



## **2023 Budget Address [AS PREPARED]**

**October 3, 2022**

### **SECTION 1: INTRODUCTION – STAYING THE COURSE**

- **Over the last three and a half years, our city, our government and our people have faced unprecedented challenges.**
- **Our entire way of life has changed and we are still finding our way to our new normal. And as we continue to put the pandemic in the rearview mirror, our city is as strong and resilient as ever before and our future is very bright.**
- **Budgets passed by this body have consistently met the moment, and the challenges we have faced, by providing our residents with the support they needed, when they needed it.**



- **Along with me, every year, a majority of this body has made the tough but necessary decisions to continue our journey to be the true fiscal fiduciaries that the job demands, to meet our pension obligations, to end scoop and toss, and in the process, to close historic budget deficits.**
- **First, we closed a \$838 million deficit left by the previous Administration, and then a COVID-19 induced deficit of \$1.2 billion.**
- **We met each of those challenges without cutting services and without cutting employees.**
- **I want to thank each and every one of you who joined me in making those tough calls, put aside the politics and worked not just as advocates for your wards, but as fiduciaries for the entire City. All of our residents have and will continue to benefit from your thoughtful and intentional stewardship.**
- **But as you know, budgets are not just math problems, they are and should be value statements. Value statements about how and why we invest, and importantly, in this City, where we invest.**



- **From my first official words as the 56<sup>th</sup> Mayor of this City, I have challenged us all to see the whole City – the beautiful mosaic that we call home.**
- **All 77 neighborhoods and especially those that have historically been neglected for far too long. I have and will continue to be unapologetic about the need to invest south of Roosevelt Road and west of Ashland.**
- **All of our children have a right to see, feel and touch the richness that one of the wealthiest cities in the world has to offer.**
- **Let me remind you again – neglect is not cost free. Neglect is not only morally wrong, but it is also fiscally foolish as we have come to know in this city all too well.**
- **We have all been carrying a heavy burden for our decades of neglect, whether we want to acknowledge it or not.**



- **It shows up in the billions that we have spent on policing and incarceration instead of pouring a fraction of those dollars into better schools, affordable housing, jobs and infrastructure.**
- **It shows up in the trauma that shrouds too many of our homes and neighborhoods and chokes off the dreams and aspirations of individuals and communities.**
- **What I have asked this body to do over three prior years and now again today with a fourth successive budget is to be bold with me. To continue to right historic wrongs so that all of our residents who call this beloved city home will benefit and be able to fulfill their God-given potential.**
- **As a result of coming together and working in collaboration, we have scored historic wins for our residents in these past three budgets:**



## **DEBT**

- **Getting our fiscal house in order is foundational to all of the other investments that we want and need to make for our residents.**
- **Over and over again, with your collaboration, we have changed historic financial practices by living within our means so that we can end the practices of compelling the taxpayers to bail us out of our fiscal mismanagement.**
- **Last year, we climbed the debt ramp by ending scoop and toss. Now, we are paying down our total outstanding debt.**
- **Thanks to better cash flow management, I am proud to share that we have also lowered the City's general fund debt by \$340 million and saved \$22 million by eliminating a \$1 billion line of credit at the start of my term.**



- **By fiscal year 2023, we will have reduced our outstanding debt by \$866 million and will be able to use those savings to continue fixing our roads, bridges and shores through the Chicago Works capital plan and developing safer and more resilient communities with the Chicago Recovery Plan—our equity-based investment strategy that includes \$1.9 billion from the American Rescue Plan Act and \$660 million in local bond funds. This infrastructure work benefits every resident in every neighborhood. That is a big win for our residents.**

## **PENSIONS**

- **Our pension obligations are real. Not a nicety, but a necessity for us to meet because essential workers who kept us safe and provided City services during the pandemic and more are depending on us to keep our historic promises to them.**
- **This city is home to over 23,000 pensioners who collectively dedicated over 900,000 years of service to our city.**



- **These are daughters and sons of Chicago who worked day in and day out to protect our city and keep it running. In return for their service and sacrifice, we promised them a pension. So, fulfilling our pension obligations is sacrosanct.**
- **I am proud to say with the 2022 Budget, we were able to finally climb the \$1 billion ramp to actuarial-based funding. Moreover, for the first time in our city's history, we are now paying an actuarially calculated pension contribution for all four of our pension funds.**
- **This means that we have started to make the minimum payment on our pension credit card and have slowed the climb of our pension debt.**
- **Additionally, for the first time in 15 years, we are actually increasing the assets we have to cover our pension liability or the pension funded ratio. This is another historic win for our pensioners – the police, fire, laborers, City and other municipal employees who continue delivering for our residents as public servants and depend on the pensions they are earning every day.**



