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5/7/15 UPDATE: The Illinois Supreme Court upholds this ruling!

By: Sun-Times wires

Chicago

Illinois pension reform law is unconstitutional, judge rules

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An Illinois judge has ruled that a law intended to fix the nation's worst state employee pension crisis violates the state Constitution.

Sangamon County Circuit Judge John Belz ruled Friday in favor of state employees and retirees who sued to block the state's landmark pension overhaul.

The state is expected to appeal the ruling directly to the Illinois Supreme Court.

The overhaul was approved by lawmakers and Democratic Gov. Pat Quinn last year. Years of underfunding had put the state's pension systems roughly \$100 billion short of what they need to cover benefits promised to employees.

The law reduces benefits for retirees, but also reduces employee contributions. The lawsuit argued that the Constitution prohibits reducing benefits or compensation.

The state argued that pensions can be modified in times of crisis.

A spokesman for Quinn expressed confidence Friday that the state supreme court would uphold ruling.

"We have always anticipated legal challenges to this critical law and urge the Illinois Supreme Court to take the matter up as soon as possible," Quinn spokesman Grant Klinzman said. "This historic pension reform law eliminates the state's unfunded liability and fully stabilizes the systems to ensure retirement security for employees who have faithfully contributed to them. We're confident the Illinois Supreme Court will uphold this urgently-needed law that squarely addresses the most pressing fiscal crisis of our time."

Labor leaders, meanwhile, hailed the ruling as a victory.

"This is a huge victory for teachers, nurses, firefighters and police and all the working people in the state," Illinois Federation of Labor President Dan Montgomery said. "They did what they said they were going to do, rule it unconstitutional. These benefits are absolutely protected and you can't change it just because you want to. The court ruling was very definitive and clear."