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CITY COUNCIL APPROVES MAYOR EMANUEL'S 2014 BUDGET THAT PROVIDES KEY INVESTMENTS FOR CHILDREN, PUBLIC SAFETY AND NEIGHBORHOODS

No New Property, Gasoline or Sales Taxes for Third Year

The City Council today overwhelmingly approved Mayor Rahm Emanuel's 2013 City of Chicago budget by a vote of 45 to 5. The \$8.7 billion budget balances the City's finances without introducing new property, sales or gasoline taxes for the third consecutive year.

In 2011, the City faced a projected deficit of \$790 million for 2014. In the last two budgets, that structural deficit has been cut by more than half, to \$339 million.

"This budget marks the third year in a row that we have balanced the city's finances without raising property, sales or gasoline taxes. For the third year in a row, we're actually adding money to the rainy day fund," Mayor Emanuel said. "And, for a third year in a row, we're increasing investments in city services and programs for our kids."

The 2014 budget makes a significant investment in the education, health and safety of the children of Chicago. It also enhances public safety and invests in the neighborhood businesses across the City that are so vital to providing local jobs and keeping communities strong.

The City began the 2014 budget process with a projected deficit of \$338.7 million. The gap was closed through spending reforms and cuts, and improved revenue growth, including: \$40 million through reduced technology, equipment and telecom costs; \$26 million in healthcare savings; \$101 million in additional revenue growth and children's safety zones; \$35 million from sweeping aging revenue accounts and grant funds; \$34 million in targeted revenue enhancements; \$18.7 million through proper allocation of costs to enterprise and grant funds; and \$53.4 million from 2013 surplus captured through spending controls.

The spending reforms and cuts spearheaded by Mayor Emanuel, as well as enhanced revenue projections, has allowed for continued investments in Chicago's children.

Over the last three years, Chicago has lost more than \$11 million in federal funds for after school and summer programs, and suffered a \$7 million cut to Head Start due to the sequester. The 2014 budget establishes funding supported largely by an anticipated \$65 million to \$70 million in revenue from children's safety zones that will protect those programs.

The budget not only maintains current funding for children's programs, but includes the following investments:

- \$13 million in afterschool opportunities for nearly 16,000 kids. This represents a 25 percent increase in funding since Mayor Emanuel took office in 2011, more than making up cuts in federal funding and allowing the City to serve 3,000 more children.
- \$14.5 million in summer jobs for more than 12,000 youth, more than doubling the number of children served by City-funded programs since 2011.
- \$11 million in early education opportunities, part of a three-year, \$36 million investment announced last year that will provide early education to 5,000 kids.

The budget also continues to promote job growth and improves public safety and the quality of life in our communities through various initiatives, including:

- Increasing funding for graffiti removal, rodent control, tree trimming, tree removal and tree planting.
- Expanding the microlending initiative in partnership with the City Treasurer's Office to help support 300 businesses by 2016.
- Launching a pilot program that will pay out Earned Income Tax Credit in advanced quarterly payments. This will provide an option for families who need money before tax season to make ends meet, rather than going to a predatory lender. The program will serve 500 working families.
- Adding seven new Family Net Centers to provide residents with training in technology skills such as using email, online banking, online research, and accessing government services.
- Funding for the Chicago Police Department to hire officers to remain at full strength at all times.
- Expanding CAPS' focus on youth and upgrading the CAPS communication strategy with a citywide tool kit to help groups self-organize around public safety issues.

Because of the reforms made over the past year, the City is able to continue to build its reserves in order to enhance its long-term stability. During the budget process, Mayor Emanuel signed an Executive Order that formalized a practice to build the City's "Rainy Day" fund – something the administration has done each of the past three years.

The Executive Order allows the budget director to identify the amount of unreserved fund balance, and transfer at least 10 percent of that balance into the City's reserves. The 2014 proposed budget invests \$5 million into the fund. The move follows a \$15 million investment made in the 2013 budget, and a \$20 million investment made in 2012.

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