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FOR IMMEDIATE RELEASE – December 7, 2011
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CIVIC FEDERATION SUPPORTS FY2012 PARK DISTRICT BUDGET *Spending Plan Holds the Line on Property Taxes, Begins to Reduce Structural Deficit*

The Civic Federation supports the proposed FY2012 Chicago Park District budget of \$407.5 million because it freezes the property tax levy for the seventh year in a row and emphasizes cost containment and revenue diversification. The Federation remains concerned about the declining health of the Park District pension fund. The full 47-page analysis is available on the Civic Federation website at civicfed.org.

The Park District will increase spending by 2.5% in FY2012, but it will also implement a range of management efficiencies and fee increases instead of raising the property tax levy, which will remain flat at \$259.9 million. In contrast to many other local governments, the Park District has shown an ability to restrain expenditure growth with the result that its budget has, on average, grown at a level equal to inflation over the past decade.

The Civic Federation has warned for several years that the District's pattern of relying on one-time revenue sources to balance its budget indicates a long-term structural deficit. Indeed the District will continue that pattern this year by using \$12 million from the fund balance in its Corporate Fund to help close its budget shortfall. What is different this year is that the District acknowledged the structural gap between revenues and expenditures, which it will reduce through some structural changes in the FY2012 budget. The District has also announced that it is working on a plan to eliminate the structural deficit over the next several years. The Civic Federation looks forward to reviewing the plan once it is complete.

“While the Federation supports the budget as a whole, we retain serious concerns about the declining health of the District's pension fund,” said Laurence Msall, president of the Civic Federation. A decade ago, nearly 100% of the District's promises to employees and retirees were covered by assets. Unfortunately, the level of funding has since slipped to only 62.3%, far less than the 80% level considered financially sustainable. “The Civic Federation strongly urges the Chicago Park District to pursue reforms to increase funding and reduce benefits not yet earned by employees in its pension plan,” continued Msall. Another possible option for reform would be for the District to join the Illinois Municipal Retirement Fund, which provides pensions for every other park district in Illinois.

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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