

The Capitol Compromise

House and Senate Republican Plan to End the Impasse

- **Balanced Budget with Spending Caps (Compromise Offered)**
- **Property Tax Relief (Compromise Offered)**
- **Worker's Compensation Reform (Compromise Offered)**
- **Government Consolidation (Accepted – SB 3; Compromise Offered)**
- **Education Reform (Compromise Offered)**
- **Term Limits (Compromise Offered)**
- **Pension Reform (Accepted – SB 16)**

Balanced Budget

The Details:

- Four-year hard spending cap at \$36 billion
- Approximately \$5 billion in spending reductions and adjustments to balance the budget
 - Savings from reforms to pensions, state employees' group health insurance and procurement
 - Across-the-board reductions to most state agencies and all branches of government
 - Reductions to automatic transfers, including transits and local governments
 - Tap into other state funds to make use of all our taxpayer dollars, not just the General Revenue Fund
- Pays down the backlog of bills by over \$4 billion

The Compromise:

- Adds \$250 million over FY17 to a new school funding formula
- Provides a 50-cent increase in wages to Direct Support Professionals (DSPs)
- Restores child care eligibility to 185% federal poverty level
- Funds Teen Reach and youth employment programs
- Funds immigrant integration services
- Provides directed grant funding for individuals with developmental disabilities, including the Autism Program of Illinois, Best Buddies, and epilepsy programming
- Contingent on passage of GOP compromise budget and reforms, accepts Democrat-passed revenue bill (SB 9) with two modifications: 1) income tax increase sunsets after four years rather than permanent to align with the four-year property tax freeze; and 2) all revenue changes become effective July 1, 2017 rather than retroactive to January 1.

Property Tax Relief

The Details:

- Freezes property tax levies for four years.
- Allows exemption for existing debt service payments.
- Allows for voters by referendum to lower levies, raise levies or renew the freeze in increments up to four years.

The Compromise:

- Four-year freeze rather than a permanent freeze as a compromise for making the Democrat-passed income tax increase sunset after four years.
- Allows an exemption in the freeze for existing debt service.

Workers' Compensation Reform

The Details:

- Medical fee schedule corrections that use Medicare rates as one-time baseline benchmark to bring medical fee costs closer to the national average.
- Brings TTD waiting period closer to 7-day norm for other states by increasing it from 3 to 5 days.
- Clarifies definitions of commonplace injuries to ensure consistency in applying credits for repeat injuries.
- Holds max PPD wage at current level for 4 years to bring closer in line with traditional CPI levels
- AMA guidelines, if entered into evidence, must be considered in determining outcome.
- Closed drug formulary that reduces over-prescription and overcharging of pharmaceuticals, as well as addresses out of control opioid addiction.
- Includes language to provide clarity regarding when a traveling employee is not covered by the Act.

The Compromise:

- Accepts final proposal from Senate Democrats during negotiations regarding Senate Bill 12, including the specific various compromises agreed to throughout the negotiation below:
 - Imposes penalties on employers/insurers for delays in authorizing medical treatment beyond existing penalties that already exist for delays.
 - Requires WCC to submit an annual report with aggregate information on self-insureds.
 - No changes to causation standards.
 - No intervening cause consideration.
 - No changes to neutral risk consideration.
 - No reductions in benefits to injured workers.
 - Allows other factors besides AMA guidelines to be considered.
 - Only brings TTD waiting period to 5 days instead of 7.
 - Does not roll back benefit increases passed in 2005.
 - Does not lower attorney's fees.

Government Consolidation

The Details:

- Citizen's Empowerment Act. Gives public ability to initiate consolidation referendum if they collect signatures from registered voters equaling 5 percent of the votes cast in the preceding general election.
- Requires 60% approval of electors in each district to successfully consolidate/dissolve.
- Special Districts can be dissolved into either another neighboring special district of the same type or a general purpose local government, within geographic limitations.
- A municipality or township may only be dissolved into another county, municipality or township if it is contiguous, coterminous or within the receiving unit of government.

The Compromise:

- Accepts the consolidation provisions passed the Senate in SB3.
- Adds the ability for voters to initiate consolidation efforts via referendum.

Education Reform

The Details:

- Creates individualized adequacy target for every school district.
- Sets local capacity target for every school district.
- Removes unfunded pension liability deduction from CPS' local capacity target.
- Distributes all new formula funds to school districts based on their distance from adequacy after existing state and local contributions.
- Holds all school districts harmless to FY17 funding levels for all integrated line items for 3 years. After 3 years, hold harmless shifts to a per-pupil basis (rather than per-district basis).
- Removes CPS block grant from all non-integrated line items. (In exchange, CPS normal pension costs picked up in companion pension reform bill.)
- Removes property tax pool.
- Incorporates unfunded mandate relief measures.

The Compromise:

- Accepts conceptual framework and key provisions of school funding reform that passed the Senate and House in SB1, including:
 - use of a full FY17 hold harmless;
 - additional provisions for students living in concentrated poverty;
 - protections for bilingual and special education students;
 - charter school funding parity; and
 - escalators and regionalization factors to acknowledge variable costs.

Term Limits

The Details:

- Provides for a constitutional amendment to limit members of the General Assembly from serving in leadership positions (President of the Senate, Speaker of the House, Minority Leader of the Senate, and Minority Leader of the House) for more than 10 years.
- Provides for a constitutional amendment to impose eight-year term limits on Constitutional Officers (Governor, Lt. Governor, Attorney General, Comptroller, Treasurer, and Secretary of State).

The Compromise:

- Governor Rauner originally proposed a constitutional amendment to impose 10-year term limits on all members of the General Assembly and eight-year term limits on Constitutional Officers.
- This compromise only places term limits on leadership roles, but not on membership in the General Assembly.

Pension Reform

The Details:

- Creates Tier 3 hybrid plan for newly hired members in TRS and SURS and gives local governments choices in their retirement benefit plan offered to new employees.
- Implements "consideration plan" to reduce unfunded liability and reform Tier 1 pension benefits.
- Prevents pension spiking and reallocates pension costs for high salaried employees.
- Picks up the CPS normal pension cost.

The Compromise:

- Accepts the pension plan that passed the Senate in SB16.
- The state picks up the CPS pension normal cost in exchange for pension reform for the state.