(UNAPPROVED) MINUTES OF THE ANNUAL MEETING, JUNE 6, 2012

Northern Illinois University Annuitants Association
Wednesday, June 6, 2012, 3:00 p.m.
Holmes Student Center, Sandburg Auditorium
To be approved at the June 5, 2013 annual meeting

Welcome and General Remarks: NIUAA President Jerry D. Meyer opened with an introduction and welcome. He noted the record number of new retirements of State of Illinois employees for the last two years, in great part due to all the political issues and drama associated with the state’s financial problems. That is why it is important to belong to the Annuitants Association, as united voices can make a difference. Jerry referred to some of the possible legislation that might (or might not) be passed in the future due to the State’s financial crisis and pension shortfall. The health insurance bill (SB1313) did pass in the spring, and Central Management Services will determine rates to be charged retirees, dependents and survivors, possibly by the summer or fall. It is of special concern that retirees least able to withstand further financial burdens be protected and have access to affordable health insurance. While no pension reform proposals have passed as yet, such legislation will undoubtedly continue to be revisited and discussed. If such legislation is passed, it will most likely be challenged in court regarding its constitutionality.

All of this speculation concerns not only current employees but current retirees who are already on a fixed income. It is important to keep abreast of what is happening and stay involved.

Approval of the Agenda: It was noted that Deborah Haliczer (Director of Employer Relations) will present for Dennis Davito (Manager of Insurance and Employee Benefits) due to his illness. With this change, the agenda was approved.

Approval of the June 11th, 2011 Minutes: Motion to accept, seconded, and approved.

Recognition of Officers, Directors, and Members of Board of NIU Annuitants Association: President Jerry Meyer recognized Vice President and Legislative Representative Jim Lockard, Treasurer Doug Moore, Past Secretary Lisa Parts, Past President Linda Schwarz, Committee Chair for SUAAction Alan Voelker, SUAA Foundation and SURS Representative John Engstrom, Membership Chair Joe Koch, Benefits Chair Sherilyn Spear, University Advancement Liaison Lee Ann Henry, Public Relations/Events Chair Steven Johnson, Communications Chair Gary Gresholdt, Newsletter Editor Jerry Meyer, Directors Bill Blair, Joe Grush, Bill Lundberg, Margaret Phillips, Elaine Spencer, and Ralph Wallis, and Holiday Party Co-Chairs Bennetta Stearns and Marge Rey. Bennetta is also the Liason with School District 428’s Intergenerational Volunteer Program. Bennetta is leaving as Director and will have to be replaced, but she is staying on the Board in a non-voting position serving on a couple of committees.

Treasurer’s Report: Treasurer Doug Moore reviewed the Schedule of Cash Receipts and Disbursements (listed in detail on the back of the Agenda). The information was for the time period of May 24, 2011- May 26, 2012. Receipts included SUAA dues, interest income, and the holiday party.

Disbursements included expenses for the holiday party, meeting travel, newsletters, NIUAA coffee hours, membership, contribution to SUAA Foundation, and bus rental. The total resources as of May 26, 2012 were $27,126.28, which will be carried over to the new year. Motion to accept, seconded, and approved.

Membership Report: Committee Chair Joe Koch reported that the NIU Annuitants Association had (as of April) current membership of 1898; currently working members total 463, surviving spouses 41; 34 members died in the previous year.

Events Report: Events Chair Steven Johnson reported that the next coffee get together will be June 20th (Wednesday at 9:30 a.m.). Coffee hours are held at Barnes and Nobles throughout the year and advertised in e-mail and the newsletter. He described the various field trips and encouraged attendance and welcomed recommendations or requests.

Legislative Report: Legislative Chair Jim Lockard reported the highlights of the drama and difficult times in Springfield that continue although it can also be comedy at times and not much to look forward to. The financial situation is precarious especially with pension reform, cuts, health care costs, and the situation of the imbalance of revenue and expenses. Health care and pension costs continue to be a primary focus. In 2011 we were looking at the Mercer report (a detailed document to create a final plan regarding health care costs). This was developed to be used during some of the legislative sessions. Medicaid issues had to be looked at and some difficult changes were made. Senate Bill 1313 focused on health care reform passed and is supposed to take effect in July 1, 2012. It is not clear how premium rates will be determined since no details have been formulated. It is disturbing to think that the Director of CMS will decide what factors will be used, rather than the legislature taking the responsibility.

