

2011-2012 UIUC-SUAA Legislative Position Statement and Fact Sheet

Key Discussion Points

Achieving fiscal stability as soon as possible is the most critical step for Illinois state government. No effective long-term planning or progress is possible without stability.

No single mechanism is sufficient to achieve fiscal stability. A combination of budget cuts, budget reform and new revenue measures is required.

Higher Education is critically important to economic growth for Illinois, both in terms of delivering a technologically sophisticated work force and in generating new business growth via commercialization of university-based research and development.

Competitive benefit programs are essential to attract and retain faculty and support staff to sustain higher education's role in economic development.

Current retirement programs for higher education are not overly generous.

New retirement provisions enacted hastily last spring likely will significantly worsen competitiveness and will add cost pressures on institutions which must replace lost benefits to stay competitive.

University leaders and retirees must work together to address benefit issues.

Illinois worst-in-the-nation **pension deficits are attributable to decades of under-funding by the state** failing to make the employer share for the program. Employees have paid every penny required of them, and SURS investment earnings have exceeded benchmarks.

Retirement Data: What Do the Numbers Tell Us?

- Between 1998 and 2008 SURS participants contributed \$2.64 billion to SURS, as required by law. During the same period the State contribution was \$1.2 billion less than required by law. (Source: UIC Action)
- SURS participants total just over 205,000 with 45,000 retirees and almost 160,000 not yet drawing retirement. It is the state's failure over many years to set aside funds for the future pension payments to these

- employees still in the “pipeline” that has created the severe funding crisis now requiring much larger allocations.
- The typical SURS employee retires at age 62 with 20 years of service and a pension of \$31,300. (Source: SURS presentation to SUAA-UIUC.)
 - More than three-quarters (78%) of SURS retirees live in Illinois. For the five Illinois public pension systems in total, more than 150,000 pension recipients live in Illinois and in total receive pensions of more than \$4 billion. With an economic multiplier of 1.5, this means that public pension recipients generate \$6 billion in economic benefit for Illinois each year.
 - SURS participants are prohibited from receiving Social Security coverage for their state employment, and those who qualify for Social Security due to other employment receive severely reduced benefits upon retirement. SURS is the only or by far the major pension benefit for all SURS participants.
 - The top 100 SURS pensions, which news media and others use to illustrate the “lavish” public pensions represent 2/10 of one percent of the total number of SURS pensions.
 - SURS has been forced to sell \$1.2 billion more in assets than anticipated so far in FY2011 just to meet retiree payout requirements for the current year. So now, the State’s failure to pay its share has directly damaged the good work accomplished by SURS investment management.
 - For at least four decades, peer institutions with which the UI competes for faculty and staff have spent more on pension benefits for their employees than has the state of Illinois. The vast majority of peer institutions offer a “Social Security Plus” retirement program in which the employer share of Social Security is a mandatory annual payment and annual contributions to supplemental retirement programs are made regularly.