

COMMUNITIES IN CRISIS

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

Kewanee

2019 Grade: F

In 2003, Kewanee’s police, fire and municipal pension funds already faced a shortfall of **\$3.5 million**. That meant every Kewanee household, on average, was on the hook for **\$650** in future taxes just to eliminate that shortfall.

Kewanee 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	\$0.45 million	\$1.18 million	Up 2.6X
Share of city general budget for pensions	9.9%	18.6%	Up 1.9X

Despite the ramp-up in city payments over those 16 years, Kewanee’s pension debts didn’t decrease. Instead, they jumped by 6.1 times!

By 2019, the shortfall in Kewanee’s police, fire and municipal pension funds totaled **\$21.2 million**. That means each Kewanee household, on average, is now on the hook for **\$4,335** in debt.

Everyone loses under Kewanee’s pension crisis:



Taxpayers are tapped out

Kewanee 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 6.1 times larger.



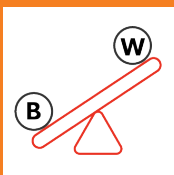
Pension costs are devouring the city’s budget

Kewanee pension contributions have grown to consume 18.6% of the city’s budget, up from 9.9% in 2003. That’s crowded out spending on public safety, roads and other core services.



Kewanee worker retirement security is collapsing

The health of Kewanee’s local pension plans have worsened despite those increased taxpayer contributions. In 2003, the plans had 81.9% of the money they needed. By 2019, that had dropped to just 50.9%.



Kewanee’s crisis will only get worse

Kewanee has fewer active government workers available to help pay for a growing number of retirees. In 2003, there were 1.11 active workers for every pensioner. By 2019, there were 0.68 active workers per pensioner.

2019 GRADE



2003 GRADE



Kewanee 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).*

Kewanee received an "F" grade in 2019. The city's total score dropped from 69 in 2003 to 49 in 2019, a decline of 20 points.

Kewanee was one of 102 cities to receive an "F" 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

Kewanee Key Facts		
City demographics	2000	2019
Population	12,944	12,547
Households	5,335	4,897
Median household income	\$29,895	\$41,664
City budget	2003	2019
General revenues	\$4,532,872	\$6,340,023
Total revenues	\$10,947,044	\$16,935,197
Total property taxes	\$1,720,101	\$2,731,919
Pension health (police, fire & IMRF)	2003	2019
Total accrued liabilities (benefits owed)	\$19,219,151	\$43,203,220
Total pension assets	\$15,749,499	\$21,975,936
Funded ratio	81.9%	50.9%
Total pension shortfall	\$3,469,652	\$21,227,284
Per household	\$650	\$4,335
Active public safety workers	41	38
Public safety pension beneficiaries	37	56
City pension contributions	2003	2019
City contributions	\$447,203	\$1,180,080
Per household	\$84	\$241
Percentage of city's general budget	9.9%	18.6%
Employees' contributions	\$209,812	\$325,710

Kewanee Score				
Metric	2003	2019	2003	2019
1. Police pension funded ratio	76.9%	51.9%	7	5
2. Firefighter pension funded ratio	79.2%	43.8%	7	4
3. Municipal (IMRF) pension funded ratio	101.1%	73.2%	10	7
4. City pension debts per household as a percentage of median household income	2.2%	10.4%	8	5
5. City contributions per household as a percentage of median household income	0.28%	0.58%	8	7
6. City contributions as a percentage of total budget	4.1%	7.0%	7	4
7. Ratio of city contributions to employee contributions	2.13	3.62	7	5
8. Percentage surplus/shortfall in actuarially-required city contribution (Police & Fire only)	-37.1%	-26.9%	2	4
9. Asset-to-payout ratio (Police & Fire only)	17.1	9.0	8	5
10. Worker-to-beneficiary ratio (Police & Fire only)	1.11	0.68	5	3
Total score			69	49
Grade			D	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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