions from your staff, you were able to do that. After many  
13. concerted efforts by many individuals, I have not been able  
14. to procure from your office that legal opinion justifying your  
15. actions. Has that been made available to anyone yet?

16. DR. CRONIN:

17. I have a copy of it here today, Senator. Would be pleased  
18. to give you a copy.

19. SENATOR BRUCE:

20. Thank you, very much. Also...well, let's just...be interested  
21. to read that, because in Senate Bill 1 and prior to the changes  
22. we made in 3518 is the following language: If any school district  
23. fails to provide the minimum school term specified in Section 10-19,  
24. the State-aid claims shall be reduced by the State...State  
25. Superintendent of Education in an amount equivalent to one per-  
26. cent for each day less than a number of days required by this  
27. Act. That was the statutory language prior to and presently in  
28. effect, and can you tell me or someone from your legal staff,  
29. step to the microphone, and interpret for me how the word "shall"  
30. gives you...under the language that's used here this morning,  
31. quote - administrative discretion - close quote; to spread that  
32. penalty over three years?

33. DR. CRONIN:

1. Senator, it's in Section 2-3.33 of the School Code which  
2. empowers the State Superintendent to recompute within three  
3. years from the final date for filing any claim for reimbursement  
4. to any school district.

5. SENATOR BRUCE:

6. Yes. That's...that's your claim for reimbursement...

7. DR. CRONIN:

8. That's right.

9. SENATOR BRUCE:

10. ...based on ADA. In that section, does it mention the  
11. penalty section...

12. DR. CRONIN:

13. No.

14. SENATOR BRUCE:

15. ...found in...it does not.

16. DR. CRONIN:

17. As we looked at the law, the law says, absolutely the penalty  
18. must be levied. It does not commit the State Superintendent in  
19. terms of the time frame within that...within which that penalty  
20. must be assessed. That's where we feel we have discretion.  
21. That's where we have used it in certain other cases where there's  
22. been severe financial hardship, for example, in the case of Cairo  
23. and certain other Southern Illinois Communities.

24. SENATOR BRUCE:

25. You used it in the...in Cahokia. Is that correct, also?

26. DR. CRONIN:

27. No, we...we did not.

28. SENATOR BRUCE:

29. Did not. All right. Also, in that press release in...and  
30. at the time you made your decision to spread the penalty over  
31. three years, you stated that it was quote - legislative intent  
32. that that be done. I have reviewed in my own mind but have not reviewed  
33. the record, Dr. Cronin, of the debates on the Floor of the State

1. Senate. I do not speak for the House debates. I cannot  
2. remember anyone in passage or debate, or discussion of amend-  
3. ments directing you, in fact, to spread the penalty over three  
4. years. And I would like to now ask you, where do you find the  
5. legislative intent expressed in your press release and justifi-  
6. cation for your spreading the three year penalty?

7. PRESIDENT:

8. Might the Chair just inquire of both of the gentlemen,  
9. the witness, Dr. Cronin and Senator Bruce, if not the resolution  
10. to this question is pending in a court and isn't...and isn't  
11. that where we're going to get a decision, and does it really  
12. add a great deal to this discussion as to whatever answer he  
13. gives or whatever feeling you have on this subject? Isn't it in  
14. court?

15. SENATOR BRUCE:

16. Well, there are two presently pending lawsuits, one of  
17. which was argued in Chicago, I believe, the day before yesterday  
18. and I've had a chance to talk to the people involved in that  
19. suit. It's my understanding that...that the suit in Chicago  
20. is filed on the basis of constitutionality of whether or not  
21. we can, in fact, assess a penalty for failure to have a complete  
22. school year.

23. PRESIDENT:

24. The question I have is, though...

25. SENATOR BRUCE:

26. Well, let me...

27. PRESIDENT:

28. ...does the discussion...

29. SENATOR BRUCE:

30. ...let me...

31. PRESIDENT:

32. ...of it here lend to...

33. SENATOR BRUCE:

34. ...let me conclude...

1. PRESIDENT:

2. ...the decision being made by the court and are we not  
3. then bound by the court's decision? I'm...I'm just serious  
4. about that.

5. SENATOR BRUCE:

6. Well, let me be serious about the suit presently ...there  
7. are...second suit, and then I'll explain why I think it's  
8. germane to the debates here today.

9. PRESIDENT:

10. Senator Bruce.

11. SENATOR BRUCE:

12. The second lawsuit...the second lawsuit, the first in...in  
13. filing, was filed in the circuit court in Sangamon County and  
14. the presiding judge is Judge Verticchio who has decided to  
15. hold in abeyance but continue venue on...on the lawsuit here  
16. on the constitutionality of whether or not we can assess a  
17. penalty and then he will then decide whether or not the Super-  
18. intendent has the discretionary authority to spread that  
19. penalty over three years. Those suits are presently pending.  
20. But as a State Senator and a legislator in the General Assembly,  
21. I'm concerned by the fact that the highest educational officer  
22. in this State states that there was legislative intent that  
23. that be spread over three years. Now, Dr. Cronin, if I just  
24. might refresh your recollection of what occurred in the General  
25. Assembly by reading to you what we added to the language that  
26. I earlier read from the Statute in this year and that is - if  
27. for 1975-76 school year or any school year thereafter, any school  
28. district fails to provide the minimum school term specified  
29. in Section 10-19, the school aid claim shall be reduced by the  
30. State Superintendent of Education in an amount equivalent to  
31. five point five six eight and goes on. Now, where in that  
32. language was there any legislative intent that that penalty be  
33. spread three years, and I would point out to you that very

1. significantly we did not amend the Section 2.3 that you mentioned  
2. in your comments concerning computation of the claim allowing  
3. you three years of adjustment which have never been, as I  
4. understand it used for penalty assessment. It is based on  
5. weighted average daily attendance and adjustment thereof  
6. following the conclusion of the school year.

7. DR. CRONIN: ,

8.       That's correct. We've not used it on...on penalties  
9. before, but we have used it in terms of claims adjustment  
10. where there's been severe financial hardship affecting an  
11. Illinois school district, and the fact that when the Statute  
12. ...the sections we've been discussing, Sections 18-12 and 2.3...  
13. 2-3.33, when they had been reenacted, there was no additional  
14. language on the time frame. It was...the legislative intent  
15. was not in terms of my doing something affirmative but my not  
16. being prevented from exercising administrative discretion which  
17. previously courts have said a State Board or a State Superintendent  
18. can exercise.

19. SENATOR BRUCE:

20.       All right. Now, you told Senator Merritt that you had exercised  
21. your administrative discretion and determined that the City of  
22. Mattoon and the school district there should be assessed their  
23. full one percent penalty, and that discretion was to be harsher  
24. than you have been on other school districts. You did not  
25. discuss the situation of Sycamore, Illinois which also is...is  
26. in the process of having less than a full school year. Can you  
27. tell this Body what Sycamore's fate was using your administrative  
28. discretion?

29. DR. CRONIN:

30.       We've had over the past five years about twenty school  
31. districts that have had work stoppages and that we have encouraged  
32. and counseled to make up the school days. That's what we want  
33. what's desirable educationally is for the children to have a



1. full school term. That's what really what we want. Chicago in  
2. the end had no alternative but to drop the sixteen days. Other  
3. school districts have discussed with us their financial hard-  
4. ship, and we have to make a judgment on a case by case by basis.

5. SENATOR BRUCE:

6. Well...

7. DR. CRONIN:

8. I think we are arguing in the Senate a...a case which is  
9. before two judges in Illinois at this time. I'd be happy,  
10. Senator, to make available the legal opinion that I have before me...

11. SENATOR BRUCE:

12. ...well.

13. DR. CRONIN:

14. ...as you requested.

15. SENATOR BRUCE:

16. ...whatever the courts decide, I'm going to have to vote  
17. on 1, 2, 3, 4, 5 and 6 and I need to have some guidance from you  
18. as to what additional administrative discretionary powers you  
19. might have that I haven't discovered as yet, and I would like to  
20. pursue with you what happened to Sycamore, because I might have  
21. it...I know Senator Merritt is upset. I had all my school  
22. districts complete. But...what happened to Sycamore?

23. DR. CRONIN:

24. I have no case study or...or decision on Sycamore to a  
25. point.

26. SENATOR BRUCE:

27. Well, according to my information, we have three school  
28. districts involved in the possible penalty, Chicago, Mattoon,  
29. and Sycamore. I'm just curious...

30. DR. CRONIN:

31. Those are relatively small number of days and...and very  
32. small amounts of money.

33. SENATOR BRUCE:

1. Well, it may be small amounts of money to you, but I can  
2. assure you that the Mattoon School District would have enjoyed  
3. having to...been allowed to spread their penalty over three  
4. years. I...I doubt that the Mattoon School Board would come  
5. here and tell you that they had more money than they...they need,  
6. given the fact that the formula is probably impacted on them  
7. adversely over the past three years. Now, Dr. Cronin, if  
8. I may just ask you one question about the spreading of the penalty  
9. that you have done under your quote - administrative capabilities -  
10. and that is...and this has been worded so I'd like to have  
11. a reply to you. Does the effect of spreading the penalty for  
12. the City of Chicago schools, mean that other school districts  
13. throughout the State of Illinois will get less money from the  
14. formula no matter what amount of money is placed in the formula  
15. and no matter what the formula might be?

16. DR. CRONIN:

17. Not over three years and not a fully funded.

18. SENATOR BRUCE:

19. Assuming the formula is not fully funded, do other schools  
20. get less money?

21. DR. CRONIN:

22. Well, all schools get less money through the proration...

23. SENATOR BRUCE:

24. No, no, I'm not talking about proration, I'm talking about  
25. the affect of spreading the penalty versus the affect of not  
26. spreading the penalty, and you'd give me constant dollars, what-  
27. ever you want to do? You want to figure the amount that we're  
28. talking about in...in futural, the amount contained in 1712, the  
29. formula as it is now, or the formula as it's developed in 3518,  
30. or the formula as developed in Senate Bills...Special Sessions 1 and 2?  
31. The question is, what is the effect for all the other school  
32. districts in the State of Illinois of your decision to spread  
33. the penalty over three years? Does that mean that those other

1. school districts have less money in the formula and less money  
2. to be distributed in that formula to them?  
3. DR. CRONIN:  
4. 1.6 percent less in terms of the August checks that we  
5. sent out to school districts.  
6. SENATOR BRUCE:  
7. 1.8 percent of the August checks?  
8. DR. CRONIN:  
9. Yes.  
10. SENATOR BRUCE:  
11. What about the...  
12. DR. CRONIN:  
13. And subsequent checks, but a great deal depends on  
14. what action now...  
15. SENATOR BRUCE:  
16. ...I'm sorry...  
17. DR. CRONIN:  
18. ...depends on  
19. SENATOR BRUCE:  
20. ...that's the answer...  
21. DR. CRONIN:  
22. ...what action the Senate takes on...  
23. SENATOR BRUCE:  
24. ...you...you use that 1.8 figure...  
25. DR. CRONIN:  
26. ...on these bills.  
27. SENATOR BRUCE:  
28. ...which seems...  
29. DR. CRONIN:  
30. 1.6...  
31. SENATOR BRUCE:  
32. ...1.6 figure earlier and I wouldn't want anyone to be  
33. fooled. That seems to be a very small amount. Is that not

1. multiplied times ten since there's ten payments?

2. DR. CRONIN:

3. No, that's the total for the year. In fact, it would be

4. .16 in ten payments and...and since there are twelve, it's...it's

5. less than that.

6. SENATOR BRUCE:

7. Are you saying that each school district receives one

8. percent decline...1.6?

9. DR. CRONIN:

10. No. That...that's taken out...it...it's complicated

11. because the total amount is prorated to begin with, and...

12. SENATOR BRUCE:

13. Are you telling me then that I can vote...knowing that

14. you're going to spread the penalty and know that it has no

15. adverse affect on my school districts whatsoever? That the

16. spreading of penalty...

17. DR. CRONIN:

18. I didn't say that...

19. SENATOR BRUCE:

20. Okay...

21. DR. CRONIN:

22. ...it had...

23. SENATOR BRUCE:

24. ...I...I just...were having some difficulty making me

25. understand. That's what I'd like to do and that is understand

26. what affect of the penalty is.

27. DR. CRONIN:

28. Voting for...for Senate Bills 1 through 5 will increase

29. the school aid to virtually all of your school districts, Senator.

30. SENATOR BRUCE:

31. That I understand. What if we left the penalty assessed

32. against the City of Chicago in one year? Is that also likewise

33. increase the amount of money going to downstate schools?

1. DR. CRONIN:
2. Well, that matter is before a court right now. Yes...
3. SENATOR BRUCE:
4. No...
5. DR. CRONIN:
6. ...that would increase the money...
7. SENATOR BRUCE:
8. ...theoretically...
9. DR. CRONIN:
10. ...in the districts. Theoretically...
11. SENATOR BRUCE:
12. So, it would increase. Would not the...the opposite of
13. that be true? That if you did spread the penalty over three
14. years, the...the opposite conclusion must follow that the
15. downstate school districts will get less money?
16. DR. CRONIN:
17. Well, that's the decision we made in August. That's true
18. for a year, yes.
19. SENATOR BRUCE:
20. So, in answer to my question, spreading the penalty does
21. mean that we get less money in downstate.
22. PRESIDENT:
23. For what purpose does Senator Graham arise?
24. SENATOR GRAHAM:
25. I'd like for the learned attorney from Olney to just refrain
26. from butting into the conversation from the Doctor long enough
27. for us to understand what the answer is. You can even let him
28. answer, Senator.
29. PRESIDENT:
30. Senator Rock, for what purpose do you arise?
31. SENATOR ROCK:
32. You...thank you, Mr. President, I am hesitant to interrupt

1. the distinguished majority leader. On the other hand, the  
2. question has been asked and answered at least three times in  
3. the last five minutes that I've been sitting here, and I think  
4. in accord with Senator Shapiro's questioning and now, Senator  
5. ...then Senator Knuppel, now Senator Bruce, we are considering  
6. Senate Bill 1, not the decision made by the State Board of  
7. Education to spread the penalty quote unquote over three years  
8. which is now before the Judicial Branch of our government. We  
9. are considering Senate Bill 1, and I would suggest to the  
10. members of this Body that we ought to confine our remarks and  
11. our speeches, and our flag-waving to Senate Bill 1.

12. PRESIDENT:

13. Just a moment. Now, let me just say to all of you, the Chair  
14. has been reluctant to say just that. There are five other  
15. witnesses. The witness present has been on for over an hour,  
16. almost an hour and fifteen minutes. Many of the same questions  
17. have been asked repeatedly. I don't want to cut anyone off, but  
18. I think we must in...reach an...in judgment and fairness to the  
19. other witness who come here, give them an opportunity to be  
20. heard and to set forth what they came here to say. While I'm  
21. at this point, let me say that in the President's gallery are  
22. members of the State Board of Education. We're delighted to  
23. have them here and we'll ask...ask them to stand and be  
24. recognized by the Senate. For what purpose does Senator Knuppel  
25. arise? Try the...well, if you'd get off the phone a minute,  
26. you could take care of what's over here. Now...next time, yeah.

27. SENATOR KNUPPEL:

28. Well, while I concur in everything that the President  
29. has said, I would remind Senator Rock...and my name was mentioned...  
30. that we're going to need thirty-five votes to pass anything out  
31. of here, and I don't care if it takes two weeks or three weeks,  
32. I don't think that we'd better be short circuiting anybody.

33. PRESIDENT:

1. Well, Senator, well, let's not...now, we're going...no,  
2. let's not...Senator Rock, I think you want to tell him we under-  
3. stand that, but we still want to hear all the other witnesses  
4. and we want to kind of keep this in a frame of reasonableness  
5. where everybody can heard. Isn't that about what's it going  
6. to be. All right. That's what you were going to say, isn't  
7. it? Sure. Okay. Nothing hostile or volatile. Yes, Senator  
8. Bruce, had you completed?

9. SENATOR BRUCE:

10. I had not.

11. PRESIDENT:

12. Oh, fine.

13. SENATOR BRUCE:

14. Thank you.

15. PRESIDENT:

16. Senator Bruce.

17. SENATOR BRUCE:

18. I would take the admonition of Senator Graham and Senator  
19. Rock and the President to heart. I would tell Senator Graham  
20. that that's not the first time. I've also had many judges tell  
21. me that I try to overrun the witness and I apologize if I've  
22. done that again one...one more time. That is, I would just  
23. like to have one question answered by the Superintendent and  
24. that is, will he be available for questioning on Number 2 which  
25. is the appropriation bill which I also likewise have some  
26. questions on it. If he's going to, I will conclude my remarks  
27. and ask my remaining questions on Number 2.

28. PRESIDENT:

29. Mr. Cronin.

30. DR. CRONIN:

31. The answer is, yes, either now or later.

32. SENATOR BRUCE:

33. No, I...I will wait then till we are actually on the

1. appropriation. Thank you, Mr. President.

2. PRESIDENT:

3. Senator Netsch.

4. SENATOR NETSCH:

5. I would like to rephrase two questions to you, and I'd  
6. ...this...I think is not going to turn out to be totally  
7. repetitious, because I think there are at least two matters  
8. that are bothering a number of people, and let me ask them  
9. differently to see whether...you may not be able to answer  
10. both of them at the moment, but I think if you...if these  
11. can be answered eventually, it will save a good deal of  
12. confusion and misrepresentation as to what you have or have  
13. not said today. I visualize at the moment that however many  
14. people on this Floor are going to walk out here each with a  
15. different version of the effect of this bills. First...this  
16. goes back to something that Senator Shapiro had raised about  
17. the bill, he had kept adding up figures which came to a total  
18. cost of the formula changes that are represented in Senate Bill  
19. 1 primarily or presumably in part in Senate Bill 6, but  
20. Senate Bill 1 let's confine ourselves to, and I...he came up  
21. with the figure whether or not it is the accurate figure of  
22. maybe a hundred and seventy-five million dollars, at least a  
23. hundred a eight million dollars, the cost of those formula  
24. changes, and said how can we do this when we do not have that  
25. much added money either this year or next to put into the  
26. formula. What I'm trying to get clear in my mind and I think  
27. all of us need to, whether or not we fully fund the formula  
28. this year, which clearly we are not going to do, or next year,  
29. and we don't know about next year yet. Isn't it true that the  
30. changes that are represented in Senate Bill 1 will affect the  
31. way in which that amount of money, whatever that amount of  
32. money is, is distributed?

33. DR. CRONIN:



1. Yes. In the direction of making the formula more equitable.

2. SENATOR NETSCH:

3. So that some of the school districts which have in their

4. judgment been unfairly treated under the pre-existing formula

5. will get a better shake in a word, is that correct?

