

Memo to IML Membership: Governor's Pension Consolidation Feasibility Task Force Issues Report

DATE: October 10, 2019

TO: IML Membership

CC: IML Board of Directors
Regional Councils of Government

FROM: Brad Cole, Executive Director
Illinois Municipal League

RE: Governor's Pension Consolidation Feasibility Task Force

As you are aware, the Illinois Municipal League (IML) has long advocated for the maximum reform and consolidation of the state's more than 650 downstate public safety pension funds. This has been, and remains, the top legislative priority for IML. This effort is critical to IML members as these funds continue to increase in cost and divert municipal revenues away from funding other important programs and services, which creates a paralyzing budgetary impact on many communities.

Today, Governor JB Pritzker's Pension Consolidation Feasibility Task Force issued [its report and recommendations](#). The recommendations of the report will be incorporated into legislation that will soon be filed for consideration and possible action by the General Assembly later this month. That legislation will be shared with you once it has been finalized and filed.

The Illinois Municipal League supports this report and its recommendations.

Since the task force's inception, municipal interests were represented by Village President Karen Darch, Village of Barrington, and myself serving as part of the select task force membership. Together, we worked collaboratively on the task force with all interested parties, including representatives of organized labor, financial experts, the Governor's office and others, to develop a comprehensive path forward with regard to meaningful pension fund consolidation. We also sought guidance from an internal IML Pension Reform Working Group that was comprised of mayors, managers, former legislators, consultants and staff. Our mission all along, representing the diverse IML membership, has been to achieve the maximum amount of reform and consolidation possible – and we have worked positively with all parties to accomplish that in this report.

pensions promised to public safety personnel while reducing the fiscal burden on taxpayers.

The central components to the report and legislation include the following:

- Mandatory consolidation of the more than 650 Article 3 (police) and Article 4 (firefighter) investment funds into two separate statewide funds (one Article 3 fund and one Article 4 fund), maintaining individual accounts for each community's pension fund and having equal labor-management board governance, using the Illinois Municipal Retirement Fund (IMRF) as a general model
- Consolidation of all investing, auditing and actuary services into those two separate statewide funds
- Modest restructuring to Tier 2 pension benefits to support active employees

For clarification about existing Tier 2 pension benefits and seeking advice about what steps should be taken to guarantee the long term viability of the Tier 2 pension system, IML engaged an expert legal firm for their review and recommendations specific to these public safety funds. That [legal memorandum \(available via this link\)](#) stands alone but supplements the other documents and information contained in the task force report. (See footnote 14 on page 7 of the legal memorandum.)

Now that the report is publicly available, IML will focus its advocacy efforts on ensuring that the task force's recommendations are advanced through the General Assembly during the fall veto session, which begins on October 28. In furtherance of this objective, IML has sent a [memo \(available via this link\)](#) to all state legislators urging them to support the forthcoming legislation.

As a leader in your community, now is the time to contact your legislators and encourage them to enact the task force's recommended pension reforms and consolidation. To assist you, IML has developed an [interactive website \(available via this link\)](#) that allows you to easily send an email message to your local legislators supporting the recommended reforms. [Your action is needed now.](#)

Additionally, IML has created a [pension toolkit](#) that can be found at iml.org/pensions. Included in the toolkit are resources that you may use when communicating your message to local media and while encouraging members of the General Assembly to take action on this important issue by supporting the recommendations of the task force as presented.

The report and its recommendations mark a significant step forward in stabilizing downstate and suburban public safety pension funds in the short term and sustaining them in the long term. There are many more issues that still need to be

state.

Progress on the issue of pension reform must be measured incrementally and in consideration of the numerous conflicting philosophical opinions and political positions that are impacted by even the slightest change to the status quo. We are excited about this first step, and encourage you and your community to [join in supporting these efforts](#) thus far.

Please feel welcome to contact me if you have any comments or questions.
Thanks.

BRAD COLE | Executive Director

ILLINOIS MUNICIPAL LEAGUE

500 East Capitol Avenue | PO Box 5180 | Springfield, Illinois 62705

phone: 217.525.1220 | cell: 618.201.7320 | fax: 217.525.7438

email: bcole@iml.org | www.iml.org