

The City released the 2024 Budget Recommendation on October 11, 2023. The proposed budget presents a \$16.647 billion spending plan for fiscal year 2024. The City 2024 Budget Forecast indicated the City had a structural budget deficit, or a gap for the upcoming fiscal year. A structural budget gap is a budget imbalance between existing revenues and anticipated expenses. The City of Chicago estimated a Corporate Fund budget gap of \$538 million. The 2024 Budget Recommendation presents a budget which closes the \$538 million gap, this will be reviewed later in this report.

The budget is supported by COFA as the City shows an unexpected improvement in revenue performance. The pension fund supplemental payment was a solid policy decision and positioned Chicago to maintain and increase its credit ratings.

Of great concern is the continuing migrant crisis and the uncertainty around it. The \$150 million is not enough in itself for the next fiscal year. There must be a strategic plan if Chicago does not receive additional funding from both the State and Federal Government.

The City was recently upgraded from Fitch Ratings on October 19, 2023, due to long-term reductions in liabilities, improved debt management practices and sustained economic growth. However, the use of one-time revenues to close budget gaps as well as high pension and debt burdens continue to threaten the economic stability of the City.

This document prepared by COFA is a preliminary analysis and only intended for the Chicago City Council.

## SUMMARY OF BUDGET APPROPRIATIONS

Appropriations	2023 Budget	2024 Proposed
Corporate Fund	\$5,436.3M	\$5,709.2M
Special Revenue Funds	\$1,129.2M	\$1,168.0M
Pension Funds	\$2,666.7M	\$2,805.4M
Debt Service Funds	\$680.5M	\$614.3M
Enterprise Funds	\$3,428.4M	\$3,525.7M
Grant Funds	\$4,634.0M	\$4,390.8M
Appropriations before Deductions	\$17,975.1M	\$18,213.4M
Deduction Transfer between Funds	-\$1,449.3M	-\$1,448.4M
Deduct Proceeds of Debt	-\$114.6M	-\$117.1M
Total Deductions	-\$1,563.9M	-\$1,565.5M
Total Appropriations	\$16,411.2M	\$16,647.9M

## Cost-Savings & Efficiencies

- Currently, the 2024 Budget Recommendation outlines that part of closing the 2024 Budget Gap includes \$112.6 million in “operational efficiencies.” COFA recommends that more details are necessary to outline these reported cost savings.
- The 2024 Budget Recommendation also outlines \$35.0 million in savings from increased “revenue enforcement collections.” However, the 2024 Budget Recommendation does not identify how enforcement will be increased without hiring additional enforcement personnel.

## Other Considerations

COFA is currently examining the following items: further discussion is included in the “Fiscal Year 2024 – COFA Analysis of the Mayor’s Proposed Budget” report.

- CPD Overtime
- Casino Revenues
- “Operational Efficiencies and Personnel Savings” outlined in closing the deficit gap.
- TIFs- Further examination of surplus
- ARP Funds

## The Budgeting Process

- **Timing of the Budget documents:** The timing of the release of the budget documents should ideally be 30 days prior to the hearings to allow proper analysis of the documents.
- **Finance General:** These funds are intended to represent cross-departmental expenses, long-term debt service payments and unanticipated departmental expenses. COFA recommends that items that are department specific be included in the individual Department’s budget, and not under the category of Finance General. This would allow for a better picture of actual Department totals on the specific items that are not cross departmental appropriations.
- COFA also recommends that the \$150.0 million towards New Arrivals Services under Finance General be placed in its own new fund. Arrival Services having their own dedicated fund would add more transparency towards these efforts.