



City of Chicago



Property Taxes in Chicago

December 11, 2019

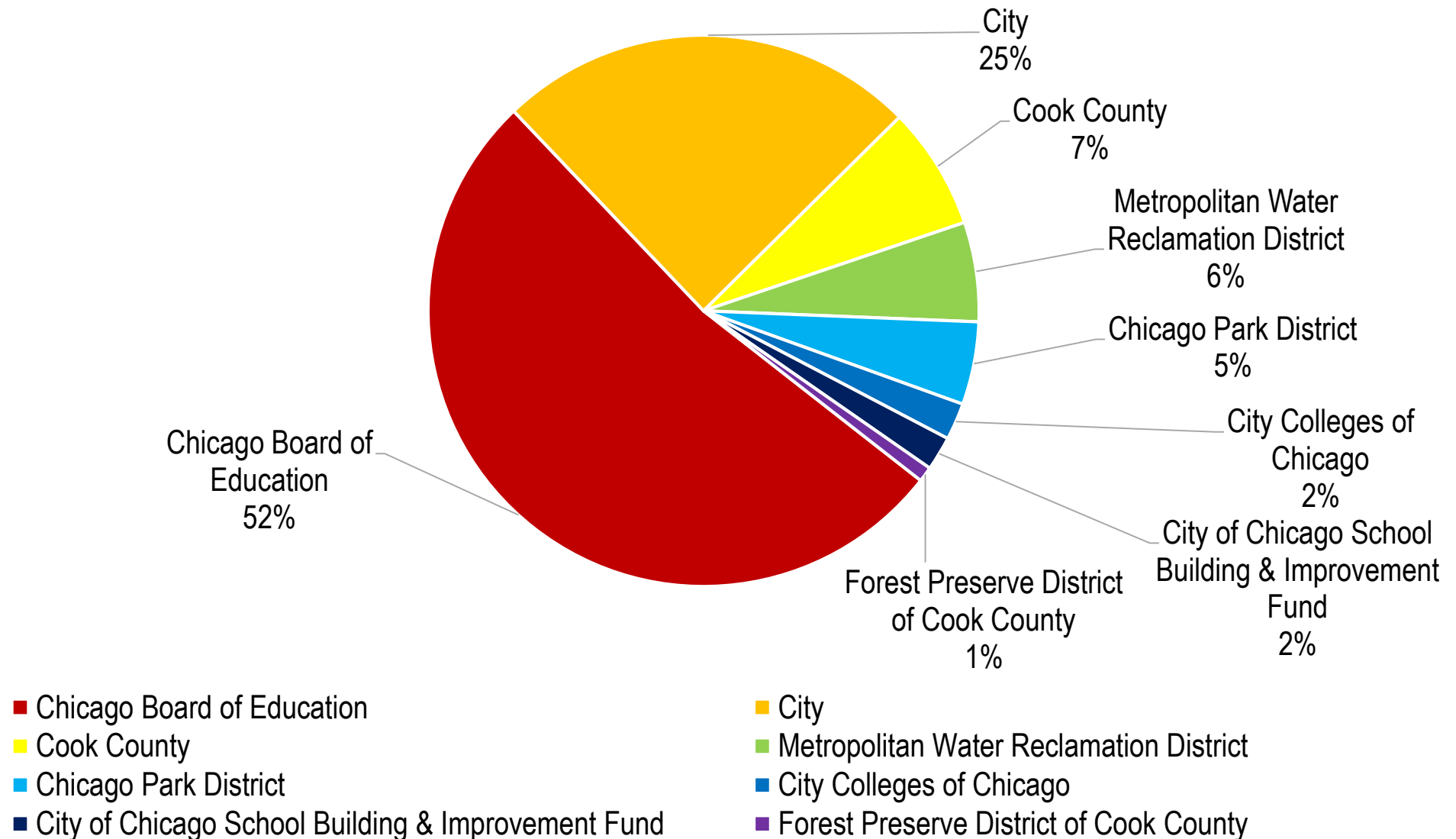


City of Chicago Property Taxes: Overview

- The City of Chicago and Chicago Public Schools account for 77% of all property taxes in the City
- City and CPS finances have stabilized in recent years
- The City and CPS have had their ratings either affirmed or upgraded by the rating agencies
- CPS has a new funding framework that creates long-term funding stability for major fixed costs
- The City still faces challenges ahead with upcoming labor contract negotiations and the ramp to actuarial funding for the Municipal Employees and Laborers Pension Funds
- We have a financial plan to surmount these issues, including new revenue from casinos
- The 2020 budget made significant progress
 - Climbed the ramp to actuarial funding for Police and Fire pensions
 - Structural balance: 60% structural balance in 2020 and a roadmap to full balance by 2022
 - Stuck to our values and made additional community investments
 - No property tax increase
- The balanced 2020 budget was reform-based with many structural efficiencies expected in outyears
 - Workers' Compensation reform
 - Enterprise risk and settlements and judgments
 - \$537 million in savings and efficiencies



