Welcome and General Remarks: President Linda Schwarz called the meeting to order at 3:00 p.m. and welcomed everyone present. She remarked that there was a financial crisis in the state and that was one reason to belong to the State Universities Annuitants Association of which NIUAA is a chapter. You are a vital part of the state organization, she said. SUAA has lobbyists in Springfield and tries to get information out to our legislators and public officials concerning our positions on political issues. Many of you have made telephone calls, written e-mails or letters, or visited your legislators concerning potential bills related to benefit reductions for state employees or retirees. As a result, the legislature is not calling for a vote on two recent pieces of legislation that would have had a negative impact on us. Linda said this means that discussions can take place that we hope will result in more reasonable solutions.

There will be changes to some benefits and we will have to make compromises. This doesn’t mean that the fight is over or that campaigning to educate our legislators is over. She thanked Senator Christine Johnson and Representative Bob Pritchard because they supported our efforts to have input on any legislation dealing with changes in benefits.

This was Linda’s last address as president of the association. She noted that many retirees have asked her, “Why are we so concerned about what happens to current employees? We’re retirees.” She replied that we should know that the plight of current employees is extremely important to us, not only because many current employees are members of NIUAA, but because incursions into employee benefits may very well precede what happens to our benefits. And fewer new employees choosing a traditionally-defined state pension means less money will be going into SURS to help fund current and future retiree benefits. In other words, retirees and currently employed workers must fight for each other as a team.

Linda thanked the NIU President’s Office, the NIU Foundation which provides Lee Ann Henry as our NIUAA paid staff assistant, and the Division of Human Resource Services staff, in particular Vice-President Steve Cunningham and Deborah Haliczer, Director of Employee Relations, for their strong, collective support. She thanked everyone for making it possible for her to serve as president for the last two years which was an honor as well as a challenge. She
asked her NIUAA board members and committee chairs to stand and be recognized. Their names and contact information are listed on the back page of *The NIU Annuitant* newsletter. Linda also thanked Cindy Wallin and the Holmes Student Center staff for doing such wonderful work for us.

**Approval of the Agenda:** President Schwarz submitted the agenda to the membership for their approval. A motion to approve was made by Joelyn Frisch and seconded. The motion carried.

**Approval of Minutes:** President Linda Schwarz asked for a motion to approve the minutes of the annual meeting held June 2, 2010. A motion to approve was made by Jerry Zar and seconded. The motion carried.

**Treasurer’s Report:** Treasurer Doug Moore provided a printed financial report of the period since the last Board meeting which he summarized. Income included our portion of SUAA annual dues. This is our main source of revenue with a small amount of earned interest and receipts from the holiday party providing additional income. Disbursements include trips and events planned for retirees, the purchase of a computer and related software specifically for the NIUAA board secretary, SUAA annual and regional meeting expenses covering registration fees and travel for members of the NIUAA Board. Other outgoing expenses included the design and layout of newsletters, food and supplies for coffee hours, the holiday party, reference books on meeting procedures, and contributions to the SUAA Foundation, a benevolent fund that helps members of SUAA. Revenues since the last meeting exceeded disbursements by $1095.81, and with the beginning balance in our checking account, brought the ending balance in our checking account to $10,159.27. Added to the chapter’s certificate of deposit, which has a slightly higher rate of interest than the checking account, the organization has a grand total of $25,713.47 that can be carried over to the next fiscal year.

A motion to accept the Treasurer’s Report was made by Chris Welch and seconded. The motion carried.

**Membership Report:** Committee chair Joe Koch noted that the life of any organization is dependent upon its membership. He was pleased to report that in the last year, NIUAA membership had grown from 1826 to 1900 members, an increase of 3.9 percent. Our membership also showed an increase in current employees from 428 to 477, which is a rise of 10.3 percent, representing almost 25 percent of our total membership. We mourned the loss of 38 members this year, one more than last year. As in the past, the association actively recruited those about to retire with a personalized letter upon retirement.