Thanks and applause were given to State Representative Robert Pritchard and State Senator Christine Johnson.
for voting no on the healthcare bill. Senator Syverson and Representative Sosnowski voted in favor of the bill. Although there has been much speculation, town hall meetings, hearings, discussions and votes, and interesting proposals on pension reform, nothing much has happened. The Governor also issued his own proposals but they didn’t emerge from committee. Senate Bill 1673 has been introduced, which would force current employees and retirees to choose between their current 3% COLA of and the state subsidy for health insurance. All of this will make it hard to hire employees especially since all employees hired since January 2011 are already under the Tier II system with a diminished retirement plan. There is still no provision or guarantee that the State will fund its obligation and stop the borrowing of pension funds to pay bills. Filing of costly lawsuits could follow the passing of reform bills. Since the State has been in this fiscal mess for so long, it will not be an easy task to find common ground and solve these problems. HJR CA 49, a constitutional amendment, was passed by the legislature and will be presented to the public for vote on the November ballot. It would amend the Illinois Constitution by requiring that all legislation, ordinances, determinations, rules, and resolutions that increase public employee pension benefits receive a three-fifths majority vote of the governing body considering the proposal before taking effect.

Pension reform proposals will continue to be introduced, and time will tell what the bottom line will be. We need something fair, reasonable, stable for the long run, equitable, constitutional, and with a guarantee of State funding, or Illinois will continue to have severe fiscal problems. The equation is that revenue and expenditures have to balance. One answer might be to include an overhaul of the tax code of the State.

Stay informed to know what is happening in Springfield and keep your email address updated to keep abreast of legislation to get information quickly and efficiently. Join and encourage others to become a part of the Annuitants Association to keep it strong and growing. There are 200,000 possible SUAA members in all of Illinois, but there are only 15,000 actual members. Among all of the SUAA chapters, the NIUAA chapter has the largest number of current workers. Don’t be hesitant to communicate to legislators to let them know your views. Do your part, and we will come out of this as well as we can possibly hope to.

**SURS Report:** John Engstrom, SURS Trustee, thanked members who signed petitions to help him run for reelection. He will be on the board for another six years. He did not talk about the politics and benefits issues because others would. If bills do emerge, SURS is going to be a lot busier because of that and the processing of many new retirees. SURS has hired extra people to keep up.

Beginning July 1st there will be a turnover on the SURS Board of two new elected members (out of six) and three new appointed members. The good news on the legislative front is that both houses have appropriated the full contributions of $1.4 billion for SURS for the next fiscal year. Investment performance through March was pretty good at 2.4%. We were running close to 8% for a ten-year period, however, investment returns have turned south recently. Overall, performance has been solid over the years. The previous fiscal year, investment returns were 23.8%, but that probably is not going to happen again very soon.

**Presentation of Candidates for Officers and Board of Directors:** Two positions on the NIUAA Board are open. Ralph Wallis presented names and background information of two candidates: Sandy Jonker for the position of Secretary, and Clair Williams for the position of non-faculty Board member. Sandy recently retired as International Student Advisor from the International Student and Faculty Office. Clair is retired having started out as Internal Auditor, and, most recently, University Risk Management Coordinator in the Office of University Legal Services. Motion to accept nominations, seconded, and passed.

**Presentation of Appreciation Award:** Recognition and a Certificate of Appreciation was presented to Vice President of Human Resources and Compliance Steve Cunningham from the NIU Annuitants Association with sincere thanks and appreciation for his support of NIU retirees.