6. DR. CRONIN:

7. That's correct, and most of those are downstate districts.

8. SENATOR NETSCH:

9. Yeah, and...and I think it is true and this doesn't make

10. me any more well disposed toward the bill, that in that sense,

11. Chicago really is not a prime beneficiary. It may get a...

12. a little bit more because it is a unit district and unit

13. districts are one of those that are being fairly...more fairly

14. treated under Senate Bill 1, but it is not one of the prime

15. beneficiaries in terms of the total formula changes. Isn't

16. that correct?

17. DR. CRONIN:

18. Yes. There's a number of features that...that virtually

19. don't...not only don't affect, but...but in a way penalize...

20. SENATOR NETSCH:

21. Yes...

22. DR. CRONIN:

23. ...the transportation allowance...

24. SENATOR NETSCH:

25. ...especially if there is less than full funding in a sense then...

26. DR. CRONIN:

27. That's correct...the money gets spread around...

28. SENATOR NETSCH:

29. Right...

30. DR. CRONIN:

31. ...differently, and doesn't. .

32. SENATOR NETSCH:

33. ...that is correct, but those downstate and to some extent

1. suburban districts which have not been getting their...  
2. their fair share really of the available pot will get a fairer  
3. share of that pot this year and next whatever that pot is.

4. DR. CRONIN:

5. That's precisely the intent of SB 1.

6. SENATOR NETSCH:

7. Yeah, okay. Now, the second thing is this business of  
8. how much Chicago specifically benefits from this package of  
9. bills, and while you may not be able to give the answer to this  
10. right now, I think maybe you're going to have to give it in  
11. what I would call a two level phase. First of all, there is  
12. a fifty million dollar appropriation in Senate Bill 2 in the  
13. Special Session. That is added money added onto that which  
14. was made available during the Regular Session. The first  
15. question is, literally how much will the Chicago school district  
16. get of that amount? Now, I've heard you answer that question  
17. once. ...Eleven to thirteen million. I think...whatever that  
18. figure is, I think that is one of the questions that has to be  
19. very precisely answered. Of the fifty million added cash  
20. dollars, how much will the Chicago district get? I think then you  
21. probably you need to answer a second question about the total  
22. impact of the package of bills and I believe it's a different  
23. answer and that is how much will the Chicago school district  
24. benefit from the total package proportionately to everyone else,  
25. because the total package also takes in the forgiveness of the  
26. penalty? I understand, I believe, that the forgiveness of  
27. Chicago's penalty of a part of Chicago's penalty is not part  
28. of that fifty million dollars. That is just...that's a separate  
29. thing, but it is true that the forgiveness of the penalty is  
30. ...well, an indirect or some might say even a direct benefit  
31. to Chicago apart from whatever it is going to get out of the  
32. fifty million additional that's being put totally into the  
33. formula, so I think there are probably two separate answers -

1. one, how much cash will Chicago get out of the fifty million,  
2. and second, how much benefit will Chicago get out of the total  
3. package? And I really think we have to be very clear about  
4. that because it is quite clear that that some of the members  
5. of this Body who are not from Chicago are not interested in  
6. helping Chicago get over its problems, and I think if they  
7. believe that Chicago is getting a disproportionate benefit from  
8. this total package, then that is going to be a very sticky  
9. issue. If...if you cannot answer that question this minute, I think  
10. that it is one that is critical that we have the answer to.

11. DR. CRONIN:

12. Senator, I'd like to...I'd like to answer that question  
13. in great precision and with some breakdown of...of details, and  
14. I'd like to do it in writing. I'll make it available to you  
15. and to the other Senators.

16. SENATOR NETSCH:

17. Thank you.

18. PRESIDENT:

19. Senator Nimrod.

20. SENATOR NIMROD:

21. Yes, thank you, Mr. President. Dr. Cronin, frankly, I'm  
22. trying to review in my mind what we are really attempting to do  
23. here and I want to just ask three or four questions about some  
24. of these figures so I get it straight. Senator Netsch has  
25. touched on it, but we are some one hundred million dollars plus  
26. short on full funding for this year. Is that true?

27. DR. CRONIN:

28. A hundred million short?

29. SENATOR NIMROD:

30. Some...some hundred plus million short for full funding for  
31. this year.

32. DR. CRONIN:

33. The number would be more than that...

1. SENATOR NIMROD:  
2. Well...  
3. DR. CRONIN:  
4. ...except that we made some adjustments like virtually  
5. calling off summer school and some other things...  
6. SENATOR NIMROD:  
7. ...well...  
8. DR. CRONIN:  
9. that were part of the formula.  
10. SENATOR NIMROD:  
11. Okay. We're...we're short a...a figure. What figure are  
12. we short for full funding for this year? Approximately...I  
13. don't...  
14. DR. CRONIN:  
15. About a hundred and...hundred and ten million would be  
16. a working figure...  
17. SENATOR NIMROD:  
18. Fine.  
19. DR. CRONIN:  
20. ...Senator.  
21. SENATOR NIMROD:  
22. If we're a hundred and ten million short for full funding,  
23. what we're doing with Senate Bill 1, are we not then adding  
24. a hundred and fourteen million dollars more on the expenditures?  
25. Are we doing that or are we redistributing the existing money in a  
26. different way? Are we adding with Senate Bill 1 or are we just  
27. redistributing the money.  
28. DR. CRONIN:  
29. You're authorizing...you're authorizing changes that would result  
30. in a...an authorization to school districts...  
31. SENATOR NIMROD:  
32. ...In...  
33. DR. CRONIN:

1. ...additionally...

2. SENATOR NIMROD:

3. ...in addition...

4. DR. CRONIN:

5. Yes.

6. SENATOR NIMROD:

7. All right. I...I...I wasn't sure about that, and I

8. think Senator Netsch's question covered that area. What Senate

9. Bill 1 does then is add a hundred and fourteen million to an

10. already deficit full funding program of a hundred and ten

11. million. Now, it seems to me that what we're doing is making

12. the fall funding formula a...a formula that's going to be less

13. because when I looked at 3518 and when I left here, all us

14. suburban schools were going to end up...end up with less money.

15. DR. CRONIN:

16. Senator, let me explain. If you would of...to...to authorize

17. this without a change in appropriation, you're right, some

18. school districts would gain and some school districts would lose.

19. SENATOR NIMROD:

20. Well, all suburban school districts would lose...

21. PRESIDENT:

22. Just a minute, Senator, just a minute, Senator. Just a

23. minute. Now, the gentleman has been asked a question. Let the

24. gentleman answer the question, please.

25. DR. CRONIN:

26. If the bill...if SB 1 is passed and the appropriation and

27. the tax speedup to pay for it, than both school districts either

28. gain or are held harmless against reductions this year plus a

29. large number of suburban school districts have the roll back

30. provision change which allows them to go to their local taxpayers

31. and many of them have assured me that they can get the consent

32. of their local taxpayers but are forbidden to by the roll back

33. law, so there are several ways to relieve their burdens and improve

1. the situation of a number of them.

2. SENATOR NIMROD:

3. Doctor, I appreciate the additional information you're  
4. giving me, but that's not my question, and that's why I was  
5. trying to stop you from answering before. I'd like to...you  
6. know...direct this...I don't want to know about what happens  
7. about the other things. All I want to know is, we are proposing  
8. a hundred and fourteen million dollars more money into a fund  
9. that already is short some hundred and ten. Now...now, forget  
10. about appropriations and anything else. Is that...is that a  
11. factual statement?

12. DR. CRONIN:

13. Yes. If you were just to pass SB 1.

14. SENATOR NIMROD:

15. All right.

16. DR. CRONIN:

17. If we don't...

18. SENATOR NIMROD:

19. And then...

20. DR. CRONIN:

21. ...implement that...

22. SENATOR NIMROD:

23. ...it seems to me that you're telling me that...that the  
24. State Board supports this position of having making more monies  
25. available through this bill and to a formula that's already short,  
26. and what we are doing then is saying that if we do appropriate  
27. the money, it'll be fifty million dollars. Add to that the  
28. forgiveness for the City of Chicago. The net result is that we  
29. are being faced with a hundred and ten million which is short  
30. for full funding. We're adding another hundred and fourteen million  
31. which makes that short of full funding. On top of that, there's  
32. got to be twenty-five million dollars that's going to come up  
33. to the City of Chicago. I figure when I add those together,

1. a hundred and ten, and a hundred and fourteen, and twenty-five,  
2. we're talking about a shortage, a net shortage of two hundred  
3. and fifty million dollars. It seems foolish to me that we  
4. would be talking about creating a shortage of full funding of  
5. two hundred and fifty million dollars. There's only going to  
6. be fifty million dollars available if we go ahead and provide  
7. the appropriation. I...I don't understand your logic or your  
8. thinking when if we eliminate a Senate Bill 1 entirely and we  
9. just took the fifty millions, would that not put us fifty  
10. million dollars closer to full funding? Why are we complicating  
11. the picture with another hundred and fifteen million dollars  
12. on top of this?

13. DR. CRONIN:

14. Because the way in which funds are distributed now work  
15. a hardship on a number of...of school districts. They do not  
16. bring justice to downstate elementary and unit districts and  
17. this is the reason why the State Board of Education has endorsed  
18. the various ingredients that went into SB 1 in its present form.

19. SENATOR NIMROD:

20. All right, then are you not then contributing to the confusion  
21. of the school boards and the school districts by trying to do  
22. two things at one time? One...

23. DR. CRONIN:

24. We're trying....

25. SENATOR NIMROD:

26. ...one, get additional money. Second, correct some injustices.  
27. Are you not confusing the whole picture?

28. DR. CRONIN:

29. ...No, because ideally you do both of them together and that's  
30. the proposal that passed both the House and Senate this Spring  
31. and is before you in amended form right now. And the best way  
32. to...to handle these...injustices is with an additional shot of  
33. money.

1. SENATOR NIMROD:

2. That would have been all right if you'd had the money, but  
3. the fact is you didn't have the money, and that...what we  
4. couldn't do this Spring is gone, so you can't live with that.  
5. You got to face the facts as they are today. You're back here today  
6. saying that you support and that the Board supports this position  
7. which in essence creates this two hundred and fifty million  
8. dollar change.

9. DR. CRONIN:

10. Senator, you can't...

11. SENATOR NIMROD:

12. We are...we are only talking about a bill that is...the  
13. net result is going to be a fifty million dollars and I just  
14. can't comprehend why you would not just stand for a full funding  
15. program without trying to create...the injustices, because  
16. when you do that each district is going to be affected  
17. differently and we're not going to know what the net result  
18. is on anyone of us because it becomes so complicated. And  
19. that's what your position is today. You can simplify this  
20. picture very easily by handling one item or the other. Now,  
21. what is more important to you - full funding or these...corrections  
22. of these injustices?

23. PRESIDENT:

24. Now, one moment. Is...

25. SENATOR NIMROD:

26. Which...which...which choice would you make?

27. PRESIDENT:

28. ...is...is there leave for Channel 20 to shoot silent film?  
29. Leave is granted. Go right ahead, Sir.

30. DR. CRONIN:

31. We endorsed these bills because we think the Senate does  
32. have the opportunity right now to clarify the school districts  
33. the fact that there will be formula reform this year and there



1. will be an amount of money, a predictable set amount of money  
2. to implement a substantial portion of it this year.

3. SENATOR NIMROD:

4. Again, my question is, if you had your choice, which do  
5. you support...

6. DR. CRONIN:

7. I don't...

8. SENATOR NIMROD:

9. ...full funding now with...with it or correcting  
10. these injustices? If you had the choice between the two, which  
11. would you do?

12. DR. CRONIN:

13. That choice is not before me, and so I support the bills  
14. that are before the Senate right now.

15. SENATOR NIMROD:

16. That...that choice is before you, I'd say. If we could  
17. provide...we could provide, Dr. Cronin, we could provide the  
18. fifty million dollars without these changes. Now, is that not  
19. possible? Wouldn't that...wouldn't that relieve...wouldn't  
20. that cut the full funding deficit in half? Is that what would  
21. happen?

22. DR. CRONIN:

23. I would prefer it to make the changes that make the formula more  
24. equitable than to...to fund fully knowing the dollar constraints  
25. on the State at this time.

26. PRESIDENT:

27. For what purpose does Senator...

28. DR. CRONIN:

29. Ideally, I'd like both, but I know that isn't possible.

30. PRESIDENT:

31. ...Would you just one moment, Senator...one moment, Senator.

32. SENATOR NIMROD:

33. ...injustices...

1. PRESIDENT:

2. For what purpose does Senator Rock arise?

3. SENATOR ROCK:

4. Thank you, Mr. President. I wish, in fact, that you were  
5. a judge and I was a defense attorney. I would suggest to the  
6. court that...and I will suggest to the President that the Senator  
7. is harassing the witness, that he is not considering Senate  
8. Bill 1, the Brady bill again, and we are again in the midst of  
9. making speeches and waving the flag about issues that are not  
10. before this Body. Now, we have a lot of work to do. We have  
11. four more bills to consider, and I would assume at some point  
12. we might even get to Senate Bill 6, but in the meantime, why  
13. I would prefer that the Body address itself to Senate Bills  
14. 1 through 5 and I would suggest to the President that the  
15. Senator is out of order.

16. PRESIDENT:

17. I would also add that they are four or five other witnesses  
18. who have not yet had an opportunity, and this gentleman has  
19. been on an hour and half now. I know. Senator Nimrod.

20. SENATOR NIMROD:

21. Yes, thank you, Mr. President. I just would then conclude  
22. with saying that you do support the changes as a priority over  
23. full funding? Is that what...your position is? In otherwords,  
24. do you support the provisions of Senate Bill 1 rather than the  
25. provision of taking this fifty million dollars and...and putting  
26. it in full funding without Senate Bill 1?

27. PRESIDENT:

28. Senator Rock, for what purpose do you arise?

29. SENATOR ROCK:

30. Point of order. The question is unfair and the answer is  
31. no.

32. DR. CRONIN:

33. The State Board has taken a stand for full funding repeatedly,

1. Senator, and I am with them in support of full funding. I  
2. know the items before you fall short of full funding. I would  
3. wish that was a provision before you. Given the circumstances,  
4. we strongly endorse Senate Bill 1 and 2 and the tax speedup  
5. measures needed to finance it.

6. SENATOR NIMROD:

7. Doctor, I think that you...now, I...I appreciate Senator  
8. Rock's answer, but I'd like to hear your answer to that question.  
9. I was restating what you had said before. Maybe you'd like  
10. to state it, but you...you just run off...

11. PRESIDENT:

12. Are you asking that he repeat what he has already said?

13. SENATOR NIMROD:

14. I'm asking that he answer a question which is, do you  
15. support if we have a choice right now, Senate Bill, or do you  
16. support not passing Senate Bill 1 and using that fifty million  
17. dollars for full funding...toward the full funding?

18. PRESIDENT:

19. If you'd be kind enough to answer the question again, please.

20. DR. CRONIN:

21. I don't see that...I don't see a bill that I can comment  
22. on except SB 1 and SB 2. Again, the State Board and I are both  
23. for full funding, no question about it. That full funding choice  
24. is not available to us right now, and we strongly advocate  
25. the formula reform and changes in SB 1.

26. PRESIDENT:

27. For what purpose does Senator Rock arise?

28. SENATOR ROCK:

29. I wonder if I might have a transcript of Senator Nimrod's  
30. dialogue or dissertation so that when the question again of  
31. full funding comes before this Body, he will be recorded in the  
32. correct manner for a change?

33. PRESIDENT:

1. We always keep a transcript of all the questions, answers,  
2. statements that are made on the Floor of the Senate, and it  
3. will be available. The transcript is always here. Senator Nimrod.

4. SENATOR NIMROD:

5. Yes, Mr. President, I'm asking these questions because I  
6. am a supporter and an advocate of full funding, but I'm also  
7. an advocate and...and one who does it fiscally responsibly and  
8. I'm trying to find fifty million dollars for you for full funding  
9. without having to increase another hundred and fourteen million dollars.  
10. Let me ask the question again, maybe in a different manner. We  
11. are faced with the issue of making a decision on Senate Bill 1,  
12. Dr. Cronin, and I would like to have your ideas on it so I can  
13. make a decision.

14. PRESIDENT:

15. For what purpose does Senator Rock arise?

16. SENATOR ROCK:

17. Well, I...I...I hesitate again to interrupt the distinguished  
18. Senator from Skokie. On the other hand, we have not yet heard  
19. Senate Bills 3, 4 and 5, and that's where the money is coming from,  
20. and if he will just defer his question, I'm sure that we will  
21. be able to enlighten him. The Director of the Bureau of the  
22. Budget is here and will point out in no uncertain terms where  
23. the money is coming from. We are in a position where we are  
24. attempting at least to free-up fifty million dollars for the  
25. school children of Illinois and if he will be patient for a moment  
26. and listen to the testimony proffered and vote correctly, we  
27. will, in fact, leave here this weekend having freed-up fifty  
28. million dollars for the school children of Illinois.

29. DR. CRONIN:

30. Senator, in...in the appropriation bill, Senate Bill 1,  
31. there are seven different provisions. Some of them do not have an  
32. immediate cost factor. A number of them help the school districts  
33. in your area, the Skokie and Niles school districts, by providing

1. a better way to cope with declining enrollment which is in  
2. your area, the most serious problem in terms of adjusting to  
3. drop the decreases in...in...in State aid for the schools.  
4. That's why Senate Bill 1 has been so attractive to us.

5. PRESIDENT:

6. Senator Nimrod.

7. SENATOR NIMROD:

8. Thank you, Doctor, for injecting something I didn't ask  
9. about. I'm well aware of our problems and I'm well aware of  
10. the reasons. The...the bill 3518 which is Senate Bill 1 is  
11. rather in form...I sent out a notice to all the schools and  
12. I showed how many thousand of dollars, hundreds of thousands  
13. of dollars they will lose. Now, I want to get back to the  
14. question again, so I know how you feel and how the Board feels  
15. because you're representing the Board here today. I have to  
16. make a decision on Senate Bill 1. Should I put the fifty  
17. million dollars into full funding or should I put the fifty million  
18. dollars into Senate Bill 1?

19. DR. CRONIN:

20. Into Senate Bill 1, Senator.

21. SENATOR NIMROD:

22. So then, you are not for the full funding without Senate  
23. Bill 1?

24. PRESIDENT:

25. Just... Senator Rock.

26. SENATOR ROCK:

27. It's pretty obvious to me that Senator Nimrod is not an  
28. attorney, otherwise he would have long ago been ruled out of  
29. order. Now, if...if you're going to ask a question, accept the  
30. answer and then don't draw your own inference.

