

Analysis of the 2024 Chicago Budget

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UNITED STATES

About BudgIT

BudgIT is a civic technology organization that promotes transparency in government and ensures that government works for the people. We analyze local budgets, visualize data, and have created a curriculum on local budgeting processes. We know that we all win when there's greater access to the facts. Founded in 2011, BudgIT is a pioneer in social advocacy melded with technology. Our methodology uses the most refined data-mining skills to present data to citizens and empower them to demand better service delivery and good governance. BudgIT provides an in-depth analysis of local budgets so that advocates may make informed decisions.

BudgIT operates in Nigeria, Sierra Leone, Liberia, Ghana, and Senegal.

Source: [City of Chicago: Budget](#)

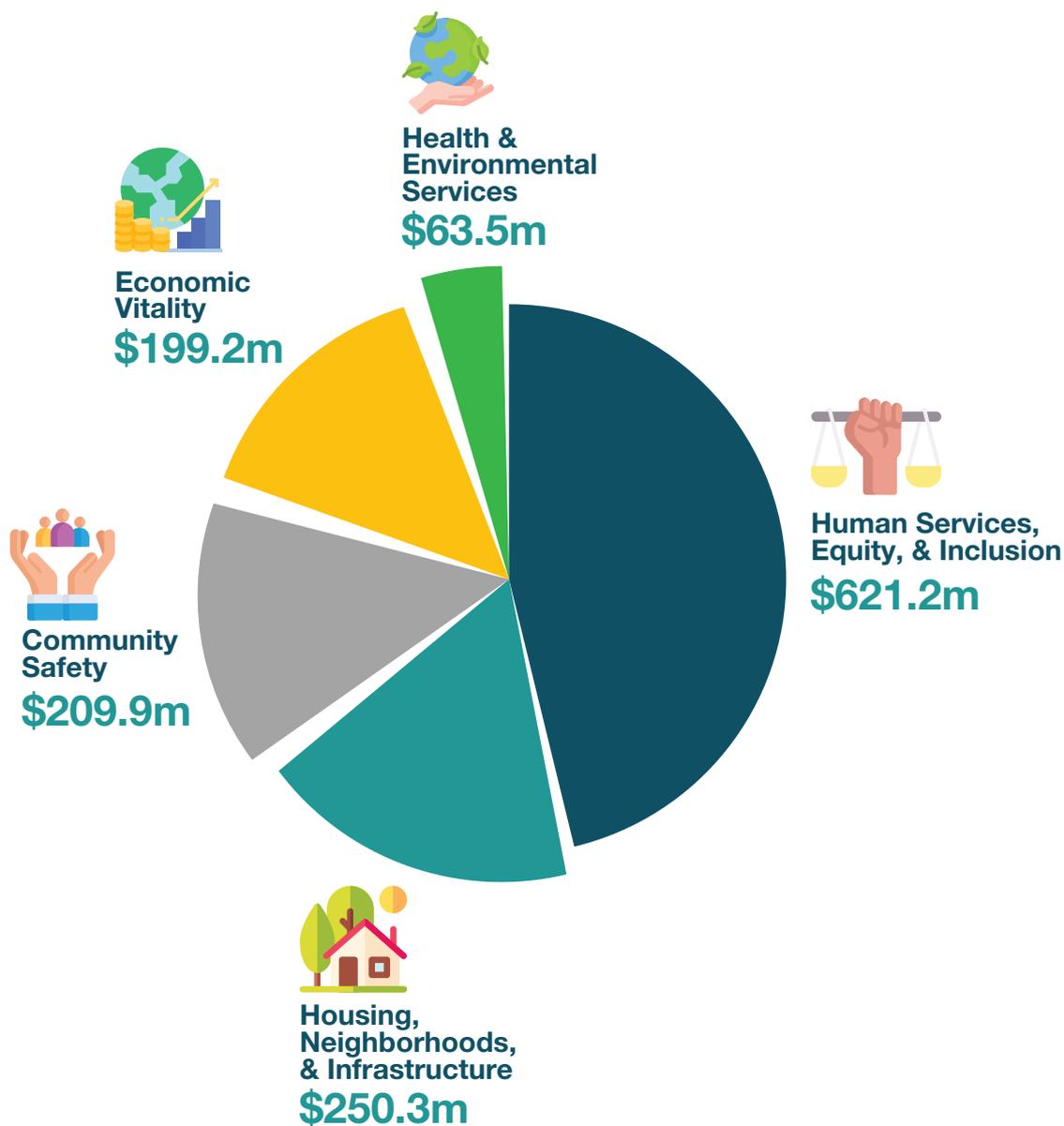
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A Quick Review of the Approved 2024 Chicago Budget

The city of Chicago's new administration, under the direction of Mayor Brandon Johnson, unveiled its first budget of \$16.6 billion, which passed the City Council at a 41-8 vote count—despite the city's existing financial crises, the Mayor managed to avoid a deficit of \$538 million without increasing property taxes, keeping one of his prominent campaign promises. The budget is described as a youth-centered budget, developed to improve their social and economic outcomes, reduce violence, and promote an equitable future, with top priorities given to five policy foci;



The 2024 budget outlines strategic investments, including substantial funding for public safety, economic development, healthcare, affordable housing, and support services. Notable allocations include \$306.6 million for pension liability stabilization, a \$110 million boost in year-end revenue estimates, and significant investments in critical areas like public safety, healthcare, housing initiatives, and capital improvements.

