

COMMUNITIES IN CRISIS

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

Waukegan

2019 Grade: F

In 2003, Waukegan’s police, fire and municipal pension funds already faced a shortfall of **\$64.5 million**. That meant every Waukegan household, on average, was on the hook for **\$2,331** in future taxes just to eliminate that shortfall.

Waukegan 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	\$4.49 million	\$16.80 million	Up 3.7X
Share of city general budget for pensions	12.3%	23.8%	Up 1.9X

Despite the ramp-up in city payments over those 16 years, Waukegan’s pension debts didn’t decrease. Instead, they jumped by 2.9 times!

By 2019, the shortfall in Waukegan’s police, fire and municipal pension funds totaled **\$186.7 million**. That means each Waukegan household, on average, is now on the hook for **\$6,342** in debt.

Everyone loses under Waukegan’s pension crisis:



Taxpayers are tapped out

Waukegan residents are paying more and more into a broken system. City taxpayers in 2019 contributed 3.7 times more to pensions than in 2003, yet city debts are 2.9 times larger.



Pension costs are devouring the city’s budget

Waukegan pension contributions have grown to consume 23.8% of the city’s budget, up from 12.3% in 2003. That’s crowded out spending on public safety, roads and other core services.



Waukegan worker retirement security is collapsing

The health of Waukegan’s local pension plans have worsened despite those increased taxpayer contributions. In 2003, the plans had 62.1% of the money they needed. By 2019, that had dropped to just 54.1%.



Waukegan’s crisis will only get worse

Waukegan has fewer active government workers available to help pay for a growing number of retirees. In 2003, there were 1.51 active workers for every pensioner. By 2019, there were 0.98 active workers per pensioner.

2019 GRADE



2003 GRADE



Waukegan 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).*

Waukegan received an "F" grade in 2019. The city's total score dropped from 66 in 2003 to 50 in 2019, a decline of 16 points.

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

Waukegan Key Facts		
City demographics	2000	2019
Population	87,901	87,297
Households	27,676	29,441
Median household income	\$42,335	\$49,803
City budget	2003	2019
General revenues	\$36,469,037	\$70,543,040
Total revenues	\$83,496,128	\$162,611,614
Total property taxes	\$17,124,463	\$49,721,714
Pension health (police, fire & IMRF)	2003	2019
Total accrued liabilities (benefits owed)	\$170,240,965	\$407,130,549
Total pension assets	\$105,726,068	\$220,426,812
Funded ratio	62.1%	54.1%
Total pension shortfall	\$64,514,897	\$186,703,737
Per household	\$2,331	\$6,342
Active public safety workers	278	261
Public safety pension beneficiaries	184	266
City pension contributions	2003	2019
City contributions	\$4,494,255	\$16,799,624
Per household	\$162	\$571
Percentage of city's general budget	12.3%	23.8%
Employees' contributions	\$2,098,640	\$3,232,859

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

Waukegan Score				
Metric	2003	2019	2003	2019
1. Police pension funded ratio	50.5%	51.6%	5	5
2. Firefighter pension funded ratio	55.8%	49.5%	5	4
3. Municipal (IMRF) pension funded ratio	102.7%	79.3%	10	7
4. City pension debts per household as a percentage of median household income	5.5%	12.7%	7	4
5. City contributions per household as a percentage of median household income	0.38%	1.15%	8	5
6. City contributions as a percentage of total budget	5.4%	10.3%	6	1
7. Ratio of city contributions to employee contributions	2.14	5.20	7	3
8. Percentage surplus/shortfall in actuarially-required city contribution (Police & Fire only)	-26.7%	4.1%	4	10
9. Asset-to-payout ratio (Police & Fire only)	13.9	12.0	7	7
10. Worker-to-beneficiary ratio (Police & Fire only)	1.51	0.98	7	4
Total score			66	50
Grade			D	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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