



**CITY OF CHICAGO  
2016 BUDGET ADDRESS**

**REMARKS OF MAYOR RAHM EMANUEL**  
*\*\* AS PREPARED FOR DELIVERY \*\**

**September 22, 2015**

President Pro Tempore Laurino, Vice Mayor Reilly, Chairman Austin, Chairman Burke, Members of the City Council, residents and friends of the City of Chicago:

Four years ago we came together in this chamber to face an unprecedented budget challenge – a challenge that had been building for decades. Since then, we have cut our annual budget deficit by two-thirds and we are on the doorstep of finally finishing the job.

Chicago is thriving, but the fiscal challenges before us are significant. They threaten our economic future and our ongoing efforts to attract businesses and jobs to our city.

In this budget, I spell out the steps we must take to balance our annual budget and eliminate the structural deficit – once and for all. Four years ago we began to chart a new course for Chicago's future. Now is the time to finish the job.

First, I would like to review the progress we are making in strengthening our economy and building a solid foundation for the future. Because at the end of the day, what counts is growing the economy, bringing new jobs to Chicago, and making sure that every Chicagoan has the opportunity to succeed.

Today, 73,000 more Chicagoans are working than in 2011. In just four years our unemployment rate has dropped by more than 40 percent.

During that same time, 36 corporations have relocated their national or international headquarters right here in Chicago. And just last week we officially welcomed Motorola Solutions to the city, bringing around 800 new jobs.

Our economic growth has not been limited to big businesses or the central business district. Just look at the Method factory in Pullman, the Whole Foods retail complex in Englewood, and Meade Electric in the Harlem Industrial Corridor on the Southwest Side.

These are some examples of why Inc. Magazine recently named Chicago the second fastest growing city for small- and medium-sized businesses, and why multiple studies have put us in the top six cities for technology job growth over the past five years.

We have revamped our City Colleges to provide thousands of Chicago's graduates with the skills to excel in good jobs in growing sectors from logistics and healthcare to manufacturing and professional services.

Our cultural life is among the most vibrant in the nation – from top-flight music, theater and dance to world-class museums and leading restaurants.

We are finally attracting and keeping young people and families in our city rather than watching them flee for the coasts or the suburbs.

All of this innovation and energy is also bringing a record number of visitors – and the millions of dollars and thousands of jobs they contribute to our economy.

For the first time in more than a decade, more people and businesses are moving into Chicago than moving out.

But if we want things to keep going right, we have to right our city's financial ship. As we continue to grow our economy, create jobs and attract families and businesses to Chicago, our fiscal challenges are blocking our ability to expand opportunities to more of our residents.

If we remove this obstacle, we will show others that we have the courage, the strength, and the determination to build a stronger future for Chicago.

Now is the time. This is the Council. Let us commit to finishing the job.

We all know that our economic progress has not reached every neighborhood in Chicago. And it hasn't reached every resident of Chicago. Our goal as a city must be to help ensure that everyone in Chicago has a chance at a brighter future – no matter where they come from and no matter where they live.

That is why we must make sure that, as we deal with our fiscal challenges, we approach them in a way that is truly fair to all.

We can balance our budget and still invest in the things that matter most. In fact, doing it the right way will enable us to do even more for the hardworking families of Chicago.

We must protect and preserve the basic city services that our families depend on. And we must ask more from those residents of Chicago who are succeeding. They know we cannot afford to leave anyone behind.

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We in this room today did not create our current challenges, but we can and must be the ones to fix them. The seeds of our financial crisis were planted many decades ago and were not addressed for far too long.

Four years ago, we began to chart a new course for Chicago's future by changing the old ways of doing business and finally overcoming the politics that held our city back.

In the past four years, our city's structural deficit has been cut by two-thirds. That deficit has been reduced with every budget we have delivered. And with this budget, it will be at the lowest level since 2008, setting us on a course to completely eliminate Chicago's structural deficit within the next four years.

A balanced budget will contribute to a stronger economy. By improving our financial picture, we will reduce by millions of dollars the interest we have to pay rather than borrowing against our children's future.

It is just like a family with a good credit rating, which makes it cheaper and easier to invest in a house or a car.

We will also use this budget to further phase out the bad practices that have masked our true fiscal picture.

We will not raid the Rainy Day Fund to solve our annual budget challenges. In every budget over the past four years we have added money to the Rainy Day Fund. In this budget we will contribute another five million dollars.

We will not cover holes in the budget by selling city assets, as was done in the infamous parking-meter deal.

