



Significant, New Problems Identified with Senate Bill 1 through Actuarial Analysis

Evidence continues to mount that Senate Bill 1 creates more problems than it solves.

To be clear, SB 1 is unconstitutional and thus saves nothing. The extreme pension cuts the bill attempts to make have huge problems associated with them, made apparent in the bill's actuarial analyses.

Quotes from the TRS actuarial analysis and explanation follow:

“The Tier 1 employer normal cost is now negative.”

- During her media availability, Rep. Elaine Nekritz characterized this as a good development for school districts, saying “[t]here would be no shift” if a TRS cost-shift bill passed.
- This fails to recognize that TRS pensions would no longer qualify for a Social Security exemption. Far from paying nothing, under a TRS cost-shift, school districts would ultimately be on the hook to pay the employer’s portion (6.2%) of Social Security benefits.
- Once school districts are required to pay Social Security taxes, this will almost certainly necessitate massive property tax increases across the state.
- SB 1 would be the largest unfunded mandate imposed on school districts in history.

“The current proposal...creates a Social Security compliance issue for Tier 1 in addition to the existing issues for Tier 2.”

- SB 1 creates the same problem in Tier 1 as exists in Tier 2 – an inadequate pension benefit structure.
- Again, if SB 1 becomes law, school districts would eventually begin paying Social Security taxes because TRS pension benefits are too low to qualify for a Social Security exemption.
- It is likely that the same problems for TRS will also affect SURS.

“SB 1 provisions result in Tier 1 and Tier 2 members paying for more than the cost of their benefits.”

- The SB 1 pension cuts are so absurdly deep that workers would actually be paying more than what their pension benefit is worth.
- This is more than just completely unfair. It is immoral and illogical. SB 1 creates a pension system that actually penalizes its members. The bill slashes pensions so aggressively that employees would face a monetary loss by being part of the pension system.
- The bill goes to extremes to hurt working, middle-class families.

This is not just about numbers. This is about people – the working families of Illinois. It is about promises made and fairness for the teachers, nurses, caregivers, child protection workers, and public safety personnel who contributed toward their pensions, even as the state did not.

SB 1 not only violates the law, but violates this promise by having the audacity to require employees to pay more than what their pension is worth, while local property tax payers eventually pick up the tab to pay for Social Security.