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Illinois Voters Divided Over State Pension Woes Oppose Tax Increase

Illinois voters agree there's a problem with public employee pensions in the state but they're closely divided over what to do about it, according to a poll by the Paul Simon Public Policy Institute at Southern Illinois University in Carbondale.

"The results show the people of Illinois are aware of the problems in their state funded pension systems and of some actions which could be taken by state government," said John S. Jackson, a visiting professor at the Institute.

"There's a general feeling that state employees are going to have to take some losses in their pension plans, but a majority of people in Illinois is not supportive of draconian measures. There is majority support only for incremental changes to the pension system," Jackson said.

The poll also shows strong opposition to raising taxes, making the 5 percent income tax permanent or expanding the list of items subject to the state sales tax. Instead, voters support cuts to state spending to balance the budget.

The live-interview telephone poll of registered voters across the state was taken between January 27 and February 8. It has a margin for error of plus or minus four percentage points at the 95 percent confidence level. One-third of the interviews were conducted via cell phone.

The survey found:

- A majority opposes suspending retirees' annual cost of living increases for six years. There were 57.0 percent opposed and 36.5 percent in support.
- Voters were evenly divided over the idea of granting a cost of living increase to only the first \$25,000 of retirees' pensions. There were 45.17 percent favoring it and 44.3 percent opposed.
- Another way to handle cost of living increases is to have them deferred until the retirees are age 67 or older. This proposal gained support from 58.3 percent and was opposed by 37.5 percent.
- A more controversial proposal is to increase the age at which retirees can receive full benefits from 65 to 67. This proposal, too, gained majority support with 56.8 percent in favor and 41.3 percent opposed.

- Respondents were also asked about proposals to increase the age at which retirees could receive state-paid health care benefits from 65 to 67. This proposal divided the electorate almost in half, with 49.0 percent favoring and 48.7 percent opposed.
- Voters were also evenly divided over a proposal to make local school districts pay more of the cost of local teacher pensions in order to ease the cost to the state. This proposal would shift some of the burden to local school districts and require districts outside Chicago to pay the state's portion of the retirement plan. (This is already done in Chicago). Supporters argue local school districts effectively award pension benefits but require the state to pick up the tab, which provides no incentive to districts to reign in pension costs. Opponents argue the idea would take money away from classroom education in already cash-strapped schools.
- There were 45.1 percent favoring this proposal and 42.6 percent opposed. Perhaps not surprisingly, the most support for this proposal was in Chicago where almost half of the respondents (49.1 percent) supported it with the next highest in the suburbs, where 48.6 percent supported. Downstate areas outside the city and suburbs were the regions with the most opposition. Only 36.6 percent favored it while 48.8 percent opposed or strongly opposed.
- When asked whether they favored spending cuts, tax increases or both to plug the state budget holes, there were 54.7 percent who favored cuts in spending, 7.5 percent supported more revenue and 28.8 percent who said both were needed.
- A large majority – 63.3 percent – opposed making the temporary 5 percent income permanent. There were 28.6 percent who favored that idea and 8 percent didn't know.
- Voters also did not like the idea of expanding the list of items subject to the state sales tax. There were 59.5 percent opposed, 37.3 percent in support and 3.2 percent who didn't know.

Methods: For this poll, the Institute surveyed 600 registered voters across the state, January 27 through February 8, resulting in a statistical margin for error of plus or minus 4 percentage points, at the 95 percent confidence level.

The questionnaire was available in both English and Spanish, and a Spanish-speaking interviewer was made available. The sample included two-thirds land-line phones and one-third cell phones. The Simon Institute developed the questionnaire, and live phone interviews were administered by Customer Research International of San Marcos, Texas, which reports no Illinois political clients. The Institute paid for the project out of non-state funds from its endowment. The Simon Institute poll is directed by Dr. Charles Leonard, a visiting professor at the Institute.

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**Appendix:
The Simon Poll Spring 2013
Response Frequencies**

The introduction to the various options for pension reform was read to each respondent: “As you may have heard, the state of Illinois has an unfunded pension liability of about 96 billion dollars. Some say this liability will grow rapidly as more people reach retirement age, and will hurt the state’s ability to fund other services, such as education, public safety, and roads. Others say that pensions are a binding contract between the state and its employees, and can’t be altered or reduced. I’m going to read some proposals that state officials have made to fix the pension liability. For each, please tell me whether you favor or oppose that proposal.”

1. Would you favor or oppose a proposal to suspend retirees’ annual cost of living increase for six years?

Strongly favor	21.8%
Favor	14.7%
Oppose	20.7%
Strongly oppose	36.3%
Other/Don’t know	6.5%

2. Would you favor or oppose a proposal to apply cost-of-living increases only to the first \$25,000 of retirees’ pensions?

Strongly favor	21.5%
Favor	23.7%
Oppose	16.3%
Strongly oppose	28.0%
Other/Don’t know	10.5%

3. Would you favor or oppose a proposal to defer retirees’ cost-of-living increases until they reach age 67?

Strongly favor	30.7%
Favor	27.7%
Oppose	12.8%
Strongly oppose	24.7%
Other/Don’t know	4.2%

4. Would you favor or oppose a proposal to increase the age at which retirees can receive full pension benefits from 65 to 67 years of age?

Strongly favor	35.7%
Favor	21.2%
Oppose	11.7%
Strongly oppose	29.7%
Other/Don’t know	1.8%

5. Would you favor or oppose a proposal to increase the age at which retirees receive state-paid health care benefits from 65 to 67 years of age?

Strongly favor	29.7%
Favor	19.3%
Oppose	14.8%
Strongly oppose	33.8%
Other/Don't know	2.3%

6. Would you favor or oppose a proposal to increase the share that Illinois school districts pay for their employees and to reduce the amount that the state pays?

Strongly favor	21.7%
Favor	23.5%
Oppose	19.3%
Strongly oppose	23.3%
Other/Don't know	12.2%

7. The state of Illinois has a budget deficit of about 4 billion dollars. I'm going to read three statements that people have made about how to fix the deficit, and ask you which one comes closest to your views? If you haven't thought much about the issue, just tell me that.

First is . . .

Illinois' public programs and services have already been reduced significantly.
We can only fix the problem by taking in more revenue, such as a tax increase.

Next is . . .

The state takes in plenty of money to pay for public services but wastes it on unnecessary programs. We can fix the problem by cutting waste and inefficiency in government.

Third is . . .

Illinois' budget problem is so large it can only be solved by a combination of budget cuts and revenue increases.

More Revenue	7.5%
Cutting Waste and Inefficiency	54.7%
Combination of Budget Cuts and Revenue Increases	28.8%
Haven't thought much about it	4.5%
Other/Don't know	4.5%

8. Do you favor or oppose a proposal to make permanent the recently passed temporary state income tax increase?

Strongly favor	11.8%
Favor	16.8%
Oppose	19.0%
Strongly oppose	44.3%
Other/Don't know	8.0%

9. Do you favor or oppose expanding the sales tax to cover services like dry cleaning or haircuts, which are not currently taxed?

Strongly favor	16.3%
Favor	21.0%
Oppose	16.0%
Strongly oppose	43.5%
Other/Don't know	3.2%