



OFFICE OF THE MAYOR
CITY OF CHICAGO

** * As Prepared For Delivery * **

2014 BUDGET ADDRESS TO CITY COUNCIL

Mayor Rahm Emanuel

October 23, 2013

Council President Pro Tempore Laurino, Vice Mayor Suarez, Budget Committee Chairman Austin, Finance Committee Chairman Burke, Members of the City Council and Honored Guests:

It is my privilege to come before you today to present our proposed city budget for 2014.

Before I talk about where we're going, let us remember how far we've come in righting our financial ship in a very short time.

Just three years ago, this administration and this Council were on course for a deficit of 790 million dollars for this coming year. In the last two budgets, we've managed to cut that structural deficit by more than half – to 339 million dollars today.

While still too large, it is the smallest deficit Chicago has faced in the past five years.

My budget will take another 230 million dollars out of that structural deficit by building on the solid progress we have made in changing the way Chicago works.

This budget will mark 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 – and I just signed an executive order ensuring we do it every year going forward. For the third year in a row, we don't employ any gimmicks or raid long-term reserves to balance the budget, as has been done in the past. And for a third year in a row, we're increasing investments in city services and programs for our kids.

To balance our budget for the past three years without any increase in property, sales or gas taxes was only possible by changing the way Chicago does its business.

We have reduced our structural deficit by making city government smaller, smarter, and simpler. We've coupled necessary reforms with improved services so city government works better for all our residents.

Together, we have overcome decades of debate and deferral on key issues. We now enjoy a rapidly growing food truck industry, a nationally renowned bike-sharing program, new protected bike lanes that represent twenty percent of the nation's total urban network, and a booming tech sector that is bringing thousands of new jobs and hundreds of new companies to the city.

Just this week, we opened the completely rebuilt Red Line south – turning a long-neglected part of our transit system into a world-class rail line.

In short, we are making tough choices. It is paying noticeable dividends. More residents now are moving back to Chicago after decades of flight. It's a vote of confidence in the decisions we made and the future we hold together.

I believe that all of us here, regardless of our differences, share a common vision for Chicago. We all want a city with thriving neighborhoods; a prosperous economy that offers opportunity to all; a strong public education system that prepares our kids for the future; and a place where people enjoy the same level of safety no matter where they live.

Achieving this vision requires telling the truth, making the tough choices and hard decisions. It requires constantly challenging the policies and practices of the past. It requires embracing change as a friend and not treating it as a foe.

We took the politics out of garbage pick-up by transitioning to a grid-based system and reinvested those savings to finally provide curbside recycling in every neighborhood of the city without charging a new fee. Just this week we are rolling out the final carts – ending a decade of debate and deferral.

We partnered with federally-qualified health care providers to manage our community health clinics, and the results are impressive. In the first half of this year, our health care clinics increased services by 32 percent. That's 7,700 more patient visits, while providing more services, longer hours, and cutting the bill to taxpayers by nearly twelve million dollars a year – ending a decade of debate and deferral.

We established the Small Business Center to cut bureaucracy and make it easier to start or expand a business. And in this budget, we will invest in taking that office paperless and online by 2016 so entrepreneurs can get licenses and permits without requiring a visit to City Hall – or hiring someone to do it for them – ending a decade of debate and deferral.

In all these areas and more, we are proving that you don't have to spend or tax more to deliver better services to city residents. Instead, we are cutting the wasteful and duplicative practices of the past in order to make critical investments for the future.

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The new budget I present to you today continues to invest in this shared vision for a better and stronger Chicago. Our first and most important investment is in the children of Chicago. They are our future. They are our hope. And their success must be our mission.

Our goal for Chicago's children is nothing less than 100 percent college-ready and 100 percent college-bound. Everything we have done – and everything we are going to do – is with this goal in mind.

We are just beginning to see the fruits of our labor: This year, a record 65 and a half percent of students are graduating high school, while only a short time ago we had a dropout for every graduate. The 2013 class earned a record 400 million dollars in college scholarships. Test scores are climbing each year. More and more schools are rising to Level 1 – with 53 additional schools reaching that level this year, for a total of 174 Level 1 schools in neighborhoods across the city. And all families are enjoying more educational choices – from International Baccalaureate to STEM, magnet to charter, selective enrollment to neighborhood schools to military schools.

