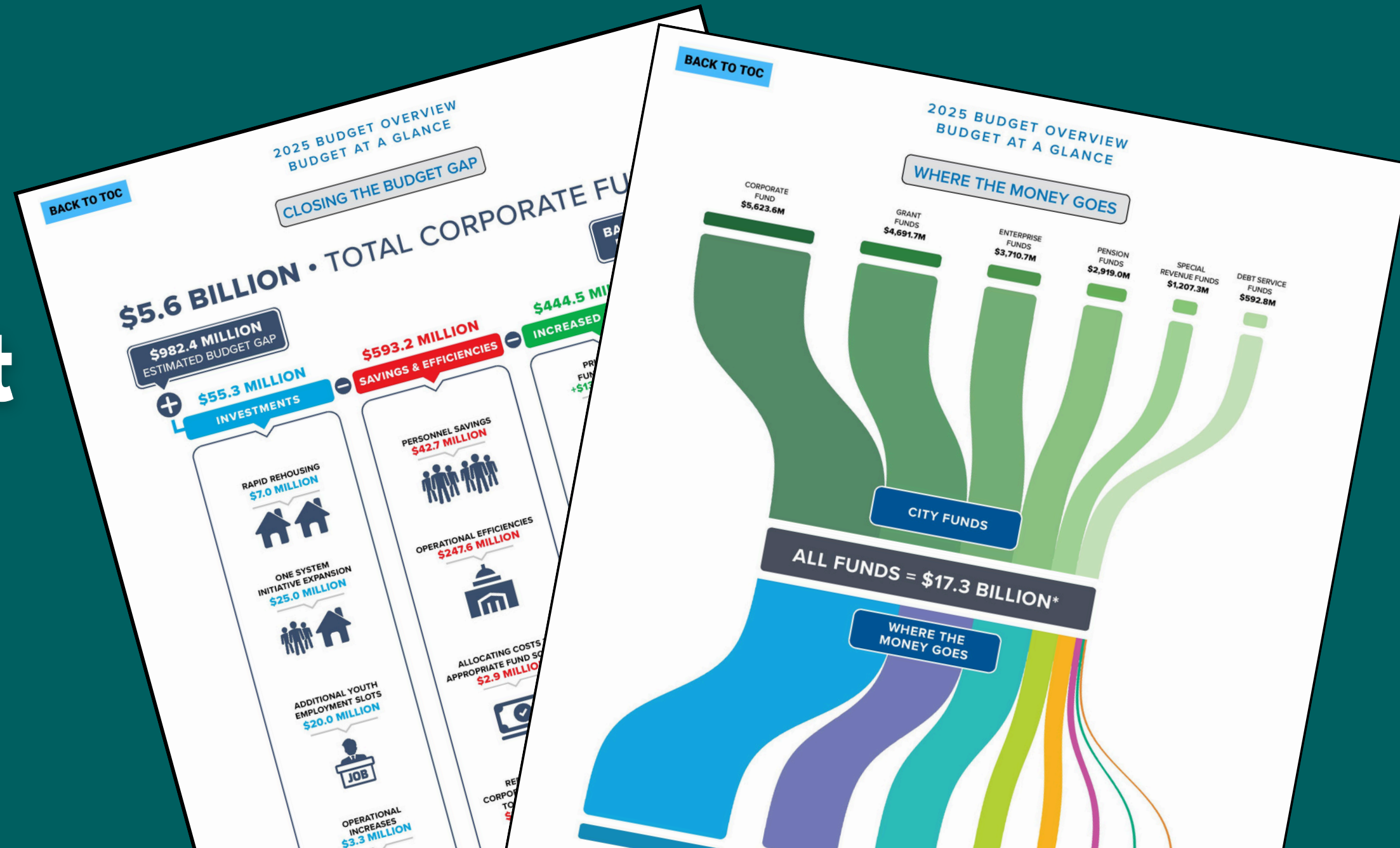


40TH WARD BUDGET BRIEFING

Thursday, Nov 21st
6:00-7:30PM



BUDGET 101

What makes up the City Budget?

- **Revenue Ordinance:** what funds the city will bring in
- **Appropriations Ordinance:** how those funds will be spent
- **Management Ordinance:** how the budget will be managed, e.g. changes to the municipal code to align with the budget.

What's not included in the City Budget? Chicago Public Schools and Chicago Parks District have their own budget processes, and are not included in the City budget.

BUDGET 101: PROCESS

Departments submit their budgets

OBM releases budget forecast

Mayor announces budget

Hearings & negotiations

VOTE!

26 votes required to pass the budget

You are here!



BUDGET 101: REVENUE

Revenue: \$\$ that comes in

The City's revenue comes from a combination of taxes, fees, fines, and grants.

- **Local Funds:** money generated by activities that fall under City Control
 - *Corporate Fund:* the City's largest local fund, spent on general operations. Draws from local taxes, fees, and fines imposed by the City, and intergovernmental revenue
 - *Enterprise Funds:* revenue from charges and fees related to the water system, sewer system, and airports, and spent to support the same services
 - *Special Revenue Funds:* revenue from specific taxes and fees designed to finance a specific function
- **Grant Funds:** money provided by federal, state, and local agencies, as well as private organizations

BUDGET 101: REVENUE

What kinds of revenue should we prioritize?

- **Structural vs. One-Time:** revenue that provides long-term solutions instead of short-term fixes
 - *Structural Revenue:* ongoing income streams that are consistent year to year; ratings agencies will downgrade Chicago if we have more one-time revenue than structural revenue
 - *One-Time Revenue:* temporary or non-recurring income, e.g. grants
- **Progressive vs. Regressive:** revenue that relies on those who make more paying their fair share
 - *Progressive Revenue* takes a larger % from high-income groups than from low-income groups; most progressive revenue requires state action, e.g. the proposed fair tax
 - *Regressive Revenue* takes a larger % from low-income groups than high-income groups

What about property taxes? Property taxes are a structural form of revenue, established to fund government when property ownership was synonymous with wealth—making it a progressive tax. But property ownership and wealth aren't as closely linked as they used to be—making property taxes a regressive tax in many cases.

BUDGET 101: APPROPRIATIONS

Appropriations: \$\$ that goes out

- **Personnel:** spending on the City workforce
- **Programmatic:** any programmatic or non-personnel spending for each department
- **Finance General:** “city-wide” spending that isn’t specific to one department (e.g. the maintenance of City Hall). However, also includes pension and benefits and legal settlements, which makes it difficult to calculate the true cost of certain departments.
- **Pension & Debt:** spending related to funding City pensions, or paying off the debt related to pensions

BUDGET 101: APPROPRIATIONS

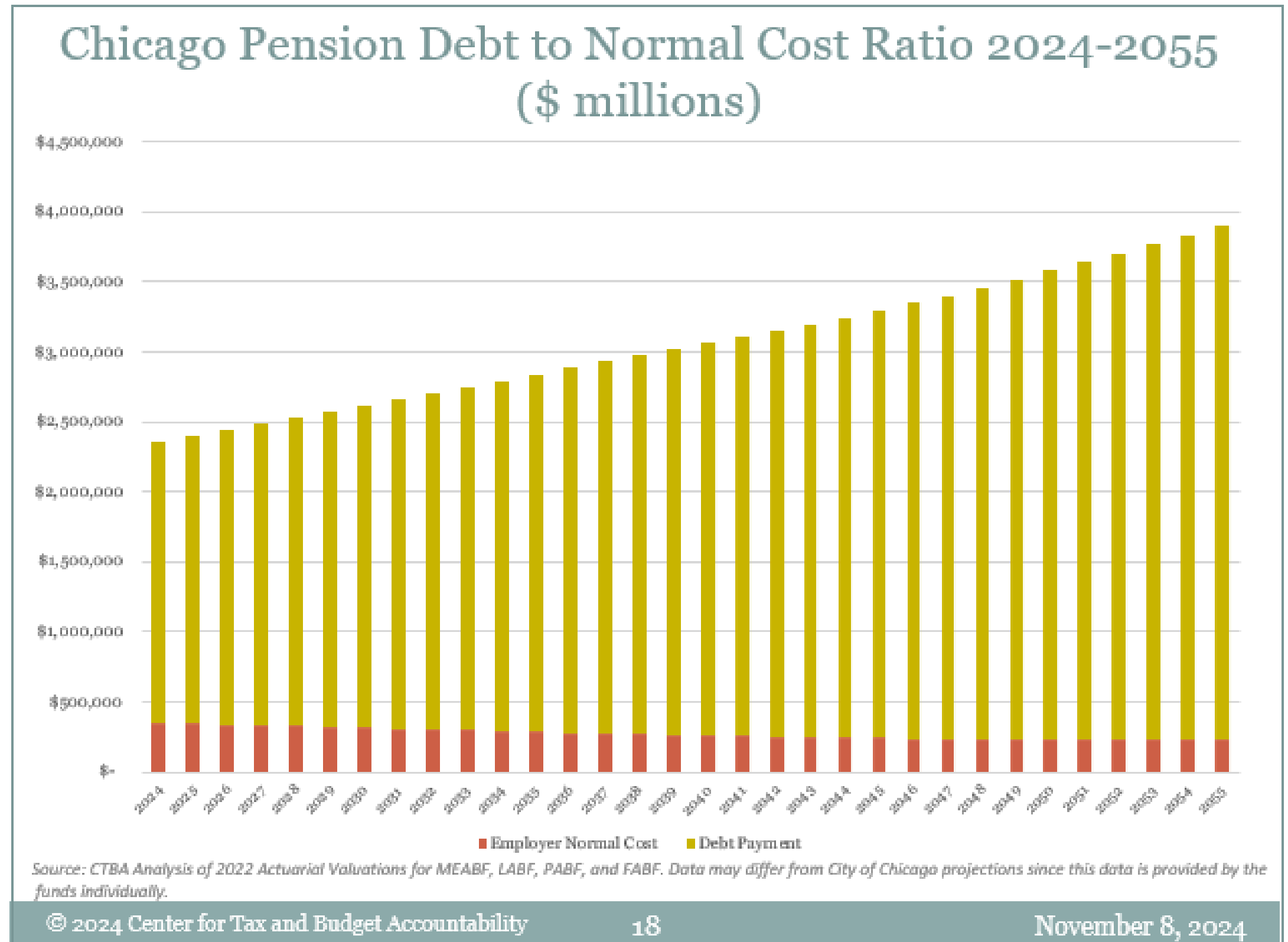
City Services depend on revenue.

- The highest-spending departments are often those that neighbors depend on most, e.g. public safety.
- While some high-spending departments are grant- or self-funded, e.g. the Department of Aviation and the Department of Transportation, others are paid primarily out of the city's Corporate Fund, e.g. Streets and Sanitation, and thus depend on structural revenue.
- Layoffs and furloughs can mean cuts in service while neighbors are still paying a similar amount for those services, e.g. fewer street sweepings, tree trimmings, or garbage pickups.
- Many positions are also represented by union contracts that the City must honor.
- That's why, when we look at potential cuts in spending, we prioritize programmatic efficiencies vs. layoffs or furloughs.

BUDGET 101: PENSION

The majority of pension-related funds are spent on debt, not pension payments.

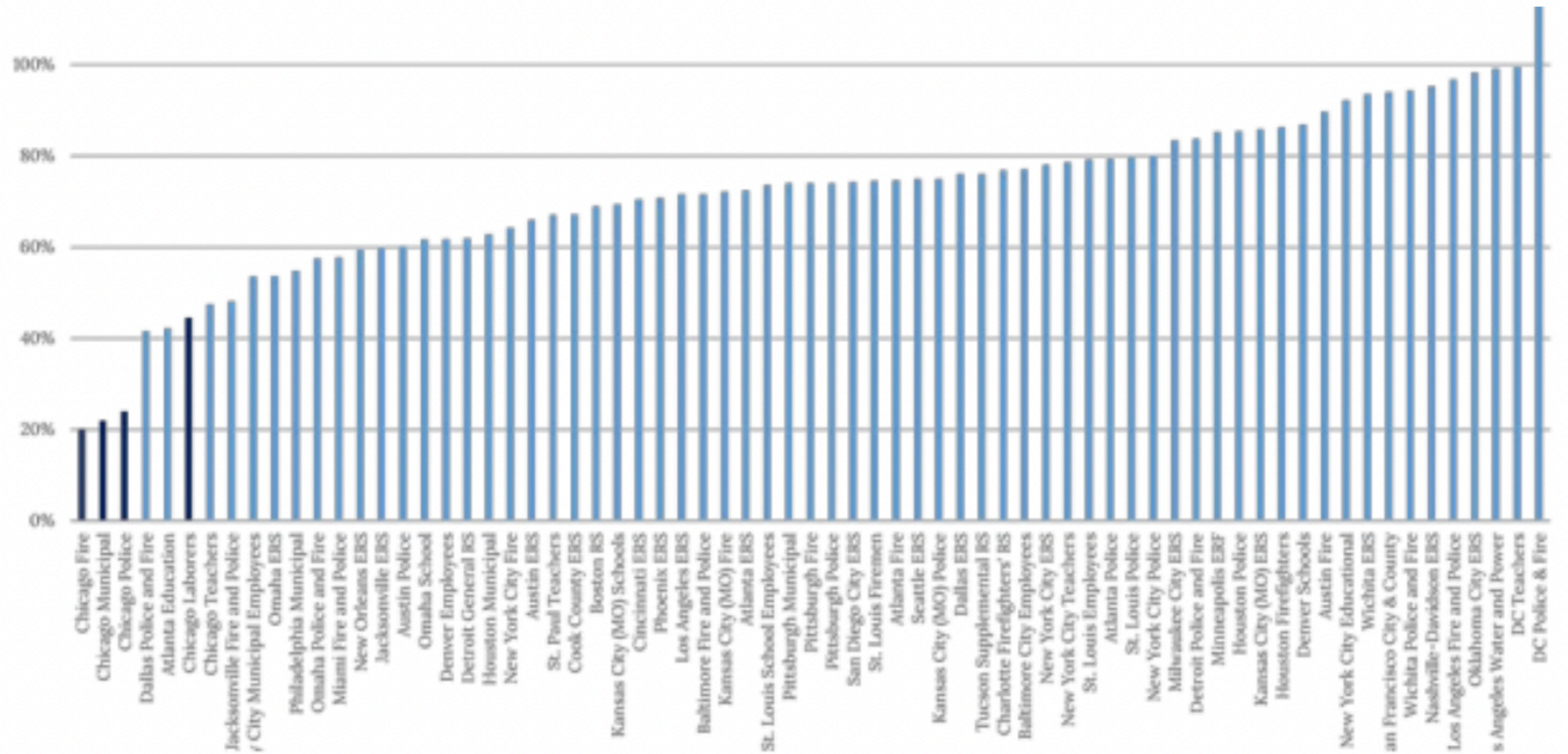
We are mandated by the State to pay for pensions. Avoiding advance payments increases debt, and thus costs more in the long run.



BUDGET 101: PENSION

Out of the ~70 pension systems in the US, Chicago's 4 pension systems rank in the bottom 6.

Chicago's pensions vs. comparable

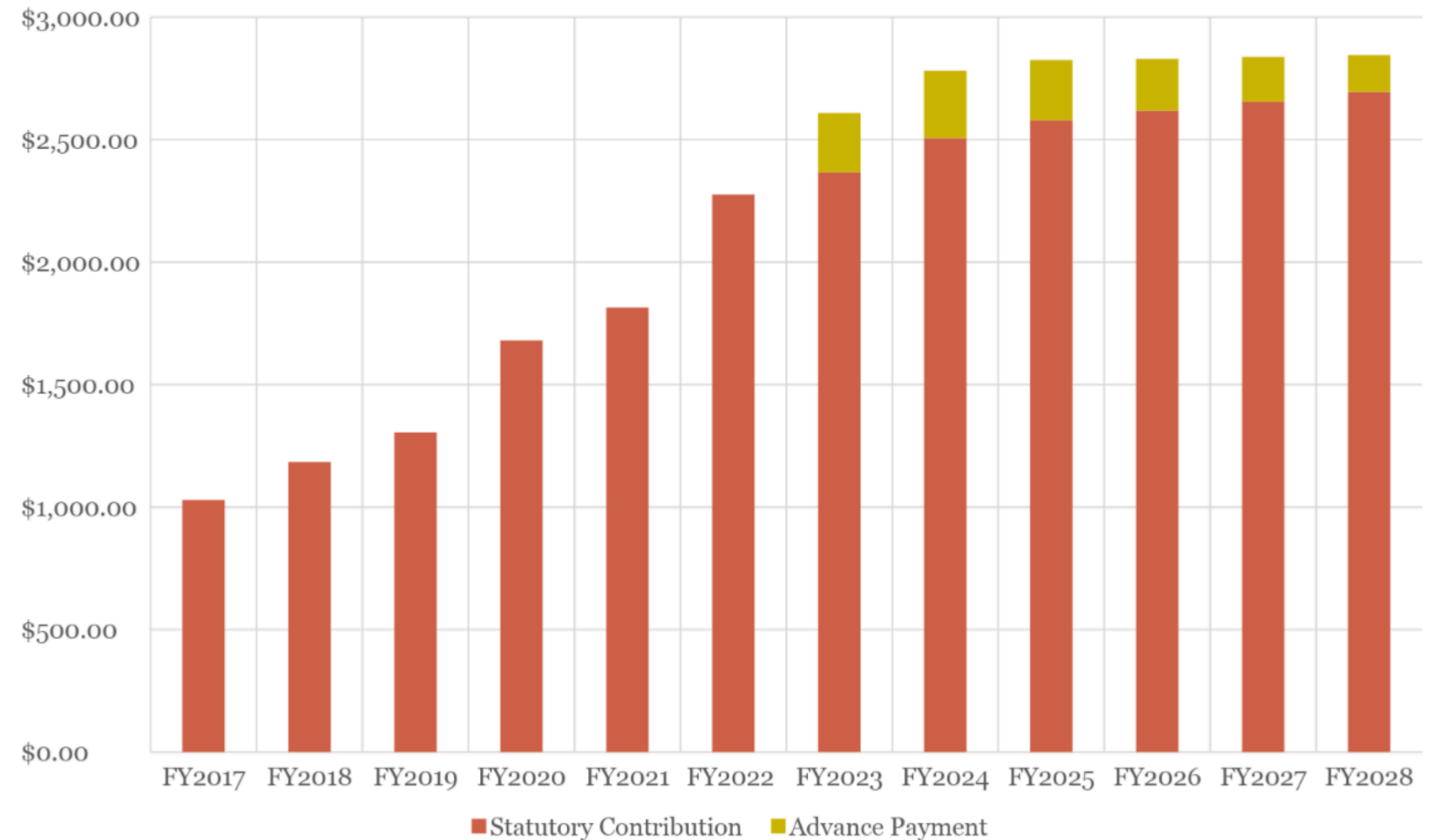


BUDGET 101: PENSION

Advance Pension Payment Policy:

- 13 ratings upgrades and 3 positive outlook upgrades
- Saves the City \$2.6 billion in future pension costs

Advance Pension Payment Policy Breakdown



Source: April 2023, City of Chicago Mid-Year Budget Forecast. Data may differ from previous projections since this data is provided by the City of Chicago, not the funds.

