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Chicago's Pension Debt Soared \$1.7B in 2019: City Analysis

Chicago's pension debt soared by approximately \$1.7 billion in 2019, according to the [city's audited annual financial report](#) released Thursday.

In all, Chicago owes \$31.79 billion to its four employee pension funds representing police officers, firefighters, municipal employees and laborers, according to the 2019 Certified Annual Financial Report. That is an increase of nearly 5.6% from 2018, according to the report.

Chief Financial Officer Jennie Huang Bennett said that growth was "not surprising" because the city was not required in 2019 — the last full year of Mayor Rahm Emanuel's tenure — to contribute to its pension funds based on actuarial estimates. That requirement, which took effect in 2020, has helped balloon the city's deficit.

That law is designed to force the city's pensions to be funded at a 90% level by 2045, to ensure that funds can pay benefits to employees as they retire.

The city made no significant progress toward that goal in 2019, with the laborers' and firefighters' pension funds funding level rising slightly and the police officers' and municipal employees' funds funding level flat, as compared with 2018, according to the report.

The firefighters' fund has the lowest funded level of the four funds at 17%, according to the report.

The laborer's fund has the highest funded level of the four funds at 43%, according to the report.

The city's 2020 budget called for the city to contribute \$1.68 billion to its four pension funds, city records show.

The city ended the year with \$185 million in cash on hand, an increase of \$23 million from the end of the 2018 fiscal year, officials said. In addition, the city ended 2019 with a \$4 million surplus in its general fund, which it uses to pay for most city services, according to the report.

That allowed the city to add \$10 million to its long-term reserves, Huang Bennett said.

The audit provides a snapshot of the city's finances before the coronavirus pandemic hit, causing a financial catastrophe and blowing a \$700 million hole in the city's 2020 budget.

Huang Bennett told reporters Thursday that the city's finance team had not seen anything to suggest that the shortfall has grown since Mayor Lori Lightfoot detailed the gap on June 9.

The city's 2020 budget forecast, released in August 2019, warned that the city's annual budget deficit could swell to \$1.6 billion in 2021 if the economy fell into a recession. Federal data shows a recession began in February, as the pandemic sickened tens of thousands of Americans.

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