

League of Women Voters of Chicago



Alex Holt, Budget Director

City of Chicago

City of Chicago Budget Facts

- ★ Fiscal Year: January 1 – December 31

- ★ Legal Requirements
 - Must be approved by December 31
 - Must be balanced—revenues must match spending

- ★ Size of 2017 City Operating Budget: \$9.81 billion
 - \$8.22 billion for all local funds (corporate, enterprise, special revenue)
 - \$1.59 billion in grant funds

- ★ Does **not** include the sister agencies (Public Schools, Park District, CTA, City Colleges, CHA)
 - Combined budgets of City and Sister Agencies totals over \$19 billion

Budget Structure

- ★ Corporate Fund (\$3.719 billion)
 - The City's general purpose fund covers basic services like police, fire, and garbage
 - Over 80% of costs in the fund are for personnel
 - Over 70% of total expenditures in the fund are for public safety

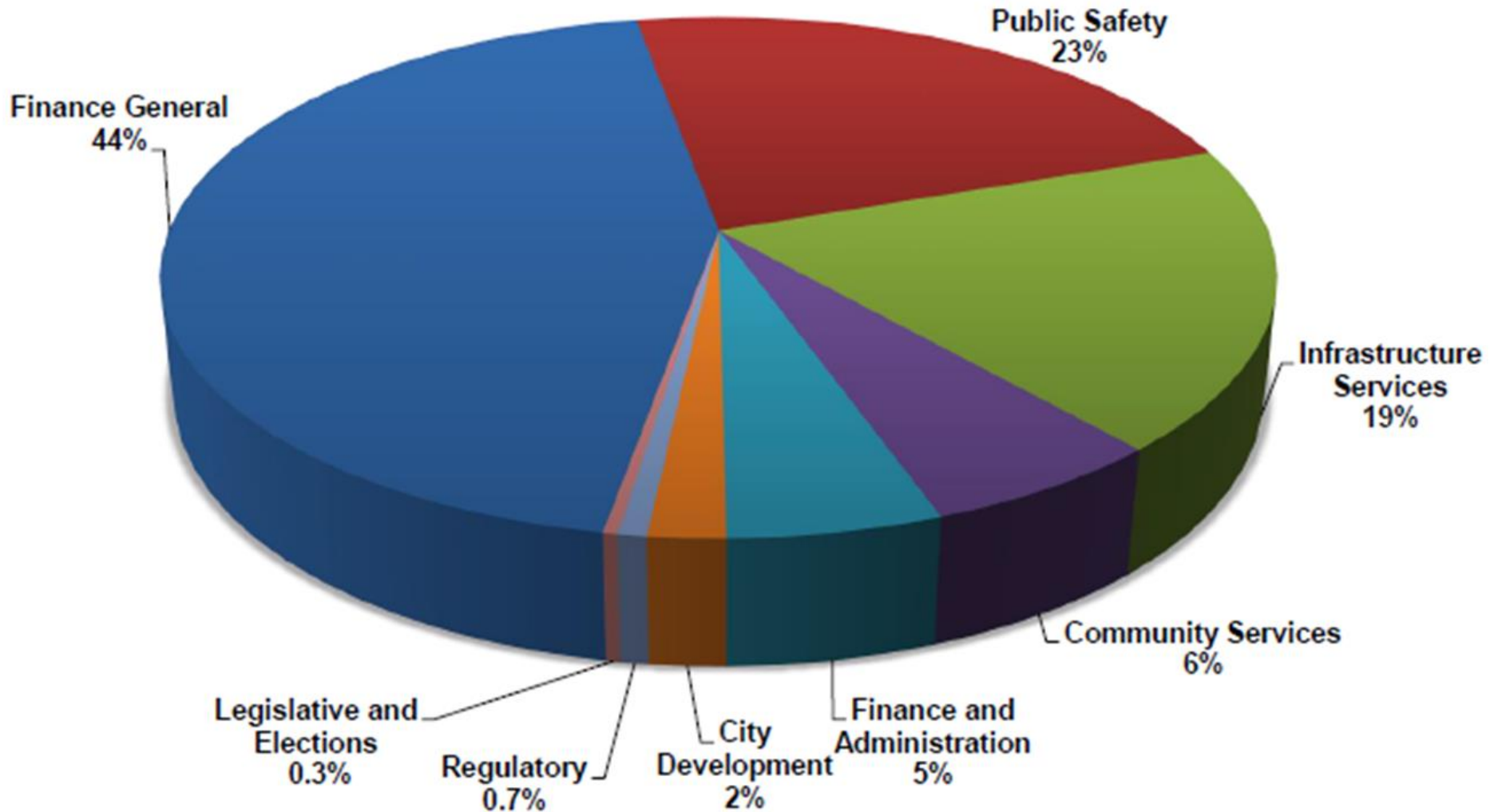
- ★ Special Revenue Funds (\$728.2million)
 - Used to account for revenue from specific taxes and other sources that by law are designated to finance particular functions (e.g. city sticker).

