Call to order/Welcome: Jim Lockard, President welcomed all attendees to the 2014 meeting. He discussed a serious problem with this organization. People feel that because it is an annuitants association, people believe that you need to be retired to join and benefit from the organization. He encouraged all members to help out by talking to other people and sharing the benefits of the organization. We need members, especially from those who are employed. We are an organization for anyone and everyone that works for this institution and under SURS, a chapter of the state-wide organization. The state wide organization lobbies and advocates for us in Springfield. Politicians understand numbers, so the more members the more our voice is heard.

These are not the best days for higher education in general. President Baker will talk later about some of our challenges. It has been a difficult year for the state, the financial situation has not improved and there are many things that are unclear. Rep. Pritchard will have more details later in the meeting.

Approval of the Agenda: The agenda of the meeting was approved.

Approval of the Minutes of the June 5, 2013 meeting: Approved as distributed.

Recognition of Officers, Directors and Committee Chairs of the NIUAA Board:
Jim Lockard, President recognized the current officers: Vice-President Joe Grush, Secretary Sandy Jonker, Treasurer Doug Moore, and Past-president Jerry Meyer. Thanks was given to standing committee chairs Al Voelker, SUAA action committee; John Engstrom, member of the Board of SURS and serves on the foundation of SUAA; Jim Lockard, legislative chair; Pat Vary and Cathy Cradduck, Membership Committee; Sherie Spears, Benefit Committee; LeeAnn Henry, University Liaison; Steven Johnson, Travel and Events; Bettie Starnes, Margaret Phillips and Marge Reay, Holiday Party; and Bennetta Starnes, coordinator of VOICES program with the public school program. Recognition was given to the Directors of NIUAA Bill Blair, Sara Clayton, Bill Lundberg, Margaret Phillips, Sherie Spear, Elaine Spencer, Clair Williams and Dan Wunsch.

Special thanks were given to outgoing board members Sandy Jonker, Margaret Phillips, Bill Lundberg, Sherie Spears, Clair Williams, and Doug Moore.

Treasurer’s Report: Treasurer, Doug Moore reviewed the Schedule of Cash Receipts and Disbursements from May 27, 2013 – May 26, 2014. Receipts included SUAA dues, holiday party receipts and a small amount of interest. Disbursements were made for the holiday party, SUAA meeting expenses, newsletters, food and supplies for Coffee Hours, and Contribution to the SUAA Foundation.

The largest disbursement this year was a $9,000 contribution to the SUAA Legal Fund. Although this was called a “one-time contribution” there will probably be future contributions given to assist the efforts in fighting for our pensions and benefits. This disbursement resulted in disbursements being $8,456.52 greater than receipts, but NIUAA still has $19,734.08 in total resources.
Jim Lockard added that a manual audit was done on the books and everything came out “clean”

**Membership Report:** Pat Vary & Cathy Cradduck recently took over this committee from Joe Koch. Membership remained fairly stable, but they plan to work very hard to increase the membership and to get the word out how important it is. The more money we have, the more we have to support efforts in Springfield. We want to protect our benefits. You do not have to be a retiree and the cost is very negligible. There were 1882 members at the end of April, 70% of them were retirees. At the Wellness Fair, an additional 22 people signed up. The committee intends to do more promotion at the Operating Staff picnic, and they have a few other ideas as well. Lee Ann reminded those that recently retired that they have to complete a new form for payroll deduction. Pat reiterated that so many more are eligible to be in the organization than are in the organization. We are the voice in Springfield and the larger the voice the more effective.

Jim Lockard added some additional perspective. NIUAA is number two in the state for size of members. It is only 200 less than the U of I, with 3rd place going to UIUC. Crossing the 2000 member mark is very important as we will then have 7 votes at the state meeting. We need to try to reach that mark by the end of the year.

**Public Relations/Events Report:** Steven Johnson asked for recognition of all past board members and officers present at the meeting. He reminded attendees that there is always a need for more volunteers, so if you are interested, let a board member know.

