

The Center for Tax and Budget Accountability: Pension Presentation for the LWVIL



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Looking Forward

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Annual Amount by Which Revenue Projection Falls Short of Spending Caps, FY2013-FY2015

	FY2013	FY2014	FY2015
Governor's Revenue Projections	34.131 B	\$34.975 B	\$33.461 B*
Annual Spending Caps under P.A. 96-1496	\$37.550 B	\$38.310 B	\$39.070 B
Revenue Shortfall	(-\$3.419 B)	(-\$3.335 B)	(-\$5.609 B)

Then There's Pensions

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Pension Contributions

	FY2013	FY2014	FY2015	Cumulative
Governor's Revenue Projections	\$5.250 B	\$5.593 B	\$5.905 B	
System Projections	\$5.333 B	\$5.761 B	\$6.200 B	
Shortfall	(-\$83 M)	(-\$168 M)	(-\$295 M)	(-\$546 M)

The Five State Systems' Unfunded Liabilities

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Funding Status as of Fiscal Year 2010 using AVA

Plan	Actuarial Liabilities	Actuarial Value of Assets	Unfunded Liability (Liabilities – Assets)
JRS	1,819,447,826	619,925,786	1,199,522,040
SERS	29,309,464,296	10,961,540,164	18,347,924,132
TRS	77,293,198,000	37,439,092,000	39,854,106,000
SURS	30,120,400,000	13,966,600,000	16,153,800,000
GARS	251,764,834	66,212,244	185,552,590
Total	138,794,274,956	63,053,370,194	75,740,904,762

Source: FY 2010 Comprehensive Annual Financial Reports

The Five State Systems' Funded Status

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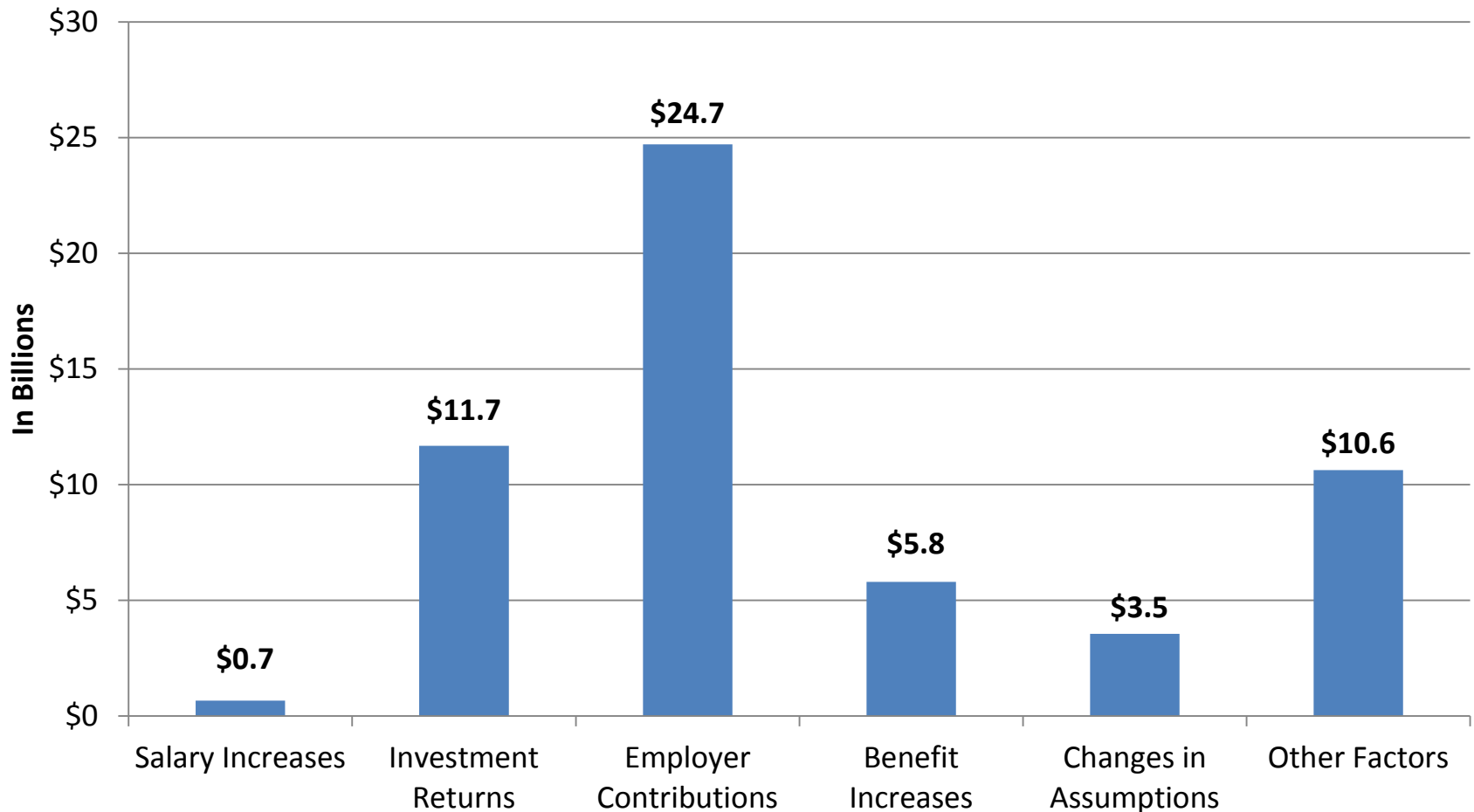
Funding Status as of Fiscal Year 2010

Plan	Unfunded Liability	Funded Ratio	Unfunded Liability/Payroll
JRS	1,199,522,040	34.10%	744%
SERS	18,347,924,132	37.40%	445%
TRS	39,854,106,000	48.44%	431%
SURS	16,153,800,000	46.40%	463%
GARS	185,552,590	26.30%	1,256%

Source: FY 2010 Comprehensive Annual Financial Reports

Growth in Unfunded Liabilities for the Five State Systems 1996-2010

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Source: The Commission on Government Forecasting and Accountability. 2011. *A Report on the Appropriateness of the 90% Funding Target of Public Act 88-593*. p. 9

Public Act 88-0593 of 1994: The Pension Ramp

- **Funding Structure:**
 - Fiscal Years 1996-2010: a 15-year phase-in period in which the state's annual contributions were calculated as a percentage of payroll.
 - Fiscal Years 2011-2045: the state is to contribute a level percent of payroll that is sufficient to bring the systems to a 90% funded ratio by 2045.

H.B. 3813: Pension Reform for Leaves of Absence

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- Signed by Governor Quinn on January 5, 2012, and is now Public Act 97-0651.
- **Key Aspects of Legislation:**
 - Requires that any suspicion of fraud be reported.
 - Closes loopholes that allowed union salaries to count towards public pensions.
 - Prevents individuals from having their time spent as a union employee count towards their public pension AND union pension.
- **Concerns/Issues:**
 - P.A. 097-0651 may be unconstitutional.
 - The legislation fails to address the issue of insufficient employer contributions.