



## 2024 SUAA Legislative Platform

This platform serves as a guideline for SUAA's positions on legislation affecting pensions, health insurance, other retirement benefits for SURS participants, and the viability of the state's higher education system.

The primary legislative goal for 2024 is protecting retirement security of all past, present, and future employees of Illinois' public universities, community colleges and their survivors.

Through its Board of Directors and House of Delegates, SUAA will review and evaluate all proposed initiatives and legislation relating to pensions, health care and other retirement benefits, and the maintenance of a robust higher education system to determine their compatibility with the Association's goals; and, as appropriate, will publicly support or oppose such initiatives and legislation either in part or in their entirety.

If legislation is enacted that SUAA considers to be in violation of the pension protection clause of the Illinois Constitution, SUAA is prepared to challenge that legislation in the courts in concert with coalition partners or independently if necessary.

### Context for the 2024 Legislative Action Plan

State revenues for the 2023 fiscal year reached a record high of \$50.7 billion creating a small surplus of over \$700 million. Not only was it possible to make full payment to the state's pension systems, an additional \$200 million was used to pay down a portion of the overall pension debt. An additional amount was used to build the state's "rainy day fund" from where it was at \$48,000 a few years ago to \$1.9 billion at the end of the year. The state is now able to make payments within a few days of billing and has eliminated the backlog of unpaid bills under the employee/retiree health insurance program.

Heading into FY 2024 the state's financial picture is guardedly positive. The budget signed by the governor in June projects a small surplus of \$183 million. This is less than in previous years and indicates both a tightening of the economy and the end of federal funding associated with the Covid pandemic. The budget includes full payment of pension funds, an additional supplemental pension contribution of \$200 million, and increased appropriations for the MAP (Monetary Award Program).

Although the state has not solved its fiscal problems in the long term, the current situation allows the legislature to address some important issues relating to pensions. Various bills in both houses of the General Assembly attempt to stabilize the pension payments, meet the pension debt obligations, and

provide some important and necessary improvements to the Tier II benefits package. SUAA will be monitoring these bills and supporting passage where appropriate.

The recent change in vendors for the Trail program (health benefits) caused considerable anxiety and some real problems for some annuitants. This was particularly true in locations where the health care systems initially refused to participate in Trail. While most of the issues have been resolved, the ongoing status of the Trail system will need careful monitoring.

At the federal level there is legislation in both the House and Senate to repeal the Windfall Elimination Provision (WEP). Both bills have a high number of sponsors indicating growing support for repeal. Nevertheless, federal budget challenges will continue to threaten action on these bills.

SUAA has positions relative to pensions, pension debt, and health care. These are continued in this platform. While we have no specific platform item relating to higher education in general, we continue to have concern for higher education in Illinois. Our colleges and universities are suffering from high tuition fees, reduced maintenance, and staff reductions. State appropriations for higher education are only about half (in real dollars) as they were in FY2000. While the current budget has increases for higher education, they are inadequate.

## The 2024 Legislative Action Plan

### Protecting Pensions

SUAA supports legislation that would guarantee full funding of both the normal costs and unfunded liabilities of the SURS pension system.

SUAA supports legislation requiring the state to make additional contributions above the statutorily required amount to the Pension Stabilization Fund to “pre-pay” the pension debt.

SUAA opposes any effort to restructure or otherwise address the pension debt that involves a “pension holiday.”

SUAA opposes any legislative attempt to amend, modify, or eliminate Article XII, Section 5 of the Illinois State Constitution which states, *“Membership in any pension or retirement system of the State, any unit of local government or school district, or any agency or instrumentality thereof, shall be an enforceable contractual relationship, the benefits of which shall not be diminished or impaired.”*

SUAA opposes legislation that does not provide for a continuation of the compounded annual increment for **Tier I** annuitants of 3% as is currently set forward in the **Tier I** plan.

SUAA supports legislation to revise **Tier II** pensions resulting in enhanced benefits regarding the final salary period, time to vesting, automatic annual increment, and early retirement reduction. SUAA supports current legislative efforts to ensure that Tier II pensions for all Tier II annuitants at least meet the “safe harbor” provision of Social Security.

SUAA supports legislation to revise the **Retirement Savings Plan** (Self-Managed Plan) by structuring an optional plan that provides for participation in Social Security or, barring that, makes changes ensuring that the plan meets, at a minimum, the “safe harbor provisions” of Social Security.

SUAA opposes any legislative efforts that would have the effect of phasing out the defined benefit retirement plan for higher education personnel or the conversion of a defined benefit plan to a defined contribution plan.

SUAA opposes any pension plan, current or future, where the contributions by the (public) employer and the employee do not accrue in a state pension system.

### **Revenue Enhancement Measures**

SUAA supports legislative revenue enhancement initiatives that address the state’s continuing fiscal crisis and pension debt.

SUAA supports, in principle, a graduated state income tax and encourages the governor and legislature to identify ways to create a graduated system either by legislative action or constitutional amendment.

SUAA supports proposals for using pension obligation bonds to pay down the pension debt either partially or fully, as well as other proposals such as a restructuring of the pension debt. It is recognized that it may take a “package” of initiatives to produce full funding of its pension systems.

SUAA supports revenue enhancement measures not directly related to pension debt that address the state’s continuing fiscal crisis. These measures include, but are not limited to, expansion of the sales tax, a speculation sales tax, and the elimination of some tax breaks such as the foreign dividend exemption, offshore oil drilling credit, and retail sales tax discounts.

Support for the above items and any other initiatives for increasing revenues or providing savings is contingent on ensuring that measures are structured equitably so lower income households, especially those dependent on state pensions, are protected and that a portion of all increases and/or savings be dedicated to reducing the state’s pension debt.

### **Health Insurance**

SUAA supports legislation to ensure that all Illinois public university and community college employees, retirees, and survivors are treated equitably under the State Employees Health Plan and College Insurance Programs.

SUAA supports full funding for the College Insurance Plan, and SUAA opposes any reduction in coverage provided by that plan and the withholding of any funds appropriated for payment to retirees or providers.

### **Federal Legislation**

SUAA supports the repeal of the Social Security Windfall Elimination Provision and the Government Pension Offset.