The City and CPS Account for 77% of the Levy in the City

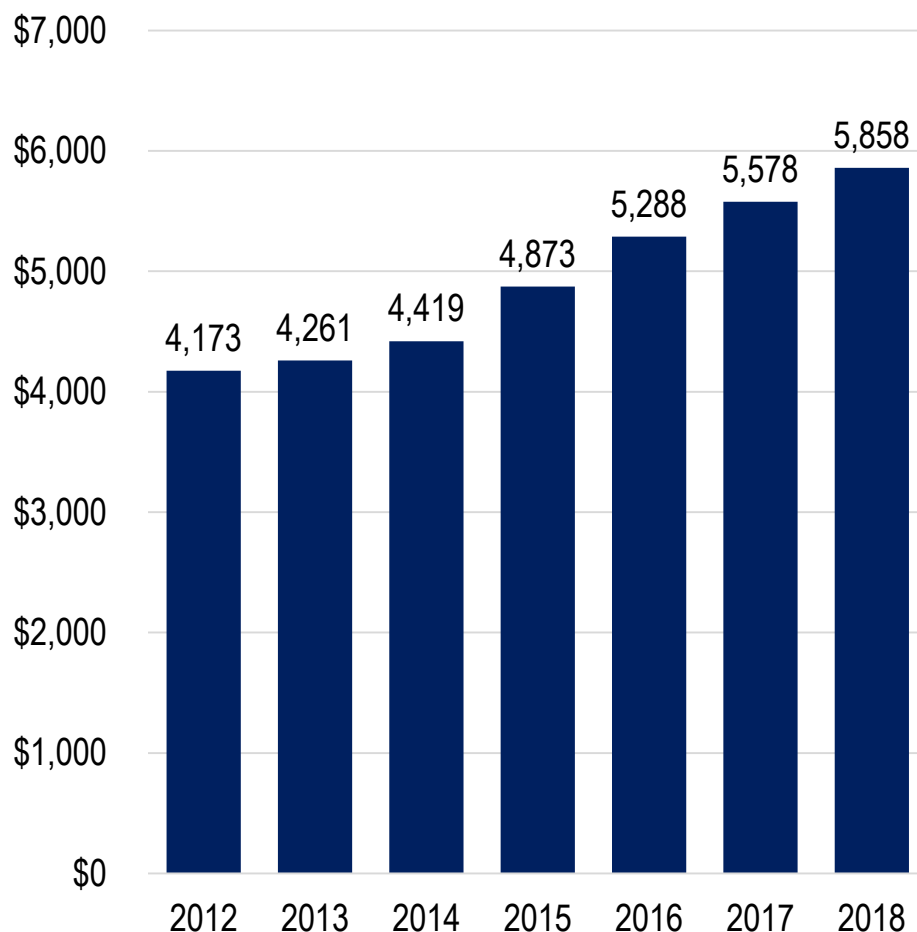


Source: Cook County Clerk's Office.

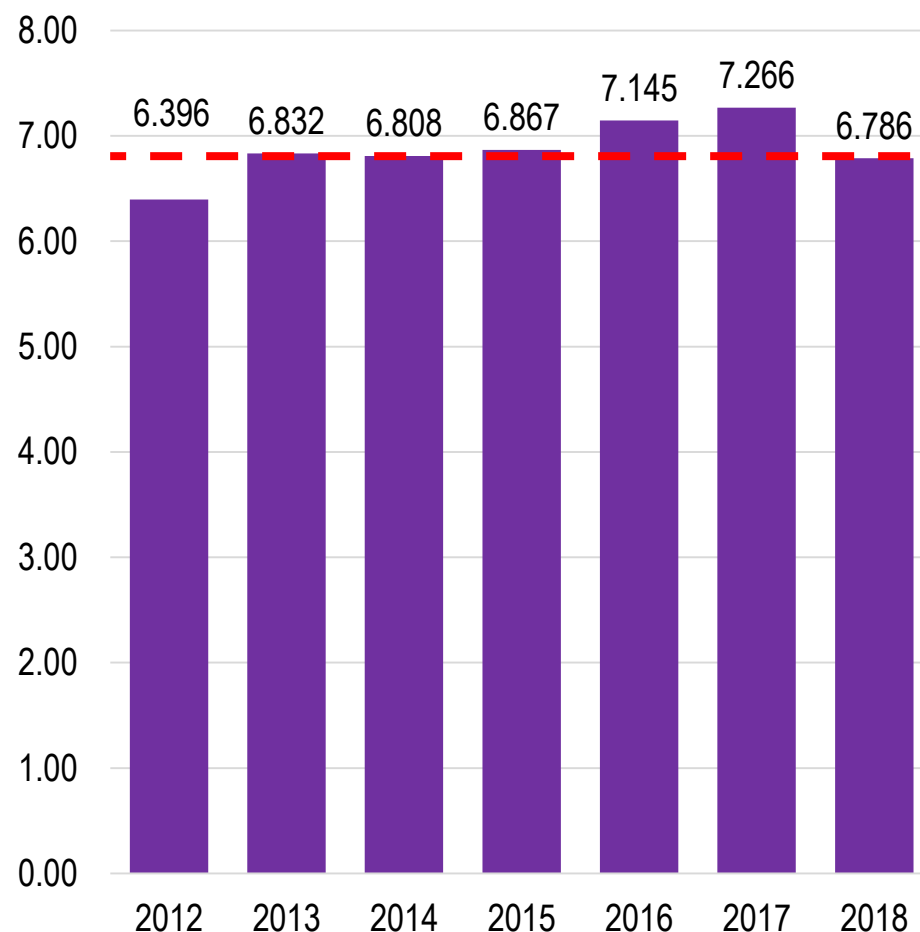
While The Total Levy Has Steadily Increased, the Tax Rate Is at Its Lowest Since 2012