31. PRESIDENT:

32. The Senator...

33. SENATOR ROCK:

1. We are...we are standing and have stood and will stand  
2. and the Democratic Platform says that we are in favor of full  
3. funding. Now, I...I...I would just suggest to the President  
4. that baiting and harrassing a witness is not in order in this  
5. Chamber or anywhere else.

6. PRESIDENT:

7. Senator Graham.

8. SENATOR GRAHAM:

9. I can see that this is rapidly turning into a forum for  
10. campaign speeches that properly should be made in the hustlings  
11. this fall. I can see us doing things we shouldn't do.  
12. A person shouldn't always be here, but we are here. I want  
13. to remind some of the Senators, if I might just for a moment,  
14. of an experience one of our departed Senators had one time,  
15. very excellent and brilliant gentleman from Bureau County,  
16. Senator Peterson. He made a little speech in a country school,  
17. and he said - I thought it was the finest damn speech I ever  
18. made, and I laughed and walked out the vestibule, and some  
19. old farmer was saing, well, that was a fine speech that young  
20. man made. The other one said, yeah, but by God, thirty minutes  
21. of rain would have helped us a lot more. Let's keep that in  
22. mind, boys.

23. PRESIDENT:

24. Senator Nimrod.

25. SENATOR NIMROD:

26. Yes, Mr. President, I would remind us that a...a requirement  
27. to be an attorney is not necessary to be elected to be a Senator,  
28. and this is not a court and I...

29. PRESIDENT:

30. No, I...I think what he said was that you would have been  
31. cut off, but the Chair has been very charitable and we've  
32. permitted you to ask the same questions seven times, and we've  
33. just...you know, we do that here.

1. SENATOR NIMROD:

2. Well, Senator Rock has been answering it rather than...  
3. than the...the witness.

4. PRESIDENT:

5. Now, let me just remind all of us again that we do have  
6. some other witness, some other witness who have a great deal  
7. of a contribution to make here, including the witness from  
8. the Bureau of the Budget who will answer, I'm sure, a large  
9. number of the questions in reference to the financial aspects  
10. of this matter. It is now twenty minutes of eleven. We  
11. started at nine o'clock, and we've had in the main a large  
12. number of the same questions asked. Now, let's just not do it.  
13. The Chair has permitted a great deal of...I've been a little  
14. lax really in permitting the proliferation of questions on  
15. the same subject over and over again, rephrased and re...reached  
16. and redone. We're not going to do that from this point forward.  
17. Senator Nimrod, will you complete.

18. SENATOR NIMROD:

19. Yes, I will ask the other question on finances for later,  
20. and I think that I've managed to get what I can on information  
21. from you. Thank you.

22. PRESIDENT:

23. Senator Schaffer.

24. SENATOR SCHAFFER:

25. Mr. President, a point of procedure? These little lights  
26. we have here, are they functional and meaningful?

27. PRESIDENT:

28. They become activated when you touch the...the button and  
29. you...

30. SENATOR SCHAFFER:

31. I ...

32. PRESIDENT:

33. ...have activated yours...

1. SENATOR SCHAFFER:

2. ...activated...activated my light shortly after Senator  
3. Brady's original plea for brevity, and since that time, no less  
4. than six Senators have spoken once or twice before me. I...I  
5. just...

6. PRESIDENT:

7. Well, most of them had already...had also activated their  
8. lights and...

9. SENATOR SCHAFFER:

10. ...Well, some...some of them have been spoken three times  
11. between that...that point in time and this point in time.

12. PRESIDENT:

13. ...Yes, we've realized...

14. SENATOR SCHAFFER:

15. While the...while the comments have certainly been edifying,  
16. I don't believe it's Senate procedure. I believe that all  
17. Senators are allowed to speak once before anyone is allowed to  
18. speak twice.

19. PRESIDENT:

20. That's right. You know, we have the Beatitudes. Maybe  
21. we should add one. Blessed are they who have nothing to  
22. say a second time. Senator Schaffer.

23. SENATOR SCHAFFER:

24. There...there would be very few of us in that Body.  
25. Superintendent, about a year ago, not quite a year ago, we were  
26. down in...not this Chamber...we were over in the Centennial Building  
27. and the House was in their Chamber and we were going through  
28. what appears to many to be a very similiar bit of rhetoric. At  
29. that time, the school districts throughout the State started  
30. making their plans or were well into making their plans and  
31. many of the school districts and my district seeing that full  
32. funding was not coming and seeing that that thirty million dollars  
33. you mentioned earlier in...earlier in the debate was not headed



1. in their direction or sensing it at least, chose to cut back  
2. the programs. I can recall several programs in several  
3. districts that were cut out that were very painful. They made  
4. the cuts. They laid off people primarily through attrition.  
5. Fortunately, there were very few people fired at that time,  
6. and they cut their budgets back dramatically. Now, it seems  
7. the City of Chicago took a somewhat different route. They  
8. just chose to close the schools sixteen days earlier. Now,  
9. both of these actions were caused by the same basic lack of  
10. funding by a State Government. Now, we have before us  
11. a bill which would forgive and allow the City of Chicago to  
12. be forgiven, if you will, for closing the sixteen days  
13. earlier. And yet, I don't see anything in the bill that will  
14. give the school districts in Quincy and Rock Island and  
15. Olney and Carey the money that they cut out of their budgets  
16. caused by the same type of problems, and I say to myself,  
17. where's the fairness. Now, you're about to give me a...a  
18. rather lecture explaining the formula and its ramifications,  
19. possibly including a disertation on the phase of the moon  
20. at this particular point in time. I would prefer a brief  
21. answer on where is the fairness? Do we not have a double  
22. standard, a double standard perhaps, Sir, endorsed by you and  
23. by the Board who purport to represent the entire State of  
24. Illinois and not just one metropolitan area?

25. DR. CRONIN:

26. No, Senator. McHenry County for example would get  
27. approximately four hundred and ninety thousand dollars from  
28. the combination of SB 1 and SB 2 together, and in Chicago there  
29. have been cost reductions, closing down of schools, closing  
30. down of programs as a direct result and parallel to that which  
31. you described elsewhere in the State, and Mr. Lehne from the  
32. Chicago Board will...will answer questions specifically in a few  
33. moments on that, I'm sure.

1. PRESIDENT:

2. Senator Schaffer.

3. SENATOR SCHAFFER:

4. Well, you haven't convinced me, but I'm not going to  
5. waste the Senate's time or mine or yours. I think I understand  
6. what's going on and I think I stated it, if you'll pardon a  
7. personal opinion, a lot more clearly than you just did, but  
8. one of the things I've heard from the school districts, almost  
9. from the day of my election is, you guys promised one thing  
10. and delivered another. You promised more than you've been  
11. able to finance. I've heard it...I think Senator Partee's  
12. expression is, ad nauseum or nauseum, and yet we have before  
13. us a formula which promises more than we can deliver again. Is  
14. that responsible government? How can you advocate the passage  
15. of a formula that...allocates more money than this State is  
16. ...is going to have this year and in all probability will have  
17. next year? That's not responsible. You know the money's not  
18. there. I know the money's not there. Senator Rock, this  
19. isn't an attack on the City of Chicago...

20. PRESIDENT:

21. For what purpose does Senator Rock arise?

22. SENATOR ROCK:

23. I...I...I understood by the direction of that question  
24. that somehow the Doctor was responsible for the formula that  
25. the General Assembly passed a couple of years ago. That was a  
26. decision that the General Assembly made, not the State Board  
27. of Education, not the school superintendent. We made that  
28. decision, and as I recall, you were in Aye column. And once  
29. having made that commitment, it seems to me we ought to  
30. live it.

31. PRESIDENT:

32. Senator Schaffer.

33. SENATOR SCHAFFER:

1. Yes, I was in the Aye column. I was prepared to make that  
2. ...live that commitment. The problem is that commitment keeps  
3. getting changed. In fact, that's what we're down here today talking  
4. about is changing that commitment again. It's hard to keep  
5. a commitment that changes every twenty minutes, so you  
6. need Dr. Cronin's computers just to tell you where you are on  
7. your commitment. Again, my question specifically is, is it  
8. responsible to advocate the passage of a bill which raises the  
9. hopes falsely...and let's face it, there'll be a computer run  
10. out of your shop someday in the immediate future, if this  
11. passes, that will tell the school districts what the maximum  
12. dollar they can get out of the formula is and then it'll tell  
13. them that we're at the 86.7 percent funding and those miserable  
14. sons of so and so's down in Springfield have down it to you  
15. again, and that's what I hear. Well, I'm telling you that this  
16. is one Senator that doesn't want to vote for a formula or a  
17. commitment, Senator Rock, if you will, that he knows that this  
18. Body and the Body across the hall and the Gentleman on the second  
19. floor have no intention whatsoever of funding fully. I think  
20. that's irresponsible. I think that raises false hopes, and  
21. I'm a little disappointed that you as the major spokesman for  
22. education can take that position.

23. PRESIDENT:

24. Doctor...Doctor...I...the Chair just takes the position  
25. the Doctor has been here an hour and forty-five minutes. I think  
26. human endurance suggests that we should have another witness.  
27. Mr. Schaeffer, would you come forward please? Mr....  
28. Yes, Senator Schaffer.

29. SENATOR SCHAFFER:

30. Might I...might I...if he doesn't wish to answer that  
31. question, fine. I have one last question.

32. PRESIDENT:

33. It was hardly a question, Senator. It sounded like a declarative

1. sentence to me.

2. SENATOR SCHAFFER:

3. It could very well be interpreted that way, but it was  
4. ...did also end with a question mark.

5. PRESIDENT:

6. I think it began with one also. Now, he's been here an  
7. hour forty-five minutes. I...I think really we should give  
8. ...at least give him a break so he can have...get a glass of  
9. water or something. Mr. Schaeffer, would you come forward please?

10. SENATOR SCHAFFER:

11. Mr. President...Mr. President...

12. PRESIDENT:

13. Mr. Berning...no, it's Senator Schaffer.

14. SENATOR SCHAFFER:

15. ...Senator Berning has a lot more hair than I do, Sir.

16. Just one request and I'll sit down and be quiet. When there  
17. have been several requests for a computer tab runs on the  
18. implications of this bill and when those tab runs come down,  
19. I would personally request at least one of them from my area  
20. that does not include the ramifications of the elimination of  
21. the tax roll back. In other words, I do not count that in  
22. the same piece of pie, if you will, as State funding. In short  
23. what I'm saying is, as much as I want the elimination of the  
24. tax roll back, I'm not going to be bribed with my own money.  
25. That's local property tax money. It should not be included  
26. in these tab runs. It should not be treated the same as State  
27. funding in this formula. So, I just simply request when those  
28. tab runs come through that at least one of them not advocate the  
29. roll back as if it were State money.

30. DR. CRONIN:

31. That does not effect the amount of State money that comes  
32. to the school districts, Senator. They...

33. SENATOR SCHAFFER:

1. I agree, but occasionally I get a message saying if you  
2. vote for this, the...the Crystal Lake High School District  
3. gets x number of dollars more and then I divide it up and  
4. discover that eighty-five percent of it is money from the  
5. local Crystal Lake property taxpayers directly through the  
6. property tax system and not through the School Aid Formula.  
7. Now, I'm not saying...I'm not even sure where that computer  
8. tab run comes from, but what I'm saying is that I'd like to  
9. have a look at the picture without the implication that the  
10. roll back is somehow State money because clearly the  
11. elimination of the roll back is not State money.

12. DR. CRONIN:

13. All...all of the printouts, Senator, will meet that criteria.  
14. A brief word on responsibility. On March the 3rd when  
15. the Governor announced how much money was available, we communicated  
16. formally and informally, with the State Board of Education and my-  
17. self the fact that this would probably amount to something like ninety  
18. percent of their entitlement under the...under the formula. The action  
19. you take on the fifty million does not move it all the way up  
20. to full funding, but even with the formula changes, it would  
21. move it up, as I indicated, to about ninety-one percent, so you  
22. are making some progress. School Boards, school business  
23. managers, school superintendents, leaders of the other organizations  
24. know exactly what's happening from time to time. They check  
25. with us repeatedly and we give them responsible answers on how  
26. much to expect. The problem now is, they're left dangling, they're  
27. uncertain as the whether or not Jaffe will be...the SB 1 will  
28. go forward with those changes, and you're right some of them  
29. represent additional State aid and some of them represent greater  
30. access to the roll back repeal to the local property tax dollar.  
31. Either way, school districts will...will benefit.

32. PRESIDENT:

33. Senator Bloom.

1. SENATOR BLOOM:  
2. Thank you. I'm...I'm sorry, Dr. Cronin, I missed the first part of  
3. your answer. Is...is it...did you say that when the Governor  
4. adopts his budget that the Governor's office and your office  
5. inform the local districts of the level of reimbursement for  
6. that year or the estimated level?  
7. DR. CRONIN:  
8. This year, Senator, we did it several times.  
9. SENATOR BLOOM:  
10. Could you send to my office copies of the communications  
11. to the local districts, 'cause there has been a misunderstanding  
12. in my area about this and I'd like to get that cleared up  
13. with my local district?  
14. DR. CRONIN:  
15. The...the regional superintendent is officially and formally  
16. informed of the amount and...  
17. SENATOR BLOOM:  
18. And I'm sure that he passes this on to the local districts...  
19. DR. CRONIN:  
20. ...this is the ordinary change of...  
21. SENATOR BLOOM:  
22. ...if...if you would...  
23. DR. CRONIN:  
24. ...communication.  
25. SENATOR BLOOM:  
26. ...if you would send a copy of your communication to the  
27. regional superintendent in Peoria County, I'd be most grateful.  
28. DR. CRONIN:  
29. We can do that, Senator Bloom.  
30. SENATOR BLOOM:  
31. Thank you.  
32. PRESIDENT:  
33. All right, thank you very much. Mr. Schaeffer. Senator Berning,

1. for what purpose do you arise?

2. SENATOR BERNING:

3. Thank you, Mr. President. I had hoped to ask a question  
4. or two, but I will agree with you that the witness has been on  
5. the stand a long time, so my question now is to you, Sir, will  
6. Mr. Cronin be back later so that I may then ask him a question?

7. PRESIDENT:

8. Yes, Senator.

9. SENATOR BERNING:

10. Thank you.

11. PRESIDENT:

12. You only had...how many did you have? Maybe we could do  
13. it now...how many questions did you have, Senator? And this  
14. is not meant to any way circumscribe you, I just would like to know  
15. so we can figure out the time here.

16. SENATOR BERNING:

17. Well, I only had a couple of really pertinent questions,  
18. pertinent in my mind, Mr. President. And I'd preface the  
19. first one by saying that we do really have before us all six  
20. bills in our discussion, so bearing that in mind, my questions may  
21. lap over and also recalling that Mr. Cronin indicated in his  
22. opening remarks the difficulties experienced by several school  
23. districts, I wondered if he was aware that on August 26th,  
24. Rockford, one of those districts you said was in trouble, there  
25. is a referendum and it was defeated by the voters by 2 to 1.  
26. Now, bearing that in mind, we have before us then additional or  
27. a request for additional funding for Rockford and all other  
28. schools and calling your attention to the fact that the tax  
29. speedup is really taking money from those available dollars in  
30. 77-78 making them usable and available now thereby impairing our  
31. potential for meeting the funding of 77-78. My question then  
32. to you is simply this, we will not be able to fund under projected  
33. and available dollars now, the formula in 77-78 it will be even less

1. fundable by taking away these dollars now. We will be faced  
2. then with a State income tax increase much sooner than we would  
3. perhaps otherwise have to anticipate that. So you...being the  
4. spokesman for the Board of Education must also recognize that  
5. this is the case. I ask you, Sir, what State income tax increase  
6. would you support, would you request that we pass in order to  
7. ...fully fund then in 77-78?

8. PRESIDENT:

9. Senator Berning, the Chair permitted the question on the  
10. basis that it would be, of course, pertinent, but it occurs to  
11. me that the next witness would be in a much better position  
12. to answer the question. First of all, it would assume some-  
13. thing not in evidence, but I think the next witness would be  
14. the person to answer the question for you. He's standing by  
15. for that purpose.

16. SENATOR BERNING:

17. Well, Mr. President, you may be right. There are...there's  
18. more qualified, but my concern is that for the spokesman for  
19. the Board of Education, this gentleman certainly has to give  
20. us the benefit of his thinking.

21. PRESIDENT:

22. Well, Senator, I would point out to you that whether he  
23. believes it would or would not, is of really no moment, because  
24. his consideration is funding schools. What happens in govern-  
25. ment to bring about the climate for the funding of the schools  
26. is more properly within...the domain of the Bureau of  
27. the Budget and the next witness. What he believes doesn't really  
28. matter in terms of whether it can be or cannot be, based of  
29. course, on what you have supposed. So, I'm just suggesting to  
30. you that we ought to get to the next witness who is a fiscal  
31. expert and who can answer the question for you.

32. SENATOR BERNING:

33. Well, very well. I have a couple of other questions that I



1. will withhold at this time for Dr. Cronin when he appears  
2. again, which I am...

3. PRESIDENT:  
4. ...inaudible

5. SENATOR BERNING:  
6. ...I am assured that he will be back later in the day.  
7. Is that true?

8. PRESIDENT:  
9. If we're back later in the day. We may never leave.

10. SENATOR BERNING:  
11. Then he'll have plenty of time to be back.

12. PRESIDENT:  
13. What...Senator...Mr. Cronin...Mr. Cronin, he says he has  
14. a couple of other questions. Proceed with him please if they  
15. are pertinent. For what purpose does Senator Wooten arise?  
16. SENATOR WOOTEN:  
17. Very innocent question about our timing. I assume that  
18. we're going to take a brief recess around noon today and I'm  
19. anxious to stay here all day. I understand that we're trying  
20. to build a case for a decision already made on this matter.

21. PRESIDENT:  
22. What do you mean by that?

23. SENATOR WOOTEN:  
24. Well, I...I think we all know how the vote has been determined  
25. as of last night on these whole series of bills.

26. PRESIDENT:  
27. You aren't suggesting there's been any caucus on this  
28. series of bills, are you?

29. SENATOR WOOTEN:  
30. Oh, I've heard rumors, but I would never make a false  
31. statement like that. No. And I want to assist my colleagues  
32. on the other side of aisle in making a strong case for that  
33. No vote, but I merely want to know are we going to break say for

1. lunch?

2. PRESIDENT:

3. We're going to break, that's for sure.

4. SENATOR WOOTEN:

5. Thank you very much.

6. PRESIDENT:

7. I might have to go out and get a peanut butter sandwich.

8. You'll learn to like it. Mr. Schaeffer...oh...oh, Mr. Schaeffer,

9. please.

