

GOVERNMENT RELATIONS AND PUBLIC POLICY REPORT November 11, 2024

The 2024 general election is over, and Illinois has pivoted from politics to governing. The Illinois General Assembly's **Fall Veto Session** kicks off tomorrow and is currently expected to run through Thursday. Lawmakers are scheduled to return November 19-21. Since the Governor did not veto any pieces of legislation this year, there is not much anticipated activity for the veto session. Lawmakers are expected to caucus to determine what actions they may wish to take, with Democrat leaders having promised to defend against any moves by President-elect **Donald Trump** to try to erode personal liberties, undo environmental protections, or withhold federal funds.

MORE 2024 ELECTION UPDATES

Trump lost Illinois, but this blue state still saw a shift toward him. The president-elect won 45.1% of the vote to Harris' 53.5%— a single-digit margin. That is up from 2020, when Trump received 40.6% of the Illinois vote to President **Joe Biden**'s 57.5%; and that's up from 2016, when Trump received 38.8% of the Illinois vote against **Hillary Clinton**'s 55.8%. Blue states all over the country experienced a similar shift.

Following Trump's coattails, the Illinois GOP also outperformed expectations. Heading into Election Day, the question was not "if" Democrats were going to pick up seats, but "how many?" So far, as we wait for outstanding ballots to be counted, it appears as though the House GOP will hold onto all 40 of its seats.

Four House races have yet to be called – although the incumbent is leading in each district. Rep. **Amy Grant** (R-Wheaton) leads Democrat Jackie Williamson by 326 votes. Rep. **Marty McLaughlin** (R-Barrington Hills) leads Democrat Maria Peterson by 778 votes. Rep **Brandun Schweizer** (R-Danville) leads Democrat Jarret Clem by 524 votes. Finally, in the open 76th House race, Democrat **Murri Briel** leads Republican Liz Bishop by 505 votes.

Gov. **JB Pritzker** spoke at a press conference last week to comment about the election results. In his remarks, he said he wanted to assure Illinois residents he would fight to preserve the state's protections on reproductive health, immigration, and LGBTQ+ rights during Donald Trump's second term in the White House.

The 104th General Assembly will be inaugurated on January 8, 2025, with a "lame duck" session likely in the days leading up to the new session. It is during this time that more legislative activity could occur if the Governor and legislative leaders determine it is appropriate to address significant regulatory and fiscal issues.

FISCAL YEAR 2026 BUDGET PROJECTIONS

The Governor's Office of Management and Budget published its mandated five-year budget projection on November 1 with a projected \$3.16 billion deficit in the coming fiscal year beginning July 1. The budget office predicts that revenues will remain flat at roughly \$53.4 billion, while total spending will rise by \$3.18 billion, or 6% above this fiscal year without any executive or legislative action, based on current spending patterns. The Governor is tasked with presenting a balanced budget to the General Assembly in February. At present, he may

need to propose new revenue and/or spending cuts to confront the problem. In comparison to the last budget cycle, lawmakers entered the 2024 session facing a roughly \$891 million deficit.

GOMB projects that state healthcare costs will rise by \$1.1 billion, or 12%. Group health insurance costs for employees and retirees will rise by 24% to \$2.88 billion. Human services spending will increase by another 5%, or \$574 million. Education spending will rise by 4%, or \$522 million. Pension costs will rise by 4%, or \$427 million (and will equal about 20% of available revenue, which is about the average for the past several years). Government services are projected to fall by \$204 million, or 9%.

ILLINOIS PUBLIC UNIVERSITIES REACH HIGHEST ENROLLMENT IN EIGHT YEARS

The Illinois Board of Higher Education announced that public university enrollment for Fall 2024 has reached 185,590 students, the highest in eight years. This marks the third year of consistent growth, with undergraduate enrollment up 2% and a notable 5.1% increase in transfer students. Freshman enrollment has increased for the fourth consecutive year, growing by 0.6%.

