

# CHICAGO FINANCIAL FUTURE TASK FORCE

Submitted by the  
Chicago Financial Future Task Force

FINAL REPORT

# Options for Strengthening Chicago's Financial Future

May 31, 2026



# Table of Contents

Letter from the Co-Chairs .....	4
I. Executive Summary .....	5
Origins and Mandate of the Task Force.....	6
II. Chicago's Structural Fiscal Challenge .....	7
The Nature and Magnitude of the Structural Budget Gap .....	7
Implications of Maintaining the Current Trajectory.....	10
III. Predictability, Authority, and Conditions for Lasting Stability .....	11
Fiscal Stability Requires a Predictable Framework .....	11
Legal and Constitutional Boundaries on Local Action .....	11
Home Rule Authority Within a State Defined Structure .....	12
Fiscal Options That Require State Policy Changes .....	12
Collaboration as Foundation for Fiscal Stability.....	13
IV. Subcommittee: Community Insights and Equity Considerations .....	14
Engagement Process .....	14
Community Priorities.....	15
Equity Lens for Fiscal Reform .....	16
Implications for the Task Force.....	17
Framework for Prioritization and Sequencing .....	18
V. Subcommittee: Long-Term Liabilities and Public Pensions.....	19
Public Pension Systems and Current Funding Status .....	19
Causes of the Pension Funding Shortfall.....	20
Statutory Pension Funding Ramps and Budgetary Pressure .....	22
Other Long-Term Liabilities: Settlements and Judgments .....	25
Credit Implications of Long-Term Liabilities.....	28
Subcommittee Recommendations.....	29
Long-Term Liabilities Subcommittee: Table of Recommendations.....	37
VI. Subcommittee: Revenues, Expenditures, and Fiscal Architecture .....	38

---

Revenue Collections and Administration .....	38
Technology Modernization and Administrative Enablement .....	41
Chicago Public Library: Cost Structure, Governance, and Strategic Implications.....	42
City-County Operational Overlap .....	43
Performance Based Budgeting .....	45
Subcommittee Recommendations.....	46
Revenues and Expenditures Subcommittee: Table of Recommendations .....	61
VII. Subcommittee: Economic Development .....	62
Economic Development as a City-Level Imperative.....	62
City-Level Economic Growth Goalposts.....	63
Relevance of this Analysis to Economic Development Recommendations .....	63
High-Impact City Growth Levers .....	63
1. Business Density and Commercial Activity.....	63
2. Visitor Economy as a City Revenue Engine.....	64
3. Household and Workforce Growth Within City Limits .....	65
4. Real Estate Development and Turnover .....	65
Economic Development Recommendation Groupings.....	65
City-Specific Barriers to Economic Development .....	66
Economic Development Subcommittee Recommendations .....	66
Economic Development Subcommittee: Table of Recommendations .....	84
VIII. Conclusion.....	85
Appendix A. Committee Membership.....	86
Appendix B. Comprehensive Menu of Recommendations.....	87
Appendix C. Glossary / Acronyms .....	93
Appendix D. Community Insights and Equity Considerations: Survey Results.....	95
Appendix E. Community Insights and Equity Considerations: Town Halls and Focus Groups.....	99

---

# Letter from the Co-Chairs



Karen Freeman-Wilson



Jim Reynolds

Dear Mayor Johnson,

Pursuant to the Executive Order issued on April 21, 2025, the Chicago Financial Future Task Force respectfully submits its Final Report. This report concludes the Task Force's mandate to assess the City's fiscal condition and present practical, long-term options to support Chicago's financial stability.

Throughout this work, Task Force members examined the City's fiscal challenges through rigorous analysis and deliberation, including structural budget pressures, long-term liabilities, governance and legal constraints, as well as the role of economic growth in sustaining budgetary revenues. This work was informed by data, operational realities, and engagement with residents and stakeholders across the City.

The Final Report is structured as a menu of options rather than a single prescriptive path. The outlined options span revenues, expenditures, institutional reforms, and economic development. They are intended to clarify tradeoffs, fiscal impacts, and implementation considerations. While the Task Force sought consensus wherever possible, areas of disagreement have been documented transparently through a formal dissent process.

Listening, learning and investigating the tradeoffs reinforced the complexity of the decisions facing City leadership. Chicago's fiscal challenges are structural in nature and will not be resolved through one-time actions or short-term fixes alone. While the majority of the City's revenue sources are not tied to inflation and a significant share of expenditures are, it is the legacy of long-standing pension underfunding that places the greatest and most inflexible pressure on the budget. Meaningful progress to address the challenges will require sustained attention, difficult choices, and alignment between fiscal commitments and long-term capacity. At the same time, the Task Force believes all options need to be seriously considered given the nature of the structural deficit.

Community engagement was a central component of the Task Force's work and materially informed its deliberations. Input from residents across neighborhoods and constituencies helped ground the analysis in lived experience, underscored public priorities around service reliability and fiscal transparency, and reinforced the importance of linking long-term fiscal decisions to equitable outcomes.

Mr. Mayor, convening this Task Force created an important forum for candid analysis and shared understanding of the City's fiscal outlook. We submit this Final Report with respect for the decisions that now lie ahead, and with the hope that it provides a useful foundation as the City charts its path forward toward a more financially stable future. Chicago's future depends on maintaining fiscal strength alongside equitable and reliable service delivery.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'KF Wilson'.

Karen Freeman-Wilson  
Co-Chair, Chicago Financial Future Task Force

A handwritten signature in black ink, appearing to read 'Jim Reynolds'.

Jim Reynolds  
Co-Chair, Chicago Financial Future Task Force

# I. Executive Summary

The City of Chicago (“City”) faces a set of interrelated fiscal challenges that have been built over time. These include a large and growing burden of long-term liabilities, particularly unfunded pensions, rising required expenditures, and structural constraints on the City’s ability to grow revenue. These pressures are reflected in external assessments of the City’s financial condition, affecting credit ratings, borrowing costs, and overall access to capital. These factors limit budget flexibility and increase the importance of sustained, structural solutions.

There is a persistent structural imbalance in the City’s operating budget. In recent fiscal years, the City has balanced budgets through a combination of temporary resources and short-term operating actions. These have included federal pandemic relief, the use of tax increment financing (TIF) surplus, hiring freezes (excluding public safety), targeted program reductions, and the deferral of planned investments. While these measures addressed near-term gaps, they did not alter the underlying mismatch between recurring revenues and required expenditures.

The existence of a structural gap is not new. It is well documented and has been a defining feature of the City’s fiscal outlook for several years. What has changed is its magnitude and durability. As temporary resources unwind and costs continue to grow, the gap is projected to emerge at a scale that materially constrains future budgets. Beginning in FY2027, the Corporate Fund faces a projected \$680 million shortfall that persists even under baseline assumptions.

At this scale, the structural gap has practical consequences for how the City operates. Public safety services and required financing obligations, including debt service, pension contributions, and other required long-term contractual commitments, account for the majority of Corporate Fund expenditures. As these costs rise, the burden of adjustment is concentrated in a relatively small portion of the budget that supports many functions outside of public safety (such as police and fire). This has contributed to repeated reliance on hiring controls, service reductions, and delayed investments, even in years when the City has technically achieved balance.

This report presents a set of options intended to address the drivers of the structural gap and improve the City’s long-term fiscal stability. The options reflect a range of approaches to addressing the structural gap, rather than a single solution pathway, and broadly fall into four categories:

- Actions that strengthen coordination with State, particularly where legal or other constraints limit the City’s authority over pensions and revenue tools
  - Operational improvements that increase efficiency and effectiveness within existing resources, including modernization of administrative systems and use of technology and data.
  - Revenue actions that improve the City’s ability to generate and collect recurring revenues within its current “home rule” authority
  - Economic development actions that expand the City’s tax base by increasing business activity, population, and investment within City limits.
-

The report does not advance a single recommended course of action. Instead, it is designed to inform decision-making by clarifying the available choices and the considerations associated with each. Collectively, the options are intended to reduce continued reliance on one-time resources, improve budget predictability, and support a more stable fiscal foundation over time.

The Final Report builds on the foundation established in the Interim Report. While the Interim recommendations are not repeated in full here, they are reflected throughout and remain an important part of the Task Force's overall body of work. The Interim Report will continue to be available alongside this Final Report for reference.

## Origins and Mandate of the Task Force

The Chicago Financial Future Task Force ("the Task Force") was established by Mayor Brandon Johnson through Executive Order No. 2025-1 to support a comprehensive review of the City's financial condition and operations, with attention to long-term sustainability, equity, and service delivery.

The Task Force is an independent body of civic-minded leaders representing business, labor, public policy, research, and community organizations, and is Co-Chaired by Karen Freeman-Wilson and Jim Reynolds. Its mandate is to develop a structured menu of options for consideration by City leadership and the public.

The Task Force began convening in May 2025, seeking consensus where possible and documenting differing viewpoints when consensus could not be reached.

In September 2025, the Task Force issued an Interim Report focused on near-term options to address the projected \$1.2 billion FY2026 budget gap. That Interim Report identified 89 preliminary options spanning operational efficiencies, revenue strategies, and other fiscal levers.

Building on that work, the Task Force organized its continued efforts around four standing Subcommittees:

- **Community Insights and Equity Considerations**, ensuring that resident and stakeholder perspectives were integrated throughout the Task Force's work
  - **Long-Term Liabilities and Public Pensions**, addressing pensions, debt, and other long-term financial obligations shaping the City's fiscal outlook
  - **Revenues, Expenditures, and Fiscal Architecture**, examining the sustainability, equity, and efficiency of the City's revenue sources and spending commitments
  - **Economic Development**, focusing on how City policies and investments can support inclusive and equitable growth, private investment, and job creation
-

## II. Chicago's Structural Fiscal Challenge

### The Nature and Magnitude of the Structural Budget Gap

Chicago's fiscal landscape is characterized by a persistent imbalance between the City's recurring revenues and the cost of maintaining existing service levels. The City's Corporate Fund, which supports core municipal services, has experienced expenditure growth that has outpaced revenue growth over time, leading to projected budget deficits to be managed to achieve annual balanced budgets. A significant contributor to this dynamic has been decades of underfunding pension obligations, which has led to rapidly increasing required contributions that now consume a growing share of the budget. While one-time measures can close gaps in a given year, they do not reduce the overall unfunded pension liability from the past, causing the imbalance to carry forward and accumulate over time.

#### What is the Corporate Fund?

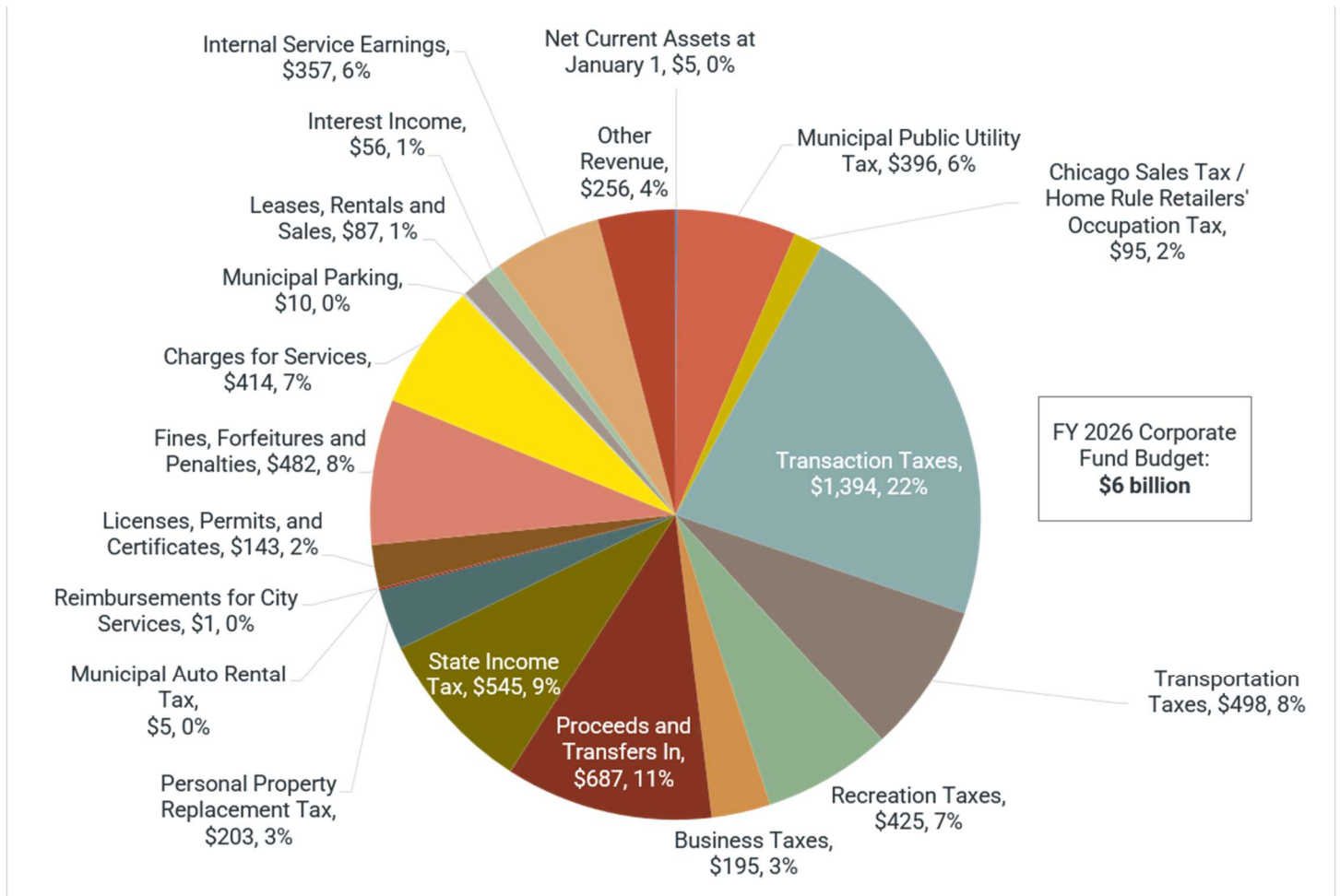
The Corporate Fund is the City's primary operating fund, supporting core services such as public safety, administration, and general government functions. It excludes special revenue funds (e.g., libraries, airports) that are supported by dedicated revenue sources. This report focuses primarily on the Corporate Fund because it reflects the City's core operating budget and the primary location of the structural deficit.

The FY2026 Corporate Fund totals \$6.5 billion. A significant share of that revenue has structural characteristics that limit reliable growth. Transaction taxes (\$1.5 billion, 22%) and state-shared income taxes (\$545 million, 9%) are tied to economic activity, making them volatile and subject to downturns. Fines and penalties (\$482 million, 8%), and charges for services (\$414 million, 7%)<sup>1</sup> are set by policy and do not automatically adjust for inflation. These revenue streams represent nearly half the Corporate Fund but lack mechanisms for steady, predictable growth.

---

<sup>1</sup> City of Chicago Annual Appropriation Ordinance for Year 2026

**Figure A. Corporate Fund Revenue Composition, FY2026 (\$ Millions)**

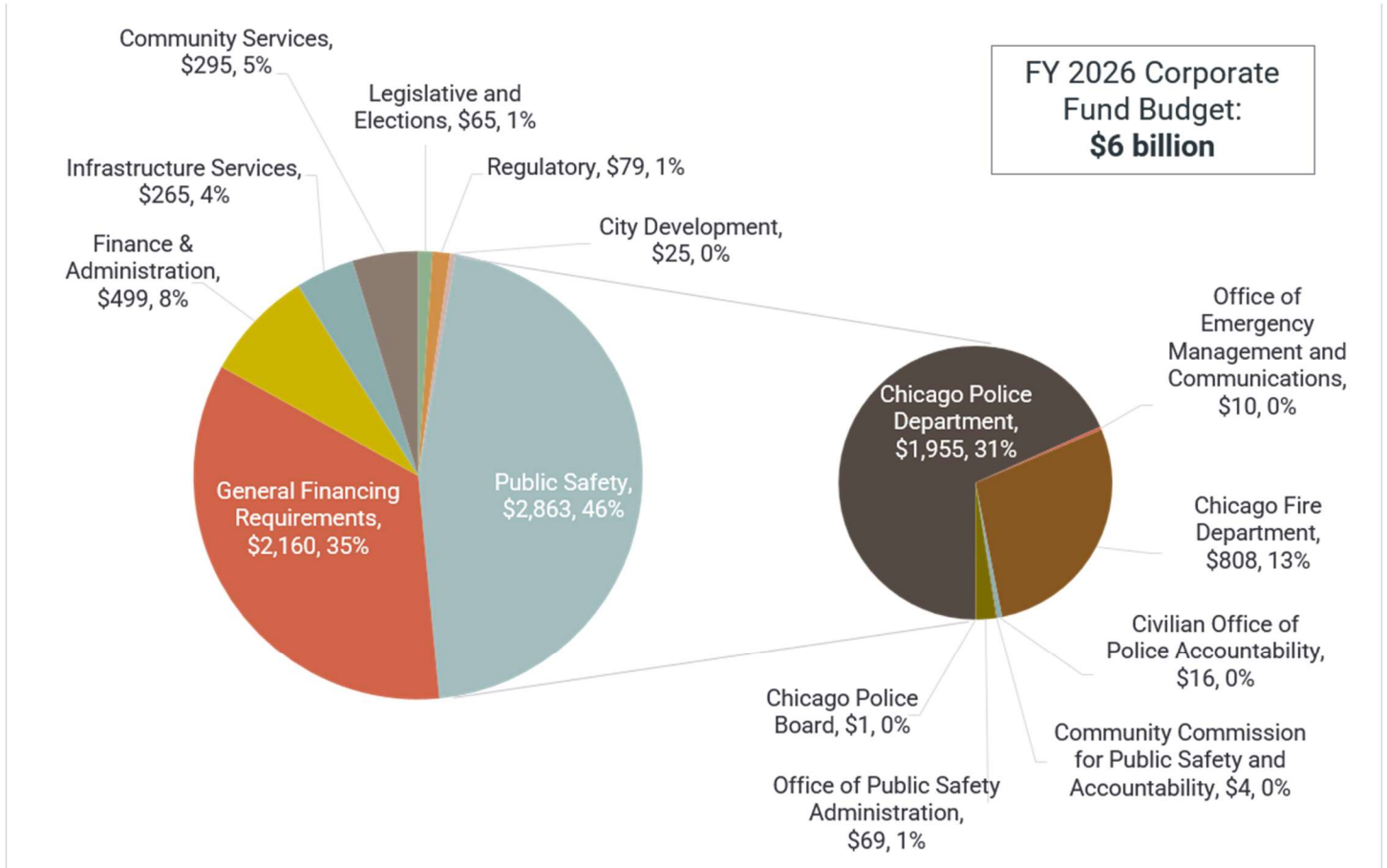


**Source:** City of Chicago Annual Appropriation Ordinance FY2026

Corporate Fund expenditures are relatively inflexible. Public safety accounts for \$3 billion (45%) of Corporate Fund spending, while General Financing Requirements—including pension contributions and debt service—total \$2 billion (35%)<sup>2</sup>. Across all City funds (not just the Corporate Fund), pension costs and debt service total approximately \$4 billion, or 25.1% of total City spending. Together, these obligations limit the City's ability to meaningfully reduce spending in response to fiscal stress, concentrating adjustment pressure on a narrow share of the budget.

<sup>2</sup> City of Chicago Annual Appropriation Ordinance for Year 2026

**Figure B. Corporate Fund Expenditure Composition, FY2026 (\$ Millions)**



*Source: City of Chicago Annual Appropriation Ordinance FY2026*

The Interim Report describes this pattern as a **structural budget deficit**, in which recurring costs continue to grow faster than recurring revenues, even during periods of economic stability.

The imbalance is driven by a combination of structural factors, including pension obligations, rising personnel costs, and costs associated with unpredictable settlements and judgments often related to events that occurred decades ago. These costs grow independently of service levels and often reflect legacy funding decisions and/or legally mandated payment schedules. Contractual labor costs and legal exposure compound these pressures. Multi-year collective bargaining agreements establish predictable upward cost trajectories, while settlements and judgments introduce volatility that complicates long-term planning.

Chicago's revenue system lacks broad-based, locally controlled income-based sources that automatically grow with wages, inflation, or economic output. Instead, the City primarily relies on transaction-based taxes, fixed fees, fines, and intergovernmental revenues that are subject to policy risk.

State-level policy decisions further weaken long-term revenue growth. For example, State diversions from the Personal Property Replacement Tax (PPRT) and the Local Government Distributive Fund (LGDF) have affected the City's fiscal capacity. These impacts are structural and persist across economic cycles.

## Implications of Maintaining the Current Trajectory

The City has relied on one-time resources, such as federal pandemic relief and TIF surplus, to close annual gaps. While these measures have helped avert immediate service reductions, they have not altered the City's long-term fiscal trajectory and have required significant operational tradeoffs, including City-wide hiring freezes (excluding public safety), program cuts, and delayed investments in neighborhood-serving departments.

Long-term baseline projections show recurring structural gaps of \$680-\$780 million annually beginning in FY27, even under baseline economic assumptions<sup>3</sup>. Stronger economic conditions narrow but do not eliminate the gap, while weaker conditions widen it. At this scale, recurring gaps are no longer episodic budgeting challenges but structural risks that threaten service continuity, crowd out discretionary policy choices, and increase the City's exposure to economic downturns. Fixed obligations will continue to absorb a growing share of available resources, reducing budgetary flexibility and increasing fiscal risk. These risks have been reflected in the City's credit ratings, leading to higher borrowing costs.

Annual budget balancing alone cannot resolve Chicago's fiscal challenges, as underlying fiscal conditions remain unchanged. Accordingly, this Final Report situates near-term actions within a longer-term framework emphasizing the necessity of structural reform to restore fiscal sustainability and resilience.

---

<sup>3</sup> Center for Tax and Budget Accountability (CTBA) analysis

# III. Predictability, Authority, and Conditions for Lasting Stability

## Fiscal Stability Requires a Predictable Framework

Long-term fiscal sustainability depends on both the choices a city makes and the stability of the framework within which those choices are made. This includes not only the reliability, flexibility, and growth of revenue sources, but also the City's ability to manage expenditures, including labor costs, contractual obligations, and legally required payments. Absent such a predictable framework, these imbalances become harder to correct, increasing fiscal risk even when sound policy choices are identified. For Chicago, predictability means having clarity over which fiscal tools the City controls, which constraints are structural or constitutional, and where collaboration with the State of Illinois is necessary to enable durable solutions.

The Task Force's work makes clear that many of the City's most significant fiscal challenges cannot be addressed through one-time actions or annual budget adjustments alone. Instead, they require a consistent, rules-based environment that supports long-range planning and aligns responsibility with authority. This includes strengthening and modernizing revenue frameworks to ensure they grow alongside the economy. It also requires establishing mechanisms that prevent costs from drifting out of alignment with available resources. For example, the City could regularly adjust fees and fines to reflect inflation and service delivery costs while maintaining discipline over baseline spending growth. The sections below outline the legal and structural context shaping the City's fiscal options.

## Legal and Constitutional Boundaries on Local Action

Throughout the Task Force's deliberations, there has been consistent recognition that some of Chicago's most significant fiscal challenges are shaped by the Illinois Constitution and State-level legal frameworks. These provisions establish the rules within which the City must operate and define the limits of what can be changed through local action alone.

Courts have repeatedly affirmed these protections, reinforcing that even when there is broad agreement on the need for reform, durable change in these areas requires State-level or constitutional action. A substantial share of the City's costs are governed by rules outside direct City control and must be met regardless of economic conditions. Without alignment between fiscal responsibility and legal authority, the City bears growing exposure to risks it cannot independently mitigate, with few tools to adapt the cost structure of the City.

The Task Force raises these issues to ensure that expectations around fiscal reform are grounded in legal reality. Long-term stability depends on aligning responsibility for outcomes with the authority necessary to influence them.

---

## Home Rule Authority Within a State Defined Structure

Illinois' home rule framework provides Chicago with broad authority over local affairs and has long been central to the City's ability to manage complex operations and deliver essential services. This authority allows the City to respond to local needs and exercise discretion across many policy areas.

However, home rule operates within a State-defined structure. The Illinois Constitution and State statutes reserve certain powers to the General Assembly, including the authority to limit or preempt local action in specific areas such as revenue authority and pension obligations. These are some of the City's most consequential fiscal levers and can be greatly impacted by State-level decisions, not City decision making.

This has important implications for predictability. While the City is responsible for balancing its budget and maintaining service delivery, it does not fully control all legal and policy factors that influence its fiscal position. State-level actions can materially affect local finances, underscoring the need for clarity, coordination, and long-term alignment between the City and the State. This is particularly important given that Chicago is the State's largest city and economic engine, and the City's fiscal health is closely tied to the State's overall economic performance.

## Fiscal Options That Require State Policy Changes

Several of the fiscal options identified by the Task Force require State authorization or legislative change, including changes to statutory and constitutional frameworks. This reflects a broader structural reality: many of the City's most significant and durable fiscal levers for both revenues and expenditures are shaped by State law and the Illinois Constitution, not solely by local policy decisions. This includes not only limitations on revenue authority but also binding obligations, such as pension protections, which are established at the Illinois Constitution level. For example, unlike some peer cities such as New York City, Chicago does not levy a local income tax because State law does not authorize municipalities to impose one.

The Interim Report identified several State-dependent options with a combined estimated annual impact of approximately \$203 million to \$674 million. These options include revenue modernization initiatives, updates to statutory definitions, potential constitution considerations, and reforms intended to better align tax policy with the modern economy. At their upper range, these options could address a meaningful share of the projected structural gap, but their impact depends on State action and timing that is outside of the City's direct control.

The LGDF is a particularly illustrative example. As Illinois' primary revenue-sharing mechanism, the LGDF distributes a portion of State income tax revenues to municipalities and counties. Prior to 2011, local governments received 10% of State income tax collections through the LGDF. The State resolved some of its own budgetary challenges by keeping a larger portion of the income tax revenues over time. As a result, local governments currently receive only 6.5% of all net income tax received from individuals, trusts, and estates along with 6.9% of all net income tax received from corporations. Restoring the LGDF to its pre-2011 level would generate approximately \$235 million in additional annual revenue for Chicago, increasing LGDF revenues from roughly \$442 million to \$677 million. Importantly, such a change would not require a new

---

local tax or additional City-level administration but would depend on State legislative action to adjust the underlying revenue-sharing framework.

Another defining feature of Chicago's revenue structure is the extent to which key revenues are shaped by State policy and statutory design. The PPRT illustrates this constraint clearly. The share of PPRT revenues diverted from local governments to State coffers increased from 5.8% in 2013 to 11.5% in 2025, contributing additional revenues to resolve the State budgetary challenges, while increasing the City's budgetary challenges. This change resulted in an estimated \$36 million reduction in revenues to the City of Chicago in FY2025 alone. This shift underscores how State-level policy, statutory provisions, and broader legal frameworks can materially affect the City's fiscal capacity despite the City's responsibility for budget balance and service delivery.

## Collaboration as Foundation for Fiscal Stability

Achieving long-term fiscal stability will require a forward-looking framework for State-City collaboration. Such a framework would not eliminate differences in priorities, but it would provide greater clarity, predictability, and mutual accountability.

Key elements of an effective framework include shared objectives focused on fiscal stability and service continuity; clear delineation of authority between State and local government; multi-year fiscal planning and reporting; defined guardrails that support timely, rules-based responses to fiscal stress; and sustained engagement grounded in transparency.

Because Chicago does not control all levers shaping its fiscal outlook, collaboration with the State of Illinois is essential. This is not a challenge that can be resolved through unilateral action or short-term fixes. Without greater predictability in authority and intergovernmental relationships, even well-designed fiscal reforms risk being insufficient, delayed, or reversed. Instead, it requires recognizing the shared interest that the fiscal health of Chicago and the fiscal health of Illinois are closely linked, and that a more predictable partnership benefits residents of the City and communities throughout the State.

---

## IV. Subcommittee: Community Insights and Equity Considerations

The Community Insights and Equity Considerations Subcommittee represents a key component of the Task Force's effort to ensure that the City's fiscal challenges are evaluated not only through a financial lens, but also through the perspectives of Chicago residents. Through a structured engagement process, the Subcommittee gathered input on public understanding of the City's fiscal condition, key service priorities, and the role of trust, transparency, and accountability in shaping perceptions of City government. These perspectives provide important context for how structural fiscal pressures are experienced across the City, highlighting differences across communities and reinforcing the importance of incorporating equity considerations into fiscal decision making. In doing so, the Subcommittee supports the development of strategies that are both fiscally sustainable and responsive to the needs of Chicago residents.

### Engagement Process

The Community Insights Subcommittee implemented a structured, multi-channel engagement approach to gather input from Chicago citizens on the City's fiscal challenges. Engagement activities were coordinated alongside the broader Task Force schedule, with resulting insights synthesized to help inform other Subcommittees in the development of recommendations. This engagement effort was intended to test how the structural fiscal challenges and governance constraints described in earlier sections are understood and experienced by residents across the City.

The engagement strategy consisted of three primary components, designed and implemented with support from **Civic Genius**, a civic engagement firm specializing in public sector outreach and participatory processes: a citywide public survey, facilitated focus groups, and deliberative town halls. Civic Genius supported the development, distribution, and analysis of the public survey which generated 537 responses and was used to assess baseline levels of awareness, understanding, and concern related to the City's budget and fiscal condition. In parallel, Civic Genius facilitated nine focus groups who were convened across public safety, special events, and transportation topics, along with dedicated sessions for real estate developers. These focus groups were structured and moderated to support deeper, small group discussion of specific issues and tradeoffs.

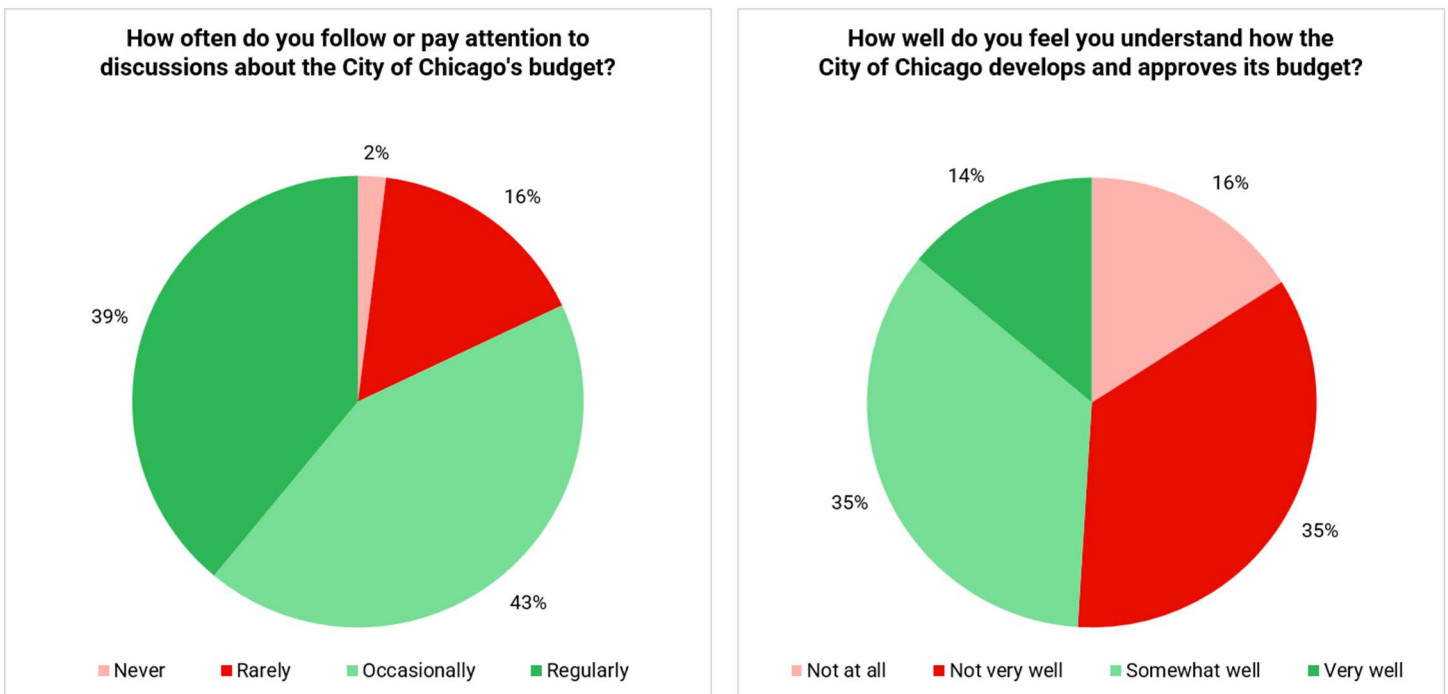
Deliberative town halls provided an additional engagement layer, with sessions focused on city services, transportation, and automation. Collectively, these methods allowed the Subcommittee to identify areas of public interest and ensure that public input was incorporated into the Task Force's Phase II work.

