

State Universities Annuitants Association

BIG Briefing

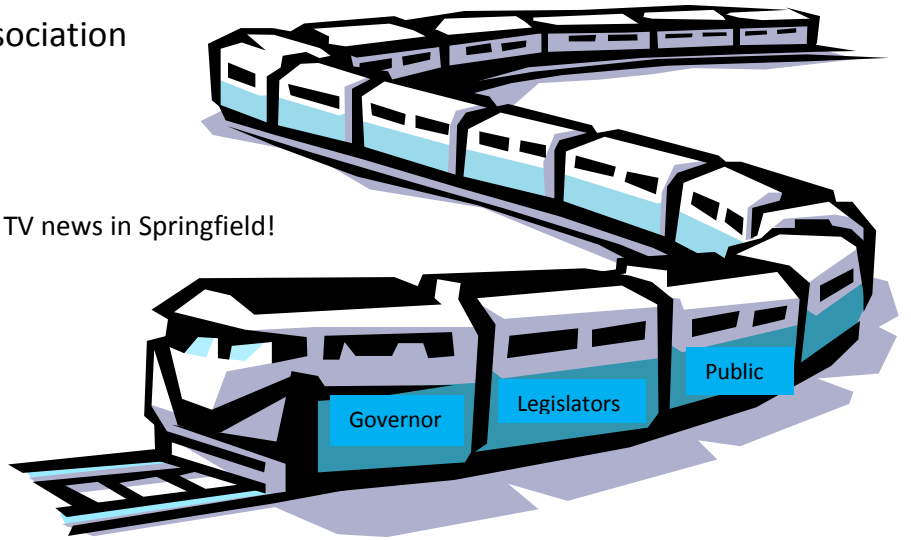
April 30, 2009

As you all know the Rally is over; it made the TV news in Springfield!

DID THE GOVERNOR GET THE MESSAGE?

NOT YET!

The Governor is building support in some areas; but not in others. The public wants **change** – his intent is to make sure the public gets what it wants.



Is it a Pension Holiday? Is it an opportunity to make the public employees pay more for a debt that they didn't create? Is it an income tax hike? Is it a broadening of the sales tax base? Is it taxing pension income? The list is getting longer . . .

*There is a train on the track
– it is picking up speed!*

How many of you don't think the Governor is talking about you?

Here are some facts! The 2% talks are not going away! In addition the Governor's Taxpayer Action Board (first known as the Taxpayers' Advisory Board) met on Tuesday, April 28. These are the items regarding Pensions and Health Care that are of extreme importance to you.

Pensions: Unwieldy, Under-funded and Unsustainable

Current Situation/Implications

- 500,000 participants and 200,000 annuitants covered by 5 different plans, 3 administrative systems, and myriad formulas
- Unfunded liability of \$60-70 billion; assets cover only 40% of current liabilities
- Annual contributions of \$5-6 billion/year needed simply to pay down accrued benefits
- Encourages costly and questionable behaviors - creates wrong incentives for early retirement
- Virtually all liability attributable to benefits already earned (retirees and service completed by actives) and is equivalent of debt obligations
- Current situation attributable primarily to State's failure to fund program and secondarily to flawed design

Opportunities for Change

- Place all new hires in redesigned program proposed by Gov. Quinn
- Move to place all current employees with less than 20 years of service into new plan effective July 1, 2012, for all future service
- Require additional employee contributions to purchase access to early retirement provisions
- Consolidate plan administration and investment management functions
- Review, revise and rebid all major contracts (especially asset management) under transparent processes
- Move to reduce unfunded liabilities as soon as practicable

Health Care: Realignment of Costs and Incentives

Current Situation/Implications

- 240,000 active employees and dependents plus 110,000 retirees and dependents; current liability \$2.1 billion
- Retiree benefits also represent \$24 billion in unfunded liabilities
- Employees and retirees pay relatively low share of the premium cost
- Current program contains few incentives for needed behavior changes
 - Members making coverage and utilization decisions
 - Members managing their health
 - Vendors managing outcome and member health
- Current carrier relationships may not represent optimal pricing/cost management arrangements

Opportunities for Change

- Revise plan design to reduce overall plan costs by at least 10%
- Revise employee premium structure: require employee contributions of at least 15% (single) and 22% (dependents) and link State subsidy to cost of managed care plan (requiring employee payments for incremental cost of QCHP plan)
- Require retirees (especially pre-Medicare) to pay significant portion of cost of retiree-specific medical coverage
- Review, revise and rebid all major contracts
- Restructure carrier arrangements using alternative purchasing models to drive improvements in health status and cost management
- Undertake aggressive disease management and wellness initiatives to improve health status of members and increase individual accountability

