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Senate Joint Resolution U (as reported without amendment)

Sponsor: Senator John Pappageorge Committee: Reforms and Restructuring

CONTENT

Senate Joint Resolution U proposes to add Section 8 to Article XI of the State Constitution. The proposed constitution amendment would mandate a 5.0% reduction in the rate of pay for all State, local government, public school, and public university and community college employees. This pay reduction would be effective on October 1, 2010, and would be in effect for a three-year period. During this three-year period, no public funds could be used to pay employees at a higher level than authorized in the constitutional amendment. The proposal would provide for an adjustment to the 5.0% salary reduction for public employees whose pay was reduced for other reasons after January 1, 2009.

FISCAL IMPACT

The Senate Fiscal Agency estimates that the total public sector payroll affected by the pay reduction outlined in the constitutional amendment would equal \$22.4 billion in fiscal year (FY) 2010-11. The estimated savings from the 5.0% pay reduction for all of the affected governmental units would total \$1.1 billion during FY 2010-11, as follows:

Governmental Unit	Projected Savings
State Government	\$165.0 million
Counties	\$123.0 million
Cities & Villages	\$128.0 million
Townships	\$27.0 million
Special Public Authorities	\$20.0 million
Universities & Community Colleges	\$191.0 million
K-12 School Districts & Intermediate School Districts	\$465.0 million

Additional savings would occur in FY 2011-12 and FY 2012-13 as the constitutional amendment would mandate a freeze in pay rates during these years. The level of additional savings during these fiscal years would depend on the rate of pay changes that would otherwise occur.

Date Completed: 5-26-10 Fiscal Analyst: Gary S. Olson