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PRUDENT CITY COLLEGES BUDGET PREPARES FOR ECONOMIC UNCERTAINTY, HOLDS TAX LEVY FLAT

The Civic Federation will announce its support for the proposed \$492.1 million FY2010 City Colleges of Chicago budget at public hearing today. The Federation's 39-page analysis found that the proposed budget compensates for uncertain State funding and will hold the City Colleges property tax levy flat for the next two years. Visit civicfed.org to download the report and read staff [blog posts](#) about the budget.

“The Civic Federation believes the City Colleges’ responsible FY2010 budget sets a precedent other local governments should follow when crafting their upcoming budgets,” said Genevieve Nolan, Senior Research Associate at the Civic Federation. “City Colleges has not only taken into consideration the economic climate for taxpayers by freezing its tax levy, it has also provided a contingency plan to fund \$15 million in core services in case it loses State funding. The Federation applauds such forward-thinking in government budgeting.”

The District’s spending plan increases expenditures by 0.9% over FY2009 adjusted appropriations. It offsets projected state source revenue shortfalls with a reasonable 9.7% tuition increase. Increases to user fees such as tuition are generally preferable to general tax increases as a way for governments to raise revenues because they are targeted at those who benefit from the services the government provides. Moreover, despite the increase, the City Colleges remains an affordable option for students, maintaining one of the lowest tuition rates for community colleges in the Chicago area.

The Civic Federation was pleased to find that City Colleges has heeded a number of our recommendations to improve the budget and budget process, resulting in a more transparent and informative budget document. For example, the District is now providing data on the impact of its cost containment strategies, information that can help administrators decide whether the District’s efforts to spend taxpayer dollars as efficiently as possible are succeeding. City Colleges has also implemented the first steps toward a full performance measurement system by electronically tracking key performance measures such as enrollment and student retention. The next step the District should take is to report how its performance metrics are linked to a strategic plan.

While City Colleges is in good fiscal shape for FY2010, there are troubles on the horizon. If the District continues to spend as it does now, it has predicted that it will run a deficit of \$12.7 million in FY2013. The District has not publicly produced concrete plans to address such a shortfall, simply saying that it will meet with staff and students to discuss revenue enhancements and expenditure reductions if necessary. The Federation believes this is an inadequate response to a serious funding gap. The District cannot simply rely on its scheduled multi-year tuition increase plan to combat its predicted deficit; it must also make full use of its strategic planning process and performance measurement data to control and reduce expenses before turning to revenue enhancements.

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.