---

## Community Priorities

Public input collected through the Community Insights engagement process reflected consistent attention to the City's fiscal challenges and interest in understanding how budget decisions are made. Survey results indicated that while many respondents follow discussions about the City's budget at least occasionally, with 43% reporting they do so occasionally and 39% regularly (versus 16% rarely and 2% never), a substantial share reported only a partial understanding of the budget development and approval process. Specifically, 51% indicated they understand the process "not at all" or "not very well," compared to 35% "somewhat well" and only 14% "very well." At the same time, respondents demonstrated a clear awareness of the City's broader fiscal pressures, with 76% reporting that they are very concerned about the City's structural imbalance. This concern was often linked to perceptions of the City's long-term economic trajectory, neighborhood-level conditions, and the role of trust and governance in fiscal decision making. This informed how participants approached broader fiscal topics throughout the engagement effort.

**Figure C. Public Understanding of Chicago's Budget Process**



**Source:** Civic Genius Community Insights

Public feedback also elevated several high-level agenda areas. Across survey responses and facilitated discussions, participants most frequently identified transportation and public transit (28%), public safety (25%), affordability (22%), and the City's long-term fiscal stability (21%) as top priorities. These concerns were consistently cited in both closed ended survey questions and open-ended responses, reflecting widespread interest in service reliability, safety conditions, and the sustainability of City finances rather than narrow programmatic issues. Notably, participants framed these priorities less as isolated service concerns and more as questions about whether the City's fiscal structure can reliably support core services over time.

Town halls were intentionally held at multiple locations, including South Side, North Side, Far South Side, Southwest Side, and West Side neighborhoods across the City of Chicago to engage residents from different communities and geographies. Discussions often focused on perceived gaps between the cost of City services and the City's day-to-day performance, with particular focus on public safety outcomes and the reliability, safety, and quality of public transit. Participants frequently framed these topics in terms of tradeoffs and prioritization rather than individual line items.

**Residents emphasized the importance of reliable, high-quality City services and visible day-to-day results.**

Survey results further indicated that many residents are open to paying more for City services under specific conditions. Respondents emphasized the importance of clearly defined uses of additional revenue, transparency around how funds would be allocated, and confidence that increased investment would result in visible service improvements. Willingness to pay was closely linked to service quality, accountability, and trust in fiscal decision making. Absent visible improvements in service quality and clearer accountability for results, participants expressed skepticism that additional revenues alone would address the City's underlying fiscal challenges.

**"We are not allocating our resources to the things that will make our City better and leveraging our future to pay for things that have a marginal return at best." – Survey Respondent**

## Equity Lens for Fiscal Reform

Equity considerations were embedded throughout the Community Insights Subcommittee's engagement design and reporting approach. The process sought to capture perspectives from residents with different experiences, priorities, and levels of engagement with City fiscal issues. This supported broader participation and reduced reliance on any single audience or point of view. Participants consistently emphasized that fiscal instability and service unreliability are experienced unevenly across neighborhoods, reinforcing the importance of evaluating reforms based on both aggregate impact and distributional effects.

### What does “equity” mean in this report?

Equity refers to how fiscal policies affect different communities, including how costs, benefits, and access to services are distributed. It emphasizes whether fiscal decisions disproportionately impact certain neighborhoods or populations.

The Subcommittee emphasized the importance of integrating community perspectives into the Task Force’s fiscal narrative in a manner that is both representative and transparent. Survey data and anonymized public input were identified as key tools for reflecting community concerns while avoiding overrepresentation of individual voices. Results were intended to provide context for how fiscal issues are experienced across communities without drawing prescriptive conclusions.

Rather than treating equity as a standalone topic, the Subcommittee stressed that it should function as a lens through which fiscal challenges and reform options are described and communicated. Insights from the engagement process were explicitly positioned to inform how issues such as the structural deficit and long-term cost pressures are framed across Subcommittee outputs, supporting consistency, transparency, and alignment throughout the report.

## Implications for the Task Force

The following considerations emerge from resident input:

- Residents are more likely to support a balanced approach that includes:
  - Expanding the tax base
  - Targeted, service-linked fee increases
  - Increased contributions from corporations and large entities
  - Visible efforts to reduce inefficiency and avoidable costs
- There is consistent resistance to approaches that:
  - Rely primarily on increasing costs for current residents
  - Expand enforcement in ways perceived as inequitable
  - Introduce automation that replace jobs without safeguards
- Demonstrating accountability and transparency early will be critical to building support for any revenue strategy
- Residents view fiscal stability as closely tied to livability and trust. Policies that improve neighborhood conditions, support residents, and strengthen civic confidence are more likely to gain traction.

For a complete summary of findings from the Community Insights and Equity Considerations Subcommittee, including survey results and key takeaways from deliberative town halls and focus groups, please see Appendices D and E.

---

## Framework for Prioritization and Sequencing

While the recommendations that follow span a range of time horizons and implementation pathways, not all actions carry the same level of impact or urgency. To support prioritization and sequencing, each recommendation was assessed based on its impact, feasibility, and timing.

- Impact reflects the extent to which a recommendation improves the City's fiscal outlook or long-term economic position. Higher-impact actions are those that increase revenues, reduce expenditures, protect or grow the tax base, or address underlying structural drivers of the City's fiscal challenges.
- Feasibility reflects how practical it is for the City to implement a recommendation, considering authority, complexity, and the need for coordination with external stakeholders. Actions that can be advanced within existing City control or build on current programs are considered more feasible.
- Timing reflects when meaningful results are likely to be realized.
  - Short-term (0-12 months) actions can show measurable progress within a budget cycle
  - Medium-term (1-3 years) actions require time for implementation and adoption
  - Long-term (3+ years) actions depend on capital investment cycles, market response, or legislative change

Many of the recommendations with the greatest long-term impact require near-term action to initiate planning, coordination, and implementation. As a result, this framework distinguishes between when action should begin and when results are expected to be realized.

This framework is applied consistently across the Subcommittee recommendations that follow.

---

## V. Subcommittee: Long-Term Liabilities and Public Pensions

Chicago's long-term liabilities represent one of the most significant and persistent sources of fiscal pressure on the City. These obligations are dominated by necessary funding for unfunded public pension liabilities, but are compounded by other long-term liabilities, including settlements and judgments.

These liabilities are directly reflected in the City's credit ratings, which assess pension funding levels, overall debt burden, and financial flexibility in determining credit quality. Consistent with rating agency methodologies, elevated long-term liabilities and fixed cost pressures are central to evaluating the City's financial position, as they affect flexibility, long-term balance, and the stability of the City's operating profile. These liabilities constrain budget flexibility, increase costs, and shape both near-term fiscal choices and long-term financial sustainability.

### Public Pension Systems and Current Funding Status

The City of Chicago is responsible for contributing to four defined benefit public pension systems: the Policemen's Annuity and Benefit Fund (PABF), the Firemen's Annuity and Benefit Fund (FABF), the Municipal Employees' Annuity and Benefit Fund (MEABF), and the Laborers' and Retirement Board Employees' Annuity and Benefit Fund (LABF). As of the most recent actuarial valuations, these four systems together had approximately \$48.5 billion in liabilities and \$13 billion in assets, resulting in an aggregate unfunded liability of approximately \$36 billion and an aggregate funded ratio of 26.2%<sup>4</sup>.

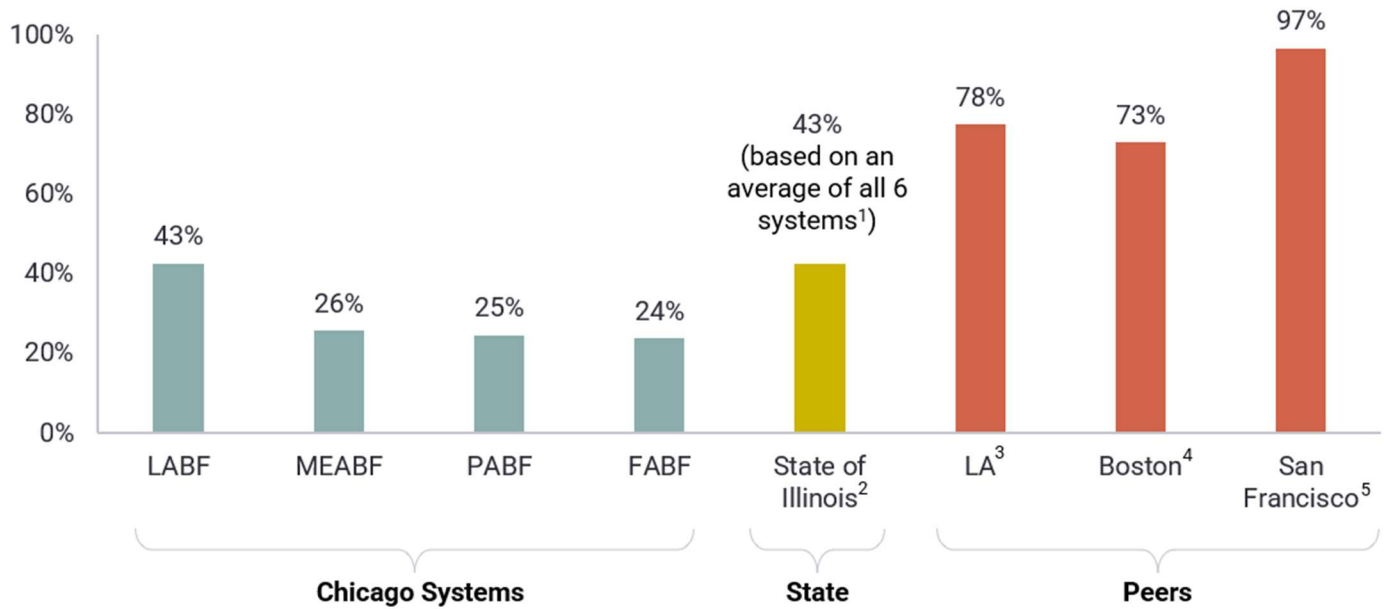
Individually, funded ratios ranged from approximately 23-26% for the Police, Fire, and Municipal funds, to 42.6% for the Laborers' fund. Under commonly used standards cited by the Government Accountability Office, federal pension law, and credit rating agencies, funded ratios below 70-80% are generally considered weak, and none of Chicago's pension systems meet the benchmarks<sup>5</sup>.

---

<sup>4</sup> LABF, MEABF, PABF, and FABF 2024 Actuarial Reports (latest available)

<sup>5</sup> Fitch Ratings

**Figure D. Pension Funded Status: Chicago vs. Peer Cities and State of Illinois**



<sup>1</sup> Teachers' Retirement System, State Employees Retirement System, State Universities Retirement System, Judges Retirement System, General Assembly Retirement System, and Chicago Teachers' Pension Fund  
<sup>2</sup> State of Illinois, Office of the State Actuary, Actuarial Valuation Report Digest (2024)  
<sup>3</sup> LACERS, Actuarial Valuation and Review of Retirement, OPEB, and Larger Annuity Program Benefits (June 30, 2024)  
<sup>4</sup> Boston Retirement System, Actuarial Valuation and Review (January 1, 2024)  
<sup>5</sup> SFERS, Actuarial Valuation Report (July 1, 2024)

**Figure E. Wall Street Rating Agency Revises City Hall's Financial Outlook to Negative (May 27, 2025)**

### Wall Street Rating Agency Revises City Hall's Financial Outlook to 'Negative'

Fitch said the negative outlook is "driven by a lack of substantial progress procuring permanent, high-impact solutions" to a structural budget gap of \$1.12 billion – 20% of the corporate fund – that could get worse if Chicago loses even a portion of the \$3 billion in federal funding on the chopping block.

Source: *Chicago Sun Times* (May 27, 2025)

### Causes of the Pension Funding Shortfall

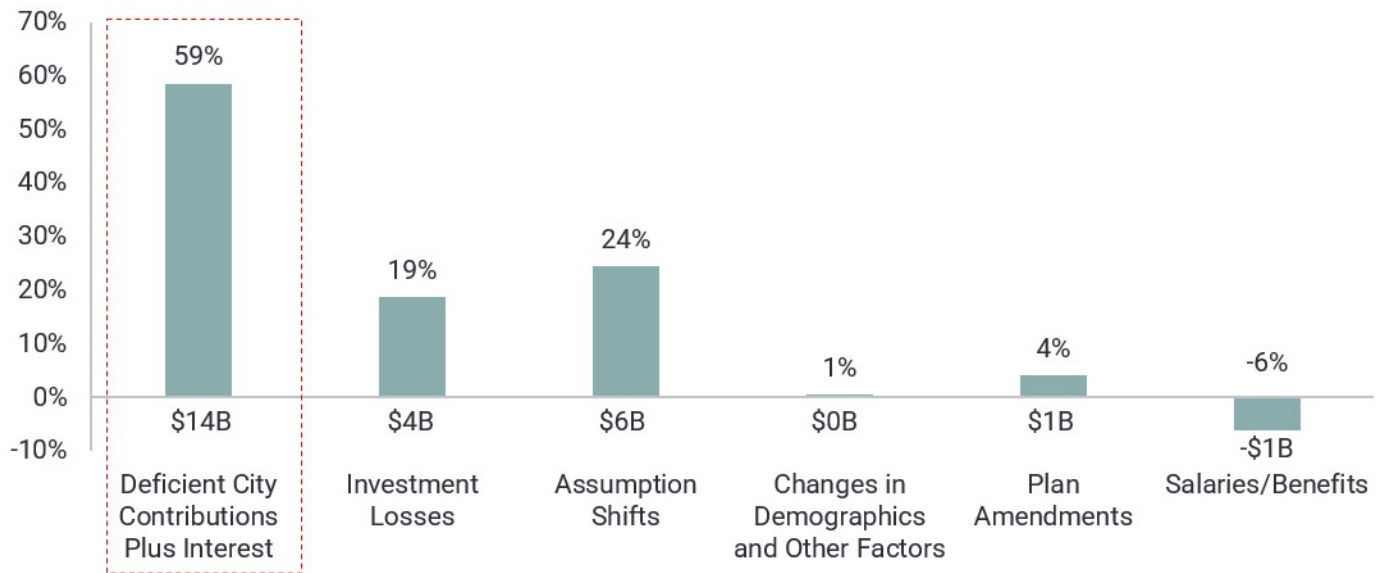
Consistent underfunding over time by multiple City administrations is the primary cause of Chicago's pension underfunding. From 2007 through 2022, underpayments relative to actuarially required levels plus interest accounted for nearly 60% of the growth in unfunded liabilities, compared with about 24% attributable to changes in actuarial assumptions and roughly 19% to investment losses following major economic downturns<sup>6</sup>. The remaining growth is attributable to a combination of

<sup>6</sup> CTBA - Understanding and Addressing Chicago's Pension Funding Crisis

investment performance and changes in actuarial assumptions over time. This contrasts with the commonly cited view that increased benefit levels for City employees are the root cause of the City's pension problems. After some 15 years of pension system underfunding, the City entered the current period with deeply weakened funded ratios that continue to drive required contributions upward regardless of current workforce size or benefit growth.

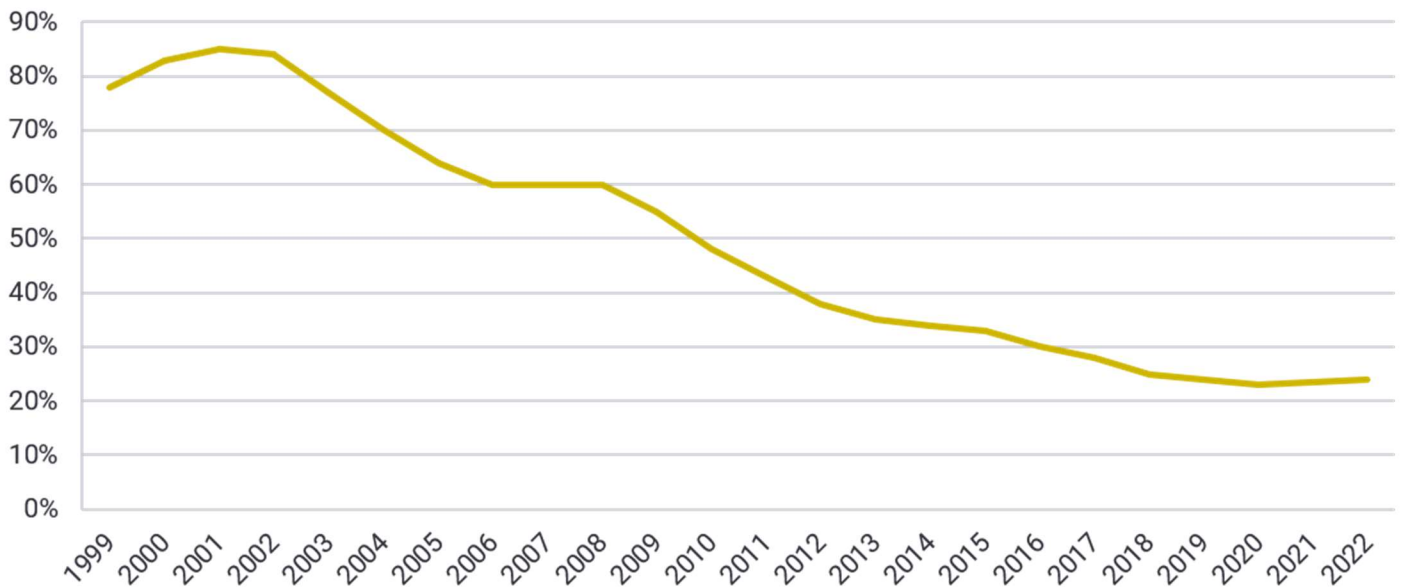
**“Actuarially required” contributions** are the annual amounts actuaries estimate are needed to fund promised pension benefits, based on assumptions about factors such as investment returns, life expectancy, and salary growth. These estimates are updated regularly to reflect changing conditions, which can increase or decrease the required contribution over time.

**Figure F. Contributors to Growth in Unfunded Pension Liabilities, FY2007-FY2022**



**Source:** COGFA Reports, “Financial Condition of Chicago, Cook County and IL Municipal Retirement Fund Systems,” 2007-2022 (latest available; 2021 data not available).

**Figure G. City of Chicago Aggregated Funded Ratio, 1998 - 2022**



**Source:** Historical Commission on Government Forecasting and Accountability data, LABF, MEABF, PABF, and FABF Actuarial Valuations

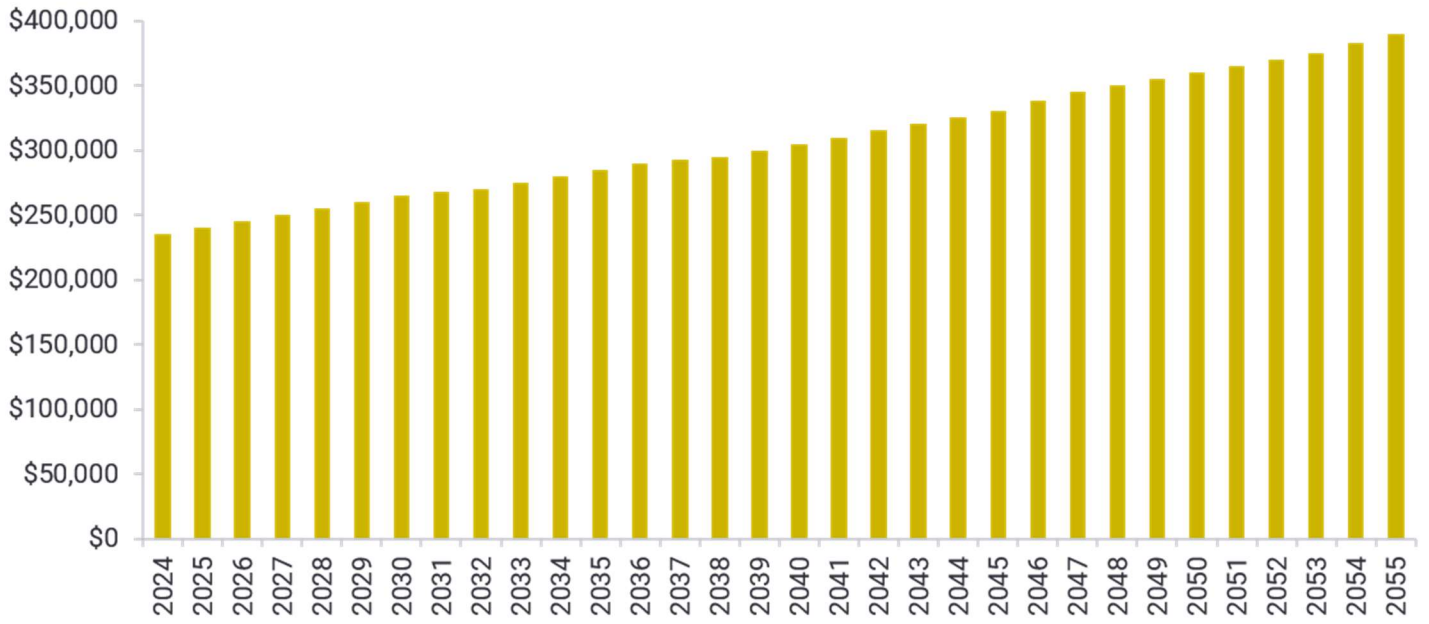
For decades, the Illinois Pension Code permitted City contributions tied to payroll multiples<sup>7</sup> instead of amounts calculated by actuaries to fully fund the cost of benefits as they are earned. Contributions were often set below actuarially recommended levels, including the amount needed to cover the “normal cost,” or the value of benefits earned each year by current workers, resulting in contributions that fell short of true costs. As a result, contributions consistently lagged required funding levels, allowing unfunded liabilities to accumulate and compound with interest over time. Temporary “pension holidays” authorized in the mid-2000s further exacerbated this dynamic.

### Statutory Pension Funding Ramps and Budgetary Pressure

In response to the scale of underfunding, the State enacted new contribution requirements beginning in 2017, establishing pension funding “ramps” intended to bring Chicago’s pension systems to a funding level of approximately 90% by target years that vary by pension fund spanning from 2055-2058. While these reforms ended the problematic payroll-based contribution formulas, the resulting ramps remain backloaded and do not require, nor assume, contributions at the actuarially determined level, which is often not feasible in practice given near-term affordability constraints and the extended time horizon needed to reach full funding.

<sup>7</sup> Payroll multiples are statutory formulas that set pension contributions as a fixed multiple of employee payroll levels

**Figure H. Aggregate Annual Pension Contributions Required Under the Chicago Pension Ramps, FY2024 - FY2055 (\$ millions)**



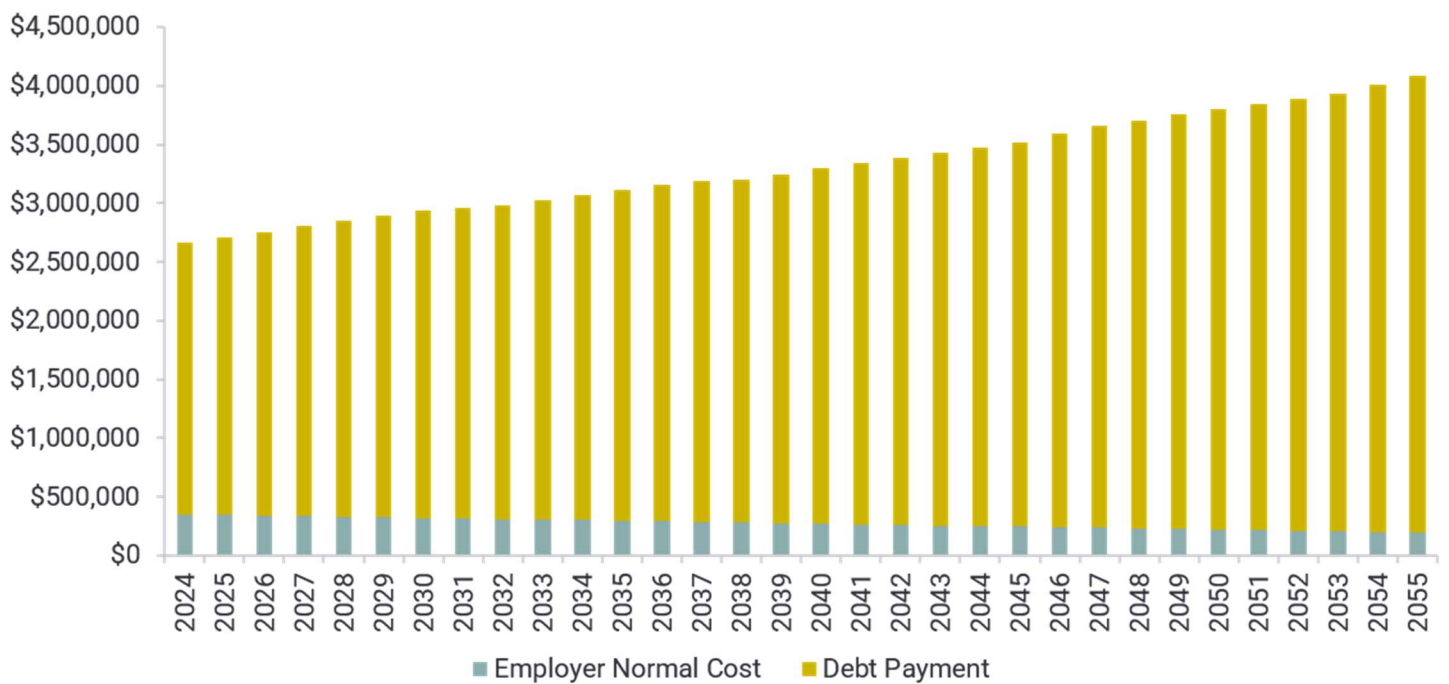
**Source:** Actuarial Valuations for Chicago LABF, MEABF, PABF, and FABF

More recently, State action has further complicated the City's pension funding trajectory. In 2025, Illinois enacted legislation increasing benefits for Tier 2 police and fire employees, including changes to pensionable salary calculations and cost-of-living adjustments. These enhancements introduce additional costs on top of the previously defined underfunding levels, causing the existing ramp structure to be insufficient. Most importantly, these State actions were adopted without corresponding changes to the statutory funding framework, and without identifying a source of revenue to enable the City to pay the incrementally required funding. This structure compresses fiscal stress into the operating budget for decades, making these large and relatively fixed costs a larger part of the budget and limiting the City's ability to adapt to economic downturns or emerging service demands. Additional State actions affecting benefit structure or funding requirements could further alter the City's long-term pension cost trajectory if adopted without identifying incremental revenue sources.

**"Tiers"** refer to different benefit structures that apply to groups of employees based on when they were hired, with each tier reflecting changes to pension formulas applied prospectively to those groups.

Under the current projected payment ramp, most annual pension contributions reflect the cost of debt service on past underfunding rather than the normal cost of benefits. For example, Center for Tax and Budget Accountability (CTBA) analysis shows that if Chicago had not underfunded its pensions historically, the cost in FY2024 would have been approximately \$348 million, roughly 12% of the total \$3 billion pension contribution required<sup>8</sup>. The remaining 88% reflects amortization of existing unfunded liabilities under the ramp structure.

**Figure I. Projected Aggregate, Annual Contributions under the Chicago Pension Ramps Differentiated by Normal Cost vs. Debt Service, FY2024-2055 (\$ millions)**



**Source:** Actuarial Valuations for Chicago LABF, MEABF, PABF, and FABF

As ramp payments have escalated, the City has increasingly diverted revenue from the Corporate Fund to meet pension obligations. Between FY2015 and FY2024, Corporate Fund pension appropriations increased from approximately \$140 million to over \$800 million, reducing resources available for core services and emergency response. Pension contributions now routinely exceed 50% of payroll across the systems. Additionally, the 2025 Tier 2 benefit changes are projected to materially increase long-term liabilities for the Fire and Police systems over time, adding to funding pressures under current law.

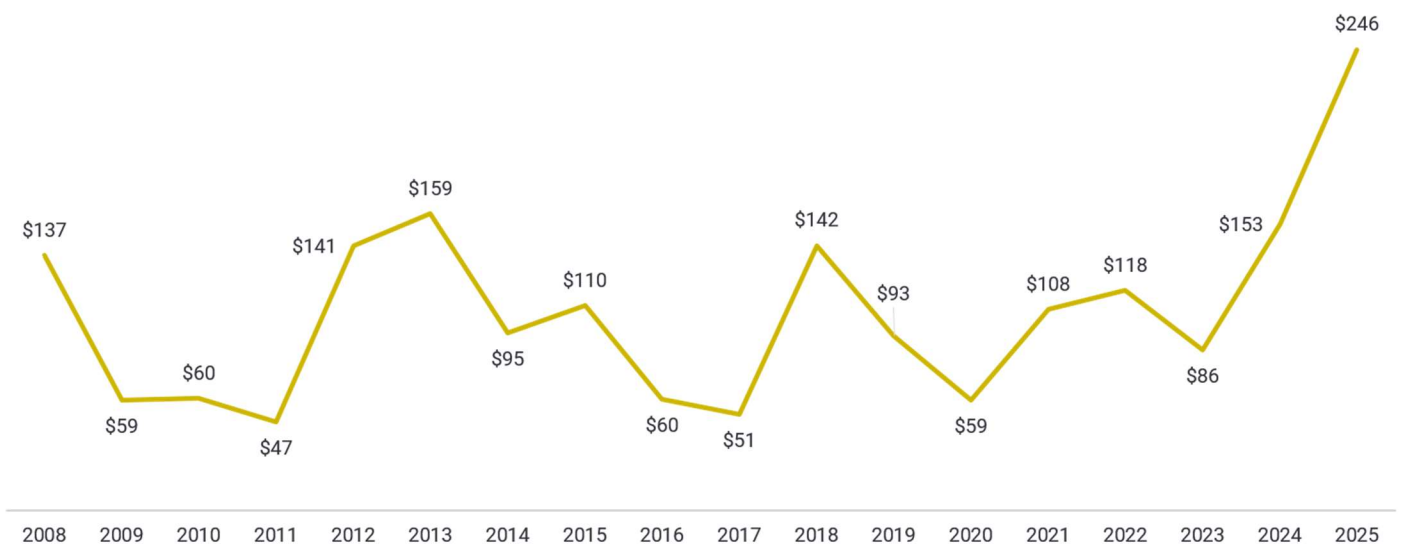
<sup>8</sup> The City's pension contributions are distributed across multiple funding sources, including the Corporate Fund, property tax revenues, and other dedicated sources.

## Other Long-Term Liabilities: Settlements and Judgments

In addition to pensions, the City carries material long-term exposure from legal settlements and judgments arising primarily from tort claims (i.e., civil claims related to alleged harm or damages caused by the actions or omissions of the City or its employees). These liabilities include claims related to police misconduct, wrongful conviction, employment disputes, motor vehicle incidents, and infrastructure conditions. Although not contractual debt, settlements and judgments represent a recurring unpredictable fiscal risk.