NIUAA had representation at a number of events around campus, including the Wellness Fair where we signed up about 20 new members. Joe noted that NIUAA encourages all members to pay their dues through payroll deduction if possible. The best recruiting tool is our membership. If you have colleagues who may not be members, have them contact Joe, Lee Ann Henry, or any one of our board members.
Public Relations/Events Report:  Events chair Steven Johnson asked how many people at the meeting used e-mail to send letters or correspondence, how many people are active e-mail users, and how many people have given their address to Lee Ann Henry in order to get NIUAA announcements. It’s important to stay connected, he emphasized. Steven reported on the social activities of the past year, including trips to a Wurlitzer concert in Barrington, to Ravinia, the Chicago Botanic Garden, Millennium Park, performances such as Stars of the Lyric Opera, Drury Lane’s “Spamalot,” and Lyric Opera’s “Aida.” Over 250 members went on NIUAA-sponsored trips. There were three coffee hours last year: a fiscal new year’s coffee on June 30, a back to school coffee on September 21 corresponding with the Golden Jubilee of the university, and a Mardi Gras coffee hour in March. Among several upcoming planned events is a special trip by train to Washington, DC, to celebrate the 100th anniversary of the Cherry Blossom Festival, including a visit to the Senate Office Building and a meeting with our senators at a coffee hour.

Legislative Report:  legislative chair Jim Lockard recapped his role as legislative liaison keeping tabs on what is going on in Springfield. He communicates with legislators, the board, the membership through the articles in The NIU Annuitant, and directly with those who have asked for updated information through e-mail messages. If you have access to electronic communications and would like timely up-to-date information, he would like to know who you are and how to contact you. That is the only way to reach you quickly.

Jim provided an update on the legislative situation and made a number of points. The General Assembly is not in session as of today. There will be behind the scenes work between now and the fall veto session in late October. A year ago, Jim said, the financial state was bad, today it’s worse but you may not realize it given the tax increase that was passed. Revenues and expenditures are out of balance by a significant amount, and much of that is short-term. On the other hand, there are two extremely critical issues that are very long-term: pension obligations and health care costs. These are not things that just affect us tomorrow, they affect us for years into the future.

The legislature has passed a budget for fiscal 2012. It is several billion dollars below what the governor wanted. It remains to be seen what he will do about the shortfall of funding requests. The good news is that it does include funding for the pension system for the next fiscal year, without borrowing. On the other hand, it means that reductions are being made to things like education funding and human services.

Jim also alerted members that among money-saving measures in the new budget are the reduction of interest that would be paid on overdue bills. That will increase the pressure on healthcare providers to ask for money upfront or over a shorter period of time as they wait for the state to pay delayed bills.
Jim stated that Senate Bill 512 (aimed at reducing benefits for state employees), which did not come up for final vote, began with Representative Tom Cross (Republican) from Oswego and then was supported by Michael Madigan (Democrat). The bill, however, was really written by the Civic Committee of the Commercial Club of Chicago, the wealthiest businessmen in the city. The idea behind the bill was to apply what went into effect in January 2011 for new hires (called the Tier 2 benefits plan). The status of the bill at the moment has been deferred to the fall veto session with plans for study over the summer.

Jim explained that health care reform was brought forward in Senate Bill 175. This was a result of a request for proposals put out by COGFA (Committee on Government Forecasting and Accountability). They asked a private consulting firm that specializes in benefits packages to assess the cost of healthcare for State of Illinois employees and retirees and to come up with a plan for service charges. Most retirees do not currently pay health care premiums (although premiums are charged for dependents).

The consulting firm came back with the conclusion that retirees need to pay for health care. The question was how much and based on what. The target for the state appeared to be that retirees should pick up about 50 percent of the tab. The key issues were how much the premiums would be and how they would be indexed based on things like length of service, age, and individual income.

The bill was introduced, amended three times, and failed. Like the pension reform plan, it has not been taken off the table but will probably be re-introduced in the fall veto session. The consultants made three points that seem to have been ignored by the authors of the bill. It said clearly in the consultants’ report that the scenarios presented should be the starting points for discussion and not recommendations. Second, because of the magnitude of the changes, they should be phased in over a two to three year period. The bill, however, called for 100 percent phase-in on January 1, 2012. Third, the decisions should be logical, equitable, and manageable. These things will continue to be worked on over the summer and are almost guaranteed to show up in the fall veto session.