BUDGET 101: PROPERTY TAX

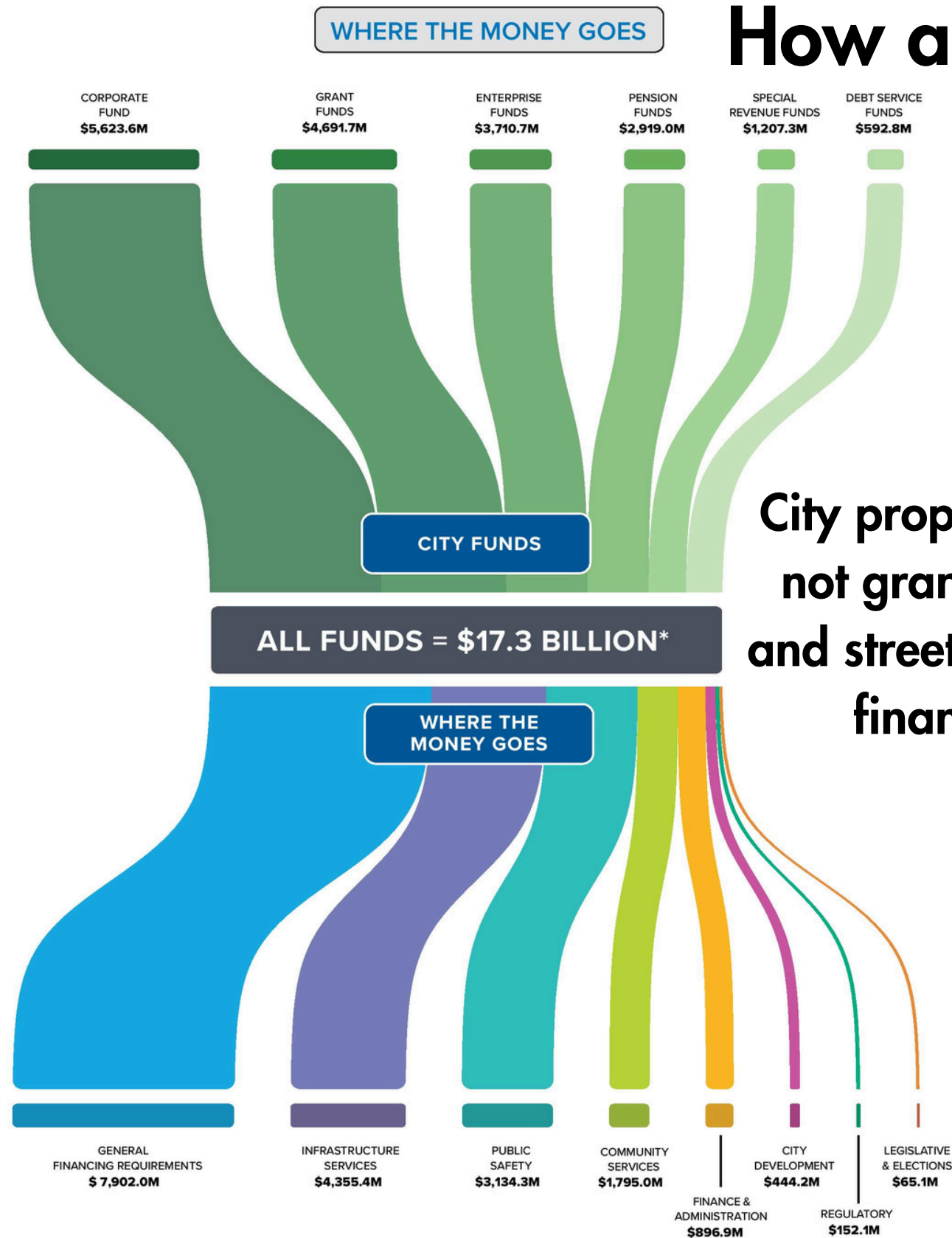
Chicago represents ~1/5th of the total property tax bill.

Why are property taxes so high? While you get one property tax bill, it represents multiple tax levies: from the county, the City, the school district, park district, etc.

- **Education.** Over 1/2 of public-school funding in IL comes from property taxes—a larger % than most states. The state only pays 24% of K-12 public education—the lowest funding level among all 50 states.
- **Pension Debt.** Financial mismanagement has led to higher pension debt
- **Reassessment.** Properties in Chicago are currently being reassessed to align their valuations with current market values. Reassessments happen every 3 years, and directly impact individual property tax bills.

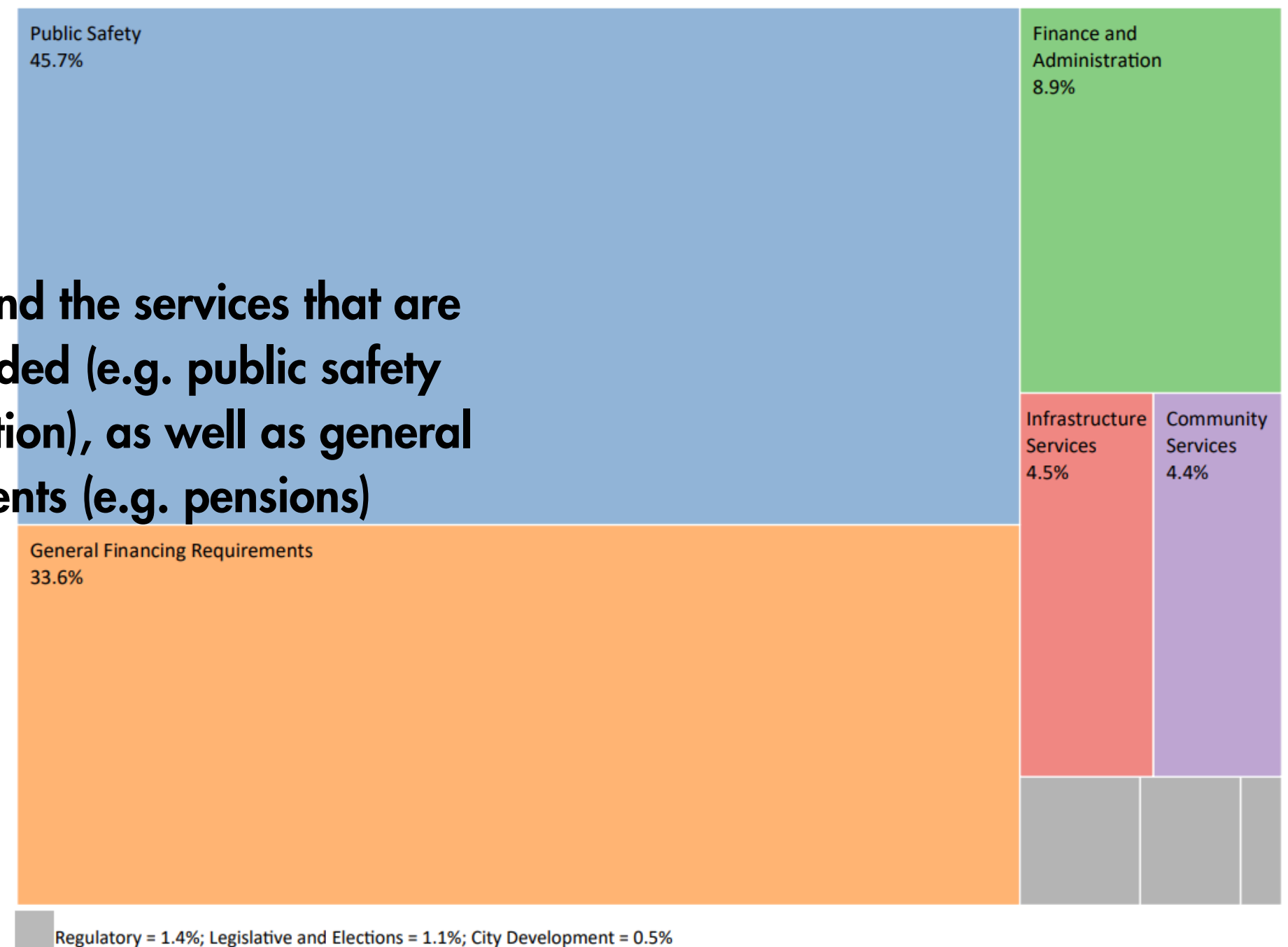
BUDGET 101: PROPERTY TAXES

How are City property taxes spent?



City property taxes fund the services that are not grant- or self-funded (e.g. public safety and streets and sanitation), as well as general finance requirements (e.g. pensions)

Summary of Proposed Expenditures - By Function



BUDGET 101: PROPERTY TAXES

How does inflation impact property taxes?

In 2020, Lightfoot administration increased annual property taxes by the consumer property index (CPI), capped at 5% a year. Due to high inflation, that increase has not been included in the budget since 2022.

If Chicago had increased property taxes by the CPI since 1977, it would have ended up with the same property tax levy in FY 2023, but would not have needed to:

- Sell-off City assets (e.g., Chicago parking meters, Skyway, parking garages) to generate one-time revenue to cover deficits;
- Engage in irresponsible borrowing practices to cover operating expenses and fund settlements
- Burn through City reserves; or
- So severely underfund pensions.*

**From the Center for Tax and Budget Accountability*

40TH WARD BUDGET PRIORITIES

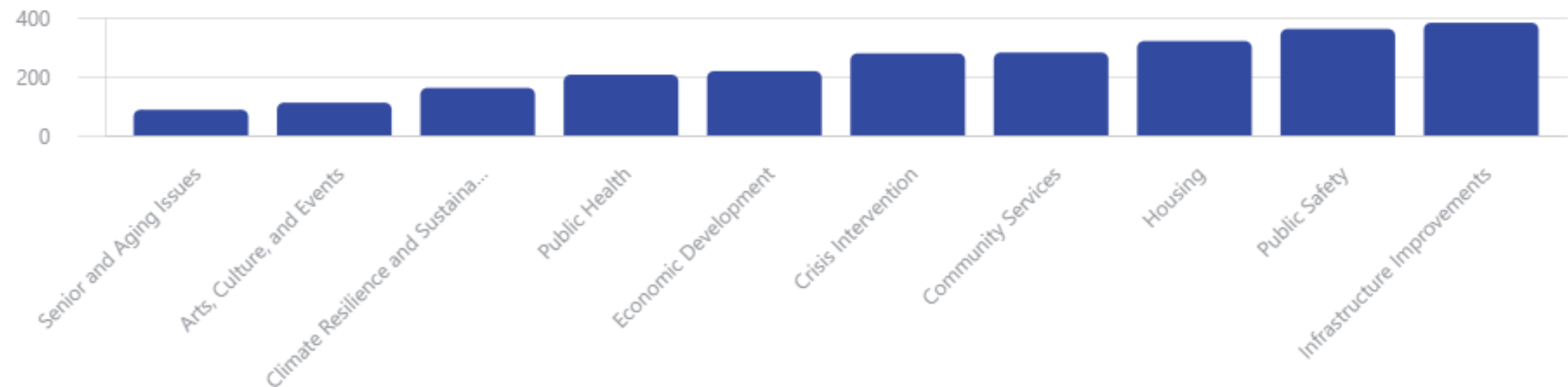
Public safety, housing, and infrastructure were the top 3 priorities 40th Ward residents identified for this year's budget.

◆ Budget Priorities :

Ranked Choice Voting results :

- ◆ Public Safety - 202
- ◆ Housing - 139
- ◆ Infrastructure Improvements - 99
- ◆ Community Services - 41

Top 5 Priorities Votes



40TH WARD BUDGET PRIORITIES

Top 5 Service Improvements:

- Public Safety
- Transit
- Bike, Pedestrian, and Traffic Safety
- Homelessness + Affordable Housing
- Streets + Construction



BGA Budget Analysis

Proposed 2025 Chicago City Budget

November 2024

Introductions

Better Government Association

- 101 year-old government watchdog nonprofit focused on Chicago & Illinois
- Newsroom: Illinois Answers Project
- Advocacy: BGA Policy (bettergov.org)

Geoffrey Cubbage

- BGA Policy & Budget Analyst
- Former data analyst & oversight reporter for Oxfam, USAID, & DAI
- Former Dir. of Policy & Economic Development, 40th Ward



Agenda

- Budget Overview
- 2025 Estimated Revenue
- 2025 Proposed Appropriations
- 2025 Proposed Positions & FTEs
- Questions & Contact Info for Follow-up

Budget Overview

Proposed 2025 Chicago City Budget

November 2024

Annual Budget Proposal

- Includes:
 - Appropriations and Source Funds
 - Positions (and FTEs, with a little work)
 - Estimated Revenues from Local Funds (grants available as PDF only)
- Does *not* include:
 - Operational details
 - Specific staffing/vacancy levels – positions are *budgeted*, not *filled*
 - Previous-year actuals
 - Individual programmatic budgets (with a few exceptions)

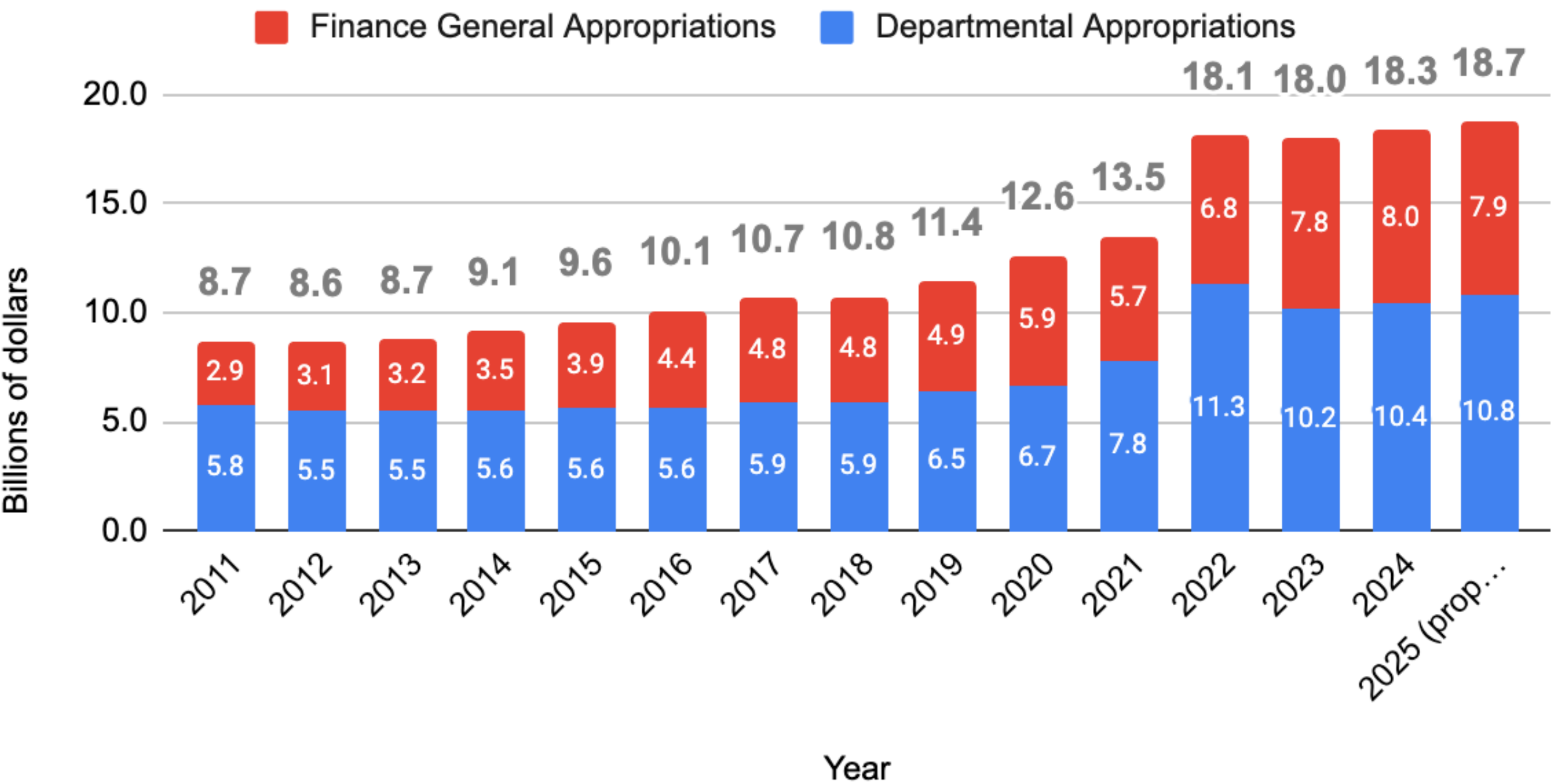
2025 Budget At a Glance

Snapshot: Appropriation, Staffing and Projected Revenue Changes from 2023 to 2024 Budgets

	2024 Budgeted	2025 Proposed	Net Change	Percent Change
Appropriations	\$18,341,105,000	\$18,745,087,980	\$403,982,980	2.2%
Positions & FTEs	36809	36064	-745	-2.0%
Projected Fund Revenue	\$13,115,735,000	\$13,438,112,139	\$322,377,139	2.5%

Historical Overview - Total Appropriations

Appropriations in Billions of Dollars, City of Chicago Budgets 2011-2025 (proposed)

