

Mayor Rahm Emanuel, Remarks as Prepared on City of Chicago Budget

Vice-Mayor Suarez, President Pro-Tem Harris, Budget Chairman Austin, Finance Chairman Burke, Members of the City Council, my fellow Chicagoans.

One year ago we came to this chamber to deliver the change voters demanded. After decades of debating the same issues, with politics too often trumping tough decisions, we finally delivered a budget that broke with the past and set a new course for our City's future.

Our challenges had not changed; but our political resolve had.

We answered our structural challenges with structural solutions, producing the smallest budget deficit this year since the Great Recession.

For the first time, we put in place a citywide wellness plan that improves healthcare for 47,000 city employees and family members. Through disciplined management, we improved healthcare outcomes for our employees and produced dramatic savings for our taxpayers.

For years, we talked about cracking down on debt collection so that deadbeats no longer have a free ride on the backs of hard working families. We stopped talking and ended the culture of complacency in City Hall. And by boosting our enforcement efforts, this year we doubled collection from deadbeats who owed the city money compared to just two years ago.

We eliminated unnecessary administrative positions last year and we will continue that course by cutting nearly 275 positions this coming year, saving an additional \$20 million.

We put garbage collection on a cost-efficient grid system and introduced competitive bidding for recycling services, enabling us to expand services citywide.

Businesses, large and small, have responded to these changes and reforms. Instead of fleeing the city to other parts of the country or the suburbs, businesses are relocating to the City of Chicago, creating jobs, generating revenue and growing our economy.

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In the last 18 months alone, GE Transportation Worldwide, Google Motorola Mobility, Sara Lee, Federal Savings Bank, McGladrey, Sagence, and Sterling Partners have each announced they are moving their headquarters to Chicago, creating more than 4,000 jobs. In addition, more than 50 companies have either located or expanded in the city, bringing close to 20,000 jobs in the coming years.

When it comes to creating jobs, the Second City is second to none. Chicago led the nation's large cities in job growth in the past year and experienced the largest drop in unemployment. Over the summer, Chicago-area home prices rose at nearly double the pace of the national average.

We have made progress; but let's be honest, too many Chicagoans have not shared in our growing economy.

When we opened up an apprenticeship program for water infrastructure investments, 14,000 people applied for just 75 positions. Over 2,000 people applied for the 400 bus driver positions we added this year to the CTA. This shows that we have much more work to do so that every Chicagoan can find a good, middle-class job. And rows of boarded-up houses in neighborhoods throughout the city remind us we have a long way to go to reverse the devastating effects of the mortgage crisis.

Still, the economic trends are clear: demand for retail, manufacturing and shipping space has hit four-year highs. Hotel construction has doubled, hotel occupancy this summer reached a five-year high, shows at McCormick place are up, and as a result of overall economic activity, our City revenues are up by more than forty million dollars.

We are not in this position today by coincidence, but by choice. By speaking honestly, thinking differently, and leading forcefully, we gave families and companies the confidence to choose Chicago.

But, these positive economic trends are not a free pass to postpone making the tough decisions or to put reform on hold; now is the time to press forward and capitalize on the momentum we are building.

Chicago is known as the City that Works. This is our opportunity to deliver a budget that works for our taxpayers.

That is why, today, I am proud to deliver for your consideration a budget that balances our City's finances without raising a single tax or introducing a single new fee. This is a budget that allows us to make critical investments by reforming government instead of raising taxes. It is a budget that works for our taxpayers by making government work better for them.

We will not raise property taxes; we will not raise sales taxes; we will not raise the fuel tax; we will not raise the amusement tax. We will, however, cut the employee Head Tax.

During the campaign, I visited a small-business owner named Craig Freedman at his family-owned and operated seat manufacturing company. Craig is here with us today. During the campaign I stood with Craig and his employees and promised to phase-out the Head Tax over four years, so that Craig and thousands of small-business owners like him can put their money to creating jobs. I am proud that in just two years, we will eliminate the Head tax once and for all. From now on, Chicago will no longer be a city that punishes job creation: we will promote it.