Increasing Obligations, Debt Servicing Payments, and Deficits

Mayor Johnson's budget is laudable, but not without its challenges. As a sanctuary city, the city has received an influx of immigrants seeking refuge in the past year, and it has committed \$150 million towards resettlement and temporary housing. Still, many are concerned about how it intends to finance this or if the sum will be enough as new migrants troop into the city. The city's debt profile continues to rise as the 2024 budget allocates a \$2.1 billion (12.6%) contribution to debt service payments, an increase of \$115.5 million from the 2023 budget.

The growing cost of pensions is putting a strain on the city's budget. Chicago projects to spend \$2.8 billion (16.8%) in contributions to its four pension funds in 2024, an increase of \$139 million over the total contribution budgeted in 2023, and this number is expected to increase in the coming years. Faced with a complex challenge, the Mayor made cuts to several programs and capital investments, and he plans to raise a significant amount of the revenue from a new casino through Bally's Cooperation. The city anticipates \$35 million in revenue from Bally to support pension funds. Critics have condemned this strategy, highlighting that it is regressive, further impoverishes black and brown communities and increases crime rates in the city.

The 2024 Chicago budget forecast paints a comprehensive picture of the financial landscape, shedding light on the proposed allocations and strategic investments and indicating an imminent fiscal challenge. The 2024 forecast discloses a looming deficit, projected to range between \$686 million and \$1.5 billion in the coming fiscal year. This deficit highlights the need for careful financial management and strategic decision-making and potentially calls for measures to address and mitigate the budgetary gap.

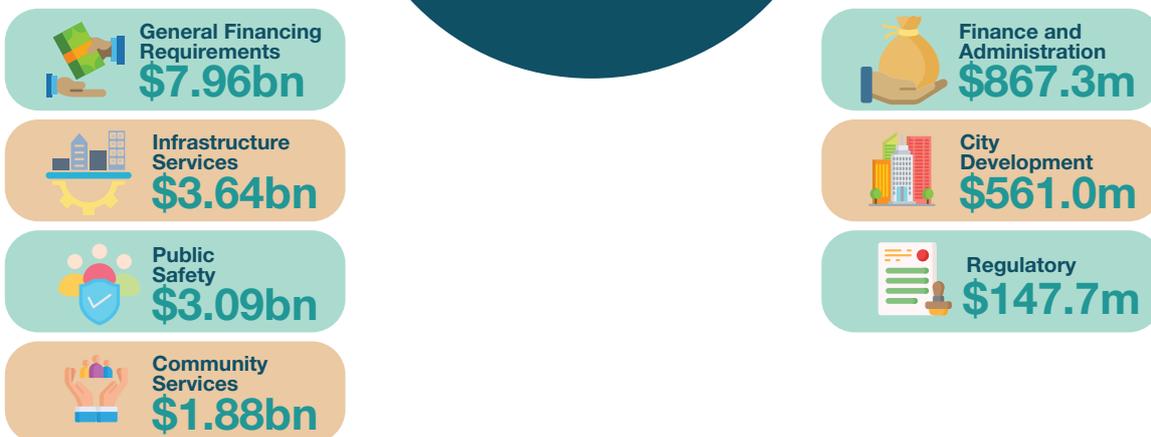
As the city navigates through this anticipated deficit, thoroughly examining revenue streams, expenditure priorities, and potential adjustments will be pivotal to ensuring a sustainable financial trajectory while implementing the Mayor's progressive agenda.

2024 Fiscal Framework

Revenue



Expenditure



1. Proceeds of debt issuances transferred between funds and reimbursements or internal transfers between funds, totaling \$1,565.5M, are deducted to more accurately reflect the City appropriation. Total resources include revenues generated during the year and prior year savings and available resources.

Where will the money come from?

