



Jim Broadway

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## Illinois School News Service

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### Pension tweak impacts districts, educators

By Jim Broadway, Publisher, Illinois School News Service

When the policymakers have to do something that they know their friends will not appreciate, they tend to want to do it as unobtrusively as possible. That is the likely explanation for why the new end-of-career salary cap reduction was hidden deep inside a long and sometimes undecipherable bill that no one ever reads.

Yes, the law now effectively caps raises that school boards give their teachers and administrators at 3%, just half of the 6% that has been the cap for years. The simple statutory change was put inside the Budget Implementation (BIMP) bill, the annual multi-subject bill that causes a budget to appear balanced.

The language of interest to Teachers Retirement System members begins on page [begins on Page 741](#) of the enrolled version of [HB 3342](#) (which started life as a measure that was to have made it possible for ex-convicts to renew licenses they might have had before being incarcerated, so they can return to the workforce).

The amendment that turned HB 3342 into a 763-page BIMP bill wasn't filed until May 31, the last day of the session. It wasn't something that most legislators ever actually read. They just trust the sponsors - and this bill had conspicuously [bipartisan support](#). Was the pension tweak described? Probably not.

**The end-of-career educator salary "bumps"** have irritated legislative leaders, of both parties, for as long as I can remember. The policy is called a "cap" but it is no such thing. The key part of HB 3342 just says that, if a school board gives a pension benefit-impacting raise of more than 3% which (as [lawyers who know this stuff](#) tell their clients) includes extra-curricular stipends, bonuses - everything - the district has to pay for the impact on pensions.

Years ago there was no state policy on this issue. School districts, particularly those with exceptional property tax wealth, routinely gave their top administrators 20% pay increases every year for the last four years of their careers. That allowed them to get great career-long leadership talent at a bargain price; all they had to do was sweeten the superintendent's pension in the last four years of his career. There was no law against it at all.

But there was, in many minds, something less than ethical about gaming the pension system in this way, making salary decisions in a manner that would impose huge costs for years, not on the school district or the property taxpayers who support it, but *on the income taxpayers statewide*, who do not benefit from the school boards' decisions to "bump" their administrators' salaries by so much. The limit was initially put at 6%; now it is 3%.

The legislators who presented the budget talked about pension system adjustments that are projected to save the state something like \$500 million. (Another was a voluntary pension "buy-out" program giving pension system members most of their money in a lump sum early; there are some reasons why one would accept that.)

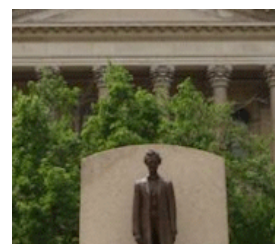
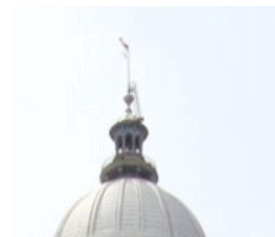
**When you think about the salary-bumping practices** of the past, you can understand why House Speaker Michael Madigan used to insist that the employer's share of the pension system contributions should be a burden carried by the school districts, the actual employers, rather than having the state pick up the tab.

The total state budget for FY 2019 appropriates \$38.5 billion. About \$4.47 billion (about 11.6%) of that will be paid to the Teachers Retirement System, by far the largest and most under-funded of the five state-administered pension systems. Sure, it sound like a lot of money - but it is arguably far short of the need.

As [TRS Executive Director Dick Ingram said](#) late last year, actuaries calculate the true "fully-funded" pension payment by the state to the TRS for FY 2019 would be \$7.4 billion - about \$2.9 billion more than the actual contribution by the state. In the 78 years of TRS existence, the state has never fully-funded the system, he said.

The new policy on the salary "cap" is something that could be affected by folks at the district level if a very large "window of opportunity" were left open. So processing that bill was clearly expedited. It was signed into law Monday. Any action at the district level now must conform to the provisions of HB 3342.

*What about School Code-amending bills?* Sixty-four of them were passed during the legislative session that just ended. Have any of them been delivered to Gov. Bruce Rauner for his consideration? Has he signed or vetoed any of them? Has the status of any of them changed since last week? [No, no and no.](#)



I recently enjoyed a local production of Chicago, the [wonderful musical story](#) of Roxie Hart and Velma Kelly and other murderers who got away with it in the Windy City. Now, the Washington Post [published research data](#) suggesting that you have to be pretty dumb *even to be arrested* for murder in Chicago.

The Post, which was also recently the subject of an [artful and historically accurate](#) account of crime, but in a different city, analyzed 52,000 murders that have occurred in 50 cities in the last 11 years. Police made arrests in only 49% of all those murders - but Chicago police were the worst with arrests in only 26% of cases.

It ain't like the old days. Back then, solving crimes in Chicago was simple. They'd just round up some black men, guide the witnesses to pick one out of the line-up and then beat a confession out of him. Case closed. But it's harder now, with all the do-goods agitating for actual "justice." Picky, picky. Makes the numbers look bad.

**Who were victims?** Of the 5,535 dead Chicagoans, 4,251 (77%) were black; 989 (18%) were Hispanic; 256 (0.04%) were white and 25 (0.004) were Asian. (No wonder the criminal "justice" "system" puts [Rep. Mary Flowers](#) in such a bad mood. If she reads The Post, I'll bet she's pre-filing bills for 2019 already.)

To learn more, click the "see maps" link on the [Chicago murder data page](#). Hover over a dot on the map and learn who was killed, and when, and how old he was and whether an arrest was made (usually no). Dangerous areas are obvious. (There were no murders during the 11 years in Greektown. Hmmm. Wonder why.)

One more point on the subject of carnage in Chicago. The Post tracks a lot of things. Murder is just one of them. Another, perhaps a harder one to keep track of, is "false or misleading claims" by President Donald Trump. As of the end of May, the journalists had fact-checked [3,251 such prevarications](#).

But "[What the hell is going on in Chicago?](#)" wasn't one of them.

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