The hidden bill:

Chicago taxpayers and the looming crisis

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Executive summary

The city of Chicago has long been regarded as an economic engine of the Midwest. It is home to some of the country's largest industries and more than 30 of the nation's Fortune 500 companies. Chicago is accessible by road, rail and water, and is located in a state that boasts an abundance of natural resources.

But decades of fiscal mismanagement by government agencies in Chicago have put the metropolis at a crossroads. In July 2013, the city of Chicago released a grim budget report that showed that the city owed billions of dollars in debt and unfunded pension and health insurance liabilities.

But the city Chicago is not the only government agency that city residents pay taxes to – taxpayers also fund the operations Chicago Public Schools, the Chicago Transit Authority, the Chicago Park District and a large share of Cook County.

This is the first report that adds together all the debts and liabilities of the major government units operating in Chicago – a necessary step in fully understanding how much debt Chicago taxpayers are expected to shoulder.

All told, Chicago residents are officially on the hook for $63.2 billion in government pensions, health insurance and other debt. This staggering figure totals more than $23,000 per Chicago resident, or more than $61,000 per household.

Chicago's official debt totals $63.2 billion*

All debt and obligations in billions	Pensions	Long-term debt	Retiree health insurance	Total debt	Total debt and obligations per capita
City of Chicago					
City of Chicago	-	$12.0*	$0.5	$12.4	$4,600
Fireman's Annuity and Benefit Fund	$3.0	-	$0.05	$3.1	$1,100
Policemen's Annuity and Benefit Fund	$6.9	-	$0.2	$7.1	$2,600
Municipal Employees' Annuity and Benefit Fund	$8.4	-	$0.2	$8.6	$3,200
Laborers' and Retirement Board Employees' Annuity and Benefit Fund	$1.0	-	$0.04	$1.1	$400
Subtotal	$19.4	$12.0	$0.9	$32.2	$11,900
City of Chicago's sister governments					
Chicago Public Schools	$8.0	$5.6	$3.1	$16.7	$6,200
Chicago Transit Authority (pro-rata)	$0.8	$4.0	-$0.06	$4.8	$1,800
Chicago Park District	$0.4	$0.9	$0.04	$1.4	$500
Subtotal	$9.2	$10.6	$3.1	$22.9	$8,400
Chicago's pro-rata share of Cook County governments					
MWRD	$0.6	$1.4	$0.2	$2.1	$800
Cook County and Forest Preserve	$3.0	$2.1	$1.0	$6.0	$2,200
Subtotal	$3.5	$3.5	$1.2	$8.1	$3,000
Total debt and obligation burden for Chicago taxpayers	$32.1	$26.1	$5.2	$63.2	$23,300

Source: *City of Chicago; Chicago Public Schools; Chicago Transit Authority; Chicago Park District; Cook County; Cook County Forest Preserve; Civic Federation; Metropolitan Water Reclamation District; all associated pension funds; U.S. Census Bureau; Commission on Government Forecasting and Accountability.*

****Note:*** *2012 data used where possible, most recent data available used otherwise. Numbers may not add due to rounding. City of Chicago long-term debt excludes O'Hare and Midway bonds. Long-term debt from all governments is from 2011, with the exception of the city of Chicago, which is from 2012. See Sources and Methodology for more information.*

Even these figures grossly understate the severity of the problem.

That's because the official pension liabilities are underestimated. Pension funds have long assumed unrealistically high investment returns, which make the funds look healthier than they actually are. Moody's Investors Service now calculates unfunded pension liabilities using more appropriate discount rates.

Under new Moody's methodology, Chicago's unfunded pension liabilities are at least $23 billion higher than what's officially reported. Today, the systems have only 31 cents for every dollar they should have to make necessary pension payouts in the future.

When summing up Chicago's total debt, it's necessary to use the Moody's calculation of unfunded pension liabilities instead of those officially reported by the city. That's because the municipal bond market depends heavily on Moody's ratings when investing in Chicago bonds.

Moody's based its recent triple-notch downgrade of the city's debt on the agency's new methodology for valuing pension shortfalls. The downgrade has led to a collapse in Chicago's bond prices and a significant increase in its borrowing rates.

Chicago's credit rating is now only four notches away from junk-bond status. Many institutional investors are not allowed to invest in junk bonds, meaning the city will face significant pressure in accessing the bond market going forward if this downward trend continues.

Ignoring the Moody's pension calculation not only understates the severity of Chicago's debt crisis, but also the true burden that Chicago taxpayers may be forced to shoulder.

Chicago debt totals $86.9 billion once adjusted by Moody's*

All debt and obligations in billions	Pensions	Long-term debt	Retiree health insurance	Total debt	Total debt and obligations per capita
City of Chicago	$36.0	$12.0*	$0.9	$48.9	$17,900
Chicago's sister governments (CTA pro-rata)	$12.5	$10.6	$3.1	$26.2	$9,700
Cook County governments (Chicago's pro-rata share, based on population)	$7.2	$3.5	$1.2	$11.8	$4,300
Total debt and obligation burden for Chicago taxpayer	$55.7	$26.1	$5.2	$86.9	$32,000

Source: *Moody's Investors Service; city of Chicago; Chicago Public Schools; Chicago Transit Authority; Chicago Park District; Cook County; Cook County Forest Preserve; Civic Federation; Metropolitan Water Reclamation District; all associated pension funds; U.S. Census Bureau; Commission on Government Forecasting and Accountability.*

****Note:*** *Numbers may not add due to rounding. Moody's data unavailable for CTA, Forest Preserve and MWRD. Moody's estimates for Chicago and Cook County municipal data are from 2012; Moody's estimates for CPS and CPD are from 2011. City of Chicago long-term debt excludes O'Hare and Midway bonds. Long-term debt from all governments is from 2011, with the exception of the city of Chicago, which is from 2012. Most recent available data used; see Sources and Methodology for more information.*

Chicago taxpayers face $86.9 billion in debt and unfunded liabilities under new Moody's methodology. That's $32,000 per Chicago resident and more than $84,000 for every Chicago household.

Chicago also faces the risk that subsidies from the state of Illinois – which is nearing insolvency – may be reduced or eliminated. The units of government that operate within Chicago's borders depend on billions of dollars in state funds. Chicago Public Schools, or CPS, receives more than $1.8 billion in state education support, and Chicago Transit Authority, or CTA, receives millions more.[1] Any cuts in those funds will only increase the pressure on Chicago's finances.

Chicago's fiscal squeeze is already threatening the city's ability to provide core services. CPS has laid off thousands of staff and closed nearly 50 schools,[2] while the city's crime rate is among the highest in the nation. When taxpayers stop receiving the services they are paying for, they'll leave. Chicago has already lost nearly 200,000 people since the 2000 census – meaning there are fewer taxpayers left to pick up the city's growing debt. Taxpayers should be worried. They'll need to see big and bold reforms to know they're not taken for granted.

Governments in the state, county and city of Chicago can change course. It will take bold reforms to stabilize Chicago's finances, protect the city's taxpayers and restore confidence in the city's future.

A necessary starting point is to fix the city's pension crises. Chicago needs comprehensive pension reform that ends the accrual of defined benefit liabilities, protects what workers have already earned and empowers government workers with 401(k)-style retirement plans. It must also cap the growing debt burden and pay down existing debts in a responsible manner. Finally, each unit of government in Chicago must rein in spending and open up union contracts to renegotiate affordable levels of benefits and wages – bringing labor costs, which are the key driver of the city's costs, in line with what its taxpayers can afford.

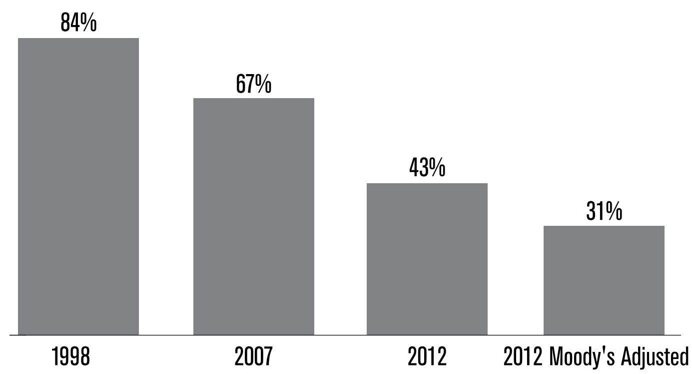
Chicago's pension problems

Chicago's quickly rising per capita debt is largely a result of shortfalls in the pension funds. When added together, the city of Chicago, Chicago Public Schools, Chicago Transit Authority (adjusted based on service population) and Chicago Police Department only have 31 cents for every dollar they should have today in order to make necessary pension payouts in the future.

