



Illinois Needs a Moon\$hot

by [Scott Pickard](#)

I think we should start a grass roots discussion right now and see where it takes us. I'm sure the politicians would prefer we leave it up to them.

How has that worked?

Slowly But Surely, the *Shit Has Hit the Fan*

Not long after I graduated from the University of Illinois in the 70s, politicians were talking about the risky business of uncontrolled deficit spending, the rapidly growing State of Illinois debt, and the urgent need for radical fiscal reform to prevent a very bad problem from getting any worse because it would be inevitably inherited by "our kids and grandkids" (politicians never pass up an opportunity to say this on camera). Well guess what: one week went by, one month went by, one year went by, one decade went by, three decades went by, and I now have three kids and four grandkids and they will inherit a MESS! Nothing has been done, the problem only made worse -- much worse than we would have ever imagined. It's hard to believe

that we allowed the politicians to dig this [giant deficit](#). The degree of political gridlock and dysfunction today is so bad that it is surreal. Can this really be happening to us? Can it get worse?

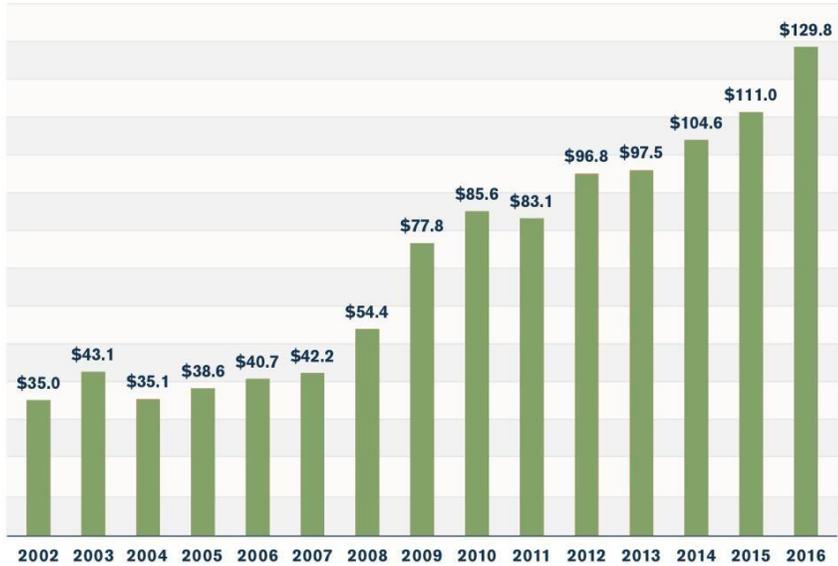
WHERE IS OUR OUTRAGE?

Here is Illinois' horrendous stat sheet:

- Moody's Investors Services and S&P Global Ratings cut Illinois' bond rating to one step above junk status on June 1, 2017, the lowest ranking on record for a U.S. state
- The high interest rates Illinois pays for borrowing money are not sustainable
- Illinois' growth rate is ranked last of all the states
- \$130 billion across five unfunded Illinois state public pensions is set against a shrinking tax base
- Only \$25.9 billion of state assets is available to pay bills totaling \$212.8 billion*
- Each Illinois taxpayer would have to pay approximately \$45,500 to cover the debt
- Illinois' reported pension debt grew from \$29.3 billion in 2014 to \$108.7 billion in 2015
- There is uncertainty over how much pension portfolios will appreciate long term
- There is no state budget as of June 28, 2017, and we are into our third year of no budget State Data Lab

Illinois' state pension debt jumps to \$130B

Unfunded liabilities of the 5 state pension funds (in billions)



No sense sugar-coating this: *the shit is hitting the fan.*

How Did This Happen?

Mostly, by failing to regularly invest the recommended annual amounts into public employee pension funds for the last 30 years or so. Blame for this falls on both sides of the aisle even though Democrats have held majorities in both chambers of the General Assembly for 20 of the past 30 years. Shamefully during this period, legislators used accounting and other gimmicks to mask the truth of how bad Illinois' situation was, and they spent money the State didn't actually have.

