

Bond-Rating Threat Makes Major Budget Battle Inevitable

Written by Rich Miller

Sunday, 22 April 2012 08:24

- [9.95\\$ Lynda.com - HTML5: Graphics and Animation with Canvas cheap oem](#)
- [Download Telestream Flip4Mac WMV Player Pro](#)
- [Buy OEM CodeGear RAD Studio 2007 Architect](#)
- [39.95\\$ Autodesk SketchBook Pro 2011 MAC cheap oem](#)
- [Buy Cheap Adobe Creative Suite 6 Design & Web Premium MAC](#)
- [Discount - Photoshop CC: The Missing Manual](#)
- [Buy Autodesk AutoCAD Revit MEP Suite 2012 \(en\)](#)
- [Buy Cheap Solidworks 2014 Premium \(32-bit\)](#)
- [Buy Cheap Autodesk Alias Automotive 2014](#)
- [Download Autodesk AutoCAD MEP 2014 \(64-bit\)](#)
- [Buy Cheap Understanding Adobe Photoshop CS4](#)
- [Buy Figure Drawing For Dummies \(en\)](#)
- [Discount - Video with Adobe Flash CS4 Professional Studio Techniques](#)

“It’s so quiet,” sighed Pippin in *The Fellowship of the Rings*.

“It’s the deep breath before the plunge,” counseled Gandalf.

“I don’t want to be in a battle,” said Pippin, “but waiting on the edge of one I can’t escape is even worse.”

That exchange pretty well sums up the current climate in the General Assembly. It’s very quiet. Too quiet. Everybody knows that big, tough decisions are both looming and inevitable, and they’re all tiptoeing around Springfield, peering over their shoulders and whispering about the coming fight that deep down, they are starting to realize, they cannot fully escape. The bloodiest of all battles is just around the corner, and they know it.

The most natural human reaction to a crisis is to either run away or try to deny reality. Maybe, some think, the General Assembly could just solve part of the \$2.7-billion-and-growing hole that the Medicaid program has blown in the state budget. Or they could kick the can down the road on pension reform until after the election, when dozens of lame-duck legislators can be used to pad the roll calls.

Bond-Rating Threat Makes Major Budget Battle Inevitable

Written by Rich Miller
Sunday, 22 April 2012 08:24

But according to the governor, at least one credit agency has threatened Illinois with what's known as a "double downgrade" of the state's bond rating if both the Medicaid and pension crises aren't resolved this spring. A double downgrade would lower the credit rating by two notches instead of one and would likely result in an enormous public-relations disaster, but it would also put the state dangerously close to junk-bond status, if not right in it.

The last time Illinois faced a double downgrade was just before the income-tax hike was approved. The state was given the same threat a few days before the General Assembly rammed through major pension reforms for new government employees in 2010's spring legislative session.

So the governor's position is that the big stuff needs to be done this spring – or this summer, in case the job isn't completed by the end of May. No ifs, ands, or buts about it, his people say.

"We come to it at last, the great battle of our time," Gandalf said in the movie.

It won't be much longer before our own great Statehouse battle is in full swing. The first major volley (beyond the trash-talking in Governor Pat Quinn's budget address) was launched last week when the governor detailed his tough but reasonable plan to patch the Medicaid hole. On Friday, Quinn announced his pretty-well-thought-out pension-reform plan.

Session is scheduled to adjourn at the end of May. Between now and then, there will be much loud gnashing of teeth, with threats issued from all sides from those about to lose what they have.

But the threat with the biggest teeth will probably turn out to be that double downgrade. The state has so much bonded indebtedness and such a strong desire to do more capital spending that it cannot possibly ignore those warnings. The New York bond houses always win in the end, and this year may be no exception.

I've been telling friends for weeks that this is the most important legislative session of my lifetime. This spring is when Illinois' government decides whether it wants to continue living in a

Bond-Rating Threat Makes Major Budget Battle Inevitable

Written by Rich Miller
Sunday, 22 April 2012 08:24

dream world of spending as much money as it wants without ever worrying about how to pay for anything or whether it finally decides to stand up and face the grim reality of its own making.

“My dear Frodo, Hobbits really are amazing creatures,” said Gandalf. “You can learn all there is to know about their ways in a month, and yet after a hundred years they can still surprise you.”

The long-term (and short-term) fiscal health of this state absolutely hinges on what our legislative Hobbits do in the next six weeks. They must take that big plunge toward responsibility and surprise all of us. And the governor needs to stick to his guns and demand they complete their task, no matter how long they have to stay in session.

Rich Miller also publishes Capitol Fax (a daily political newsletter) and CapitolFax.com.