

1974

September 24, 1974

Faculty Senate

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EASTERN ILLINOIS UNIVERSITY

FACULTY SENATE

Minutes of September 24, 1974

MEMBERS PRESENT: Buchanan, Connelly, Doughty, Elder, Goodrich  
Hackler, Johnson, Knott, MacLaren, Murray,  
North, Price, Rearden, Weidner, Wiseman

FACULTY VISITORS: Glenn Lefler, Wayne Owens, George Rommel,  
William Zeigel

STUDENT VISITORS: Diane Ford, John Ryan

The minutes of September 17, 1974 were approved as published with a correction of the spelling of the name of Gerhard Matzner.

COMMUNICATIONS

1. Letter from Donald Marshall, Chairman, Council of Faculties, with an explanation for the COF referendum on system-wide collective bargaining.
2. Student Senate Meeting Minutes---September 12, 1974.
3. Council on University Planning Minutes---September 12, 1974.
4. Copy of a letter to Wayne Owens from Alan Aulabaugh concerning BOG presidential evaluation.
5. Letter of thanks from the University of Nigeria---the Overseas Library Project funded by the Senate.
6. Copy of the Annual Report, Library Services, from B. J. Szerenyi with an invitation to discuss the Library's operations.
7. Letter from Wm. H. Zeigel, Past President, Annuitants' Association concerning funding of the State Universities Retirement System. A copy of an Annuitants' Association report on the SURS was attached.

REPORTS

1. BOG Presidential Evaluation---Wayne Owens.

Owens provided the Senate with an oral and written report concerning procedures being used in the BOG presidential evaluation. Among the items reported upon were those summarized below.

In January, 1974, the BOG established a Board sub-committee to develop, coordinate, and conduct evaluations of presidents at BOG schools. Owens was selected by the BOG to coordinate the effort at Eastern. In this capacity, he is working for and responsible to the BOG, not to Eastern. Questionnaires will be mailed from BOG offices in Springfield and will be returned directly to Springfield. At present, only the Board and President Fite will see the results of the evaluation on this campus. Teaching staff, civil service staff, students, and administrative and professional service staff are being selected at random to participate by means of standard random number tables. The total number of people being asked to evaluate President Fite is 594, 95 of whom are teaching faculty. It was suggested that a high percentage return of the questionnaires is necessary to assure valid results.

2. Annuitants' Association---William Zeigel.

Zeigel gave a frightening report concerning funding of the State Universities Retirement System. It was pointed out that this past year, retirement line items in the several bills (the Weaver Bills) were reduced to some \$200,000 below what will actually be needed to meet current pay-out costs. Unfunded accrued liabilities of the system (the deficit) are now in excess of \$467 million.

It was moved by Connelly, seconded by Johnson, that the Faculty Senate adopt the following resolution:

The Faculty Senate urges all members of the University community to give support to the movement, spearheaded by the Annuitants' Association to restore the reductions in the retirement appropriations to the several universities.

The motion passed unanimously.

3. Nominations Committee---Knott.

Knott nominated Gene Scholes as an alternate to the Communications-Media Board. It was moved by North, seconded by Doughty, to adopt Knott's nomination. The motion passed unanimously.

4. Elections Committee---Price.

Four candidates completed the necessary petitions to appear on the ballot for the special election to elect a member of the University Personnel Committee for a 2-year term. They are:

Robert Carey  
David Maurer  
Jo Anne Stuebe  
Edwin Wahlin

A runoff election, if necessary, will be held on Thursday, October 3, 1974 in the University Union.

It was moved by Connelly, seconded by North, to permit the Executive Committee to certify the election results. The motion passed unanimously.

5. Council on University Budget---Doughty.

At the September 18, 1974 meeting, both the 1974-75 Internal Budget and the 1975-76 Operating Budget Request were distributed and discussed. The CUB approved 155 graduate assistantships for 1975-76, subject to adequate funding. The next meeting of CUB will consider funding of sabbaticals for 1975-76.

OLD BUSINESS

1. Murray reported that the reception for the faculty publications exhibit is tentatively scheduled for November 5 from 2:30 to 4:00. Murray requested funding for stationery and mailing costs in conjunction with the exhibit. It was moved by Knott, seconded by Buchanan, to authorize funding for stationery and mailing costs related to the faculty publications exhibit. The motion passed unanimously.
2. Student evaluation of faculty. It was moved by Johnson that the Faculty Senate set up a committee to look into the whole process of student evaluation of faculty on this campus, the committee to consist of members of the Faculty Senate, students, and those who attended the KSU Conference. North seconded the motion. Discussion followed. The motion passed 12 yes, 1 no.
3. BOG presidential evaluation. It was moved by Buchanan, seconded by Johnson, that the Faculty Senate urge all members of the University community contacted by the BOG in conjunction with presidential evaluation to respond to and return the questionnaire as soon as possible.

The meeting adjourned at 1538.

The next Faculty Senate meeting is scheduled for October 8, 1974.

