

# Illinois governor creates privately funded economic agency

By SOPHIA TAREEN | Posted: Wednesday, February 3, 2016 5:07 pm

CHICAGO (AP) — Gov. Bruce Rauner used his executive powers Wednesday to establish a privately run and funded economic development corporation that'll take over a state agency's role in luring new business to Illinois, despite concerns from top Democrats about transparency.

Rauner, a former private equity investor, signed an order pitching the Illinois Business and Economic Development Corporation as a way to make Illinois more competitive for jobs. The nonprofit group will be funded by private funding, and Rauner estimated donors were prepared to chip in "millions" of dollars.

The state's commerce agency would still have oversight and would have to approve any incentives the corporation offers.

"That entity will recruit superstar leaders from the business community whose job is to sell, market, creatively promote, and negotiate incentives for the state of Illinois to bring businesses here," Rauner explained at the signing in Chicago.

The Republican, who campaigned on the idea that Illinois should be run more like a business, said it's too hard for the commerce department to promote the state on its own because of bureaucracy and red tape. Rauner said the corporation would draw on private sector resources with proper checks and balances in place, though the executive order offered scant details on exactly how the private-public partnership would be run.

The move bypasses the Democrat-controlled Legislature where lawmakers had taken up Rauner's privatization idea, but his representatives objected to the requirement of a review after three years. Rauner, already locked in a months-long budget standoff with legislative Democrats, said Tuesday he didn't want the plan to "die in three years" or be subject to "political games."

House Speaker Michael Madigan's spokesman Steve Brown said that wasn't the case and raised questions about issues in other states.

"You wonder what kind of fresh loopholes are in this new order and why he ran away from any kind of oversight," Brown said.

Senate President John Cullerton's spokesman John Patterson said the main concern was public accountability as the governor moved "forward on his own."

More than a dozen states have public-private partnerships for economic development. The idea comes to Illinois as the state faces criticism from top executives and other states for not having an environment conducive to doing business. Illinois has the nation's worst-funded pension system, low credit ratings and billions in unpaid bills. Also, Rauner and legislative Democrats haven't agreed on a spending plan for the fiscal year that began July 1.

Illinois officials said they liked corporation models in Ohio, Texas and Michigan, but were wary of Wisconsin's, which has been fraught with problems since it was created in 2001. The issues have included high turnover in key management positions, not recovering loans made to troubled companies, and giving out \$126 million without a formal review.

Rauner said transparency issues had been addressed in Illinois: Board members will be subject to a conflict of interest policy and donors will be publicly disclosed. He added Tuesday that board meetings will be public and the corporation subject to Freedom of Information Act requests.

Department of Commerce and Economic Opportunity Director Jim Schultz said a board of volunteers will oversee the Chicago-based corporation, which will employ roughly 20 to 30 people at first.

Rauner told reporters he wasn't sure if he'd be on the board but he planned to be "very involved."

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