MADIGAN TRIAL CONTINUES

The trial of former Illinois House Speaker Michael Madigan is expected to last through mid-December. It follows years of investigation, with several of Madigan's associates already convicted in related cases. The prosecution has continued to present its case-in-chief. Lately, the jury has been seeing relentless ComEd job placement requests from Speaker Madigan's co-defendant, Mike McClain, for individuals mostly from Madigan's 13th Ward. Prosecutors have interpreted Madigan and McClain's job recommendations as repeated solicitations of bribes from ComEd, alleging that in exchange, the powerful speaker helped push the utility's preferred legislation in Springfield. The former speaker's legal defense claims prosecutors are attempting to criminalize job recommendations made by public officials.

IDFPR LAUNCHES NEW ONLINE PROFESSIONAL LICENSING SYSTEM

The Illinois Department of Financial and Professional Regulation has launched the Comprehensive Online Regulatory Environment (CORE) to modernize professional licensing. CORE, now available for a range of licensed professions, eliminates paper applications, increases applicant control, and improves processing efficiency. The system is part of a multi-year plan to streamline licensing across all professions regulated by IDFPR, which aims to simplify the application experience for Illinois professionals. Read the full announcement here.

ILLINOIS LEGISLATIVE COMMITTEES REVIEW MENTAL HEALTH/ADDICTION SERVICE NEEDS

In a joint meeting, Illinois House and Senate committees on mental health and addiction met with experts to assess needs for enhanced funding in these fields. They discussed directing cannabis tax revenue and opioid settlement funds towards crisis response, mobile treatment units, and dual credit programs, which support students entering behavioral health professions. Some officials called for a stable, continuous fund for services and support for under-resourced programs, while providers expressed a need for increased addiction recovery funding.

During the next joint meeting, held on November 7, legislators and behavioral health leaders discussed funding shortages, administrative burdens, and workforce challenges in Illinois' mental health field. Key issues included reduced funding for substance use disorder programs, underutilized cannabis tax revenues, and the need for culturally specific care. Stakeholders proposed solutions such as reducing RN staffing mandates, directing opioid settlement funds to harm reduction, and expanding Medicaid support. The Certified Community Behavioral

Health Clinic model was highlighted, though concerns remain about its stringent requirements. The next House Mental Health and Addiction Committee meeting is scheduled for December 10, which will have a focus on House Bill 1, the Compassionate Use and Research of Entheogens Act.

CHICAGO MAYOR PROPOSES PROPERTY TAX INCREASE

Chicago Mayor **Brandon Johnson** is proposing a \$300 million property tax hike, the largest increase since 2016, as part of his \$17.3 billion budget plan to address the city's projected \$982.4 million shortfall for 2025. This decision marks a reversal from his campaign stance against property tax hikes, which he attributed to financial challenges inherited from previous administrations. The budget also reallocates tax increment funds and eliminates hundreds of vacant city positions, including in the police department, with Johnson emphasizing the need to avoid layoffs despite the unpopular tax measure.

The proposed budget would be a 3.2% rise from last year's adopted budget. The mayor's budget team said the increase is mostly driven by grant funding and enterprise fund revenues. The city's Corporate Fund is set to see a 1.5% or \$85.6 million decrease to \$5.6 billion as a result of a reduction in the city's general financing requirements account. The city plans to declare a record \$570 million TIF surplus to return \$131 million in revenue to the city, and Chicago Public Schools are set to receive \$300 million of surplus revenues.

GOVERNORS URGE PJM TO ADDRESS RISING ENERGY PRICES

Gov. Pritzker, along with governors from four other states, sent <u>a letter to PJM Interconnection</u> urging the company to take urgent action to address the increasing cost of electricity bills. This action comes after PJM, the grid operator for Northern Illinois and the four states involved in the letter, increased clearing prices by almost 10 times the price of the previous year for the 2025/2026 Delivery Year.