- **While we're on pensions, we can't forget the work that we've done to secure \$2 billion of casino revenues for the police and fire pension funds as well as \$2 billion to the State of Illinois to fund capital projects across the state.**
- **After three decades of pursuit, this casino will generate 3,000 construction jobs, 3,000 operating jobs and is one of the most equitable casino projects in the country.**
- **While we have been getting our fiscal house in order, we have also been making transformative investments in people and places.**
- **This work begins internally. For example, recently, we announced paid parental leave for all City employees.**
- **Under this new policy, all City employees will receive up to 12 weeks of paid parental leave regardless of whether they are the birthing or non-birthing parent. This will ensure parents have time to bond with their new child, heal from birth and receive their City wages.**





- **Externally and every year, we have also continued to make meaningful investments in overall community safety.**
- **Recognizing that public safety must be data driven, and involve deep community collaboration, we are doing the work to have the best trained, constitutionally driven police force and are creating alternative forms of crisis response – all while also recognizing that lasting peace only comes through investing our way out of the root causes of violence and not just arresting our way out the problem.**
- **Study after study tells us that the built environment, and specifically public infrastructure plays a key role in community safety.**
- **The Chicago Department of Transportation's work in improving streets and alleys and lighting plays an important role in helping us combat crime. Since the investments in the Chicago Works plan, CDOT has paved 262 miles of streets, and alleys, and installed 280,000 smart lighting fixtures all across our city—saving us \$100 million over 10 years.**



- **This has been particularly important in our most neglected communities, where deferred maintenance meant poor lighting and potholes and crumbling streets were the norm.**
- **Overall, just with Fiscal Year 22's budget alone, we have made over \$400 million in investments across various initiatives to enhance community safety through supports for our police officers and the department's infrastructure, officer wellness.**
- **We have also made dramatic increases in investments for violence prevention in programs such as street outreach, which was less than a mere \$1 million when I took office and is now at 15 times that at \$52 million in addition to the investments funded through the Chicago Recovery Plan per year.**
- **We have also invested in supports for community organizations, block clubs and addressing quality of life concerns that are magnets for crime.**



- **This includes an \$87 million investment in the largest vacant lot clean-up program in the City's history and one of the largest in the country. Research has shown vacant lot clean-up programs to have significant impacts in reducing gun violence and increasing communities feeling safe.**
- **We have also made deep investments in our youth and their families by, for example, connecting our young people to safe and productive activities in their out of school times, summer jobs and year-round youth employment.**
- **We have also not ignored the trauma and mental health concerns that afflict way too many people across our city. Beginning with our first budget in 2019, we have increased mental health funding more than seven-fold, as the mental health budget then was \$12 million and as of 2022, is now \$89 million.**
- **Prior to this Administration, City funding served approximately 2,500 people a year, we are on track this year to serve approximately 60,000 people with free mental health services.**



- **Importantly, we are now serving youth and children for the first time. We owe all of the practitioners in our continuum of care a deep amount of thanks and gratitude.**
- **Through their hard work and collaboration, our goal is to expand community-based centers of care to all of our 77 neighborhoods by year's end, and we are well on our way.**
- **We also know that a critical part of violence prevention is making sure that there is access to the legitimate economy for all of our residents.**
- **Through our economic initiatives like INVEST South/West, the enhanced and improved Neighborhood Opportunity Fund, and the work of the Chicago Recovery Plan, we are on track to infuse our neighborhoods, small businesses and nonprofit organizations all across the City with approximately \$2.3 billion dollars of investments.**



- **These dollars are a breath of life to the recipients who hire locally, provide needed services and are themselves a source of vibrancy in neighborhoods.**
- **When we talk about community violence, we must also talk about the scourge of gender-based violence. Gender-based violence is a public health crisis and it is also a core component of both our violence reduction plan.**
- **That's why we published the first-ever Strategic Plan to address gender-based violence and human trafficking last year and dedicated \$35 million of last year's budget – a 300% increase since 2019 – to support new and existing investments that provide assistance to survivors of gender-based violence, including emergency funds, legal assistance, mental health resources and other care coordination services.**
- **I also believe that one cannot talk about community safety without recognizing and supporting the needs of our returning citizens.**



- **Each year, thousands of individuals return to our neighborhoods having served their time at the Illinois Department of Corrections or Cook County jail.**
- **Our choice is clear: do nothing and hope that these individuals do not return to a life of crime, or help them truly return home by giving them a pathway to the legitimate economy and a better life with a future.**
- **We have chosen to invest in our returning citizens. That's why, in addition to investing \$10 million in a Re-Entry Workforce program to expand workforce training opportunities for formerly incarcerated individuals to attain employment and other stabilization services, we also released "A Roadmap for a Second Chance City" earlier this year, which features key recommendations for actions the City and our partners across sectors must take to reduce barriers to healthcare, housing and economic mobility of returning residents.**