But, if you still believe the principle that politicians work and report to us, then *we the people* have been asleep at the wheel of accountability. You might not like the sound of that inconvenient truth, but we will all share blame for this and we will all need to share the pain to reach a solution.

Can this problem ever be solved? Speaking for myself (but maybe you feel the same way?), I feel like a hostage to the Illinois political elites, and I feel helpless to do anything about it. I can vote, you say. That hasn't done me or you any good for decades. Our precious votes gave us: (a) Blagojevich, currently serving a 14-year sentence in Federal Prison; (b) Rauner, a stubborn Winnetka country-club-Republican guy who for some reason pronounces his "-ing" verbs like Ricky Bobby (*work'n hard and fix'n Illinois*); and (c) Madigan, a welterweight wise guy who has prostituted himself to unions to routinely insure his long-term job security (47 years and counting; longest-serving leader of Illinois' legislative body for all but two years since 1983 – why do we let these guys stay around this long?).

What has that led to?

A Bankruptcy in Slow Motion

The fact of the matter is, Illinois is in a slow bankruptcy burn. If you've ever been inside a company going bankrupt, you would recognize that Illinois has all the same signs:

- overwhelmed by crushing debt that grows daily
- borrowing huge sums of money to barely make the interest payments on pension debt as the principal balance grows out of control
- harassed by creditors from every angle that are slowly grinding down the State
- clinging to a delusional *hope springs eternal* denial of the problem because basically no one knows how to fix it
- frustrated by endless disingenuous speechmaking by politicians paralyzed to act; but all the while, they know THEIR pensions and retirements are safe
- stringing along citizens clueless to the real magnitude of the problem; or, citizens that simply don't care because they think there is nothing they can do about it and when it all blows up, they will just move out of the State

- a growing fear that even though some may say the State is *too big to fail*, it may tragically be too massive and complex of a problem to solve

Where does this all end? For seemingly intractable financial problems such as social security, healthcare, and the federal deficit, most Americans are hoping the axe will not fall on these programs (and them) in their lifetimes – sorry kids, grandkids, and great-grandkids! But eventually if/when that doomsday does come, the State will hit the wall and either: (a) go through a “simulated” bankruptcy process since there is [no legal foundation or precedent for states to file a bankruptcy](#); or (b) continue to collapse in slow-motion and towns will start failing; main streets will be abandoned and shops boarded up; construction projects will come to a halt; people, families and businesses will migrate away in huge numbers; and much of Illinois will rust in place and eventually blow away like dust in the wind.



The Burning Platform

I'm sure most people feel this kind of alarmist apocalyptic vision just can't happen. Well it is happening, but it is happening so slowly

(\$drip, \$drip, \$drip...) yet relentlessly as we continue to live our day-to-day lives, that we just don't see it or feel it -- at least not yet. Dealing with this situation is frustrated by the same denier mentality and inertia that the climate change debate has tried to overcome. There is an expression – *the burning platform* – that captures this condition in a very graphic way. The burning platform metaphor emphasizes that radical change by people (who in this example may collectively make up a state) only comes when survival instincts finally overtake selfish personal wants. Mega-problems like Illinois' only reach a tipping point of citizen action when really bad things happen such as a 9/11, or a Hurricane Katrina, or banks closing their doors and freezing accounts. It's basic human behavior. If you've been stumbling through life in an alcoholic stupor and you've lost your job, lost your wife, lost your kids, lost your friends and family, lost your house, and don't have a penny in your pocket, then your better survival instincts kick in and you stop drinking and struggle to turn your life around; or, you end up walking the streets and sleeping underneath viaducts. You stayed too long on the burning platform and were consumed by the fire.

