

# COMMUNITIES IN CRISIS

More than half of Illinois cities get “F” grades for local pensions

## Melrose Park

2019 Grade: F

In 2003, Melrose Park’s police, fire and municipal pension funds already faced a shortfall of **\$37.1 million**. That meant every Melrose Park household, on average, was on the hook for **\$4,862** in future taxes just to eliminate that shortfall.

*Melrose Park began contributing more money – taxpayer dollars – to pensions in an attempt to make the plans healthier. Over the next 16 years, city contributions increasingly crowded out spending for public safety, roads and other core services.*

	2003	2019	Change
City (taxpayer) contributions to pensions	\$1.29 million	\$10.80 million	Up 8.4X
Share of city general budget for pensions	7.3%	21.8%	Up 3.0X

*Despite the ramp-up in city payments over those 16 years, Melrose Park’s pension debts didn’t decrease. Instead, they jumped by 3.9 times!*

By 2019, the shortfall in Melrose Park’s police, fire and municipal pension funds totaled **\$145.8 million**. That means each Melrose Park household, on average, is now on the hook for **\$18,484** in debt.

### Everyone loses under Melrose Park’s pension crisis:



#### Taxpayers are tapped out

Melrose Park residents are paying more and more into a broken system. City taxpayers in 2019 contributed 8.4 times more to pensions than in 2003, yet city debts are 3.9 times larger.



#### Pension costs are devouring the city’s budget

Melrose Park pension contributions have grown to consume 21.8% of the city’s budget, up from 7.3% in 2003. That’s crowded out spending on public safety, roads and other core services.



#### Melrose Park worker retirement security is collapsing

The health of Melrose Park’s local pension plans have worsened despite those increased taxpayer contributions. In 2003, the plans had 59.4% of the money they needed. By 2019, that had dropped to just 32.9%.



#### Melrose Park’s crisis will only get worse

Melrose Park has fewer active government workers available to help pay for a growing number of retirees. In 2003, there were 1.25 active workers for every pensioner. By 2019, there were 0.92 active workers per pensioner.

2019 GRADE



2003 GRADE



# Melrose Park receives an "F" grade for its local pension crisis

Local officials handcuffed by state pension mandates.

Wirepoints quantified the negative impact of local pensions by examining the finances of Illinois' 175 largest cities from 2003 to 2019. The analysis was based on ten equally-weighted metrics. Cities were given an A through F grade based on a 100-point scale (10 points per metric).\*

Melrose Park received an "F" grade in 2019. The city's total score dropped from 65 in 2003 to 34 in 2019, a decline of 31 points.

Melrose Park was one of 102 cities to receive an "F" grade in 2019.

Melrose Park Key Facts		
<b>City demographics</b>	<b>2000</b>	<b>2019</b>
Population	23,171	25,605
Households	7,625	7,888
Median household income	\$40,689	\$50,870
<b>City budget</b>	<b>2003</b>	<b>2019</b>
General revenues	\$17,650,513	\$49,438,582
Total revenues	\$48,000,554	\$104,373,359
Total property taxes	\$12,166,810	\$22,133,342
<b>Pension health (police, fire &amp; IMRF)</b>	<b>2003</b>	<b>2019</b>
Total accrued liabilities (benefits owed)	\$91,316,393	\$217,394,184
Total pension assets	\$54,245,789	\$71,594,912
Funded ratio	59.4%	32.9%
Total pension shortfall	\$37,070,604	\$145,799,272
Per household	\$4,862	\$18,484
Active public safety workers	133	128
Public safety pension beneficiaries	106	139
<b>City pension contributions</b>	<b>2003</b>	<b>2019</b>
City contributions	\$1,294,484	\$10,798,389
Per household	\$170	\$1,369
Percentage of city's general budget	7.3%	21.8%
Employees' contributions	\$891,506	\$1,446,442

175 Cities - Summary Scores			
Grade	Score	Number of cities	
		2003	2019
A	≥90	4	0
B	80-89	35	1
C	70-79	81	8
D	60-69	48	64
F	≤59	7	102

Melrose Park Score				
Metric	2003	2019	2003	2019
1. Police pension funded ratio	53.8%	30.8%	5	3
2. Firefighter pension funded ratio	52.6%	24.2%	5	2
3. Municipal (IMRF) pension funded ratio	135.4%	86.7%	10	8
4. City pension debts per household as a percentage of median household income	11.9%	36.3%	5	1
5. City contributions per household as a percentage of median household income	0.42%	2.69%	8	1
6. City contributions as a percentage of total budget	2.7%	10.3%	9	1
7. Ratio of city contributions to employee contributions	1.45	7.47	9	1
8. Percentage surplus/shortfall in actuarially-required city contribution (Police & Fire only)	-89.7%	-1.1%	1	9
9. Asset-to-payout ratio (Police & Fire only)	12.5	6.2	7	4
10. Worker-to-beneficiary ratio (Police & Fire only)	1.25	0.92	6	4
<b>Total score</b>			<b>65</b>	<b>34</b>
<b>Grade</b>			<b>D</b>	<b>F</b>

\*Wirepoints analyzed 175 of Illinois' largest cities, excluding Chicago, that have a local police, firefighter and municipal (IMRF) pension fund.

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