

BLUE MODEL CRISIS

The Illinois Meltdown

Years of cascading fiscal crisis and insoluble political gridlock have driven the Land of Lincoln to the edge of the abyss. Politico reports:

Illinois has compiled \$14.6 billion in unpaid bills. It's running a deficit of \$6 billion, and its pension liability has soared to \$130 billion.

That's not the worst of it. The state's nearly two-year failure to pass a budget has sent its bond ratings careening toward junk level, downgraded a staggering eight notches below most other states.

With university enrollments plummeting, large-scale social service agencies shuttering and the Chicago Public Schools forced to borrow just to stay open through the end of this school year, Illinois is beginning to devolve into something like a banana republic — and it's about to have the most expensive election the state has ever seen.

The collapse of governance in America's fifth-largest state is on a different scale from the problems (and there are many) in other indebted state capitals. But it may not stay that way. Mismanaged pension funds, bloated bureaucracies and special interest carveouts are endemic to blue model governance, especially in big blue cities like Chicago. As the fiscal vise tightens, these institutional failures stand to spill over into the political system, generating vicious fights over resources that bring governance to a standstill.

There is plenty of blame to go around in the Illinois political class—including for Democrats who are circling the wagons around a failed status quo, and for Republicans, who have not produced sustainable fixes beyond holding the line and starving the beast. Meanwhile, the people at the bottom, who rely most on the state's decaying services, will bear the brunt of the impact from the meltdown.

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