In addition, the old days of financing inefficient city services by emptying the rainy day fund are also a thing of the past. We are following up on the twenty million dollar down payment we made in the City reserves last year with an additional 15 million dollars this year, bringing our total investment to \$35 million.

Our goal is to reform where we can; cut where we must; and invest where it matters: providing greater opportunities for our children, better services for our neighborhoods, and stronger growth for our small-businesses.

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All of these investments depend on protecting our communities. This is our number one priority as a city.

In the first three months of this year, some neighborhoods experienced an increase in gang violence that the City as a whole cannot ignore – and I, as Mayor, will never accept.

When we came into office, the Englewood and Harrison districts alone produced nearly 25 percent of all violent crime in Chicago. That is unacceptable to me, and it is unacceptable to all Chicagoans. These are our communities, our families, and most importantly our children.

So we embarked on a new anti-gang strategy and put in a new commander in Englewood. We have taken strong actions, and we are beginning to see results. Our strategy has reduced homicides in Harrison by 20 percent and in Englewood by 42 percent. The fact is that, over the past year, the Englewood District is leading the city in reducing its homicide rate.

Earlier this year, we expanded those same strategies from Englewood and Harrison to communities like Grand Crossing, Auburn-Gresham and Little Village. We brought in new leadership, applied our anti-gang strategy, and dedicated more resources. In Grand Crossing, we have seen a 24 percent reduction in crime in just the last month.

While homicide rates have increased in parts of the city as a result of gang-on-gang conflicts, overall we have seen a reduction of crime across the city to new lows. Burglary is down by 15 percent. Sexual assault is down by 8 percent. Aggravated Battery is down by 3 percent. Motor Vehicle Theft is down by 14 percent. Overall crime is down by nearly 9 percent across the city, resulting in some of the lowest crime rates we have seen in decades.

This progress was not a given; it was hard-won in part by taking officers out of the back offices and putting them onto the beat, with new leadership in several districts. It is a reflection of the courage of our police officers and their leadership corps. But, when homicides are up, even if overall crime is down significantly, our residents will not feel truly safe, and we must work even harder to stop the violence.

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Violent crime continues to rip through too many of our neighborhoods, victimizing the community, and stealing our children's sense of safety along with their childhood.

We will ensure that our children have the protection they deserve by guaranteeing that the Chicago Police Department is at full strength at all times through regular recruitment classes.

By the end of this year, 457 recruits will be in training, the largest number since 2006. When the first of those recruits graduate on December 17, they will be the first of regular recruit classes we will have every quarter in 2013 -- so that our force will always be at full strength.

They will be commanded by an expanding corps of experienced leaders. In August, I attended the graduation of 30 sergeants and 26 lieutenants at Navy Pier, the first graduation in more than 2 years. We will increase the regularity of promotions and next year the police department will hold the first sergeant's exam in six years.

And after nearly 20 years, we will reinvent our community policing strategy to build a better bridge between officers on the beat and residents. Like many aging programs, CAPS has become too bureaucratic after 20 years, with nearly as many people working in police department headquarters as in the districts they are supposed to serve. We will move our CAPS resources and staffing back into the districts where they belong, so that each commander in each district can design their own community policing efforts to fight crime and gangs in their respective neighborhoods. From increasing our recruitment classes, to bolstering our senior ranks, to reinventing CAPS, to expanding our ability to surge on weekends year around -- we are investing in the safety of our City.

We have already put more cops on the beat and we got our kids off the street by putting in place a stricter curfew time and boosting enforcement by 12 percent. But, the most dangerous time for kids remains the hours between 3 and 6, between when school lets out and parents get home. Before this year, our kids were out of school around 2 o'clock each day. That was a threat to our children's safety as well as to their education.

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Starting this year, our children got a thirty percent increase in educational time, the largest in the country. Every child in kindergarten will get 2 ½ more years in class by the time they graduate high school than they would have gotten under the old system. From now on, our children in Chicago will have a full day and a full year that measures up to their full potential.

But, our responsibilities to their education and safety do not end at the school bell.

We will build on the shoulders of the full school day, carrying on Maggie Daley's legacy, by making a historic investment in after-school initiatives, to serve a total of 13,000 children.

