

# THE CRISIS HITS HOME

Illinois' broken local pensions hurt taxpayers

## GRADING THE LOCAL PENSION CRISIS

There's a crisis lurking in Illinois – a hidden force that's crippling city services and driving taxes higher every year.

That crisis is Illinois' broken municipal pension systems.

Local pension costs are overwhelming city finances. Some cities have seen a fourth of their budgets swallowed up by pensions. In others, every dollar of property tax revenue goes to pensions, leaving nothing for local services.

Illinois taxpayers pay the second-highest property taxes in the nation. Yet local pension costs keep rising. Taxpayer pension debt has doubled in half of Illinois' largest cities over the last decade.

Without real reform, property taxes will continue to go up, core services will face more budget cuts and retirees will risk having their pensions slashed.

## THE IMPACT OF LOCAL PENSIONS ON CITY BUDGETS: WHAT MATTERS

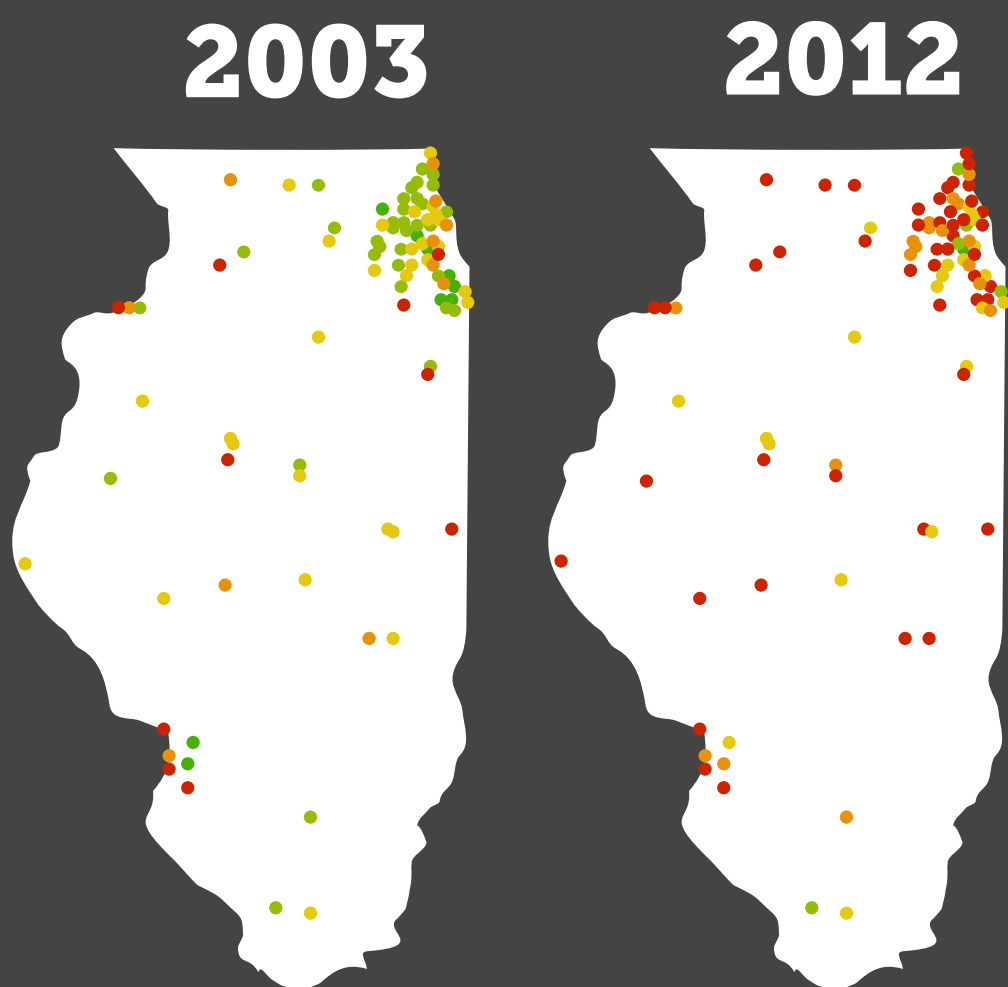


## LOCAL PENSIONS A DECADE OF COLLAPSE

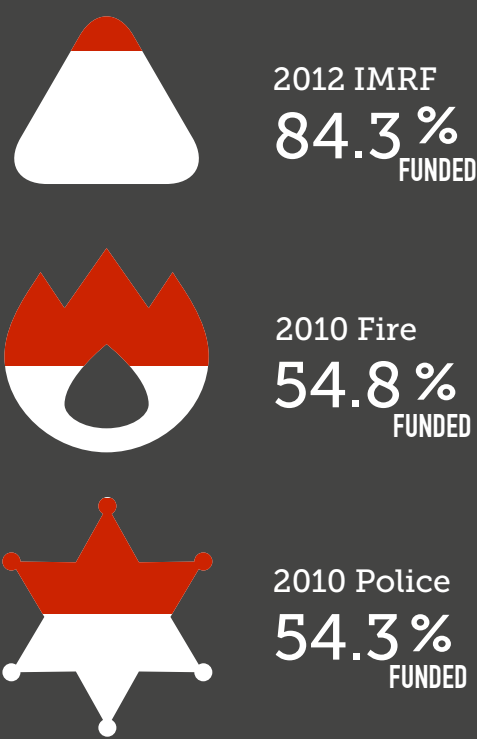
Despite massive increases in local property taxes, skyrocketing pension costs continue to wreak havoc on city budgets.

Just 10 years ago, only a quarter of Illinois' largest cities had failing pensions that put both taxpayers and government retirees at risk.

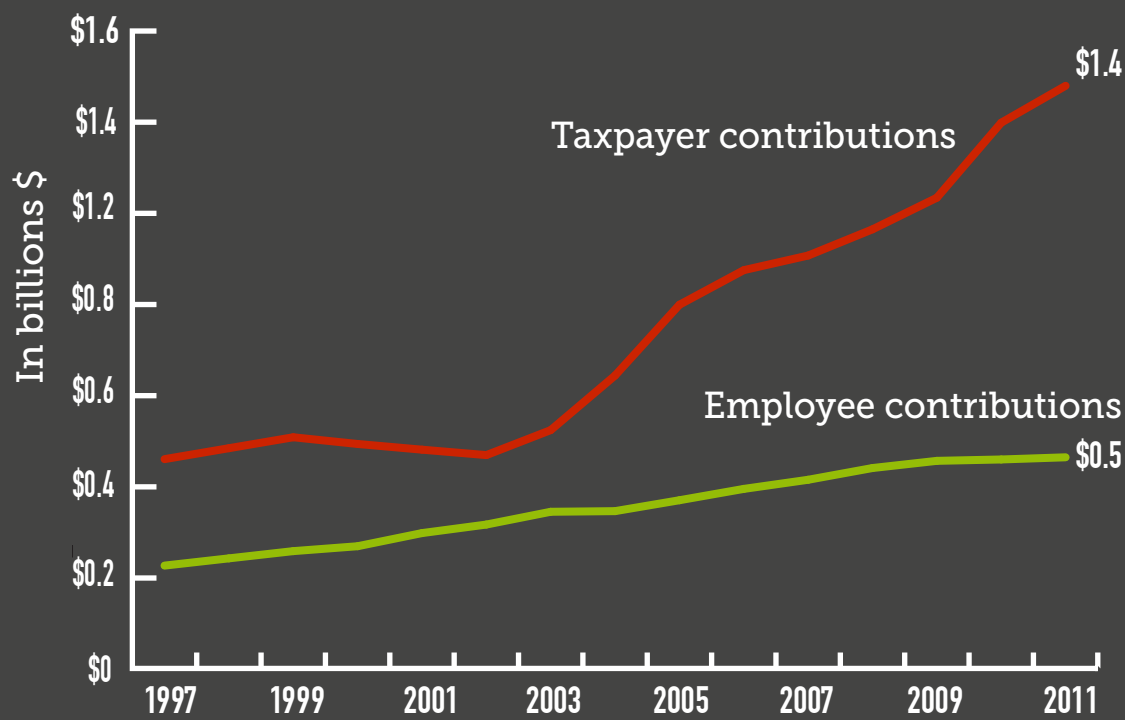
Today, 80 percent of Illinois cities are in critical condition. The reality for these cities are more tax hikes, higher user fees and cuts to funding for roads, libraries and police.



