

LETTER FROM THE MAYOR



Dear Fellow Chicagoans,

The City of Chicago's 2016 Annual Financial Analysis provides an overview of the City's revenue and expenditures, and a picture of the City's overall financial health.

The projected shortfall for 2017 is \$137 million – the lowest it has been in nearly a decade and a 75 percent reduction from 2011. This is the result of hard work and difficult decisions, which have put Chicago on path towards long-term financial stability after decades of mismanagement. This progress was not made alone, but through a collaborative process.

Together, over the past five years, we have worked to address the financial challenges we inherited, while continuing to make investments that are vital to the future of Chicago's families and neighborhoods.

To right the City's fiscal ship, we have – and must continue to – focus our financial reforms on several key areas: eliminating the structural deficit, paying down debt, stopping the use of one-time revenues to balance the budget, and eliminating the practice of issuing long-term debt to pay operating costs.

We have reduced the City's structural deficit through belt-tightening across city government, and through a series of reforms and efficiencies. Some of these key reforms continue to generate taxpayer savings over multiple years:

- Keeping the City's total expenditures on employee health care costs stable since 2011;
- Transitioning multiple city services – garbage collection and graffiti removal – to a grid system, boosting service efficiency and saving money;
- Working with our partners in labor to implement reforms such as competitive bidding and apprenticeship programs that have saved \$50 million since 2012;
- Implementing reforms, such as consolidating office space, eliminating duplicative department functions, and eliminating unused phone lines, which have produced \$50 million in savings since 2012;
- Taking steps to eliminate the use of long-term bonds to pay for certain operating expenses, and
- Ending the practice of "scoop and toss" in 2019, for which we took the first step in the 2016 budget by increasing our debt service payments.

The City also has identified balanced funding solutions for three of the four pension funds, and we are working towards a funding reform plan for the Municipal pension funds. We are securing and stabilizing our employee and retiree pension funds, while still protecting Chicago taxpayers from bearing the full burden of growing pension costs in the future.

Getting Chicago's finances back on track is not easy, but by making the tough choices now, we will be able to put our City in a better position – one which allows us to focus on the things that are important and reflect our common values: quality education, economic development in every Chicago neighborhood, and improved public safety in every community. When all is said and done, these must be our ultimate goals, to build a better Chicago.

Rahm Emanuel

Rahm Emanuel
Mayor