The Coffee Hours and Events are important in allowing us to connect with each other. When we worked we interacted on almost a daily basis, when you are 100% retired you don’t have that connection as much. Coffee hours allow you to reconnect. Currently at Barnes and Noble, we are looking to have them at Barsema Alumni and Visitors Center in the future. A variety of trips occurred this year and more are planned for this coming year. Jim Lockard shared that the benefits we get from Steven are unique to other boards/chapters.

**SURS Report:** John Engstrom is finishing his fifth year as a SURS Trustee and has four years left in his term. Next spring, there will be an election for Trustees. John reported that HB 6095 passed in both the House and Senate and it appropriated $1,544,200,000 for pension payments. It represents the fourth year of full payment based on legislative actuarial standards. The Governor is not sure how the state will pay for it. The investment return continues to be around 13%, SURS is 46.7% funded based on market value, and there is $16.5 billion available for pension benefits.

The rulings by a Sangamon County judge issued a “stay” on the pension reform legislation. This means that temporarily, SURS will 1) continue administering contributions and benefits as they existed before the pension reform legislation, 2) provide information based on the current law, and 3) enable people to rescind retirement applications. In addition, SURS will be reporting its financial statements in accordance with new standards issued by the Governmental Accounting Standards Board. The new auditing standards will require SURS and its auditor to audit data coming in from the universities which will add to the workload of the staff.

John shared some information about the SUAA [Foundation, a 501(c)-3 charitable organization](#). The Foundation has several goals including assistance to members in emergency situations, and assisting survivors when a member dies and survivor doesn’t know what else to do. If you want to
make a donation to the Foundation you can do so in two ways. If you pay once a year there is space on the form. If you prefer to have a monthly deduct you need to send a check to them. There is information on the website.

Jim Lockard thanked the staff of SURS for all the work they have had to do with the state of uncertainty for retirees. SURS had to plan for the reform and then had to go back to what it was before. It was a lot of work and confusion for the staff of SURS and the tremendous amount of work they have had to do.

Legislative Report: Jim Lockard put together a timeline as to what has been happening in the last six months:

- Dec, 2013 legislative law was passed in Springfield.
- Dec. & March – five lawsuits filed concerning the legality. One of them was a suit from SUAA. The NIUAA Board gave consideration that for some time before authorizing $9000 as our chapter contribution to the legal fund. Lawsuits of this nature do not come cheap. Already the cost has been around $200,000, most of what has already been raised so far. There will probably be more contributions coming from NIUAA. Why five suits? Various reasons, but one is that SURS has some unique features that other systems don’t have so we have filed our own. Five cases were consolidated together, meaning instead of suits in three different counties, they were consolidated to one county and one judge. They were not combined into 1 suit.
  - SUAA lawsuit is based on 3 concepts. 1. Pension Protection of Illinois Constitution. 2. Takings Clause, losing Due Process. 3. Contract law – we have a contract law with the state and that would be violated by that.
- May 14 – Judge issued a temporary restraining order by the judge until the case is resolved. The Judge, in issuing the order, agreed that with the arguments put forth that the annuitants would suffer irreparable harm. Unfortunately the decision came a little late and some damage already was done by those who already had retired. Everything is back as it was before. Issued one day before Lisa Madigan had to release the state response to the five lawsuits. She basically said yes it is unconstitutional. She could not argue the legal arguments merits, instead she said that the state financial situation is so dire that the state can ignore the constitution and go around it.
- May 22 – Judge said he would work on schedule for the remainder of the case and then Attorney General said no hurry, so she could bring in experts about the dire straits of the financial crisis in the state. The plaintiffs said they would like to have a quick ruling about whether imposition of sovereign power over constitutional rule is a defense at all. Judge decided that Class Certification needs to be worked on first (due June 5) and hearings will begin on June 13.

