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FOR IMMEDIATE RELEASE

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MWRD REDUCES BURDEN ON TAXPAYERS, EARNS CIVIC FEDERATION SUPPORT FOR FY2009 BUDGET



(CHICAGO) The Civic Federation will announce its **support** for the FY2009 Metropolitan Water Reclamation District of Greater Chicago budget at a public hearing today, citing the district's reduction of its property tax levy, sound financial planning, and consistently transparent and comprehensive budget document. The Federation's analysis, including full findings and recommendations on the \$1.6 billion spending plan will be available today on our website, www.civicrofed.org.

The MWRD's tentative budget is a fiscally responsible plan that minimizes the burden on property taxpayers through long-term financial planning and personnel cost containment. The MWRD will **reduce** its gross property tax levy by \$13.8 million or 3.3% over FY2008. "The Civic Federation is pleased the district is being responsive to the great financial stress residential and business taxpayers are experiencing during this recession," said Laurence Msall, president of the Civic Federation.

Year after year, the MWRD sets the example for Chicago area governments by producing a thorough, well-organized budget document. The Civic Federation commends the district for responding to the Federation's past recommendations for improvements to the budget document by including additional data. The district has also made efforts to pursue pension funding alternatives and increase employer contributions in line with Civic Federation recommendations. The enactment of Public Act 95-0891 grants the MWRD Board of Commissioners the authority to transfer interest earned on any of its moneys to its pension fund. This action is a good step in the direction toward improving the fiscal health of the MWRD Pension Fund.

However, the Federation retains some concerns about the long-term viability of the district's pension fund. The fund has experienced a 45% increase in unfunded liabilities in the past five years and will no doubt experience further distress as recent investment losses are calculated. In 2008, the fund added two additional trustees, an appointed retiree and an elective active employee, to its Board of Trustees. Of the now seven-member board, five members represent employee or retiree interests and only two represent management. The growing tilt toward employee and retiree members on the board raises questions about how objective the board can be in its work. The proper role of a pension board is to safeguard a pension fund's assets and oversee the effective administration of benefits. Thus, it is important to balance the interests of employees and retirees with the interests of the taxpayers who ultimately pay for pension benefits.

The Civic Federation urges the MWRD to seek reform of its pension fund governing board to balance stakeholder interests by seeking independent voices, such as a citizen representative. Given the current dire economic outlook, the Civic Federation further urges the district to pursue legislation that would require pension board members to undergo orientation and ongoing training on financial and ethics topics that will allow them to address difficult and complex investment issues.

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.