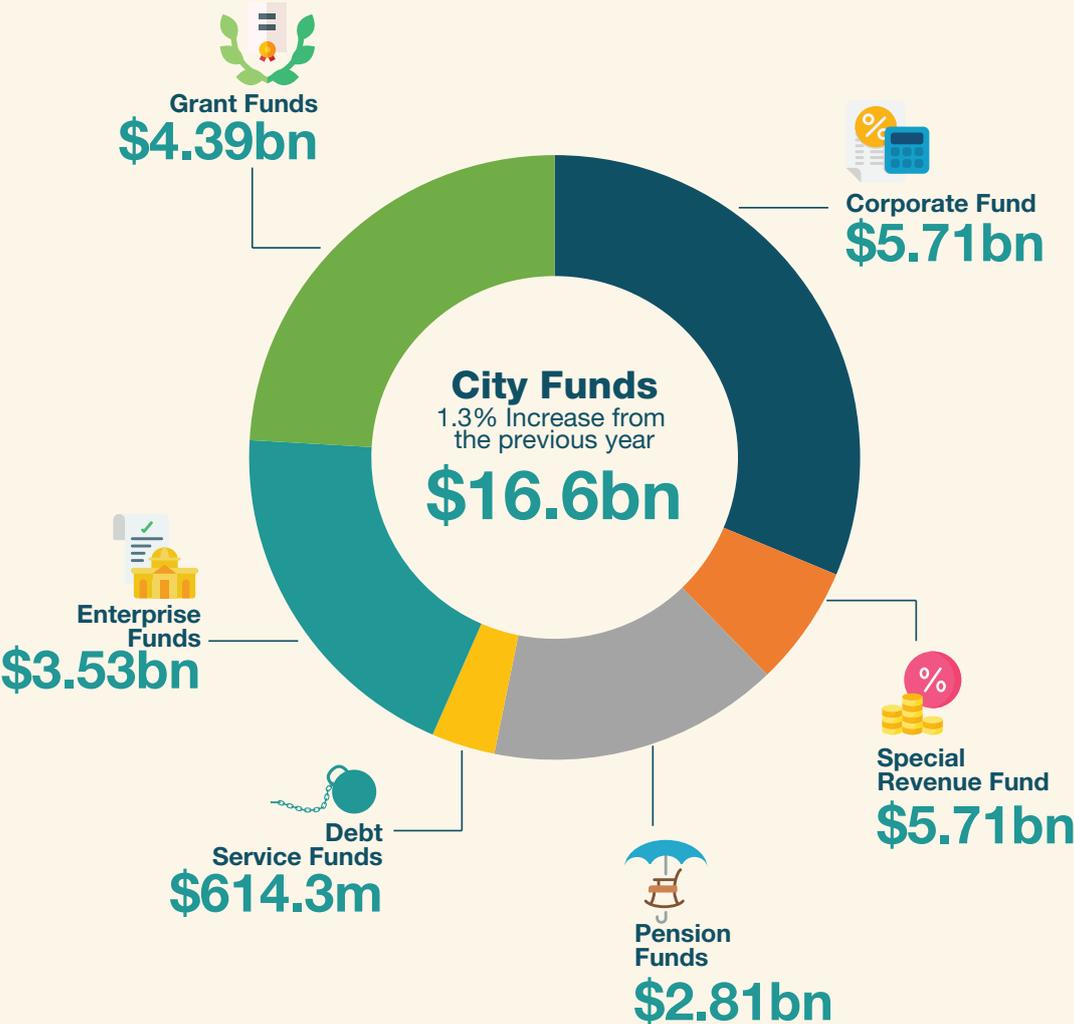


Revenue

According to the 2024 proposed budget, the city projects \$16.6 billion to run the 2024 spending plan. Over \$12 billion is expected to be generated from local funds (Corporate funds, special revenue, pension funds, enterprise funds, and debt service funds) and \$4.4 billion from grant funds. This represents a 1.3% increase from the previous year, primarily attributed to corporate funds. The breakdown of revenue sources is below.

The Corporate Fund serves as the primary financial resource for the City, sustaining essential operations like public safety, public health, and support for small businesses. The City of Chicago’s most substantial revenue comes from Corporate Funds, with the 2024 budget proposing an allocation of \$5.7 billion, reflecting a 5% increase from the previous year. This fund draws revenue from local and intergovernmental taxes, with local tax revenue covering a range of taxes like utility, transportation, recreation, and business taxes (including city-collected sales tax), projected to increase by 3.7% to \$2.2 billion. Intergovernmental tax revenue, encompassing state income tax, PPRT, municipal auto rental tax, and city service reimbursements, also contributes to the corporate fund’s financial resources.

Where will the money come from?



1

Estimated Resources: Corporate Funds

| Corporate Funds | 2024 Approved |
|--------------------------------------------------------------------|---------------|
| Local Tax Account for 39% of Corporate funds | \$2.20bn |
| Proceeds and Transfers In | \$580.7m |
| Intergovernmental Revenue | \$878.3m |
| Local Non-Tax Revenue Account for 29% of Corporate funds | \$1.63bn |
| Net Current Assets at January 1 | \$ 414.3m |
| Total Corporate Funds 10.8% increase from FY2023 budget | \$5.71bn |

Components Of Corporate Funds

1a. Local Tax Revenue

Local tax revenue includes utility, transaction, transportation, recreation, business taxes, and city-collected sales tax.

\$2.20bn



1b. Proceeds and Transfers in

Proceeds and transfers-in are resources moved from other funds into the Corporate Fund.

