



VILLAGE · OF · WINNETKA

Incorporated in 1869

Office of the Village President
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June 8, 2009

Dear Editor:

A letter in last week's Winnetka Talk asked the Village to clarify its position on reforming public employee pensions. On behalf of the Village, I am pleased to have this opportunity to do so.

At its May 19th meeting, the Winnetka Village Council unanimously adopted Resolution No. R-25-2009 "urging the General Assembly to stop enacting pension enhancements, to protect police and fire pensions, and to adopt meaningful pension reform."

Over the years Village Councils have recognized the importance of fire fighter/paramedics and police officers by providing sufficient funding for first class facilities, equipment, and training. The Council's Resolution acknowledges and underscores the importance and value these public safety employees bring to our community. At the same time, however, this Resolution expresses the Trustees' concern about the Village's growing unfunded pension liabilities, which along with the current pension benefits for public safety officers, translates into a total property tax levy in 2008 of \$1.56 million or about \$26,000 for each police officer and \$35,000 for each firefighter.

For the record, Winnetka has fully funded its annual pension obligations for all of its pension funds. Thus, Winnetka's increasing unfunded liability is a result of (1) losses in the capital markets; (2) arbiters mandating wage adjustments above the CPI; and (3) additional pension benefits approved by the General Assembly. (I wish to point out that yet another benefit enhancement for fire fighters was passed on the last day of the recently completed legislative session.)

The Winnetka Village Council strongly believes that the time has come to adopt meaningful pension reform. The key provisions of Section 2 of the Resolution urge the General Assembly to:

1. Maintain current pension benefits for all current police officers and firefighters.
2. Work toward a comprehensive stabilization plan and meaningful pension reform that would **create new pension systems for all public safety and also non-public safety employees hired after some specific date in the near future....**

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Regarding a second tier pension system, the Village has no specific recommendations but lists some ideas that should be taken into consideration. It is important to note that a second tier pension system for all Village employees was supported in the written response from the Winnetka's Fire Fighter's union that was referenced in last week's letter.

On a Village-wide basis, the total unfunded pension liability for about 160 Winnetka municipal employees is projected to be more than \$30 million for 2009, or about \$187,500 per employee. Without meaningful pension reform for new employees, the current pension benefits are not financially sustainable on a long term basis. If pension reform is not enacted by the State Legislature, future Village Councils will be forced to raise taxes to meet these pension obligations, reduce the level of Village services, and/or layoff employees.

The Village Council believes it is time to begin a statewide conversation about meaningful pension reform for all municipal employees, and the suggestions in the Resolution are for discussion purposes only. The Village's ideas and all other suggestions must be vetted in the "marketplace of ideas."

The complete text of Resolution No. R-25-2009, as well as the webcast of the May 19th Council meeting, may be found on the Village's Web site, www.villageofwinnetka.org. I strongly encourage Winnetkans to support the Village in its efforts to encourage meaningful pension reform.

Jessica B. Tucker
Winnetka Village President