

September 22, 2017

To the Honorable Members of
The Illinois Senate,
100th General Assembly:

Today I veto Senate Bill 419 from the 100th General Assembly. This legislation proposes two changes, both of which will likely increase the unfunded liabilities of the respective pension funds they impact. First, it allows a downstate firefighter to buy into a pension fund's Tier 1 benefit system. Second, the legislation provides for a retrospective cost of living adjustment payment.

Illinois' pension systems are in crisis. Decades of poor funding decisions and generous benefits have pushed many downstate pension funds to dangerously low funding ratios. Furthermore, the Firemen's Annuity and Pension Fund of Chicago, which is at issue in this legislation, is only 21% funded. This makes it one of the worst-funded large pension systems in America. We owe it to taxpayers and pension beneficiaries to focus on legislation to bring stability to the pension funds to reduce pension debt.

This bill attempts to retroactively institute service credits in a downstate pension fund under a benefit system that the State closed off due to its unsustainability. These service credits are instituted without a full and accurate accounting of their cost. Furthermore, this bill requires the Chicago firemen's pension fund to pay a retrospective cost of living increase on top of benefits already paid. This will increase costs for the fund, decrease its dangerously low funding levels, and ultimately drive still higher property taxes on Chicago taxpayers. Given the dire state of Illinois' pension systems, any legislation that risks increasing pension debt levels ought to be heavily scrutinized for the long-term benefit of both taxpayers and pension beneficiaries.

Therefore, pursuant to Section 9(b) of Article IV of the Illinois Constitution of 1970, I hereby return Senate Bill 419, entitled "AN ACT concerning local government", with the foregoing objections, vetoed in its entirety.

Sincerely,

Bruce Rauner
GOVERNOR