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Legislating in tough times

By Jim Nowlan

The Illinois state capitol interior dome is awesome. Soaring, seemingly unsupported, maybe 200 feet to its pinnacle, and painted in rich brown, gold and blue-dominated patterns, the inspiring dome suggests that anything is possible. But not all was possible one recent day near the end of the legislative session in Springfield. Trimming the state pension system was the hang-up.

I stopped first into Room 212, the former state Supreme Court chambers, where the Senate Executive Committee was meeting. The room for 200 or so was packed, but I squeezed into a seat in a row of state union workers, all wearing gaudy sky blue tee-shirts declaring that “Pensions are a promise.”

Once again my eyes were drawn upward, to the rococo ceiling that featured Lady Justice in the center, holding the scales of justice in her outstretched arms. Solving the pension dilemma might not, however, result in justice for my union seat-mates, or so they felt, worried looks mixed with satisfied glances of camaraderie and unity.

Pension reform is, after all, about reducing net compensation for the 750,000 employees and annuitants of the state employees’, teachers’ and universities’ pension systems. This means difficult decisions for elected officials who count on votes from these constituencies.

To reduce the \$83 billion in unfunded obligations of the pension systems, lawmakers have several options: reduce or eliminate cost of living increases; require employee payments into the state health care program; increase employee contributions to the pension programs, and extend the retirement age.

Over the past half-century, many pension provisions have gotten out of hand. A number of university retirees, for example, are pulling down \$200,000-300,000 in annual pensions, which rankles lawmakers and the public. Many other sweetheart deals had been inserted into the pension laws over the years, for school superintendents, judges, legislators and others.

And while the pensions were being enriched, lawmakers were underfunding the state's portions of the future costs.

But those weren't the issues at this particular hearing by the Senate committee. Instead, the split between Democrats and Republicans was over whether to shift the burden for paying for teachers and university employee pensions from the state to local school districts and the public universities. The responsibility should probably always have been with the local units, but to shift the burden now would probably result in higher school property taxes and loftier college tuitions.

Democrat Senate president John Cullerton proposed to phase the shift in over a number of years, but the Republicans, and some Democrats, weren't buying.

Later, in the House chamber (another magnificently gilded hall), powerful Speaker of the House Michael Madigan appeared unable, maybe unwilling, to pass the pension bill (with the shift of responsibility to the local schools and universities) without some Republican votes.

So he dropped his sponsorship of the pension reform bill and shoved it onto his counterpart, House GOP Minority Leader Tom Cross, saying in effect, "You go ahead and pass the bill, without the shift to local schools, but don't count on my help (which was required)."

And so pension reform was not accomplished by the May 31 deadline for the regular legislative session. But expect lawmakers to be called back into session this summer to vote on a pension reform bill that both sides will be asked to support.

Or possibly they will wait until after the November election, delaying tough votes for members, and when 20 or so lame ducks (members not coming back) could be induced to vote for pension reform that they couldn't support earlier.

The public employees and retirees are not to blame; they have paid in all that was asked of them. Yet the pension system costs necessary to reduce the unfunded liabilities are not sustainable. Just a few years ago, pension costs equaled 6 percent of the state's operating budget. This year it is 15 percent, and heading higher, all the while squeezing out dollars for education and people services.

Strong medicine is needed, including a combination of all the options I mentioned near the top of this piece.

And by the way, when you're next in Springfield to see the Lincoln Museum, go a few blocks to the west to tour the state capitol. The dome alone is worth the trip.