



## Message from the President

Doug Whitley, President & CEO  
Illinois Chamber of Commerce

[www.ilchamber.org](http://www.ilchamber.org)

January 23, 2012

### Jobs Agenda 2012

As the General Assembly returns to Springfield to begin the second year of the 97<sup>th</sup> session and candidates for legislative office look toward voter approval in the March 20<sup>th</sup> primary, it is appropriate that we reflect upon the big picture issues that continue to demand the attention of our state's political leadership.

Last year at this time the Illinois Chamber published "[Jobs Agenda: A Blueprint For Growth & Prosperity](#)." I'm pleased to report some progress was achieved, as the legislature adopted a few measures that emerged from the recommendations. However, the overriding themes have not changed as we preview "Jobs Agenda II." More must be accomplished if our state is to accelerate economic growth, significantly improve employment opportunity and raise Illinois' standing in the eyes of the nation relative to other states.

All business owners, managers and chamber members who encounter a candidate for legislative office over the next two months should attempt to keep their incumbent legislator or the would-be legislator focused on the following talking points:

**Commit to Making State Fiscal Responsibility a Reality.** Governor Quinn and the legislators continue to adopt budgets that fail to meet the Illinois Constitution's mandate for a balanced budget where expenditures do not exceed revenues. According to research compiled by the Institute for Truth in Accounting, Illinois is in the 48<sup>th</sup> worst financial position of the 50 states.

The goals should be obvious: meet outstanding bond payments, satisfy the full pension payment obligations due each year, get current on all accounts payable, pay future vendors and tax refunds within 90 days and do not obligate expenditures that exceed available revenue. State budget makers must get on a spending trajectory that will reach these goals.

The remedies are harder:

1. Public employee pension liabilities and health care commitments of more than \$100 billion are the single greatest obligation. As has already been done in the private sector, these benefit programs are unsustainable and must be restructured. Current and former public employees must assume more responsibility for their health care costs.
2. The largest budget item is Medicaid benefits. The state has overpromised services it cannot afford and has underpaid health care providers for services delivered. The Medicaid program

must be restructured to control costs, reduce the number of eligible recipients and adjust payments to more closely meet cost of care.

3. The high cost of corrections is directly related to the number of incarcerations. To reduce the inmate population the state must revisit sentencing, drug policies, education and employment.

The chief fix to improving the state's fiscal condition is an expanding economy. The state's focus must be on public policies that encourage private sector job growth. Illinois needs to pursue an agenda that will help the private sector generate 500,000 more jobs in our state. A half million new jobs would bring the number of people employed in Illinois back to where it was a decade ago. Jobs are a magnet for population growth. Population growth accelerates spending. Spending equals tax generation.

Our elected officials need to understand that they cannot tax our citizens and businesses back to prosperity. The state's elected leaders need private sector confidence and investment to do that for us.

**Attack the high costs of doing business associated with taxation, workers' compensation, litigation and regulation.** Governor Quinn and the legislators should begin by following the lead of Cook County Board President Toni Preckwinkle who is rolling back the excessive county sales tax rate and Chicago Mayor Rahm Emmanuel who is rolling back the city's employee head tax. Or mimic Indiana Governor Mitch Daniels, who has successfully imposed a hard cap on real estate taxes and is pursuing a program to step down the corporate income tax rate.

Raising the state's corporate income tax rate a year ago to impose the fourth highest rate in the country is a poison pill that must be diluted before it does more damage. Our state's leaders need to start rolling the rate back immediately and make sure to target a new rate that is not just competitive, but attractive.

Legislators must revisit the workers' compensation statute. There was progress in 2011, but the results are not going to show sufficient savings to move Illinois from the top of the list of most expensive states when workers' compensation costs are measured. In order to change the state's standing there must be a clear and dramatic departure from past practice. The private sector employer community must keep legislators focused on the need to change the definition for determining work-related injuries. Legislators should be reminded that since public agencies – including the state – are major employers, reducing workers' compensation expenses can help them with government budget problems.

Outsiders continue to view Illinois as a “judicial hellhole” that attracts litigation because a lax standard for venue means that companies from all over the world find themselves appearing in Illinois Circuit Court. For example, Madison County has become the venue of choice for

asbestos cases and has a docket that exceeds the number of cases filed in any other jurisdiction in the country. Another legal reform that could improve Illinois' image in the eyes of employers would be to raise the level of responsibility that any business must have in order to be held liable for 100 percent of a damage award. The employers' exposure to liability in Illinois is clearly an aberration to what is common across the nation.

**Keep focused on guaranteeing employers access to a high-quality workforce.** Despite unacceptably high unemployment statistics, employers across the state lament the lack of qualified workers to fulfill their job needs. This disconnect is pronounced and must be addressed. If public officials and educators can partner with employers to satisfy this fundamental need, the state will be on the road to prosperity.

Illinois' standing as a leading industrial state and headquarters for multi-national corporations, and Chicago's status as a world class metropolitan area, are synonymous with the emergence of a truly global economy. Globalization of the state's economy has made it obvious that Illinois' approach to education must change.

The foundation is obviously making sure there are better educational outcomes for the state's public schools. To successfully compete on a global scale and gain distinction for quality outcomes, it is apparent Illinois must commit to a longer school day and school year, embrace early childhood education, and impose higher learning standards.

Educators and employers must simultaneously assault and reverse the trend in high school dropout rates and put more emphasis on career academies and technical training opportunities. The key to a prosperous economy is having every able-bodied citizen adequately prepared and gainfully employed. Employers cannot afford to be complacent or disengaged from the state's education community. Instead, employers must work with educators to implement programs that align employer needs for workplace skills with the K-12 curriculum, as well as institutions for higher education.

A state that values human capital and promotes educational systems that yield quality outcomes for a higher percentage of youth not only stimulates private sector growth and prosperity for its citizens, but also puts less pressure on major state budget expenses like health care, unemployment, and law enforcement.

**Recognize that economic development and job growth does not occur without favorable public policies.** Every public official must commit to making private sector job growth the No. 1 priority for our state. Most often the attention on government's role in helping the private sector has to do with taking steps to eliminate barriers and regulations imposed by governments,

promoting greater efficiency and responsiveness in agencies, and trying to modernize systems. It is necessary to continue giving attention to government operations and interface with employers.

However, there are also government expenditures that are advantageous to stimulating job growth. Continued investment in transportation and infrastructure is a fundamental public sector obligation that is critical to the state's economy. The state and local economies also benefit from expenditures for convention and tourism promotion.

It is encouraging that Governor Quinn has recognized the importance of international trade to Illinois' economy and has recently announced plans for trade missions. International trade is already a major contributor to the state gross product and is fertile ground for opportunity and future job growth. Our public officials need to embrace international trade opportunities by putting more emphasis on trade missions and interaction with foreign consulates, increasing the state's presence at trade fairs – including those held on other continents – and by putting an increased focus on business matchmaking and partnerships with multi-national corporations that are investing or seeking business in Illinois.

**The time for attention and action is now.** Business and civic leaders across the state must appreciate that the political discourse of 2012 is an important moment for setting our state on a new path toward a more prosperous future. Between now and the November election there is time to help nurture the thoughts and actions of the candidates for public office toward embracing the elements of a proactive jobs agenda for their success and for a better Illinois.