- ★ Enterprise Funds (\$2.651 billion)
 - \$1.15B in water/sewer and \$1.50B in aviation
 - Specific purpose funds in which the revenues may be used only for the designated purposes

- ★ Grants (\$1.587 billion)
 - Federal, State, and other public and private funding provided to the City for a variety of purposes

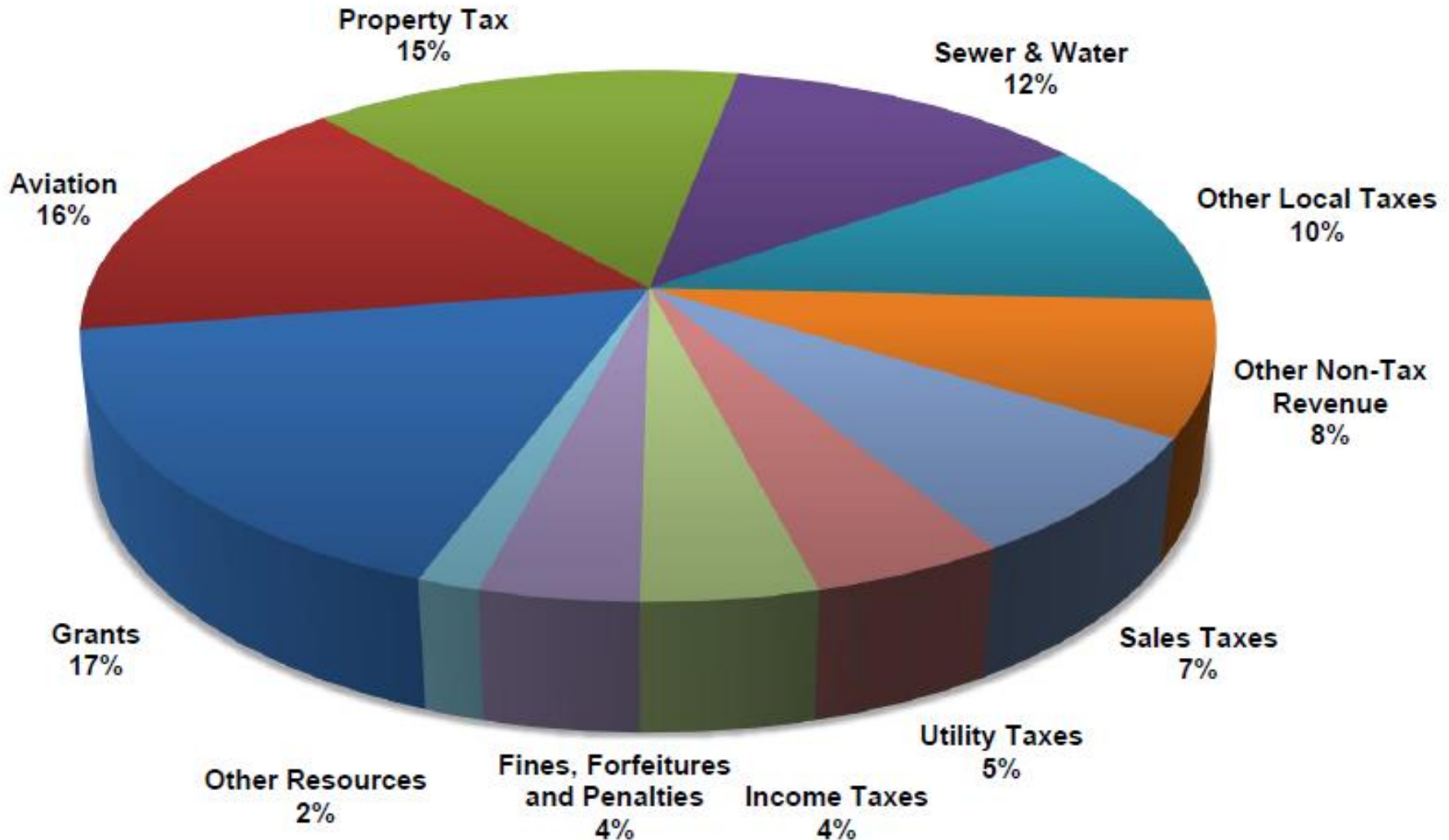
Where the Money Goes

2017 Budgeted Expenditures



Where the Money Comes From

2017 Budgeted Revenue



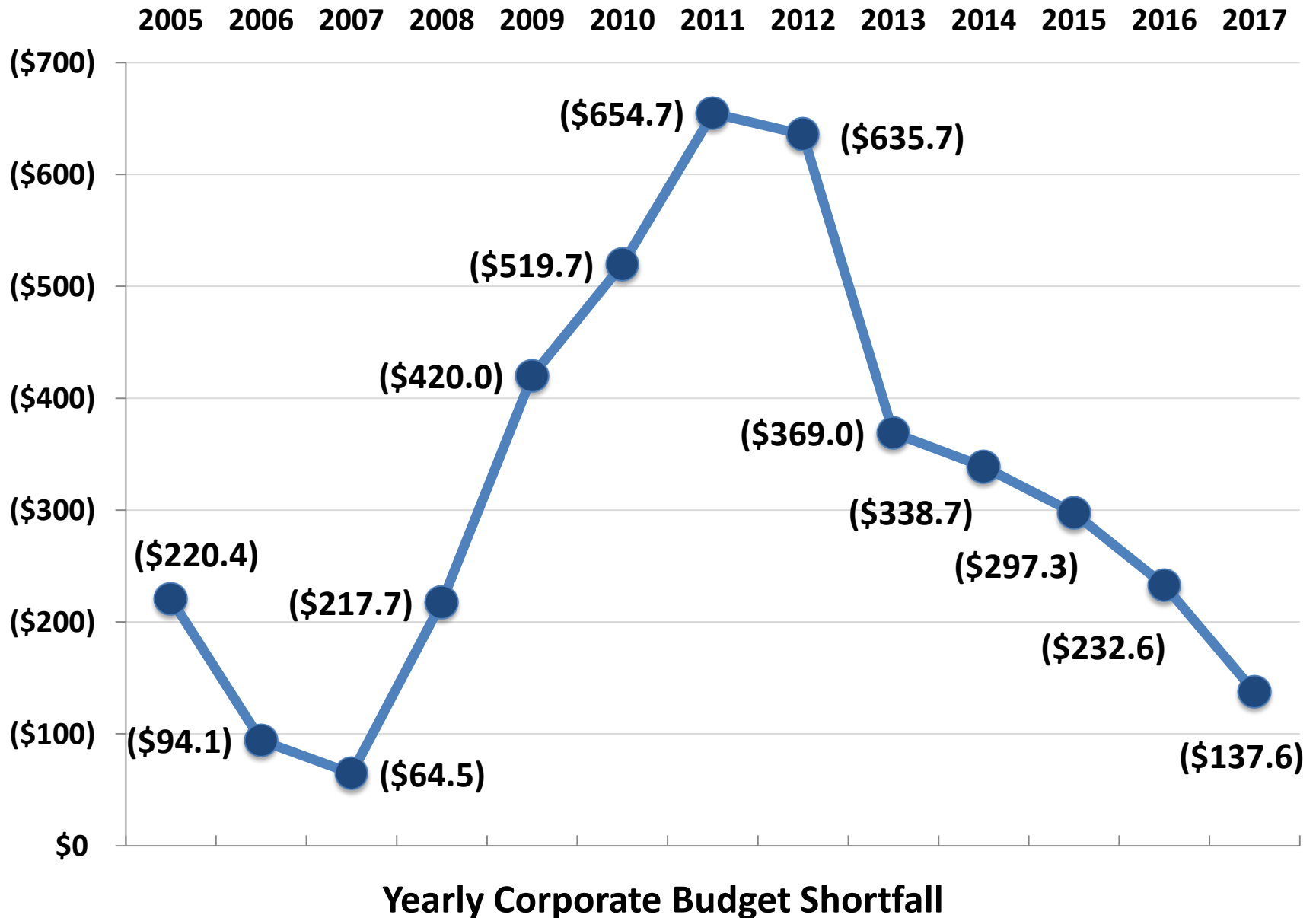
Legacy Liabilities: Structural Gap, Debt, Pensions, Wages

