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MAYOR EMANUEL PRESENTS ROADMAP FOR FISCAL REFORM

Mayor Defines Next Steps in Strategy to Reform City Finances and Strengthen Chicago's Economic Future; Reform Scorecard Will Be Part of Next Four City Annual Budgets

CHICAGO – At the Civic Federation today, Mayor Rahm Emanuel presented a roadmap to continue the fiscal reforms needed to strengthen the City's finances and build a stronger economic future for Chicago. Continuing on the progress that has been made over the last four years, the Mayor laid out five actions that will be implemented in each of the City's next four budgets. The goal of these actions is to reform bad and unsustainable financial practices, eliminate hundreds of millions of dollars of risk to taxpayers, and strengthen Chicago's economy to create jobs and opportunities for residents in every Chicago neighborhood.

"For too long Chicago lived beyond its means. The City spent money it did not have, leaders made expensive promises they could not keep, and the City engaged in financial maneuvers to mask the true scope of the problems. None of these challenges will be simple or easy to solve, but we will continue to make the hard choices and take the necessary steps to finally strengthen our fiscal house," said Mayor Emanuel.

When Mayor Emanuel took office, the City was employing multiple bad financial practices which the administration has either ended or reduced. In the past four years, the city has stopped the following practices:

- Balancing the operating budget by raiding the City's long-term reserves;
- Entering into swap transactions when issuing new debt, putting taxpayers at risk; and
- Issuing variable rate debt that exposed taxpayers to substantial risk.

The City has also taken steps to reduce the following practices:

- Paying for a substantial number of short-term obligations with 30-year debt, including paying retroactive pay increases on 5-year union contracts or buying items like garbage carts and annual IT licenses; and
- Substantially growing the City's overall long-term general obligation debt portfolio.

“By following a deliberate reform and invest strategy, we have begun the work of ending unsustainable financial practices, while continuing to invest in critical areas of education, transportation, and job creation. Now, we must build on that progress,” Mayor Emanuel said.

The five steps that will be taken over the next four years will be part of each annual budget scorecard, including:

- Ending the practice of “scoop and toss” by 2019, which allows the city to meet short-term obligations by pushing off debt into the future but at a higher cost to taxpayers;
- Terminating swaps to end the taxpayer risk associated with swaps in the City’s general obligation debt portfolio;
- Converting all of the City’s general obligation variable debt portfolio to fixed rate to reduce taxpayer risk and help secure the City’s financial stability;
- Continuing to increase operating budget funding for legal settlements and judgments and other short-term obligations; and
- Continuing to build the City’s long-term rainy day fund each year.

“These are the steps we will take over the next four years in each budget, and I want you to evaluate each budget against this scorecard which I have laid out and hold us accountable,” Mayor Emanuel said to the Civic Federation.

Mayor Emanuel’s full speech can be found online [here](#).

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