10. MR. SCHAEFFER:

11. Thank you very much, Mr. President. We have a brief fact

12. sheet that includes some numbers that indicate the fiscal

13. impact of the fifty million dollar appropriation. Could we

14. pass those out? Okay.

15. PRESIDENT:

16. The fact sheets, have they been passed out? Please, pass

17. them out please.

18. MR. SCHAEFFER:

19. Could we pass them out then?

20. PRESIDENT:

21. Yes.

22. MR. SCHAEFFER:

23. I appreciate the opportunity to be here and I will make

24. my remarks very brief. Senator Netsch asked me to be here this

25. morning to address the three bills that concern the tax

26. collection speedup proposals. These proposals have supported

27. by the same policy considerations that brought an end to the

28. practice of government funds being placed in interest free

29. accounts. Tax money collected from customers or withheld from

30. employees now is in the hands of large businesses and corporations

31. for periods ranging up to sixty days. We want to move up the

32. collection schedule. This would permit the State, not the

33. corporations, to have the use of the taxpayers' money. The

1. individual taxpayer, the consumer, the employee, is not  
2. affected. The proposals in addition to their favorable impact  
3. on State balances represent long overdue reforms. The proposals  
4. are needed to change the basic pattern of State income receipts.  
5. They do not change or increase in any way the tax structure.

6. PRESIDING OFFICER: (SENATOR ROCK)

7. Excuse me, Director. May we have some order, please?

8. Will those not entitled to the Floor, please vacate?

9. MR. SCHAEFFER:

10. This program and this approach is not unique. In 1969,  
11. Governor Ogilive proposed similar legislation to speed up sales  
12. tax collections and insurance premium taxes. The Legislature  
13. modified and improved and approved some of these proposals.  
14. ...Specifically, there are three tax collection speedup  
15. proposals. One changes the due date for personal income taxes  
16. withheld by large employers. Please note it is large employers,  
17. not every employer in the State by any means. The speedup  
18. of the collection of income taxes withheld would coincide with  
19. the Federal schedule and put large businesses on a single with-  
20. holding payments schedule rather than the two separate systems  
21. now required by the State and Federal Governments. In other  
22. words, large retailers now have two systems, two whole different sets  
23. of paperwork. This would make them identical. The State would  
24. move to the Federal procedure. The Federal Government currently  
25. requires employers to pay income taxes withheld from employees  
26. within three days of specified accumulation dates. The change  
27. in State law would affect businesses and corporations therefore,  
28. with a monthly payroll, we estimate, in excess of twenty-seven  
29. thousand dollars, or over one hundred employees. We're talking  
30. about large businesses with fairly sophisticated accounting systems  
31. and this will make it easier for them to pay their taxes...their  
32. withholding taxes. The change would obviously improve the State's  
33. intra-month cash flow. The second change is a change in the

1. sales...tax collection procedure. Retailers are currently not  
2. required to remit sales taxes to the State until the last day  
3. of the month following the month of liability. That is,  
4. retailers hold money owed to the State and collected...already  
5. collected from customers for up to sixty days. That is the  
6. State's money in the hands of large retailers. The changes  
7. would mean that large retailers, those with sales of over 1.2  
8. million dollars a year, would make four weekly payments during  
9. the month in which tax liability was incurred. The current  
10. bill before you is not the bill that was before you during the  
11. last Session. This bill has been modified at the request of  
12. the Illinois Retail Merchants Association, and based on our  
13. discussions and the modifications to the bill, they have dropped  
14. their opposition. Twenty-five other states have earlier sales  
15. tax collections than does Illinois. Only retailers with sales  
16. in excess, as I said, of 1.2 million would be affected.  
17. Small businesses are not affected. Between three and four  
18. thousand retailers out the State's a hundred and fifty thousand  
19. retailers would be affected by this change. The third change  
20. would be a change in the date of...the due date for corporate  
21. income tax returns. The Federal corporate income tax return  
22. is due March 15th.

23.  
24. (continued on next page)  
25.  
26.  
27.  
28.  
29.  
30.  
31.  
32.  
33.

1. The State return is due April 15th. This proposal would  
2. change the Illinois filing date to conform with the Federal  
3. date and obviously improve cash flow. By the way, the im-  
4. pact of this change would be felt in March, in March of  
5. this fiscal year. It no way benefits the current adminis-  
6. tration. So, in conclusion, the...the points I'd like to  
7. make is that hardships are not imposed on businesses because  
8. this is not their money. Small businesses are not affected.  
9. It is the State's money that is being collected on a more  
10. timely basis. We are moving the collection of corporate  
11. income tax and withholding from a State schedule to the  
12. Federal schedules and it will actually make the collection  
13. process a lot easier for large retailers and large employers.  
14. Now, the bills themselves, Senate Bill 4...or Senate Bill 3,  
15. changes the withholding date and changes the corporate  
16. income tax filing date. Senate Bill 4 establishes a penalty  
17. for noncompliance with the withholding schedule. This is  
18. almost a technical change in that other tax collection statues  
19. have this kind of a penalty in them. There just doesn't  
20. happen to be one for the new withholding schedule and SB 5  
21. accelerates the collection of sales tax payments. Those are  
22. the three bills. If you have any questions I'll be glad to  
23. answer them.

24. PRESIDING OFFICER: (SENATOR ROCK)

25. Senator Netsch, did you wish recognition?

26. SENATOR NETSCH:

27. No, I was just going to comment earlier when you asked  
28. whether the sheet had been distributed. There had been one  
29. distributed. I did not think it was the one you were referring  
30. to. I believe it was in fact. You do not have one that fits  
31. this fifty million into the...the total fiscal picture for  
32. the year. It breaks it down in terms of the impact of these  
33. particular bills on school aid. That's the fact sheet you're

1. talking about.

2. Mr. SCHAEFFER:

3. Right.

4. SENATOR NETSCH:

5. Very well, that has now been distributed at least a

6. second time, so we're in good shape. Thank you.

7. MR. SCHAEFFER:

8. Well, as the sheet indicates the...the impact of a

9. Special Session on Chicago suburbs and downstate.

10. PRESIDING OFFICER: (SENATOR ROCK)

11. Senator Weaver.

12. SENATOR WEAVER:

13. Thank you, Mr. President. Director Schaeffer, a few

14. questions here. How many states presently require retailers

15. and corporations to pay state taxes they collect, on a weekly

16. basis? Do you know, do you have that information?

17. MR. SCHAEFFER:

18. No. We...the research we did was to see how many states

19. collect on a basis that is more current than we're currently

20. doing and that's twenty-five states. But, there are a variety

21. of techniques used. You know, there are all kinds of different

22. plans in different states, and I don't know how many do it

23. weekly. I don't know.

24. SENATOR WEAVER:

25. You don't know whether there are any that do it weekly?

26. MR. SCHAEFFER:

27. I don't...I don't know.

28. SENATOR WEAVER:

29. About your revenue estimates for this year. How are they

30. holding up according to your estimates?

31. MR. SCHAEFFER:

32. We revise our estimates at the end of every quarter, so

33. we'll be out with revised estimates at the end of September

1. any...or the middle of October when we get the data. Currently  
2. we think that they're holding up pretty well, but there are  
3. bound to be some, you know, some changes after a quarter's  
4. worth of experience, but currently we don't project any grave  
5. changes in the economy so we wouldn't expect major changes  
6. in the projection.

7. SENATOR WEAVER:

8. How about the ninety million in receivables that we  
9. were talking about this Spring? Do we...

10. MR. SCHAEFFER:

11. We're...

12. SENATOR WEAVER:

13. ...come in with any of those?

14. MR. SCHAEFFER:

15. We received about a million and a half for administra-  
16. tive costs and I believe we're going to get something of that  
17. magnitude on an ongoing basis, but the...the large...

18. SENATOR WEAVER:

19. How about the Federal funds?

20. MR. SCHAEFFER:

21. Yeah. The large funds...I'm trying to remember...the  
22. ...the largest deferral is being discussed with the Federal  
23. Government right now and they have to render some sort of  
24. a decision, I would think, in a month or so.

25. SENATOR WEAVER:

26. Well, in August...July what were our revenues, up and  
27. over the corresponding months a year ago?

28. MR. SCHAEFFER:

29. I don't have those numbers with me. They're in the Comp-  
30. troller's report.

31. SENATOR WEAVER:

32. Well, are they meeting expectations? That's what...

33. MR. SCHAEFFER:

1. Currently, revenue's are meeting expectations. Yes.

2. SENATOR WEAVER:

3. Good. How about income tax estimates? Would you say  
4. you're higher there in this fiscal year?

5. MR. SCHAEFFER:

6. I don't think so. We experienced some variance from  
7. our personal income tax and our corporate income tax esti-  
8. mates last year, the actual receipts, but they were com-  
9. pensating errors.

10. SENATOR WEAVER:

11. About twenty-five million less than what you estimated.

12. MR. SCHAEFFER:

13. In what?

14. SENATOR WEAVER:

15. Income Tax.

16. MR. SCHAEFFER:

17. All right. But, what about corporate income tax?

18. In other words, they were offsetting errors.

19. SENATOR WEAVER:

20. We were about seventeen million off on...

21. MR. SCHAEFFER:

22. High.

23. SENATOR WEAVER:

24. ...income tax.

25. MR. SCHAEFFER:

26. I...I don't know the numbers that you're referring to.

27. There were offsetting errors. We can get that...

28. SENATOR WEAVER:

29. Well, that could...we won't...we won't dwell on that,  
30. then. Just wondering about this tax speedup. Don't you  
31. think that the budget requires that a tax speedup just to  
32. balance this year's budget rather than to...

33. MR. SCHAEFFER:



1. No, I don't think so.

2. SENATOR WEAVER:

3. Well, it's a one shot deal. It's not going to be

4. something we can depend on next year as being...it's built

5. into next year's base. Is that not true?

6. MR. SCHAEFFER:

7. You have a one time increase in this fiscal year, but

8. there is no decrease next year.

9. SENATOR WEAVER:

10. You don't agree...

11. MR. SCHAEFFER:

12. You'll not lose anything in the next fiscal year.

13. SENATOR WEAVER:

14. The...it will not be possible then to come up with the

15. same increase next year?

16. MR. SCHAEFFER:

17. No, it's...it's a one time increase.

18. SENATOR WEAVER:

19. It's one shot...that's a one shot deal. Right?

20. MR. SCHAEFFER:

21. But, you could conceivably do other things if you

22. wanted to.

23. SENATOR WEAVER:

24. All right. Let me ask this. We're talking about fifty

25. million going to the Distributive Fund or the Common School

26. Fund. What are the plans of your administration for the

27. other forty-five million?

28. MR. SCHAEFFER:

29. There are currently no...no plans for the other forty-

30. five million other than that they should go into the General

31. Revenue Fund.

32. SENATOR WEAVER:

33. Do you have no plans then to make...increase expenditures

1. that we haven't budgeted?

2. MR. SCHAEFFER:

3. We have no plans to.

4. SENATOR WEAVER:

5. Are you negotiating with suppliers or service to the

6. State for possible increases that...that are allowable under ad-

7. ministrative edict.

8. MR. SCHAEFFER:

9. Well...

10. SENATOR WEAVER:

11. What I'm concerned with is, what are we going to do

12. with this other forty-five million if this tax acceleration

13. program is inactive? You know that...

14. MR. SCHAEFFER:

15. Yeah, I have...the Bureau of the Budget is...is certainly

16. not planning to use that...that forty-five million for...

17. for something that...that's underway now. I think you're

18. referring to their negotiations, not negotiations, for a meeting

19. with the long term care industry, because Federal regulations

20. required that long term care rates be changed. They be...be

21. cost-related rates effective the first of the calendar year,

22. and we were examining a variety of different ways of doing

23. that. Then the Feds changed their minds and they postponed

24. that...that change in Federal regulations for another year. So,

25. there were certainly the potential of a rate change there.

26. SENATOR WEAVER:

27. But, you have no obligation this fiscal year to...

28. MR. SCHAEFFER:

29. No, not to make...

30. SENATOR WEAVER:

31. ...make adjustments?

32. MR. SCHAEFFER:

33. No.

1. PRESIDING OFFICER: (SENATOR ROCK)  
2. That...that's a logical point. Excuse me, Senator.  
3. WAND TV has requested leave to take some silent movies of  
4. everybody but the Presiding Officer. Is leave granted?  
5. Leave is granted. Senator Netsch, for what purpose do you  
6. arise?  
7. SENATOR NETSCH:  
8. I...I wanted to see if I could help clarify the question  
9. that Senator Weaver was asking, also. Would I...would you  
10. permit...  
11. PRESIDING OFFICER: (SENATOR ROCK)  
12. Proceed.  
13. SENATOR NETSCH:  
14. ...me just to ask it a different way and see whether  
15. this...  
16. PRESIDING OFFICER: (SENATOR ROCK)  
17. Senator indicates he will yield.  
18. SENATOR NETSCH:  
19. ...helps at all.  
20. PRESIDING OFFICER: (SENATOR ROCK)  
21. Senator Netsch.  
22. SENATOR NETSCH:  
23. If...if I recall correctly when the budget was being  
24. presented and during all of this last year. The...the ninety-  
25. five million dollars, which is reflected in the three speedup  
26. bills, was always a part of the total revenues to be available  
27. for expenditure in the...in the Governor's budget and in the  
28. amount that we presumably appropriated during the regular  
29. fiscal year, so that in that sense I don't think, Senator  
30. Weaver, that it is intended to...it's not an "extra" right now  
31. It is still, really, reflected not only in the Governor's  
32. original request but also in the amounts that we, the Legis-  
33. lature, appropriated. We have over-appropriated a balanced

1. budget if that ninety-five million dollars is not there.  
2. In other words, we have not lived up to our constitutional  
3. mandate and in a sense neither would the Governor have lived  
4. up to his constitutional mandate So that it is...it's part  
5. of the...the total available revenues, but not earmarked or  
6. designated for any particular purpose and I assume and I...  
7. let me ask the question once more this way to see if it helps  
8. too. I assume that if the ninety-five million does not be-  
9. come available, quite apart from the fact that we are now  
10. getting ready...well, we thought we were getting ready, any-  
11. way, to appropriate an additional fifty million dollars for  
12. school aid, I assume that that would still leave the...the  
13. total budget unbalanced by, maybe not a full ninety-five  
14. million, but some figure and so, we will, in fact, have appro-  
15. priated more than the total amount of available estimated  
16. resources for the next fiscal year. Is that a correct state-  
17. ment? So, that the forty...the forty-five million is...would  
18. not...it would just simply mean that much more were we under-  
19. funded for next year available across the board with respect  
20. to all programs presumably. Is that correct?

21. MR. SCHAEFFER:

22. The General Assembly appropriated in excess of the Gover-  
23. nor's budget. The Governor's budget assumed the ninety-five  
24. million dollars, so the General Assembly actually appropriated  
25. whatever that number was...seventy million in excess of the  
26. original budget and then another ninety-five million in excess.  
27. So, we feel that the ninety-five million dollars is required  
28. to put us back on a firm footing. We further feel, I think  
29. the Governor has stated this, that without the ninety-five it  
30. is...it is not fiscally appropriate to enact a fifty...a fifty  
31. million dollar appropriation for schools. They're...they're  
32. tied together. You need one to get the other, I believe.

33. PRESIDING OFFICER: (SENATOR ROCK)

1. Senator Weaver.

2. SENATOR WEAVER:

3. Well, it's...it's unfortunate that we're dealing with  
4. just a few issues here. In November we'll be back to con-  
5. sider the Governor's priorities in reductions. Many of us  
6. have other concerns too, Director, and I just wondered  
7. whether...were this enacted at this time, was there going to  
8. be possible restoration of some other funds that concern  
9. many of us, also?

10. MR. SCHAEFFER:

11. Well, I don't believe that...that we can restore funds  
12. meaning...meaning the Bureau of the Governor's Office. I  
13. believe that...that only the Legislature can act, but if it  
14. were the Legislature's intent to override vetoes and if the  
15. ninety-five million dollars were not...had not been captured  
16. by that point in time we really would have a very serious  
17. situation here and I would refer you to the Comptroller, be-  
18. cause he is saying the same thing - that we cannot...we cannot  
19. spend a cent without bringing in new revenues and...

20. SENATOR WEAVER:

21. ...In essence though the Governor has identified his  
22. priorities by his veto or amendatory actions. These may not  
23. be the priorities of this General Assembly. So, I was just  
24. trying to pinpoint whether we're looking at just one area  
25. and forgetting about all other areas of State concern and  
26. State support.

27. MR. SCHAEFFER:

28. No, not...not at the moment. You know, there...there  
29. are always contingencies. There's a case decided in the  
30. Federal Court just a few days ago that...that may cost, you  
31. know, the State a considerable amount of money, and obviously  
32. you want...you want to have dollars available, but we'll be  
33. appealing that and...and hopefully it won't impinge on our

1. ability to function, but there are always contingencies and  
2. we are just about at the minimum level, you know, currently  
3. and I would...

4. SENATOR WEAVER:

5. Well...

6. MR. SCHAEFFER:

7. ...urge...urge you and I'm not trying to set priorities.  
8. I would urge you to...to believe or talk to the Comptroller's  
9. office as to whether the ninety-five million dollars is necessary.  
10. It is very necessary...

11. SENATOR WEAVER:

12. Well...

13. MR. SCHAEFFER:

14. ...and they are in support for their reasons.

15. SENATOR WEAVER:

16. Let me say this. We're trying to be responsible. We  
17. have all the pressures that we can take, too, as Legislators,  
18. but let me...let me ask, we're trying to get all the infor-  
19. mation we can get. That's why we have these hearings. I  
20. understand that...that your Bureau has tried to determine  
21. what the projected deficits, agency by agency, might be this  
22. Spring. Could you advise us to...as to what you expect next  
23. Spring in deficiency appropriations?

