



SJ0001 SS1

LRB095 12658 AMC 37950 r

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SENATE JOINT 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, which grew 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 of natural revenue growth per year,  
17 representing less than one percent growth per year in these  
18 critical areas; and

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

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