



SUAA 2023 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 2023 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 2023 Legislative Action Plan

State revenues for the 2022 fiscal year topped \$50 billion for the first time in Illinois history. This allowed the state to balance its budget, resulting in full payment to the state's pension systems. Further the legislature appropriated an additional \$500 million to pay down a (small) portion of the overall pension debt. The state was also able to eliminate its backlog of unpaid bills under the employee/retiree health insurance program. Checks are now arriving on time without a second check for interest accrued. Funds were also appropriated to the state's "rainy day" fund driving it to its highest-ever balance.

Heading into FY 2023 the state's financial picture remains mostly positive. The budget passed in April is balanced and there is an additional \$500 million set aside to further pay down the pension debt.

This does not mean the state has solved its fiscal problems. The FY 2023 budget reflects a reduction in federal aid relating to the Covid crisis. By FY 2025 this federal will end. The state still has a structural deficit that will resurface. Failure to find ways of increasing state revenues and the ever-rising

appropriations needed to meet the “pension ramp” will bring back many issues including “pension reform”. A prudent strategy for SUAA in the short term is to continue working on policies and programs to address the inevitable fiscal crisis and renewed focus on funding obligations that are sure to come.

At the federal level there is progress towards doing away with the Windfall Elimination Provision (WEP). There appears to be sufficient support in the House of Representatives to pass repeal legislation. However, support in the Senate remains in doubt.

SUAA has positions relative to pensions, pension debt, and health care. These are continued in this platform. We also continue to raise concern in this platform as to the viability of higher education in Illinois, which is suffering from high tuition fees, reduced maintenance, and drastic staff reductions. The impacts of a system which has seen its state appropriations nearly halved (in real dollars) since FY2000 are many, but we are particularly concerned about the decline in new SURS participants and attempts to restructure higher education in ways that could further politicize higher education.

The 2023 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 pension contributions above the statutorily required amount to the Pension Stabilization Fund to “pre-pay” the pension debt and accelerate fulfillment of the statutory funding obligation.

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 that would result in enhanced benefits regarding the final salary period, time to vesting, automatic annual increment, and early retirement reduction. SUAA continues to be concerned as to whether the Tier II pensions meet the “safe harbor” provisions of Social Security.

SUAA supports legislation to revise the Retirement Savings Plan (Self-Managed Plan) by structuring a 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 move the state towards 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 discount.

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.

Federal Legislation

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