CHICAGO
FINANCIAL FUTURE
TASK FORCE

INTERIM REPORT | AUGUST 31, 2025

Frequently Asked Questions (FAQs)

What you need to know about the Chicago Financial Future Task Force, its work, and what it means for Chicago.

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What is this report and why was it created?

Officially an Interim Report, it is the first part of a two-part report from the Chicago Financial Future Task Force formed by Mayor Brandon Johnson in May 2025 in response to a projected $1.1 billion deficit in the city's Corporate Fund for Fiscal Year 2026. The report's purpose is to provide the City with a "menu of options" to address this budget gap, the largest in the City's history, and improve Chicago's financial health. The Interim Report is a decision-support tool for the Mayor and City Council as they prepare the FY2026 budget and its contents are subject to material change. A Final Report will be delivered in May 2026.

What is the City's Corporate Fund?

The **Corporate Fund** is the City's **primary operating fund** that pays for the bulk of core, day-to-day services that residents rely on. This includes police, fire, streets and sanitation, public health and general government operations. It is **separate from restricted funds** that are tied to specific revenue sources and can't be used for general purposes, like water, sewer or airport funds.

Why does the City have such a significant budget shortfall?

The shortfall stems from long-term financial pressures as the costs of delivering government services have grown faster than revenues, and the temporary federal relief funds for COVID19 have been depleted. Without action, residents could face reductions in essential services like policing and street maintenance.

Who is on the Chicago Financial Future Task Force?

It is an independent body of 24 civic-minded leaders tapped by Mayor Johnson. All are volunteers from diverse sectors, including business, labor, community organizations and public policy institutes. It is co-chaired by Karen Freeman-Wilson, President and CEO of the Chicago Urban League, and Jim Reynolds, Chairman and CEO of Loop Capital. A full members' list can be found on page 4 of the Interim Report.

What does the Interim Report include?

It outlines 89 preliminary options across operational efficiencies, revenue enhancements and other measures, with a combined estimated fiscal impact of $1.0–$2.1 billion. The recommendations are designed as a "menu" for City leadership to consider in building the FY2026 budget.

What solutions are the Task Force proposing in the Interim Report?

The solutions are divided into three categories.

- **Efficiencies**, which include 45 recommendations to save from $372.4 million to $455.5 million by making city operations more efficient. Examples include:
    - Streamlining hiring to accelerate filling revenue-generating roles (≈ $25M/year);
    - Reforming the City's workers' compensation program by strengthening case management and oversight (≈ **$15–20M/year**); and
    - Consolidating technology systems across departments to reduce duplicative contracts and improve efficiency.

- **Revenues**, which include 39 recommendations to generate between $630.0 million to $1.653 billion in new income. Examples include:
    - Increasing existing fees and taxes, such as permit charges;
    - Exploring the sale or lease of City assets, such as surplus property; and
    - Adjusting how Tax Increment Financing district funds are used to redirect more revenue back into the Corporate Fund.

- **Other**: Five recommendations that fall outside the other categories, including exploring a shift to an **outcome-based budgeting model** to tie spending more directly to measurable results.

How could these proposals affect residents? For example, will city services be cut?

The Task Force's charge was to identify ways to preserve essential services while restoring fiscal stability. The report's recommendations focus on efficiency, fairness and preserving sustainability. Some of the recommendations would, however, raise fees rather than cut essential services. Examples include:

- **Higher Fees** for certain city services. For example, the report provides a range, including phased and direct costs only, for monthly garbage fees.

- **Tax Adjustments** on certain goods could change. Proposals include increasing the tax on bottled water and plastic checkout bags.

- **Property Taxes** could increase as the report recommends the City resume its practice of increasing the property tax levy annually based on the Consumer Price Index, a practice that was suspended in 2023.

Which other fees may go up?

Several proposals for fee increases that would directly impact residents include:

- **Emergency Service Fees** could be implemented for certain emergency calls. For example, the report proposes instituting a fee for false fire and burglar alarms.

- **Ride-Hail Surcharges:** The existing "Congestion Surcharge" for services like Uber and Lyft, currently applied downtown and at airports, could be extended to other highly congested neighborhoods.

How could this affect taxes?

- **Property Taxes:** As noted above, the report recommends increasing the property tax levy annually based on the inflation rate, a practice that was suspended in 2023. This is projected to increase the city's tax revenues by $56 million in 2026.

- **Consumer Taxes:** The report suggests increasing the tax on certain items in alignment with the consumer price index, such as bottled water or plastic checkout bags tax. It also recommends that the City Council maintains the 1% tax on groceries, which would otherwise expire.

How could these proposals impact my business's operating costs?

