

83RD GENERAL ASSEMBLY

REGULAR SESSION

MAY 5, 1983

PRESIDENT:

The hour of nine having arrived, the Senate will please come to order. Will the members be at their desks. Will our guests in the gallery please rise. Prayer this morning by Senator Kenneth Hall. Senator Hall.

SENATOR HALL:

(Prayer given by Senator Hall)

PRESIDENT:

Thank you, Senator. Reading of the Journal.

SECRETARY:

Thursday, April the 28th, 1983 and Friday, April 29th, 1983.

PRESIDENT:

Senator Johns.

SENATOR JOHNS:

Thank you, Mr. President. I move that the Journals just read by the Secretary be approved unless some Senator has additions or corrections to offer.

PRESIDENT:

You've heard the motion as placed by Senator Johns. Any discussion? If not, all in favor signify by saying Aye. All opposed. The Ayes have it. The motion carries. It's so ordered. Senator Johns.

SENATOR JOHNS:

Mr. President, I move the reading and approval of the Journals of Monday, May the 2nd; Tuesday, May the 3rd; Wednesday, May the 4th, in the year 1983, be postponed pending arrival of the printed Journal.

PRESIDENT:

You've heard the motion as placed by Senator Johns. Any discussion? If not, all in favor signify by saying Aye. All opposed. The Ayes have it. Motion carries. It's so ordered. Journal correction.

SECRETARY:

Yesterday on the Judiciary I Committee report we had some bills that were inadvertently reported wrong. Senate Bills 189, 191, 294, 604 and 896 were incorrectly reported out of Committee on Jud. I as Do Pass instead of Do Pass as Amended. And Senate Bill 1333 was incorrectly reported out as Do Not Pass instead of Do Pass as Amended.

PRESIDENT:

Message from the House.

SECRETARY:

A Message from the House by Mr. O'Brien, Clerk.

Mr. President - I am directed to inform the Senate the House of Representatives has passed bills with the following title, in the passage of which I am instructed to ask concurrence of the Senate, to-wit:

House Bills 366, 377, 379, 380, 381, 387, 398, 401, 403, 406, 408, 409, 412 and 417.

PRESIDENT:

If I can have the attention of the membership, it is obvious that the galleries are graced with the presence of the media, both television and radio. With leave of the Body, they will be allowed to film the proceedings...film and tape the proceedings. Is leave granted? Leave is granted. Senator Johns, for what purpose do you arise?

SENATOR JOHNS:

In lieu of the lull here, I'd like to be shown as a sponsor of a bill, is that alright, Mr. President?

PRESIDENT:

It certainly is.

SENATOR JOHNS:

...I think it's 767, by Senator Art Berman, and Senate Bill 168, I think that's by Demuzio. I want to be hyphenated cosponsor.

PRESIDENT:

Alright, you've heard the request. Is leave granted?

Leave is granted. It's so ordered. Senator Netsch, for what purpose do you arise?

SENATOR NETSCH:

Thank you, Mr. President, for purpose of a motion. I move that the Senate resolve itself into a Committee of the Whole for the purpose of holding a general discussion of Senate Bill 1297.

PRESIDENT:

You've heard the motion. Any discussion? If not, all in favor signify by saying Aye. All opposed. The Ayes have it. The motion carries. It's so ordered. The Senate has now resolved itself into a Committee of the Whole, and with leave of the Body, we will suggest the following procedures. Witness slips are available in the back of the Chamber at the desk of the Sergeant-at-arms, and individuals filling out those slips should complete them there, please. And the Sergeant-at-arms will...ensure the fact that they are filed with the Secretary. Oral testimony will be taken from the proponents and then, obviously, from the opponents. And the...we are asking the witnesses to please understand the time constraint and we would like to impose, if at all possible, a limit of perhaps ten minutes per witness. Depending on the number of witnesses, that time constraint may even be further constrained, and each witness providing testimony will be available to the members of the Senate to respond to questions. Individuals not giving oral testimony but simply...wishing to register as a proponent or an opponent, or to provide written testimony will be recognized and their position read into the record at the conclusion of the oral testimony. We have, I think, the Chair has been supplied with a list of at least fifteen witnesses thus far, and there probably will be some more. Individuals who are neutral will be recognized for oral testimony in the discretion of the Chair. The provisions of our rules governing access to the

Floor will apply, except, obviously, that the witnesses who will be providing testimony will be allowed on the Floor. As previously stated, television cameras and recording devices will be allowed to be used during the entire proceeding. Amendments are not in order on this order of business. And at the conclusion of the business we will entertain...the Chair will entertain a motion to arise and to order this legislation to the Order of 2nd Reading, and that will be...by voice vote. Alright, with leave of the...alright, the Chair will yield for the purpose of the Committee of the Whole to Senator Netsch who is the chairman of the Senate Revenue Committee and the chairman of the Senate Select Committee on Budget and Finance. Senator Netsch, if you'd please assume the Chair.

CHAIRMAN NETSCH:

Before we begin with the witnesses, the Chair recognizes the Minority Leader, Senator Philip.

SENATOR PHILIP:

Thank you, Madam Chairman. President Bock, Governor Thompson, distinguished guests today, I think we can all agree on one thing, and that is that the State of Illinois has a financial problem. I'd like to briefly review how we got there, and I think it's a combination of factors. In the last six years this General Assembly has granted tax reliefs. Let me remind you, two cents off of drugs and food, the sale tax off of manufacturing equipment, agricultural equipment; we've abolished the inheritance tax, senior citizens tax relief, in 1983 totalling four hundred and sixty-one million; in 1984 projected five hundred and eighty-one million. We all participated, we all ran on that the last time we ran. Second factor, the general revenue in the State of Illinois, sales tax is up slightly, income tax down, Federal aid down slightly. The third factor, we postponed some payments, some obligations we've had. We postponed the School Aid Formula

one payment, and we've going to borrow some money so that we have a cash flow at the end of the year. These three factors have put us in the financial crisis that we are facing today. And we're basically have three options. The first option would be to cut programs and spending. At the Governor's request, I have introduced some thirteen bills that do cut spending. I have had two hearings in the Senate committee and both of those bills were defeated on strictly a party vote, Republican versus Democrat. The second alternative we have would be a small tax increase and some cuts. And, of course, the final option we would have would be the Governor's proposed tax increase. That is the reason we have the Committee of the Whole today. I am happy that the Governor is here to explain his program and to answer questions. It also gives the opportunity of the citizens of the State of Illinois to understand exactly what we are proposing and to testify today. We're eventually going to be making that decision in the House and the Senate, and we do have a responsibility not only to the taxpayers, but we do have some responsibility to the tax eaters. And without further ado, Madam Chairman, let's proceed.

CHAIRMAN NETSCH:

Thank you, Senator Philip. The first witness, appropriately, is the Governor of the State of Illinois, Governor Thompson. Yes, as he's coming forward, I think it is clear to everyone that the bill about which the hearing revolves is Senate Bill 1297, and it will be posted. Governor Thompson, welcome to the Senate.

GOVERNOR THOMPSON:

Madam Chairman, Mr. President, distinguished leaders from the majority and minority and members of the Senate, I thank you for the opportunity to testify this morning in Committee of the Whole. In the more than six years that I have served as the Governor of the State of Illinois, this is only the

second time that I have appeared before a committee of either house of the General Assembly. That one other appearance was before a Committee of the Whole of the House of Representatives. So, my appearance here this morning is a rare one though I have had the pleasure of addressing joint Sessions of both the House and the Senate many times during the course of my service as Governor, and I have had the distinct honor and pleasure three times of presiding temporarily over this Body, an acquaintanceship that a Governor rarely gets to have with the third floor, and one which I treasure. I count the members of this Body on both sides of the aisle as my friends, on and off the Floor. You were present in January when I addressed the Chamber in joint Session with my State of the State report, at which time I proposed that Illinois increase its rate of income tax on both the personal and the corporate side, increase the liquor tax of the State of Illinois and increase our transportation taxes. Yesterday, the Revenue Committee of this Body reported favorably the bill to increase liquor taxes. For that, you have my thanks. It is my earnest hope that that bill will continue on a speedy course towards passage. Fifty million dollars of revenue is involved there. If the bill fails or falters, fifty million must be taken from spending each year. I thank you for your action on transportation taxes to this date. It is clear that the State of Illinois has many needs in every region, and the amount of taxes proposed will barely cover those needs. But bottom line, without those taxes, this State, which pays for Federal aid and has worked hard to become number one in Federal aid, will lose more than three hundred million dollars in Federal aid over the course of the next four years. But we are here today to discuss the proposal to raise the rate of Illinois' income tax. I have no formal remarks, you have received those from me twice, in the State of the State and Budget. Permit me some observations, and

then I would be pleased to take whatever questions you might have. I think it fair to say that hardly anyone enjoys paying taxes, and I think it fair to say that hardly anyone enjoys the prospect of paying increased taxes. But I also think it fair to say that we, in Illinois, in the Legislative branch and among the people, are a wise, compassionate and caring people, and we know that there are some things that only government may accomplish. We know that government can't solve every problem nor should it try, but we know there are some things that can get done only if we ban together and act through the processes of government at local, State and Federal levels with appropriate responsibilities assigned to each. And we know the price of the services performed by government is taxes. I believe that in my proposal to increase the tax rate in this State I have chosen the fairest vehicle, the income tax. Illinois at the moment is blessed with one of the lowest income taxes among the states which impose such a tax. Even moving the tax rate to the level that I have suggested would still keep Illinois a modest tax State in terms of the burden of the income tax on both the individual and corporate side. I believe that the Senate Select Joint Committee in its recently issued report has catalogued for you the income tax rates of other states of the nation. I will not repeat them here. I will simply observe that almost half the states which surround us have progressive income taxes whose top rates run to a level far higher than the level that I have suggested that Illinois go to. That is important in determining the effect of this proposed tax increase on the business climate of this State. The states which surround us are our principal job competitors. The industrial states of America are our other principal job competitors, and whether you measure my request against our surrounding states or against the other industrial states, Illinois remains in a competitive business

condition. Questions have been raised about the size, the amount, of the proposed tax increase, but it is plain that in Fiscal 1984, whose budget you are now in the process of considering, we will have more than four hundred million dollars worth of obligations that we owe, the debts of recession, some imposed on us by others. For example, the Federal Government. Some the product of our own deliberate actions taken in an attempt to outrun recession, a race engaged in by all the states. Relatively speaking, we have outlasted most, but it is very difficult for a state whose main economic foundations rest upon those sectors of the economy which have been down all at once to continue to outrun recession as we go through our fourth year. And it has literally nothing to do with the business climate of this State, nor does it have anything to do with any action taken by you or me. Agriculture is in recession nationwide and worldwide, and neither you nor I can legislate it back to prosperity. Market conditions must change. When ag goes down, ag implements go down. When agriculture worldwide goes into recession and when the price of oil drops, third world nations and OPEC nations order fewer pieces of equipment from companies like Caterpillar. Neither you nor I can legislate companies like that back into prosperity. We rely heavily upon the auto industry and the auto parts industry in the State of Illinois, and they face ruinous competition from the Japanese, and they face the dollar that is too strong in relation to the yen. Neither you nor I can legislatively alter that relationship. Steel is an industry which is desperately in trouble in America. You and I have helped to do our part to maintain some of that, which we have when you passed and I approved a bill altering the tax structure of this State to encourage U.S. Steels south works, modernization and expansion. But that was as far as we could go. As the steel industry strengthens itself, as we hope it will in Illinois,

and modernizes and saves some jobs, they may, indeed, reach a level of employment higher than that which we now possess in that industry, but they will never return to the employment levels of the past. That will have an impact on revenue. Neither you nor I can affect that. Caterpillar and its employees settled a contract the other day for which we all are grateful. That strike has been ruinously long. But the settlement was made at levels of wage increases far below than those which Caterpillar workers have enjoyed in the past. You can multiply that example hundreds of times across the State. Between low rates of inflation which drive wage and salary settlements and the need for greater productivity in give-backs, the private sector, labor and business voluntarily are coming together and negotiating wage agreements far below the level of growth of the past. That will have permanent impact on the wage and salary base of this State. So, if we have to spend, next year, more than four hundred million to pay some of the debts of recession, over which we have no control, or debts imposed on us by the Federal Government, over which we have no control, then nearly a quarter of the suggested tax increase is already committed. You and I began cutting spending in the State of Illinois in response to recession more than three years ago. We are no "Johnny-come-lately's." Businessmen sometimes say to me, I've had to cut back, why don't you cut back State spending? And the answer is, we have, and not just last December, and not just a week ago in this Chamber, but three years ago. I've cut back on requests from agency directors before the budget was even sent to you. You've cut back, I've cut back at signing and veto time. You've cut back again. Together we've cut back hundreds of millions of dollars in the last three years. We have cut. More than six thousand fewer employees work for the State of Illinois today than worked for the State of Illinois two years ago. When business

people say to me, I've had to lay off, why don't you lay off, the answer is, we have. We have. And in some places it's really hurting. It's hurting in mental health, but without a tax increase of some kind we'd have to do more. It's hurting in corrections, but without a tax increase of some kind we'd have to do more. If after three years of hundreds of millions of dollars of cuts and thousands of layoffs or failure to fill positions, all this Body wanted to do, after cutting education back below the level of last year, something no other General Assembly has ever done in the history of this State, this fiscal year. After passing the Emergency Budget Act last December, something no other General Assembly has done in the history of this State. If you thought that after three year's of cuts we couldn't cut significantly anymore and we wanted to maintain the level of spending for State services that exists today as I stand here, it will take more than seven hundred million new dollars next year just to stay in place. Well, now we're up to more than 1.1 billion just to pay the debts of recession and just to stay in place after three years of massive cuts, and that doesn't include one penny of restoration of any cut, and it doesn't include one penny of a new dollar for any program. So, when people say to me and when they say to you, the Governor's request is too high, those numbers I think simply and eloquently respond, and you know that, because members of this Body and the members of the Body on the other side of the Rotunda have, at this point in the legislative process, introduced both appropriation and substantive bills whose cost is more than 2.6 billion dollars over the budget. This is a list of the bills which you and House members have introduced, appropriations, supplemental appropriations and substantive bills with cost over the budget, 2.6 billion. I assume all these bills were introduced in good faith but they cost money. They all have worthy purposes. Were I to go

down the list of the subject matter of these bills, you would see that they had worthy purposes. There are Democratic bills and Republican bills, but their total cost is 2.6 billion dollars over the budget that I have submitted. Example, among the bills are bills for two hundred and thirty-five million dollars for higher education, above the level of the March budget; three hundred and ninety-one million dollars in increase for elementary and secondary, above the level of the March budget; one hundred and thirty-five million more for Mass Transit Grants, above the level of the budget; two hundred and thirty-four million dollars for continuing revenue sharing, above the level of the budget. There are six hundred and thirty-three million dollars in new appropriations; five hundred and forty million dollars in over-appropriations; seventy-one million in supplemental appropriations; substantive bills with a fiscal impact of a half a billion dollars; eight hundred and ninety-four million dollars worth of new tax relief. Now, my friends, as worthy as these proposals are, we cannot have it all ways. We cannot suggest that we do not need new resources, or we cannot suggest that my proposal is too high when members of this Body are 2.6 billion above the budget. Impact, education. As I travel around the State of Illinois, which I have done frequently in support of my request for a tax increase; speaking almost everywhere, long hours into the evening and the weekends; hoping to convince your constituents of the need for a tax increase; going where they say I should not go; going nonetheless, I see what you see. I see school districts with their back to the wall; I see teachers layed off; schools consolidated, some of that can't be avoided even with a tax increase, there's no doubt about it. But I also see something else, I see a school system which is not now in the process of preparing our children and grandchildren for the employment of the future, and that's a

scandal. I see children who know how to play Donkey-Kong and Pac-Man and Frogger but who are not computer literate, and that's a scandal. And as I travel the nation, I see states around us who are moving ahead in education, states poorer than we, because they know where the future lies, and that's a scandal. I see us giving to community colleges the burden of retraining our displaced workers. Is there a voice in this Body who would deny a person who's lost his job in the auto industry, or the steel industry, or the farm implement industry, a person in their twenties or thirties or forties, is there a person in this Body who would deny a second chance at life? Retraining costs money and some of it must be State tax money, the Federal purse is not unlimited. Or are we going to say to those people, "Sorry, your job just disappeared and we don't care." I don't think we should, as we encourage businesses to move to this State, to stay in this State, to expand within this State. One of the reasons for our success has been retraining programs through the community colleges. Are we going to shut-off that avenue of economic development when our neighbors are increasing it? That would be a scandal. And the universities, the Congress told us two years ago that most new high-tech expansion would come to the midwest. Will it come to Illinois or will it come to Michigan, or Indiana, or Iowa, or Ohio, or Minnesota? We have more natural attractions than any other state in the midwest, but all those states are marching forward with higher education. Last year we marched backwards, twice. Are we going to continue that backward march in higher education and at the same time expect higher education to lead us to high-tech expansion? That is an inconsistent burden. Let me tell you a story. Last week I was in Senator Georkaris' district, the town of Gurnee in Lake County. I was there to attend the dedication of a new plant. It was a celebration on several accounts. You will be pleased with

most of the story. A French firm, Roquette Farrar, has built a fifty million dollar plant in Gurnee. I talked to the chairman of the board who came from Paris for the occasion. That French company, a maker of agribusiness products, principally sorbital, an artificial sweetner which is made from Illinois corn, that company had searched in eight states and visited more than one hundred and twenty-seven sites looking for a place to put that fifty million dollar plant. They finally ended up in Gurnee, Illinois. I asked the chairman, why. He said it had everything they wanted, central location, transportation, skilled labor, quality of life, and a good business climate in the State, his words, his exact words. I was proud of that and I was proud of our ability to attract reverse investment to this State, foreign investment in this State, creating jobs in this State, creating construction in this State, using our products as their feedstock instead of making those products in France and exporting them. That's the kind of interaction with foreign nations we should be encouraging. I was glad to hear what he said about the business climate of Illinois, I've been saying the same thing. I was glad he chose Illinois out of the eight states in which they looked. They are already building an addition. They took me on a tour of the plant, it is the latest state of the art, it is a perfect marriage of high technology, agribusiness and agriculture, something we should be encouraging in the State of Illinois, adding value to our agricultural products before they leave the borders of the State, adding to our wealth. They have salesmen, they have office managers and office help, people who maintain the plant. I said, "Show me the assembly line where you make the product," and they did. They run three shifts a day, seven days a week, they never stop making the product. I said, "Show me the assembly line, I want to meet the workers." They did, there are three. Three people can run this plant

sitting in front of a computer console. The automatic mixing vats don't pay income taxes. Now, I'm not saying we don't want...Roquette Farrar here, we do, that fifty million dollars worth of construction was important to the building trades. The total employment at that plant will be about forty. Sure we want those jobs, we don't want them elsewhere. What I'm trying to say is that this is at least in some ways an illustration of where the future of employment in some industries is going. For if that plant had been constructed ten years ago, there would have been many more people on the line. Our economic base is permanently changing and we must fight to survive, and we can't do it without advances in education; and you can't advance education by cutting the budget of education below the level of the year before. In mental health we're running dangerously close to the line on direct patient care, risking accreditation and Federal reimbursement or litigation from the Department of Justice. I don't want the Department of Justice running the mental health institutions of the State of Illinois and neither do you. Take it out of the bureaucracy, someone said, and we have. The layoff notices are out, they've caused a stir in some legislative quarters. Local government revenue sharing which is a significant pressure against property taxes and general assistance total together nearly a half a billion dollars. At my request, Senator Philip has introduced bills to abolish that burden on the State because we cannot afford it without a tax increase. If you turn down those bills, you must find half a billion dollars elsewhere. But the only budgets capable of absorbing a half a billion dollar cut are education and public aid. And last December we took medical care from poor people, we haven't given it back yet, and not a dime of it goes back in the 1.1 billion. I spent forty-five minutes this morning with the director of corrections. We're not utilizing every available prison bed

space in the State of Illinois because we can't afford to staff them. The people of the State of Illinois and you, acting legislatively in 1978, said you wanted longer, tougher sentences on violent criminals. The judges are responding, but we're running out of room. Build more penitentiaries you told me and I have responded, but we've got to staff them too, that is a permanent, ongoing, increasing need. The people of Illinois find it hard to understand why we have to force release prisoners out the backdoor of the penitentiary before their sentences should be over to accommodate the prisoners coming in the front door of the penitentiary when we have empty bed space available, because we don't have enough money in the Department of Corrections' budget to staff them, and we're closing work release and we're closing work camps. Two good alternatives to incarceration, ones we should be increasing not decreasing. My friends, I have gone nearly everywhere in the State of Illinois, I've spoken to chambers of commerce, to organized societies; I've visited schools, mental health institutions, correctional facilities, I've met with your constituents. Yes, I've heard opposition but I've also heard support. I hope you will hear some support today. I've gone to the public, I've made myself available in town meetings. I intend for the balance of this Legislative Session to work unceasingly for an appropriate tax increase for the State of Illinois to keep us number one, that is my obligation and I will not retreat from it. I will work publically, I will work legislatively, will not turn my back on the needs of the people of the State of Illinois whom you represent, but I need your help. When the deadline for introduction of bills came, mine was the only request that was filed. I assume that means that you agree with my proposal, else you would have filed a different bill; or I assume that means that you are prepared to offer alternatives to my proposal, but none have been offered; or I assure that

means that you are willing to cut spending to the level of resources available next year without a tax increase, but spending cuts have either been defeated or have not been called, and in their place we have 2.6 billion dollars of new. Somewhere in there is a choice. I have indicated to you what I think is the appropriate choice, and I hope you will respond. I thank you for the privilege of testifying in this Committee of the Whole, and I would be pleased to answer any questions that you might have.

CHAIRMAN NETSCH:

Thank you, Governor. I gathered that if you had a vote in this Body, your vote would be Yes on Senate Bill 1297.

GOVERNOR THOMPSON:

Yes, ma'am.

CHAIRMAN NETSCH:

Is that...that was the explanation of your vote.

GOVERNOR THOMPSON:

That was the explanation of my vote.

CHAIRMAN NETSCH:

Right, thank you. Doctor Mandeville, I am told, is also available...

GOVERNOR THOMPSON:

Yes, he is.

CHAIRMAN NETSCH:

...for any additional information but does not have a separate statement; is that correct? Right, thank you. Alright, questions for Governor Thompson. Senator Lechowicz.

REEL #2

SENATOR LECHOWICZ:

Thank you, Mr. Governor and members of the Senate. We all...I'm sure that we all share your concern, Governor, in reference to the possible reduction in services in the area of human services in this fiscal year's budget. And we do share your concern in reference to providing adequate funding for mental health and education and...public aid. But there is a question, Governor, in reference to the amount of the budget request in Senate Bill 1297, and the amount of money that will be generated this year and in the future years. And according to your own analysis by BOB, it's approximately in the area of one billion five hundred million for next year.

GOVERNOR THOMPSON:

Yes, sir.

SENATOR LECHOWICZ:

And in your testimony this morning you mentioned that the roll over from last year was approximately four hundred million, is that correct?

GOVERNOR THOMPSON:

Yes, sir. In recession driven obligations, yes, sir.

SENATOR LECHOWICZ:

Let me point out to you that according to my perusal of the budget, that figure is a little short and it's probably in the area of nine hundred million.

GOVERNOR THOMPSON:

Well, Senator, it depends how you define obligations. You can move them back and forth between the four hundred million dollar figure I suggested or the seven hundred million dollar figure I suggested.

SENATOR LECHOWICZ:

Well, the...the reason why I'm raising the question...because if this passes at this level and the retirement...and the deferred debts are paid off, our next question is, to what areas would you use the new money? But let me just put right into the record our own analysis in reference to what the costs were from last year and what the possibility of mandatory costs and revenue losses we project in '84. And if Dr. Mandeville wants to respond to this or any member of your staff, I'd be more than happy to talk to them. In the...area of deferred costs from last year...in the area of deferred hospital reconciliation, it's a hundred and seventy million; nursing home rate adjustments, twenty-five million; school aid payment, a hundred and ten million; MHDD Grants, twelve million; road fund diversions for the State police, forty million; retirement systems based at seventy percent of it would have been a hundred and twenty million, based upon the bill that was passed last week, it's in the area of a hundred and ninety million; then, there is payments in unemployment benefits, sixty million; catch up in Fiscal '84 as far as public aid payments to late in '83, sixty to ninety million; income tax refunds delayed in '83, fifteen million; Higher Ed. Fiscal '83 pay raises analyzed at three percent, eight and a half million; that comes up to a total of approximately five hundred and ninety-one million...eliminating any labor contracts with AFSCME or the restoration the Fiscal '83's two percent reserve. Now the mandatory costs or Section B, would be a debt service of approximately forty-five to fifty million for '84. Local Government Distributive Fund at nine million transferred to the Road Fund of six million, or a total of sixty-five million. Then we have the area of revenue losses, bills that were passed and signed by you, inheritance tax, ninety-six million; public utility, thirty-four million loss; income tax, slower growth based upon the economy which you pointed out, eighty million;

Corporate Decoupling Federal Tax Law, fifty to sixty million; sales tax relief measures, example, manufacture in group food and drugs, farm machinery; twenty-four million, or a minus two ninety-four. So the figure we're talking about is approximately nine hundred and fifty-one million. Now, my next question then, Governor, is...