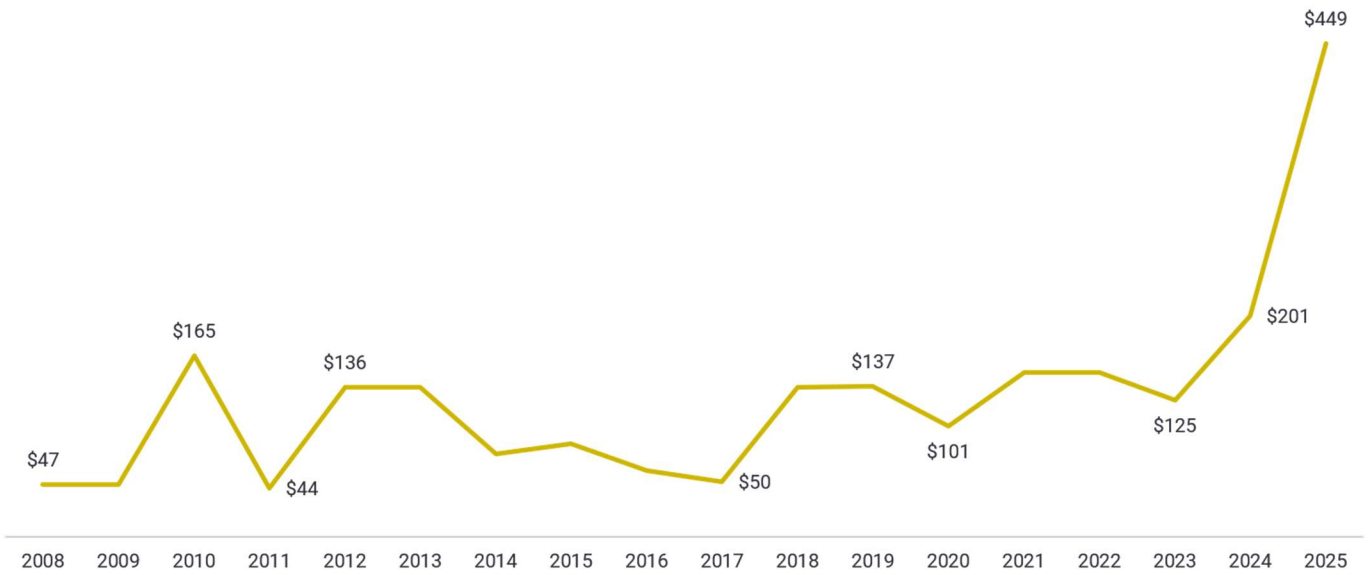
Between 2008 and 2025, annual total settlements, judgments, legal fees, and associated costs fluctuated significantly, exceeding \$200 million in several recent years. Average payout amounts have also increased sharply, with 2025 reflecting markedly higher per-case costs than earlier periods.

**Figure J. Settlement and Judgment Costs Over Time, 2008-2025 (in \$ Millions)**



**Source:** City of Chicago, Department of Law. Judgment and Settlement Payment Requests (2008-2025)

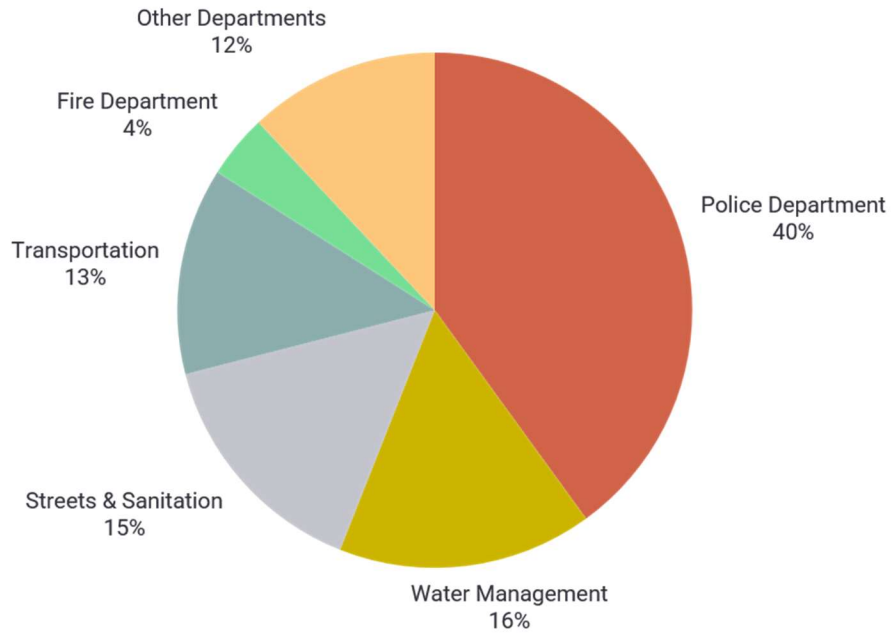
**Figure K. Average Settlement Size / Severity Over Time, 2008-2025 (in \$ Thousands)**



**Source:** City of Chicago, Department of Law. Judgment and Settlement Payment Requests (2008-2025)

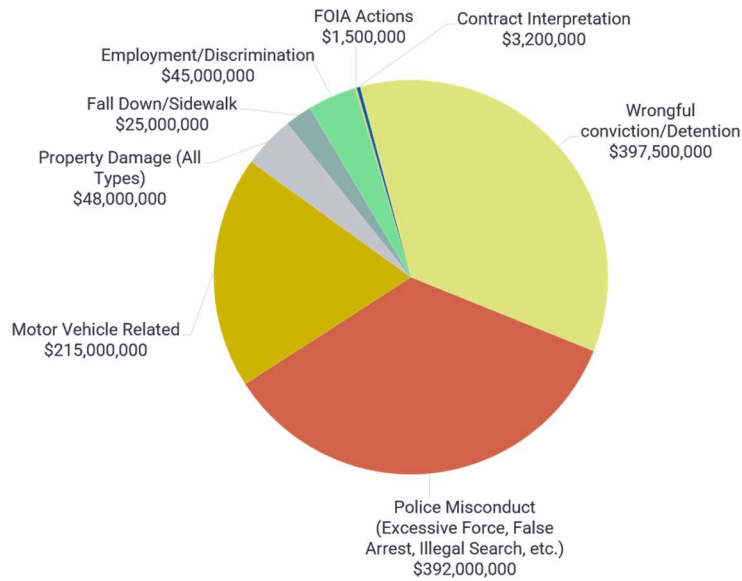
Police-related claims account for the largest share of settlement costs. Wrongful conviction and police misconduct cases together account for nearly \$800 million in aggregate payments over the reviewed period (2008-2025), reflecting both legacy claims tied to historical misconduct and broader national trends of increasing verdict sizes.

**Figure L. Settlement and Judgment Breakdown by Category, 2008-2025**



*Source: City of Chicago, Department of Law. Judgment and Settlement Payment Requests, 2008-2025.*

**Figure M. Total Payment Amount by Primary Cause of Litigation, 2008-2025**



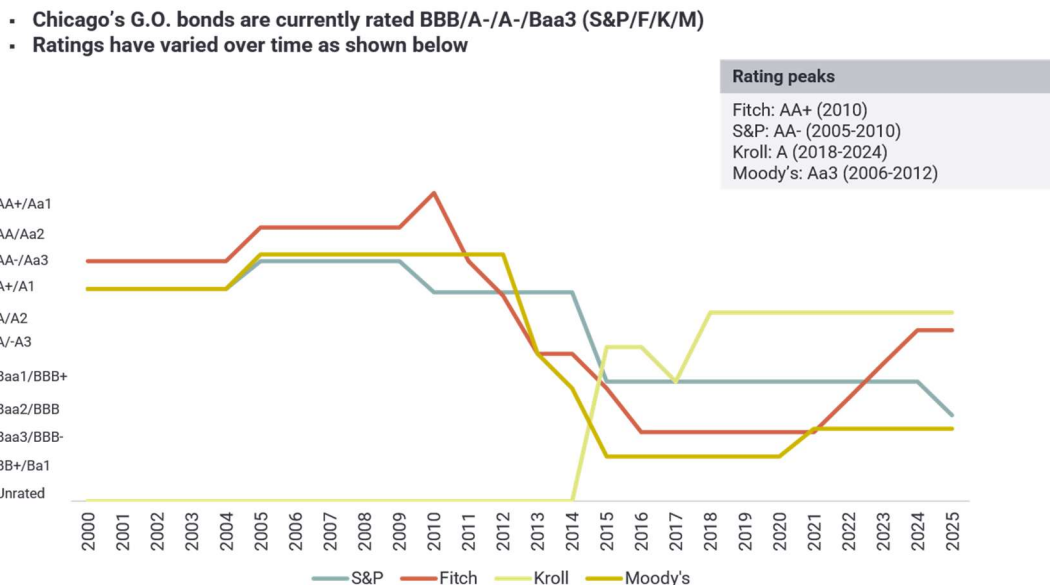
*Source: City of Chicago, Department of Law. Judgment and Settlement Payment Requests, 2008-2025.*

There are several contributors to recent cost increases: a COVID era backlog of cases now reaching resolution; concentration of high value legacy police cases dating back decades; and “social inflation,” in which jury awards and settlement expectations have increased nationally. Once incurred, these liabilities are effectively permanent, reinforcing the importance of prevention, early warning identification, and proactive claims management. Unlike capital expenditures, which are generally funded separately and can be financed over time, these liabilities draw directly on operating resources, reinforcing fiscal instability and complicating long-term planning.

## Credit Implications of Long-Term Liabilities

Chicago’s long-term liabilities are a central factor in its credit ratings. Over the past two decades, the City’s general obligation credit profile has steadily weakened, following a series of downgrades by multiple rating agencies as pension liabilities and other long-term obligations grew faster than revenues. As of early 2026, Chicago’s general obligation bonds are rated BBB / A- / A- / Baa3 by S&P, Fitch, Kroll, and Moody’s, respectively, placing the City at the lower end of the investment grade spectrum and, under certain agency methodologies, just one notch above noninvestment grade. These ratings reflect diminished financial flexibility and elevated fixed cost pressures relative to prior periods. They represent a significant decline from the mid-2000s through the early 2010s, when Chicago was consistently rated in the AA category by multiple agencies, including AA+ by Fitch (2010), AA- by S&P (2005-2010), and Aa3 by Moody’s (2006-2012), and was viewed as having substantially greater capacity to absorb fiscal shocks.<sup>9</sup>

**Figure N. Chicago’s G.O. Rating History, 2000-2025**



**Source:** Fitch Ratings, S&P Global Ratings, Kroll Bond Rating Agency (KBRA), and Moody’s Investors Service.

<sup>9</sup> Annual reports from S&P, Fitch, Kroll, and Moody’s

Peer comparisons show that Chicago's long-term liabilities as a percentage of governmental revenues, approximately 430%, are significantly higher than those of most comparable cities, contributing to weaker relative credit positioning over time.

**Figure O. Benchmarking Chicago Against Peer Cities: Fiscal, Financial, and Socioeconomic Indicators**

City State	Chicago, IL	Detroit, MI	Milwaukee, WI	New Orleans, LA	St. Louis, MO	Philadelphia, PA
Ratings (S/F/K/M)	BBB/A-/A-/Baa3	BBB/NR/NR/Baa1	A-/A+/NR/A3	A-/A-/NR/A3	A+/AA/NR/A2	A+/A+/NR/A1
Population	2,721,308	645,705	563,531	362,701	279,695	1,573,916
Per Capita Income (\$)	48,148	24,029	29,679	39,698	38,947	37,669
% of Population below Poverty Level	16.80%	31.50%	23.30%	22.60%	19.80%	22.00%
% of Population w/ College Education	43.30%	17.60%	26.60%	42.00%	40.20%	34.60%
Operating revenues (\$000)	10,580,035	1,845,646	1,512,449	1,030,119	1,206,505	9,207,650
Available fund balance as % of Revenues	13.4%	34.2%	18.3%	-2.0%	62.4%	12.0%
Current Ratio	2.3	5.2	7.9	2.7	5.3	4.3
Net Cash as % of Operating Revenues	61.7	112.9	51.6	54.9	114.7	39.7
Long-term Liabilities as % of Gov. Revenues	430.3%	217.3%	241.7%	176.6%	153.5%	107.3%
Fixed-costs Ratio (%)	33.5	13.2	9.8	10.9	14.2	11.8

**Source:** Moody's Municipal Finance Data & Analytics (MFRA)

Rating agency materials emphasize pension funded status, City contribution discipline, fixed cost burden, and reliance on one-time measures as key drivers of potential rating changes. Across rating agency methodologies, Chicago's elevated long-term liability burden, particularly pension-related obligations, has been identified as a persistent structural constraint on credit quality, limiting budgetary flexibility and increasing sensitivity to economic or revenue volatility. When credit ratings decline, the City faces higher borrowing costs, as investors require higher interest rates to compensate for increased perceived risk. These higher interest costs raise debt service expenditures over time, diverting additional resources away from core services and compounding fiscal pressure across future budgets. Deterioration in credit quality functions as a fiscal multiplier, increasing costs precisely when flexibility is most constrained. Actions that stabilize pension funding, reduce reliance on short-term budget solutions, and moderate long-term liability growth are identified as positive credit factors, while deterioration in funding discipline or increased use of debt for operating purposes would pose further downside risk.

## Subcommittee Recommendations

Addressing the City's long-term liabilities requires a coordinated approach that reflects both the scale of existing obligations and the structural drivers that continue to influence their growth. These liabilities are shaped largely by prior commitments and external factors, limiting the impact of any single intervention and reinforcing the need for a multi-pronged strategy.

The Subcommittee includes recommendations that combine targeted funding mechanisms, liability management tools, and governance improvements to better stabilize costs and enhance transparency. Together, these actions are designed

to limit the growth of future liabilities, improve coordination across stakeholders, and strengthen the City's ability to manage long-term fiscal risk in a more sustainable and predictable manner.

### 1. *Prioritize the Advanced Supplemental Payment*

**Impact:** High | **Feasibility:** High | **Time to results:** Long

**Context:** The City has adopted an Advance Pension Funding Policy that encourages supplemental contributions above the statutory minimum when fiscal conditions allow. These additional payments are intended to reduce unfunded liabilities more quickly than required under the statutory funding ramps and to limit the long-term cost of pension obligations. Current contributions are largely driven by legacy unfunded obligations and increasing contributions above statutory levels primarily improve outcomes by enhancing cash flow predictability and reducing the accumulation of pension debt over time. The advanced supplemental payment is effectively an additional contribution above the statutory ramp that accelerates funding progress by reducing the amount of unfunded liability that would otherwise be amortized over future years.

A substantial share of the City's pension contributions reflects the amortization of previously accrued unfunded liabilities. Increasing contributions beyond required levels is therefore one of the most direct ways to slow the growth of pension debt and improve funded status over time, even though it does not generate immediate budgetary relief. Higher or earlier contributions do not materially reduce near-term costs but instead materially improve long-term funded status by limiting compounding and increasing predictability of future required contributions, reinforcing the role of advanced payments as a timing-based funding mechanism rather than a short-term cost savings tool.

**Recommendation:** We recommend that the City:

Should make every effort to make the advanced supplemental payment each year until the calculation is no longer necessary.

**Dissent:** The recommendation slate would benefit from also addressing the pension liability itself. For example, consideration could be given to recommending that the Illinois State Constitution be amended so that pension liabilities that have not already vested could be revised prospectively, consistent with the approach taken by many other states. Addressing both the contribution side and the liability side would represent a more balanced approach. The current recommendations focus primarily on putting more money into the pension plans faster; however, this is not money the City currently has and would require additional taxes in an already high-tax environment. While higher taxes to accelerate pension contributions could make sense as part of a broader strategy that also reduces the liability, accelerated contributions in the absence of corresponding liability reform may not achieve the intended result.

## 2. *Secure Chicago Public Schools (CPS) Contributions to City Pensions*

**Impact:** Medium | **Feasibility:** Low - Medium | **Time to results:** Long

**Context:** CPS employees who are not teachers participate in the MEABF, one of the City's four pension systems. While CPS employees benefit from this system, required contributions are largely funded by the City, adding pressure to the Corporate Fund.

Aligning a greater share of these costs with CPS would reduce the City's direct funding burden and modestly improve the financial position of MEABF. While the overall impact is limited relative to total liabilities, this approach reflects a broader effort to better align costs with the entities whose employees receive the benefits.

**Recommendation:** We recommend Chicago Public Schools:

Consider establishing a goal and process for contributing the full portion of their employee pensions into the Municipal City Pension fund, beginning with paying \$175 million per year for the first 10 years. While past funding has been provided in some years with an Intergovernmental Agreement (IGA), the ability to obtain funding through the same process is likely limited in the future. We have modeled that an agreement (potentially through the State) is reached to provide funding.

**Dissent:** The considerations raised with respect to Recommendation #1 are relevant here as well. In addition, the City/CPS/State relationship is complex, and additional analysis may be needed to determine whether increased CPS payments are appropriate given CPS's own financial challenges and educational funding needs, particularly considering the State's broader responsibility for teachers outside of CPS. The City, despite appointing a controlling number of Board members, has had limited practical ability to direct CPS to make this payment, and with the transition to a fully elected school board, that dynamic will shift further. Any recommendation regarding CPS contributions may be most effective if focused on the State legislation that dictates the City's deposit to MEABF for CPS non-teacher employees. This could also be paired with the State moving CPS teachers into Teachers' Retirement System (TRS) or covering the full contribution to Chicago Teachers' Pension Fund (CTPF), which would free up funding for non-teacher pension contributions.

## 3. *Offer Voluntary Buy-Outs*

**Impact:** Low - Medium | **Feasibility:** Medium | **Time to results:** Medium

**Context:** Voluntary buy-out programs offer participants a lump sum in place of future pension payments, reducing long-term liabilities in exchange for upfront cash outlays. These programs lower total obligations if participation is sufficiently high, and terms are actuarially favorable to the City.

However, their impact is limited, as participation is voluntary, and outcomes depend on individual decisions. Therefore, buyouts are best considered a supplementary tool rather than a primary strategy for addressing overall pension liabilities.

**Recommendation:** We recommend that the City:

Allow retirees to choose a lump-sum payout instead of monthly checks. These amounts are reduced in value (reducing the City's liability) but may be attractive for various reasons to participants (may have a need for money today, have a view on shorter life expectancy, etc.).

**Dissent:** This recommendation appears to produce no net benefit to the pension plans, as the buyout would be calculated at an NPV that is neutral to the plan. While a buyout may be attractive to individual pensioners based on personal circumstances, the Task Force's focus is on the City's liabilities, and this recommendation may not meaningfully advance that objective. There is also a consideration that widespread adoption of buyouts could have the unintended effect of accelerating withdrawals from the pension plans, potentially straining plan assets over time.

#### 4. *Dedicate External Funding to Pay Actuarially Determined Contribution (ADC)*

**Impact:** High | **Feasibility:** Low | **Time to results:** Long

**Context:** The ADC represents the level of annual pension funding needed to cover the cost of benefits earned each year and make progress toward eliminating unfunded liabilities over time. Increasing contributions toward this level improves funded status and reduces long-term cost growth.

Identifying external funding to support higher contributions could strengthen pension funding without placing additional pressure on the City's operating budget. However, effectiveness depends on the scale and reliability of those funding sources.

**Recommendation:** We recommend that the City:

Bring in money from outside sources (state, federal, gaming, asset deals) that can be used to pay an amount that is a standardized calculation across the industry referred to as the Actuarially Determined Contribution. This targets 100% funding over a fixed period.

*Example:*

*Portion of revenue from a potential "millionaire" tax is routed directly to the Actuarially Determined Contribution.*

**Dissent A:** Payment of the ADC would require the City to target 100% funding rather than the 90% required by State law, increasing costs to the City today for the benefit of taxpayers in 2056 and 2058. While actuaries generally support 100% funding, many government finance experts, including the bond rating agencies, consider 80% to 90% funding to be appropriate. This distinction is worth weighing carefully, as the additional burden of targeting 100% would be significant.

**Dissent B:** Subject to further understanding of any consensus on best practices, the more appropriate direction may be to evaluate whether the funding percentage target for the pension ramp could be lowered, if consistent with such best practices.

### 5. *Require State Fiscal Note for New Pension Legislation*

**Impact:** Medium - High | **Feasibility:** High | **Time to results:** Short

**Context:** Past changes by the State to pension benefits and funding policies have not always been accompanied by consistent, standardized analysis of their long-term fiscal impact. This has contributed to increases in liabilities without full transparency into future costs or funding requirements.

Establishing a requirement for formal fiscal analysis would improve transparency and ensure that the long-term implications of proposed changes are clearly understood before they are adopted.

**Recommendation:** We recommend that the City:

Discuss State adoption of a formal requirement (e.g., new State statute or House/Senate rule) that any proposal by the State to alter pension benefits, contributions, or funding policy must include a standardized fiscal note. The fiscal note must, at a minimum, include actuarial analysis showing projections of payroll, the total city contribution, contribution as a percentage of payroll, total employee contribution, normal cost, accrued liabilities, actuarial value of assets, unfunded liabilities, and funded ratio through the funding target year(s). A supermajority vote would be required to exempt any proposal from this formal requirement.

**Dissent:** The City of Chicago currently has the authority to estimate the fiscal impact of proposed laws and to communicate its views to the General Assembly. These existing tools may be both more practical and more effective than seeking new legislation governing the General Assembly's internal procedures.

### 6. *Require State-Dedicated Funding for Any State Actions Increasing City Pension Costs*

**Impact:** Medium - High | **Feasibility:** Low | **Time to results:** Long

**Context:** One of the primary drivers of Chicago's current pension burden is the historical disconnect between benefit changes and the funding mechanisms required to support them. Increasing benefits without corresponding funding sources has contributed to the growth of unfunded liabilities over time.

Requiring that any future increase in pension obligations be paired with a State-dedicated funding source would help prevent the recurrence of this dynamic and support more sustainable funding practices going forward.

**Recommendation:** We recommend that the City:

Discuss State adoption of a formal requirement (e.g., new State statute or House/Senate rule) that any proposal by the State which would result in an increase to City liabilities or contributions must include a dedicated State-funded revenue stream to be earmarked for pension improvements. A supermajority vote will be required to exempt any proposal from this formal requirement.

**Dissent:** This recommendation, as written, could have unintended consequences that merit further analysis. For example, a new state statute requiring dedicated revenue could result in existing revenue sources being committed for a particular purpose, effectively giving the General Assembly a role in shaping the City's budget. Such an outcome could be in tension with the flexibility in revenue-raising sought elsewhere in this document and could limit the City's ability to set its own policy priorities, including adequately funding pension obligations. It may also be worth clarifying that the recommendation envisions a new dedicated funding stream, rather than the dedication of an existing one. Additionally, several recommendations in this slate involve state-level action, and while seeking such assistance is understandable, the timeline and complexity of that process are worth acknowledging.

## 7. Consolidate Fund Actuaries or Administrators

**Impact:** Low - Medium | **Feasibility:** Medium | **Time to results:** Medium

**Context:** Chicago's four pension systems operate with separate governance structures, service providers, and administrative processes. This fragmentation can result in inconsistent assumptions, duplicative costs, and reduced coordination across funds.

Greater alignment in actuarial and administrative functions could improve consistency, strengthen oversight, and create operational efficiencies without altering benefit structures.

**Recommendation:** We recommend that the City:

Consolidate actuarial or administrative providers across the funds and/or with state oversight: actuarial services procurement, experience studies/assumption governance, shared admin/investment operations, centralized reporting.

## 8. Establish Formal, Routine Interactions Between City and State Officials for Pension-Specific Matters

**Impact:** Medium | **Feasibility:** High | **Time to results:** Short

**Context:** State-level action is required for most significant pension policy decisions. Funding responsibility and implementation, however, largely rest with the City, creating a disconnect between policy decisions and fiscal impact.

More structured and consistent coordination between City and State stakeholders would improve alignment on funding policies, legislative changes, and long-term planning.

**Recommendation:** We recommend that the City:

Create a formal intergovernmental mechanism (liaison/working group/standing committee) connecting City finance leadership, fund leadership, and State officials to coordinate pension-related topics (i.e., benefit changes, funding policy updates, compliance concerns). This group should meet at least twice per year and establish a format for routine check-ins that are sustainable for all involved parties.

## 9. *Strengthen Claims, Litigation, and Compliance Management*

**Impact:** High | **Feasibility:** Medium - High | **Time to results:** Medium

**Context:** The City's settlement and judgment costs have increased in recent years, driven less by the number of claims and more by the size (severity) and timing of individual cases. Large payouts are often associated with legacy police-related incidents, and broader national trends of increasing jury awards.

In addition to these cost drivers, the City remains subject to a federal consent decree governing police practices (the Chicago Police Department consent decree), which establishes legally binding requirements for reforms, oversight, and reporting. Compliance with the consent decree requires dedicated staffing, monitoring, and implementation of prescribed reforms, and prolonged noncompliance can extend the duration of federal oversight and associated costs. As a result, gaps in compliance or delays in implementation can contribute both to ongoing litigation risk and to sustained or increasing settlement and judgment costs over time.

Once claims progress through the legal system, costs are difficult to reduce, and even successful defenses require significant time and expense. This means that the most effective opportunities to manage long-term costs lie in earlier intervention, improved coordination, and more proactive use of data to identify risks and trends.

**Recommendation:** To control costs related to the City's tort settlements and judgments, we recommend that the City:

- Initiate a fulsome review of the legacy and current claims pending against it, to determine whether there are particular claims, or types of claims, that could benefit from alternative litigation strategies.
- Consider consolidating the number of outside counsel law firms used to handle tort claims asserted against the City. This consolidation is not meant to reduce the amount of work referred to outside counsel. Rather this recommendation is aimed at consolidating such work, to the extent possible, to eliminate redundancies, improve efficiency, and allow for a more comprehensive litigation strategy.
- Review tort claims filed against the City that are related to the City's infrastructure to determine whether any such claims are concentrated in certain areas, potentially indicating that infrastructure in those areas is most in need of repair and/or updating. The City should then ensure that this information is tracked and sent to the requisite City departments to prioritize repairs and improvements in such areas.
- Fill all restored Chicago Police Department consent decree-related positions, accelerate implementation of early warning systems, and take other measures designed to enable proactive identification and deescalation of compliance deficiencies. These measures would both reduce the long-term fiscal burden of prolonged federal oversight and mitigate the litigation risk and reputational harm that continued noncompliance generates.

## *10. Inventory and Monetize Non-Core Assets with Oversight*

**Impact:** Medium - High | **Feasibility:** Medium | **Time to results:** Medium

**Context:** The City holds a broad range of assets including real estate, infrastructure, and public space, which may generate additional value if managed more systematically. While selected monetization efforts have been implemented (particularly in advertising and infrastructure partnerships), these activities have not always been coordinated under a single strategy.

A more comprehensive and centralized approach to identifying, valuing, and managing assets would improve the City's ability to evaluate opportunities, prioritize higher value uses, and align monetization efforts with long-term objectives.

---

**Recommendation:** To explore the potential monetization of eligible City assets, we recommend that the City:

- Engage a qualified professional firm to conduct an inventory of all City-owned real property, infrastructure, and other assets eligible for asset monetization.
- Contact the Government Finance Officers Association ("GFOA") to inquire about participation in the GFOA's Public Asset Wealth Strategy program, which would provide the City with access to, among other things, peer benchmarking, technical assistance, and advisory support.
- Conduct a detailed feasibility study into the City's current and future use of digital and outdoor advertising across City-owned property, infrastructure, and public spaces. The feasibility study should evaluate monetization potential, implementation frameworks, and any necessary regulatory or contractual arrangements, with all findings and recommendations required to conform with the cultural and historical nature of the City.
- Establish an Asset Optimization Oversight Committee to ensure transparency, accountability, long-term value maximization, professional management, and clear oversight from City officials. The committee should include at least two members of City Council, along with representatives from the: Office of Budget and Management (OBM), Fleet and Facility Management, City's Law Department, Office of Inspector General, and the Department of Planning and Development.

## Long-Term Liabilities Subcommittee: Table of Recommendations

Recommendation	Impact	Feasibility	Timing
1. Prioritize the Advanced Supplemental Payment	High	High	Long
2. Secure Chicago Public Schools (CPS) Contributions to City Pensions	Medium	Low-Medium	Long
3. Offer Voluntary Buyouts	Low-Medium	Medium	Medium
4. Dedicate External Funding to Pay Actuarially Determined Contribution (ADC)	High	Low	Long
5. Require State Fiscal Note for New Pension Legislation	Medium-High	High	Short
6. Require State-Dedicated Funding for Any State Actions Increasing City Pension Costs	Medium-High	Low	Long
7. Consolidate Fund Actuaries or Administrators	Low-Medium	Medium	Medium
8. Establish Formal, Routine Interactions Between City and State Officials for Pension-specific Matters	Medium	High	Short
9. Strengthen Claims, Litigation, and Compliance Management	High	Medium-High	Medium
10. Inventory and Monetize Non-Core Assets with Oversight	Medium-High	Medium	Medium

## VI. Subcommittee: Revenues, Expenditures, and Fiscal Architecture

This section reflects the work of the Revenues and Expenditures Subcommittee, which focused on how Chicago's fiscal system operates in practice. It examines the architecture of revenues and spending, the administrative systems that shape realized fiscal outcomes, and a set of operational and governance levers that influence implementation within existing authority. Within the constraints described in prior sections, fiscal architecture and administrative capacity play a decisive role in determining how effectively the City manages risk, executes policy, and translates appropriations into outcomes.

### Revenue Collections and Administration

Beyond statutory design, the Subcommittee examined how administrative systems and enforcement practices affect realized revenues within the City's existing tools. Debt collection was reviewed as a practical case where administrative design, staffing, and data access materially influence outcomes. The City has undertaken several recent operational and policy initiatives to strengthen collection performance, which provide important context for interpreting both current results and future opportunities. The following discussion and associated recommendations are intended to build on these efforts and further enhance efficiency, coordination, and consistency across the existing framework.

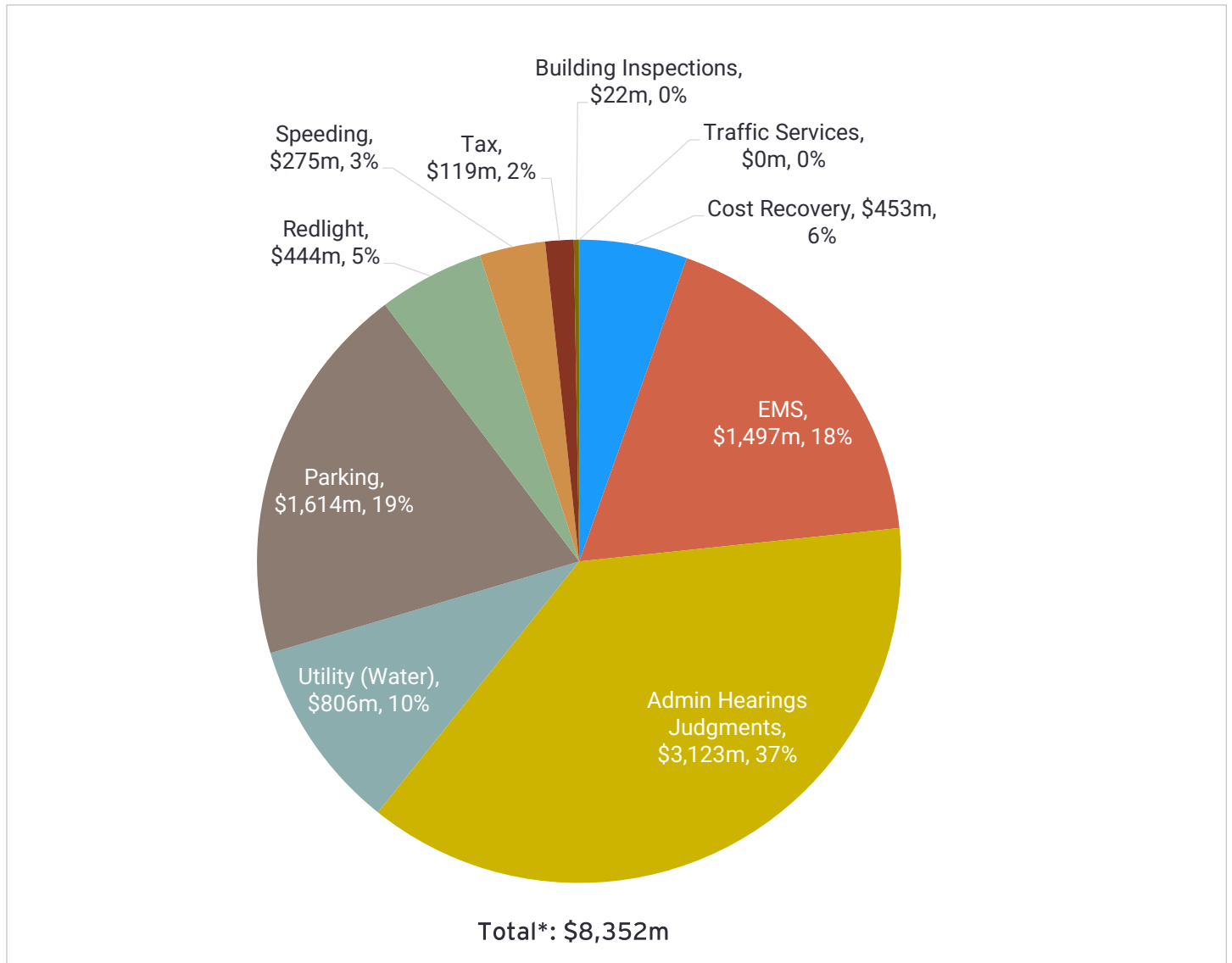
Under the current collections framework, the Department of Finance (DOF) focuses on current and recently past due debt, while the Department of Law (DOL) pursues outstanding and defaulted debts through enforcement mechanisms. The City carries approximately \$8.5 billion in outstanding receivables, defined as unpaid fees, fines, charges, and judgments legally owed to the City but not yet collected. This balance is recorded on an accounting basis, meaning the balance reflects total recorded outstanding amounts over time rather than what is expected to be collected. Major categories include Administrative Hearings Judgments (\$3 billion), which consist of unpaid determinations issued through the City's administrative adjudication process, including code violations, compliance cases, and certain non-criminal municipal offenses; Parking (\$2 billion), such as unpaid parking and compliance violations; EMS (Emergency Medical Services) (\$1.5 billion), reflecting charges for emergency medical transport services; and Water and Sewer (\$806 million), including unpaid utility bills and related service charges. While improvements in collection performance alone are unlikely to fully resolve the City's overall receivables balance, given its size and accounting structure, recent gains demonstrate that administrative actions are meaningfully improving realized revenue within existing authorities.