Whitehouse Chief-of-Staff (at the time) Rahm Emanuel during the Obama presidency (Emanuel is now Mayor of Chicago) made an infamous quote during the financial crisis of 2009: "[You never want a serious crisis to go to waste.](#)" He took a lot of heat for that remark, but history and human behavior show that people don't get off the couch and take action until they absolutely have to; i.e., when the fire on the burning platform finally forces them to jump and take their chances rather than face the horror of getting burned alive on the platform. Illinois' burning platform is very hot, but not hot enough (yet) to force citizens to jump off the platform and take their chances. There is a much-quoted passage in Hemingway's "The Sun Also Rises" when the character Mike Campbell is asked how he went bankrupt. His reply is "gradually, and then suddenly," and that is the simple and scary truth facing Illinois. It all feels "gradual" right now on the burning platform, but when Illinois' margin call comes down, it will come "suddenly" and painfully to the good citizens of Illinois.

Jumping off the platform in this case means saying "enough is enough," and having a majority of Illinois residents get so frustrated

and mad and scared that they vote to pass a constitutional mandate to take back responsibility to deal head-on with Illinois' financial disaster-in-the-making, take their chances, accept whatever tradeoffs and radical actions and sacrifices it takes, and SOLVE THIS PROBLEM! (if it's solvable)

Where Were the Politicians?

Why not let the politicians figure this out? Isn't that why we elected them? Well how has that worked for us? The fact is, if they knew how to solve the problem they would have done it, but they don't know how and I think every Illinois citizen suspects this. And as far as the next politicians that may step up and say, "Elect me, I'll fix it," and the next politician and the next and the next like Chris Kennedy or J.B. Pritzker or other wealthy businessmen-politicians that mean well, we will only get what Henry Ford said best: "If you always do what you've always done, you'll always get what you've always got." But, I do admire that these political-hero-wannabes want a crack at the State's fiscal *Gordian Knot* and are chomping at the bit to kick out Governor Bruce Rauner on his multi-billion-dollar country club ass. (As the Oracle first told Neo, he's not THE ONE.) That would be a good start and while they're at it, kick out Illinois' speaker of the house Michael Madigan too, but good luck with that because Illinois' democratic partisan political machine is so stubborn and self-serving it is beyond belief.

The other day I went into a local coffee shop and saw a state representative in his shorts, unshaved, unkempt, and sporting a nice size beer gut -- the stereo typical political fat boy doing well on the government dole. He was walking around schmoozing and chatting up retirees having coffee -- basically campaigning which all politicians do 24 x 7 -- having breakfast and occasionally checking his watch to make sure he didn't miss his 10 AM tee time. Meanwhile back in Springfield, our state is teetering on bankruptcy. But for this guy and all the rest of our state legislators, they talk a great game in front of a camera about what should be done to solve the problem, but that's about it and then they go home to do those things that you and I do every day. They're really not too worried about it all because it won't affect them if it all goes bad. In spite of what they may say on camera

(politicians are always in [performance mode](#)), there's no collective urgency and there's no collective political will focused on a real solution to our problems. Their most important job number #1 is to get reelected and at the top of their priority list each day are tasks, meetings, and speeches toward that goal. If there's any time left before dinner to save the retirement accounts of millions of hard-working Illinois citizens, that's cool; otherwise, "What's for dinner?" We all know this and we've known it for a long time and yet we keep deluding ourselves that it's going to be different this time around.

If the state had been a startup company and the politicians had taken out second mortgages to make a substantial personal investment in State, Inc., they'd be nervous right now, real nervous. They'd be sweating bullets and they'd be in Springfield every day trying to figure out how to keep State, Inc. from going bankrupt. But of course, it's not a startup company. They have no personal money at risk in State, Inc., and they use our tax money to play big political games. If State, Inc. goes bankrupt, there won't be any downside to them because they will have plenty of opportunities to display leader-like speechmaking as the ship goes down and they will have no second thoughts of blaming the whole thing on the other party and the politicians that came before them.

Don't you get tired of the same old political bullshit?