24. MR. SCHAEFFER:

25. Well, the Bureau is currently involved in a...in a  
26. analytical effort to take a look at the first three months  
27. of spending and determine if those rates were to continue  
28. would there be deficiencies, and if there would be deficien-  
29. cies than what steps can we take now to avoid deficiencies  
30. and the reason for that effort is that a number of agencies  
31. had their appropriations severely reduced during the legis-  
32. lative process, as well as agencies that got further reductions  
33. by the Governor when the ninety-five million dollars wasn't

1. available. But, that process has just begun. You...you...you  
2. are very well connected to the...to the Bureau of the Budget,  
3. because I asked to have that process undertaken at a staff  
4. meeting the first day of this week, so you know...you know  
5. a lot about what's going on, but we don't have the results.  
6. PRESIDING OFFICER: (SENATOR ROCK)  
7. News to me too.  
8. SENATOR WEAVER:  
9. Well...  
10. PRESIDING OFFICER: (SENATOR ROCK)  
11. Senator Weaver.  
12. SENATOR WEAVER:  
13. Thank you, Mr. President. Well, there are others  
14. who have questions. I'll just defer. Thank you.  
15. PRESIDING OFFICER: (SENATOR ROCK)  
16. Senator Latherow.  
17. SENATOR LATHEROW:  
18. Thank you, Mr. President. I have only a couple or  
19. three questions. First of all, I have been unable, Director,  
20. to find anyplace in here where you made compensation to these  
21. businesses and so on for funds that you're holding in lieu  
22. of their proper payment. Now, are you anticipating that you're  
23. going to send back their six thousand that you're holding in  
24. deposit or whatever it may be?  
25. MR. SCHAEFFER:  
26. Yes, the deposit will be used as an offset against the  
27. first monthly payment.  
28. SENATOR LATHEROW:  
29. Then...what do you mean by an offset?  
30. MR. SCHAEFFER:  
31. Just what I said. The first monthly payment will not  
32. be new money from a retailer. His deposit will be used as...  
33. as a credit against that and they will wash.

1. SENATOR LATHEROW:

2. You're not going to ask them to hold a bond in deposit  
3. with you anymore or...

4. MR. SCHAEFFER:

5. No, Sir. The deposit has been eliminated.

6. SENATOR LATHEROW:

7. ...the deposit will be eliminated. Now, then, I recognize  
8. also in your discussion that you mentioned that the General  
9. Assembly did over-appropriate, which there's no question but  
10. what we can agree, but now how do you compensate for in your  
11. position allowing the different departments to overspend in  
12. their quarterly aspects to put them in a position where later  
13. in the year they're going to be needing a deficiency appro-  
14. priation. Isn't it some of your job to see that they properly  
15. expend that yearly allowance they have?

16. MR. SCHAEFFER:

17. Yes, Sir, and I...I did not mean to imply that...that  
18. agencies were overspending. What...what we are intending  
19. to do is to make sure that that isn't occurring. Now, one  
20. way that you control costs, is if you're spending it at too  
21. high a rate. You are...reduce the number of employees, you  
22. reduce the number of employees, you reduce out of State travel,  
23. you reduce equipment purchases, you reduce expenditures across  
24. the board and we have done that. We have set a ceiling on...  
25. on employment, we have eliminated new equipment purchases and  
26. we are involved in a number of controls, as I'm sure you would  
27. suggest, to achieve the goal, but you must remember that a  
28. number of departments are facing appropriation levels that are  
29. dramatically different than what they expected and it take  
30. them awhile to adjust. But, I did not mean to imply that there  
31. were deficiency spending rates in...in a wide variety of de-  
32. partments.

33. SENATOR LATHEROW:



1. Are you making efforts to see that those people who  
2. are not properly working under a particular department are  
3. no longer working in that department or...I don't mean  
4. working in that department, but receiving income from that  
5. particular department?

6. MR. SCHAEFFER:

7. You mean am I making sure that people who are not doing  
8. their job correctly are being relieved of their duties? No,  
9. I mean that's...the department head does that. I, you know,  
10. I have no power to say this person is not...is not a satis-  
11. factory employee. No, I'm not doing that.

12. SENATOR LATHEROW:

13. All you do then is just tell the department when they  
14. overspend or something like that or when they don't...

15. MR. SCHAEFFER:

16. No, we're...

17. SENATOR LATHEROW:

18. ...have it in the proper category.

19. MR. SCHAEFFER:

20. Right and we're also involved in...in make...you know,  
21. plans that are being made for program changes, expansions,  
22. contractions, that sort of thing, but we do not, the Bureau  
23. of the Budget, does not have the power to tell a director,  
24. you know, here is how you run your agency. I certainly have  
25. the power to become involved and to consult with them if  
26. it looks like they're overspending or underspending or not  
27. behaving in a manner appropriate to their appropriation and  
28. to their budget.

29. SENATOR LATHEROW:

30. Otherwise, if the Department of Transportation, for in-  
31. stance, is paying fifteen men who are working in the Depart-  
32. ment of Agriculture, that's none of your business as Bureau  
33. of the Budget. Is that what you're telling me?

1. MR. SCHAEFFER:

2. No, I thought you were talking about people who are  
3. not doing their job satisfactorily.

4. SENATOR LATHEROW:

5. No, no...no, I never said a thing about satisfactorily.

6. MR. SCHAEFFER:

7. All right, okay. I...I misunderstood you, Senator.

8. SENATOR LATHEROW:

9. Okay.

10. MR. SCHAEFFER:

11. There are...there's a personnel code and there are  
12. statutes that govern the use of appropriations and we are  
13. not involved in any investigation to...to double check, but  
14. you can determine the working place and the time card or  
15. whatever you want to call it, the...the listing of how many  
16. hours were worked for every employee in State Government  
17. and essentially the Auditor General does that when he does  
18. an audit. We don't have an audit function, so I believe  
19. you'd have to look at the Auditor General's reports if that were  
20. your interest, you know. Is there someone being paid from  
21. one department who's not doing work there?

22. SENATOR LATHEROW:

23. Well, your not interested in paying into the school  
24. fund and monies that aren't appropriated for that purpose,  
25. are you?

26. MR. SCHAEFFER:

27. Oh. Absolutely. When it comes to the use of a given  
28. fund I think that...that we and the Comptroller are very aware  
29. of how those monies are used and to my knowledge there's no  
30. way the school fund can be used for anything but school aid.

31. SENATOR LATHEROW:

32. Well, I recognize then and I'll quit at this statement  
33. then that the funds that are appropriated for transportation

1. and the funds appropriated for any other agencies are not  
2. what you call the same type of funds that you have that  
3. are appropriated for Education itself then. Is that right?

4. MR. SCHAEFFER:

5. No, you're talking about...I think you're talking about  
6. the Common School Fund. The Common School Fund is a separate  
7. fund and all...all dollars that go into that fund are used  
8. for school aid.

9. SENATOR LATHEROW:

10. I aim to use the same one that you referred to there,  
11. but I'm saying you don't give that same reference to the  
12. departments in Government, then, that you do to...to the  
13. school...

14. MR. SCHAEFFER:

15. Yeah, we...we are concerned with the fund and the use  
16. ...the statutory requirement as to the use of dollars from  
17. a fund. Terms of internally to a department, I think you'd  
18. find that the department director and the Department of  
19. Personnel are responsible and that...and that their efforts are  
20. audited by the Auditor General, you know, if...if you want  
21. to check.

22. PRESIDING OFFICER: (SENATOR ROCK)

23. There are a number of Senators who've indicated they  
24. wish to speak. Senator Regner.

25. SENATOR REGNER:

26. Mr. Schaeffer, I realize you weren't in Illinois when  
27. legislation was enacted requiring the deposit which you now  
28. are eliminating in this bill. Would you have an assumption  
29. or idea why that was passed in the first place when it was?

30. MR. SCHAEFFER:

31. It's my understanding that at the time the Illinois Re-  
32. tail Merchants Association was the prime mover behind it and  
33. felt that the retailers should be given an extra month before

1. they pay their taxes. So, the deposit, the so-called de-  
2. posit, is a payment made at the end of the month of liability  
3. which permits the retailer to defer the payment of his taxes  
4. until the month...the end of the month following the month  
5. of liability. It is my understanding from representatives  
6. of IRMA that although it was a good plan it hasn't worked  
7. out very well and their membership wants the deposit eliminated.  
8. In a mailogram to the legislative leadership and a letter to  
9. the Governor, IRMA said that they would oppose our tax collec-  
10. tion speedup if the deposit system was maintained. And we  
11. met for many hours and tried many different solutions and the  
12. current bill reflects IRMA's request to eliminate the de-  
13. posit. Yet, also, achieves acceleration goals, so my under-  
14. standing and it may be inaccurate, is that IRMA and its mem-  
15. bership wanted the deposit system. After a year's experience they  
16. no longer want it.

17. SENATOR REGNER:

18. Don't...don't you also think though part of the idea insofar as  
19. the administration supporting the deposit originally was to  
20. prevent a business closing down, disappearing and not paying  
21. their liability.

22. MR. SCHAEFFER:

23. Right, but under...under the new proposal there is...  
24. there is even less risk, because the deposit would hit at  
25. the end of the month of liability. Under our new proposal  
26. people are paying at the end of week one, two, three and  
27. four. So, you have the money at the end.

28. SENATOR REGNER:

29. But, there still would be some possibility of loss with-  
30. out a deposit.

31. MR. SCHAEFFER:

32. I think it would be less, frankly, but there...there's  
33. some possibility.

1. SENATOR REGNER:

2. Has the Director of the Department of Revenue whom I  
3. know has been trying to do an admirable job of assuring  
4. that the State gets all the tax monies that they should  
5. be getting. Has he supported this, Director?

6. MR. SCHAEFFER:

7. Yes, Sir...yes, Sir, I...I failed to mention that in  
8. these negotiations and in all of the work that's been  
9. done on the bill itself and administrative mechanisms,  
10. the Department of Revenue has been very active and obviously  
11. they'll have to carry it out and they...they feel confident  
12. they'll be able to do it.

13. SENATOR REGNER:

14. And that there will less possibility of loss. That's  
15. their feeling and yours?

16. MR. SCHAEFFER:

17. Well, they...I...I would think that there would be less,  
18. but I think we...we can say that...that there is no greater  
19. exposure. I don't want to put words in Director Alphin's  
20. mouth. I've never asked that question.

21. SENATOR REGNER:

22. All right. And, Mr. Chairman, I do wish we could get  
23. a response from Director Alphin as to his feelings on this.  
24. I realize he's not here today, but possibly we could have  
25. some contact with him, because I think we're going to be here  
26. awhile. Mr. Schaeffer, I have a couple other questions.  
27. What's the Administration's plans in these last months with  
28. respect to Capital contracts?

29. MR. SCHAEFFER:

30. I don't understand the question.

31. SENATOR REGNER:

32. Well, I'm wondering if we're going to have a lot of Capi-  
33. tal contracts left during these last couple of months of this

1. administration. I feel we'd have no guarantee that...that  
2. we won't have an even further unbalanced budget at the end  
3. of this fiscal year.

4. MR. SCHAEFFER:

5. Senator, I think that if you were to look at the activi-  
6. ties in that area over the last year you'd find a rather  
7. strict interpretation of activities. A year ago the Legis-  
8. lature appropriated Capital projects in excess of the authori-  
9. zation for bond sales. The Governor returned a message to  
10. the Legislature saying - this appears to be an administrative  
11. or technical oversight, but the financial community would  
12. be very disturbed if the State were to spend money in excess  
13. of its authorization. So, he said that he would not release  
14. any projects in excess of the authorization even though appro-  
15. priations existed. In the last section...Session of the Legis-  
16. lature, although appropriations of about a hundred and seventy  
17. million were passed, the authorization was not changed. There-  
18. fore, the Governor vetoed all Capital projects, all new CDB  
19. projects and the difference between last year's appropriations  
20. and last year's authorization. That was a mass of vetoes,  
21. so those projects can't go anyplace without the money.

22. SENATOR REGNER:

23. All right. But, there still is some authorization avail-  
24. able to the Governor. Is that correct? For...

25. MR. SCHAEFFER:

26. There is...sure...sure.

27. SENATOR REGNER:

28. Okay. But, you...

29. MR. SCHAEFFER:

30. But, if...if we were to reduce that authorization your  
31. talking about stopping projects that are in process. Your  
32. talking about stopping schools, hospitals.

33. SENATOR REGNER:

1. I'm not at all talking about that, but I...the question  
2. I do have relating to that...do you know if the Bureau...if the  
3. Governor has any intention to sell more bonds before the  
4. end of his...the current Governors term of office?

5. MR. SCHAEFFER:

6. It...it depends what...what the balances are, but the  
7. State of Illinois has a rather outstanding reputation in the  
8. ...in the financial community because we sell bonds when we  
9. need the money. In other words, we do not go out and sell  
10. a large amount of bonds and just let it sit there, and we  
11. would have another bond sale when balances had been drawn  
12. down.

13. SENATOR REGNER:

14. Will that point arrive in the next three months?

15. MR. SCHAEFFER:

16. It could. You know, it could.

17. SENATOR REGNER:

18. What's your idea. Do you think it will or do you think  
19. it won't? I'm trying to even make the question easier as  
20. we go along. You...you....

21. MR. SCHAEFFER:

22. Well, Senator, if you can tell me how much...how often  
23. it's going to rain I can tell you how much construction will  
24. get done. If we have a good building season I...I assume  
25. we'll have to sell some more bonds. If we don't, you know...

26. SENATOR REGNER:

27. Your indicating if...if it stays a dry spell like we  
28. have, your answer is yes...

29. MR. SCHAEFFER:

30. Right.

31. SENATOR REGNER:

32. ...that you will sell more bonds and obligate the State  
33. further. Thank you.

1. MR. SCHAEFFER:

2. Now, Senator, the State is obligated. We're talking  
3. about selling bonds, that's a different thing.

4. PRESIDING OFFICER: (SENATOR ROCK)

5. I beg your pardon. Senator Shapiro.

6. SENATOR SHAPIRO:

7. Director, in your opening remarks you were explaining  
8. the bills and the impact or what little impact they would  
9. have upon businesses and so on and so forth. In your re-  
10. marks I failed to note and...and this is not a facetious  
11. question. Just what will the tax speedup bills, the accelera-  
12. tion, do for the State?

13. MR. SCHAEFFER:

14. The State will receive ninety-five million dollars  
15. more than it would otherwise.

16. SENATOR SHAPIRO:

17. All right. Now, what...what...is that ninety-five  
18. million going to be used for cash management or is it going  
19. to be spent?

20. MR. SCHAEFFER:

21. Under the current proposal, the bills before you, fifty  
22. million dollars of it will be spent and the remainder would  
23. be available for use as the Legislature sees and the General  
24. Assembly sees fit.

25. SENATOR SHAPIRO:

26. Well, then, in...in other words I think it's...it's  
27. probably safe to say that by moving in approximately ninety-  
28. five million in we're going to increase spending ninety-five  
29. million.

30. MR. SCHAEFFER:

31. We're...we're going to increase spending by fifty million  
32. if we appropriate the fifty million. If we don't, then we're  
33. not.



1. SENATOR SHAPIRO:
2. Yes...yes...
3. MR. SCHAEFFER:
4. The appropriation doesn't change spending...
5. SENATOR SHAPIRO:
6. Well, let's assume that we're going to pass the
7. tax acceleration bills. It's not going to...to help
8. cash management a bit. All it's going to do is increase
9. spending a hundred million. Is that not
10. correct?
11. MR. SCHAEFFER:
12. Well, it...it will increase cash balances which will
13. make it easier to spend out. I mean the Comptroller's
14. argument is that you ought to have a minimum available
15. balance. This will, obviously, improve the balance.
16. SENATOR SHAPIRO:
17. If the money is not obligated or if the money is not
18. spent. In other words, what I'm saying is, by moving that
19. extra ninety-five million into this fiscal year and assuming...
20. well, we know that fifty million of it is obligated for
21. education and the other forty-five million is going to be
22. spent. What we're doing is, we're not helping cash manage-
23. ment or our year end balance one bit.
24. MR. SCHAEFFER:
25. If ninety-five comes in and ninety-five goes out then
26. there'll be...there'll be a net...
27. SENATOR SHAPIRO:
28. Okay. Now...
29. MR. SCHAEFFER:
30. You may be...helping, you know, school districts.
31. SENATOR SHAPIRO:
32. Yes. Okay. What happens then to next year's revenue
33. growth? Even though...even though at the end of FY '78 we...we

1. still have acceleration and that comes in at...it levels...we  
2. end up with no loss in revenue in FY '78, but what...but,  
3. because we have increased our spending levels ninety-five  
4. million that means we have to find ninety-five million in  
5. next year's revenue growth to fund that increased spending.

6. MR. SCHAEFFER:

7. We cut the budget this year from last year...

8. SENATOR SHAPIRO:

9. Assuming that the budget is not cut. I mean it was cut...

10. MR. SCHAEFFER:

11. Senator Shapiro, that...that's a horrible assumption. I  
12. wouldn't make it.

13. SENATOR SHAPIRO:

14. Well, if you increase spending in this fiscal year by ninety-  
15. five million dollars, you can rest assured that that increased  
16. spending is not going to be cut out of next year's budget. I mean  
17. you, the budget, may be cut or it may come in...if it does come in  
18. at a lower level than this year, well and good, but more than likely  
19. this year's spending levels will be the zero base from which  
20. additional spending...but while the point I'm trying to make, is that  
21. any increased spending we do this year just adds to the base for  
22. next year where we have to find those additional dollars to fund  
23. that new level.

24. MR. SCHAEFFER:

25. Unless you're willing to reduce the base.

26. SENATOR SHAPIRO:

27. Which was done this year.

28. SENATOR SHAPIRO:

29. Fine. I appreciate that fact. And, also, assuming that  
30. there are not drastic increases in revenue and everything else,  
31. you know, stays the same. Well, the thing that I want to make  
32. is...the point I would like to make on this entire matter. If  
33. it were a matter of moving that ninety-five million in to help

1. the State's fiscal condition or to even out the dips in  
2. the cash balances and so on and so forth. It might be a  
3. horse of a different color. But to move that money in, merely  
4. to spend it, I think only compounds the problem in the next  
5. fiscal year and every fiscal year from that point on out.

6. MR. SCHAEFFER:

7. I think that's an excellent point, but these things do materially  
8. improve the State's cash position the following way. We currently  
9. get a big slug of money that's supposed to come in on the  
10. thirtieth, it actually is received on the first or second  
11. of the year for sales taxes. Under this plan, it would help  
12. in four times a month in regular amounts, which would help  
13. us no end in terms of stabilizing the cash balance and the  
14. outflow particularly against school districts. The same  
15. thing is true with employee withholding. It currently comes  
16. in the end of the month. This would do it four times a year.  
17. The same thing is true with the Corporate Income Tax. It  
18. currently comes in in April and our low month is March. We  
19. could move it into March. So, maybe I haven't, you know,  
20. I probably haven't done a good job of explaining that, but  
21. that's the basis for these proposals. What we're trying to  
22. do is flatten our revenue strain and also flatten our expendi-  
23. tures strain. The General Assembly helped to do that by making  
24. the grant payments quarterly. You didn't do the other thing  
25. which we would have liked even more, but we're half way there.  
26. Today we've got some expenditures on an even plane. If we can  
27. get revenue, the receipts, on an even plane we will have a  
28. much more manageable situation and we'll have a cash balance  
29. that...that doesn't run into trouble. Right now we have  
30. all these dips and increases and...and decreases that we really  
31. want to get away from, so I apologize for not bringing that  
32. out, but the basis for this whole approach has been to make  
33. the receipts an evenflow against expenditures that are even

1. rather than these big hits and misses.