\$580.7m



**Sales Tax Securitization
Corporation Residual**

\$552.7m



**Skyway Long-Term
Reserve Interest**
\$23m



**Parking Meter Revenue
Replacement Fund Interest**
\$5m



**American Rescue Plan
Revenue Replacement**
\$0



**Proceeds and Transfers
in - Other**
\$0

1c. Intergovernmental Revenue

Intergovernmental revenues are primarily made up of a distributive share of the State of Illinois Income Tax and Personal Property Replacement Tax ("PPRT")

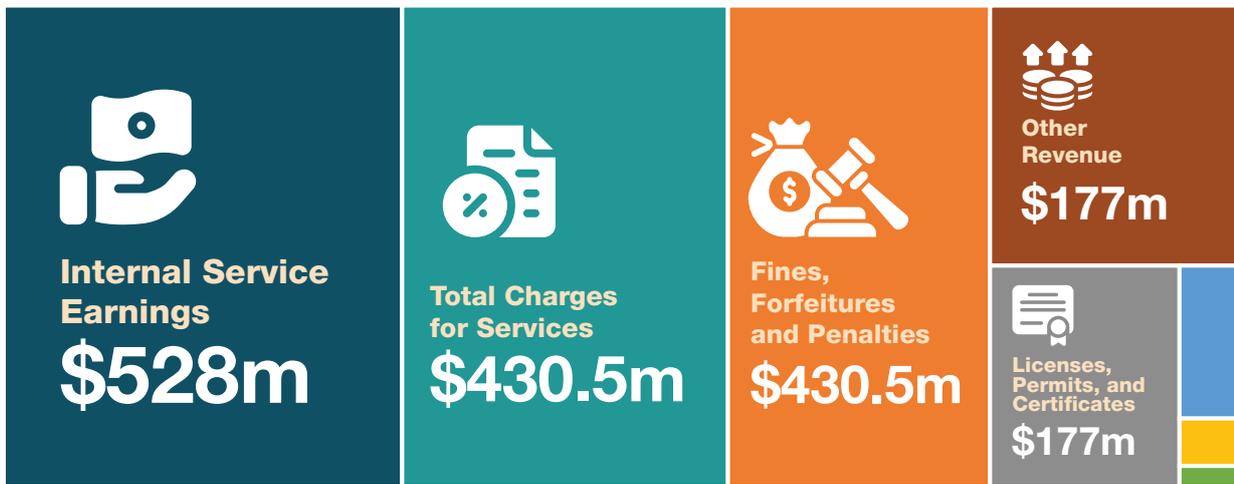
\$878.3m



1d. Local Non-Tax Revenue

Local Non-tax Revenue consists of fees charged for the issuance of licenses and permits; fines, forfeitures, and penalties for traffic or other violations; various charges for services; municipal parking; leases, rentals, and sales of city-owned property; internal service earnings; interest, and other revenue.

\$1.63bn




Leases, Rentals and Sales
\$24.8m


Municipal Parking
\$24.8m


Interest Income
\$3.5m

2

Estimated Resources: Special Revenue Funds

| Special Revenue Funds | 2024 Approved |
|----------------------------------------------------------------------|-----------------|
| Vehicle Tax Fund | \$267.5m |
| Motor Fuel Tax Fund | \$149m |
| Library Fund | \$144.8m |
| Emergency Communication Fund | \$183.7m |
| Special Events and Municipal Hotel Operators' Occupation Tax Fund | \$65m |
| Controlled Substances Fund | \$0.1m |
| Affordable Housing Opportunity Fund | \$12.2m |
| CTA Real Property Transfer Tax Fund | \$56.9m |
| Tax Increment Financing Administration Fund | \$17.9m |
| Chicago Police CTA Detail Fund | \$30m |
| Chicago Parking Meter Fund | \$6.5m |
| Garbage Collection Fund | \$70.9m |
| Houeshare Surcharge - Homeless Services Fund | \$14.9m |
| Neighborhood Opportunity Fund | \$58.1m |
| Foreign Fire Insurance Tax Fund | \$25.3m |
| Houeshare Surcharge - Domestic Violence Fund | \$11.1m |
| Cannabis Regulation Tax | \$12.7m |
| Citywide Adopt-a-landmark Fund | \$10.8m |
| Construction and Demolition Debris Management Fund | \$0.4m |
| Local Impact Fund | \$12.3m |
| Opioid Settlement Fund | \$16m |
| Vaping Settlement Fund | \$2m |
| Vehicle Tax Fund | \$267.5m |
| Special Revenue Funds 3.5% increase from the FY2023 budget | \$1.17bn |

3

Estimated Resources: Enterprise Funds

| Enterprise Funds | 2024 Approved |
|-------------------------------------------------------------|-----------------|
| Water Fund | \$950.8m |
| Sewer Fund | \$441.2m |
| Chicago Midway Airport Fund | \$390.5m |
| Chicago O'Hare Airport Fund | \$1.74bn |
| Enterprise Funds 2.9% increase from FY2023 budget | \$3.53bn |