- **Also, earlier this year, we hired Willette Benford as our Director of Reentry. Willette, who is a returning resident herself, now leads the City's reentry work from the Mayor's Office to coordinate citywide efforts to strengthen our supports for returning residents and make sure the \$10 million invested in the Chicago Recovery Plan has maximum impact.**
- **We have also made consistently strong commitments to housing affordability and homelessness prevention. Stable, affordable housing, after all, is necessary in order for residents to live in safe, healthy, and vibrant communities.**
- **To further strengthen our social safety net for residents with housing needs, we dedicated more than \$155 million toward additional investments in affordable housing initiatives.**
- **Then, in December 2021 and as direct result of the Chicago Recovery Plan's affordable housing investment, we announced the largest multi-family investment round in Chicago's history.**



- **This will enable us to develop \$1 billion—yes, billion with a “B”—in new housing and represent 2,500 new and preserved homes for low- and moderate-income Chicagoans. We currently have 52 affordable housing developments in our pipeline, all scheduled to close between now and 2024.**
- **And similarly, we have and will continue to make significant strides toward addressing homelessness in our city.**
- **Each year, between 15,000 and 20,000 Chicagoans access services while experiencing homelessness. COVID-19 has not only increased the vulnerability of individuals experiencing homelessness, but it has also magnified the economic stressors that put people at risk of losing their housing.**
- **That’s why in the Fiscal Year 2022 Budget, we committed over \$200 million to expand services and housing opportunities for individuals experiencing homelessness and housing instability.**





- **We also know that there are a number of circumstances that lead to someone being homeless. So, we're also continuing to make investments across the continuum of prevention and response supports including shelter services, shelter infrastructure, outreach, prevention, rapid rehousing, wraparound services and permanent supportive housing.**
- **Folks, the investments we've made in affordable housing and in homelessness prevention, coupled with our targeted financial assistance programs are necessary steps toward ending the generational poverty that too many of our families struggle through. When these families have the tools they need to thrive, our entire city thrives.**
- **We have also stepped meaningfully into our role to create a more sustainable planet through investments in our environment, including ensuring that our city and our communities can withstand the threat of climate change.**



- **So far, we have invested \$188 million in this mission. This is the largest, one-time investment in climate mitigation, adaptation, and environmental justice priorities in the City's history and will help us set and implement bold, equitable, climate goals.**
- **We are making investments in shoring up our lakefront from north to south against threats posed by rising lake levels. We are making progress on our goal to plant 75,000 new trees to enhance our urban tree canopy. This is the largest tree planting initiative in the history of the City.**
- **And the biggest news recently is that back in August, I was proud to announce that the City signed an agreement with retail electricity supplier Constellation, in collaboration with Swift Current Energy, to purchase 70 percent of our renewable energy for all City facilities and operations by 2025.**



- **This agreement, which includes supplying Chicago with about 300 megawatts of new, Illinois solar power—enough to power our large electricity uses like O’Hare, Midway, and water pumping stations—allows us to achieve our citywide goal of transitioning all City operations to 100 percent renewable energy by 2025. It will also make a significant difference in our fight against climate change.**
- **These are some key examples of the investments that we have made. Importantly, every single one of these investments has been done with an eye toward equity and inclusion. And we now have the opportunity to do more.**
- **Now I know that some in our City, and even in this very body, think that making real the values of equity and inclusion is a fundamentally flawed strategy.**



- **To paraphrase one such skeptic, in his view, we do a disservice to the people who generate the revenues when we take from them, and invest in neighborhoods who have been starving for resources for decades.**
- **Of course, that worldview ignores the reality that in every neighborhood in our City, there are hard working people who contribute to our bottom line, to the best of their abilities, and are equally deserving of feeling the touch of City services that they help fund and living in safe, walkable and vibrant communities.**
- **Luckily, a majority of you have consistently rejected the views of the skeptics, and with this budget we propose today, I am calling on you one more time to stay the course, because the work that we have begun has been truly impactful. But, it is not finished yet.**



