

**OPENING REMARKS FOR BUDGET DIRECTOR, SUSIE PARK, ON THE 2021 BUDGET
RECOMMENDATION TO THE CITY COUNCIL COMMITTEE ON THE BUDGET AND GOVERNMENT
OPERATIONS**

Monday, October 26, 2020

Good morning Chairman Dowell, Vice Chairman Silverstein, members of the Committee on the Budget and Government Operations, and members of the City Council. Thank you for the opportunity today to present Mayor Lori E. Lightfoot's Budget Recommendations for fiscal year 2021.

In August, the Office of Budget and Management released the 2021 Budget Forecast that projected a Corporate Fund gap of \$1.2 billion. More than 65 percent of this gap is comprised of a \$783.2 million Corporate Fund revenue loss due to COVID-19, which equates to a 17.7 percent reduction from the 2020 budgeted Corporate Fund revenues. These revenue losses, which have had a devastating impact on our economy, are consistent with what cities and states across the country are also experiencing. Another \$381.1 million of the 2021 gap represents anticipated growth in expenses, including personnel, pension and other expenses that were anticipated prior to COVID-19.

Given the deep revenue losses resulting from the on-going pandemic crisis and growing legacy liabilities, Chicago is facing the largest budget deficit in the city's history. The 2021 Budget Recommendations for your consideration presents a balanced budget totaling \$12.8 billion and includes a combination of savings and efficiencies, new revenues, debt refinancing and restructuring, and targeted investments that support our economic recovery. This budget also continues to build on our long-term financial goal for structural balance and broadens the community investments made in 2020 that are rooted in our shared values of equity and inclusion.

With a budget gap this size, the Mayor wanted to hold true to her commitment to be honest, transparent, and inclusive about the financial challenges that we face as a city. We embarked on a robust public community engagement process that included virtual townhalls meetings, community roundtables, an online survey and discussions with many of you including City Council hearings on the city's capital infrastructure, the police budget as well as on various revenue options.

Using this feedback and in coordination with all of the City's departments, we crafted a responsible budget that avoids placing the burden of gap closure on any one sector of our city. We first looked internally and identified more than \$537 million in savings and efficiencies that reduce costs without materially impacting services. We also identified \$185 million in new revenues and reserves that include drawing down our Rainy Day fund to help close our budget gap. Finally, this budget proposes \$18.6 million in community investments that expand opportunities in neighborhoods across our city.

With this budget, Chicago is well-positioned to reach long-term structural stability because of the tough choices and shared sacrifices we are making today.

I thank you for your continued partnership to find prudent solutions for this very difficult budget and will answer any questions you may have regarding the 2021 Budget Recommendations.

Thank you.