HB3798 is a bill to Note. It is sponsored by Rep. Kevin McCarthy and House Speaker Michael Madigan. It amends the Illinois Pension Code. Requires the General Assembly Retirement System to automatically enroll its newly eligible employees in a self-managed program of retirement benefits instead of the program of retirement benefits currently offered and allows currently eligible employees to elect to participate in the self-managed program. WATCH this bill. It has been held until May 8th. This could be the catch-all for the Governor's proposals or other changes in the pension systems.

The legislators are now hanging tea bags on their microphones in their respective Houses. This is to show their disagreement with Governor Quinn holding firm for an income tax increase. Chicago's Mayor Daley has stated that he is against the income tax increase, especially since there doesn't seem to be any type of reductions in government expenses coming forth. This is a task of the Taxpayer Action Board and there doesn't seem to be any other task force looking at possible reductions. This will be a bit of a wait since their report isn't due until May 22nd.

SB750 draft amendment is available to read but no changes have been made since early March – meaning no new amendment to this bill. It is already understood that additional in-depth discussions were to continue but so far nothing has surfaced. The forthcoming amendment is to lessen the burdens on taxpayers.



A Brief and Common-Sense Guide on Being an Effective Legislative Advocate

Prepared by Dick Lockhart (Social Engineering Associates)

To communicate a point of view about a piece of legislation to a legislator effectively, one must understand some very basic facts of political and legislative life:

1. A legislator is also a politician, which means he or she won an election from a very specific constituency. Therefore, we must look at the elements which became factors in that individual's success. First, there is the ego. Ego is not necessarily bad, but it is an essential component for a person to be willing to go through the process of facing the public, getting nominated and elected, making decisions that may directly affect millions of people, then doing it over and over again. In doing so, candidates soon find that there are many opponents, including the media and organizations who do not hesitate to be highly critical no matter what course of action is taken by the legislator. It can easily become personal to the individual and to the candidate's family.

Add to that is the enormous amount of time and effort in raising campaign funds, campaigning itself, serving in the Legislature and in meeting with constituents, lobbyists, staff, other legislators, media, etc. Then add the traveling back and forth. The work never ends. The responsibilities are significant and cannot be avoided.

What basic things do legislators expect from advocates?

1. Respect. A democratic society requires the election of individuals who will take responsibility for determining public policy. Someone must do it and be prepared to contend with the consequences. He or she volunteered to run for office and therefore, cannot complain, but neither should they be denigrated for doing so. They, in fact, should be respected.
2. Appreciation. Even if a legislator takes an adverse position on some issues, he or she provided time (a non-renewable resource) and consideration in meeting with the proponents and opponents. Just because there may be disagreement about one issue doesn't mean that other issues will also be in dispute. There is always tomorrow. Say "thank you" often and mean it.
3. Assistance. Assisting a candidate in getting elected is a highly effective way of providing assistance. However, assistance to a legislator can also take the form of providing information about legislative issues and organizations that may be involved. It could also include helping out with mailings, drafting constituent responses and assisting in local fund-raising.

In addition to knowing more about your legislator and the way he or she became one, you should also know something about the constituency that sent that legislator to Springfield. The first fact is that there are at least 210,000 people in each Senate District and 105,000 in each Representative District. That is more people than live in most Illinois cities. With that many people to represent, it means there will be a wide variety of issues, interests and problems to contend with. There is also local history, political and otherwise, that must be taken into consideration.

What I want to convey is that a legislator in the complex State of Illinois has a very demanding job and it is an unrelenting one. (However, most of the legislators want to be re-elected.)

Although Illinois has historically been a two-party State, it doesn't mean that every issue is a partisan one. In fact, most bills in the General Assembly that come to a vote do so with support from both parties. The partisan issues receive the most publicity, but are relatively few in number.

Springfield

For most legislators what goes on in Springfield during a legislative session is far different than what may happen during the rest of the year. In fact, the General Assembly will be in session only 80-90 days every year.

However, those days are intense ones with long hours and a considerable amount of pressure from a variety of sources. They include their party leaders, statewide officials, officials back in the District, personnel from State agencies like the Dept. of Transportation and Dept. of Human Services, professional lobbyists representing the many organizations with significant public policy interests, legislative staff and the media. All have to be responded to – often at the same time. There are always more things to do than there is time to do them.

