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# The Civic Federation

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### PARK DISTRICT FY2013 BUDGET CONTINUES INITIATIVE TO ELIMINATE STRUCTURAL DEFICIT

#### *Civic Federation cautions use of one-time revenues could undermine deficit reduction efforts*

(CHICAGO) – In a report released today, the Civic Federation announced its support for the Chicago Park District's proposed FY2013 budget of \$410.9 million which limits spending increases and continues the District's plan to eliminate its structural deficit by FY2015. The full 51-page analysis is available at [civicfed.org](http://civicfed.org).

“We are pleased to see the District moving forward with its commendable efforts to cut costs and better manage its resources,” said Laurence Msall, president of the Civic Federation. “However, the District must end its reliance on one-time revenue sources to succeed in fully eliminating the persistent gap between operating expenses and sustainable revenues.” In 2012 the District made a commitment to eliminate its structural deficit by FY2015. This year's budget takes important steps toward that goal including an energy efficiency program, personnel reductions and increased revenues from corporate sponsorships and large events. With these prudent alternatives to raising taxes, the District is able to hold its property tax levy relatively flat for the eighth consecutive year.

The Civic Federation remains concerned, however, that the District may offset some of these efforts with its continued reliance on one-time revenues to cover operating expenses. Since FY2007 the District has closed budget gaps each year with non-recurring revenue sources including fund balance transfers and surplus from Tax Increment Financing districts. The Civic Federation cautions that this pattern could undermine efforts to reduce the District's structural deficit, since the District cannot rely on these sources for revenue in future years. Going forward, the Civic Federation urges the District to implement a formal long-term financial planning process to identify future fiscal challenges and develop strategies to address them.

Any long-term financial plans will also need to address the District's rising personnel costs and declining pension funding. Ten years ago, the District's pension fund was nearly 100% funded, with sufficient resources to cover promises made to employees and retirees. The funding level has since fallen to 58.0% due to lower than expected investment returns, insufficient employer contributions and expensive benefit enhancements enacted in 2004. The Federation strongly urges the Chicago Park District to work with the City of Chicago and Illinois General Assembly to implement comprehensive pension reform based on the proposal outlined by Chicago Mayor Rahm Emanuel in May 2012 which included:

- Temporary suspension of the automatic annual annuity increase for current retirees;
- Increase in employee contributions;
- Increase in the retirement age by five years; and
- Introduction of a 401(k)-type retirement option.

The District should also examine the efficiency gains possible from joining the Illinois Municipal Retirement Fund, which provides pensions for every other park district in Illinois.

*The Civic Federation is an independent, non-partisan government research organization that promotes efficient delivery of public services and sustainable tax policies in the Chicago region and State of Illinois. For more information, please visit the Federation's website at [www.civicfed.org](http://www.civicfed.org).*



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