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As Chicagoans Die, Police Pension Burden Hobbles City's Response.

An average of six Chicagoans have been shot each day this year, up from five in 2014. In its effort to respond to the carnage, the city is hamstrung by obligations to police, the very people it needs to protect the public.

With the second-largest number of sworn officers in the U.S., Chicago is struggling to pay an extra \$550 million in pension obligations owed to public-safety workers. That leaves the city with little financial flexibility as homicides have risen more than 18 percent from last year and shootings 17 percent.

"They're fighting a war on two fronts," said Richard Ciccarone, president and chief executive officer of Merritt Research Services, which analyzes municipal finance.

Red ink is drowning Democratic Mayor Rahm Emanuel's budget. The city's projected 2016 deficit is up 45 percent, to \$430 million. The additional pension payments are due next year, and the city has yet to identify money for them. Chicago's credit rating has been cut to junk because of \$20 billion in unfunded retirement obligations.

New York's increase in homicides is a third of Chicago's — 5.5 percent through mid-July — yet Mayor Bill de Blasio has proposed adding 1,300 officers to the city's 34,500-member force, the nation's largest. Chicago has no such recourse.

Draining Resources

The Policemen's Annuity and Benefit Fund of Chicago is only 27 percent funded, and beneficiaries outnumber active officers 13,320 to 12,020, according to its 2014 annual report.

"In normal times, they'd be fighting the battle for public safety," said Ciccarone, who's based in Chicago. "But with the pensions, so much of their capital will be swept away for services already performed."

Chicago underfunded its four pensions by \$7.3 billion from 2005 to 2014, according to bond documents. The retirement system was 36 percent funded as of December, compared with 61 percent in 2005.

The city suffered another setback Friday when a state court struck down a pension restructuring for municipal workers and laborers because it would force them to accept reduced benefits. The ruling could cost residents hundreds of millions more.

At the same time, legal settlement and judgment costs are soaring, from \$82 million in 2011 to \$199 million in 2013. About two-thirds is the result of police-related litigation.

Emanuel will submit his 2016 budget in mid-September, a month earlier than normal, to give the city

council time to address the pension shortfall. Asked whether the mayor would push for more police officers, Adam Collins, a spokesman, said it “would be premature to discuss specifics.”

Illinois’s Democrat-led legislature passed a plan to lower Chicago’s extra payment next year to its police and fire retirement systems to \$330 million from \$550 million, but Republican Governor Bruce Rauner has yet to sign the measure.

The higher amount is roughly equal to the annual expense of keeping almost 4,000 cops on the street, the city said in a 2014 report.

Emanuel won re-election in April against Cook County Commissioner Jesus “Chuy” Garcia, who promised to hire 1,000 new officers. The mayor and Police Superintendent Garry McCarthy have resisted hiring in favor of paying current officers overtime. Those costs totaled about \$100 million in each of the past three years.

This year’s increase in gun violence isn’t unique to Chicago. The number of homicides has jumped more than 30 percent midway through the year in Milwaukee, St. Louis and Houston.

Yet, Chicago’s slaughter has been incessant. During the Fourth of July weekend, 62 people were shot, nine fatally. One victim, 7-year-old Amari Brown, was killed by a bullet to his chest. Hundreds attended his funeral.

Chicago officials have been sensitive to the city’s image. Emanuel said he expressed his unhappiness to director Spike Lee about his upcoming movie “Chiraq,” which examines gun violence in the city.

“I was clear that I was not happy with the title,” Emanuel told the Chicago Tribune for an April story. Emanuel and McCarthy point out that the 2014 murder total of 407 was the lowest since the mid-1960s. They blame the proliferation of guns, citing the police recovery of 3,500 illegal firearms this year.

“As much as I am an advocate for better gun-control laws and getting these guns off the street, that’s not going to dramatically reduce the violence,” said Ira Acree, a West Side pastor and chairman of Leaders Network, a community development organization. “There must be more interest and focus on reviving the economic engine here.”

That revival depends, in part, on Chicago stabilizing its fiscal affairs. While officials reject comparisons to formerly bankrupt Detroit, Rauner is blunt.

“Chicago is in deep, deep yogurt,” he said in April.

Violence continues to weigh down city finances. A 13-month-old was killed earlier this month after a shooting suspect fleeing the police ran him down during a chase in a South Side neighborhood. Last week, his mother said she’s suing the city and police.

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