

Rauner Urges Swift Action on State-City Pension Deal as House GOP Readies Its Votes

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CHICAGO - Following the announcement that House Republicans are prepared to put the requisite number of votes on an historic state-city pension reform deal, Governor Bruce Rauner once again called on the General Assembly to swiftly pass the legislation that would save taxpayers around the state billions of dollars, address an urgent request from the City of Chicago and help move Illinois forward. The legislation, sponsored by House Republican Leader Jim Durkin (R-Western Springs) and 25 other House Republicans, is a companion to legislation filed last week in the Senate by Senator Michael Connelly (R-Naperville) and Senator Jil Tracy (R-Quincy). The Senate legislation has already won support from Republican senators who previously opposed pension reform as part of a larger and controversial unbalanced budget package, suggesting the legislation could easily pass both chambers and come to the governor's desk for signature.

"Taxpayers around the state will save billions by making structural changes to our state pension system, and we can afford to help students and teachers in Chicago Public Schools who are facing an immediate budget crisis," Governor Rauner said. "The people of Illinois want compromise. This proposal is a win-win for everyone. It's time to get something done."

The proposed state-city pension reform legislation would satisfy an agreement made by legislative leaders last June that if the General Assembly passed statewide pension reform, the state would pay the teacher pension costs of Chicago Public Schools (CPS) for one year. That agreement fell through late last year when the Senate President broke the deal and the governor vetoed Chicago's one-year assistance (SB 2822). This proposal links the same CPS one-year pension pick-up to statewide pension reform filed by the Senate President earlier this month (SB 16).

The statewide pension reform includes President Cullerton's consideration model for all state pension systems, a new Tier 3 hybrid defined-benefit/defined-contribution plan and other budget-saving items. In total the package is expected to save taxpayers between \$1-2 billion per year. The package would win bipartisan support considering that SB 16 came within four votes of passage and SB 2822 passed both chambers of the General Assembly last summer as part of an agreement.

"If Chicago is asking for assistance from the state, we need to find a way to help the state save money and justify that assistance – otherwise it's just a bailout," Secretary of Education Beth Purvis said. "These bills are good for taxpayers, reduce our pension liabilities and keep kids in school."

Purvis noted that despite decreasing enrollment, Chicago Public Schools is already receiving a \$74 million increase in education funding from the state this year on top of its roughly \$250 million special block grant that no other school district receives. The city's request is for an additional \$215 million on top of the \$324 million it already receives. This pension proposal was one of two paths the Rauner Administration suggested to help CPS close its budget deficit. The other would authorize the Mayor of Chicago to use \$215 million in funds from Tax Increment Financing Districts.