Several recommendations that could directly affect business expenses include:

- **Reinstituting a "Head Tax,"** which would reinstitute the employer's head tax that was repealed in 2013. The previous tax was $4 per employee for businesses with over 50 employees and a new tax between $2 and $5 could be implemented.

- **Payments in Lieu of Taxes (PILOT) for Non-Profits**, or the PILOT program, would ask large tax-exempt institutions like hospitals, universities and cultural institutions to make voluntary payments to the city to help offset their lack of property tax contributions.

- **Increased Permit Fees**, which have not been raised since 2000 to reflect inflation, could be raised. This would apply to a wide range of businesses, from businesses that host live entertainment or serve or sell food and alcohol to those that display advertising signs or need special event permits and could generate an estimated $3.1 million in new revenue for the city.

How could special events costs change?

Organizations that operate private parades, festivals or athletic events could be required to cover more of the city's service costs provided by the Chicago Police Department, the Chicago Fire Department (CFD) and more, which could save the city an estimated $21.0 million annually.

What are the proposed changes to city workers' pay and benefits?

Several recommendations could alter compensation and benefits for the city workforce:

- **Furlough Days and Hiring Freezes** could change to 1-2 flexible furlough days for both union and non-union city employees and the existing hiring freeze for non-critical vacant positions could be extended.

- **Healthcare Contributions** could rise if the City adopts a proposal to increase employee contributions to align copays and out-of-pocket maximums with peer cities or reduce or increase contributions based on salary caps.

- **Reduced Reliance on Overtime** could be implemented to reduce the city's overall overtime spending by 15-20% through better management of staff resources.

How will labor unions be involved in these decisions?

As the report acknowledges repeatedly, many recommendations cannot be implemented unilaterally. Examples include changes to furlough days, employee benefits and the introduction of light-duty CFD positions. These changes would require "close cooperation and negotiation with the relevant labor unions to ensure a mutually agreeable outcome."

Which ideas could be implemented quickly?

Several options, such as cost recovery fees for false alarms and event services, streamlining hiring and accelerating disposal of surplus City vehicles, could be put into place as soon as FY2026. Other ideas — like employee benefit changes or police civilianization — will require longer timelines and labor negotiations.

How did the Task Force handle diverging viewpoints?

As part of the process to be both collaborative and transparent, members vetted a large pool of ideas to identify 89 recommendations with strong, broad support. To honor all perspectives, the report also notes the instances where there was dissent, ensuring the final product reflects both a clear consensus and a rigorous debate.

What happens next?

This interim report is intended to provide short-term, practical solutions for the FY2026 budget. The Task Force will now work on a Final Report due May 31, 2026, to address more complex, long-term challenges, including settlements and judgments, pension liabilities and economic development. The next phase will also involve a new community engagement subgroup to allow public feedback into the process.

Critical FAQs

How is this different from another round of tax hikes and fee increases?

The recommendations are options, not mandates. Some proposals involve updating fees and fines to match peer cities, but many others focus on efficiency savings, asset management and better cost recovery. City leadership will determine which measures to advance, balancing fiscal impact with fairness.

Why should residents believe these savings are achievable when past efforts fell short?

Past budgets often relied on one-time fixes. The Task Force aimed to present options rooted in peer city best practices and operational improvements. While not every idea will be feasible, the breadth of proposals provides multiple pathways for impact.

How realistic are the $1.0–2.1 billion savings estimates?

The figures represent potential ranges, not guarantees. Many ideas require collective bargaining, ordinance changes or state approval. Savings estimates are directional, based on benchmarking and best practices rather than actual budget lines.

Why can't the Interim Report solve the pension crisis?

Pensions remain the City's most significant long-term fiscal challenge. Because reforms are complex and often require state legislation, the Task Force will address them in its Final Report due in May 2026. The Interim Report focuses on near-term solutions for FY2026.

Won't new fees and fines hurt working families and small businesses?

Equity impacts were a major consideration in Task Force deliberations. For example, Medicare and Medicaid recipients would be exempt from certain healthcare-related fees. The City will need to ensure any adopted measures protect vulnerable residents while distributing costs fairly.

How much authority does the Task Force have?

The Task Force is advisory and has no governmental or executive authority. Its role is to provide a menu of researched, practical options for City leadership to consider. Decisions on adoption, timing and implementation rest with the Mayor and City Council.

Isn't this Task Force just political cover for the Mayor?

Members were drawn from across Chicago's civic landscape — business, labor, community and good-government organizations. While critics may frame it as political, the group spent substantial time engaging in over 20 meetings, spoke to experts and developed recommendations through a carefully structured process that relied on consensus-building.

How will residents know if these ideas are implemented and savings achieved?

Implementation decisions rest solely with the Mayor's office and the City Council. This information will be reflected in the FY2026 budget which will be public once it is done.