GOVERNOR THOMPSON:

May...may I interject, Senator, at that point?

SENATOR LECHOWICZ:

Surely.

GOVERNOR THOMPSON:

You are entirely correct. Those figures are all contained within our fiscal plan as well, and I thank you for elaborating on them.

SENATOR LECHOWICZ:

Well, that leads to my second question. After this matter is deferred and paid, you'll have approximately nine hundred million dollars of additional revenue, and for a number of times we've asked your code departments, in what areas would this money be spent?

GOVERNOR THOMPSON:

Senator, according to our calculations, after paying our bills, and maintaining State spending at present levels, we would have just over four hundred million dollars of money available from this tax increase based upon our revenue estimates for next year which are within one percent of the revenue estimates of the Economic and Fiscal Commission, as I understand it, there's only a one percent difference at this point. We in the Executive Branch have begun the process of working through the allocation of any so-called new funds over and above our obligations. In fact, I spent three hours yesterday morning with the Minority Leader of the Senate who is the sponsor of the bill, by request, because of my belief that those who share my sentiments that we ought to increase

the tax rate ought to be consulted first on where any new allocation would go. So, I want to assure the Senator that yesterday morning, I spent three hours on the allocation process, and I intend to spend more time on the allocation process. I can give you a rough idea where I would put the new money. I, though you will have the last word through the appropriations process and I would not preempt the appropriations committees of the House or the Senate because that is their function and ultimately yours to appropriate. This Body and the Body across the hall has already begun the allocation process which is why we have 2.6 billion dollars in new spending measures introduced and out of committee, in some cases. I would put the largest share in education for the reasons that I've suggested. I would restore vitality and health to our mental health system, institutionally and community health; to corrections to fill the bed spaces now available in those coming on line. I would restore some of the cuts that we've made in services for poor people. And I would go through the budget process line by line, dollar by dollar, as we did yesterday morning to decide what was worthy of restoration and what we could do without. But it is entirely clear to me, Senator, that even if we spent all of that available new money that we anticipated would be there next year, we could not possibly put back nor should we every cut that's been made.

SENATOR LECHOWICZ:

Well, that goes to my third...observation, and normally the processes of government is that the expenditure normally rises to the amount of revenue that's available, and that's to assure the concern of many people in this State that maybe this should not happen. And especially with the effect of trying to promote the expansion and the bring in additional industry in this State, where we've had a deficit expansion program in this State for a number of...not to...not because

of you or the departments, but because of the economic times and the attractability of Sunbelts and other tax factors that were approved in those states. My concern is that if industry has this additional burden placed upon it, how in the world can the Department of...and Economic Development go out and solicit and say that...that the State of Illinois is a good State to expand in comparison to some of your other more attractive states that provide additional benefits for industry to promote themselves with.

GOVERNOR THOMPSON:

Senator, I think there are two answers to that last question. The first is, as I said at the beginning of my remarks, I have deliberately suggested a level of taxation in this State that would keep us competitive with our job competitors, as the Joint Select Committee, I think, found by publishing their tables of taxes in neighboring states...in competitor states. Just two weeks ago I sat with an investor from another state, a man who is prepared to put somewhere between a hundred and a hundred and fifty million dollars of new investment in this State, principally in the Chicago area. He raised but two concerns. He said you have a new city administration in the City of Chicago, I'm going to hold off for a little bit and see where it's going to go. And he said, I would have done that no matter who won the election, whether it was Washington, Epton, Byrne, Daley, anybody else, he would of wanted to see what a new administration would have looked like. He said, but I have a second question, for you Governor, why are you cutting education? How can you hope to attract new business and industry to your State, especially high tech, when you're going backwards not forwards on education? And I said, Sir, we're only doing that at the moment because I don't have any more money and it's my hope that the Legislature will respond and correct that situation, and I've asked them to increase taxes to do

so. He said, well, I don't mind the tax increase, because your taxes will still be lower than the taxes in my home state. He said, but I think it's...it's a bad signal to the business community to go backward on education. Now this was a man who was prepared to put up two hundred and fifty million dollars of investment in this State. I simply relate to you his concerns.

SENATOR LECHOWICZ:

My last comment, if I may. Governor, could you have your staff present to the membership of this Body your proposal in reference to how you're going to be expending or appropriating the additional money that's requested in Senate Bill 1297? Because I think before this matter is on 3rd reading, it would be quite beneficial to each member here if that information will be available.

GOVERNOR THOMPSON:

Senator, before I ask a single member of this Body to vote for this bill, I will provide my allocation. Thank you.

CHAIRMAN NETSCH:

Senator Geo-Karis.

SENATOR GEO-KARIS:

Your Excellency, I'm sure that we all share your concern about the needs of our State. Going through Senate Bill No. 1297, in which we are discussing today, I am concerned whether or not the income tax increase proposed is going to contain any real estate property tax relief because that is the concern that has been expressed to me quite...quite loudly in my 31st District.

GOVERNOR THOMPSON:

Senator, I think there are two answers to your question. The tax increase would enable us to continue both revenue sharing and general assistance. That is nearly a half a billion, and with the tax increase would be more than a half a billion dollar protection against further property tax.

increases which I regard as one of the most regressive taxes in our State, the property tax, because it bears no relationship to the ability to pay, especially for senior citizens and people on fixed or declining incomes whose homes have been caught in the inflationary spiral. Now, when I originally made my proposal, it was for a permanent tax increase. At the request of the sponsor, it became a four-year tax increase so that we could settle the question with certainty, whether the Illinois economy was capable of rebounding to such a point where the level of taxation that I have suggested would not be necessary or whether it would, indeed, be necessary so that neither of us would have to guess, we would know. The signs are still scary, Senator. In just the last month, income tax down more than forty million dollars below estimate, but they tell us we're coming out of recession. We haven't seen it so far in revenue coming into the State of Illinois. So far ten months into a twelve-month fiscal year, Fiscal 1983, we're but sixty-eight million dollars ahead of last year in State sources and sixty-five of the sixty-eight million is interfund borrowing. Doesn't sound like the end of recession to me. But I passed that point because with the surtax we would know. If those who say that natural growth in the economy will produce revenue greater than is necessary to sustain appropriate and modest increases in State spending for programs are right, there is nothing to prevent the General Assembly, sitting at that time, from diverting excess income tax revenues into property tax reform along the lines suggested by the Tax Reform Commission.

SENATOR GEG-KARIS:

Then would you say, your Excellency, that the earliest that any real estate tax reform can come under this package, or under your proposal, would not occur until probably another year?

GOVERNOR THOMPSON:

Until the money is there, Senator. Except for the modest expansion of property tax relief as opposed to reform that we have suggested for senior citizens.

SENATOR GEO-KARIS:

Do we have an assurance that the real estate tax relief will be addressed in your...in the tax package as it will finally come through by both Houses? This is one of the concerns that...that I feel that if we could answer satisfactorily to the public, at least the public...which I represent, there...may be a more...a greater acceptance of your tax.

GOVERNOR THOMPSON:

Senator, I cannot give you that assurance because at this moment the revenue isn't there to meet both our needs in property tax reform. What can I give you is my opinion. If we arrive a year, or two years, or three years down the road, at that place where the income tax is producing more revenues than this General...Assembly thinks it prudent to spend, I would then divert that excess to property tax reform as the first priority. But you see, this Assembly's priorities keep changing, too. Example, just last week when you cut the FY '83 budget by seventy-one million dollars in appropriations to the retirement funds, you also passed a resolution, just passed by the House, stating your intention to repay that money with interest. That's seventy-one million dollars that is not now in the budget. That is your legislative will. That's seventy-one million less for education, or property tax reform, or mental health, or corrections, or anything else, but that's your judgment, that's why the people send you here. So I can't give you the assurance that a future General Assembly, or this General Assembly, would choose property tax reform over spending or over appropriations for other programs. I'm saying what I would do.

SENATOR GEO-KARIS:

Thank you.

GOVERNOR THOMPSON:

Yes, Ma'am.

CHAIRMAN NETSCH:

I might admonish the members to be as brief as possible. This is not directed at either the two previous or the next questioner, but we have one, two, three, four, five additional Senators on the list to ask questions of the Governor, and the Governor is the first of approximately twenty-five witnesses. So, it's going to be a long day, Ladies and Gentlemen. Senator Vadalabene.

SENATOR VADALABENE:

Yes, thank you, Chairman Netsch. Governor, mine is...mine is more of a statement rather than a question, but I would like to have a comment about you...about this, because I had a resolution drawn after I seen the March 10th release of the State Chamber of Commerce by Les Brand who said that, since 1975, Illinois has the worst business climate, I think, than any other state. Now, I know that if Director Fox would have made that statement or anybody that works under his leadership or in your administration, you possibly would have reprimanded them or fired them.

GOVERNOR THOMPSON:

Right.

SENATOR VADALABENE:

Now how can you cope...how can you cope...I was going to use the word stomach, cope with a man, the Executive Director of the Illinois State Chamber of Commerce, who makes those kind of statements and you're trying to get business into the State of Illinois? What do you do with a man like Mr. Brand? Do you think he's outlived his existence as a State Director of the State Chamber of Commerce and that something should be done to replace him?

GOVERNOR THOMPSON:

Senator...with all respect, Senator, in answer to your first question of how I get along, it ain't easy. In answer to the second, I believe that Mr. Brand is capable of redemption and salvation, and I am working earnestly with his board to achieve that result.

SENATOR VADALABENE:

Yes, Mr. Governor, that sounds good. But we can't wait for that kind of reprieve from a man like him who is dangerous to the business climate of the State of Illinois.

GOVERNOR THOMPSON:

I think, Senator, that most business people are...who...who are considering this place, this State, as a place to expand, stay or locate from out of the State or out of the country are perfectly well capable of assessing the business climate of this State entirely apart from the assessments of the State Chamber of Commerce, and they do so everyday because we have new industry moving into this State everyday.

SENATOR VADALABENE:

I consider you a very...close and personal friend.

GOVERNOR THOMPSON:

Thank you, sir.

SENATOR VADALABENE:

Would you advise me to proceed with that resolution?

GOVERNOR THOMPSON:

Well, I think, Senator, that all of us are seeking to form a consensus to improve the business climate of this State, which is always capable of improvement 'cause we're never a hundred percent and if we get to a hundred percent, we should go to a hundred and ten; and I think it would be more in our mutual interest, and in the interest of eleven and a half million people, if you and I sat down quietly with the board of directors of that institution and attempted to reconcile your differences with Mr. Brand.

SENATOR VADALABENE:

Let me ask you one more...make one more statement in regard to the...the votes on the State Income Tax or any tax proposals that are come before this Body. My question to you is, you know, I've done a lot of training with my bird dog and when he did something right I rewarded him. Now there is going to be members in this Body who are not going to vote for your tax program, and there are members in this Body who are going to vote for this program. Are you going to use the reward system?

GOVERNOR THOMPSON:

There are several departed members, especially of the Body on the other side of the Rotunda, who would be thanking you in spirit, Sam, for...for raising that question that they would have raised had they been here. I believe that it is appropriate in the allocation of any new revenues available to us after paying off out debts to consult with those members who believe that the State of Illinois should move forward, as to what their preferences are for allocation. And I've already, as I said, begun that process, I spent three hours yesterday with the sponsor of this bill and I intend to call upon Senators first, because the bill is in this Chamber, who are at least willing to listen to my proposal for a tax increase, to get their ideas about where any money ought to be spent, and I will incorporate in my suggested allocation their ideas.

SENATOR VADALABENE:

Yes, thank you, Mr. Governor, and before I sit down...and the reason why I asked those questions, because I'm one who does not heistate to ask something up front.

GOVERNOR THOMPSON:

Right.

SENATOR VADALABENE:

And the reason I say that is because there are...there

are my colleagues on both sides of the aisle who have...been rewarded by the press, by the press, yet, up until today, for not voting for the pay raise, instead of criticizing those who took the pay raise and have not returned it; and those of us who voted for it are still being criticized. And I believe that that type of a system by the press should be looked at also. And I'm wondering...they were rewarded for not voting for something, and I'm wondering whether we, who are possibly going to vote for you, will get the same treatment? Thank you, Governor.

GOVERNOR THOMPSON:

As a...as a leader of your party from your district, once said to me during the course of my campaigning in your area last year, Senator, which strongly supported me, for which I am grateful to your people, "If you're for me, I'm for you."

CHAIRMAN NETSCH:

And if that doesn't work, Sam, your reward is in heaven.
Senator Jeremiah Joyce.

END OF REEL

REEL #3

SENATOR JEREMIAH JOYCE:

Well, I don't share your belief that the income tax is the most fair tax, Governor. Maybe in theory, but not in the application as...at least, as I read this and, let me take you through this.

GOVERNOR THOMPSON:

Sure.

SENATOR JEREMIAH JOYCE:

Of all the revenue that's derived from both the personal income tax and corporate income tax, take that total bunch of dollars, my understanding is that the ratio is about seven to one. That is, seven dollars to come from personal income tax and about a dollar from the corporate income tax. Is that correct?

GOVERNOR THOMPSON:

The...I don't know the exact ratio, Senator, but the dollars received from the individual income tax farout weigh those received from the corporate income tax.

SENATOR JEREMIAH JOYCE:

Okay. That's the ratio, approximately seven to one. At least that's what our numbers indicate. When the income tax was enacted, the ratio was far different. It was less favorable to corporations, more favorable to the individual. Your proposal...the revenues which would be derived from your proposed income tax continue to aggravate or exaggerate that situation against the individual, so that my understanding is, the dollars that would be derived from your proposal would be on a ratio of about twelve to one...eleven to one, individual versus corporation. Is that correct?

GOVERNOR THOMPSON:

I did not ask this Body to raise the corporate income tax

to the level that the Constitution would have allowed it to be raised. Yes, sir.

SENATOR JEREMIAH JOYCE:

Well...well wait, here. If...if...well, you know, we could easily settle this question. What I'm trying to say is this, I don't believe because of the way the income tax return is set out and the way the corporate...corporations are able to arrive at the income that they're going to be taxed on in the State versus the way individuals arrive at that and given the context in which that is done, investment tax credit, buying companies that have losses, all of these things that you are very familiar with and I don't think that the income tax in Illinois, as applied, is fair. And, you could easily dissuade me of that view by trotting in here top fifty or one hundred chief executive officers, from the top fifty or one hundred businesses in Illinois, many that are multi-State businesses that is...that whatever benefits we give to them, it is translated in price reduction to customers outside of Illinois. Trot them in and let's see what the bottom line is, what they are paying. And I would...I believe that if...if you did that, that the members of this Body would concur in my present opinion that the Illinois Income Tax as applied and as proposed in your legislation is not there.

GOVERNOR THOMPSON:

Senator, I think there are three answers to that. One, the reason I did not suggest a higher rate on the corporate side was because I thought we had to leave room for the increased taxes that businesses in Illinois will be paying under the Unemployment Compensation Settlement, which this Legislature recently approved. Those are taxes. Secondly, I think it fair to say that, in the end, individuals pay all taxes. They pay the corporation taxes through the price of the product that the corporations put out. So, people pay

everything, no matter how the taxes are denominated. And, thirdly, I believe, at this very Session of the Legislature and...and the sponsor may correct me if I'm wrong, a series of some thirty-three bills were introduced by Senator Rock and most of the Senators on the Democratic side, if not all the Democratic Senators, there may be one or two who were not on the bills, some of which would give additional tax credits against the income tax to businesses, if I am not mistaken.

SENATOR JEREMIAH JOYCE:

Alright. I...I tried to deal with the points that you raised, because I heard you make the first point on T.V. awhile back. The second point is, many of the people that the taxes are being passed onto, my point is, are not residents of Illinois, would not be residents of Illinois, multinationals, United Airlines, National Can that's coming here today. The third point...and you cannot have it both ways, you...you came here and I admit...I admit what Pate Philip said, we did this and I would be willing to roll back, put...put the sales tax back on, change the inheritance tax, I would be willing to do that if you want an alternative, I...I would be willing to go along with something like that. What -I am saying is, you can't have it both ways. You come in and you say it is very important for us to establish a good business climate in Illinois and because of that, we are going to give...treat business this way. And then, we look at studies and we find that tax treatment of business isn't the basis for causing them to relocate in Illinois, for causing them to remain in Illinois. It's a whole lot of other factors. Tax treatment is down very low. So, you know, we go back and forth on this. All I'm saying is, I think the income tax as applied in Illinois is unfair. I have a suggestion, maybe you can kick it around. Why not just approach it gross income. Work out a formula, figure out what we think would be fair corporate responsibility versus indi-

vidual responsibility, work out a formula on gross income. We don't have to get into all these other lines on the...on the return all the...go out and buy a corporation that has a big loss, so you don't have to pay any tax. It's my thoughts.

GOVERNOR THOMPSON:

Thank you, Senator.

CHAIRMAN NETSCH:

Senator Newhouse.

SENATOR NEWHOUSE:

Thank you, Madam Chair. Governor, I think that there are those in this Body who want to keep this State afloat and at least at its current level to provide the services to the citizens of the State of Illinois. I was, sort of, reassured by, what I thought I heard you say on education. As you know, I've been on both Education Committees for the seventeen years I've been in this Assembly...

GOVERNOR THOMPSON:

Yes, sir.

SENATOR NEWHOUSE:

...would you...would you again repeat for my ears what your stand is. I was at the Board of Governors meeting this morning and I had nothing to say that would have encouraged them. Did you say to me...did you say to this Body that you intend to keep education funding at its current level at a minimum and were you referring both to elementary, secondary and to higher ed?

GOVERNOR THOMPSON:

No, what I said was that it was my personal opinion that the largest share of any new revenues available for either restoration or new programs should go to education and that follows from the fact that education is the single largest item in the budget. I cannot, however, give you a specific funding number until I have followed Senator Vadaskene's

suggested of consulting with those who might be interested in supporting the resources.

SENATOR NEWHOUSE:

Can you give me a definitive statement on what your position is?

GOVERNOR THOMPSON:

That's...that's my position, sir. I think the largest share of any new resources ought to go to education.

SENATOR NEWHOUSE:

So you have no statement on the level.

GOVERNOR THOMPSON:

On specific dollar level?

SENATOR NEWHOUSE:

Yes.

GOVERNOR THOMPSON:

Not without knowing what this Assembly has in mind in other areas, nor without knowing what this Assembly has in mind on the resource level. Are you going to support my package as is, are you going to try and take it down? If you take it down a dollar, you have to take spending down a dollar.

SENATOR NEWHOUSE:

Then...

GOVERNOR THOMPSON:

I will tell you the dollar...here...let me repeat what I said to Senator Lechowicz. Before I ask a member of this Body to vote for this bill on 3rd reading, I will tell you exactly to the penny how I would allocate to education, before I ask you to vote.

SENATOR NEWHOUSE:

Governor, that's reassuring to some of us who would not be able to vote, otherwise. I'm concerned about a second element and that is the process of the layoffs that have occurred, and you mentioned two areas in particular that are

a concern of mine and a number of other legislators. For example, you mentioned that mental health, and those of us who have looked at the layoffs in mental health and looked at as a matter of fact, some layoffs in some other areas, are very much concerned about the patterns that we ascertain, for example, in Region II, which happens to be in Chicago. I wonder if you would make yourself and the director available for us to discuss that, because no matter what you do, if the layoffs...if the hires are in the same pattern as the layoffs were, we are very much discouraged.

GOVERNOR THOMPSON:

Region II is a difficult situation. As you know, it was tied up in litigation for awhile. There is a difference of opinion about layoffs in regions versus layoffs in institutions versus layoffs in institutes. The Department of Mental Health has a new acting director. He has been capable of solving difficult problems before. He has already sat down with at least one member of this Body to discuss layoffs in mental health and he would certainly be glad to sit down with you.

SENATOR NEWHOUSE:

Let me make clear...perhaps, let me restate the proposition, Governor...the layoffs are sort of, in effect, the problem that...that persists in Region II isn't simply that there were layoffs. It is that the pattern was such that services cannot be delivered. It isn't that they will not, they cannot be delivered. So, I want you to understand that that's the basis of the concern.

GOVERNOR THOMPSON:

I understand. Yes, I understand that.

SENATOR NEWHOUSE:

...we get...you mentioned the area of human services and, of course, those are two of the human services. Then, I take what you have said to us, that you will be available to dis-

cuss all these issues on...in each one of these areas before we are asked to vote on the issues...or on this bill.

GOVERNOR THOMPSON:

Yes, sir.

SENATOR NEWHOUSE:

Thank you, Governor.

CHAIRMAN NETSCH:

Senator Keats.

SENATOR KEATS:

It's a pleasure to have you here today, Governor...Mr. President...or Madam President. I want to ask you a question that is not as much geared towards the members of the General Assembly, 'cause most of us know this answer; it's geared more towards the mass media presentation, so that people as a whole will know. Since we took office in January of 1977, comparing a State budget to the Federal budget, the Federal budget which is presently about eight hundred and fifty billion, had it grown with inflation from January of '77 until today, not faster than inflation, the budget some people allege would be about six hundred fifty to seven hundred and twenty-five billion, or somewhere between two hundred and a hundred and twenty-five billion less than it is. Our budget presently at thirteen point nine billion, had it grown with inflation since January of '77, when we took office, it would be, as you and I know, substantially higher than it is today.

GOVERNOR THOMPSON:

Yes, sir.

SENATOR KEATS:

What I would like you to do is...is really gearing it more towards the populace as a whole, remind all of us the fiscal restraint that has been demonstrated by this General Assembly and you, as Governor, so people realize how much has been held down during these seven years.

GOVERNOR THOMPSON:

The fiscal restraint practiced by this and preceding General Assemblies and by this Governor, acting in concert, can be quantified in several ways, Senator. Every year since I have been Governor, the rate of spending increased by State Government has been less than the rate of increase of inflation. Some years that was easy; some years that was awfully hard, but we did it. Even more importantly to the people of Illinois and the share of the burden that they bear in supporting essential State services every year that I have been the Governor and members of this Body have served with me, the rate of increase in State spending has been below the growth of personal income in the State of Illinois; so as services got better, the price to the people of Illinois got smaller. On top of that comes three years of persistent budget cuts again and again and again and again to counter recession. I think that is a proud fiscal record, and it is one reason that we are able to debate this question today when most of our neighbors have settled it repeatedly years before, because most of our neighbors who did not have that kind of record have had to raise their taxes earlier and higher than that which I have suggested, and I thank the Senator for giving me the opportunity to remind us all of that.

CHAIRMAN NETSCH:

Senator Schaffer.

SENATOR SCHAFFER:

Thank you, Chairman. Governor, very much appreciate your willingness to participate today and should, I guess, start off by saying that I have tremendous respect for the ability that you've led this State with, and I shiver to think of the situation that we would be in today without your...your courage, which has in many cases, in fact, most cases, exceeded the courage of either Body of the Legislature.

GOVERNOR THOMPSON:

I thank the Senator.

SENATOR SCHAFFER:

The question I have, I guess one is a question and the other is, frankly, a request. I'll start with the request. We have the, I guess, the dooms day prediction for our...our regional areas, what the cuts will mean; and as one who is involved in the appropriation process, I'm familiar with most of the figures. I would appreciate from the Department of Revenue a similar printout of exactly how much money the proposed increase would extract by town and county and hamlet from our areas, so that we might lay those comparisons side by side.

GOVERNOR THOMPSON:

If it...if that can be done, it will be made available.

SENATOR SCHAFFER:

It would be intriguing if it couldn't, when we look at the minute detail of the one side, one would assume the other could be put together, if...if some level of resources was applied to it.

GOVERNOR THOMPSON:

I will ask.

SENATOR SCHAFFER:

The second question I have...I...I had a...was at a meeting, an education meeting, and after the meeting broke up, we...several of us were out on the parking lot, some superintendents and education type leaders of various levels of education, local education in my area, and I...I frankly asked them, I said, "You know the response on this tax increase from those of you who presumably would benefit the most is sort of an underwhelming in my area...I...I really haven't heard from you and I'm kind of curious." And they allowed as how I guess they were really sort of wanted us to increase taxes, but their hearts weren't really in it and I

said, "Well, why not?" And they said, "Well, Senator, you know and we know that all the formulas for distribution of school aid money, the Community College Formula, all of these things really don't do us a great deal of good. We're...many of our school districts are funded way below the State average of State support." In fact, they went on to predict that a major tax increase might generate needed dollars for education, but, in fact, they might still end up getting less money than the previous year. And, my concern is, if I go to my constituency and say, "Oh, I voted for the tax increase because I was concerned about education," and the following week the school districts put out the press releases announcing that their level of State support was reduced X number of dollars because of the workings of the existing formula, that's going to be kind of hard to explain. My question is, what reassurances do we have that...that those funds generated will be distributed in a fair and equitable manner? Having said that, I will say that there are parts of the State that have special problems that my part does not have, and I respect their needs for funds and I respect the justifiable difference in funding formulas. But, frankly, I think we've gone a little far in some of those formulas already. And, in all candor, with due respect to my friends in the majority party, you can't blame some of us from the suburbs and downstate from being a little nervous about what's going to happen to those formulas in the future. Items you do not have control over. How do I answer those concerns?