Total Levy (in \$ millions)



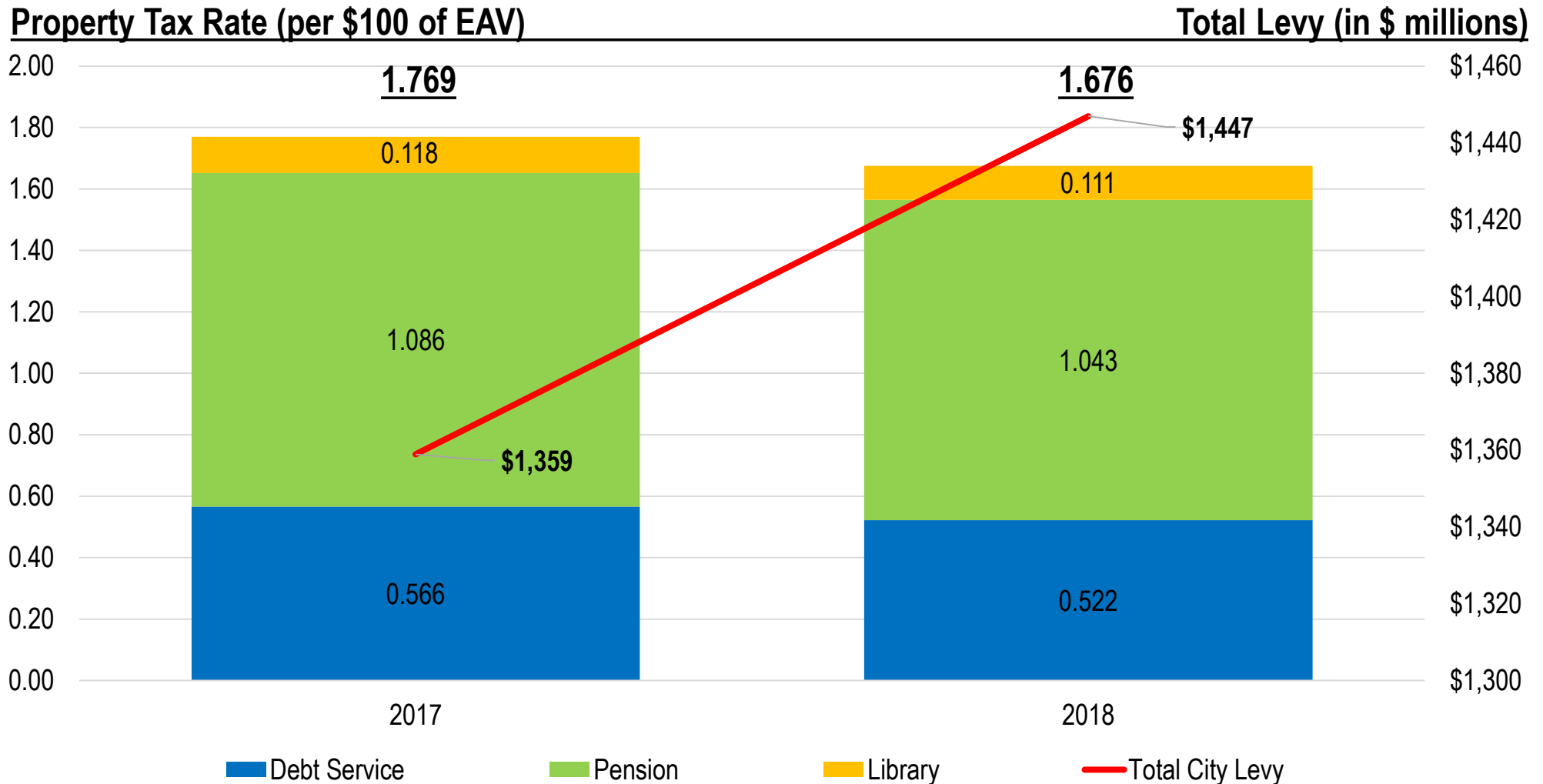
Property Tax Rate (per \$100 of EAV)



Source: Cook County Clerk's Office.



