

TUA NEWS RELEASE

TAXPAYERS UNITED OF AMERICA

205 W. Randolph Street • Suite 1305 • Chicago, IL 60606 • Fax: (312) 427-5139
www.taxpayersunited.org • E-mail: tobin@taxpayersunited.org

FOR IMMEDIATE RELEASE
October 27, 2016

Contact: Jared Labell (312) 427-5128
(773) 766-4947

Chicago Police Department Threatens Taxpayers and Promotes Insecurity

Chicago, IL – Security comes at a price, but sometimes costs outweigh the supposed benefits. Chicago Police Department (CPD) retirees are costing taxpayers hundreds of millions of dollars in annual retirement pensions, and a number of retired CPD officers collecting pensions are responsible for hundreds of millions of dollars in settlements for police misconduct lawsuits.

“These excessive government pensions are funded by the city’s [property taxes](#),” said executive director of Taxpayers United of America, Jared Labell. “Taxpayers face the stark prospect of paying higher property taxes and increasingly exorbitant pension costs for more than ten thousand pensioners and lawsuit settlements, or even worse, they’re also a victim in one of these police misconduct cases.”

Chicago’s taxpayers are dealing with the second of four annual [property tax hikes](#) enacted as part of Mayor Rahm Emanuel and the Chicago City Council’s [historic \\$588 million property tax increase](#) last fall, nearly a quarter of which goes to fund CPD retiree pensions. Property tax bills are increasing on average by thirteen percent more than last year, and by 2020, the property tax increases will cost Chicago taxpayers nearly \$3 billion in total.

Gov. Rauner (R) [vetoed](#) Senate President John Cullerton’s (D) [SB 777](#) earlier this year, a bill that reduced the city’s required pension payments by roughly \$1 billion over the next five years, but prolonged the timeline from 2040 to 2055 for reaching a 90 percent funding ratio. Rauner was right to veto the legislation because of the billions of dollars in tax increases it would lead to in the future.

The Illinois General Assembly overrode Gov. Rauner’s veto and the bill became law, Public Act 99-0506, promising to increase forced taxpayer payments to the Policemen’s Annuity and Benefit Fund of Chicago (PABFC) by approximately \$18.6 billion.

“However, even that funding ratio is insufficient for long-term solvency, if politicians can simply change the laws when they implement disastrous policies, like Get Out of Jail Free cards in Monopoly,” said Labell.

“The PABFC paid out more than \$668 million in benefits in 2015, according to the most recent [financial report](#) and data obtained through Freedom of Information Act requests. Benefits are projected to hit and remain above \$1 billion by 2026 and through 2055,” said Labell. “Thirty years of assumptions are dubious at best, considering some of the startling figures PABFC willingly admits to in its own financial statements.”

For fiscal year 2015, employer contributions – Chicago property tax dollars – totaled more than \$572.8 million, while employees only paid around \$107.6 million into their own retirements. Taxpayers are forced to contribute \$5.32 for every dollar employees contribute to their own pensions, or 532%. The fund boasts a sorry funding ratio of less than 26% and net pension liabilities around \$8.9 billion.

WirePoints Illinois’ Mark Glennon has reported time and again about why these numbers and accounting standards should be [doubted](#), wisely concluding, “Accountants hired by governmental units with pensions need

TUA NEWS RELEASE

TAXPAYERS UNITED OF AMERICA

205 W. Randolph Street • Suite 1305 • Chicago, IL 60606 • Fax: (312) 427-5139
www.taxpayersunited.org • E-mail: tobin@taxpayersunited.org

FOR IMMEDIATE RELEASE

October 27, 2016

Contact: Jared Labell (312) 427-5128

(773) 766-4947

to get on the reform train, too. Ultimately, their primary job is supposed to be producing financial statements that fairly present the financial condition of the governmental units they report on. They're not doing it. Blame that profession for helping cover up a \$5 trillion national financial crisis that's gradually destroying hundreds of governments across the country."

"There are roughly 13,000 CPD retirees at present, compared to twelve thousand active members, so there are around one thousand more retirees collecting pensions than contributing currently," said Labell. "And active members are barely paying into their own retirements. These government pensions alone are unsustainable, but if taxpayers realized how much of their hard-earned dollars are lost to settlements for police misconduct lawsuits, Chicago's residents might consider a tax revolt."

One issue at the center of these cases is [qualified immunity](#), which Cornell University Law School's Legal Information Institute explains, "balances two important interests—the need to hold public officials accountable when they exercise power irresponsibly and the need to shield officials from harassment, distraction, and liability when they perform their duties reasonably." However, "qualified immunity is not immunity from having to pay money damages, but rather immunity from having to go through the costs of a trial at all...Qualified immunity only applies to suits against government officials as individuals, not suits against the government for damages caused by the officials' actions. Although qualified immunity frequently appears in cases involving police officers, it also applies to most other executive branch officials."