GOVERNOR THOMPSON:

Senator, I think the answer to your question came in part from your conclusion that there do exist disparities in wealth between school districts and that it is in the interest of eleven and a-half million people to try and equalize some of those disparities, which is why we have a formula. The...the answer to the other part of your question lies

within the hands of this Body and the Body on the other side of the Rotunda. You write the formula. You appropriate the line items for categorical aid. You and your colleagues have it within your control, it seems to me, to assure your constituents that they will get their fair share. I assume that you would seek to answer that concern before you would support a tax increase. I refer you to Senator Vadalabene's philosophy.

CHAIRMAN NETSCH:

Senator Hall.

SENATOR HALL:

Thank you, Madam Chairman. Governor, I think I talked to you about this before. I have two questions. Before I ask you that I want to tell you this, and I think it should be the concern of all of us, is that are we going to clothe the naked? Are we going to feed the hungary? Are we going to take care of the indigent and the elderly? That should be our number one priority.

GOVERNOR THOMPSON:

I agree.

SENATOR HALL:

Alright. Now, number one, you as head of the ship of State, when did you first know that this State was in such a bad financial crunch?

GOVERNOR THOMPSON:

Well, Senator, it came upon us in stages. As you'll recall, I started cutting the budget in response to recession three years ago; and, as you'll recall, all during last year I kept warning that our fiscal condition was deteriorating and I came to the members of this General Assembly and asked for help and you gave it to me. The experience in Illinois is consistent with the experience in other states of the nation. The economic situation gradually deteriorated and hasn't yet recovered. There is no one-snap shot in time when

we fell over the cliff.

SENATOR HALL:

Question No. 2, you know when the...your case and the court case and, of course, you know I...I was hoping that the court's decided against you, but you won that case.

GOVERNOR THOMPSON:

You mean the Emergency Budget Act Case?

SENATOR HALL:

Right.

GOVERNOR THOMPSON:

Yes.

SENATOR HALL:

Now, that thirty-two thousand people that we were given to...told that would be without any medical coverage, whatsoever, what's the status of those people today?

GOVERNOR THOMPSON:

They have medical coverage to the extent indicated in the Emergency Budget Act. Some are without medical coverage, some have limited medical coverage.

SENATOR HALL:

Now, when you're saying some, what are you talking about? Your statement...

GOVERNOR THOMPSON:

Well, general assistance...

SENATOR HALL:

...your people, it wasn't you, said it was thirty-two thousand.

GOVERNOR THOMPSON:

...general assistance recipients, for example, have some limited hospital coverage, but not unlimited. The AMI MANG Program is...is gone.

SENATOR HALL:

They're not completely out, then. There are some...

GOVERNOR THOMPSON:

There are still medical services available for poor

people. Yes, sir. Quite a bit.

SENATOR HALL:

Thank you.

CHAIRMAN NETSCH:

Thank you. Governor Thompson, that is the last of the members of the Senate who has requested an opportunity to question you. I think we do appreciate your presence here. It is obviously the most important issue of this Legislative Session, both to you and to us individual legislators, and I think the time spent was well worthwhile for both of us.

GOVERNOR THOMPSON:

Madam Chairman, I agree with your sentiments. I thank you for the privilege of testifying.

CHAIRMAN NETSCH:

Thank you. The Chair recognizes Senator Rock.

SENATOR ROCK:

Thank you, Madam Chairman and members. I would just point out to the membership that Senator Philip has delivered to me a list indicating that there are fourteen additional proponents...witnesses to be heard. We do, in fact, have to be in committee by two o'clock...at two o'clock. It is the intent that we will finish and go to committee. And, as you know, the deadline is tomorrow. There is no need, it now appears, given the Herculean effort of all concerned during the course of this week, there will be no need for us to be in Session tomorrow. So, today will be the final day, and I would urge the members to bear that in mind and let's get through the witnesses so we can carry on with our committee this afternoon. Thank you.

CHAIRMAN NETSCH:

Thank you. Senator Rock, in addition to the fourteen on the list, I would point out that a number of others have signed witness slips and have requested an opportunity to speak. If I might, I would like to indicate the next several

witnesses on the list of proponents that have been submitted by the Governor and...or the Governor's office and the sponsor of the bill so that they can make their way down here and be prepared to follow one another quickly. Mr. Frank Considine, National Can Company; Cheryl Bronson and Dr. Ikenberry will be the next three witnesses. Yes, and with all due respect to those witnesses and others to follow, I think that the original suggestion of Senator Rock that we try to limit to ten minutes will now have to be reduced to five minutes, or there simply will not be enough time for everyone to have an opportunity to testify. The...is Mr. Considine, Miss. Bronson and Dr. Ikenberry on their way down? Yes, yes, Mr. Considine. Let me get some...members of the Senate, we are ready to proceed with the remainder of the witnesses. I would suggest that you listen also very carefully to their testimony, and if there are questions, you will have that opportunity, but please keep them to a minimum and as brief as possible. Thank you. Mr. Considine.

END OF REEL

REEL #4

MR. CONSIDINE:

President Rock, Minority Leader Senator Philip, Madam Chairman, Governor Thompson and distinguished members of the Senate. I'd like to make a comment, I hope the Senator is here, on the subject that was alleged to be stated to...by Les Brand of the Illinois Manufacturer's Association. I'm chief executive of National Can Corporation, we have seven plants in the State of Illinois, and I'm here to tell you that Illinois is not the worst State, by far, to do business. We operate about fifty plants in this country and anybody that says it's wrong, is wrong. This is a very vibrant State, we've got some things we have to do, things we have to watch, but Illinois is a great State and it's a good State to do business in. Now, let me tell you, I'm here today on behalf of Chicago United. Chicago United is a group of fifty chief executive officers, black, white and Hispanic, founded in 1973 to bring together the various components of the community to help solve common problems. For years we have operated behind the scenes and many of you have never heard of us, but today, I believe this is the first time that we're here today, I'm here today, on their behalf, to endorse the need for a State Income Tax. Why are we speaking out today? Because we're concerned. We're concerned that there is a need and that may...there are many needs and it may not be met. We're concerned for the State, its people and jobs that its people need. Now, let me say that we understand and recognize the problem that the Legislature experiences when voting for a tax increase, and that's why we're here. We want to help, we want to provide some support for the Senate and the House in passing a...a...a State Income Tax that we feel is needed. And if we can be helpful and if this message

that we have is helpful, that's our mission. Specifically, we're endorsing the need for a tax, we are also saying that we're going to leave the details up to you. You know best how much is needed, you know best the term, you know best how it's to be implemented. We feel that leaving that mandate with you to work something out is really the best way something can be accomplished. We all know that we need help for...in the school systems State-wide. We have a State-wide problem with the roads, the bridges and transit...systems need to be improved, these are State-wide needs. We're saying that the timing is right for an increase. Other states are increasing their taxes or already have. We've had no increase in years and we have had some help from you in recent years. The budget appears to be inadequate. From a timing point of view you have support from much of the media, many of the major newspapers in...in the State are supporting a tax increase. Another element, I talked to my friend Bob Gibson of the AFL-CIO the other day, who could not be here with you today, and Bob said that he would certainly support a tax increase along the lines that I'm suggesting with the details to be worked out in the legislative process. Revenues do depend on business, revenues depend on the economy. The economy does seem to be picking up, it will probably be a little slower than we would like, but the pickup is there. Business looks for stability and predictability in a state. It also looks for prudent management of the states' fiscal affairs. So, I'm saying that we support an income tax increase but we support a prudent one. We suggest you limit the increase to the needs, after a good, hard look that some of you talked to the Governor about just a few moments ago. Restore only those services that are necessary. We acknowledge the need and we're suggesting a cohesive effort on the part of everyone in the community, business, labor and government to work together to work out the problem and con-

tinue a healthy fiscal state of...condition in our State of Illinois. I thank you very much for listening.

CHAIRMAN NETSCH:

Thank you, Mr. Considine. There are several members of the Senate who would like to address questions to you. Senator Newhouse. And again, I would ask everyone to keep the questions as short and pointed as possible.

SENATOR NEWHOUSE:

Thank you, Madam Chair. and I will be brief. Good morning, Mr. Considine. I'm familiar with your organization and wish we'd had a chance to meet personally before I ask you a question, it's not intended to embarrass you. You might have heard the question I asked the Governor about the distribution of services and that concerns me greatly. There is a disparity that goes...in, for example, the mental health services, that threatens to have people on the streets in the City of Chicago unable to care for themselves who ought not be there. I'm delighted at what Chicago United has...has done in the past, I'm delighted to see you here this morning. I wonder if we can depend upon Chicago United to help us in the kind of lobbying effort that's going to be necessary during this Session and...and...and in the future, to make certain that these concerns are addressed by the Chief Executive and by this Body.

MR. CONSIDINE:

Senator, this is something, what...our being here indicates our support and the support isn't just being here today, there are other ways that we can support an effort for a tax increase. I trust that answers the...

SENATOR NEWHOUSE:

I...I'm going beyond a tax increase at this point, I'm going to the services to be delivered to our area and I...I think your answer covers that. I know that Chicago United has been active in the past. It's the first time I've seen

them here, I'm delighted about that and I simply wanted to exchange with you the notion that we need to go beyond the tax increase to continue to monitor the delivery of services, to Chicago particularly.

MR. CONSIDINE:

Oh, I...I agree with you on the subject of services, it does have to be looked into, it's not something that we can treat in a cavalier way. Many people are being hurt, we know that, but it's...it's a condition of the times and we have to see that the income...or the tax increase or revenues the State has are distributed fairly. I think that's something that we can...we can work together on.

SENATOR NEWHOUSE:

Then I take it that we can...we can rely upon you for...you and Chicago United for our continued interchange.

MR. CONSIDINE:

Well, to the extent I don't have my job at the can company, I'll be glad to spend more time on it, but I know what you mean, Chicago United will be glad to cooperate, we certainly want to provide reasonable support. No question.

SENATOR NEWHOUSE:

Thank you, very much.

CHAIRMAN NETSCH:

Senator Grotberg.

SENATOR GROTBERG:

Thank you, Madam Chairman. Good morning, Mr. Considine. With no rehearsal at all, because I didn't realize you were going to testify, but I think a couple of logical questions come from your being here today, representing Chicago United. Did you say in your remarks that you are probably also a member of the Illinois Manufacturer's Association and a member of the Chicago Association of Commerce and Industry, you...your company?

MR. CONSIDINE:

Yes, we are members of the Illinois Manufacturer's Association and I'm the past president of the Chicago Association of Commerce and Industry.

SENATOR GROTBERG:

That leads to my next question. Could you tell me of the fifty corporations that created Chicago United, and I was there at your founding, would you guess as to how many of those members are past presidents or current presidents of either the Illinois Manufacturer's Association or the Chicago Association of Commerce and Industry? Just off the top of your head, Frank.

MR. CONSIDINE:

Well, there are probably three or four past presidents of the Chicago Association of Commerce and Industry. I don't know...I know there are some people that are active in the Illinois Manufacturer's...

SENATOR GROTBERG:

Right.

MR. CONSIDINE:

...I'm not certain whether there's a president.

SENATOR GROTBERG:

I don't mean to belabor your memory...

MR. CONSIDINE:

That's all right.

SENATOR GROTBERG:

...there are some, correct?

MR. CONSIDINE:

Oh, yes.

SENATOR GROTBERG:

Now, my last question, because this is a question that usually comes from the other side of the aisle. National Can Company, who we've all watched grow from Cicero Avenue to a world-wide operation, what has been the unemployment comp., workmen's comp., cost to you...what...this...this year. for

instance, off the top of your head, again...is? I did not prepare you for this question.

MR. CONSIDINE:

No.

SENATOR GROTEBERG:

Just roughly, what does...

MR. CONSIDINE:

I didn't...

SENATOR GROTEBERG:

...your corporation pay?

MR. CONSIDINE:

...I didn't bring those numbers with me, I do get a report...

SENATOR GROTEBERG:

Is it several million?

MR. CONSIDINE:

Oh, yes. Oh, yes, it's several million dollars, sure.

SENATOR GROTEBERG:

All right. Now, the next logical question, do you pay any State Income Tax, as a corporation?

MR. CONSIDINE:

Oh, yes.

SENATOR GROTEBERG:

Can you give us a...a ballpark figure?

MR. CONSIDINE:

No, I wouldn't...well, I can give you an average rate...it's about...on top of Federal, I imagine it's four plus percent across the board, it's a national average...on State taxes...State and local taxes.

SENATOR GROTEBERG:

So, you're a significant taxpayer as a corporation?

MR. CONSIDINE:

Yes, our sales are a billion and a half dollars annually, we operate in about...eight countries overseas. So, yes, I'd

say we...we pay quite a bit of tax.

SENATOR GROTBERG:

Thank you.

CHAIRMAN NETSCH:

Senator Geo-Karis.

SENATOR GEO-KARIS:

Mr. Considine, I have an awful lot of respect for you because you're one corporate officer who is very community minded and I wish I could say the same for all.

MR. CONSIDINE:

Thank you.

SENATOR GEO-KARIS:

But, anyway, my concern is this. If the tax package does provide an increase for corporations to 5.6, considering that there has been...there have been lobbying efforts by members of the Illinois Manufacturer's Association and the Illinois State Chamber of Commerce against that, and also there has been concern in my 31st District that if we raise the corporation taxes we might put companies out of business in Illinois and send them elsewhere. If...that should be considered to raise it to 5.6, do you feel that, you, as a corporate officer and a past and probably president, I don't know, but how do you feel the other corporations will feel about it? Are you in favor of it, in other words, with your experience and background?

MR. CONSIDINE:

Senator, yes, I...I am in favor, but I don't believe anyone will move a plant because of the difference in income tax. It might have an effect on someone who would locate a new plant here because you do take a look at all the factors. But other states are in the same...same condition. And one of the assets that...that Illinois has, as a State, is location. And you...you know, freight costs around the country are so much greater that the taxes are that the advantage of

locating here in Illinois far outweighs...the tax. So, it is a factor, it's something that you always consider, but I don't believe it's going to drive anybody out.

SENATOR GEO-KARIS:

Do you suppose then if...one of the other concerns that...has been expressed to me by manufacturers in my area, what have you, is the Workmen's Compensation Act, the present one. Do you suppose that if that is remodeled to be fair to both business and labor, do you suppose that would be a factor to incite some of the corporations who have been writing to me against increase in income tax to consider that...such is the case?

MR. CONSIDINE:

Yes, Senator, it...it would be helpful. I know progress has been made, I hope we can make more because it...it...it is a factor in...in locating a...a plant, there's no question about that.

SENATOR GEO-KARIS:

'Cause Illinois is very well situated with the water, labor force, transportation, et cetera.

MR. CONSIDINE:

Illinois has unique advantages and we should exploit them, as a team, working together.

SENATOR GEO-KARIS:

Well, I think we have the best labor force and hopefully we can keep it here.

MR. CONSIDINE:

I think so.

SENATOR GEO-KARIS:

Thank you.

CHAIRMAN NETSCH:

Senator Buzbee.

SENATOR BUZBEE:

Thank you. Mr. Considine, my questioning follows the

same general line of Senator Geo-Karis'. That the 1.6 percent increases proposed...and by the way, I come as a strong advocate of the Governor's tax increase package, I have been for a long time. So...but...the 1.6 percent increase as proposed in the Governor's package for corporations...here, you as the CEO of a major corporation in this State say that you can handle it and you think that...that most corporations who are already located here can, but I have had some concerns about what kind of signal that might send to the business community. And I have talked...I have not gone to the point yet of proposing an amendment, but I have talked many, many, times about the possibility of replacing that 1.6 percent increase for corporations with the decoupling as from...from the Federal...from the...Federal Corporate Tax Return. The first year in Illinois, we know that the Governor's proposal would raise an additional two hundred million dollars from the corporate income tax increase. We have estimated, and again, these are only estimates, that decoupling the first year would raise about fifty or sixty million dollars. However, in the long-run, we believe, and it's very, very, difficult to be able to project this, but we believe in the long run that the dollars coming into the State would be more from the decoupling than it would from the corporate income tax. At the same time, we could say to the world, we have a four percent corporate income tax rate in the State of Illinois. Now, I am told by the Governor and others that the corporate world is adamantly opposed to the decoupling, but there are several who would at least accept a percentage increase. Would you address that please, Mr. Considine.

MR. CONSIDINE:

Well, Senator, when you get into the decoupling aspect of it, I...I recognize that there...there are two sides to that and some businesses are for and many businesses are against. Your basic question is, would we be sending a signal to the

business community, those other companies who might invest here in Illinois? I don't think it's a signal that isn't...competitive. And we do have to consider what goes on in the other states around. I think a lot of what you hear from the community, the business community, too often they're against. And I'm going to say this as a member of the business community. Too often they're against things that sound like an increase in taxes, when there are times that we have to recognize a greater need and a greater responsibility than just resisting a tax increase. So I feel that...that it should not be...it should not be that difficult to overcome if...if it becomes a negative. But this is what we would like as far as decoupling or whatever else you might have in mind. We believe that that kind of a consideration can be best handled in the deliberations of this Body and in the House. And that's why we're leaving those kinds of things up to you, to how you work it out, how much, all we ask is be prudent and...and...and let's not spend or create anymore money than we actually need.

SENATOR BUZBEE:

Right. Okay...I...I guess what I'm really...given the...the compromise that was worked out on the...on the unemployment compensation package and the tremendous burden...increase in the rates that...that employers are now paying, I was wondering if that in conjunction with the 1.6 percent corporate income tax increase was...was more onerous than...again, in...in the total scheme of things, two hundred million dollars is not a whole lot of money in the Governor's total package of approximately one and three-quarter billion. It's...it's a lot of money but it's not...it's not the major portion by any means. And so I was wondering if the decoupling as one possibility or perhaps just leaving the corporate...increase out altogether as another possibility. And, by the way, I concur with what Senator Vadalabes said

earlier about the negative...signals that the executive president of...of the Illinois State Chamber of Commerce has sent to the...to the world for many years, it seems to me, is a lot worse than anything this Chamber has ever done to them.

MR. CONSIDINE:

That's right. That's right. But...I think you're all right, I think the...the business community can handle a...a tax increase, an income tax increase, and keep it as low as you possibly can, consistent with the...the real needs, not the exaggerated needs of the...of the State.

CHAIRMAN NETSCH:

Senator Joyce.

SENATOR JEREMIAH JOYCE:

Yes, Mr. Considine, would...would you know specific dollars what your corporation paid in Illinois Income Tax last year?

MR. CONSIDINE:

No, I...I...I wouldn't have that.

SENATOR JEREMIAH JOYCE:

Would you be...would you have any aversion to sharing that information with us if you had it here, today?

MR. CONSIDINE:

Well, I don't think...not a bit.

SENATOR JEREMIAH JOYCE:

Pardon me?

MR. CONSIDINE:

That's no problem. If I had it, I'd be glad to tell you.

SENATOR JEREMIAH JOYCE:

Well, would you...perhaps ask...

MR. CONSIDINE:

I...I think you're...I...I think I might...maybe what you're after is, are there enough shelters and are there enough situations that would cause us not to pay any tax in

the State of...of Illinois? That's rare. And that...you know, we have enough headaches running a company, much less, buying a loser to get a tax...shield.

SENATOR JEREMIAH JOYCE:

Well, you do...you...you're specific on that, I...I am not pointing a finger at your company. You're specific on that, but there are a lot of other companies...this is a...

MR. CONSIDINE:

Not a lot...not a lot, there are some.

SENATOR JEREMIAH JOYCE:

Well, let me ask you this, would you go back to Chicago United and would you ask your member organizations if they would be willing to submit the bottom line to us and just send it back here?

MR. CONSIDINE:

No, Senator, I don't think I'd do that. I think that...I'd be saying that I would invade what they may consider private. I'd be glad to tell you what ours are, but I don't think I'd...

SENATOR JEREMIAH JOYCE:

Well...well...well, would you just carry...would you be so kind as just carry...summarize what...what some of our concerns are down here?

MR. CONSIDINE:

I'll...I'll carry your inquiry, you bet I will.

SENATOR JEREMIAH JOYCE:

Thank you.

MR. CONSIDINE:

Certainly, Senator.

CHAIRMAN NETSCH:

Thank you. Those are all those who have sought to question you. Thank you, very much for being with us, Mr. Considine. Cheryl Bronson is a student at Illinois Children's School and Rehabilitation Center in Chicago is the

next witness. And while she is coming forward, she is followed by Doctor Ikenberry, by Madylyn...DiGirolamo of Springfield on behalf of day-care services and then Lou Mervis. And...when I call the witnesses' names, if they would come down from upstairs where they are seated in the President's gallery and come down to the backdoor, the back entrance to the Senate, then they will be in a position to be brought onto the Floor and ready to testify when their turn comes. We would appreciate that. Miss Bronson.

MISS BRONSON:

My name is Cheryl Bronson. I am a student at Illinois School...Illinois Children's School Rehabilitation Center in Chicago. ICSRC...is a residential school for the physical handicapped kids in the State of Illinois under the Department of Rehabilitation Services. I came to school because I was missing a lot of school due to broken bones, many surgeries and continued problem with my skin breaking down. The school I attended was called the Americana School in Glendale Heights which was a long...bus...bus ride from my home in Downer's Grove two times a day. Since I have been at ICSRC I have been able to go to school even when I had skin breakdowns, surgeries, even a spinal fusion. If I had even another...if I had been in another school, I would have missed a lot of school and had to stay at home for a long time, maybe even a year, and miss all the school and therapy. I have learned a lot in the years I have been at ICSRC. I was able to do a few things for myself when I first started there, but now I can totally take care of myself. I have learned how to cook, shop, be responsible for myself and manage my own affairs. Now I am staying in the independent living apartment at the...school to better prepare for leaving in June. I have to do all my own cleaning, cooking and laundry. On Mondays and Fridays I work all day for DORS at 160 North LaSalle in Chicago. My work consists of typing,

answering the phone, taking messages, making dittos. When I leave in June, I hope to get a secretarial job and live on my own in an apartment. If I had not gone to ICSEC, I don't know what my future would be. This school has really helped me a lot and it would be a shame for all the students who will be there if there is not enough money to keep it running as...as it has been. What will happen to all the kids? Where will they go? Some kids might have to return to a local school district which cannot provide them with the kinds of learning experience I have had at ICSEC, maybe they will have to take long bus rides and miss a lot of school because of sickness, surgeries, like I did. That would really be a shame. It's important to be able to get and meet people and have a job and be able to be...to do your own things. No one wants to be stuck without a way to get around and to do things. All handicapped kids in the State of Illinois should have the same chance as I have for an education and the training to take care of myself. Please be sure that all the schools for handicapped kids have enough money for the programs that are necessary to help us become independent, productive, taxpaying members of a community. I ask your support for the additional funds needed for the State of Illinois to provide this service. Thank you for your support.

CHAIRMAN NETSCH:

Thank you, Miss Bronson. Are there any questions to be posed to Miss Bronson? I think we extend to you a particular thanks for joining us this morning and explaining the importance of one of the services that the State of Illinois provides. Thank you, very much. Doctor Stanley Ikenberry, President, University of Illinois. Doctor Ikenberry.

