



# The Civic Federation

Research \* Information \* Action \* Est. 1894

## The Civic Federation Press Kit

### *How to describe the Civic Federation*

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.

### *Mission*

The Civic Federation remains true to the non-partisan mission established by its founding members as it helps local and state governments reduce their costs and improve the quality of public services by:

- Promoting opportunities to reform local tax structures;
- Guarding against wasteful expenditure of public funds; and
- Serving as a technical resource to public officials and opinion leaders through non-partisan tax and fiscal research.

### *History*

The Civic Federation was founded in 1894 by several of Chicago's most prominent citizens, including Jane Addams, Bertha Honore Palmer and Lyman J. Gage. They coalesced around the need to address deep concerns about the city's economic, political, and moral climate at the end of the 19th century. The resulting organization evolved during the 20th century to become a leading advocate for governmental fiscal responsibility and an effective champion of rational tax policy. The work of the Federation continues to evolve in the 21st century as a greater emphasis is placed on working with government officials to improve the efficiency, effectiveness and accountability of Chicago-area governments.

### *Areas of Work*

The Civic Federation publishes reports and commentary about government tax policies, government services and public expenditures in the Northeast Illinois area. The Civic Federation also works with partner organizations to produce research reports. To see a full listing of the governments and topics we examine, please visit the "Issues" area of our website.

## *Institute for Illinois' Fiscal Sustainability*

The Civic Federation's Institute for Illinois' Fiscal Sustainability began work in 2008, supported by a generous grant from the John D. and Catherine T. MacArthur Foundation.

The Institute's mission is to improve the State of Illinois' decision making process by providing timely fiscal policy analysis and recommendations to State officials, the media and the public through education and digital outreach.

The IIFS provides non-partisan, objective, independent, in-depth and continuing analysis of two crucial areas of State of Illinois spending with regard to finance and budget issues: 1) Medicaid and public employee and retiree healthcare and 2) capital spending and debt.

The Institute offers policymakers, the media and the general public timely and comprehensive analysis of the state budget and other fiscal proposals. In keeping with its mission, the IIFS also produces educational primers about Illinois budget and finance basics as well as issue briefs on current events related to state finance. Such reports include "roadmaps" that outline budgetary best practices for legislators and 2010's "Cost of the Crisis" report which found that Illinois taxpayers will pay an additional \$551.3 million in debt service on borrowing done in 2009 and 2010 due to downgrades in the State's bond ratings.

## *Recent Accomplishments*

1. **Illinois Governor Pat Quinn signed into law two bills that represent significant first steps toward pension reform in Illinois.** Senate Bill 1946 reduces pension benefits for state and local public employees not yet hired and Senate Bill 3538 does the same for police and fire employees across the state. The Civic Federation has long recommended similar reforms to the state pension system.
2. **The Civic Federation was one of the strongest and most consistent voices calling for the repeal of the Seniors Ride Free subsidized transit program for all but the lowest income seniors.** The program, which offered free rides to all senior citizens 65 and over, proved to be a major revenue drain for financially stressed mass transit operators across the state. After Governor Pat Quinn signed Public Act 096-1527 into law, transit operators may expect to save \$37 to \$90 million a year with the termination of the program.
3. **The Illinois General Assembly heard the Civic Federation's call for the State of Illinois to implement an accountability and performance reporting system.** The Budgeting for Outcomes initiative that was enacted as part of the fiscal year 2011 budget will now continue as an annual requirement with the signing of House Bill 5424 into law in February 2011. The purpose of the bill is to force the state to reduce spending to match its reasonably expected revenues, just as the Civic Federation's state research institute has recommended in its reports on the state budget.
4. **The Medicaid reform legislation the State of Illinois enacted in January 2011 includes many initiatives that were recommended by the Civic Federation** in its Medicaid Issue Brief and in the Medicaid sections of reports over the past three years. Those recommendations include instituting a managed care program for disabled and elderly Medicaid recipients and global budgeting for the Medicaid program, which will ensure that the many departments running the Illinois Medicaid program work together toward program goals rather than protecting the line items in their own budgets.