Last year we doubled the number of summer jobs for our kids, to offer an unprecedented number of opportunities. This year, we will continue these investments, so that young people gain experience rather than lose ground in the summer months.

We will also increase early childhood education with a 3-year investment serving 5,000 children in pre-kindergarten, the essential years when a child learns their numbers, their colors and their letters.

To enhance healthcare services for our children, our healthcare fraud task force has identified five million dollars in savings. These savings will help us to expand eye care for children who need it. And with this budget, we will triple the number of CPS students who receive free eye exams and glasses to a total of 30,000 children. Simply put, we will provide more of our children with the ability to see the blackboard in their own classrooms.

The combined investments in after school initiatives, summer jobs, pre-kindergarten, and children's eye-care constitute a significant investment in our children's health, education and safety, making this a budget that puts our children first.

Instead of cutting services to pay for inefficient and bloated bureaucracy, we are reforming city government to expand services for our children, our families and our neighborhoods.

Those reforms would not have been possible without the partnership of our friends in Labor.

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The Laborers Local 1001, led by Lou Phillips, partnered with the City to reduce costs and increase flexibility, which will help save the taxpayers more than 30 million dollars over the next 6 years.

Competitive bidding, labor agreements, plus the efficiency of grid management in the area of tree trimming, has enabled the city to increase tree trimming services by 40 percent in the coming year and to protect and replace over 90,000 Ash trees across the city.

By reforming duty disability and reassigning injured workers in a strategic way, we have increased rodent control by 34 percent over the past six weeks. We will continue to reform next year so more workers can stay on the job delivering services for residents.

Working with Christine Boardman and Matt Brandon from SEIU Local 73, we recently announced competitive bidding at the Department of Aviation that will cut the cost of in-house custodial services up to 12 percent.

From City Hall to McCormick Place, we have transformed the way that labor and the City work together to deliver services for our taxpayers -- And we are not done.

I am asking every union leader to follow the lead of the Laborers, SEIU and others, to come to the table with their own, concrete, actionable plan and ideas on how we can reform work rules, achieve savings and make the City's workforce more competitive. We project that through these agreements, we could save taxpayers as much as 200 million dollars over the next ten years.

We are not afraid to make the same kind of important decisions within City Hall.

We will not limit competitive bidding to labor contracts alone. It is a strategy that has been proven to work and it is a strategy we will also apply to professional services, starting with legal services for workers' compensation.

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We will establish metrics to compare our in-house counsel's performance against outside law firms. By measuring their success in cost, time and outcomes, we can reform how we process cases to better serve the taxpayers and city employees and save millions of dollars. I am proud that Chairman Burke has agreed to partner with us in these efforts.

We will consolidate the City's redundant information technology offices, coordinating our purchases and adopting smart technologies in order to offer our residents better service. This will save the taxpayers a minimum of \$1 million next year.

We will also reform the way we support the most vulnerable among us so that we can provide better services to those who need them most.

We will continue to partner with non-profit organizations to share responsibilities with the Department of Family and Support Services, as we recently did with Catholic Charities. Our savings from this partnership allowed us to make investments to serve 1,400 more homeless youths and 220 more adults.

By building the same kind of partnerships with local non-profit food pantries like the Chicago Food Depository, we can substantially expand the network of locations, improve food quality, and provide more than 150,000 more meals to families in need. And by working with other nonprofits, we will reduce costs and reinvest savings to expand our services to victims of domestic violence, allowing us to help an additional 3,000 women and children who have experienced the tragedy of domestic violence. We will give them the support they need to get back on their feet and take the next step forward in their lives.

We have these kinds of opportunities in this budget because we chose disciplined reforms that have led to long-term economic growth, much of it driven by the success of our small-businesses. That is where many immigrants to our city first placed their foot on the ladder of success. And it is where many of our high-tech companies got their first start.

Small businesses account for nearly half of all the jobs in Chicago. But too often, City Hall is a problem for small-businesses, not their partner.

Take Ruby Madrigal, who started K9 University in East Garfield Park. Under the old system, Ruby paid \$910 to obtain three separate licenses: she needed a separate license to wash a dog, sell a dog and another for a dog collar. We cannot allow our small businesses owners to jump through so many hoops just to get started. Now Ruby only needs one license, which saves her more than 600 dollars and countless hours. For Ruby and small business owners across the City, we cut the number of licenses by 60 percent last year, just through consolidations.