**Introduction of Guests:**

President Peters greeted everyone and gave an overview of what has been happening in the State and NIU. There have been numerous meetings with many different persons and entities involved with pension reform. Steve Cunningham and the President have spent a lot of time together regarding the pension discussions. The challenges facing this state and its responsibilities are enormous. Cuts in appropriations and financial uncertainty make the state a train wreck. Something has to be done. Cutting on the backs of those who have worked hard and paid into the system is morally reprehensible. Medicaid reform is necessary but will also hurt many programs and people. Bond rating agencies, such as Standard and Poor, are watching pension reform carefully and indicate the State of Illinois is on their watch list.
Solving the state’s financial problems will require shared risks. It should be remembered that lifelong university employees will not be able to collect Social Security, which adds to the worry. How the current fiscal crisis happened is reprehensible. The State did not pay in its share of pension funding as required. In contrast, employees never missed a payment.

It is important to have an active annuitants group to get the word out on all the critical information, as it really makes a difference. While the governor’s working groups are trying to find a durable solution but there is no optimal answer. The state’s university presidents are supportive of a phased-in approach to shifting part of pension costs to the campuses. Universities would have to phase in the cost shift over time to accommodate it. Otherwise, tuition would have to be raised too high too quickly. Schools also don’t want general revenue cut although that likely will happen. In order for such a plan to work, we would have to apply consistency among the school districts, community colleges, and universities and would all have to march together on such a plan.

The presidents have opposed reform legislation placed on the table thus far and sent a letter to the governor regarding their opposition to the cutting of core benefits for current employees and annuitants. Negotiations and rationality need to continue and any equitable plan must guarantee that the State puts in its fair share of pension funding. Any reductions to benefits must be limited and achieved over a reasonable length of time. It’s hard to be optimistic, but please stay involved.

Regarding exciting things at NIU, Gilbert Hall is being renovated and will be put back in service as a residence hall. Eighty-five beautification projects continue in addition to basic deferred maintenance. The renovation of Cole Hall has risen like a Phoenix with flexible, state-of-the art technology incorporated in student academic spaces and a beautiful Anthropology museum constructed. A new atrium with glass looks out to the wonderful memorial to those students who died on February 14, 2008.

We’ve had some issues with enrollment here largely from the perception that we’re a high crime campus. This because of two or three incidents, but NIU is a safe place. So far this year it looks like there should be a very robust enrollment. As part of Vision 2020 we will have the capacity as well as something significant to offer the next generation of students. We hope to see enrollment grow to 30,000 students by 2020. In that way we will be able to sustain ourselves given the basic assumption that we can’t rely on adequate state funding. Relative to the marketplace, our tuition and fees is still a good buy.

Thanks to all of you for the contributions you have made to build this great place. We will continue to fight for your benefits and pensions. God Bless all of you.

Vice President of Human Resources and Compliance

Steve Cunningham: Thanked the association for the certificate of appreciation. He indicated that it is a shared honor with President Peters and many others for years of work, especially in the last six months as the issue of the pension funds had to be looked at. Thanks to State Senator Christine Johnson and Representative Bob Pritchard for their service in regard to the concerns of university workers and retirees. There have been numerous meetings in the past to discuss the sustainability of the pension funds and possible solutions. Steve referenced the various bills that have already been discussed such as:

SB1313 passed (Health Insurance costs for retirees) with CMS being the rule-making authority in determining premium rates in the near future.

HB4996 passed, which involves re-employment of retirees. It sets financial conditions on the University for retirees who are employed for more than 18 weeks in an academic year and earn more than 40% of their previous salary. This will be effective in August 2013.

HJR CA 49 The proposed constitutional amendment passed by the Legislature and to be included on the November ballot (previously covered by Jim Lockard).

SB1673 being considered, would require Tier I active employees and retirees to make an election between two options. Choosing Option 1 would elect a reduced and delayed Cost of Living Adjustment (COLA), however, previous COLA increases received would remain unchanged. Those electing Option 1 would be eligible for retiree healthcare and future increases in pay would increase pensionable earnings. Choosing Option 2 would reject the changes in the COLA as provided in Option 1, but retirees would not be eligible to participate in the retiree healthcare plan and future increases in pay would not be counted towards their pension. Also, includes cost shifting from the State back to institutions.

SB512 would maintain existing benefits but requires higher contributions by employees.

Tier II affects employees hired since January 2011 and makes changes to their retirement benefits that will not be the same as Tier I.