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5. **A tax increment financing (TIF) transparency bill (Public Act 096-1358) passed by the Illinois legislature and signed into law by Governor Quinn in July 2010 includes a number of long-standing Civic Federation recommendations** detailed in the Federation's 2007 TIF report. The new law requires counties and municipalities to generate 10-year status reports, include TIF revenues and expenditures in their annual budgets, and requires municipalities to submit TIF reports in electronic format to the State Comptroller.
6. **In June 2010 the Cook County Board of Commissioners voted 13-3 to make the Cook County Health and Hospitals System (CCHHS) independent board permanent, a move the Civic Federation has long championed.** The Federation first recommended the creation of an independent Board to oversee the Cook County health system in a 2001 research report. Since its founding in 2008, the independent CCHHS board has installed new management across the executive ranks of the System, implemented a strategic planning process, and introduced operational efficiencies. The Civic Federation believes more work remains to be done to introduce more efficiencies to the CCHHS that cannot be accomplished without the supervision provided by an independent Board.
7. **In December 2009 the Cook County Board of Commissioners voted to roll back a one percentage point County sales tax increase by half.** The Civic Federation opposed the 2008 sales tax hike as unnecessary and repeatedly called for its repeal, most recently in its analysis of the FY2010 Cook County budget. The Federation noted that the County should not have increased the tax burden on consumers without first making a serious attempt to rein in spending and improve efficiency.
8. **In November 2009 Governor Quinn signed into law a measure that made it easier for Cook County commissioners to override the veto power of the Cook County Board President,** an action that the Civic Federation had supported since 2001. The measure, which became effective immediately, reduces the margin required to override a veto by the Board President from four-fifths majority to three-fifths and should help the County government become more responsive to voters.
9. **In 2009 DuPage County implemented recommendations by the Civic Federation that will improve the transparency of its operations.** Concerned by DuPage County's inadequately transparent budget and lack of a formal long-term financial plan and capital improvement plan, the Civic Federation had suggested a number of steps the County could take to improve the disclosure and accounting of expenditures. In response, the County held budget hearings and posted budget materials and a budget calendar online.
10. **Heeding the Civic Federation's warnings about the dangers of borrowing hundreds of millions of dollars to pay for operating expenses, the Cook County Board of Commissioners instead followed Federation recommendations and cut expenses to balance its FY2009 budget.** The Federation's analysis of the Cook County's FY2009 budget cautioned that the board's plan to borrow money to make up a budgetary shortfall in lieu of reducing operating expenses was irresponsible and a bad deal for taxpayers. Through testimony and letters to the editor, the Civic Federation emphasized the importance of avoiding unnecessary borrowing, especially less than one year after the county enacted a one percentage point sales tax increase.
11. **Per Civic Federation recommendations, the City of Chicago approved a tax increment financing transparency ordinance in April 2009.** The ordinance, introduced by Aldermen Manny Flores and Scott Waguespack, would require all TIF redevelopment agreements and exhibits to be accessible to the public online by the end of 2009. Additionally, all proposed redevelopment agreements would be made accessible to the public ahead of Chicago City Council consideration.

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The ordinance requires the city to at least annually post online data about boundaries, income, budget, expenditures for the city's 100 plus TIF districts. These reforms are in keeping with recommendations made in a Civic Federation TIF issue brief released in 2007 that urged the publication of TIF information and projects online.

12. **The Chicago Park District's 2009 adoption of a formal reserve fund policy** came on the heels of recommendations made by the Civic Federation in its analysis of the FY2009 Park District budget. By implementing a formal policy that would require a certain percentage of expenditures or revenues to be set aside for contingencies, the Park District can avoid issuing Tax Anticipation Notes and prevent future negative fund balances like those experienced in FY2002 and FY2003.
13. The Civic Federation supported legislation that **allowed the Metropolitan Water Reclamation District to create an Other Post Employment Benefits trust fund** that will provide irrevocable funding for retiree health, dental and life insurance, and long-term care coverage. In keeping with the Civic Federation's recommendations, in FY2009 the MWRD also pursued and received legislative approval for increased employer contributions to its pension funds. These are steps in the right direction that will help put the MWRD on stronger financial footing.
14. **The State of Illinois recently increased the limit on the number of charter schools permitted within the State, a position long advocated by the Civic Federation.** The City of Chicago will now be permitted to develop 40 new charter schools, in addition to 15 schools downstate, and five schools for dropout recovery. Charter schools that are run responsibly bring high quality learning options to underserved communities in a cost-effective manner. The new bill also makes mandatory that charter schools certify 75 percent of their teachers with the state rather than the current 50 percent, an act that serves to improve student academic success.
15. The Civic Federation's advocacy was key to the **adoption of a comprehensive solution to the Chicago Transit Authority fiscal crisis in 2008.** Through testimony before the House Mass Transit Committee, letters to the editors of Chicago area newspapers, and meetings with legislative leaders, The Civic Federation supported Illinois State Representative Julie Hamos' all-inclusive mass transit legislation that not only increased funding to the CTA, but also included pension and retiree health care reforms and increased Regional Transit Authority oversight. The groundbreaking pension reforms the CTA negotiated with its unions included many long-time Civic Federation recommendations.
16. The Civic Federation spurred the **Forest Preserve District of Cook County to establish a capital improvement plan** through several years of advocacy. The Civic Federation had opposed the Forest Preserve District's issuance of \$100 million in general obligation bonds without a capital improvement plan as to how the money would be spent. A capital improvement plan, which helps inform taxpayers how millions of how their tax dollars are being spent, must be in place before capital funding is released. Many of Federation's recommendations to improve the capital plan were implemented in the Forest Preserve District's FY2008 budget.
17. The Civic Federation led a three-year campaign to abolish **the Cook County Suburban Tuberculosis Sanitarium District**, a historically inefficient government with questionable financial management. The effort included publication of a research report in 2003, a public education campaign, and the 2006 passage of legislation sponsored by State Senator Don Harmon and State Representative Elaine Nekritz. The effort was recognized with the Governmental Research Association's 2007 Award for Outstanding Policy Achievement.

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