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CITY COUNCIL APPROVES MAYOR LIGHTFOOT'S 2020 BUDGET

Reform-Based Budget Prioritizes New Investments to Enhance Services and Safety for every Neighborhood; Lay the Groundwork for Long-Term Stability

CHICAGO – The Chicago City Council today passed Mayor Lori E. Lightfoot's 2020 budget, paving the way to make critical community investments in affordable housing, mental health, homelessness and violence prevention without imposing a significant new property tax increase. The budget, which closed an historic \$838 million shortfall, was balanced through targeted new revenues and smart government efficiencies and serves as a down payment to establish financial stability – one of the core priorities Mayor Lightfoot established on her first day in office.

“When I entered office six months ago, the city was facing a nearly billion-dollar budget deficit, with no immediate plan on how to solve our short- and long-term challenges or grow our economy,” said Mayor Lightfoot. “Rather than impose a significant property tax increase, our administration conducted a top-to-bottom review of every city expenditure and identified structural solutions to balance the budget, putting us on a sounder financial path. We are proud that our progressive budget was created through a transparent process and protects vital resident services and invests in the safety and prosperity of all of our communities for the years ahead.”

Developed through a transparent and inclusive process that incorporated input from residents and stakeholders across the city, the 2020 budget reflects extensive community engagement over a three-month period. To gather feedback, the City hosted five budget town hall meetings held across the city, drawing over 2,600 residents, and created a public survey that brought in feedback from over 7,300 respondents as to how revenues and expenses should be managed. This process began in August, when the Mayor presented the 2020 Budget Forecast, a projection of the city's anticipated costs and future liabilities.

Priorities expressed by residents, business leaders, elected officials and other stakeholders became the impetus for building the 2020 budget, which included a



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robust investment strategy for community-based programs that also advance the city's progressive values of equity and inclusion. The 2020 budget allows the City to invest in a 2020 census strategy to ensure every Chicagoan is counted, and increases funding for affordable housing, mental health, anti-violence and homeless prevention efforts by more than \$30 million over last year.

Additional funding will also be dedicated to Bus Priority Zones designed to improve accessibility and alleviate congestion on the city's most popular bus routes, as well as toward the new Small Business Initiative, which will add 5 new Regional Business Centers in communities and implement measures making it easier for small businesses to become licensed and operational in Chicago. To spur continued investment in communities that need it most, the City also launched the INVEST South/West initiative – aligning public, private and philanthropic funding to marshal resources to support the revitalization of underinvested communities.

To address the \$838 million shortfall, the city exercised prudent discipline by finding a combination of efficiencies, budget savings and good governance practices that would lead to significant budgetary savings. To begin, the City eliminated \$1.4 billion in lines of credit for short-term borrowing resulting in a reduction of \$22 million in borrowing costs; plans to refinance more than \$1 billion in debt which is expected to generate \$210 million in savings; initiated a complete overhaul of the \$100 million workers' compensation program; and improved accounts receivable collection enforcement effort which is expected to generate up to \$25 million in uncollected payments and tax remittance.

These and other government efficiencies including zero-based budgeting, departmental consolidations and process mergers, personnel vacancy reductions, recycling and energy efficiencies and property management and equipment savings, resulting in more than \$537 million in structural efficiencies and reductions.

In addition to the budgetary reforms and savings identified within, the 2020 budget includes \$353 million in new revenues to support city operations. These new targeted revenues were carefully chosen to ensure no one constituency was disproportionately impacted while ensuring continued economic growth downtown and throughout the communities.

For example, the city will impose a new congestion tax surcharge on ride-hailing companies, which is underscored by social policy to help mitigate downtown traffic congestion, improve affordable and reliable transit options for the neighborhoods, reduce pollution and promote the use of public transportation. This increased surcharge is expected to generate \$40 million annually.



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An increase in parking meters in the Central Business District, as well as an expanded cloud tax, a modest increase in the restaurant tax, and a new tax on the legal sale of cannabis will also add to the city's anticipated revenues in FY2020.

The 2020 budget also marks the first time the City has climbed the ramp to fund Police and Fire pensions at an actuarial funding level. These and other structural reforms in the 2020 budget are vital to improving the City's long-term financial standing.

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