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Voters show strong support for pension reform to reduce taxpayer burden

Residents of Lake Forest and Barrington vote "Yes" on public safety pension reform

LAKE FOREST, IL. [February 3, 2010] – In Tuesday's primary, residents of Lake Forest and Barrington sent a strong message to Springfield when they voted overwhelmingly in favor of municipal employee pension reform. Over the past decade, public safety employee pension costs have risen exponentially in communities across Illinois. Steadily escalating pension obligations have created fiscal challenges that are consuming an ever-increasing portion of municipal budgets. Without legislative relief, communities are faced with complex choices, including budget cuts, deferred infrastructure improvements, or an increased burden on taxpayers to fund pension benefits.

Ninety-one percent of Lake Forest voters and 87 percent of voters in Barrington responded, "Yes," to an advisory referendum on their ballots asking "Shall the Illinois General Assembly and the Governor take immediate steps to implement meaningful pension reform which will relieve the unsustainable burden on local taxpayers?"

"The results of Tuesday's referendum clearly show that while taxpayers value their public safety employees, they don't believe it's fair to continue to pay pension benefits at a level that is practically unheard of anywhere in the private sector," said Karen Darch, Village President of Barrington. "The bottom line is the current public safety pension system is not sustainable. Our number one legislative priority this year is to work with our elected officials in Springfield and other stakeholders to find a balanced solution to the pension crisis that

both protects taxpayers and secures reliable retirement benefits for our public safety employees.”

The Illinois General Assembly determines the amount of all pension benefits and employee contributions—not local officials. However, the General Assembly does not provide any resources to pay for these pensions. By law, local municipalities are mandated to fund pensions. Consequently, when the General Assembly votes to increase pension benefits for municipal employees, the City must allocate or generate revenues to fund these unfunded mandates.

An unparalleled decline in pension fund reserves, loss of retirement fund values, and escalating costs have taken a toll on the funding of public employee pensions. A study recently released by the Commission on Government Forecasting and Accountability (COGFA) showed that public safety pension fund contributions had increased by at least 50 percent between 2004 and 2008 in each of the Illinois communities analyzed. Since employee contributions are capped by the General Assembly, the fiscal burden falls upon the City’s contributions (local taxpayers) to keep these funds financially solvent.

“Lake Forest, Barrington and the other members of the Northwest Municipal Conference are not the only communities seeking pension reform,” said Lake Forest Mayor James Cowhey. “The ever-escalating cost of providing retirement benefits, particularly for public safety employees, is a serious issue across the state. Mayors in many communities are faced with difficult resource allocation decisions, including budget cuts, deferred infrastructure improvements, or an increased burden on taxpayers to fund these pension benefits. We need to work together to reform a system that is no longer sustainable.”

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