



HR0038

LRB100 06901 RPS 16951 r

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HOUSE RESOLUTION

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WHEREAS, Illinois' continuing budget crisis and slow economic recovery has motivated discussion on how to save the State money, including a misguided proposal to shift the State's funding of the normal pension cost for the State Universities Retirement System and the Teachers' Retirement System to local entities, such as school districts and community colleges, and to public universities; and

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WHEREAS, Decades of the State's chronic mismanagement of funds and failure to adequately fund its five pension systems has resulted in a ballooning pension payment that has been crowding out funding to critical State programs and services for education, human services, and public safety; and

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WHEREAS, The FY18 projected normal cost for the State Universities Retirement System will be \$424.9 million and for the Teachers' Retirement System will be \$967.5 billion; and

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WHEREAS, If these costs were combined they would represent a pension liability shift from the State to local governments of \$1.392 billion for FY18 alone; and

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WHEREAS, Illinois already has one of the largest residential property tax burdens in the nation; and

1 WHEREAS, The consideration of a State cost shift of this
2 magnitude, particularly when it is combined with the Property
3 Tax Extension Limitation Law, will dramatically impact a school
4 district's and community college's ability to allocate funds to
5 pay for the normal cost of pensions; and

6 WHEREAS, The Property Tax Extension Limitation Law hinders
7 the ability of a school district and community college to
8 increase revenues to accommodate a significant cost shift of
9 State obligations to local budgets; and

10 WHEREAS, The proposed cost shift would force significant
11 local budget reductions, which means teacher layoffs and
12 reductions in curricular offerings; and

13 WHEREAS, High property tax burdens in combination with the
14 pervasiveness of school district financial instability, the
15 unpredictability in State funds directed towards education,
16 and a whole host of statutorily required unfunded mandates have
17 made it especially hard for local school districts to operate
18 effectively; and

19 WHEREAS, It is anticipated that the cost shift for the
20 State Universities Retirement System will force community
21 colleges and universities to raise tuition in order to cover

1 the increased costs; and

2 WHEREAS, The unpredictable nature of pension costs makes it
3 difficult to provide an accurate account of the total impact of
4 a cost shift to local taxing districts, and it is even more
5 difficult to ask a school district or institution of higher
6 education to plan for these unknown factors over time; and

7 WHEREAS, The concept of shifting additional financial
8 burdens onto the State's already cash-strapped school
9 districts and institutions of higher education would
10 ultimately raise property taxes and increase tuition; and

11 WHEREAS, It is unfair and reckless to transfer an already
12 well-established State financial responsibility onto local
13 taxing districts, especially during this time of financial
14 uncertainty; therefore, be it

15 RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE ONE
16 HUNDREDTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, that the
17 normal cost of pensions for our State educators is the
18 responsibility of the State; and be it further

19 RESOLVED, That the General Assembly should not use the
20 current budget crisis as a reason to shift its financial
21 responsibility for State pension costs to the local taxpayers.