We will dramatically reduce the practice known as "scoop and toss" by nearly half as I outlined in a speech to the Civic Federation last April. In this budget, we will cut it by 100 million dollars. By the 2019 budget, scoop-and-toss will be tossed out once and for all.

Our budget will finally begin to reflect the true annual cost of operating the City of Chicago. We will stop the practice of going further into debt to pay for basic costs like new library books, garbage carts, computer software, and settlements and judgments against the city.

We will continue to shrink the bureaucracy and make city government smaller. Today we have 1,400 fewer positions than we did just four years ago.

We will match every dollar in new revenues with at least a dollar in reforms. In this budget, we have identified more than 170 million dollars in savings and reforms.

We will not waver from our strategy of cutting waste and ridding the budget of financial gimmicks and political shell games. Hardworking Chicago taxpayers deserve nothing less.

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Unfortunately, the city's structural deficit, while serious, is not the only challenge we are facing. It is not even the biggest. Our greatest financial challenge today is the exploding cost of our unpaid pensions. It is a big dark cloud that hangs over the rest of our city's finances.

The bottom-line is that past leaders negotiated a benefit package for city workers without providing the necessary government funding and employee contributions. For decades, the state permitted – and the city funded -- the bare minimum required. And then the State changed the law in 2010 and established a new responsibility for the City.

Now the bill has come due.

We have been consistent on the need to confront our growing pension challenge. Early on, I went to Springfield to testify about the crisis and lay out a specific plan to resolve it. And I have been making progress on that pension proposal ever since, working with labor to put Chicago's four retirement funds – plus the one for our park district – on a sounder financial footing.

Last year, we successfully negotiated landmark pension reform – covering the Laborers and Municipal Workers. It combined adjustments in benefits and employee contributions with a city contribution guarantee and a commitment that never existed before. We continue to fight for that agreement in the courts. Once again with this budget, we are putting the city's annual pension contribution in escrow, consistent with that agreement.

These reforms funded about half of our pension obligations. The other half rests with our police and firefighters.

One thing we know for sure: we cannot cut our way out of this crisis. To fund our pension obligations through cuts, we would need to cut 2,500 police officers – 20 percent – from our ranks. We would need to close 48 fire stations – that represents half of our fire stations – and lay off 2,000 firefighters, about 40 percent of the force.

We would need to reduce garbage collection from once a week to only twice a month. We would need to completely eliminate recycling services, which we expanded citywide three years ago. We would need to stop repairing potholes, making our roads more dangerous to drive on. We would need to stop rodent abatement, degrading the quality of life in our neighborhoods. And we would need to eliminate graffiti removal, inviting more vandalism and blight that hurts businesses and threatens the sense of safety in our neighborhoods.

In short, if we were to fund our pensions with cuts alone, our city services would become unreliable. Our City would become unlivable. And that would be totally unacceptable.

That is why this budget contains a city property tax increase phased in over the next four years. Every dollar of that increase is specifically committed to keeping our promise to Chicago's police and firefighters.

It will begin with an increase in our payment for this year of 318 million dollars, and then increase by 109 million dollars next year, 53 million dollars in 2017 and 63 million dollars in 2018. This increase will fund our obligations to the police and fire pension funds and put the city on a stronger and more sustainable path for the first time in decades.

Raising city property taxes is a last resort. It is why we have never increased them in my last four city budgets. But we must solve our pension challenge and there are only two options: we can make the damaging cuts that I spelled out and undermine all of the hard

work and progress that we made, or we can raise property taxes to meet our obligation to police and firefighters who answer our every call.

The bill is due today. And that is the choice that is in front of us. I know where I stand.

We have come together before to honor heroes like Police Captain Edward Kulbida, who was shot in the line of duty last October while apprehending a fugitive from Indiana. He sustained life-threatening injuries while trying to protect his fellow-officers.

Not only did Captain Kulbida recover from his wounds; he is now the Commander of the 12th Police District.

We honored heroes like Chicago firefighters Kevin Corley and Antonio Artis. Last year, they saved the life of Annette Whitehead who was trapped in a burning house in West Chatham. They rushed into the building and, working in almost total darkness, brought her to safety with only minor injuries.

Every one of us spoke in honor of their service and their selflessness. That praise was appropriate. In the same way, ensuring a secure retirement for them and their families is also appropriate.

These police officers and firefighters have met their obligation to us; now we as a city must meet our obligation to them.

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We all know that raising property taxes puts a burden on the residents of our city – many of whom are struggling day-to-day just to pay their bills and feed their kids.

So we must make sure that we are as fair as possible in raising those taxes. That means making sure that the burden is borne by those who can best afford it – not by those on fixed incomes like our seniors, or others who are struggling just to get by.

