

SUAA 2021 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 2021 is protecting retirement security of all past, present, and future employees of Illinois' public universities, community colleges, and their survivors.

SUAA will review and evaluate all proposed initiatives and legislation relating to pensions, 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 2021 Legislative Action Plan

Prior to Covid-19 the State's financial picture was hardly robust. The pandemic has hit the State hard and significant revenue shortfalls are a surety. The Center for Tax and Budget Accountability estimates General Fund revenues for FY 2021 will be reduced by approximately \$4.5 billion. The State plans to make up for this loss by borrowing \$5 billion from the Federal Reserve Bank. The remaining revenues to meet the budget were to come from passage of the graduated income tax amendment on last November's ballot. As the amendment failed to pass, the State will have to revert to an "austerity budget" which will see major cuts to education, healthcare, human services, and public safety.

None of this bodes well for annuitants' pensions and health care. If the austerity budget is enacted the State will be unable to meet the debt repayment schedule. Furthermore, projected asset losses in the SURS portfolio will further increase the unfunded liability. This most certainly will result in renewed calls for "pension reform" and attacks on health care benefits. SUAA's efforts will need to be twofold; continuing to point out that the State has a revenue, not a pension debt, problem and an ongoing effort to protect, indeed improve upon, existing pension and health care benefits.

The 2021 Legislative Action Plan

Protecting Pensions

- SUAA supports legislation that would guarantee full funding of the SURS pension system.
- SUAA opposes any effort to restructure the pension debt that includes 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 compounded annual increment for **Tier I** annuitants of 3% or higher.
- SUAA supports legislation to revise inadequate **Tier II** pensions for an equitable set of benefits related to final salary period, automatic annual increment, and early retirement reduction. SUAA will monitor the Tier II program to determine whether it currently meets the “safe harbor provisions” of Social Security.
- SUAA supports legislation to revise the **Retirement Savings Plan** by structuring a plan that provides for participation in Social Security and, barring that, makes changes ensuring that the **plan** meets, at a minimum, the “safe harbor provisions” of Social Security.
- 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, in principle, a graduated state income tax.
- SUAA conditionally supports legislative revenue enhancement initiatives that address the state’s continuing fiscal crisis and pension debt.
- SUAA supports proposals for using pension obligation bonds to fully or partially pay down the pension debt, 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, the taxation of selected services, 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.

Preserving the Quality of Higher Education

- SUAA opposes legislation to reduce or eliminate the fifty percent (50%) tuition waivers for the children of current employees at state universities.
- SUAA will monitor bills that have either a positive or negative relationship to higher education and will report accordingly. SUAA opposes efforts to “reform” and politicize higher education through folding existing boards and commissions into the Illinois Board of Higher Education, and increasing IBHE’s power by giving it the authority to alter and eliminate existing curricular offerings and set uniform admission requirements at the state’s universities and community colleges.