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State pension plan hits key campaign donors

By John Patterson Daily Herald State Government Editor
Posted 3/7/2005

SPRINGFIELD - A call for massive reductions in pension benefits probably wasn't what state employee and teachers unions had in mind when they collectively gave Rod Blagojevich nearly \$2.4 million for his 2002 campaign.

That may partly explain why these unions so vehemently oppose the governor's plan, one that generally would make future employees work longer and receive less in retirement than current state workers and teachers.

Blagojevich is relying on the plan and his predictions of \$800 million in savings this year to balance the budget. But in pitching the idea, he's picked a fight with arguably the most powerful groups in state politics.

"I think they're influential for two reasons: Because they give extraordinary amounts of cash to the candidates they back, but they're equally influential because they have numbers, they have foot soldiers, they have voters," said Cindi Canary, director of the Illinois Campaign for Political Reform, a group that tracks campaign contributions.

The Illinois Education Association, the state's largest teachers union with 120,000 members, gave more than \$3.1 million to candidates in 2002, making it the single largest donor in the state during that election. Ranking second was the Illinois Federation of Teachers with more than \$1.9 million and 90,000 members. Two state employee unions were among the top six donors.

These groups were among the top donors to Blagojevich's 2002 campaign, too, campaign records show. Combined, they have more than 250,000 members covered by state pensions, members who often volunteer for political campaigns and can be counted on to vote.

Blagojevich offers no apologies.

"Change sometimes means having to tell your friends bad news," said Pete Giangreco, a Blagojevich spokesman. "And for too long, we've had governors who would only take care of their friends and leave everybody else in Illinois to their own devices."

Ever since the governor unveiled his pension ideas last month, political fur rather than union dollars has been flying.

"We think the plan is a terrible idea," said Anders Lindall, spokesman for the American Federation of State, County and Municipal Employees 31 and its 37,000 state employees. "It's unconscionable to attempt to balance the budget by digging into the pockets of future retirees."

For teachers, the state would no longer fully fund in retirement the double-digit salary increases that often occur in their final years. Instead, the state would pay only for 3 percent raises those final years, shifting anything in excess back onto local schools. Pension system officials say it would cost school districts \$149 million the first year.

For state workers and teachers alike, the annual 3 percent pension increases in retirement would end, too. Instead, the state would apply the actual rate of inflation or 3 percent, whichever is less. And that annual increase would apply only to the pension's first \$12,000 or \$24,000, depending on whether the retiree were entitled to Social Security. Teachers are not eligible for Social Security but most state employees are.

Despite the union criticism, some of Blagojevich's needed allies are standing with him.

"It's not a Democrat-union issue. It's an issue related to the cost of government," said Senate President Emil Jones Jr., a Chicago Democrat.

But the union line might be taking its toll elsewhere.

Blagojevich's point man for pension reform - state Rep. Bob Molaro, a Chicago Democrat - is already backing off some of the provisions in meetings and offering to compromise.

Meanwhile, Republicans, whose ranks are no stranger to union campaign donations, say the governor's savings won't happen and the entire plan is doomed.

"I don't even think we'll need the weight of the teachers unions," said Senate Republican leader Frank Watson of downstate Greenville.

The Illinois Education Association is one of Watson's top contributors, and nearly 40 percent of its contributions over the past 10 years have gone to Republicans, according to a database maintained by the Illinois Campaign for Political Reform.

As for whether the unions will support Blagojevich for a 2006 re-election bid anyway, the early answer from at least one of the influential groups is "yes."

"There's been no irreparable damage done to the relationship," said Charles McBarron, Illinois Education Association director of communications, "at this point."

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