Debt collection performance has improved in recent years, but collections remain modest relative to the total outstanding receivables, noted above. As such, collection performance should be interpreted in that context.

---

The DOL has collected approximately \$2.5 billion since 2010, with total collections increasing by 21% year over year in 2025. January 2026 collections totaled \$9.5 million, compared to \$8 million in January 2025, a 16% year-over-year increase<sup>10</sup>. This trend reflects sustained operational focus of DOF and DOL, with recent data indicating strong performance in non-parking categories and early signs of recovery in parking-related collections following a decline in 2024.

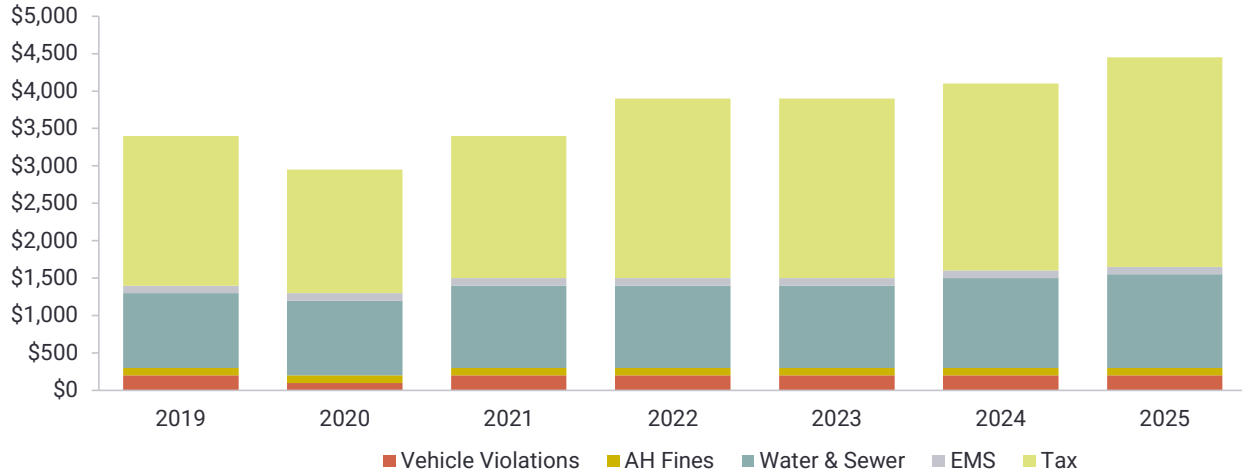
**Figure P. Overview of City's Outstanding Receivables, 1990-2026**



*Source: Department of Finance; Department of Law*

<sup>10</sup> Department of Finance; Department of Law

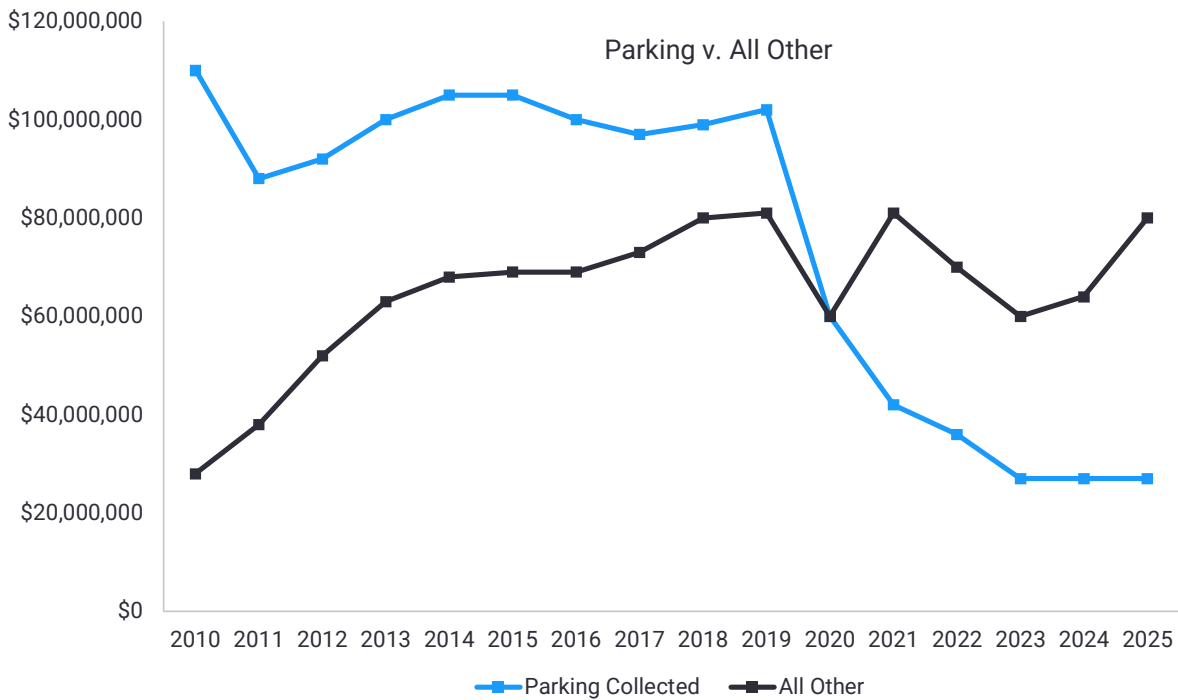
**Figure Q. Overview of City's Debt Collection Trends, 2019-2025**



**Source:** Department of Finance; Department of Law

These trends indicate that collection performance has improved in recent years, even as the total receivables balance continues to reflect legacy obligations and accounting-driven reporting requirements.

**Figure R. Trends in Parking Revenue vs. Other Revenue Sources, 2010-2025**



**Source:** Department of Finance; Department of Law

Notably, non-parking collections have reached their highest levels to date, while parking-related collections are beginning to recover after a temporary decline.

The Subcommittee also reviewed several administrative initiatives presented as ways to improve compliance and collection performance:

- **Tax auditor staffing and retention.**

In 2025, taxes administered by DOF accounted for 63% of its \$4.5 billion total collections, including transaction taxes, business taxes, and related compliance activities. According to DOF data, annual enforcement collections per auditor have ranged from \$1.0 million to \$4.5 million since 2016, with an average of approximately \$3 million per auditor. Therefore, a fully staffed tax division with 38 auditors could generate up to \$56 million in additional collections annually, alongside illustrative gross and net figures for the initiative<sup>11</sup>.

The City has taken steps to expand and strengthen this function, including increasing staffing levels and revising job classifications to support recruitment and retention. DOF received additional enforcement staffing resources in FY26 and is in the process of filling these roles, with a stated objective of increasing enforcement activity and collections. These efforts reflect an ongoing operational priority to enhance revenue administration within existing authorities.

- **Debt check portal implementation**

A 2026 initiative will integrate debt checks across source systems, standardize data at intake, expand debt check types, and automate matching and skip tracing, providing a gross estimate of \$14 million and net estimate of \$12 million in increased revenue year over year.

- **Parking payment plan reforms**

Measures implemented in early 2026 include revised down payment requirements tied to default history, a “three-strike” default policy, and autopay enrollment.

## Technology Modernization and Administrative Enablement

The Subcommittee examined technology modernization as an enabling factor that affects the City's ability to implement, manage, and sustain fiscal and operational reforms. This includes technology reducing administrative burden, improving data quality, and increasing execution capacity. Recurring challenges in the City's current technology environment include reliance on legacy systems, fragmented platforms across departments, manual workflows in high-volume administrative functions, and cybersecurity risks associated with unsupported or duplicative tools. In response, the Subcommittee outlined a set of modernization priorities focused on cloud migration, platform consolidation, workflow automation, and workforce enablement, paired with governance and change management considerations. In the absence of modernization, these

---

<sup>11</sup> Department of Finance; Department of Law

limitations increase execution risk, slow response during fiscal stress, and weaken the City's ability to sustain reforms over multiple budget cycles.

The Subcommittee discussed the importance of establishing a more clear fact base for modernization decisions. Conducting a citywide total cost of ownership assessment across infrastructure, applications, security tools, and collaboration platforms can help the City to better understand baseline costs, redundancy, and opportunities for consolidation. A cybersecurity risk and readiness assessment focused on exposure from legacy systems and downtime risk, rather than compliance alone, would shift the City's approach from reactive remediation to preventative, platform-based security, protecting both resident and employee data.

To ground these concepts, the Subcommittee reviewed examples from other public-sector organizations that have implemented similar tools and approaches. One case describes the Oklahoma City Fire Department digitizing inspections, logs, approvals, and other operational workflows using Power Apps, Power Automate, Power BI, SharePoint, and Teams. That case reports a 40% reduction in manual tasks following implementation, with improved real-time visibility for managers<sup>12</sup>.

This example illustrates how workflow redesign, automation, and data integration can change how work is performed in high-volume administrative and service functions. Consistent with the City technology efficiency materials, the Subcommittee discussions emphasized that outcomes depend on governance, integration with existing systems, workforce training, and clear ownership of implementation, rather than on the technology tools alone.

## Chicago Public Library: Cost Structure, Governance, and Strategic Implications

The Chicago Public Library (CPL) figures prominently in the Revenues and Expenditures Subcommittee's work because it illustrates how funding design, cost structure, and governance interact to shape flexibility even as overall appropriations increase. CPL is primarily financed through the Library Fund (Fund 0346), a dedicated special revenue fund supported mainly by a property tax levy and supplemented by other revenue sources.

However, the Library Fund does not represent the full cost of operating the CPL system. City of Chicago 2025 Budget Ordinance data shows that, in addition to Library Fund appropriations, CPL-related costs are incurred through other funds and departments, including centrally managed services (employee benefits, facilities, and IT), grant-funded programs (both within and outside Fund 0346), and library-related debt service supported through the property tax levy (Fund 0521). These components result in total CPL system costs that are materially higher than Library Fund appropriations alone.

Analysis shows that the Library Fund faces a projected structural gap, with City projections indicating a near-term annual shortfall and cumulative deficits approaching approximately \$50 million by FY2028. For example, between FY25 and FY26, total Library Fund appropriations increased by approximately \$4 million, from \$148 million to \$152 million. Over the same period, CPL salaries and wages increased by approximately \$7 million, from \$72 million to \$79 million, reflecting contractual

---

<sup>12</sup> Microsoft: OKCFD Power Apps Case Study

and structural cost pressures. This illustrates structural constraints, including limited revenue flexibility, and a high share of costs that are not directly controlled by CPL, rather than a simple gap in overall funding.

Analysis shows that the Library Fund expenditures are overwhelmingly labor-related. By FY25, approximately 83% of Library Fund spending was classified as contractually determined (consisting of CPL staffing and payroll, pension and payroll taxes, facilities/utility/maintenance expenses, and other system operations), and by FY26, that share increased to approximately 87%, leaving only 13% of Library Fund expenditures discretionary. This means that any adjustments to balance the Library Fund must be concentrated in a small portion of the budget under CPL's control. The FY25 to FY26 comparison presented to the Subcommittee by CPL shows a 50% reduction in the Library Fund materials budget, from \$10 million to \$5 million, despite an increase in total appropriations. However, this does not reflect a true reduction in spending. Rather, OBM reported a one-time shift of \$5 million in library collections expenditures (books, digital materials, etc.) from the Library Fund to the Corporate Fund in FY26, with the explicit caveat that this shift would not occur again in FY27.

The Subcommittee reviewed these findings in the context of Library Fund governance and fiscal risk. The Corporate Fund is not designed to serve as a long-term backstop for the Library Fund. Instead, this gap requires ongoing evaluation of service levels and service mix within CPL itself, particularly to avoid a trajectory similar to other special revenue funds (e.g., the Solid Waste/Garbage Fund) where structural imbalances required increased reliance on the Corporate Fund.

The benchmarking work also examined CPL's operating model relative to peers and across neighborhoods. At the system level, CPL's cost structure, service footprint, and staffing levels were shown to fall broadly in line with or below peer medians<sup>13</sup>. However, the analysis emphasizes that variation across CPL's 81 branches is substantially larger than differences between CPL and peer systems. Branches serving similar communities and operating with similar resource levels were shown to experience materially different engagement outcomes, indicating that outcomes are shaped not only by funding levels, but by service mix, staffing and delivery models, and local context.

The CPL findings point to the need for a system-level strategic framework that aligns funding, service delivery, and equity objectives. The benchmarking materials emphasize that, given the fixed nature of the Library Fund expenditures and the geographic breadth of CPL's branch network, incremental adjustments alone may not be sufficient to fully address the gap over time. A deliberate overall and branch-level strategy is required to guide choices about how limited discretionary resources are deployed, how service models vary across neighborhoods, and how CPL manages its fiscal constraints without relying on structural support from the Corporate Fund.

## City-County Operational Overlap

The Subcommittee examined the extent to which the City of Chicago and Cook County maintain parallel departments performing materially similar functions within the same geographic footprint. This review focused on four functional areas

---

<sup>13</sup> Peer systems include New York City (including Manhattan, Staten Island, and the Bronx), Los Angeles, Philadelphia, Brooklyn, Seattle, Houston, and Queens

where responsibility is shared or duplicated: public health, election administration, animal control, and ethics and human rights.

Because the City of Chicago lies entirely within Cook County, the two governments operate across the same geographic jurisdiction. In these four areas, both the City and the County maintain separate departments with overlapping mandates, staffing, administrative structures, and budget authority.

Across the four overlapping functions reviewed, the scale of City and County involvement varies significantly, though duplication is present in each case.

### **Public Health**

The Chicago Department of Public Health has an operating budget of approximately \$335 million and 759 full-time employees, while the Cook County Department of Public Health operates with approximately \$69.5 million and 333 full-time employees. Both entities pursue broadly similar mandates related to infectious disease control, environmental health, and health equity, and both rely heavily on state and federal grant funding to sustain parallel administrative structures.

### **Elections Administration**

Election administration is split between the Chicago Board of Election Commissioners and the Cook County Clerk's Office (Elections Division). The City's election board operates with a budget of approximately \$28 million and 122 full-time employees, while Cook County spends approximately \$60 million on elections administration across the Clerk's Office, with 112 full-time employees, and provides funding support to the Chicago Board of Election Commissioners. Both entities manage voter registration, polling locations, and ballot processing for their respective jurisdictions, resulting in parallel infrastructure and administrative costs.

### **Animal Control**

Animal control responsibilities are nearly at cost parity. Chicago Animal Care and Control operates with an operating budget of approximately \$8 million and 90 full-time employees, while Cook County Animal and Rabies Control operates with approximately \$8.5 million and 25 full-time employees. Although Cook County does not operate animal shelters directly, and the City does, both governments maintain separate administrative structures for rabies control, enforcement, and related functions.

### **Ethics and Human Rights**

The City's departments responsible for ethics and human relations operate with a combined budget of approximately \$4 million and 28 full-time employees, while Cook County's Department of Human Rights and Ethics operates with approximately \$2 million and 16 full-time employees. Both entities pursue similar mandates related to civil rights enforcement and ethics disclosures, supported by separate staff, systems, and governance structures.

---

Across these functions, the financial weight of duplication is highly uneven, ranging from City-dominant scale in public health to near parity in animal control, but each case reflects parallel departmental architecture operating within the same geography.

To contextualize the City and Cook County's governance structure, the Subcommittee compared it with the governance models of five peer metropolitan areas: New York City, Philadelphia, Los Angeles, Houston, and Seattle.

The review identifies three broad governance models:

- **Consolidated or Coterminous Models (No Functional Overlap):** New York City and Philadelphia operate consolidated city-county systems in which county functions are either constitutionally eliminated or fully absorbed into the city government. These models feature singular budget authority and no duplicate departments.
- **Territorial Split Models (Partial Overlap):** Los Angeles and Houston divide service delivery geographically. In these cities, counties focus on unincorporated areas, while cities serve municipal boundaries. Even when both governments operate in similar functional areas, responsibilities are explicitly separated to avoid duplicative operational spending.
- **Functional Overlap Models (High Redundancy):** Chicago reflects one of the most extensive functional overlap models among peer cities. Unlike Los Angeles or Houston, Chicago and Cook County both maintain full departments performing materially similar functions across coextensive jurisdictions, particularly in public health and elections administration.

The analysis positions Chicago's model as an outlier relative to its peers. While some overlap exists in other regions, Chicago's degree of coextensive functional redundancy is not the prevailing national standard.

The issue is not isolated inefficiencies within individual departments, but rather the overlapping service structures. Maintaining parallel departments with overlapping mandates requires separate executive management, administrative staff, IT systems, facilities, and budget processes. These structural duplications result in higher baseline operating costs that persist regardless of service demand or fiscal conditions.

The greatest potential efficiency gains are in areas where duplication is both substantial and functionally similar, particularly animal control and elections, where peer cities provide examples of consolidated or territorially divided service models that reduce redundancy while maintaining service levels.

## Performance Based Budgeting

As introduced in the Interim Report, performance-based budgeting reorients fiscal decision making toward the results government seeks to achieve, rather than focusing primarily on how funds are distributed across departments or programs. By clearly defining intended outcomes and linking resources to performance indicators, performance-based budgeting strengthens accountability and helps demonstrate how public investments translate into community benefits. It supports

---

more intentional prioritization by encouraging funding decisions to be guided by effectiveness and alignment with public goals, rather than by legacy spending patterns. Compared with traditional budgeting models, an outcome-focused approach can better support adaptability and responsiveness as public needs and policy priorities change.

However, implementing performance-based budgeting requires careful consideration of the financial resources necessary to deliver desired results. Programs that fall short of performance targets may do so because they are underfunded, not because they are poorly conceived or ineffective. Without explicitly accounting for these constraints, outcome-based systems risk drawing misleading conclusions about program value. A balanced approach, one that incorporates realistic expectations, appropriate safeguards, and equity considerations, can help ensure that outcome-based budgeting improves transparency and decision-making while minimizing unintended impacts on access to services. In Chicago's context, performance-based budgeting is best understood as a useful potential governance tool to improve prioritization under constraint, not a mechanism for resolving structural gaps absent broader fiscal reform.

## Subcommittee Recommendations

Addressing the City's structural fiscal challenges requires a balanced approach that goes beyond any single revenue or cost lever. The Subcommittee includes recommendations that combine targeted revenue enhancements with expenditure discipline, while advancing operational efficiency and coordination across departments. Together, these actions are designed to strengthen the City's financial position in a sustainable way, aligning near-term improvements with longer-term structural reform.

### 1. *Benchmark Taxes, Fees, and Expenditures Continuously*

**Impact:** High | **Feasibility:** Medium | **Time to results:** Long

**Context:** Chicago faces sustained pressure to balance service delivery, affordability, and fiscal obligations. Community input received by the Task Force reflects concern about the cumulative burden of taxes, fees, and fines alongside expectations for reliable public services. Building on the Interim Report's initial benchmarking analysis, this recommendation establishes a more consistent and structured approach to evaluating Chicago's relative tax and expenditure position over time.

Benchmarking Chicago's taxes, fees, and expenditures against peer cities provides a practical, data-informed basis for assessing whether current levels are aligned with comparable jurisdictions and where adjustments or efficiencies may be appropriate.

**Recommendation:** We recommend that the City:

Continue to assess where it stands relative to comparable cities regarding taxes/fees/fines (all of which generate City revenue) and expenditures. Current residents of the City, based on data collected by the Task Force's community outreach efforts, recognize that pension obligations of the City were woefully underfunded for decades. As a result, certain taxes/fees/fines will need to remain at elevated levels until such underfunding is corrected, which will take

decades. Furthermore, where benchmarking reveals that certain of the City's taxes, fees, or fines are set at levels below comparable cities, we recommend that the City consider increasing those taxes/fees/fines as appropriate.

However, the City cannot solely tax its way out of structural deficits as, given certain high taxes/fees/fines levels that already exist, such attempts will be counterproductive and contrary to other recommendations of this Task Force related to economic growth. We recommend that the City also continue to focus on reducing expenditures and increasing efficiency to further address the City's structural deficit.

**Dissent:** The City should fully explore the range of taxing options available for higher-income individuals and large businesses alongside any consideration of increases to taxes, fees, and fines that impact low- and middle-income households, regardless of how those rates compare to peer cities.

## *2. Establish City-County Governance Alignment & Functional Consolidation*

**Impact:** High | **Feasibility:** Medium | **Time to results:** Long

**Context:** Chicago and Cook County maintain overlapping responsibilities in several functional areas, operating parallel departments within the same geographic footprint. The structure can result in duplication of administrative systems, staffing, and service delivery models.

Clarifying roles and aligning governance structures would reduce duplication, improve accountability, and create opportunities for more efficient service delivery.

**Recommendation:** We recommend that the City:

Jointly establish with Cook County a formal Governance Alignment Commission (the "Commission") to evaluate areas of overlapping jurisdiction and develop a long-term framework for clarifying service delivery responsibility across both governments.

The Commission should be charged with identifying functions where duplication exists and recommending consolidation or realignment to a single governing entity where appropriate. Recommendations should include clear implementation pathways, including any required statutory changes, intergovernmental agreements, or voter referenda.

As an initial priority, the Commission should evaluate the consolidation of election administration under a single countywide entity, given significant overlap in infrastructure and operational responsibilities currently maintained by both governments.

The Commission should deliver its recommendations within a defined timeframe and focus on actionable reforms that improve efficiency, reduce fragmentation, and enhance accountability in public service delivery.

### 3. Pursue Graduated Income Tax Authorization (State Constitutional Amendment)

**Impact:** High | **Feasibility:** Low | **Time to results:** Long

**Context:** Chicago's revenue structure is shaped in large part by State law and constitutional constraints, limiting the City's ability to adjust revenue sources in response to changing fiscal conditions. Many of the City's existing revenue tools do not automatically grow with the economy, contributing to the City's structural imbalance.

Community input gleaned by the Task Force highlights concern around affordability, taxes, and economic stability, reinforcing the importance of approaches that balance revenue generation with equity and growth considerations.

Changes to the State's income tax structure would provide a pathway to strengthen overall revenue capacity while potentially allowing for a more progressively balanced distribution of tax burden.

**Recommendation:** We recommend that the City:

Request State lawmakers pass enabling legislation allowing a proposal on the ballot for the State's personal and corporate income taxes to be implemented using a graduated rate structure, with specific rates not to be included in the amendment, but instead to be proposed pending the results of an impact study. Passing this legislation would, based on the results of the impact study, allow for increased tax rates for income above \$1 million and could help reduce the City's reliance on local revenues that may otherwise constrain economic growth. Any changes in the personal income tax rates should be paired with similar changes in the corporate income tax rates to both shift tax burden away from small businesses and to larger corporations, and to maintain the maximum eight-to-five ratio of the corporate income tax rate to the personal income tax rate allowed by the State constitution.

Recognizing that passing a State constitutional amendment could take years, State lawmakers could also pass legislation that increases the flat individual income tax rate and includes a refundable tax credit that targets tax relief to the middle and lower income portion of tax filers that is sufficient to offset any additional tax burden the increase in the flat income tax rate would otherwise create for them. Any such change in the flat personal income tax rate should be paired with a corresponding change in the corporate income tax rate to maintain the maximum eight-to-five ratio of the corporate income tax rate to the personal income tax rate allowed by the State constitution

**Dissent:** Any changes to tax structure or rates should be considered in the broader context of addressing the State's and City's structural fiscal issues and promoting economic growth. At a time when Chicago is working to position itself as a safe, affordable, and opportunity-rich region, proposals to increase income taxes merit careful evaluation given the potential effect on perceptions of the city and state's business climate. Regions across the country are competing aggressively for talent, investment, and business growth, and higher taxes and the messaging surrounding them may factor into decisions by businesses, workers, and families about where to locate, invest, or build a future. Any proposed change to the tax structure would benefit from a detailed long-term plan to address the most pressing fiscal challenges while supporting continued growth.

There are also questions regarding the refundable tax credit recommendation worth further consideration, including whether it may face constitutional challenges, the practical reality that all taxpayers would pay the higher rate before receiving a refund, and the sequencing of this approach relative to a constitutional amendment whose viability has not yet been established, particularly given that a similar amendment was previously put on the ballot and did not pass.

#### 4. *Restructure Electricity Tax Rates*

**Impact:** High | **Feasibility:** Medium | **Time to results:** Long

**Context:** The current electricity tax structure utilizes an inverse rate design, where smaller users, typically residential households and small businesses, pay higher marginal rates, and larger users pay lower rates. While the City determines whether to impose the tax, State law defines the rate structure, which limits the City's ability to change how different users are taxed.

Enabling a new rate structure through State action, such as enabling higher rates on high-volume users, would expand the City's effective taxable base. This would provide greater flexibility to balance revenue generation with equity and competitiveness considerations.

**Recommendation:** We recommend that the City:

Support and advocate for enactment of state legislation that changes the statutorily required inverse rate structure on electricity tax that municipalities must follow in which the highest users pay the lowest marginal rates. Such legislation should allow for higher rates for higher volume users and give municipalities the power to enact a structure that holds residential and small business customers harmless while raising the rates on higher volume users.

**Dissent:** It is important to consider how this potential change could impact the City's business climate. Before pursuing a change in the electricity tax structure, there should be comprehensive analysis showing how the potential new rate structure compares to other jurisdictions.

#### 5. *Fully Staff Tax Auditor Positions and Streamline Revenue-Generating Hiring*

**Impact:** High | **Feasibility:** Medium | **Time to results:** Medium

**Context:** The City's ability to generate sustainable revenue depends not only on tax policy but also on administrative capacity and effective enforcement processes. These revenues are generated through ongoing compliance and enforcement activities tied to current obligations, where performance is closely tied to staffing levels, data access, and audit activity.

The City has taken steps in recent budget cycles to expand and strengthen this function, including increasing authorized staffing levels and revising job classifications to support recruitment and retention. These efforts reflect an ongoing operational focus on enhancing enforcement activity and collections.

Ensuring that revenue-generating functions are fully staffed and operating remains an important lever to improve revenues within the City's existing authority.

**Recommendation:** We recommend that the City:

Continue to prioritize the timely filling of authorized tax auditor positions within the DOF and further streamline the hiring and onboarding process for these revenue-generating roles.

DOF data indicates that individual City auditors have historically generated between approximately \$1.0 million and \$4.5 million in annual enforcement collections since 2016, averaging around \$3 million per auditor, highlighting the direct impact of staffing levels on revenue outcomes.

Sustained focus on recruitment, retention, and onboarding efficiency is expected to support continued growth in enforcement collections over time, with a fully staffed Tax Division anticipated to generate up to \$56 million in additional annual collections inclusive of ongoing efforts to expand capacity.

## 6. *Mandate Intergovernmental Data Sharing to Enhance Debt Collection Efficiency*

**Impact:** High | **Feasibility:** Medium | **Time to results:** Medium

**Context:** The City holds approximately \$8.5 billion in outstanding receivables, including unpaid fees, fines, and judgments. These balances reflect accumulated obligations that have progressed beyond initial billing into later stages of enforcement, often requiring asset identification, legal remedies, and coordination across jurisdictions to pursue recovery. Collection efforts involve coordination across multiple agencies and jurisdictions, and performance is influenced by data access, system integration, and enforcement tools.

The City has implemented several initiatives to improve collections performance, including strengthening coordination between the DOF and DOL, enhancing enforcement strategies, and investing in technology and process improvements. Despite these efforts, the largely manual and fragmented nature of certain data-sharing processes can limit efficiency and slow the identification and pursuit of outstanding obligations in some cases.

**Recommendation:** We recommend that the City:

Build on existing interagency coordination efforts by pursuing mandatory data-sharing agreements with State and County agencies—including the Illinois Secretary of State, the Cook County Clerk's Office (CCCO), and the Cook County Treasurer—to improve the efficiency and effectiveness of debt collection operations. Expanding and standardizing electronic access to intergovernmental data would further reduce manual processing costs, accelerate collection timelines, and maximize the revenue potential of its existing and forthcoming technology investments.

For example, formalized electronic access to CCCO data would enable the City to quickly identify debtor-owned real property for purposes of lien placement or foreclosure, eliminating the manual process of individually searching property records, deeds, and liens through the CCCO public records portal, which is currently a time and effort intensive process.

Allowing for automatic cross-referencing of debtor accounts against CCCO property ownership data would reduce the labor hours currently dedicated to manual title searches and would more efficiently identify debtor-owned real property that could be subject to liens or enforcement actions.

Further, an automated data-sharing feed with the Cook County Treasurer would allow the City to cross-reference its own receivables against property tax payment records, identifying properties where owners are delinquent on both City debts and county property taxes. This overlap analysis could help the City prioritize collection actions against property owners who demonstrate a broader pattern of nonpayment and could facilitate coordinated collection efforts.

## 7. Pursue Legislative Amendments to Strengthen Vehicle Violation Debt Enforcement

**Impact:** High | **Feasibility:** Medium | **Time to results:** Long

**Context:** Vehicle-related violations represent a significant share of the City's outstanding receivables. The City currently utilizes a range of administrative and legal tools to pursue collections of these obligations; however, changes in enforcement dynamics and constraints within the existing legal framework can affect the consistency and duration of collection efforts, particularly for older debts.

Recent efforts to improve collections have focused on operational enhancements and coordination across departments. In some cases, opportunities may exist to clarify or strengthen statutory pathways to support more consistent long-term enforcement.

**Recommendation:** We recommend that the City:

Continue to pursue amendments to Illinois state law to strengthen the City's ability to collect vehicle violation debts, which constitute one of the largest and fastest-growing categories of outstanding debt.

There are two targeted legislative amendments: (1) amending 625 ILCS 5/11-208.3(f) to allow the City to register a transcript of a final determination and pursue it as a judgment in court—similar to existing procedures for Department of Administrative Hearings judgments—thereby improving enforceability of vehicle violation debts; and (2) amending 735 ILCS 5/13-227, which would allow the City additional time to convert a violation into a formal judgment, after which the judgment could be enforced over a longer period under the existing collection rules.

## 8. Strengthen Compliance with Outstanding City Fees, Fines and Other Obligations Across Public Employees and Agencies

**Impact:** High | **Feasibility:** Medium | **Time to results:** Medium

**Context:** The effectiveness of the City's collection efforts for outstanding fees, fines, and other obligations owed to the City depends not only on external enforcement tools but also on internal coordination and compliance across public entities. Current practices rely primarily on periodic identification of outstanding debt and reactive enforcement measures. Better

coordination and integrating debt repayment expectations into hiring and interagency practices would improve compliance and collections over time. This recommendation focuses specifically on improving compliance within the public sector (including City employees or sister agencies), rather than external enforcement against the general public.