REEL #5

DR. IKENBERRY:

President Rock, Senator Philip, Senator Netsch and distinguished members of the Senate of Illinois, I thank you for the privilege to appear...before this Body today on behalf of education in this State. The fact that this Senate should take this extraordinary step to convene this Body as a Committee of the Whole stands as a powerful testimony to...to the importance of the issues that are before you and to the profound implications your decisions will have for the future of the people of this State. At the heart of the matter is the question of priorities, that is to say what kind of State are we and what kind of a State do we wish to become. It is in this sense that you will deal with the critical issue of responsible financing for State Government, and as a part of that fundamental question, the investment to be made in education. Here in Illinois and, indeed, nationally in recent months there has been an awakening of concern for the quality of education in this nation. People recognize more clearly than ever before the fact that our society is changing. We have a changing economy, and if any state or region or nation wishes to remain strong, whether one defines strength in terms of national defense, or whether one defines strength in terms of economic growth or jobs, or whether one is talking about cultural or moral or intellectual strength, it is clear that we must now raise our expectations for education at all levels. The recent report of the National Commission on Excellence in Education concluded that while we can take justifiable pride in what our schools and colleges have historically accomplished and contributed to the United States, the educational foundations of our society are being eroded by a rising tide of mediocrity that threatens our future as a

nation and our future as a people. Just as that report concludes that this country's once unchallenged preeminence in commerce, industry, science and technological innovation is being overtaken by competitors throughout the world, so, too, is the competitive position of Illinois being challenged by other states, states that are expecting and demanding more from their educational institutions and placing investment in education at the top of the list of priorities. The immediate fiscal crisis facing Illinois education needs to be understood in the context of an extremely difficult decade. Enrollment declines in the State's elementary and secondary schools have brought about school closing, budget cuts, the elimination of teachers and courses and other compromises that have made quality education in Illinois a difficult assignment. In our universities funding has also been a problem. When compared to the consumer price index, personal income in Illinois over the last decade has exceeded the CPI by twenty-six percent. But funding and...and State spending overall has exceeded the CPI by twenty-two percent over the last ten-year period. Contrast to this, funding for higher education in the State of Illinois has lagged behind the CPI by thirty-one percent. Among the fifty states, Illinois ranks forty-fifth now in support of higher education as a percent of personal income, and we rank fiftieth among the fifty states in terms of increased support for higher education over the last ten-year period. In response, the universities in Illinois have improved the efficiency of operation, we've reduced energy costs. In the case of the University of Illinois we've cut energy consumption by twenty-five percent, we've cut our administrative overhead costs, we've increased tuition. At the University of Illinois alone in the last two years tuition for our freshman and sophomores has increased fifty percent, while for juniors and seniors it's increased by seventy-five percent. We've intensified

our private fund-raising efforts, we now this year, at this moment, have more than five hundred fewer faculty and staff members at the University of Illinois alone than we had one year ago at this time. So, we have taken the measures that you would...expect us to...take to sustain quality on reduced purchasing power. Overall, I think education in the State of Illinois, given these circumstances, has done remarkably well. But I can tell you that education in Illinois is indeed at the crossroads. If we're to preserve the strength of education in the State of Illinois at all levels and to make the changes necessary to move this State to the front ranks in a changing economy and in a changing society, the General Assembly will need to take action. The priorities for higher education are clear. I urge your strong support for the recommendations forwarded to you and forwarded to the Governor by the Illinois Board of Higher Education, recognizing that in every instance these recommendations are below those recommendations advanced by the presidents of our universities and the governing boards responsible for those institutions. This year we were unable to make any salary adjustments for several months, beginning with a delay from July to January which was then extended until April due to the State's fiscal crisis. The essence of quality in the final analysis is people. If we lose our top people in our educational institutions across this State, that loss will take many years to rebuild, and it will cost millions more as we rebuild it. In...in the meantime, Illinois will lose ground. We can ill afford confusion, retreat and delay given the State, national and international environment in which we must compete. The Board of Higher Education recommendations will provide the minimum salary increases necessary in our universities and colleges. And I urge that you give this item along with other essential adjustments for utility price increases and other unavoidable cost increases your firm sup-

port. As we look to the economy of the future, we should also turn our attention to the matter of engineering education. This nation faces a crisis in the field of engineering education and Illinois is no exception. As enrollments have increased in engineering, as they have at the University of Illinois by sixty-one percent over the last ten-year period, we've been unable to supply the essential faculty and staff positions and provide the needed laboratories and equipment. Because of the national shortage of engineers, both industry and universities...other universities have gone after our top people, in many instances offering salaries far beyond those that we were able to pay. In response to this we've developed a three-year plan which must be implemented if we're to repair the damage to engineering education and to provide the opportunity for talented students in this State to prepare themselves and also to supply the needed scientific and technological talent. The need to act on this matter is recognized not just by our board of trustees nor the Illinois Board of Higher Education, but it's recognized by the Illinois Society of Professional Engineers and essentially every other group that's given a thoughtful examination to this problem. Again, I urge your firm support of...of this program and also other efforts to sustain quality in Illinois higher education. One needs to ask, what would happen if the fiscal crisis now facing Illinois were allowed to continue, and the stark reality of the Governor's doomsday budget absent new revenues were, in fact, to become a reality. The implication for higher education of the loss of some a hundred and seven million dollars in State support, or a total shortfall below the board of higher education recommendations of some two hundred and thirty-seven million dollars would be catastrophic. To put that in perspective, that kind of a shortfall is roughly equivalent to twenty-five percent or one out of every four dollars available to support

higher education in the State of Illinois. The elimination of courses and academic programs, further tuition increases in the five hundred, seven hundred, one thousand dollar range, reductions in the numbers of students that can be admitted to our universities, the loss of our top faculty members, the loss in quality and academic standing, our inability to replace obsolete equipment and to provide needed support for our libraries and laboratories, the inability to cope with price increases and the harsh implications of yet another year of paralysis on the salary issue, these are but a few of the implications that would follow from a failure to act on the fiscal crisis facing the State of Illinois. The ultimate damage, however, to higher education in this State would be far greater than any of these single or individual blows. The real damage would come from the message that we would send to our top faculty members who are the magnets that...that attract other talented people, the message that we would send other states, the message to industry now in Illinois and the message we would send to industry located in other states that we wish to attract. The message Illinois needs to send is that we are among the five largest states in the nation, we are a proud State, we are a major agricultural, industrial and high technology State with a strong commitment to top quality education at all levels. If we send a weak message of retreat and confusion, Illinois will have suffered a damaging setback. For the future of Illinois, I hope you will...not let that happen. Let this be the General Assembly that set the agenda for the twenty-first century and provided the foundation for that agenda by a restoration of fiscal health to the State of Illinois and to a greatly increased priority for education at all levels. Thank you, Senator Netsch, for the opportunity to testify.

CHAIRMAN NETSCH:

Thank you, very much, Dr. Ikenberry. Are there questions

for Dr. Ikenberry? I believe not. I think we will have an opportunity to question you in other forums at other times as well.

DR. IKENBERRY:

Thank you, very much.

CHAIRMAN NETSCH:

Thank you, very much. For what purpose does Senator Rock arise?

SENATOR ROCK:

Thank you, Madam Chairman. I think in fairness to the witnesses and to our guests in the gallery and particularly the media, I...I hope it is apparent, at least, that all the testimony is being transcribed and will be available to the members. In addition to that, the members are in their offices and they are able, obviously, to hear the proceedings. So, I think many of them probably have chosen to sit in their office and listen to the proceedings. I didn't want the witnesses to feel that there was no one here who was listening. We are all listening.

CHAIRMAN NETSCH:

Thank you, Senator Rock. Madylyn DiGirolamo from Springfield, Illinois speaking on behalf of day care services. And just as you are beginning, if I might just announce the next couple of names, excuse me. Mr. Mervis is next and then Jerry Fairclough, Fred Hawk and...and Mayor Paul Lenz. If they would come down to the rear entrance to the Senate and they will then be escorted in and ready to take their turn. Thank you.

MADYLYN DIGIROLAMO:

I am very glad for the opportunity to speak here today because I believe very strongly in continued subsidized day-care services. I feel I am talking for all the mothers at Family Service Day Care Center, Springfield, Illinois, the other subsidized day care centers across the State and all

those still on the long waiting list. My name is Madylyn DiGirolamo, I am a single parent, I am employed, I have four children for who I am responsible. Without the help from Title 20 at Family Service Day Care Center, I don't know what I would do. This past year I have been sick and have had a lot of medical bills and lost thirteen days of work without pay. After my daughter was born, I received public assistance for approximately nine months. I started working as a clerk-stenographer at the Department of Public Aid, Sangamon County Office, November 1st, 1979. I feel I am one of the lucky ones because I have a job and my daughter is in Family Service Day Care Center, but I am scared because the Governor has said there will be more layoffs coming in Public Aid and the Family Service Day Care Center will be closing if this Legislature does not vote for a State Income Tax increase. Day care is one of the biggest expenses a single parent has to deal with during the first five years of their child's life. I feel our children are most important as they are the future of our country. The Governor has presented a budget will be...which will be effective July 1, 1983, if no tax increase is adapted by the...this Legislature. The budget will reduce funds for day care in Illinois by an average of thirty-two percent. Slots will be cut by forty-six percent in employment related contracts. Centers serving one hundred percent Title 20 children in poor neighborhoods where they cannot find paying customers will be forced to close. The Department of Children and Family Services estimates that forty-four centers State-wide serving two thousand nine hundred and thirty-two children will fold. In the Springfield region, two hundred and seventeen slots will be lost. Eligibility reduced to seventy percent of the median income last year for new...new clients will be reduced to sixty percent on July 1st. This means that clients with two-person families, mother and one child, will be ineligible if they make

more than ten thousand five hundred and eighty dollars. More than twenty percent of the families served now will be ineligible. Families with income at sixty percent of the median cannot afford the cost of care in any licensed program. These children will be left alone or in unlicensed group care or their parents will be unable to work and will have to go on welfare. Preschoolers will be left with older siblings who will have to stay home from school. Somewhat older children will be given latch keys with dangerous consequence as a possibility, as witnessed the two recent murders of young children in the Chicago suburbs. Day care suffered reduction from Fiscal Year '81 to Fiscal Year '83 of twelve to fifteen percent at a time of continually rising demands. More than ninety percent of Title 20 eligible families have single parents, mostly mothers like myself trying to stay off welfare. In the centers the Department of Children and Family Services estimates will close, more than four hundred directors, teachers, cooks and aides will join the ranks of the unemployed. Other centers will have to lay off a hundred and fifty more employees if paying customers cannot be found. My daughter, Coleen, goes to the Family Service Day Care Center. She has been there for over a year. I had her at a private sitter before but I felt she needed the stimulation of a day-care center. I don't want my daughter to sit in front of a television set all day. I have seen her grow and learn since she started at Family Service Day Care Center. She is well taken care of and I don't have to worry about her, but without the Title 20 program I would not be able to afford to have her there. Regular day-care costs at the center would cost me twenty-five percent of my net monthly income. This would be prohibitive in terms of providing the best basic needs for my family. I am very pleased with the Family Service Day Care Center, the teachers and the aides are very good with the children, there's a lot of love at 1305 South

Seventh Street, you can feel it. The staff not only teach the children but give them lots of hugs and hold them on their laps and show them they really care for them. This is the atmosphere I am glad my daughter is in for eight hours a day. They teach the children to love one another and that each one is special no matter what color their skin or their background. The teachers show by example because they teach...they treat all the children the same. In March, I went for an evaluation on my daughter. This was a child development evaluation and screening test given by the social worker. I was very impressed. I was told that...in the areas my daughter was progressing and where she needed help. I was glad to know this so I could work with her where she needs help. She would not have been getting this kind of help at a private sitter. We all know that children have to be prepared before they get to kindergarten or they're going to be...fall behind the other children. I feel with the help from the day-care center my daughter will be ready and able to keep up with the other children in her class. In addition to the preparation for regular school, Coleen needs stability at this stage in her life. Removing her from the center, I feel, would be a traumatic experience in terms of her adjustment. I am hopeful that she will have the continuity of gradual progression at different stages of her life. I want you to know, I am a registered voter and I do exercise my right to vote. It might be only one vote but it is my vote and it's important to me. I am concerned about the legislative process and my small part in it; therefore, that is why I am here today. I never thought I would ever need aid or help from like the Title 20 program, but when I needed it I was very glad it was there. I hope none of you ever have to come to our public aid office for assistance or need Title 20 assistance, but if you do, then you will know what some of us have gone through and why this is so important to all of

us single parents who need this kind of help now. I would hate to think that if I lost subsidized day care I would have to quit my job because my...my income and my family I could not afford to manage everything and still have money left over to pay day care. I urge each one of you to vote, to search your heart and conscience and support a tax increase to save the thousands of children and family across the State who need this day care. Thank you, very much.

CHAIRMAN NETSCH:

Thank you, Miss...DiGirolamo. Sorry for having earlier mispronounced your name. Mr. Lou Mervis, Mervis Industries, a member of the State Board of Education. Mr. Mervis. Thank you.

MR. LOU MERVIS:

President Rock, Chairman Netsch, Ladies and Gentlemen of the Illinois Senate, good morning, or what's left of good morning. My name is Lou Mervis and I am president of Mervis Industries, vice-president of Merlin Incorporated and president of H. L. Disposal which are all located in Danville. I am also a former president of the Danville District 118 Board of Education and a...current member of the Illinois State Board of Education. In addition, I am an also vice-president of the Danville Area Economic Development Association and have just concluded a two-year term as president of the Danville United Way. But I want to address you today with the words and feelings of an Illinois businessman, an employer of more than two hundred people, and a parent. I believe that the survival of our State and its future success as an industrial leader depend on your final decision regarding the tax issue you're wrestling with today. Illinois will be a second-rate State if we can't educate our young people so they will be productive members of the work force. We will not keep businesses or attract new ones unless we can offer quality employees. And I must candidly tell you that

I would think twice before locating one of my companies in a State that would let its education system and its future crumble while everyone paid lip service instead of dollars and cents. Ladies and Gentlemen of the Senate, the schools in my area need more money. The residents of Illinois in Vermilion County have historically made a strong, local effort to support their schools, and consequently, some of their school tax rates are among the highest in this State. Declining revenue has sapped the districts of any ability to transfer funds, and that problem translates into cuts in programs, in services, and in personnel. Danville area Community College, a leader of economic development and recovery in eastern Illinois, faces at least a hundred and fifty thousand dollar deficit at the end of this fiscal year, despite three hundred and fifty thousand dollars in cuts that were made prior to this year. The projected deficit for Fiscal Year 1984 is an additional two hundred and sixty thousand dollars even though three programs were consolidated, and three full-time staff positions were eliminated, one full-time faculty member was layed off and an across the board hiring freeze was instituted. The elementary and secondary schools have fared no better. Several of the districts projected deficit budgets even before the midyear cuts were made in January, and without additional revenue from the State, the prognosis for an already ailing school system could be terminal. For the coming school year, Danville alone has cut sixty-six teachers and dropped its preschool program and its in-house suspension discipline program. High school courses in English, social studies, business, foreign language and vocal music have been trimmed to the absolute essentials. The district has completely cut industrial arts, art and orchestra in junior highs and eliminated bilingual education in the elementary schools. A smaller rural district like Georgetown has layed off eleven teachers and the board of

education has announced it will cut all physical education, all art for junior high and high school, and all...vocal music, as well as behind the wheel driver education during school hours. The Catlin District is making its reductions by cutting back programs for children with learning disabilities and for those who need a speech therapist. Ridgefarm, an even smaller district, is following that pattern and cutting back learning disability programs, remedial reading, business, art, home-ec classes and physical education. At the same time, opportunities for students in vocational education are decreasing. Tuition at area vocational centers has increased dramatically in the last several years, but enrollment in those centers peaked in 1980, and I am sad to say, it has begun to decline because local districts can no longer afford the tuition and are using that money to keep their own schools operating. As a businessman, I have always believed that you get what you pay for. If indeed that statement is true, then we are going to be getting very little from our schools unless we begin to turn this financial problem around. I can't stress enough that Illinois cannot sustain its business and industrial base nor capture those so-called high tech industries with an uneducated citizenry. Every program eliminated or reduced represents another lost opportunity for our children. Those lost educational opportunities, piled one on another as cuts are made each year, mean another step backward and mean it will cost that much more in dollars, energy and time just to retrieve our losses. I realize that some school districts in this State are wealthy and do not need the additional money, but there are more districts that desperately need that revenue, and a few may even face decisions to close their doors. I have heard all the horror stories just as you have, but the most dramatic examples of the revenue shortfall's impact come from very close to home. During my tenure as president of

the Danville Board of Education I saw firsthand the devastation reaped when a bankrupt district was forced to half-day schooling for its elementary school children. Quality minds unchallenged suffer irreparable damage. Illinois cannot afford this tragedy. I cannot believe you want to be responsible for this scenario. I do believe that the people of east central Illinois are willing to give more dollars, to pay higher State taxes if it will help our schools, our children and our businesses and communities, and we appeal to you for more funds from the State. Ladies and Gentlemen of the Senate, the future of our State as a leader in business and education rests in your hands. I thank you, very much.

CHAIRMAN NETSCH:

Thank you, Mr. Mervis. Senator DeAngelis has a question.

SENATOR DeANGELIS:

Mr. Mervis, I know of no member of the General Assembly that opposes funding for education. I know of no member of this Body who does not feel that education is a high priority. But I want to share with you the dilemma I have in terms of voting for a tax increase that puts more money into education. The top ten school districts in the State of Illinois in terms of tax rate, four of them are in my district. I have school districts that are driven by ninety percent of their funding by property taxes and only ten percent in State aid. I have school districts that even if we were to increase State aid by two hundred million dollars would receive less money than they received last year. And my frustration is this, with that type of distribution system for school aid, the State Board of Education has done very little in trying to improve that system. And I would submit that if you can't change the system of distribution, why not at least come up with some type of suggestion to take some kind of relief for those property taxpayers, like the ones of my district, who even with a substantial increase in State

aid for education will realize even less dollars than they have previously, and who, in fact, will have to continue to raise property taxes.

MR. LOU MERVIS:

Well, Senator DeAngelis, I...I appreciate what you're saying, I understand the problem. I would submit to you that that can be handled in several different ways. First of all, categorical monies can be funded at different levels. We have been studying mandates for the last eighteen months, we've also had a...finance study working on the formula. I would agree with you that there are inequities in...in the way we fund between the unit districts and the elementary and the...and the separate high school districts. The formula is a very delicate and a very complicated item. That formula, unfortunately, can only be changed by the two Legislative Bodies, not by the board of education. I think the board of...I'm proud to be a member of the board of education. I think that we have tried to be a leader in looking at and changing the way the...the tax monies are structured back to the different districts. However, those changes can only be made by...by the two Bodies here.

SENATOR DeANGELIS:

Well, I would agree with you that we are the final authority, but, sir, whenever we adopt changes in public policy and education, we look to the educational community, basically, to come up with the leadership to make those changes. And I also realize that education is impacted probably much more by affected interests than any other group. And I know that any change you make has winners and losers. But I think when you come to hard revenue-type decisions, we ought not to be considering that aspect of it, and I would think that the State Board of education, being a better authority, along with some of the other commissions, should come forward with some of those proposals because I don't

believe that the General Assembly, unilaterally, can resolve those types of issues without some type of guidance from your group.

MR. LOU MERVIS:

Senator, I...I take that as constructive criticism, I...I agree with you. I would like to just say to you that I think that in...we are trying to come up with very concrete, important decisions transferring them to...to you. I would have to say, in all honesty and fairness, that in many...many times they don't get...some proposal that I think have very good futures for the State of Illinois, the young men and women of the State of Illinois don't get very far because of political ramifications. We have some difficult times ahead of us in working on that formula and doing away with the myriad of different size and types of districts. I think that...I personally think that's the only hope over the longrun.

SENATOR DeANGELIS:

Well, just as a closing statement, you are aware, I am sure, that that formula was created for times in which real estate values were not rising and enrollment was rising. We've had a tremendous inflationary increase in property values and we've had declining enrollment. So, I think when you have a formula that's so nonfunctional any more, I think it should be the highest priority of the State Board of Election...of Education to try to resolve that issue. Thank you.

MR. LOU MERVIS:

Thank you.

CHAIRMAN NETSCH:

Senator Keats.

SENATOR KEATS:

Thank you. I'm in my seventh year on the Education Committee and have worked with your group sometimes. I might say, kiddingly, I know what frustrates you occasionally is

the Education Committee does not pay that much attention to your recommendations. If I might say, again, kidding, to many of your recommendations that the State's better off, but you've had some of late that I thought did deal with some of our serious problems, particularly some of our mandate problems. But I want to stress to you, and I'm not criticizing or anything, I'm just making a statement, and I will...I will use Chicago, only because Chicago has such a...a large parochial school system. The average student in Chicago we spend about thirty...about three thousand-thirty-five hundred, that range, per student. Parochial school system spends nine hundred to a thousand per student. You and I know that they are different student bodies, but they are very...very few people who would allege that the Chicago public school system can match the parochial school system at one-third the cost. Again, different student bodies. We do find, among those of us who have looked at the funding in the many states, there does not seem to be much of a relationship between money spent and educational excellence. And I think we have got to deal with that. And I mention to you an idea, the State of Washington has a funding formula substantially different from ours. They fund based upon students attending basic education hours, English, history, math, they don't worry about driver's ed. And...and I say this as far as physical education, I'm a former all-American athlete, but you know what, it wasn't p.e. that did it, you know. When we mandate four years of p.e. and yet we don't mandate that it be physical exercise, you know as well as I do what a lot of those p.e. classes are. Those are the issues we have to deal with. And I throw in one last point for you to consider, and I don't know that you really need to respond. But my district averages about fifteen percent of our total funding from the State. I go from a low of four percent in...in my Glenview District to a maximum of twenty some percent in the Mount

Prospect - Prospect Heights District, average about fifteen percent. If I raise property taxes, for every dollar of property tax I raise, I get back ninety some cents. If I raise...for education, if I raise income taxes I need to raise seven bucks to get one dollar. I'm not a big fan of property taxes, and my property taxes in Glenview are...I mean, Glencoe are as high as anywhere in the State. But, you know, I'd rather trade one for seven any day of the week. Those are some points to mention to think about, and...I don't know that you need to respond, but it's the thing that within the Education Committee we deal with and are often frustrated that we've been unable to deal with and we felt the board, perhaps, could give us some more guidance.

MR. LOU MERVIS:

Well, Senator Keats, I'd like to respond to...to first, the parochial aspect and...and the cost of the cities...of Chicago's education. First of all, I was a member, a founding member of the...High School Foundation which, as you know, is a very substantial high...Catholic high school in...in Danville, Illinois. The cost of...of educating a youngster in that school today is almost two thousand dollars, and it's a good school. I...I think that you're going to find variables. Unfortunately, we don't have a lot of control, as you know, because there is a great...great deal of local control, which is probably where it should be. On the other hand, I think we as a...we as...the State Board of Education have a real obligation to point out to all the people of the State what kind of education their youngsters are getting in their district and to be able to measure that. We shouldn't...maybe shouldn't be able to tell them how to do that. On the other hand, and...and I'm glad you mentioned it, in response to driver education and physical education, along with a number of other mandates which we've already reported out, and I will...I would hope this august Body

would give due deliberation, because we've spent a lot of times and I've sat for many, many hours, probably up to five hundred hours in hearings. As many of you know, I'm a very good friend of Jim Edgar and we're on opposite sides of driver education. I...I...I respect his staff and his opinion, I totally disagree. The same with physical education, I'm a former jock but I was the one who moved that...that we delete the mandate for physical education in eleventh and twelfth grades, and not only do that but give credit for those youngsters that are in...fully participating in athletics or marching band in the ninth or tenth grades. There are many ways that we can try to save money, and we're trying to do that and we're trying to point out to the people of the State of Illinois, as well as to the Legislature, that we think that we have to get back and do a better job with...curriculum, and we have to give you outcomes instead of promises. And we're trying to do that, and I think we're trying to give the leadership...and I'm...I'm proud of the staff and especially the superintendent, who, I think, in the last year the two have done a great job. I cannot measure before that, I was not a member of the board, but I'm proud to be a member of the State Board of Education. I think we are trying to be a leader and we're trying to say that we're going to spend your money well and wisely and the youngsters are going to get the best education we possibly can give them with your help.

CHAIRMAN NEISCH:

Senator Coffey.

SENATOR COFFEY:

First of all, Mr. Mervis, we thank you for coming here. I know you have a rather busy schedule, but two things I would just like to ask you your response on. Now, first of all, I think you pointed out and you have shown by your words that you have just spoken to us that you are in support of a

tax increase to fund the necessary programs that the State of Illinois finds itself in trying to...in making cuts in those areas. But would you say, in being a leader in the business community in my area and in an industrial community, that the other industries and businesses in our area as well as others you might be familiar with are in support of a tax increase which would add additional cost to that business and industry in our area? Would you think, from your opinion, that they see it necessary that we pass this type of tax increase and that they feel, also, that it's important in locating in a community that has education well financed, would be a very important part of them locating there or staying there?

MR. LOU MERVIS:

Well, if you had asked me two months ago with the kind of cloudy picture that we were talking about in regard to a tax increase, where there was no vehicle, there was no time limit, there...I would say there is no question that all these people are extremely wary. Unfortunately,...there are a certain number of people that never want to pay any...any taxes, let...let alone, any more taxes. I would say to you today, with the vehicle in place, and with the deliberation that's...that's going on, and with...with their knowledge that the system in Danville alone is going to cut 2.7 million dollars out of its program, that you would be hard pressed to find a responsible member of the...of the business community that would not now come out and support a vehicle that will be in place, but to talk about not knowing the ramifications of what that program might be. You...you and I have both talked about...and I...I've looked at your bills that you introduced in...in regard to a...a income tax, both county-wide or school district-wide in reduction in...in real estate taxes, you know, that...that was a great vehicle, we weren't...we weren't too successful with it. I...I would say the answer to your question is, an unqualified, yes, today as

long as they know that the money is...is going to be well spent. I can tell you, we worked...we worked about four months straight on a...on a company called Klaus of America. And, Matt, you were involved with that, and we got great help from the State, and we went down and we spread those numbers all over. And I can tell you that the reason they didn't locate in Danville, Illinois was not because of our income tax system or our property tax system, they moved to Indiana that has a heavy inventory tax, and, you know, I have plants in Indiana and we pay a gross income...a gross income tax on sales. They moved there simply because all of the numbers that they laid out were...they could not even come close in...in the cost of workmen's compensation, and I...that's a different...different subject, but they didn't leave Illinois or not come to Illinois or not locate in Illinois because of the...the tax situation. They...they...they had a real problem and they moved to Columbus, Indiana.

SENATOR COFFEY:

Well, thank you, very...very much, Mr. Mervis, and I...I appreciate those words. And I...in the times that I've been involved in any industry locating in my district, yes, there's a decision made by the corporate people but there's also a decision made by the families of the corporate people. And I see when they finally look at a community, then they bring in their families and they take a look at the educational system, both elementary and secondary, higher education if they're going to have children attending a higher educational facility, and other roads and other needs in the community. And I think that most industries that I have had an opportunity to talk with, you're exactly correct, they don't want to see a tax increase that is not necessary, but I think they do want to see that the community they...that they ask their people to reside in have a good educational system and one that's funded at least to the level that...that there

is quality education. And I just wanted to...for you to back that up, and I know you are a leader in...in our community and the industrial community, and I know you have got a lot...there will be a lot of tax burden on you by saying, yes, to a tax increase, but at least you're willing to stand up and say yes to something you think is in the best interest of the community. And we thank you for your testimony.