Source: *Commission on Government Forecasting and Accountability; Moody's Investors Service; city of Chicago; Chicago Public Schools; Chicago Transit Authority; Chicago Park District; all associated pension funds.*
Note: *Moody's estimate for city of Chicago is from 2012. Moody's estimates for CPS and CPD are from 2011. Moody's estimate for CTA is unavailable, so official numbers used as conservative assumption. Funding ratio found by dividing assets by the sum of assets and unfunded pension liability. Does not include Cook County.*

Aggregate funding ratios have fallen since 1998

*Includes city of Chicago, CPS, CTA and CPD**



Officially reported ratios vs. ratios under Moody's new methodology

Pension funding levels	2012 Percent funded	Official valuation (year)	Moody's valuation level (year)
City of Chicago			
Fireman's Annuity and Benefit Fund	25%	--	--
Policemen's Annuity and Benefit Fund	31%	--	--
Municipal Employees' Annuity and Benefit Fund	38%	--	--
Laborers' and Retirement Board Employees' Annuity and Benefit Fund	56%	--	--
Subtotal	35%	35% (2012)	23% (2012)
City of Chicago's sister governments			
Chicago Public Schools	54%	60% (2011)	48% (2011)
Chicago Transit Authority	59%	--	--
Chicago Park District	51%	58% (2011)	44% (2011)
Subtotal	54%		--
Cook County governments			
Metropolitan Water Reclamation Retirement Fund	50%		
Cook County Employees' and Officers' Annuity and Benefit Fund	58%	58% (2012)	39% (2012)
Forest Preserve District Employees' Annuity and Benefit Fund	63%		
Subtotal	57%	--	--

Source: *Commission on Government Forecasting and Accountability ; Moody's Investors Service; city of Chicago; Chicago Public Schools; Chicago Transit Authority; Chicago Park District; Cook County; Cook County Forest Preserve; Civic Federation; Metropolitan Water Reclamation District; all associated pension funds.*
Note: *Adjusted funding ratios calculated with equation [assets/(assets+adjusted unfunded pension liability)] Most recent available data used; see Sources and Methodology for more information. City of Chicago Moody's data is only provided in aggregate numbers for all four Chicago funds.*

These funding levels are conservative estimates because Moody's has not yet released its calculations for Metropolitan Water Reclamation District, Cook County Forest Preserve or Chicago Transit Authority. Moody's has also not updated its 2011 calculation for Chicago Public Schools or Chicago Park District. Each funding ratio will decrease significantly under the new discount rates.

City of Chicago total debt: $48.9 billion

The city of Chicago provides core services to the residents of Chicago, including services such as public safety and fire protection. The city's budget doesn't include public transportation, education or park services, which are provided by its sister governments.

The city of Chicago has a $6 billion total budget – $3 billion of which is used for general operating expenses.[3] Chicago employs approximately 33,500 city workers, including police officers, firefighters and municipal workers.[4]

In total, the city of Chicago has $49 billion in debt and unfunded pension and health insurance liabilities.

City of Chicago official debt totals $49 billion

(in billions)

Fiscal year	2007	2012	2012 Moody's adjusted
Long-term debt	$8.9	$12.0*	$12.0
Unfunded health insurance liability	$1.5	$0.9	$0.9
Unfunded pension liability	$9.0	$19.4	$36.0
Total Debt	$19.7	$32.2	$48.9

Source: *Moody's Investors Service; city of Chicago and all associated pension funds; Commission on Government Forecasting and Accountability; Civic Federation*

****Note:*** *Numbers may not add due to rounding. Most recent available data used; see Sources and Methodology for more information, long term debt excludes O'Hare and Midway bonds.*

Chicago debt and liabilities have grown rapidly in recent years. The city's total official debt jumped to $32.3 billion in 2012 from $19.7 billion in 2007. That means the debt burden per household jumped to more than $31,000 from nearly $19,000.

Chicago's increasing debt triggered a rare triple-notch credit downgrade in July of 2013 by Moody's Investors Service. The rationale for the downgrade was based on new methodology that showed the city's pension debt nearly doubling to $36 billion, pushing the total debt burden to $48.9 billion.

The city's increasing pension contributions will weigh heavily on the budget in the next few years. The city's 2013 Annual Financial Analysis notes that "even under the most optimistic projections, the city will continue to experience a sizable operating budget shortfall for several years." Under the city's best-case scenario, Chicago's $338.7 million budget gap will nearly triple to $918 million by the end of 2016. But using less rosy assumptions, the city could instead be looking at a $1.5 billion budget hole.

While the future budget gap is not factored into the total debt figures, these projections help illustrate the true severity of Chicago's financial crisis.

Pension debt: $36 billion

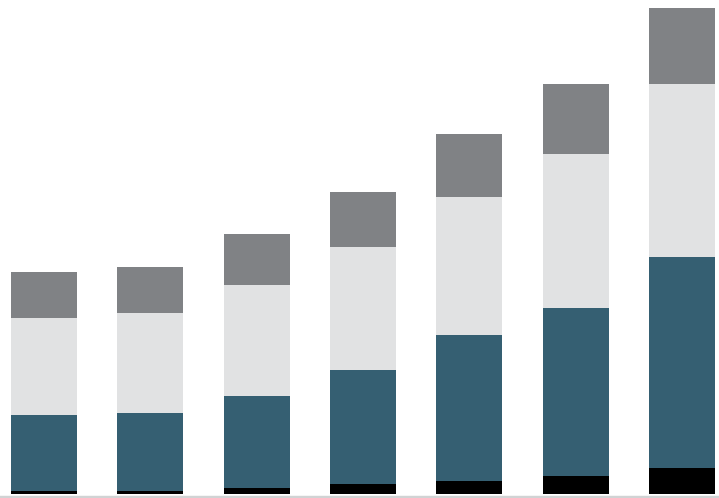
The city of Chicago runs four pension funds: fire, police, municipal and labor. [5] Their official names are as follows:

- Firemen's Annuity and Benefit Fund of Chicago
- Policemen's Annuity and Benefit Fund of Chicago
- Municipal Employees' Annuity and Benefit Fund of Chicago
- Laborers' and Retirement Board Employees' Annuity and Benefit Fund

The city is responsible for funding these retirement funds and reporting their financial health. Across all four funds, the official shortfall currently stands at $19.4 billion dollars.

Official city of Chicago unfunded pension liability totals $19.4 billion

(in billions)

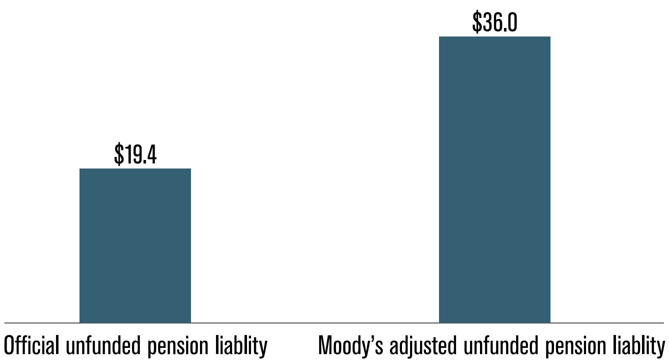


Year	2006	2007	2008	2009	2010	2011	2012
Firemen's Annuity and Benefit Fund of Chicago	$1.8	$1.8	$2.0	$2.2	$2.5	$2.8	$3.0
Policemen's Annuity and Benefit Fund of Chicago	$3.9	$4.0	$4.4	$4.9	$5.5	$6.1	$6.9
Municipal Employees' Annuity and Benefit Fund of Chicago	$3.0	$3.1	$3.7	$4.5	$5.8	$6.7	$8.4
Laborers' and Retirement Board Employees' Annuity and Benefit Fund	$0.1	$0.1	$0.2	$0.4	$0.5	$0.7	$1.0
Total unfunded pension liability	$8.8	$9.0	$10.3	$11.9	$14.3	$16.3	$19.4

Source: *City of Chicago and all associated pension funds; Commission on Government Forecasting and Accountability*
Note: *Numbers may not add due to rounding. Most recent available data used; see Sources and Methodology for more information*

The $19.4 billion figure grossly underestimates the pension shortfall. That's because these funds assume unrealistically high investment returns – generally around 8 percent. Moody's Investors Service now calculates the unfunded liability for the Chicago funds using more realistic assumptions. Under Moody's methodology, Chicago's total pension debt jumps to $36 billion.

City of Chicago pension shortfall totals $36 billion *(in billions)*

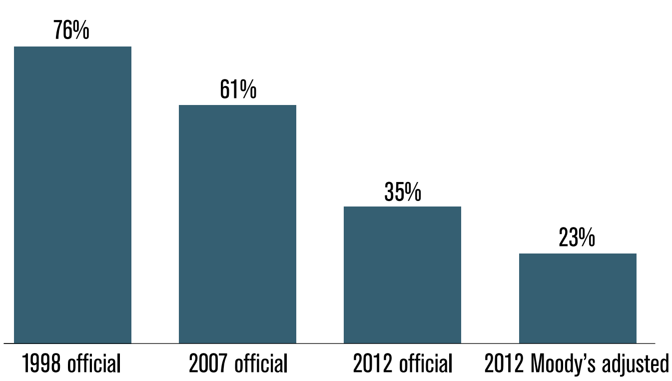


Source: *Moody's Investors Service; city of Chicago and all associated pension funds; Commission on Government Forecasting and Accountability*
Note: *Most recent available data used; see Sources and Methodology for more information*

Across Chicago's four pension funds, there are about 51,000 active employees.[6] With $36 billion in unfunded liabilities, this means that there is approximately $700,000 in unfunded pension liabilities for every active employee in the system.

A healthy pension fund should be 100 percent funded, to ensure it will meet its future obligations. Chicago's 2012 adjusted funding level was 23 percent.

