

ICCTA ACTION ALERT

June 14, 2012

SPRING SESSION UPDATE

The Illinois General Assembly adjourned the spring 2012 session on May 31. Lawmakers may return to Springfield during the summer to address unresolved public employee pension and health insurance issues. This was a particularly active spring session, where the Fiscal Year 2013 budget, pension reform, pension cost-shifting, retiree health insurance, and Medicaid reform were dominant issues affecting community colleges.

Budget

The FY13 budget of many state agencies (including community colleges) was reduced by 6.14%, compared to FY12 levels. The community college system budget from state General Revenue Funds was reduced by \$21 million.

Medicaid Reform

The General Assembly approved Medicaid reforms, resulting in \$2.7 billion in projected savings and new revenues. Passage of a \$1-per-pack cigarette tax is predicted to generate \$700 million in new revenues, while reforming eligibility and reducing other Medicare expenses could save \$2 billion annually. The Governor's office had estimated that if the Medicare reforms had not passed, education budgets would have been slashed by more than 18% for FY 2013. The community college system budget could have been slashed by \$66 million.

Pension Reform

Proposals to reduce the automatic annual Cost of Living increases (COLA) were the cornerstone of pension cost-cutting initiatives that appeared to be gaining traction during the final days of session. Pension reform included a choice that participants (active employees and retirees) would be required to make between receiving health insurance benefits or a COLA. Pension reform did not pass out of the General Assembly, however, possibly because of concerns arising from a proposal to shift the employer's cost of pensions to school districts, community college districts, and universities.

Pension Cost-Shifting

A proposal to shift the employer cost of pensions for the Teachers Retirement System (TRS) and the State Universities Retirement System (SURS) from the state to the actual employer was not called for a vote and therefore did not pass. In its most recent form, the proposal would have called for a gradual shift of the employer cost (that the state now pays) to the actual employer. The cost shift would have required school districts, community college districts, and universities to begin accepting an amount equal to 1% of payroll cumulative each year until the full cost of pensions is being paid by the actual employer. It has been estimated that, at this gradual rate, 15 or more years would be required to accomplish the full funding shift. This is a subject of continuing dialogue between the legislative leaders and the Governor. It is possible that the General Assembly could be called back into session during the summer to address this and other pension issues.

Retiree Health Insurance

Free health insurance for retired state and university employees was eliminated with the passage of Senate Bill 1313. The Department of Central Management Services will soon establish contribution rates that state and university retirees will pay for health insurance benefits going forward. In addition, health insurance premiums for community college retirees will likely increase if proposed legislation is passed as part of a pension reform choice option.

A total of \$36 million was appropriated to pay past-due bills in the College Insurance Program for retired community college employees. ICCTA promoted SB 2348, which was signed into law by Gov. Pat Quinn on June 7.



ILLINOIS COMMUNITY COLLEGE TRUSTEES ASSOCIATION
401 E. Capitol Ave., Suite 200 P Springfield, IL 62701-1711
217/528-2858 P 217/528-8662 (fax) P ICCTA@communitycolleges.org
www.communitycolleges.org

Other Legislation Impacting Community Colleges

Legislation that passed both houses of the General Assembly either has been or will be sent to the Governor for his consideration. Gov. Quinn may make one of four decisions regarding legislation that is sent to him:

1. Approve the legislation by signing the bill. The bill then becomes law and receives a Public Act number;
2. Veto the legislation by signing a veto message. The bill is then returned to the General Assembly, where both houses must override the Governor's veto with a 3/5 majority vote if it is to become law;
3. Amendatorily veto the legislation by making recommendations for change. The bill then returns to the General Assembly, together with the Governor's recommended amendatory language. Both houses must vote to accept the Governor's amendatory language or the bill dies; or
4. Take no action. The Governor can choose not to do anything with the legislation, which then automatically becomes law. This is a rarely used and undesirable option.