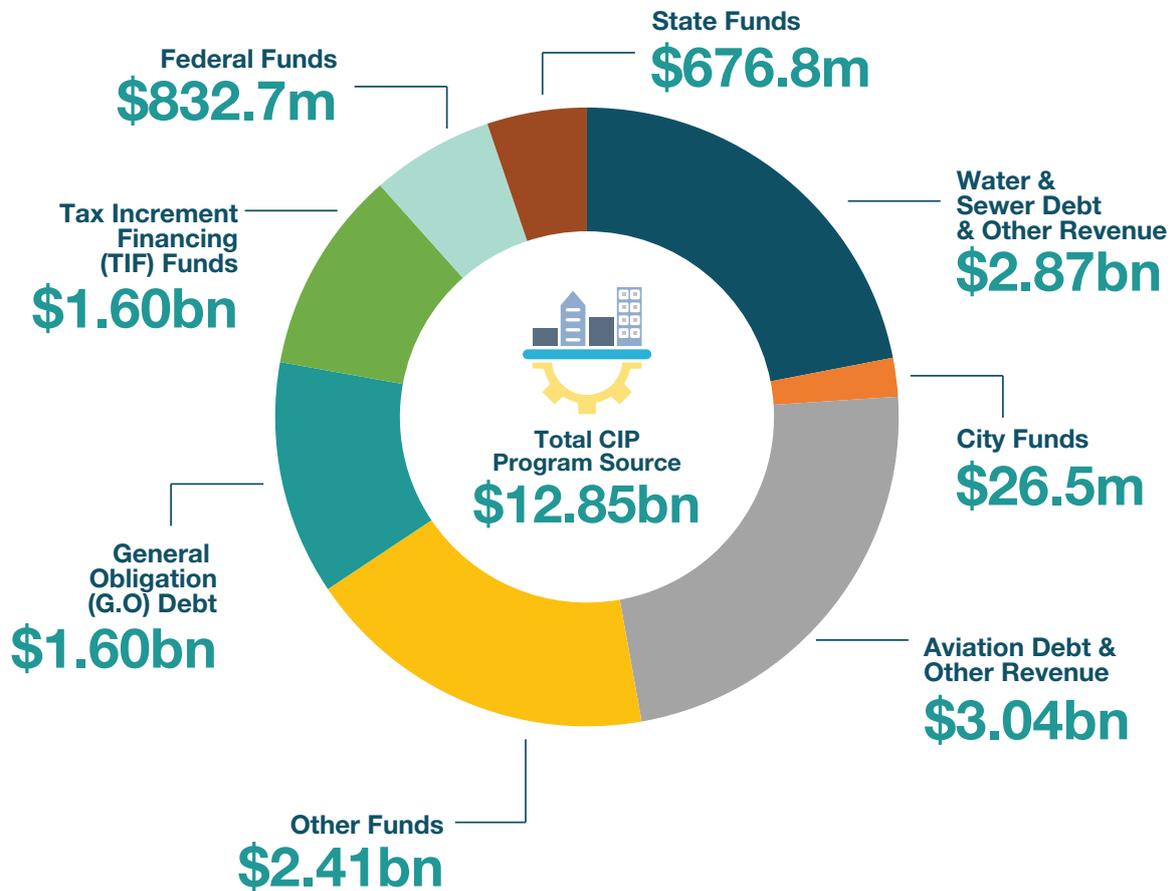
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Estimated Resources: Grants

| Estimate of Grant Revenue | 2024 Approved |
|-------------------------------------------------------------|----------------|
| Awards from Agencies of the Federal Government | \$2.44bn |
| Awards from Agencies of the Federal Government for COVID-19 | \$930.85m |
| Awards from Agencies of the State of Illinois | \$860.60m |
| Awards from Public and Private Agencies | \$136.12m |
| Grant Program Income | \$21.95m |
| Total 4.3% decrease from FY2023 budget | \$4.4bn |

City's Capital Improvement Program (CIP) Funds

The City's Capital Improvement Programme (CIP) funds are used to physically improve or replace long-lasting infrastructure and facilities, such as roads, bridges, water mains, facilities, and pavements. The City updates its five-year CIP annually, generating a spending plan based on the most recent revenue estimates and project priorities. The current projection stands at \$12.85 billion for 2022 to 2026.



