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CIVIC FEDERATION SUPPORTS PROPOSED FY2011 CHICAGO PARK DISTRICT BUDGET

The Chicago Park District is to be commended for holding its property tax levy flat for the sixth straight year, says a Civic Federation report released today. The District will rely on non-tax revenues and a slight cut in staffing levels to balance its proposed FY2011 budget of \$397.6 million. While the Federation commends the District's restraint, it is also concerned that an ongoing reliance on non-recurring revenues may indicate that the District has a structural deficit.

The Chicago Park District has experienced some recent success raising revenues from non-tax sources in recent years, such as the new corporate sponsorships and winter boat storage proposed for FY2011. The increase in these revenue sources should help mitigate decreases in other sources of revenue, such as the Personal Property Replacement Tax, and allows the District to avoid raising its property tax levy. "By diversifying its revenues, the Chicago Park District both makes its finances more stable and avoids burdening property taxpayers," said Laurence Msall, president of the Civic Federation.

In the analysis, the Civic Federation supports the District's focus on limiting appropriation increases. The Chicago Park District has had success in containing expenditures over the past five years and will increase appropriations for FY2011 by only 1.5%. In fact, the FY2011 budget is only 0.9% larger than FY2007 budgeted levels. The District's steps toward implementing a performance measurement system will help it continue to improve operations while containing expenditures. The Federation encourages the District to build on its performance measurement system, especially by incorporating performance measures into its budgeting process.

In addition to increased fees and new revenues, however, the District will again use non-recurring revenue sources such as \$3 million from its Corporate Fund balance and \$12 million in surplus TIF fund distribution to close its \$22 million deficit. While the Civic Federation does not object to these techniques individually, FY2011 will be the fifth year in a row that the Park District has used non-recurring revenue sources to balance its budget. The Civic Federation is therefore concerned that the District appears to have a structural budget deficit, meaning that its recurring revenues are not sufficient to defray ongoing expenditures.

The Civic Federation is also concerned about the fiscal health of the Park District Pension Fund, whose funding level has dropped from a healthy 95.7% in FY2000 to a worrying 67.2% in FY2009. Our analysis, available at www.civicfed.org, includes many recommendations to improve the financial health of the pension fund, such as studying consolidation with the Illinois Municipal Retirement Fund.

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.



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