- ★ Eliminating the structural budget gap by 2019
 - In 2011, \$570M of operating revenues came from one-time revenues
 - 2017 budget includes only \$37M of one-time revenues

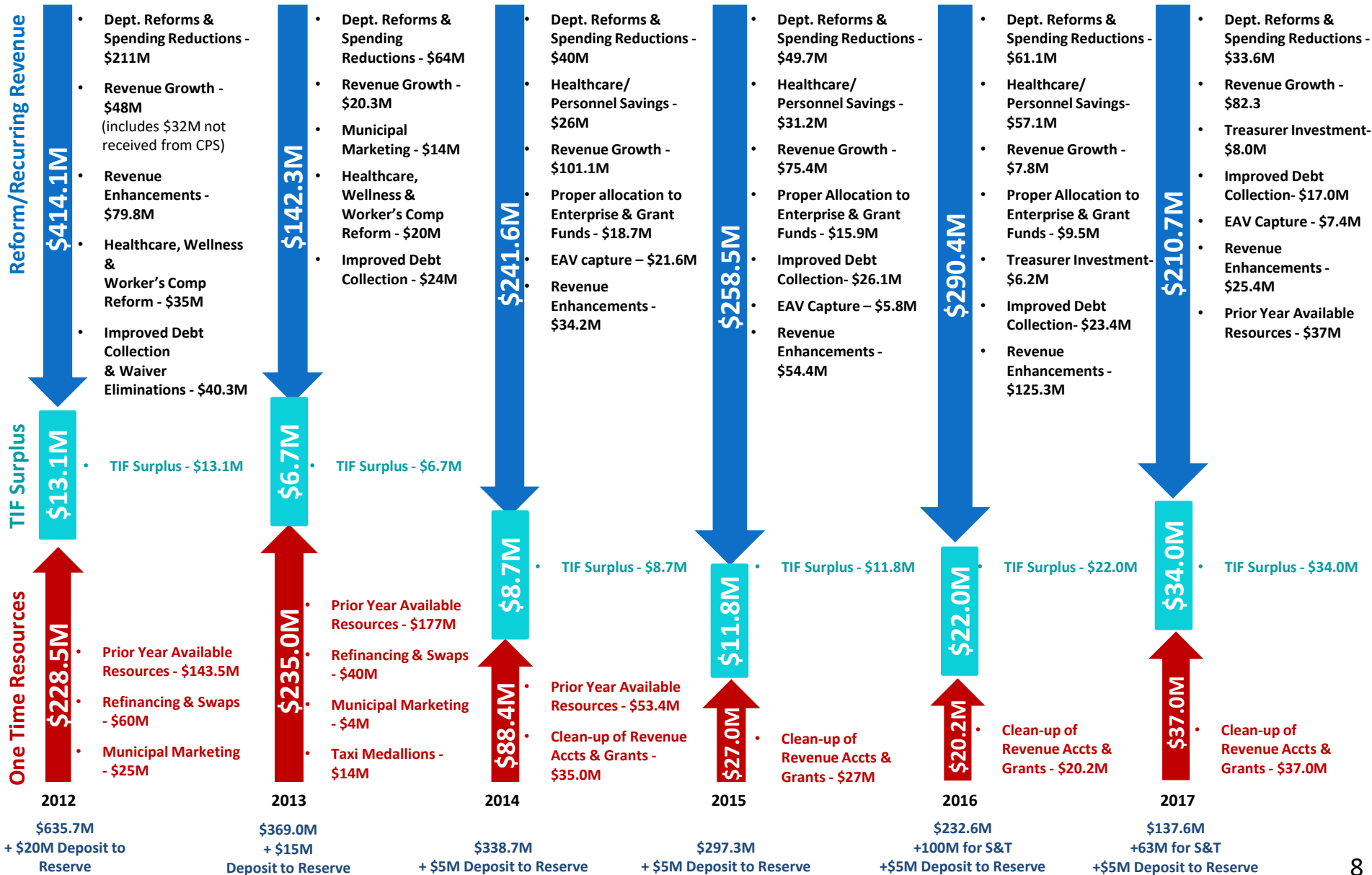
- ★ Preventing bankruptcy of all 4 City Pension Funds
 - Police and Fire Pensions
 - \$543M property tax increase over four years
 - Funds reach 90% funded in 2055
 - Municipal and Laborers Pensions:
 - Five year phase in of Water-Sewer Tax; 911 Surcharge
 - Funds reach 90% funded in 2057

