



CITY OF CHICAGO • OFFICE OF THE MAYOR



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**MAYOR LIGHTFOOT ADDRESSES RESIDENTS WITH THE STATE OF THE CITY
AND DETAILS SURROUNDING \$838 MILLION BUDGET GAP IN 2020**

Mayor Lightfoot outlines budget challenge and city's efforts to begin addressing long-term finances through structural reform during live speech

CHICAGO – Mayor Lori E. Lightfoot today addressed residents on the state of the City, the City's finances and the projected 2020 budget deficit during a live primetime speech delivered at Harold Washington Library. In an unprecedented act of transparency before the official City budget address in October, the Mayor appeared before residents to provide an overview of the city's current financial state, including: a historic \$838 million gap projected for 2020, measures taken to date to address the City's long-term and short-term financial obligations, and the work remaining to put Chicago on track for a balanced and sustainable financial future.

During the speech, Mayor Lightfoot outlined her vision for strengthening the City by building stronger and safer communities, expanding access to education and vital services, and creating opportunities for working families – starting first by working to create structural reforms within City government that will contribute to Chicago's long-term financial stability. Importantly, her reforms strive to make Chicago work for working-class families and create a model of good governance. These reforms include: fines and fees reforms, passing the Fair Workweek and an Ethics ordinance, and ensuring that Chicago remains a welcoming City.

“Today I am shining a light on Chicago's current financial conditions. I want residents to know the full extent of the City's finances and the path we plan to take to address our long-standing fiscal challenges,” said Mayor Lightfoot. “The 2020 Corporate Fund budget shortfall will be \$838 million. And while I recognize this is a steep hill to climb, I am committing to residents that, together, we will do the hard work of finding sustainable solutions that will lead our city to long-term financial stability.”



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In the address, the Mayor outlined her administration's efforts to identify over \$100 million in savings and efficiencies over the first 100 days and the work that remains to balance next year's budget. These efficiencies include the elimination of \$1.4 billion in short term borrowing, a review of departmental use of overtime and absenteeism, and implementation of a citywide hiring freeze allowing the city to work with departments to identify additional efficiencies in the coming weeks.

The City has begun to make progress in addressing its costs for 2020 and beyond by implementing structural reforms that drive down costs and improve financial stability, including: a complete overhaul of the \$100 million workers' compensation program, which is expected to reduce claims costs and improve services for workers; release of a new healthcare RFP to revisit competitive costs for the \$471 million-a-year program; changes to refinance old debt for better rates; and the creation of the first citywide enterprise risk management system, led by Chief Risk Officer Tamika Puckett, which will seek to cut down on the high cost of legal settlements.

And within weeks of taking office, Mayor Lightfoot secured legislative approvals to authorize a casino in Chicago, which would generate a dedicated revenue source to finance underfunded police and fire pensions. The administration is now committed to working with State legislators on the taxation structure to ensure a Chicago casino will represent a structural solution for long-term sustainability.

The 2020 budget forecast reveals that The Corporate Fund, or the City's operating fund, represented more than \$3.8 billion, or more than 34 percent of the City's \$10.67 billion budget in 2019. This forecast reveals that in 2020, the pension, personnel and healthcare costs that make up a significant part of the Corporate Fund expenses will comprise 70 percent of the budget shortfall, while debt and legal settlement costs make up an additional 22 percent of the structural deficit.

As part of the annual budgeting process, the City is utilizing a zero-based budgeting method, where departments formulate 2020 budget proposals to request funding for programs and services in support of their core mission. New investments will be balanced with department savings, reforms and operational efficiencies in an effort to streamline existing processes and uphold a high quality of services for residents across all neighborhoods.

The Mayor's commitment to transparency and engaging advocates and stakeholders throughout the budget process will continue over the next several months. Residents can comment on the budget through an online survey (Chicago.gov/2020Budget) and/or through a series of Town Halls held at the following locations:



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- September 4th – Copernicus Center – 5216 W. Lawrence Ave – 6-8pm
- September 14th – Roberto Clemente High School 1147 N. Western Ave – 9-11am
- September 19th – Southeast United Methodist and Community Center – 11731 S. Avenue O – 6-8pm
- September 25th – Youth-Focused Townhall - Lindblom Math and Science Academy – 6130 S. Wolcott Ave – 6-8pm

Further, the 2020 budget forecast is formatted to be more transparent and the City will also be releasing a two-page Citizens Guide to the Budget Forecast, which will be translated into six languages and made available online. To view the complete 2020 Budget Forecast, go to Chicago.gov/2020BudgetForecast.

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