State Universities Annuitants Association



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SUAA Mini Briefing

January 19, 2017

The first day of the 100th General Assembly, Wednesday, January 11th, was full of celebration and niceties. Along with these pleasurable moments came the filing of 80 Senate bills and 460+ House bills. Drawing the most attention for SURS Tier 1 members is Senate Bill 11 (previously SB 17 Senate Floor Amendment 1 introduced on January 9th by Senate President Cullerton). This is all part of the Bipartisan Grand Bargain President Cullerton and Senate Minority Leader Radogno agreed to roll out for the Senate to agree on. This supposedly has nothing to do with the Governor's Turn-around Agenda.

What does Senate Bill 11 do?

- It affects Tier 1 members who are currently working (those hired on or before December 31, 2010).
- Tier 1 employees have two choices:
 - 1. To accept a reduced and delayed automatic annual increase in retirement which would be the lesser of 3% or ½ of the increase in CPI-U, non-compounded, beginning at the earlier age of 67 or 5 years after retirement.

The incentive for each Tier 1 employee who elects to accept the reduced and delayed automatic annual increase in retirement will receive a payment of an amount equal to 10% of his or her employee contributions made before the effective date of the election – does not count towards his or her pension.

In addition, pay reduced employee contributions moving forward – 7.2% for regular employees and 8.55% for public safety employees.

And, will have his or her future earnings increases count towards his or her pension.

2. To keep the current Tier 1 automatic annual increase in retirement which is currently 3% compounded beginning the January after retirement.

Tier 1 employees who elect to keep the current Tier 1 automatic annual increase will not receive any of the benefits under the first choice.

A Tier 1 employee who fails to make an election will keep the current Tier 1 automatic annual increase in retirement.

Senate Bill 11 does not apply to retirees, Tier 2 employees (hired on or after January 1, 2011), or those enrolled in the Self-managed Plan.

- For State fiscal years 2018 through 2045, the minimum contribution to the System to be made by the State for each fiscal year shall be an amount determined by the System to be sufficient to bring the total assets of the System up to 90% of the total actuarial liabilities of the System by the end of State fiscal year 2045.
- For school years beginning on or after July 1, 2018, the amount of a participant's salary for any school year exceeds the amount of the salary set for the Governor, the participant's employer shall pay to the System the amount of earnings that exceed the salary set for the Governor currently the salary for the Governor is set at \$177,500.
- Funding changes requires the State contribution for FY 2018 FY 2045 to be based on total payroll; beginning FY 2018, any increases or decreases attributable to changes in the system's actuarial and investment assumptions to be phased in over a 5-year period; and, requires the FY 2018 and FY 2019 State contributions to be recertified based on changes made by the legislation.

Senate Bill 11 is effective immediately upon becoming law, but does not take effect at all unless Senate Bills 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12 and 13 of the 100th General Assembly become law. Assigned to Senate Executive Committee – to be heard January 24th.

What are the Senate Bills associated with the passage of Senate Bill 11:

<u>Senate Bill 1</u> – At this time it is basically a shell bill that refers to possible changes in the School Code construction and bonding. This bill will not become law unless Senate Bills 2 through 13 pass.

Assigned to Senate Executive Committee – to be heard January 24th.

<u>Senate Bill 2</u> – Increases the minimum wage from \$8.25 to \$9.00 beginning July 1, 2017 and will increase by \$.50 each July 1 until July 1, 2021. At that point the minimum wage will be \$11.00 per hour with exceptions. This bill will not become law unless Senate Bills 1 and 3 through 13 pass. Assigned to Senate Executive Committee – to be heard January 24th.

<u>Senate Bill 3</u> – Reduces the number of local units of government by public referendum. Sets term limits for commission members in counties organized as a commission form of government. Defines the language required for a public referendum question. Expands certain commissions' authorities (e.g. fire protection, community mental health, etc.) to all counties, including DuPage, Lake and McHenry. This bill will not become law unless Senate Bills 1 and 2 along with 4 through 13 pass. Assigned to Senate Local Government – to be heard January 24th.

<u>Senate Bill 4</u> – Authorizes the issuance of an additional \$7,000,000,000 in State General Obligation Restructuring Bonds. This bill will not become law unless Senate Bills 1, 2, 3 and 5 through 13 pass. Assigned to Senate Appropriations 1 – to be heard January 24th.

