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## Pension woes affect other programs

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there's no money ... They don't know what they're going to do."

Illinois owes tens of billions in past-due payments to its five state employee pension systems. That leaves less and less money for other needs — and the ripple effects are growing each year along with the debt.

Lawmakers in 1995 set up a 50-year plan to pay down the debt and get the funds to 90 percent funded (they are at 63 percent currently). But rather than structure flat annual payments over that time, they set up the plan with small initial payments that gradually increase each year. They hoped an improving economy would make increases easier to handle.

So every year, lawmakers are required to direct more tax money to paying off past pension debt. In 2005, that payment was about \$2 billion. Next year, it's supposed to be \$3.3 billion. By 2010, it's more than \$4 billion.

Those are steep increases in any year. But when the state budget has a \$750 million hole and tax revenues are expected to start slipping, it nearly wipes out any new money that could go to other needs.

"It's a major squeeze on the general revenue fund, and it brings to crisis proportions what would be a problem even without the pension issue," said John Bouman of the Shriver National Center on Poverty Law in Chicago.

That means less cash available to fix pothole-ridden roads, relieve prison overcrowding, fix beaten-up schools or give child-care subsidies to people like Michelle Ramirez, a single mother in Chicago who sends her kids, 3 and 4, to day care while she works as a receptionist.

Ramirez said she recently had to switch day care centers and has seen her monthly day care copay rise from \$100 to \$360 a month. To make ends meet, she's moved to a cheaper apartment and gotten rid of her car, and she's had to put off going back to school to get a college degree.

"We don't do things as much as we used to," Ramirez said.

By **Ryan Keith**

**THE ASSOCIATED PRESS**

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SPRINGFIELD — The state's \$42 billion pension problem is a regular worry for Virginia Yates, a widow who worked for 27 years as a mental health technician in southern Illinois.

She and other retirees who say they are just trying to keep up with expenses on modest pensions share some fears:

Will the state follow through on its promises? Could they reduce retirement payments, or cut them altogether, if there's not enough money?

"Now we have to fight to keep what we fought to get," said Yates, who lives in Sandoval and collects about \$1,500 a month in pension payments. "People are scared because

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They're hardly alone.

The Blagojevich administration notes that nearly \$6 billion has been put into K-12 school funding since he took office in 2003 — but pension debt will climb by about \$4.8 billion this year alone.

If the state could cut its \$42 billion pension debt to \$20 billion, that would free up \$1.8 billion a year. In just three years, the state could nearly double education funding if all that cash went there.

The state owes the pension systems 8.5 percent interest on debt that it carries over every year. That amounts to \$3.6 billion in interest — enough to give all public schools and colleges a 40 percent funding increase this year. Or enough to pay a year's worth of \$150-a-month electric bills for 2 million people.

The administration is pushing legislators to take immediate action.

"We'd have other challenges, more education funding and a number of other things that might be out there," said John Filan, Gov. Rod Blagojevich's top budget adviser. "But we wouldn't have this annual sort of frozen in time (period) where we can't move forward because of the pension liability."

The situation makes a hard sell that much tougher for groups trying to help Ramirez and others. They come to the Capitol each year to lobby for social service improvements — tens of millions of dollars more for health care, child care subsidies and job training systems.

They get used to being told "no" by lawmakers who simply can't find the money to help. Even now, advocates are urging lawmakers to put another \$68 million into a program aimed at providing preschool for every Illinois child.

"Needless to say, we'll always have something on our plates that needs funding," said Sessy Nyman, vice president of public policy for Illinois Action for Children. "We haven't ever been the priority. We're always at the back of the line. How long are we supposed to wait?"

Nyman's group praised lawmakers for supporting recent improvements for low-income families who need affordable child care to stay employed, such as raising the income threshold for who can qualify for aid. But much more needs to be done, she says.

Blagojevich's budget proposal includes \$55 million to help child care providers cover their costs, but not another \$45 million needed to ensure the amount parents such as Ramirez have to pay for such care aren't too high.

Experts and advocates caution that pension debt isn't the only reason the state doesn't have more money for school funding, new state police cars, road improvements or better prison staffing.

But it clearly limits the discretion policymakers have with every budget.

"It causes a crowding-out effect of other important needs of the state," Comptroller Dan Hynes said. "That has a real impact."

For retirees, it's a matter of security.

Joyce King, who worked for the state on child welfare issues for 40 years, said retirees welcome any assurances they can get about their retirement, even if it takes state budget woes to get something done.

"I am dependent on that income," King said. "I don't want to be a bag lady."

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