

Pensions

One of the most important line items to review in the 2024 Budget is the required pension contribution and projected pension contribution, which has changed from the historic estimates available to my office. You may be aware that due to the underfunded status of the pensions, the City must make required payments based on an actuarial assessment of the pensions.

In the 2020 Budget Forecast, the projected 2024 pension payment was expected to be \$2.3467 billion ([2020 Forecast, page 23](#)); that figure remained similar through the 2023 Budget Forecast, which was updated to \$2.4134 billion based on some actuarial updates ([2023 Forecast, page 23](#)). However, in May 2023, [Mayor Lightfoot signed an executive order establishing a Pension Advance Fund](#), which stipulated that key City budget and finance personnel spend a large portion of the City's budget surplus on advance payments to the pension. As reported in the news and at Budget Hearings, additional payments to the City's pensions help address potential liquidity issues due to the fund's underfunded status and poor performance (unfortunately, because of the City's underfunded pension status, the types of investment vehicles available to the City is limited).

[Mayor Lightfoot ordered the Budget Director and Comptroller to contribute \\$241 million as an advance payment in 2024](#). However, the 2024 Budget Forecast provides for an advance payment that is more than 25% higher than the ordered pension advance payment ([2024 Forecast, page 21](#)). This increase in advance payment represents more than 10% of the projected budget gap in 2024. Reviewing year-by-year changes like this is my focus throughout each budget season, and I will continue to work closely with my staff to ensure that I am scrutinizing the most important lines of the budget.

I know that in a \$16 billion budget and \$5 billion corporate fund, \$50 to \$100 million might seem like an insignificant amount of money. But when we are balancing housing, homelessness prevention and support, workforce, public safety, and other budget priorities, shifting these funds from one part of the budget to another could mean worlds of difference to important policy priorities.

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