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For additional information, contact Lise Valentine at 312-201-9028

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REASONABLE CITY COLLEGES BUDGET LESSENS IMPACT ON TAXPAYERS

But Lacks Specific Plan to Bridge Future Budget Gaps

The Civic Federation will announce its **support** for the proposed \$581.9 million FY2011 City Colleges of Chicago budget at a public hearing today. The Federation's 41-page analysis found that the proposed budget plans a \$3.0 million reduction in the City Colleges' property tax levy while pursuing a reorganization plan that will centralize more administrative functions and increase programmatic specialization at its seven college campuses. Visit www.civicfed.org to download the report.

"The Civic Federation commends City Colleges for reducing the tax levy at a time of great financial stress for taxpayers," said Lise Valentine, vice president and research director of the Civic Federation. "We are hopeful that the reorganization initiatives led by Chancellor Cheryl Hyman will lead to more efficiency, less reliance on property tax revenue, and higher quality programs at the Colleges."

The Civic Federation's analysis finds that City Colleges is well-positioned to undertake this reorganization, having implemented a prudent, phased-in tuition increase and maintained a strong unrestricted fund balance. A healthy fund balance provides a buffer against contingencies such as unexpected revenue shortfalls and is particularly important at a time when the State of Illinois' payments to the District are delayed due to the State's fiscal crisis.

However, City Colleges projects a funding gap in future years as expenses are expected to rise faster than revenues. The budget document says only that the gap will be closed with spending reductions or revenue enhancements if necessary. The Civic Federation recommends that City Colleges undertake a long-term financial planning process to prepare for this gap and communicate to the public specifically how it will prioritize its spending.

While the City Colleges has improved the transparency of its budget in recent years and has added more public hearings, it did not provide adequate time for public review of the budget this year. Only eight business days elapsed between the public release of the budget on July 23rd and the Board of Trustees vote on August 5th. This is an inadequate time for public review and does not demonstrate the City Colleges' interest in thoughtful feedback from its constituents.

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The Civic Federation is a 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.