Terry M. Weidner  
Faculty Senate Secretary

THE ANNUITANTS' ASSOCIATION OF THE  
STATE UNIVERSITIES RETIREMENT SYSTEM OF ILLINOIS

TO: EIU Staff and Employees

DATE: October 1, 1974

As you know the Illinois General Assembly passed appropriation bills which would have provided modest amounts above what is actually needed for this year's retirement payout. This action would have provided a start toward stabilizing the actuarial deficit and provided somewhat more adequate funding as provided by the 1941 and 1967 laws. However, the Governor reduced the retirement items in the several bills to some \$200,000 below that needed to meet current payout costs.

The Annuitants' Association strongly urges THAT WE CONTACT OR WRITE OUR STATE SENATORS AND REPRESENTATIVES URGING THAT WHEN THE GENERAL ASSEMBLY MEETS IN NOVEMBER, IT RESTORE THE RETIREMENT FUNDS WHICH IT HAD VOTED. The letters should be mailed in October.

Attached is a four-page fact sheet to serve as a guide when you write brief letters to your legislators asking them to vote for the restoration of retirement funds for House Bills 2264, 2274, 2286, 2298, 2357 and 2365. We suggest using the words "Restore funds" rather than the word "override." Below are listed the legislators from nearly districts. Since a number of these legislators are known to have sponsored retirement legislation and supported us, we suggest including a sentence similar to the following: "If you supported more adequate retirement funding legislation in the past, we offer our thanks and urge continued support." Feel free to contact any other legislator known to you throughout Illinois.

Wm. H. Zeigel, Past President  
AASURSI

LEGISLATORS

53rd	Sen. Tom Merritt (R), 858 E. Lincoln, Hoopston, IL 60942
Dist.	Rep. Chas. M. Campbell (R), State House Office Bldg., Room 2040 Springfield, IL 62703 Rep. Robert M. Craig (D), 1628 N. Franklin, Danville, IL 61832 Rep. Edward Jenison (R), 711 Shaw, Paris, IL 61944
52nd	Sen. Stanley Weaver (R), R.R. #3, Urbana, IL 61801
Dist.	Rep. Chas. W. Claybaugh (R), 405 W. University, Champaign, IL 61820 Rep. John Hirschfield (R), 1106 Country Lane, Champaign, IL 61820 Rep. Paul Stone (D), 112 N. Main, Sullivan, IL 61951
54th	Sen. Terry L. Bruce (D), 423 S. Elliott, Olney, IL 62450
Dist.	Rep. Roscoe Cunningham (D), 904 State St., Lawrenceville, IL 62439 Rep. Chas. F. Keller (D), R.R., Effingham, IL 62401 Rep. Ben Blades, Fairfield, IL (Deceased)

## FROM ANNUITANTS' ASSOCIATION

FACTS CONCERNING LEGISLATION ON INCREASED FUNDING  
FOR THE S.U.R.S.I.1. STATISTICS SHOWING GROWTH

<u>Year Ended August 31</u>	<u>Members</u>	<u>Unfunded Accrued Liabilities (Deficit)</u>
1942	3,760	9,000,000
1947	5,769	11,000,000
1952	8,068	32,000,000
1957	10,624	45,600,000
1962	13,963	94,800,000
1967	27,261	143,600,000
1973	39,349	467,896,311

2. The State Universities Retirement System was established by legislation which was approved in 1941.

The University of Illinois initiated legislation in 1941 to establish a retirement system which was designed to require contributions from the employees and matching contributions by the state. The faculty and staff of the University of Illinois and the Teachers' Colleges accepted the principle of employee contributions after receiving assurance that the state would be required to match the contributions currently on a two for one basis. (The employee contributions rate was  $3\frac{1}{2}\%$  of salary, and the state matching contributions was to be  $7\%$  of salary.) The initial bill establishing the State Universities Retirement System included the requirement of full funding by the state. However, at the insistence of the State Director of Finance, the financing provisions of the bill were amended to require that the state appropriate only enough funds to pay pensions for the biennial period and to maintain reserves sufficient to pay pensions for the two years following the biennium.

3. A 1967 amendment to the "Illinois Pension Code" provided that the appropriations by the state for retirement contributions should not be less than an amount which is necessary to fund fully the pension costs for all service rendered during the year and to cover interest on the unfunded accrued liabilities for prior service. This legislation was designed to stabilize the deficit at the July 1, 1967 level of \$143.6 million. It was approved by the General Assembly and the Governor with no

opposition. However, subsequent state legislature and state administrations have reneged on the 1967 commitment. As a result, the deficit for service already rendered to the state has increased from \$143.6 million in 1967 to more than \$460 million in 1973.

4. In 1973, the General Assembly appropriated \$66.9 million which was only \$8 million less than the minimum amount required by statute. However, the Governor reduced the appropriation to \$20.2 million which is about \$200,000 less than the amount which is needed to cover the state's share of the benefit payments for 1973-74. The Governor vetoed the appropriations, even though the Court of Claims had ruled previously that the full amount was legally due the Retirement System.

