



Dara Thompson <[dthompson@panaschools.com](mailto:dthompson@panaschools.com)>

## Fwd: Alliance Legislative Report 100-55

1 message

**Jason Bauer** <[jbauer@panaschools.com](mailto:jbauer@panaschools.com)> Thu, Feb 15, 2018 at 7:56 AM  
 To: Dara Thompson <[dthompson@panaschools.com](mailto:dthompson@panaschools.com)>

February Board Meeting

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From: **IASA** <[iasa@iasaedu.org](mailto:iasa@iasaedu.org)>  
 Date: Wed, Feb 14, 2018 at 4:30 PM  
 Subject: Alliance Legislative Report 100-55  
 To: [jbauer@panaschools.com](mailto:jbauer@panaschools.com)

February 14, 2018



### ALLIANCE LEGISLATIVE REPORT (100-55)

#### PENSION COST SHIFT TO SCHOOL DISTRICTS

A major component in **Governor Bruce Rauner's** Budget Address today was a proposal to shift all normal costs of the Teachers' Retirement System (TRS) from the State onto local school districts. His plan would be to phase in the shift with 25% of the costs moved to school district budgets in each of the next four years. It is estimated that the first year cost could be over \$490 million statewide.

As the Governor stated that he would commit an additional \$350 million to the evidence-based funding formula, he would then ask school districts for \$490 million to be returned to the State. This obviously would result in a net loss of funding for hundreds of school districts across the State.

Governor Rauner did state that he would "give schools and local governments the tools they need to more than offset the costs" of the pension shift. However, the vague statement had few details and the "tools" included "increased education funding, the power to dissolve or consolidate units of local government, and more flexibility in contracting, bidding, and sharing services." The idea of saving nearly a ½ billion dollars annually for four years through bidding changes hardly seems feasible.

There is one notable fallacy to the logic of the cost shift. When rationalizing the shift, proponents often cite the rich benefits that school districts have bestowed on their employees with the State picking up the tab for the pension liability. When, in fact, only the legislature has created and enhanced pension benefits for TRS members over the years, many times with school management being the only opposition to the bills that increased retirement benefits.

A press statement on the pension cost shift from the IASB can be found [here](#).

Governor Rauner bases his budget balancing on the "savings" from shifting pension costs onto school districts and institutions of higher education, cutting back contributions to state employee health insurance packages, selling the James R. Thompson Center in Chicago, and increased revenues resulting from changes in the Worker's Compensation Act. With the savings, he would pay down the budget deficit, invest in education spending, and, eventually, roll back State income tax rates. There was no mention today of a freeze on property tax extensions.

More specifics of the Governor's education budget proposal will be reported in the next Alliance Legislative Report.

*This legislative report was written and edited by the lobbyists of the Illinois Association of School Boards to provide information to the members of the organizations that comprise the Statewide School Management Alliance.*

Illinois Association of School Administrators, 2648 Beechler Court, Springfield, IL 62703-7305

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Mr. Jason Bauer  
Superintendent - Pana CUSD #8  
14 E. Main Street  
Pana, IL 62557  
Phone: (217) 562-1500  
Fax: (217) 562-1501