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POLITICS | Updated January 8, 2013, 7:32 p.m. ET

Lawmakers Fail in Efforts to Fix Illinois Pension Gap

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By [MARK PETERS](#) and [DOUGLAS BELKIN](#)

SPRINGFIELD, Ill.—Illinois lawmakers failed to address the deepest public-pension shortfall in the nation Tuesday, unable to come to an agreement before a new legislature is sworn in.

"All that happens is the problem gets bigger and the solutions get more challenging," said Elaine Nekritz, a Democratic state representative and co-author of a failed bill that called for a freeze in the annual cost-of-living increase for public-sector retirees.



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Associated Press

Democratic Gov. Pat Quinn called for a bipartisan commission to recommend pension changes.

Lawmakers entered the lame-duck session with some optimism that a plan would be reached to fill the state's \$95 billion pension hole. After two bills championing different approaches died, Gov. Pat Quinn, a Democrat, took the extraordinary step of backing an eight-member bipartisan commission that would file a report by April 30. Their recommendations would have automatically become law unless both houses of the Democratically controlled

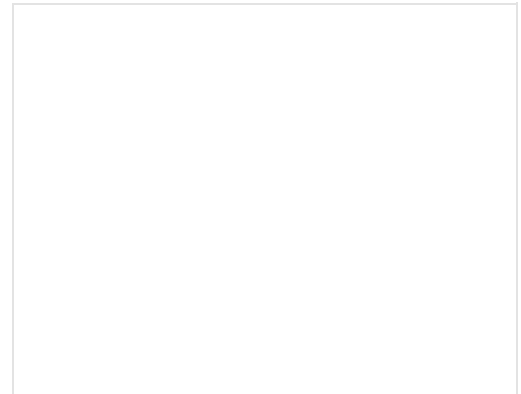
legislature voted them down within 30 days.

Mr. Quinn's proposal passed the House Personnel and Pension Committee 7-2, but the House declined to act on it, killing the proposal before it reached a floor vote.

"This proposal today was an emergency proposal. We have to act," Mr. Quinn said, after personally pitching the commission to the committee. "We cannot run in place. This is a way to break the gridlock."

Although the state's bond rating has been repeatedly downgraded, Illinois has still been able to borrow money at relatively low interest rates, making the pension crisis more a slope than a cliff. On top of that, the state's powerful unions have mobilized against any plans that call for them to endure severe cuts to their benefits.

Daniel Montgomery, president of the Illinois Federation of Teachers, said he and



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other public-sector union leaders were staunchly opposed to Mr. Quinn's last-minute plan.

"They abdicate their responsibility. They're elected to solve the problems of the state. Now they're saying: Let's create a commission of people who don't even have to be elected, who aren't responsible to anyone, and who may not know anything about the issue—and whatever they say becomes law," Mr. Montgomery said.

Mr. Quinn has frequently reiterated that more than \$17 million is added to the unfunded pension liability every day. Those costs have squeezed Illinois programs in education and health care, and the state is months late on many of its bills.

Until just a few hours before Mr. Quinn took the unusual step of calling for the creation of the commission, two competing plans were being debated. One would have frozen cost-of living-increases for retirees for six years and increased employee contributions, among other changes. A second, passed by the Senate last year, required those in the pension system to choose between a diminished cost-of-living increase and retiree health benefits.

Unions have threatened to sue the state if the legislature passes a decrease in their pension benefits, saying they are protected by the state Constitution..

Mr. Quinn had high hopes that a plan would be hammered out before new legislators were sworn in on Wednesday. The political calculus for passing a fix now becomes even more complicated.

According to a calculation by The Wall Street Journal, each of the nearly 13 million residents of Illinois owes more than \$7300 to cover the cost of the pension's deficit.

Write to Mark Peters at mark.peters@dowjones.com and Douglas Belkin at doug.belkin@wsj.com

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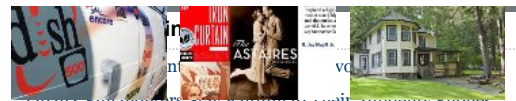
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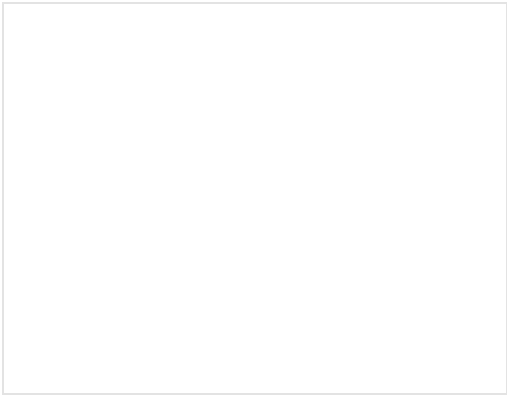
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