**Recommendation:** Beyond the legislative effort detailed in “7. Pursue Legislative Amendments to Strengthen Vehicle Violation Debt Enforcement” related to enhancing the City's collection efforts, we recommend that the City:

Implement additional measures to improve collection of outstanding fees and fines owed by the City's sister agencies. While the City currently provides quarterly notifications to sister agencies identifying existing employees who owe outstanding City debt and engages in wage garnishment of those employees, we recommend that the City also pursue intergovernmental agreements with sister agencies that would require pre-employment debt checks against selected candidates and mandate that those candidates extinguish any outstanding City debt as a condition of commencing employment with the sister agency. Clear policies requiring timely payment of all outstanding obligations as a condition of continued employment or interagency cooperation should also be established and codified through binding intergovernmental agreements.

## IT Modernization and AI-Driven Efficiencies

### 9. *Conduct Total Cost of Ownership Assessment Across IT Footprint*

**Impact:** Medium | **Feasibility:** High | **Time to results:** Short

**Context:** The City's technology investments are distributed across departments, limiting visibility into total spending, duplication, and lifecycle costs. Without a consolidated view, modernization decisions are made in isolation, making it difficult to prioritize investments or capture system-wide efficiencies.

**Recommendation:** We recommend that the City:

Conduct a citywide "total cost of ownership" assessment across infrastructure, applications, security, and collaboration platforms. This assessment should establish a baseline for modernization decisions.

We further recommend the City use IT infrastructure bonds as needed to accelerate the purchase of technology systems supporting these initiatives.

## 10. *Perform Cybersecurity Risk Assessment*

**Impact:** Medium | **Feasibility:** High | **Time to results:** Short

**Context:** Legacy systems and fragmented platforms increase exposure to cybersecurity risks, including data breaches, downtime, and recovery costs. Current approaches are often oriented towards compliance, rather than long-term risk reduction and fiscal impact, limiting the City's ability to proactively manage system vulnerabilities.

**Recommendation:** We recommend that the City:

Perform a citywide cybersecurity risk and readiness assessment focused on fiscal sustainability and compliance. This assessment should prioritize protecting resident and employee data and evaluating exposure from legacy and unsupported systems.

We further recommend the City use IT infrastructure bonds as needed to accelerate the purchase of technology systems supporting these initiatives.

## 11. *Standardize Enterprise Platforms*

**Impact:** Medium - High | **Feasibility:** Medium | **Time to results:** Medium

**Context:** Departments often rely on separate, agency-specific systems that perform similar functions, resulting in duplicative costs and limited interoperability. This fragmentation constrains collaboration, increases maintenance burdens, and reduces the City's ability to scale solutions across departments.

**Recommendation:** We recommend that the City:

Transition from agency-specific solutions to a secure, scalable enterprise platform shared across departments. Standardizing core productivity, data, security, and automation tools will enable shared services models, reduce ongoing costs, and allow faster deployment of new services.

We further recommend the City use IT infrastructure bonds as needed to accelerate the purchase of technology systems supporting these initiatives.

## 12. *Upskill Workforce for AI and Automation*

**Impact:** Medium | **Feasibility:** Medium | **Time to results:** Medium

**Context:** Technology investments alone do not improve outcomes unless staff are equipped to use new tools effectively. As the City adopts cloud-based systems, automation, and AI-enabled solutions, workforce capability becomes a critical factor in realizing efficiency gains and sustainable operational improvement.

**Recommendation:** We recommend that the City:

Invest in workforce upskilling<sup>14</sup> so employees can leverage modern tools such as cloud platforms, AI, and low-code/no-code automation.

We further recommend the City use IT infrastructure bonds as needed to accelerate the purchase of technology systems supporting these initiatives.

### 13. *Deploy Targeted AI Use Cases for Administrative Functions*

**Impact:** High | **Feasibility:** Medium | **Time to results:** Long

**Context:** Many high-volume administrative functions remain manual, contributing to delays, backlogs, and inconsistent service delivery. Targeted use of automation and AI tools can streamline these processes, improve throughput, and reduce administrative burden in areas with clearly defined workflows.

**Recommendation:** To support IT modernization and AI-driven efficiencies, we recommend that the City:

Deploy AI for targeted use cases that are backlogged or administratively burdensome, such as AI-assisted police report drafting, automated tax auditing, back-office enterprise planning (ERP) automation, and improved 311 call center operations.

We further recommend the City use IT infrastructure bonds as needed to accelerate the purchase of technology systems supporting these initiatives.

### 14. *Establish AI Governance Framework*

**Impact:** High | **Feasibility:** Medium | **Time to results:** Long

**Context:** The adoption of AI tools across City functions introduces risks related to accuracy, transparency, and oversight. Without clear governance standards, implementation may be inconsistent and could create exposure to bias, decision making integrity, and public trust.

---

<sup>14</sup> Upskilling, in this context, means the targeted, continuous process of helping employees expand and update their existing capabilities so they can work effectively in their current or evolving roles as AI, automation, data tools, and modern digital workflows are introduced. Upskilling goes beyond traditional training; it is preparing the workforce to adopt, trust, supervise, and productively use AI-enabled ways of working.

**Recommendation:** To support IT modernization and AI-driven efficiencies, we recommend that the City: Develop a citywide policy that establishes clear governance systems, procedures, human oversight, and evaluation processes for AI systems in the workplace. The policy should include best practices for transparency, training the workforce on usage, checks for dealing with bias or hallucinations, and a review process for dealing with issues that may arise.

We further recommend the City use IT infrastructure bonds as needed to accelerate the purchase of technology systems supporting these initiatives.

### 15. *Implement Workforce Transition Strategy to Support IT Modernization*

**Impact:** High | **Feasibility:** Medium | **Time to results:** Long

**Context:** Technology-enabled efficiency gains can change how work is performed across City departments. Ensuring that employees are retrained and redeployed where needed is necessary to maintain workforce stability and preserve institutional knowledge while modernization efforts advance.

**Recommendation:** To support IT modernization and AI-driven efficiencies, we recommend that the City: Ensure these investments are paired with a just transition for workers, focused on retraining, upskilling, and redeployment, so that the adoption of AI and automation strengthens the workforce rather than displacing it.

Exploring these ideas would involve close cooperation and negotiation with the relevant labor unions to ensure a mutually agreeable outcome.

We further recommend the City use IT infrastructure bonds as needed to accelerate the purchase of technology systems supporting these initiatives.

## Chicago Public Library

### 16. *Consolidate CPL Management Reporting*

**Impact:** High | **Feasibility:** Medium | **Time to results:** Long

**Context:** There is not currently a single, consolidated financial view of CPL revenues and expenditures, with detailed financial information distributed across CPL, central departments, and budget documents. This fragmentation limits the CPL's and City's ability to clearly understand financial constraints, distinguish between controllable and non-controllable costs, and manage the projected structural gap in a coordinated manner.

**Recommendation:** We recommend that CPL:

Build a single, consolidated view of CPL revenues and expenses—covering both CPL-managed and city-managed amounts, both Library Fund and other Funds—so that leadership can see the full financial picture in one place, distinguish what CPL can and cannot control, and make informed decisions about the funding shortfall.

## 17. *Develop CPL Systemwide Strategic Plan*

**Impact:** High | **Feasibility:** Medium | **Time to results:** Long

**Context:** The current operating environment demonstrates the need for a clearly defined system-level strategic framework, particularly given the CPL financing structure and Library Fund projected deficit. In the absence of articulated systemwide priorities and tradeoffs, CPL's ability to make consistent and deliberate decisions regarding service levels and resource allocation across branches is constrained. This is particularly important as addressing the structural gap requires decisions that extend beyond incremental adjustments.

**Recommendation:** We recommend that CPL:

Develop a system-level strategic plan that sets clear systemwide priorities, identifies acceptable tradeoffs, and explains any differences in resource allocation across branches.

## 18. *Define CPL Branch Service Priorities*

**Impact:** High | **Feasibility:** Medium | **Time to results:** Long

**Context:** The structural gap and limited discretionary funding require CPL to make explicit choices regarding service levels, service mix, and timing. Clearly defined objectives, such as equity, engagement, and demand alignment, are necessary to guide how resources are allocated across neighborhoods. Without these objectives, resource allocation may remain reactive and may not consistently align with systemwide priorities.

**Recommendation:** We recommend that CPL:

Define specific service goals for each neighborhood and branch—whether the priority is broadening access, growing engagement, matching demand, or maintaining basic coverage—and use those goals to decide where limited dollars should be concentrated or held steady.

## 19. Tailor CPL Services by Neighborhood

**Impact:** High | **Feasibility:** Medium | **Time to results:** Long

**Context:** Outcomes vary across neighborhoods even where resource levels are similar, indicating that service mix, staffing models, and delivery approaches materially influence results. Achieving comparable outcomes may require different service delivery models depending on community conditions and levels of need. This underscores the importance of aligning service design with neighborhood context rather than applying a uniform model across all branches.

**Recommendation:** We recommend that CPL:

Tailor service models to each neighborhood's needs and what the library fund can sustain, adjusting staffing levels, programming, hours, and delivery formats based on community conditions and usage patterns.

## 20. Analyze and Scale CPL Branch Best Practices

**Impact:** High | **Feasibility:** Medium | **Time to results:** Long

**Context:** Differences in performance across branches provide an opportunity to identify which operating practices are most effective within existing resource constraints. Capturing and applying these lessons can improve system-wide outcomes without requiring additional funding.

**Recommendation:** We recommend that CPL:

Study differences across branches to find cost-effective practices, focusing on locations with strong engagement to learn what works within existing resources, and emphasizing how services are delivered rather than solely how much is spent.

**Dissent:** This recommendation, as drafted, may benefit from a broader scope, supporting fiscal analysis, and clearer alignment with the report's focus on long-term financial health. The library-related recommendations are more operational in nature than other recommendations in the slate, and it may be worth considering why this level of operational detail is applied to libraries but not to other departments, especially given the library system's relatively small share of the City budget and the availability of multiple funding mechanisms for other departments. Without quantifiable fiscal projections, cost-savings analyses, savings targets, or revenue implications, it is difficult to assess this recommendation's financial impact relative to the City's structural deficit or to the other recommendations in the slate. The recommendation may also present a more complete picture by accounting for the well-documented economic returns generated by public library systems, rather than treating CPL solely as a cost center. The operational guidance contained here may be more effectively addressed through a separate administrative or operational review.

This dissent applies to the preceding recommendations pertaining to libraries as presented in this document.

---

## Additional Fees, Fines, and Taxes

Chicago's structural fiscal gap cannot be addressed through any single revenue or cost measure. While there is a need to manage the overall burden on residents and businesses, there are also areas where existing taxes, fees, and fines may not fully align with the cost of services or levels observed in comparable cities.

Targeted adjustments, when paired with broader efforts to manage expenditures and support economic growth, can contribute to a more balanced and sustainable fiscal framework.

### *21. Limit Personal Property Replacement Tax (PPRT) Diversions*

**Impact:** High | **Feasibility:** Medium | **Time to results:** Long

**Context:** The PPRT is a key state-shared revenue source intended to offset local governments' inability to tax business personal property. Over time, an increasing share of these revenues has been diverted for other State uses, reducing the portion distributed to municipalities and weakening this revenue stream.

**Recommendation:** We recommend that the City:

Consider requesting State lawmakers: (a) limit PPRT revenue diversions only to what is necessary to administer and distribute the tax revenues to municipalities, and (b) establish tax rates for all S-Corporations, trusts, and partnerships that are level with tax rates applicable to C-Corporations.

### *22. Increase the Local Government Distributive Fund (LGDF) Share Rate<sup>15</sup>*

**Impact:** High | **Feasibility:** Medium | **Time to results:** Long

**Context:** The LGDF provides municipalities with a share of State income tax revenues. The current allocation is below its historical level. Prior to 2011, municipalities received 10% of state income tax revenues, whereas current effective rates are approximately 6.5%, reducing the extent to which local governments benefit from statewide economic growth and limiting a more stable and scalable source of revenue.

**Recommendation:** We recommend that the City:

Consider requesting the State revert to the 2011 percentage share of state income tax revenue distributed from LGDF, which was 10%.

---

<sup>15</sup> Recommendation was included in the Interim Report.

### 23. Resume Consumer Price Index-Based (CPI) Property Tax Increases<sup>16</sup>

**Impact:** High | **Feasibility:** Medium | **Time to results:** Long

**Context:** The City previously implemented an approach adjusting its property tax levy in line with inflation. In the absence of consistent adjustments, recurring expenditures (many of which grow with inflation) often outpace revenue growth, contributing to structural imbalances over time.

**Recommendation:** We recommend that the City:

Consider resuming annual adjustments to its property tax levy by CPI.

### 24. Expand the Sales Tax Base to Include Consumer Services<sup>17</sup>

**Impact:** High | **Feasibility:** Medium | **Time to results:** Long

**Context:** The existing sales tax structure remains more heavily weighted towards goods, even as consumer spending has shifted toward services. The current tax base does not fully reflect the modern economy, limiting the City's ability to capture growth in service-based consumption.

**Recommendation:** We recommend that the City:

Consider requesting State lawmakers expand the sales tax to broadly encompass all consumer services, excluding healthcare, business-to-business, and professional services. Following State adoption of an expanded sales tax, we recommend the City review existing consumption-based taxes to ensure economic growth.

### 25. Implement Cordon Model Congestion Pricing

**Impact:** High | **Feasibility:** Medium | **Time to results:** Long

**Context:** A cordon pricing model introduces fees for vehicles entering or exiting a designated central area during peak periods, reflecting both congestion and infrastructure use. In other cities, similar approaches have generated recurring revenue while influencing travel behavior and reducing congestion in high-traffic areas.

An **equity-based approach** to congestion pricing refers to structuring the fee in a way that accounts for differing ability to pay and access to alternatives.

In practice, this may include considerations such as exemptions, discounts, or complementary investments in public transit and neighborhood connectivity to reduce disproportionate impacts on lower-income residents or those with limited transportation options.

---

<sup>16</sup> Recommendation was included in the Interim Report.

<sup>17</sup> Recommendation was included in the Interim Report.

**Recommendation:** We recommend that the City:

Consider implementing equity-based cordon-model congestion pricing, wherein those entering or exiting the central area of the city by car during weekday rush hours would be subject to a fixed fee.

**Dissent A:** Additional taxing authority from Springfield could enable progressive taxation options such as a payroll tax or a delivery tax. The City may also benefit from requesting State permissions to tax income, create taxes measured by income, and tax occupations to expand the range of progressive taxation tools available.

**Dissent B:** The City should also engage in cost-benefit analyses for this recommendation.

**Dissent C:** Indexing real estate taxes to CPI or expanding sales taxes to consumer services raises questions that merit further analysis. If housing prices increase with inflation, real estate taxes would naturally rise accordingly; however, requiring homeowners to pay increasingly higher real estate taxes during periods when property values are stagnant or declining presents a meaningful concern. Regarding sales taxes on consumer services, given that sales tax rates in the City are already high, further expansion in this area should be carefully evaluated.

These dissents apply to the preceding recommendations pertaining to additional fees, fines, and taxes as presented in this document.

---

## Revenues and Expenditures Subcommittee: Table of Recommendations

Recommendation	Impact	Feasibility	Timing
1. Benchmark Taxes, Fees, and Expenditures Continuously	High	Medium	Long
2. Establish City-County Governance Alignment & Functional Consolidation	High	Medium	Long
3. Pursue Graduated Income Tax Authorization (State Constitutional Amendment)	High	Low	Long
4. Restructure Electricity Tax Rates	High	Medium	Long
5. Fully Staff Tax Auditor Positions and Streamline Revenue-Generating Hiring	High	Medium	Medium
6. Mandate Intergovernmental Data Sharing to Enhance Debt Collection Efficiency	High	Medium	Medium
7. Pursue Legislative Amendments to Strengthen Vehicle Violation Debt Enforcement	High	Medium	Long
8. Strengthen Compliance with Outstanding City Fees, Fines and Other Obligations Across Public Employees and Agencies	High	Medium	Medium
9. Conduct Total Cost of Ownership Assessment Across IT Footprint	Medium	High	Short
10. Perform Cybersecurity Risk Assessment	Medium	High	Short
11. Standardize Enterprise Platforms	Medium-High	Medium	Medium
12. Upskill Workforce for AI and Automation	Medium	Medium	Medium
13. Deploy Targeted AI Use Cases for Administrative Functions	High	Medium	Long
14. Establish AI Governance Framework	High	Medium	Long
15. Implement Workforce Transition Strategy to Support IT Modernization	High	Medium	Long
16. Consolidate CPL Management Reporting	High	Medium	Long
17. Develop CPL Systemwide Strategic Plan	High	Medium	Long
18. Define CPL Branch Service Priorities	High	Medium	Long
19. Tailor CPL Services by Neighborhood	High	Medium	Long
20. Analyze and Scale CPL Branch Best Practices	High	Medium	Long
21. Limit Personal Property Replacement Tax (PPRT) Diversions	High	Medium	Long
22. Increase the Local Government Distributive Fund (LGDF) Share Rate	High	Medium	Long
23. Resume Consumer Price Index-Based (CPI) Property Tax Increases	High	Medium	Long
24. Expand the Sales Tax Base to Include Consumer Services	High	Medium	Long
25. Implement Cordon Model Congestion Pricing	High	Medium	Long

## VII. Subcommittee: Economic Development

The Economic Development Subcommittee evaluated the City's fiscal challenges through the lens of growth, recognizing that long-term financial stability depends on expanding and sustaining the City's economic base. Unlike other fiscal levers, economic development has the potential to generate revenue by supporting broader growth in economic activity, rather than relying on changes to taxes, fees, and fines. This section focuses on the conditions required for growth to translate into meaningful fiscal impact, including scale, concentration, and execution. In doing so, the Subcommittee outlines a framework for prioritizing economic activity that strengthens the City's tax base, supports employment and commercial vitality, and reinforces Chicago's competitiveness, while ensuring that growth strategies are practical, coordinated, and aligned with the City's fiscal objectives.

### Economic Development as a City-Level Imperative

Chicago sits at the center of a large and diverse regional economy. The fiscal health and long-term sustainability of the City depends on economic activity that:

1. Occurs within City limits, where it directly affects employment, housing, and commercial activity; and/or
2. Generates direct City revenues, including transaction-based taxes, fees, and assessments tied to activity within the City.

This distinction is especially important for concentrated economic activity such as tourism, conventions, major events, and downtown employment, where impacts are closely linked to City revenue streams. In these cases, relatively modest increases in activity can have an outsized fiscal impact because spending is captured locally and does not require commensurate increases in long-term service provision. In the context of the City's structural fiscal challenges, economic development is one of the few levers available to expand revenues without increasing existing tax burdens on Chicagoans.

Other forms of regional growth may provide broader economic benefits but do not directly translate into City revenues.

The Subcommittee focused on growth that expands the City's tax base, supports employment and household stability, and strengthens commercial activity across downtown and neighborhood corridors. This framing is informed by the World Business Chicago (WBC) 2050 growth vision, while recognizing that the City bears unique responsibilities for infrastructure, public services, regulatory oversight, and external perception. The City must prioritize growth that is not only aspirational, but also scalable, executable, and fiscally meaningful at the municipal level.

---

## City-Level Economic Growth Goalposts

To understand which economic levers meaningfully affect City finances, the Subcommittee examined a set of illustrative growth goalposts. They are intended to demonstrate the scale of activity required to materially impact City revenues using existing revenue mechanisms.

City-relevant growth levers include:

- Net new households located within the City
- Jobs physically located in the City
- Business formation and expansion within City limits
- Visitor activity concentrated in the City
- Commercial transactions subject to City taxes and fees

Analysis indicates that no single lever is sufficient on its own. Instead, a blended growth strategy, spanning households, employment, visitors, businesses, and development activity, is required to achieve meaningful budgetary impact while maintaining economic resilience. Smaller-scale or episodic growth initiatives may support competitiveness, but they are insufficient, on their own, to meaningfully close the City's structural fiscal gap.

## Relevance of this Analysis to Economic Development Recommendations

The economic development recommendations that follow are intentionally shaped by the analysis above. The Subcommittee screened potential actions based on whether they (1) generate growth within City boundaries, (2) translate into City captured revenues, (3) operate at sufficient scale to matter fiscally, and (4) can be executed with predictability and accountability.

The recommended actions emphasize concentrated activity, repeatable execution, and coordination across policy, permitting, marketing, and capital deployment.

## High-Impact City Growth Levers

### 1. Business Density and Commercial Activity

For the City of Chicago, the most powerful revenue impacts are tied to commercial density and transactional activity. Concentrated business activity drives multiple City revenue streams simultaneously, including sales-related taxes, transportation and parking revenues, entertainment and hospitality taxes, and utility usage. Because these revenue streams scale with activity, increases in commercial density represent one of the most fiscally efficient growth mechanisms available to the City.

---

Downtown, the Loop, and key neighborhood commercial corridors are particularly important because they concentrate on activity, infrastructure, and transit access. Increasing business density in these areas allows the City to grow revenues without requiring proportional increases in population or service costs.

Recent downtown office-to-residential conversions, such as the LaSalle Street corridor projects, demonstrate how targeted City intervention can restore business density and round-the-clock activity in the Loop. By converting underutilized office space into mixed-income housing, these projects have increased downtown foot traffic, supported retail and service businesses, and reinforced the customer base needed for sustained commercial recovery. City tools such as TIF support, zoning flexibility, and streamlined approvals helped unlock private investment, illustrating how place-based public-private coordination can translate real estate reuse into sustained commercial activity and City-captured revenues.

## 2. Visitor Economy as a City Revenue Engine

The visitor economy represents one of the City's most efficient and immediately impactful growth levers. Visitor activity is geographically concentrated within the City and directly tied to City-generated revenues, while placing relatively lower long-term demands on municipal services.

According to Choose Chicago, visitors to Chicago in 2024 generated over \$20 billion in economic impact, supported more than 130,000 jobs, and produced billions in state and local tax revenue that helped fund City services and reduced the amount that would otherwise need to be paid by Chicago residents. Hotel performance indicators further demonstrated the strength of this lever, with record levels of hotel rooms filled and hotel revenue in 2025 despite broader national softness in the lodging market. Few other economic levers allow the City to capture outside spending at scale while avoiding long-term service cost escalation.

Tourism, conventions, arts and culture, and major sporting events drive spending across lodging, food and beverage, retail, transportation, and entertainment, each of which is directly linked to City tax streams. Importantly, this activity functions as a form of "export revenue," bringing outside dollars into the City to support services and infrastructure.

The City's ability to sustain and grow this engine depends not only on assets, but also on consistent marketing, competitive funding, and proactive reputation management. For example, Chicago's destination marketing resources are comparatively underfunded relative to peer cities: Choose Chicago operates with roughly \$33 million in annual destination marketing organization (DMO) revenue, compared with \$40-\$60 million in cities such as Boston, Los Angeles, and Dallas, and about \$458 million in Las Vegas, despite the demonstrated fiscal return on visitor investment.<sup>18</sup>

---

<sup>18</sup> Choose Chicago – Chicago's Future: It All Starts with a Visit

### 3. Household and Workforce Growth Within City Limits

Household growth matters most when it strengthens the City's spending power and workforce base. Retaining existing households and attracting working-age residents supports recurring consumption, utility usage, and neighborhood commercial activity, while also providing labor for City-based employers.

Housing policy is therefore closely linked to economic development. Initiatives that expand housing supply, particularly near jobs, transit, and commercial corridors, enable workforce growth and stabilize neighborhoods. Programs that leverage City-owned land, targeted financing, and regulatory flexibility can support neighborhood repopulation while advancing broader economic objectives. Stable household growth within the City underpins long-term fiscal resilience by supporting a broader, more predictable revenue base.

### 4. Real Estate Development and Turnover

Development activity can generate substantial near-term fiscal impacts through permits, fees, and real estate transactions, and it also signals confidence to investors and employers.

For this reason, development should be viewed as an accelerator of growth, not the sole foundation of the City's economic strategy. The City's role is to improve predictability, reduce unnecessary delays, and ensure that development processes are transparent and efficient.

Recent administrative reforms, like streamlined approvals, proactive rezoning, and reduced review timelines, demonstrate how execution improvements can materially affect investment decisions without sacrificing public oversight.

Improving predictability does not eliminate business cycles, but it may reduce volatility and increase the likelihood that private capital is deployed within City limits rather than diverted elsewhere.

## Economic Development Recommendation Groupings

The recommendations that follow are organized into the following groupings to clarify implementation ownership, sequencing, and accountability:

- Business Retention, Expansion, and Attraction
  - Capital Retention, Expansion, and Attraction
  - Local Purchasing
  - Innovation and Entrepreneurship
  - Corridors, Districts, and Industry Clusters
  - Workforce Availability
  - Modernization and Ease of Doing Business
-

- Housing and Commercial Real Estate (CRE)
- Transportation
- Marketing and Reputation
- Tourism and Attraction
- Civic Leadership

These categories do not operate in silos. Many initiatives, particularly those related to tourism, downtown recovery, and neighborhood vitality, span multiple categories, reinforcing the need for coordination across City departments and external partners.

## City-Specific Barriers to Economic Development

Subcommittee discussions consistently highlighted several challenges that constrain City-level economic development:

- Unpredictability in taxes, rules, and approval timelines, contributing to the perception that Chicago is difficult to build and invest in
- Local capital deploying outside the City
- Fragmented or inconsistent external messaging about Chicago

In the context of tourism and investment attraction, negative or outdated narratives can directly affect demand and the City's competitive position. Addressing these barriers therefore requires not only policy reform, but also active reputation management and coordinated storytelling grounded in measurable outcomes.

Over time, these barriers act as a tax on investment by increasing perceived risk, raising capital costs, and limiting the scale of City-captured growth.

## Economic Development Subcommittee Recommendations

Several of the recommended actions focus not on individual projects, but on execution capacity, coordination, and narrative consistency. Even when City-captured growth opportunities exist, outcomes are often constrained by fragmented responsibility, inconsistent external signaling, and limited capacity to move ideas from policy intent to implementation at scale.

The Subcommittee includes recommendations that strengthen cross-departmental operations, coordinate capital and marketing functions, and provide clearer points of accountability for investors, employers, and partners navigating City processes.

---

These recommendations represent a focused City-level economic development strategy designed to improve predictability for employers and investors, support the creation of sustainable jobs for residents, and translate economic growth into durable revenue to support City services, with an estimated total implementation cost of approximately \$20 million across recommended initiatives.

## Business Retention, Expansion & Attraction

### 1. *Convene a Mayor's Business Council for Corporate Engagement*

**Impact:** Medium | **Feasibility:** High | **Time to results:** Short - Medium

**Context:** Chicago's largest employers account for a great share of the city's payroll, tax base, office occupancy, and broader civic investment, yet engagement with City leadership is often fragmented and reactive. Establishing a structured, executive-level forum would create a consistent mechanism to surface retention risks and workforce needs earlier, coordinate follow-through across City Hall and civic partners, and align public-private action around growth opportunities. With approximately 375,000 jobs among Chicago's top 30 private employers, preventing even a 1% contraction would preserve roughly 3,750 jobs and associated economic activity, while modest expansions can compound benefits through increased office occupancy, stronger local purchasing, and higher sales and real estate tax revenues.

**Recommendation:** We recommend that the City:

In tandem with the WBC Board of Directors, create a formal Mayor's Business Council composed of Chicago's top 30 employers by employment or tax contribution, including major corporate headquarters, healthcare systems, universities, and anchor institutions. The Council would meet regularly with the Mayor and economic development leadership to address business retention risks, workforce needs, local purchasing, and major growth opportunities. This would function as a proactive retention and growth platform rather than a ceremonial advisory group, helping identify challenges before relocations or contractions occur.

### 2. *Reinvest in and Operate a Priority Corridor Business Support Program*

**Impact:** High | **Feasibility:** Medium - High | **Time to results:** Medium

**Context:** Neighborhood commercial corridors (particularly on the South and West sides) remain a central priority in community input, as reflected in survey respondents' emphasis on local economic activity and job creation which appeared repeatedly in open-ended survey responses discussing neighborhood level needs and investment priorities. Chicago previously operated a formal Priority Corridor Management model through the City's INVEST South/West initiative, launched in 2019 under the Department of Planning and Development (DPD), which designated community based organizations to serve as Corridor Managers responsible for business retention and attraction, storefront occupancy, small business support, and coordination of public and private investment along priority commercial corridors on the South and West sides.

While the INVEST South/West corridor manager function no longer operates as a standalone citywide program, elements of corridor support now sit across multiple City programs administered or overseen by DPD, including INVEST South/West capital and site development initiatives, the Neighborhood Opportunity Fund, Small Business Improvement Fund, and TIF-supported technical assistance, often in partnership with intermediaries such as Local Initiative Support Corporation (LISC) Chicago and local nonprofit organizations. Existing corridor-management infrastructure provides a foundation for coordinated technical assistance, capacity-building, and capital access support through trusted local organizations.

Peer “Main Streets” and neighborhood-district programs (e.g., Boston, DC, New York City) show that sustained district management can strengthen business formation and corridor vitality. The underlying gap is material: former priority corridor areas average ~23 households per local business versus ~13 citywide. This disparity indicates substantial latent capacity for additional neighborhood businesses if corridors move even partway toward the citywide average. Even partial convergence implies meaningful business growth potential including hundreds of net new businesses and associated job creation alongside higher neighborhood sales-tax activity and commercial values. Even achieving 10% of that gap, roughly 700 net new businesses, could support an estimated 10,000 to 15,000 direct and indirect jobs depending on industry mix. Main Street America estimates that every \$1 invested in local district operations generates roughly \$18 in new public and private investment, indicating strong fiscal leverage from relatively modest corridor management support.

**Recommendation:** We recommend that the City:

Renew the priority corridor management program, with a continued focus on Chicago's South and West sides, where the City can help coordinate support for the growth and expansion of neighborhood business and development. The program would equip local organizations with accessing resources, ongoing learning, and best practices to increase economic activity in their community, including how to assist business owners with succession planning and accessing capital. The program would coordinate ongoing education and “hands-on” technical assistance for development and business attraction. This initiative should include an evaluation of the previous corridor management program to understand successes and areas for improvement.

### 3. *Establish Soft, Fast Landing Program for International Companies*

**Impact:** Medium | **Feasibility:** Medium | **Time to results:** Short-Medium

**Context:** Chicago remains a major destination for foreign direct investment (FDI), but market entry barriers can steer firms toward competing metros with stronger landing support. A soft, fast landing program is a non-financial, early stage support model that helps international companies quickly establish operations by providing concierge-style assistance, access to temporary or flexible space, guidance on local regulations and workforce systems, and connections to professional, legal, and business networks, without requiring immediate long-term capital commitments.

The city's FDI capital expenditures have declined from over \$1 billion per year on average (2014-2021) to \$674 million in 2025, alongside lower job creation relative to prior years. Peer programs (e.g., New York City, Columbus, Houston, Toronto)

demonstrate how concierge support, space access, and professional-network connections can accelerate conversion and success after site selection. With 346 known foreign-headquartered companies maintaining secondary office presence in Chicago and 2025 FDI projects down to 26 from an average of 40+ in prior years, a modest rebound toward prior-year volume could translate into meaningful job creation, including multiplier effects beyond direct hires, with even incremental increases in project volume expected to generate hundreds of additional jobs annually across both direct and indirect channels.

**Recommendation:** We recommend that the City:

Establish a Soft, Fast Landing Program that provides foreign companies with turnkey support to establish their first U.S. or Chicagoland presence. The program would offer short-term co-working or incubator space, connections to legal, accounting, and immigration professionals experienced in cross-border market entry, introductions to industry networks and potential customers, and guidance navigating local licensing, permitting, and regulatory requirements. The City would partner with WBC and existing incubator operators to deliver the program, with a dedicated concierge point of contact for each participating company during their first 12-18 months.

## Capital Retention, Expansion, and Attraction

While Chicago continues to attract substantial investment activity, Subcommittee discussions highlighted that capital formation is often insufficiently coordinated, under-sigaled, or deploys outside the City despite strong local opportunities, warranting a more proactive, City-level approach to investor engagement.

