



OFFICE OF THE MAYOR  
CITY OF CHICAGO

**2015 BUDGET ADDRESS TO CITY COUNCIL**

**Mayor Rahm Emanuel**

**October 15, 2014**

As prepared for delivery

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 present our proposed city budget for 2015.

Budgets are about investing in our future. They require making tough choices so we can invest in key priorities. Before we look forward, let us look back at the distance we have traveled.

Three years ago, our city finances were broken. Our annual structural deficit was 635 million dollars and growing. We were reeling from the Great Recession and one-off deals. Chicago had mortgaged its future just to get through the year. To keep the budget above water, we even raided the rainy-day fund.

When we took office, many offered ideas on how we should move forward. Some suggested that we slash the budget indiscriminately. Others suggested that we simply raise taxes. But working together, we rejected these false choices.

Instead, we resolved to reform how city government does business. We began putting performance ahead of politics, which freed up our resources to invest in Chicago's future.

We cut the credit cards and car leases for hundreds of city employees. We eliminated middle management positions and challenged sweetheart deals. We eliminated paid positions on boards. And we finally started to get our health care costs under control. These choices allowed us to start investing and saving again.

In this budget we will continue the reforms by selling city parking lots used by city employees and other vacant properties, just as the Inspector General recommended. This one change alone will save taxpayers 10 million dollars.

Through better management, we have saved Chicago taxpayers 470 million dollars over the last three years. We professionalized our hiring, ridding the city of federal court oversight. We ended a 45 year old fight that cost us more than 20 million dollars and most importantly, hurt our City's reputation.

We are committed to restoring the idea that public service is a privilege – not a perk.

These steps were not easy. We all know that.

But huge majorities in this Council joined with our administration in bringing city government into the sunlight – and into a new day where what you know is more important than who you know, and serving the public interest is more important than serving any particular special interest.

We are making real progress, but we still have a long way to go.

We cut our city's annual structural deficit in half in the last three years. And together, we did it without raising property, sales or gas taxes.

For the fourth year in a row, we will balance our budget and hold the line on property, sales and gas taxes. Like our past budgets, this budget restores money into the rainy day fund instead of raiding it.

And this budget does something different than all prior budgets. It starts our journey to properly fund our pensions so our workers can have the retirement security they deserve and have earned.

For the last three years, we have talked about the dangers of our looming pension crisis. Finally, we are doing something about it. Working with our partners in organized labor, we passed reforms that will shore up the pension plans serving half of our city's workforce – making sure that both retirees and taxpayers are respected.

Unfortunately, due to difficult economic times and decades of deferral, we still have more work to do. But by everyone giving a little, nobody has to give everything. And by not running away from our challenges, but by addressing them head-on, we have made real progress and are showing real results:

Today, Chicago is the number one city for corporate relocations. We are the number one city that people are moving to. We are the number one city in America for foreign investment. We have the number one neighborhood library system in America. We also have the number one park district in America.

We are changing the way Chicago works. But we will never be the city that we want to be – the city that we must be – until every single person in Chicago, in every neighborhood of Chicago – has the opportunity to succeed.

Our true measure of success is not about whether downtown is growing. It is – and that is a good thing. But it is whether every neighborhood is also thriving – and that is the essential thing.

It is whether the quality of the education in every school in our city is rising; whether crime in every community is falling; and whether every resident in every neighborhood has an opportunity to find a job and provide for their family. Together we will keep working until our success touches every part of the city.

In so many important ways, we have made steady progress over the past three years, breaking with past practices. But none of us will ever be satisfied as long as the benefits of our progress are not felt in every corner of our city.

We are known as the City that Works. But WE need to make sure that our city works for everyone.

The single most important investment we can make in the future of Chicago – and its continued strength – is in the education of our children.

Three years ago, we had the shortest school day and the shortest school year in the country. Forty percent of our children did not have a full day of Kindergarten. Test results and attendance were stagnant. And we practically had a high school dropout for every high school graduate.

Today, our students have the full school day and the full school year they deserve – and are going to need for their future. As a result, a child entering Kindergarten will receive two and a half more years of classroom learning by the time they graduate from high school.

