

Please start at the bottom with message 1

From: RTAC Member
Sent: Sunday, May 22, 2011 1:02 PM
To: RTAC
Subject: Fw: RE: HB 3601-Funding for the CTPF

Dear RTAC,

I wanted to forward this letter I received from the office of Don Harmon, my state senator and legman to Madigan and Cullerton. It concerns **HB 3401**.

I was enraged as I read the comments about the Commission on Gov. Forecasting and Acct. (COGFA). This group evidently does not care about the lack of funding from the state as well as the continual pension holidays of CPS to the tune of billions of dollars but they seem to be concerned about raising the health care insurance support limit for CTPF retirees by \$35M to \$100M. It also seems that CPS feels we would all be able to get Cadillac health care plans if the limit was raised!! The hypocrisy of CPS and these legislators is never-ending. I was also angry that the state seems to feel that the \$10M in federal money the CTPF is receiving should take the place of state monies. These legislators are such weasels.

We need to generate **thousands of letters in support of HB 3401** or we will see our pension checks decline yet again in January as the rebate from the CTPF continues to drop.

Remember the children's book about the 1000 origami cranes? We need to try to generate something like that in support for **HB 3401** that will raise the awareness of the need to increase the CTPF limit on health care insurance support. We could all send red ribbons by the thousands to every legislator in Springfield - red denoting our blood as it relates to health care as well as our hard work over the years for the children of Chicago? Just an idea.

Thanks for reading my rant.

By the way, I do read your message in the RTAC News Bulletin. Keep up the good work.

Sincerely,
RTAC Member
Retired 200?
35+ years as a CPS teacher and CTU member

Response to message 3

--- On **Thu, 5/19/11, Galloway, Katherine** <KGalloway@senatedem.ilga.gov> wrote:
From: Galloway, Katherine <KGalloway@senatedem.ilga.gov>
Subject: RE: HB 3639-Funding for the CTPF
To: RTAC Member
Date: Thursday, May 19, 2011, 3:35 PM
Dear Ms. RTAC Member:

I write to respond to both your e-mails regarding the Chicago Teachers Pension Fund and House Bill 3401. As I've shared before, I have heard an overwhelming response from my constituents regarding pension reforms, which is always important in my decision making.

As you noted, the General Assembly did pass pension reform legislation last year, but that was for *future* employees, so it does not affect your pension at all. It has never been nor ever will be the intention of the General Assembly to destroy your pension plan or any other public employees' pension plan. I'm sorry you feel that way.

Technically you are correct about House Bill 3401. As proposed, the legislation would not increase state funding; it would just allow the Chicago Teachers Pension Fund to allocate more funds towards health care rebates. The Commission on Government Forecasting and Accountability points out that this would actually have a cost to the fund because the additional funds spent on health insurance could no longer be reinvested. Therefore, the potential for lower investment earnings exist, which could require greater employer contributions in future years. The Chicago Public Schools argue that there is the potential for more costly health insurance plans to be selected if additional funds are available. The CTPF health insurance had a surplus of \$34.8 million on 7/1/2010 and is projected to have a surplus of \$32 million on 7/1/2011. Further yet, the pension funds receive \$10.1 million in Federal reimbursement which have only recently become available.

I will also point out that several proposals similar to HB 3401 have been proposed in the last few years. While all made it to different points in the legislative process, each met too much opposition to pass. The last time the cap was raised was in 2004, when it was raised from \$40 million to \$65 million.

I hope this clarifies your concerns.

Sincerely,
Don Harmon

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Message 3

From: RTAC Member
Sent: Sunday, May 15, 2011 6:40 PM
To: Galloway, Katherine
Subject: RE: HB 3639-Funding for the CTPF

Dear Sen. Harmon and/or Ms. Galloway,

As I read the statutory language that describes the funding for the Chicago Teachers Pension Fund (CTPF), I noticed that funding source #2 is the amount contributed by the employer, which I will assume is the Chicago Public Schools (CPS). (I am also assuming that the City of Chicago helps fund the CTPF through CPS.) Yet the pension reform bill, SB1946, allowed CPS to postpone yet again most of their contributions to the CTPF for another three years. Is that correct? So that leaves a rather huge hole in the funding of my pension plan. (It is actually a

hole that exceeds a billion dollars).