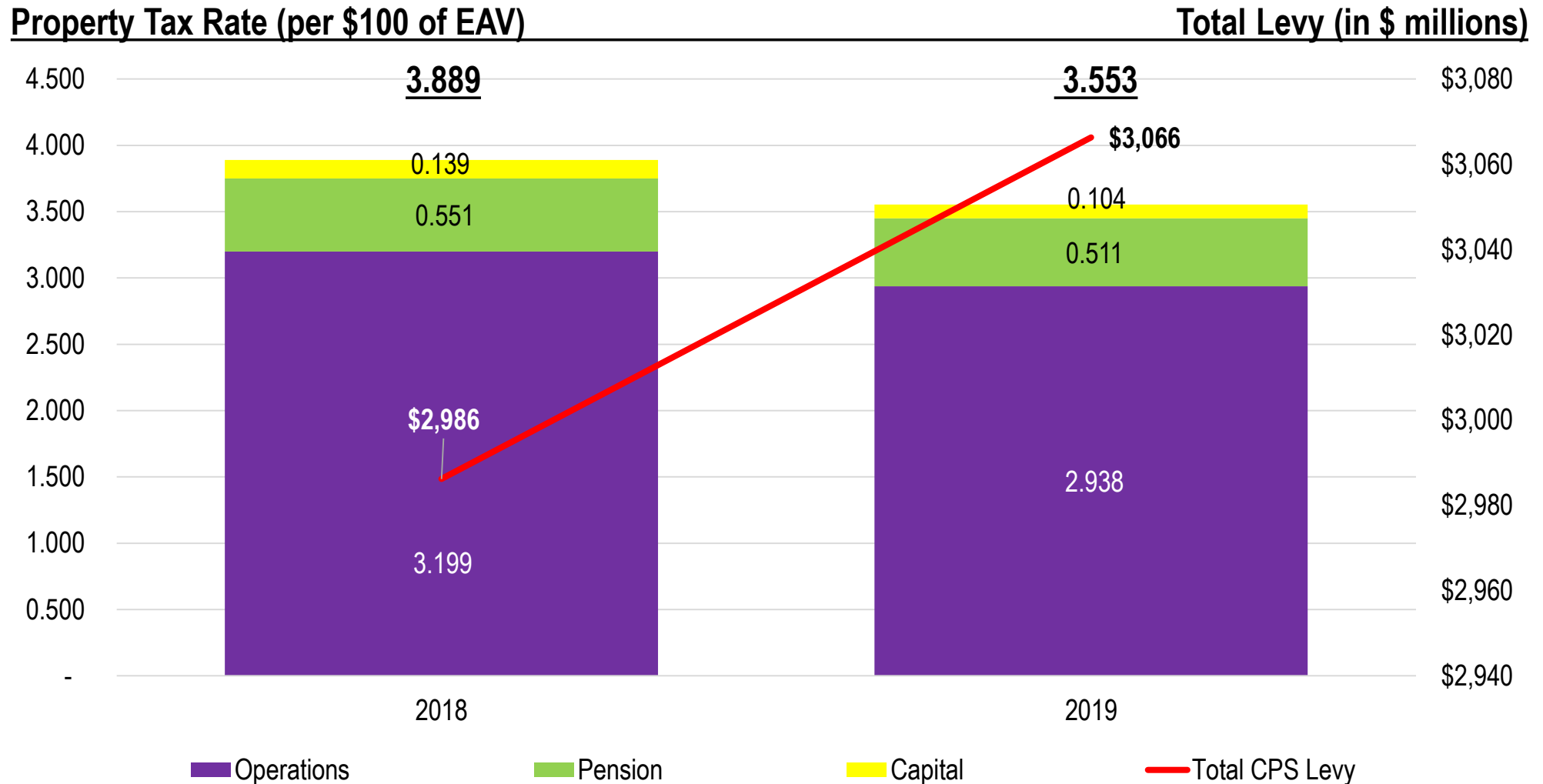
The City Levies for Debt Service, Pensions, and the Library



Source: Cook County Clerk's Office.