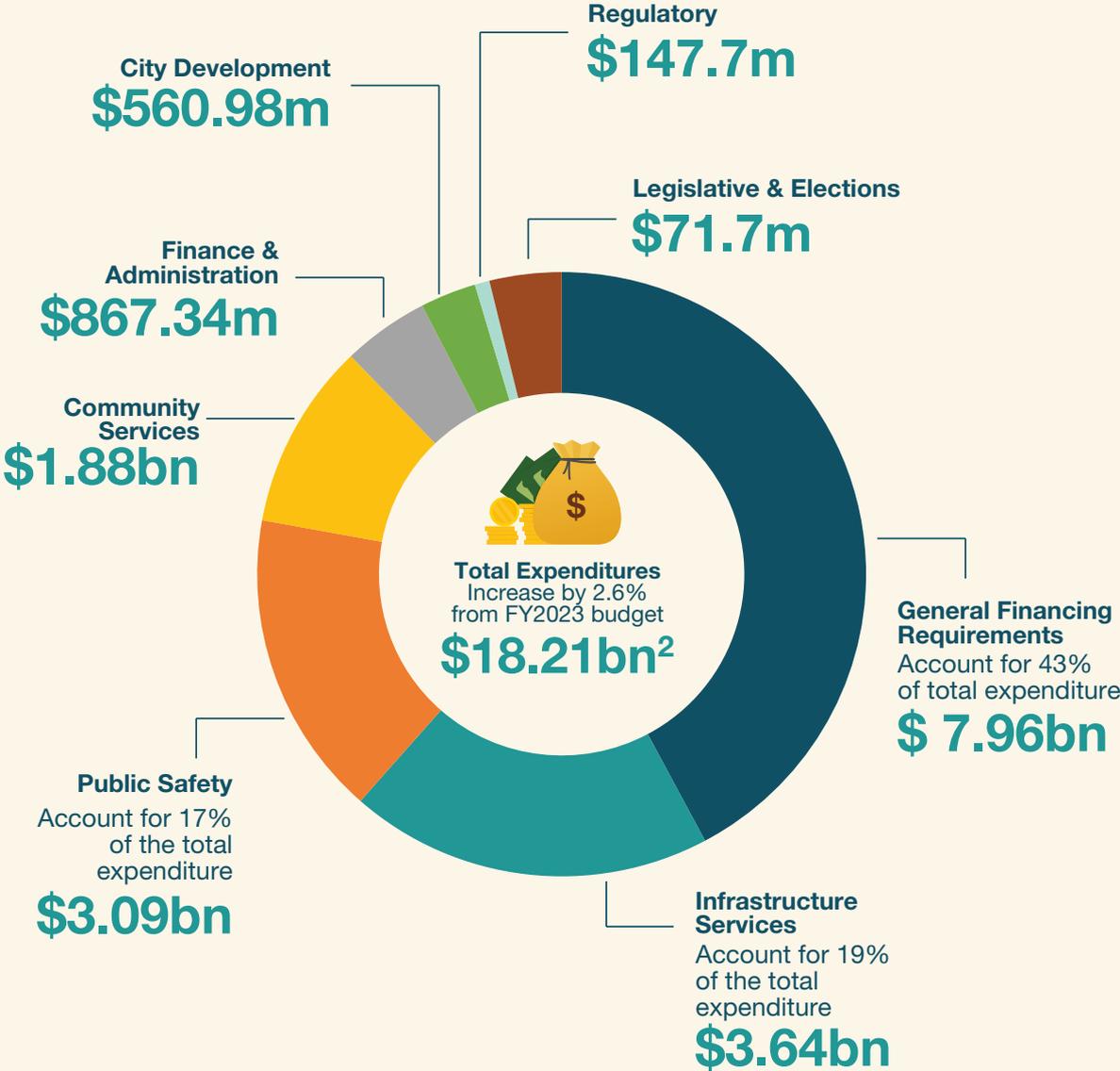
Source - 2022 -2026 CIP Book

Where will the money go?



Expenditure

This is the amount a government spends on goods and services, including transfer payments. The City funds of \$18.21 billion are distributed among the City departments, which are grouped into the following functional areas: Finance and Administration, Legislative and Elections, City Development, Community Services, Public Safety, Regulatory, and Infrastructure Services. And expenditures such as pension contributions, debt service, and employee healthcare are budgeted separately from City departments and accounted for under the General Financing Requirements category.



1

Expenditure By Department: General Financing Requirements

| Expenditure Categories | 2024 Approved |
|------------------------------------------------------------------------------------|-----------------|
| Pension Funds | 2.81bn |
| Loss in Collection of Taxes | 14.47m |
| Finance General | 3.77bn |
| Interfund Transfers and Reimbursements | 1.37bn |
| Total General Financing Requirements Increase by 2.6% from FY2023 budget | \$7.96bn |

1a. Pension Fund Overview.

\$2.81bn



1b. Finance General Overview

\$3.77bn



 **Workers' Compensation**
\$75.81m

 **Payment of Judgments**
\$51.37m

2 Expenditure By Department: Infrastructure Services

| Department | 2024 Approved |
|-----------------------------------------------------------------------------------|-----------------|
| Department of Streets and Sanitation | \$344.7m |
| Chicago Department of Transportation | \$1.5bn |
| Chicago Department of Aviation | \$1.4bn |
| Department of Water Management | \$397.8m |
| Total - Infrastructure Services Increase by over 45% from FY2023 budget | \$3.64bn |

3

Expenditure By Department: Public Safety

| Public Safety | 2024 Approved |
|----------------------------------------------------------------|-----------------|
| Office of Public Safety Administration | \$170.89m |
| Chicago Police Board | \$0.601m |
| Chicago Police Department | \$1.99bn |
| Office of Emergency Management and Communications | \$110.17m |
| Chicago Fire Department | \$783.93m |
| Civilian Office of Police Accountability | \$16.76m |
| Community Commission for Public Safety and Accountability | \$4.0m |
| Total - Public Safety 2% increase from FY2023 budget | \$3.09bn |

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Expenditure By Department: Community Services

| Department | 2024 Approved |
|---------------------------------------------|-----------------|
| Chicago Department of Public Health | \$887.96m |
| Chicago Commission on Human Relations | \$3.33m |
| Mayor's Office for People with Disabilities | \$16.50m |
| Department of Family and Support Services | \$851.38m |
| Chicago Public Library | \$117.03m |
| Total - Community Services | \$1.88bn |

