

CHICAGO
FINANCIAL FUTURE
TASK FORCE

FINAL REPORT | MAY 31, 2026

Frequently Asked Questions (FAQs)

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

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What is the Final Report and why was it created?

The Final Report is the culmination of an effort organized by Mayor Brandon Johnson in May 2025 to find and develop serviceable, forward-looking recommendations that could help address the structural causes of Chicago's recurring budget deficits while preserving essential public services and supporting long-term economic growth. The report offers 58 recommendations and policy options related to issues in three major areas: long-term liabilities and pensions; revenues, expenditures and fiscal architecture; and economic development. It is intended to serve as a resource for policymakers and stakeholders, and inform residents, as Chicago considers its long-term fiscal future.

How large is Chicago's fiscal challenge?

Because of its extensive history of recurring structural budget deficits, with recurring expenditures consistently outpacing recurring revenues, Chicago's fiscal challenge is large in both significance and required gap-closing outlays. The Final Report identifies a projected FY2027 Corporate Fund shortfall of approximately \$680 million under baseline assumptions. Looking beyond FY2027, recurring structural gaps are projected to increase still further and range from approximately \$700 million to \$780 million annually.

Why was the Task Force created?

The cost of delivering services, meeting pension obligations, servicing debt and maintaining City operations has grown faster than the City's recurring revenue base. Recognizing the need for a long-term approach, Mayor Johnson created the Task Force to bring together leaders from business, labor, community organizations and public policy institutions to identify options that could improve the City's financial sustainability while protecting services residents rely on every day.

What does the report mean when it says Chicago's fiscal challenge is "structural"?

Because the City faces a long-term, annually recurring mismatch between the money it regularly brings in and the cost of sustaining services and obligations, one-time actions to balance the budget each year do not address the underlying drivers of future budget gaps. The Final Report focuses on solutions that can help address these underlying, or structural, long-term pressures rather than relying on temporary fixes.

What is the City's Corporate Fund?

The Corporate Fund is Chicago's primary operating account. It is used to pay for general services, which fall under public safety, streets and sanitation, public health, housing and community development administration, business and consumer services, libraries, general governmental departments, pension contributions and debt service. These funds have a degree of flexibility as they can be allocated to expenditures that are most pressing, unlike restricted funds that are dedicated to specific purposes. Two areas, however, require the greatest outlays: Pensions and debt service account for approximately 35% of Corporate Fund spending and public safety accounts for \$3 billion, or about 45% of its funds.

Why do City officials distinguish between Chicago's total budget and the Corporate Fund?

Chicago's total budget may exceed \$17 billion, but much of that money is in legally restricted funds that are unavailable to support general City services. These include the aviation, water, sewer, vehicle tax, grant, tax increment financing and special revenue funds.

Who serves on the Chicago Financial Future Task Force?

The Task Force is an independent volunteer body of civic-minded leaders from business, labor, community organizations, good-government groups and public policy institutions who volunteered their time and expertise to help identify practical options to strengthen Chicago's long-term fiscal health. It is co-chaired by Chicago Urban League President and CEO Karen Freeman-Wilson and Loop Capital Chairman and CEO Jim Reynolds.

How much authority does the Task Force have?

As an advisory group, the Task Force has no governmental authority, cannot implement policies or budget changes and only can provide research, analysis and recommendations for consideration by the Mayor, City Council and other governmental entities. City leaders make all decisions regarding adoption, timing and implementation of any policies they choose to implement from the Final Report.

What is different about the Final Report compared to the Interim Report?

The Interim Report focused primarily on options that could help address the City's FY2026 budget gap. Given the immediate need for solutions at the time it was released, the Interim Report assigned fiscal impact estimates to its recommendations to help City leaders make effective immediate decisions. The Final Report takes a broad long-term view and focuses in greater depth on structural fiscal challenges, long-term liabilities, pension obligations, governance reforms, economic development and community priorities. Each recommendation is evaluated based on a standardized, clearly enumerated set of measures explaining its potential impact, feasibility and implementation timing.

Why doesn't the Final Report provide a combined fiscal impact estimate?

