

COMMUNITIES IN CRISIS

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

Sterling

2019 Grade: F

In 2003, Sterling’s police, fire and municipal pension funds already faced a shortfall of **\$7.1 million**. That meant every Sterling household, on average, was on the hook for **\$1,141** in future taxes just to eliminate that shortfall.

Sterling 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	\$0.49 million	\$2.47 million	Up 5.0X
Share of city general budget for pensions	6.9%	18.5%	Up 2.7X

Despite the ramp-up in city payments over those 16 years, Sterling’s pension debts didn’t decrease. Instead, they jumped by 3.5 times!

By 2019, the shortfall in Sterling’s police, fire and municipal pension funds totaled **\$25.0 million**. That means each Sterling household, on average, is now on the hook for **\$4,015** in debt.

Everyone loses under Sterling’s pension crisis:



Taxpayers are tapped out

Sterling residents are paying more and more into a broken system. City taxpayers in 2019 contributed 5.0 times more to pensions than in 2003, yet city debts are 3.5 times larger.



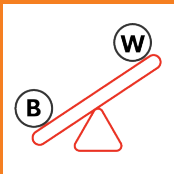
Pension costs are devouring the city’s budget

Sterling pension contributions have grown to consume 18.5% of the city’s budget, up from 6.9% in 2003. That’s crowded out spending on public safety, roads and other core services.



Sterling worker retirement security is collapsing

The health of Sterling’s local pension plans have worsened despite those increased taxpayer contributions. In 2003, the plans had 78.0% of the money they needed. By 2019, that had dropped to just 61.8%.



Sterling’s crisis will only get worse

Sterling has fewer active government workers available to help pay for a growing number of retirees. In 2003, there were 1.35 active workers for every pensioner. By 2019, there were 0.73 active workers per pensioner.

2019 GRADE



2003 GRADE



Sterling 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).*

Sterling received an "F" grade in 2019. The city's total score dropped from 71 in 2003 to 56 in 2019, a decline of 15 points.

Sterling 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

Sterling Key Facts		
City demographics	2000	2019
Population	15,451	14,782
Households	6,241	6,238
Median household income	\$37,664	\$43,685
City budget	2003	2019
General revenues	\$7,098,260	\$13,313,828
Total revenues	\$12,852,285	\$34,605,863
Total property taxes	\$2,207,539	\$5,919,749
Pension health (police, fire & IMRF)	2003	2019
Total accrued liabilities (benefits owed)	\$32,290,936	\$65,622,914
Total pension assets	\$25,172,910	\$40,576,856
Funded ratio	78.0%	61.8%
Total pension shortfall	\$7,118,026	\$25,046,058
Per household	\$1,141	\$4,015
Active public safety workers	54	43
Public safety pension beneficiaries	40	59
City pension contributions	2003	2019
City contributions	\$490,931	\$2,465,377
Per household	\$79	\$395
Percentage of city's general budget	6.9%	18.5%
Employees' contributions	\$362,329	\$436,805

Sterling Score				
Metric	2003	2019	2003	2019
1. Police pension funded ratio	63.5%	56.5%	6	5
2. Firefighter pension funded ratio	71.0%	51.5%	7	5
3. Municipal (IMRF) pension funded ratio	110.0%	96.1%	10	9
4. City pension debts per household as a percentage of median household income	3.0%	9.2%	8	6
5. City contributions per household as a percentage of median household income	0.21%	0.90%	8	6
6. City contributions as a percentage of total budget	3.8%	7.1%	8	4
7. Ratio of city contributions to employee contributions	1.35	5.64	9	3
8. Percentage surplus/shortfall in actuarially-required city contribution (Police & Fire only)	-48.5%	41.1%	1	10
9. Asset-to-payout ratio (Police & Fire only)	18.7	9.6	8	5
10. Worker-to-beneficiary ratio (Police & Fire only)	1.35	0.73	6	3
Total score			71	56
Grade			C	F

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

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