



SR0545

LRB100 12962 MST 27058 r

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SENATE RESOLUTION

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WHEREAS, A proposed educational pension cost shift, which would shift the cost burden from the State of Illinois to local school districts, community colleges, and institutions of higher education, is under discussion; this proposal would require all employers of members in the Teachers' Retirement System and the State Universities Retirement System to pay the normal cost of pension benefits earned; and

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WHEREAS, If this proposal were to become policy, for the Teachers' Retirement System and the State Universities Retirement System, it would potentially move \$10.187 billion in estimated normal costs of pension benefits earned from the State to local school districts, community colleges, and institutions of higher learning over a 10-year period; actuarial changes recently made by these 2 systems will further increase these numbers; and

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WHEREAS, This plan would move these spending commitments from one taxing body, the State, to a group of taxing bodies, the school districts and community colleges, while additional pension costs would be shifted to State universities; and

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WHEREAS, A pension cost shift would lead to a massive increase in local funding requirements on school districts; the

1 cost shift would exacerbate the problem of adequately funding
2 our local schools by taking even more when districts, teachers,
3 and local voters are fighting to simply keep educational
4 opportunities open to our students; in addition, a pension cost
5 shift would likely lead to massive property tax hikes or to
6 classroom cuts that will harm our students; and

7 WHEREAS, According to the Illinois State Board of
8 Education, 67% of school districts in the State are operating
9 in the red; and

10 WHEREAS, School districts already bear a large share of the
11 Teachers' Retirement System pension burden by paying a
12 statutory share of the System's total contribution costs,
13 constituting 0.58% of pensionable teacher payroll; districts
14 also contribute towards any locally-negotiated early
15 retirement options and for the pension costs of certain
16 increases in compensation, totaling \$92.5 million in Fiscal
17 Year 2012; and

18 WHEREAS, Representatives from Northern Illinois University
19 publicly stated that if the cost shift were to be covered by
20 increasing tuition on parents and students, each percentage of
21 payroll cost shifted to the university would translate into a
22 2% tuition increase; this proposed cost shift would also
23 increase the liability of State-funded universities and all

1 community colleges, thus making higher education even more
2 unaffordable for students and their parents; and

3 WHEREAS, This plan would harm the interests of all
4 taxpayers, especially in downstate and suburban areas and would
5 sharply increase inequities created by the current school aid
6 formula between Chicago and the rest of the State; because of
7 the impact on institutions of higher education, Chicago
8 taxpayers, parents, and students would also be affected;
9 therefore, be it

10 RESOLVED, BY THE SENATE OF THE ONE HUNDREDTH GENERAL
11 ASSEMBLY OF THE STATE OF ILLINOIS, that we state our belief
12 that an educational pension cost shift is financially wrong and
13 would only serve to shift pension burdens from the State to the
14 status of an unfunded mandate.