CPS Levies for Operations, Capital, and Pensions

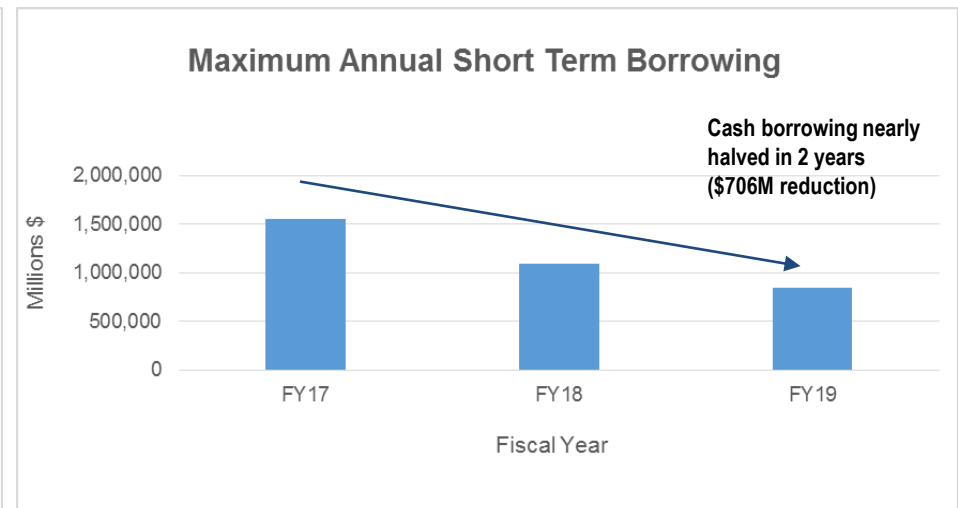
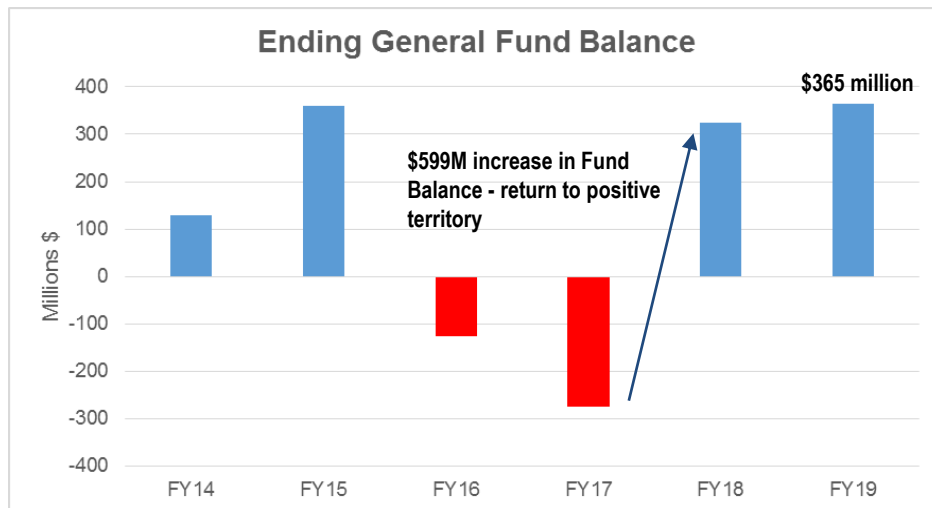
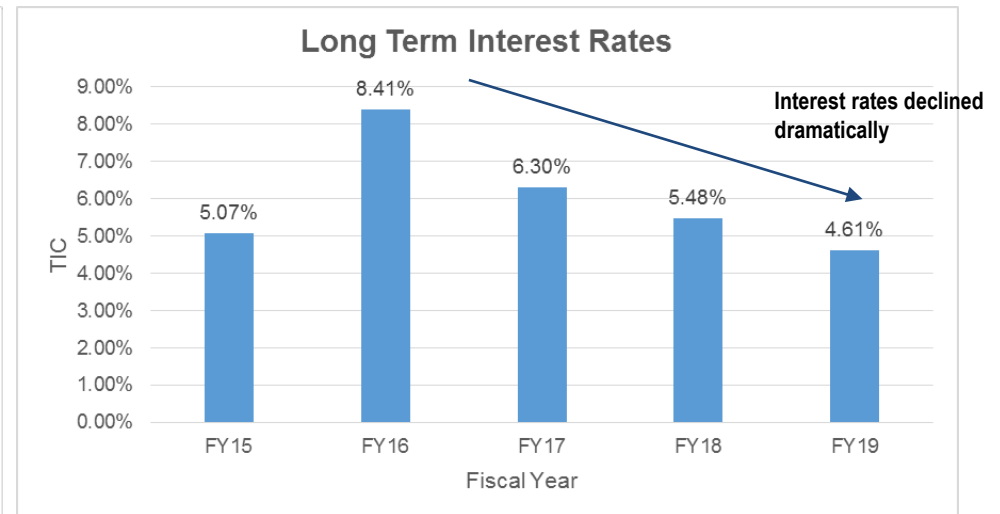
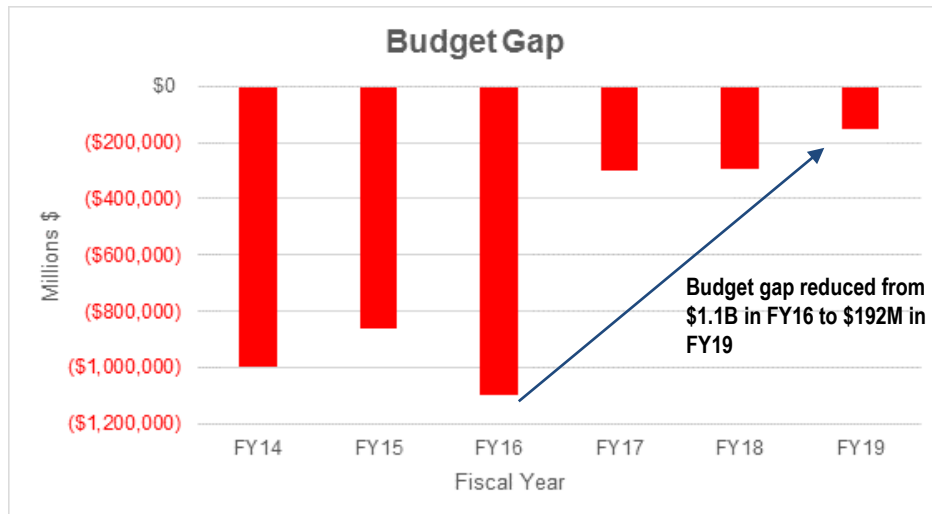


Source: Cook County Clerk's Office. The Capital Improvement Levy was levied for the first time in 2015; the Pension Levy was levied for the first time in 2016.

