



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

For more information,  
call Lise Valentine, 312-201-9028

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## CIVIC FEDERATION SUPPORTS LONG-SIGHTED MWRD BUDGET

Citing a combination of exemplary long-range planning and restraint in its property tax levy, the Civic Federation announced its **support** for the Metropolitan Water Reclamation District's tentative FY2008 budget of \$1.4 billion. The Federation's complete budget analysis, including detailed findings and recommendations, will be available Wednesday, December 12, 2007 on our website, [www.civicfed.org](http://www.civicfed.org).

The MWRD proposes a fiscally responsible budget that controls costs and minimizes the burden on property taxpayers. In contrast to many other governments in Cook County, the MWRD's proposed property tax increase for its tax capped funds is only 0.9%, well below the limit imposed by state law. The district can hold the line on property tax increases because it contains personnel costs through a long-term personnel expense control plan. The plan includes reductions in workforce as well as increased employee contributions to the cost of health insurance. While total personnel costs will increase by 4.8%, health and life insurance costs will rise by only 2.8%. "The Civic Federation congratulates the MWRD for recognizing that personnel costs, the single largest expenditure in public budgets, must be controlled on a long-term basis," said Civic Federation Vice President and Research Director Lise Valentine.

The MWRD continues to take a leadership role among governments in the Chicago region by not only using long-range planning tools and techniques, but also making those plans publicly available in the budget. The MWRD provides a capital improvement plan and makes five-year financial forecasts for revenues, expenditures, and personnel. Such forward thinking led the district to create one of the first other post employment benefits (OPEB) trust funds in Illinois. The trust will allow the district to begin saving to pay for future retirees' health care and other benefits. By planning for the future, the MWRD is able to fulfill its stated goal of minimizing the tax burden it places on the homeowners and businesses of Cook County.

The Civic Federation's major concern with the budget is the continued steady decline in the fiscal health of the MWRD Retirement Fund. Between FY2002 and FY2006, the funded ratio of the pension fund fell from 77.3% to 70.1%. A funded ratio under 80% is a cause for concern because it signals that a government may not be able to fulfill the promises it has made to its current and future retirees. The decline in funding levels for the district's pensions can be attributed in large part to shortfalls in employer contributions. The MWRD's statutorily required payments into the pension fund are not related to funding levels, but to what employees contributed two years earlier. The Civic Federation was pleased to see the MWRD recognize the pension funding problem in its FY2008 budget and that it is also analyzing funding alternatives. The Federation recommends that the district seek legislation in Springfield that would link employer contributions to funding levels and control growth of unfunded liabilities by prohibiting benefit enhancements unless the Retirement Fund is over 90% funded and reducing benefits for new employees.

*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.*

\* Executive Committee

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