



The Civic Federation

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CIVIC FEDERATION OFFERS QUALIFIED SUPPORT FOR CHICAGO PARK DISTRICT FY2010 BUDGET

The Civic Federation's analysis of the Chicago Park District's \$391.9 million FY2010 proposed budget concluded that the plan is a responsible one that reduces expenditures, but uses too much in reserve funds to close a \$23.9 million budget deficit.

There are many aspects of this budget that the Civic Federation supports. The proposed budget will cut spending by 0.3%, marking the second year in a row the District has reduced expenditures. Over the past ten years, the District's appropriations have grown by less than the inflation rate. "The Civic Federation commends the District for shrinking appropriations during this economic downturn," said Laurence Msall, president of the Civic Federation. "The Federation believes such actions set a good example for other governments to follow."

The District will additionally hold its property tax levy flat at \$259.9 million for the fifth consecutive year. As in past years, the Park District plans to implement a range of management efficiencies and fee increases that reduce its dependence on property taxes. The Federation particularly applauds the District for prudently negotiating a new golf course management contract that will result in an increase in revenue.

The District proposes using \$7.7 million in capital reserves from the long-term lease of the Grant Park parking garages to help balance its budget. While the Civic Federation is not opposed to using these reserve funds in times of need, we strongly urge the District to tie its use of the reserves to the decrease in its economically sensitive revenues. For FY2010 this decrease is projected to total \$7.2 million. Our full support for the budget is thus contingent on the District limiting its use of reserves to \$7.2 million and closing the remaining \$500,000 of its deficit through additional fee increases and/or spending cuts. The Federation further recommends that the Park District strengthen its new fund balance policy governing the use of the District's long-term reserves by imposing a limit on the amount the District can draw down from its reserves.

Going forward, the Civic Federation cautions District leaders about what appears to be a growing dependence on one-time revenues. FY2010 will be the fourth year in a row the District plans to draw on revenue resources other than recurring taxes or fees to balance its budget. The Federation is concerned that this pattern may indicate future financial problems and encourages the District to develop a long-term financial plan that would address this annual funding gap. The Federation also remains concerned about the deterioration of the Chicago Park District's pension fund, whose unfunded liabilities have increased by \$80.4 million over the past five years.

The Federation's full analysis will be released to the public today at www.civicfed.org.

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. For more information, please visit the Federation's website at www.civicfed.org.

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