The following is community college-related legislation that has passed both houses of the General Assembly:

House Bill 3810 Elimination of General Assembly Scholarships (Crespo / Cullerton)

ICCTA Position: MONITOR

Provides that after June 1, 2012, persons may not be nominated for General Assembly scholarships and that General Assembly scholarships may not be awarded after that date unless the nomination is made prior to that date. Prevents both second nominations for any lapsed General Assembly scholarship and nominating persons to the unused or unexpired parts of any vacated General Assembly scholarship after June 1, 2012.

HB 3887 Higher Education Abused Child Mandated Reporter (Kay / McCarter)

ICCTA Position: MONITOR

Amends the Abused and Neglected Child Reporting Act to add personnel of institutions of higher education, athletic program personnel, and early intervention providers to the list of mandated reporters under the Act.

HB 3923 Open Meetings – Prepaid Tuition Fund (Durkin / Murphy)

ICCTA Position: MONITOR

Amends the Open Meetings Act. Provides that the provision that authorizes closed meetings to be held to consider the sale or purchase of securities, investments, or investment contracts does not apply to meetings held to consider the investment of assets or income of funds deposited into the Illinois Prepaid Tuition Trust Fund. Effective immediately.

HB 4116 Prepaid Tuition - Use of Funds (Durkin / Dillard)

ICCTA Position: SUPPORT

Requires members of the investment advisory panel created under the Illinois Prepaid Tuition Act to file verified written statements of economic interests with the Secretary of State.

HB 4996 Re-Employment of Retired Higher Education Personnel (Biss / Steans)

ICCTA Position: OPPOSE

Requires notification and documentation of persons receiving a retirement annuity who are employed by a university or community college employer. Defines "affected annuitant" as a person who, while receiving a retirement annuity, has been employed by a university or community college employer for more than 18 paid months and has received earnings in one academic year of more than 40% of his or her highest annual rate of earnings. Provides that the employer of an affected annuitant must pay to SURS an employer contribution equal to the annuitant's annual retirement annuity. Provides procedures, payment deadlines, and penalties for noncompliance. Provides an exception for an annuitant who is paid only from federal, foundation, or trust funds that are contingent upon the employment of that specific annuitant. Authorizes SURS to audit employers.

HB 5914 Limitation of University Search Firms (Rose / Righter)

ICCTA Position: MONITOR

Provides that charges for the services of an external hiring search firm may not be paid from any source of funds, except (i) in the hiring of the president of a university or (ii) in the case of when the president of the university and the board of trustees demonstrate a justifiable need for guidance from an individual or firm with specific expertise in the field of the hiring.

SB 1313 State Universities Health Insurance (Radogno / Cross)

ICCTA Position: MONITOR

Amends the State Employees Group Insurance Act of 1971 to eliminate automatic full health insurance coverage at no cost for state and university employees and requires the Department of Central Management Services to establish contributions that retirees shall be required to pay. Provides that contributions required of annuitants, survivors, and retired employees shall be the same for all retirement systems and shall also be based on whether an individual has made an election under a specific provision of the State Universities Article of the Illinois Pension Code. Specifies that contributions may be based on annuitants', survivors', or retired employees' Medicare eligibility, but may not to be based on Social Security eligibility.

SB 2348 College Insurance Program (Steans / Madigan)

ICCTA Position: SUPPORT

This bill appropriates \$36 million for the payment of past due bills in the College Insurance Program. The payment of past due bills will reduce the current CIP payment delay from 440 days to less than 60 days. The language provides that the money is to be used for claims incurred on or before June 30, 2012. **Signed into law as Public Act 97-0685.**

SB 2443 FY13 Higher Education Budget (Kotowski / Madigan)

ICCTA Position: MONITOR

This bill provided \$340.2 million for the state funding portion of community college budgets in FY13. This budget is a reduction of \$21 million below the FY12 budget.

