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FY2014 BUDGET PREPARES CHICAGO PARK DISTRICT FOR PENDING PENSION REFORMS NEXT YEAR

(CHICAGO) In an analysis released today, the Civic Federation announced its support for the Chicago Park District's proposed FY2014 budget of \$425.6 million which continues the District's multi-year effort to reduce its structural deficit. The proposal leaves the District well-positioned to implement the comprehensive pension reforms passed by the Illinois General Assembly in November 2013 and now awaiting the Governor's review. The full 57-page analysis is available at www.civicfed.org.

“We applaud the Chicago Park District for thoughtfully combining expenditure reductions, moderate revenue increases and comprehensive pension reform in a balanced approach to stabilizing the District's finances,” said Laurence Msall, president of the Civic Federation. “The District should protect the progress made in recent years by developing and publicizing a formal long-term financial plan.”

The Park District proposes a broad-based property tax increase in FY2014 after holding its levy relatively flat for the past eight years. The increase helps to close the District's \$18.0 million budget deficit. Other deficit-closing measures include some moderate revenue enhancements, expenditure reductions and some non-recurring revenues including prior year resources and tax increment financing (TIF) surplus. This is at least the eighth year in a row the District has used non-recurring revenue sources to close budget shortfalls. While such measures are reasonable in compelling circumstances, the Civic Federation warns that this pattern of relying on one-time revenues is problematic.

The Civic Federation strongly supports the Park District's work with the Illinois General Assembly to develop and pass pension reform legislation. In November 2013, a reform package for the District passed in the General Assembly and was sent to Governor Pat Quinn for his review. The bill contains a number of reforms aimed at providing predictability to Chicago taxpayers and assurance to District employees who depend on the future viability of their retirement system. The Federation believes the District has set a strong example for other local governments by developing a pension plan targeted to the needs of its own fund and not waiting for action from the State of Illinois.

The FY2014 budget leaves the Park District well-positioned to implement these reforms next year if the bill is signed into law. However, the legislation includes significant increases in annual employer pension contributions as well as supplemental employer contributions in FY2015, FY2017 and FY2019. A long-term plan must be developed to accommodate these increases and other future challenges. The District already employs many of the techniques of a long-term financial planning process internally, including projection of multi-year revenue trends and modeling of various revenue and expenditure options. The Federation urges the District to build on these techniques by developing and implementing a formal long-term plan that solicits input from the District's Board of Commissioners and other key policy stakeholders, including the public.

The Civic Federation is an independent, non-partisan government research organization that promotes efficient delivery of public services and sustainable tax policies in the Chicago region and State of Illinois. For more information, please visit the Federation's website at www.civicfed.org.



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