Following the Governor's veto of the bills for increased funding, suits against the state were initiated by the AAUP, the Illinois Federation of Teachers and the Illinois Education Association. As of this time all lower court decisions, except that of the Court of Claims, have been against the Associations. However, the Illinois Supreme Court has recently agreed to a direct appeal of the adverse decisions rendered by the Cook County Circuit Court, thus by-passing the Appellate Court. This action by the Illinois Supreme Court is encouraging.

5. During 1974, the funding level of the system increased in importance to annuitants due to proposed federal legislation which would have required public retirement systems to meet minimum funding levels in order to retain certain income and estate tax advantages for the staff and retirees. This requirement was deleted from the Pension Reform Bill of 1974, but the bill provides for an investigation of the financing of public plans by Congress, and it is likely that Congress will soon set some minimum funding standards for government pension plans. These funding standards may not be as stringent as those placed on "private" pension plans, but they will likely require government plans to meet much higher financing commitments than are currently being met by the State of Illinois.

6. In the 1974 session proposed increased funding was added, by amendments, to each of the following University appropriation bills for their operating budgets:

HB-2264	Board of Governors	\$ 455,130
HB-2274	University of Illinois	1,291,480
HB-2286	Community Colleges	1,135,880
HB-2298	Board of Regents	490,140
HB-2357	Southern Illinois University	509,590
HB-2365	Department of Registration and Education	84,600
		<hr/>
		\$ 3,966,820

Similar amendments were introduced to increase funding for the other state retirement systems. The total increased funding for all state systems required approximately \$16,000,000.

This procedure was followed in lieu of introduction of a separate bill because it was expected that the Governor would reduce each bill by the amount of the amendment. It was hoped that with the help of Senator Weaver and Representative Stone, the Association would have a better chance of securing override of the Governor's reduction. Votes totaling only 50%-plus are needed to override reductions in contrast to 60% on vetoes.

All of the above bills, plus similar provisions for the other state retirement systems, were passed by the Senate and the House, but the increased funding for the SURSI was eliminated by the Governor. This is the fifth consecutive year that appropriations for the SURSI have been below required payouts.

It will be necessary for the legislature to override line reductions for all of the state retirement systems. As a result the additional funding required will approximate \$16,000,000 of which \$3,900,000 will be for the SURSI.

7. In 1963 the "Illinois Pension Code" was amended with reference to funding downstate city police (Section 3-125) and in 1967 the same action was taken in favor of firemen (Section 4-118). In general the cities were required to levy amounts sufficient to meet the actuarial requirements which would eliminate past service liabilities over a period of forty years. For the city firemen this rate was specified at  $17\frac{1}{2}\%$  of salaries and wages.

In other words the state has mandated that the city fund adequately the pension systems for their employees but the Governor does not believe the state should adopt similar requirements for its employees.

8. There are 177 members in the House (86 Democrats, 90 Republicans and 1 Independent.) There are 59 members in the Senate (29 Democrats, 30 Republicans.)

Eighty-nine favorable votes in the House and 30 in the Senate will be required to override the Governor's line reductions.

9. As the above appropriation bills were introduced in the House, action to override the Governor's reductions will also have to originate in the House. Each body has 15 days to pass overriding legislation.

10. Summary of arguments that have been asserted by others against increased funding:

- a. State funds might not be available.
- b. Under current problems of state financing it is not feasible, or desirable, to appropriate funds above that necessary to meet annual payout requirements.



- c. Many other public retirement systems, such as Social Security, are not funded.
- d. The accumulated assets of the state retirement systems are sufficient to meet annual payouts by these systems for a period of years.

11. Summary of arguments for increased funding of the SURSI:

- a. The state's contributions for the funding of these systems is a fundamental part of the contract between the state and the employee.
- b. The Association is not asking for full funding of the system but only the start of a program that in 15 or 20 years will meet the minimum requirements of the Illinois Pension Code.
- c. The retirement system for the legislators is adequately funded (70% level) and it is only fair that the SURSI should be treated similarly.
- d. The legislature, in 1963 and 1967, mandated that the downstate cities fund adequately the pension system for police and firemen. Governor Walker should do the same for state employees.
- e. Prior to his election Governor Walker in writing on June 28, 1972 to Harl H. Ray stated, "I think it is absolutely imperative that we commence on a program to bring about a proper financing level as soon as possible."
- f. The accumulated fund of the system should not be used to finance annual payouts, because:
  - (1) The 1967 amendment to the Pension Code requires that the state contributions should not be less than an amount which is necessary to fund the pension costs for all services rendered during the year and to cover interest on the unfunded accrued liabilities for prior service.
  - (2) Present taxpayers should bear their fair share of the pension costs for services currently rendered by state employees.
  - (3) If the state has difficulty in funding the systems now how can it finance future costs when, in the year 2000, the actuary estimates that the annual payouts will approximate 20 times the current level.
- g. The proposed increased funding (\$16,000,000) would add only 2/10% to the Governor's budget (\$7,886,000,000). With the budgets reserves referred to by the Governor it can not realistically be asserted that funds are not available.