We are adding early education during the pre-k years and, for the first time, a full day of kindergarten for every child. When I came to office, many of our kindergarteners were only in school for two and a half hours a day, which meant it was more babysitting and less educating. Now, they get a full seven hours in a classroom and will be ready for first grade.

We have invested in a longer school day in our public schools, so Chicago's children will get more hours in the classroom. In just two years, we've gone from the shortest school day in the country to the longer school day our students deserve. A child entering kindergarten today will get two and a half more years of instructional time by the time they finish high school, reversing decades of a shortening school day that shortchanged our children. With the longer school day we implemented last year, we are finally giving children a full day and full year so that they can live up to their full potential.

But when the school bell rings at the end of the day, our responsibility does not end.

In this budget we are also investing more than 13 million dollars in afterschool opportunities for nearly 16,000 children. This represents a twenty-five percent increase in funding since I've taken office, more than making up for the cuts in federal funding and allowing us to serve 3000 more kids than we did three years ago.

We are funding a teacher in every neighborhood library to provide after-school tutoring, and launching the largest homework help program in the nation. As long as you have a Chicago library card, you can get homework assistance in English and Spanish, 24-7, 365 days a year.

All 78 neighborhood libraries in Chicago now have a teacher – and every library card comes with a tutor for your children.

And when the school bell rings one last time at the end of the school year, our responsibility continues into the summer.

Our Summer of Learning this year kept 200,000 Chicago students engaged in summer learning – helping us battle the “summer slide” in which children regress academically while school is out. 74,000 Chicago children in CPS programs, 71,000 kids finished books as part of Rahm’s Readers, nearly 50,000 children in parks programs where they read for 30 minutes a day, and 7,000 participating in learning experiences at our museums.

With this budget, we will have more than doubled the number of children – let me repeat, more than doubled the number of children – who participate in City-funded summer jobs since I took office – working with partners like County Board President Toni Preckwinkle to ensure that 22,000 kids have a safe place to go over the summer. Those job opportunities help build character and give our children a taste of the working world – and the paycheck and values that comes with it.

Our increase is even more impressive when you realize that the federal government has slashed their summer jobs funding to Chicago by more than 10 million dollars in the last three years. While they’ve cut funding by 90 percent, we’ve increased our share by 150 percent. It makes you realize who’s thinking about and investing in our kids’ future.

I promised that revenue from the new camera enforcement in children’s safety zones would go to keeping our children safe – and this budget does exactly that. We will be creating a Kids Fund to ensure that this new money is dedicated to keeping our kids learning and safe. As the federal government continues to slash funding for children, we’ll keep our priorities straight by maintaining current spending and expanding the most successful after-school and summer programming.

As the son of a pediatrician, it is also bred in my bones that every one of these kids should have access to health care. Once a month, I would join my father as he made rounds at Childrens, Edgewater, Columbus and Michael Reese. It was during those visits and conversations around the dinner table that I learned the importance of health care, especially for the families who are least able to afford it.

That is why I was proud to help pass the Kid Care program as a senior adviser to President Clinton. And it’s why, as President Obama’s chief of staff, we fought successfully to expand the number of children covered by that program.

But here in Chicago, there are still thousands of children attending our public schools who lack basic health care – even though it is available to them.

With this budget, we will use revenue from a 75-cent increase in the cigarette tax to enroll these children in Medicaid. Working with CPS and our community partners, I am setting a goal of enrolling 15,000 CPS students in Medicaid by the end of the year.

Last year, we extended free vision tests and eye care to 30,000 CPS students. With this budget, we will extend those services to an additional 15,000 children who still lack eye care.

Our investments in after-school activities, summer jobs, the Summer of Learning, programming at our parks, enrolling kids in health care, putting teachers in our libraries and tutoring online are all complements to our full school day, full school year, and full-day kindergarten – all designed to ensure that we reach our shared goal of seeing our kids graduate 100% college-ready and 100% college-bound.