Today, every child in every neighborhood receives the full day of Kindergarten they deserve and their parents have been seeking for years.

We set a new record graduation rate for Chicago Public Schools last year of nearly 70 percent. And 82 percent of the class of 2017 is on track to graduate.

This, from a school system that Ronald Reagan's Education Secretary William Bennett once called the worst in the nation. We should invite former Secretary Bennett back to show him that real progress is possible.

I want to take a moment to thank all of the principals who have shown great leadership, the teachers who motivate our children, the parents who are engaged, the school board, and our CEO Barbara Byrd Bennett for making this progress and these results possible. They deserve a big hand and they deserve our continued backing.

We owe our children the courage to do what is best for them, regardless of the politics, to secure their education and their future.

While we have made progress, we cannot be satisfied. We can and must do better.

If we want to continue making progress, we have to start in the earliest years of a child's life. We know that children start dropping out of college in the third grade. So we have to reach them early and make sure they arrive for Kindergarten ready to learn.

As a father of three – and also the son of a pediatrician – I know the importance of early childhood education. That is why year after year we have increased our investment in early childhood education. Today we serve 5,000 more children than we did in 2011 – a 12 percent increase.

More importantly, starting next fall, we will provide free pre-K to every 4-year-old from a low-income family.

But our responsibility for our children's education does not begin when they are four years old. And it does not end when they are 17.

By 2018, two-thirds of all jobs in Illinois will require some college or technical training, post high school. So we have to make college the expectation and no longer the exception for every student.

The City of Chicago has one of the largest community college systems in the country. But for too long, it had one of the lowest graduation rates – in the single digits. So for the past three years, we have been hard at work to transform our city colleges into a ticket to the middle class.

Under the dynamic leadership of Chancellor Cheryl Hyman and the City College Board, our seven city colleges are turning from a place to get a remedial education into a pathway for success for our students. The graduation rate at our City Colleges has doubled since the transformation began – and by 2018, it will triple.

The College to Careers program aligned each city college with an industry sector that is growing and creating thousands of jobs. By partnering with local businesses, we created a pipeline from the city colleges to the jobs of today and the careers of tomorrow.

Thousands of students have benefited from these partnerships. But thousands of qualified Chicago Public School students cannot take advantage of this opportunity because their families do not have the money.

To make sure that these young people have the chance to succeed, we are launching the Chicago Star Scholarship. We will guarantee that every qualified Chicago Public School student who graduates with a 3.0 grade point average or better can attend our community colleges for free.

Right now, there are 2,000 students who graduate Chicago Public Schools with a 3.0 or better but do not go to college because they cannot afford it – or they take on too much debt while pursuing their degrees. So with this new scholarship, we are telling our students: you can go to college, you can afford it. You cannot afford not to. No more debt and no more barriers standing in your way.

Karen Sierra is a great example. She graduated Lane Tech High School in 2012 and is pursuing her Associate's Degree at Wilbur Wright College. Karen holds down two jobs to help pay for her studies. She hopes to have a career in business. If the Star Scholarship existed before, she would have been able to attend free of charge and not have to work two jobs to pay for school.

There are thousands of students just like Karen.

It is a simple bargain: if our students keep their end of it by working hard and getting good grades, just like Karen did, we will keep our end of the bargain by helping them earn an Associate's Degree and a quality education – for free.

We must make sure that a diploma from our City Colleges carries its weight.

I graduated from Sarah Lawrence College and Northwestern. I got to where I am today because of the love of my parents, who are here today, and the education I received.

The education we all received was key to putting us on the path to success. The reputation of our schools and the education that comes with them gave all of us the opportunity to get a job and eventually to this chamber. It was our first professional calling card.

We owe the same thing to the graduates of our City Colleges. We owe them the confidence so they can hold their heads up high knowing the reputation of their school and the education it provided them, will lead to a good-paying career.

If they graduate with a degree in nursing from Malcolm X College, we want to see Northwestern, Rush, and Stroger competing to hire them. If they graduate with a degree from Olive-Harvey, we want to see UPS and Fed Ex have a bidding war over them. If they have a degree from Richard J. Daley, we want to see Finkl Steel or Atlas Tube or Method offer them good money to work in manufacturing jobs right here in Chicago.

