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Gov. Rauner Vetoes Overhaul of Chicago City Pension System.

SPRINGFIELD, Ill. — Illinois Gov. Bruce Rauner vetoed legislation Friday that Chicago officials hoped would bolster the city's sagging pension systems.

The Republican criticized the plan as too limited and argued the state should tackle the state's onerous pension debt while shoring up municipal retirement accounts.

"It's like trying to fix a drought with a drop of rain," Rauner said in his veto message. "We see pension funding challenges throughout the state. 'One-off,' short-sighted approaches won't really fix the problem."

Rauner forecast the action in January, when he announced disapproval of the plan after it sailed out of the state Senate unanimously.

It was intended to deal with laborers' and municipal workers' pension accounts. Fire and police systems are separate.

The plan would have required new employees pay 11.5 percent of their paychecks toward retirement, up from 8.5 percent. The city would have tripled its contributions to the programs in part with increases on water and sewer services.

"The governor continues to make one irresponsible and irrational decision after another," Adam Collins, spokesman for Chicago Mayor Rahm Emanuel, said in a statement. He said lawmakers overwhelmingly approved the legislation "because it improves our fiscal stability for taxpayers and shores up pensions for thousands of retirees who earned them."

Collins noted that financial rating agencies revised the city's credit outlook last fall, pinning hopes on the plan. Without it, the accounts go broke as early as 2025.

Rauner indicated Friday he wants to combine Chicago pension fix with a long-awaited overhaul of the state's five employee pension programs, which are a combined \$130 billion short of what they need to cover all obligations.

He has been urging the Senate to separate its pension plan from the compromise budget deal known as the grand bargain so that a funding fix can get underway sooner. That legislation includes extra money for Chicago Public Schools to get the system through the school year.

By THE ASSOCIATED PRESS

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