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MAYOR EMANUEL RELEASES ANNUAL FINANCIAL ANALYSIS PROJECTING A \$114.2 MILLION BUDGET SHORTFALL FOR 2018

Projected 2018 Operating Budget Shortfall is 82 Percent Reduction from 2011

Mayor Rahm Emanuel today released the City of Chicago's 2017 Annual Financial Analysis (AFA), which outlines the City's revenue and expenditures and shares a picture of the City's overall financial health, including the progress the City has made to reduce the structural budget deficit and improve Chicago's long-term financial stability.

"The significant reduction in the annual budget shortfall over the past six years is just one example of the progress we have made together to address our financial challenges without sacrificing critical investments in our neighborhoods," said Mayor Emanuel. "In several critical areas from ending the practice of using one-time revenues, such as the sale of city assets, to balance the budget to making substantial contributions to our four pension funds, we are more financially secure today than we were six years ago."

In 2011, the City had a structural deficit of \$635.7 million. Through a series of reforms and efficiencies that continue to generate taxpayer savings coupled with sustainable revenue growth, the City projects the 2018 corporate fund budget gap to be \$114.2 million. The 2018 corporate fund gap is 17 percent lower than the 2017 budget gap, and is an 82 percent reduction since the Mayor took office.

Notable savings, efficiencies, and spending reductions helping to decrease the City's structural deficit year-over-year include:

- Strategic energy and utility purchasing, consolidation of office spaces, and elimination of duplicative department functions, which provide year-over-year savings and also streamlines City government;
- Significant healthcare savings in order to keep costs relatively stable since 2012;
- Transition of multiple city services – garbage collection and graffiti removal – to a grid system, boosting service and saving money; and
- Work with our partners in labor to implement reforms such as the more flexible general laborers title, competitive bidding and apprenticeship programs.

On top of reducing the structural budget gap by 82 percent, the City also has implemented balanced funding solutions for all four pension funds, putting them on the road to solvency. The pension funding solutions provide dedicated revenue to support these increasing pension contributions and protect Chicago taxpayers from bearing the full burden of growing pension costs in the future.

The City has also made other key financial reforms to improve its long-term financial stability including:

- Stopping the use of one-time revenues to balance the budget;
- Converting all the City's taxpayer-backed variable rate debt to fixed rate debt and terminating the corresponding swap; and
- Working to eliminate the need for the practice of "scoop and toss" by 2019, for which we took the first step in the 2016 budget by increasing available resources to make the City's debt service payments.

The AFA was initiated after Mayor Emanuel signed an Executive Order creating a long-term budget and planning process in 2011.

In previous years, the AFA was distributed in print and the printed version was also available online. The full 2017 AFA and 2016 AFA are available through an online platform on the City's website. This AFA provides readers with more detailed information in an interactive format.

Mayor Emanuel will present his 2018 budget proposal to the City Council this fall.

The complete AFA can be obtained at: <https://chicago.github.io/afa-2017/>

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