City of Chicago pensions only 23% funded



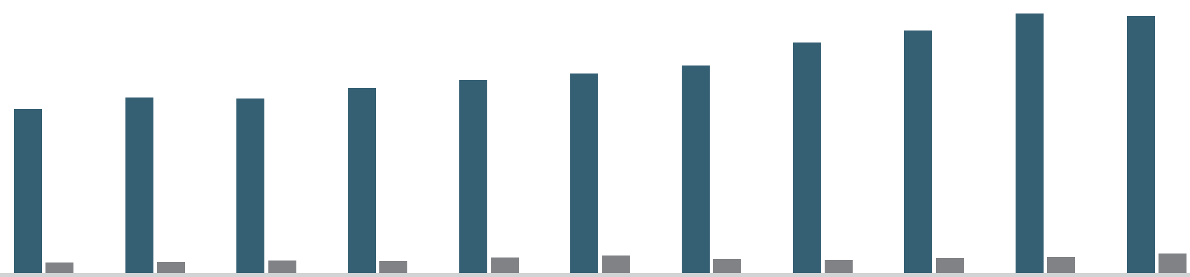
Source: *Moody's Investors Service; city of Chicago and all associated pension funds; Commission on Government Forecasting and Accountability.*
Note: *Funding ratios derived by dividing assets by assets plus unfunded liability. Most recent available data used; see Sources and Methodology for more information.*

Long-term debt: $12 billion

Some city of Chicago bonds are funded with property tax revenue while others are funded with sales tax revenue and motor fuel taxes. After removing O'Hare and Midway revenue bonds (which are paid with user fees imposed on airlines), Chicago holds approximately $12 billion in outstanding long-term debt – a 57 percent increase since 2003.The city of Chicago is scheduled to spend more than $900 million dollars in debt service payments in 2013.

City of Chicago's long-term debt and debt service

(in millions)



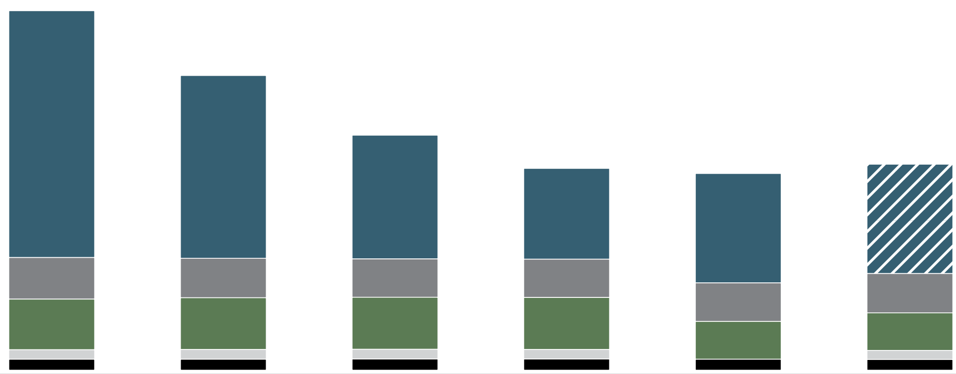
Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Long-term debt	$7,552	$8,079	$8,050	$8,529	$8,898	$9,197	$9,563	$10,616	$11,174	$11,964	$11,833
Debt Service	$495	$502	$575	$560	$724	$821	$658	$594	$702	$738	$914

Source: *City of Chicago Note: Numbers may not add due to rounding. Excludes O'Hare and Midway bonds.*

Health insurance debt: $900 million

The city of Chicago operates four pension funds, each of which provide retiree health insurance benefits. As result of a legal settlement between the city and government workers, the city of Chicago is also required to provide supplemental health insurance benefits on top of those offered by its four pension funds. The city of Chicago has put aside virtually no money to pay for these retiree health insurance benefits.

City of Chicago unfunded health insurance liability totals nearly $900 million *(in millions)*



Year	2007	2008	2009	2010	2011	2012
City of Chicago	$1,063	$787	$533	$391	$471	$471
Police	$179	$170	$165	$165	$166	$169
Municipal	$218	$223	$224	$224	$163	$162
Labor	$41	$42	$42	$41	$38	$39
Fire	$47	$47	$48	$48	$47	$46
Total	$1,548	$1,269	$1,012	$869	$885	$887

Source: *City of Chicago and all associated pension funds*
Note: *Numbers may not add due to rounding. Most recent available data used; see Sources and Methodology for more information. Diagonal lines through 2012 city of Chicago indicates that actuarial valuation has not been released yet, so the 2011 number is used as an estimate.*

Chicago Public Schools total debt: $19.8 billion

The Chicago Public School system, or CPS, is responsible for 23,000 teachers and the education of more than 400,000 students.[7] CPS has an operating budget of more than $5 billion and expects to face deficits in the range of $1 billion.[8]

Including long-term debt and unfunded pension and health insurance liabilities, CPS's debt burden totals nearly $20 billion.

Moody's recently acknowledged the severity of CPS's budget woes and downgraded the school system's $6.3 billion in general obligation debt by one notch – to A3 from A2.[9] CPS's credit rating now stands just four levels above junk bond status.

Moody's downgrade was a result of the rating agency's recalculation of CPS's 2011 pension debt. In 2011, CPS reported an official pension debt of $6.8 billion dollars.[10] Under its new methodology, Moody's estimates CPS's pension debt is $4.3 billion higher than official estimates – totaling approximately $11 billion.[11]

Chicago Public Schools official debt totals $19.8 billion

(in billions)

Fiscal year	2007	2012	Moody's adjusted*
Long-term debt	$4.5	$5.6	$5.6
Unfunded health insurance	$2.0	$3.1	$3.1
Unfunded pension liability	$2.9	$8.0	$11.1
Total debt	$9.4	$16.7	$19.8

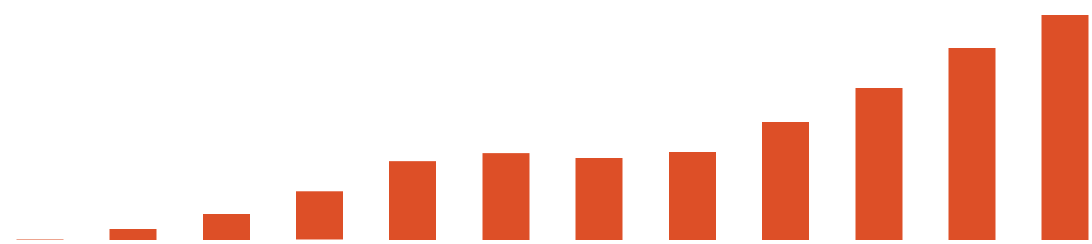
Source: *Moody's Investors Service; Chicago Public Schools and Chicago Teachers' Pension Fund; Commission on Government Forecasting and Accountability; Civic Federation.*
Note: *Numbers may not add due to rounding. Moody's has not released 2012 CPS adjusted pension liability, so Moody's 2011 figure used as a conservative estimate. Moody's long-term debt data are from 2011. Most recent available data used; see Sources and Methodology for more information.*

Pension debt: $11.1 billion

The Chicago Teachers' Pension Fund, or CTPF, serves as the pension fund for the Chicago Public Schools system. The official estimate for CPS's unfunded pension liability is approximately $8 billion, up from $5 million in 2001.

Chicago Public Schools' unfunded pension liabilities total $8 billion

(in millions)



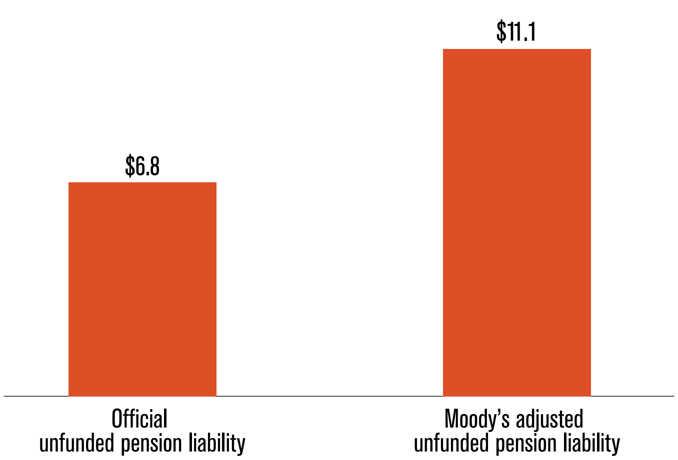
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Unfunded pension liability	$5	$385	$917	$1,714	$2,789	$3,088	$2,918	$3,134	$4,190	$5,402	$6,831	$8,012

Source: *Chicago Public Schools; Chicago Teachers Pension Fund; Commission on Government Forecasting and Accountability*
Note: *Most recent available data used; see Sources and Methodology for more information*

Moody's Investors Service has not yet adjusted CPS's unfunded pension liability for 2012 under its new methodology, but there will be a substantial increase in pension debt once the adjustment is made.

The official 2011 CPS unfunded pension liability totals $6.8 billion. But under Moody's new methodology, the 2011 unfunded pension liability jumps to $11.1 billion.

Chicago Public Schools' 2011 unfunded pension liability totals $11.1 billion *(in billions)*

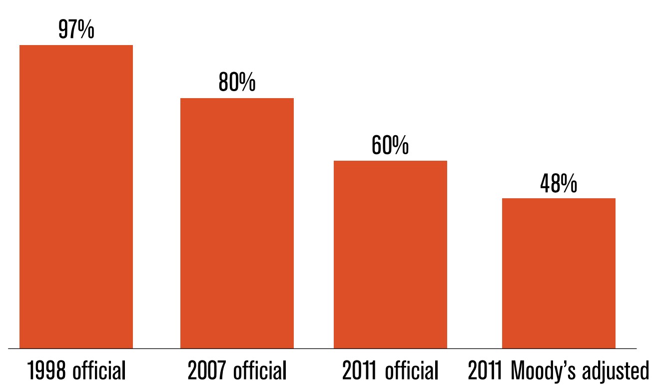


Source: *Moody's Investors Service; Chicago Public Schools; Chicago Teachers Pension Fund; Commission on Government Forecasting and accountability*

The CPS system currently has about 30,400 active employees.[12] With an adjusted unfunded pension liability of $11.1 billion, CPS has approximately $365,000 in unfunded pension liabilities for every active employee in the system.