Many of the Final Report's recommendations involve long-term policy changes, economic development strategies, pension reforms, governance improvements and actions that may require State involvement. Because these recommendations vary significantly in scope, feasibility and implementation requirements, the Task Force evaluated them based on potential impact, feasibility of their implementation and timing instead of aggregating them into single fiscal estimates.

What recommendations does the Final Report contain?

The Final Report contains 58 recommendations organized into three major areas:

- Long-Term Liabilities and Public Pensions with 10 recommendations focused on pension obligations, debt, settlements and judgments, State coordination and asset optimization.
- Revenues, Expenditures and Fiscal Architecture with 25 recommendations focused on revenue administration, collections, operational efficiency, technology modernization, governance and fiscal sustainability.
- Economic Development with 23 recommendations, focused on business growth, investment attraction, housing production, neighborhood development, tourism and long-term competitiveness.

Of the report's 58 recommendations, 31 are categorized as high impact and 30 will require long-term horizons to implement.

How were recommendations evaluated?

Unlike the Interim Report, which focused primarily on estimated fiscal impact, the Final Report evaluated recommendations according to three criteria:

- **Impact** – the recommendation's potential effect on Chicago's long-term fiscal outlook.
- **Feasibility** – how practical or achievable implementation may be.
- **Timing** – whether implementation is likely to occur in the short term (0–12 months), medium term (1–3 years) or long term (3+ years).

This framework was developed to help policymakers understand not only which recommendations may have the greatest impact, but also how difficult they may be to implement and how long results may take to materialize.

Why are pensions such an important focus?

Pension obligations represent one of the City's largest long-term financial challenges. Chicago's four public pension systems currently have approximately \$48.5 billion in liabilities and approximately \$13 billion in assets, resulting in an aggregate unfunded liability of approximately \$36 billion and a funded ratio of approximately 26.2%. Because pension contributions consume a growing share of City resources annually, improving pension sustainability is one of the most important components of long-term fiscal stability.

Does the Final Report directly address Chicago's pension challenges?

Yes. The Final Report directly identifies unfunded pension obligations as one of the City's most significant fiscal challenges and dedicates an entire section to long-term liabilities and public pensions. The report explains the scale of the problem, the causes of the pension funding shortfall, the impact of pension ramps on the operating budget, and the connection between pensions, credit ratings, borrowing costs and service delivery. It also offers specific pension-related recommendations, including prioritizing advanced supplemental pension payments, securing appropriate contributions for CPS employees in City pension systems, dedicating external funding to actuarially determined contributions, requiring fiscal notes for new State pension legislation, and requiring dedicated State funding for any State actions that increase City pension costs.

Why does the report discuss State government so often?

Many of Chicago's fiscal challenges are inextricably tied to State laws and constitutional provisions. Most notably, pension requirements, revenue-sharing formulas, tax authority and certain governance structures cannot be changed by the City acting alone. As a result, some of the report's most significant recommendations would require cooperation between City and State leaders to achieve their intended impact.

Why is economic development included in a fiscal report?

Economic growth is one of the most important drivers of long-term fiscal sustainability; a more robust economy can attract businesses, residents, visitors, investment and development. In turn, increased economic activity can expand the City's tax base and generate recurring revenues that support public services without relying exclusively on tax or fee increases. For that reason, the Final Report treats economic development as a core fiscal strategy rather than a separate policy issue.

Does the Final Report rely primarily on tax and fee increases to solve Chicago's fiscal challenges?

No. In fact, the report explicitly rejects the idea that Chicago can solve its fiscal challenges through taxes alone and concludes that there is "no single solution" and that Chicago's structural deficit requires multiple parallel efforts sustained over time: "the City cannot solely tax its way out of structural deficits." It warns that relying exclusively on tax and fee increases would be counterproductive given the tax burden Chicago residents and businesses already face. Instead, the report is organized around three strategies:

1. Managing long-term liabilities, particularly pensions and other legacy costs.
2. Implementing targeted revenue and expenditure actions, including both revenue enhancements and spending reforms.
3. Capturing and expanding economic growth to grow the tax base over time.

