



CITY OF CHICAGO • OFFICE OF THE MAYOR



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S&P UPGRADES CITY OF CHICAGO FINANCIAL OUTLOOK TO STABLE

*S&P Global Ratings Upgrades City of Chicago's Rating Outlook to Stable from Negative
Indicating Improvements to Finances*

CHICAGO—Mayor Lori E. Lightfoot announced today Standard & Poor's (S&P) Global Ratings has upgraded its outlook to “stable” from “negative” and has assigned its ‘BBB+’ long-term rating to the City of Chicago. This news comes on the heels of an upgrade of the City’s outlook to stable by Fitch last week, and by Kroll and Moody’s earlier this summer.

“The 2022 Budget is a reflection of the tremendous work that the City’s finance and budget team has done over the years to help our city reach structural balance,” said Mayor Lightfoot. “Thanks to their efforts, we’ve identified over \$1 billion in structural solutions over the last three years. We will climb our pension ramp, which means that for the first time in our city’s history, all four pension funds will be paid on an actuarially determined basis. Thanks to these accomplishments, as well as the passage of the 2022 Budget, we expect to reach structural balance by 2023, which bodes well for our prosperous, post-pandemic recovery.”

Within their report, S&P recognizes the city's ability to address the short-term pressures created by the pandemic without a significant deterioration in its financial position. “The city’s renewed fiscal discipline during the Lightfoot administration eliminated practices such as annual scoop-and-toss refundings and identified new revenue streams to support operations.” The ratings agency identified that the City has developed a “credible path to structural balance” which includes phasing out major one-time revenue sources after 2022, identifying new revenue sources, and climbing a pension contribution increase of \$1 billion over the past three years.

S&P also comments on the Chicago Recovery Plan and the meaningful first installment on an investment plan intended to transform Chicago. “Given the City is now on firmer financial footing, the use of the stimulus dollars to enhance programs and opportunities for residents should be a net addition to the tax base. We believe this significant investment in social capital, both in terms of the nominal size and



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how the city prioritized a large-scale effort to address legacy social issues as a core component of its economic recovery plan."

The Fitch report, which upgraded the City's outlook to stable last week, wrote, "Chicago's budget management at times of economic recovery has improved markedly in recent years. Management has made significant progress toward achieving structural balance."

The 2022 Budget, which the City Council passed on October 27, 2021, had received the support of several organizations, including The Civic Federation which notes its support for key elements of the FY2022 budget, including funding all four pension funds based on actuarial calculations, finalizing various collective bargaining agreements, relative restraint on tax increases, reduced use of reserves, cancellation of scoop and toss as well as the community engagement process.

"The City of Chicago is in a much better financial position now than a year ago...The City's [proposed] budget prudently matches one-time revenues, such as federal revenue replacement money and debt refinancing savings, to one-time expenditures in line with best fiscal practices."

"The recent acknowledgements by outside financial stakeholders confirm what we have been trying to achieve with our 2022 Budget, that the City has struck the right balance of financial responsibility and investing in Chicago," said Susie Park, the City's Budget Director.

"The City has achieved several significant financial milestones over the last three years, despite \$1.5 billion in lost revenues in the midst of a pandemic. We are paying down our debts, living within our means, and being better stewards of taxpayer dollars by implementing true reform-based measures and efficiencies. All of these efforts allow the City the financial capacity to invest in Chicago in a transformative and permanent way through the Chicago Recovery Plan," said Jennie Huang Bennett, Chief Financial Officer.

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