### 4. *Deploy Capital Recruitment Strategy*

**Impact:** Medium - High | **Feasibility:** Medium | **Time to results:** Medium - Long

**Context:** Chicago's strong assets across sectors including manufacturing, logistics, technology, and clean energy are not consistently translated into a clear, investable pipeline for outside and local capital. A curated project prospectus and coordinated investor-conference strategy can reduce search costs for investors, clarify where the city is "open for business," and increase conversion of interest into deployable capital. Peer economic development organizations (e.g., London & Partners, NYCEDC, Invest Atlanta, Toronto Global) demonstrate the role of packaging investment-ready opportunities and maintaining active roadshow strategies. With at least \$185 billion deployed into Chicago-based companies in 2025 across hundreds of investors and deals, even small shifts in annual institutional/project investment conversion can represent substantial incremental capital, with a 2% increase alone representing billions in additional deployed capital. This supports construction activity, job creation, and long-term tax base growth when translated into real estate, business expansion, and infrastructure projects, and at scale, even \$1 billion in incremental annual investment could generate substantial additional construction activity, job creation, and long-term fiscal benefits for the City.

**Recommendation:** We recommend that the City:

Develop a capital attraction strategy for major projects and developments in the city, which could include developing a prospectus of projects in the city to pitch to both outside and local investors and develop a strategy to pitch Chicago and its momentum at investor conferences. Both are potentially in tandem with WBC and an Office of Marketing & Promotion.

## 5. *Open International "Offices" to Attract Foreign Business Capital to the City*

**Impact:** High | **Feasibility:** Low - Medium | **Time to results:** Long

**Context:** International delegations can be effective but are resource-intensive, and feedback from host markets often emphasizes that sustained, in-market presence is critical to building the relationships that drive investment decisions. Establishing a dedicated presence, through representative offices or contracted market leads, can maintain a cadence of engagement with priority markets, improve lead nurturing, and strengthen Chicago's visibility between delegations. Global benchmarks (e.g., London, Singapore) and state-level models (e.g., Texas, Georgia) show how consistent overseas business development functions support FDI attraction and conversion. With 2025 FDI project volume below prior-year averages and a defined base of foreign-headquartered firms already connected to the market, improving conversion back toward historical project levels is a meaningful upside scenario for jobs and investment, including increased business investment within the city alongside job creation.

**Recommendation:** We recommend that the City:

Establish a dedicated presence in key international markets to act as a liaison and concierge service for both business and capital attraction (e.g. open an "office" or contract with market representatives in priority markets), in tandem with regular international delegations and consular engagement.

## Local Purchasing

### 6. *Expand Local Purchasing Commitments*

**Impact:** Medium | **Feasibility:** Medium | **Time to results:** Medium

**Context:** Anchor institutions and major employers represent billions in procurement spending that can serve as a durable economic development lever when more spend is intentionally directed to Chicago-based small businesses and minority business enterprises (MBEs). While "good faith" participation is more common in large construction contexts, significant opportunity remains in professional services, IT, maintenance, and goods/commodities, categories where supplier development and buyer coordination can meaningfully change outcomes. Peer models in Cleveland, Philadelphia, and New York City show how anchor procurement strategies can build local supplier capacity and neighborhood wealth creation. Even a small shift in purchasing share can be consequential; redirecting a fraction of institutional spend locally could

support thousands of jobs through direct and indirect effects while retaining more revenue in neighborhood business corridors. For example, shifting just 1% of institutional purchasing toward Chicago-based businesses could support thousands of jobs through direct and indirect effects while retaining substantially more revenue within neighborhood business corridors.

**Recommendation:** We recommend that the City:

Optimize and expand local purchasing commitments across the City of Chicago by strengthening coordination with the Department of Procurement Services, department-level buying, and major anchor institutions including hospitals, universities, cultural institutions, and large employers. Partner with Cook County, civic organizations, and city leadership to establish visible and ambitious local purchasing targets—particularly in industries such as IT, professional services, and goods and commodities—and encourage major employers to adopt formal commitments through a phased “ChicagoMade” brand and recognition strategy with a specific focus on small businesses from which goods can be procured.

## 7. *Relaunch the Chicago Supplier Development Program*

**Impact:** Medium | **Feasibility:** Medium | **Time to results:** Medium

**Context:** A recurring barrier cited by large employers is difficulty identifying qualified local suppliers at scale, while many small firms face a “growth gap” transitioning from smaller contracts into larger public and private procurement opportunities. Relaunching and expanding supplier development support can strengthen readiness, improve navigation of procurement processes, and build sustained pipelines into corporate purchasing, especially if paired with experienced delivery partners and outcome tracking. Benchmarks from Chicago Minority Supplier Development Council (ChicagoMSDC) and peer-city supplier diversity efforts (e.g., Atlanta; Philadelphia corridor procurement initiatives) illustrate the role of certification, matchmaking, and readiness programming in improving firm scale and survival. Closing the “graduation gap” between firms enrolled in supplier development programs and those that successfully convert participation into ongoing contract wins, and increasing contract wins for participating firms could generate additional local revenue and support downstream job creation. For example, if 250 firms annually secured an additional \$500,000 in private-sector contracts, this would represent approximately \$125 million in new local business revenue with strong downstream employment effects.

**Recommendation:** We recommend that the City:

Relaunch the inactive Department of Business Affairs and Consumer Protection (BACP) Chicago Supplier Development Program to provide targeted support for minority-owned and qualified local suppliers as they navigate public procurement processes. Expand the program scope to provide firms with training opportunities and strategic guidance around private procurement processes and prioritize awarding a contract to a lead organization that has extensive experience engaging in private and public procurement. Expend resources to conduct a marketing campaign to announce the relaunched program. Track economic outcomes such as firm revenue, employment, and economic output to ensure program effectiveness and embed feedback into the program model to identify opportunities to continuously make program improvements.

## Innovation & Entrepreneurship

### 8. *Expand Industry-Focused Innovation Hubs*

**Impact:** Medium | **Feasibility:** Medium | **Time to results:** Long

**Context:** Chicago's research base and entrepreneurial ecosystem are strong, but startups in certain industries face gaps in specialized infrastructure, mentorship, capital access, and commercialization pathways needed to scale. Strengthening industry-focused hubs, and building from models like mHUB, a Chicago-based nonprofit manufacturing and hard tech innovation center to support physical product, advanced manufacturing, and industrial-technology startups through shared prototyping labs, accelerator programs, and connections to industry partners, investors, and manufacturers, can address fragmentation, concentrate support services, and accelerate growth in targeted sectors. Benchmarks from specialized hubs in Boston, Pittsburgh, and Toronto demonstrate how sector-focused space and networks can increase commercialization and scale-up outcomes. The mHUB track record provides an illustrative local model for potential outcomes associated with sustained hub development, including firm support, capital attraction, revenue generation, and job creation, having supported over 500 startups, generated approximately \$2.0 billion in revenue, attracted \$2.5 billion in capital, and created more than 7,200 jobs since 2017.



**Recommendation:** We recommend that the City:

Building upon past successes such as mHUB, launch new or further support existing innovation and convening hubs for key growth industries (e.g. those in the Chicago 2050 plan). Audit and identify gaps against Chicago's BUILDS (a City-used shorthand for a startup growth framework that supports firms from early formation through commercialization and scale across industry ecosystems)<sup>19</sup> model regarding startup incubation and ability to scale by key industries.

---

<sup>19</sup> BUILDS refers to the City's economic development framework: Baseline of Industries; Upskilling & Founder Support; Investment & Funding; Linkages & Ecosystems; Development Policy; Storytelling & Marketing

## Corridors, Districts & Industry Clusters

### 9. *Designate Strategic Industry Districts*

**Impact:** Medium | **Feasibility:** Low - Medium | **Time to results:** Long

**Context:** Concentrating firms, institutions, and enabling infrastructure within defined districts can reinforce Chicago's competitive advantages and improve the effectiveness of business attraction, branding, and incentives. A clear district strategy also helps coordinate zoning, public realm investment, and incentive alignment (e.g., TIFs, BIDs (business improvement districts), infrastructure support), which increases predictability for employers and investors. Peer district examples (e.g., Boston Seaport/Life Sciences, Houston Energy Corridor, Brooklyn Navy Yard) show how coordinated district designation can drive job concentration, investment attraction, and measurable economic impact. Peer districts have produced substantial job counts, tax revenues, and annual economic output, including Houston's Energy Corridor, which supports more than 64,000 jobs and generates approximately \$15 billion in economic impact, and Brooklyn Navy Yard, which contributes more than \$2.5 billion annually to New York City's economy, highlighting the potential upside of targeted district designation and coordinated incentive strategy.

**Recommendation:** We recommend that the City:

Building upon successes in designating districts like the Quantum Shore or Theater District, designate and market new industry districts to better align business attraction, marketing, and incentives. DPD and the City can work in coordination with an Office of Marketing & Promotion, WBC, or similar function to market these districts for business attraction and growth. Evaluate and align existing and new economic development incentives to maintain vibrant business districts including TIFs, BIDs, discounted land, infrastructure support, or employee relocation incentives.

## Workforce Availability

### 10. *Support Workforce Development Hub for the Future of Work*

**Impact:** Medium | **Feasibility:** Medium | **Time to results:** Medium - Long

**Context:** Chicago lacks a centralized, continuously updated "future of work" roadmap that can align employers, educators, and workforce systems around evolving skill needs (particularly in growth sectors such as quantum, life sciences, advanced manufacturing, and clean energy). While workforce assets exist (including City Colleges and other institutions), coordination is fragmented, and rapid labor-market change creates persistent mismatch and unfilled demand. Benchmark metros (e.g., New York City, Atlanta, Indianapolis, London) have published workforce roadmaps that identify priority skills and employer-led actions across target industries. There has been a high volume of annual job postings and a persistent gap between postings and hires; even modest improvements in matching efficiency could translate into significant job fills and broader multiplier effects, with closing even a portion of this mismatch potentially resulting in tens of thousands of additional filled positions annually and generating substantial payroll, consumption, and tax revenue growth for the City.

**Recommendation:** We recommend that the City:

Support the development of a Workforce Development Hub that forecasts the jobs and skills of the future and gaps in Chicago's current workforce landscape, especially related to major private-sector investments and targeted industry sectors such as quantum, life sciences, and advanced manufacturing. It could also identify occupations at risk for automation and future economic pressures. This hub could develop ongoing blueprints for the city to (re- or up-) skill workers for future demand and collaborate with education and workforce development institutions to rapidly implement programs.

## 11. *Create Readiness Programs for City-Supported Development and Procurement*

**Impact:** Medium | **Feasibility:** Medium | **Time to results:** Medium

**Context:** Many emerging developers, small businesses, and community organizations can access grants or procurement pathways but lack the technical capacity to move projects efficiently from concept to execution. Structured training paired with hands-on technical assistance can reduce stalled projects, accelerate deployment of public dollars, and strengthen the local pipeline of firms able to deliver neighborhood investment. Benchmarks like Detroit's Motor City Match show the value of pairing capital with technical assistance to improve completion rates and corridor activation outcomes. The scale of neighborhood investment activity suggests that even modest improvements in project execution could unlock additional private investment and accelerate the activation of commercial corridors, with a 5% to 10% improvement in execution rates across funded projects potentially accelerating tens of millions in private investment and advancing faster corridor activation.

**Recommendation:** We recommend that the City:

Partner with educational institutions (e.g. City Colleges) and local experts to develop additional, ongoing support for key groups doing business with or supported by the City, like real estate developers in target geographies, small and medium-sized enterprises (SME) suppliers, or other contractors. Prioritize both curriculum and ongoing "hands-on" support and technical assistance.

Additionally, partner with educational institutions of younger students to expose Chicago's youth to employment opportunities as part of readiness programs

## Modernization & Ease of Doing Business

In addition to policy and market-facing tools, the Subcommittee identified execution capacity and internal coordination as binding constraints on economic development outcomes. Fragmented ownership, inconsistent operating cadence, and limited cross-departmental accountability can impede implementation even where policy direction and market interest are strong.

### 12. *Expand and Implement Cut the Tape Reforms*

**Impact:** High | **Feasibility:** Medium - High | **Time to results:** Short - Medium

**Context:** Complex permitting, licensing, zoning, and approval processes can increase uncertainty and timelines, limiting housing production, business formation, and corridor redevelopment. Chicago's Cut the Tape initiative, launched in December 2023 through Mayor Brandon Johnson's Executive Order 2023-21, established a citywide, cross-department effort to streamline development and small business approval processes by identifying bottlenecks, reducing redundant reviews, and improving coordination across 14 City departments. The first phase of Cut the Tape resulted in a public report with more than 100 recommendations, many of which are reported as completed or in progress, including administrative "quick wins" and longer-term structural "Big Bets" aimed at enabling the City to build faster, build everywhere, and build together.

Building on the first phase of Cut the Tape positions the City to pursue larger structural reforms that further shorten timelines and expand by-right pathways where appropriate. Peer approaches (e.g., Houston and Phoenix expedited approvals; Denver performance-improvement programs) highlight how streamlined entitlement processes support development velocity. The cited local experience under Cut the Tape includes reducing Plan Commission review time from 131 days to 79 days and helping move more than 1,000 vacant properties toward productive reuse, illustrating the kind of throughput gains that a second phase could extend.

**Recommendation:** We recommend that the City:

Continue and expand the Cut the Tape initiative through a second phase implementing larger reforms across permitting, licensing, zoning, and development approval challenges. Potential actions include automatic permit approvals for qualifying projects and allowing by-right small multifamily housing in single family and two flat zoned parcels, as well as addressing the architecture behind permitting and licensing challenges to streamline and expedite development in industrial corridors. Maintain quarterly benchmarking analyses against peers to set competitive goals.

## Housing & CRE:

### 13. *Expand Production of Missing Middle Infill Housing Program and Market-Rate Housing*

**Impact:** High | **Feasibility:** Medium | **Time to results:** Long

**Context:** Chicago's housing stock is heavily weighted toward single-family homes and larger apartment buildings, leaving a gap in "missing middle" options that can support middle-income households while maintaining neighborhood character. Chicago's Missing Middle Infill Housing Initiative, led by the DPD, is a neighborhood repopulation strategy that leverages City-owned vacant land and public financing to support the construction of two- to six-flat buildings and townhouses on disinvested blocks, primarily on the South and West Sides. The program sells clusters of City-owned lots to qualified developers for \$1 per parcel and provides construction assistance, generally up to \$150,000 per unit, using proceeds from the City's Housing and Economic Development bond, with completed buildings intended for market rate sale to owner occupants

The current program has already delivered more than 300 units and expanding both subsidies and program scope would help increase housing supply and broaden housing choices. The economic framing includes an illustrative recurring-revenue range associated with additional units once occupied and assessed, reinforcing the link between added housing supply and long-term city revenue growth, including through ongoing utility taxes and other local revenue sources generated by new housing units at scale.

**Recommendation:** We recommend that the City:

Expand the funding and rollout of the Missing Middle Infill Housing program, which supports construction of small multi-family housing types (2- to 6-flat buildings) on underutilized residential lots to include larger per-unit subsidies to spur larger middle-density housing. Similarly, expand downtown office-to-residential conversions, building off the work catalyzed by the LaSalle Street Reimagined initiative. Focus expansion near transit corridors, neighborhood commercial streets, and areas with strong access to jobs and amenities.

**Dissent:** Units receiving city subsidies should include affordability requirements as a condition of that subsidy.

### 14. *Activate Underutilized Downtown Real Estate Through Reuse and Programming*

**Impact:** Medium - High | **Feasibility:** Medium | **Time to results:** Long

**Context:** Persistent office and retail vacancies continue to constrain downtown activity, assessed value stability, and broader economic vibrancy, even as some retail vacancy indicators show improvement year-over-year. LaSalle Street Reimagined is a City-led initiative focused on converting underutilized office buildings to mixed income residential use, reactivating ground floors, and improving the public realm. Building on this foundation, a coordinated strategy that pairs office-to-residential conversions with ground floor activation, cultural programming, and targeted streetscape investments can accelerate mixed-use recovery along the corridor.

Peer examples like Calgary's conversion incentive program illustrate how targeted public incentives can unlock private reinvestment and reduce obsolete office inventory. Incremental downtown residents support retail demand, transit ridership, and multiple revenue streams. Recent increases in the number of households in the Loop further reinforce the opportunity to pair residential expansion with retail activation and long-term economic recovery. These trends provide a foundation for long-term downtown repositioning.

**Recommendation:** We recommend that the City:

Build upon the ongoing implementation of LaSalle Street Reimagined, catalyze opportunities for office-to-residential conversions, ground floor retail activation, arts and cultural programming, and targeted redevelopment along key downtown corridors such as LaSalle Street and South State Street. Align incentives, zoning flexibility, and public realm improvements to support mixed-use vibrancy and long-term residential growth downtown.

## 15. Advance Proactive Rezoning of Opportunity Areas

**Impact:** Medium | **Feasibility:** Medium | **Time to results:** Medium - Long

**Context:** Current zoning can limit density in transit-served corridors, creating uncertainty and delays that suppress housing production and corridor reinvestment. Expanding by-right multifamily capacity (housing that can be built without requiring case-by-case zoning approval) to enable supply growth where infrastructure already exists and improve predictability for builders and communities. Peer reforms (e.g., Austin Home Options for Mobility and Equity (HOME); Minneapolis corridor rezoning; Denver Transit-Oriented Development (TOD) rezoning) show how proactive rezoning can increase production and reduce entitlement timelines. The scale of proactive rezonings already completed demonstrates how incremental housing production can generate both one-time construction activity and recurring local tax revenues, including property, sales, and utility tax revenues, particularly when new housing is concentrated along transit-served corridors.

**Recommendation:** We recommend that the City:

Continue to proactively identify additional opportunity areas for rezoning to allow more by-right multi-family housing. This process includes the DPD recommending potential rezoning of these opportunity areas to the State, who then makes recommendations to the Federal Government. Continue simplifying and modernizing zoning along major arterials to promote transit-oriented development without time-consuming and uncertain City Council approvals.

## 16. Facilitate Redevelopment of Vacant City Lots

**Impact:** Medium | **Feasibility:** Medium | **Time to results:** Long

**Context:** A large inventory of vacant parcels limits neighborhood investment, housing supply, and corridor activation. Public engagement consistently identified the redevelopment of City-owned vacant land as a priority.

Building on existing approaches, accelerating the disposition and reuse of vacant land can help convert underutilized assets into productive uses that support private investment and ongoing revenue generation. Peer cities (e.g., Baltimore, Indianapolis, Houston, Philadelphia) provide models for direct disposition approaches that support infill housing and redevelopment at scale. Returning vacant parcels to productive use has the potential to generate recurring revenue, increase property values, and attract additional private investment, with large-scale activation potentially generating tens of millions in recurring annual City revenue while adding billions in overall property value.

**Recommendation:** We recommend that the City:

Build upon the work to facilitate the private purchase and redevelopment of vacant City-owned lots, including ChiBlockBuilder and the Missing Middle Housing program. Continue reducing the inventory of roughly 7,000 vacant parcels through streamlined purchase processes and targeted discounts where appropriate and work collaboratively with sister agencies to address vacant land and buildings owned by them. Map privately-owned vacant land and underutilized land.

## Transportation

### 17. Advance Transit System Enhancements and Asset Upgrades

**Impact:** High | **Feasibility:** Low - Medium | **Time to results:** Long

**Context:** Public input emphasizes transportation access and reliability as residents' priorities. Survey responses and town hall discussions consistently highlighted transit as essential to residents' daily lives and economic opportunity, with participants emphasizing the importance of transit that is "reliable, frequent, and connects people to jobs and neighborhoods across the city."<sup>20</sup> Public input framed corridor-serving transit upgrades not only as a mobility issue, but as a prerequisite for neighborhood investment, workforce access, and equitable economic development.

---

<sup>20</sup> Civic Genius Community Insights Analysis

Coordinating with transit agencies and related leadership, pairing investment with extensive outreach, and framing initiatives around economic competitiveness can support buy-in and maximize corridor outcomes. Peer transit projects (e.g., Cleveland HealthLine; Kansas City streetcar; Denver FasTracks) are examples of transit investments catalyzing corridor development and property value growth, including cases where corridor-focused investments have driven billions in adjacent development and significantly increased property values, reinforcing transit as both a mobility and economic development strategy. Transit investments that reduce travel times and improve reliability can enhance productivity and expand access to jobs, supporting both mobility and economic outcomes.

**Recommendation:** We recommend that the City:

Evaluate and support new transit opportunities that would support economic and corridor development and congestion relief, such as a Western Avenue Bus Rapid Transit (BRT), a high-speed rail hub, and improved service to and from O'Hare. The city should work closely with the Chicago Transit Authority (CTA) and Northern Illinois Transit Authority (NITA) leadership to conduct extensive outreach and education for transit investment, marketing all initiatives in an economic development framework and establishing collaborative corridor committees to facilitate community engagement activities and project buy-in.

## Marketing & Reputation

### *18. Create an Office of Marketing & Promotion*

**Impact:** Medium | **Feasibility:** Medium | **Time to results:** Medium

**Context:** Chicago's citywide marketing capacity is described as fragmented and less centralized than peer competitors. This limits the city's ability to systematically generate business leads and shape a cohesive narrative for talent and investment attraction. A dedicated Office of Marketing & Promotion is a mechanism to consolidate and professionalize promotion, integrate visitor-to-resident pathways, and develop new revenue opportunities tied to brand value capture and infrastructure-based advertising. Peer platforms (e.g., London & Partners; JobsOhio) demonstrate that coordinated promotion can produce measurable economic outcomes including job support and investment conversion. Chicago's existing visitor volume and tourism activity present an opportunity to support broader economic development and sustained fiscal growth, with even modest improvements in converting visitors into residents, business investments, or repeat visits capable of materially increasing City tax revenues through sales, hotel, and transaction-based taxes.

**Recommendation:** We recommend that the City:

Create an Office of Marketing & Promotion (or other, similar, self-funding function that has sufficient resources and power without creating inefficiencies, such as embedded within the Mayor's Office, Choose Chicago, or WBC) to promote Chicago on a domestic and global stage. The goal of this office would be to promote Chicago's industries and business environment, generate business leads, and develop campaigns for targeted population recruitment, especially in tandem with Choose Chicago (e.g. visitor to resident pipeline). A second goal would be to generate revenue for the City; revenues include value capture for a Chicago brand and mobilization of potential infrastructure assets for advertising, e.g. enhanced advertising, AR & apps, and merchandising & licensing.

### 19. Consider a Chief Marketing Officer (CMO)

**Impact:** Low - Medium | **Feasibility:** High | **Time to results:** Short

**Context:** Marketing and communications activities are currently distributed across departments and partner organizations, contributing to duplication and inconsistent messaging. A centralized CMO function is a governance mechanism to align strategy, improve return on investment (ROI) on existing spend, and coordinate a unified narrative across agencies - especially when paired with a broader promotion office. Peer cities (e.g., Los Angeles, Boston, New York City) utilize centralized leadership to align tourism, economic development branding, and broader civic promotion. Even modest improvements in coordinating and streamlining marketing efforts can free up resources for higher-impact campaigns related to tourism, resident attraction, and business development, with a 5% to 10% improvement in coordination and efficiency potentially redirecting millions of dollars annually toward higher-performing campaigns tied to economic growth.

**Recommendation:** We recommend that the City:

Consider a CMO, in partnership with an Office of Marketing & Promotion, leveraged to better coordinate messages and spending across Chicago. A CMO can coordinate agencies and a unified Chicago narrative.

### 20. Launch a Citywide Data Hub

**Impact:** Low - Medium | **Feasibility:** Medium - High | **Time to results:** Medium

**Context:** Chicago holds extensive aggregated municipal data assets that are underutilized for both market insight and non-tax revenue generation. Advances in computing and lower implementation costs increase the feasibility of packaging data products for site selectors, investors, retailers, and companies evaluating expansion. Benchmarks (e.g., NYC Open Data; Los Angeles GeoHub; Singapore's more proactive data packaging) illustrate how structured platforms can support business decision making and economic development strategy. A premium subscription or licensing model serving enterprise users could create a recurring revenue stream while reducing barriers to market entry and expansion, including through a

structured model that both generates recurring non-tax revenue and reduces friction for companies evaluating investment in Chicago.

**Recommendation:** We recommend that the City:

Launch a Data Hub which could be a tool to generate additional revenue and insight to help companies enter the market and grow here, through aggregated consumer and business patterns. Possible through highly leveraging the City's unique access to already publicly available data sources.

## Tourism & Attraction

### 21. *Provide Ongoing Support for the Tourism Improvement District (TID)*

**Impact:** Medium | **Feasibility:** Medium - High | **Time to results:** Medium

**Context:** Chicago's tourism promotion has historically relied on public funding, and the TID is a stabilizing, industry-supported funding stream that can support destination marketing, conventions, and events while reducing dependence on annual public budget cycles. Given the TID was recently legislated, implementation support and cross-agency coordination are critical to realizing the intended benefits, especially when aligning conference incentives with targeted growth sectors and lead-generation efforts. Peer destination cities (e.g., San Diego, Seattle, Denver) use TIDs to sustain marketing and convention attraction capacity, with even modest gains in conference attraction capable of generating tens of thousands of additional hotel room nights and substantial visitor spending, while also creating a pipeline for future business investment and job creation.

**Recommendation:** We recommend that the City:

Support ongoing implementation of the TID, including coordinating economic development opportunities, such as aligning key growth industry sectors with conference incentives and generating business leads from marketing campaigns offered, and actively working to mitigate any challenges to success.

### 22. *Invest in and Coordinate a Vibrancy Ecosystem*

**Impact:** High | **Feasibility:** Low | **Time to results:** Long

**Context:** Resident input emphasizes downtown vibrancy, walkability, and cultural assets. Survey and town hall participants frequently connected the need for a more active, welcoming downtown to visible gaps in activity and programming.

Destination infrastructure is positioned as a core driver of both tourism and broader resident/business attraction. A coordinated "vibrancy ecosystem" approach (spanning waterfront, parks, cultural venues, and catalytic entertainment districts) can align planning, incentives, and public-private partnerships around high-visibility assets with spillover effects.

Local examples, such as major civic infrastructure and waterfront programming, demonstrate how targeted investments can drive visitor spending and support recurring revenue streams, including the potential to catalyze billions in adjacent development while generating sustained tourism and retail activity that strengthens the City's tax base.

**Recommendation:** We recommend that the City:

Invest in a range of destination projects and/or districts that could be individual attractions or major infrastructure that attract visitors and residents, including waterfront improvements, parks, cultural venues, and catalytic entertainment developments supported through planning, incentives, infrastructure investment, and public-private partnerships. For example, this could include a waterways strategy, stadium strategy, Museum Campus development, Lakefront improvements, and more.

## Civic Leadership

### 23. *Ensure Civic Engagement Coordination*

**Impact:** Medium | **Feasibility:** Medium | **Time to results:** Medium

**Context:** Chicago's civic and philanthropic ecosystem is a key strength, yet clearer coordination is needed to engage the next generation of civic and business leaders. A formal civic partnership function is positioned to align philanthropy, anchor institutions, business leadership, and civic organizations with City priorities, improving coordination around catalytic projects and long-term vision. Peer structures (e.g., public-private partnership models in Indianapolis, Detroit, Pittsburgh; partnership centers and mayoral funds in New York City and Los Angeles) illustrate formal mechanisms for coordinating philanthropic investment with city priorities. The scale of philanthropic capital means that even small improvements in coordination could support significant investment in economic mobility, workforce development, neighborhood growth, and public realm improvements, with aligning even a small share of philanthropic capital toward economic development priorities potentially representing hundreds of millions of dollars annually in additional investment supporting workforce, neighborhood, and public realm initiatives.

**Recommendation:** We recommend that the City:

Establish a formal civic engagement initiative to coordinate Chicago's ecosystem of civic, philanthropic, and public-private partners around a shared long-term vision for the city while creating a clear "on-ramp" for the next generation of civic leaders. The City would establish a dedicated liaison or Office of Civic Partnership that aligns philanthropy, anchor institutions, business leaders, and civic organizations with City priorities, while also supporting public service fellowships, citizen academies, and leadership pipelines for emerging leaders.

## Economic Development Subcommittee: Table of Recommendations

Recommendation	Impact	Feasibility	Timing
1. Convene a Mayor's Business Council for Corporate Engagement	Medium	High	Short-Medium
2. Reinvest in and Operate a Priority Corridor Business Support Program	High	Medium-High	Medium
3. Establish Soft, Fast Landing Program for International Companies	Medium	Medium	Short-Medium
4. Deploy Capital Recruitment Strategy	Medium-High	Medium	Medium-Long
5. Open International "Offices" to Attract Foreign Business Capital to the City	High	Low-Medium	Long
6. Expand Local Purchasing Commitments	Medium	Medium	Medium
7. Relaunch the Chicago Supplier Development Program	Medium	Medium	Medium
8. Expand Industry-Focused Innovation Hubs	Medium	Medium	Long
9. Designate Strategic Industry Districts	Medium	Low-Medium	Long
10. Support Workforce Development Hub for the Future of Work	Medium	Medium	Medium-Long
11. Create Readiness Programs for City-Supported Development and Procurement	Medium	Medium	Medium
12. Expand and Implement Cut the Tape Reforms	High	Medium-High	Short-Medium
13. Expand Production of Missing Middle Infill Housing Program and Market-Rate Housing	High	Medium	Long
14. Activate Underutilized Downtown Real Estate Through Reuse and Programming	Medium-High	Medium	Long
15. Advance Proactive Rezoning of Opportunity Areas	Medium	Medium	Medium-Long
16. Facilitate Redevelopment of Vacant City Lots	Medium	Medium	Long
17. Advance Transit System Enhancements and Asset Upgrades	High	Low-Medium	Long
18. Create an Office of Marketing & Promotion	Medium	Medium	Medium
19. Consider a Chief Marketing Officer (CMO)	Low-Medium	High	Short
20. Launch a Citywide Data Hub	Low-Medium	Medium-High	Medium
21. Provide Ongoing Support for the Tourism Improvement District (TID)	Medium	Medium-High	Medium
22. Invest in and Coordinate a Vibrancy Ecosystem	High	Low	Long
23. Ensure Civic Engagement Coordination	Medium	Medium	Medium

## VIII. Conclusion

Chicago's fiscal challenge is best understood not as a series of annual budget gaps, but as a structural mismatch between the City's recurring revenue base and the cost of sustaining its current obligations and service commitments. That mismatch has been compounded over many years by underfunded long-term liabilities, limited revenue elasticity, legal and intergovernmental constraints, and the repeated use of temporary measures that preserved near-term balance without changing the underlying trajectory. The central implication of this report is unmistakable: durable stability will not come from a single action, a single budget cycle, or a single category of reform. It will require a sustained shift from episodic gap-closing to deliberate structural management.

The options presented in this Final Report should therefore be viewed not as a simple list of options, but as a set of interlocking policy choices that must be sequenced, coordinated, and sustained over time. Some measures can improve execution, transparency, and collections in the near term; others require multi-year institutional follow-through, market response, or State action before their full benefits can be realized. Several of the highest-impact pathways, particularly those related to pension cost alignment, revenue modernization, and broader economic growth, depend on cooperation beyond City Hall. For that reason, the quality of implementation will matter as much as the quality of design. Fiscal repair requires not only selecting the right measures, but also establishing the governance, accountability, and political discipline necessary to carry them through successive administrations and budget cycles.

The stakes of inaction are not merely financial. If the City continues on its current path, fixed and legacy costs will absorb a growing share of available resources, leaving less flexibility to maintain reliable services, invest in neighborhoods, respond to downturns, or support long-term competitiveness. In that sense, fiscal stability is inseparable from service credibility, public trust, and equitable outcomes. A city that cannot predictably finance its core commitments will increasingly be forced into reactive choices that are more disruptive, more costly, and less fair. By contrast, a disciplined long-term framework can create space to protect essential services, improve transparency around tradeoffs, and align fiscal choices more closely with the needs of residents and the City's broader economic future.

The Task Force respectfully submits this report in the hope that it will serve as a useful foundation for the Mayor and City leadership as they consider important decisions ahead. Chicago retains extraordinary economic assets, institutional depth, and civic capacity. If matched by steady stewardship, credible long-range planning, and a sustained commitment to addressing structural challenges with structural solutions, those strengths can support a more stable and resilient future for the City. The path forward will call for difficult choices, continued collaboration, and care in balancing fiscal responsibility with the services and investments on which residents and communities depend. In that spirit, this report is offered as a contribution to the City's ongoing work to strengthen its fiscal future through a credible, sequenced program of action that builds confidence, protects core services, and positions Chicago to govern its fiscal future with discipline and purpose.

