

Alton's June Mayor Report: Pension Reform - Resolving the City's Financial Crisis

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The number one financial crisis facing the City of Alton today is funding the police and fire pension funds. As much as our public safety personnel are appreciated, we cannot continue to survive financially without meaningful pension reform from Springfield.

The current recession has brought to our attention the need for meaningful reform. The cost of funding these pension plans has doubled in the last ten years, increasingly at unsustainable rates. The City's financial obligation for fiscal year 1999-2000 was \$2,613,467 compared to \$5,174,600 this fiscal year. The City will be paying \$222,947 more this year for these two pensions compared to last year. The previously mentioned figure does not include the City's contribution to the Municipal Retirement Fund (IMRF), which was an additional \$861,377.58 for the last calendar year. To put it bluntly: **EVERY PENNY OF EVERY DOLLAR EVERY CITIZEN IN ALTON PAID IN PROPERTY TAXES LAST YEAR DOES NOT GENERATE ENOUGH REVENUE TO COVER OUR PENSION OBLIGATIONS!!!** Current projections show that the City will be required to contribute \$17,500,000 to the police and fire pension funds in 12 years, assuming no increase in safety personnel occurs.

So, how do we fix the situation? Currently, the City leaders have no say in the pension plans funded by the City for police and fire personnel. All decisions are made by the State of Illinois, from employee contributions to amounts paid to retirees. The municipalities are required to fund the benefits, along with minimal required contributions from employees. By a special section of the Illinois Constitution, once established, no pension benefit for police or fire personnel can be reduced. As a result, the critical first step to solving the problem is our legislators in Springfield have to realize a pension crisis exists and quit pursuing pension enhancements. Unfortunately, some of our elected representatives do not have a concern for the burden placed on the communities they represent by continuing to introduce or vote for legislation which

would increase already strained municipal budgets. The Illinois General Assembly and Governor Quinn must lead in this matter; any other solutions offered will only be half measure without Springfield's support.

Another possible solution is for employees to contribute more of the cost of the plan, both by paying more and by postponing retirement. Currently public safety employees can retire as early as age 50 after 30 years of service, with a pension of 75% of their final rate of pay. By law, these employees contribute less than 10% of their pay to the pension fund. This retirement age is much lower and their pension is much higher compared to social security and private sector plans.

These pension cost increases hinder public safety because there is no revenue to hire police and fire employees and purchase the equipment needed to implement their jobs. Retirement benefit costs have reduced our ability to implement public works projects and infrastructure maintenance programs including removing snow, fixing streets, repairing sewers, and replacing sidewalks. Make no mistake, without pension reform, services will be cut.

I understand the unique working conditions that police officers and firefighters find themselves. They expose themselves to danger and accident risk at a higher rate than many others in today's workforce. I would not want to have a 60 year old firefighter climbing an aerial ladder with over a hundred pounds of equipment on their back trying to extinguish a fire or save a citizen from danger. I would also not want a sixty year old police officer to be involved in a foot chase apprehending a dangerous fugitive.

A balance