

# COMMUNITIES IN CRISIS

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

## Highwood

## 2019 Grade: D

In 2003, Highwood’s police, fire and municipal pension funds already faced a shortfall of **\$1.1 million**. That meant every Highwood household, on average, was on the hook for **\$720** in future taxes just to eliminate that shortfall.

*Highwood 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 | \$0.21 million | \$0.55 million | Up 2.6X |
| Share of city general budget for pensions | 7.3%           | 10.0%          | Up 1.4X |

*Despite the ramp-up in city payments over those 16 years, Highwood’s pension debts didn’t decrease. Instead, they jumped by 2.7 times!*

By 2019, the shortfall in Highwood’s police, fire and municipal pension funds totaled **\$3.0 million**. That means each Highwood household, on average, is now on the hook for **\$1,572** in debt.

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



#### Taxpayers are tapped out

Highwood residents are paying more and more into a broken system. City taxpayers in 2019 contributed 2.6 times more to pensions than in 2003, yet city debts are 2.7 times larger.



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

Highwood pension contributions have grown to consume 10.0% of the city’s budget, up from 7.3% in 2003. That’s crowded out spending on public safety, roads and other core services.



#### Highwood worker retirement security is still at risk

The health of Highwood’s local pension plans have stagnated despite increased taxpayer contributions. In 2003, the plans had 76.0% of the money they needed. By 2019, that had increased slightly to just 77.6%, far from healthy.



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

Highwood has fewer active government workers available to help pay for a growing number of retirees. In 2003, there were 3.33 active workers for every pensioner. By 2019, there were 0.48 active workers per pensioner.

2019 GRADE



2003 GRADE



# Highwood 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).\*

Highwood received a "D" grade in 2019. The city's total score dropped from 79 in 2003 to 69 in 2019, a decline of 10 points.

Highwood was one of 64 cities to receive a "D" grade in 2019.

| Highwood Key Facts                              |             |              |
|-------------------------------------------------|-------------|--------------|
| <b>City demographics</b>                        | <b>2000</b> | <b>2019</b>  |
| Population                                      | 4,143       | 5,310        |
| Households                                      | 1,529       | 1,897        |
| Median household income                         | \$42,993    | \$63,388     |
| <b>City budget</b>                              | <b>2003</b> | <b>2019</b>  |
| General revenues                                | \$2,824,984 | \$5,434,836  |
| Total revenues                                  | \$4,656,291 | \$9,519,987  |
| Total property taxes                            | \$725,199   | \$2,400,152  |
| <b>Pension health (police, fire &amp; IMRF)</b> | <b>2003</b> | <b>2019</b>  |
| Total accrued liabilities (benefits owed)       | \$4,589,840 | \$13,333,335 |
| Total pension assets                            | \$3,488,632 | \$10,350,501 |
| Funded ratio                                    | 76.0%       | 77.6%        |
| Total pension shortfall                         | \$1,101,208 | \$2,982,834  |
| Per household                                   | \$720       | \$1,572      |
| Active public safety workers                    | 20          | 10           |
| Public safety pension beneficiaries             | 6           | 21           |
| <b>City pension contributions</b>               | <b>2003</b> | <b>2019</b>  |
| City contributions                              | \$207,418   | \$545,362    |
| Per household                                   | \$136       | \$287        |
| Percentage of city's general budget             | 7.3%        | 10.0%        |
| Employees' contributions                        | \$98,921    | \$107,793    |

| 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  |

| Highwood Score                                                                                 |        |       |           |           |
|------------------------------------------------------------------------------------------------|--------|-------|-----------|-----------|
| Metric                                                                                         | 2003   | 2019  | 2003      | 2019      |
| 1. Police pension funded ratio                                                                 | 45.8%  | 64.1% | 4         | 6         |
| 2. Firefighter pension funded ratio                                                            | 89.0%  | 85.4% | 8         | 8         |
| 3. Municipal (IMRF) pension funded ratio                                                       | 110.1% | 95.3% | 10        | 9         |
| 4. City pension debts per household as a percentage of median household income                 | 1.7%   | 2.5%  | 9         | 8         |
| 5. City contributions per household as a percentage of median household income                 | 0.32%  | 0.45% | 8         | 8         |
| 6. City contributions as a percentage of total budget                                          | 4.5%   | 5.7%  | 7         | 6         |
| 7. Ratio of city contributions to employee contributions                                       | 2.10   | 5.06  | 7         | 3         |
| 8. Percentage surplus/shortfall in actuarially-required city contribution (Police & Fire only) | 0.9%   | 27.8% | 10        | 10        |
| 9. Asset-to-payout ratio (Police & Fire only)                                                  | 10.5   | 21.3  | 6         | 9         |
| 10. Worker-to-beneficiary ratio (Police & Fire only)                                           | 3.33   | 0.48  | 10        | 2         |
| <b>Total score</b>                                                                             |        |       | <b>79</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.