



## **The Civic Federation**

*Serving The Taxpayers Since 1894*

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Statement made at the CHICAGO BOARD OF EDUCATION Public Hearing on a Tentative and Preliminary Draft Budget on Wednesday, November 9, 1983 at 12:00 p.m. by Walter John Hickey, Research Associate.

General Superintendent Love  
President Brandzel  
Members of the Chicago Board of Education

Ladies and Gentlemen:

To begin, The Civic Federation must congratulate this Board for holding to its position during the school strike this fall by not entering into contract agreements which would have made continuation of the current school year (FY 84) virtually impossible. The FY 84 budget appears to be a balanced document. The children of the City of Chicago, to whom all parties involved in the strike have publicly stated their dedication and compassion, can now continue the education they need and deserve.

It is unfortunate, then, that the Federation must return for the second time this year and admonish this Board for its continued disregard for the future of this vital public school system. For the past three years the Federation has warned this Board that continuation of the employees pension pick-up sets a dangerous precedent within Chicago. Currently, this Board employs the only public employee groups in the city that have their pension contribution paid for them. Should other Chicago employees seek the same method of compensation, the cost to Chicago taxpayers will be devastating. In addition, the cost to the Board of this 7 percent contribution will continue to rise with every percentage point of salary increase to its employees. Projected costs become infinite.

Last year the School Finance Authority approved your FY 83 budget with the stipulation that the employee pension pick-up "would not constitute a continuing element of compensation or benefit beyond fiscal year 1983." Now, for the first time, your financial plan assumes the pension contribution in all three years. This is an unnecessary expenditure this system cannot afford.

This Board should be applauded for not dipping into its maintenance and rehabilitation monies. This is an area where the Chicago Teachers Union initially established one of its priorities. There remains, however, an urgent need for major repairs to buildings within this school system. Your financial plan states, "As a result of the Board's current inability to access the municipal bond market, its capital improvement program, particularly the rehabilitation of school buildings, has been severely restricted." The Federation believes that the safety of the children, and all personnel who must inhabit these buildings, should be a top priority item.

One reason for this Board's "inability to access the municipal bond market" leads us to the most damning area of the current financial plan: the Strategy and Action Program. On the heels of a three-week school strike, the Chicago Board of Education is projecting a deficit for FY 85 of more than \$141 million. Clearly, you are setting the stage for a strike once again in the final days before the school doors can open in September of calendar year 1984. The proposed solution to this deficit is once again to march, tin cup in hand, to the General Assembly in Springfield. Approximately \$131.7 million of this deficit is expected to be made up via property tax increases without benefit of referendum. Three of these property tax increases -- the building fund tax rate, a special education fund tax rate and a transportation tax levy -- can be found in the tax package submitted to the General Assembly last year, and the year before. Perhaps this Board should be reminded that 1984 is an election year in Illinois, and that the Chicago Board of Education is not the only taxing government that levies taxes in the City of Chicago.

Tax increases are expected from the City of Chicago and Cook County governments. It is naive for this body politic to believe that another "bail-out" is forthcoming from the

General Assembly; a naivete' that borders on the surrealistic. This public school system is currently not a system that works. No one would deny that new revenue is needed, but to gain that revenue this Board must gain the respect of the taxpaying public, as well as the bond houses and legislators. The Federation asked a question of this body last June that remains unanswered: "Where is the return on our investment?"

In conclusion, the financial plan, in its present state, is not reasonably achievable in FY 1985 and, therefore, should not receive the approval of the School Finance Authority. Continuation of the pension pick-up, and dependence upon property tax increases and the so-called accelerated collection gimmick is simply not sound financial planning. The Chicago Board of Education Cost Reduction Survey prepared by Booz Allen & Hamilton, Inc. has been largely ignored by this Board, the General Assembly and the city government that commissioned it. The survey offers several viable alternatives for cost reductions. Total possible savings exceed \$200 million. The future of the system is still in jeopardy. You have reached the penultimate point where you must take constructive action to resolve your long-term financial difficulties. For this public school system -- which operates with an annual budget of more than \$1.4 billion -- to say to the taxpaying public, the parents of Chicago school children and the Illinois General Assembly that it will not live within its means is both insulting and deplorable. It is time for this taxing body, whose primary responsibility should be education, to make a sound contribution to a long-term solution. The Booz Allen & Hamilton study is a starting place which The Civic Federation -- along with many others in the community of interest -- commends to you.

Respectfully submitted,

THE CIVIC FEDERATION  
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Frank Coakley, President  
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