15 Do's and Don'ts

1. For meetings, be punctual, and don't over-stay your time.
2. Be polite and respectful. Do not get into an argument.
3. Don't criticize any legislator, politician, interest group or lobbyist.
4. If you say you will do something, do it, or provide the reason for not.
5. Provide information as to organizations who support your position and those who don't, but be sure it's accurate.
6. Do not leave the impression that you are unwilling to meet with your opponents to try to find "common ground."
7. If your issue costs money, say so.
8. Follow up with information and an expression of appreciation for the legislator's time.
9. Don't make threats. If you make a promise, deliver it!
10. Do not be reluctant about talking to a legislator because you think he or she will ask you something you may not know. Most you will know more about the issue than the legislator does. However, if a question is asked and you are unsure of the answer, find it and provide it.
11. Provide a Fact Sheet and information as to where the legislator can find additional information.
12. If your organization is represented in Springfield by a lobbyist, be sure to mention the name of that person.
13. Do not complain about the legislative process – try to understand it, difficult as that may be.
14. Before the end of your meeting, be sure to ask the legislator whether he or she will support your position. If "yes," express appreciation; if any other response, tell the legislator you will provide additional information, do so and then follow-up.
15. Avoid saying anything that could be construed to indicate the exchange of campaign support for a vote.

Need talking points? Legislative Co-chair Nick Pano has provided Western Illinois Universities SUAA Chapter's talking points. Readers are welcome to use these as a template for discussion.

1. SUAA views Governor Quinn's March 18th revenue enhancement proposals as a good starting point in the quest to eliminate the budgetary deficit and to strengthen the state's fiscal health. SUAA will support tax legislation that is equitable in nature and that realistically addresses the structural budgetary problems that have long plagued the state. Even in these times of economic difficulty, the General Assembly (GA) cannot further delay in coming to grips with this challenge. We agree with the observations of the Nobel Laureates in economics, Joseph Stiglitz (Columbia University) and Paul Krugman (Princeton University), among other economists both in government and the private sector that strong arguments can be made for raising taxes and fees, when done equitably, in times of recession.
2. SUAA was heartened by the statement of Governor Quinn in his March 18th Budget Address that "under my plan existing [state] employees and retirees will keep their current benefits They are safe." We urge the GA to join with the Governor in making his pledge a reality. In this connection, we note that pre-1986 SURS employees are not covered by Medicare unless they qualify from other employment or through a spouse and that 78% of all state employees do not participate in the Social Security System. Many of these employees made decisions to seek employment and remain employed at state institutions on the basis of retirement provisions in effect at the time these decisions were made. We thus oppose any initiatives to change the rules on them at this time.
3. We oppose the magnitude of the partial "pension holiday" proposed by the Governor for the remainder of FY09 and FY10, especially at a time when the value of the SURS investment portfolio has declined by some 28% in the past year and when its funding ratio has fallen from 56.5% to approximately 40% between July 1, 2008 and March 1, 2009. As investors with long-term horizons, SURS and the other state employee pension systems should be allocated the maximum feasible funding in order to capitalize now on the most promising opportunities in the various financial markets. To short the state pension systems at the proposed levels for FY09 and FY10 will undercut their ability to benefit more fully from the eventual economic recovery and require higher state contributions in the future to meet long-range funding targets. The imprudence of this approach has been noted in the March 9, 2009 report, "A Fiscal Roadmap for creating a Sustainable State Budget" of The Institute for Illinois' Fiscal Security at the Civic Federation and in the March 2009 Center for Tax and Budget Accountability report, "Analysis of the Governor's Fiscal Year 2010 Illinois General Fund Budget Proposal." Similarly, the Fitch Rating Service warned investors recently the Quinn "pension holiday" would further weaken the stability of the Illinois pension systems.
4. SUAA supports the floating of a pension bond issue advocated by the governor and some members of the GA. We urge that the governor be granted the authority to implement this measure when market conditions make this feasible. We also urge that the full proceeds of this bond sale be allocated to improve the funding ratio of the state employees' pension funds.
5. SUAA opposes the establishment of a two-tier pension system. We believe the imposition of such a system would undermine employee morale and place our state universities at a competitive disadvantage in the recruitment and retention of employees. The salaries and benefits currently available to employees of our state universities of all categories are presently average or slightly below the national average by most available measures. The proposed 1% reduction is the pension average by most available measures. The proposed 1% reduction in the pension contribution for new employees hardly compensates for the losses they will suffer from

the reduced benefits available to them. The suggested extension of service requirements to qualify for early and full retirement benefits could have a negative impact on instructional programs and innovation in higher education. These factors, as well as those noted above, must be carefully explored before moving ahead in this area.