- ★ Addressing “scoop and toss”
 - Restructuring near term debt payments with long-term debt
 - \$163M revenue over last two budgets made available for debt service payments
 - Complete phase-out by 2019

Structural deficit reduced by 75% to its lowest point in a decade

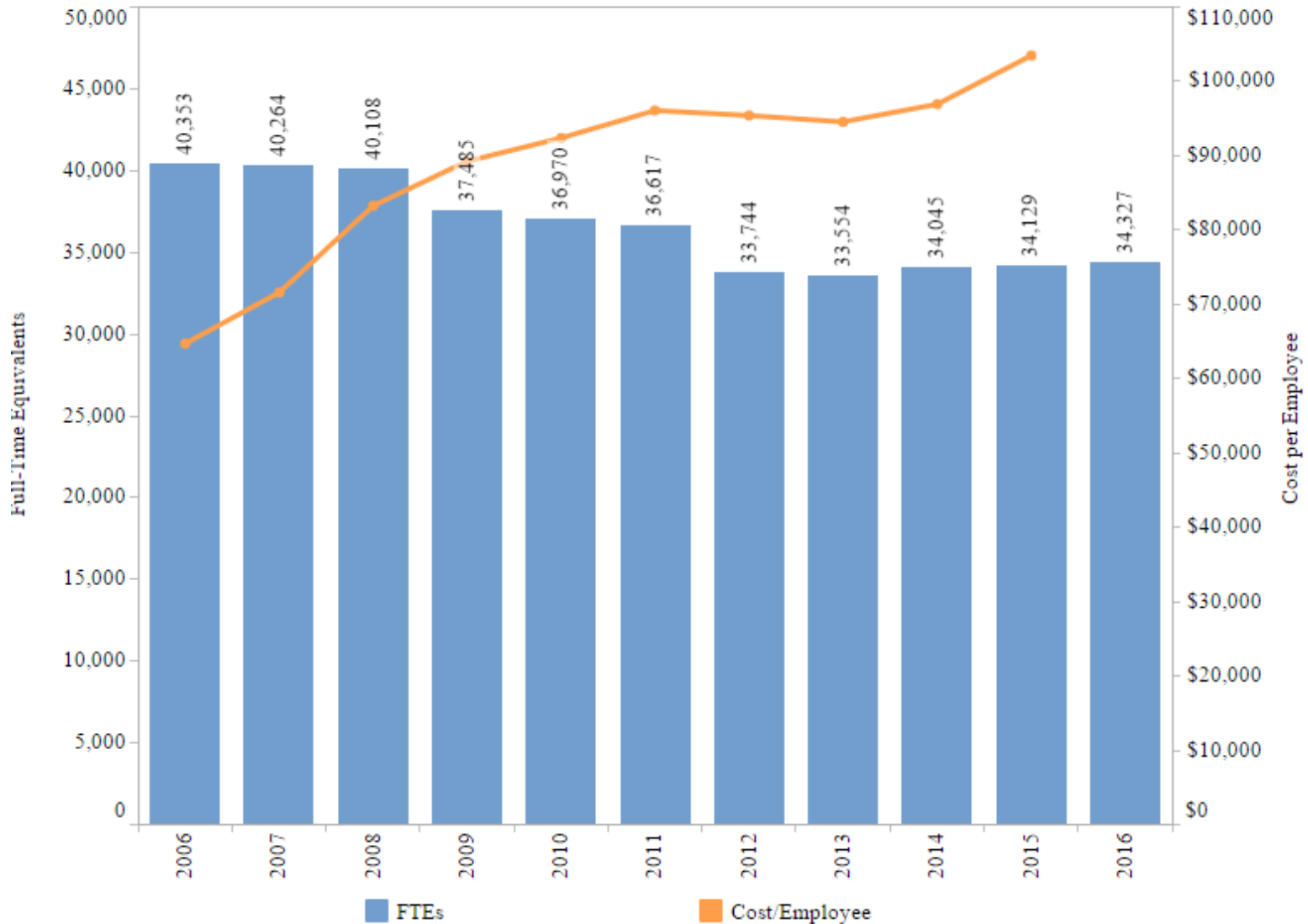