## **SECTION 2: CLOSING THE GAP**

- **At no point over these past three plus years have we shied away from making tough choices nor have we shirked our duty to being prudent fiscal stewards. Because of that dedication, our anticipated 2023 Budget Gap is among the lowest in recent memory: \$128 million.**
- **As you will see when you dig into the proposed Fiscal Year 23 budget, to close this historically low gap, we again looked internally first to find solutions.**
- **We have also applied the first \$40 million we have received from the historic casino and all of those dollars are going toward reducing our public safety pension obligation.**
- **I am also happy to report that our 2022 and revenues are coming in \$260 million better than projected. What we have seen is that our city is coming back to life – people are coming back downtown for work and for leisure.**



- **Our restaurants and stores are starting to see better than pre-pandemic revenues. McCormick Place is again seeing growth in bookings for conventions and meetings.**
- **And businesses continue to make pro-Chicago decisions. Google's announcement that it would bring 3-5,000 new jobs to a redesigned Thompson Center is no fluke.**
- **Google joins 122 other companies that this year alone have made pro-Chicago decisions through either corporate relocations or significant expansions of their existing footprints.**
- **Companies with household names like Kellogg or Mars that could literally go anywhere in the world, are choosing Chicago.**
- **This list also includes lesser known, but no less important companies like EeroQ, a quantum computing start-up that has opened in Alderwoman Mitts' ward, which is taking advantage of Chicago's formidable advantage in quantum computing resources.**



- **Another example is Harvest Food Groups, which is investing \$60 million in a new food production facility. This facility will be located on an eight-acre plot of City land that has been vacant in Back of the Yards for over 15 years and represents an expansion that will create and retain over 250 new jobs.**
- **All of these economic data points have translated into an incredible rebound in our economy. Which then translates into markedly improving city revenues. Again, good news for our taxpayers.**
- **These improved revenues also helped us to close the gap for Fiscal Year 2023.**
- **As a result, in this budget we recommend forgoing the Consumer Price Index increase for one year because we are able to meet our pension obligations through these increased revenues.**
- **I must however, sound a cautionary note. As we have repeatedly emphasized, our pension obligations are real and continue to grow in the out years.**



- **We absolutely cannot return to the practices of the past where officials made the politically expedient, but fiscally disastrous decisions to forgo telling our taxpayers the truth about the work it takes to meet our on-going pension obligations which includes using the tool of modest property tax increases. Those days must permanently remain in the past.**
- **So yes, we have closed our gap and begun to pay the minimum payment on the City's pension credit card in a sense.**
- **But that doesn't mean we can run it up again. We will and we must continue to save for our future, as well as be good fiscal stewards of taxpayer dollars.**

### **SECTION 3: Fiscal Year 2023 INVESTMENTS**

#### **Continued Investments**

- **As you will see, this proposed Fiscal Year 2023 budget reflects our continued fulfillment of the historic investments that we began in our Fiscal Year 22 budget.**





- **We have moved faster than the City is used to in order to get the first three years of extraordinary funding out of the door. But as we know, the work continues.**
- **As you evaluate this proposed budget, you will see that we continue our commitments made in last year's historic and progressive budget.**
- **For example, we must continue making progress on combatting generational poverty. A key driver of the violence we're seeing in our communities is poverty, which encompasses the next set of investments I want to touch on.**
- **Poverty is a huge, heavy burden that prevents far too many of our residents from living and leading fulfilled and healthy lives.**
- **Many of the residents who are burdened by poverty are Black or Brown and live in communities on our South and West Side—communities that have faced historic disinvestment for decades upon decades.**



- **Ensuring these residents have what they need to not just survive, but thrive will create a ripple effect that not only improves their lives and access to opportunity, but also transforms the communities they call home, and inures to the benefit of our entire city as they'll be able to contribute back to their local economy.**
- **For these reasons, we developed a number of initiatives dedicated to putting more money in the pockets of residents who are struggling. One of these initiatives is the Chicago Resilient Communities Pilot, which works to directly reduce poverty by putting cash in the hands of those who need it most.**
- **This \$31.5 million cash assistance pilot, supported by the American Rescue Plan, is providing 5,000 households with \$500 per month for one year. It is also one of the largest monthly cash assistance pilot in the country by households served, and is a part of a larger, \$71 million investment we're making in targeted, financial legal assistance for underserved communities.**



- **The Chicago Resilient Communities Pilot has given residents some necessary breathing room and relief from the impacts of the pandemic.**

### **New Investments**

- **While each of the aforementioned investments represent important steps forward in our work to uplift our communities and revitalize our economy, we know that there is more we can do to ensure the long-term prosperity of our residents and our entire city. That's why, in this Budget, we have proposed a number of additional investments:**
  - **First, we propose \$242 million to begin a new pension fund policy of prepaying future pension obligations. While we have made significant progress in our pension contributions, we are essentially making the minimum monthly payment on our pension credit card. We need to begin paying down that pension credit card so that we can stop paying compounded interest. Also, this pension advance will prevent the pension funds from having to sell assets in this very difficult market.**



