

Below is the latest in a series of articles which DMMC provides for members to “drop in” to their local newsletters or other communications, should they so choose, to inform residents of issues important to municipalities. Should you have any questions, please feel free to contact us.

Need for Municipal Public Safety Pension Reform

There is an urgent need for the reform of municipal public safety pensions. The current system is unsustainable and threatens to leave municipalities unable to provide vital services to their taxpayers, or, worse, facing bankruptcy. Between 2004 and 2010, the amount municipalities contributed to public safety pensions more than doubled from \$247 million to \$511 million, while the average funding of pension obligations dropped from approximately 64% to 55%. Municipalities across DuPage County encourage the General Assembly to recognize the ongoing strain the current pension system places on our mutual constituencies as they work to resolve the state’s budget crisis.

Only comprehensive, common-sense pension reform will ensure affordability for taxpayers and safeguard public safety employee benefits into the future. Of immediate importance, legislation that was passed in 2011 must be amended before its penalty provisions adversely affect municipalities and taxpayers. Public Act 96-1495 requires municipalities to fund pensions to a level of 90%, amortized to 2040. This is a level beyond what is advised by accepted accounting practices. The statute dictates that inability to meet the required payment could result in garnishment of any local revenues that funnel through the state. Municipalities rely on this revenue to provide basic services to residents and businesses. Taxpayers should not be burdened with the cost of excessive pre-funding pensions before the pension systems are substantively reformed.