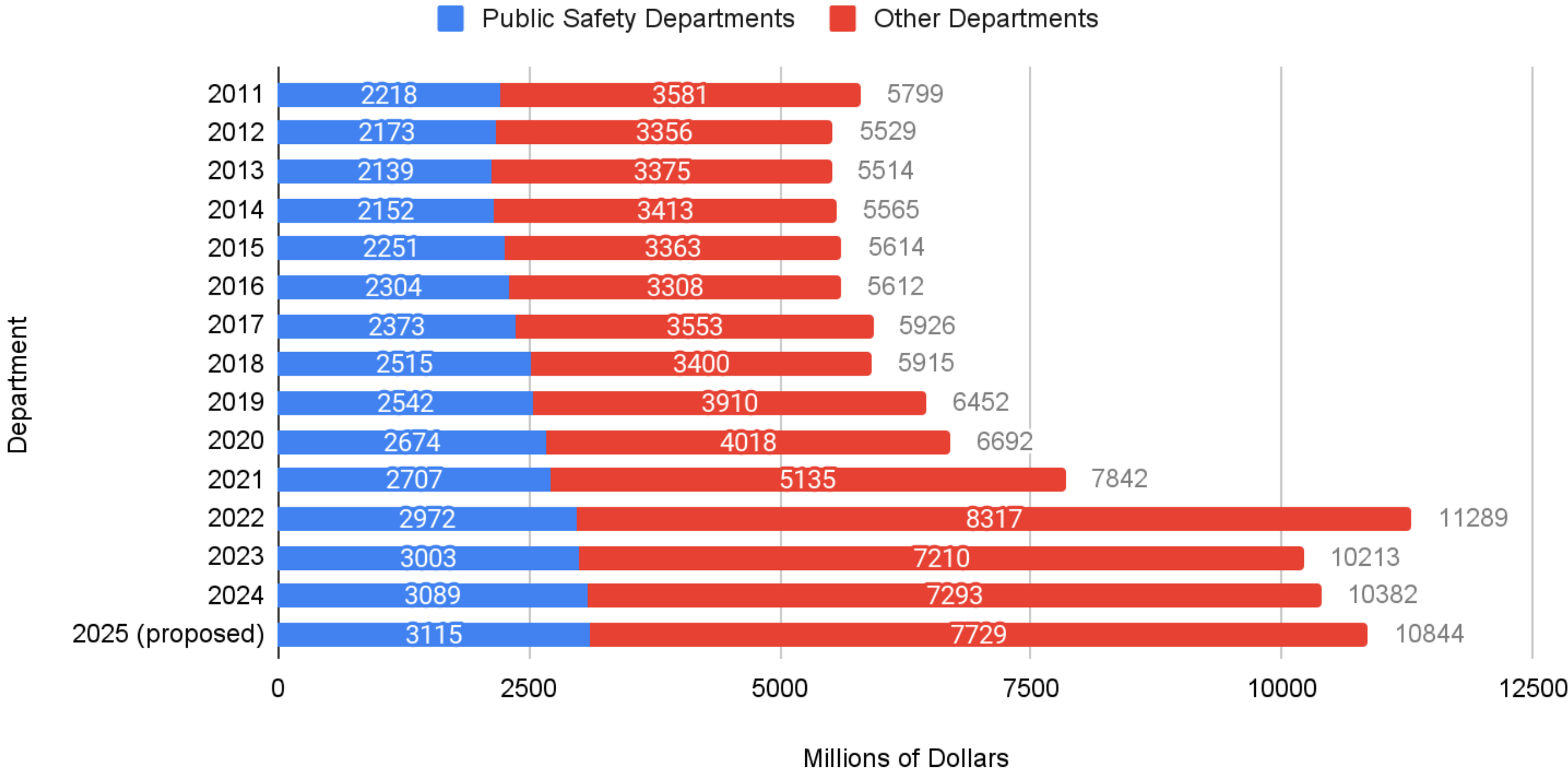


Year-Over-Year Growth

- 2024-2025 (proposed): 2.2%
- 2023-2024: 1.3%
- Avg. 2011-2024: 8.5%
- Avg. 2011-2020 (pre-pandemic): 5.0%
- 2011-2024 inflation adjusted: 4.6%
- 2011-2020 inflation adjusted: 3.3%

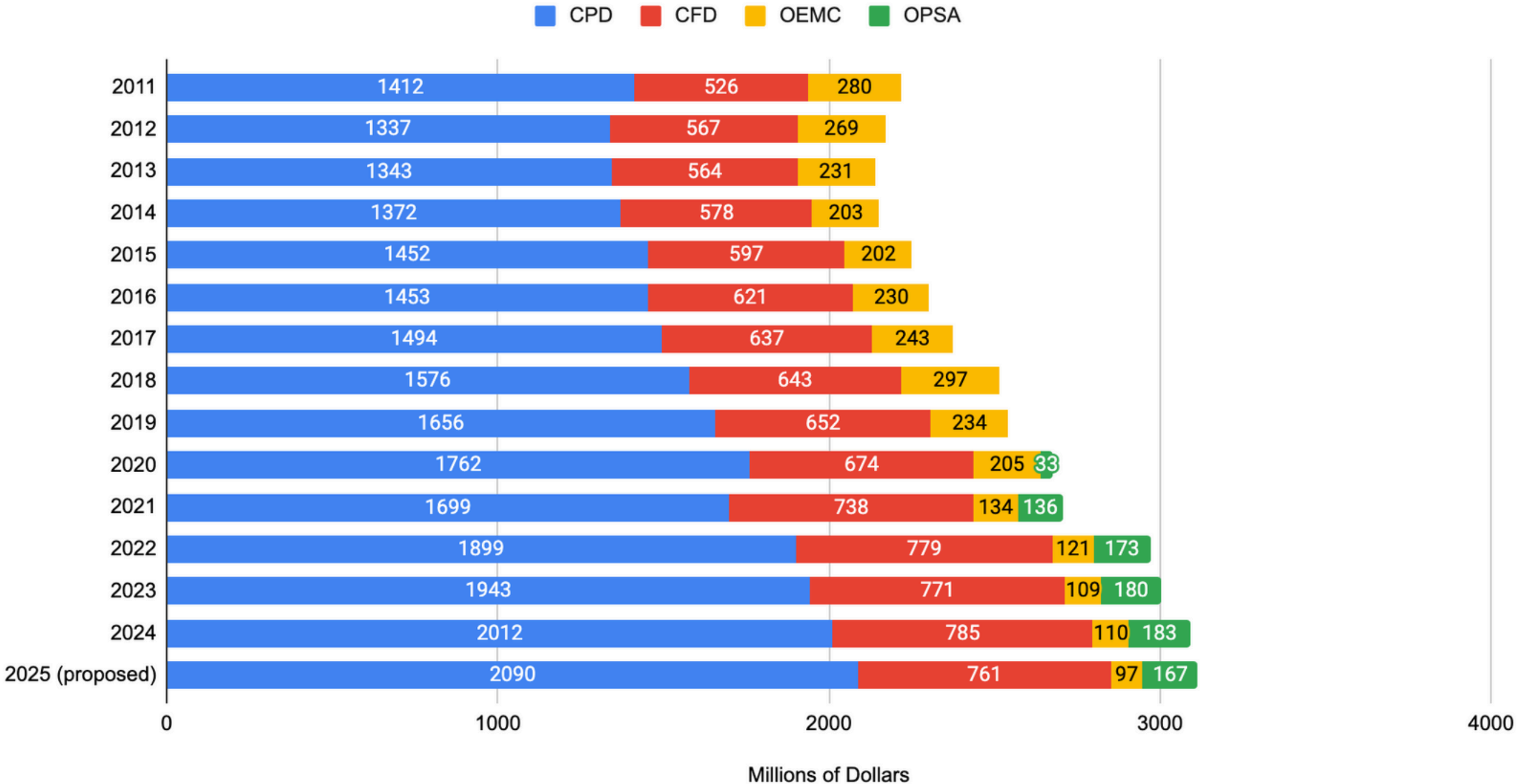
Historical Overview - Departmental Appropriations

Historical Appropriations: Public Safety Service Departments & All Other Departments



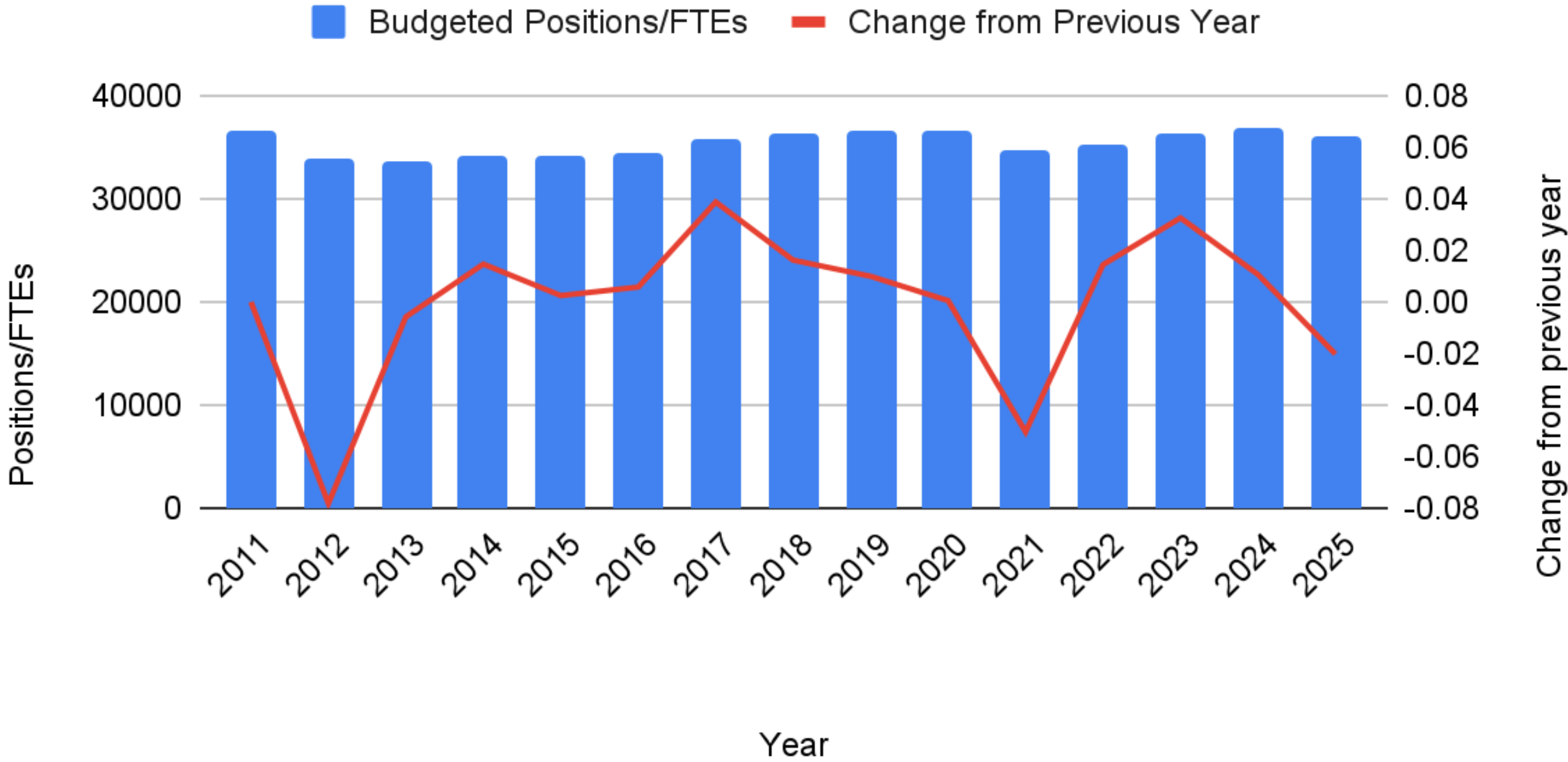
Historical Overview: Public Safety Appropriations

Public Safety Departmental Appropriations, 2011-2025 (proposed) Chicago Budgets, in millions of dollars



Historical Overview - Positions

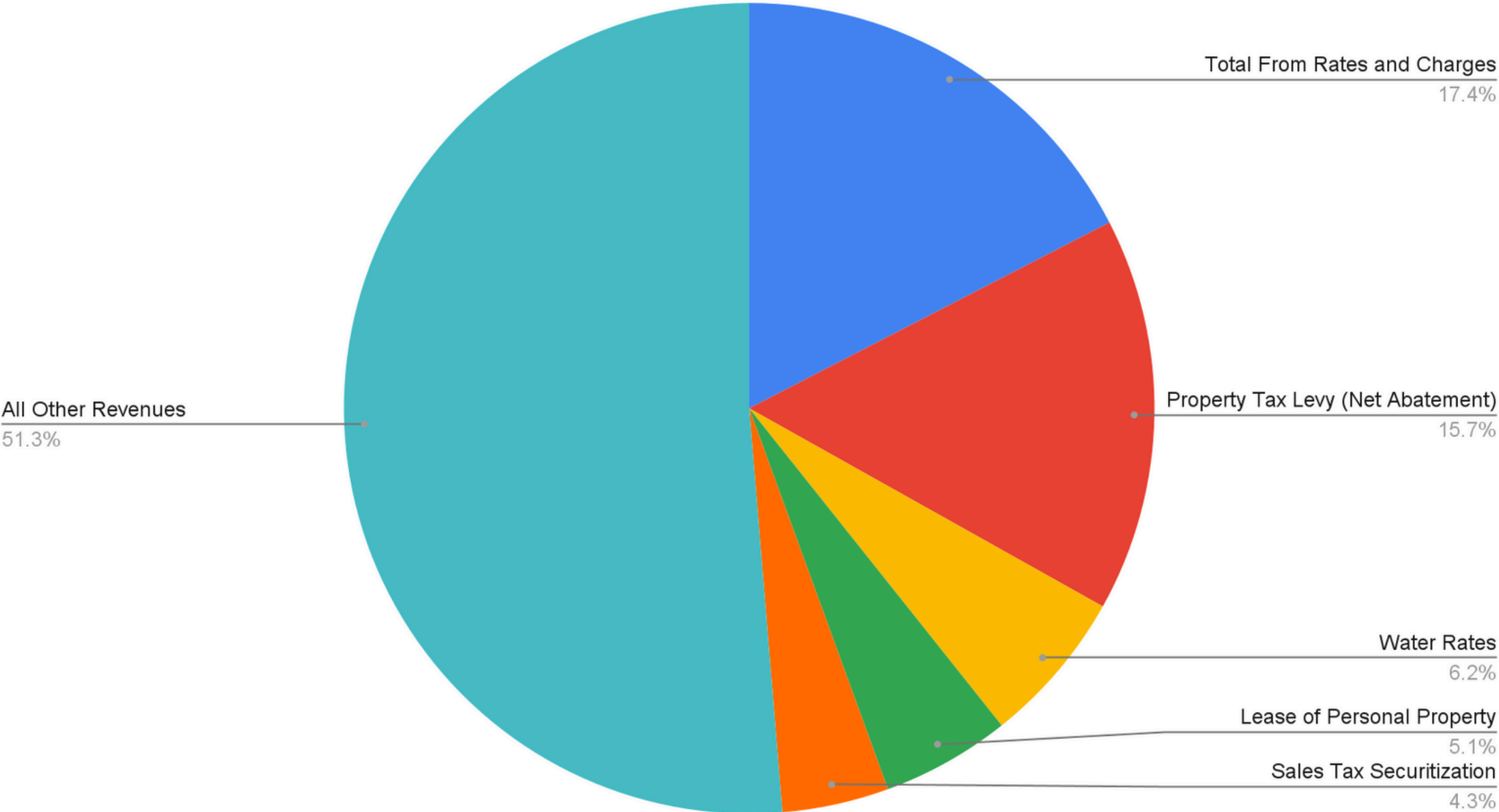
Total Budgeted Positions and Change from Previous Year, City of Chicago Budgets 2011 to 2025 (proposed)



