

May 8, 2012

AFSCME STATEMENT ON CITY OF CHICAGO PENSIONS

Henry Bayer, executive director of the American Federation of State, County and Municipal Employees (AFSCME) Council 31, issued the following statement:

It's disappointing that in discussing Chicago's pension funding challenges, Mayor Emanuel presented a distorted picture and left out important facts.

Teachers, librarians, firefighters and other city employees earn modest pensions. The average pension for retirees in the Municipal Fund, which includes most AFSCME-represented employees, is just \$31,000 a year. And that modest amount is all they have in retirement, because unlike every private citizen, city employees don't receive Social Security.

City employees have contributed faithfully toward their pension, at least 8 percent from every paycheck. It was past City administrations that failed to make the necessary contributions to keep the funds solvent. Their negligence combined with the 2008 financial crisis to cause the pension debt that confronts us today.

Mayor Emanuel is wrong to propose that city employees and retirees should now be forced to bear the lion's share of the burden for fixing a system damaged by shortsighted politicians and reckless Wall Street speculators.

The mayor's "roadmap" actually points the way to economic insecurity for retired public servants. It would significantly reduce benefits and increase costs to employees. While every Social Security beneficiary receives periodic cost-of living adjustments, the mayor's plan would completely eliminate any such adjustments for city retirees for the next decade. This approach is unfair to retirees and it is a violation of the state's constitution, guaranteed to trigger costly litigation.

The unions representing city employees have repeatedly conveyed to the mayor our willingness to work constructively to solve the pension funding problem. Yet he has never once met with us to hear our views or put forward the suggestions he unveiled today.

No one has a bigger interest in assuring the fiscal stability of city pension funds than the retirees and employees who depend upon them. Our union remains committed to working toward a solution that is fair and constitutional, but we need an administration that shares our commitment to a collaborative process and a genuine solution.