The End of *Kick the Can*

The problem is that there has been a massive dereliction of fiduciary responsibility by politicians to the people of Illinois that has occurred for decades. We the people have allowed politicians to get away with this by allowing them to "kick the can" year after year, decade after decade. Kicking the budget can down the road to another year has been perceived in the past as simply frustrating and maddening political business as usual, but as far as the politicians go, there's no accountability. Sure, every once in a while a politician won't get reelected, but he or she can just go back to being an attorney or a business person or whatever it is they did before they ran for office. We the people who are [employed at will face this every day](#), so I don't know why politicians make such a big deal about it. Well, it's because

we let them make a big deal about it.

Until *kicking the can* potentially rises to the level of serious misconduct, there will never be enough fear and urgency in a politician's gut to start doing the right thing. If you think this is an absurd notion where the accountability (punishment) does not match up to the crime (kicking the can), then consider these two examples:

- From the perspective of social destructiveness, consider that Bernie Madoff defrauded 4800 clients to the tune of \$65 billion in 2008. In many cases, the life savings and retirement funds for these clients were wiped out. For that negative impact, Bernie Madoff received 150 years in prison and forfeited \$18 billion. If the state "goes bankrupt," the long-term negative financial impact to Illinois citizens and existing and future retirees (annuitants) would dwarf the social destruction caused by Madoff. But who would go to jail for that? How would the people be paid back? Politicians for decades have had full access to all the financial data and pertinent facts, they knew what the long-term projections were, and yet they kicked the can down the road year after year knowing full well that a disaster was in the making but they'd probably be dead by then; so, NOT MY PROBLEM! In my mind, that kind of dereliction of fiduciary duty is in the ballpark of what Madoff did – like a slow-boiling Ponzi Scheme -- and should rise to the level of a very serious if not a criminal act. If you don't think these two situations have any similarity, look at the parallels between Illinois' fiduciary shenanigans (**in red**) side-by-side with the definition of a [Ponzi Scheme](#): Companies (**governments**) that engage in Ponzi schemes focus all of their energy into attracting new clients (**state employees**) to make investments (**pension contributions**). Ponzi schemes rely on a constant flow of new investments (**pension contributions**) to continue to provide returns to older investors (**annuity payments to retirees**). When this flow runs out (**or falls too far behind**), the scheme falls apart.

- Many officials in Flint, MI, were charged on June 14, 2017, with involuntary manslaughter in the Flint water crisis. The Michigan Attorney General's office has blamed officials for the deaths and illnesses that occurred when a water lead contamination crisis enveloped the city. Also charged were two cabinet level officials in the administration of Governor Rick Snyder and there is the potential for the investigation to go higher up the chain. Fifteen current and former state and local officials are facing criminal charges for "misconduct in office and willful neglect of duty in ways that state and city workers had failed to do their jobs." Sounds very similar to our decades-long political misconduct in Illinois by politicians who thought they would never be made accountable for kicking the can down the road.

The massive and neglectful kicking of the can by Illinois politicians rises to an equivalent level of misconduct (criminal act) given that they collectively had full knowledge of the long-term disastrous financial impact that could result from their derelict performance while in office. Illinois politicians all had a hand in enabling this gigantic disaster because they had full knowledge of what they were doing, and they proceeded with stubbornness, arrogance, cowardice, in a cavalier manner that ignored the pleas of citizens to stop kicking the can and solve the problem. Instead, they leveraged the financial crisis as a political football to get in front of the camera to serve their own partisan and individual political career interests.

Until we make kicking the can a very serious offense where there will be accountability, it will continue to happen over and over. When are we the people going to rise up and say enough is enough and make these politicians accountable for their misdeeds? Politicians should fear kicking the can knowing that the accountability for this kind of misconduct is extremely serious.

*People shouldn't be afraid of their government.
Governments should be afraid of their people.*

Alan Moore

And why not? It is as if they took money right out of Illinois

taxpayers' pockets, hard-earned money that we had saved and were counting on for our retirement.

I say, zero tolerance for kicking the can.

