

# Chicago mayor threatens to cut pensions of teachers and city workers

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In his annual budget address to the Chicago City Council last week, Democratic Party Mayor Rahm Emanuel began a campaign to attack the pensions of teachers and other workers throughout the state of Illinois.

Emanuel's speech, just seven days after the ratification of a concessions contract by teachers, makes clear that the mayor intends to utilize the end of the teachers strike to escalate the assault on the working class as a whole.

The political establishment in Chicago was waiting until after the conclusion of the strike to reveal its full plans, which also include the closure of up to 120 public schools. The new contract, pushed through with the assistance of the Chicago Teachers Union, includes all the main "reform" measures demanded by Emanuel.

Emanuel claimed during the city council speech that "in less than four years, payments to meet our pension obligations will comprise 22 percent of the City's budget," or about \$1.2 billion. Then, cynically, he said that Chicago residents should not have to choose between making pension payments or paying for essential city services. If one or the other is not savaged, he threatened, property taxes would have to rise 150 percent to compensate.

Although Emanuel did not release any specific details about the most recent pension reduction plans, his proposed Roadmap to Retirement Security released in May included the following five points:

- A ten year freeze on cost of living increases
- A 5 percent increase in employee contributions
- An increase of five years in the retirement age
- The introduction of private retirement plans (such as 401Ks) for new hires
- No increase in city contributions to the retirement funds until pension "reform" is enacted

Emanuel expanded his remarks on pensions the following day at a roundtable meeting with reporters organized by the Chicago bureau of Bloomberg News. At that meeting, Emanuel reiterated his promise to lobby heavily for changes to state law by the General Assembly—required for any changes to the pension system.

The mayor criticized the leadership of the legislature and Democratic Party Governor Pat Quinn for failing to make any headway on pension cuts. Emanuel is pressing for a resolution to the issue during the lame-duck session in January.

Emanuel said to reporters: "I've told the speaker (of the House), I've told the Senate president, I've told the minority leaders and the governor, I'll spend as much or as little (political) capital as you think it takes."

In September, Quinn convened a special session of the legislature to deal with pensions and to shift the political discourse on the matter further to the right. The Democratic leaders of the House and Senate, Michael Madigan and John Cullerton, expressed agreement on the need to take drastic steps to reduce pensions, but declined to take action in light of the upcoming election and the difficulties they would face from angry workers. However, they did approve a proposal to place a constitutional amendment on the ballot for the November election. If passed, it would require a three-fifths majority by any unit of government to increase pension benefits, rather than a simple majority.

Furthermore, the Democrats were unable to secure enough agreement from Republicans in order to effect pension cuts on a collaborative basis and give Democrats political cover under the banner of bipartisanship. This was due to opposition to a provision which would transfer financial responsibility

for the statewide Teachers' Retirement System (TRS) from the state as whole to the individual school districts. Currently, only the city of Chicago funds its own teachers' pensions, in the separate Chicago Teachers' Pension Fund.

It is this change in particular that has received renewed attention from the mayor. Emanuel has been seeking to sell it as a matter of fairness, claiming that because taxes from Chicago residents also fund the statewide system, Chicagoans have “the dubious honor of getting double hit.”

In fact, what the proposal would do is shift enormous costs to local governments, which would be required to implement massive cuts.

State Republicans resisted signing onto the measure not out of any objections to attacking workers or pensions, but because it would immediately create fiscal crises in the “downstate” municipalities and school districts outside of Chicago, many of which they control. A report by the Illinois Policy Institute from May estimated that shifting the burden of teacher pensions onto individual school districts would amount on average to a 3.7 percent increase in expenditures per district, under conditions in which the state has already cut tens of thousands of teacher jobs since the start of the financial crisis.

In February, Rochester School Superintendent Thomas Bertrand said of the proposal: “The fact of the matter is if the pension burden is shifted to local districts, one of two things are going to happen: a property tax increase locally, but more likely it’s going to mean massive layoffs.”

Emanuel and the Democrats are also preparing to push through a resolution in January, during a session that will include many legislators serving out the tiny remainder of their terms before their successors are sworn in. Emanuel declared, “The state has to deal with this. The city has to deal with this. And I have confidence that with members coming back, 20 to 25 percent of them because they are retiring...that they will vote what's right. And I'm going to push to get this done.”

Emanuel's moves have been bolstered by the actions of the credit ratings agencies, which have repeatedly downgraded the state, citing the need for the government to cut pensions. Following a ratings drop by Standard & Poor's in August, Illinois was left with

the lowest rating of any state besides California. The Chicago Board of Education saw its credit rating cut as well due to its own pension costs and because the financial elite is demanding a further reduction in teacher wages and benefits beyond that contained in the recent contract.

The push for cuts to Illinois pensions is part of an international offensive by the bourgeoisie to impoverish workers. The ratings agencies have played a key role throughout the world in imposing austerity on the working class, particularly in Greece and Spain, to which Illinois is sometimes compared.

Emanuel's actions expose the unanimity of the entire political establishment in the attack on the working class—in Chicago and at a national level. Emanuel is Obama's right-hand man, his former chief of staff and currently a top fundraiser for the Obama reelection campaign. In pushing for “education reform” measures such as expanded testing, the victimization of teachers, and the growth of charter schools, Emanuel is carrying out in Chicago the Obama administration's national agenda. So too with the attack on pensions.



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