

SNG-legal corruption-10-3-11 (750 words)

Legal corruption sullies Illinois governments

By Jim Nowlan

I became almost nauseous this past week as I read in the Chicago Tribune about union leaders in that city who were drawing huge pensions from the city's government based not upon their earlier, low-paid work for the city but upon their inflated union leaders' compensation. It represents legal corruption, and many across the state are guilty of participating in it.

Retired Chicago Federation of Labor president Dennis Gannon was rehired by the City of Chicago for one day, after years of being off the city payroll, so that he would qualify for a \$150,000 pension. His highest pay at the city was \$55,000.

Twenty-three other labor leaders are also gaming the system in what will cost the pension systems involved, and ultimately taxpayers, a total of \$56 million in pension payments.

Some background. Pension laws are set by the State of Illinois, through the General Assembly and governor. Boosts in pension benefits are easy for lawmakers to support, because they offer future benefits to government employees at seemingly no cost, that is, no immediate cost in the state budget.

Every two years an omnibus pension bill would wend its way quietly through the General Assembly. The thick bill would provide pension credits to government employees for such things as time served as a member of a park board or on the city

council, which are volunteer or low-paid positions, not generally thought of as jobs that carry pension credits.

All the legislators and lobbyists were aware of the bill (though not its details) and said nothing, myself included, when I was a president of a business trade association.

This was what happened in 1991 when the proviso was inserted in the pension bill that set a former city employee's pension on the basis, not of his city work, but on that of his high-flying salary as a union leader, which of course was unrelated to the city in any way.

Another example. State judicial positions are hotly contested, not because of the salary, but because pension credits are provided for earlier service as assistant state's attorneys and maybe for service on local government boards. The point is that many persons elected to the bench are eligible for hefty pensions almost from the day they are elected.

And it isn't just those big bad people in Chicago who play the game. Many school boards across Illinois have fallen into the practice of jacking up their superintendents' salary in the final two or three years prior to retirement. Retirement pay has been based on the highest three years of salary. So if a superintendent had been paid \$100,000 but then in his or her final three years that was boosted to \$200,000, the pension benefit would be increased dramatically—without the superintendent having paid into the system over the years to support such a high pension.

Much of the foundation for the shenanigans in Chicago go back to the 1870s or so, when the leaders of the heavily immigrant populations began taking over local governments. The poorly educated, often recently arrived, Irish, German, Italian, Polish

and Eastern European residents of the city were shunned by the better educated and more prosperous WASPs (white Anglo-Saxon Protestants).

These more recently arrived political leaders often decided that they could get the better of the WASPs, by doing well for themselves in government as well as by doing good for their constituents, at the expense of the wealthy taxpayers. Patronage and corruption reigned, and it apparently carries over to this day in the cultural values of many of those who go into government and politics in Chicago.

I define public corruption as “personal gain at public expense.” The pension scams certainly fit the definition. To pay the extravagant government pensions of the union leaders will require, for example, that taxpayers and current and future city employees pay more to keep the pension systems solvent.

According to the Civic Committee, a watchdog group, the city pension funds in question will be depleted of assets in 20 years, with nothing to pay legitimate pensioners, unless government steps in and unless the pension benefits of current and future employees are reduced.

As for the union bosses, there is nothing that can be done to block their pensions. The state constitution guarantees pension benefits that are legally “earned,” even though in these cases the benefits were technically legal though not ethical.

It’s enough to make you sick, and to lower even further trust and confidence in our governments, which scrapes the ground as it is.