MR. LOU MEEVIS:

Thank you, very much.

CHAIRMAN NETSCH:

Senator Berman.

END OF REEL

REEL #6

SENATOR BERMAN:

Thank you, Madam Chairman. Mr. Mervis, thank you for your comments this morning. I just didn't want you to leave the Senate having heard the comments of two articulate spokesmen from what are the richer areas of our State, namely, Senator DeAngelis and Senator Keats. Those of us who come from less affluent areas recognize that in order to fund education, the present formula, it takes into consideration all the resources, both local property taxes and State aid. And if we're going to provide relief to some of those suburbs who have willingly taxed themselves for a very high level of quality education, if we're going to give them relief and address the areas of the State that don't have those real estate resources at home, we'll be faced with a proposal not for a sixty percent increase of income tax but a hundred and twenty, or a hundred and eighty, or a two hundred and forty percent. Let me merely say that from some of my suburban constituency, they are not so interested about getting and they don't expect any big infusion of State dollars as the result of the passage of the income tax. What they have asked me is to allow them to maintain the reliability and the importance of their local resources through their own real estate taxes. And I think if you went to some of the constituents, Senator Keats and Senator DeAngelis, they would also say that they're willing to pay more taxes because they recognize the needs of education throughout the State, but at the same time, they don't want their schools to be, in their view, jeopardized by the uncertainty of State action. And therefore, I think that the message is not only one of quality education in those areas where they already have it but the obligation to maintain it throughout the State. It's

really sort of...my comments aren't a question, it's a...I want to bring a little balance to the view of...from the view of the Senate, not only from the articulate spokesmen from the rich suburbs. We poor people from the city, we like to recognize the efforts of the State of Illinois at the same time.

MR. MERVIS:

Senator Berman, while I might have the time, I'd like to thank you and Senator Rock for introducing the bills on gifted education. As you know, I was privileged to sit in on some of those hearings and you know my interest. I think it's too often we forget about those very, very bright people that have the opportunity to take this State to even greater heights, and I appreciate that...the introduction of those bills and I want to publicly say that to you and Senator Rock.

CHAIRMAN NETSCH:

Thank you. Senator Smith.

SENATOR SMITH:

Thank you, Madam Chairman and to our guests who've come to us. I merely want to ask question for emphasis, please, if I may. I want to find out, who's responsible for setting the curriculum for the high school students?

MR. MERVIS:

Who is responsible...

SENATOR SMITH:

Yes.

MR. MERVIS:

...for setting the curriculum of the...of the high school students?

SENATOR SMITH:

The high school students, yes.

MR. MERVIS:

Well, that's set out in two different ways.

The...the...you have mandate programs which are mandated by the State. We have regulations from the State Board of Education, but by and large the curriculum of each high school is set by the local boards, all but three who are...who are...elected...from the public. There...I think there are still three districts in the State, if I'm not mistaken.

SENATOR SMITH:

In other words, the student has the...does not have the influence to prescribe his subject matter.

MR. MERVIS:

Up to a certain point. Up to a certain point he...he can set his...his prerogative. May I...may I...entertain the...the remark that sometimes we've given the students too much latitude, and we've put in...into our programs so many electives and given them stature and credit that they have an excuse not to take math, science, English, those type of courses that they have to learn to be able to compute and to communicate.

SENATOR SMITH:

But in other words then the...it's the consensus that the student...it's...it's recommended that the student make themselves available to these courses if they are there in the school. Is that right?

MR. MERVIS:

If I understand the question, the answer is yes.

SENATOR SMITH:

Thank you. And the merely thing...the reason why I brought this out is that there's quite a bit of controversies I understand now about the...physical ed. and driver's education, and I just wanted to know whether the student, in making these courses available, that they wanted it or was it the peers...their peers in doing so. That's all I wanted...but thank you, very kindly.

MR. MERVIS:

My answer to that...that question is different and they haven't...at this point there is no choice, they must take physical education for grades K through twelve unless the school has a waiver. Unfortunately, that is a sham that there are probably fifty percent waivers across the State, and of the program...of the programs that are still in place, it would be my estimate that very few of them meet the standards set. And if you don't have a law that you can enforce, it's my opinion that you get...better get rid of the law before everyone makes a mockery of it.

SENATOR SMITH:

Thank you, kindly.

CHAIRMAN NETSCH:

Senator Schaffer.

SENATOR SCHAFFER:

Well, frankly, just a comment and I had my light going before Senator Berman got going, but I have to obviously agree with you that the School Aid Formula is something that has evolved in this Chamber and the one across the hall and in the workings with the Executive, but, obviously, the Office of Education has a great deal of impact on it. I would just suggest to you that the current formula is so blatantly unfair to parts of the State that many of us represent, some of which are not as affluent as Senator Berman would imply, that year by year you are losing support. This is why, as I mentioned when the Governor was here, most of the education people in my area, including the employee groups, recognize that an increase in State taxes will do very little to benefit them. I would suggest to you that the board ought to give some consideration to supporting changes in the formula that answer those concerns. There ought to be some sort of safety net. There ought to be some percentage of a district's budget that is supported by State as a bare minimum. When we start getting down to four, and

five, and ten, and eleven percent of the money coming from the State in the school district, you shouldn't expect anybody from that school district to be anything but hostile towards the State and all of its programs and all of its mandates. And I just would like to emphasize that message and hope that the school board would, in fact, be responsive to all parts of the State and not zero in on those areas which have the most clout or whatever.

MR. MEEVIS:

Thank you, for your comments. I'll take those back. I think you're aware that we have a finance study going on and in looking at that and of seeing of ways to...to...on funding and also sharing those funds, and that we...the board and the staff don't live in...in the vacuum and we're hearing what you have to say and trying to come up with some changes.

CHAIRMAN NETSCB:

Senator Buzbee.

SENATOR BUZBEE:

Thank you. Again, I preface my remarks with...the statement that I'm a strong supporter of the Governor's proposal for a tax increase, and I find your comments on physical education a little strange, given the fact that the law says that physical education will be mandated through the four years of high school, but a waiver is available in the event that facilities are not available, et cetera. But as you very well know, the State Board of Education and the office of the superintendent routinely grant waivers to that mandate anytime one is requested. No proof has to be forthcoming. It's my opinion...it's not my opinion, it's the law, that the State board is suppose to enforce that law, and you have not been doing that. You have been routinely or your...the superintendent has been routinely granting waivers without even investigating, the way I understand it, and if...if the Executive Branch, in this case the office of the superintend-

ent were to do the job that he's suppose to do and that is to enforce the law, then you wouldn't be having all of those physical education waivers being granted. I have no objection whatsoever to granting waivers in the...in those cases where it is...where the facilities are not available or other untoward circumstances put the school district in some sort of a shape where they have to do it. But I know of school districts, one in my particular Legislative District as a matter-of-fact, who's already demandated physical education next year on the basis that there is a bill in the Illinois General Assembly to do away with the mandate and it's going to pass. Well, that bill has not passed. It's in the committee and it's not going to pass, the way I understand it. So, I'm wondering why you are such a strong advocate of...of doing away with the...with the law because it is not being enforced, and you're the folks that are suppose to enforce it and haven't been.

MR. MERRIS:

Take full responsibility for that, and let me say that I still stand behind my remarks that...that we need to change that law. I...we've gotten a great deal of criticism, Senator, -about us doing away with...with the mandate on physical education. I know you're very close to the school...system, but I would...I would say to you that with the mandate proposed, with teeth in it, we're going to do a far better job and we will have more physical education and a more quality program than...than under the programs that we have now. Now, I don't know of any districts that have foolishly said there's a bill in the House or the Senate that's going to demandate physical education, driver education or anything else, and their...but I can tell you that we have districts within ten miles of my community that are saying, we're going to take the chance of not providing physical education because we don't have the money. Their words, not mine, in

print, and they are saying, we're going to take the...the chance of losing accreditation. That's going to be a very difficult job for the staff of the board of education to look at a district that is bankrupt and say, well, we're going to take your accreditation away because you didn't teach physical education or driver education. I would hate to make that decision. I don't think you'd want to be part of that decision either.

SENATOR BUZBEE:

Well, I would point out to you that that staff study that the...that the State board's staff did which brought about eventually, I guess, was...that was the catalyst or at least the...the working document from which you started on the demandation of...of physical education and that it was fraught with inaccuracies. It was fraught with assumptions. There was not one piece of scientific data put forward, and I...I know, I'm familiar with the report intimately, there was not one piece of scientific data, and whoever wrote that report should be fired because they based it on their own personal prejudices without any data whatsoever to back it up. And, in fact, there is all kinds of data to the contrary but it was apparently never brought forth in...in the hearings that the State board...in your deliberations.

CHAIRMAN NETSCH:

I wonder if we might debate the specifics of the report at another time. We are on an income tax bill, and I would remind the members we are on witness number six of fourteen on the Governor's list and we have about another ten or so after that. Senator Maitland.

SENATOR MAITLAND:

Well, thank you, Madam Chairman. I felt that it was necessary to respond just a bit about the mandates. They've been tossed around here just a bit and as the chief sponsor, along with Senator Grotberg, on...on the bills that would

have demanded physical education, would have demanded behind the wheel in driver education, I think it's necessary to respond by saying, Mr. Mervis, that as you probably are well aware, everyone that received information from over these past few months on the demanding of driver education and P. E. were in favor of demanding except for the teacher's union and the physical ed. teachers. And the point I think we should make today is we were not abolishing physical education as the coaches were telling you. We were not abolishing driver education, but we were just simply trying to give students a better opportunity to make some decisions that were necessary to make to provide for their future education. That's all we're asking for. For your information as...maybe you already know, those two bills now have been placed in, I'm assured by Senator Rock, a working joint House-Senate subcommittee that's going to hold additional hearings over the next year and hopefully come back to the Legislature with some kind of a recommendation. My plea to the State board is this, will you assist us in working with the teacher organizations in this State to make it very clear that we're not abolishing those two courses. We're simply trying to provide some flexibility and provide for academic excellence, that's our plea.

MR. MERVIS:

We'd be most happy to do that. Unfortunately,...we haven't been very successful in communicating. That's exactly right. I'm happy that you made those remarks.

CHAIRMAN NETSCH:

Thank you, very much, Mr. Mervis, we appreciate your being with us today. Thank you. The next witness is Jerry Fairclough, a...of Concerned Parent Education, a resident of Livingston County. And following him, so they can be ready...come ahead, Mr. Fairclough, Fred Hawk, and then, Mayor Paul Lenz, then Jordan Gallagher. If those gentlemen

would make their way to the rear and to the Senate Floor.
Thank you. Mr. Fairclough.

MR. FAIRCLOUGH:

Madam Chairman, Mr. President, distinguished Senators, I am representing elementary and secondary education, not as a teacher, not as an administrator, and not as a...as a board member, but as a concerned parent, as a businessman as a citizen of the State of Illinois. Funding of elementary and secondary education in Illinois has reached a crisis stage. It's not approaching it, it's there. If we look at where the revenue has come from for our school system, and this subject has been discussed now fairly adequately, but I'd like to go a few steps further. We can look at State-wide figures and they come up something like this: State sources, thirty-nine percent; Federal sources, eight percent; local sources, fifty-three percent. In my particular district, again this has been brought out a number of times, from State sources, thirteen percent; Federal sources, four percent; local sources, eighty-three percent. Obviously, we must rely on local taxes for the lion's share of revenue. But the base is declining due to, one, decrease in average values of Illinois farmland assessments and, two, declines in the corporate personal property replacement taxes due to decreased corporate income levels. Efforts to increase funds on a local level have obviously included the referendum issues, and I might say that State-wide there have been one hundred and seven election between November 2nd, of 1982 and February 22nd, of '83. The outcome of these referendum elections, four out of every five was defeated. Reasons for this are interest rates had gone to twenty percent. The economy ground to a halt and the negated a tax cut that stimulated in absolutely nothing. We've seen the highest unemployment rate since 1934. Taxpayers are buying a house and a car and can't afford additional taxes. We've seen record increases in utility costs.

We've seen bank failures and business bankruptcies to the tune at one point of sixty-eight per day. Farmers are being told to sell off part of their land to pay debts. They're selling their machinery. They're going out of business. Small industries supporting auto and heavy equipment industries, like Caterpillar, have slowed down or folded up. Now what's been the impact on Illinois schools with all of this? We've seen poorer service; loss of quality education; drop or reduction in athletics, art, music, vocational education; we've seen administrative reductions; larger classroom sizes; increased fees; user fees for athletics and music; reduced secretarial staffs, custodial staffs, bus drivers, cafeteria staff, guidance counselors, media center personnel. We've seen reduced supplies, equipment, material and text budgets; we've seen schools close; we've seen wage freezes and wage reductions, and we've seen the...putting off of building maintenance and reliable security staff, and we've seen the reduction of board insurance costs. Now with all these...detours and road blocks on the local funding level and with the potential increase in the Illinois State Income Tax, our schools must turn to the State for additional funding to at least buy some time. This is one of the things that I would like to stress, buy some time. Yes, in various districts you will see a heavier emphasis come from the State than in other districts. You'll see heavy emphasis in some districts from a local level and less heavy in others. But if we can buy some time, time to work out consolidations; time to carry us through slow economic recovery. If our schools can't rely on State funding at least as a stop-gap measure, we'll continue to reduce education quality, and in the long-term, reduce Illinois' ability to turn around the Exodus of industry and population to other states, particularly the Sunbelt states. We as a people don't have just one, three, five or however many children that we have in the

school, we have X number. In my particular case, I have nine hundred and twenty-three young people to whom I have a social, a moral and a financial obligation. I can't let those young people down. Not for their sake, in particular, but for my sake, for my families sake, for the State's sake, for my community's sake and for my country's sake. Our kids are our finest resource. If we sell them short, we're selling our future short. I urge your support of the Illinois State Income Tax increase to at least, as I say, buy some time. Thank you.

CHAIRMAN NETSCH:

Thank you, Mr. Fairclough. Are there questions? No. Thank you, very much for being with us. Mr. Fred Hawk, senior vice-president of Harris Bank, a concerned citizen with particular interest in mental health. Mr. Hawk.

MR. HAWK:

President Rock, Chairman Netsch, Ladies and Gentlemen of the Senate, I appreciate the opportunity to speak to you today. I work for the Harris Bank as a commercial banker and I'm also the immediate past president of the Association for Retarded Citizens of Illinois. I'm here today to ask you to support increased revenue which we, who are interested in services with persons with retardation, find necessary to maintain and continue the progress of the last twenty years. In the short span of time of two decades the State of Illinois has developed one of the finest systems of care and services for mentally retarded citizens in the entire country. Because of the wisdom and commitment of you and your predecessors, a person born today who is mentally retarded can look forward to a fruitful and productive life. Starting with early recognition and immediate medical action, some forms of retardation can be prevented, other...conditions such as PKU and hyperthyroidism which previously were progressive are now correctable. A retarded

child in Illinois today has the opportunity to participate in educational programs such as early childhood stimulation, pre-school skill development, and later, school experiences specifically designed to assist in individual development at the child's individual pace. We have family support units in Illinois where such services as respite care, help with special equipment, babysitting and other services are available which permit parents to care for and...nurture their child at home. Illinois offers excellent vocational opportunities in sheltered environments and in actual work stations and industry. In fact, many retarded persons are actively involved in gainful occupation and are totally self supporting. All of this is simply to point out that our efforts and the State money we've spent have worked. We are now saving thousands of retarded persons from custodial, institutional care and enabling them to become tax-paying citizens who enjoy life and contribute to our society. Every dollar appropriated in the last twenty years which has been earmarked for service for mentally retarded citizens has contributed to...to the success of these programs. We have you and former legislators to thank for the foresight which has been exercised in the appropriation of these dollars. Right now we face a crisis. Illinois revenue has been hurt hard by these economic times. All the services about which I've spoken are in jeopardy. A reduction of funding for the mentally retarded threatens to send us back to the days of scandalous care in the institutions which were too large and too understaffed to properly care for individuals in residence. All of the progress of twenty years hangs on the action you take in this Session. There is too much at stake here to lose that progress. For the sake of all the mentally retarded citizens of Illinois and their families, I ask you to touch their lives by supporting full funding of services through this tax increase. Thank you, very much.

CHAIRMAN NETSCH:

Thank you, very much, Mr. Hawk. I believe there are no questions pending and we thank you for being with us this morning, now this afternoon. Mayor Paul Lenz, from Alton, Illinois, and he will be followed by, so that they may come forward, Jordon Gallagher, Dr. James Cavanaugh and Nearn Justus.

MR. LENZ:

Madam Chairman, Honorable Senators, I thank you for the opportunity to be here. My name is Paul Lenz. I'm Mayor of the City of Alton. I've been mayor for the past fourteen years. I'm the immediate past president of the Illinois Municipal League. Mayor Mark McLeRoy of Freeport, our current president of the Municipal League, has asked...me to extend his apologies for not being here today. Fortunately for him, he is in the initial stage of a possible industrial location and jobs are important. He's asked me to extend to the Senate his strong support for the income tax increase proposed here today. The Illinois Municipal League Board of Directors has endorsed the Governor's tax package by a unanimous vote. We are elected officials on the first level of responsibility. It is not an easy choice to support a major tax increase, but when the facts are conclusive, these difficult choices must be made. When under Governor Ogilvie the State local government partnership in regard to income tax sharing was forged, our cities were in desperate need. Today the proposed extension of this partnership found our municipalities again strapped to meet existing needs for services. The passage of this tax would mean about eight dollars addition per capita per year to these municipalities. It will permit our cities and villages to perhaps maintain existing levels of service and will operate as a direct offset against additional property taxes. The loss of our present sharing would be a loss in revenue of about twenty dollars per capita

and would cause a huge property tax increase or unacceptable elimination of vital of services. And let me give you just a brief example about Alton. Should we lose this revenue, Alton would lose six hundred thousand dollars a year. Obviously you'd say, Mayor, you've got a problem, and I guess we would have. We'd have to increase local property taxes to make that up, but the important thing, if we did that, is we're only providing for the status quo. We aren't improving anything. We haven't done a thing except try and make up the loss of the revenues if you don't approve this type of a bill. Alton is just one of the thirteen hundred or so local governments in the State of Illinois that would suffer tremendously. I'm confident every mayor and village president would tell you their sad experience if this would happen. Let me add a caution, if I may, and very respectfully. The City of Alton and other Illinois cities cannot afford a revenue SWAT program. This General Assembly is seriously considering the passage of mandatory collective bargaining with binding arbitration, huge increases in pensions for police and fire and homestead and other tax reductions. Indeed, I'm informed that as of Friday, last week, that 1.2 billion in mandated cost statements have been filed with possibly more to come. The total take for local government from the income tax is dwarfed by these proposals. The so-called "windfall" from personal property replacement program has, in fact, become a disaster when the Bureau of Budget estimates indicate that the fourth year of the new tax will be in...be seventeen percent below what was collected in the last year of the personal property tax. Now in closing, what I'm trying to say is that a tax increase is absolutely necessary. This proposed income tax increase is, in our opinion, the most equitable way available. The additional funds will be...will be made available to Illinois municipalities will alleviate to a substantial degree the elimination

of necessary public services and the protection of the health, safety and welfare of your constituents and mine. The league stands ready to assist and to stand up front with you in meeting this difficult responsibility, and we urge your favorable consideration of Senate Bill 1297. Thank you.

CHAIRMAN NETSCH:

Thank you, Mayor Lenz. Senator Mahar.

SENATOR MAHAR:

Thank you, Madam Chairman. Mayor Lenz, has the municipal league sent out some fliers to all the mayors and all municipalities on this subject?

MR. LENZ:

Yes, sir, we did. We reported to the entire membership of the action taken by the board of directors. We have thirty-six members of the board of directors and our action, as I pointed out, was the unanimous support, and we reported that to all member cities.

SENATOR MAHAR:

The reason I asked is that I think I have about thirty-five municipalities in my district. I've only heard from one of them, and one mayor wrote to...to me a rather lengthy letter and said, you know, we don't want an increased income tax, we'll...we'll get by. If we're going to lose our money, we'll get by. And I was kind of surprised to hear that from him because I felt, as you've mentioned, that there would be a sizable change in his municipal budget, and his fund balances, and that sort of thing. But I'm...I'm just curious as to why if...if this is the case, that we haven't received a lot more...a lot more input from the mayors of the municipalities.

MR. LENZ:

Senator, I don't believe I can respond for the individual mayors of your...your district. I do know this, that most of us would feel this crunch very badly. Perhaps, and I'm not

sure of that, I'm not too familiar with your district, but perhaps some municipalities could overcome this problem. Most of us couldn't. And I'm encouraging the mayors, and I will again, to contact you and the Senators of the various districts in this State to encourage your support. They should have done that by now and I'm ashamed to say they didn't, perhaps.

SENATOR MAHAR:

Well, being a former mayor and having served...serving on local government and the same in the House, probably a little more closer to...to local government than maybe some of the members of the General Assembly, and I've been quite surprised that I have not received more comments.

MR. LENZ:

We'll try and build a fire under them, sir. Thank you. I appreciate your comments, Senator. Thank you.

CHAIRMAN NETSCH:

Senator Keats.

SENATOR KEATS:

I ask a rhetorical question concerning the funds you need. If you put them up for referendum, would the referendum pass?

MR. LENZ:

On a tax increase locally? I believe they would, Senator, and the only reason I say that, I speak for my own community. We cannot afford a greater loss in the services that we're trying to provide.

SENATOR KEATS:

Would you say, being that or...being that your opinion, that you would pass a referendum in your town, do you think that would be true State-wide of most municipalities?

MR. LENZ:

I cannot say, sir. I really don't know. I...I...

SENATOR KEATS:

Well, are you aware...

MR. LENZ:

...I believe that if the...if the...citizenry of the various municipalities are faced with a loss...for the loss in...in municipal services, I believe they would support some type of a tax increase. But again, Senator, only to maintain the level of services that we're trying to provide.

SENATOR KEATS:

I...I might ask the following question, are you aware of the percentage of referendums around the State that fail?

MR. LENZ:

Very definitely, sir.

SENATOR KEATS:

Then all I say is that...when we say this...this level of services that people are demanding, I just might mention to you and the municipal league, it might be that these services are not being demanded. It just might be the people feel they're getting more government than they want. Now, I have to be quite frank, in my area, referendums pass. But then again my district is made up of some upper-middle class burrows north of Chicago, and we perhaps look at it a little differently. But I just might mention, if you couldn't pass a referendum, it could be you're offering more services than people want or feel that their government should be offering. When we're voting on that tax increase, we keep that in mind.

MR. LENZ:

Your comments are well taken, sir. Thank you.

CHAIRMAN NETSCH:

Senator Hudson.

SENATOR HUDSON:

Mayor, I missed part of your testimony for which I apologize, but I did catch enough of it to hear you say something about the collective bargaining bills that are now extant in this Legislature. Is it...would you...would you repeat what

you said about the impact as you see it...on the passage of those bills on municipalities.

MR. LENZ:

The only concern that we have, Senator, is the fact that under collective bargaining and binding arbitration, the cities have to be prepared to fund those final decisions on arbitration. Many of us cities, Alton being one, already have a collective bargaining agreement with our unions and we do go to binding arbitration. So, we're not so afraid of that passing the General Assembly. Most of the smaller communities are not prepared to do that. They have a smaller force, true, but then they still have a smaller revenue source. And if they're forced by mandated act without any...concern on the part of the State as far as their finances are concerned, they may be confronted with more than just property tax increases.

SENATOR HUDSON:

Has your organization taken a position on these mandated acts, as you call them?

MR. LENZ:

To the best of my knowledge, the league has taken...has taken an opposition position to it. Yes, sir.

SENATOR HUDSON:

Taken opposition to it, and the Governor...and the Governor is well aware, I assume, then, of your opposition of those.

MR. LENZ:

I believe he is, sir. Mr. Fitzsimmons, representing the league, made that statement last week in one of the hearings, Senator. I'm sorry I can't pinpoint it.

SENATOR HUDSON:

Okay, thank you.

MR. LENZ:

Yes, sir.

CHAIRMAN NETSCH:

Mayor Lenz, I wonder if I might pose a quick question?

MR. LENZ:

Yes.

CHAIRMAN NETSCH:

And...and this is to you in your capacity as the immediate past president of the municipal league. Has the league a formal position with respect to the choice between support of a State Income Tax, which I understand you do support, and the authority to impose a municipal income tax if the Legislature were to give such authority?

MR. LENZ:

I'm...I'm not sure, Senator, that we don't have some authority under home rule powers to impose a municipal income tax.

CHAIRMAN NETSCH:

No, you do not.

MR. LENZ:

Well, then...I'm corrected and, good Lord, I'd better learn my lessons. No, I don't believe we've taken a position on that. I think we're confronted right now with the potential loss of revenues, Madam Chairman, and I...I think what we're concerned about is encouraging the General Assembly to approve this, Senate Bill 1297, which we feel responds to our needs.

