February 22, 2010

To the Honorable Pat Quinn, Governor of Illinois; To the Honorable John J. Cullerton, President of the Senate; To the Honorable Christine Radogno, Minority Leader of the Senate; To the Honorable Michael Madigan, Speaker of the House of Representatives; To the Honorable Tom Cross, Minority Leader of the House of Representatives

Re: Recommendation for a **State Debt Reduction Plan for 2010**

Dear Governor Quinn, Senator Cullerton, Senator Radogno, Representative Madigan, and Representative Cross:

Pursuant to Public Act 96-0881, the State Universities Annuitants Association (SUAA) submits the following recommendation for a **State Debt Reduction Plan for 2010**.

SUAA, a state-wide association representing the interests of all members of the State Universities Retirement System (includes current employees, retirees, and survivors of the Illinois State funded universities and community colleges), expresses its deep concerns about the dire fiscal situation the State is in. It has become patently clear that the State simply does not have the fiscal resources to deal with its mounting debt while providing appropriate levels of support for its schools, colleges and universities, its health care accountabilities and other core responsibilities. Thus, the very future of our State is at stake. The proposed **State Debt Reduction Plan for 2010** proposes essentially a defined tax surcharge program dedicated to address the estimated $13 Billion debt situation that befalls the State. It consists of the following:

1. The income tax rates would be increased at the percentages to be determined by the Governor and the legislative leaders to go into effect January 1, 2011 and would "sunset" January 1, 2013.

2. The total revenues derived from these increases would be deposited in a State Debt Retirement Fund to be used solely for the purpose of reducing the current State debt.

3. Neither the General Assembly nor any State officials shall take any action that would cause any increase in the State debt during the next two-year period except for what may be necessary for short –term borrowing.

4. Appropriations from the General Revenue Fund shall not be increased beyond that as enacted in 2009 for FY 2010, unless they are determined to be an emergency. See #5.

5. In the event of an emergency, as determined by the Governor, specific increases may be allowed for appropriations approved by a two-thirds vote of the appointed legislators of the Commission on Government Forecasting and Accountability. Such

emergency appropriation shall be set forth in a single bill to be acted upon by the General Assembly.

6. During the two-year period, no statutory changes shall be made to any of the State's public pension systems, other than as may be required for technical, non-substantive matters.

7. During the two-year period, the Governor, all of the other Constitutional officers, including the Auditor General, together with the Majority and Minority Leaders of the Senate and House shall prepare a Fiscal Report. Such report shall include the current revenue and debt condition of the State together with recommendations for the short and long-term fiscal policy of the State, together with the statutory changes in support of those policies. The Report shall be made public not later than January 10, 2011. GOGFA shall provide the staffing. The public shall be encouraged to provide its recommendations.

This recommendation manifests SUAA's deep concerns about the State's dire fiscal situation and its willingness to engage actively in pursuits aimed at addressing the basic problems.

Sincerely,

Richard M. Johnson, President

Linda L. Brookhart, Executive Director

cc: Members of the 96th General Assembly