

LETTER FROM THE MAYOR



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Dear Fellow Chicagoans,

The City of Chicago's 2017 Annual Financial Analysis provides an overview of the City's revenue and expenditures and shares a picture of the City's overall financial health, including the progress we've made together to reduce our structural budget deficit by 82 percent since 2011 and improve our long-term financial stability.

When my Administration first took office, our structural budget deficit was \$635 million, and all four of Chicago's pension funds were on the road to insolvency. Today, the City's finances are in a much different place. The projected shortfall for 2018 is \$114.2 million, which is the lowest structural budget gap in more than a decade. The 2018 corporate fund gap is also 17 percent lower than 2017, and is an 82 percent reduction since I took office, and all four pension funds are on the road to solvency with dedicated revenue supporting increasing pension contributions in 2018.

Our significant reduction in the annual budget shortfall is the direct result of ongoing reforms, sustainable revenue growth, and tough choices. It demonstrates my follow through on the commitment I made to the people of Chicago six years ago, which was to address the City's financial challenges without sacrificing critical investments in our neighborhoods. We stopped using one time revenues, like proceeds from the sale of City assets, to balance the budget. We also developed funding plans for, and made substantial contributions to, all four of our pension funds. Today, by several critical measures, the City is more financially secure than it was six years ago. We achieved this while implementing significant savings and reforms to generate taxpayer savings over multiple years, including:

- Strategic energy and utility purchasing, consolidation of office spaces, and elimination of duplicative department functions, which provide year-over-year savings and also streamlines City government;
- Significant healthcare savings that have kept costs relatively stable since 2012;
- Transition of multiple City services – garbage collection and graffiti removal – to a grid system, boosting service and saving money; and
- Work with our partners in labor to implement reforms, such as the more flexible “General Laborers” title, competitive bidding, and apprenticeship programs.

We have also made meaningful progress towards my commitment to eliminate the need for “scoop and toss” by 2019. In 2016, the City began to eliminate this financial practice, and in 2018 we will continue building on the progress we've made over the last two years.

Together, we have created a better future, but we must remain focused on the financial reforms that got us to the lowest budget deficit in a decade, and build on those reforms to ensure we can continue to grow our investments in neighborhoods. The financial solvency of our government will allow us to focus on the things that reflect our common Chicago values: quality education, economic development in every neighborhood, modern infrastructure, and improved public safety in every community.

*Rahm Emanuel*

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Mayor

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