That is why we will make this property tax increase progressive by seeking to dramatically expand the homeowners' exemption. This will protect Chicagoans who can least afford the additional burden.

This would mean that Chicago residents whose homes are valued at 250 thousand dollars or less would not pay any additional property tax to secure our police and firefighter pensions.

Instead, the lion's share of the burden will be borne by our thriving central business district and commercial area, and by those with homes that exceed 250 thousand dollars in value. With an expanded homeowners exemption, about one out of every four dollars of this property tax increase will come from our central business district.

I have already met with Speaker Madigan and Senate President Cullerton. They both agreed to move this legislation in Springfield. This week the House will be holding hearings on that legislation.

This budget will protect the retirement security of the men and women who protect us, but without further burdening Chicagoans who can least afford it. It is the fairest, most equitable, and most progressive way to save pensions and keep our economy strong while asking those who can best afford it to do their part.

Passing this budget will meet our obligations from the past, while also investing in our future. And we will make sure that the solution is one that is fair to all.

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I have said many times that we cannot ask for more revenue from taxpayers without reforming city government and city spending. This budget like the past four stays true to that pledge.

In this budget, we have implemented more than 170 million dollars in savings and reforms. After passing this budget, we will have saved more than 600 million dollars since taking office.

We will move to Grid 2.0 to enhance garbage collection, saving nine and a half million dollars. By ending free garbage pick-up for multi-unit buildings, we will save an additional three million dollars. By putting street sweeping on a grid, we save another three million dollars. Through TIF reforms and shuttering central business district TIFs, we will surplus 113 million dollars.

By going after scofflaws – another twenty million dollars. By working with our partners in labor, we will realize ten million dollars in health care savings in this budget. That is on top of more than 100 million dollars in previous savings, thanks to the reforms of the past four years. By outsourcing operations of 311, we will save taxpayers a million dollars each year.

City Clerk Susana Mendoza improved service and created nearly five million dollars in additional revenue for the city by changing the way we sell vehicle stickers. And City Treasurer Kurt Summers grew investment income by over six million dollars just by reforming the way we invest city funds.

But this is not the end of our search for savings; it is an ongoing process every day of every year.

I want to recognize some of those who have joined in this effort to help balance the city budget and bring more fairness to its operation.

Chairman Burke and Chairman Beale proposed a surcharge on ride share services like Uber and taxi rides to help level the playing field between the industries while providing new services to customers.

While we have reached record low rates of youth smoking in Chicago, research has shown that tobacco companies are using e-cigarettes to lure young people into a lifetime of smoking. So I am proud that Alderman Moreno proposed extending the tobacco tax to e-cigarettes and chewing tobacco. That will help our city's bottom line while also improving our children's health.

Aldermen from across our neighborhoods, together with Inspector General Joe Ferguson, proposed a garbage collection fee like those employed by surrounding suburbs and other cities nationwide. We are establishing a fee of \$9.50 per month. Half of Chicago's residents already pay for garbage collection – and they pay up to 16 dollars per month. Residents of Berwyn pay nearly 25 dollars per month. And residents in Seattle can pay up to 100 dollars per month.

I understand this is new. But it is necessary to provide the level of services that Chicagoans depend on.

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The purpose of government is not simply to balance a budget. A budget must also be in balance with our values. That means investing in things that give all our people a chance at a better life, regardless of where they live in the city.

So even as we address our financial challenges from the past, this budget continues to make critical investments to give every Chicagoan – especially our children – a better chance at tomorrow.

I want to thank members of Council for supporting these critical investments – even as funding from Washington and Springfield has been dramatically cut.

In this budget we will continue to chart a new course for Chicago's future by extending after-school investments to another 1,500 children to now serve a total of 27,000 Chicago children. That is an increase of nearly 100 percent over the past four years.

We will continue to provide free dental care to 115 thousand students and free eye exams to 45,000 students. And using revenue from the tax on e-cigarettes, we will now open five new school-based health clinics over the next four years;

We will expand learning gardens to an additional 92 schools. This brings the total to 200 schools with learning gardens, serving approximately 80,000 children.

We know that good schools are essential to a child's future. And we know that the Chicago Public Schools are facing a tremendous financial challenge.

We as a city must do everything we can to help them and leave no stone unturned.

In 2003, the legislature in Springfield gave Chicago the right to levy a special property tax to help with school modernization. Yet, in all those intervening years, the city never followed through.

Today, some of our schools are so overcrowded that children have classes in stairwells, in hallways – and sometimes even in converted closets.

We are better than this.

I have been and you have been at schools that are so overcrowded, the hallway is a lunchroom. And I have seen the difference that a modern annex makes.