CPS's total official pension funding level was at 97 percent in 1998. Under new Moody's methodology, CPS's total funding level dropped to 48 percent in 2011. That means that CPS has only 48 cents out of every dollar it needs today to pay for its future liabilities.

Chicago Public Schools' 2011 pensions only 48% funded



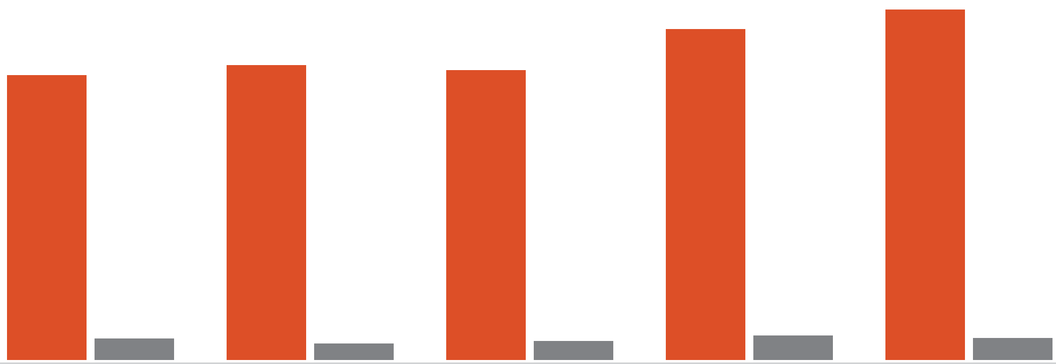
Source: *Moody's Investors Service; Chicago Public Schools; Chicago Teachers Pension Fund; Commission on Government Forecasting and accountability*

CPS has maxed out its ability to pay for these pension liabilities with property taxes. CPS levied $2.1 billion in property taxes in 2013.[13] And it increased property taxes by $62 million to do so – the maximum amount it could under the current property tax law.[14] Because CPS's ability to further increase property taxes is limited, it will have to look elsewhere for additional funds. Chicago mayor Rahm Emanuel also suggested increasing CPS's property tax limits, which would allow the city to push taxes even higher.[15]

Long-term debt: $5.6 billion

In total, CPS has $5.6 billion in outstanding long-term debt.

Chicago Public Schools long-term debt and debt service have increased since 2007 *(in millions)*

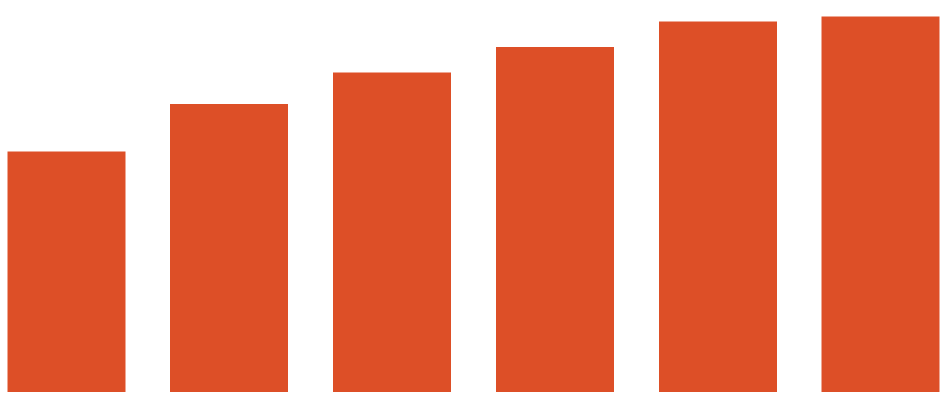


Year	2007	2008	2009	2010	2011
Long-term debt	$4,539	$4,697	$4,614	$5,266	$5,582
Debt service	$341	$260	$301	$384	$347

Source: Civic Federation, Chicago Public Schools

Health insurance debt: $3.1 billion

CPS's health insurance benefits are paid out of the general pension fund. The system's unfunded health insurance liability is the largest in Chicago and has grown by 56 percent since 2007.



Year	2007	2008	2009	2010	2011	2012
Unfunded health insurance liabilities	$1.97	$2.36	$2.62	$2.83	$3.04	$3.08

Source: Chicago Public Schools; Chicago Teachers' Pension Fund

Chicago's pro-rata share of Chicago Transit Authority total debt: $4.8 billion

The Chicago Transit Authority, or CTA, is a municipal corporation that provides public transportation services to the residents of Chicago and 35 suburbs.[16] The CTA operates the nation's second-largest public transportation system and is expected to facilitate more than half a billion rides in 2013.[17]

The CTA has a 2013 operating budget of approximately $1.4 billion – more than $900 million of which is used to cover annual labor expenses.[18]

Chicago residents are not entirely responsible for CTA's long-term liabilities and debts. This is because CTA covers Chicago and 35 non-Chicago suburbs. To adjust for Chicago's share, all data in this section have been multiplied by 71 percent, which is Chicago's population divided by CTA's service population.[19]

Chicago's share of the organization's total debt has increased by almost $2 billion since 2007. It's share of CTA's long-term debt and unfunded pension and health insurance liabilities now total $4.8 billion – more than three times CTA's 2013 operating budget. Part of the growth in CTA debt is due to a $1.9 billion bond issue in 2008 – the proceeds of which were used to fund CTA's pension and health insurance liabilities.[20]

Chicago's pro-rata share of Chicago Transit Authority official debt totals $4.8 billion

(in billions)

Fiscal year	2007	2012
Long-term debt	$1.6	$4.0
Unfunded health insurance liability	$0.02	$-0.1
Unfunded pension liability	$1.1	$0.8
Total debt	$2.8	$4.8

Source: *Chicago Transit Authority; Retirement Plan for Chicago Transit Authority Employees; CTA Retiree Health Care Trust; Commission on Government Forecasting and Accountability; Civic Federation.*

Note: *Numbers may not add due to rounding. CTA has not yet released official 2012 pension figures, so 2012 COGFA projections used instead. 2012 long-term debt is from 2011. Most recent data used; see Methodology and Sources for more information.*

Chicago's pro-rata share of the CTA's pension debt: $800 million

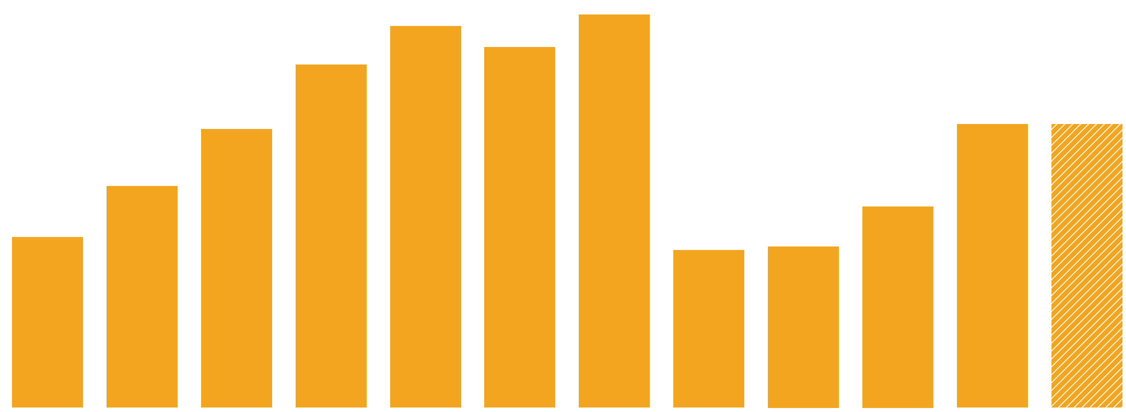
The Retirement Plan for Chicago Transit Authority Employees is the pension fund controlled by the Chicago Transit Authority, or CTA, for its employees. This fund currently is operating with a $1.1 billion unfunded pension liability. Chicago's share of this debt is $814 million, based on service population.

CTA issued $1.9 billion in debt in 2008 to pay down its pension and health insurance obligations.[21] That move cut the pension debt by more than half between 2007 and 2008. But that's only because CTA exchanged one type of debt for another.

Even after the debt swap, Chicago's share of CTA's unfunded pension liabilities continued to grow. Pension debt increased to more than $800 million in 2011 from approximately $450 million in 2008. With more than 8,700 active employees, CTA now holds nearly $130,000 in pension debt (unadjusted) for every active CTA employee.[22]

Chicago's pro-rata share of the Chicago Transit Authority's unfunded pension liabilities total $814 million

(in millions)

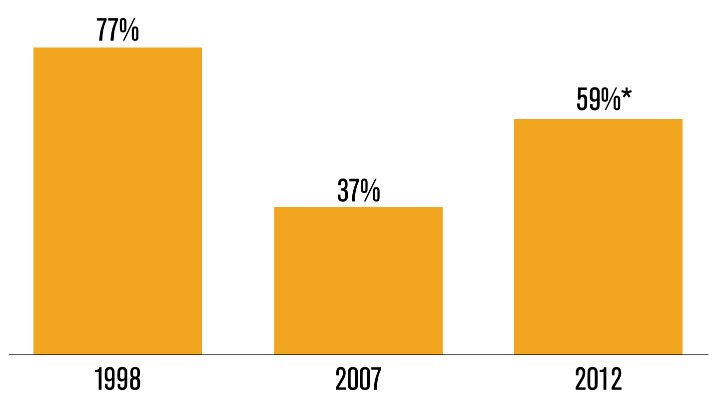


Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Unfunded pension liability	$489	$636	$800	$986	$1,096	$1,036	$1,129	$452	$463	$578	$814	$814

Source: *Chicago Transit Authority; Retirement Plan for Chicago Transit Authority Employees; Commission on Government Forecasting and Accountability.*
Note: *Diagonal line indicates that CTA has not yet released 2012 figure, so 2012 COGFA projection used instead.*

Moody's Investors Service has not yet adjusted CTA's pension debt using its new methodology, but there will be a substantial increase in pension debt once the adjustment is made.

