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# The Civic Federation

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### CIVIC FEDERATION SUPPORTS CITY COLLEGES FY2015 BUDGET

#### *District continues dramatic improvement of its financial practices, planning*

(CHICAGO) In an analysis released today, the Civic Federation supports the City Colleges of Chicago's proposed FY2015 budget of \$723.5 million which reflects the District's continued commitment to sound financial practices and prudent planning. The full 47-page report is available at [www.civicfed.org](http://www.civicfed.org).

"We have seen a dramatic improvement in City Colleges' finances under the leadership of Chancellor Cheryl Hyman and her team," said Civic Federation President Laurence Msall. "Their diligent work has mitigated the impact of Illinois' continued financial crisis on City Colleges' students, faculty and staff." The FY2015 tentative budget holds the property tax levy relatively flat for the fifth consecutive year. Unrestricted operating funds, the portion of the budget over which the District exercises maximum control, will increase by only 1.0% in FY2015 from FY2014. For the last five years, the District has also maintained a healthy fund balance for contingencies.

The Civic Federation commends City Colleges for publicly releasing its internal long-term financial plan as part of the FY2015 tentative budget. The five-year financial plan is linked to a five-year strategic plan released by the District in June 2013. Publication of the financial plan allows the public to understand the fiscal strategies necessary to implement the District's academic and operational goals. The Civic Federation also commends the District for including a list of cost containment strategies and corresponding savings estimates in its annual budget documents and for its transparency with regard to capital planning.

City Colleges' dramatic financial improvement in recent years has left the District in a better position to address uncertainties related to the State of Illinois' continued financial distress. In addition to the State's overall resource limitations, City Colleges is among several community colleges that receive disproportionately low funding because the State's equalization formula fails to account for the Property Tax Extension Limitation Law (tax cap) in place in their respective counties. State resources, which account for approximately 10% of City Colleges' total resources in FY2015, have decreased by \$12.0 million or 13.7% in the last five years. The District's expenditure forecasts also prudently incorporate a proposed phased-in shift of the normal cost of employee pension benefits from the State of Illinois to City Colleges. Legislation to shift pension costs for community colleges and state universities has been introduced and discussed in the Illinois General Assembly, but not yet approved.

The Civic Federation's full analysis includes recommendations for City Colleges to follow the City of Chicago's lead in phasing out its retiree healthcare subsidy and for the District to adopt a charges and fees policy to govern tuition rate decisions and help prevent a steep tuition increase in coming years.

*The Civic Federation is an independent, non-partisan government research organization that promotes efficient delivery of public services and sustainable tax policies in the Chicago region and State of Illinois. For more information, please visit the Federation's website at [www.civicfed.org](http://www.civicfed.org).*



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