Jim added his thanks to President Peters and Steve Cunningham for the work they have done in addressing these issues and making sure that the legislature is aware of the positions of the university. Jim also thanked Bob Pritchard and Christine Johnson for their willingness to say that those two bills were not ready and needed more work.

Senate Bill 178 which was passed by both houses and sent to the governor would have required the state to extend the HMO contracts with Humana and Health Alliance for two more years while they assessed the dropping of those HMO plans. People who used the plans were extremely concerned about the impact of having to change HMO providers. The governor vetoed that measure, which meant that by June 17 all people affected by the dropping of Humana and Health Alliance must select a new HMO or default to Quality Care. In addition, similar to
some Wisconsin legislation, Senate Bill 1556 would affect public employees’ collective bargaining rights in the State of Illinois.

Jim reiterated what you can do. You need to be informed. Even radio broadcasts or newspapers are not the most current or accurate information available. The pensions and benefits page from the NIU home page, the SUAA website, and the SURNS website are all helpful, and Jim can communicate directly with members as he becomes aware of information. Urge other people to join the NIU Annuitants Association. This is your voice. These are the people who are in Springfield regularly, who meet with legislators to advance the agenda. This is a statewide organization. It affects everyone who is a participant in SURNS.

Over 200,000 people are a part of SURNS either as active or retired employees. What do we need to make our voice heard? We need numbers, Jim emphasized. Of the 200,000+ potential members of SUAA, the actual number is only 15,000. That’s not even ten percent of the potential. The only way we can do anything is with solid efforts to increase the membership. Too many people look at the name Annuitants Association and assume it’s only for retirees. But current employees are eligible to join, too. Anything you can do to encourage people in your former units of employment to join, please do. We need them in the cause. Finally, don’t be afraid to communicate with your legislators. They’re good people. We need to be in touch with them.

**Change to NIUAA Constitution:** Linda Schwarz remarked that at last year’s annual meeting the membership approved a change in the NIUAA Bylaws, Article 2, bringing our fiscal year in conformity with SUAA’s fiscal year, which was changed to a calendar year (January 1 to December 31). In addition, there is a corresponding article in the NIUAA Constitution that now requires a change (Article 3) which will adjust the Bylaws to acknowledge the reality that our new officers and board members no longer assume office with the beginning of the new fiscal year but rather at the annual meeting, currently held in June each year. This proposed change to Article 3 has been published in the last two Annuitant newsletters. The proposal changes the underlined phrase in the following sentence: “Officers and Board Members shall be elected by and from the membership at the annual meeting and shall assume office to coincide with the beginning of the fiscal year” to “…assume office at the annual meeting.”

Linda asked for a motion to approve the change in the Constitution. Joelyn Frisch moved and Herb Rubin seconded the motion. The motion carried.

**Presentation of Appreciation Award:** Lee Ann Henry noted that the goal of the Annuitants Association is to promote the interests and welfare of present and future retirees. It takes many amazing people to do this. That is why at the close of the year we look at all the people who make it their mission to help us accomplish this. Lee Ann said that this year we would like to thank a very special person at NIU: Deborah Haliczer, Director of Employee Relations and Assistance. A certificate was awarded to Deb for her tireless work to protect NIU employee and
retiree pension benefits, for her vital role in developing the health care survey, and her unique combination of compassion and advocacy in support of her NIU colleagues. Lee Ann conveyed our sincere appreciation for Deb’s individual talent and the dedication she generously gives.

