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**MAYOR EMANUEL PRESENTS BALANCED 2014 BUDGET PROPOSAL TO CITY COUNCIL**

*No New Property, Gasoline or Sales Taxes for Third Year;  
Continued Investments in Children and Neighborhoods*

Mayor Rahm Emanuel today presented the proposed 2014 budget to the City Council, an \$8.7 billion budget that, for the third consecutive year, balances the City's finances without introducing new property, sales or gasoline taxes.

In 2011, the City faced a projected deficit of \$790 million for 2014. In the last two budgets, that structural deficit has been cut by more than half, to \$339 million.

"To balance our budget for the past three years without any increase in property, sales or gas taxes was only possible by changing the way Chicago does its business," Mayor Emanuel said. "We have reduced our structural deficit by making city government smaller, smarter, and simpler. We have coupled necessary reforms with improved services so city government works better for all our residents."

Like the 2013 budget, the proposed 2014 budget makes a significant investment in the education, health and safety of the children of Chicago. It also enhances public safety and invests in the neighborhood businesses across the City that are so vital to providing local jobs and keeping communities strong.

The City began the 2014 budget process with a projected deficit of \$338.7 million. The gap was closed through spending reforms and cuts, and improved revenue growth, including: \$40 million through reduced technology, equipment and telecom costs; \$26 million in healthcare savings; \$101 million in additional revenue growth and children's safety zones; \$35 million from sweeping aging revenue accounts and grant funds; \$34 million in targeted revenue enhancements; \$18.7 million through proper allocation of costs to enterprise and grant funds; and \$53.4 million from 2013 surplus captured through spending controls.

The spending reforms and cuts spearheaded by Mayor Emanuel, as well as enhanced revenue projections, has allowed for continued investments in Chicago's children.

"As the federal government continues to slash funding for children, we'll keep our priorities straight by maintaining current spending and expanding the most successful after-school and summer programming," said Mayor Emanuel.

Over the last three years, Chicago has lost more than \$11 million in federal funds for after school and summer programs, and suffered a \$7 million cut to Head Start due to the sequester. The proposed 2014 budget establishes the "Children's Fund," a protected fund supported largely by an anticipated \$65 million to \$70 million in revenue from children's safety zones.

The Children's Fund will allow the city to not only maintain current funding for children's programs, but will allow for the following investments:

- \$13 million in afterschool opportunities for nearly 16,000 kids. This represents a 25 percent increase in funding since Mayor Emanuel took office in 2011, more than making up cuts in federal funding and allowing the City to serve 3,000 more children.
- \$14.5 million in summer jobs for more than 12,000 youth, more than doubling the number of children served by City-funded programs since 2011.
- \$11 million in early education opportunities, part of a three-year, \$36 million investment announced last year that will provide early education to 5,000 kids.

The budget also continues to promote job growth and improves public safety and the quality of life in our communities through various initiatives, including:

- Increasing funding for graffiti removal, rodent control, tree trimming, tree removal and tree planting.
- Expanding the microlending initiative in partnership with the City Treasurer's Office to help support 300 businesses by 2016.
- Launching a pilot program that will pay out Earned Income Tax Credit in advanced quarterly payments. This will provide an option for families who need money before tax season to make ends meet, rather than going to a predatory lender. The program will serve 500 working families.
- Adding seven new Family Net Centers to provide residents with training in technology skills such as using email, online banking, online research, and accessing government services.
- Funding for the Chicago Police Department to hire officers to remain at full strength at all times.
- Expanding CAPS' focus on youth and upgrading the CAPS communication strategy with a citywide tool kit to help groups self-organize around public safety issues.

“We should all be proud that we’ve kept up these investments while cutting our inherited deficit in half. We have come a long way by working together over the past three years,” Mayor Emanuel said.

Because of the reforms made over the past year, the City is able to continue to build its reserves in order to enhance its long-term stability. On Monday, Mayor Emanuel signed an Executive Order that formalizes a practice to build the City’s “Rainy Day” fund – something the administration has done each of the past three years.

The Executive Order allows the budget director to identify the amount of unreserved fund balance, and transfer at least 10 percent of that balance into the City’s reserves. The 2014 proposed budget invests \$5 million into the fund. The move follows a \$15 million investment made in the 2013 budget, and a \$20 million investment made in 2012.

However, Mayor Emanuel cautioned that the City’s progress over the past two years will be for naught without pension reform in Springfield. The City faces a \$600 million pension cliff in 2015.

“Should Springfield fail to pass pension reform for Chicago soon, we will be right back here in Council early next year to start work on the city’s 2015 budget – a budget that will either double city property taxes or eliminate the vital services that people need,” said Mayor Emanuel. “Without reform, we cannot make the critical investments in our future, and the future of our children. Without reform, we cannot be the city that we want to be.”

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