CHAIRMAN NETSCH:

If...if the league has ever addressed the question of seeking authority for municipalities to impose a local income tax, I think it might be of interest to the members if you could just share that with us.

MR. LENZ:

I'll certainly bring your remarks back. And let me say this, I was...I was...I was thinking more of a municipal sales tax than I was an income tax. Thank you.

CHAIRMAN NETSCH:

Either one, as a matter of fact, but particularly the income tax because that is on our present agenda.

MR. LENZ:

Thank you, Senator.

CHAIRMAN NETSCH:

Those are all the questions. Thank you, very much, Mayor Lenz. Jordon Gallagher, State's Attorney of DeKalb County.

END OF REEL

REEL #7

MR. GALLAGHER:

Distinguished President Rock, Madam Chairman, members of the Senate, my name is Jordan Gallagher and I'm the State's Attorney of DeKalb County. I'm also vice-chairman of the Appellate Service Commission and treasurer of the Illinois State's Attorneys Association. I'm here today to talk on behalf of the state's attorneys and law enforcement for the State of Illinois. As you all well know, one of the major functions and reasons for government is to protect its citizens, to make the streets safe. Government has to fulfill that function because we can't leave it to the people, we can't let the people take the law into their own hands. I started in the prosecution business twelve years ago, and, with many of you, I think we've worked hard to upgrade the integrity of criminal justice and law enforcement in this State. The Illinois General Assembly has been very supportive of state's attorney's and law enforcement generally and have, I think, pleased the citizens of the State of Illinois by passing tougher laws and tougher sentences. In order to enforce the laws though, it's a partnership. We need law enforcement, prosecutors, the judiciary, corrections, and most importantly, we need the Illinois Legislature because you give us the wherewithal to make the system go. However, I think right now we are in a precarious position and in danger of taking a giant step backwards. Last Monday, Jim Zagle, the Director of the Department of Law Enforcement, sent out a Teletype to every law enforcement agency in this State saying that he was going to cut certain services as of July 1st. Among those services will be the State Crime Laboratory, they will no longer analyze cannabis or other drugs in less than Class 3 felony cases. This means

that over seventy-five percent of all drug prosecutions cannot be had in this State. There is no way that I can have my own crime lab in...in a county like DeKalb County. I think the only two crime labs other than the State Crime Lab is in Cook County and in DuPage County. So every downstate prosecutor will not be able to prosecute the misdemeanor and certain levels of felony drug cases. They're no longer going to perform work on polygraphs, serology, or firearm services except for crimes against people. They no longer will handle fingerprints except for certain felony cases. They no longer are going to investigate Medicaid fraud, stolen and forged warrant cases and they no longer will assist the local law enforcement...on burglaries under five thousand dollars. So, if you're in a downstate county where you have to rely on...on the State police, you can...if you're a burglar, as long as it's under five thousand dollars you will not be investigated. The manpower that he is cutting, he's cutting fifty detective positions, he's reducing the uniform...he's laying off fifty-one uniformed officers and reducing another hundred and thirty-nine officers. What's happening is that this will create a travesty in the prosecution system throughout the State of Illinois in the State courts. I have a letter here from Glen Wright, the State's Attorney of Shelby County...the...his one comment that I...I would read to...to the members, is, "I can only say,"...this is a letter to...to Zagel. "I can only say that this result is an outrage," and that is the feeling of the state's attorneys with regard to cutting back on these services. The other area that we have a great concern with, this is in the area of corrections. This is one area in the partnership that has fallen down. As you all well know, in 1978 the Determinate Sentencing Bill was passed with the Class X felony. The people wanted that bill, they supported that bill, many of you supported that bill and the people have been happy

because now we were supposedly being truthful. When we sent somebody to jail, they knew how long they were going. But low and behold, we find out now that that's not true any longer. What's happening is Director Lane is releasing people before their time...before they have served their time. Presently, three state's attorneys, the State's Attorney of Winnebago County, the State's Attorney of Will County and the State's Attorney of McLean County, have filed suit against Director Lane to stop him from doing this. His argument is that he has fourteen thousand beds, he has fourteen thousand slots for inmates in the adult system, and he's receiving ten thousand eight hundred from the prosecutors, from the courts of this State. It's a pat on our back perhaps, but there's just not enough room and so he's saying he's turning them loose. The amount of good time or early release time that he has given has escalated greatly. In Fiscal Year '78, right after the determinate sentencing, he gave the equivalent of two years of...meritorious good time. In Fiscal Year '83 up through March, he has given three thousand years so far. That means three thousand years that should have been served by people, that were sentenced by the judges after these people were afforded their due process, they're getting out three thousand years early. And what type of people are getting out? Well, when he first started his early release program, it was only those people that didn't have a prior felony conviction. Last September he ran out of those people. So starting in September, September 17th, he was giving early release to anybody that had been convicted of...that had prior convictions and were in prison on a Class 2, 3 or 4 felony. From September to March, he released six hundred and eighty-one people early who had one prior felony conviction. He released three hundred and fourteen people who had two prior felony convictions. He released one hundred and fifteen people who had three prior

felony convictions. And he released eighty-four people who had four or more prior felony convictions. As a prosecutor, you get tired of sending these people back when they're getting the early releases all the time. That is not what the determinate sentencing was meant for, that was not what Class X was meant for, and...the law is not being followed. In talking with Director Lane, he indicates that out of that pool, it only makes up thirty-eight percent of the present prison population, and that that will be exhausted in the next year. And if he continues in this early release program, we can look forward in '85 to seeing Class 1's, Class X's, and murderers getting that early release. The only way that that prison system is going to work is if it's properly funded. Right now he has three hundred additional beds that are not being used because he does not have the staff. Over the next two, three years, there are approximately three thousand beds that will be opened up, but if the money is not there to staff them, they cannot be used. And three thousand beds over the next two years will not keep up with the demands. Last Friday, one hundred and nine people got out early. One hundred and nine people went back to their communities and are walking the street, and I'll guarantee you the people in those communities are upset. In 1978 I convicted a man of burglary and sentenced him...he was sentenced by the judge to three years. Just recently, I convicted him again on another burglary and this time he was sentenced to five years. And under this program he will do less time on a five-year sentence than he did on a three-year sentence. When we finally...I think we've come a long way in the criminal justice system, you don't see it being...coming under attack by the news media like it used to be, and I think it's a system that you can be proud of, as we are. But I think when we start letting murderers, armed robbers, rapists out early, we'll come full circle and be right back

where we were ten, twelve, years ago. I have a letter here from a fellow state's attorney, John Baracevic, the State's Attorney of St. Clair County, I just would like to read a couple of comments. "I've read in the Popular Press of the proposed cutbacks in service by State agencies because of the State budget condition. This is of great concern to me particularly in the criminal justice arena. The service I receive now is not adequate, any further cutback will hurt our citizens more. My particular county has one of the State's highest crime rates, I need the assistance of the State of Illinois. Early release of...prisoners is unconscionable. The services of the...State Crime Lab are decreasing. The Department of Law Enforcement refuses to pay for extradition of fugitives contrary to State law. Please convey my concerns to the General Assembly in the Senate and anyone else that can help the situation.. Further cutbacks with cripple law enforcement." I think what John is saying and what I am saying is that we're asking you on behalf of the state's attorneys, law enforcement, the thousands of victims and families of those victims and the future victims here in the State of Illinois, I'm asking you on behalf of all the people in the State of Illinois, please don't let public safety take a giant step backwards. Please do what's necessary to insure the integrity of the criminal justice system. Thank you.

CHAIRMAN NETSCH:

Thank you, Mr. Gallagher. We have a question from Senator Geo-Karis.

SENATOR GEO-KARIS:

Mr. Gallagher,...I can appreciate your concerns because I have served in your type of capacity, not as the chief but one of yours.

MR. GALLAGHER:

Right.

SENATOR GEO-KARIS:

Are you saying...do I understand you correctly, 'cause I had to run back and forth to the telephone, that you are in favor of this income tax package?

MR. GALLAGHER:

The tax increase...I...some sort of a tax increase I am in support of and the State's attorneys are. As far as the exact formula that should be used, I can't speak for all the State's attorneys and I'm not that aware of this bill.

SENATOR GEO-KARIS:

Well, do you feel that an...an...tax...increase in the income tax, say for...for...for four years, as...the Governor has suggested, in the personal...personal income tax and the corporate tax, do you feel that that can do the trick to help alleviate the situations which you enumerated?

MR. GALLAGER:

I would hope so, I really don't know.

SENATOR GEO-KARIS:

I am very concerned, too, about violent criminals being let loose in the streets and I certainly hope the director of Corrections doesn't let them out. But there's no question, we need some money for more prisons.

MR. GALLAGER:

In talking with him, if the lawsuits that are now on file are successful where he can no longer give that early release, he will then stop accepting prisoners, which means the counties will have to house these and the county jails are not setup to house this type of criminal.

SENATOR GEO-KARIS:

I see. Thank you.

CHAIRMAN NETSCH:

Thank you, Mr. Gallagher. I think we would appreciate it if you could leave...or have available, at least, a copy of the...the information you had in your statement, which is of

some interest and relevance. Doctor James Cavanaugh. I'm sorry, Senator Keats had a question, I...I overlooked him. Senator Keats.

SENATOR KEATS:

I'm not an attorney nor a former prosecutor, and I don't say that kiddingly. I want to ask a question that's a great frustration on my part. I voted for Class X, I'm a great believer in determinate sentencing, I'm not happy to get the criminals on the street either, I know they're talking about not housing more criminals. What I'm concerned with is the definition of what is acceptable cell space. You are seeing today the definitions of many of our do-gooder groups in the prison reform area, they are requiring cells and facilities that are of a higher caliber than the children of many of the legislators living in this...or serving this Chamber, their children's rooms. I can assure you, that the room I grew up in does not meet the standards necessary to house a prisoner. I ask of you, and I...'cause I didn't disagree with anything you said, could we, as a group of state's attorneys, perhaps find a way to publicly say that we don't need Taj Mahal's for prisons? Now, I admit that my opinion on what's an adequate prison cell might be a little different than what a prisoner's attitude what a decent prison cell is. But I think when I looked at the situation in Alabama, where a Federal judge took over the Alabama prison system, I have no first-hand knowledge of the Alabama prison system, I've never served any time in it, I've been stuck in the State Senate, which, you know, same type of thing. But we need some kind of comparison and perhaps the state's attorneys could give us some recommendations here because I think, we, in the Legislature and the State Government should be spoiling for a fight with the Federal...Federal bench concerning what is adequate prison space.

MR. GALLAGHER:

Yes...I...I think you are spoiling with the Federal bench. I think a suit was filed in the southern district of Illinois and which has been resolved at this time, but it's just a matter of time before another suit is filed. State's attorneys would be more than happy to work with the Legislature on...on that issue in what it...defining what adequate cell space would be. I know we'd be more than happy to.

CHAIRMAN NETSCH:

Again, thank you, Mr. Gallagher. Doctor James Cavanaugh...who is associated with Rush Presbyterian St. Luke's and who has joined us in the...in Springfield in committees before, particularly in connection with questions involving the criminally insane and psychiatric problems in the criminal justice area.

MR. CAVANAUGH:

Thank you, very much, Senator Netsch, President Rock, distinguished Senators. It's my privilege to participate in these historic hearings today. As Senator Netsch said, I am a physician on the staff of the Rush Presbyterian St. Luke's Medical Center in Chicago and a...a member of the Department of Psychiatry in the Rush Medical College there. Perhaps, as a result of appearing here today, we should do away with the old question of, is there a doctor in the house, and replace it with the question of, is there a shrink in the Senate? It's a...it's a real honor to be here and I wish to say a few words in response to my support for Senate Bill 1297. Before making a couple of substantive remarks in the few minutes available to me, I...I would just like to share the background that I have been privileged to have here in Illinois that has allowed me to have some perspective relative to the current needs of our mental health services and our services for the developmentally disabled in our State. I've been privileged to be a member of the Governor's Commission on Guardianship and Advocacy and presently am a member of the,

as a commissioner, of the Legislative Commission on Mental Health and Developmental Disabilities. I also have a sub-speciality interest in legal or forensic psychiatry and this has allowed me to have some interaction with various aspects of the public mental health care system here in Illinois. On a historical note, I think it's important to keep in mind in looking at some of the present dilemmas of our public mental health care system that Illinois has had a proud history of leadership in the care of the mentally ill and the developmentally disabled dating back at least a hundred and twenty-five years; decades of important research at the Galesburg Cottage, the development of the institutes which have been research leaders in Illinois and throughout the United States. And more recently, the important adoption of a revised Mental Health Code here in Illinois and the development of a national model in guardianship and advocacy for the mentally ill and developmentally disabled with the formation of the Commission on the Developmentally...on Guardianship and Advocacy a very few years ago. The most recent round of cuts in the budget for the State Department of Mental Health has already significantly impact...impacted upon the delivery of services to our citizens here in Illinois. And I just want to highlight a couple of points in terms of how the present budgetary cuts have already adversely affected the delivery of these services and add weight to the additional problems that would occur if subsequent tax measures are not taken that would allow for the continuation of the minimal services that our citizens need. Let's look at three areas of service delivery; the institutions, the community programs and the institutes. Our State mental health institutions are, in many ways, historically the backbone of our mental health delivery service system. Today, there is ample evidence that there is simply not sufficient staff available, sufficient professional capa-

bility to deal with ever increasing numbers of developmentally disabled and mentally ill individuals who come to these institutions needing help. There is some fear that we will return to, what I'm sure you are aware of, the snake-pit-like conditions that predated the developments of modern psychiatry and psychology in caring for mentally ill and developmentally disabled people, both here in Illinois and throughout the country. We might, in the very near future, see patients in the hallways of our mental institutions not receiving appropriate diagnosis for their difficulties, not receiving the proper treatment planning that they so desperately need. I do not wish to be the harbinger of bad news, but a recent opportunity that I was given with one of my colleagues, Doctor John Davis, who I think is generally acknowledged as one of the foremost psychopharmacologists in the United States, was to look at our State system following some rather explosive Sun Times articles back in November of 1981, that looked at individuals who were dying in the course of their treatment in our institutions here in Illinois; and as a result of questions raised by those Sun Times articles, the Governor asked myself and Doctor John Davis to look at some of these cases in a little more detail. These were primarily mentally ill patients admitted to several Chicagoland institutions, but the issues that we found, I think, are representative of the problems that are currently in view at these institutions. To make a rather complicated evaluation of a number of cases that we undertook fairly simple, we found that there simply were not sufficient medical psychiatric services available of sufficient quality to assure a minimal standard of care for many of the patients currently being admitted to these institutions. Not in all cases was care inadequate, but some of the cases reported upon in the Sun Times articles, individuals who lost their life during their course through the

institution did raise serious questions about the level of professionalism in the department. I think that serious attention must be given then to what would be the additional implications of less monies being available for the care and treatment of institutionalized Illinois citizens who require these mental health and developmental disability services. My second point deals with the community programs. These programs have been very adversely impacted upon as a result of the last round of cuts. The community programs are the bedrock of the deinstitutionalization movement in the care of the mentally ill and developmentally disabled. The whole movement of the last twenty-five years to get the mentally ill out of hospitals into their community where they still will require adequate services for their ongoing problems. Current cuts in community programs make it very difficult to appropriately track and treat individuals who are no longer in need of inpatient care but must receive it on an ongoing outpatient basis. For example, recent cuts at the administrative level of these community programs have removed, what I believe to be responsible nonmedical, nonmental health professionals from the process of monitoring the quality of care and making sure that the monies that the legislature allocates get to the target populations where the care is actually delivered. If we do not get additional tax monies flowing into...into these various community programs, the deinstitutionalization movement will be seriously hampered and we'll be looking at the return of our citizens who are ill to the institutions, the very institutions that I've mentioned are already having great difficulty keeping up with their current caseload and raising real questions about the degree of professionalism in the care that they receive. My third point has to do with the institutes, the Illinois...Illinois Psychiatric Institute, the Illinois Institute for Juvenile Research, the Illinois Institute for

Developmental Disabilities. The recent round of budget cuts severely impacted on the research and development efforts of these important and really world class institutions here in Illinois. We are at a breakthrough point in terms of understanding and treating many of our major severe psychiatric...illnesses...mental illnesses such as depression and schizophrenia, which I'm sure you've all heard of, are lending themselves to research advances improving the quality of the care that we can give those who suffer with these problems. I think it unfortunate that, at this time, because of all of the problems that we are aware of, we may have to look at, if additional tax monies are not made available, the winding down, perhaps the discontinuation of years of development of leadership efforts in psychiatric research impacting on our increasing understanding of how to evaluate and treat the mentally ill and the developmentally disabled here in Illinois and throughout the United States. These three target areas then, the institutions, the community programs, and the institutes are currently very negatively impacted on by the most recent round of budget cuts. Should there not be a raise in public monies available for these programs, I would predict a continuation, an escalation of the various problem areas that I've noted. In closing, I do think the future could be bright, as I have alluded to, research capabilities are there and with appropriate public support there will be important breakthroughs and there have been a number in the last decade as a result of the effort here in Illinois and in other states in our country. I think another area where we're beginning to see some breakthrough is in the understanding of...in those small numbers of mentally ill people who do engage in violent, antisocial behavior, how to appropriately evaluate them, how to appropriately get them into the treatments/correctional track that they need to be in, and to further make sure that these small

number of violent mentally ill individuals do not transgress upon our Illinois' citizens. I think in this great debate about taxes, which is obviously a political issue and not one that I have any business participating in, other than as a private citizen, I hope some of my remarks from a more professional standpoint, based on the wonderful experiences that have been afforded to me professionally here in Illinois, would shed some light on the processes of decision that you're going through. In the final analysis, though, if I could add with some of...close with some of the wisdom of past ages, I think it is true that we will be judged on the basis of our concern for the most disabled amongst us, and it's in that...in that spirit that I feel honored to have been asked to make these remarks this afternoon. I...I hope that any questions that any of you might have, you would bring forward and I'll do my very best to try to be responsive. Thank you, very much.

CHAIRMAN NETSCH:

Thank you, very much, Doctor Cavanaugh. I believe there are no pending questions. I...I would add, only to your comments, just to lighten our moments for a moment that I think the legislators are concerned about not joining that group of disabled, which is one of the reasons why it's a very traumatic experience for us as well. Thank you, very much. Mr. Earl Justus, Sheriff of St. Clair County, and while he's coming forward, the next...after him will be Doctor Ed Kozicky...Kozicky, I'm sorry, Kozicky, of Alton, Illinois; Dr. Fred Giertz of the University of Illinois and Gary Boss. If they would come forward and make their presence known on the Senate Floor. Thank you. Mr. Justus.

MR. JUSTUS:

Thank you, Madam Chairman. I appreciate the opportunity to speak to the honorable Senate this afternoon concerning that portion of the State's budget which provides for law

enforcement and criminal justice programs. I come before you in part as a representative of my county and its people, but more to the point, as a spokesman for the community of law enforcement and its people. This is a community in which I have been part of for thirty years. It is a community which consists of people who are dedicated to protecting others and providing for your safety. It is a community where work is performed which is both rewarding and frustrating. It is a community made up of public servants who do not strive for great material benefits but rather for personal dignity and pride. I wish that I could tell you that the resources of the community of criminal justice and law enforcement were sufficient to prevent most crimes, to fully investigate all offenses, to assist all people...who are hurt, to analyze all evidence, to provide for all crime victims and to incarcerate all people who would pose a threat to society, perhaps these things will never be said. But the capability of law enforcement to deal with these issues has been steadily increasing for a number of years. Cutbacks in budgets and decreased revenues not only prevent the increased capability of law enforcement community but also drastically reduces present levels of law enforcement services. Law enforcement agencies are increasingly aware of their dependence upon each other to effectively battle crime and protect people. Today certain types of crimes are more sophisticated and the same criminals may cause harm in a number of locations. We have left the days of isolationism in law enforcement to the extent that municipal, county and State agencies cooperate. We cooperate to train policemen to investigate, to prosecute and to incarcerate criminals. However, certain functions are provided exclusively by the State and rightfully so. First, the State Department of Law Enforcement is the central repository for our criminal history information. All components of the criminal justice system use this information to

identify suspects, to set bail or sentences, to make placement decisions within corrections and to determine a variety of other crucial factors about individuals. The efficiency of this system is necessary. Without this information provided the local authorities on a timely basis, dangerous individuals without standing warrants could be released. The efficiency of this system is being jeopardized at the proposed budget level. Second, the department's crime laboratory system of...is of major importance to local law enforcement and the state's attorney who spoke before me certainly alluded to this. He mentioned the fact that under the proposed budget, the laboratory systems within the State would no longer analyze suspected cannabis in less than Class 3 felonies. We, in law enforcement, and I'm sure some of you, realize that case law requires formal laboratory analysis in order to sustain all convictions for cannabis, and the fact that the crime laboratory cannot be used for this analysis in anything less than a Class 3 felony would be devastating. And I think what is really outrageous is that we cannot even arrest and prosecute a drug dealer for sale or delivery of marijuana unless the amount he delivered exceeds thirty grams. The department's division of criminal investigation will no longer investigate recipient Medicaid, fraud, stolen and forged warrant cases, gambling, vice and other organized crime cases, except homicide and narcotics; nor assist local agencies with minor assaults, burglaries under five thousand and criminal damage to property cases. Through the elimination of overtime funding, the equivalent of fifty detective positions are being reduced from investigative manpower. The state's attorney also alluded to the fact that the State police will lay off fifty-one uniformed troopers and reduce the equivalent of another two hundred and fourteen positions through attrition and...and loss of overtime funding. As I understand it, on certain shifts, only forty-seven State

police officers will be on duty patrolling the hundred and two counties of this State. And further, it is proposed that the Criminal Justice Information Authority be funded at one-third of their maintenance level, information and the ability to analyze in excess, it is the foundation of modern law enforcement. Though the authority is small it provides important management information systems for some local departments. Their proposed information system for state's attorneys will not even be available because of funding cutbacks. In conclusion, I don't believe that the community of criminal justice or law enforcement can withstand the proposed budgetary cutbacks. I don't believe it is time for law enforcement to retrench itself until Fiscal '85, '86, '87 or at any point in the future. Our needs are now and if we don't make efforts to increase our numbers then we must fight like hell to maintain what we do have. You, as elected officials, must review the...the relative way of a variety of important issues and I certainly don't envy you your task. I hope that your deliberations...and subsequent decisions will represent the wishes of the people and protect their interest. Remember that in my community, law enforcement, we protect their interest too. I know that the decision to increase taxes is a difficult one to make, but I also know that the effects of no increased revenues force the community of law enforcement in..into an unacceptable condition. Thank you, very much.

CHAIRMAN NETSCH:

Thank you, Mr. Justus. There are no questions, we will proceed with Doctor Edward Kozicky of...formerly of Winchester Corporation of Alton, Illinois and his particular concern is with conservation.

REEL #8

DR. KOZICKY:

Mr. President Rock, Madam Chairman, distinguished members of the Senate, and spectators, I've got to make one correction Madam Chairman. It's Godfrey, Illinois. I know you have Alton, but we've got a little town of Godfrey we're quite proud of and I've been a resident of it for twenty-five years. I'm a professional conservationist and have been one all of my life. I just recently retired. I've served on the State's Conservation Advisory Board, starting my nineteenth year and currently I'm chairman of that board. And, I want to speak to you today in behalf of Senate Bill 1297. The impact of the budget, which Governor Thompson has proposed, on the Department of Conservation in the absence of any tax increase would be nothing short of catastrophic. It would result in a layoff of more than one hundred full-time employees, would cause the staffs at each of nine important sites to be reduced to a single person and would severely impact the Conservation Police Force, which is our only line of defense against widespread poaching and other conservation law violations. In addition, without a tax increase, it will not be possible to operate the new Illinois Fish Hatchery system at more than fifteen percent capacity, which would be short of criminal. The new hatchery system has great potential in substantially improving fishing in Illinois, not only in Lake Michigan waters but in the major corps of engineer impoundments and State lakes and private waters. Illinois can become a major destination for fisherman who will bring many dollars to our State, but in order for this to occur, the hatchery system must be operated at full capacity and not at fifteen percent. Lack of tax increase will mean that the protection of game birds...the production of game birds at

our game farm will be sharply curtailed. This will mean that the end to the Day-old Chick Program, in which sportsmen's club have enthusiastically participated for so many years. It would also be necessary to end the Put-and-take Hunting Program at eight sites and the Controlled Pheasant Hunting Programs at two sites. At a time when forest stock is quite important in reforestation of Illinois lands, the lack of a tax increase will mean the substantial curtailment of the output of our State three nurseries. This will be most unfortunate at a time when public interest in planting tree stock is quite high. Failure to achieve greater revenues for the Department of Conservation will set its program back many years. Persons who buy hunting and fishing licenses and permits have willingly more than tripled their contributions to the program to the department in the last six years, and they have a right to expect that at least those programs will be maintained without reduction. I wish strongly to urge this committee and the General Assembly to undertake reasonable tax increases that will permit the basic programs of the Conservation Department to go forward. Thank you.

CHAIRMAN NETSCH:

Thank you, Dr. Kozicky. We appreciate your being here. No questions, right. Dr. Fred Giertz, from the University of Illinois, who prepared a paper that many of us have had an opportunity to see. And, while he is coming forward, I would like for the following people also to make their appearance at the back of the Senate, so that they can be available and ready: Mr. James Tobin, Mr. Frank Brown and Mrs. Dorothy O'Neil.

