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CHICAGO PARK DISTRICT'S FY2015 BUDGET PROVIDES INCREASED PENSION FUNDING WITHOUT A PROPERTY TAX INCREASE

(CHICAGO) In an analysis released today, the Civic Federation supports the Chicago Park District's proposed FY2015 operating budget of \$448.6 million. The proposal accommodates increased employer pension contributions mandated by the District's 2014 pension reform legislation while holding the property tax levy relatively flat and expanding programming. The full 55-page analysis is available at www.civicfed.org.

"We applaud the Chicago Park District for effectively balancing the demands for increased pension funding and expanded programming this year without increasing the burden on Chicago taxpayers," said Laurence Msall, president of the Civic Federation. "As this budget shows, the enactment of pension reform legislation is only the first step in a long process to stabilize the severely underfunded pension systems of our state and local governments."

The Civic Federation strongly supported the District's work with its labor partners, the Illinois General Assembly and the Governor to enact comprehensive pension reform legislation in 2014. The reforms included reasonable changes to the retirement age and to the automatic annual increases for current employees and retirees as well as phased-in increases to employee and employer contributions. As a result, the Park District Pension Fund's unfunded liability has already been reduced by \$109.4 million, or 18.5%, and the actuarial funded ratio has increased by five percentage points to 45.5%. Prior to the reforms, the fund had been projected to run out of money within 10 years.

The Park District now faces significant budgetary challenges that are partly driven by the much-needed increased employer contributions included in the reforms. While the District has reduced its structural deficit in recent years, it has not yet met a goal set in 2012 to completely eliminate a \$23.9 million deficit. The projected \$18.0 million deficit in FY2015 is driven by increased pension contributions, salary increases related to completed and ongoing union negotiations, rising health care costs, water and sewer rate increases and an overall expansion of District programming. The FY2015 budget closes this deficit with a combination of expenditure reductions, increased revenue, allocation of reserves and debt restructuring.

While pension contributions were accommodated for in FY2015 without a major tax increase, the Civic Federation urges the District to develop a publicly-available long-term financial plan that will accommodate future pension contribution increases and work toward completely eliminating the remaining structural deficit.

The full report also recommends that the Illinois International Port District be dissolved and ownership of the District's Harborside International Golf Center be transferred to the Chicago Park District. With this transfer, the Chicago Park District would acquire a valuable recreational asset and the residents of Chicago would have a more transparent and open governmental entity controlling this publicly-supported enterprise.

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.



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