6. SUAA opposes the proposal to require current employees to pay an additional 2% of their salary for their pension benefits. As is well known, the current pension funding crisis in Illinois stems from the fact that the state has for over three decades failed to pay its share of contributions to the various pension funds. The employees have paid theirs. Furthermore, it should be noted that the 8% currently contributed by SURS members for their pension benefits is at the national average. The additional 2% will place them significantly above the national average. It also effectively constitutes a pay cut. SUAA is also concerned about reports our members have received to the effect that the state will reduce its contributions to SURS to 6% if the rate for SURS participants is raised. We would strongly oppose such a measure and regard it as another effort by the state to ignore its obligations to its employees and annuitants.
7. SUAA is opposed to the transformation of our current defined benefits (DB) plans to defined contribution (DC) plans. There is considerable evidence that DC plans are more costly and complex to administer than DB plans. Nebraska and Rhode Island have abandoned their DC plans owing to their bad experiences with them and are restoring their DB plans. Also, DC plans are less attractive to potential employees than the DB.
8. SUAA supports the College Insurance Plan legislation (HB3652/SB1638) to eliminate the inequities in the Community College Insurance Plan. The costs for benefits under this program will be largely underwritten by the beneficiaries and community colleges. We regret the issues that have led to the sidetracking of this legislative initiative, but hope that it can be revived in one of the original bills or included in another with related content.
9. SUAA opposes legislation (SB1734) to merge the investments of the state pension funds. We believe that many of the concerns that prompted this proposal have been addressed in the recently passed and enacted SB364 (PA 96-0006) and are also addressed in the pension ethics provisions of SB165 which SUAA is a proponent. We are also concerned that the annual savings from this reorganization will be offset for a number of years by the costs of shifting the assets of each of the current funds to the successor Illinois Public Employees Retirement System (ILPERS). We also hope to have the opportunity to review and react to the findings of the COGFA study that was commissioned for this issue upon its release.
10. SUAA is a proponent of SB2020 and HB2624 to provide for an increase in pension benefits for pre-1980 SURS retirees. Many of these individuals who are living at or near the poverty level would be eligible to have their pensions re-adjusted to reflect the 3% annual increase available to those who retired after this date. The number of these annuitants is rapidly declining and the costs of this benefit are minimal in respect to SURS assets and of limited duration. In February 2009, the number of people to benefit was 864.
11. SUAA was very much concerned by the procedures employed in the GA to expedite the passage of SB364, now PA96-0006. Although we understand the intent of the legislation, we would have expected and appreciated the opportunity, since the bill affected our interests, to have some input into the process. We expect that this will not be a harbinger of tactics that will be used in the future in advancing legislation affecting our interests, including those pertaining to budget approval.

These points can be tailored for correspondence with your legislators.

Illinois Public Employee Retirement Systems

The five public employee retirement systems in Illinois are the: State Employees' Retirement System ('SERS'), Teachers' Retirement System ('TRS'), State Universities Retirement System ('SURS'), Judges' Retirement System ('JRS') and General Assembly Retirement System ('GARS'). Three primary sources of contributions finance Illinois' State retirement systems: employee contributions, employer contributions and returns on investments. Each chart is a representation of Illinois public employees and retirees within the five state funded retirement systems.

SURS in Brief¹

Who are the people who participate in SURS?

- SURS serves a diverse group of employees with occupations ranging from professors and clerical workers to building service workers and ground keepers.
- The average annual salary of a SURS participant is \$43,460.
- Participant contribute 8 percent of their annual salary to their pension fund.

Who is the typical SURS retiree?

- A typical SURS retiree is 62 years old and has served an Illinois University or community college for 20 years.

What sort of benefits do SURS retirees receive?

- The typical SURS retiree receives a monthly benefit of \$2,609.83.

SURS participants do not receive social security. SURS is the sole source of retirement income for participants.

TRS in Brief²

Who are the people who participate in TRS?

- TRS provides retirement, disability and survivor benefits to teachers, administrators and public school personnel employed outside of the city of Chicago.
- The average annual salary of a TRS participant is \$60,254.
- Participants contribute 9.4 percent of their annual salary to their pension fund.

Who is the typical TRS retiree?

- A typical TRS retiree is 69 years old and has served Illinois public schools for 29 years.