DR. FRED GIERTZ:

Thank you, very much, Madam Chairman, President Rock, members of the Senate. I...my name is Fred Giertz. I'm associated with the Institute of Governmental Affairs at the University of Illinois. And, my remarks today are based upon

a paper, which was prepared with James Faucet, who is also a member of the institute staff. And, I come to you with a somewhat different approach than some of the preceding speakers. I'm not here to endorse any particular program, but to share with you some of the findings that we have made in regards to the State's fiscal situation and also some of the prospects for the future. So, my job here is not to tell you how much the State should be spending or even to talk about the priorities, but more to talk about the current situation and some of the options that are possible to meet the...to meet the future. Now, in regard to the current economic picture, I have really no...no surprises here. Our findings are very much the same as the findings of the Governor, the Bureau of the Budget and the Economic and Fiscal Commission. It's clear that the State faces really major, serious economic problems now and in the foreseeable future and these fiscal problems are not likely to be solved in the short-run by economic growth. That is, we cannot rely upon economic growth to raise...tax revenues in the foreseeable future enough to deal with the serious problems that are facing us at the present time. So, that again is not...not any great surprise, but I think it is another...another voice confirming what many of us have come to believe in the past several months. So, the question then is, what are the options available? And, I would like to talk about several options. First of all, one of a long-term tax increase at the size...or the magnitude approximately of that suggested by the Governor; talk about briefly the possibility of a shorter term surtax or surcharge, and then talk about some high...or some options that may nix some of these possibilities. Now, first of all, in our opinion, a tax increase of the size that the Governor suggested, one and a-half billion, something of that sort, is in fact very much necessary for next year. We have the non-recurring expenses that we're familiar with,

expenses that have been deferred from this year and even from...from some past years, largely because of the recession, so that we're starting from a point where the budget is very austere. We have additional expenditures necessary next year, and our findings are that almost all of the tax increase will be necessary to meet these non-recurring expenses and to provide enough revenue to maintain the State at the level that it was operating at in 1982-1983. So, in...in the short-term then, there is a substantial need for new revenue. Now, the question that has become very important to many of you is not, what about next year but what about the so-called out years, 1985-86 and so on? And, our findings are that there would be modest additional revenues available in those years. These revenues could be used for potentially, again, modest program growth. So, most all the revenue would be needed next year to meet the non-recurring expenditures and maintain programs at their 1982-1983 levels. After next year, there might be some additional revenue that would come through economic growth and through the removal of the non-recurring expenditures that it could provide certain revenue for program growth. Now, in terms of the pros and cons, the...the advantage obviously is it would meet the short-term problems facing the State. It would also provide some revenue that could provide additional services in areas that...that may be needed. On the negative side, the problem here...the potential problem, which I don't really view as a great one, is that if we do have a substantial recovery, much more robust than we've expected, we could have extra revenue...extra revenue that could be used for program growth, tax cuts, something of that sort. Now, turning our attention to the surcharge, a short-term surcharge, our findings here are that a surcharge, again, of sufficient magnitude would deal with next year's problems. It would deal with the problem of non-recurring expenses, but our

findings are that after the surcharge expired, after one year or two years, it's not likely that revenue growth on the old base would be great enough to meet the needs of the State, in the sense of maintaining services at their 1982-1983 level. So, a surcharge would get us through next year, but in all probability, we would have a problem, not unlike the problem we are facing now, coming after two or three years or whenever the surcharge might expire. So, on...on the negative side then, surcharge would probably only delay some of the serious problems we're facing now and may be, in fact, a kind of first step toward the defacto tax increase through a series of continuing surcharges. Now, we've also suggested a couple of alternatives here which are not necessarily completely unique, but I think bear some emphasis. One option might be a combination of a somewhat smaller permanent tax increase and an additional surtax on top of that. The logic of this is that there are some continuing needs the State will experience over a long-term. These could be met by the permanent tax increase. The surtax could then be used...the smaller surtax could then be used to face the unusual expenses next year, the non-recurring expenses, and then it would expire after one year or two years, something of that sort. Now, the advantage of this...would...it is that it would deal with next year's problems and it would provide a kind of an orderly phase-out, a tax revenue as opposed to a...an all or nothing surtax where they'd be a very big drop in revenue occurring at some point in the future. On the negative side, when the surtax expires, there may still be some revenue problems, depending on the...the health of the economy, how fast the economy grows. Now, finally, another suggestion, which really is not all that much different from some...some of the things the Governor suggested, would be to couple a permanent tax increase with the promise of tax reform after next year. There really is no extra revenue

in...in the next fiscal year to deal with tax reform in any meaningful way, but there may well be some additional revenue, modest revenues, after next year, that could be used to address the problem, or...or the potential for tax reform. And, this would be a way of dealing with the problems we have. Next year, it would be a way of dealing with the potential for unusually large revenue growth, if the economy expands very rapidly and it would be a way of addressing the long-standing problem that many of us are concerned with of tax reform. Now, I think this would...might very well be a much wiser, much more considerate approach in dealing with tax reform as opposed to doing it on a piecemeal basis, which has been the history of the past several years. In fact, there are two bills now being considered, one to reduce the assessed value ratio from thirty three and a-third percent to twenty-five percent of market value, and another to increase the homestead exemption up to an additional fifteen hundred dollars over the 1977 level, which are in a sense, addressing the problem of the property tax but not addressing in a very comprehensive way. So, it might well be a...a fruitful approach to couple the interest in raising more revenue through the income tax with the interest in...in the property tax reform. Now, finally, I'll say one...one additional thing, it...as research director for the Tax Reform Commission, I can relate some of the findings there, and one important finding is that we believe that the income tax was, in fact, relatively underutilized in the State of Illinois, especially the individual income tax, and, that if we did need additional revenue, that would be the place to go. So, to that extent, some of the findings of the Tax Reform Commission, they have...bearing on your deliberations here. Now, in closing, obviously, I don't have any magic answers. There is no one answer that will solve all the problems, but I think this may very well help to put some of the...some of

the questions you have in perspective, and I'll be happy to answer questions, and my colleague, James Faucet, will also be here and be available. I thank you.

CHAIRMAN NETSCH:

Thank you, very much, Doctor. I...I would call attention to the members of the Senate, if they have not found or received their copies of the paper The Illinois Financial Crisis, Causes, Consequences and Solutions by J. Fred Giertz and James W. Faucet, sent out by the University of Illinois Institute of Government, or at least that's where I got my copy. I think it was made available to all of you, and I think you will find it extremely interesting and helpful reading. Senator Rupp has a question.

SENATOR RUPP:

Thank you, Madam Chairman. I was wondering, we have heard some figures and some inferences that, on the referendum that have been tried, that four out of five have failed. That's eighty percent. Have we...we've had an indication eighty percent not interested in any tax increase on those specific questions that were put up. Has your institute and in your research, have you gotten any reflections, any studies, anything at all that would give us an indication of how the "man-on-the-street" feels about this or any other tax increase proposal?

DR. GIERTZ:

I think that you probably have a better feeling than we would for the person on the street. But I think there is a real question of what the...what the resources are used for, and we're talking about quite a different situation with local referenda. We're dealing with the property tax issue to begin with and a different set of services than we're talking about here. They're clearly related. Sometimes hostility with the...with any tax is taken out on referenda issues, but I don't think I have any special expertise about

how it is.

SENATOR BUPP:

Do...do you have any personal reflections from people that know that you're in this particular area and what they say to you?

DR. GIERTZ:

Well, my...I talked to many people and they...I think they view this with some feeling of resolution. No one likes a tax increase, but they do feel that we do have some serious needs at the State level and those have to be met, so they're not stepping forward and endorsing it with great enthusiasm, but they are, in fact, accepting it with...with some resolution.

SENATOR BUPP:

Let's see, I don't believe that...well, in my own instance, I have not felt any great groundswell for a tax increase. In fact, just the opposite...the folks that have talked to me. Then, it seems like here we have not had any input whatsoever as to the reflections that we get from these people, and I was wondering if you did have any...thank you.

DR. GIERTZ:

Well, I don't...I think the members of the Senate probably have a much better feeling for what's going on in the State than I do in that regard.

CHAIRMAN NETSCH:

Yes, we tend to hear from them. Those are the only questions at the moment. We very much appreciate your being here. Thank you. Gary Boss. Mr. Boss, who is plant manager of Harper-Wyman Manufacturing Company in Princeton, Illinois, and his particular concern is with community colleges. Mr. Boss.

MR. BOSS:

Thank you, Madam Chairman, President Rock, and members of the Senate. I received a call last night, about ten-thirty,

asking that I would please come out here and present my ideas on the support for our community colleges. And, I said, "Well, I'll give it my best shot." I don't have a speech, so it'll be short and sweet. I used to say in industry that education is the key to success and I changed that now, primarily, because the influx of foreign competition. Education is simply the key to survival, and our community colleges are providing that to the...to the community and to small industry. Illinois Valley College, that I'm associated with, I'm on the High Tech Advisory Committee, provides tremendous support and assistance to all of the industry in the area and provides that industry with sophistication and automation...the...the education behind the sophistication and automation to where they can grow and provide more jobs in the community. Now, as an example of the assistance that it gives to the community, I had just recently sold twenty-one used screw machines, that's an automatic machine for industry, to a company out-of-state, and they were going to take these machines out-of-state and set up a new plant. I put them in touch with Illinois Valley Community College, and when they saw the assistance that the community college provided in education for technology, they decided to build the plant in that area, and I think that's a...I think that alone says something tremendous for the contribution of the community colleges. Another thing that...that the community college is doing, we are...we are bringing on a computer-aided design system, and it's a very expensive system. For a small company to purchase something like this it would cost, roughly, two hundred and fifty thousand dollars. There is no small company that could possibly afford that, but with a time-sharing basis, working directly with the college, they can have the benefit of that and provide a product that can be just as competitive as a larger company or with foreign competition. Now, we're looking

at...without the tax increase, we're looking at cutting expenses by approximately twenty-four or twenty-five percent, and in the long-term, I firmly believe that's going to be economic suicide within the community. We...we have to have that education and the assistance that the community colleges provide for economic growth, provide more jobs. Therefore, I am in support of Governor Thompson's Senate Bill 1197. Thank you. Any questions?

CHAIRMAN NETSCH:

Thank you, Mr. Boss. I see no questions. Thank you, very much for being with us this morning. Now, if I might have your attention just a moment, members of the Senate, that concludes the list of the proponents whom the Governor asked us to hear. There are two people who have registered and asked to testify as opponents, and I think, in fairness, we should turn to them next. And then there are just a couple of other people who have asked to speak as proponents on their own. So, we will now turn to the negative. Mr. James Tobin, National Taxpayers' United of Illinois.

MR. TOBIN:

The majority of Illinois voters oppose any increase in the State Income Tax. The people who pay the bills, the tax bills, want tax cuts and tax limits. In November, 1978, eighty-two percent of the voters indicated they wanted tax cuts and tax limits in an advisory State-wide referendum. Since that time, I have asked thousands of taxpayers at meetings all over Illinois if they still want tax cuts. Today, more than eighty-two percent of the people of the State of Illinois want tax cuts and tax limits. The people receiving the taxes want the General Assembly and Governor Thompson to raise the State Income Tax. Government teacher unions like the Illinois Education Association and the Chicago Teachers Union are lobbying for more money for the benefit of their union members. Higher taxes will have no affect on the qual-

ity of education here in Illinois' primary and secondary government schools. There is absolutely no correlation whatsoever between academic performance and spending per student; otherwise, children in Chicago's government schools would receive the best quality education in the State of Illinois. Well, of course, this is not the case. The government education lobby is trying to make a power play to steal even more of the taxpayers' money for the benefit of bureaucrats. The solution for our education mess is allowing private educators to compete with the near monopoly of education by government which is destroying academic performance. Tax...tax cuts and tuition tax credits will allow parents to use their money for private education which will reduce the demand for educational tax subsidies from government schools. The General Assembly can save as much as four hundred three million dollars every year by reducing spending in the category of economic development and community services. For example, the State of Illinois operates foreign offices in Belgium, Brazil and Hong Kong. The stated purpose of these offices is to act as sales agents for companies located in Illinois who have goods for sale abroad. In fact, the foreign offices...these foreign offices subsidize sales services for Illinois businesses which would otherwise have to maintain their foreign sales offices at their own expense. A couple of years ago I was on a business trip in Hong Kong; I...on several occasions, we came across one of the bureaucrats in charge of the State office in Hong Kong, who actually did spend some time attempting to attract businesses to Illinois. He was unsuccessful. He told us the reason...the primary reason he was unsuccessful was because of the high State and local taxes on businesses here in Illinois. Now, for those of you who don't know, Hong Kong is a British Crown Colony on the peninsula of Communist China. It has the lowest taxes of any developed area in Asia and, of

course, therefore, has provided the average person in Hong Kong with the second highest standard of living in Asia. So, even as long as four or five years ago, when I was in Hong Kong, business people on the other side of the world were aware of the bad business climate here in Illinois. Even the Communist Chinese don't want to locate their businesses here in Illinois because of our high State and local business taxes. The Illinois Art Council is a fine example of reverse Robin Hoodism. In the case of Illinois, it's steal from the not so affluent, in a form of taxes, to give to the affluent. The average taxpayer in Illinois has an after tax income of approximately eight thousand dollars each year. The average attendee of the type of performance sponsored by the Illinois Arts Council has an annual income of forty thousand dollars. This is people earning eight thousand dollars a year subsidizing the entertainment of people with annual income, averaging forty thousand dollars. Economic development for Illinois also means taxpayers subsidies for State and county fairs and the studying of horses. The State should not be in the business of subsidizing special interest groups. Tax increases like this will result in more unemployment and economic-stagnation in Illinois. A recent economic study by the Harris Bank in Chicago indicates that states which increase state or local taxes, relative to other states, lose out in economic competition to the lower tax states. The study indicates Illinois is one of the highest tax growth states and, also, one of the lowest income growth states for the period 1973 through 1980. Even worse, Illinois had the greatest rate of growth of state and local taxes in the nation, relative to the other forty-nine states for the period 1967 through 1974. The growth of State and local taxes in Illinois is the primary reason our unemployment rate is 13.8 percent, the sixth highest rate of unemployment in the nation. A vote to raise the State Income Tax is a vote

for less business opportunities and more unemployment. A vote for the tax increase is a vote to make Illinois a permanently depressed area. I urge the General Assembly to reject Governor Thompson's threat to raise State taxes approximately 1.8 billion dollars every year for the taxpayers of Illinois. Thank you.

CHAIRMAN NETSCH:

Thank you, Mr. Tobin. A question from Senator DeAngelis.

SENATOR DeANGELIS:

Mr. Tobin, you mentioned in your opening comments that we ranked real high in both State and local taxes. I have this from the Taxpayers' Federation that shows that we rank rather low in State taxes, and I agree with you, we rank very high in local taxes and that's going to be the point of my question to you. No one, as the Governor indicated this morning, likes paying taxes. In fact, the people that receive a lot of the services probably don't like to pay the taxes either. But aren't we fooling the public by underfunding on a State basis many of the vital elements of government and shifting that burden either to private industry or to local government? Let me give you an example, unless you are willing to let people die, your lack of funding of medical services means that either a third-party payer or an employer, like myself, or another unit of government is going to pay for that service. If you take out revenue sharing by the State for local government, either that local unit of government is going to pay for it or the service is going to be diminished, but in most instances, the shift will be made to the local taxpayer. Aren't we caught in somewhat of a Catch 22 when we turn around and tell the people that we're going to really save them taxes when, in reality, all we're doing is shifting the burden to somebody else? And, I want to give you a personal example of mine. In 1978, I negotiated a labor contract for my company in which the medical costs per employee

were eighty-seven dollars per month for a group health care plan. In 1983 with the same plan, because we had a three year contract and two freezes after that, that insurance is costing our company three hundred and sixty dollars a month, okay? In the same period of time I have been in the General Assembly, we have been cutting and cutting and cutting our medical services, and all we're doing is increasing the rate to the third-party payer and to the private pay. Isn't it sometimes dichotomous that we say that we're really saving the taxpayer when, in reality, we're just charging them in a different way.

MR. TOBIN:

No, not with...not at all. The Taxpayers' Federation report, which I have a copy of here, indicates that the...Illinois rate...ranks seventh from the top in the nation for the burden of State and local taxes on a per capita basis, based on personal income, and twelfth from the top on the basis of a per capita taxes alone. And, it's State and local taxes together, combined, that business firms look at and individuals are concerned about, when, in fact, they decide where to locate their business firms, where to live and how much money they'd have left in their pocket after the taxman gets finished with it. As far as...as far as these services that you're talking about, you presume that only the government can provide them and that is not the case. If I were to say, for example, giving a speech like this in India where the government provides all the shoes that are produced in the country, someone like you might say, well, Mr. Tobin, if we don't have the government produce all the shoes, no shoes will be produced. Well, that's not the case. When services are wanted and needed and demanded by people who are willing and able to pay for those services, they will be provided by the...by the private sector...and to the best of my knowledge, there is no service that the

government can provide, as well as the private sector and that includes education, garbage pickup, fire services and so forth. The private sector can provide all of those services better, generally at less than half the cost of government.

SENATOR DeANGELIS:

Well, I don't think that's the argument. I would concur with you that it...where the options exist that's probably a better remedy, but what we're pointing out to is, I want to get back to that first point, 'cause you always keep saying State and local taxes and my argument is that when we underfund our role, we shift it to local. If you go further in that little book that you got there, you'll find out that we rank fairly low in State taxes.

MR. TOBIN:

I don't see anything...I don't see any reason why local government should have to pickup the burden of subsidizing business firms that get subsidies from the offices you maintain overseas. Those are subsidies to politically connected big business firms, and there are other reasons why those offices are there. I don't see any reason why local government should pickup on the subsidies for studying horses either, which the State also considers to be a so-called essential service, sir.

SENATOR DeANGELIS:

But, the point is, sir, that if we underfund education down here, just like in my district where ninety percent of our education is funded in some school districts by local property taxes, we are not saving the taxpayers anything, okay? What we're...what we're really doing is shifting the burden from our responsible role to their role. Now, there's some people that say, fine, because we'd rather have the local control and if we're going to pay for it, we'd rather pay for it directly. But, what I'm trying to say is, we ought not to kid the public, we ought not to kid the public

that by not increasing taxes, we're saving the taxpayer. Because we're not saving them, in some instances, we are. But, you know you also talked about private industry doing things better. Let me talk to you about one other area, mass transit. Do you know of any private group that's interested in taking over mass transit? I got the I.C.G. Railroad in my district, and I'll tell you, if we didn't have the...did not have the R.T.A., and I'm not a big backer of the R.T.A., but I'm going to tell you, the I.C.G. executives live in my district and I will tell you they would shut down that commuter line in thirty seconds if they didn't have the R.T.A.

MR. TOBIN:

...regarding education, that's very good you brought that up, because as some of you may know, I've had experience fighting over ninety school tax increase referenda throughout the State, and throughout the State, no matter where I go, I find the private schools in the communities generally provide the as good or better educational services at less than half the cost per student of the local government schools. For example, the cost of education in a...in a...in a primary government school here in Illinois ranges between twelve hundred and two thousand dollars a year, whereas the cost of education per student in private schools here, almost every private school in the State, sectarian and nonsectarian ranges between four hundred and eight hundred dollars per year per student. Letting people keep more of their own money will allow them, through...through tax cuts or tuition tax credits, will allow them to use more of their own money to put their kids in private schools. That will reduce the need for educational subsidies for government schools. As far as mass transit is concerned, the reason you don't have competition with the R.T.A. and most forms of mass transit is because it is illegal. If I were to start up a bus company...

SENATOR DeANGELIS:

That is not correct, sir.

MR. TOBIN:

...because you folks here in Springfield make it illegal. If I were to start up a bus company and start picking up passengers who voluntarily...voluntarily want to use my bus company and pick them up at the corner, I would be soon arrested and incarcerated and fined, as you well know. It's illegal for me to compete with the R.T.A. monopoly, and until you make it legal, business firms won't be able to repeat...to compete with the R.T.A. monopoly. As far as private transportation is concerned, I can point to you many examples in the United States and around the world where the private firms provide mass transit at less than half the cost of government; when they're allowed to compete with government and provide those services.

SENATOR DeANGELIS:

Well, Mr. Tobin, just for the record, I would suggest that on any given day that you drive down Lake Shore Drive in Chicago and as you come to Soldier's Field, take a look at the left at the parking lot. You will see something like three hundred yellow and black busses that say VanderAa Brothers, who happen to be in my district, and they pickup in my district every morning and haul people into Chicago for about half the price of the R.T.A. You're correct.

MR. TOBIN:

Right.

SENATOR DeANGELIS:

But, don't say it's illegal 'cause...

MR. TOBIN:

It is illegal to pickup at a corner. They can only do that when they contract on a monthly basis with people who are willing to pay a monthly fee, as you...you should know. They...they can't pickup people, passengers, at the corner

and compete with the R.T.A. monopoly.

SENATOR DeANGELIS:

Well, I'll tell you, VanderAa Brothers would not want to pickup at a corner. They have people congregate to a certain spot and they...

MR. TOBIN:

Many people would like to, especially people living in the poor neighborhoods of Chicago, but they can't because it's illegal.

SENATOR DeANGELIS:

The other thing is, let me just correct the record on private education. I happen to belong to a Catholic Church that has a budget of about five hundred thousand dollars of which approximately three hundred and fifty thousand is spent for our parochial school. The tuition at that school is around five hundred dollars per student. Now, if you want to say that the charge of educating...or the cost is five hundred dollars, you might well say that, but I want to tell you...the cost of educating that child, and I have no problem with private education, I've supported every bill that's come through here for them, but two things that are essential to analyze is the amount of subsidy that comes to private education from private sources, alright, which is me as a parishioner of the church, seventy percent of what I put in that collection plate goes to educate those kids, alright?

MR. TOBIN:

That's a voluntary contribution and...and I'm all in favor of that, and if you included those voluntary contributions on top of the tuition, you are going to find that the spending per student in your area is still less than half the spending per student of the government schools in your area.

SENATOR DeANGELIS:

Alright, let me...let me just...to close off, I'll...but I'll tell you, if there's a special ed problem, the kid from

that parochial school is sent over to the public school. In Chicago, when you look at all the role models and so forth they are, in fact, going to the private schools. The type of student that goes to a private school on the average is not the same kind of student that goes to a public school.

MR. TOBIN:

Well, as, some of you may know, I'm an assistant professor of economics. I've been teaching economics for about fifteen years now, and I know why...programs are mandated by the State of Illinois. The...the educational programs, which are mandated by the State of Illinois and Washington, for that matter, are thought up and concocted by the Illinois Education Association, the Chicago Teachers' Union, because these programs like ethnic studies, patriotism and flag use, unions' affect on society and so forth provide more jobs for the union members and that's...while not increasing the quality of education in the government's school system but raising the cost...substantially.

CHAIRMAN NETSCH:

There are four Senators on the list with questions. I would ask each of them to remember that we have less than thirty minutes left and several more very critical witnesses, also. So, please keep your questions short and to the point and the answers, as well. Senator Joyce.

END OF REEL

REEL #9

SENATOR JEREMIAH JOYCE:

I just have one question, very briefly. If we go through this whole process and we find that there is a dollar amount that we all agree on is needed, a hundred million, two hundred million, three hundred million, four hundred million, what do you think would be the fairest tax that this Body could look at?

JAMES TOBIN:

There...there is no such...

SENATOR JEREMIAH JOYCE:

You...you wouldn't...you wouldn't like to add...answer a question on, is there such a thing as a fair tax? Alright, okay.

JAMES TOBIN:

No, there is no such thing as a fair tax as long as you're forced to pay the tax. Obviously, if the tax were voluntary, we could decide...individuals could decide what was fair and pay that. But, no, we are opposed to any tax increase. We're looking at one section of the Illinois' budget, economic development and community affairs alone. We...saw...we see as much as four hundred million dollars in unnecessary spending in that part of the budget alone, and we're going to analyze the rest of the budget as the year goes by. We see no reason whatsoever for additional tax increases at the State or local level.

CHAIRMAN NETSCHE:

Senator Geo-Karis.

SENATOR GEO-KARIS:

Mr. Tobin, I...believe you said you taught economics, where, sir?

JAMES TOBIN:

I teach...I did teach economics at the university and I currently teach economics at Elmhurst College.

SENATOR GEO-KARIS:

Well, tell me something. You said you...the standard of living in Hong Kong was very high.

JAMES TOBIN:

The second highest in Asia.

SENATOR GEO-KARIS:

I don't know how it could be, I was there and all I noticed was the very...the poor were very poor and the wealthy were very wealthy. And people were living off in some of these castoff boats.

JAMES TOBIN:

Did you go to China?

SENATOR GEO-KARIS:

I went to...Caloon, I went to Hong Kong, I spent quite a bit of time there. Now, let me ask you another question. Who do you expect...how do you expect, or who do you...who shall...who's going to help the senior citizens and the disabled who are in need of help? How do you...give me a suggestion. How do we take care of those people? Who in the private sector is going to do it?