Chicago Transit Authority's pension funding levels have increased since 2007 due to bond sale



Source: *Chicago Transit Authority; Retirement Plan for Chicago Transit Authority Employees; Commission on Government Forecasting and Accountability.*
****Note:*** *CTA has not yet released 2012 figure, so 2012 COGFA projection used instead.*

Chicago's pro-rata share of the CTA's long-term debt: $4 billion

Chicago's share of CTA's long-term debt totals $4.0 billion, a 145 percent increase since 2007.

Chicago's pro-rata share of Chicago Transit Authority's long-term debt has more than doubled since 2007

(in millions)

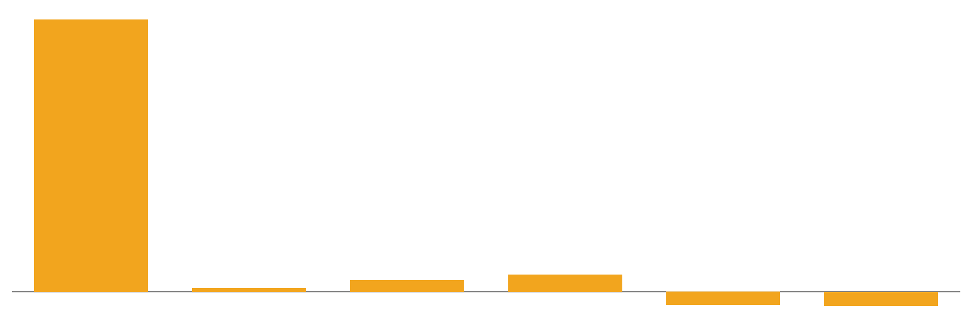
Year	2007	2008	2009	2010	2011
Long term debt	$1,647	$3,334	$3,285	$3,673	$4,028
Debt service	—	—	—	$55	$73

Source: *Civic Federation*
Note: *Excludes Certificates of Participation. 2007-2009 debt service data unavailable.*

Chicago's pro-rata share of CTA's health insurance debt: $62 million surplus

CTA has almost entirely moved its health insurance obligations to a separate retirement fund as of 2008.[23] This fund was financed with debt and is currently operating a $62 million surplus.

Chicago's pro-rata share of the Chicago Transit Authority's health insurance fund is currently running a debt-funded surplus *(in millions)*



Year	2006	2007	2008	2009	2010	2011
Unfunded health insurance liabilities	$1,212	$16	$52	$77	-$59	-$62

Source: *Chicago Transit Authority; Chicago Transit Authority Retiree Health Care Trust.*
Note: *The $13 million leftover health insurance deficit in the CTA has been subtracted from the current surplus of the CTA Retiree Health Fund to obtain the net surplus.*

Chicago Park District total debt: $1.6 billion

The Chicago Park District, or CPD, is responsible for overseeing museums, beaches, parks, pools and other attractions. CPD has an annual operating budget of $410.9 million and employs approximately 3,000 workers.[24] CPD's debt burden totals more than $1.6 billion, including debt, health insurance and pension liabilities.

Chicago Park District official debt totals $1.6 billion

(in millions)

Fiscal year	2007	2012	Moody's adjusted*
Long-term debt	$837	$944	$944
Unfunded health insurance liability	$47	$40	$40
Unfunded pension liability	$185	$426	$630
Total Debt	$1,070	$1,410	$1,610

Source: *Chicago Park District; Park Employees' Annuity and Benefit Fund; Moody's Investors Service.*
Note: *Numbers may not add due to rounding. Moody's has not released 2012 CPD adjusted pension liability, so 2011 figure used as a conservative estimate. Long-term debt data are from 2011. Most recent-available data used. See Sources and Methodology for more information.*

Pension debt: $630 million

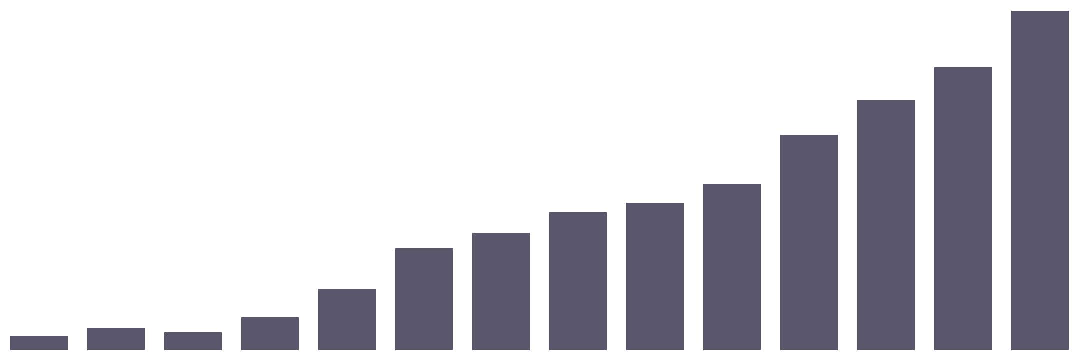
The Park Employees' Annuity and Benefit Fund of Chicago is the pension fund CPD controls for its employees. The official CPD pension shortfall totals $426 million. But under Moody's methodology, the district's total 2011 shortfall jumps to $630 million.[25]

CPD has nearly 3,000 active members in its pension plan.[26] With an unfunded pension liability of $630 million, this means CDP has approximately $210,000 in unfunded pension liabilities for every active employee in the system.

Although Moody's has not yet calculated the park district's adjusted pension debt for 2012, the lower discount rates will result in a substantial increase in the unfunded pension liability.

Chicago Park District's 2012 official unfunded pension liability totals $426 million

(in millions)

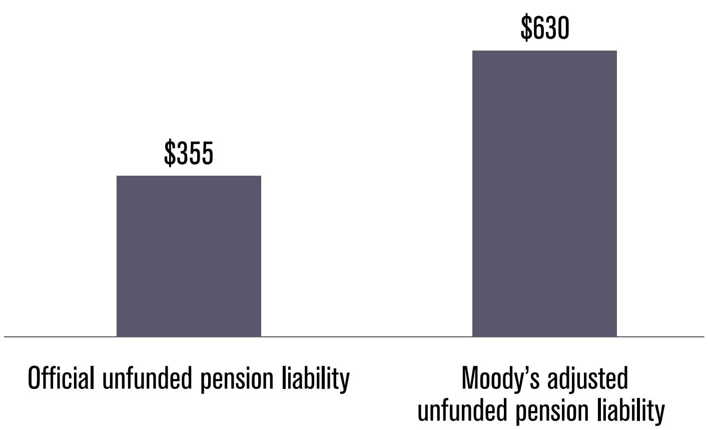


Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Unfunded pension liability	$18	$28	$22	$41	$77	$128	$147	$173	$185	$209	$270	$314	$355	$426

Source: *Chicago Park District; Park Employees' Annuity and Benefit Fund of Chicago*

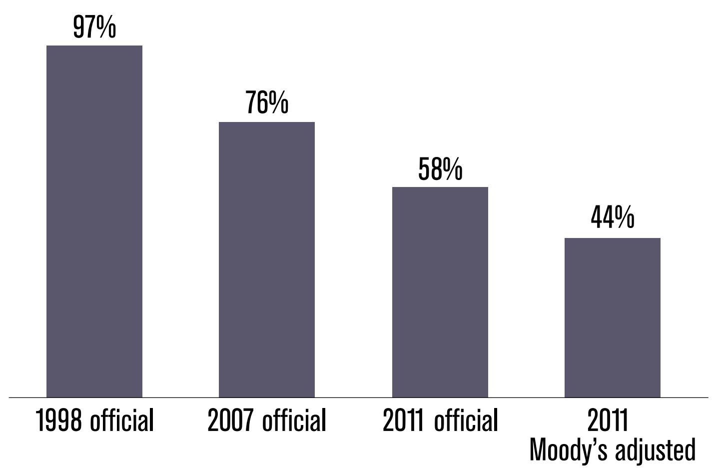
Chicago Park District 2011 unfunded pension liabilities total $630 million

(in millions)



Source: *Chicago Park District; Park Employees' Annuity and Benefit Fund of Chicago; Moody's Investors Service.*

Chicago Park District's pensions only 44% funded



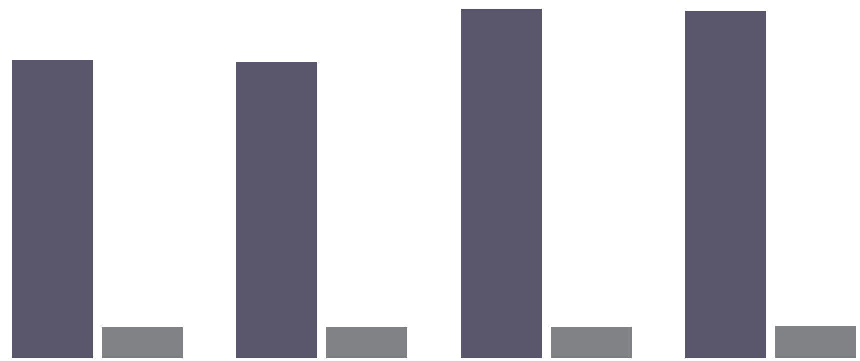
Source: *Chicago Park District; Park Employees' Annuity and Benefit Fund of Chicago, Moody's Investors Service.*
Note: *Funded ratio derived by dividing assets by adjusted net pension liability plus assets*

Long-term debt: $900 million

In total, CPD has more than $900 million in outstanding long term debt.

