

Funding for Public Educators in Illinois

By Thomas D. Wilson

In his budget address on February 16, Governor Blagojevich said, "In 1970, the Illinois constitution guaranteed pension benefits for existing employees. But despite that constitutional guarantee, in every one of the last 35 years, the state has almost never paid everything it was supposed to pay." More accurately, Governor Blagojevich might have emphasized that the State has not come close to meeting its obligation for State pensions.

All five State retirement systems were substantially underfunded, but I have checked the exact figures for the State Universities Retirement System (SURS). In the 21 year span from 1975-1995, the percentage the State paid as its required contribution to SURS ranged from 22.82% to 55.37%. In 16 of these 21 years the range was between 22.82%-37.61%. In five of the years the range was 42.24%-55.37%. Overall for these 21 years, the State paid about 30% of its required contribution. In each of these 21 years, employees paid 100% of their required contribution.

After the current funding legislation passed in 1995, the State made its required contribution. But the amount was much less than needed. This was a political compromise to get a continuing appropriation and to ease the State into paying its fair share. In all these years the retirement systems have been losing not only the higher amounts the State should have paid but also all the investment income from those amounts.

The Governor now wants to cut the State's required pension contribution by \$800 million for next year. But even with all the proposed pension "reforms," savings will not occur for several years. The Governor's budget is a sham.

The bills to implement the pension reforms have not been written, but based on the Pension Commission report the pensions for new employees will be reduced substantially and current employees will see some reduction. On April 13 a number of groups interested in public education will join together in Springfield for a noontime rally and a visit with legislators.