Illinois Manufacturers' Association www.ima-net.org

1211 West 22nd Street • Suite 620 • Oak Brook, Illinois 60523 • 630-368-5300 • Fax: 630-218-7467
220 East Adams Street • Springfield, Illinois 62701 • 217-522-1240 • Fax: 217-522-2367
Email: ima@ima-net.org

August 16, 2012

Members of the General Assembly:

The state of Illinois' public pension systems and their huge unfunded liability is the single most important issue facing our state and the top issue when we speak to our member companies about the state of affairs in Illinois. For the past several months since the conclusion of the spring legislative session, the Governor and legislative leaders have had a continuous discussion about Illinois' unfunded pension systems and the need for reform. Unfortunately, there has been a lot of talk but no action. On behalf of the Illinois Manufacturers' Association and our thousands of member companies, the time for talking has ended and the time for action is now. Illinois can no longer afford to continue kicking the can down the road on pensions.

Despite the record tax increase, Illinois remains mired in a horrible finance state in large part because of the skyrocketing cost of pensions and health care. Lawmakers addressed the employee health care issue in the spring session and now must finish pension reform.

The IMA strongly backs a comprehensive reform proposal similar to the outline provided courageously by Governor Pat Quinn early during the spring legislative session. While the Senate bill passed on the final day of the spring session represents a good start, it does not go far enough in addressing the pension structure and reducing costs to ensure the long-term viability of the state pension systems and health of the state budget.

It is our hope that the General Assembly will pass pension reform legislation containing the following concepts:

1. The plan should be all-encompassing and include each of the five pension systems. Plans that do not include the Teachers Retirement System and the State Universities Retirement System omit nearly three-fourths of all pension liabilities.

2. School districts should be required to contribute the employer's share of the costs, phased in over a period of time. This will provide additional local control to school districts that are the actual employers and require them to be held accountable for their contractual decisions.

These are not popular ideas but they are necessary to protect and preserve Illinois' fiscal health. Reforming the system will make sure that it continues for state retirees and will also provide stability for employers who are looking to expand and invest in the state. Along with Governor Quinn, you have spent a tremendous amount of time and energy over the past year to get to this point. We look forward to working with you to make sure that the outcome is successful.
Thank you.

Sincerely,

Mark Denzler
Vice President & COO

Serving Illinois manufacturers since 1893