

# COMMUNITIES IN CRISIS

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

## Hanover Park

## 2019 Grade: D

In 2003, Hanover Park’s police, fire and municipal pension funds already faced a shortfall of **\$14.8 million**. That meant every Hanover Park household, on average, was on the hook for **\$1,315** in future taxes just to eliminate that shortfall.

*Hanover Park 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	\$0.98 million	\$5.05 million	Up 5.2X
Share of city general budget for pensions	5.9%	13.2%	Up 2.3X

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

By 2019, the shortfall in Hanover Park’s police, fire and municipal pension funds totaled **\$51.6 million**. That means each Hanover Park household, on average, is now on the hook for **\$4,569** in debt.

### Everyone loses under Hanover Park’s pension crisis:



#### Taxpayers are tapped out

Hanover Park residents are paying more and more into a broken system. City taxpayers in 2019 contributed 5.2 times more to pensions than in 2003, yet city debts are 3.5 times larger.



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

Hanover Park pension contributions have grown to consume 13.2% of the city’s budget, up from 5.9% in 2003. That’s crowded out spending on public safety, roads and other core services.



#### Hanover Park worker retirement security is collapsing

The health of Hanover Park’s local pension plans have worsened despite those increased taxpayer contributions. In 2003, the plans had 67.7% of the money they needed. By 2019, that had dropped to just 58.6%.



#### Hanover Park’s crisis will only get worse

Hanover Park has fewer active government workers available to help pay for a growing number of retirees. In 2003, there were 2.88 active workers for every pensioner. By 2019, there were 1.15 active workers per pensioner.

2019 GRADE

**D**

2003 GRADE

**C**

# Hanover Park 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).\*

Hanover Park received a "D" grade in 2019. The city's total score dropped from 72 in 2003 to 63 in 2019, a decline of 9 points.

Hanover Park 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

Hanover Park Key Facts		
<b>City demographics</b>	<b>2000</b>	<b>2019</b>
Population	38,278	37,984
Households	11,271	11,301
Median household income	\$61,358	\$76,615
<b>City budget</b>	<b>2003</b>	<b>2019</b>
General revenues	\$16,770,867	\$38,131,184
Total revenues	\$30,635,287	\$73,929,416
Total property taxes	\$7,892,576	\$16,811,935
<b>Pension health (police, fire &amp; IMRF)</b>	<b>2003</b>	<b>2019</b>
Total accrued liabilities (benefits owed)	\$45,915,572	\$124,817,110
Total pension assets	\$31,093,917	\$73,178,830
Funded ratio	67.7%	58.6%
Total pension shortfall	\$14,821,655	\$51,638,280
Per household	\$1,315	\$4,569
Active public safety workers	75	90
Public safety pension beneficiaries	26	78
<b>City pension contributions</b>	<b>2003</b>	<b>2019</b>
City contributions	\$982,119	\$5,048,868
Per household	\$87	\$447
Percentage of city's general budget	5.9%	13.2%
Employees' contributions	\$632,664	\$1,293,111

Hanover Park Score				
Metric	2003	2019	2003	2019
1. Police pension funded ratio	50.8%	54.2%	5	5
2. Firefighter pension funded ratio	64.7%	59.5%	6	5
3. Municipal (IMRF) pension funded ratio	90.6%	71.5%	9	7
4. City pension debts per household as a percentage of median household income	2.1%	6.0%	8	7
5. City contributions per household as a percentage of median household income	0.14%	0.58%	9	7
6. City contributions as a percentage of total budget	3.2%	6.8%	8	5
7. Ratio of city contributions to employee contributions	1.55	3.90	8	5
8. Percentage surplus/shortfall in actuarially-required city contribution (Police & Fire only)	-45.8%	15.5%	1	10
9. Asset-to-payout ratio (Police & Fire only)	18.5	13.2	8	7
10. Worker-to-beneficiary ratio (Police & Fire only)	2.88	1.15	10	5
<b>Total score</b>			<b>72</b>	<b>63</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.

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