2025 Estimated Revenue

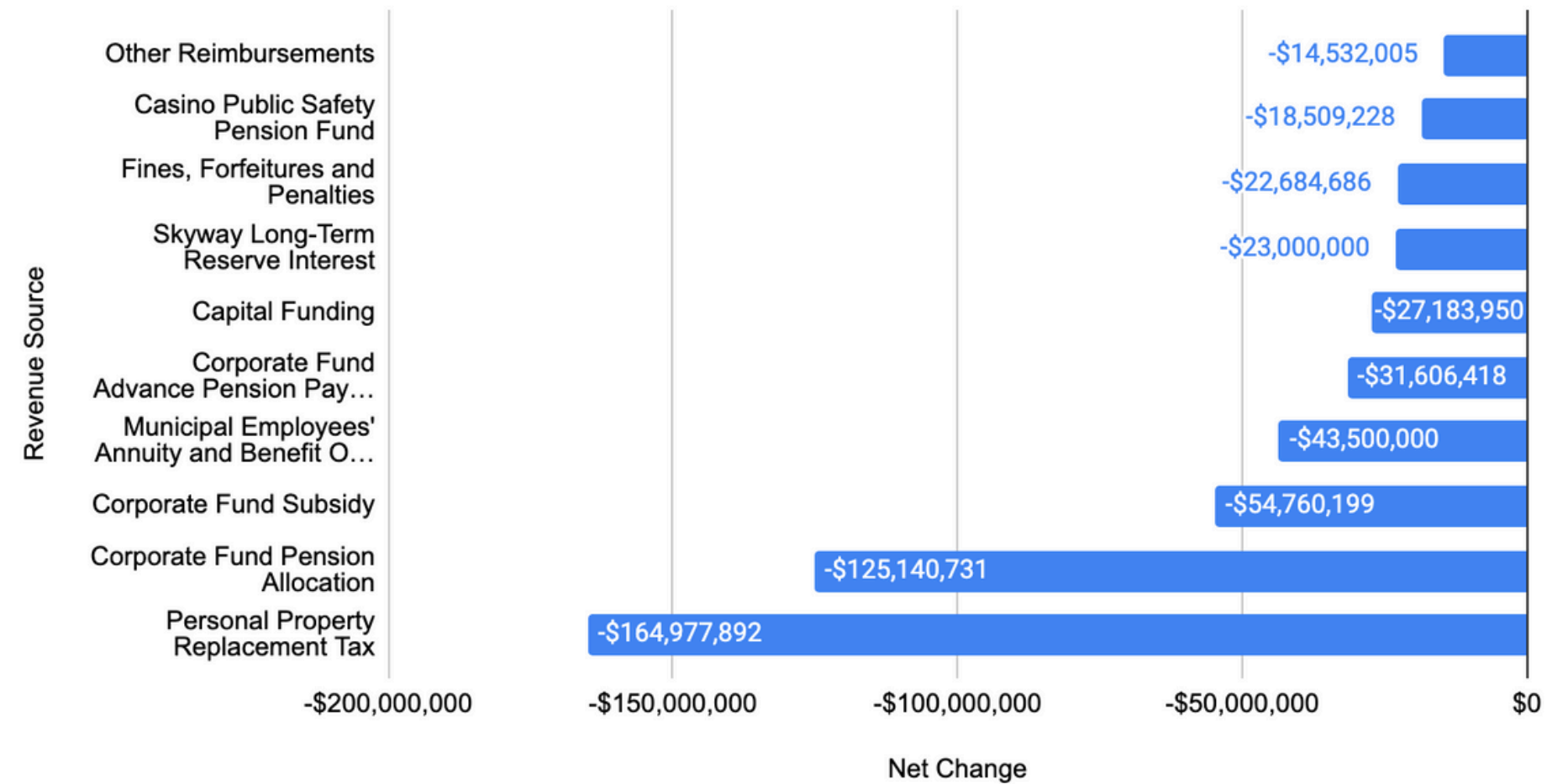
Estimated Revenues

Estimated Non-Grant Revenues (~\$13.4m) - Proposed 2025 City of Chicago Budget

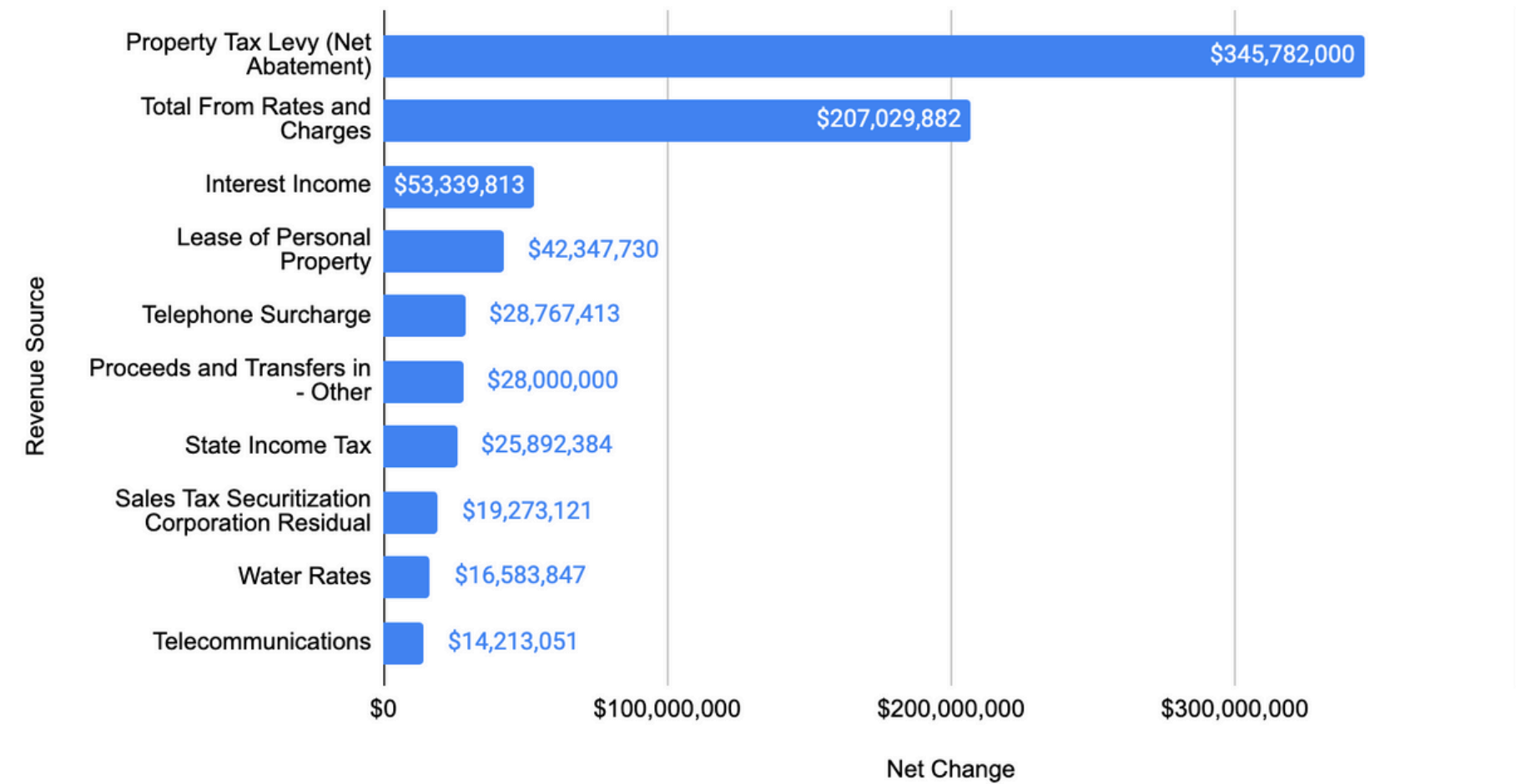


Non-Grant Revenue by Source - Major Decreases/Increases

Top 10 Revenue Estimate Decreases, City of Chicago Budget 2024 to 2025 (proposed)

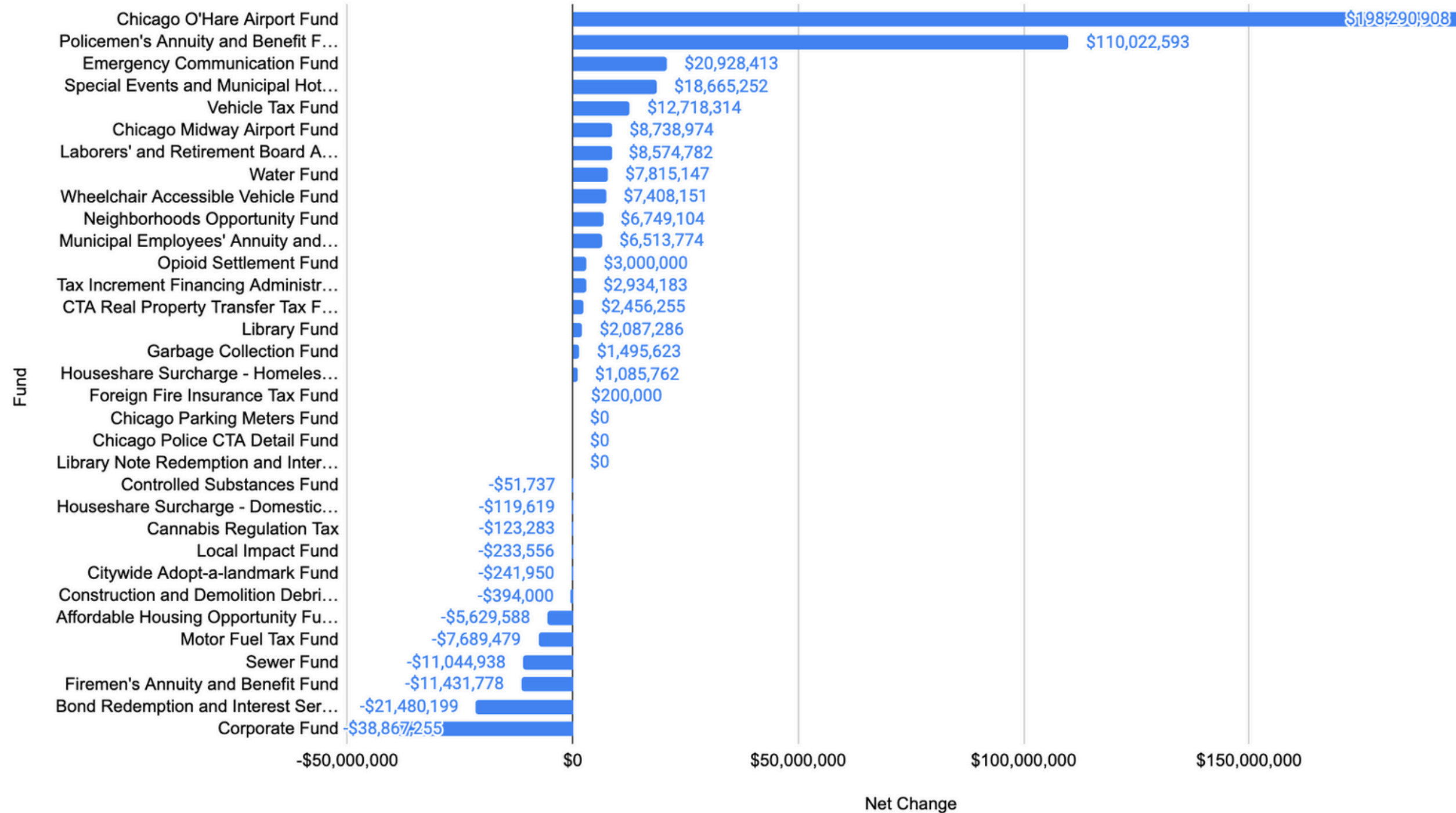


Top 10 Revenue Estimate Increases, City of Chicago Budget 2024 to 2025 (proposed)



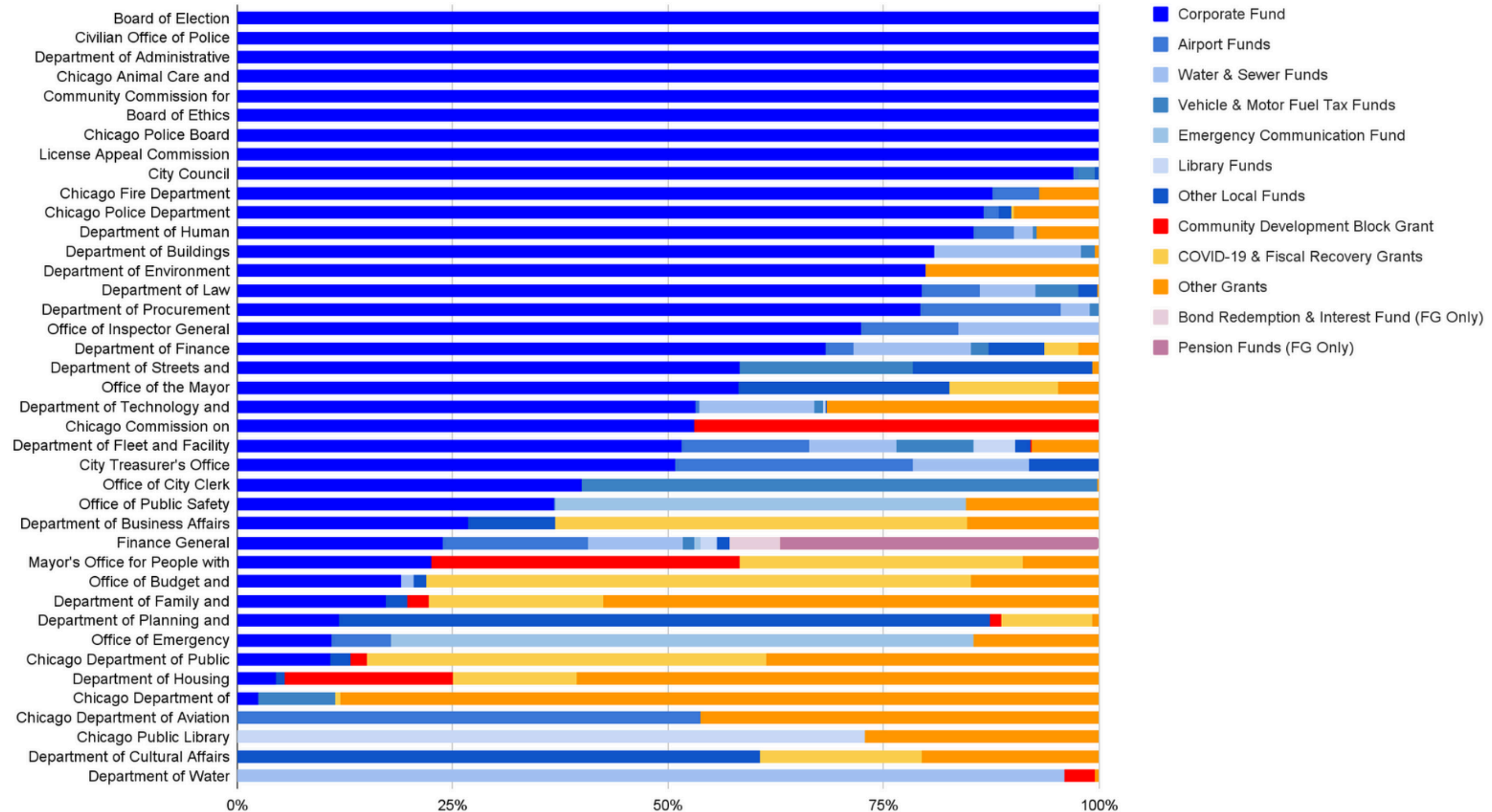
Estimated Non-Grant Revenue by Fund

Change in Estimated Revenue by Fund, 2024 to 2025 Proposed City of Chicago Budgets



Department Appropriations by Fund

Appropriation Funding Sources by Department, City of Chicago 2025 Proposed Budget



Department Fund Dependencies

Primarily Corporate Fund Dependent

- BoEC
- BoE
- CACC
- CCHR
- CFD
- Police Board
- CPD
- City Council
- COPA
- CCPSA
- DAH
- DoB
- Environment
- DHR
- DoL
- DPS
- LAC
- OIG

Hybrid

- CDPH
- Treasurer's Office
- BACP
- DFSS
- Finance
- 2FM
- DPD
- DSS
- DoTI
- Finance General
- MOPD
- OBM
- Clerk's Office
- OEMC
- OPSA
- Mayor's Office

