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# The Civic Federation

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### CIVIC FEDERATION SUPPORTS METROPOLITAN WATER RECLAMATION DISTRICT'S FY2016 TENTATIVE BUDGET

(CHICAGO) In an analysis released today, the Civic Federation announced it supports the Metropolitan Water Reclamation District's Tentative FY2016 budget of \$1.21 billion. The District proposes a reasonable, balanced budget while maintaining ample reserves and continues to be fiscally responsible by properly funding its pensions and prefunding its retiree health benefits. The full 55-page analysis is available at [www.civicfed.org](http://www.civicfed.org).

The FY2016 budget includes the maximum property tax increase allowed under state law for the third year in a row, with the total levy increasing by 3.3%, or \$18.5 million, to \$577.8 million. The budget will also increase corporate fund spending, which covers the day-to-day operations of the MWRD, by 1.5% over FY2015 spending levels and includes an extra contribution to the District's retirement fund beyond what is required under state law.

"The Civic Federation has long recommended that all governments develop long-term financial and strategic plans," said Laurence Msall, president of the Civic Federation. "Focusing only on short-term budget decisions can have adverse long-term impacts, as has been amply demonstrated with the multiplicity of public pension crises around Illinois." The MWRD continues to use long-term financial planning through five-year financial forecasting and a Strategic Business Plan to guide operations and future projects. The District notes that the five-year financial forecast is used for planning and directs more attention to the MWRD's financial condition beyond the next fiscal year. Its Strategic Business Plan includes policy guidelines and specific measures of expected outcomes established by the District.

The MWRD's pension funding reform package that was passed in 2012 and supported by the Civic Federation does not include changes to current or retired employees' retirement benefits, but it does increase employee contributions to the fund as well as employer contributions. Therefore, the Civic Federation has some concerns that the law might still be challenged in court if the Illinois Supreme Court rules the City of Chicago's pension reforms to be unconstitutional. The District's focus on stabilizing the financial condition of its post-employment benefits has been a key part of the MWRD's strategy to maintain its high bond ratings and minimize borrowing costs. Therefore, the Civic Federation urges the District to evaluate the possible impact of a partial or full reversal of its pension funding reform law and incorporate those findings into its five-year financial forecast. Such an assessment should include an examination of whether the District's plan to achieve 100% funding by 2050 would still be possible without extra employee contributions and/or the increased pension levy allowed under the 2012 law.

The full report also praises the District for improvements to its Tentative budget book and for maintaining a substantial fund balance for contingencies.

*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](http://www.civicfed.org).*



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