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We must also work to make sure that when our children graduate, Chicago has the good-paying jobs that will keep them and their families here.

The reason that companies like GE Transportation, GE Capital, Google’s Motorola Mobility, Ford Motor Company and Method relocated their headquarters or expanded in Chicago is because of the world-class workforce we’re luring and training, our world-class transportation system, and our world-class neighborhoods and cultural life.

In the last two years, I’ve joined nearly 100 businesses to announce their new offices, new headquarters, or job growth in our city.

We have supported innovative spaces like 1871, in the Merchandise Mart, to harbor and expand the tech industries of the future – so our city can compete and win in the global competition in the new digital economy. And earlier this month, we cut the ribbon at the Chicago Innovation Exchange – or what I call “1871 South” – which will serve as a new company and jobs incubator based on the University of Chicago campus.

Chicago is now home to one new tech startup every day and a digital economy that employs nearly 40,000 people. We are attracting tech talent and venture capital from the coasts rather than watching them flow the other way.

But just as important, we are investing in small businesses across Chicago. The local economy is the backbone of our neighborhoods, where half of us work and most of us live.

Now, I believe the old model of downtown versus the neighborhoods no longer applies. It's not a choice between a Fortune 100 company relocating to Chicago or a neighborhood small businesses – we need both to be strong for Chicago to be strong.

Neighborhood businesses are the lifeblood of our city, and often the first step on the economic ladder for new immigrants. We must do everything we can to unleash the entrepreneurial spirit of these Chicagoans. And we can start by getting city government out of their way – changing the mindset in City Hall from being a problem to acting like a true partner.

In the last two years we've made a down payment on just that – we've eliminated 60% of business license types; created a one-stop small business center; eliminated the anti-job head tax; dramatically expanded and improved our small business, MBE and WBE procurement programs; and streamlined inspections for new restaurants.

We can go even further to build on this foundation. This budget will provide the necessary funds for our small business center to go paperless by 2016. Every business owner will be able to apply for their license online, from their home or office, and avoid a time-consuming trip to City Hall.

This will help companies like Mae Whiteside's engineering firm in Roseland. Or Zuli Turner's coffee shop in Chatham. Both of these women received a microloan through our new microlending program we started in 2012, and both are creating strong businesses and hiring people in their neighborhoods

These two women deserve our gratitude for pursuing their dreams. Their success is Chicago's success, so I ask them to stand and be recognized.

Our micro-lending program, which City Council put into place in my first budget, has allowed more than 100 neighborhood entrepreneurs just like Zuli and Mae to realize their dreams by starting or expanding their own businesses – often after the banks had turned them down. Our initial million-dollar investment has helped these entrepreneurs create or protect more than 500 jobs.

This year we will invest another 500 thousand dollars in promising neighborhood businesses through our micro-loan program. And City Treasurer Stephanie Neely is joining this effort by investing another 500 thousand dollars. Together, these funds will make 300 more loans available to Chicago's neighborhood business owners.

The proposed budget I present today also invests in the neighborhood services that keep our blocks clean and livable. With an additional investment of 4 million dollars, we will nearly double the number of tree trims and significantly increase graffiti removal, tree plantings and rodent baiting. These investments build on our previous commitments that have led to a 33 percent increase in our funding for these vital city services.

We can do all this while also ensuring that our neighborhoods get access to the same arts programming that we see downtown in Millennium Park, just as our cultural plan called for. The Night Out In The Parks program brought more than 800 musical and theatrical productions to nearly 200 parks in 70 neighborhoods with nearly 200 thousand people participating.

This summer we'll increase that to 1000 family-friendly events. From the Shakespeare Theatre to Midnight Circus to the Chicago Children's Theatre, to the Joffrey Ballet and Redmoon Theatre, families throughout the city will be able to enjoy the beauty and wonder of the arts in their neighborhood parks, free of charge.

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We should all be proud that we've kept up these investments while cutting our inherited deficit in half without raising property, sales or gasoline taxes. We have come a long way by working together over the past three years.