---

# Appendix A. Committee Membership

## Co-Chairs

- Karen Freeman-Wilson, Chicago Urban League
- Jim Reynolds, Loop Capital

## Subcommittee Leads

- Thea Crum, UIC Great Cities Institute, Community Insights and Equity Considerations
- Jim Reynolds, Loop Capital, Long-Term Liabilities and Public Pensions
- Ron DeNard, United Way of Metro Chicago, Revenues, Expenditures, and Fiscal Architecture
- Phil Clement, World Business Chicago, Economic Development

## Members

- Adrienne Alexander, AFSCME
  - Martin Cabrera Jr., Cabrera Capital Markets / Cabrera Capital Partners
  - Tyler Clark, Microsoft
  - Julie Dworkin, Institute for the Public Good
  - Brad Erens, Jones Day
  - Maricela Garcia, formerly with Mujeres Latinas en Acción
  - Pasquale Gianni, Gianni Legal and Consulting Services, formerly with Teamsters Joint Council 25
  - Jacqueline Gomez, Hispanic American Construction Industry Association
  - Jeffrey Howard, SEIU Local 73
  - Jill Jaworski, Navy Pier
  - Andrea Kluger, Chicago Federation of Labor
  - Jimmy Lee, Chicago Chinatown Chamber of Commerce
  - Dan Lurie, Metropolitan Planning Council
  - Ralph Martire, Center for Tax and Budget Accountability
  - Kevyn Orr, Jones Day
  - Chasse Rehwinkel, Devon Bank
  - Andrea Saenz, Chicago Community Trust
  - Mary Wagoner, Civic Committee of the Commercial Club of Chicago
-

# Appendix B. Comprehensive Menu of Recommendations

Recommendation	Impact	Feasibility	Timing	Rationale (Impact / Feasibility / Timing)
<b>Long-Term Liabilities Recommendations</b>				
1. Prioritize the Advanced Supplemental Payment	High	High	Long	<b>Impact:</b> Reduces liabilities <b>Feasibility:</b> Depends on fiscal capacity <b>Timing:</b> Long-term
2. Secure Chicago Public Schools (CPS) Contributions to City Pensions	Medium	Low-Medium	Long	<b>Impact:</b> Moderate relief <b>Feasibility:</b> Requires agreement with CPS/state <b>Timing:</b> Long
3. Offer Voluntary Buyouts	Low-Medium	Medium	Medium	<b>Impact:</b> Depends on uptake <b>Feasibility:</b> Program creation feasible <b>Timing:</b> 1-3 years
4. Dedicate External Funding to Pay Actuarially Determined Contribution (ADC)	High	Low	Long	<b>Impact:</b> Potentially transformational <b>Feasibility:</b> Highly uncertain <b>Timing:</b> 3+ years
5. Require State Fiscal Note for New Pension Legislation	Medium-High	High	Short	<b>Impact:</b> Improves transparency; no reduction to current liabilities <b>Feasibility:</b> Generally feasible; modest political risk <b>Timing:</b> Immediate once enacted
6. Require State-Dedicated Funding for Any State Actions Increasing City Pension Costs	Medium-High	Low	Long	<b>Impact:</b> Prevents future liabilities <b>Feasibility:</b> State action required <b>Timing:</b> Long-term
7. Consolidate Fund Actuaries or Administrators	Low-Medium	Medium	Medium	<b>Impact:</b> Efficiency gain <b>Feasibility:</b> Operational consolidation <b>Timing:</b> 1-3 years
8. Establish Formal, Routine Interactions Between City and State Officials for Pension-specific Matters	Medium	High	Short	<b>Impact:</b> Improves alignment <b>Feasibility:</b> Administrative coordination <b>Timing:</b> Immediate
9. Strengthen Claims, Litigation, and Compliance Management	High	Medium-High	Medium	<b>Impact:</b> Reduces long-term payouts <b>Feasibility:</b> Within City control <b>Timing:</b> 1-3 years
10. Inventory and Monetize Non-Core Assets with Oversight	Medium-High	Medium	Medium	<b>Impact:</b> Generates new revenue <b>Feasibility:</b> Requires inventory and governance <b>Timing:</b> 1-3 years

Recommendation	Impact	Feasibility	Timing	Rationale (Impact / Feasibility / Timing)
<b>Revenues and Expenditures Recommendations</b>				
1. Benchmark Taxes, Fees, and Expenditures Continuously	High	Medium	Long	<b>Impact:</b> Identifies gaps vs. peers for revenue and cost optimization <b>Feasibility:</b> Requires analytical continuity <b>Timing:</b> Policy impacts phased over time
2. Establish City-County Governance Alignment & Functional Consolidation	High	Medium	Long	<b>Impact:</b> Reduces duplicative service delivery costs <b>Feasibility:</b> Requires intergovernmental alignment <b>Timing:</b> Multi-year
3. Pursue Graduated Income Tax Authorization (State Constitutional Amendment)	High	Low	Long	<b>Impact:</b> Expands scalable revenue base <b>Feasibility:</b> Requires constitutional change <b>Timing:</b> Long horizon
4. Restructure Electricity Tax Rates	High	Medium	Long	<b>Impact:</b> Improves revenue equity and flexibility <b>Feasibility:</b> State action required <b>Timing:</b> Long-term
5. Fully Staff Tax Auditor Positions and Streamline Revenue-Generating Hiring	High	Medium	Medium	<b>Impact:</b> Direct revenue generation <b>Feasibility:</b> Hiring and retention required <b>Timing:</b> 1-2 years
6. Mandate Intergovernmental Data Sharing to Enhance Debt Collection Efficiency	High	Medium	Medium	<b>Impact:</b> Improves collections efficiency <b>Feasibility:</b> Requires agreements across agencies <b>Timing:</b> 1-3 years
7. Pursue Legislative Amendments to Strengthen Vehicle Violation Debt Enforcement	High	Medium	Long	<b>Impact:</b> Targets large receivables category <b>Feasibility:</b> Legislative dependency <b>Timing:</b> Multi-year
8. Strengthen Compliance with Outstanding City Fees, Fines and Other Obligations Across Public Employees and Agencies	High	Medium	Medium	<b>Impact:</b> Improves compliance across agencies <b>Feasibility:</b> Operational reform required <b>Timing:</b> 1-3 years
9. Conduct Total Cost of Ownership Assessment Across IT Footprint	Medium	High	Short	<b>Impact:</b> Identifies cost savings opportunities <b>Feasibility:</b> Straightforward analysis <b>Timing:</b> Immediate
10. Perform Cybersecurity Risk Assessment	Medium	High	Short	<b>Impact:</b> Reduces fiscal risk exposure <b>Feasibility:</b> Readily executable <b>Timing:</b> Near-term
11. Standardize Enterprise Platforms	Medium-High	Medium	Medium	<b>Impact:</b> Reduces duplication across systems <b>Feasibility:</b> Cross-agency coordination required <b>Timing:</b> 1-3 years
12. Upskill Workforce for AI and Automation	Medium	Medium	Medium	<b>Impact:</b> Enables efficiency gains from tech <b>Feasibility:</b> Requires training programs <b>Timing:</b> 1-3 years
13. Deploy Targeted AI Use Cases for Administrative Functions	High	Medium	Long	<b>Impact:</b> Automates high-volume processes <b>Feasibility:</b> Requires integration + governance <b>Timing:</b> Multi-year

Recommendation	Impact	Feasibility	Timing	Rationale (Impact / Feasibility / Timing)
14. Establish AI Governance Framework	High	Medium	Long	<b>Impact:</b> Mitigates risk and ensures trust <b>Feasibility:</b> Policy + governance effort <b>Timing:</b> Multi-year
15. Implement Workforce Transition Strategy to Support IT Modernization	High	Medium	Long	<b>Impact:</b> Preserves workforce stability <b>Feasibility:</b> Requires coordination with labor <b>Timing:</b> Multi-year
16. Consolidate CPL Management Reporting	High	Medium	Long	<b>Impact:</b> Enables visibility into structural gap <b>Feasibility:</b> Data consolidation needed <b>Timing:</b> Multi-year
17. Develop CPL Systemwide Strategic Plan	High	Medium	Long	<b>Impact:</b> Aligns resource allocation decisions <b>Feasibility:</b> Leadership-driven <b>Timing:</b> Long-term
18. Define CPL Branch Service Priorities	High	Medium	Long	<b>Impact:</b> Aligns spending with need <b>Feasibility:</b> Operational redesign <b>Timing:</b> Multi-year
19. Tailor CPL Services by Neighborhood	High	Medium	Long	<b>Impact:</b> Improves outcomes without new spend <b>Feasibility:</b> Requires service redesign <b>Timing:</b> Multi-year
20. Analyze and Scale CPL Branch Best Practices	High	Medium	Long	<b>Impact:</b> Scales high-performing approaches <b>Feasibility:</b> Data-driven approach <b>Timing:</b> Multi-year
21. Limit Personal Property Replacement Tax (PPRT) Diversions	High	Medium	Long	<b>Impact:</b> Restores state-shared revenue <b>Feasibility:</b> State action required <b>Timing:</b> Long-term
22. Increase the Local Government Distributive Fund (LGDF) Share Rate	High	Medium	Long	<b>Impact:</b> Major recurring revenue upside <b>Feasibility:</b> State-dependent <b>Timing:</b> Multi-year
23. Resume Consumer Price Index-Based (CPI) Property Tax Increases	High	Medium	Long	<b>Impact:</b> Aligns revenues with inflation <b>Feasibility:</b> Within policy control <b>Timing:</b> Ongoing
24. Expand the Sales Tax Base to Include Consumer Services	High	Medium	Long	<b>Impact:</b> Modernizes revenue structure <b>Feasibility:</b> State legislation required <b>Timing:</b> Multi-year
25. Implement Cordon Model Congestion Pricing	High	Medium	Long	<b>Impact:</b> Generates revenue + reduces congestion <b>Feasibility:</b> Operational & political complexity <b>Timing:</b> Multi-year

Recommendation	Impact	Feasibility	Timing	Rationale (Impact / Feasibility / Timing)
<b>Economic Development Recommendations</b>				
1. Convene a Mayor's Business Council for Corporate Engagement	Medium	High	Short-Medium	<b>Impact:</b> Directly targets retention/expansion of major employers tied to payroll, office activity, and tax base <b>Feasibility:</b> Can be established immediately through Mayor + WBC coordination without new legislation <b>Timing:</b> Can be convened quickly; measurable results occur over 1-3 years
2. Reinvest in and Operate a Priority Corridor Business Support Program	High	Medium-High	Medium	<b>Impact:</b> Drives neighborhood business density and corridor activity tied to local tax generation <b>Feasibility:</b> Builds on prior corridor program and existing City/community infrastructure <b>Timing:</b> Requires program ramp; results emerge over 1-3 years
3. Establish Soft, Fast Landing Program for International Companies	Medium	Medium	Short-Medium	<b>Impact:</b> Improves FDI conversion and business establishment success <b>Feasibility:</b> Can be launched with WBC/incubator partners using defined concierge model <b>Timing:</b> Launch is near-term; results depend on pipeline conversion over 1-3 years
4. Deploy Capital Recruitment Strategy	Medium-High	Medium	Medium-Long	<b>Impact:</b> Dependent on converting interest into actual private investment and development <b>Feasibility:</b> Requires coordinated prospectus and investor outreach infrastructure <b>Timing:</b> Pipeline can start quickly; capital deployment results take multiple years
5. Open International "Offices" to Attract Foreign Business Capital to the City	High	Low-Medium	Long	<b>Impact:</b> Can materially strengthen FDI pipeline and conversion <b>Feasibility:</b> Requires sustained overseas presence and recurring funding <b>Timing:</b> Relationship building and investment conversion occur over 3+ years
6. Expand Local Purchasing Commitments	Medium	Medium	Medium	<b>Impact:</b> Retains local business revenue and strengthens neighborhood economies <b>Feasibility:</b> Requires coordination with anchors/employers and tracking mechanisms <b>Timing:</b> Benefits realized through procurement cycles (1-3 years)
7. Relaunch the Chicago Supplier Development Program	Medium	Medium	Medium	<b>Impact:</b> Depends on firms converting support into sustained contract wins <b>Feasibility:</b> Programmatically feasible through BACP and partner organizations <b>Timing:</b> Results emerge over 1-3 years
8. Expand Industry-Focused Innovation Hubs	Medium	Medium	Long	<b>Impact:</b> Drives long-term firm growth and commercialization <b>Feasibility:</b> Requires sustained funding and ecosystem coordination <b>Timing:</b> Startup scaling results are 3+ years
9. Designate Strategic Industry Districts	Medium	Low-Medium	Long	<b>Impact:</b> Dependent on whether investments and incentives actually follow designation <b>Feasibility:</b> Requires alignment of zoning, incentives, and infrastructure

Recommendation	Impact	Feasibility	Timing	Rationale (Impact / Feasibility / Timing)
				<b>Timing:</b> District development occurs over multi-year horizons
10. Support Workforce Development Hub for the Future of Work	Medium	Medium	Medium-Long	<b>Impact:</b> Reduces labor mismatch and supports economic growth <b>Feasibility:</b> Requires coordination across employers and education institutions <b>Timing:</b> Workforce results require 1-3+ years
11. Create Readiness Programs for City-Supported Development and Procurement	Medium	Medium	Medium	<b>Impact:</b> Improves execution of projects and increases investment delivery <b>Feasibility:</b> Can be launched through partners and technical assistance providers <b>Timing:</b> Results appear over 1-3 years
12. Expand and Implement Cut the Tape Reforms	High	Medium-High	Short-Medium	<b>Impact:</b> Reduces permitting and regulatory friction, enabling development <b>Feasibility:</b> Builds on an existing initiative already demonstrating results <b>Timing:</b> Reforms begin quickly; results materialize in 1-2 years
13. Expand Production of Missing Middle Infill Housing Program and Market-Rate Housing	High	Medium	Long	<b>Impact:</b> Expands tax base and housing supply <b>Feasibility:</b> Uses existing programs but depends on development pipeline <b>Timing:</b> Construction and revenue realization take 3+ years
14. Activate Underutilized Downtown Real Estate Through Reuse and Programming	Medium-High	Medium	Long	<b>Impact:</b> Stabilizes tax base and drives downtown recovery <b>Feasibility:</b> Requires coordination of incentives, zoning, and private investment <b>Timing:</b> Real estate cycles make this a 3+ year effort
15. Advance Proactive Rezoning of Opportunity Areas	Medium	Medium	Medium-Long	<b>Impact:</b> Enables new development and density <b>Feasibility:</b> Within City authority but politically sensitive <b>Timing:</b> Development response takes several years
16. Facilitate Redevelopment of Vacant City Lots	Medium	Medium	Long	<b>Impact:</b> Converts underutilized land into productive assets <b>Feasibility:</b> Requires coordination across agencies and disposition processes <b>Timing:</b> Redevelopment takes 3+ years
17. Advance Transit System Enhancements and Asset Upgrades	High	Low-Medium	Long	<b>Impact:</b> Drives accessibility, productivity, and development <b>Feasibility:</b> Requires major capital investment and interagency coordination <b>Timing:</b> Planning and construction exceed 3 years
18. Create an Office of Marketing & Promotion	Medium	Medium	Medium	<b>Impact:</b> Supports business attraction and revenue generation indirectly <b>Feasibility:</b> Requires new organizational structure and funding model <b>Timing:</b> Results emerge over 1-3 years
19. Consider a Chief Marketing Officer (CMO)	Low-Medium	High	Short	<b>Impact:</b> Improves coordination rather than generating direct revenue <b>Feasibility:</b> Simple organizational addition <b>Timing:</b> Can be implemented quickly with near-term effects

Recommendation	Impact	Feasibility	Timing	Rationale (Impact / Feasibility / Timing)
20. Launch a Citywide Data Hub	Low-Medium	Medium-High	Medium	<b>Impact:</b> Creates new revenue stream but of uncertain scale <b>Feasibility:</b> Requires data aggregation and governance <b>Timing:</b> Product development and adoption take 1-3 years
21. Provide Ongoing Support for the Tourism Improvement District (TID)	Medium	Medium-High	Medium	<b>Impact:</b> Drives tourism-related economic activity <b>Feasibility:</b> Role is coordination and support <b>Timing:</b> Benefits appear over event/convention cycles
22. Invest in and Coordinate a Vibrancy Ecosystem	High	Low	Long	<b>Impact:</b> Significant upside for tourism and investment <b>Feasibility:</b> Capital intensive with complex partnerships <b>Timing:</b> Multi-year development horizon
23. Ensure Civic Engagement Coordination	Medium	Medium	Medium	<b>Impact:</b> Depends on success in aligning civic investment <b>Feasibility:</b> Establishing coordination structure is achievable <b>Timing:</b> Results develop over 1-3 years

## Appendix C. Glossary / Acronyms

Acronym	Meaning
<b>ADC</b>	Actuarially Determined Contribution
<b>BACP</b>	Department of Business Affairs and Consumer Protection
<b>BID</b>	Business Improvement District
<b>BRT</b>	Bus Rapid Transit
<b>CCCO</b>	Cook County Clerk's Office
<b>ChicagoMSDC</b>	Chicago Minority Supplier Development Council
<b>CMO</b>	Chief Marketing Officer
<b>CPI</b>	Consumer Price Index
<b>CPL</b>	Chicago Public Library
<b>CPS</b>	Chicago Public Schools
<b>CRE</b>	Commercial Real Estate
<b>CTA</b>	Chicago Transit Authority
<b>CTBA</b>	Center for Tax and Budget Accountability
<b>CTPF</b>	Chicago Teachers' Pension Fund
<b>DMO</b>	Destination Marketing Organization
<b>DOF</b>	Department of Finance
<b>DOL</b>	Department of Law
<b>DPD</b>	Department of Planning and Development
<b>EMS</b>	Emergency Medical Services
<b>ERP</b>	Enterprise Resource Planning
<b>FABF</b>	Firemen's Annuity and Benefit Fund
<b>FDI</b>	Foreign Direct Investment
<b>GFOA</b>	Government Finance Officers Association
<b>HOME</b>	Austin Home Options for Mobility and Equity
<b>IGA</b>	Intergovernmental Agreement
<b>LABF</b>	Laborers' and Retirement Board Employees' Annuity and Benefit Fund
<b>LGDF</b>	Local Government Distributive Fund
<b>LISC</b>	Local Initiative Support Corporation
<b>MBE</b>	Minority Business Enterprises
<b>MEABF</b>	Municipal Employees' Annuity and Benefit Fund

Acronym	Meaning
<b>NITA</b>	Northern Illinois Transit Authority
<b>OBM</b>	Office of Budget and Management
<b>PABF</b>	Policemen's Annuity and Benefit Fund
<b>PPRT</b>	Personal Property Replacement Tax
<b>ROI</b>	Return on Investment
<b>SME</b>	Small and Medium-Sized Enterprises
<b>TID</b>	Tourism Improvement District
<b>TIF</b>	Tax Increment Financing
<b>TOD</b>	Denver Transit-Oriented Development
<b>TRS</b>	Teachers' Retirement System (of the State of Illinois)
<b>WBC</b>	World Business Chicago

# Appendix D. Community Insights and Equity Considerations: Survey Results

ActiVote, a nonpartisan civic engagement platform, partnered with the National Civic League (Civic Genius) and the Chicago Financial Future Task Force to conduct a survey of residents on their feelings about the city.

## Survey Results

There were in total 537 participants to the survey who answered at least one question. Each of the survey questions were answered at most 501 times and at least 429 times showing a reasonable drop-off rate throughout the survey.

This excludes demographic questions about the participants themselves (age, ethnicity, etc.)

To provide a tentatively weighted outcome of the poll, all outcomes were weighed on each of seven characteristics: neighborhood (R), age (A), gender (G), party affiliation (P), income (I), education (E), ethnicity (Ethn). The average of those seven outcomes is shown as the weighted (W) result. The unweighted (U) average is also shown. For many answers there is little difference, but for some key answers the difference exceeds 5%. The weighted result is likely the more accurate representation of the opinion of all Chicagoans.

How often do you follow or pay attention to discussions about the City of Chicago's Budget?	R	A	G	P	I	E	Ethn	W	U
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%
Never	1%	1%	1%	3%	3%	1%	2%	2%	2%
Rarely	19%	18%	9%	12%	10%	31%	13%	16%	9%
Occasionally	42%	45%	40%	57%	40%	36%	39%	43%	39%
Regularly	37%	36%	50%	27%	47%	32%	47%	39%	50%

How well do you feel you understand how the City of Chicago develops and approves its budget?	R	A	G	P	I	E	Ethn	W	U
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%
Not at all	13%	32%	7%	20%	8%	19%	11%	16%	9%
Not very well	38%	29%	33%	42%	35%	38%	32%	35%	34%
Somewhat well	34%	19%	44%	31%	42%	31%	44%	35%	43%
Very well	16%	20%	15%	7%	14%	12%	12%	14%	14%
Not sure	0%	0%	0%	0%	1%	0%	0%	0%	0%

Before today, had you heard of the Chicago Financial Future Task Force?	R	A	G	P	I	E	Ethn	W	U
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%
No, I had not heard of it before today	71%	71%	67%	74%	70%	80%	66%	71%	68%
I've heard the name, but don't know what it does	14%	6%	14%	16%	14%	11%	15%	13%	14%
Yes, but I only know a little	13%	6%	14%	10%	12%	5%	15%	11%	14%
Yes, and I know a lot about it	2%	16%	5%	1%	4%	3%	4%	5%	4%

The City of Chicago's expenses are growing faster than its revenue, how concerned, if at all, are you about changes in the City of Chicago's future revenues and expenses?	R	A	G	P	I	E	Ethn	W	U
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%
Not at all concerned	0%	0%	0%	0%	0%	0%	0%	0%	0%
Not very concerned	2%	0%	1%	0%	2%	0%	0%	1%	1%
Somewhat concerned	13%	23%	20%	25%	23%	20%	22%	21%	21%
Very concerned	82%	76%	78%	72%	73%	76%	77%	76%	76%
Not sure	3%	0%	1%	3%	2%	3%	1%	2%	1%

When thinking about Chicago's long-term economic future, which of the following is the most important to you?	R	A	G	P	I	E	Ethn	W	U
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%
Attracting new businesses or industries	20%	11%	27%	21%	13%	28%	28%	21%	24%
Expanding job opportunities	19%	19%	13%	8%	18%	21%	11%	16%	13%
Increasing investment across neighborhoods	37%	44%	34%	36%	40%	26%	37%	36%	36%
Preparing residents for future jobs	10%	2%	4%	1%	7%	2%	7%	5%	5%
Supporting small and locally owned businesses	8%	19%	10%	18%	11%	13%	9%	13%	11%
Other	6%	5%	12%	16%	12%	11%	7%	10%	11%

When Chicago makes budget decisions, which goal is most important to you?	R	A	G	P	I	E	Ethn	W	U
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%
Avoiding increases in taxes or fees	22%	10%	21%	13%	20%	14%	28%	18%	22%
Investing in high-need neighborhoods	24%	33%	11%	8%	19%	16%	14%	18%	12%
Maintaining infrastructure	3%	3%	6%	13%	4%	4%	6%	6%	5%
Protecting essential public services	19%	11%	23%	23%	27%	18%	25%	21%	25%
Reducing long-term financial risk to the City	17%	36%	21%	29%	16%	26%	11%	22%	19%
Supporting long-term economic growth	11%	6%	14%	10%	10%	21%	10%	12%	13%
Other	4%	2%	4%	4%	4%	1%	5%	3%	4%

For supporting economic well-being in Chicago's neighborhoods, which outcome is most important to you?	R	A	G	P	I	E	Ethn	W	U
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%
Access to nearby jobs	20%	5%	12%	8%	12%	9%	11%	11%	11%
Affordable housing	41%	59%	35%	32%	48%	48%	38%	43%	37%
Commercial corridor development	7%	5%	11%	11%	9%	14%	13%	10%	11%
Investment capital for local entrepreneurs	7%	2%	4%	6%	5%	5%	4%	5%	4%
Support for small businesses	7%	5%	11%	4%	8%	5%	10%	7%	11%
Transportation access	11%	21%	18%	26%	11%	12%	14%	16%	16%
Other	6%	4%	9%	13%	7%	8%	10%	8%	9%

Please select the three principles that should most guide Chicago's decisions about taxes, fees, and other revenues. Check 3 options.	R	A	G	P	I	E	Ethn	W	U
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%
Encouraging economic growth	15%	12%	18%	18%	15%	16%	15%	16%	17%
Equity across income levels	21%	16%	17%	18%	22%	19%	19%	19%	17%
Keeping Chicago's tax, fee, and revenue policies similar to other large cities	9%	3%	8%	7%	6%	5%	9%	7%	8%
Stability and predictability	14%	19%	15%	13%	14%	17%	17%	16%	15%
The City's long-term financial stability	21%	27%	24%	22%	23%	28%	22%	24%	24%
Transparency	20%	21%	19%	22%	20%	16%	18%	19%	19%

When thinking about the City budget, which should be the bigger priority?	R	A	G	P	I	E	Ethn	W	U
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%
How decisions affect lower-income residents	64%	50%	46%	49%	63%	52%	57%	54%	49%
How decisions affect overall economic competitiveness	36%	50%	54%	51%	37%	48%	43%	46%	51%

Public input can influence City decisions about budgets and long-term financial planning.	R	A	G	P	I	E	Ethn	W	U
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%
Strongly disagree	6%	17%	7%	8%	12%	10%	6%	9%	8%
Somewhat disagree	13%	19%	13%	17%	8%	12%	14%	14%	12%
Neither agree nor disagree	11%	5%	10%	8%	9%	5%	5%	8%	10%
Somewhat agree	45%	34%	46%	46%	46%	47%	48%	45%	44%
Strongly agree	24%	25%	25%	21%	24%	27%	28%	25%	25%

Would you be willing to participate in future opportunities to share your perspective on Chicago's economic or budget decisions?	R	A	G	P	I	E	Ethn	W	U
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%
No	0%	1%	2%	0%	1%	0%	1%	1%	3%
Maybe / Not sure	25%	40%	25%	16%	23%	18%	35%	26%	27%
Regularly	74%	59%	73%	84%	76%	82%	64%	73%	70%

### Summarization of Survey Free Text Responses

What is the best thing about Chicago that more people should know about?

Rank	Theme	Count	Percentage
1	People / Friendliness / Community	107	25.3%
2	Diversity	91	21.5%
3	Neighborhoods	75	17.7%
4	Parks / Lakefront / Lake Michigan	60	14.2%
5	Culture / Arts / Entertainment / Museums	67	15.8%
6	Vibrancy / Livability / Beauty	56	13.2%
7	Food / Culinary scene	41	9.7%
8	Economic opportunity / business / jobs	45	10.6%
9	Public transit / CTA / Walkability	28	6.6%
10	Affordability	21	5.0%

What causes you the greatest concern about Chicago?

Rank	Theme	Count	Percentage
1	Public transit / CTA (safety, reliability, quality)	120	28.0%
2	Crime / Violence / Public safety	106	24.7%
3	Affordability / Housing costs / Gentrification	95	22.1%
4	Pensions / Debt / Financial instability / Budget deficit	88	20.5%
5	Taxes / Property taxes / High taxes / Fees	86	20.0%
6	Leadership / Mayor / City Council / Government mismanagement	68	15.9%
7	Education / Schools / CPS	39	9.1%
8	Inequality / Disinvestment / Segregation	32	7.5%
9	Population loss / Business leaving / Brain drain	19	4.4%
10	Homelessness / Mental health / Social services	9	2.1%

# Appendix E. Community Insights and Equity Considerations: Town Halls and Focus Groups

## Deliberative Town Halls Overview

Civic Genius led five town halls on automation, city services, and transportation. Residents engaged seriously with the question of how Chicago can address its structural budget issues, including the need to close an approximately \$1.1 billion gap in the corporate fund.

Residents did not converge on a single solution. However, they consistently pointed to a set of aligned strategies on where additional revenue should come from and where financial pressure could be reduced. Just as importantly, they outlined the conditions under which they would support those approaches.

Overall, residents see the budget challenge not only as a fiscal issue, but as a reflection of broader concerns about:

- population loss and economic contraction
- uneven service delivery across neighborhoods
- lack of transparency and accountability in public spending
- a perceived imbalance in who bears the cost of maintaining the city

These perspectives shape how residents evaluate any proposed revenue solution.

## Where Residents See Viable Revenue and Cost-Savings Pathways

### 1. *Expanding the Tax Base Through Population and Economic Growth*

Residents consistently emphasized that long-term fiscal stability depends on increasing the number of people and businesses contributing to the city's economy.

This included:

- attracting and retaining residents
  - supporting immigration and population growth
  - strengthening small business ecosystems
  - investing in neighborhood conditions, schools, and safety
  - creating conditions in which businesses want to locate and stay in Chicago
-

There was a strong sense that the city is currently attempting to sustain services for a larger population with a smaller tax base, and that reversing population decline is central to any durable solution.

Implication: Residents view tax base expansion not as a secondary strategy, but as a primary pathway to fiscal sustainability.

## 2. *Targeted Fee Increases and Service Adjustments*

Residents engaged directly with the idea of increasing certain fees, particularly for garbage collection, where they understood that current fees do not cover the full cost of service.

There was openness to:

- increasing garbage fees
- adjusting service frequency or timelines to reduce costs
- aligning fees more closely with actual service costs

However, support was generally conditional on:

- maintaining or improving service quality
- ensuring equitable service delivery across neighborhoods
- providing affordability protections for low-income residents

Residents also expressed a desire for clearer communication about service expectations if timelines are adjusted for cost savings.

Implication: There is a viable path for targeted, service-linked revenue increases, provided they are paired with visible value and equity.

## 3. *Increasing Contributions from Corporations and Large Entities*

Across multiple sessions, residents expressed strong support for shifting a greater share of the fiscal burden toward corporations, large institutions, and high-capacity actors.

This included:

- increasing taxes on corporations and large businesses
  - reducing or reevaluating corporate subsidies
  - taxing data centers and large energy users
  - ensuring that economic development incentives produce clear public benefit
-

In discussions on automation, this extended to:

- taxing automated systems that replace human labor
- capturing revenue from self-driving vehicles and similar technologies

Residents frequently contrasted the financial pressure on households with the perception that corporations are not contributing proportionately.

Implication: Revenue strategies that shift burden upward are likely to align more closely with public sentiment than those focused primarily on residents.

#### 4. *Reducing Avoidable Costs and Improving Efficiency*

Residents consistently identified opportunities to reduce pressure on the corporate fund by addressing internal cost drivers and inefficiencies.

Key areas included:

- legal settlements and misconduct costs related to police
- inefficiencies in procurement and contracting
- perceived overstaffing or unclear management structures
- the need for audits of salaries, pensions, and operational spending

There was broad agreement that the city should demonstrate progress on accountability and efficiency before asking residents to contribute more.

Implication: Efforts to reduce avoidable costs are not only financially relevant, but also critical for building public trust in any broader fiscal strategy.

#### 5. *Better Utilization of Vacant Property and Public Assets*

Residents repeatedly pointed to vacant land, abandoned buildings, and underutilized public property as missed opportunities for both revenue generation and neighborhood revitalization.

Suggested approaches included:

- taxing long-term vacant properties
  - accelerating efforts to reclaim and repurpose neglected properties
  - using city-owned land for housing or productive development
  - prioritizing local ownership and community benefit in redevelopment efforts
-

Residents framed these ideas as both economic and equity strategies, particularly in neighborhoods that have experienced long-term disinvestment.

Implication: More strategic use of existing assets is seen as a practical and visible way to strengthen both the tax base and neighborhood conditions.

#### 6. *Enforcement-Based Revenue (Limited and Conditional Support)*

Some residents supported the use of fines and enforcement tools, including:

- red light cameras
- traffic enforcement
- parking and quality-of-life violations

However, this support was mixed and often accompanied by concerns that:

- enforcement can feel punitive.
- impacts may fall disproportionately on certain communities.
- overreliance on fines can erode trust.

In some cases, residents expressed a preference for limiting these tools to specific contexts (e.g. downtown areas).

Implication: While enforcement can generate revenue, it is not broadly viewed as a primary or equitable solution.