What sort of benefits do TRS retirees receive?

- The typical TRS retiree receives a monthly benefit of \$3,461.08.

TRS participants do not receive social security. TRS is the sole source of retirement income for participants.

SERS in Brief³

Who are the people who participate in SERS?

- SERS participants are comprised of all state employees.
- The average annual salary of a SERS participant is \$56,008.
- Participants covered by Social Security contribute 4 percent of their annual salary to their pension fund, while participants not covered contribute 8 percent.

Who is a typical SERS retiree?

- A typical SERS retiree is 69 years old and has served Illinois for 25 to 30 years.

What sort of benefits do SERS retirees receive?

- The typical SERS retiree who is not coordinated with Social Security receives a monthly benefit of \$2,251.03.

The typical SERS retiree who is coordinated with Social Security receives a monthly benefit of \$1,798.12.

With the exception of police and firefighters, virtually all SERS participants contribute to social security.

GARS in Brief⁴

Who are the people who participate in GARS?

- GARS participants are comprised of members of the General Assembly and certain state officials within Illinois.
- The average annual salary of a GARS participant is \$78,064.
- Participants contribute 11.5 percent of their annual salary to their pension fund.

Who is a typical GARS retiree?

- A typical GARS retiree is 60 years old and has served the Illinois General Assembly or state of Illinois for 14 years.

What sorts of benefits do GARS retirees receive?

- The typical GARS retiree receives a monthly benefit of \$3,921.75.

GARS participants do not receive social security.

JRS in Brief⁵

Who are the people who participate in JRS?

- JRS participants are comprised of judges serving within the Illinois court system.
- The average annual salary of a JRS participant is \$161,070.
- Participants contribute 11 percent of their annual salary to their pension fund.

Who is a typical JRS retiree?

- A typical JRS retiree is a 63 year old attorney who has served as an Illinois judge for 17 years.

What sort of benefits do JRS retirees receive?

- The typical JRS retiree receives a monthly benefit of \$8,684.50.

JRS participants do not receive social security.

The following figures provide some facts about Illinois which will allow you to place these numbers into perspective;

- According to the Illinois State Comptroller, pension benefits paid to regular state employees in Illinois are low relative to benefits provided by other states. Illinois ranks in the bottom one fifth of all states for retirement benefits paid to an average state worker.¹
- The total of all participants in the state's pension plans represent only 5.3% of Illinois' total population. In fact, Illinois ranks dead last in the nation, in number of employees per capita.² At the end of the fiscal year 2007 there were 72,312 state employees. This was 11,275, or 13.5% less than at the end of fiscal year 1998.³
- Funded ratio is the ratio of the assets of a pension plan to its liabilities.⁴ The ratio is determined by dividing the market value of assets by the actuarial accrued liability.⁵ In June 2008, Illinois' funded ratio was 54.3%, far below the 2008 national state retirement systems average funded ratio of 84% found by Wilshire Associates.⁶
- After decades of underfunding its employer contribution to each of the five state retirement systems, Illinois now has the greatest unfunded liability in the nation, an astounding \$73.4 billion. That means the funded ratio for the entire state retirement system has dropped to 40%.⁷
- Adopting a statutory payment plan for the state pension systems was deemed necessary by lawmakers in 1995. However, the 50-year funding plan they adopted known as the "Pension Ramp," was structurally unaffordable from the moment it was enacted. It did not reduce principle until 2034 or pay the full annual interest cost; in addition, it incorporated a ramp-up period of 15 years that increased contributions over an arbitrary starting level and significantly shortchanged the pensions system.⁸ This resulted in deferring the entire 1995 unfunded liability of \$19.5 billion almost 40 years, while allowing this deferral to grow at a set rate of 8.5% annually.⁹
- Unfortunately, under state law, any funding shortfall must be paid back with interest, compounded at each retirement system's target rate of return, currently pegged at 8.0% to 8.5% per year.¹⁰
- Normal cost is the current total contribution required to fund the promised benefit upon retirement, based on actuarial tables.¹¹ It is typically expressed as the percentage of current payroll needed to fund future benefits. The 'normal cost' across all five Illinois' pension systems, as a percentage of active members' payroll averages 9.13%.¹² The national average for state and local government is 12.5%, placing the normal cost of Illinois' current defined benefit program far below the national average.¹³
- Actuaries have reported that in order to keep the unfunded pension liability from growing, the funding should cover "Normal Cost plus Interest." Meaning, the actuarially – determined amount to cover the growth in liability during this year, plus interest on the unfunded balance. That amount in FY2009 is approximately \$5.9 billion.¹⁴
- In fact, for Fiscal Year 2006, the normal cost was just \$1.33 billion. However, the FY06 required pension payment was \$2.1 billion, meaning if Illinois had no unfunded pension liability, it would have had an additional \$770 million for public services like education, public safety and transportation.¹⁵
- A common misconception is that taxpayers shoulder most of the cost of funding public pension systems. To the contrary, investment income accounts for the majority of Illinois state retirement funding. Unfortunately, the ongoing struggles in financial and capital markets continue to have a negative impact on investment returns for the state's five retirement systems. In the current fiscal year 2009, investment returns of the Teachers' Retirement System are down 25.5%, and those of the State Universities Retirement System have declined 26.7%. The remaining three systems' investment returns have dropped by 20.9%.¹⁶
- Compared to the rest of the country, Chicago (zip 60615)'s cost of living is 58.63% higher than the U.S. average. The unemployment rate in Chicago (zip 60615) is 9.20 percent (U.S. avg. is 4.60%).¹⁷ Chicago's overall cost of living is about 66% above the national average, as the typical Chicago apartment rents for just over \$1,000 a month, with utilities costing an average of \$86.¹⁸

