



Taxpayers' Federation of Illinois

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Senate Committee on Deficit Reduction

Responses to Committee Questions

J. Thomas Johnson, President

1. What area of the state budget are you interested in protecting and why are those important?

The only area that should be protected is the required contribution to the state pension funds. Failure to do so will cause future generations of state taxpayers to be required to pay a liability incurred by prior generations. This inordinate debt will overwhelm the state's resources crowding out other appropriate spending. All other areas of state spending should be investigated to identify spending reductions.

2. What revenue enhancements would you recommend be implemented to support those areas?

Expected revenue growth from existing tax base along with savings identified by above effort should be used for this purpose.

3. What suggestions can be provided to reduce the State's short-term and long-term pension costs?

A two tiered pension program which would increase employee contributions, reduce automatic COLA adjustments, and adjust the retirement age for access to pension benefits to correspond to the Social Security retirement age are actions that should be considered at a minimum.

4. Are reforms of pension benefits for newly hired State employees warranted to lower the State's long-term pension costs? Do you support such reforms?

Yes, see comments above. Some of these changes could possibly be made for current employees as well.

5. Are increased contributions from current pension system members warranted? Do you support increased pension contributions from current members?

Yes, rationalizing the contribution levels between the various pension systems and increasing the amount of employee contributions should be part of the solution.