

Bond Case Briefs

Municipal Finance Law Since 1971

Illinois Governor Pans State Legislature's Chicago Pension Fix.

CHICAGO — Illinois Governor Bruce Rauner signaled a likely veto on Monday of newly passed legislation to stave off possible insolvency for two of Chicago's pension funds.

Credit ratings for the nation's third-largest city have been plummeting largely due to an unfunded pension liability that stood at \$33.8 billion at the end of fiscal 2015 for Chicago's four retirement systems.

By a 41-0 vote, the Illinois Senate approved the proposed rescue, which cleared the House overwhelming in December. The plan would authorize new city funding for Chicago's municipal and laborers retirement systems.

The systems are projected to run out of money in the coming decade and were depending on legislative sign-off of the city's enactment of a water and sewer usage tax and telephone surcharge designed to help get them 90 percent funded in 40 years.

City officials have acknowledged that more money will be needed starting in 2023 when payments will reach actuarially required levels.

"The bill essentially authorizes another property tax hike on the people of Chicago and sets a funding cliff five years out without any assurances that the city can meet its obligations," Rauner spokeswoman Catherine Kelly said in a statement. "The governor cannot support this bill without real pension reform that protects taxpayers."

Rauner's response drew belittlement from Chicago Mayor Rahm Emanuel's administration.

"Bruce Rauner is Governor Gridlock, and he is showing why nothing gets done in Springfield," said Emanuel spokesman Adam Collins, who argued the governor should focus on passing a budget and fixing Illinois' pension woes.

A bipartisan, statewide fix to Illinois' \$129.8 pension crisis did not get called for a vote in the Illinois Senate on Monday as part of a sprawling deal to end an 18-month budget stalemate, pass non-budgetary reforms sought by Rauner and expand casino gambling, among other things.

That package's architects, Democratic Senate President John Cullerton and Senate Republican Leader Christine Radogno, pledged to reintroduce their plan after a new legislative session begins Wednesday.

On a separate budgetary track, the House on Monday approved a \$657.3 million appropriation plan for universities and social service agencies that lost spending authority on Jan. 1.

The House-passed legislation that would fund operations through June awaits Senate approval, but Rauner has expressed past reluctance to support new stopgap spending without other reforms.

By REUTERS

JAN. 9, 2017, 6:45 P.M. E.S.T.

(Reporting by Dave McKinney; Editing by Leslie Adler)

Copyright © 2025 Bond Case Briefs | bondcasebriefs.com