2. SENATOR SHAPIRO:

3. If that's as far as it went it would be well and good,  
4. but it goes beyond that in that we will be increasing spend-  
5. ing in this fiscal year by the same amount we're traveling  
6. in. It will obligate approximately twenty percent of next  
7. year's revenue bills just to fund this new spending thing  
8. for the next year. By passing the formula changes in this  
9. fiscal year, it obligates the State to a tremendous amount  
10. of money if it's going to attempt to achieve full funding  
11. in the fifth year and God only knows with these formula  
12. changes and what we need to achieve fifty percent funding,  
13. full funding is going to be set down the road another two  
14. or three years.

15. PRESIDING OFFICER: (SENATOR ROCK)

16. All right. The Chair would just like to make an obser-  
17. vation. We have six members of the Senate who have indicated  
18. they wish to question this and the other witnesses. I would  
19. also like to point out that we do, in fact, have four more  
20. witnesses who have registered as proponents of Senate Bills  
21. one through five. Dr. Wargo from the Association of School  
22. Administrators, Mr. Seaman from the Association of School  
23. Boards, Dr. Arthur Lehne from the Chicago School System and  
24. Mr. Oscar Weil from the Federation of Teachers. Senator Netsch,  
25. did you seek recognition.

26. SENATOR NETSCH:

27. I'll...I'll waive my question for the moment. Thank you.

28. PRESIDING OFFICER: (SENATOR ROCK)

29. God Bless You. Senator Glass.

30. SENATOR GLASS:

31. I...I won't waive them, Mr. Chairman, but...

32. PRESIDING OFFICER: (SENATOR ROCK)

33. I...I was hoping, but go ahead. Senator Glass.

1. SENATOR GLASS:

2. I...I would...would like to have such a nice comment  
3. made about me, but I...I will make them brief. And these,  
4. really, are by way of understanding the bills, Director.  
5. Mechanically am I correct that they would bring ninety-five  
6. million dollars additional revenue into Illinois this fiscal  
7. year and...first of all, is that correct? And would that  
8. occur in the month of June essentially? Are we going to be  
9. collecting money in June that otherwise would have been  
10. collected after that or how will that come about?

11. MR. SCHAEFFER:

12. It...it will have occurred by June. In other words  
13. it...we will have realized the money before the end of the  
14. fiscal year.

15. SENATOR GLASS:

16. Well, this is why I am confused. It seems to me that  
17. ...let's just take for example your sales tax speedup pro-  
18. posal where at the present time monies for this month, September,  
19. would come in at the end of September and under the proposal  
20. they will come in in installments during the month of Septem-  
21. ber. So, I...I don't...

22. MR. SCHAEFFER:

23. They exactly come in at the end of October under current  
24. law.

25. SENATOR GLASS:

26. All right. Under...under the current law they come in  
27. at the end of October. They would come in during October.  
28. Is that right, in four installments? Well, then, it seems  
29. to me as to the sales tax you're getting the money in October  
30. that you are now getting in October. You're just getting it  
31. earlier in the month.

32. MR. SCHAEFFER:

33. Well, if you're talking about the impact when...when we

1. would feel the added revenue. I misunderstood your question. We  
2. feel it in the first two months after enactment.

3. SENATOR GLASS:

4. Well, no, I don't think that...that is...I guess that's not  
5. my question. I...ninety-five million dollars will be coming  
6. in during this fiscal year which ends June 30th.

7. MR. SCHAEFFER:

8. Right.

9. SENATOR GLASS:

10. And the question is, whether...whether that money will  
11. be coming in...if we don't change the law, that same ninety-  
12. five million will come in after the year's over.

13. MR. SCHAEFFER:

14. Right.

15. SENATOR GLASS:

16. And then I assume it would be in...in July.

17. MR. SCHAEFFER:

18. Correct. But, what...what's happening is, you're moving  
19. up the collection schedule one month, so essentially in the  
20. year of implementation you get the equivalent of thirteen  
21. months' payments, but in the next year you still get twelve  
22. months' payments.

23. SENATOR GLASS:

24. All right...all right. Now, that's...that's still...

25. MR. SCHAEFFER:

26. If...if you don't move it up you never get the ninety-  
27. five.

28. SENATOR GLASS

29. Yeah, I...I think that...that clarifies it. But, I  
30. think...I...getting back to my point. It is really the month  
31. of July that's coming in in June isn't it to provide the ninety-  
32. five million? Money that we would be getting in July is...is  
33. coming in in June.

1. MR. SCHAEFFER:

2. Well, there's a semantic difficulty there. Yes. Money  
3. we would be getting in July, but the money we would be getting  
4. in July is actually May money.

5. SENATOR GLASS:

6. Yes, I understand that.

7. MR. SCHAEFFER:

8. So, in other words, we're currently experiencing a  
9. three month delay in getting our money and this would elimi-  
10. nate the delay.

11. SENATOR GLASS:

12. Well, the...the three measures that we're dealing with  
13. ...one of them, as you pointed out, would have no impact un-  
14. til next March and that would be the corporate income tax.  
15. What...well, so that has no...that has no on affect on bring-  
16. ing money in this fiscal year that...that would come in next  
17. year.

18. MR. SCHAEFFER:

19. No, but, it...it does what...I was trying to explain  
20. before and did...did a poor job of. It smooths the...the flow  
21. and that is...that is critical to the proposal.

22. SENATOR GLASS:

23. Well, it, yeah, it smooths the flow as...as of right  
24. now and I suppose you could say that is...that is the only  
25. merit of this proposal. Now, I...I guess the question I'm  
26. ...I'm really working toward is...is whether there is any  
27. need to take action of this kind now. The only...the only  
28. reason I can see for taking action of this kind now is to pro-  
29. vide the additional money now for education so that the  
30. schools will know they're going to get it, but...but whether we  
31. need to do this it seems to me can virtually be decided any  
32. time during the fiscal year. Now, I...I know you're going  
33. to have shortages or you're going to have a squeeze in the

1. first part of Calendar of '77, but I've seen a graph from  
2. the Comptroller's Office that at least looks like you'll  
3. be able to get through that. Maybe not the way you'd like  
4. to, but in...in order to get ninety-five million additional  
5. during this fiscal year it seems to me you could pass this  
6. any time...or all virtually anytime during the year. At  
7. least up until sometime next Spring, certainly. Would you  
8. disagree with that?

9. MR. SCHAEFFER:

10. From a retailer's point of view, this is the best time  
11. to have this implemented, because the payment is made...the  
12. four monthly payments are equivalent to one-fourth of the  
13. average liability excluding the highest and lowest months.  
14. We're currently going through a situation where actual sales  
15. will exceed average. These are very good months, October,  
16. November, December. They're excellent months for retailers.  
17. If you were to implement it later in the year you're on the  
18. down side and you'd find that retailers would be paying in  
19. more than their actual...could be paying in more than their  
20. actual receipts. We've put in a credit memorandum mechanism  
21. ...mechanism to soften that impact, but I don't...I think  
22. you'd get an argument from the retailers that would say -  
23. if we're going to do it, do it now.

24. SENATOR GLASS:

25. Well, I...I...I appreciate that testimony. The only  
26. point I was making is that in terms of bringing ninety-five  
27. million dollars in this fiscal year, which is one of the features  
28. that has been at least advertised and talked about regarding  
29. these bills. In order to accomplish that, the bills could be  
30. passed almost anytime during the year.

31. MR. SCHAEFFER:

32. In...you could pass the bills in...in another point in time,  
33. but were you to do that you'd defeat the whole purpose. You'd



1. get these...these peaks and valleys, you...you could have a  
2. very serious problem, you know, as early as...as the next  
3. few months. I think it would be inconsistent with require-  
4. ments for a balanced budget to increase spending without in-  
5. creasing revenues. I...I, again, would refer you...

6. SENATOR GLASS:

7. Well, I'm, you know...

8. MR. SCHAEFFER:

9. ...to the Comptroller's material.

10. SENATOR GLASS:

11. ...I'm not...

12. MR. SCHAEFFER:

13. He...he is saying...

14. SENATOR GLASS:

15. Yeah. No...

16. MR. SCHAEFFER:

17. ...that we're in a precarious situation and he is ad-  
18. vocating that...that spending be controlled and any new  
19. spending be met with revenue, and he's saying ninety-five  
20. for fifty, so...

21. SENATOR GLASS:

22. No, I...I...you shouldn't misunderstand the question.  
23. I'm...I'm not saying that we would pass these later in the  
24. year and pass more spending. I'm...I'm assuming if there is...

25. MR. SCHAEFFER:

26. But, if...if you don't pass...yeah, if you don't pass  
27. the spending you have the school districts in the dilemma of  
28. not knowing how much money...you know, you have all the problems  
29. that I think we're here to...you're here to address.

30. SENATOR GLASS:

31. Well, I think...I think...no, I think they would know how  
32. much they were getting..

33. PRESIDING OFFICER: (SENATOR ROCK)

1. Senator Ozinga.

2. SENATOR OZINGA:

3. Well, Mr. President, I appreciate finally getting the

4. opportunity to talk here, however, first question of Mr.

5. Schaeffer. You just said a minute ago that some of the re-

6. tailers would be paying in more than they received. Now,

7. could you please explain how any retailer is going to pay in

8. more than he receives?

9. MR. SCHAEFFER:

10. That's what would happen under the deposit mechanism,

11. because the deposit is an average.

12. SENATOR OZINGA:

13. The deposit has nothing to do with what he is paying

14. in.

15. MR. SCHAEFFER:

16. Well, I'm...I'm sorry. I did...fail to communicate

17. accurately.

18. SENATOR OZINGA:

19. Just...just a minute ago to Senator Glass you said...

20. MR. SCHAEFFER:

21. I think...I think I said that we created a credit memoran-

22. dum mechanism. Right? To eliminate that. In other words,

23. the fourth payment...

24. SENATOR OZINGA:

25. To support the proposal. That's the proposal for what

26. is to come.

27. MR. SCHAEFFER:

28. Right.

29. SENATOR OZINGA:

30. Okay. Now, do we not regulate ourselves on anticipated

31. income?

32. MR. SCHAEFFER:

33. We...we project income and we, the General Assembly, the

1. Governor recommends on the basis of an income projection and  
2. the General Assembly acts on this.

3. SENATOR OZINGA:

4. Okay. Now, again, with reply to Senator Shapiro. You  
5. said this would bring in more revenue. How is it going to  
6. bring in more revenue?

7. MR. SCHAEFFER:

8. Well, currently revenue estimates and our expenditures  
9. have been reduced. We reduced our revenue estimates by the  
10. ninety-five million dollars.

11. SENATOR OZINGA:

12. How is the acceleration program that you are anticipating  
13. going to bring in more, m-o-r-e, revenue?

14. MR. SCHAEFFER:

15. Essentially through the...through the mechanism that I  
16. described earlier, that this year we will have thirteen pay-  
17. ments instead of twelve and that thirteenth payment...

18. SENATOR OZINGA:

19. Okay.

20. MR. SCHAEFFER:

21. ...essentially will...

22. SENATOR OZINGA:

23. I'm glad you brought that up, but there will not be  
24. more revenue coming in by way of these acceleration programs  
25. and the only thing that you're doing is, your're bringing it  
26. in faster. Is that not right?

27. MR. SCHAEFFER:

28. Yes...it...we're talking about is...is accelerating the  
29. collection of taxes and, therefore, the dollar amounts we  
30. receive in a year is higher than it would be otherwise, but  
31. taxes are not increased. Yes.

32. SENATOR OZINGA:

33. Okay. All right. Now, under that program...under that

1. situation, as you suggested. If...or would you object...now,  
2. you're doing this for better government in the future and all  
3. that jazz that you're talking about, am I not correct? For  
4. better even flow and all of the anticipation? All right, would  
5. you object, then, to having this become effective, say, July  
6. 1st of 1977?

7. MR. SCHAEFFER:

8. I...yes.

9. SENATOR OZINGA:

10. Why?

11. MR. SCHAEFFER:

12. I think you'd have serious problems through the remainder  
13. of this fiscal year.

14. SENATOR OZINGA:

15. Who created the problems?

16. MR. SCHAEFFER:

17. Who created the problems. Boy...

18. PRESIDING OFFICER: (SENATOR ROCK)

19. The Chair might suggest the Comptroller, but I don't...  
20. is that...is that...

21. SENATOR OZINGA:

22. Well, the Comptroller's brought out the truth I'll grant  
23. you.

24. PRESIDING OFFICER: (SENATOR ROCK)

25. Oh, I see, okay.

26. MR. SCHAEFFER:

27. Senator, if you want to know what precipitated the cash  
28. problems we experienced last year, it was a payment by the  
29. Office of Education pursuant to the statute under which they  
30. disburse grant payments. The statute was passed by the Legis-  
31. lature, signed by the Governor. The money was disbursed by  
32. the Office of Education and signed by the...signed off on by  
33. the Comptroller and the Treasurer, but I think the problem was

1. created over time by a number of...of statutes that were not  
2. put together in relation to cash flow, but put together to  
3. achieve good programmatic ends.

4. SENATOR OZINGA:  
5.       Well...

6. MR. SCHAEFFER:  
7.       What's happened is, that the way they draw down balances  
8. now has an adverse cash flow impact. The programs, themselves,  
9. are very good and I think everyone involved was acting in  
10. what they felt was an appropriate manner to achieve the goals  
11. of their, you know, their offices.

12. SENATOR OZINGA:  
13.       Okay.

14. MR. SCHAEFFER:  
15.       I don't think anybody, you know...

16. SENATOR OZINGA:  
17.       Now, along that line, we are faced with a problem now.  
18. I fully believe that this is a political picture rather than  
19. a financial picture. To me it looks a little bit like a  
20. campaign issue, and I'm wondering if it might not be a '78  
21. campaign instead of a '76 campaign.

22. MR. SCHAEFFER:  
23.       You're...you're asking the wrong person.

24. SENATOR OZINGA:  
25.       Well, okay. Are we then...

26. PRESIDING OFFICER: (SENATOR ROCK)  
27.       Excuse me, Senator. Senator Netsch indicated...if you  
28. will yield Senator Netsch indicated that...

29. SENATOR OZINGA:  
30.       No, I won't yield.

31. PRESIDING OFFICER: (SENATOR ROCK)  
32.       She...Senator indicates he will not yield to Senator  
33. Netsch.

1. SENATOR OZINGA:

2. She...she wanted to yield before to it, so she can  
3. come in...

4. PRESIDING OFFICER: (SENATOR ROCK)

5. I understand. Senator Ozinga.

6. SENATOR OZINGA:

7. All right, now, under the circumstances we are putting  
8. money into the pot right now which is anticipated in the  
9. future, and Senator Shapiro hit on it right on the button,  
10. but you went around it. Now, if we put this additional ninety-  
11. five million dollars into the till right now, does that give  
12. our present Governor the reason to axe or the real flag to wave  
13. saying that now he can go out of office with a balance that  
14. really is no balance at all except that we have taken off  
15. of the future what the new Governor might want to use or might  
16. anticipate using in the regular course of time after he finds  
17. all of these deficiency appropriations that might be coming  
18. in.

19. MR. SCHAEFFER:

20. There is a...it's called the Partee Amendment, which is  
21. attached to a variety of appropriations which governs the ex-  
22. penditure of funds in the first half of the fiscal year and  
23. further, the new Governor, I believe, will be taking over at  
24. a point in time where he has six months to do whatever he feels  
25. appropriate to attack spending problems, so I really don't  
26. think, this is my personal opinion, I really don't think that  
27. the proposals before you in any way encumber the new Governor  
28. nor do they give the current Governor an out. Further, if you  
29. appropriate only fifty and if ninety-five is realized then the  
30. new Governor has, and the new Legislature, has time to consider  
31. either vetoe overrides or new legislation for spending. So,  
32. you know, that line of argument does not, you know, approach  
33. what I've been doing.

1. SENATOR OZINGA:

2.       Okay...All right, but, I thought this was already built  
3. into the budget. That this is anticipated revenue. What I'm  
4. saying...what I'm asking, if we pass these bills we now have  
5. spent the money, so that we will then need a new tax past  
6. tense not future tense. Should we not be in the position  
7. right now, under this administration, be passing an additional tax  
8. rather than just to be accelerating the program?

9. MR. SCHAEFFER:

10.       Well, it's the position of the Bureau of the Budget  
11. that a tax increase is not needed in this fiscal year and  
12. that we agree with the Comptroller's office that a tax increase  
13. is not needed for the next two years provided this proposal  
14. and the others, which we've put forth and he's put forth, are  
15. adopted. So...

16. SENATOR OZINGA:

17.       Why did you say two years?

18. MR. SCHAEFFER:

19.       That's what the Comptroller said. He said it.

20. SENATOR OZINGA:

21.       All right. But, in other words and during the next cam-  
22. paign it would be very evident that he can say that he did  
23. not have a tax increase under his administration, when in reality  
24. he should have had.

25. MR. SCHAEFFER:

26.       I...you know, personally, we could make it more than  
27. two years without a tax increase. We'd have to do some of  
28. the things we were...we were discussing before. We'd have  
29. to cut the base and that's not very popular. It can be done.  
30. We've done it.

31. SENATOR OZINGA:

32.       Well, that sounds like a campaign speech too. The...the

33. PRESIDING OFFICER: (SENATOR ROCK)

1. The Chair will point out that the Director is not a  
2. candidate for office.

3. SENATOR OZINGA:

4. No, he's an emissary. The...the answer...the real  
5. answer to it is then, are we not really mortgaging the future?

6. MR. SCHAEFFER:

7. In my opinion, no.

8. SENATOR OZINGA:

9. Well, in all of my time I haven't seen anything here  
10. that would change one iota other than trying to appease,  
11. at the present time, setting up a false impression, that we  
12. are doing something realistic by only taking out of one  
13. basket and putting it in to another one. In fact, we're doing  
14. nothing except adding an additional burden on the retailer,  
15. on the individuals and the corporations, on everybody along  
16. the line just to smooth out the present affairs when, in  
17. fact, we're doing nothing but adding to it when we could just  
18. as easily prepare these people by saying - okay, we're going  
19. to do it next, let's even say August instead of today.

