

April 13 Senate Report

FAC and the IBHE met at Elgin CC last week. Two topics dominated the FAC discussions.

First-How the Governor's office is handling board appointments. Our situation gets the most press, but other public universities are having problems as well.

1. Some at the University of Illinois were not happy with the Patrick Fitzgerald appointment on the heels of a series of administrative scandals and with the far flung backgrounds of several past appointments. There is now a bill in the legislature that would give the power to pick five trustees to the alumni association.

2. Chicago State President Wayne Watkins appears to be close to being pushed out by a group of trustees whose terms are expiring. No appointments have been made as of yet by the governor, but the local politicians, including former Senate President Emil Jones are backing Watson. Should the trustees be reappointed, it is likely those nominations would be contested in the Senate.

3. Yesterday, two long-time Republican trustees at Illinois State were not reappointed despite both having major roles in the search to replace President Al Bowman.

So keep tuned in. I am sure more will come down the pike.

Pensions—The House has been debating pension measure on a piecemeal basis. In mid-March, it passed a scaled down cola that would give 3% per year but just on the first 25,000 of pension. In addition it would not begin until 5 years after retirement or the annuitant reaching the age of 67, whichever occurs first.—Is a component of the Biss/Nekritz plan. The house also passed two other pieces that will gradually increase the retirement age and also limit the amount of pensionable salary at 113,000 (the SS cap). The Chicago Tribune and the Civic Federation are pushing the legislators to cut pension costs as much as possible and even scolding them when savings don't measure up. In the Senate, Cullerton has package the Biss/Nekritz bill with his own choose between COLA and healthcare package together as an either or. If one is found to be unconstitutional, the other would kick in.

Last week at the Presidents and Chancellors meeting, they decided to endorse the six step plan published by the Institute of Government and Public Affairs at the University of Illinois in mid-March, authored by five individuals from U of I, UIC and Northern Illinois. Under the plan:

1. COLA-Replace the automatic 3% increase with 1/2 the CPI-u. In times of low inflation, would not get much of a COLA increase, but that is ok, since you would have lost no purchasing power. If inflation goes above 6%, would get more than 3. Really gives more protection from high inflationary times. Don't recapture all lost purchasing power, but if inflation is 9%, would get 4.5% adjustment. Under the current system would get just 3%.

2. Peg the Effective Interest rate to the long term govt. bond yield plus a small premium. This would affect the money purchase option, but not the flat 2.2% per year computation.
3. Increase employee contributions to 10% from 8% in half point increments.
4. Employers would assume 6.2% of employee pay in half point increments.
5. State retires the unfunded portion of the liability on a straight line basis over a negotiated period of time.
6. New employees would be part of a hybrid plan, instead of the Tier II plan currently being offered.

This plan probably offers the best we can hope for. Once the Chancellors and Presidents get their endorsement out and a bill is introduced, contact with your Representatives and Senators would be appropriate. In addition the Senate may want to consider endorsement.