Since the law also states that it is the **intention** of the legislature to contribute 20%-30% of what is given to the TRS, it would seem that the payment of \$10M is pathetically small when TRS was given over \$2B. When the state cuts funding to the CTPF and then the state allows CPS to skip their payments, how is the pension plan supposed to survive? Or is that the intention of my state's leadership to destroy my pension plan? Just asking.

I have also been told that there will be another appropriation for CTPF to help support health care rebates for retirees. As you know, our rebate was slashed by 10% this year. That means that I am now paying over **\$1200 more** per year for the cheapest plan offered by the CTPF, BCBS HMO IL. I have yet to hear if any monies will be paid for this health care rebate. Are there any plans on the horizon for this health care support for retired Chicago teachers?

I look forward to your response. I appreciate the time you spend answering my letters. But I am highly frustrated by the continual assault on retirees and our pensions. My anger increases every time I listen to the news. I know many people such as Mr. Huber from the CTPF and Mr. Ward from RTAC as well as the CTPF, have come to Springfield to talk to legislators. Some listen but no one seems to hear or care. We have worked our whole lives, paying into our pensions every paycheck, and now the state is eating away at the small amount that we receive. Most of us still have mortgages. We need gas to run our cars. We need food to eat. We need medical insurance. We were promised a retirement income and now that is being taken from us. It is very discouraging. But we will indeed remember how we are treated during the next election.

Sincerely,
RTAC Member

Addition to response 2

--- On **Mon, 4/11/11, Galloway, Katherine** <KGalloway@senatedem.ilga.gov> wrote:
From: Galloway, Katherine <KGalloway@senatedem.ilga.gov>
Subject: RE: HB 3639
To:
Date: Monday, April 11, 2011, 2:53 PM

[I apologize; I failed to include the attachment of the statutory language.](#)

[Thanks,](#)
[Katherine](#)

Katherine Galloway

Legislative Assistant
Office of Senator Don Harmon
39th District

Rm. 329 Capitol Building
Springfield, IL 62706
217-782-8176

Response to message 2

From: Galloway, Katherine
Sent: Monday, April 11, 2011 2:32 PM
To: RTAC Member
Subject: FW: HB 3639

Dear Ms. RTAC Member:

Thank you for expressing your concerns for the Chicago Teachers Pension funding in House Bill 3639. Allow me to try to explain some of the surrounding circumstances.

On March 31, 2011 the House unanimously approved HB 3639 to appropriate the statutorily required amounts due to the Teachers Retirement System and the Teachers' Pension and Retirement Fund of Chicago for Fiscal Year 2012, which begins on July 1, 2011.

State statute requires the five State retirement systems, which include the Teachers Retirement System, to "certify" each year to the State the amounts those systems are owed in the coming fiscal year. After that, the amounts certified for the five State retirement systems are paid to the systems regardless of what action the legislature takes to explicitly appropriate them; the five state systems are the beneficiaries of a "continuing appropriation" which permanently allows for the amounts due to them to be paid. The certified amount represents the amount owed to the system as a reflection of the system's payroll along with the amount necessary to ensure that the system is 90% funded by 2045, pursuant to state statute. The certified amount due to TRS in FY12 is reflected in HB 3639 and will be paid to the systems even if the Senate fails to take up HB 3639.

The amount appropriated for the Chicago Teachers Pension Fund in HB 3639 also reflects the amount state statute requires us to contribute to that fund. While it is significantly less than the amount the State provides TRS, State law requires only that the State "include in its annual contribution to the Chicago Teacher Pension Fund an ... amount equal to 0.544% of the Fund's total teacher payroll." (see 40 ILCS 5/17-127.) All other amounts provided for the Fund in prior fiscal years have been in response to statutory language which sets as a "goal" that the State contribution exceed that which reflects 0.544% of payroll. (You can see the statutory language I've attached, but in short it says we'd like to pay *more* than we're legally required to, when we are able to do so.)

In the end, funding TRS is the State's legal responsibility; funding CTPF is the City's responsibility, though the State has agreed to help in modest amounts. In past, we've appropriated much more than we were legally obligated to appropriate. I'm sure the Senate will critically evaluate the House Bill and determine whether this year we are again able to appropriate more than we are legally required to do so. I hope that this helps explain House Bill 3639. Thank you for sharing your questions and concerns. If you would like to chat again, please feel free to call.

