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Chicago Is Considering Issuing A Pension Bond - And Taking A Gamble.

How is Chicago going to solve its budget crisis? Two weeks ago, when Mayor Lightfoot gave her budget forecast address, she spoke of dreams for a “world-class” entertainment district surrounding a Chicago casino, the revenues from which are slated to fund the police and fire pension funds. But, it turns out, that may not be the only way in which Chicago attempts to use gambling to resolve its pension woes.

Let’s recap:

Chicago, we learned in late August, is facing a serious budget hole as it ends 2020, and an even worse one in 2021, to the tune of \$1.2 billion — or, expressed differently, 25% of the total corporate budget. Mayor Lightfoot hopes to find some coins in the metaphorical couch cushions by refinancing debt, and is urgently pleading for more federal money. Why, their plight is so serious that they may even go to extremes such as reducing payrolls or cutting pay. (Yes, that’s right – unlike elsewhere, neither Illinois nor Chicago has yet made any spending reductions.)

Now we learn, according to Bloomberg (via Yahoo on September 3), that the city is **once again considering a pension obligation bond**.

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Forbes

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