Figure1 State Universities Retirement System Financial Report for Fiscal Year ended June 30, 2008

Figure2 Teachers' Retirement System Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2008

Figure3 State Employees' Retirement System Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2008

Figure4 General Assembly Retirement System Comprehensive Annual Financial Report for Fiscal Year ended on June 30, 2008

Figure5 Judges' Retirement System Comprehensive Annual Financial Report for Fiscal Year ended on June 30, 2008

¹ Illinois State Comptroller, *Fiscal Focus*, January/February 2007 Issue

² Id

³ Illinois State Comptroller, *Fiscal Focus*, January 2008 Issue

⁴ Source: Public Pensions and You: *Glossary of Key Investment Terms and Acronyms*. National Conference on Public Employee Retirement Systems (NCPERS) 2006

⁵ Id

⁶ 2009 Wilshire Report on State Government Retirement Systems: Funding Levels and Asset Allocation

⁷ Illinois Commission on Government Forecasting and Accountability February Monthly Revenue Update 2009

⁸ Illinois State Budget Fiscal Year 2010

⁹ Id

¹⁰ Each system's Comprehensive Annual Financial Report lists their actuarial interest rate in the Actuarial Section.

¹¹ Analysis of the Governor's Fiscal Year 2010 Illinois General Fund Budget Proposal, Center for Tax and Budget Accountability, March 2009

¹² Based on 2006 U.S. Census Data

¹³ Norman Jones and Paul Zorn, Harvard Law School, Pensions and Capital Stewardship Project Conference, October 2005

¹⁴ The "Normal Cost Plus Interest" amount is determined by adding the estimated FY2009 Normal Cost (\$1.4 billion) to the "Interest" on the Unfunded Liability at the end of FY2008 (.085 X \$54 billion).

¹⁵ Calculations based on the Commission on Government Forecasting and Accountability Monthly Briefing, November 2006 and Retirement Systems 2006 Annual Reports.

¹⁶ Analysis of the Governor's Fiscal Year 2010 Illinois General Fund Budget Proposal, Center for Tax and Budget Accountability, March 2009

¹⁷ Citing Websites. Chicago 60615 Zip Code Overview. *Sperling's Best Places*. Retrieved April 16, 2009, from <http://www.bestplaces.net/zip-code/Chicago-Illinois-60615.aspx>

¹⁸ Citing Websites. *Chicago Apartments and Homes for Rent*. Retrieved April 16, 2009, from <http://www.rent.com/rentals/illinois/chicago-and-neighborhood/chicago/>

- According to the U.S. Department of Health and Human Services, the poverty level for a family of two is \$14,570 annually or \$1,214.17 a month. That means the average SERS retiree who is coordinated with Social Security will live on \$583.95 more a month – an amount slightly above the poverty level.¹⁹

Need a reason to become a member or information to sign up a member? Read and ACT!

Dear Current University and Community College Workers and Retirees:

For university and community college workers in the SURS system, there's urgent news out of Springfield. And it's bad news. It affects your pocketbook today and your retirement benefits for the long term.

A proposal to force you to pay more for your State University Retirement System (SURS) pension benefits is moving forward at the State Capitol.

Did you know?