<u>Senate Bill 5</u> – Requires the State to contribute to the Chicago Teachers Pension Fund \$215,200,000 for fiscal year 2017 and \$221,300,000 for fiscal year 2018. Beginning fiscal year 2019 the State shall contribute an amount equal to the employer normal cost for that fiscal year. Amends the State Pension Funds Continuing Appropriation Act. Provides for a continuing appropriation to the Public School Teachers' Pension and Retirement Fund of Chicago on a continuing monthly basis. . . This bill does not become law unless Senate Bills 1 through 4 and 6 through 13 pass. Assigned to Senate Executive Committee – to be heard January 24th.

<u>Senate Bill 6</u> – Makes appropriations to agencies for costs incurred prior to July 1, 2017. Appropriations of interest to this audience:

For Group Insurance - \$1,810,000,000

Board of Higher Education - \$342,000

Illinois Community College Board - \$639,000

State Universities Civil Service System - \$230,000

Joliet Junior College for costs associated with construction of the

City Center Campus \$10,000,000

Rock Valley College for the renovation or expansion of classroom space

and other capital improvements - \$11,000,000

Chicago State University - \$20,720,400

Eastern Illinois University - \$11,171,700

Governors State University - \$11,305,100

Northeastern Illinois University - \$17,336,800

Northern Illinois University - \$42,799,700

Illinois State University - \$33,935,700

Southern Illinois University - \$93,403,000

University of Illinois - \$296,587,400

Western Illinois University - \$11,658,300

Illinois Community College Board for distribution of base operating and equalization grants to qualifying public community colleges and the City Colleges of Chicago - \$160,076,000

Illinois Valley Community College - \$87,200

Southwestern Illinois College - \$85,300

Illinois Central Community College - \$84,400

Southeastern Community College - \$78,400

Kishwaukee Community College - \$70,800

Lincoln Land Community College - \$66,500

Richland Community College - \$66,500

Kankakee Community College - \$65,700

Lewis and Clark Community College - \$64,400

Parkland College - \$55,500

John A. Logan College - \$53,400

Triton College - \$44,200

Black Hawk College - \$44,200

Prairie State College - \$84,400

Spoon River College - \$70,800

Carl Sandburg College - \$70,800

John Wood Community College - \$78,400

South Suburban College - \$44,200

Olney Central College - \$44,200

Illinois Student Assistance Commission for Monetary Award Programs - \$364,856,300

Grants and Scholarships for children of policemen or firemen killed in the line of duty, or who are dependents of correctional officers killed or permanently disabled in the line of duty - \$1,715,400

This bill does not take effect unless Senate Bills 1 through 5 and 7 through 13 become

Assigned to Senate Appropriations 1 – to be heard January 24th.

<u>Senate Bill 7</u> – Gaming expansion. Prohibitions for officials and State employees from employment in the gaming commission for one year after leaving State service. Applies to family members. Creates a Depressed Communities Economic Development Board. Defines members, terms of membership and the scope of the commission. Defines prerequisites and term limits for members of the Illinois Gaming Board. This bill does not take effect unless

Senate Bills 1 through 6 and 8 through 13 become law. Assigned to Senate Gaming – to be heard January 24th.

<u>Senate Bill 8</u> - Amends the Illinois Procurement Code. Exempts certain processes used by the Illinois Student Assistance Commission. Increases the limit of small purchases from \$10,000 to \$100,000. Sets term limits for the Executive Ethics Commissions procurement compliance monitors. This bill does not take effect unless Senate Bills 1 through 7 and 9 through 13 become law. Assigned to Senate Executive Committee – to be heard January 24th.

<u>Senate Bill 9</u> – Creates the Sugar-Sweetened Beverage Tax Act. Statewide \$0.01 tax on sugary drinks. Amends the Illinois Income Tax Act. Increases the State Income Tax to 4.95%. Extends the research and development credit for tax years ending prior to January 1, 2017. Makes changes concerning the definition of "unitary business group". Makes changes concerning estimated taxes. Amends the Film Production Services Tax Credit Act. Amends the Business Corporation Act. Makes changes concerning penalties and reports. Amends the Limited Liability Company Act. Makes changes concerning the fee for filing articles of organization. This bill does not take effect unless Senate Bills 1 through 8 and 10 through 13 become law. Assigned to Senate Revenue Committee – to be heard January 24th.

