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FOR IMMEDIATE RELEASE – WEDNESDAY, DECEMBER 2, 2015

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CIVIC FEDERATION SUPPORTS CHICAGO PARK DISTRICT'S FY2016 BUDGET

Accommodates Increased Pension Contributions and Holds Property Tax Levy Relatively Flat

(CHICAGO) In an analysis released today, the Civic Federation supports the Chicago Park District's proposed FY2016 operating budget of \$458.1 million. The budget proposal reduces the District's reliance on one-time revenue sources and accommodates increased employer pension contributions for the second year in a row while holding the property tax levy relatively flat. The full 60-page analysis is available at www.civicfed.org.

"The Chicago Park District is continuing to balance the demands of increased pension funding while showing restraint in not unduly increasing the tax burden on Chicago residents," said Laurence Msall, president of the Civic Federation. "However, a pending lawsuit challenging the constitutionality of the reforms made to the District's pension fund in 2014 may impact the financial stability of the District in coming years."

The Civic Federation strongly supported the District's work with its labor partners, the Illinois General Assembly and the Governor to enact comprehensive pension reform legislation in 2014. The reforms included reasonable changes to the retirement age and to the automatic annual annuity increases for current employees and retirees as well as phased-in increases to employee and employer contributions. Prior to the reforms, the fund had been projected to run out of money within ten years. The outcome of the lawsuit filed in the Cook County Circuit Court challenging the constitutionality of the Chicago Park District's pension reforms will be likely be linked to the Illinois Supreme Court's ruling on the City of Chicago's Municipal and Laborers' pension reforms.

The Park District has proposed to close an initial \$16.6 million budget deficit with a combination of expenditure reductions, reasonable increases in revenue and a reduction in debt service payments due in FY2016 from a debt restructuring that took place in FY2015. The structural deficit has been reduced but not eliminated over the last several years due in part to much-needed increases to the District's funding of its pension promises.

While increased pension contributions were accommodated in the budget for the second year in a row with only a slight property tax increase, the Civic Federation urges the District to develop a publicly available long-term financial plan that will accommodate future pension contribution increases, reduce the use of one-time revenue sources and work toward completely eliminating the remaining structural deficit.

The full report also recommends that the Illinois International Port District be dissolved and ownership of the District's Harborside International Golf Center be transferred to the Chicago Park District. With this transfer, the Chicago Park District would acquire a valuable recreational asset and the residents of Chicago would have a more transparent and open governmental entity controlling this publicly-supported enterprise.

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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