According to the [Chicago Reporter](#), six-hundred and fifty-five lawsuits filed between 2012 and 2015 resulted in Chicago taxpayers paying \$210 million in settlements for cases of police misconduct, exceeding the CPD budget by almost \$200 million. Chicago borrowed money with long-term bonds to pay settlement costs, but the interest payments will more than double taxpayers' costs for settling police misconduct cases. In 2014 alone, Chicago spent \$67 million in settlements and fees for lawyers. The median settlement is \$36,000, and on average, CPD settles a lawsuit against the department almost every other day. 86% of cases stemming from false arrests, illegal searches and seizures, and excessive force complaints result in settlements.

For example, there's the story of [Thaddeus Jimenez](#) and his settlement for \$25 million against the City of Chicago because of police detective Jerome Bogucki, who retired in late 2006 and still receives an annual pension of more than \$76,000. "Falsely accused of the 1993 murder of Eric Morro, Jimenez had nothing to do with the murder and was home with his family playing videogames and doing homework when Morro, 19, was shot to death. There was no physical evidence connecting Jimenez to the murder; Jimenez consistently maintained his innocence; and someone else confessed to the crime. Students from the Center on Wrongful Convictions later helped convince the Cook County State's Attorney's Office to reopen the case and conducted a two-year review leading to a motion to vacate the conviction of Jimenez and his eventual release from state prison at the age of 30."

"Jimenez sued the City of Chicago and former Chicago police detective Jerome Bogucki for violating his rights in connection with the wrongful conviction. In January 2012, a federal jury awarded Jimenez \$25 million, possibly the largest award from wrongful conviction in the city's history."

"Alleging errors in jury selection and during trial, Bogucki and the City are seeking a new trial even though Bogucki acknowledged prior to the start of the punitive damage phase at trial that the verdict was "correct in every way." After receiving that acknowledgement and Bogucki's sworn testimony that he violated Jimenez's constitutional rights, U.S. District Court Judge Matthew F. Kennelly canceled the punitive damages trial and

TUA NEWS RELEASE

TAXPAYERS UNITED OF AMERICA

205 W. Randolph Street • Suite 1305 • Chicago, IL 60606 • Fax: (312) 427-5139
www.taxpayersunited.org • E-mail: tobin@taxpayersunited.org

FOR IMMEDIATE RELEASE

October 27, 2016

Contact: Jared Labell (312) 427-5128

(773) 766-4947

entered judgment on the jury's \$25 million verdict. Bogucki and the City then appealed. A motion by Bogucki to keep his admission out of the appellate record has been rejected.”

Former Police Superintendents Philip Cline and Terry Hillard, the top two pensioners for the PABFC, were both named in four police misconduct lawsuits that cost Chicago taxpayers more than \$12 million and \$22 million, respectively. Cline continues to collect an annual pension of \$167,013 and Hillard collects \$158,143 annually.

“The solution might be elusive at the moment,” said Labell. “Government officials, from Mayors to cops and their police unions, regularly interfere with reform measures, like civilian review boards, due to perverse incentive structures that reward bureaucrats who evade justice. Tim Lynch, director of the Cato Institute’s Project on Criminal Justice, [noted recently](#):

“Another way power brokers have undermined the boards has been by depriving them of the funds needed to do their work properly. Without investigators and staff to dig into citizen complaints, backlogs occur. What’s more, some jurisdictions have rules in place that say if the board does not sustain a complaint within a year, the case must be dismissed. Thus, many complaints are tossed away, not because they were unfounded, but only because the board did not sustain the complaint fast enough. Chicago Mayor Rahm Emanuel had to allay funding concerns recently with his reform package. Emanuel agreed to a minimum guaranteed funding level for his newly proposed [Civilian Office of Police Accountability](#). It remains unclear how a political compromise this year can bind Chicago mayors and council members.”

Mayor Rahm Emanuel’s plan to grow the Chicago Police Department with thousands of new police officers over the next two years will also be [disastrous for taxpayers](#), especially when considering the already dire pension situation, as analyzed by Cecilia Reyes of the *Chicago Tribune* earlier this month:

“A Tribune analysis of police pension fund data shows a large number of officers eligible for sweetened retirement benefits, an incentive known as “55 and out,” as part of their contract, which expires in June 30, 2017.

There are 569 officers who have served for at least 26 years, the average time for retirees between 2011 and 2015, and are at least 55 years old. Officers 55 or older qualify for extended health care benefits, extending coverage, paid for by the department, until an officer is eligible for Medicare.

There are 3,840 officers who have served for at least 20 years, at which point, pension benefits grow by about \$2,000 each month, the pension fund estimates. Of eligible officers, 2,592 officers are older than 50, when their pensions start to be paid.”

“The taxpayers of Chicago do not need to trade their liberty for security, nor trade their property taxes for a costly government police monopoly,” said Labell. “And honestly, CPD is not the gold standard in maintaining peace or stability. Just have a look at the police misconduct records and their own financial statements. CPD is a bastion of insecurity.”

Visit taxpayersunited.org to view annual pensions for the Policemen’s Annuity and Benefit Fund of Chicago.