

# Chicago's Financial Condition Worsens, Taxpayer Burden Soars to \$40,600, Truth in Accounting Warns

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*While the city of Chicago grapples with its next budget, its financial condition has deteriorated by \$2.6 billion.*

CHICAGO, IL, UNITED STATES, January 13, 2025 /EINPresswire.com/ -- While the city of Chicago grapples with its next budget, its financial condition has deteriorated by \$2.6 billion, leaving each Chicago taxpayer with a Taxpayer Burden™ of \$40,600 and earning it an "F" grade from Truth in Accounting (TIA).

Despite a state law requiring a balanced budget, the city's financial report for 2023 reveals that Chicago is facing a staggering \$40.9 billion in unpaid bills.

The city's revenue increased by nearly \$2.2 billion last year, including a 55% hike in property taxes. However, city expenses outpaced revenue growth, with expenses exceeding income by \$580 million. This imbalance has worsened Chicago's dire fiscal situation, with its total unfunded pension liabilities continuing to climb.

"Chicago's financial situation continues to spiral downward, with the city's pension systems severely underfunded and its overall financial condition deteriorating," said Sheila Weinberg, Founder and CEO of Truth in Accounting. "The Taxpayer Burden™ is a stark reminder of the costs that will fall on taxpayers today and in the future unless meaningful reforms are implemented."

The city's pension systems remain among the worst-funded in the nation, with just 22 cents set aside for every dollar of promised pension benefits. The Policemen's Annuity and Benefit Fund of Chicago saw its unfunded liability increase by \$1.2 billion, primarily due to a recent Illinois state law that raised benefit levels. Despite a 6.24% unrealized investment gain, the system's unfunded liability worsens.

To meet its pension obligations, the city would need to lay off all its police officers and allocate their salaries to the pension fund for the next 10 years.

Similarly, the Municipal Employees' Annuity and Benefit Fund of Chicago faced a \$532 million increase in unfunded pension liabilities despite an 11% unrealized investment gain. The increase is primarily due to a change in the interest rate used to calculate future liabilities.

While the TIA report focused on the city's financial situation, the financial picture at Chicago

Public Schools (CPS) is equally troubling. CPS has a negative net position of \$18 billion, with expenses exceeding revenues by \$367 million in 2023. The Public School Teachers' Pension Plan is underfunded by \$12.4 billion, an increase of \$2 billion from last year. To close the funding gap, CPS would need to lay off all its teachers for more than six years and direct their salaries into the pension system.

Despite these overwhelming challenges, CPS increased salaries by \$250 million (8.2%) in 2023, mainly due to cost-of-living adjustments and expanded school-based staff.

Truth in Accounting calls on city officials, financial report preparers, and citizens to take action to improve the city's financial transparency, accountability, and long-term sustainability.

For City Officials:

- Adopt full accrual accounting in financial reporting and budgeting.
- Accurately report the city's total debt, including all post-employment benefit obligations.
- Stop deferring expenses to the future, creating larger liabilities for future generations.
- Use the city's annual report and Financial State of the Cities report to guide budget decisions.
- Ensure timely and transparent communication of financial information to taxpayers.

For Government Financial Report Preparers:

- Release financial reports within 100 days of the fiscal year-end.
- Use accurate pension and OPEB data, even if it delays report release.
- Make financial reports easily accessible online in a searchable format such as XBRL.
- Ensure an independent CPA firm audits city and retirement system annual reports.

For Citizens:

- Visit [www.data-z.org](http://www.data-z.org) to learn about your city's true financial condition.
- Demand transparency and truthful budget balancing from elected officials.
- Advocate for using full accrual accounting techniques (FACT) in the budgeting process.

"City leaders must stop delaying tough decisions and prioritize transparency and financial responsibility," added Weinberg. "Chicago residents deserve a clear picture of the city's fiscal health, and it's up to elected officials to take the necessary steps to address the growing Taxpayer Burden™."

For more information on the [financial state of Chicago](http://www.data-z.org) and other cities nationwide, visit [www.data-z.org](http://www.data-z.org).

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