



CITY OF CHICAGO • OFFICE OF THE MAYOR



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MAYOR BRANDON JOHNSON RELEASES FY2025 BUDGET FORECAST HIGHLIGHTING FISCAL CHALLENGES AND CONTINUED COMMITMENT TO STRATEGIC INVESTMENTS

Projected \$982.4 million budget gap requires collaborative solutions and strategic planning

CHICAGO — Today, Mayor Brandon Johnson released the City of Chicago 2025 Budget Forecast, offering a comprehensive financial outlook that addresses the City's current year-end estimates and outlines projected revenues, expenditures, and fiscal challenges for fiscal years 2025-2027. These projections are informed by historical revenue and expenditure data, current economic and expense trends, and other factors expected to impact the City's finances.

The forecast is built on a robust analysis that integrates these various data points, ensuring that the 2025 budget is developed with a full understanding of the City's financial state and a forward-looking perspective. This approach allows the City to strategically consider long-term fiscal consequences. The forecast primarily focuses on the City of Chicago's Corporate Fund — its general operating fund responsible for funding basic City operations and services — where the largest disparities between revenues and expenditures have historically occurred.

The collective work of the City's fiscal teams, made up of the City Budget Office, Chief Financial Officer, and the Department of Finance, has identified an estimated year-end budget deficit of **\$222.9** million for 2024, and a projected 2025 fiscal year budget gap of \$982.4 million. These gaps are largely driven by rising personnel, pension, and contractual costs, alongside a decrease in specific revenue streams.

"The 2025 Budget Forecast presents a significant challenge for our City, with a nearly \$1 billion gap that we must address thoughtfully and strategically," **Mayor Brandon Johnson**

said. "My administration is committed to finding solutions that balance fiscal responsibility with our obligation to invest in the people of Chicago. Together, we will ensure our budget reflects the values of equity, fairness, and shared prosperity."

Budget Director Annette Guzman added, "The forecasted budget gap is a clear indication of the financial pressures facing the City of Chicago. It also highlights the critical need for structural solutions that address these challenges not just for the coming year, but for the future. We will continue to explore all options to close this gap while minimizing impact on essential services and making prudent investments in our city's future."

Year-End Estimate

The year-end projected shortfall is driven by a decline in specific revenue streams, including the State Personal Property Replacement Tax (PPRT) and the City not receiving the budgeted \$175 million reimbursement for pension contributions for Chicago Public Schools' (CPS) non-teacher staff.

Local tax revenues have remained resilient, with an estimated 0.8 percent increase over budget projections, buoyed by stronger-than-expected performance in transaction taxes and ground transportation taxes. However, these gains were offset by lower-than-anticipated utility taxes and other revenue sources. The City continues to leverage fund balances and explore additional cost-saving measures to ensure fiscal responsibility and an end-of-year balanced budget.

While economic conditions may fluctuate throughout the remainder of the year, potentially impacting the City's finances in either a positive or negative direction, Mayor Johnson and his fiscal leaders are laser focused on containing expenditures through disciplined spending and by maximizing available resources in the months ahead.

2025 Budget Forecast

Looking ahead, the 2025 forecast projects a substantial budget gap of \$982.4 million, reflecting the City's ongoing revenue challenges and rising costs. The forecast anticipates continued pressure from lower PPRT revenues and the expiration of one-time funding sources that helped close gaps in previous years. Additionally, rising personnel costs, driven by contractual wage increases, cost-of-living adjustments, and updated pension contributions, are significant factors contributing to the projected gap.

The forecast also highlights an increase in contractual services expenses, expected to rise by \$16.1 million from 2024 levels, due to inflationary pressures and planned enhancements in information technology services.

The 2025 Budget will mark the sixth year for the City's Police and Fire Pensions, and the fourth year for the Municipal and Laborers Pension Funds, in which contributions will be

based on actuarially calculated, statutorily required contributions. The City plans to make advance pension payments totaling \$272 million in 2025, further demonstrating its commitment to addressing long-term pension liabilities.

"While the road ahead may be challenging, I am confident in our ability to navigate these difficulties with the strength and resilience that Chicagoans are known for," **Mayor Brandon Johnson** said. "Together, we will build a budget that not only addresses our current challenges but also lays the foundation for a brighter, more prosperous future for all."

To access the City of Chicago's 2025 Budget Forecast, click here:
chi.gov/FY2025BudgetForecast

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