He noted that pension problems can be solved but it’s not going to be easy. Information sharing will continue to keep everyone informed as we go forward. Steve expressed his thanks for all the work that has been done by many, and asked for continued support on these issues.
Director of Employee Relations Deborah Haliczer:
Dennis Davito is ill and sends his regards. As far as benefits we don’t know much about what may happen as SB1313 is supposed to take effect July 1st, but we don’t know details yet. Deb gave an overview of current insurance carriers and enrollment periods and deadlines. Information has been sent out and also listed on the HR web site. The question remains unanswered as to what the premiums will be under SB1313. Retirees can still use employee assistance services to assist in decision-making and choices regarding all these changes. She acknowledged and thanked the many persons and entities for their time and effort, especially Steve Cunningham, President Peters, advisory committee representatives, shared governance leaders, SURS, SUAA, and the NIU Annuitants Association Board.

State Senator Christine Johnson: As an NIU grad, Senator Johnson is very appreciative of representing and supporting the NIU community. Thanks to President Peters and Vice President Steve Cunningham as they have been very helpful in her work in the Senate. She also appreciates all the help and information she has received from key persons regarding pension issues and possible solutions.

She mentioned information such as: Illinois is ranked 47th in the nation in the rate of job growth for the last decade; we are consistently among the top 10 with the highest unemployment rate. The March 2012 unemployment rate for the state was 8.8%, which is above the national rate. Only three other states in the union lost more jobs than Illinois last year. Even with the tax increase, unpaid bills still exist and the state is in dire financial shape as state debt and deficit spending continues to rise. The state is obviously being watched by rating agencies to see what will be done. Questions have been raised as to what happened to the $7 billion in increased taxes. A significant portion ($4.1 billion) was used for the state’s FY12 pension payments and other expenditures.

Senator Johnson referred to some of the legislation that has evolved and is under discussion. Some involved cost shifting to universities and schools, which was not popular. Retirees are facing a triple threat from health care expenses rising, possible COLA cuts, and higher property taxes. Despite all the meetings and sessions, it has been difficult to come up with a plan that will help the situation and pass, as reforms need to be fair, constitutional, affordable, and sustainable. Legislators have received many calls, emails, and faxes and they do listen and are trying to come up with fair solutions to fix the challenges in Illinois.

Senator Johnson served on the Medicaid task force, which has been trying to initiate reform in this area because of a $21 billion Medicaid shortfall with a substantial amount of unpaid bills. Reform bills have been passed and are expected to reduce Medicaid liabilities, including closing credit card spending by the Governor’s office. Reform has been passed which reduces abuse and fraud in Medicaid. For example, it was discovered that 6% of users no longer lived in Illinois. Part of the problem is presumptive eligibility (benefits given before checking) and state agencies not always checking eligibility and income. These types of processes will be tightened up so that the truly needy will get help. Past benefits have been very generous, and these reform measures should take Illinois down to the national average of what other states provide. Since hospitals must provide free care to low-income patients, Medicaid recipients will be encouraged to use health care providers, not a hospital setting, which is much more expensive. With these changes she is optimistic the Medicaid problems will get better.

She expressed appreciation and thanks for all the support she has received during her term.

State Representative Bob Pritchard: Since the annuitants meeting had already gone on a long time, he promised to be brief. He indicated that he has an electronic newsletter to keep everyone (who provides an email address) informed of legislation issues and perspectives. He has received much feedback on these challenging issues and he wants to assure everyone that he and legislators are trying to stabilize and slow down some of the crazy ideas in Springfield and it takes time to work through issues as things continue to change. Illinois is not unique and other states are also going through some of the same problems. As the crisis has been going on for quite a long time it will take time to fix. Since the Legislature and Governor did not provide adequate pension funding for 40 years, current legislators will have to act more responsibly on these matters.

He realizes how important this is to all state employees who, he noted, should not be targeted with unfair changes. Representative Pritchard is trying to work with leadership for the interests of state employees. He expressed his appreciation and thanked everyone for all they have done.

Motion to Adjourn: Moved and seconded to adjourn the meeting. Motion passed by acclamation. Adjournment: 5:05 p.m.

Respectfully submitted,
Sandy Jonker, Secretary