<u>Senate Bill 10</u> – Changes to the Illinois Municipal Code. This law does not take effect unless Senate Bills 1 through 9 and 11 through 13 become law. Assigned to Senate Executive Committee – to be heard January 24th.

<u>Senate Bill 12</u> – Changes to the Illinois Workers' Compensation benefits. This law does not take effect unless Senate Bills 1 through 11 and 13 become law. Assigned to Senate Executive Committee – to be heard January 24th.

<u>Senate Bill 13</u> – Temporary property tax freeze. This law does not take effect unless Senate Bills 1 through 12 become law. Assigned to Senate Executive Committee – to be heard January 24th.

Lastly, the Senate-enacted term limits by Senate Rule after the swearing in of new members. This rule limits both the Senate President and Minority Leader to a maximum of five terms. SJRCA0002 permanently creates leadership term limits through a constitutional amendment. It is included in the Grand Bargain. (In addition, there are quite a few bills addressing term limits.)

This ends the Grand Bargain of Senate Bills. As you read many times, it takes the passage of all 13 Senate Bills for any of them to become law. In other words each bill passage is contingent on the other to become law. There is no timeline for these bills to be passed, but wishful thinking is by February 1st.

If this Grand Bargain is agreed to by the Senate, the next question becomes – how does the House respond? There are a lot of moving parts within these bills– gaming and pensions being the toughest. Most likely there will be amendments filed on everything reported. Another question is, can the General Assembly actually make changes to Tier 1 current employees. Remember the Supreme Court ruling on Public Act 98-0599 (Senate Bill 1 of the 98th General Assembly)?

<u>Press here</u> to find SUAA's tracked bills. (may take a couple of minutes to load)

<u>Press here</u> to find tracked bills by category. (may take a couple of minutes to load)

This report will change as more bills are introduced since we are just fresh out of the gate. Be sure to check back often.

While this bill tracking gets a little overwhelming at the beginning of each new General Assembly, there are some serious, fun, awareness and quite educational pieces of legislation that pop up such as:

SR0008 – Designates each Wednesday in the month of February of 2017 as a "Sugarless Wednesday" in the State of Illinois.

SR0018 – Declares January 31, 2017 as Omphaloceles Awareness Day in the State of Illinois. (Omphaloceles is a defect in babies that causes the internal organs to protrude through a weak area in the abdominal wall at the base of the umbilical cord.)

HR0004 – Recognizes the importance and value that corn has to Illinois and urges it be made the State grain. (A few years ago sweet corn was made the State vegetable.)

HR0013 – Designates the month of March in 2017 and 2018 as Ask Your Boss for a Raise Month.

HR0030 – Designates October 2017 as "Zombie Preparedness Month" in the State of Illinois and urges all Illinoisans to educate themselves about natural disasters and take steps to create a stockpile of food, water, and other emergency supplies that can last up to 72 hours.

"WHEREAS, Emergencies can happen anywhere, anytime; citizens of Illinois should prepare for the Zombie Apocalypse; . . ."

HJR0005 – Declares February 28, 2017 as "University of Illinois Day" in the State of Illinois.

HJR0007 – . . . Joint Session on **Wednesday, January 25, 2017** at the hour of **12:00** o'clock noon for the purpose of hearing Governor Bruce Rauner present to the General Assembly his Report on the Condition of the State as required by Article V, Section 13 of the Constitution of the State of Illinois. (**The Governor's State of the State Address.**)

HB 299 creates an exemption under the return to work law for affected annuitants. The exemption allows a SURS retiree who became an affected annuitant between August 1, 2013 and June 30, 2015 and who receives an annualized retirement annuity of less than \$10,000 to return to work with a SURS-covered employer without the employer having to pay a contribution to SURS.



For those of you joining SUAA's ICELAND Tour, there will be a webinar on Thursday, February 9 at 7:30 p.m.

Collette will be contacting you.

For additional pictures and camera tips:

http://www.cccamera.com/travel-photography-iceland/ Yes! A tripod will be available.