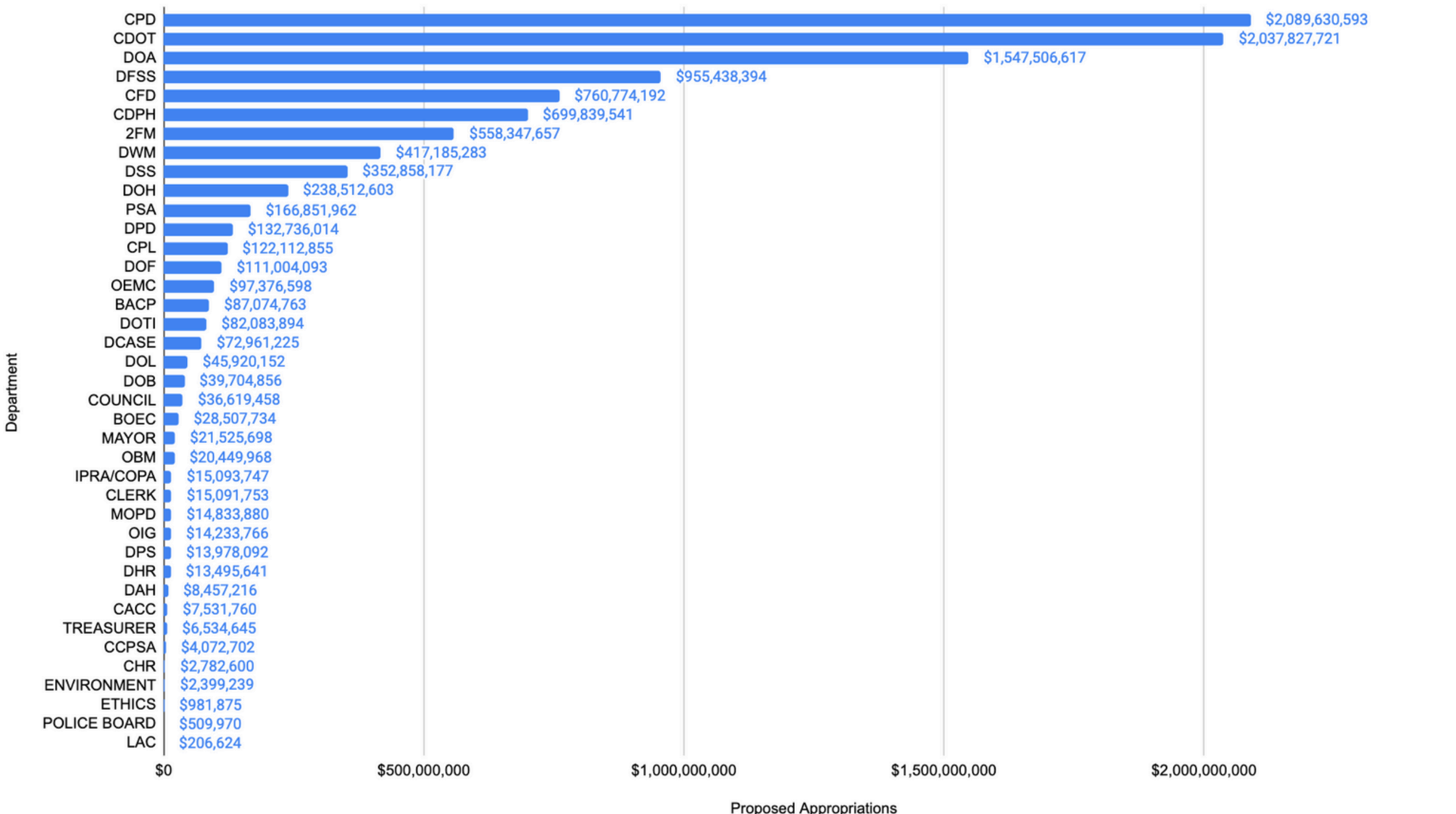
Primarily Self/Grant-Funded

- DoA
- CDOT
- CPL
- DCASE
- DoH
- DWM

2025 Proposed Appropriations

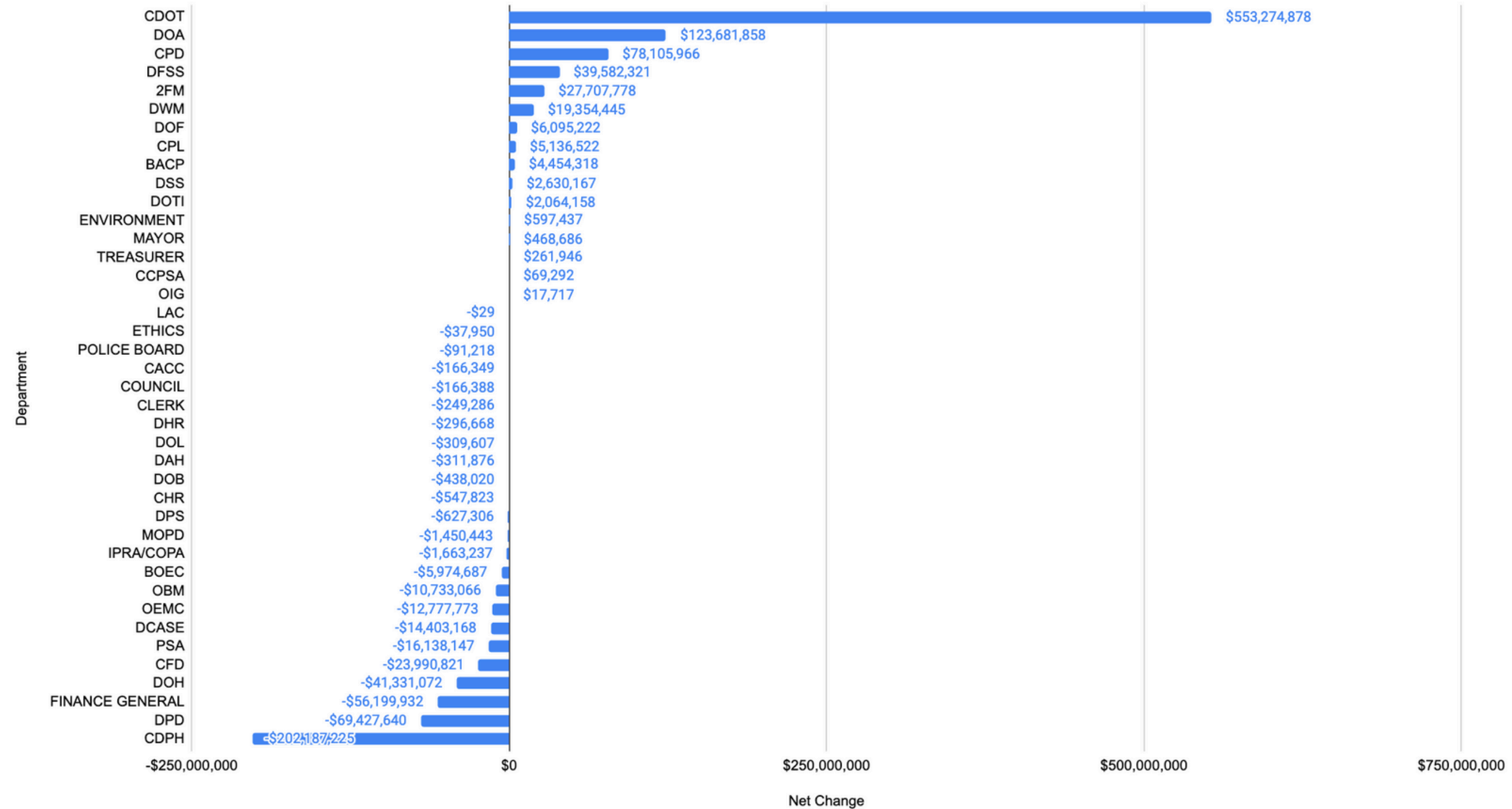
Total Appropriations by Department

Total Appropriations by Department, Proposed 2025 City of Chicago Budget



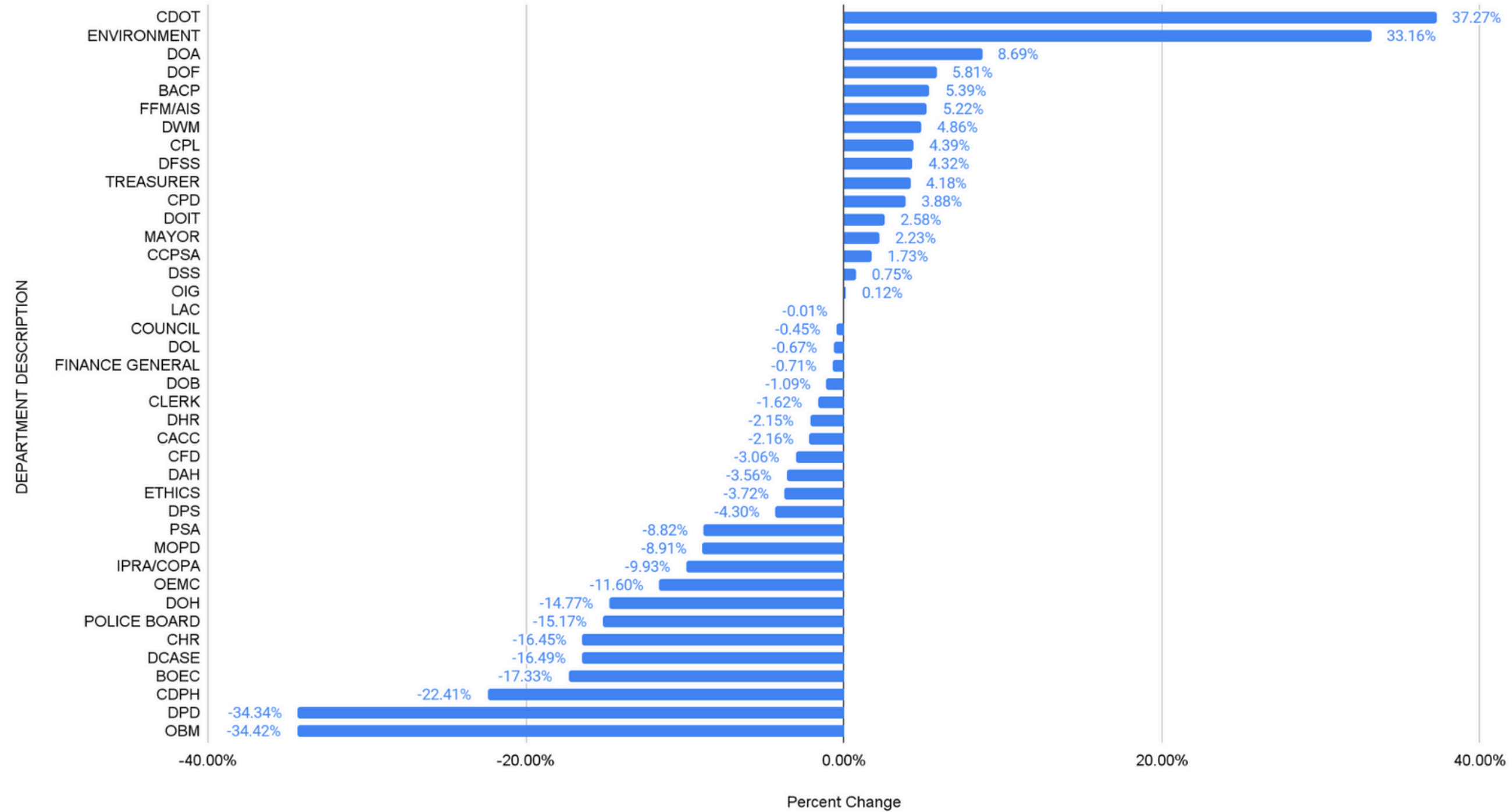
Appropriations by Department - Net Change

Departmental Appropriations - Net Change, 2024 to 2025 (proposed) City of Chicago Budgets



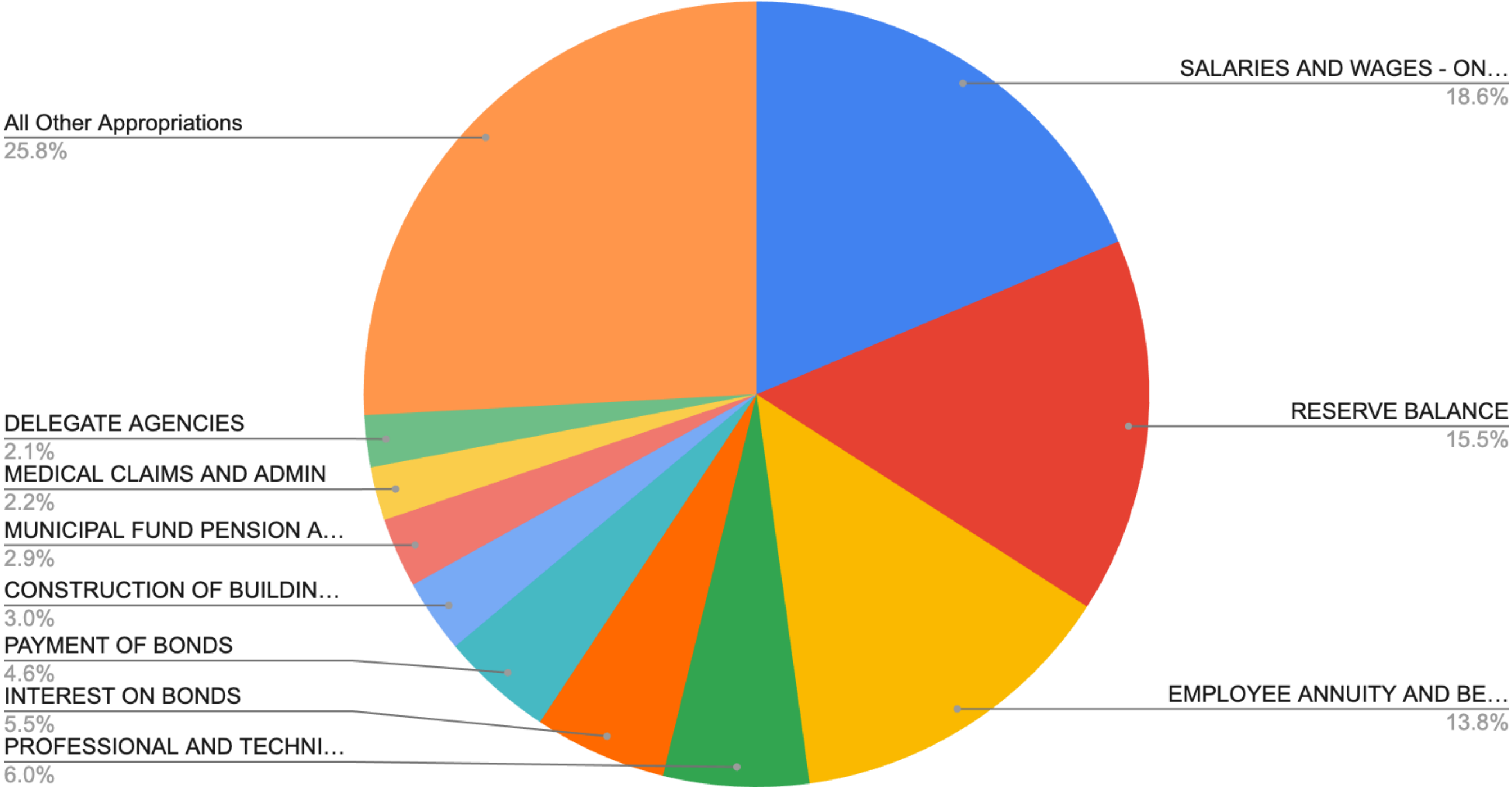
Appropriations by Department - Percent Change

Departmental Appropriations - Percent Change, 2024 to 2025 (proposed) City of Chicago Budgets



Largest Overall Appropriations

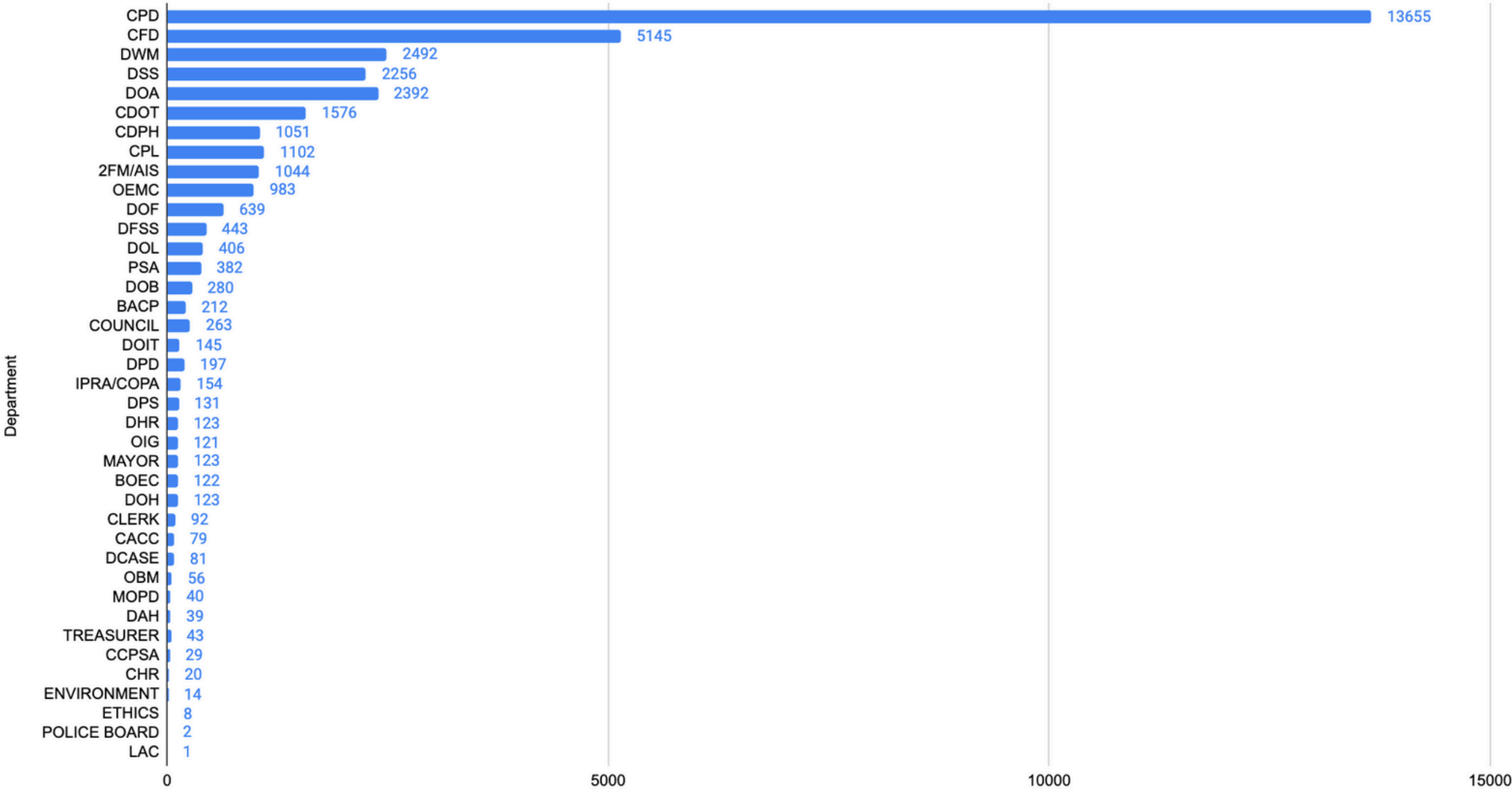
Top 10 Appropriation Accounts as Percent of Total Budget, City of Chicago Proposed 2025 Budget



2025 Proposed Positions

Total Positions/FTEs by Department

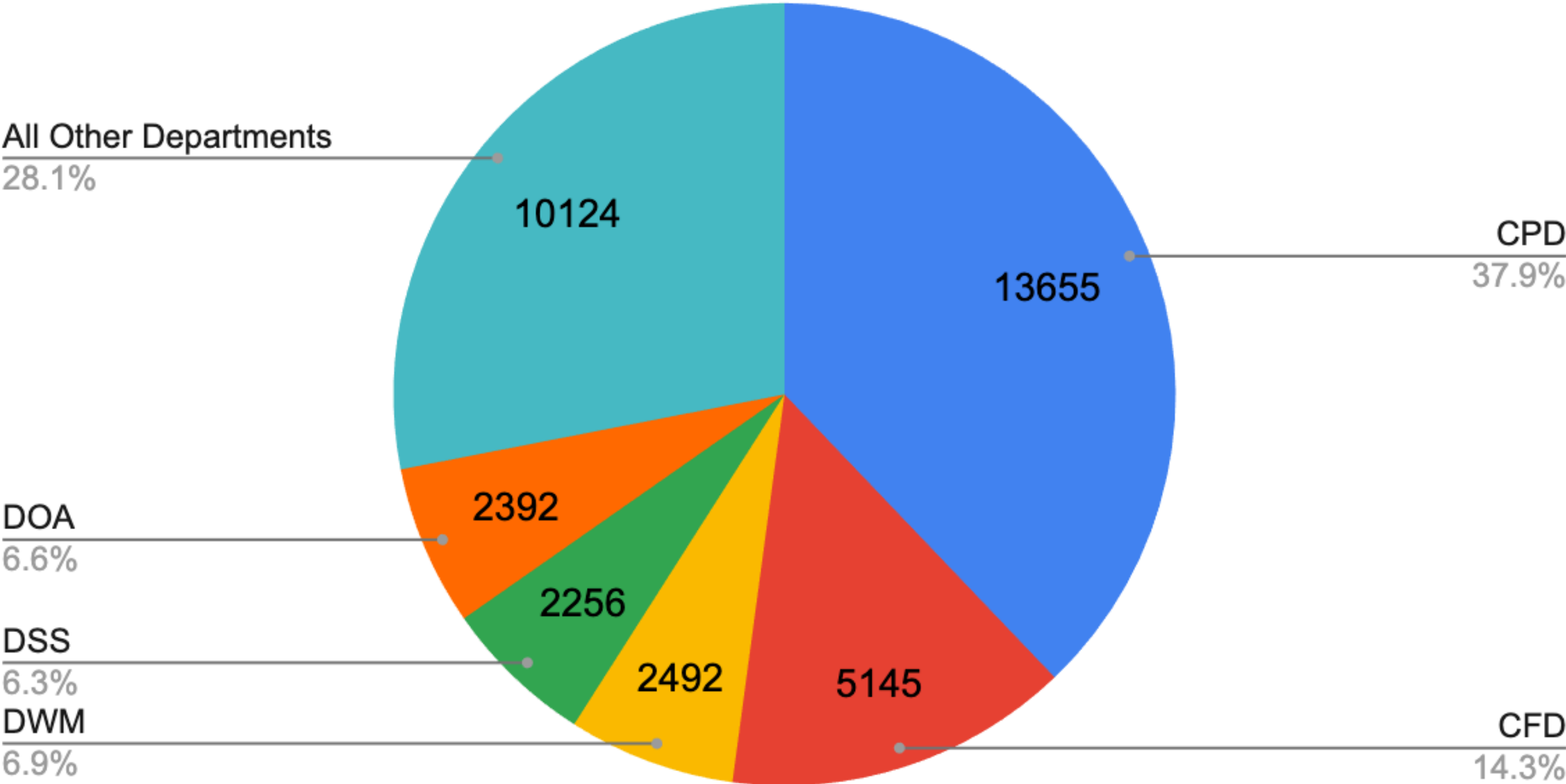
Total Positions & FTEs by Department, Proposed 2025 City of Chicago Budget



2025 (Proposed)