20. MR. SCHAEFFER:

21. You know I...I...that's ...that's your opinion and, you  
22. know, I can't speak to it other than to say we're not placing  
23. a burden on retailers and employers. They received a windfall.  
24. Before the State Income Tax was enacted, assume you were an  
25. employee and you received a hundred dollars a week. You got  
26. your hundred dollars. After the State Income Tax was enacted  
27. you only got ninety-seven dollars and fifty cents and the em-  
28. ployer kept two dollars and fifty cents and he kept it for a  
29. month and he received a windfall, and now we're saying things  
30. are tough all over. You've got to give us our money when we  
31. want it and not keep it for a month.

32. SENATOR OZINGA:

33. Well, let's just say that the State received a windfall



1. when they passed the damn income tax.

2. PRESIDING OFFICER: (SENATOR ROCK)

3. Senator Graham.

4. SENATOR GRAHAM:

5. I think what we have really said and the Director has  
6. very cleverly avoided some pertinent questions and I don't  
7. blame him. I think the thing we haven't found out from any-  
8. one, what is expected to be done with the additional forty-  
9. five million. Apparently, we can't find out from anyone,  
10. nor shall we, what the Governor expects to do with the finances  
11. of the State in the next three months. Probably he only...  
12. he's the only one that knows. I'm sure Director Schaeffer  
13. doesn't know. If he did know he wouldn't tell us. I wouldn't  
14. blame him unless...if he wants to keep on working. We don't  
15. really have any assurance that we are doing anything, despite  
16. what the Director just said but mortgaging the future of  
17. the State of Illinois. We are placing upon ourselves and  
18. the next Governor a situation which may or may not be intolerable  
19. to the extent that he will only have one choice and that is to  
20. propose an income tax increase next year and that is the intent  
21. of the Governor of the State of Illinois at this point in time.  
22. Now, let us not be kidded into anything - any other assumption.  
23. And what we really are saying in affect, Gentlemen, if we pass  
24. these bills we're leaving the dirty diaper on the kid and only  
25. changing the safety pins. Now, if that's the route we want to  
26. go we're headed down the road.

27. PRESIDING OFFICER: (SENATOR ROCK)

28. Senator Bloom.

29. SENATOR BLOOM:

30. Thank you. Director Schaeffer, am I correct in assuming  
31. that BOB and another task force are...have under study and are  
32. drawing up an agreement with vendors and I'm...I'm referring  
33. to an article I read in today's Daily News, where the State will

1. be obligating itself to pay up to twenty million for nursing  
2. homes, six million for a pilot program for hospitals or a  
3. hospital program, up to twenty million for doctors by in-  
4. creasing the cost base from 1973 to 1975?

5. MR. SCHAEFFER:  
6. No, it's not correct.

7. SENATOR BLOOM:  
8. That is not correct. The story in the Daily News...  
9. MR. SCHAEFFER:  
10. Not...not to my knowledge.

11. SENATOR BLOOM:  
12. ...is not correct. Okay.

13. MR. SCHAEFFER:  
14. I...I spoke to one of the earlier questions here re-  
15. garding...  
16. SENATOR BLOOM:  
17. You mentioned in your opening remarks that...something  
18. about Federal mandating...  
19. MR. SCHAEFFER:  
20. Meetings were held of a inter-agency group...  
21. SENATOR BLOOM:  
22. So, there were...were meetings and there were under study  
23. these things.  
24. MR. SCHAEFFER:  
25. Well...well, Senator, I think it's very important. Those  
26. meetings and those...and that effort was aimed at a Federal  
27. mandate to change the mechanism for making payments to nursing  
28. homes. When that Federal mandate was removed...  
29. SENATOR BLOOM:  
30. Is this by law or is this through HE...HEW?  
31. MR. SCHAEFFER:  
32. Yeah, by...HEW regulations. That's...that's the  
33. only activity of this nature that...that I'm aware of. Now,

1. there is a proposal for a prospective rate system.  
2. SENATOR BLOOM:  
3. Whose proposal? I mean a proposal...  
4. MR. SCHAEFFER:  
5. There are...there are...  
6. SENATOR BLOOM:  
7. ...doesn't just pop out of a trapdoor.  
8. MR. SCHAEFFER:  
9. Yeah, but there are lots of them. The...the industry  
10. has one...  
11. SENATOR BLOOM:  
12. And...  
13. MR. SCHAEFFER:  
14. There...there's...there's a few bills before you...or there  
15. were last Session. The Department of Insurance was approached  
16. by the...by Blue Cross, Blue Shield, but there are no negotiations,  
17. you know, the...that's all I know.  
18. SENATOR BLOOM:  
19. I didn't say negotiations. I said under study and by  
20. that I assume that a representative of your office, representa-  
21. tives of Public Aid and representatives of the vendors are  
22. discussing this. Whether something has been reduced to writing  
23. or not I don't know. It's not in that story.  
24. MR. SCHAEFFER:  
25. Okay, then...then I amend my response. that the only thing  
26. that I know that's under study is a prospective rate system.  
27. SENATOR BLOOM:  
28. Well, let me...then let me ask you, is the story incorrect  
29. insofar as it says already increases to pharmacists have been  
30. agreed to and funds are obligated between four and five million  
31. for this fiscal year and at least ten for the next fiscal year.  
32. Is that portion of the story incorrect?  
33. MR. SCHAEFFER:

1. I don't know...I don't...there was a change in rates  
2. for pharmacists, that is correct. I can't speak to the  
3. numbers.

4. SENATOR BLOOM:

5. You cannot speak to the numbers. Okay. Another line  
6. of questioning. Using District 150 in Peoria as my example.  
7. Right. In '75 - '76 they got about 7.8 million. Okay. Now,  
8. under present law, should they not be getting about 7.3 million?  
9. I think you have it on a sheet somewhere in your folder, Len.

10. MR. SCHAEFFER:

11. Peoria under...

12. SENATOR BLOOM:

13. Present law under what would be called present law.  
14. '76 - '77. About...

15. MR. SCHAEFFER:

16. Well, that's...yeah, the estimate, I think, is about  
17. 7....what this one...or 7.3, right.

18. SENATOR BLOOM:

19. Right. But, under the current payments mechanism they're  
20. getting...going to get 7.1, correct?

21. MR. SCHAEFFER:

22. Correct...correct. That's how I understand it.

23. SENATOR BLOOM:

24. Okay. Now, that three hundred thousand difference is  
25. basically spreading the Chicago penalty over three years.  
26. Is that not correct?

27. MR. SCHAEFFER:

28. That is my understanding. Yes, Sir.

29. SENATOR BLOOM:

30. Okay. Now...and is it not correct that if we pass this  
31. package that the amounts going to Peoria, and then again using  
32. Peoria as a downstate example, would be increased approximately  
33. a hundred and forty-three thousand...

1. MR. SCHAEFFER:  
2. I...  
3. SENATOR BLOOM:  
4. ...over...yeah, in other words...that would...  
5. MR. SCHAEFFER:  
6. Right...that would be the difference. Correct.  
7. SENATOR BLOOM:  
8. ...the difference between...right... the proposal and  
9. what they got in '75 - '76.  
10. MR. SCHAEFFER:  
11. Right.  
12. SENATOR BLOOM:  
13. So, when all the shouting is over and done we'll get  
14. about a hundred and forty-three thousand more. Right?  
15. MR. SCHAEFFER:  
16. That...that...no...  
17. SENATOR BLOOM:  
18. Right?  
19. MR. SCHAEFFER:  
20. I think you're comparing two different problems.  
21. SENATOR BLOOM:  
22. You're darn right..  
23. MR. SCHAEFFER:  
24. If...under the current mechanism used by the Office of  
25. Education, which involves giving Chicago a three year...three  
26. years to pay its penalty...  
27. SENATOR BLOOM:  
28. We lose two hundred thou.  
29. MR. SCHAEFFER:  
30. Right. Under the...  
31. SENATOR BLOOM:  
32. Right.  
33. MR. SCHAEFFER:

1.           ..present law without that. In other words, if they  
2. were to do it the way we read the law, you would get 7.3.  
3. SENATOR BLOOM:  
4.           Right.  
5. MR. SCHAEFFER:  
6.           And given action on...  
7. SENATOR BLOOM:  
8.           We'd get 7.9.  
9. MR. SCHAEFFER:  
10.          ...you'd get 7.9  
11. SENATOR BLOOM:  
12.          Right.  
13. MR. SCHAEFFER:  
14.          Okay. So, your...your  
15. SENATOR BLOOM:  
16.          So, we'd...  
17. MR. SCHAEFFER:  
18.          ...increase...your increase is about six hundred thousand.  
19. Six hundred and fifty. It's a difference between...  
20. SENATOR BLOOM:  
21.          Okay. Now, okay...what...  
22. MR. SCHAEFFER:  
23.          ...7.3 and 7.9  
24. SENATOR BLOOM:  
25.          ...your saying is...your saying...your saying, given the  
26. Governor's proposal there'd be the difference...  
27. MR. SCHAEFFER:  
28.          Peoria...  
29. SENATOR BLOOM:  
30.          ...between 7.9 and 7.3 under present law.  
31. MR. SCHAEFFER:  
32.          Yes.  
33. SENATOR BLOOM:

1. That's what you're saying.

2. MR. SCHAEFFER:

3. Right. Now...

4. SENATOR BLOOM:

5. But, when the shouting is all over and done, the difference

6. between what we got in '75 - '76 school year and what we'd

7. get under the proposal would be a hundred and forty-three thou-

8. sand.

9. MR. SCHAEFFER:

10. Right, but without the proposal you'd be down five hun-

11. dred and seven thousand dollars. Without this...

12. SENATOR BLOOM:

13. Right.

14. MR. SCHAEFFER:

15. ...proposal Peoria will lose a half a million dollars.

16. SENATOR BLOOM:

17. Okay. And if they...you run it through our Comptroller

18. in Peoria that comes out to about 1.8 million. How he arrives

19. at that I don't know. Under present law downstate gets about

20. three hundred and forty-six million. Is that not correct?

21. MR. SCHAEFFER:

22. Under our interpretation of the person involved...

23. SENATOR BLOOM:

24. All right. I knew you'd...okay you're...

25. MR. SCHAEFFER:

26. ...the...the Office of Education has reduced what down-

27. state gets through this three year...

28. SENATOR BLOOM:

29. From three forty-six down to three thirty-six.

30. MR. SCHAEFFER:

31. Right.

32. SENATOR BLOOM:

33. Is that not correct?

1. MR. SCHAEFFER:

2. Right. It costs ten million dollars. Right. To down-  
3. state.

4. SENATOR BLOOM:

5. And under their IOE's interpretation they have increased  
6. what goes to Chicago by twenty-three million. Is that not  
7. correct? From three sixty-three to three eighty-six.

8. MR. SCHAEFFER:

9. Yes...yes, Sir. That's our understanding.

10. SENATOR BLOOM:

11. Okay. ...I'm sorry there aren't more people here, 'cause  
12. I...I think that's important.

13. PRESIDING OFFICER: (SENATOR ROCK)

14. I heard you. The Brady Proposal entitles Peoria School  
15. System to six hundred thousand dollars. It would otherwise  
16. not get. We heard that, thank you. Senator Nimrod.

17. SENATOR NIMROD:

18. Yes, Director, if we don't pass the school package do  
19. we need this tax acceleration bill?

20. MR. SCHAEFFER:

21.

22.

23.

24.

25.

26.

27.

28.

29.

30.

31.

32.

33.

(Continued on next page)



1. If we want to achieve the...a favorable ending available balance,  
2. and have good cash balances every month, we need the ninety-five  
3. million dollars. If you do not want to help out the school  
4. districts and if a...you don't mind the jagged up down stuff  
5. and if you don't mind occasional cash problems, then you don't  
6. need it. I mean need is a tough word, but...

7. SENATOR NIMROD:

8. Well, I was trying to get the view whether or not you  
9. indicated first of all that fifty million dollars of this  
10. was going to go to the schools and that was what was there.  
11. That left forty-five million dollars and in your...in your  
12. conversation with Senator Ozinga, you mentioned that the State  
13. has other problems, so I wanted to know whether you felt that this  
14. was necessary because of the school packet or you think that these  
15. tax acceleration bills are necessary regardless of what we do with  
16. the school bill. You...you...

17. MR. SCHAEFFER:

18. Well, the...the Governor's initial budget included a  
19. tax acceleration bill because he feels that the State is currently  
20. underfunding a variety of programs and he reduced them only  
21. because the acceleration bills weren't passed. So, in...in terms...  
22. programmatic terms as well as fiscal terms, I think that...that  
23. our position is yes, we want the speedups.

24. SENATOR NIMROD:

25. Along this same line when you...you were testifying  
26. in the Revenue Committee during this last year, I was attempting  
27. to get from you how the State was going to end up as a matter  
28. of lapse period spending and what we were going to do and you  
29. couldn't, at that time, come up with any predictions. Now, the  
30. time has passed, I think we have some ideas now. How did we end  
31. up the year? I mean, did we spend more money than came in or what  
32. is the situation?

33. MR. SCHAEFFER:

1. Lapse period spending...

2. SENATOR NIMROD:

3. No,...what is just the net result of...of...did we  
4. spend more than came in or did we not, I...and if we spent more,  
5. how much more?

6. MR. SCHAEFFER:

7. I'll try to answer your question. Lapse period spending was  
8. projected by the bureau to be two hundred and twenty-one  
9. million...two hundred and twenty-one million dollars. It turned  
10. out to be about two hundred, or we think it will be about two  
11. hundred so we spent twenty...we will spend twenty million dollars  
12. less than we anticipated.

13. SENATOR NIMROD:

14. I'm not asking about lapse period spending. I asked  
15. what the net revenues were from the estimated...and where you  
16. ended up with the year. Did we spend more money than actually  
17. came in? Well, let me...let me assist you.

18. MR. SCHAEFFER:

19. Well, I...I...

20. SENATOR NIMROD:

21. I have in my possession here a...a piece of work here  
22. that's out for the general obligation bonds, it's put out by  
23. the State of Illinois and just put out by you. Is this true,  
24. did we spend a hundred and eighty-nine million dollars more as  
25. is indicated in this report that's put out by you or did we not?

26. MR. SCHAEFFER:

27. A hundred and eighty-nine million dollars more than...

28. SENATOR NIMROD:

29. A hundred and eighty-nine million dollars than what the  
30. total revenue and what the expenditures were for the year.  
31. And the year shows that it was a hundred and eighty-nine  
32. million more than what the revenue was. Is that a true figure?

33. MR. SCHAEFFER:

34. The figure, if it's accurate, I assume it is, is that twelve

1. month...fifteen month spending will exceed twelve month revenues  
2. by a hundred and eighty-nine million dollars, if that's the  
3. figure you're getting to.

4. SENATOR NIMROD:

5. I'm not talking about the twelve or the fifteen month.  
6. I'm just saying for the year, did we spend a hundred and eighty-nine  
7. million more than what came in?

8. MR. SCHAEFFER:

9. Senator, I can't respond. During the fiscal year,  
10. during the twelve...the twelve months we did not spend more than  
11. we received. During...if you'd look at expenditures for fifteen  
12. months and revenues for twelve then obviously the expenditures  
13. for fifteen exceeded the revenues for twelve.

14. SENATOR NIMROD:

15. Well, these are on fiscal years and the balance is here and  
16. I think you've put out this report, so, I...I think you're  
17. aware of this report and it's something that's come out from  
18. the...from your office.

19. MR. SCHAEFFER:

20. Well, you know, if we could take a look at it, maybe we're  
21. just talking across purposes.

22. SENATOR NIMROD:

23. All right. Well, any rate, is it...is it a fact then, that  
24. for the last two years or approximately two years that we had a  
25. balance of some four hundred million dollars and that that balance  
26. now is gone and that we are now...have used that...what  
27. balances we had and we are now spending future monies. Is that...

28. MR. SCHAEFFER:

29. Well,...

30. SENATOR NIMROD:

31. ...what we're doing?

32. MR. SCHAEFFER:

33. No, but that report will show you what the balances have been.

1. We are not spending...

2. SENATOR NIMROD:

3. Well, this...

4. MR. SCHAEFFER:

5. ...future money.

6. SENATOR NIMROD:

7. ...report shows me that we spent some thirty million dollars

8. more two years ago, a hundred and eighty-nine million dollars

9. last year and I recall that there was some four hundred

10. million dollars that we had in...in excess monies when this

11. administration came in and we have been spending down that

12. money and...

13. MR. SCHAEFFER:

14. Yes, we have...

15. SENATOR NIMROD:

16. ...the money...

17. MR. SCHAEFFER:

18. ...been spending down that money.

19. SENATOR NIMROD:

20. And that money is gone...

21. MR. SCHAEFFER:

22. Well,...

23. SENATOR NIMROD:

24. ...and we are now spending...we are now trying to get

25. money in the future. Now, on this ninety-five million, are there

26. any other areas, because when this is gone and you talk about

27. taxes, when this ninety-five is gone that's coming from the future,

28. are there some other areas in the future that the next Governor

29. can look to that he can get that you have in mind that is available

30. to us? Or are we pretty well at the end of road, I mean you're

31. ...you're the...

32. MR. SCHAEFFER:

33. Yeah, I can...you...you can...the Comptroller...well, when

1. Bob Mandeville testified, either before your committee or the  
2. Revenue Committee, he listed a string of possibilities and  
3. you know, I don't remember all of them, but you can..you can  
4. accelerate the collection of any tax. You can, you know, collect  
5. on a more timely basis. You can take a look at, and I say this  
6. with great...well, get into a big rhubarb here, you can look  
7. at the way the counties collect property taxes and what you'll  
8. find is that property tax extentions far exceed property tax  
9. collections and the State is making up the difference and the  
10. State could say, look if you can't collect your taxes, you live  
11. with it rather than having the State make up the difference.  
12. Currently it's not the way we do things. So, I mean there are  
13. a variety of things you can do. You...you can also raise taxes  
14. but my, you know, our position is control expenditures  
15. SENATOR NIMROD:

16. All right. If your...position is to control expenditures,  
17. then on your budget for this coming year, what do you estimate  
18. in addition to what we already have, what do you estimate is  
19. going to be the deficiency appropriations that are going to be  
20. needed which have almost become routine as certain ones such as  
21. Public Aid and others wouldn't.  
22. MR. SCHAEFFER:

23. Well, would...this year, if you take a look at what  
24. happened with...with the exception of Public Aid and tax  
25. refunds, there were very few deficiency appropriations.  
26. SENATOR NIMROD:

27. All right. You...you estimate then there will be in the  
28. next year?  
29. MR. SCHAEFFER:

30. I would think there would be very few deficiency  
31. appropriations, but it will depend in great extent to whether  
32. the current controls are extended through the second half of  
33. the fiscal year.