We must make our City Colleges a place where cost will not stop you and where an education leads you to a career and a ticket to the middle class.

I met a young man at the 35<sup>th</sup> street L stop early in my tenure as Mayor. He was on his way to Target, where he worked. I asked him where he was coming from. He said Harold Washington College, where he was getting his degree.

He was doing everything we asked him to do – holding a job and getting his degree with the assumption that it would lead to a career. He was living up to his responsibilities. But as I walked away, I kept thinking – was I being accountable to him so he could fulfill his dreams? Were we living up to our responsibilities to every student who attends our city colleges?

We are all responsible for the Chicago City Colleges and their reputation.

The best way to balance a budget is to have a growing economy and the best educated workforce – and our city colleges must be part of that business plan.

For those graduates, we must make sure there are good jobs in Chicago for our new graduates – and for every adult who wants to work.

Just a short time ago, companies and families were leaving Chicago. We slid to 5<sup>th</sup> place as the most popular destination for conventions and to 10<sup>th</sup> place as the most visited city by international tourists. We were losing talent and jobs to the coasts when it came to the fast-growing tech economy. Worst of all, our unemployment rate reached a high of 12.2 percent.

Today companies have the confidence to relocate or expand here and people have the confidence to move to Chicago.

In the last three years, 30 companies have relocated to Chicago. We are the number one city in America for corporate relocations and number two for the fastest growing companies in America.

In fact, in each of the last three years, both IBM and the Economist magazine have done comparative studies and all come to the same conclusion: the City of Chicago is the second most competitive economy in North America – and in the top 10 worldwide.

That is all the more impressive when you consider that we are not a political or a financial capital like New York, Singapore, or London – who are also in the top 10. Our strength comes from our people and their education.

Since 2011, more than 53,000 jobs have been created in the City of Chicago. Our unemployment rate has dropped by more than one-third to 7.4 percent. That is still too high. But it marks the lowest level since the Great Recession.

The number of jobs in our tech economy has grown by 20 percent. And we are now the most popular destination for meetings, events, and conventions. The tourism industry alone has created nearly 5,200 jobs since 2011.

It is not good enough to create these jobs downtown. We are focused on creating good-paying jobs in our neighborhoods as well.

One of the best ways to do that is by supporting our small businesses.

That is why each of our budgets has invested in making City Hall a partner to small businesses rather than a problem.

When we took office, the City of Chicago had 117 business license types – more than L.A., Atlanta, Phoenix, and Philadelphia combined. We cut red tape, reducing that number by 60 percent, saving Chicago small businesses 1.3 million dollars a year.

We established a Small Business Center to cut the time you spend waiting in line by half. We have put our small business department on track to becoming the first department to go entirely paperless by the end of 2016. That way, small business owners can focus on their customers, not on City Hall.

We also created a first-of-its-kind microlending program to provide financing to small businesses. These are people who need financing that is beyond the reach of their credit cards, but not enough for a bank to be interested.

The program will now pay for itself going forward and will help around 100 small businesses grow and expand each year and hire people in our neighborhoods.

It has helped business owners like Susanna Torres – a dentist who travels throughout the City providing dental care to children and families who cannot afford coverage. When delays in insurance payments

threatened her ability to make payroll, she received a loan of \$12,000 that allowed her to stay in business. She now has 10 employees working right here in Chicago.

We are also bringing more grocery stores to our neighborhoods, like the new Whole Foods that is coming to Englewood or the new Mariano's in Bronzeville. These stores create hundreds of neighborhood jobs.

They are vital economic anchors for our neighborhoods and communities. They are also helping us eliminate food deserts so no family has to travel more than a mile to get fresh fruits, vegetables, and meats for their children.

The good news is that we have cut the number of low-income residents living in food deserts by 40 percent in the last three years. We have set a new standard that if you operate a Chicagoland store you have to serve all of Chicago.

Just recently, when Dominick's announced it was leaving Chicago, it was a body blow to our city and our neighborhoods. But thanks to our Task Force – and the efforts of aldermen, community leaders, and the department heads – 14 of the 15 former Dominick's stores in Chicago have been replaced with other grocery stores that are either open or will be soon.