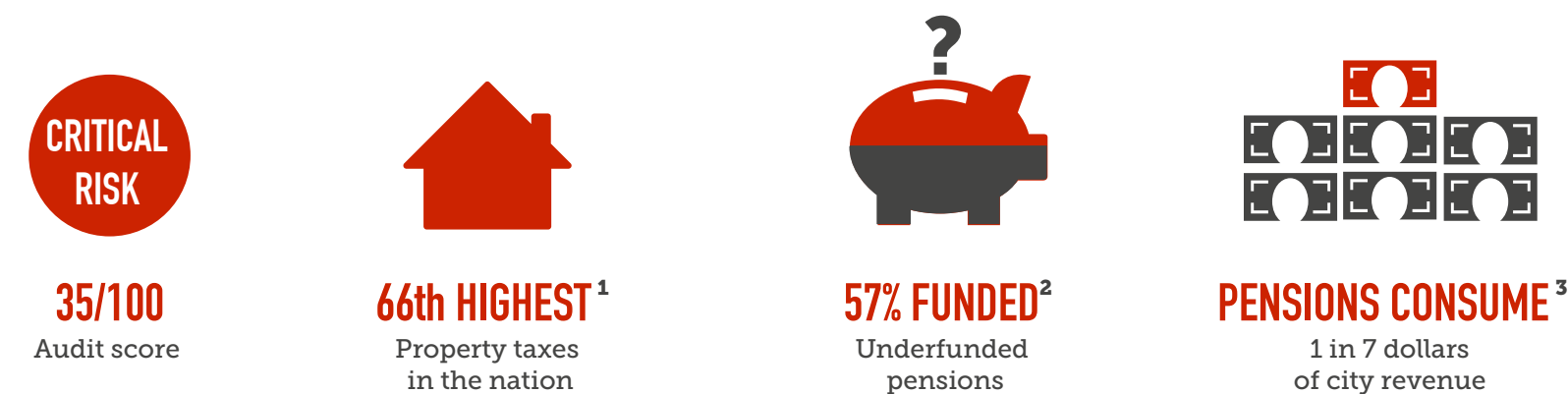
## PENSION FUNDING RATIOS



## TAXPAYER CONTRIBUTIONS NEARLY TRIPLE THAT OF EMPLOYEE CONTRIBUTIONS



## HOW WE GOT HERE DECATUR'S LOCAL PENSION CRISIS



Ever-increasing taxpayer contributions to the city's pension systems are squeezing out funding for core services.

Despite rising property taxes, households are on the hook for more and more pension debt.

123% OF PROPERTY TAXES  
Are going to pension funding<sup>4</sup>

UP 179%  
Taxpayer contributions vs. 44% up for workers contributions

\$113 MILLION  
Unfunded liability up 138% since 2003<sup>5</sup>

\$3.9K DEBT  
Per household

## FOOTNOTES

1. Ranked out of 792 counties nationally. Tax Foundation, "Property Taxes on Owner-Occupied Housing by County, 2005 - 2009, Ranked by Taxes as Percentage of Home Value"

2. Weighted average of Police, Fire and IMRF pension-funding ratios, 2010

3. Employer (taxpayer) pension contributions as a percentage of total general city operating revenues, 2011

4. Employer (taxpayer) pension contributions as a percentage of general fund property tax revenues, 2011

5. Sum of total Police, Fire and IMRF unfunded pension liabilities, 2010

Sources: Freedom of Information Request data from the Illinois Municipal Retirement Fund, Illinois Department of Insurance - Public pension reports, Illinois Comptroller: Local Government Division - Annual financial reports, Individual city Comprehensive Annual Financial Reports, U.S. Census Bureau