

# FINANCIAL STATE OF CHICAGO



**\$40.9 billion**

MONEY NEEDED TO PAY BILLS



**\$40,600**

TAXPAYER BURDEN



**F**

FINANCIAL GRADE

Chicago's financial condition worsened by \$2.6 billion, resulting in a Taxpayer Burden™ of \$40,600, earning it an "F" grade from Truth in Accounting. Despite a state law that requires a balanced budget, the city needs \$40.9 billion to pay its bills.

According to the city's 2023 financial report, revenues rose by nearly \$2.2 billion, including a 55 percent increase in property taxes. Still, expenses grew even more, resulting in expenses exceeding revenues by \$580 million.

Despite unrealized investment gains of 6.24 percent, the Policemen's Annuity and Benefit Fund of Chicago's unfunded liability increased by \$1.2 billion, primarily due to a law passed by the Illinois legislature that raised benefit levels. To cover the promised benefits, the city would have to lay off all its police officers and allocate their salaries to the fund for the next 10 years. While city officials highlight additional funding for the plan, Chicago still fell short by \$175.7 million, which is 70 percent of the amount its actuaries indicated was necessary to fund the benefits adequately.

The Municipal Employees' Annuity and Benefit Fund saw unrealized gains of 11 percent. Still, its net pension liability rose by \$532 million, primarily due to a reduction in the interest rate used to calculate funds needed that are owed now but will be paid in the future.

While our research reveals startling numbers for the city, these results do not include the financial report of the Chicago Public Schools (CPS). CPS has a negative net position of \$18 billion. It reported expenses over revenues of \$367 million.

The Public School Teacher's Pension plan was underfunded by \$12.4 billion, growing \$2 billion last year. To catch up with the pension fund payments, CPS would have to lay off all the teachers for over six years and put all their salaries into the system. For every dollar CPS pays a teacher, CPS and the state must contribute another 32 cents to the pension fund.

According to CPS management discussion and analysis, salaries increased by \$250 million, or 8.2 percent, due to a cost-of-living adjustment for union staff and additional school-based staff.

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[www.truthinaccounting.org](http://www.truthinaccounting.org) | [www.data-z.org](http://www.data-z.org)

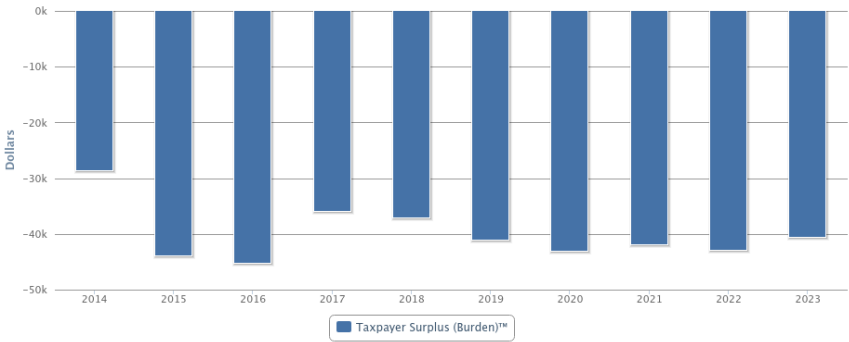


Daniels College of Business  
UNIVERSITY OF DENVER  
School of Accountancy

The data included in this report is derived from Chicago's 2023 audited Annual Comprehensive Financial Report and retirement plans' reports. To compare prior years and other states' and cities' financial, demographic, and economic information, go to Data-Z.org.

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Taxpayer Surplus (Burden)<sup>TM</sup> for Chicago



- Chicago had \$13.1 billion available to pay \$54.1 billion worth of bills.
- The outcome was a \$40.9 billion shortfall, which breaks down to a burden of \$40,600 per taxpayer.
- The city had only 22 cents set aside for every dollar of promised pension benefits, making it one of the worst-funded systems among the 75 most populous cities.

## The City's Bills Exceeded Its Assets

Total Assets	\$49,838,182,000
Minus: Capital Assets	-\$30,629,411,000
Restricted Assets	-\$6,099,634,000
Assets Available to Pay Bills	\$13,109,137,000
Minus: Total Bills*	\$54,050,903,000
Money needed to pay bills	\$40,941,766,000
Each taxpayer's share of this burden	\$40,600

## \*Breakdown of Total Bills

Bonds	\$29,102,170,000
Other Liabilities	\$12,475,799,000
Minus: Debt Related to Capital Assets	-\$26,746,562,000
Unfunded Pension Benefits	\$37,204,096,000
Unfunded Retiree Health Care Benefits	\$2,015,400,000
Total Bills	\$54,050,903,000

### Grade:

# F

### Bottom line:

Chicago, IL would need \$40,600 from each of its taxpayers to pay all of its outstanding bills and received an "F" grade for its finances. According to Truth in Accounting's grading scale, any government with a Taxpayer Burden greater than \$20,000 is given an "F" grade.