

# COMMUNITIES IN CRISIS

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

## Arlington Heights

## 2019 Grade: D

In 2003, Arlington Heights's police, fire and municipal pension funds already faced a shortfall of **\$40.8 million**. That meant every Arlington Heights household, on average, was on the hook for **\$1,324** in future taxes just to eliminate that shortfall.

*Arlington 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	\$4.83 million	\$14.19 million	Up 2.9X
Share of city general budget for pensions	11.6%	18.5%	Up 1.6X

*Despite the ramp-up in city payments over those 16 years, Arlington Heights's pension debts didn't decrease. Instead, they jumped by 2.6 times!*

By 2019, the shortfall in Arlington Heights's police, fire and municipal pension funds totaled **\$105.5 million**. That means each Arlington Heights household, on average, is now on the hook for **\$3,422** in debt.

### Everyone loses under Arlington Heights's pension crisis:



#### Taxpayers are tapped out

Arlington Heights residents are paying more and more into a broken system. City taxpayers in 2019 contributed 2.9 times more to pensions than in 2003, yet city debts are 2.6 times larger.



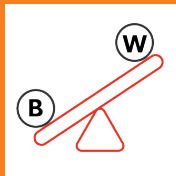
#### Pension costs are devouring the city's budget

Arlington Heights pension contributions have grown to consume 18.5% of the city's budget, up from 11.6% in 2003. That's crowded out spending on public safety, roads and other core services.



#### Arlington Heights worker retirement security is collapsing

The health of Arlington Heights's local pension plans have worsened despite those increased taxpayer contributions. In 2003, the plans had 77.6% of the money they needed. By 2019, that had dropped to just 75.5%.



#### Arlington Heights's crisis will only get worse

Arlington Heights has fewer active government workers available to help pay for a growing number of retirees. In 2003, there were 1.79 active workers for every pensioner. By 2019, there were 0.95 active workers per pensioner.

2019 GRADE



2003 GRADE



# Arlington Heights receives a "D" 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).\*

Arlington Heights received a "D" grade in 2019. The city's total score dropped from 74 in 2003 to 69 in 2019, a decline of 5 points.

Arlington Heights was one of 64 cities to receive a "D" 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

Arlington Heights Key Facts		
<b>City demographics</b>	<b>2000</b>	<b>2019</b>
Population	76,031	75,482
Households	30,844	30,838
Median household income	\$67,807	\$96,340
<b>City budget</b>	<b>2003</b>	<b>2019</b>
General revenues	\$41,778,047	\$76,561,331
Total revenues	\$104,153,127	\$205,137,246
Total property taxes	\$31,024,328	\$38,008,545
<b>Pension health (police, fire &amp; IMRF)</b>	<b>2003</b>	<b>2019</b>
Total accrued liabilities (benefits owed)	\$182,366,088	\$431,290,115
Total pension assets	\$141,534,750	\$325,770,828
Funded ratio	77.6%	75.5%
Total pension shortfall	\$40,831,338	\$105,519,287
Per household	\$1,324	\$3,422
Active public safety workers	213	210
Public safety pension beneficiaries	119	220
<b>City pension contributions</b>	<b>2003</b>	<b>2019</b>
City contributions	\$4,827,472	\$14,188,345
Per household	\$157	\$460
Percentage of city's general budget	11.6%	18.5%
Employees' contributions	\$2,190,823	\$3,624,495

Arlington Heights Score				
Metric	2003	2019	2003	2019
1. Police pension funded ratio	76.7%	77.4%	7	7
2. Firefighter pension funded ratio	64.5%	73.5%	6	7
3. Municipal (IMRF) pension funded ratio	94.7%	75.6%	9	7
4. City pension debts per household as a percentage of median household income	2.0%	3.6%	8	8
5. City contributions per household as a percentage of median household income	0.23%	0.48%	8	8
6. City contributions as a percentage of total budget	4.6%	6.9%	7	5
7. Ratio of city contributions to employee contributions	2.20	3.91	7	5
8. Percentage surplus/shortfall in actuarially-required city contribution (Police & Fire only)	-21.3%	34.2%	5	10
9. Asset-to-payout ratio (Police & Fire only)	20.3	16.9	9	8
10. Worker-to-beneficiary ratio (Police & Fire only)	1.79	0.95	8	4
<b>Total score</b>			<b>74</b>	<b>69</b>
<b>Grade</b>			<b>C</b>	<b>D</b>

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

Communities in crisis: More than half of Illinois cities get "F" grades for local pensions

