



HR0003 SS1

LRB095 12652 AMC 37943 r

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HOUSE RESOLUTION

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WHEREAS, Article XIII, Section 5 of the Illinois Constitution of 1970 requires the State to provide pension benefits to members of State-sponsored retirement systems; and

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WHEREAS, The State of Illinois supports five retirement plans on behalf of State employees, university employees, teachers, judges, and members of the Illinois General Assembly; and

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WHEREAS, It is the State's responsibility to provide adequate funding to support State pension liabilities so that future generations are not held responsible for current expenses; and

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WHEREAS, Deferrals of the State's obligations to its annuitants contributed to an unfunded pension liability in State-sponsored systems of \$19 billion in 1995 to \$43 billion in 2003, resulting in a funded ratio of 48% in 2003, the worst funded ratio of any of the fifty States and significantly under-funded in comparison to the national average of 91.1% among 101 public retirement systems according to the 2003 Public Fund Survey conducted by the National Association of State Retirement Administrators; and

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1 WHEREAS, Because of this crisis, unless changes are made,
2 commitments to State employees will become a significant burden
3 on future generations; and

4 WHEREAS, Annuitants of the State's benefit systems rely on
5 the security provided by pension benefits to meet their daily
6 necessities, including food, housing, and healthcare; and
7 fairness requires that Illinois keep its obligations and
8 commitments to those who have earned it and will work for it in
9 the future; and

10 WHEREAS, Over the next three years, in order to meet the
11 statutory funding formula, the State will be required to
12 increase annual contributions to the pension systems and debt
13 service on outstanding pension obligation bonds, reducing
14 available State resources to fund growth in other core services
15 provided by the State, such as education and health care, to
16 less than \$200 million (or less than 1% growth) of natural
17 revenue growth per year; and

18 WHEREAS, Further deferrals of the State's pension
19 liabilities will force future generations to pay billions in
20 additional interest on the unfunded liabilities of the State
21 between fiscal years 2008 and 2045; and

22 WHEREAS, Good government involves making hard choices;

1 citizens and businesses in Illinois must make such choices;
2 their government must meet the same standard; therefore, be it

3 RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE
4 NINETY-FIFTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, that
5 the State's pension funding system is in a state of crisis, and
6 that the State will continue to unnecessarily pay billions in
7 interest costs alone if the unfunded pension liability does not
8 receive an immediate and significant infusion of funding, the
9 General Assembly is in agreement that a solution to this crisis
10 must be adopted prior to adjournment of 2007 Spring Session of
11 the Ninety-Fifth General Assembly; this action is necessary to
12 adequately secure existing pension obligations, reduce
13 long-term interest costs on current obligations, more
14 effectively manage State funding requirements, and ensure that
15 future new revenues will not be consumed solely by escalating
16 pension contributions; and be it further

17 RESOLVED, That the General Assembly shall enact any such
18 additional protections necessary to ensure that no further
19 State pension liabilities may be deferred to future generations
20 of Illinois citizens.