

COMMUNITIES IN CRISIS

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

South Chicago Heights

2019 Grade: F

In 2003, South Chicago Heights’s police, fire and municipal pension funds already faced a shortfall of **\$0.8 million**. That meant every South Chicago Heights household, on average, was on the hook for **\$536** in future taxes just to eliminate that shortfall.

South Chicago Heights 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	\$0.04 million	\$0.36 million	Up 9.0X
Share of city general budget for pensions	1.9%	7.2%	Up 3.7X

Despite the ramp-up in city payments over those 16 years, South Chicago Heights’s pension debts didn’t decrease. Instead, they jumped by 6.6 times!

By 2019, the shortfall in South Chicago Heights’s police, fire and municipal pension funds totaled **\$5.6 million**. That means each South Chicago Heights household, on average, is now on the hook for **\$3,797** in debt.

Everyone loses under South Chicago Heights’s pension crisis:



Taxpayers are tapped out

South Chicago Heights residents are paying more and more into a broken system. City taxpayers in 2019 contributed 9.0 times more to pensions than in 2003, yet city debts are 6.6 times larger.



Pension costs are devouring the city’s budget

South Chicago Heights pension contributions have grown to consume 7.2% of the city’s budget, up from 1.9% in 2003. That’s crowded out spending on public safety, roads and other core services.



South Chicago Heights worker retirement security is collapsing

The health of South Chicago Heights’s local pension plans have worsened despite those increased taxpayer contributions. In 2003, the plans had 82.7% of the money they needed. By 2019, that had dropped to just 48.3%.



South Chicago Heights’s crisis will only get worse

South Chicago Heights has fewer active government workers available to help pay for a growing number of retirees. In 2003, there were 3.00 active workers for every pensioner. By 2019, there were 1.11 active workers per pensioner.

2019 GRADE

F

2003 GRADE

B

South Chicago Heights 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).*

South Chicago Heights received an "F" grade in 2019. The city's total score dropped from 82 in 2003 to 49 in 2019, a decline of 33 points.

South Chicago Heights 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

South Chicago Heights Key Facts		
City demographics	2000	2019
Population	3,970	4,076
Households	1,569	1,467
Median household income	\$39,639	\$41,138
City budget	2003	2019
General revenues	\$1,880,704	\$4,957,115
Total revenues	\$4,905,459	\$8,367,431
Total property taxes	\$1,362,767	\$2,062,875
Pension health (police, fire & IMRF)	2003	2019
Total accrued liabilities (benefits owed)	\$4,870,301	\$10,768,314
Total pension assets	\$4,029,026	\$5,198,508
Funded ratio	82.7%	48.3%
Total pension shortfall	\$841,274	\$5,569,806
Per household	\$536	\$3,797
Active public safety workers	12	10
Public safety pension beneficiaries	4	9
City pension contributions	2003	2019
City contributions	\$36,577	\$356,407
Per household	\$23	\$243
Percentage of city's general budget	1.9%	7.2%
Employees' contributions	\$56,870	\$91,665

South Chicago Heights Score				
Metric	2003	2019	2003	2019
1. Police pension funded ratio	81.3%	50.3%	8	5
2. Firefighter pension funded ratio	65.6%	0.8%	6	1
3. Municipal (IMRF) pension funded ratio	88.2%	49.7%	8	4
4. City pension debts per household as a percentage of median household income	1.4%	9.2%	9	6
5. City contributions per household as a percentage of median household income	0.06%	0.59%	10	7
6. City contributions as a percentage of total budget	0.7%	4.3%	10	7
7. Ratio of city contributions to employee contributions	0.64	3.89	10	5
8. Percentage surplus/shortfall in actuarially-required city contribution (Police & Fire only)	-82.1%	-32.0%	1	3
9. Asset-to-payout ratio (Police & Fire only)	32.3	11.4	10	6
10. Worker-to-beneficiary ratio (Police & Fire only)	3.00	1.11	10	5
Total score			82	49
Grade			B	F

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