

Testimony of AFSCME
Illinois Senate Committee on Deficit Reduction
March 17, 2009

1. What areas of the state budget are you interested in protecting and why are those areas important?
ALL ASPECTS OF THE STATE BUDGET AND PARTICULARLY THOSE REGARDING STATE SERVICES THAT HAVE BEEN SO SEVERELY CUTBACK AND UNDERSTAFFED OVER THE LAST 7 YEARS.

2. What revenue enhancements would you recommend be implemented to support those areas?
WE SUPPORT ADEQUATE, FAIR AND RESPONSIBLE REVENUE ENHANCERS, INCLUDING HIGHER INCOME TAX RATES, AN EXPANSION OF STATE SALES TAXES TO SERVICES, MOTOR FUEL TAX INCREASES, CLOSURE OF CORPORATE TAX LOOPHOLES, AND AN EXPANSION OF GAMING.

3. What suggestions can be provided to reduce the State's short-term and long-term pension costs?
BOTH THE SHORT-TERM AND LONG-TERM CRISIS IN PENSION COSTS ARE DUE TO THE STATE'S FAILURE TO MAKE ITS FULL SHARE OF CONTRIBUTIONS OVER THE LAST TWO DECADES. THE ONLY SOLUTION IS TO SIGNIFICANTLY INCREASE THE STATE'S UPFRONT CONTRIBUTIONS NOW, AND THEREBY REDUCE THE LONG-TERM LIABILITY.

4. Are reforms of pension benefits for newly hired State employees warranted to lower the State's long-term pension costs? Do you support such reforms?
NO - BENEFIT REDUCTIONS FOR FUTURE HIRES WILL BRING NO SHORT-TERM SAVINGS AND HAVE ONLY AN INSIGNIFICANT IMPACT ON LONG-TERM COSTS, SINCE THEY WILL NOT REDUCE THE EXISTING UNFUNDED LIABILITY.

5. Are increased contributions from current pension system members warranted? Do you support increased pension contributions from current members?

NO – STATE WORKERS HAVE FULLY PAID THEIR SHARE, EVEN AS THE STATE HAS FAILED TO DO SO. CURRENT STATE WORKERS BENEFITS ARE MODEST AND THE BUDGET SHOULD NOT BE BALANCED ON THE BACKS OF WORKERS WHO HAVE CONSISTENTLY PAID INTO THE SYSTEM.