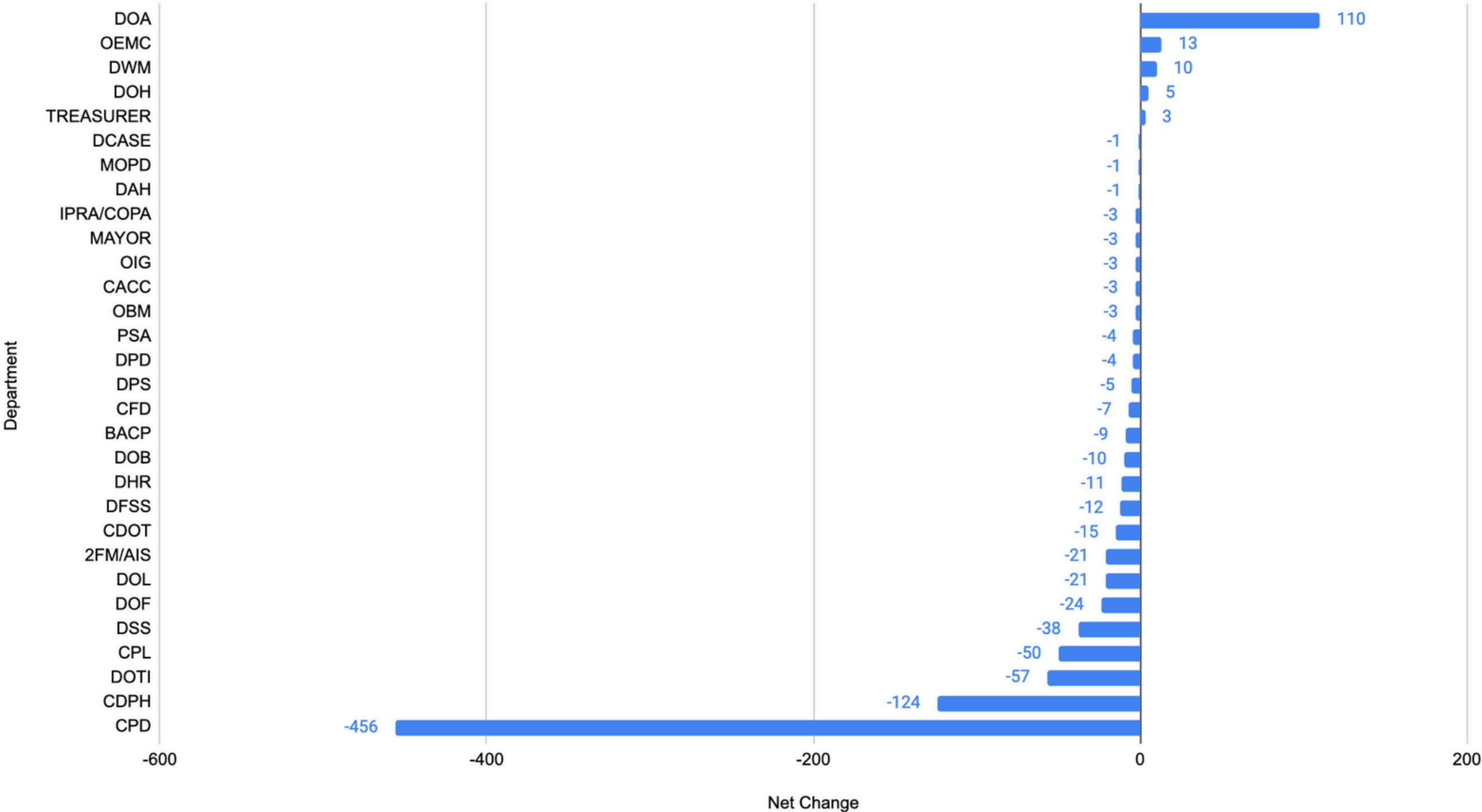
Total Positions/FTEs by Department

Positions by Department, 2025 Proposed City of Chicago Budget



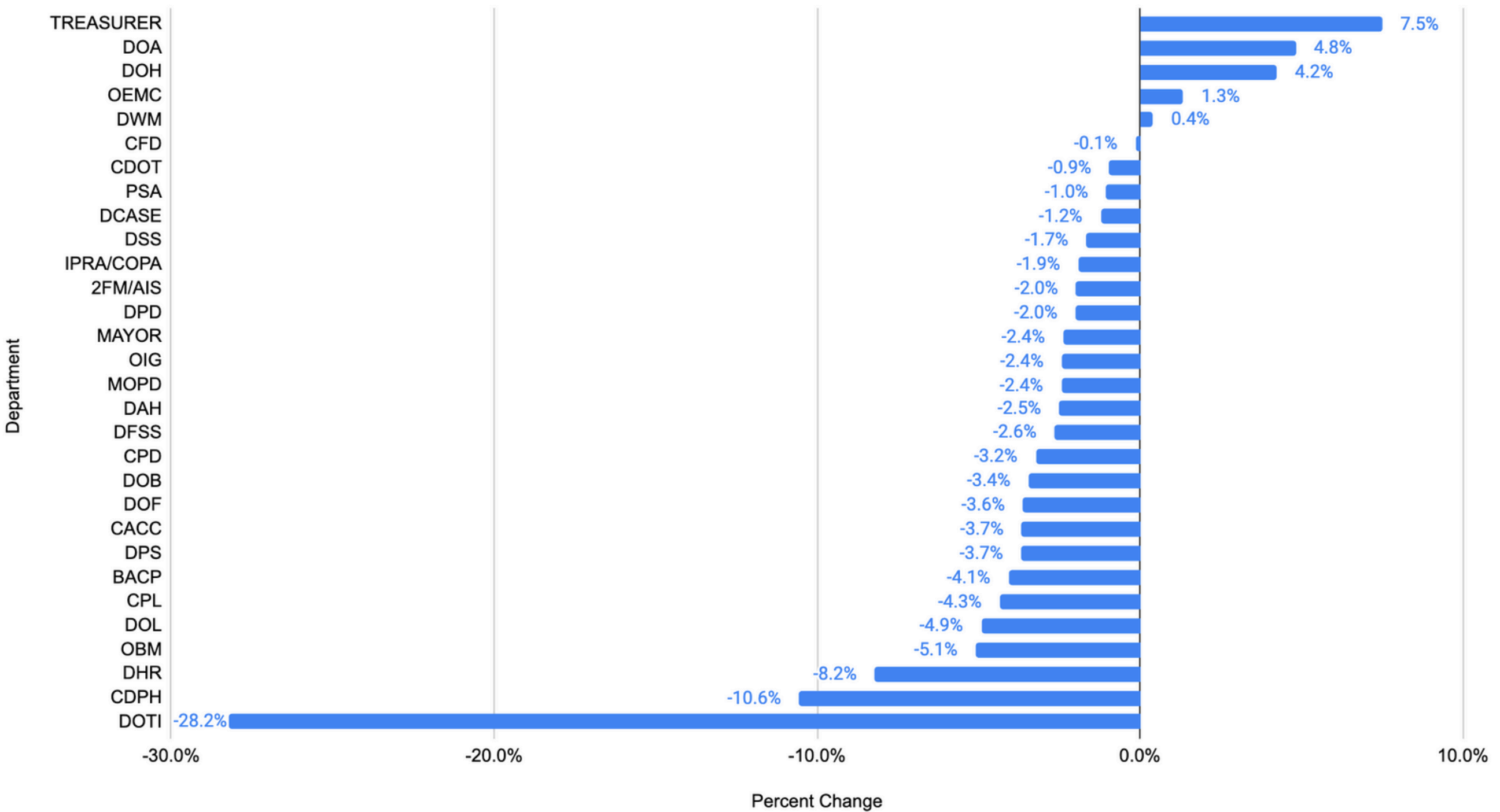
Positions by Department - Net Change

Departmental Positions/FTEs - Net Change, 2024 to 2025 (proposed) City of Chicago Budgets



Positions by Department - Percent Change

Departmental Positions/FTEs - Percent Change, 2024 to 2025 (proposed) City of Chicago Budgets



Contact Info

www.bettergov.org

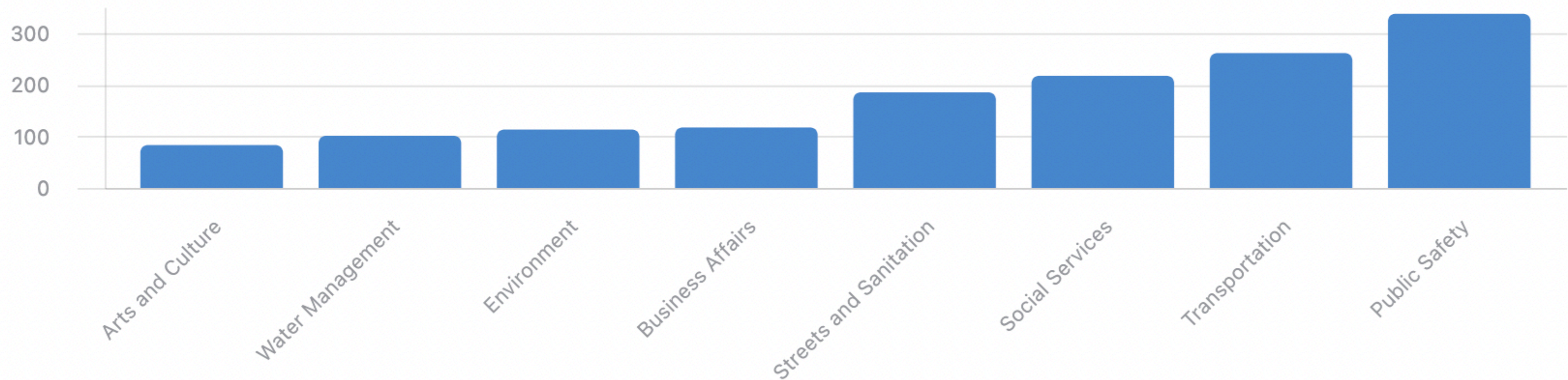
gcubbage@bettergov.org

312-453-0631

BUDGET SPOTLIGHTS

◆ Residents want to learn more about :

Departmental Budgets :

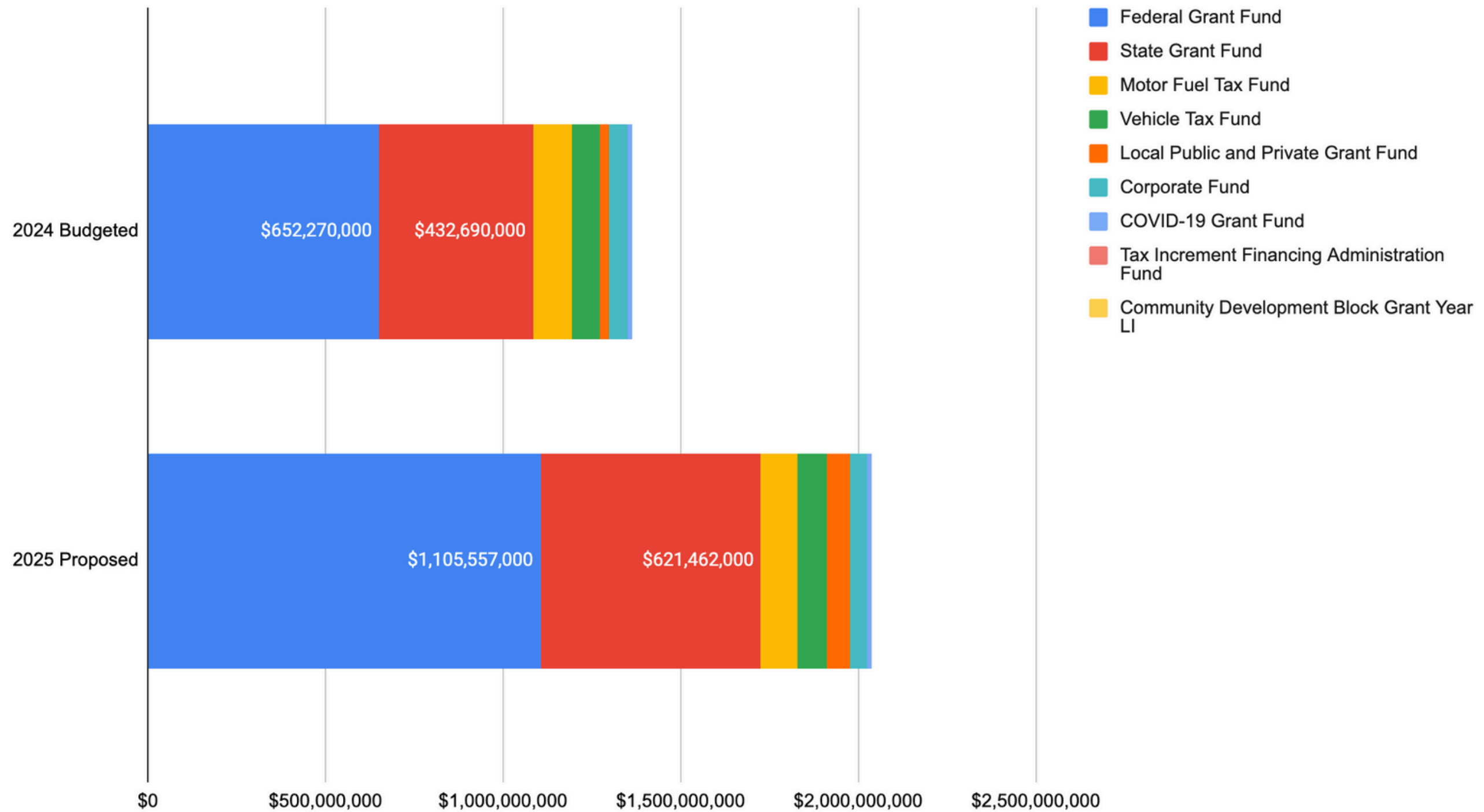


CDOT

	2024 Budgeted	2025 Proposed	Net Change	Percent Change
Appropriations	\$1,484,552,843	\$2,037,827,721	\$553,274,878	37.3%
Positions & FTEs	1591	1576	-15	-0.9%

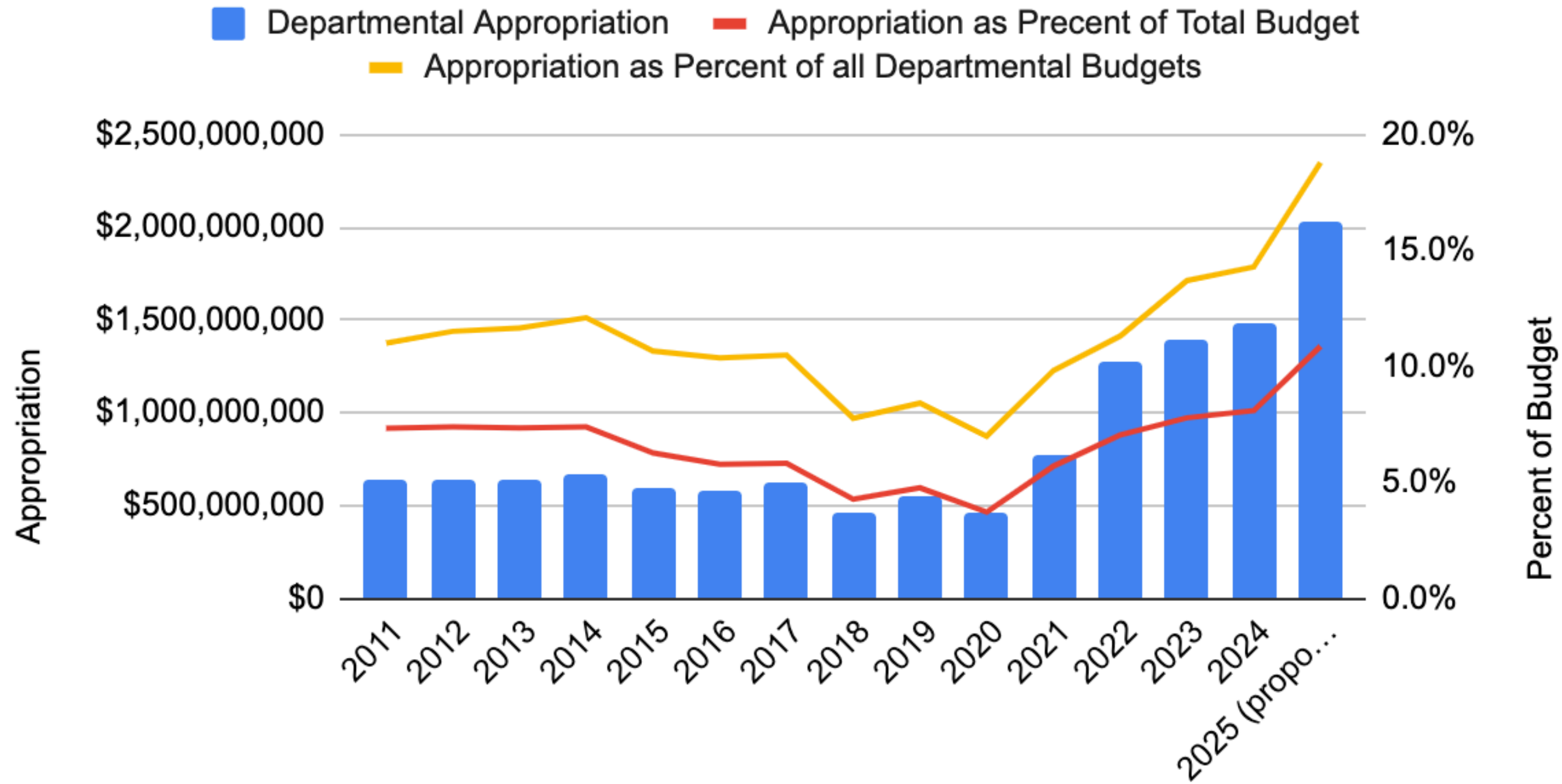
Funding for CDOT Appropriations

CDOT Source of Appropriation Funding, 2024 to 2025 (proposed) City of Chicago Budgets



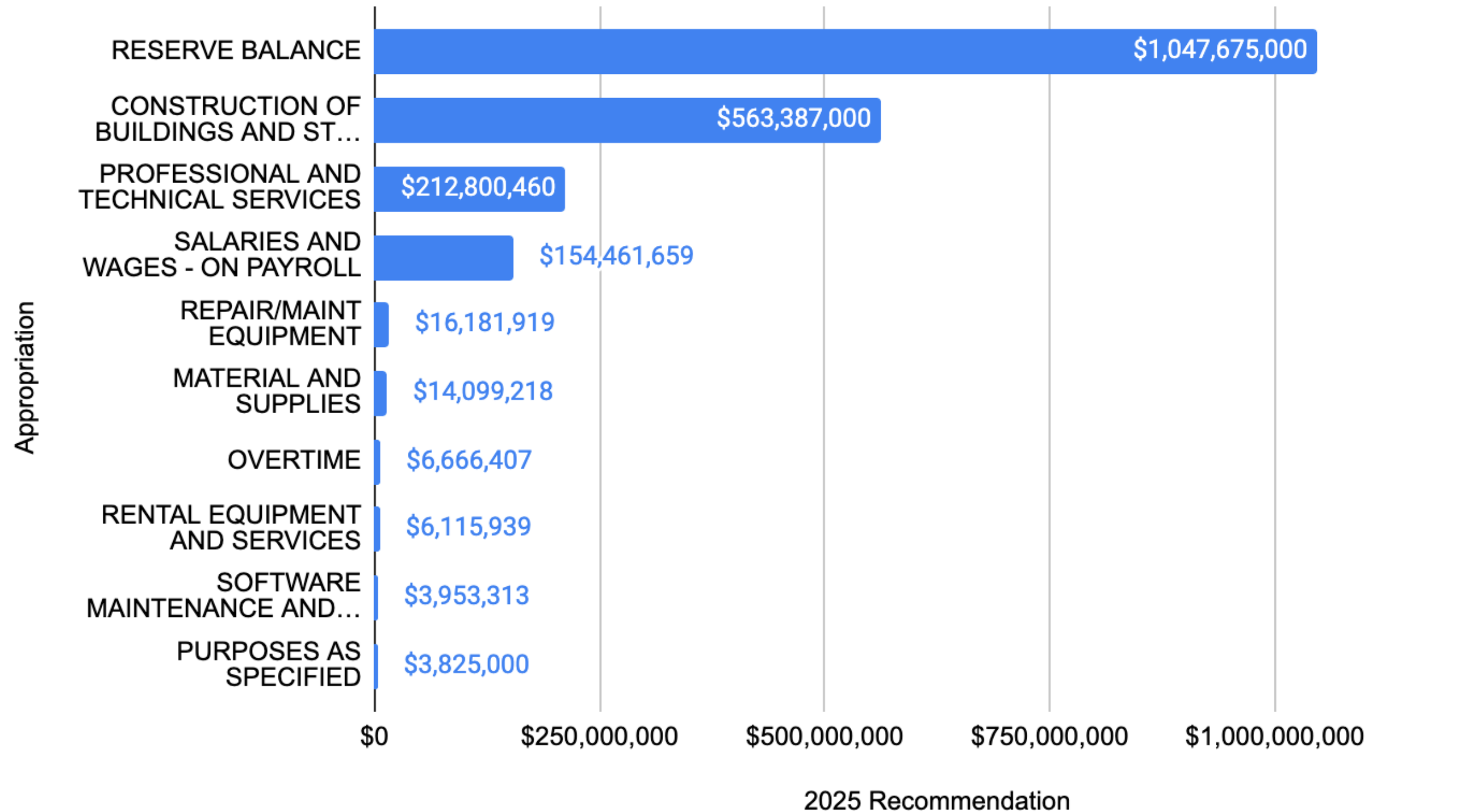
CDOT Appropriations History

CDOT Appropriation, Chicago City Budgets 2011-2025 (proposed)



