ICCTA *ACTION ALERT*

May 5, 2006

The Illinois General Assembly adjourned its spring 2006 session on Thursday, May 4. The House concluded its business during the afternoon, and the Senate finished its business at 10 PM, Thursday evening. Both houses of the General Assembly will return to Springfield on November 14 to begin the fall 2006 veto session.

The last order of business for the General Assembly was to adopt a Fiscal Year 2007operating budget for all agencies of state government. The budget was adopted by both houses with voting along partisan lines (Democrats voted for the budget and Republicans voted against it). In its final form, the approved FY 2007 budget is similar to the one proposed by Gov. Blagojevich during his February budget address, with some modifications.

The Governor is expected to approve the budget package that the General Assembly has sent to him, as well as pension legislation that ICCTA is supporting.

FY 2007 BUDGET

The $56 billion FY 2007 budget includes increased funding for higher education as compared to the FY 2006 budget. Community colleges will receive a state budget that is similar to the Governor's budget recommendations, although some changes were made in some line items. Overall, **community colleges will receive a 1.9% increase in state funding** compared to the prior year.

Additional information will be provided next week after the entire state budget legislation is analyzed. The budget was contained in **Senate Bill 1520** and is 863 pages in length.

PENSION LEGISLATION

One of the last orders of business was the approval of legislation to address issues that were created last year by the enactment of a "pension reform" package (SB 27). The General Assembly unanimously approved **SB 49**, which clarifies the 6% salary limitation put in place last year.

The pension legislation that was enacted last year created a 6% limitation on earnings increases that a participant in the State Universities Retirement System can receive during his / her final four years of employment. Salary increases above the 6% limitation are allowable, but the employer must pay the actuarial retirement impact if the increases occur during an employee's final four years of employment. Until passage of SB 49, there were no exceptions to the 6% provision. This newly proposed legislation would adequately solve most of the issues identified by the higher education community following the passage of SB 27 last year. ICCTA viewed the current law as a personnel management issue that required resolution. The Governor is expected to approve SB 49.

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Senate Bill 49 Provisions
Exemptions to the 6% Salary limitations

- **Part-time faculty moving to full-time faculty** are exempt.

- **Part-time faculty earnings increases** are exempt if the employee does not make more than he/she would have with the full-time employment.

- **Overload or overtime** is exempt when the employer certifies to SURS and SURS certifies that: (I) in the case of overloads (A) the overload work is for the sole purpose of academic instruction occurring during the academic year that the overload is paid; and (B) the earnings increases are equal to or less than the rate of pay for academic instruction computed using the participant's current salary rate and work schedule; and (ii) in the case of overtime, the overtime was necessary for the educational mission.

- **Summer school** loads would be treated in a similar way to overload.

- **Promotions for State Universities Civil Service System classifications and community college equivalent classifications** are exempt for: (i) a promotion for which the employee moves from one classification to a higher classification under the State Universities Civil Service System or (ii) a promotion in academic rank for a tenured or tenure-track faculty position; or (iii) a promotion that the Illinois Community College Board has approved for positions that have close similarities to positions recognized by the State University Civil Service System. These earnings increases shall be excluded only if the promotion is to a position that has existed and been filled by a member for no less than one complete academic year and the earnings increase as a result of the promotion is an increase that results in an amount no greater than the average salary paid for other similar positions.

- **Contracts and Collective bargaining agreements - Sunsetting dates** - excludes any salary increase given on or after July 1, 2011 but before July 1, 2014 under a contract or collective bargaining agreement entered into, amended, or renewed on or after June 1, 2005 but before July 1, 2011. Notwithstanding any other provision of this Section, any payments made or salary increases given after June 30, 2014, shall be used in assessing payment for any amount due.

- **Appeals** - Current law gives employers 30 days from the receipt of charges incurred for salary increases greater than 6%. An appeals process for employers may be established that could extend the payment to 90 days depending on the outcome of the appeal. Districts will have up to three years to pay the final bill, but after 90 days interest will be charged at the rate equal to the System's annual actuarially assumed rate of return on investments compounded annually.

- **Ten-year Limit** - Employers will not be liable for any salary increases given to employees who are 10 or more years from retirement eligibility.

- **Grants and Stipends** - Any grants or stipends that come from the state (i.e., N.B.P.T.S.) over which the employer has no control are exempt from the cap.

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