JAMES TOBIN:

Well, regarding your first statement on Hong Kong, it's true that, in fact, there is a despairity of income there, and in order to have incentives and an increase in the growth of living for the average person in Hong Kong, you do have to have the...the despairity of income to provide incentives. If you go across the border into China, as I did, I found that, yeah, there's more equality of income, more people are more equally poor. The standard of living in Hong Kong is at least five times greater than the standard of living in Communist China.

SENATOR GEO-KARIS:

There's a difference, but it's not...

JAMES TOBIN:

The average person in Hong Kong benefits from that. The average person in Hong Kong...

SENATOR GEC-KARIS:

...but wait a minute, but you're not comparing...

JAMES TOBIN:

...the wealthy people in China...

SENATOR GEC-KARIS:

...Mr. Tobin, just a minute. But...when you say it's high, all I'm saying to you is, you're comparing it to China, right? That's all I'm saying.

JAMES TOBIN:

Right.

SENATOR GEC-KARIS:

Now, please answer my...

CHAIRMAN NETSCH:

For what purpose does Senator Rock arise?

JAMES TOBIN:

...well, as far...

CHAIRMAN NETSCH:

Will you excuse me, Mr....

SENATOR ROCK:

Madam Chairman, we are, frankly, going adrift here.

CHAIRMAN NETSCH:

I think we are.

SENATOR ROCK:

The economy of Hong Kong and the standard of living in China, frankly, has nothing whatever to do with Senate Bill 1297.

CHAIRMAN NETSCH:

Thank you, Senator Rock. I think that is...your point is well taken. Because we have so little time left, would both questioner and answerer confine themselves to the subject of

Senate Bill 1297.

JAMES TOBIN:

I am very concerned about the people who live...the people who...who are on fixed incomes...in fact, they are the people, as many of you know, who comprise a large majority of my support across the State of Illinois. I've had dozens of these people come up to me, scores of them write me letters about how they would like to be able to afford to live where they live but they can't because of the high State and local taxes here in Illinois.

SENATOR GEO-KARIS:

No. All I'm asking you...all I'm asking you is, your suggestion, who will take care of the senior citizens and the disabled? What...what group in the private sector will do it?

JAMES TOBIN:

The senior...the senior citizens I know and the senior citizens I talked to want to have more of their own money to take care of themselves, and the more tax relief we can provide them, the greater the economic growth in this...in this community and the greater the standard of living for everybody including senior citizens.

SENATOR GEO-KARIS:

Yeah, but what about the ones who are limited to their social security? You tell me, who's going to...and...and it's very small, who's going to take care of those people?

JAMES TOBIN:

They will benefit from tax relief as well through stimulated economic growth...through lower property taxes on their homes which were passed on to them in the form of higher rents if they don't own the homes directly. Everybody will benefit from tax cuts, and most importantly, senior citizens living on fixed incomes. They are the ones being hurt the most right now by Illinois' tax...tax climate.

CHAIRMAN NETSCH:

Senator Zito.

SENATOR ZITO:

Thank you, Madam Chairman. I...just a point of clarification. My question really will only allow for a yes or no answer from you, Mr. Tobin. You've indicated that eighty percent of the taxpayers that you've talked to, or a higher number, are opposed to any tax increase. Most of the people that I've been talking to in my district, and I...while I agree with you on the income tax, there's several other points of the tax package that I think need to be addressed, basically, that of a liquor tax and also the gasoline tax. While I find people very much opposed to an increase in the income tax, I don't find the same kinds of opposition with the liquor tax or gasoline tax. Reasons being so the State of Illinois has matching dollars for the Federal tax that we received on...on the gasoline tax. For the record, is your organization opposed to all taxes, or are they somewhat opposed to an...an increase on...on liquor tax and gasoline tax or what...what's your position on this?

JAMES TOBIN:

We're opposed to those tax increases. The purpose of our group is to cut taxes here in Illinois at least fifty percent, and we...we, when we get the chance to talk about the gas tax issue, well, I'll be glad to talk to you about it, even now if you'd like.

CHAIRMAN NETSCH:

That is not the subject of this hearing.

SENATOR ZITO:

I understand. Thank you.

CHAIRMAN NETSCH:

Thank you, Senator. Senator Mahar.

SENATOR MAHAR:

Thank you, Madam Chairman. Following up on Senator Zito,

when you said, in excess of eighty percent, where did you get those figures? Did you do a survey or...

JAMES TOBIN:

Yeah. The...as you know, the advisory referendum that was held in November of 1978, which was the first...

SENATOR MAHAR:

Well, that's a different story.

JAMES TOBIN:

...okay, that was eighty-two percent. Since that time, I have talked to thousands of people throughout the State of Illinois, at meetings we've had throughout the State of Illinois since 1978, and over eighty percent of the people at those meetings are opposed to any further tax increases. They want tax cuts and tax limits, as they thought they were promised in 1978.

SENATOR MAHAR:

You just in conversation or did you do a survey?

JAMES TOBIN:

We had meetings throughout the State of Illinois, and in...at all those meetings we asked people if they want tax cuts and tax limits.

SENATOR MAHAR:

...tabulate all of that?

JAMES TOBIN:

Pardon? We have also done...

SENATOR MAHAR:

Did you tabulate all of that, take it all down and...

JAMES TOBIN:

...we take it all down, we also did an empirical analysis of...of over ten thousand taxpayers here in Illinois several years ago, and I have the results of that analysis which we published in our newsletter. It appears the people who participated in that...that survey are most interested in cutting the State Income Tax and secondly, the property

taxes.

SENATOR MAHAR:

Do you have any you could send out to us?

JAMES TOBIN:

I could send you a copy of the results of that survey, certainly. Sure.

CHAIRMAN NETSCH:

Thank you. Those are all the questions, Mr. Tobin. We thank you for your testimony. Mr. Frank Brown, National Association for Personal Rights in Education.

MR. FRANK BROWN:

Yes, I am a professor at DePaul University and chairman of this parental group, National Association for Personal Rights in Education, which is interested in the personal rights of families to obtain an education for their children. We believe that no further income tax legislation should be considered until the Illinois General Assembly addresses itself to the proposition that the deepest crisis in State...in the State public school system are educational and not financial...one deficiency is that the honorable and ancient educational philosophy which views the student as a person capable of developing intellectual habits and which was once the inspiration of the public schools has in all too many schools been replaced in recent years by educational behaviorism and other philosophies rooted in the neglect or denial of the intellect. On an allied point, many parents contend that some public schools, once hailed as a force for character development, cannot be trusted to share in the character formation of their children. A second deficiency is the failure of the public system to achieve at a high level the production of human capital, which Professor Lester Thero of MIT in his Investment in Human Capital defines as an individual's productive skills, talents and knowledge. Many studies, including the recent report of the National

Commission on Excellence in Education, document this conclusion. A third deficiency is the deterioration of the estate system of accreditation, which through its regulations and the administrative and bureaucratic empire...empire building it has generated is stifling the freedom of local schools, teachers and students. And which...which its overemphasis on teaching methods at the expense of academic content is depleting the intellectual capital of this society. As to the claim that science and math teachers are...results are weak because teachers in these areas have left for more money in industry, we suggest a more likely answer is that college students interested in mathematics and science will not choose the intellectually shallow teacher-training curriculum. Fourth, now, just stop there for a minute. A lot of people in education think we're in the demise of western civilization because of these things and other things we don't have time to explain here. But we'd also point out, too, it's becoming evident in many of the college and university now, we are now facing the erosion even of the colleges that are coming through from this system that has taken root in the last ten or fifteen, twenty, two...couple of last decades, although it's been there for a long time. A second thing is that we are getting the erosion of the labor force, the capacity to work. It isn't so much that we...it's bad enough to have employed...unemployed in this society, but we have an awful lot of unemployables. Fourth, the public schools have overexpanded the curriculum to the dilution of basic education. They have also failed to maintain a high proportion of teachers to administrators and others in the system. Teachers teach, that's where this money has to go and not to all kinds of administrators and bureaucrats. In this regard, Alderman Clifford Kelly, then a member of the Chicago City Council Education Committee, stated in an article in the June, 1980 Illinois Issues, that only four-two

percent of the employees of the Chicago public school system were...school teachers. With this percentage now hovering around fifty percent, there is little difficulty in seeing that a school-kissed system that carries such a heavy nonteaching burden will produce a low education return for the taxes expended. Kelly himself concluded that the education of children is not a priority in the Chicago system. In view of these developments, the...Illinois General Assembly should put an embargo on new taxes for public schools until essential educational changes are guaranteed. We know that many Legislatures are inclined to vote for almost anything for the kids, but the Legislatures should investigate what the kids are getting and what the adults are getting. Legislatures should also be concerned about the kids who, in the desperate modern search for educational excellence and character formation, are enrolled in other schools. If governments tax the public for schooling, they should provide educational opportunity for all children with emphasis on the rights of parents. The State has no right to demand control over education as a condition for returning to parents part of their education taxes, nor should the State turn over education to an accrediting system controlled by people with limited views of education, nor should it so tax. That's where a lot of these difficulties are coming in here. The parents are getting hit, income tax, property taxes and nobody knows. That's one of the things the Legislatures could settle this thing down and make some definite arrangements to who can tax in this area. The Illinois General Assembly should recognize that the Illinois Public School System has not come down from the Garden of Eden, or from Mount Olympus, or even from the founding fathers. It was established by this very assembly, mainly in 1855, at the urging of people steeped in the educational statism of Horace Mann and others who in turn had drawn inspiration from the

present state school system. America alone, among the free nations of the world, demands that education taxes collected from all families be spent only on children in one State system. We recommend that since all children are important to themselves, to their families, to society, to the economy and to the State, every child should be treated equitably in the distribution of education taxation. We hold that the granting by Illinois Governments of a free education, three thousand, four thousand, five thousand per year for public school students whose families are in the sixty thousand, seventy-five thousand and a hundred thousand and over income brackets while the State doles out the loan of an eight dollar textbook per year to those low income minority children who have left unsatisfactory public schools to seek preparation for life and work in economically struggling inner-city schools is bad public policy. But if some of these minority children would then stumble into the hands of the law, the State would spend twenty one thousand per capita per year for their juvenile...detention and twelve thousand per capita per year for their adult. There have got to be some straightened out values in there. It's late, I'll summarize, just say the public system is not going to change itself. It's too tied in with rigidity, with contracts. What we need is competition, educational competition. And, of course, this upsets many of the...public school block is terrified of the thought of such competition. But recent decades have brought catastrophic weaknesses and gone below. Just a last couple of things, it can't be business as usual with the education of our children, we have many things involved. I'd recommend a couple of things. Study that accreditation system, that's a good part of the whole evil in this thing, they can't get a fellow in there to teach mathematics, he's had to take too many courses on how to teach mathematics. I had one of my own daughters involved in that

hassle. She wanted to teach down at the elementary level and she took...at eighteen years of age, she took a look at the curriculum, she said, "Dad, I'm not going to take this garbage. I came to college to get an education." She got up into the high school, she's teaching high school now in Chicago. That's the kind of thing, and I'm sure you people hear things of this particular sort. One last thing, I see in the morning's paper that, Senator Rock, you have a Prairie State Two Thousand and suggest that workers who need to upgrade their skills could qualify for up to a thousand dollars in tuition aid for enrolling in certified job training programs. I would like to suggest, and I agree with that respectfully, with what you have to say there. I think there are a lot of angles in there, but I think there's an element in there in which we're sort of locking the barn door after the horse is stolen. How about getting a thousand dollar grant down for a seven year old child whose parents are dissatisfied with both the public and private schooling in his area. That's where we should be getting, otherwise, we'll come up to two thousand and just have a routine routine and push this thing through, we'll come through at two thousand with the same stuff all over again. Thank you, very much.

CHAIRMAN NETSCH:

Thank you, Mr. Brown. Senator DeAngelis I think has one brief question.

SENATOR DeANGELIS:

Frank, I...I know the good work you've done. You and I have had enough lunches and breakfasts together. There is being circulated, from what I understand, among the private schools a questionnaire on an increase in the State Income Tax. And from what I understand, the fellow who heads up that association is also from our district. With just a yes or no answer, would you support some form of tax increase if some of it were shared with the private school systems,

either through textbooks or transportation?

FRANK BROWN:

No, I would not. The situation...yes or noes are no good answers. The situation is leaving an area closed where...I'm not interested in just...I didn't say I was interested in private schools, I'm interested in children. Our group is a group interested in children and the right of anybody to get the aid, and I don't see where...that doesn't cut the real serious troubles in the public schools and it doesn't meet the problems in...like...you take, for example, like in the inner city, over at St. Malachi's, where they just got a situation so bad they had to call out to Mother Theresa from Calcutta to get some aid. I mean, what are they going to do that's...what are they going to get out of what few little things...they didn't circulate that to me anyway. No.

CHAIRMAN NETSCH:

Thank...thank you, Mr. Brown.

FRANK BROWN:

Yes.

CHAIRMAN NETSCH:

...those are all the questions. Thank you. Dorothy O'Neill of Champaign on behalf of the League of Women Voters and the Fair Tax Coalition. And when Mrs. O'Neill has finished, Mr. Coakley, if we can still get you in before two o'clock. We have a two o'clock pumpkin rule.

DOROTHY O'NEILL:

Thank you. I shall be very brief. I'm Dorothy O'Neill, president of the League of Women Voters of Illinois and I'm also the spokesperson for the Illinois Fair Tax Coalition which is an...which comprises thirty-three organizations. Now, I'm not going to take your time to try to make a case for the need for more revenue. I think that has been done very eloquently by people that you have heard already today. The concern of the league and of the other members of the

Fair Tax Coalition is that the tax increases be raised...be distributed fairly and equitably among those who live, work and do business in Illinois. We do, indeed, support an increase in the personal and corporate tax rates, we must have them. At the same time, however, we are very concerned that in raising the flat-rate tax, if there isn't a significant increase in the personal exemption, we will be placing an undo burden on the poorest taxpayers of Illinois. So, we urge the General Assembly, and you when you consider this bill, to take into consideration the burden of increasing the flat rate will have on the low income people unless there is something more than the one hundred and two hundred dollar phase-in exemption that the Governor proposes. The group I represent would also believes that the corporate income tax should be...remain in the eight to five ratio with the personal income tax rate. Businesses already in Illinois are benefiting by the advantage of the Federal accelerated tax recovery system and from the numerous tax relief measures that the General Assembly has provided to business, agriculture and individuals between 1976 and '82. We support the adjustment of the circuit breaker of property tax relief program -to reflect increased costs, and we believe that the tax increases must be in effect for at least four years. As revenues increase from the income tax as a result of improvement in economic conditions that we are all anticipating, we urge you to eliminate the remaining two cents of the sales tax on food and medicine, the most aggressive feature of the Illinois Revenue System, and we also draw your attention to property tax relief, particularly by shifting a larger share of the costs of education to the State and reversing the trend of recent years. There have been a number of statistics tossed out just recently, but I would like to draw your attention to one that was just released this Sunday by the U.S. Department of Commerce which ranks Illinois per capita

income the eighth highest of the fifty states and Washington, D.C., higher than in any other Great Lakes State and the fourth highest of the top ten industrial states. And yet despite this comparative wealth, Illinois taxpayers pay an average of only six and eight-hundredths of a percent of their income in State taxes. This is below the average for the Great Lakes States, the major industrial states and the nation as a whole. The message I want to leave with you is that Illinois has the capacity to improve the quality of life and make our State more attractive for business development, and that we urge you to support the tax increases that can...do that and that will solve the current fiscal crisis and improve the fairness and equity of our revenue system. Thank you.

CHAIRMAN NETSCH:

Thank you, Mrs. Coakley, on behalf of the Fair Tax Coalition. Mr. Frank Coakley, the Civic Federation, a very brief statement.

FRANK COAKLEY:

Thank you, Madam Chairman, I will be mercifully brief because most of our...concerns have been covered by other witnesses. President Rock, members of the Senate, thank you for this opportunity. Number one, the Civic Federation is not known for endorsing increases in taxes. This Senate Bill 1297 has been a cause of great concern to us, and we had a special board meeting regarding its merits and we decided, A, that there is definitely a need for revenue, and B, the decline in revenue in the last five years has been recession caused, it is not a structural problem, and C, that we will not make a statement on the size of the rate increase because we leave that to the members of this Body and the expertise that is available to you. But clearly, revenue is needed for schools, public aid, transportation, the other areas that have been identified, and for these reasons, we...we report

Senate Bill 1297 with certain strictures we would like to see imposed, and those are two. We would like to limit the surplus revenues, which we estimate to be somewhere between four hundred twenty-five and four hundred seventy-five million dollars after cuts are restored. We would like to limit those revenues to existing programs rather than the creation of new programs. And two, instead of enacting this program for four years, given the uncertainties of the economy and given the appearance of rebound in the economy nationwide at least, we would suggest that the program be...be limited to two years, subject to review at the end of those two years. This has been a difficult position for us to take, but we...I close in quoting Dr. Samuel Johnson who two centuries ago said, "The test of civilization is a decent provision for the poor." I would paraphrase Dr. Johnson and say that the test of a society and its government, such as we have here, is the sensible provision of adequate services for its citizens, adequate encouragement of favorable conditions for its businesses and the economy those businesses sustain. It is our view that without the passage of Senate Bill 1297, it seems unlikely that Illinois can continue to pass this test. Thank you. -

CHAIRMAN NETSCH:

Thank you, very much, Mr. Coakley, we appreciate it. For what purpose does Senator Weaver arise?

SENATOR WEAVER:

Thank you, Chairman Netsch. The business of the Committee of the Whole having been concluded, I'd move that the Committee of the Whole arise and report Senate Bill 1297 to the Order of 2nd Reading.

CHAIRMAN NETSCH:

You've heard the motion. All in favor say Aye. Opposed No. The motion is adopted. Committee of the Whole arises.

PRESIDENT:

The Senate will come to order. The Chair wishes to express its thanks to Senator Netsch for Chairing the Committee of the Whole. Mr. Secretary, committee reports.

END OF REEL

REEL #10

SECRETARY:

Senator Buzbee, chairman of Appropriations II Committee, reports out the following Senate Bills: 1003, 1005, 1007, 1016, 1029 and...1266 with the recommendation Do Pass.

Senator Degnan, chairman of Elections and Reapportionment Committee, reports out the following Senate Bills: 242, 633, 682, 685, 761, 1122, 1278 and 1318 with the recommendation Do Pass. 430, 1041, 1096, 1234, 1277, 1300 and 1301 with the recommendation Do Pass as Amended.

Senator Netsch, chairman of Revenue Committee, reports out the following Senate Bills: 552, 620, 667, 731, 665, 889, 1022, 1023, 1106, 1107, 1125 and 1296 with the recommendation Do Pass. 99, 445, 1203, 1295 and 1311 with the recommendation Do Pass as Amended.

PRESIDENT:

Resolutions.

SECRETARY:

Resolution 150 offered by Senator Davidson, Fawell and all Senators. And it's congratulatory.

PRESIDENT:

Consent Calendar. Resolutions.

SECRETARY:

Senate Joint Resolution 39 offered by Senator Bruce.

(Secretary reads SJR 39)

PRESIDENT:

Senator Bruce.

SENATOR BRUCE:

Thank you, Mr. President and members of the Senate. This is the adjournment resolution which will have us adjourn today, we will not have Session tomorrow, and come back next Tuesday, May the 10th at noon. I would ask for the suspen-

sion of the rules for the immediate consideration and adoption of the resolution.

PRESIDENT:

Senator Bruce has moved to suspend the rules for the immediate consideration and adoption of Senate Joint Resolution 39. All in favor of the motion to suspend indicate by saying Aye. All opposed. The Ayes have it. The motion carries. Senator Bruce now moves the adoption of Senate Joint Resolution 39. All in favor signify by saying Aye. All opposed. The Ayes have it. The resolution is adopted. If I can have the attention of the membership, if you will turn to Page 52 on the Calendar, we'll move, with leave of the Body, to the Order of House Bills 2nd Reading, Mr. Secretary. There's been a request by the sponsor that House Bill 547 be moved today to save a legislative day. Senator Coffey, would you explain what you're about here.

SENATOR COFFEY:

Yes...yes, Mr. President and members of the Senate, I'd like to ask permission to move House Bill 547 to 3rd reading today, and on Tuesday, we will return that bill back to 2nd reading to accept or to offer the opportunity for any amendments...to be attached to save a legislative day.

PRESIDENT:

All right, leave is granted. On the Order of House Bills 2nd Reading, House Bill 547. Read the bill, Mr. Secretary.

SECRETARY:

...House Bill 547.

(Secretary reads title of bill)

2nd reading of the bill. No committee amendments.

PRESIDENT:

Any amendments from the Floor?

SECRETARY:

No Floor amendments.

PRESIDENT:

3rd reading. The Secretary has caused to be distributed the Resolutions Consent Calendar. I would remind you that we just added Resolution 150, another congratulatory. Have any objections been filed, Mr. Secretary?

SECRETARY:

No objections have been filed, Mr. President.

PRESIDENT:

All right, if not, Senator Buzbee moves that Senate Resolution 141, 142, 143, 144, 146, 147, 148, 149 and 150 is congratulatory resolutions on the Consent Calendar, he moves the adoption of that Calendar. All in favor signify by saying Aye. All opposed. (Machine cutoff)...very sensitive. The resolutions are adopted. Senator Smith, for what purpose do you arise?

SENATOR SMITH:

Thank you, Mr. President. I'd like to ask...request on Senate Bill 445 that Senator Sangmeister and Lenke would be cosponsors to that bill, if you please.

PRESIDENT:

All right, you've the request of Senator Smith. She seeks leave to show Senator Sangmeister and Lenke as cosponsors of Senate Bill 445. Is leave granted? Leave is granted. It's so ordered. Senator Bloom, for what purpose do you arise?

SENATOR BLOOM:

Mr. President, to seek leave to be added to SJR 29 as a sponsor. It's Vadalabene's.

PRESIDENT:

All right, Senator Bloom seeks leave of the Body to be added as a cosponsor of Senate Joint Resolution 29...is that the number? You've heard the request. Is leave granted? Leave is granted. Further business to come before the Senate? Senator Sangmeister.

SENATOR SANGMEISTER:

Thank you, Mr. President. Just an announcement to the members of the Senate that Judiciary II will have what I think will be a very short meeting at two o'clock, in fact, right now when we leave this Chambers, in Room 212. And all of the Senators who have had bills that were put into a subcommittee and those bills pertain to an enhancement of a penalty, they're all going to be reported on and I would suggest you be there. Director Lane wants to talk to the sponsors of all those bills, and the director himself is going to be there to explain some of the problems that we have. I'd really appreciate your attendance promptly in Room 212. Also, we are going to consider two other bills which I'm not sure...the rules have been waived on or not. Are they waived as to...consideration of all bills at this point or...

PRESIDENT:

Senate bills.

SENATOR SANGMEISTER:

Yeah, I'm talking about Senate bills, yes.

PRESIDENT:

Yes.

SENATOR SANGMEISTER:

So there's no reason to have any other rules waived. Thank you, that's all I have.

PRESIDENT:

All right. Senator Chew, for what purpose do you arise?

SENATOR CHEW:

Thank you, Mr. President and members. We're going to have a Transportation meeting at three o'clock sharp in A-1 in the Stratton Building. I would suggest that you come, and I promise not to delay you from getting back to your districts.

PRESIDENT:

Senator Schaffer, for what purpose do you arise?

SENATOR SCHAFFER:

Mr. President, to ask leave to discharge the Committee on...I guess it's Insurance and Credit Regulation of Senate Bill 1309 and re-refer it to the Committee on Public Health for the purpose of sending it to a subcommittee for future study.

PRESIDENT:

All right, Senator Schaffer has moved to discharge the Committee on Insurance from further consideration of Senate Bill 1309 and asks that it be re-referred to the Committee on Public Health. Heard the request. Is leave granted? Leave is granted. It's so ordered. Senator Smith, for what purpose do you arise?

SENATOR SMITH:

Yes, Mr. President, I'd like to add the name of Senator Dawn Netsch to that bill, Senate Bill 445...

PRESIDENT:

445, show Senator Netsch as a cosponsor. You've heard the request. Is leave granted? Leave is granted. Further business to come before the Senate? Senator Joyce.

SENATOR JEROME JOYCE:

Yes, Mr. President, the Ag, Conservation and Energy Committee will meet right away in Room 400.

PRESIDENT:

Any further business? Senator Davidson.

SENATOR DAVIDSON:

Just a reminder to those of the Senate who want tickets to the Governor's Prayer Breakfast, please see myself or my secretary, today. This is the last day to order tickets. Thank you.

PRESIDENT:

Any further business? Senator Demuzio.

SENATOR DEMUZIO:

Yes, thank you, Mr. President. House Bill 54 has Senator Marovitz's name on it. To sponsor from the House had asked

me to pick it up. I've spoken with Senator Marovitz. House Bill 54 should read Demuzio-Marovitz, with leave of the Body.

PRESIDENT:

All right, Senator Demuzio asks leave to be shown as the principal Senate sponsor of House Bill 54. Is leave granted? Leave is granted. It's so ordered. Any further business to come before the Senate? Senator Hall moves that the...pursuant to the adjournment resolution, the Senate stand adjourned until Tuesday, May 10 at the hour of twelve o'clock, noon. Senate stands adjourned.