

SUAA Members,

The Illinois House adjourned 30 minutes ago. This spring legislative session has just three scheduled days left. We imagine the next 72 hours will be very busy. Here's where we stand at the moment on possible Tier 2 pension reforms and the crafting of the state budget:

Tier 2 Pension Reform on Ice?

Earlier this week, The We Are One Coalition filed SB 1937, with an amendment from Rep. Jay Hoffman, that would reform Tier 2 pensions. The bill addresses “four core areas” in which the coalition believes “Tier 2 benefits have fallen short for public employees.”

1. Improving the final average salary calculation
2. Lowering the retirement age
3. Improving the cost of living adjustment
4. Increasing the Social Security Wage base to address the so-called “Sahe Harbor” problem

We are One stated they believe the amended bill will not add to the state’s unfunded pension liability nor negatively impact the state’s credit rating. The coalition asked that Tier 2 participants contact the Governor and ask him to support the bill.

This morning, writing in Capitol Fax, Rich Miller reported that a spokesperson for the governor “basically confirmed yesterday that the public employee union’s bill (SB 1937) was dead.” The spokesperson stated that the unions’ final proposal wasn’t presented to the governor and, with just days left in the spring session, was “probably not the best time to undertake an endeavor of that size.”

Earlier today, SUAA’s lobbying team spoke with a state representative involved in the Tier 2 pension reform discussions. The representative also expressed doubts that any Tier 2 pension reforms would pass before the end of the spring session. This sentiment was also echoed by a union representative the SUAA lobbying team spoke with.

The amended SB 1937 has been assigned to the House Executive Committee, though a notice of hearing for the bill has yet to be scheduled. Though it sounds doubtful this legislation will advance past both the House and Senate, SUAA will continue to monitor its status.

The Senate Pension Committee did pass a pension “omnibus” bill, HB 3193. This bill is a “clean up of several areas in the different pension systems. One provision clarifies the time period a survivor may elect to receive or waive benefits, including insurance from the State Universities Annuitants System. The time is to within 6 months after SURS *notified* that person of the benefits payable upon the death (instead of 6 months after the death, as is

current law). The bill also adds an additional formula for calculating a Tier 2 participant's pension earnings. You may read HB 3193 by [CLICKING HERE](#).

State Budget Discussions Continue amid Potential Cuts from Federal Government

A massive amount of work still needs to be completed in the next few days. The General Assembly is scheduled to adjourn Saturday.

The main task ahead is putting together the state budget especially in times of great uncertainty. This year, unlike other years, the General Assembly may craft a temporary budget and return later this summer or in the fall. It is difficult to craft a budget with such uncertainty from Washington regarding federal funds coming to the state. Illinois lawmakers fear there may be drastic federal cuts that support essential state programs including healthcare, transportation, and education.

The state will need to pivot based on the severity of those cuts. State leaders have already said they don't have the resources to supplant the federal dollars and are facing their own internal challenges as revenue estimates are \$500 million lower than when Governor Pritzker gave in his FY '26 budget address in February.

We will continue to update you as relevant legislation and the budget discussions progress.