Judge Belz seems to be very cautious. He does not want this passed back to him when it goes to the next level, because of a mistake he made.

There are some favorable signs – the injunction itself is a positive indicator, the Illinois Constitution is one of the strongest in the country for pension protection. The county treasurers are guaranteed a certain stipend by the state, it was cut and they sued. It took 4 or 5 years, but they won. Crane’s Business (not a friend of ours), said that county treasurer’s suit was ominous sign towards pensions. In addition, there have been favorable decisions in other states:

- In AZ Judges ruled that Judge’s pensions could not be reduced, “State cannot balance the budget by cutting judge’s pension.”
- In CA – mayors and city councils who have been able to oppose reductions in pension plans.
- In NH – No constitutional protection, but based on Contract Law. Not yet decided.
• RI – newly elected treasurer campaigned on reducing pensions. She hammered out an agreement that would not take place if any union protested and one union did and is going to court this fall.

There is reason to be optimistic, but it is Illinois and things can change on a dime.

**Election of Officers and Directors:** Joe Grush recognized Sara Clayton and Margaret Phillips who with himself, made up the nominating committee. Joe Grush shared that that eligibility required a person to be a member or to become a member of NIUAA. In addition, they added two other requirements – had administration/organizational experience and leadership in on campus or off campus boards. Each of them came up with three names and they came together to go over names. They followed a process in discussing the names and making a decision on the nominations. These nominations were then approved by the Board.

The nominees were presented. No nominations came from the floor. Nominations were closed and the vote was taken. New members of the Board are Nancy Kasinski, Secretary; Pamela Rosenberg, Treasurer; Judy Burgess, David Mason, Deborah Haliczer and Judy Santacaterina new Directors.

**Presentation of Appreciation Award:** The Awards Committee, Clair Williams, Joe Grush and Lee Ann Harvey-Henry were charged with the responsibility of recognizing people who have made contributions to the organization. This year’s nominee was Jim Lockhard for his ongoing commitment to keeping the association’s membership updated on the various legislative initiatives affecting pension and health care benefits.

**Introduction of Specials Guests:** Jim Lockard introduced each of the special guests, in turn.

**President Doug Baker** acknowledged his wife, Dana Stover, Representative Pritchard, and DeKalb Mayor Ray. He thanked all that served the institution for so many years.

President Baker made some comments on the upcoming budget. Legislators have passed a budget. It is with the Governor now and we will see what he approves and he doesn’t. It is an imperfect budget. Income tax was not mentioned and not many cuts were made either. The Presidents of the Universities have worked hard to find a solution to the pension problem, but it didn’t quite get there.

The budget, if it is passed, includes a $223,000 reduction to the university. That was probably as good as we could hope for. There has been a 21% reduction in state appropriations and a 5000 student reduction in the last decade. We need to turn the enrollment around and we have been working on that aggressively. In that order, feedback has been obtained from various groups through Bold Futures workshops. There are many benefits and strengths in the institution, but we are not attracting the students. We also need to keep them here – focus on retention. Last year, a third of the freshmen did not come back as sophomores. There are many reasons for this that can be addressed. President Baker sees things turning positively, but it will take some time to turn it around. NIU is reaching out to community colleges for agreements to transfer. They have instituted a reverse transfer agreement with Rock Valley College. They are looking at other ways to strengthen relationships with community colleges. NIU is also looking at strengthening programs with international students.

Student career success is linked to the curriculum. We are doing a reformation that started on the general education component, but is now looking at the entire Bachelor’s. What do we want out of a baccalaureate degree? Internships play a huge role. One of our assets is our large alumni base, that live
close. We need to figure out how to put together those relationships with faculty, alumni and students for mentoring and internships.

We need to be good stewards of the money we do have. We have about 55 million in auxiliary services (parking, center, residence halls, etc.). We need to prioritize the projects. On the operating side of the budget, we will be facing a large operating service deficit. We will have to look closely at who we can hire and prioritize the hires... We also need to look at process engineering, how we can be more efficient and effective.