Courtesy of Greg Hall: http://icelandmag.visir.is/article/10-useless-icelandic-phrases-you-should-not-bother-learn

Discover Panama: the land between the seas

September 28 – October 6, 2017
is SUAA's next sponsored tour.
Call Collette at 800-581-8942
Refer to booking #769009
A deposit of \$500 per person due upon reservation
March 21, 2017

Many Americans live in Panama due to the low cost of living!

Seek it out!



Find more information on the **SUAA** website!
Watch the video!



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"Higher Education:

Collateral Damage in the Budget Battle"

- Overall, state funding for Higher Education in FY2016 was cut by \$1.318 billion or 67.9% from FY2015 levels.
- Illinois Monetary Award Program (MAP) Grants help low income and frequently first generation students attend college. That help, however, is being cut significantly as appropriations for MAP Grants in 2016 were reduced by 53.5% from the previous year. As a result, over 160,000 eligible applicants were declined MAP Grants in FY2016.
- Illinois colleges and Universities are struggling to remain competitive for top scholars:
 - Illinois students enroll in other states and take their tuition dollars with them.
 Illinois lost 16,461 students to other states in 2016.
 - o Faculty will not come to Illinois or remain in Illinois when the financial situation is so uncertain. When they leave, they take their research dollars with them.
- Colleges and Universities are often the largest employer in the area. When colleges and universities lay off staff, or cannot keep salaries competitive, local economies suffer.

The Center for Tax and Budget Accountability (CTBA) invites you to one of the many panel discussions across the state as it prepares to unveil a new report examining Illinois' budget cuts to higher education, and how those cuts have impacted universities, local businesses and communities.

Please join us at a location near you, as our distinguished panelists delve into these issues further. CTBA is proud to be partnering with local organizations in each of the communities we are visiting.

There is no fee to attend these events; however, registration is required. Please use the following links to register for an event near you.

Additional Locations Confirmed

CHICAGO

WHEN: Friday, January 27, 2017

TIME: 9:00 – 11:00 am, registration begins at 8:30 am

WHERE: Loyola University, Kasbeer Hall - 15th Floor, Corboy Law Center, 15 E. Pearson,

Chicago, IL 60611

For More Information and to Register: RSVP CHICAGO

Parking: http://www.luc.edu/campustransportation/generalinformation/watertowercampus

CHARLESTON

WHEN: Thursday, February 2, 2017

TIME: 9:00 - 11:00 am, registration begins at 8:30 am

WHERE: Eastern Illinois University, Buzzard Auditorium in Buzzard Hall, 1920 9th Street,

Charleston, IL 61920

Registration information forthcoming: RSVP CHARLESTON

MACOMB

WHEN: Tuesday, February 14, 2017

TIME: 11:00 am - 1:00 pm, registration begins at 10:30 am

WHERE: Western Illinois University, Student Union Capitol Room (Main Floor), 1 University

Circle, Macomb, IL 61455 Registration information forthcoming: RSVP MACOMB

DEKALB

WHEN: Wednesday, February 22, 2017

TIME: 11:00 am - 1:00 pm, registration begins at 10:30 am

WHERE: Northern Illinois University, Capital Room (Holmes Student Union), 1425 W. Lincoln

Hwy., DeKalb, IL 60115 Registration information forthcoming: RSVP DEKALB

Directions: http://www.hsc.niu.edu/hsc/maps/index.shtml

Parking: http://www.hsc.niu.edu/hsc/maps/Parking%20Information.shtml

SPRINGFIELD

WHEN: Tuesday, March 21, 2017

TIME: 4:00 pm - 6:00 pm, registration begins at 3:30 pm

WHERE: University of Illinois at Springfield, One William Maxwell Ln, Springfield, IL 62703

 $Registration\ information\ for thcoming:\ \underline{\textit{RSVP}\ SPRINGFIELD}$

Directions: http://www.uis.edu/about/maps/drivingdirections

Date: TBD

CARBONDALE — Southern Illinois University

Details for all events will be updated as they become available, and will be posted on CTBA's website at www.ctbaonline.org/updates-events.

Please direct any questions to CTBA's Administrative Director, Tracy Schonberger, at (312) 332-1041 or by email at <a href="mailto:mail

Help spread the word by circulating this information to your professional network.