CHICAGO PUBLIC SCHOOLS FINANCIAL UPDATE



CPS' Improving Financial Condition – By the Numbers



CPS Has Structurally Increased Its Revenues by \$904M Over the Past Two Years



FY17: CPS secured \$454M in new structural revenues

- \$250M new pension levy which will grow based on EAV
- \$102M new Equity Grant from the State within GSA, held harmless in P.A. 100-465
- \$74M GSA hold harmless which will continue with P.A. 100-465
- \$28M increase in the Early Childhood Grant

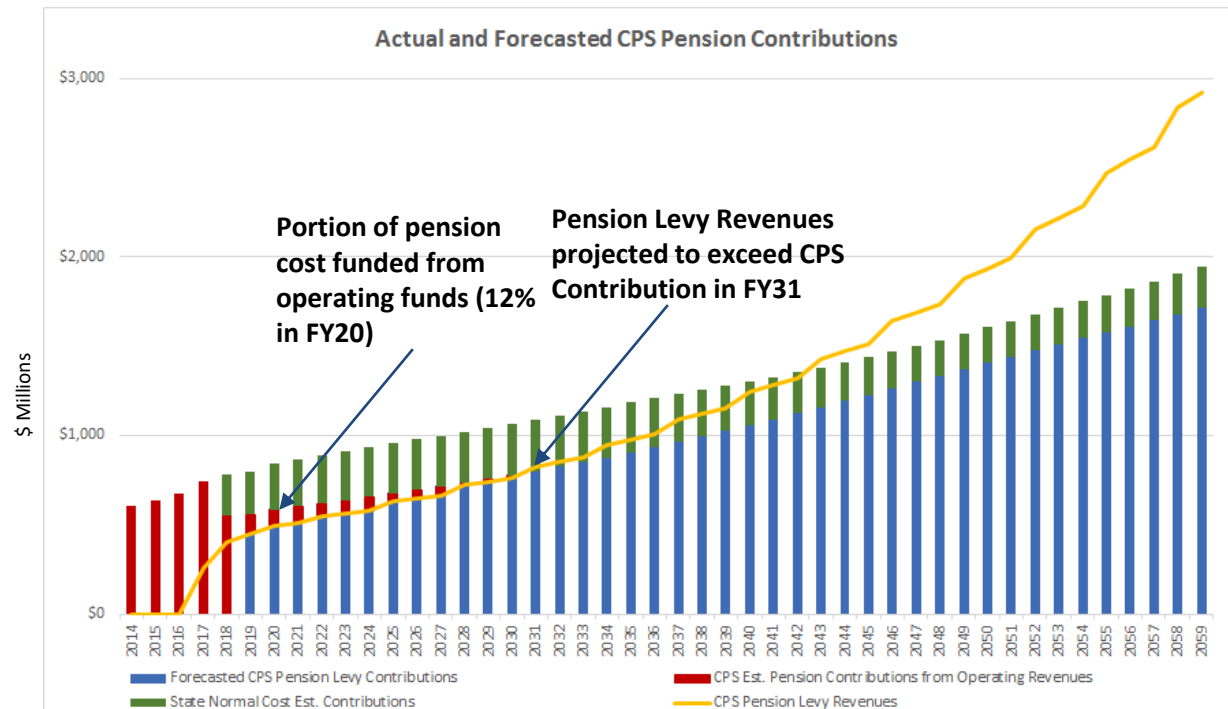
FY18: P.A. 100-465 increases structural revenues by \$450M over FY17 revenues

- \$221M State pick-up of normal cost
- \$130M property tax levy for pension which will grow based on EAV
- \$76M new formula funding
- \$19M early childhood and \$4M other

Dedicated Revenues Expected to Cover CPS Employer Pension Contribution by FY31



- The Evidenced Based Model funding formula includes the normal cost as a factor in providing additional educational funding
- Funding sources for \$855M FY20 Required Employer Contribution
 - \$492M funded from pension levy (intercepted by the CTPF)
 - \$257M funded from State (normal cost contribution + healthcare)
 - \$106M funded from CPS operating funds (12%)
- Dedicated revenues are projected to fully cover the annual pension contribution by FY31
- In the meantime, CPS has included the full statutory ARC in its balanced budget which, if done annually, allows for a 90% funded status by FY59

