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Pension Vise Tightens on Illinois Towns.

As Pritzker considers consolidating hundreds of funds around the state, local governments face an urgent problem: Police and fire pension costs are growing at a greater rate than property taxes. "It's a hornet's nest with a snake inside," says one expert.

In the heart of Illinois, the city of Peoria cut its workforce by almost one-fifth to pay its annual obligations for police and firefighter pensions. In northern Illinois, Waukegan is selling bonds to keep the city operating. In the east, Danville closed one of its four fire stations following mounting pension bills. And in Springfield—for the first time—the state capital is pouring every dollar it collects in property taxes into public safety pensions.

All across Illinois, in many of the small towns and larger cities that manage some 650 independent police and fire retirement systems, those funds have placed an increasingly tightening vise on municipal finances.

Much of the focus on the pension problem in Illinois has been on the massive liabilities facing the five statewide funds as well as Chicago's citywide pensions. But in many ways, the more pressing pension issues can be found in the towns in every corner of the state.

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CRAIN'S CHICAGO BUSINESS

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