This progressive "reform and invest" strategy is paying huge dividends throughout the city, but all those successes are at risk if we can't come together and do our most fundamental job – keeping our communities safe.

We share a goal to end the tale of two cities when it comes to public safety. I will not be satisfied and I will not rest until all residents realize the same sense of safety regardless of neighborhood, zip code or income.

Our plan is simple: it focuses on the four P's – policing, prevention, penalties and parenting.

We have moved hundreds of police officers from behind desks to policing our streets, and expanded our use of foot patrols in the most troubled communities.

We have reinvented our community-policing program, which showed its strength as an integral part of this year's successful Safe Passage efforts.

We will graduate 741 officers from the Police Academy this year and put them on foot patrols in the neighborhoods that most need them. This is the most new recruits since 2000. Our new budget will fund another full year of academy graduates – ensuring that Chicago's police force remains at full strength.

We've invested heavily in prevention programs for our most at-risk youth – initiatives like Becoming a Man and One Summer Plus that have not only reduced violent crime arrests among participants by 50 percent, but have also provided these children with a moral foundation they didn't necessarily have before .

Earlier this year I launched the Public Safety Action Committee – a team of business and community leaders from across the city and suburbs who are raising private funds to expand violence prevention programs that work. We have already secured funding for the first four years of that five-year plan. I want to thank all of our corporate, foundation and non-profit partners for standing up to support this important work to ensure our children stay on the right track.

But our police and prevention strategies cannot overcome the weakest link in our public safety strategy – the proliferation of illegal guns on Chicago’s streets.

I want you to understand this: the Chicago Police Department confiscates more illegal guns than any other city in the nation. More than New York and LA combined. And we will not stop.

As we gather here today to invest in keeping our streets safe, our legislators are gathering in Springfield and must do their part. They must pass a meaningful minimum sentence for those who use or possess guns illegally, so it’s the deterrent that it’s meant to be.

They must provide the certainty that committing a serious gun crime means doing serious time. They must ensure that using an illegal weapon carries more jail time than shoplifting or selling an unmarked pack of cigarettes.

They must listen to the voices we hear every day – the voices of Nate and Cleo Pendleton, of Annette and Ron Holt, of the Wortham’s and of Pam Boseley.

Some have claimed that this law would be too expensive and that we don’t have the jail space to carry out these sentences. But here in Chicago, we have shown how to focus on serious violent crimes, and keep non-violent criminals out of our jail system. Just last year, we reduced the penalties for marijuana in Chicago, which has resulted in nearly 1200 fewer prisoners in the County Jail. We are reducing recidivism by helping non-violent offenders find jobs – like the 265 CTA positions we reserved just for that purpose. And in this budget we will provide social services and job training for 2000 youth who've been arrested for non-violent offenses – doubling the number of youth we help to get their lives back on the right track so that they stay out of our prisons and have productive lives.

It’s not about putting more people in jail. It’s about putting the right people in jail.

It makes no sense to fill up our jails and prisons with non-violent offenders, but it also makes no sense use that as an excuse for not getting tough with gun-criminals. And now there’s fresh evidence from the University of Chicago Crime Lab that a three-year minimum sentence for gun crimes would save money as well as lives.

But this cost-benefit analysis is not about dollars and cents. It's about safe families, safe children, and safe streets.

I urge you to join me, join the Pendletons, join our police officers – let's finish the fight to pass a three-year mandatory minimum as a critical part of getting illegal guns off our streets so that there are no more headlines about precious lives that have been lost.

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While we work to make Chicago's neighborhoods safe and vibrant, we must recognize that many Chicago families are struggling economically. Despite the end of the Great Recession, not everyone is sharing in the modest recovery. And with Washington and Springfield tied up in knots, we must do what we can on our own. We must shape our own future.

With the help and support of City Council, I am confident that we will enact a budget for 2014 that builds on the progress of the last few years.

Not only will it balance the books and put our financial house in order; it will enable us to make investments that guarantee a future even greater than Chicago's past.

In many areas today, our city is a national and international model.