Structural Budget Changes



Wages and benefit costs continue to grow

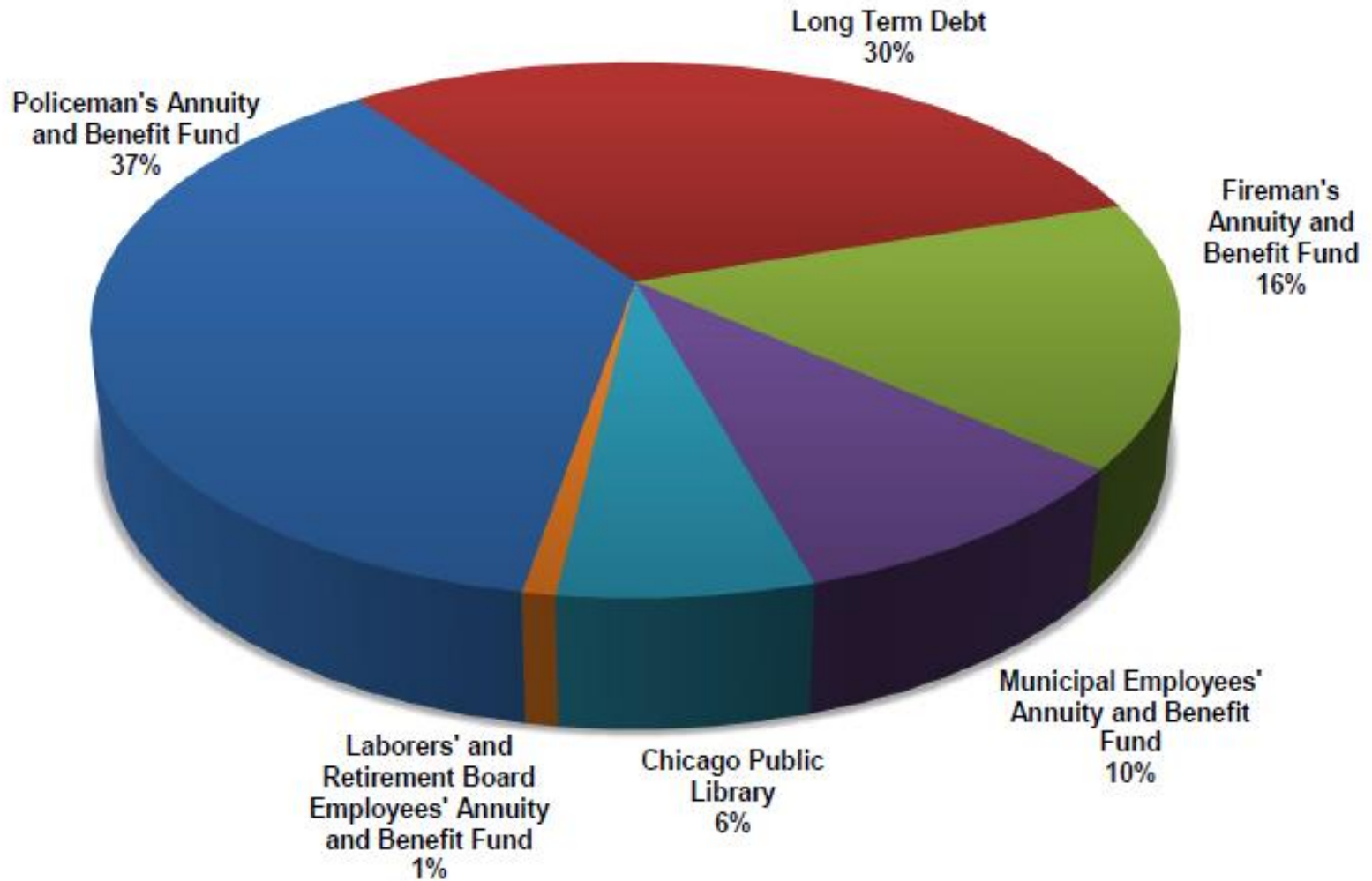
City Workforce and Cost per Employee



Property Taxes

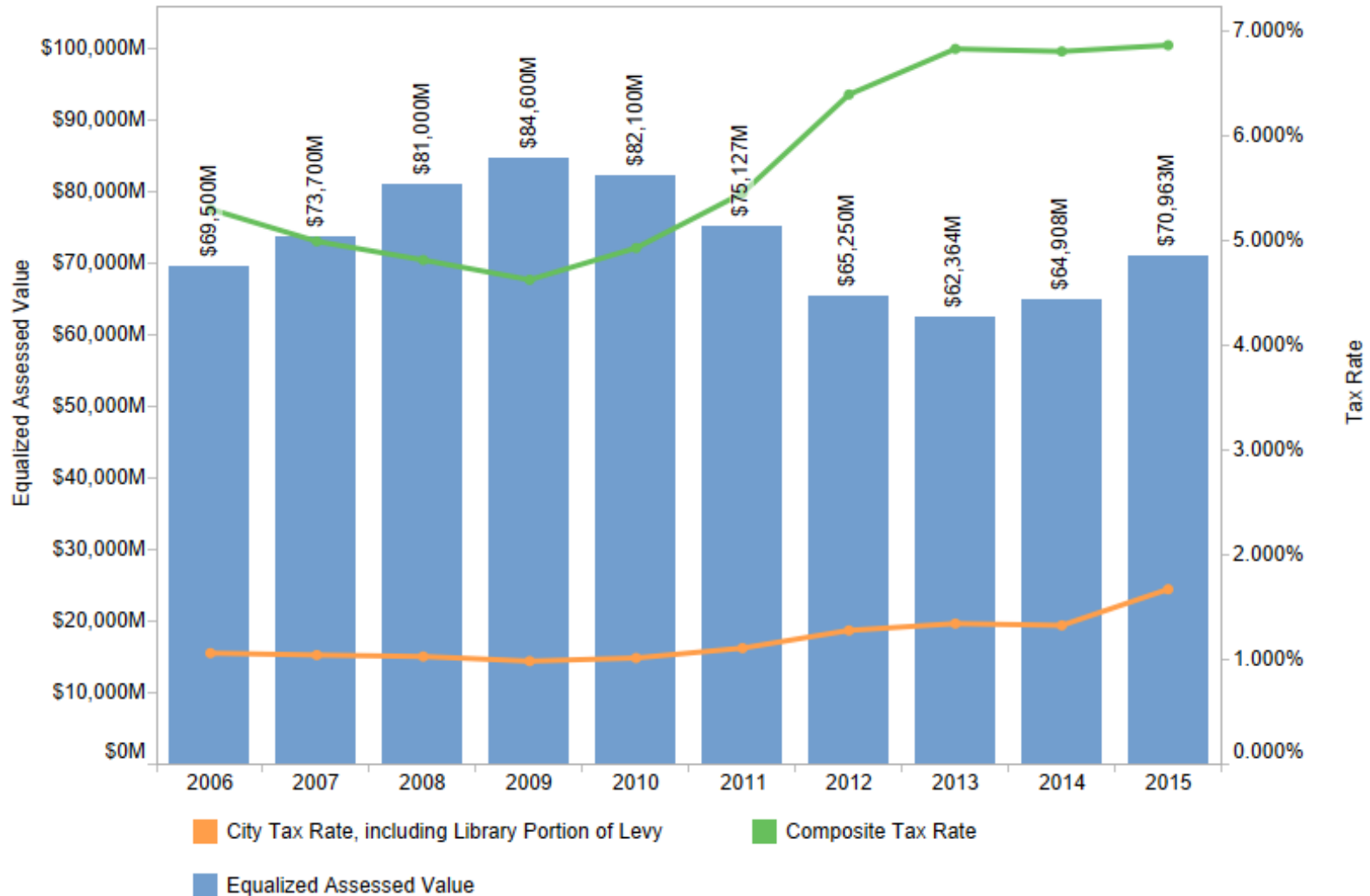


How City Spends Property Tax Revenue



Property Tax Levy

Equalized Assessed Value and Tax Rates



Capital Improvement Program



Capital Improvement Program

- ★ Multi-year capital improvement plan funds the replacement, improvement, and construction of the City's infrastructure and facilities. Capital projects involve improvements with long useful lives, such as roads, sewer and water lines, buildings, street lighting, and sidewalks.