We do not yet have a completely developed strategic plan. This year Student Success is a keystone goal. We need to have a fully developed strategic plan. Numerous retreats and meetings to accomplish that are planned for this summer.

Deborah Haliczer & Liz Guess, Human Resources/Employee Benefits
Deborah Haliczer gave regards from all the colleagues of Human Resources. As always, the end of the year is busy with benefits choice, hires, etc. Retirements have been a topic at just about every meeting this year, but HR is limited because they are no longer able to do retirement counseling. HR sends out press releases, puts info on the website, and has many conversations. The latest head count was 128 people have retired. Some left through separation and eight individuals have rescinded their retirements. Hoards of people went to SURS for appointments. SURS does not allow NIU Human Resources to be the benefits office any more for retirees. Everything is sent to SURS. HR can still serve as Notary Public to retirees.

Liz Guess, Director of Benefits office shared some of the highlights for plan 2015. Enrollment period for benefits just finished. Open enrollment for Medicare will be Mid Oct. – Mid Nov, Effective Jan. 1st. This is a little different from last year, to coincide with Medicare. Effective July 2014, premiums will increase to twice as much as last year. Additionally, charges for those with less than 20 years of service will still apply. There has been a change in the Dental Option for those in Medicaid. You can now opt out of medical portion, but still maintain dental coverage. Lisa then answered questions from the audience regarding insurance.

Rep. Pritchard thanked Jim Lockhard for the update on pension issues. He then thanked the attendees for the privilege of representing them in Springfield. He enjoys telling others about NIU.

By 2025 we need to be at the 65% level of those over 18 having some sort of degree or certificate. It is now at about 42%. He is encouraged and is working to get university presidents to the place where you have to work with the counseling, mentoring, internships, etc. so that they don’t do 5 years before realizing that there major is not what they want. What is being done at NIU is a good model for the state.

It has been an unusual year. The Speaker is in control. This year, he realized it was an election year. They have been successful in areas that were not traditionally democratic. The representatives have been listening to their constituents, so bills regarding taxing, increased minimum wage and others could not get a majority vote. The speaker has then put advisory questions on the ballot, instead. Three questions and at least 2 constitutional amendments will be on the ballot. We have to be focused on the November election
There was a bill that included changes to some procurement issues in areas of the university. One was how we procure supplies for research. Also, some changes in how we arrange student externships. There was also changes in how broadcasting stations and procurement. All were areas that did not fit well into the regular university procurement procedures.

Another change was in the health care system. There has not had rate increases in the Medicaid system for 15 – 20 years. An omnibus Medicaid Reform bill was passed that is extremely important to those institutions (hospitals, nursing homes, etc.). A bill was also passed to speed up the payment to what the state owes. The legislation requires that they must pay in a prompter fashion, within two months.

Financial problems have not become any better. There was unanimous approval of the budget, but then they started to look at how to spend that money. At the Governor’s address he presented one budget if the tax continued and the other was if it did not (required a lot of cuts). Revenue committee started to look at, but the bi-partisan nature never materialized. The Higher Education Committee never even met to develop a budget. Look at the smoke – what is going on in the legislature right now? What are our priorities? We have some growth in income coming in. We need to look at our priorities. Education needs to be a priority. Training opportunities have to be available. Representative Pritchard is working with a bi-partisan group looking into how we fund elementary and secondary education as well as higher education.

Finally, many people are talking about leaving the state. There are many great things in Illinois and the state has many advantages. We need to use them. Citizens need to be heard. Don’t give up.

Jim Lockhard thanked all of the guests. Thank everyone for coming. Six will be travelling to Springfield to SUAA meeting. There is some discord so it will be challenging. We will be reporting back to you. Thanks to President Baker for coming and for hosting the dinner following.

There was a motion and second to adjourn. The meeting was adjourned at 4:50.

Respectfully Submitted,
Nancy Kasinski, Secretary