

# Pension Fairness for Illinois Communities

## PENSION FAIRNESS FOR ILLINOIS COMMUNITIES OPPOSES HOUSE BILL 5873

### TALKING POINTS

Two immediate points to hit with legislators:

1. The amendment offers no immediate relief – the savings for taxpayers will take several decades to fully realize
2. The penalty language in the amendment would create \$105 million in additional taxpayer burden if it was in effect today

Other talking points to supplement the above:

- HB 5873 is not “pension reform” when taxpayers are going to get hit with an additional \$100 million tax burden.
- Instead of resulting in taxpayer relief, House Bill 5873 will impose SEVERE fiscal penalties upon taxpayers. Any savings that could result from the modified public safety pension system included in HB 5873 would not be fully realized for decades, while the penalties resulting from enforcement provisions would apply immediately in 2015.
- Based upon the most recently available data, the penalty language in this amendment, if applied today, would place a greater burden upon taxpayers in many communities including:
  - Evanston \$2.0 M
  - Joliet \$6.6 M
  - Maywood \$1.2 M
  - Oak Park \$2.6 M
  - Rockford \$4.4 M
  - Springfield \$2.5 M
- This provision unfairly applies ONLY to suburban and downstate police and fire pension funds, but NOT TO THE CITY OF CHICAGO and County Sheriffs. If enforcement is considered such a fair solution, they why does it not apply to all other public safety pension systems.
- House Bill 5873 imposes unprecedented and financially crippling enforcement penalties that would cancel out any benefits that could result from other parts of the bill. These penalties include:
  - *Authorizes pension funds to demand the state deduct Local Government Distributive Funds (LGDF) and sales tax revenues from municipalities if they are unable to fully meet their pension obligations*
  - *Permits pension funds to sue municipalities (i.e. taxpayers) in circuit court if local and state funds are not sufficient to meet pension obligations*

- *Imposes an estimated \$100 million dollars plus in additional tax burden upon local taxpayers (based upon 2008 data)*
- **These are IMRF type penalties without the IMRF benefits and fiscal safeguards.**
- **Imposing draconian enforcement penalties is neither fair nor reasonable - NO ILLINOIS MUNICIPALITY HAS EVER DEFAULTED ON A PENSION PAYMENT. With this bill, the state is shifting even more of the public safety pension burden on taxpayers.**
  - *Already in Springfield, for instance, almost 100 percent of property taxes collected go to police and fire pensions. In Rockford, 41 cents out of every property tax dollar is expected to go toward public safety pensions in 2011.*
- **If the state is serious about solving the public safety pension crisis, the focus should first be on making the system more sustainable, and not on enforcement. This includes strengthening the financial health of police and fire pension funds and the potential consolidation of these funds (similar to IMRF) before enforcement can even be considered.**
  - *Since day one, the Coalition has called for a study of the consolidation of police and fire pension funds. Without this, police and fire funds will continue to lack the well-managed and unified structure, as well as the safeguards, of the IMRF.*
- **We urge our legislators to protect local taxpayers and not support this amendment. The Pension Fairness Coalition – which represents more than hundreds of communities across Illinois – will certainly make this a number one issue come November.**
- **Positive reforms that were agreed to during months of negotiations have now been stripped. For example, the Senate amendment does not call for a true 30 year rolling amortization for the full funding of pensions, a more stable and fiscally sound funding methodology than the arbitrary fixed 2033 deadline currently in place.**
- **It is extremely disappointing that legislation intended to solve the growing public safety pension crisis merely stands to burden taxpayers and threaten local economies more than ever.**
- **Under this bill, local communities will have to build their entire budgets around police and firefighter pensions and pay these contributions first – even before funding critical services and priorities such as snow plowing, street and road maintenance, and infrastructural improvements. Taxpayers will be left in the cold – having to pay more taxes while receiving fewer services in return.**
- **The bottom line is that Illinois taxpayers deserve fiscal relief through real public safety pension reform without strings attached– and HB 5873 does not accomplish that. Instead, this bill gives into unreasonable union demands and puts our taxpayers and communities on the line for even higher taxes in these challenging economic times.**