Chicago Park District long-term debt totals $944 million

(in millions)



Year	2008	2009	2010	2011
Long term debt	$811	$805	$949	$944
Debt service	$84	$83	$85	$87

Source: *Civic Federation, Chicago Park District.*

Health insurance debt: $40 million

CPD pays for its health insurance obligations from its general fund rather than from its pension funds. The unfunded health insurance liability currently totals $40 million, a 15 percent decrease since 2007.

Chicago Park District health insurance debt decreased by $7 million dollars*

(in millions)

Year	2007	2008	2009	2010	2011	2012
Unfunded health insurance liabilities	$47.2	$47.2	$45.8	$45.8	$40.0	$40.0

Source: *Chicago Park District*
**** Note:*** *Diagonal lines indicate that CAFR has not been released yet. However, because valuations are conducted on a two-year basis and the last one was conducted in 2011, the 2012 figure will likely be $40.0 once the CAFR is released.*

Chicago's pro-rata share of Cook County and Cook County Forest Preserve total debt: $9.7 billion

Chicago is located within the borders of Cook County, the second most populous county in the United States.[27] The county's many responsibilities include incarceration, health and transportation.

Although technically separate taxing bodies, both Cook County and the forest preserve are controlled by the same board of commissioners.[28] For that reason, their unfunded pension liabilities, unfunded health insurance liabilities and long-term debts are combined.

Cook County has an operating budget of about $2.5 billion and employs more than 22,000 workers.[29] The forest preserve's 2013 operating budget, or corporate fund budget, totaled $52.8 million.[30]

Together, Cook County and the forest preserve (henceforth referred to as "Cook County") have more than $11.5 billion in long-term debt and unfunded pension and health insurance liabilities.[31] Because Chicago taxpayers make up 52 percent of Cook County's population, the burden on Chicago taxpayers is approximated to be $6.0 billion,[32] a number that jumps to $9.7 billion when the pension liabilities are adjusted under Moody's new methodology.

Chicago's pro-rata share of Cook County official debt totals $9.7 billion

(in billions)

Fiscal year	2007	2012	2012 Moody's adjusted*
Long-term debt	$1.7	$2.1	$2.1
Unfunded health insurance liability	$0.8	$1.0	$1.0
Unfunded pension liability	$0.7	$3.0	$6.6
Total Debt	$3.2	$6.0	$9.7

Source: *Cook County; County Employees' and Officers' Annuity and Benefit Fund of Cook County; Cook County Forest Preserve; Cook County.*
Note: *Numbers may not add due to rounding. Long-term debt in the "2012" and "2012 Moody's adjusted" categories is from 2011. Most recent data used; see Sources and Methodology for more information.*

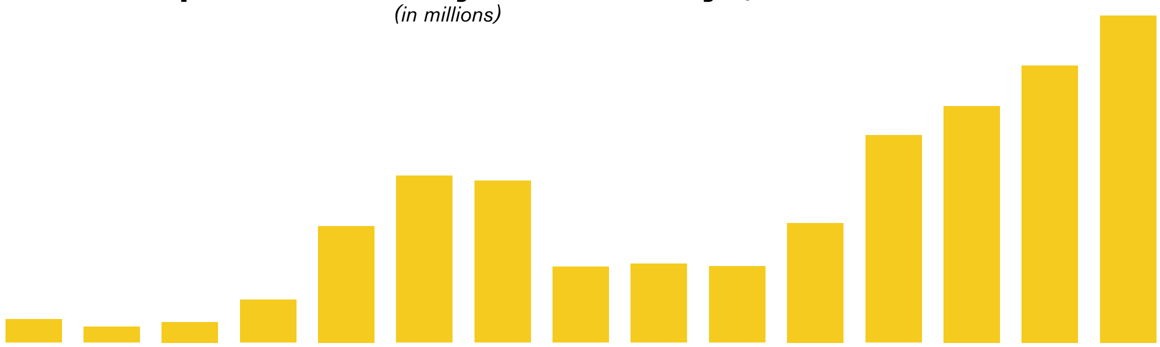
Chicago's 2012 pro-rata share of Cook County pension debt: $6.6 billion

There are two pension funds controlled by Cook County, one for the forest preserve and one for municipal employees. They are, respectively, the Employees' and Officers Annuity and Benefit Fund of Cook County, and the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County.

Cook County's official 2012 unfunded pension liability totals $5.6 billion; Chicago's pro-rata share totals nearly $3 billion.

Chicago's pro-rata share of Cook County official unfunded pension liability totals nearly $3 billion

(in millions)



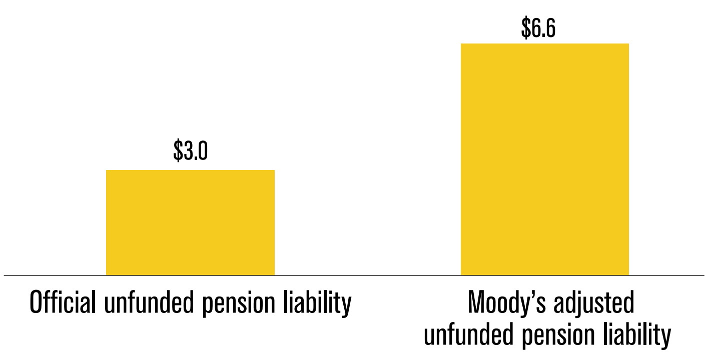
Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Cook County Municipal	$212	$147	$189	$386	$1,032	$1,483	$1,430	$683	$709	$690	$1,072	$1,843	$2,101	$2,460	$2,904
Cook County Forest Preserve	($2)	($4)	($3)	$2	$20	$25	$31	$1	$2	$1	$8	$29	$36	$43	$52
Total	$210	$142	$186	$388	$1,053	$1,508	$1,461	$684	$711	$691	$1,080	$1,872	$2,137	$2,504	$2,956

Source: *Cook County; County Employees' and Officers' Annuity and Benefit Fund of Cook County; Cook County Forest Preserve; Forest Preserve District Employees' Annuity and Benefit Fund of Cook County; Commission on Government Forecasting and Accountability*
Note: *Numbers may not add due to rounding.*

Moody's Investors Service recently released its estimate of Cook County's real unfunded pension liability. According to Moody's, the 2012 unfunded liability is $12.7 billion, up from the official figure of $5.6 billion.[33] After adjusting for Chicago's portion of Cook County's population, Chicago's Moody's-adjusted share is $6.6 billion, up from the official figure of nearly $3 billion.[34]

Chicago's 2012 pro-rata share of Cook County's unfunded pension liabilities totals $6.6 billion

(in billions)

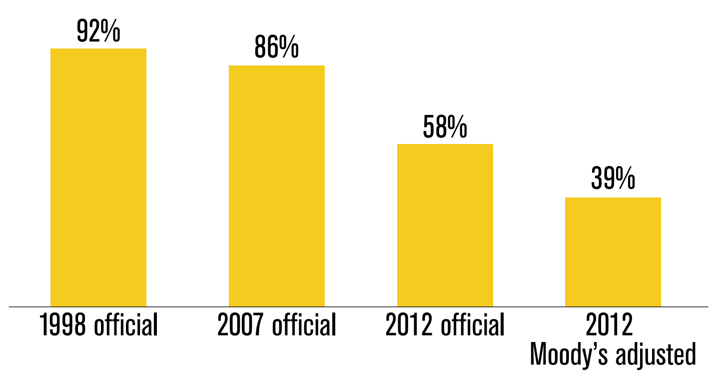


Source: Moody's Investors Service; County Employees' and Officers' Annuity and Benefit Fund of Cook County; Illinois Policy Institute

Cook County and the Cook County Forest Preserve have 21,400 and 500 employees respectively – for a total of 21,900.[35] With $12.7 billion in adjusted unfunded liabilities (not adjusted for Chicago's share), Cook County has $580,000 in pension debt for every active employee.

Cook County's pension funding level has dropped significantly since 1998. The funds now have only 39 cents of every dollar they need invested today to pay for their future liabilities.

Cook County pension only 39% funded



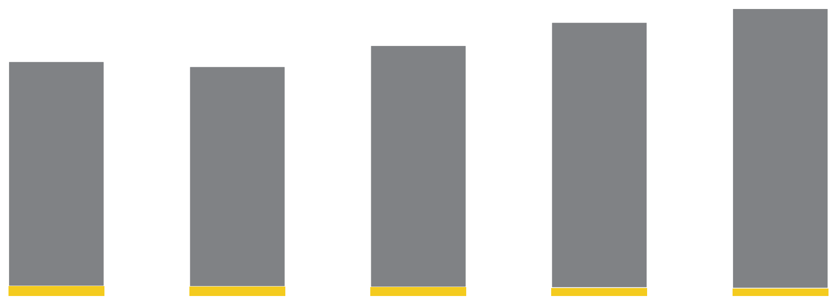
Source: *Cook County; County Employees' and Officers' Annuity and Benefit Fund of Cook County; Cook County Forest Preserve; Forest Preserve District Employees' Annuity and Benefit Fund of Cook County; Commission on Government Forecasting and Accountability*

Chicago's pro-rata share of Cook County long-term debt: $2.1 billion

Cook County's 2011 long-term debt totaled $4 billion, Chicago's pro-rata share of which totaled nearly $2.1 billion, a 23 percent increase since 2007. Chicago's pro-rata share Cook County's debt service payments totaled more than $148 million in 2011.

