State of Illinois Budget Impact on City of Evanston

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REVENUES RECEIVED FROM THE STATE (FY2015 BUDGET)

- State Income Tax = $7.5 million
- State Sales Tax = $10.2 million
- Motor Fuel Tax = $1.75 million
- Local Use Tax/Replacement Tax = $1.95 million

• These are local dollars and are (and always have been) collected by the State on behalf of the local municipalities.
LOCAL SHARE OF THE STATE INCOME TAX

• Governor Rauner has proposed to cut the “Local Share” to help solve the State’s fiscal crisis
  – “Local Share” is the Local Government Distributive Fund (LGDF) that was established in 1969 when the State implemented an income tax. This was in lieu of municipalities having any income tax
  – LGDF supports general fund operating expenses, e.g. police, fire, health, and public works.
• Governor’s budget proposal cuts LGDF by 50%
A 50% cut to the LGDF would cost the City of Evanston is $3.75 million
WHAT DOES $3.75 MILLION MEAN?

• The City could not absorb a 50% cut to the LGDF ($3.75M) without an increase in taxes or cuts to service that would impact service to residents

• Any one or a combination of the following actions would need to be explored in order to make up for the loss:
  – Increase in property taxes by 8.4%
  – Raise fees and fines
  – Further Citywide and Programmatic budget cuts
BUDGET CUTS: CITYWIDE VS. PROGRAMMATIC

- A reduction of 42 employees:
  - 11 Police Officers
  - 7 Firefighters
  - 7 PRCS Employees
  - 8 Public Works Employees
  - 9 City Administration Employees

- City’s Annual Car Replacement ($1.5M from police, fire, fleet) – 2 year freeze

- Eliminate economic development – transferring hotel tax ($1.5M) to General Fund Revenue

- Program reductions to garbage collection, police specialty details, health & wellness programs, workforce
“SHARED SACRIFICE IS ONE-SIDED”

• Municipalities have sacrificed and made the difficult decisions while Springfield has not
• Municipalities live within their means
• The State has provided no relief for mandates or pension reform
• The State continues live beyond its means without addressing or providing appropriate revenue to sustain critical services statewide
• The State is attempting to solve financial crisis by shifting costs to local governments
2004-2015 SNAPSHOT OF CITY’S PENSION CONTRIBUTIONS

Police/Fire Funding Level

- 2004-2005
- 2006-07
- 2008-09
- 2010-11
- FY 2012
- FY 2013
- FY 2014*
- FY 2015*

*Budgeted numbers

City Manager’s Office
HISTORICAL SNAPSHOT: FULL TIME EQUIVALENTS

- Non-Public Safety
- Fire
- Police


Values:
- Non-Public Safety: Decreasing trend from 550 to 450
- Fire: Steady at around 120
- Police: Steady at around 220
### OPERATING EXPENDITURES BY FUNCTION

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Safety</td>
<td>59%</td>
</tr>
<tr>
<td>Public Works</td>
<td>16%</td>
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<tr>
<td>HHS</td>
<td>3%</td>
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<tr>
<td>CD</td>
<td>3%</td>
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</tbody>
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GOVERNOR’S BUDGET CUTS IMPACT EVERYONE!

- **$1.5 Billion cut to Medicaid**
  - Cost share increases
  - Copays/deductibles increases, including prescriptions

- **$128 Million cut to Transit**
  - Fares increases
  - Service cuts
  - Reduced fare eliminated

- **$387 Million cut to Higher Education**
  - Tuition and fee increases
  - Fewer Scholarship less cuts

FAMILIES

STUDENTS

SENIORS

CHILDREN

BUSINESSES
MORE CUTS THAT IMPACT WILL IMPACT EVANSTON

• SB 1 (formally SB 16) if passed as written will also significantly impact our community
• District 65 would lose 85% of its state funding = $6.5M/yr
• District 202 would lose 80% of its state funding = $2.2M/yr
• An $8.7M loss in funding, would result in:
  – Reduction in programs and services to students
  – Reductions in teaching staff (personnel costs are approximately three quarters of District budgets) leading to larger class sizes with less personalized instruction for our students
FUTURE CHALLENGES FOR EVANSTON

• Balancing operating budget and capital projects for City facilities, parks, and utility systems
• Reducing and managing debt service costs
• Police and Fire Pension Fund Increases
• Lack of significant and meaningful workers compensation reform
• Lack of mandate relief
EVANSTON OUTREACH EFFORTS

• State Outreach
  – House and Senate Evanston Legislators
  – House and Senate Majority and Minority Leadership
  – Governor and Tim Nuding, Governor’s Budget Director

• Call-to-Action
  – Evanston Advocacy Legislative Action Alert to residents with a link to the IML “voice your concern” auto email generator
  – Legislative Action Alert on City’s website
  – Attend Evanston Lobby Day – April 14th

https://cityofevanston.wufoo.com/forms/lobby-day-registration/