Urge a Veto of House Bill 2451

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Background

House Bill 2451 passed during the waning hours of the Illinois General Assembly's Lame Duck Session with little opportunity for input from the business community or taxpayer advocates. The Bill would expand the annual cost-of-living adjustment for Tier 1 City of Chicago Firefighters pensions from 1.5% to 3%, while also removing the 30% cap on cumulative cost of living adjustments.

- **This Bill alone would cost the Chicago taxpayers between $18-30 million annually in increased pension payments, for an estimated total of $850 million through 2055 and all but guarantees future property tax increases.**
- **The Chicago Firemen's Annuity and Benefit Fund is already in the worst shape of all Chicago's eight pension funds with $5 billion accrued liabilities and is only 18.4% funded.**
- **HB 2451 sets the table for similar legislation to be enacted for the Chicago Police pension fund, which is already being contemplated in Springfield and would be far more expensive for taxpayers, both residents and businesses.**

Exacerbates an Unsustainable Problem

Much like with the State's pension systems, Chicago's pension funds are already on an unsustainable path. At $45 billion in unfunded liabilities, and an average funding ratio of 35%, Chicago's pension debt exceeds that of almost every other state in the country and the Chicago Fire Pension Fund is in the worst shape of all. In total, Illinois and Chicago currently have more than $200 billion in unfunded pension liabilities. This is unsustainable.

The Result is Higher Property Taxes

Already, pension contributions consume 14% of Chicago's FY21 budget, which included a $94 million increase in property taxes. This means less money available for other critical government services and higher property taxes on residents and businesses at a time of great uncertainty around property taxes in Chicago because of the pandemic and Assessor Kaegi's dramatic shift of the property tax burden onto businesses.

We Need Comprehensive Pension Reform, Not Pension Sweeteners

Legislation has already been introduced in Springfield to apply similar changes to the Chicago Police Pension Fund, which would be far more expensive for taxpayers. Rather than saddling taxpayers with more debt that will take decades to pay off, we need comprehensive pension reform that protects taxpayers, which will take pressure off ever-rising property taxes and remove the cloud of fiscal instability that is harming economic growth and job creation in Illinois and Chicago.

Governor Pritzker and Mayor Lightfoot inherited the pension problem after decades of mismanagement. Rather than build on one of the biggest problems facing our state and city, we urge them to work with the business community and develop solutions to our pension crisis. HB 2451 only makes the problems worse.

We need you to contact Governor's Prtizker's office and urge a veto of HB 2451.

Contact the Governor's Office: 217-782-0244 (Capitol) or 312-814-2121 (Chicago)

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