**Recognition of Officers, Directors and Committee Chairs:** President Linda Schwarz recognized the following individuals: Vice President/President-Elect Jerry Meyer, Treasurer Doug Moore, Secretary Lisa Parts, Past President Joe Vaughn, outgoing Director and Benefits Committee Chair Kay Forest, Director Joe Grush, Director and Legislative Committee Chair Jim Lockard, Director Bill Lundberg, Director Margaret Phillips, Director and NIU Benefits Committee Representative Sherie Spear, Director and VOICES Committee Chair Bennetta Stearnes, Director Ralph Wallis, Political Involvement Committee Chair Alan Voelker, Public Relations/Events Committee Chair Steven Johnson, Holiday Party Co-Chairs Marge Rey and Bennetta Stearnes, Membership Committee Chair Joe Koch, Newsletter Editor Jerry Meyer, Communications Committee Co-Chair Gary Gresholdt, SURS Board Member John Engstrom, and NIUAA university liaison Lee Ann Henry.

**SURS Report:** John Engstrom is completing his second year of a three-year term on the SURS Board and continues to be the Audit Committee Chair and Claims Panel Member as well. Since the last SURS Board meeting, bonds have been sold to fund fiscal year 2011, and an appropriation has been passed to fund fiscal year 2012. SURS hopes to get monthly checks from the state rather than one at the end of the year. Since last June 30, SURS has earned 21 percent on its investments. The funding ratio has gone up from 40 to 44 percent.

John also talked about the money purchase situation. People who came to work when that option was in effect are eligible to retire under the traditional plan or the money purchase plan where the money was contributed by the individual. The state regularly annualizes the plans based on actuarial tables. Every five years adjustments are made to the tables, and these upcoming adjustments will result in a decrease in retirement benefits for some people who are about to retire. John hopes the upcoming adjustments are adopted as late as possible this year to protect the benefits of those planning to retire.

John commented on all the support we receive from NIU’s administration at all levels, President John Peters, Steve Cunningham, Deb Haliczer, Marlene Bryant, and others who have provided counseling services for those contemplating retirement. Such is not the case at many other institutions in the state.

**Election of Officers and Board of Directors:** Kay Forest, Chair of the Nominating Committee, thanked Linda Schwarz for guiding the Board and presented the slate of nominations for officers. Because Jerry Meyer will step up from the position of Vice President to President, Jim Lockard was nominated for the Vice President/President-Elect position. A faculty member was needed to take Jim’s place on the board, and another faculty member was needed to replace Kay Forest.
who is stepping down. The nominees were Bill Blair, formerly of the math department, and Elaine Spencer, formerly of the history department. A motion was made and seconded to approve the slate of nominations. The motion passed by acclamation.

Jerry Meyer assumed the position of President, introducing the next speakers.

**President John Peters:** Greetings, and thanks for having me back again. It is always nice to see so many familiar faces and catch up with old friends. Last year, I wrapped up my comments before this group by saying, ‘We face some of the toughest challenges in our history right now, but this is also one of the most exciting periods of time ever on campus.’ As it turns out, my prediction was accurate, on both counts.

President Peters talked about the number of changes confronting us, and the magnitude and speed of those changes, perhaps greater than at any other time in the past 50 years. Chief among the challenges are those that fall within the realm of finances. He stressed how lucky we are to have an active annuitants group to help us get out the word on these issues. He appreciated all that NIUAA, its leadership, and Herb and Irene Rubin, have done to ensure that our legislators are aware of the plight of universities today.

He recalled that these are also exciting times. Rather than retreating, we are confronting our challenges head on, taking steps to improve our competitive position and ensure that NIU will continue to be a major player in higher education for generations to come. Central to those efforts is our Vision 2020 Initiative. Under this initiative, which was announced last September, we will benchmark ourselves against similar schools to see how we measure up. We will identify areas of weakness to shore up and define areas of strength to exploit.

Seven groups have been working since last fall and have presented their final reports to the Steering Committee. In mid-June their reports will be available for public comment on the Vision 2020 website. President Peters encouraged us to read them and provide feedback. The penultimate version of Vision 2020 will be released in September. Based on what he has seen so far, he is excited about the path on which this initiative will lead us. It will help define NIU for decades to come.

There are other things to be excited about too, President Peters noted, not the least of which is the recently launched beautification program. If you walked around campus at all today you must have seen evidence of this work. Crews are repairing and replacing sidewalks, replanting flower beds, replacing grass, washing and painting buildings, installing new benches – a multitude of high-impact, low cost upgrades that will better reflect the pride we take in our university and make it more attractive to potential students.