Visualizing the Apocalypse

In my humble opinion, the Illinois politicians will NEVER untie Illinois' fiscal *Gordian Knot* in our lifetimes. That is because they are too conflicted, too (at times) corrupted, absolutely paralyzed by the poisonous gridlock driven by two-party partisan politics, and most importantly, they don't know what to do and oh by the way, they are wealthy enough that it will never be a problem for them if the platform burns to the ground. (NOTE: there are some very smart opportunists out there ready to make millions of dollars on Illinois' demise.)

But for the rest of us, the flames are nipping at our heels. If this was a game of chess, the politicians have been CHECKED. If the financial doomsday clock keeps ticking faster and faster, eventually the clock will DONG! and it will be CHECKMATE..... game over for Illinois and the average Illinois voter, taxpayer, worker, and family. The meaning of this is that no pension, receivable, bank account, health plan, and job will be safe. It will be a looters' state, every man and woman for themselves.

If there was some way for the average citizen to visualize and truly understand what this scenario might look like and how it would affect each one of us, I think it would frighten and then madden us to the core. The politicians know this which is why they continue to spew stalling rhetoric with no action. They fear that if we really understood what was at stake and how close we are to a financial and operational meltdown, it would create a "run on the bank" that could not be stopped. Banker and financial elites know that there is no way for a bank (state) to survive a run on the bank short of closing the doors to the bank, and if that's what has to be done, then it's already too late.

So, what do we do? We...

...Take Back Illinois!!

from the politicians

Only the people (all of us, united) can solve this:

- **Immediately *recuse every sitting politician* all the way up to the governor from any responsibility and authority to address this problem:** In Illinois, and indeed across our entire national political system, the two-party construct is like a divorced couple after a really nasty separation: there is no way these two parties are going to get together and get anything accomplished. They walk through the *divorce court door* in Springfield totally silent, then they leave shouting at each other. Our shameful political record of non-performance in Illinois shows this to be true, which is why we must uncouple the process of solving this massive problem from the poisoned two-party, adversarial, stubborn, and gridlocked construct. It just doesn't work for the people anymore. It has become the politicians' game to play, their path to fame and/or fortune instead of being a clear (transparent) and clean (honest) instrument for and by the people to solve problems and move our state (country) forward. We've got to reboot Illinois governance.
- **Immediately return full responsibility and leadership for *solving this problem by the PEOPLE*:** Hire a third-party *Emergency Manager* that does not live in Illinois, does not have any vested fiscal interest in Illinois that could be compromised, and is absolutely clean of any conflicts of interest and commitment, political or otherwise (something we can't seem to get from our President). Have this person report directly to the PEOPLE.
- **Have the Emergency Manager run an open *MOONSHOT-Illinois* competition which calls for the following:**
 - Develop a maximum 50-year (sooner if possible) workout plan to reach financial sustainability

- Allow any person and/or team on the planet to submit their moonshot plan with the exception that sitting state politicians cannot participate unless they resign from office and be subject to a lifetime ban from assuming any state office again
- Have registered Illinois voters use [approval voting](#) to vote for the moonshot plan(s) they like the best
- Reward the winning moonshot team with a BIG sum of money (lottery-like, i.e., the winner will never have to work again) paid out in performance-based installments contingent upon meeting plan fiscal milestones
- **Re-engineer and revolutionize Illinois governance so this disaster never happens again, e.g.:**
 - Term limits
 - Eliminate gerrymandering
 - Zero-tolerance for *kick the can*
 - Approval voting
 - Other common sense items demanded by the people



Guiding Principles for the Plan

We the people can formulate some guiding principles to organize and direct the moonshot competition, such as:

