

Retired Teachers Association of Chicago
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July 26, 2013

Senator Kwame Raoul, Representative Elaine Nekritz, Senator Daniel Biss, Senator Bill Brady, Senator Linda Holmes, Senator Matt Murphy, Representative Darlene Senger, Representative Jil Tracy, Representative Arthur Turner, Representative Michael Zalewski

Dear Senator Raoul, Representative Nekritz, Senator Biss, Senator Brady, Senator Holmes, Senator Murphy, Representative Senger, Representative Tracy, Representative Turner, and Representative Zalewski,

As President and Executive Director of the Retired Teachers Association of Chicago, we are again urging you to eliminate the continuation of the “Pension Holidays” which have caused the pension revenue shortfall at the Chicago Teachers Pension Fund. We are very concerned to learn from Chicago media that there is an expectation that you, the members of the Pension Conference Committee, will recommend that the solution to the Chicago Board of Education’s fiscal problems will be yet another ‘pension holiday’. This would be totally inappropriate.

Eighteen years of Chicago Public School ‘pension holidays’ have caused the Chicago Teachers Pension Fund to move from full funding in 1999 to a 53.9% funding level in 2012. Chicago’s pension revenue shortfall dates back to 1995 when the Illinois legislature acquiesced to Mayor Richard Daley’s request to eliminate the teachers’ pension levy and shift the pension levy funds to the school district’s operating budget. The pension revenue shortfall is now an epic crisis.

Retired CPS teachers did not cause the current or previous CPS funding crises. They faithfully paid 9% of their incomes to the Chicago Teachers Pension Fund. However, CTPF cannot generate the funds needed to pay retirees strictly on the basis of employees’ contributions. CPS must make its mandated contributions in the same manner that private sector employers contribute to Social Security on behalf of their employees. Most retired CPS educators are ineligible for Social Security and they rely on their pensions to meet their needs in retirement.

Now is the time to direct CPS to meet its obligations to make their contributions to the Chicago Teachers Pension Fund. The Illinois legislature and the Chicago City Council need to address the pension revenue shortfall in an enlightened and intelligent manner. First, reinstate the CPS pension levy now. Second, utilize TIF funds to support the payment of the past due amount of over \$600 million owed to the Chicago Teachers Pension Fund and become current on its obligations going forward.

We look forward to your positive response to our recommendations.

Sincerely,

Marcella L. Morrison

President

Arlene R. Crandall

Executive Director