We will not rest until the residents of South Shore – the 15<sup>th</sup> Dominick's location – have a grocery in their neighborhood.

Despite our hard-won progress, we will not succeed as a city until every person in every neighborhood has the chance for not just a good job, but a good paying job.

That means we will keep pushing for a Chicago minimum wage of \$13 an hour, so parents who work hard will not have to raise their children in poverty.

We have made the \$13 minimum wage a requirement for city contractors, affecting thousands of workers. In fact, today the CTA board will be following our lead by requiring their contractors to pay a \$13 minimum wage.

I have been proud to work on this issue throughout my entire career, when I worked for President Clinton and when I was in Congress. In fact, I was proud to help lead the effort as a Congressman to raise it in 2007, which was the last time there was a federal increase.

Since then, costs have gone up but the minimum wage has stayed flat. People earning the minimum wage deserve a raise they can count on – and so do their children. Because a higher minimum wage means that no mother has to send her child to school on an empty stomach and no family has to choose between a medical visit or school supplies. That is what a higher minimum wage means.

This winter we will raise the minimum wage in Chicago – and it will rise with the cost of living.

With this budget, we are also making investments to make our neighborhoods safer.

We used to have hundreds of police sitting behind desks in administrative positions doing paperwork, instead of working in our neighborhoods, as they were trained to do. And our community policing initiative had as many people in the central office as it had in our communities. That did not make our streets any safer or strengthen the relationship our police had with the communities they serve.

Our summer jobs program for youth was not growing.

We had not built a new domestic violence shelter in more than a decade, even though there are roughly 18,000 calls every year from Chicago to the state domestic violence hotline.

So we challenged past practices, and made some long-sought changes.

Since we took office, we have moved hundreds of officers from behind the desk back to patrolling our streets.

We are in the process of building the new Wings Domestic Violence Shelter in Chicago Lawn that we have needed for over a decade. We expect to open it next year.

We have put additional police officers on the most violent streets in Chicago through Operation Impact – not just behind a wheel, but on bikes. Because if bike patrols are good enough for Michigan Avenue, they are good enough for all our neighborhoods. A third of the officers assigned to Operation Impact will be patrolling on bikes in all 20 of those districts. We will start training these officers next week.

I want to thank Natasha Hall who lives near Englewood. I met Natasha at the Lowe playground opening back in August. She now has the confidence to let her oldest son take his little brother to the playground because the police officers on bikes are stopping there, talking to the children, and checking on them.

That is what we want to see in all parts of Chicago – a stronger relationship between police and our residents so parents have the confidence to let their children have the childhood they deserve.

And while it is important to invest in our police, it is just as important to invest in our youth and their safety. That means giving them a safe place with a mentor who teaches them good values – whether it is in school, after school, or during the summer.

In this budget we are also expanding after school opportunities for our children by investing an additional one million dollars in After School Matters. Maggie Daley launched After School Matters more than two decades ago. We have all seen those purple shirts and the sense of pride they give to our children. But more importantly, we have seen the impact it has had on our city and on the lives of our children. It has kept them safe. But it has also helped them discover their true passion and put them on a new path.

Talk to these children. And talk to their parents. Every parent who has a child in our after school programs will tell you the difference it has made in their child's life. It also makes a difference in the parents' lives because it allows parents to balance work and family.

So with this budget, we are honoring Maggie's trailblazing work by bringing the City's overall investment up 50 percent since 2011 to now serve nearly 17,000 children after school.

But our responsibilities to our children do not end when the school bell rings at the end of the day or at the end of the year. It continues throughout the summer. In each of the last three budgets, we have increased the city's investments in summer jobs programs. In this budget, we will provide a record 24,000 summer jobs to our youth – a growth of 70 percent since 2011.

With a change in strategy, with new partnerships between our police, faith leaders, and our residents, with the dedication of the men and women who serve as police officers, Chicago's murder rate and overall crime rate are down to their lowest levels since the 1960's.

