EMBARGOED UNTIL 12:01 A.M.
Wednesday, December 5, 2007

For more information,
call Laurence Msall, 312-201-9044

CIVIC FEDERATION APPLAUDS PARK DISTRICT'S TAXING RESTRAINT

Supports Rare "Good News" Budget for Overburdened Chicago Taxpayers

In a year when far too many governments in the Chicago region have proposed huge tax increases, the Chicago Park District has held the line on its property tax levy and responsibly contained spending. For these reasons, the Civic Federation **supports** the district's proposed FY2008 budget of $396.9 million. The Federation's complete budget analysis, including detailed findings and recommendations, will be available Wednesday, December 5, 2007 on our website, www.civicfed.org.

With a proposed budget increase of only 0.8% over last year, the Chicago Park District is continuing a decade-long record of fiscal restraint. For the fourth year in a row, the district's property tax levy will be frozen as well. Park District administration has made a commendable effort to diversify the district's revenue structure to include more user fees for non-core services the district provides. Importantly, the Park District has successfully contained its personnel expenses, the largest expenditure category for any government. Employee health care and other benefit costs will rise by only one percent, well below average national health care cost growth in recent years of 6-7%. "Good news for Chicago taxpayers has been all too infrequent this year," said Laurence Msall, president of the Civic Federation. "The Civic Federation is pleased to see that the Chicago Park District has chosen another, more responsible direction, holding the line on taxes and spending." The Federation was also pleased that the Park District released its first Comprehensive Annual Financial Report (CAFR) this year, which is an important step toward providing greater transparency in financial reporting.

Unfortunately the financial outlook for the district is not so rosy unless it addresses issues that will affect its future fiscal stability. Between FY2002 and FY2006, the funded ratio of the Chicago Park District Retirement Fund dropped from a healthy 94% to a worryingly low 76.8%. Unfunded liabilities have risen 326.6% or $132.1 million. Ill-advised CPD pension holidays taken in FY2004 and FY2005, which the Civic Federation vigorously opposed, accelerated the deterioration of the funds. The Park District should reject such fiscally irresponsible moves in the future. Instead it should seek authorization from the General Assembly to implement cost saving measures that can slow the growth of pension benefit costs before the retirement fund slides into a funding crisis.

The Civic Federation's analysis also expressed concern about the district's very low Corporate Fund reserves. The FY2008 budget was balanced in part by using $10 million or 62.5% of the CPD's contingency fund, leaving only $6 million or 2.3%. The Government Finance Officers Association (GFOA) recommends a minimum reserve of 5% of general funds.

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.

177 N. State Street, Suite 400 Chicago, Illinois 60601 ● Telephone (312) 201-9066 Fax (312) 201-9041 ● E-mail civicfed@civicfed.org