- If you are a SURS participant currently working in any of the university or community college systems, the Governor wants to force you to pay an additional 2% of your salary for retirement benefits. You already pay 8% -- and now they want more.
- Think about it. In this bad economy, this proposal is a two percent pay cut for retirement benefits that may be cut back.

If you want to stop this, we need your help. It's urgent.

We are the State Universities Annuitants Association – the SUAA. Our organization is fighting to hold the line on the benefits you deserve and enjoy. We are focused on preserving the pension and health care benefits of current university and community college employees and retirees.

Sometimes we're asked, "Isn't your association just for university and community college system retirees?" The answer is "Absolutely not!" **We serve retirees AND CURRENT EMPLOYEES. This pay cut proposal is one example why current employees benefit from joining our association.**

With state government looking for ways to slash costs and cut benefit programs, we stand up for your retirement benefits and against the growing number of proposals that aim to take those benefits away from you.

You may be a member of another group interested in these issues. Those groups may be involved in a broad variety of issues at all levels of government, but we are not. Please understand, at SUAA, we are narrowly focused on university and community college employee pension and healthcare retirement benefits.

In this critical time, we are asking you to join our association as we fight for your benefits – and membership in SUAA is economical. To join for one year the cost is \$36 or even less, depending on the local chapter dues where you live. (\$21 for state membership and no more than \$15 for your local chapter.)

An application can be downloaded at www.suaa.org or call 217.585.2370 for more information.

Biographies of New Legislators

House

Anthony DeLuca (D-80th, Chicago Heights)

Biography: Businessman; lifelong resident of Chicago Heights; director of operations at Skyline Disposal Company, a third-generation family-owned business; member of the International Brotherhood of Teamsters Local 731; Chicago Heights Mayor, 2003-2009; former member and President of Bloom Township High School District 206 Board of Education 1995-2003; member of the South Suburban Mayors and Managers Association Transportation Committee; member of the Chicago Heights Kiwanis Club; former coach and current director of the Chicago Heights Small Fry Basketball League; graduate of Homewood-Flossmoor High School and Elmhurst College; married (wife, Sarah), father of three.

Betsy Hannig (D-98th, Litchfield)

Biography: Full-time state legislator; born November 10, 1963; B.S., Agricultural Economics and Animal Science, University of Illinois Urbana-Champaign; former account analyst, Teachers Retirement System; former horse stable manager and Piatt County Cooperative Extension Service 4-H and Youth Community worker; former staff member, Citizens Assembly (bi-partisan legislative support agency); member of Wolfpack Car Club, Horsemen's Council of Illinois, and Scleroderma Foundation; attends Holy Family Catholic Church; married (husband, Gary).

Eddie Lee Jackson, Sr. (D-114th, East St. Louis)

Committee assignments: Approp-Elementary & Secondary Educ; Appropriations-Human Services; Consumer Protection (Vice-Chairperson); Health Care Licenses; Affordable Alzheimer's Services.

Biography: Educator; former high school science teacher, middle school principal, and elementary school principal; Bachelor of Science in Education and Master of City Planning degrees from Southern Illinois University-Edwardsville; member of the East St. Louis City Council; married (wife, Pearlie) with two adult children, Eddie, Jr. and Emeka.

Senate

Toi Hutchinson (D-40th, Olympia Fields)

Committee assignments: Agriculture and Conservation; Labor; Local Government; State Government & Veterans Affairs (Vice-Chairperson); Transportation; Committee of the Whole; Trans Subcommittee Special Issues; Subcommittee on Special Issues.

Biography: Full-time state legislator; Born May 20, 1973; Graduated University of Illinois at Urbana with a Bachelor in English; Olympia Fields Village Clerk from 2002-2006; Harvard Kennedy School of Government Executive Management Program; Women and Power, 2004; Former Chief of Staff to State Senator Debbie Halvorson; Lives in Olympia Fields with husband, Paul, and 3 children.

Kyle McCarter (R-51st, Lebanon)

Committee assignments: Commerce (Minority Spokesperson); Agriculture and Conservation; Education; Licensed Activities; State Government & Veterans Affairs; Financial Institutions; Subcomm.Adv.PracticeNurse's License; Subcommittee on Charter Schools.

Biography: Small business owner, lives in Lebanon, IL, where he operates Custom Product Innovations and Custom Coating Innovations. Served eight years on the St. Clair County Board and six years on the O'Fallon Chamber of Commerce Board of Directors, including two years as President and four years as Chairman of the Economic Development Committee. B.S. in Accounting from Oral Roberts University. Married to Victoria and has two sons.