Rather than broad based tax increases, a large share of those recommendations focus on pension management, claims and litigation reform, collections, technology modernization, operational efficiencies, City-County collaboration, governance improvements, permitting reforms, housing and business growth, tourism, investment attraction and tax-base expansion. The revenue-enhancement options it does include are property tax indexing, sales-tax modernization, congestion pricing and changes that would require State action.

How much of the Final Report focuses on spending reforms, efficiencies and cost reductions versus new revenues?

Most of the Final Report does not focus on raising taxes or creating new revenue sources. Of the report's 58 recommendations, many focus on controlling long-term costs, improving government efficiency, strengthening collections, modernizing technology, reducing duplication between governments, managing pension and liability obligations, improving service delivery and growing the economy. A smaller subset of recommendations involves revenue enhancements, including options such as property tax indexing, expanding the sales tax base to certain services, congestion pricing, adjustments to state revenue-sharing formulas and other revenue modernization measures.

The Task Force concluded that Chicago's structural fiscal challenges cannot be solved through spending reductions or revenue increases alone. The report therefore presents a balanced set of options that includes cost management, operational improvements, revenue measures and economic growth strategies.

How did the Task Force engage Chicago residents?

Community engagement was a central component of the Final Report. Working with Civic Genius, the Task Force gathered public input through a citywide survey, nine focus groups and deliberative town halls held across Chicago neighborhoods, including residents in the South, North, Far South, Southwest and West Side neighborhoods. In total, 537 Chicagoans participated through surveys and structured engagement activities.

What did residents tell the Task Force?

Residents consistently expressed concern about Chicago's long-term fiscal future. Among survey respondents:

- 76% reported being very concerned about the City's structural fiscal imbalance.
- 51% said they understood the City's budget process "not at all" or "not very well."

Across surveys, focus groups and town halls, residents identified public transportation, public safety, affordability and long-term fiscal stability as top priorities. Participants also emphasized service reliability, transparency, accountability and confidence that public resources are being used effectively and producing measurable results.

How did community input influence the recommendations?

The Community Insights and Equity Considerations Subcommittee developed a framework that informed the work of every recommendation-producing subcommittee. Recommendations were evaluated not only for fiscal impact but also for feasibility, timing and potential effects on residents and communities. The subcommittee's goal was to ensure that fiscal decisions were informed by community priorities and an understanding of how policies may affect different neighborhoods and populations.

How did the Task Force handle differing viewpoints?

The Task Force was intentionally composed of members representing a wide range of backgrounds and perspectives. Given such diversity, recommendations were developed through extensive discussion, research, analysis and consensus-building. Members evaluated tradeoffs, considered equity implications, reviewed peer-city practices and examined how various options could affect residents, businesses and government operations. Due to this model, the report reflects the Task Force's collective effort to identify options that could advance long-term fiscal sustainability while recognizing that reasonable people may disagree about which recommendations should ultimately be pursued.

Is this Task Force a political “shield” for the Mayor?

The Task Force was established by Mayor Johnson, but its members represent a broad cross-section of Chicago's civic landscape and serve on a volunteer basis. It conducted independent analysis, reviewed best practices from other cities, engaged residents and developed recommendations through a collaborative process. The recommendations themselves are advisory and do not require adoption by City leadership.

How will residents know whether these recommendations are implemented?

The Task Force's work is complete, and implementation decisions now rest with City leadership. Residents can monitor future City budgets, policy proposals, legislative actions and public reports to see whether recommendations from the Final Report are considered or adopted. Any actions taken by the City would be subject to public processes, budget deliberations and applicable governmental approvals.

What happens next?

The Task Force has completed its work and submitted its Final Report. While the report does not prescribe a single course of action, it offers a framework and menu of options designed to support informed decision-making and strengthen Chicago's long-term fiscal future. The recommendations are intended to help policymakers, civic leaders, community organizations and residents engage in an informed conversation about the City's fiscal future. By providing a roadmap for addressing structural fiscal challenges through a disciplined, long-term approach, the report has been developed to support future decisions that protect essential services, strengthen public confidence and position Chicago for sustained growth and competitiveness.