

Chicago Enters 2026 Budget Process Amid Uncertainty Over True Financial Position

CHICAGO, IL, UNITED STATES, November 13, 2025 /EINPresswire.com/ -- As Chicago's 2026 budget process moves forward, new independent analysis indicates that city leaders are debating spending priorities and long-term commitments without a complete and fully transparent understanding of the government's true financial position. Truth in Accounting (TIA), a nonprofit focused on promoting transparent public-sector financial reporting, has released its annual [Financial State of Chicago](#) report to provide residents and policymakers with a clearer picture as budget negotiations continue. By law, Chicago's 2026 budget must be signed by December 31, 2025.

The report evaluates the city's fiscal health using data from Chicago's 2024 Annual Comprehensive Financial Report (ACFR). Although Chicago operates under a balanced-budget requirement intended to ensure the city does not spend more than it collects, TIA's analysis shows that the city has reported operating losses in 10 of the past 12 years. Federal pandemic relief temporarily obscured deficits, but shortfalls re-emerged in 2022 and 2023 and continued into 2024.

According to the latest findings, Chicago has \$13 billion in assets available to pay \$51.4 billion in obligations, resulting in a \$38.1 billion shortfall or a per-taxpayer burden of \$42,600.

A significant factor behind the imbalance is the city's underfunded pension system. Chicago's pension plans are currently 25 percent funded, with unfunded liabilities exceeding eight times the city's annual payroll. These obligations have grown due to a combination of historically insufficient contributions, increased benefit costs, and market volatility that has reduced asset values in certain years.

The city's pension burden is expected to expand further following a recent state law designed to comply with the IRS Safe Harbor provision. According to the Chicago comptroller, this change will add more than \$11 billion to the city's unfunded pension liability. Because Illinois pension benefits are constitutionally protected, these expanded obligations must be fully honored in future budgets.

As the public budget debate continues, TIA encourages residents to ask elected officials direct questions about revenue assumptions, deferred obligations, pension funding, and cost-shifting into later fiscal years. The organization believes that a more straightforward explanation, paired with complete data, would enable taxpayers, employees, and city leaders to work from a shared

understanding of the city's financial reality.

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