So along with this city budget, we propose to start levying the special property tax for school modernization – to bring thousands of Chicago’s students out of the closets and into the daylight. Once this levy is enacted, it will enable us to end school overcrowding in Chicago in the coming years. It will also enable us to finish the job in making sure that every classroom in every school in every neighborhood is fully air conditioned – something that the city has debated since 1963.

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At the same time, keeping our children and neighborhoods safe must be a constant priority for our city. We know there are neighborhoods in Chicago where parents are afraid to let their children play on the porch or in the local park.

Despite our very best efforts – including increased community policing – shootings and murders so far this year have gone up instead of down, reversing the progress we made last year.

While this is happening in cities nationwide it is unacceptable here in Chicago and it must be addressed.

That is why we are building on our past efforts by moving another 300 police officers from behind desks and onto the streets of our neighborhoods.

We asked a simple question of all our sworn police officers: Do you need a gun or a badge to do that job? If the answer is no, we are replacing them with civilians and putting them into neighborhoods, policing our streets, which is how they were trained in the first place. These changes in public safety are part of our ongoing effort to find smarter and better ways to serve the residents of Chicago.

Even though we are putting an additional 300 officers on the streets and expanding our after school opportunities, if the state of Illinois does not change our gun laws and stiffen the penalties for repeat gun offenders, we will bring every neighborhood the safety it deserves.

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Making these changes will not be easy. But they are necessary to ensure the kind of city we want to be.

On so many fronts we are making great progress because we were willing to challenge the failed status quo.

More students than ever before are graduating from our high schools – and even more will graduate in the coming years.

We have turned our City Colleges from simply serving as the fifth and sixth years of high school into institutions of higher learning that bridge to the good jobs of today and promising careers of tomorrow.

With the start of this new school year, we have our first class of nearly 900 STAR scholars – CPS students who have graduated from our high schools who are attending our city colleges free-of-charge because they earned a B-average or better.

For two straight years we have led the nation in corporate relocations.

For three straight years the Chicago metro area has led the nation in direct foreign investment.

Last year, we were the number one city for convention business – with the thousands of jobs and millions in revenue that all of those visitors bring.

We have the busiest aviation system in the nation. We have the number one neighborhood library system, serving families across Chicago. And we have the number one park district of any large city in America.

Because of all the things we've accomplished together, Chicago is growing stronger every day.

Now is our chance to ensure that the economic growth and opportunity that is occurring in Chicago is spread to every neighborhood and every resident of Chicago. That is what we must do together with this budget.

With this budget, we will vote to eliminate the structural deficit once and for all.

With this budget, we will vote to end scoop-and-toss and excessive borrowing once and for all.

With this budget, we will vote to meet our obligations to our police and firefighters once and for all.

With this budget, we will vote to end the tricks, gimmicks, and financial shell games once and for all.

With this budget, we will vote to invest in better city services, modern 21<sup>st</sup> century schools, and more summer and after-school opportunities for our children and teenagers.

Together, we will vote for a budget that is fair to all Chicagoans and key to Chicago's future.

When we pass this budget, we will demonstrate – to all those families and businesses large and small both inside and outside of Chicago – that we have a vision for the future and the strength and unity to achieve it.

We all know that public service is discredited today. Many people hold politicians in contempt and believe that our highest aspiration is simply to get reelected. They look at Washington and Springfield and for good reason conclude that nothing is getting done.

We in this chamber have an opportunity to show the public that elected officials can make a difference – if we are willing to confront our greatest challenges instead of simply passing them along.

I know this budget is tough and therefore carries political risk.

But there is a choice to be made: either we muster the political courage to deal with this mounting challenge or we repeat the same practices and allow the financial challenges to grow.

Every time we enter this chamber, we pass a plaque honoring those who built this great building. We may not remember the individual names, but their actions have stood the test of time because they laid the foundation to build this building that helped build this great city.

If we are willing to finally confront our fiscal challenges, I believe that we will be remembered as the men and women who pulled Chicago back from the financial brink and made Chicago stronger.

So here is the choice we all have to face:

With this budget we can be remembered for stepping up to the challenge rather than stepping aside.

With this budget we will be counted among the doers rather than among those who dithered.

With this budget, when we look back at our public service, our individual names will be in the history book rather than in the guestbook.

We owe it to our city and to the generations who come after us to do what is right – even when it is hard.

I believe we will rise to the occasion. I am confident that we will go down in history as the elected leaders who stepped up when Chicago needed us the most.

For the sake of our city's future, let us resolve to make that our collective legacy.

Thank you.