The governors, out of concern for economic development and the residents of their states, recommended reforms that ensure that capacity from Reliability Must Run units is included in the next Base Residual Auction, eliminate the must-offer exemption for intermittent generation resources, lower the capacity price cap back to the level it was prior to PJM's recent capacity market reforms, review the propriety of recent Effective Load Carrying Capability accreditation changes and adjust as needed, and swiftly implement a sub-annual capacity market designed to reduce risk on the transmission system.

ILLINOIS WINS AETNA WORKPLACE WELL-BEING PLATINUM AWARD

The Illinois Department of Central Management Services received the Aetna Workplace Well-Being Platinum Award for the third consecutive year, recognizing the state's continued efforts in employee wellness. Key initiatives include wellness ambassador programs, expanded mental health resources, cancer risk identification screenings, and Higi health stations for employees. CMS serves over 466,000 individuals, offering mental, physical, and financial well-being programs.

ILLINOIS CREDIT CARD FEE CAP CHALLENGED IN FEDERAL COURT

The Illinois Interchange Fee Prohibition Act, a landmark state law limiting credit card fees on tax and tip portions of transactions, recently faced scrutiny in federal court. During a hearing last week, banking associations, including the Illinois Bankers Association, requested an injunction to prevent the law from taking effect in July 2025. They argue that the IFPA interferes with federally regulated banking activities, asserting that it disrupts the national banking system and imposes operational burdens that could increase fees for consumers. Backing this view, the Office of the Comptroller of the Currency filed an amicus brief, emphasizing potential national

consequences if similar laws proliferate in other states, potentially leading to a fragmented regulatory environment.

In response, the Illinois Attorney General defended the IFPA, arguing that the law does not preempt federal banking powers and is a state measure to control excessive fees that burden consumers. The Attorney General also contended that plaintiffs have not shown sufficient harm to warrant an injunction, particularly with the law's implementation nearly nine months away. Observers predict a significant legal battle that could clarify states' rights to regulate transaction fees and influence similar state laws nationwide, marking this case as a potential legal precedent.

OPEN ENROLLMENT FOR GET COVERED ILLINOIS MARKETPLACE BEGINS

The Illinois Department of Insurance has opened enrollment for the Get Covered Illinois Health Insurance Marketplace, running from November 1, 2024, through January 15, 2025. During this period, Illinois residents can choose from 347 health plans offered by 11 companies, with new plan changes, including extended eligibility for Deferred Action for Childhood Arrival recipients and the removal of short-term limited-duration plans in 2025 to enhance consumer protection. Rates vary across regions, with most seeing adjustments between -6% and +10%, though the average rate for the second-lowest-cost Silver plans remains flat.

CONSTRUCTION BIDS SOUGHT FOR TWO NEW CORRECTIONAL FACILITIES

The Illinois Capital Development Board, in partnership with the Illinois Department of Corrections, is seeking a qualified Construction Management and Owner's Representative team to oversee and coordinate the design and construction phases for two new 1,500 single-celled multi-security level facilities, one for men and one for women. These new facilities will replace the century-old Stateville Correctional Center in suburban Chicago and the Logan Correctional Center for women in Lincoln. CDB will publish a Professional Services Bulletin on or after November 19 seeking proposals for the role. CDB expects to select a firm early next year.

\$100M IN GRANTS ANNOUNCED FOR ILLINOIS VIOLENCE PREVENTION EFFORTS

The Government Alliance for Safe Communities has announced \$100 million in grant opportunities aimed at enhancing community violence intervention programs across Illinois, Cook County, and Chicago. Formed in 2021, GASC coordinates state, county, and city resources to address violence and systemic inequities. This 2025 funding initiative will allocate \$57 million for two major CVI grant programs: one sponsored by the Illinois Department of Human Services focusing on violence prevention services and another by Chicago for street outreach. Additionally, the Illinois Criminal Justice Information Authority is providing \$2.5 million to create a Capacity Building Network to support over 400 community organizations working on violence prevention. These grants allow community-based organizations to apply for program support, with unselected applications being reconsidered for other GASC grants.

For more information on state legislative and public policy issues, please contact:

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