There is even some construction work going on. Crews are racing to complete a remodeling of Cole Hall so that it can reopen this fall. The building will house a state of the art lecture hall, a specialized computing lab and the NIU Anthropology Museum. On the west side of campus
crews are working on our first new undergraduate residence hall in nearly 50 years which is on track to open next fall. This fall we will also reopen Grant Tower C which has been dramatically remodeled and upgraded. Grant Tower D will shut down for the same treatment this fall. Another part of our residential renaissance will kick off this fall when we begin the task of bringing Gilbert Hall back as a residence hall, after more than a decade of being pressed into service as auxiliary office space.

President Peters concluded that while we have our challenges, there is much to be excited about. Within all the obstacles that confront us are hidden opportunities. It is up to us to find them and continue moving forward.

**State Senator Christine Johnson:** Freshman Senator Johnson grew up on a farm outside of Lee, graduated from Shabbona High School and from Northern Illinois University. She previously worked as treasurer of DeKalb County and replaced Brad Burzynski as senator. She serves on four committees – Higher Education, Education (K-12), Public Health, and Licensed Activities. She passed five bills this year, including one on inventory levels at universities. She talked about the Illinois budget that was passed. She had heard from a lot of people regarding pensions, agreeing that the pensions systems are under funded, and the General Assembly has not lived up to its commitment on payments. She noted that proposed pension reform bills didn’t have an adequate study and needed to have input from people who are affected by it brought to the table.

Proposed changes to health insurance was another thing the legislature tried to rush through. Insurance costs should be graduated and based on retiree, not household, income. Johnson also mentioned other bills that she worked on and helped to pass.

**State Representative Bob Pritchard:** Noted that it had been an intense spring session and discussion was very lively. Steve Cunningham and John Peters were both down in Springfield and provided great testimony on some of the issues that Christine Johnson enumerated. Pritchard mentioned that the two chambers are extremely different. The House had been the most bipartisan he had ever seen and worked together on a lot of difficult legislation. It was interesting to see how much more progress could be made when people worked together. He appreciated the e-mails on various issues they had been dealing with and found them very helpful.

One of the things Pritchard was amazed at when he went to Springfield is that the state deals on a cash flow basis. All corporations, e.g. DeKalb Ag/Monsanto where he worked at one time, are on the accrual system so that you know at any point in time what your expenditures and obligations are. The state doesn’t; it rolls things over from one fiscal year to another. For the first time in several decades, the state budget was balanced. They started with a conservative revenue number, paid the obligations, and distributed what was left of the budget to the operations of the state.
Pritchard noted that the state is no different than any of us, our families, or our businesses; you’ve got to balance the budget. That’s what this budget does and Pritchard is pleased that they went through it line by line allocating the funds based on a six-year average of how much went into higher education, how much into elementary/secondary, and that’s what they allocated this year. They held out strongly for higher education, universities as well as community colleges.

Pritchard said that our effectiveness and the effectiveness of our peers around the state does make a difference. When we had the November election, the people that were elected heard what citizens wanted and that’s why the House is more collegial and bipartisan, that’s why it’s more fiscally responsible, and that’s why they are trying to set priorities to get the state back on its path. If we can continue in that way in the next fiscal year, we will make great strides.

**Vice President Human Resources and Compliance Steve Cunningham:** We’re in difficult times here and we’ve talked about this, Cunningham reiterated. University Relations has the NIU website set up so one can get most of the information about bills and their status and benefits choice, etc.

Illinois is on the cusp of the pension crisis in the U.S. In many states the employer rather than the state paid the normal costs of pension contributions. Had that been done in Illinois, at 10 percent per year, there would be no unfunded liabilities, the system would be in very good condition, and there would not be an unfunded liability requirement for the state to pay.

The current financial model is not sustainable. During the last four to five years the state has had to issue about $17.8 billion in pension obligation bonds just to make required payments. Vice-President Cunningham provided various data to illustrate the severity of the state’s unfunded liability for the five state pension systems. He emphasized that we will all need to address that issue and the universities are working together to offer some solutions that will begin to solve the funding crisis.