- ★ Financing:
 - General obligation bonds and Motor Fuel Tax (MFT) revenue bonds
 - Water and sewer revenue bonds, which are backed by water and sewer user fees
 - O'Hare and Midway revenue bonds, which are backed by airport revenues (i.e. passenger facility charge, customer facility charge, etc.)
 - Tax Increment Financing (TIF)

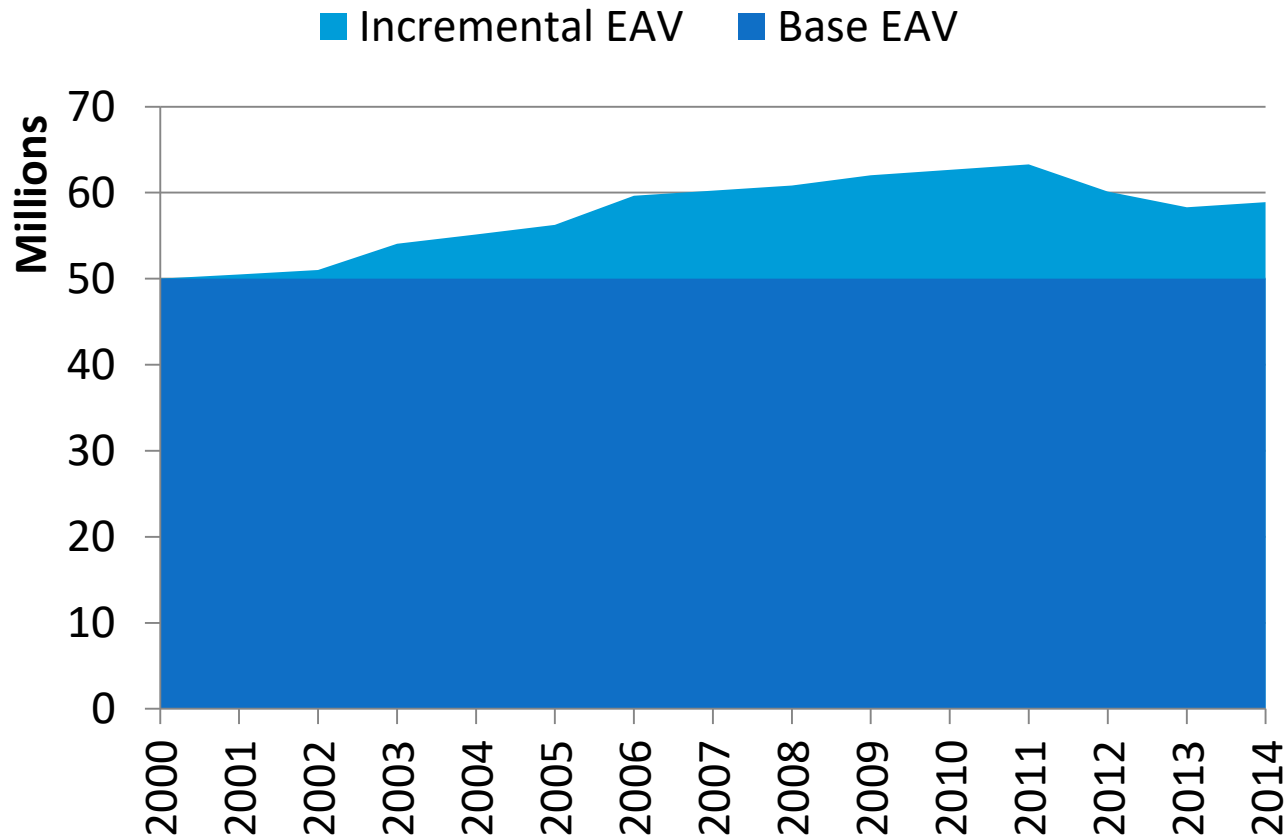
- ★ Each new bond offering authorized by City Council

- ★ Annual debt service payments authorized as part of City's operating budget

- ★ Aldermanic Menu
 - Each of Chicago's 50 wards can address their own specific local infrastructure needs through the Aldermanic Menu Program
 - \$1.32 million per ward allocated annually from general obligation bonds

Tax Increment Financing

- * Captures property taxes from an increase in Equalized Assessed Value (EAV) above the “frozen” or base level that existed when TIF was created.
- * Typical term of a TIF is 24 years, but can be extended 12 additional years. This requires State approval followed by City Council approval.



Tax Increment Financing Projects

- ★ There are 144 current TIF districts along with one Transit TIF district

- ★ 17 TIF districts have been closed since 2011

- ★ Roughly 90% of current balance in TIF districts are committed to neighborhood projects
 - 80% committed to schools, infrastructure, parks, transit and affordable housing

- ★ Since the start of the TIF program, the City has provided or is committed to providing :
 - \$1.26 billion for school related projects (104 school related projects)
 - \$363 million to the Park District for park and open space projects (72 parks and open space projects)
 - \$301 million to the CTA for track and station renovations and related projects (34 CTA projects)