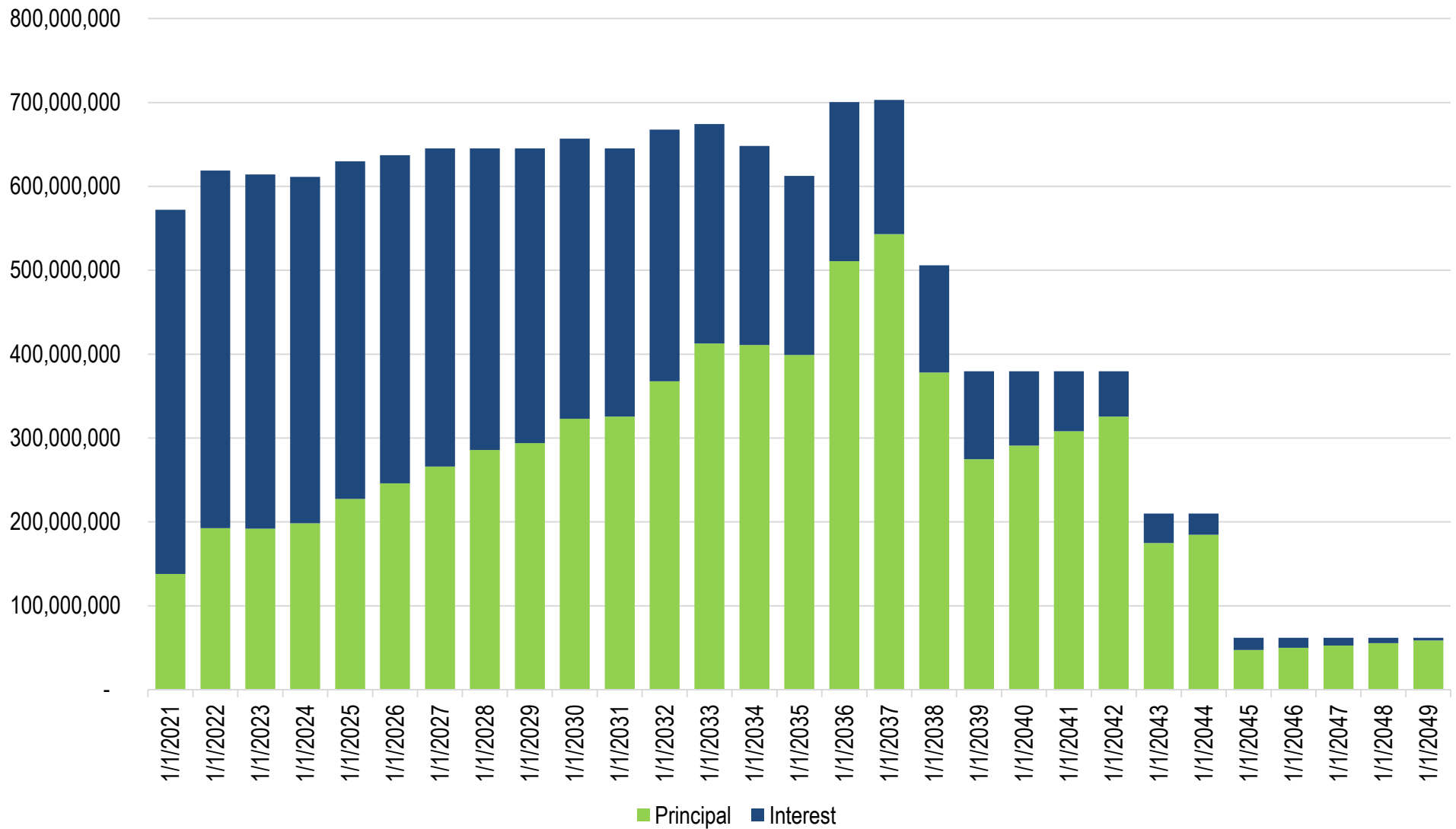


Source: Chicago Teachers Pension Fund (CTPF) Actuarial Report, FY2018.

