

COMMUNITIES IN CRISIS

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

Homewood

2019 Grade: F

In 2003, Homewood’s police, fire and municipal pension funds already faced a shortfall of **\$7.4 million**. That meant every Homewood household, on average, was on the hook for **\$983** in future taxes just to eliminate that shortfall.

Homewood 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	\$0.56 million	\$2.40 million	Up 4.3X
Share of city general budget for pensions	5.5%	12.1%	Up 2.2X

Despite the ramp-up in city payments over those 16 years, Homewood’s pension debts didn’t decrease. Instead, they jumped by 5.1 times!

By 2019, the shortfall in Homewood’s police, fire and municipal pension funds totaled **\$37.8 million**. That means each Homewood household, on average, is now on the hook for **\$5,110** in debt.

Everyone loses under Homewood’s pension crisis:



Taxpayers are tapped out

Homewood residents are paying more and more into a broken system. City taxpayers in 2019 contributed 4.3 times more to pensions than in 2003, yet city debts are 5.1 times larger.



Pension costs are devouring the city’s budget

Homewood pension contributions have grown to consume 12.1% of the city’s budget, up from 5.5% in 2003. That’s crowded out spending on public safety, roads and other core services.



Homewood worker retirement security is collapsing

The health of Homewood’s local pension plans have worsened despite those increased taxpayer contributions. In 2003, the plans had 81.1% of the money they needed. By 2019, that had dropped to just 60.0%.



Homewood’s crisis will only get worse

Homewood has fewer active government workers available to help pay for a growing number of retirees. In 2003, there were 2.60 active workers for every pensioner. By 2019, there were 1.16 active workers per pensioner.

2019 GRADE



2003 GRADE



Homewood 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).*

Homewood received an "F" grade in 2019. The city's total score dropped from 83 in 2003 to 59 in 2019, a decline of 24 points.

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

Homewood Key Facts		
City demographics	2000	2019
Population	19,543	19,112
Households	7,564	7,394
Median household income	\$57,213	\$74,450
City budget	2003	2019
General revenues	\$10,232,787	\$19,831,565
Total revenues	\$22,611,862	\$36,217,364
Total property taxes	\$8,817,549	\$6,256,261
Pension health (police, fire & IMRF)	2003	2019
Total accrued liabilities (benefits owed)	\$39,288,178	\$94,446,156
Total pension assets	\$31,849,214	\$56,666,405
Funded ratio	81.1%	60.0%
Total pension shortfall	\$7,438,964	\$37,779,751
Per household	\$983	\$5,110
Active public safety workers	52	59
Public safety pension beneficiaries	20	51
City pension contributions	2003	2019
City contributions	\$558,517	\$2,400,942
Per household	\$74	\$325
Percentage of city's general budget	5.5%	12.1%
Employees' contributions	\$454,675	\$780,806

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

Homewood Score				
Metric	2003	2019	2003	2019
1. Police pension funded ratio	70.6%	52.5%	7	5
2. Firefighter pension funded ratio	80.3%	65.2%	8	6
3. Municipal (IMRF) pension funded ratio	106.2%	79.6%	10	7
4. City pension debts per household as a percentage of median household income	1.7%	6.9%	9	7
5. City contributions per household as a percentage of median household income	0.13%	0.44%	9	8
6. City contributions as a percentage of total budget	2.5%	6.6%	9	5
7. Ratio of city contributions to employee contributions	1.23	3.07	9	5
8. Percentage surplus/shortfall in actuarially-required city contribution (Police & Fire only)	-35.2%	-29.1%	2	4
9. Asset-to-payout ratio (Police & Fire only)	26.6	13.3	10	7
10. Worker-to-beneficiary ratio (Police & Fire only)	2.60	1.16	10	5
Total score			83	59
Grade			B	F

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

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