Chicago's pro-rata share of Cook County long-term debt totals $2.1 billion

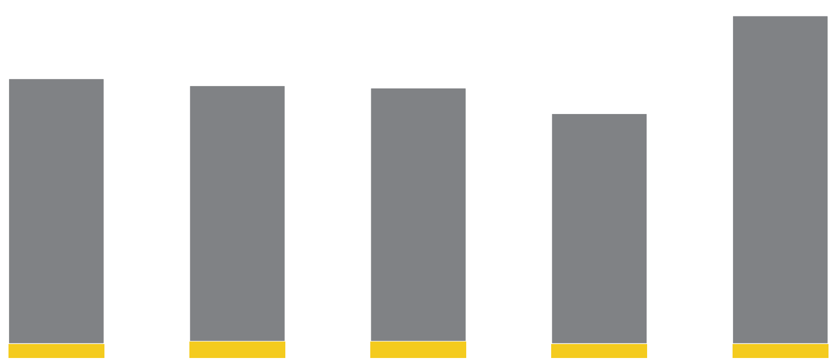
(in millions)



Year	2007	2008	2009	2010	2011
Forest Preserve	$68	$65	$61	$57	$53
Cook County municipal	$1,613	$1,580	$1,735	$1,905	$2,008
Total	$1,681	$1,645	$1,796	$1,962	$2,061

Source: *Civic Federation*
Note: *Numbers may not add due to rounding.*

Chicago's pro-rata share of Cook County debt service payments total $148 million *(in millions)*



Year	2007	2008	2009	2010	2011
Forest Preserve	$6	$7	$7	$6	$6
Cook County municipal	$114	$110	$109	$99	$141
Total	$120	$117	$116	$105	$148

Source: *Civic Federation*
Note: *Numbers may not add due to rounding.*

Chicago's pro-rata share of Cook County health insurance debt: $1 billion

Chicago's pro-rata share of Cook County's unfunded health insurance liability totals $983 million, up from $829 million in 2007.

Chicago's share of Cook County's unfunded health insurance liability totals $983 million

(in millions)

Year	2007	2008	2009	2010	2011	2012
Forest preserve	$21	$19	$22	$22	$21	$24
Municipal employees	$808	$753	$877	$897	$873	$960
Total	$829	$772	$900	$920	$894	$983

Source: *Cook County; Cook County Forest Preserve.*
Note: *Numbers may not add due to rounding.*

Chicago's pro-rata share of Metropolitan Water Reclamation District total debt: $2.1 billion

The Metropolitan Water Reclamation District, or MWRD, is a special-purpose district that operates as an independent agency responsible for treating wastewater across Cook County and the greater Chicago area. MWRD debt totals approximately $4 billion – a 78 percent increase since 2007. The Chicago share of this debt is $2.1 billion.

Chicago's pro-rata share of MWRD official debt totals $2.1 billion

(in millions)

Fiscal year	2007	2012
Long-term debt	$815	$1,399
Unfunded health insurance liability	$217	$177
Unfunded pension liability	$280	$551
Total Debt	$1,325	$2,100

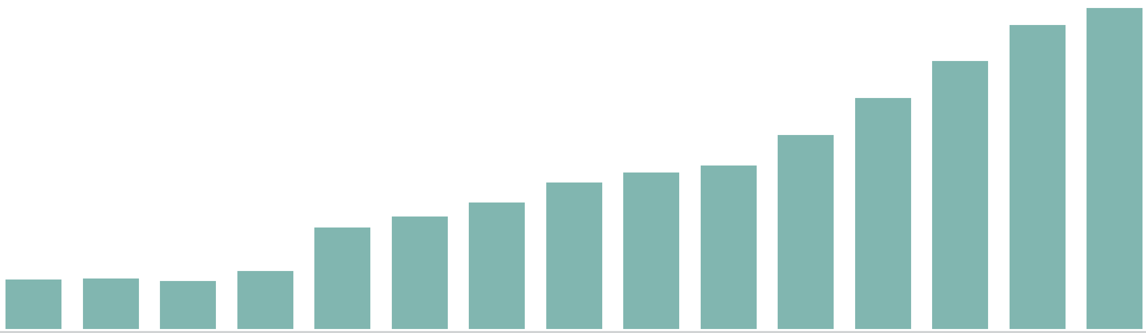
Source: *Metropolitan Water Reclamation Authority; Metropolitan Water Reclamation Retirement Fund*
Note: *Numbers may not add due to rounding. 2012 long-term debt is from 2011. Most recent available data used; see Sources and Methodology for more information.*

Chicago's 2012 pro-rata share of Cook County pension debt: $551 million

MWRD controls the Metropolitan Water Reclamation District Retirement Fund for its employees. MWRD has an official pension shortfall totaling $1.1 billion, Chicago's share of which, based on population, totals $551 million.[36] This means that MWRD, with about 1,900 active employees, has approximately $570,000 in unfunded pension liabilities for every active employee in the system (not adjusted for Chicago's share).[37] Although Moody's has not yet calculated MWRD's true pension debt, the lower discount rates will result in a substantial increase in the unfunded pension liability.

Chicago's pro-rata share of MWRD unfunded pension liability totals $551 million

(in millions)



Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Unfunded pension liability	$85	$86	$82	$99	$174	$193	$217	$251	$268	$280	$333	$396	$460	$522	$551

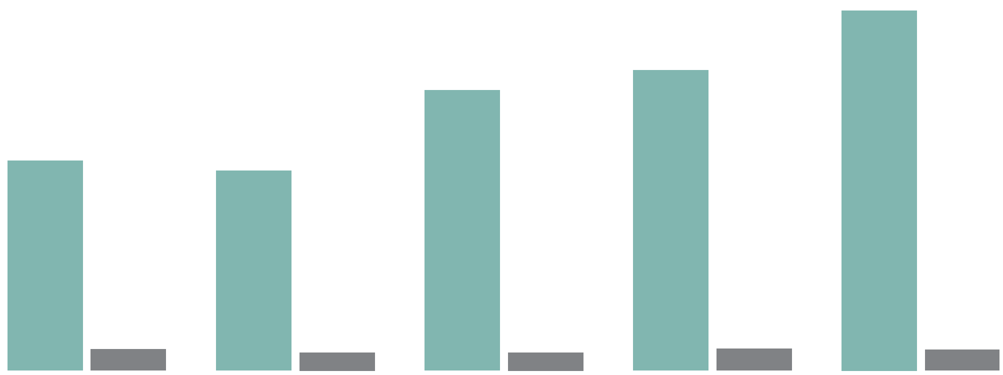
Source: *Metropolitan Water Reclamation Authority; Metropolitan Water Reclamation Retirement Fund*

Chicago's pro-rata share of MWRD long-term debt: $1.4 billion

MWRD's 2011 long-term debt totaled $2.7 billion, with debt service payments of approximately $156 million. Chicago's pro-rata share of MWRD's 2011 long-term debt totaled $1.4 billion, a 60 percent increase since 2007. Chicago's pro-rata share of MWRD's debt service payments totaled $80 million in 2011.

Chicago's 2011 pro-rata share of MWRD long-term debt totals nearly $1.4 billion

(in millions)



Year	2007	2008	2009	2010	2011
Long-term net debt	$815	$777	$1,090	$1,166	$1,399
Debt service	$83	$70	$70	$85	$81

Source: Metropolitan Water Reclamation District

Chicago's pro-rata share of MWRD health insurance debt: $177 million

MWRD pays for its health insurance obligations from its general fund rather than from its pension funds. MWRD's 2011unfunded health insurance liabilities totaled $340 million. Chicago's pro-rata share of MWRD's unfunded health insurance liability totals $177 million.

Chicago's 2011 pro-rata share of MWRD unfunded health insurance liability totals $177 million

Chicago's share based on population (in millions)

Year	2007	2008	2009	2010	2011	2012
Unfunded health insurance liabilities	$217	$249	$249	$249	$177	$177

Source: *Metropolitan Water Reclamation District*
Note: *2012 data has not yet been released. 2011 was used as a proxy.*

Sources and methodology

Pensions

Data from 1998 through 2011 are provided by the Commission on Government Forecasting and Accountability (COGFA), which produces a Small Systems report on all Chicago-area funds.

“A report on the Financial Condition of the Chicago, Cook County and Illinois Municipal Retirement Fund Systems of Illinois,” Commission on Government Forecasting and Accountability (December 2012), *http://cgfa.ilga.gov/Upload/FY2012SmallSystemsReport.pdf*

“A report on the Financial Condition of the Chicago, Cook County and Illinois Municipal Retirement Fund Systems of Illinois,” Commission on Government Forecasting and Accountability (November 2008), *http://cgfa.ilga.gov/Upload/FY2012SmallSystemsReport.pdf*

Data from 2012 have been filled in using the individual 2012 CAFRs, Audited Reports or Actuarial Valuations for each fund.

