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The Civic Federation

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January 21, 2021

The Hon. JB Pritzker
Governor, State of Illinois

Dear Governor Pritzker:

The Civic Federation has significant concerns about House Bill 2451 (101st General Assembly), which expands a 3% non-compounded automatic annual pension increase to all Tier 1 City of Chicago firefighters. As such, we respectfully encourage you to veto this piece of legislation.

As you know, the Civic Federation is an independent, non-partisan government research organization founded in 1894. Our mission is to maximize the quality and cost-effectiveness of government services in the Chicago region and State of Illinois.

If enacted, House Bill 2451 will prove very costly for City of Chicago taxpayers by adding pension benefits without implementing reforms or addressing the City's ability to adequately fund its firefighters' and other pensions. While the Civic Federation recognizes the important work of Illinois first responders, unilaterally burdening Chicago taxpayers during a time of significant budget stress for the City is the wrong decision.

City officials estimate the proposed changes will cost taxpayers \$18-\$30 million per year in increased payments, for a total of \$850 million through 2055. If a similar change is passed in the coming months for the Chicago police pension fund, as is already being discussed, it would cost the City an additional \$51-\$90 million per year or \$2.6 billion more through 2055. The City has limited options to meet these increased payments aside from the property tax, the vast majority of which is already dedicated to pensions and related debt. Further, the firefighters fund is already severely underfunded at under 20%. This change will significantly increase the fund's unfunded liability and decrease its funded ratio, which it can ill afford.

Thank you for the opportunity to share the Civic Federation's perspective on House Bill 2451. I welcome you to contact me at lmsall@civicfed.org or 312-593-8870 with any questions.

Sincerely,



Laurence J. Msall
President

CC: Deputy Governor Dan Hynes
Senator Robert F. Martwick, Primary Sponsor, House Bill 2451
Illinois Senate President Don Harmon
Illinois Senate Republican Leader Dan McConchie
Speaker of the Illinois House Chris Welch
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