

# State Universities Annuitants Association



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Lunch with Staff  
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## SUAA Mini Briefing

March 18, 2016

Travel with SUAA to  
ICELAND  
to see the  
Northern Lights

Today marks the official start of the Legislative Spring Break. If you were listening to any of the legislative rhetoric these past two weeks you would have picked up that there was much ado about the House being off beginning March 3<sup>rd</sup> while the Senate continued to work until March 17<sup>th</sup>. All in all it was a total of 5 days less than the Senate worked in March. The House will return to Springfield on Monday, April 4<sup>th</sup>. The Senate is scheduled back on Tuesday, April 5<sup>th</sup>.

As all of you have read, the Primary Election brought about a few expensive races:

- 5<sup>th</sup> House District Democrat race between incumbent Rep. Ken Dunkin and Juliana Stratton. Ms. Stratton won. Total raised and spent was \$6.1 Million.
- 22<sup>nd</sup> House District Democrat race between incumbent House Speaker Madigan and Jason Gonzales. Speaker Madigan coming out the winner. Total raised and spent was \$3 Million.
- 50<sup>th</sup> Senate District Republican race between incumbent Senator Sam McCann and newbie Bryce Benton. Senator McCann won while taking a lot of personal attacks. Total raised and spent was \$3.8 Million.

The November General Election can only mean that there will be more personal attacks with a much higher price tag attached. Governor Rauner thinks he won this round and Speaker Madigan thinks he has the upper hand. Truce gentlemen - now is a good time for everyone to get back to the issues at hand – a balanced budget, and for many of us, **higher education**. In addition, it is also a good time for all of us to take precautions for the next round of robo calls and turning off damaging political commercials. They need to remember that **issues** are the key to being elected.

To see more on the General Election 2017, check out the [SUAAction Election Guide](#).

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How many times have you heard people say that they are going to move out of Illinois if any more taxes are imposed? Evidence proves that Illinois needs more tax revenue. According to

[SURS](#) 79% of their annuitants still live in Illinois. This is up 1% from a few years ago. Get the real story by reading the [Center for Tax and Budget Accountability](#)'s new report.

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The Commission on Government Forecasting & Accountability has released their report on the [Illinois State Retirement Systems – Financial Condition as of June 30, 2015](#). This report will allow you to compare the 5 Downstate Systems:

State Universities Retirement System – SURS (begins on page 59) funded at 44.1%;

State Employees' Retirement System – SERS funded at 37.5% ;

General Assembly's Retirement System – GARS funded at 16.6%;

Judges Retirement System – JRS funded at 36% ;

Teachers' Retirement System – TRS funded at 42.9%.

The report is a good read. It has an abundance of information for those wanting to know more about the downstate retirement systems.

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Testimony in the Senate Appropriations II Committee this past week from State Comptroller Leslie Munger provided a bleak outlook for Fiscal Year 2016. She handled the questions from the Committee very well. The State is looking at at least \$10 Billion unpaid bills by the end of the Fiscal Year; others say up to \$12 Billion.

As of 3.17.2016 the General Funds Payables = \$3,682,841,765

Number of Vouchers Backlogged = 51,961

This number includes vouchers and transfers to other state funds (does not include estimated \$3.8 billion worth of bills being held at state agencies).

Remember that 90% of the State unapproved FY 2016 Budget is being paid by court order.

The remaining 10% not being paid includes health insurance claims.

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**House Bills 4427 and 5625** are still in the House Personnel and Pensions Committee. There is another Subject Matter hearing on March 23 at 3:00 p.m. These hearings are quite interesting. The last hearing heard testimony from Jeffrey Brown, Josef and Margot Lakonishok Professor of Business and Dean of the College of Business at the University of Illinois; and the Teachers Retirement System. The next hearing should be equally educational.

As a reminder, these two bills are voluntary buyout programs for an individual's pension upon retiring. Thus far this course of action is not being recommended. In addition, it has not been determined how this move will benefit the State.

**SB 2789** – Unbalanced Budget Response Act – has been placed on Senate Calendar Order on Second Reading as of March 16, 2016. This bill would provide authority and procedures for the Governor to establish contingency reserves of previously appropriated funds, and to transfer balances between special funds in the State treasury and the General Revenue Fund. It also includes the possibility of sweeping the pension systems and/or possible pension holidays.

Legislators cannot forget that by law the pensions have to be paid. Therefore, it makes no sense to include the pension systems in the sweeps nor consider pension holidays. We do not look for SB 2789 to go forward with its current content as this bill does not allow the swept funds to be paid back.

There is also **SB 3044** which amends the State Finance Act. This bill eliminates the requirement that funds transferred, as authorized for cash flow borrowing during fiscal year 2015, must be repaid within 18 months. It was assigned to Senate Appropriations II on March 6<sup>th</sup> where it will remain until April.

**SB 2362** passed out of the Senate Licensed Activities and Pensions committee to be Placed on Calendar Order of 2<sup>nd</sup> Reading on April 5, 2016. This bill is basically the same as **HB 4532** – Default Investment Fund under the SURS Self-Managed Plan. The synopsis of the bills state that the SURS System provide advance notice to a participant in the self-managed plan of the participant’s obligation to direct the investment of employee and employer contributions into one or more investment funds selected by the System at the time he or she makes his or her initial retirement plan selection. Provides that if a participant in the self-managed plan fails to direct the investment of employee and employer contribution into the various investment options offered to the participant when making his or her initial retirement election choice, the System shall invest the employee and employer contributions in a default investment fund on behalf of the participant, and the investment shall be deemed to have been made at the participant’s investment direction. Provides the participant has the right to transfer account balances out of the default investment fund during time periods designated by the System.

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There are obviously more bills to report on, but amendments have now been attached. So we will be looking through the stacks during the next several days to find out what is pertinent. April and May could be intense or just full of frustration. You will be kept up-to-date regardless.

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For those of you who are college basketball fans, we wish you the best of luck with your brackets as you dance your way to the Final Four!

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Travel with SUAA to ICELAND –February 18-24, 2017 <https://gateway.gocollette.com/link/700793>

See the Northern Lights! Could be warmer than Illinois is in February! Record warmth of 54 degrees F.



See More Pictures on the SUAA Website!

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If the seas were always calm, we would never build a better boat.  
(author unknown)

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