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Expenditure By Department: Finance and Administration

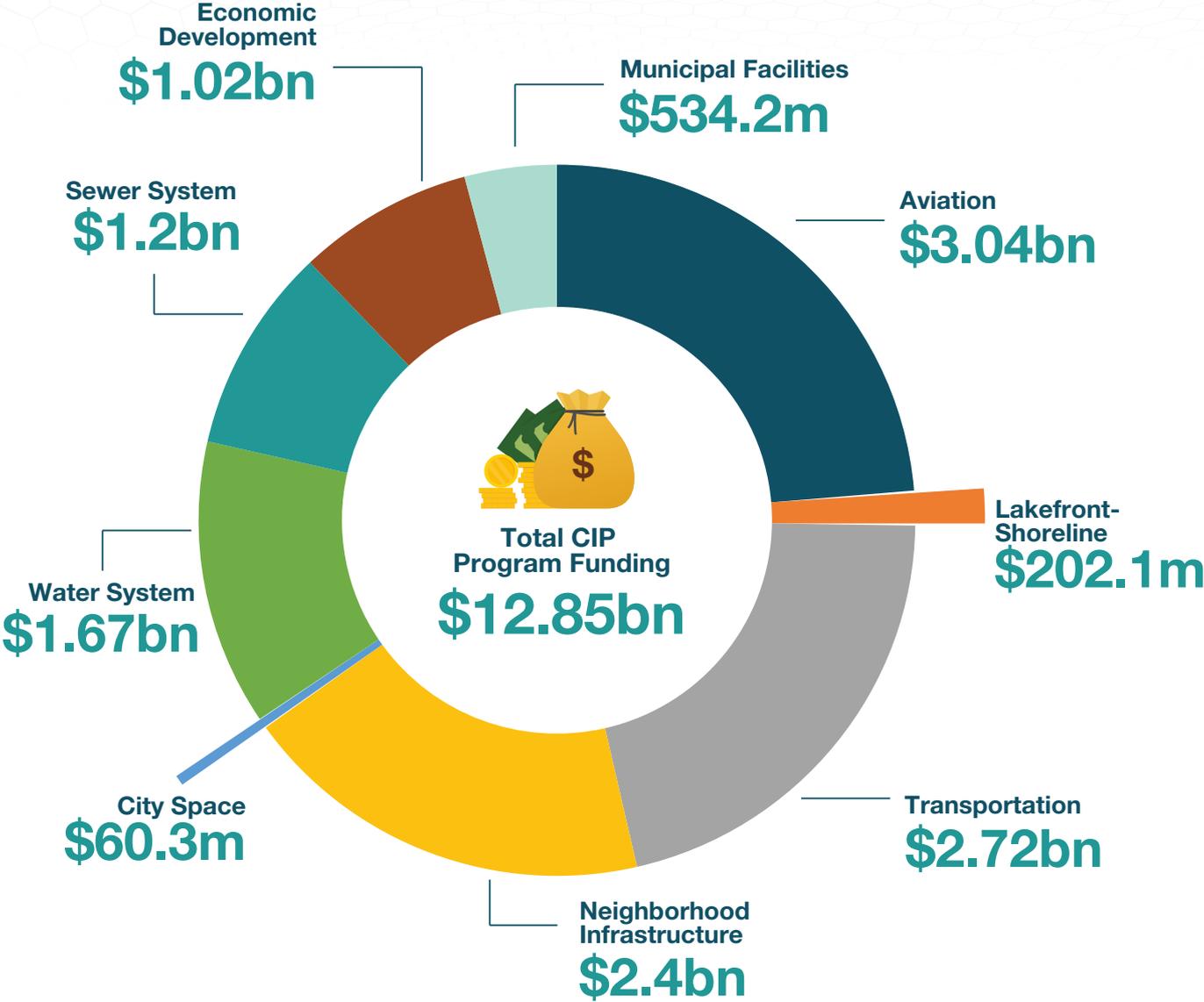
| Finance and Administration | 2024 Approved |
|----------------------------------------------------------------------|---------------|
| Office of the Mayor | \$15.95m |
| Office of Budget and Management | \$31.18m |
| Department of Technology and Innovation | \$79.78m |
| Office of City Clerk | \$15.04m |
| Department of Finance | \$104.92m |
| City Treasurer's Office | \$5.98m |
| Department of Administrative Hearings | \$8.77m |
| Department of Law | \$46.43m |
| Department of Human Resources | \$13.79m |
| Department of Procurement Services | \$14.61m |
| Department of Fleet and Facility Management | \$530.89m |
| Finance and Administration 14% decrease from FY2023 budget | \$867m |