We also cut the time it takes to open a new restaurant by 35 percent, and cut the number of visits by inspectors by 50 percent -- just through better coordination. Next year, we will cut annual inspections on many buildings by 70 percent by establishing a task force approach. We will work to get inspections down to one day, one visit, so that we can better use our resources and expand our work without spending an extra taxpayer dollar.

Any small-business owner will tell you one of their biggest hurdles is that city departments are stuck in separate silos. Now, we all know that we tried to set up the "one-stop shop" in the past, but it never realized its full potential, because departments never changed their outlook and they never fully worked together.

We will learn from that history and create a unified approach to serving small businesses. A single Small Business Center will appoint a personal, small-business rep to provide end-to-end services for everything a small business needs to open their doors, get a loan and hire new employees right away.

Whether it is cutting taxes or reforming city government, this budget gets City Hall out of the way of small-business owners and gets us squarely behind them so they can achieve their dreams and create jobs in their neighborhood.

If we can realize all of the goals set forth in this budget, we can make Chicago the best city in the country to start a business, find a job and raise a family.

Now, let's be honest, it has been a long road to get to where we are today. Each of you has worked hard to get us to a point where we can balance our budget, invest in our children,

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improve our neighborhood services, make fundamental reforms to our government, strengthen our commitment to public safety, all while holding the line on taxes. But if we do not come to terms with our past and take on our long-term challenges, all of this hard work will go out the window.

That is what we face if we do not fix the crisis surrounding our pension payments -- or if we do too little, too late. The residents of Chicago elected us to tell the hard truths so that we can make the tough decisions. We need to be honest with everyone about the challenges we face and the difficult choices we must make to solve them.

I am not interested in who to blame or how we got here. I am interested in moving forward and solving the problem, once and for all.

Whether we decide to come to grips with these challenges will determine whether the responsible choices in the last two budgets marks a new direction for the city, or a fleeting glimpse of the kind of opportunities that will never be available to us as a city ever again.

So, here is the hard truth. In less than four years, payments to meet our pension obligations will comprise 22 percent of the City's budget – one out of every five dollars. That's \$1.2 billion of taxpayer money, and growing, each year after that.

Think about it this way: \$1.2 billion dollars is close to what we spend on all salaries for our Police Department. \$1.2 billion dollars would pay for the resurfacing of 32,000 blocks in Chicago's neighborhoods. \$1.2 billion dollars could build 10 new high schools and 12 new neighborhood libraries every year. \$1.2 billion dollars could pay for the combined cost of public health programs, garbage collection, tree trimming, rodent control, street light fixing, pot-hole filling, recycling, street cleaning, snow-removal, and programs at our parks and for our seniors every year.

Our taxpayers and residents should not be asked to choose between pension payments and public safety or pension payments and paved streets, or pension payments and public health.

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If we choose to keep those services and make no changes to our pension system, you and I would have to ask taxpayers to pay 150 percent more in property taxes. That is unacceptable to me. I think it is safe to assume it is unacceptable to you. And I know it is absolutely unacceptable to the homeowners of Chicago.

No one should underestimate the difficult choices involved in delivering the reforms we need to stabilize our pensions and our pension payments. But they pale in comparison to the alternative – eliminating all of the essential services that Chicago's residents expect and pay for.

We must come together to ensure security for both our city retirees and our city taxpayers. And what we really need is for our representatives in Springfield to step up, take their share of responsibility and not miss this critical opportunity once again.

This budget is both a dividend of the work we have done and a down payment on the hard work to come. We know this is a moment to be seized, not squandered. And as we mark Chicago's 175th anniversary this year, we know we are not the first to confront challenges. Chicago's history has been defined not by the challenges we faced, but by the challenges we met. We don't just make big plans in Chicago: we deliver on them. With this budget, and with our hard work together, I know we will deliver a better city for Chicago's residents. I know we will deliver a brighter future for Chicago's children.

Thank you and God Bless the City of Chicago.