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CIVIC FEDERATION SUPPORTS CITY COLLEGES' FY2017 BUDGET *Proposal keeps property tax levy, tuition rates relatively flat despite inadequate funding from State of Illinois*

(CHICAGO) In an analysis released today, the Civic Federation announced its support of the City Colleges of Chicago's proposed FY2017 operating budget. The \$523.7-million budget is a reasonable plan given the unprecedented uncertainty surrounding funding from the State of Illinois as it enters a second year without enacting a comprehensive balanced state budget. The full 48-page report is available at www.civicfed.org.

In FY2017 the District is not planning to increase its property tax levy or tuition rates to make up for a decline in State and local revenues. Instead, City Colleges will again rely on prudent short-term fixes first implemented in FY2016, such as drawing on its cash reserves, delaying capital expenses, not filling vacant positions and a hiring freeze. Although the District has been able to weather financial challenges thus far, the Federation is concerned about the longer-term impact of those actions on the District's financial position.

"City Colleges has again appropriately managed its budget at a time of State funding uncertainty without increasing the burden on Chicago taxpayers," said Civic Federation President Laurence Msall. "Unfortunately, no amount of shrewd planning can sustain Illinois' local governments if the State continues to operate without a comprehensive balanced budget."

The depletion of its reserves and the possible creation of a backlog of capital needs if the State does not enact a full-year budget would leave the District with a diminished fiscal capacity that could result in a reversal of the academic gains made by the District in recent years. If City Colleges and other educational institutions are not fully funded, they will be forced to make mid-year operational reductions that may have costly long-term social and economic repercussions for the State of Illinois.

"It is imperative that the General Assembly and Governor Bruce Rauner work together to pass a comprehensive balanced budget in order to stabilize Illinois finances and to protect the finances of our local units of government," added Msall.

In addition to urging City Colleges to advocate for an end to the budget impasse, the Federation recommends in its analysis that the District develop a tuition and fee policy, enhance its long-term financial planning process, advocate for a change in the community college equalization formula to more fairly fund community colleges and develop a formal fund balance policy.

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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