- The plan should include beginning breakeven budgets that transition to surplus-producing budgets over a long period (possibly 30 to 50 years, the "Term")
- All state pensions should be fully funded by the end of the Term (if not sooner)
- The state should catch up and be on pace with all current liabilities within several years (if not sooner)
- The plan should include a prioritized list of all activities the state should not be in the business of, by carefully applying the Principle of Subsidiarity: *matters ought to be handled by the smallest, lowest, and least centralized competent authority*; state to county; county to municipality; municipality to local organization; local organization to local family/individual
- The plan should include a prioritized list for the sale and/or lease of all underutilized and nonessential assets
- The plan should include a prioritized list for substantial layoffs of marginal to nonessential state jobs
- The plan should include a prioritized list of all activities and critical infrastructure that could be better privatized
- The plan should be balanced, fair, equitable, void of any Chicago lopsidedness, and clean and clear of any political partisanship
- The plan by its design should show robustness and resiliency supporting long-term sustainability
- The plan should maximize opportunities for integrating new technology, organizational and process best practices, and successful business models driving the new gig economy

- The plan should address the sustainability (feasibility) of continuing to subsidize the "land-grant institution" legacy and propose a strategic recommendation
- The plan should be easily understandable by all Illinois citizens and publicly available online to the world with a continuing program of education, simplification, and a dynamic ongoing forum for discussion and fresh ideas

Not a Chance in Hell

Maybe not, but have you got a better idea? If it's out there, why aren't we doing it!

You are thinking this is ludicrously unrealistic and unfeasible given state statutes, federal law, legal precedent, history, tradition, contracts, political protocol, voter complacency, complexity, risk of unintended consequences, blah, blah, blah.... But, is it more ludicrous than the very disaster-in-motion politicians have put us in? I don't think so.

Is it any crazier than [Warren Buffet's idea](#): "I could end the deficit in five minutes. You just pass a law that says that any time there's a deficit of more than three percent of GDP, all sitting members of Congress are ineligible for re-election." It needs to be a bold and crazy idea because if it's not, then we the people will have not accomplished a thing; we would have just kicked the can down the road like the politicians we complain about so much.

What's ludicrous is NOT drawing a line in the sand YESTERDAY and doing something! Nobody wants to panic prematurely and nobody wants to give up. Panic is perceived as weak, shortsighted, and unwise, which is why drawing a line in the sand is risky and scary, but history is full of dramatic examples when people said "Enough is enough!" and took the risk. Impeaching ex-governor Blagojevich in 2009 and sending him to jail happened. President Ronald Reagan firing 11,000 air traffic controllers in 1981 happened. Arab Spring in 2010 happened. Brexit in 2017 happened. Revolutions of all sizes and types do happen, and a grass roots revolution could happen here in Illinois.

I've heard people say we should just raise taxes and be done with it. Would it be fair to say that the politicians who have been in charge of our tax money these last decades are the most irresponsible, inefficient, wasteful, untrustworthy, and at times corrupt caretakers when it comes to their fiduciary responsibility and performance with our tax dollars? I think the objective evidence speaks for itself. So why would you double-down on putting your hard-earned tax money into the Illinois General Fund (black hole) one more time? That's a bad bet and a fool's game that we should not play anymore. We've been misled, lied to, manipulated and deceived long enough. And why? Because our Illinois politicians are trapped in a repeating cycle of dysfunctional behavior (stubbornness) driven by the two-party construct. To break this cycle, we the people have got to unleash something extraordinary and revolutionary to show these politicians we mean business:

YOU'RE FIRED!

What Have We Got to Lose

What have we got to lose by mobilizing and incentivizing the world's most radical, innovative, clear-thinking people out there to make their mark and become heroes by saving Illinois and in the process, designing a revolutionary financial roadmap for the rest of the world's cities, states, and sovereign entities that are in financial trouble (Greece, we know you're out there). America is watching and waiting to see what happens here. It is an opportunity to show America what grass roots leadership and action looks like when the state fiscal platform is so close to going up in flames that the people say, "Enough is Enough!"

And what might the psychological impact be on Illinois citizens, businesses, investors, and society at large, if we could develop and unleash a successful Moonshot-Illinois? I think it has the potential to pump positive spirit, energy, hope, and confidence into our state that would ripple across every city, town, and village like nothing we've ever seen before in Illinois.

Are there any fearless thinkers out there ready to take on **Moonshot**

Illinois?

I'd bet my 33%-increased (without our permission) Illinois personal income tax on it!

[sp](#)