CITY OF CHICAGO FINANCIAL UPDATE

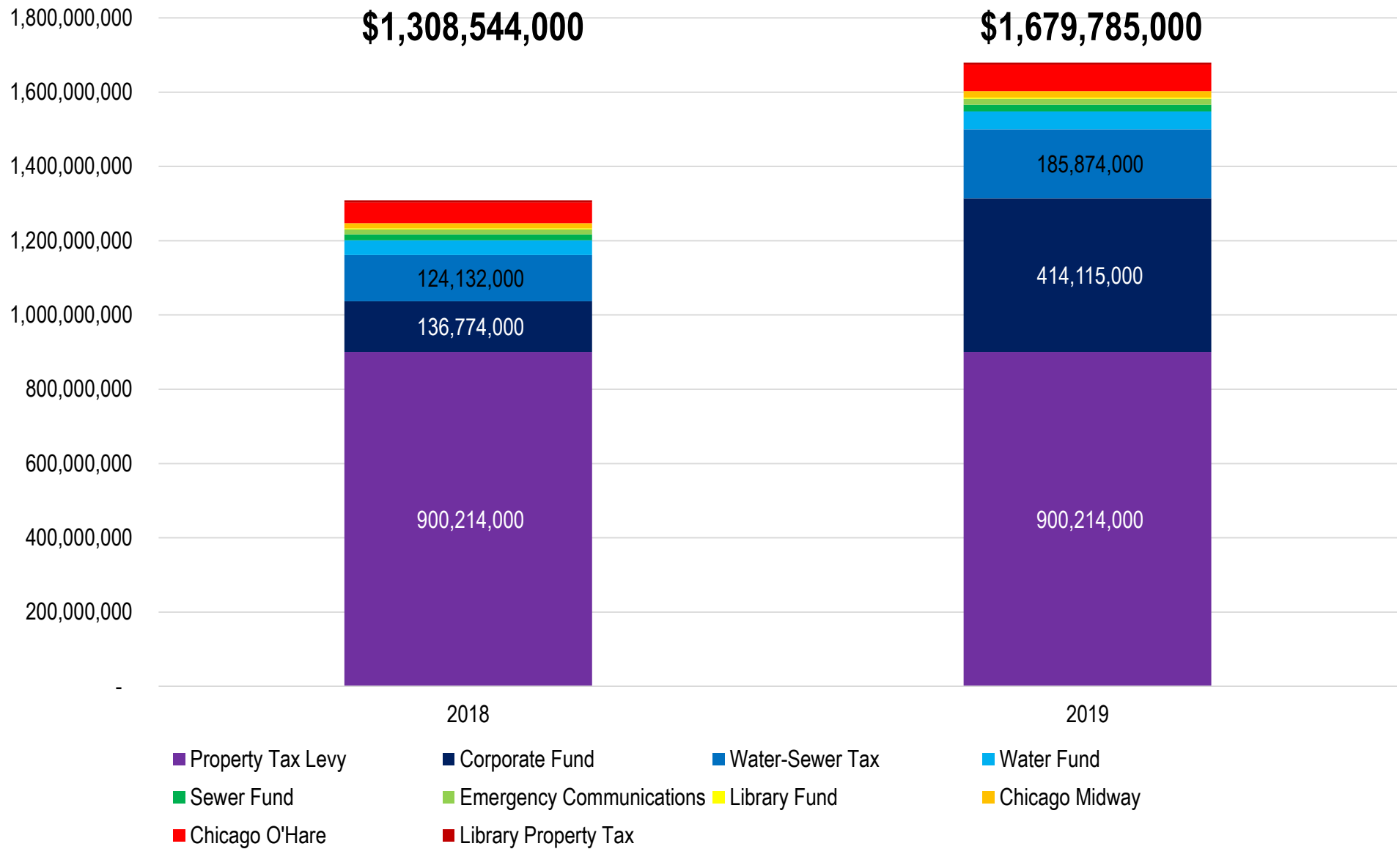


City's Overall Debt Service Schedule





City's Pension Contributions





\$838M Budget Gap Was Largest in the City's History



EXPENDITURES



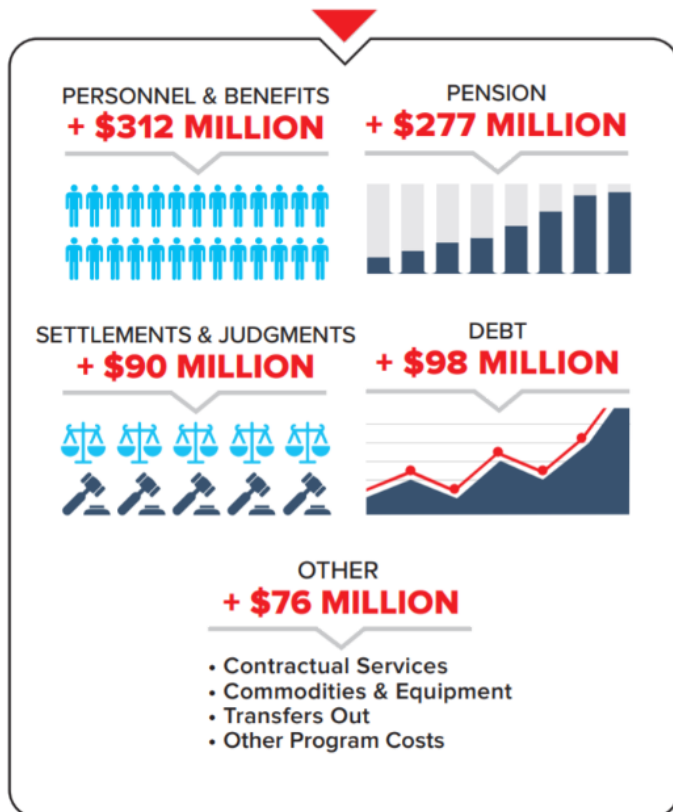
REVENUES



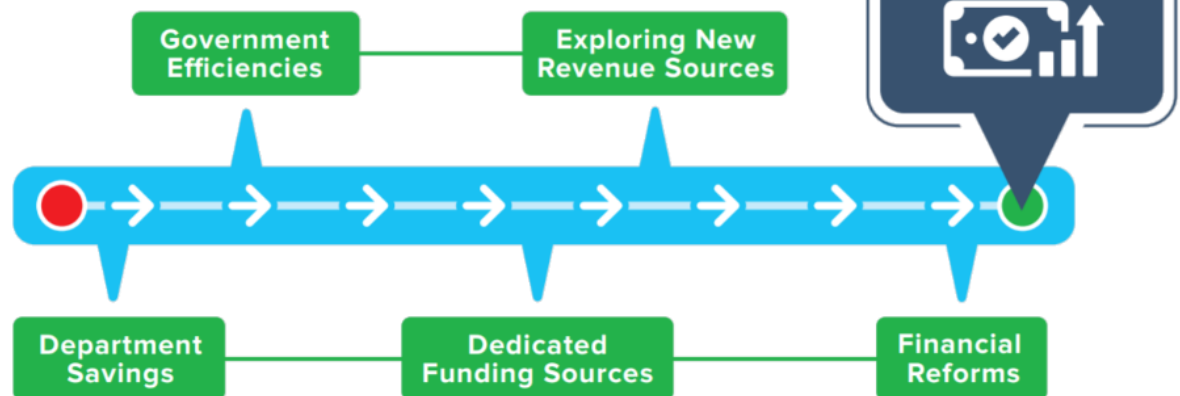
\$838 MILLION
ESTIMATED
STRUCTURAL
BUDGET GAP

Expenditures increasing by
\$853 million over **2019 Budget**

Revenues increasing by
\$15 million over **2019 Budget**



POTENTIAL GAP CLOSING SOLUTIONS:





\$838M Budget Gap Addressed with 60% Structural Solutions

