

## Board of Directors

Steven H. Abbey  
David A. Abel  
Catherine M. Adduci  
Allan Ambrose\*  
A.G. Anglum\*  
Adrienne Archia\*  
Murray E. Ascher\*  
Alicia Berg  
Brian A. Bernardoni  
Roger Bickel  
J.D. Bindenagel  
Douglas H. Cameron  
Whitney Carlisle  
Victor Chang  
Timothy L. Christen  
Robert J. Christie  
Richard A. Ciccarone\*  
Jerry Cizek III ☼  
Nancy J. Clawson  
Lew Collens  
Elizabeth G. Coolidge  
Mary Culler  
Omar Daghestani  
Kevork M. Derderian ☼  
Julian C. D'Esposito  
Jon B. DeVries  
Thomas H. Donohoe  
Martin L. Eisenberg  
Brian D. Fabes  
Timothy J. Faerber  
Timothy Fair  
Stephen B. Friedman  
Charles R. Gardner\*  
Carol W. Garnant ☼  
Sarah Garvey\*  
Anthony Gedeller  
Ronald J. Gidwitz  
Peter G. Glick  
Judith A. Gold\*  
Andrew F. Gottschalk\*  
Patrick J. Hagan\*  
Philip Hale  
M. Hill Hammock\*  
Albert C. Hanna  
David Hickerson  
Patricia M. Holden  
Bruce T. Hopple  
Margaret Houlihan Smith  
Lorna Brett Howard  
Lori Iglesiaski  
Bennett Johnson III  
James H. Kane  
William Ketchum  
Jim Kranjc\*  
Betsy LaVelle  
Stephen Legatzke  
Michael A. Lovett  
William Mack\*  
Glenn Mazade  
Thomas McNulty ☼  
Fred H. Montgomery\*  
Timothy E. Moran  
Monica M. Mueller  
Michael E. Murphy ☼  
Bert Nuehring\*  
Michael F. O'Brien  
Holly O'Connor  
Gregory O'Leary  
Sarah Pang  
Robert Pasin  
Dorice Pepin  
Donovan Pepper  
Moirra Pollard  
Bruce V. Rauner  
Judith Rice  
Alexander I. Rorke  
Scott Saef ☼  
Kevin Scanlan  
John C. Sciacotta  
Patrick Sheahan  
James E. Spiotto\*  
Caryn Stancik  
Barbara Stewart ☼  
Eugene S. Sunshine  
Theodore M. Swain\*  
Kent A. Swanson\*  
Courtney A. Thompson  
Allen Truesdell  
Thomas C. Vanden Berk  
Robert S. Vihon\*  
Daniel Wagner  
Sue E. Wallace\*  
John F. Ward ☼  
John L. Ward  
Jeffrey D. Warner  
Andrew L. Weil  
Jerold Wolf  
William Young  
Philip Zinn

# The Civic Federation

177 North State Street, Suite 400, Chicago, IL 60601 • 312.201.9066 fax 312.201.9041 • civicfed.org



**IMMEDIATE RELEASE - WEDNESDAY, NOVEMBER 2, 2011**  
**Media Contact: Laurence Msall, 312-201-9044**

## CHICAGO BUDGET A FIRST STEP TOWARD IMPROVED CITY FINANCES

### *Civic Federation Urges Mayor, City Council to Get Moving on Pension Reform*

The Civic Federation announced its support for the proposed \$6.3 billion FY2012 City of Chicago Budget today. The Federation's full 106-page report not only reviews the spending plan for the next fiscal year, but also measures the City's progress in implementing reforms to improve financial sustainability.

“Chicago is not yet out of the woods, but this budget moves the City's finances in a positive direction,” said Laurence Msall, president of the Civic Federation.

The FY2012 budget would reduce the City's use of one-time revenues such as the proceeds from the parking meter and Skyway long-term leases and one-time expenditure cuts such as furlough days. It will instead address the City's \$635.7 million deficit by cutting \$417 million in ongoing expenditures, including reductions to the largest area of the budget: public safety. The targeted revenue increases proposed in the budget are reasonable and preferable to increases in broad-based taxes such as the property or sales tax.

The Civic Federation's analysis also found that the budget makes an effort to save taxpayer dollars by introducing greater efficiency through alternative service delivery. The City will continue to provide recycling services in 2012 via managed competition between Streets and Sanitation workers and private haulers. The City will also continue to pursue collaboration with Cook County on initiatives such as increasing compliance on taxes by sharing information and resources. Increasing the efficiency of City services not only saves money, but helps reassure residents that their tax dollars are being well spent.

Despite the positive direction the FY2012 budget signals for Chicago, the City still has several critical issues that must be addressed such as a high debt burden and inadequate contingency reserves. The pension funding crisis is another area that demands immediate attention from the Mayor and City Council. There are no easy fixes that will compensate for years of underfunding that have increased unfunded liabilities by \$12.1 billion or 449.3% in the past decade. Nor will there be any easy way for the City to come up with a 60% increase in its contributions to the Police and Fire pension funds that is required in 2015 under a state statute enacted in December 2010. However, the longer the City waits to take action to address the pension crisis, the more severe the remedies will need to be. The Federation's pension reform recommendations include:

- Reduce benefits not yet earned by current employees
- Increase employer *and* employee contributions to the pension funds
- Pursue pension fund consolidation to reduce costs and reap benefits of scale
- Reform pension board governance

“Unfortunately, the pain is not over for taxpayers, City workers and public officials,” said Msall. “The City must continue to reorganize itself and rethink how it can most efficiently deliver its core services. For Chicago to become financially stable, the next several years are going to require sacrifice by all.”

*The Civic Federation is an independent, non-partisan government research organization founded in 1894. The Federation's membership includes business and professional leaders from a wide range of Chicago area corporations, professional service firms and institutions. For more information, please visit the Federation's website at [www.civicfed.org](http://www.civicfed.org).*

## Officers

Thomas Livingston  
*Chairman*  
Mark Davis  
*Vice Chairman*  
Susan McKeever  
*Vice Chairman*  
Eileen Mitchell  
*Vice Chairman*  
Joseph B. Starshak  
*Treasurer*  
Laurence J. Msall  
*President*  
Lise Valentine  
*Vice President*  
\*Executive Committee  
☼ Past Chairmen's Council