But you and I know this brings no comfort to the family and friends of 11 year-old Shamiya Adams, nine year-old Antonio Smith, and the beloved special education teacher Betty Howard, who worked at Gwendolyn Brooks College Prep. They are among the Chicagoans who lost their lives during the past year to senseless gun violence in the City of Chicago.

Let me be frank. We can invest in additional police officers, we can adopt different strategies, we can partner with our faith leaders, and we can be innovative with our after school and summer jobs programs. But none of this can outrun the amount of guns on our streets.

Unless we do more to get illegal guns off of our streets, there are no amount of police, no amount of after school programs, and no amount of summer jobs programs that will solve this challenge. We must get illegal guns off our streets.

Every weekend, our police officers take more illegal guns off the streets of Chicago than police do in New York or L.A. This summer, this Council passed a strong ordinance that will help prevent gun trafficking, illegal gun sales, and gun theft in Chicago.

But we know Chicago is not an island. The majority of the guns being used in crimes are coming from Indiana, Wisconsin, downstate, and other places with weaker gun laws.

If we are going to build on the progress we have made; if we are going to ensure that every family, every child, and every person in every neighborhood in Chicago is safe, we need stronger state and federal laws to keep illegal guns off our streets and out of our communities.

As someone who led the fight in Washington for the assault weapons ban and the Brady Bill enacted under President Clinton, I promise to never stop working to achieve that important goal. I challenge Springfield and Washington to do more to protect our children.

So with this budget, we are investing to make our neighborhoods safer. We are also investing in the vital city services that are essential to preserving our quality of life.

For the last three years, we have been committed to managing our city services based on best practices not politics. We found savings and efficiencies and created a culture of accountability.

Because we put progress ahead of politics, we have made a positive impact on the culture of our workforce, most of whom felt that politics had too large a role in the workplace.

Take garbage pickup. For years, those routes were determined by political maps. We changed to a grid-system, like what UPS and Fed-ex use. It is more efficient. As a result, we are doing a better job, saving millions of dollars and expanding recycling citywide without any new taxes.

We are also investing in our neighborhoods to ensure that no community has to tolerate being overrun by graffiti or other blights.

This includes an additional half million dollars over last year's budget to remove graffiti, adding 30 percent more crews to rodent control, and adding almost a million dollars for tree trimming and planting, allowing us to plant 7,800 trees in the coming year.

Let me also talk about last winter. The record winter took a toll on our streets and reminded us that we need to continually invest in the quality of our roads. Despite patching a record number of potholes, we cannot patch our way to passable streets.

Too often, folks have to slow down to a snail's pace just because of all of the potholes.

We are completing a record year of paving. Going forward, we will establish a new standard of paving a minimum of 300 miles a year throughout the city.

To make sure we are ready for the next winter, this budget will double the size of our pothole crews and go from having them work half a year, to year-round, also setting a new standard going forward. And nearly all of the funding for this critical expansion will come from those who park at downtown garages or at our airports, including suburbanites and visitors.

I want to thank all of the residents and the city workers who stepped up last winter and showed the true spirit of Chicago. But as we increase our resources for city services, we will also require a culture of service that goes with it. The taxpayers and the residents of Chicago deserve nothing less.

Our 2015 budget will help Chicago confront and overcome the greatest challenges to our future: the threat of crime; the quality of our education; and the need for economic growth and good jobs throughout the city.

It will do so by continuing the practice of reforming city government, respecting our hardworking taxpayers, and most importantly, by continuing to confront the challenges facing our city – and facing them head on.

And with this budget we will keep building a stronger foundation for the future.

Today I have given you a lot of facts. But let me give you the final one.

The City of Chicago has the fastest growing central business district in America. That is a feather in our cap. But it is only one yardstick we measure ourselves by.

Our ultimate measure is whether every resident in every neighborhood participates in that progress. We cannot allow our politics in this chamber to stand in the way of that goal.

From Roseland to Rogers Park, from South Shore to Sauganash, from Austin to Albany Park, and from Woodlawn to Wildwood, we all are part of one great city. That great city can only move forward together – leaving no neighborhood, no family, and no child behind.

Members of the City Council – I look forward to working with you, and with all the people of our city, toward our common goal of making Chicago the city that works for everyone.

Thank you.