Thank you for contacting me.

Sincerely,
Don Harmon

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Message 2

From: RTAC Member
Sent: Saturday, April 02, 2011 2:41 PM
To: "Galloway, Katherine" <KGalloway@senatedem.ilga.gov>

Subject: Re: FW: HB 3401
From: RTAC Member
Date: Wed, 18 May 2011 12:19:39 -0500

Dear Sen. Harmon,

From what I understand, **HB 3401**, should it ever come out of the House, **does not increase state funding** to the Chicago Teachers Pension Fund (CTPF). It merely increases the amount that the CTPF is allowed to use to help offset health care insurance costs to its retired members. If I am correct, this means that the state would not have to appropriate more money, merely **allow the CTPF to use up to \$100M for health care rebates**.

Therefore, if I am correct and there is no financial reason why the state should not allow this to happen, it seems that "sheer meanness" is quite an appropriate phrase. If the state fails to pass HB 3401 or something similar to increase the limit CTPF can use to help retired teachers with their health care costs, it shows the depth of hatred felt towards teachers in general and Chicago teachers in particular.

Perhaps Ms. Galloway could research this for all of us and determine if there is a financial component for the state in HB 3401. I do not think there is but perhaps I am wrong. I realize that giving large companies such as Motorola or Caterpillar millions of dollars takes precedence over Illinois citizens who have worked their entire lives for pensions that get smaller and smaller every year because of the machinations of the state legislature. But I think you need to clearly understand about any financial obligation, if there is one, in HB 3401. If the state does not need to pay, why can't the state allow the CTPF to help its retirees?

You mention that you have heard from many of your constituents concerning these matters. Many CPS teachers and many CTPF retirees live in your district. We all vote. We will also weigh our options carefully and take into account the actions, or nonactions, of all of our representatives in Springfield.

I look forward to your reply concerning any financial obligation for the state, if there is one, that would be part of HB 3401. If HB 3401 does not make it out of the House, I will look forward to a similar bill from the Senate which you could perhaps sponsor. I hope you step up and do what is right for retired teachers.

Sincerely,
RTAC Member

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Response to message 1

--- On **Wed, 5/18/11, Galloway, Katherine** <KGalloway@senatedem.ilga.gov> wrote:
From: Galloway, Katherine <KGalloway@senatedem.ilga.gov>
Subject: FW: HB 3401
To: RTAC Member
Date: Wednesday, May 18, 2011, 10:14 AM

Dear Ms. RTAC Member:

Thank you for sharing your support for House Bill 3401. Unfortunately, this bill has not advanced out of the House. I understand your support for increased funding to the Chicago Teachers Pension Fund to increase the health insurance spending for retirees. I don't know why the bill did not have the requisite support in the House, but I'm confident it was not "sheer meanness."

There have been several proposals in the General Assembly this year relating to pensions and retiree healthcare costs generally. These proposals are of serious concern for many of my constituents and I have heard overwhelming responses. I will be sure to weigh all proposals carefully and will take into account my constituents' concerns.

Sincerely,
Don Harmon

Message 1

From: RTAC Member
Sent: Sunday, May 15, 2011 10:14 PM
To: Don Harmon
Subject: HB 3401

Dear Senator Harmon,

Please support HB 3401 which would allow the Chicago Teachers Pension Fund (CTPF) to increase its health insurance spending for retirees from \$65M to \$100M every year. This will not cost the state anything but merely raise the limit that can be spent by the CTPF to support health care insurance costs for retirees.

The current limit of \$65M per year was set in 2003/4. Since then, the number of retirees has increased as well as the cost for health care insurance. Without an increase in the allowable limit that the CTPF can spend, our rebates will decline even further than they have already. Since this bill will not cost the state any money, it seems that not passing it would be sheer meanness on the part of legislators.

Please work hard to support and pass **HB 3401**. The state legislature has decided not to fund the CTPF and has allowed CPS to drastically reduce its funding as well. Some relief must be allowed for CTPF members and this would be an ethical choice. It is the very least that can be done for retirees who worked for decades to educate the children of Chicago.

Sincerely,

RTAC Member