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FOR IMMEDIATE RELEASE

August 11, 2021

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CITY OF CHICAGO PROJECTS \$733 MILLION GAP IN 2022 FISCAL YEAR BUDGET

While COVID-19 response and recovery continue to be a primary focus for the City, the financial impact on Chicago's economy has been significant

CHICAGO – Today, Mayor Lori E. Lightfoot, City's Budget Director Susie Park, Chief Financial Officer Jennie Huang Bennett, and Comptroller Reshma Soni released the 2022 Budget Forecast, which projects a \$733 million budget gap for fiscal year 2022. The budget shortfall, significantly reduced from last year's historic \$1.2 billion, is attributed to the lasting and continuing impacts that the COVID-19 pandemic has dealt on both the health and financial well-being of residents and businesses across Chicago.

"While we still have hard work ahead of us in order to close this gap, this figure is a great indication that our city is fiscally bouncing back from this crisis," said Mayor Lightfoot. "Whereas last year we were faced with a \$1.2 billion 'Pandemic Budget,' this year we have shifted to a 'Recovery Budget' that not only reflects the challenges we have been presented with, but the number of resources we've brought to bear to address them."

In addition to the 2022 budget gap, the City's Budget Forecast provides year-end estimates for 2021 and amended obligations that must be addressed in 2021. The City's strategy to address those obligations will include a combination of solutions to ensure that the year ends with balanced revenues and expenditures. Those proposed solutions include savings from refinancing outstanding debt in the current low interest rate environment, using American Rescue Plan (ARP) dollars for revenue replacement, and as always, looking to create governmental efficiencies.

Since the beginning of the pandemic, the City leveraged federal COVID-19 relief grant dollars to invest nearly \$800 million into our communities. Initiatives included supporting small businesses, rental and mortgage assistance, emergency food assistance, broadband access, mental health services, first-responders, and our homeless population. As part of the 2022 Budget, the City will propose further investments using ARP funds to assist communities that have been hardest hit by the pandemic while continuing to support the COVID-19 response and recovery.



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“As with every budget, we will continue to work with our departments to drive efficiencies and find operational savings. Additionally, we will be working to appropriate ARP dollars to replace lost revenue and continue enhancing government services and make critical investments that are needed throughout the City,” said Susie Park, Budget Director. “As we progress through the budget process over the next several weeks, we are committed to remaining transparent and keeping our residents engaged.”

The City also announced today the use of remaining Coronavirus Relief Funds (CRF) of \$37 million that will create a bridge towards the investments that the City will be making with ARP funds. These investments include \$14 million for youth prevention programming, \$9 million for neighborhood recovery initiatives and \$14 million for childcare assistance.

Over the last two budgets, and amidst the two largest gaps in the City’s history, the City continued to make significant strides toward the path to structural balance. This work included climbing the ramp to fund pensions to actuarial funding levels and laying the groundwork to bring a casino to Chicago.

“COVID-19 presented every city and state across the country with significant financial difficulties. While the path out of the pandemic has not been easy, the City continues to make strides towards a structurally balanced budget,” said Chief Financial Officer Jennie Huang Bennett. “As was the case in fiscal years 2020 and 2021, much of the 2022 gap is due to pandemic-related revenue loss. Chicago’s economy and nearly \$700 billion gross regional product is our greatest tool for financial stability and so far, that economic recovery in 2021 has been better than originally projected.”

“As we recover from the impacts of the COVID-19 pandemic, the City will continue to balance providing much-needed services to residents and businesses, including ongoing reforms related to fines and fees, while ensuring stability for the City’s finances,” said City Comptroller Reshma Soni.

Following the release of the Budget Forecast today and as the budget process moves forward, the City is asking Chicago residents to provide feedback for the 2022 Budget. The 2022 Budget Engagement Forums will be held today, Wednesday, August 11th from 6-8 pm at Malcolm X College, 1900 W. Jackson Boulevard, and on Thursday, August 12th from 6-8 pm at Truman College, 1145 W. Wilson Avenue. Chicago residents who want to provide input can register at: <https://www.chicago.gov/city/en/sites/2022-budget-engagement/home.html>.



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To view a copy of the [2022 Budget Forecast](#), or download the [Forecast Summary](#), visit: www.chicago.gov/budgetdocuments.

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