

# COMMUNITIES IN CRISIS

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

## Galesburg

## 2019 Grade: F

In 2003, Galesburg’s police, fire and municipal pension funds already faced a shortfall of **\$19.5 million**. That meant every Galesburg household, on average, was on the hook for **\$1,480** in future taxes just to eliminate that shortfall.

*Galesburg 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	\$1.44 million	\$5.62 million	Up 3.9X
Share of city general budget for pensions	8.3%	22.6%	Up 2.7X

*Despite the ramp-up in city payments over those 16 years, Galesburg’s pension debts didn’t decrease. Instead, they jumped by 3.7 times!*

By 2019, the shortfall in Galesburg’s police, fire and municipal pension funds totaled **\$72.0 million**. That means each Galesburg household, on average, is now on the hook for **\$5,798** in debt.

### Everyone loses under Galesburg’s pension crisis:



#### Taxpayers are tapped out

Galesburg residents are paying more and more into a broken system. City taxpayers in 2019 contributed 3.9 times more to pensions than in 2003, yet city debts are 3.7 times larger.



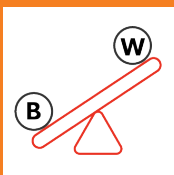
#### Pension costs are devouring the city’s budget

Galesburg pension contributions have grown to consume 22.6% of the city’s budget, up from 8.3% in 2003. That’s crowded out spending on public safety, roads and other core services.



#### Galesburg worker retirement security is collapsing

The health of Galesburg’s local pension plans have worsened despite those increased taxpayer contributions. In 2003, the plans had 74.0% of the money they needed. By 2019, that had dropped to just 47.9%.



#### Galesburg’s crisis will only get worse

Galesburg has fewer active government workers available to help pay for a growing number of retirees. In 2003, there were 0.96 active workers for every pensioner. By 2019, there were 0.70 active workers per pensioner.

2019 GRADE



2003 GRADE



# Galesburg 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).\*

Galesburg received an "F" grade in 2019. The city's total score dropped from 65 in 2003 to 43 in 2019, a decline of 22 points.

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

Galesburg Key Facts		
<b>City demographics</b>	<b>2000</b>	<b>2019</b>
Population	33,706	30,689
Households	13,201	12,423
Median household income	\$31,987	\$36,547
<b>City budget</b>	<b>2003</b>	<b>2019</b>
General revenues	\$17,226,782	\$24,866,398
Total revenues	\$35,082,735	\$70,497,535
Total property taxes	\$6,648,961	\$11,157,865
<b>Pension health (police, fire &amp; IMRF)</b>	<b>2003</b>	<b>2019</b>
Total accrued liabilities (benefits owed)	\$74,993,185	\$138,314,783
Total pension assets	\$55,461,899	\$66,284,663
Funded ratio	74.0%	47.9%
Total pension shortfall	\$19,531,286	\$72,030,120
Per household	\$1,480	\$5,798
Active public safety workers	98	90
Public safety pension beneficiaries	102	128
<b>City pension contributions</b>	<b>2003</b>	<b>2019</b>
City contributions	\$1,436,378	\$5,623,420
Per household	\$109	\$453
Percentage of city's general budget	8.3%	22.6%
Employees' contributions	\$596,105	\$983,799

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

Galesburg Score				
Metric	2003	2019	2003	2019
1. Police pension funded ratio	66.8%	47.6%	6	4
2. Firefighter pension funded ratio	69.6%	43.2%	6	4
3. Municipal (IMRF) pension funded ratio	93.2%	61.8%	9	6
4. City pension debts per household as a percentage of median household income	4.6%	15.9%	8	1
5. City contributions per household as a percentage of median household income	0.34%	1.24%	8	4
6. City contributions as a percentage of total budget	4.1%	8.0%	7	3
7. Ratio of city contributions to employee contributions	2.41	5.72	7	3
8. Percentage surplus/shortfall in actuarially-required city contribution (Police & Fire only)	-45.1%	3.4%	1	10
9. Asset-to-payout ratio (Police & Fire only)	20.0	9.0	9	5
10. Worker-to-beneficiary ratio (Police & Fire only)	0.96	0.70	4	3
<b>Total score</b>			<b>65</b>	<b>43</b>
<b>Grade</b>			<b>D</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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