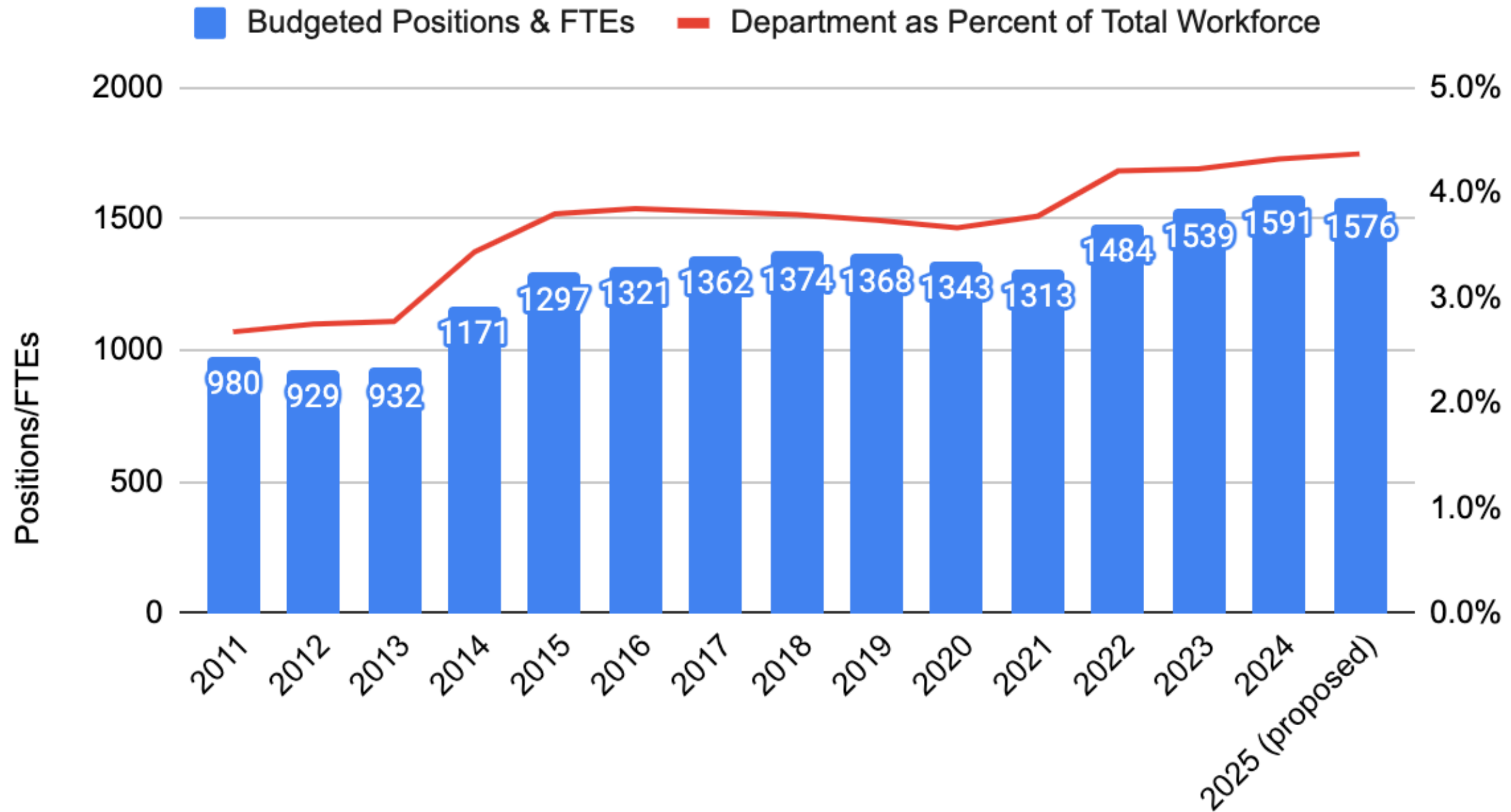
Largest Appropriations: CDOT

Top 10 Largest CDOT Appropriations, 2025 Proposed Chicago Budget



CDOT Positions History

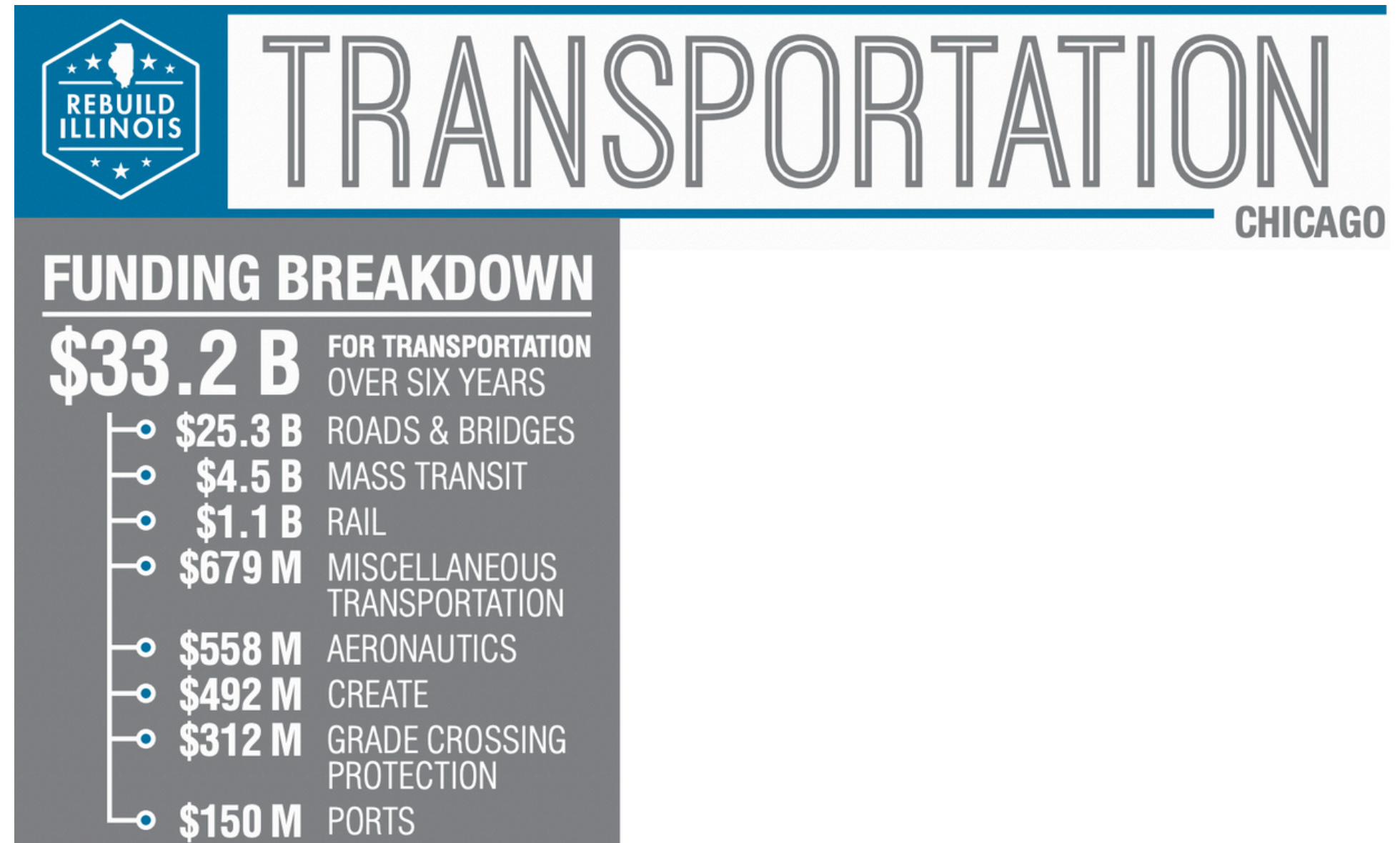
CDOT Budgeted Workforce, 2011-2025 (proposed)



FY25 BUDGET SPOTLIGHT: CDOT

CDOT is primarily **self-funded**, relying largely on **dedicated local funds** (e.g. vehicle-related taxes and fees) and **state and federal grants**, e.g.:

- **Bipartisan Infrastructure Law**, which funds road and bridge repairs, traffic safety projects, and public transportation projects.
- **Rebuild Illinois**, which funds infrastructure repairs of roads, bridges, and transit.



CPD

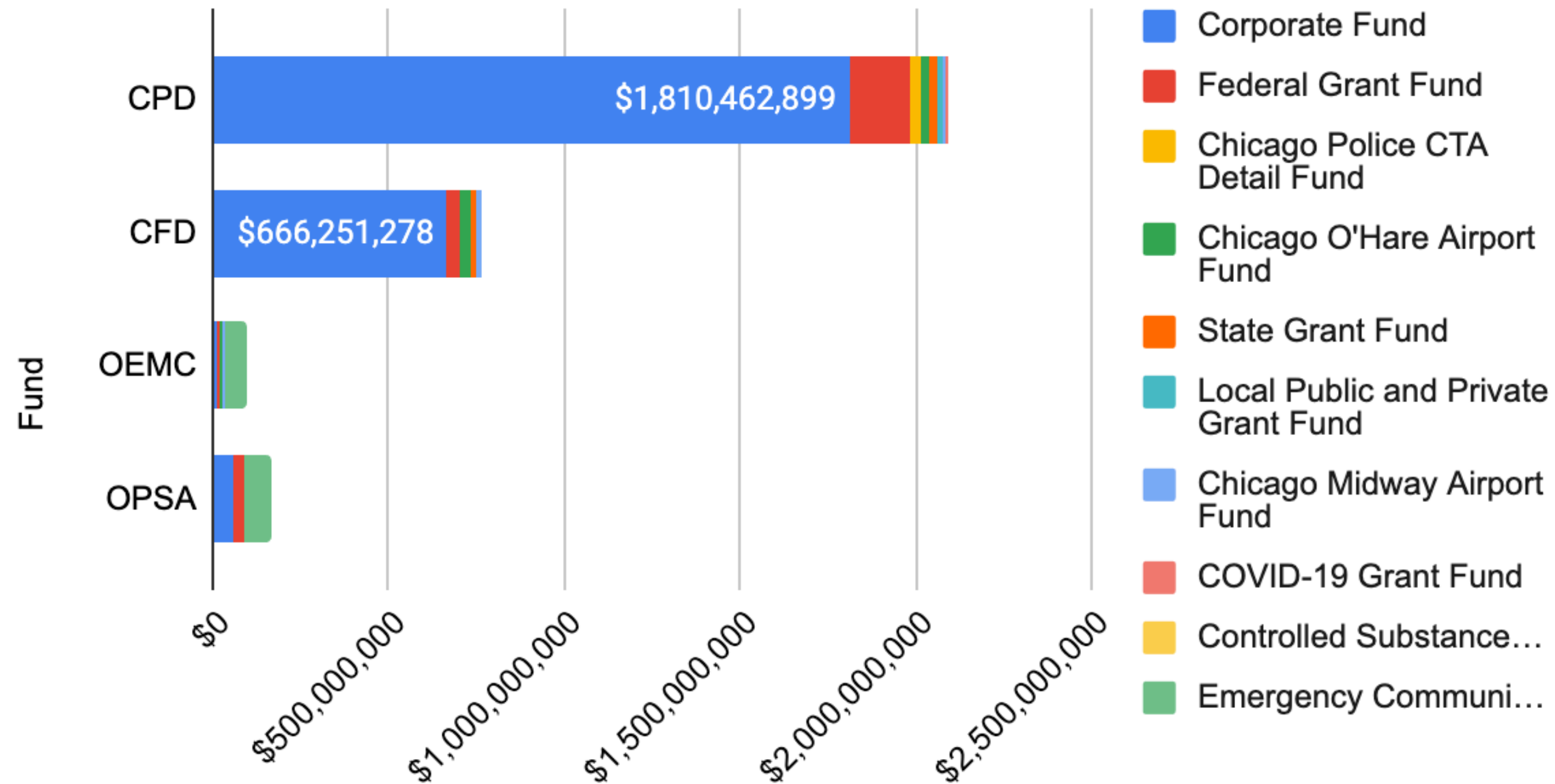
	2024 Budgeted	2025 Proposed	Net Change	Percent Change
Appropriations	\$2,011,524,627	\$2,089,630,593	\$78,105,966	3.9%
Positions & FTEs	14111	13655	-456	-3.2%

Public Safety Positions, Year Over Year

Department	2024 Budgeted	2025 Proposed	Net Change	Percent Change
CPD	14111	13655	-456	-3.2%
CFD	5152	5145	-7	-0.1%
OEMC	970	983	13	1.3%
OPSA	386	382	-4	-1.0%
Total Public Safety	20619	20165	-454	-2.2%
Citywide	36807	36064	-743	-2.0%

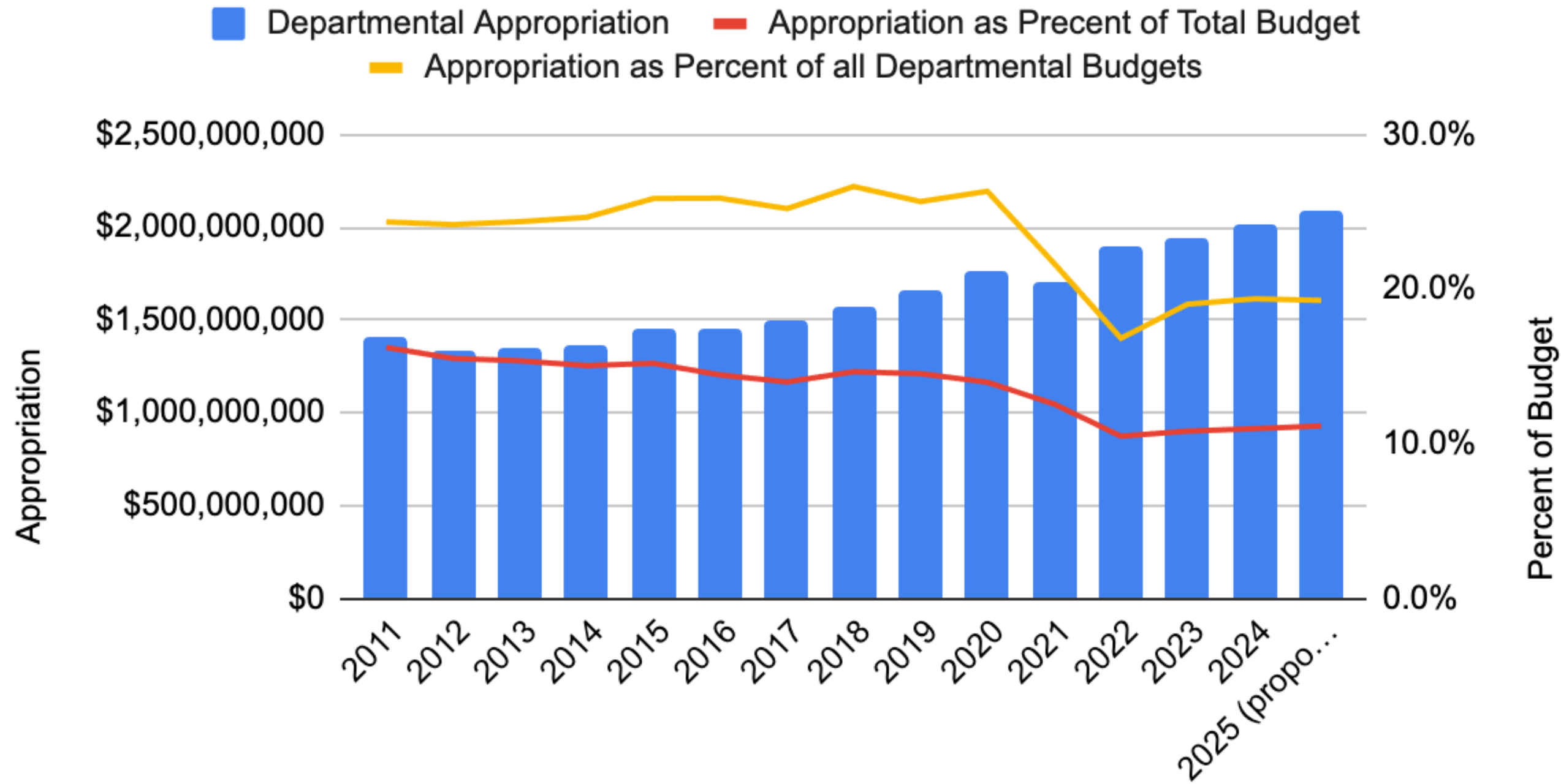
Funding for Public Safety Department Appropriations

2025 Proposed Public Safety Department Appropriations by Source Fund



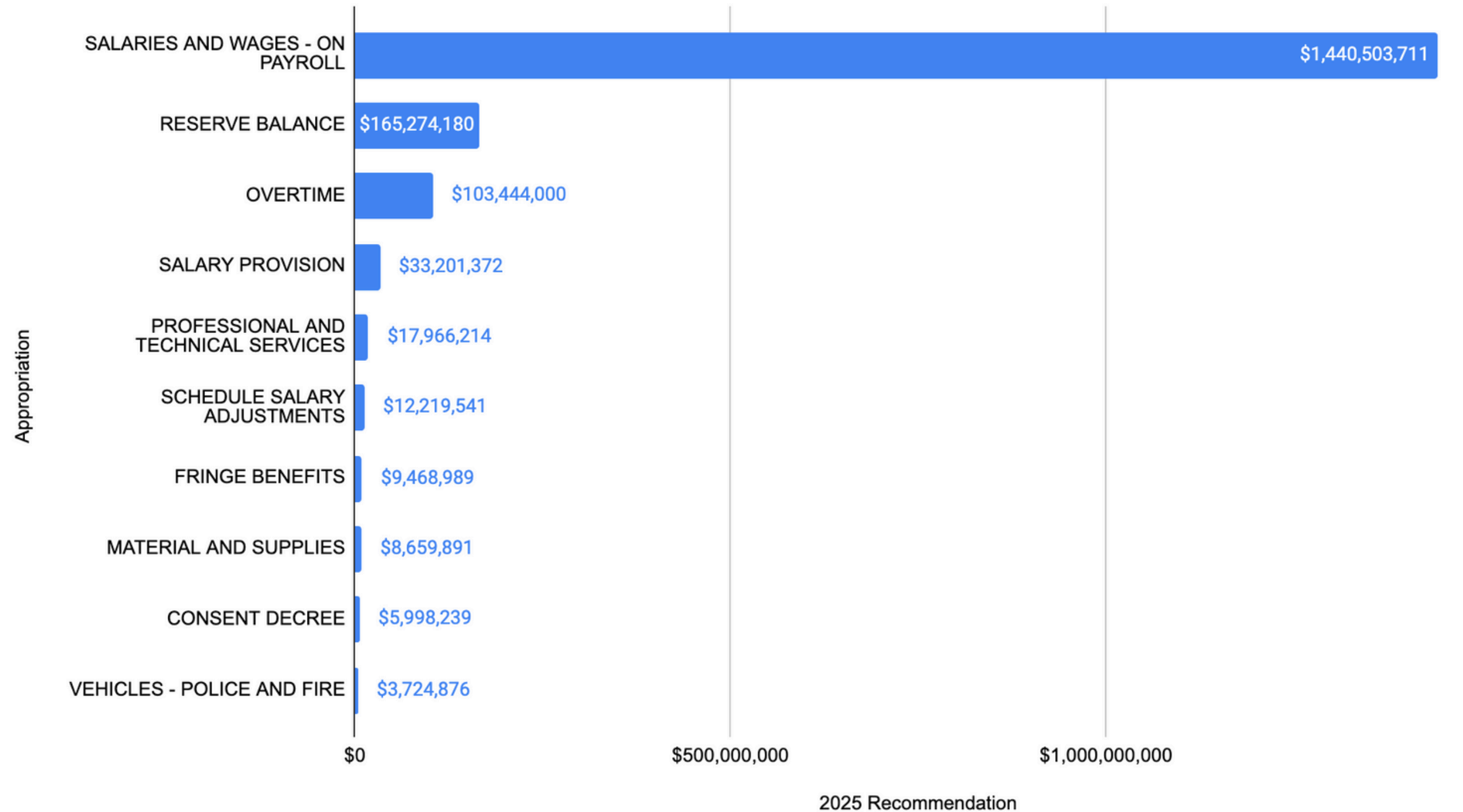
CPD Appropriations History

Chicago Police Department Appropriation, Chicago City Budgets 2011-2025 (proposed)