#### *Key Tradeoffs*

Residents consistently framed revenue options in terms of tradeoffs:

- willingness to pay more vs. confidence in how funds are used
- efficiency gains vs. potential job loss or service reduction
- technological innovation vs. risks of bias and over-surveillance
- economic growth vs. risk of displacement
- enforcement vs. fairness and equity

These tensions reflect the need for any fiscal strategy to balance financial outcomes with community impact.

---

## Topic-Specific Perspectives and Tradeoffs

### Automation

Residents approached automation and AI with caution, and in many cases, skepticism. These concerns were not abstract or theoretical. They were grounded in lived experience, particularly around racism, disinvestment, job stability, and broader human impacts.

Across multiple groups, residents evaluated automation through the lens of who is most likely to be affected first and most negatively.

Racism and bias in technology came up repeatedly. Residents expressed concern that AI systems are built on biased data and would reinforce existing inequities. In several discussions, participants pointed to real-world examples of technology failing to recognize darker skin tones and raised fears that these same biases would be embedded in systems used in Chicago. This was especially pronounced in conversations about surveillance and policing.

In discussions of drones and automated enforcement, residents were clear that:

- Black and brown communities would likely be the first to experience expanded surveillance.
- existing patterns of over-policing could be amplified through technology.
- even if introduced with narrow intent, these tools would likely expand over time.

Residents also connected these concerns to real-world uses of similar technologies. Some referenced the use of surveillance tools in immigration enforcement, while others pointed to examples of drone and AI use in places like Gaza. These references were raised to underscore a broader concern – that technologies introduced with limited intent can expand over time in ways that disproportionately impact certain communities.

Disinvestment and uneven implementation also shaped how automation was perceived. Residents noted that new technologies are often introduced into already overburdened neighborhoods without corresponding investment in people. There was concern that automation would follow a familiar pattern: investment in systems, but not in communities, reinforcing existing disparities.

Job loss and economic displacement were central concerns across automation discussions. Residents pointed to:

- rideshare drivers already facing economic pressure.
- the potential replacement of taxi and gig workers by autonomous vehicles.
- broader impacts on service sector jobs.

Some residents described intentionally choosing human-driven services today to support workers, underscoring how immediate and personal this issue feels.

---

There was also concern about long-term social and human impacts, including:

- reduced human interaction in daily services.
- challenges accessing support in automated systems, particularly for mental health needs.
- impacts on younger generations' ability to communicate and engage socially.

At the same time, residents were not universally opposed to automation. There was clear support for limited, human-centered applications, particularly:

- 311 systems that improve responsiveness
- narrowly defined uses in controlled environments

However, this support was consistently framed as a supplement, not a replacement.

*Key tradeoffs identified:*

- Efficiency and potential cost savings vs. job loss and economic instability
- Technological advancement vs. racial bias and inequitable impact
- Automation-driven revenue vs. long-term social costs
- Expanded tools for safety vs. increased surveillance and erosion of trust

Residents also introduced a clear fiscal expectation. If automation replaces human labor or generates new forms of economic activity, the city should capture revenue from those systems, including through taxation of automated services or companies benefiting from workforce displacement.

### **City Services**

Discussions on city services were more pragmatic, with residents actively engaging in tradeoffs between cost, quality and equity. These conversations were grounded in day-to-day experiences with how services are delivered across neighborhoods.

A central theme across these discussions was that inequity in service delivery is already highly visible, particularly in low-income Black and brown communities. Residents described uneven access to basic services and infrastructure, which shaped how they evaluated any proposed changes.

Because of this, many residents approached service tradeoffs from the perspective that they are already receiving slower, less consistent or lower-quality services compared to other parts of the city.

Garbage collection served as the most concrete example. Residents demonstrated a clear understanding that current fees do not cover the full cost of service. Many expressed willingness to pay more, but only under specific conditions:

- service must be reliable and consistent.
- basic expectations must be met, such as clean streets, proper handling of bins, and attention to neighborhood conditions.
- affordability must be considered for lower-income households.

At the same time, residents noted that service quality already varies significantly across neighborhoods. In some areas, issues like improper bin handling, missed pickups, or lack of cleanliness were described as ongoing concerns, which directly affects willingness to pay more.

There was also discussion of service frequency and timelines. Some residents were open to:

- extending timelines for services like tree trimming or garbage pickup.
- reducing frequency if it meaningfully reduces costs.

Importantly, this openness was often rooted in the perception that longer timelines are already the reality in their neighborhoods. For some participants, extending service timelines did not represent a meaningful change because they do not currently experience expedited or consistent service.

At the same time, other residents pushed back on this idea, citing examples where services were already delayed for extended periods – in some cases, multiple years for services like tree trimming – reinforcing the perception of inequity.

Uneven service delivery was a recurring concern. Residents shared examples of:

- potholes remaining unrepaired in some neighborhoods while others receive faster attention.
- lack of basic infrastructure, such as public trash cans, in certain areas.
- variation in response times depending on where service requests are made.

While some residents shared positive experiences with 311, including requests being resolved within a few days and receiving follow-up communication, others questioned whether a complaint-based system inherently produces unequal outcomes, particularly in communities where residents may have less access to or trust in these systems.

Accountability and efficiency were also central to these discussions. Residents raised concerns about:

- perceived inefficiencies in staffing and management.
- lack of transparency in how resources are allocated.
- the need for audits of salaries, pensions and operational spending.

At the same time, there was recognition from some participants that city employees may be under-resourced and working within outdated systems, suggesting that inefficiency is not solely a workforce issue but also a structural one.

---

Residents also connected city services to broader fiscal and economic conditions. There was a strong view that:

- improving service quality, particularly in historically underserved neighborhoods, is essential to retaining residents.
- neighborhood conditions directly affect whether people stay in or return to the city.
- investment in communities must accompany any new fees or changes.

*Key tradeoffs identified:*

- Higher fees vs. consistent and equitable service delivery
- Cost savings through reduced service vs. already uneven service experiences
- Efficiency improvements vs. potential impacts on the workforce and service capacity
- Complaint-based service models vs. equitable, proactive service delivery

Overall, residents demonstrated a willingness to engage with difficult tradeoffs in this area. However, that willingness is closely tied to whether the city can deliver services fairly across neighborhoods and address the perception that some communities are consistently receiving the short end of the stick.

### **Transportation and Enforcement**

Transportation discussions focused on both mobility and revenue, with mixed views on enforcement-based strategies.

Residents expressed support for:

- investments in public transit, particularly the CTA, to improve access and reduce household transportation costs
- safety improvements in streets and public infrastructure
- targeted use of tools to manage traffic and improve flow

At the same time, there was skepticism toward:

- expanded use of automated enforcement tools, such as cameras and “smart street” systems.
- increased reliance on fines and penalties as a primary revenue source.

While some residents supported enforcement measures including red light cameras, traffic violations, and fines for behaviors such as illegal parking, others raised concerns that these approaches:

- can feel punitive rather than supportive.
  - may disproportionately impact certain neighborhoods.
-

- contribute to a broader perception of the city as extractive.

In some discussions, residents suggested that enforcement tools could be limited to specific contexts, such as high-traffic or downtown areas, rather than expanded broadly across all neighborhoods.

Residents also raised concerns about how enforcement interacts with automation. For example, automated traffic systems were seen as potentially improving safety but also raising questions about accuracy, fairness, and the burden placed on residents navigating systems such as ticket disputes.

*Key tradeoffs identified:*

- Revenue generation through enforcement vs. fairness and public trust
  - Safety improvements vs. perceived over-policing or surveillance
  - Short-term revenue gains vs. long-term resident satisfaction and retention
-

## Chicago's Financial Future in Residents' Own Words

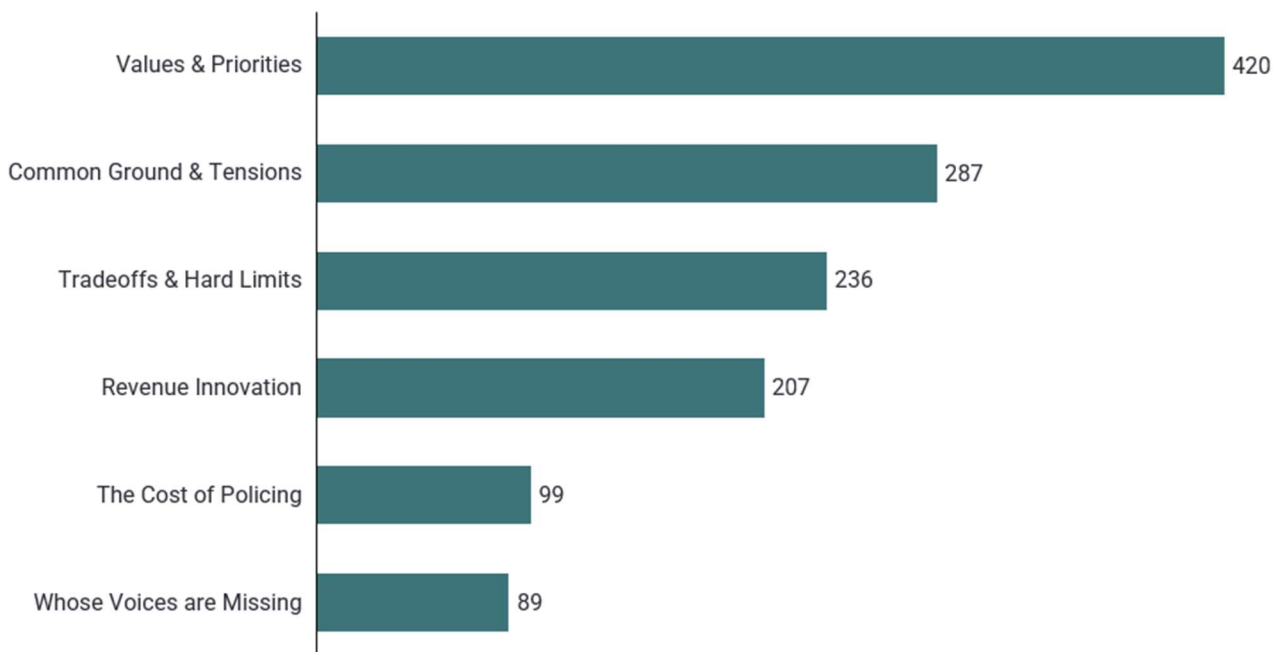
Six key themes emerged from nine focus groups and four town halls.

The results present Chicago residents' perspectives on the City's financial future, organized by theme<sup>21</sup>.

Hundreds of Chicago residents participated in this structured engagement to provide input on the City's long-term fiscal challenges. The summary presents an overview of resident input, including perspectives on potential tradeoffs, identified constraints, and considerations raised for decision-makers regarding the City's fiscal outlook.

Focus groups and town halls were facilitated and recorded by Civic Genius. Findings were developed through a structured analysis process, leveraging digital and AI-supported tools to identify, tag, and synthesize insights across all resident inputs.

### Key Insights

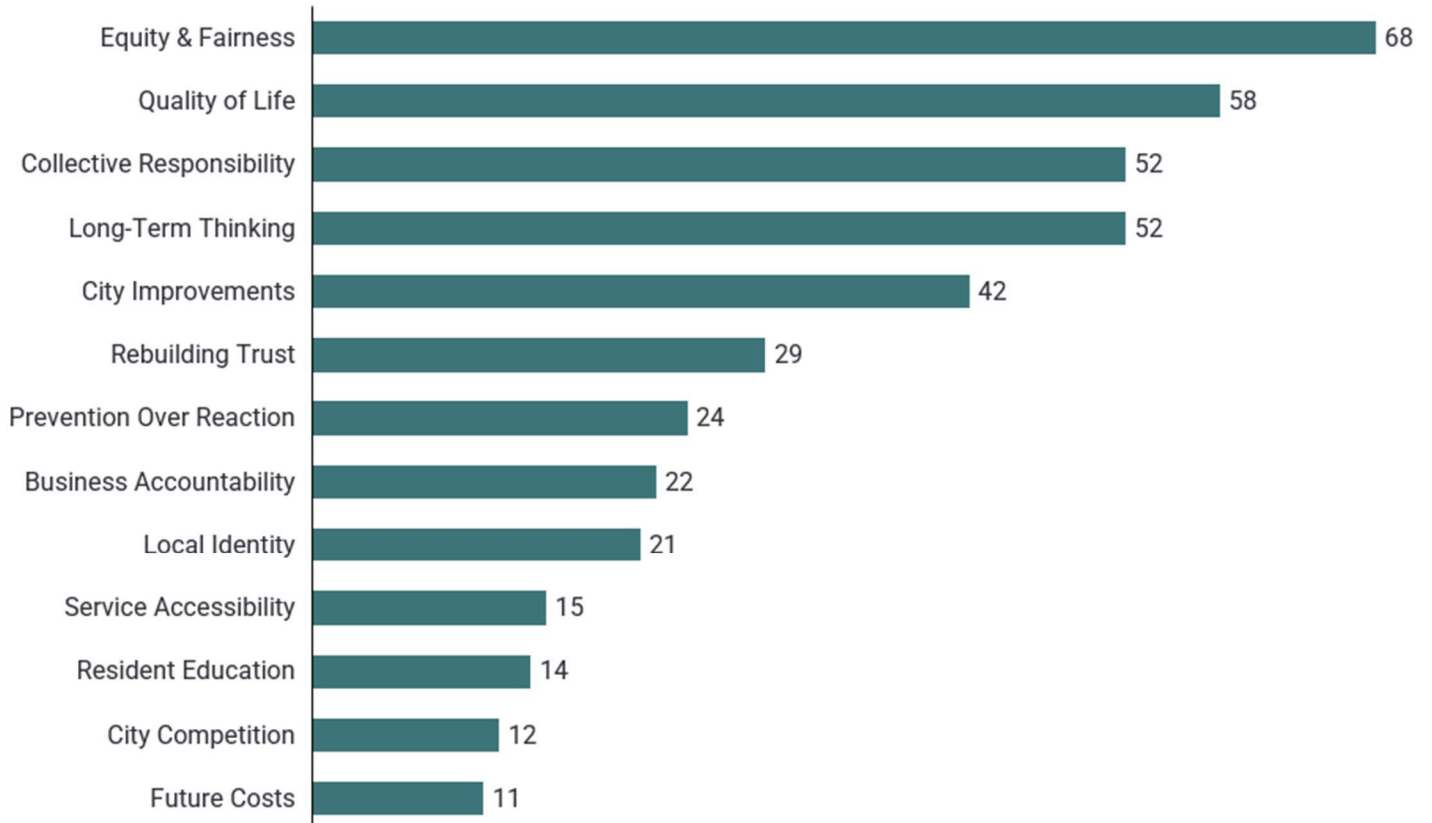


---

<sup>21</sup> Civic Genius; Cortico

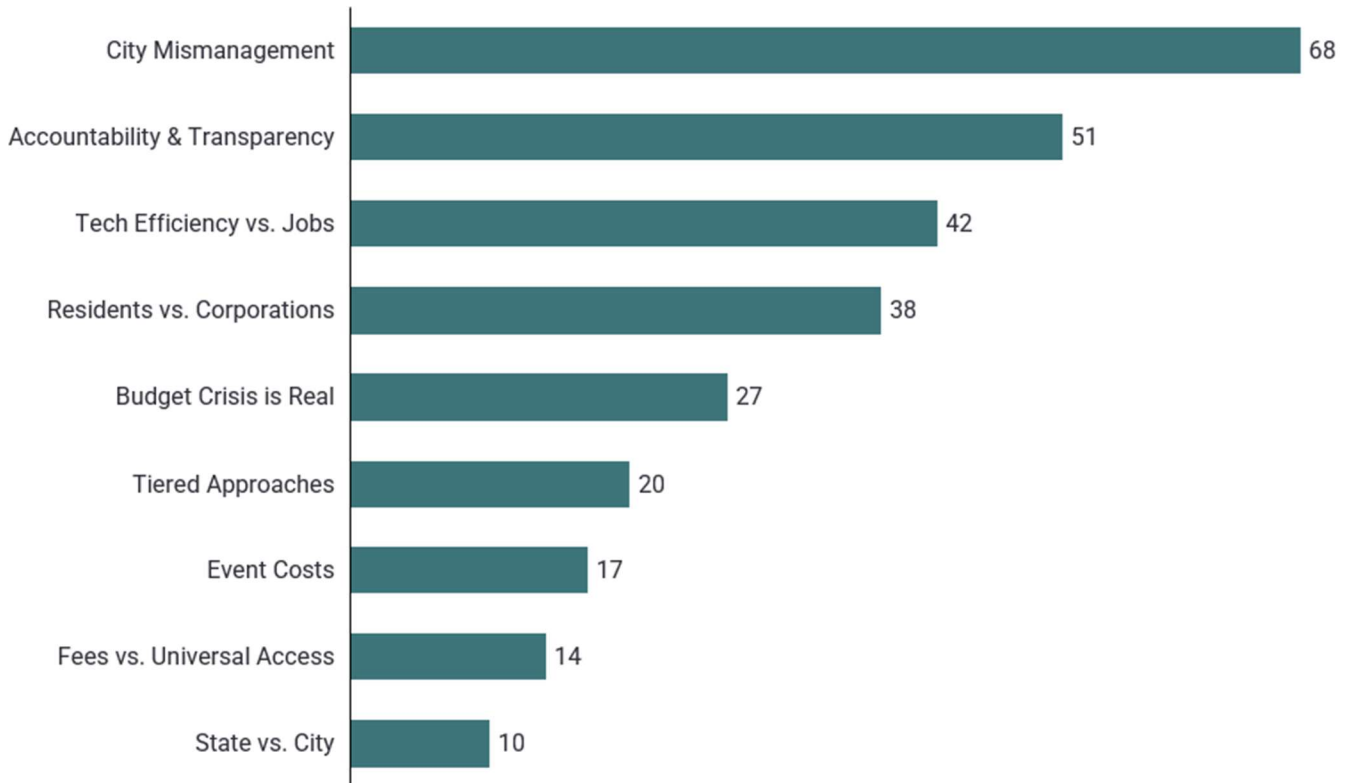
### Values & Priorities

Across conversations, participants consistently emphasized the need to balance fiscal responsibility with compassion and fairness.



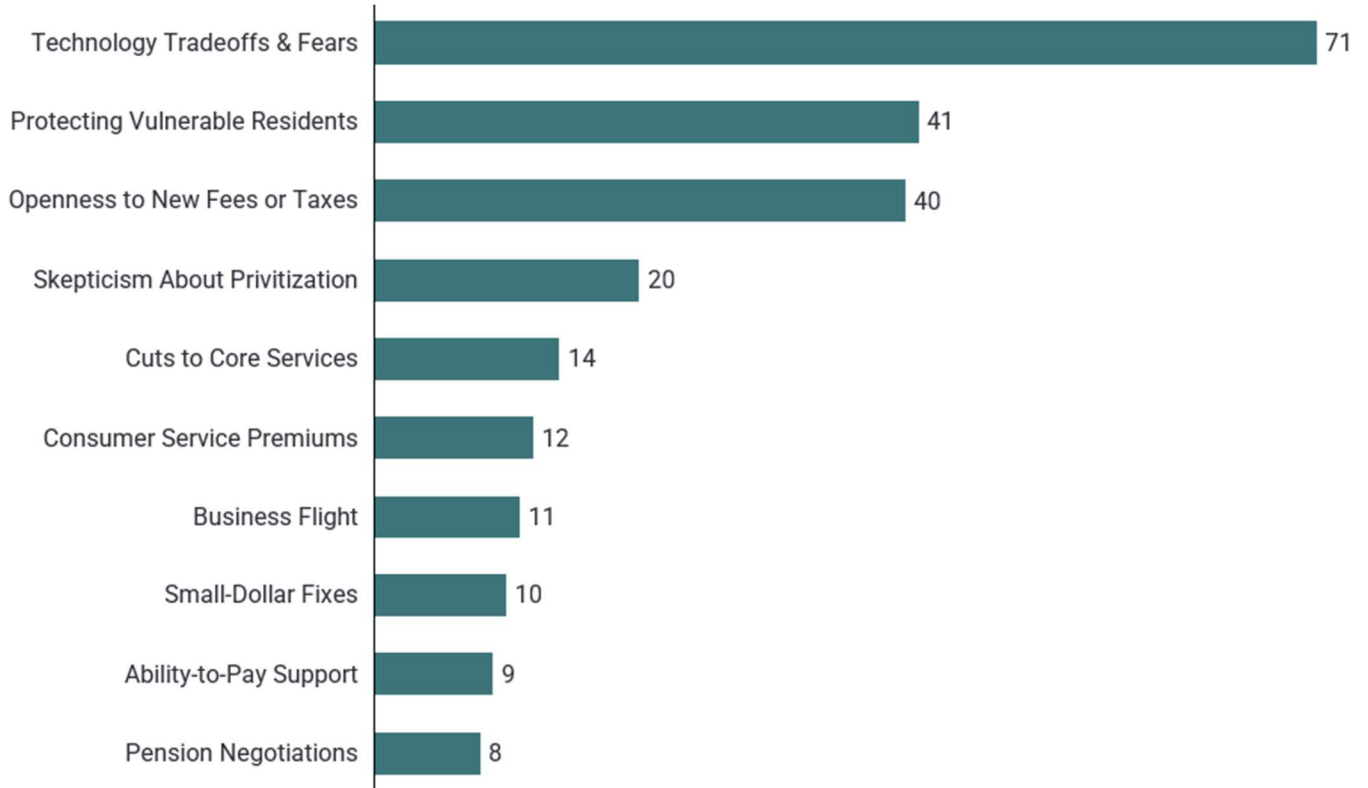
### Common Ground & Tensions

Across conversations, participants repeatedly found common ground in their desire for practical solutions that balance fiscal responsibility with compassion for vulnerable residents.



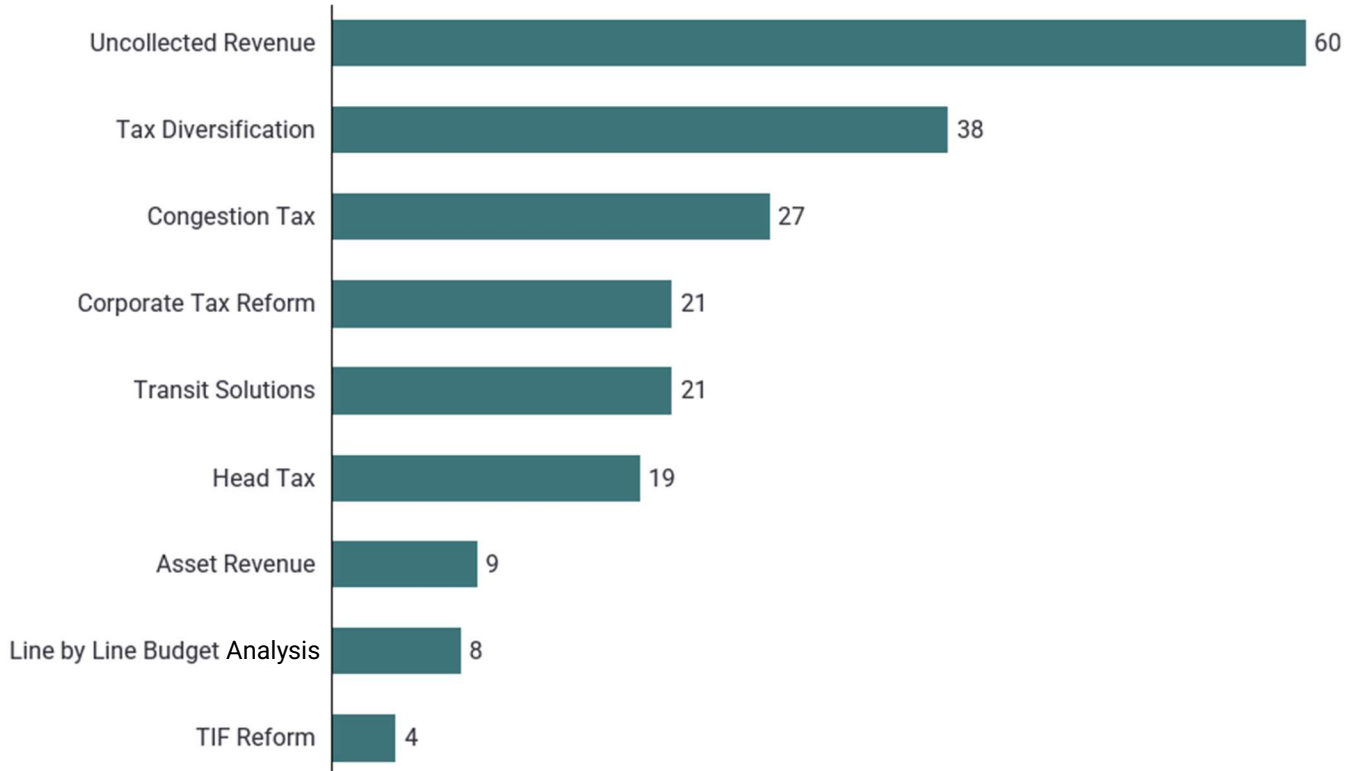
### Tradeoffs & Hard Limits

Difficult decisions and unavoidable tradeoffs shape the conversation around city services and fiscal responsibility.



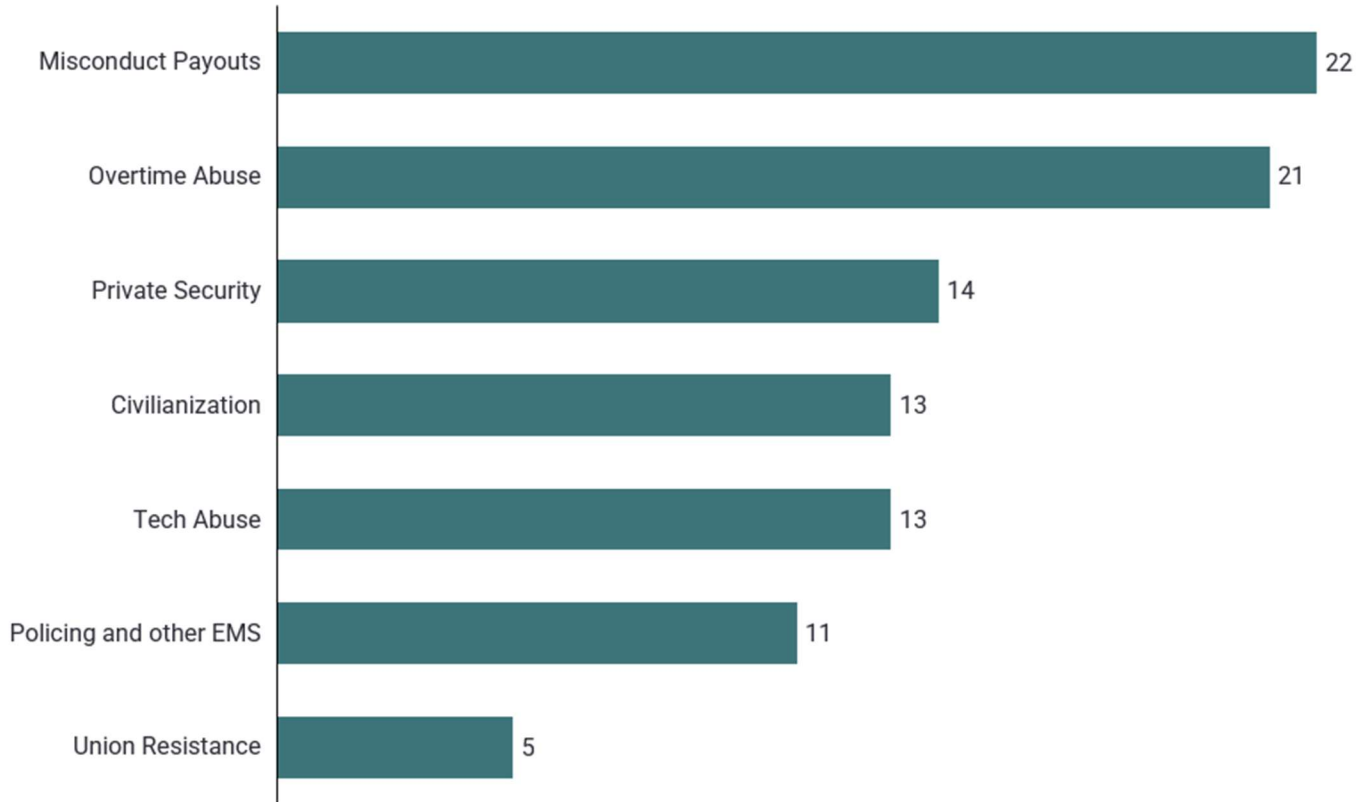
### Revenue Innovation

Chicagoans see untapped potential in city assets and are eager for creative revenue solutions that don't burden residents.



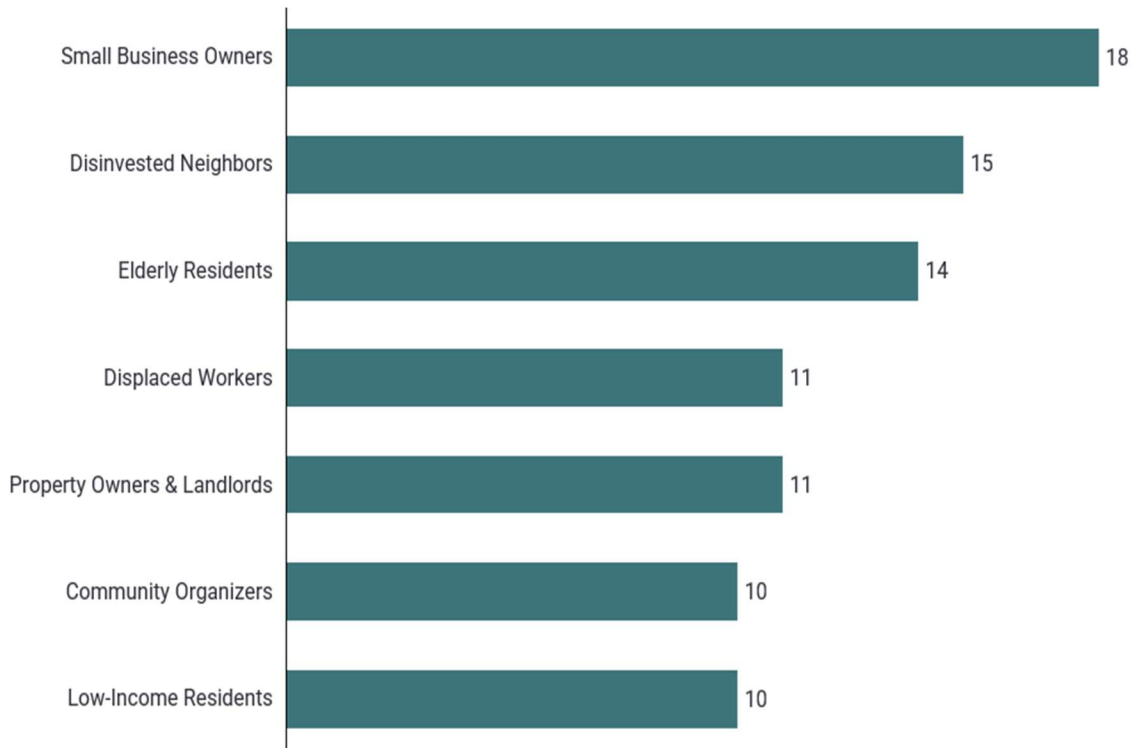
### The Cost of Policing

The cost of policing is a pressing concern for many Chicago residents, who see it as a significant factor in both city budgets and community well-being.



## Whose Voices are Missing

Many participants voiced concerns about whose perspectives are left out when decisions are made about city services and fees, especially those who are most vulnerable or unable to advocate for themselves.



## Implications for the Task Force

The following considerations emerge from resident input:

- Residents are more likely to support a balanced approach that includes:
  - expanding the tax base
  - targeted, service-linked fee increases
  - increased contributions from corporations and large entities
  - visible efforts to reduce inefficiency and avoidable costs
- There is consistent resistance to approaches that:
  - rely primarily on increasing costs for current residents
  - expand enforcement in ways perceived as inequitable
  - introduce automation that replaces jobs without safeguards

- Demonstrating accountability and transparency early will be critical to building support for any revenue strategy.
  - Residents view fiscal stability as closely tied to livability and trust. Policies that improve neighborhood conditions, support residents, and strengthen civic confidence are more likely to gain traction.
-