The Economist magazine recently named us the only U.S. city to join the world's top ten emerging economic powerhouses, joining New York. Crain's just cited Chicago as the fastest growing central business district in America. The World Bank has cited our College to Careers program at the City Colleges as a model for building a skilled and employable workforce. Our convention industry – and the jobs it brings – has now passed Las Vegas to rank number two in the country.

This progress is possible because we are showing the courage to do what needs to be done. We are not letting politics or political interests get in the way of shaping our future.

But there is one area where Chicago is lagging rather than leading. It's the one area that puts our future economic success at risk.

We must deal with our looming pension crisis.

Our pension debt threatens all of the investments we have made in the past two years to reform and strengthen Chicago for the future. We are all stewards of that future. There's simply no way that we can cut or tax our way out of this crisis and still leave Chicago a good place to work and live.

It took the City 30 years to get to this position and we won't get out overnight. But we must begin the process.

Without balanced reform, meeting our current pension obligations would require us to nearly double the city's property tax – a move that would send residents and businesses streaming out of Chicago.

We all know the problem. I talked about it during my campaign for mayor – even though it had a political cost – because I thought it was important to be honest with people. Over the last four decades, government has made promises to its employees. But in the years since, payments have never kept up with that promise. Today, the bill has come due – and we cannot afford it while striving to invest in our future.

We cannot allow the future to become a stark choice between a pension payment or police; a pension payment or parks; a pension payments or school principals.

Those of us in government must tell the truth and have the courage to address the challenge. And it must start in the state legislature.

A great deal of the discussion in Springfield has centered around the State's own pension problem and the solutions to fix it. Let me be perfectly clear: the pension crisis in Illinois is not solved until relief is brought to Chicago and all of the other local governments across our state that stand on the brink of a fiscal cliff because of our pension liabilities.

Chicago and other municipalities throughout the state are close to being forced into an unacceptable choice.

I believe I can speak for Members of this Council when I say that we will not preside over a city in which garbage is not picked up, graffiti is not removed, and libraries and other vital services must be shut down.

We will not scale back our investments in our kids and neighborhoods, or put the safety of our communities at greater risk.

And we will not preside over a city in which skyrocketing property taxes drive thousands of senior citizens and middle-class families out of their homes – and out of Chicago. After reversing decades of flight from our city, we will not sit back and give up those hard-earned gains.

Make no mistake: we need pension reform, and Chicago is willing to do its part. But that solution must couple revenue with reform. It must not offer one without the other.

It has been 17 months since I went to Springfield and put forward my roadmap for pension reform – a solution that requires everyone to put some skin in the game.

My administration remains willing to work with anybody and talk with anybody to achieve pension reform. Our door is always open to work with anyone who has balanced proposals to solve this crisis. The only thing I won't do is what some are demanding – to put the pension fix entirely on the backs of Chicago taxpayers. The result will be the flight of families and businesses out of our city. And that means a depleted tax base – strangling the economic engine of the region and the state.

Should Springfield fail to pass pension reform for Chicago soon, we will be right back here in Council early next year to start work on the city's 2015 budget – a budget that will either double city property taxes or eliminate the vital services that people rely on.

To avoid that, we need a balanced approach. The solution cannot rest completely on the backs of taxpayers, and cannot be on the backs of our workers.

We need a plan that is fair to both workers and taxpayers. Any new revenue for pensions will require reform. The two go hand-in-hand.

Without reform and revenue, we cannot make the critical investments in our future – and the future of our children and neighborhoods. Without reform and revenue, we cannot be the city that we want to be.

If we are to remain a city where businesses want to invest and parents want to raise their families, we must build on the successes of the last two years rather than falling back into the status quo that got us here.

Chicago has a rich history of embracing the future and making its mark. We are a City that is proud of its past, but even more excited about what the future holds. It's a future that the Economist magazine predicts will position us as an economic powerhouse and that World Bank has called a model for building a skilled workforce. It's a future where residents in every neighborhood have access to all of the opportunities, jobs and culture that Chicago has to offer.

Though the challenge is daunting, this is not the time to be cowed. This is the time to have the courage to face this challenge head on.

This budget positions us to do that again. Thanks to the strength and hard work of the people of Chicago, I know we will.

Thank you.