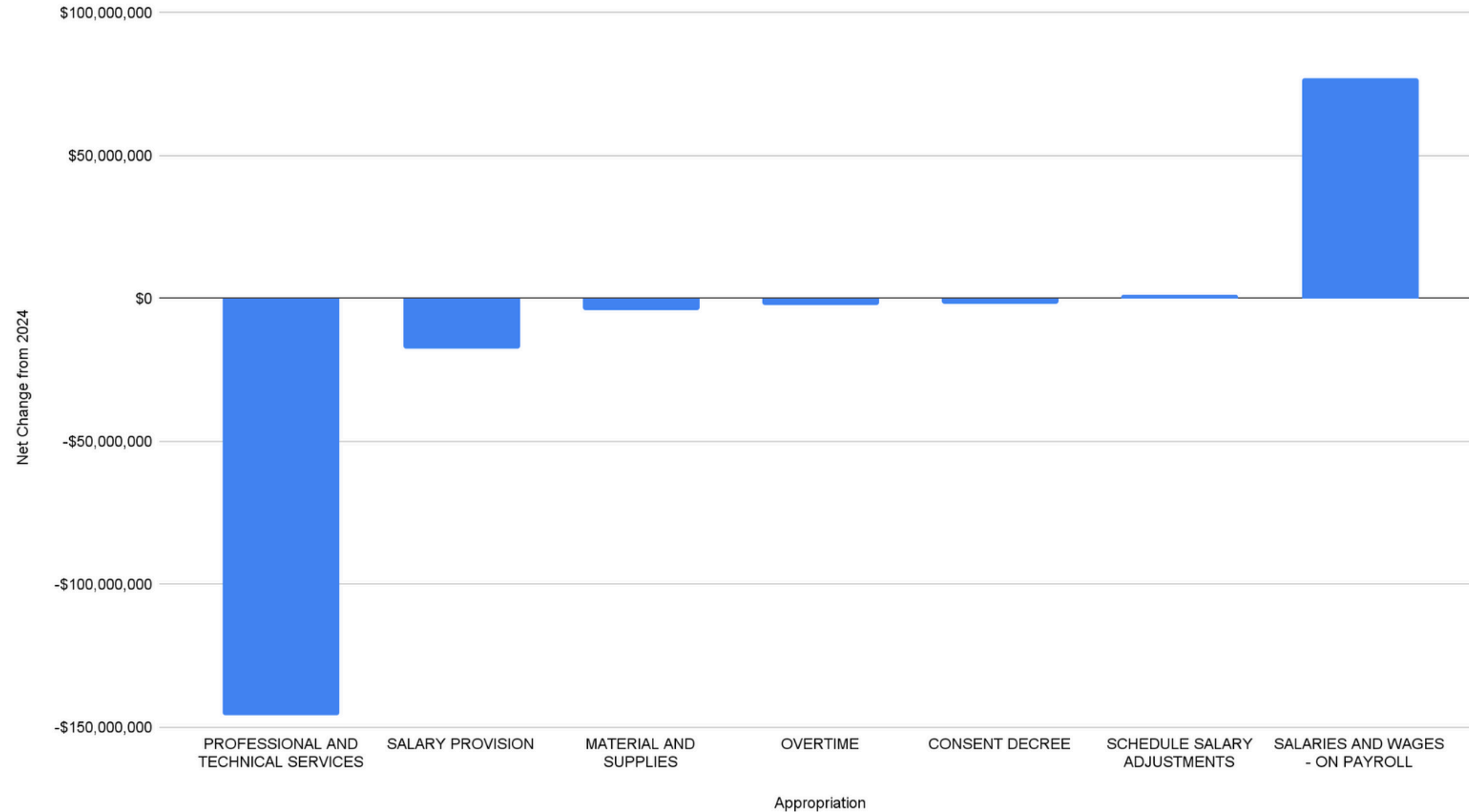
Largest Appropriations: CPD

Top 10 Largest CPD Appropriations, 2025 Proposed Chicago Budget



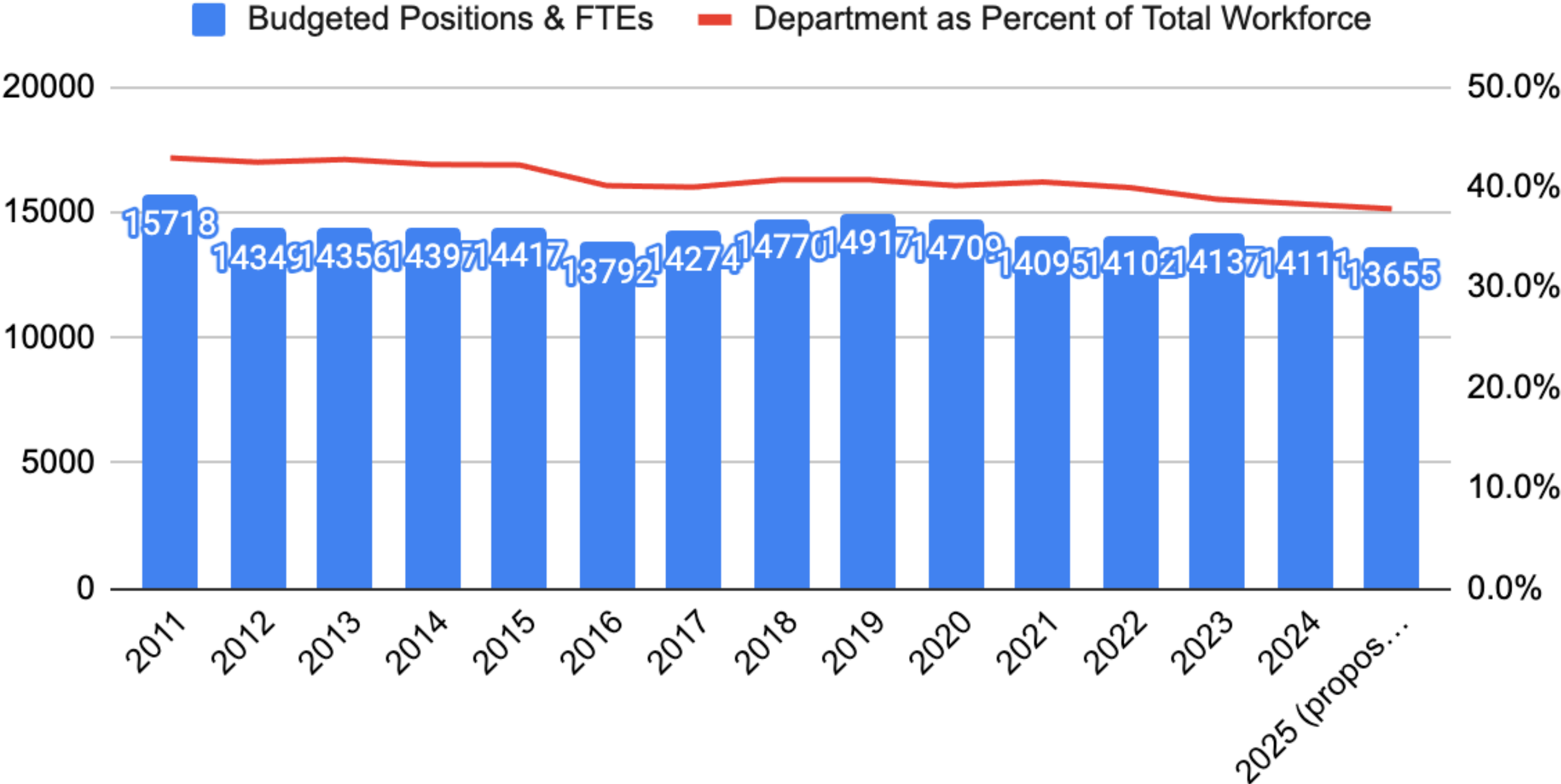
Major Appropriations Changes: CPD

Largest Net Changes in CPD Appropriations, 2024 to 2025 (proposed) Chicago Budgets



CPD Positions History

Chicago Police Department Budgeted Workforce, 2011-2025 (proposed)



Reduction in CPD Positions by Bargaining Unit

Bargaining Unit Name	2024 Budgeted Positions/FTEs	2025 Proposed Positions/FTEs	Net Difference	Percent Difference
AFSCME 31	704	493	-211	-30.0%
Exempt/Non-Represented	438	327	-111	-25.3%
Fraternal Order of Police 7	10988	10898	-90	-0.8%
SEIU 73 / IBEW 21	228	188	-40	-17.5%
Policemen's Benevolent & Protective Association of Illinois, Unit 156-Captains	39	35	-4	-10.3%

Reduction in CPD Positions by Division*

Division	2024 Budgeted Positions/FTEs	2025 Proposed Positions/FTEs	Net Difference	Percent Difference
Chicago Police Department	442	301	-141	-31.9%
Patrol Services	10640	10551	-89	-0.8%
Office of Constitutional Policing and Reform	582	503	-79	-13.6%
Bureau of Crime Control Strategies	312	257	-55	-17.6%
Bureau of Detectives	593	547	-46	-7.8%
Bureau of Counter-Terrorism	1284	1238	-46	-3.6%
COPS Hiring Program	150	150	0	0.0%
Edward Byrne Memorial Justice Assistance Grant (JAG)	7	7	0	0.0%
Improving CPD's Response to Domestic Violence Sexual Assault and Stalking	1	1	0	0.0%
Office of the First Deputy	66	66	0	0.0%
Transit Security	32	32	0	0.0%
Urban Areas Security Initiative	1	1	0	0.0%
Violence Against Women - Domestic Violence Protection	1	1	0	0.0%

*net reduction of 64 Police Officer positions across all titles/divisions

FY25 BUDGET SPOTLIGHT: CPD

- **Overtime:** The City spent \$293 million on CPD overtime in 2023. The City spent \$129 million on overtime for CPD during the first 6 months of 2024 — almost 30% more than was budgeted — and is on pace to spend over \$250 million by the end of the year.
- **Lawsuits:** The City spent \$150.8 million on police misconduct lawsuits and settlements last year.
- **Workforce Allocation Study:** Determine how officers are efficiently and effectively deployed across the city
- **Consent Decree Compliance:** Increase compliance with consent decree; CPD has so far complied with only 7%

Chicago keeps old budget for CPD legal defense as actual costs soar

Appropriations and expenditures (in millions of dollars) for Police Department settlements, court losses, outside counsel and other legal expenses



Note: The 2025 figure is a Mayor Brandon Johnson recommendation. The City Council must pass a budget by Dec. 31.
Source: Annual budget recommendations, Chicago Office of Budget and Management.
Visualization: Chip Mitchell/WBEZ.

Our goal is to refocus CPD efforts on core functions of investigation, apprehension, and emergency response.

FY25 BUDGET: REVENUE + EFFICIENCIES

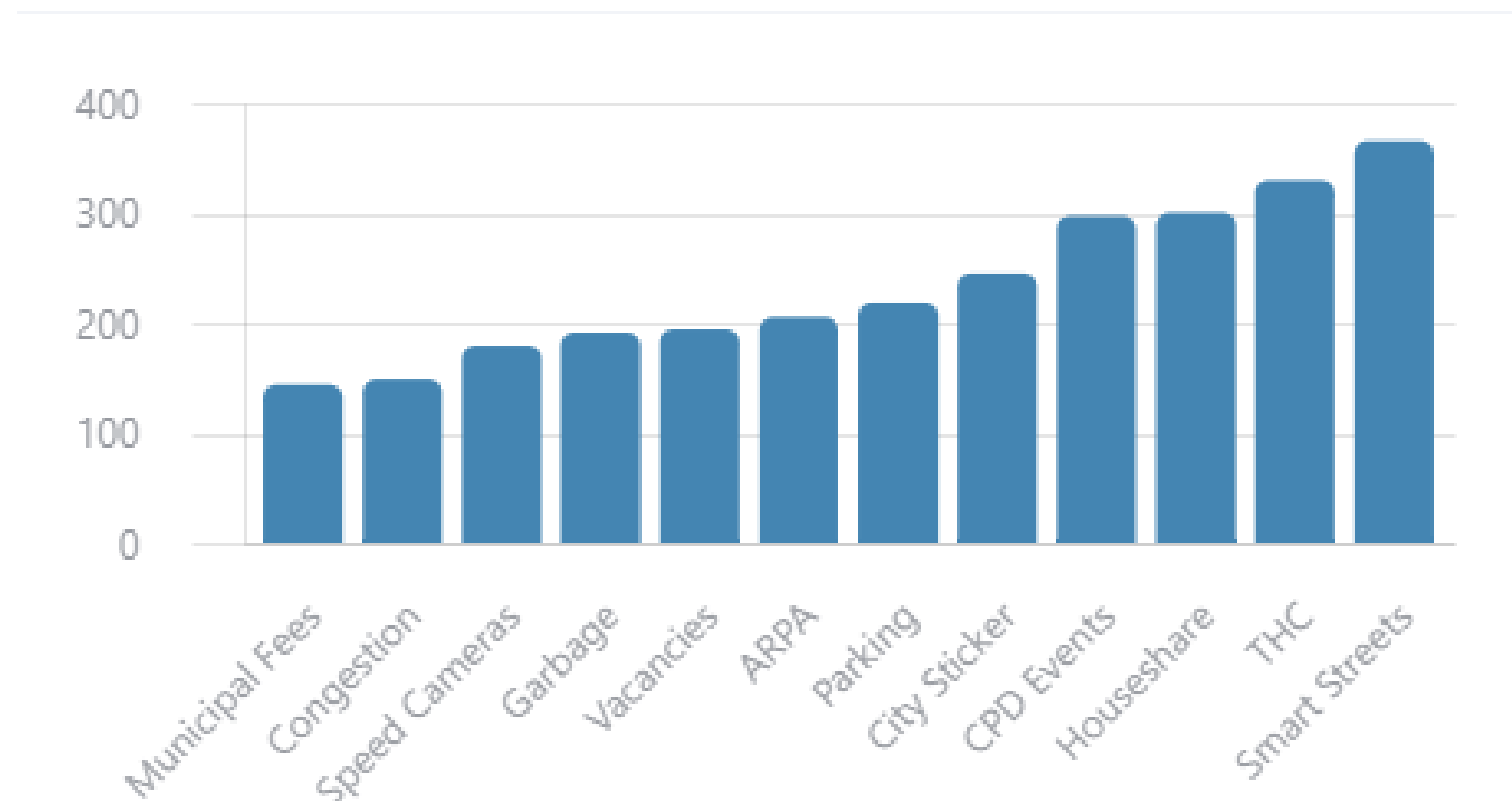
Revenue and efficiencies for FY25 budget:

- Hemp beverage tax
- Cloud computing
- Streaming services
- Houseshare surcharge
- Garbage haul fee
- Water bottle tax
- ARPA program efficiencies
- Additional vacancy eliminations + potential staffing efficiencies

Future potential revenue and efficiencies:

- Reducing CPD event overtime
- Expanding Smart Streets pilot

Revenue : Support or Strongly Support



Top ranked potential revenue sources from 40th Ward survey respondents

FY25 BUDGET MANAGEMENT

Accountability + Transparency

- **Expand City Council oversight** through the Council Office of Financial Analysis (COFA) to:
 - Provide budgetary analysis on legislation
 - Provide reporting on key budget metrics like vacancies over time, revenue estimation, and grant funding opportunities
- Establish **Quarterly budget update hearings**
- Move forward on **CPD Workforce Allocation Study**, and lay groundwork for similar **audits across departments**
- Perform **cost-benefit analysis** of special events (e.g. NASCAR)

It's your money. You should have a voice in how it's spent.

FY25 BUDGET: PROPERTY TAXES

2025 Property Tax Levy Impact Scenarios								
Home Value	\$100,000	\$150,000	\$200,000	\$250,000	\$300,000	\$350,000	\$400,000	\$500,000
2023 Tax Bill	\$1,480	\$2,545	\$3,606	\$4,600	\$5,697	\$6,564	\$7,560	\$9,941
\$300M Increase	\$1,552	\$2,608	\$3,781	\$4,822	\$5,973	\$6,882	\$7,922	\$10,422
\$ Impact	\$72	\$123	\$175	\$222	\$276	\$318	\$362	\$481
% Impact	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%
\$200M Increase	\$1,534	\$2,637	\$3,736	\$4,766	\$5,902	\$6,800	\$7,832	\$10,299
\$ Impact	\$47	\$81	\$115	\$147	\$182	\$218	\$242	\$318
% Impact	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
\$150M Increase	\$1,525	\$2,621	\$3,714	\$4,738	\$5,868	\$6,761	\$7,787	\$10,239
\$ Impact	\$36	\$61	\$87	\$110	\$137	\$158	\$181	\$239
% Impact	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%
\$100M Increase	\$1,516	\$2,607	\$3,693	\$4,711	\$5,834	\$6,722	\$7,741	\$10,180
\$ Impact	\$24	\$41	\$58	\$74	\$91	\$105	\$121	\$159
% Impact	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%

Chicago's credit rating risks being downgraded without additional structural revenue, so there is a chance the City may pursue a smaller property tax increase to remain financially stable.

Questions?

FY25 BUDGET: NEXT STEPS

- ✓ Follow @40thWard on Instagram for daily budget debriefs
- ✓ Visit 40thward.org/blog for weekly budget analysis
- ✓ Email info@40thward.org with feedback, ideas, and questions
- ✓ Subscribe to the 40th Ward newsletter for weekly updates

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Accessible. Transparent.
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