SB 2929 Procurement of Domestic Products Act (Noland / Farnham)

ICCTA Position: MONITOR

Provides that the provisions of the Procurement of Domestic Products Act shall apply to the Public Community College Act to the extent practicable, provided that the Procurement of Domestic Products Act must not be applied to the Public Community College Act in a manner that is inconsistent with the requirements of the Public Community College Act.

SB 2949 University Religious Observances Act (Silverstein / Mathias)

ICCTA Position: MONITOR

Amends the University Religious Observances Act. Provides that any student in an institution of higher learning, other than a religious or denominational institution of higher learning, who is unable, because of his or her religious beliefs, to attend classes or to participate in any examination, study, or work requirement on a particular day shall be excused from any such examination, study, or work requirement and shall be provided with an opportunity to make up the examination, study, or work requirement that he or she may have missed because of such absence on a particular day; provided that the make-up examination, study, or work does not create an unreasonable burden upon the institution. Prohibits fees of any kind from being charged by the institution for making available to the student such an opportunity. Provides that no adverse or prejudicial effects shall result to any student because of his or her availing himself or herself of these provisions. Requires publication of these provisions.

SB 3244 High School Math Requirement (Frerichs / Chapa LaVia)

ICCTA Position: SUPPORT

Requires the State Board of Education to coordinate the acquisition, adaptation, and development of middle and high school mathematics curriculum models to aid school districts and teachers in implementing standards for all students. Provides that the acquisition, adaptation, and development process shall include the input of representatives of statewide educational organizations and stakeholders. Sets forth what the curriculum models must include, and provides that the curriculum models must be completed no later than March 1, 2013. Provides that the curriculum models and training programs must be made available to all school districts, which may choose to adopt or adapt the models in lieu of developing their own mathematics curricula. Requires the Illinois P-20 Council to submit a report to the Governor and the General Assembly on the extent and effect of utilization of the curriculum models by school districts. Provides that within 4 years after the effective date of the amendatory Act, state mathematics test results and higher education mathematics remediation data must be used to gauge the effectiveness of high school mathematics instruction and the extent of standards attainment and be used to guide the continuous improvement of the mathematics curriculum and instruction.

SB 3397 Cigarette Tax Allocation and Use (Steans / Currie)

ICCTA Position: MONITOR

Provides that the maximum amounts of annual unpaid Medical Assistance bills received and recorded by the Department of Healthcare and Family Services on or before June 30 of a particular fiscal year attributable in aggregate to the General Revenue Fund, Healthcare Provider Relief Fund, Tobacco Settlement Recovery Fund, Long-Term Care Provider Fund, and the Drug Rebate Fund that may be paid in total by the Department from future fiscal year Medical Assistance appropriations to those funds are: \$700,000,000 for FY13 and \$100,000,000 for FY14 and each fiscal year thereafter. Makes other changes concerning fiscal year limitations relating to payments for medical care. Provides that this Act does not take effect at all unless both HB 5007 of the 97th General Assembly and SB 2840 of the 97th General Assembly become law.

SB 3428 President Representative on ICCB (Maloney / Mathias)

ICCTA Position: SUPPORT

Amends the Public Community College Act. Provides that, after the effective date of the amendatory Act, one of the 11 members of the ICCB to be appointed by the Governor, by and with the advice and consent of the Senate, must be the president of a public community college.

SB 3635 Foundation Gifts and Grant Bequests (Maloney / Cunningham)

ICCTA Position: SUPPORT

Allows a community college to comply with the terms and conditions of a grant, gift, or bequest that calls for the use of a particular contractor. With respect to a community college complying with the terms and conditions of a grant, gift, or bequest that calls for the procurement of a particular good or service, provides that the grant, gift, or bequest must comply with all applicable laws and must not interfere with or otherwise impair any collective bargaining agreements the community college may have with labor organizations.

**P For legislative updates,
call ICCTA at 1-800-454-2282 P**