

# COMMUNITIES IN CRISIS

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

**North Chicago**

**2019 Grade: F**

In 2003, North Chicago’s police, fire and municipal pension funds already faced a shortfall of **\$12.5 million**. That meant every North Chicago household, on average, was on the hook for **\$1,613** in future taxes just to eliminate that shortfall.

*North Chicago 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	\$0.53 million	\$3.81 million	Up 7.2X
Share of city general budget for pensions	4.1%	16.9%	Up 4.2X

*Despite the ramp-up in city payments over those 16 years, North Chicago’s pension debts didn’t decrease. Instead, they jumped by 5.9 times!*

By 2019, the shortfall in North Chicago’s police, fire and municipal pension funds totaled **\$73.0 million**. That means each North Chicago household, on average, is now on the hook for **\$9,990** in debt.

## Everyone loses under North Chicago’s pension crisis:



### Taxpayers are tapped out

North Chicago residents are paying more and more into a broken system. City taxpayers in 2019 contributed 7.2 times more to pensions than in 2003, yet city debts are 5.9 times larger.



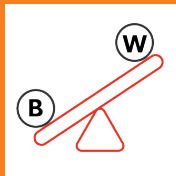
### Pension costs are devouring the city’s budget

North Chicago pension contributions have grown to consume 16.9% of the city’s budget, up from 4.1% in 2003. That’s crowded out spending on public safety, roads and other core services.



### North Chicago worker retirement security is collapsing

The health of North Chicago’s local pension plans have worsened despite those increased taxpayer contributions. In 2003, the plans had 70.3% of the money they needed. By 2019, that had dropped to just 34.8%.



### North Chicago’s crisis will only get worse

North Chicago has fewer active government workers available to help pay for a growing number of retirees. In 2003, there were 1.93 active workers for every pensioner. By 2019, there were 0.93 active workers per pensioner.

2019 GRADE



2003 GRADE



# North Chicago 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).\*

North Chicago received an "F" grade in 2019. The city's total score dropped from 74 in 2003 to 37 in 2019, a decline of 37 points.

North Chicago was one of 102 cities to receive an "F" grade in 2019.

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

North Chicago Key Facts		
<b>City demographics</b>	<b>2000</b>	<b>2019</b>
Population	35,918	29,971
Households	7,723	7,310
Median household income	\$38,180	\$43,094
<b>City budget</b>	<b>2003</b>	<b>2019</b>
General revenues	\$13,056,929	\$22,476,150
Total revenues	\$23,751,123	\$43,303,545
Total property taxes	\$3,038,601	\$10,893,965
<b>Pension health (police, fire &amp; IMRF)</b>	<b>2003</b>	<b>2019</b>
Total accrued liabilities (benefits owed)	\$41,992,546	\$111,926,973
Total pension assets	\$29,534,870	\$38,899,806
Funded ratio	70.3%	34.8%
Total pension shortfall	\$12,457,677	\$73,027,167
Per household	\$1,613	\$9,990
Active public safety workers	85	80
Public safety pension beneficiaries	44	86
<b>City pension contributions</b>	<b>2003</b>	<b>2019</b>
City contributions	\$531,944	\$3,805,503
Per household	\$69	\$521
Percentage of city's general budget	4.1%	16.9%
Employees' contributions	\$555,124	\$859,043

North Chicago Score				
Metric	2003	2019	2003	2019
1. Police pension funded ratio	63.9%	25.0%	6	2
2. Firefighter pension funded ratio	58.3%	30.1%	5	3
3. Municipal (IMRF) pension funded ratio	120.2%	91.4%	10	9
4. City pension debts per household as a percentage of median household income	4.2%	23.2%	8	1
5. City contributions per household as a percentage of median household income	0.18%	1.21%	9	4
6. City contributions as a percentage of total budget	2.2%	8.8%	9	3
7. Ratio of city contributions to employee contributions	0.96	4.43	10	4
8. Percentage surplus/shortfall in actuarially-required city contribution (Police & Fire only)	-63.1%	-34.3%	1	3
9. Asset-to-payout ratio (Police & Fire only)	14.0	6.2	7	4
10. Worker-to-beneficiary ratio (Police & Fire only)	1.93	0.93	9	4
<b>Total score</b>			<b>74</b>	<b>37</b>
<b>Grade</b>			<b>C</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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