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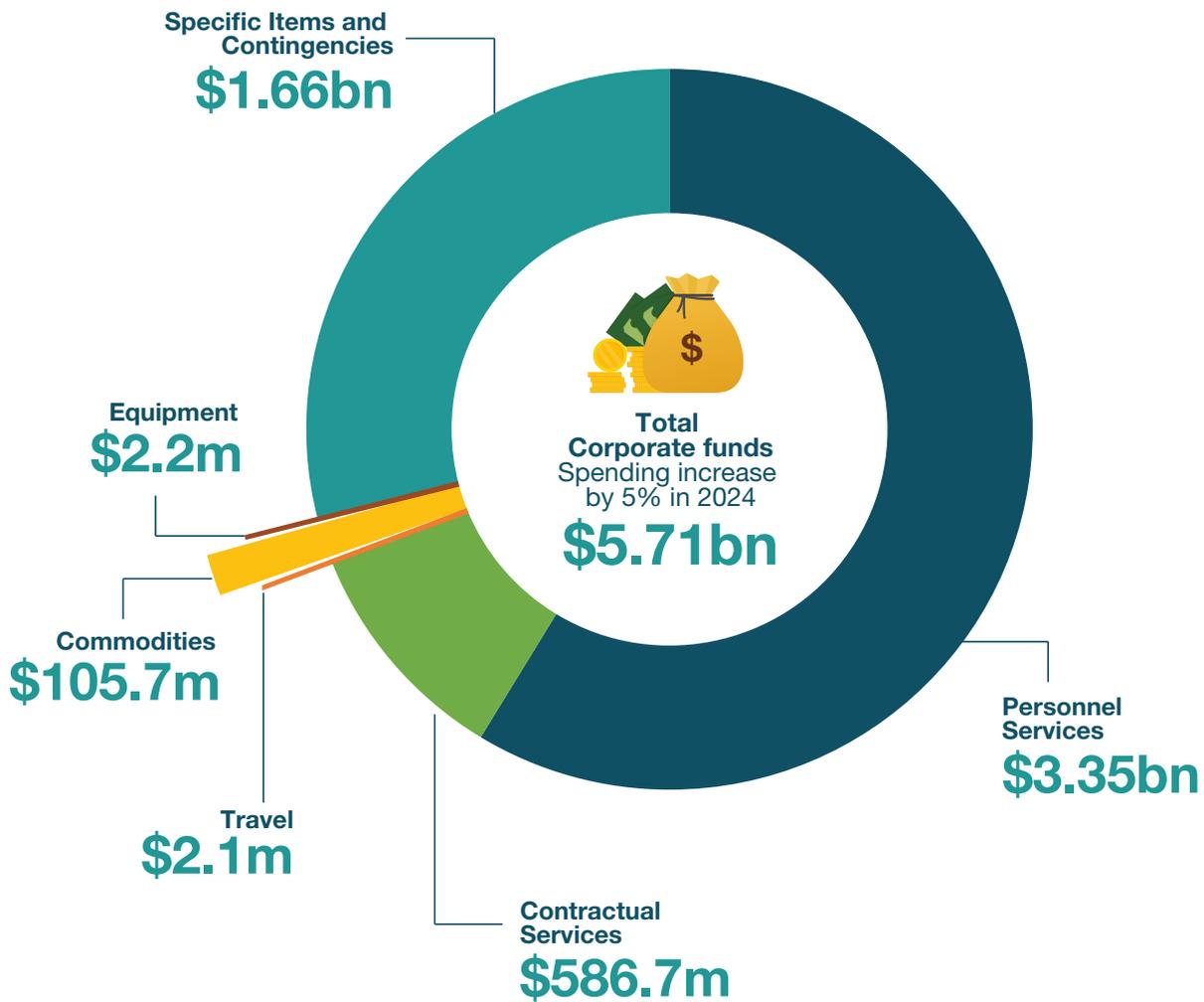
Expenditure By Department: City Development

| Department | 2024 Approved |
|---------------------------------------------------|------------------|
| Department of Housing | \$279.84m |
| Department of Cultural Affairs and Special Events | \$84.86m |
| Department of Planning and Development | \$196.28m |
| Total - City Development | \$560.98m |

City's Capital Improvement Program (CIP) Funding 2022-2026



Approved Corporate Fund Expenditures



The City has made strategic economic development investments, including

- The city has budgeted \$306.6 million for supplemental payments to stabilize and even decrease the City's net pension liability in future years.
- The proposed budget has bolstered the city's year-end revenue estimates by almost \$110 million from the 2023 budget.
- Over \$13.8 million in investment on the City's Community Safety Coordination Center ("CSCC")
- Over \$40.2 million investment to Chicago Police Department.
- Over \$4.5 million in the Department of Streets and Sanitation's funding to support critical operations, including expanding the forestry bureau.
- \$43.1 million to continue funding existing clinics and support two additional clinics in existing Chicago Department of Public Health ("CDPH") spaces.
- Over \$200 million in affordable housing initiatives
- Over \$250 million in homelessness support services
- Over \$538.5 million in capital improvements across the city
- \$621.2 million investment in human services to provide critical services to families, such as childcare and early learning programs.
- \$26.5 million to out-of-school activities and youth programming to support continued learning through project-based and hands-on experience.
- A total of \$76 million of our FY24 budget for Youth job investments