- **This new funding will save the City \$2 billion in reduced future pension contributions as well as approximately \$30 million in preserved assets based on current market performance.**
- **We also propose over \$100 million for additional public safety investments, which includes \$36 million to fund our consent decree obligations, as well as replacement of the aging vehicle fleet, new technologies for police officers and the department and the replacement of CPD helicopters.**
- **We are also allocating resources to continue the civilianization of administrative functions within CPD so that more sworn members are devoted to taking guns off our streets, and taking on the gang violence that has plagued our communities. We need to keep supporting the dedicated CPD recruiting team that is seeing consistent success in the toughest national climate to recruit new police officers. Importantly, the current recruiting trends are on track to yield the largest year of academy recruits in recent memory, larger than the so-called surges in 2017 and 2018.**



- **Next is \$10.2 million to modernize and create efficiencies within City government to ensure effective and efficient delivery of City services and programs. This budget will work towards improving the City's antiquated IT capabilities as well as hiring and procurement functions for all of our City departments.**
- **We will also be leveraging \$3 million in CRP funding to launch the first of its kind tiny homes project in the City of Chicago. We know that in addition to all of the other great work and over \$155 million of additional investments we are making in affordable housing – from traditional affordable housing investments, equitable transportation-oriented developments and more – we must push ourselves to be creative. Tiny homes are an interesting innovation that we should embrace as a city.**
- **Next, the 2023 Budget includes over \$200 million in investments for homeless prevention which will fund increased shelter capacity and rapid re-housing.**



- **In addition to homeless prevention supports, we are also asking this body to commit an additional \$3 million to strengthen our reproductive healthcare supports. This builds on our initial emergency additional \$500,000 investment in 2022.**
- **Given the Supreme Court's Dobbs decision, which struck down nationwide access to reproductive health care services, Chicago stands as a safe haven for those seeking care across the county. And our status requires resources. This investment is the result of consultations with reproductive health providers across the City and the increased needs that they are facing on a daily basis.**
- **To further mitigate climate change and address the City's most harmful environmental challenges, the 2023 Budget will create a Mayor's Office for Climate and Environmental Equity.**



- **This new office will steer our climate and environmental justice agenda, and propel a whole-of-government action to realize the goals set by the 2022 Climate Action Plan – to reduce the City’s carbon emissions by 62 percent by 2040, while improving residents’ quality of life and delivering the equitable, socioeconomic benefits they deserve.**
- **Speaking of equity, I must also mention that this Budget proposes the codification of the work of the Office of Equity and Racial Justice in our municipal code. This will ensure that equity becomes part of the expectation of City government’s performance. It will also require that all City departments make and maintain a strategic plan that advances racial equity and publicly report on their progress annually as a part of the budget process.**
- **Next, given the recent increase in the need for resources available to support migrants coming to Chicago, we have \$5 million set aside for that work and other contingencies.**



- **And to continue our support for the creative economy, the 2023 Budget continues our \$10 million investment in the Chicago Recovery Plan to support artists and arts and culture institutions across our city adding to the \$10 million corporate fund commitment which continues in 2023, for a total on \$20 million of investments separate from the hotel tax.**
- **Finally, this budget also reflects significant progress in our ongoing work to tackle regressive fines and fees. We are proposing a new debt relief program that will enable residents and small businesses with outstanding Administrative Hearing debt to find a pathway to compliance. Participants will be able to pay off all original fine amounts via a payment plan and subsequently, waive fees associated with the debt.**

## **SECTION 4: CONCLUSION – LOOKING AHEAD**

- **As our post-pandemic future draws nearer, it is vital for us to continue creating safer and more resilient communities that can withstand the test of time, crisis, or whatever else may come our way.**





- **The only way we can do that is by staying true to our values and ensuring that no resident is left behind.**
- **While we've accomplished a lot over the past three years—and during a pandemic, no less—our hard work is by no means finished. In many ways, it's just starting.**
- **We've righted the financial ship and we've invested deeply in our people and places along the way. Now, it's time for us to stay the course and strengthen that ship of state so that we enable our residents to sail into a more equitable and inclusive future.**
- **We are holders of the public trust and our residents need us to reflect the realities of their lived experience in the work that we do here in this chamber.**
- **By supporting this budget, which combines fiscal prudence with continued and new investments, we will help our residents continue to recover and our city to prosper.**



- **I now turn this budget over to you for review, consideration and hopefully, timely passage.**
- **Thank you for your daily sacrifices on behalf of our residents and God Bless the City of Chicago.**

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