Chicago Firemen’s Annuity and Benefit Fund – “Audited Financial Report for the Year Ended December 31, 2012,” “Audited Financial Report for the Year Ended December 31, 2008,” *http://www.fabf.org/FinancialInfohtml.html*

Policemen’s Annuity and Benefit Fund of Chicago – “Financial Statements and Supplementary Information for the Years Ended December 31, 2012 and 2011 With Report of Independent Auditors,” “Component Unit Financial Statements Years Ended December 31, 2007 and 2006,” *http://www.chipabf.org/ChicagoPolicePension/Financials.html*

Municipal Employees’ Annuity and Benefit Fund of Chicago – “Comprehensive Annual Financial Report For the Fiscal Year Ended December 31st, 2012,” “Comprehensive Annual Financial Report For the Fiscal Year Ended December 31st, 2007,” *http://www.meabf.org/publications.php*

Laborers’ and Retirement Board Employees’ Annuity and Benefit Fund of Chicago – “Laborers’ and Retirement Board Employees’ Annuity and Benefit Fund of Chicago Actuarial Valuation Report For the Year Ending December 31, 2012 (April 2013),” ““Laborers’ and Retirement Board Employees’ Annuity and Benefit Fund of Chicago Actuarial Valuation Report For the Year Ending December 31, 2011 (April 2012),” *http://labfchicago.org/financialreports*

Chicago Teachers’ Pension Fund – “117th Comprehensive Annual Financial Report For the Year Ended June 30, 2012,” “115th Comprehensive Annual Financial Report For The Year Ended June 30, 2010,” *http://www.ctpf.org/general_info/financial_lists.htm*

The Retirement Plan for Chicago Transit Authority Employees – “Actuarial Valuation Report as of January 1, 2012 (December 2012),” “Actuarial Valuation as of January 1, 2007,” *http://www.ctaretirement.org/reports/*

Park Employees’ Annuity and Benefit Fund of Chicago – “Comprehensive Financial Report of the Park Employees’ and Retirement Board Employees’ Annuity and Benefit Fund For the Fiscal Year Ended June 30, 2012,” “Comprehensive Financial Report of the Park Employees’ and Retirement Board Employees’ Annuity and Benefit Fund For the Fiscal Year Ended June 30, 2008,” *http://www.chicagoparkpension.org/CAFR.html*

Employees’ and Officers Annuity and Benefit Fund of Cook County – “Comprehensive Annual Financial Report For the Year Ended December 31, 2012,” *http://www.cookcountypension.com/about_the_fund/investments/financial_reports.aspx*

Forest Preserve District Employees’ Annuity and Benefit Fund of Cook County - “Comprehensive Annual Financial Report For the Year Ended December 31, 2012,” *http://www.cookcountypension.com/about_the_fund/investments/financial_reports.aspx*

Metropolitan Water Reclamation District Retirement Fund - “Comprehensive Annual Financial Report For the Year Ended December 31, 2012,” *http://www.cookcountypension.com/about_the_fund/investments/financial_reports.aspx*

Moody’s adjusted pension liabilities

City of Chicago - “Moody’s downgrades Chicago to A3 from Aa3, affecting $8.2 billion of GO and sales tax debt; outlook negative,” Moody’s Investors Service (2013), *https://www.moodys.com/research/Moodys-downgrades-Chicago-to-A3-from-Aa3-affecting-82-billion--PR_278069*

Chicago Public Schools – "Moody's assigns A3 rating and negative outlook," Moody's Investors Service (2013)

Chicago Park District – "Moody's downgrades Chicago Park District to A1 from Aa2; outlook negative," Moody's Investors Service (2013)

Long-term debt and debt service

City of Chicago – "Annual Financial Analysis 2013," City of Chicago (2013), https://www.cityofchicago.org/content/dam/city/depts/obm/supp_info/Budget%20Documents/2013AFA.PDF

Chicago Public Schools – "Chicago Public Schools FY 2013 Proposed Budget Analysis and Recommendations," Civic Federation (2012), http://www.civicfed.org/CPSFY2013ProposedBudgetAnalysis

"Chicago Public Schools (CPS) FY2009 Budget Book," Chicago Public Schools (2008), http://www.cps.edu/About_CPS/Financial_information/Pages/FYBudget2009.aspx

"Chicago Public Schools Final Budget 2011-2012," Chicago Public Schools (2011), http://www.cps.edu/About_CPS/Financial_information/Documents/FY12FinalBudgetBook.pdf

Chicago Transit Authority – "Chicago Transit Authority President's Proposed FY2013 Operating Budget: Analysis and Recommendations," Civic Federation (2012), http://www.civicfed.org/civic-federation/publications/CTA_FY2013budget

Chicago Park District – "Chicago Park District FY2013 Budget: Analysis and Recommendations," Civic Federation (2012), http://www.civicfed.org/civic-federation/publications/FY2013CPDbudget

Cook County – "Cook County FY2013 Executive Budget Recommendation: Analysis and Recommendations," Civic Federation (2012), http://www.civicfed.org/civic-federation/publications/CookCounty_FY2013BudgetAnalysis

Cook County Forest Preserve – "Forest Preserve District of Cook County FY2013 Budget Analysis," Civic Federation (2012), http://www.civicfed.org/civic-federation/publications/FY13ForestPreserveBudgetAnalysis

Metropolitan Water Reclamation District – "Metropolitan Water Reclamation District FY2013 Tentative Budget: Analysis and Recommendations," Civic Federation (2012), http://www.civicfed.org/MWRD_FY2013analysis

Population

Chicago (city) – "Chicago (city), Illinois," US Census Bureau (2012) http://quickfacts.census.gov/qfd/states/17/1714000.html

Cook County – "Cook County, IL," US Census Bureau (2012), http://quickfacts.census.gov/qfd/states/17/17031.html

Health insurance

Health insurance data for Fire; Police; Municipal; Labor; and Cook County and Forest Preserve are listed with pension data. See the "Pension" section for these reports. The following funds list their health insurance data separately from their pension data:

Chicago Park District – "Comprehensive Annual Financial Report For the year ended December 31, 2011," "Comprehensive Annual Financial Report For the year ended December 31, 2008," http://www.chicagoparkdistrict.com/departments/finance/comptroller/

Metropolitan Water Reclamation District – "Comprehensive Annual Financial Report of the Metropolitan Water Reclamation District of Greater Chicago For the Year Ended December 31, 2012," "Comprehensive Annual Financial Report of the Metropolitan Water Reclamation District of Greater Chicago For the Year Ended December 31, 2008," https://www.mwrd.org/irj/portal/anonymous/AFReports

CTA Retiree Health Care Plan – "Financial Statements and Supplementary Information For the Years Ended December 31, 2011 and 2010 With Report of Independent Auditors," http://www.ctaretirement.org/healthPlan/reports/

Comparability

CTA issues

The 2012 data for Chicago Transit Authority are incomplete as the actuarial valuation for 2012 has not been released. COGFA's projections from its Small Systems report are used in their place.

Notes on pension data:

Moody's calculation

Most recent data used. Moody's total includes 2012 ANPL for Chicago ($36B), Chicago's share of Cook County ($6.6B), 2011 ANPL for CPS ($11.1B), and 2011 ANPL for Park District ($630M). ANPL for CTA has not yet been released, so most recent unadjusted unfunded liability (2012 COGFA projection) used.

Asset smoothing:

There are two methods of reporting asset values for pension plans. One is to use the current market value of the assets, and the other is to "smooth" the values of the assets by averaging the assets of previous fiscal years. Common practice in actuarial valuations, CAFRs, and other official reports is to report the latter, "smoothed" asset values. The analysis in this report follows this practice as well. All asset values for pension data in this report should be considered as the smoothed, or actuarial, asset count.

Long-term debt years

For most of the data in this report (with the exception of the city of Chicago), the most recent available long-term debt is from 2011. Consequently, long-term debt in this paper should be considered a conservative estimate for current long-term debt.

Units of government excluded from the analysis

There are a four Chicago sister governments that were not included in this report due to their relatively small levels of debt and unfunded liabilities. These units of government include:

- City Colleges of Chicago
- Public Building Commission of Chicago
- Chicago Housing Authority
- Metropolitan Pier and Exposition Authority

The unfunded pension liability for the Metropolitan Pier and Exposition Authority is only $3.9 million and the system is 95 percent funded.38 The unfunded pension liability for the Chicago Housing Authority is only $43.7 million.[39] The total debt is also relatively small–the Public Building Commission of Chicago reported $188.8 million in total outstanding debt as of 2012.[40] The City Colleges of Chicago have their debt and pensions controlled by the city of Chicago and the State Universities Retirement System respectively.[41] The City Colleges of Chicago's health insurance liabilities are the only component actually controlled by the unit of government – and the unfunded health insurance liability total approximately 124 million.[42]

Cook County pro-rata methodology

Cook County includes many collar communities located outside of Chicago, which is why the city of Chicago isn't responsible for Cook County's entire debt burden. But with a large portion of Cook County residents living in Chicago, Cook County's long-term liabilities are relevant to any discussion of Chicago residents' long term liability.

To estimate Chicago's share of Cook County's long-term liabilities, the analysis provided adjusted Chicago's share of Cook County's liabilities based on population. Approximately 52 percent of Cook County residents live in the city of Chicago. Cook County's long-term debt and liabilities were multiplied by 52 percent to calculate the Chicago share.[43] Although it's not a prefect representation, population is a good proxy for the share of debt in each region.

The 52 percent multiplier would differ if it was based off income. Based on Census data, the city of Chicago has approximately 48 percent of the total personal income in Cook County.[44] Regardless of method, Chicago residents are responsible for approximately half of Cook County's total long-term debt and liabilities.

Chicago Transit Authority methodology

Like Cook County, the Chicago Transit Authority services both the city of Chicago and surrounding suburbs. For that reason, the city of Chicago is not solely responsible for the CTA's liabilities. To adjust for Chicago's share, all CTA data has been adjusted on a pro-rata basis by service population. The adjustment is 71%, calculated by dividing Chicago's population by the Chicago Transit Authority's service population.

Endnotes

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[43] Ibid. The 48 percent statistic can be found through the following equation

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