

## **A Response to Foster & Jackson's "The Politics of Public Budgeting in Illinois"**

New Illinois rejects the findings of a recent study by the Paul Simon Public Policy Institute that calls into question the legitimacy and feasibility of the state split movement. Authors John L. Foster and John S. Jackson make flawed judgments that allow them to make claims going far beyond what the data could support.

The study uses economic data from the Legislative Research Unit of the Illinois General Assembly. Foster and Jackson mention, but proceed to ignore, issues the LRU warns about in the use of their data. They ignore other factors, such as state mandates profoundly impacting the Downstate economy. While many may think the study was an economic analysis, most of it was a political/psychological analysis of Illinois voters, along with a biased narrative of recent Illinois history. The authors viewed the whole through a lens of rural resentment and "fair share;" such tunnel vision means that major issues were excluded from view.

The media and others analyzing the split movement will be wise to be aware of those other issues. The reality is that there is much more to the split movement. People long for representative government and to be free from Illinois' legendary corruption. It never enters the authors' minds that for some leaders, the pursuit of a state split is not a political gimmick but a commitment to their constituents.

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The Foster and Jackson study focuses on the raising and distribution of revenue in the State of Illinois. We are responding to this study because, as stated above, the authors scorn the state split movement, of which New Illinois is a part.

The study bases its economic conclusions on a report by the LRU for fiscal year 2013. The LRU report cautions about the limitations of what can be concluded from their data:

- Precise allocations by county or even by region are unable to be determined.
- Detailed analysis is impossible due to inherent limitations of the data.
- Large portions of the state's revenues and disbursements are excluded from the report.
- Only about 80% of the General Funds revenue collections and 71% of disbursements could be estimated.
- Data by county do not always accurately show where revenue was collected, or disbursements took place (e.g. numbers based on address of company headquarters).
- Large state facilities, such as universities, mental health institutions, and prisons, provide for regional and even statewide needs, not just the county where it is located.
- Capital spending is not included because little comes from the General Funds.

The study mentions these warnings, but nevertheless uses the data to determine specific ratios by region. Despite the LRU caveat about large institutions providing regional and statewide benefits, state funds for these are counted as going toward that county, raising its ratio. In Springfield, a great deal of money is received for state purposes but counted in the local ratio.

We don't argue that wealthier areas, such as the Chicago suburbs, pay more and get less back. We argue that the study's claims exceed what the data can support. We further argue that it overlooks other significant factors in the downstate economic situation.

One major source of analysis is sorely missing from this study: how much state mandates drive up costs for downstate Illinois. These costs would be reduced dramatically in a new state under a new constitution. For example, the pension rules mandated by the state are bankrupting many of our cities. The statehouse, run by Chicago, sets the rules and cities across the state are forced to play by them. Other factors include Illinois' collective bargaining laws, some of the strictest in the country and the Midwest—they are mandated by the state and greatly drive up compensation costs for fire, police and teachers.

Other mandates include prevailing wage and many other education expenses. Without considering the negative impact of those costs on downstate communities, the study is invalid.

Also, the study didn't include information on who benefits from the big, expensive pensions in this state. In general, they don't go downstate but to wealthier districts in the Chicago area.

One study detail has been cited frequently in media coverage about the state split movement and is used to question the movement's feasibility. Table 8 of the Foster & Jackson study splits Illinois into 6 sections and shows that Cook County gets back 90 cents on the dollar, the collar counties 53 cents, downstate (collectively) \$1.69, and the 19 southernmost counties \$2.81. While we question the study's numbers, there is no question that the contrast between 90 cents and \$2.81 catches people's attention. However, forming a state from the 19 southernmost counties is not our goal. Rather, we advocate for the other 101 Illinois counties becoming a new state. Using the study's own numbers, there would not be a significant difference between Old Illinois (Cook County) and New Illinois.

<b>Region</b>	<b>Number of Counties in Region</b>	<b>Estimated Adjusted Ratio</b>
Cook	1	0.9
Rest of State	101	1.11

### **A political and psychological study, not an economic study**

The Foster and Jackson study should be considered, more properly, a political analysis. Using examples of Brexit and Trumpism, it describes “a political world which recently has been infected by a mass populist movement.” The anti-state split bias is clear, with a disparaging reference to perennial Southern Illinois feelings about it.

In fact, much of this analysis is not an economic study but a psychological study of Illinois voters, using Paul Simon polling data to measure public perceptions about whether each region is getting their “fair share.” We question, not their polling numbers, but their interpretation.

It is simplistic to attribute the perennial desire for separation to economic perceptions or misperceptions only. Their own polling shows that, *statewide*, 70% of respondents believe state government doesn’t pay attention to what people in their community think. *Statewide*, a majority believe the government doesn’t represent their values.

The authors’ analysis includes charges of rural resentment and regional jealousy. They accuse Illinois leaders of “mining the vein of anti-urban resentment” to “exploit and exacerbate these regional differences for their own advantage.” For the cosponsors of the resolution to split the state, nothing could be further from the truth.

With 40% of the population, Cook County dominates state government. Limited to an economic distribution lens, Foster & Jackson don’t see that people outside of Cook County chafe at a lack of representative government. Nowhere is room made for other factors, such as laws reflecting the interests of Cook County but not the rest of the state, cultural differences, high taxes, government debt, or a legitimate, natural response to a corrupt government. These are reasons people in northern places, like wealthy Lake County, support a state split—not regional resentment. Nowhere do the authors consider that factors fueling Downstate frustration may be some of the same things fueling the massive exodus of people from all over the State of Illinois.

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September 22, 2019