Vice-President Cunningham said that he saw the state SUAA organization in action in Springfield where statewide president Linda Brookhart did a great job lobbying the legislature on employee and retiree concerns. There is a SURS Roundtable where labor, community college, university, and annuitant association representatives work and strategize and meet regularly. He emphasized that the SUAA organization has played a key role, making a difference in representing member interests on various proposals affecting benefits and pensions.

As John Engstrom (SURS Board representative) said, the SURS pension fund is currently about 44 percent funded, but it should be at least 60 percent funded to be actuarially sound. That’s just the minimum, plus the fund is now required to divest 10 percent of its assets per year just to pay benefits. Forestalling Senate Bill 512 was very difficult, said Cunningham. It was co-sponsored by Tom Cross and Michael Madigan and essentially proposed by the Civic Commission of the
Commercial Club of Chicago. Had it passed, it would have required forced migration of employees out of Tier 1 pension plans and closed off the continuance of employee contributions into SURS. The state has made great efforts to make the pension contributions, but moving employee contributions to the self-managed options simply increases the state’s pension liabilities. We need to look at other options rather than pursue the choices offered by Senate Bill 512.

Senate Bill 175 if passed, Cunningham continued, would be extremely disquieting to people forced to pay the newly-defined levels of health insurance premiums. Some calculations were run based on the Mercer report upon which the bill was based, and it looked like the average employee would have to work another eight years to make up the difference in total compensation that this would have caused, especially for those employees who are not eligible for Medicare. We should remember that employees have earned credit toward their health insurance as a form of deferred compensation.

Because of the state’s current fiscal situation and legislative efforts to redefine employee benefits, our retirements, as Dennis Devito can tell you, are twice the number they would normally be. That has very serious human capital implications for our institution in terms of our continuity. Our expertise and our faculty just can’t be replaced that quickly.

We’ll be watching all of the situations, Cunningham repeated, and getting more information out. He will continue working with Bob Pritchard and Christine Johnson and others in Springfield on these issues. In the end there will have to be a stabilization of the funding plan; otherwise it puts all of our vested benefits at risk. We need to work hard at all levels to find an equitable solution, he concluded.

**Manager of Insurance and Employee Benefits Dennis Davito:** We’re just going to talk about health insurance, Davito noted. First of all, most of the annuitants are in Cigna. If you do not have Quality Care, if you are not going to make a change, and if you don’t want to change anything, do not fill out the change form. The other thing this year is that you’re going to have a different dental plan card with the change from Comp Dent to Delta Dental. The card covers about 80 percent of the people here. Delta Dental is going to be very similar to what we had before with a few cost upgrades. If you go online to [www.deltadental.com](http://www.deltadental.com) and put in your town or zip code, there are premier dentists and PPO dentists, and each one is a little different.

Davito went on to talk about various health service providers and new laws and changes. There will be a new group health insurance contract. Members will be able to choose from a number of service providers. The place to get information is [www.benefitschoice.il.gov](http://www.benefitschoice.il.gov). There is nothing in print. There are computers available at his offices and you can reserve one to use if you don’t have your own. He figured that it would cost $4400 to make copies of the benefit choice book.
for 1300 people that have to make a change at NIU and $12,000 if they printed one for everybody, not including annuitants.

He reviewed a recent e-mail from CMS, which noted that CMS is committed to a special enrollment period toward the end of the calendar year that will enable members to change their health plan. Davito felt that people would be forced into making a change on June 17 and then have to wait and see if something new happens during the summer or the fall veto session.

Davito noted that there was a presentation this morning at Human Resources on health insurance choices. The room usually holds 25, but there were about 80 people, and about 35-40 more were turned away. The only thing that we can do, Davito emphasized, is to remain aware of the health insurance situation and follow it online to see what’s actually happening.

**Motion to Adjourn:** Motion was made and seconded to adjourn the meeting. Motion passed by acclamation. Adjournment: 5:07 p.m.

Respectfully submitted,

Lisa Parts