



Where Excellence Is Tradition

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Pension Reform Observations

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As a new superintendent in Illinois, it has been intriguing watching the saga of the state's long-term troubled pension system. The following are a few observations from a newcomer's perspective regarding the lessons to learn from our pension woes:

Lesson One - Poor Stewardship Can Be Costly

It is unfortunate that the consequence for the lack of political will and fiscal responsibility has been passed on to future generations.

The current Legislature is tasked with fixing a system that commissions and task forces in previous decades had reported on. In 1973, one commission reported, "The pension obligation still remains almost wholly obscured or ignored by some public officials." The lack of collective stewardship and the necessary resolve on the part of generations of elected officials is bewildering.

Lesson Two - Pay Your Expenses As You Go

Similar to the federal government, a mechanism is needed to ensure financial liabilities are covered annually. This trigger would require the state to take in enough revenue to pay the true cost of services it provides. Previous governors and legislators should never have been allowed to make pension contributions discretionary.

Lesson Three - Necessary Conflict and Compromise Is A Good Thing

A state's governing structure is designed, through a division of power and fulfilling key roles, to resolve issues. Consistent single party control of the legislature and governor offices, both now and through the decades, seems to have resulted in indecision and paralysis among our lawmakers. The kind of conflict that would have resulted in compromise and consensus on long-term solutions apparently never happened.

Lesson Four - Avoid Harming the Community's Greatest Investment

A variety of solutions are being proposed, including increasing employee contributions, freezing cost-of-living increases for retirees, limiting the amount of salary upon which pensions are based and increasing tax rates. The reality is that, in most school districts, these remedies may not be enough, and programs and services for our community's most important asset – our students – will be reduced.

Leadership can be defined as the ability to proactively confront our challenges and problems and

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to proactively protect and pursue our future possibilities. Will the 98th General Assembly finally provide this needed leadership?

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