

# COMMUNITIES IN CRISIS

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

## Chicago Heights

2019 Grade: F

In 2003, Chicago Heights’s police, fire and municipal pension funds already faced a shortfall of **\$21.0 million**. That meant every Chicago Heights household, on average, was on the hook for **\$1,959** in future taxes just to eliminate that shortfall.

*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	\$1.09 million	\$7.20 million	Up 6.6X
Share of city general budget for pensions	5.4%	18.2%	Up 3.4X

*Despite the ramp-up in city payments over those 16 years, Chicago Heights’s pension debts didn’t decrease. Instead, they jumped by 6.2 times!*

By 2019, the shortfall in Chicago Heights’s police, fire and municipal pension funds totaled **\$130.6 million**. That means each Chicago Heights household, on average, is now on the hook for **\$13,143** in debt.

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



#### Taxpayers are tapped out

Chicago Heights residents are paying more and more into a broken system. City taxpayers in 2019 contributed 6.6 times more to pensions than in 2003, yet city debts are 6.2 times larger.



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

Chicago Heights pension contributions have grown to consume 18.2% of the city’s budget, up from 5.4% in 2003. That’s crowded out spending on public safety, roads and other core services.



#### Chicago Heights worker retirement security is collapsing

The health of Chicago Heights’s local pension plans have worsened despite those increased taxpayer contributions. In 2003, the plans had 78.3% of the money they needed. By 2019, that had dropped to just 43.3%.



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

Chicago Heights has fewer active government workers available to help pay for a growing number of retirees. In 2003, there were 1.41 active workers for every pensioner. By 2019, there were 0.75 active workers per pensioner.

2019 GRADE

**F**

2003 GRADE

**C**

# 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).\*

Chicago Heights received an "F" grade in 2019. The city's total score dropped from 72 in 2003 to 37 in 2019, a decline of 35 points.

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

Chicago Heights Key Facts		
<b>City demographics</b>	<b>2000</b>	<b>2019</b>
Population	32,776	29,856
Households	10,736	9,939
Median household income	\$36,958	\$50,186
<b>City budget</b>	<b>2003</b>	<b>2019</b>
General revenues	\$20,077,315	\$39,560,131
Total revenues	\$39,976,534	\$80,884,067
Total property taxes	\$12,900,517	\$21,289,937
<b>Pension health (police, fire &amp; IMRF)</b>	<b>2003</b>	<b>2019</b>
Total accrued liabilities (benefits owed)	\$97,052,807	\$230,493,411
Total pension assets	\$76,021,624	\$99,864,960
Funded ratio	78.3%	43.3%
Total pension shortfall	\$21,031,183	\$130,628,451
Per household	\$1,959	\$13,143
Active public safety workers	154	129
Public safety pension beneficiaries	109	172
<b>City pension contributions</b>	<b>2003</b>	<b>2019</b>
City contributions	\$1,086,591	\$7,198,805
Per household	\$101	\$724
Percentage of city's general budget	5.4%	18.2%
Employees' contributions	\$1,031,446	\$1,357,453

## Chicago Heights Score

Metric	2003	2019	2003	2019
1. Police pension funded ratio	73.8%	42.0%	7	4
2. Firefighter pension funded ratio	66.7%	34.7%	6	3
3. Municipal (IMRF) pension funded ratio	129.5%	97.1%	10	9
4. City pension debts per household as a percentage of median household income	5.3%	26.2%	7	1
5. City contributions per household as a percentage of median household income	0.27%	1.44%	8	2
6. City contributions as a percentage of total budget	2.7%	8.9%	9	3
7. Ratio of city contributions to employee contributions	1.05	5.30	9	3
8. Percentage surplus/shortfall in actuarially-required city contribution (Police & Fire only)	-59.6%	-23.3%	1	5
9. Asset-to-payout ratio (Police & Fire only)	18.4	7.8	8	4
10. Worker-to-beneficiary ratio (Police & Fire only)	1.41	0.75	7	3
<b>Total score</b>			<b>72</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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