Where SUAA Stands on certain Legislation

SB1734 – Merging of the pension system investments. **Opponent.**

SB 1656/HB3722 and SB1454 are all ethics bills for which we can be a **proponent**. They discuss fiduciary issues, including pension issues. SB1656 mandates development of an Illinois Fiduciary College at UI to train responsible trustees and similar officials.

HB3652/SB1630 on City College insurance is out of the House Pensions Committee and the Senate Pensions Committee. Both became shell bills and are no longer viable for our legislative purposes. However, the issue and legislation are not dead. **Proponent.**

SB303/SB304. SB303 sets up a defined contributions/self-managed retirement option for state retirees in defined benefit plans. SB304 mandates that new employees be enrolled in a defined contributions plan and removes the disability clause. SURS has a defined contributions plan. The State Employees System does not. Both bills now are dormant, but could return. **Opponent.**

SB2020 and SB1561 address catch-up funding for pre-1980 retirees who have not kept up with inflationary adjustments. Both bills are dormant because they cost money, even though SB2020 affects under 900 people. SB2020 is our bill **as is HB2624.** **Opponent.**

SB231 allows credit for up to 2 years of unused sick-leave. SURS opposes this bill because some campuses give sign-on bonuses including back sick-leave, and SURS cannot afford to pay for that benefit. The campuses are not responsible for this debt. Another factor is that faculty often do not have to record sick days unless they are absent major amounts of class time, while civil service and administrative professional staff must. **Proponent.**

SB0320 addresses the limit on additional earnings above 6% being credited toward calculation of benefits. This bill waives the restriction for lower-paid employees. SURS supports this bill. **Proponent.**

SR0054 mandates a study of the financial impact of combining funds from the pension funds ala SB1734. **Proponent.**

Governor's Budget Proposal: The proposal to hold back fourth quarter payments into pension plans will further damage the funding ratios of all of the plans. The long term financial damage to Illinois is substantial. **Opponent** to a Pension Holiday.

The governor's proposed state income tax increase is controversial, but the state needs more revenue to support salaries, pensions and educations. Can we support the tax increase? There is a study committee investigating sources of revenue, but it is not close to making a report. **Proponent.**

Check SUAA out on Facebook!



Facebook is a social utility that connects people with friends and others who work, study and live around them. Other associations use Facebook as another medium for distribution of information. SUAA has created a group page and is ready to share information with our members who also use Facebook. Just search for SUAA in groups, then click join!

Additional News!

HB4445

Short Description: COMPENSATION-NO COLA-FURLOUGH

Chief Sponsor: Speaker Michael Madigan

Synopsis As Introduced

Amends the Compensation Review Act. Prohibits any increase in compensation that would otherwise apply based on a cost of living adjustment, as authorized by Senate Joint Resolution 192 of the 86th General Assembly, for or during only the fiscal year beginning July 1, 2009, but not thereafter. Requires all members of the General Assembly to take X furlough days in the fiscal year beginning July 1, 2009. Provides that if salary or compensation is provided by law as set by the Compensation Review Board, then that means the salary or compensation in effect on the effective date of the amendatory Act and the future cost of living adjustments. Repeals all other provisions of the Act except the prohibition of the FY03 COLA. Amends the Civil Administrative Code of Illinois and various other Acts to provide that the compensation of certain officials of executive branch agencies is as set by the Compensation Review Board (instead of as set by the Governor or by the Compensation Review Board, whichever is higher). Effective immediately.

Hearing in the House State Government Administration Committee on Wednesday, May 6th.

What's the number? Budget deficit by end of FY2010 estimated at \$14.672 Billion. Check out the new number by linking to the Commission for Government Forecasting and Accountability (COGFA). Recently released "FY 2010 GAAP (Generally Accepted Accounting Principles) Report.

<http://www.ilga.gov/commission/cgfa2006/Upload/GAAP%20Report%20FY%202010.pdf>

Another report from COGFA of interest is Liabilities of the State Employees' Group Health Insurance Program Fiscal Year 2010. Can be accessed by linking to:

<http://www.ilga.gov/commission/cgfa2006/Upload/FY2010%20State%20Employees'%20Group%20Insurance%20Program%20MAR%2009.pdf>

This is a 22 page booklet providing cost projections, estimates, appropriation/funding sources, benefits, membership, enrollment trends, changes, managed care plans, monthly premiums, etc.

Annual Meeting Information coming soon!

June 23 & 24 in Springfield!