1. SENATOR NIMROD:
2. Your present figures indicate about a thirty million
3. dollar surplus in the budget against the revenues that are
4. coming in. That is what I got from your report. We...
5. MR. SCHAEFFER:
6. Well, we wouldn't...we wouldn't phrase it that way, but...
7. but you do so,...
8. SENATOR NIMROD:
9. Okay. Well, I...you...you tell me how you phrase it.
10. MR. SCHAEFFER:
11. We're saying there will be an available balance in excess
12. of a hundred million dollars at the end of the year.
13. SENATOR NIMROD:
14. All right. Does that include the...the bill that was
15. signed on the inheritance tax?
16. MR. SCHAEFFER:
17. Yes.
18. SENATOR NIMROD:
19. That includes that figure?
20. MR. SCHAEFFER:
21. Yes, Sir.
22. SENATOR NIMROD:
23. Does that include the bill on the Rockford schools?
24. MR. SCHAEFFER:
25. Yes, Sir.
26. SENATOR NIMROD:
27. Does that include the twenty-five million dollar shortage
28. on the revenue estimate?
29. MR. SCHAEFFER:
30. Well, yes, to the...that shortage, which I said was offset
31. by an overage in corporate taxes, resulted in a lower beginning
32. available balance. So, yes it does.
33. SENATOR NIMROD:

1. Well, you somehow during the years are always...during  
2. the year are always saying that we're going to end up on the  
3. balance and yet at the end of the year which you wouldn't admit  
4. to, we ended up with a hundred and eighty-nine million dollars  
5. more.

6. MR. SCHAEFFER:

7. I... ,

8. SENATOR NIMROD:

9. And I just don't understand and of course, I know the  
10. budgetary balance and the available balance or something we  
11. have talked about and kicked around. I am not going to get into  
12. that, but all we're doing here is providing an additional  
13. ninety-five million dollars and following what Senator Glass  
14. had said, if that ninety-five million dollars is passed in  
15. November or December or January then that effect will be two  
16. months later, as I understand it, you indicated. So,  
17. why do we need this now, if we're not going to have the school  
18. bills, why do we need this now rather than look at this in November  
19. or December or January? I mean, why...why?

20. MR. SCHAEFFER:

21. If...if you're not going to have the school bills,  
22. the whole package relates to the school bills. If you don't  
23. pass the school bills, you know, the State will function without  
24. the ninety-five million dollars. We'll still have the  
25. peaks and valleys, we'll still have the cash flow difficulties.  
26. But, you know, the word is need. You know, I...if...if...if  
27. we get it, we'll spend the fifty and the remainder will be in  
28. the General Revenue Fund for contingencies, it will earn interest,  
29. it will be available to be spent if you want or not to be  
30. spent and carried over into the next fiscal year.

31. SENATOR NIMROD:

32. Do we really have any control at all over that forty-  
33. five million when we're already going to be in the hole to start with?

1. I don't understand how you can say they have any control on it.

2. MR. SCHAEFFER:

3. Well, Senator, you know, you...you either have to go  
4. twelve months or you have to go fifteen months, but it seemed  
5. to me that the General Assembly has control in that the  
6. General Assembly appropriates. So,...

7. SENATOR NIMROD:

8. Yeah, but the Governor also, then, gets all the bills  
9. and determines whether or not we've had it. It...it's very obvious  
10. that for the last two years that the Governor has gone beyond  
11. what we had available and that we've...dissipated over four hundred  
12. million dollars more than we had available to us.

13. MR. SCHAEFFER:

14. He can't have gone on...beyond what we had available  
15. or the numbers would be zero.

16. SENATOR NIMROD:

17. Well, we...we went beyond what we...what we had as a means.  
18. We took money that we had in reserve and we used it up.

19. MR. SCHAEFFER:

20. That is...that is correct.

21. SENATOR NIMROD:

22. Would...

23. MR. SCHAEFFER:

24. And the alternative would have been to either not  
25. spend the money or raise taxes. But the Governor has vetoed  
26. some two billion dollars. So you know, one...one would assume  
27. that we're at a very minimum level of functioning if the General  
28. Assembly had...has appropriated two billion in excess of what is...

29. SENATOR NIMROD:

30. Well, it's really obvious that the image of frugality  
31. in...in this area is one that's really been that...it's really been a  
32. big spending administration.

33. MR. SCHAEFFER:



1. Senator Nimrod, that is...that is absolutely impossible  
2. to prove and the facts show that the prior administration  
3. increased GRF expenditures like 21.6 percent every year. GRF  
4. expenditures in this administration have averaged nine percent.  
5. And those are the facts.

6. PRESIDING OFFICER: (SENATOR ROCK)

7. Senator Latherow, for what purpose do you arise?

8. SENATOR LATHEROW:

9. Well, Mr. President, I notice that there's a great lack  
10. of people being able...being able to absorb the testimony  
11. we're having here and I thought I'd rise to make the motion  
12. that we recess until three o'clock.

13. PRESIDING OFFICER: (SENATOR ROCK)

14. Well, I...the understanding was that we will, in fact,  
15. to accommodate the witnesses and those Senators who wish to  
16. avail themselves of the testimony, proceed straight through,  
17. and hopefully then the Committee of the Whole can arise and we  
18. can move, in fact, the bills from second to third with the  
19. understanding that tomorrow they could be called back for  
20. amendment. Senator Berning is on the list, yes.

21. SENATOR LATHEROW:

22. But, Mr...

23. PRESIDING OFFICER: (SENATOR ROCK)

24. Senator Latherow, yes.

25. SENATOR LATHEROW:

26. Well, I just can't see how all these people can get  
27. advantage of the testimony here today when...when I don't see them  
28. here.

29. PRESIDING OFFICER: (SENATOR ROCK)

30. Well, I suppose in the...

31. SENATOR LATHEROW:

32. Maybe they don't want to hear...

33. PRESIDING OFFICER: (SENATOR ROCK)

1. ...Constitutional Convention in... in their wisdom  
2. provided for transcripts, I suppose, if one or another of the  
3. members wishes to avail themselves with a transcript of this  
4. testimony, they can certainly do that. Senator Berning.

5. SENATOR BERNING:

6. Thank you, Mr. President. I just have two quick  
7. questions of the witness. Number one, recognizing that this  
8. advanced deposit of sales tax was the result of the demands  
9. by the Bureau of the Budget in the past, do you really subscribe  
10. to the elimination of that cushion?

11. MR. SCHAEFFER:

12. The requirement for the deposit which is not an advance,  
13. but is a deposit, did not originate in the Bureau. As I under-  
14. stand it and I told the Senator that raised the question,  
15. I...I was not here, but as I understand it, the requirement  
16. arose or the idea came from the Department of Revenue and  
17. the Retail Merchants Association, and the idea was that this  
18. would make things easier for them in terms of reconciling  
19. 'cause they didn't know their actual liability...be under the  
20. month of liability. And as I understand things, it has not  
21. worked out and currently the Retail Association would prefer to  
22. eliminate the deposit and the Department of Revenue feels that  
23. administratively they can handle the other...proposal just  
24. as easily.

25. SENATOR BERNING:

26. Part of the justification or need for it was to prevent  
27. loss to the State...

28. MR. SCHAEFFER:

29. Yeah.

30. SENATOR BERNING:

31. ...of sales tax which...

32. MR. SCHAEFFER:

33. I...

1. SENATOR BERNING:  
2. ...was collected by a firm which went out of  
3. business.  
4. MR. SCHAEFFER:  
5. Correct. I'm...I'm sorry.  
6. SENATOR BERNING:  
7. Now, ...  
8. MR. SCHAEFFER:  
9. On that point, you are right and...  
10. SENATOR BERNING:  
11. Now, recognizing that, do you still support the elimination  
12. of this deposit?  
13. MR. SCHAEFFER:  
14. Yes, Sir, because I feel that...that the deposit which comes  
15. in at the thirtieth of the month gives us some protection, but  
16. a...a collections mechanism that requires payments first...I mean  
17. on the seventh, fifteenth, and twenty-second of the month,  
18. will also provide the...  
19. SENATOR BERNING:  
20. But will it...  
21. MR. SCHAEFFER:  
22. ...same protection.  
23. SENATOR BERNING:  
24. ...will provide a...  
25. MR. SCHAEFFER:  
26. It's my understanding...  
27. SENATOR BERNING:  
28. ...modicum of protection that I submit that if this  
29. is adopted as a policy under this present proposal, we will  
30. certainly within a year be back with a request that a...an  
31. advance deposit be demanded and required of business. Now,  
32. that's my opinion and I know that it's not worth anything to you.  
33. MR. SCHAEFFER:

1. Sir, it's...

2. SENATOR BERNING:

3. The second...

4. MR. SCHAEFFER:

5. It's worth a lot, I'm just saying that...that we differ.

6. SENATOR BERNING:

7. The second point then that I would ask of you recognizing  
8. that by speeding up the tax collection, we are in a sense, pre-  
9. cluding the availability of that dollar...those dollars to others  
10. in the future by a similar procedure a year or two hence, should  
11. it then become necessary for increased available dollars,  
12. recognizing that, there is no question but what we are, if we  
13. pass this request, and tax speedup, we are assuring the need  
14. for a tax increase much sooner. My question to you then is,  
15. what percent of income tax increase do you envision and do you  
16. recommend?

17. MR. SCHAEFFER:

18. I...I don't recommend any and I don't envision any and the  
19. reason is that I can't agree with your premise.

20. SENATOR BERNING:

21. Well, you're entitled to your opinion, but all I would  
22. like to do then is call your attention to the experience over  
23. the past three years and our diminishing available balances  
24. having been utilized, now a request for approximately another  
25. one hundred million in this year, we certainly are going to need  
26. money if that pattern is to continue, very, very soon,  
27. by means of an additional increase in the State income  
28. tax and you are in a better position to tell me what percentage  
29. should be considered and what your recommendation is.

30. MR. SCHAEFFER:

31. Well, the...the pattern is...has not been continued.  
32. The...the pattern has altered substantially this year. The  
33. available balance is not decreasing. It should be roughly the  
34. same or more than it was at the end of the prior fiscal year

1. and secondly, one of the Senators, I don't know where he got  
2. the number, said that...that ninety-five million dollars was  
3. equal to twenty percent of projected revenue growth. Well, if...  
4. if a hundred million dollars is twenty percent, roughly, that  
5. means a revenue growth of five hundred million dollars and  
6. that is substantially higher than the revenue growth we  
7. experienced this year. So if that revenue growth comes to pass,  
8. spending can be increased more than it was this year without  
9. a tax increase, and I would submit that that's what's going to happen  
10. provided spending increases are not in excess, you know,  
11. three to four hundred million dollars or whatever the numbers  
12. are that the Senator mentioned. You don't need a tax increase  
13. if you continue the rate of spending increases we've experienced  
14. over the past couple of years. If you increase spending at a higher  
15. rate, then you're going to...you're going to need a tax increase  
16. but I don't see that happening unless, you know, you...you decide...

17. SENATOR BERNING:

18. Well, you're entitled to your opinions...

19. MR. SCHAEFFER:

20. ...to appropriate large amounts.

21. SENATOR BERNING:

22. ...and I'm entitled to mine. I am being guided but what...  
23. by what happened. We not only dissipated some roughly half  
24. billion dollars, but also the increased income as a result of the  
25. growth of the State's revenue, and so I don't believe that you  
26. are being realistic when you say that we can get by without a tax  
27. increase and so my question is legitimate but I recognize you're  
28. not going to answer it.

29. MR. SCHAEFFER:

30. Well, Sir, just so that you and I can communicate, I...I  
31. can't answer that question unless you tell me what the rate of  
32. spending is going to be. I have said that if the rate of spending  
33. stays to what...the increases stays to what its been in the past  
34. two years, let's say, and the revenue increase projected by the

1. Senator, which is the rule of thumb that I think the Comptroller's  
2. Office uses, you're not going to need a tax increase, but  
3. you...not you, but the General Assembly and the Governor  
4. have to function in accordance with the...the Bureau's plan  
5. and the Comptroller's plan, which are very similar. If you  
6. function in accordance with those plans, there will not be a tax  
7. increase. There will not. I mean we don't have to have one.

8. SENATOR BERNING:

9. Are you then saying that in your opinion, there is no  
10. foreseeable need for an income tax increase?

11. MR. SCHAEFFER:

12. I am saying that if the recommendations put forth by  
13. the Bureau and the recommendations put forth by the Comptroller  
14. are accepted, then I would agree with the Comptroller that there  
15. will be no need for a tax increase in the next two years.

16. PRESIDING OFFICER: (SENATOR ROCK)

17. That's the Chair's opinion, too. Thank you, Senator.  
18. Senator Schaffer.

19. SENATOR SCHAFFER:

20. Mr. President, I...I realize where we are at this point in  
21. time, but on behalf of Senator Weaver and Senator Netsch and  
22. Senator Brady and Senator Berning, Glass, Graham, Merritt,  
23. and Shapiro, I would like to request a half an hour break  
24. for lunch.

25. PRESIDING OFFICER: (SENATOR ROCK)

26. That request is frankly, out of order. Any further  
27. questions of the Director? Thank you, Director. Apparently the  
28. interrogation is over. All right. Doctor Wargo. Well, we...we  
29. have some other witnesses who have indicated they wish to testify.  
30. Senator Brady, for what purpose do you arise?

31. SENATOR BRADY:

32. Yes, I...I believe the list of other witnesses that you have  
33. in...in front of you, Mr. President, are a list of people who said

1. they were proponents of the bill and I wonder whether you would  
2. just name them for the record...

3. PRESIDING OFFICER: (SENATOR ROCK)

4. That is good.

5. SENATOR BRADY:

6. ...and I am sure that they would have available statements...

7. PRESIDING OFFICER: (SENATOR ROCK)

8. All right.

9. SENATOR BRADY:

10. ...or testimony...

11. PRESIDING OFFICER: (SENATOR ROCK)

12. Fine.

13. SENATOR BRADY:

14. ...should we need it.

15. PRESIDING OFFICER: (SENATOR ROCK)

16. Signing in as proponents of Senate Bills 1 through 5 is  
17. Doctor John Wargo, Mr. Harold P. Seamon, Doctor Arthur Lehne,  
18. Mr. Ken Bruce, and Mr. Oscar Weil, and if that's the sponsor's  
19. wish, it will certainly be accommodated. Senator Brady...  
20. Mr. Fernandes, can you assume the podium, we can handle this thing  
21. I think, with dispatch, somewhat. Then Senator Schaffer and  
22. Senator Netsch and all will be accommodated for lunch or seeing  
23. President Carter or whatever you...the Secretary, I am assuming,  
24. is out watching the next President of the United States. The  
25. Pages are watching the next President. Everybody...everybody  
26. except Senator Berning and I are watching. All right. Okay.  
27. Senator Berning, for what purpose do you arise?

28. SENATOR BERNING:

29. I was just curious as to whether you had read the list of  
30. the names of the opponents?

31. PRESIDING OFFICER: (SENATOR ROCK)

32. My understanding, Sir, I read the list that was proposed to  
33. me. There is nobody registered in opposition. Surprisingly enough.

1. Senator Brady now moves that the Committee of the Whole
2. do arise. All those in favor signify by saying Aye. All those
3. opposed. The Ayes have it. We are now in Regular Session
4. on the order of Senate Bills on 2nd reading, Senate Bill 1.
5. Mr. Secretary, read the bill. For the purpose of...I've...
6. we have discussed, I'm sure and Senator Partee has discussed with
7. the Minority Leadership that these bills will be moved with
8. the firm and full understanding that they can and will be
9. called back tomorrow if amendments are to be proffered.
10. Senator Graham, for what purpose do you arise? Senator Graham.
11. SENATOR GRAHAM:
12. ...Session.
13. PRESIDING OFFICER: (SENATOR ROCK)
14. We are now in Session, yes Sir.
15. SENATOR GRAHAM:
16. It takes a quorum of the members...a majority of the members
17. elected to constitute a quorum to do business in the Regular Session?
18. PRESIDING OFFICER: (SENATOR ROCK)
19. That is my understanding, yes Sir. Mr. Secretary, read the
20. bill.
21. ACTING SECRETARY: (MR. FERNANDES)
22. Senate Bill 1.
23. (Secretary reads title of bill)
24. 2nd reading of the bill. No committee amendments.
25. PRESIDING OFFICER: (SENATOR ROCK)
26. Any amendments from the Floor? 3rd reading. Senate Bill
27. No. 2.
28. ACTING SECRETARY: (MR. FERNANDES)
29. Senate Bill No. 2.
30. (Secretary reads title of bill)
31. 2nd reading of the bill. No committee amendments.
32. PRESIDING OFFICER: (SENATOR ROCK)
33. Any amendments from the Floor? 3rd reading. Senate...



1. ACTING SECRETARY: (MR. FERNANDES)
2. Senate Bill...
3. PRESIDING OFFICER: (SENATOR ROCK)
4. Senate Bill No. 3.
5. ACTING SECRETARY: (MR. FERNANDES)
6. Senate Bill No. 3.
7. (Secretary reads title of bill)
8. 2nd reading of the bill. No committee amendments.
9. PRESIDING OFFICER: (SENATOR ROCK)
10. Any amendments from the Floor? 3rd reading. Senate
11. Bill No. 4.
12. ACTING SECRETARY: (MR. FERNANDES)
13. Senate Bill No. 4.
14. (Secretary reads title of bill)
15. 2nd reading of the bill. No committee amendments.
16. PRESIDING OFFICER: (SENATOR ROCK)
17. Any amendments from the Floor? 3rd reading. Senate
18. Bill No. 5.
19. ACTING SECRETARY: (MR. FERNANDES)
20. Senate Bill No. 5.
21. (Secretary reads title of bill)
22. 2nd reading of the bill. No committee amendments.
23. PRESIDING OFFICER: (SENATOR ROCK)
24. Any amendments from the Floor? 3rd reading. Senate Bill
25. No. 6.
26. ACTING SECRETARY: (MR. FERNANDES)
27. Senate Bill No. 6.
28. (Secretary reads title of bill)
29. 2nd reading of the bill. No committee amendments.
30. PRESIDING OFFICER: (SENATOR ROCK)
31. Any amendments from the Floor? 3rd reading. I would ask
32. leave of this Body to have the Journal reflect that Senators
33. Savickas, Dougherty, and Chew are absent because of illness.

1. Any further business to come before the Senate? Senator
2. Brady moves that the Senate do now stand adjourned until Friday,
3. September 10, at the hour of noon. The Senate stands adjourned.
4. Senator Schaffer can now go to lunch.
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